



Capital Markets Day 2015

Packaging Paper: Industry leading returns

Clemens Willée

3 November 2015

Leading European packaging paper producer

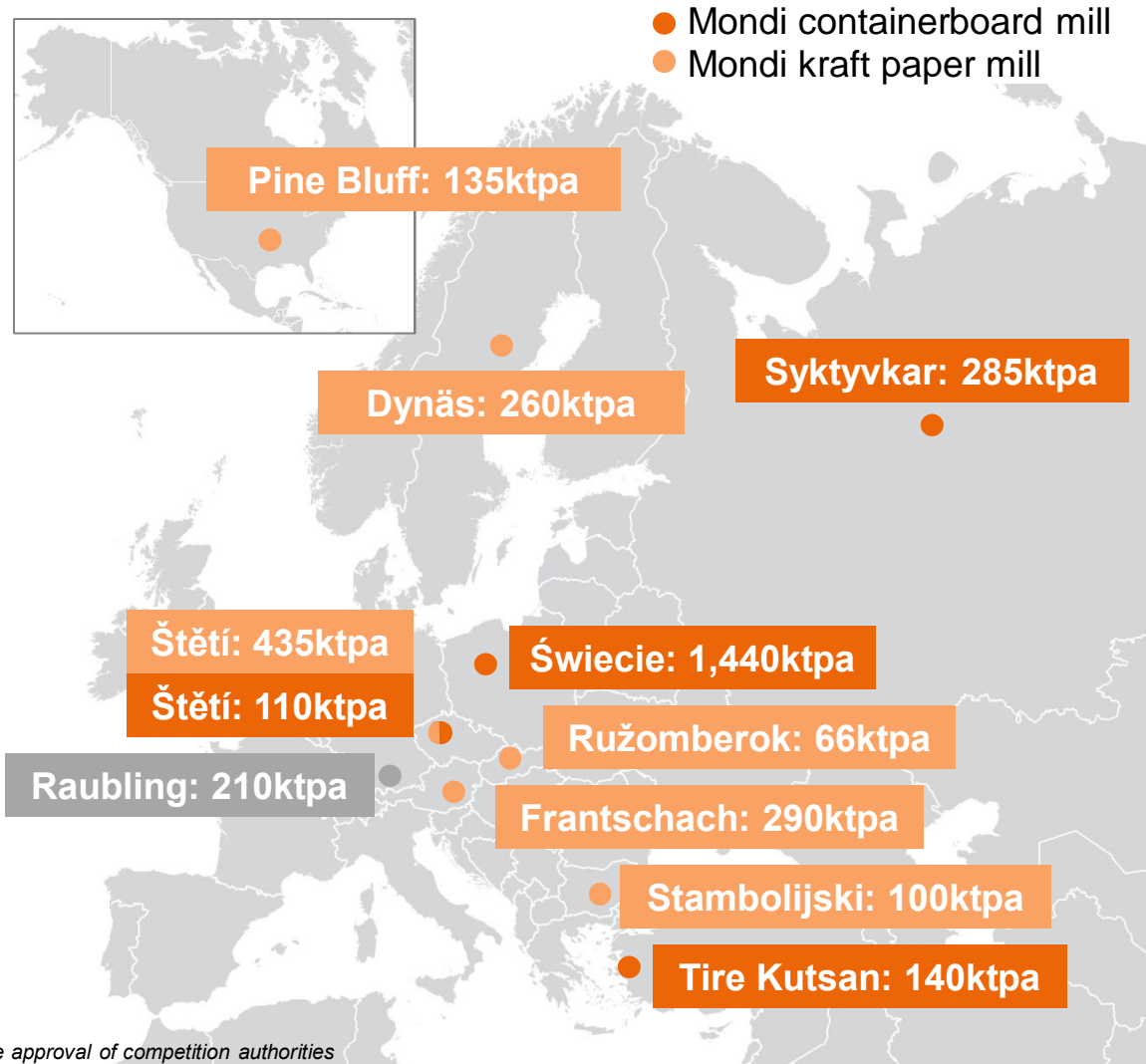


Virgin & recycled containerboard



Sack & speciality kraft paper

Production network and capacities (ktpa)¹

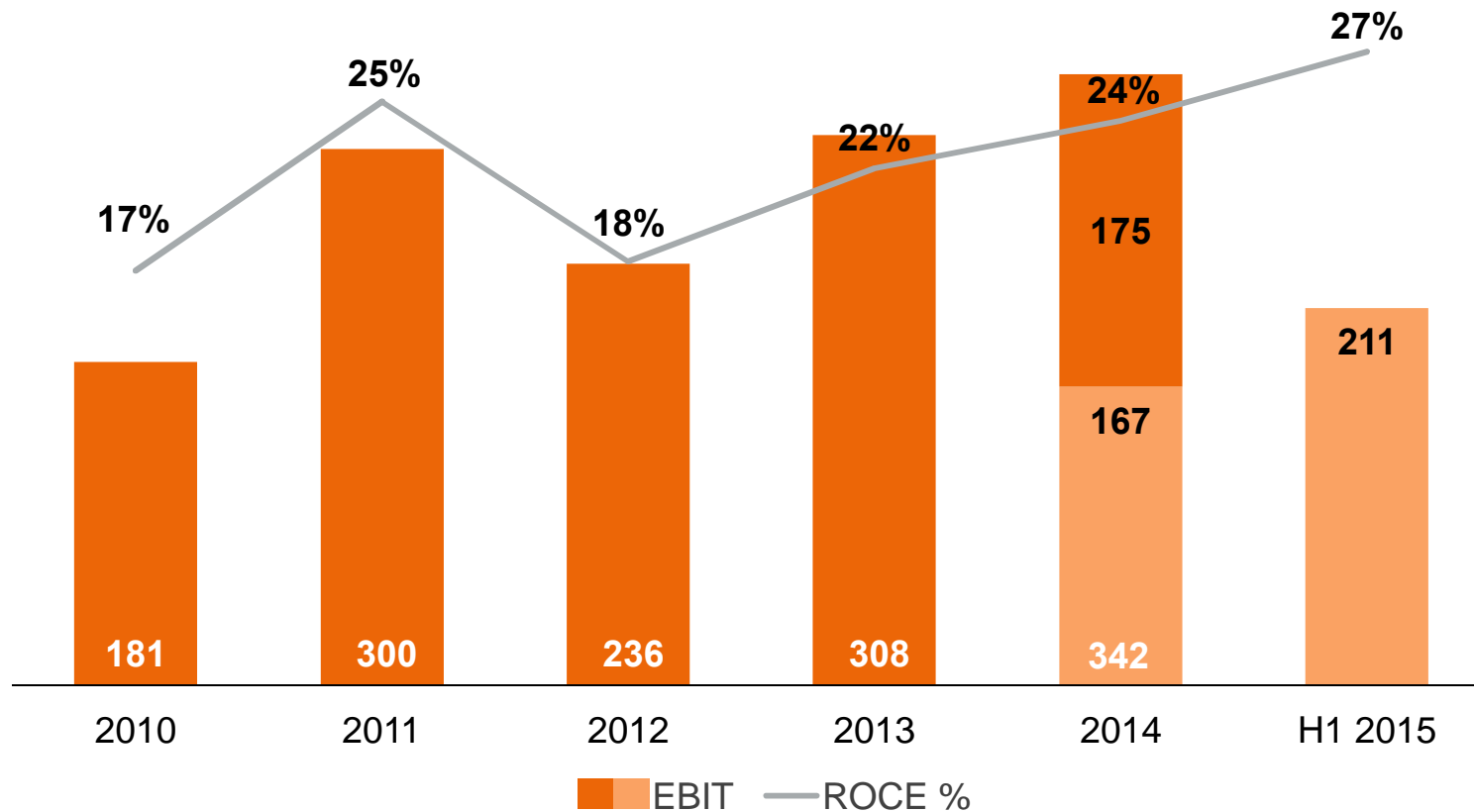


