Mondi plc

(Incorporated in England and Wales)
(Registered number: 6209386)
LEI: 213800LOZA69QFDC9N34

LSE share code: MNDI ISIN: GB00B1CRLC47
JSE share code: MNP

1 August 2019

Half-yearly results for the six months ended 30 June 2019

Highlights

- **Strong financial performance**
    - Underlying EBITDA of €894 million, up 5%, with margin of 23.7%
    - Profit before tax of €632 million, up 29%
    - Basic underlying earnings of 96.2 euro cents per share, up 8%
    - Return on capital employed 23.2%
    - Interim dividend declared of 27.28 euro cents per share
- **Good contribution from capital investments and acquisitions completed in 2018**
- **Capital investment programme on track to deliver incremental growth**
- **Simplification of corporate structure completed end of July 2019**
- **Well positioned with innovative and sustainable packaging solutions portfolio**

Financial Summary

€ million, except for percentages and per share measures	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 31 December 2018
Group revenue	**3,771**	3,727	3,754
Underlying EBITDA[1]	**894**	852	912
Underlying operating profit[1]	**679**	630	688
Operating profit	**679**	530	662
Profit before tax	**632**	490	615
Per share measures			
Basic underlying earnings per share[1] (euro cents)	**96.2**	89.2	99.9
Basic earnings per share (euro cents)	**95.8**	72.5	97.6
Interim dividend per share (euro cents)	**27.28**	21.45	
Cash generated from operations	**737**	722	932
Net debt[1]	**2,358**	2,450	2,220
Underlying EBITDA margin[1]	**23.7%**	22.9%	24.3%
Group return on capital employed (ROCE)[1]	**23.2%**	21.3%	23.6%

Note:
1 The Group presents certain measures of financial performance, position or cash flows that are not defined or specified according to International Financial Reporting Standards (IFRS). These measures, referred to as Alternative Performance Measures (APMs), are defined at the end of this document and where relevant, reconciled to IFRS measures in the notes to the condensed combined and consolidated financial statements.

Peter Oswald, Mondi Group Chief Executive Officer, said:

“Mondi delivered a strong performance in the first half of 2019 against a backdrop of increasingly challenging trading conditions, with underlying EBITDA of €894 million, up 5% on the prior year comparable period. Higher average selling prices, the contribution from capital investments and acquisitions, and a higher forestry fair value gain more than offset the impact of planned maintenance shuts, lower volumes in certain segments and higher costs. Our initiatives to drive sustainable performance and mitigate inflationary pressures on our cost base continue to deliver strongly.

Our capital investment programme to deliver value accretive growth and enhance the ongoing cost competitiveness of our operations remains on track. The €335 million modernisation of our kraft paper facility in Štětí (Czech Republic), which started up in the fourth quarter of 2018, contributed to the strong performance in the period. We are also making good progress on our previously announced major capital investment projects at our Ružomberok (Slovakia), Syktyvkar (Russia) and Štětí mills and the smaller expansionary projects at a number of our packaging operations.

At the end of July 2019, we completed the Simplification of our corporate structure from a dual listed structure into a single holding company structure under Mondi plc. We believe this will simplify cash and dividend flows, increase transparency, remove the complexity associated with the previous structure and enhance strategic flexibility.

As a leading producer of both paper and plastic based packaging, we are in a unique position to support our customers’ sustainability goals with packaging that is sustainable by design - paper where possible, plastic when useful.

Going into the second half of 2019, ongoing macro-economic uncertainties continue to impact on the trading environment. Demand is generally softer across the markets in which we operate, while prices for key paper grades are currently below those of the first half. Furthermore, we expect a significantly lower forestry fair value gain in the second half. Our relentless focus on continuous improvement is expected to lessen the impact of these pressures.

Underpinned by the Group's robust business model, centred around our high-quality, cost-advantaged asset base, our portfolio of sustainable packaging solutions, clear strategic focus and culture of continuous improvement, we remain confident of continuing to deliver a strong and industry-leading performance."

Group performance review

Underlying EBITDA for the half-year ended 30 June 2019 of €894 million was up 5% compared to the first half of 2018, driven by strong performances from Fibre Packaging and Uncoated Fine Paper.

Revenue was up 1% on the comparable prior year period, with higher average selling prices in Fibre Packaging and Uncoated Fine Paper, and contributions from capital projects and acquisitions largely offset by the impact of planned mill maintenance shuts and lower volumes in Industrial Bags.

Input costs were higher than the comparable prior year period with the exception of paper for recycling costs, where, as a result of Chinese import policies, average benchmark European prices were down 17% and 5% on the comparable prior year period and the second half of 2018, respectively. Wood costs were generally higher than the comparable prior year period and we saw higher chemical and energy costs. Cash fixed costs were higher as a result of ongoing inflationary cost pressures across the Group and mill maintenance shut effects.

In the first half of 2019, we completed planned annual maintenance shuts at our Syktyvkar and Richards Bay (South Africa) mills and smaller shuts at some of our other operations. The balance of our maintenance shuts are scheduled for the second half of the year. Based on prevailing market prices, we estimate the full year impact on underlying EBITDA of the Group's planned maintenance shuts at around €150 million (2018: €110 million), of which the first half effect was around €80 million (2018: €55 million).

Currency movements had a net neutral impact on underlying EBITDA versus the comparable prior year period. The net positive impact of a stronger US dollar on sales of a number of the Group's globally traded products and the benefits to our South African export orientated business of a weaker South African rand were offset by translation losses from a weaker Turkish lira relative to the euro and other smaller impacts.

Depreciation and amortisation charges were marginally lower during the period as the effect of acquisitions and our capital investment programme was more than offset by the impact of a revision in the estimated useful lives on certain fixed assets (refer to note 2 of the condensed combined and consolidated financial statements) as well as currency effects.

Basic underlying earnings were up 8% to 96.2 euro cents per share. Including the effects of special items, which amounted to a charge of €2 million after tax in the period (2018: €81 million charge), basic earnings of 95.8 euro cents per share were up 32% on the comparable prior year period.

An interim dividend of 27.28 euro cents per share has been declared.

Fibre Packaging

€ million	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Six months ended 31 December 2018**
Segment revenue	**2,078**	2,020	2,088
Underlying EBITDA	**555**	535	551
Underlying operating profit	**436**	416	425
Special items	**—**	(55)	(18)
Capital expenditure cash payments	**203**	225	244
Operating segment net assets	**3,971**	3,714	3,804
Underlying EBITDA margin	**26.7%**	26.5%	26.4%
ROCE	**24.9%**	24.3%	26.8%

Underlying EBITDA of €555 million was up 4% on the comparable prior year period, with higher average selling prices and the contribution from acquisitions and capital investment projects more than offsetting higher costs and mill maintenance shut effects.

Containerboard pricing came under pressure during the period, although the magnitude differed by grade. Average benchmark European prices for unbleached kraftliner were down 5% on the comparable prior year period while they were 7% lower at the end of the first half than the average during the period. Benchmark recycled containerboard prices were down 13% versus the prior year period and 10% lower at the end of the first half compared to the average during the period. Our order books improved during the second quarter, with pricing for unbleached kraftliner and recycled containerboard stabilising as we entered the second half of the year. Prices for white top kraftliner and semi-chemical fluting, which were flat compared to the prior year period, saw moderate price reductions during the period which have continued in the third quarter.

Corrugated Packaging benefited from higher average selling prices as increases were successfully implemented over the course of 2018 to offset rising paper prices, and good volume growth in central and eastern Europe, partly offset by weaker volumes in Turkey and Russia. Volume growth was driven by e-commerce activity and good demand in food, beverage, consumer retail and specialised applications. The business remains focused on continuous improvements to reduce conversion costs and further enhance its innovative product offering, quality and service to customers.

Kraft paper prices were up around 8%, on average, compared to 2018 prices. Following strong growth in the prior year, which supported meaningful price increases during the second half of 2018 and into early 2019, slowing economic activity, particularly in the construction related sectors in various export markets, dampened demand as we progressed through the period. Price reductions in selected grades became effective in the second half for volumes not fixed by annual contracts. The drive to replace plastic carrier bags with paper-based alternatives and consumer preferences for fibre based packaging continues to support good demand across our range of speciality kraft papers.

Industrial Bags sales volumes were down on a like-for-like basis, due to a combination of pricing discipline and weakness in Turkish, Middle Eastern and North American markets. Price increases were achieved in the early part of the year to compensate for higher paper input costs. Strong cost management and the benefit of rationalisation activities resulted in significant fixed cost savings during the period.

With the exception of paper for recycling, costs were above the prior year period, mitigated by our ongoing cost reduction programme. We saw higher wood, chemical and energy costs while cash fixed costs were higher due to inflationary cost pressures and the impact of maintenance shuts.

In the second quarter we shut a 65,000 tonnes per annum recycled containerboard machine at our mill in Tire Kutsan (Turkey) due to weaker domestic market conditions while we continue to operate a 75,000 tonnes per annum machine on site. In July 2019, the Group agreed to sell a highly specialised extrusion coated products plant in Duffel (Belgium) serving customers across protective clothing, imaging, automotive and other speciality products markets. Mondi's remaining extrusion coatings plants in Europe are primarily focused on consumer and other selected applications. The transaction remains subject to competition clearance and it is expected to complete in the second half of 2019.

