



# 2021 Full Year Results Presentation

3 March 2022



# Delivering strongly, accelerating growth in sustainable packaging



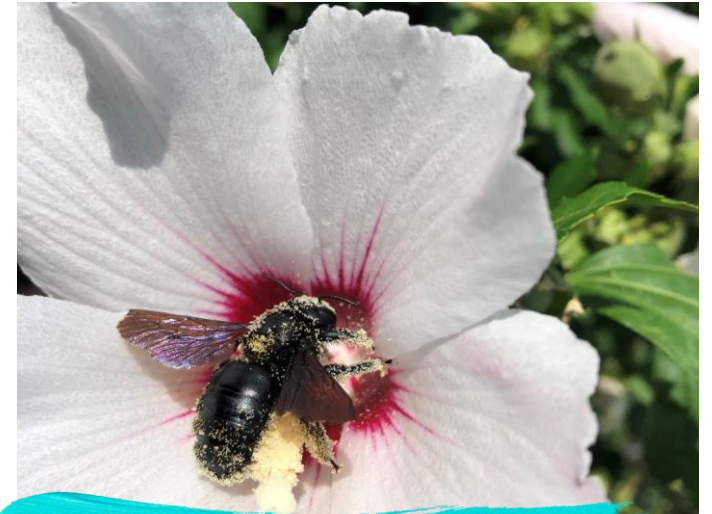
## DELIVERING STRONGLY

- Integration, agility and collaboration – delivering for customers
- Growing volumes, increasing prices
- Strong delivery on all financial metrics



## ACCELERATING GROWTH

- Successful execution of investment projects
- Ambitious capex programme to accelerate growth in packaging
- Including €1 billion of expansionary projects with expected mid-teen returns



## SUSTAINABLE BY DESIGN

- Recognised leader in sustainability
- Unique portfolio of innovative sustainable solutions
- Good progress on all elements of MAP2030

