PRESS RELEASE

27 July: Smurfit Kappa Group plc ('SKG' or 'the Group') today announced results for the half year ending 30 June 2022.

2022 Half Year | Key Financial Performance Measures

€m	H1 2022	H1 2021	Change
Revenue	€6,385	€4,679	36%
EBITDA [1]	€1,174	€781	50%
EBITDA Margin [1]	18.4%	16.7%	
Operating Profit before Exceptional Items [1]	€839	€477	76%
Profit before Income Tax	€769	€413	86%
Basic EPS (cent)	221.9	119.9	85%
Pre-exceptional Basic EPS (cent) [1]	221.9	119.9	85%
Free Cash Flow [1]	(€28)	€117	(123%)
Return on Capital Employed [1]	19.3%	14.8%	
Net Debt [1]	€3,309	€2,549	30%
Net Debt to EBITDA (LTM) [1]	1.6x	1.6x	

Key Points:

- Revenue growth of 36% to €6,385 million
- EBITDA growth of 50% to €1,174 million with an EBITDA margin of 18.4%
- EPS growth of 85% to 221.9 cent
- ROCE of 19.3%
- Interim dividend increased by 8% to 31.6 cent per share

Performance Review and Outlook

Tony Smurfit, Group CEO, commented:

"I am pleased to report a strong first half performance with revenue growth of 36%, EBITDA of €1,174 million, an EBITDA margin of 18.4%, EPS growth of 85% and ROCE of 19.3%.

"Our strong performance is a result of the many actions we have taken over a number of years. These actions include significant customer-focused investments to meet growth, providing the most innovative and sustainable paper-based packaging in the marketplace and selective acquisitions ensuring security of supply to our customers.

"In the first half of 2022, we have overcome many challenges including sharply increasing input costs, logistics and supply chain constraints, COVID-19 disruption and the impact of the war in Ukraine. SKG's integrated model, our geographic diversity, our continued focus on efficiency through investment and our bespoke business applications, have enabled us to offset these challenges together with paper and corrugated price recovery.

"I am especially proud of the tremendous efforts of our people who continue to deliver for our customers under these circumstances. Our performance-led culture has allowed us to go from strength to strength, building on our leadership position in the markets in which we operate.

[1] Additional information in relation to these Alternative Performance Measures is set out in Supplementary Financial Information on pages 30 to 37.

“Both our regions performed strongly during the first six months, with Europe reporting EBITDA of €926 million with an EBITDA margin of 18.7% and the Americas reporting EBITDA of €271 million with an EBITDA margin of 18.8%. Box volume growth for the first six months versus last year was 2.5%.

“During the first half, we completed the acquisition of two corrugated converting operations in the UK and Argentina and we announced the development of our new corrugated operation in Morocco.

“In April, we published our 15th Sustainable Development Report which highlighted the significant progress made in 2021 across our key metrics. These included a further 6% reduction in carbon intensity, a reduction in water consumption of over 6% and a decrease in waste to landfill intensity of 7% over the previous year.

“In Smurfit Kappa, we are very confident about our future prospects. Inevitably, with the current global issues that surround us there are greater uncertainties than we have seen for some time. Nevertheless, we continue to see many opportunities for growth in the sustainable and innovative packaging solutions that we offer customers and the unique footprint of the businesses we operate. Our first half performance has set a strong foundation for the remainder of 2022 and beyond.

“Reflecting the confidence in the quality of our business and its future prospects, the Board has approved an 8% increase in the interim dividend.”

About Smurfit Kappa

Smurfit Kappa, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, with approximately 48,000 employees in over 350 production sites across 36 countries and with revenue of €10.1 billion in 2021. We are located in 23 countries in Europe, and 13 in the Americas. We are the only large-scale pan-regional player in Latin America. Our products, which are 100% renewable and produced sustainably, improve the environmental footprint of our customers.

With our proactive 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-based 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.

We have a proud tradition of supporting social, environmental and community initiatives in the countries where we operate. Through these projects we support the UN Sustainable Development Goals, focusing on where we believe we have the greatest impact.

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Forward Looking Statements

This Announcement 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.

Contacts

Ciarán Potts
Smurfit Kappa
T: +353 1 202 71 27
E: ir@smurfitkappa.com

Melanie Farrell
FTI Consulting
T: +353 1 765 08 00
E: smurfitkappa@fticonsulting.com

2022 First Half | Performance Overview

The Group reported EBITDA for the first half of €1,174 million, up 50% on 2021. The Group EBITDA margin was 18.4%, up from 16.7% in the first half of 2021. The result reflects the resilience of the Group's integrated model, the benefits of our capital spend programme, customer-focused innovation and pricing recovery, partly offset by higher year-on-year energy, recovered fibre, labour, distribution and other raw material costs.

In Europe, EBITDA increased by 57% on the first half of 2021 to €926 million. The EBITDA margin was 18.7%, up from 16.2% on the same period in 2021, delivered against a backdrop of supply chain disruption and significant cost inflation. Corrugated box demand was up approximately 1% against strong comparatives. Corrugated pricing has continued to improve in line with our expectations with continued progression into the second half.

European pricing for testliner and kraftliner has increased by €450 per tonne and €390 per tonne respectively from the low of September 2020 to June 2022.

Our European business continued to build on its strong operating platform in the first half with a number of projects across our paper and corrugated divisions. In our paper division we announced the completion of a large-scale sustainability project at our Zülpich mill in Germany, which will reduce CO_2 annually by 55,000 tonnes, a 2% reduction for the Group. We have also approved projects in our Facture, Wrexen and Verzuolo mills which will reduce cost, increase efficiencies and improve the Group's sustainability footprint. In our corrugated division we approved projects in Belgium, France, Germany, the Netherlands, Poland, Spain and the UK. The Group also announced an investment in its first Moroccan facility and the acquisition of a corrugated business in the UK.

In the Americas, EBITDA increased by 29% on the first half of 2021 to €271 million. The EBITDA margin was 18.8% in the first half of 2022 versus 20.4% in the first half of 2021. Colombia, Mexico and the US accounted for 80% of the region's earnings with strong performances in all three countries. Corrugated demand for the first half was up 8% year-on-year or 5% on an underlying basis.

We have recently announced the acquisition of a corrugated business in Argentina and we have approved expansion and sustainability focused projects in our paper, corrugated and sack businesses in North, Central and South America.

On 1 April 2022, the Group announced its decision to exit the Russian market in an orderly manner. While this process is in the early stages, we hope to conclude it by the end of the year.

Free cash flow for the first six months was a net outflow of €28 million compared to a net inflow of €117 million in the first half of 2021. The average maturity profile of the Group's debt was 5.3 years at 30 June 2022 with an average interest rate of 2.86%. Net debt to EBITDA was 1.6x at the half year versus 1.7x at the end of December 2021 and 1.6x at the first half of 2021. The Group remains strongly positioned within its BBB-/BBB-/Baa3 credit rating.

2022 First Half | Financial Performance

Revenue for the first half was €6,385 million, up 36% on the first half of 2021 or 32% on an underlying[2] basis.

EBITDA for the first half was €1,174 million, up 50% on the first half of 2021. On an underlying basis, Group EBITDA was up 46% year-on-year, with Europe up 55% and the Americas up 18%.

Operating profit before exceptional items for the first half of 2022 at €839 million was 76% higher than the €477 million for the same period of 2021.

There were no exceptional items charged within operating profit and no exceptional finance items in the first half of either 2022 and 2021.

Net finance costs at €71 million were €7 million higher than 2021 primarily due to an increase in net cash interest payable, a higher foreign currency translation loss on debt and a negative swing from a fair value gain on financial assets/liabilities in 2021 to a loss in 2022, partly offset by a fair value gain on derivatives.

[2] Additional information on underlying performance is set out within Supplementary Financial Information on pages 30 to 37.

The profit before tax of €769 million was €356 million higher than the €413 million in 2021. The income tax expense was €195 million compared to €105 million in 2021, resulting in a profit of €574 million for the half year compared to €308 million in 2021.

