



MONDI GROUP
UBS Global Basic Materials Conference

London – 9 June 2011

Mondi's strategic positioning

Sector fundamentals

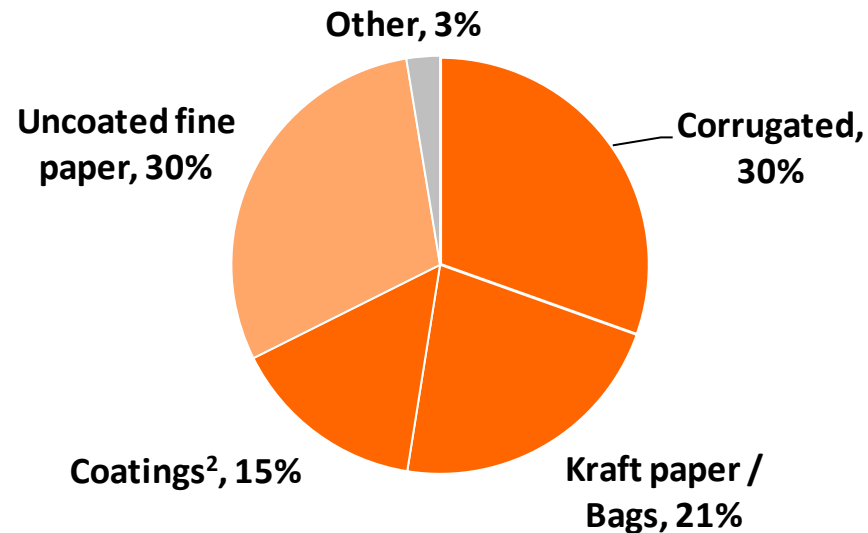
Current trading

Presenter

Andrew King

CFO – Mondi Group

Mondi Group segment/product¹ mix



Packaging

- Good fundamental demand dynamics
- Aside from sack kraft, no major substitution threats
- Demand growth robust in emerging markets

Uncoated Fine Paper (UFP)

- Structural decline in western Europe
- Emerging market expectations more robust

Limited exposure to grades suffering secular decline

¹: 2010 External Revenues, excluding Europapier
² including films

Delivering on the key pillars to our strategy



Leading market positions

Build on leading positions in packaging and Uncoated Fine Paper (UFP), particularly in emerging markets

- Corrugated restructured
- Russian mill expansion (UFP & VCB)
- Consolidated Bags positioning
- South Africa increasing pulp exposure
- Intention to demerge MPSA

High quality, low cost asset base

Maintain position as low-cost producer in our markets:

- Selectively investing in production capacity in lower-cost regions
- Exploiting benefits of upstream integration (including forestry)

- Russian mill modernisation
- New recycled containerboard machine at Świecie
- Exited several high-cost / non-core businesses

Focus on performance

Focus on continuous productivity improvement and cost reduction, delivered through business excellence programmes and rigorous asset management

- Relentless focus on costs
- Working capital closely monitored
- Active capital expenditure management
- Driving improvements in production / efficiencies

Delivering on major projects



Świecie's RCB machine

- 410,580 tonnes production in 2010
 - Full design capacity ~470,000 tonnes
 - well ahead of business plan
 - further >10% increase in output in 2011
- Additional volumes lifting Corrugated Business first quarter operational results
- Demand for lightweight grades firm
 - Good pricing levels achieved
 - offset by waste paper input cost pressures
 - further price increases announced

Syktyvkar mill modernisation

- Largest capital project in Mondi history, delivering
 - Reduced environmental footprint
 - Input cost efficiencies in wood and energy
 - Now self-sufficient in pulp requirements
 - Volume growth in Uncoated Fine Paper, Virgin Containerboard, pulp and energy
- Commissioned on schedule and within estimated capital cost (~€545 million)
 - Spending expected to complete by mid-2011
- Strong first quarter operating performance
 - underpinning very strong Uncoated Fine Paper Business result