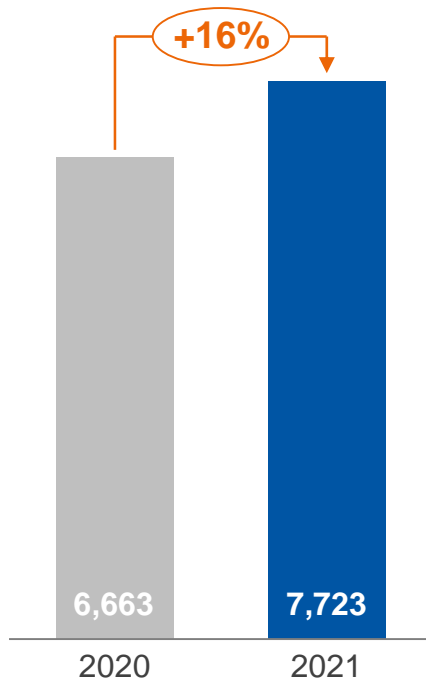


# FINANCIAL REVIEW

# Strong financial performance

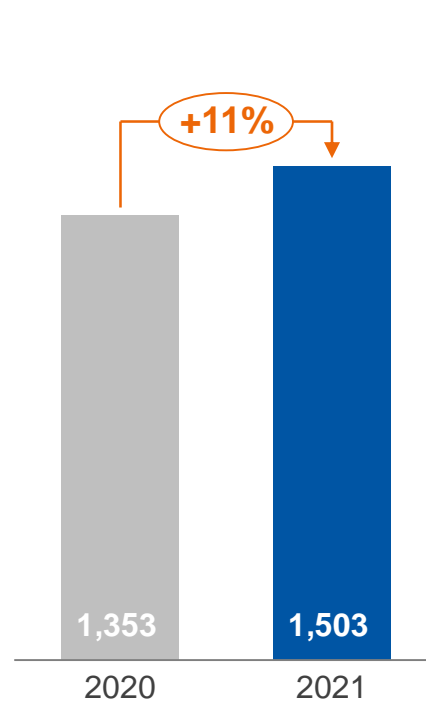
## Group revenue

€ million



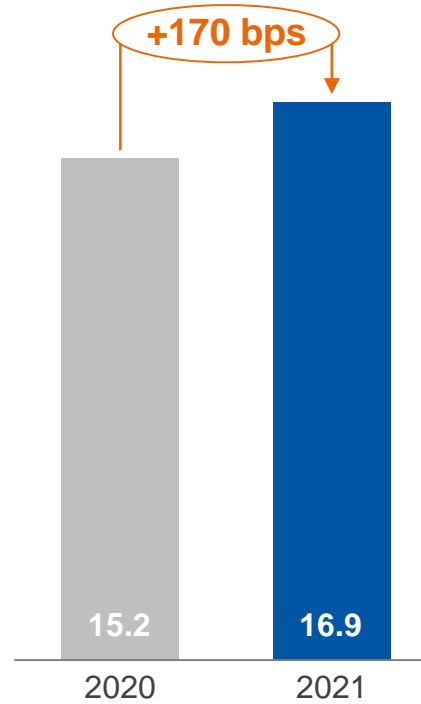
## Underlying EBITDA

€ million



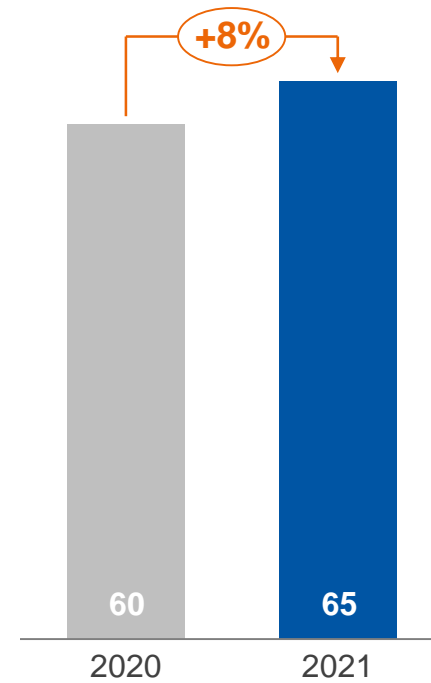
## ROCE

%



## Dividend

€ cents per share

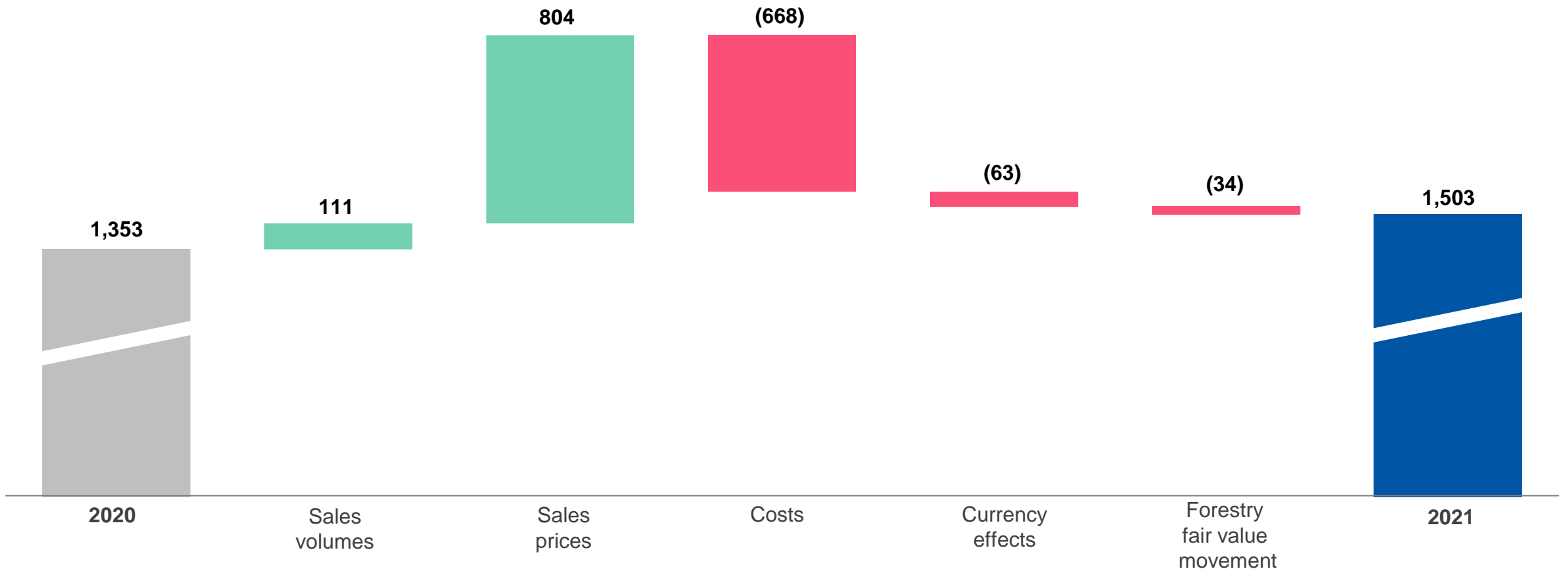


Underlying EBITDA up €150 million, second half up 29%

# Volume growth and higher prices outpacing cost pressures

## Underlying EBITDA development

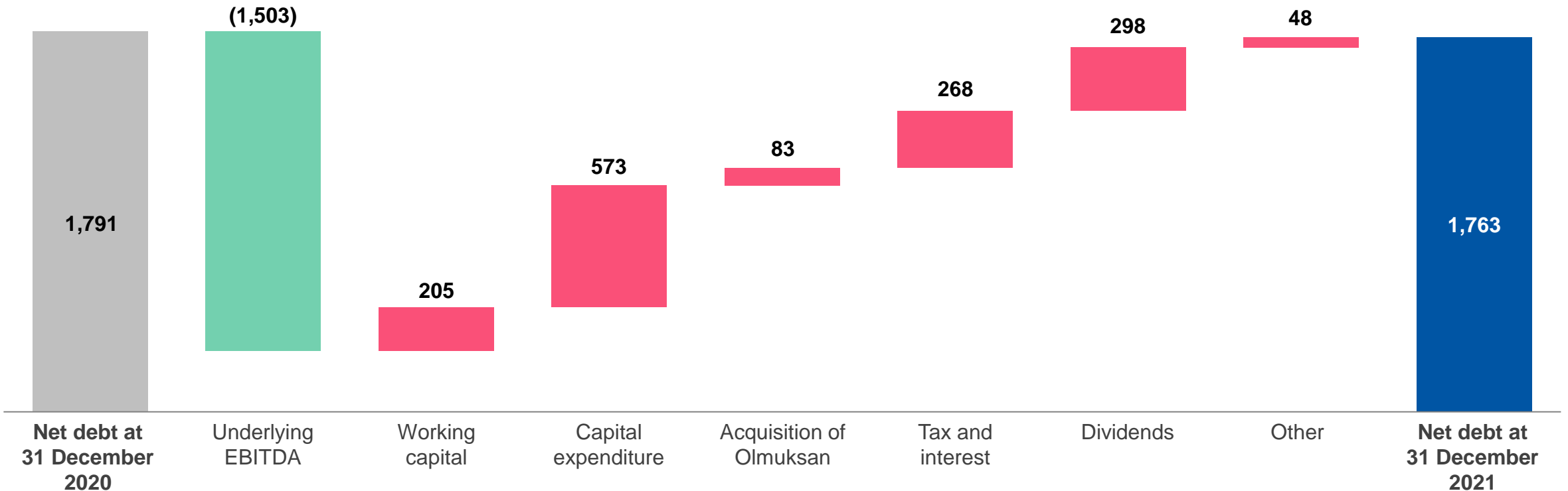
€ million



# Good cash generation while investing for growth

## Movement in net debt

€ million

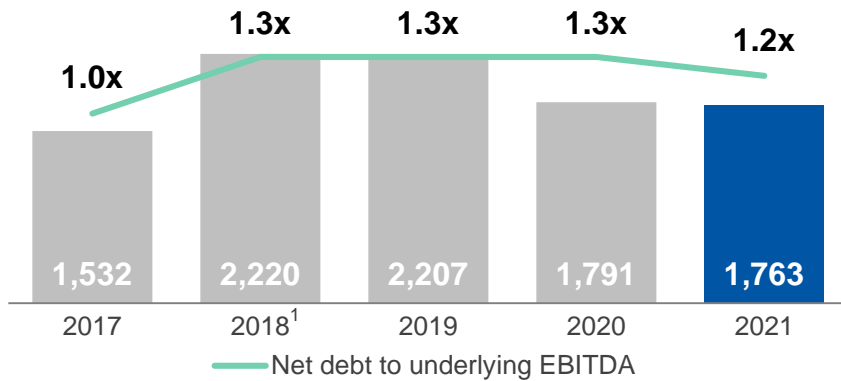


Supporting value accretive growth and shareholder distributions

# Robust financial position providing strategic flexibility

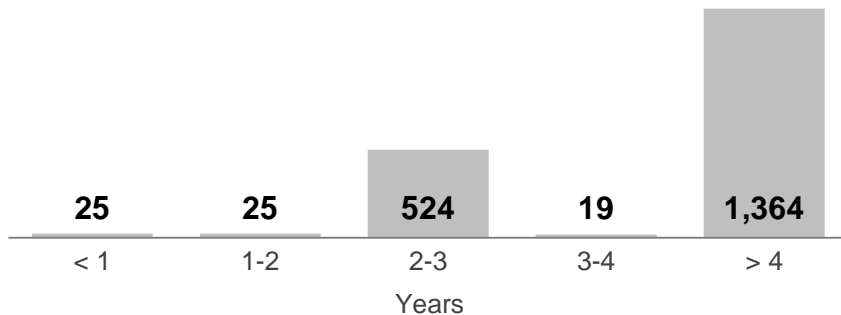
## Net debt

€ million and ratio



## Committed debt maturity profile

€ million



- Signed €750 million Sustainability-Linked Loan
- Liquidity of around €1.3 billion
- Average maturity of debt facilities – 4.7 years
- Investment grade credit ratings unchanged (BBB+ / Baa1)

<sup>1</sup>The Group paid a special dividend of €484 million in 2018

# Sale of Personal Care Components business (PCC)

- Agreed sale of PCC, part of Engineered Materials (EM), in February 2022 for enterprise value of €615 million
- Completion expected in H2 2022
- Decision regarding use of net cash proceeds from sale to be taken post completion
- Functional Paper and Films, remaining portion of EM, will merge into Flexible Packaging



Simplification to deliver greater focus



# Disciplined capital allocation

## Free cash flow priorities

Growing in packaging through selective capital investment opportunities

Supporting payment of ordinary dividends to our shareholders

Evaluating growth opportunities through M&A and/or increased shareholder distributions

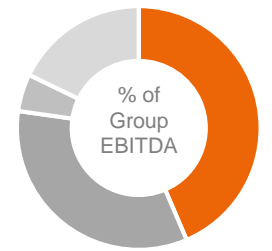
While maintaining our strong and stable financial position and investment grade credit metrics



# BUSINESS UNIT REVIEW

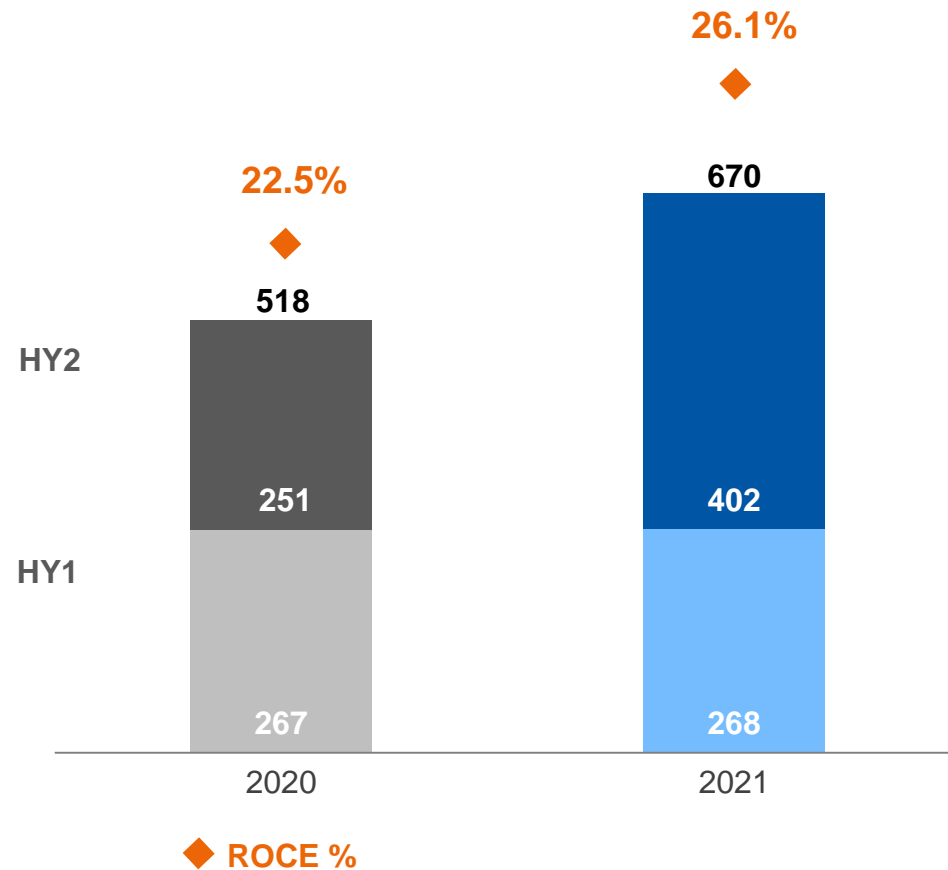
# Corrugated Packaging

## Industry-leading performance, margins and returns



### Underlying EBITDA and ROCE

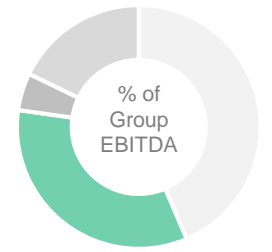
€ million and %



- Strong sales volume growth – Corrugated Solutions volumes up 13%
  - Growth across all end-uses, notably eCommerce and FMCG
  - Underpinned by our innovation, market-leading customer offering and ongoing investment
- Containerboard prices up and successfully passing through higher paper input costs to box prices
- Significantly higher input costs; active cost control
- Acquisition of Olmuksan delivering ahead of expectations

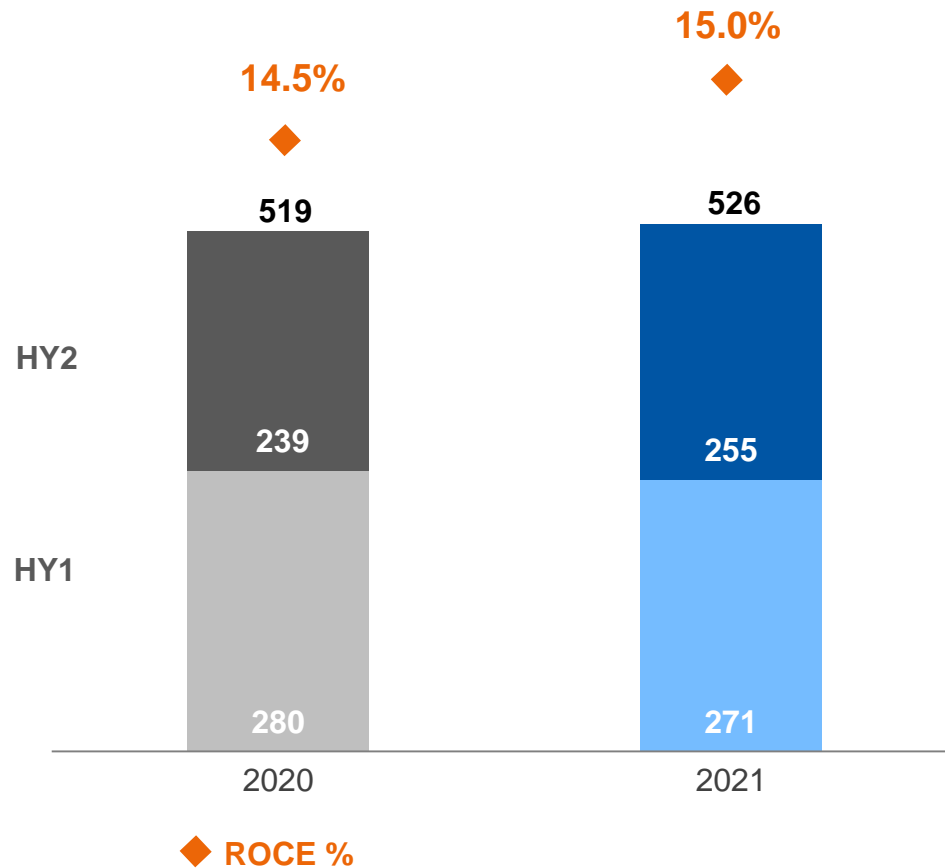
# Flexible Packaging

## Leveraging unique platform to drive growth



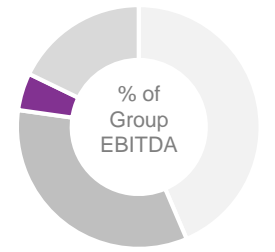
### Underlying EBITDA and ROCE

€ million and %



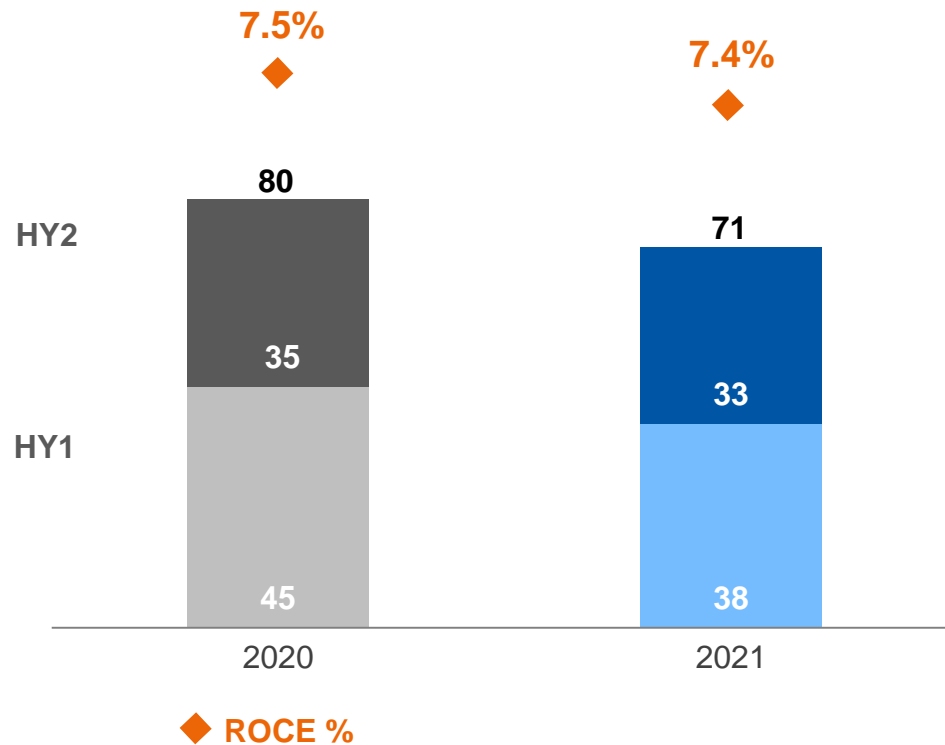
- Strong volume growth across end uses
  - Kraft paper volumes up, notably speciality grades
  - Paper bags volumes up 9%. eCommerce bags 3% of total volumes
- Significant price increases implemented in paper value chain in 2021 and in early 2022
- Converting operations successfully passing on higher input costs
- Driving innovation to support our customers' transition to more sustainable packaging

