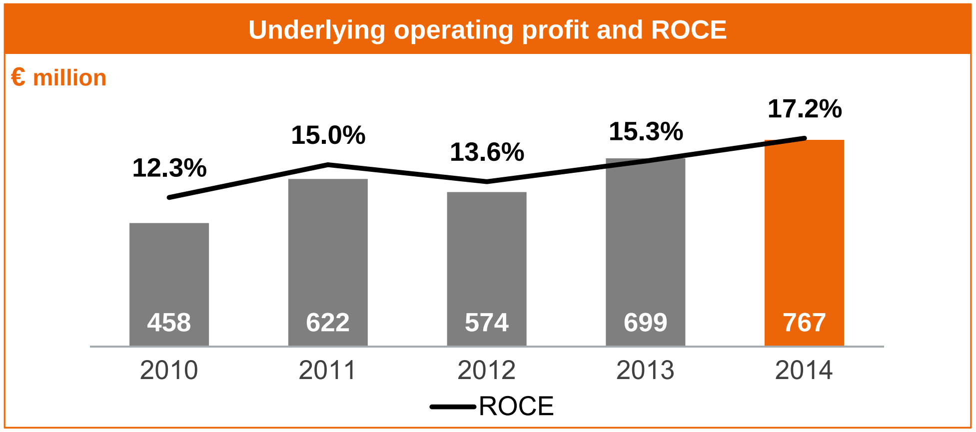
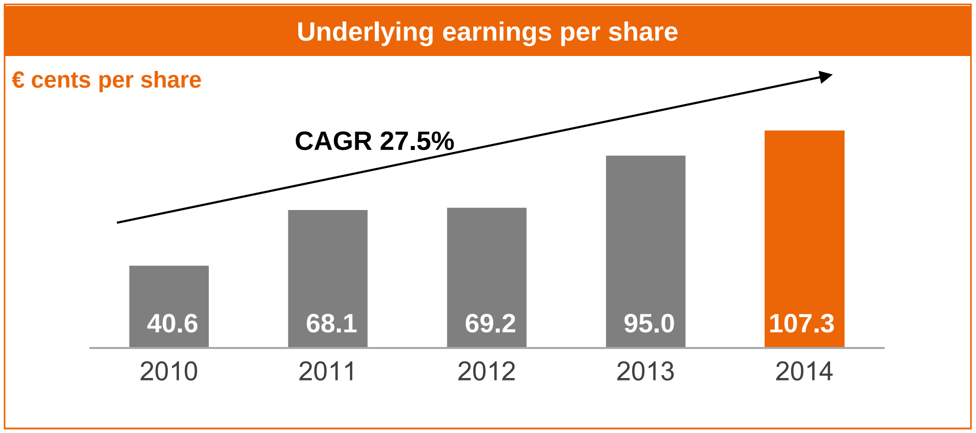
Mondi Group
Full year results for the year ended 31 December 2014

24 February 2015

Agenda

Highlights





- Excellent financial performance
  - Underlying operating profit up 10%
  - Underlying earnings up 13%
  - ROCE of 17.2%
- Achieved despite lower average prices in key paper grades
  - Good cost containment/reduction – including project benefits
- Strong performance from Fibre Packaging and Consumer Packaging
- Capital projects delivering meaningful contribution
  - Completed investments delivering to plan
  - Strong capital investment pipeline
- Recommended full year dividend, up 17% on prior year

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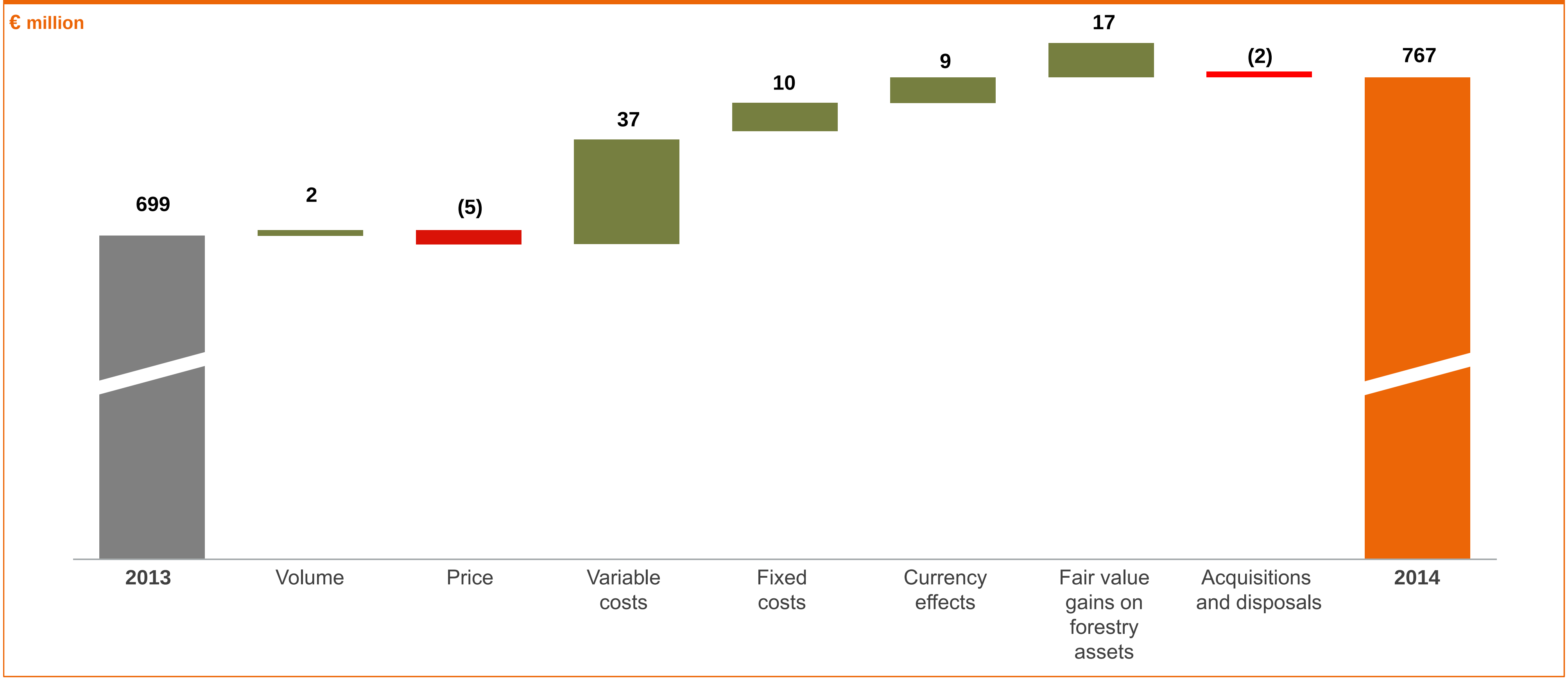
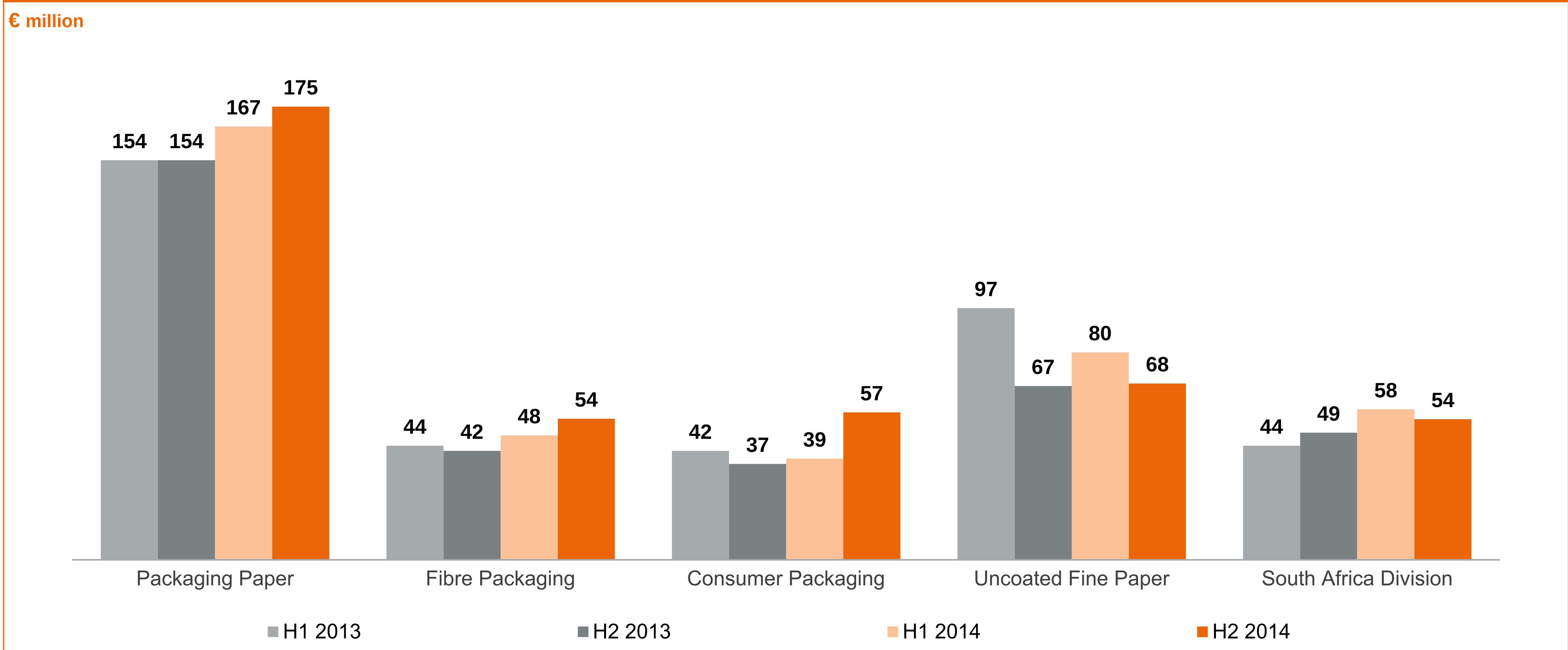
Operating financial highlights

