

Smurfit Kappa Group

Gary McGann – UBS Global Paper Conference, 16 September 2008

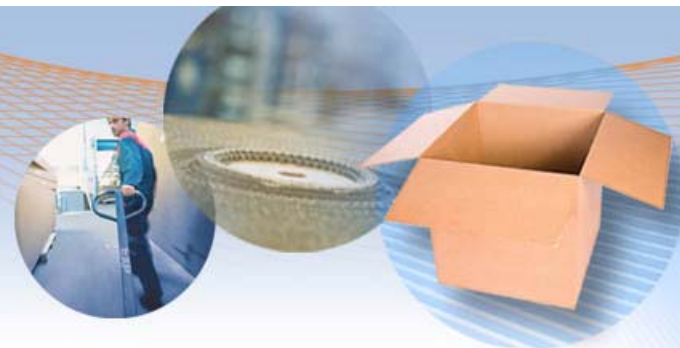


Smurfit Kappa | At a Glance



- Leading global paper-based packaging group
 - Primary focus on containerboard and corrugated
- Formation through merger of Smurfit and Kappa in 2005
- Combination of #1 and #3 European producers
- Clear European leader; increased exposure to high growth markets

Smurfit Kappa | Performance Since IPO

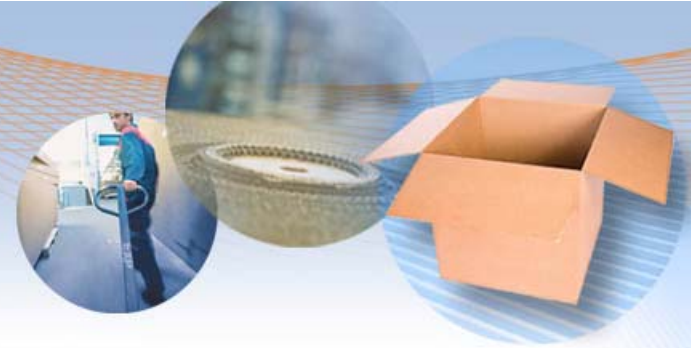


- All primary IPO in March, 2007 - Gross proceeds of €1.495 bn
- Key Performance Measures within or ahead of range of stated guidance

Performance Measure		FY 2007	H1 2008
EBITDA	(€m)	1,064	514
Net debt to EBITDA	(x)	3.20	3.09
Industry leading EBITDA margins (%)		14.6	14.0

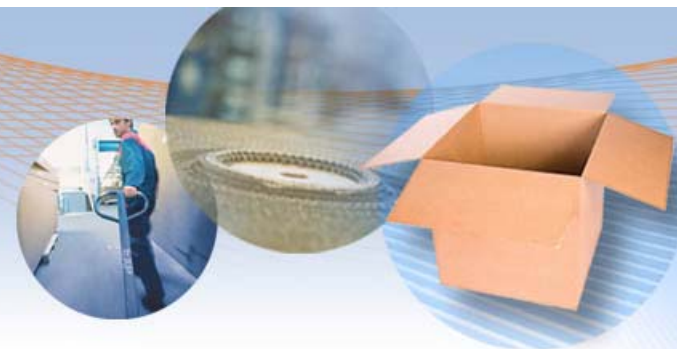
- Synergy benefits of merger of €180m delivered by 2008

Smurfit Kappa Group



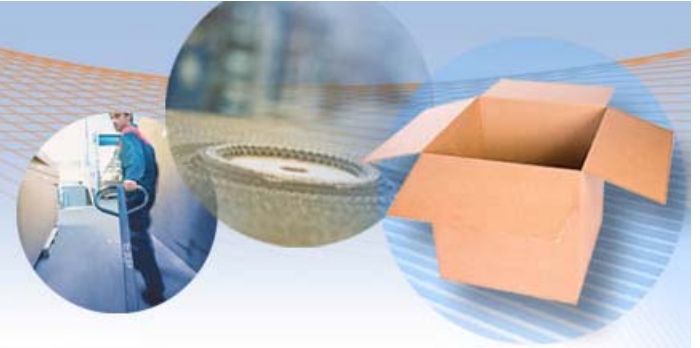
- Delivering strong performance through the cycle
- Cash focus & financial discipline
- Strategy & Outlook