Basic EPS for the first half of 2022 was 221.9 cent, compared to 119.9 cent in 2021.

2022 First Half | Free Cash Flow

Free cash flow in the first half of 2022 was a net outflow of €28 million compared to a net inflow of €117 million for 2021, a decrease of €145 million. The EBITDA increase of €393 million was more than offset by an increase in capital outflows, working capital outflow and tax payments.

The working capital outflow in 2022 was €501 million compared to €195 million in 2021. The outflow in 2022 was a combination of a significant increase in debtors and to a lesser extent stock, partly offset by an increase in creditors. The increase in debtors reflects the combination of higher box and paper prices. The increase in creditors reflects considerably higher recovered fibre and energy costs along with higher other raw material costs. Working capital amounted to €1,303 million at 30 June 2022 and represented 9.7% of annualised revenue compared to 8.1% at 30 June 2021 and 5.7% at 31 December 2021.

Capital expenditure in 2022 amounted to €349 million (equating to 115% of depreciation) compared to €175 million (equating to 63% of depreciation) in 2021.

Cash interest amounted to €61 million in 2022 compared to €54 million in 2021, with the increase primarily due to the higher increase in interest rates in currencies where we are in a net debt position compared to those where we are in a net cash position.

Tax payments of €158 million in 2022 were €36 million higher than in 2021.

2022 First Half | Capital Structure

Net debt was €3,309 million at the end of June, resulting in a net debt to EBITDA ratio of 1.6x compared to 1.7x at the end of December 2021 and 1.6x at the end of June 2021. The Group's balance sheet continues to provide considerable long-term strategic and financial flexibility, subject to the stated leverage range of 1.5x to 2.0x through the cycle and SKG's BBB-/BBB-/Baa3 credit rating.

At 30 June 2022, the Group's average interest rate was 2.86% compared to 2.63% at 31 December 2021. The Group's diversified funding base and long-dated maturity profile of 5.3 years provide a stable funding outlook. In terms of liquidity, the Group held cash balances of €491 million at the end of June, which were further supplemented by available commitments of €1,342 million under its sustainability-linked Revolving Credit Facility ('RCF') and €312 million under its sustainability-linked securitisation programmes.

Dividends

The Board has decided to pay an interim dividend of 31.6 cent per share, which represents an increase of 8% on the prior year. It is proposed to pay this dividend on 28 October 2022 to all ordinary shareholders on the share register at the close of business on 30 September 2022.

2022 First Half | Sustainability

Smurfit Kappa continues to make significant progress on achieving its sustainability goals as outlined in its 15th Sustainable Development Report ('SDR'). The report highlights the Group's progress towards its long-standing goal of driving change and supporting a greener planet through the three main pillars of Planet, People and Impactful Business. It shows that the Group's actions are delivering today, and together with its ongoing investments and continuous improvement, it is well positioned to deliver on its long-term ambition to have net zero emissions by 2050.

The Group made significant progress in reducing its fossil CO_2 emission intensity in 2021. SKG is the first in its industry to have announced targeting at least net zero emissions by 2050 and, compared to its baseline year 2005, it reduced its emissions intensity by 41.3% by the end of 2021. The reduction in 2021 versus 2020 was 6%, another significant step towards its net zero target. Other highlights from the 2021 SDR include the reduction in water consumption of over 6% year-on-year and a reduction in waste to landfill intensity of 7% year-on-year.

During 2021, the Group delivered several landmark achievements highlighting its continued leadership in sustainability, these include:

- In September, the Group launched its Green Finance Framework followed by the launch of the Group's inaugural green bond offering which was over-subscribed multiple times and secured the lowest ever coupon for a corporate issuer at SKG's credit rating, along with a very strong participation of 'green' investors including 'dark green' investors.

- In December, Smurfit Kappa had its emissions reduction targets validated by the Science Based Target initiative ('SBTi') as consistent with the objectives of the Paris Agreement, and well below 2°C. This validation is further evidence of its long-term ambition coupled with delivery today.

The Group has published a significantly enhanced disclosure consistent with the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendations in its 2021 Annual Report, including a comprehensive top-down identification and process review of climate-related risks and opportunities and an evaluation of the potential impact on Smurfit Kappa assets from physical and transition risks under different climate scenarios.

In February of this year, SKG was recognised as a top ESG performer by leading research and analytics company Sustainalytics. Following analysis of more than 4,000 European-based companies, SKG was named a Regional Top Rated company and is ranked in the top five of the Paper Packaging category globally.

SKG continues to be listed on various environmental, social and governance indices and disclosure programmes, such as FTSE4Good, the Green Economy Mark from the London Stock Exchange, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, ISS Solactive and Ethibel's sustainable investment register. SKG also performs strongly across a number of third party certification bodies, including MSCI, ISS ESG and Sustainalytics.

2022 First Half | Commercial Offering and Innovation

SKG continues to lead the industry in its market offering. Utilising our unique capabilities and expertise, underpinned by bespoke, scientifically tested applications and delivered by our passionate people, our customers, through our packaging, can increase sales, reduce costs and mitigate risk in an increasingly disrupted and operationally challenging world.

In January, the Group demonstrated its leadership in innovation and sustainable packaging by winning 13 WorldStar awards across a host of categories including e-commerce solutions, point of sale displays, ground-breaking corrugated packaging for the transportation of fresh fish and our increasingly popular TopClip solution for beverage cans. SKG's 13 winning products originated from Brazil, the Czech Republic, Germany, Mexico, Norway, Poland, Slovakia and Sweden.

In February, the Group launched the Design2Market Factory to facilitate the development of rapid prototyping for pilot production, performance analysis and field lab facilities under one roof.

In April, the Group launched the child-proof, FSC certified paper-based TopLock Box for detergent pods and capsules, offering a 40% carbon footprint reduction compared to the traditional rigid plastics alternative.

The Group developed and launched AquaStop, a sustainable water-resistant paper, in May of this year. Designed to withstand exposure to water without being damaged it is suitable for more demanding supply chains where temporary protection against water is needed.

Summary Cash Flow

Summary cash flows for the first half are set out in the following table.

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
EBITDA	**1,174**	781
Cash interest expense	**(61)**	(54)
Working capital change	**(501)**	(195)
Capital expenditure	**(349)**	(175)
Change in capital creditors	**(108)**	(80)
Tax paid	**(158)**	(122)
Change in employee benefits and other provisions	**(22)**	(43)
Other	**(3)**	5
Free cash flow	**(28)**	117
Purchase of own shares (net)	**(27)**	(22)
Sale of businesses and investments	**-**	37
Purchase of businesses, investments and NCI*	**(48)**	(55)
Dividends	**(250)**	(226)
Derivative termination receipts	**-**	10
Net cash outflow	**(353)**	(139)
Acquired net debt	**(5)**	(13)
Disposed net cash	**-**	(1)
Deferred debt issue costs amortised	**(4)**	(4)
Currency translation adjustment	**(62)**	(17)
Increase in net debt	**(424)**	(174)

* 'NCI' refers to non-controlling interests

A reconciliation of the Summary Cash Flow to the Condensed Consolidated Statement of Cash Flows and a reconciliation of Free Cash Flow to Cash Generated from Operations are included in sections K and L in Alternative Performance Measures in the Supplementary Financial Information on pages 30 to 37.

Funding and Liquidity

The Group's primary sources of liquidity are cash flow from operations and borrowings under the RCF. The Group's primary uses of cash are for funding day to day operations, capital expenditure, debt service, dividends and other investment activity including acquisitions.

The Group has a €1,350 million RCF with a maturity of January 2026, which incorporates five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the facility. Borrowings under the RCF are available to fund the Group's working capital requirements, capital expenditure and other general corporate purposes. At 30 June 2022, the Group's drawings on this facility were US$8 million, at an interest rate of 2.264%.

At 30 June 2022, the Group had outstanding €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026, €750 million 1.5% senior notes due 2027, €500 million 0.5% senior green notes due 2029 and €500 million 1.0% senior green notes due 2033.

