

SKG: LN | SKG: ID

A Quality Business Consistently Delivering

Smurfit Kappa Group | First Half 2020 results
29 July 2020

PAPER | PACKAGING | SOLUTIONS



 Smurfit Kappa

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 H1'20 Press Release for details.

SKG and COVID-19

Delivering through the pandemic

Safety & well-being of our people



- Maintaining safe workplace
- Regular communications
- Surveyed workforce
 - 93% perceived company response to COVID-19 as positive
 - 93% perceived new ways of working positively
 - 94% feeling they are getting the right support

Supplying our customers



- SKG an integral part of today's supply chain
- All facilities operational throughout COVID-19
- Continued development projects via:
 - Webinars
 - Virtual design meetings
 - Online training

Active in our communities



- Approx. €2m donated
- Supporting research
- Providing PPE in community
- Helping the most vulnerable
- Safe portfolio of products

Delivering for all stakeholders

A quality business consistently delivering

€2.2B

5 year
cumulative free
cash flow

€2.7B

5 year cumulative
capital
expenditure

€875M

5 year cumulative
dividends paid

€993m

5 year cumulative
M&A

14.8%

ROCE*

17.5%

EBITDA margin*

32.9%

reduction in CO2
intensity**

**As per H1 2020 results*

***As per 2019 Sustainability report against Group 2005 baseline*

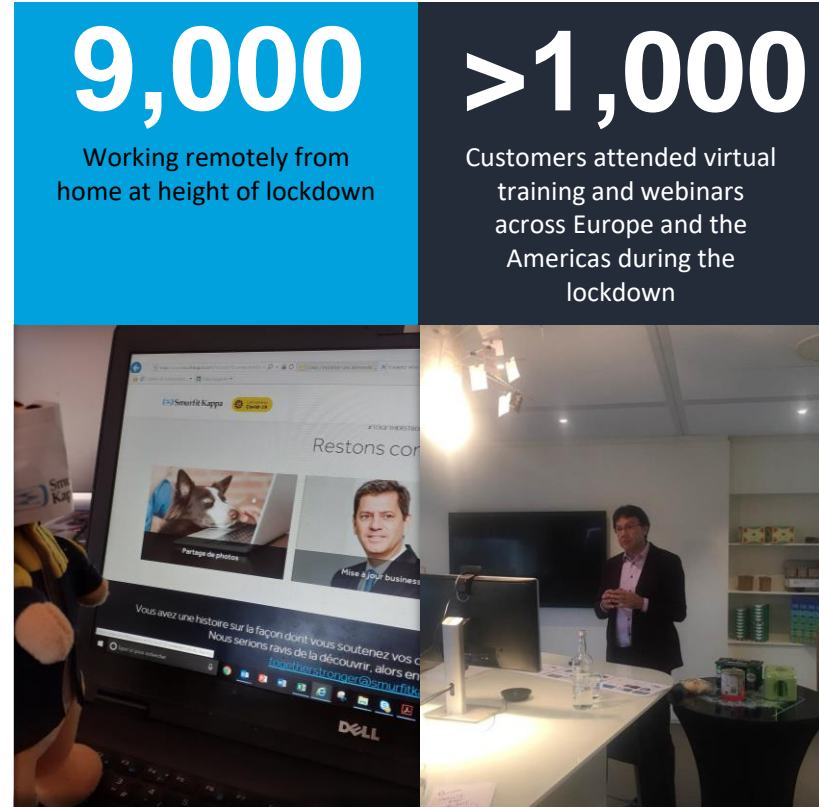


01

Leading

Leading in new ways of working

- ▶ Using SupplySmart to deliver solutions for our customers that reduce their costs and carbon footprints
- ▶ 1000's of customers participating in virtual webinars during lockdown
- ▶ Investment in IT infrastructure in recent years allowed the Group to adapt with flexibility and agility
- ▶ At the high point of lockdown SKG had 9,000 people working remotely from home
- ▶ COVID cost take-in being offset through self-help



Leading in sustainability

Its in our DNA and has always guided our approach to business



SCIENCE
BASED
TARGETS

SKG has committed to align our CO₂ reduction target with the Science Based Target initiative



SKG is supporting the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)



FTSE4Good

Leading in understanding stakeholders

How is sustainability viewed across our stakeholder base?



