



Capital Markets Day 2015

Uncoated Fine Paper & South Africa Division:

Focused on cost competitiveness

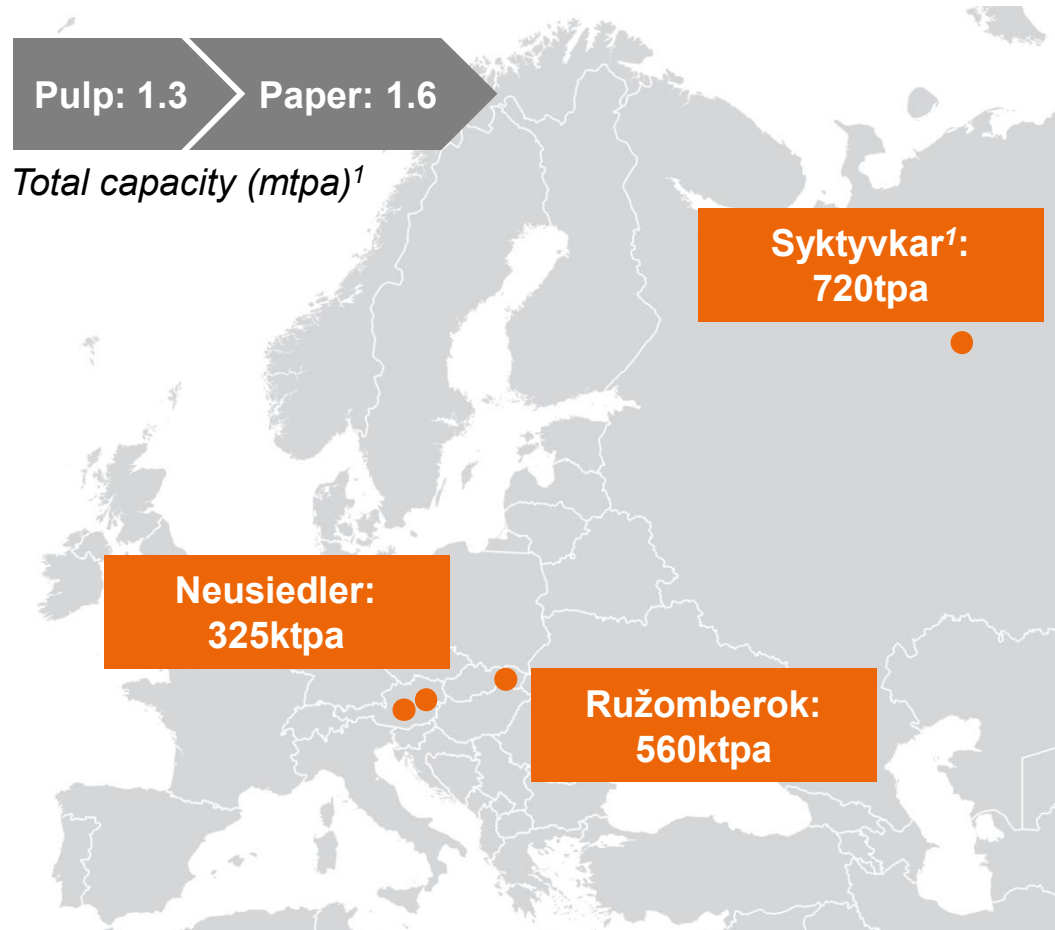
Peter Orisich & Ron Traill

3 November 2015

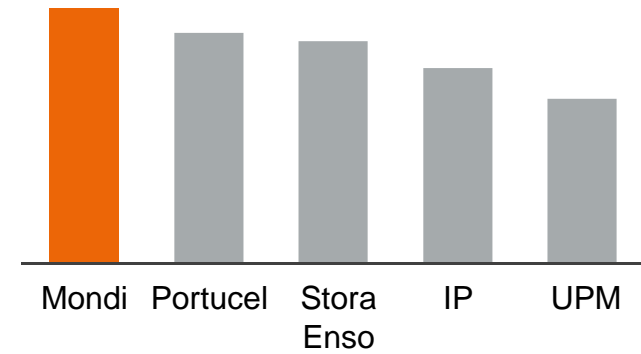
Leading European UFP producer



Production facilities and capacities



Top 5 European UFP producers (based on sales)²



Product portfolio



Office paper (multifunctional/colour laser)



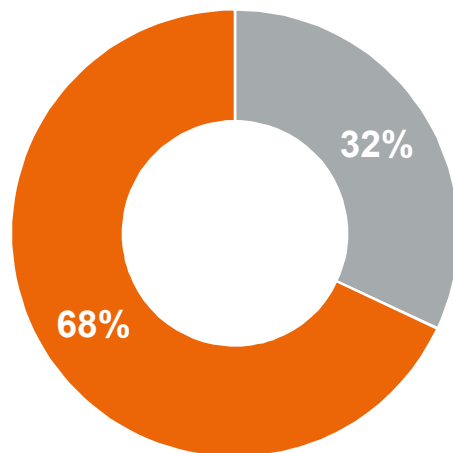
Professional printing paper (folio/reel)

1) Includes approximately 200ktpa of newsprint capacity. Excludes 340ktpa pulp capacity utilised by Packaging Paper
2) See appendix for sources and definitions of market share

Exposure to growing emerging Europe and Russia with a focus on cutsize

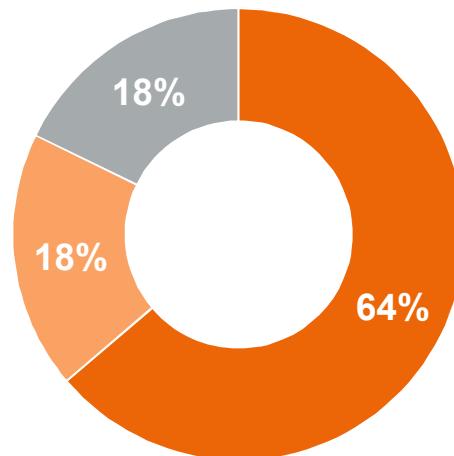


2014 turnover by destination (%)



