



2015 & Beyond

Differentiating our brand for organic growth

APRIL 2015



**To be the most respected & differentiated
supplier in our chosen markets & sectors
- consistently delivering industry
leading returns**

Integrated | Innovative | Industry Leading

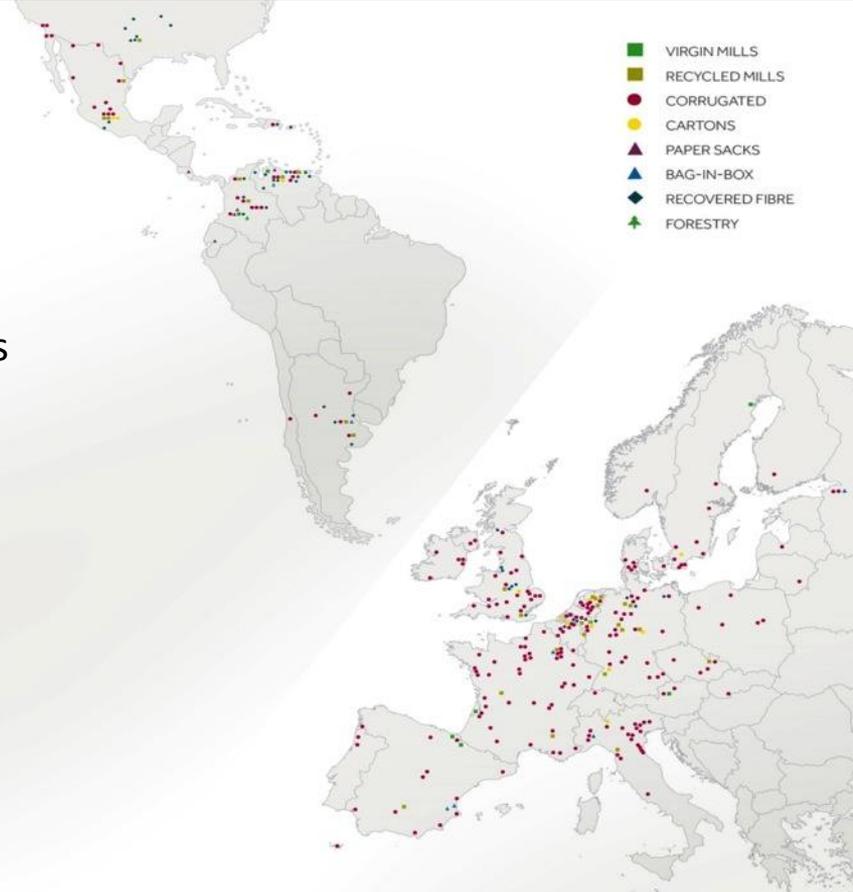


- **Europe**

- No. 1 in Corrugated
- No. 1 in Recycled Containerboard
- No. 1 in Virgin Containerboard
- No. 1 in Bag-in-box
- Strong positions in MG and Sack Kraft markets

- **The Americas**

- Only significant pan-regional supplier
- No. 2 in Mexico
- No. 1 in Colombia
- No. 1 in Venezuela
- Small but growing presence in the US
- No. 3 in Argentina





Consistent delivery against capital allocation objectives



- Integrated, efficient corrugated system
- Americas platform
- Internal investment opportunities
- Sustained strong free cash flow
- Enhanced 'corporate' capital structure
- Progressive dividend stream
- Growth through acquisitions

- Quality of earnings
- Growth, diversity & superior margins
- High growth sectors: BiB, Americas
- Increases opportunity set
- Strategic & financial flexibility
- Certainty of value for shareholders
- Proven track record of value creation

Underpinned by continued operating and financial discipline



09.45 OPENING REMARKS

Gary McGann | *Group CEO*

10.00 DIFFERENTIATION FRAMEWORK

Damian Devaney | *Director Brand Strategy*

10.15 CUSTOMER WORKSHOPS

Arco Berkenbosch | *Senior VP Innovation*

Mike Drummond | *VP Pan European Sales & MNA*

Stephen McAneny | *VP Sales*

11.45 APPLICATION OF DIFFERENTIATION

Roberto Villaquiran | *CEO, SK Corrugated Europe*

12.05 FINANCIAL OUTLOOK

Ken Bowles | *Group Financial Controller*

12.25 STRATEGY OUTLOOK & CLOSING REMARKS

Tony Smurfit | *Group COO & President*

12.45 Q&A

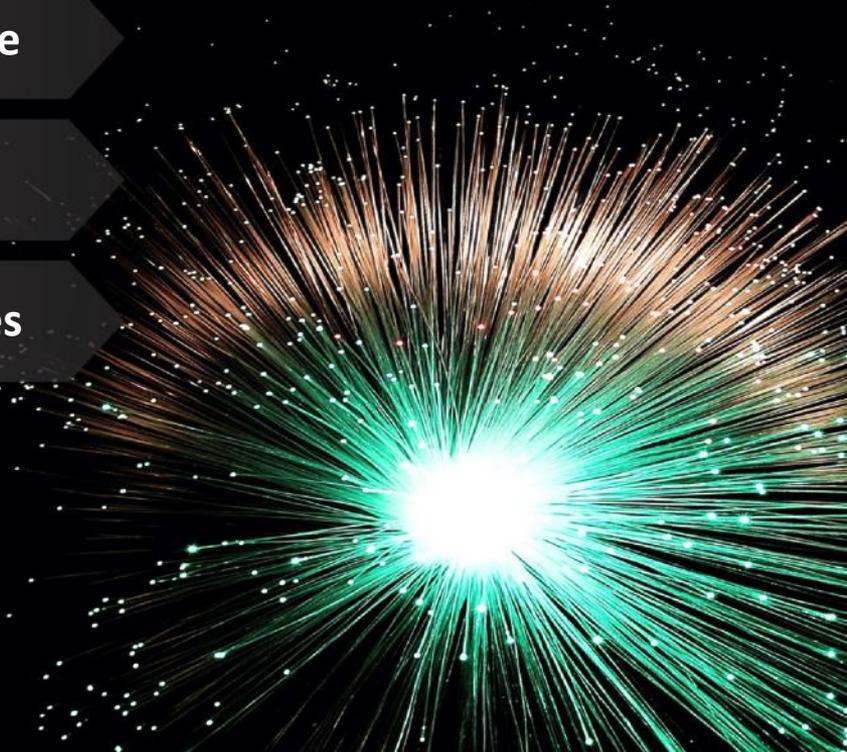


- **Branding/Differentiation initiative launched in June 2014**
- **12 months of empirical research**
- **Objective to Open Customer opportunities**
- **Using insights, innovation and optimal execution**
- **Innovation synergies – application of collective intelligence and best practice throughout the Group in each of our geographies**
- **Objective to enhance value for our customer and us through margins and volumes**

