A Transformed Company
- Delivering -

Smurfit Kappa | Full Year 2018 results
13 February 2019
Disclaimer

The presentation contains forward-looking statements, including statements about the Company's intentions, beliefs and expectations. These statements are based on the Company's current plans, estimates and projections, as well as the Company's expectations of external conditions and events.

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Please refer to the Principal Risks and Uncertainties contained in the FY’18 Press Release for details.
A Transformed Company
Clear strategic focus - 5 key pillars

OPTIMISING THE INTEGRATED MODEL
CUSTOMER-FOCUSED INNOVATION
PERFORMANCE CULTURE
DISCIPLINED CAPITAL ALLOCATION
SUSTAINABILITY LEADERSHIP
A Company Transformed since IPO
Delivering progressively, superior returns

EBITDA up over €660 Million

EBITDA margin up 4.6% to 17.3%

ROCE up 10.6% to 19.3%

Net debt/EBITDA of 2.0x From 5.5x

*2006 comparative used to reflect pre-IPO metrics and first financial year of Smurfit Kappa
A Company Transformed since IPO
Driven by the transformation of our customers’ needs and the Group’s operations

- Developed industry leading, customer focused applications
- Opened 26 Experience centres across the world
- Expanded geographic footprint, with €1.7 billion on acquisitions
- Largest manufacturer of machine systems in the industry
- Optimised containerboard mill system
Transforming our CSR performance
Sustainability in every fibre

- Exceeding targets on
  - People
  - Climate change
  - Water
- Leading positions in global CSR indices
- Advanced inclusive & diversity programme
- Multiple customer interface on CSR metrics
- Launch of Better Planet Packaging
2018 Results, a Platform for Continued Performance
2018, materially better outcome

- Accelerating our Medium-Term Plan
- Increased geographic diversity and balance
2018 Financial Overview
2018 Full Year Results
Continuing to deliver

- Group revenue growth of 4% for full year
- EBITDA of €1,545 million and EBITDA margin of 17.3%
- ROCE of 19.3%
- Strong free cash flow generation of €494 million for the year
- Net debt to EBITDA of 2.0x
- Proposed final dividend increase of 12% to 72.2 cent per share
Europe - 2018 Full Year Highlights
Continuing to deliver

- EBITDA of €1,267 million for the year
- EBITDA margin of 18.3%, significant year-on-year improvement
- Continued box price progression through to year-end
- Continued corrugated demand growth of 2%
- Completion of Reparenco acquisition
- Serbian acquisition closed early 2019
The Americas - 2018 Full Year Highlights
Continuing to deliver

- EBITDA of €317 million for the year
- EBITDA margin of 15.7%, significant year-on-year improvement
- Continued margin recovery through to year-end
- Continued corrugated demand growth of 2%
- Continued ramp-up of Mexican and Colombian mill projects securing additional recycled containerboard tonnage for region
Debt Maturity Profile and Liquidity
Pro Forma January refinancing – revolver and €400m bond issue

Maturity Profile - December 2018

Liquidity – December 2018

Maturity profile extended

Strong liquidity position, €1.9 billion
Disciplined Capital Allocation
Delivering progressively higher returns

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- Credit rating Ba1/ BB+
- Net debt to EBITDA range of 1.75x to 2.5x
- Progressive Policy
- Supported by strong FCF
Transforming our European Operations
Optimising the Integrated Model
To cater for our customers’ needs

- Differentiate and innovate at the box plant, our market facing business (millions of boxes)
- Standardise paper grades in the mill system (50 standard grades)
- Invest in conversion plants to deliver quality and service (PPM down 53%, OTIF up 9% since 2014)
- Expanding our recycling depots network
- Rationalise mill system (12 machines closed, 44% increase in tonnes per machine in 10 years)
- Investing in lightweight containerboard capacity (1 million tonnes developed)
Disciplined Capital Allocation
Capital expenditure and acquisitions

- Geographic expansion in Serbia and Greece with active pipeline
- Acquisitions in existing geographies; France, the Netherlands, Russia, Spain & the UK
- Targeted investment in high quality and high definition printing technology
- Development of our Bag-in-Box business
- Entering new sustainable paper product categories (Hexacomb)
- Targeted cost take-out initiatives to offset labour inflation
Customer-Focused Innovation
Re-positioning the value of corrugated in our customers’ world

- From Brown Box to Shelf-Smart technology driving customer sales
- Investing in conversion assets to deliver more added-value customer solutions
  - >160 machines in last 10 years
- Industry-leading experience centre network of 22 (> 3,750 visitors in 2018)
  - 3 opened in 2018 in Plattling (Germany), Moscow (Russia), Alicante (Spain)
- Largest machine system producer in industry
Transforming our Americas operations
Optimising the Integrated Model

- Investing in containerboard capacity to support box plant system (security of supply)
  - 700KTs added since 2012
  - Increase integration to reduce third party reliance and spend on containerboard
- Investing in lightweight containerboard capacity
- Optimising paper supply chain across the region
- Expanding our grip on recovered fibre
Disciplined Capital Allocation

- Investing in conversion assets to cater for customer needs and market trends
  - USD 157 million spent since 2012
- Applying Group’s best practice in Marketing, Innovation and Operations
- Geographic expansion in the US, Brazil and El Salvador
- Acquisitions in existing geographies; Argentina, Colombia, Costa Rica & the Dominican Republic
- Expanding our Bag-in-Box business through investment and acquisitions
- Entering new sustainable paper product categories (Hexacomb)
Customer-Focused Innovation
Leveraging SKG’s business applications to grow with our customers

- Leaders in understanding and investing behind industry trends
- Expansion of Experience Centre network to 4 in 2018
  - Opened latest centre in Brazil in 2018
- Growth of Pan-American Sales, +7% Volume CAGR since launch (2013)
- Investing in multi-colour Flexo-Folder-Gluers throughout the region
- Launch of ‘Better Planet Packaging’
Summary and outlook
Summary
A business extremely well positioned to capitalise on opportunity
Delivering on our Vision

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

- Customers-focused innovation
- Acquisitions
- Capital investment
- People development programs

‘A’ rating from MSCI, a Gold rating with Eco Vadis and the highest score in the sector (out of 31 corporates) with Sustainalytics

Strong balance sheet - Net debt/EBITDA of 2x, long dated maturity profile, stable business model, well capitalised asset base

ROCE 19.3%
SKG has an exciting future
Delivering progressively superior returns

**Strong Secular Drivers**
- Sustainable Packaging
- E-Commerce
- Growth of Discount Retailers

**Medium-Term Plan**
- Investments to move to higher returns
- Accelerated in 2018 with Reparenco
- Flexible and agile

**Driven by Five Pillars**
1. Optimising Integrated Model
2. Customer Focused Innovation
3. Performance Culture
4. Disciplined Capital Allocation
5. Sustainability Leadership
Smurfit Kappa believes the best way to open the future of sustainable packaging is to create it.
Technical Guidance

Cash interest €160m
Cash tax payment €240m
Working capital as a % of sales 7-8%
Capital expenditure (excl. Leasing) €600-700m
Effective tax rate 27%

IFRS 16, Leases, impact in 2019*

• EBITDA increase of approximately 5%
• Net debt increase of 11-12%
• Net debt to EBITDA, marginal move
• ROCE decrease of approximately 1%

*based on 2018 full year numbers