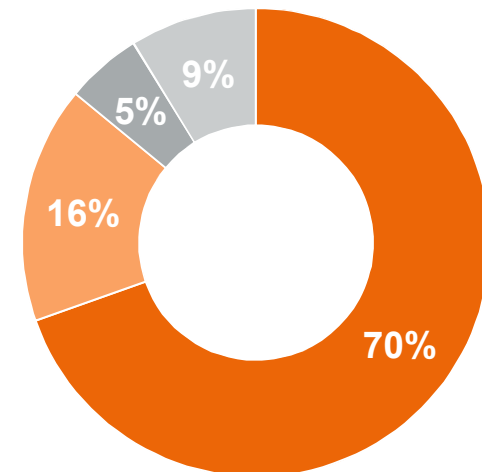
- Mature markets
- Emerging markets

2014 sales by product¹ (volume %)



- Cutsize
- Folio
- Reels

2014 sales by customer type^{1,2} (volume %)



- Merchants
- Office Supply Retailers
- Office Equipment Manufacturers
- Converters and other

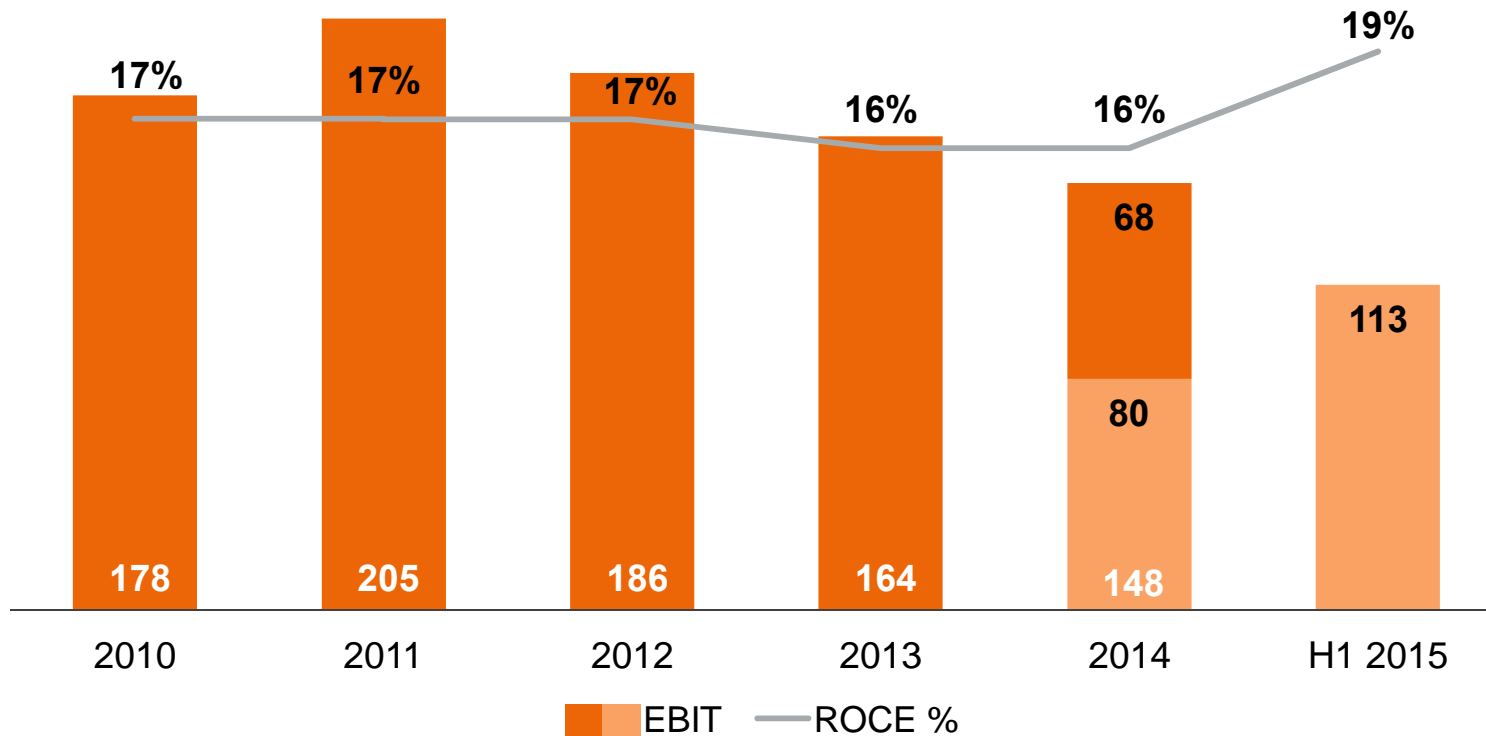
1) Uncoated fine paper sales only, excluding newsprint

