Mondi Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1967/013038/06)
JSE share code: MND ISIN: ZAE000097051

Mondi plc
(Incorporated in England and Wales)
(Registration number: 6209386)
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LSE share code: MNDI

As part of the dual listed company structure, Mondi Limited and Mondi plc notify both the JSE Limited and the London Stock Exchange of matters required to be disclosed under the JSE Listing Requirements and/or the Disclosure and Listing Rules of the United Kingdom Listing Authority.

7 May 2009

MONDI LIMITED AND MONDI plc – ANNUAL GENERAL MEETINGS

ADDRESS TO SHAREHOLDERS BY THE JOINT CHAIRMEN AND CHIEF EXECUTIVE OFFICER

Cyril Ramaphosa, Joint Chairman, speaking from Johannesburg:

Good morning, ladies and gentlemen. On behalf of the boards of Mondi Limited and Mondi plc, welcome to the second annual general meeting of the Mondi Group. We are delighted that you have been able to join us here in Johannesburg and there in London. Thanks once again to the marvel of technology, although we're on separate continents, Sir John Parker and I, and our fellow board directors, take great pleasure in being able to talk to you this morning, as one.

As you know, Sir John Parker and I share the chair of Mondi Group and we both would like to say a few words this morning about Mondi's progress over the last year. Your chief executive, David Hathorn, will then review the Group's performance and strategy in a little more detail as well as update you on the Group's Interim Management Statement that we published earlier today. After this we will be delighted, as a board, to take your questions.

For the benefit of our new shareholders I should point out that, although the dual listed company structure means that Mondi Limited in South Africa and Mondi plc in the UK are separate corporate entities, each with its own board and shareholders, Mondi operates as a single corporate group, managed as a single economic enterprise. The two companies have the same board members and the same management team. The DLC structure means that shareholders in each company fully share in the performance of the Group as a whole.

You will not be surprised to hear me say that 2008 was a tough year. Trading conditions in Europe were among the most difficult anyone can remember, with sharp falls in volumes and growing pressure on prices as the year went on, resulting in a 13% fall in underlying operating profit in our Europe & International Division. This was only partially offset by a very strong improvement in the performance of our South Africa Division, where underlying operating profit was up more than 40%.

Against this testing background, I believe that the Group's overall performance was creditable. All our divisions remained profitable, we generated nearly €800 million of operating cash and ended the year a great deal leaner and fitter, with higher-cost capacity substantially reduced and nearly €130 million of cost savings achieved across the business.

Mondi remains a strong Group with a robust strategic and operational model. We are a low-cost producer, fully integrated across the paper and packaging process, adding value at every stage of the product chain, from forestry, pulp and paper to the conversion of packaging papers into corrugated packaging and industrial bags.

The strength of our competitive position, backed by a strong balance sheet, is reflected in our long-term dividend policy and gives us the confidence to declare a final dividend of 5 euro cents per share – with the equivalent paid in South African rand. If approved, this will make a total for the year of 12.7 euro cents per share.

Before I hand over to Sir John, I would just like to highlight a few areas in which we made particular progress last year.

Mondi employs more than 33,000 people in over 42 countries worldwide. We have 118 production operations in 35 countries, with a particularly strong presence in the emerging markets of Europe, Russia and South Africa. Often, we are the single largest employer in the area in which we are located. This brings with it a great responsibility, which we take very seriously. We want Mondi to be a sustainable, socially-responsible business that makes a real and lasting contribution to every community within which we operate.

We evaluate the economic and social impact of each of our operations on its local community. This enables us to build tailored programmes that bring tangible benefits to those communities. In 2008 we invested well over €5 million in community projects spanning health, education, the environment, community development, arts, culture and heritage.

Here in South Africa, we are a major supporter of the Government's policy of Broad-Based Black Economic Empowerment, which continues to influence many of our employment and procurement practices. We also play an active role in helping to reduce the prevalence of HIV/AIDS, through routine counselling and testing of our employees.

But one of the most significant developments for us in South Africa was the progress we made on land restitution. Towards the end of 2008, we signed a groundbreaking agreement, the first of its kind in South Africa in the forestry industry. Under this agreement we will transfer around 4,000 hectares of Mondi land to two communities in the Kwazulu-Natal region, while retaining the right to continue harvesting timber supplies from this region.

In fact, I am pleased to announce that progress in this area continues at a good pace and we have just recently signed a second set of land restitution agreements with seven communities in the Kwazulu-Natal and Mpumalanga regions under a 20 year sale and leaseback arrangement. The communities will receive the titles to 13,700 hectares of land and will benefit from an annual income, while ensuring a continued supply of timber to Mondi's mills. These agreements have provided an excellent model for future land claim settlements and we are proud to be playing a significant role in this important process.

All of these developments and more are covered in detail in our Annual Report and Sustainability Summary Report, additional copies of which are available today – or you can download these from our web site.