Performance Highlights | 2008 H1



		H1 2008	H1 2007	Increase Y-on-Y
Revenue	(€m)	3,678	3,625	+1%
Pre-Exceptional EBITDA	(€m)	514	514	-
<i>EBITDA margin</i>		14.0%	14.2%	-
Free cash flow	(€m)	77	(37)	-
Net debt	(€m)	3,285	3,605	(9%)
ROCE		11.3%	10.5%	

Delivering strong performance through the cycle



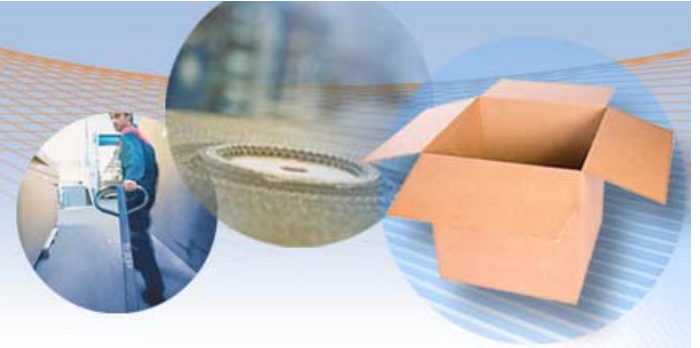
Strong customer focus & geographic spread

Continuous focus on operating efficiency

Increasingly efficient operating platform

Latin American advantage

Strong customer focus & unique geographic spread



- Focused market leader
- 60% of SKG customers in Food & Beverage
- Unique offering for Pan-European customers
 - Presence in 22 countries in Europe
 - Ability to offer full packaging product range across a broad range of markets
- Superior demand growth in Latin America

Unique Corrugated plants network

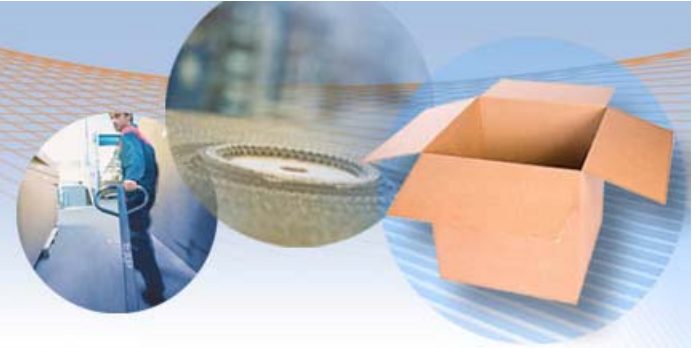


Continuous focus on operating efficiency



- **Corrugated: “Price not Volume”**
 - Broadly recovered 2006/07 cost increases
 - Stable prices in Q2 2008
- **Containerboard: efficient capacity management**
 - Permanent closure of 130,000 tons in H2 2008
 - 80,000 tons of market-related downtime in 08
- **Unrelenting focus on costs**

Increasingly efficient Recycled Containerboard system

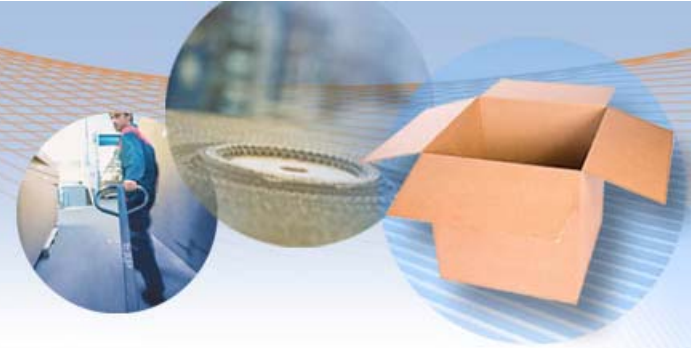


- Inevitable industry casualties if current conditions sustain :
 - Recycled containerboard prices declined by €90 per tonne to July
 - Cost base increased by €70-€80 per tonne since 2005 trough

- SKG system increasingly efficient :
 - Permanent closure of all higher cost capacity (20% of recycled capacity closed since 2005)
 - Optimised delivered cash cost of production
 - High quality system, no longer a likely source of material capacity rationalisation

