MEDIA RELEASE

1 March 2022
SIG Combibloc Group AG ("SIG")

Growth above guided range and record profitability

Full year 2021 highlights

- Core revenue at constant currency up 15.0%; up 6.6% on a like-for-like basis[1]
- All regions contributed to growth
- Adjusted EBITDA margin 27.7% (2020: 27.4%)
- Strong free cash flow generation and reduction in net leverage to 2.5x
- Proposed dividend increase of 7% to CHF 0.45 per share

Revenue performance: 2021

	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020	Change		Like-for-like change[1]
(In € million or %)			Reported currency	Constant currency	Constant currency
Core revenue	2,046.8	1,796.4	13.9%	15.0%	6.6%
Total revenue	2,061.8	1,816.1	13.5%	14.5%	6.2%

[1] Including MEA.

Key performance indicators: 2021

(In € million or %)	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
Adjusted EBITDA	570.6	498.3
Adjusted EBITDA margin	27.7%	27.4%
EBITDA	562.4	449.7
Adjusted net income	252.4	232.3
Net income	172.1	68.0
Free cash flow	258.3	233.2

[1] Like-for-like at constant currency, including MEA business consolidated from end-February 2021. Core revenue excludes revenues from the sale of folding box board; following the sale of the New Zealand paper mill such revenues have ceased and from 2022 a single revenue figure will be reported.

Revenue performance: Q4 2021

(In € million or %)	Three months ended 31 Dec. 2021	Three months ended 31 Dec. 2020	Change		Like-for-like change[1]
			Reported currency	Constant currency	Constant currency
Core revenue	589.2	508.1	16.0%	14.6%	5.1%
Total revenue	589.3	514.2	14.6%	13.3%	4.0%

[1] Including MEA.

Key performance indicators: Q4 2021

(In € million or %)	Three months ended 31 Dec. 2021	Three months ended 31 Dec. 2020
Adjusted EBITDA	169.4	149.0
Adjusted EBITDA margin	28.7%	29.0%
EBITDA	148.7	98.7
Adjusted net income	82.2	75.3
Net income	43.7	11.8

Samuel Sigrist, CEO of SIG, said: “In 2021 we sustained strong revenue growth throughout the year. Our performance globally not only reflects the resilience of our business – it is also testimony to our teams who have worked tirelessly to ensure flawless service and an ongoing stream of innovation for customers.

The strong top line growth was accompanied by an increase in the adjusted EBITDA margin which was achieved despite higher raw material costs in the second half of the year. In recent years we have demonstrated our ability to maintain best-in-class profitability in the face of foreign exchange as well as raw material headwinds.

In 2021 we continued to place a significant number of fillers with new and existing customers across all regions. We also continued to invest in our manufacturing base. Our new Asia Pacific plant in Suzhou, China was operational from the start of the year and is progressively ramping up its capacity. In April we announced the construction of a new plant in Mexico which will come onstream in early 2023 and will enable us to serve our North American customers better and faster.

An innovation highlight was the launch in November of our next generation filling machine SIG NEO. This is not only the world’s fastest filling machine for family-size carton packs – it also has a 25% lower carbon footprint compared with our current generation machines. This is just one example of the focus on sustainability that pervades our R&D and our entire business model. Our goal is to play a significant role in shaping a more sustainable food system through a broad range of packaging solutions that can deliver a net positive outcome for people and for the planet.

The excellent performance of SIG in 2021 is a strong foundation for the two recently announced acquisitions that will broaden and strengthen our leadership in sustainable packaging solutions for liquid food and beverages."

Consolidation of Middle East and Africa business

With effect from the end of February 2021, revenues of the former Middle East and Africa joint ventures are fully consolidated and presented in a new segment, Middle East and Africa (MEA). The segment Europe, Middle East and Africa (EMEA) relates to the Group's reporting structure which was in place for the first two months of the year, prior to the acquisition of the MEA business ("JV acquisition").

