

Mondi plc

(Incorporated in England and Wales)

(Registered number: 6209386)

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LSE share code: MNDI

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JSE share code: MNP

Trading update 10 October 2019

This trading update provides an overview of our financial performance and financial position since the half year ended 30 June 2019, based on management information up to 30 September 2019. These results have not been audited or reviewed by Mondi's external auditors.

Except as discussed in this update, there have been no significant events or transactions impacting either the financial performance or financial position of the Group since 30 June 2019 up to the date of this statement.

Group performance overview

As outlined in our half-year results, demand in the third quarter remained generally softer across the markets in which we operate and prices for key paper grades were below those of the first half. Consequently, underlying EBITDA for the third quarter of 2019 was €383 million, down 18% on the comparable prior year period (€466 million) and 9% below the second quarter of 2019 (€423 million). Lower average selling prices from the highs reached towards the end of 2018 and into early 2019, coupled with the anticipated lower forestry fair value gain, more than offset the benefits of our ongoing profit improvement initiatives.

Like-for-like sales volumes were, on average, marginally lower than the comparable prior year period as a result of lower industrial bags and uncoated fine paper volumes; this was partly offset by growth in corrugated packaging. On average, costs were higher than the comparable prior year period, although lower than the previous quarter.

Planned mill maintenance shuts during the quarter had an estimated impact on underlying EBITDA of around €40 million (2018: €30 million). Based on prevailing market prices, we continue to estimate that the impact of planned mill maintenance shuts on underlying EBITDA for 2019 will be around €150 million (2018: €110 million).

We continue to make good progress on our previously announced major capital investment projects at our high-quality, cost-advantaged operations in central Europe.

Business unit overview

In **Fibre Packaging**, containerboard markets showed signs of stabilising during the quarter following the sharp price erosion seen in the first half of the year. While average benchmark European containerboard selling prices were lower than the previous quarter and significantly lower than the comparable prior year period, the price movement during the period was limited. Corrugated packaging saw good volume growth during the period and continues to benefit from an innovative product offering and lower input paper costs.

Sack kraft paper demand was generally weaker during the quarter, in particular in export markets, impacting both pricing and volumes. Demand for speciality kraft paper remains good, supported by the drive to replace plastic carrier bags with paper-based alternatives and increasing requirements for sustainable paper-based flexible packaging. In line with expectations, price reductions in selected kraft paper grades became effective at the beginning of the quarter, although pricing remained above 2018 levels. We have taken downtime at certain operations in order to manage our inventory levels in response to softer demand. Industrial bags

volumes were lower than in the comparable prior year period, however we have seen an improvement in order books over the past six weeks.

On 30 September 2019 we completed the sale of a specialised extrusion coated products plant in Duffel (Belgium).

Consumer Packaging made steady progress, benefiting from product innovation and continuous improvement initiatives. We are actively working with our customers, suppliers and other stakeholders to find innovative solutions that improve the sustainability of plastic packaging, based on circular economy principles, leveraging our product know-how and customer relationships across our packaging businesses.

In **Uncoated Fine Paper**, compared to the previous quarter, we saw lower average uncoated fine paper prices, significantly lower pulp selling prices and, as anticipated, a materially lower forestry fair value gain. Strong cost control and shorter planned maintenance shuts could only partly offset these pressures.

Outlook

As we entered the fourth quarter, prices were, on average, marginally below those of the third quarter. If sustained, the impact of this lower pricing is expected to be largely offset by an easing of pressure on the cost base, supported by our ongoing profit improvement initiatives.

The Group's robust business model, centred around our high-quality, cost-advantaged asset base, our portfolio of sustainable packaging solutions, clear strategic focus and culture of continuous improvement, gives us confidence in continuing to deliver a strong and industry-leading performance.

Reorganisation of business segments

To further strengthen our value chain integration, enhance our offering in sustainable packaging solutions and improve the way we partner with our customers, the Group will be organised across four business units:

- Corrugated Packaging, comprising the operations of containerboard and corrugated solutions. Mondi is the market leader in virgin containerboard in Europe and the third largest supplier of corrugated packaging in emerging Europe.
- Flexible Packaging, comprising kraft paper, paper bags and consumer flexible packaging operations. Mondi is a leading global flexible packaging provider with a strong focus on paper solutions.
- Engineered Materials, comprising personal care components, extrusion solutions and release liner operations. Engineered Materials brings together leading market positions in important specialised markets such as stretch, label and protective films as well as extrusion coating solutions in Europe. Additionally, Engineered Materials is the second largest commercial release liner player globally.
- Uncoated Fine Paper remains unchanged. Mondi is the market leader in both Europe and South Africa.

Restated segmental information will be published during the fourth quarter of 2019. The reorganisation has no impact on the overall Group result.

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Conference call dial-in details

Please see below details of the dial-in conference call that will be held on 10 October 2019 at 8:00 (UK) and 9:00 (SA).

The conference call dial-in numbers are:

UK	0800 376 7922
South Africa	0800 014 553
Other	+44 2071 928000
Conference ID	5873053

Should you have any issues on the day with accessing the dial-in conference call, please call +44 2071 928000.

A replay facility will be available until 24 October 2019 (Pin number: 5873053). The dial in details are:

United Kingdom	0808 238 0667
South Africa	0213 002 472
Other	+44 3333 009785

About Mondi

Mondi is a global leader in packaging and paper, delighting its customers and consumers with innovative packaging and paper solutions that are sustainable by design. Our business is fully integrated across the packaging and paper value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective industrial and consumer packaging solutions. Sustainability is embedded in everything we do. In 2018, Mondi had revenues of €7.48 billion and underlying EBITDA of €1.76 billion.

Mondi has a premium listing on the London Stock Exchange (MNDI), and a secondary listing on the JSE Limited (MNP). Mondi is a FTSE 100 constituent, and has been included in the FTSE4Good Index Series since 2008 and the FTSE/JSE Responsible Investment Index Series since 2007.

Sponsor in South Africa: UBS South Africa Proprietary Limited.