

# Smurfit Kappa Group

**UBS Basic Materials conference, June 2010**  
**Gary McGann, Group CEO**



people  
market leader  
innovative  
latin america  
europe  
growth  
integrated

## Highlights | 2010 Quarter One

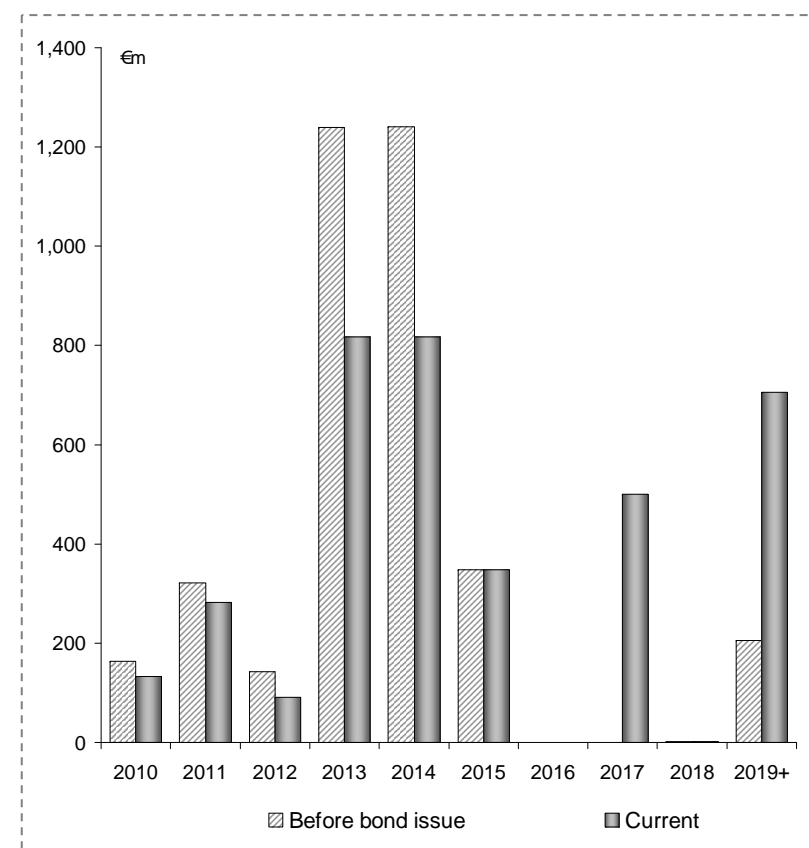
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- Relatively strong EBITDA margin of 12.0% despite significant cost pressure
- Progressive pick-up in trading conditions. Particularly solid result in March
- 3% corrugated demand growth and continuation of pricing recovery in Europe
- Demand growth of 7% in Latin America & commencement of price recovery
- Continued efforts on cost efficiency. Additional €25m of CTO in Q1
- Further corrugated pricing momentum & incremental demand growth in April

# Strong capital structure

- Strong available liquidity
  - c. €600m cash
  - €525m undrawn credit facilities
- Diversified sources of funding
- No material maturities before Dec-2013
- Bond issue in '09 extended average debt profile to 5.6 years

## Long term debt maturity profile



# Performance drivers



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# Market led

- Market leading positions
- Unrivalled geographic & product reach
- Ownership culture
- Profitability before volumes
- Innovative packaging solutions

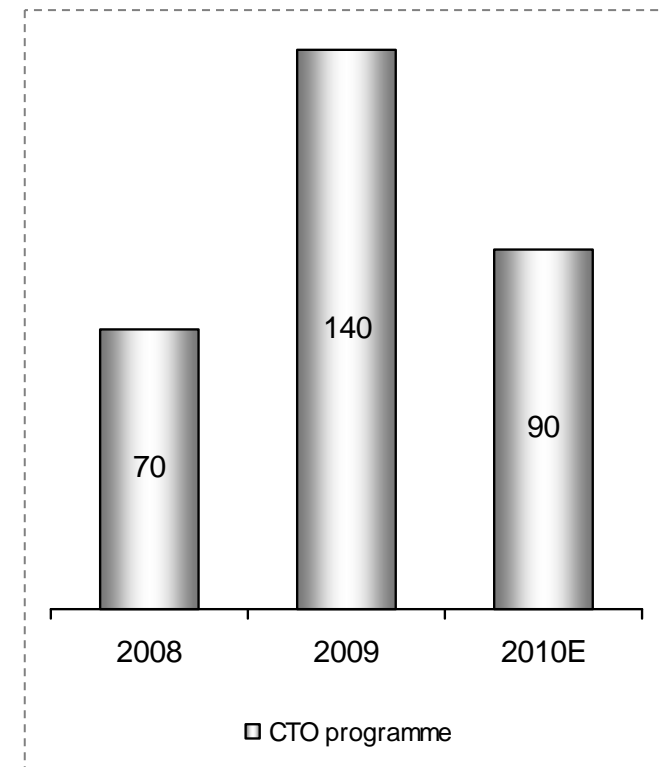
## SKG European footprint



# Ongoing focus on operating efficiency

- 2010 cost take-out target of at least €90m
- Address under-performing operations
- Judicious capital allocations
- Proactive capacity management
- Benefits of ongoing cost efficiency actions reflected in margin levels

