

SKG: LN | SKG: ID

# Third Quarter & First Nine Months 2017

1 November 2017

# 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.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any such statements in light of new information or future events, except to the extent required by any applicable law or regulation.

Recipients of this presentation are therefore cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements.

*Please refer to the Q2 2017 Press Release for the Principal Risks and Uncertainties.*

# SKG | Financial Highlights | Q3 2017

€m	Q3 2017	Q3 2016	Change	Q2 2017	Change
Revenue	2,121	2,050	<b>4%</b>	2,104	<b>1%</b>
Pre-exceptional EBITDA	320	323	<b>(1%)</b>	292	<b>10%</b>
EBITDA margin	15.1%	15.7%		13.9%	
Pre-exceptional basic EPS (cent)	52.7	56.4	<b>(7%)</b>	42.8	<b>23%</b>
ROCE	14.8%	16.1%		14.7%	
Free cash flow	152	164	<b>(7%)</b>	30	<b>408%</b>
Net debt	2,839	2,953	<b>(4%)</b>	2,985	<b>(5%)</b>
Net debt/EBITDA	2.3x	2.4x		2.5x	

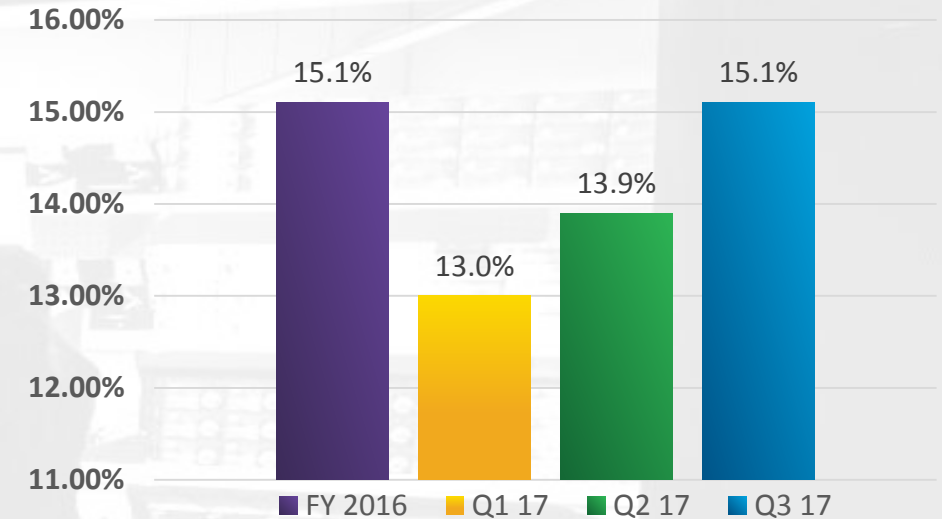
# SKG | Financial Highlights | YTD 2017

€m	YTD 2017	YTD 2016	Change
Revenue	6,354	6,099	<b>4%</b>
Pre-exceptional EBITDA	889	916	<b>(3%)</b>
EBITDA margin	14%	15%	
Pre-exceptional basic EPS (cent)	127.7	142.0	<b>(10%)</b>
Free cash flow	198	199	<b>(0%)</b>
Net debt	2,839	2,953	<b>(4%)</b>
Net debt/EBITDA	2.3x	2.4x	

# 2017 | Q3 & First Nine Months

- Group revenue growth of 4% for the third quarter and year-to-date
- Continued box price progression in the third quarter
- Increased sequential EBITDA margin of 15.1%
- Solid free cash flow delivery of €152 million for the quarter
- Acquisitions in Russia and Greece, expanding the Group's packaging footprint