€ million	2013	2014	% change	H2 2013	H1 2014	H2 2014
Group Revenue	6,476	**6,402**	*(1%)*	3,134	3,148	3,254
Underlying EBITDA	1,068	**1,126**	*5%*	514	553	573
% Margin	*16.5%*	***17.6%***		*16.4%*	*17.6%*	*17.6%*
Underlying operating profit	699	**767**	*10%*	333	377	390
% Margin	*10.8%*	***12.0%***		*10.6%*	*12.0%*	*12.0%*
Group ROCE	15.3%	**17.2%**		15.3%	16.0%	17.2%

Underlying operating profit development



Divisional underlying operating profit – half year splits



Comparative information has been restated as a result of the segment reorganisation

Financial review

€ million	2013	2014	% change	H2 2013	H1 2014	H2 2014
Underlying operating profit	699	**767**	*10%*	333	377	390
Net underlying finance costs	(115)	**(97)**	*16%*	(58)	(50)	(47)
Net profit from associates	2	**1**		1	1	-
Underlying profit before tax	586	**671**	*15%*	276	328	343
Tax before special items	(98)	**(126)**	*(29%)*	(42)	(62)	(64)
Total non-controlling interests	(28)	**(26)**	*7%*	(13)	(15)	(11)
Underlying earnings	460	**519**	*13%*	221	251	268
Special items (after tax and non-controlling interests)	(74)	**(48)**		(6)	(16)	(32)
Reported profit after tax and non-controlling interests	386	**471**	*22%*	215	235	236
Basic earnings per share (€ cents)	79.8	**97.4**	*22%*	44.5	48.6	48.8
Underlying earnings per share (€ cents)	95.0	**107.3**	*13%*	45.6	51.9	55.4

Finance costs

€ million	2013	2014	% change
Closing net debt	1,619	**1,613**	-
Average net debt	1,792	**1,675**	*7%*
Finance costs	104	**86**	*17%*
Net interest on defined benefit arrangements	11	**11**	-
Net underlying finance costs	115	**97**	*16%*
Effective interest rate (before capitalised interest)	5.9%	**5.4%**	

- Finance costs down on lower average net debt and lower effective interest rate
- Interest paid of €111 million before special items (2013: €124 million)
- Redemption of €280 million Eurobond at premium of 4.875%

Special items

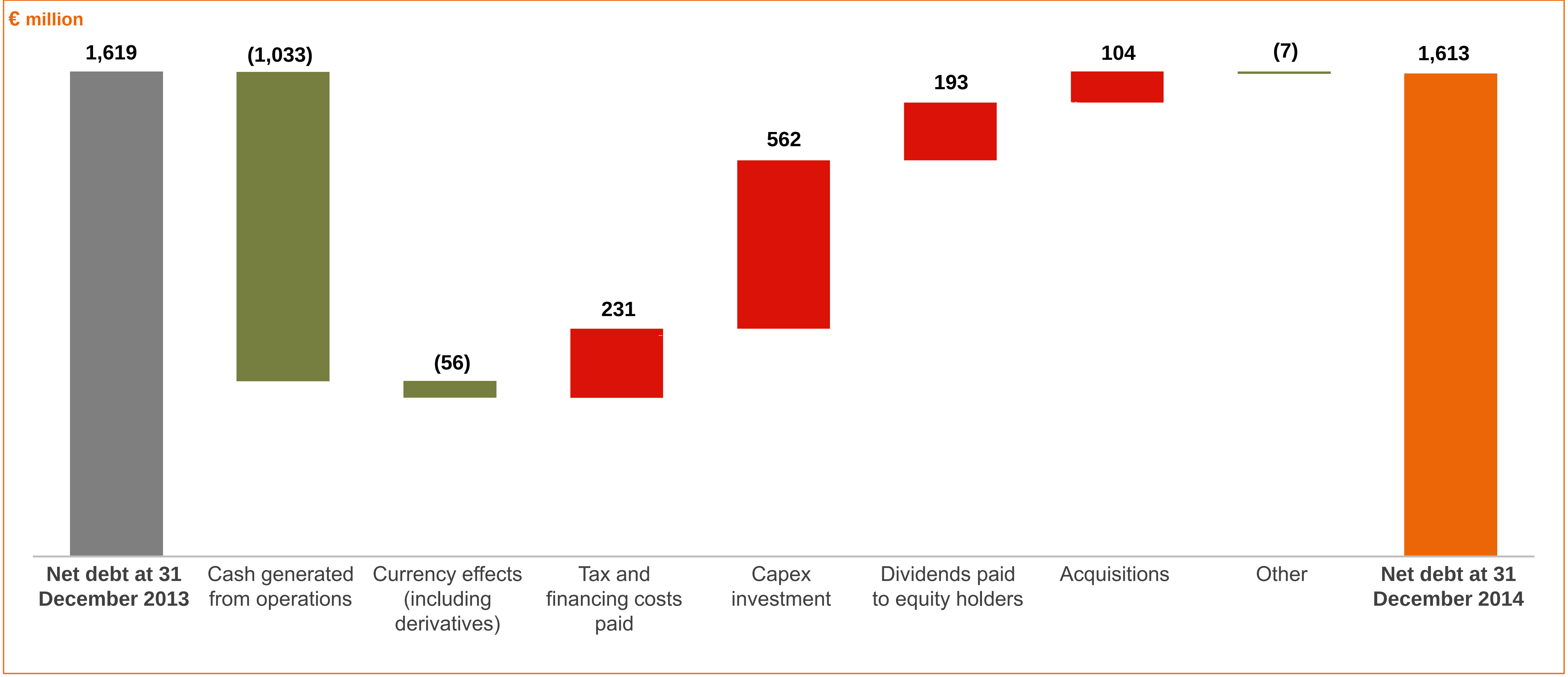
Operating special items – €39 million charge

- Packaging Paper (€6 million charge)
  - Closure of one of two speciality kraft paper machines in Finland
- Fibre Packaging (€16 million charge)
  - Gain in Corrugated Packaging relating to a legal settlement (€3 million)
  - Restructuring activities following the acquisition of the bags business from Graphic Packaging in the United States (€10 million) and acquisition transaction costs (€2 million)
  - Restructuring activities in Extrusion Coatings business (€7 million)
- Consumer Packaging (€17 million charge)
  - Relocation of head office and various restructuring activities (€21 million)
  - Release of unutilised provision for Nordenia acquisition transaction costs (€4 million)

Financing special item – €13 million charge

- Net charge on early redemption of €280 million Eurobond

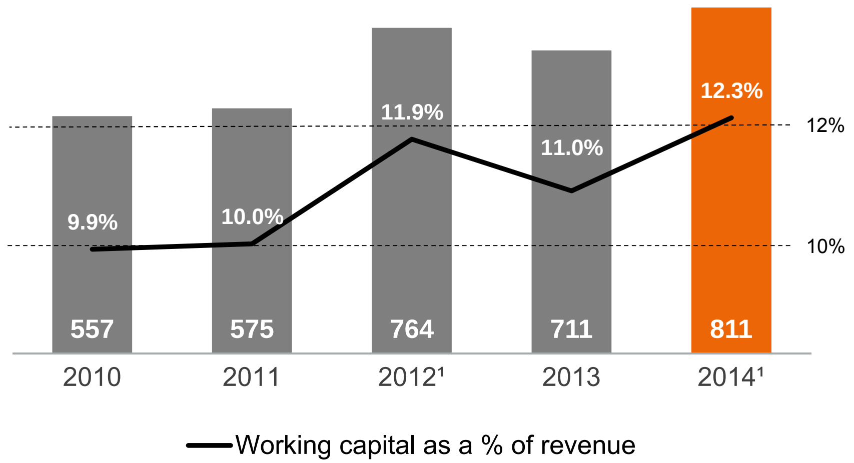
Cash flow effects - movement in net debt



