PRESS RELEASE

28 July: Smurfit Kappa Group plc ('SKG' or 'the Group') today announced results for the half year ending 30 June 2021.

2021 Half Year | Key Financial Performance Measures

€m	H1 2021	H1 2020	Change
Revenue	€4,679	€4,203	11%
EBITDA [1]	€781	€735	6%
EBITDA Margin [1]	16.7%	17.5%	
Operating Profit before Exceptional Items [1]	€477	€450	6%
Profit before Income Tax	€413	€383	8%
Basic EPS (cent)	119.9	116.9	3%
Pre-exceptional Basic EPS (cent) [1]	119.9	116.9	3%
Free Cash Flow [1]	€117	€238	(51%)
Return on Capital Employed [1]	14.8%	14.8%	

Net Debt [1]	€2,549	€3,257	
Net Debt to EBITDA (LTM) [1]	1.6x	2.1x	

Key Points:

- Revenue growth of 11%
- EBITDA of €781 million with an EBITDA margin of 16.7%
- Corrugated growth of over 10% and over 9% versus 2020 and 2019 respectively
- Accelerating investment plans to meet customer needs and capitalise on growth
- Agreement to acquire 600,000 tonne recycled containerboard mill
- Strong and progressive corrugated price recovery offsetting significant input cost increases
- Interim dividend increased by 5% to 29.3 cent per share

Performance Review and Outlook

Tony Smurfit, Group CEO, commented:

"I am pleased to report a strong first half performance with revenue growth of 11%, EBITDA of €781 million and an EBITDA margin of 16.7%. Growth in corrugated was over 10% against the same period in 2020 and over 9% on 2019 and we continue to see strong demand for our core products.

"As a result of our past and current capital investments in our integrated business model, we have, for the most part, been able to fulfil our customers' needs during this period of exceptionally strong demand. It has also been a period of significant input cost pressures which we have and will continue to recover through corrugated price increases.

"Against this backdrop our European business delivered a strong performance with EBITDA of €591 million and an EBITDA margin of 16.2%. Our Americas business equally delivered a strong performance with EBITDA of €211 million and an EBITDA margin of 20.4%. These performances reflect the benefits of our

[1] Additional information in relation to these Alternative Performance Measures ('APMs') is set out in Supplementary Financial Information on pages 30 to 36.

integrated business model, our investment programmes, strong market positions and our performance culture which has come to the fore during these high pressured times. I would like to pay a special tribute to all our people who are going the extra mile to satisfy customer demands.

“To further strengthen the integration of the Group and the security of supply for our customers we are pleased to announce today the acquisition, subject to customary closing conditions, of a world-class recycled containerboard mill with a capacity of 600,000 tonnes. This mill is strategically well positioned in Northern Italy, it is highly complementary to our existing operational footprint and will support the acceleration of the significant investments we are making in our converting operations.

“In addition to our announced acquisition in Italy we were also delighted to complete the acquisition of two operations in our Americas region in Peru and Mexico. These two businesses further add to our geographic footprint, including a new market through Peru, and customer offering, and I am delighted to welcome a further 608 employees to Smurfit Kappa. We continue to be excited by the opportunities presented by this region.

“We are accelerating our investment plans to capitalise on the significant growth opportunities available to us. This growth is coming from the structural drivers of paper-based packaging, as the sustainable product of choice by consumers and customers alike, as well as the continued strong growth in e-commerce. I am very proud of our product development teams in SKG who have ensured our product offering in innovation and design is the best in the industry globally.

“During the first half we also published our 14th Sustainable Development Report, independently assured for over 10 years. Amongst the highlights of the 2020 report was significant action across our key metrics, such as, a further 7% reduction in our carbon intensity, an 18% reduction in waste to landfill intensity and a 29% improvement in safety performance.

“I am also happy to report that both Moody’s and Standard & Poor’s have upgraded our credit rating to Baa3 and BBB- respectively, in addition to Fitch’s BBB- rating.

“The second half has continued the trend of strong demand and corrugated price recovery. SKG remains very confident in our prospects and excited about the opportunities for our business. Our first half performance has established a platform for strong and accelerated earnings growth through the remainder of 2021.

“Reflecting this and the future prospects of the business the Board is recommending a 5% increase in the interim dividend.”

About Smurfit Kappa

Smurfit Kappa, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, with approximately 46,000 employees in over 350 production sites across 36 countries and with revenue of €8.5 billion in 2020. We are located in 23 countries in Europe, and 13 in the Americas. We are the only large-scale pan-regional player in Latin America. Our products, which are 100% renewable and produced sustainably, improve the environmental footprint of our customers.

With our proactive team, we relentlessly use our extensive experience and expertise, supported by our scale, to open up opportunities for our customers. We collaborate with forward-thinking customers by sharing superior product knowledge, market understanding and insights in packaging trends to ensure business success in their markets. We have an unrivalled portfolio of paper-based packaging solutions, which is constantly updated with our market-leading innovations. This is enhanced through the benefits of our integration, with optimal paper design, logistics, timeliness of service, and our packaging plants sourcing most of their raw materials from our own paper mills.

We have a proud tradition supporting social, environmental and community initiatives in the countries where we operate. Through these projects we support the UN Sustainable Development Goals, focusing on where we believe we can have the greatest impact.

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Forward Looking Statements

This Announcement contains certain statements that are forward-looking. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations of the Group about future events, and involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although the Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements should therefore be construed in the light of such factors. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. Other than in accordance with legal or regulatory obligations, the Group is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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2021 First Half | Performance Overview

The Group reported EBITDA for the first half of €781 million, up 6% on 2020. The Group EBITDA margin was 16.7%, down from 17.5% in the first half of 2020. The result reflects the resilience of the Group's integrated model and the benefits of our customer-focused innovation and capital spend programme, offset by higher year-on-year recovered fibre, energy and other raw material costs.

The second half has continued the trend of strong demand and corrugated price recovery.

In Europe, EBITDA increased by 3% on the first half of 2020 to €591 million. The EBITDA margin was 16.2%, down from 17.6% on the same period in 2020. Corrugated demand was up approximately 10% on 2020 and 9% on 2019. Corrugated pricing has continued to improve in line with expectations with continued progression into the second half.

European pricing for testliner and kraftliner has increased by €220 per tonne and €200 per tonne respectively from the low of September 2020 to June 2021. As we begin the second half of the year, inventories remain extremely tight and demand remains strong.

Our European business continued to strengthen its operating platform in the first half with the commencement of a number of significant projects across our paper and corrugated divisions. In our paper division we announced growth projects in Germany and a significant sustainability investment, also in Germany, which upon completion will reduce our Group CO_2 emissions intensity by 2%. In our corrugated division we announced significant expansion projects in France, Czech Republic, Slovakia, Poland, and the UK. We have also recently announced the completion of an increased capacity investment in our Spanish bag-in-box plant.

In the Americas, EBITDA increased by 19% on the first half of 2020 to €211 million. The EBITDA margin increased from 19.0% in the first half of 2020 to 20.4% in the first half of 2021, delivered against a backdrop of difficult weather conditions in the Southern US in the first quarter and a challenging second quarter in Colombia due to national strikes. Colombia, Mexico and the US accounted for over 78% of the region's earnings with strong performances in all three countries. Corrugated demand for the first half was up 11% year-on-year.

We have recently announced the acquisition of two operations in the Americas, in Peru and Mexico. We have also recently announced significant expansion and sustainability focused projects in our paper, corrugated and sack businesses in Colombia, North America and Central America.

The Group reported free cash flow of €117 million in the first half of 2021 compared to €238 million in the first half of 2020. The average maturity profile of the Group's debt was 4.4 years at 30 June 2021 with an average interest rate of 3.17%. Net debt to EBITDA was 1.6x at the half year, in line with the year end. The Group remains strongly positioned within its BBB-/BBB-/Baa3 credit rating.

2021 First Half | Financial Performance

Revenue for the first half was €4,679 million, up 11% on the first half of 2020 or 13% on an underlying[2] basis.

