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

25 February 2016

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 Listings Requirements of the JSE Limited and/or the Disclosure and Transparency and Listing Rules of the United Kingdom Listing Authority.

Full year results for the year ended 31 December 2015

Highlights

- **Excellent financial performance**
    - Significant profit improvements across all business units
    - Underlying operating profit of €957 million, up 25%
    - Underlying earnings of 133.7 euro cents per share, up 25%
    - Cash generated from operations of €1,279 million, up 24%
    - Return on capital employed of 20.5%
- **Capital projects delivering growth**
    - Completed major projects delivering to plan, contributing incremental €50 million to underlying operating profit in 2015
    - Strong capital investment pipeline: €450 million in major projects approved and in progress
- **Ongoing portfolio optimisation and refinement**
    - Acquisitions totalling €94 million to enhance product offering in Consumer Packaging
    - Closure of six operations and sale of a further four operations to optimise cost structures and refine product mix
- **Significant progress made against our five-year sustainable development commitments**
- **Recommended full year dividend of 52.0 euro cents per share, up 24%**

Financial Summary

€ million, except for percentages and per share measures	**Year ended 31 December 2015**	Year ended 31 December 2014	Change %	**Six months ended 31 December 2015**	Six months ended 31 December 2014	Change %
Group revenue	**6,819**	6,402	7	**3,360**	3,254	3
Underlying EBITDA[1]	**1,325**	1,126	18	**654**	573	14
Underlying operating profit[1]	**957**	767	25	**467**	390	20
Operating profit	**900**	728	24	**449**	354	27
Profit before tax	**796**	619	29	**404**	307	32
Per share measures						
Basic underlying earnings per share[1] (euro cents)	**133.7**	107.3	25			
Basic earnings per share (euro cents)	**124.0**	97.4	27			
Total dividend per share (euro cents)	**52.0**	42.0	24			
Cash generated from operations	**1,279**	1,033	24			
Net debt	**1,498**	1,613				
Group return on capital employed (ROCE)[2]	**20.5%**	17.2%				

Notes:

1 The Group presents underlying EBITDA, operating profit and related per share information as measures which exclude special items in order to provide a more effective comparison of the underlying financial performance of the Group between financial reporting periods. A reconciliation of underlying operating profit to profit before tax is provided in note 3 of the condensed financial statements.

2 ROCE is underlying profit expressed as a percentage of the average capital employed for the year, adjusted for impairments and spend on strategic projects which are not yet in operation.

David Hathorn, Mondi Group chief executive, said:

"2015 was an extremely successful year for Mondi. We made significant progress across a number of key areas and again delivered excellent results. Our focus continues to be on growing the packaging side of our business while at the same time investing appropriately in our uncoated fine paper operations.

It is very pleasing to see the strong contribution from all our business units, driven by generally higher selling prices, volume growth, good cost control and important contributions from recently completed capital projects.

We continue to make good progress in driving growth through our capital investment programme, delivering incremental operating profit of around €50 million from major capital projects in 2015, with a further €60 million anticipated in 2016. The Boards recently approved a €310 million investment in a new 300,000 tonne per annum kraft top white machine at our Ružomberok mill in Slovakia, adding to our strong pipeline of major projects approved and in development, now totalling around €450 million. Acquisitions of €94 million during the year further enhance our product offering in the high-growth consumer packaging segment.

Our outlook for the business remains positive. While we are currently seeing some softness in certain of our packaging paper grades, we are also seeing firmer prices in the European uncoated fine paper markets following recent industry capacity rationalisation. In addition, lower energy and related input costs, the generally positive impact of weaker

emerging market currencies and the incremental contribution from recently completed major capital projects are expected to benefit the Group's performance in the near term.

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

Overview

2015 was an extremely successful year for the Group. We achieved excellent results on all key metrics and the strong contribution from all our business units is testament to our consistent strategy, robust business model and high-quality, low-cost asset base.

Group revenue of €6,819 million was 7% above the prior year. Excluding the effects of acquisitions and disposals, revenue was up 3.9%, driven by generally higher domestic selling prices in the upstream paper businesses and good volume gains in Containerboard, Corrugated Packaging and Consumer Packaging. Currency movements also had a net positive effect on revenue.

Our underlying operating profit of €957 million was up 25% on the prior year. Packaging Paper delivered another very strong performance, supported by higher selling prices and volume growth in Containerboard, the benefits of completed capital investments and positive currency effects. Fibre Packaging benefited from higher gross margins, currency benefits and the contribution from recently completed investments. We have made steady progress in repositioning Consumer Packaging, with good volume growth in higher value-added segments leading to margin expansion. Our Uncoated Fine Paper business benefited from domestic selling price increases and contributions from capital investments, which more than offset the negative currency effects from the weaker rouble. Our South Africa Division delivered strong results through higher selling prices, good cost control and currency benefits.

In 2015 we continued to seek out and exploit opportunities for value-enhancing growth and cost optimisation through a combination of capital investments, acquisitions and asset rationalisation. We completed the acquisitions of Ascania nonwoven Germany GmbH and KSP, Co. (South Korea and Thailand) during the second half of the year, broadening our product portfolio and expanding our geographic reach in the fast growing Consumer Packaging business. In our continued efforts to improve performance, we took the decision to close our speciality kraft mill at Lohja (Finland), two Consumer Packaging plants in Italy and Spain, and three Industrial Bags plants in the US and Germany. We also sold three Consumer Packaging plants, two in Malaysia and one in Germany and a recycled containerboard mill at Raubling (Germany). These actions allow us to focus on those operations where we enjoy sustainable market and/or cost advantages.

Our capital investments completed during 2014 and 2015 contributed strongly to underlying operating profit. The incremental operating profit from these projects amounted to around €50 million in 2015. We expect a further incremental contribution from major projects of around €60 million in 2016.

Input costs were generally lower across most of our operations. Central European wood costs were lower than the prior year given reduced industry consumption and stable supply. In Russia, higher domestic wood costs were more than offset by the weaker rouble. Benchmark paper for recycling costs were around 7% higher on average than the prior year, with prices increasing in the second half of the year. Energy costs were significantly lower than the prior year due to lower average crude oil, gas and coal prices, together with the benefits of our energy related investments completed in 2014. Polyethylene prices were highly volatile in 2015, but were, on average, at similar levels to the prior year. Currently favourable cost conditions, combined with our ongoing productivity improvements and strong cost control should provide further benefits in 2016.

Volatility in foreign exchange rates had a significant impact on the performance of the different divisions, although the net impact on the Group was minimal. The 34% weakening of the rouble against the euro had a net negative impact on translation of the profits of our domestically focused Russian uncoated fine paper business, although this was more than offset by domestic selling price increases and the transactional benefits from our export orientated Russian packaging paper operations. The stronger US dollar had a net positive impact on US dollar denominated sales, particularly in our Fibre and Consumer Packaging businesses and our South Africa Division. Going into the new year, our export oriented businesses in emerging Europe and South Africa are benefiting from margin expansion as a result of the recent weakness in emerging market currencies.

The impact of maintenance shuts on underlying operating profit in 2015, which included a number of longer project related shuts, was in line with expectations at around €90 million. In 2016, based on prevailing market prices, we estimate that the impact of planned maintenance shuts on underlying operating profit will reduce to around €70 million.

Our cash generation remained strong with cash generated from operations of €1,279 million up 24% on the prior year. Net debt reduced by €115 million to €1,498 million, or 1.1 times EBITDA.

Underlying earnings of 133.7 euro cents per share were up 25% compared to 2014.

Our Boards have recommended payment of a final dividend of 37.62 euro cents per share, bringing the total dividend for the year to 52.0 euro cents per share, an increase of 24% on 2014.

Packaging Paper (Europe & International Division)

€ million	Year ended 31 December 2015	Year ended 31 December 2014	Change %	Six months ended 31 December 2015	Six months ended 31 December 2014	Change %
Segment revenue	**2,156**	2,043	6	**1,034**	1,021	1
Underlying EBITDA	**505**	443	14	**239**	227	5
Underlying operating profit	**391**	342	14	**180**	175	3
Underlying operating profit margin	**18.1%**	16.7%		**17.4%**	17.1%	
Special items	**(14)**	(6)		**—**	(6)	
Capital expenditure	**259**	259		**155**	143	
Net segment assets	**1,753**	1,588				
ROCE	**25.5%**	23.7%				

Our Packaging Paper business delivered another very strong performance with underlying operating profit increasing by 14% to €391 million and ROCE increasing to 25.5%. The improvements were delivered through volume growth, higher selling prices, generally lower input costs, the benefits of completed capital investments and positive currency effects.

European demand for containerboard is estimated to have grown 4.1% in 2015, with virgin grades growing by 4.7% and recycled grades by 3.9%. Demand in Russia and the other Commonwealth of Independent States (CIS) was stable. Our total containerboard sales volumes grew by 1.2%, driven by operational debottlenecking, with all operations running at capacity.

Average European benchmark selling prices for unbleached kraftliner were up 4.4% on 2014 levels, with a series of price increases implemented during the year before some moderate price erosion towards the end of the year. White-top kraftliner prices were relatively stable during the year, with the average benchmark price marginally up compared to 2014.

Average benchmark recycled containerboard prices were up 0.9% on the prior year. Price increases were implemented in the second half of the year and closing prices were 3.4% higher than the average price for the year.

Recent capacity increases in the European virgin containerboard market, coupled with an increase in imports from certain emerging markets benefiting from weaker currencies versus the euro, have resulted in downward pressure on selling prices. In the early part of 2016, selling prices for the Group's unbleached kraftliner grades sold into Europe declined by an average of around €20-€25/tonne, while white-top kraftliner prices were €10-€15/tonne lower. A 10% increase in the domestic Russian market was implemented for white-top containerboard in February.

Sales volumes of sack kraft paper were up 10.4%, benefiting from the ramp-up of the 155,000 tonne per annum bleached kraft paper machine in Štětí (Czech Republic), commissioned in 2014 and forward integrating pulp that was previously sold in the open market; and the full year contribution from the Pine Bluff, Arkansas (US) mill acquired in mid 2014.

