

SKG: LN | SKG: ID

# Leading Innovating Delivering

FY 2020 Results presentation

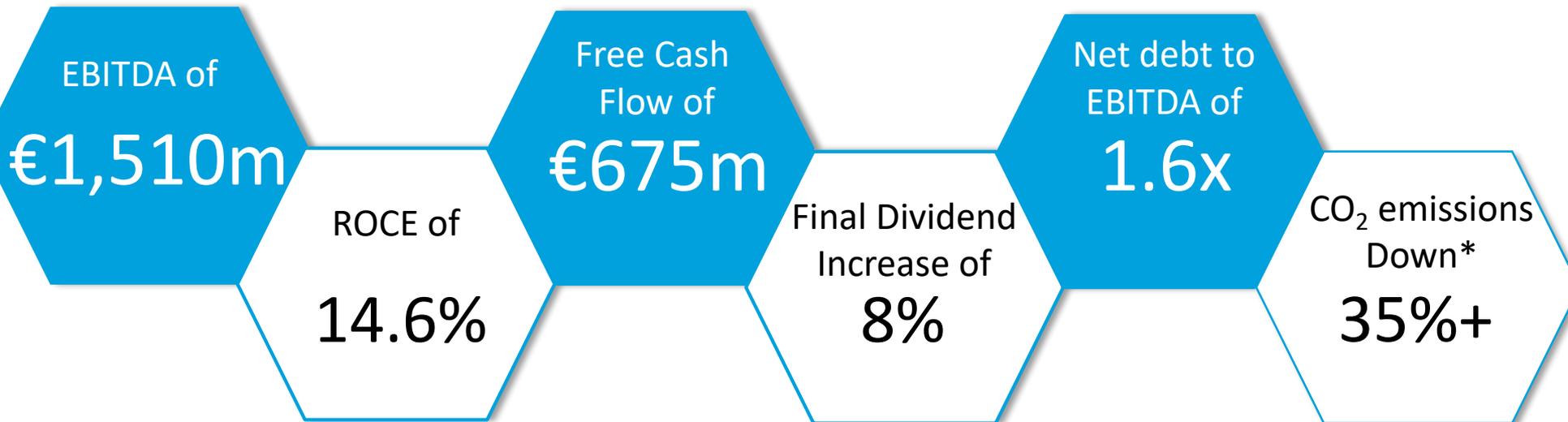
# Disclaimer

This presentation 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.

Please refer to the Principal Risks and Uncertainties contained in the FY'20 Press Release for details.

# FY 2020 Results highlights

Consistently delivering for all stakeholders



# Delivering for all our stakeholders

Driven by our culture and our people



## Our People

- H&S: TRIR down >25%
- Engagement: >90%
- Employee reward
- CEO/CFO: 200+ plant visits (virtual)
- 9,000 working remotely at height of pandemic



## Our Customers

- Strength of integrated model
- Continuity of supply
- Packaging for vital supply chains
- 220+ webinars
- Launch of new portfolio of products



## Our Investors

- Dividend paid in full
- Strong performance through 2020
- Successful equity raise
- Capitalising on growth opportunities to 2024



## Our Communities

- 200+ initiatives
- €3m+ in COVID donations to local hospitals, research, front line, in addition to existing community engagement
- Government COVID support repaid



## Our Planet

- Net-Zero emissions by 2050
- New or enhanced targets in
  - CO<sub>2</sub> emissions
  - Water
  - People
  - Raw material sourcing

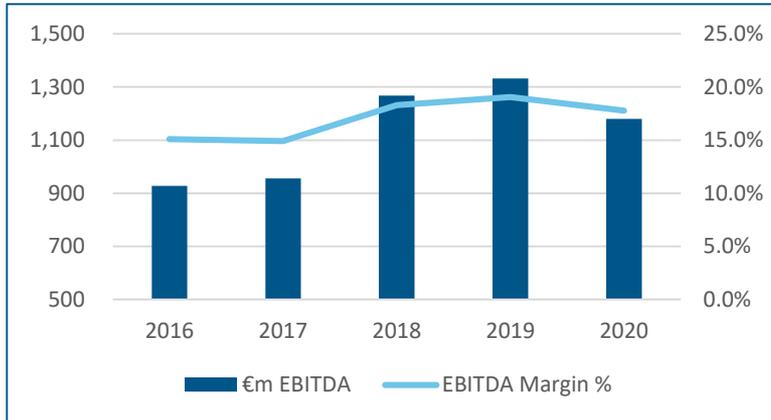


# An Unrivalled Commercial Platform

# Leading positions in Europe

Strong integrated platform for continued growth

- ▶ Growing EBITDA and EBITDA margin through the cycle
- ▶ Strength of our integrated model
- ▶ Driven by capital investments, disciplined acquisitions and customer-led innovation



