

SKG: LN | SKG: ID

# Fourth Quarter & Full Year 2017

7 February 2018

# 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.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any such statements in light of new information or future events, except to the extent required by any applicable law or regulation.

Recipients of this presentation are therefore cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements.

*Please refer to the Principal Risks and Uncertainties contained in the FY'17 Press Release for details.*

# Q4 2017 & Full Year Results

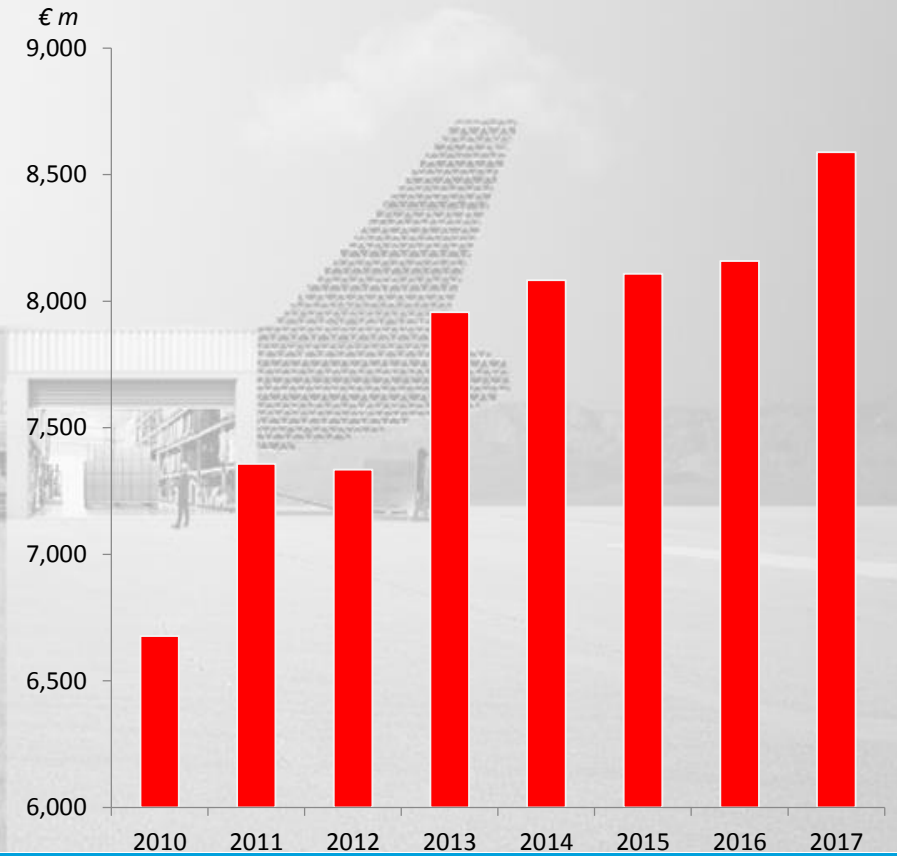
Welcome and Introduction  
Tony Smurfit | CEO



# SKG | 2017 Fourth Quarter & Full Year

- ▶ Group revenue growth of 7% for the fourth quarter and 5% for the full year
- ▶ Fourth quarter EBITDA up 10% year-on-year with reported full year EBITDA of €1,240 million
- ▶ Full year ROCE at 15.0% in line with Group target
- ▶ Solid free cash flow generation of €307 million for the year
- ▶ Net debt to EBITDA of 2.3x
- ▶ Final dividend increase of 12% to 64.5 cent per share