Planned maintenance shuts were completed during the first half of the year at Syktyvkar, Powerflute (Finland) and Richards Bay. Maintenance shuts at Świecie (Poland) and our kraft paper mills are scheduled for the second half of the year.

Consumer Packaging

€ million	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Six months ended 31 December 2018**
Segment revenue	**831**	822	789
Underlying EBITDA	**102**	103	91
Underlying operating profit	**66**	63	52
Special items	**—**	(27)	(5)
Capital expenditure cash payments	**33**	38	41
Operating segment net assets	**1,324**	1,295	1,311
Underlying EBITDA margin	**12.3%**	12.5%	11.5%
ROCE	**9.1%**	10.4%	9.0%

Underlying EBITDA of €102 million was flat on the comparable prior year period, and 12% up on the second half of 2018.

The consumer goods packaging product group delivered an improved performance as it benefited from a restructured plant network, product innovation and implemented continuous improvement initiatives. As anticipated, performance in personal care components stabilised during the period, although we expect this area will continue to face pressure from declining volumes in the medium term. Overall Consumer Packaging's performance was held back by one-offs and negative currency effects.

We are uniquely positioned to offer both paper-based and plastic-based packaging solutions and are working across our businesses to offer our customers the most sustainable solution for each application. We continue to partner with customers and other stakeholders along the value chain to innovate and develop packaging in line with circular economy principles. During the period we successfully completed a Mondi-led collaborative pioneer project to develop a proof-of-concept prototype for a flexible plastic pouch suitable for homecare applications that incorporates a minimum of 20% post-consumer plastic waste originating from mixed household waste. Our team will now develop the prototype further to ensure it can be rolled out as a commercially viable product for Mondi's multinational FMCG customers.

Uncoated Fine Paper

€ million	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 31 December 2018
Segment revenue	**913**	941	936
Underlying EBITDA	**254**	230	286
Underlying operating profit	**194**	168	227
Special items	**—**	(18)	(3)
Capital expenditure cash payments	**103**	84	77
Operating segment net assets	**1,663**	1,523	1,494
Underlying EBITDA margin	**27.8%**	24.4%	30.6%
ROCE	**34.2%**	26.5%	31.9%

Underlying EBITDA of €254 million was up 10% on the comparable prior year period, with higher average uncoated fine paper selling prices and a higher forestry fair value gain more than offsetting the impact of maintenance shuts and higher costs.

Uncoated fine paper sales volumes were lower than the prior year period, mainly due to the closure of a small machine at Merebank (South Africa) in the third quarter of 2018 and the impact of maintenance shuts. We continue to see ongoing structural decline in market demand in mature markets, while we benefit from our superior cost positioning and emerging market exposure. Average benchmark European uncoated fine paper selling prices were up 7% on the comparable prior year period and 3% up sequentially, following the implementation of price increases through the course of 2018. Average benchmark European bleached hardwood pulp prices were flat compared with the prior year period but down 6% sequentially, with the rate of decline accelerating in the second quarter. On an annualised basis, and including the pulp sales in Fibre Packaging, the Group has currently a net long pulp position of around 300,000 tonnes per annum.

Variable input costs increased due to higher wood, chemical and energy costs, while fixed costs were higher due to domestic inflationary cost pressures and maintenance shuts; partly compensated by our ongoing cost reduction initiatives.

The forestry assets' fair value is dependent on a variety of external factors over which we have limited control, the most significant being the export price of timber, the exchange rate and domestic input costs. Higher export prices and net volume increases during the period resulted in a forestry fair value gain of €52 million, up €39 million on the prior year period and €22 million sequentially. Based on current market conditions, we would expect a significantly lower forestry fair value gain in the second half of the year.

During the period we completed planned maintenance shuts at our Syktyvkar and Richards Bay mills. Maintenance shuts at our other uncoated fine paper mills are scheduled for the second half of the year.

Tax

The underlying effective tax rate in the first half was 23% (2018: 22%), slightly above the comparable prior year period and in line with our expectation as previously disclosed.

Special items

There were no operating special item charges in the period (2018: net charge before tax €100 million).

A financing special item charge of €2 million (2018: €nil) was incurred in the first half relating to transaction costs to effect the Simplification of the corporate structure from a dual listed company ('DLC') structure into a single holding company structure under Mondi plc. We estimate total one-off transaction costs in relation to the Simplification, including advisory fees and transfer taxes, of €20 to €22 million in 2019. While a portion of these costs will be attributed to equity, the expense charged to the income statement is expected to exceed €10 million.

Further detail is provided in notes 5 and 20 of the condensed combined and consolidated financial statements.

Cash flow

Cash generated from operations of €737 million (2018: €722 million), reflects the continued strong cash generating capacity of the Group.

Working capital at 30 June 2019 was 15.0% of annualised revenue (30 June 2018: 14.3%), reflecting a seasonal increase in the first half of the year, giving rise to a net cash outflow of €104 million in the period (2018: €148 million).

Capital expenditure amounted to €339 million (2018: €347 million), driven by our ongoing major capital expenditure programme. Tax paid of €167 million (2018: €110 million) was higher than the comparable prior year period due to improved profitability and the timing of tax payments.

We paid a higher final ordinary dividend to shareholders of €264 million (2018: €207 million) and interest paid of €42 million (2018: €32 million) was above the comparable prior year period, as the benefit from a lower effective interest rate was more than offset by higher average net debt.

Capital investments

During the first half of the year we invested €339 million (2018: €347 million) in our property, plant and equipment. In addition, investment in forestry assets amounted to €23 million (2018: €28 million).

In the period, we benefited from the contribution from a number of our recently completed capital projects, the most significant project being the €335 million modernisation of the Štětí mill completed in late 2018 to replace the recovery boiler, rebuild the fibre lines and debottleneck the existing packaging paper machines leading to additional annual production of 90,000 tonnes of softwood market pulp and 55,000 tonnes of packaging paper. As a result of lower bleached softwood market pulp prices, the incremental operating profit contribution from capital investment projects in 2019 is now estimated to be €45 million in 2019 (previous estimate €50 million).

We are making good progress with our major capital expenditure programme:

- Our €340 million investment in a new 300,000 tonne per annum kraft top white machine at Ružomberok, with start-up expected towards the end of 2020, is progressing well. The related pulp mill upgrade at the same site is expected to start-up at the end of 2019.
- The €67 million capital investment project to convert a containerboard machine at Štětí to be fully dedicated to the production of speciality kraft paper with a mix of recycled and virgin fibre content for shopping bags applications is progressing according to plan. The investment will also allow us to optimise productivity and efficiency at Świecie, where this grade is currently produced. This project will result in an additional 75,000 tonnes per annum of speciality kraft paper capacity while reducing our containerboard capacity by around 30,000 tonnes per annum. Start-up is expected by the end of 2020.
- As part of our plan to maintain Syktyvkar's competitiveness and increase saleable production by around 100,000 tonnes per annum in the medium term, we are investing to debottleneck production and avoid unplanned shutdowns, including various upgrades of the mill infrastructure, fibre lines and pulp dryer, and a new evaporation plant.
- We are investigating alternatives for the modernisation of our Richards Bay facility, including the modernisation of the mill's energy and chemical plants.
- We continue to invest in our Fibre Packaging and Consumer Packaging converting plants with competitive advantages to grow with our customers, enhance our product and service offering and reduce conversion costs.

Our recently completed and planned major capital projects in the Czech Republic, Slovakia and Russia are expected to increase our current saleable pulp and paper production by around 10% when in full operation.

Given the approved project pipeline and in the absence of any other major investment, our capital expenditure is expected to be in line with our previous estimate of €700-800 million per annum, on average, for 2019 and 2020.

Treasury and borrowings

Net debt at 30 June 2019 was €2,358 million, up from €2,220 million at 31 December 2018. At 30 June 2019, the net debt to 12-month trailing underlying EBITDA ratio was 1.3 times.

At 30 June 2019, we had €2.5 billion of committed borrowing facilities of which €523 million were undrawn. The weighted average maturity of our committed debt facilities is 4 years.

Finance charges of €45 million, before the impact of special items, were above those of the comparable prior year period (2018: €40 million). Average net debt was up on the comparable prior year period, while the average effective interest rate for the period was lower.

The Group's credit ratings, Standard & Poor’s BBB+ (stable outlook) and Moody’s Investors Service Baa1 (stable outlook), remained unchanged.

Simplification of corporate structure

On 9 May 2019 the Group's shareholders approved the Simplification of the Group structure from a DLC structure into a single holding company structure under Mondi plc by way of a South African scheme of arrangement proposed by the Mondi Limited board between Mondi Limited and the Mondi Limited ordinary shareholders. On 11 July 2019 the Scheme became unconditional and, with effect from 26 July 2019 (17:00 SA time), Mondi plc became the holder of all the Mondi Limited ordinary shares (the 'Scheme') while, by other related actions, the DLC arrangements were terminated. Pursuant to the Scheme, Mondi Limited shareholders received one new Mondi plc ordinary share in exchange for each Mondi Limited ordinary share held. The new Mondi plc shares commenced trading on 29 July 2019.

