# MONDI GROUP
# RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

23 February 2010

# Agenda

➡ **Highlights**

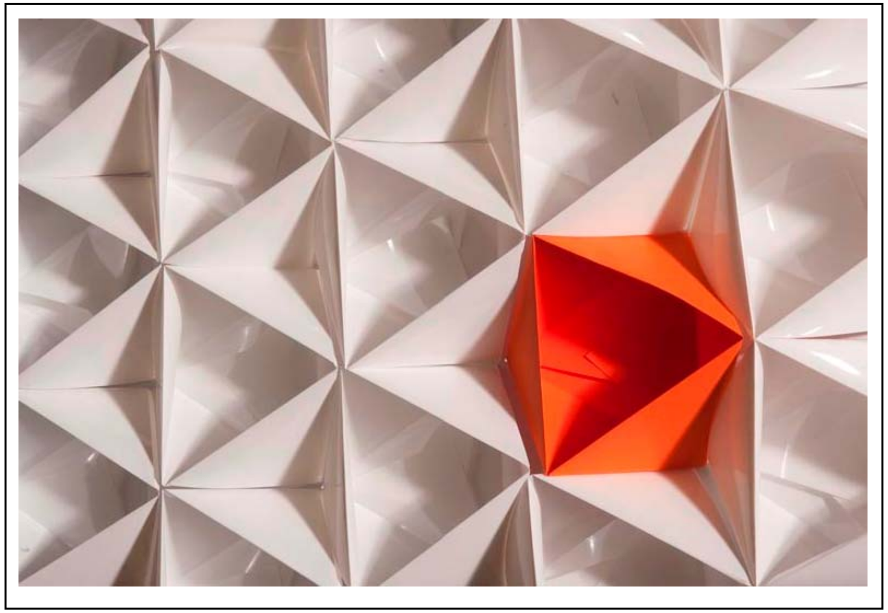
Financial overview

Operational review

Major projects

Summary

Appendices



# Key highlights

- Resilient performance in challenging circumstances
- Clear pick-up in European trading resulting in strong fourth-quarter
- Delivered annual cost savings of €251 million
- Strong cash management with net debt down at €1.52 billion, €173 million lower than 2008 year-end
- Restructuring complete
- Polish project complete and significant progress on Russian project

**Solid performance considering broader economic back-drop**

# Agenda

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# Operating financial highlights

| € Millions | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|
| Group Revenue | 6,345 | 5,257 | (17%) | 3,082 | 2,614 | 2,643 |
| EBITDA [1] | 814 | 645 | (21%) | 358 | 308 | 337 |
| *% Margin* | *12.8%* | *12.3%* | | *11.6%* | *11.8%* | *12.8%* |
| Underlying operating profit [2] | 441 | 294 | (33%) | 178 | 138 | 156 |
| *% Margin* | *7.0%* | *5.6%* | | *5.8%* | *5.3%* | *5.9%* |
| Cash generated from operations | 795 | 867 | 9% | 485 | 392 | 475 |
| Net debt | (1,690) | (1,517) | 10% | (1,690) | (1,660) | (1,517) |
| Group ROCE [3] | 9.5% | 7.6% | | 9.5% | 7.4% | 7.6% |

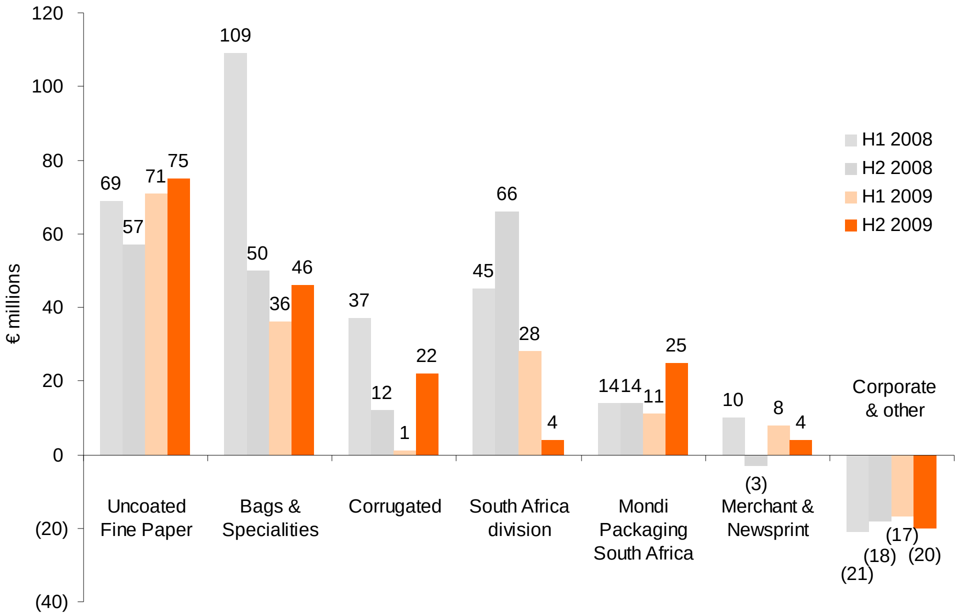
**Solid performance in challenging conditions**



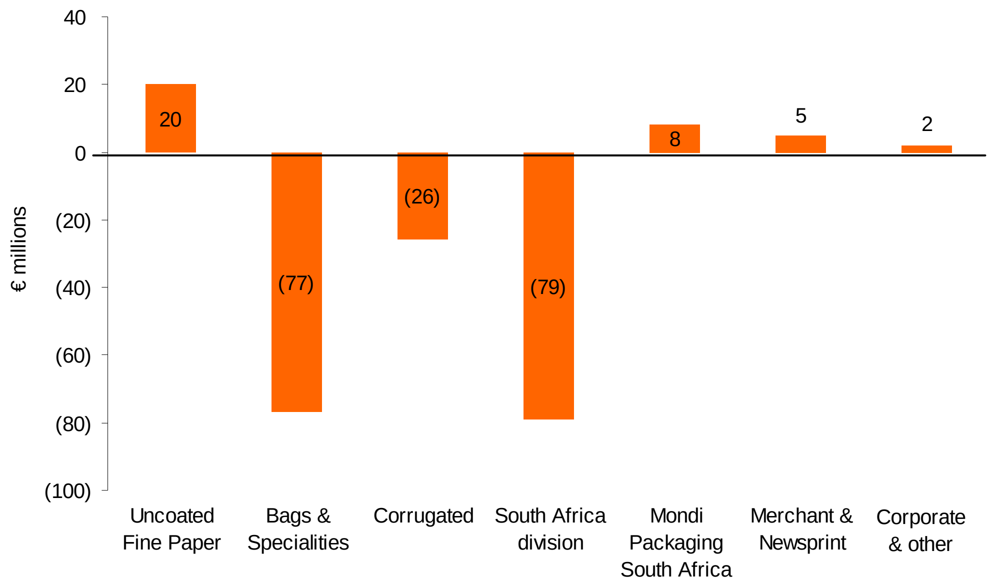
1 EBITDA is operating profit of subsidiaries and joint ventures before special items, depreciation and amortisation. 2 Underlying operating profit is operating profit of subsidiaries and joint ventures before special items. 3 Group return on capital employed (ROCE) is an annualised measure based on underlying operating profit plus share of associates net earnings divided by average trading capital employed before impairments and adjusted for major capital projects not yet commissioned.

# Divisional underlying operating profits[1]

## Business segment results - by half




## Year-on-year variance (€147 million)



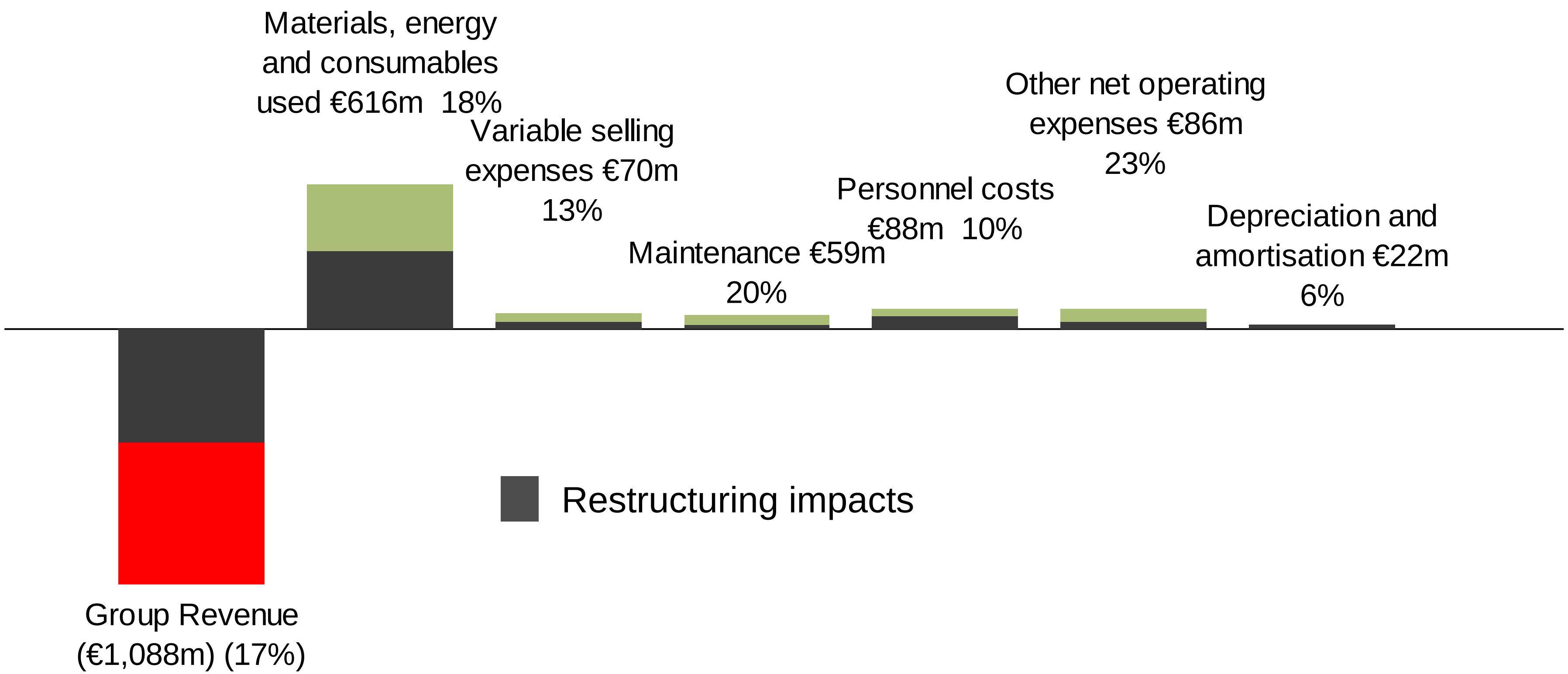

**Improved profitability in 2009 second-half**



1 Underlying operating profit is operating profit of subsidiaries and joint ventures before special items.

# Income statement overview

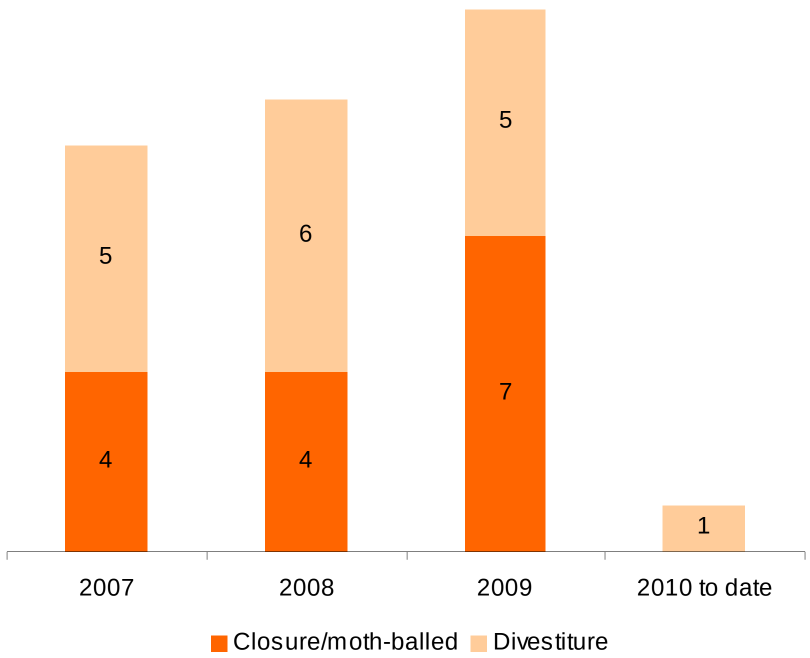
**Year-on-Year variances (€'m and %)**




**Strong focus on cost control mitigates revenue declines**

# Rigorous asset management…

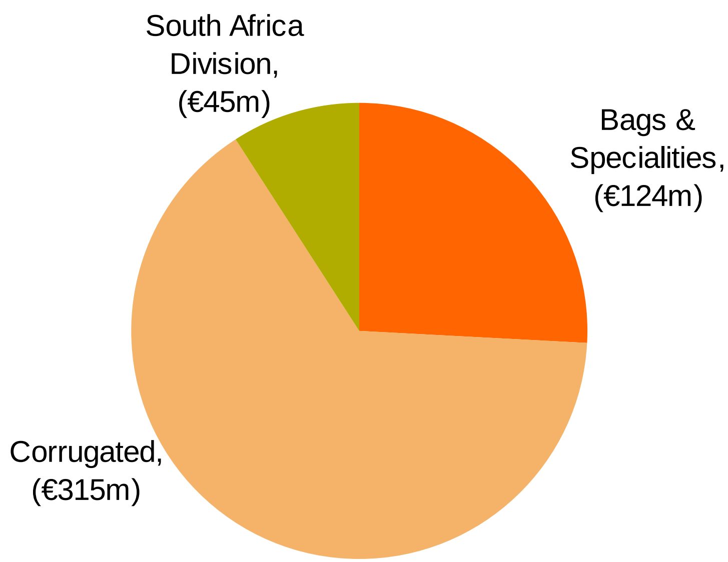
Closures and Divestitures[1]