Selling prices for sack kraft paper in Europe declined at the beginning of 2015, giving up much of the gains achieved in the second half of 2014. Thereafter prices remained stable for most of the year, and average prices were broadly in line with those of the prior year. In export markets, a combination of a slowdown in construction activity in certain south east Asian markets and political instability in some countries in the Middle East and North Africa had a negative effect on demand in the second half of the year. Seasonal weakness towards the end of the year also impacted European markets. As a result, in early 2016, average selling prices for sack kraft paper produced in Europe have reduced by approximately 5-6%.

We saw good demand for our speciality grades of kraft paper, with higher selling prices on average than the prior year, although sales volumes were negatively impacted by the closure of the Lohja mill in Finland. Selling prices remain stable in the early part of 2016.

The full year contributions of our projects completed in 2014, including the Syktyvkar (Russia) pulp dryer and rebuilt bleached kraft paper machine in Štětí, contributed significantly to our performance. The completion of our new recovery boiler in Świecie (Poland), conversion of the existing boiler to a biofuel boiler and closure of the coal fired boilers contributed to lower energy costs in the second half of the year.

Input costs were generally lower than in 2014 as a result of various cost savings initiatives and lower market prices. Wood, chemicals and biofuel costs were all lower and in Syktyvkar, the weaker rouble more than offset domestic inflationary cost increases. Paper for recycling costs were, on average, 7% higher than in 2014, with significant increases experienced during the third quarter of the year before decreasing again towards the end of the year. Income from green energy was lower than the prior year due to lower market prices and volumes sold.

Planned annual maintenance shuts of our Świecie, Dynäs (Sweden) and Stambolijski (Bulgaria) mills were completed in the first half of the year with the balance of shuts taking place in the second half of the year. In 2016, the maintenance shuts of our Świecie and Syktyvkar mills are scheduled to take place in the middle of the year and our kraft paper mill shuts are scheduled for the fourth quarter.

Fibre Packaging (Europe & International Division)

€ million	Year ended 31 December 2015	Year ended 31 December 2014	Change %	Six months ended 31 December 2015	Six months ended 31 December 2014	Change %
Segment revenue	**2,031**	1,852	10	**985**	984	—
Underlying EBITDA	**187**	166	13	**86**	88	(2)
Underlying operating profit	**120**	102	18	**52**	54	(4)
Underlying operating profit margin	**5.9%**	5.5%		**5.3%**	5.5%	
Special items	**(21)**	(16)		**(11)**	(9)	
Capital expenditure	**118**	77		**60**	47	
Net segment assets	**935**	875				
ROCE	**13.9%**	13.4%				

Underlying operating profit of €120 million reflected an 18% increase on the prior year, with ROCE increasing to 13.9%. Continuous improvements in underlying operating performance, acquisitions and currency gains contributed to our performance.

On a like-for-like basis, sales volumes in Corrugated Packaging were 3.3% higher than the prior year, with good volume growth in Poland and the Czech Republic and stable volumes in central Europe and Turkey. Margins were supported through innovative customer solutions, high-quality service and the benefits of restructuring activities completed in 2014. We invested in a number of new converting machines to improve our customer offering, especially in the higher-value product segments, and these investments have contributed to our improved performance. We have planned further similar investments to take advantage of these growing markets. Profitability of the Turkish business was negatively impacted by ongoing political turbulence in the region affecting demand growth, domestic cost inflation and the weaker Turkish lira. In February 2016, we announced our intentions to acquire SIMET S.A., a corrugated plant in Poznan (Poland), and upgrade the plant to a high-efficiency box plant, improving our customer offering and supporting the strong growth in this region.

In Industrial Bags, sales volumes were up 11% on the prior year, benefiting from the full year contribution of our US bags business, acquired in 2014, and good volume growth in the Middle East and Africa which, combined with a number of innovative new products, more than offset softer European markets. Selling prices were higher than the previous year and we saw currency gains from sales in our US dollar based markets. We completed various commercial excellence projects, generating cost savings and productivity improvements. A one-off gain from the sale of land and buildings in Italy also contributed to the improved results.

Our focus on improving the product portfolio in Extrusion Coatings resulted in positive gains from product mix effects, further supported by good cost management.

Consumer Packaging (Europe & International Division)

€ million	Year ended 31 December 2015	Year ended 31 December 2014	Change %	Six months ended 31 December 2015	Six months ended 31 December 2014	Change %
Segment revenue	**1,469**	1,379	7	739	694	6
Underlying EBITDA	**177**	158	12	94	89	6
Underlying operating profit	**108**	96	13	59	57	4
Underlying operating profit margin	**7.4%**	7.0%		8.0%	8.2%	
Special items	**(22)**	(17)		(7)	(21)	
Capital expenditure	**92**	80		42	45	
Net segment assets	**1,146**	1,021				
ROCE	**10.7%**	10.4%				

A 13% increase in underlying operating profit to €108 million and the improvement in ROCE to 10.7% reflect the steady progress we have made in repositioning our Consumer Packaging business to take advantage of value-added growth opportunities.

Volume growth was supported by the ramp-up of the Chinese plant, opened in early 2014, and the Polish start-up acquired in July 2014. In line with our strategy, good progress was made in our ongoing initiatives to improve the product mix. Strong volume growth was achieved in our higher value-added segments of hygiene components, consumer laminates and bags, while we have further reduced our exposure to a number of lower value-added products. Margins were further boosted by the benefits from various commercial excellence activities.

During 2015, we took a number of steps to accelerate the repositioning of the business. The closures of the operations in Spain and Italy and the sale of plants in Malaysia and Germany reduced our exposure to lower value-added and/or higher-cost production. The acquisitions of Ascania nonwoven Germany GmbH and KSP, Co., completed during the second half of the year, increase the Group's exposure to high-growth, high value-added segments. Ascania is a key supplier to our business, producing nonwoven fabrics and composites used as components in personal care products. KSP, Co. has operations in South Korea and Thailand, specialising in the production of high-quality spouted and retort stand-up pouches for the food, pet food and beverage industries, offering an excellent fit with our existing stand-up pouch operations in Austria and the US.

Capital investment has been focused on achieving incremental improvements in our existing operations. Commercial excellence activities have contributed to improved operating profit margins in the short term, while at the same time ensuring that the business is correctly positioned to take advantage of future growth opportunities. These activities have focused on improved sales infrastructure, material usage and efficiency, leveraging the purchasing power of the Group, improving productivity and enhancing the innovation process.

Uncoated Fine Paper (Europe & International Division)

€ million	Year ended 31 December 2015	Year ended 31 December 2014	Change %	Six months ended 31 December 2015	Six months ended 31 December 2014	Change %
Segment revenue	**1,233**	1,240	(1)	**607**	594	2
Underlying EBITDA	**291**	238	22	**139**	111	25
Underlying operating profit	**212**	148	43	**99**	68	46
Underlying operating profit margin	**17.2%**	11.9%		**16.3%**	11.4%	
Capital expenditure	**65**	117		**33**	58	
Net segment assets	**821**	922				
ROCE	**25.6%**	16.1%				

Our Uncoated Fine Paper business generated underlying operating profit of €212 million, up 43% on the prior year, with a ROCE of 25.6%. Higher selling prices in the CIS, including Russia, lower input costs across the business and contributions from capital investments more than offset the negative currency effects, primarily from the weaker rouble.

Our uncoated fine paper sales volumes increased by 1.7% over the prior year, reflecting market share gains in an overall declining market. European demand was stable, while in the CIS, including Russia, demand contracted by an estimated 4%. The business also benefited from increased sales of market pulp following the investments completed in 2014 at the Ružomberok mill to improve energy efficiencies and increase pulp production.

Benchmark average selling prices in Europe were down 0.7% on average over the prior year, but 1.9% up comparing the second half of the year to the first half. Selling price increases were implemented in April and September in a tight market, supported by significant capacity rationalisation through conversions and closures and stable demand. We have successfully implemented a further price increase of up to 4% in European markets from January 2016.

Selling prices were increased in Russia at the beginning of the year and again in the fourth quarter offsetting the effects of domestic cost inflation. Price increases were implemented during February 2016 with further increases announced for implementation in April 2016.

Overall the business benefited from generally lower input costs, with wood, chemical and energy costs all declining. In Russia, higher prices in local currency were more than offset by the rouble devaluation. Our commercial excellence programmes, focused on purchased material, operating efficiencies and productivity improvements, also contributed to good cost control. The benefits of our new recovery boiler at the Ružomberok mill, completed in October 2014, were fully realised during the year. Hardwood pulp prices were however significantly higher in euro terms, up around 26%, negatively impacting the profitability of the semi-integrated Neusiedler (Austria) operations.

We completed our planned maintenance shuts during the third quarter of 2015. In 2016, the maintenance shuts of our Ružomberok and Syktyvkar mills are planned for the first half of the year.

In February 2016 we agreed to sell our Neusiedler operations to one of our subsidiaries, Mondi SCP a.s. (which owns and operates our Ružomberok mill), reducing our effective ownership in Neusiedler to 51%. The transaction enables Neusiedler and Ružomberok to better align and optimise their product portfolio and production capacity.

South Africa Division

€ million	Year ended 31 December 2015	Year ended 31 December 2014	Change %	Six months ended 31 December 2015	Six months ended 31 December 2014	Change %
Segment revenue	**652**	596	9	**338**	312	8
Underlying EBITDA	**199**	153	30	**110**	75	47
Underlying operating profit	**161**	112	44	**92**	54	70
Underlying operating profit margin	**24.7%**	18.8%		**27.2%**	17.3%	
Capital expenditure	**61**	29		**29**	20	
Net segment assets	**563**	626				
ROCE	**30.1%**	21.9%				

Our South Africa Division's underlying operating profit increased 44% to €161 million and ROCE improved to 30.1%. Higher selling prices, good cost control, forestry revaluation gains and currency benefits more than offset domestic cost inflation.

