



MONDI GROUP

**Credit Suisse – 2011 Global Paper & Packaging
Conference**

24 February 2011

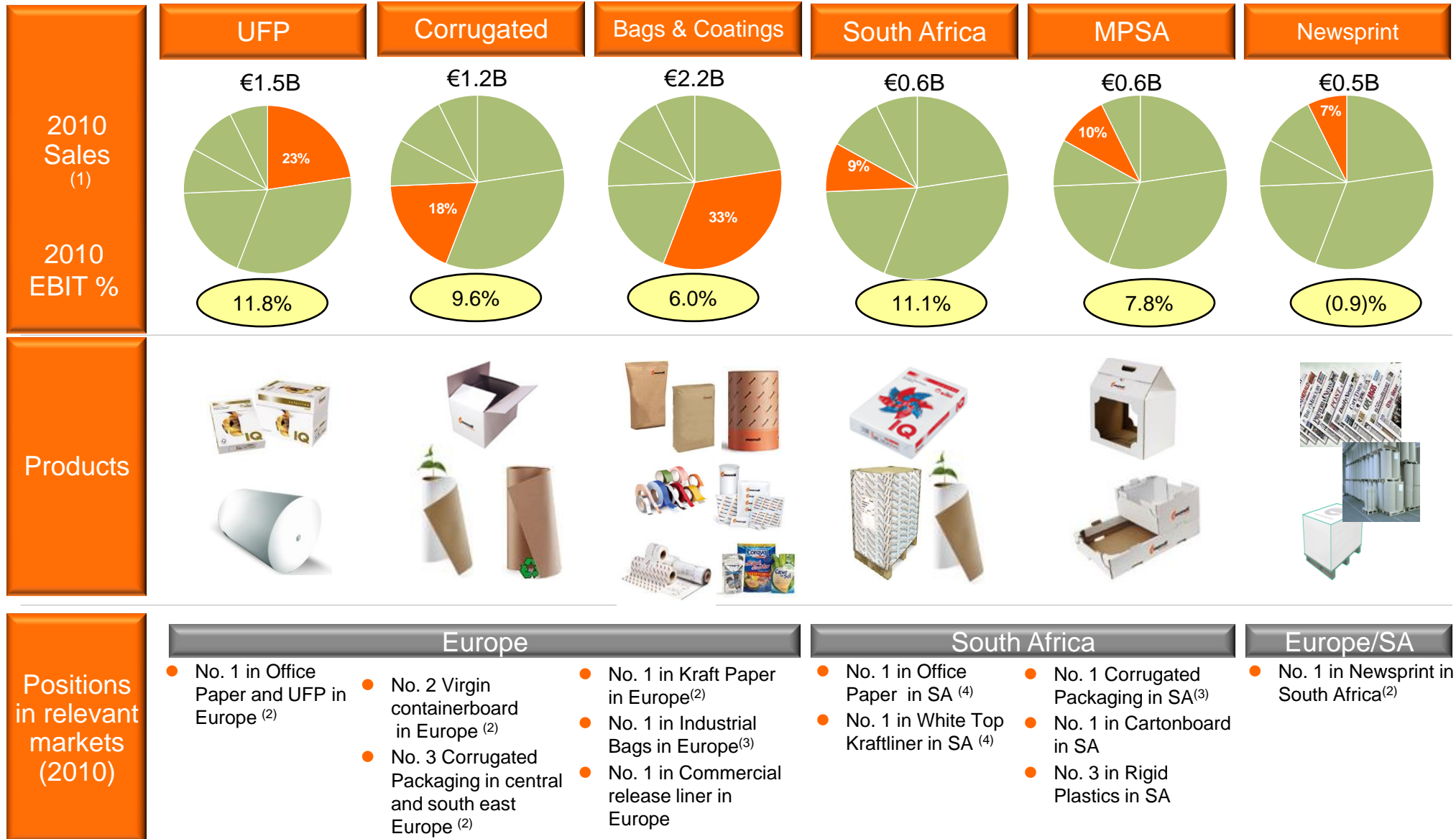
Agenda

→ Group overview

2010 Financial results
Operational review
Major projects
Summary



Mondi at a glance

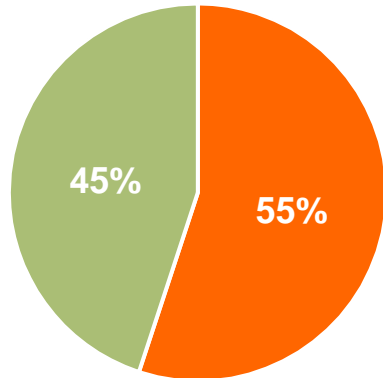


(1) Segment revenues, including inter-segment revenues. EBIT % is before special items. (2) Based on production capacity. (3) Based on sales. (4) Based on capacity. Sources: RISI, Pöyry Forest Industry Consulting, Freedonia, BMI Foodpack, PAMSA, Mondi

