MEDIA RELEASE

25 February 2020
SIG Combibloc Group ("SIG")

Strong revenue growth and cash generation

2019 highlights

- Core revenue up 5.2% at constant currency; up 7.5% as reported
- Adjusted EBITDA margin 27.2% (2018: 27.5%)
- Significant increase in adjusted net income to €217 million (€149 million)
- Free cash flow €267 million; proposed dividend increased to CHF 0.38 per share
- Net leverage reduced from 3.2x to 2.8x

Key performance indicators:[1] 2019

(In € million or %)	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018	Change Reported currency	Change Constant currency
Core revenue	1,766.9	1,644.3	7.5%	5.2%
Adjusted EBITDA	485.4	461.5	5.2%	
Adjusted EBITDA margin	27.2%	27.5%		
Adjusted EBITDA less net capex margin	21.0%	19.0%		
Adjusted net income	217.4	148.9		
Adjusted earnings per share (€)	0.68	0.62		
Free cash flow	266.8	68.2		
Cash conversion	77%	69%		

Reported measures: 2019

(In € million or %)	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018	Change Reported currency	Change Constant currency
Total revenue	1,783.9	1,676.1	6.4%	4.2%
EBITDA	479.7	395.1	21.4%	
Net income	106.9	(83.9)		

[1] 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, refer to the link below: https://www.sig.biz/investors/en/performance/key-figures

Key performance indicators:[1] Q4 2019

(In € million or %)	Three months ended 31 Dec. 2019	Three months ended 31 Dec. 2018	Change Reported currency	Change Constant currency
Core revenue	531.3	497.9	6.7%	4.3%
Adjusted EBITDA	156.1	150.9	3.4%	
Adjusted EBITDA margin	29.2%	30.0%		
Adjusted net income	83.1	74.1		

Reported measures: Q4 2019

(In € million or %)	Three months ended 31 Dec. 2019	Three months ended 31 Dec. 2018	Change Reported currency	Change Constant currency
Total revenue	535.2	503.3	6.3%	4.0%
EBITDA	158.1	100.3	57.5%	
Net income	55.2	(76.1)		

[1] 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, refer to the link below: https://www.sig.biz/investors/en/performance/key-figures

Rolf Stangl, CEO of SIG, said: "Our top line performance in 2019 demonstrates the success of our growth strategy, which for many years has focused on building up markets outside Europe. At the same time, we are proving our ability to grow in the EMEA region through share gain in Europe and our presence in the Middle East and Africa, which in 2019 saw an improved economic environment in a number of countries.

We are maintaining best in class profitability while continuing to invest in innovation and to expand into new markets and categories. Our strong cash flow generation is enabling us to invest in the business while paying an attractive dividend and reducing net leverage. In 2019, we announced the construction of a new plant in China which will underpin growth across the Asia Pacific region. The acquisition of Visy Cartons has given us a promising footprint in Australia and New Zealand, which further increases the potential of this region for us.

Our business is sustained by key fundamentals including growing end markets driven by demographics, urbanisation and rising disposable incomes; proprietary technology and engineering know-how supporting longstanding customer relationships; and the unmatched environmental profile of our packs, which are made largely of renewable materials and are fully recyclable. In 2020, we shall continue to seize the many opportunities that our industry offers and to pursue our objective of above market growth."

Revenue by region: 2019

(In € million or %)	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018	Change Reported currency	Change Constant currency
EMEA	755.1	733.3	3.0%	2.8%
APAC	666.8	598.4	11.4%	6.0%
Americas	329.5	297.3	10.8%	9.7%
Group Functions	15.5	15.3		
Core revenue from transactions with external customers	**1,766.9**	**1,644.3**	**7.5%**	**5.2%**
Revenue from sales of folding box board	17.0	31.8		
Total revenue	**1,783.9**	**1,676.1**	**6.4%**	**4.2%**

Core revenue of €1.77bn includes the consolidation of Visy Cartons for one month. Excluding Visy, core revenue growth was 5.0% at constant currency. The robust organic growth performance was accompanied by a significant benefit from exchange rate movements, with all major currencies except for the Brazilian Real appreciating against the Euro over the year. Growth was driven mainly by Asia Pacific and the Americas, driven by favourable market fundamentals and the expansion of the filler base in recent years. In the EMEA region, sales to the Middle East increased while in Europe sales accelerated in the fourth quarter.