Sales volumes were marginally lower than the previous year as a result of an extended planned maintenance shut at our Richards Bay mill. Strong domestic demand for uncoated fine paper was met by reducing export volumes into the rest of Africa, while export volumes of pulp were increased due to favourable export pricing and weaker domestic demand.

Selling prices for pulp and white-top containerboard were higher on average than in the previous year for both our domestic market and exports. For uncoated fine paper, domestic prices were higher on average while US dollar export prices were lower. Significant currency gains were realised from the effect of the stronger US dollar and euro on export sales volumes. Selling price increases were implemented in early 2016 in certain domestic uncoated fine paper segments.

Above inflationary price increases in labour and electricity and the impact of the weaker South African rand on imported materials put pressure on our input costs. However, a continued focus on improving productivity, driving efficiencies and reducing waste ensured that fixed cost increases were limited.

Forestry gains are dependent on a variety of factors over which we have limited control. In 2015, selling prices of timber increased which, combined with the benefit of the lower average crude oil price, resulted in a fair value gain of €40 million (2014: €34 million) being recognised, of which €23 million was recognised in the first half of the year. We also benefited from land sales as we sought to further optimise our forestry operations.

The planned maintenance shut at Richards Bay took place during the first half of 2015. In 2016, a shorter shut is planned, again for the first half of the year.

Tax

Based on the Group's geographic profit mix and the relevant tax rates applicable, we would expect our tax rate to be around 22%. However, we benefited from tax incentives related to our capital investments in Slovakia, Poland and Russia. In addition, we recognised deferred tax assets related to previously unrecognised tax losses which we now expect to be able to utilise in the coming years. As such, our tax charge for 2015 of €161 million reflects an effective tax rate for 2015 of 19%, consistent with 2014.

Tax paid in 2015 was €160 million (2014: €106 million) as a result of the increased profitability and the timing of final tax payments for the 2014 and earlier financial years.

Going forward, in the absence of further investment related tax incentives and assuming a similar profit mix, we would anticipate marginal upward pressure on the tax rate over the next three years as it moves towards the expected tax rate of 22%.

Special items

Special items are those items of financial performance that we believe should be separately disclosed to assist in the understanding of our underlying financial performance. Special items are considered to be material either in nature or in amount.

The net special item charge of €57 million before tax comprised the following:

- Restructuring and closure costs of €45 million and related impairments of €4 million for the closures of our Lohja kraft paper mill in Finland, a Consumer Packaging operation in Spain and four Industrial Bags plants
- €8 million write off of a receivable and provision for settlement of a legal case relating to the 2012 Nordenia acquisition

Further detail is provided in note 4 of our condensed combined and consolidated financial statements.

Treasury and borrowings

Net debt at 31 December 2015 was down €115 million compared to the prior year at €1,498 million, reflecting our strong cash generating capacity and despite an increase in capital expenditure on major projects.

The weighted average maturity of our Eurobonds and committed debt facilities was 3.6 years at 31 December 2015. At the end of the year, €598 million of our €2 billion committed debt facilities remained undrawn.

In May 2015, Standard & Poor’s upgraded our credit rating from BBB- to BBB (stable outlook). This follows the upgrade of our credit rating by Moody's Investors Service to Baa2 in October 2014.

Gearing at 31 December 2015 was 32.0% and our net debt to 12 month trailing EBITDA ratio was 1.1 times, well within our key financial covenant requirement of 3.5 times.

Net finance costs of €105 million were €8 million higher than the previous year. Average net debt of €1,650 million was similar to the prior year and our effective interest rate increased to 6.3% (2014: 5.4%), primarily as a result of certain one-off effects and sharply higher interest rates in Russia.

Cash flow

In 2015, the cash generated from our operations was €1,279 million. On average over the last five years, our cash generated from operations has increased by 8.7% per year.

Working capital as a percentage of revenue was 11.6%, marginally below our revised targeted range of 12-14% and down on the prior year (12.3%). We have increased our targeted average working capital range to reflect the increased contribution from our more working capital intensive Industrial Bags and Consumer Packaging businesses as we continue to grow our downstream packaging interests. The net cash inflow from movements in working capital during the year was €9 million (2014: outflow of €87 million).

We paid dividends of €209 million to shareholders (2014: €193 million). Interest paid of €93 million (2014: €125 million) was lower than the prior year, largely due to the refinancing in July 2014 of the 9.75% €280 million bond, assumed as part of the acquisition of Nordenia in 2012.

Dividends paid to holders of non-controlling interests in the Group’s subsidiaries increased in 2015, primarily due to the increased dividend from the 51% held Ružomberok operations.

In 2015, we invested €595 million in capital expenditure and completed a number of smaller acquisitions with a total purchase price, on a debt and cash free basis, of €94 million.

Capital investments

While acquisition-led growth remains a key component of our strategy, and we continue to evaluate opportunities as they arise, we have been deterred in a number of instances by, in our view, inflated asset prices. We anticipate that there will be further opportunities for value-accretive acquisitions as the availability of cheap financing decreases and asset prices become potentially more attractive. In the meantime, we continue to see greater opportunity for value-enhancing growth through capital investments in our existing operations.

Our completed major capital investment projects have delivered an incremental underlying operating profit contribution of approximately €100 million over the past two years. In 2015, we continued to make good progress on a number of major projects. These include:

- The €166 million Świecie recovery and biofuel boiler project in Poland, which started up as planned in the second half of 2015. This first phase involved a new recovery boiler, new turbine and conversion of the existing recovery boiler to a biofuel boiler to replace the existing coal boilers. The project was designed to deliver a reduction in ongoing maintenance costs, an improvement in overall efficiencies, a reduction in CO_2e emissions, full electricity self-sufficiency of the mill and valuable options for further growth.
- The €94 million second phase of the Świecie investment will provide an additional 100,000 tonnes per annum of softwood pulp and 80,000 tonnes per annum of lightweight virgin containerboard, ensuring full utilisation of the new recovery boiler's capacity. This project remains on track for completion in early 2017.
- The ramp-up of the rebuilt paper and inline coating machine at Štětí in the Czech Republic was slower than anticipated, but is now progressing in line with the revised plan.
- In our South Africa Division, the two major projects are progressing according to plan and we expect them to be completed in the latter part of 2016. They involve upgrading the woodyard at Richards Bay and providing the mill with the capacity to produce unbleached kraftliner in addition to the current white-top kraftliner.
- In our Corrugated Packaging business we invested in a number of new converting machines across our operations, improving our customer offering, especially in the higher-value product segments in the growing markets where we operate. These investments are delivering strong returns and the Boards have approved further similar investments.
- A number of smaller projects were completed or are in progress, primarily focused on our Packaging Paper and Fibre and Consumer Packaging operations.

The incremental operating profit expected from major projects in 2016 is around €60 million (2015: €50 million), further demonstrating the benefits that arise from these high-return investments.

In addition to those projects already in development for start-up over the coming two years, the Boards have recently approved an investment of €310 million in a new 300,000 tonne per annum kraft top white machine at our Ružomberok mill in Slovakia and related pulp mill upgrades, subject to obtaining approval for various tax incentives from the European Commission and necessary permitting. The project offers low-cost production in a fast growing sub-segment of the containerboard market. Based on the current timetable, significant capital expenditure on the project is only expected to start in 2017, with the new board machine expected to start production in 2019.

We have a strong pipeline of projects under consideration for implementation in the medium term. These projects include:

- replacement of the recovery boiler at our Štětí mill in the Czech Republic as part of a debottlenecking and optimisation project; and
- the installation of a 90,000 tonne per annum kraft paper machine at one of our central European operations with integrated pulp capacity, producing machine glazed paper to replace capacity reductions as a result of the closure of the Lohja mill and conversions to other grades at the Štětí mill.

We anticipate being in a position to make a final investment decision on these projects during the course of 2016.

Given the current approved project pipeline, annual capital expenditure is expected to be in the range of €400-€450 million per annum over the next two years.

Sustainable development

Our long-term success is dependent on our ability to integrate sustainability across the business. In 2011 we identified six material issues and defined 35 commitments to guide our work to 2015. We are proud of the progress we've made across all areas, having successfully delivered on almost all our 2015 commitments.

The safety of our people is of particular importance to Mondi. In 2015 our operations continued to make good progress in eliminating their Top 5 Fatal Risks and we have seen a significant improvement in our total recordable case rate. We did however experience one fatality and three life-altering injuries, highlighting the need for us to remain vigilant and keep safety right at the top of all our people's minds.

Over the course of 2015 we conducted an inclusive and comprehensive review of our material issues and have defined a new set of commitments for delivery over the next five years, centred on 10 action areas. Our new action areas are focused on providing a safe, healthy, fair and inspiring workplace for our people; considering climate change, constrained resources and environmental impacts in our business decisions; ensuring our fibre sources are sustainable; adding value to our communities; promoting responsibility in our supply chain; and developing products that create value for our customers.

Dividend

The Boards' aim is to offer shareholders long-term dividend growth within a targeted dividend cover range of two to three times over the business cycle. Given our strong financial position and the Boards' stated objective to increase distributions to shareholders through the ordinary dividend, the Boards have recommended an increase in the final dividend.

The Boards of Mondi Limited and Mondi plc have recommended a final dividend of 37.62 euro cents per share (2014: 28.77 euro cents per share), payable on 19 May 2016 to shareholders on the register on 22 April 2016. Together with the interim dividend of 14.38 euro cents per share, paid on 15 September 2015, this amounts to a total dividend for the year of 52.0 euro cents per share. In 2014, the total dividend for the year was 42.0 euro cents per share.

The final dividend is subject to the approval of the shareholders of Mondi Limited and Mondi plc at the respective Annual General Meetings scheduled for 12 May 2016.