EBITDA for the first half was €781 million, 6% up on the first half of 2020. On an underlying basis, Group EBITDA was up 8% year-on-year, with Europe up 3% and the Americas up 26%.

Operating profit before exceptional items for the first half of 2021 at €477 million was 6% higher than the €450 million for the same period of 2020.

There were no exceptional items charged within operating profit and no exceptional finance items in the first half of both 2021 and 2020.

Net finance costs at €64 million were €4 million lower than 2020, reflecting a decrease in both cash interest and interest cost on net pension liabilities along with the positive swing from a fair value loss on financial

[2] Additional information on underlying performance is set out within Supplementary Financial Information on pages 30 to 36.

assets/liabilities in 2020 to a gain in 2021, partly offset by a negative swing from a foreign currency translation gain on debt in 2020 to a loss in 2021.

With the €27 million increase in operating profit together with the €4 million decrease in net finance costs, partly offset by a €1 million move in share of associates' profit, the profit before income tax was €413 million, €30 million higher than in 2020.The income tax expense of €105 million was in line with 2020, resulting in a profit of €308 million for 2021 compared to a profit of €278 million in 2020.

Basic EPS for the first half of 2021 was 119.9 cent, compared to 116.9 cent in 2020.

2021 First Half | Free Cash Flow

Free cash flow in the first half of 2021 was €117 million compared to €238 million for 2020, a decrease of €121 million. An EBITDA increase of €46 million and lower capital outflows of €26 million was more than offset by higher outflows for working capital and tax payments of €163 million and €24 million respectively.

Working capital increased by €280 million in the half year mainly due to the significant increase in debtors and to a lesser extent, stock, partly offset by the increase in creditors. Working capital amounted to €781 million at June 2021, representing 8.1% of annualised revenue compared to 8.4% at June 2020 and 5.6% at December 2020.

Capital expenditure in 2021 amounted to €175 million (equating to 63% of depreciation) compared to €230 million (equating to 84% of depreciation) in 2020.

Cash interest amounted to €54 million in 2021 compared to €61 million in 2020, with the decrease primarily relating to a lower average level of borrowing.

Tax payments of €122 million in 2021 were €24 million higher than in 2020.

2021 First Half | Capital Structure

Net debt was €2,549 million at the end of June, resulting in a net debt to EBITDA ratio of 1.6x compared to 1.6x at the end of December 2020 and 2.1x at the end of June 2020. The Group's balance sheet continues to provide considerable financial strategic flexibility, subject to the stated leverage range of 1.5x to 2.0x through the cycle and SKG's BBB-/BBB-/Baa3 credit rating.

At 30 June 2021, the Group's average interest rate was 3.17% compared to 3.13% at 31 December 2020. The Group's diversified funding base and long-dated maturity profile of 4.4 years provide a stable funding outlook. In terms of liquidity, the Group held cash balances of €637 million at the end of June, which were further supplemented by available commitments of €1.34 billion under its Sustainability Linked Revolving Credit Facility ('RCF') and €312 million under its securitisation programmes.

Dividends

The Board has decided to pay an interim dividend of 29.3 cent per share (approximately €76 million). It is proposed to pay this dividend on 22 October 2021 to all ordinary shareholders on the share register at the close of business on 24 September 2021.

2021 First Half | Sustainability

Smurfit Kappa continues to make significant and tangible progress on achieving its sustainability targets as outlined in its 14th Sustainable Development Report ('SDR'). It highlights the Group's long-standing objective to drive change and nurture a greener planet through the three key pillars of Planet, People and Impactful Business. Furthermore, Smurfit Kappa's end-to-end approach to sustainability is evident in its innovative products and processes that support customers and positively impact the entire value chain.

In our 2020 SDR Smurfit Kappa reported significant progress in reducing its fossil CO_2 emission intensity. The Group is the first in its industry to have announced targeting at least net zero emissions by 2050 and, compared to its baseline year 2005, it reduced its emissions intensity by 37.3% by the end of 2020. The reduction in 2020 versus 2019 was 7% which is an acceleration compared with the previous year. The Group is well on its way to reach its intermediate 2030 target of 55% reduction, in line with the EU Green Deal objectives.

Compared with 2019, the Group also made continued progress during 2020 on a number of its other key sustainability targets:

- Water discharge quality improved by 5%
- Waste to landfill intensity decreased by 18%
- Chain of Custody certified packaging deliveries to customers increased by 2%
- Safety performance improved by 29%
- Social projects received €7.7 million in donations, including €3 million in various COVID-related projects during the financial year

While the SDR has been independently assured since 2009, the 2020 SDR is the Group's first to report in line with recommendations of the Taskforce for Climate related Financial Disclosures ('TCFD') and the Sustainable Accounting Standards Board ('SASB') criteria.

Smurfit Kappa also aligned its sustainability ambitions and targets into its financing by embedding its sustainability targets via Key Performance Indicators ('KPIs') into its existing €1.35 billion RCF, creating a Sustainability Linked RCF, at the end of 2020.

Smurfit Kappa has been contributing to making the UN 2030 Sustainable Development Goals ('SDGs') a reality since 2015. This contribution was recognised by the Support the Goals movement in 2021 when the Group became the first FTSE 100 company to receive a five-star rating.

By committing to these sustainability targets, the Group's Better Planet Packaging portfolio of sustainable products will continue to help its customers to deliver on their own short and long-term sustainability goals.

SKG continues to be listed on various environmental, social and governance indices and disclosure programmes, such as FTSE4Good, the Green Economy Mark from the London Stock Exchange, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, ISS Solactive, Ethibel's sustainable investment register, CDP, SEDEX and EcoVadis. SKG also performs strongly across a number of third party certification bodies, including MSCI, ISS ESG and Sustainalytics.

2021 First Half | Commercial Offering and Innovation

SKG continues to lead the industry in its market offering, helping our customers win in their marketplace. Our unique insights and capabilities allow our customers to increase sales, reduce costs and mitigate risk in an ever more complex world where reputation is key.

The Group continued to deliver innovation for our customers through the pandemic, adapting ways of working and moving most of our activity onto virtual platforms. This was best captured by our first virtual Better Planet Packaging event held in March which hosted over 2,700 attendees.

During the first half the Group launched a world first, a pre-certified, Frustration Free Packaging ('FFP') compliant packaging for Amazon supply-chains. This means customers can access one of the world's leading trading platforms quicker and in confidence of meeting Amazon's strict packaging requirements, a significant advantage as global e-commerce sales continue to grow.

In April the Group's Brazilian business won a prestigious Red Dot Award in the area of product design. The packaging challenge came from Wine & Bite Box to secure and protect bottles of wine and food for a growing trend of tasting boxes being delivered to customers for an at home gourmet experience. The award recognises this packaging as one of the most innovative design projects in the world.

The Group continues to experience intense levels of pipeline development across our business as customers strive for more sustainable packaging solutions. This structural trend towards more sustainable solutions is expected to be a multi-year trend given the need in many cases for changes to our customers' manufacturing halls to accommodate a move to paper-based packaging. Some examples are outlined below.

The unique TopClip product that was launched last year continues to grow with the first fully automated packing line being commissioned at a customer's site in the second quarter. This provides an exciting proof of concept for other prospective customers as they look for more sustainable packaging solutions.

The launch of our Safe & Closed product, a sustainable corrugated alternative to rigid plastic tubs has also generated significant interest through the first half and we expect to deliver proof of concept to the market by the end of the year.

Summary Cash Flow

Summary cash flows for the first half are set out in the following table.

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
EBITDA	**781**	735
Cash interest expense	**(54)**	(61)
Working capital change	**(195)**	(32)
Capital expenditure	**(175)**	(230)
Change in capital creditors	**(80)**	(51)
Tax paid	**(122)**	(98)
Change in employee benefits and other provisions	**(43)**	(26)
Other	**5**	1
Free cash flow	**117**	238
Purchase of own shares (net)	**(22)**	(16)
Sale of businesses and investments	**37**	-
Purchase of businesses, investments and NCI*	**(55)**	(21)
Dividends	**(226)**	-
Derivative termination receipts	**10**	9
Net cash (outflow)/inflow	**(139)**	210
Acquired net (debt)/cash	**(13)**	(1)
Disposed net (cash)/debt	**(1)**	-
Deferred debt issue costs amortised	**(4)**	(4)
Currency translation adjustment	**(17)**	21
(Increase)/decrease in net debt	**(174)**	226

* 'NCI' refers to non-controlling interests

A reconciliation of the Summary Cash Flow to the Condensed Consolidated Statement of Cash Flows and a reconciliation of Free Cash Flow to Cash Generated from Operations are included in sections K and L in Alternative Performance Measures in the Supplementary Financial Information on pages 30 to 36.