The opportunity for packaging*

55%

of consumers purchased a product specifically because it had reusable or biodegradable packaging.

45%

of consumers rejected a brand based on unsustainable packaging.

48% of consumers worldwide expect manufacturers to take the lead**

**Source: Study on "Balancing Sustainability and Profitability Survey" (May 2020, Smurfit Kappa in conjunction with the Financial Times)*

***Source: Who cares, who does? Consumer response to plastic waste (September 2019, Kantar)*

Leading with Better Planet Packaging

Providing sustainable and effective solutions

100% compostable (including films)



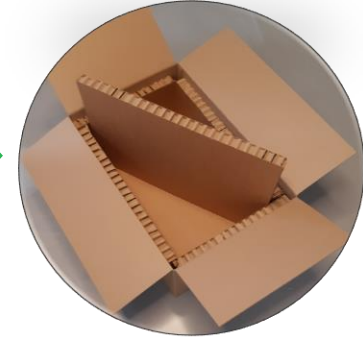
Replacing plastic trays



Removes foam filler and enables quicker packing



Replacing Polystyrene



Leading in sustainability

Delivery of material **carbon reduction projects**

€134 million investment in Nettingsdorf kraftliner mill, Austria

Cuts CO₂ emissions by 40,000 tonnes

Delivers a further reduction of 1.5% towards Group emissions target



Other Capital Projects

Enhancing our operating footprint

New Box Plant

Burgos, Spain



Digital Printer

Atacomulco, Mexico



Kraftliner

Facture, France



02

Innovating



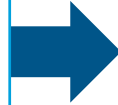
Innovating with more sustainable solutions

Product substitution driving growth, helping Rheem deliver on their ESG targets

Smurfit Kappa
**Better Planet
Packaging**

SupplySmart

From polystyrene



To 100% paper-based solution



- ▶ For US and Mexico
- ▶ Passes Amazon FFP
- ▶ 100% recyclable
- ▶ Over \$600k in savings to Rheem
- ▶ New volume stream for SKG

Innovating with new products

Successful commercial launch of TopClip

From Concept



To Delivery



- ▶ Successful launch of TopClip with Grolsch (part of Asahi Group) in the Netherlands
- ▶ Further launches scheduled in second half of 2020

Innovating in how we deliver our solutions

Partnering with leading worldwide provider of filling and packaging systems



Smurfit Kappa **Better Planet Packaging**



- ▶ Leveraging the strengths of SKG and KHS to deliver high speed sustainable packaging solutions
- ▶ Significant pipeline already in development



Recent Trends

Beer company (UK)

Demand has increased by

400%

in the last 4 months. SKG had the scale and expertise to continue to supply their high quality packaging along with their surge in demand

Recent Trends

ebay (UK)

In June 2020 they requested

5 million

boxes for delivery in 10 days. SKG had the scale and expertise to continue to supply their high quality packaging along with their surge in demand





