

Mondi plc

(Incorporated in England and Wales)

(Registered number: 6209386)

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This announcement contains inside information.

5 May 2022

Update on trading and Russian businesses

Mondi today provides an update on trading for the three months to 31 March 2022 and its Russian businesses.

Strong delivery in Q1 2022

Mondi delivered strongly in the first quarter of 2022. Demand was good across the business, supported by our broad range of innovative, sustainable packaging and paper solutions, product quality and customer service. Higher average selling prices more than offset continued cost pressures.

Underlying EBITDA for the first quarter was €574 million, up 63% compared to the prior year period (Q1 2021: €353 million) and up 41% on a sequential basis (Q4 2021: €406 million). In the current context, the Group believes it is appropriate to report that excluding the Russian operations, underlying EBITDA for the first quarter was approximately €460 million, up around 70% compared to the prior year period.

This performance is testament to the continued dedication of our people, our strong customer relationships and the strength of our integrated business model.

We made progress on our expansionary capital investment programme to capture growth across our packaging businesses in structurally growing markets underpinned by demand for eCommerce and sustainable packaging solutions. As previously outlined, our pipeline currently includes around €1 billion of expansionary projects already approved or under advanced evaluation, which we anticipate will generate mid-teen returns when in full operation. We continue to actively consider further capital investment opportunities.

The sale of the Personal Care Components business, which will simplify our portfolio and deliver greater focus, remains on track for completion in the second half of the year.

At the end of March 2022, Group net debt to underlying EBITDA was approximately 1.0x.

Update on Russian businesses

Mondi remains profoundly concerned about the war in Ukraine and is shocked by the humanitarian impact. We express our deepest sympathy to all those affected by the ongoing hostilities, reiterating our call for an urgent cessation and a peaceful resolution.

Since the announcement on 10 March, having assessed all options for the Group's interests in Russia and recognising its corporate values and stakeholder responsibilities, the Board has decided to divest the Group's Russian assets. The divestment process for these significant assets is operationally and structurally complex and is being undertaken in an evolving political and regulatory environment. Accordingly, there can be no certainty when a transaction will be completed or as to the structure of any possible transaction. As of 31 December 2021, the net asset value of the Russian operations was €687 million.

The Russian businesses have, to date, managed supply chain constraints. However, the situation remains fluid, with interruptions to pulp and paper production possible going forward. All significant capital expenditure projects in Russia have been suspended.

Business unit trading overview

Growth in demand for **Corrugated Packaging** normalised during the quarter from the high levels seen last year. We are implementing further price increases across our portfolio of containerboard grades. Corrugated Solutions continues to pass on higher input paper costs.

Flexible Packaging performed well in the period, driven by strong demand for sustainable packaging solutions and the positive effect of higher kraft paper and paper bag prices. On the back of continued tight markets, we are in discussion with customers about further price increases across the business.

Engineered Materials' performance in the quarter was stable, with a good contribution from Functional Paper and Films.

Uncoated Fine Paper markets remain tight in Europe due to good demand and limited supply. Average uncoated fine paper prices were higher as a result of price increases implemented during 2021 and 2022. The Richards Bay mill (South Africa) is performing well following the recent upgrade of the energy and chemical plants. Merebank's (South Africa) uncoated fine paper operations are currently suspended due to severe floods around the city of Durban in mid-April. The impact on the Group's performance is not expected to be material.

Input costs, currency movements and maintenance shuts

Input costs were significantly higher in the quarter, both year-on-year and sequentially, with higher energy, resins, transport, wood and chemical costs. Currency movements had a net adverse impact on underlying EBITDA against the comparable prior year period driven by a weaker Russian rouble and Turkish lira.

The impact of scheduled maintenance shuts on underlying EBITDA during the period was around €20 million, with a similar amount expected in the second quarter. Our full year estimate is unchanged at around €110 million.

Summary and outlook

Mondi delivered strongly in the first quarter of 2022. While we expect to realise the full benefit of the price increases implemented in 2021 and 2022 as we go through the second quarter, we also anticipate continued inflationary pressures on our cost base. The full year will benefit from shorter planned maintenance shuts compared to 2021 and the contribution from our capital investment programme.

While it is early in the year and significant geopolitical and macroeconomic uncertainties remain, the Group expects to deliver a year of good progress. Mondi remains well placed to deliver sustainably into the future.

Contact details

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Conference call dial-in details

A conference call will be held tomorrow 5 May at 08:00 (BST) / 09:00 (SAST).

The conference call dial-in numbers are:

UK	+44 1 212818004
South Africa	+27 110197047 (to join the call press *0)
Other	+39 02 802 09 11

Note: No passcode is required to join the conference call. Should you have any issues accessing the facility please call +39 02 802 09 11.

A replay of the call will be available until 19 May 2022.

Dial-in: +39 02 802 09 87
Passcode: 700715#
Pin: 715#

Notes

This trading update provides an overview of our financial performance and financial position for the three months to 31 March 2022. Financial metrics have not been audited or reviewed by Mondi's external auditors.

Underlying EBITDA is an Alternative Performance Measure that is not defined or specified according to International Financial Reporting Standards. This measure is defined as operating profit before special items, depreciation, amortisation and impairments not recorded as special items.

About Mondi

Mondi is a global leader in packaging and paper, contributing to a better world by making innovative packaging and paper solutions that are sustainable by design. Our business is integrated across the value chain – from managing forests and producing pulp, paper and films, to developing and manufacturing effective industrial and consumer packaging solutions. Sustainability is at the centre of our strategy and intrinsic in the way we do business. We lead the industry with our customer-centric approach, EcoSolutions, where we ask the right questions to find the most sustainable solution. In 2021, Mondi had revenues of €7.7 billion and underlying EBITDA of €1.5 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: Merrill Lynch South Africa Proprietary Limited t/a BofA Securities.