**2009 trading impact of closures and divestitures:**

- €484 million decline in segment revenue
- €107 million of fixed costs removed
- Underlying operating profit marginally up

**Revenue impact by business (€484m in total)**



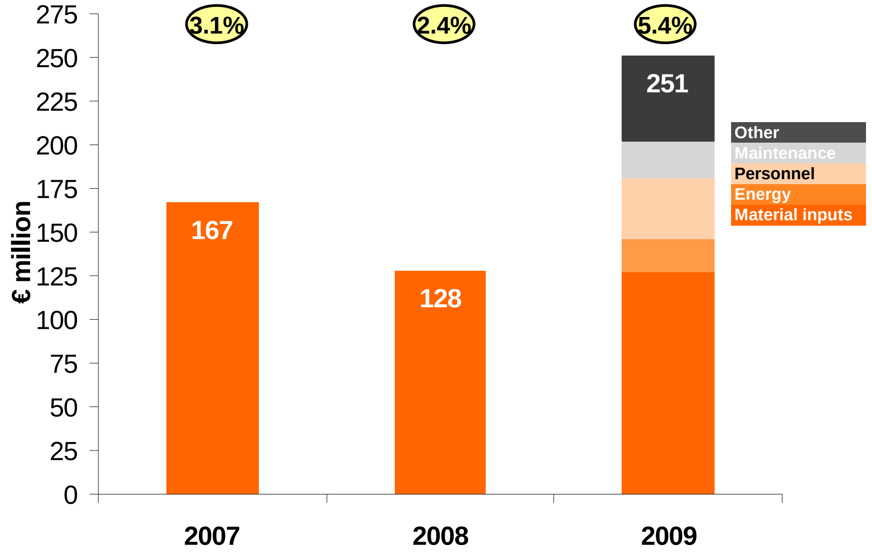

**Cutting back to low cost, high quality, well invested asset base**



*Note 1: European restructuring, excludes mothballed operation: Stambolijski.*

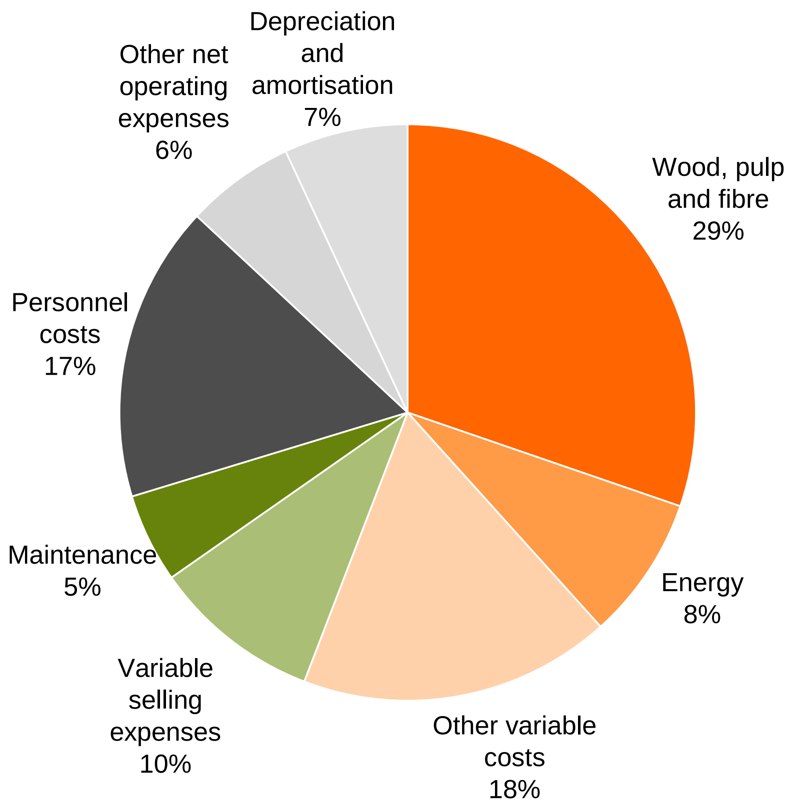
# …and focus on cost savings

## Cost savings - €251 million




- Significantly exceeded €180 million target
- 31% of savings address fixed costs
- Fixed costs excluding depreciation only marginally up relative to revenue at 26% (2008: 25%)

## Cost structure




**Cost savings helping to offset revenue pressures**

# Financial review

| € Millions | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|
| Underlying operating profit [1] | 441 | 294 | (33%) | 178 | 138 | 156 |
| Net Finance Costs | (159) | (114) | 28% | (104) | (58) | (56) |
| Associate net earnings | 2 | 2 | | 1 | 1 | 1 |
| Underlying profit before tax [2] | 284 | 182 | (36%) | 74 | 81 | 101 |
| Tax before special items | (82) | (58) | 29% | (21) | (27) | (31) |
| Total Minority Interest | (30) | (29) | 3% | (7) | (12) | (17) |
| Underlying earnings | 172 | 95 | (45%) | 46 | 42 | 53 |
| Special items (after tax and minorities) | (383) | (129) | 129% | (344) | (78) | (51) |
| Reported (loss) / profit after tax and minority interests | (211) | (33) | 84% | (298) | (36) | 3 |

**Reported results impacted by special items of €129 million**



1 Underlying operating profit is operating profit of subsidiaries and joint ventures before special items. 2 Underlying profit before tax is reported profit before tax before special items.

# Finance charges and net debt

| € Millions | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|
| **Net debt** | (1,690) | (1,517) | 10% | (1,690) | (1,661) | (1,517) |
| Net debt finance charges and other financial income | 123 | 104 | 15% | 70 | 52 | 52 |
| Net post-retirement finance costs | 8 | 9 | (13%) | 5 | 4 | 5 |
| Foreign currency losses / (gains) | 28 | 1 | 96% | 29 | 2 | (1) |
| **Net finance costs** | 159 | 114 | 28% | 104 | 58 | 56 |
| *Effective interest rate (before capitalised interest)* | *9.1%* | *9.3%* | | *10.6%* | *10.3%* | *8.2%* |

- Strong cash management with net debt down €173 million at €1.52 billion, despite €300 million spent on major capital projects
- Higher proportion of Russian rouble debt resulting from capital expenditure drove increase in effective interest rate
- Foreign currency exposures effectively managed

**Debt under control despite major project spend**

# Taxation and minorities

## Taxation

**€ Millions**

| | 2008 | 2009 | % Change |
|---|---|---|---|
| Underlying tax charge | 82 | 58 | (29%) |
| Tax on special items | (4) | (6) | (50%) |
| Taxation charge | 78 | 52 | (33%) |
| *Underlying effective tax rate* | *29%* | *32%* | |

- Effective tax rate before special items of 32%, above prior year primarily due to an increase in non-recoverable tax losses as trading results declined
- Limited tax relief on special items

## Minorities

**€ Millions**

| | 2008 | 2009 | % Change |
|---|---|---|---|
| Minority share before special items | 30 | 29 | (3%) |
| Minority share of special items | 0 | 1 | |
| Profit attributable to minority interests | 30 | 30 | |

- Earnings decline at Swiecie in Poland, largely offset by improved results in Turkey and Mondi Packaging South Africa

**Effective tax rate impacted by lower trading results**

# Special items

| € Millions | 2008 | 2009 |
|---|---|---|
| **Operating loss** | (358) | (128) |
| **Impairments & restructuring** | | (133) |
| - **By business:** | | |
| Europe & International - Uncoated Fine Paper | | (2) |
| Europe & International - Bags & Specialities | | (47) |
| Europe & International - Corrugated business | | (49) |
| South Africa - Uncoated Fine Paper | | (22) |
| Mondi Packaging South Africa | | (1) |
| Merchant & Newsprint - Europapier | | (12) |
| - **By type:** | | |
| Goodwill impairments | | (12) |
| Asset impairments | | (78) |
| Closure & restructuring costs | | (43) |
| **Retention arrangements** | | (3) |
| **Profits on insurance claim** | | 8 |

| € Millions | 2008 | 2009 |
|---|---|---|
| **Non-operating loss** | (29) | (5) |
| **Profit on disposals** | | 3 |
| **Held for sale impairments**[1] | | (8) |
| **Total consideration** | | 62 |

**€38m cash element of operating special items (€18m spent in 2009)**



1 – Sold in second-half

# Cash flow

| € Millions | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|
| **EBITDA**[1] | 814 | 645 | (21%) | 358 | 308 | 337 |
| Working capital movements | 27 | 248 | 819% | 153 | 99 | 149 |
| Other operating cash flow items | (46) | (26) | 43% | (26) | (15) | (11) |
| **Cash generated from operations** | 795 | 867 | 9% | 485 | 392 | 475 |
| Dividends from financial investments and associates | 2 | 2 | | 2 | 1 | 1 |
| Taxes paid | (71) | (32) | 55% | (44) | (18) | (14) |
| **Net cash inflow from operating activities** | 726 | 837 | 15% | 443 | 374 | 463 |
| Capital Expenditure, excl. major projects | (376) | (222) | 41% | (194) | (116) | (106) |
| Investment in forestry assets | (43) | (40) | 7% | (21) | (20) | (20) |
| Proceeds on sale of fixed assets and other items | 65 | 15 | (77%) | 48 | 6 | 9 |
| | 372 | 590 | (14%) | 276 | 244 | 346 |
| Major expansionary project's expenditure | (324) | (300) | 7% | (189) | (179) | (121) |
| Acquisitions | (49) | (2) | 96% | (14) | (2) | - |
| Disposals | 17 | 57 | 235% | 15 | 47 | 10 |
| **Net cash flow after investing activities** | 16 | 345 | 2,056% | 88 | 110 | 235 |

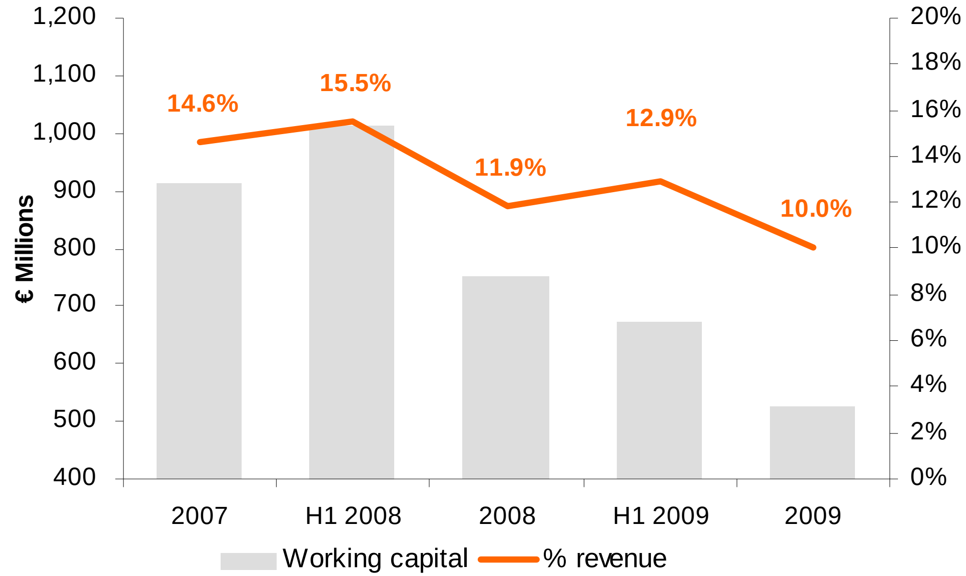
**Focus on cash flow optimisation**



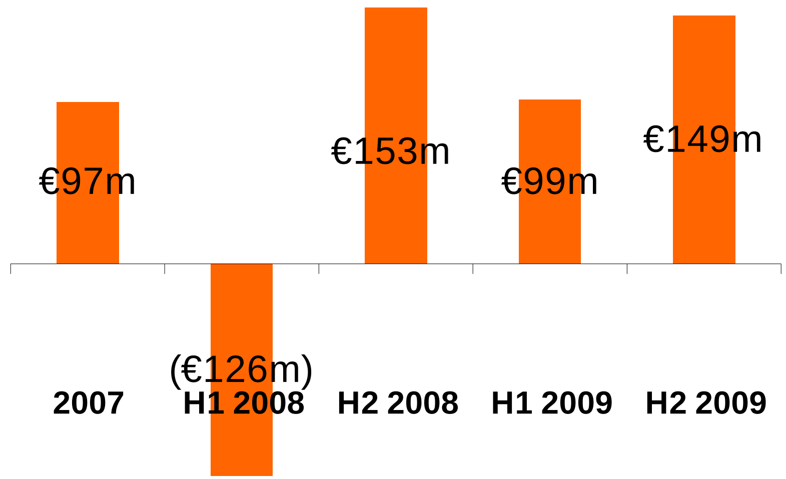
1 EBITDA is operating profit of subsidiaries and joint ventures before special items, depreciation and amortisation.