NO. 1 In corrugated (boxes)

NO. 1 containerboard

NO. 1 Kraftlinerboard

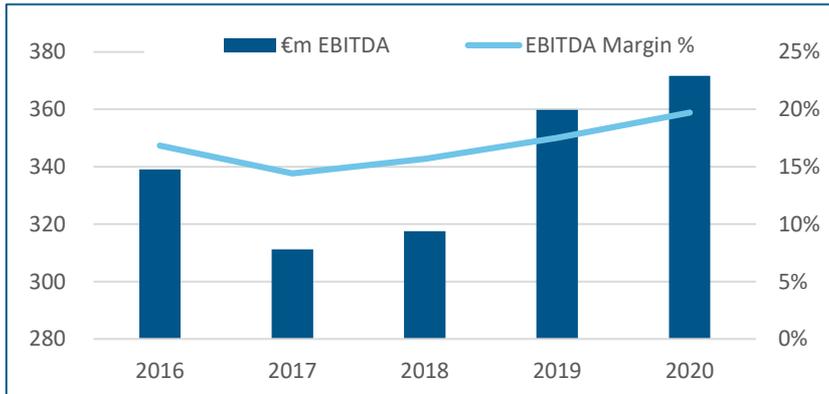
NO. 1 In Bag-in-Box™



# Leading positions in the Americas

Strong integrated platform for continued growth

- ▶ Higher EBITDA margins, 2020 showing continued strong performance
- ▶ Unrivalled Pan-Americas sales offering to multinational companies
- ▶ Well positioned, driven by capital investments, disciplined acquisitions and customer-led innovation
- ▶ Strong and growing market positions
- ▶ Higher expected growth rates with exciting long-term prospects

