



# Corporate investor presentation

3 August 2018



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# A global packaging and paper group



- Global packaging and paper group
  - around 26,000 employees
  - present in more than 30 countries
  - key operations located in central Europe, Russia, North America and South Africa
- Offering over 100 packaging and paper products, customised into more than 100,000 different solutions for customers, consumers and industrial end-users
- Integrated across the packaging and paper value chain from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective and innovative industrial and consumer packaging solutions
- Dual listed company structure
  - JSE Limited for Mondi Limited (primary listing)
  - London Stock Exchange for Mondi plc (premium listing)



# Industries we serve



**Agriculture**



**Automotive**



**Building and construction**



**Chemical**



**Food and beverages**



**Home and personal care**



**Medical and pharmaceutical**



**Office and professional printing**



**Packaging and paper converting**



**Pet care**



**Retail and e-commerce**



**Shipping and transport**

# Our global footprint



## Key

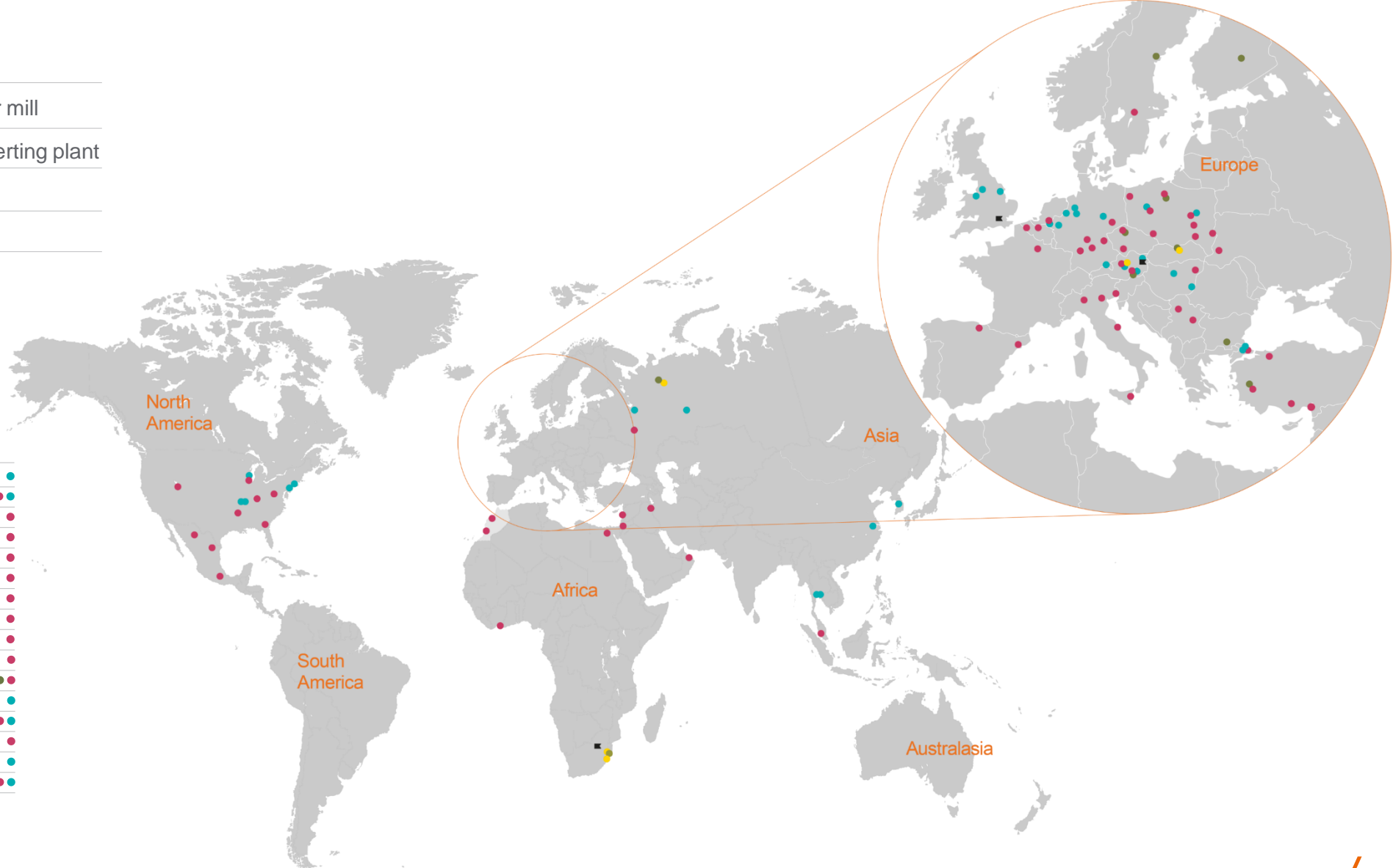
- Fibre Packaging / Paper mill
- Fibre Packaging / Converting plant
- Consumer Packaging
- Uncoated Fine Paper

### Group offices

- Johannesburg ■
- London ■
- Vienna ■

### Production sites

Austria	<span style="color: green;">●</span> <span style="color: red;">●</span> <span style="color: cyan;">●</span> <span style="color: yellow;">●</span>	South Korea	<span style="color: cyan;">●</span>
Belgium	<span style="color: red;">●</span>	Hungary	<span style="color: red;">●</span> <span style="color: cyan;">●</span>
Bulgaria	<span style="color: green;">●</span>	Iraq	<span style="color: red;">●</span>
China	<span style="color: cyan;">●</span>	Italy	<span style="color: red;">●</span>
Côte d'Ivoire	<span style="color: red;">●</span>	Jordan	<span style="color: red;">●</span>
Czech Republic	<span style="color: green;">●</span> <span style="color: red;">●</span>	Lebanon	<span style="color: red;">●</span>
Egypt	<span style="color: red;">●</span>	Malaysia	<span style="color: red;">●</span>
Finland	<span style="color: green;">●</span>	Mexico	<span style="color: red;">●</span>
France	<span style="color: red;">●</span>	Morocco	<span style="color: red;">●</span>
Germany	<span style="color: red;">●</span> <span style="color: cyan;">●</span>	Spain	<span style="color: red;">●</span>
Netherlands	<span style="color: red;">●</span> <span style="color: cyan;">●</span>	Sweden	<span style="color: green;">●</span> <span style="color: red;">●</span>
Oman	<span style="color: red;">●</span>	Thailand	<span style="color: cyan;">●</span>
Poland	<span style="color: green;">●</span> <span style="color: red;">●</span> <span style="color: cyan;">●</span>	Turkey	<span style="color: green;">●</span> <span style="color: red;">●</span> <span style="color: cyan;">●</span>
Russia	<span style="color: green;">●</span> <span style="color: red;">●</span> <span style="color: cyan;">●</span> <span style="color: yellow;">●</span>	Ukraine	<span style="color: red;">●</span>
Serbia	<span style="color: red;">●</span>	UK	<span style="color: cyan;">●</span>
Slovakia	<span style="color: green;">●</span> <span style="color: yellow;">●</span>	US	<span style="color: red;">●</span> <span style="color: cyan;">●</span>
South Africa	<span style="color: green;">●</span> <span style="color: yellow;">●</span>		