Funding and Liquidity

The Group's primary sources of liquidity are cash flow from operations and borrowings under the RCF. The Group's primary uses of cash are for funding day to day operations, capital expenditure, debt service, dividends and other investment activity including acquisitions.

Borrowings under the RCF are available to fund the Group's working capital requirements, capital expenditure and other general corporate purposes.

At 30 June 2021, the Group had outstanding, €500 million 2.375% senior notes due 2024, €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026 and €750 million 1.5% senior notes due 2027.

At 30 June 2021, the Group had outstanding €12.6 million variable funding notes issued under the €230 million trade receivables securitisation programme maturing in June 2023 and €5 million variable funding notes issued under the €100 million trade receivables securitisation programme maturing in January 2026.

In April 2021, the Group amended and extended its €200 million 2022 trade receivables securitisation programme, which utilises the Group's receivables in Austria, Belgium, Italy and the Netherlands. The programme was extended to January 2026 at a reduced facility size of €100 million and with a margin reduction from 1.375% to 1.1%.

Funding and Liquidity (continued)

As part of the amendment process, the Group further aligned its sustainability ambitions and targets into its financing by embedding its sustainability targets via KPIs into the amended and extended trade receivables programme. The 2026 trade receivables securitisation programme incorporates five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the programme.

The Group also has a €1,350 million Sustainability Linked RCF with a maturity date of 28 January 2026, which incorporates five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the facility. At 30 June 2021, the Group's drawings on this facility were US$8 million, at an interest rate of 0.732%.

Market Risk and Risk Management Policies

The Group is exposed to the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Interest rate risk exposure is managed by achieving an appropriate balance of fixed and variable rate funding. As at 30 June 2021, the Group had fixed an average of 97% of its interest cost on borrowings over the following 12 months.

The Group's fixed rate debt comprised €500 million 2.375% senior notes due 2024, €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026 and €750 million 1.5% senior notes due 2027. €100 million in interest rate swaps converting variable rate borrowings to fixed rate matured in January 2021.

The Group's earnings are affected by changes in short-term interest rates on its floating rate borrowings and cash balances. If interest rates for these borrowings increased by one percent, the Group's interest expense would increase, and income before taxes would decrease, by approximately €2 million over the following 12 months. Interest income on the Group's cash balances would increase by approximately €6 million assuming a one percent increase in interest rates earned on such balances over the following 12 months.

The Group uses foreign currency borrowings, currency swaps and forward contracts in the management of its foreign currency exposures.

Principal Risks and Uncertainties

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies are implemented at each level in the organisation.

The Board, in conjunction with senior management, identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The Board regularly monitors all of the Group's risks and appropriate actions are taken to mitigate those risks or address their potential adverse consequences. As part of the half year risk assessment, the Board has again considered the impact of the COVID-19 pandemic on the principal risks of the Group.

The Group is an integral part of the supply chain for essential and critical supplies and as a result there has been no significant impact on any of our risks for the half year ended 30 June 2021. The measures and mitigations introduced as a result of the pandemic continue to be maintained and further enhanced across the Group's operations to ensure the ongoing safety of our employees.

Our assessment has concluded that our principal risks remain unchanged. The Board will continue to monitor any future impact of the COVID-19 pandemic.

The principal risks and uncertainties for the remaining six months of the financial year are summarised below.

- If the current economic climate were to deteriorate, for example as a result of geopolitical uncertainty, trade tensions and/or the current COVID-19 pandemic, it could result in an increased economic slowdown which, if sustained over any significant length of time, could adversely affect the Group's financial position and results of operations.

- The cyclical nature of the packaging industry could result in overcapacity and consequently threaten the Group's pricing structure.

- If operations at any of the Group's facilities (in particular its key mills) were interrupted for any significant length of time, it could adversely affect the Group's financial position and results of operations.

- Price fluctuations in energy and raw materials costs could adversely affect the Group's manufacturing costs.

- The Group is exposed to currency exchange rate fluctuations.

- The Group may not be able to attract, develop and retain suitably qualified employees as required for its business.

- Failure to maintain good health and safety practices may have an adverse effect on the Group's business.

- The Group is subject to a growing number of environmental laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the Group's business.

- The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates.

- The Group, similar to other large global companies, is susceptible to cyber-attacks with the threat to the confidentiality, integrity and availability of data in its systems.

The principal risks and uncertainties faced by the Group were outlined in our 2020 Annual Report on pages 34-35. The Annual Report is available on our website; smurfitkappa.com.

Condensed Consolidated Income Statement

	6 months to 30-Jun-21 Unaudited			6 months to 30-Jun-20 Unaudited		
	Pre-exceptional	**Exceptional**	**Total**	Pre-exceptional	Exceptional	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue	**4,679**	**-**	**4,679**	4,203	-	4,203
Cost of sales	**(3,226)**	**-**	**(3,226)**	(2,794)	-	(2,794)
Gross profit	**1,453**	**-**	**1,453**	1,409	-	1,409
Distribution costs	**(390)**	**-**	**(390)**	(357)	-	(357)
Administrative expenses	**(586)**	**-**	**(586)**	(602)	-	(602)
Operating profit	**477**	**-**	**477**	450	-	450
Finance costs	**(73)**	**-**	**(73)**	(85)	-	(85)
Finance income	**9**	**-**	**9**	17	-	17
Share of associates' profit (after tax)	**-**	**-**	**-**	1	-	1
Profit before income tax	**413**	**-**	**413**	383	-	383
Income tax expense			**(105)**			(105)
Profit for the financial period			**308**			278
Attributable to:						
Owners of the parent			**308**			277
Non-controlling interests			**-**			1
Profit for the financial period			**308**			278
Earnings per share						
Basic earnings per share - cent			**119.9**			116.9
Diluted earnings per share - cent			**119.2**			116.4

Condensed Consolidated Statement of Comprehensive Income

	6 months to 30-Jun-21 Unaudited €m	6 months to 30-Jun-20 Unaudited €m
Profit for the financial period	**308**	278
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the financial period	**9**	(181)
- Recycled to Condensed Consolidated Income Statement	**1**	1
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	**(2)**	1
- Fair value gain on cash flow hedges	**-**	8
- Movement in deferred tax	**-**	(1)
Changes in fair value of cost of hedging:		
- New fair value adjustments into reserve	**-**	(1)
	8	(173)
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial gain/(loss)	**125**	(29)
- Movement in deferred tax	**(15)**	9
	110	(20)
Total other comprehensive income/(expense)	**118**	(193)
Total comprehensive income for the financial period	**426**	85
Attributable to:		
Owners of the parent	**426**	87
Non-controlling interests	**-**	(2)
Total comprehensive income for the financial period	**426**	85

Condensed Consolidated Balance Sheet

	30-Jun-21 Unaudited €m	30-Jun-20 Unaudited €m	31-Dec-20 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	**3,795**	3,779	3,839
Right-of-use assets	**298**	321	311
Goodwill and intangible assets	**2,556**	2,572	2,552
Other investments	**11**	10	11
Investment in associates	**12**	12	12
Biological assets	**105**	96	107
Other receivables	**26**	29	28
Deferred income tax assets	**160**	220	172
	6,963	7,039	7,032
Current assets			
Inventories	**860**	832	773
Biological assets	**8**	10	11
Trade and other receivables	**1,901**	1,585	1,535
Derivative financial instruments	**6**	29	38
Restricted cash	**16**	7	10
Cash and cash equivalents	**621**	639	891
	3,412	3,102	3,258
Total assets	**10,375**	10,141	10,290
EQUITY			
Capital and reserves attributable to owners of the parent			
Equity share capital	**-**	-	-
Share premium	**2,646**	1,986	2,646
Other reserves	**219**	169	207
Retained earnings	**1,126**	894	917
Total equity attributable to owners of the parent	**3,991**	3,049	3,770
Non-controlling interests	**13**	14	13
Total equity	**4,004**	3,063	3,783
LIABILITIES			
Non-current liabilities			
Borrowings	**3,033**	3,729	3,122
Employee benefits	**707**	900	853
Derivative financial instruments	**13**	3	17
Deferred income tax liabilities	**172**	212	191
Non-current income tax liabilities	**10**	25	14
Provisions for liabilities	**49**	76	50
Capital grants	**21**	16	21
Other payables	**11**	9	9
	4,016	4,970	4,277
Current liabilities			
Borrowings	**153**	174	154
Trade and other payables	**2,006**	1,767	1,835
Current income tax liabilities	**15**	19	7
Derivative financial instruments	**8**	8	13
Provisions for liabilities	**173**	140	221
	2,355	2,108	2,230
Total liabilities	**6,371**	7,078	6,507
Total equity and liabilities	**10,375**	10,141	10,290

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						
	Equity share capital €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Unaudited							
At 1 January 2021	**-**	**2,646**	**207**	**917**	**3,770**	**13**	**3,783**
Profit for the financial period	**-**	**-**	**-**	**308**	**308**	**-**	**308**
Other comprehensive income							
Foreign currency translation adjustments	**-**	**-**	**10**	**-**	**10**	**-**	**10**
Defined benefit pension plans	**-**	**-**	**-**	**110**	**110**	**-**	**110**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**(2)**	**-**	**(2)**	**-**	**(2)**
Total comprehensive income for the financial period	**-**	**-**	**8**	**418**	**426**	**-**	**426**
Hyperinflation adjustment	**-**	**-**	**-**	**17**	**17**	**-**	**17**
Dividends paid	**-**	**-**	**-**	**(226)**	**(226)**	**-**	**(226)**
Share-based payment	**-**	**-**	**26**	**-**	**26**	**-**	**26**
Net shares acquired by SKG Employee Trust	**-**	**-**	**(22)**	**-**	**(22)**	**-**	**(22)**
At 30 June 2021	**-**	**2,646**	**219**	**1,126**	**3,991**	**13**	**4,004**
Unaudited							
At 1 January 2020	-	1,986	351	615	2,952	41	2,993
Profit for the financial period	-	-	-	277	277	1	278
Other comprehensive income							
Foreign currency translation adjustments	-	-	(177)	-	(177)	(3)	(180)
Defined benefit pension plans	-	-	-	(20)	(20)	-	(20)
Effective portion of changes in fair value of cash flow hedges	-	-	8	-	8	-	8
Changes in fair value of cost of hedging	-	-	(1)	-	(1)	-	(1)
Total comprehensive (expense)/income for the financial period	-	-	(170)	257	87	(2)	85
Purchase of non-controlling interests	-	-	(7)	12	5	(25)	(20)
Hyperinflation adjustment	-	-	-	10	10	-	10
Share-based payment	-	-	11	-	11	-	11
Net Shares acquired by SKG Employee Trust	-	-	(16)	-	(16)	-	(16)
At 30 June 2020	-	1,986	169	894	3,049	14	3,063

An analysis of Other reserves is provided in Note 12

Condensed Consolidated Statement of Cash Flows

	6 months to 30-Jun-21 Unaudited €m	6 months to 30-Jun-20 Unaudited €m
Cash flows from operating activities		
Profit before income tax	**413**	383
Net finance costs	**64**	68
Depreciation charge	**254**	251
Amortisation of intangible assets	**19**	22
Amortisation of capital grants	**(1)**	(2)
Share-based payment expense	**28**	11
Profit on sale of property, plant and equipment	**(5)**	-
Profit on purchase of businesses	**-**	(4)
Share of associates' profit (after tax)	**-**	(1)
Net movement in working capital	**(195)**	(33)
Change in biological assets	**3**	1
Change in employee benefits and other provisions	**(43)**	(26)
Other (primarily hyperinflation adjustments)	**3**	3
Cash generated from operations	**540**	673
Interest paid	**(55)**	(63)
Income taxes paid:		
Irish corporation tax (net of tax refunds) paid	**(9)**	(6)
Overseas corporation tax (net of tax refunds) paid	**(113)**	(92)
Net cash inflow from operating activities	**363**	512
Cash flows from investing activities		
Interest received	**1**	1
Business disposals (net of disposed cash)	**33**	-
Additions to property, plant and equipment and biological assets	**(228)**	(246)
Additions to intangible assets	**(6)**	(9)
Receipt of capital grants	**1**	-
(Increase)/decrease in restricted cash	**(6)**	7
Disposal of property, plant and equipment	**7**	1
Dividends received from associates	**1**	-
Purchase of subsidiaries (net of acquired cash)	**(20)**	(1)
Deferred consideration paid	**(35)**	-
Net cash outflow from investing activities	**(252)**	(247)
Cash flows from financing activities		
Purchase of own shares (net)	**(22)**	(16)
Purchase of non-controlling interests	**-**	(20)
(Decrease)/increase in other interest-bearing borrowings	**(100)**	241
Repayment of lease liabilities	**(41)**	(35)
Derivative termination receipts	**10**	9
Deferred debt issue costs paid	**(1)**	(1)
Dividends paid to shareholders	**(226)**	-
Net cash (outflow)/inflow from financing activities	**(380)**	178
(Decrease)/increase in cash and cash equivalents	**(269)**	443
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at 1 January	**876**	172
Currency translation adjustment	**(2)**	12
(Decrease)/increase in cash and cash equivalents	**(269)**	443
Cash and cash equivalents at 30 June	**605**	627

An analysis of the Net movement in working capital is provided in Note 10.

Notes to the Condensed Consolidated Interim Financial Statements

1. General Information

Smurfit Kappa Group plc ('SKG plc' or 'the Company') and its subsidiaries (together 'SKG' or 'the Group') primarily manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products. The Company is a public limited company with a premium listing on the London Stock Exchange and a secondary listing on Euronext Dublin. It is incorporated and domiciled in Ireland. The address of its registered office is Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland.

2. Basis of Preparation and Accounting Policies

Basis of preparation and accounting policies
The Condensed Consolidated Interim Financial Statements included in this report have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and with IAS 34, *Interim Financial Reporting* as adopted by the European Union. This report should be read in conjunction with the Consolidated Financial Statements for the financial year ended 31 December 2020 included in the Group's 2020 Annual Report which is available on the Group's website; smurfitkappa.com.

The accounting policies adopted by the Group and the significant accounting judgements, estimates and assumptions made by management in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those described and applied in the Annual Report for the financial year ended 31 December 2020. A number of changes to IFRS became effective in 2021, however, they did not have a material effect on the Condensed Consolidated Interim Financial Statements included in this report.

Impact of COVID-19
The Group has again considered the impact of the COVID-19 pandemic with respect to all judgements and estimates it makes in the application of its accounting policies. This included assessing the recoverability of trade receivables and inventory. The Group's customers primarily operate in the FMCG sector, which has proved resilient during the COVID-19 pandemic to date. There has been no significant deterioration in the aging of trade receivables or extension of debtor days in the period. As a result of these reviews, there was no material increase in the trade receivables or inventory provisions. The Group also assessed non-financial assets for indicators of impairment. No impairments were identified.

Going concern
The Group is a highly integrated manufacturer of paper-based packaging solutions with leading market positions, quality assets and broad geographic reach. The financial position of the Group, its cash generation, capital resources and liquidity continue to provide a stable financing platform.

The Directors have assessed the principal risks and uncertainties outlined on page 10, which include the deterioration of the current economic climate due to the COVID-19 pandemic. The Group is an integral part of the supply chain for essential and critical supplies and as a result there continues to be no significant disruption to our business to date. The measures and mitigations introduced as a result of the pandemic continue to be maintained and further enhanced across the Group's operations to ensure the ongoing safety of our employees. The Group took into consideration the potential impact of the pandemic and the effect that it could have on the Group's financial position and results of operations. The Group continues to have significant headroom in relation to its financial covenants.