## Continued Revenue Growth



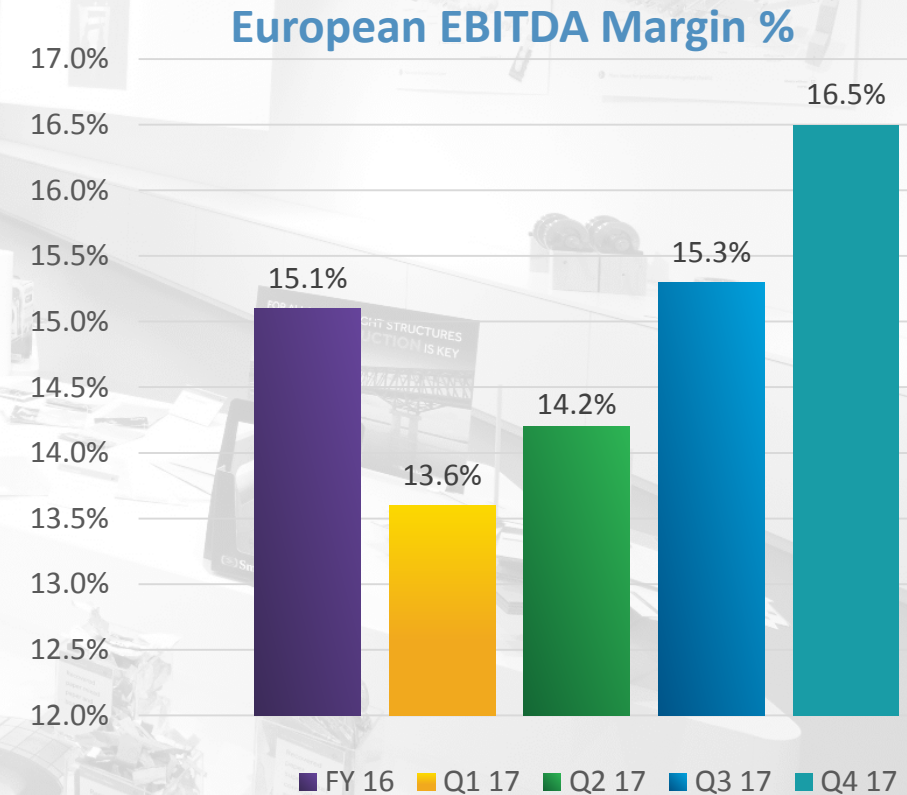
Source: Smurfit Kappa

■ Revenue

# Europe | Full Year 2017 Performance Highlights

Solid performance with volume growth and input cost recovery

- ▶ Full year EBITDA of €955m and EBITDA margin of 14.9%. Q4 EBITDA margin of 16.5%
- ▶ Power of innovation and value of integration evident in increasing prices in conjunction with volume
- ▶ Input cost recovery through 2017
- ▶ Days adjusted growth in the fourth quarter of 6%
- ▶ Strong demand and tight supply in both recycled based paper (testliner) and virgin based paper (kraftliner) supportive of corrugated pricing