03

Delivering

Group 2020 Half Year Highlights

Resilience in every fibre

Group revenue of **€4,203 million**

EBITDA of **€735 million**

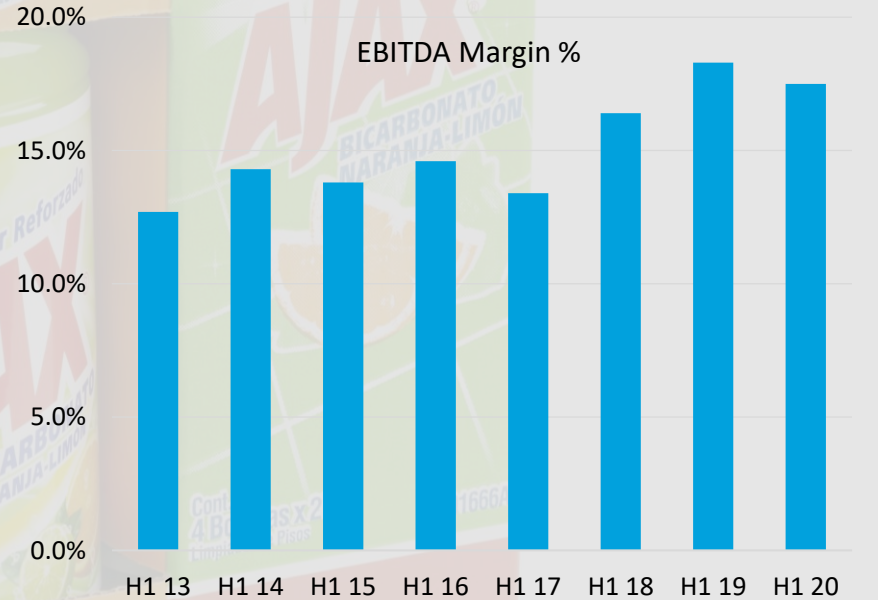
EBITDA margin of **17.5%**

ROCE of **14.8%**

Strong free cash flow generation of **€238 million**

Net debt to EBITDA of **2.1x**

Dividend payment of 80.9c per share



Europe 2020 Half Year Highlights

Resilience in every fibre

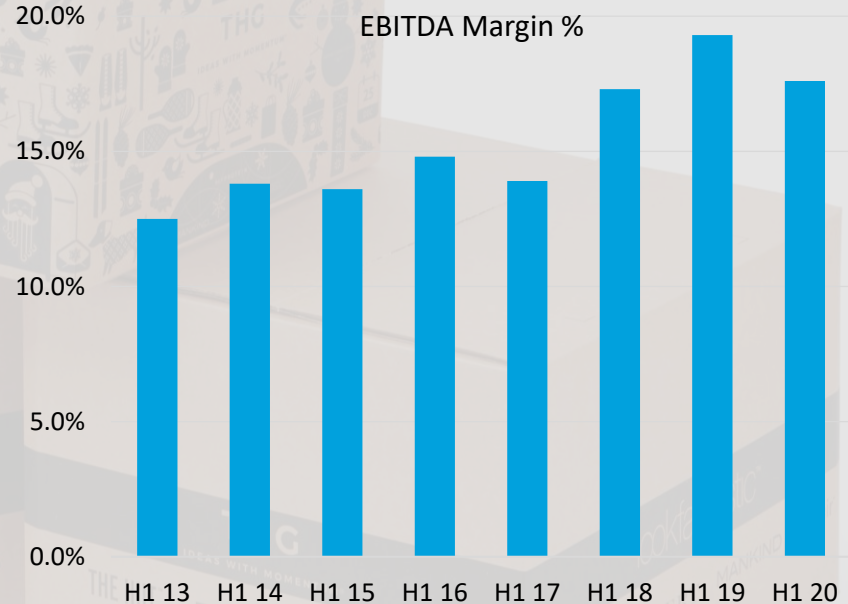
EBITDA of **€575 million**

EBITDA margin of **17.6%**

Corrugated price in line with expectations

