

Smurfit Kappa Group

Q3 2008 Results, 12 November 2008

people
innovative
market leader
latin america
europe
growth
integrated

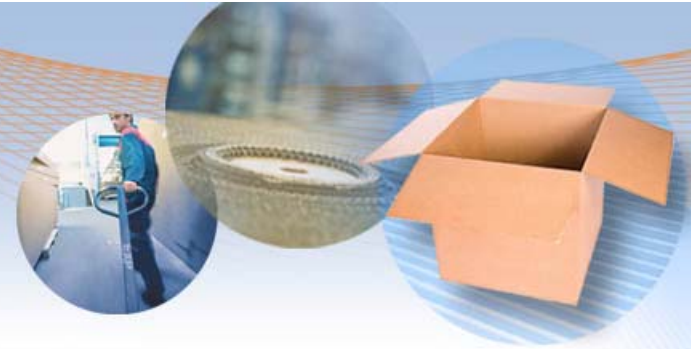


Agenda



- Strong free cash flow performance
- Resilient operating model
- Net debt reduction through the cycle
- Outlook

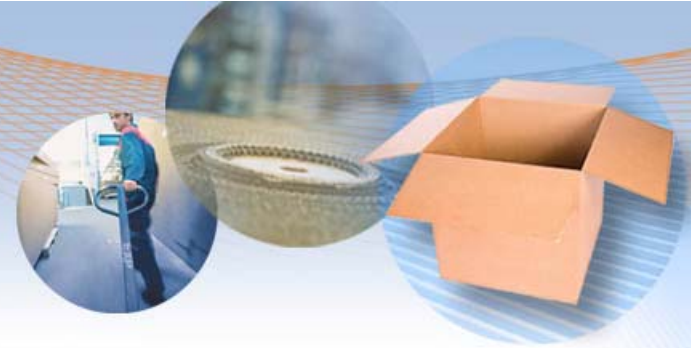
Strong free cash flow performance & debt paydown



YTD September		2008	2007	Variance
Pre-Exceptional EBITDA	(€m)	745	789	(6%)
Free Cash Flow	(€m)	226	113	100%
Net debt	(€m)	3,192	3,448	(7%)

Doubled free cash flow performance in the first nine months of 2008 despite more challenging operating environment

Strong free cash flow performance



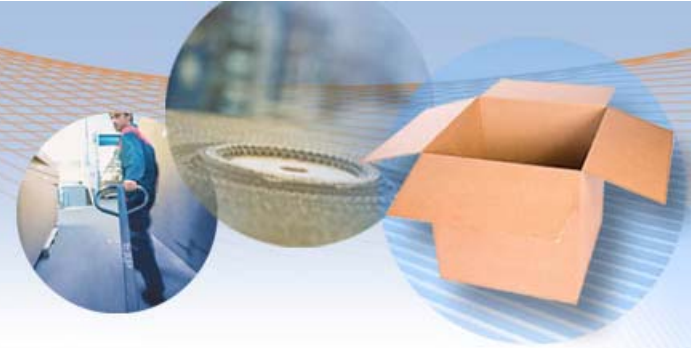
- Actively managed capital expenditure
- Lowest working capital to sales ratio in the industry
- Sustainable low cash tax rate
- Cash interest payments reduced by approximately €100 million per annum from 2006 to 08

