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

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

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

Mondi Group: Interim Management Statement 13 May 2015

This interim management statement provides an overview of the financial performance and financial position of the Group since the year ended 31 December 2014, based on management accounts up to 31 March 2015 and estimated results for April 2015. These results have not been audited or reviewed by Mondi's external auditors.

Reviewed results for the half-year ending 30 June 2015 will be published on or around 6 August 2015.

Except as discussed in this interim management statement, there have been no significant events or transactions impacting either the financial performance or financial position of Mondi Group since 31 December 2014 up to the date of this statement.

Group Performance Overview

First quarter underlying operating profit of EUR236 million was 29% above the comparable prior year period (EUR183 million), on volume growth and lower input costs across most of the European businesses, good contributions from capital projects and acquisitions, and higher selling prices in Russia and South Africa. The result was 9% above the fourth quarter of 2014 (EUR216 million).

Average selling prices in Europe for all key paper grades were broadly in line with those in the previous quarter and, with the exception of recycled containerboard, also in line with the comparable prior year period. Average benchmark recycled containerboard prices were around 6% lower than the first quarter of 2014.

On a like-for-like basis, sales volumes were up across most businesses on both the comparable prior year period and the previous quarter.

The Group benefited from generally lower input costs relative to the comparable prior year period, driven in part by currency impacts. Wood costs, paper for recycling, resin, energy and chemicals costs were all lower than the comparable prior year period. Inflationary pressures in a number of the emerging markets in which the Group operates are expected to increase going forward. In addition, the recent recovery in the oil price is expected to negatively affect the cost of energy, resin and chemicals.

The strengthening of the US dollar versus the Euro provided a net benefit to the Group, both through translation of dollar-denominated sales and through the support provided to European selling prices for a number of the Group's key paper grades. The weaker Russian rouble in the early part of the year had a net negative impact on the domestically focused uncoated fine paper business offset in part by the export-oriented Russian packaging paper operations. However, during the quarter, the rouble strengthened sharply from its lows.

During the first quarter, the scheduled maintenance shut of the Richards Bay mill in South Africa was completed. In 2014, this shut took place in the third quarter. Maintenance shuts are scheduled for the second quarter at the Swiecie mill in Poland and at two of the Group's kraft paper mills. As previously indicated, the impact of maintenance shuts on annual operating profit in 2015 is estimated to be around EUR80 million.

Divisional Overview

Europe & International Division

Packaging Paper performance was supported by strong contributions from projects commissioned over the past year, a positive contribution from the US operations acquired in the previous year, generally lower input costs and currency benefits. Selling prices were at similar levels to the comparable prior year period and the previous quarter.

Virgin containerboard price increases were implemented in southern Europe towards the end of the quarter and further increases of EUR40/tonne have since been announced across Europe. Recycled containerboard price increases have also been announced for implementation in the second quarter.

In Kraft Paper, average selling prices during the quarter were higher than those in the comparable prior year period and similar to the previous quarter. Price increases for sack kraft paper have been announced in Europe for implementation in June, although the impact is expected to be muted as a result of the high levels of integration into Fibre Packaging.

The business benefited from the ramp-up of projects completed during the prior year, most notably the 155,000 tonne per annum bleached kraft paper machine in Steti, Czech Republic, and the 100,000 tonne per annum pulp dryer in Syktyvkar, Russia, producing softwood pulp for the open market.

The **Fibre Packaging** business benefited from margin expansion versus the comparable prior year period on better pricing and improved product mix due to various commercial excellence initiatives, supported by volume growth. The business also benefited from an improving performance from the recently acquired US Bags business, with the turnaround progressing according to plan.

Consumer Packaging continues to show good progress with higher sales volumes and stronger margins than the comparable prior year period. Volume growth was supported by qualification of a number of new customer projects, together with the successful ramp-up of the plant opened in the first quarter of 2014 in China. Margin improvement was achieved through the ongoing focus on growth in higher margin products, in line with the business unit's strategy. Lower resin prices in the early part of the year also supported margins, although the sharp increase in resin prices since early March will negatively impact margins in the second quarter as product pricing adjusts with the usual three month lag.

Uncoated Fine Paper benefited from higher sales volumes, higher domestic Russian prices, and lower input costs, supported by a strong contribution from the recently completed recovery boiler investment in Ruzomberok, Slovakia. This was partially offset by lower average selling prices in Europe and negative currency impacts. In Russia, price increases were successfully implemented in the early part of the year in response to rising domestic inflationary pressures driven by the sharp rouble devaluation. A partial reduction of these increases was implemented in April following the subsequent revaluation of the rouble. In Europe, prices have stabilised, with price increases of between 2% and 3% implemented from the beginning of the second quarter.

South Africa Division

The South Africa Division benefited from higher average domestic selling prices, the benefits of the stronger US dollar, gains from land sales, and a higher than anticipated forestry revaluation gain versus the comparable prior year period. Domestic demand for the Division's key grades was lower than the previous quarter due to seasonal effects in uncoated fine paper and the weaker industrial sector affecting demand for pulp and containerboard.

Special items

The Group continues to review and refine its portfolio. Since 31 December 2014, the intention to close a consumer packaging plant in Spain and a small kraft paper mill in Finland was announced. In addition, restructuring of the recently acquired US Bags business continued. As a result, special item charges of EUR35 million were recognised.

Capital investment projects

Good progress is being made on the Group's major capital investment projects, with all projects proceeding on schedule and within budget.

Cash flow and financing activities

Cash generated by operations more than offset the cash outflows for the Group's capital expenditure programme.

Finance charges were higher than that of the preceding quarter and the comparable prior year period, primarily due to higher Russian interest rates, while average net debt levels were broadly unchanged from those of the previous quarter.

There have been no significant changes in the Group's borrowing facilities since 31 December 2014.

On 11 May 2015, Standard & Poor's announced that it had upgraded the Group's credit rating from BBB- to BBB stable outlook. This follows the upgrade from Moody's Investors Service to Baa2, announced in October 2014.

Summary

Much depends on the macroeconomic environment. However, given the Group's robust business model and clear strategic focus, management remains confident of continuing to deliver industry leading performance and making good progress for the year.

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
Sue I Ong	+44 20 3727 1340

Editors' notes

We are Mondi: In touch every day

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 and end consumers. In 2014, Mondi had revenues of EUR6.4 billion and a return on capital employed of 17.2%.

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. We don't just talk about sustainability; we make it 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.

Sponsor in South Africa: UBS South Africa (Pty) Ltd