Major projects largely complete and delivering value

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Current trading

Timber constraints

- Europe (ex. Russia) is short of timber
- No new virgin based capacity planned in Europe
- Mondi is potentially ~56% self-sufficient globally

Emerging market growth

- Aside from corrugated and Coatings, western markets maturing or in structural decline
- Emerging markets experiencing growth
 - Corrugated around 5%¹ - ongoing benefit of west-east industrial shift and generally higher GDP growth
 - UFP - around 2%¹ - higher GDP growth and improving PC penetration
 - Sacks - marginally positive¹ - ongoing construction activity in line with GDP growth offsetting substitution

Mondi's emerging market focus

- ~73% of net operating assets
- ~55% of revenue by destination

Mondi benefits from emerging market positioning

Demand

- Western Europe back to pre-crisis level, eastern Europe above
- Western European demand growth likely to flatten in the short-term
- CEE & Russia – growth of about 5%¹ in medium-term expected

Supply

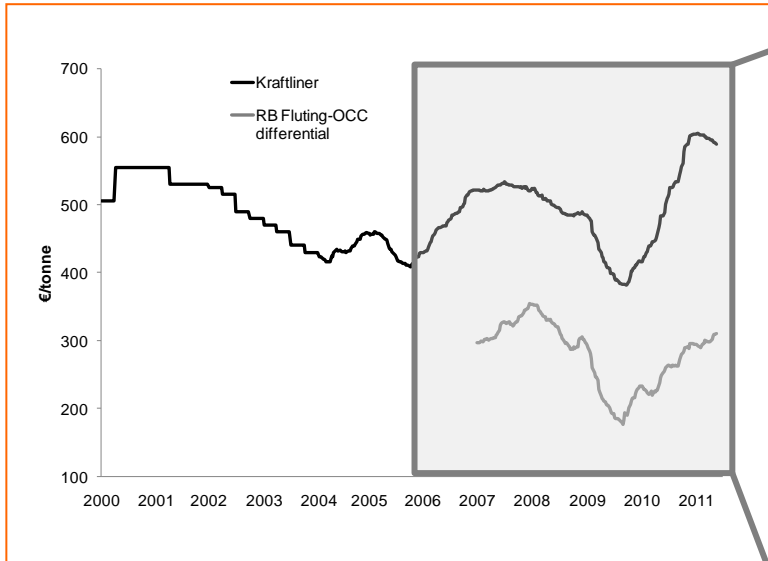
- European Virgin Containerboard “VCB”
 - net capacity contraction during the crisis of 1-2%¹
 - no planned or expected major capacity expansions (largely due to fibre constraints)
- European Recycled Containerboard “RCB”
 - net capacity expansion vs. pre-crisis of +2%¹
 - market balanced with exports
 - Announced capacity expansions matched by anticipated demand growth

VCB market is tight; RCB market reasonably well balanced – pricing helped by significant cost pressures