Sale of Whakatane paper mill in New Zealand

Following the announcement in March 2021 of the closure of the Group's paper mill in New Zealand (Whakatane), SIG was able to identify potential buyers. This resulted in the sale of the paper mill on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. With the divestment non-core revenue, which comprised sales of folding box board by the paper mill to third parties, has ceased.

Revenue by region: 2021

(In € million or %)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**	**Change**	
			Reported currency	**Constant currency**
EMEA[1]	119.3	797.5		
Europe[1]	615.7			
MEA[1]	251.9			
APAC	690.6	659.8	4.7%	4.8%
Americas	365.6	320.8	14.0%	19.4%
Group Functions	3.7	18.3		
Core revenue from transactions with external customers	**2,046.8**	**1,796.4**	**13.9%**	**15.0%**
Revenue from sale of folding box board	15.0	19.7		
Total revenue	**2,061.8**	**1,816.1**	**13.5%**	**14.5%**

[1] Two months' revenue for EMEA in 2021; ten months' revenue for Europe and MEA in 2021.

Revenue by region: Q4 2021

(In € million or %)	Three months ended 31 Dec. 2021	Three months ended 31 Dec. 2020	Change	
			Reported currency	Constant currency
EMEA	-	216.5		
Europe	199.5			
MEA	90.8			
APAC	201.5	194.1	3.9%	1.1%
Americas	97.2	90.7	7.2%	6.8%
Group Functions	0.2	6.8		
Core revenue from transactions with external customers	**589.2**	**508.1**	**16.0%**	**14.6%**
Revenue from sale of folding box board	0.1	6.1		
Total revenue	**589.3**	**514.2**	**14.6%**	**13.3%**

In Europe, revenue in 2021 was 2.1% higher at constant exchange rates on a like-for-like basis. A large portion of the business in Europe consists of litre packs which are suited for at-home consumption. In 2021, while the stockpiling effects experienced in 2020 at the onset of the COVID-19 crisis did not recur, the business continued to benefit from a relatively high level of demand as people continued to work from home.

In the Middle East and Africa, like-for-like constant currency growth for the 10 months to December 2021 was 0.8%. Growth was achieved despite the impact of COVID-19 on the non-carbonated soft drinks market, with schools closed and lower out-of-home consumption. In addition, drought in South Africa in the first half of the year temporarily affected the liquid dairy business.

In Asia Pacific, core revenue growth in 2021 on a like-for-like constant currency basis was 8.2%. Market conditions in China returned to more normal levels with demand for white milk benefiting from its acknowledged health benefits. Countries in South-East Asia continued to be affected by COVID-19 for most of the year but revenue held up well, supported by customer wins and a focus on innovation and sustainability.

The Americas again saw exceptional growth of 19.4% at constant currency, reflecting the contribution of fillers deployed in Brazil in the course of 2020. At-home consumption continued to drive demand in both Brazil and Mexico. Revenue in the USA benefited from the re-opening of restaurants and higher consumption of foodservice products packed in SIG cartons.

EBITDA and adjusted EBITDA

(In € million or %)	Year ended 31 Dec. 2021		Year ended 31 Dec. 2020		
	Adjusted EBITDA margin[1]	Adjusted EBITDA	Adjusted EBITDA margin[1]	Adjusted EBITDA	Reported currency change
EMEA[2]	32.2%	38.4	34.4%	274.1	
Europe[2]	33.1%	203.7			
MEA[2]	31.1%	78.5			
APAC	30.0%	211.8	31.6%	215.0	(1.5%)
Americas	26.5%	96.7	22.7%	72.8	32.8%
Group Functions[3]		(58.5)		(63.6)	
Total	27.7%	570.6	27.4%	498.3	14.5%

[1] Adjusted EBITDA divided by revenue from transactions with external customers.
[2] Two months' adjusted EBITDA for EMEA in 2021, ten months' adjusted EBITDA for Europe and MEA in 2021.
[3] Group Functions include activities that are supportive to the Group business.

The increase in adjusted EBITDA was primarily driven by the strong revenue growth and by a net contribution of €33.7 million from the consolidation of the MEA business. These positive impacts more than offset small negative impacts from currency movements, higher freight and energy costs and from raw materials. Total SG&A costs as a percentage of revenue were lower than in 2020. The adjusted EBITDA margin increased from 27.4% to 27.7%, a record level since the IPO.