# A sharp focus on working capital has resulted in significant cash benefits

## Working capital management




## Working capital cash flows

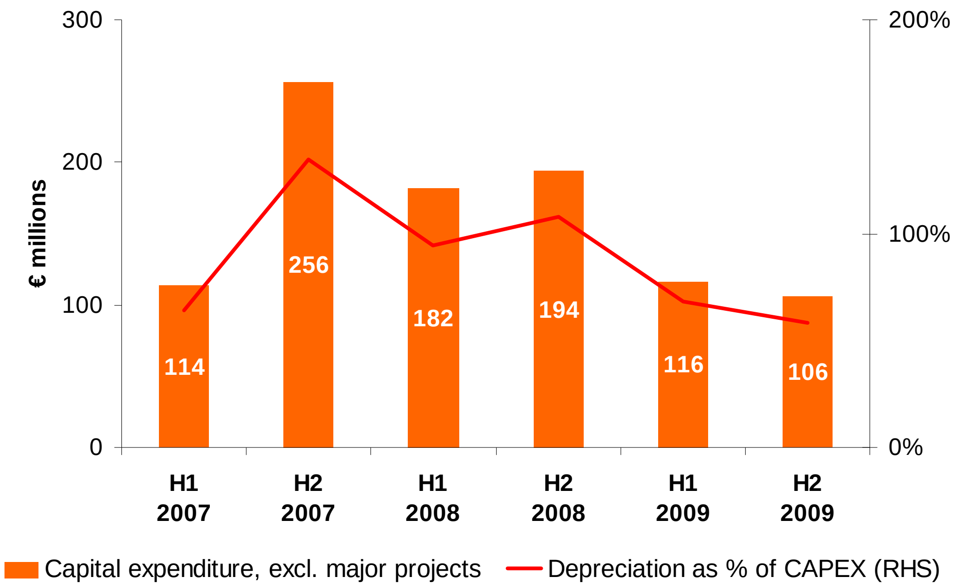



- Further €149 million working capital inflows achieved in the second-half
- SA operations impacted due to closing euro weakness versus SA rand

**€372 million inflow from working capital over past 3 years**

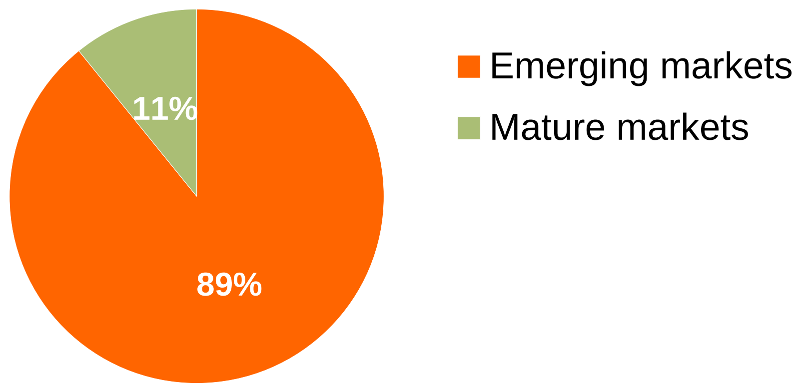
# Limiting capital expenditure approvals to 40% of depreciation, without compromising the asset base

## Capital expenditure, excluding major projects




- Excluding major projects, cash spend was 63% of depreciation (2008: 101%)
- Approximately €210 million still to spend on major projects
- New approvals below 40% of depreciation since Q4 2008

## 2009 capital expenditure[1]




- Mondi is well invested. On completion of the Syktyvkar capex programme, major mills have seen substantial expansionary investment with just over €2 billion spent in the past ten years

**Capex outside major projects sharply reduced**



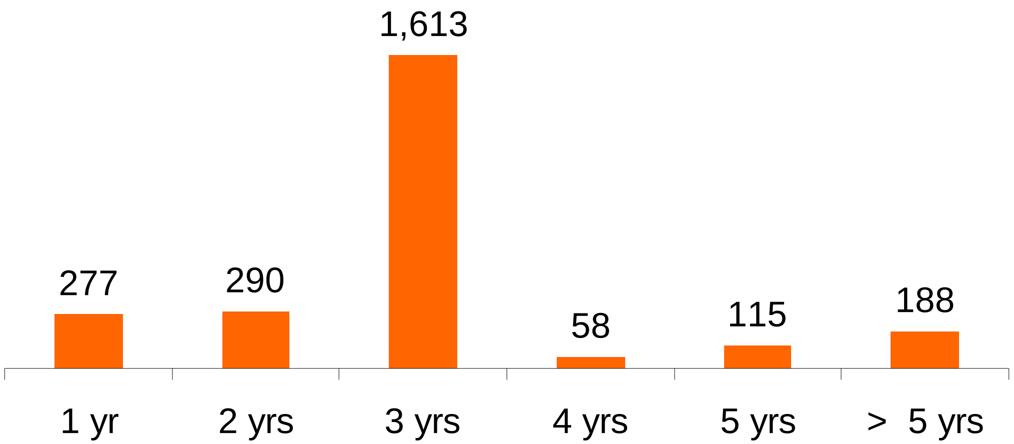
1 including major projects and impact of business combinations

# Adequate debt facilities available in medium-term

| € Millions | 2008 | 2009 | % Change |
|---|---|---|---|
| **Net debt** | (1,690) | **(1,517)** | 10% |
| **Committed facilities** | 2,752 | **2,541** | (8%) |
| Of which undrawn | 1,062 | 990 | (7%) |
| Gearing (Net debt / Trading capital employed) | *39%* | ***35%*** | |
| Net debt / 12 month trailing EBITDA (times) | 2.1 | **2.4** | |

- Main facility is €1.55 billion syndicated revolver maturing on 21 June 2012, of which €815 million is undrawn
- Borrowings of €219 million maturing over next 12 months
- Further reductions in net debt achieved in the second-half

Maturity profile of committed facilities (€'m)




**Strong liquidity position**

# Dividends

- Final dividend of 7.0 euro cents per share proposed (9.5c for the year)
- Dividend cover of 2.0 times
- Record date 23 April 2010
- Payment date 19 May 2010

**Increased final dividend**

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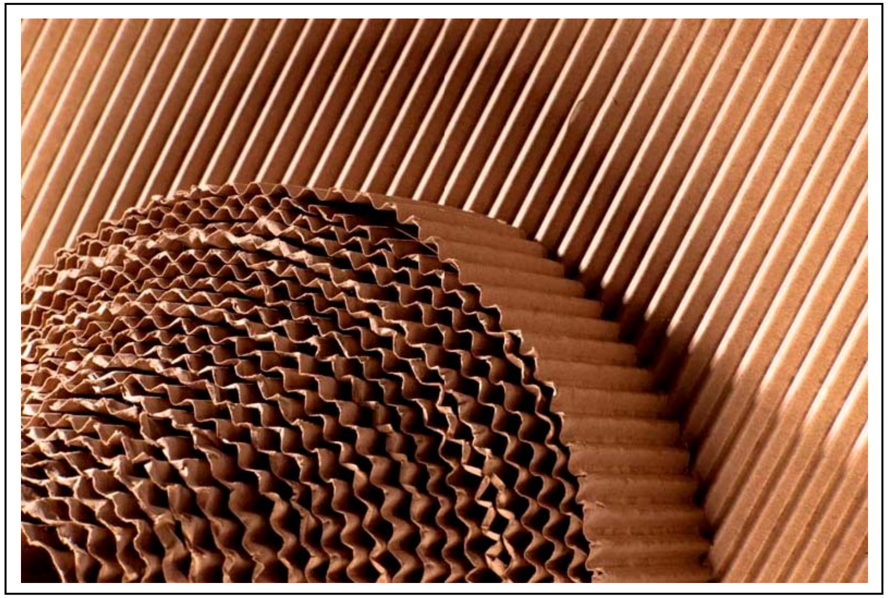
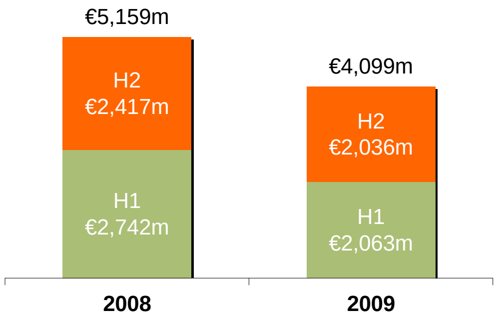
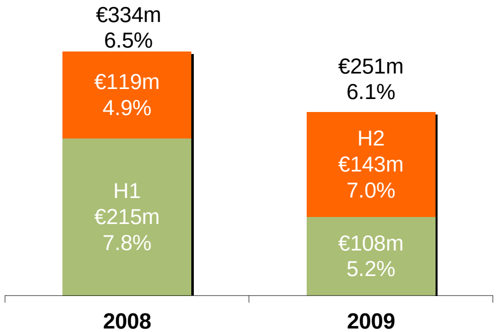


# Europe & International

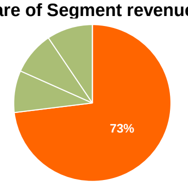
**Segment Revenue**



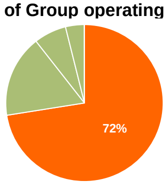

**Underlying operating profit**




**Share of Segment revenues #**




**Share of Group operating assets**



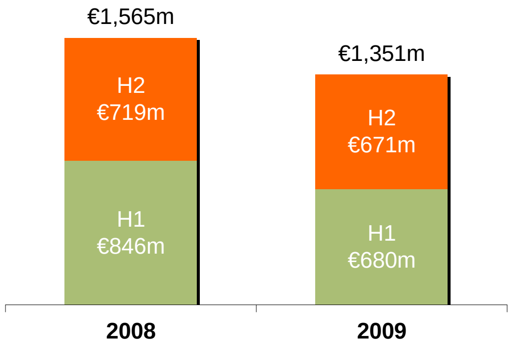

**# includes inter-segment revenues**

- Results significantly impacted by European slow-down
  - 21% drop in revenues
  - ~173,000 tonnes of market-related downtime taken, ~163,000 tonnes in first-half
  - Selling prices lower in all grades
- Some relief from lower input costs
- €205 million of cost savings delivered
- Restructuring actions helping to offset revenue pressures
  - High-cost capacity removed, mainly in Western Europe
- Clear pick-up in fourth-quarter trading
- Well positioned through major projects

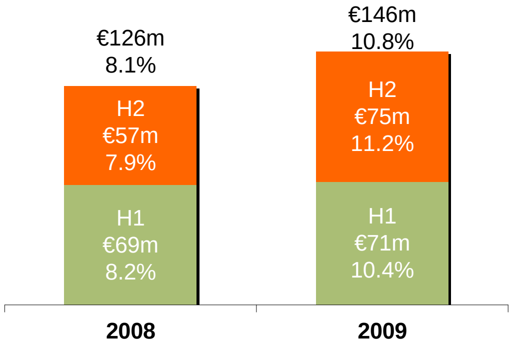
**Low cost base supporting continued profitability**

# Uncoated Fine Paper

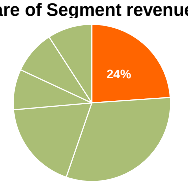
**Segment Revenue**



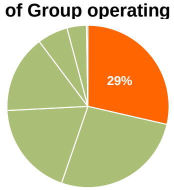

**Underlying operating profit**




**Share of Segment revenues #**

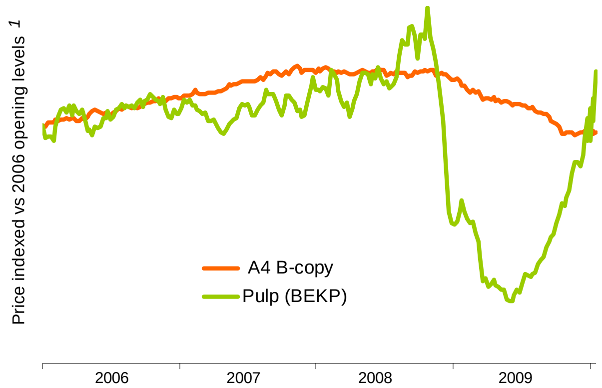



**Share of Group operating assets**




**# includes inter-segment revenues**

- Strong results in the current climate
  - Low-cost asset base
  - Cost reductions
  - Favourable market positioning
- Pricing down year-on-year
  - Russian domestic market robust
- Input cost pressures in the second-half
  - Especially at non-integrated mills




- ~40,000 tonnes market-related downtime taken
  - ~5,000 tonnes in the second-half

