

SKG: LN | SKG: ID

# Dynamically & Sustainably Delivering

2021 Full Year Results Presentation

Through its Better Planet 2050 initiative, Smurfit Kappa is pleased to support leading Irish Enduro World Series ('EWS') rider, Gavin Carroll, as he competes in the 2022 EWS

## 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'21 Press Release for details.

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# Introduction





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

Our **people** are at the **heart** of everything we do

*“A key differentiating factor for SKG has always been our people and in a world of significant supply constraints, I am incredibly proud of how our 48,000 employees have responded to ensure our customers’ needs were met and indeed, continue to be met as we begin 2022”* Tony Smurfit, Smurfit Kappa Group CEO

Their **innovation** helps drive the business in the development of more **sustainable packaging solutions**

We aim to **attract, retain and recognise the best** through competitive work practices in an **inclusive environment**

We aim to help them **grow their careers and deliver on their potential** so we can realise our ambition for them and for **Smurfit Kappa**



# A changed industry



Sustainable

Consumers are demanding more sustainable packaging\*



E-commerce

Paper-based packaging is the preferred substrate for e-commerce



Merchandising medium

Packaging is a highly effective selling tool



Supply chain

Corrugated packaging is essential to the supply chain

\*Source – [Drapers: Sustainability and the Consumer 2021](#)

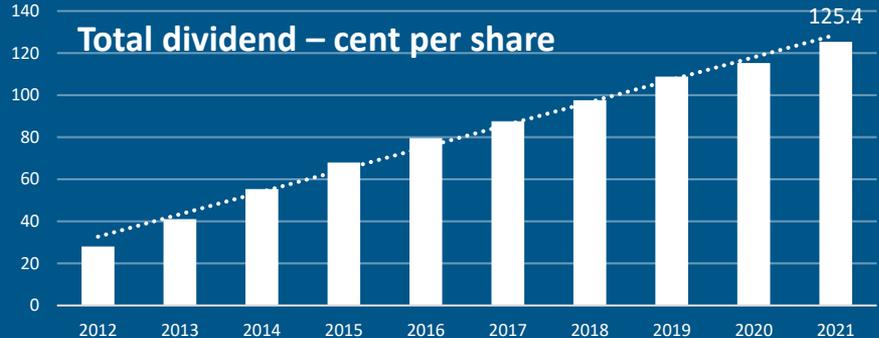
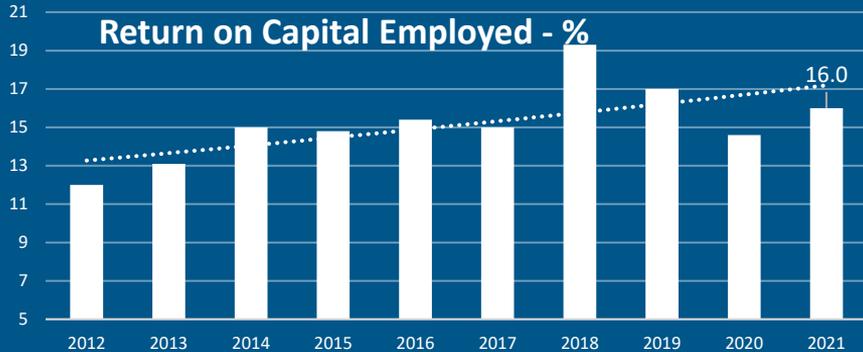
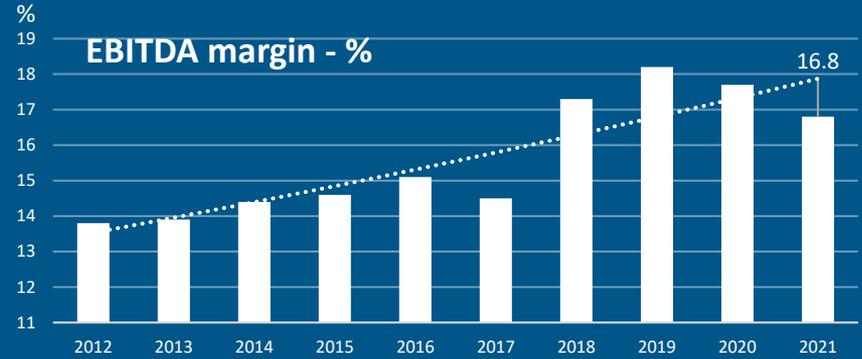
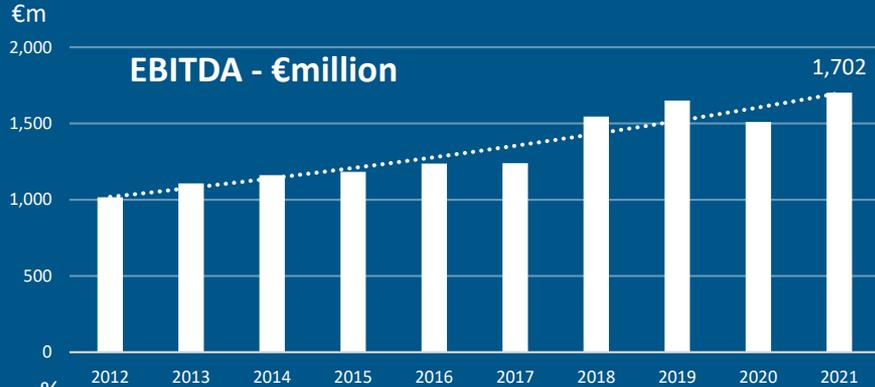
**The leading  
European and  
Pan-American  
paper-based  
packaging  
player**



