

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: Trading update 12 May 2016

This trading update provides an overview of our financial performance and financial position since the year ended 31 December 2015, based on management information up to 31 March 2016 and estimated results for April 2016. These results have not been audited or reviewed by Mondi's external auditors.

Reviewed results for the half-year ending 30 June 2016 will be published on or around 4 August 2016.

Except as discussed in this update, there have been no significant events or transactions impacting either the financial performance or financial position of the Group since 31 December 2015 up to the date of this statement.

Group performance overview

Underlying operating profit for the first quarter of 2016 of €269 million was 14% above the comparable prior year period (€236 million). Strong contributions from Consumer Packaging, Uncoated Fine Paper and the South Africa Division more than offset the impact of lower selling prices in certain Packaging Paper segments and margin pressure in Fibre Packaging. Underlying operating profit was up 9% on the fourth quarter of 2015 (€246 million).

On a like-for-like basis, sales volumes were in line with the comparable prior year period, with lower volumes in the industrial bags segment offset by good growth in Consumer Packaging.

Selling prices for the Group's main paper grades were, on average, up on the comparable prior year period, with strong gains in Uncoated Fine Paper, and more modest gains in the South Africa Division and containerboard, partly offset by lower kraft paper prices.

Wood and chemical input costs were at similar levels to the comparable prior year period while paper for recycling costs were up 15%, but broadly unchanged from the fourth quarter of 2015. Energy costs were lower, driven by generally lower raw material input costs and the benefits from the green energy investments at Swiecie, Poland, completed in the second half of 2015.

Currency movements had a net negative impact versus the comparable prior year period, with the benefits of weaker emerging market currencies in our export oriented businesses more than offset by the impact of the weaker rouble on our domestically focused uncoated fine paper operations in Russia.

There were no significant planned maintenance shuts during the first quarter. In the comparable prior year period the impact of maintenance shuts on operating profit was estimated at around €17 million. Based on prevailing market prices, we continue to estimate that the impact of planned maintenance shuts on operating profit for 2016 will be around €70 million, of which around €25 million will be incurred in the first half of the year (€35 million in the first half of 2015).

Divisional overview

In **Packaging Paper**, selling prices for the containerboard grades were marginally up on average over the comparable prior year period but down on the prior quarter. While demand remains solid, increased supply from new capacity in Europe and competition from importers benefiting from weak emerging market currencies resulted in lower selling prices for unbleached kraftliner. Average benchmark European kraftliner prices were down 3.4% on the previous quarter, and at similar levels to the comparable prior year period. Benchmark selling prices for white-top kraftliner were marginally down on the previous quarter, while recycled containerboard prices were down 1.8% on the previous quarter, but 5.2% above the comparable prior year period. Given sustained good demand and a strong order position, we have announced a price increase of €40/tonne for all kraftliner and kraft-top liner grades from 6 June 2016.

Sales volumes for sack kraft paper remained at similar levels to the comparable prior year period. As previously indicated, demand softness in a number of export markets and seasonal weakness in European markets towards the end of the prior year lead to average selling prices for sack kraft paper produced in Europe declining by 5-6% in the early part of 2016. Demand has since improved in the important export markets of south east Asia and the Middle East and pricing remains stable.

In **Fibre Packaging**, continued strong cost management, the benefits of restructuring and rationalisation activities and contributions from capital investments provided some offset to negative currency effects and lower sales volumes in Industrial Bags, which has been impacted by capacity rationalisation and challenging market conditions in the US.

On 26 April 2016, the acquisition of SIMET S.A., a corrugated plant in Poland, was completed. The plant will be upgraded to a high-efficiency box plant, improving our customer offering and supporting the strong growth in the region.

The **Consumer Packaging** business continued to make good progress. Good volume growth, coupled with incremental improvements in fixed costs and the benefits from acquisitions completed at the end of 2015 contributed to the improved performance.

Uncoated Fine Paper performed strongly with higher average selling prices and stable volumes versus the comparable prior year period offsetting the negative impact of the weaker rouble. European prices have stabilised following the increases seen in the second half of 2015, with the benefits of industry capacity rationalisation in the prior year offset by subdued demand in the first quarter. Average benchmark selling prices in Europe were up 2.8% on the comparable prior year period and in line with prices in the fourth quarter of 2015.

The **South Africa Division** benefited from higher average selling prices for uncoated fine paper, pulp and white-top kraftliner, currency gains and higher fair value gains on forestry than the comparable prior year period. Pulp prices have shown some softness from the highs seen in the prior year, with the average US dollar benchmark price down 5% on the previous quarter. In 2015, the Richards Bay maintenance shut took place in the first quarter of the year, while in 2016 the shut is planned for the final quarter.

Capital investment projects

Good progress is being made on our previously announced major capital investment projects at our high-quality, low-cost operations in central Europe and South Africa. These projects remain on schedule and on budget.

Capital expenditure for the year is expected to remain in line with previous guidance of between €400 million and €450 million.

Cash flow and financing activities

On 14 April 2016 we issued a 1.5% €500 million Eurobond with an 8 year term under our European Medium Term Note Programme, thereby extending the Group's maturity profile and ensuring ample liquidity.

Strong cash generation from operating activities more than offset the cash outflows related to our capital expenditure programme and financing activities, resulting in a reduction in net debt during the quarter.

Finance charges were lower than those of the previous quarter and the comparable prior year period, mainly due to lower average net debt levels and mix effects.

There have been no other significant changes in the Group's borrowing facilities since 31 December 2015.

Outlook

As anticipated, we have seen some price weakness in certain of our packaging paper grades. However, demand for these products remains strong and we believe the fundamentals remain robust. Furthermore, we continue to benefit from higher uncoated fine paper prices, lower energy and related input costs and the incremental contributions from our recently completed capital investment projects, together with the stability afforded by our downstream converting businesses.

Our outlook remains positive and we are confident of delivering in line with our expectations.

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Conference call dial-in details

Please see below details of our dial-in conference call that will be held on 12 May 2016 at 7:30 (UK) and 8:30 (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 31 May 2016. Dial in: +27 (0)11 305 2030,

Pin no: 48973#

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.

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