Outlook

Our outlook for the business remains positive. While we are currently seeing some softness in certain of our packaging paper grades, we are also seeing firmer prices in the European uncoated fine paper markets following recent industry capacity rationalisation. In addition, lower energy and related input costs, the generally positive impact of weaker emerging market currencies and the incremental contribution from recently completed major capital projects are expected to benefit the Group's performance in the near term.

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

Principal risks and uncertainties

The Boards are responsible for the effectiveness of the Group's risk management activities and internal control processes. The Boards have put in place procedures for identifying, evaluating and managing significant risks that the Group faces.

The executive committee, audit committee and Boards conduct an annual review of the most significant risks and uncertainties faced by the Group, including how these risks are monitored and managed. Risk management is embedded in all decision-making processes, with ongoing review by the Boards of the Group's risks throughout the year as well as risk assessments being conducted as part of all investment decisions. A number of our most significant risks are long-term in nature and do not tend to change significantly from year to year as they are linked to our strategy.

We aim to manage risk within the risk management framework and accepted tolerance limits which are determined by the Boards in relation to our strategy. Risks, if they develop positively, may lead to opportunities. Our business units are managed locally and are responsible for implementing their own risk management policies and procedures within the framework approved by the Boards. Our business units also play a critical role in the identification of emerging risks. Certain more specialised risk areas such as information security, sustainable development, safety and health, legal, treasury and tax are managed centrally, allowing more effective coordination.

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.

Over the course of the past year, the audit committee has reviewed each of the principal risks set out below. In evaluating the Group's risk management and internal control processes, the committee has considered both internal and external audit reports and received confirmation from the finance heads of the business units that financial control frameworks have operated satisfactorily.

The Boards are satisfied that the Group has effective systems and controls in place to manage its key risks within the risk tolerance levels established by the Boards.

Industry capacity

Plant utilisation levels are the main driver of profitability in paper mills. New capacity additions are usually in large increments which, through their impact on the supply/demand balance, influence market prices. Unless market growth exceeds capacity additions, excess capacity may lead to lower selling prices. In our converting operations, newer technology may lower operating costs and provide increased product functionality impacting margins.

We monitor industry developments in terms of changes in capacity as well as trends and developments in our own product markets. Our strategic focus on low-cost production and innovation activities to produce higher value-added products, combined with our focus on growing markets and consistent investment in our operating capacity, ensures that we remain competitive.

Product substitution

Changing global socio-economic and demographic trends and increased public awareness of sustainability challenges affect the demand for Mondi's products. Customers' needs and purchasing power are changing in emerging markets.

Factors that impact the demand for our products include reduced weight of packaging materials; increased use of recycled materials; electronic substitution of paper products; increased demand for high-quality printed material; certified and responsibly produced goods; and specific material qualities.

Our ability to meet changes in consumer demand depends on our capacity to correctly anticipate change and develop new products on a sustainable, competitive and cost-effective basis. Our focus is on products enjoying positive substitution dynamics and growing regional markets. We work with our customers to develop new markets and new products. Our broad range of converting products provides some protection from the effects of substitution between paper and plastic-based packaging products.

Fluctuations and variability in selling prices and gross margins

Our selling prices are determined by changes in capacity and by demand for our products, which are, in turn, influenced by macroeconomic conditions, consumer spending preferences and inventory levels maintained by our customers. Changes in prices differ between products and geographic regions and the timing and magnitude of such changes have varied significantly over time.

Our strategic focus is on higher growth markets and products where we enjoy a competitive advantage through innovation, proximity or a production cost advantage. We continue to invest in our high-quality, low-cost production assets to ensure we maintain our competitive cost position. Our high levels of vertical integration reduce our exposure to price volatility of our key input costs. Our financial policies and structures are designed taking the inherent price volatility of the markets in which we operate into consideration.

Country risk

We have production operations across more than 30 countries, a number of which are in jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, inflation, changes in laws, nationalisation or expropriation of assets may have a material effect on our operations in those countries.

Areas of weaker governance also present the challenge of addressing potential human rights issues in our operations and supply chain. From a human capital perspective, we face different demographic and social conditions in the countries we operate in, affecting the availability of skills and talent for the Group.

We actively monitor all countries and environments in which we operate. We engage in regular formal and informal interaction with the authorities to ensure we remain abreast of any new developments.

New investments are subject to rigorous strategic and commercial evaluation.

We actively engage with our employees, communities and other stakeholders for a better understanding of the local socio-economic conditions and development needs.

Our geographic diversity and decentralised management structure, utilising local resources in countries in which we operate, reduces our exposure to any specific jurisdiction.

Cost and availability of responsibly produced wood, pulp and paper for recycling

Wood, pulp and paper for recycling comprise approximately a third of our input costs. We have access to our own sources of wood in Russia and South Africa and we purchase wood, pulp and paper for recycling to meet our needs in the balance of our operations. Wood prices and availability may be adversely affected by reduced quantities of available wood supply that meet our standards for Chain-of-Custody certified or FSC-controlled wood, and initiatives to promote the use of woody biomass from residues of pulp and paper processes as a renewable energy source.

We are committed to acquiring fibre from sustainable, responsible sources and avoiding the use of any controversial or illegal supply. The sustainable management of our forestry operations is key in managing our overall environmental impact, helping to protect ecosystems and develop resilient landscapes. We have built strong forestry management resources in Russia and South Africa to actively monitor and manage our wood resources in those countries.

We have multiple suppliers for each of our mills and actively pursue longer term agreements with strategic suppliers of wood, pulp and paper for recycling. We are involved in multi-stakeholder processes to address challenges in meeting the global demand for sustainable, responsible fibre.

Energy security and related input costs

Energy and related input costs comprise approximately a third of our variable costs.

Mondi is a significant consumer of electricity, which we generate internally and purchase from external suppliers. Where we don’t generate electricity from biomass and by-products of our production processes, we are dependent on external suppliers for raw materials such as gas, oil and coal.

As an energy-intensive business, we face potential physical and regulatory risks related to climate change. We monitor our electricity usage, carbon emission levels and use of renewable energy. Most of our larger operations have high levels of electricity self-sufficiency. We focus on improving the energy efficiency of our operations and have invested in our operations to improve our energy profile and increase electricity self-sufficiency, while reducing ongoing operating costs and carbon emission levels.

To the extent that we generate electricity surplus to our own requirements, we may sell such surplus externally. We also generate revenue from the sale of green energy credits in certain of our operations, the prices of which are determined in the open market.

Technical integrity of our operating assets

We have five major mills which together account for approximately 70% of our total pulp and paper production capacity and a significant consumer packaging manufacturing facility in Germany. If operations at any of these key facilities were interrupted for any significant length of time, it could have a material adverse effect on our financial position or performance. Accidents or incidents such as fires, explosions or large machinery breakdowns, could result in property damage, loss of production, reputational damage and/or safety incidents.

Our capital investment programme supports the replacement of older equipment to improve both reliability and integrity and our proactive repair and maintenance strategy is designed to minimise breakdown risks.

We conduct detailed risk assessments of our high-priority equipment and have specific processes and procedures in place for the ongoing management and maintenance of such equipment.

We actively monitor all incidents and have a formal process which allows us to share lessons learnt across our operations, identify emerging issues, conduct benchmarking and evaluate the effectiveness of our risk reduction activities.

Environmental impact

We operate in a high-impact sector and need to manage the associated risks and responsibilities. Our operations are water, carbon and energy intensive; consume materials such as fibre, polymers, metals and chemicals; and generate emissions to air, water and land. We are the custodian of more than two million hectares of forested land. We are subject to a wide range of international, national and local environmental laws and regulations as well as the requirements of our customers and expectations of our broader stakeholders.

We ensure that we are complying with all applicable environmental, health and safety requirements where we operate. Our own policies and procedures, at or above local policy requirements, are embedded in all our operations.

We focus on a clean production philosophy to address the impact from emissions, discharge and waste. We focus on increasing the energy efficiency of our operations and using biomass-based fuels, reducing our use of fossil-based energy sources. We emphasise the responsible management of forests and associated ecosystems, protecting high conservation value areas.

Employee and contractor safety

We operate large facilities, often in remote locations. Accidents or incidents cause injury to our employees or contractors, property damage, lost production time and/or harm to our reputation.

We have a zero harm policy. We continually monitor incidents and close calls and actively transfer learnings across our operations. We apply an externally accredited safety management system and conduct regular audits of our operations to support safe and productive workplaces.

We have implemented a project to engineer out the most significant risks in our operations, supported by robust controls and procedures for operating those assets.

Reputational risk

Non-compliance with the legal and governance requirements and globally established responsible business conduct practices in any of the jurisdictions in which we operate could expose us to significant risk if not actively managed. These include laws relating to the environment, exports, price controls, taxation, human rights and labour.

We operate a comprehensive training and compliance programme, supported by self-certification and reporting. Our legal and governance compliance is managed at business unit level, supported by a central team of relevant professionals and is subject to regular internal audit review.

We also operate a confidential reporting hotline, Speakout, enabling employees, customers, suppliers, managers and other stakeholders to raise concerns about conduct that may be contrary to our values.

We increasingly work with our suppliers to promote responsible business conduct in the value chain.

Information technology risk

Many of our operations are dependent on the availability of IT services and an extended interruption of such services may result in plant shutdown. Cyber crime continues to increase and attempts are more and more sophisticated,with the consequences of successful attacks including compromised data, financial fraud and system shutdowns.

We have a comprehensive IT Security Policy approved by our Boards. We conduct regular threat assessments and utilise external providers to evaluate and review our security policies and procedures. Where possible, we have redundancies in place, our system landscape is based on well-proven products and we have cyber crime insurance.

Financial risks

Our trading and financing activities expose the Group to financial risks that, if left unmanaged, could adversely impact our financial position. These risks relate to the currencies in which we conduct our activities, interest rate and liquidity risks and exposure to customer credit risk.

Our approach to financial risk management is described in notes 18 and 30 of the annual financial statements.