**SKG to maximise free cash flow & debt paydown
through the industry cycle**

Resilient operating model

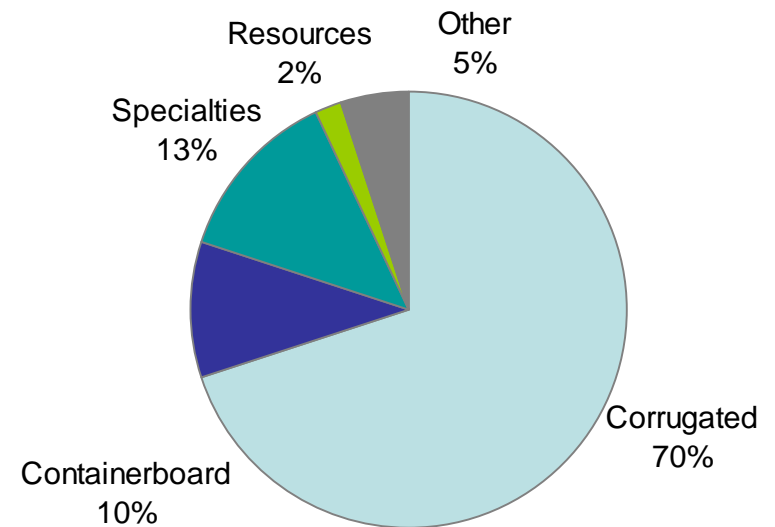


Smurfit Kappa | At a Glance



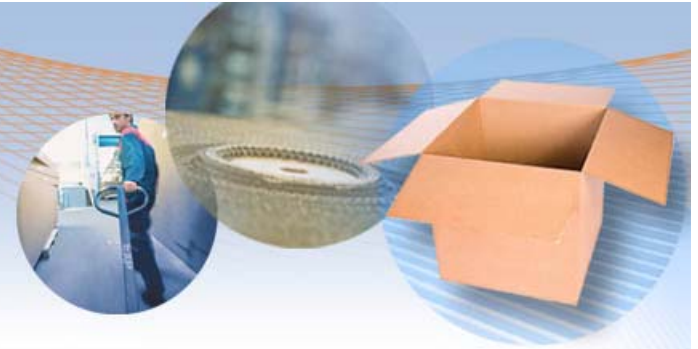
- Focused market leader
- Geographic diversity
- Enhanced earnings stability through integration
- Superior growth and profitability in Latin America

Sales by product type (2007)



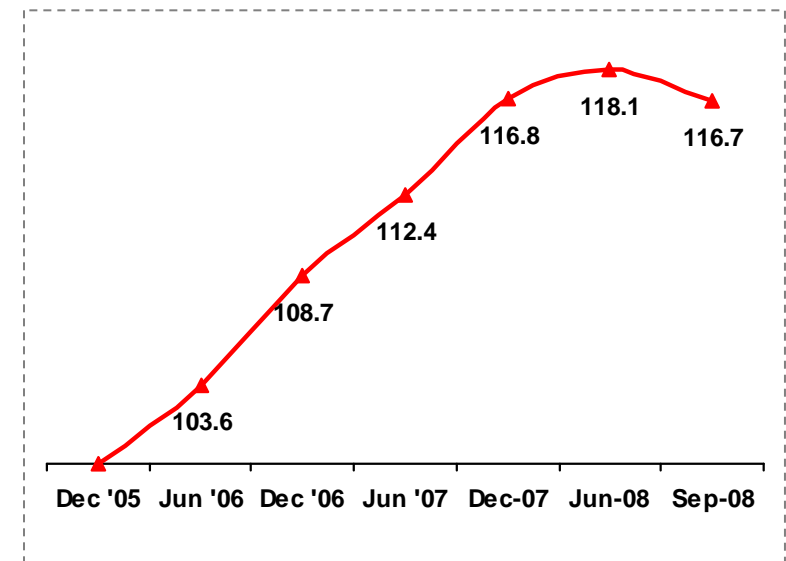
Source: Company data. Based on net sales of €7.3bn

Resilient downstream corrugated business

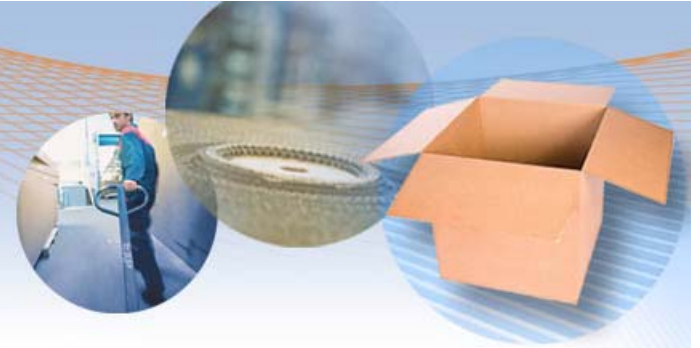


- Corrugated pricing focus
- Positive demand profile
 - Unique Pan-European offering to customers
 - 60% of customers in Food & Beverage
- Integrated containerboard system
 - Increasingly efficient, low cost base
 - Integrated system short recycled containerboard
 - System remains competitive in the current environment

