

Smurfit Kappa Group

2009 Second quarter and First Half results



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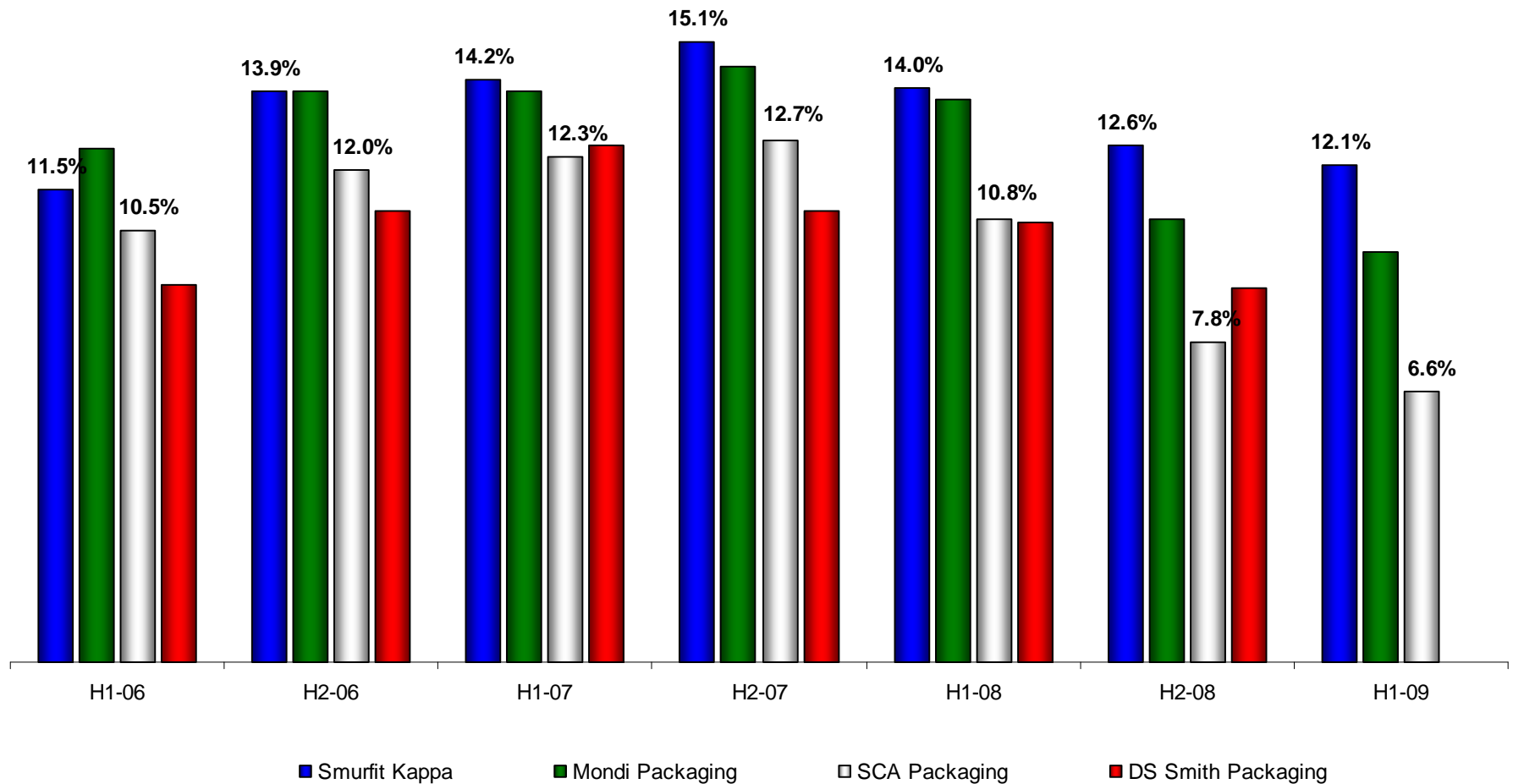
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Key points | 2009 Quarter two & First Half

