

## **Mondi plc**

Incorporated in England and Wales

Registered number: 6209386

LEI: 213800LOZA69QFDC9N34

LSE share code: MNDI      ISIN: GB00B1CRLC47

JSE share code: MNP

This announcement contains inside information.

9 April 2020

## **COVID-19, Trading and AGM update**

Mondi today provides an update regarding the impact COVID-19 has had on the business, trading for the period since 31 December 2019 and logistics relating to its AGM.

### **Protecting our people, communities and partners**

During these uncertain times, the safety and welfare of the Group's employees and our communities remain our top priority. We also have a responsibility to continue providing essential materials and products to our customers, many of whom produce food and hygiene products, as well as contributing to local services such as energy and waste water treatment in our larger operations. Our businesses have generally been designated as providing essential services by governments in the countries in which we operate, allowing the Group to play an important role in responding to the COVID-19 pandemic.

All of our sites have implemented personal protection measures and intensified hygiene and social distancing protocols that meet or exceed local and international guidelines, and, where possible, employees are working remotely.

A multi-function response team closely monitors the latest developments, assessing risks, providing guidance, and implementing preventative policies in line with individual government regulations and recommendations in the countries in which we operate.

### **Trading update**

The Group delivered a robust performance, in line with expectations, during the first quarter of 2020. Underlying EBITDA of €385 million was 18% below the comparable prior year period (€471 million), driven mainly by lower pricing across our key paper grades mitigated by lower input cost and our ongoing cost reduction programmes. Underlying EBITDA was in line with the fourth quarter of 2019 (€381 million).

Our order books held up well in the first quarter, strengthening in consumer and e-commerce end-uses across our packaging and Engineered Materials businesses as we continued to support our customers. Towards the end of the quarter and into early April we saw a deterioration in our uncoated fine paper order book in Europe and South Africa as the effects of the various lockdown measures took hold. We are taking downtime at our Neusiedler mill (Austria) to manage our inventory levels, while we have temporarily stopped production at the Merebank mill (South Africa; 270,000 tonnes of annual production capacity), in line with government regulations. We will consider further such measures as required. In Flexible Packaging, while we are seeing strength in a number of consumer related applications, particularly in food, beverage and personal and home care, we are seeing somewhat weaker trading with our customers in building and construction industries and a mixed picture in industrial and other end-uses.

With the exception of the temporary closure of the Merebank paper mill and temporary closures or other production interruptions at a small number of our paper bags converting plants, all our facilities have been in operation throughout the period. Similarly, to date supply chain issues have been manageable, although we are seeing delays and increased costs in logistics.

The potential impacts of COVID-19 remain very unclear and the pace of change means any effect on operations and the Group's financial performance for the year are difficult to predict.

## **Update on capital expenditure, maintenance shuts schedule and cost mitigation measures**

We have moved quickly to protect profitability, liquidity and cash flow while seeking to ensure we are well placed to benefit when the recovery takes place. Furthermore, we have adjusted our near term priorities to mitigate the health risks to our on-site employees.

We have postponed non-essential capital expenditure and slowed down some of our major capital projects, thereby both reducing near term cash outflows and minimising contractors and other non-operating people on our key sites. As a result, we now expect capital expenditure of around €600 million (previously €700-800 million) in 2020. This is likely to cause limited delays to the commissioning of certain of our capital investment projects. We have also postponed annual mill maintenance shuts to the second half of the year.

Discretionary spend has been stopped and we continue to actively manage our cost base to mitigate any impacts.

## **Strong financial position**

Mondi has a strong balance sheet, sector leading investment grade credit ratings, good relationships with a broad group of banks, and has recently demonstrated its access to the public bond markets with the successful launch of a €750 million 8-year Eurobond. As at 31 December 2019, the net debt to underlying EBITDA ratio was 1.3 times, well below our single bank debt covenant of 3.5x net debt to underlying EBITDA (excluding the impact of IFRS16 adjustments).