Today's Objectives



1. To present our open the future brand initiative
2. What is different about Smurfit Kappa
3. Bring to live those differences in 3 case studies



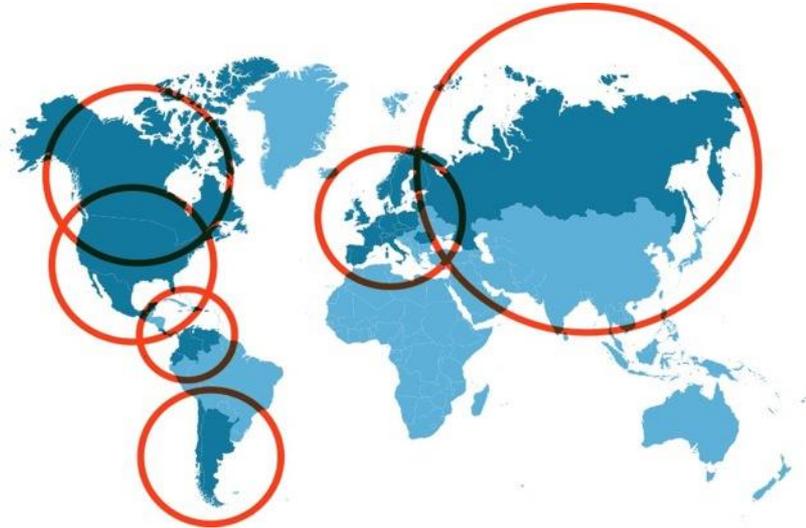


SMURFIT KAPPA

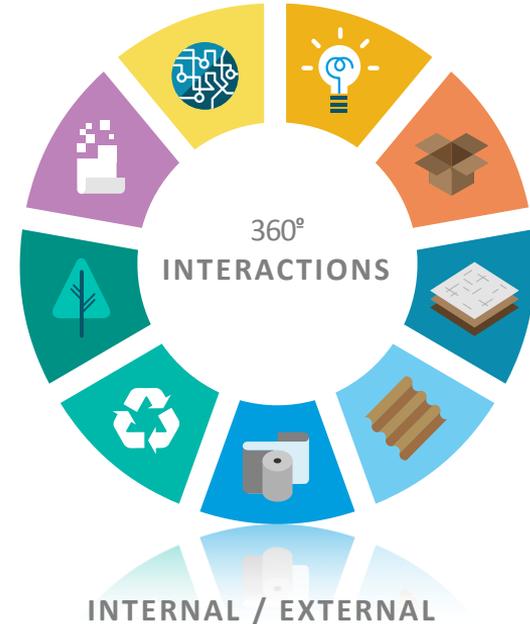
Brand journey to date



Inclusive | Indepth | Robust



OVER 1,100 EXTERNAL CONTACTS
ACROSS 27 COUNTRIES



Clarifying Our Core Strengths and Opportunities



BUILDING ON STRENGTHS



Reliable problem solving



A real expertise in packaging



Strong on sustainability

OPPORTUNITIES



Strategic relationships



Proactivity



**Customer benefit-led
innovation**



Smurfit Kappa

Open the future

Engage Full Organisation – Wide & Deep



18 Road shows | 3 Continents





2014

**Launch &
Foundation**

2015

**Building, Testing
& Improving**

**2016
Onwards**

**Maximising the
Opportunity**



2014 - A successful launch building a real foundation for future organic growth

Establish Brand Proposition



Engage & prime the organisation



Build skill set & supporting tools



Step change in our communications



2015 – 3 Key Areas of Focus



**LAUNCH NEW
SOLUTION – SHELF
SMART**



**BUILD AND PROVE
A MARKETING
TOOLKIT TO DRIVE
GROWTH**



**BRAND CAMPAIGNS
TO DIFFERENTIATE
SMURFIT KAPPA**

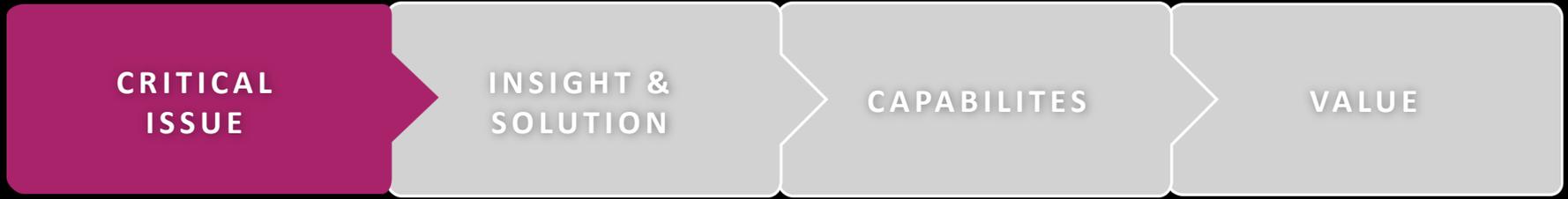
2015



Customer Management



The Smurfit Kappa Way



INDUSTRY STANDARD

- Issue Defined by the Customer
- Workshop to Define opportunities
- Time to Gather Info



SK DIFFERENCE

- ✓ Issue Defined with the Customer
- ✓ Opportunities Defined at the Click of a Button
- ✓ Speed

The Smurfit Kappa Way



INDUSTRY STANDARD

- Stand Alone Innovation Centre
- Conceptual Solution

VS

SK DIFFERENCE

- ✓ Network of Innovation Centres
- ✓ Implementable Solutions

The Smurfit Kappa Way



INDUSTRY STANDARD

- Lead with Capabilities
- Smart Packaging Expertise
- Beauty Parade of Capabilities



SK DIFFERENCE

- ✓ Lead to Capabilities
- ✓ Unexpected Integrated Skills Sets
- ✓ The Right Solution

