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Smurfit Kappa Group plc

(“Smurfit Kappa” or the “Group”)

Rejection of Unsolicited and Highly Opportunistic Approach

Superior Prospects as an Independent Business

6 March, 2018 | Smurfit Kappa, headquartered in Dublin, Ireland, announces that it has received an unsolicited proposal from International Paper Company (“International Paper”), headquartered in Memphis, USA, whereby International Paper would acquire Smurfit Kappa and Smurfit Kappa shareholders would receive a combination of cash and a minority holding in the combined business (the “Proposal”).

The Board of Smurfit Kappa has carefully considered the Proposal and believes it is in the best interests of the Group’s shareholders and other stakeholders to pursue its future as an independent company, operating as the European and Pan-American leader in paper-based packaging. Smurfit Kappa is a world leader in paper-based packaging with an established track record of consistently delivering strong and improving operating and financial performance.

Smurfit Kappa recently announced record EBITDA for 2017 of €1,240 million and a full year ROCE of 15% and the underlying positive trading conditions have continued into 2018. As part of its year end results, Smurfit Kappa announced an acceleration of its investment programme based on plans to improve its market position and strengthen its integrated model between 2018 and 2021.

The Proposal fails entirely to reflect the Group’s strong growth prospects and attractive industry outlook.

Smurfit Kappa is Europe’s largest producer of paper-based packaging. Europe contributed 75% of the Group’s annual earnings and, according to the Global Corrugated Forecast prepared by NOA PRISM for the International Corrugated Case Association (ICCA), European demand is forecast to grow at a CAGR of between 1.7% and 2.3% up to 2021.

Factors contributing to strong, sustained European demand growth and the emergence of corrugated as a highly sustainable transport and merchandising medium include: the substitution of plastic with paper-based packaging; the significant growth in e-commerce; and growing demand from discount retailers for shelf ready packaging.

Demand in Latin America, again according to the ICCA report, is projected to grow at a CAGR between 3.3% and 4.6% between 2017 and 2021.

With its market leading positions across Europe and as the only major pan-regional producer in Latin America, Smurfit Kappa is uniquely positioned to capitalise upon projected industry growth.

With significant growth opportunities, both organic and through acquisition, the Group has previously announced a range of increased medium-term performance targets including:

- an objective to invest an incremental €1.6 billion to capitalise internal and external growth opportunities;
- a medium-term, increased ROCE target of 17%;
- a revised, lower target leverage range of 1.75-2.5x; and,
- a continuation of an attractive and progressive dividend stream.

The Board, together with its advisers, has carefully evaluated the Proposal and believes it:

- is fundamentally opportunistic and conditional;
- in no way reflects the Group's true intrinsic business worth or its short, medium or long-term prospects;
- would involve our shareholders receiving a high proportion of their consideration in the form of International Paper's shares;
- significantly undervalues the Group's asset, franchise and replacement value; and,
- is significantly below the valuations set by recent industry transactions.

Liam O'Mahony, Chairman of Smurfit Kappa said *"The Board of Smurfit Kappa has unanimously rejected this unsolicited and highly opportunistic Proposal. It does not reflect the Group's true intrinsic business worth or its prospects. We delivered a record performance in 2017 and underlying trading momentum has continued into 2018. The Group has a proven management team which we believe will deliver significantly greater value for shareholders on a stand-alone basis.*

The Board believes that it is in the best interests of all stakeholders for the Group to pursue its future as an independent company, headquartered in Ireland, operating as the European and Pan-American leader in paper-based packaging.

We strongly advise shareholders to take no action."

This announcement is made without the consent of International Paper.

There can be no certainty that any firm offer will be made, nor any certainty as to the terms on which any firm offer might be made by International Paper.

This announcement contains inside information. The person responsible for arranging for the release of this announcement on behalf of Smurfit Kappa is Michael O'Riordan, Company Secretary. The date and time of this announcement is the same as the date and time that it has been communicated to the media, at 7am on 6 March 2018.

Enquiries:

Smurfit Kappa
Michael O'Riordan (Group Secretary)

Tel: +353 (0)1 202 7000

Citigroup Global Markets Limited (Financial adviser)
Michael Lavelle
Robert Redshaw (Corporate Broking)

Tel: +44 (0)20 798 64000

Davy Corporate Finance (Financial adviser and Corporate Broker)
Kyran McLaughlin

Tel: +353 (0)1 679 6363

FTI Consulting (Public relations adviser)
Mark Kenny
Jonathan Neilan

Tel: +353 (0)1 765 0800

About Smurfit Kappa:

Smurfit Kappa, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, with around 46,000 employees in approximately 370 production sites across 35 countries and with revenue of €8.6 billion in 2017. We are located in 22 countries in Europe, and 13 in the Americas. We are the only large-scale pan-regional player in Latin America.