# Engineered Materials Performance stabilised



## Underlying EBITDA and ROCE

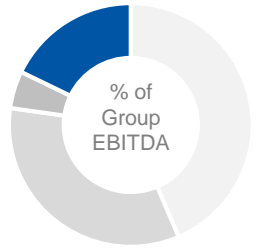
€ million and %



- Performance stabilised in line with our expectations
- Completed transformation of Personal Care Components (PCC) in response to declining volumes as a key product matures
  - Realigning the portfolio
  - Restructuring key sites
- Agreed sale of PCC in February 2022
- Strong recovery in industrial and specialised end uses for Functional Paper and Films

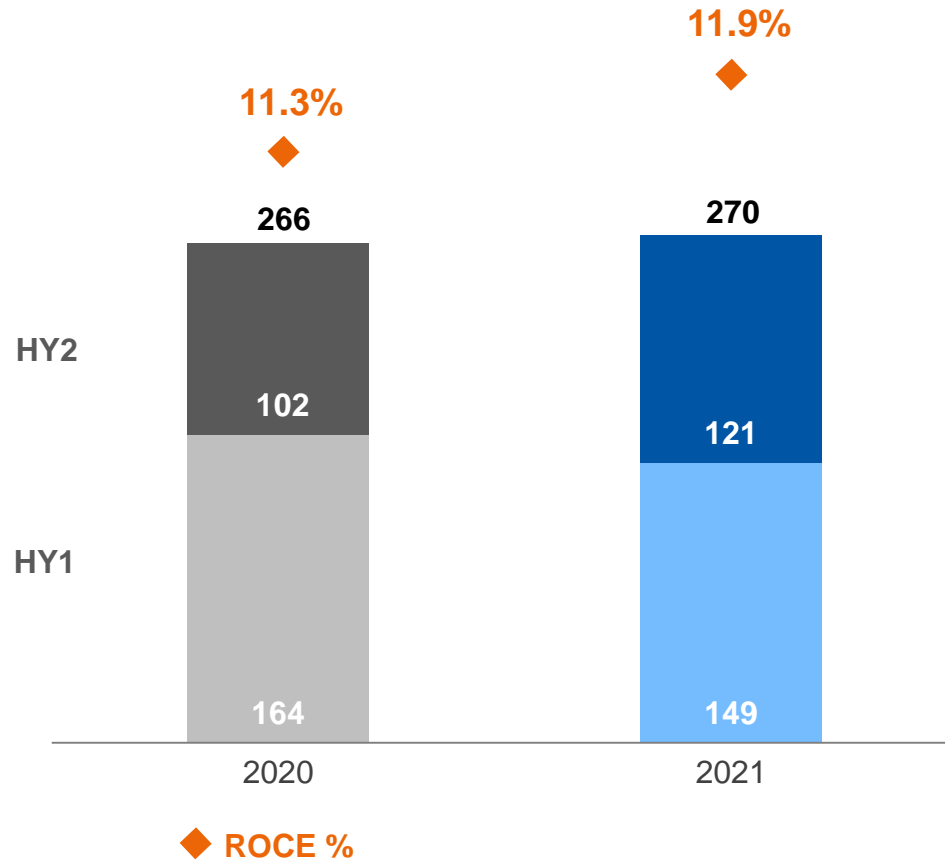
# Uncoated Fine Paper

## Improved trading, supplier of choice



### Underlying EBITDA and ROCE

€ million and %



- Market share gains across all three core regions
- Strong underlying performance with higher volumes and prices offsetting input costs
- Price increases implemented in H2 2021 and early in 2022
- Longer planned maintenance shuts (€30 million y-o-y effect) and significantly lower forestry fair value movement (down €34 million)
- Optimising cash generative platform