The Group's diversified funding base and long dated maturity profile of 4.4 years provide a stable funding outlook. At 30 June 2021, the Group had a very strong liquidity position of approximately €2.3 billion comprising cash balances of €637 million (including €16 million of restricted cash), undrawn available committed facilities of €1.34 billion under its RCF and €312 million under its securitisation programmes. At 30 June 2021, the strength of the Group's balance sheet, a net debt to EBITDA ratio of 1.6x (31 December 2020: 1.6x) and the upgrading by Moody's and Standard & Poor's of our credit rating to Baa3 and BBB- respectively, in addition to Fitch's BBB- rating, continues to secure long-term strategic flexibility.

Having assessed the principal risks facing the Group, together with the Group's forecasts and significant financial headroom, the Directors believe that the Group is well placed to manage these risks successfully and have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

2. Basis of Preparation and Accounting Policies (continued)

Statutory financial statements and audit opinion
The Group's auditors have not audited or reviewed the Condensed Consolidated Interim Financial Statements contained in this report.

The Condensed Consolidated Interim Financial Statements presented do not constitute full statutory financial statements. Full statutory financial statements for the year ended 31 December 2020 will be filed with the Irish Registrar of Companies in due course. The audit report on those statutory financial statements was unqualified.

3. Segment and Revenue Information

The Group has identified operating segments based on the manner in which reports are reviewed by the Chief Operating Decision Maker ('CODM'). The CODM is determined to be the executive management team responsible for assessing performance, allocating resources and making strategic decisions. The Group has identified two operating segments: 1) Europe and 2) the Americas.

The Europe and the Americas segments are each highly integrated. They include a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers within each segment. In addition, the Europe segment also produces other types of paper, such as solidboard, sack kraft paper and graphic paper; and other paper-based packaging, such as solidboard packaging and folding cartons; and bag-in-box packaging. The Americas segment, which includes a number of Latin American countries and the United States, also comprises forestry; other types of paper, such as boxboard, sack paper and graphic paper; and paper-based packaging, such as folding cartons and paper sacks. Inter-segment revenue is not material. No operating segments have been aggregated for disclosure purposes.

Segment profit is measured based on EBITDA.

	6 months to 30-Jun-21			6 months to 30-Jun-20		
	Europe	**The Americas**	**Total**	Europe	The Americas	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue and results						
Revenue	**3,649**	**1,030**	**4,679**	3,268	935	4,203
EBITDA	**591**	**211**	**802**	575	178	753
Unallocated centre costs			**(21)**			(18)
Share-based payment expense			**(28)**			(11)
Depreciation and depletion (net)			**(257)**			(252)
Amortisation			**(19)**			(22)
Finance costs			**(73)**			(85)
Finance income			**9**			17
Share of associates' profit (after tax)			**-**			1
Profit before income tax			**413**			383
Income tax expense			**(105)**			(105)
Profit for the financial period			**308**			278

3. Segment and Revenue Information (continued)

Revenue information about geographical areas

The Group has a presence in 36 countries worldwide. The following information is a geographical revenue analysis about country of domicile (Ireland) and countries with material revenue.

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Ireland	**55**	52
Germany	**658**	604
France	**527**	474
Mexico	**466**	418
The Netherlands	**421**	373
United Kingdom	**416**	355
Rest of world	**2,136**	1,927
Total revenue by geographical area	**4,679**	4,203

Revenue is derived almost entirely from the sale of goods and is disclosed based on the location of production.

Disaggregation of revenue

The Group derives revenue from the following major product lines. The economic factors which affect the nature, amount, timing and uncertainty of revenue and cash flows from the sub categories of both paper and packaging products are similar.

	6 months to 30-Jun-21			6 months to 30-Jun-20		
	Paper €m	**Packaging €m**	**Total €m**	Paper €m	Packaging €m	Total €m
Europe	**577**	**3,072**	**3,649**	499	2,769	3,268
The Americas	**86**	**944**	**1,030**	106	829	935
Total revenue by product	**663**	**4,016**	**4,679**	605	3,598	4,203

Packaging revenue is derived mainly from the sale of corrugated products. The remainder of packaging revenue is comprised of bag-in-box and other paper-based packaging products.

4. Finance Costs and Income

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Finance costs:		
Interest payable on bank loans and overdrafts	**12**	16
Interest payable on leases	**5**	5
Interest payable on other borrowings	**43**	45
Foreign currency translation loss on debt	**7**	10
Fair value loss on derivatives not designated as hedges	**-**	1
Fair value loss on financial assets	**-**	1
Net interest cost on net pension liability	**4**	6
Net monetary loss - hyperinflation	**2**	1
Total finance costs	**73**	85
Finance income:		
Other interest receivable	**(1)**	(1)
Foreign currency translation gain on debt	**(6)**	(15)
Fair value gain on derivatives not designated as hedges	**-**	(1)
Fair value gain on financial assets/liabilities	**(2)**	-
Total finance income	**(9)**	(17)
Net finance costs	**64**	68

5. Income Tax Expense

Income tax expense recognised in the Condensed Consolidated Income Statement

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Current tax:		
Europe	**89**	74
The Americas	**37**	30
	126	104
Deferred tax	**(21)**	1
Income tax expense	**105**	105
Current tax is analysed as follows:		
Ireland	**7**	8
Foreign	**119**	96
	126	104

Income tax recognised in the Condensed Consolidated Statement of Comprehensive Income

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Arising on defined benefit pension plans	**(15)**	(9)
Arising on derivative cash flow hedges	**-**	1
	(15)	(8)

The income tax expense in 2021 is the same as the income tax expense in the comparable period in 2020.

There is a €22 million increase in the current tax expense. In Europe the expense is €15 million higher and in the Americas the current tax expense is €7 million higher. This mainly reflects the tax effects of higher profitability and other timing differences.

The €22 million reduction in deferred tax includes the effects from the reversal of timing differences on which deferred tax has been previously recorded, the recognition of tax benefits on losses and other tax credits which were partly offset by a non-recurring deferred tax expense as a result of tax law changes.

6. Employee Benefits – Defined Benefit Plans

Analysis of the defined benefit cost charged in the Condensed Consolidated Income Statement:

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Current service cost	**18**	17
Actuarial loss arising on other long-term employee benefits	**-**	1
Gain on settlement	**(3)**	-
Net interest cost on net pension liability	**4**	6
Defined benefit cost	**19**	24

Analysis of actuarial gains/(losses) recognised in the Condensed Consolidated Statement of Comprehensive Income:

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Return on plan assets (excluding interest income)	**3**	22
Actuarial gain due to experience adjustments	**2**	-
Actuarial gain/(loss) due to changes in financial assumptions	**120**	(50)
Actuarial loss due to changes in demographic assumptions	**-**	(1)
Total gain/(loss) recognised in the Condensed Consolidated Statement of Comprehensive Income	**125**	(29)

The amounts recognised in the Condensed Consolidated Balance Sheet were as follows:

	30-Jun-21 €m	31-Dec-20 €m
Present value of funded or partially funded obligations	**(2,325)**	(2,529)
Fair value of plan assets	**2,138**	2,224
Deficit in funded or partially funded plans	**(187)**	(305)
Present value of wholly unfunded obligations	**(518)**	(546)
Amounts not recognised as assets due to asset ceiling	**(2)**	(2)
Net pension liability	**(707)**	(853)

The key assumptions relating to discount and inflation rates were reassessed at 30 June 2021 and updated to reflect market conditions at that date.

7. Earnings per Share ('EPS')

Basic
Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period less own shares.

	6 months to 30-Jun-21	6 months to 30-Jun-20
Profit attributable to owners of the parent (€ million)	**308**	277
Weighted average number of ordinary shares in issue (million)	**257**	237
Basic EPS (cent)	**119.9**	116.9

Diluted
Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. These comprise convertible and deferred shares issued under the Group's long-term incentive plans. Where the conditions governing exercisability and vesting of these shares have been satisfied as at the end of the reporting period, they are included in the computation of diluted earnings per ordinary share.