The Smurfit Kappa Way



INDUSTRY STANDARD

- Promise Value
- Supplier

VS

SK DIFFERENCE

- ✓ Evidence/Proof of Value
- ✓ Partnership

Three Case Studies Showing Our Differentiation



MANAGING GROWTH



UNILEVER

MANAGING COST



ORKLA

MANAGING RISK



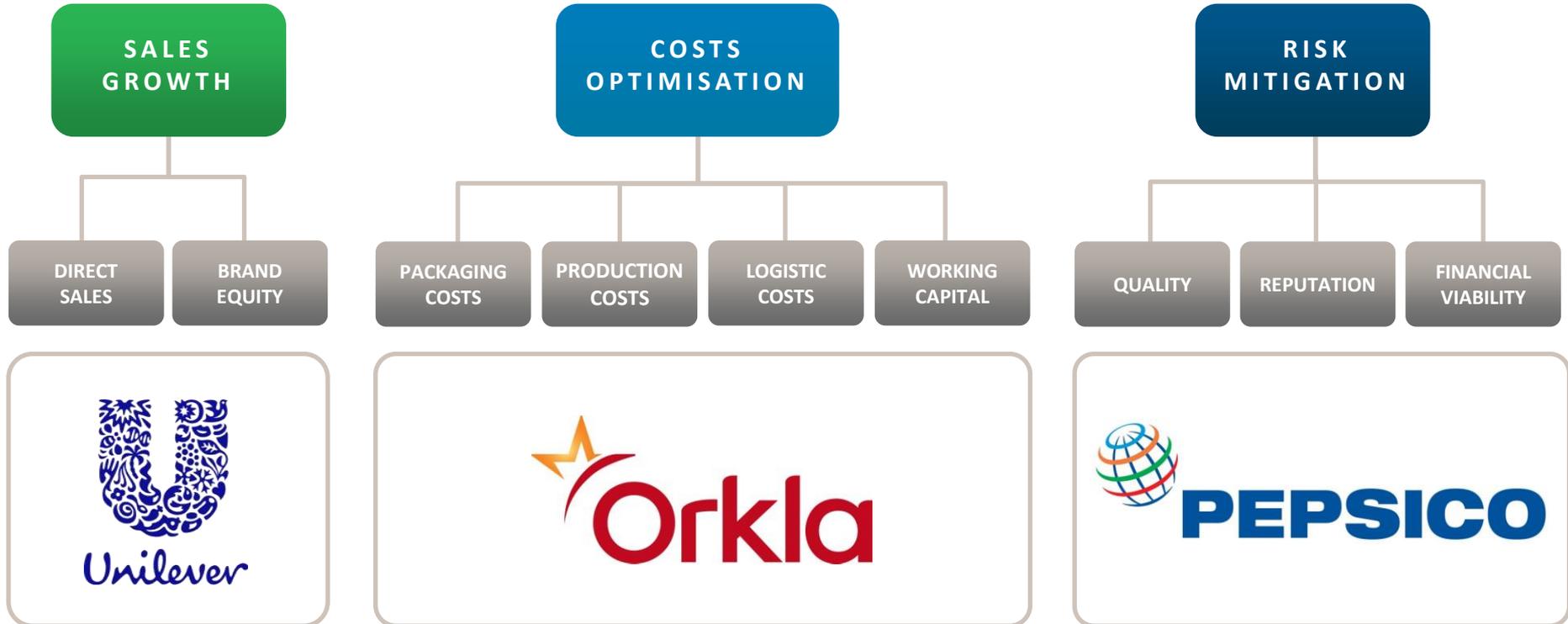
PEPSICO



Making it Count

ROBERTO VILLAQUIRAN | CEO CORRUGATED EUROPE

Our Unique & Differentiated Value Proposition



Our Unique & Differentiated Value Proposition



- Our innovations to understand and discover issues are *faster*
- Our creative packaging insights and solutions are *better*
- Our innovations to deliver value make it *real*

The Market Gets More Competitive



The shopper decides

Private labels are growing



Discounters are growing



Competitors do promotions



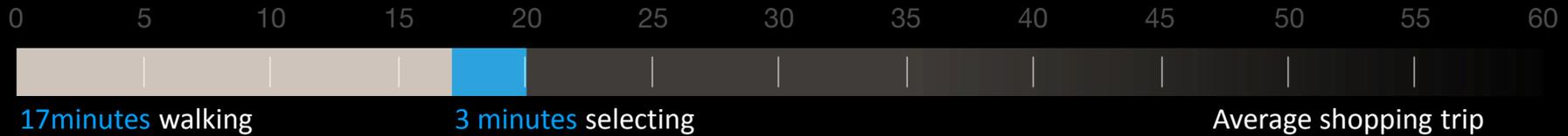
New technologies are used



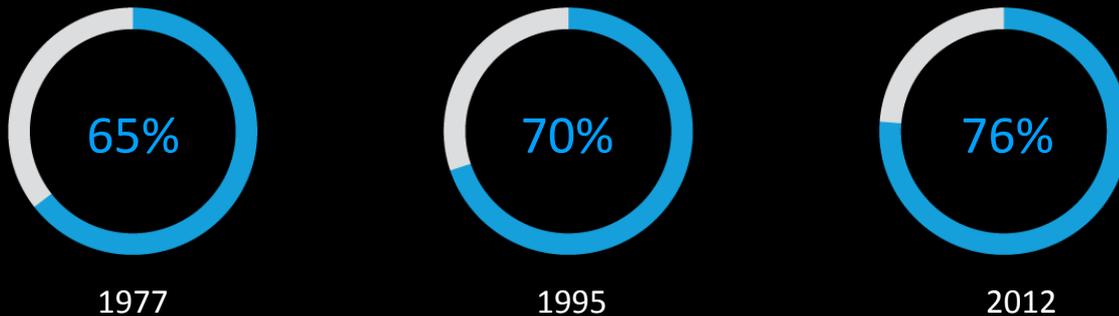
During The Shopping, Every Second Counts



- Shoppers decide fast in their path to purchase
 - It takes them **12 seconds** for searching and selecting your brand¹



