Smurfit Kappa Group

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Davy Irish Equity Market Conference – January 2009

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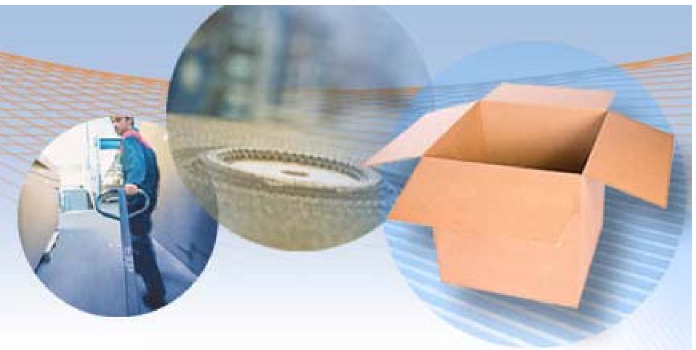
Agenda

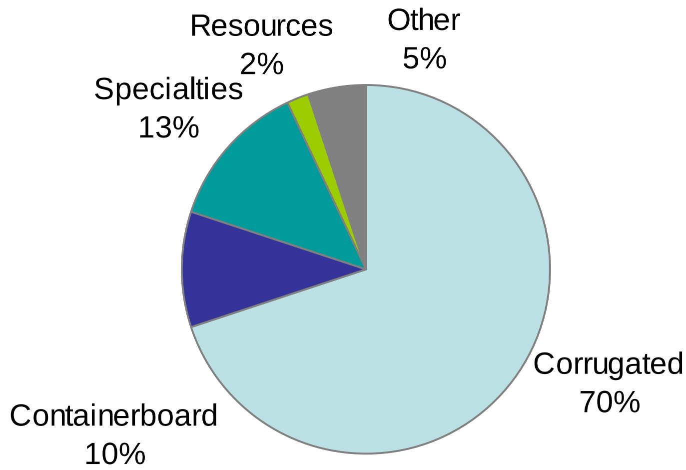
- Industry evolution
- Resilient operating model
- Focus on debt paydown
- Outlook

SKG at a Glance



- Corrugated packaging : A growth industry
  - European corrugated demand tracks GDP
- Market leader, geographic diversity
- Enhanced earnings stability through integration
- Superior growth and profitability in Latin America

SKG sales by product type (2007)



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

2007 | Strong markets

- Positive supply/demand balance
  - 10% of European capacity closed between 2005 and 2006
  - Demand growth > 2%
- Increasing input costs
  - OCC : driven by sustained Chinese demand
  - Energy : driven by higher oil prices
- Strong containerboard pricing momentum and increased margins
- Box margins under pressure, as recovery of higher containerboard prices takes up to 6 months

Supply/demand in balance : positive market for containerboard

2008 | Sharp drop

- Slowing demand
- Further input cost increases, especially for energy
- Inventory overhang despite ongoing downtime
- Sharp fall of containerboard prices led to margin compression
- Box prices holding-up, but under increasing pressure

2008 Industry actions:

Increasing downtime & capacity closures. Delay start-up of some new paper machines

Industry Challenges in 2009/10

- Recycled Containerboard capacity to increase by c. 7% net between 2008-10 *
  - Capacity expansion decisions taken in 2006/07

- New capacity will hit the market in 2009/10
  - Expected demand growth did not materialise
  - Expected pricing levels will not be experienced
  - Expected returns will not be delivered

- Majority of the new capacity will not be integrated
  - Likely to generate volume-driven strategies in Recycled Containerboard

** European net capacity increase based on capacity additions/closures formally announced on 2 January, 2009*

How will the overhang be solved?

