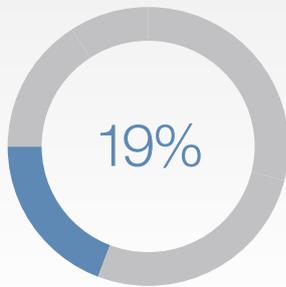
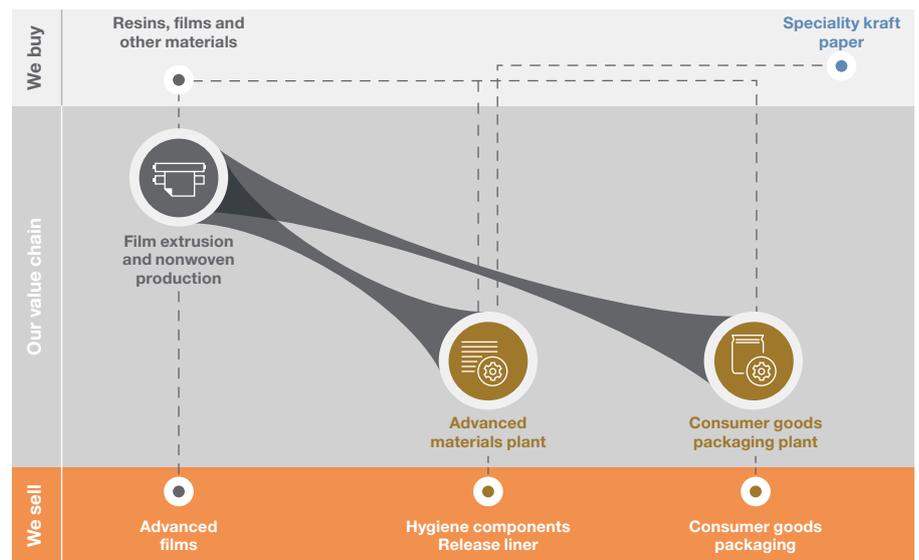


# Consumer Packaging

% of Group revenue



Our Consumer Packaging business develops, manufactures and sells innovative consumer packaging solutions, advanced films, components for hygiene products and release liner.



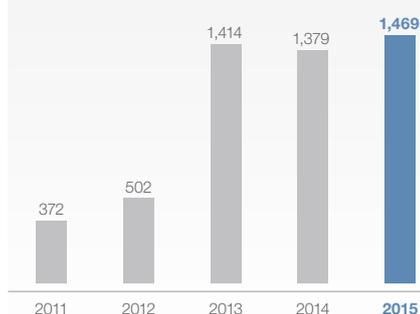
We operate a high-quality asset base with 27 operating sites, using proprietary processing technology with vertical integration along the value chain. Our leading positions in chosen end-use applications; especially hygiene, food, pet food and industrial applications; combined with our product innovation culture provide a strong platform for growth.

## Delivering on our strategy

Strategic value drivers	Progress in 2015	2016 objectives
 <b>We are passionate about performance</b>	<ul style="list-style-type: none"> <li>Further refinement of production base and focus on segments offering sustainable value growth</li> </ul>	<ul style="list-style-type: none"> <li>Successful integration of recent acquisitions</li> <li>Deliver on productivity improvement and waste reduction targets</li> </ul>
 <b>We invest in our high-quality, low-cost assets</b>	<ul style="list-style-type: none"> <li>Recent acquisitions providing integration and growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Successful delivery of capital investments</li> </ul>
 <b>We work with our customers to find innovative solutions</b>	<ul style="list-style-type: none"> <li>Restructured innovation to be more customer driven</li> <li>Stronger collaboration and partnering</li> </ul>	<ul style="list-style-type: none"> <li>Further develop innovation, and translate innovation into growth and higher margins</li> </ul>