Funding and Liquidity (continued)

At 30 June 2022, the Group had outstanding €13 million variable funding notes ('VFNs') issued under the €230 million trade receivables securitisation programme maturing in November 2026 and €5 million VFNs issued under the €100 million trade receivables securitisation programme maturing in January 2026. Both these securitisation programmes incorporate five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the programme.

Market Risk and Risk Management Policies

The Group is exposed to the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Interest rate risk exposure is managed by achieving an appropriate balance of fixed and variable rate funding. As at 30 June 2022, the Group had fixed an average of 96% of its interest cost on borrowings over the following 12 months.

The Group's fixed rate debt comprised €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026, €750 million 1.5% senior notes due 2027, €500 million 0.5% senior green notes due 2029 and €500 million 1.0% senior green notes due 2033.

The Group's earnings are affected by changes in short-term interest rates on its floating rate borrowings and cash balances. If interest rates for these borrowings increased by one percent, the Group's interest expense would increase, and income before taxes would decrease, by approximately €2 million over the following 12 months. Interest income on the Group's cash balances would increase by approximately €5 million assuming a one percent increase in interest rates earned on such balances over the following 12 months.

The Group uses foreign currency borrowings, currency swaps and forward contracts in the management of its foreign currency exposures.

Principal Risks and Uncertainties

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies are implemented at each level in the organisation.

The Board in conjunction with senior management identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The Board regularly monitors all of the Group's risks, including emerging risks, and appropriate actions are taken to mitigate those risks or address their potential adverse consequences. As part of the half year assessment, the COVID-19 pandemic and current global uncertainties were also considered.

The principal risks and uncertainties facing the Group for the remaining six months of the financial year are summarised below.

- If the current economic climate were to deteriorate, for example as a result of geopolitical uncertainty, trade tensions and/or the COVID-19 pandemic, it could result in an increased economic slowdown which if sustained over any significant length of time, could adversely affect the Group's financial position and results of operations.
- The cyclical nature of the packaging industry could result in overcapacity and consequently threaten the Group's pricing structure.
- If operations at any of the Group's facilities (in particular its key mills) were interrupted for any significant length of time, it could adversely affect the Group's financial position and results of operations.
- Price fluctuations in energy and raw material costs could adversely affect the Group's manufacturing costs.
- The Group is exposed to currency exchange rate fluctuations.
- The Group may not be able to attract, develop and retain suitably qualified employees as required for its business.
- Failure to maintain good health, safety and employee wellbeing practices may have an adverse effect on the Group's business.
- The Group is subject to a growing number of environmental and climate change laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the Group's business.
- The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates.
- The Group, similar to other large global companies, is susceptible to cyber-attacks with the threat to the confidentiality, integrity and availability of data in its systems.
- The global impact of climate change in the long-term could adversely affect the Group's business and results of operations.

The principal risks and uncertainties faced by the Group, were outlined in our 2021 Annual Report on pages 36 to 38. The Annual Report is available on our website; smurfitkappa.com.

Condensed Consolidated Income Statement

	6 months to 30-Jun-22 Unaudited			6 months to 30-Jun-21 Unaudited		
	Pre-exceptional	**Exceptional**	**Total**	Pre-exceptional	Exceptional	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue	**6,385**	**-**	**6,385**	4,679	-	4,679
Cost of sales	**(4,383)**	**-**	**(4,383)**	(3,226)	-	(3,226)
Gross profit	**2,002**	**-**	**2,002**	1,453	-	1,453
Distribution costs	**(480)**	**-**	**(480)**	(390)	-	(390)
Administrative expenses	**(683)**	**-**	**(683)**	(586)	-	(586)
Operating profit	**839**	**-**	**839**	477	-	477
Finance costs	**(85)**	**-**	**(85)**	(73)	-	(73)
Finance income	**14**	**-**	**14**	9	-	9
Share of associates' profit (after tax)	**1**	**-**	**1**	-	-	-
Profit before income tax	**769**		**769**	413	-	413
Income tax expense			**(195)**			(105)
Profit for the financial period			**574**			308
Attributable to:						
Owners of the parent			**574**			308
Non-controlling interests			**-**			-
Profit for the financial period			**574**			308
Earnings per share						
Basic earnings per share - cent			**221.9**			119.9
Diluted earnings per share - cent			**220.9**			119.2

Condensed Consolidated Statement of Comprehensive Income

	6 months to 30-Jun-22 Unaudited €m	6 months to 30-Jun-21 Unaudited €m
Profit for the financial period	**574**	308
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the financial period	**109**	9
- Recycled to Condensed Consolidated Income Statement	**-**	1
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	**-**	(2)
- Fair value loss on cash flow hedges	**(6)**	-
Changes in fair value of cost of hedging:		
- Movement out of reserve	**(1)**	-
	102	8
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial gain	**211**	125
- Related tax	**(26)**	(15)
	185	110
Total other comprehensive income	**287**	118
Total comprehensive income for the financial period	**861**	426
Attributable to:		
Owners of the parent	**861**	426
Non-controlling interests	**-**	-
Total comprehensive income for the financial period	**861**	426

Condensed Consolidated Balance Sheet

	30-Jun-22 Unaudited €m	30-Jun-21 Unaudited €m	31-Dec-21 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	**4,452**	3,795	4,265
Right-of-use assets	**360**	298	346
Goodwill and intangible assets	**2,760**	2,556	2,722
Other investments	**10**	11	11
Investment in associates	**16**	12	13
Biological assets	**113**	105	103
Other receivables	**34**	26	26
Employee benefit assets	**64**	-	-
Derivative financial instruments	**5**	-	2
Deferred income tax assets	**116**	160	149
	7,930	6,963	7,637
Current assets			
Inventories	**1,296**	860	1,046
Biological assets	**11**	8	10
Trade and other receivables	**2,801**	1,901	2,137
Derivative financial instruments	**26**	6	8
Restricted cash	**9**	16	14
Cash and cash equivalents	**482**	621	855
	4,625	3,412	4,070
Total assets	**12,555**	10,375	11,707
EQUITY			
Capital and reserves attributable to owners of the parent			
Equity share capital	**-**	-	-
Share premium	**2,646**	2,646	2,646
Other reserves	**375**	219	260
Retained earnings	**2,002**	1,126	1,473
Total equity attributable to owners of the parent	**5,023**	3,991	4,379
Non-controlling interests	**13**	13	13
Total equity	**5,036**	4,004	4,392
LIABILITIES			
Non-current liabilities			
Borrowings	**3,614**	3,033	3,589
Employee benefit liabilities	**455**	707	630
Derivative financial instruments	**5**	13	7
Deferred income tax liabilities	**193**	172	175
Non-current income tax liabilities	**37**	10	17
Provisions for liabilities	**38**	49	35
Capital grants	**22**	21	24
Other payables	**8**	11	11
	4,372	4,016	4,488
Current liabilities			
Borrowings	**186**	153	165
Trade and other payables	**2,828**	2,006	2,563
Current income tax liabilities	**30**	15	27
Derivative financial instruments	**45**	8	14
Provisions for liabilities	**58**	173	58
	3,147	2,355	2,827
Total liabilities	**7,519**	6,371	7,315
Total equity and liabilities	**12,555**	10,375	11,707