Going concern

The directors have reviewed the Group's budget for 2016, considered the assumptions contained in the budget and reviewed the critical 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 annual financial statements. At 31 December 2015, Mondi had €598 million of undrawn, committed debt facilities. The Group's debt facilities have maturity dates of between 1 and 10 years, with a weighted average maturity of 3.6 years.

Based on their evaluation, the Boards are satisfied that the Group remains solvent and has adequate liquidity to meet its obligations and continue in operational existence for the foreseeable future.

Accordingly, the Group continues to adopt the going concern basis in preparing the integrated report and financial statements.

Contact details

Mondi Group	
David Hathorn	+27 11 994 5418
Andrew King	+27 11 994 5415
Lora Rossler	+27 83 627 0292
FTI Consulting	
Richard Mountain	+44 7909 684 466
Roger Newby	+44 20 3727 1385

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 11.00 (SA).

The conference call dial-in numbers are:

South Africa	0800 200 648 (toll-free)
UK	0808 162 4061 (toll-free)
Europe/ other	00800 246 78 700 (toll-free)

The webcast will be available via www.mondigroup.com/FYResults15.

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 +27 11 535 3600.

Should you have any issues on the day with accessing the webcast, please e-mail mondi@kraftwerk.co.at and you will be contacted immediately.

A video recording of the presentation will be available on Mondi's website during the afternoon of 25 February 2016.

Directors’ responsibility statement

These financial statements have been prepared under the supervision of the Group chief financial officer, Andrew King CA (SA), and have been audited in compliance with the applicable requirements of the Companies Act of South Africa 2008 and the UK Companies Act 2006.

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 full year results announcement includes a fair review of the significant events during the year ended 31 December 2015 and a description of the principal risks and uncertainties;
- there have been no significant individual related party transactions during the year; and
- there have been no significant changes in the Group’s related party relationships from that reported in the half-yearly results for the six months ended 30 June 2015.

The Group’s condensed combined and consolidated financial statements, and related notes, were approved by the Boards and authorised for issue on 24 February 2016 and were signed on their behalf by:

David Hathorn
Director

Andrew King
Director

24 February 2016

Audited financial information

The condensed combined and consolidated financial statements and notes 1 to 20 for the year ended 31 December 2015 have been audited by the Group's auditors, Deloitte LLP and Deloitte & Touche. Their unqualified audit reports are available for inspection at the Group's registered offices.

Condensed combined and consolidated income statement

for the year ended 31 December 2015

		2015			2014		
€ million	Notes	**Underlying**	**Special items (Note 4)**	**Total**	Underlying	Special items (Note 4)	Total
Group revenue	3	**6,819**	**—**	**6,819**	6,402	—	6,402
Materials, energy and consumables used		(3,413)	—	(3,413)	(3,314)	—	(3,314)
Variable selling expenses		(512)	—	(512)	(499)	—	(499)
Gross margin		**2,894**	**—**	**2,894**	2,589	—	2,589
Maintenance and other indirect expenses		(308)	—	(308)	(283)	—	(283)
Personnel costs		(1,003)	(28)	(1,031)	(946)	(29)	(975)
Other net operating expenses		(258)	(25)	(283)	(234)	(4)	(238)
Depreciation, amortisation and impairments		(368)	(4)	(372)	(359)	(6)	(365)
Operating profit		**957**	**(57)**	**900**	767	(39)	728
Net profit from associates		1	—	1	1	—	1
Total profit from operations and associates		**958**	**(57)**	**901**	768	(39)	729
Net finance costs	6	(105)	—	(105)	(97)	(13)	(110)
Profit before tax		**853**	**(57)**	**796**	671	(52)	619
Tax charge	7	(161)	10	(151)	(126)	4	(122)
Profit for the year		**692**	**(47)**	**645**	545	(48)	497
Attributable to:							
Non-controlling interests		**45**		**45**	26		26
Shareholders		**647**		**600**	519		471

Earnings per share (EPS) for profit attributable to shareholders			
Basic EPS (euro cents)	8	**124.0**	97.4
Diluted EPS (euro cents)	8	**123.7**	97.1
Basic underlying EPS (euro cents)	8	**133.7**	107.3
Diluted underlying EPS (euro cents)	8	**133.4**	107.0
Basic headline EPS (euro cents)	8	**123.4**	99.5
Diluted headline EPS (euro cents)	8	**123.1**	99.2

Condensed combined and consolidated statement of comprehensive income

for the year ended 31 December 2015

€ million	**2015** Before tax amount	Tax expense	Net of tax amount	2014 Before tax amount	Tax (expense)/ benefit	Net of tax amount
Profit for the year			**645**			497
Items that may subsequently be reclassified to the combined and consolidated income statement						
Fair value (losses)/gains on cash flow hedges	(1)	—	(1)	2	(1)	1
Gains on available-for-sale investments	—	—	—	1	—	1
Exchange differences on translation of foreign operations	(122)	—	(122)	(193)	—	(193)
Items that will not subsequently be reclassified to the combined and consolidated income statement						
Remeasurements of retirement benefits plans	27	(3)	24	(44)	9	(35)
Other comprehensive (expense)/income for the year	**(96)**	**(3)**	**(99)**	(234)	8	(226)
Other comprehensive (expense)/income attributable to:						
Non-controlling interests	(4)	—	**(4)**	2	—	2
Shareholders	(92)	(3)	**(95)**	(236)	8	(228)
Total comprehensive income attributable to:						
Non-controlling interests			**41**			28
Shareholders			**505**			243
Total comprehensive income for the year			**546**			271

Condensed combined and consolidated statement of financial position

as at 31 December 2015

€ million	Notes	2015	2014
Property, plant and equipment		3,554	3,432
Goodwill		590	545
Intangible assets		105	113
Forestry assets	10	219	235
Other non-current assets		58	42
Total non-current assets		**4,526**	4,367
Inventories		838	843
Trade and other receivables		994	966
Financial instruments		15	76
Cash and cash equivalents	15b	64	56
Other current assets		32	40
Total current assets		**1,943**	1,981
Total assets		**6,469**	6,348
Short-term borrowings	11	(250)	(176)
Trade and other payables		(1,038)	(998)
Other current liabilities		(165)	(149)
Total current liabilities		**(1,453)**	(1,323)
Medium and long-term borrowings	11	(1,319)	(1,565)
Net retirement benefits liability	12	(212)	(250)
Deferred tax liabilities		(241)	(259)
Other non-current liabilities		(57)	(57)
Total non-current liabilities		**(1,829)**	(2,131)
Total liabilities		**(3,282)**	(3,454)
Net assets		**3,187**	2,894
Equity			
Share capital and stated capital		542	542
Retained earnings and other reserves		2,363	2,086
Total attributable to shareholders		**2,905**	2,628
Non-controlling interests in equity		282	266
Total equity		**3,187**	2,894

The Group's condensed combined and consolidated financial statements, and related notes 1 to 20, were approved by the Boards and authorised for issue on 24 February 2016 and were signed on their behalf by:

David Hathorn Director	**Andrew King** Director
Mondi Limited company registration number:	1967/013038/06
Mondi plc company registered number:	6209386

Condensed combined and consolidated statement of changes in equity

for the year ended 31 December 2015

€ million	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2014	2,591	255	**2,846**
Total comprehensive income for the year	243	28	**271**
Dividends paid	(193)	(16)	**(209)**
Purchases of treasury shares	(22)	—	**(22)**
Other	9	(1)	**8**
At 31 December 2014	2,628	266	**2,894**
Total comprehensive income for the year	505	41	**546**
Dividends paid	(209)	(25)	**(234)**
Purchases of treasury shares	(31)	—	**(31)**
Other	12	—	**12**
At 31 December 2015	**2,905**	**282**	**3,187**

Equity attributable to shareholders

€ million	2015	2014
Combined share capital and stated capital	542	542
Treasury shares	(29)	(24)
Retained earnings	2,868	2,497
Cumulative translation adjustment reserve	(685)	(569)
Post-retirement benefits reserve	(65)	(92)
Share-based payment reserve	20	19
Cash flow hedge reserve	(2)	(1)
Merger reserve	259	259
Other sundry reserves	(3)	(3)
Total	**2,905**	2,628

Condensed combined and consolidated statement of cash flows

for the year ended 31 December 2015

€ million	Notes	**2015**	2014
Cash flows from operating activities			
Cash generated from operations	15a	1,279	1,033
Dividends from associates		—	2
Income tax paid		(160)	(106)
Net cash generated from operating activities		**1,119**	929
Cash flows from investing activities			
Investment in property, plant and equipment		(595)	(562)
Investment in intangible assets		(9)	(8)
Investment in forestry assets		(41)	(37)
Acquisition of subsidiaries, net of cash and cash equivalents	13	(72)	(72)
Proceeds from the disposal of businesses, net of cash and cash equivalents	14	38	(1)
Other investing activities		46	37
Net cash used in investing activities		**(633)**	(643)
Cash flows from financing activities			
Proceeds from medium and long-term borrowings		2	354
Repayment of medium and long-term borrowings		(221)	—
Proceeds from/(repayment of) short-term borrowings	15c	52	(375)
Interest paid		(93)	(125)
Dividends paid to shareholders	9	(209)	(193)
Dividends paid to non-controlling interests		(26)	(13)
Purchases of treasury shares		(31)	(22)
Other financing activities		72	34
Net cash used in financing activities		**(454)**	(340)
Net increase/(decrease) in cash and cash equivalents		**32**	(54)
Cash and cash equivalents at beginning of year		9	64
Cash movement in the year	15c	32	(54)
Effects of changes in foreign exchange rates	15c	(5)	(1)
Cash and cash equivalents at end of year	15b	**36**	9

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.

The Group's condensed combined and consolidated financial statements and notes 1 to 20 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain the information required by IAS 34, 'Interim Financial Reporting'. 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'.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies, and those for 2015 will be delivered in due course. 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. Copies of their unqualified auditors' reports on the Integrated report and financial statements 2015 as well as the condensed combined and consolidated financial statements are available for inspection at the Mondi Limited and Mondi plc registered offices.

