

# DB High Yield Conference London, 11 June 2007



people  
innovative

market leader

latin america

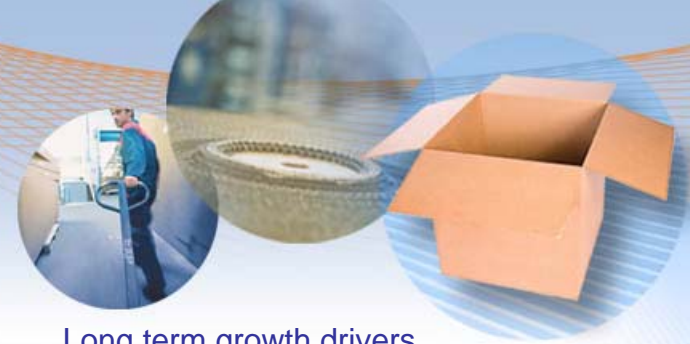


europe

growth

integrated

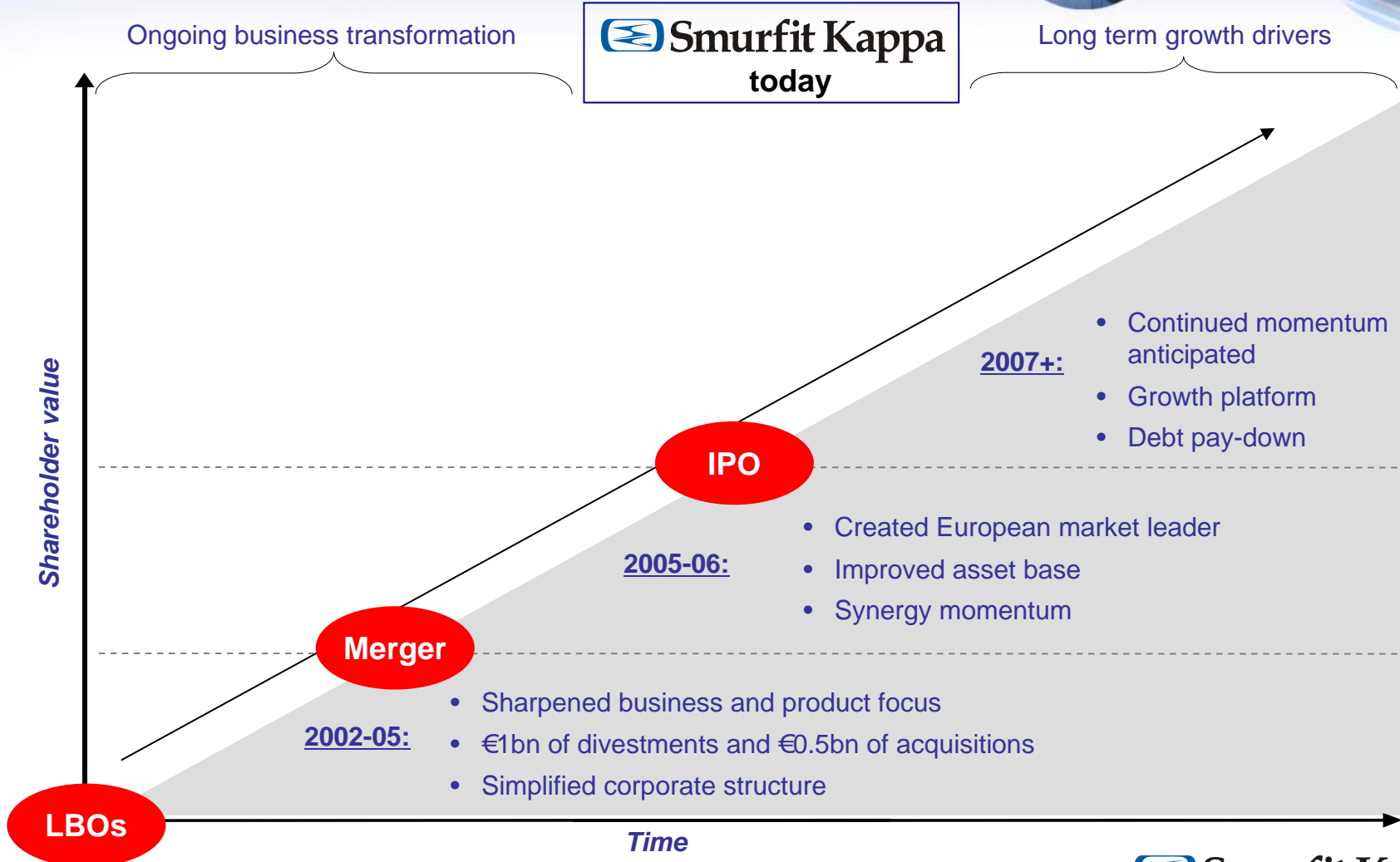
# Strategic evolution



Ongoing business transformation



Long term growth drivers



# Key investment highlights



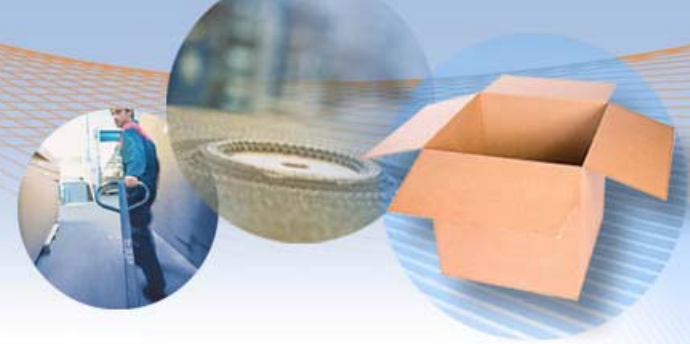
Successful IPO

European market leader

Focus on high growth markets

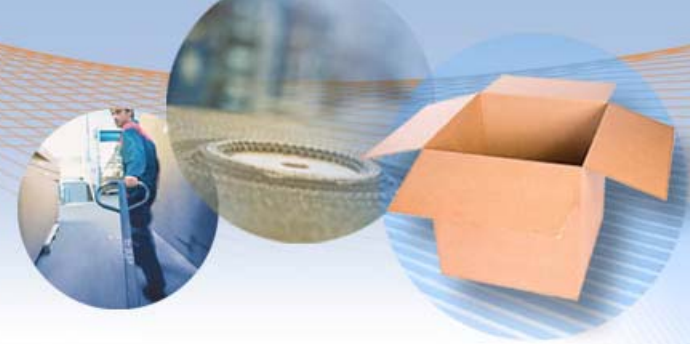
Planned performance delivered

# IPO highlights

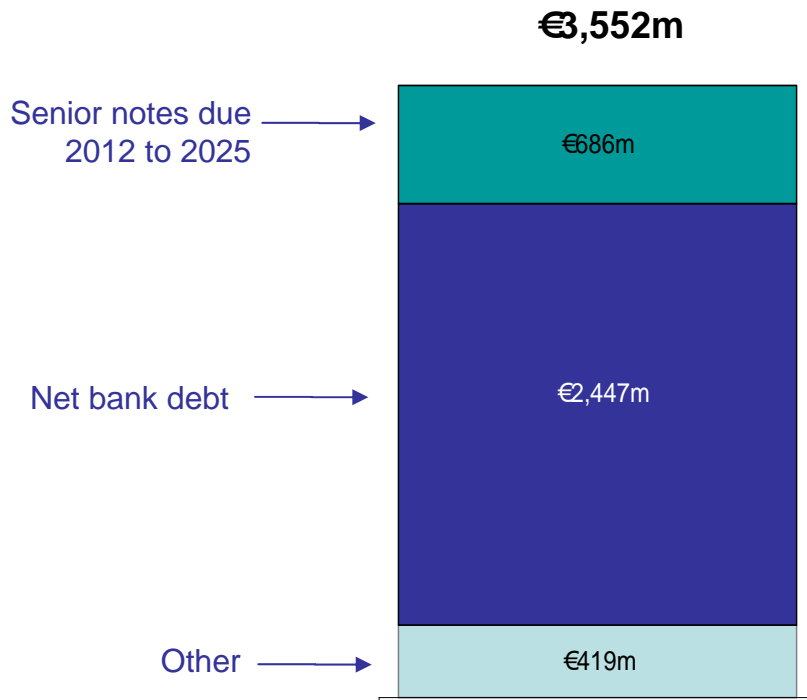


- Successful Initial Public Offering (IPO) on 14 March 2007