- Resilient integrated model | Delivering 12.1% EBITDA margins in H1
- Superior EBITDA margins of 12.3% in Q2 | Continuing benefits of cost take-out actions
- Ongoing cash flow management | Net debt reduced by €120m in last 12 months
- Amendments to Senior Credit Facility significantly strengthen financing position
- Continued focus on service differentiation, operating performance, cash flow generation & net debt reduction
- Announcing containerboard price increase €60/tonne for September 1

Delivering Industry-leading EBITDA margins



Source: company reports

Financial highlights | 2009 H1

		H1 2009	H1 2008	Variance
Revenue	(€m)	3,002	3,678	(18%)
Pre-Exceptional EBITDA	(€m)	363	514	(29%)
<i>EBITDA margin</i>		12.1%	14.6%	-
Free cash flow	(€m)	18	77	(77%)
Net debt	(€m)	3,164	3,285	(4%)
<i>Net debt/EBITDA (LTM)</i>		4.0x	3.1x	-
ROCE		7.5%	11.3%	

Resilient operating performance in a challenging environment



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Operating performance drivers

- Market facing company
 - Leading positions in Europe & Latin America
 - Competing on the basis of customer service not price
- Relentless focus on cost reduction
 - €180m synergies '06 – '08
 - €250m cost take-out objective '08 – '10
- Ongoing rationalisation of less-efficient capacity
 - 8 paper mills and 23 box plants closed since '06
 - Further initiatives announced in 2009
- Proactively adapt production to sustainable level of demand
 - Maximise integration levels through the downcycle
 - Ongoing downtime to maintain low Working Capital



Differentiate in the market place

Box customers' requirements

The right packaging solution in the fastest "time to market"

The right packaging solution, produced in a sustainable way

The right packaging solution at the right price

"Added value"



Smurfit Kappa Group

"One-Stop-Shop" for all paper-based packaging needs

Better control of supply chain through integration

Unique international network as a source of know-how

Design tools, cost optimisation programmes

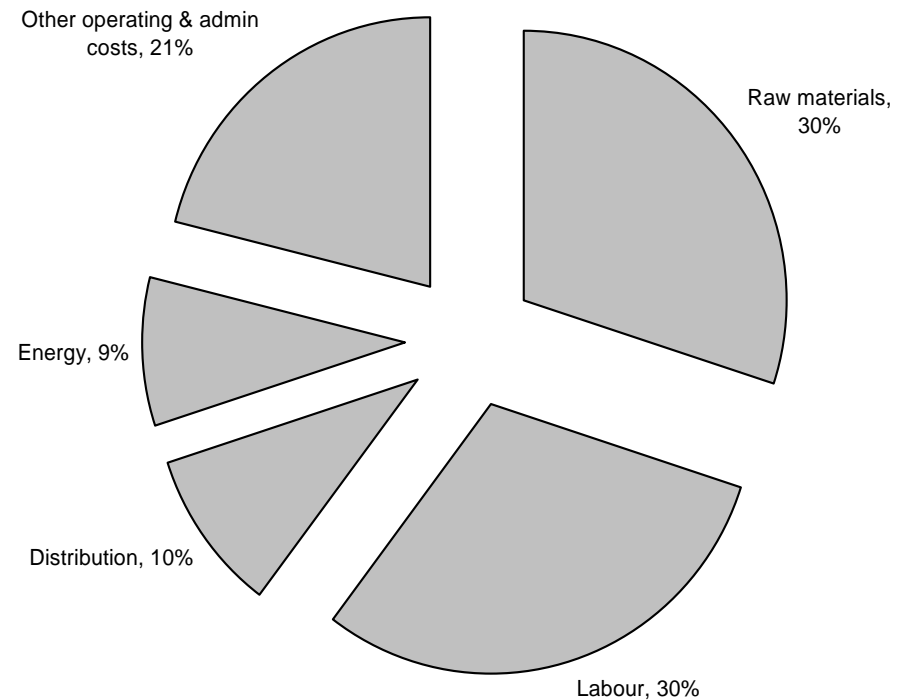
"SKG helps its customers sell more"

Control costs efficiently

<i>Key cost movements (H1'09 vs H1'08)</i>	Actual	Underlying
<i>Recovered Paper</i>	(46%)	(43%)
<i>Wood</i>	(15%)	(6%)
Total Raw Materials	(29%)	(17%)
Labour	(6%)	(6%)
Distribution	(14%)	(2%)
Energy	(14%)	(3%)