The Simplification will simplify cash and dividend flows, increase transparency, remove the complexity associated with the previous structure and enhance strategic flexibility. The Simplification will also facilitate continued investment in the South African operations, estimated at over 8 billion rand over the next five years, including the ongoing investment in forestry assets and modernisation of the Mondi Group's pulp, containerboard and paper assets in the country. As a result of the Simplification, each Mondi plc shareholder has the same voting and capital interests in the Group as each Mondi plc ordinary shareholder and Mondi Limited ordinary shareholder had under the DLC structure. The Simplification does not result in any changes to the management, operations, locations, activities or staffing levels of the Group, nor, save for one-off expenses to effect the Simplification, is it expected to have any significant impact on the reported profits or net assets of the Group.

Dividend

The Board's aim is to offer shareholders long-term dividend growth within a targeted dividend cover range of two to three times underlying earnings over the business cycle.

An interim ordinary dividend of 27.28 euro cents per share has been declared by the directors and will be paid on Friday 20 September 2019 to those shareholders on the register of Mondi plc on Friday 16 August 2019. The dividend will be paid from distributable reserves.

Outlook

Going into the second half of 2019, ongoing macro-economic uncertainties continue to impact on the trading environment. Demand is generally softer across the markets in which we operate, while prices for key paper grades are currently below those of the first half. Furthermore, we expect a significantly lower forestry fair value gain in the second half. Our relentless focus on continuous improvement is expected to lessen the impact of these pressures.

Underpinned by the Group's robust business model, centred around our high-quality, cost-advantaged asset base, our portfolio of sustainable packaging solutions, clear strategic focus and culture of continuous improvement, we remain confident of continuing to deliver a strong and industry-leading performance.

Principal risks and uncertainties

The Board is responsible for the effectiveness of the Group's risk management activities and internal control processes. It has put procedures in place for identifying, evaluating, and managing the significant risks that the Group faces. In combination with the audit committee, at the beginning of 2019, the Board conducted a robust assessment of the principal risks to which Mondi is exposed and it is satisfied that the Group has effective systems and controls in place to manage its key risks within the risk tolerance levels established. There have been no significant changes to the principal risks since 31 December 2018 as described on pages 38 to 46 of the Group's Integrated report and financial statements 2018.

Risk management is by nature a dynamic and ongoing process. Our approach is flexible to ensure that it remains relevant at all levels of the business, and dynamic to ensure we can be responsive to changing business conditions. This is particularly important given the diversity of the Group's locations, markets and production processes. Our internal control environment is designed to safeguard the assets of the Group and to provide reasonable assurance that the Group's business objectives will be achieved.

Strategic risks

The industries and geographies in which we operate expose us to specific long-term risks which are accepted by the Board as a consequence of the Group's chosen strategy and operating footprint.

While there have been no significant changes in our strategic risk exposure during the year, we continue to monitor recent capacity announcements, the developments in the process as the UK seeks to exit the European Union, the stability of the Eurozone and the increasing prevalence of trade tariffs and economic sanctions.

The executive committee and Board monitor our exposure to these risks and evaluate investment decisions against our overall exposures so that our strategic capital investments and acquisitions take advantage of the opportunities arising from our deliberate exposure to such risks.

Our principal strategic risks relate to the following:

- Industry productive capacity
- Product substitution
- Fluctuations and variability in selling prices or gross margins
- Country risk

Financial risks

We aim to maintain an appropriate capital structure and to conservatively manage our financial risk exposures in compliance with all laws and regulations.

Despite ongoing short-term currency volatility and increased scrutiny of the tax affairs of multinational companies, our overall residual risk exposure remains similar to previous years, reflecting our conservative approach to financial risk management.

Our principal financial risks relate to the following:

- Capital structure
- Currency risk
- Tax risk

Operational risks

A low residual risk tolerance is demonstrated through our focus on operational excellence, investment in our people and commitment to the responsible use of resources.

Our investments to improve our energy efficiency, engineer out our most significant safety risks, improve operating efficiencies, and renew our equipment continue to reduce the likelihood of operational risk events. However, the potential impact of any such event remains unchanged.

Our principal operational risks relate to the following:

- Cost and availability of raw materials
- Energy security and related input costs
- Technical integrity of our operating assets
- Employee and contractor safety
- Attraction and retention of key skills and talent
- Environmental impact

Compliance risks

We have a zero tolerance approach to compliance risks. Our strong culture and values, emphasised in every part of our business with a focus on integrity, honesty, and transparency, underpins our approach.

Our principal compliance risks relate to the following:

- Reputational risk
- Information technology risk

Going concern

The directors have reviewed the Group’s current financial position, performance expectations for the next twelve months, and the principal risks which may impact the Group’s performance in the near term. These include an evaluation of the current macroeconomic environment and reasonably possible changes in the Group’s trading performance.

The Group’s financial position, cash flows, liquidity position and borrowing facilities are described in the financial statements. At 30 June 2019, Mondi had €523 million of undrawn, committed debt facilities. The Group’s debt facilities have maturity dates of between 1 and 7 years, with a weighted average maturity of 4 years.

Based on our evaluation the Board considered it appropriate to prepare the financial statements on the going concern basis.

Accordingly, the Group continues to adopt the going concern basis in preparing the condensed combined and consolidated financial statements.

Investor site visit to Štětí

The Group will hold a site visit to Štětí on 5 and 6 November. In addition to a tour of this world-class manufacturing site, the day will include an update from Group CEO Peter Oswald, as well as presentations from our Fibre Packaging and Consumer Packaging businesses to talk about our opportunity to leverage Mondi's unique position and build on our portfolio of sustainable packaging solutions - paper where possible, plastic when useful.

Numbers for the site visit are limited due to the nature of the tour and safety considerations. If you have interest in attending this event please contact: Investor.Relations@mondigroup.com

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Conference call dial-in and webcast details

Please see below details of our dial-in conference call and webcast that will be held at 09:00 (UK) and 10:00 (SA) today.

The conference call dial-in numbers are:

UK	0844 571 8892
South Africa	010 500 7996
Other	+44 2071 928000

Conference ID 6593949

The webcast will be available via www.mondigroup.com/HYResults19

The presentation will be available to download from the above website an hour before the webcast commences. Questions can be submitted via the dial-in conference call or via the webcast.

Should you have any issues on the day with accessing the dial-in conference call, please call +44 2071 928000.

Should you have any issues on the day with accessing the webcast, please e-mail group.communication@mondigroup.com and you will be contacted immediately.

A video recording of the presentation will be available on Mondi's website during the afternoon of 1 August 2019.

Directors' responsibility statement

The directors confirm that to the best of their knowledge:

- the condensed combined and consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards and in particular with International Accounting Standard 34, 'Interim Financial Reporting';
- the half-yearly results announcement includes a fair review of the significant events during the six months ended 30 June 2019 and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2019;
- there have been no significant individual related party transactions during the first six months of the financial year; and
- there have been no significant changes in the Group's related party relationships from that reported in the Integrated report and financial statements 2018.

The Group's condensed combined and consolidated financial statements, and related notes, were approved by the Board and authorised for issue on 31 July 2019 and were signed on its behalf by:

Peter Oswald
Director

Andrew King
Director

31 July 2019

Independent review report of PricewaterhouseCoopers LLP to Mondi plc and PricewaterhouseCoopers Inc. to the shareholders of Mondi Limited

During the period under review, Mondi plc and Mondi Limited operated under a dual listed company structure as a single economic entity. The “Group” consists of Mondi plc, Mondi Limited and their respective subsidiaries. The Group financial statements combine and consolidate the financial statements of the Group and include the Group’s share of joint arrangements and associates.

PricewaterhouseCoopers LLP is the appointed auditor of Mondi plc, a company incorporated in the United Kingdom in terms of the United Kingdom Companies Act 2006. PricewaterhouseCoopers Inc. is the appointed auditor of Mondi Limited, a company incorporated in South Africa in terms of the Companies Act of South Africa. PricewaterhouseCoopers LLP and PricewaterhouseCoopers Inc. reviewed the interim financial statements of the Group.

For the purpose of this report, the terms ‘we’ and ‘our’ denote PricewaterhouseCoopers LLP in relation to UK legal, professional and regulatory responsibilities and reporting obligations to Mondi plc and PricewaterhouseCoopers Inc. in relation to South African legal, professional and regulatory responsibilities and reporting obligations to the shareholders of Mondi Limited. When we refer to PricewaterhouseCoopers LLP or PricewaterhouseCoopers Inc. such reference is to that specific entity to the exclusion of the other.

Report on the interim financial statements

Conclusion of PricewaterhouseCoopers LLP for Mondi plc

We have reviewed Mondi plc and Mondi Limited's condensed combined and consolidated financial statements (the "interim financial statements") in the half-yearly results announcement for the six months ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Conclusion of PricewaterhouseCoopers Inc. for Mondi Limited

We have reviewed Mondi plc and Mondi Limited’s condensed combined and consolidated financial statements (the "interim financial statements") in the half-yearly results announcement for the six months ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the South African Financial Reporting Standards Council.

What we have reviewed

The interim financial statements comprise:

- the condensed combined and consolidated statement of financial position as at 30 June 2019;
- the condensed combined and consolidated income statement and the condensed combined and consolidated statement of comprehensive income for the period then ended;
- the condensed combined and consolidated statement of cash flows for the period then ended;
- the condensed combined and consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly results announcement have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and as issued by the IASB and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the South African Financial Reporting Standards Council.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as issued by the IASB.

Responsibilities for the interim financial statements and the review

Responsibilities of the directors of Mondi plc and Mondi Limited

The half-yearly results announcement, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for the preparation and presentation of the interim financial statements in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and as issued by the IASB, the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the South African Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review.