Focus on Packaging and UFP in emerging markets¹

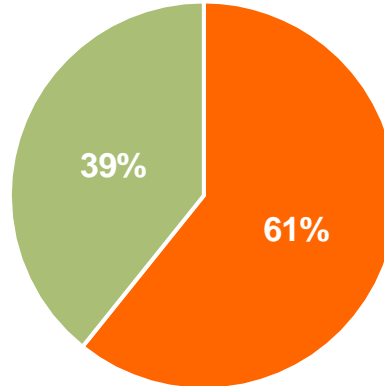


Revenue by destination



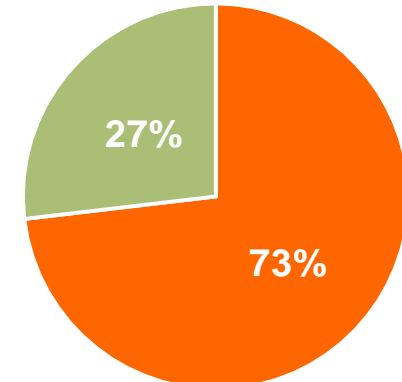
- Emerging markets
- Mature markets

Revenue by origin



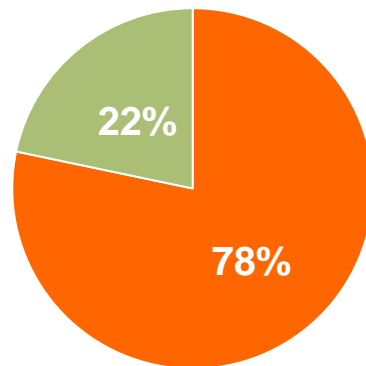
- Emerging markets
- Mature markets

Net operating assets



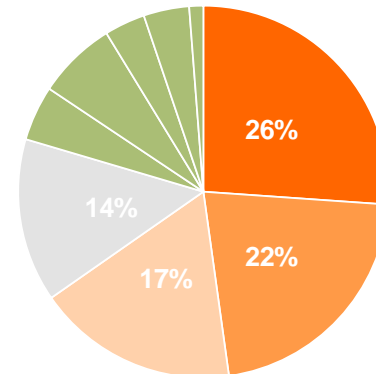
- Emerging markets
- Mature markets

Virgin-based production



- Emerging markets
- Mature markets

Revenue by product



- Corrugated products
- Uncoated fine paper
- Kraft paper & industrial bags
- Coatings & consumer packaging
- Other

Competitive cost base and superior revenue growth

Integrated value chain

Leading market positions

+

High quality, low cost asset base

- low cost asset base
- Upstream production cost advantages



Exploiting benefits of upstream integration

Delivering on Group strategy in 2010

Leading market positions

- European Corrugated restructuring completed
- Expanded Uncoated fine paper and containerboard capacity in Russia
- Consolidated Industrial Bags - leading market position in Europe
- South Africa division exited European Uncoated fine paper market – increasing pulp exposure

High quality, low cost asset base

- Syktyvkar mill modernisation completed, securing the mills' cost leadership
- New recycled containerboard machine at Świecie performing well
- Further refinements to Bags & Coatings business underway
- Exited from high-cost / non-core business's:
 - Frohnleiten and UK corrugated plants
 - Europapier paper merchant
 - Controlling interest in Hadera

Focus on performance

- Relentless focus on costs entrenched
- Working capital within target range
- Strict adherence to capital expenditure approval limits, without compromising on performance
- Significant improvements in production / efficiencies across most businesses

Agenda

Group overview

→ **2010 Financial results**

Operational review

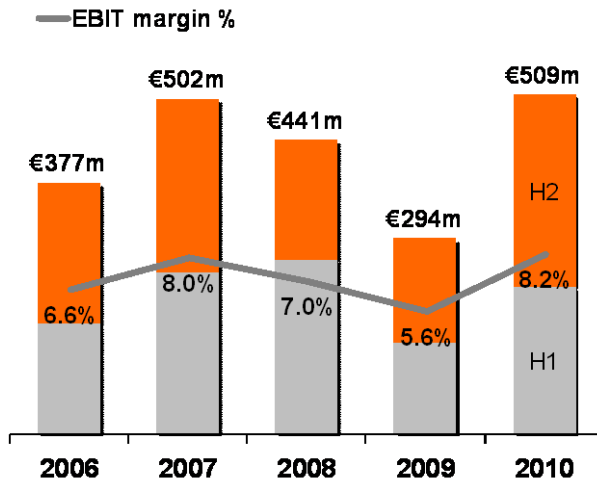
Major projects

Summary



Key financial highlights

Underlying operating profit



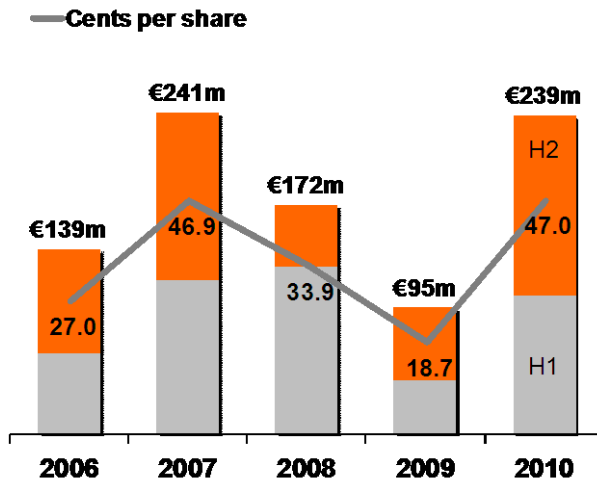
- Earnings significantly up versus 2009

- EBITDA up 37% at €882 million
- Underlying operating profit up 73% at €509 million
- Underlying EPS up 151% at 47.0 euro cents
- Group ROCE of 12.3%

- Cash inflow from operations of €778 million

- Strong EBITDA growth
- €121 million investment in working capital – in line with increased trading levels
- Capital expenditure of €394 million (€160 million on major projects)