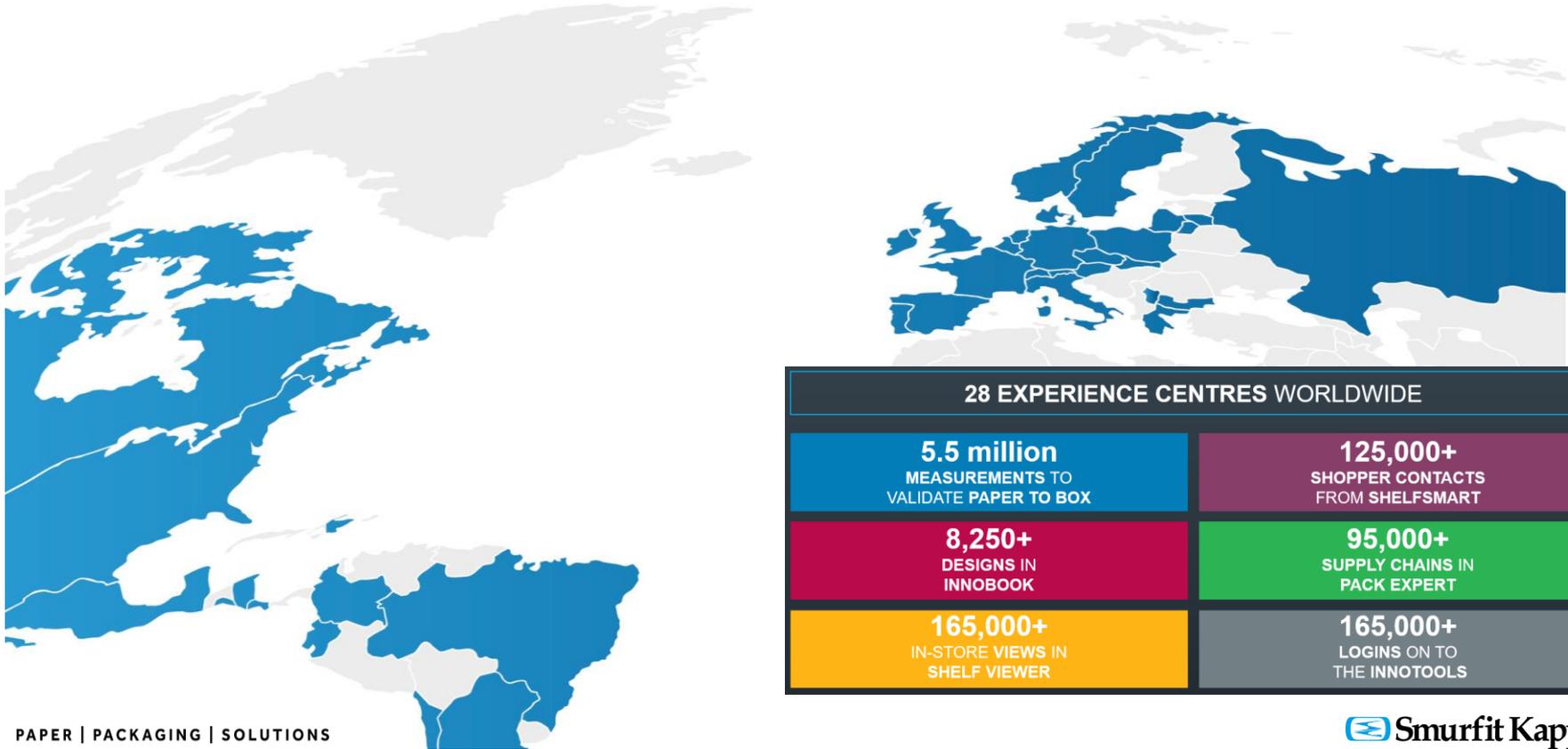


Only significant  
Pan-Americas player



# Unrivalled Innovation network

Delivering data-driven, sustainable packaging solutions for our customers



# Innovative, market-led products

Successfully addressing these market trends

Sustainability requirements



eCommerce everywhere



Consumer preferences changing



Increased focus on packaging costs FMCG & retail



# Innovating with our customers



# PEPSICO

## Corrugated packaging opens up new online sales channel (Europe)

- ▶ 2020 Advent calendar developed for Pepsico
- ▶ Sold via Amazon platform
- ▶ 100% recyclable packaging solution
- ▶ Launched in UK and Spain
- ▶ Creating buzz online



Calling all crisp lovers! You can now pre-order a Doritos Advent Calendar on Amazon - and it's set to be a hit

By ENLY SCHREINER FOR MASQUINE  
PUBLISHED: 09:01 GMT, 20 October 2020 | UPDATED: 09:01 GMT, 20 October 2020



With just 66 days to go until Christmas, brands and retailers have been falling over themselves to come up with the most original ideas for advent calendars.

This year there are some seriously exciting alternative advent calendars out there, all going beyond the norm of traditional chocolate.

If you're a crisp lover then take up: Doritos has launched its first advent calendar and it's now available to pre-order on Amazon for £19.99.



The Doritos Advent Calendar is now available to pre-order on Amazon, ahead of its release on November 10

OMG Lifestyle • Christmas

### Doritos are selling a crisp-filled advent calendar and it's so Cool Original

For those that are more into savoury treats, Doritos are selling an advent calendar filled with with packets of crisps. You can preorder it now!

# Innovating with our customers

Docile, confectionary customer (Brazil)

## ShelfSmart

- ▶ Using ShelfSmart to develop more effective shelf-ready packaging
- ▶ 18% increase in sales
- ▶ Reduction of 'in-store' restocking time by 50%



Before



After



# Innovating with sustainable solutions

Strong platform for continued growth in Bag-in-Box

- ▶ The most sustainable liquid packaging solution
- ▶ The lowest CO<sub>2</sub> per litre for drinks
- ▶ SKG #1 in Europe, #2 in World
- ▶ Leading technology