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

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 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

3 Operating segments

Year ended 31 December 2015

	Europe & International							
€ million, unless otherwise stated	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division	Corporate	Intersegment elimination	**Segments total**
Segment revenue	2,156	2,031	1,469	1,233	652	—	(722)	**6,819**
Internal revenue	(574)	(37)	(4)	(6)	(101)	—	722	**—**
External revenue	1,582	1,994	1,465	1,227	551	—	—	**6,819**
Underlying EBITDA	505	187	177	291	199	(34)	—	**1,325**
Depreciation, amortisation and impairments	(114)	(67)	(69)	(79)	(38)	(1)	—	**(368)**
Underlying operating profit	391	120	108	212	161	(35)	—	**957**
Special items	(14)	(21)	(22)	—	—	—	—	**(57)**
Operating segment assets	2,094	1,224	1,333	1,001	669	6	(168)	**6,159**
Operating net segment assets	1,753	935	1,146	821	563	1	—	**5,219**
Additions to non-current non-financial assets	281	118	173	56	104	1	—	**733**
Capital expenditure cash payments	259	118	92	65	61	—	—	**595**
Operating margin (%)	*18.1*	*5.9*	*7.4*	*17.2*	*24.7*	—	—	***14.0***
Return on capital employed (%)	*25.5*	*13.9*	*10.7*	*25.6*	*30.1*	—	—	***20.5***
Average number of employees (thousands)	5.3	7.7	4.6	6.0	1.6	0.1	—	**25.3**

3 Operating segments (continued)

Year ended 31 December 2014

€ million, unless otherwise stated	Europe & International: Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division	Corporate	Intersegment elimination	**Segments total**
Segment revenue	2,043	1,852	1,379	1,240	596	—	(708)	6,402
Internal revenue	(559)	(41)	(5)	(6)	(97)	—	708	—
External revenue	1,484	1,811	1,374	1,234	499	—	—	6,402
Underlying EBITDA	443	166	158	238	153	(32)	—	1,126
Depreciation, amortisation and impairments	(101)	(64)	(62)	(90)	(41)	(1)	—	(359)
Underlying operating profit	342	102	96	148	112	(33)	—	767
Special items	(6)	(16)	(17)	—	—	(13)	—	(52)
Operating segment assets	1,961	1,165	1,185	1,089	743	4	(166)	5,981
Operating net segment assets	1,588	875	1,021	922	626	2	—	5,034
Additions to non-current non-financial assets	279	104	109	125	68	—	—	685
Capital expenditure cash payments	259	77	80	117	29	—	—	562
Operating margin (%)	*16.7*	*5.5*	*7.0*	*11.9*	*18.8*	—	—	*12.0*
Return on capital employed (%)	*23.7*	*13.4*	*10.4*	*16.1*	*21.9*	—	—	*17.2*
Average number of employees (thousands)	5.0	7.3	4.6	6.5	1.6	0.1	—	25.1

Reconciliation of underlying EBITDA and underlying operating profit to profit before tax

€ million	**2015**	2014
Underlying EBITDA	**1,325**	1,126
Depreciation, amortisation and impairments	(368)	(359)
Underlying operating profit	**957**	767
Special items (see note 4)	(57)	(52)
Net profit from associates	1	1
Net finance costs (excluding financing special item)	(105)	(97)
Profit before tax	**796**	619

Reconciliation of operating segment assets

€ million	**2015 Segment assets**	**2015 Net segment assets**	2014 Segment assets	2014 Net segment assets
Segments total	**6,159**	**5,219**	5,981	5,034
Unallocated				
Investment in equity accounted investees	9	9	5	5
Deferred tax assets/(liabilities)	23	(218)	10	(249)
Other non-operating assets/(liabilities)	201	(325)	224	(283)
Group capital employed	**6,392**	**4,685**	6,220	4,507
Financial instruments/(net debt)	77	(1,498)	128	(1,613)
Total assets/equity	**6,469**	**3,187**	6,348	2,894

3 Operating segments (continued)

€ million	External revenue by location of production		External revenue by location of customer	
	2015	2014	**2015**	2014
Revenue				
Africa				
South Africa	652	596	465	419
Rest of Africa	13	10	205	216
Africa total	665	606	670	635
Western Europe				
Austria	981	960	144	153
Germany	964	931	960	966
United Kingdom	39	34	252	236
Rest of western Europe	607	664	1,360	1,331
Western Europe total	2,591	2,589	2,716	2,686
Emerging Europe				
Poland	909	873	515	484
Rest of emerging Europe	1,225	1,144	877	857
Emerging Europe total	2,134	2,017	1,392	1,341
Russia	674	685	535	559
North America	664	437	771	515
South America	—	—	72	61
Asia and Australia	91	68	663	605
Group total	**6,819**	6,402	**6,819**	6,402

4 Special items

€ million	**2015**	2014
Operating special items		
Asset impairments	(4)	(6)
Restructuring and closure costs:		
Personnel costs relating to restructuring	(28)	(29)
Restructuring and closure costs excluding related personnel costs	(17)	(9)
Adjustments relating to 2012 Nordenia acquisition	(8)	4
Transaction costs for US acquisition	—	(2)
Gain on settlement of 2007 legal case	—	3
Total operating special items	**(57)**	(39)
Financing special item		
Net charge on early redemption of €280 million Eurobond	—	(13)
Total special items before tax and non-controlling interests	**(57)**	(52)
Tax (see note 7)	10	4
Total special items attributable to shareholders	**(47)**	(48)

Operating special items

Restructuring and closure costs and related impairments during the year comprise:

- Packaging Paper
  - Closure of a speciality kraft paper mill in Finland. Restructuring costs of €11 million and related impairment of assets of €3 million were recognised.
- Fibre Packaging
  - Further restructuring following the acquisition of the bags business from Graphic Packaging in the US in 2014, giving rise to restructuring costs of €10 million.
  - Provision for closure of the plants in Sendenhorst (Germany) and Lembacel (France) in Industrial Bags. Restructuring costs of €11 million were recognised.
- Consumer Packaging
  - Closure of a plant in Spain. Restructuring costs of €13 million and related impairment of assets of €1 million were recognised.

€8 million write off of a receivable and provision for settlement of a legal case relating to the 2012 Nordenia acquisition was recognised in Consumer Packaging.

5 Write-down of inventories to net realisable value

€ million	2015	2014
Write-down of inventories to net realisable value	(24)	(24)
Aggregate reversal of previous write-down of inventories	19	16

6 Net finance costs

Net finance costs are presented below:

€ million	2015	2014
Investment income		
Total investment income	**4**	3
Finance costs		
Interest expense		
Interest on bank overdrafts and loans	(107)	(94)
Net interest expense on net retirement benefits liability	(9)	(11)
Total interest expense	**(116)**	(105)
Less: Interest capitalised	7	5
Total finance costs	**(109)**	(100)
Net finance costs before special item	**(105)**	(97)
Financing special item		
Net charge on early redemption of €280 million Eurobond	**—**	(13)
Net finance costs	**(105)**	(110)

The weighted average interest rate applicable to capitalised interest on general borrowings for the year ended 31 December 2015 is 7.08% (2014: 8.36%) and is related to investments in Poland, Russia, the Czech Republic and South Africa (2014: investments in Poland, Russia and the Czech Republic).

7 Taxation

The Group's effective rate of tax before special items for the year ended 31 December 2015, calculated on profit before tax before special items and including net profit from associates, was 19% (2014: 19%).

€ million	2015	2014
UK corporation tax at 20.25% (2014: 21.50%)	1	1
SA corporation tax at 28% (2014: 28%)	35	30
Overseas tax	137	86
Current tax	**173**	117
Deferred tax in respect of the current year	24	23
Deferred tax in respect of prior years	(36)	(14)
Total tax charge before special items	**161**	126
Current tax on special items	(2)	—
Deferred tax on special items	(8)	(4)
Total tax credit on special items (see note 4)	**(10)**	(4)
Total tax charge	**151**	122

8 Earnings per share

euro cents per share	2015	2014
Profit for the year attributable to shareholders		
Basic EPS	**124.0**	97.4
Diluted EPS	**123.7**	97.1
Underlying earnings for the year		
Basic underlying EPS	**133.7**	107.3
Diluted underlying EPS	**133.4**	107.0
Headline earnings for the year		
Basic headline EPS	**123.4**	99.5
Diluted headline EPS	**123.1**	99.2

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	2015	2014
Profit for the year attributable to shareholders	**600**	471
Special items (see note 4)	57	52
Related tax (see note 4)	(10)	(4)
Underlying earnings for the year	**647**	519
Special items not excluded from headline earnings	(53)	(46)
Profit on disposal of property, plant and equipment	(13)	—
Impairments not included in special items	3	4
Related tax	13	4
Headline earnings for the year	**597**	481

	Weighted average number of shares	
million	2015	2014
Basic number of ordinary shares outstanding	**483.9**	483.6
Effect of dilutive potential ordinary shares	1.1	1.3
Diluted number of ordinary shares outstanding	**485.0**	484.9

9 Dividends

An interim dividend for the year ended 31 December 2015 of 200.04751 rand cents/14.38 euro cents per share was paid on 15 September 2015 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 21 August 2015.

A proposed final dividend for the year ended 31 December 2015 of 37.62 euro cents per share will be paid on 19 May 2016 to those shareholders on the register of Mondi plc on 22 April 2016. An equivalent South African rand final dividend will be paid on 19 May 2016 to shareholders on the register of Mondi Limited on 22 April 2016. The final dividend is subject to the approval of the shareholders of Mondi Limited and Mondi plc at the respective annual general meetings scheduled for 12 May 2016.

