

**Mondi Limited**

(Incorporated in the Republic of South Africa)  
(Registration number: 1967/013038/06)  
JSE share code: MND ISIN: ZAE000156550

**Mondi plc**

(Incorporated in England and Wales)  
(Registered number: 6209386)  
JSE share code: MNP ISIN: GB00B1CRLC47  
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 Listing Requirements of the JSE Limited and/or the Disclosure and Listing Rules of the United Kingdom Listing Authority.

14 May 2014

**MONDI LIMITED AND MONDI plc – ANNUAL GENERAL MEETINGS****ADDRESS TO SHAREHOLDERS BY THE JOINT CHAIRMEN, CHAIRMAN OF THE SOCIAL & ETHICS COMMITTEE AND CHIEF EXECUTIVE OFFICER**

**Fred Phaswana, Joint Chairman, speaking from Johannesburg:**

Good morning, ladies and gentlemen. On behalf of the boards of Mondi Limited and Mondi plc, we welcome you to the seventh Annual General Meeting of the Mondi Group. We are delighted that you are joining us here in Johannesburg and there in London. As is custom at our meeting, although we're on separate continents with the use of modern technology, David Williams and I, and our fellow board directors, take great pleasure in being able to talk to you this morning, as one.

As you know, we share the chair of the Mondi Group and David Williams and I would both like to say a few words this morning about Mondi's progress over the last year. Imogen will then report on the Social and Ethics Committee before your Chief Executive, David Hathorn, reviews the Group's performance and strategy in a little more detail as well as updating 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. But first, let me introduce you to your directors.

To my immediate left is Imogen Mkhize, an independent non-executive director and chair of the Mondi Limited Social and Ethics Committee. Next to her is David Hathorn, your Chief Executive Officer. And on his left is Philip Laubscher, Company Secretary of Mondi Limited. Next to Philip is Andrew King, your Chief Financial Officer.

With David Williams in London, we have Stephen Harris, an independent non-executive director and chairman of the DLC Sustainable Development Committee. Anne Quinn, our

senior independent director and chair of the DLC Remuneration Committee and beside her Carol Hunt, Company Secretary of Mondi plc.

To David's right, we have Peter Oswald, Chief Executive Officer of the Europe & International Division and, finally, John Nicholas independent non-executive director and chairman of the DLC Audit Committee.

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.

2013 was another successful year for the Group. Mondi delivered record results and made significant headway with its strategic initiatives. A full year's contribution and synergies from the large acquisitions made in 2012, ongoing cost containment, as well as the benefits from the capital expenditure programme all contributed to what was a great year for consolidating and building on the inherent strengths of the organisation.

Mondi's focus is increasingly on the development of our packaging businesses, with a bias towards emerging markets. We continue to work with customers to develop smarter, more cost-effective processes and to find inventive, innovative, advanced solutions that deliver exceptional value. Investing in green energy is important to the Group's ongoing success and we have committed to various related projects at several of our large operations. In 2013, we made good progress with integrating and optimising the significant acquisitions made towards the end of 2012.

The record financial performance and strong cash generation enabled the Group to further strengthen its financial position in 2013. In line with the boards' aim to offer shareholders long-term dividend growth within a targeted dividend cover range of two to three times, on average, over the cycle, we are pleased to recommend an increase in the final dividend. The boards of Mondi Limited and Mondi plc have recommended a final dividend of 26.45 euro cents per share. If approved, this amounts to a total dividend for the year of 36 euro cents per share.

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

At the end of 2013 Mondi employed some twenty four thousand people at ninety eight separate operating sites across thirty countries, with a particularly strong presence in central and Eastern 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 our operations on its local community. This enables us to build tailored programmes that bring tangible benefits to those communities. In 2013 we contributed 9.9 million euros to corporate social investment projects and charitable donations with a focus mainly on education and health.

Here in South Africa, we continue to be a supporter of the government's policy of broad-based black economic empowerment, which influences many of our employment and procurement practices.