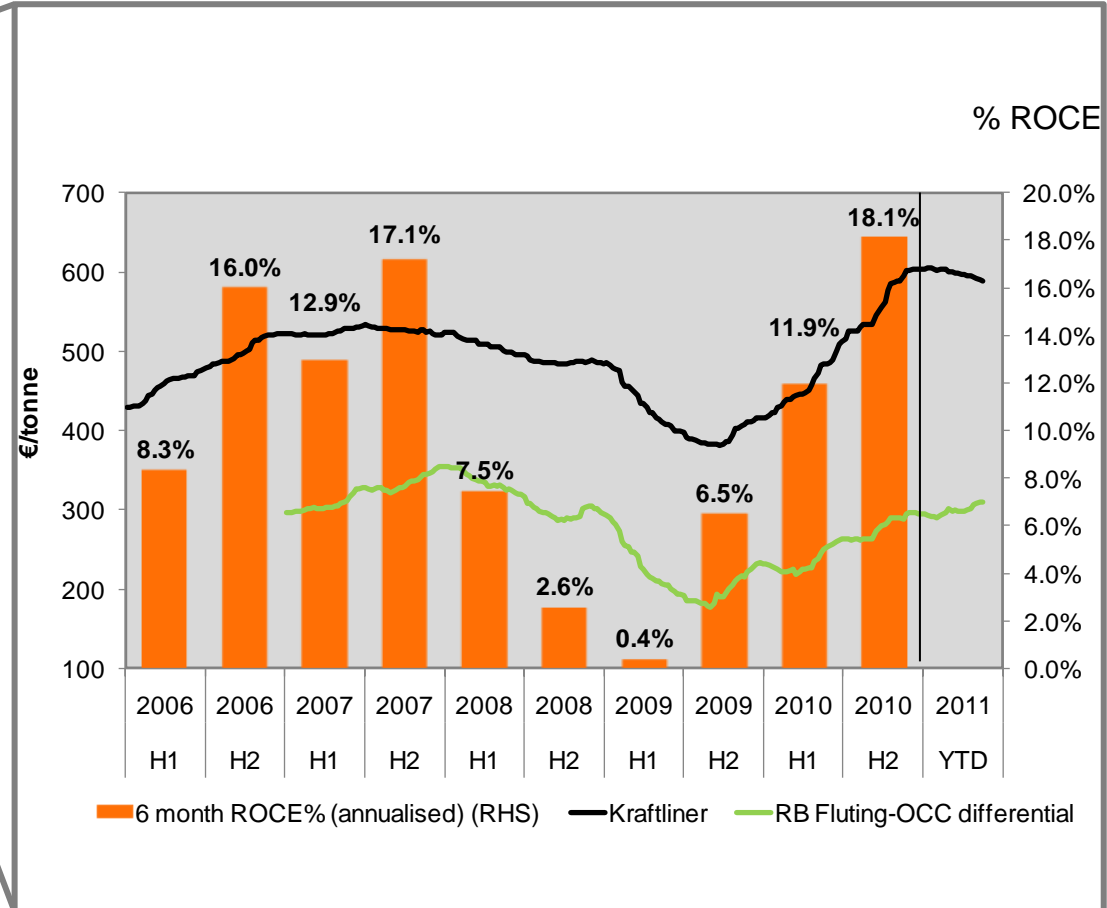
Corrugated – Commodity cycle and Mondi returns



10 year price cycle (in EUR)



Mondi's ROCE (%), kraftliner price and RB fluting – OCC price differential (EUR/tonne)



Restructured business reaping benefits of cyclical upturn

(1) Source: PIX – FOEX Indexes Ltd

Demand

- European sack kraft and bags demand remains below pre-crisis level
- Overseas demand sack kraft strong and structurally improved
- Sack kraft demand growth expected to flatten in the short-term
- Coatings demand growth is positive in both west and east Europe

Supply

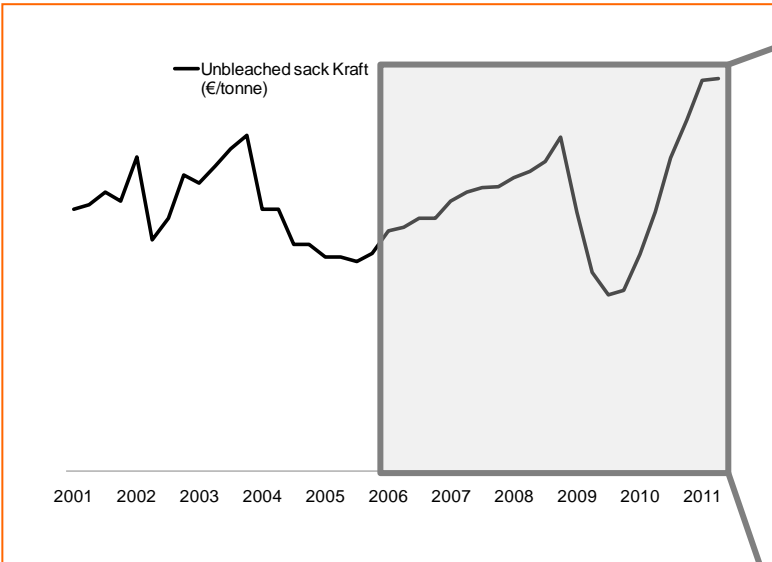
- Net sack kraft industry capacity reduction of -1%¹
- Expected future capacity changes
 - In Europe – no new machines planned or likely

