

SKG: LN | SKG: ID

A Transformed Company - Delivering -

Smurfit Kappa | Full Year 2018 results

13 February 2019

Disclaimer

The presentation contains forward-looking statements, including statements about the Company's intentions, beliefs and expectations. These statements are based on the Company's current plans, estimates and projections, as well as the Company's expectations of external conditions and events.

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Please refer to the Principal Risks and Uncertainties contained in the FY'18 Press Release for details.

A Transformed Company

Clear strategic focus - 5 key pillars



**OPTIMISING THE
INTEGRATED MODEL**



**CUSTOMER-FOCUSED
INNOVATION**



**PERFORMANCE
CULTURE**



**DISCIPLINED CAPITAL
ALLOCATION**



**SUSTAINABILITY
LEADERSHIP**

A Company Transformed since IPO

Delivering progressively, superior returns

EBITDA up over

€660

Million

EBITDA margin up
4.6% to

17.3%

ROCE up 10.6% to

19.3%

Net debt/ EBITDA of


2.0x

From 5.5x

**2006 comparative used to reflect pre-IPO metrics and first financial year of Smurfit Kappa*

A Company Transformed since IPO

Driven by the transformation of our customers' needs and the Group's operations

- 
- ▶ Developed industry leading, customer focused applications
 - ▶ Opened 26 Experience centres across the world
 - ▶ Expanded geographic footprint, with €1.7 billion on acquisitions
 - ▶ Largest manufacturer of machine systems in the industry
 - ▶ Optimised containerboard mill system

Transforming our CSR performance

Sustainability in every fibre

- ▶ Exceeding targets on
 - People
 - Climate change
 - Water
- ▶ Leading positions in global CSR indices
- ▶ Advanced inclusive & diversity programme
- ▶ Multiple customer interface on CSR metrics
- ▶ Launch of Better Planet Packaging

EveryOne

Smurfit Kappa

**Better Planet
Packaging**

2018 Results, a Platform for Continued Performance

2018, materially better outcome

- ▶ Accelerating our Medium-Term Plan
- ▶ Increased geographic diversity and balance

2018 Financial Overview



2018 Full Year Results

Continuing to deliver

- ▶ Group revenue growth of 4% for full year
- ▶ EBITDA of €1,545 million and EBITDA margin of 17.3%
- ▶ ROCE of 19.3%
- ▶ Strong free cash flow generation of €494 million for the year
- ▶ Net debt to EBITDA of 2.0x
- ▶ Proposed final dividend increase of 12% to 72.2 cent per share



Europe - 2018 Full Year Highlights

Continuing to deliver

- ▶ EBITDA of €1,267 million for the year
- ▶ EBITDA margin of 18.3%, significant year-on-year improvement
- ▶ Continued box price progression through to year-end
- ▶ Continued corrugated demand growth of 2%
- ▶ Completion of Reparenco acquisition
- ▶ Serbian acquisition closed early 2019

