

Smurfit Kappa Group

Gary McGann, Group Chief Executive Officer

UBS Basic Materials Conference, June 2008

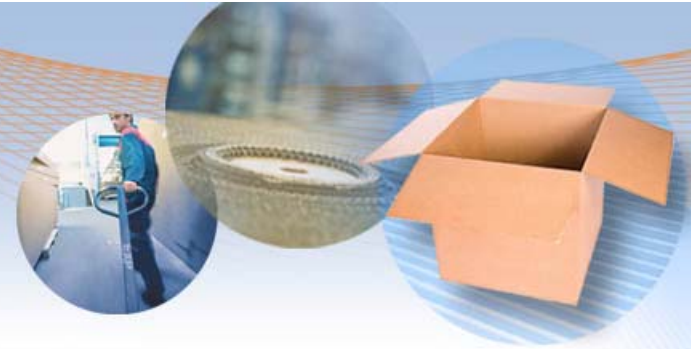
people
innovative
market leader
latin america
integrated
europe
growth

Presentation Agenda



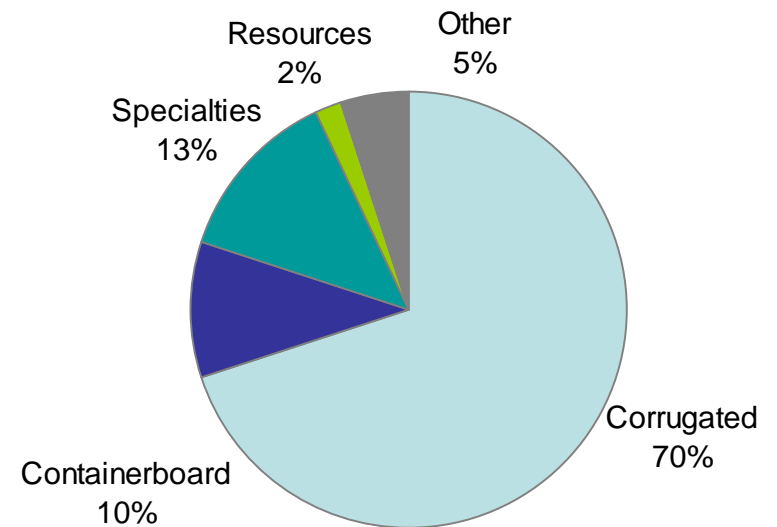
- Growth through acquisitions
- Performance highlights & Capital structure
- Current trading conditions
- Latin American advantage
- Strategy & Outlook

Group overview



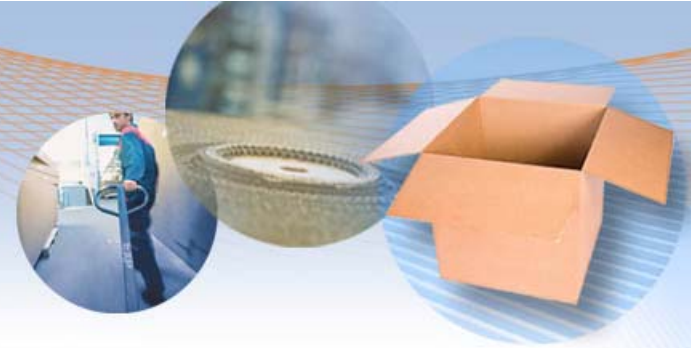
- Geographic diversity, clear product focus
- Market led
- Enhanced earnings stability through integration
- Superior growth and profitability in Latin America

Sales by product type (2007)



Source: Company data. Based on net sales of €7.3bn

Growth through acquisitions



➤ Unique aspects of SKG

- Entrepreneurial and value oriented culture
- Evolved from a country with no developed forestry industry
- Lack of natural advantage forced a distinct M&A strategy and financial discipline

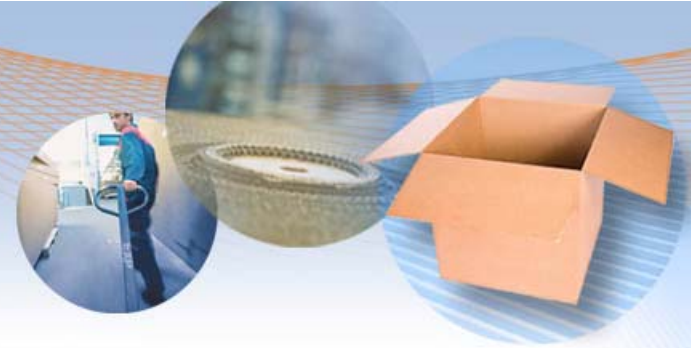
➤ Defining deal every 2 to 4 years:

- 1994 : Acquisition of Saint Gobain paper assets
- 1998 : Merger Jefferson Smurfit Corp. with Stone Container
- 2002 : Acquisition by Madison Dearborn Partners
- 2003 : Asset swaps with SSCC
- 2005 : Merger between Smurfit and Kappa