Tight market with paper prices above pre-crisis levels

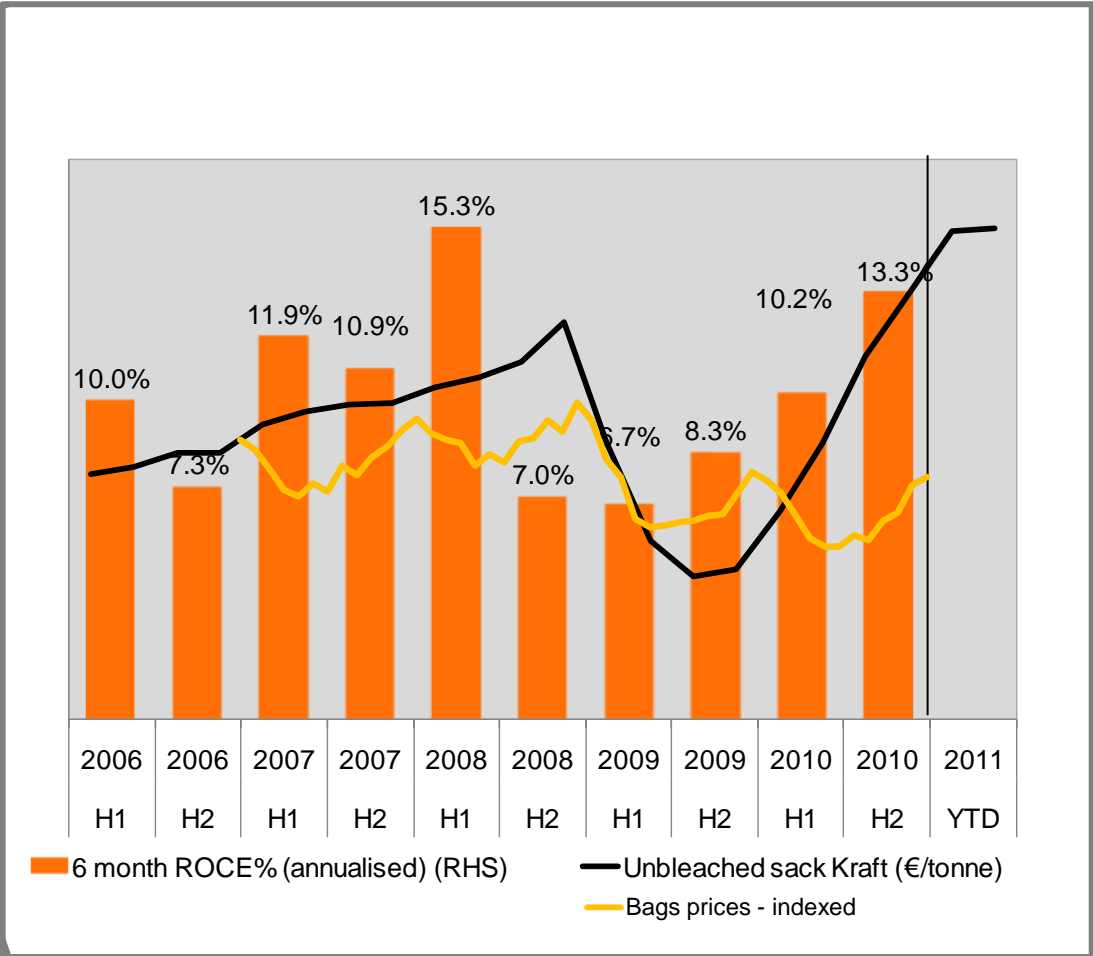
Bags & Coatings – Commodity cycle and Mondi returns



