



UBS European Conference

Mondi Group

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14 November 2017

Group overview

Highlights from H1 2017

Q3 trading update and Business Unit reviews



Mondi at a glance

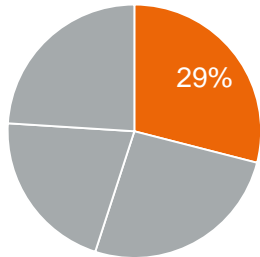


H1 2017
Revenue²
&
ROCE

Products

Packaging Paper¹

€1,141m

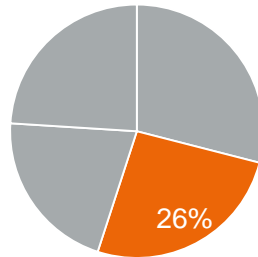


23.1%



Fibre Packaging

€1,031m

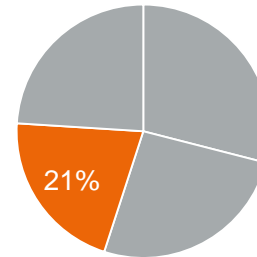


13.0%



Consumer Packaging

€839m

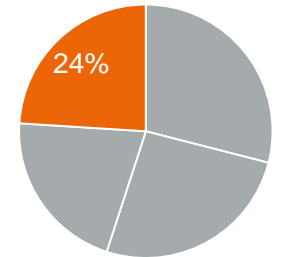


9.7%



Uncoated Fine Paper¹

€947m



27.6%



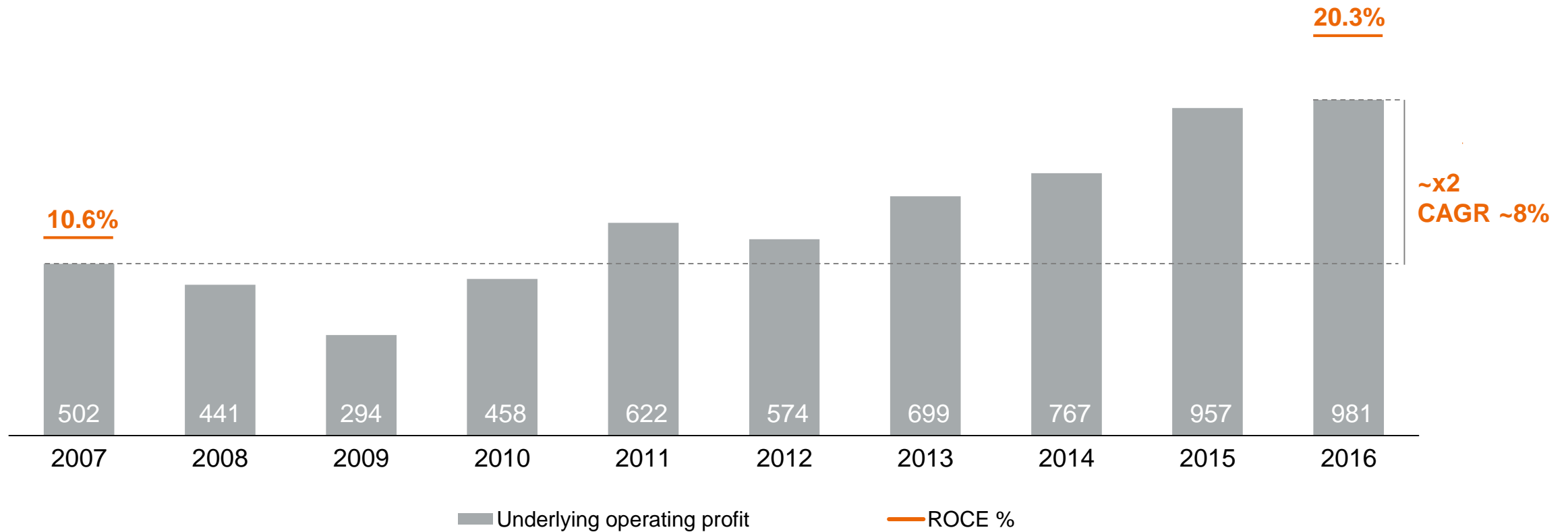
¹ Following the reorganisation of the Group's business units effective 1 October 2017 – see appendix for details
² Segment revenues, before elimination of inter-segment revenues

Since listing, Mondi has delivered strong profit growth...



Underlying operating profit and ROCE

€ million

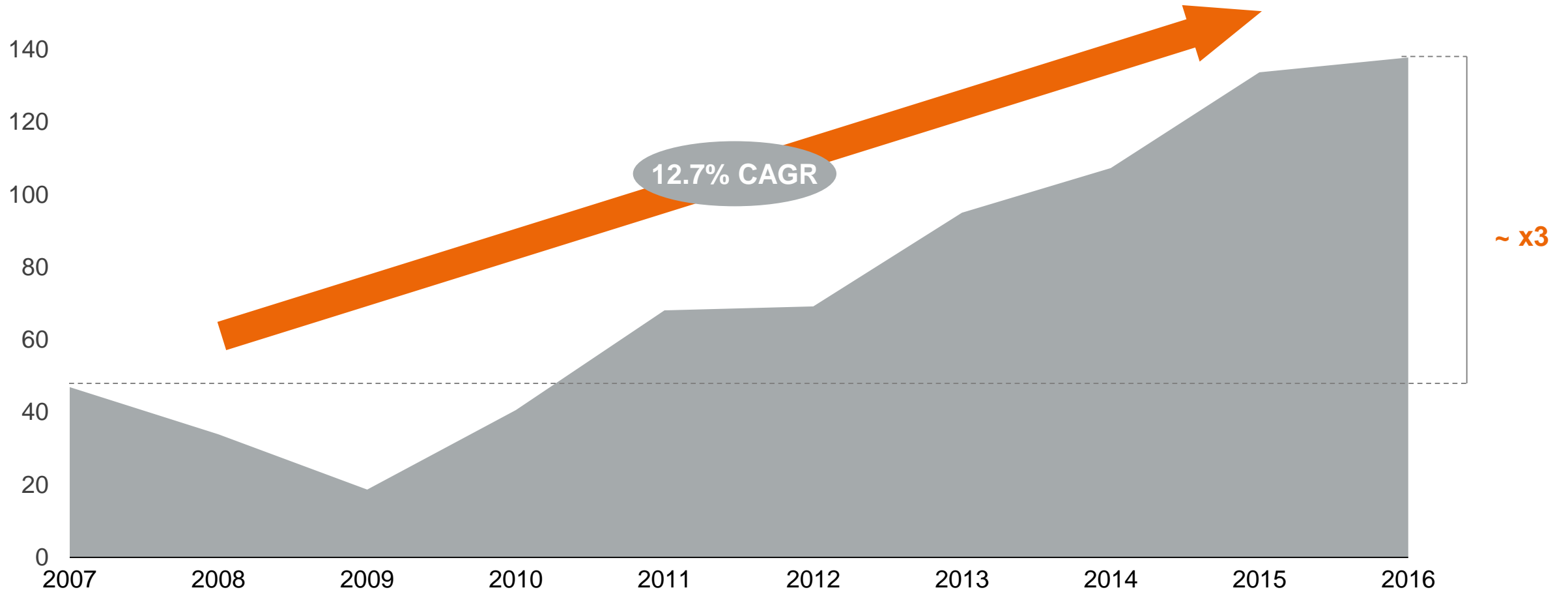


...tripled underlying EPS...