### Revenue € million

# €1,469m



### Financial performance

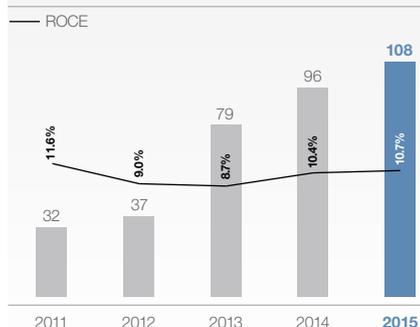
€ million	2015	2014	Change %
Segment revenue	1,469	1,379	7
Underlying EBITDA	177	158	12
Underlying operating profit	108	96	13
Underlying operating profit margin	7.4%	7.0%	
Special items	(22)	(17)	
Capital expenditure	92	80	
Net segment assets	1,146	1,021	
ROCE	10.7%	10.4%	

A 13% increase in underlying operating profit to €108 million and the improvement in ROCE to 10.7% reflect the steady progress we have made in repositioning our Consumer Packaging business to take advantage of value-added growth opportunities.

Volume growth was supported by the ramp-up of the Chinese plant, opened in early 2014, and the Polish start-up acquired in July 2014. In line with our strategy, good progress was made in our ongoing initiatives to improve the product mix. Strong volume growth was achieved in our higher value-added segments of hygiene components, consumer laminates and bags, while we have further reduced our exposure to lower value-added products. Margins were further boosted by the benefits from various commercial excellence activities.

### Underlying operating profit € million

# €108m





### Mondi Diamond Awards

Early in 2014, Mondi opened a new production facility in Taicang (China), producing baby diaper laminates. Within a very tight timeframe we had to transfer know-how to a completely new team, working in a different culture and language. Key personnel were recruited ahead of time for on-the-job training at our main production facility in Gronau (Germany) and we completed the project ahead of schedule, within budget and without any quality incidents.

During 2015, we took a number of steps to accelerate the repositioning of the business. The closures of two operations in Spain and Italy and the sale of three plants in Malaysia and Germany reduced our exposure to lower value-added and/or higher-cost production. The acquisitions of Ascania nonwoven Germany GmbH and KSP, Co. (South Korea and Thailand), completed during the second half of the year, increase the Group's exposure to high-growth, high value-added segments. Ascania is a key supplier to our business, producing nonwoven fabrics and composites used as components in personal care products. KSP, Co. has operations specialising in the production of high-quality spouted and retort stand-up pouches for the food, pet food and beverage industries, offering an excellent fit with our existing stand-up pouch operations in Austria and the US.

Capital investment has been focused on achieving incremental improvements in our existing operations. Commercial excellence activities have contributed to improved operating profit margins in the short term, while at the same time ensuring that the business is correctly positioned to take advantage of future growth opportunities. These activities have focused on improved sales infrastructure, material usage and efficiency, leveraging the purchasing power of the Group, improving productivity and enhancing the innovation process.

### Sustainable development

		2015	2014
TRCR <sup>1</sup>	per 200,000 hours worked	1.14	1.54
Hygiene certification	% food contact operations certified to recognised food hygiene standards	100	100

<sup>1</sup> 2014 restated to include Release Liner Asia converting operation.

Flexible packaging can provide considerable advantages over rigid packaging alternatives, saving over 70% of packaging material, and reducing the carbon footprint and water usage by up to 40%. Our focus is on developing products that provide the same, or better, properties and features as their rigid packaging alternatives, resulting in savings for our customers and reducing the impact on the environment. The most important requirements include reduced weight, extended product shelf life and easy-opening or reclosable solutions. For example, in our production of laminates we have achieved a significant reduction in material weight without compromising elasticity or strength.

Customer-driven innovation is critical to our long-term success. We have allocated more resources to our innovation activities and refined our innovation processes by taking a more structured approach.

We have completed a number of initiatives across our operations to debottleneck them and improve our productivity and efficiency. These initiatives have reduced our operating costs and enabled us to make good progress in reducing weight.

We have implemented a formal people development strategy throughout our operations for our 4,600 employees, enriched by extensive communication and two-way feedback. Our safety performance remains a key area of focus and we have seen a pleasing improvement in our TRCR by focusing on our Top 5 Fatal Risks and other initiatives to further strengthen our safety culture. Our focus is on ensuring that all new entities acquired meet the Mondi standards as quickly as possible – both through training and investment.