Independent review report of PricewaterhouseCoopers LLP to Mondi plc and PricewaterhouseCoopers Inc. to the shareholders of Mondi Limited (continued)

What a review of interim financial statements involves
PricewaterhouseCoopers LLP conducted their review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom.

PricewaterhouseCoopers Inc. conducted their review in accordance with International Standard on Review Engagements (ISRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as issued by the International Auditing and Assurance Standards Board. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with either International Standards on Auditing (UK) or International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

As part of our review, we have read the other information contained in the half-yearly results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Use of the review report of PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP have prepared this review report, including their conclusion, for and only for Mondi plc for the purpose of the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. PricewaterhouseCoopers LLP do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants
London
31 July 2019

PricewaterhouseCoopers Inc.

Director: JFM Kotzé
Registered Auditor
Waterfall
31 July 2019

Condensed combined and consolidated income statement

for the six months ended 30 June 2019

€ million	Notes	(Reviewed) Six months ended 30 June 2019 Underlying	Special items (Note 5)	Total	(Reviewed) Six months ended 30 June 2018 Underlying	Special items (Note 5)	Total	(Audited) Year ended 31 December 2018 Underlying	Special items (Note 5)	Total
Group revenue	4	**3,771**	**—**	**3,771**	**3,727**	**—**	**3,727**	**7,481**	**—**	**7,481**
Materials, energy and consumables used		(1,792)	—	(1,792)	(1,766)	—	(1,766)	(3,526)	—	(3,526)
Variable selling expenses		(282)	—	(282)	(266)	—	(266)	(534)	—	(534)
Gross margin		1,697	—	1,697	1,695	—	1,695	3,421	—	3,421
Maintenance and other indirect expenses		(171)	—	(171)	(160)	—	(160)	(346)	—	(346)
Personnel costs		(546)	—	(546)	(528)	(8)	(536)	(1,039)	(15)	(1,054)
Other net operating expenses		(86)	—	(86)	(155)	(25)	(180)	(272)	(30)	(302)
EBITDA		**894**	**—**	**894**	**852**	**(33)**	**819**	**1,764**	**(45)**	**1,719**
Depreciation, amortisation and impairments		(215)	—	(215)	(222)	(67)	(289)	(446)	(81)	(527)
Operating profit		**679**	**—**	**679**	**630**	**(100)**	**530**	**1,318**	**(126)**	**1,192**
Net profit from equity accounted investees		—	—	—	—	—	—	1	—	1
Net finance costs	7	(45)	(2)	(47)	(40)	—	(40)	(88)	—	(88)
Profit before tax		634	(2)	632	590	(100)	490	1,231	(126)	1,105
Tax (charge)/credit	8	(146)	—	(146)	(132)	19	(113)	(273)	34	(239)
Profit for the period		**488**	**(2)**	**486**	**458**	**(81)**	**377**	**958**	**(92)**	**866**
Attributable to:										
Non-controlling interests		**22**		**22**	**26**		**26**	**42**		**42**
Shareholders		**466**		**464**	**432**		**351**	**916**		**824**

Earnings per share (EPS) attributable to shareholders euro cents	Notes	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
Basic EPS	9	**95.8**	**72.5**	**170.1**
Diluted EPS	9	**95.7**	**72.4**	**170.0**
Basic underlying EPS	9	**96.2**	**89.2**	**189.1**
Diluted underlying EPS	9	**96.2**	**89.1**	**189.0**
Basic headline EPS	9	**95.6**	**85.1**	**184.8**
Diluted headline EPS	9	**95.5**	**85.0**	**184.7**

Condensed combined and consolidated statement of comprehensive income

for the six months ended 30 June 2019

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Profit for the period	**486**	**377**	**866**
Items that have been or may subsequently be reclassified to the condensed combined and consolidated income statement			
Cash flow hedges	(4)	—	1
Exchange differences on translation of foreign operations	102	(154)	(219)
Items that will not subsequently be reclassified to the condensed combined and consolidated income statement			
Remeasurements of retirement benefits plans	(32)	4	(12)
Tax effect thereof	4	—	(1)
Other comprehensive income/(expense) for the period	**70**	**(150)**	**(231)**
Total comprehensive income for the period	**556**	**227**	**635**
Attributable to:			
Non-controlling interests	**13**	**23**	**30**
Shareholders	**543**	**204**	**605**

Condensed combined and consolidated statement of financial position

as at 30 June 2019

€ million	Notes	(Reviewed) As at 30 June 2019	(Reviewed) As at 30 June 2018	(Audited) As at 31 December 2018
Property, plant and equipment		4,520	4,187	4,340
Goodwill		946	932	942
Intangible assets		82	101	91
Forestry assets	11	391	321	340
Other non-current assets		96	63	85
Total non-current assets		**6,035**	**5,604**	**5,798**
Inventories		1,035	921	968
Trade and other receivables		1,255	1,265	1,190
Cash and cash equivalents	15b	78	54	52
Other current assets		36	35	34
Total current assets		**2,404**	**2,275**	**2,244**
Total assets		**8,439**	**7,879**	**8,042**
Short-term borrowings	13	(318)	(305)	(268)
Trade and other payables		(1,159)	(1,121)	(1,186)
Other current liabilities		(160)	(206)	(214)
Total current liabilities		**(1,637)**	**(1,632)**	**(1,668)**
Medium and long-term borrowings	13	(2,101)	(2,206)	(2,002)
Net retirement benefits liability	14	(265)	(227)	(234)
Deferred tax liabilities		(270)	(241)	(253)
Other non-current liabilities		(58)	(57)	(60)
Total non-current liabilities		**(2,694)**	**(2,731)**	**(2,549)**
Total liabilities		**(4,331)**	**(4,363)**	**(4,217)**
Net assets		**4,108**	**3,516**	**3,825**
Equity				
Combined share capital and stated capital		542	542	542
Retained earnings and other reserves		3,215	2,646	2,943
Total attributable to shareholders		**3,757**	**3,188**	**3,485**
Non-controlling interests in equity		351	328	340
Total equity		**4,108**	**3,516**	**3,825**

The Group's condensed combined and consolidated financial statements, and related notes 1 to 20, were approved by the Board and authorised for issue on 31 July 2019 and were signed on its behalf by:

Peter Oswald
Director

Andrew King
Director

Mondi plc company registered number: 6209386

Condensed combined and consolidated statement of changes in equity

for the six months ended 30 June 2019

€ million	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2018 (Audited)	3,683	324	**4,007**
Total comprehensive income for the period	204	23	**227**
Dividends	(691)	(17)	**(708)**
Purchases of treasury shares	(14)	—	**(14)**
Other	6	(2)	**4**
At 30 June 2018 (Reviewed)	3,188	328	**3,516**
Total comprehensive income for the period	401	7	**408**
Dividends	(102)	(1)	**(103)**
Purchases of treasury shares	(1)	—	**(1)**
Other	(1)	6	**5**
At 31 December 2018 (Audited)	3,485	340	**3,825**
Total comprehensive income for the period	543	13	**556**
Dividends	(264)	(2)	**(266)**
Purchases of treasury shares	(12)	—	**(12)**
Other	5	—	**5**
At 30 June 2019 (Reviewed)	**3,757**	**351**	**4,108**

Equity attributable to shareholders	(Reviewed)	(Reviewed)	(Audited)
€ million	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
Combined share capital and stated capital	542	542	542
Treasury shares	(21)	(24)	(26)
Retained earnings	3,784	3,220	3,589
Cumulative translation adjustment reserve	(718)	(756)	(820)
Post-retirement benefits reserve	(94)	(67)	(75)
Other reserves	264	273	275
Total	**3,757**	**3,188**	**3,485**

Condensed combined and consolidated statement of cash flows

for the six months ended 30 June 2019

€ million	Notes	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Cash flows from operating activities				
Cash generated from operations	15a	737	722	1,654
Dividends received from other investments		—	—	1
Income tax paid		(167)	(110)	(248)
Net cash generated from operating activities		**570**	**612**	**1,407**
Cash flows from investing activities				
Investment in property, plant and equipment		(339)	(347)	(709)
Investment in forestry assets		(23)	(28)	(53)
Investment in equity accounted investees		(6)	—	(7)
Acquisition of businesses, net of cash and cash equivalents		(2)	(383)	(402)
Other investing activities		(2)	15	14
Net cash used in investing activities		**(372)**	**(743)**	**(1,157)**
Cash flows from financing activities				
Proceeds from medium and long-term borrowings		98	354	165
Proceeds from Eurobonds		—	600	600
Net proceeds from short-term borrowings		2	22	9
Repayment of lease liabilities		(11)	(13)	(25)
Interest paid		(42)	(32)	(73)
Dividends paid to shareholders	10	(264)	(691)	(793)
Dividends paid to non-controlling interests		(2)	(17)	(18)
Purchases of treasury shares		(12)	(14)	(15)
Net cash outflow from derivatives		—	(24)	(25)
Other financing activities		(1)	(8)	(8)
Net cash (used in)/generated from financing activities		**(232)**	**177**	**(183)**
Net (decrease)/increase in cash and cash equivalents		**(34)**	**46**	**67**
Cash and cash equivalents at beginning of period		8	(66)	(66)
Cash movement in the period	15c	(34)	46	67
Effects of changes in foreign exchange rates	15c	—	7	7
Cash and cash equivalents at end of period	15b	**(26)**	**(13)**	**8**

Notes to the condensed combined and consolidated financial statements
for the six months ended 30 June 2019

1 Basis of preparation

The Group has two separate legal parent entities, Mondi Limited and Mondi plc, which operate under a dual listed company (DLC) structure. The substance of the DLC structure is such that Mondi Limited and its subsidiaries, and Mondi plc and its subsidiaries, operate together as a single economic entity through a sharing agreement, with neither parent entity assuming a dominant role. Accordingly, Mondi Limited and Mondi plc are reported on a combined and consolidated basis as a single reporting entity.

