

Mondi plc

(Incorporated in England and Wales)

(Registered number: 6209386)

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6 May 2021

Q1 trading update: Continuing to deliver

Mondi delivered a robust performance in the first quarter of 2021, with strong demand across our packaging businesses supported by our broad range of innovative, sustainable packaging solutions, and higher average containerboard selling prices following recently implemented price increases. Strong cost control continues to support our performance against a backdrop of input cost inflation and negative currency effects.

Underlying EBITDA for the first quarter was in line with our expectations at €353 million, down 8% compared to the prior year period (Q1 2020: €385 million) while up 14% on a sequential basis (Q4 2020: €309 million). Good cash generation resulted in lower net debt at the end of the quarter.

We continue to invest in our business to capture growth opportunities; enhance our product offering, quality and service to customers; strengthen our cost competitiveness; and improve our environmental footprint. This ongoing investment enables us to grow in our packaging markets by leveraging structural growth drivers, including e-commerce and the transition to more sustainable packaging solutions.

Our major capital investment projects are progressing well. The new 300,000 tonne per annum kraft top white machine at Ružomberok (Slovakia) and the converted speciality kraft paper machine at Štětí (Czech Republic), both commissioned in January 2021, are ramping up successfully and the high-quality products are being well-received by our customers.

Sustainability remains at the centre of our strategy. As a leading producer of both paper and flexible plastic-based packaging, we are uniquely positioned to deliver a range of sustainable packaging solutions to our customers, adhering to our principle of 'paper where possible, plastic when useful'. Following the launch of our ten-year sustainability plan, MAP2030, earlier this year, we are developing bespoke roadmaps across the business to achieve our commitments on circular-driven solutions, empowered people and climate action.

We believe working in partnership with others is key to having a meaningful positive impact. We are pleased to have confirmed two new partnerships during the quarter, the first with the Alliance for Water Stewardship to tackle climate change impacts on water security and the second with the United Nations World Food Programme recognising the important role fit-for-purpose packaging can play in addressing food waste in the fight to eliminate world hunger.

Business unit overview

Demand in **Corrugated Packaging** remains very strong, driven by growth in e-commerce, fast moving consumer goods and recovery in a range of industrial applications. On the back of tight global markets, a series of price increases across our containerboard grades were implemented during the quarter and into the second quarter. Corrugated Solutions performed strongly, growing volumes significantly while making good progress in passing on higher input paper costs.

We continue to see good volumes in **Flexible Packaging** with resilient construction end-uses and strong demand for at-home consumption, sustainable packaging and e-commerce solutions. On the back of strong order books and tight market conditions, price increases across our range of sack kraft papers and paper bags have been implemented where not fixed by annual or semi-annual contracts.

As expected, **Engineered Materials'** performance was stable. Capital investment projects and restructuring initiatives are progressing according to plan and we are seeing improved demand for functional papers and films.

Uncoated Fine Paper sales volumes were lower on a strong comparable prior year period but improved sequentially. Average uncoated fine paper prices were lower. However, towards the end of the quarter price increases were implemented across our key markets. The business remains well-positioned given our broad product portfolio, excellent customer service, geographic positioning and cost competitiveness.

Input costs, currency effects and maintenance shuts

Input costs were up in the quarter. We are seeing significantly higher paper for recycling and resins costs, as well as higher energy and transport costs.

Currency movements had a net negative impact on underlying EBITDA against the comparable prior year period due to the weaker US dollar impacting a number of the Group's globally traded products, coupled with the weaker Russian rouble and Turkish lira.

As planned, no significant maintenance shuts were carried out during the quarter. The impact of scheduled maintenance shuts on underlying EBITDA in the second quarter is estimated at around €40 million and our full year estimate is unchanged at around €140 million.

Outlook

We are seeing strong demand across our packaging markets, supported by the structural growth drivers of e-commerce and sustainability and are implementing price increases across all key product segments. We continue to benefit from the contribution of our capital investment programme and our relentless focus on continuous improvement, mitigating the impact of significant input cost pressures and currency headwinds.

While macroeconomic uncertainties remain, we are confident the Group remains well placed to make progress in line with our expectations.

Contact details

Investors/analysts

Clara Valera +44 193 282 6357
Mondi Group Head of Strategy and Investor Relations

Media

Kerry Cooper +44 193 282 6323
Mondi Group Head of External Communication

Richard Mountain +44 790 968 4466
FTI Consulting

Conference call dial-in details

A conference call will be held today at 08:00 (UK) / 09:00 (South Africa).

The conference call dial-in numbers are:

UK	0800 279 6619
South Africa	0800 014 552
Other	+44 2071 928 338
Conference ID	6159219

Should you have any issues with accessing the dial-in conference call, please call +44 2071 928 338.

A replay facility will be available until 20 May 2021 (Pin number: 6159219). The dial in details are:

United Kingdom	0844 571 8951
Other	+44 3333 009 785

Notes

This trading update provides an overview of our financial performance and financial position since the year ended 31 December 2020. Financial metrics have not been audited or reviewed by Mondi's external auditors. Underlying EBITDA is an Alternative Performance Measure that is not defined or specified according to International Financial Reporting Standards. This measure is defined as operating profit before special items, depreciation, amortisation and impairments not recorded as special items.

About Mondi

Mondi is a global leader in packaging and paper, contributing to a better world by making innovative packaging and paper solutions that are sustainable by design. Our business is integrated across the value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective industrial and consumer packaging solutions. Sustainability is at the centre of our strategy and intrinsic in the way we do business. We lead the industry with our customer-centric approach, EcoSolutions, where we ask the right questions to find the most sustainable solution. In 2020, Mondi had revenues of €6.66 billion and underlying EBITDA of €1.35 billion.

Mondi has a premium listing on the London Stock Exchange (MNDI), and a secondary listing on the JSE Limited (MNP). Mondi is a FTSE 100 constituent, and has been included in the FTSE4Good Index Series since 2008 and the FTSE/JSE Responsible Investment Index Series since 2007.

Sponsor in South Africa: UBS South Africa Proprietary Limited.