Underlying EPS

€ cents per share

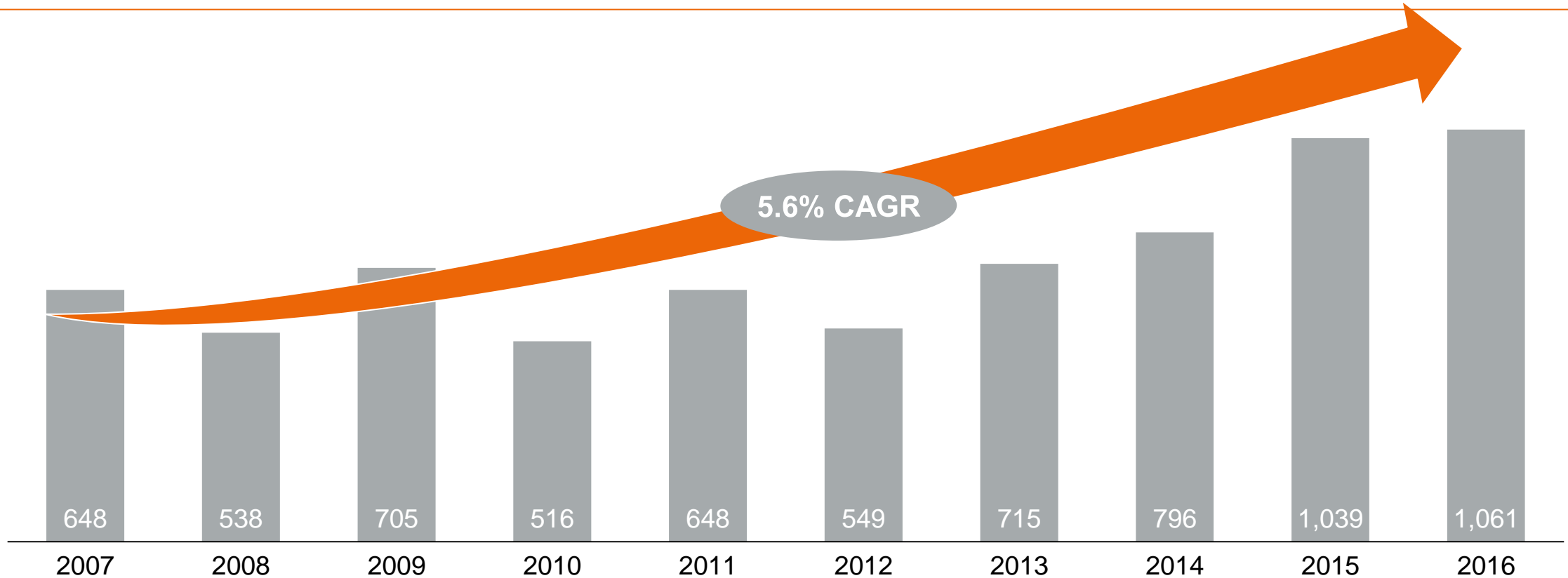


...and generated strong cash flows through the cycle



Cash flow generation¹

€ million



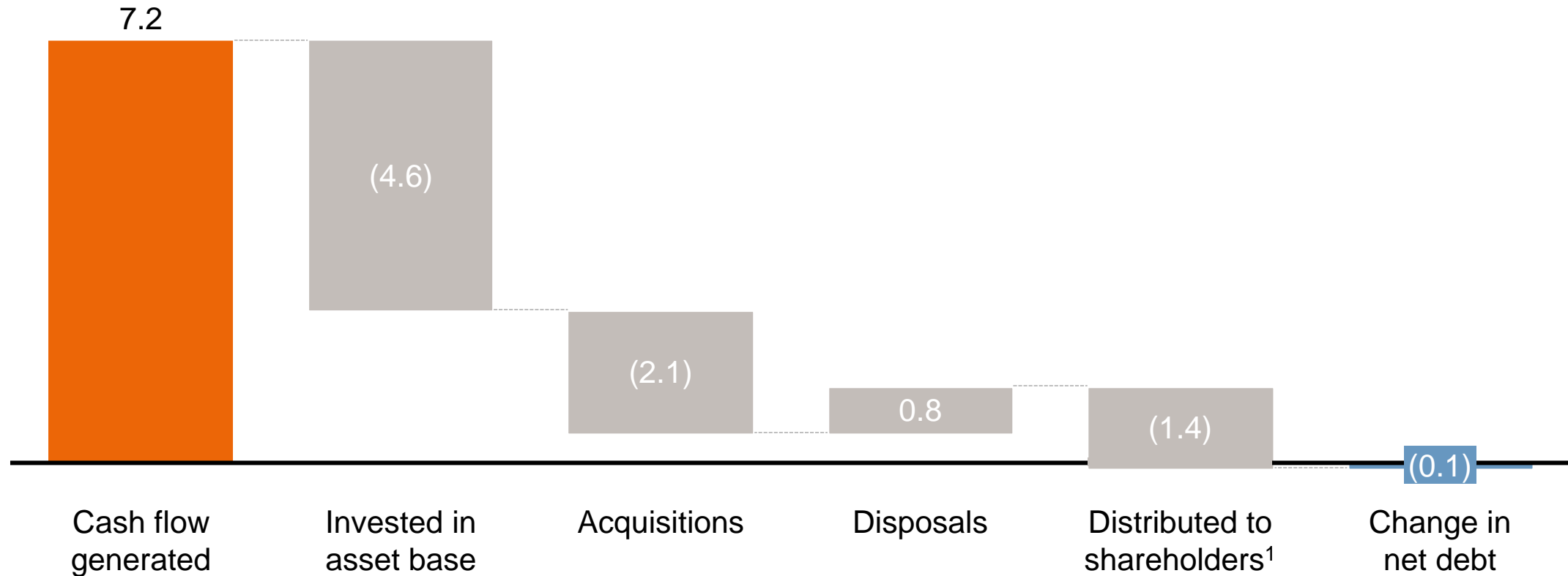
€7.2 bn cash generated 2007–2016

¹ Cash flow generation based on net cash generated before capital expenditure, shareholder distributions, acquisitions and disposals

Cash has been reinvested for growth and distributed to shareholders

Cash flow bridge 2007–2016

€ billion

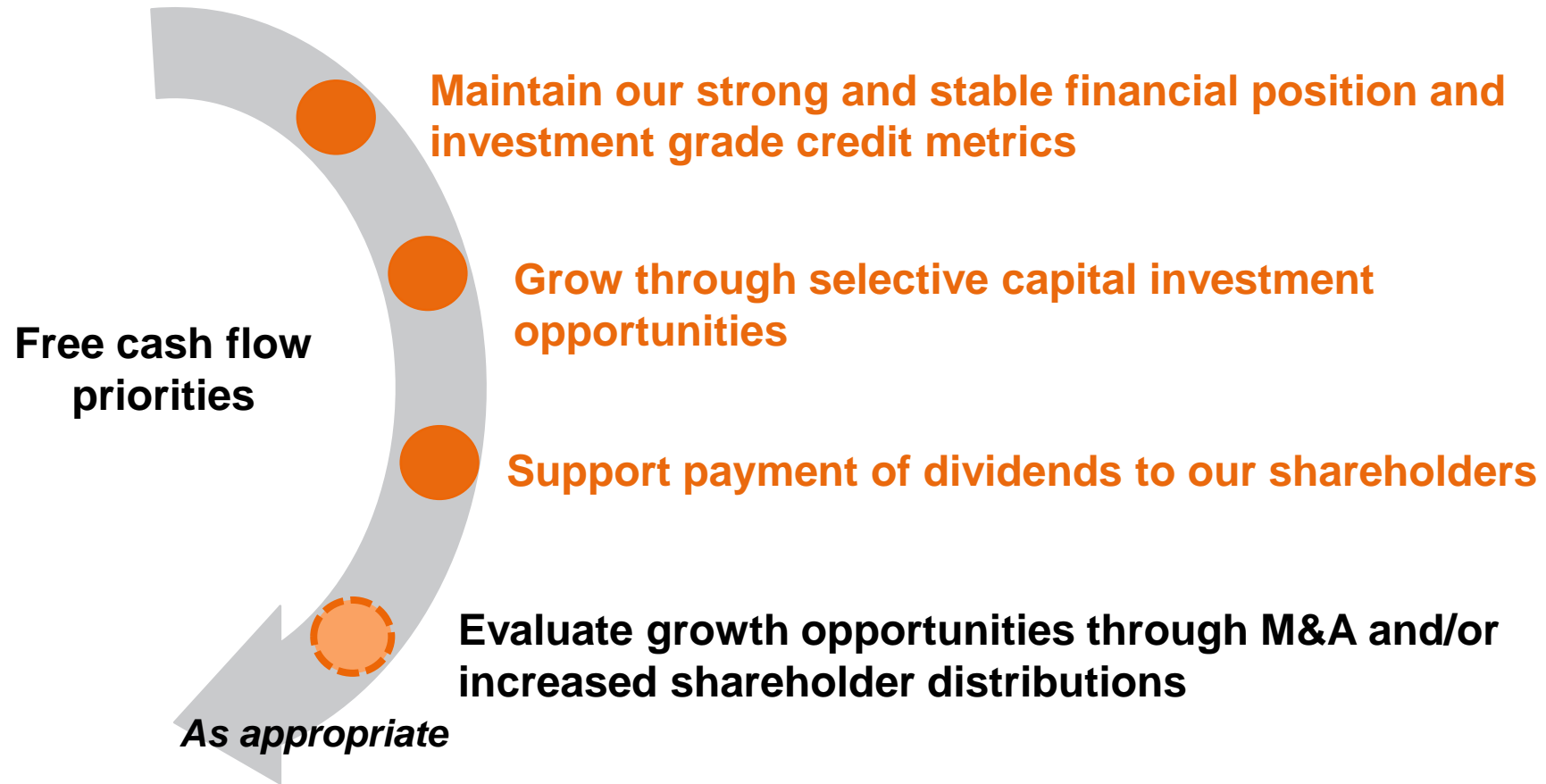


¹ Excludes dividend in specie of €205 million

Our strategic framework continues to drive value accretive growth



Our cash flow priorities remain unchanged

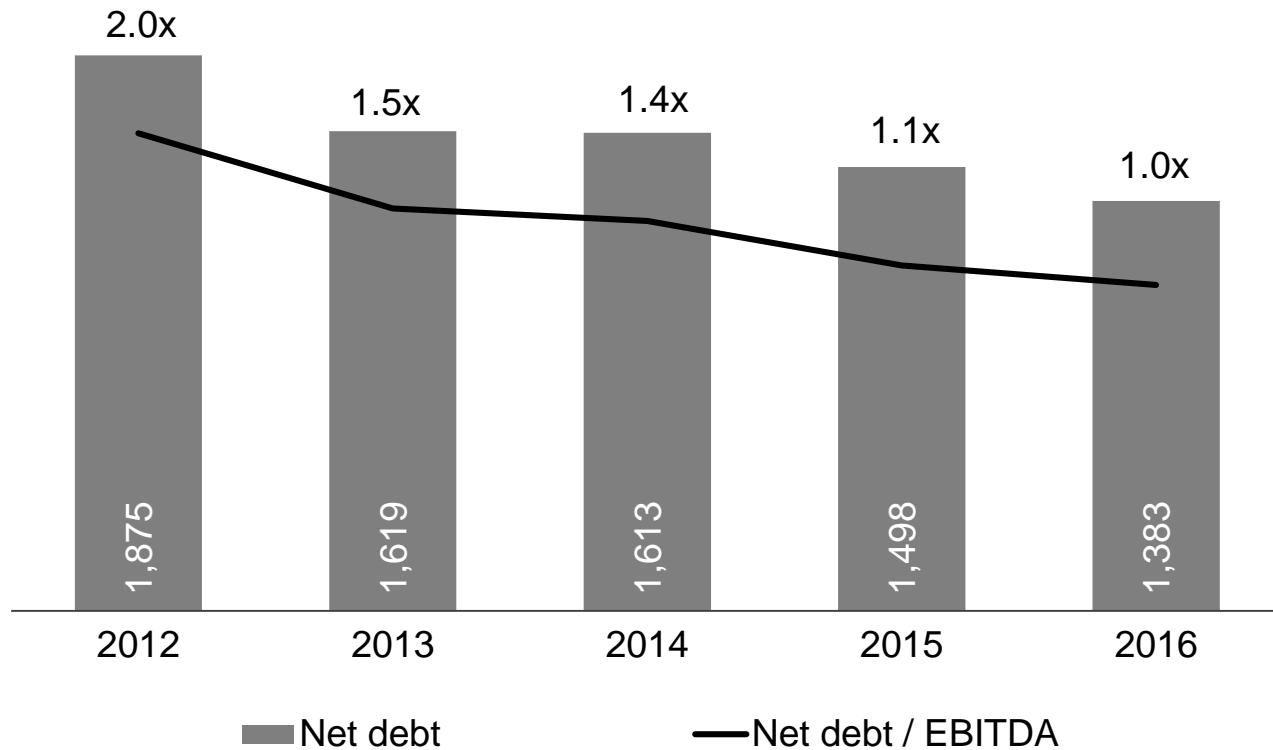


Robust financial position provides optionality



Net debt and net debt / EBITDA

€ million



- Key financial policy
 - Retain IG rating
- Current ratings:
 - Moody's Investors Service at Baa1 (stable outlook)
 - Standard & Poor's at BBB (positive outlook)
- Significant flexibility to pursue value enhancing growth and/or increase shareholder distributions

Major capital investment projects

Ružomberok mill, Slovakia (€310 million)



- 300,000 tonne per annum kraft top white machine
- Debottlenecking pulp mill – increasing capacity by 100,000 tonnes per annum
- Incentives received
- Still subject to necessary permitting
- Expected start-up 2020

Štětí mill, Czech Republic (€335 million)