# Delivering

Delivering secure and superior returns

“I am proud of how Smurfit Kappa continues to deliver across all performance measures”



# Delivering

## Total Shareholder Return

31 December 2015 – 31 December 2021



Source - Datastream



**Performance led** culture



Depth of **data and expertise is unparalleled** and cannot be replicated



**29 experience centres** – 69 awards across Europe and the Americas in 2021 alone



**Integrated model delivers** for the customer (security of supply) and for SKG (margin stability, cost mitigation)



**Continuing Investment** to support growth



**Leading in Sustainability**

# Leading Integrated Model

Delivering quality earnings with reduced volatility

Containerboard is a **high returns business**

Delivers significantly **lower volatility in earnings and margin**

Delivers **security of supply** in all market conditions

Provides **assurance on quality** to box plants and customers

Facilitates the **optimisation of the paper and corrugated system** as a whole

# 2021 Key Achievements

 **Smurfit Kappa**  
Open the future

PAPER | PACKAGING | SOLUTIONS

Accelerated internal investment helping our customers grow

Acquisition in Europe of state-of-the-art mill guaranteeing security of supply

Acquisitions in Peru & Mexico enhancing geographic diversity and customer offering

Recognised as the packaging leader with 69 awards across the Group

Continued support and investment in the communities in which we operate

2,700 attendees at Better Planet Packaging event

 Smurfit Kappa



# Verzuolo - €360 million

600,000 tonne mill

Accelerates the growth in our existing corrugated facilities

Further ramp-up will provide paper for growth coming from investment in corrugated system

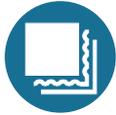
Strengthens the integrated model

Increases security of supply for lightweight recycled containerboard

Strategically positioned

# Capitalising the Opportunity

Accelerated investment across the system



**7** corrugators

Corrugated expansion projects across our operations in North and South America and Eastern and Western Europe



**82** pieces of converting and machinery

Including new case makers, rotary and flat bed die cutters, multi-point and folder gluers, laminators and multi-colour & digital printers



**€185** million on paper capacity projects

Including additional capacity and the development of lighter containerboard grades in both the testliner and kraftliner businesses of both Europe and the Americas



**€145** million on sustainability projects

Including upgraded boilers, new power plants, waste water treatment facilities, biogas processors, upgraded filtration systems, solar panels, noise emission reduction systems among others

**Delivering a clear competitive advantage**

# Opportunity for Growth

Strong integrated platform for continued growth

## Maintaining strength of integration

Verzuolo Mill Acquisition completed

## Increasing capability, flexibility and speed of response to market demand

4 Mega Plants under construction

## Creating added value

New converting and specialities machinery  
Upgrade of existing assets

## Reducing our cost base

Focus on automation and de-bottlenecking

## Strengthening our geographic footprint

Ambition to grow in new regions

## Creating greener planet

Environmental footprint reduction  
Focus on energy efficiency



# Opportunity for Growth



## Mexico Major Projects

- ▶ Paper capacity on existing machines
- ▶ Corrugating facility
- ▶ Conversion capability in corrugated
- ▶ Conversion capability in folding
- ▶ High quality printing investments