Underlying earnings

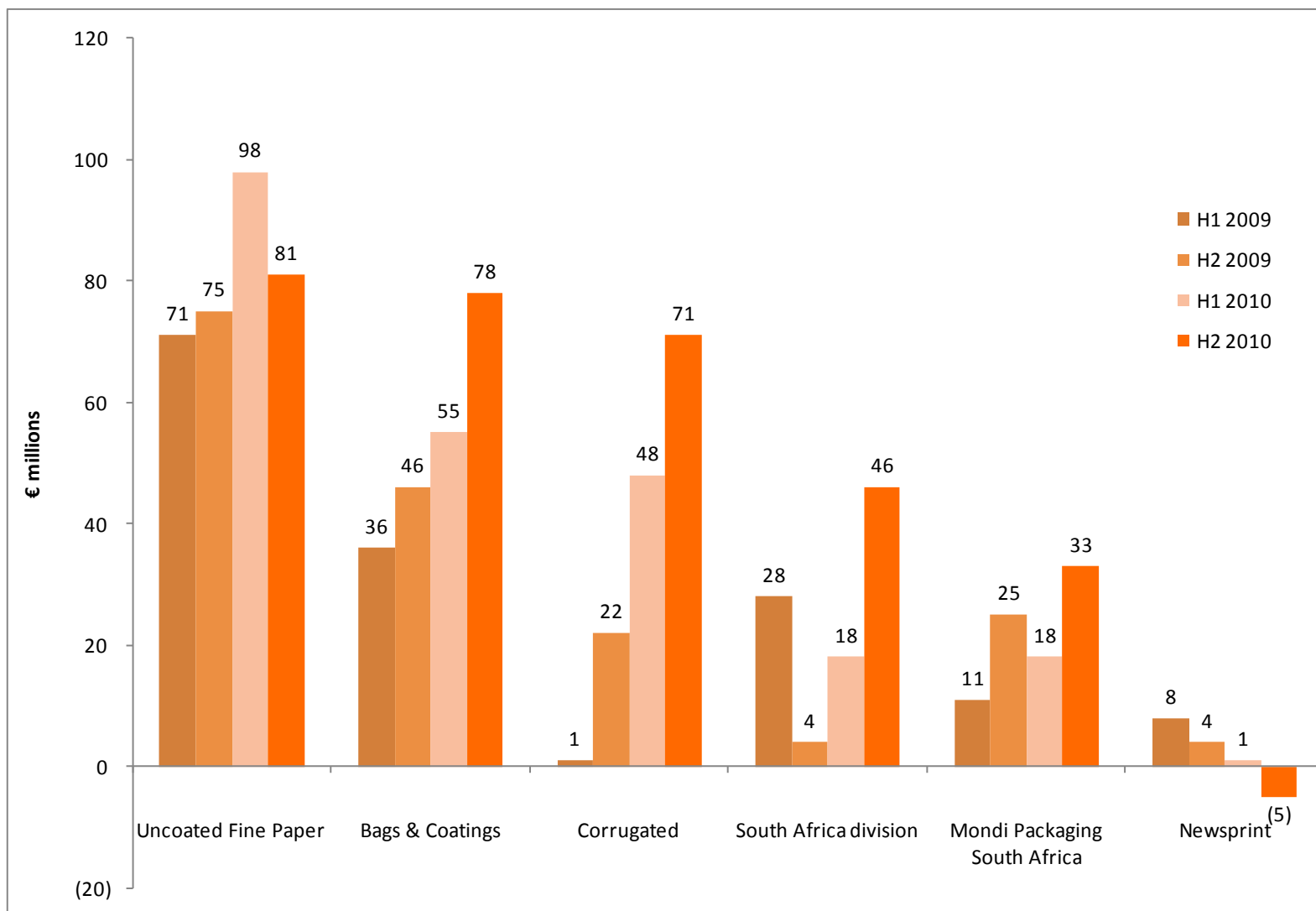


- Full year dividend of 20.0 euro cents per ordinary share, up 111%

- Successful launch of inaugural €500 million bond

Strong recovery in profitability

Divisional underlying operating profits¹



Strong performance from all major businesses

¹ Underlying operating profit is operating profit of subsidiaries and joint ventures before special items.

Agenda

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➔ **Operational review**

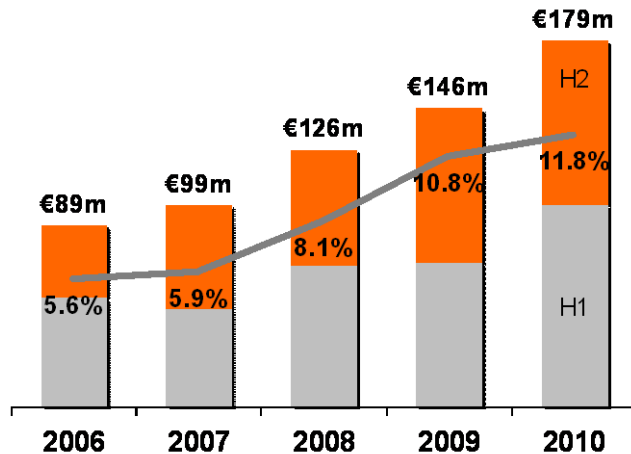
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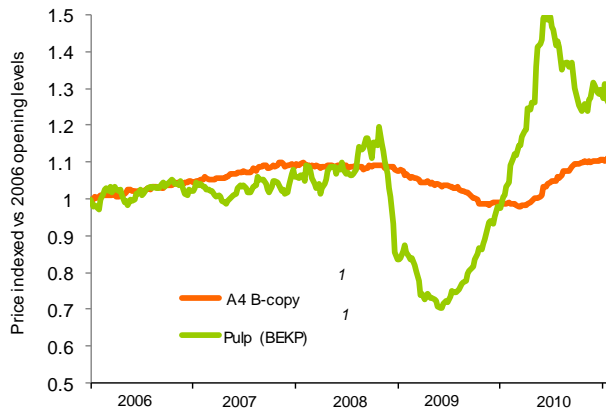
Uncoated Fine Paper

