



# Dynamically and sustainably delivering

2023 Half Year Results



Creating the future together

## Disclaimer

This presentation 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.

Please refer to the Principal Risks and Uncertainties contained in the HY'23 Press Release for details.

# Introduction

**A globally admired  
business, dynamically  
and sustainably  
delivering secure and  
superior returns for all  
stakeholders**





# Dynamically delivering



# A proven track record of investment in our people

## TALENT MANAGEMENT

Differentiating Smurfit Kappa as an **inclusive workplace** with people development and talent management at the core.

Attracting, retaining and creating the **next generation of talent** for the Group - we have an **average tenure of 22 years** among our senior management team.

## INVESTING IN OUR PEOPLE

**INSEAD**: SK Open Leadership Programme - 400 managers

**HARVARD** - Executive Education

**GMP** – SK's Global Manager Programme

**AMD** – 22 years of Advanced Management Development

**Early Careers** – Graduates

**SK RISE** – SK's new Female Development Programme



Grounded in our values; Loyalty, Integrity, Respect and Safety, reinforcing our Open Leadership Model

A high performance culture with a diverse and engaged workforce

# Disciplined capital allocation

Capital expenditure delivering higher returns



- Over **€6bn** spend since 2012

Recent capex delivering optimised asset base equipped for future growth



- Box plants optimally invested

Delivering quality, innovative sustainable packaging solutions for our customers



- Mill assets low on the cost curve

Greater capacity on less machines, producing grades required at the box plants







# Disciplined capital allocation

Track record of successful M&A integration

**€2bn** spent since 2012

Increased diversification across the portfolio

**37** acquisitions since 2012

Strengthened integration

Including **2** world class paper mills





# Integration

Security of supply and operational excellence



- Utilisation rates in mills are high as paper is pre-sold to box plants
- Mills make limited number of paper grades to satisfy demand of box plants
- No chopping and changing of specification to satisfy demands of third party market
- Guaranteed quality and supply in the box plants eliminate potential supply chain disruption for end customer
- Consequence of the integrated model is less volatility in earnings

# Innovation

Powered by data, experience, expertise,  
creativity and intuition



> 6,000,000

MEASUREMENTS  
TO VALIDATE  
PAPER TO BOX



> 130,000

SHOPPER CONTACTS  
FROM SHELFSMART



> 100,000

SUPPLY CHAINS  
ANALYSED IN  
SUPPLY SMART



> 8,500

CREATIVE DESIGNS  
IN INNOBOOK



> 180,000

IN-STORE VIEWS IN  
SHELF VIEWER



# A proven track record of excellence in Sustainability



CCC B BB BBB A AA AAA



FTSE4Good



€994m

of investments in CO<sub>2</sub> reduction since 2005, including: Nettingsdorf (Austria) bio-boiler, Nuevo Laredo (Mexico) corrugated plant upgrade and Zülpich (Germany) move from coal to natural gas

43.9%

relative CO<sub>2</sub> emission reduction since 2005

23.5%

of management positions across the Group held by women



109,000

people impacted through our social projects in 2022

24%

reduction of waste to landfill from our paper mills since 2013

Game changing packaging innovations with: TechniPaper® AquaStop™

94.3%

of packaging sold as CoC certified



38.5%

of SK Board positions held by women\*

\* at the time of publication

36.9%

COD reduction since 2005

€26m

of investments in water treatment projects in 2022

2.1%

reduction in water consumption from 2021

1st paper mill in the world to successfully trial hydrogen energy production



# Financials





# Half Year Highlights

Revenue of **€5.8bn**

EBITDA of **€1,113m** with a margin of **19.1%**

EPS of **197.2 cent**

Free Cash Flow of **€119m**

ROCE of **19%**

Net Debt to EBITDA **1.4x**

Interim Dividend up **6%** to **33.5 c** per share



# Capital allocation

Driving future success



## Capital Expenditure

Growth, integration & sustainability focused  
Supporting ROCE target of 17%



## Dividend

Progressive policy  
Key component of capital allocation discussion



## M&A

Disciplined approach  
Historical pre synergy multiples of approx. 7x EV/EBITDA



## Balance Sheet

Investment grade  
1.5x – 2x Net Debt/EBITDA  
No significant maturities until 2026  
Average interest rate 3.06%

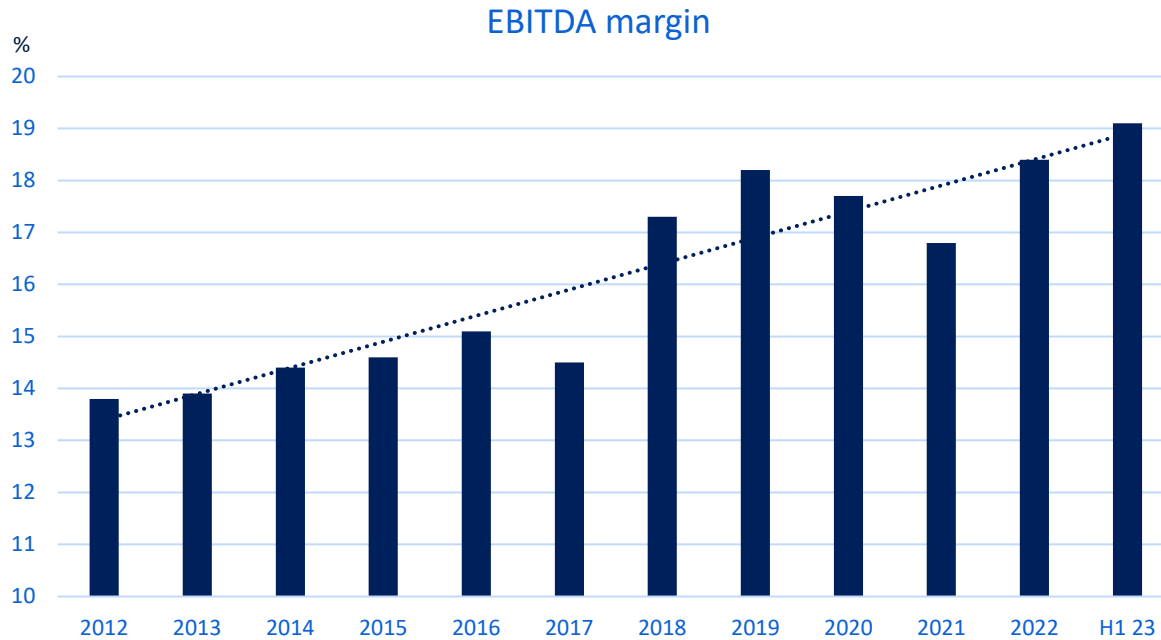


## Other shareholder returns

Selective when other capital allocation demands have been satisfied



# Consistent improvement in margin profile

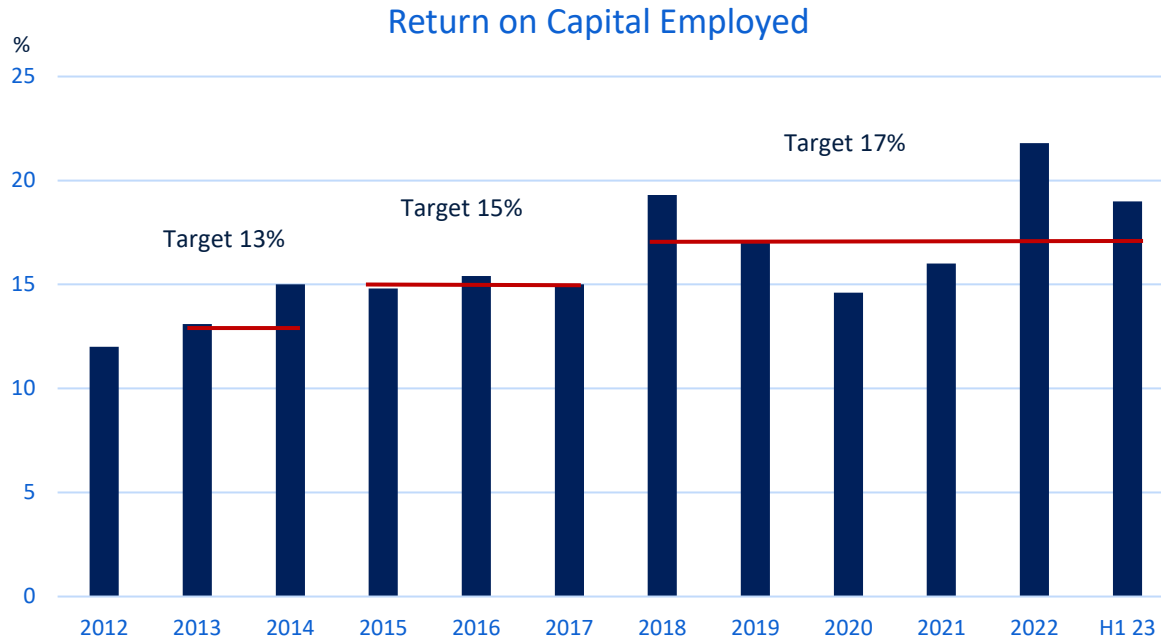


Structurally higher margin driven by best-in-class innovative, sustainable offering as