## North America Major Projects

- ▶ Corrugating capacity
- ▶ High quality printing
- ▶ Conversion capability



## Dominican Republic Major Projects

- ▶ Conversion capability in corrugated
- ▶ Sacks capability



## Central America Major Projects

- ▶ Conversion capability in corrugated
- ▶ Conversion capability in folding
- ▶ Sacks capability



## Colombia & Ecuador Major Projects

- ▶ Sacks & bags capability
- ▶ Mills conversion and paper capacity
- ▶ Mills enhancements for sustainable practices
- ▶ Conversion capability in corrugated
- ▶ Forestry capabilities



## Peru Major Projects

- ▶ Corrugating enhancements



## Chile Major Projects

- ▶ Conversion capability in corrugated



## Brazil Major Projects

- ▶ Conversion capability in corrugated



## Argentina Major Projects

- ▶ Conversion capability in corrugated



# Leadership in Innovation

**5.5 million** measurements to validate paper to box

**8,400+** designs in **Innobook**

**171,000+** in-store views in **Shelf Viewer**

**171,000+** shopper contacts from **ShelfSmart**

**95,000+** supply chains in **Pack Expert**

**173,000+** logins on to the **InnoTools**

# Better Planet Packaging

We continue to add to our sustainable packaging portfolio

Paper



Smart Portfolio



Punnets



Sustainable Buffering



# e-Commerce

We continue to build our e-Commerce portfolio

## Fashion



## eBottle



## Bag-in-Box



# Awards



reddot winner 2021  
packaging design



DEUTSCHER  
VERPACKUNGS  
PREIS

WORLDSTAR  
WINNER 2022



# Capturing opportunities of Plastic Substitution

Shift driven by consumer and brand owner preferences

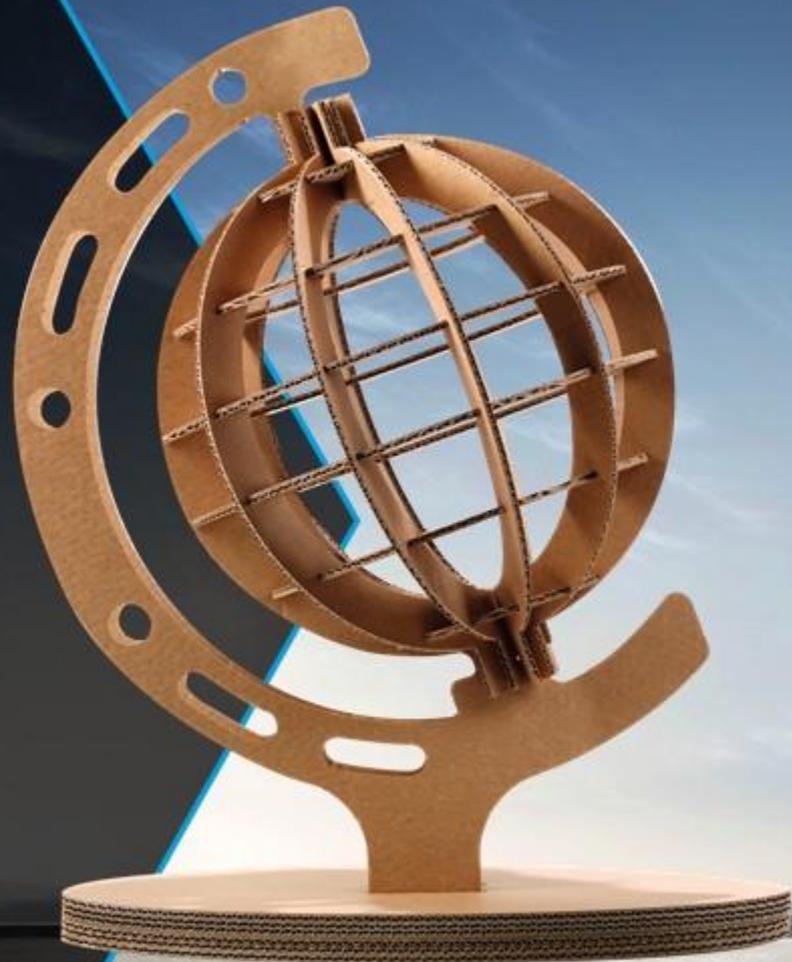
- ▶ Significant amount of plastic packaging to be substituted by paper-based packaging in 10 years
  - Top 10 Global FMCG firms are aiming for 100% sustainable packaging by 2025
  - EU and local regulations on single-use packaging
- ▶ Smurfit Kappa is implementing a variety of alternatives for different types of plastic and uses
  - TopClip
  - Punnets and Bag-in-box
  - Tubes and trays
  - Hexacomb and ThermoBox
  - Detergent Pods box