With that, I'd like to hand over to my co-chairman, Sir John Parker, in London. Sir John.

Sir John Parker, Joint Chairman, speaking from London:

Thank you, Cyril. As Cyril said, although Mondi is a dual listed company domiciled on two continents, it is a single Group with a unified management. This means that the boards comprise the same directors, with independent non-executives in each, and those boards remain independent of the executive committee, led by David Hathorn, which manages the Group on a day-to-day basis.

This enables your boards to impose the highest possible standards of financial and operational control and to ensure that the key risks and performance criteria of the business are diligently scrutinised and reviewed on your behalf.

Although Mondi is less than two years old as an independently listed Group, I am pleased to report that the boards are functioning to a very high standard. Your directors provided clear and decisive direction in an extremely difficult year, deploying their considerable skills and experience in support of the executive team. The board committees were effectively led and did some extremely good work during the year.

Overall, we are satisfied that Mondi has in place the highest standards of governance practice. But we do not rest on our laurels. The operation of the boards and committees is regularly reviewed and the performances of the directors were thoroughly evaluated in 2008, producing clear action plans for further improvement in 2009.

As you will have read in our Annual Report, your directors took the opportunity to visit as many of Mondi's operations as possible in 2008, to see for ourselves the working conditions of our employees and our contractors.

By and large we were satisfied that these stand up well against international best practice.

Safety remains at the top of your boards' agenda and we were generally very pleased with our progress in this area, particularly with the continuing fall in lost time through injury. However, we were saddened by the deaths of two contractors in our operations during the year. I reiterate that any fatality is completely unacceptable and always avoidable.

We took steps immediately to identify causes and contributing factors and have taken action to ensure that such accidents do not recur. We remain totally committed to eliminating all injuries and achieving 'zero harm' in our operations.

Our focus on safety, of course, is only one part of our commitment to sustainability across the Group. Every one of our sites is now monitored against the very demanding standards of our integrated sustainable development management system and the DLC Sustainable Development Committee, under Colin Matthews' chairmanship, receives timely and accurate data using MORIS – our new Mondi reporting and information system.

We are particularly pleased with our progress on sustainable forestry, energy conservation and emission reductions. All our South African forests and over 3 million hectares in Russia are now FSC-certified and we have set stringent targets for the procurement of credibly certified wood, virgin fibre and biomass products. We were 85% self-sufficient in energy by the end of 2008 and our overall energy consumption continued to fall. Chemical emissions were further reduced across the board, with CO_2 emissions from fossil fuels down 11% since 2004. You can read about our achievements in the new sustainability section of our web site, where we report on all these areas in full. A printed summary is also available for you to pick up today if you would like a copy.

It is in times of economic difficulty that the commitment and talents of a company's management and employees are most rigorously tested. This has never been more true than over the past year, when the demands on our people have been frankly unprecedented. I would, therefore, like to pay tribute to the dedication and hard work of our 33,400 people around the world, who have delivered an extremely creditable performance in hostile economic conditions.

There is no doubt that the current financial year will continue to be challenging, but we have already proved that we can move quickly and decisively in response to whatever the market might present us with. 2009 will be no different. We will continue to focus unwaveringly on operational efficiency, closely matching our resources and capacity to market demand.

Looking further ahead, we believe the strategic advantage we have gained from our leading market positions and high-quality low-cost asset base will ensure that we emerge strongly from the current economic downturn and well placed to deliver attractive returns for our shareholders in the longer term.

Now I'd like to hand back to South Africa and to your chief executive, David Hathorn, who will expand on our performance in 2008 and also take you through the highlights of our latest interim management statement, released earlier this morning. David.

David Hathorn, Chief Executive Officer, speaking from Johannesburg:

Thank you, Sir John. As your chairmen have said, the last quarter of 2008 and the early part of 2009 have been among the most challenging that many of us have seen in our lifetimes.

At the beginning of October last year, many industries faced a sudden dramatic drop in demand as a result of the crisis experienced in the financial markets. All our competitors experienced immense pressures on their businesses.

However, it is testament to Mondi's low cost production strategy, our ingrained cost focus and above all our ability to respond quickly to changing market conditions that we nevertheless delivered a creditable performance in 2008.

We moved swiftly and decisively to take capacity and cost out of our business through closures and divestitures. These actions, which are all on track, will by the middle of 2009 have removed 600 000 tons of high cost production from Mondi's operating base over the past 18 months – this represents 10% of our global capacity.

In all, we delivered cost savings of €128 million, representing 2.4% of our cost base.

We exercised very tight control of working capital, producing a net inflow of €27 million over the year following on already strong performance in 2007.

We also tailored our capital expenditure programmes to the more challenging trading environment, reducing ongoing capital expenditure approvals to no more than 40% of depreciation.