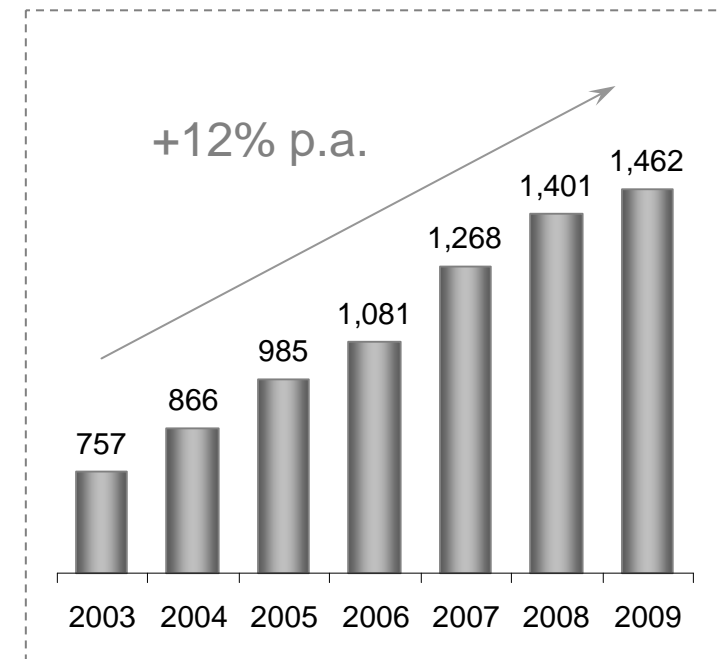
3-years CTO program of €300m



# Superior performance in Latin America

- SKG's chosen region for growth
- 7% corrugated demand growth in Q1'10
- Unique portfolio of businesses and markets
- Leading market positions, local management
- Superior margins of 16-22% through the cycle

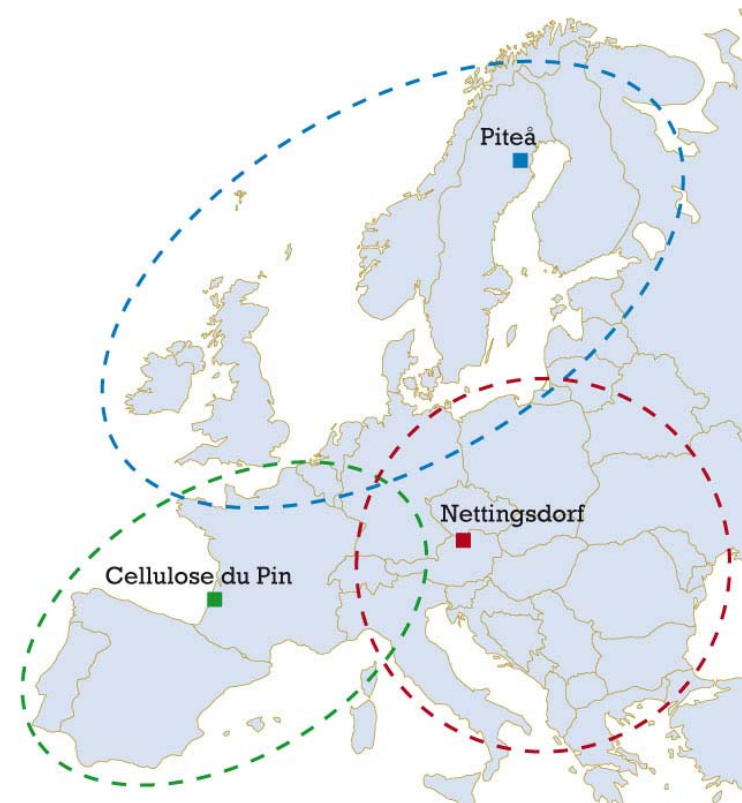
LatAm revenue evolution (US\$m)



# Market leading position in Kraftliner

- European market short capacity
- High barriers to entry for new capacity
- SKG market leader & net seller of c. 500kT p.a.
- Significant reduction of US imports since '09
- Strong pricing recovery