Underlying operating profit

— EBIT margin %

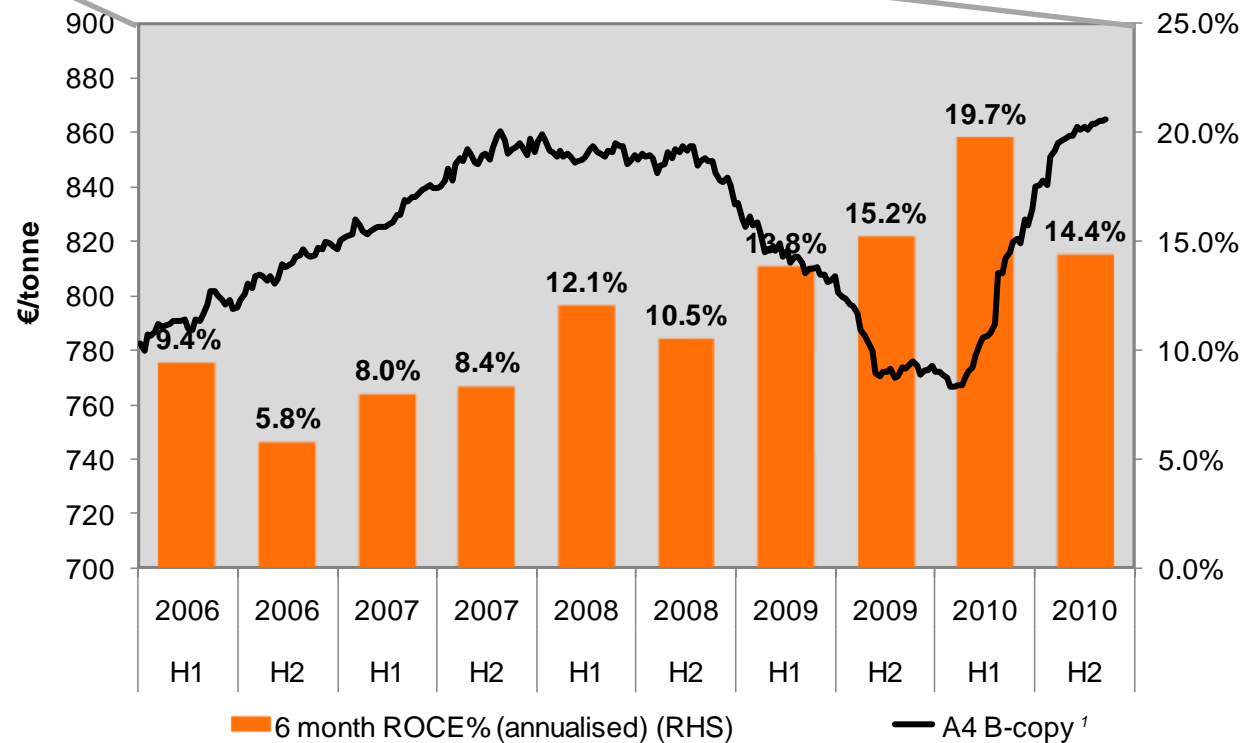
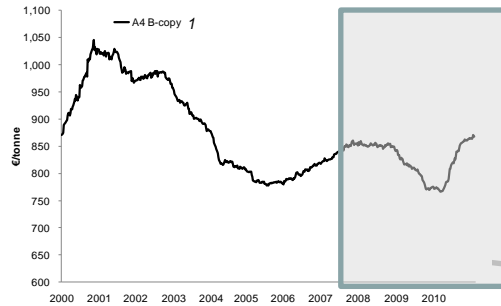


- Excellent full year result on the back of a strong operating performance and improved pricing
- Cost pressures
 - Especially pulp at non-integrated mills
- Second half impacted by
 - Extended Syktyvkar shut for final commissioning (€15m)
 - Lower speciality volumes
- Fundamentals remain attractive
 - Continued good demand growth in central Europe and Russia
 - Western Europe structurally mature – need for continued rationalisation
 - Only new capacity in the pipeline is 150,000 tonnes in Russia in 2012 – matched by expected demand growth
 - Weaker euro supportive



Low cost, integrated mills delivering value

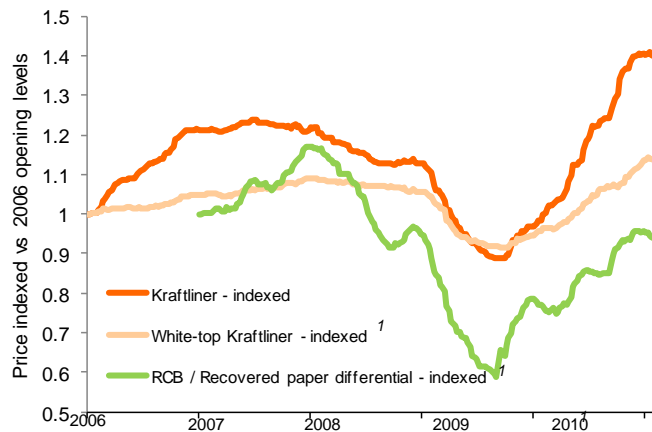
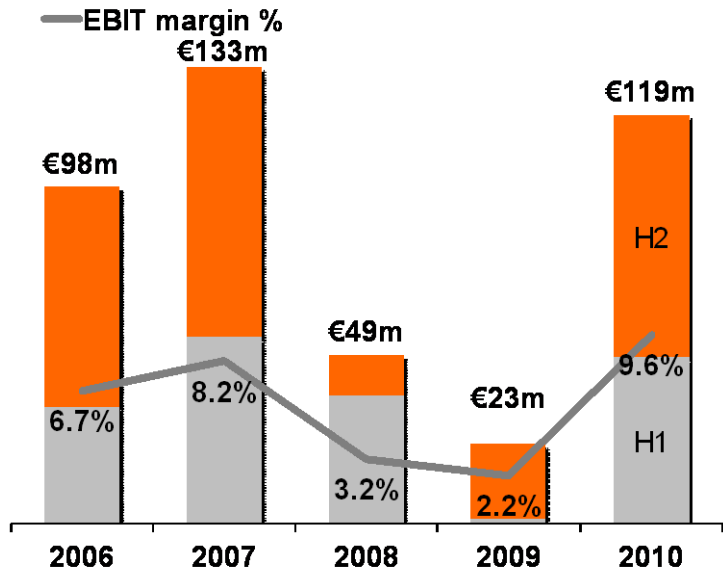
Uncoated Fine Paper – Commodity cycle and returns