We have been working constructively with land claims officials over several years. Our current focus on development work with settled land claims communities has resulted in several sustainable community contractor enterprises in our South African forestry value chain. All of these developments and more are covered in detail in our integrated report and the sustainability section on our website, additional copies of our reports are available today – or you can download these from our web site.

With that, I'd like to hand over to my co-chairman, David Williams, in London. David.

**David Williams, Joint Chairman, speaking from London:**

Thank you, Fred.

I would like to take this opportunity to welcome Fred to his first Mondi Annual General Meeting. As you know, Fred replaced Cyril Ramaphosa who stepped down as joint chairman in May 2013.

As Fred has explained the board structure, I would add that those boards remain independent of the executive committee, led by David Hathorn, which manages the group on a day-to-day basis.

We strive to maintain the highest standards of corporate governance. The operation of the boards and committees is regularly reviewed and the performance of the directors in 2013 was externally evaluated and was very positive. It also suggested actions to deliver further improvement in 2014.

Safety remains paramount to all of us and for several years we have continued to reduce accidents across our operations. However, despite all these improvements, we deeply regret that four contractors were fatally injured during the year, two in Russia and two in South Africa. The Group remains committed to its goal of zero harm and following thorough investigations after each incident, management has developed action plans with implementation well progressed across the Group. Safety remains a high priority for all of us and is a key item on the agenda at every DLC board meeting.

Our focus and commitment to sustainability covers a wide range of aspects beyond safety. Our sites are monitored against our integrated sustainable development management system and appropriate action is taken which is then reviewed by the DLC Sustainable Development Committee.

We are particularly pleased with our continued progress in sustainable forestry, the increased use of renewable energy sources and emission reductions. All our forests in Russia and South Africa have retained forest stewardship council certification.

You can read more about our achievements and significant progress in areas such as resource usage in the sustainability section of our web site.

Considering the challenging economic environments many of our businesses continue to face, Mondi's management has been impressive in the way they find solutions and deliver value in a responsible way. We thank the executive and all of Mondi's people for their determination, innovation and willingness to go the extra mile.

I now hand you back to South Africa and Imogen Mkhize, who will provide the report on the Social and Ethics Committee. Imogen.

**Imogen Mkhize, Chairman of the Mondi Limited Social & Ethics Committee, speaking from Johannesburg:**

Thank you, David.

In accordance with the requirements of the South African Companies Act, I now provide a report on the matters within the mandate of the Social and Ethics Committee.

During the year, we reviewed our committee charter and finalised a work plan that ensures functional and systematic fulfillment of the Committee's oversight objectives. In broad terms, the Committee's mandate focuses our attention on Mondi Limited's social and economic development efforts; environmental protection practices; promotion of health and public safety; fair labour practices; relations with customers. The mandate also directs attention to the company's ethical conduct.

Performance in all of these areas is managed throughout the organisation, and the Social and Ethics Committee works in close collaboration with other board committees, receiving support from management and various operational structures. These matters are, therefore, addressed in more detail across different sections of the Group's Integrated Report, and in particular, the Governance Report and the Sustainable Development report. In addition, Mondi's printed document called, 'Sharing our sustainable future', reflects the company's consistent rigor and discipline in monitoring performance against mandatory social requirements and voluntary commitments.

In monitoring the company's activities relating to socioeconomic development, the committee noted the impact of social investment spent and the effectiveness of formal community engagements. An initiative that stands out is the Mkhondo development project, a public-private partnership with provincial and municipal authorities, offering residents of the area a choice to pursue rural livelihoods in planned and serviced agri-villages or in newly serviced urban residential developments.

Further contribution is also seen from Mondi Zimele, a project established to support and promote small and medium sized enterprises. Since the project's inception in 2007, it has created and sustained businesses with an employment footprint in excess of 4,200 jobs.

In general, the company continues to function in a responsible manner, with good progress on the commitments made in respect of material sustainable development issues, including

sustainable fibre security, progress with energy and climate change, natural resource constraints, employee and contractor wellbeing, and the eco-efficiency of our products.