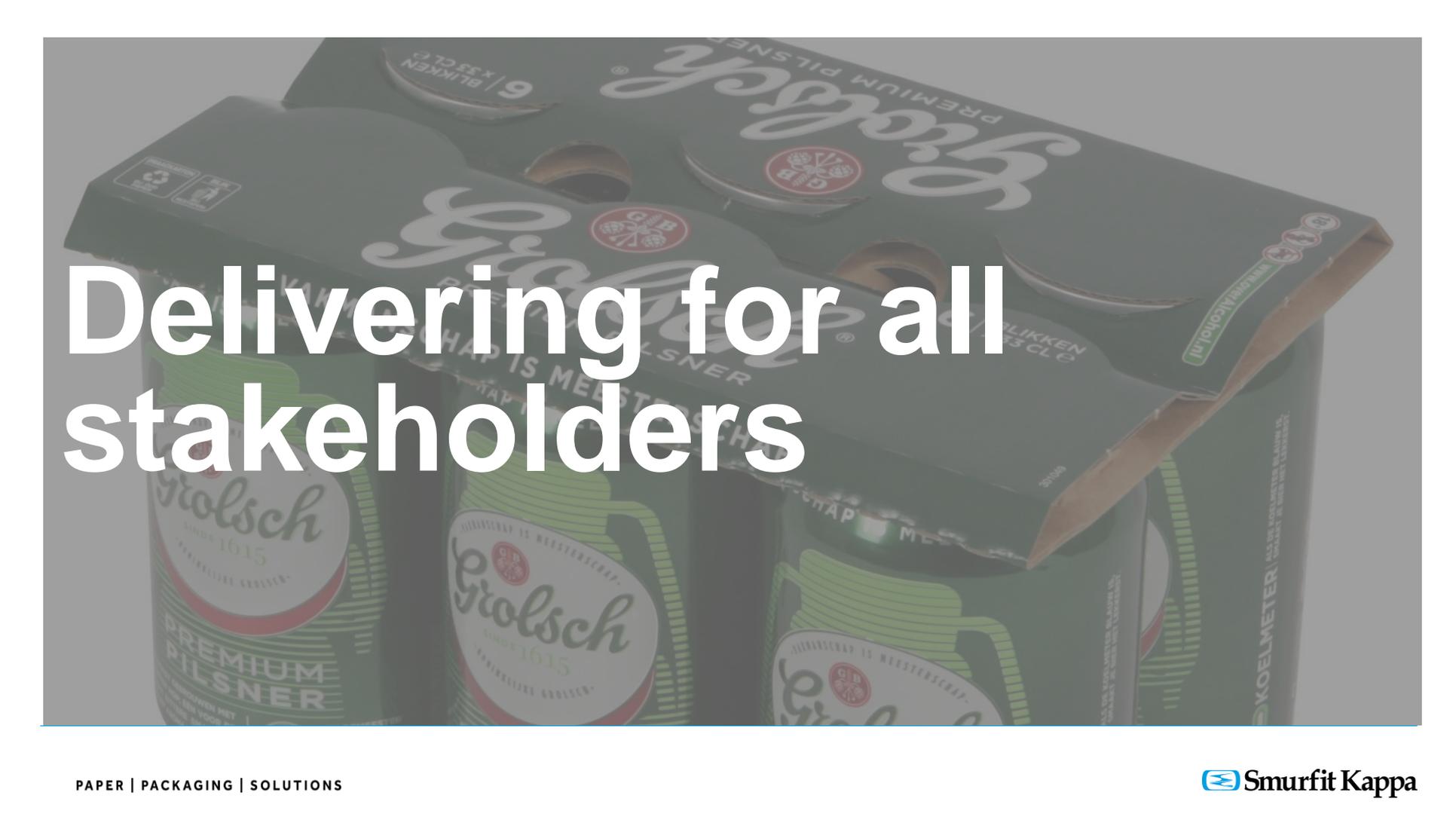


# Leading in Awards & Recognitions



In September, the team in the UK won an impressive 18 awards at the EFIA Awards. SKG secured three gold awards for the creative and innovative solutions. This was further complimented by seven silver, six bronze, one highly commended and a special award for the Student of the Year.

In January (2020), **Fundación Smurfit Kappa México** was awarded the **“Best Practice Award”** in the category of Community Engagement for the actions carried out in Ecatepec and the surrounding neighborhoods.