Price recovery, second half impacted by Syktyvkar shut

Corrugated

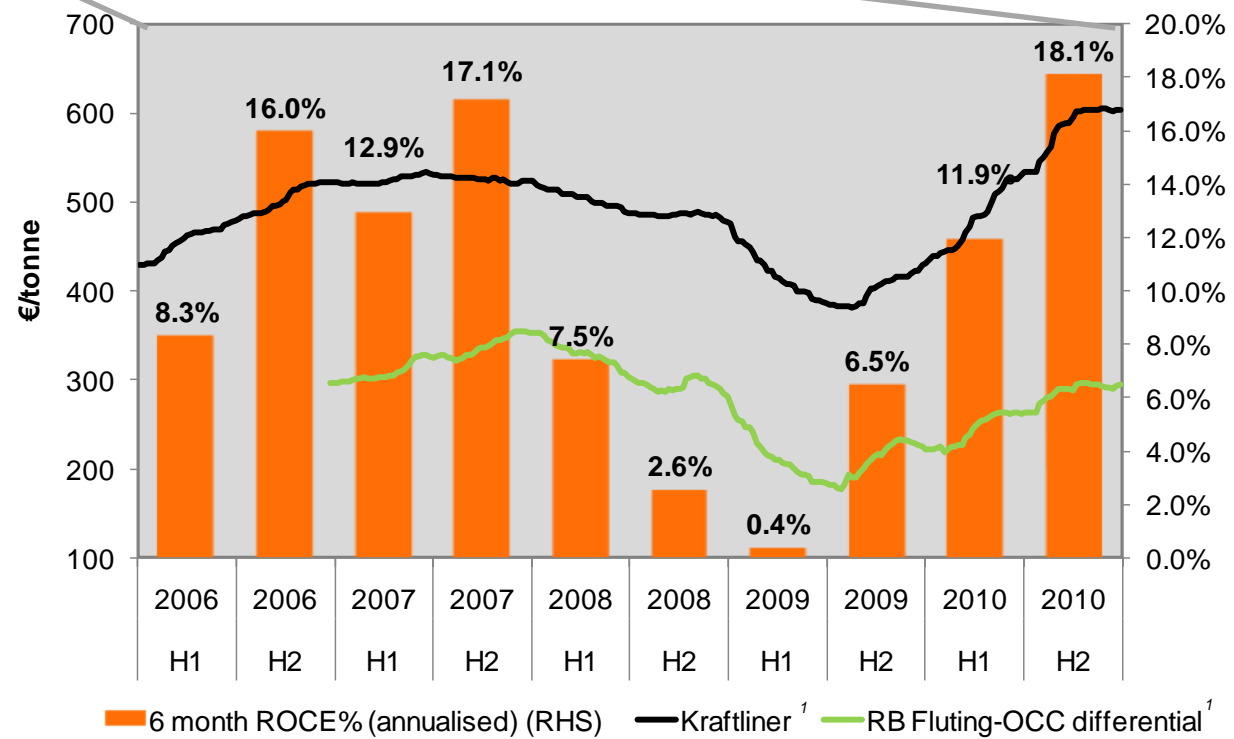
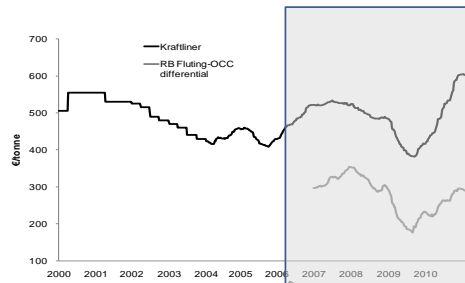
Underlying operating profit



- Further improvement in product prices and volumes
 - Partly offset by significant input cost pressures – specifically recovered paper
 - Recent strengthening of eastern-European currencies placed some pressure on export-focused operations
 - Box prices tracking paper – further increases required
- Benefiting from Świecie’s new RCB machine
 - Production 410,580 tonnes, well ahead of plan
- Restructuring successfully concluded
- Possible acquisition of power plant at Świecie
- Solid fundamentals
 - Continued European demand growth
 - No new VCB supply
 - 2012-4 new RCB capacity in line with demand growth
 - Weaker euro supportive to pricing

Strong recovery in demand and pricing

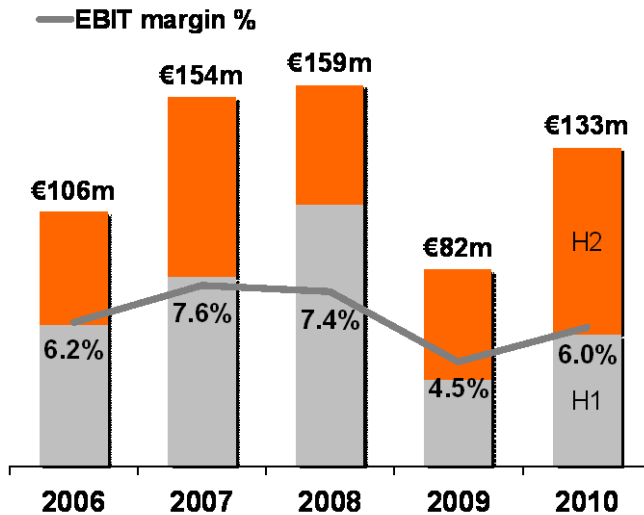
Corrugated – Commodity cycle and returns