* Underlying neutralises the impact of lower volumes

SKG Cash Costs Breakdown (H1'09)



Maximising cash flow generation for continued net debt reduction



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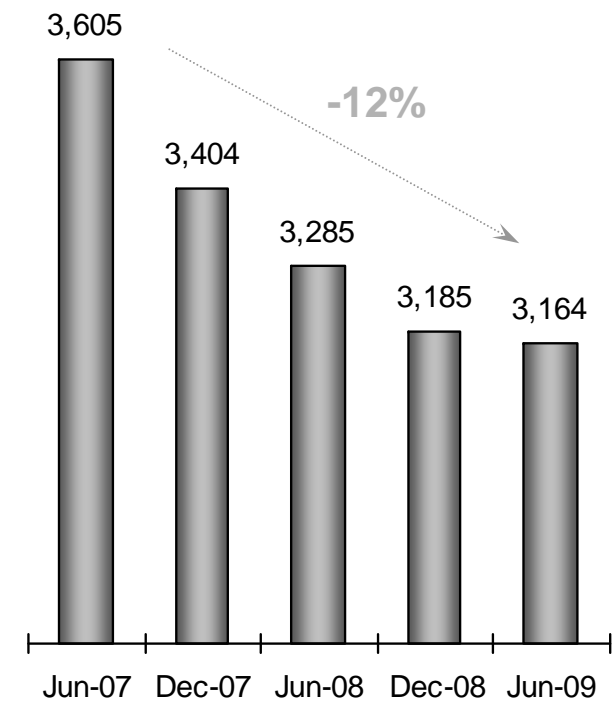
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Ongoing cash flow management

- Low Working Capital / Sales ratio
- Reducing capex towards 60% of depreciation
- €43m debt buy-back at 76% of par in H1 '09
- Increased cost take-out target to €130m in '09

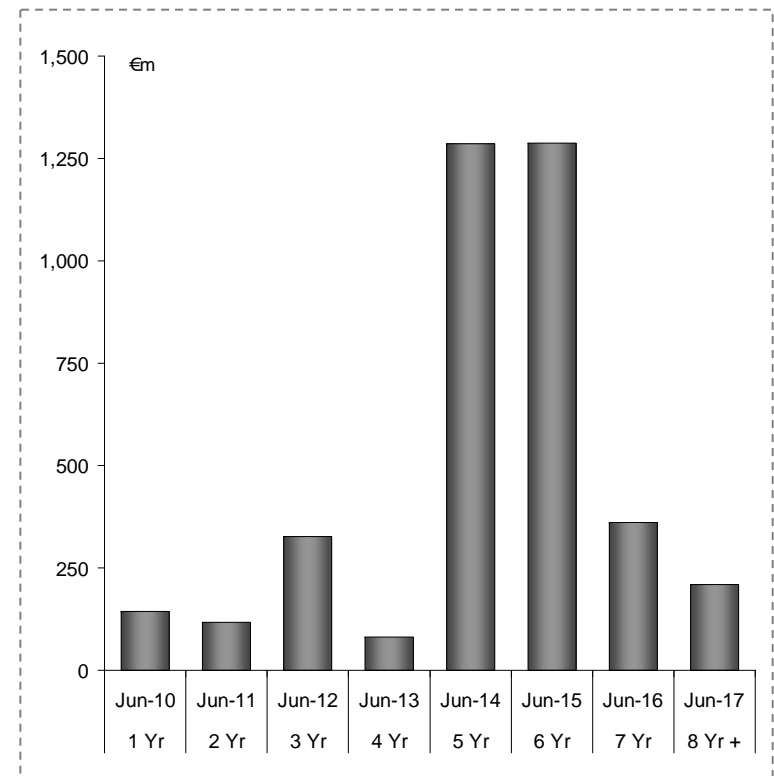
SKG net debt reduction (€m)



Bank Amendment significantly increasing financial flexibility

- Longer-term debt profile
 - Next material maturity Dec-2013
- Flexibility to raise up to €1.0bn in bonds to extend 2013/14 bank debt maturities
- Significant available liquidity
 - €650m cash
 - €525m undrawn credit facilities
- Materially increased covenant headroom
- Relatively low average cost of financing
 - Interest cost pre-amendment = 5.1%
 - Expected post amendment ~6.2%