SKG – 2002 to 2007

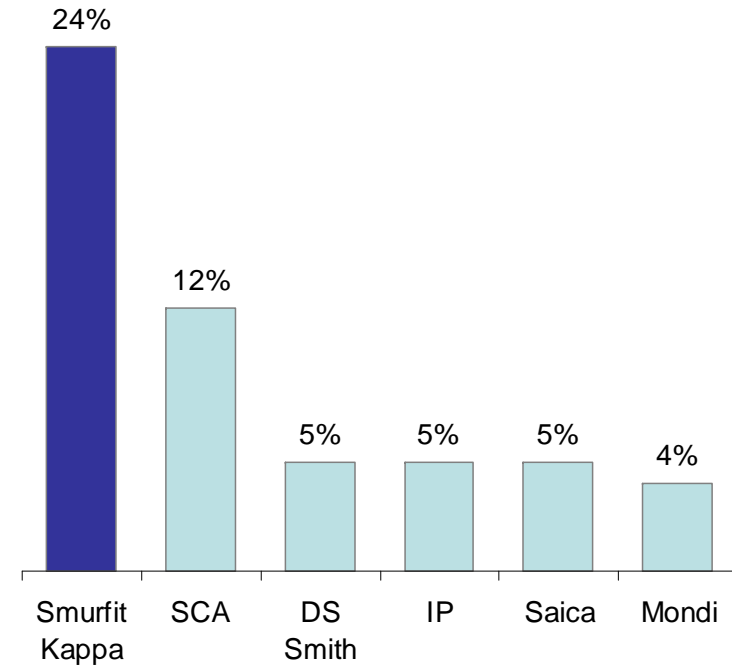
€1bn of disposals
€500m of acquisitions
Sharper business focus
Increased FCF generation

Rationale of the Smurfit Kappa merger



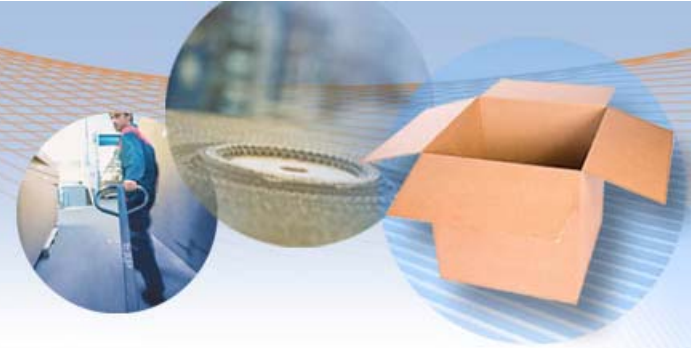
- Industrial and Financial logic:
 - Geographical fit
 - Strategic fit
 - Significant synergies
- Creation of clear European market leader
- Significant foothold in Eastern Europe and Latin America

Focused European leader



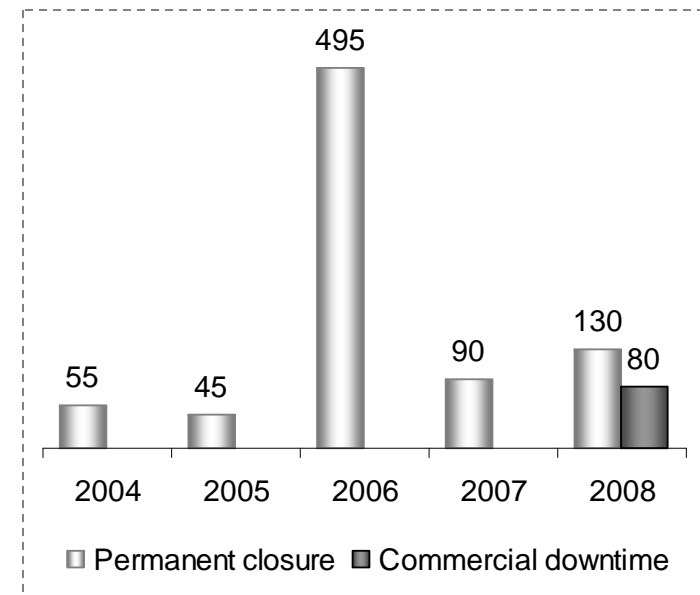
Source: 2005 production - RISI, company estimates based on Europe excl Russia

Containerboard industry cycle



- Industry rationalisation since 2005
 - Approx. 10% of European capacity closed
 - No material capacity additions
- SKG | Responsible industry leader
 - 20% of recycled capacity closed since 2004
 - Integrated system already materially short of capacity
- Perceived capacity overhang in 2009/10

SKG Capacity management ('000 tons)



Source: company data, 2006 figure includes grades switch

Performance Highlights & Capital structure

people

innovative

market leader

latin america

europe

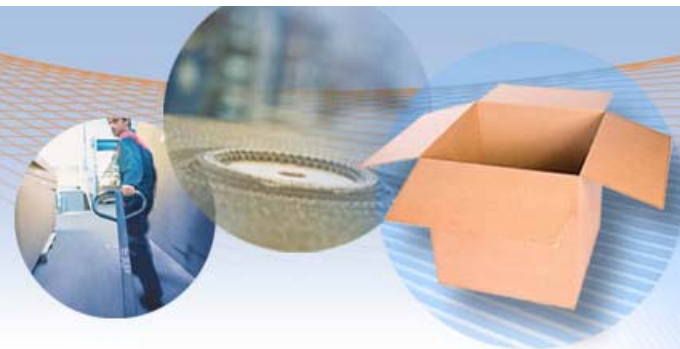
growth

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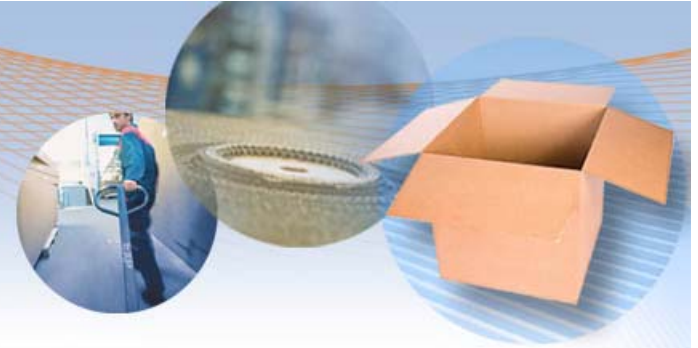
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Financial Highlights | 2008 Q1