Working capital

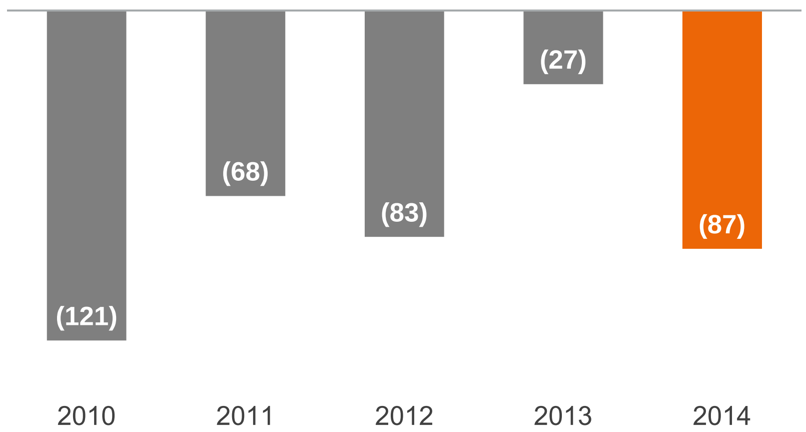
Working capital management

€ million



Working capital cash flows

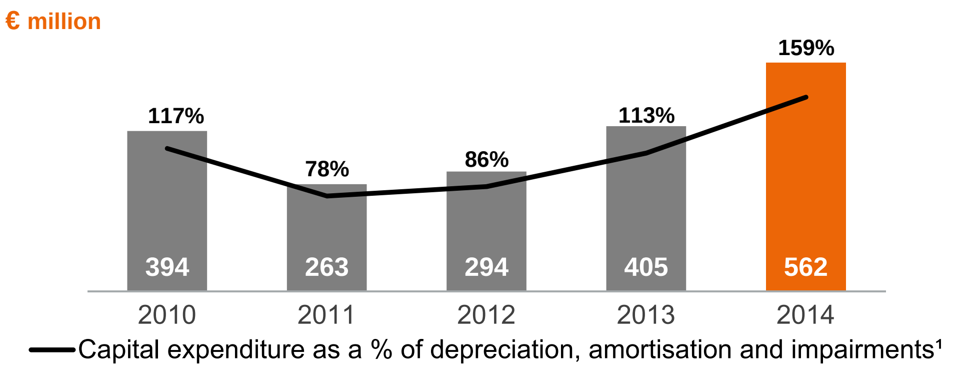
€ million



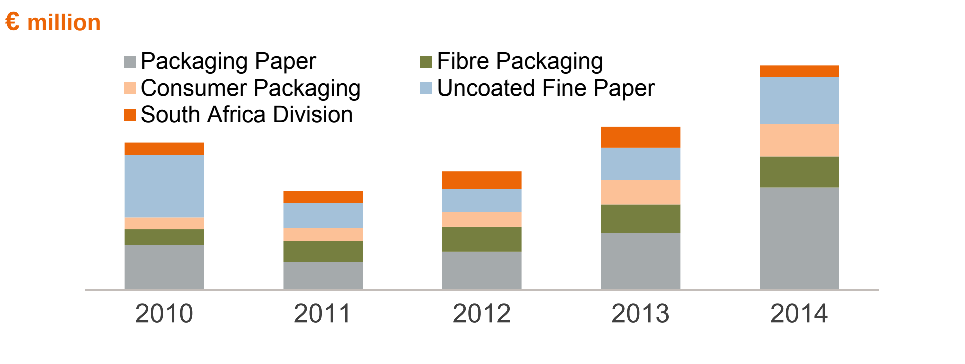
1 Working capital as a % of revenue is based on annualised revenue from acquisitions

Capital expenditure

Capital expenditure



Capital expenditure by business segment



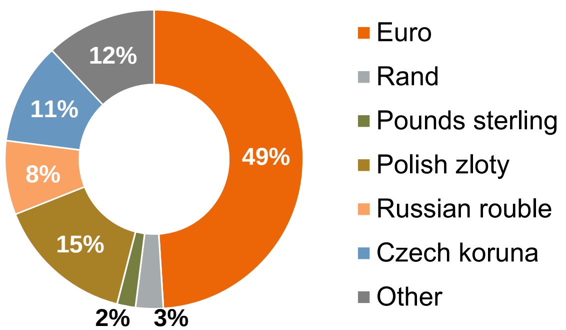
- Increase in capital expenditure as major projects spend ramps up
- €420 million in major capital projects approved over past 18 months
- Capital expenditure expected to average €550 - €560 million per annum in 2015/2016

1 Calculated using capital expenditure including intangibles

Debt facilities

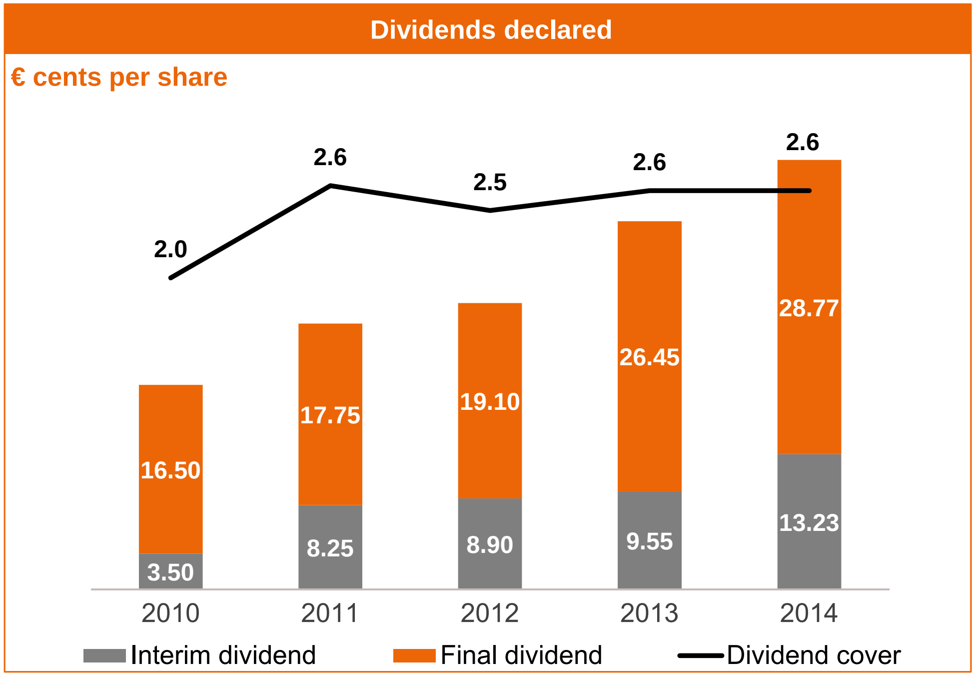
€ million	2013	2014	% change
Net debt	1,619	**1,613**	-
Committed facilities	2,487	**2,134**	*(14%)*
Of which undrawn	792	**456**	
Gearing (Net debt / Trading capital employed)	*36%*	***36%***	-
Net debt / 12 month trailing EBITDA (times)	1.5	**1.4**	-

Currency split of net debt €1,613 million



- Subsidiaries generally funded in their functional currencies
- Public credit ratings
  - Moody's Investor Services at Baa2 (neutral) – upgraded
  - Standard & Poor's at BBB- (positive outlook) – unchanged
- €280 million 9.75% Eurobond redemption

Dividends



- Full year dividend of 42 euro cents per share
- Increase of 17%, covered 2.6 times by earnings

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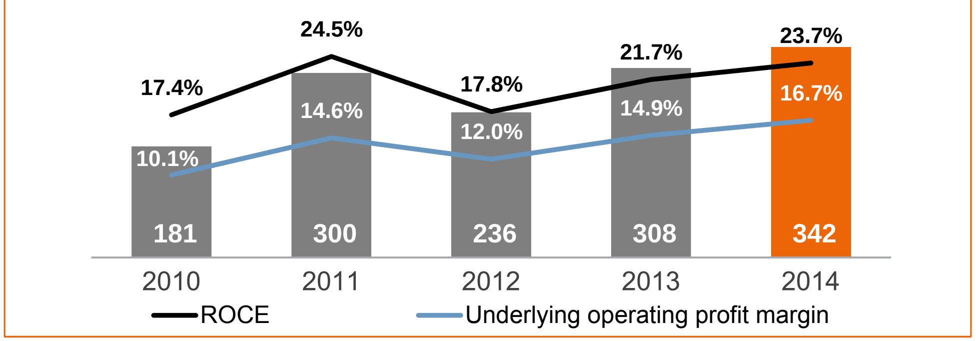
Packaging Paper

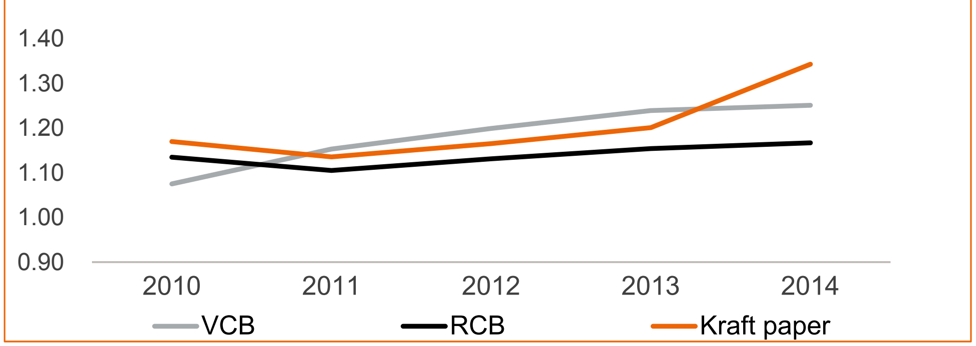
Underlying operating profit, margin and ROCE

€ million



Production volumes

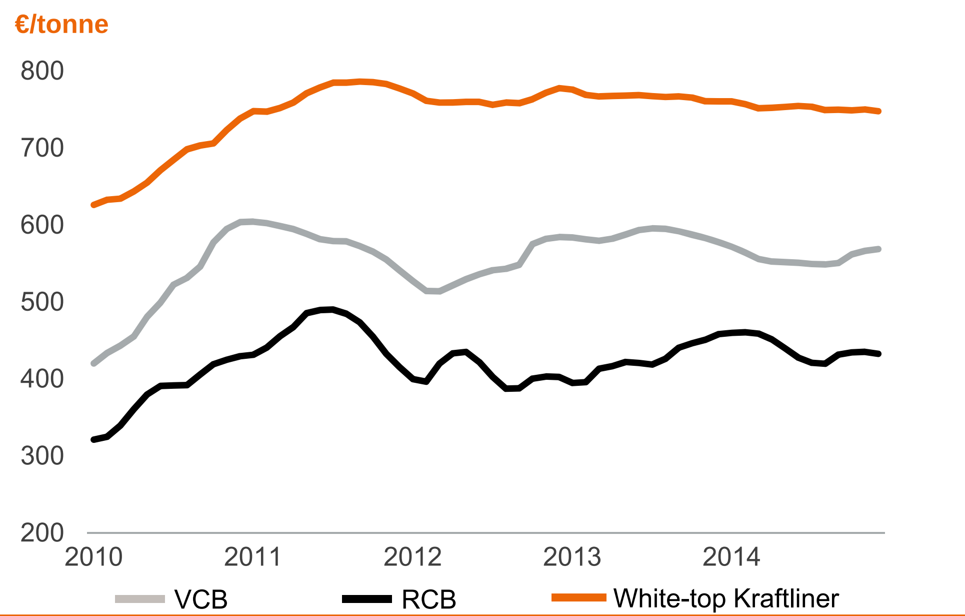
Volumes indexed to 2009



- Building on strong base, ROCE of 23.7%
- Sales volumes up on prior year
  - 155,000 tonne per annum bleached kraft machine boosts speciality kraft volumes and lowers pulp sales
  - Acquisition of US kraft paper mill
- Lower average pricing
- Benefited from lower costs
  - Project benefits
    - lower energy input costs
  - Further productivity gains
  - Lower average fibre input costs
  - Weakness in Russian rouble, Czech koruna and Swedish krona