No material near-term debt maturities



Source : company

Outlook



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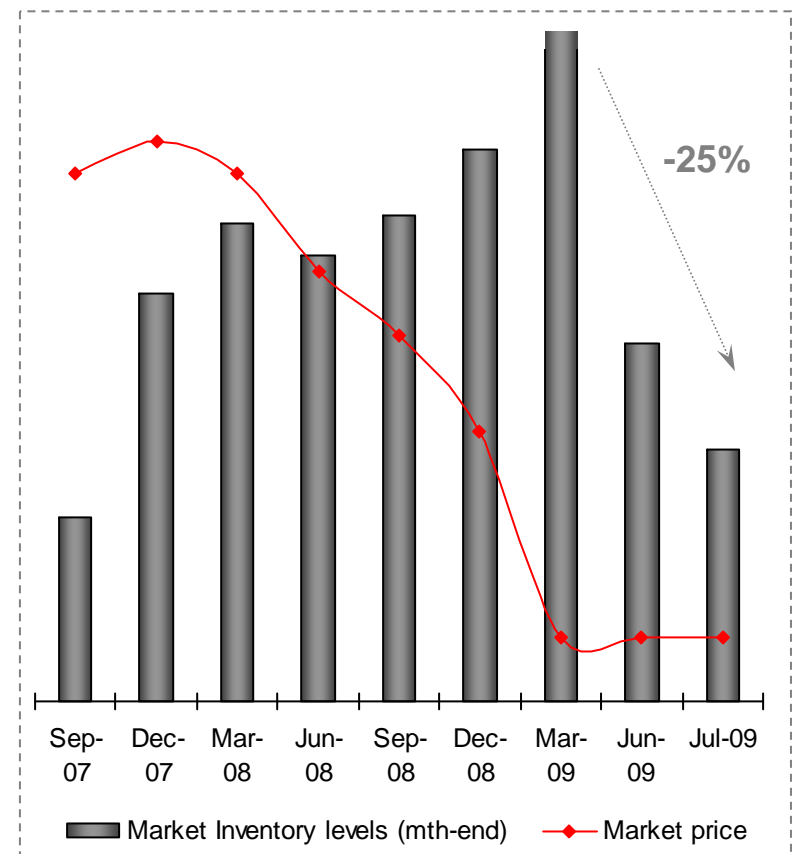
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European Industry outlook

- Significant Industry supply actions in H1 09:
 - Closures announced = 1.6mT (8% FY capacity)
 - Widespread downtime ~0.8mT (8% H1 capacity)
- Inventory levels across the market reduced by 25% from Mar-09 to Jul-09
- Containerboard prices at uneconomic levels
 - Stable since Mar-09, at level below the previous trough
 - Significant percentage of capacity “cash negative”
- Increasing recovered paper prices
 - ~€15/tonne increase from Mar-09 to Jul-09
 - Further increases expected in H2
- **SKG leading €60/T price increase applicable Sept 1**

European Containerboard Market
Recycled liner inventories & prices evolution



Source: Groupement Ondule, RISI. Stock levels month-end

Outlook | H2 2009

- Demand expected to remain stable at current levels
 - New capacity entering the market. SKG to continue to actively manage its system.
- Increasing raw material costs pressure
 - Especially for recovered fibre
- Containerboard price increase to have limited impact on SKG '09 earnings
 - Usual time lag to pass pricing through to the end market
- SKG to continue focus on operating efficiency
 - Promote differentiated service and unique market coverage
 - Maximise cost take-out actions to maintain industry-leading EBITDA margin
- SKG to focus on free cash flow generation for continued net debt reduction