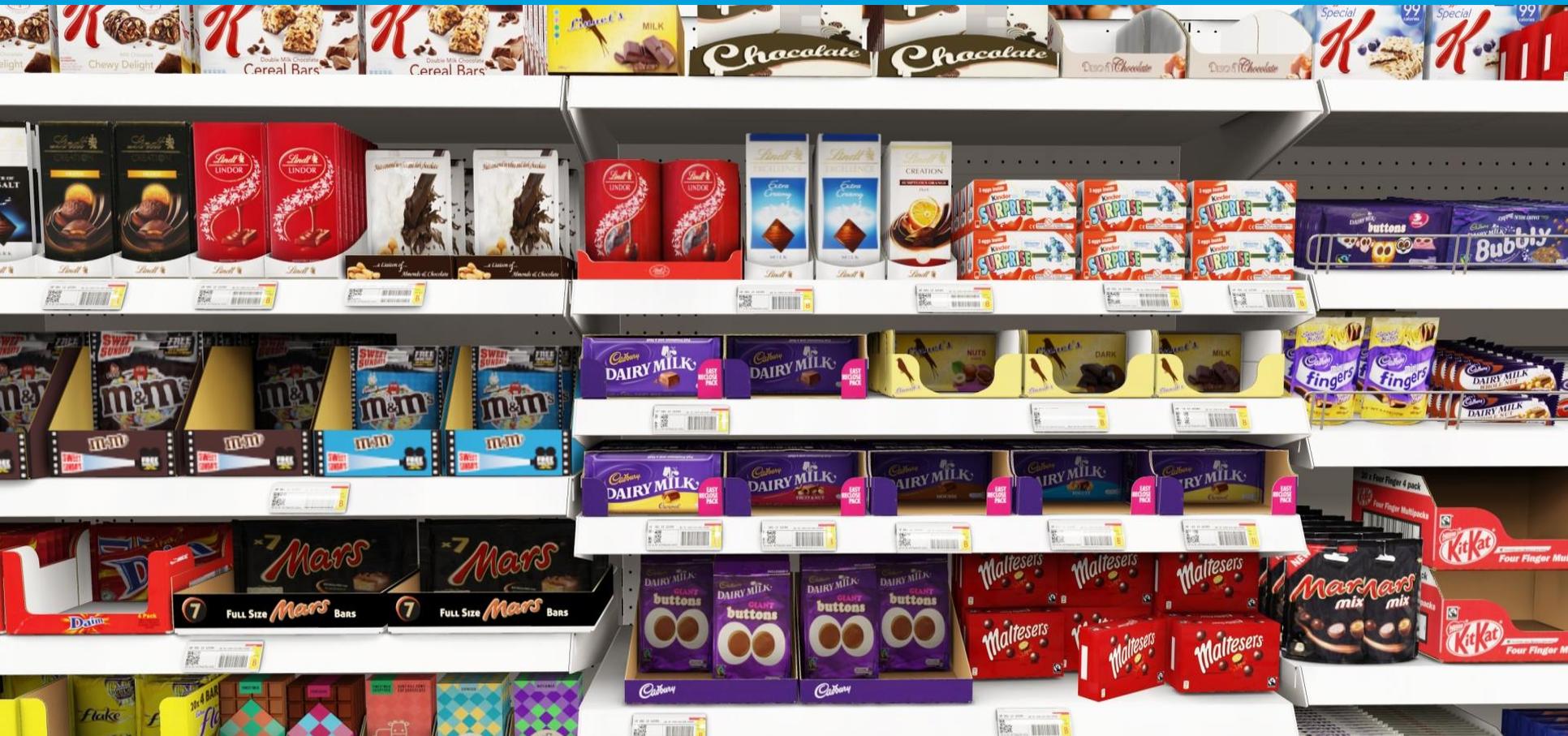
- In-store decision rate has climbed in recent years²



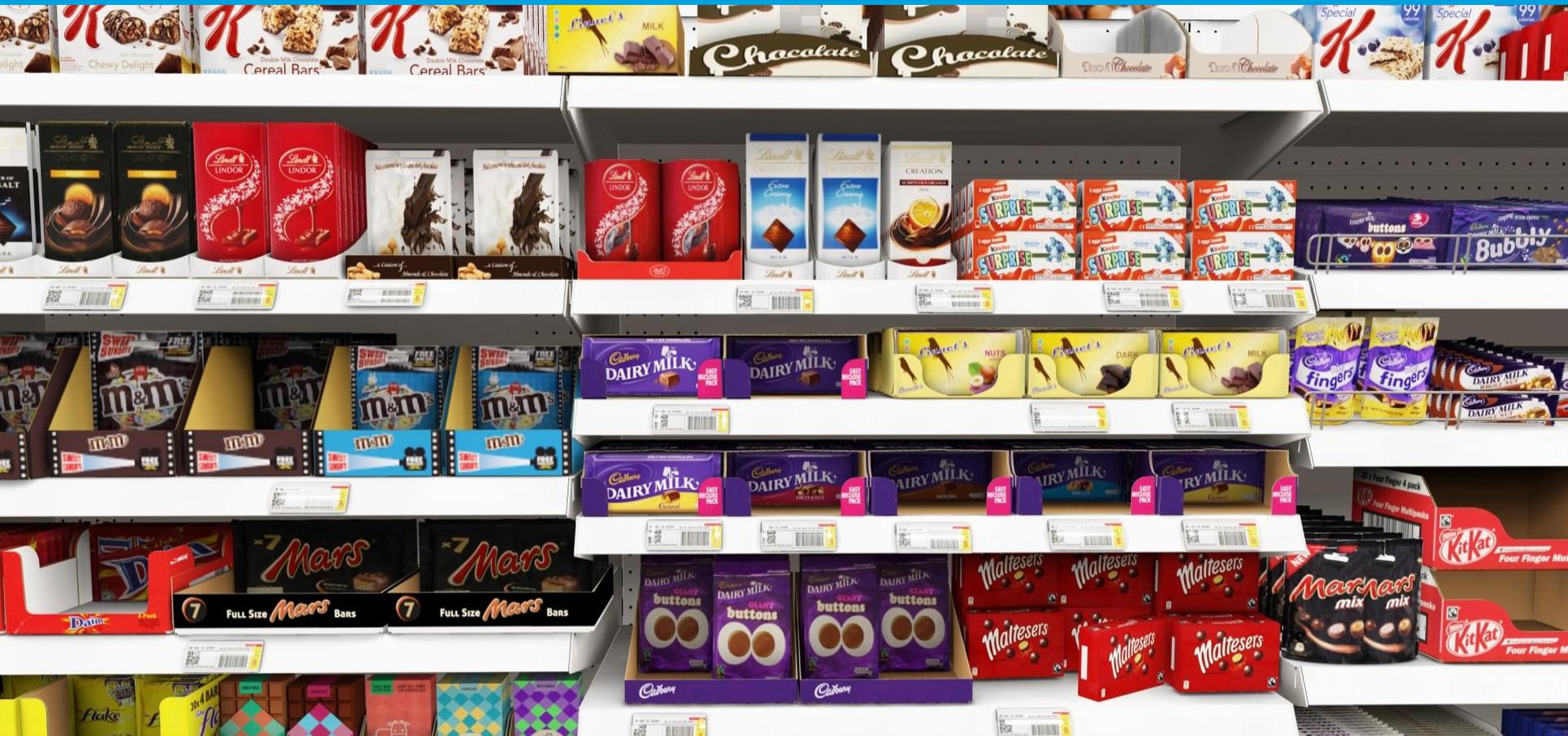
¹Smurfit Kappa desk research

²2012 Shopper Engagement Study, Point of Purchase Advertising International, 2012, page 4.