# Mondi at a glance

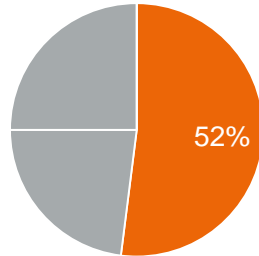


2017 revenue<sup>1</sup> & underlying EBITDA margin<sup>3</sup>

Products

## Fibre Packaging<sup>2</sup>

€3,735m

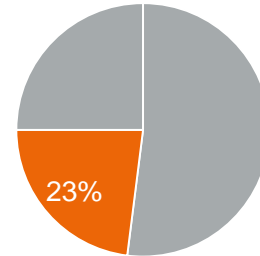


22.3%



## Consumer Packaging

€1,646m

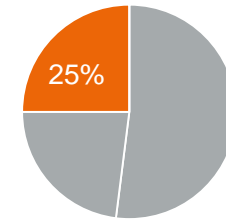


13.5%



## Uncoated Fine Paper

€1,832m



25.3%



<sup>1</sup> Segment revenues, before elimination of inter-segment revenues

<sup>2</sup> Packaging Paper and Fibre Packaging were replaced by a single business unit called Fibre Packaging effective from 1 August 2018

<sup>3</sup> The Group early adopted the new 'Leases' accounting standard, IFRS 16. All 2017 comparative figures in this presentation have been restated where applicable.