	6 months to 30-Jun-21	6 months to 30-Jun-20
Profit attributable to owners of the parent (€ million)	**308**	277
Weighted average number of ordinary shares in issue (million)	**257**	237
Potential dilutive ordinary shares assumed (million)	**1**	1
Diluted weighted average ordinary shares (million)	**258**	238
Diluted EPS (cent)	**119.2**	116.4

Pre-exceptional
With no exceptional items reported in the first half of 2021 or 2020, pre-exceptional basic and diluted EPS were 119.9 cent (2020: 116.9 cent) and 119.2 cent (2020: 116.4 cent) respectively.

8. Dividends

During the period, the final dividend for 2020 of 87.4 cent per share was paid to the holders of ordinary shares. The Board has decided to pay an interim dividend of 29.3 cent per share for 2021 (approximately €76 million) and it is proposed to pay this dividend on 22 October 2021 to all ordinary shareholders on the share register at the close of business on 24 September 2021.

9. Property, Plant and Equipment

	Land and buildings €m	Plant and equipment €m	Total €m
Six months ended 30 June 2021			
Opening net book amount	**1,090**	**2,749**	**3,839**
Reclassifications	**22**	**(22)**	**-**
Additions	**-**	**143**	**143**
Acquisitions	**5**	**11**	**16**
Depreciation charge	**(27)**	**(184)**	**(211)**
Retirements and disposals	**(4)**	**(16)**	**(20)**
Hyperinflation adjustment	**2**	**5**	**7**
Foreign currency translation adjustment	**5**	**16**	**21**
At 30 June 2021	**1,093**	**2,702**	**3,795**
Financial year ended 31 December 2020			
Opening net book amount	1,106	2,814	3,920
Reclassifications	73	(68)	5
Additions	1	465	466
Acquisitions	2	1	3
Depreciation charge	(56)	(373)	(429)
Retirements and disposals	(1)	(2)	(3)
Hyperinflation adjustment	2	6	8
Foreign currency translation adjustment	(37)	(94)	(131)
At 31 December 2020	1,090	2,749	3,839

10. Net Movement in Working Capital

	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Change in inventories	**(78)**	(37)
Change in trade and other receivables	**(306)**	2
Change in trade and other payables	**189**	2
Net movement in working capital	**(195)**	(33)

11. Analysis of Net Debt

	30-Jun-21	31-Dec-20
	€m	€m
Revolving credit facility – interest at relevant interbank rate (interest rate floor of 0%) + 0.65%[(1) (2)]	**1**	89
US$292.3 million 7.5% senior debentures due 2025 (including accrued interest)	**248**	240
Bank loans and overdrafts	**82**	83
€230 million receivables securitisation variable funding notes due 2023	**12**	11
€100 million receivables securitisation variable funding notes due 2026 (including accrued interest)[(3)]	**4**	4
€500 million 2.375% senior notes due 2024 (including accrued interest)	**502**	501
€250 million 2.75% senior notes due 2025 (including accrued interest)	**251**	251
€1,000 million 2.875% senior notes due 2026 (including accrued interest)	**1,006**	1,005
€750 million 1.5% senior notes due 2027 (including accrued interest)	**746**	746
Gross debt before leases	**2,852**	2,930
Leases	**334**	346
Gross debt including leases	**3,186**	3,276
Cash and cash equivalents (including restricted cash)	**(637)**	(901)
Net debt including leases	**2,549**	2,375

(1) The Group's RCF has a maturity date of January 2026. At 30 June 2021, the following amounts were drawn under this facility:
(a) Revolver loans - €7 million
(b) Drawn under ancillary facilities and facilities supported by letters of credit – nil
(c) Other operational facilities including letters of credit - nil

(2) Following the upgrade to Baa3 and BBB- by Moody's and Standard & Poor's respectively in February 2021, the margin on the RCF reduced from 0.817% to 0.65%.

(3) In April 2021, the Group amended and extended its €200 million 2022 trade receivables securitisation programme, which utilises the Group's receivables in Austria, Belgium, Italy and the Netherlands. The programme was extended to January 2026 at a reduced facility size of €100 million and with a margin reduction from 1.375% to 1.1%. As part of the amendment process, the Group further aligned its sustainability ambitions and targets into its financing by embedding its sustainability targets via KPIs into the amended and extended trade receivables programme. The 2026 trade receivables securitisation programme incorporates five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the programme.

12. Other Reserves

Other reserves included in the Condensed Consolidated Statement of Changes in Equity are comprised of the following:

	Reverse acquisition reserve €m	Cash flow hedging reserve €m	Cost of hedging reserve €m	Foreign currency translation reserve €m	Share-based payment reserve €m	Own shares €m	FVOCI reserve €m	Total €m
At 1 January 2021	**575**	**4**	**2**	**(556)**	**241**	**(49)**	**(10)**	**207**
Other comprehensive income								
Foreign currency translation adjustments	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**10**
Effective portion of changes in fair value of cash flow hedges	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**(2)**
Total other comprehensive (expense)/income	**-**	**(2)**	**-**	**10**	**-**	**-**	**-**	**8**
Share-based payment	**-**	**-**	**-**	**-**	**26**	**-**	**-**	**26**
Net shares acquired by SKG Employee Trust	**-**	**-**	**-**	**-**	**-**	**(22)**	**-**	**(22)**
Shares distributed by SKG Employee Trust	**-**	**-**	**-**	**-**	**(12)**	**12**	**-**	**-**
At 30 June 2021	**575**	**2**	**2**	**(546)**	**255**	**(59)**	**(10)**	**219**
At 1 January 2020	575	(2)	2	(387)	215	(42)	(10)	351
Other comprehensive income								
Foreign currency translation adjustments	-	-	-	(177)	-	-	-	(177)
Effective portion of changes in fair value of cash flow hedges	-	8	-	-	-	-	-	8
Changes in fair value of cost of hedging	-	-	(1)	-	-	-	-	(1)
Total other comprehensive income/(expense)	-	8	(1)	(177)	-	-	-	(170)
Purchase of non-controlling interest	-	-	-	(7)	-	-	-	(7)
Share-based payment	-	-	-	-	11	-	-	11
Net shares acquired by SKG Employee Trust	-	-	-	-	-	(16)	-	(16)
Shares distributed by SKG Employee Trust	-	-	-	-	(9)	9	-	-
At 30 June 2020	575	6	1	(571)	217	(49)	(10)	169

13. Fair Value Hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2021:

	Level 1 €m	**Level 2 €m**	**Level 3 €m**	**Total €m**
Other investments:				
Listed	**2**	**-**	**-**	**2**
Unlisted	**-**	**9**	**-**	**9**
Derivative financial instruments:				
Assets at fair value through Condensed Consolidated Income Statement	**-**	**4**	**-**	**4**
Derivatives used for hedging	**-**	**2**	**-**	**2**
Derivative financial instruments:				
Liabilities at fair value through Condensed Consolidated Income Statement	**-**	**(7)**	**-**	**(7)**
Derivatives used for hedging	**-**	**(14)**	**-**	**(14)**
	2	**(6)**	**-**	**(4)**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2020:

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Other investments:				
Listed	2	-	-	2
Unlisted	-	9	-	9
Derivative financial instruments:				
Assets at fair value through Condensed Consolidated Income Statement	-	19	-	19
Derivatives used for hedging	-	19	-	19
Derivative financial instruments:				
Liabilities at fair value through Condensed Consolidated Income Statement	-	(9)	-	(9)
Derivatives used for hedging	-	(21)	-	(21)
Deferred contingent consideration	-	-	(35)	(35)
	2	17	(35)	(16)

The fair value of listed investments is determined by reference to their bid price at the reporting date. Unlisted investments are valued using recognised valuation techniques for the underlying security, including discounted cash flows and similar unlisted equity valuation models.

The fair value of the derivative financial instruments set out above has been measured in accordance with level 2 of the fair value hierarchy. All are plain derivative instruments, valued with reference to observable foreign exchange rates, interest rates or broker prices.