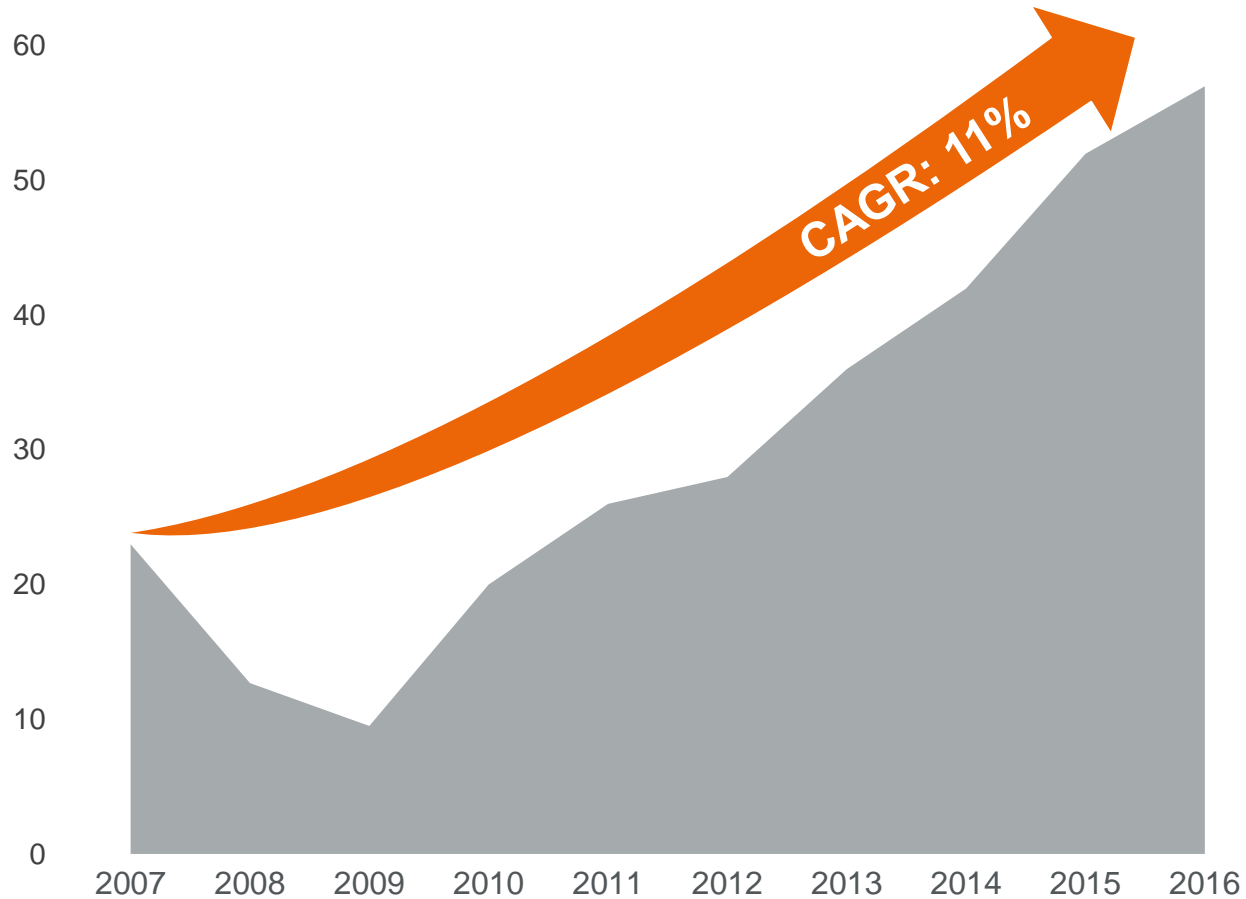
- Replacement of recovery boiler, rebuild of fibre lines and debottlenecking of paper machines
- Benefits:
 - Increased production (130,000 tonnes per annum of pulp and 55,000 tonnes per annum packaging paper)
 - Reduced environmental footprint, increased electricity self-sufficiency, lower production costs
- Approved and in progress, expected start-up late 2018

Growth in shareholder returns without sacrificing cover



Dividends declared per share

€ cents per share



- Ordinary dividend policy of 2-3x cover through the cycle remains appropriate
- One-off distribution on the agenda

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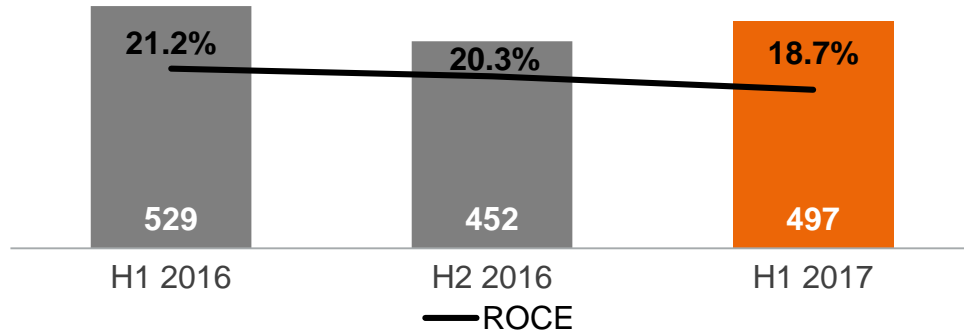


Highlights H1 2017



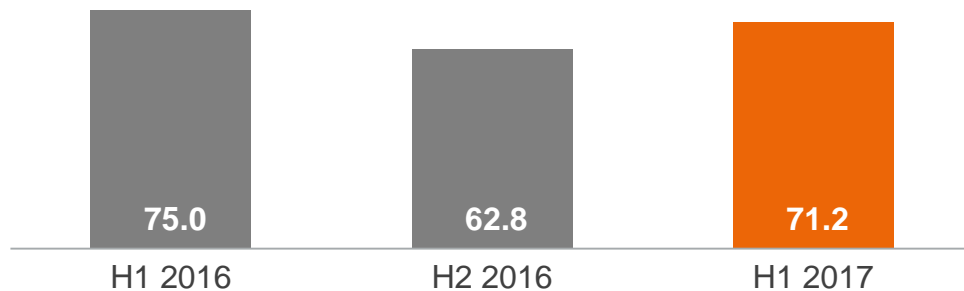
Underlying operating profit and ROCE

€ million



Underlying earnings per share

euro cents per share



- Continued robust financial performance
 - Revenue up 8%
 - Return on capital employed a strong 18.7%
 - Underlying operating profit of €497 million
 - Underlying EBITDA of €710 million
- Lower forestry fair value gain (down €28 million) and higher maintenance shuts (up €20 million) impacted first half
- Good progress in delivering on major capital investment projects and integrating recent acquisitions
- Implementation of price increases ongoing
- Interim dividend declared of 19.10 euro cents per share

Continued robust financial performance

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Q3 2017 Trading Update overview



- €245 million underlying operating profit for the third quarter of 2017 was up 8% on the third quarter of 2016
- Higher average selling prices and higher like-for-like sales volumes were partly offset by higher costs and negative currency effects compared to Q3 2016
- Underlying operating profit for the third quarter of 2017 was in line with the second quarter of 2017, with positive pricing momentum across most product segments offset by rising costs, negative currency effects and the usual seasonal downturn in Uncoated Fine Paper

