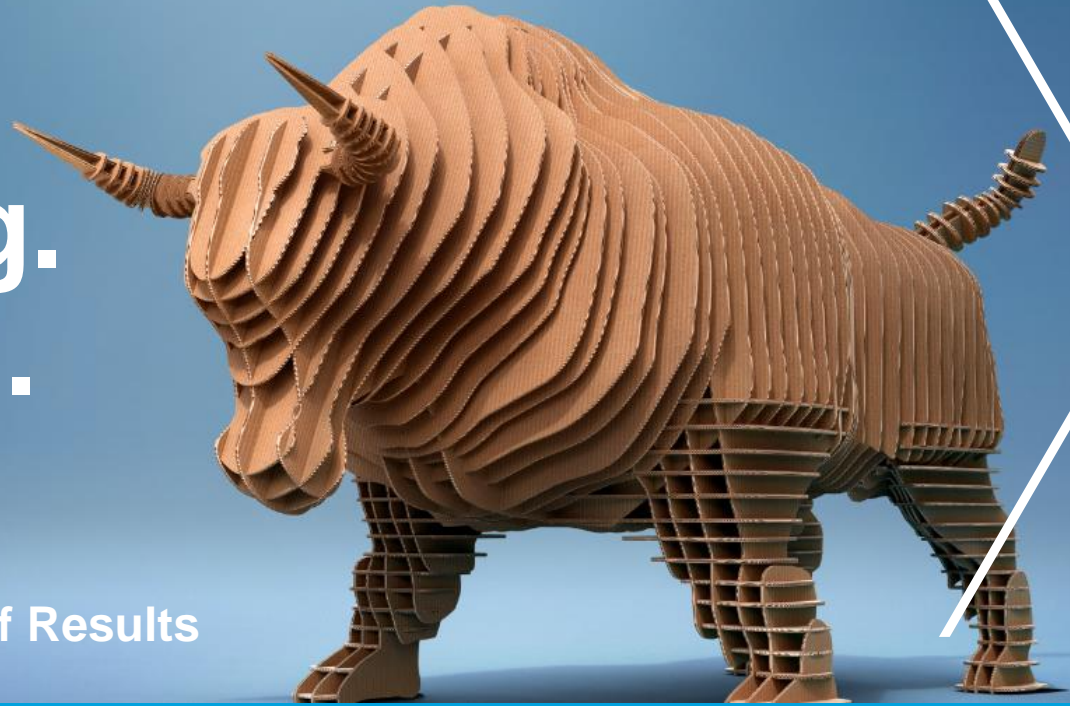


Leading.  
Innovating.  
Delivering.



Smurfit Kappa | First Half Results  
1 August 2018

# Disclaimer

The presentation contains forward-looking statements, including statements about the Company's intentions, beliefs and expectations. These statements are based on the Company's current plans, estimates and projections, as well as the Company's expectations of external conditions and events.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any such statements in light of new information or future events, except to the extent required by any applicable law or regulation.

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*Please refer to the Principal Risks and Uncertainties contained in the H1'18 Press Release for details.*

# Leading



# SKG | The packaging industry leader



## Executing Strategy

- Accelerate our position as the leader in the corrugated industry



## Unique Performance Culture

- A customer-oriented, performance-led packaging leader



## Business Model

- A business model that consistently delivers quality earnings



## Track Record of Performance

- Consistently delivering superior operating & financial performance



## Leader in a Growth Industry

- Clear plan to capitalise on industry growth

# The global corrugated packaging leader

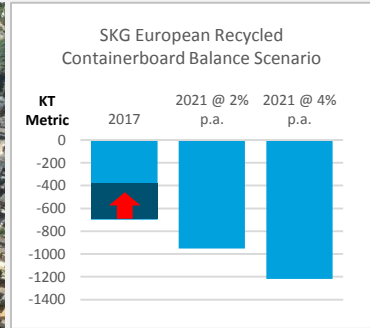
- ▶ Only Pan-European and Pan-American player
- ▶ Operating in 35 countries
- ▶ Partnering with over 64,000 customers
- ▶ Continually investing in our high quality asset base