1) Mondi agreed to sell its Raubling mill on 28 October, subject to the approval of competition authorities
Figures in this presentation are inclusive of Raubling

Consistently delivering excellent financial performance

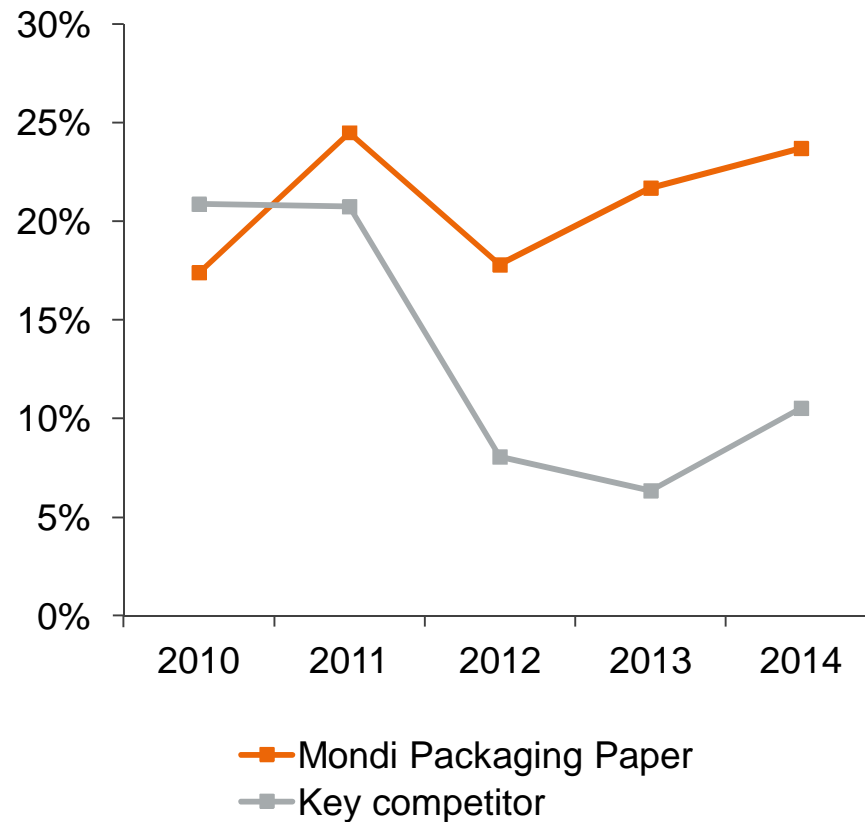


Underlying operating profit (€ million) and ROCE (%)

