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Smurfit Kappa  
**Better Planet  
Packaging**

# Leading Innovating Delivering

H1 2021 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 H1'21 Press Release for details.

# Our H1 performance has established a platform for strong and accelerated earnings growth



**Delivered against a backdrop of significant cost inflation**

# Industry prospects transformed

Value and application of corrugated packaging accelerating

- ▶ Increased demand for ever more sustainable packaging
- ▶ Fundamental change in consumer behaviour
- ▶ Transformed as a marketing medium
- ▶ Compounding growth of E-Commerce



# SKG – uniquely positioned to capitalise

Supported by disciplined and effective capital allocation



**Our People and our Culture**



**Unrivalled market offering**



**Leading market positions**



**World Class asset-base**



**Leading in sustainability**

# Leadership in innovation

## Solving our customers' challenges

- ▶ Bespoke business applications
- ▶ 1,000 designers world-wide
- ▶ Unrivalled datasets that drive quick and effective decisions
- ▶ “Dual-system” solving our customers’ regulatory challenges
- ▶ Global Experience centre network, bringing innovation to our customers’ doorstep

28 EXPERIENCE CENTRES WORLDWIDE	
<b>5.5 million</b> MEASUREMENTS TO VALIDATE PAPER TO BOX	<b>125,000+</b> SHOPPER CONTACTS FROM SHELFSMART
<b>8,250+</b> DESIGNS IN INNOBOOK	<b>95,000+</b> SUPPLY CHAINS IN PACK EXPERT
<b>165,000+</b> IN-STORE VIEWS IN SHELF VIEWER	<b>165,000+</b> LOGINS ON TO THE INNOTOOLS



Before



Smurfit Kappa  
**Better Planet  
Packaging**



After





# Expanding our scale and geographic footprint

## M&A to support growth and the integrated model

- ▶ Track record of disciplined and successful M&A
- ▶ Recent years M&A in existing territories
  - France (Corrugated)
  - Mexico (Folding Carton)
  - Netherlands (Containerboard)
  - Russia (Corrugated)
  - United States (Bag-in-Box)
- ▶ Recent years M&A in new adjacent territories
  - Brazil (Corrugated and containerboard)
  - Bulgaria (Corrugated)
  - Greece (Corrugated)
  - Peru (Corrugated)
  - Serbia (Corrugated and containerboard)
- ▶ Over €770m spent on M&A since 2018



# Verzuolo





# Acquisition of Verzuolo mill in Italy

## Rationale

- ▶ Sustained strong corrugated demand across our system
- ▶ SKG's short position in recycled containerboard grew significantly and ahead of expectations
- ▶ Group is most short in Southern Europe
- ▶ Internal organic expansion options with lead-times of 2 years+
- ▶ Need for capacity to maintain strength of integrated model



# Acquisition of Verzuolo mill in Italy

A world class 600,000 tonne recycled containerboard mill

- ▶ Strategically positioned to serve the Southern European region
- ▶ Strengthens SKG's distinct integrated operating model
- ▶ Accelerates the growth of our corrugated facilities
- ▶ Strengthens security of supply for lightweight recycled containerboard while also serving 3<sup>rd</sup> party markets
- ▶ Opportunity for SKG to accelerate its profitable integrated strategy with one of the best facilities available



# Acquisition of Verzuolo mill in Italy

Highly complementary to SKG's existing business

- ▶ Cash Consideration of €360 million
- ▶ Synergies obtained by
  - ▶ Integrating its tonnage
  - ▶ Optimising the balance of SKG system
  - ▶ Optimising transport, storage, energy, other materials
- ▶ Funded from existing Group resources







**Delivering**

# Group 2021 Half Year Highlights

Group revenue of **€4,679 million**

EBITDA of **€781 million**

EBITDA margin of **16.7%**

ROCE of **14.8%**

Strong free cash flow generation of **€117 million**

Net debt to EBITDA of **1.6x**

**Investment grade credit metrics**

**Dividend payment 29.3** cent per share



# Europe 2021 Half Year Highlights



Corrugated demand growth of approximately **10%**

EBITDA of **€591 million**

EBITDA margin of **16.2%**

**Corrugated price recovery ongoing**

Acceleration of **Better Planet Packaging**

**€430 million** of capital investment plans approved



# Americas 2021 Half Year Highlights

Corrugated demand growth of **11%**

EBITDA of **€211 million**

EBITDA margin of **20.4 %**

Ongoing **price recovery**

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









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

**€150 million** of capital investment plans approved



# Leading in sustainability

Significant progress across our targets, our 14<sup>th</sup> published sustainability report

Existing	Target	Achievement
<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>37.3%</b> reduction in fossil fuel emissions intensity since 2005
<b>Forest</b> 	<b>&gt;95%</b> packaging solutions sold as Chain of Custody certified to customers by 2025	<b>93.8%</b> packaging solutions sold as Chain of Custody certified in 2019
<b>Water</b> 	<b>60%</b> reduction in Chemical Oxygen Demand intensity by 2025	<b>38.2%</b> reduction in Chemical Oxygen Demand intensity since 2005
<b>Waste</b> 	<b>30%</b> reduction in waste to landfill intensity by 2025	<b>23.7%</b> reduction in waste to landfill intensity since 2013
<b>Health and Safety</b> 	<b>5%</b> reduction in Total Recordable Injury Rate annually	<b>29%</b> reduction in Total Recordable Injury Rate in 2020
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



# Capital Allocation – capitalising on opportunity

## Capital Expenditure

- ▶ Supporting structural drivers of growth
- ▶ Investing in leading sustainability initiatives
- ▶ Increasing operational efficiency

## M&A

- ▶ Disciplined approach
- ▶ Subject to strategic rationale and financial returns
- ▶ Existing or adjacent geographies

## Dividend

- ▶ Progressive dividend policy
- ▶ Retained, and paid in full, in 2020

## Balance sheet

- ▶ Significant financial and strategic flexibility
- ▶ Leverage range of 1.5x to 2.0x
- ▶ BBB-/BBB-/Baa3 credit rating

# Conclusion



# Significant opportunities ahead



Continued strong demand with increasingly evident structural drivers



High growth geographies



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



Continued high-return organic investment opportunities



Continued M&A opportunities

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**“SKG’s first half performance has established a platform for strong and accelerated earnings growth through the remainder of 2021”**



# Thank you

# Technical guidance

<b>Cash interest</b>	€110m
<b>Cash tax payment</b>	€230m
<b>Working capital as a % of sales</b>	7-8%
<b>Capital expenditure</b>	€800m*
<b>Effective tax rate</b>	27%
<b>Impact of US\$1c move on EBITDA</b>	€3.5m

*\*Maintenance capex is approximately €400 million*

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