Flat box volumes in a challenging environment

Successful start-up of Group's largest capital expenditure project in Austria



Americas 2020 Half Year Highlights

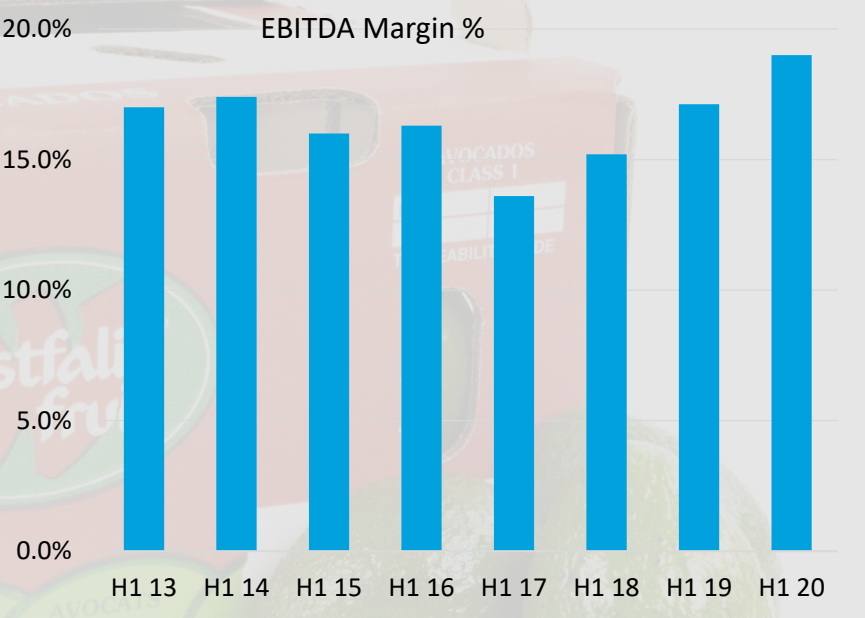
Resilience in every fibre

EBITDA of **€178 million**

EBITDA margin of **19%**, significant year-on-year improvement

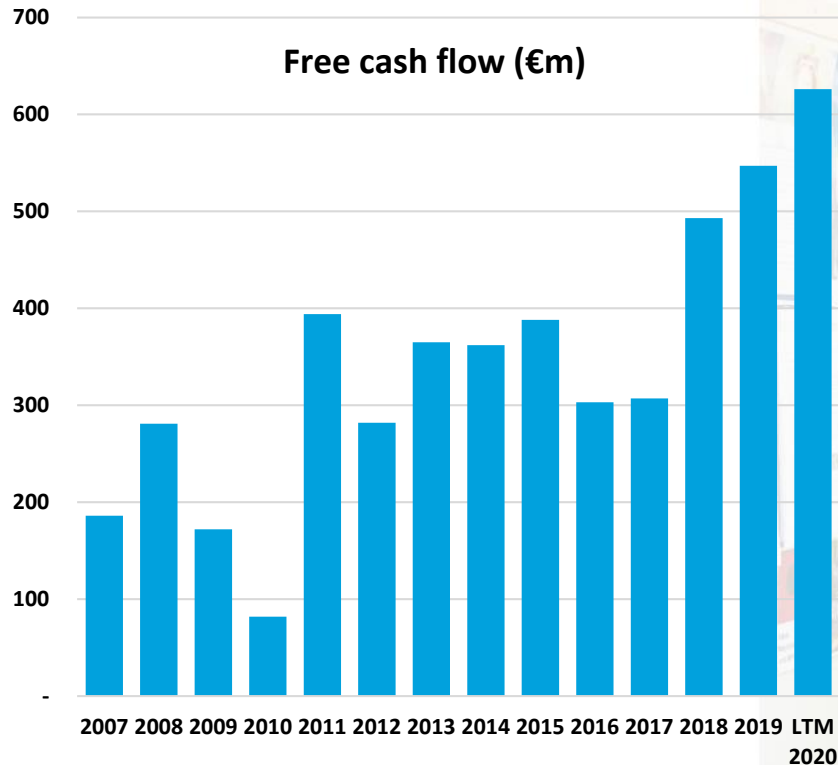
Pan American Sales offering continues to add value for customers

Better Planet Packaging Initiative helping accelerate the plastic to paper switch