- **Outlook**

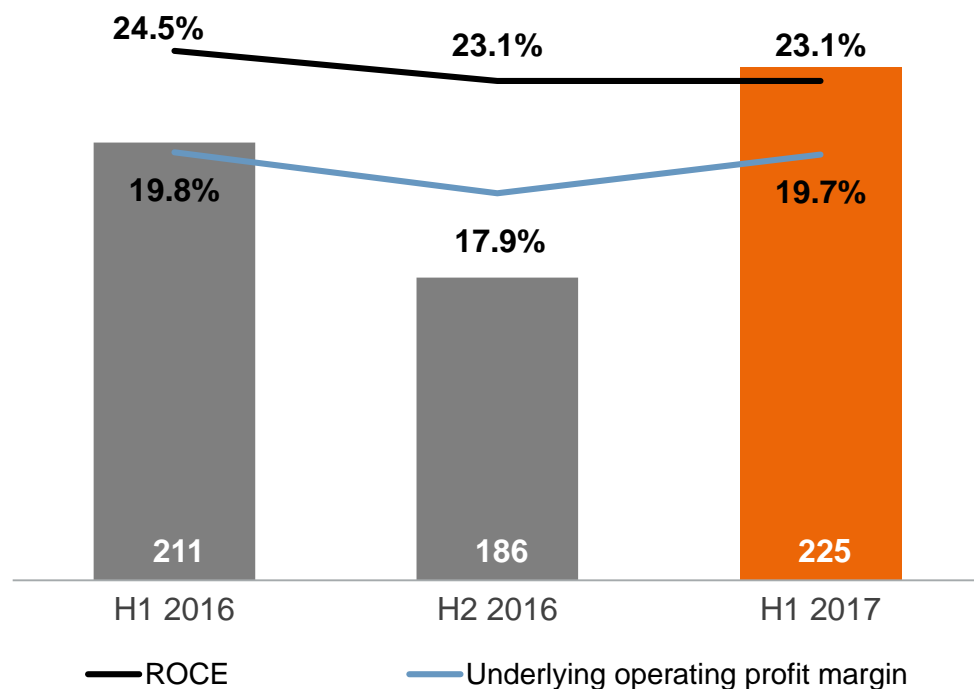
“We remain confident of making progress for the year and expect a strong final quarter, supported by generally higher average selling prices and good growth. However, continuing cost pressures and negative currency impacts are expected to result in an underlying performance for the year modestly below market expectations. With our robust business model, strong project pipeline and culture of driving performance, we remain confident of continuing to grow and deliver industry leading returns.”

Packaging Paper



Underlying operating profit, margin and ROCE (restated)¹

€ million



- Strong demand coupled with limited capacity additions

H1 2017

- Strong performance with underlying operating profit up 7% on H1 2016
- Driven by higher average selling prices, marginally higher sales volumes and strong cost management
- Partly offset by higher costs

Q3 2017

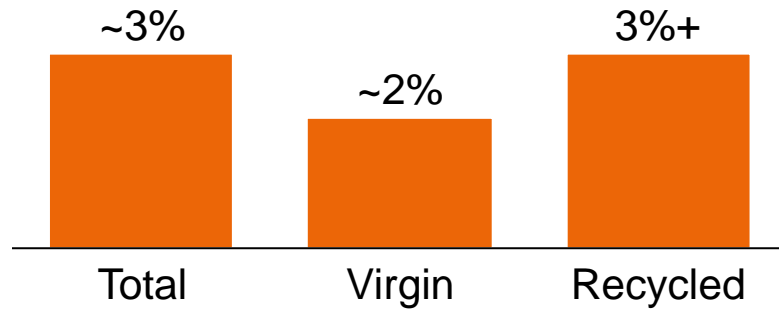
- Unbleached kraftliner and recycled containerboard prices up on prior year and sequentially
- Limited price increases achieved in semi-chemical fluting and white-top kraftliner
- Sack kraft paper prices higher compared to Q3 2016 and marginally higher sequentially
- €335 million modernisation of the Štětí mill progressing well. New 90,000 tonne per annum MG paper machine postponed (€135 million)

¹ Following the reorganisation of the Group's business units effective 1 October 2017 – see appendix for details

Strong market fundamentals



European demand growth (%) & capacities 2018-20E, Containerboard



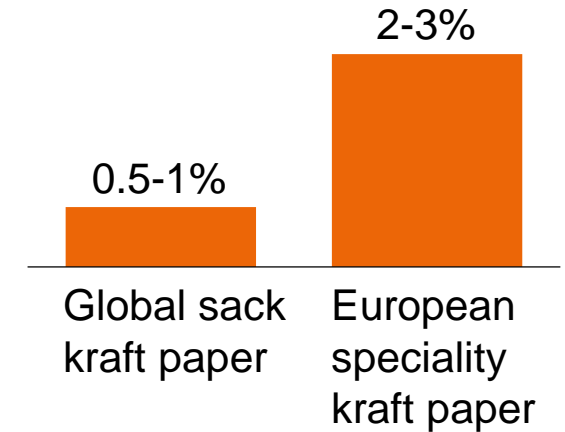
Market demand growth (mt)



Announced capacities (mt)



Demand growth (%) & capacities 2018-20E, Sack & speciality kraft paper



Market demand growth (mt)



Announced capacities (mt)



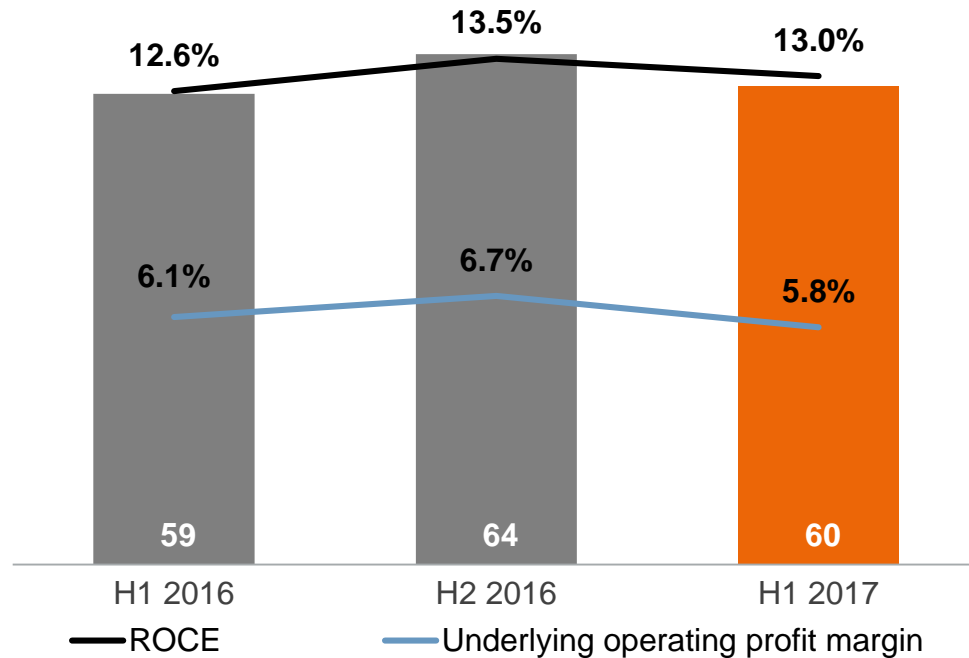
Source: RISI, AWA and Mondi estimates

Fibre Packaging



Underlying operating profit, margin and ROCE

€ million



H1 2017 – Corrugated Packaging

- 9% like-for-like volume growth compared to H1 2016
- Good progress made in implementing price increases to compensate for higher paper prices
- Strong cost management
- Negative currency impacts from the weaker Turkish lira