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						
	Equity share capital €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Unaudited							
At 1 January 2022	**-**	**2,646**	**260**	**1,473**	**4,379**	**13**	**4,392**
Profit for the financial period	**-**	**-**	**-**	**574**	**574**	**-**	**574**
Other comprehensive income							
Foreign currency translation adjustments	**-**	**-**	**109**	**-**	**109**	**-**	**109**
Defined benefit pension plans	**-**	**-**	**-**	**185**	**185**	**-**	**185**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**(6)**	**-**	**(6)**	**-**	**(6)**
Changes in fair value of cost of hedging	**-**	**-**	**(1)**	**-**	**(1)**	**-**	**(1)**
Total comprehensive income for the financial period	**-**	**-**	**102**	**759**	**861**	**-**	**861**
Derecognition of equity instruments	**-**	**-**	**10**	**(10)**	**-**	**-**	**-**
Hyperinflation adjustment	**-**	**-**	**-**	**30**	**30**	**-**	**30**
Dividends paid	**-**	**-**	**-**	**(250)**	**(250)**	**-**	**(250)**
Share-based payment	**-**	**-**	**30**	**-**	**30**	**-**	**30**
Net shares acquired by SKG Employee Trust	**-**	**-**	**(27)**	**-**	**(27)**	**-**	**(27)**
At 30 June 2022	**-**	**2,646**	**375**	**2,002**	**5,023**	**13**	**5,036**
Unaudited							
At 1 January 2021	-	2,646	207	917	3,770	13	3,783
Profit for the financial period	-	-	-	308	308	-	308
Other comprehensive income							
Foreign currency translation adjustments	-	-	10	-	10	-	10
Defined benefit pension plans	-	-	-	110	110	-	110
Effective portion of changes in fair value of cash flow hedges	-	-	(2)	-	(2)	-	(2)
Total comprehensive income for the financial period	-	-	8	418	426	-	426
Hyperinflation adjustment	-	-	-	17	17	-	17
Dividends paid	-	-	-	(226)	(226)	-	(226)
Share-based payment	-	-	26	-	26	-	26
Net shares acquired by SKG Employee Trust	-	-	(22)	-	(22)	-	(22)
At 30 June 2021	-	2,646	219	1,126	3,991	13	4,004

An analysis of the movements in Other reserves is provided in Note 12.

Condensed Consolidated Statement of Cash Flows

	6 months to 30-Jun-22 Unaudited €m	6 months to 30-Jun-21 Unaudited €m
Cash flows from operating activities		
Profit before income tax	**769**	413
Net finance costs	**71**	64
Depreciation charge	**280**	254
Amortisation of intangible assets	**25**	19
Amortisation of capital grants	**(1)**	(1)
Share-based payment expense	**31**	28
Profit on sale of property, plant and equipment	**(6)**	(5)
Share of associates' profit (after tax)	**(1)**	-
Net movement in working capital	**(501)**	(195)
Change in biological assets	**(1)**	3
Change in employee benefits and other provisions	**(22)**	(43)
Other (primarily hyperinflation adjustments)	**7**	3
Cash generated from operations	**651**	540
Interest paid	**(57)**	(55)
Income taxes paid:		
Irish corporation tax (net of tax refunds) paid	**(11)**	(9)
Overseas corporation tax (net of tax refunds) paid	**(147)**	(113)
Net cash inflow from operating activities	**436**	363
Cash flows from investing activities		
Interest received	**2**	1
Business disposals (net of disposed cash)	**-**	33
Additions to property, plant and equipment and biological assets	**(418)**	(228)
Additions to intangible assets	**(8)**	(6)
Receipt of capital grants	**-**	1
Decrease/(increase) in restricted cash	**5**	(6)
Disposal of property, plant and equipment	**10**	7
Dividends received from associates	**-**	1
Purchase of subsidiaries (net of acquired cash)	**(36)**	(20)
Deferred consideration paid	**(10)**	(35)
Net cash outflow from investing activities	**(455)**	(252)
Cash flows from financing activities		
Purchase of own shares (net)	**(27)**	(22)
Increase/(decrease) in other interest-bearing borrowings	**7**	(100)
Repayment of lease liabilities	**(56)**	(41)
Derivative termination receipts	**-**	10
Deferred debt issue costs paid	**-**	(1)
Dividends paid to shareholders	**(250)**	(226)
Net cash outflow from financing activities	**(326)**	(380)
Decrease in cash and cash equivalents	**(345)**	(269)
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at 1 January	**827**	876
Currency translation adjustment	**(17)**	(2)
Decrease in cash and cash equivalents	**(345)**	(269)
Cash and cash equivalents at 30 June	**465**	605

An analysis of the net movement in working capital is provided in Note 10.

Notes to the Condensed Consolidated Interim Financial Statements

1. General Information

Smurfit Kappa Group plc ('SKG plc' or 'the Company') and its subsidiaries (together 'SKG' or 'the Group') primarily manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products. The Company is a public limited company with a premium listing on the London Stock Exchange and a secondary listing on Euronext Dublin. It is incorporated and domiciled in Ireland. The address of its registered office is Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland.

2. Basis of Preparation and Accounting Policies

Basis of preparation and accounting policies
The Condensed Consolidated Interim Financial Statements included in this report have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and with IAS 34, *Interim Financial Reporting* as adopted by the European Union. This report should be read in conjunction with the Consolidated Financial Statements for the financial year ended 31 December 2021 included in the Group's 2021 Annual Report which is available on the Group's website; smurfitkappa.com.

The accounting policies adopted by the Group and the significant accounting judgements, estimates and assumptions made by management in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those described and applied in the Annual Report for the financial year ended 31 December 2021. A number of changes to IFRS became effective in 2022, however, they did not have a material effect on the Condensed Consolidated Interim Financial Statements included in this report.

Operations in Russia
On 1 April 2022, the Group announced its decision to exit the Russian market in an orderly manner. Support for the Group's Russian operations has been suspended including any imports and exports and short or long-term funding. The Group has appointed advisors to identify potential purchasers for the Russian operations. This process is in the early stages and there are a number of uncertainties surrounding the sales process. As a result, the conditions required to be met to classify the assets/liabilities as held for sale have not been satisfied at 30 June 2022.

The Group's Russian operations are not material to the Group representing approximately 1% of each of Revenue, EBITDA and Profit before Tax in the six month period to 30 June 2022 and less than 3% of each of Total Assets and Net Assets as at 30 June 2022. Accordingly, the Group's significant accounting judgements, estimates and assumptions did not change.

Going concern
The Group is a highly integrated manufacturer of paper-based packaging solutions with leading market positions, quality assets and broad geographic reach. The financial position of the Group, its cash generation, capital resources and liquidity continue to provide a stable financing platform.

The Group's diversified funding base and long-dated maturity profile of 5.3 years provide a stable funding outlook. At 30 June 2022, the Group had a strong liquidity position of approximately €2.15 billion comprising cash balances of €491 million (including €9 million of restricted cash), undrawn available committed facilities of €1,342 million under its RCF and €312 million under its sustainability-linked securitisation programmes. At 30 June 2022, the strength of the Group's balance sheet, a net debt to EBITDA ratio of 1.6x (31 December 2021: 1.7x) and its BBB-/BBB-/Baa3 credit rating, continues to provide considerable long-term strategic flexibility.

Having assessed the principal risks facing the Group on page 9, together with the Group's forecasts and significant financial headroom, the Directors believe that the Group is well placed to manage these risks successfully and have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

2. Basis of Preparation and Accounting Policies (continued)

Statutory financial statements and audit opinion

The Group's auditors have not audited or reviewed the Condensed Consolidated Interim Financial Statements contained in this report.

The Condensed Consolidated Interim Financial Statements presented do not constitute full statutory financial statements. Full statutory financial statements for the year ended 31 December 2021 will be filed with the Irish Registrar of Companies in due course. The audit report on those statutory financial statements was unqualified.

3. Segment and Revenue Information

The Group has identified operating segments based on the manner in which reports are reviewed by the chief operating decision maker ('CODM'). The CODM is determined to be the executive management team responsible for assessing performance, allocating resources and making strategic decisions. The Group has identified two operating segments: 1) Europe and 2) the Americas.

The Europe and the Americas segments are each highly integrated. They include a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers within each segment. In addition, the Europe segment also produces other types of paper, such as solidboard, sack kraft paper and graphic paper; and other paper-based packaging, such as solidboard packaging and folding cartons; and bag-in-box packaging. The Americas segment, which includes a number of Latin American countries and the United States, also comprises forestry; other types of paper, such as boxboard and sack paper; and paper-based packaging, such as folding cartons and paper sacks. Inter-segment revenue is not material. No operating segments have been aggregated for disclosure purposes.