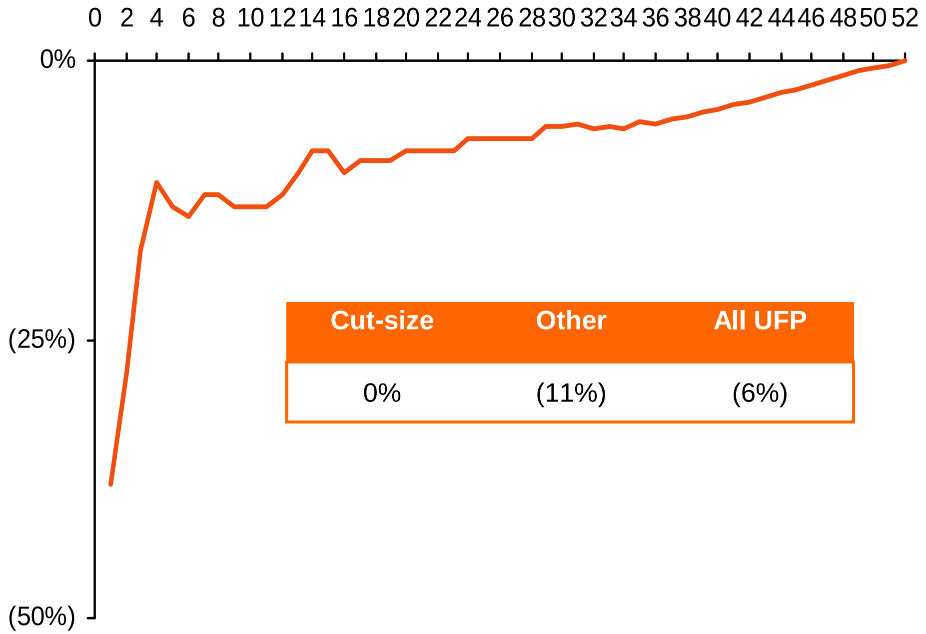
**Strong performance in tough market conditions**



*(1) Source: PIX – FOEX Indexes Ltd*

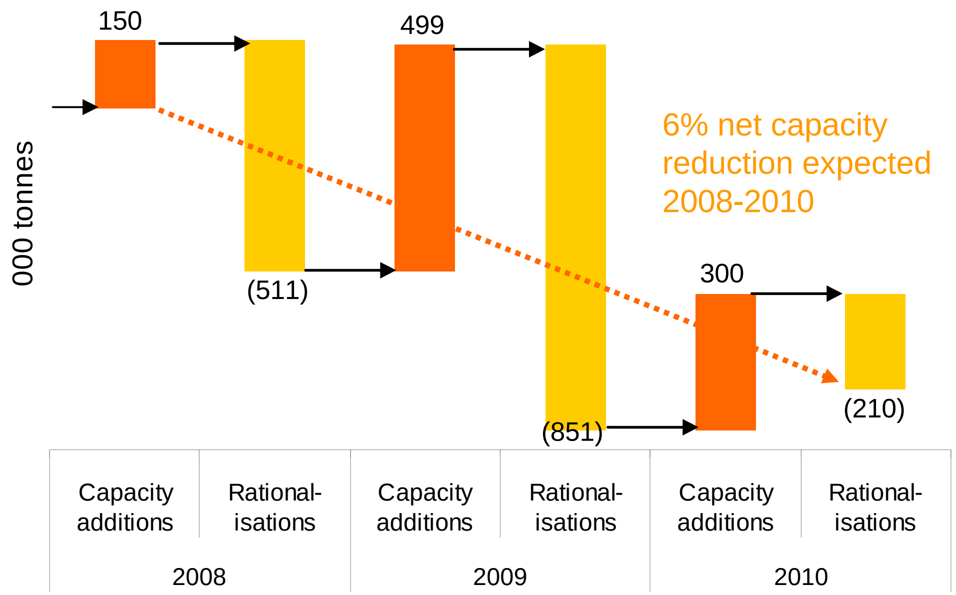
# Industry fundamentals – Uncoated Fine Paper

**UFP cumulative cut-size order inflow 2009 vs. 2008 (% growth)[1]**




| Cut-size | Other | All UFP |
|---|---|---|
| 0% | (11%) | (6%) |

**UFP capacity developments[2]**




- Mondi enjoys favourable emerging European markets and cut-size positioning
- Gains in market share in Russia during the year

- Limited price impact of new Portucel 500 ktpa capacity to date, although too soon to conclude on full impact
- ~12% capacity closures in 2008 / 2009

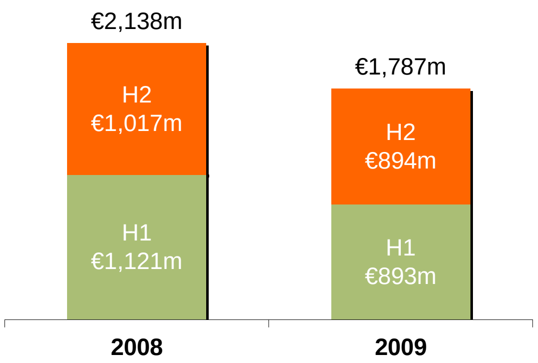
**High cut-size exposure and favourable market positioning**



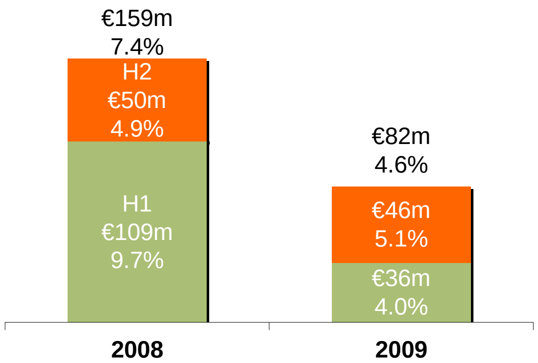
*(1) Source: CEPIFINE - Cumulative orders by Western European markets to CEPI countries (Finland, Sweden, Norway, Denmark, Belgium, Netherlands, U.K, Austria, Germany, Hungary, Poland, Slovakia, Switzerland, Italy, Spain, Portugal, France);*
*(2) Sources: RISI, press releases, analysts reports, Mondi estimates; includes rebuilds and adjusts for expected "phasing-in " over the period.*

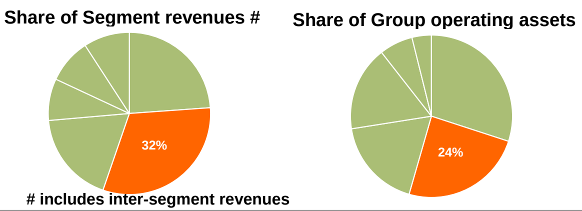
# Bags and Specialities

### Segment Revenue



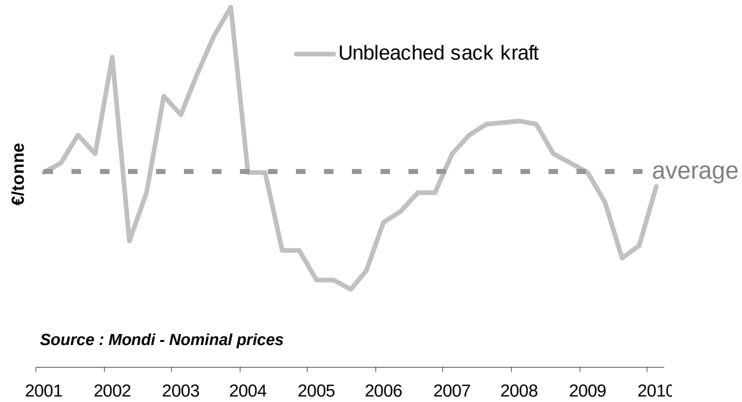

### Underlying operating profit




# includes inter-segment revenues

- Volumes up on prior year, mainly in second-half
  - ~ 87,000 tonnes downtime, nearly all in first-half
- Recent paper pricing improvements to impact in new year
  - European bag outlook remains difficult – awaiting recovery in construction sector

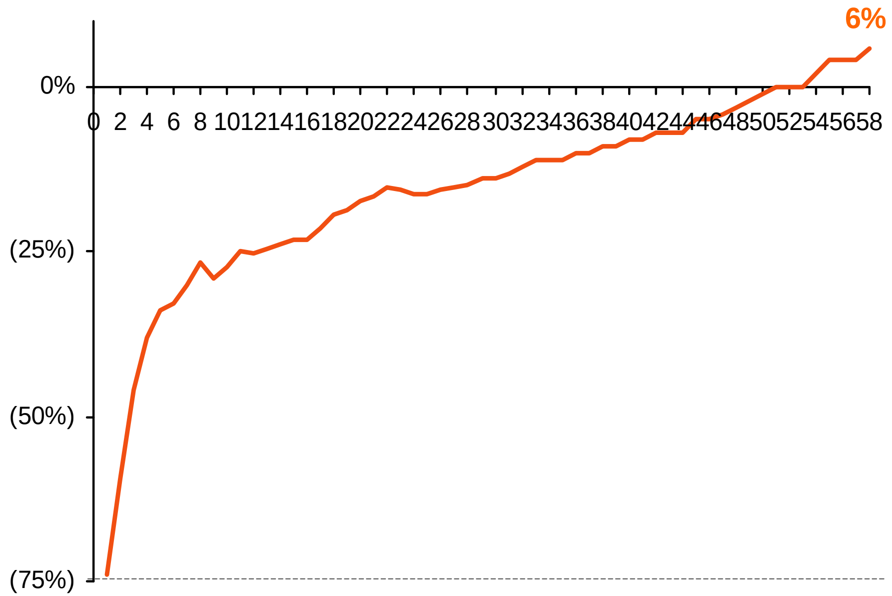



- Specialities up on back of resilient demand
  - and lower input resin costs
- Full year Kraft paper production ~840,000 tonnes
  - ~510,000 tonnes consumption by converting plants

**Volumes and pricing recovering from lows**

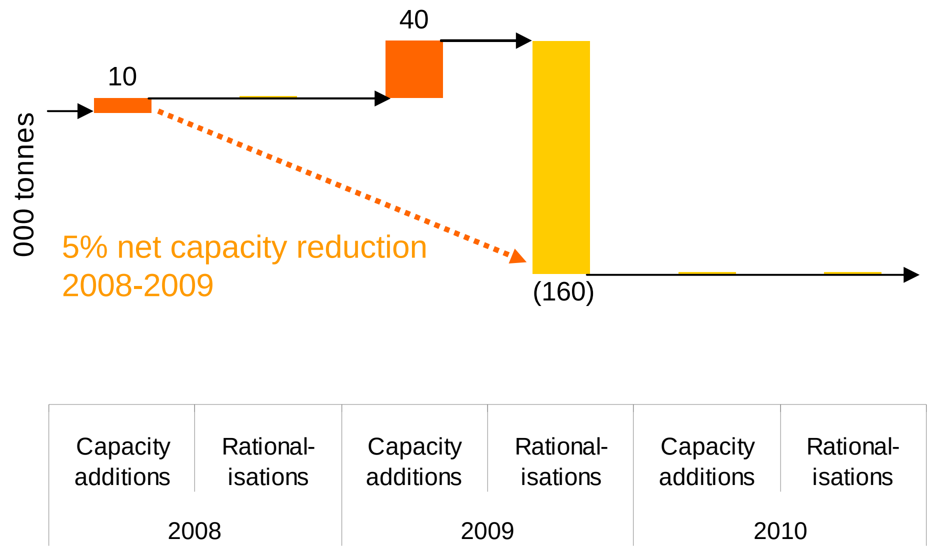
# Industry fundamentals – Kraft Paper

**cumulative sack kraft paper order inflow 2009 vs. 2008 (% growth)[1]**




- Market stabilised following the lows reached over December 2008 – January 2009, when destocking appeared to be at it's height
- Current demand robust

**Sack Kraft Paper capacity developments[2]**




- ~7% (~160ktpa) of sack kraft paper capacity closures in 2009.
- No major new capacity announcements
- Closure of Canadian capacity announced

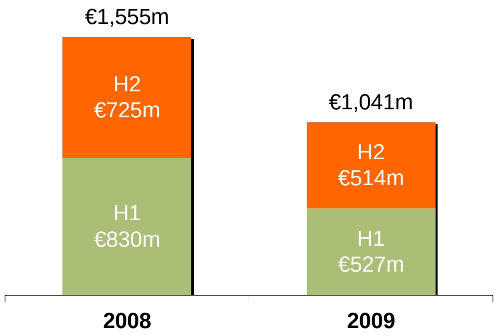
**Strong volume recovery**



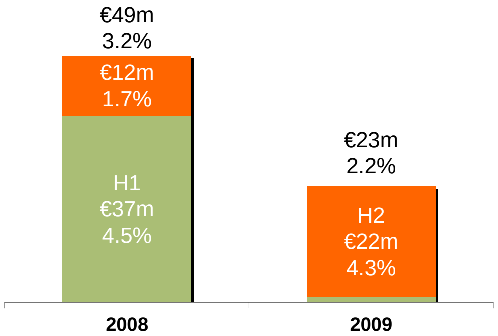
*1 Source: CEPI EUROKRAFT (includes brown & white sack paper grades) - Cumulative orders by Western European markets from CEPI countries (Finland, Sweden, Norway, Denmark, Belgium, Netherlands, U.K, Austria, Germany, Hungary, Poland, Slovakia, Switzerland, Italy, Spain, Portugal, France); (2) Sources: RISI, press releases, analysts reports, Mondi estimates; includes rebuilds and adjusts for expected "phasing-in " over the period.*