Smurfit Kappa  
**Better Planet  
Packaging**

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# Financials



# 2021

COVID-19

Supply chain disruption

Security of supply essential

Recovered fibre cost + €440 million

Volatile energy markets + €235 million

+ Other raw material cost inflation



**Performance culture**



**Quality & resilience of people**



**Integrated model**



**Geographic diversity**



**Well invested asset base**



**Flexible approach to internal capital investment**



**Acquisitions**

# Group 2021

## Full Year Highlights

Revenue of **€10,107** million

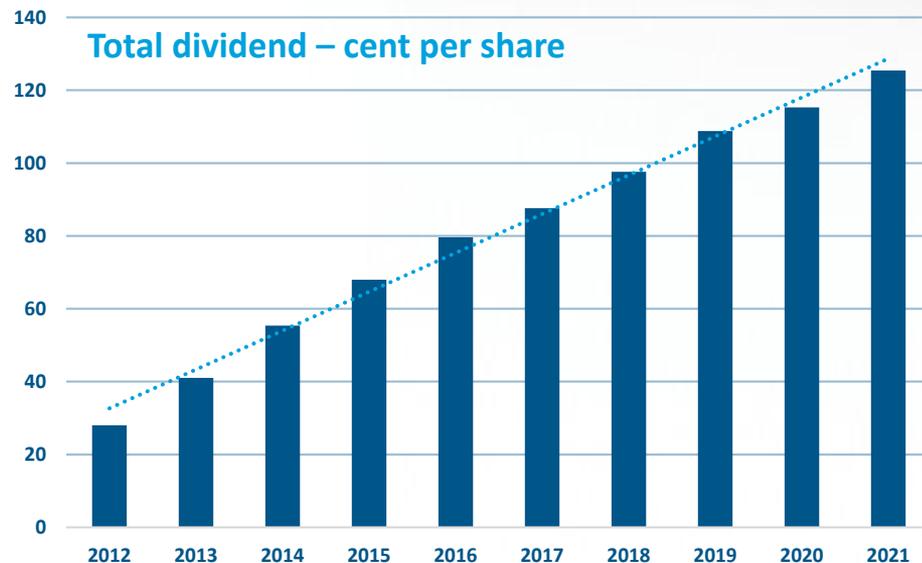
EBITDA of **€1,702** million

EBITDA Margin of **16.8%**

ROCE of **16%**

Net Debt to EBITDA of **1.7x**

Proposed final dividend increased  
by **10%** to **96.1** cent per share



# Europe 2021

## Full Year Highlights

Demand growth of **8%**

EBITDA of **€1,302 million**

EBITDA margin of **16.6%**

Acquisition of **Verzuolo mill** in Northern Italy

Continued corrugated price recovery



# Americas 2021

## Full Year Highlights

Overall demand growth of **9%**

**Pan-American Sales** growth of **13%**

EBITDA of **€441** million

EBITDA margin of **19.5%**

Acquisitions in **Peru** and **Mexico**



reddot winner 2021  
packaging design



# 2021 Financial & Sustainability Achievements

Investment Grade with Moody's, Fitch and S&P

Science Based Targets initiative approval

Launch of Green Finance Framework

Issuance of €1bn in Green bonds

Awarded 'Regional Top Rated' by Sustainalytics

First FTSE 100 company to obtain 5 stars with Support the Goals



# Leading in Sustainability

People, Planet, Impactful Business

Existing	Target
<b>Climate Change</b> 	<b>Net Zero</b> Our ambition is to have Net Zero emissions by 2050 with a 55% reduction in fossil fuel emissions intensity by 2030
<b>Forest</b> 	<b>&gt;95%</b> packaging solutions sold as Chain of Custody certified to customers by 2025
<b>Water</b> 	<b>60%</b> reduction in Chemical Oxygen Demand intensity by 2025
<b>Waste</b> 	<b>30%</b> reduction in waste to landfill intensity by 2025
<b>Health and Safety</b> 	<b>5%</b> reduction in Total Recordable Injury Rate annually