Find Your Product



Find Your Product



Shelf-Facer Solutions Boost Brand Visibility By Up To 50%



Reference SRP



Shelf Facer



Results Eye Tracking Study

- **Online eye tracking studies of more than 600 shoppers prove that Shelf Facer solutions are noticed by 49% more shoppers**

The Supply Chains Gets More Complex



Cost Optimisation is needed

Different Channels are growing



Order sizes gets smaller



Consumers want JIT delivery



New technologies are used

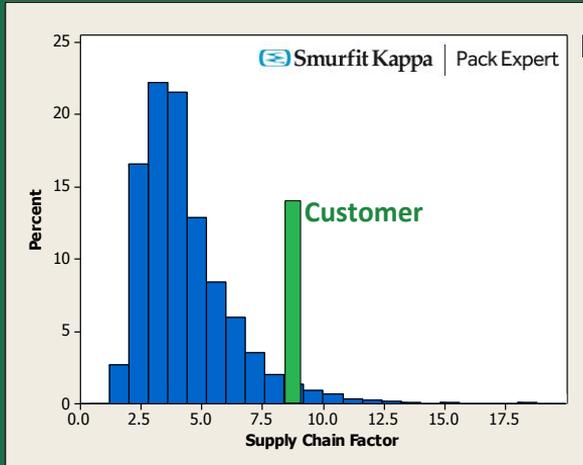


Possibilities For Every Direction



IDENTIFY THE CRITICAL ISSUE

Pack Expert benchmark



30,000 Supply chains, ready to benchmark to understand key opportunities

FIND AND DEVELOP THE RIGHT SOLUTION

Supply Chain Research

Smurfit Kappa | Pack Expert

Pallet stability

Partnership ESTL

DELIVER VALUE

Performance measurements



Proof it works in a unique ISTA certified laboratory

Delivering Beyond Expectations



E-Commerce



Delivering Beyond Expectations



IDENTIFY THE REAL OPPORTUNITY

FIND AND DEVELOP THE RIGHT SOLUTION

DELIVER VALUE

YOUR E-BRIEF

MAKE E-COMMERCE REAL

EFFECTIVE SOLUTIONS

- Click & Collect
- Click & Collect
- Parcel delivery

CONSUMER EXPERIENCE

- Unboxing experience
- Opening
- Tamper evidence
- Return
- Privacy

ENVIRONMENT

- Material
- Packaging
- Second life of packaging
- Waste removal

AUTOMATION

- Manual
- Semi automatic
- Automatic

BRANDING

- Call for action
- Brand equity

MARKET KNOWLEDGE

- Sales channel
- Product

Letter boxes

Fix and hold

Buffer and protect

Bundle and collect

386 solutions available in Innobook to kick-start your design process

Performance measurements

Mechanisation portfolio

Consumer research

More than 64,000 Customers Trust Smurfit Kappa



- **Diversified and Resilient Customer Base**

- 60% of volumes in FMCG sectors
- Top 5 customers < 10% of volumes

- **Mix of customers in Europe**

- 35% PES and MNA
- 10% National
- 55% local business

- **Largest regional supplier in the Americas**

- Geographic diversity
- Unrivalled global footprint





SHELF VIEWER

INNOBOOK

EYE TRACKING



MARKET EXPERTISE

SHOPPER RESEARCH

STORE VISUALISER

All Things in Life Come in a Package...

...and Some of Them Come From Us





Financial Outlook

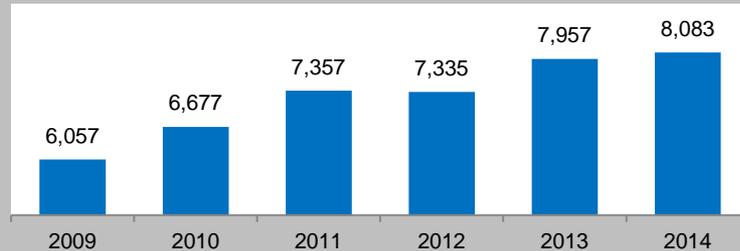
KEN BOWLES, GROUP FINANCIAL CONTROLLER

Consistent Growth and Free Cash Flow Generation



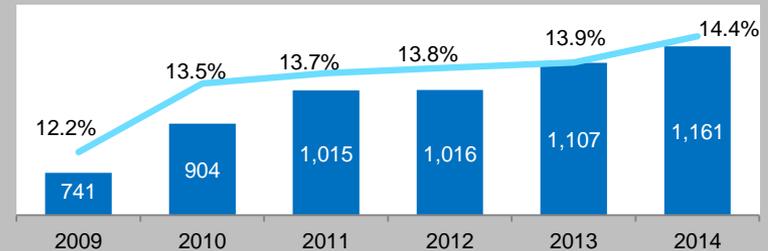
Revenue (€m)