SKG Corrugated Pricing Evolution

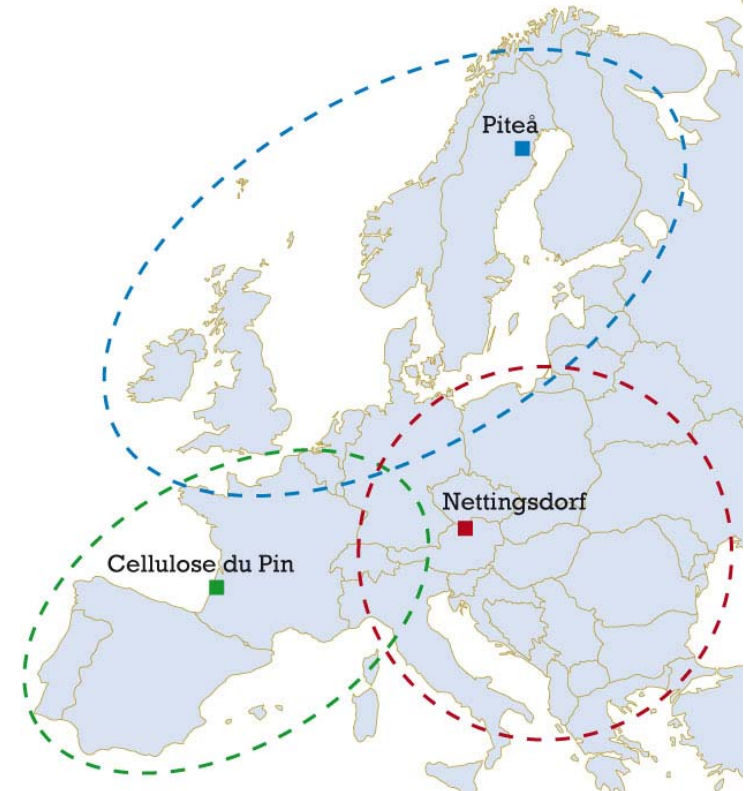


Most advanced Kraftliner system in Europe

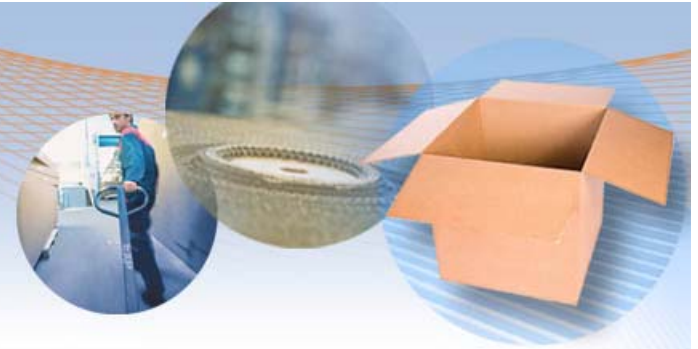


SKG kraftliner mill system

- Premium grade, premium margins
- SKG clear leader, especially in White-Top
- Significant barriers to entry
- Ideal locations close to raw materials & end markets
- Strengthening US\$ positive catalyst

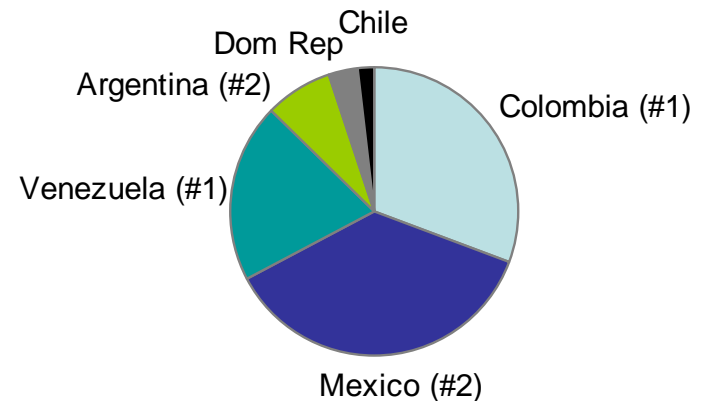


Superior performance in Latin America



- 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



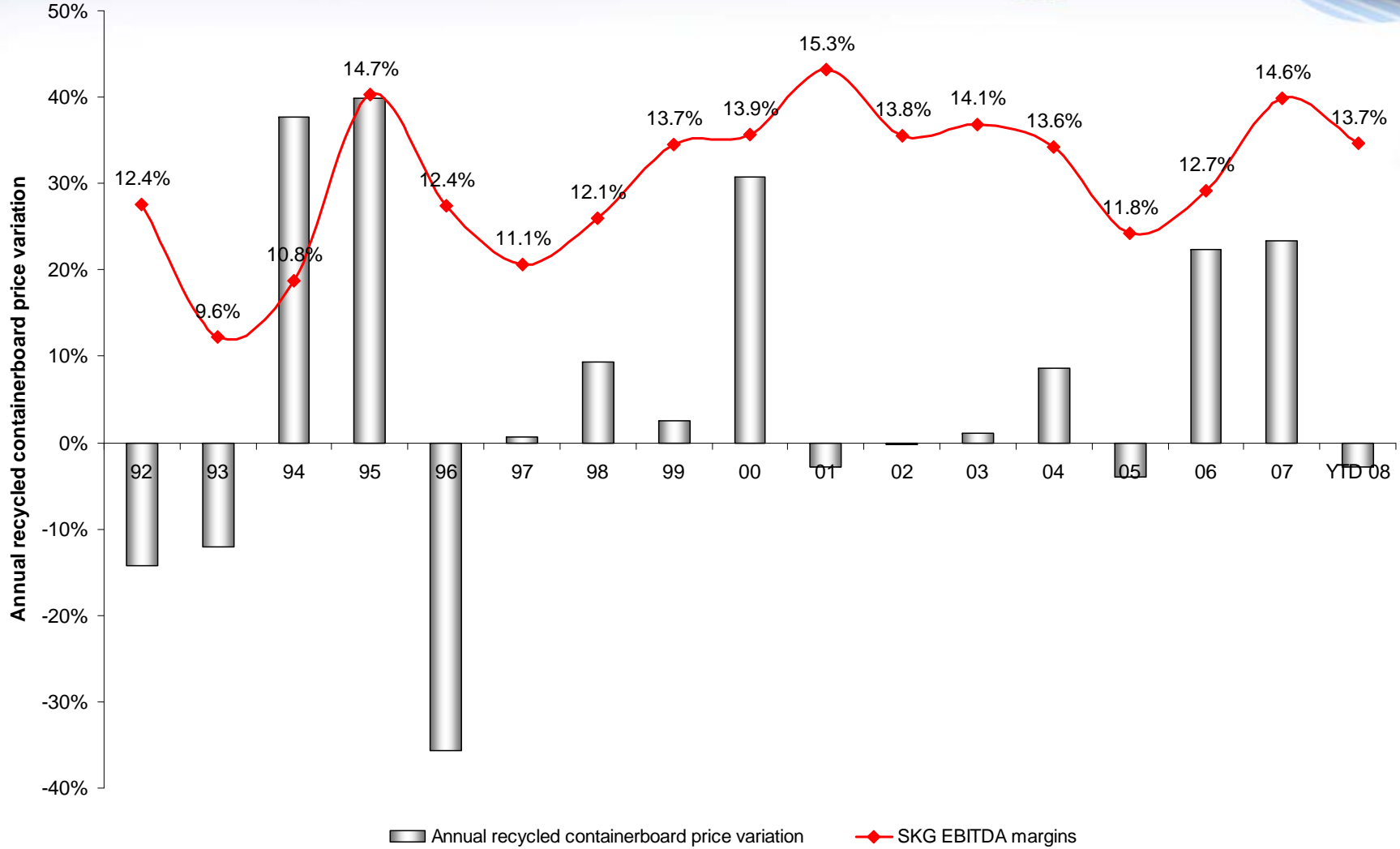
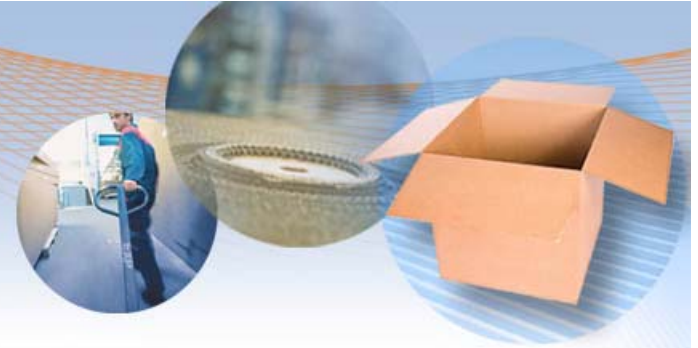
Continuous focus on cost reduction



- €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 <i>(excl. fibre & energy)</i>	2.5%