- Positive macro factors
- Accelerated downtime
- Further high cost capacity closures
- Financial difficulties for high cost producers

Downstream integration a key advantage in a challenging paper market

Resilient operating model

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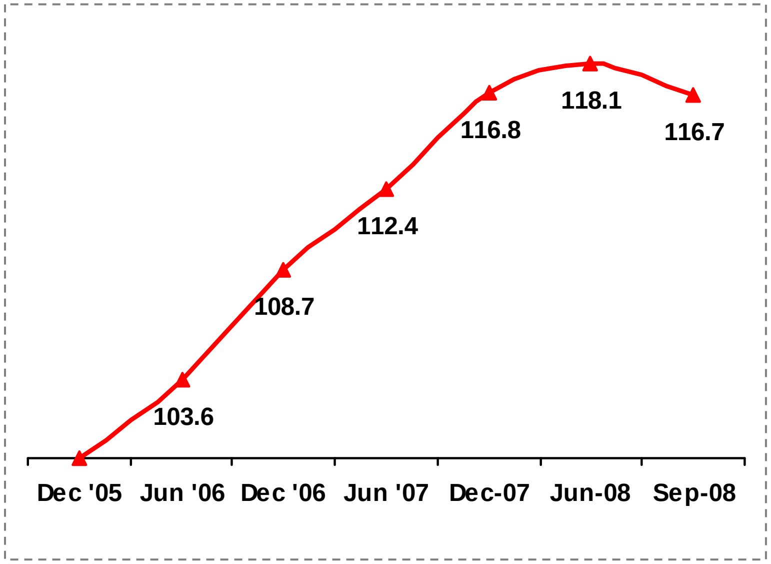
Resilient downstream corrugated business

- Positive demand profile
  - Unique Pan-European offering to customers
  - 60% of customers in Food & Beverage
- Unique set of tools to constantly improve quality of service to our customers
- Corrugated pricing focus
  - Corrugated pricing less volatile through the Industry cycle

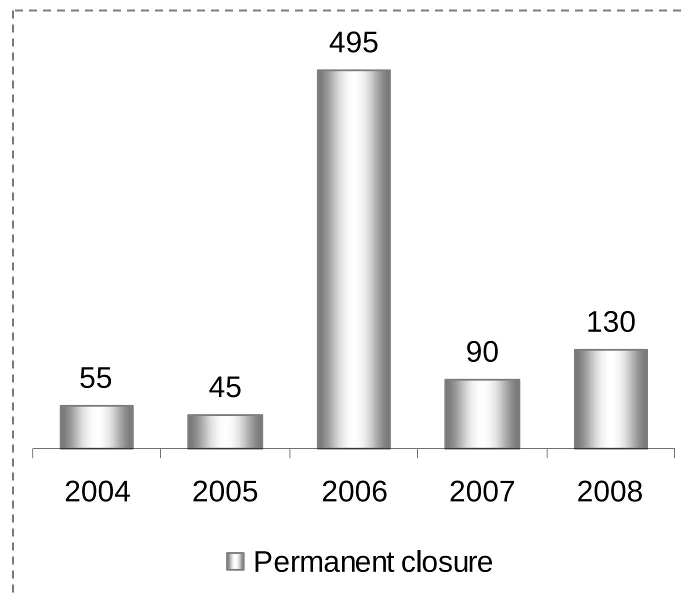
SKG Corrugated Pricing Evolution



Lower cost, integrated Recycled containerboard capacity

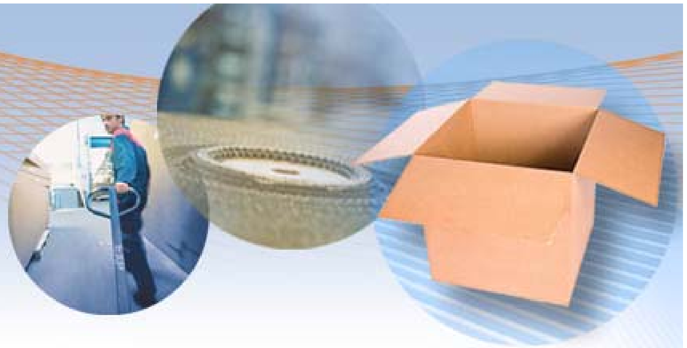
- Lower cost integrated system
  - 20% of capacity closed in past 3 years
  - Optimised integrated flows
  - System competitive in current environment
- Continuous active supply management
  - Permanent closure of 130ktons in July 2008
  - Market downtime over 150ktons in 2008
- Increasing capacity closures across industry

SKG Capacity closures ('000 tons)



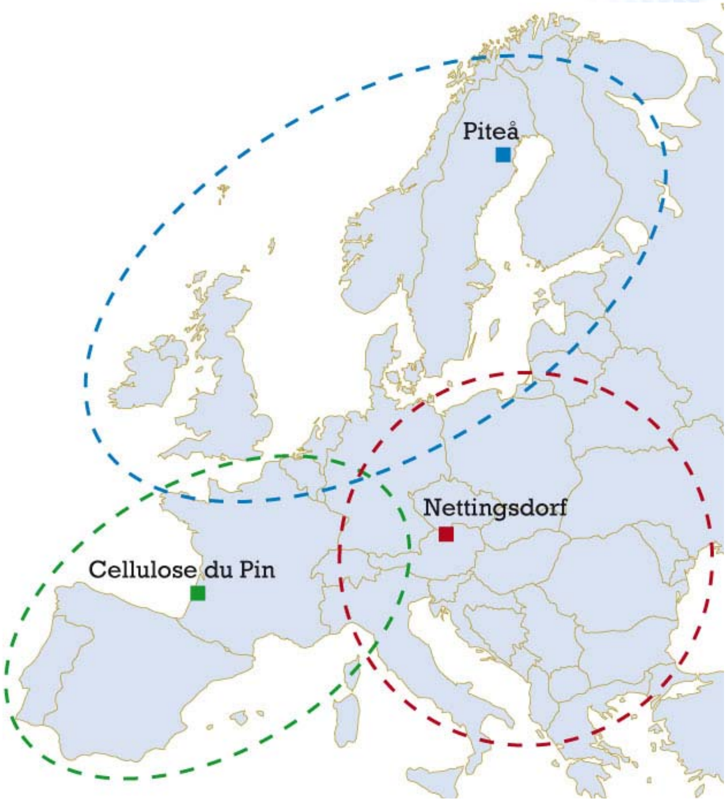
Source: company data, 2006 figure includes grades switch

Most advanced Kraftliner system in Europe

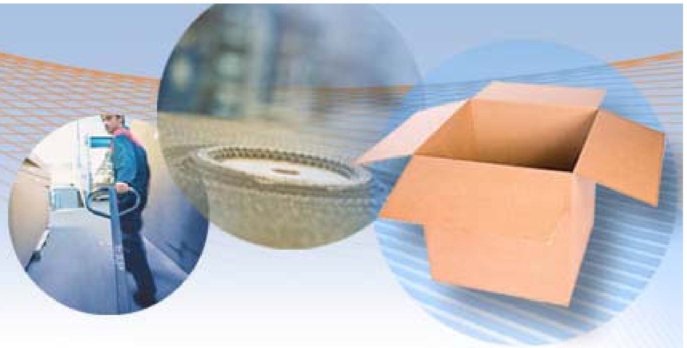


- SKG clear leader, especially in White-Top
- Significant barriers to entry
- Ideal locations close to raw materials & end markets
- Stronger US$ positive catalyst

SKG kraftliner mill system

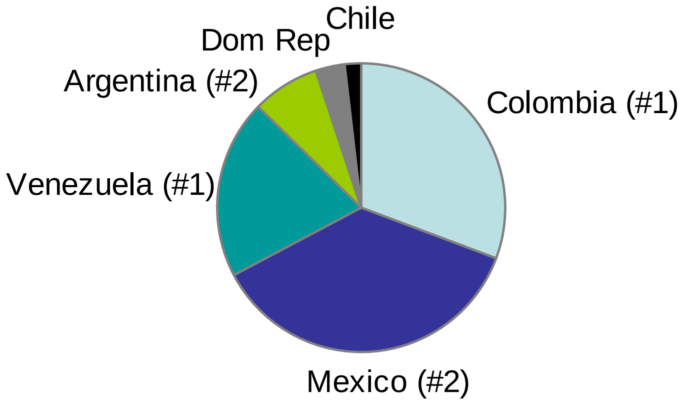


Superior performance in Latin America

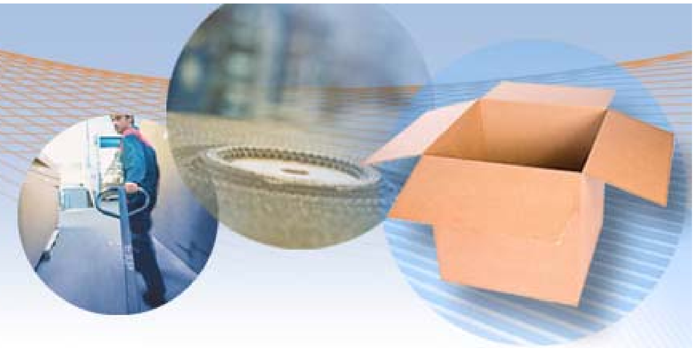


- Leading market positions, local management
- Portfolio of businesses and markets
- Highly consolidated markets, significant barriers to entry
- Continued superior profitability
- Approximately 17% of Group's overall EBITDA

Unique pan-Regional presence



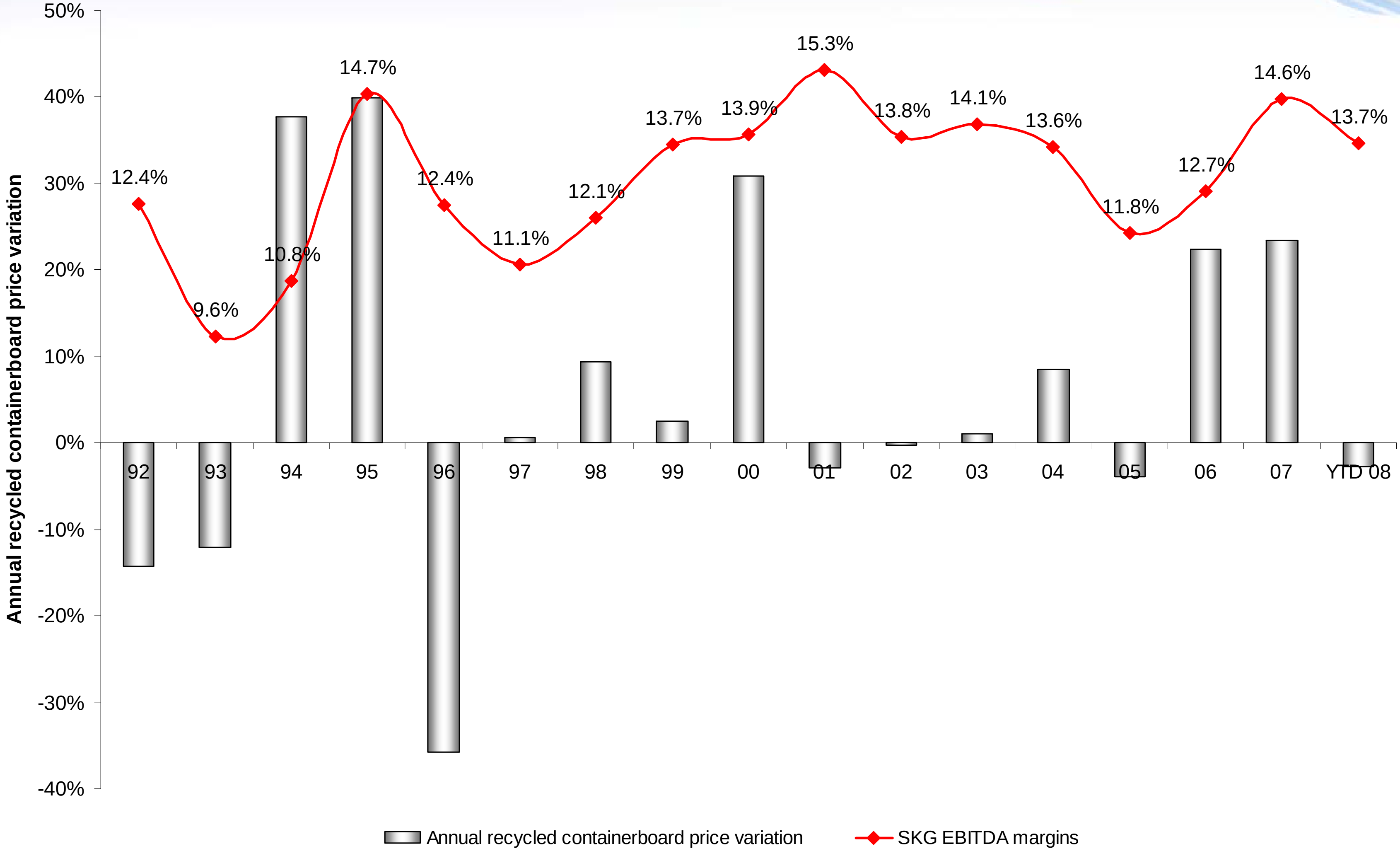
Relentless focus on cost reduction



- €180 million of synergies generated from 2006 to 2008
- New cost take-out program for up to €160 million by 2010

YTD September	**Underlying cost movement (2008 vs. 2007)**
OCC	5%
Energy	14%
Wood	6%
Labour	1.5%
Distribution	1%
Expected cost increase for 2008 *(excl. fibre & energy)*	**2.5%**

Resilient margins through the cycle



Source: RISI, company

Focus on debt paydown

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Free cash flow generation through the industry cycle

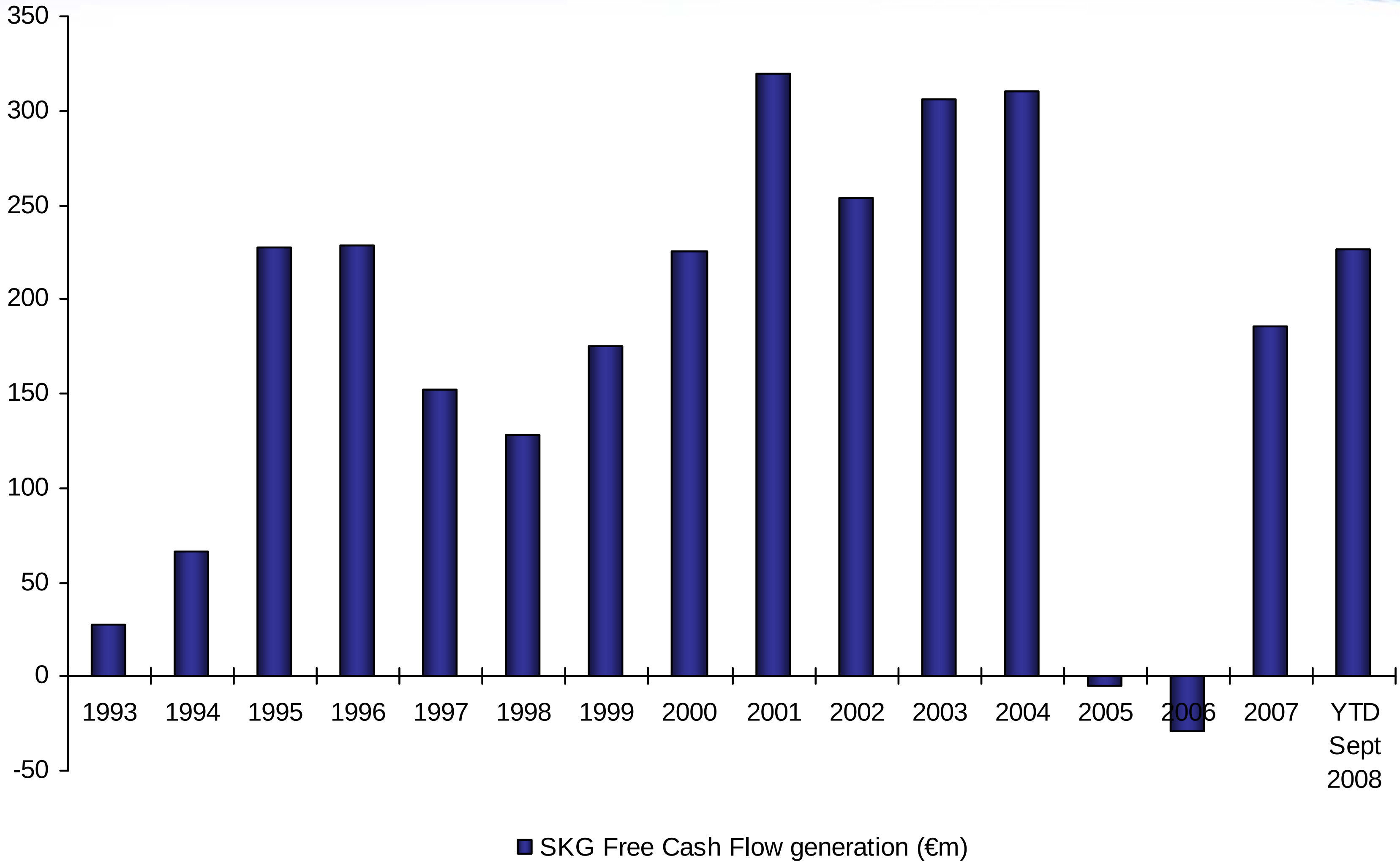
- Actively managed capital expenditure :
  - Capex reduction towards 60% of depreciation by 2010
  - Cash flow contribution of €100 million over the next 5 quarters

- Lowest working capital to sales ratio in the industry

- Sustainable low cash tax rate

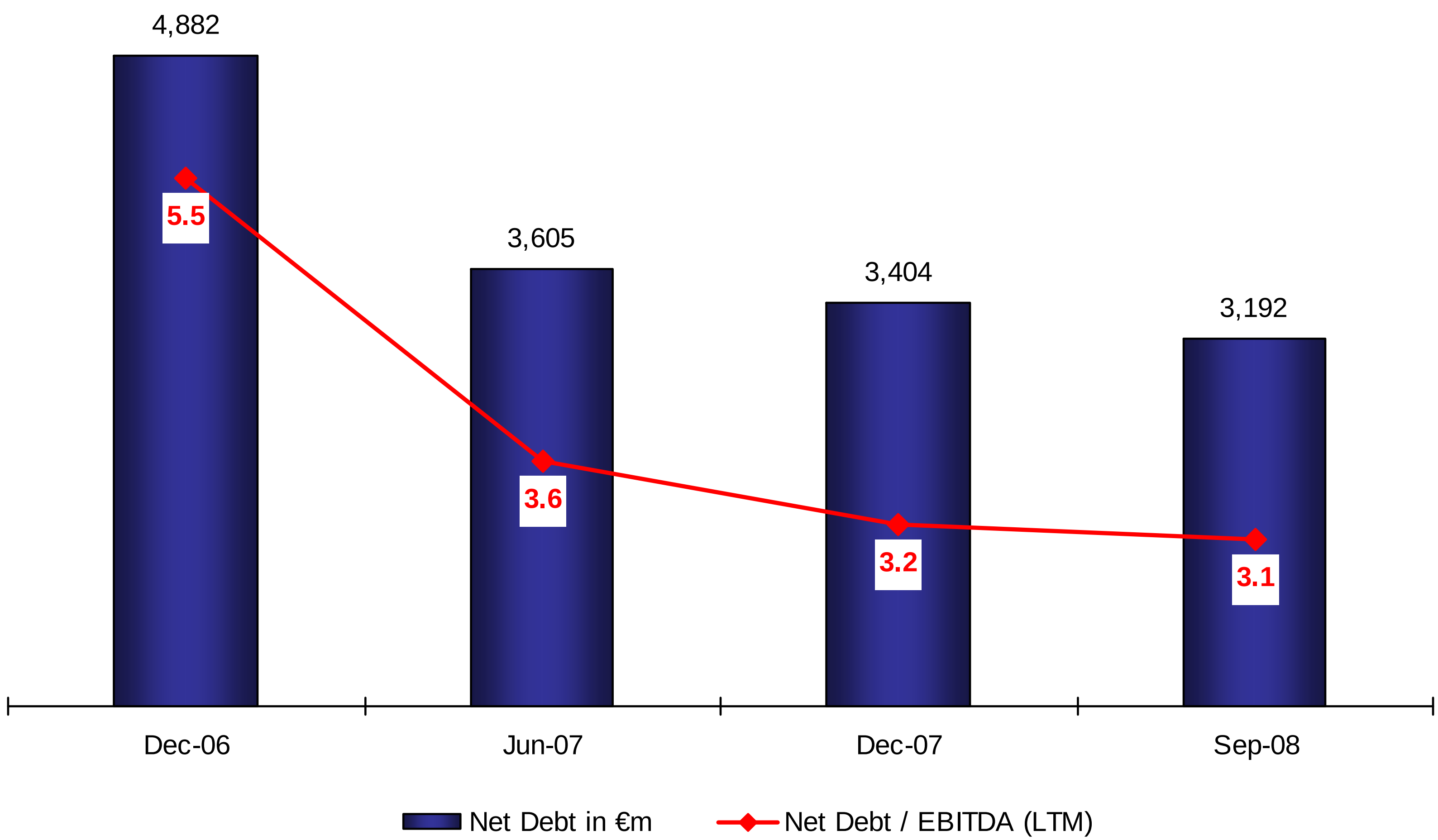
- Cash interest payments reduced by approximately €100 million per annum from 2006 to 08