H1 2017 – Industrial Bags

- Volume growth of 1% compared to H1 2016
- Benefiting from sales price increases and strong cost management partly offset by higher paper prices

Q3 2017

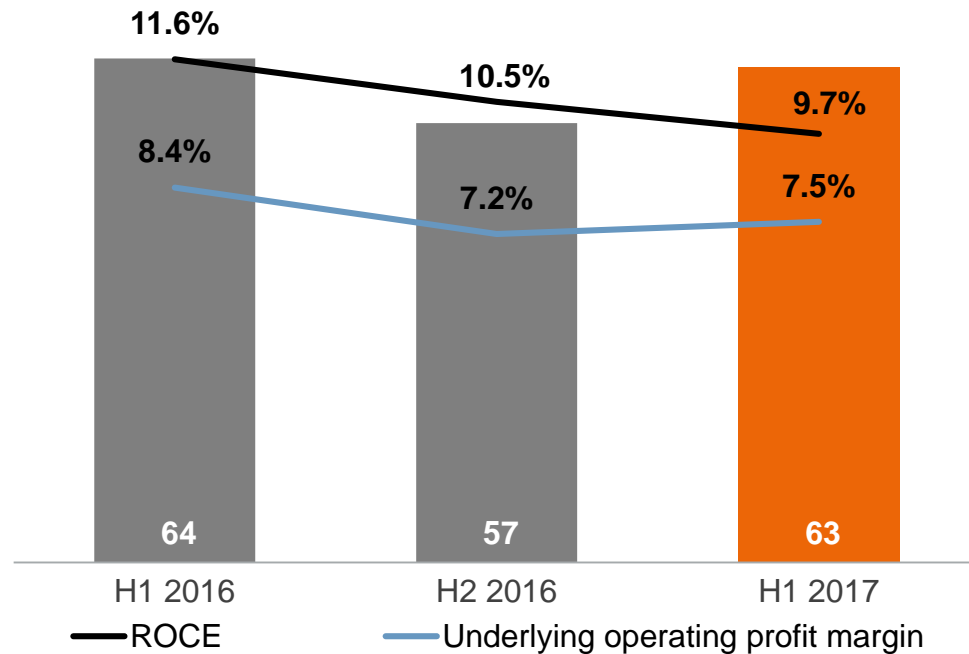
- Continued benefit from good volume growth, particularly in Corrugated Packaging
- Recent paper price increases partly recovered through box price increases but limited recovery in Industrial Bags
- Strong cost management

Consumer Packaging



Underlying operating profit, margin and ROCE

€ million



H1 2017

- Underlying operating profit marginally down on H1 2016
- Steady like-for-like performance
- Low growth in certain value-added product segments
- Margin pressure in the supply chain
- Continue to make progress in initiatives to improve product and customer mix

Q3 2017

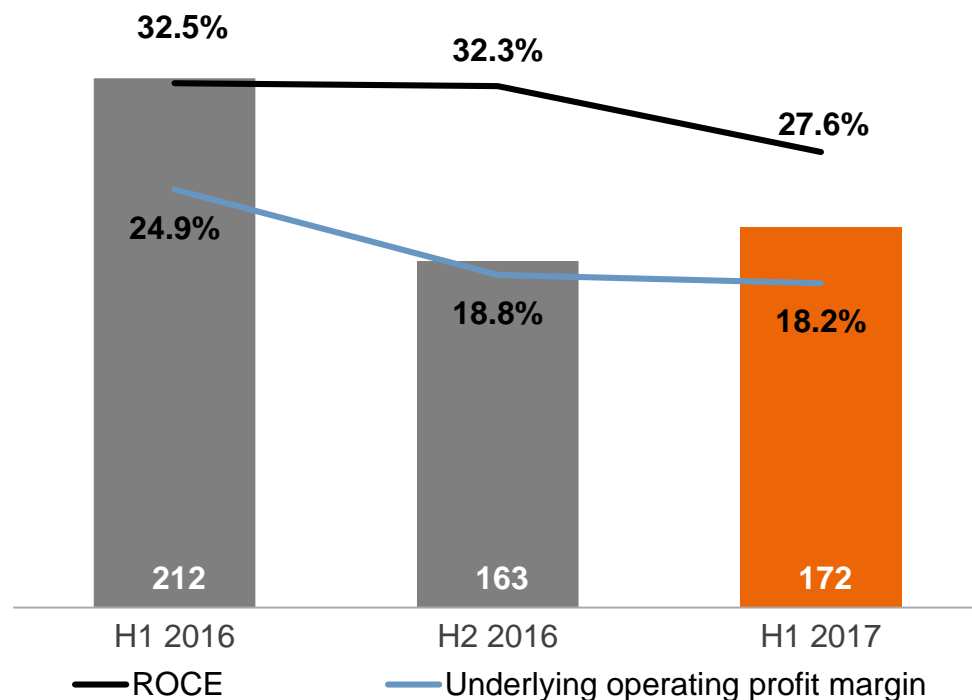
- Improved performance in the quarter although low growth in certain value added product areas remains a challenge
- In response, programme launched to restructure the cost base and align capacity to current market requirements
 - Special item charge estimated at €45 million, including an asset impairment of €27 million, to be recognised during H2 2017

Uncoated Fine Paper



Underlying operating profit, margin and ROCE (restated)¹

€ million



H1 2017

- Fair value gain on forestry assets down €28 million on the unusually high gain recorded during H1 2016
- Benefited from marginally higher sales volumes, stable Russian and South African domestic pricing and ongoing cost improvement initiatives
- Offset by lower average European selling prices and higher costs

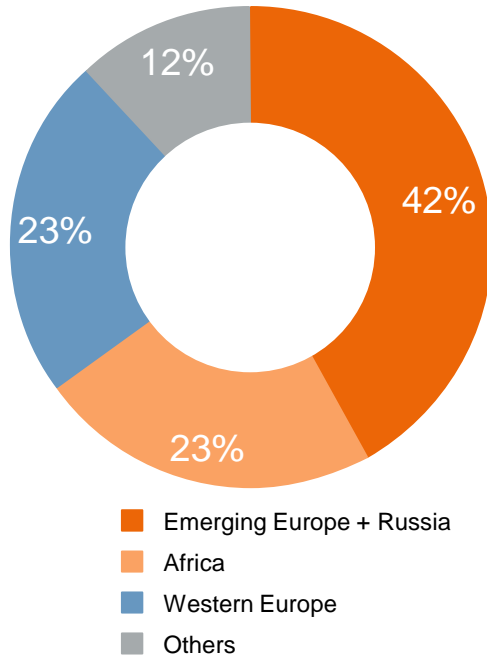
Q3 2017

- Strong performance impacted by ongoing cost pressures
- Price increases for selected products currently being implemented in European, Russian and South African markets
- Newsprint production to cease at Merebank (South Africa)
- Restarted an idled uncoated fine paper machine at Merebank to displace imports (70ktpa production)