Appendix



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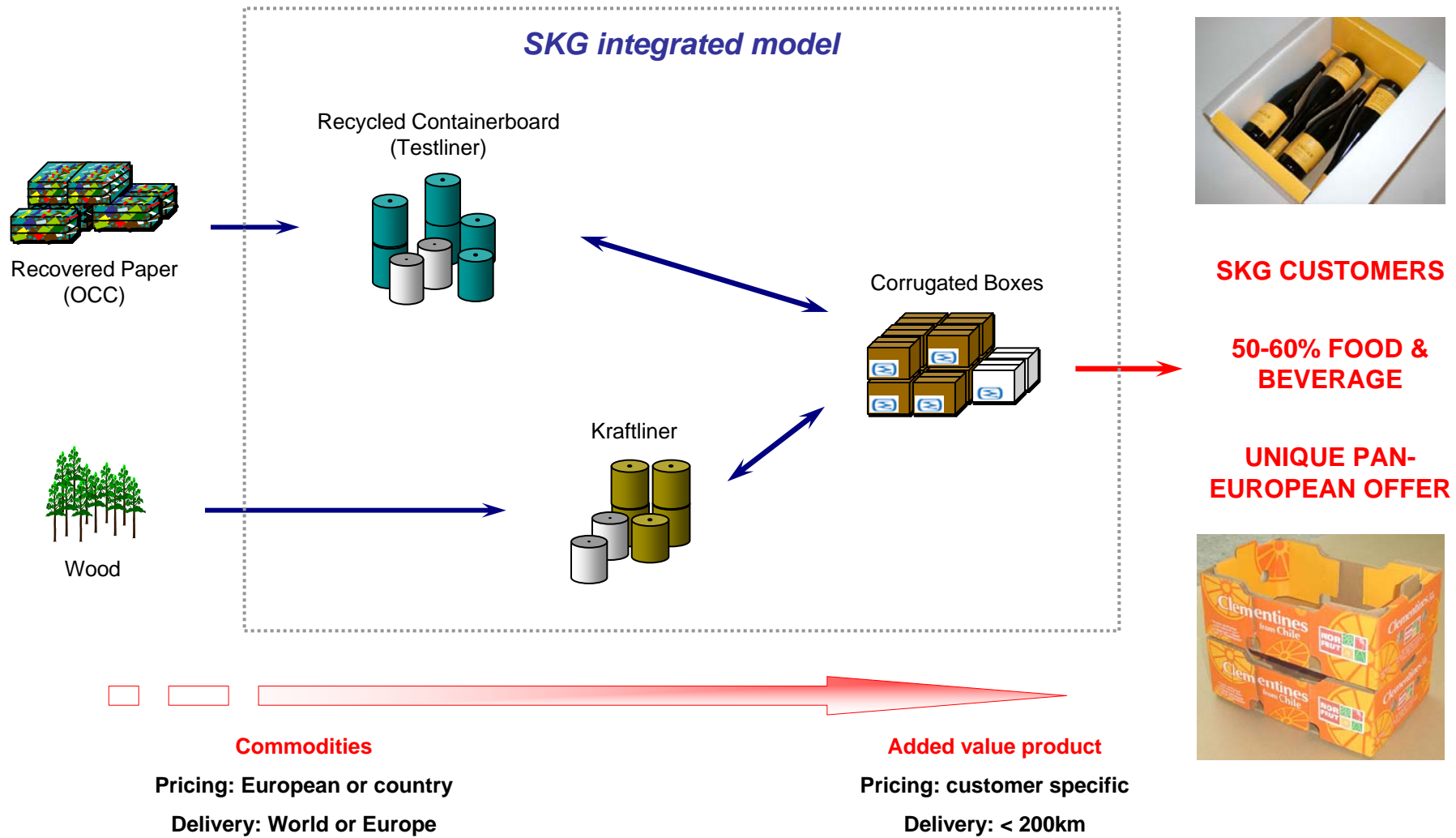
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Financial highlights | Q2 2009

		Q2 2009	Q2 2008	Q1 2009
Revenue	(€m)	1,498	1,846	1,504
Pre-Exceptional EBITDA	(€m)	184	257	180
<i>EBITDA margin</i>		12.3%	13.9%	11.9%
Free cash flow	(€m)	18	76	-
Net debt	(€m)	3,164	3,285	3,187
<i>Net debt/EBITDA (LTM)</i>		4.0x	3.1x	3.7x