Packaging Paper | industry fundamentals

Selling prices



Virgin containerboard

- USD strength and expected reductions in imports beneficial
- Price increase of €40/tonne announced in Southern Europe
- Price increases in Russia
- Capacity additions
  - Varkaus conversion, end 2015 (+390 ktpa)
  - Husum conversion, 2015-2017 (+190 ktpa)

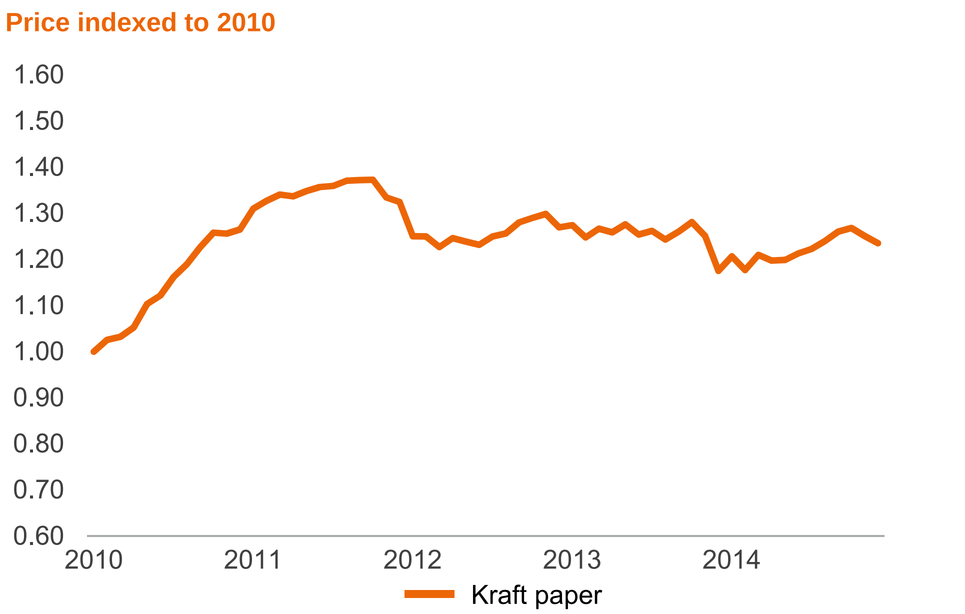
Recycled containerboard

- Prices currently stable
- Net capacity additions in 2015 estimated at around 700 ktpa (±3% of demand)

Source: FOEX Indexes Ltd

Packaging Paper | industry fundamentals

Selling prices



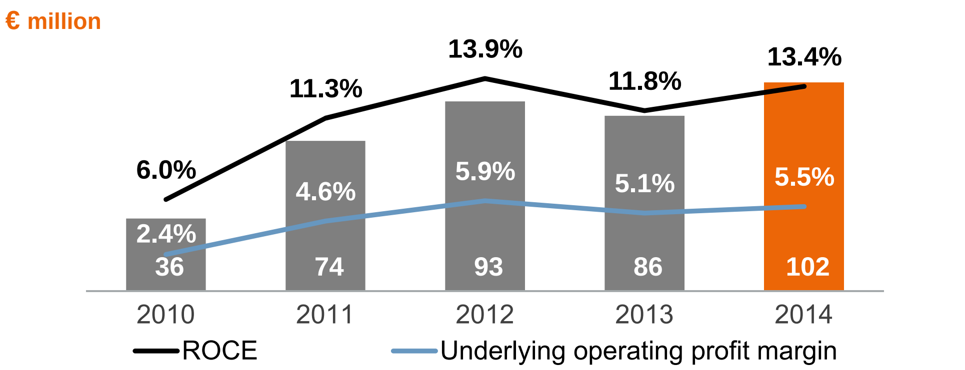
Kraft paper

- 2014 demand in Europe up 4%
- Overseas markets continue to show solid demand
- No industry capacity expansion
- Price erosion in early 2015 from seasonal demand weakness in Europe and competitor activity

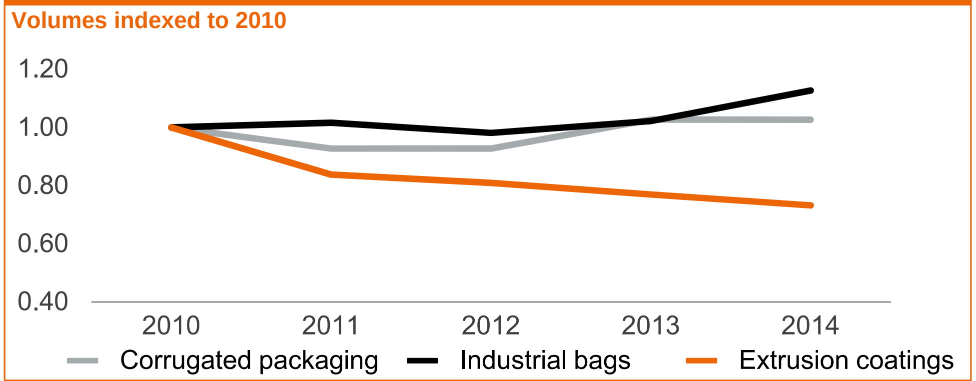
Source: Mondi

Fibre Packaging

Underlying operating profit, margin and ROCE



Production volumes



Corrugated Packaging

- Higher average selling prices
- Good cost control
- Negative impact of weaker Turkish lira

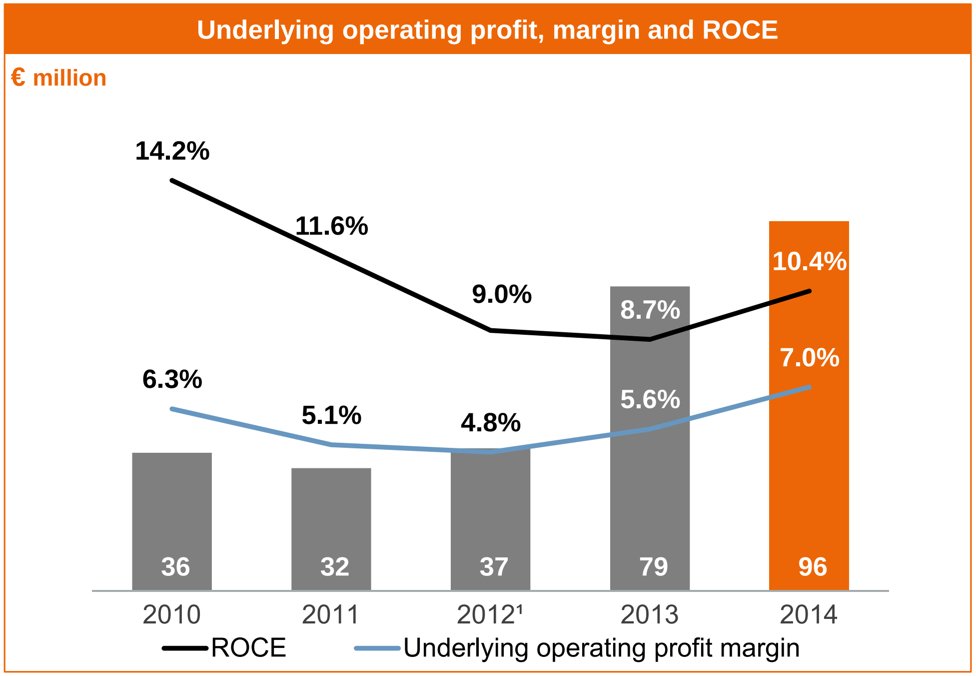
Industrial Bags

- Like-for-like sales volumes up 3% on 2013
- Lower average paper input costs
- US bags integration progressing well