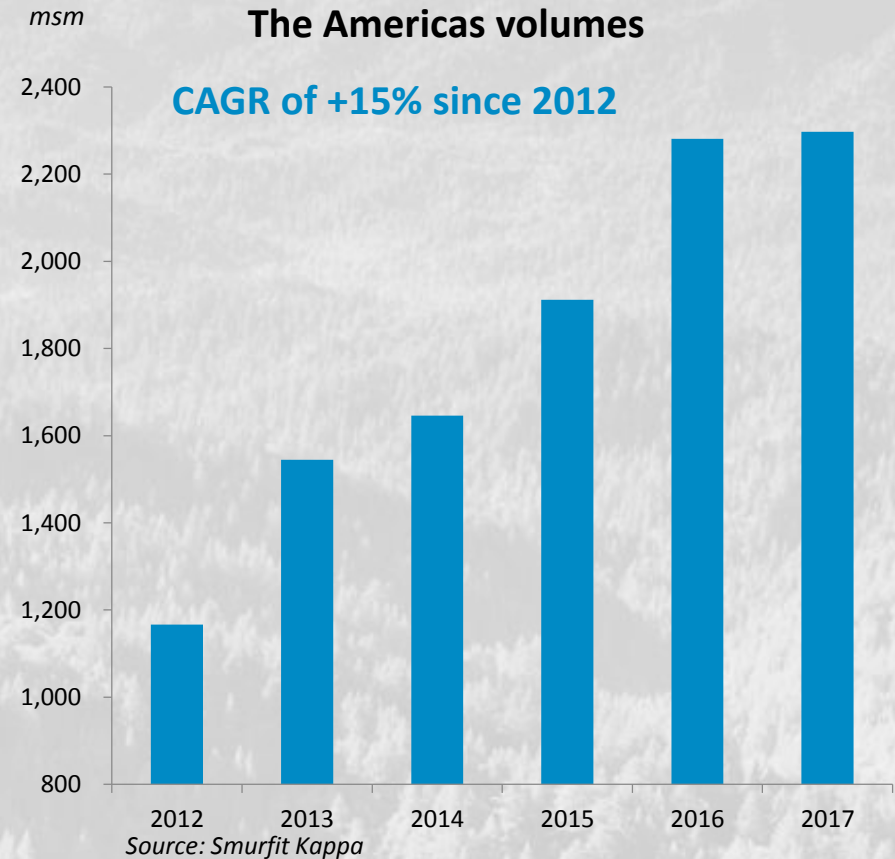


Source: Smurfit Kappa

# The Americas | Full Year 2017 Performance Highlights

Well positioned entering 2018

- ▶ Full year EBITDA of €311 million and EBITDA margin of 14.4%. Q4 EBITDA margin of 15%
- ▶ Adverse impact of increased recovered fibre costs and our short containerboard position in the region
- ▶ 2017 system investments set to deliver in 2018
- ▶ Continued input cost recovery through 2017 and into 2018





# Financial Highlights

Ken Bowles | CFO

# SKG | Financial Highlights | Q4 2017

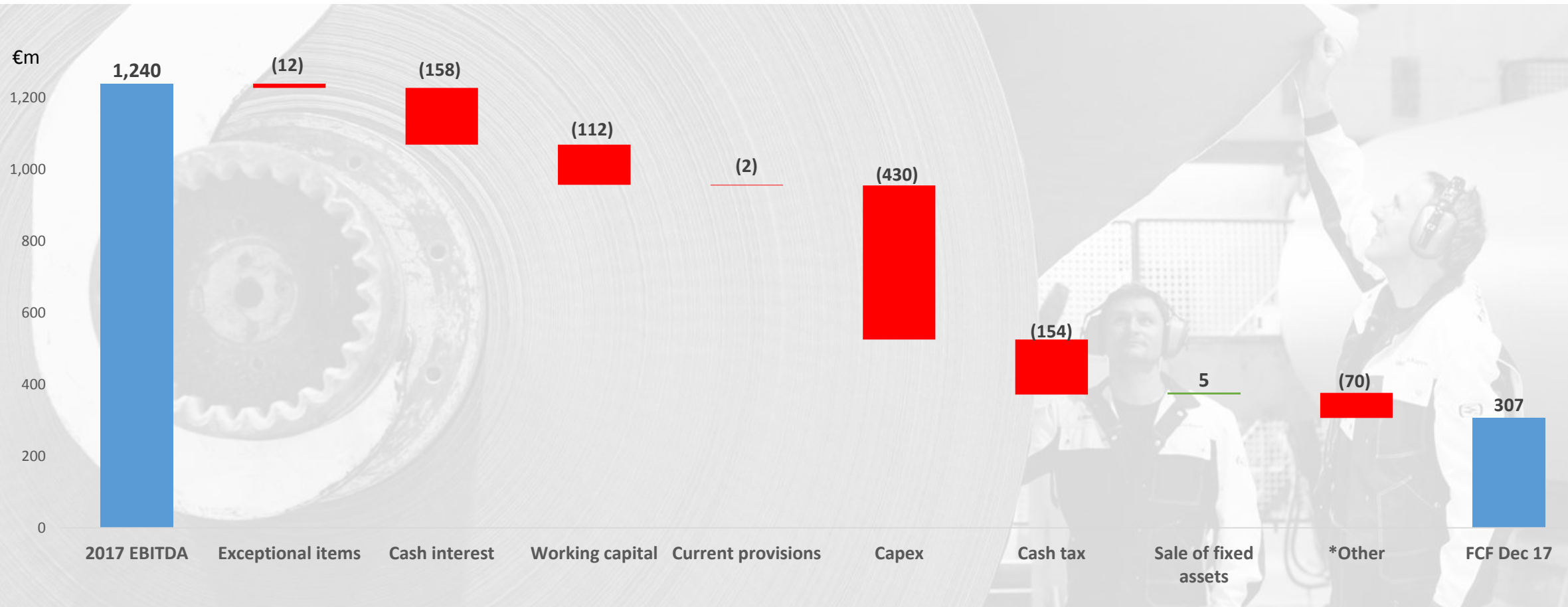
€m	Q4 2017	Q4 2016	Change	Q3 2017	Change
Revenue	2,208	2,060	<b>7%</b>	2,121	<b>4%</b>
Pre-exceptional EBITDA	351	320	<b>10%</b>	320	<b>10%</b>
EBITDA margin	15.9%	15.5%		15.1%	
Pre-exceptional basic EPS (cent)	57.6	47.4	<b>22%</b>	52.7	<b>9%</b>
ROCE	15.0%	15.4%		14.8%	
Free cash flow	109	104	<b>5%</b>	152	<b>(28%)</b>
Net debt	2,805	2,941	<b>(5%)</b>	2,839	<b>(1%)</b>
Net debt/EBITDA	2.3x	2.4x		2.3x	