# Delivering for all stakeholders

# Delivering on Sustainability

Accelerating and enhancing our delivery

Smurfit Kappa  
**Better Planet  
2050**



## Carbon reduction

By 2030, a 55% intensity reduction in fossil CO<sub>2</sub> emissions in our global paper and board mill system  
Net-zero by 2050



## Water

SKG is primarily a processor of water (low net consumer). We are targeting at least 1% intensity reduction of water intake by our global paper and board mill system every year



## Landfill

30% intensity reduction in waste sent to landfill by our global paper and board mill system



## Chain of Custody

Increasing deliveries to customers that are Chain of Custody Certified from 90% target to 95% by 2025



## People

Create a diverse workplace and ensure that female gender representation across the Group is above 30%

# Group 2020 Full Year Highlights

Resilience in every fibre

Group revenue of **€8,530 million**

EBITDA of **€1,510 million**

EBITDA margin of **17.7%**

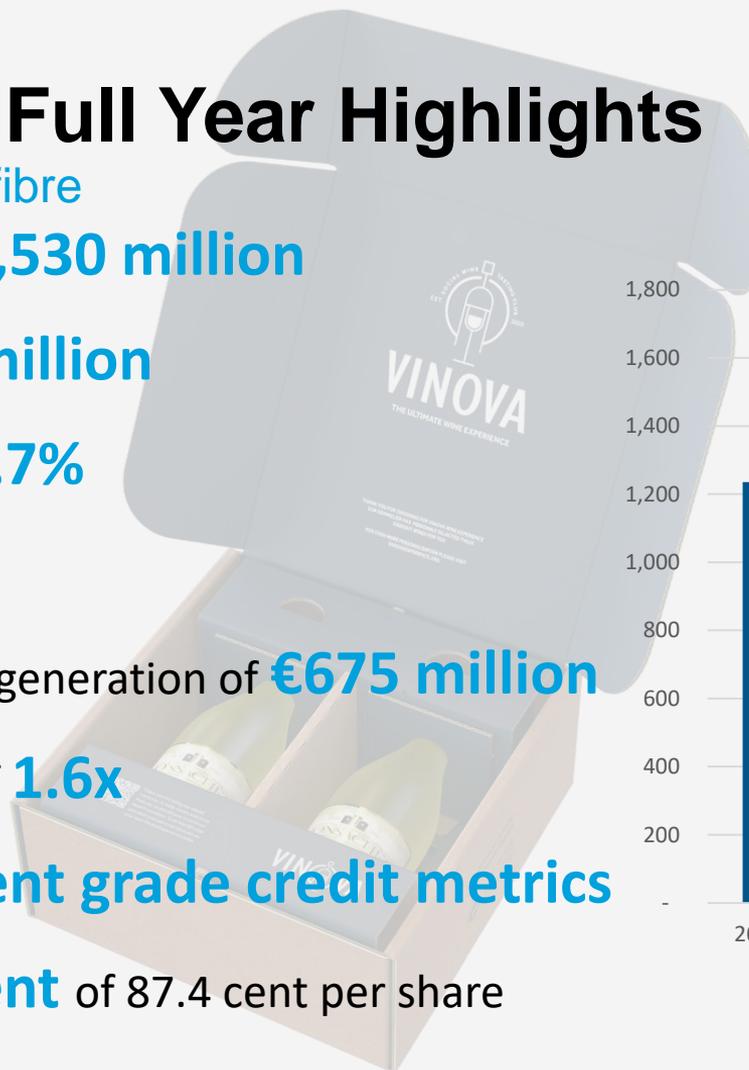
ROCE of **14.6%**

Strong free cash flow generation of **€675 million**

Net debt to EBITDA of **1.6x**