- Gross proceeds of €1,495 million
  - IPO significantly oversubscribed
  - Greenshoe 15% fully exercised
- Capital raised to optimise SKG's capital structure and accelerate growth objectives
- Net debt to EBITDA (LTM) :
  - Pre IPO = 5.5x (Dec. 2006)
  - Post IPO = 3.9x (Dec. 2006 Pro-forma)
  - Target = 3.25x – 4.25x
  - Post IPO = 3.7x (March 2007)

# Capital structure / Cash flow focus



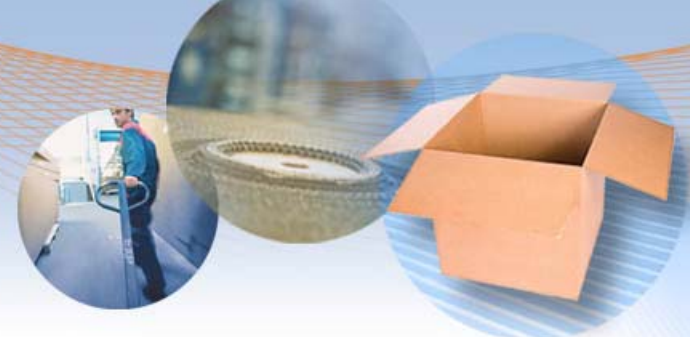
## Post-IPO capital structure (2006 pro forma)



## Strong Cash Focus

- Disciplined working capital management
- Judicious capital spend – circa 90% of depreciation
- Low cash taxes