In the year ahead, the Social and Ethics Committee will continue to monitor the industry realignment process of the Forestry Sector Codes with the BBBEE Act. The environmental regulatory context has also seen new developments that will require continued focus by Mondi Limited, specifically on air quality, waste management, and climate change.

To conclude, Mondi's philosophy and activities are anchored in good governance characterised by high ethical standards, along with appropriate, adequate processes and procedures deployed to meet its responsibilities in the marketplace, the workplace, social environment, and the natural environment. The Social and Ethics Committee thus confirms the company's compliance with legal responsibilities that flow from formal laws and regulations. Most important though, is the achievement of voluntary objectives that firmly position Mondi as a highly responsible corporate citizen.

With that, I'd like to hand over to your Chief Executive, David Hathorn. David.

**David Hathorn, Chief Executive Officer, speaking from Johannesburg:**

Thank you, Imogen.

As your chairmen have said, in 2013 Mondi delivered a record financial performance, benefiting from a strong operating performance and the strategic acquisitions completed in the latter part of 2012.

The focus over the last year has been on integrating and optimising the significant acquisitions made towards the end of 2012 and delivering the major capital projects initiated over the past two years. Excellent progress has been made in this regard, with synergy targets delivered, a number of the capital projects having been completed in the latter part of 2013, and the remaining projects on track for completion within budget and on schedule over the next two years.

Return on capital employed (ROCE), a key performance metric for the Group, was 15.3%, a record for the Group despite the dilutive effect of the acquisitions made in 2012. ROCE over the past three years, averaging 14.6%, has been consistently above the Group's through-the-cycle hurdle rate of 13%.

Our emphasis is on growing our packaging interests, which currently contribute around 70% of the Group's revenues, while at the same time continuing to invest appropriately to maintain and improve the competitiveness of our uncoated fine paper business.

Within the broader packaging sphere, we see greater opportunities to develop those segments offering exposure to consumer related packaging. We continue to develop our presence in emerging markets, which offer us inherent cost and growth benefits, while recognising in some areas, most notably Consumer Packaging, that there are also opportunities to develop and leverage our competencies in mature markets. Overall,

approximately 62% of the Group's net operating assets and 51% of revenue by destination are currently in emerging markets.

The Packaging Paper business was the standout performer in 2013, benefiting from higher average pricing in all key grades and good volume growth. The downstream Fibre Packaging business was challenged by rising paper prices, but generally made good progress in recovering margins.

The Uncoated Fine Paper business continued to deliver strong results despite the structural demand decline seen in mature Western European markets, a testament to the business' superior cost and market positioning.

The South Africa Division also made very good progress during the year and is now delivering well in excess of the Group's 13% through-the-cycle hurdle rate.

The Group remains strongly cash generative with cash generated from operating activities exceeding 1 billion euro for the first time.

Mondi's investment grade credit ratings, first issued in March 2010, were again reaffirmed during the year at BBB- (Standard and Poor's) and Baa3 (Moody's Investors Service).

Working capital levels were maintained within the Group's targeted level of 10% to 12% of turnover.

Capital expenditure of 405 million euro was 111 million euro higher than the prior year as expenditure on a number of the Group's previously announced energy and debottlenecking investments ramped up. The capital expenditure to depreciation ratio was 113%.

The benefits from these projects to be realised from 2014 onwards, include reduced energy costs, improved efficiencies and improved electricity self-sufficiency.

In the first half of 2013, a 128 million euro project to replace the recovery boiler at the Ruzomberok uncoated fine paper mill in Slovakia commenced. Completion is scheduled towards the end of 2014. The project will reduce the mill's environmental footprint and improve its overall cost position.

In the second half of the year, the Boards approved a 166 million euro investment at the Mondi Swiecie containerboard mill in Poland, bringing forward the planned replacement of the recovery boiler and the mill's coal fired boilers, with completion expected towards the end of 2015. The benefits include a reduction of ongoing maintenance costs, an improvement in overall energy efficiency and a reduction in CO<sub>2</sub>e emissions. These investments are all proceeding according to schedule.

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.