well as continued investment in the integrated model



# Consistent improvement in return on capital

Disciplined organic & inorganic investment



Disciplined capital allocation decisions drive sustainably higher returns

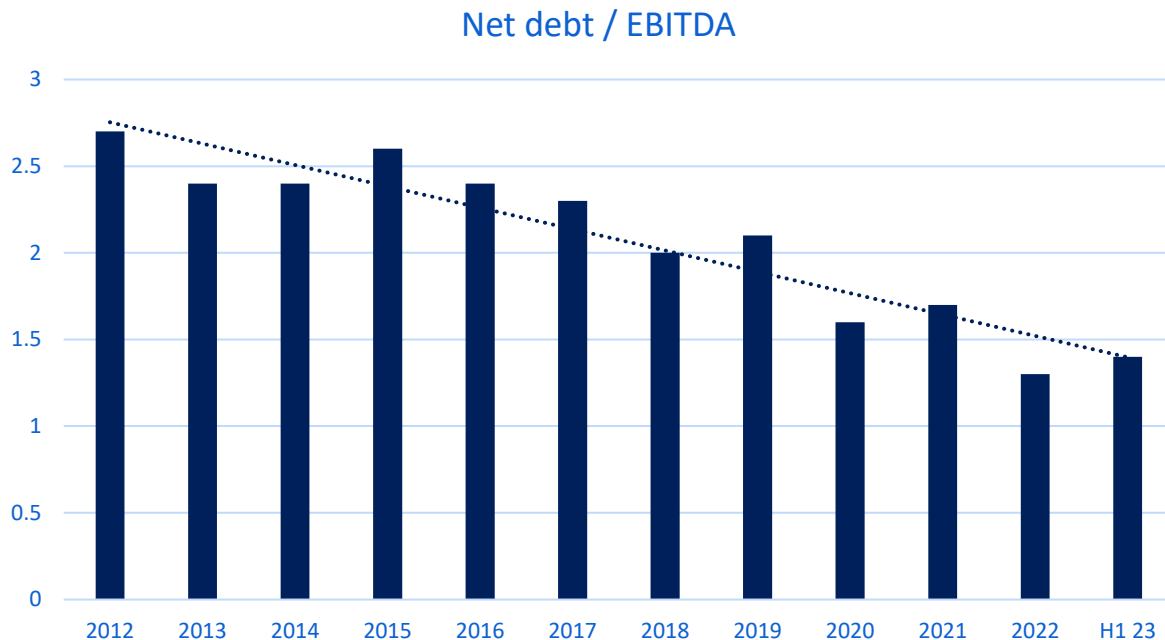
Targets on ROCE repeatedly met and re-set higher