# Capitalisation



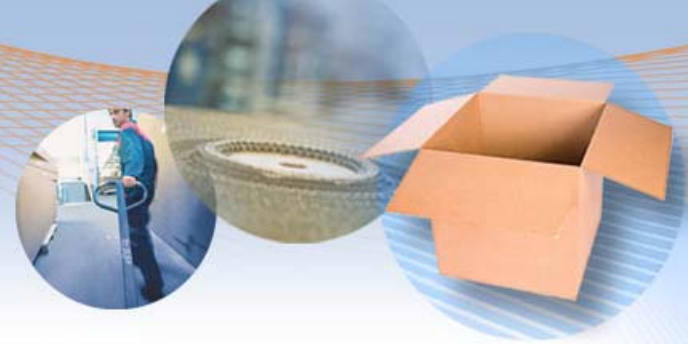
(€m)	2006	Repayment	PF 2006 post IPO
Senior credit facility	2,831		2,831
Cash	(371)	(13) <sup>(2)</sup>	(384)
7.75% senior subordinated notes due 2012	368		368
\$292m 7.5% guaranteed debentures due 2025	220		220
\$750m 9.625% senior notes due 2012	572	(516)	56
€350m 10.125% senior notes due 2012	351	(309)	42
Other debt	123		123
Capitalised leases and receivables securitisation	296		296
9% shareholder PIK due 2016	96	(96)	0
11.5% senior PIK due 2015	396	(396)	0
<b>Net borrowings</b>	<b>4,882</b>	<b>(1,330)</b>	<b>3,552</b>
<b>Net debt / PF 2006 EBITDA<sup>(3)</sup></b>	<b>5.31x</b>		<b>3.86x</b>

(1) Assuming gross proceeds of €1,495m less expenses of €137m and deferred debt issuance costs of €28m

(2) Cash held pending application against accrued interest on PIK's

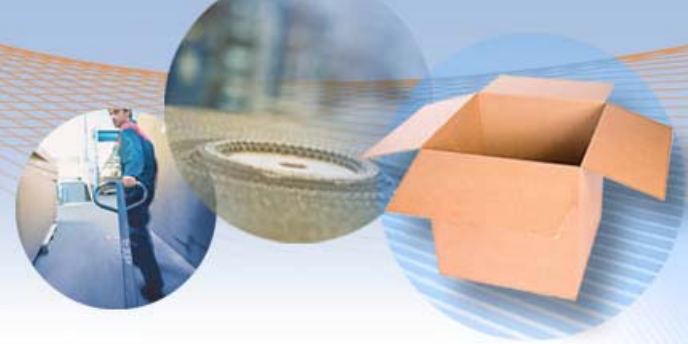
(3) 2006 EBITDA of €883m + PF for run-rate synergies of €37m (2006 end year run-rate of €124m less achieved synergies in 2006 of €87m)

# Value driven management team



- Ownership culture – devolved local autonomy combined with strong central disciplines
- International spirit – 6 nationalities in top line operating management team
- Aligned management and shareholder interest :
  - Share-based payment awards driven by performance criteria relative to peer group

# Key investment highlights



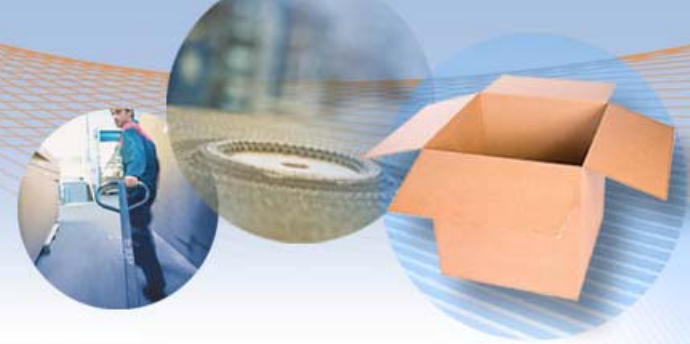
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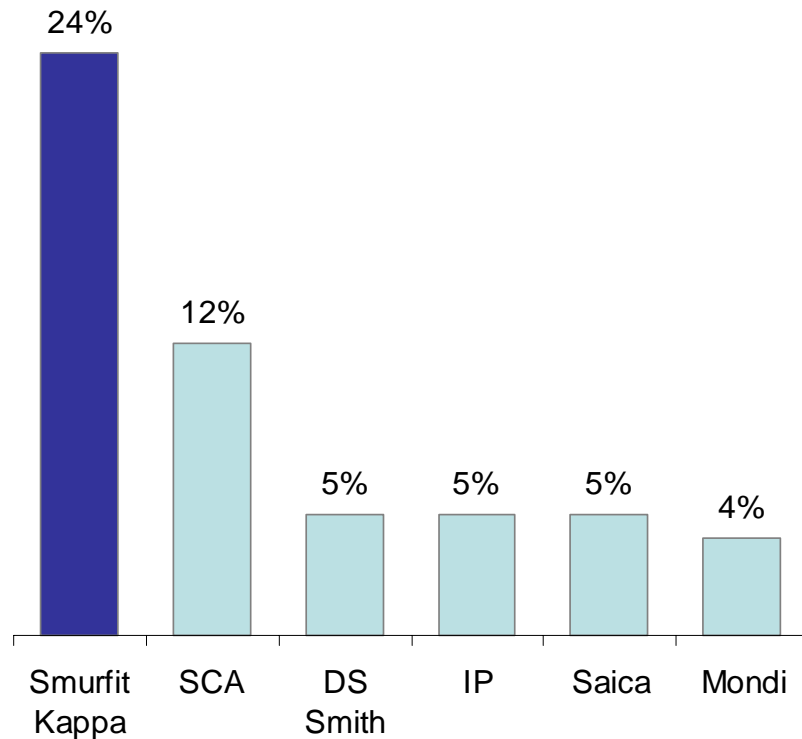
Focus on high growth markets