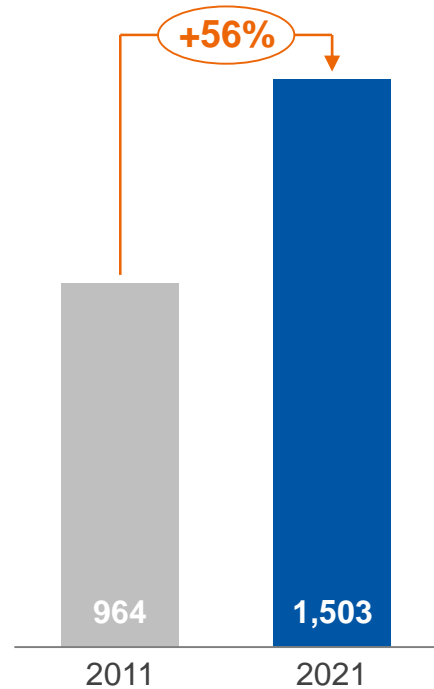


DELIVERING ON OUR STRATEGY

# We have delivered strong value accretion...

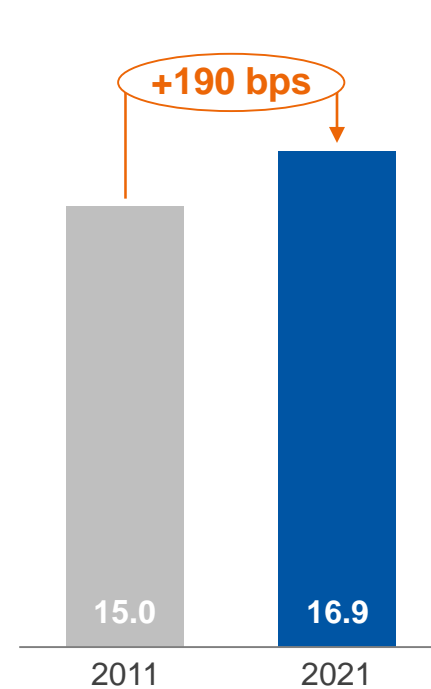
## Underlying EBITDA

€ million



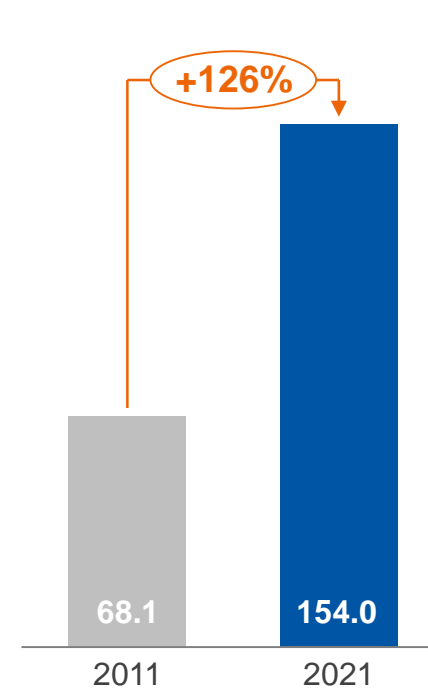
## ROCE

%



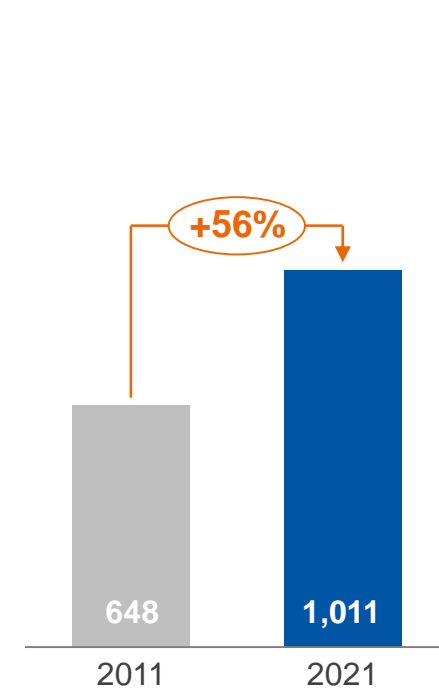
## Underlying EPS

€ cents per share



## Cash flow generation

€ million

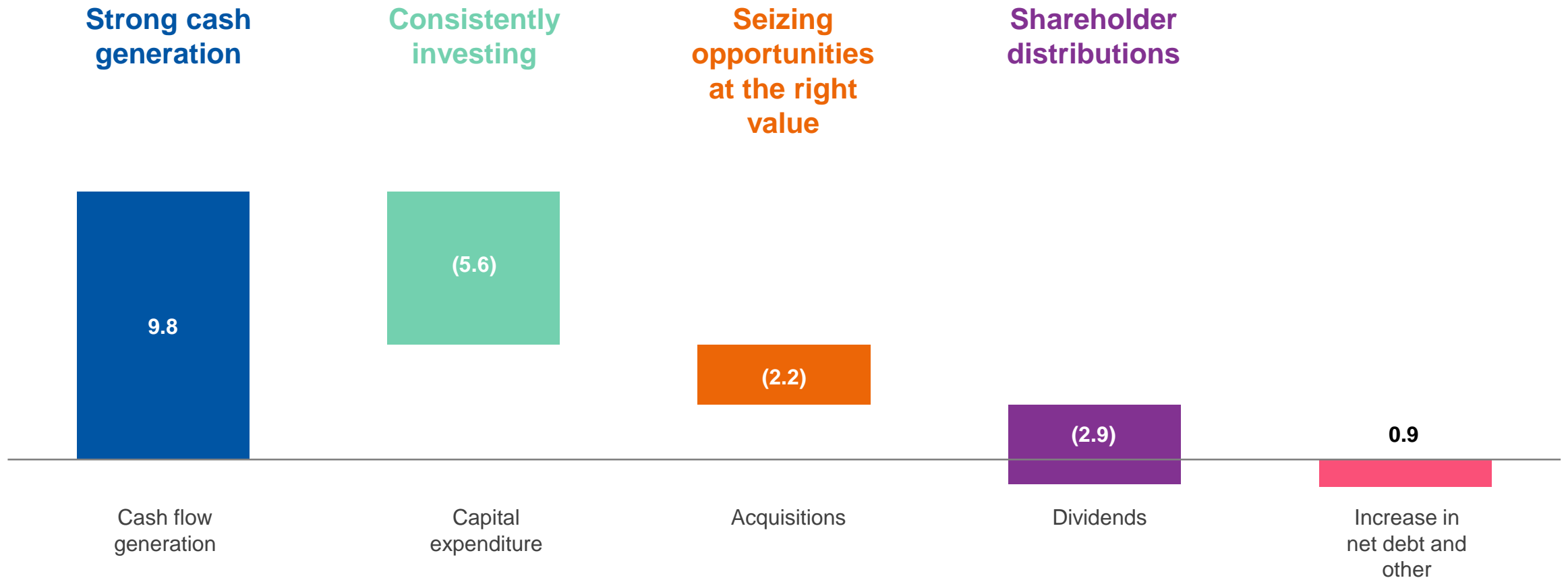




# ... balancing investing for growth and distributing returns

## Cash flow deployment in the last 10 years

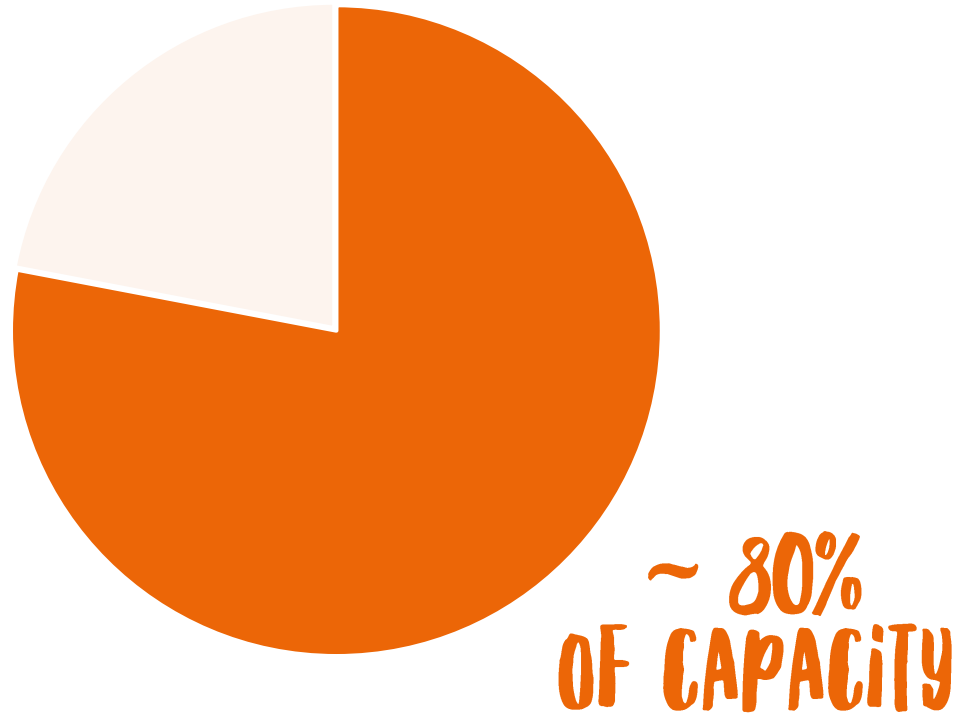
€ billion (2012 – 2021)



# Cost-advantaged assets and high-performance culture

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

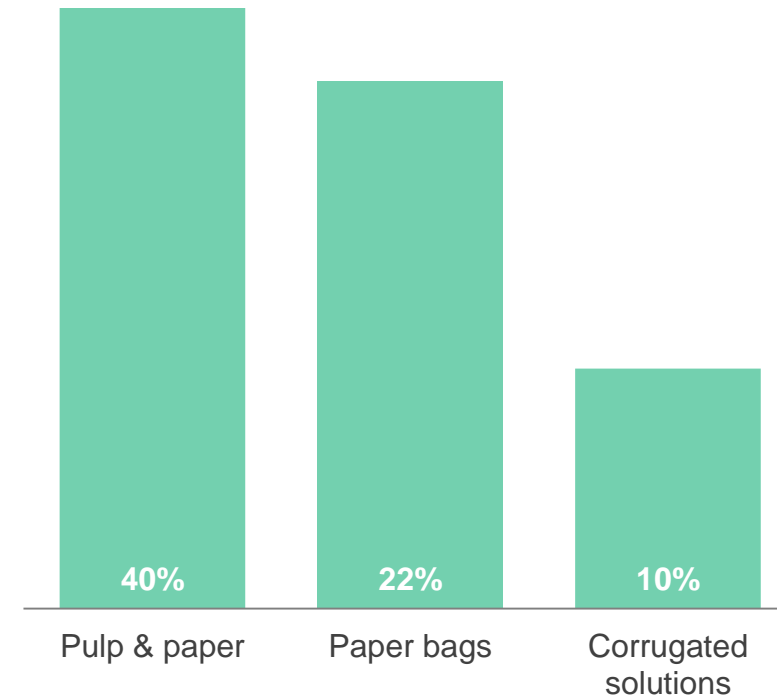
(%)



in the 1<sup>st</sup> or 2<sup>nd</sup> cost quartile

## Productivity increases<sup>2</sup>

10 years (2012 – 2021)

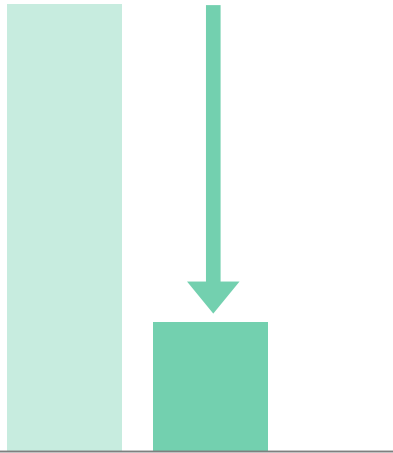


<sup>1</sup> Source RISI <sup>2</sup> Production per employee

# Our long-standing focus on sustainability over two decades

71%

reduction since 2005<sup>1</sup>



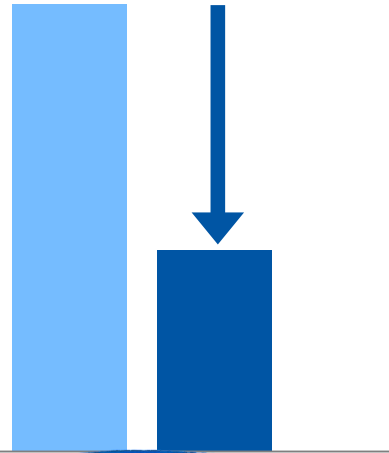
**SPECIFIC WASTE TO LANDFILL**

kg per tonne of saleable production

Circular driven solutions

55%

reduction since 2005<sup>1</sup>



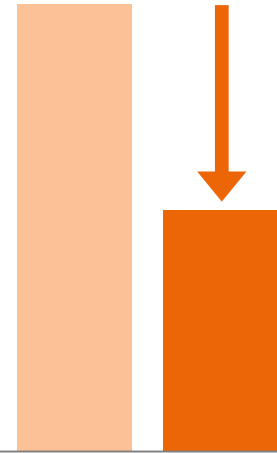
**SAFETY PERFORMANCE**

TRCR<sup>2</sup> (per 200,000 hours worked)

Created by empowered people

46%

reduction since 2004<sup>1</sup>



**GHG EMISSIONS**

tonne per tonne of saleable production

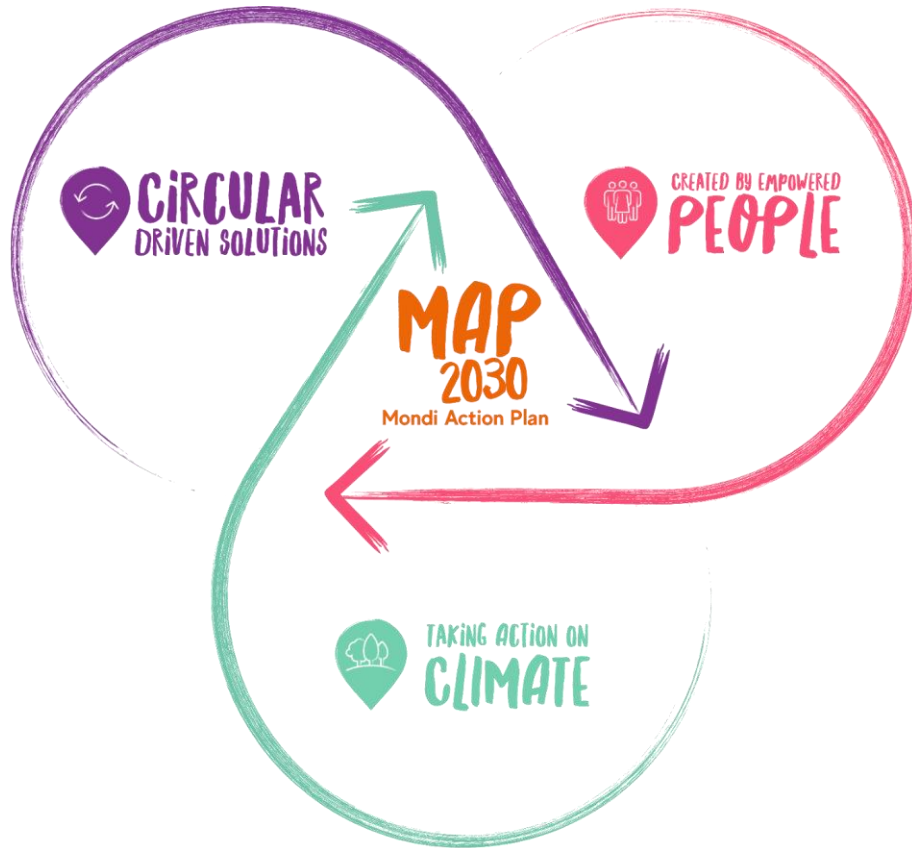
Taking action on climate

<sup>1</sup>2004/2005 were the baseline years of Mondi's first set of sustainability commitments <sup>2</sup>Total Recordable Case Rate

# Leadership widely recognised and valued by our customers



# And taking action for the future



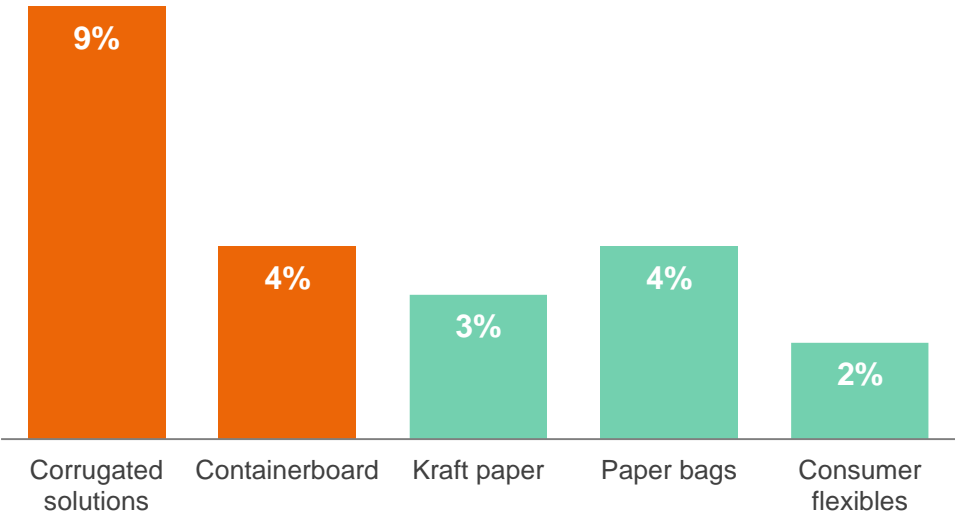
Built on Responsible Business Practices

- Mondri Action Plan 2030 – our sustainability framework for the next decade
- Committed to Net-Zero by 2050, in line with the new Science Based Targets initiative Net-Zero standard (1.5°C scenario)

# A strong track record of growth

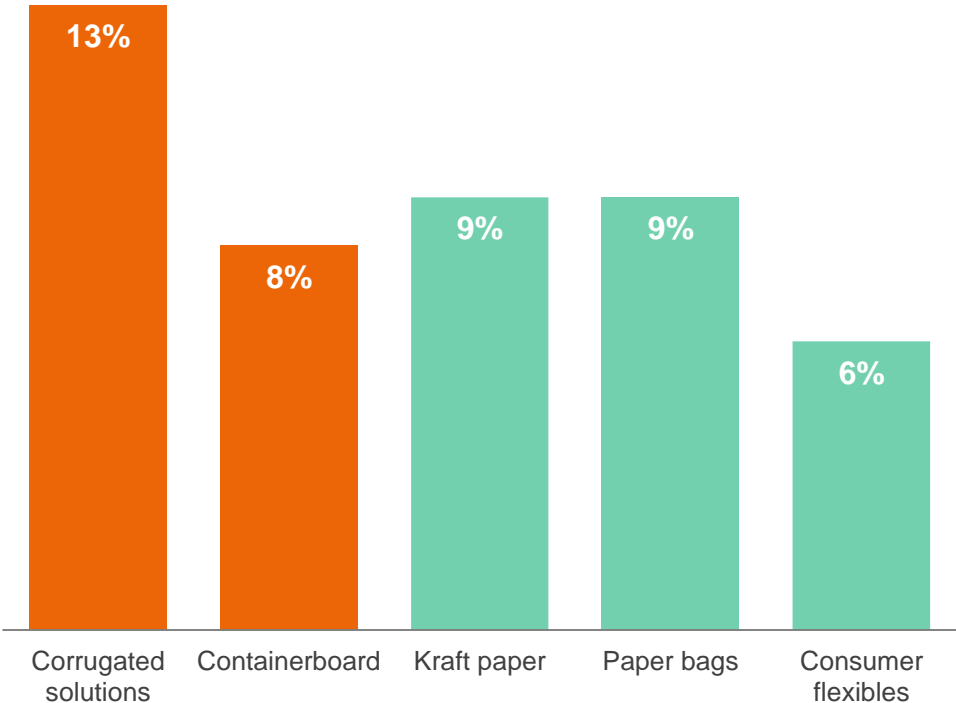
## Five-year production volume CAGR<sup>1</sup>