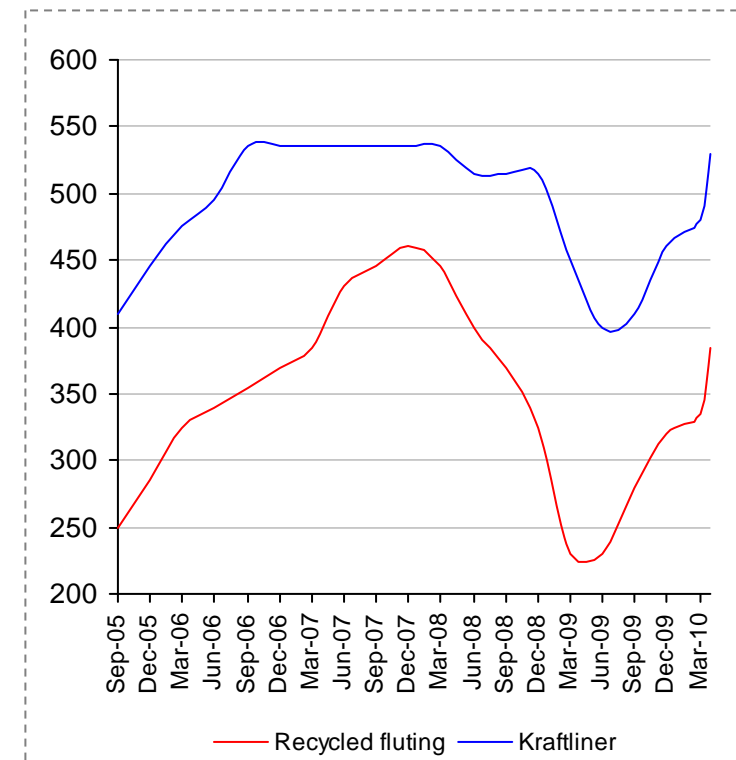
## SKG kraftliner mill system



# Supply discipline in recycled containerboard

- c. 9% of industry capacity closed in '09
- Ongoing supply-side discipline across Industry
- Inventory levels at 2 years lows despite introduction of new capacity in H2'09/Q1'10
- Next new paper machine in Europe over 2 years away
- Higher OCC prices support strong pricing recovery

## European containerboard prices

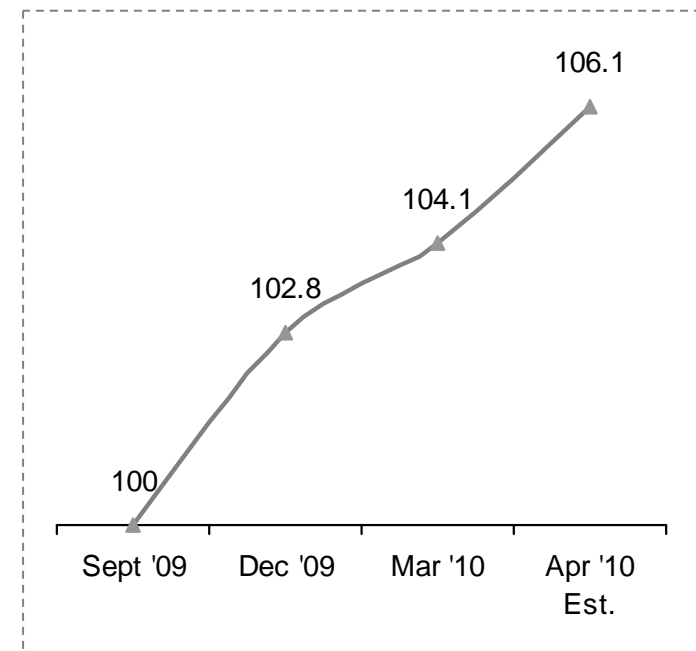


Source: PPI Europe. Prices in €/tonne

# Corrugated recovery

- SKG's business driver
- Positive demand growth of 3% in Q1'10
- Time lag of up to 6 months to fully offset higher paper prices through box pricing
- Pace of corrugated demand & pricing recovery increasing in April

SKG corrugated price index



Source: company

# Strategy & Outlook



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## A clear strategy delivering above market returns

Commercial  
strategy

Packaging, not paper  
Focus on customer service & Innovation

Operational  
strategy

Driving cost efficiency & capital discipline  
Integration to optimise asset efficiency