Extrusion Coatings

- Stable pricing and good cost management
- Lower sales volumes

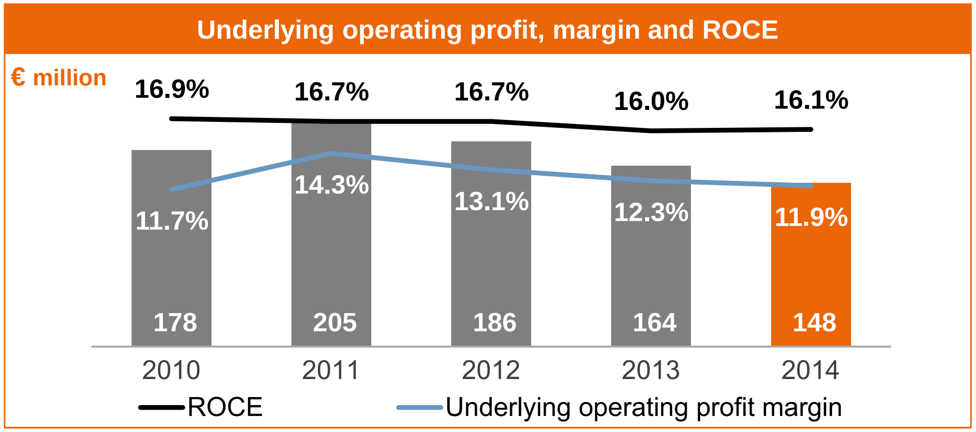
Consumer Packaging

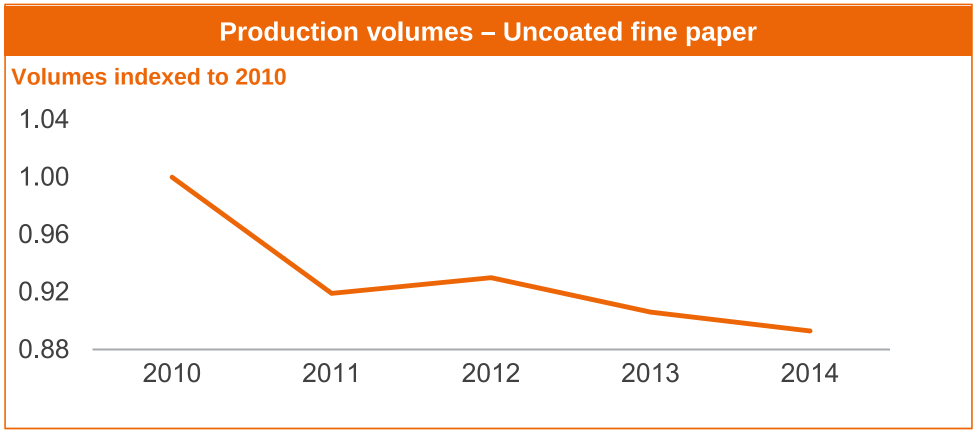


- Underlying operating profit up 22% on prior year
- European trading conditions significantly improved in H2
- Benefited from
  - Improved customer focus and margin management
  - Optimisation and specialisation of production facilities
- Investment in innovation and growth
  - Sales infrastructure and application engineering
  - Polish acquisition
  - Successful start-up of plant in China

1 Excludes €14 million one-off costs relating to Nordenia acquisition

Uncoated Fine Paper

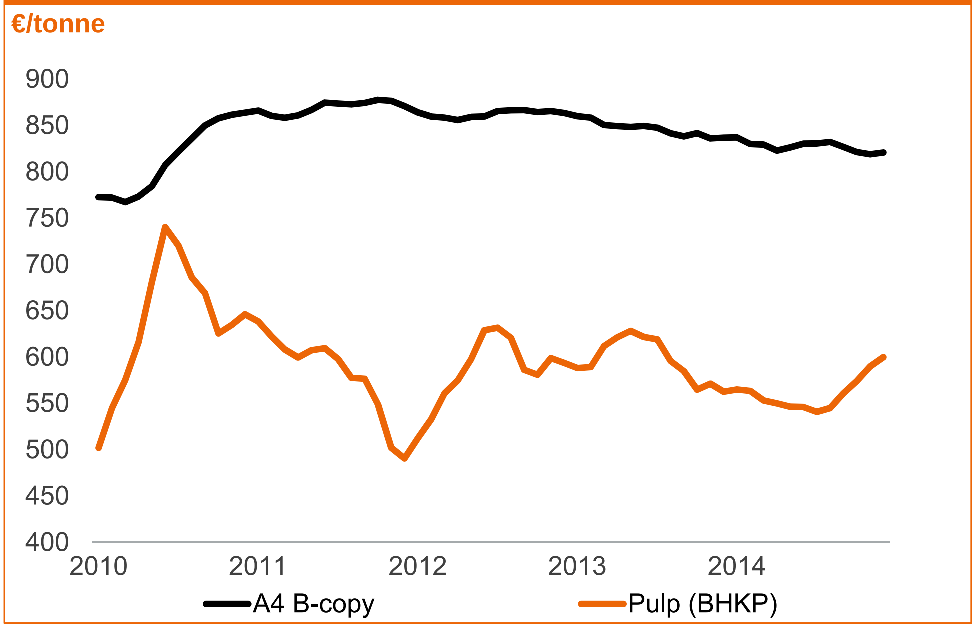




- Operating profit impacted by
  - Lower average selling prices
  - Significantly weaker rouble
- Offset by
  - Productivity gains
  - Good cost management and benefits of restructuring in Neusiedler in 2013
  - Lower gas, chemical and wood input costs

Uncoated Fine Paper | industry fundamentals

Pulp and A4 B-copy prices



Demand

- Up approximately 1% in 2014 in Europe
- Decline in Russia of approximately 3%, impacted by macro-economic factors

Supply

- Net capacity reduction expected with conversion of Varkaus (280 ktpa) and Husum (350 ktpa)
- Higher euro pulp prices impacting non-integrated mills

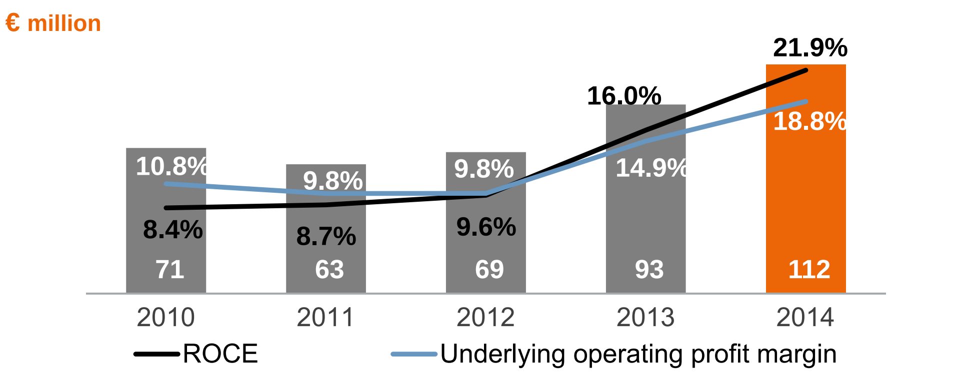
Prices

- Price increases of 15% in Russia from February 2015
  - Discussions on further increases ongoing
- Price increase in Europe of 5%-8% announced – effective end Q1 2015

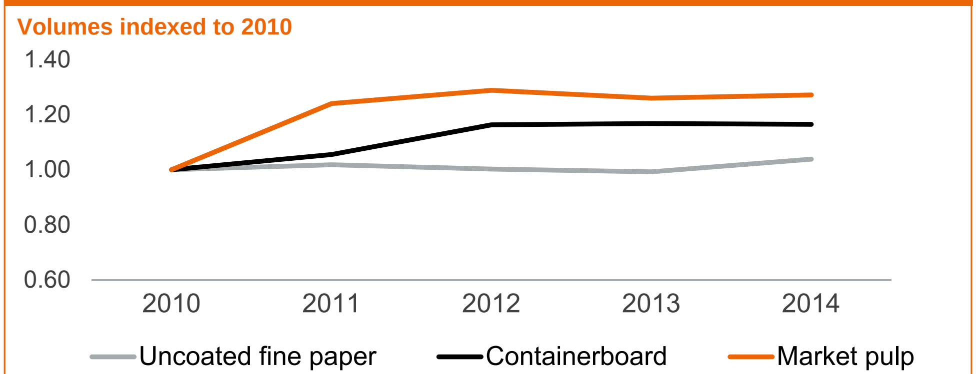
Source: FOEX Indexes Ltd

South Africa Division

Underlying operating profit, margin and ROCE



Production volumes



- Strong performance, with ROCE of 21.9%
- Benefited from
  - Higher average domestic selling prices
  - Export gains from weaker rand
  - Higher fair value gains on forestry assets
- Cost increases below inflation through good cost management
- Steam turbine in Richards Bay
  - Mill now net long in energy

Comparatives for 2010 and 2011 have not been restated to include 100% of Mondi Shanduka Newsprint in South Africa Division and consequently reflect a 58% portion

Agenda

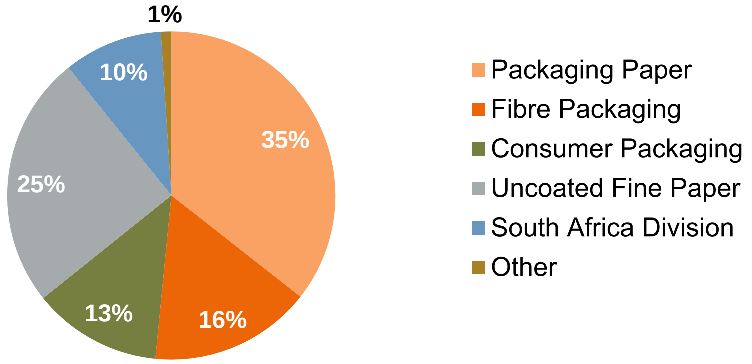
Growing in line with our strategy

Free Cash Flow priorities

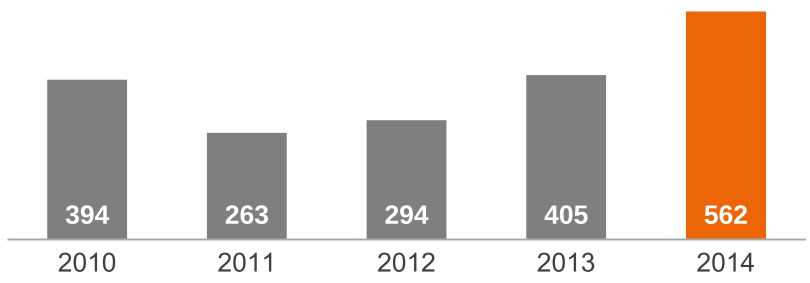
- Maintain our strong and stable financial position and investment grade credit metrics
- Grow through selective capital investment opportunities
- Support payment of dividends to our shareholders
- Evaluate growth opportunities through M&A and/or increased shareholder distributions

2010 – 2014 investment in asset base

€1.9 billion Capital spend by segment



Capital expenditure



- Focus on growth in packaging
- UFP spend primarily around cost optimisation and pulp production
- Ramp up in spend over past two years
- Strong pipeline for future growth – expected spend around €550 - €560 million per annum in 2015/2016