2017 – 2021



## Y-o-y production volume growth (like-for-like)

2020 – 2021



<sup>1</sup>Excluding disposals



# And our packaging markets continue to grow

CORRUGATED PACKAGING



~2-4%

expected  
medium-term  
European market  
growth

FLEXIBLE PACKAGING

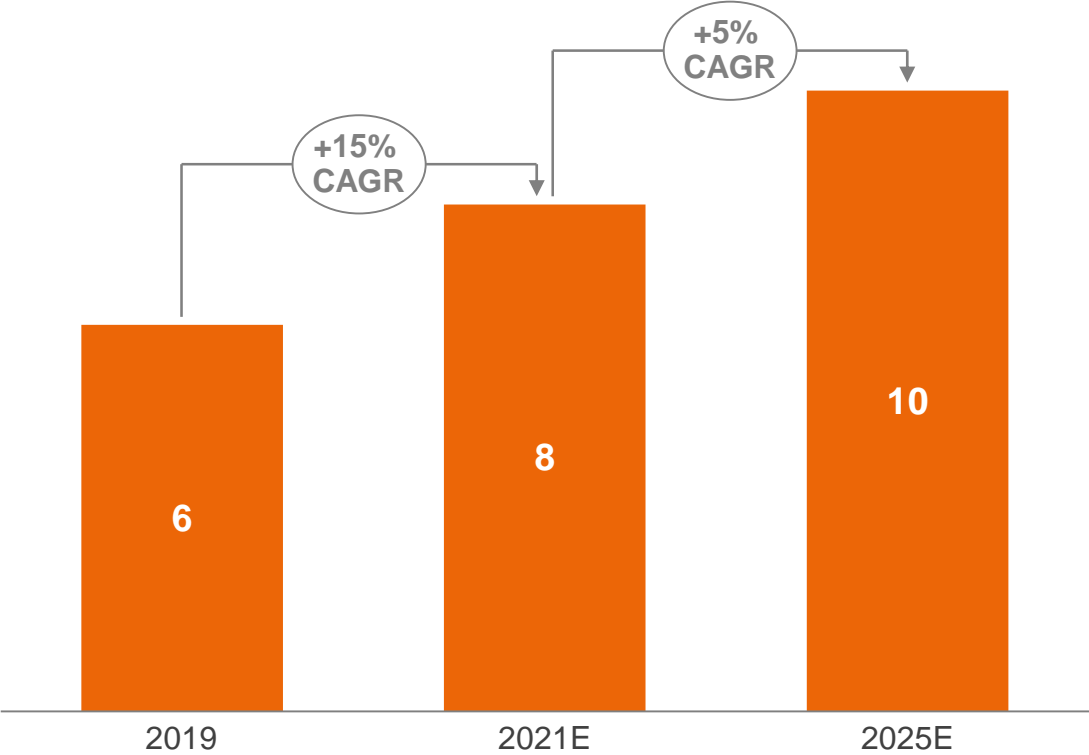


Underpinned by structural growth drivers of eCommerce and demand for sustainable packaging

# Growth in eCommerce expected to continue

## European eCommerce packaging market

€ billion



Source: Statista, Smithers Pira, Mondi estimate



# Demand for sustainable packaging is here to stay

## CONSUMERS

- Increased awareness
- 50% of global consumers willing to pay a premium for sustainable packaging<sup>1</sup>
- Over 70% of global consumers look for less plastic when purchasing products<sup>1</sup>

## REGULATORS

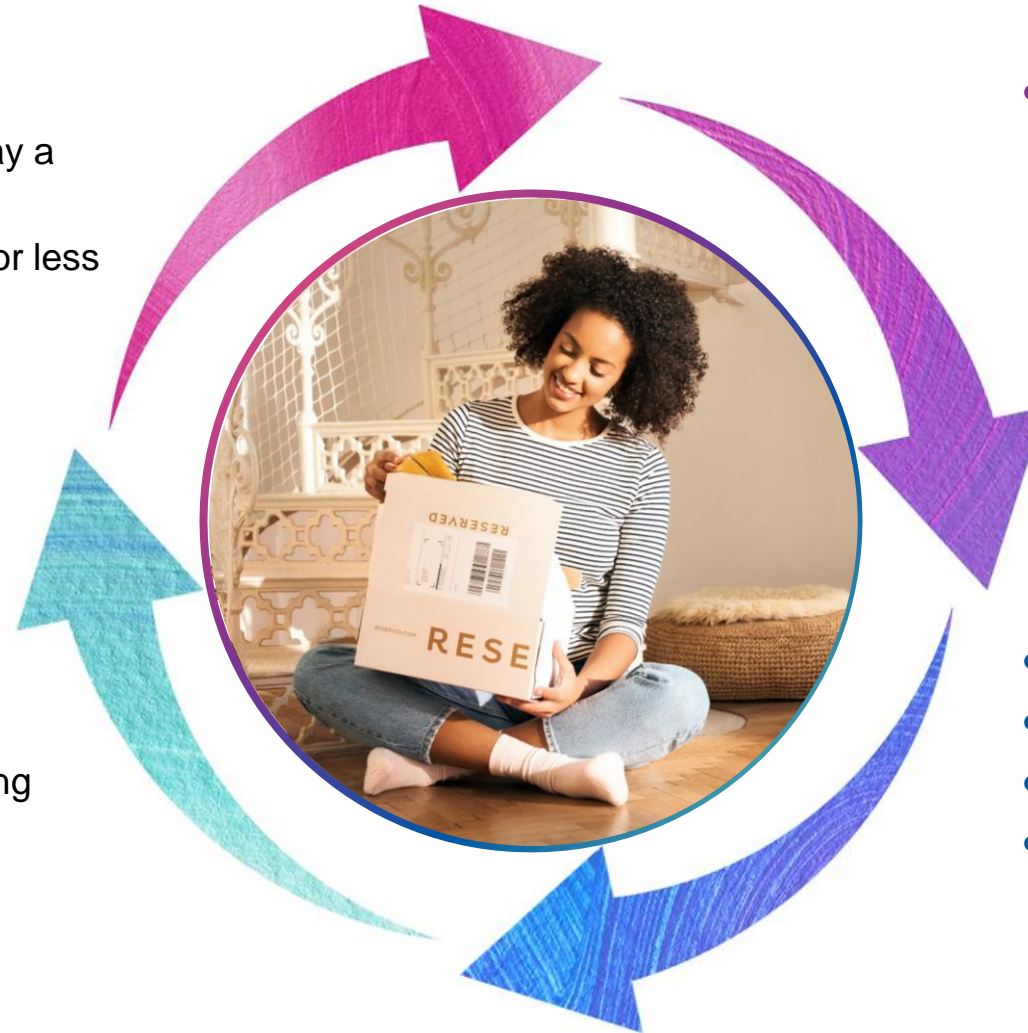
- EU Green Deal
  - Circular Economy Action Plan
  - Update to Packaging and Packaging Waste Directive
  - Single-Use Plastic Directive
- Taxes on plastic packaging
- Fee / ban retail plastic bags

## CUSTOMERS

- FMCGs' and retailers' public pledges on sustainable packaging. Committing to:
  - Eliminate unnecessary packaging
  - Increase recyclability
  - Reducing use of single-use plastic

## NGOS & PARTNERS

- NGOs call for action
- EMF Global Commitment
- 4evergreen
- Call for a UN Plastic Pollution Treaty



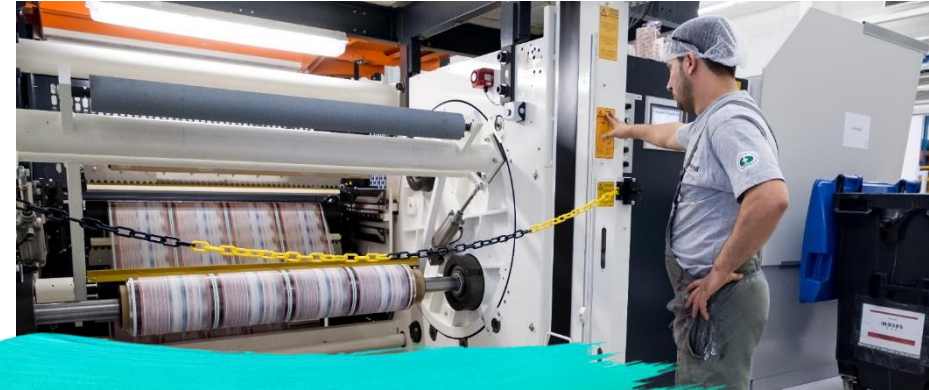
<sup>1</sup>Source FMCG gurus

# Currently €1 billion of expansionary capital projects approved or under advanced evaluation across packaging



## CORRUGATED PACKAGING

- Modernisation and expansion of Kuopio mill - 55,000 tonnes extra saleable production (€125 million)
- Debottlenecking kraftliner output at Swiecie mill - 55,000 tonnes extra saleable output (€95 million)
- Expanding and enhancing Corrugated Solutions plant network (€185 million)



## FLEXIBLE PACKAGING

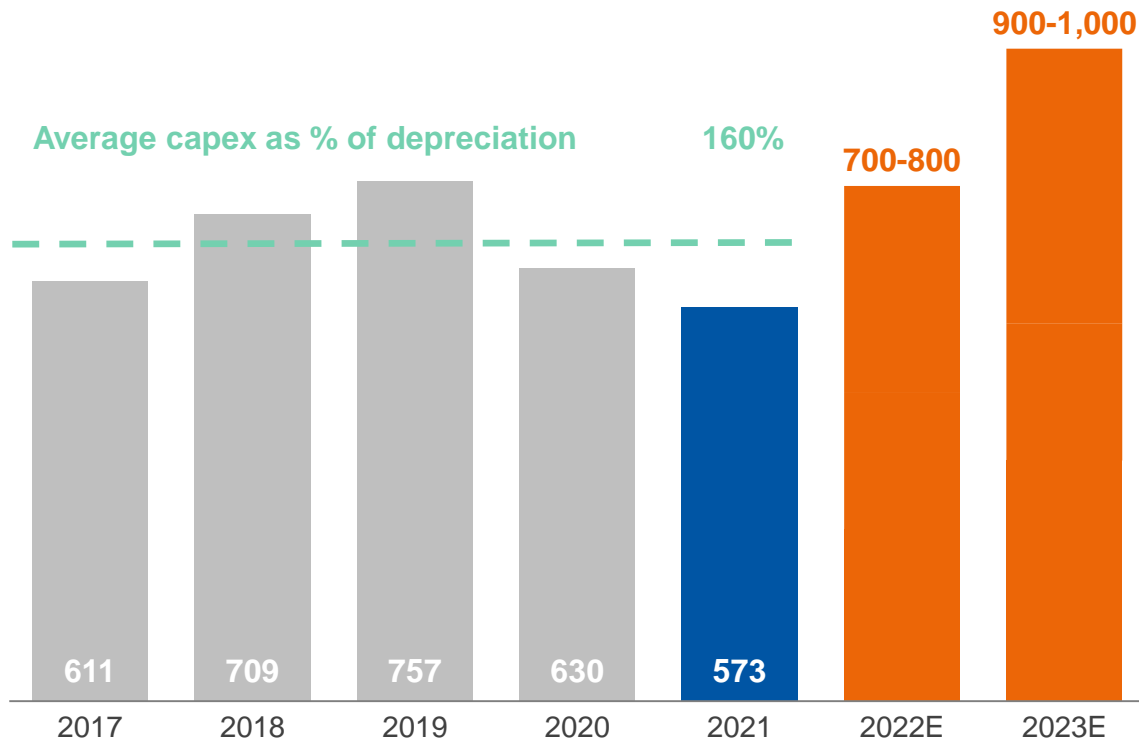
- Advanced evaluation of 200,000 tonne kraft paper machine, decision in 2022 (around €350 million)
- Growing coating capabilities for functional paper with necessary barriers (€50 million)
- Enhancing pet food capacity, cementing leading positions (€65 million)
- Expanding leading global paper bags network