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-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.

Further Information

This announcement is not intended to, and does not, constitute or form part of (1) an offer or invitation to purchase or otherwise acquire, subscribe for, tender, exchange, sell or otherwise dispose of any securities, (2) the solicitation of an offer or invitation to purchase or otherwise acquire, subscribe for, tender, exchange, sell or otherwise dispose of any securities, or (3) the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise.

The distribution of this announcement in, into, or from, certain jurisdictions other than Ireland and the United Kingdom may be restricted or affected by the laws of those jurisdictions. Accordingly, copies of this announcement are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into, or from any such jurisdiction. Therefore persons who receive this announcement (including without limitation nominees, trustees and custodians) and are subject to the laws of any jurisdiction other than Ireland and the United Kingdom who are not resident in Ireland or the United Kingdom will need to inform themselves about, and observe any applicable restrictions or requirements. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

Additional Notice to US Investors

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, tender, exchange, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, nor will there be any acquisition or disposition of the securities referred to in this announcement in any jurisdiction in contravention of applicable law or regulation.

Responsibility Statement

The Directors of Smurfit Kappa accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citigroup Global Markets Limited ("Citi"), which is authorised by the Prudential Regulation Authority and regulated in the UK by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as financial adviser exclusively for Smurfit Kappa and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Smurfit Kappa for providing the protections afforded to clients of Citi nor for providing advice in relation to any matter referred to herein.

Davy Corporate Finance, which is authorised and regulated in Ireland by the Central Bank of Ireland, is acting exclusively for Smurfit Kappa and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Smurfit Kappa for providing the protections afforded to clients of Davy Corporate Finance, or for providing advice in connection with the matters referred to in this announcement.

Forward-looking Statements

This announcement may include certain "forward looking statements" with respect to the business, strategy and plans of Smurfit Kappa and its expectations relating to Smurfit Kappa's future financial condition and performance. Statements that are not historical facts, including statements about Smurfit Kappa or Smurfit Kappa's belief and expectation, are forward looking statements. Words such as "believes", "anticipates", "estimates", "expects", "intends", "aims", "potential", "will", "would", "could", "considered" and "likely", and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur.

Forward-looking statements only speak as of the date on which they are made, and the events discussed in this announcement may not occur. Subject to compliance with applicable law and regulation, Smurfit Kappa is not under any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise.

Rule 8 – Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Rules, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Smurfit Kappa, all "dealings" in any "relevant securities" of Smurfit Kappa (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by not later than 3.30 pm (Irish time) on the "business day" following the date of the relevant transaction. This requirement will continue until the date on which the "offer period" ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an "interest" in "relevant securities" of Smurfit Kappa, they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed can be found on the Irish Takeover Panel's website at www.irishtakeoverpanel.ie.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Irish Takeover Rules, which can be found on the Irish Takeover Panel's website.

If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, please consult the Irish Takeover Panel's website at www.irishtakeoverpanel.ie or contact the Irish Takeover Panel on telephone number +353 (0)1 678 9020; fax number +353 (0)1 678 9289.

Rule 2.10 – Relevant Securities in Issue

In accordance with Rule 2.10 of the Irish Takeover Panel Act, 1997, Takeover Rules 2013 Smurfit Kappa confirms that as of 5 March 2018 its issued ordinary share capital is comprised of 237,177,809 ordinary shares of €0.001 each (the “Ordinary Shares”). The Ordinary Shares are admitted to trading on the Irish Stock Exchange and the London Stock Exchange. The International Securities Identification Number for these securities is IE00B1RR8406.

Smurfit Kappa confirms that, as of 5 March 2018, there were (i) 525,260 convertible shares (which may be converted into ordinary shares in Smurfit Kappa) in issue in Smurfit Kappa and (ii) a maximum number of 1,315,311 ordinary shares issuable, in certain circumstances, pursuant to the vesting of share awards under the Smurfit Kappa Group 2011 Deferred Annual Bonus Plan.

No Profit Forecast / Asset Valuations

No statement in this announcement constitutes a profit forecast for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for Smurfit Kappa as appropriate. No statement in this announcement constitutes an asset valuation.

Publication on website

A copy of this announcement will be made available, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Smurfit Kappa’s website at www.smurfitkappa.com and by no later than 12 noon on 7 March 2018.

The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement.