



MEDIA RELEASE

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SIG Combibloc Group ("SIG")

SIG to acquire Scholle IPN to broaden leadership in sustainable packaging systems and solutions

- Scholle IPN is a leading innovator of sustainable packaging systems and solutions for liquids
- Global number one in bag-in-box, number two in spouted pouches with revenue of €474 million
- Enterprise value of €1.36 billion to be funded through a mix of shares, cash, and debt refinancing
- Complementary product offering with significant scope for geographic and category expansion
- Shared focus on innovation and sustainability
- Growth outlook consistent with SIG's mid-term guidance of 4 – 6% p.a.; maintaining best-in-class margins and strong cash generation
- Accretive to cash flow and adjusted earnings per share from first year after completion
- SIG preliminary 2021 results confirm strength of aseptic carton business with core revenue growth of 6.6%¹ and an increase in adjusted EBITDA margin to 27.7%

SIG preliminary 2021 results (unaudited)

In the context of the acquisition announcement, SIG today announced strong preliminary results for the full year 2021. Core revenue was €2,047 million, representing a like-for-like increase of 6.6%¹ at constant currency, exceeding the guided range of 4 – 6%. Adjusted EBITDA increased to €571 million with an adjusted EBITDA margin of 27.7%, compared with 27.4% in 2020. Free cash flow was €258 million compared with €233 million in 2020. At the AGM the Board of Directors will propose an increase in the dividend to CHF 0.45 per share (2020: CHF 0.42 per share) to be paid out of the capital contribution reserve.

Acquisition of Scholle IPN

SIG has entered into an agreement to acquire 100% of Scholle IPN, a privately held company, for an enterprise value of €1.36² billion and an equity value of €1.05 billion. The transaction will be funded through 33.75 million SIG shares issued from existing authorised capital and €370 million cash; the existing debt of Scholle IPN will be refinanced at closing. The transaction is expected to close before the end of the third quarter of 2022 subject to customary closing conditions.

This acquisition diversifies SIG's exposure to growing and resilient end-markets. SIG's portfolio of market-leading sustainable food and beverage carton solutions will be expanded into bag-in-box and spouted pouches for retail, institutional and industrial customers. SIG and Scholle IPN have many similarities and are highly complementary businesses in terms of systems and product offering. The combination will unlock significant growth opportunities and value.

¹ Like-for-like including MEA, at constant currency

² At current US\$/€ exchange rate

Founded in 1945, Scholle IPN is a leading innovator in sustainable packaging with a systems offering. It is the inventor of and global leader in bag-in-box (2l – 1,500l capacity) and the number two in spouted pouches (50ml – 500ml capacity). The acquisition will therefore expand SIG's portfolio into both larger and smaller formats. Scholle IPN is headquartered in the USA and has approximately 2,100 employees globally. Revenue in the twelve months to 31 December 2021 was €474 million with adjusted EBITDA of €90 million (adjusted EBITDA margin c.19%)³. The USA accounts for around 55% of revenue and the acquisition will significantly increase SIG's presence in this large and attractive market. It will also enable the expansion of the Scholle IPN portfolio into the emerging markets of Asia Pacific, Latin America and Middle East Africa, where SIG has a well-established presence.

With this acquisition, SIG will be able to offer the most sustainable packaging solutions across a wide range of categories and product sizes. Growth in bag-in-box is being driven by the shift from rigid to flexible packaging which significantly reduces the amount of material needed to package the product. Scholle IPN has a longstanding focus on sustainability and on the light-weighting of both packaging and fitments. It is a pioneer in the development of mono-materials which are designed for recycling. Joining together the R&D capabilities of the two companies will deliver more value to customers by advancing the development of material and aseptic technology to reduce carbon emissions and food waste.

Around 70% of Scholle IPN revenues are in food and beverages which will underpin the resilience already demonstrated by SIG's business. The acquisition will enable SIG to build on its core strength in aseptic technology and to expand its use in both pouches and bag-in-box. It will also drive SIG's expansion into new categories such as wine and water. Like SIG, Scholle IPN has developed long-standing customer relationships and the acquisition brings multiple cross-selling opportunities, as well as potential for an enhanced service offering for the combined customer base. In addition, run-rate cost synergies of €17 million will be generated in areas such as procurement and manufacturing efficiencies.

Samuel Sigrist, CEO of SIG, said: "The acquisition of Scholle IPN cements SIG's position as a global leader in innovative and sustainable packaging for food and beverages. It is consistent with our strategy of geographic and category expansion accompanied by share gains in key markets. By delivering clear benefits for customers, consumers, and the environment, we will drive value for shareholders."

Laurens Last, Chairman and owner of Scholle IPN, said: "This combination is compelling for our customers, who will benefit from our capabilities and expertise in the liquid packaging industry. I am excited about the future of the combined business, and I look forward to our joint innovation, with SIG further developing packaging substrates and solutions that are at the forefront of sustainability."