Deferred contingent consideration arose in relation to the put option on our Serbian acquisition in 2019. During the second quarter of 2021, the Group purchased the remaining 25% of the company to which the put option related. A fair value gain of €1 million has been recognised in the Condensed Consolidated Income Statement in 2021 in respect of this deferred contingent consideration and is included within finance income.

There were no reclassifications or transfers between the levels of the fair value hierarchy during the period.

14. Fair Value

The following table sets out the fair value of the Group's principal financial assets and liabilities. The determination of these fair values is based on the descriptions set out within Note 2 to the Consolidated Financial Statements of the Group's 2020 Annual Report.

	30-Jun-21		31-Dec-20	
	Carrying value	**Fair value**	Carrying value	Fair value
	€m	**€m**	€m	€m
Trade and other receivables [1]	**1,759**	**1,759**	1,465	1,465
Listed and unlisted debt instruments[2]	**11**	**11**	11	11
Cash and cash equivalents [3]	**621**	**621**	891	891
Derivative assets [4]	**6**	**6**	38	38
Restricted cash[3]	**16**	**16**	10	10
	2,413	**2,413**	2,415	2,415
Trade and other payables[1]	**1,557**	**1,557**	1,408	1,408
Revolving credit facility[5]	**1**	**1**	89	89
2026 receivables securitisation[3]	**4**	**4**	4	4
2023 receivables securitisation[3]	**12**	**12**	11	11
Bank overdrafts[3]	**82**	**82**	83	83
2025 debentures[6]	**248**	**308**	240	298
2024 notes[6]	**502**	**532**	501	535
2025 notes[6]	**251**	**274**	251	274
2026 notes[6]	**1,006**	**1,115**	1,005	1,118
2027 notes [6]	**746**	**792**	746	786
	4,409	**4,677**	4,338	4,606
Derivative liabilities[4]	**21**	**21**	30	30
Deferred consideration[7]	**11**	**11**	12	12
Deferred contingent consideration[8]	**-**	**-**	35	35
	4,441	**4,709**	4,415	4,683
Total net position	**(2,028)**	**(2,296)**	(2,000)	(2,268)

(1) The fair value of trade and other receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(2) The fair value of listed financial assets is determined by reference to their bid price at the reporting date. Unlisted financial assets are valued using recognised valuation techniques for the underlying security including discounted cash flows and similar unlisted equity valuation models.

(3) The carrying amount reported in the Condensed Consolidated Balance Sheet is estimated to approximate to fair value because of the short-term maturity of these instruments and, in the case of the receivables securitisation, the variable nature of the facility and repricing dates.

(4) The fair value of forward foreign currency, energy and commodity contracts is based on their listed market price if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(5) The fair value (level 2) of the RCF is based on the present value of its estimated future cash flows discounted at an appropriate market discount rate at the balance sheet date.

(6) Fair value (level 2) is based on broker prices at the balance sheet date.

(7) The fair value of deferred consideration is based on the present value of the expected payment, discounted using an appropriate market discount rate as at the balance sheet date.

(8) The fair value of deferred contingent consideration at 31 December 2020 was based on the present value of the expected payment, discounted using a risk-adjusted discount rate. During the second quarter of 2021, the Group purchased the remaining 25% of the company to which the deferred contingent consideration related.

15. Related Party Transactions

Details of related party transactions in respect of the year ended 31 December 2020 are contained in Note 30 to the Consolidated Financial Statements of the Group’s 2020 Annual Report. The Group continued to enter into transactions in the normal course of business with its associates and other related parties during the period. There were no transactions with related parties in the first half of 2021 or changes to transactions with related parties disclosed in the 2020 Consolidated Financial Statements that had a material effect on the financial position or the performance of the Group.

16. Events after the Balance Sheet date

On 28 July, the Group announced its agreement to acquire Verzuolo, a recycled containerboard business in Northern Italy, for a cash consideration of €360 million. It is expected that the acquisition will complete during the fourth quarter, subject to customary closing conditions including regulatory approval.

17. Board Approval

This interim report was approved by the Board of Directors on 27 July 2021.

18. Distribution of the Interim Report

This 2021 interim report is available on the Group’s website; smurfitkappa.com.

Responsibility Statement in Respect of the Six Months Ended 30 June 2021

The Directors, whose names and functions are listed on pages 64 to 67 in the Group's 2020 Annual Report, are responsible for preparing this interim management report and the Condensed Consolidated Interim Financial Statements in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and with IAS 34, *Interim Financial Reporting* as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2021 have been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2021, and a description of the principal risks and uncertainties for the remaining six months;

- the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Signed on behalf of the Board

A. Smurfit, Director and Chief Executive Officer
K. Bowles, Director and Chief Financial Officer

27 July 2021.

Supplementary Financial Information

Alternative Performance Measures

The Group uses certain financial measures as set out below in order to evaluate the Group's financial performance. These Alternative Performance Measures ('APMs') are not defined under IFRS and are presented because we believe that they, and similar measures, provide both SKG management and users of the Condensed Consolidated Interim Financial Statements with useful additional financial information when evaluating the Group's operating and financial performance.

These measures may not be comparable to other similarly titled measures used by other companies, and are not measurements under IFRS or other generally accepted accounting principles, and they should not be considered in isolation or as substitutes for the information contained in our Condensed Consolidated Interim Financial Statements.

Please note where referenced 'CIS' refers to Condensed Consolidated Income Statement, 'CBS' refers to Condensed Consolidated Balance Sheet and 'CSCF' refers to Condensed Consolidated Statement of Cash Flows.

The principal APMs used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the Condensed Consolidated Interim Financial Statements, are as follows:

A. EBITDA

Definition

EBITDA is earnings before exceptional items, share-based payment expense, share of associates' profit (after tax), net finance costs, income tax expense, depreciation and depletion (net) and intangible assets amortisation. It is an appropriate and useful measure used to compare recurring financial performance between periods.

Reconciliation of Profit to EBITDA

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Profit for the financial period	CIS	**308**	278
Income tax expense (after exceptional items)	CIS	**105**	105
Net finance costs (after exceptional items)	Note 4	**64**	68
Share of associates' profit (after tax)	CIS	**-**	(1)
Share-based payment expense	Note 3	**28**	11
Depreciation, depletion (net) and amortisation	Note 3	**276**	274
EBITDA		**781**	735

B. EBITDA margin

Definition

EBITDA margin is a measure of profitability by taking our EBITDA divided by revenue.

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
EBITDA	A	**781**	735
Revenue	CIS	**4,679**	4,203
EBITDA margin		**16.7%**	17.5%

Alternative Performance Measures (continued)

C. Operating profit before exceptional items

Definition

Operating profit before exceptional items represents operating profit as reported in the Condensed Consolidated Income Statement before exceptional items. Exceptional items are excluded in order to assess the underlying financial performance of our operations.

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Operating profit	CIS	**477**	450
Exceptional items	CIS	**-**	-
Operating profit before exceptional items	CIS	**477**	450

D. Pre-exceptional basic earnings per share

Definition

Pre-exceptional basic EPS serves as an effective indicator of our profitability as it excludes exceptional one-off items and, in conjunction with other metrics such as ROCE, is a measure of our financial strength. Pre-exceptional basic EPS is calculated by dividing profit attributable to owners of the parent, adjusted for exceptional items included in profit before income tax and income tax on exceptional items, by the weighted average number of ordinary shares in issue.

E. Underlying EBITDA and revenue

Definition

Underlying EBITDA and revenue are arrived at by excluding the incremental EBITDA and revenue contributions from current and prior year acquisitions and disposals and the impact of currency translation, hyperinflation and any non-recurring items.

The Group uses underlying EBITDA and underlying revenue as additional performance indicators to assess performance on a like-for-like basis each year.