Europe	NO. 1 In corrugated (boxes)	NO. 1 In kraftliner containerboard
	NO. 1 containerboard	NO. 1 In Bag-in-Box™
Americas	COLOMBIA NO. 1 In corrugated (boxes)	MEXICO NO. 3 In corrugated (boxes)
	ARGENTINA NO. 2 In corrugated (boxes)	DOMINICAN REPUBLIC NO. 1 In corrugated (boxes)
	CENTRAL AMERICA NO. 3 In corrugated (boxes)	Region Only Pan-Regional player

# Investing to maintain our leadership position

Early and significant progress in our Medium Term Plan

- ▶ €460 million acquisition of Reparenco
  - 405,000 tonnes of lightweight containerboard capacity
  - 2<sup>nd</sup> machine offers potential for conversion to low cost machine
- ▶ €325+ million of projects approved or ordered
  - 28 corrugated conversion machines
    - In Austria, Germany, Mexico, the Netherlands, Spain & the UK
  - 3 recycling depots
  - 4 digital printers
  - +40,000 tonnes kraftliner expansion in Factice (France)



# Leading in CSR



- ▶ Invested over €5 million in **our local communities** in 2017
- ▶ Funding education, health, well-being and the environment in the communities we operate in
- ▶ Helping **our customers** reduce their environmental footprint
- ▶ Human capital development by investing in **our people**
- ▶ Sustainable sourcing and **circular business practices**

# Innovating





# A global corrugated packaging leader driving innovation

Creativity, science, experience, big data, the power to deliver growth

## ShelfSmart

### SHOPPER MARKETING

INCREASE THE SALES EFFECTIVENESS OF YOUR PACKAGING SOLUTIONS

**105,000**

Images in the **SHELF VIEWER** to compare your brand's shelf presence against other brands

**60,000**

Shoppers analysed (160 projects, 28 categories, 19 countries) with **SHELF SMART** delivering unique design insights

### CREATIVITY

CREATING IMPACTFUL PACKAGING DESIGN BY USING THE CREATIVE POWER OF 700 DESIGNERS

**7,200**

Concept designs in **INNOBOOK**

## SupplySmart

### SUPPLY CHAIN

DRIVING SUPPLY CHAIN PERFORMANCE BY ASSESSING THE PACKAGING DEMANDS OF YOUR SUPPLY CHAIN AGAINST DATA AND APPLYING THE LATEST SCIENTIFIC INSIGHTS

**66,000**

Supply chain cases are stored and analysed in **PACK EXPERT** delivering unique supply chain insights

### PERFORMANCE PACKAGING

OPTIMISE THE COST EFFECTIVENESS OF YOUR PACKAGING BY BENCHMARKING AGAINST BIG DATA AND APPLYING THE LATEST BOARD DESIGN SCIENTIFIC INSIGHTS

**9.6 billion**

Packages analysed with **PAPER TO BOX**

**4,000**

Analyses done in our ISTA certified laboratory to drive performance through optimised packaging solutions

## MachineSystems

### AUTOMATION

AUTOMATE THE FORMING, FILLING AND CLOSING PROCESS OF ANY BOX DESIGN. INSTALLING MACHINE SYSTEMS SINCE 1967

**8,200**

Installed machines

Record sales in H1 2018 installing machines into

- Large global pharma companies
- Large global hygiene companies
- Large global food manufacturers