Targeting **investment grade credit metrics**

**Dividend payment** of 87.4 cent per share



# Europe 2020 Full Year Highlights

Resilience in every fibre

EBITDA of **€1,180 million**

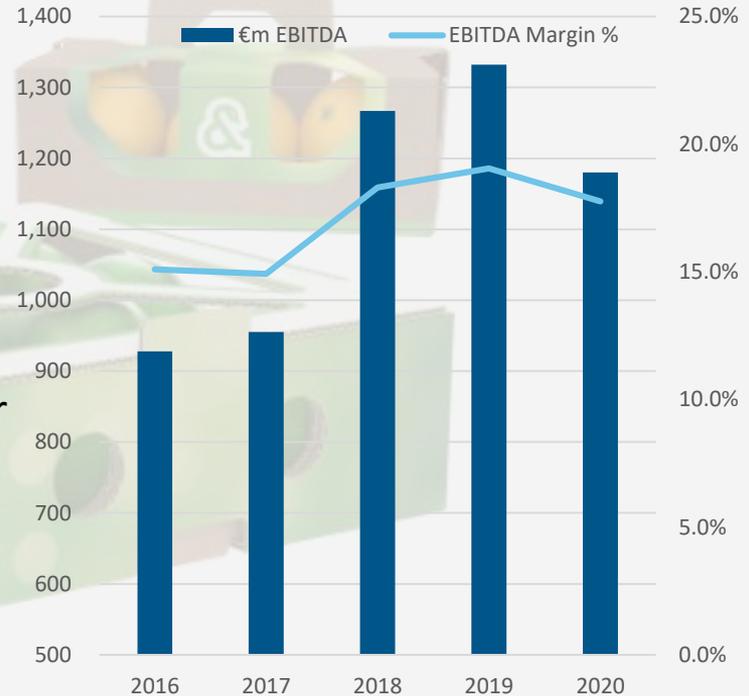
EBITDA margin of **17.8%**

**Corrugated price** in line with expectations

**Box volumes +2%** with a strong fourth quarter

Acceleration of **Better Planet Packaging**

**Continued progress** of Group's capital investment plans



# Americas 2020 Full Year Highlights

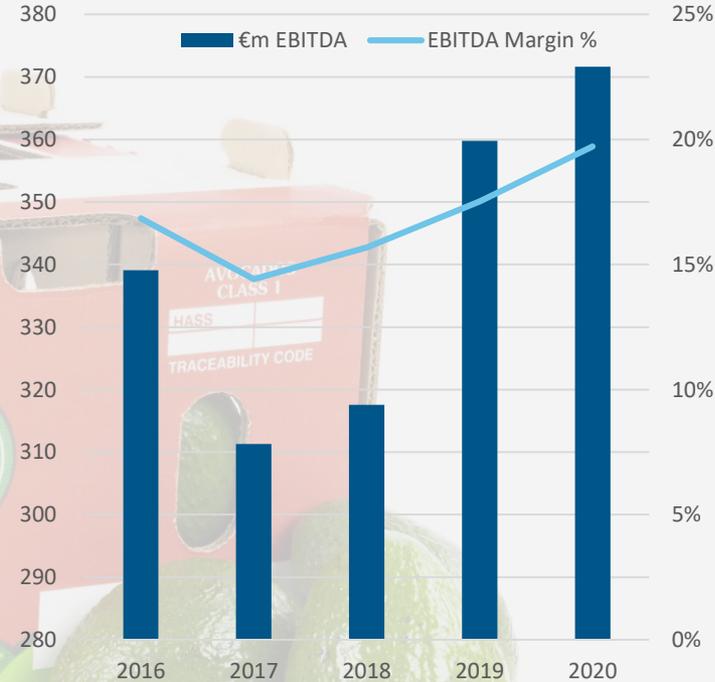
Resilience in every fibre

EBITDA of **€372 million**

EBITDA margin of **19.7%**, significant year-on-year improvement

**Benefits** of prior year **investments** coming through

**Better Planet Packaging** Initiative helping accelerate the plastic to paper switch



# Significant opportunities to capitalise

Acceleration in **e-Commerce growth**

Consumer and customer focus on reducing **plastic** packaging use

Customers setting ambitious **climate change** goals throughout their supply chain

**High growth geographies** continuing to deliver

Importance of **innovation** to cater for customers' complex and dynamic requirements