Revenue by region: Q4 2019

(In € million or %)	Three months ended 31 Dec. 2019	Three months ended 31 Dec. 2018	Change Reported currency	Change Constant currency
EMEA	207.3	195.1	6.3%	6.2%
APAC	211.3	194.4	8.7%	2.4%
Americas	107.9	102.0	5.7%	6.5%
Group Functions	4.8	6.4		
Core revenue from transactions with external customers	**531.3**	**497.9**	**6.7%**	**4.3%**
Revenue from sales of folding box board	3.9	5.4		
Total revenue	**535.2**	**503.3**	**6.3%**	**4.0%**

EBITDA and adjusted EBITDA

	Year ended 31 December 2019		Year ended 31 December 2018		
(In € million or %)	Adjusted EBITDA margin	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBITDA	Reported currency change
EMEA	32.1%	242.2	33.5%	245.4	(1.3%)
APAC	33.5%	228.9	30.3%	191.1	19.8%
Americas	25.5%	84.1	27.2%	81.0	3.8%
Group Functions		(69.8)		(56.0)	
Total	**27.2%**	**485.4**	**27.5%**	**461.5**	**5.2%**

Adjusted EBITDA increased by 5.2% to €485 million despite a small negative impact from the Middle East joint venture dividend, which was €3m lower than in 2018. The adjusted EBITDA margin was 27.2% (2018: 27.5%). Revenue growth and currencies made a positive contribution to adjusted EBITDA, offsetting higher SG&A costs, which include investments in growth markets and additional costs as a result of being a listed company.

EBITDA increased by 21.4% to €480 million. The increase compared with adjusted EBITDA was largely due to an unrealised gain on derivatives, compared with a loss in 2018, and to lower transaction-related costs.

Net income and adjusted net income

Adjusted net income increased to €217 million compared with €149 million in 2018. The improvement is a consequence of higher profit from operating activities and a lower net finance expense following the reduction and re-financing of debt in connection with the IPO. In addition, the adjusted effective tax rate was lower at 25.9% (2018: 32.9%).

Net income moved from a loss of €84 million in 2018 to a profit of €107 million in 2019.

Capital expenditure

Gross capital expenditure was €182 million in 2019 (2018: €214 million). Gross filler capex was lower after a period of significant filler investment in Asia Pacific following the launch of combismile. Net capital expenditure (net capex), after deduction of upfront cash for fillers received from customers, was €110 million compared with €143 million in 2018. The ratio of net capex to revenue was 6.2%, below the target range of 8–10%.

Capacity expansion

In July 2019, SIG announced an expansion of its production network in the Asia Pacific region with the construction of a second sleeves plant located at the Suzhou Industrial Park in China. The plant will benefit from operational and overhead synergies with SIG’s existing facility in Suzhou and is expected to achieve world class environmental and safety performance and productivity. A total investment of €180 million will be partly lease-financed with a Chinese partner. Guidance for net capex of 8–10% of revenue in 2020 and over the mid-term is unchanged. The plant is expected to come onstream early in 2021.

Free cash flow

(In € million)	**Year ended 31 Dec. 2019**	**Year ended 31 Dec. 2018**
Net cash from operating activities	**438.1**	**260.2**
Dividends received from joint ventures	20.7	23.7
Acquisition of PP&E and intangible assets	(182.2)	(213.9)
Payment of lease liabilities	(9.8)	(1.8)
Free cash flow	**266.8**	**68.2**

Free cash flow increased from €68 million in 2018 to €267 million in 2019, reflecting higher profits from operating activities, lower financing costs and lower net capital expenditure, partially offset by higher working capital.

Acquisition of Visy Cartons

On 29 November 2019, SIG acquired Visy Cartons Pty Ltd. ("Visy Cartons") from VisyPak Operations Pty Ltd., a subsidiary of Pratt Consolidated Holdings Pty Ltd., for AU$70 million (around €43 million). Visy Cartons will become part of SIG's business in the Asia Pacific region. The acquisition is expected to generate significant synergies in the coming years, arising from supply chain optimisation and access to SIG's latest technologies and solutions.

Visy Cartons is one of the leading players in the Australian beverage carton market and there is significant scope to expand the business in New Zealand. Growth in these markets is being driven by dairies that are investing to export to China and other Asian countries, where demand for premium milk is growing rapidly.

Net debt and leverage

(In € million)	**As of 31 Dec. 2019**	**As of 31 Dec. 2018**
Gross total debt	1,614.4	1,618.7
Cash and cash equivalents[1]	261.0	157.1
Net total debt	1,353.4	1,461.6
Total net leverage ratio[2]	**2.8x**	**3.2x**

[1] Includes restricted cash
[2] Net total debt divided by adjusted EBITDA

Strong cash flow generation in 2019 contributed to a reduction in net leverage from 3.2x at the end of 2018 to 2.8x, after financing of the Visy Cartons acquisition.