Source: Company data

Operating in a Growth Industry



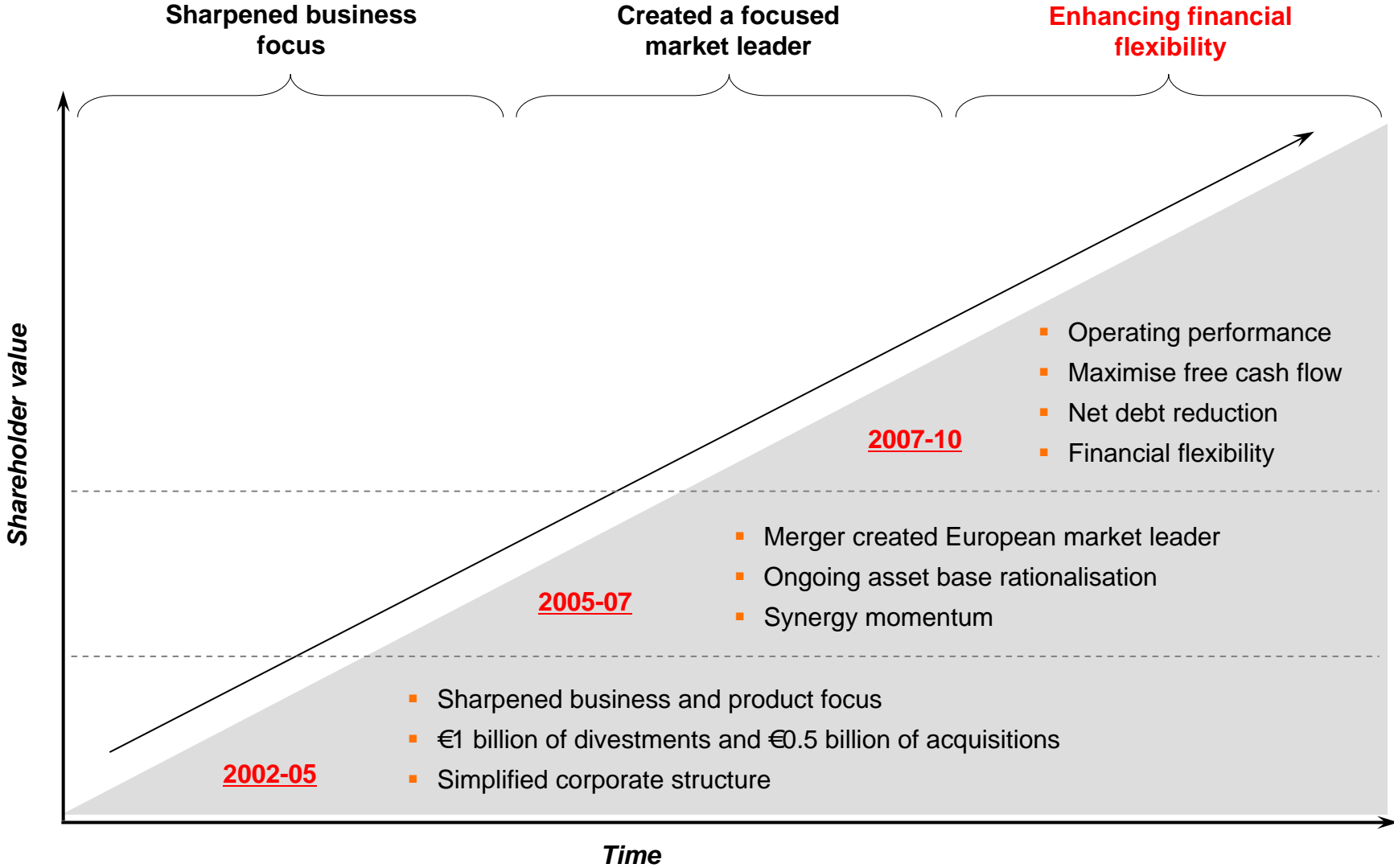
Focus on what we do best

Region	Grade	Capacity (m tonnes)	% of relevant market	Est. market position
Europe	Kraftliner	1.6	34%	No 1
	Recycled containerboard	3.0	19%	No 1
	Corrugated	4.5	20%	No 1
	Solid board / solid board packaging	1.0 / 0.4	-	No 1
	Sack paper / sacks	0.1 / 0.1	-	No 3
Latin America	Containerboard	0.7	Mex 10% - Ven 64%	No 3
	Corrugated	0.8	Mex 12% - Ven 70%	No 1
World	Containerboard (a)	5.4	6%	No 3
	Corrugated	5.3	7%	No 1