UFP focused on growing markets of emerging Europe, Russia and South Africa

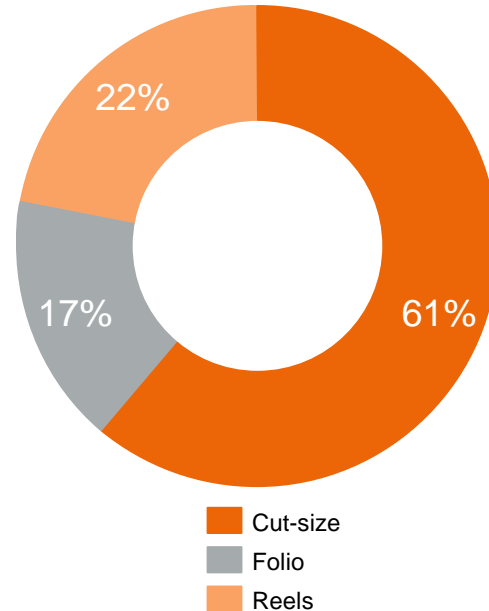


2016 revenue by destination %



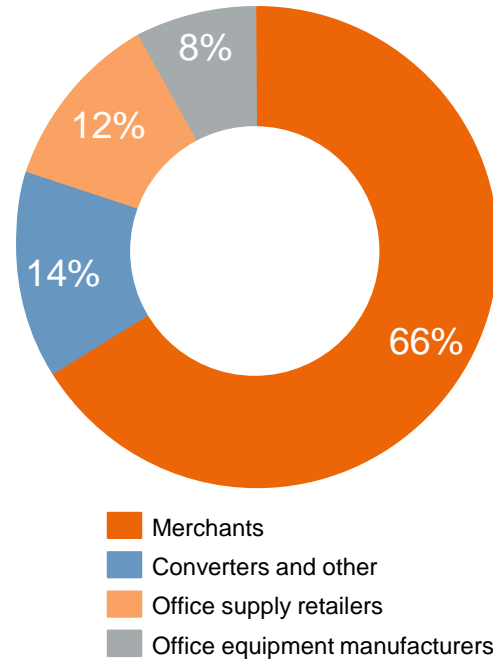
- **Emerging Europe and Russia/CIS:** growing by around +1%
- **South Africa:** growing by around +1%
- **Western Europe:** declining by around -2%

2016 UFP sales by product volume %



- Cut-size increasingly **standardised**, high importance of **mill brands** in emerging markets
- **Folio, reels** (professional print) - growth opportunities in certain **value added products**

2016 UFP sales by customer volume %



- **Complete product** offering secures **strong position** with major merchants
- Focus on **innovation and development** with OEMs

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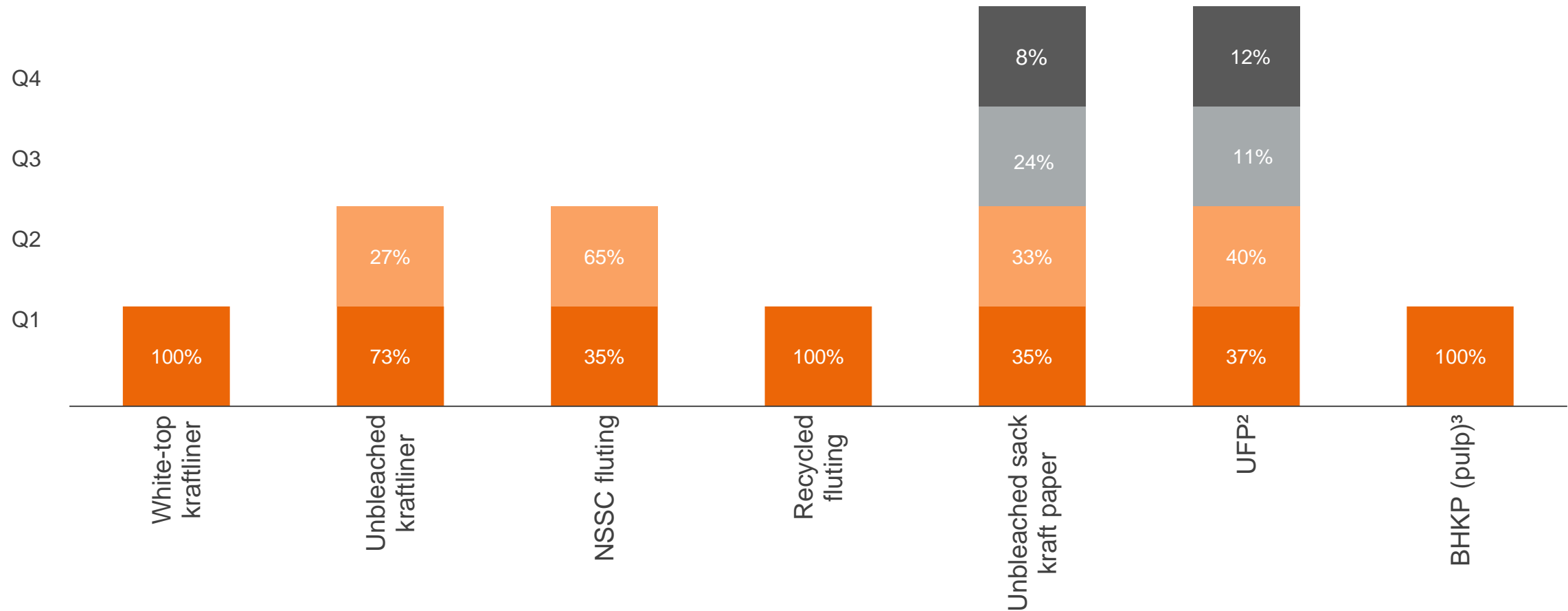