Planned performance delivered

# Focused industry leader in Europe



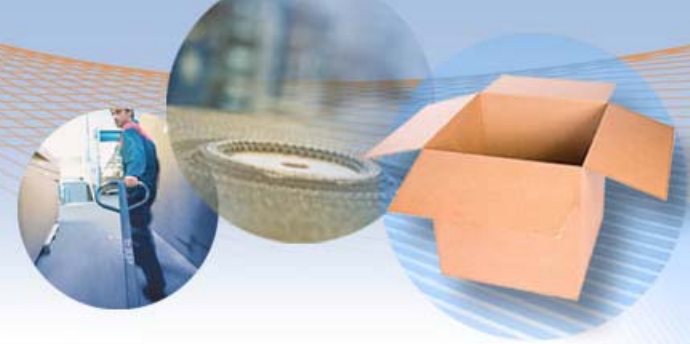
## European corrugated market



## Diverse customer base

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

# Improving industry with robust outlook



## European capacity management

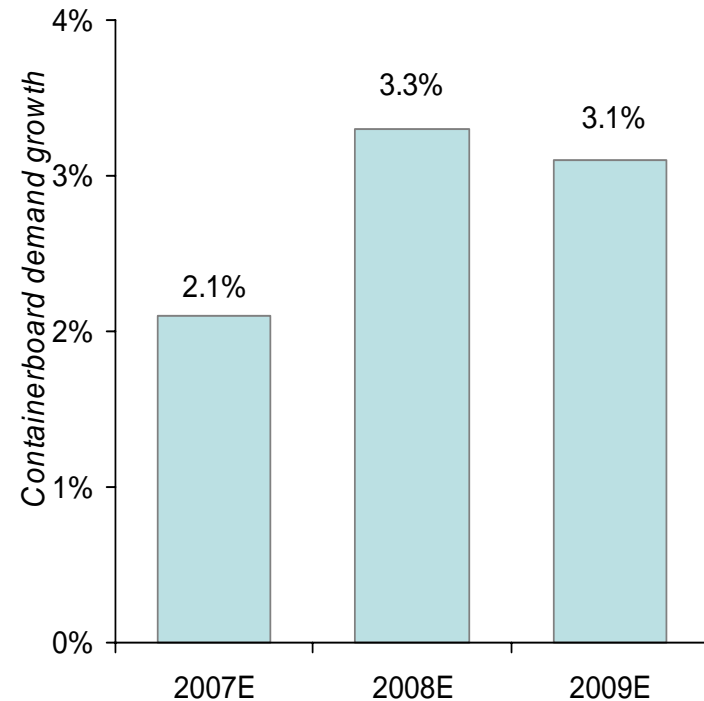
Million tonnes	2005	2006	2007E	TOTAL
<b>Closures</b>	<b>(0.4)</b>	<b>(1.5)</b>	<b>(0.1)</b>	<b>(2.0)</b>
<i>SK Impact</i>	<i>(0.5)</i>		<i>(0.1)</i>	<i>(0.6)</i>
<b>Additions</b>	<b>1.2</b>	<b>0.4</b>	<b>0</b>	<b>1.6</b>
<b>Net Change</b>	<b>0.8</b>	<b>(1.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>

Source: RISI, company estimates

2007E based on closures/additions announced YTD June 07

- SKG accountable for 30% of total capacity closures

## European demand growth



Source: RISI

# Performance review Q1 2007



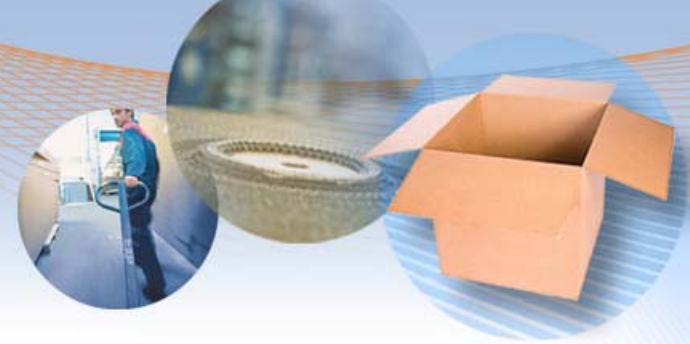
- EBITDA margin compression in Q1 2007:
  - Recovered paper price increase due to increased demand from China of c. 40% \*
  - Wood price pressure as competition from bio-mass projects increases
  - Kraftliner market negatively impacted by increased US imports
  - SK corrugated volume growth lower than market due to leadership position on price increase
- Projected full year earnings in line with market expectations

