
PRESS RELEASE

15 April: Smurfit Kappa Group plc ('SKG', 'Smurfit Kappa' or 'the Group') today announced a trading update for the 3 months to 31 March 2020 and an update on the impact of COVID-19 on its business.

First Quarter Overview

- Revenue of €2,194 million
- EBITDA of €380 million
- EBITDA margin of 17.3%

Performance Overview,

Tony Smurfit, Group CEO, commented:

“SKG is closely monitoring the development of the COVID-19 pandemic and its impact across our people, our operations and the broader stakeholder base. Our immediate, primary focus is to protect our employees and continue to meet our customers’ needs.

“During the quarter, all of our facilities were operational as a result of our employees’ dedication and commitment. The scale and geographic reach of our operations has also ensured that our extensive and diverse customer base has been able to deliver its essential and critical supplies. We are an integral part of today’s vital supply-chains, whether it is ensuring that retailers remain supplied with food and other basic goods or ensuring that critical pharmaceutical and medical supplies and devices reach hospitals and other health care facilities where they are needed to fight this pandemic. Our unique position, with an integrated, secure system of over 350 facilities and a global reach, is a significant strength. Equally, our unique culture embraced by over 46,000 employees which is supported by our core values of safety, loyalty, integrity and respect, continues to give me great confidence for the future.

“In an obviously challenging operating environment I am very proud of the dedication shown by all of my SKG colleagues in delivering an EBITDA result of €380 million, with a Group margin of 17.3%. Volumes in Europe increased by 3% or approximately 2% on an organic basis, while demand in the Americas grew by 3.5% year-on-year.

“During these uncertain times, we have a heightened focus on cost reduction while maintaining our market-leading innovation and sustainability offering. While the full extent and effects of the macro and economic risks brought on by COVID-19 are unclear, SKG remains very well positioned both financially and operationally.”



COVID-19 Priorities

Our People

Our priority is the welfare of our people, their families and the communities in which we operate. Our values of safety, loyalty, integrity and respect have never been more relevant for us as an organisation and we see them being demonstrated by our colleagues right across the business, at every level. We are working together to protect each other, to help our communities by playing our part in containing the COVID-19 virus where possible, to adapt our ways of working and find the best ways to succeed against this pandemic. Having learned from our colleagues in our Italian operations, we have introduced several Group-wide measures to protect our employees and supported this with frequent communications to help them respond safely to the challenges posed by COVID-19.

Our Customers

All our facilities continue to operate, giving our customers continued security of supply of our innovative, sustainable packaging solutions. SKG has been deemed an 'Essential Business' in generally all of the countries in which we operate and we are uniquely positioned to continue to service our customers' needs given our unrivalled operational footprint and broader market-offering. SKG has a critical role in the fight against COVID-19, as without our packaging many vital supply chains including medical equipment, pharmaceutical, food and sanitation products would not be delivered.

Our Financial Position

At the end of the first quarter of 2020, the Group had liquidity of over €1.5 billion, average debt maturities of over 5 years, no bond maturity until 2024, all of which is supported by the Group's strong operational free-cash-flow.

Our Balance Sheet remains strong with leverage of 2.2x at the end of the quarter. We are rigorously managing our working capital and we currently estimate that capital expenditure for 2020 will reduce from previous guidance of €615 million, to be in the range of €500-550 million (€730 million in 2019).

Dividend

The Group's performance in the first quarter was strong and its balance sheet, liquidity position and cash flow generation continue to give the Board confidence in the prospects for our business and its strategic direction. However, in light of the increased macro uncertainty due to the COVID-19 pandemic, the Board believes it is prudent to no longer recommend the previously proposed final dividend of 80.9 cent per share and as a result to withdraw Resolution 3 at the forthcoming AGM on 30 April 2020.

Beyond the current uncertainty that COVID-19 brings, the Board remains committed to providing shareholders with an attractive and progressive dividend stream. The Board will make an assessment of the quantum and timing of a dividend later in the year when the effects of the current COVID-19 pandemic are better understood.

Management call

The Group's management team will host a conference call for analysts and institutional investors at 09.00 BST (04.00 EDT) on this date. Dial in details for this call are:

Europe: + 44 333 300 0804
Ireland: + 353 1 431 1252
USA: + 1 631 913 1422
Passcode: **49891890#**

This announcement contains inside information. The person responsible for arranging for the release of this announcement on behalf of Smurfit Kappa Group plc is Michael O'Riordan, Company Secretary. The date and time of this announcement is the same as the date and time that it has been communicated to the media, at 7am on 15 April 2020.



About Smurfit Kappa

Smurfit Kappa, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, with approximately 46,000 employees in over 350 production sites across 35 countries and with revenue of €9.0 billion in 2019. We are located in 23 countries in Europe, and 12 in the Americas. We are the only large-scale pan-regional player in Latin America.

With our pro-active team, we relentlessly use our extensive experience and expertise, supported by our scale, to open up opportunities for our customers. We collaborate with forward-thinking customers by sharing superior product knowledge, market understanding and insights in packaging trends to ensure business success in their markets. We have an unrivalled portfolio of paper-packaging solutions, which is constantly updated with our market-leading innovations. This is enhanced through the benefits of our integration, with optimal paper design, logistics, timeliness of service, and our packaging plants sourcing most of their raw materials from our own paper mills.

Our products, which are 100% renewable and produced sustainably, improve the environmental footprint of our customers.

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smurfitkappa.com

Forward Looking Statements

This Announcement 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. The forward-looking statements in this document do not constitute reports or statements published in compliance with any of Regulations 6 to 8 of the Transparency (Directive 2004/109/EC) Regulations 2007.

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