5.9% CAGR

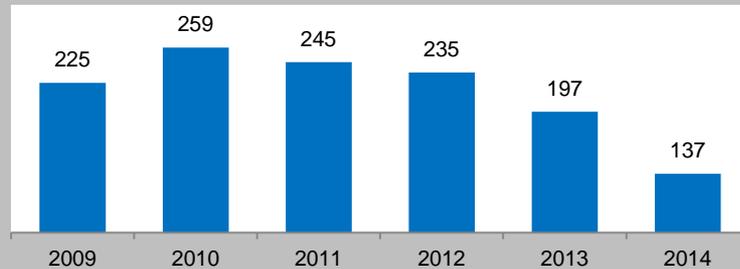


EBITDA (€m) and EBITDA margin

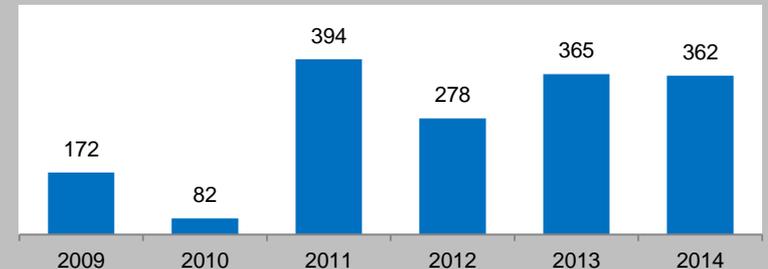
9.4% CAGR



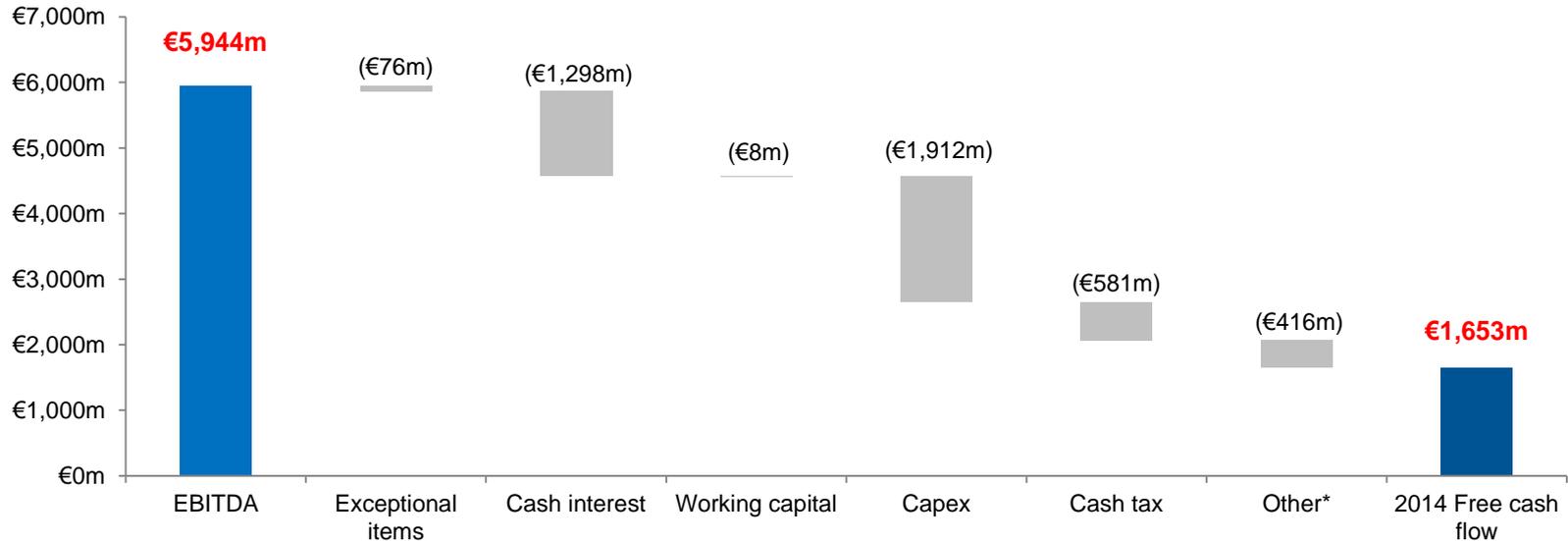
Cash interest (€m)



Free cash flow (€m)



2009 – 2014 | Free Cash Flow Bridge to EBITDA



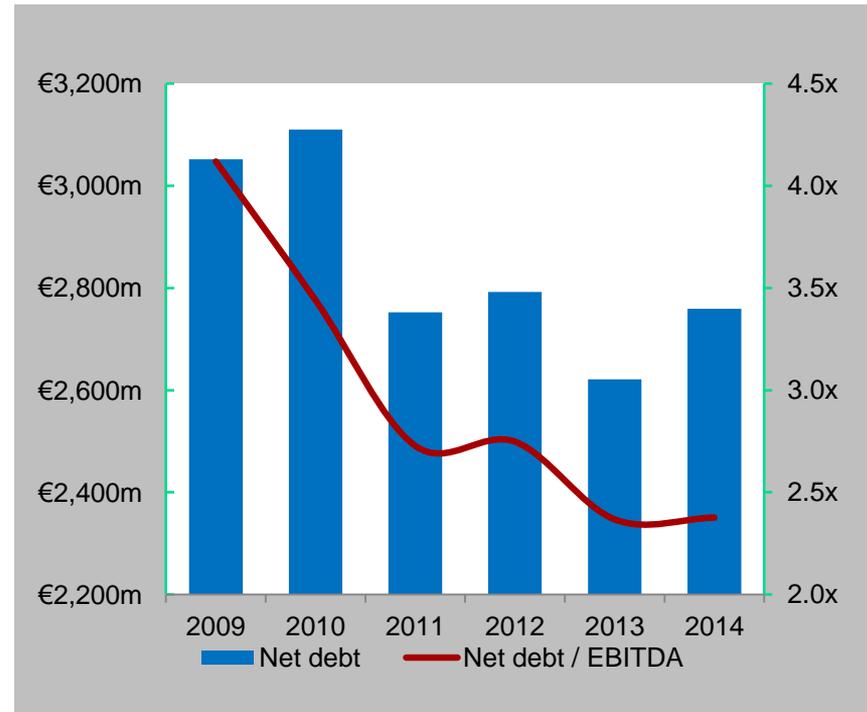
- **Almost €6 billion of EBITDA in the 6 years since 2009**
- **Continuous investment in the business with over €1.9 billion in capex**
- **Over €1.6 billion of free cashflow generation**

Net Debt Reduction Was a Clear Focus for Free Cashflow... and Targets Have Now Been Achieved



- Net debt reduced by approximately €650m from 2007 to 2014
- Net debt to EBITDA ratio of 2.4x at the end of 2014
- Repositioned capital structure providing solid platform for business growth and improved returns
- Targets achieved
 - Net leverage range of 2.0 - 3.0x EBITDA
 - Unsecured capital structure
 - Credit ratings of Ba1 / BB+ / BB+

Net debt paydown (€m)



Now The Focus is On Top Line and Earnings Growth



Business Growth

- **Organic growth in all segments**
 - Americas: **+3%** in 2014
 - Europe: **+2%** in 2014
 - Supported by targeted capex
- **Delivery of acquisitive growth**
 - 2012 | OCCG in the US
 - 2013 | CRP in the UK
 - 2014 | Corrumed in Colombia
 - 2014 | Rierba in Dominican Republic
 - 2014 | Bates in the US
 - 2015 | CYBSA in Central America
 - 2015 | Hexacomb in Mexico & Europe
 - 2015 | Inspirepac in the UK



Cost Efficiency

- **Cost take-out programme**
 - Delivery of €117m in 2014
 - New target of €75m for 2015
- **“Quick Win” capital investments**
 - Capex of €150m over 3 years
 - Full run-rate incremental EBITDA of €75m achieved in 2017
 - €18m in EBITDA expected in 2015
- **Asset Optimisation Programme**

**Consistent Delivery
Against Capital
Allocation Objectives**



Capital Allocation | Evolution



2007 to 2014

Net Debt Reduction

Dividend

Capital Expenditure

M&A

2015 Onward

Dividend

Capital Expenditure

M&A

Return of Capital

Achieve & maintain credit rating of Ba1 / BB+

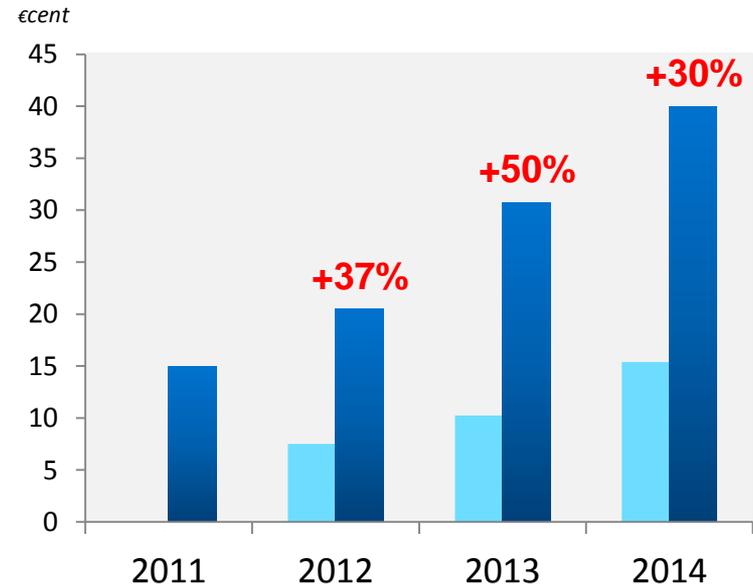
Capital Allocation | Progressive Dividend