### REPUTATION PROTECTION

ENSURING YOUR PACKAGING COMES FROM RESPONSIBLE RESOURCES

**12 billion**

Packages FSC certified every year

# Innovation with Scania in Europe

Replacing plastic & polystyrene with corrugated & honeycomb

SupplySmart



## Their Challenge

- ▶ Efficient protection of the glass windscreen was key
- ▶ **Before:** multiple packaging materials including polystyrene and plastic
- ▶ Inflexible packaging could not adapt to various window size requirements
- ▶ Inefficient use of space on the truck (one pack per wooden pallet)
- ▶ Manually intensive packaging process was time consuming

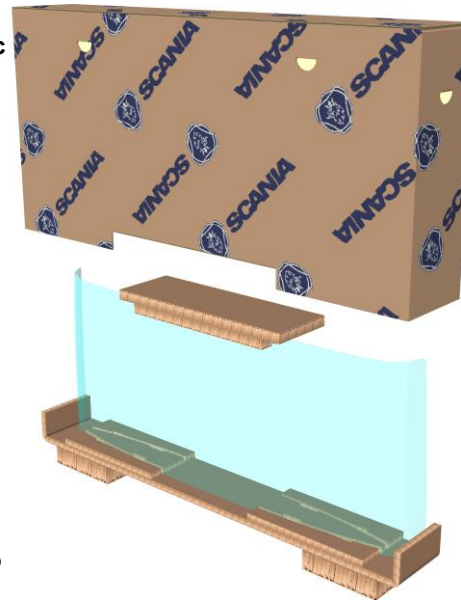


## Our Approach

- ▶ We worked with Scania's key stakeholders to identify their needs with the aim of reducing their costs
- ▶ Our **SupplySmart** service analysed every aspect of Scania's supply chain and compared it with insights that have been gathered from over 60,000 supply chains globally
- ▶ **The result:** development of a **fully recyclable**, solely **paper based packaging solution** combining both corrugated packaging and honeycomb
- ▶ Handling time and associated labour cost was significantly reduced



## The Result



*"Smurfit Kappa managed to present us with an ingenious solution that exceeded all our expectations."*

Brechtel Coox, Packaging Engineer at Scania

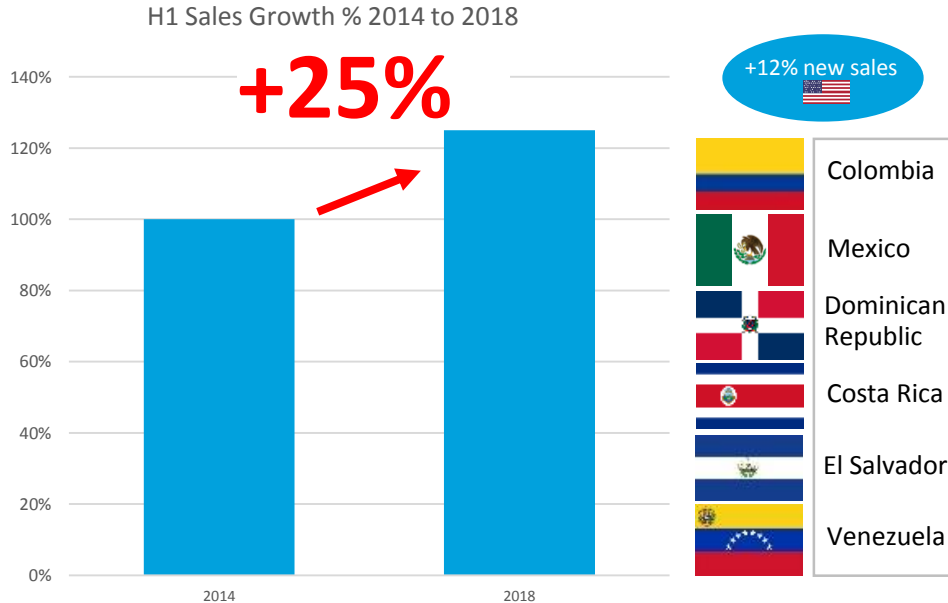
**100%**  
more packages per truck

Packaging time reduced by  
**72%**



# Innovation led growth with Nutresa in the Americas

A partnership that keeps getting stronger



One of Colombia's largest companies, producing & marketing 70 brands in 65 countries



“What we are looking for with this outstanding supplier programme is to strengthen our sustainable supply process and continue to develop capabilities in the value chain and we want to continue doing this with you, our suppliers.”