 **Smurfit Kappa**
Open the future



The Americas - 2018 Full Year Highlights

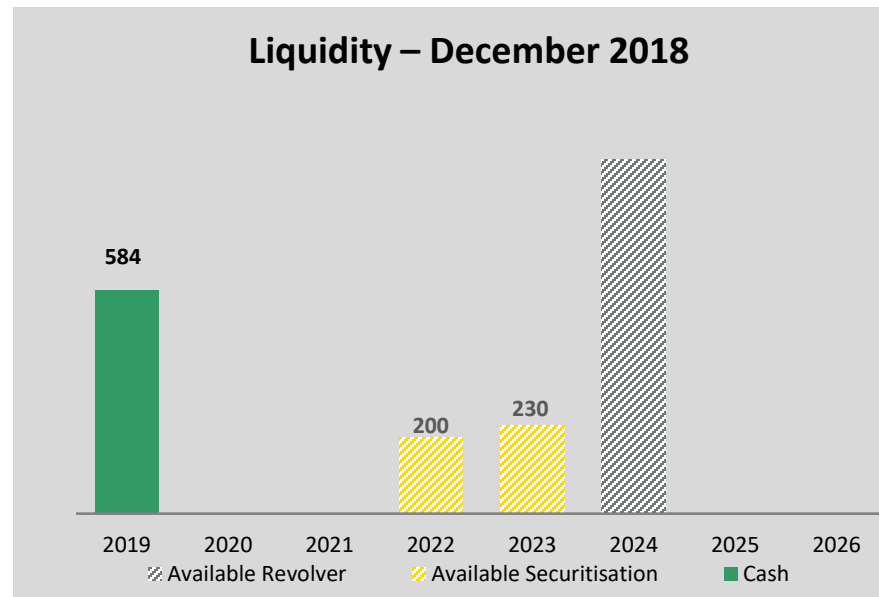
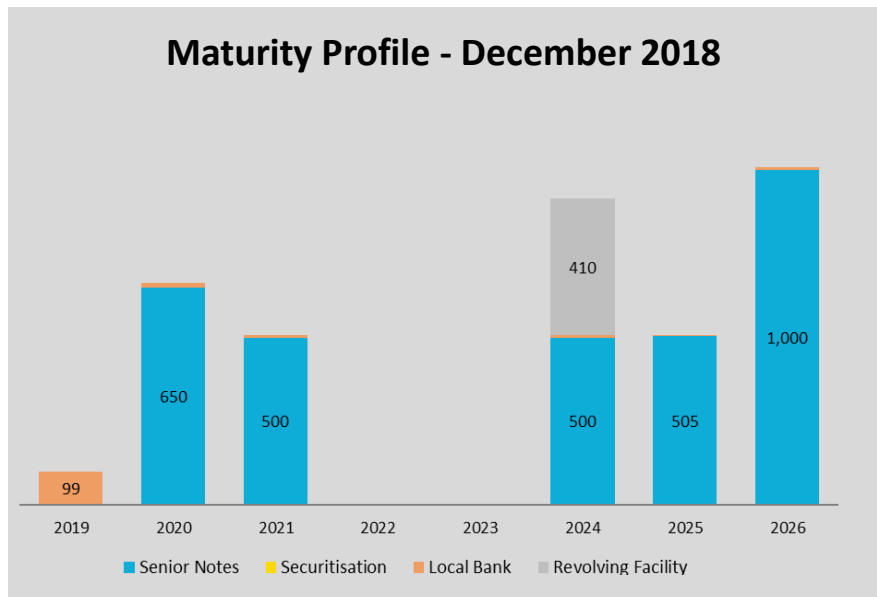
Continuing to deliver

- ▶ EBITDA of €317 million for the year
- ▶ EBITDA margin of 15.7%, significant year-on-year improvement
- ▶ Continued margin recovery through to year-end
- ▶ Continued corrugated demand growth of 2%
- ▶ Continued ramp-up of Mexican and Colombian mill projects securing additional recycled containerboard tonnage for region



Debt Maturity Profile and Liquidity

Pro Forma January refinancing – revolver and €400m bond issue



Maturity profile extended

Strong liquidity position, €1.9 billion

Disciplined Capital Allocation

Delivering progressively higher returns

Capital Expenditure

High return projects

Medium-Term Plan

- Corrugated Growth
- Cost Take-Out
- Paper Integration

M&A

Returns focused

Strategic merit

Capacity beyond MTP

Capital Structure

Credit rating Ba1/ BB+

Net debt to EBITDA

range of 1.75x to 2.5x

Dividend

Progressive Policy

Supported by strong FCF

Transforming our European Operations



Optimising the Integrated Model

To cater for our customers' needs

- ▶ Differentiate and innovate at the box plant, our market facing business (millions of boxes)
- ▶ Standardise paper grades in the mill system (50 standard grades)
- ▶ Invest in conversion plants to deliver quality and service (PPM down 53%, OTIF up 9% since 2014)
- ▶ Expanding our recycling depots network
- ▶ Rationalise mill system (12 machines closed, 44% increase in tonnes per machine in 10 years)
- ▶ Investing in lightweight containerboard capacity (1 million tonnes developed)

Disciplined Capital Allocation

Capital expenditure and acquisitions

- ▶ Geographic expansion in Serbia and Greece with active pipeline
- ▶ Acquisitions in existing geographies; France, the Netherlands, Russia, Spain & the UK
- ▶ Targeted investment in high quality and high definition printing technology
- ▶ Development of our Bag-in-Box business
- ▶ Entering new sustainable paper product categories (Hexacomb)
- ▶ Targeted cost take-out initiatives to offset labour inflation