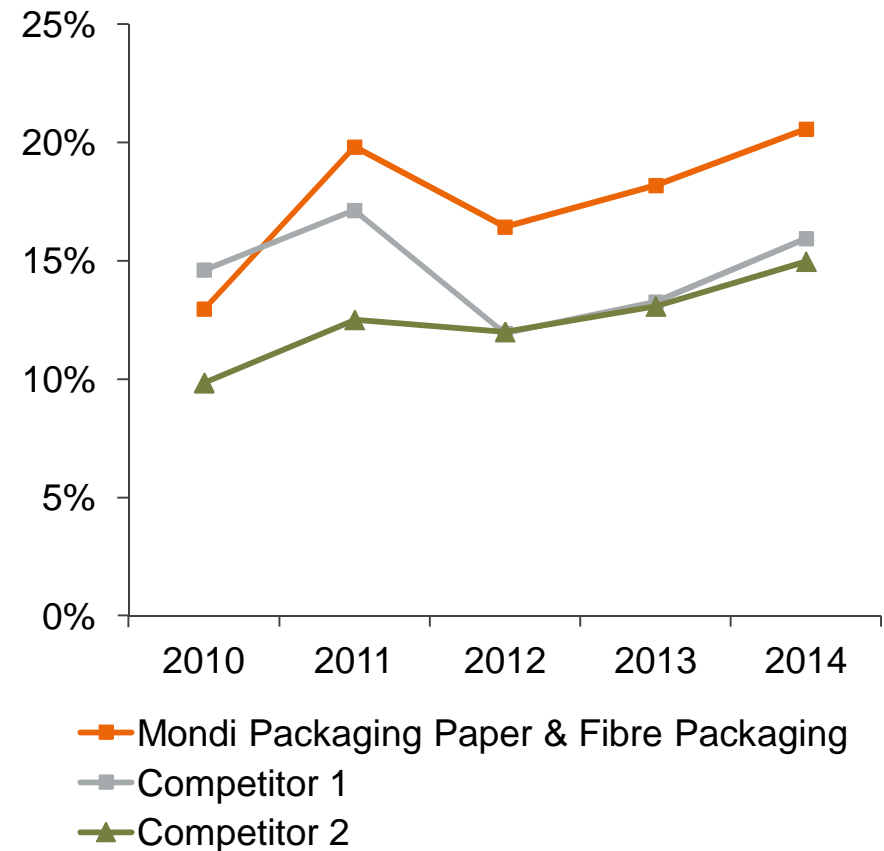


And industry leading returns

**Packaging Paper
ROCE benchmark (%)**

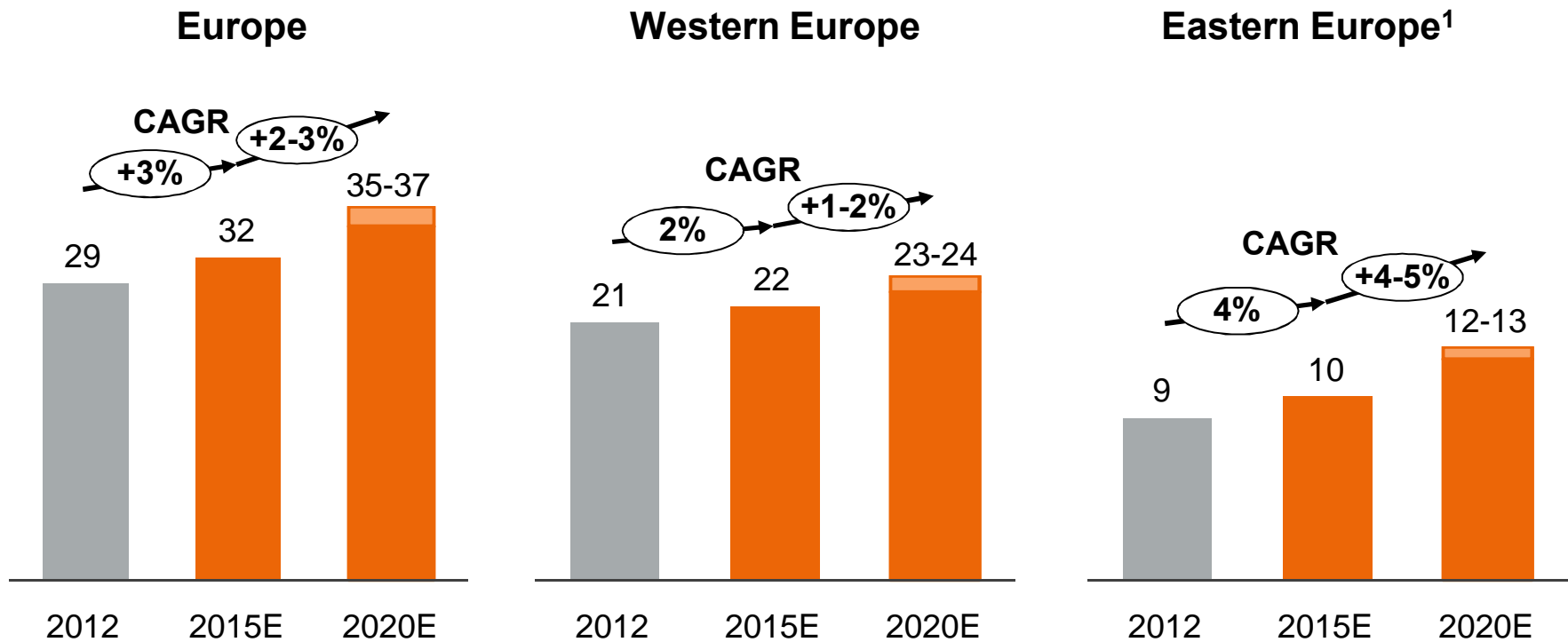


**Combined Packaging Paper & Fibre Packaging
ROCE benchmark (%)**



See appendix for definitions of ROCE

Containerboard demand growth expected to be highest in eastern Europe



Demand driven by general economic growth, industrial production and trade flows

Growing applications for shelf-ready packaging, point-of-sale displays, high-quality graphics and online shopping (strength and printability)

Cost control measures driving light-weighting and right-size packaging

¹ Eastern Europe includes Russia and Turkey