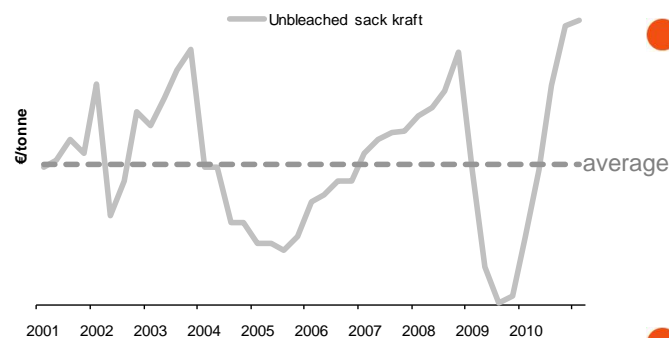
Restructured business delivering improving returns in upturn

Bags and Coatings

Underlying operating profit



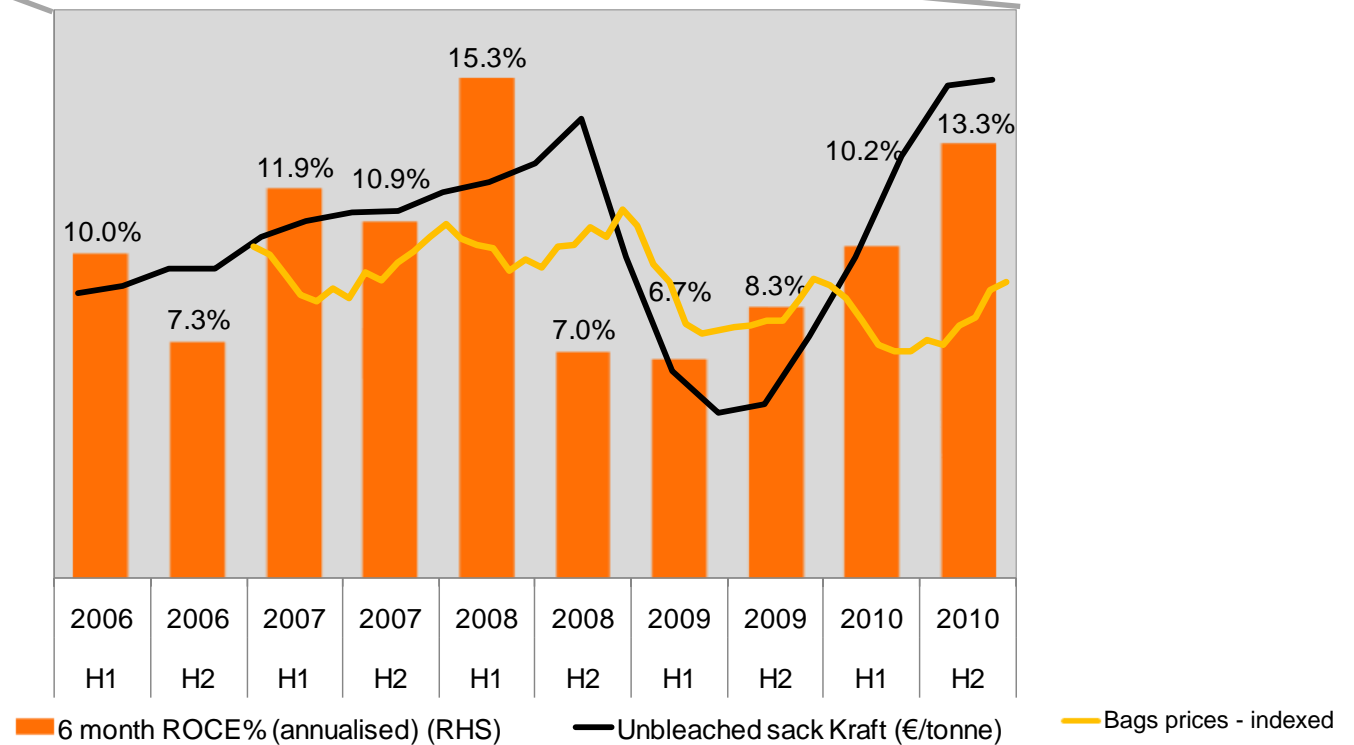
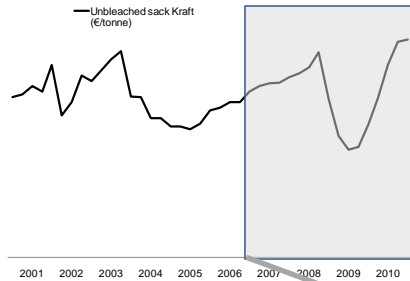
- Significant Kraft Paper selling price increases achieved
 - Partially offset by sharp rise in input costs, mainly wood
 - Recent pressure from strong eastern European currencies
- European volumes largely recovered, supported by exports
 - Negligible market-related downtime (2009: ~87,000t)
 - Re-start of Stambolijski in June 2010 (~80,000t capacity)
- Industrial Bag volume increases, offset by margin squeeze
 - 2010 bag pricing lagged paper input cost increases
 - Meaningful price increases achieved for 2011



- Fundamentals remain positive
 - Substantial permanent supply contraction during recession
 - No new capacity in the pipeline
 - Weaker euro supportive to pricing
- Coatings & Consumer Packaging continue to enjoy demand growth, partly offset by rising polymer costs

Wood costs and bags pricing limiting gains

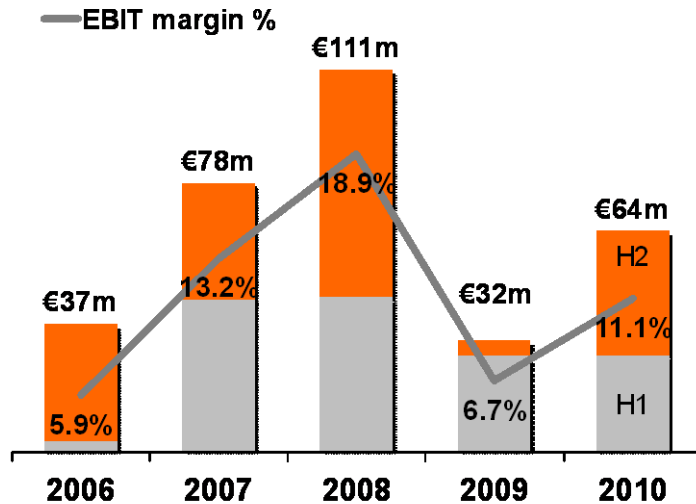
Bags and Coatings – Commodity cycle and returns