# Trading update



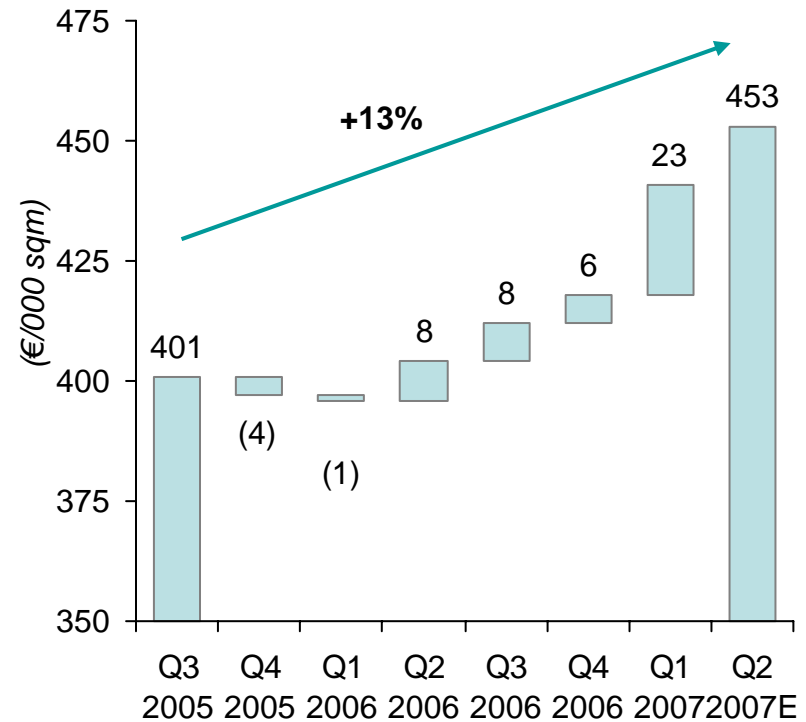
- Favourable trends:
  - Healthy market growth
  - Successful containerboard price increases in 2007, supported by stock levels of recovered & recycled paper significantly lower than previous year
  - Largest European sales force fully committed to corrugated price increase

# Integrated operating model driving earnings growth



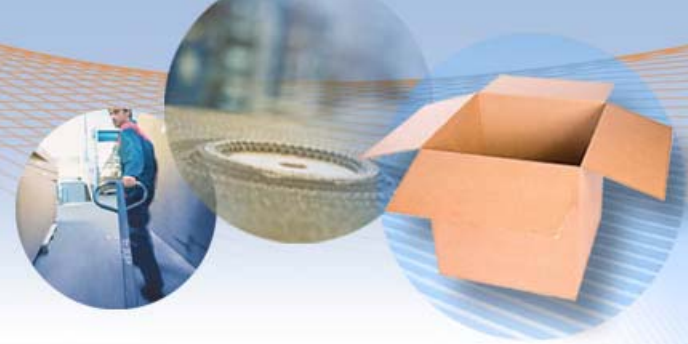
- Fully integrated
- Market led
- Earnings quality
- Profit momentum

## Corrugated price



Source: RISI

# Key investment highlights



Successful IPO

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Focus on high growth markets