Expected to deliver mid-teen returns when in full operation

# Accelerating growth in packaging through expansionary capital investment programme

## Capital expenditure and % depreciation

€ million and %



- Track record of consistently investing:
  - Driving organic growth
  - Enhancing product offering
  - Strengthening cost competitiveness
  - Improving environmental footprint

# Our customer-centric approach to sustainable packaging

## Ecosolutions



*PAPER where possible...*

*...PLASTIC when useful*

# Innovating to replace plastic with functional papers for our customers

LEVERAGING OUR UNIQUE PLATFORM  
IN PAPERMAKING, COATING AND  
PACKAGING CONVERSION

- Fully recyclable paper-based solutions
- Using customers' existing machinery *and* supporting their sustainability goals
- Comparable shelf life performance
- Applications include dry, frozen and fresh food, confectionery and others (non-food)
- Reducing plastic by **80 – 95%**



## FRESH FOOD

Supporting **Les Crudettes** to replace plastic with paper, in cooperation with machine supplier, IMA-Ilapak



## FROZEN FOOD

Supporting **Iceland's** goals to eliminate plastic packaging by 2023

# Innovating to develop sustainable, cost-effective solutions for eCommerce

100% RECYCLABLE  
eCOMMERCE SOLUTIONS

- Collaborating with high-growth customers
- Reducing packaging
- Increasing recyclability
- Optimising material usage
- Minimising logistics costs
- Scalable solutions to maximise market opportunities



## eGROCERY

- Novel temperature delivery solution – refrigerated trucks not needed
- Insulating panels maintain temperature for >24 hours
- Easy to recycle, paper-based solution
- Supporting expansion into growth market for **TYME Food**



## SHIPS IN OWN CONTAINER

- 100% paper-based, letterbox-sized, recyclable, plastic-free
- Customised, protective insert – no extra packaging needed
- Amazon Certified Frustration-Free Packaging
- On-brand experience for organic beauty company **NAE**

# And innovating to develop recyclable, material-efficient packaging

FIT FOR THE  
CIRCULAR ECONOMY

Mono-material flexible packaging benefits:

- Helping reduce food waste
- Recyclable
- Low-carbon footprint
- High material efficiency; reducing plastic use compared to rigid packaging
- Brand attractiveness



## DETERGENTS

- Recyclable detergent solution
- Flexible pouch refills dispensing container at home, supports re-use model
- Uses 70% less plastic than rigid bottle
- Supporting **Henkel's** sustainability targets



## FRESH FOOD

- Recyclable, high-barrier WalletPack
- Replaces non-recyclable multi-material product
- Lightweight material reduces plastic by 40%
- Easy-to-open and reclose features
- Preserves **Bell's** ham, preventing spoilage

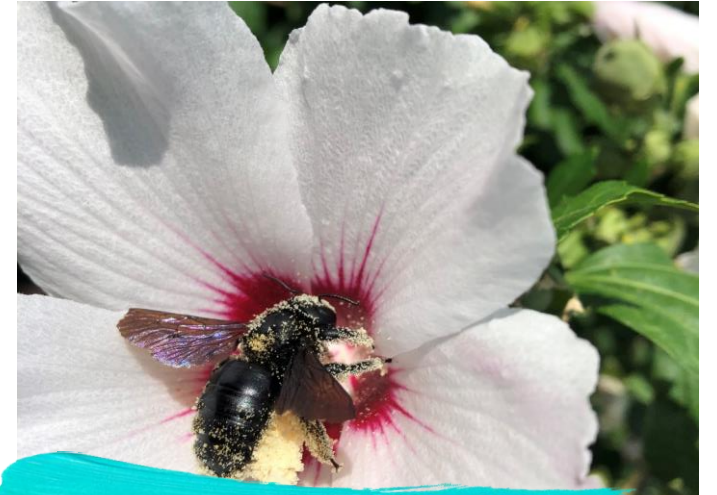
# Summary



DELIVERING STRONGLY



ACCELERATING GROWTH

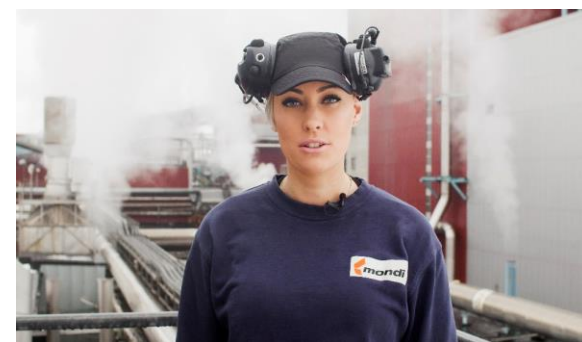


SUSTAINABLE BY DESIGN

Delivering strongly, accelerating growth in sustainable packaging



# Q&A





# APPENDICES

# Mondi at a glance (2021)

|  | Corrugated Packaging | Flexible Packaging | Engineered Materials | Uncoated Fine Paper |
|--|----------------------|--------------------|----------------------|---------------------|
|--|----------------------|--------------------|----------------------|---------------------|

|                              |                  |                  |                |                  |
|------------------------------|------------------|------------------|----------------|------------------|
| Segment revenue <sup>1</sup> | €2,510m<br>(32%) | €2,889m<br>(36%) | €876m<br>(11%) | €1,652m<br>(21%) |
| Underlying EBITDA            | €670m            | €526m            | €71m           | €270m            |
| ROCE                         | 26.1%            | 15.0%            | 7.4%           | 11.9%            |

## Products



## End uses



1. Segment revenues and related percentages before elimination of inter-segment revenues  
 2. Includes consumer non-durables, eCommerce and other retail applications

- Building and construction
- Paper for home, office and professional printing
- Chemicals, industrial, agriculture and other
- Market pulp and other

# Leading market positions



**#1** virgin containerboard producer in Europe

**#1** containerboard producer in emerging Europe

**#2** corrugated solutions producer in emerging Europe



**#1** kraft paper producer globally

**#1** paper bags producer in Europe and a global leader

**#3** consumer flexible packaging producer in Europe



**#1** commercial release liner producer in Europe

**#2** extrusion coatings producer in Europe



**#1** uncoated fine paper supplier in Europe (including Russia)

**#1** uncoated fine paper producer in South Africa

# Technical guidance

|   | 2022<br>Guidance   |
|---|--------------------|
| Incremental underlying EBITDA contribution from major capital investments | ~ €50 million      |
| Capital expenditure   | €700 – 800 million |
| Depreciation and amortisation   | €450 – 500 million |
| Estimated impact of planned mill maintenance shuts                        | ~ €110 million     |
| Working capital as a % of revenue   | 12 – 14%           |
| Effective tax rate  | 22 – 23%           |

