**Trading update: Mondi delivers resilient Q3 performance**

Underlying EBITDA for the third quarter of 2020 was €306 million, down 20% on the comparable prior year period (Q3 2019: €383 million), as lower average selling prices and negative currency effects more than offset lower costs. Compared to the second quarter of 2020 (‘sequentially’), underlying EBITDA was down 13% (Q2 2020: €353 million). Good volume growth in uncoated fine paper and fibre-based packaging products and ongoing strong cost control were more than offset by the impact of planned maintenance shuts, negative currency effects and lower average selling prices.

Andrew King, Group CEO, commented “The decisive action we took in the early stages of the COVID-19 pandemic helped to protect our people, maintain supply of essential products and services, and deliver a resilient performance. Our people have demonstrated their enterprise and commitment, taking care of colleagues, communities and customers in these unprecedented times.

I am pleased that sustainable packaging continues to be a focus for our customers. We continue to make good progress leveraging our award-winning innovation capabilities and customer-centric approach to optimise packaging design using ‘paper where possible, plastic when useful’.”

In **Corrugated Packaging**, demand from e-commerce and consumer applications remained strong. We also saw some recovery in industrial end-uses from the lows of the second quarter. We achieved good volume growth in Corrugated Solutions measured both year-on-year and sequentially. Given the strong order position and normalised inventory levels, we are currently in discussions with customers around price increases for various containerboard grades.

**Flexible Packaging** demand remained resilient during the period and volumes in our paper bags business grew year-on-year. Following a strong performance in the first half, we saw some supply chain de-stocking effects impacting volumes in our consumer flexibles business during the quarter.

We continue to leverage **Engineered Materials’** coating technologies to develop sustainable packaging solutions. As expected, we saw lower personal care component volumes as a key product matures. Demand in industrial and specialised end-uses continued to be impacted by lockdown restrictions, in particular in release liners. We are implementing a range of measures to reduce the cost base, including the closure of a release liner plant in Pleasant Prairie (Wisconsin, US) and engaging with employee representatives on the restructuring of our personal care components focused operations in Gronau (Germany).

Encouragingly, **Uncoated Fine Paper** demand improved as lockdown restrictions in Europe, Russia and Southern Africa eased with a gradual pick-up in activity in schools, offices and commercial printing. Sales volumes were significantly up sequentially, although they are still down on the comparable prior year period. Average uncoated fine paper prices were lower than in the first half of the year. Our South African operations are currently affected by an industry-wide strike. We are engaging with trade unions and employee representatives to reach an agreement while we continue to deliver products to our customers. The Uncoated Fine Paper business remains well-positioned in the context of the current market challenges given our cost competitiveness, product diversification and geographic positioning.
Average input costs were stable sequentially and cost control was strong across the business. Currency movements had a net negative impact on underlying EBITDA compared to the second quarter, driven by a weaker US dollar, impacting a number of the Group's globally traded products, coupled with a weaker Russian rouble and Turkish lira. Given prevailing exchange rates, we anticipate a further net negative currency impact in the fourth quarter.

To protect our employees and suppliers and minimise execution risk, we decided to postpone most planned maintenance shuts to the second half of the year. During the quarter, planned maintenance shuts with an estimated impact on underlying EBITDA of around €35 million (2019: €40 million) were carried out successfully. Based on prevailing market prices, we continue to estimate that the impact of planned mill maintenance shuts on underlying EBITDA for 2020 will be around €100 million (2019: €150 million), with the fourth quarter impact expected to be around €55 million (2019: €30 million).

Our major capital investment projects are progressing according to plan. The €67 million capital investment project to convert a containerboard machine at Štětí (Czech Republic) to be fully dedicated to the production of speciality kraft paper for shopping bag applications is scheduled to be commissioned during the fourth quarter. This additional capacity (75,000 tonnes) further supports our retail customers in their efforts to replace unnecessary plastic as they transition to more sustainable packaging solutions that contribute to the circular economy.

During the period, we paid an interim dividend to shareholders amounting to €237 million. We also redeemed our 3.375% €500 million Eurobond from available cash. There are no other material short-term debt maturities. The Group’s financial position remains strong, with liquidity of around €970 million.

**Outlook**

The macro-economic outlook continues to be uncertain, however we are confident that the Group will continue to demonstrate its resilience, while remaining well-positioned for when the recovery takes place. Our confidence is underpinned by Mondi’s integrated high-quality, cost-advantaged asset base, culture of continuous improvement, portfolio of sustainable packaging solutions and the strategic flexibility offered by our strong cash generation and financial position.

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**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:
Should you have any issues with accessing the dial-in conference call, please call +44 2071 928338.

A replay facility will be available until 22 October 2020 (Pin number: 6763227). The dial in details are:

United Kingdom  0844 571 8951
Other  +44 3333 009785

Notes
This trading update provides an overview of our financial performance and financial position since the half year ended 30 June 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 fully 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 2019, Mondi had revenues of €7.27 billion and underlying EBITDA of €1.66 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.