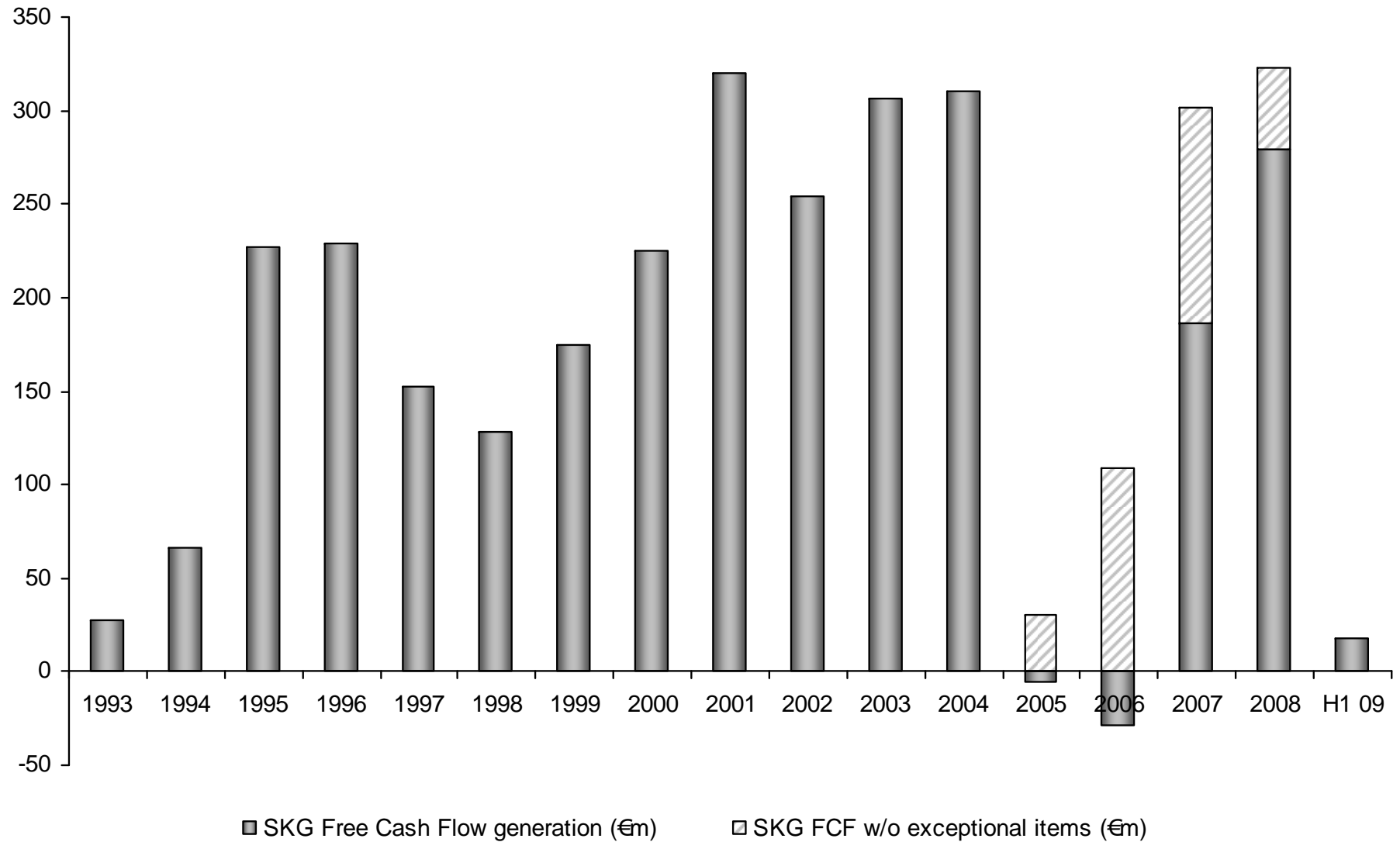
Source: Company estimates
 (a) Including Semi-Chemical