Resilient margins through the cycle

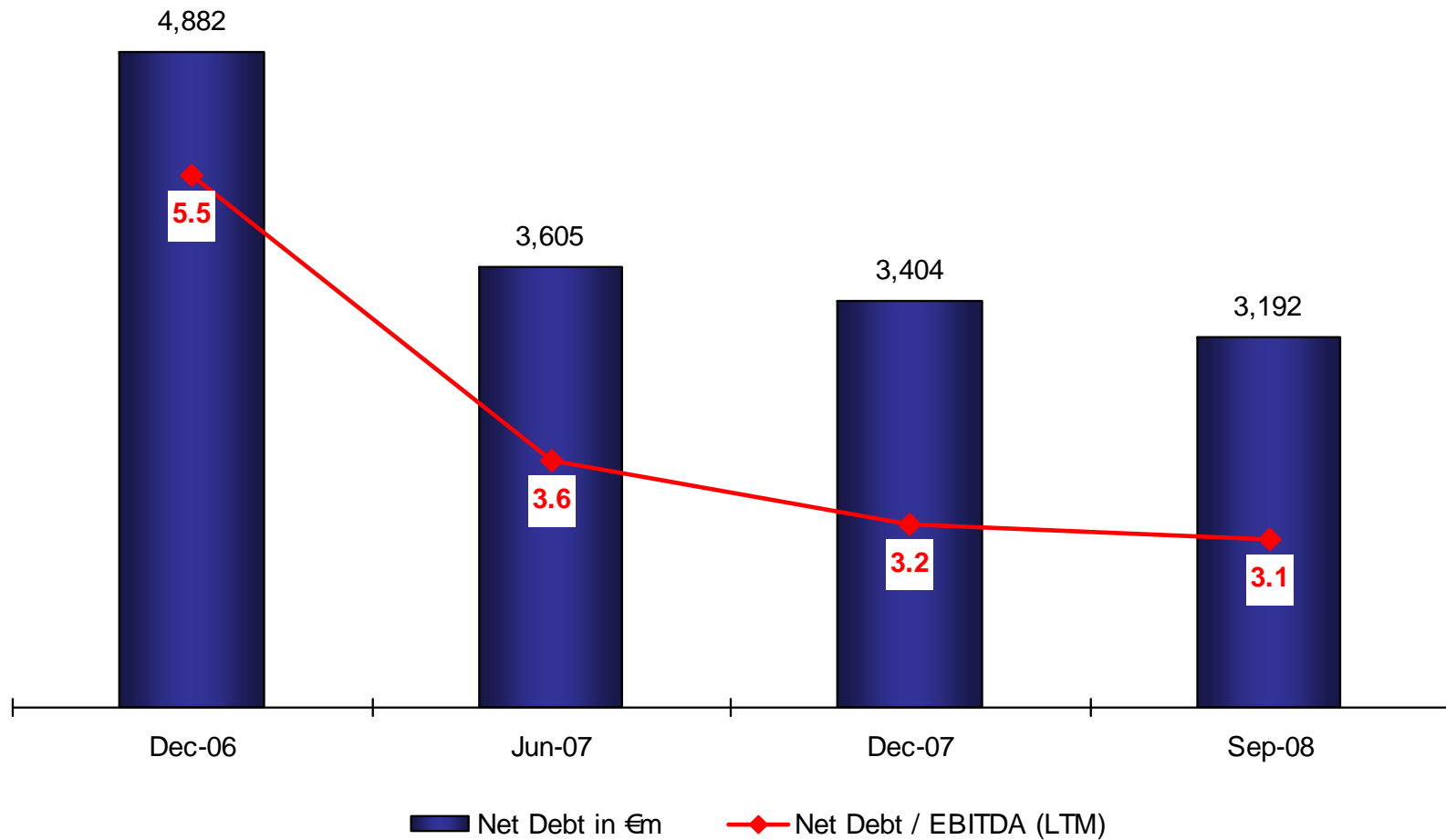
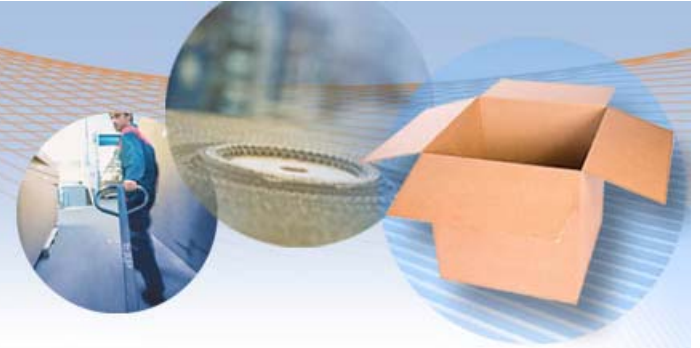


