

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 8 October 2015

This interim management statement provides an overview of the financial performance and financial position of the Group since the half-year ended 30 June 2015, based on management information up to 30 September 2015 and estimated results for October 2015. These results have not been audited or reviewed by Mondi's external auditors.

Reviewed results for the year ending 31 December 2015 will be published on or around 25 February 2016.

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 30 June 2015 up to the date of this statement.

Group Performance Overview

Third quarter underlying operating profit of €221 million was 27% above the comparable prior year period (€174 million) with a good performance from all business units and strong incremental contributions from Packaging Paper, Uncoated Fine Paper and the South Africa Division. As anticipated, underlying operating profit was 13% lower than the second quarter, reflecting the impact of planned maintenance shuts in a number of key operations and the usual seasonal slowdown in demand in certain segments.

Selling prices in local currency terms for most of the Group's key paper grades were generally stable to higher versus both the second quarter and the comparable prior year period. Like-for-like sales volumes were up on the comparable prior year period.

with the exception of kraft paper, which was impacted by softer demand in certain export markets and the closure of the Lohja plant in the first half.

Among the key input costs, wood, energy and chemical costs remained stable in local currency terms, while average benchmark European paper for recycling costs rose by 13% over the previous quarter. Polyethylene prices remain volatile, with the average price level higher than the prior quarter.

There was a mixed impact in the period from currencies to which the Group is exposed. The South Africa Division benefited from the weaker rand against both the US dollar and euro while the weakening of the Russian rouble during the third quarter had a net negative translation effect on the profits from the domestically focused uncoated fine paper business.

During the third quarter, a number of planned maintenance shuts took place at various containerboard, kraft paper and uncoated fine paper operations. In the fourth quarter, maintenance shuts are planned at the Group's Swiecie and Steti mills. For the full year, based on prevailing selling prices, the impact of maintenance shuts on underlying profit is still expected to be around €90 million, of which the third quarter effect was around €35 million (€70 million year-to-date).

Divisional Overview

In **Packaging Paper**, the containerboard business benefited from higher average selling prices versus both the comparable prior year period and the previous quarter, offset in part by higher paper for recycling costs. Average benchmark European virgin containerboard prices increased by 2% and recycled containerboard by 5% over the previous quarter as previously announced price increases came into effect. Demand remains good in all grades.

While European kraft paper markets remain stable, sack kraft export volumes are under some pressure due to a combination of political instability in the middle-east and north Africa and a slowdown in demand in certain south-east Asian markets.

The **Fibre Packaging** business benefited from volume growth and a reduction in fixed costs versus the comparable prior year period as a result of commercial excellence initiatives and the benefits of completed restructuring activities. Corrugated Packaging margins were negatively impacted by rising recycled containerboard input costs. The integration of the bags business acquired in the US continues to progress according to plan. The expected seasonally weaker demand in Industrial Bags will lead to lower profitability in the fourth quarter compared to the third quarter.

The **Consumer Packaging** business continues to make good progress with higher like-for-like sales volumes and improved margins versus the comparable prior year period. During the quarter, the sale of non-core operations in Germany and Malaysia was completed, in line with the Group's strategy of focusing on higher-

value added segments. In September, the Group announced that it had signed an agreement for the acquisition of Ascania nonwoven Germany GmbH for €54 million, strengthening Mondi's position as a preferred supplier of hygiene components. Completion remains subject to competition clearance.

Uncoated Fine Paper was impacted by the usual seasonal weakness in the third quarter, planned maintenance shuts and the weaker Russian rouble. Average European benchmark selling prices were up around 1% over the previous quarter. Price increases of between €25/tonne and €50/tonne depending on grade were successfully implemented in Europe during the quarter, while a price increase of 5% has been announced for the Russian market from October. The unintegrated mills in Austria remain under pressure from higher euro pulp prices.

The **South Africa Division** benefited from higher average domestic selling prices, higher export prices for hardwood pulp and currency gains. As anticipated, fair value gains on forestry assets were lower than both the previous quarter and the comparable prior year period.

Capital investment projects

Good progress is being made on the Group's major capital investment projects although the ramp-up of the recently rebuilt paper and in-line coating machine at the Group's Steti mill in the Czech Republic is slower than anticipated. As a consequence, the Group expects to deliver an incremental €50 million contribution (previously €60 million) to underlying operating profit in 2015 from its capital investment programme.

In July 2015, the first phase of the €166 million Swiecie recovery boiler project in Poland was commissioned according to schedule, and a number of the smaller projects intended to modernise some packaging paper and converting operations have been completed and are in the process of ramp-up and optimisation.

Cash flow and financing activities

Strong cash generation from operating activities more than offset the cash outflows related to the Group's capital expenditure programme and financing activities, resulting in a reduction in net debt during the quarter, with further deleveraging expected by the end of the year.

Finance charges were lower than that of the preceding quarter and the comparable prior year period, primarily due to lower average net debt levels and a reduction in exposure to higher-cost Russian rouble denominated debt.

There have been no significant changes in the Group's borrowing facilities since 30 June 2015.

Summary

The Group continues to deliver strongly, benefiting from stable to higher selling prices in a number of key grades and the contributions from its capital investment programme. Currency volatility has had a limited impact on the Group, while costs remain generally stable. With our robust business model, clear strategic focus and culture of continuous improvement, management remains confident of continuing to deliver industry leading performance and making good progress for the year.

Capital Markets Day

On 3 November 2015 Mondi will host a Capital Markets Day in London to give investors and analysts further insight into Mondi's business, growth strategy and capital expenditure programme. Presenters will include the Group Executive Committee and CEOs of the Group's primary business units. All presentations will be made available on the Group's website.

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Conference call dial-in details

Please see below details of our dial-in conference call that will be held at 8:00 (UK) and 9:00 (SA).

The conference call dial-in numbers are:

South Africa	0800 200 648 (toll-free)
UK	0808 162 4061 (toll-free)
Europe & Other	+800 246 78 700 (toll-free) or +27 10 201 6800

Should you have any issues on the day with accessing the dial-in conference call, please call +27 11 535 3600.

A replay facility will be available until 30 October 2015. Dial in: +27 (0)11 305 2030, Pin no: 39019#

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 €6.4 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