Continued **M&A** opportunities

# Accelerating our vision

Next phase of growth and development 2021-2023



**Drivers of Growth:**  
€900m-€1,000m



**Investing in leading sustainability initiatives:**  
€150m-€200m



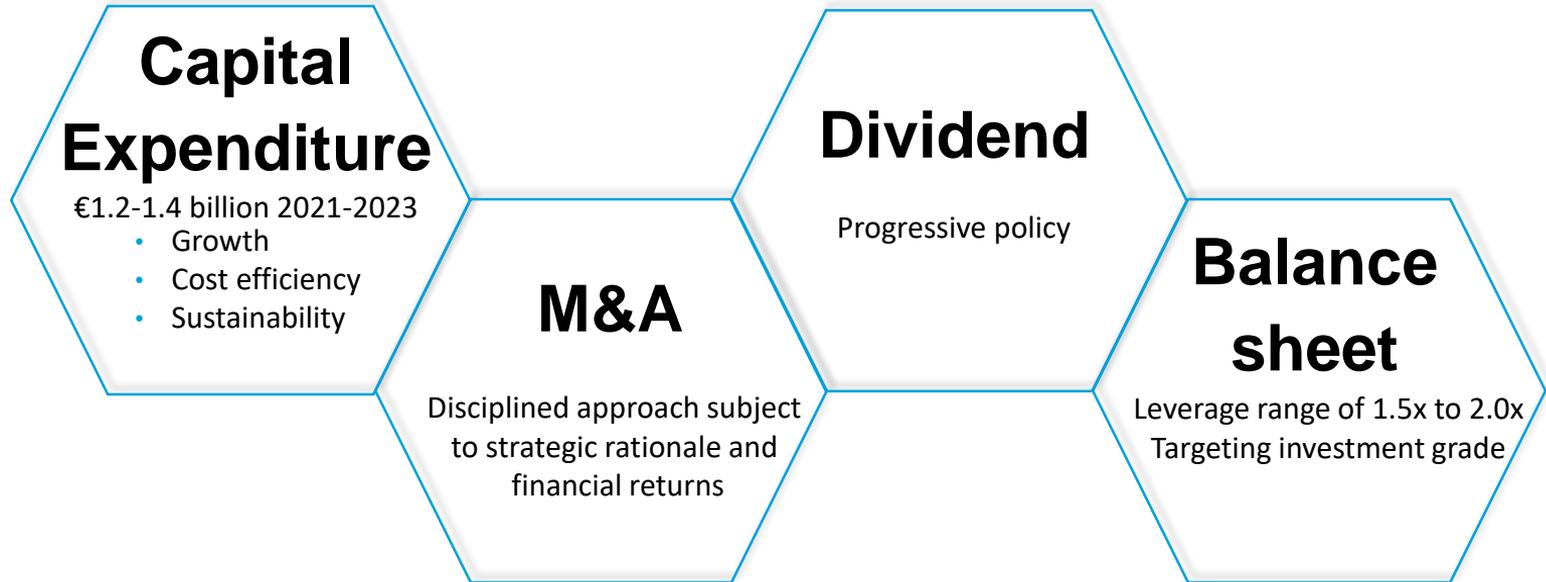
**Increasing operational efficiency:**  
€140m-€175m