# Our strategic framework

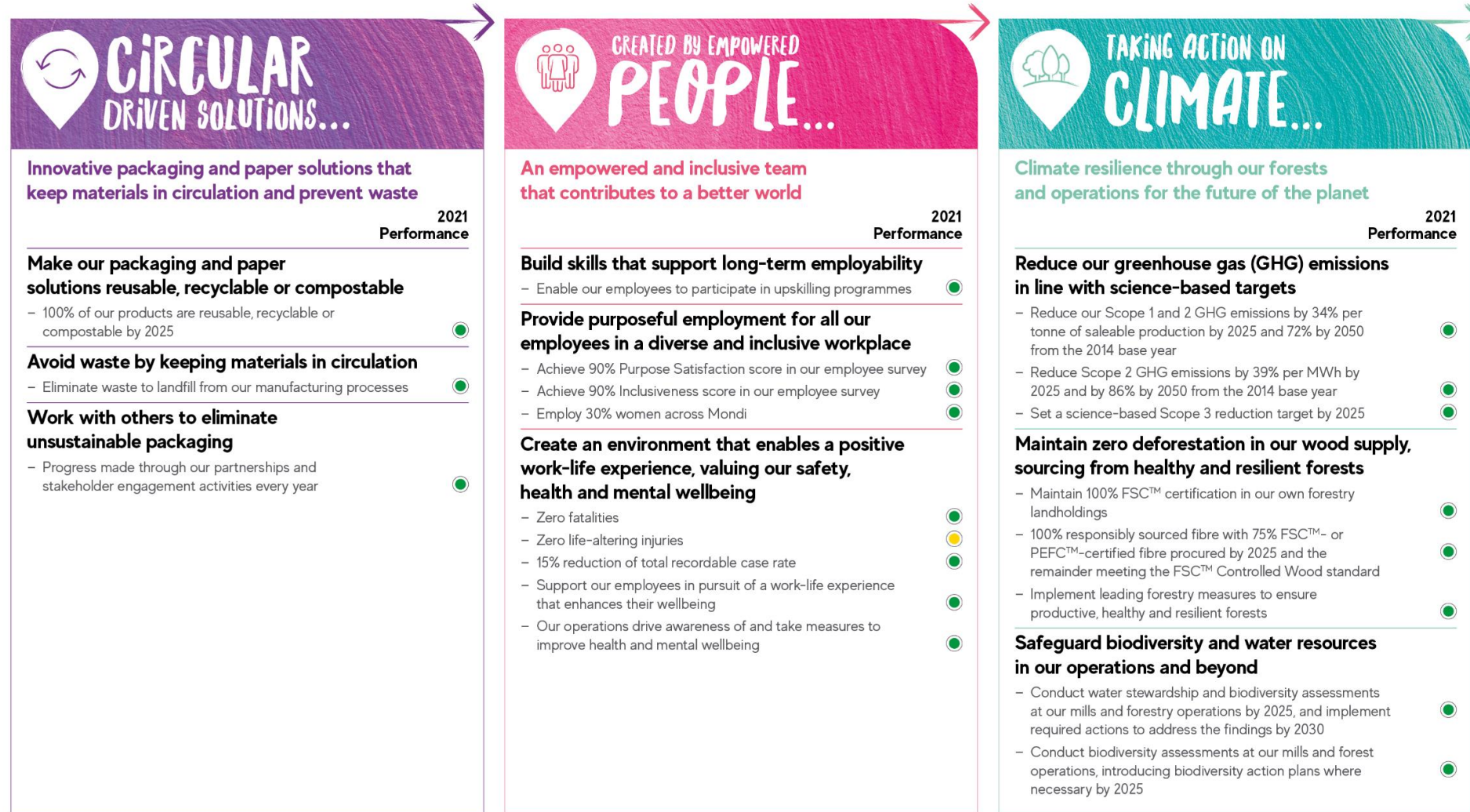


## SUSTAINABILITY

continues to be at the centre of our strategy

# Mondi Action Plan 2030, consolidated performance in 2021

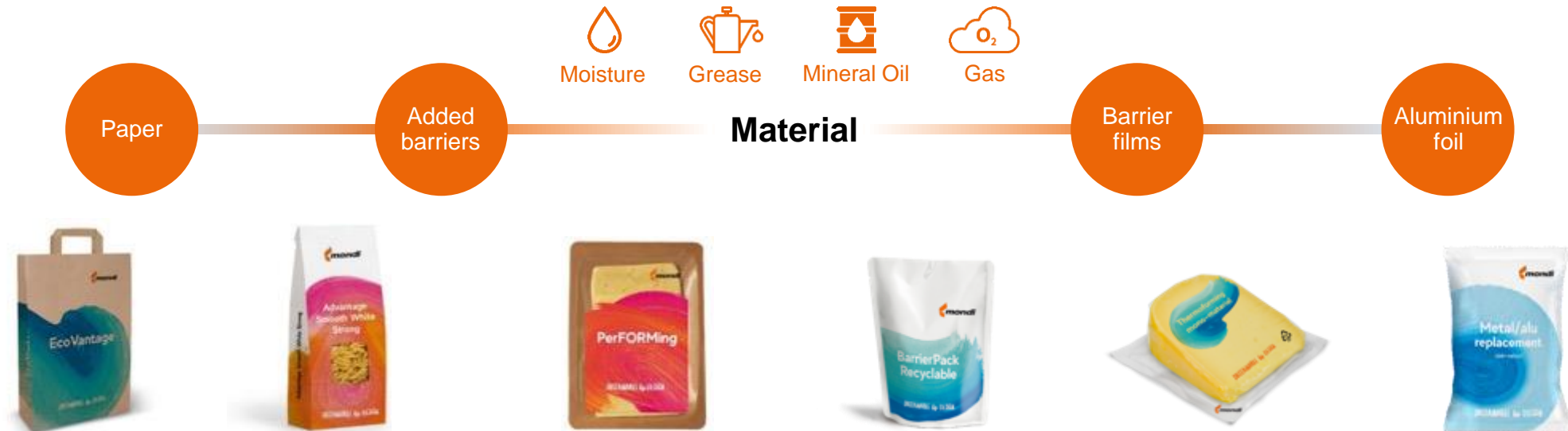
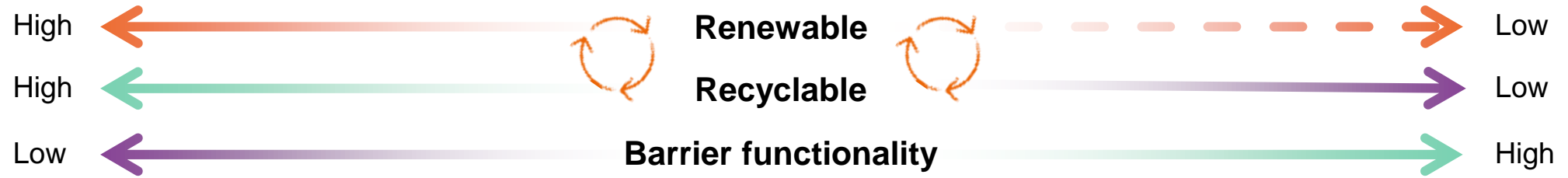
This diagram provides a high-level overview of our performance in 2021, the first year of delivery against our MAP2030 framework.



**Key**

- On track
- Slightly behind target
- Not on track
- In development

# We offer unique solutions ranging from renewable paper to recyclable plastic



**PAPER WHERE POSSIBLE...**

**...PLASTIC WHEN USEFUL**



# Ecosolutions – a few examples:



## EcoVantage

Replacing plastic bags with sustainable and efficient paper alternatives



## ThermoFORMing

A fully-recyclable mono-material high barrier film which has a significantly lower carbon footprint compared to existing solutions



## MonoCorr Box

100% corrugated, 100% recyclable solution for shipping large boilers; smaller box size increases pallet capacity by 20%



## PerFORMing Monoloop

Formable paper-based food tray that reduces CO<sub>2</sub> emissions, with a plastic layer which can be separated from paper. Paper & plastic to be disposed in respective waste streams



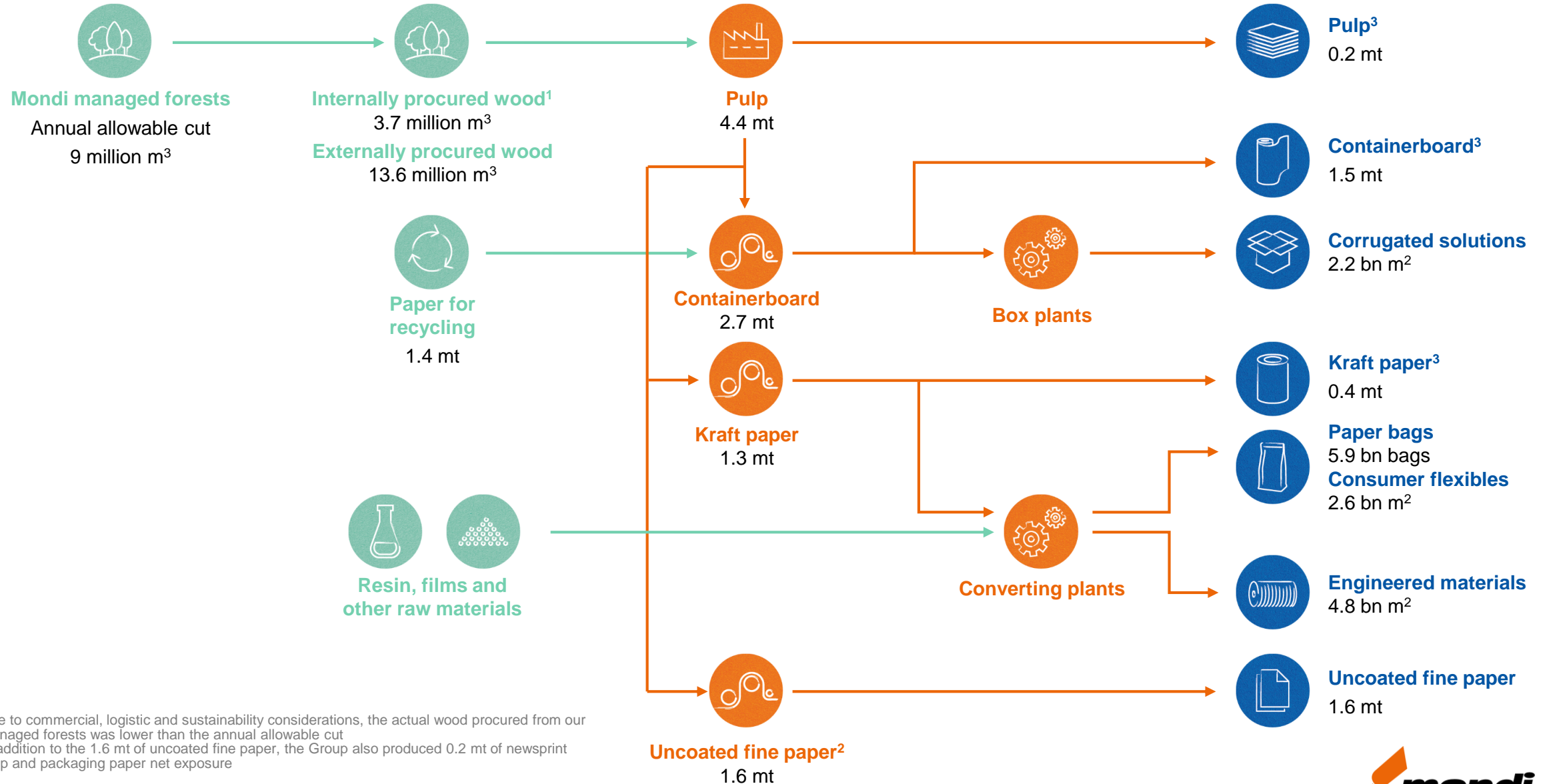
# Alternative to plastic pallet wrapping

## Advantage StretchWrap

- Innovative paper-based pallet wrapping
  - Responsibly sourced renewable fibres
  - Recyclable
- Developed in cooperation with machinery supplier (ACMI) and customers
- Potential to replace more than 10,000 tonnes of plastic for every 1% of EU pallets



# Integrated value chain (2021)



1. Due to commercial, logistic and sustainability considerations, the actual wood procured from our managed forests was lower than the annual allowable cut

2. In addition to the 1.6 mt of uncoated fine paper, the Group also produced 0.2 mt of newsprint

3. Pulp and packaging paper net exposure

# Russia and Ukraine overview

## Russia

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- Around 12% of the Group's revenue by location of production
- Around 20% of the Group's underlying EBITDA over the last three years
- 5,300 colleagues. Four production locations:
  - Syktyvkar (Komi Republic) – high-margin, cost-competitive, integrated pulp, packaging paper and uncoated fine paper mill
  - Two Flexible Packaging plants (consumer flexibles)
  - One Corrugated Packaging plant
- Primarily serving domestic market
- 100% owned by Mondi
- All currently operational

## Ukraine

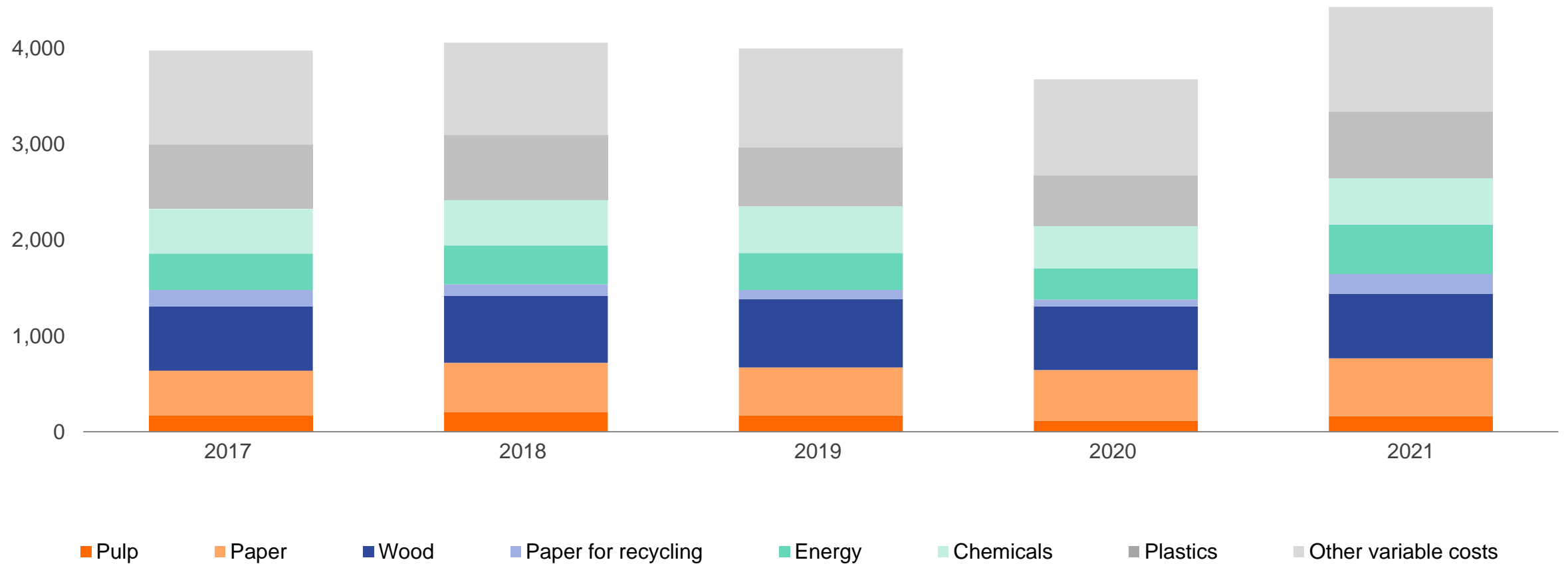
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- One paper bag plant located in Lviv, west of the country
- Employing approximately 100 people
- Production currently suspended

