Ad hoc announcement pursuant to Art. 53 LR

Press release

May 4, 2023

First quarter 2023 trading update

Solid start to the year with margin recovery underway

- Organic revenue growth[1] at constant currency of 6.9% compared with Q1 2022
- Constant currency revenue growth of 44.5% reflecting consolidation of bag-in-box, spouted pouch and chilled carton acquisitions
- Organic top line growth driven by price increases to recover cost inflation
- Improvement in adjusted EBITDA margin to 24.0%, despite dilution from acquisitions, compared with 23.9% in Q1 2022 and 22.3% in Q4 2022
- Full year outlook maintained

Key performance indicators: Q1 2023

(In € million or %)	Three months ended March 31, 2023	Three months ended March 31, 2022
Total revenue	729.0	496.7
Adjusted EBITDA	175.0	118.7
Adjusted EBITDA margin	24.0%	23.9%
EBITDA	166.2	142.6
Adjusted net income	64.7	44.5
Net income	23.0	53.1
Free cash flow	(95.2)	(24.8)

Revenue by region

(In € million or %)	Three months ended March 31 2023	Three months ended March 31 2022	Change		Organic growth[1]
			Reported currency	Constant currency	Constant currency
Europe	241.5	175.5	37.6%	37.6%	11.2%
MEA	75.4	62.7	20.3%	17.9%	17.9%
APAC	196.6	163.6	20.1%	20.2%	(9.8%)
Americas	215.3	94.6	127.5%	112.9%	19.8%
Group Functions	0.2	0.3			
Total revenue	**729.0**	**496.7**	**46.8%**	**44.5%**	**6.9%**

[1]Organic growth represents aseptic carton and excludes the acquisitions of bag-in-box, spouted pouch and chilled carton.

Europe

Revenue growth in Europe on a constant currency basis was 37.6% compared with the first quarter of 2022. On a comparable basis, excluding the consolidation of acquisitions, organic revenue increased by 11.2% at constant currency. Performance was driven by price increases which are offsetting cost inflation. Price increases in Europe reflect the particularly high raw material and energy cost inflation incurred in 2022 compared to the rest of the Group. The region won new filler contracts in food, dairy and plant-based milk alternatives during the period.

The contribution from bag-in-box and spouted pouch, which were not yet consolidated in the first quarter of 2022, was €46.4 million.

Middle East and Africa

Organic revenue growth at constant currency in Middle East and Africa was 17.9% compared with the first quarter of 2022. Performance reflected strong volume growth in liquid dairy in South Africa, Algeria, Saudi Arabia, and Egypt while price increases offset cost inflation. The region's strategy of expanding SIG's presence in dairy and food continued with the growth in one litre packaging for dairy and the launch of white cheese in carton packaging in Qatar.

Performance in Q2 2023 may be impacted by recent currency depreciations such as the Egyptian pound against the Euro. This can lead to quarterly fluctuations in customer demand as Central Banks restrict access to foreign currency. SIG's broad presence in over 20 countries in the region, however, underpins its longer term growth potential.

Asia Pacific

In Asia Pacific revenue growth at constant currency, including the impact from acquisitions, was 20.2%. On an organic basis, revenue at constant currency declined by 9.8% compared to the first quarter of 2022. Customer demand in China had a soft start to the year following high levels of COVID-19 cases in January and the early occurrence of Chinese New Year holidays. Demand is now picking up. Price increases to recover cost inflation were implemented in the region and there was notably strong volume growth in Vietnam and India.

The revenue contribution from chilled carton, spouted pouch and bag-in-box was €49.0 million during the quarter.

Americas

Revenue growth at constant currency in the Americas was 112.9% reflecting the contribution from bag-in-box and spouted pouch. Organic revenue growth was 19.8% compared to the first quarter of 2022, reflecting strong growth in Brazil and in the USA. Price increases were also achieved to offset cost inflation.

The region secured a cross selling win with carton's largest customer in Brazil who signed a contract for aseptic bag-in-box. The contract includes a full systems solution and a long-term agreement.

The revenue contribution from bag-in-box and spouted pouch was €94.2 million during the quarter.

Adjusted EBITDA

Adjusted EBITDA increased by 47.4% to €175.0 million for the three months ended March 31, 2023 (Q1 2022: €118.7 million). The adjusted EBITDA margin was 24.0%, slightly above the first quarter of 2022 (23.9%) despite dilution from acquisitions and from price increases. Compared with the fourth quarter of 2022, the adjusted EBITDA margin increased by 170 basis points (Q4 2022 (22.3%).

Adjusted net income

Adjusted net income increased from €44.5 million to €64.7 million for the three-months ended March 31, 2023. The growth was driven by higher adjusted EBITDA, partially offset by increased financing costs and amortization and depreciation.

Free cash flow

(In € million)	Three months ended March 31, 2023	Three months ended March 31, 2022
Net cash from operating activities	**29.8**	**29.8**
Acquisition of PP&E and intangible assets (net of sales)	(113.9)	(46.0)
Payment of lease liabilities	(11.1)	(8.6)
Free cash flow	**(95.2)**	**(24.8)**

Due to the seasonality of the business, the Group's cash generation is weighted towards the second half of the year. In the first quarter of 2023, cash flow reflected payment of volume rebates following the Group's strong volume performance in 2022.