# SKG | Financial Highlights | Full Year 2017

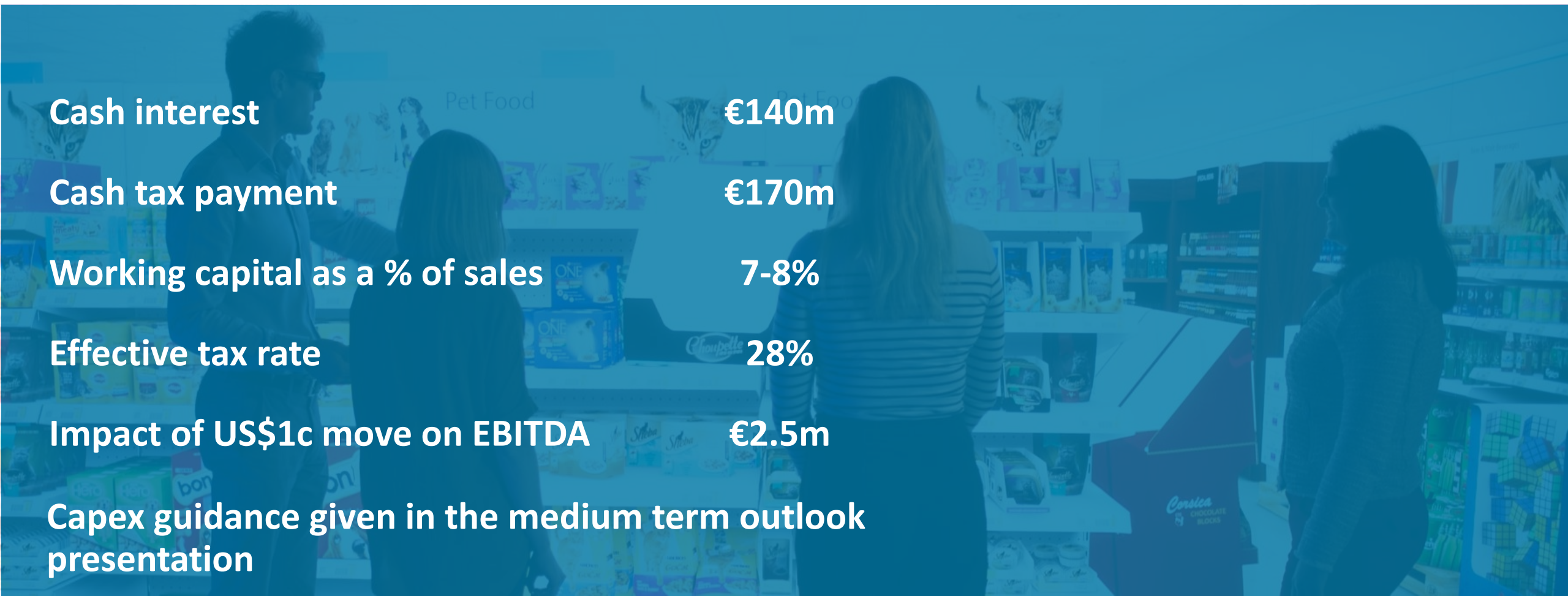
€m	FY 2017	FY 2016	Change
Revenue	8,562	8,159	<b>5%</b>
Pre-exceptional EBITDA	1,240	1,236	-
EBITDA margin	14.5%	15.1%	
Pre-exceptional basic EPS (cent)	185.3	189.4	<b>(2%)</b>
ROCE	15.0%	15.4%	
Free cash flow	307	303	<b>1%</b>
Net debt	2,805	2,941	<b>(5%)</b>
Net debt/EBITDA	2.3x	2.4x	