# Corrugated

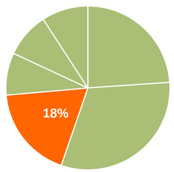
**Segment Revenue**



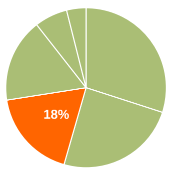

**Underlying operating profit**




**Share of Segment revenues #**

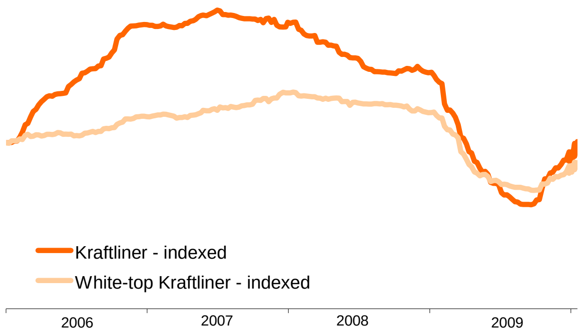



**Share of Group operating assets**

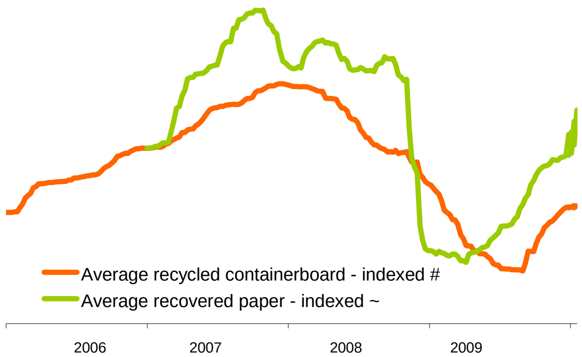



# includes inter-segment revenues

- Trading environment challenging
  - Weak demand and slow supply-side response
  - Clear improvement in trading in second-half, especially in fourth-quarter




*Source: PIX – FOEX Indexes Ltd*




# Simple average of PIX statistics for "Testliner 2", "Testliner 3" and "RB Fluting"

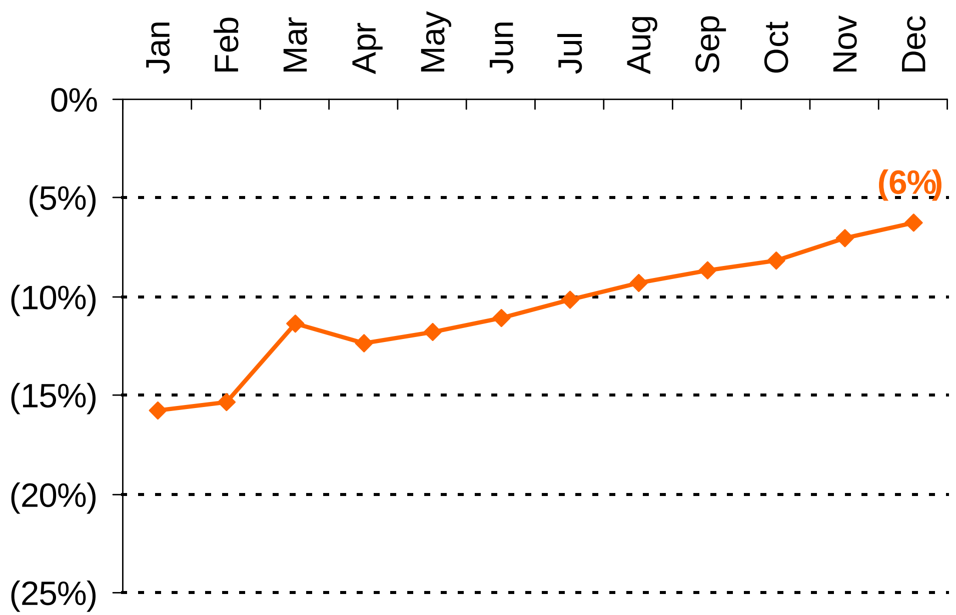
~Simple average of PIX statistics for "OCC 1.04 dd " and "ONP/OMG 1.11 dd"

- Fourth-quarter price improvements across all grades due to
  - Input cost pressures and improved volumes
- Second-half cost benefit resulting from prior restructuring
- Swiecie's new PM well-positioned and performing ahead of plan
- 2009 Net long ~840,000 tonnes containerboard
  - ~550,000 tonnes = Virgin; ~290,000 tonnes = Recycled

**Signs of recovery after very weak start**

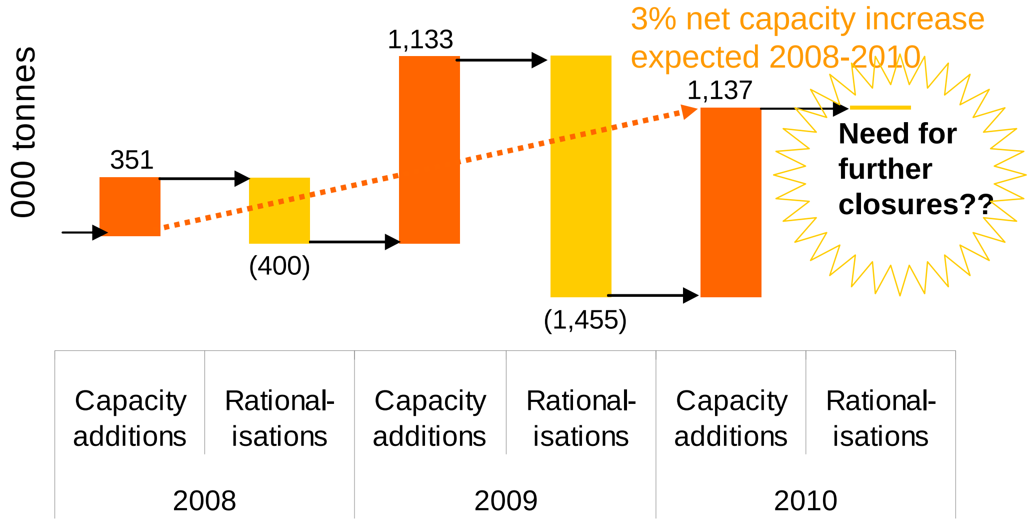
# Industry fundamentals – Corrugated

**cumulative corrugated order inflow 2009 vs. 2008 (% growth)[1]**

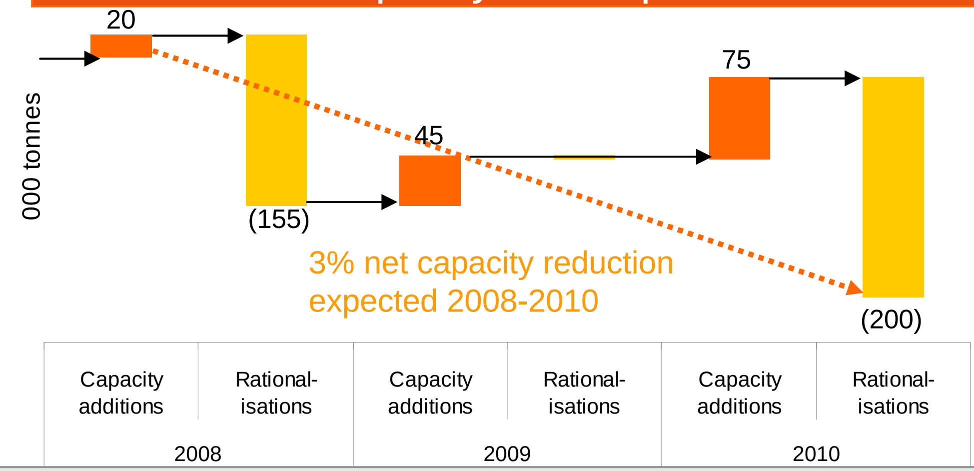



- Industry order inflows recovering from weak first quarter
- ~8% RCB capacity closures in 2008 / 9
- New testliner capacity in construction
  - Pricing impact uncertain
  - High-cost mills remain in cash loss

## RCB[2] capacity developments[4]




## VCB[3] capacity developments[4]



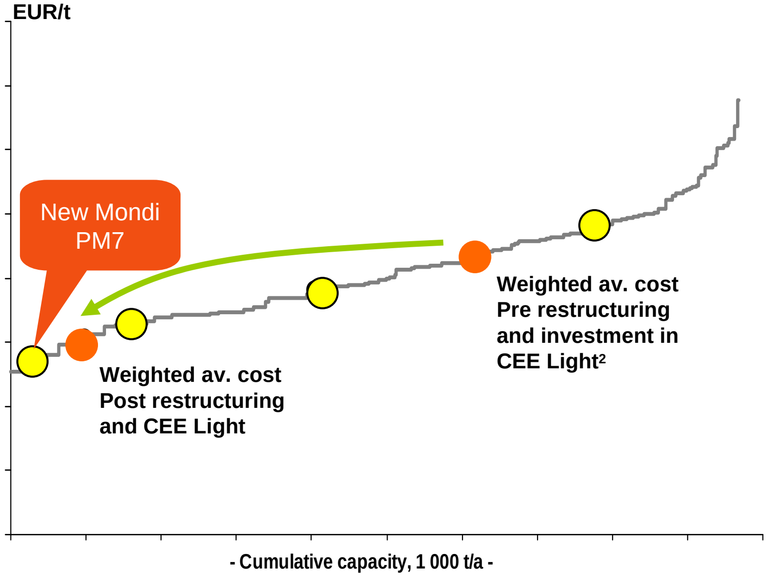

**Improving fundamentals, but more needed**



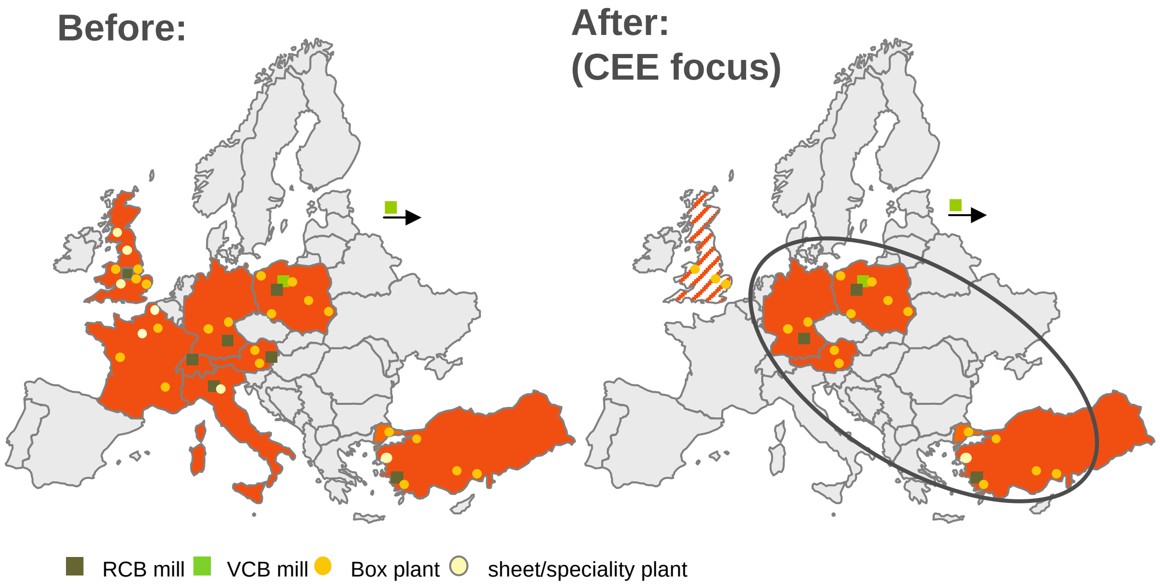
*1 Source: Mondi accumulation from various European national statistics); (2) Testliner and waste-based fluting (3) Kraftliner and Semi-Chemical fluting (4) Sources: RISI, press releases, analysts reports, Mondi estimates; includes rebuilds and adjusts for expected "phasing-in " over the period.*

# Corrugated restructuring

**European Recycled Fluting Supply**
**Delivered costs to Frankfurt[1]**




**Corrugated Business EU footprint**




- Closure/sale of 9 corrugated plants and 4 mills between 2008 to 2010
  - Potential divestiture UK converting operations
- Average cost position after restructuring actions and CEE light improved from third to first quartile
- Full year production ~1.8 million tonnes; ~800,000 = Virgin; ~1,000,000 = Recycled
  - ~700,000 tonnes consumed by corrugated box plants
  - Net long ~1,100,000 tonnes containerboard