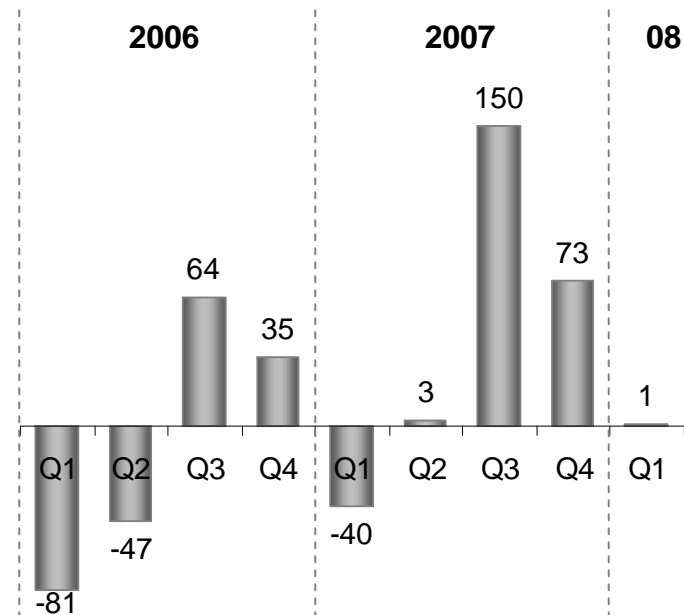
		Q1 2008	Q1 2007	Increase Y-on-Y
Revenue	(€m)	1,832	1,794	+2%
Pre-Exceptional EBITDA	(€m)	257	254	+1%
PBT before exceptional	(€m)	90	43	+107%
Free cash flow	(€m)	1	(40)	NM

Strong Free Cash Flow generation



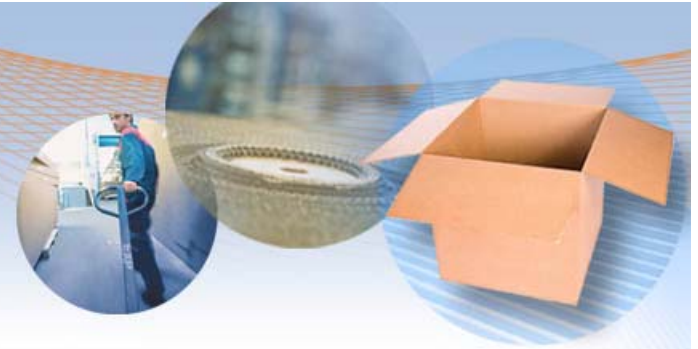
- Strong free cash flow
- Judicious capital expenditure
- Best in class W. Capital to Sales
- Sustainable low cash tax