With effect from 26 July 2019, the Group structure was simplified from a DLC structure into a single holding company structure under Mondi plc, while, by other related actions, the DLC arrangements were terminated. Further detail is provided in notes 5 and 20 of the condensed combined and consolidated financial statements.

The Group's condensed combined and consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, 'Interim Financial Reporting'; the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Council; and the requirements of the Companies Act of South Africa 2008. They should be read in conjunction with the Group's Integrated report and financial statements 2018, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

There are no differences for the Group in applying IFRS as issued by the IASB and IFRS as adopted by the European Union (EU) and, therefore, the Group also complies with Article 4 of the EU IAS Regulation.

The condensed combined and consolidated financial statements have been prepared on a going concern basis as discussed in the commentary under the heading 'Going concern' on page 7.

The financial information set out above does not constitute statutory accounts as defined by section 434 of the UK Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2018 has been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the UK Companies Act 2006.

These condensed combined and consolidated financial statements have been prepared on the historical cost basis, except for the fair valuing of financial instruments, forestry assets and post retirement benefit assets.

The preparation of these condensed combined and consolidated financial statements includes the use of estimates and assumptions. Although the estimates used are based on management's best information about current circumstances and future events and actions, actual results may differ from these estimates.

In preparing these condensed combined and consolidated financial statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were largely the same as those that applied to the Group's Integrated report and financial statements 2018, with the exception of changes in estimates that are required in determining the provision for income taxes for an interim period.

These financial statements have been prepared under the supervision of the Group Chief Financial Officer, Andrew King CA (SA).

2 Accounting policies

The same accounting policies, methods of computation and presentation have been followed in the preparation of the condensed combined and consolidated financial statements for the six months ended 30 June 2019 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except as follows:

- A number of amendments to IFRS became effective for the financial period beginning on 1 January 2019, but the Group did not have to change its accounting policies or make any retrospective adjustments as a result of adopting these new standards.
- Consistent with previous half year reports, taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profits or losses.

Following its annual review of estimated useful economic lives as required under IAS 16, 'Property, plant and equipment', the Group has revised the estimated useful economic lives for items of plant and equipment to a range from three years to 25 years (previously: from three years to 20 years) effective from 1 January 2019. In accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', the effect of the change in accounting estimate has been recognised prospectively in the condensed combined and consolidated income statement.

The Group presents certain measures of financial performance, position or cash flows in the condensed combined and consolidated financial statements that are not defined or specified according to IFRS. These measures, referred to as Alternative Performance Measures (APMs), are defined on pages 30-31 and where relevant reconciled to IFRS in the notes to the condensed combined and consolidated financial statements, and are prepared on a consistent basis for all periods presented.

3 Seasonality

The seasonality of the Group's operations had no significant impact on the condensed combined and consolidated financial statements.

4 Operating segments

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the executive committee, the chief operating decision-making body. The operating segments are managed based on the nature of the underlying products produced by those businesses and comprise three distinct segments.

Each of the reportable segments derives its income from the sale of manufactured products.

Six months ended 30 June 2019 (reviewed)

€ million, unless otherwise stated	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	Corporate	Intersegment elimination	Total
Segment revenue	2,078	831	913	—	(51)	**3,771**
Internal revenue	(25)	(2)	(24)	—	51	**—**
External revenue	2,053	829	889	—	—	**3,771**
Underlying EBITDA	555	102	254	(17)	—	**894**
Depreciation and impairments	(114)	(28)	(59)	—	—	**(201)**
Amortisation	(5)	(8)	(1)	—	—	**(14)**
Underlying operating profit/(loss)	436	66	194	(17)	—	**679**
Special items	—	—	—	(2)	—	**(2)**
Operating segment assets	4,556	1,555	2,024	4	(39)	**8,100**
Operating segment net assets	3,971	1,324	1,663	1	—	**6,959**
Additions to non-current non-financial assets	184	31	110	—	—	**325**
Capital expenditure cash payments	203	33	103	—	—	**339**
Underlying EBITDA margin (%)	*26.7*	*12.3*	*27.8*	—	—	***23.7***
Return on capital employed (%)	*24.9*	*9.1*	*34.2*	—	—	***23.2***
Average number of employees (thousands)[1]	13.5	6.1	6.3	0.1	—	**26.0**

Six months ended 30 June 2018 (reviewed)

€ million, unless otherwise stated	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	Corporate	Intersegment elimination	Total
Segment revenue	2,020	822	941	—	(56)	**3,727**
Internal revenue	(30)	(3)	(23)	—	56	**—**
External revenue	1,990	819	918	—	—	**3,727**
Underlying EBITDA	535	103	230	(16)	—	**852**
Depreciation and impairments	(112)	(31)	(61)	(1)	—	**(205)**
Amortisation	(7)	(9)	(1)	—	—	**(17)**
Underlying operating profit/(loss)	416	63	168	(17)	—	**630**
Special items	(55)	(27)	(18)	—	—	**(100)**
Operating segment assets	4,274	1,543	1,831	7	(53)	**7,602**
Operating segment net assets	3,714	1,295	1,523	3	—	**6,535**
Additions to non-current non-financial assets[2]	588	42	143	—	—	**773**
Capital expenditure cash payments	225	38	84	—	—	**347**
Underlying EBITDA margin (%)	*26.5*	*12.5*	*24.4*	—	—	***22.9***
Return on capital employed (%)	*24.3*	*10.4*	*26.5*	—	—	***21.3***
Average number of employees (thousands)[1]	13.3	5.9	6.5	0.1	—	**25.8**

Note:

1 Presented on a full time employee equivalent basis

2 Additions to non-current non-financial assets for the six months ended 30 June 2018 were previously reported excluding forestry assets acquired through business combinations of €14 million

4 Operating segments (continued)

Year ended 31 December 2018 (audited)

€ million, unless otherwise stated	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	Corporate	Intersegment elimination	Total
Segment revenue	4,108	1,611	1,877	—	(115)	**7,481**
Internal revenue	(62)	(5)	(48)	—	115	**—**
External revenue	4,046	1,606	1,829	—	—	**7,481**
Underlying EBITDA	1,086	194	516	(32)	—	**1,764**
Depreciation and impairments	(231)	(61)	(119)	(1)	—	**(412)**
Amortisation	(14)	(18)	(2)	—	—	**(34)**
Underlying operating profit/(loss)	841	115	395	(33)	—	**1,318**
Special items	(73)	(32)	(21)	—	—	**(126)**
Operating segment assets	4,394	1,552	1,852	4	(68)	**7,734**
Operating segment net assets	3,804	1,311	1,494	(9)	—	**6,600**
Additions to non-current non-financial assets	882	84	280	—	—	**1,246**
Capital expenditure cash payments	469	79	161	—	—	**709**
Underlying EBITDA margin (%)	*26.4*	*12.0*	*27.5*	—	—	***23.6***
Return on capital employed (%)	*26.8*	*9.0*	*31.9*	—	—	***23.6***
Average number of employees (thousands)[1]	13.5	6.0	6.5	0.1	—	**26.1**

Note:
1 Presented on a full time employee equivalent basis

Reconciliation of operating segment assets

	(Reviewed) As at 30 June 2019		(Reviewed) As at 30 June 2018		(Audited) As at 31 December 2018	
€ million	Segment assets	Segment net assets	Segment assets	Segment net assets	Segment assets	Segment net assets
Group total	**8,100**	**6,959**	**7,602**	**6,535**	**7,734**	**6,600**
Unallocated						
Investment in equity accounted investees	14	14	3	3	9	9
Deferred tax assets/(liabilities)	46	(224)	25	(216)	49	(204)
Other non-operating assets/(liabilities)	195	(283)	181	(356)	189	(360)
Group capital employed	**8,355**	**6,466**	**7,811**	**5,966**	**7,981**	**6,045**
Financial instruments/(net debt)	84	(2,358)	68	(2,450)	61	(2,220)
Total assets/equity	**8,439**	**4,108**	**7,879**	**3,516**	**8,042**	**3,825**

4 Operating segments (continued)

€ million	External revenue by location of production			External revenue by location of customer		
	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Africa						
South Africa	260	283	609	199	228	459
Rest of Africa	18	9	43	151	122	264
Africa total	278	292	652	350	350	723
Western Europe						
Austria	588	587	1,106	78	81	160
Germany	444	437	887	494	496	985
United Kingdom	23	36	64	109	122	233
Rest of western Europe	381	281	623	759	758	1,470
Western Europe total	1,436	1,341	2,680	1,440	1,457	2,848
Emerging Europe						
Czech Republic	289	261	483	94	91	183
Poland	554	572	1,161	315	317	636
Rest of emerging Europe	478	480	952	426	432	867
Emerging Europe total	1,321	1,313	2,596	835	840	1,686
Russia	445	466	944	362	346	694
North America	245	272	525	388	366	731
South America	—	—	—	51	38	100
Asia and Australia	46	43	84	345	330	699
Group total	**3,771**	**3,727**	**7,481**	**3,771**	**3,727**	**7,481**

5 Special items

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Operating special items			
Impairment of assets	—	(69)	(83)
Reversal of impairment of assets	—	2	2
Restructuring and closure costs			
Personnel costs	—	(8)	(15)
Other restructuring and closure costs	—	(25)	(30)
Total operating special items	**—**	**(100)**	**(126)**
Financing special item			
Simplification of corporate structure	(2)	—	—
Total special items before tax and non-controlling interests	**(2)**	**(100)**	**(126)**
Tax credit (see note 8)	—	19	34
Total special items attributable to shareholders	**(2)**	**(81)**	**(92)**

The Group incurred transaction costs of €2 million during the six months ended 30 June 2019 to effect the Simplification of the corporate structure from a DLC structure into a single holding company structure under Mondi plc, as described in note 20. The total expense charged to the condensed combined and consolidated income statement is expected to exceed €10 million in 2019.