2) Others include printers, publishers, digital printers and data centres

Consistently delivering excellent returns



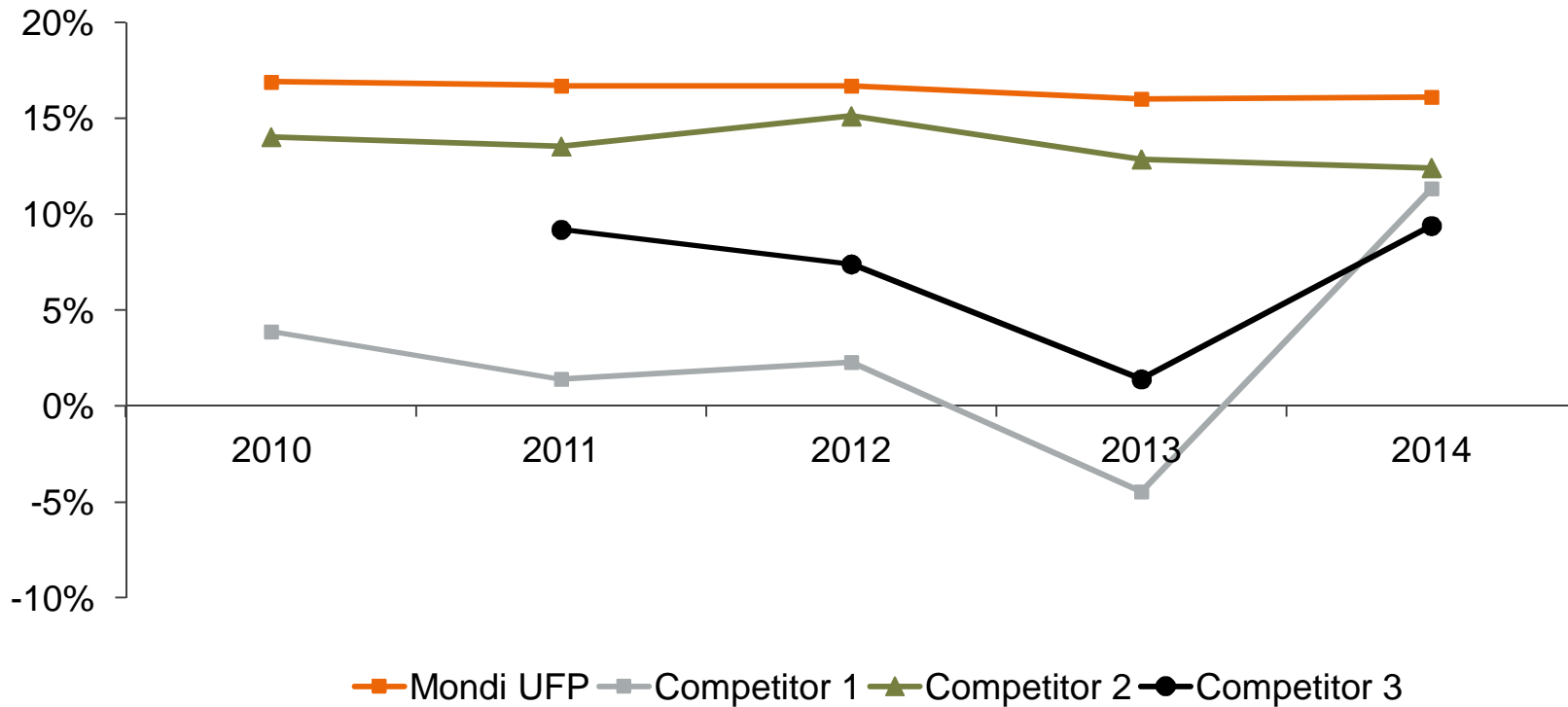
Underlying operating profit (€ million) and ROCE (%)



Outperforming European competitors



UFP ROCE benchmark (%)

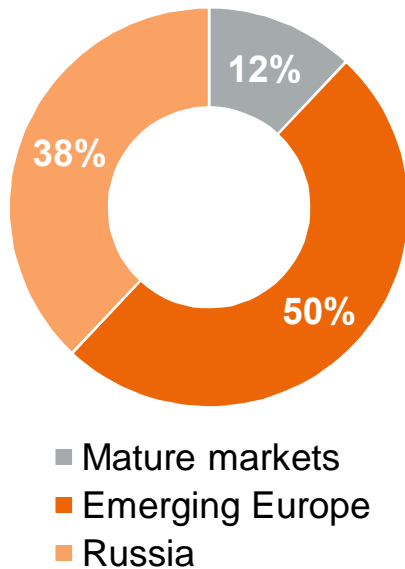


See appendix for definitions of ROCE. Competitor 1 and Competitor 3 2014 ROCE impacted by significant impairments in 2013