Carlos Ignacio Gallego, CEO of Grupo Nutresa



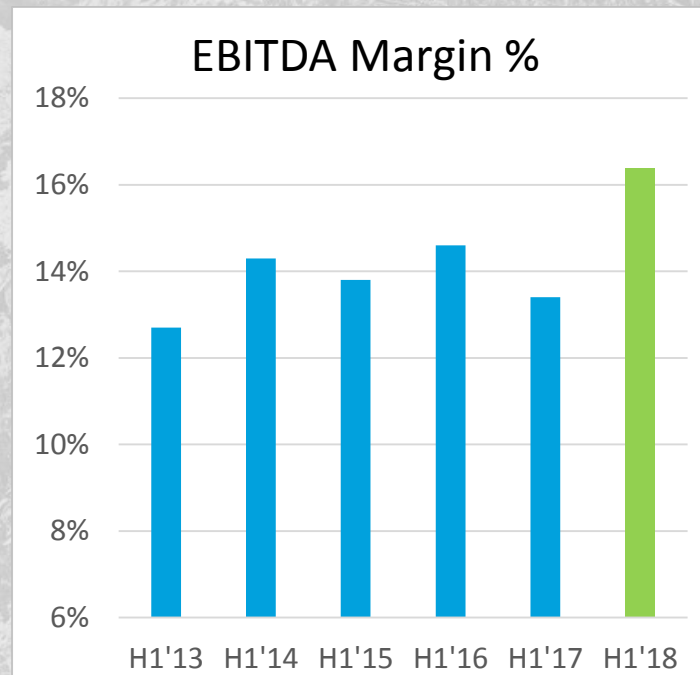
# Delivering



# SKG | First Half Results 2018

Significant improvement against all key performance measures

- ▶ Underlying<sup>(1)</sup> revenue growth of 8%
- ▶ EBITDA increase of 27% to €724 million and EBITDA margin of 16.4%
- ▶ ROCE of 18.1%
- ▶ Strong Free Cash Flow of €148 million and Net Debt to EBITDA of 2.1x
- ▶ Completion of €460 million Reparenco acquisition on 2 July
- ▶ 7.5 year bond issuance of €600 million in June 2018
- ▶ Interim dividend increased by 10% to 25.4 cent per share



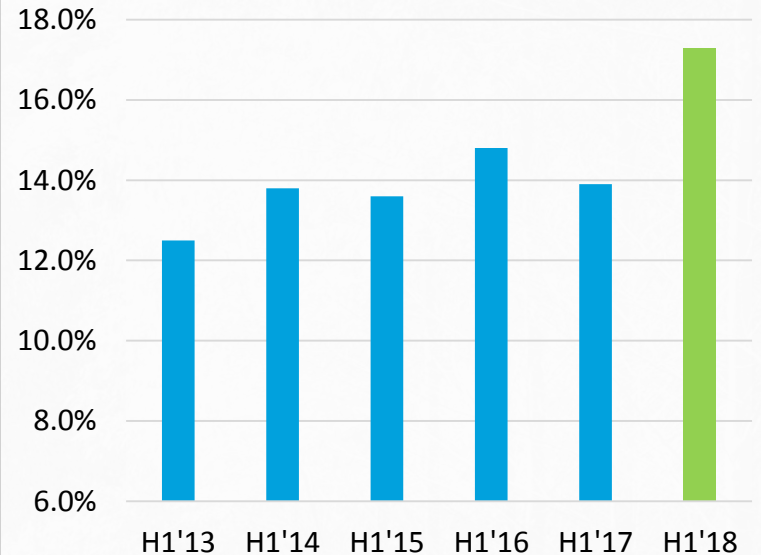
(1) Underlying in relation to financial measures throughout this report excludes acquisitions, disposals, currency and hyperinflation movements where applicable