The adjusted EBITDA margin of the former EMEA and new Europe segments benefited from gains relating to raw material hedge contracts. Conversely, the adjusted EBITDA margin in APAC, which did not include any benefit from these contracts, was negatively impacted by higher raw material spot prices. A continuing negative impact of currencies on the adjusted EBITDA margin in the Americas was more than offset by the positive top line contribution.

EBITDA increased by €112.7 million to €562.4 million. This increase was primarily driven by the factors affecting adjusted EBITDA described above.

Net income and adjusted net income

Adjusted net income increased by €20.1 million to €252.4 million in 2021. This increase was driven by the same factors as for adjusted EBITDA, partly offset by incremental depreciation and the first time PPA amortisation for the JV acquisition. In addition, the adjusted effective tax rate declined from 25.5% in 2020 to 23.3% in 2021, reflecting the relative mix of profits and losses taxed at varying tax rates and non-recurring favourable outcomes of prior year tax positions.

Net income increased by €104.1 million to €172.1 million in 2021. The increase was greater than for adjusted net income due to the non-recurrence of impairments of the Whakatane mill assets, a reduction of the PPA expenses relating to the acquisition of SIG by Onex in 2015, and positive foreign exchange impacts on financing costs.

Dividend

At the Annual General Meeting to be held on 7 April 2022, the Board of Directors will propose a dividend of CHF 0.45 per share (2021: CHF 0.42 per share). At the exchange rate of 31 December 2021, this represents a dividend payout ratio of 58% of adjusted net income. If approved by the shareholders, the dividend will be paid out of the foreign capital contribution reserve.

Capital expenditure

Net capital expenditure as a percentage of total revenue decreased from 8.0% in 2020 to 6.9% in 2021. Investments in property, plant and equipment increased and included investments in digital printing and tooling for sustainable packaging at our European sleeves production plants, as well as initial investments for the new plant currently under construction in Mexico. Gross filler capex also increased, with a continuing high level of orders for new filling machines. Net filler capex was lower, reflecting a higher proportion of upfront cash compared with the prior year.

Free cash flow

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Net cash from operating activities	**530.9**	**425.8**
Dividends received from joint ventures	-	22.7
Acquisition of PP&E and intangible assets	(245.9)	(199.2)
Payment of lease liabilities	(26.7)	(16.1)
Free cash flow	**258.3**	**233.2**

Net cash from operating activities was positively impacted by the growth in adjusted EBITDA, net working capital inflows and the non-recurrence of refinancing-related payments. The strong generation of operating cash inflows resulted in an increase in free cash flow despite higher capex and lease payments in 2021.

Leverage

(In € million)	**As of 31 Dec. 2021**[2]	**As of 31 Dec. 2020**
Gross debt	1,732.4	1,697.0
Cash and cash equivalents[1]	304.5	355.1
Net debt	1,427.9	1,341.9
Net leverage ratio	**2.5x**	**2.7x**

[1] Includes restricted cash

[2] Net debt divided by LTM adjusted EBITDA. LTM adjusted EBITDA for 2021 includes the LTM adjusted EBITDA of the acquired joint ventures and SIG and deducts the dividend SIG received from the joint ventures in the LTM period.

Growth in EBITDA and strong cash flow generation enabled a reduction in the net leverage ratio from 2.7x to 2.5x in 2021 after funding the JV acquisition, which had a net debt impact of approximately €200 million. Since the IPO in 2018, strong cash generation has resulted in an average reduction in leverage of approximately 0.25x per year.

Planned acquisition of Evergreen fresh carton business in Asia

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia"). Evergreen Asia provides filling machines, cartons, closures and after-sales service to its customers in the fresh and extended shelf life dairy segment, mainly for milk, and has production plants in China mainland, South Korea and Taiwan. In the year ended 31 December 2021, Evergreen Asia generated revenue of approximately $160 million and adjusted EBITDA of approximately $28 million[2]. The acquisition is expected to generate run-rate cost synergies of €6 million. It will allow the Group to access a new customer base in an attractive market in Asia and to expand its offering to existing customers.