Customer-Focused Innovation

Re-positioning the value of corrugated in our customers' world

- ▶ From Brown Box to Shelf-Smart technology driving customer sales
- ▶ Investing in conversion assets to deliver more added-value customer solutions
 - >160 machines in last 10 years
- ▶ Industry-leading experience centre network of 22 (> 3,750 visitors in 2018)
 - 3 opened in 2018 in Plattling (Germany), Moscow (Russia), Alicante (Spain)
- ▶ Largest machine system producer in industry

Transforming our Americas operations



Optimising the Integrated Model

- ▶ Investing in containerboard capacity to support box plant system (security of supply)
 - 700Kts added since 2012
 - Increase integration to reduce third party reliance and spend on containerboard
- ▶ Investing in lightweight containerboard capacity
- ▶ Optimising paper supply chain across the region
- ▶ Expanding our grip on recovered fibre

Disciplined Capital Allocation

- ▶ Investing in conversion assets to cater for customer needs and market trends
 - USD 157 million spent since 2012
- ▶ Applying Group's best practice in Marketing, Innovation and Operations
- ▶ Geographic expansion in the US, Brazil and El Salvador
- ▶ Acquisitions in existing geographies; Argentina, Colombia, Costa Rica & the Dominican Republic
- ▶ Expanding our Bag-in-Box business through investment and acquisitions
- ▶ Entering new sustainable paper product categories (Hexacomb)

Customer-Focused Innovation

Leveraging SKG's business applications to grow with our customers

- ▶ Leaders in understanding and investing behind industry trends
- ▶ Expansion of Experience Centre network to 4 in 2018
 - Opened latest centre in Brazil in 2018
- ▶ Growth of Pan-American Sales, +7% Volume CAGR since launch (2013)
- ▶ Investing in multi-colour Flexo-Folder-Gluers throughout the region
- ▶ Launch of 'Better Planet Packaging'



Summary and outlook



Summary

A business extremely well positioned to capitalise on opportunity



Delivering on our Vision

To be a **globally admired** business, **dynamically delivering secure and superior returns** for all stakeholders

'A' rating from MSCI, a Gold rating with Eco Vadis and the highest score in the sector (out of 31 corporates) with Sustainalytics

Customer-focused innovation

Acquisitions

Capital investment

People development programs

ROCE
19.3%

Strong balance sheet - Net debt/EBITDA of 2x, long dated maturity profile, stable business model, well capitalised asset base

SKG has an exciting future

Delivering progressively superior returns

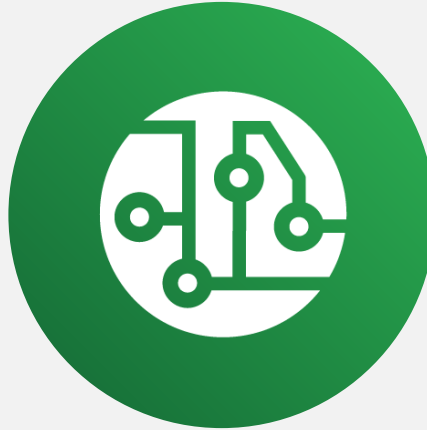


Strong Secular Drivers

Sustainable Packaging

E-Commerce

Growth of Discount Retailers



Medium-Term Plan

Investments to move to higher returns

Accelerated in 2018 with Reparenco

Flexible and agile

Driven by Five Pillars



1. **Optimising Integrated Model**
2. **Customer Focused Innovation**
3. **Performance Culture**
4. **Disciplined Capital Allocation**
5. **Sustainability Leadership**



Better Planet Packaging

The Smurfit Kappa Innovation Journey to Open the Future of Sustainable Packaging

Smurfit Kappa believes the best way to open the future of sustainable packaging is **to create it**

Technical Guidance

Cash interest	€160m
Cash tax payment	€240m
Working capital as a % of sales	7-8%
Capital expenditure (excl. Leasing)	€600-700m
Effective tax rate	27%

IFRS 16, Leases, impact in 2019*

- EBITDA increase of approximately 5%
- Net debt increase of 11-12%
- Net debt to EBITDA, marginal move
- ROCE decrease of approximately 1%

**based on 2018 full year numbers*