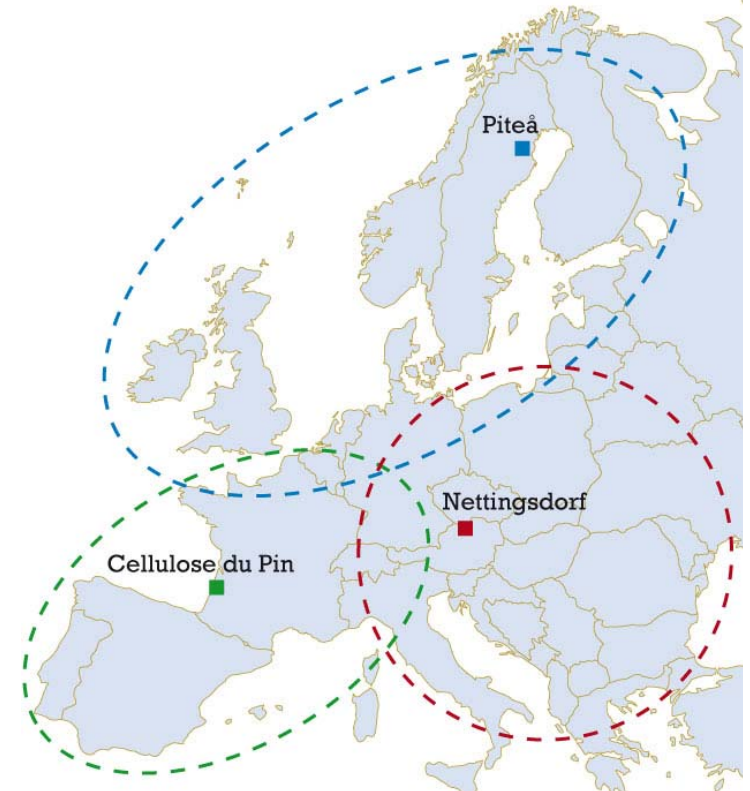
- SKG benefits from integration:
 - Reduced earnings volatility
 - Secure customers in oversupplied market

Most advanced Kraftliner system in Europe

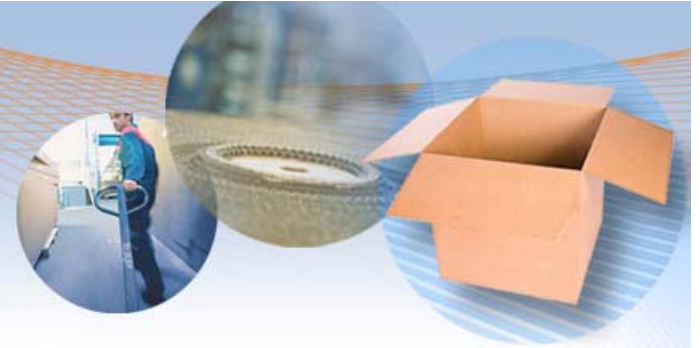


SKG kraftliner mill system

- Ideal locations close to raw materials & end markets
- Major barriers to entry, no new capacity
 - Replacement cost of SKG system > €3.0 bn
- High market share, especially in White-Top
 - Best grade, margins 50% higher than Brown Kraft
- Low cost position
 - Wood: lower inflation through geo. diversity
 - Energy: state of the art boilers & pro-active hedging
- Announced price increases for Q4 2008