Progressing in 2021



# Capital Allocation

Capitalising on opportunity with enhanced financial strength



# Conclusion

## Our vision

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

# Accelerating our vision

Increasingly positive outlook



# Thank you

# Appendix

# Sustainability targets (1/2)



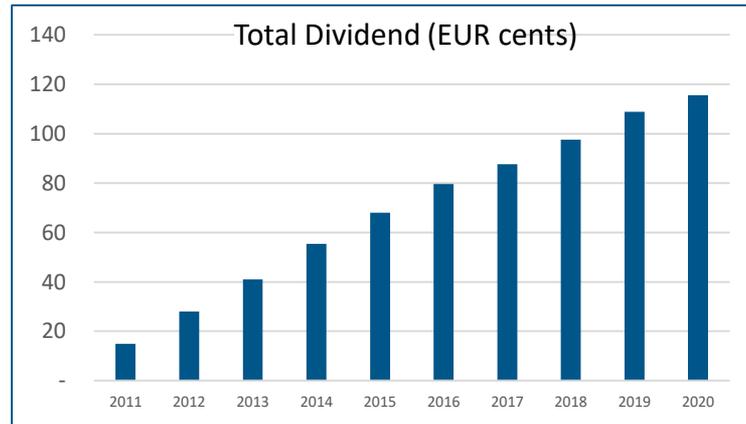
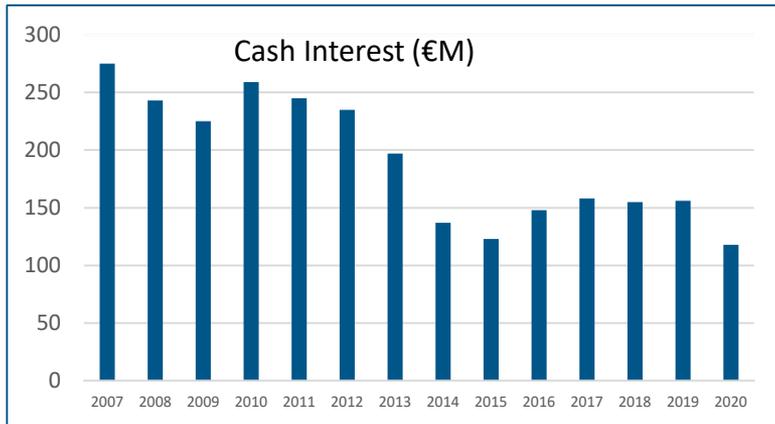
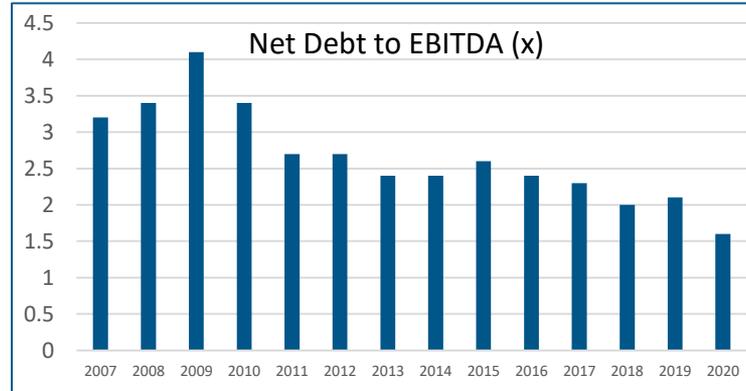
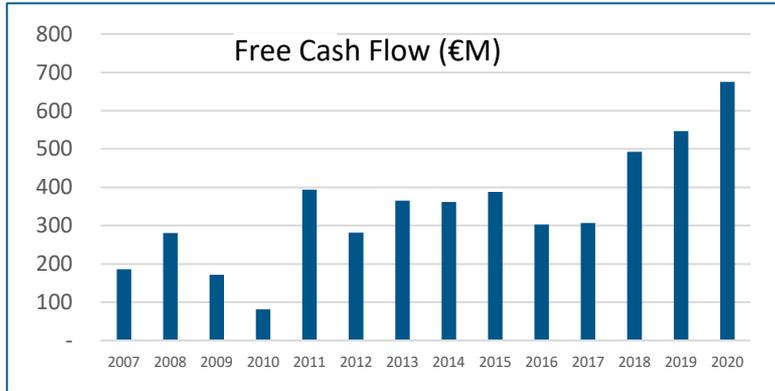
Strategic Area	Existing Target	New Target	Timeframe
CO <sub>2</sub> Emissions	40% reduction in fossil CO <sub>2</sub> emissions in our global paper and board mill system	55% intensity reduction in fossil CO <sub>2</sub> emissions in our global paper and board mill system	By 2030
	New	Reach at least net zero fossil emissions	By 2050
Chain of Custody	>90% of deliveries to customers are Chain of Custody Certified	>95% of deliveries to customers are Chain of Custody Certified	By 2025
Water Intake	New	At least 1% intensity reduction of water intake by our global paper and board mill system	Annual
Inclusion & Diversity	New	Create a diverse workplace and ensure that female gender representation across the Group is above 30%	Ongoing
	New	25% Females holding management positions across the Group which is a 2% annual increase for the next three years	Until 2024

# Sustainability targets (2/2)



Strategic Area	Existing Target	New Target	Timeframe
Community & Social Responsibility	<a href="#">New[1]</a>	Between 2020-2025 we will donate over €24 million to support social, environmental and community initiatives	By 2025
Water Quality	60% intensity reduction of COD content of water returned to the environment from our global paper and board mill system	35% COD reduction achieved to date	By 2025
Waste	30% intensity reduction in waste sent to landfill by our global paper and board mill system	7% reduction achieved	By 2025
Health & Safety	Reduce Total Recordable Injury Rate by at least 5%	Achieved reductions of well over 5% per year since 2017 (starting year)	Annual

# Strong Free Cash Flow generation



# Technical guidance

<b>Cash interest</b>	€110m
<b>Cash tax payment</b>	€210m
<b>Working capital as a % of sales</b>	7-8%
<b>Capital expenditure</b>	€825m*
<b>Effective tax rate</b>	27%
<b>Impact of US\$1c move on EBITDA</b>	€2.9m

*\*Maintenance capex is approximately €400 million*

*\*IFRS 16 impact of leases is approximately €50 million*

# The most innovative companies think sustainably. Do you?

Find out how to thrive in the  
age of sustainability

› Read the research findings at [smurfitkappa.com](https://www.smurfitkappa.com)