# Europe

## First Half 2018 Performance Highlights

- ▶ Record H1 EBITDA of €587 million up 34% year-on-year
- ▶ Record H1 EBITDA margin of 17.3% (13.9% H1-17)
- ▶ Corrugated price progression in line with expectations
- ▶ Corrugated volume growth of 3%
- ▶ Completion of Reparenco acquisition 2 July 2018

### European EBITDA Margin %



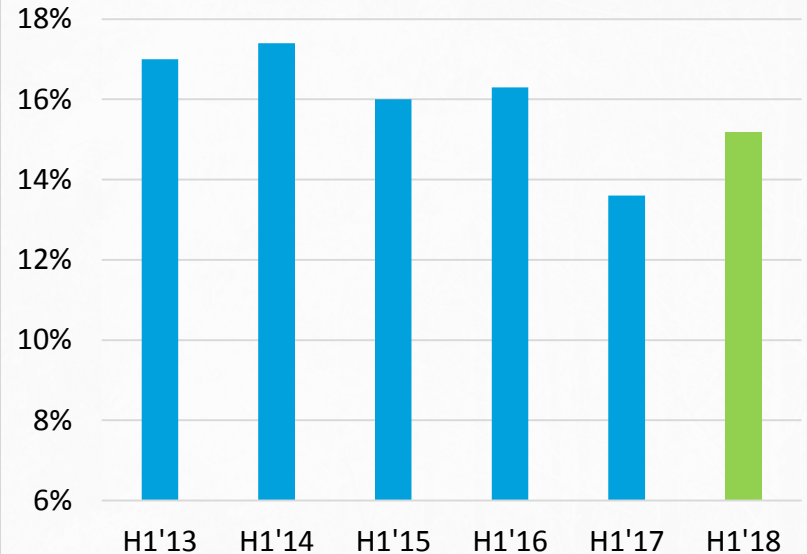


# The Americas

## First Half 2018 Performance Highlights

- ▶ Continued improvement in demand
- ▶ Significant improvement in H1 EBITDA margin to 15.2%
- ▶ Ongoing input cost recovery
- ▶ Continued ramp-up of 2017 mill investments
- ▶ Development of box operations in Colombia and Mexico

The Americas EBITDA Margin %



# Consistently delivering value

## Superior operating and financial performance

**5 year TSR of 210%**

**5 year EPS CAGR of 31%**

**2018 H1 ROCE of 18.1%**

**5 year cumulative FCF of €1.6bn**

**2018 H1 EBITDA margin of 16.4%**

**5 year volume CAGR of 4%**

**Annual cost take-outs**

Delivery in both share price & dividend progression

EPS growth from €0.32 per share to €1.25 in five years

Improvement of >600bps in ROCE since June 2013

Consistent and strong free cash flow generation (post €2.2bn of capex)

Increased 330bps since June 2013

Steady and resilient growth across Europe and the Americas since June 2013

Annual cost take-out targets limiting fixed operating cost inflation

Continuing to deliver value for shareholders

Driven by operational EBITDA growth and lower finance costs

New ROCE target of 17.0% (MTO)

Usage:

- Acquisitions
- Dividends
- Leverage

Underpinned by operating excellence and innovation

Supported by organic growth and disciplined M&A

Combating continued wage inflation

*\*Please note above metrics above are for last 5 full years to the end of June 2018 unless stated*



# Consistently delivering value

## Allocating capital to drive growth



### Corrugated investment €700 million

Invest in chosen markets & sectors

New corrugated box plants

New projects and equipment:

- ▶ 20+ corrugator capacity projects
- ▶ 15+ digital printers
- ▶ 10+ specialist gluing machines
- ▶ 10+ printers