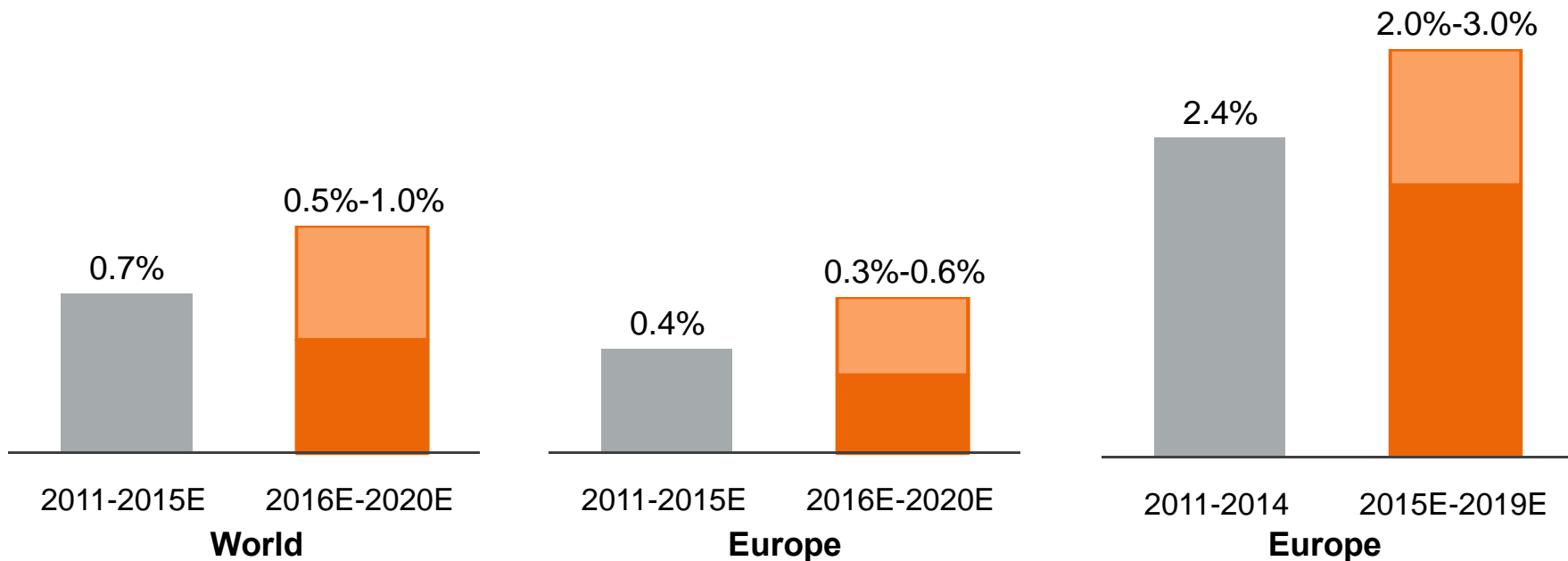
Source: Pöyry: World Paper Markets up to 2030, December 2014 and Mondi estimates. Market demand shown in million tonnes

Speciality kraft paper grades expected to be the main growth driver in kraft paper demand



Sack kraft paper growth forecast (CAGR%)¹

Speciality kraft paper growth forecast (CAGR%)²



Sack kraft paper demand driven by construction activity (porosity requirements for high-speed filling machinery), industrial production, farming and agricultural activity. Growth will be driven by emerging markets

Speciality kraft paper used in a variety of end-use applications, mainly in food service, consumer and retail applications