# Leading market positions



## Global

**Kraft paper**



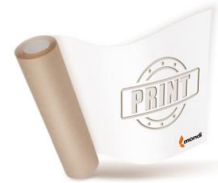
**Industrial bags**



#1

## Europe

**Virgin containerboard**



**Uncoated fine paper**



**Commercial release liner**



## Emerging Europe

**Containerboard**



## South Africa

**Uncoated fine paper**



#3

**Consumer flexible packaging**



**Corrugated packaging**

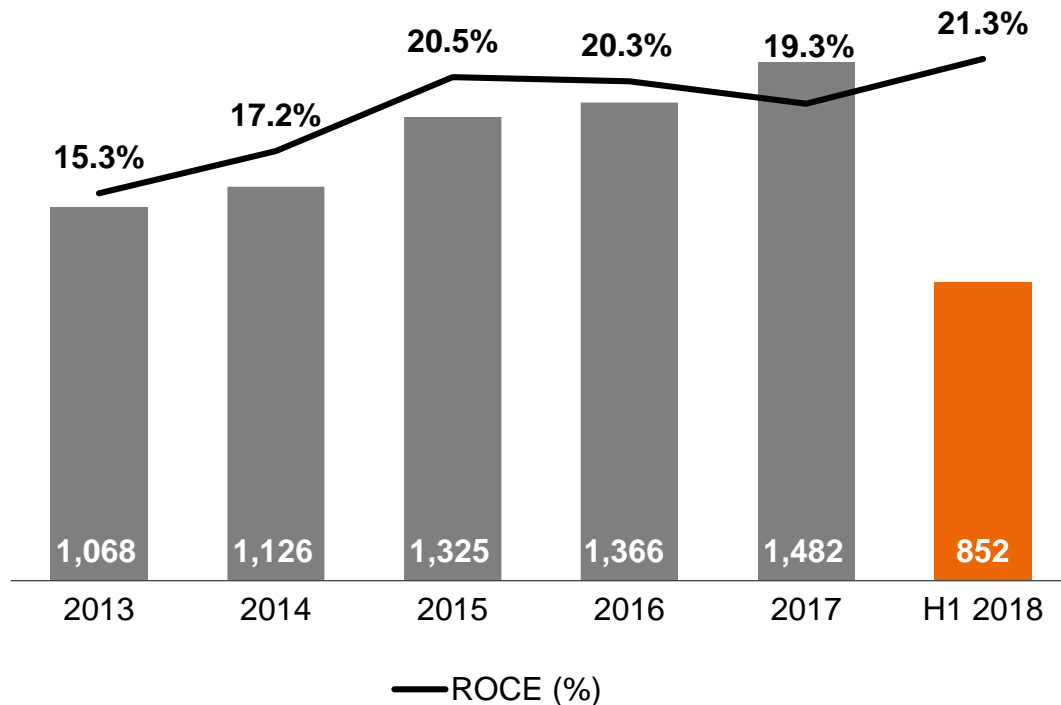


# Consistent strategy delivering industry leading returns



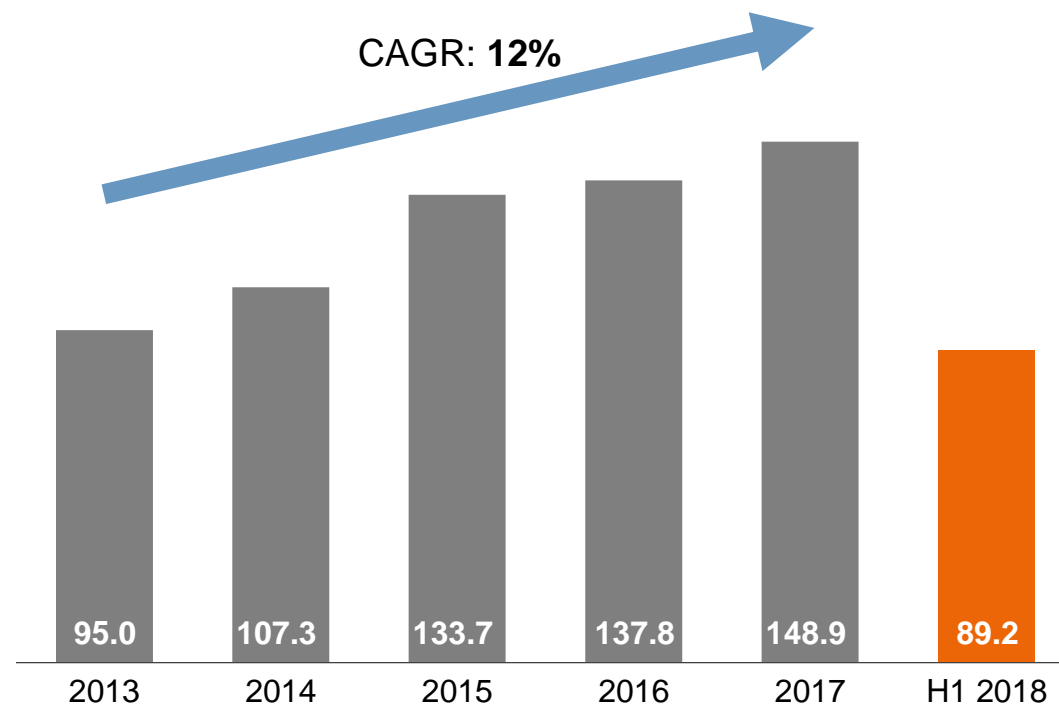
## Underlying EBITDA and ROCE

€ million



## Basic underlying earnings per share

euro cents per share



The Group early adopted the new 'Leases' accounting standard, IFRS 16. All 2017 comparative figures in this presentation have been restated where applicable.

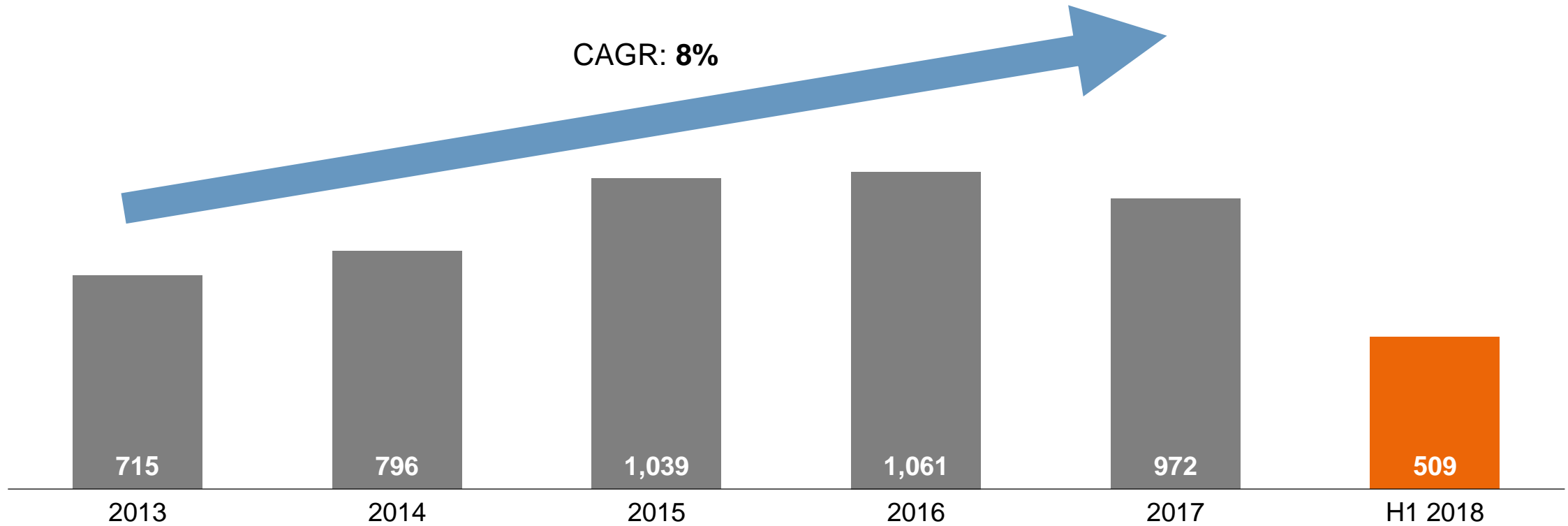


# Strong cash flow generation



## Cash flow generation<sup>1</sup>

€ million



**€5.1 bn cash generated 2013 – H1 2018**

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

<sup>2</sup> The Group early adopted the new 'Leases' accounting standard, IFRS 16. All 2017 comparative figures in this presentation have been restated where applicable.

# Strong track record of acquisitions



- Fibre Packaging
- Consumer Packaging

**Świecie minorities**  
(Containerboard)

**Nordenia**  
(Consumer Packaging)

**2 Duropack plants**  
(Corrugated)

**2012**

**KSP**  
(Consumer Packaging)

**Ascania**  
(Consumer Packaging)

**2015**

**Excelsior Technologies**  
(Consumer Packaging)

**2017**

**2014**

**Intercell**  
(Industrial Bags)

**Graphic Packaging plants**  
(Industrial Bags)

**2016**

**Uralplastic**  
(Consumer Packaging)

**Kalenobel**  
(Consumer Packaging)

**SIMET**  
(Corrugated)

**Lebedyan**  
(Corrugated)

**2018**

**Powerflute**  
(Containerboard)

**NPP**  
(Industrial Bags)

€2.0 billion invested in acquisitions since 2012

# Creating sustainable value through our strategic framework



# Well positioned to leverage global industry growth trends



## Key global industry trends

Sustainability



Light-weighting



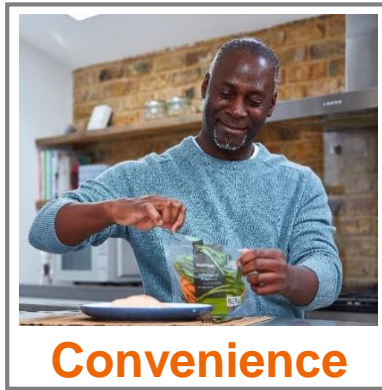
Rigid to flexibles



Recyclable



E-commerce



Convenience

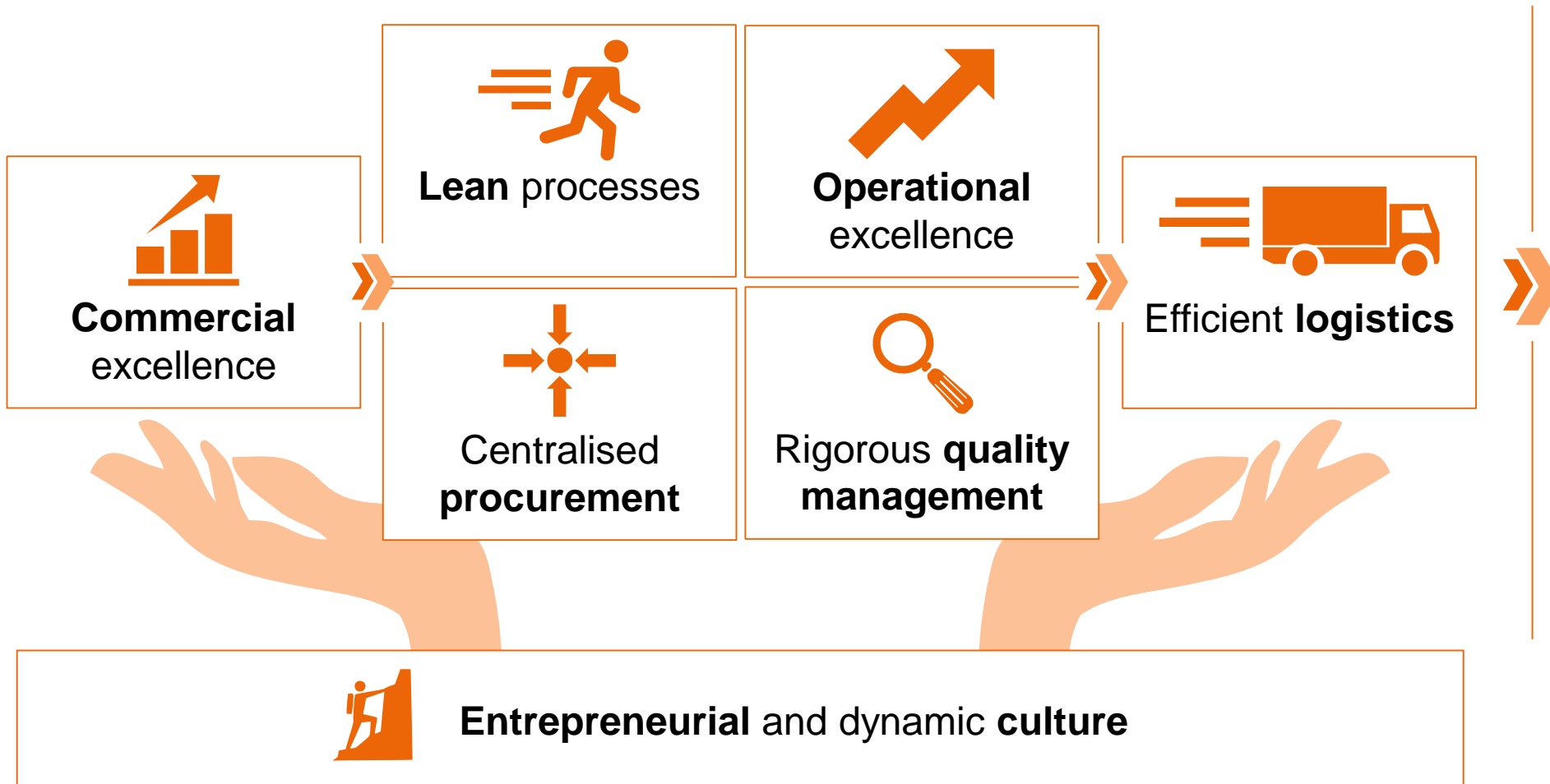


- Mondi joined the **Ellen MacArthur Foundation New Plastics Economy Initiative** – actively working with stakeholders to find innovative solutions that improve the sustainability of packaging
- Seeking opportunities to leverage customer relationships and product know-how
  - uniquely positioned as a leading producer of both plastics and paper based solutions

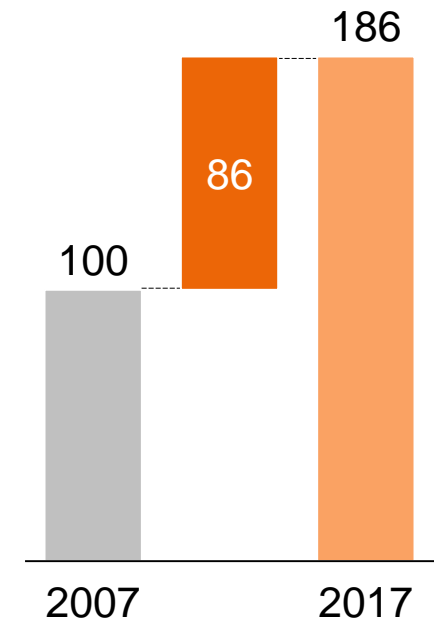
# Driving performance along the entire value chain



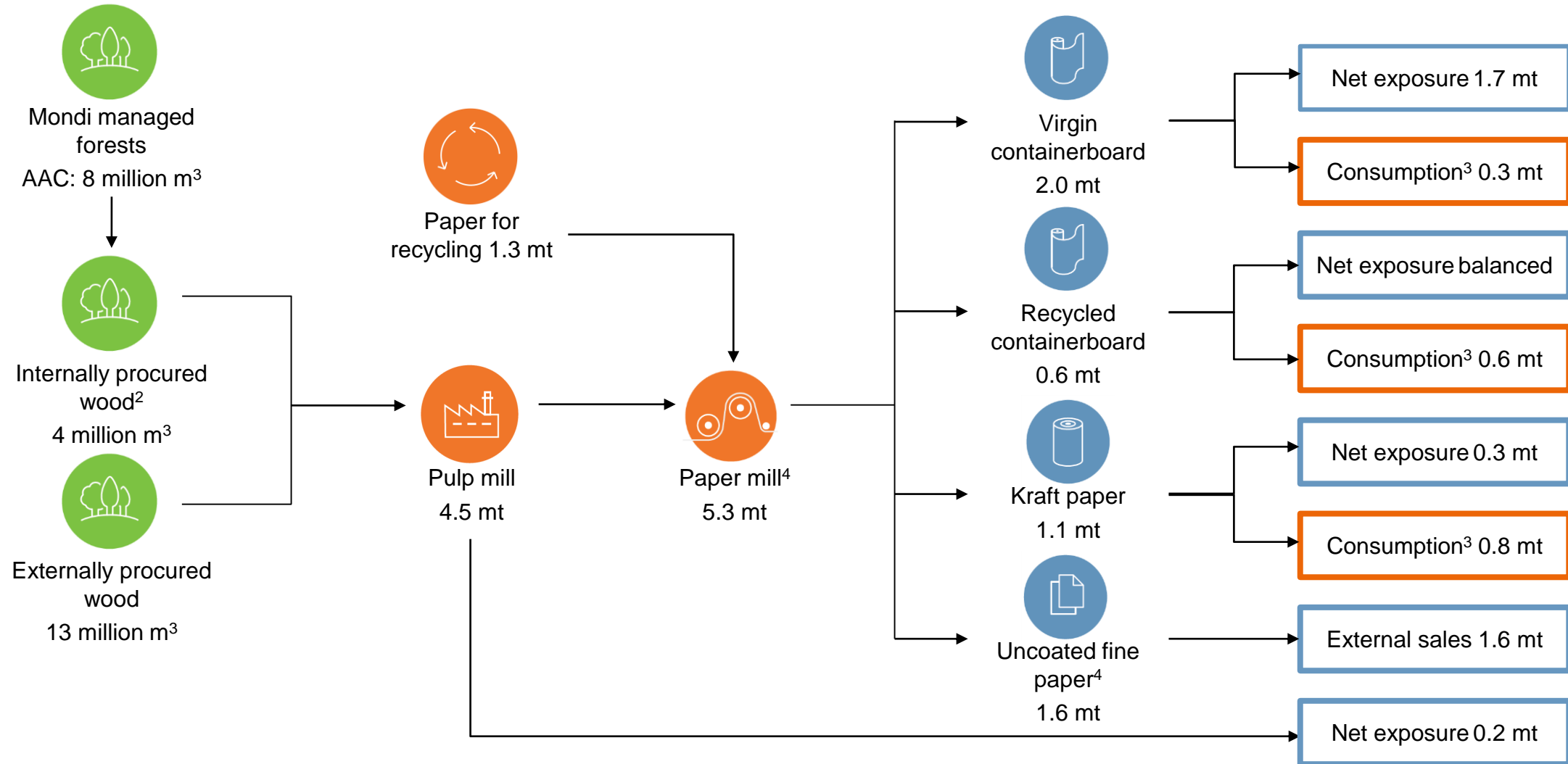
## Culture of continuous improvement in all elements of value chain



**Productivity (saleable output)**  
Tonnes/employee, indexed



# Pulp and paper integrated value chain (pro-forma 2017)<sup>1</sup>



<sup>1</sup> Adjusted for the acquisition of Powerflute (0.3mtpa of virgin containerboard) and the disposal of Pine Bluff (0.1mtpa of kraft paper)

<sup>2</sup> Due to commercial, logistic and sustainability considerations, the actual wood procured from our managed forests was lower than the annual allowable cut ('AAC')

<sup>3</sup> Total consumption (aggregate of internal and externally procured packaging paper)

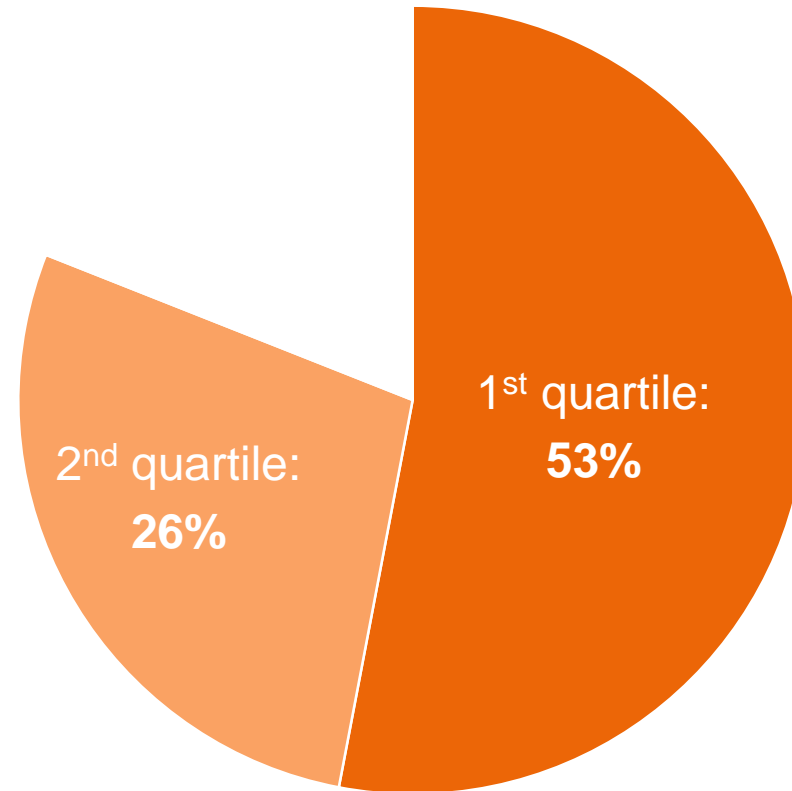
<sup>4</sup> In addition to the 1.6mt of uncoated fine paper, the Group also produced 0.3mt of newsprint in 2017

# Our cost advantaged operations



## Mondi capacity by quartile of relevant industry cost curve<sup>1, 2, 3</sup>

%



**Around 80% in the 1<sup>st</sup> or 2<sup>nd</sup> cost quartile**

<sup>1</sup> Includes unbleached kraftliner, white top kraftliner, nordic and semi chemical fluting, testliner, recycled fluting, unbleached sack kraft paper, bleached sack kraft paper, uncoated fine paper (including value added grades) and BHKP

<sup>2</sup> Based on delivered cost to Frankfurt except BHKP (delivered to Rotterdam), uncoated fine paper – Merebank (delivered to South Africa) and recycled containerboard – Tire (delivered to Turkey)

<sup>3</sup> European capacity except white top kraftliner, bleached & unbleached sack kraft paper and BHKP (global capacity) and uncoated fine paper – Merebank (South Africa only)

Source: RISI and Mondi estimates, Q1 2018. BHKP ZAR/EUR FX rate adjusted to closing rate (at 30 June 2018) of 16.05

# Finding solutions with our customers



## BarrierPack Recyclable



- Fully recyclable new plastic laminate, recipient of the 'Best Technology Innovation in Plastics Recycling' award<sup>1</sup>
- Sustainable packaging solution, with quality and functionality performance properties equivalent to conventional materials
- Supports circular economy principles

## shoppingworld by Mondi



- Leading European speciality kraft paper producer offering a broad range of paper grades for bags and shoppers – 1<sup>st</sup> European shopping bag summit organised by Mondi in April 2018
- White or brown, for food or fashion, entirely virgin-based or with recycled fibres, highly functional or strikingly attractive
- Outstanding quality paper grades to enhance brand awareness and positive consumer shopping experience

## Point-of-sale: Baca Stand



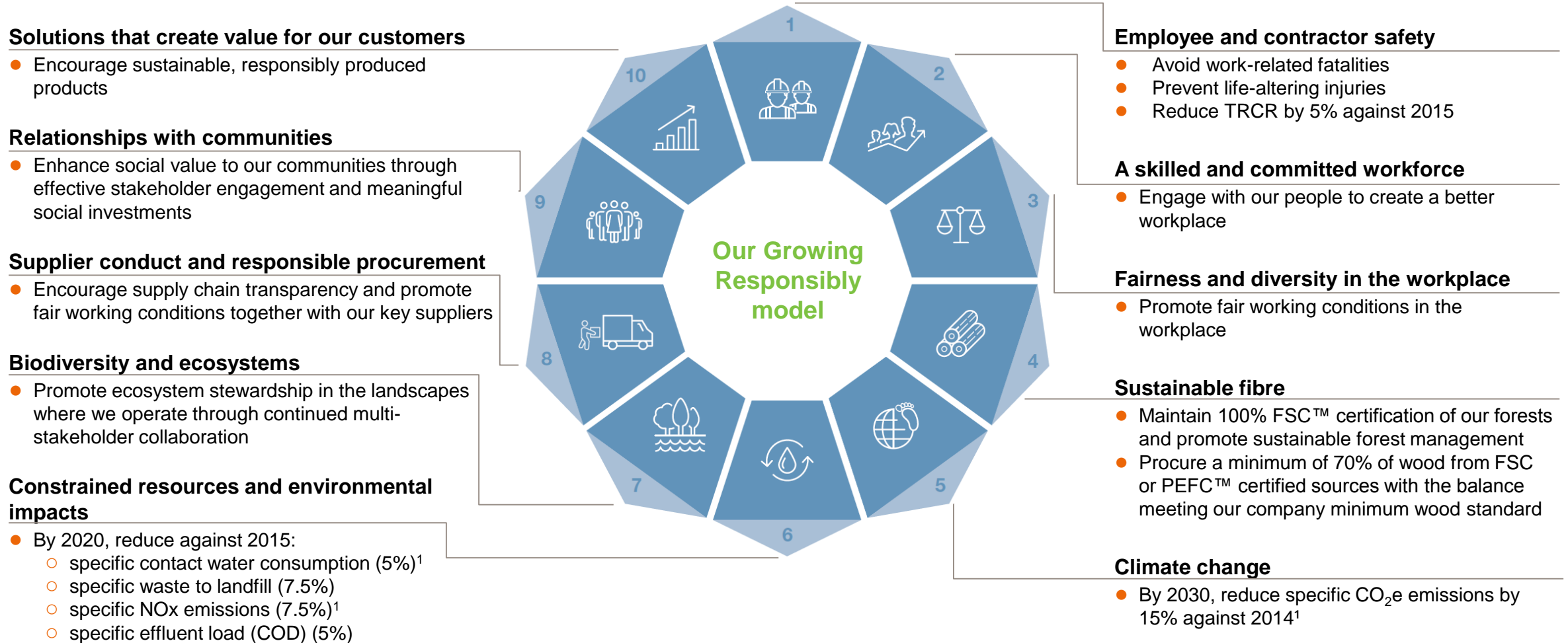
- Awarded with a World Star award
- An easy forming, tape-free corrugated display solution consisting of modular trays with a mid-support structure
- Enabling simple and fast filling during production as well as easy access for end-consumers
- Scores in terms of efficiency as it uses 46% less material and requires 20% less handling time per pallet compared to conventional stack boxes



# With an integrated approach to sustainable development



## Looking ahead to 2020: 16 commitments across 10 action areas



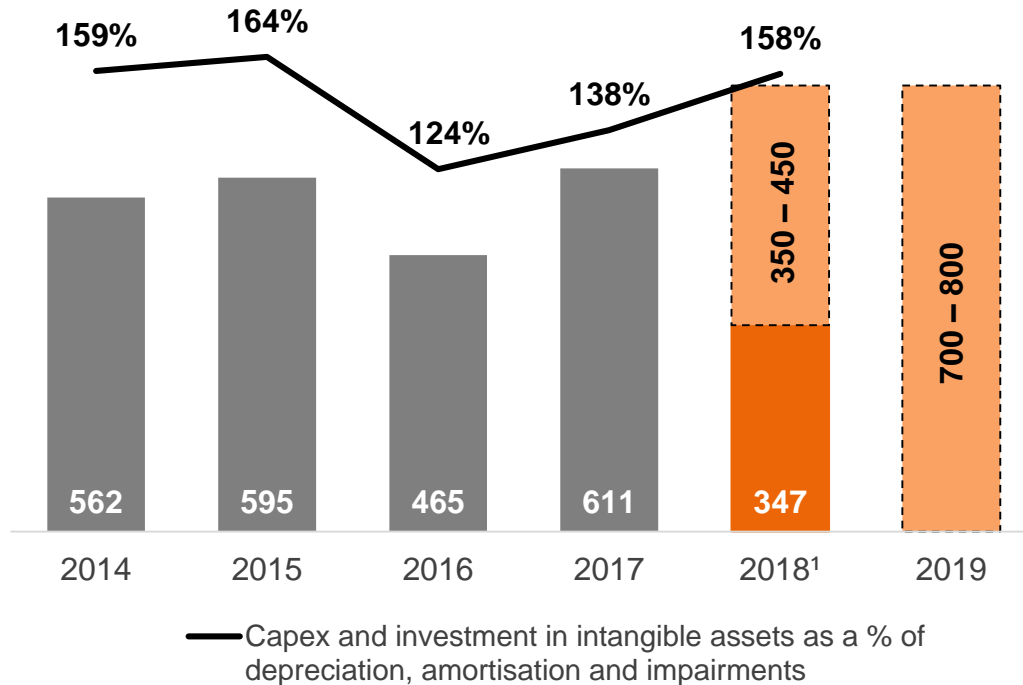
<sup>1</sup> From our pulp and paper mills

# Continued investment in our world class asset base



## Capital expenditure

€ million



- Good contributions from recently completed capital projects
- Ongoing progress made on our major capital expenditure programme, totalling over €750 million and securing future growth:
  - Štětí modernisation and woodyard upgrade
  - Ružomberok new kraft top white machine and related pulp mill upgrade
  - Debottlenecking at Syktyvkar as part of our plan to increase saleable production by around 100 ktpa
- Key projects expected to increase the Group's current saleable pulp and paper production by around 9% when in full operation

