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

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

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

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

Mondi Group: Trading update 9 May 2019

This trading update provides an overview of our financial performance and financial position since the year ended 31 December 2018, based on management information up to 31 March 2019 and estimated results for April 2019. These results have not been audited or reviewed by Mondi's external auditors.

Reviewed results for the half-year ending 30 June 2019 will be published on 1 August 2019.

Except as discussed in this update, there have been no significant events or transactions impacting either the financial performance or financial position of the Group since 31 December 2018 up to the date of this statement.

Group performance overview

The Group delivered a strong performance in the first quarter, driven by a combination of higher average selling prices, a strong operational performance, the contribution from acquisitions and expansionary capital expenditure projects completed in 2018, and lower planned maintenance shut costs. Underlying EBITDA for the first quarter of €471 million was 16% above the comparable prior year period (€405 million), and 6% up on the fourth quarter of 2018 (€446 million).

Like-for-like sales volumes were marginally lower than the comparable prior year period and higher than the previous quarter. Selling prices for the Group's key paper grades were, on average, higher than the comparable prior year period and stable on the previous quarter.

Costs were marginally higher than the comparable prior year period and flat on the previous quarter. Among key input costs, wood, energy and chemical costs were higher than the comparable prior year period. The notable exception was paper for recycling costs, where, as a result of changes to Chinese import policies, average benchmark European prices were down 24% compared to the first quarter of 2018. Cash fixed costs were marginally higher than the prior year, largely as a result of inflationary cost pressures, mitigated by our cost containment initiatives.

Currency movements had a net neutral impact on underlying EBITDA versus the comparable prior year period, as the effects of weaker Russian rouble and Turkish lira were offset by a stronger US dollar and weaker South African rand relative to the euro. When compared to the fourth quarter of 2018, currency movements had a small net positive impact mainly as a result of the stronger Russian rouble relative to the euro.

The estimated impact on underlying EBITDA of maintenance shuts completed during the period was around €15 million (2018: €35 million). Based on prevailing market prices, we estimate that the impact of maintenance shuts on underlying EBITDA for 2019 will be around €150 million (2018: €110 million), in line with our previous estimate, of which around €90 million will be incurred in the first half of the year (H1 2018: €55 million).

Business unit overview

Fibre Packaging benefited from higher average kraft paper selling prices following price increases implemented through the second half of 2018 and early 2019. Price reductions were seen in containerboard during the period, which continued into the second quarter. The magnitude varies by grade, with limited reductions seen in semi-chemical fluting and white-top kraftliner.

Corrugated Packaging and Industrial Bags benefited from higher selling prices versus the comparable prior year period. Volumes in Corrugated Packaging were up in Europe year-on-year, offset by weaker volumes in Turkey and Russia. Like-for-like volumes in Industrial Bags were down, due to a combination of pricing discipline and weakness in selected regional markets.

In **Consumer Packaging**, we saw further improvement in the subsegment of consumer goods packaging as it benefits from a restructured plant network and continuous improvement initiatives. As anticipated, we have also seen a stabilising of performance in personal care components, which has been under pressure from declining volumes. We continue to work actively with our customers, suppliers and other stakeholders to develop fully recyclable plastic-based packaging and solutions with increased recycled plastic content.

Uncoated Fine Paper continues to perform strongly, with higher average selling prices on the prior year period more than offsetting higher costs and modestly lower volumes. Prices were, on average, stable on the previous period.

Capital investment projects

The €335 million modernisation project at our Steti mill (Czech Republic), commissioned in the fourth quarter of 2018, is operating according to plan. We are also making good progress on our previously announced major capital investment projects at our Ruzomberok (Slovakia), Syktyvkar (Russia) and Steti mills and the smaller expansionary projects at a number of our packaging operations.

Cash flow and financing activities

Strong cash generation from operating activities more than offset the cash outflows related to our capital expenditure programme and financing activities, resulting in reduction in net debt during the quarter.

Net finance costs were slightly higher than the comparable prior year, as the benefit from a lower effective interest rate was offset by higher average net debt during the period.

There have been no significant changes in the Group’s borrowing facilities since 31 December 2018.

Outlook

We have positioned the Group to benefit from the key industry trends of sustainability, e-commerce and enhancing our customers’ brand value. While macro-economic uncertainties remain, our focus on delivering value accretive growth and our performance-driven culture means we are confident of continuing to deliver a strong and industry leading performance.

Contact details:

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Conference call dial-in details

Please see below details of the dial-in conference call that will be held on 9 May 2019 at 7:30 (UK) and 8:30 (SA).

The conference call dial-in numbers are:

South Africa	0800 014 553
UK	0800 376 7922
Other	+44 207 192 8000

Conference code: 6943977

Should you have any issues on the day with accessing the dial-in conference call, please call +44 207 192 8000.

A replay facility will be available until 23 May 2019. The dial in details are:

South Africa	0800 014 706
United Kingdom	0808 238 0667
Other	+44 333 300 9785

Pin number: 6943977

About Mondi

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 dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker MNDI. We are a FTSE 100 constituent, and have been included in the FTSE4Good Index Series since 2008 and the JSE's Socially Responsible Investment (SRI) Index since 2007.

Sponsor in South Africa: UBS South Africa Proprietary Limited.