	Europe 30-Jun-21	**The Americas 30-Jun-21**	**Total 30-Jun-21**	Europe 30-Jun-20	The Americas 30-Jun-20	Total 30-Jun-20
EBITDA						
Currency	**-**	**(7%)**	**(2%)**	-	(6%)	(1%)
Underlying EBITDA change	**3%**	**26%**	**8%**	(16%)	5%	(12%)
Reported EBITDA change	**3%**	**19%**	**6%**	(16%)	(1%)	(13%)
Revenue						
Currency	**-**	**(9%)**	**(2%)**	-	(8%)	(2%)
Acquisitions/disposals	**-**	**1%**	**-**	-	-	-
Underlying revenue change	**12%**	**18%**	**13%**	(9%)	(3%)	(7%)
Reported revenue change	**12%**	**10%**	**11%**	(9%)	(11%)	(9%)

Alternative Performance Measures (continued)

F. Net debt

Definition

Net debt comprises borrowings net of cash and cash equivalents and restricted cash. We believe that this measure highlights the overall movement resulting from our operating and financial performance.

	Reference	**30-Jun-21 €m**	30-Jun-20 €m	31-Dec-20 €m
Borrowings	Note 11	**3,186**	3,903	3,276
Less:				
Restricted cash	CBS	**(16)**	(7)	(10)
Cash and cash equivalents	CBS	**(621)**	(639)	(891)
Net debt		**2,549**	3,257	2,375

G. Net debt to EBITDA

Definition

Leverage (ratio of net debt to EBITDA for the last twelve months ('LTM')) is an important measure of our overall financial position.

	Reference	**30-Jun-21 €m**	30-Jun-20 €m	30-Dec-20 €m
Net debt	F	**2,549**	3,257	2,375
EBITDA LTM		**1,556**	1,538	1,510
Net debt to EBITDA (times)		**1.6**	2.1	1.6

H. Return on capital employed ('ROCE')

Definition

ROCE measures profit from capital employed. It is calculated as operating profit before exceptional items plus share of associates' profit (after tax) LTM divided by the average capital employed (where average capital employed is the average of total equity and net debt at the current and prior period-end).

	Reference	**30-Jun-21 €m**	30-Jun-20 €m
Operating profit before exceptional items plus share of associates' profit (after tax) LTM		**950**	957
Total equity – current period-end	CBS	**4,004**	3,063
Net debt – current period-end	F	**2,549**	3,257
Capital employed – current period-end		**6,553**	6,320
Total equity – prior period-end	CBS	**3,063**	2,902
Net debt – prior period-end	F	**3,257**	3,751
Capital employed – prior period-end		**6,320**	6,653
Average capital employed		**6,436**	6,486
Return on capital employed		**14.8%**	14.8%

Alternative Performance Measures (continued)

I. Working capital
Definition
Working capital represents total inventories, trade and other receivables and trade and other payables.

	Reference	**30-Jun-21 €m**	30-Jun-20 €m
Inventories	CBS	**860**	832
Trade and other receivables (current and non-current)	CBS	**1,927**	1,614
Trade and other payables	CBS	**(2,006)**	(1,767)
Working capital		**781**	679

J. Working capital as a percentage of sales
Definition
Working capital as a percentage of sales represents working capital as defined above shown as a percentage of annualised quarterly revenue.

	Reference	**30-Jun-21 €m**	30-Jun-20 €m
Working capital	I	**781**	679
Annualised revenue		**9,640**	8,038
Working capital as a percentage of sales		**8.1%**	8.4%

Alternative Performance Measures (continued)

K. Summary cash flow

Definition

The summary cash flow is prepared on a different basis to the Condensed Consolidated Statement of Cash Flows and as such the reconciling items between EBITDA and (increase)/decrease in net debt may differ from amounts presented in the Condensed Consolidated Statement of Cash Flows. The summary cash flow details movements in net debt. The Condensed Consolidated Statement of Cash Flows details movements in cash and cash equivalents.

Reconciliation of the summary cash flow to the Condensed Consolidated Statement of Cash Flows

	Reference	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
EBITDA	A	**781**	735
Cash interest expense	K.1	**(54)**	(61)
Working capital change	K.2	**(195)**	(32)
Capital expenditure	K.3	**(175)**	(230)
Change in capital creditors	K.3	**(80)**	(51)
Tax paid	CSCF	**(122)**	(98)
Change in employee benefits and other provisions	CSCF	**(43)**	(26)
Other	K.5	**5**	1
Free cash flow	L	**117**	238
Purchase of own shares (net)	CSCF	**(22)**	(16)
Sale of businesses and investments	K.6	**37**	-
Purchase of businesses, investments and NCI	K.7	**(55)**	(21)
Dividends	CSCF	**(226)**	-
Derivative termination receipts	CSCF	**10**	9
Net cash (outflow)/inflow		**(139)**	210
Acquired net (debt)/cash		**(13)**	(1)
Disposed net (cash)/debt	K.8	**(1)**	-
Deferred debt issue costs amortised		**(4)**	(4)
Currency translation adjustment		**(17)**	21
(Increase)/decrease in net debt		**(174)**	226

K.1 Cash interest expense

	Reference	6 months to 30-Jun-21 €m	6 months to 30-Jun-20 €m
Interest paid	CSCF	**(55)**	(63)
Interest received	CSCF	**1**	1
Move in accrued interest		**-**	1
Per summary cash flow		**(54)**	(61)

Alternative Performance Measures (continued)

K.2 Working capital change

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Net movement in working capital	CSCF	**(195)**	(33)
Other		**-**	1
Per summary cash flow		**(195)**	(32)

K.3 Capital expenditure

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Additions to property, plant and equipment and biological assets	CSCF	**(228)**	(246)
Additions to intangible assets	CSCF	**(6)**	(9)
Additions to right-of-use assets		**(21)**	(26)
Change in capital creditors	K	**80**	51
Per summary cash flow		**(175)**	(230)

K.4 Capital expenditure as a percentage of depreciation

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Capital expenditure	K.3	**175**	230
Depreciation, depletion (net) and amortisation	A	**276**	274
Capital expenditure as a percentage of depreciation		**63%**	84%

K.5 Other

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Other within the summary cash flow comprises the following			
Amortisation of capital grants	CSCF	**(1)**	(2)
Profit on sale of property, plant and equipment	CSCF	**(5)**	-
Profit on purchase of businesses	CSCF	**-**	(4)
Other (primarily hyperinflation adjustments)	CSCF	**3**	3
Receipt of capital grants	CSCF	**1**	-
Disposal of property, plant and equipment	CSCF	**7**	1
Dividends received from associates	CSCF	**1**	-
Lease terminations/modifications	L	**(1)**	3
Per summary cash flow		**5**	1

Alternative Performance Measures (continued)

K.6 Sale of businesses and investments

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Business disposals (net of disposed cash)	CSCF	**33**	-
Disposed cash and cash equivalents	K.8	**4**	-
Per summary cash flow		**37**	-

K.7 Purchase of businesses, investments and NCI

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Purchase of subsidiaries (net of acquired cash)	CSCF	**(20)**	(1)
Purchase of non-controlling interests	CSCF	**-**	(20)
Deferred consideration paid	CSCF	**(35)**	-
Per summary cash flow		**(55)**	(21)

K.8 Disposed net (cash)/debt

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Disposed debt		**3**	-
Disposed cash and cash equivalents	K.6	**(4)**	-
Per summary cash flow		**(1)**	-

L. Free cash flow ('FCF')

Definition

FCF is the result of the cash inflows and outflows from our operating activities, and is before those arising from acquisition and disposal of businesses. We use FCF to assess and understand the total operating performance of the business and to identify underlying trends.

Reconciliation of Free Cash Flow to Cash Generated from Operations

	Reference	**6 months to 30-Jun-21 €m**	6 months to 30-Jun-20 €m
Free cash flow	K	**117**	238
Reconciling items:			
Cash interest expense	K.1	**54**	61
Capital expenditure (net of change in capital creditors)	K.3	**255**	281
Tax payments	CSCF	**122**	98
Disposal of property, plant and equipment	CSCF	**(7)**	(1)
Lease terminations/modifications	K.5	**1**	(3)
Receipt of capital grants	CSCF	**(1)**	-
Dividends received from associates	CSCF	**(1)**	-
Non-cash financing activities		**-**	(1)
Cash generated from operations	CSCF	**540**	673