10 year price cycle (in EUR)



Mondi's ROCE (%), sack kraft and indexed bags price (EUR/tonne)



Very strong paper price recovery, some lag in bag price increases

Demand

- Europe demand largely recovered in 2010, albeit below pre-crisis levels
- Indications of softening volumes in 2011
- Structural decline in western Europe, emerging markets expected to be more robust

Supply

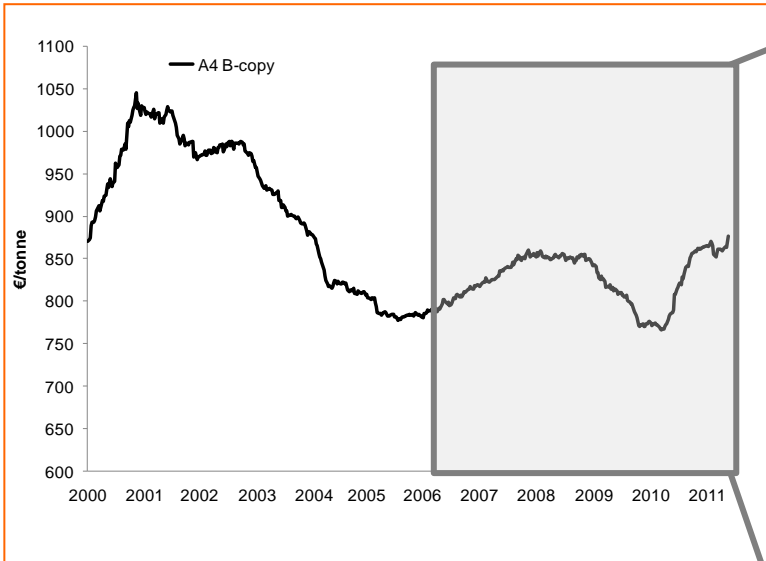
- Possibility of further industry capacity reductions announced
- Expected future capacity increases
 - In Europe – no new machines planned or likely
 - Additional ~150 000 tons expected in Russia in 2012 – matched by anticipated demand growth
- A weak US dollar vs euro - may undermine product pricing