Transaction details

The acquisition values Scholle IPN at an enterprise value of €1.36 billion, equivalent to a multiple of 14.5x adjusted EBITDA for the twelve months ending 31 December 2021, or 12.2x adjusted for the annual run-rate synergies of €17 million. An earn-out may be payable in three annual instalments of up to €89 million p.a. for the years ending 31 December 2023, 2024, and 2025, contingent upon Scholle IPN outperforming the top end of SIG's mid-term growth guidance of 4 - 6% p.a. in the respective years. Earn-out payments for growth rates ranging from 6 - 11.5% p.a. are subject to a pre-agreed ratchet structure.

³ Unaudited. At 2021 average US\$/€ exchange rate

The consideration for the equity value of €1.05 billion comprises 33.75 million SIG shares from existing authorised capital and €370 million cash, subject to customary closing adjustments. The existing debt of Scholle IPN will be refinanced at closing. Any potential future earn-out payment would be payable in cash. As a result of the share consideration, the current owner of Scholle IPN Laurens Last will become the largest single shareholder in SIG, with a pro-forma shareholding of 9.1% subject to a lock-up period of 18 to 24 months⁴. Mr. Last will be nominated for election to the Board of Directors of SIG at the forthcoming AGM on 7 April 2022. Ross Bushnell, CEO of Scholle IPN, will join SIG's Group Executive Board.

The transaction is expected to be accretive to cash flow and adjusted earnings per share from the first full year after completion, adding to the strong and resilient financial profile of SIG, with above market growth, best-in-class margins, superior cash conversion and attractive dividends.

The financing of the transaction is secured via an acquisition bridge facility with a maturity of 18 months which is expected to be partially refinanced through an equity issuance of approximately €200-250 million, implying pro-forma (31 December 2021) leverage of around 3.25x (net debt/EBITDA).

Mid-term guidance

Following the acquisition SIG will maintain mid-term revenue growth guidance of 4 – 6% p.a. at constant exchange rates. The combined business (including Evergreen Asia) has scope for margin expansion and the adjusted EBITDA margin is expected to rise above 27% in the mid-term. Net capital expenditure as a percentage of revenue is expected to be 7 – 9%. The company will maintain its progressive dividend policy with a payout ratio of 50 – 60% of adjusted net income. The commitment to a net leverage ratio of towards 2x is also maintained, with an expectation of net leverage around 2.5x by the end of 2024.

Advisers

UBS Investment Bank acted as exclusive financial adviser to SIG; Latham & Watkins and Advestra acted as legal advisers to SIG.

Webcast

The company will host a webcast for analysts and investors at 10:00 CET on Tuesday 1 February. You can register for the webcast [here](#). The webcast will be followed by a Q&A session. The slide presentation will be available from 9:30 CET on 1 February at: <https://www.investor.sig.biz>

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⁴ 100% for 18 months and 75% for 24 months.

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 around 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 ESG Risk Rating (low risk) score from Sustainalytics and a Platinum CSR rating by EcoVadis. For more information, visit www.sig.biz.

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 links below:

<https://reports.sig.biz/annual-report-2020/services/glossary.html>

and <https://www.sig.biz/investors/en/performance/historical-financial-statements>

Disclaimer and cautionary note on forward looking statements

Portions of the narrative set forth in this media release that are not statements of historical or current facts are forward-looking statements.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase”, “may fluctuate” and similar expressions, or by future or conditional verbs such as “will”, “should”, “would” and “could” (or the negative version of such word or expressions). You should not place undue reliance on these statements as our actual future performance may materially differ from that contemplated by the forward-looking statements as a result of a variety of factors.

These factors include, without limitation and in addition to those mentioned elsewhere herein, our ability to successfully consummate the acquisition of Scholle IPN; our ability to achieve the strategic and other objectives related to the proposed acquisition of Scholle IPN, including any expected synergies; our ability to successfully fully integrate the Scholle IPN business and achieve the expected benefits of the acquisition, including, without limitation, the acquisition being accretive in the expected timeframe or at all; antitrust approvals and other conditions to the completion of the acquisition being satisfied; the effect of the announcement or pendency of the proposed acquisition on Scholle IPN’s business relationships, operating results and business generally; potential difficulties in Scholle IPN employee retention as a result of the transaction; as well as the ultimate impact of the ongoing COVID-19 pandemic on our business, results of operations, financial condition, and liquidity. Consequently, these forward-looking statements should be regarded as SIG’s current plans, estimates, and beliefs.

SIG does not undertake and specifically declines any obligation to update or publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

It should be noted that past performance is not a guide to future performance. Please also note that preliminary results are not necessarily indicative of final results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation or solicitation for the sale or purchase of securities in any jurisdiction, including the United States.