Benefiting from sharp volume and price recovery

South Africa Division

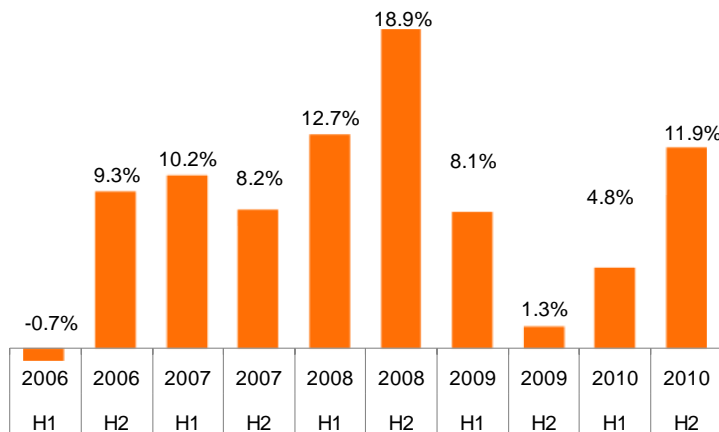
Underlying operating profit



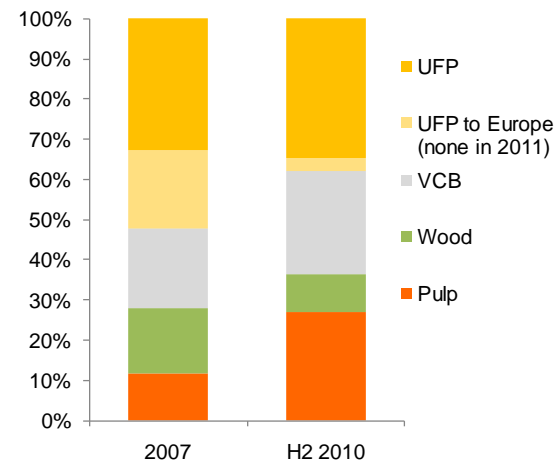
- Improved result, however still short of targeted levels
 - Strong recovery in average pulp export selling prices
 - Partially offset by rand strength
 - Domestic cost inflation, most notably electricity

- Exited the European uncoated fine paper market
 - Now focused on domestic and Africa
 - Further ~120,000 tonnes UFP capacity reduction
 - Restructuring initiated to re-align the cost base
 - Second half pulp volumes benefit

6 month ROCE% (annualised)



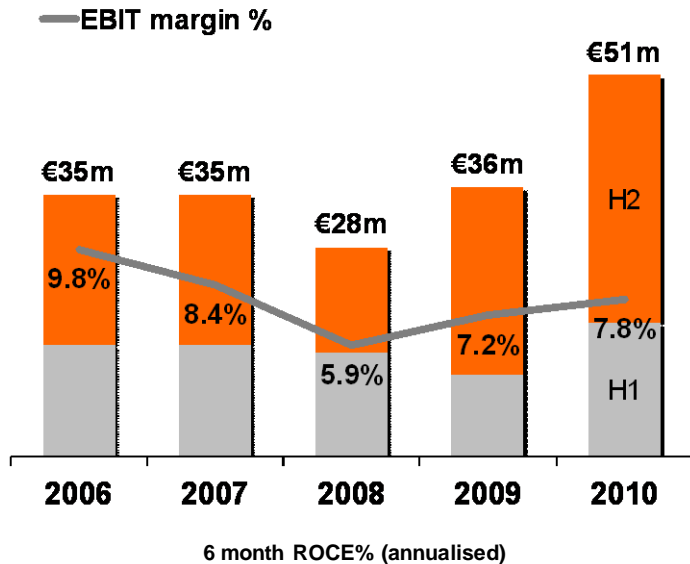
Revenue - product mix



Focusing on domestic markets & pulp exports

Mondi Packaging South Africa

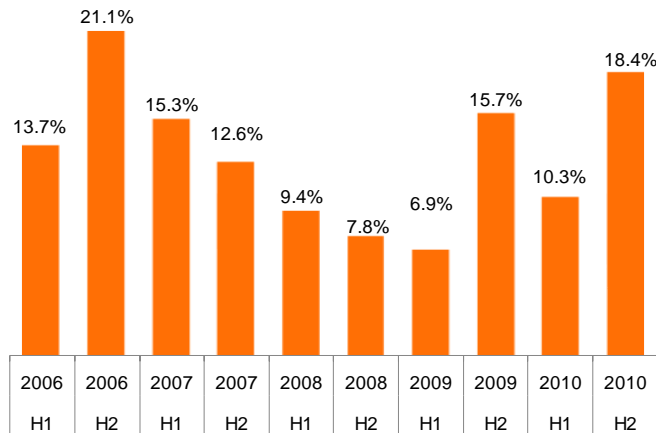
Underlying operating profit



- Very pleasing performance, especially on costs
- Pricing broadly unchanged until final quarter
- Demand largely back to pre-recession levels
 - Growth in agricultural products for export supported the stronger second half result
 - Industrial sector remains under pressure

- Improved margins due mainly to cost savings and volume gains
 - Partially offset by above inflation labour and electricity increases