In October 2019, Moody's upgraded their corporate family rating of SIG Combibloc Group AG to Ba2 from Ba3. In December, S&P raised their outlook to Positive with an unchanged issuer rating of BB+.

The Company will assess opportunities to further improve its financing structure depending on market conditions.

Dividend

At the Annual General Meeting to be held on Tuesday 7 April 2020, the Board of Directors will propose a dividend distribution out of the capital contribution reserve of CHF 0.38 per share for the year 2019 (2018: CHF 0.35 per share).

2020 outlook

For 2020, the Company expects core revenue growth at constant currency towards the lower end of a 6–8% range, including the full year consolidation of Visy Cartons. The adjusted EBITDA margin is expected to be towards the lower end of a 27–28% range, taking into account continued investments in geographic expansion and innovation and a lower level of profitability at Visy Cartons prior to the realisation of synergies.

As construction of the new plant in China proceeds, net capital expenditure is forecast to be at the upper end of the targeted 8-10% of revenue range in 2020. Free cash flow may therefore be somewhat lower than in 2019.

The Company maintains its medium-term guidance of core revenue growth of 4–6% at constant currency and an adjusted EBITDA margin of around 29%. Net capital expenditure should remain within 8–10% of revenue. The Company plans to maintain a dividend payout ratio of 50–60% of adjusted net income while reducing net leverage towards 2x.

2019 Annual Report

SIG today published its 2019 Annual Report, which includes the Group's operating and financial results accompanied by SIG's audited consolidated and statutory annual financial statements, the Compensation Report outlining the compensation policies of the Group and the Corporate Governance Report. All publications are available for download from 07:00 CET today at https://www.sig.biz/investors/en/performance/annual-reports. Hard copies can be ordered free of charge from SIG Combibloc Group AG, Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.

An update to the Corporate Responsibility Report will be published on 31 March 2020.

Investor contact:

Jennifer Gough +41 52 674 6508
Director Investor Relations
SIG Combibloc Group AG
Neuhausen am Rheinfall, Switzerland
jennifer.gough@sig.biz

Media contact:

Lemongrass Communications
Andreas Hildenbrand +41 44 202 5238
andreas.hildenbrand@lemongrass.agency

About SIG

SIG is a leading systems and solutions provider for aseptic carton packaging. 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 unique technology and outstanding innovation capacity 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.

Founded 1853, SIG is headquartered in Neuhausen, Switzerland. The skills and experience of our approximately 5,500 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 60 countries. In 2019, SIG produced more than 38 billion carton packs and generated €1.8 billion in revenue. For more information, visit www.sig.biz.

In this media release, we utilise certain alternative performance measures, including but not limited to core revenue, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA margin less net capex margin, net capex, adjusted net income, free cash flow, cash conversion and net leverage ratio that in each case are not defined in International Financial Reporting Standards ("IFRS"). These measures are presented as we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company's operating performance and financing structure. Our definition of and method of calculating the alternative performance measures stated above may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in our consolidated financial statements. You are cautioned not to place undue reliance on any alternative performance measures and ratios not defined in IFRS included in this media release. Refer to the consolidated financial statements in the 2019 Annual Report for SIG's definitions of alternative performance measures not defined in IFRS and reconciliations to measures defined in IFRS. For alternative performance measures that are not included in the 2019 Annual Report but only in this media release, definitions of such measures are included in this media release where the measures are presented.

The following table reconciles profit or loss to EBITDA and adjusted EBITDA.

(In € million)	**Year ended 31 Dec. 2019**	**Year ended 31 Dec. 2018**
Profit / (loss) for the period	**106.9**	**(83.9)**
Net finance expense	44.6	206.4
Income tax expense	41.1	0.9
Depreciation and amortisation	287.1	271.7
EBITDA	**479.7**	**395.1**
Adjustments to EBITDA:		
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	5.3	14.8
Restructuring costs, net of reversals	1.8	4.3
Unrealised (gain) / loss on derivatives	(10.1)	23.1
Transaction- and acquisition-related costs	4.3	19.7
Other	4.4	4.5
Adjusted EBITDA	**485.4**	**461.5**

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

(In € million)	**Year ended 31 Dec. 2019**	**Year ended 31 Dec. 2018**
Profit / (loss) for the period	**106.9**	**(83.9)**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(1.2)	(58.8)
Amortisation of transaction costs	2.8	11.0
Net change in fair value of derivatives	1.5	7.4
Net effect of early redemption of notes	-	82.5
Net effect of early repayment of term loans	-	56.3
PPA depreciation and amortisation	136.5	140.1
Adjustments to EBITDA	5.7	66.4
Tax effect on above items	(34.8)	(72.1)
Adjusted net income	**217.4**	**148.9**