Major project pipeline delivering strongly…

2013	2014	2015	2016
• €60m Frantschach recovery boiler • €16m Syktyvkar bark boiler • €13m Stambolijski steam turbine and economiser • €32m Richards Bay steam turbine	• €70m Štěti bleached kraft • €128m Ružomberok recovery boiler • €30m Syktyvkar pulp dryer	• €166m Świecie recovery boiler, turbine and biomass boiler • €106m Packaging Paper • €24m Fibre Packaging	• €94m Świecie phase II • €30m South Africa Division woodyard upgrade
€121m	**€228m**	**€296m**	**€124m**

€45 million incremental operating profit delivered from major projects in 2014
€50 million incremental operating profit benefit expected in 2015

… with limited market risk

Project Description	Project Value	Key benefits	Market risk
Świecie recovery boiler, turbine and biomass boiler	€166 million	• Energy efficiencies • Green energy sales • Cost optimisation	Low
Packaging Paper – various projects	€106 million	• Improved product mix • Cost optimisation	Low
Fibre Packaging – various projects	€24 million	• Capability enhancement in high growth CEE markets	Medium
Świecie phase II	€94 million	• 80,000 tonne per annum kraftliner • 100,000 tonne per annum softwood pulp capacity • Improved product mix • Cost optimisation	Medium
South Africa Division woodyard upgrade	€30 million	• Cost optimisation	Low

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Outlook

Economic growth is expected to remain below historical averages in the regions in which we operate. We expect this slow economic growth to continue to impact on demand for our products in the short term, although underlying industry fundamentals remain generally sound, with supply/demand balance supported by supply-side constraint.

Recent exchange rate movements provide a mixed impact, although with a clearly positive bias when considered for the Group as a whole. Furthermore, the recently completed capital investments and ongoing projects should contribute meaningfully to our performance going forward. As such, we are confident of making further progress in the year ahead.

Q&A

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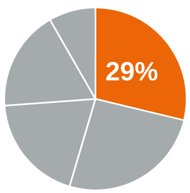
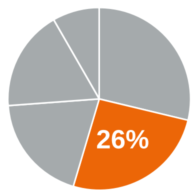
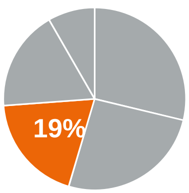
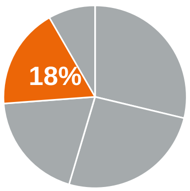
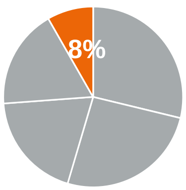
Mondi at a glance

	Europe & International				South Africa
	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	
2014 Revenue[1]	€2,043m 	€1,852m 	€1,379m 	€1,240m 	596m 
ROCE	23.7%	13.4%	10.4%	16.1%	21.9%
Products					

1 Segment revenues, before elimination of inter-segment revenues

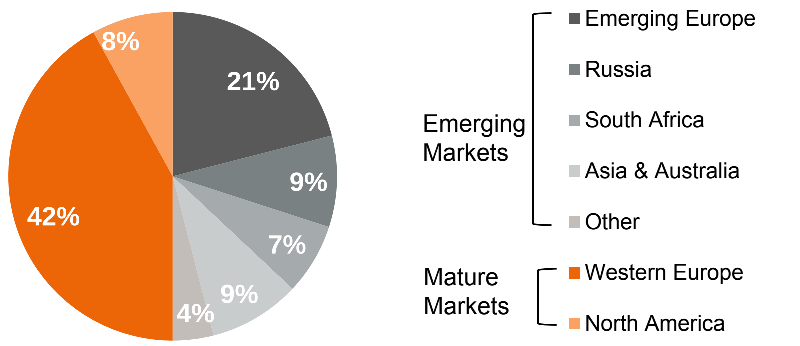
Our strategic value drivers

We are focused on growing our packaging interests

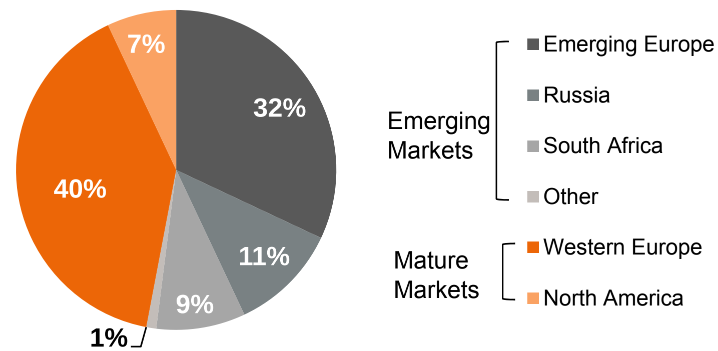
Achieve leading market positions	We focus on markets that offer us growth opportunities. We develop and maintain leading positions in markets that offer us growth opportunities so we can deliver ongoing value to our customers. Our focus on higher-growth emerging markets contributes to our sustained profitability.
Maintain our high-quality, low-cost asset base	We invest in our exceptional people and our high-quality, low-cost operations. This keeps us competitive, and gives us sustainable cost advantages. Through our high levels of vertical integration we realise synergies along the entire value chain. We promote resource efficiency using innovative technologies and by making continuous process and product improvements.
Grow through customer focused development	We work with our customers and help them to succeed by finding innovative solutions. Together we develop smarter, more cost-effective processes and products that meet their needs. We follow our customers into high-growth markets, where we can offer cutting-edge products that deliver exceptional value.
Continuous focus on performance	We are passionate about performance, reliability and sustainability. We work efficiently, effectively and profitably. Our continuous focus on sustainable operational improvements and rigorous asset management helps us to keep improving productivity and reducing costs.

Global presence

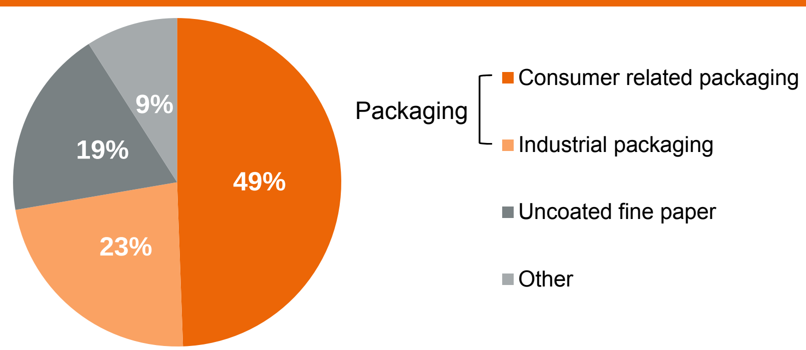
Sales by location of customer €6,402 million



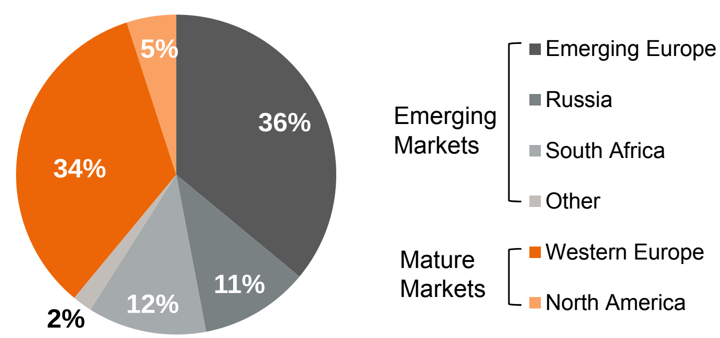
Sales by location of production €6,402 million