### Paper integration €700 million

Provides security of supply & reduction of cost base

Guaranteed outlet for paper capacity as we continue to be net short

New European capacity:

- ▶ Acquisition of Reparenco
- ▶ 100KT's + of kraftliner

New Americas capacity:

- ▶ 350KT's + of containerboard



### Cost take-out €200 million

Focus on high labour cost regions

New cost-reduction projects:

- ▶ 40+ automation projects
- ▶ 10+ warehousing projects

Targets	H1 2018	Progress
ROCE 17%	18.1%	In line
€1.6 billion strategic expenditure	>€600m approved/ spent	In line
Net Debt: 1.75x to 2.5x	2.1x	In line

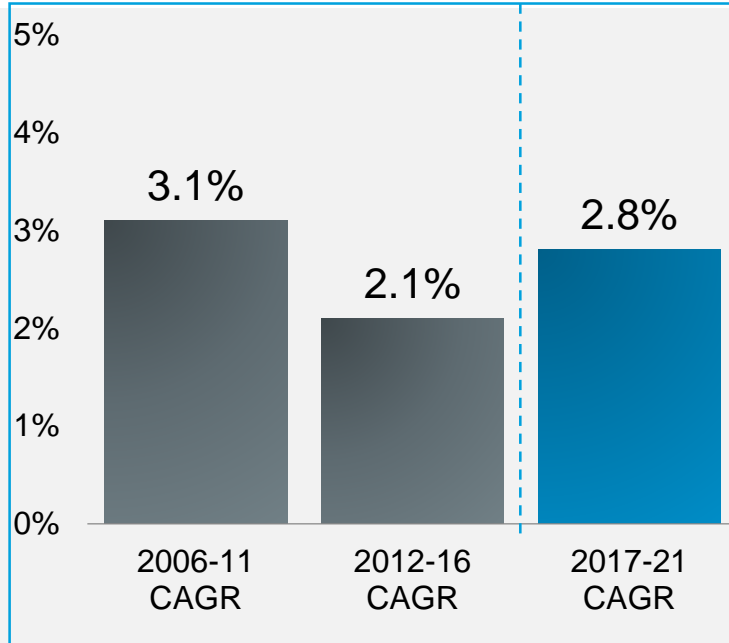
*“H1 results represent an early and significant step towards delivery of these targets”*

# Outlook



# Corrugated Packaging | A global growth industry

Global containerboard demand growth rate (%), a proxy for corrugated demand



Driven by strong secular drivers

- ▶ Corrugated as a renewable, bio-degradable solution
- ▶ Growth of e-Commerce
- ▶ Growth of discount retailers
- ▶ Corrugated as a merchandising medium

*These growth channels are the largest consumers of corrugated*

# Outlook

Expect 2018 EBITDA to be materially better than 2017

**Good demand in most markets**

**Further input cost recovery in Europe and the Americas**

**Global containerboard markets remain tight**

**Continued delivery of our Medium Term Plan**

# Leading. Innovating. Delivering.

Our future

- ▶ Building a platform for sustained growth and performance
- ▶ An optimised integrated model
- ▶ Increased geographic diversity
- ▶ Continued balance sheet strength to seize opportunities
- ▶ Delivering secure and superior returns





# Sustainable Development Report 2017



Available to download

# Appendix - Technical Guidance

Cash interest	€158m
Cash tax payment	€204m
Working capital as a % of sales	7-8%
Capital expenditure	€600m
Effective tax rate	28%
Impact of US\$1c move on EBITDA	€2.8m
IFRS 16, Leases, impact in 2019	<ul style="list-style-type: none"><li>• EBITDA 5-7% increase</li><li>• Net debt increase 10%-15%</li><li>• Net debt to EBITDA, marginal move</li><li>• ROCE decrease of approximately 1%</li></ul>