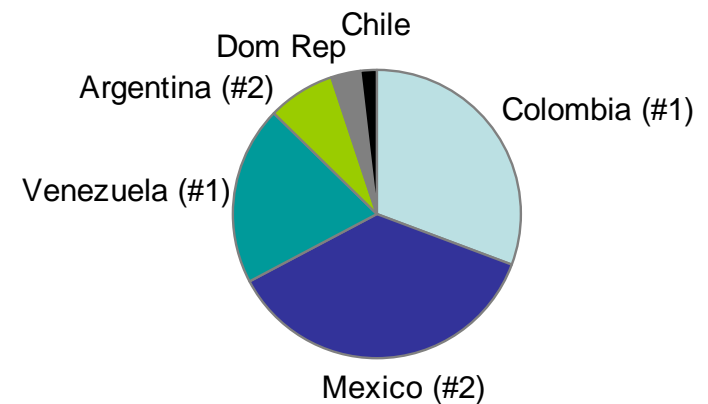


Latin American advantage

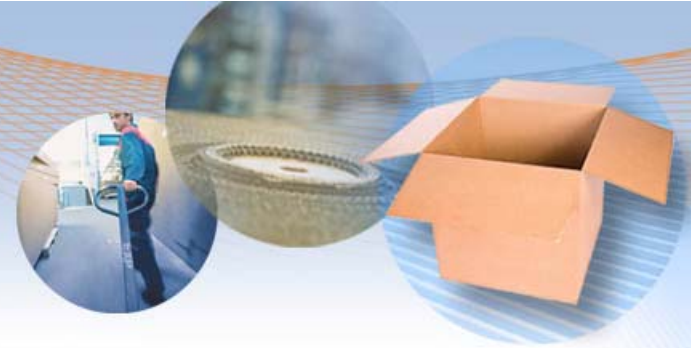


- Leading market positions
- Highly consolidated markets
- Strong barriers to entry
- Incentivised local management with excellent track record
- Portfolio of businesses and markets

Unique pan-Regional presence

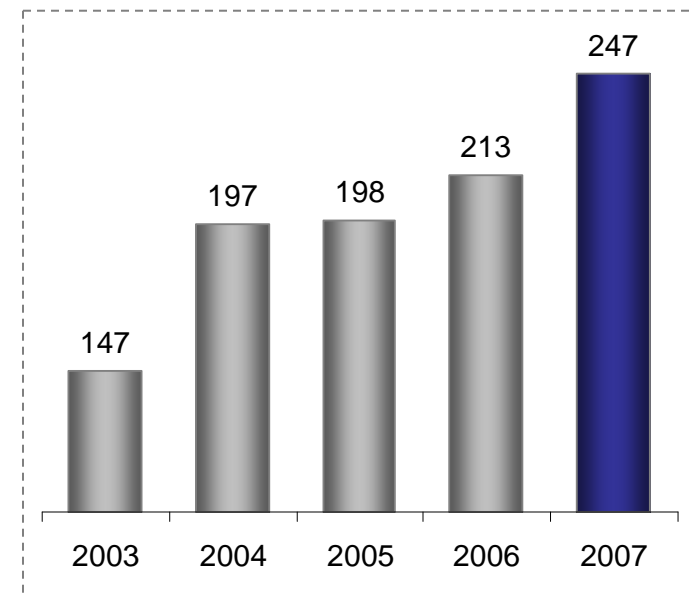


Latin American advantage



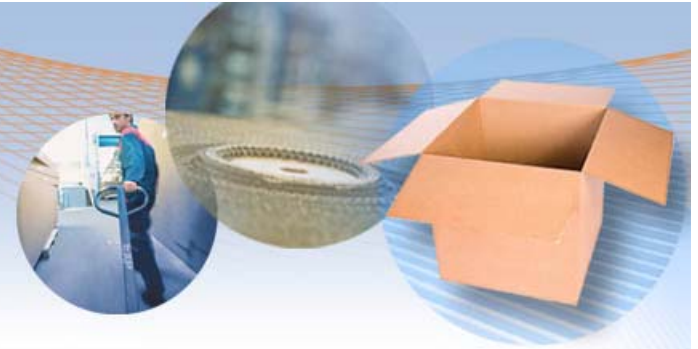
- Superior business growth
- 20% average EBITDA margins
- Enhanced cost control through forestry & OCC integration
- Track record of effective cash extraction
- Target market for growth

Latin American EBITDA (US\$m)



Source: company data

Cost & Cost Savings Initiative



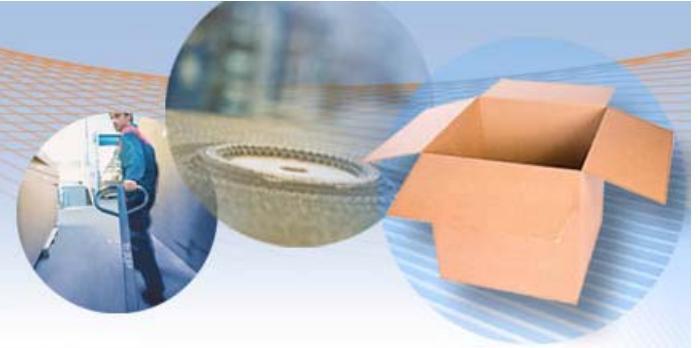
	Underlying cost movement (H1 08 vs. H1 07)
OCC	15%
Energy	10%
Wood	5%
Labour	2%
Distribution	0%
Expected cost increase for 2008 (excl. fibre & energy)	2.5%

SKG Competitive advantages

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

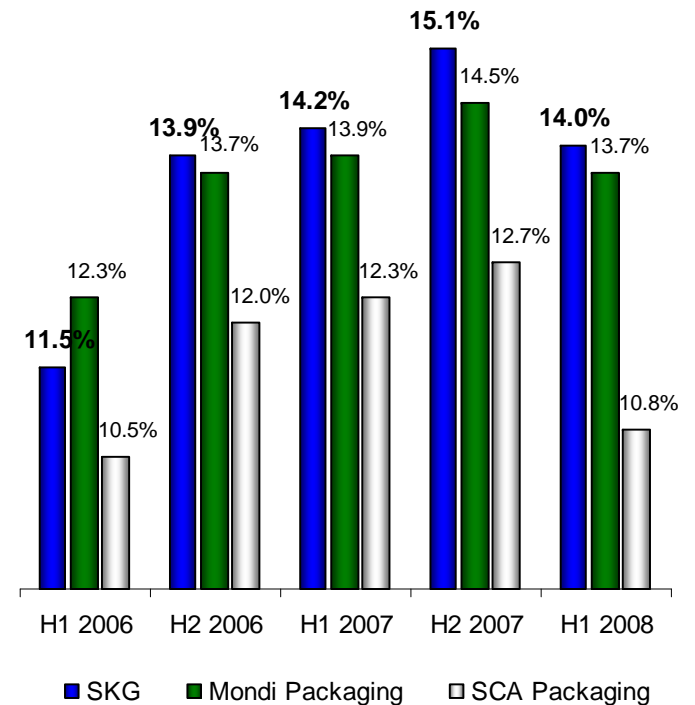
- New cost take-out program for up to €160 million by 2010

Strong returns through the cycle



- Continuous focus on margins
- Best in Class operators
- Increasingly efficient, high quality assets
- Unrelenting pressure on cost reduction
 - €180m of synergies achieved from 2005-08
 - New €160m cost Take-out program for 2008-10
- Superior margins in Latin America

Industry leading EBITDA margins

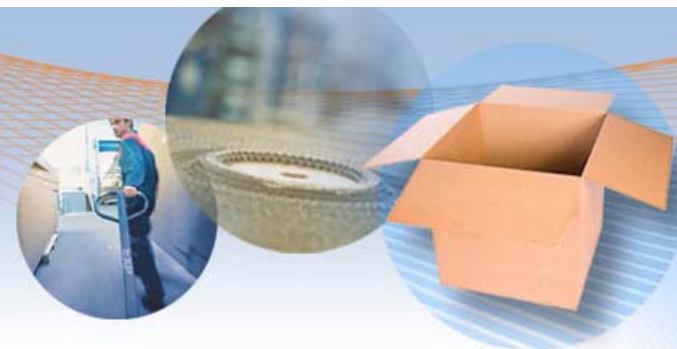


Source: SKG data, SCA and Mondi (restated) Annual and H1 08 Reports

Cash focus & financial discipline

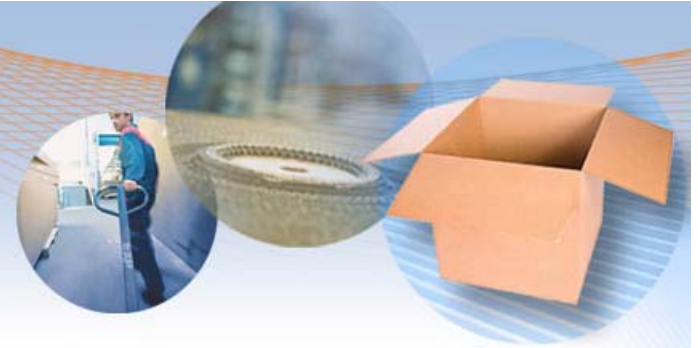


Cashflow | 2008 H1



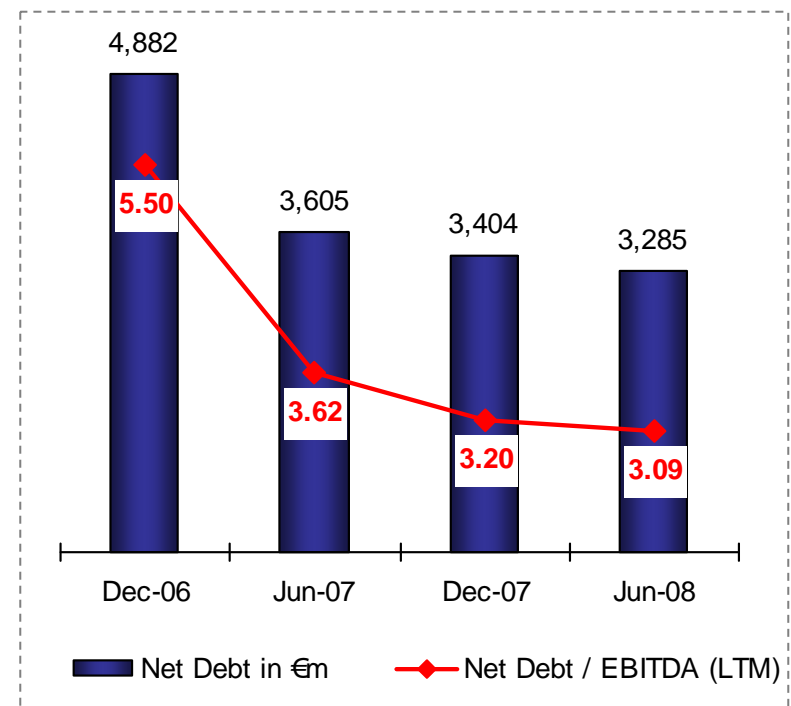
€m	H1 2008	H1 2007
Pre-exceptional EBITDA	514	514
Exceptional items	-	(14)
Cash interest	(122)	(151)
Working capital change	(83)	(98)
Current provisions	(23)	(61)
Capital expenditure	(128)	(147)
Tax paid	(30)	(25)
Other	(51)	(56)
Free cash flow	77	(37)

Strengthened Financial Capacity



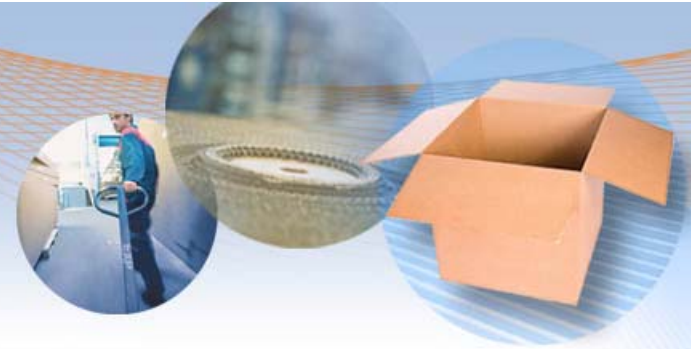
- Strong cash flow generation across industry cycle
 - Capital expenditure < 100% depreciation
 - Lowest working Capital in industry
 - Sustainable low cash tax rate
- Free Cash flow yield > 22% *
- Cash flow applied to debt reduction
- Strong liquidity

Continuous net debt reduction



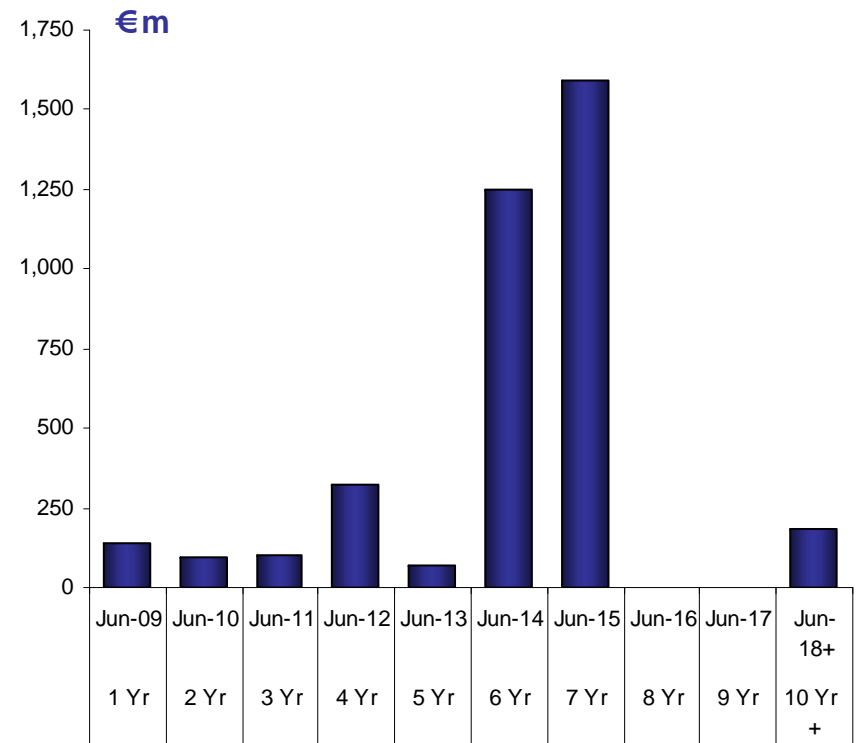
* Market consensus for 2008, as of market close on 5 September 2008

Well Managed Debt Structure



SKG Debt Maturity Profile

- S&P and Fitch upgrade to BB
- Average interest cost = 6.2%
- Flexible covenant structure
- Positive cash generation through the cycle



Strategy & Outlook

people

innovative

market leader

latin america

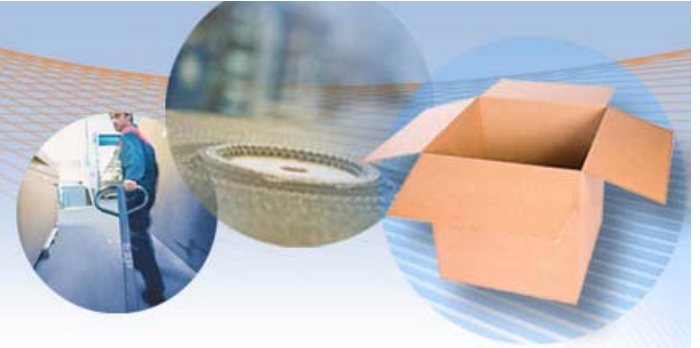
integrated

europe

growth

 **Smurfit Kappa Group**

Medium-term value drivers

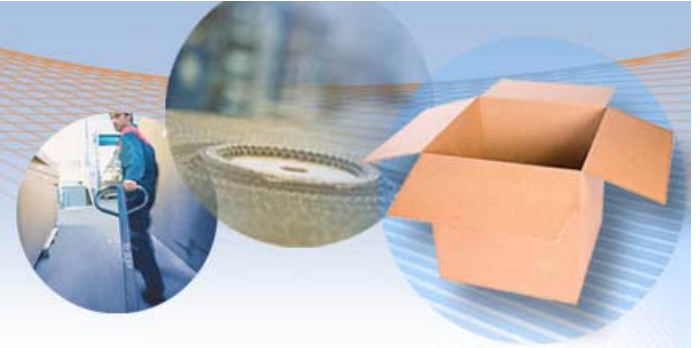


- Management has proven its ability to manage through the cycle
 - Previously delivered through the cycle
 - Are delivering in current challenging environment

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

- Selectively increasing exposure to higher growth markets

Well positioned to continue delivering strong returns through the cycle



Strong customer focus and geographic spread

Increasingly efficient operating platform

Strengthened financial capacity

Continued capital restraint

Smurfit Kappa Group plc

Beech Hill, Clonskeagh,
Dublin 4,
Ireland.

+353 1 202 7000

www.smurfitkappa.com



people
innovative

market leader

latin america

integrated
europe
growth

 **Smurfit Kappa Group**