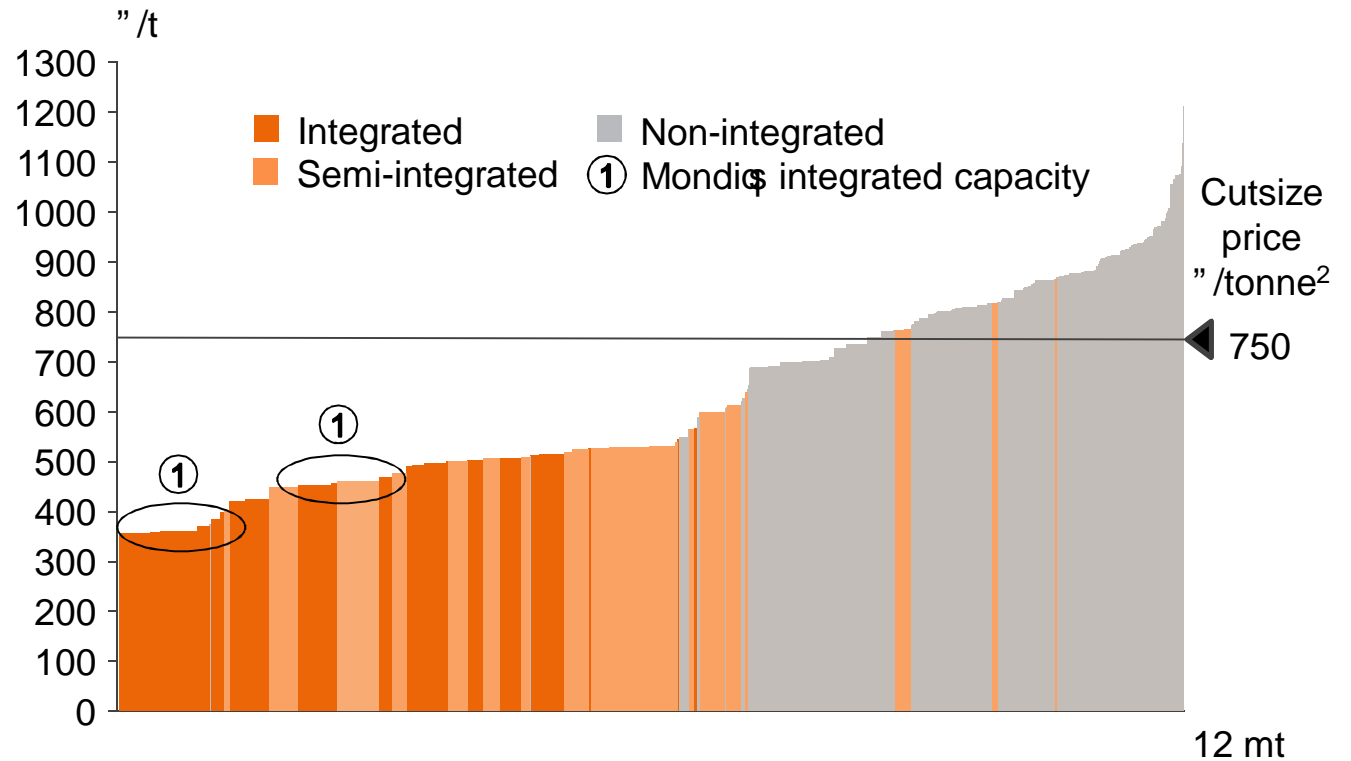
Low-cost, integrated asset base



2014 fixed assets by geography (%)



European UFP cost curve (€/tonne)¹



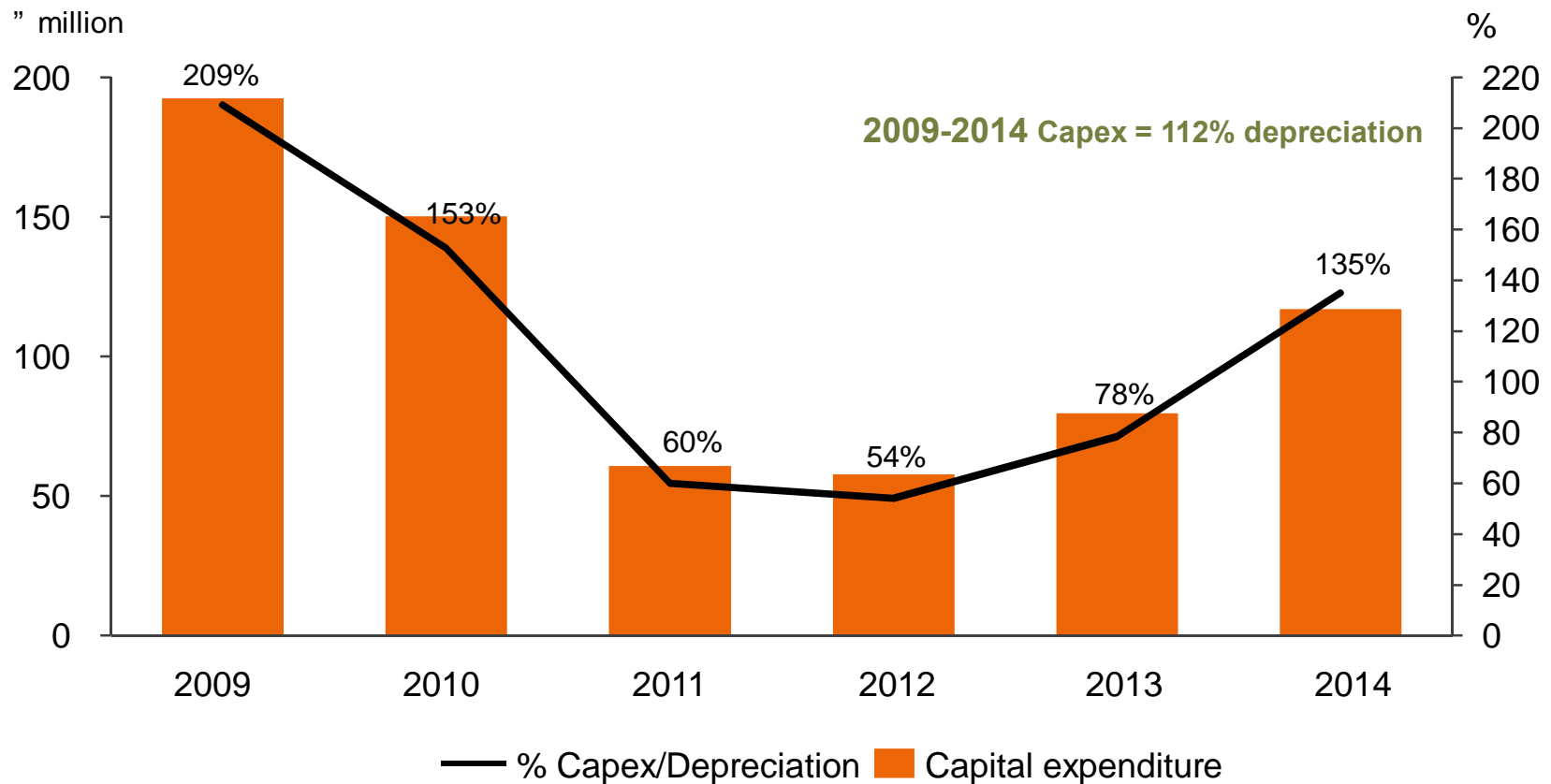
% integrated capacity	Industry		
	Integrated	Semi-Integrated	Non-Integrated (incl. recycled)
Industry	30%	30%	40%
Mondi	77%	5%	18%

1) Source: RISI, Q2 2015. Delivered costs to Frankfurt
 2) Foex, A4 B-copy price less discount