Segment profit is measured based on EBITDA.

	6 months to 30-Jun-22			6 months to 30-Jun-21		
	Europe	**The Americas**	**Total**	Europe	The Americas	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue and results						
Revenue	**4,939**	**1,446**	**6,385**	3,649	1,030	4,679
EBITDA	**926**	**271**	**1,197**	591	211	802
Unallocated centre costs			**(23)**			(21)
Share-based payment expense			**(31)**			(28)
Depreciation and depletion (net)			**(279)**			(257)
Amortisation			**(25)**			(19)
Finance costs			**(85)**			(73)
Finance income			**14**			9
Share of associates' profit (after tax)			**1**			-
Profit before income tax			**769**			413
Income tax expense			**(195)**			(105)
Profit for the financial period			**574**			308

3. Segment and Revenue Information (continued)

Revenue information about geographical areas

The Group has a presence in 36 countries worldwide. The following information is a geographical revenue analysis about country of domicile (Ireland) and countries with material revenue.

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
Ireland	**55**	55
Germany	**936**	658
France	**773**	527
Mexico	**634**	466
Italy	**572**	347
Other Europe - eurozone	**1,328**	1,065
Other Europe - non-eurozone	**1,252**	980
Other Americas	**835**	581
Total revenue by geographical area	**6,385**	4,679

Revenue is derived almost entirely from the sale of goods and is disclosed based on the location of production.

Disaggregation of revenue

The Group derives revenue from the following major product lines. The economic factors which affect the nature, amount, timing and uncertainty of revenue and cash flows from the sub categories of both paper and packaging products are similar.

	6 months to 30-Jun-22			6 months to 30-Jun-21		
	Paper €m	**Packaging €m**	**Total €m**	Paper €m	Packaging €m	Total €m
Europe	**978**	**3,961**	**4,939**	577	3,072	3,649
The Americas	**135**	**1,311**	**1,446**	86	944	1,030
Total revenue by product	**1,113**	**5,272**	**6,385**	663	4,016	4,679

Packaging revenue is derived mainly from the sale of corrugated products. The remainder of packaging revenue is comprised of bag-in-box and other paper-based packaging products.

4. Finance Costs and Income

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
Finance costs:		
Interest payable on bank loans and overdrafts	**19**	12
Interest payable on leases	**5**	5
Interest payable on other borrowings	**43**	43
Foreign currency translation loss on debt	**12**	7
Fair value loss on financial assets	**1**	-
Net interest cost on net pension liability	**4**	4
Net monetary loss – hyperinflation	**1**	2
Total finance costs	**85**	73
Finance income:		
Other interest receivable	**(2)**	(1)
Foreign currency translation gain on debt	**(8)**	(6)
Fair value gain on derivatives not designated as hedges	**(4)**	-
Fair value gain on financial assets/liabilities	**-**	(2)
Total finance income	**(14)**	(9)
Net finance costs	**71**	64

5. Income Tax Expense

Income tax expense recognised in the Condensed Consolidated Income Statement

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
Current tax:		
Europe	**128**	89
The Americas	**54**	37
	182	126
Deferred tax	**13**	(21)
Income tax expense	**195**	105
Current tax is analysed as follows:		
Ireland	**8**	7
Foreign	**174**	119
	182	126

Income tax recognised in the Condensed Consolidated Statement of Comprehensive Income

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
Arising on defined benefit pension plans	**26**	15

The income tax expense in 2022 is €90 million higher than in the comparable period in 2021, primarily due to higher profitability.

5. Income Tax Expense (continued)

There is a €56 million increase in the current tax expense. In Europe, the current tax expense is €39 million higher and in the Americas the current tax expense is €17 million higher. This is mainly due to changes in profitability and other timing differences.

The deferred tax charge is €34 million higher than in the comparable period in 2021. The increase is largely due to the reversal of timing differences on which deferred tax was previously recognised and is partly offset by the recognition of tax benefits on losses and other tax credits.

6. Employee Benefits – Defined Benefit Plans

The table below sets out the components of the defined benefit cost for the period:

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
Current service cost	**20**	18
Gain on settlement	**-**	(3)
Net interest cost on net pension liability	**4**	4
Defined benefit cost	**24**	19

Analysis of actuarial (losses)/gains recognised in the Condensed Consolidated Statement of Comprehensive Income:

	6 months to 30-Jun-22 €m	6 months to 30-Jun-21 €m
Return on plan assets (excluding interest income)	**(458)**	3
Actuarial gain due to experience adjustments	**-**	2
Actuarial gain due to changes in financial assumptions	**669**	120
Total gain recognised in the Condensed Consolidated Statement of Comprehensive Income	**211**	125

The amounts recognised in the Condensed Consolidated Balance Sheet were as follows:

	30-Jun-22 €m	31-Dec-21 €m
Present value of funded or partially funded obligations	**(1,786)**	(2,384)
Fair value of plan assets	**1,818**	2,276
Surplus/(deficit) in funded or partially funded plans	**32**	(108)
Present value of wholly unfunded obligations	**(422)**	(520)
Amounts not recognised as assets due to asset ceiling	**(1)**	(2)
Net pension liability	**(391)**	(630)

Reconciliation to the Condensed Consolidated Balance Sheet:

	30-Jun-22 €m	31-Dec-21 €m
Employee benefit assets	**64**	-
Employee benefit liabilities	**(455)**	(630)
Net pension liability	**(391)**	(630)

The key assumptions relating to discount and inflation rates were reassessed at 30 June 2022 and updated to reflect market conditions at that date.

7. Earnings per Share ('EPS')

Basic

Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period less own shares.

	6 months to 30-Jun-22	6 months to 30-Jun-21
Profit attributable to owners of the parent (€ million)	**574**	308
Weighted average number of ordinary shares in issue (million)	**258**	257
Basic EPS (cent)	**221.9**	119.9

Diluted

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. These comprise deferred shares issued under the Group's long-term incentive plans. Where the conditions governing exercisability and vesting of these shares have been satisfied as at the end of the reporting period, they are included in the computation of diluted earnings per ordinary share.

	6 months to 30-Jun-22	6 months to 30-Jun-21
Profit attributable to owners of the parent (€ million)	**574**	308
Weighted average number of ordinary shares in issue (million)	**258**	257
Potential dilutive ordinary shares assumed (million)	**1**	1
Diluted weighted average ordinary shares (million)	**259**	258
Diluted EPS (cent)	**220.9**	119.2

Pre-exceptional

With no exceptional items reported in the first half of 2022 or 2021, pre-exceptional basic and diluted EPS were 221.9 cent (2021: 119.9 cent) and 220.9 cent (2021: 119.2 cent) respectively.

8. Dividends

During the period, the final dividend for 2021 of 96.1 cent per share was paid to the holders of ordinary shares. The Board has decided to pay an interim dividend of 31.6 cent per share (approximately €82 million). It is proposed to pay this dividend on 28 October 2022 to all ordinary shareholders on the share register at the close of business on 30 September 2022.

9. Property, Plant and Equipment

	Land and buildings	Plant and equipment	Total
	€m	**€m**	**€m**
Six months ended 30 June 2022			
Opening net book amount	**1,175**	**3,090**	**4,265**
Reclassifications	**34**	**(37)**	**(3)**
Additions	**18**	**287**	**305**
Acquisitions	**27**	**9**	**36**
Depreciation charge	**(32)**	**(201)**	**(233)**
Retirements and disposals	**(1)**	**(1)**	**(2)**
Hyperinflation adjustment	**4**	**5**	**9**
Foreign currency translation adjustment	**23**	**52**	**75**
At 30 June 2022	**1,248**	**3,204**	**4,452**
Financial year ended 31 December 2021			
Opening net book amount	1,090	2,749	3,839
Reclassifications	63	(64)	(1)
Additions	1	570	571
Acquisitions	73	186	259
Depreciation charge	(56)	(369)	(425)
Retirements and disposals	(9)	(17)	(26)
Hyperinflation adjustment	4	10	14
Foreign currency translation adjustment	9	25	34
At 31 December 2021	1,175	3,090	4,265

10. Net Movement in Working Capital

	6 months to 30-Jun-22	6 months to 30-Jun-21
	€m	€m
Change in inventories	**(220)**	(78)
Change in trade and other receivables	**(533)**	(306)
Change in trade and other payables	**252**	189
Net movement in working capital	**(501)**	(195)

11. Analysis of Net Debt

	30-Jun-22	31-Dec-21
	€m	€m
Revolving credit facility – interest at relevant interbank rate (interest rate floor of 0%) + 0.64%(1)	**3**	2
US$292.3 million 7.5% senior debentures due 2025 (including accrued interest)	**283**	260
Bank loans and overdrafts	**111**	101
€100 million receivables securitisation VFNs due 2026 (including accrued interest)(2)	**4**	4
€230 million receivables securitisation VFNs due 2026(3)	**11**	11
€250 million 2.75% senior notes due 2025 (including accrued interest)	**252**	251
€1,000 million 2.875% senior notes due 2026 (including accrued interest)	**1,008**	1,007
€750 million 1.5% senior notes due 2027 (including accrued interest)	**747**	747
€500 million 0.5% senior green notes due 2029 (including accrued interest)	**497**	495
€500 million 1.0% senior green notes due 2033 (including accrued interest)	**499**	496
Gross debt before leases	**3,415**	3,374
Leases	**385**	380
Gross debt including leases	**3,800**	3,754
Cash and cash equivalents (including restricted cash)	**(491)**	(869)
Net debt including leases	**3,309**	2,885

(1) The Group's RCF has a maturity of January 2026. At 30 June 2022, the following amounts were drawn under this facility:
(a) Revolver loans - €8 million
(b) Drawn under ancillary facilities and facilities supported by letters of credit – nil
(c) Other operational facilities including letters of credit - nil

(2) At 30 June 2022, the amount drawn under this facility was €5 million.

(3) At 30 June 2022, the amount drawn under this facility was €13 million.

12. Other Reserves

Other reserves included in the Condensed Consolidated Statement of Changes in Equity are comprised of the following:

	Reverse acquisition reserve €m	Cash flow hedging reserve €m	Cost of hedging reserve €m	Foreign currency translation reserve €m	Share-based payment reserve €m	Own shares €m	FVOCI reserve €m	Total €m
At 1 January 2022	**575**	**1**	**1**	**(541)**	**293**	**(59)**	**(10)**	**260**
Other comprehensive income								
Foreign currency translation adjustments	**-**	**-**	**-**	**109**	**-**	**-**	**-**	**109**
Effective portion of changes in fair value of cash flow hedges	**-**	**(6)**	**-**	**-**	**-**	**-**	**-**	**(6)**
Changes in fair value of cost of hedging	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**(1)**
Total other comprehensive (expense)/income	**-**	**(6)**	**(1)**	**109**	**-**	**-**	**-**	**102**
Derecognition of equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**10**
Share-based payment	**-**	**-**	**-**	**-**	**30**	**-**	**-**	**30**
Net shares acquired by SKG Employee Trust	**-**	**-**	**-**	**-**	**-**	**(27)**	**-**	**(27)**
Shares distributed by SKG Employee Trust	**-**	**-**	**-**	**-**	**(21)**	**21**	**-**	**-**
At 30 June 2022	**575**	**(5)**	**-**	**(432)**	**302**	**(65)**	**-**	**375**
At 1 January 2021	575	4	2	(556)	241	(49)	(10)	207
Other comprehensive income								
Foreign currency translation adjustments	-	-	-	10	-	-	-	10
Effective portion of changes in fair value of cash flow hedges	-	(2)	-	-	-	-	-	(2)
Total other comprehensive (expense)/income	-	(2)	-	10	-	-	-	8
Share-based payment	-	-	-	-	26	-	-	26
Net shares acquired by SKG Employee Trust	-	-	-	-	-	(22)	-	(22)
Shares distributed by SKG Employee Trust	-	-	-	-	(12)	12	-	-
At 30 June 2021	575	2	2	(546)	255	(59)	(10)	219

13. Business Combinations

The acquisitions completed by the Group during the period, together with percentages acquired and completion dates were as follows:

- Argencraft, (100%, 1 April 2022) a corrugated facility in Argentina; and
- Atlas Packaging, (100%, 29 April 2022), a corrugated packaging company in the UK.

The table below reflects the provisional fair values of the identifiable net assets acquired in respect of the acquisitions completed during the period. Any amendments to fair values will be made within the twelve month period from the date of acquisition, as permitted by IFRS 3, *Business Combinations* and disclosed in the 2022 Annual Report. None of the business combinations completed during the year were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

	Total*
	€m
Non-current assets	
Property, plant and equipment	36
Right-of-use assets	2
Intangible assets	23
Current assets	
Inventories	4
Trade and other receivables	14
Cash and cash equivalents	2
Non-current liabilities	
Deferred income tax liabilities	(14)
Provisions	(1)
Borrowings	(1)
Current liabilities	
Borrowings	(6)
Trade and other payables	(11)
Current income tax liability	(2)
Net assets acquired	46
Goodwill	(6)
Consideration	40
Settled by:	
Cash	38
Deferred consideration	2
	40

* In addition to the 2022 acquisitions, the amounts also include fair value adjustments in relation to 2021 acquisitions.

During 2022 the Group made an amendment to the fair values assigned to the Verzuolo acquisition completed in late 2021. Given the proximity of the transaction to the year-end, the accounting treatment for the acquisition at 31 December 2021 was provisional, and on completion of the fair value exercise in 2022 the Group identified adjustments that were required as outlined below. The adjustments were not of a material nature and therefore have been recognised as movements within 2022 acquisitions in the 2022 financial statements.

	2022
	€m
Increase in property, plant and equipment	26
Increase in intangible assets	21
Increase in deferred tax liability	(12)
Other	(1)
Increase in net assets	34
Decrease in purchase price	1
Decrease in goodwill	35

13. Business Combinations (continued)

The principal factors contributing to the recognition of goodwill are the realisation of cost savings and other synergies with existing entities in the Group which do not qualify for separate recognition as intangible assets.

None of the goodwill arising on business combinations completed in the reporting period is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition	**€m**
Cash consideration	**38**
Less cash & cash equivalents acquired	**(2)**
Total	**36**

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €14 million. The fair value of these receivables is estimated at €14 million (all of which is expected to be recoverable).

Acquisition-related costs of €0.5 million were incurred and are included within administrative expenses in the Condensed Consolidated Income Statement.

The Group's acquisitions in 2022 have contributed €20 million to revenue and €3 million to profit after tax. The proforma revenue and profit after tax of the Group for the period ended 30 June 2022 would have been €6,410 million and €577 million respectively, had the acquisitions taken place at the start of the reporting period.

There have been no acquisitions completed subsequent to the balance sheet date which would be individually material to the Group, thereby requiring disclosure under either IFRS 3 or IAS 10, *Events after the Balance Sheet Date*.

14. Fair Value Hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2022:

	Level 1 €m	**Level 2 €m**	**Level 3 €m**	**Total €m**
Other investments:				
Listed	**2**	**-**	**-**	**2**
Unlisted	**-**	**8**	**-**	**8**
Derivative financial instruments:				
Assets at fair value through profit or loss	**-**	**25**	**-**	**25**
Derivatives used for hedging	**-**	**6**	**-**	**6**
Derivative financial instruments:				
Liabilities at fair value through profit or loss	**-**	**(38)**	**-**	**(38)**
Derivatives used for hedging	**-**	**(12)**	**-**	**(12)**
	2	**(11)**	**-**	**(9)**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Other investments:				
Listed	2	-	-	2
Unlisted	-	9	-	9
Derivative financial instruments:				
Assets at fair value through profit or loss	-	8	-	8
Derivatives used for hedging	-	2	-	2
Derivative financial instruments:				
Liabilities at fair value through profit or loss	-	(13)	-	(13)
Derivatives used for hedging	-	(8)	-	(8)
	2	(2)	-	-

The fair value of listed investments is determined by reference to their bid price at the reporting date. Unlisted investments are valued using recognised valuation techniques for the underlying security, including discounted cash flows and similar unlisted equity valuation models.