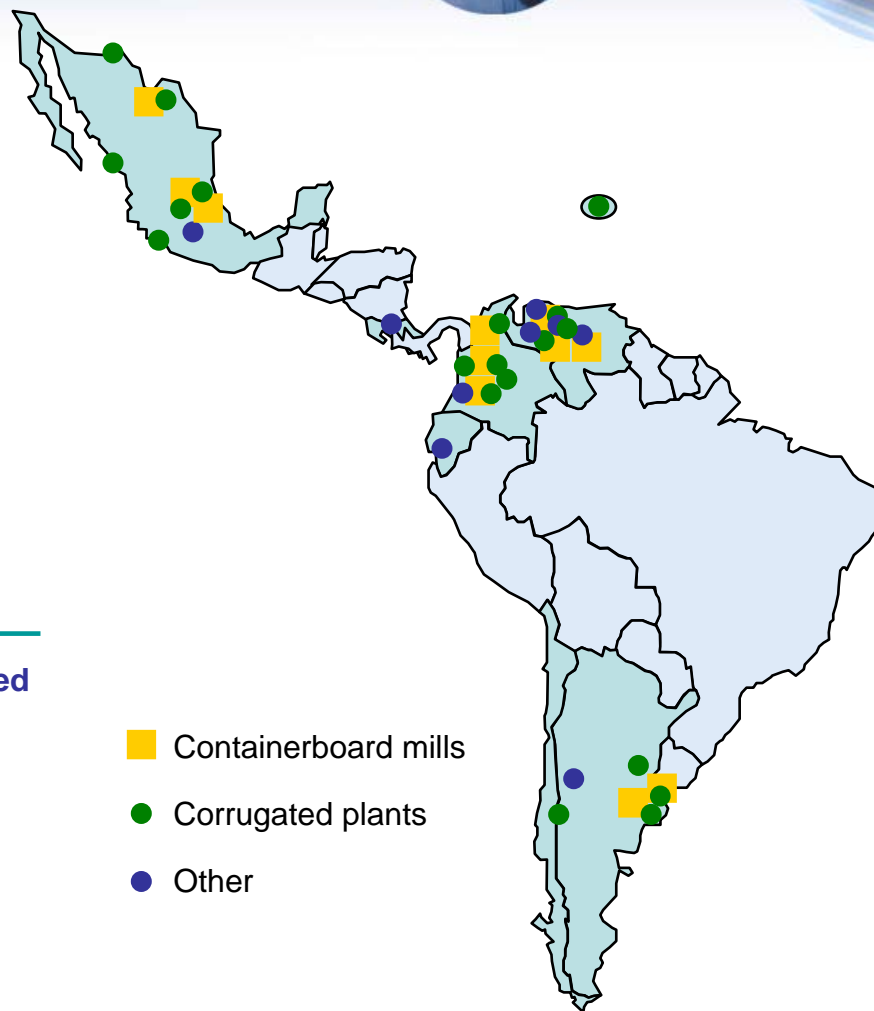
Planned performance delivered

# Leading positions in fast growing Latin American markets

- Present since 1986
- 75 facilities across 9 countries with a regional head office in Miami
- Incentivised local management with excellent track record
- Market leading positions in Venezuela, Colombia, Mexico and Argentina
- Also active in Chile, Ecuador, Puerto Rico, Costa Rica and Dominican Republic

## Market leading positions and production in key markets (kt)

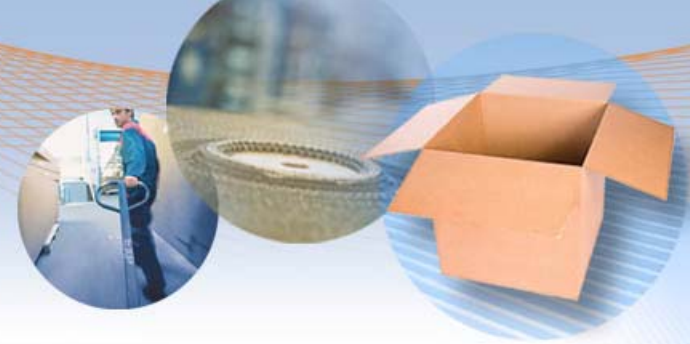
	Containerboard / corrugated
Mexico	280 / 350
Venezuela	110 / 120
Colombia	160 / 150
Argentina	130 / 110



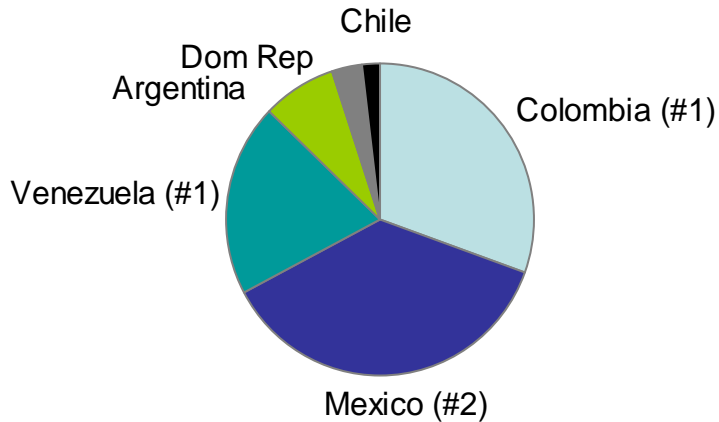
- Containerboard mills
- Corrugated plants
- Other

Source: Company data

# Leading positions in fast growing Latin American markets

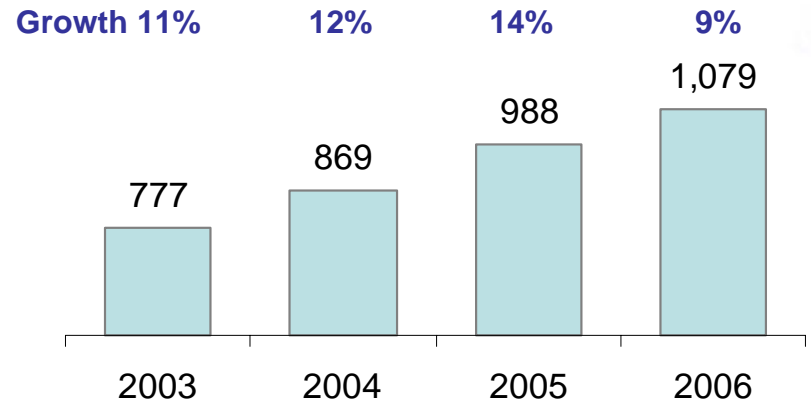


## Smurfit Kappa sales by country



Source: Company (2006)

## Smurfit Kappa sales development (US\$m)



Source: Company (Irish / local GAAP)

## Continuous development (projects 06/07)

- New corrugated plant in Mexico
- Increased capacity of Colombian mill system

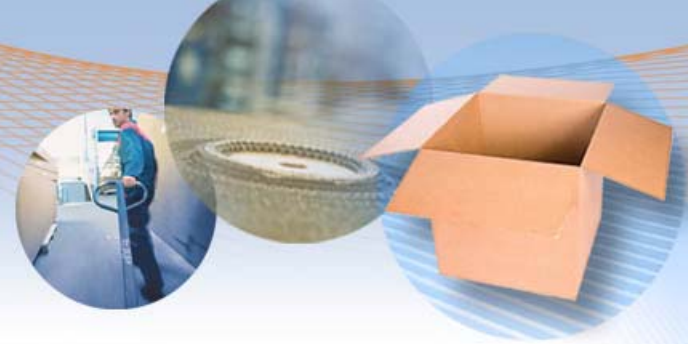
# Strategic positioning in Eastern Europe