Investment to maintain and improve cost competitiveness



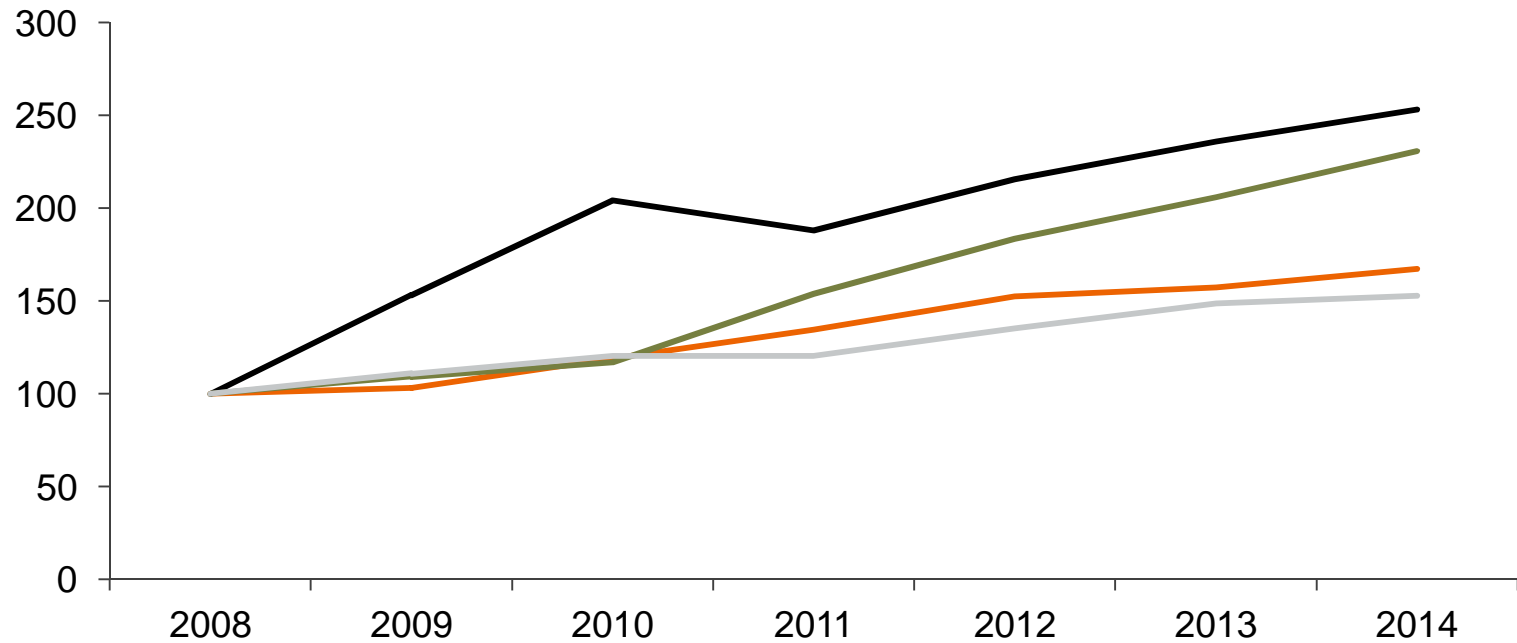
UFP capital expenditure in € million and as a % depreciation



Relentless focus on performance



Productivity per employee index (2008=100)



- Paper production (tonnes/employee)
- Syktyvkar harvesting (m3/av. logging complex)
- Syktyvkar pulp production (tonnes/employee)
- Ru0omberok pulp production (tonnes/employee)

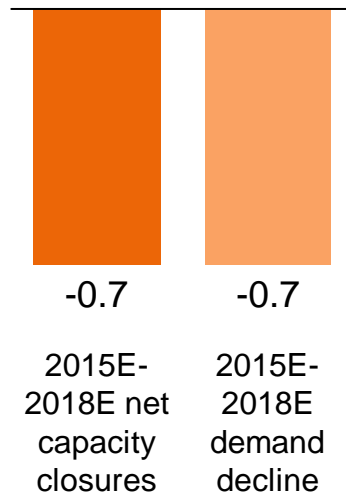
Operational excellence approach at all levels of organisation
(commercial, procurement, operational, supply chain)

Continuous focus on performance

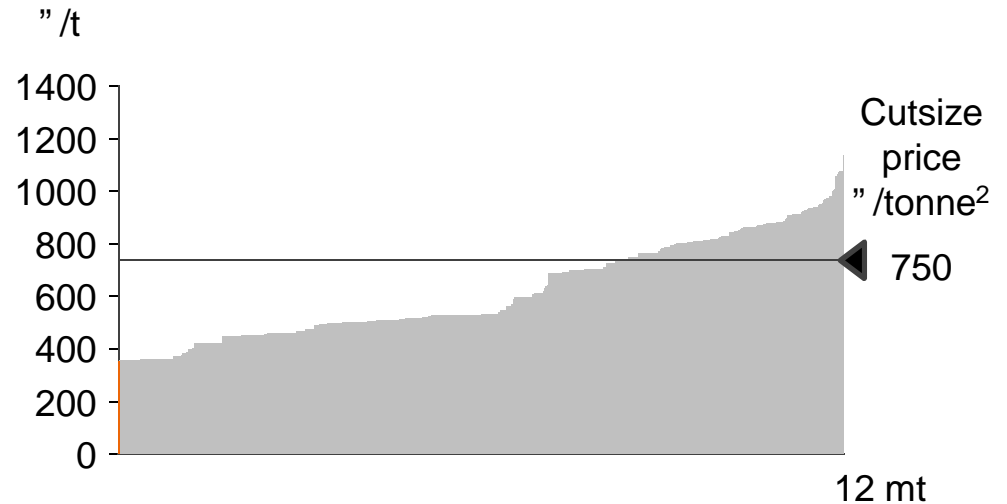
Recent closures will support market balance in the medium term



2015E-2018E UFP demand and capacity in Europe (in mt)¹



European UFP cost curve (€/tonne)²



Announced closures of Varkaus (285ktpa, 2015/2016), Tullis Russell (80ktpa, 2015), Papeteries de Chatelles (45ktpa, 2015) and Husum (350ktpa, 2016), will be helpful in the short to medium term. Thereafter further closures required to maintain balance