New targets, reporting from 2021		
<b>People</b> 	<b>Communities</b> 	<b>Water</b> 
<b>25%</b> of management positions held by women by 2024	<b>€24 million</b> will be donated between 2020-2025 to support social, environmental and community initiatives	<b>1%</b> reduction of our water usage intensity annually



STOXX

Member 2020/2021  
**ESG Leaders**  
 Indices

MSCI



ISS ESG

SUSTAINALYTICS  
 a Morningstar company  
**ESG REGIONAL TOP RATED**



EURONEXT  
 vigeo iris  
 INDICES EUROZONE 120



FTSE4Good



SCIENCE  
 BASED  
 TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



SUPPORT THE GOALS  
 JOIN THE MOVEMENT

Smurfit Kappa

# Disciplined and Effective Capital Allocation

Dynamically and Sustainably Delivering



## Capital Expenditure

Investing to capitalise on the growth opportunities presented by sustainability and e-commerce



## M&A

Opportunistic approach, supporting integration and expanding our footprint



## Dividend

Progressive policy



## Balance Sheet

A balance sheet with financial flexibility

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# Summary & Conclusion





# Future Performance Drivers

Continuing **Operational Excellence**

Performance-led **Culture**

Disciplined and Effective **Capital Allocation**

Leading **Market Positions** and Leading  
**Integrated Model**

Incomparable **Asset Base** and **Expertise**

Continuing **Investment**

# Conclusion

Great future prospects



People & Culture



Industrial outlook  
positive – strong  
secular drivers



SKG positioned for  
continued delivery



Myriad of high  
return organic  
investment  
opportunities



M&A opportunities



Geographic diversity

“As we begin the year, current trading is strong and our integrated paper and packaging system remains effectively sold out. We continue to see significant opportunities across our geographic footprint and as such, we are investing to build a platform for durable growth to meet customer demand. I am proud of how Smurfit Kappa continues to deliver across all performance measures and reflecting that confidence and the ever increasing strength of and prospects for the business, the Board is recommending a 10% increase in the final dividend to 96.1 cent per share.”



OUR PURPOSE

**create • protect • care**



# Technical guidance

Cash interest	€110m
Cash tax	€250m
Working Capital as a % of sales	7-8%
Effective tax rate	27%
Impact of US\$ 1c move on EBITDA	€4m
Capital expenditure	€900m – €1.1bn

# Appendix



# Paul Regan

## Group Treasurer

- ▶ Paul Regan is Group Treasurer of the Smurfit Kappa Group.
- ▶ He is a fellow of the Chartered Association of Certified Accountants and a member of the Irish Association of Corporate Treasurers.
- ▶ Prior to joining Smurfit in 1995, he held various positions at ESB, Ireland's Electricity Supply Board, including Group Treasurer and Group Financial Controller.



# Saverio Mayer

## CEO Smurfit Kappa Europe

- ▶ After graduating in accountancy in Rome, Saverio entered the Smurfit Kappa Group in 1989 as General Manager of SK Tezze & Carmignano (IT) and then of SK Asti (IT).
- ▶ At the end of the 90's, he became Sales & Marketing Manager for SK Italy and then Vice President Pan European Sales.
- ▶ From 2001 to 2015, he led SK Italy as CEO. During these years he has also been: from 2007 to 2009 CEO SK Russia, from 2007 to 2011 CEO SK Poland and as from 2011 to 2015 CEO of the Group Bag-in-Box division worldwide.
- ▶ In October 2015 he has been appointed COO SK Corrugated & Converting Europe and in April 2017 he became CEO SK Europe for both Paper & Board and Corrugated & Converting divisions.
- ▶ Since May 2018, Saverio is also Vice-President of FEFCO Association, the European Federation of Corrugated Board Manufacturers.
- ▶ Saverio is Italian national, father of two daughters.



# Laurent Sellier

## CEO Smurfit Kappa The Americas

- ▶ Laurent joined Smurfit Kappa, 27 years ago in 1994 as internal auditor, after successfully completing an MBA in France.
- ▶ He developed his career into more direct operational roles in France, the UK and Spain, including the integration of Smurfit Kappa post-merger for the paper division.
- ▶ In October 2015 he was appointed the COO (Chief Operating Officer) of the European Paper and Board division.
- ▶ On August 1<sup>st</sup>, 2021 Laurent was designated CEO The Americas and on January 1<sup>st</sup>, 2022 he took up the role as CEO The Americas.
- ▶ Laurent is a French national, fluent in many languages, and a father of four children.