Dividends paid to the shareholders of Mondi Limited and Mondi plc are presented on a combined basis.

euro cents per share	2015	2014
Final dividend paid (in respect of prior year)	28.77	26.45
Interim dividend paid	14.38	13.23
Final dividend proposed for the year ended 31 December	**37.62**	28.77

€ million	2015	2014
Final dividend paid (in respect of prior year)	140	129
Interim dividend paid	69	64
Total dividends paid	**209**	193
Final dividend proposed for the year ended 31 December	**182**	139
Declared by Group companies to non-controlling interests	25	16

9 Dividends (continued)

Dividend timetable

The proposed final dividend for the year ended 31 December 2015 of 37.62 euro cents per share will be paid in accordance with the following timetable:

	Mondi Limited	Mondi plc
Last date to trade shares cum-dividend		
JSE Limited	15 April 2016	15 April 2016
London Stock Exchange	Not applicable	20 April 2016
Shares commence trading ex-dividend		
JSE Limited	18 April 2016	18 April 2016
London Stock Exchange	Not applicable	21 April 2016
Record date		
JSE Limited	22 April 2016	22 April 2016
London Stock Exchange	Not applicable	22 April 2016
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	28 April 2016	28 April 2016
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	29 April 2016	24 April 2016*
Payment Date		
South African Register	19 May 2016	19 May 2016
UK Register	Not applicable	19 May 2016
DRIP purchase settlement dates (subject to the purchase of shares in the open market)	27 May 2016	23 May 2016**
Currency conversion date		
ZAR/euro	25 February 2016	25 February 2016
Euro/sterling	Not applicable	3 May 2016

*29 April 2016 for Mondi plc South African branch register shareholders
**27 May 2016 for Mondi plc South African branch register shareholders

Share certificates on the South African registers of Mondi Limited and Mondi plc may not be dematerialised or rematerialised between 18 April 2016 and 24 April 2016, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 13 April 2016 and 24 April 2016, both dates inclusive.

Information relating to the dividend tax to be withheld from Mondi Limited shareholders and 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 25 February 2016.

10 Forestry assets

€ million	2015	2014
At 1 January	235	233
Capitalised expenditure	38	35
Acquisition of assets	3	2
Fair value gains	40	34
Disposal of assets	(1)	(13)
Felling costs	(51)	(54)
Reclassified to assets held for sale	—	(11)
Currency movements	(45)	9
At 31 December	**219**	235
Comprising		
Mature	139	148
Immature	80	87
Total forestry assets	**219**	235

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 18) and this category is consistent with prior years. The fair value of forestry assets is calculated on the basis of future expected net cash flows arising on the Group's owned forestry assets, discounted based on a pre tax yield on long-term bonds over the last five years.

11 Borrowings

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

€ million	Maturity	Interest rate %	2015	(Restated) 2014
Financing facilities				
Syndicated Revolving Credit Facility	July 2020	EURIBOR/LIBOR + margin	750	750
€500 million Eurobond	April 2017	5.75%	500	500
€500 million Eurobond	September 2020	3.375%	500	500
European Investment Bank Facility	June 2025	EURIBOR + margin	90	100
Export Credit Agency Facility	June 2020	EURIBOR + margin	72	92
Other	Various	Various	90	164
Total committed facilities			**2,002**	2,106
Drawn			(1,404)	(1,650)
Total committed facilities available			**598**	456

Both the €500 million Eurobonds contain a coupon step-up clause whereby the coupon will be increased by 1.25% per annum if Mondi 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 (Baa2, outlook stable) and Standard & Poor's (BBB, outlook stable).

	2015			2014		
€ million	Current	Non-current	**Total**	Current	Non-current	Total
Secured	3	3	**6**	3	3	6
Unsecured						
Bonds	—	996	996	—	995	995
Bank loans and overdrafts	247	306	553	170	553	723
Other loans	—	14	14	3	14	17
Total unsecured	247	1,316	**1,563**	173	1,562	1,735
Total borrowings	**250**	**1,319**	**1,569**	176	1,565	1,741

The Group's borrowings as at 31 December are analysed by nature and underlying currency as follows:

2015/€ million	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	**Total carrying value**	**Fair value**
Euro	278	1,002	—	1,280	1,363
Pounds sterling	159	—	—	159	159
South African rand	36	—	6	42	42
Polish zloty	32	2	—	34	34
Turkish lira	33	—	—	33	33
Other currencies	11	10	—	21	22
Carrying value	**549**	**1,014**	**6**	**1,569**	
Fair value	**549**	**1,098**	**6**		**1,653**

2014/€ million	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Total carrying value	Fair value
Euro	199	999	—	1,198	1,309
Pounds sterling	355	—	—	355	355
South African rand	58	—	7	65	65
Polish zloty	48	—	—	48	48
Turkish lira	28	—	—	28	28
Other currencies	35	6	6	47	47
Carrying value	723	1,005	13	1,741	
Fair value	723	1,116	13		1,852

11 Borrowings (continued)

The fair values of the €500 million 2017 Eurobond and €500 million 2020 Eurobond are estimated from reference to the last price quoted in the secondary market. All other financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group swaps euro and sterling debt into other currencies through the foreign exchange market using foreign exchange contracts which has the effect of exposing the Group to interest rates of these currencies. The currencies swapped into/(out of) and the amounts as at 31 December were as follows:

€ million	2015	2014
Short-dated contracts with tenures of less than 12 months		
Pounds sterling	(148)	(322)
Czech koruna	200	179
Polish zloty	250	198
Russian rouble	86	141
Swedish krona	42	50
US dollar	104	67
Other	57	41
Total swapped	**591**	354

12 Retirement benefits

All assumptions related to the Group's defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually for the year ended 31 December 2015. The net retirement benefit liability decreased by €40 million mainly due to changes in assumptions. The assets backing the defined benefit scheme liabilities reflect their market values as at 31 December 2015. Remeasurement gains and losses arising from changes in assumptions have been recognised in the condensed combined and consolidated statement of comprehensive income.

13 Business combinations

To 31 December 2015

Acquisition of Ascania nonwoven Germany GmbH
Mondi acquired 100% of the outstanding share capital of Ascania nonwoven Germany GmbH (Ascania) on 2 November 2015 for a consideration of €53 million on a debt and cash-free basis. Ascania is a producer of nonwoven fabrics and nonwoven composites primarily used for personal care, hygiene and medical products as well as household applications. The acquisition strengthens Mondi's position as a preferred supplier of hygiene components such as elastic laminates for diapers and enables further growth with innovative products for baby diapers, adult incontinence, femcare and medical applications.

Ascania's revenue for the year ended 31 December 2015 was €53 million with a profit after tax of €4 million. Ascania's revenue of €9 million and profit after tax of €1 million since the date of acquisition have been included in the condensed combined and consolidated income statement.

Acquisition of KSP, Co.
On 14 December 2015, Mondi acquired a 95% interest in KSP, Co. (KSP), for a consideration of €41 million on a debt and cash-free basis. KSP is a flexible packaging company specialising in the production of high-quality spouted and retort stand-up pouches for the food, pet food and beverage industries. The acquisition allows Mondi to better serve its customers in the US and Asia and supports the strategy to expand in high value-added, high-growth markets in Consumer Packaging.

KSP's revenue for the year ended 31 December 2015 was €36 million with a profit after tax of €1 million. No contributions have been included since the date of acquisition in the condensed combined and consolidated income statement, as the acquisition was completed in the last month of the year.

13 Business combinations (continued)

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	Book value	Revaluation	Fair value
Net assets acquired			
Property, plant and equipment	14	26	40
Intangible assets	—	6	6
Share of joint venture	1	3	4
Inventories	4	—	4
Trade and other receivables	17	—	17
Cash and cash equivalents	12	—	12
Total assets	48	35	**83**
Trade and other payables	(8)	—	(8)
Income tax liabilities	(2)	—	(2)
Net retirement benefits liability	(2)	—	(2)
Deferred tax liabilities	—	(9)	(9)
Total liabilities (excluding debt)	(12)	(9)	**(21)**
Short-term borrowings	(13)	—	(13)
Medium and long-term borrowings	(8)	—	(8)
Debt assumed	(21)	—	**(21)**
Net assets acquired	**15**	**26**	**41**
Goodwill arising on acquisitions			44
Non-controlling interests in equity			(1)
Cash acquired net of overdrafts			(12)
Net cash paid per condensed combined and consolidated statement of cash flows			**72**

€ million	Goodwill	Net assets	Net cash paid
Ascania	25	26	47
KSP	19	15	25
Acquisitions total	**44**	**41**	**72**

Transaction costs of €2 million were charged to the condensed combined and consolidated income statement.

The fair value accounting of these acquisitions is provisional in nature. The nature of these businesses is such that further adjustments to the carrying values of acquired assets and/or liabilities, and adjustments to the purchase price, are possible as the detail of the acquired businesses is evaluated post acquisition. If necessary, any adjustments to the fair values recognised will be made within 12 months of the acquisition dates.

In respect of trade and other receivables, the gross contractual amounts receivable less the best estimates at the acquisition dates of the contractual cash flows not expected to be collected approximate the book values and the revaluation amounts respectively as presented.

To 31 December 2014

On 30 June 2014, Mondi acquired the bags and kraft paper business of Graphic Packaging International, Inc. (Graphic), a wholly-owned subsidiary of Graphic Packaging Holding Company, for a total consideration of US$101 million (€74 million) on a debt and cash-free basis.

On 31 July 2014, the acquisition of a consumer packaging plant in Poland from Printpack, Inc. (Printpack), for US$23 million (€17 million) on a debt and cash-free basis, was completed, adding to the Group's production capacity in that region.

On 31 October 2014, the industrial bags business was acquired from Inn_Flex S.r.L. & David Tomasin (Intercell), for US$12 million (€9 million) on a debt and cash-free basis, in line with the Group's growth strategy.