<sup>1</sup> €347 million and 158% relate to H1 2018

# Ongoing major capital investment projects



## Ružomberok mill, Slovakia



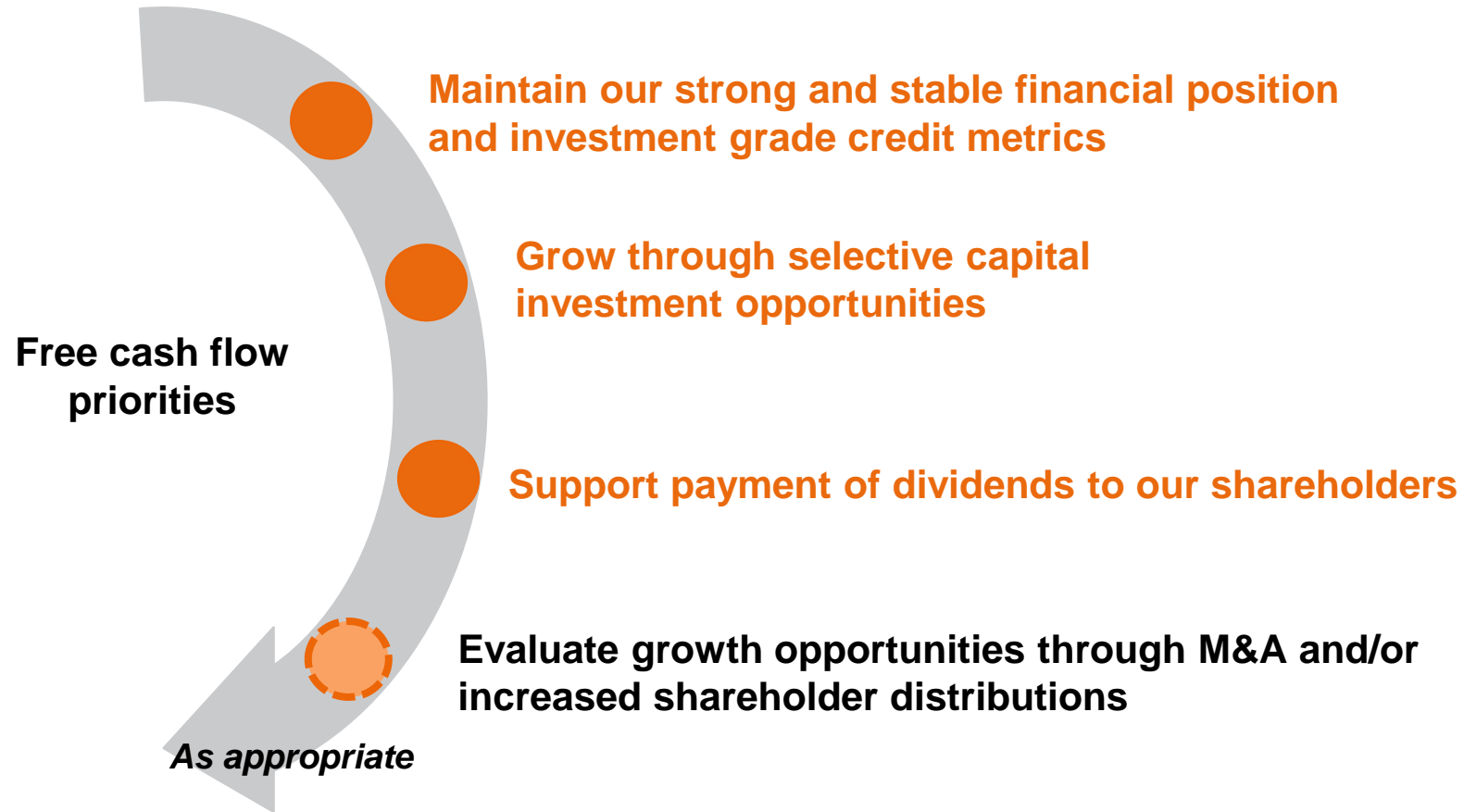
- 300,000 tonne per annum kraft top white machine
- Debottlenecking pulp mill – increasing capacity by 100,000 tonnes per annum (to be mostly integrated into containerboard)
- Incentives received
- Pulp mill upgrade in progress, start-up expected in late 2019
- Paper mill expected start-up in 2020 (subject to permitting)

## Štětí mill, Czech Republic



- Replacement of recovery boiler, rebuild of fibre lines and debottlenecking of paper machines
- Benefits:
  - increased saleable production – 90,000 tonnes per annum market pulp and 55,000 tonnes per annum packaging paper
  - reduced environmental footprint, increased electricity self-sufficiency, lower production costs
- In progress, expected start-up in late 2018