Thanks to the above actions, our balance sheet remained strong with net debt at €1.7 billion at the year-end – broadly unchanged from 30 June 2008.

While our share price has declined sharply since our listing following the de-merger from Anglo American, I am confident that the fundamentals of our business remain very strong and that we are building real lasting value for shareholders which in due course should be reflected in our stockmarket valuations.

We know that a number of our shareholders are concerned about the large price differential between the shares of Mondi Limited and Mondi plc on the Johannesburg Stock Exchange. Our advisers tell us that this is mainly due to tighter liquidity in the Mondi Limited shares, which in turn may be due to the limits imposed on foreign investment by South African institutional investors.

We recently negotiated with the South African Reserve Bank an extension of the time period within which South African institutional investors who received Mondi plc shares following the demerger from Anglo American must rebalance their portfolios in line with the applicable foreign investment limits.

The South African Reserve Bank agreed to extend the period by a further 24 months, expiring on 1 July 2011. This has helped to reduce the price differential. We continue to lobby the South African Ministry of Finance and the Reserve Bank to find a more permanent solution.

As you know, earlier today we released our Interim Management Statement. I would like to take this opportunity to briefly summarise the main points of the announcement.

We are trading in line with our expectations at the time of issuing the full year results and as expected, the difficult trading conditions experienced in the latter part of 2008 have continued into the first quarter of this year. The Group's underlying operating profit for the three months to the end of March was similar to that of the final quarter of 2008, with an improvement in the results from the Europe & International Division offset by a decline in the South Africa Division.

Our first quarter performance is pleasing relative to the sector, with many of our peers continuing to report operating losses. This performance is testament to Mondi's superior cost position.

In Europe & International underlying operating profit was up on a weak fourth quarter of 2008, driven by better performances from Bags & Specialities and Uncoated Fine Paper. To balance weak demand across all businesses, around 127,000 tonnes of market related downtime was taken in the first quarter, representing around 12% of capacity and similar to the downtime taken in the final quarter of 2008.

While selling prices remain under pressure, decreasing input costs, notably wood, waste paper, chemicals and other variable costs, together with the restructuring actions taken in exiting higher cost capacity are helping to offset the revenue pressures. The gradual improvement in many of our order books is encouraging.

First quarter underlying operating profit in the South Africa Division was marginally above the comparable period last year, but significantly down on the fourth quarter 2008, impacted by lower pulp, woodchip and uncoated fine paper export prices together with lower woodchip export volumes. The domestic prices for uncoated fine paper continue to hold up, although there are signs of softening volumes. Open market pulp prices appear to be stabilising, albeit at low levels, with the re-emergence of buyers from China.

The Group continues to make good progress on the various initiatives taken in response to the downturn, including delivering on the €180 million cost reduction programme announced at the full year results in February, exiting various higher cost operations, focusing on working capital management and reducing capital expenditure. These efforts both build on Mondi's competitive advantage in the markets in which it chooses to operate, and ensures the Group remains well positioned to benefit when market conditions improve.

The previously announced initiatives to curtail capital expenditure outside of the two major projects – with new capital expenditure approvals limited to 40% of depreciation – are ongoing and benefits in cash flows can already be seen.

Working capital management continues to be a key focus and further working capital inflows were achieved in the first quarter, following a strong performance over the last two years. Proceeds from asset disposals – around €14 million – and foreign exchange adjustments also contributed to the strong cash flow.

While we have taken the necessary action to address the short term challenges, it is important that we continue to build on our low cost basis for the future. As such, we are proceeding with our two major investment projects in Poland and Russia, totalling €875 million. This will re-enforce our cost leadership position in two of our key markets. These projects are on track for completion on time and within budget. We anticipate that the new paper machine at Swiecie in Poland will have the lowest operating cost of its type. The modernisation of the Syktyvkar mill will lower the Group's cost base in Russia, improve efficiency and increase energy production and revenue by selling surplus energy to the grid – as well as providing some extra capacity, both pulp and paper, for the domestic market.

The Group remains in a sound financial position, with net debt at end of March of around €1.62 billion, a decrease of around €70 million on the position at the end of December 2008, taking into consideration a further circa €100 million spent on the two major capital projects in Poland and Russia. At the end of March, the Group had just under €1.1 billion of undrawn committed debt facilities.

Despite some evidence that the rapid de-stocking, which started in the fourth quarter of 2008, is coming to an end, there remains a high level of global economic uncertainty. This will undoubtedly continue to create challenges for the remainder of 2009. In this fast changing economic environment we have acted early and decisively to reduce capacity, lower the overall cost base and optimise cash flows. These actions coupled with Mondi's sound financial position and low cost, high quality asset base will leave us well placed to benefit when market conditions improve.

In closing, I would like add my enormous thanks to our workforce. They have demonstrated a resolute and focused commitment to Mondi during very difficult times and have more than earned the Boards' gratitude.