- Provides underpin to growth agenda
- Supported by strong free cash flows
- Final dividend increased by 167% since reinstatement in 2011
- SKG is committed to maintaining the absolute pay-out rather than a ratio
- The dividend will continue to grow as our earnings grow

**Final dividend reflects two thirds of annual dividend*

Strong free cash flows sustaining improved returns



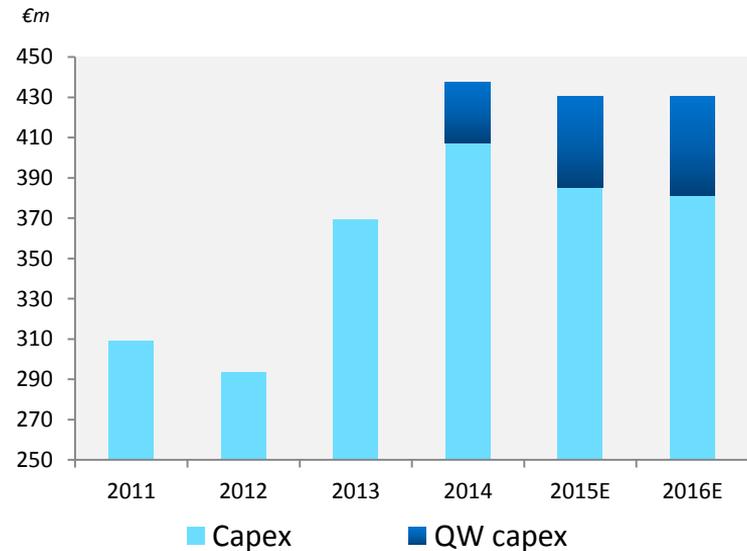
Source: Smurfit Kappa

■ Interim ■ Full Year



- Targeted capital expenditure
- Minimum IRR of 15% on non-maintenance capex projects
- Continuous improvement in asset quality and system efficiencies
- Renewed focus on growth oriented investment in Europe
- Programme of high return projects providing €75 million in incremental EBITDA in 2017

Enhanced capex pipeline



Source: Smurfit Kappa



- **Delivery of increased returns in target markets & sectors**
- **Focus on operational enhancement**
- **Minimum IRR threshold of 15%**
- **Capacity for acquisitions of >€300 million per annum from free cash flow**
- **In the absence of accretive acquisitions the Group will evaluate alternative uses of capital**





- **Consistently strong earnings and proven ability to drive free cash flows**
- **Disciplined capital investment agenda with a focus on return on capital employed**
 - **Upgraded average ROCE guidance of 15% through the cycle**
- **Preservation of strong credit metrics and efficient capital base provide platform for delivery of accretive business growth**
- **Progressive dividend policy supported by solid business fundamentals and strong free cash flow generation**



Strategic Outlook & Closing Remarks

TONY SMURFIT | GROUP COO & PRESIDENT

Sustaining Differentiation



COMMODITIES



RAW MATERIALS

A photograph of a dense forest with tall, thin trees under a clear blue sky.

MONEY

A photograph showing a stack of Euro banknotes (100, 500, 200, 100) and several Euro coins.

EQUIPMENT

A close-up photograph of a large, circular metal component with five holes, likely part of a paper mill machine.

 **Smurfit Kappa**
Open the future

The Smurfit Kappa logo and tagline are displayed against a background of a globe with a blue arrow pointing to the right.

DIFFERENTIATORS



PEOPLE

A photograph of two men in an office setting, one in a dark suit and one in a black shirt, looking at a document on a desk.

PEOPLE IN ALL ROLES

A photograph of a diverse group of people, including men and women in various work attire (orange safety vests, white shirts, blue jeans), standing in a factory or warehouse setting.

Sustaining Differentiation Through Our Culture & People



- **Experienced team**
- **Track record of delivery**
- **Skillsets across the supply chain**
- **Dedicated technical expertise**
- **Geographic mix further deepening bench strength**

1

Clear Market Leader in Europe with Strong Position in the Americas



Europe

(FY 2014)

€6.1 billion
Sales revenue

€882 million
EBITDA

14.4%
EBITDA Margin

The Americas

(FY 2014)

€1.9 billion
Sales revenue

€305 million
EBITDA

15.7%
EBITDA Margin

Total Group

(FY 2014)

Approximately 350 production sites

21 countries in Europe

11 countries in the Americas

42,000 employees

Group financials

(FY 2014)

€8.1 billion
Sales revenue

€1.2 billion
EBITDA

14.4%
EBITDA Margin

Revenue

Europe 76% The Americas 24%

EBITDA

Europe 74% The Americas 26%

Market position

No. 2 for the production of corrugated containers

World market

No. 1 in corrugated containers, containerboard and bag-in-box

Europe



RAW MATERIALS

RECOVERED PAPER



VIRGIN WOOD FIBRE



INTERMEDIATE PRODUCTS

CONTAINERBOARD

- Testliner and Kraftliner are used to make the inner and outer layers of corrugated cardboard
- Medium is used to create the “rippled” or fluted middle layer



END PRODUCTS

CORRUGATED CONTAINERS AND DISPLAYS

- Corrugated cardboard is then printed and converted according to customer specifications into containers and displays

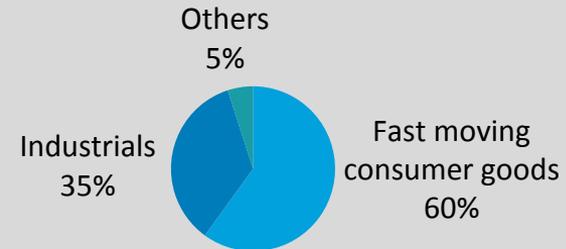


Represents the scope of an “integrated” producer



- Diversified and resilient customer base with more than 64,000 customers
- Top 12 customers accounted for 10% of Group sales
- Majority of customers' end markets are in resilient sectors: approximately 60% of revenue from FMCG
- Consistent growth in European volumes; Americas business operating well