- Corrugated container shipments growth of 10.9% pa since 2001 in Eastern Europe countries \*
- SKG holds market leading positions :
  - Poland #2
  - Russia (St Petersburg) #1
  - Slovakia #1
  - Czech Republic #2
  - Baltics #3
- Active research for business development opportunities

\* Source: Goldman Sachs

# Key investment highlights



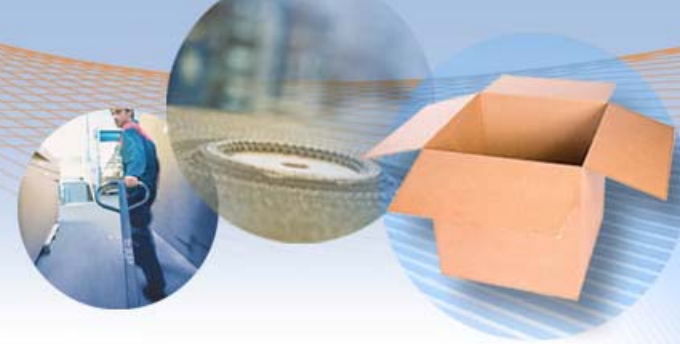
IPO Success

European market leader

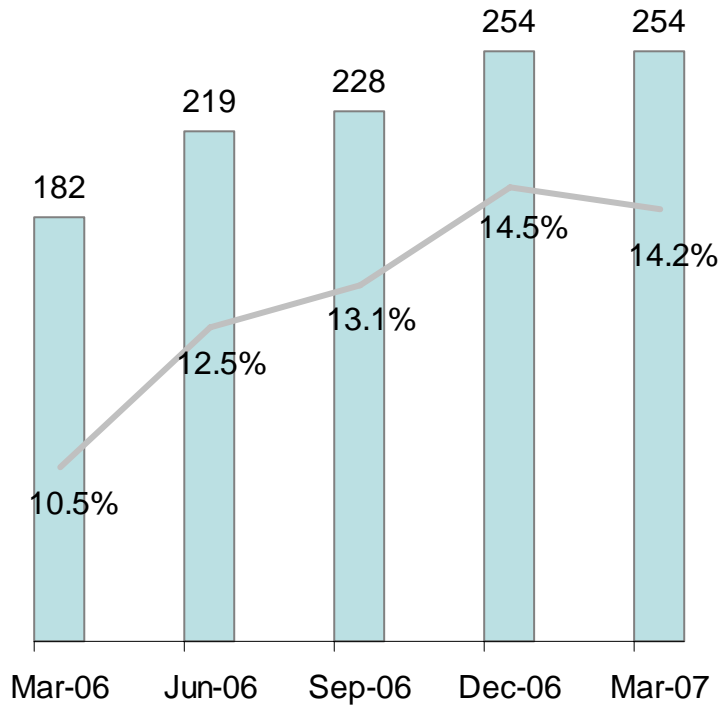
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# Strong performance