Continued strong free cash flow

To deliver our disciplined and effective capital allocation



Capital
Expenditure

Balance
sheet
Strength

M&A

Dividend

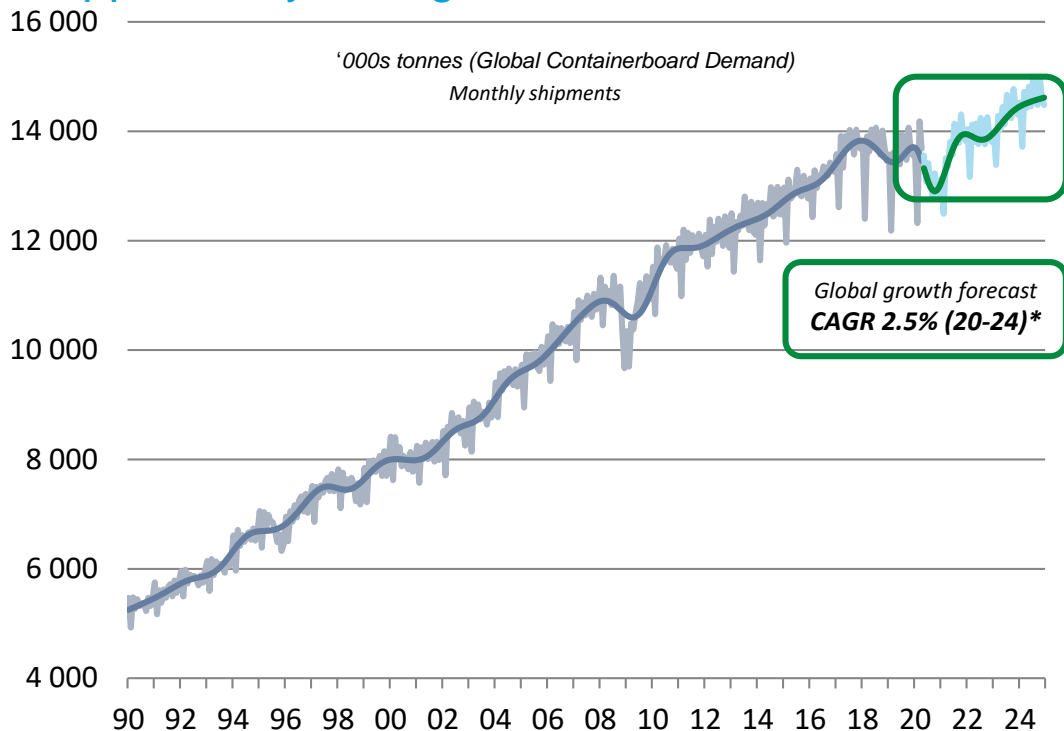
04

Summary and Outlook



Long-term industry outlook is for continued growth

Supported by strong structural drivers



Material of choice for
Brand-owners & Private label



Sustainable packaging



e-Commerce



Corrugated as a
merchandising medium



*Source Numera Analytics July 2020, using global containerboard demand as a proxy for corrugated demand

Confident in our future prospects

A Quality business consistently delivering strategically, operationally & financially