Some supply rationalisation in western Europe likely

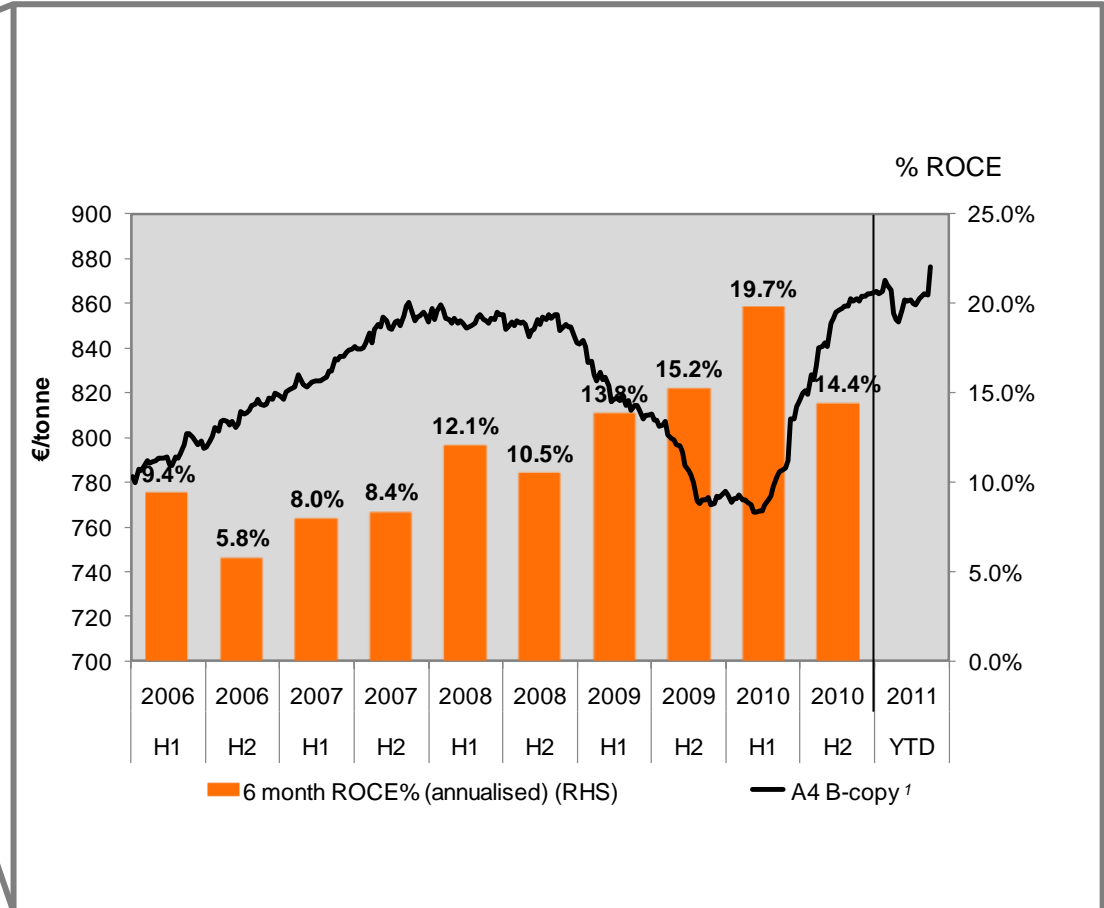
Uncoated Fine Paper – Commodity cycle and Mondi returns



10 year+ price cycle (in EUR)



Mondi's ROCE (%), Uncoated fine paper price (EUR/tonne)



Reaping rewards from integrated low-cost positioning

(1) Source: PIX – FOEX Indexes Ltd

Currency concerns

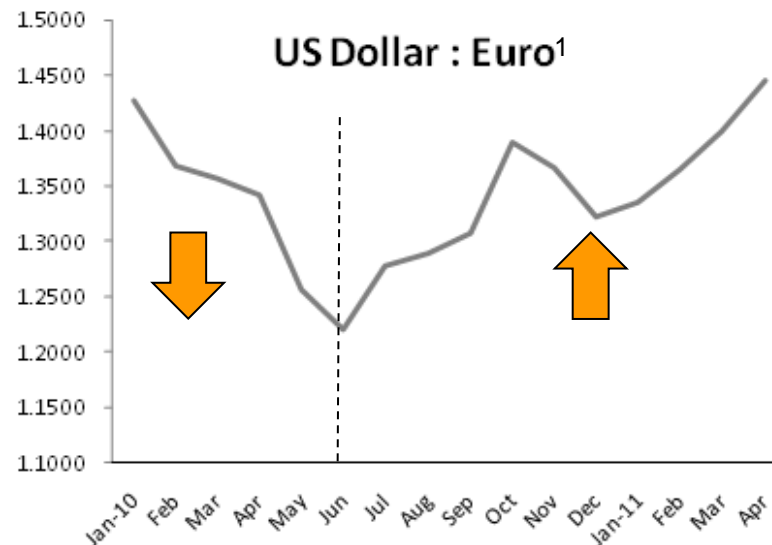


Strong emerging market currencies and local inflation undermining cost competitiveness

	Average exchange rates vs EUR			2011 (YTD) % change vs:	
	H1 2010	H2 2010	2011 (YTD)	H1 2010	H2 2010
Czech Koruna	25.74	24.85	24.35	+5%	+2%
Polish Zloty	4.00	3.99	3.95	+1%	+1%
Russian Rouble	39.93	40.63	40.14	-1%	+1%
South African Rand	10.00	9.42	9.62	+4%	-2%
Turkish Lira	2.02	1.97	2.17	-7%	-10%