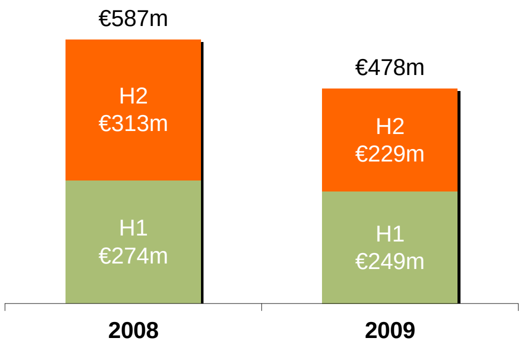
**Improved cost position, refined geographic footprint**



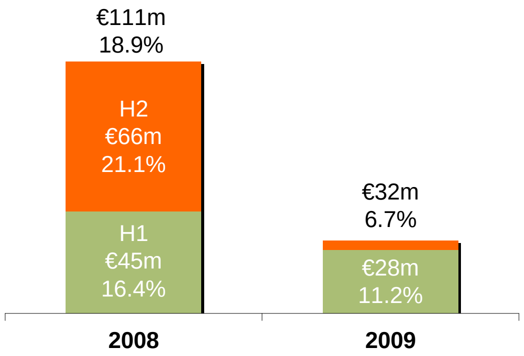
*1 From left to right : 1.Swiecie PM7, 2. Swiecie PM3, 3. Raubling PM7, 4.Raubling PM5. Source Pöyry Forest Industry Consulting.*
*2 Mondi theoretical weighted average cost position including Frohnleiten, Monza, Niedergösgen and Holcombe and excluding excluding Swiecie PM7 (CEE Light)*

# South Africa Division

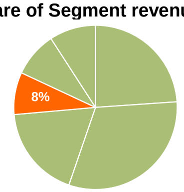
### Segment Revenue



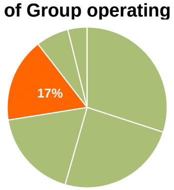

### Underlying operating profit




**Share of Segment revenues #**

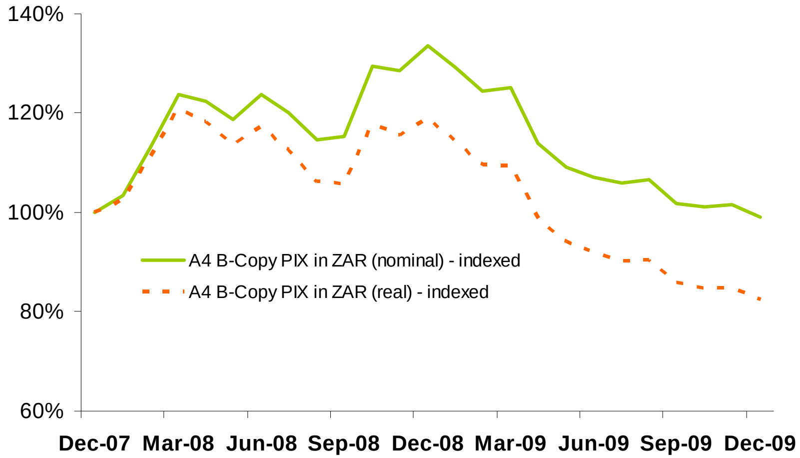



**Share of Group operating assets**




**# includes inter-segment revenues**

- Lower export margins across all grades - lower prices and a stronger South African rand




  - volumes reduced across all grades, ~118,000 tonnes downtime
  - ~120,000 tonnes of uncoated fine paper capacity mothballed
  - containerboard impacted in second-half
  - Positive export price developments in fourth-quarter in pulp and containerboard, offset by Rand strength
- Domestic uncoated fine paper prices firm – but softening volumes
- Reduced valuation gains on forestry assets
- Organisational restructuring in progress

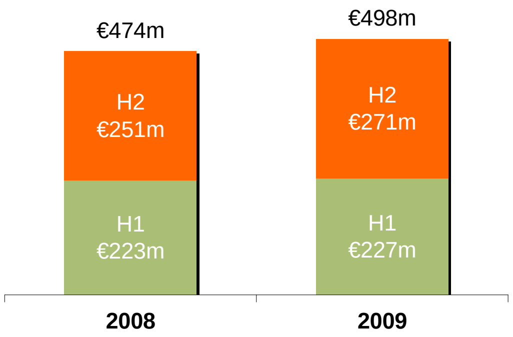
**Export focused business heavily impacted**



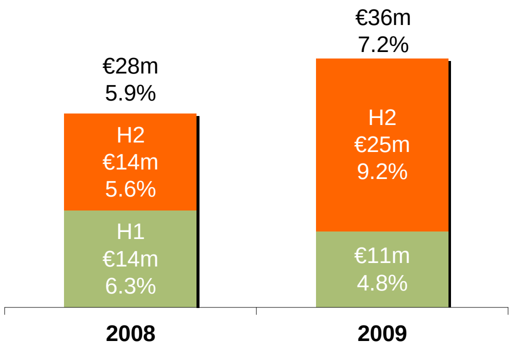
*Source: PIX – FOEX Indexes Ltd translated into South African rands at monthly average exchange rate; "www.reservebank.co.za"*

# Mondi Packaging South Africa

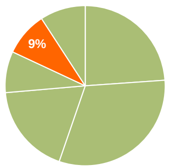
**Segment Revenue**



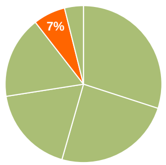

**Underlying operating profit**




**Share of Segment revenues #**




**Share of Group operating assets**



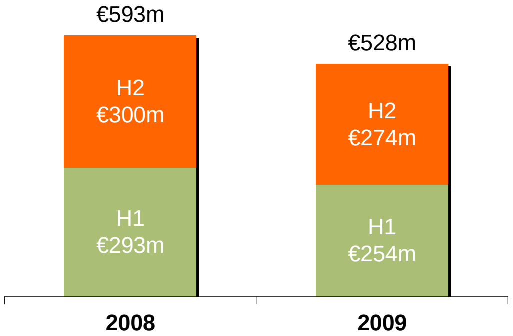

# includes inter-segment revenues

- Strong second-half across all businesses despite slow-down in local economy,
  - Able to maintain prices over the year
  - Benefits on translation into euros from South African rand strength
- Volumes soft – market-related downtime of ~58,000 tonnes taken in paper to balance inventories
- Emphasis on cost control

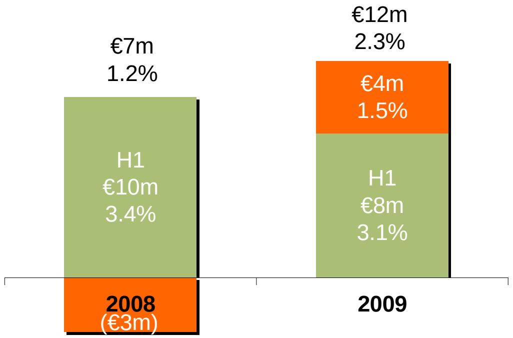
**Strong performance in difficult conditions**

# Merchant & Newsprint

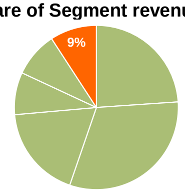
**Segment Revenue**



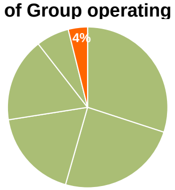

**Underlying operating profit**




**Share of Segment revenues #**




**Share of Group operating assets**




# includes inter-segment revenues

- Aylesford pricing up around 20% on contract business, although rising input cost pressures and structurally weak European newsprint market a concern going forward
- Mondi Shanduka Newsprint ("MSN") marginally down, due to weaker domestic demand and pricing pressures
- Europapier down on lower demand and softening margins, compounded by bad debts as smaller customers impacted by the economic crisis

**Improved Aylesford result partly offset by weaker MSN and Europapier**

# Agenda

Highlights

Financial overview

Operational review

**Major projects**

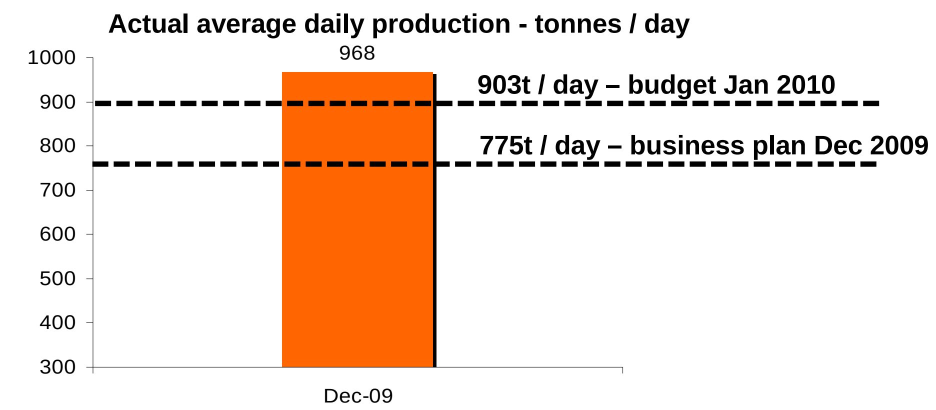
Summary

Appendices

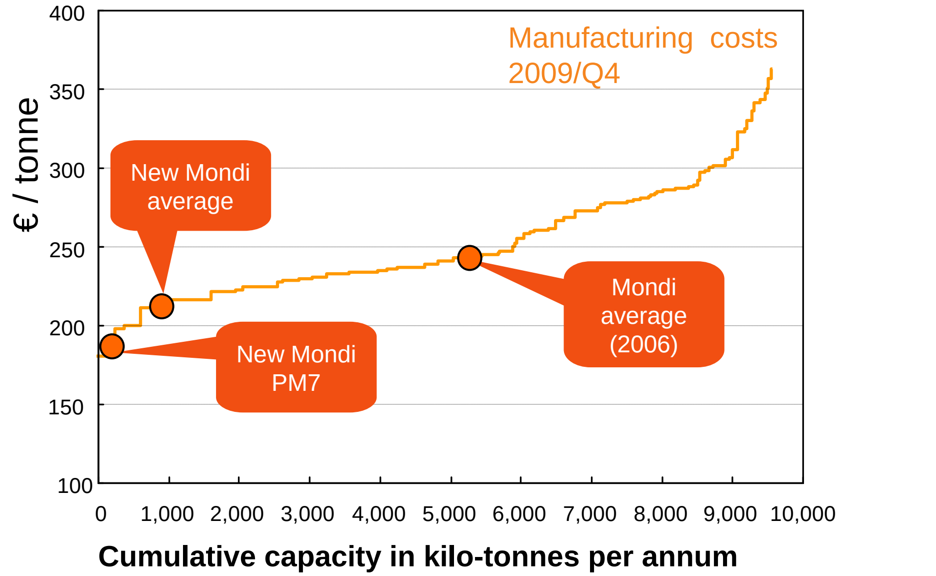
# Operational excellence evidenced in the start-up of Swiecie's PM7

- Brown field expansion – lowest operating cost of its type :
  - ~€70m capital cost benefit
  - ~€30-€40 / tonne operating cost benefit
- Start-up ahead of schedule and capital cost around €20 million below budget
  - New converting plant commissioned
- "A" grade recycled containerboard production achieved early in September
  - currently operating well – production well ahead of business plan
- Market risk effectively managed
  - Order book position "full"
  - ~50% sold to internal box network

## Swiecie PM7 - €305m




## RCB cost curve[1]




**Sustainably lowering cost base**

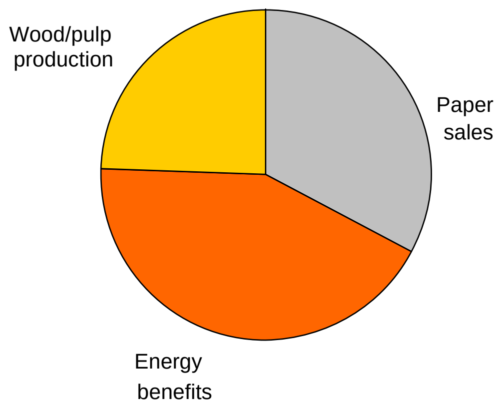


*1 Source: Pöyry Forest Industry Consulting*

# The Syktyvkar mill modernisation will further enhance Mondi's low cost position

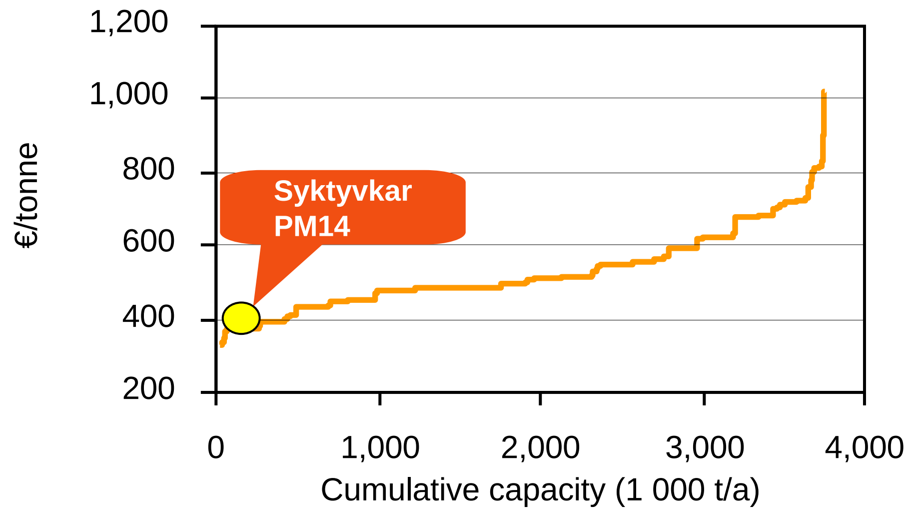
- 2010 second-half completion
- Small overrun expected (up to 4%), resulting in capital cost up to €545 million
- Limited market risk