Group EBITDA Margin %

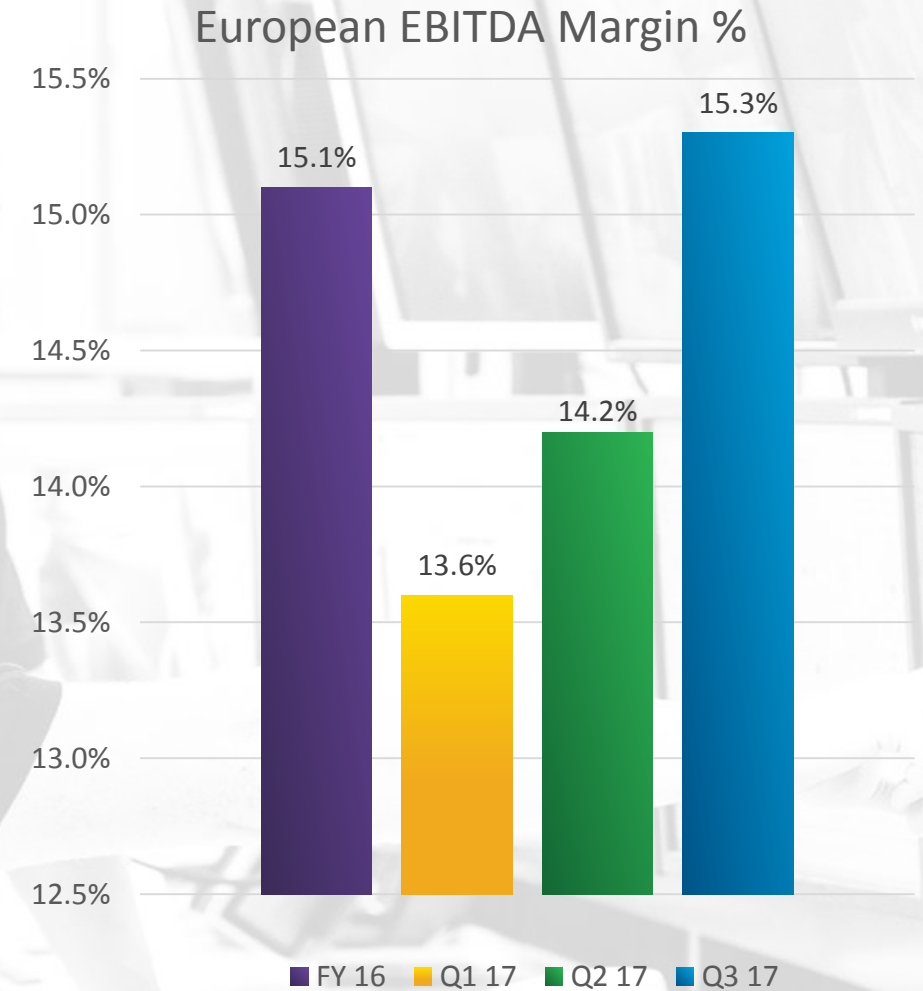


- \*Strength of integrated model
- \*Security of supply for our customers
- \*Leading the industry in innovation



# Europe | Q3 & First Nine Months

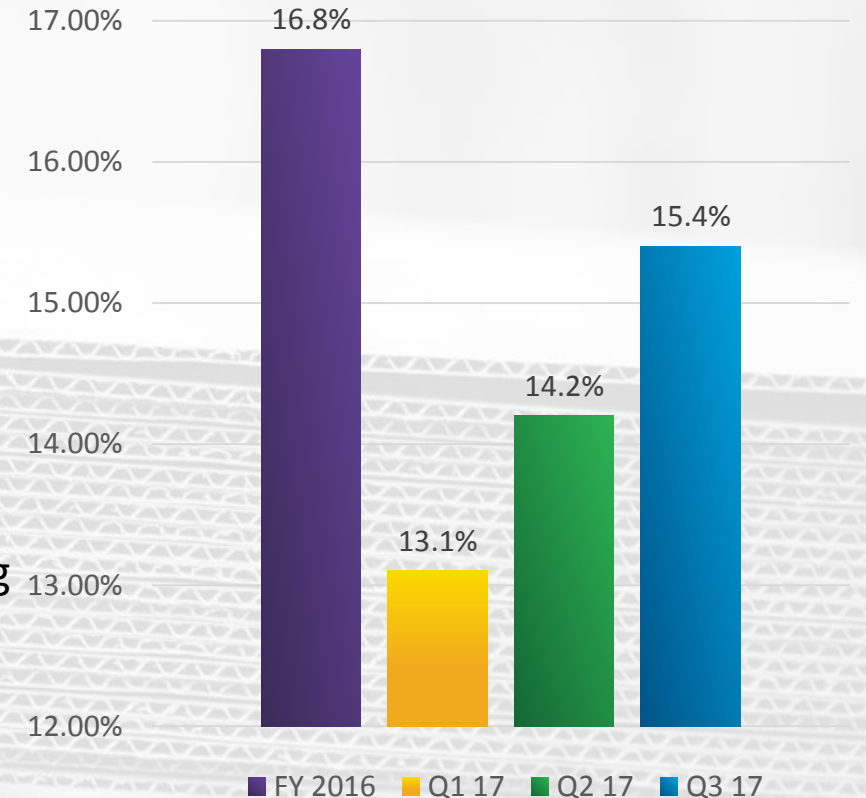
- Recovery of EBITDA margin to 15.3% in Q3 from 14.2% in Q2
- Year-on-year EBITDA growth to €247 million in Q3
- Delivery of results against backdrop of increased input costs
- Price progression in Q3 with expected continued price recovery into Q4 and 2018
- Q3 organic volume growth on a days adjusted basis of 4%
- Acquisition in Russia completed, Greek acquisition to be completed in Q4