First quarter underlying operating profit of 183 million euro was 13% above the comparable prior year period of 162 million euro and 14% above the 161 million euro of the fourth quarter of 2013 and in line with management's expectations.

Sales volumes were broadly in line with the comparable prior year period, and above the previous quarter, mainly due to the scheduling of maintenance shuts in the second half of the year.

As expected, average selling prices in Europe for all key paper grades were lower than those in both the prior year comparable period and the previous quarter, with the exception of recycled containerboard. The corrugated packaging business benefitted from further pass through of prior period recycled containerboard price increases, while pricing in the South Africa Division was higher than the comparable prior year period in equivalent currency terms.

In the Group's Packaging Paper business, price increases were announced for unbleached kraftliner in the European market on the back of good demand. Negotiations with customers are ongoing, with a small increase already implemented. Recycled containerboard prices came under some pressure towards the end of the quarter and into April, impacted by new capacity entering the market and falling costs of paper for recycling.

Selling price increases for unbleached sack kraft paper have been announced on the back of a strong pick-up in demand in the first quarter, with price increases expected to be realised in the second half of the year when a number of fixed price contracts come up for renewal.

In Fibre Packaging, corrugated packaging price increases have been realised following the recycled containerboard price increases seen in the previous quarter.

Consumer Packaging performance has improved from a weak fourth quarter of 2013 benefiting from an improved product mix, despite constrained demand and the phasing out of mature products in the films and components segment.

The Uncoated Fine Paper business was impacted by the anticipated price erosion in the European markets in the first quarter. However, good demand and tighter supply into European markets following significant capacity closures in the United States has encouraged the business to announce price increases of approximately 5% in all European markets.

The South Africa division continued to benefit from good domestic demand, with selling prices rising in local currency terms during the quarter. Benchmark hardwood pulp sales prices came under increasing pressure during the quarter, with average euro prices around 1% lower than the prior quarter.

There was some increase in key input costs over the quarter, with increases in wood costs and paper for recycling affecting the European operations. Offsetting these increases is the benefit from the various energy optimisation projects and restructuring initiatives completed during the prior year.

While the Group remains vigilant of the ongoing political developments in the Ukraine, to date they have had no material impact on the Group's operations.

Good progress is being made on the Group's major capital investment projects, with all projects proceeding on schedule and within budget. A recent highlight was the successful commercial production of bleached kraft paper from the new 155,000 tonne paper machine at the Steti mill in the Czech Republic in April, meeting a strong order book. Production will be ramped up over the course of the year.

The Group's financial position remains strong with net debt down to 1,580 million euro. Strong operating cash inflows were offset by a seasonal increase in working capital and higher capital investment cash flows as a number of the Group's strategic investments reach completion.

The trading environment remains mixed. As anticipated selling prices for a number of the Group's key paper grades are currently below those of the prior year. However, fundamentals in our core markets remain generally solid and price increases in certain grades are under discussion. Furthermore, the ongoing capital investment programme is already making an important contribution to the profitability of the Group, with further projects on track for completion over the course of this year. As such, we remain confident in the Group's ability to continue delivering an industry-leading performance.

Now I would like to hand you back to our joint chairman David Williams.

ENDS

#### **About Mondi**

Mondi is an international packaging and paper Group, employing around 24,000 people in production facilities across 30 countries. In 2013, Mondi had revenues of €6.5 billion and a ROCE of 15.3%. The Group's key operations are located in central Europe, Russia, the Americas and South Africa.

The Mondi Group is fully integrated across the packaging and paper value chain - from the management of its own forests and the production of pulp and paper (packaging paper and uncoated fine paper), to the conversion of packaging paper into corrugated packaging, industrial bags, extrusion coatings and release liner. Mondi is also a supplier of innovative consumer packaging solutions, advanced films and hygiene products components.

Mondi has a dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker code MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker code MNDI. The Group's performance, and the responsible approach it takes to good business practice, has been recognised by its inclusion in the FTSE4Good Global, European and UK Index Series (since 2008) and the JSE's Socially Responsible Investment (SRI) Index since 2007.

Sponsor in South Africa: UBS South Africa (Pty) Ltd