Source: RISI, company

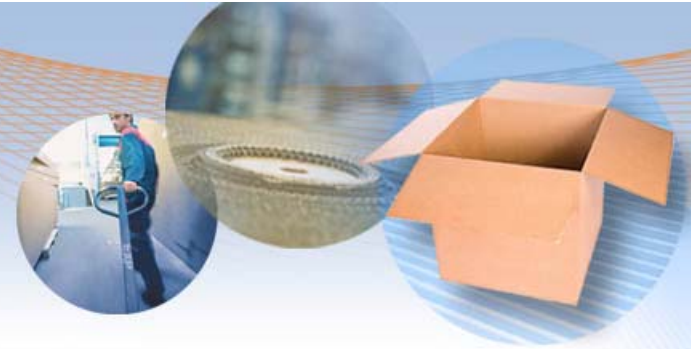
Net debt reduction through the cycle



Net debt reduction through the cycle

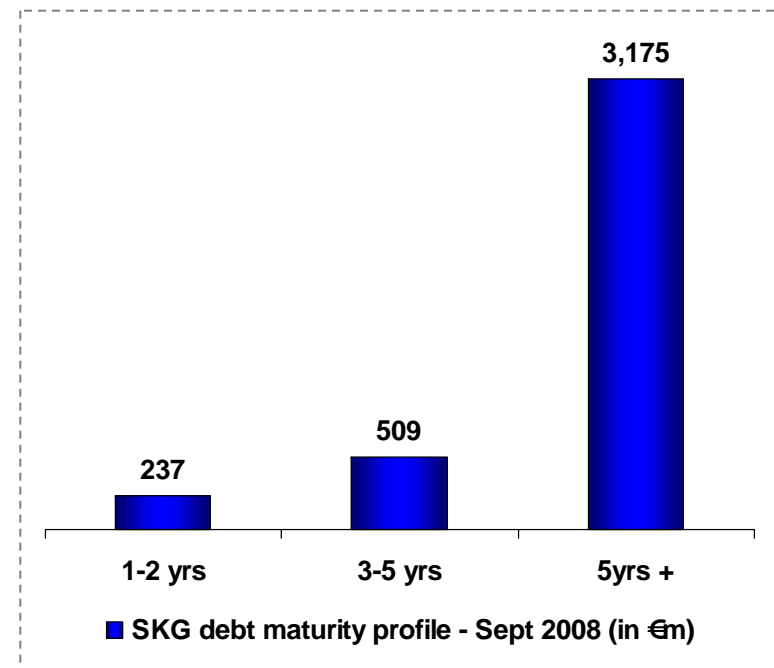


Well structured debt package



- 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

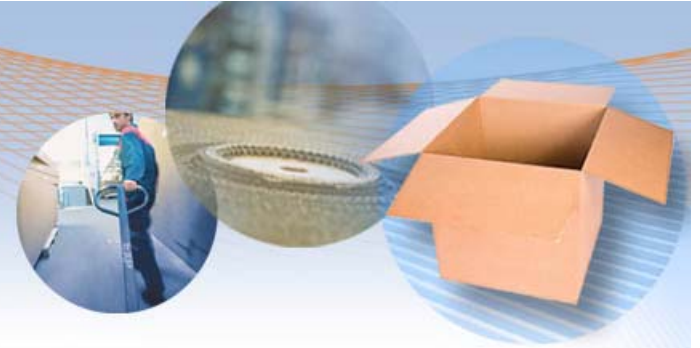


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Outlook



- 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 and strengthening US\$
 - Increasing capacity rationalisation decisions
 - Increasing financial risk for the announced new capacity
- 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
 - Focused determined management

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The graphic features a world map with a grid of dots. The map highlights several regions: North America, Latin America, Europe, and Asia. Text elements are scattered around the map, including 'people', 'innovative', 'market leader', 'latin america', 'europe', 'growth', and 'integrated'. On the left side, there are three circular images: a cardboard box, a person 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.

 **Smurfit Kappa Group**