CPI ²	H1 2010	H2 2010	YTD 2011
Euro	1.3%	1.9%	2.6%
USA	2.1%	1.2%	2.6%
Czech Republic	0.9%	2.0%	1.7%
Poland	2.7%	2.5%	4.1%
Russia	6.6%	7.2%	9.6%
South Africa	5.1%	3.5%	4.0%
Turkey	9.3%	7.9%	4.3%

US Dollar weakness a concern for European pricing



¹ Monthly averages, ² Source: Bloomberg

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Current trading

Trading update – May 2011



- Underlying operating profit in the first quarter 2011 of EUR187 million
- Positive trading environment and a very strong operating performance
 - No significant maintenance shuts during the first quarter
- Price increases have been realised across all major products
 - weakening of the US dollar against the euro - may undermine product pricing in Europe
- Ongoing cost pressures being experienced across most business segments
 - Recovered fibre costs and wood costs up in Europe, with pressure on supply
 - Energy and other raw material input costs impacted by rising oil prices
 - Pressures mitigated in part by Mondi's consistent low-cost positioning and strategy
 - Emerging market currencies strength against the euro, placing pressure on the Group's cost base
- Further improvements to an already robust financial position
 - Cash flow from operations remains strong
 - Capital expenditure markedly reduced
 - New €750 million 5 year syndicated revolving credit facility signed

Benefiting from strategic positioning and improved industry dynamics

Further improvements to financial position



€ Millions	2009	2010	% Change
"Capital employed"	4,341	4,588	6%
Net debt	1,517	1,364	(10%)
Shareholders equity, incl. non-controlling interests	2,824	3,224	14%
Gearing (net debt / capital employed)	35%	30%	
Net debt / EBITDA (times)	2.4	1.5	

- Net assets largely unchanged from 31 December 2010
- Credit ratings
 - Moody's = Baa3
 - Standard and Poor's = BB+ (positive outlook)
- Major facility refinanced:
 - €1.55 billion expiring June 2012 replaced with 5 year €750 million facility
 - Around €760 million of committed facilities remain unutilised
 - Average maturity extended from 2.6 years as at December 2010 to 4.2 years

Strong balance sheet and liquidity position

Intention to demerge MPSA as “*Mpact*”



Transaction rationale

- **Mondi rationale**
 - MPSA business and growth plans in rigid plastics not aligned with Mondi Group strategic focus
- **Listing positions MPSA to pursue optimisation and growth initiatives in line with its strategic vision**
 - Attractive opportunities for MPSA to expand rigid plastics packaging and paper packaging
 - Potential to expand geographic footprint into African markets
 - Enable direct access to capital markets to fund growth ambitions

Understanding the transaction

- **An equivalent but not necessarily identical economic effect to all shareholders**
 - Demerge MPSA to Mondi Limited shareholders through a dividend *in specie*
 - A “matching action” is required to compensate Mondi plc shareholders for value distributed to Mondi Limited shareholders
 - Share consolidation of Mondi Limited shares determined based on volume weighted average price’s of Mondi Limited, Mondi plc and MPSA as traded in their respective markets following listing of MPSA
 - Mondi plc shareholders economic and voting interest in Mondi Group effectively increased
 - No impact on the number of Mondi plc shares or to the equalisation ratio or dividend policy

Enabling MPSA to independently pursue strategic growth ambitions

- Industry dynamics
 - Fundamentals generally remain strong in the Group's key paper grades
 - Rising input costs are impacting on margins
 - The recent weakening of the US dollar is a concern to pricing

- Mondi's consistent strategy leaves it well-positioned to benefit
 - Favourable product and geographic exposures,
 - integrated low cost position and
 - focus on performance

- Major projects, largely complete and performing well – increased free cash flow to be allocated to
 - Debt reduction
 - Increased distribution to shareholders
 - Selective capital expenditure opportunities, mainly around cost optimisation
 - M&A if appropriate

Well positioned with low-cost, high-quality, well-invested core