Financial  
strategy

Cash flow generation. Strong liquidity  
Proactive balance sheet management

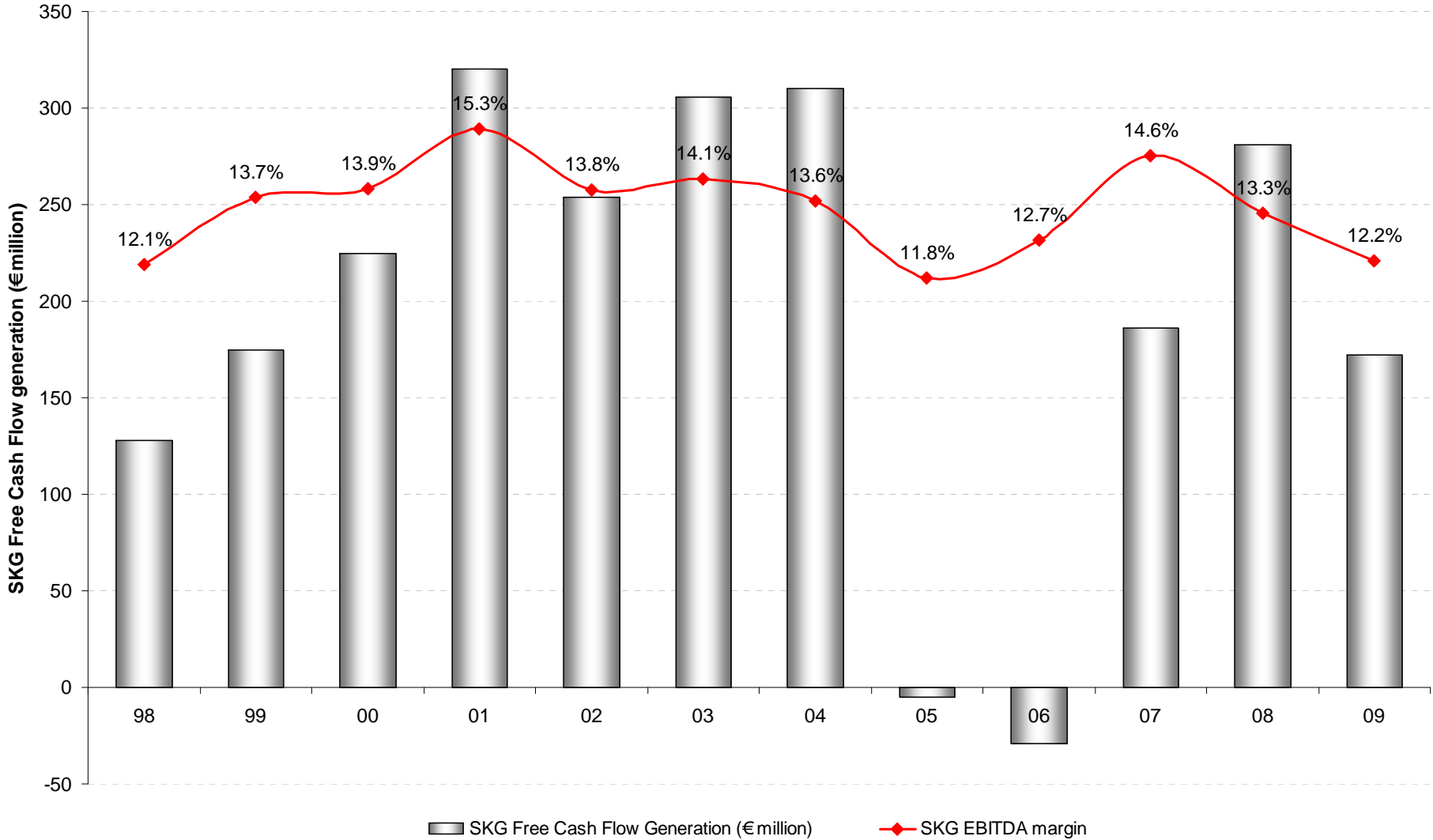
Corporate  
strategy

Reduce net debt/EBITDA ratio  
Acquire & integrate well invested assets

People  
strategy

Recruit, develop and retain the best.  
Empowerment/enterprising management

# Delivering stable margins & strong cash generation through the cycle



# Outlook

- SKG has significant operating leverage to the expected economic recovery
- Strong operating base, combined with SKG's proven capital and financial discipline will contribute to deliver superior returns through the cycle
- In 2010, SKG will continue focusing on:
  - Corrugated price recovery
  - Reducing its net debt/EBITDA ratio

“Bearing in mind intensified input cost pressure, SKG maintains its expectation of meaningful overall EBITDA growth for 2010”

# Like our product – the Group is a package



**Leadership**



**Customer service**



**The total package**

**Operational performance**



**Financial metrics**



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