# Our cash flow priorities remain unchanged

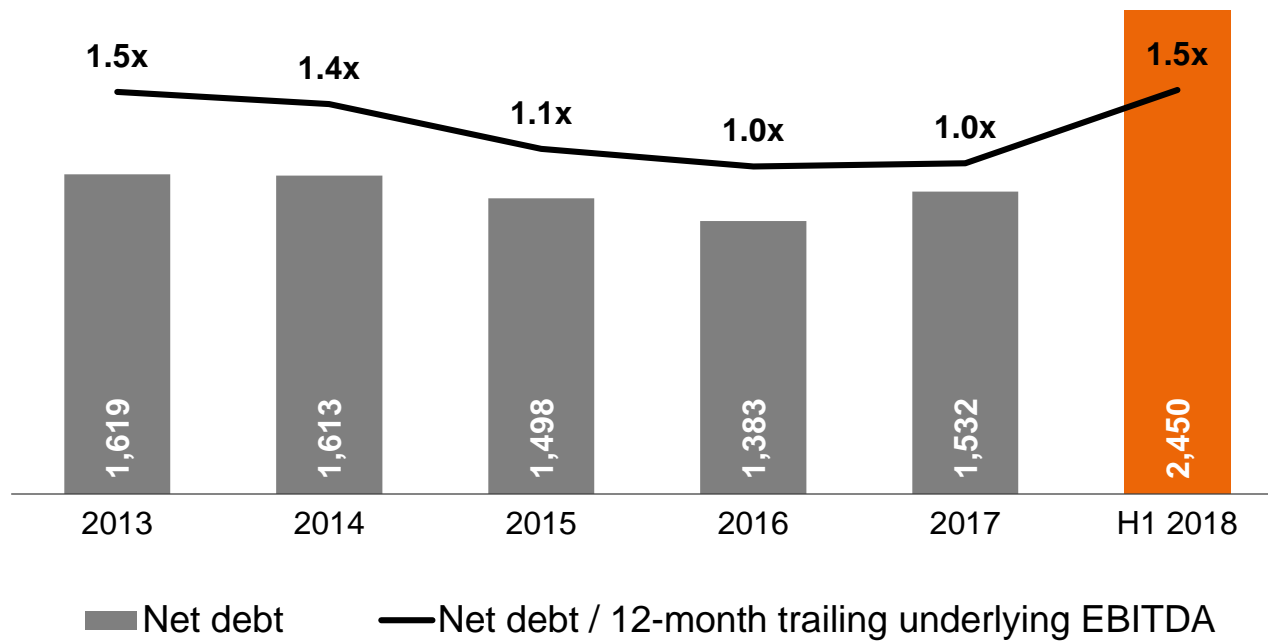


# Robust financial position



## Net debt and net debt / underlying EBITDA

€ million



- Net debt was up in H1 2018 due to:
  - payment of the 2017 special dividend (€484 million)
  - completion of acquisitions (€415 million<sup>1</sup>)
- Key financial policy
  - Retain Investment Grade credit rating
- Public credit ratings
  - Standard & Poor's at BBB+ (stable outlook)
  - Moody's Investors Service at Baa1 (stable outlook)

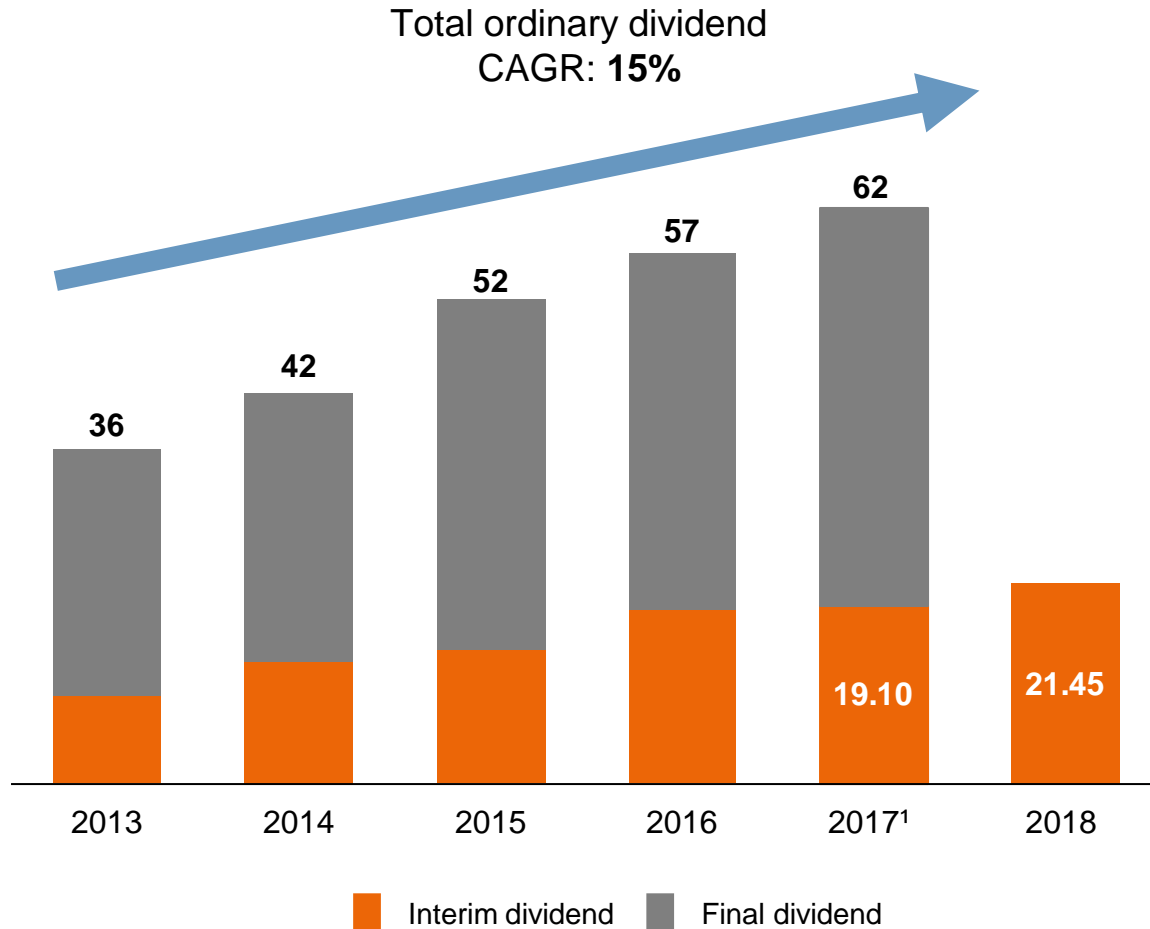
<sup>1</sup> On a debt and cash-free basis

# Continued growth in shareholder returns



## Dividends declared

euro cents per share



- 2-3x ordinary dividend cover range across the cycle
- The Boards regularly review the Group's capital allocation priorities to optimise value accretive growth and long-term returns for shareholders

<sup>1</sup> Excludes 2017 special dividend of 100 euro cents per share which was distributed in addition to the ordinary dividend

# Market position sources and definitions



## Mondi region definitions

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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

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Virgin containerboard (Europe) and Containerboard (emerging Europe) based on capacity (including kraft top liner) – 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

Corrugated packaging (emerging Europe) based on production – Source: Henry Poole Consulting and Mondi estimates

Industrial bags (Global) based on sales volume – Source: Eurosac, Freedonia World Industrial Bags 2016 study and Mondi estimates

Consumer flexible packaging (Europe) based on sales – Source: PCI Wood Mackenzie – Flexible Packaging, European Supply/Demand report, 2017

Commercial release liner (Europe) based on sales volumes – Source: AWA European Release Liner Market Study and Mondi estimates

Uncoated Fine Paper (Europe) based on sales volumes (Ilim JV considered separate from IP) – Source: Euro-Graph delivery statistics, EMGE Woodfree Forecast, EMGE World Graphic Papers, RISI Mill Asset Database, Eastconsult and Mondi estimates

Uncoated Fine Paper (South Africa) based on Mondi estimates