# SKG | 2017 Free Cash Flow to EBITDA



\*Other primarily includes retirement benefit costs, change in capital creditors and hyperinflation

# SKG| Technical Guidance



Cash interest	€140m
Cash tax payment	€170m
Working capital as a % of sales	7-8%
Effective tax rate	28%
Impact of US\$1c move on EBITDA	€2.5m
Capex guidance given in the medium term outlook presentation	

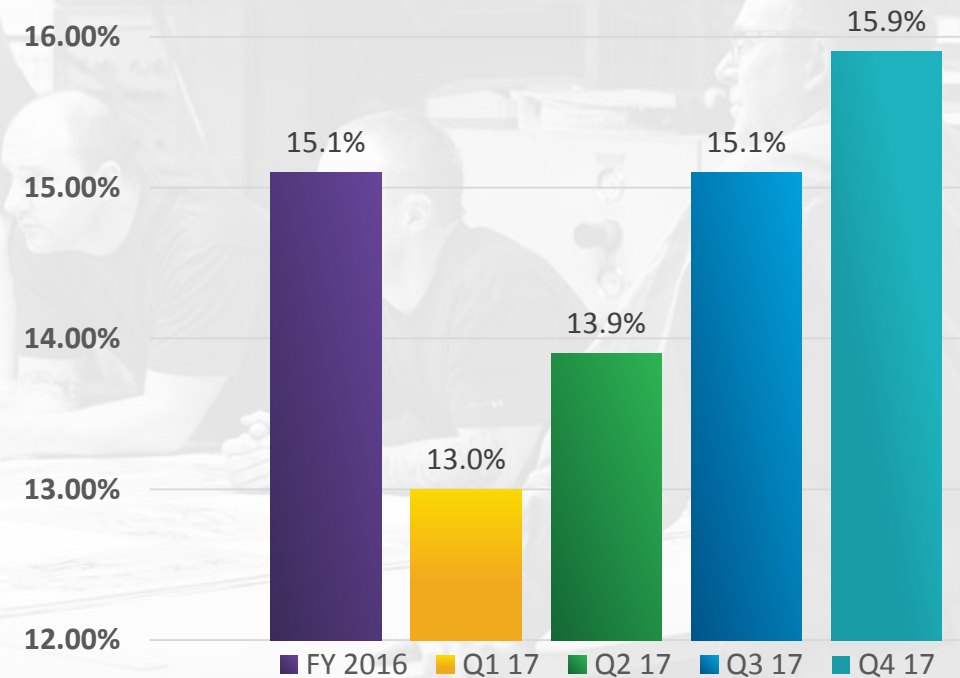
# Outlook



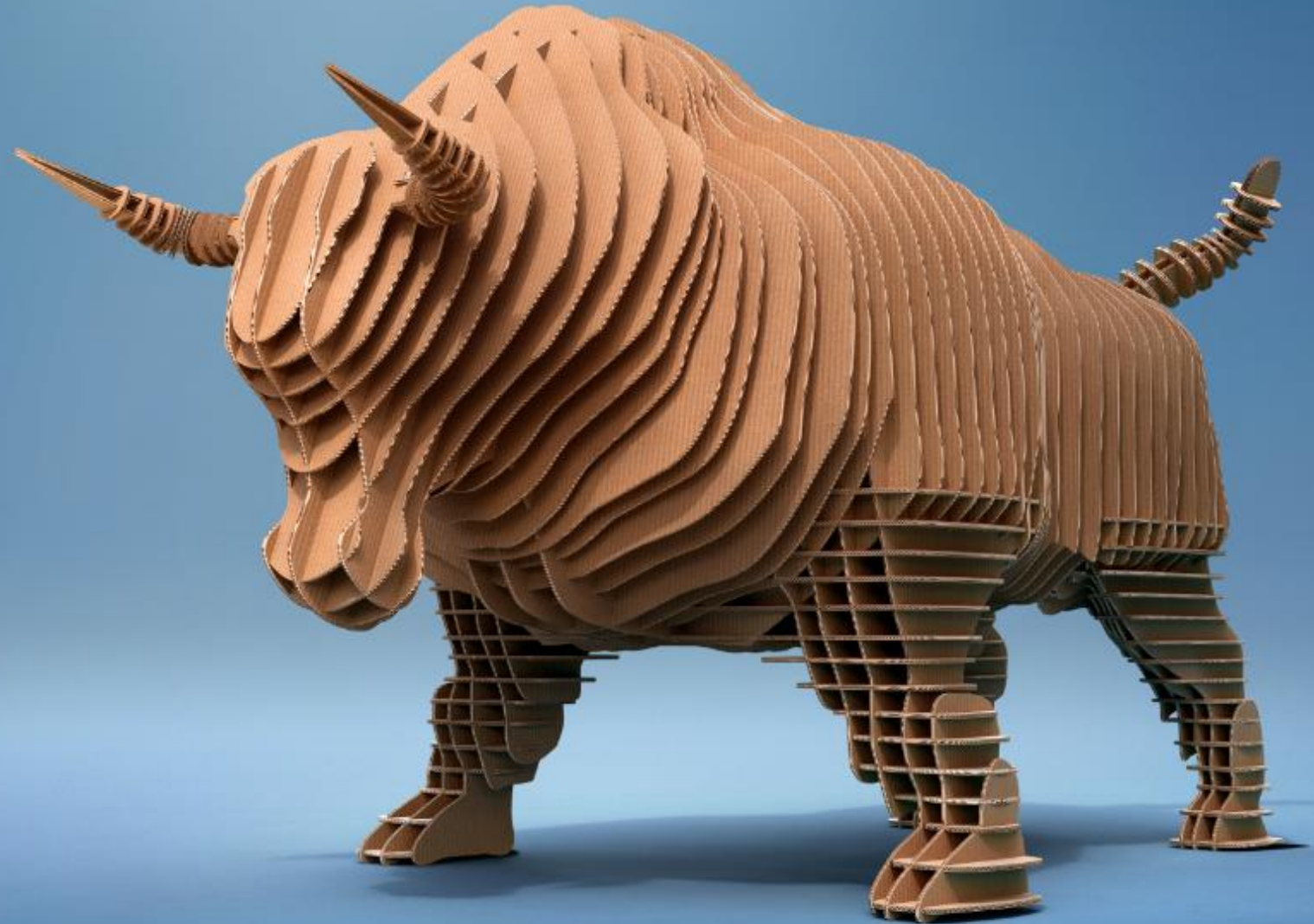
# SKG | Summary and Outlook

- ▶ Continued earnings growth in 2017
- ▶ Raw material input cost pressure necessitated corrugated price increases
- ▶ Progressive box price increases through the latter half of the year
- ▶ Appreciation of our innovation and strength of the integrated model evident in recovery of EBITDA margin
- ▶ Positive momentum as we begin 2018

Group EBITDA Margin %



# Hold firm



Back in 10 minutes  
for our Medium  
Term Outlook  
Presentation