13 Business combinations (continued)

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	Book value	Revaluation	Fair value
Net assets acquired			
Property, plant and equipment	97	(48)	49
Intangible assets	—	1	1
Inventories	62	(7)	55
Trade and other receivables	33	(1)	32
Cash and cash equivalents	6	—	6
Total assets	198	(55)	143
Trade and other payables	(31)	(3)	(34)
Net retirement benefits liability	(1)	—	(1)
Deferred tax liabilities	—	(1)	(1)
Total liabilities (excluding debt)	(32)	(4)	(36)
Short-term borrowings	(30)	—	(30)
Medium and long-term borrowings	(2)	—	(2)
Debt assumed	(32)	—	(32)
Net assets acquired	134	(59)	75
Transaction costs expensed			3
Cash acquired net of overdrafts			(6)
Net cash paid per condensed combined and consolidated statement of cash flows			72

€ million	Net assets	Net cash paid
Graphic	44	46
Printpack	23	17
Intercell	8	9
Acquisitions total	75	72

No changes were made to the fair values recognised at acquisition.

14 Disposal of businesses

To 31 December 2015

Disposal of Mondi Ipoh Sdn Bhd
On 11 August 2015, Mondi sold 100% of the shares in Mondi Ipoh Sdn Bhd (Ipoh) to Scientex Packaging Film Sdn Bhd. The sale enables Mondi's Consumer Packaging business to refine its product portfolio in line with its business strategy. The profit on disposal of the business of €3 million was recognised in the combined and consolidated income statement.

Disposal of Mondi Osterburken GmbH
Mondi sold 100% of the shares in Mondi Osterburken GmbH (Osterburken) on 24 August 2015 to POLIFILM Extrusion GmbH. The sale will enable Mondi to refine its product portfolio and move away from supplying films to competitors of its Consumer Packaging business unit. The profit on disposal of the business of €1 million was recognised in the combined and consolidated income statement.

Disposal of Mondi Raubling Group
On 22 December 2015, Mondi disposed of 100% of the shares in the Mondi Raubling Group (Raubling), which comprise Mondi Raubling GmbH, HBB Heizkraftwerk Bauernfeind Betreibergesellschaft m.b.H and Chiemgau Recycling GmbH to the Heinzel Group. The sale enables Mondi to focus on the development of its core containerboard operations. The profit on disposal of the business of €2 million was recognised in the combined and consolidated income statement.

14 Disposal of businesses (continued)

Details of the net assets disposed, are as follows:

€ million	2015
Property, plant and equipment	45
Intangible assets	3
Inventories	16
Trade and other receivables	21
Cash and cash equivalents	12
Total assets	**97**
Trade and other payables	(30)
Net retirement benefits liability	(2)
Deferred tax liabilities	(2)
Provisions	(3)
Total liabilities (excluding debt)	**(37)**
Short-term borrowings	**(18)**
Net assets disposed	**42**
Cumulative translation adjustment reserve realised	2
Profit on disposal	6
Disposal proceeds	**50**
Cash disposed net of overdrafts	(12)
Net cash received per condensed combined and consolidated statement of cash flows	**38**

€ million	Net cash inflow
Ipoh	13
Osterburken	7
Raubling	18
Disposals total	**38**

15 Consolidated cash flow analysis

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

€ million	2015	2014
Profit before tax	**796**	619
Depreciation and amortisation	365	355
Impairment of property, plant and equipment and intangible assets (not included in special items)	3	4
Share-based payments	11	10
Non-cash effect of special items	15	15
Net finance costs (including financing special item)	105	110
Net profit from associates	(1)	(1)
Decrease in provisions and net retirement benefits	(15)	(10)
Increase in inventories	(11)	(71)
Increase in operating receivables	(51)	(2)
Increase/(decrease) in operating payables	71	(14)
Fair value gains on forestry assets	(40)	(34)
Felling costs	51	54
Profit on disposal of property, plant and equipment	(13)	—
Profit from disposal of businesses	(6)	—
Other adjustments	(1)	(2)
Cash generated from operations	**1,279**	1,033

15 Consolidated cash flow analysis (continued)

(b) Cash and cash equivalents

€ million	2015	2014
Cash and cash equivalents per condensed combined and consolidated statement of financial position	64	56
Bank overdrafts included in short-term borrowings	(28)	(47)
Cash and cash equivalents per condensed combined and consolidated statement of cash flows	**36**	9

The fair value of cash and cash equivalents approximate their carrying values presented.

(c) Movement in net debt

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Debt due within one year	Debt due after one year	Current financial asset investments	Debt-related derivative financial instruments	**Total net debt**
At 1 January 2014	64	(115)	(1,571)	1	2	(1,619)
Cash flow	(54)	375	(354)	(1)	—	(34)
Business combinations	—	(30)	(2)	—	—	(32)
Movement in unamortised loan costs	—	—	16	—	—	16
Net movement in derivative financial instruments	—	—	—	—	70	70
Reclassification	—	(388)	388	—	—	—
Currency movements	(1)	29	(42)	—	—	(14)
At 31 December 2014	9	(129)	(1,565)	—	72	(1,613)
Cash flow	32	(52)	219	—	—	199
Business combinations	—	5	(8)	—	—	(3)
Movement in unamortised loan costs	—	—	(3)	—	—	(3)
Net movement in derivative financial instruments	—	—	—	—	(73)	(73)
Reclassification	—	(54)	54	2	—	2
Currency movements	(5)	8	(16)	—	6	(7)
At 31 December 2015	**36**	**(222)**	**(1,319)**	**2**	**5**	**(1,498)**

The Group operates in certain countries (principally South Africa) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

16 Capital commitments

€ million	2015	2014
Contracted for but not provided	213	344
Approved, not yet contracted for	817	1,009
Total capital commitments	**1,030**	1,353

These capital commitments relate to the following categories of non-current non-financial assets:

€ million	2015	2014
Intangible assets	22	26
Property, plant and equipment	1,008	1,327
Total capital commitments	**1,030**	1,353

The expected maturity of these capital commitments is:

€ million	2015	2014
Within one year	418	570
One to two years	334	451
Two to five years	278	332
Total capital commitments	**1,030**	1,353

16 Capital commitments (continued)

Capital commitments are based on capital projects approved by the end of the financial year and the budget approved by the Boards. Major capital projects still require further approval before they commence and are not included in the above analysis. The Group's capital commitments are expected to be financed from existing cash resources and borrowing facilities.

17 Contingent liabilities

Contingent liabilities comprise aggregate amounts as at 31 December 2015 of €9 million (2014: €26 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 both years presented.

18 Fair value measurement

Financial instruments that are measured in the condensed combined and consolidated statement of financial position at fair value, or where the fair value of financial instruments have been disclosed in 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 Group does not hold any financial instruments categorised as level 3 financial instruments. The only 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 10.

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

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 where available and rely as little as possible on Group specific estimates.

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 Group's commodity price derivatives are valued by independent third parties, who in turn calculate the fair values 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 in the following table, 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	
€ million	**2015**	2014	**2015**	2014
Financial liabilities				
Borrowings	**1,569**	1,741	**1,653**	1,852

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. These transactions, in total, are not considered to be significant.

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

There have been no significant changes to the related parties as disclosed in note 31 of the Group's annual financial statements for the year ended 31 December 2014.

20 Events occurring after 31 December 2015

With the exception of the proposed final dividend for 2015, included in note 9, there have been no material reportable events since 31 December 2015.

Production statistics

		2015	2014
Packaging Paper			
Containerboard	'000 tonnes	2,138	2,160
Kraft paper	'000 tonnes	1,162	1,130
Softwood pulp	'000 tonnes	2,108	2,085
Internal consumption	'000 tonnes	1,952	1,970
Market pulp	'000 tonnes	156	115
Fibre Packaging			
Corrugated board and boxes	million m²	1,350	1,343
Industrial bags	million units	4,925	4,446
Extrusion coatings	million m²	1,389	1,401
Consumer Packaging			
Consumer packaging[1]	million m^2	6,594	6,501
Uncoated Fine Paper			
Uncoated fine paper	'000 tonnes	1,379	1,361
Hardwood pulp	'000 tonnes	1,161	1,127
Internal consumption	'000 tonnes	1,061	1,041
Market pulp	'000 tonnes	100	86
Newsprint	'000 tonnes	197	202
South Africa Division			
Containerboard	'000 tonnes	247	253
Uncoated fine paper	'000 tonnes	240	258
Hardwood pulp	'000 tonnes	619	649
Internal consumption	'000 tonnes	305	332
Market pulp	'000 tonnes	314	317
Newsprint	'000 tonnes	113	117
Softwood pulp – internal consumption	'000 tonnes	138	139

Note:
1 2014 figure restated.

Exchange rates

	Average		Closing	
versus euro	**2015**	2014	**2015**	2014
South African rand	14.17	14.42	16.95	14.04
Czech koruna	27.28	27.53	27.02	27.74
Polish zloty	4.18	4.18	4.26	4.27
Pounds sterling	0.73	0.81	0.73	0.78
Russian rouble	68.04	50.73	80.67	72.34
Turkish lira	3.02	2.91	3.18	2.83
US dollar	1.11	1.33	1.09	1.21

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

We are Mondi: In touch every day

At Mondi, our products protect and preserve the things that matter.

Mondi is an international packaging and paper Group, employing around 25,000 people across more than 30 countries. Our key operations are located in central Europe, Russia, North America and South Africa. We offer over 100 packaging and paper products, customised into more than 100,000 different solutions for customers, end consumers and industrial end uses - touching the lives of millions of people every day. In 2015, Mondi had revenues of €6.8 billion and a return on capital employed of 20.5%.

The Mondi Group is fully integrated across the packaging and paper value chain - from managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions. Our innovative technologies and products can be found in a variety of applications including hygiene components, stand-up pouches, super-strong cement bags, clever retail boxes and office paper. Our key customers are in industries such as automotive; building and construction; chemicals; food and beverage; home and personal care; medical and pharmaceutical; packaging and paper converting; pet care; and office and professional printing.

Mondi 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.

For us, acting sustainably makes good business sense and is part of the way we work every day. We have been included in the FTSE4Good Index Series since 2008 and the JSE's Socially Responsible Investment (SRI) Index since 2007.

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