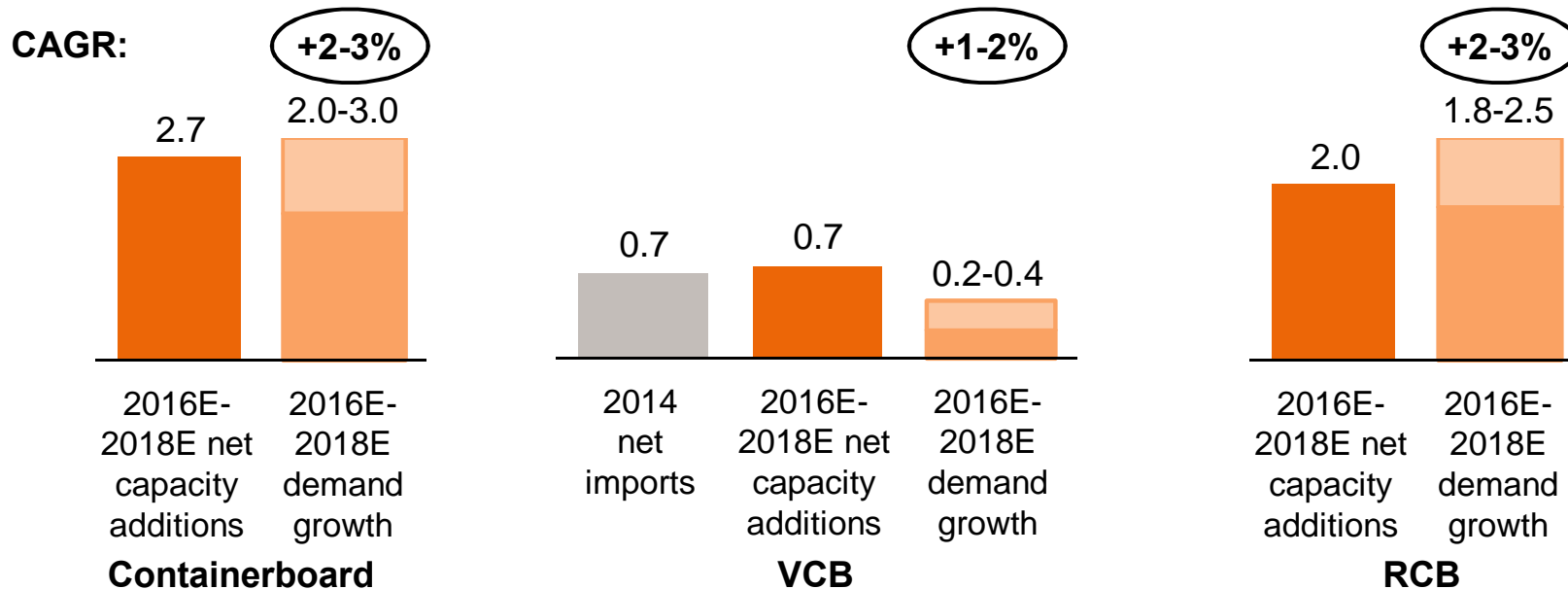
1) Europe includes Russia and Turkey. Source: Pöyry: World Paper Markets up to 2030, December 2014 and Mondi estimates

2) Europe includes Russia and Turkey. Source: AWA, report for Mondi, 2015 and Mondi estimates

Incremental containerboard supply expected to be absorbed by demand in the medium term



2016E-2018E demand and capacity containerboard growth estimates in Europe (in mt)¹



Overall containerboard capacity expected to grow in line with demand

In VCB grades, announced capacity increase ahead of demand growth. Likely to be compensated by grade substitution and/or reduction in net imports

- NA kraftliner can be sold domestically at " 80-100/t higher than in Southern Europe²

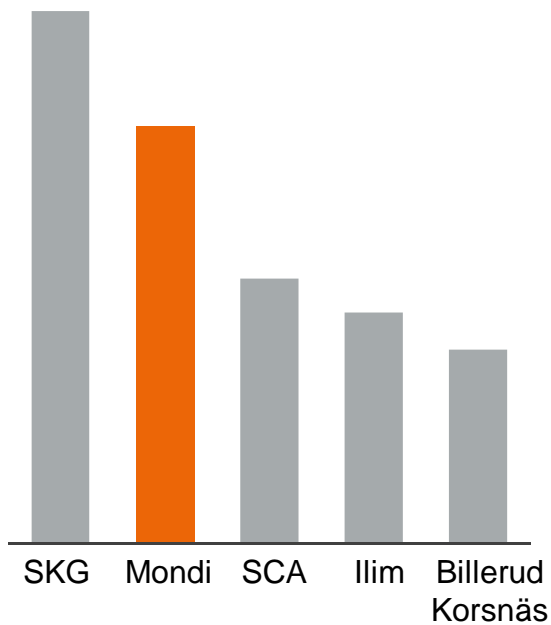
1) Source: RISI European 5 year Packaging Forecast and Mondi estimates (including Russia). Demand growth RISI and Mondi estimates. RCB net capacity additions RISI estimate, VCB net capacity additions Mondi estimate based on up to date announcements. Net imports source RISI

