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## PRESS RELEASE

**31 October:** Smurfit Kappa Group plc ('SKG', 'Smurfit Kappa' or 'the Group') today announced a trading update for the 9 months ending 30 September 2018.

### **First Nine Months Overview – Delivering continued and significant year-on-year improvement**

- Group underlying<sup>1</sup> revenue growth of over 7% year-on-year
- Group pre-exceptional EBITDA growth of 27% year-on-year to €1,130 million
- EBITDA margin at 16.9%, a 290 bps improvement over the same period in 2017
- Net debt to EBITDA at 2.1x
- Agreement to acquire high quality integrated packaging operations in Serbia
- Full-year outcome materially better than 2017

### **Performance Review**

Smurfit Kappa Group continues to deliver a very strong performance. The Group has implemented commercial initiatives and has experienced continued demand growth across most markets. The outcome reflects corrugated price recovery initiatives, the continued benefit of our capital investment programmes and lower average recovered fibre costs, largely offset by higher energy, labour, logistics and other raw material costs together with a negative currency translation impact.

### **Regional Summary**

Europe reported continued year-on-year EBITDA margin expansion with corrugated demand in line with expectations. The Group expects further corrugated price recovery through the latter part of 2018.

The Group completed the €460 million acquisition of Reparenco during the third quarter and the integration is progressing well. We are also pleased to announce the agreement to acquire a high quality integrated packaging operation in Serbia, continuing to expand the Group's geographic footprint.

The Americas reported continued volume growth with further margin expansion on a year-on-year basis. Our expectation is for continued improved performance in the Americas.

As communicated in September, as a consequence of the loss of control over Smurfit Kappa Carton de Venezuela, the Group has deconsolidated its Venezuelan operations, resulting in a write down of net assets of €66 million.

As required under International Accounting Standard 21, *The Effects of Changes in Foreign Exchange Rates*, currency is recycled on deconsolidation. This results in a non-cash exceptional charge to the Consolidated Income Statement of €1.2 billion, with a corresponding credit of €1.2 billion to the Consolidated Statement of Comprehensive Income. This has no impact on the net assets or total equity of the Group. It represents the transfer of negative currency reserves, generated by previous devaluations of the Bolivar Fuerte, from the foreign currency translation reserve into the retained earnings reserve.

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<sup>1</sup> Underlying in relation to financial measures excludes acquisitions, disposals, currency and hyperinflation movements where applicable

## **Tony Smurfit, Group CEO, commented:**

*“As we start the fourth quarter, we see continued demand growth and further corrugated price recovery. Smurfit Kappa continues to lead the industry, delivering innovative and value added packaging solutions for our customers. In a world increasingly focused on the environment, demand for sustainable packaging solutions will only add to the existing strong secular drivers of corrugated use.*

*“In May of this year, we stated that we expect 2018 to be materially better than 2017. SKG is on track to deliver a materially better outcome in 2018 with our key performance measures showing significant and continuing improvement.”*

## **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 45,000 employees in approximately 350 production sites across 33 countries and with revenue of €8.6 billion in 2017. We are located in 21 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.

[smurfitkappa.com](http://smurfitkappa.com)

Check out our microsite: [openthefuture.info](http://openthefuture.info)

Follow us on Twitter at [@smurfitkappa](https://twitter.com/smurfitkappa) and on LinkedIn at [‘Smurfit Kappa’](https://www.linkedin.com/company/smurfitkappa).

## **Forward Looking Statements**

Some statements in this announcement are forward-looking. They represent expectations for the Group’s business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group’s control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

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