Unrivalled market offering



Leading market positions



World Class asset-base



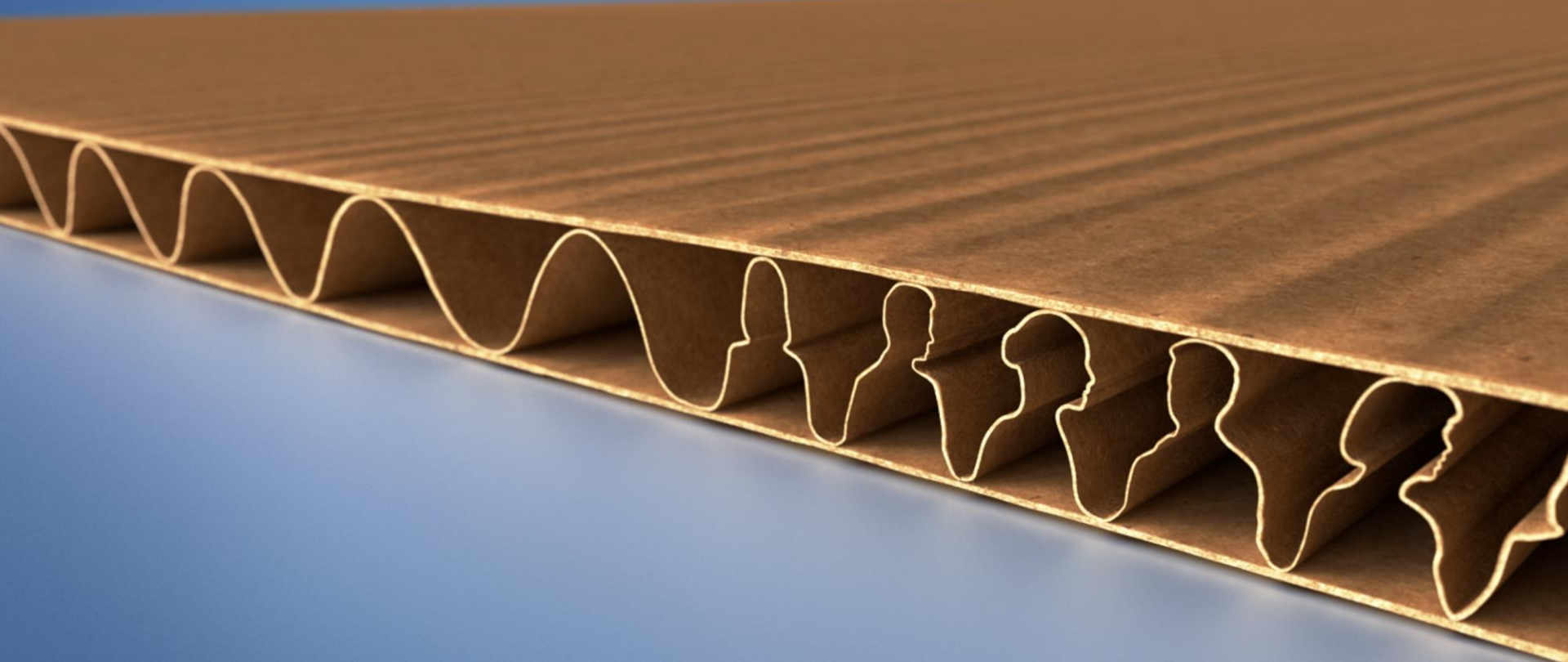
Leading in sustainability



Our People and our Culture

Delivering on our Vision

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



It's what you are made of that counts

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Appendix

Technical Guidance

Cash Interest	€125m
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Cash tax payment	€200m
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Working capital as a % of sales	7-8%
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Capital Expenditure	€530-570m
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Effective tax rate	27%
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Impact of US\$1c move on EBITDA	€3.1m
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Rethinking in a time of crises

To rise to the challenge



PEOPLE



CUSTOMERS



COMMUNITIES

More efficient components developed by Vitop to increase production of new ventilators by Italian company ISINNOVA



Production line dividers for our employees and our customers



Hand-sanitizer filled and donated at our Bag-in-Box plants



We used our skills to **react, adapt and pivot** to the needs of our customers, communities and employees



Visors made and delivered across Smurfit Kappa



Packaging for delivering chemical reagents to support in COVID-19 testing



Thousands of boxes across the business donated for food packages to help the vulnerable

Smurfit Kappa recognised as an essential service

A critical part of the supply chain



Continued support of logistics, collection and recycling

Packaging the products that people need most



Smurfit Kappa donated approx. €2 million

Empowering people locally to allocate the funds where they were needed most



Donations to foodbanks



Smurfit Kappa's Safe Portfolio of products



Donations to local hospitals



Funds for PPE

Donations were focused on the areas of research, hospital resourcing and helping the most vulnerable in our local communities such as the elderly, children and homeless



Supporting local agencies



Supporting research agencies



Helping the Red Cross reach the vulnerable