2) RISI: US kraftliner 175gsm delivered to US East and delivered to Italy

Packaging Paper enjoys leading market positions

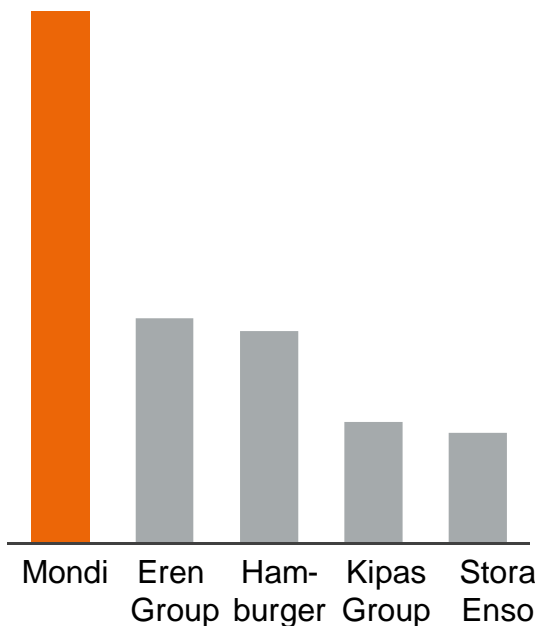


Top 5 European VCB producers
(based on capacity)¹



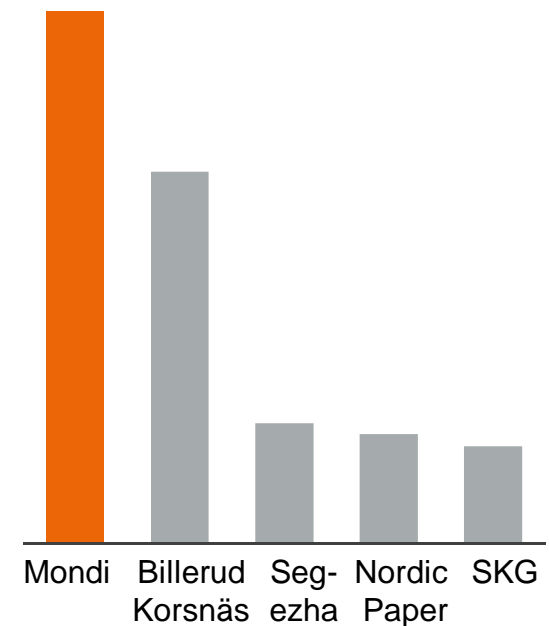
Top 5 ~ 67%

Top 5 emerging Europe regional containerboard producers
(based on capacity)¹



Top 5 ~ 55%

Top 5 European kraft paper producers
(based on capacity)²



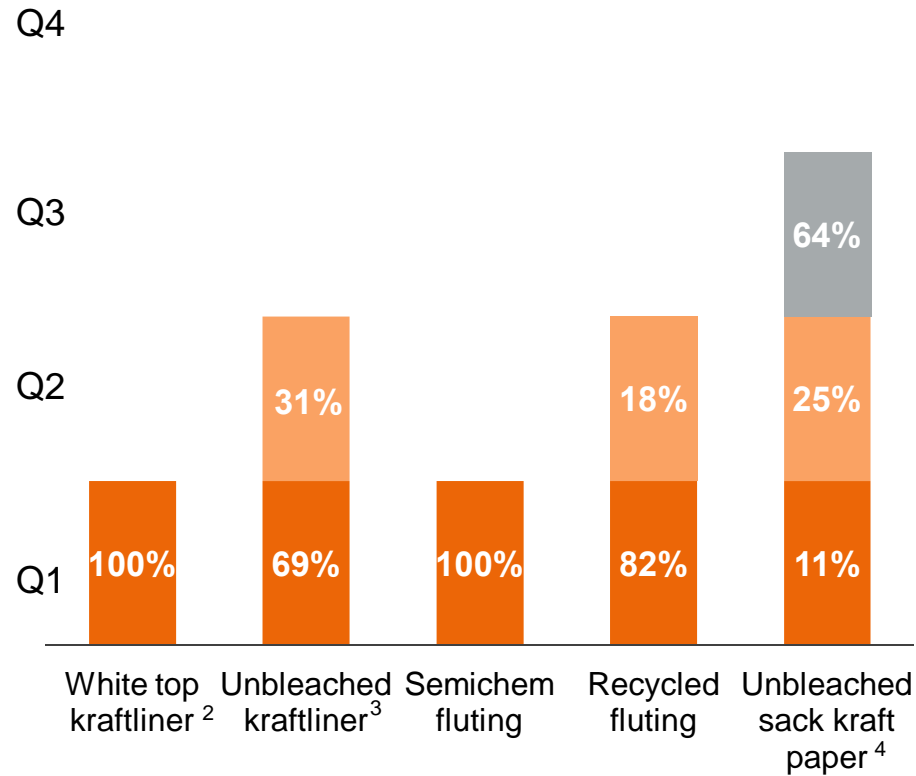
Top 5 ~ 55%

1) Source: RISI European Paper Packaging Capacity Report Jan 2014 and management estimates

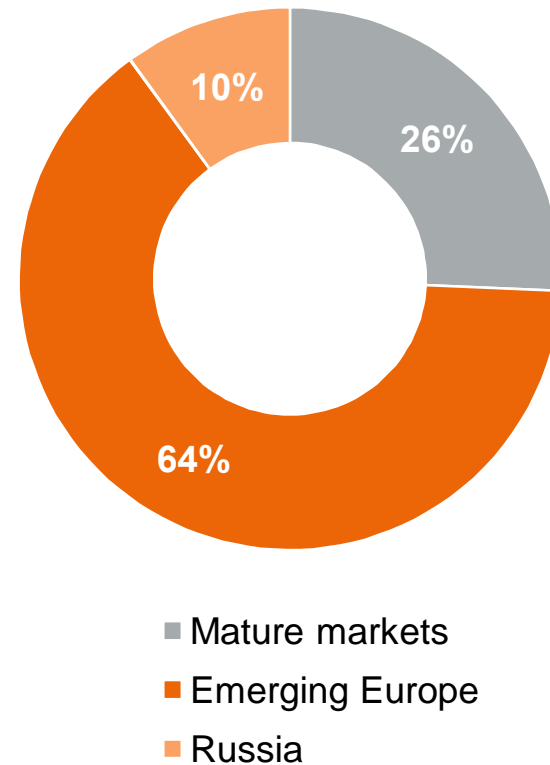
2) RISI European Paper Packaging Capacity Report Jan 2014, RISI Mill Asset Database, Pöyry Smart Terminal Service and management estimates

