
PRESS RELEASE

30 April: Smurfit Kappa Group plc ('SKG', 'Smurfit Kappa' or 'the Group') today announced a trading update for the 3 months to 31 March 2021.

First Quarter Overview – a structurally improved business, delivering:

- Underlying Revenue growth of 6% to €2,269 million
- EBITDA of €386 million
- EBITDA Margin of 17.0%

Tony Smurfit, Group CEO, commented:

“The first quarter was remarkable in many ways. We had strong corrugated volume growth in practically every area and all markets in which we operate. With unprecedented industry wide shortages of supply and input cost pressures, paper prices have moved up sharply. We are recovering these input costs in line with our expectations. Against this backdrop, I am very proud of our team who have continued to deliver in these exceptional times, ensuring security of supply to our customers while also continuing to support them through our approach to innovation and our sustainable packaging products. Smurfit Kappa has, over the last number of years, through continuous investment and acquisitions, structurally improved the business for the benefit of all stakeholders.

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

“Our strong first quarter performance has set the foundation for accelerated revenue and earnings growth as we move through 2021. This performance and these prospects reflect the strength and quality of Smurfit Kappa.”

Performance Overview

Corrugated volume growth in the first quarter was up approximately 7% in both Europe and the Americas. This demonstrates SKG’s exposure to high-growth markets, sectors and channels including innovative and sustainable packaging solutions and e-commerce.

Containerboard prices have increased in the first quarter and again at the start of the second quarter as a result of strong demand and higher recovered fibre and other costs. SKG’s recovered fibre cost has increased by approximately €90 million versus the first quarter of last year. We are progressively recovering these input costs through our corrugated box system.

In addition to cost pressures, the industry is experiencing supply disruptions and shortages of packaging papers globally. Against this market backdrop, our integrated business model is again, proving a key differentiator with continuity of supply to our customer base.

Our Better Planet Packaging initiative continues to drive significant interest among our customer base with over 2,700 attendees joining our biennial conference in March. The increased value and application of corrugated as the most sustainable merchandising and transport medium is evermore apparent. This will remain a strong driver of future growth as paper is renewable, recyclable and biodegradable and the product of choice by consumers for a more sustainable world.

We are accelerating our capital investment plans with many high return projects that will enhance shareholder returns. These include the construction of mega plants and the acquisition of many converting machines in order to meet our customers’ demand growth and continue our cost optimisation programmes. In addition, a number of paper investments are being deployed to further strengthen our integrated model and improve our sustainability footprint.



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 35 countries and with revenue of €8.5 billion in 2020. We are located in 23 countries in Europe, and 12 in the Americas. We are the only large-scale pan-regional player in Latin America.

With our pro-active 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-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.

Our products, which are 100% renewable and produced sustainably, improve the environmental footprint of our customers.

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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. The forward-looking statements in this document do not constitute reports or statements published in compliance with any of Regulations 6 to 8 of the Transparency (Directive 2004/109/EC) Regulations 2007.

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