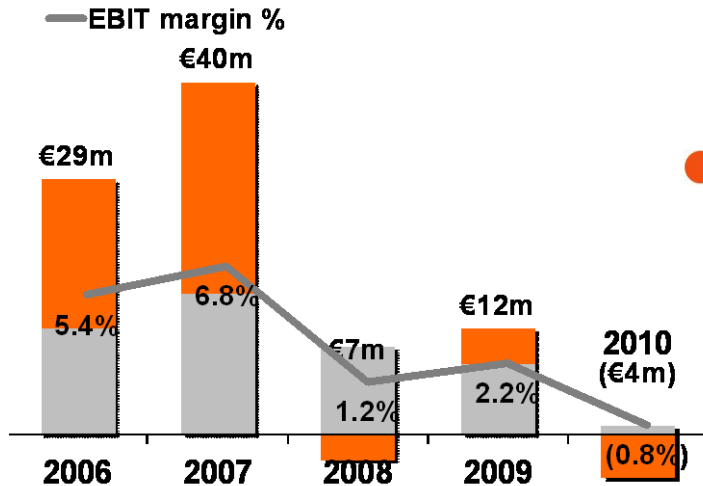
- Translation benefits resulting from the stronger rand



Good performance on excellent cost containment

Newsprint

Underlying operating profit



- Sale of Europapier completed November 2010
 - €6 million profit up to October 2010
- Aylesford severely impacted by lower selling prices and input cost pressures, notably recycled paper
 - Plus additional waste disposal costs
 - Price increases in excess of 20% have been negotiated in 2011 – more required to return to profitability
- Mondi Shanduka Newsprint (“MSN”) impacted by reduced demand and lower selling prices
 - South African rand strength reduced returns from export sales and put pressure on domestic pricing
 - Increasing electricity prices are severely hampering profitability – resulting in a special item asset impairment being recognised

Newsprint under pressure

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Syktyvkar mill modernisation

Project returns

Wood / Pulp production

- ~30% woodyard capacity increase, ~10% efficiency gain
- ~170,000 tonnes pulp production

Sales growth

- ~50,000 tonnes Uncoated Fine Paper (~5% of domestic market)
- ~63,000 tonnes Virgin Containerboard (~3% of domestic market)
- ~30,000 tonnes market pulp

New recovery boiler

- ~100% increased heat supply
- ~571 Mwh additional energy sales

Reduced environmental footprint

- Extended shut for integration in the second half, with around €15 million adverse trading impact
- Commissioned on schedule and within estimated capital cost (~€545 million)
 - Paper production to date has exceeded plan, with new UFP production records set
 - Internal pulp delivering expected efficiency benefits, whilst pulp sales commenced in Q4
 - Energy turbine operational

Further enhancing Mondi's low-cost position

Świecie's new machine performing well

ECO7

- 410,580 tonnes production achieved
 - >85% of full design capacity
 - well ahead of business plan
 - ~213,000 tonnes produced in second half, including impact of a maintenance shut
- Looking for a further >10% increase in output in 2011
- Strong market demand for lightweight grades
- Good pricing levels achieved partially offset by waste paper input cost pressures



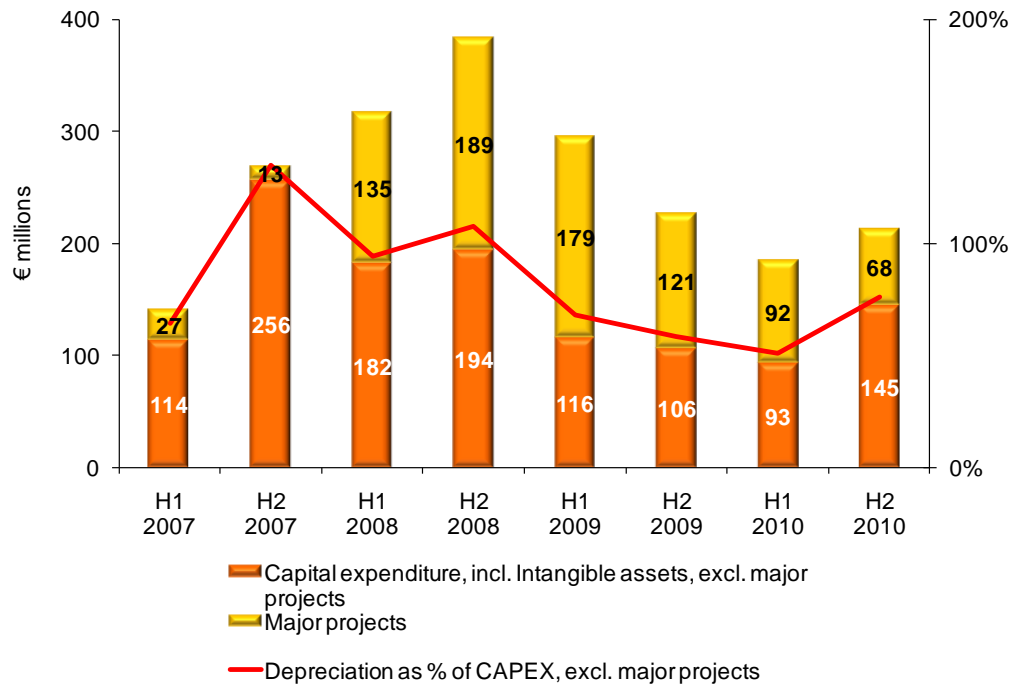
RCB cost curve¹



Highly competitive asset with integrated converting network

Capital expenditure

Capital expenditure



- Cash spend, excluding major projects was 64% of depreciation (2009: 63%; 2008: 101%)
- Approximately €50 million still to spend on major projects

Tight capex management yielded tangible cash flow benefits

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Summary

- Sustained improvement in order inflows, volumes and prices across all main products
- Strong operational performance
- Significant earnings recovery
- New Polish and Russian investments performing well
- Further refined portfolio with sale of non-core assets
- Significant increase in full year dividend
- Attractive sector fundamentals
- Risks
 - Continued cost pressures
 - Currency volatility
 - Macro-economic environment

Continuing to deliver