Mondi currently has a strong liquidity position of around €1.5 billion, comprising €705 million undrawn committed debt facilities and cash of approximately €800 million, being principally the proceeds from the 8-year Eurobond issued on 1 April 2020 and other cash in hand.

Our core banks have recently agreed to extend the maturity date of the €750 million Syndicated Revolving Credit Facility from July 2021 to July 2022. The Group has a €500 million Eurobond maturing in September 2020; there are no other material maturities until 2024.

## **Dividend**

Despite the Group's strong balance sheet, the proactive measures it is taking to manage the current risks and the robust trading position to date, it is clear that the operating and trading environment is one of significantly heightened uncertainty. After due consideration, the Board has decided it is prudent to no longer propose a final dividend for the year ended 31 December 2019 at the forthcoming AGM.

The Board recognises the importance of dividends to shareholders. While it is its intention to pay a dividend, the Board will consider the appropriateness, quantum and timing of an additional interim dividend payment relating to the financial year ended 31 December 2019 when it has a clearer view of the effects of COVID-19 on the business and outlook.

## **Commenting on today's announcement, Andrew King, Group CEO, said:**

"Mondi is a resilient business offering packaging and other products for daily consumer needs, and delivering essential services to the communities around its larger operations. We delivered a robust performance in the first quarter and in this regard my thanks go to all our colleagues for their courage and commitment during these challenging times. The Group is financially strong with a robust liquidity position and capital structure. However, in these unprecedented times we are taking appropriate actions to ensure we remain well-placed to withstand an extended period of uncertainty."

## **Annual General Meeting ('AGM')**

In light of the evolving circumstances, the AGM on 7 May 2020 will now be convened with the minimum quorum of two shareholders facilitated by Mondi. Shareholders will not be able to attend the AGM in person. Shareholders are encouraged to submit their votes by proxy in accordance with the instructions set out in the 2020 AGM Notice and to appoint the 'Chair of the meeting' as their proxy to vote on their behalf. Proxy appointments must reach the registrar by no later than 10:30am (UK time) on Tuesday 5 May 2020. All valid proxy votes will be included in the poll to be taken at the meeting, the results of which will be announced as soon as practicable after the conclusion of the AGM.

While shareholders will not be able to attend the AGM, we recognise the importance of continuing engagement in the lead up to the meeting. Questions relating to the business of the AGM may therefore be submitted ahead of the meeting via our website by the deadline set out above. Where appropriate, we will

provide written answers to questions and, will publish answers to frequently asked questions on Mondi's website. Any further changes to the meeting arrangements will be notified via our website.

## **Notes**

Financial metrics have not been audited or reviewed by Mondi's external auditors. Reviewed results for the half-year ending 30 June 2020 will be published on 6 August 2020.

## **Contact details:**

### **Mondi Group**

#### Investors/analysts:

Clara Valera  
Group Head of Strategy & Investor Relations  
+44 1932 826357

#### Media:

Kerry Cooper  
Group Head of External Communications  
+44 1932 826323

Richard Mountain (FTI Consulting)  
+44 790 968 4466

## **About Mondi**

Mondi is a global leader in packaging and paper, contributing to a better world by making innovative, packaging and paper solutions that are sustainable by design. Our business is fully integrated across the value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective industrial and consumer packaging solutions. Sustainability is at the centre of our strategy and intrinsic in the way we do business. We lead the industry with our customer-centric approach, EcoSolutions, where we ask the right questions to find the most sustainable solution. In 2019, Mondi had revenues of €7.27 billion and underlying EBITDA of €1.66 billion.

Mondi has a premium listing on the London Stock Exchange (MNDI), and a secondary listing on the JSE Limited (MNP). The Group is a FTSE 100 constituent, and has been included in the FTSE4Good Index Series since 2008 and the FTSE/JSE Responsible Investment Index Series since 2007.

Sponsor in South Africa: UBS South Africa Proprietary Limited.