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

**Mondi plc**
(Incorporated in England and Wales)
(Registered number: 6209386)
JSE share code: MNP  ISIN: GB00B1CRLC47
LSE share code: MNDI

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

**Mondi Group: Interim Management Statement 3 May 2013**

This interim management statement provides an update on the financial performance and financial position of the Group since the year ended 31 December 2012, based on management accounts up to 31 March 2013 and estimated results for April 2013. These results have not been audited or reviewed by Mondi's external auditors.

Reviewed results for the half year ending 30 June 2013 will be published on or around 8 August 2013.

Except as discussed in this interim management statement, there have been no other significant events or transactions impacting either the financial performance or financial position of Mondi since 31 December 2012 up to the date of this statement.

**Group Performance Overview**

Underlying operating profit for the first quarter of 2013 was EUR162 million, in line with our expectations despite the effects of a one-off write-down in the value of green energy credits of EUR11 million.  This reflects a 35% increase on the comparable prior year period (EUR120 million) and is in line with the previous quarter (EUR163 million).  The significant increase over the comparable prior year period is a result of improved market conditions in the Packaging Paper and South African businesses, as well as the benefits from the acquisitions of Nordenia and the corrugated packaging plants in Germany and the Czech Republic completed towards the end of 2012.

Sales volumes were, on average, above those achieved in the previous quarter, whilst average benchmark selling prices across all grades in the European businesses were largely unchanged. Selling price increases were realised in recycled containerboard during the quarter and price increases for virgin and white-top containerboard have been announced for the second quarter of 2013.

Average input costs per unit of production in the quarter were similar to the previous quarter and that of the comparable prior year period.

Currency effects have been mixed during the quarter with the Group benefiting from the weaker South African rand, Polish zloty and Czech koruna whilst the stronger Swedish krona and Russian rouble have impacted negatively on the Group's cost base in those currencies.

**Divisional Overview**

**Europe & International**

Underlying operating profit in **Packaging Paper** was in line with that of the previous quarter. The business benefited from increased sales volumes and generally stable pricing. However, during the quarter, a significant decline in the market price of green energy credits, as a consequence of the uncertainty created by proposed changes to the regulatory environment surrounding renewable energy in Poland, resulted in an EUR11 million write-down of the carrying value of existing green energy credits in Poland. Based on prevailing market prices, the annual benefit from green energy credits in Poland would be approximately EUR20 million lower than that realised in 2012 (excluding the EUR11 million one-off write-down).

Average benchmark selling prices for the quarter for virgin and white-top containerboard were similar to those of the previous quarter. Price increases of EUR40/tonne for all virgin containerboard grades have been announced to take effect during the second quarter of 2013. Average prices for recycled containerboard were similar to those of the previous quarter with approximately EUR40/tonne of the announced EUR60/tonne increase having been realised towards the end of the quarter, whilst the cost of paper for recycling remained largely unchanged. Containerboard sales volumes were above those of the previous quarter. The new recycled containerboard capacity in Poland previously highlighted has not yet had any significant impact on markets.

Sack kraft paper prices were similar to those of the previous quarter. Demand remained stable with sales volumes well above those of the previous quarter, during which the majority of annual maintenance shuts took place.

Underlying operating profit in **Fibre Packaging** was in line with that achieved in the comparable prior year period but below that of the previous quarter.

Average selling prices and sales volumes in corrugated packaging were enhanced by the acquisition of the corrugated box plants in Germany and the Czech Republic in the last quarter of 2012. Recent paper price increases are expected to negatively impact margins in the second quarter of 2013.

The industrial bags business was in line with the comparable prior year period impacted by volume declines in Europe, offset by good demand in non-European markets. Volumes are expected to improve going into the seasonally stronger European summer months.

The Coatings business disappointed amidst some slower demand, margin pressures and operational issues.

**Consumer Packaging** delivered stable returns during the quarter. Underlying operating profit was above that of the previous quarter's underlying result (before the EUR14 million of one-off costs recognised in the previous quarter), on the back of an increase in sales volumes, particularly in diaper components. Integration activities remain well on track with delivery of synergies in line with expectations.

During the quarter, a decision was taken to close the Lindlar operation in Germany and redirect production to existing plants in Germany, Hungary and the Czech Republic. Restructuring and closure costs amounting to EUR9 million were recognised as a special item.

Underlying operating profit for **Uncoated Fine Paper** was below that of the previous quarter and the comparable prior year period mainly due to lower average selling prices. Sales volumes were above those of the previous quarter although order books weakened, particularly towards the end of the quarter. The impact of new capacity from competitors in Russia and France expected to come on stream this year has not yet been seen in the market.

**South Africa Division**

Underlying operating profit in the South Africa Division was above that of the prior quarter, excluding the effects of a reduction in the gain on fair value of forestry assets of EUR16 million versus the unusually high level in the preceding quarter. The business continued to benefit from a positive domestic trading environment in uncoated fine paper and the weaker South African rand. Average selling prices increased during the period on marginally lower volumes.

The Division has taken the decision to close its woodchip export operations. In addition, as a result of the ongoing decline in domestic newsprint demand and reorganisation within the publishing sector, the decision has been taken to close one of the two newsprint machines in Merebank. The newsprint business will continue to operate one newsprint machine with an annual production capacity of 120,000 tonnes per annum. In both cases, consultations with employee representatives are in progress. Closure and associated mill restructuring costs are estimated at around EUR20 million, of which around EUR15 million is non-cash. These costs will be recorded as a special item in the second quarter.

**Financial position**

Despite the normal seasonal increase in working capital and higher than average capital expenditure as a result of the Group's investment in its energy related projects, which are proceeding to plan, net debt was EUR1,837 million at the end of the quarter, a reduction of EUR27 million from 31 December 2012.

Finance charges were similar to those of the previous quarter and above the comparable prior year period reflecting the higher average net debt as a consequence of the acquisitions completed in the fourth quarter of 2012.

The average maturity of the Group's committed debt facilities at 31 March 2013 was 4.2 years. The Group had EUR763 million of committed, unutilised borrowing facilities available at 31 March 2013.

**Summary**

The effects of expected capacity increases in recycled containerboard and uncoated fine paper, coupled with prevailing demand softness across the European businesses, remain a concern. However, recent price increases in the packaging paper grades provide support and good progress is being made in integrating the Group's recent acquisitions. Management remains confident of continuing to make progress, in line with its expectations.

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## Editors' notes

Mondi is an international packaging and paper Group, with production operations across 30 countries and revenue of EUR5.8 billion in 2012. The Group's key operations are located in central Europe, Russia and South Africa and as at the end of 2012, Mondi Group employed 25,700 people.

Mondi Group is fully integrated across the paper and packaging process, from the growing of wood and the manufacture of pulp and paper (packaging paper and uncoated fine paper), to the conversion of packaging paper into corrugated packaging, industrial bags, extrusion coatings and release liner. Mondi is also a supplier of innovative consumer packaging solutions, advanced films and hygiene products components.

Mondi Group has a dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker code MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker code MNDI. The Group has been recognised for its sustainability through its inclusion in the FTSE4Good Global, European and UK Index Series (since 2008) and the JSE's Socially Responsible Investment (SRI) Index since 2007. The Group was also included in the Carbon Disclosure Project's (CDP) FTSE350 Carbon Disclosure Leadership Index for the third year and in CDP's FTSE350 Carbon Performance Leadership Index for the first time in 2012.

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