The fair value of the derivative financial instruments set out above has been measured in accordance with level 2 of the fair value hierarchy. All are plain derivative instruments, valued with reference to observable foreign exchange rates, interest rates or broker prices.

There were no reclassifications or transfers between the levels of the fair value hierarchy during the period.

15. Fair Value

The following table sets out the fair value of the Group's principal financial assets and liabilities. The determination of these fair values is based on the descriptions set out within Note 2 to the Consolidated Financial Statements of the Group's 2021 Annual Report.

	30-Jun-22		31-Dec-21	
	Carrying value	**Fair value**	Carrying value	Fair value
	€m	**€m**	€m	€m
Trade and other receivables (1)	**2,598**	**2,598**	2,006	2,006
Listed and unlisted debt instruments(2)	**10**	**10**	11	11
Cash and cash equivalents (3)	**482**	**482**	855	855
Derivative assets (4)	**31**	**31**	10	10
Restricted cash(3)	**9**	**9**	14	14
	3,130	**3,130**	2,896	2,896
Trade and other payables(1)	**2,327**	**2,327**	2,082	2,082
Revolving credit facility(5)	**3**	**3**	2	2
2026 €100 million receivables securitisation(3)	**4**	**4**	4	4
2026 €230 million receivables securitisation(3)	**11**	**11**	11	11
Bank overdrafts(3)	**111**	**111**	101	101
2025 debentures(6)	**283**	**310**	260	318
2025 notes(6)	**252**	**251**	251	270
2026 notes(6)	**1,008**	**997**	1,007	1,103
2027 notes (6)	**747**	**671**	747	786
2029 green notes (6)	**497**	**398**	495	489
2033 green notes (6)	**499**	**359**	496	490
	5,742	**5,442**	5,456	5,656
Derivative liabilities(4)	**50**	**50**	21	21
Deferred consideration(7)	**3**	**3**	10	10
	5,795	**5,495**	5,487	5,687
Total net position	**(2,665)**	**(2,365)**	(2,591)	(2,791)

(1) The fair value of trade and other receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(2) The fair value of listed financial assets is determined by reference to their bid price at the reporting date. Unlisted financial assets are valued using recognised valuation techniques for the underlying security including discounted cash flows and similar unlisted equity valuation models.

(3) The carrying amount reported in the Condensed Consolidated Balance Sheet is estimated to approximate to fair value because of the short-term maturity of these instruments and, in the case of the receivables securitisation, the variable nature of the facility and repricing dates.

(4) The fair value of forward foreign currency, energy and commodity contracts is based on their listed market price if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(5) The fair value (level 2) of the RCF is based on the present value of its estimated future cash flows discounted at an appropriate market discount rate at the balance sheet date.

(6) Fair value (level 2) is based on broker prices at the balance sheet date.

(7) The fair value of deferred consideration is based on the present value of the expected payment, discounted using an appropriate market discount rate as at the balance sheet date.

16. Related Party Transactions

Details of related party transactions in respect of the year ended 31 December 2021 are contained in Note 30 to the Consolidated Financial Statements of the Group's 2021 Annual Report. The Group continued to enter into transactions in the normal course of business with its associates and other related parties during the period. There were no transactions with related parties in the first half of 2022 or changes to transactions with related parties disclosed in the 2021 Consolidated Financial Statements that had a material effect on the financial position or the performance of the Group.

17. Board Approval

This interim report was approved by the Board of Directors on 26 July 2022.

18. Distribution of the Interim Report

This 2022 interim report is available on the Group's website; smurfitkappa.com.

Responsibility Statement in Respect of the Six Months Ended 30 June 2022

The Directors, whose names and functions are listed on pages 78 to 81 in the Group's 2021 Annual Report, are responsible for preparing this interim management report and the Condensed Consolidated Interim Financial Statements in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and with IAS 34, *Interim Financial Reporting* as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2022 have been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2022, and a description of the principal risks and uncertainties for the remaining six months;

- the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Signed on behalf of the Board

A. Smurfit, Director and Chief Executive Officer
K. Bowles, Director and Chief Financial Officer

26 July 2022.

Supplementary Financial Information

Alternative Performance Measures

The Group uses certain financial measures as set out below in order to evaluate the Group's financial performance. These Alternative Performance Measures ('APMs') are not defined under IFRS and are presented because we believe that they, and similar measures, provide both SKG management and users of the Condensed Consolidated Interim Financial Statements with useful additional financial information when evaluating the Group's operating and financial performance.

These measures may not be comparable to other similarly titled measures used by other companies, and are not measurements under IFRS or other generally accepted accounting principles, and they should not be considered in isolation or as substitutes for the information contained in our Condensed Consolidated Interim Financial Statements.

Please note where referenced 'CIS' refers to Condensed Consolidated Income Statement, 'CBS' refers to Condensed Consolidated Balance Sheet and 'CSCF' refers to Condensed Consolidated Statement of Cash Flows.

The principal APMs used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the Condensed Consolidated Interim Financial Statements, are as follows:

A. EBITDA

Definition

EBITDA is earnings before exceptional items, share-based payment expense, share of associates' profit (after tax), net finance costs, income tax expense, depreciation and depletion (net) and intangible assets amortisation. It is an appropriate and useful measure used to compare recurring financial performance between periods.

Reconciliation of Profit to EBITDA

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Profit for the financial period	CIS	**574**	308
Income tax expense (after exceptional items)	CIS	**195**	105
Net finance costs (after exceptional items)	Note 4	**71**	64
Share of associates' profit (after tax)	CIS	**(1)**	-
Share-based payment expense	Note 3	**31**	28
Depreciation, depletion (net) and amortisation	Note 3	**304**	276
EBITDA		**1,174**	781

B. EBITDA margin

Definition

EBITDA margin is a measure of profitability by taking our EBITDA divided by revenue.

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
EBITDA	A	**1,174**	781
Revenue	CIS	**6,385**	4,679
EBITDA margin		**18.4%**	16.7%

Alternative Performance Measures (continued)

C. Operating profit before exceptional items

Definition

Operating profit before exceptional items represents operating profit as reported in the Condensed Consolidated Income Statement before exceptional items. Exceptional items are excluded in order to assess the underlying financial performance of our operations.

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Operating profit	CIS	**839**	477
Exceptional items	CIS	**-**	-
Operating profit before exceptional items	CIS	**839**	477

D. Pre-exceptional basic earnings per share

Definition

Pre-exceptional basic EPS serves as an effective indicator of our profitability as it excludes exceptional one-off items and, in conjunction with other metrics such as ROCE, is a measure of our financial strength.
Pre-exceptional basic EPS is calculated by dividing profit attributable to owners of the parent, adjusted for exceptional items included in profit before income tax and income tax on exceptional items, by the weighted average number of ordinary shares in issue. The calculation of pre-exceptional basic EPS is shown in Note 7.

E. Underlying EBITDA and revenue

Definition

Underlying EBITDA and revenue are arrived at by excluding the incremental EBITDA and revenue contributions from current and prior year acquisitions and disposals and the impact of currency translation, hyperinflation and any non-recurring items.

The Group uses underlying EBITDA and underlying revenue as additional performance indicators to assess performance on a like-for-like basis each year.