# Input costs

## Input costs

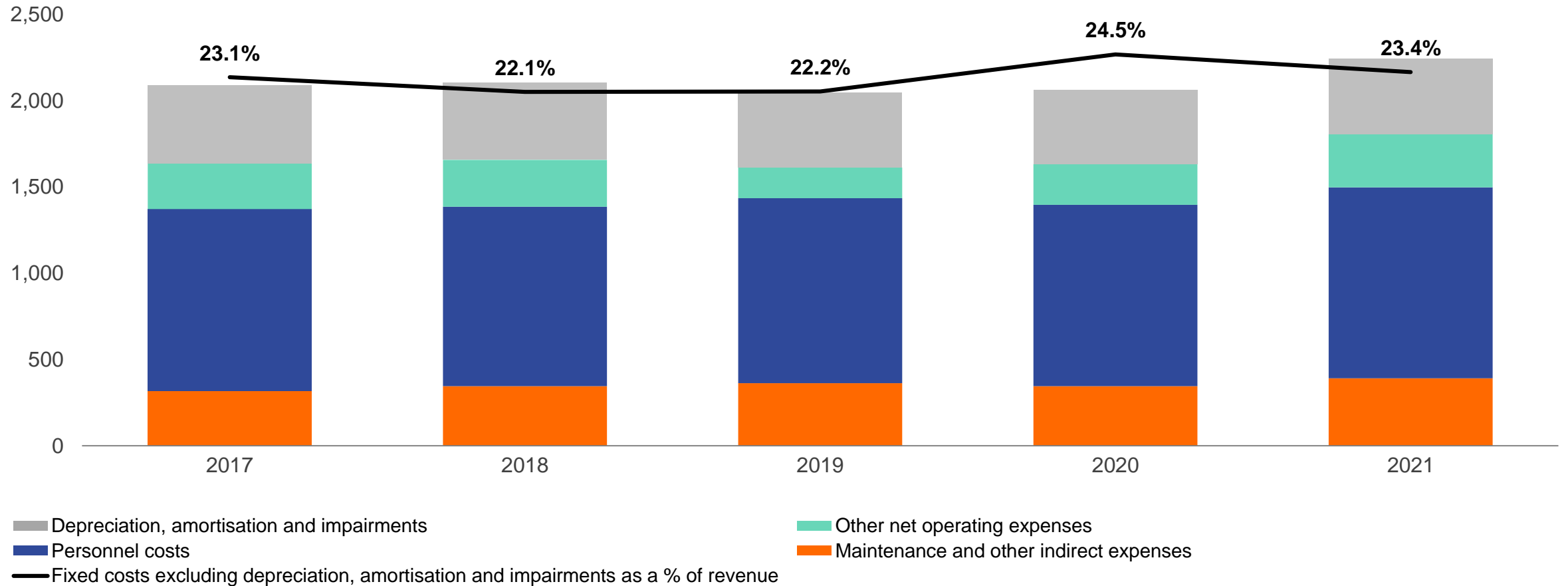
€ million



# Fixed costs

## Fixed costs (excluding special items)

€ million



# Production volumes

|                      |                        | 2021  | 2020  | % change |
|----------------------|------------------------|-------|-------|----------|
| Containerboard       | '000 tonnes            | 2,724 | 2,525 | 8%       |
| Kraft paper          | '000 tonnes            | 1,253 | 1,145 | 9%       |
| Uncoated fine paper  | '000 tonnes            | 1,564 | 1,422 | 10%      |
| Newsprint            | '000 tonnes            | 164   | 169   | (3%)     |
| Pulp                 | '000 tonnes            | 4,432 | 4,484 | (1%)     |
| Internal consumption | '000 tonnes            | 3,953 | 3,767 | 5%       |
| Market pulp          | '000 tonnes            | 479   | 717   | (33%)    |
| Corrugated solutions | million m <sup>2</sup> | 2,187 | 1,771 | 23%      |
| Paper bags           | million units          | 5,928 | 5,435 | 9%       |
| Consumer flexibles   | million m <sup>2</sup> | 2,629 | 2,472 | 6%       |
| Engineered materials | million m <sup>2</sup> | 4,844 | 5,068 | (4%)     |

# Exchange rates

|                                       | 2021         | 2020  | % change <sup>1</sup> |
|---------------------------------------|--------------|-------|-----------------------|
| <b>Closing rates against the euro</b> |              |       |                       |
| South African rand                    | <b>18.06</b> | 18.02 | -                     |
| Czech koruna                          | <b>24.86</b> | 26.24 | 5%                    |
| Polish zloty                          | <b>4.60</b>  | 4.56  | (1%)                  |
| Pound sterling                        | <b>0.84</b>  | 0.90  | 7%                    |
| Russian rouble                        | <b>85.30</b> | 91.47 | 7%                    |
| Turkish lira                          | <b>15.23</b> | 9.11  | (67%)                 |
| US dollar                             | <b>1.13</b>  | 1.23  | 8%                    |
| <b>Average rates against the euro</b> |              |       |                       |
| South African rand                    | <b>17.48</b> | 18.77 | 7%                    |
| Czech koruna                          | <b>25.64</b> | 26.46 | 3%                    |
| Polish zloty                          | <b>4.57</b>  | 4.44  | (3%)                  |
| Pound sterling                        | <b>0.86</b>  | 0.89  | 3%                    |
| Russian rouble                        | <b>87.15</b> | 82.72 | (5%)                  |
| Turkish lira                          | <b>10.51</b> | 8.05  | (31%)                 |
| US dollar                             | <b>1.18</b>  | 1.14  | (4%)                  |

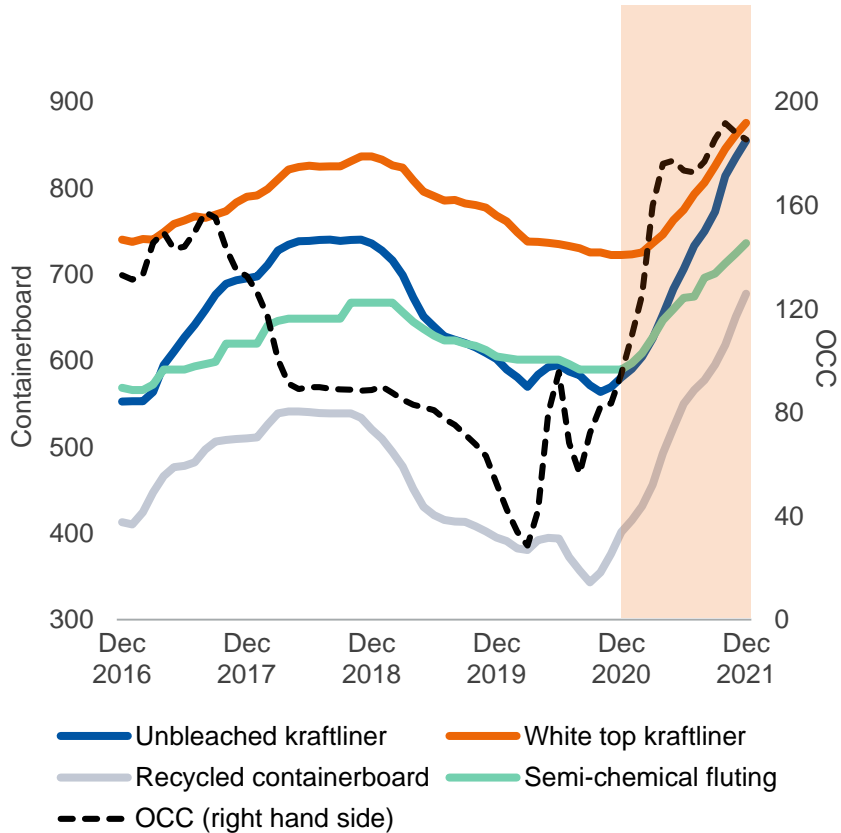
1. (Weaker/devaluation of currency against euro) / Stronger currency against euro



# Key paper and pulp European selling prices

## Containerboard and OCC

€/tonne



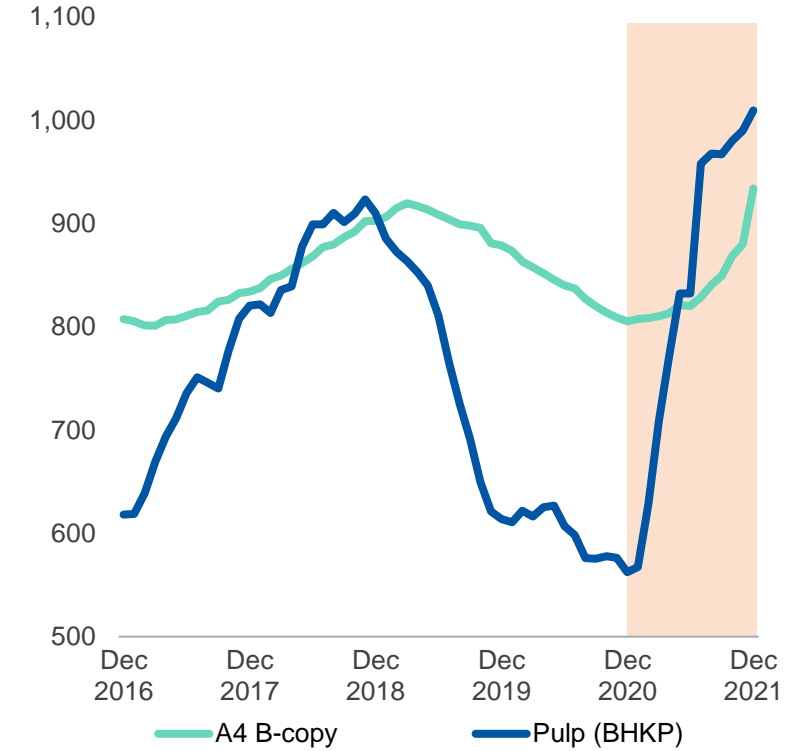
## Sack kraft paper

Prices indexed to December 2016



## Pulp and UFP

€/tonne



Source: Fastmarkets FOEX for Containerboard, OCC, Pulp and UFP. Fastmarkets RISI for semi-chemical fluting (average of France, Germany, Italy and Spain prices). Mondi for sack kraft paper.

# Sources and definitions

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## 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

## Sources for market position estimates

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Virgin containerboard (Europe) (including kraft top liner) based on capacity – Fastmarkets RISI and Mondi estimates

Containerboard (emerging Europe) based on capacity – Fastmarkets RISI and Mondi estimates

Kraft paper (Global) based on capacity – Fastmarkets RISI and Mondi estimates

Corrugated solutions (emerging Europe) based on production – Henry Poole Consulting and Mondi estimates

Paper bags (Global & Europe) based on sales volume – Eurosac, Freedonia and Mondi estimates

Consumer flexible packaging (Europe) based on sales – PCI Wood Mackenzie

Commercial release liner (Europe) based on sales volumes – AWA and Mondi estimates

Extrusion coatings (Europe) based on AWA and Mondi estimates

Uncoated fine paper (Europe) based on sales volumes – EURO-GRAPH, EMGE, Fastmarkets RISI, Pulp and Paper Products Council, SBO and Mondi estimates

Uncoated fine paper (South Africa) based on Mondi estimates

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