## Project returns




## Syktyvkar

## UFP (universal) cost curve[1]



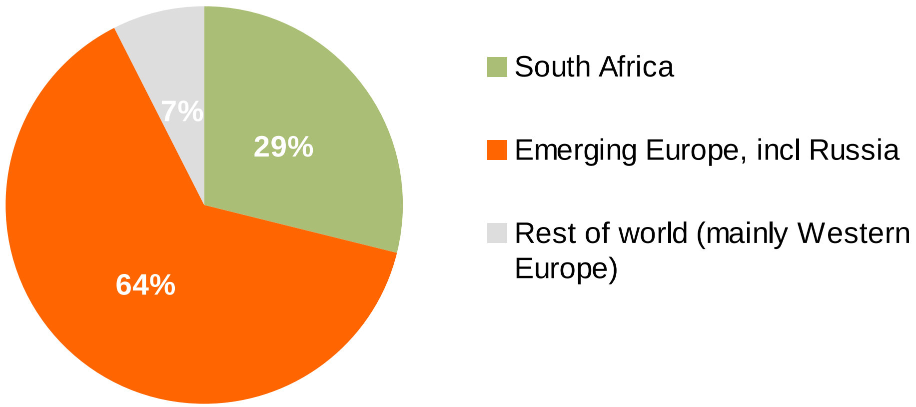

**Sustainably lowering cost base**



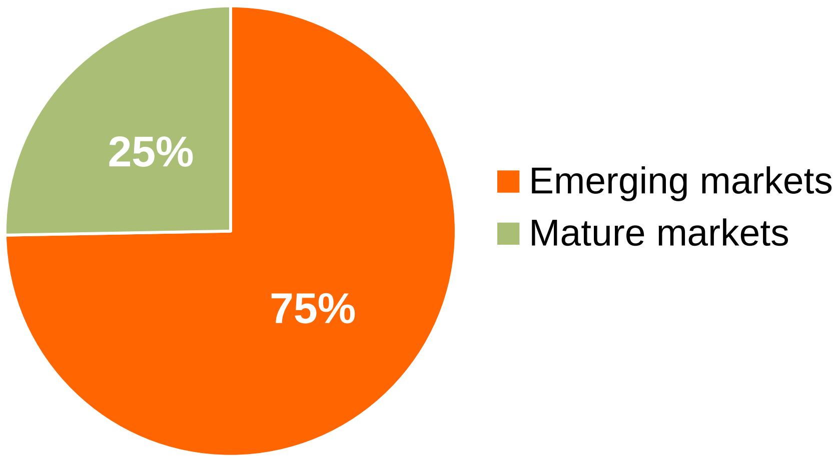
*1 Source: Pöyry Forest Industry Consulting*

# Major mill modernisation programme

## Expansionary capital spend 2004 to 2009[1]




## 2009 Net operating assets




- Coming to the end of 10 year programme of modernising its asset base
  - Almost €3 billion spent on expansionary projects
  - Most large operations now well invested – more than €2 billion spent on major mills
- Followed acquisitions in emerging Europe through turn of the century and underpins long-term emerging market strategy

**Net cash flow will benefit as capital spend declines**



*1 in Mondi's major mills*

# Agenda

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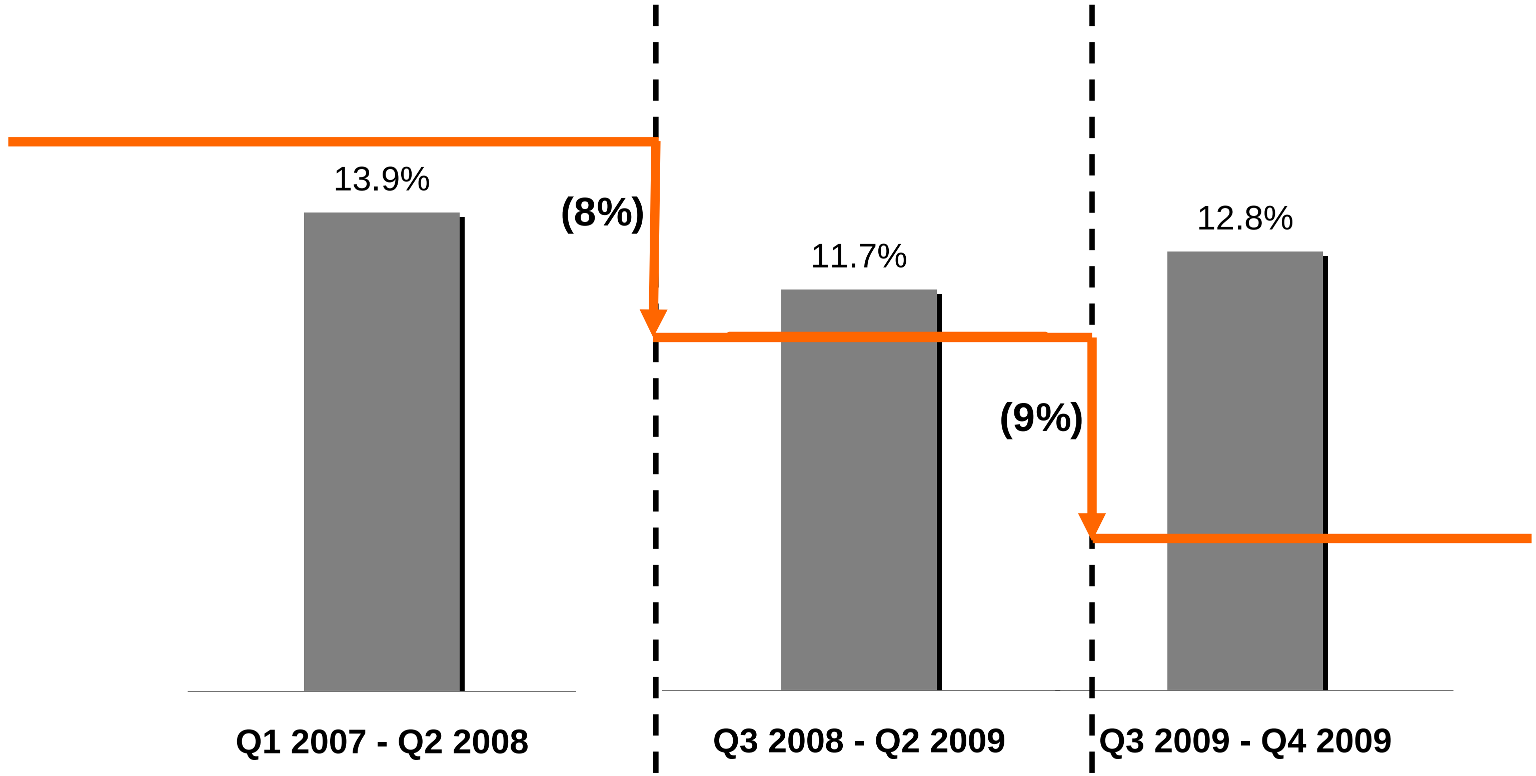
# Structurally improved performance in 2009 second-half




***Impact of:***

*-lower volumes and pricing*
*-offset by lower input costs*

***Benefit of:***

*-improved volumes*
*-lower input costs*
*-lower costs following the restructuring*

EBITDA as % of Revenue

Indicative Mondi price basket - indexed to Q1 2007 [1]

**Structurally better positioned to benefit from upturn**



*(1) Source: FOEX Indexes Ltd - "Indicative Mondi price basket uses simple average of the following specific PIX indexes (indexed versus Q1 2007) - "A4 cut-size B-copy paper", "Kraftliner 175g"; "White-top kraftliner"; "Testliner 2" plus Mondi's own Sack-Kraft prices*

# Summary

- Resilient performance in challenging conditions / strong financial position
  - Uncoated fine paper continues to perform
  - Low-cost base supported continued profitability in downturn
  - Substantial cash inflow from operations
  - Debt under control despite major project spend – substantial headroom on committed facilities
- Focus on cash and costs helped offset revenue pressures
  - Continuous reduction in fixed cost base
  - Working capital continues to be a key focus of management
  - 2009 capex approvals below 40% of depreciation
- Restructuring initiatives enhancing the Group's overall cost competitiveness
  - ~355,000 tonnes downtime taken over the year; ~92,000 tonnes in the second-half
  - ~930,000 tonnes annual capacity of high cost paper exited in just over two years
  - 18 converting sites rationalised in 2008 / 2009
  - Largely complete
- Consolidate leading cost position in our chosen markets
  - Major projects will sustainably lower cost base

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

mondi

# Agenda

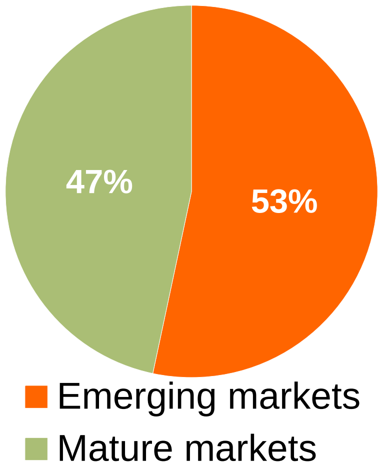


# Three key pillars to our strategy

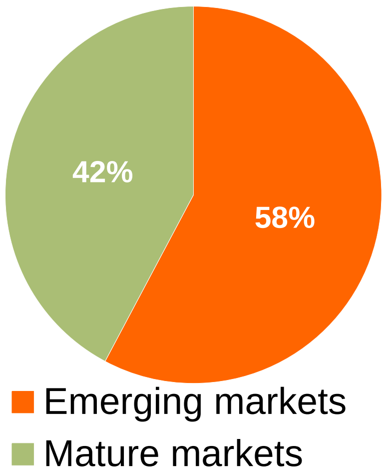
| | |
|---|---|
| Leading market positions | **Build** on leading positions in packaging and Uncoated Fine Paper (UFP), particularly in **emerging markets** |
| High quality, low cost asset base | Maintain position as **lowest-cost producer** in our markets:<br>● Selectively investing in production capacity in lower-cost regions<br>● Exploiting benefits of upstream integration (including forestry) |
| Focus on performance | Focus on **continuous productivity improvement** and **cost reduction**, delivered through business excellence programmes and **rigorous asset management** |

# Focus on packaging and UFP in emerging markets[1]

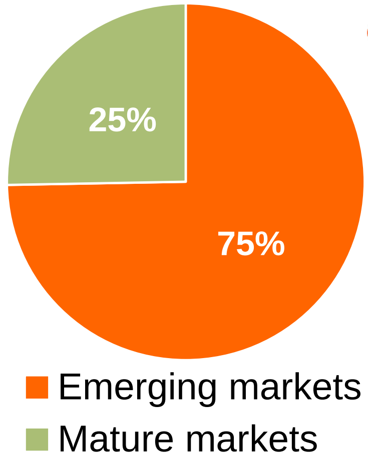
## Revenue by destination




## Revenue by origin

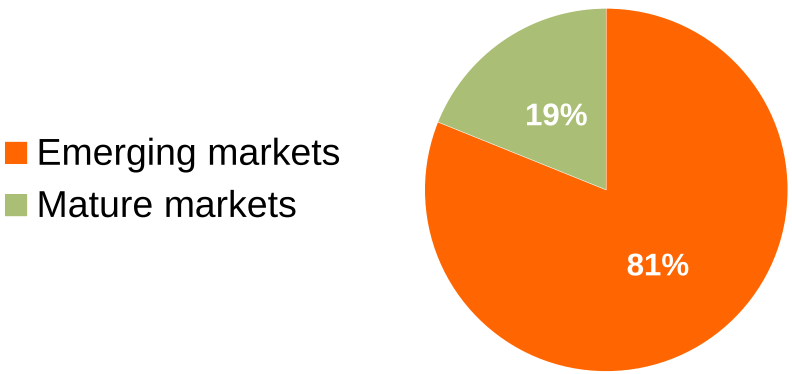



## Net operating assets

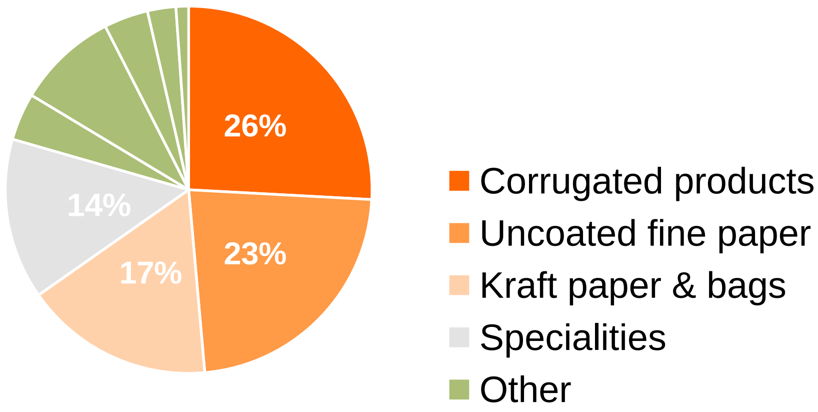



- Of which, 13% relates to Mondi's two major projects in Poland (on-stream in September 2009) and in Russia (on-stream in second-half 2010)