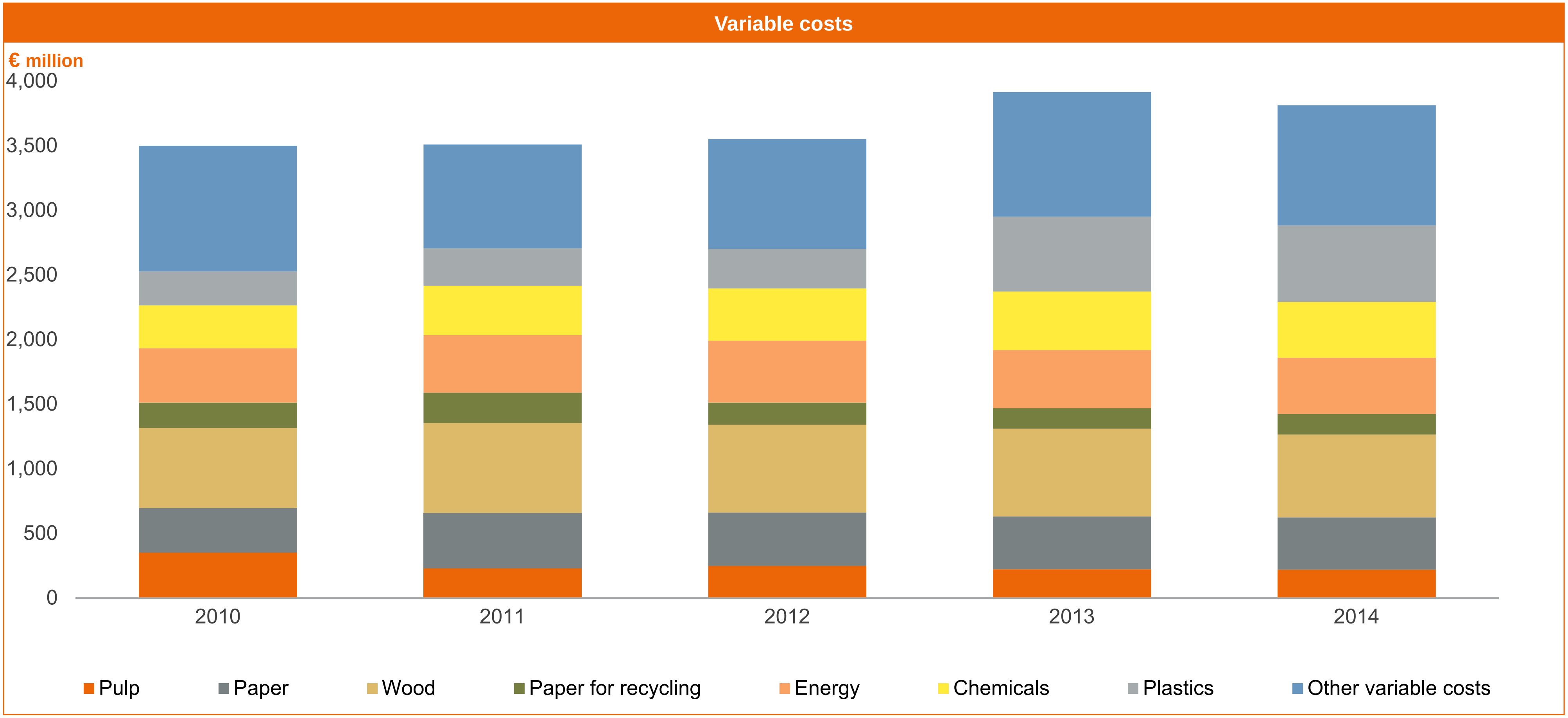
Product mix



Operating net segment assets by geography €5,034 million

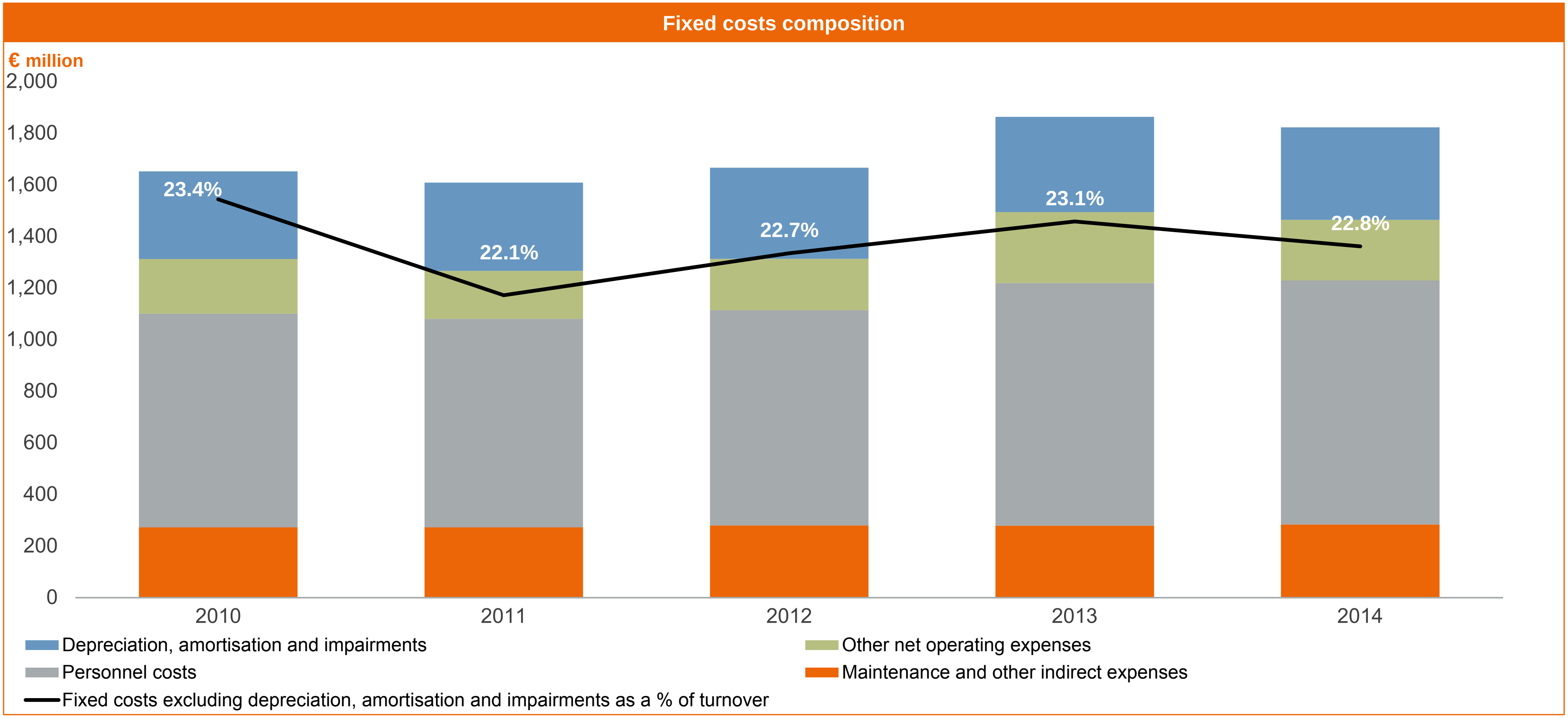


Input costs



Comparatives for 2010 and 2011 have not been restated to include 100% of Mondi Shanduka Newsprint in South Africa Division and consequently reflect a 58% portion

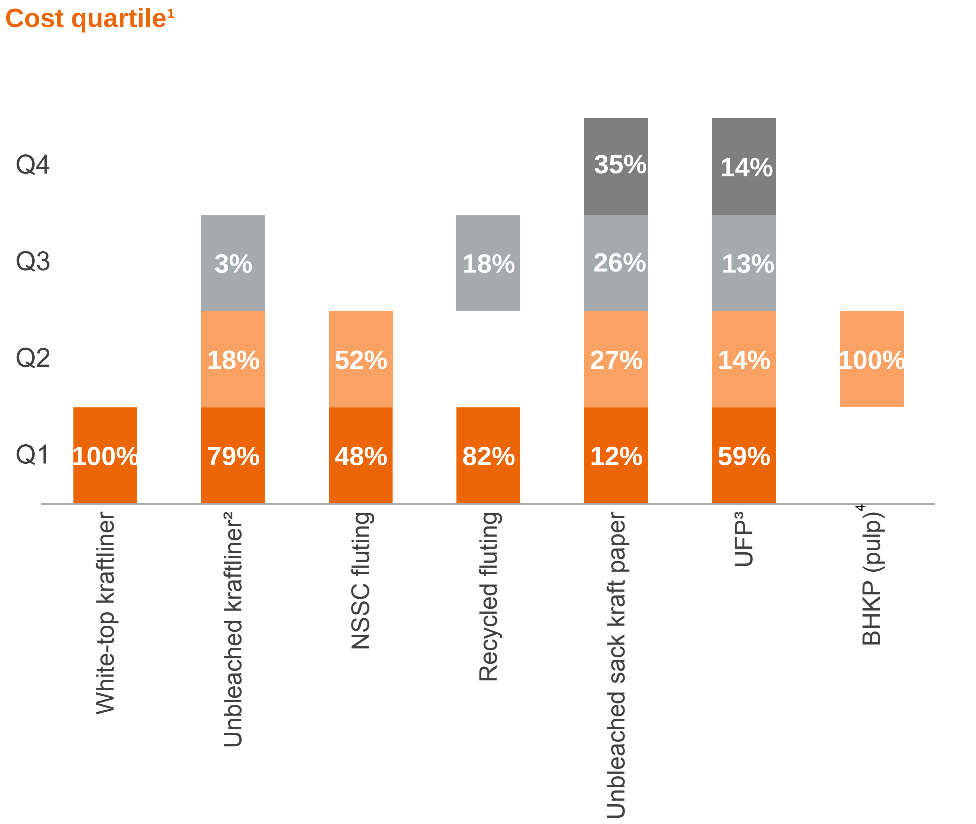
Fixed costs



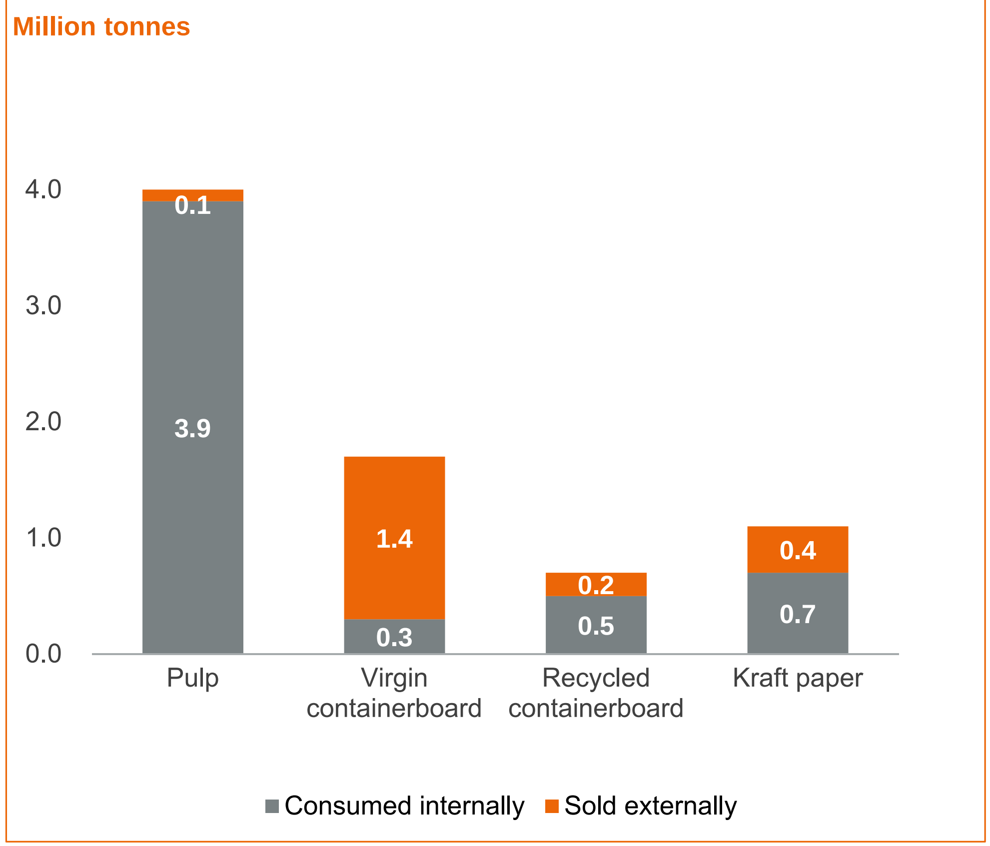
Comparatives for 2010 and 2011 have not been restated to include 100% of Mondi Shanduka Newsprint in South Africa Division and consequently reflect a 58% portion