6 Write-down of inventories to net realisable value

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Write-down of inventories to net realisable value	(18)	(20)	(21)
Aggregate reversal of previous write-downs of inventories	9	9	13

7 Net finance costs

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Investment income	**4**	**5**	**8**
Net foreign currency losses	**(1)**	**(2)**	**(4)**
Finance costs			
Interest expense			
Interest on bank overdrafts and loans	(40)	(35)	(77)
Interest expense from lease liability	(7)	(7)	(14)
Net interest expense on net retirement benefits liability	(4)	(4)	(8)
Total interest expense	**(51)**	**(46)**	**(99)**
Less: Interest capitalised	3	3	7
Total finance costs	**(48)**	**(43)**	**(92)**
Net finance costs before special item	**(45)**	**(40)**	**(88)**
Financing special item			
Simplification of corporate structure (see note 5)	(2)	—	—
Net finance costs after special item	**(47)**	**(40)**	**(88)**

Net interest expense for the six months ended 30 June 2019 was €43 million (six months ended 30 June 2018: €37 million; year ended 31 December 2018: €83 million).

8 Tax charge

The Group's effective rate of tax before special items for the six months ended 30 June 2019 was 23% (six months ended 30 June 2018: 22%; year ended 31 December 2018: 22%).

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
UK corporation tax at 19% (2018: 19%)	1	1	1
SA corporation tax at 28% (2018: 28%)	—	4	21
Overseas tax	127	135	244
Current tax in respect of prior periods	(1)	(7)	—
Current tax	**127**	**133**	**266**
Deferred tax in respect of the current period	19	(1)	15
Deferred tax in respect of prior periods	—	—	(8)
Tax charge before special items	**146**	**132**	**273**
Current tax on special items	—	(1)	(2)
Deferred tax on special items	—	(18)	(32)
Tax credit on special items (see note 5)	**—**	**(19)**	**(34)**
Tax charge for the period	**146**	**113**	**239**

9 Earnings per share (EPS)

The calculation of basic and diluted EPS, basic and diluted underlying EPS and basic and diluted headline EPS is based on the following data:

	Earnings		
€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Profit for the period attributable to shareholders	**464**	**351**	**824**
Special items (see note 5)	2	100	126
Related tax (see note 5)	—	(19)	(34)
Underlying earnings for the period	**466**	**432**	**916**
Special items not excluded from headline earnings	(2)	(33)	(45)
Gain from disposal of property, plant and equipment	(2)	—	(1)
Net loss on disposal of businesses and equity accounted investees	—	6	3
Impairments not included in special items	1	—	2
Related tax	—	7	20
Headline earnings for the period	**463**	**412**	**895**

	Weighted average number of shares		
million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Basic number of ordinary shares outstanding	**484.5**	**484.4**	**484.4**
Effect of dilutive potential ordinary shares	0.1	0.2	0.2
Diluted number of ordinary shares outstanding	**484.6**	**484.6**	**484.6**

10 Dividends

The interim ordinary dividend for the year ending 31 December 2019 of 27.28 euro cents per ordinary share will be paid on Friday 20 September 2019 to those shareholders on the register of Mondi plc on Friday 16 August 2019. The dividend will be paid from distributable reserves of Mondi plc, as presented in the annual financial statements for the year ended 31 December 2018.

euro cents per share	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Final ordinary dividend paid (in respect of prior year)	54.55	42.90	42.90
Special dividend paid (in respect of prior year)	—	100.00	100.00
Interim ordinary dividend paid			21.45
Interim ordinary dividend declared for the six months ended 30 June	**27.28**	**21.45**	
Final ordinary dividend proposed for the year ended 31 December 2018			54.55
Total interim ordinary and final ordinary dividends proposed for period ended	**27.28**	**21.45**	**54.55**

10 Dividends (continued)

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Final ordinary dividend paid (in respect of prior year)	264	207	207
Special dividend paid (in respect of prior year)	—	484	484
Interim ordinary dividend paid			102
Total ordinary and special dividends paid	**264**	**691**	**793**
Interim ordinary dividend declared for the six months ended 30 June	**132**	**104**	
Final ordinary dividend proposed for the year ended 31 December 2018			264
Total interim ordinary and final ordinary dividends proposed for the period ended	**132**	**104**	**264**
Declared by Group companies to non-controlling interests	2	17	18

Dividend timetable

The interim ordinary dividend for the year ending 31 December 2019 will be paid in accordance with the following timetable:

Last date to trade shares cum-dividend	
JSE Limited	Tuesday 13 August 2019
London Stock Exchange	Wednesday 14 August 2019
Shares commence trading ex-dividend	
JSE Limited	Wednesday 14 August 2019
London Stock Exchange	Thursday 15 August 2019
Record date	Friday 16 August 2019
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	Thursday 22 August 2019
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries:	
South African Register	Friday 23 August 2019
UK Register	Friday 30 August 2019
Payment Date	Friday 20 September 2019
DRIP purchase settlement dates (subject to market conditions and the purchase of shares in the open market):	
UK Register	Tuesday 24 September 2019
South African Register	Thursday 26 September 2019
Currency conversion dates	
ZAR/euro	Thursday 1 August 2019
Euro/sterling	Wednesday 4 September 2019

Share certificates on Mondi plc's South African register may not be dematerialised or rematerialised between Wednesday 14 August 2019 and Friday 16 August 2019, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between Wednesday 7 August 2019 and Friday 16 August 2019, both dates inclusive.

Information relating to the dividend tax to be withheld from Mondi plc shareholders on the South African branch register will be announced separately, together with the ZAR/euro exchange rate to be applied, on or shortly after Thursday 1 August 2019.

11 Forestry assets

€ million	(Reviewed) As at 30 June 2019	(Reviewed) As at 30 June 2018	(Audited) As at 31 December 2018
At 1 January	340	325	325
Capitalised expenditure	22	23	46
Acquisition of assets	1	5	7
Acquired through business combinations	—	14	14
Fair value gains	52	13	43
Felling costs	(31)	(32)	(60)
Currency movements	7	(27)	(35)
At 30 June / 31 December	**391**	**321**	**340**

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 18), consistent with prior years. The fair value of forestry assets continues to be determined using a market approach.

12 Leases

The Group has entered into various lease agreements. The Group's right-of-use assets were €148 million as at 30 June 2019 (€158 million as at 30 June 2018; €148 million as at 31 December 2018) and the related depreciation charge was €13 million for the six months ended 30 June 2019 (six months ended 30 June 2018: €14 million; year ended 31 December 2018: €27 million).

13 Borrowings

Financing facilities
Group liquidity is provided through a range of committed debt facilities. The principal loan arrangements in place are the following:

€ million	Maturity	Interest rate %	(Reviewed) As at 30 June 2019	(Reviewed) As at 30 June 2018	(Audited) As at 31 December 2018
Financing facilities					
Syndicated Revolving Credit Facility	July 2021	EURIBOR/LIBOR + margin	750	750	750
€500 million Eurobond	September 2020	3.375%	500	500	500
€500 million Eurobond	April 2024	1.500%	500	500	500
€600 million Eurobond	April 2026	1.625%	600	600	600
European Investment Bank Facility	June 2025	EURIBOR + margin	57	67	62
Export Credit Agency Facility	June 2020	EURIBOR + margin	5	24	15
Other	Various	Various	65	91	60
Total committed facilities			**2,477**	**2,532**	**2,487**
Drawn			(1,954)	(2,103)	(1,871)
Total committed facilities available			**523**	**429**	**616**

The €500 million Eurobond maturing in 2020 contains a coupon step-up clause whereby the coupon will be increased by 1.25% per annum if the Group fails to maintain at least one investment grade credit rating from either Moody's Investors Service or Standard & Poor's. Mondi currently has investment grade credit ratings from both Moody's Investors Service (Baa1, outlook stable) and Standard & Poor's (BBB+, outlook stable).