## Virgin-based production



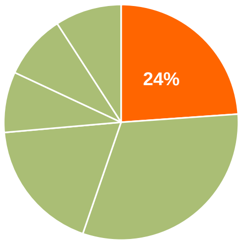
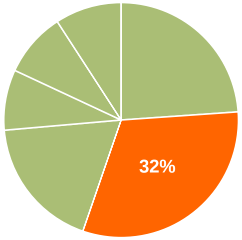
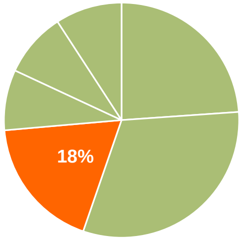
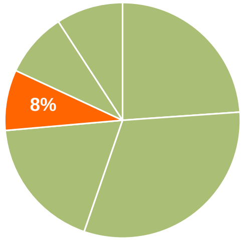
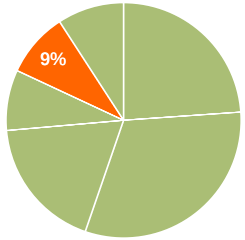
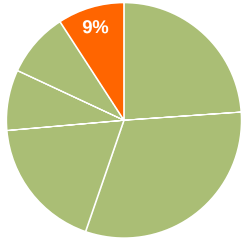

## Revenue by product






(1) 2009 full year data

# Mondi at a glance

| | UFP | Bags & Specialities | Corrugated | South Africa | MPSA | Newsprint and merchant |
|---|---|---|---|---|---|---|
| 2009 Sales (1) | €1.4B | €1.8B | €1.0B | €0.5B | €0.5B | €0.5B |
| |   |   |   |   |   |   |
| 2009 EBIT % | 10.8% | 4.5% | 2.3% | 6.7% | 7.2% | 2.1% |
| Products |  |  |  |  |  |  |

## Positions in relevant markets

### Europe

- No. 1 in Office Paper and UFP in emerging Europe (2)
- No. 2 in Office Paper and UFP in Europe(2)
- No. 1 in Kraft Paper in Europe(2)
- No. 1 in Bag Converting in Europe(3)
- No. 1 in Commercial release liner in Europe
- No. 1 Containerboard in emerging Europe;
- No. 2 Virgin containerboard in Europe (2)
- No. 1 Corrugated Packaging in emerging Europe (2)

### South Africa

- No. 1 in Office Paper and UFP in SA (5)
- No. 2 in Kraftliner in SA (5)
- No. 1 Corrugated Packaging in SA(3)
- No. 3 in Rigid Plastics in SA
- No. 1 in Cartonboard in SA

### Europe/SA

- No. 1 in Newsprint in South Africa(2)
- Leading positions in paper merchanting in emerging Europe(4)



*(1) Segment revenues, including inter-segment revenues. EBIT % is before special items. (2) Based on production capacity. (3) Based on sales. (4) Management estimate based on sales. (5) Based on capacity. Sources: RISI, Pöyry Forest Industry Consulting, Freedonia, BMI Foodpack, PAMSA, Mondi*

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

| Percentage of Mondi's Capacity in overall cost curve at Feb 2010 [1] | | | | |
|---|---|---|---|---|
| Grade | 1st Quartile | 2nd Quartile | 3rd Quartile | 4th Quartile |
| Unbleached Sack Paper | 27% | 4% | 60% | 9% |
| NSSC Fluting | 100% | - | - | - |
| Unbleached Kraftliner | 34% | 66% | - | - |
| White Top Kraftliner | 100% | - | - | - |
| BHKP (Pulp)[2] | - | 100% | - | - |
| Recycled fluting | 77% | 15% | - | 8% |
| UFP (Universal cutsize) | 33% | 33% | 12% | 22%[3] |

*[1] Note: Delivered to Frankfurt*

*[2] Note: Delivered to Rotterdam*

*[3] Note: High margin specialty mill*

*Source: Poyry*

**high quality, low cost, well invested asset base**

# Production volumes

| | | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|---|
| **Europe & International** | | | | | | | |
| Containerboard | Tonnes | 1,926,828 | 1,768,696 | (8%) | 961,509 | 836,456 | 932,240 |
| Kraft paper | Tonnes | 814,187 | 841,378 | 3% | 352,433 | 383,373 | 458,005 |
| Corrugated board and boxes | m m² | 2,104 | 1,697 | (19%) | 961 | 924 | 773 |
| Bag converting | m units | 3,536 | 3,303 | (7%) | 1,634 | 1,655 | 1,648 |
| Coating and release liners | m m² | 2,667 | 2,672 | 0% | 1,253 | 1,258 | 1,414 |
| Uncoated fine paper | Tonnes | 1,452,058 | 1,470,381 | 1% | 697,694 | 709,433 | 760,948 |
| Newsprint | Tonnes | 192,921 | 194,564 | 1% | 95,100 | 99,390 | 95,174 |
| **South Africa** | | | | | | | |
| Containerboard | Tonnes | 251,944 | 238,915 | (5%) | 134,495 | 120,989 | 117,926 |
| Uncoated fine paper | Tonnes | 416,509 | 353,707 | (15%) | 186,571 | 179,325 | 174,382 |
| Wood chips (bone dry) | Tonnes | 780,932 | 273,526 | (65%) | 416,685 | 197,436 | 76,090 |
| External hardwood pulp | Tonnes | 139,235 | 170,391 | 22% | 126,021 | 101,287 | 69,104 |
| **Mondi Packaging South Africa** | | | | | | | |
| Packaging papers | Tonnes | 388,199 | 367,741 | (5%) | 201,616 | 177,796 | 189,945 |
| Corrugated board and boxes | m m² | 381 | 369 | (3%) | 198 | 177 | 192 |
| **Newsprint JVs (attributable share)** | Tonnes | 331,929 | 312,736 | (6%) | 168,176 | 158,483 | 154,253 |
| Aylesford | Tonnes | 200,540 | 191,035 | (5%) | 100,901 | 96,262 | 94,773 |
| Shanduka | Tonnes | 131,389 | 121,701 | (7%) | 67,275 | 62,221 | 59,480 |

# Abridged income statement [1]

| € Millions | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|
| **Group Revenue** | 6,345 | 5,257 | (17%) | 3,082 | 2,614 | 2,643 |
| Materials, energy and consumables used | (3,384) | (2,768) | 18% | (1,655) | (1,387) | (1,381) |
| Variable selling expenses | (542) | (472) | 13% | (261) | (225) | (247) |
| **Gross margin** | 2,419 | 2,017 | (17%) | 1,166 | 1,002 | 1,015 |
| Maintenance and other indirect expenses | (300) | (241) | 20% | (157) | (111) | (130) |
| Personnel costs | (926) | (838) | 10% | (456) | (430) | (408) |
| Other net operating expenses | (379) | (293) | 23% | (195) | (153) | (140) |
| **EBITDA** | 814 | 645 | (21%) | 358 | 308 | 337 |
| Depreciation and amortisation | (373) | (351) | 6% | (180) | (170) | (181) |
| **Underlying operating profit** | 441 | 294 | (33%) | 178 | 138 | 156 |
| Net income from associates | 2 | 2 | | - | 1 | 1 |
| Net finance charges | (159) | (114) | 28% | (104) | (58) | (56) |
| Profit before tax | 284 | 182 | (36%) | 74 | 81 | 101 |
| Taxation charge | (82) | (58) | 29% | (21) | (27) | (31) |
| | 202 | 124 | (39%) | 53 | 54 | 70 |
| Total Minority Interest | (30) | (29) | 3% | (7) | (12) | (17) |
| **Underlying earnings** | 172 | 95 | (45%) | 46 | 42 | 53 |



1 Before special items

# Exchange rates

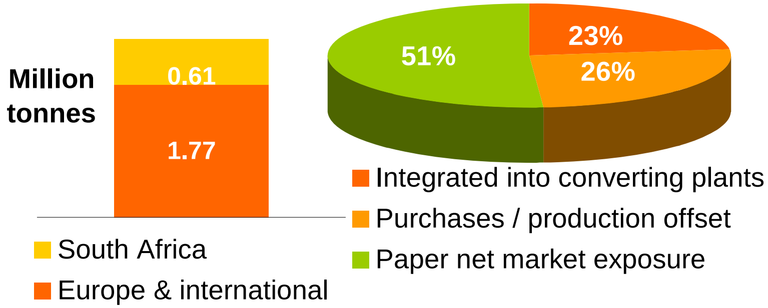
| | 2008 | 2009 | % Change | H2 2008 | H1 2009 | H2 2009 |
|---|---|---|---|---|---|---|
| **Closing rates against the euro** | | | | | | |
| South African rand | 13.07 | 10.67 | (18%) | 13.07 | 10.89 | 10.67 |
| Pounds sterling | 0.95 | 0.89 | (7%) | 0.95 | 0.85 | 0.89 |
| Polish zloty | 4.15 | 4.10 | (1%) | 4.15 | 4.45 | 4.10 |
| Russian rouble | 41.28 | 43.15 | 5% | 41.28 | 43.88 | 43.15 |
| US dollar | 1.39 | 1.44 | 4% | 1.39 | 1.41 | 1.44 |
| Czech koruna | 26.87 | 26.47 | (1%) | 26.87 | 25.88 | 26.47 |
| **Average rates for the period against the euro** | | | | | | |
| South African rand | 12.06 | 11.68 | (3%) | 12.40 | 12.25 | 11.10 |
| Pounds sterling | 0.80 | 0.89 | 12% | 0.82 | 0.89 | 0.89 |
| Polish zloty | 3.52 | 4.33 | 23% | 3.54 | 4.47 | 4.18 |
| Russian rouble | 36.45 | 44.12 | 21% | 36.29 | 44.08 | 44.17 |
| US dollar | 1.47 | 1.39 | (5%) | 1.41 | 1.33 | 1.46 |
| Czech koruna | 24.97 | 26.44 | 6% | 24.73 | 27.13 | 25.75 |

# Integrated value chain

## Containerboard

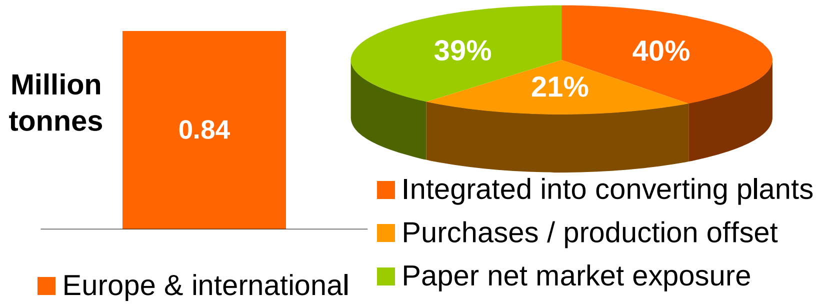
2009 production = 2.4 million tonnes, of which:
- Virgin containerboard = 1.1 million tonnes
- Recycled containerboard = 1.3 million tonnes

Potential self-sufficiency = 205%



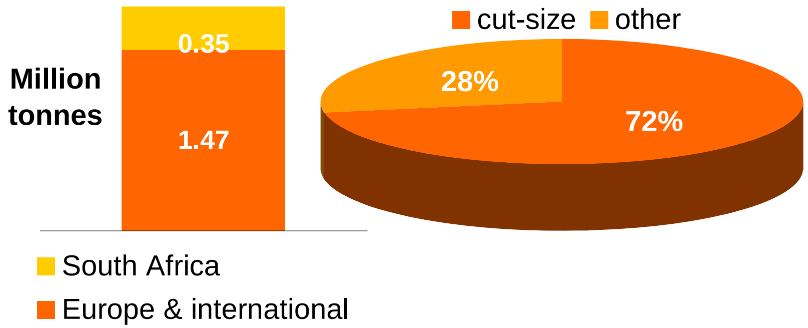

## Kraft paper

2009 production = 0.8 million tonnes
Potential self-sufficiency = 164%



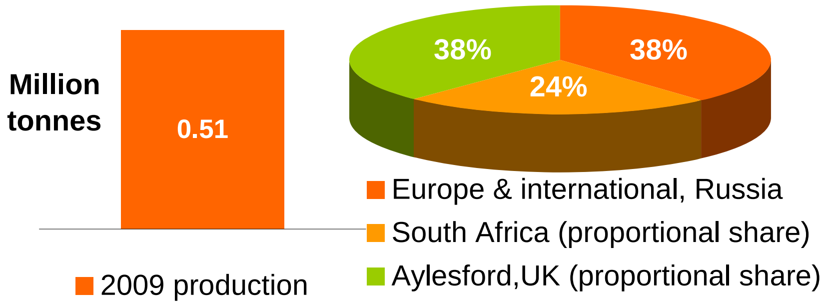

## Uncoated fine paper

2009 production = 1.8 million tonnes




## Newsprint

2009 production = 0.5 million tonnes



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