	Europe 30-Jun-22	**The Americas 30-Jun-22**	**Total 30-Jun-22**	Europe 30-Jun-21	The Americas 30-Jun-21	Total 30-Jun-21
EBITDA						
Currency	**-**	**8%**	**2%**	-	(7%)	(2%)
Acquisitions/disposals	**2%**	**3%**	**2%**	-	-	-
Underlying EBITDA change	**55%**	**18%**	**46%**	3%	26%	8%
Reported EBITDA change	**57%**	**29%**	**50%**	3%	19%	6%
Revenue						
Currency	**-**	**7%**	**2%**	-	(9%)	(2%)
Hyperinflation	**-**	**1%**	**-**	-	-	-
Acquisitions/disposals	**2%**	**4%**	**2%**	-	1%	-
Underlying revenue change	**33%**	**28%**	**32%**	12%	18%	13%
Reported revenue change	**35%**	**40%**	**36%**	12%	10%	11%

Alternative Performance Measures (continued)

F. Net debt

Definition

Net debt comprises borrowings net of cash and cash equivalents and restricted cash. We believe that this measure highlights the overall movement resulting from our operating and financial performance.

	Reference	30-Jun-22 €m	30-Jun-21 €m	31-Dec-21 €m
Borrowings	Note 11	**3,800**	3,186	3,754
Less:				
Restricted cash	CBS	**(9)**	(16)	(14)
Cash and cash equivalents	CBS	**(482)**	(621)	(855)
Net debt		**3,309**	2,549	2,885

G. Net debt to EBITDA

Definition

Leverage (ratio of net debt to EBITDA for the last twelve months ('LTM')) is an important measure of our overall financial position.

	Reference	30-Jun-22 €m	30-Jun-21 €m	30-Dec-21 €m
Net debt	F	**3,309**	2,549	2,885
EBITDA LTM		**2,095**	1,556	1,702
Net debt to EBITDA LTM (times)		**1.6**	1.6	1.7

H. Return on capital employed ('ROCE')

Definition

ROCE measures profit from capital employed. It is calculated as operating profit before exceptional items plus share of associates' profit (after tax) LTM divided by the average capital employed (where average capital employed is the average of total equity and net debt at the current and prior year-end).

	Reference	30-Jun-22 €m	30-Jun-21 €m
Operating profit before exceptional items plus share of associates' profit (after tax) LTM		**1,436**	950
Total equity – current period-end	CBS	**5,036**	4,004
Net debt – current period-end	F	**3,309**	2,549
Capital employed – current period-end		**8,345**	6,553
Total equity – prior period-end	CBS	**4,004**	3,063
Net debt – prior period-end	F	**2,549**	3,257
Capital employed – prior period-end		**6,553**	6,320
Average capital employed		**7,449**	6,436
Return on capital employed		**19.3%**	14.8%

Alternative Performance Measures (continued)

I. Working capital

Definition

Working capital represents total inventories, trade and other receivables and trade and other payables.

	Reference	**30-Jun-22 €m**	30-Jun-21 €m
Inventories	CBS	**1,296**	860
Trade and other receivables (current and non-current)	CBS	**2,835**	1,927
Trade and other payables	CBS	**(2,828)**	(2,006)
Working capital		**1,303**	781

J. Working capital as a percentage of sales

Definition

Working capital as a percentage of sales represents working capital as defined above shown as a percentage of annualised quarterly revenue.

	Reference	**30-Jun-22 €m**	30-Jun-21 €m
Working capital	I	**1,303**	781
Annualised quarterly revenue		**13,442**	9,640
Working capital as a percentage of sales		**9.7%**	8.1%

Alternative Performance Measures (continued)

K. Summary cash flow

Definition

The summary cash flow is prepared on a different basis to the Condensed Consolidated Statement of Cash Flows and as such the reconciling items between EBITDA and increase in net debt may differ from amounts presented in the Condensed Consolidated Statement of Cash Flows. The summary cash flow details movements in net debt. The Condensed Consolidated Statement of Cash Flows details movements in cash and cash equivalents.

Reconciliation of the Summary Cash Flow to the Condensed Consolidated Statement of Cash Flows

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
EBITDA	A	**1,174**	781
Cash interest expense	K.1	**(61)**	(54)
Working capital change	CSCF	**(501)**	(195)
Capital expenditure	K.2	**(349)**	(175)
Change in capital creditors	K.2	**(108)**	(80)
Tax paid	CSCF	**(158)**	(122)
Change in employee benefits and other provisions	CSCF	**(22)**	(43)
Other	K.4	**(3)**	5
Free cash flow	L	**(28)**	117
Purchase of own shares (net)	CSCF	**(27)**	(22)
Sale of businesses and investments	K.5	**-**	37
Purchase of businesses, investments and NCI	K.6	**(48)**	(55)
Dividends	CSCF	**(250)**	(226)
Derivative termination receipts	CSCF	**-**	10
Net cash outflow		**(353)**	(139)
Acquired net debt	K.7	**(5)**	(13)
Disposed net cash	K.8	**-**	(1)
Deferred debt issue costs amortised		**(4)**	(4)
Currency translation adjustment		**(62)**	(17)
Increase in net debt		**(424)**	(174)

K.1 Cash interest expense

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Interest paid	CSCF	**(57)**	(55)
Interest received	CSCF	**2**	1
Move in accrued interest		**(6)**	-
Per summary cash flow		**(61)**	(54)

Alternative Performance Measures (continued)

K.2 Capital expenditure

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Additions to property, plant and equipment and biological assets	CSCF	**(418)**	(228)
Additions to intangible assets	CSCF	**(8)**	(6)
Net additions to right-of-use assets		**(31)**	(21)
Change in capital creditors	K	**108**	80
Per summary cash flow		**(349)**	(175)

K.3 Capital expenditure as a percentage of depreciation

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Capital expenditure	K.2	**349**	175
Depreciation, depletion (net) and amortisation	A	**304**	276
Capital expenditure as a percentage of depreciation		**115%**	63%

K.4 Other

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Other within the summary cash flow comprises the following			
Amortisation of capital grants	CSCF	**(1)**	(1)
Profit on sale of property, plant and equipment	CSCF	**(6)**	(5)
Other (primarily hyperinflation adjustments)	CSCF	**7**	3
Receipt of capital grants	CSCF	**-**	1
Disposal of property, plant and equipment	CSCF	**10**	7
Dividends received from associates	CSCF	**-**	1
Lease terminations/modifications	L	**(13)**	(1)
Per summary cash flow		**(3)**	5

Alternative Performance Measures (continued)

K.5 Sale of businesses and investments

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Business disposals (net of disposed cash)	CSCF	**-**	33
Disposed cash and cash equivalents	K.8	**-**	4
Per summary cash flow		**-**	37

K.6 Purchase of businesses, investments and NCI

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Purchase of subsidiaries (net of acquired cash)	CSCF	**(36)**	(20)
Deferred consideration paid	CSCF	**(10)**	(35)
Acquired cash and cash equivalents	K.7	**(2)**	-
Per summary cash flow		**(48)**	(55)

K.7 Acquired net debt

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Debt acquired		**(7)**	(13)
Acquired cash and cash equivalents	K.6	**2**	-
Per summary cash flow		**(5)**	(13)

K.8 Disposed net cash

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Disposed debt		**-**	3
Disposed cash and cash equivalents	K.5	**-**	(4)
Per summary cash flow		**-**	(1)

Alternative Performance Measures (continued)

L. Free cash flow ('FCF')

Definition

FCF is the result of the cash inflows and outflows from our operating activities, and is before those arising from acquisition and disposal of businesses. We use FCF to assess and understand the total operating performance of the business and to identify underlying trends.

Reconciliation of Free Cash Flow to Cash Generated from Operations

	Reference	**6 months to 30-Jun-22 €m**	6 months to 30-Jun-21 €m
Free cash flow	K	**(28)**	117
Reconciling items:			
Cash interest expense	K.1	**61**	54
Capital expenditure (net of change in capital creditors)	K.2	**457**	255
Tax payments	CSCF	**158**	122
Disposal of property, plant and equipment	CSCF	**(10)**	(7)
Lease terminations/modifications	K.4	**13**	1
Receipt of capital grants	CSCF	**-**	(1)
Dividends received from associates	CSCF	**-**	(1)
Cash generated from operations	CSCF	**651**	540