US anti-dumping investigation could increase competition in European market, however risk mitigated as current US prices for benchmark grades are currently c.20% higher than Europe³

Non-integrated high cost producers remain under pressure at current price levels

Demand in Russia will follow macroeconomic outlook

1) RISI European 5 year Graphic Paper Forecast, July 2015. Assumes 1.7% demand decline per annum for the four years 2015-2018
 2) Source: RISI Q2 2015. Delivered costs to Frankfurt and Foex, A4 B-copy price less discount
 3) RISI Global Outlook for Cut Size Uncoated Freesheet Paper Markets, 2015

Summary

Strategic value drivers

Maintain a high-quality, low-cost asset base

Focus on performance

Customer focused innovation

Low-cost integrated asset base in universal grades

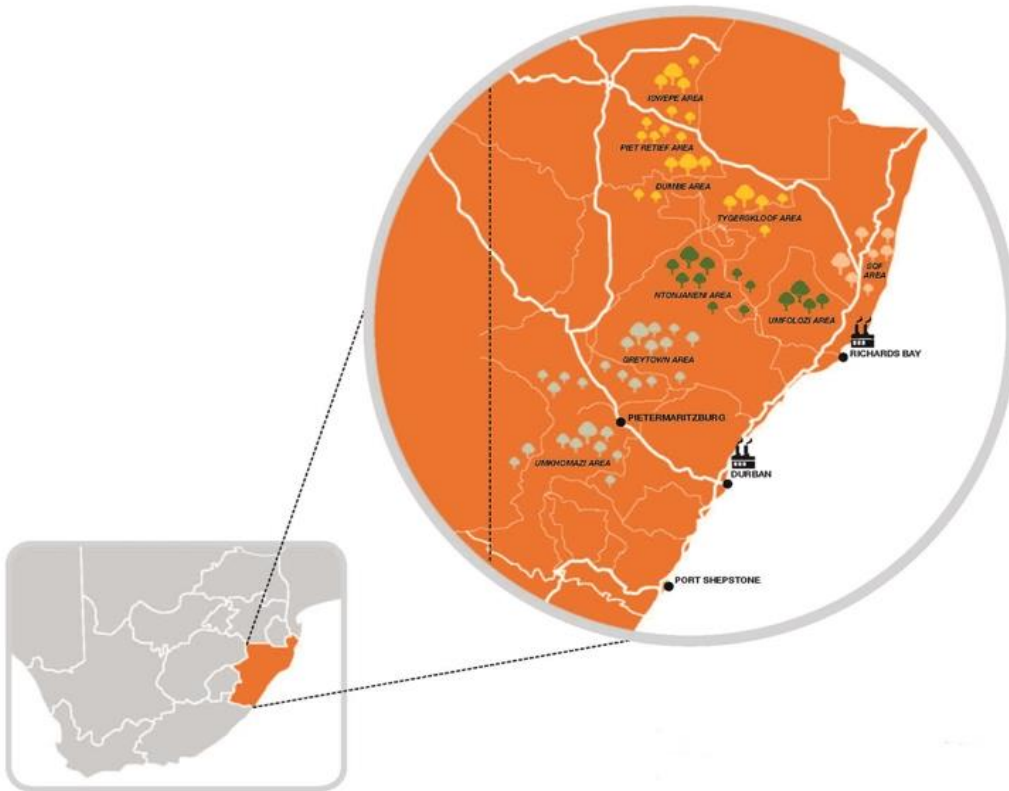
Exposure to emerging markets which offer better long term fundamentals

Continuous focus on cost optimisation and performance

Maintain high-quality asset base

Innovation with customers to develop in product areas which can offer growth (High Speed Inkjet with OEMs)

MSAD operations



Forestry

- Forestry land holdings primarily Kwa-Zulu Natal
- Approximately 300,000 ha under management
- Fast growing plantations; 7 year rotation for eucalyptus
- Yield approximately 3 million tonnes of timber per year

Richards Bay mill





- Capacity 780ktpa

Merebank mill

- Capacity 390ktpa

Leading South African pulp and paper player with competitive export position



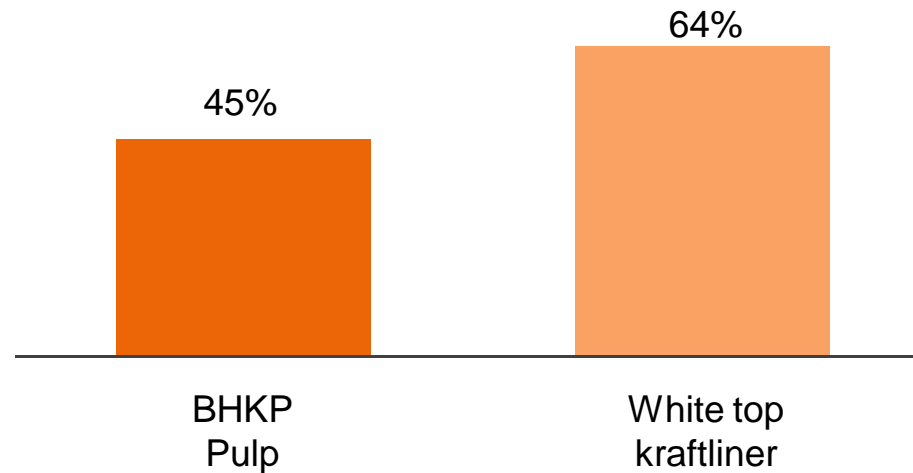
Products	Capacity	Domestic market position	Export
 Pulp	780ktpa ¹	Sole domestic supplier	✓
 White top kraftliner	270ktpa	Sole domestic supplier	✓
 UFP	270ktpa	Number one position	X
 Newsprint	120ktpa	Number one position	X