The acquisition is expected to close in the second or third quarter of 2022 subject to customary closing conditions. The consideration will be based on an enterprise value of $335 million (subject to customary closing adjustments) on a cash free, debt free basis.

Planned acquisition of Scholle IPN

The Group announced on 1 February 2022 that it has entered into an agreement to acquire 100% of Scholle IPN, a privately-held company. Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages, with retail, institutional and industrial customers. It is the global leader in bag-in-box and number two in spouted pouches. In the twelve months ended 31 December 2021, Scholle IPN generated revenue of approximately €474 million and adjusted EBITDA of approximately €90 million[2]. The acquisition is expected to generate run-rate cost synergies of €17 million. It will enable the Group to expand its product portfolio and to develop new categories.

The acquisition is expected to close before the end of the third quarter of 2022 subject to customary closing conditions. The consideration for the shares of Scholle IPN will be based on an enterprise value of €1.36 billion and an estimated net debt position of €310 million as of 31 December 2021, reflecting an equity value of €1.05 billion. The consideration will be split into cash of €370 million (subject to customary closing adjustments) and 33.75 million shares to be issued, from existing authorised capital, to the current owner of Scholle IPN, Laurens Last. After closing of the acquisition, Mr. Last will have a shareholding of approximately 9.1%.

Credit ratings unchanged

Following the above acquisition announcements, both S&P and Moody's have confirmed their existing credit ratings of BBB- Outlook Stable and Ba1 Outlook Stable, respectively.

[2] Unaudited.

Proposals for the Annual General Meeting

Mr. Last will be nominated for election to the Board of Directors of SIG at the forthcoming Annual General Meeting on 7 April 2022. Nigel Wright who, as a senior managing director at Onex Corporation has been on the Board of Directors since 2014, has decided not to stand for re-election. The Board of Directors will propose the re-election of the Chairman and all other current members of the Board of Directors at the Annual General Meeting.

The 33.75 million shares to be transferred to Mr. Last correspond to the currently existing authorised share capital that can be issued without subscription rights. With the objective of achieving a balanced capital structure after the consummation of the acquisitions of Scholle IPN and Evergreen Asia, and subject to market conditions, the Company intends to issue new shares in the amount of €200-250 million through an at market placement without subscription rights. For this purpose, the Board of Directors will propose the creation of additional authorised share capital in the amount of 10% of the current share capital, corresponding to 33.75 million shares, that can be issued without subscription rights. The authorisation to issue such shares will be contingent upon the consummation of the Scholle IPN acquisition. This proposal to replenish the authorised shares that can be issued without subscription rights is intended to permit the Company to execute the planned capital raising in line with best practice for the Swiss capital markets.

Outlook

The outlook for 2022 assumes the consolidation of the Scholle IPN and Evergreen Asia businesses from 1 July 2022. The final timing of consolidation depends on the completion of customary closing conditions.

For the full year, the Company expects revenue growth of 22-24% at constant currency, with growth of approximately 15% due to the acquisitions. The adjusted EBITDA margin for the enlarged group is expected to be around 26%, subject to no further major movements in input costs and foreign exchange rates. Net capital expenditure is forecast to be within a range of 7-9% of revenue and the dividend payout ratio is expected to be within, or slightly above, a range of 50-60% of adjusted net income.

The Company maintains its mid-term revenue growth guidance of 4-6% at constant currency, with the two acquisitions expected to enable resilient growth in the upper half of this range across an expanded platform. For the enlarged group, the adjusted EBITDA margin is expected to be above 27% in the mid-term driven by continued margin expansion in the aseptic carton business and the acquired businesses as well as the realisation of synergies from the acquisitions. Net capital expenditure is forecast to be within a range of 7-9% of revenue and the dividend payout ratio is expected to be within a range of 50-60% of adjusted net income. SIG's business will continue to be strongly cash generative and the Company maintains its mid-term leverage guidance of towards 2x with a milestone of around 2.5x at the end of 2024.