A low-cost asset base

**Packaging Paper cost position
(% capacity in quartile)¹**



**2014 Packaging Paper fixed assets
by geography (%)**



1) Delivered to Frankfurt. European capacity except unbleached sack kraft paper and white top kraftliner (global)
 2) Includes Richards Bay white top kraftliner machine
 3) Excludes kraftliner substitutes
 4) Includes Mondy's Pine Bluff operations in North America
 Source: RISI, Q2 2015 and Mondy. Note EURRUB59 during Q2

Leverage quality assets through selective investments



Cost optimisation

Stambolijski steam turbine and recovery boiler economiser
Frantschach recovery boiler (" 60m)
 wiecie recovery boiler, turbine & biomass boiler (" 166m)
Frantschach profit improvement programme (various initiatives)

Benefits:

Secure long-term competitive cost position
Energy efficiency improvement aimed at energy self-sufficiency
Benefit from renewable energy credits

Rebuilds, debottlenecking and new technologies

wiecie PM4 rebuild
¥t tí PM6 inline silicone coater
Syktyvkar PM21 rebuild
¥t tí PM5 rebuild
 wiecie phase II (" 94m)

Benefits:

Improve quality
Improve product mix
Some additional volumes
Develop new technologies

Selective new capacity

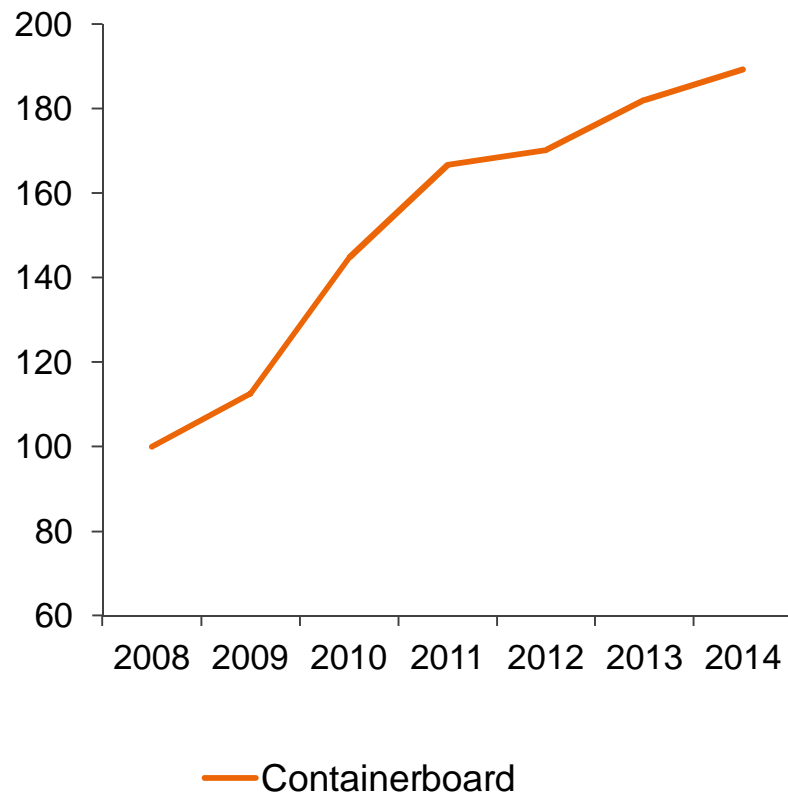
¥t tí PM7 155ktpa (bleached kraft paper) (" 70m)
Syktyvkar pulp dryer 100ktpa (" 30m)

Benefits:

Growth
New market segments
Improve product mix

Track record of performance excellence

Productivity per employee index (2008 = 100)¹



Structured approach to performance excellence:

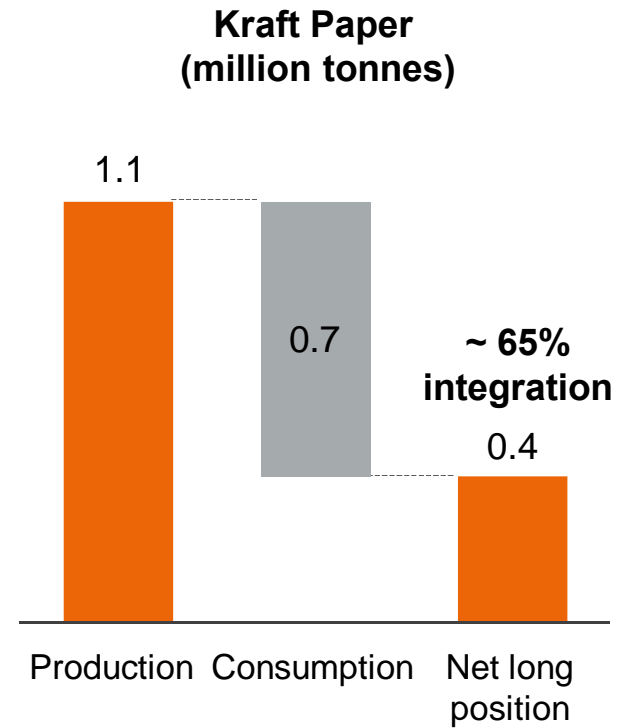
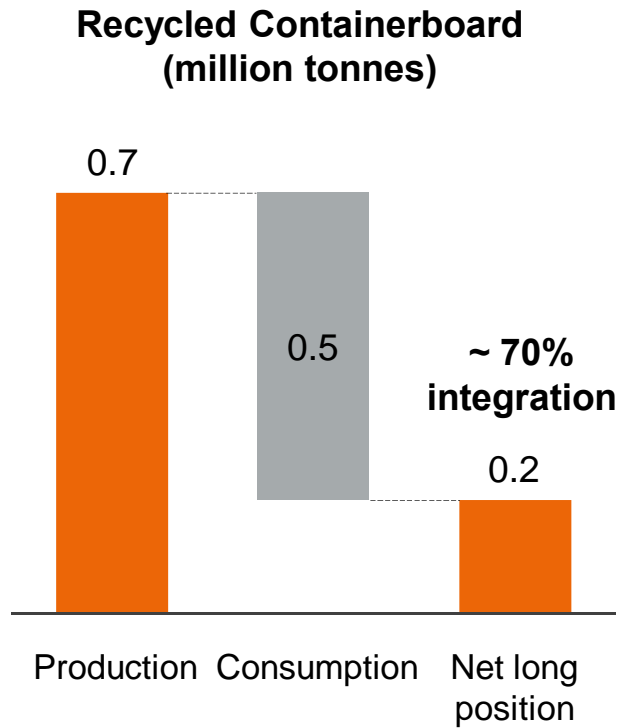
- Operational
- Commercial
- Supply chain
- Procurement

Systematic improvement initiatives and best practice sharing

- Health check and follow up with sustainable change programs
- Functional excellence (e.g. maintenance)
- Internal and external mills benchmark performed on regular basis
- Corporate, operational and commercial excellence teams

1) Productivity considers total output of containerboard mills

Adding value through integration



Optimised supply chain
Innovation partner

Note: Consumption represents total consumption by Mondy's downstream operations, including consumption of externally produced paper

Working closely with customers to provide excellent service



<p>Direct customer contact</p>	<p>Mondi own sales force in key markets Agents/traders only in selected AAA markets</p>	
<p>Leading service levels</p>	<p>Reliability and delivery performance:</p> <ul style="list-style-type: none"> ○ Make-to-Stock ○ Make-to-Europe 	
<p>Training and consulting / technical advice</p>	<p>Global technical service and converting expertise R&D labs (in conjunction with Fibre Packaging) Customer seminars: global/regional/customer-based</p>	
<p>New products</p>	<p>ProVantage Kraftliner/Fluting Aqua Advantage Protect Advantage Smooth White Strong</p>	<p>Advantage White Kraft Print Advantage SE White Print</p>

Packaging Paper well positioned to continue to deliver industry leading performance



Strategic value drivers

Maintain a high-quality, low-cost asset base

Focus on performance

Customer focused innovation

Leading European Packaging Paper producer

Well-invested, low-cost asset base

Exposure to emerging markets

Integration into converting operations

Performance improvement culture

Well positioned to capture market growth opportunities

Packaging Paper market positions and market outlook sources and definitions



Mondi region definitions:

Europe - Europe including Russia and Turkey

Emerging Europe - Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Malta, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey, Ukraine

Sources for market position estimates:

Virgin containerboard market position based on capacity - Source: RISI European Paper Packaging Capacity Report Jan 2014 and Mondi estimates

Containerboard emerging Europe regional market position based on capacity - Source: RISI European Paper Packaging Capacity Report Jan 2014, and management estimates

Kraft paper market position - Based on capacity. Source: RISI European Paper Packaging Capacity Report Jan 2014, RISI Mill Asset Database, Pöyry Smart Terminal Service and management estimates

Pöyry: World Paper Markets up to 2030 regional definitions:

Western Europe

Finland, Norway, Sweden, Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Switzerland, UK

Eastern Europe

USSR/Russia, Ukraine, Belarus, Moldova, Azerbaijan, Kazakhstan, Uzbekistan, Other CIS, Baltic countries, Bulgaria, Croatia, Czech Republic, Slovakia, Hungary, Poland, Romania, Slovenia, other Eastern Europe, Turkey

RISI region definitions

Europe includes:

Western Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom

Central Europe: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

Eastern Europe: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia, Ukraine

South Eastern Europe: Albania, Bosnia, Bulgaria, Croatia, Cyprus, Macedonia, Malta, Montenegro, Romania, Serbia, Turkey

Packaging Paper ROCE benchmark notes



Return on Capital Employed (ROCE) definitions:

Mondi:

ROCE: Trailing 12 month underlying operating profit (including share of associates' net income) / 12 month trailing capital employed

Capital employed: net segment assets plus investment in associates, deferred tax, and other non operating assets and liabilities excluding financial investments, adjusted for impairments in the year and spend on those strategic projects which are not yet in production

Competitors:

ROCE: underlying operating profit/average capital employed

Underlying operating profit is EBIT before exceptional items

Capital employed: shareholders' equity plus net debt

ROCE for each year is based on results as of the closest fiscal year ended 31 December

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