SKG Free Cash flow generation

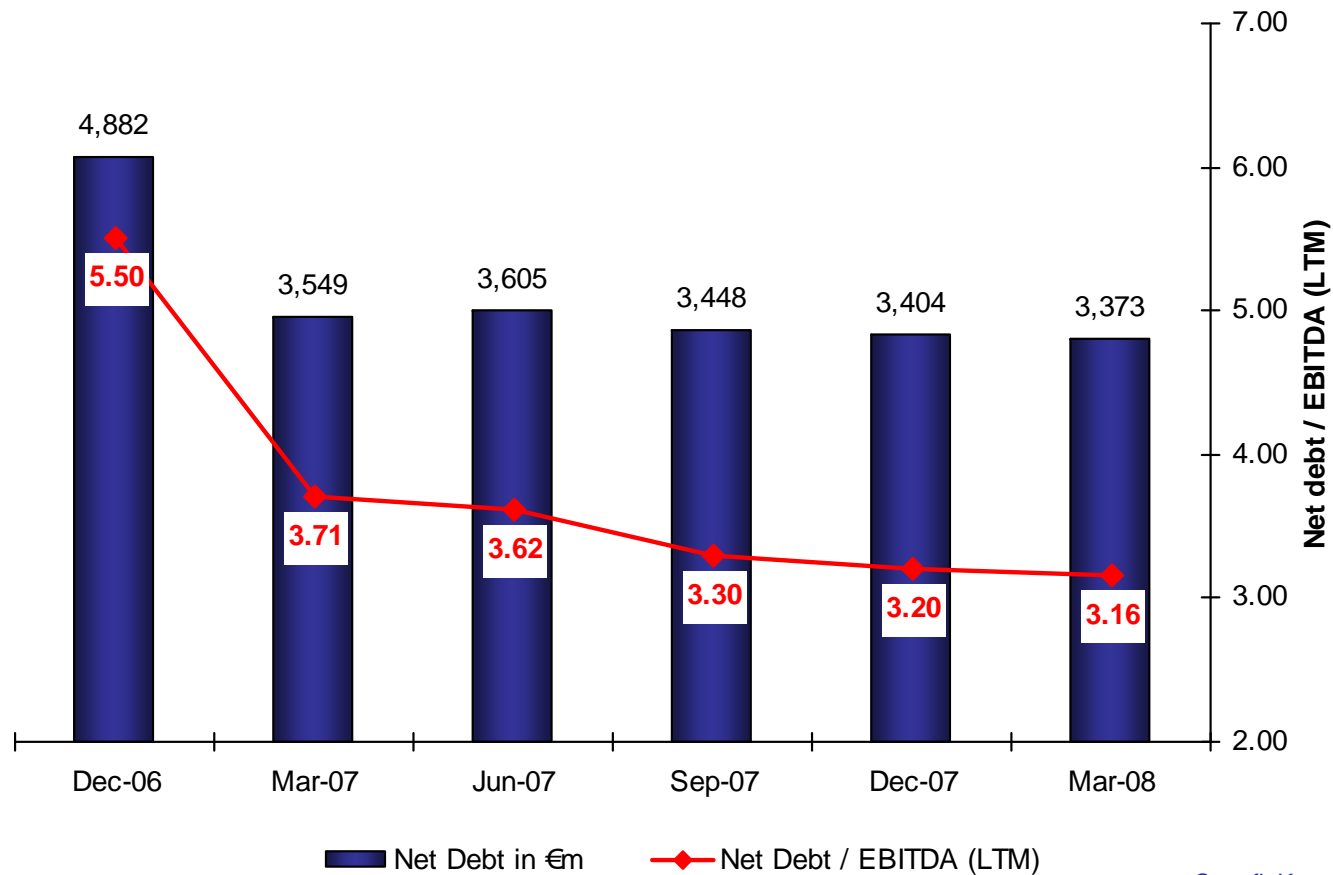


Source: company data

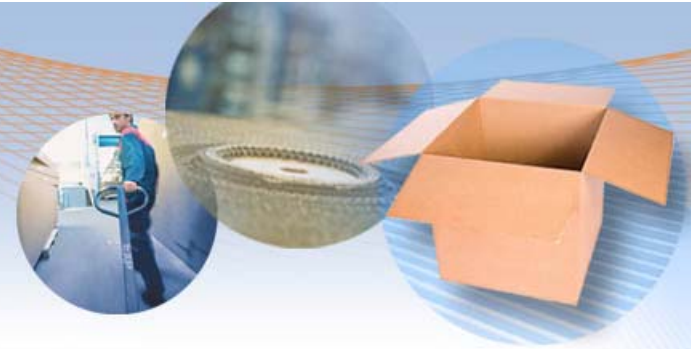
Initial debt paydown objectives exceeded



Significant & continuous net debt reduction supported by strong free cash flow characteristics

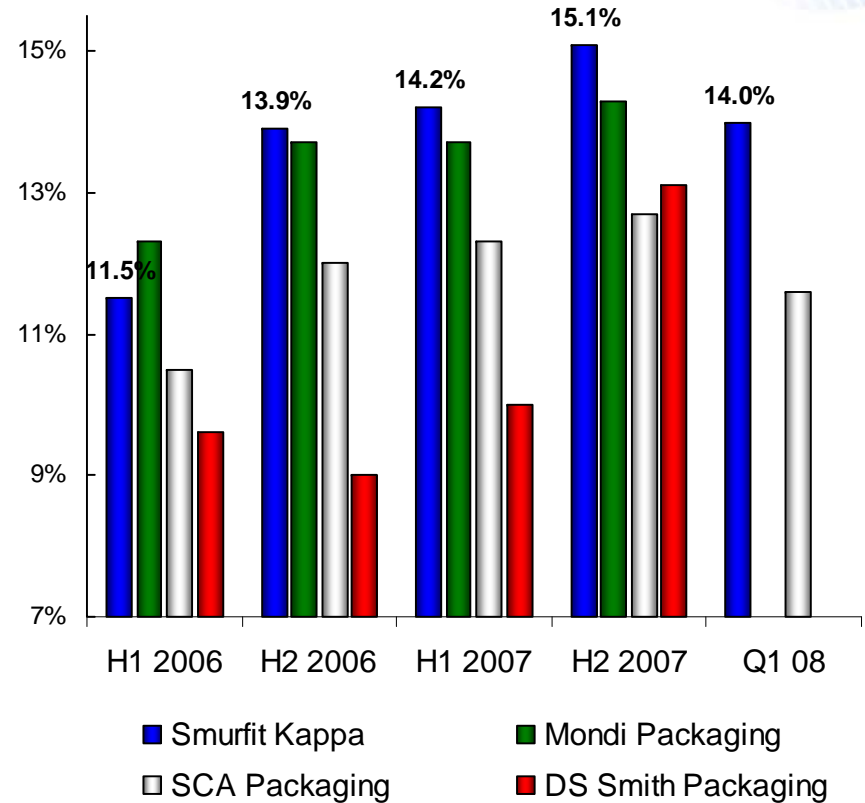


Superior EBITDA margins



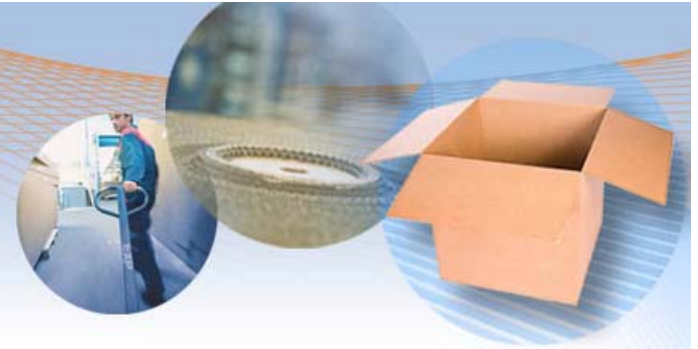
- Pricing focus
- Optimised integrated system
- Driving synergies / cost take out
- Synergy target exceeded
- Superior LatAm margins

Comparative EBITDA Margins



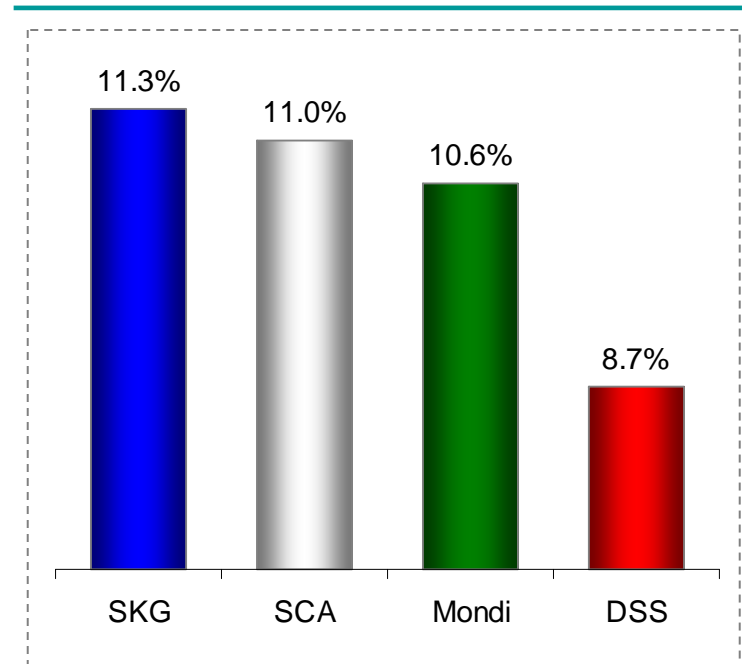
Source: SKG data, SCA, Mondi and DS Smith Annual and Q1 08 Reports