1) Total pulp capacity both consumed internally or sold externally

Global competitiveness in export businesses



% Export sales volume in 2014²



Low cost producer in export focused grades¹:

- BHKP pulp (second quartile on global cost curve)
- White top kraftliner (first quartile on global cost curve)

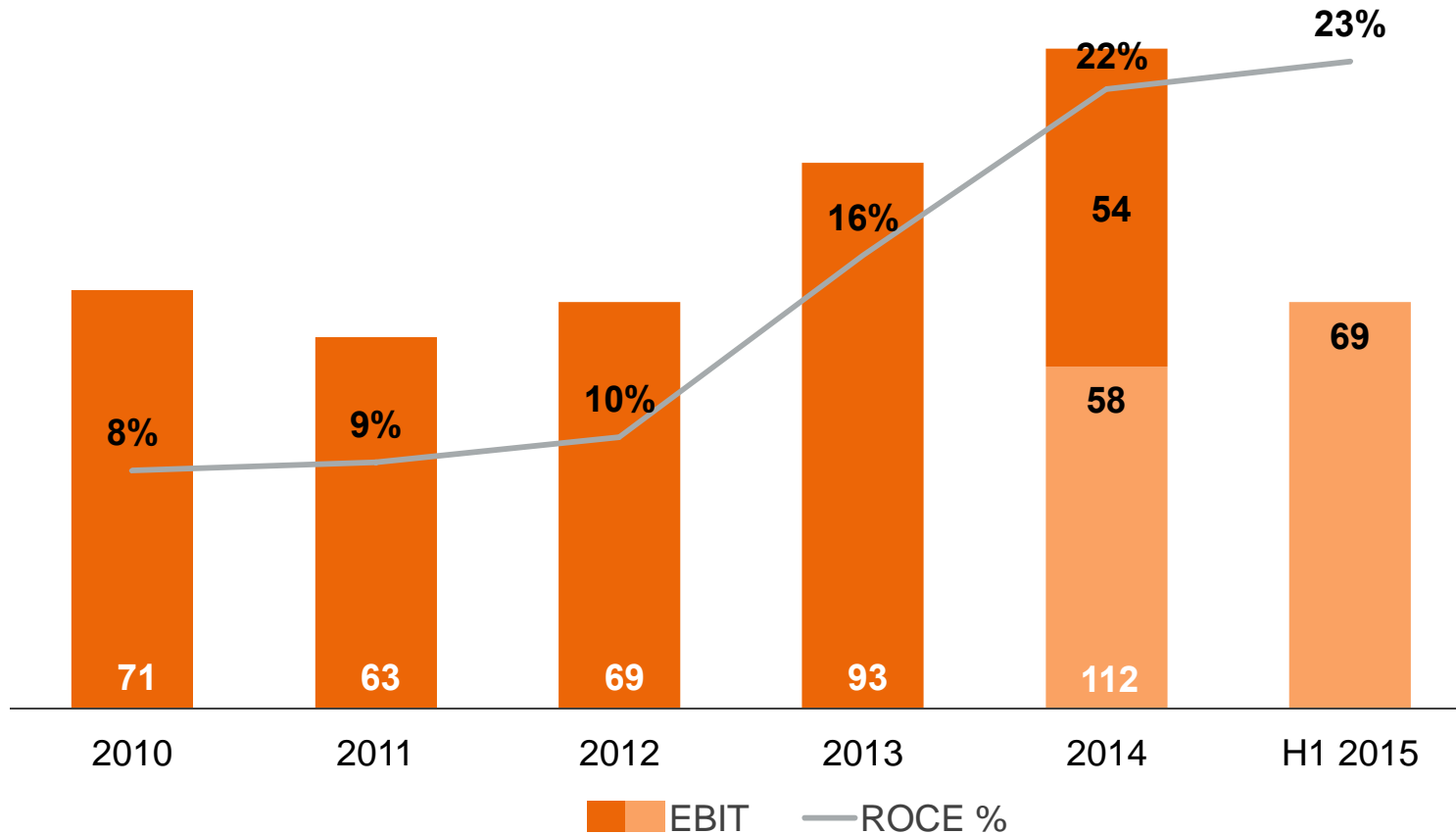
1) Source: RISI Q2 2015 global cost curves, white top kraftliner delivered to Frankfurt and BHKP pulp delivered to Rotterdam

2) % export of 2014 external sales volume

Strong financial performance



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





Profit improvement drivers

Simplified Merebank business with closure of three paper machines and focus on domestic market

Tight cost control, with increases below inflationary rates

Continuous focus on mitigating areas of high cost inflation, particularly labour and electricity

Ongoing investment to optimise cost and maximise market opportunities

Mitigating areas of high cost inflation



Electricity



Electricity prices have increased by 120% in 6 years

” 32 million investment

Installation of 45MW turbine

Start up: 2014

Project rationale:

- Secure electricity supply

- Increased self-sufficiency of

- Richards Bay mill to 135%

- Sale of excess to grid

Labour



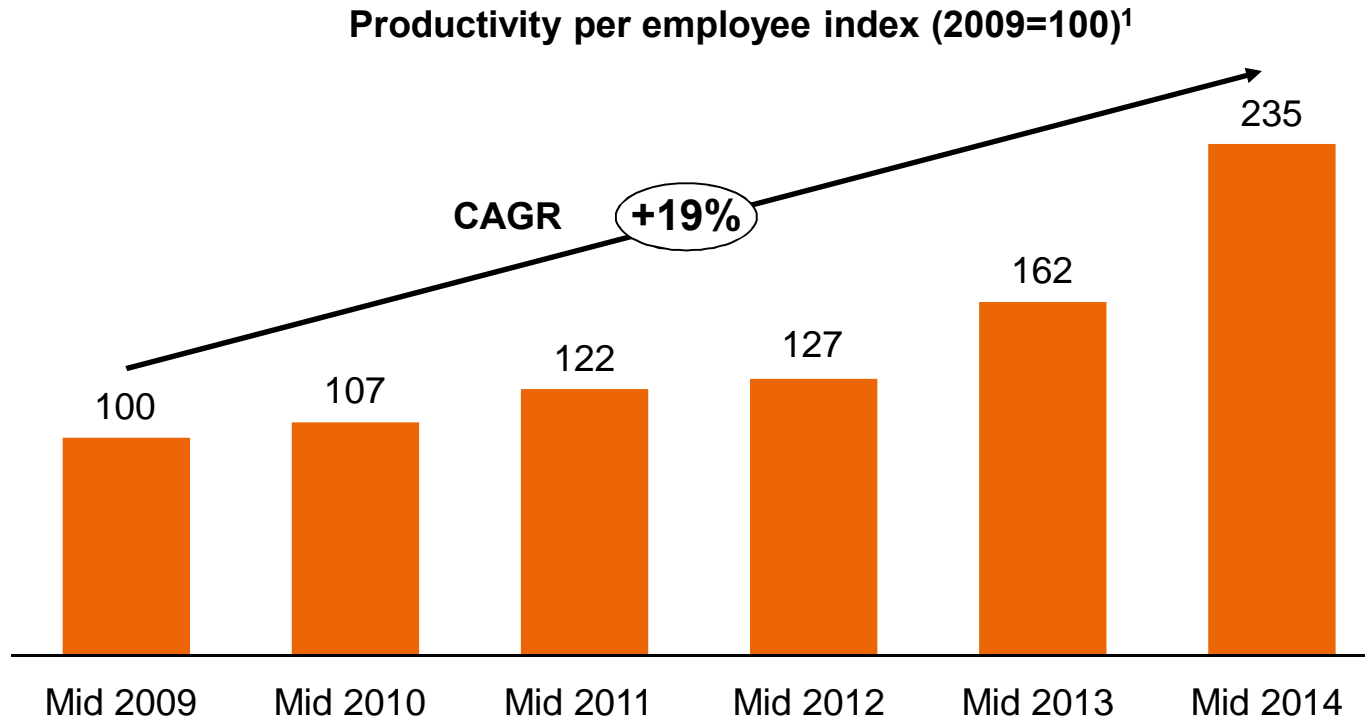
Over past 4 years forestry wages per capita have doubled

Harvesting mechanisation strategy fully implemented across South African operations by the end of 2014

Leading to direct improvements in productivity and safety with a higher skilled workforce

Modernisation and mechanisation of all silviculture operations

Continuous focus on performance



Key drivers:

- Closure of three older, less efficient paper machines in Merebank
- Forestry mechanisation/modernisation

1) Productivity measured as total tonnes sold by employee

Ongoing investment – cost optimisation



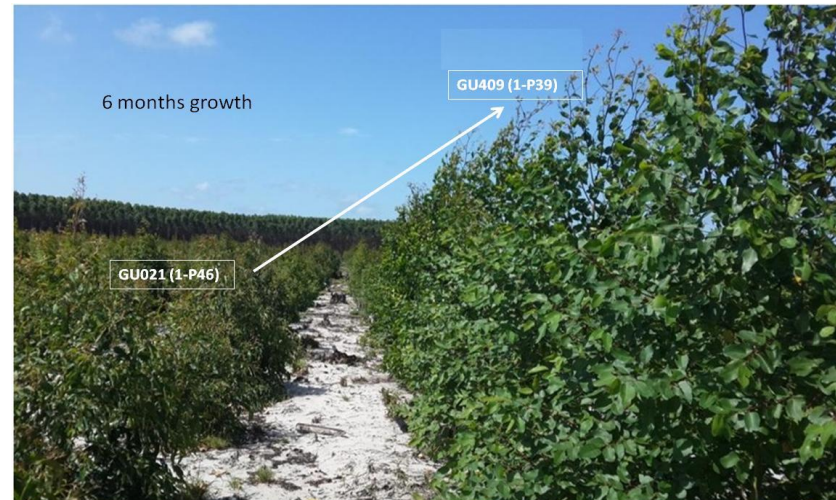
24 month project to upgrade nurseries
scheduled for completion Q1 2016
(R 6 million)

Increased clonal production capacity:

- From 12 to 22 million plants per year (100% self-sufficient)

Development cycle-time halved

Replacement of current seedlings with high-yielding clones (15% higher yield)



Ongoing investment – cost and product mix optimisation



Woodyard



” 30 million investment

Installation of a new chipping line including new chip storage, screening and bark handling systems

Start up: 2016

Project rationale:

- Replacement of old chipping lines
- Improved chip quality and storage
- Improved fibre yield
- Improved pulp mill stability

Unbleached kraftliner



” 11 million investment

Required equipment to provide the capacity to alternate between unbleached kraftliner or white top kraftliner (100% virgin based)

Start up: 2016

Project rationale:

- Increased flexibility to optimise product mix
- Increased pulp yield and buffer storage

Summary

Strategic value drivers

Maintain a high-quality, low-cost asset base

Focus on performance

Customer focused innovation

Strong local market positions

High-quality asset base with low-cost position in export grades

Focus on cost optimisation to counteract local inflation

UFP market position and market outlook sources and definitions



Top 5 European UFP producers

Based on sales volumes. Source: Euro-Graph delivery statistics 2014, EMGE Woodfree Forecast May 2015, EMGE World Graphic Papers report April 2015, Pyrabelisk/Eastconsult and management estimates. International Paper excludes Ilim

Europe including Russia and 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

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

UFP 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 1 & 2:

ROCE: underlying operating profit/average capital employed

Capital employed: total equity plus net debt

Competitor 3:

ROOC: (Return On Operational Capital) as a proxy for ROCE: operating EBIT/average operating capital

Operational EBIT: operating profit excluding non recurring ("NRI") and fair valuations of the segments and company's share of the operating profit excluding NRI and fair valuations of its equity accounted investments

Operating capital: operating assets less operating liabilities

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