# The Americas | Q3 & First Nine Months

- Recovery in EBITDA margin to 15.4% in Q3 from 14.2% in Q2
- Nine months EBITDA of €225 million, up 1% on an underlying basis year-on-year
- Sequential EBITDA margin progression against backdrop of increased input costs
- Price recovery ongoing through the remainder of the year and into 2018
- Third quarter volumes up 3% with good growth in most markets
- Close to US\$ 100 million investment in mill system providing enhanced operating platform with increased integration and contribution in 2018

Americas EBITDA Margin %



# SKG | Capital allocation strategy

## Efficient capital structure

**Ba1/BB+/BB+** credit rating with **Net Debt to EBITDA range of 2x to 3x**

## Capital Expenditure

Invested additional Capex of **€150 million** over past 3 years for **€75 million incremental EBITDA**

## Dividends

### **Progressive dividend policy**

2017 Interim dividend increase of 5%  
CAGR of 30% from 2012 to 2016

## M&A

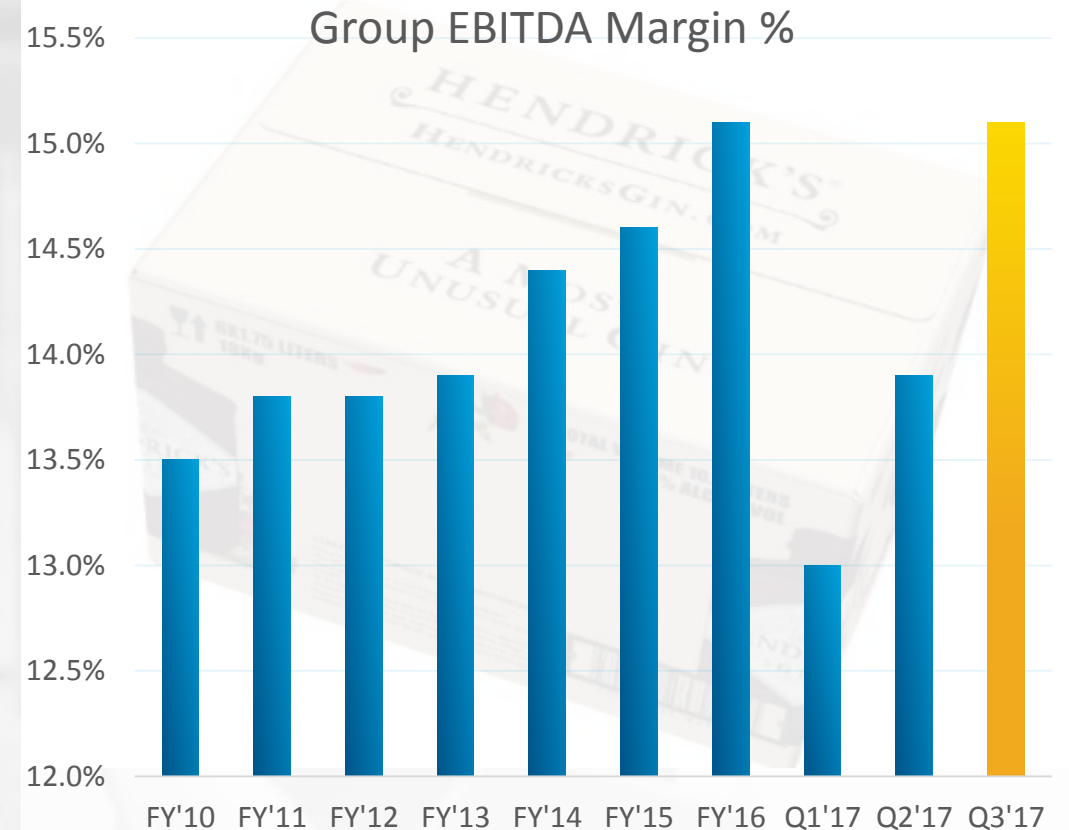
**Capacity for additions of >€300m from FCF**  
**Minimum IRR of 15%**



# SKG | Summary and Outlook

- Corrugated price increases ongoing to recover input cost pressure
- Robust corrugated volume growth across most markets
- Continued M&A when it creates long-term value for shareholders
- Full year 2017 EBITDA in line with market expectations
- Continuing to be the corrugated partner of choice

## Integrated Model Delivering Quality Earnings





**Whatever the  
future holds,  
we'll be ready  
with packaging  
solutions.**

 **Smurfit Kappa** eSmart

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