Superior ROCE



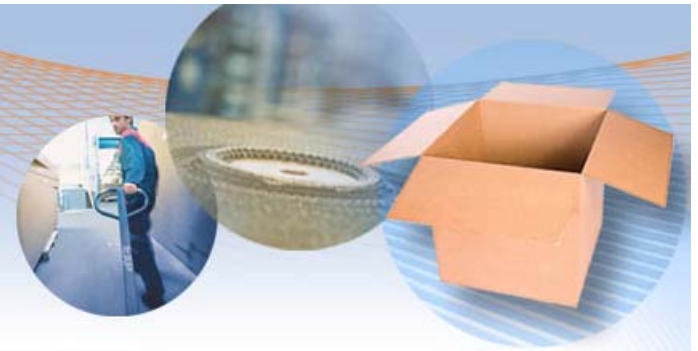
- SKG Group ROCE = 11.3% in 2007
- Latin American ROCE > 20% in past 4 years
- Well invested asset base

2007 Group ROCE



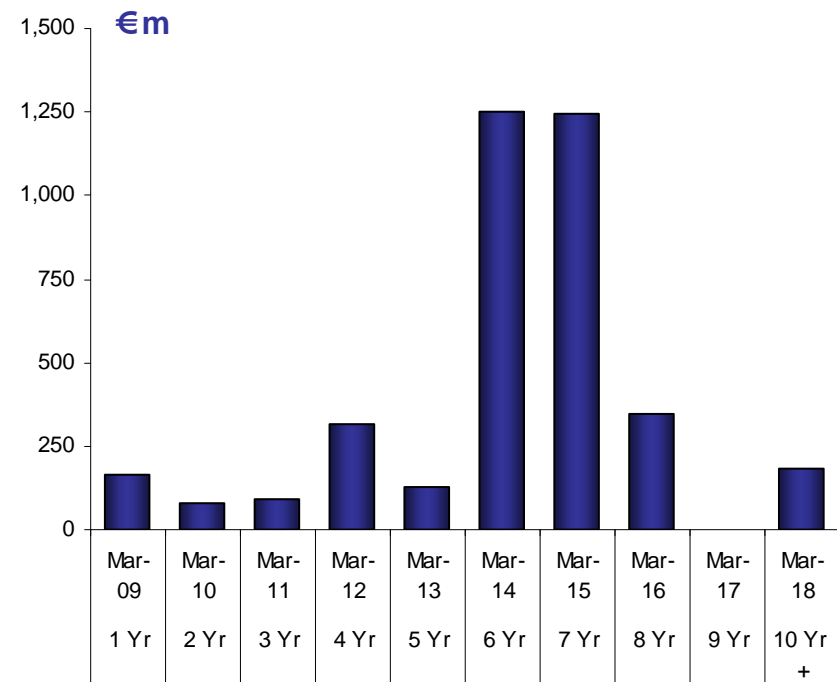
Source: company 2007 annual reports

Well Managed Debt Structure



- S&P and Fitch upgrade in 2008
- Average interest cost = 6.1%
- Flexible covenant structure
- Highly cash generative business
- Strong liquidity

SKG Debt Maturity Profile

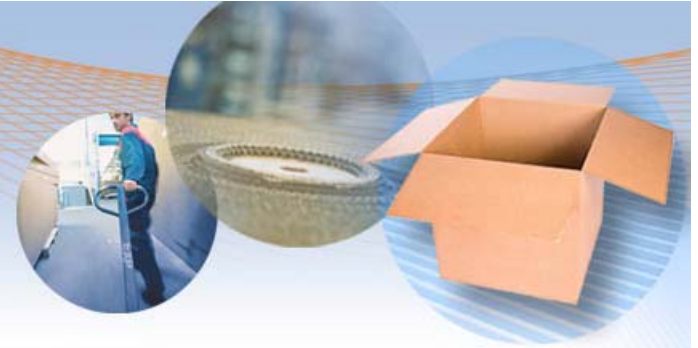


Current trading conditions

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SKG | European Packaging



➤ Recycled Containerboard

- Emerging pricing pressure in Q1 2008
- Downtime to limit inventory increase

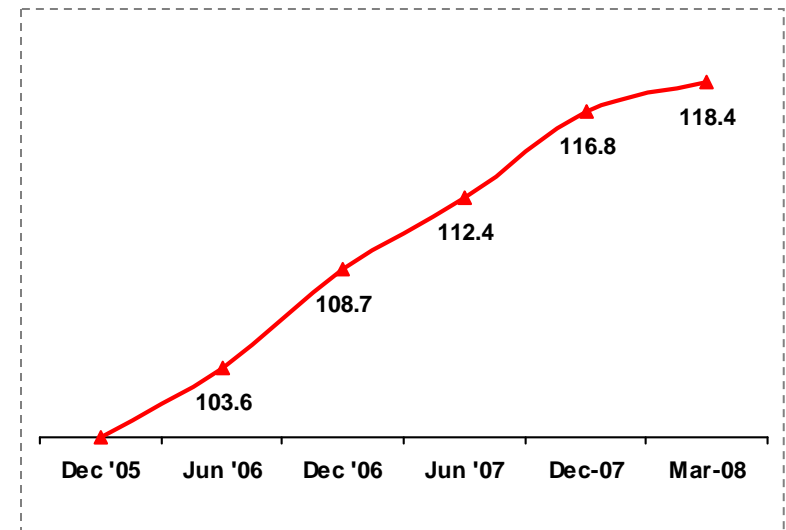
➤ Kraftliner

- Pressure on pricing due to US imports
- Wood costs increase easing in Scandinavia