The evolution of free cash flow reflected an increase in net capital expenditure of €79.8 million compared to the first quarter of 2022. This increase includes the bag-in-box, spouted pouch and chilled carton acquisitions, as well as expansion of the global production network and increased investments in filling machines given the high level of filler orders in 2022. Upfront cash received for filler placements was below the elevated levels of the last two years.

Net capital expenditures

(In € million)	Three months ended 31 March 2023	Three months ended 31 March 2022
PP&E and intangible assets (net of sales)	**51.3**	11.8
Filling lines and other related equipment	**62.6**	34.2
Capital expenditure	**113.9**	**46.0**
Upfront cash	**(26.6)**	(38.5)
Net capital expenditure	**87.3**	**7.5**

Net capex as a percentage of revenue for the period was 12.0%. The planned phasing of capital investment in 2023 is weighted towards the first half and, for the full year, net capex is expected to remain within the guided range of 7% to 9% of revenue.

Leverage

(In € million)	As of 31 March 2023[1]	As of 31 Dec. 2022[2]
Gross debt	**2,681.1**	2,684.1
Cash and cash equivalents	**393.6**	503.8
Net debt	**2,287.5**	2,180.3
Net leverage ratio (last twelve months proforma)	**3.1x**	**3.1x**

[1]In the calculation of the net leverage ratio as of 31 March 2023, adjusted EBITDA (last twelve months) includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from 1 April 2022.

[2]In the calculation of the net leverage ratio as of 31 December 2022, adjusted EBITDA includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from 1 January 2022.

The strong growth in adjusted EBITDA in the first quarter of the year resulted in a stable net leverage ratio of 3.1x, in line with December 31, 2022.

Dividend

The Annual General Meeting held on April 20, 2023, approved a dividend distribution out of the capital contribution reserve of CHF 0.47 per share for the year 2022. The total dividend, paid out on April 27, was €180.2 million. The Company intends to continue its policy of progressive dividend per share growth with a pay-out ratio within a range of 50-60% of adjusted net income.

Outlook

Guidance for 2023 remains unchanged. The Company expects revenue growth of 20-22% at constant currency. Bag-in-box and spouted pouch will be consolidated for an additional five months and chilled carton for an additional seven months respectively (pass through resin escalators for the bag-in-box and the spouted pouch businesses are excluded from the guidance). Organic revenue growth is expected to be 7-9%. Price increases in the carton business are expected to continue to contribute to top-line growth. The adjusted EBITDA margin is expected to increase by 50-150 basis points, implying a range of 24-25%. The expected improvement compared with 2022 is subject to input cost and foreign currency volatility. Net capital expenditure is forecast to be within a range of 7-9% of revenue and the dividend pay-out ratio is expected to be within a range of 50-60% of adjusted net income.

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About SIG

SIG is a leading solutions provider of packaging for better – better for our customers, for consumers, and for the world. With our unique portfolio of aseptic carton, bag-in-box, and spouted pouch, we work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable, and affordable way. Our technology and outstanding innovation capabilities enable us to provide our customers with end-to-end solutions for differentiated products, smarter factories, and connected packs, all to address the ever-changing needs of consumers. Sustainability is integral to our business, and we strive to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland, and listed at the SIX Swiss Exchange. The skills and experience of our approximately 9,000 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 100 countries. In 2022, SIG produced 49 billion packs and generated €3.1 billion in pro forma revenue (incl. unaudited revenue from recent acquisitions). SIG has an AA ESG rating by MSCI, a 13.4 (low risk) score by Sustainalytics, a Platinum CSR rating by EcoVadis, and is included in the FTSE4Good Index. For more information, visit our website.

For insights into trends that drive the food and beverage industry, visit the SIG blog

Alternative performance measures

For additional information about alternative performance measures used by management that are not defined in IFRS, including definitions and reconciliations to measures defined in IFRS, please refer to the link below:

https://www.sig.biz/investors/en/performance/definitions

Appendix

The following table reconciles profit for the period to EBITDA and adjusted EBITDA.

(In € million)	Three months ended March 31, 2023	Three months ended March 31, 2022
Profit for the period	**23.0**	**53.1**
Net finance expense	33.0	(6.6)
Income tax expense	10.9	15.2
Depreciation and amortisation	99.3	80.9
EBITDA	**166.2**	**142.6**
Adjustments to EBITDA:		
Unrealised loss/(gain) on operating derivatives	0.8	(29.9)
Restructuring costs, net of reversals	1.7	0.2
Transaction- and acquisition-related costs	-	3.8
Integration costs	3.5	1.8
Change in fair value of contingent consideration	2.6	-
Impairment losses	0.2	-
Other	-	0.2
Adjusted EBITDA	**175.0**	**118.7**

The table below is a summary of the reconciliation of profit for the period to adjusted net income.

(In € million)	Three months ended March 31, 2023	Three months ended March 31, 2022
Profit for the period	**23.0**	**53.1**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	2.1	(10.8)
Amortization of transaction costs	1.1	0.9
Net change in fair value of financing-related derivatives	1.2	(6.0)
PPA depreciation and amortization – Onex acquisition	25.8	25.5
PPA amortization – Other acquisitions	11.8	4.2
Adjustments to EBITDA[1]	8.8	(23.9)
Tax effect on above items	(9.1)	1.5
Adjusted net income	**64.7**	**44.5**

[1]For the different adjustments to EBITDA, refer to the adjusted EBITDA table above.