Our integrated low-cost operations

Emerging market asset base leads to low cost positions across the Group's main grades



Integrated value chain – total production



1 Delivered to Frankfurt except where noted | 2 Excludes kraftliner substitutes | 3 Includes specialities | 4 Delivered to Rotterdam
Source: RISI and Mondi estimates

Taxation and non-controlling interests

Taxation € million	2013	2014	% change
Underlying tax charge	98	**126**	*(29%)*
Effective tax rate	*17%*	***19%***	

- Full utilisation of incentives from previous capital investments during the year
- Reflects underlying profit mix of Group

Non-controlling interests € million	2013	2014	% change
Profit attributable to non-controlling interests	28	**26**	*7%*
• *Ružomberok*	27	**23**	*15%*
• *Other*	1	**3**	
% of net underlying profit	*5.7%*	***4.8%***	

- Continued good profitability of Ružomberok operations

Cash flow

€ million	2013	2014	% change
Underlying EBITDA	1,068	**1,126**	*5%*
Working capital movements	(27)	**(87)**	*>100%*
Other operating cash flow items	(5)	**(6)**	
Cash generated from operations	1,036	**1,033**	-
Dividends from financial investments and associates	1	**2**	
Taxes paid	(126)	**(106)**	*16%*
Net cash inflow from operating activities	911	**929**	*2%*
Capital expenditure, excluding intangible assets	(405)	**(562)**	*(39%)*
Investment in intangibles and forestry assets	(53)	**(45)**	*15%*
Acquisitions[1]	-	**(104)**	
Non-controlling interests bought out	(4)	**(1)**	
Financing costs	(124)	**(125)**	-
Dividends paid	(198)	**(206)**	*(4%)*
Other investing and financing activities	47	**48**	
Net (decrease)/increase in net debt	174	**(66)**	

1 Includes net debt acquired

Statement of financial position

€ million	2013	2014
Property, plant and equipment	3,428	3,432
Forestry assets	233	235
Other non-current assets	713	700
Total non-current assets	4,374	**4,367**
Total current assets	1,866	**1,981**
Total assets	6,240	**6,348**
Total current liabilities	(1,296)	**(1,323)**
Medium and long-term borrowings	(1,571)	(1,565)
Other non-current liabilities	(527)	(566)
Total non-current liabilities	(2,098)	**(2,131)**
Total liabilities	(3,394)	**(3,454)**
Net assets	2,846	**2,894**
Total attributable to shareholders	2,591	**2,628**
Non-controlling interests in equity	255	266
Total equity	2,846	**2,894**

Production volumes

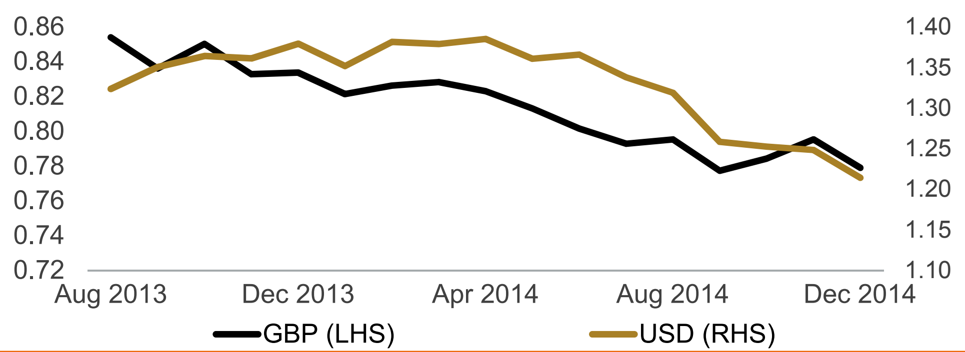
		2013	2014	% change
Europe & International				
Containerboard	Tonnes	2,138,714	**2,160,485**	*1%*
Kraft paper	Tonnes	1,010,885	**1,130,220**	*12%*
Softwood pulp	Tonnes	2,007,959	**2,085,191**	*4%*
Corrugated board and boxes	M m^2	1,344	**1,343**	-
Industrial bags	M units	4,032	**4,446**	*10%*
Extrusion coatings	M m^2	1,472	**1,401**	*(5%)*
Consumer packaging	M m^2	6,387	**6,397**	-
Uncoated fine paper	Tonnes	1,381,141	**1,361,243**	*(1%)*
Newsprint	Tonnes	207,228	**201,998**	*(3%)*
Hardwood pulp	Tonnes	1,087,615	**1,127,594**	*4%*
South Africa				
Containerboard	Tonnes	254,714	**252,526**	*(1%)*
Uncoated fine paper	Tonnes	258,751	**258,083**	-
Hardwood pulp	Tonnes	645,611	**648,635**	-
Softwood pulp	Tonnes	166,101	**138,640**	*(17%)*
Newsprint	Tonnes	145,498	**117,087**	*(20%)*

Exchange rates

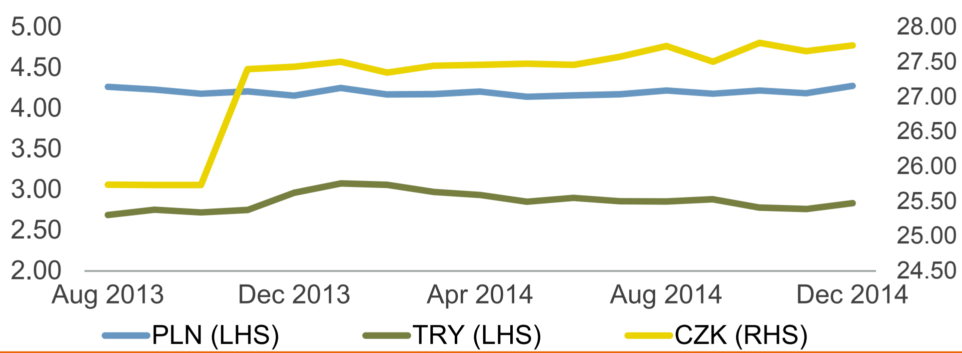
	2013	2014	% change
Closing rates against the euro			
South African rand	14.57	**14.04**	*4%*
Czech koruna	27.43	**27.74**	*(1%)*
Polish zloty	4.15	**4.27**	*(3%)*
Pounds sterling	0.83	**0.78**	*6%*
Russian rouble	45.32	**72.34**	*(60%)*
Turkish lira	2.96	**2.83**	*4%*
US dollar	1.38	**1.21**	*12%*
Average rates for the year against the euro			
South African rand	12.83	**14.42**	*(12%)*
Czech koruna	25.99	**27.53**	*(6%)*
Polish zloty	4.20	**4.18**	-
Pounds sterling	0.85	**0.81**	*5%*
Russian rouble	42.32	**50.73**	*(20%)*
Turkish lira	2.53	**2.91**	*(15%)*
US dollar	1.33	**1.33**	-

Exchange rate development vs EUR

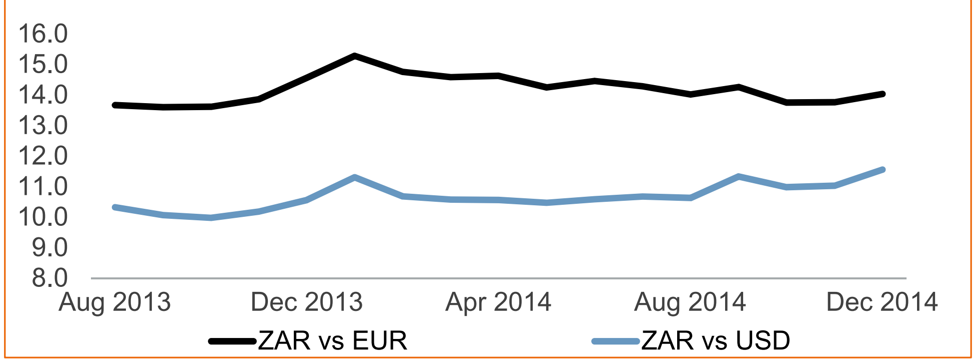
Mature markets



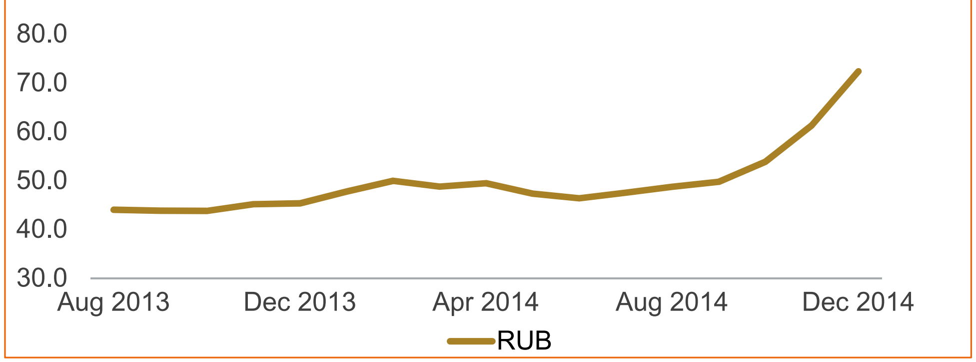
Emerging markets



South African rand



Russian rouble



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