2021 Annual Report

SIG today published its 2021 Annual Report. For the first time this is a combined Annual Report containing full details of the Company's extensive corporate responsibility actions and achievements. The Annual Report also includes the Group's operating and financial results accompanied by SIG's audited consolidated and statutory financial statements, the Compensation Report outlining the compensation policies of the Group and the Corporate Governance Report.

A media release summarising SIG's 2021 highlights in Corporate Responsibility can be found here.

The above publications are available from 07:00 CET today at https://reports.sig.biz/annual-report-2021. Hard copies can be ordered free of charge from SIG Combibloc Group AG, Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.

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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. Sustainability is integral to our business and we are going Way Beyond Good to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland. The skills and experience of our approximately 5,900 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 70 countries. In 2021, SIG produced 42 billion carton packs and generated over €2.0 billion in revenue. SIG has an AA ESG rating by MSCI, a 13.4 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis. For more information, visit www.sig.biz.

Disclaimer and cautionary statement

The information contained in this media release and in any link to our website indicated herein is not for use within any country or jurisdiction or by any persons where such use would constitute a violation of law. If this applies to you, you are not authorised to access or use any such information.

This media release contains "forward-looking statements" that are based on our current expectations, assumptions, estimates and projections about us and our industry. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "may", "will", "should", "continue", "believe", "anticipate", "expect", "estimate", "intend", "project", "plan", "will likely continue", "will likely result", or words or phrases with similar meaning. Undue reliance should not be placed on such statements because, by their nature, forward-looking statements involve risks and uncertainties, including, without limitation, economic, competitive, governmental and technological factors outside of the control of SIG Combibloc Group AG ("SIG", the "Company" or the "Group"), that may cause SIG's business, strategy or actual results to differ materially from the forward-looking statements (or from past results). For any factors that could cause actual results to differ materially from the forward-looking statements contained in this media release, please see our offering circular for the issue of notes in June 2020. SIG undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise. It should further be noted that past performance is not a guide to future performance. Please also note that quarterly results are not necessarily indicative of the full-year results. Persons requiring advice should consult an independent adviser

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon SIG's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

Some financial information in this media release has been rounded and, as a result, the figures shown as totals in this media release may vary slightly from the exact arithmetic aggregation of the figures that precede them.

In this media release, we utilise certain alternative performance measures, including but not limited to core revenue, EBITDA, adjusted EBITDA, adjusted EBITDA margin, net capex, adjusted net income, free cash flow 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.

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, the change in our calculation methodology for constant currency and a definition of like-for-like growth rates, please refer to the link below:

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

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

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Profit for the period	**172.1**	**68.0**
Net finance expense	31.4	81.0
Income tax expense	52.3	23.0
Depreciation and amortisation	306.6	277.7
EBITDA	**562.4**	**449.7**
Adjustments to EBITDA:		
Unrealised gain on operating derivatives	(7.8)	(21.5)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	5.3
Restructuring costs, net of reversals	26.0	6.3
Loss on sale of subsidiary	12.1	-
Transaction- and acquisition-related costs	16.5	3.1
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in former joint ventures	(48.8)	-
Out-of-period indirect tax recoveries	(10.3)	-
Impairment losses	4.4	49.3
Other	4.1	6.1
Adjusted EBITDA	**570.6**	**498.3**

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

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Profit for the period	**172.1**	**68.0**
Non-cash foreign exchange impact of non-functional currency loan and realised foreign exchange impact due to refinancing	(10.6)	24.6
Amortisation of transaction costs	3.6	3.1
Net change in fair value of financing-related derivatives	-	(0.5)
Onex acquisition PPA depreciation and amortisation	103.1	125.4
Net effect of early repayment loans	3.7	19.7
Interest on out-of-period indirect tax recoveries	(3.1)	-
Adjustments to EBITDA	8.2	48.6
Tax effect on above items	(24.6)	(56.6)
Adjusted net income	**252.4**	**232.3**

[1] The adjustments made to EBITDA are detailed in the "EBITDA and adjusted EBITDA" table above.