Our low-cost operations



Cost quartile^{1,4}

%



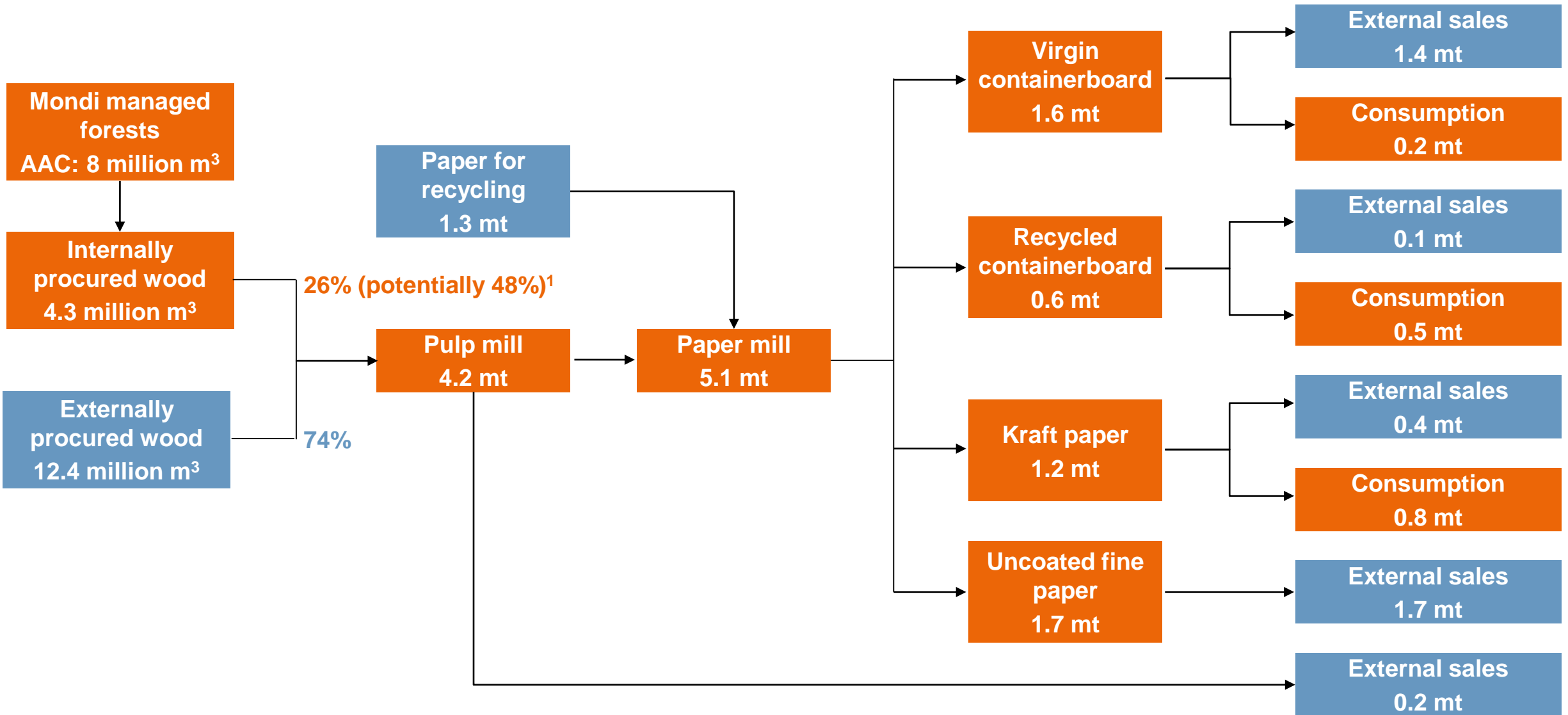
1 Delivered to Frankfurt except where noted
Source: RISI and Mondi estimates (Q1 2017)

2 Includes specialities

3 Delivered to Rotterdam

4 European capacity except white-top kraftliner, unbleached sack kraft paper and BHKP (global)

Integrated value chain



Figures above based on year ending 31 December 2016. External sales / consumption figures represent the net exposure per grade.
 1 Annual allowable cut (AAC) of 8 million m³ represents 48% of total wood requirements. However due to commercial, logistic and sustainability considerations, the actual percentage of own wood consumed was 26%. ²⁵

Integrated approach to sustainable development

Growing responsibly

Looking ahead to 2020: 16 commitments across 10 action areas

Employee and contractor safety

- Promote a safe and healthy workplace
- Our goal is zero harm to employees and contractors

A skilled and committed workforce

- Engage with our people to create a better workplace

Fairness and diversity in the workplace

- Promote fair working conditions in the workplace

Sustainable fibre

- Maintain 100% FSC® certification in owned and leased forestry operations
- Procure minimum of 70% of wood from FSC or PEFC™ CoC-certified sources

Climate change

- By 2030, reduce specific CO₂e emissions by 15%¹

Constrained resources and environmental impacts

- Reduce specific contact water consumption (5%)², waste to landfill (7.5%)², NOx emissions (7.5%)³ and effluent load (5%)⁴

Biodiversity and ecosystems

- Promote ecosystem stewardship

Supplier conduct and responsible procurement

- Encourage supply chain transparency and promote fair working conditions together with key suppliers

Relationships with communities

- Enhance social value to our communities

Solutions that create value for our customers

- Encourage sustainable, responsibly produced products

1 Pulp and paper mills against a 2014 baseline
3 Pulp and paper mills against a 2015 baseline

2 Against a 2015 baseline
4 Measure COD against a 2015 baseline

Our leading market positions provide a platform for profitable growth

1

Kraft paper
Global



Industrial bags
Global



Uncoated fine paper
Europe



2

Virgin containerboard
Europe



3

Consumer flexible packaging
Europe



Containerboard
Emerging Europe



Commercial release liner
Europe



Uncoated fine paper
South Africa



Extrusion coatings
Europe



Corrugated packaging
Emerging Europe



Reorganisation of business units



- From 1 October 2017, business units reorganised to reflect the nature of the underlying products produced
- Group's segmental reporting changed according to reorganised business units as follows:
 - Uncoated Fine Paper and South Africa (excluding containerboard operations) merged into a single business unit
 - South Africa containerboard operations merged into Packaging Paper
 - No changes to Fibre Packaging or Consumer Packaging business units
- Reorganisation both streamlines current organisational structure and offers the potential to deliver further synergies
- No impact on the overall Group result
- Restated segmental information published as part of Q3 2017 Trading update

Market positions 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

North America - Canada, Mexico, USA

Sources for market position estimates:

Virgin containerboard (VCB) Europe and Containerboard emerging Europe based on capacity - Source: RISI European Paper Packaging Capacity Report and Mondi estimates

Kraft paper global based on capacity - Source: RISI European Paper Packaging Capacity Report, RISI Mill Asset Database, Pöyry Smart Terminal Service and Mondi estimates

Industrial bags based on sales volume - Source: Mondi estimates

Corrugated packaging emerging Europe based on production - Source: Henry Poole Consulting and Mondi estimates

Extrusion coatings Europe based on sales volumes - Source: AWA Extrusion Coated Materials European Market Study and Mondi estimates

Commercial release liner Europe based on sales volumes - Source: AWA European Release Liner Market Study 2016 and Mondi estimates

Uncoated Fine Paper (UFP) Europe based on sales volumes, Ilim JV considered separate from IP – Source: Eurograph delivery statistics, EMGE Woodfree Forecast, EMGE World Graphic Papers, Pyrabelisk / Eastconsult and Mondi estimates

Uncoated Fine Paper South Africa based on management estimates

Consumer goods packaging Europe based on sales – Source: PCI Wood McKenzie Flexible Packaging - European Supply/Demand report to 2021

Forward-looking statements disclaimer

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No assurance can be given that such future results will be achieved; various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include in particular but without any limitation: (1) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development plans and targets, changes in the degree of protection created by Mondi's patents and other intellectual property rights and the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for Mondi's products and raw materials and the pricing pressures thereto, financial condition of the customers, suppliers and the competitors of Mondi and potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in Mondi's principal geographical markets or fluctuations of exchange rates and interest rates.

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- a) any warranty or liability as to accuracy or completeness of the information provided herein; and
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