13 Borrowings (continued)

€ million	(Reviewed) As at 30 June 2019 Current	Non-current	Total	(Reviewed) As at 30 June 2018 Current	Non-current	Total	(Audited) As at 31 December 2018 Current	Non-current	Total
Secured									
Bank loans and overdrafts	5	—	5	3	—	3	2	—	2
Lease liabilities	20	165	185	24	173	197	22	162	184
Secured	**25**	**165**	**190**	**27**	**173**	**200**	**24**	**162**	**186**
Unsecured									
Bonds	—	1,593	1,593	—	1,592	1,592	—	1,592	1,592
Bank loans and overdrafts	286	337	623	278	441	719	237	245	482
Other loans	7	6	13	—	—	—	7	3	10
Total unsecured	**293**	**1,936**	**2,229**	**278**	**2,033**	**2,311**	**244**	**1,840**	**2,084**
Total borrowings	**318**	**2,101**	**2,419**	**305**	**2,206**	**2,511**	**268**	**2,002**	**2,270**

14 Retirement benefits

All assumptions related to the Group's material defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually and the remaining defined benefit schemes and unfunded statutory retirement obligations were re-assessed in aggregate for the six months ended 30 June 2019. Due to changes in assumptions and exchange rate movements, the net retirement benefits liability increased by €31 million and the net retirement benefits asset decreased by €1 million. The assets backing the defined benefit scheme liabilities reflect their market values as at 30 June 2019. Net remeasurement losses arising from changes in assumptions amounting to €32 million before tax have been recognised in the condensed combined and consolidated statement of comprehensive income.

15 Consolidated cash flow analysis

(a) Reconciliation of profit before tax to cash generated from operations

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Profit before tax	**632**	**490**	**1,105**
Depreciation and amortisation	214	222	444
Impairment of property, plant and equipment and intangible assets (not included in special items)	1	—	2
Net effect of current and prior period operating special items	(13)	90	97
Net finance costs after financing special item	47	40	88
Decrease in provisions and net retirement benefits	(19)	(12)	(7)
Movement in working capital	(104)	(148)	(117)
Fair value gains on forestry assets	(52)	(13)	(43)
Felling costs	31	32	60
Gain from disposal of property, plant and equipment	(2)	—	(1)
Net loss on disposal of businesses and equity accounted investees	—	6	3
Other adjustments	2	15	23
Cash generated from operations	**737**	**722**	**1,654**

(b) Cash and cash equivalents

€ million	(Reviewed) As at 30 June 2019	(Reviewed) As at 30 June 2018	(Audited) As at 31 December 2018
Cash and cash equivalents per condensed combined and consolidated statement of financial position	78	54	52
Bank overdrafts included in short-term borrowings	(104)	(67)	(44)
Cash and cash equivalents per condensed combined and consolidated statement of cash flows	**(26)**	**(13)**	**8**

15 Consolidated cash flow analysis (continued)

(c) Movement in net debt

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Current financial asset investments	Debt due within one year	Debt due after one year	Debt-related derivative financial instruments	Total net debt
At 1 January 2018 (Audited)	(66)	1	(187)	(1,280)	—	**(1,532)**
Cash flow	46	—	(9)	(954)	—	**(917)**
Additions to lease liabilities	—	—	(3)	(8)	—	**(11)**
Acquired through business combinations	—	—	(31)	—	—	**(31)**
Movement in unamortised loan costs	—	—	—	(1)	—	**(1)**
Net movement in derivative financial instruments	—	—	—	—	6	**6**
Reclassification	—	—	(21)	21	—	**—**
Currency movements	7	—	13	16	—	**36**
At 30 June 2018 (Reviewed)	(13)	1	(238)	(2,206)	6	**(2,450)**
Cash flow	21	—	25	189	—	**235**
Additions to lease liabilities	—	—	(2)	(11)	—	**(13)**
Disposal of lease liabilities	—	—	2	4	—	**6**
Acquired through business combinations	—	—	—	(1)	—	**(1)**
Movement in unamortised loan costs	—	—	—	(1)	—	**(1)**
Net movement in derivative financial instruments	—	—	—	—	(8)	**(8)**
Reclassification	—	—	(18)	21	—	**3**
Currency movements	—	—	7	3	(1)	**9**
At 31 December 2018 (Audited)	8	1	(224)	(2,002)	(3)	**(2,220)**
Cash flow	(34)	—	9	(98)	—	**(123)**
Additions to lease liabilities	—	—	(3)	(8)	—	**(11)**
Disposal of lease liabilities	—	—	2	6	—	**8**
Movement in unamortised loan costs	—	—	—	(1)	—	**(1)**
Net movement in derivative financial instruments	—	—	—	—	(15)	**(15)**
Reclassification	—	—	(6)	6	—	**—**
Currency movements	—	—	8	(4)	—	**4**
At 30 June 2019 (Reviewed)	**(26)**	**1**	**(214)**	**(2,101)**	**(18)**	**(2,358)**

15 Consolidated cash flow analysis (continued)

(d) Cash flow generation

€ million	(Reviewed) Six months ended 30 June 2019	(Reviewed) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Net cash generated from operating activities	**570**	**612**	**1,407**
Investing activities	**(25)**	**(16)**	**(42)**
Net cash used in investing activities	(372)	(743)	(1,157)
Investment in property, plant and equipment	339	347	709
Investment in equity accounted investees	6	—	7
Proceeds from the disposal of businesses, net of cash and cash equivalents	—	(3)	(3)
Acquisition of businesses, net of cash and cash equivalents	2	383	402
Financing activities	**(57)**	**(95)**	**(139)**
Interest paid	(42)	(32)	(73)
Dividends paid to non-controlling interests	(2)	(17)	(18)
Purchases of treasury shares	(12)	(14)	(15)
Net cash outflow from derivatives	—	(24)	(25)
Other financing activities	(1)	(8)	(8)
Cash flow generation	**488**	**501**	**1,226**

16 Capital commitments

Capital commitments are based on capital projects approved to date and the budget approved by the Board. As previously indicated, capital expenditure is expected to be in the range of €700-€800 million, on average, for 2019 and 2020. These capital projects are expected to be financed from existing cash resources and borrowing facilities.

17 Contingent liabilities

Contingent liabilities comprise aggregate amounts as at 30 June 2019 of €6 million (as at 30 June 2018: €6 million; as at 31 December 2018: €6 million) in respect of loans and guarantees given to banks and other third parties. No acquired contingent liabilities have been recorded in the Group's condensed combined and consolidated statement of financial position for all periods presented.

The Group is subject to certain legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. Legal proceedings may include, but are not limited to, alleged breach of contract and alleged breach of environmental, competition, securities and health and safety laws. The Group may not be insured fully, or at all, in respect of such risks. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. The Group may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when it considers it has valid defences to liability. The Group considers that no material loss to the Group is expected to result from these legal proceedings, claims, complaints and investigations. Provision is made for all liabilities that are expected to materialise through legal and tax claims against the Group.

18 Fair value measurement

Assets and liabilities that are measured at fair value, or where the fair value of financial instruments has been disclosed in the notes to the condensed combined and consolidated financial statements, are based on the following fair value measurement hierarchy:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The assets measured at fair value on level 3 of the fair value measurement hierarchy are the Group's forestry assets as set out in note 11, certain assets acquired or liabilities assumed in business combinations.

There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the period.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using generally accepted valuation techniques. These valuation techniques maximise the use of observable market data and rely as little as possible on Group specific estimates.

18 Fair value measurement (continued)

Specific valuation methodologies used to value financial instruments include:

- the fair values of interest rate swaps and foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates;
- the fair values of the Group's commodity price derivatives are calculated as the present value of expected future cash flows based on observable market data; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Except as detailed below, the directors consider that the carrying values of financial assets and financial liabilities recorded at amortised cost in the condensed combined and consolidated financial statements are approximately equal to their fair values.

	Carrying amount			Fair value		
	(Reviewed)	(Reviewed)	(Audited)	(Reviewed)	(Reviewed)	(Audited)
€ million	**As at 30 June 2019**	**As at 30 June 2018[1]**	**As at 31 December 2018**	**As at 30 June 2019**	**As at 30 June 2018[2]**	**As at 31 December 2018**
Financial liabilities						
Borrowings	**2,419**	**2,511**	**2,270**	**2,495**	**2,561**	**2,287**

Notes:

1 The carrying amount as at 30 June 2018 was previously reported excluding the carrying amount of lease liabilities of €197 million

2 The fair value as at 30 June 2018 was previously reported excluding the fair value of lease liabilities of €196 million

At 30 June 2019, the fair value of level 2 derivative financial assets is €9 million (31 December 2018: €9 million), whereas the fair value of derivative financial liabilities is €21 million (31 December 2018: €13 million).

19 Related party transactions

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with equity accounted investees and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. The level of these transactions is consistent with prior year.

Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are related parties, and transactions between its subsidiaries have been eliminated on consolidation.

There have been no significant changes to the related parties as disclosed in note 29 of the Group's Integrated report and financial statements 2018.

20 Events occurring after 30 June 2019

With the exception of the interim dividend declared for the six months ended 30 June 2019 (see note 10), and the events described below, there have been no material reportable events since 30 June 2019.

Simplification of corporate structure
On 9 May 2019 the Group's shareholders approved the Simplification of the Group structure from a DLC structure into a single holding company structure under Mondi plc by way of a South African scheme of arrangement proposed by the Mondi Limited board between Mondi Limited and the Mondi Limited ordinary shareholders. On 11 July 2019 the Scheme became unconditional and, with effect from 26 July 2019 (17:00 SA time), Mondi plc became the holder of all the Mondi Limited ordinary shares (the 'Scheme') while, by other related actions, the DLC arrangements were terminated. Pursuant to the Scheme, Mondi Limited shareholders received one new Mondi plc ordinary share in exchange for each Mondi Limited ordinary share held. The new Mondi plc shares commenced trading on 29 July 2019.