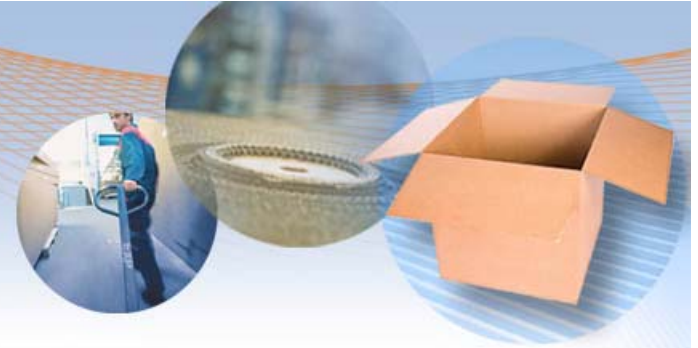
➤ Corrugated

- Positive demand year to date end April
- Achieved price increase target for recovery of 2006/07 input costs increase

SKG Corrugated Price Increase



SKG | Costs evolution



	Underlying cost movement (Q1 08 vs. Q1 07)
OCC	27%
Energy	7%
Wood	10%
Labour	2%
Distribution	Flat
Expected cost increase for 2008 (excl. fibre & energy)	c. 2.5%

SKG Competitive advantages

- Energy
 - Efficient hedging
 - High level of self-sufficiency
- Wood
 - Limited cost inflation in France and Austria
- Distribution
 - Continuous optimisation of integrated system

Latin American advantage

people

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latin america

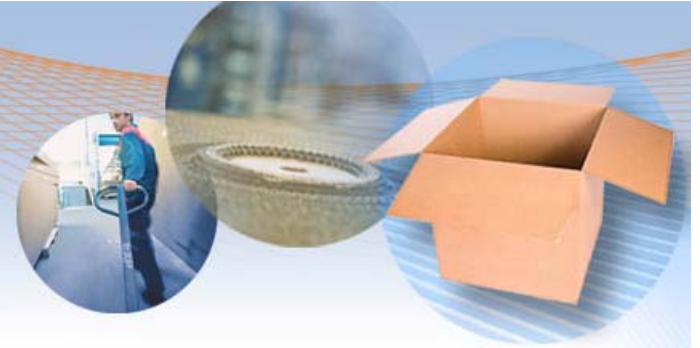
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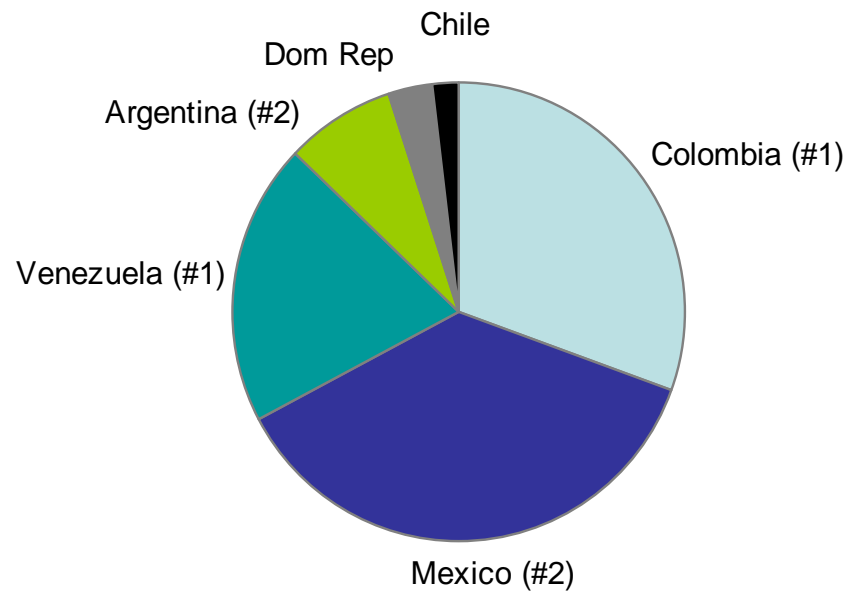
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Leading market positions



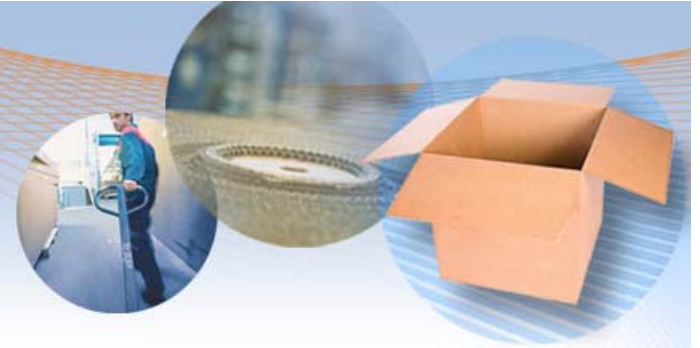
The only Pan Latin-American player



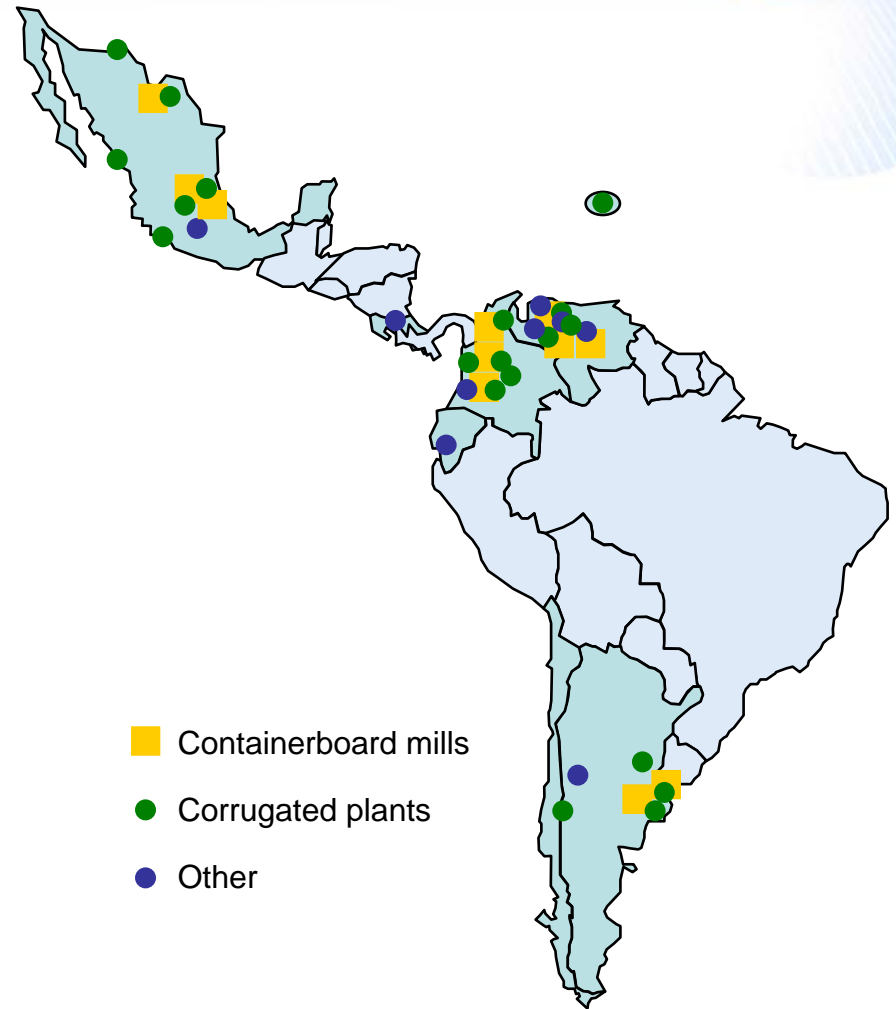
Highly consolidated markets

Strong barriers to entry

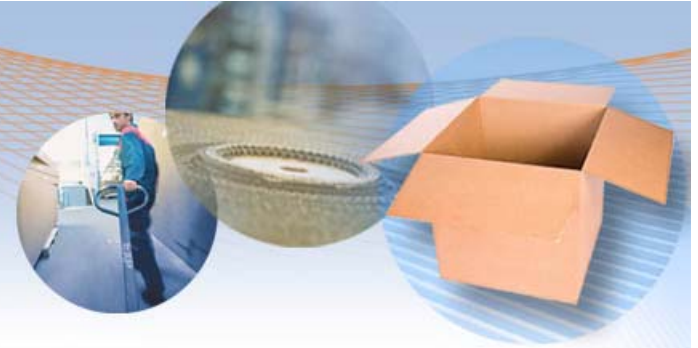
Unique pan-regional footprint



- SKG in the region since 1986
- 74 facilities across 9 countries
- Incentivised local management with excellent track record
- Portfolio of businesses and markets

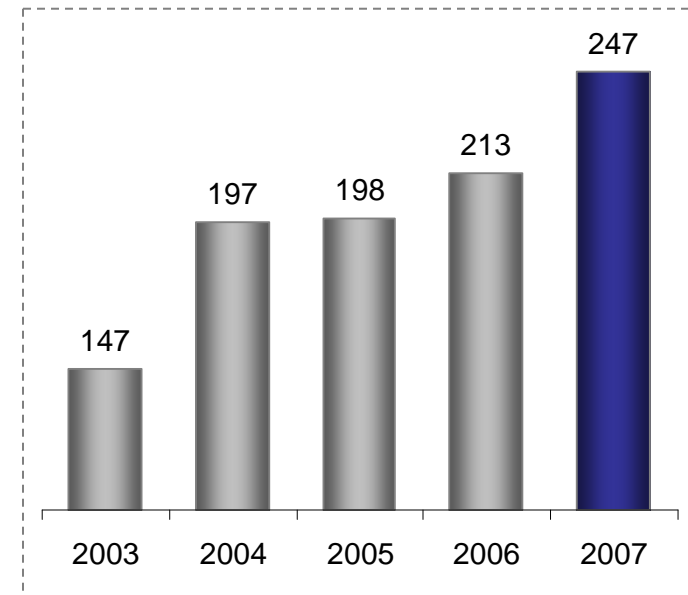


Superior earnings growth



- Superior business growth
- Sustainable & high EBITDA margins
- Enhanced cost control through forestry & waste paper integration
- Track record of effective cash extraction
- SKG target market for growth

Latin American EBITDA (US\$m)



Source: company data

Strategy & Outlook

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latin america

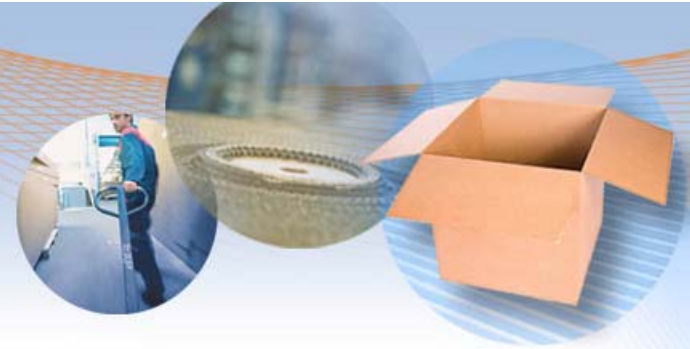
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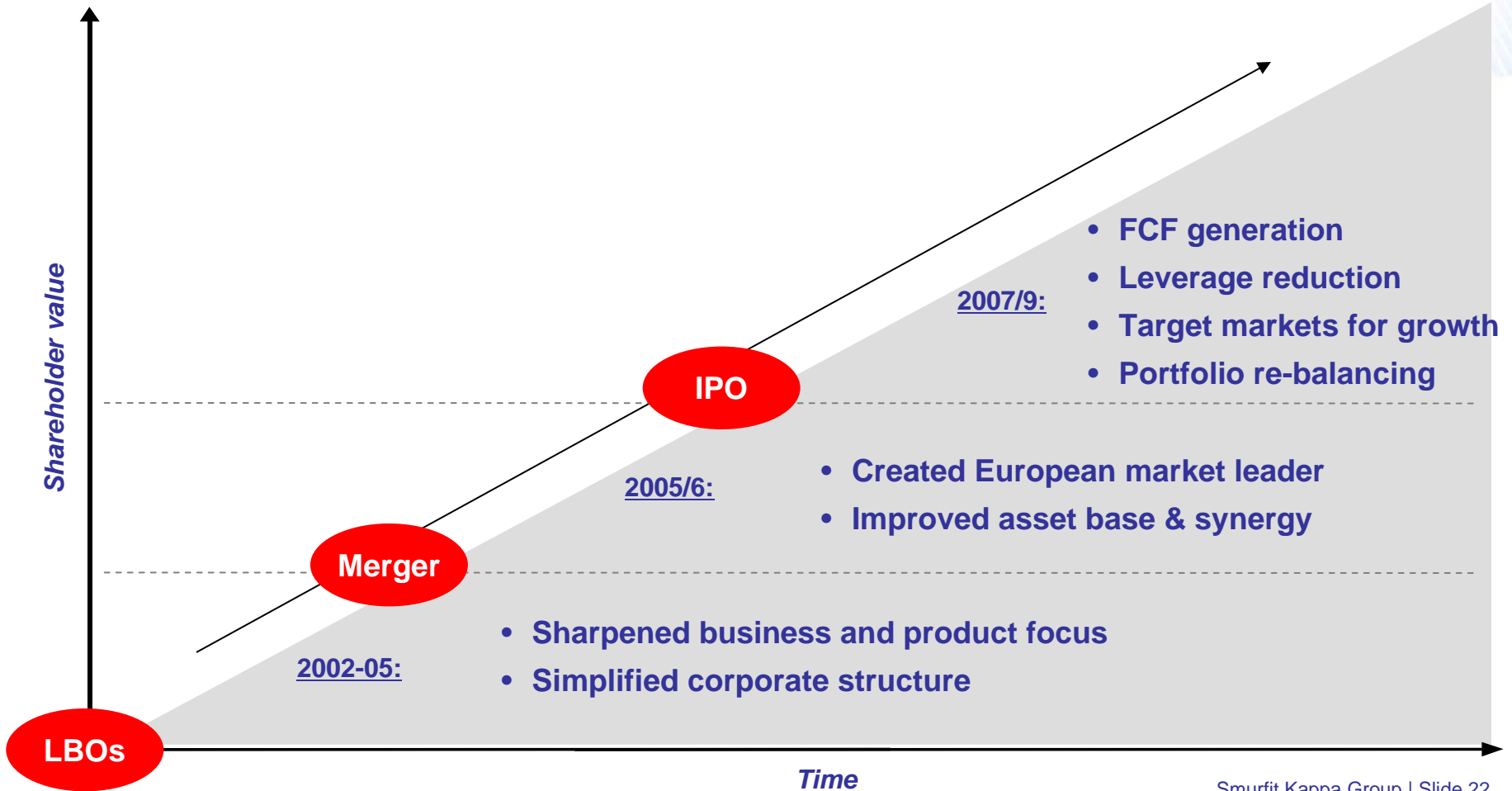
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Medium-term value drivers

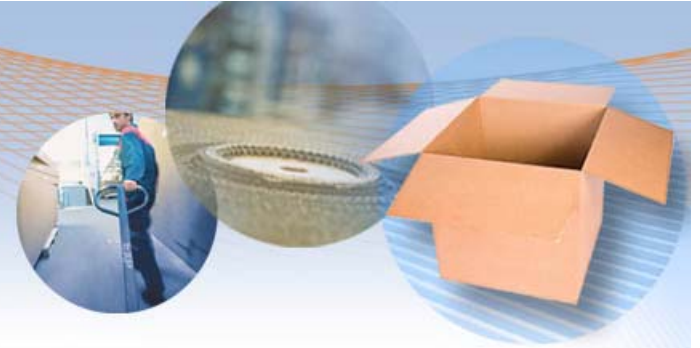


Ongoing business transformation

SKG today & medium-term drivers



Medium-term value drivers



- Management has a proven ability to manage through industry cycles

- Strengthening financial platform
 - Strong free cash flow generation
 - Initial debt paydown objectives exceeded
 - Effective debt structure

- Proven track record for acquiring & integrating well invested assets
 - Acquisitions at optimum points in industry cycle
 - Synergy targets exceeded

➤ Increasing resource to re-balance portfolio to higher growth markets

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The graphic features a world map with a grid of dots. The map is partially highlighted in blue, with the words 'market leader', 'integrated', 'latin america', 'europe', and 'growth' placed over it. To the left of the map are three circular images: an open cardboard box, a person in a blue uniform operating a pallet jack, and a circular object. The background is a light blue gradient with a wavy orange and white pattern at the bottom.

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