Majority of business in resilient sectors



Source: Smurfit Kappa, FY 2013

Selection of customers



Source: Smurfit Kappa



Postal Packaging



Standard Packaging



Consumer Packaging



Industrial Packaging



Kraft Paper



Point-of-Sale Displays



Machine Systems



Protective Packaging



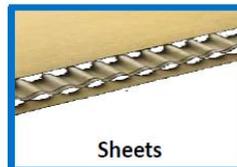
Bag-in-Box



Food Packaging



Retail Packaging



Sheets

- **First-class packaging through state-of-the-art expertise and capabilities**
- **Effective innovation based on customer and consumer insight**
- **Expertise in retail solutions and supply chain optimisation**
- **Commitment to highest standards and practices in sustainability**



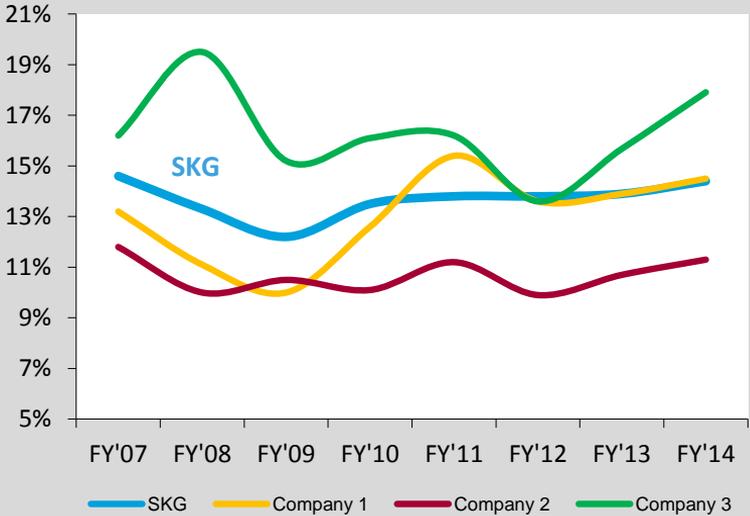
Application of Collective Intelligence to optimise customer supply chain and support and enhance their brands

6

Strong, Consistent Margin and Disciplined Capital Investment

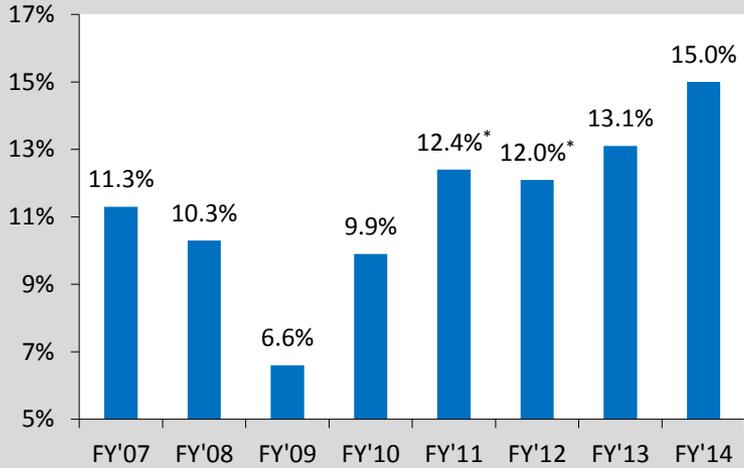


EBITDA margin



Source: Smurfit Kappa
 Note – Company 2 to Oct'14

Return on capital employed

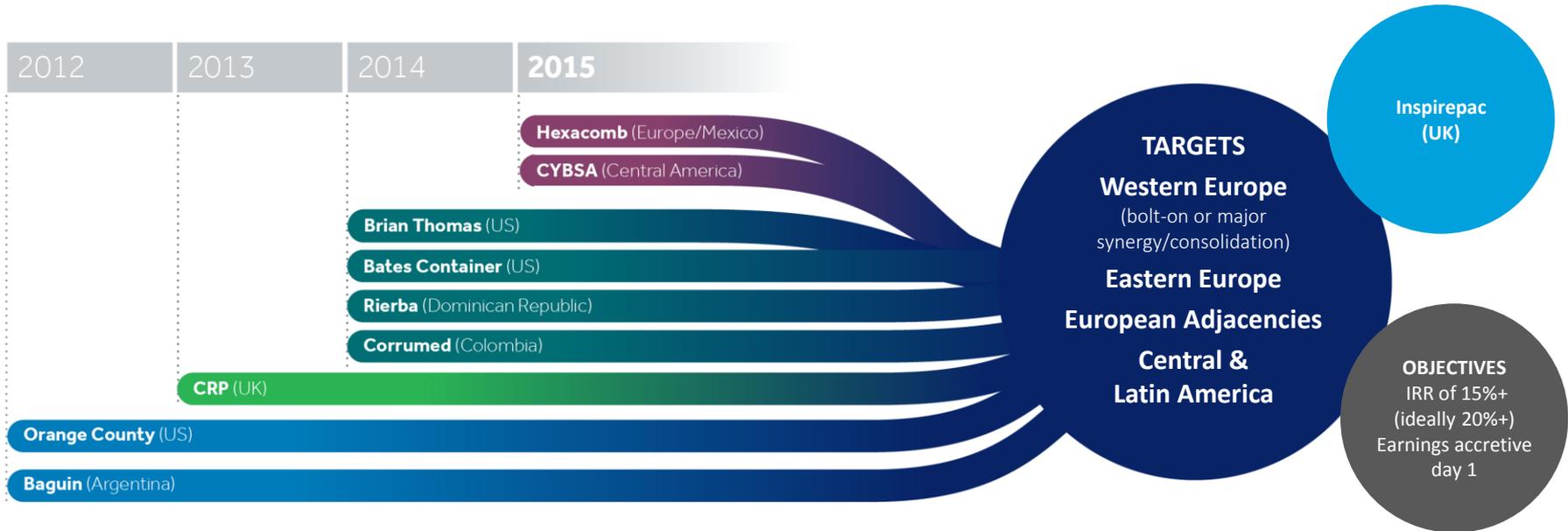


*Restated for IAS19R



- **Our focus to date has been on maximising free cash flow generation to pay down debt**
- **We are now firmly targeting top line growth**
 - Organic growth supported by targeted capital investment and differentiation
 - Incremental growth through acquisitions in target markets
 - Supported by continued operational and financial discipline

Acquisitions





**To be the most respected & differentiated
supplier in our chosen markets & sectors
- consistently delivering industry
leading returns**

Integrated | Innovative | Industry Leading

 Smurfit Kappa

Thank you