Free cash flow generation through the industry cycle



Source : company

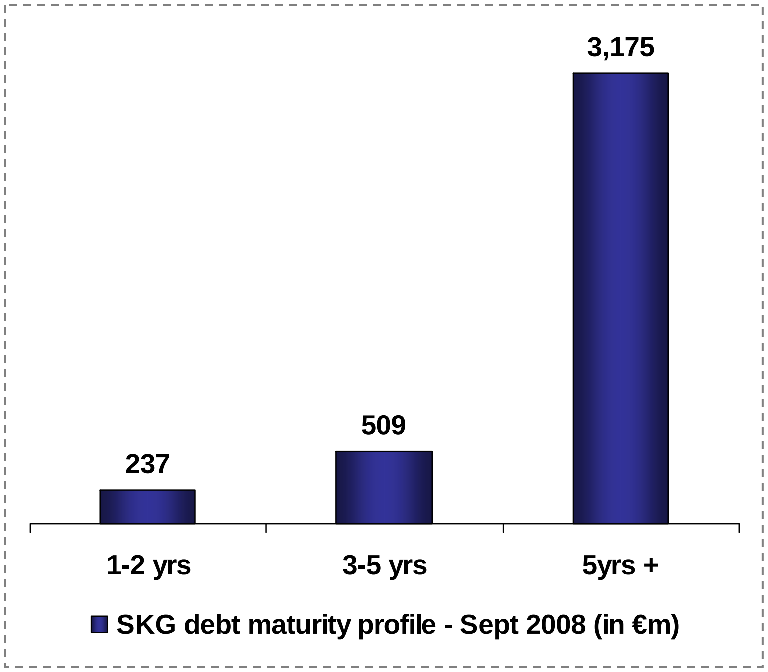
Cash flow proceeds applied towards net debt reduction



Well structured debt package

- Low cost of financing
  - Average interest cost = 6.2%
- Strong liquidity
  - Cash > €730 million
  - Unused credit lines ~ €600 million
- Continuous cash flow generation through the cycle

SKG Debt Maturity Profile



Outlook

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Outlook

- SKG remains on target to deliver the expected level of financial performance in 2008

- Tough operating conditions expected to remain in 2009, but potential positive factors :
  - Declining interest rates
  - Increasing capacity rationalisation decisions

- Maximise free cash flow generation & debt paydown :
  - Capex reduced by €100 million from Oct 2008 to Dec 2009
  - Optimal working capital ratios & new cost take-out program

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