Over 80% of SKG business in containerboard and corrugated

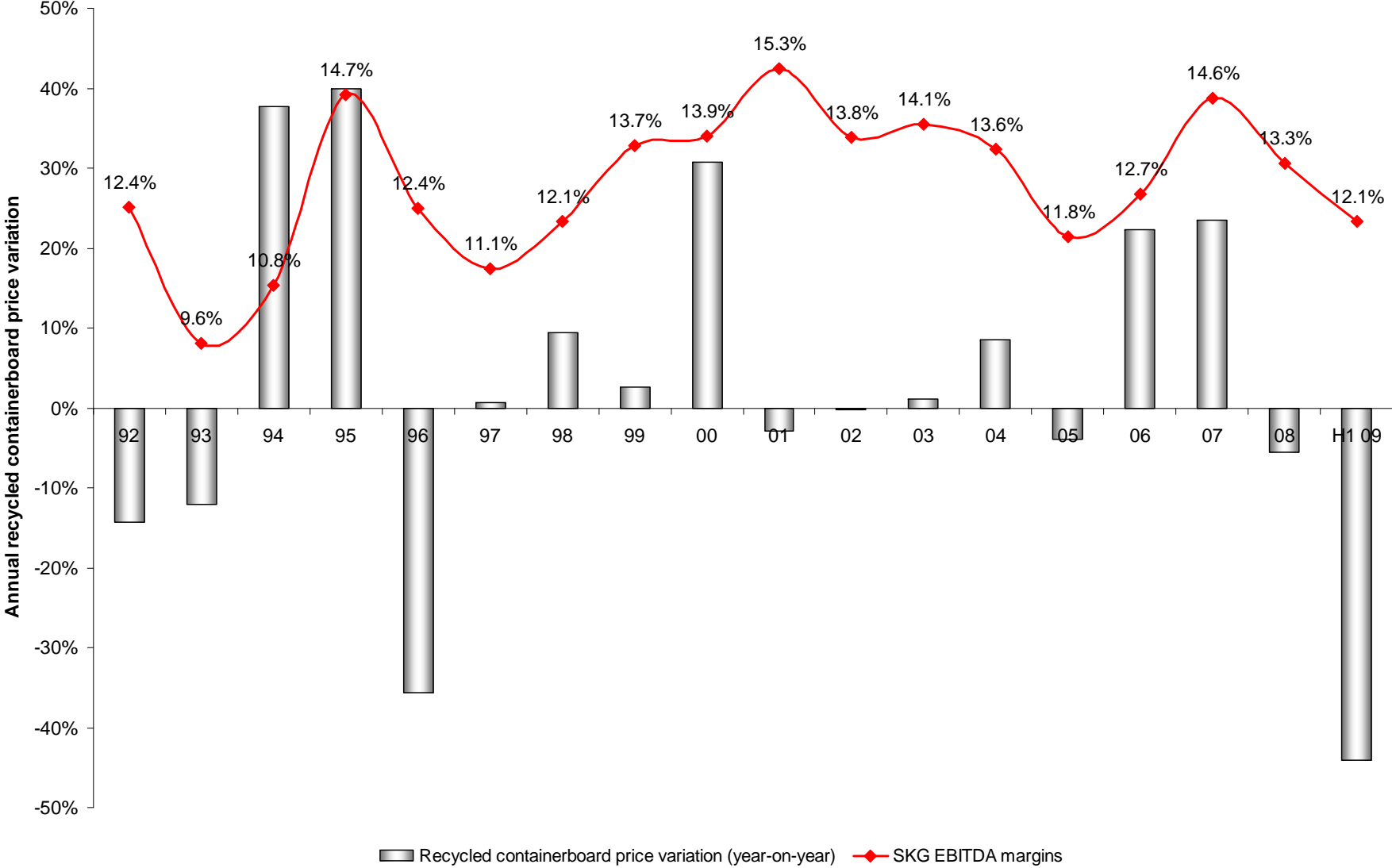
Positioned for performance



Proven ability to generate cash flow through the industry cycle



Resilient EBITDA margins through the Industry cycle



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