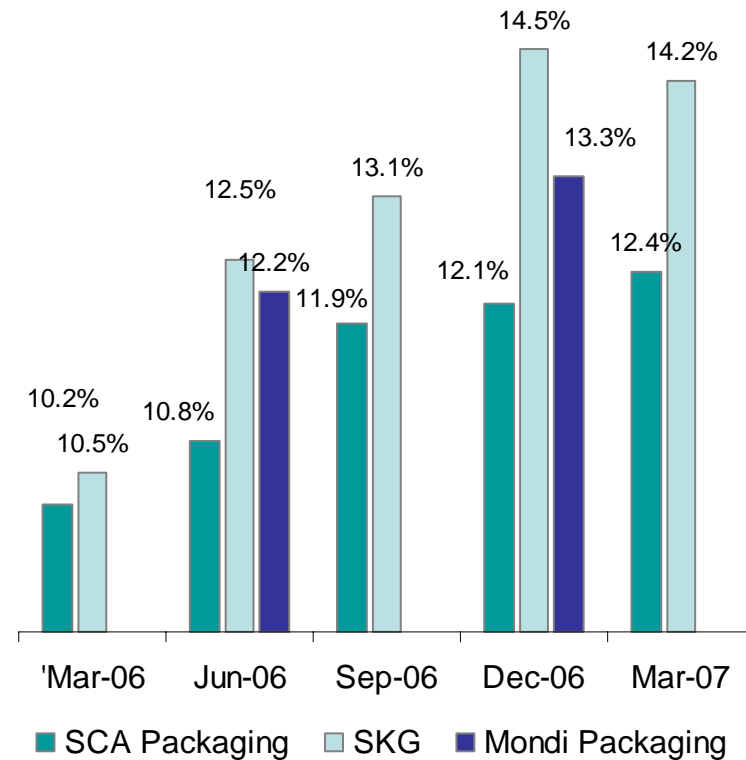


## Performance delivered



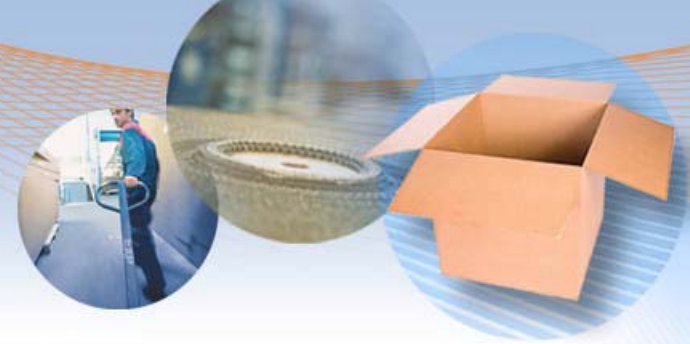
EBITDA increased 40% year-on-year

## Outperforming our peers

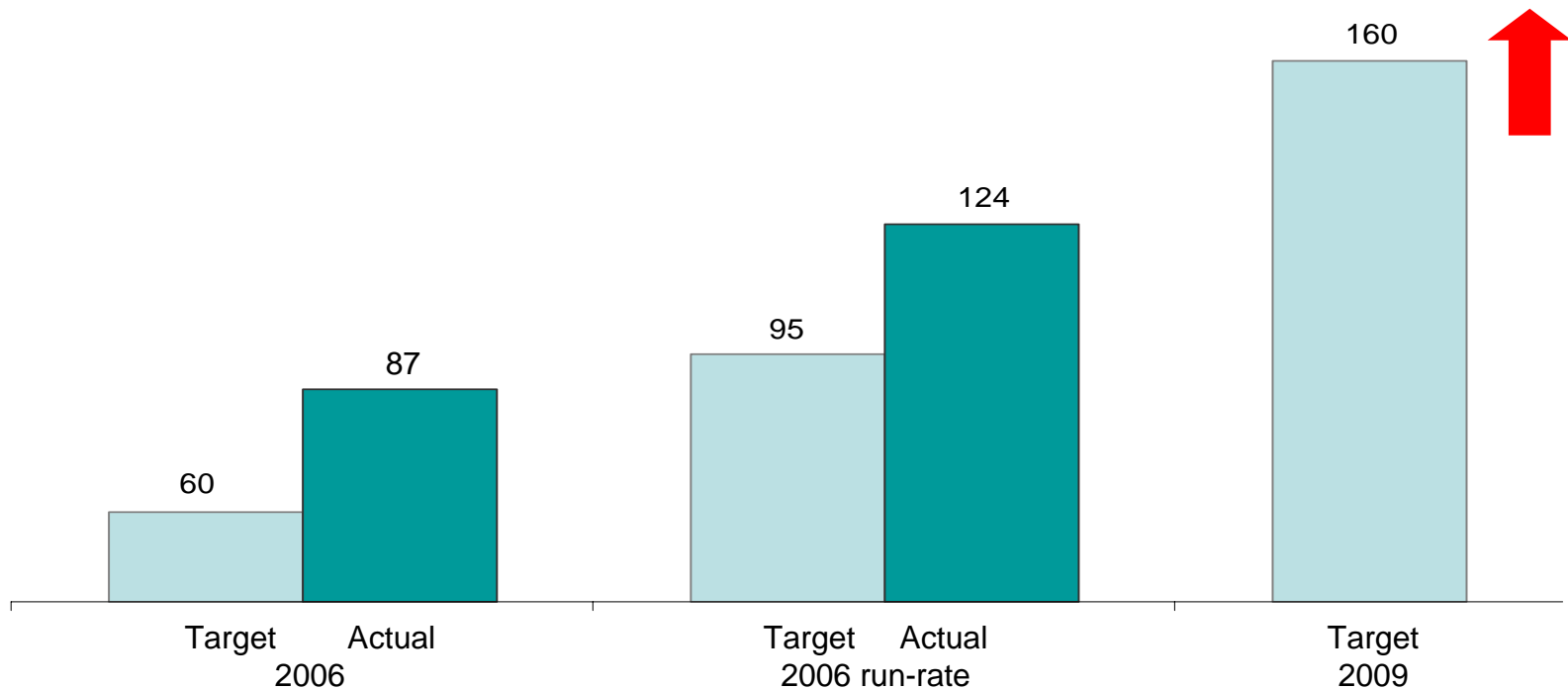


Note: Quarterly data for Smurfit Kappa and SCA; half yearly data for Mondi  
 Source: Company data, SCA 2006 Report, Anglo American H1 2006 and 2006 Report

# Synergies ahead of plan



## Synergy plan (€m)



- Target to deliver synergies ahead of the original €160 million estimate, by the end of 2009

# Outlook



- Strong demand
- Capacity increasingly coming into balance across each of our markets
- Inventory levels significantly below prior year levels
- Solid financial performance in Q1 2007 despite some margin compression
- Expect to deliver a FY 2007 outcome in line with current market expectations

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