As a result of the Simplification, each Mondi plc shareholder has the same voting and capital interests in the Group as each Mondi plc ordinary shareholder and Mondi Limited ordinary shareholder had under the DLC structure. The Simplification does not result in any changes to the management, operations, locations, activities or staffing levels of the Group, nor, save for one-off expenses to effect the Simplification, is it expected to have any significant impact on the reported profits or net assets of the Group.

Disposal of Mondi Belcoat N.V.
In July 2019, the Group signed an agreement to sell its specialised extrusion coatings plant Mondi Belcoat N.V. in Duffel (Belgium) serving customers across protective clothing, imaging, automotive and other speciality products markets. The Group's remaining extrusion coatings plants in Europe are primarily focused on consumer and other selected applications. The transaction remains subject to competition clearance and other customary closing conditions and is expected to complete in the second half of 2019.

Production statistics

		Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
Fibre Packaging				
Containerboard	'000 tonnes	1,234	1,189	2,530
Kraft paper	'000 tonnes	622	605	1,118
Softwood pulp	'000 tonnes	1,051	1,028	1,986
Internal consumption	'000 tonnes	984	958	1,844
Market pulp	'000 tonnes	67	70	142
Hardwood pulp	'000 tonnes	382	292	714
Internal consumption	'000 tonnes	375	292	714
Market pulp	'000 tonnes	7	—	—
Corrugated board and boxes	million m²	816	814	1,635
Industrial bags	million units	2,683	2,600	5,255
Extrusion coatings	million m²	625	665	1,230
Consumer Packaging				
Consumer packaging	million m^2	3,505	3,819	7,278
Uncoated Fine Paper				
Uncoated fine paper	'000 tonnes	770	840	1,649
Softwood pulp	'000 tonnes	181	174	386
Internal consumption	'000 tonnes	168	159	358
Market pulp	'000 tonnes	13	15	28
Hardwood pulp	'000 tonnes	568	587	1,244
Internal consumption	'000 tonnes	427	452	906
Market pulp	'000 tonnes	141	135	338
Newsprint	'000 tonnes	104	102	207

Exchange rates

	Average			Closing		
versus euro	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Year ended 31 December 2018**	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Year ended 31 December 2018**
South African rand	16.04	14.89	15.62	16.12	16.05	16.46
Czech koruna	25.68	25.50	25.65	25.45	26.02	25.72
Polish zloty	4.29	4.22	4.26	4.25	4.37	4.30
Pounds sterling	0.87	0.88	0.88	0.90	0.89	0.89
Russian rouble	73.75	71.96	74.04	71.60	73.16	79.72
Turkish lira	6.35	4.96	5.71	6.57	5.34	6.06
US dollar	1.13	1.21	1.18	1.14	1.17	1.15

Alternative Performance Measures

The Group presents certain measures of financial performance, position or cash flows in the condensed combined and consolidated financial statements that are not defined or specified according to IFRS. These measures, referred to as Alternative Performance Measures (APMs), are prepared on a consistent basis for all periods presented in this report.

The most significant APMs are:

Special items (note 5)
Those financial items which the Group considers should be separately disclosed on the face of the condensed combined and consolidated income statement to assist in understanding the underlying financial performance achieved by the Group. Such items are generally material by nature and exceed €10 million and the Group, therefore, excludes these items when reporting underlying earnings and related measures in order to provide a measure of the underlying performance of the Group on a basis that is comparable from year to year. Subsequent adjustments to items previously recognised as special items continue to be reflected as special items in future periods even if they do not exceed the quantitative reporting threshold.

Underlying EBITDA (condensed combined and consolidated income statement)
Operating profit before special items, depreciation, amortisation and impairments not recorded as special items. Underlying EBITDA provides a measure of the cash generating ability of the business that is comparable from year to year.

Underlying EBITDA margin (note 4)
Underlying EBITDA expressed as a percentage of revenue provides a measure of the cash generating ability relative to revenue.

Underlying operating profit (condensed combined and consolidated income statement)
Operating profit before special items. Underlying operating profit provides a measure of operating performance that is comparable from year to year.

Underlying operating profit margin
Underlying operating profit expressed as a percentage of revenue provides a measure of the profitability of the operations relative to revenue.

Underlying profit before tax (condensed combined and consolidated income statement)
Profit before tax and special items. Underlying profit before tax provides a measure of the Group's profitability before tax that is comparable from year to year.

Underlying earnings (and per share measure) (note 9)
Net profit after tax attributable to shareholders, before special items. Underlying earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding), provides a measure of the Group's earnings that is comparable from year to year.

Headline earnings (and per share measure) (note 9)
The presentation of headline earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) is mandated under the Listings Requirements of the JSE Limited and is calculated in accordance with Circular 4/2018, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

Return on capital employed (ROCE) (note 4)
Trailing 12-month underlying operating profit, including share of equity accounted investees' net profit/(loss), divided by trailing 12-month average capital employed. Capital employed is adjusted for spend on major capital expenditure projects which are not yet in production. Segments' 12-month average capital employed has been extracted from management reports. ROCE provides a measure of the efficient and effective use of capital in the business.

Capital employed (note 4)
Capital employed comprises equity, non-controlling interests in equity and net debt providing a measure of the level of invested capital in the business.

Net debt (note 15c)
A measure comprising short, medium, and long-term interest-bearing borrowings and the fair value of debt-related derivatives less cash and cash equivalents, net of overdrafts, and current financial asset investments. Net debt provides a measure of the Group's net indebtedness or overall leverage.

Operating segment assets and operating segment net assets (note 4)
Operating segment assets and operating segment net assets exclude investment in equity accounted investees, deferred tax assets and liabilities, derivative assets and liabilities, assets held for sale and associated liabilities and other non-operating assets and liabilities, and provide a measure of the operating assets in the business.

Working capital as a percentage of revenue
Working capital, defined as the sum of trade and other receivables and inventories less trade and other payables, expressed as a percentage of annualised Group revenue. A measure of the Group's effective use of working capital relative to revenue.

Net interest expense (note 7)
Net interest expense comprises interest expense on bank overdrafts, loans and lease liabilities net of investment income providing an absolute measure of the cost of borrowings.

Effective interest rate
Annualised net interest expense expressed as a percentage of trailing average net debt over the period provides a measure of the cost of borrowings.

Effective tax rate (note 8)
Underlying tax charge expressed as a percentage of underlying profit before tax. A measure of the Group's tax charge relative to its profit before tax expressed on an underlying basis.

Net debt to 12-month trailing underlying EBITDA
Net debt divided by trailing 12-month underlying EBITDA. A measure of the Group's net indebtedness relative to its cash-generating ability.

Gearing
Net debt expressed as a percentage of capital employed provides a measure of the financial leverage of the Group.

Ordinary dividend cover
Basic underlying EPS divided by total ordinary dividend per share paid and proposed provides a measure of the Group's earnings relative to its deployment towards ordinary dividend payments.

Cash flow generation (note 15d)
A measurement of the Group's cash generation before considering deployment of cash towards investment in property, plant and equipment ('capex' or 'capital expenditure'), acquisitions and disposals of businesses, investment in equity accounted investees and payment of dividends to shareholders. Cash flow generation is a measure of the Group's ability to generate cash through the cycle before considering deployment of such cash.

Capex and investment in intangible assets as a percentage of depreciation, amortisation and impairments
Capex and investment in intangible assets divided by depreciation, amortisation and non-special impairments provides a measure of reinvestment into the Group's asset base relative to depreciation, amortisation and impairments.

Forward-looking statements

This document includes forward-looking statements. All statements other than statements of historical facts included herein, including, without limitation, those regarding Mondi's financial position, business strategy, market growth and developments, expectations of growth and profitability and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mondi, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions and are based on numerous assumptions regarding Mondi's present and future business strategies and the environment in which Mondi will operate in the future. These forward-looking statements speak only as of the date on which they are made.

No assurance can be given that such future results will be achieved; various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include in particular but without any limitation: (1) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development plans and targets, changes in the degree of protection created by Mondi's patents and other intellectual property rights and the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for Mondi's products and raw materials and the pricing pressures thereto, financial condition of the customers, suppliers and the competitors of Mondi and potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in Mondi's principal geographical markets or fluctuations of exchange rates and interest rates.

Mondi expressly disclaims a) any warranty or liability as to accuracy or completeness of the information provided herein; and b) any obligation or undertaking to review or confirm analysts' expectations or estimates or to update any forward-looking statements to reflect any change in Mondi's expectations or any events that occur or circumstances that arise after the date of making any forward-looking statements, unless required to do so by applicable law or any regulatory body applicable to Mondi, including the JSE Limited and the LSE.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

Editors' notes

Mondi is a global leader in packaging and paper, delighting its customers and consumers with innovative and sustainable packaging and paper solutions. Mondi is fully integrated across the packaging and paper value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective industrial and consumer packaging solutions. Sustainability is embedded in everything Mondi does. In 2018, Mondi had revenues of €7.48 billion and underlying EBITDA of €1.76 billion.

Mondi has a premium listing on the London Stock Exchange (MNDI), and a secondary listing on the JSE Limited (MNP), quoted in rand. Mondi 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.