# Balance sheet has never been in better shape

Long-term strategic and financial flexibility



Average interest rate:  
**3.06 %**

Average maturity profile of  
**4.4 years** & no significant  
debt maturities until 2026

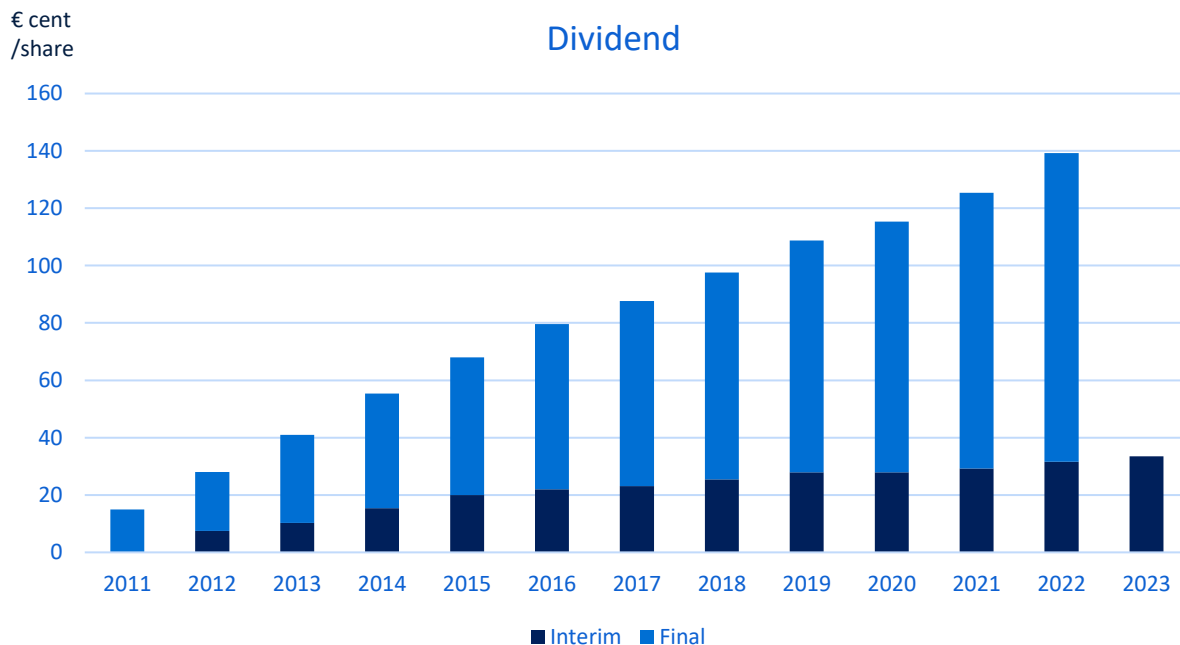
**BBB-/BBB-/Baa3**  
Investment grade  
credit rating

Deleveraging delivers  
incremental value to equity  
shareholders



# Progressive dividend

Integral component of the capital allocation decision making process



**22.5%**

compound annual growth rate\*

Approx.

**€2.4 billion**

returned to shareholders



# Summary and Conclusion



# Effective capital allocation

Pre-capex  
free cash  
flow

€11.3  
billion

€6.5  
billion

Organic  
investment in  
the business

€2.4  
billion

Distributed  
in dividends

€2  
billion

Spend on  
acquisitions





“

**SKG has never been in  
better shape strategically,  
financially and  
operationally**

”



# Our Purpose



**Create**



**Protect**



**Care**



# Thank you

# Technical guidance

- **Cash interest** €125m
- **Cash tax** €375m
- **Working Capital as a % of sales** 7 - 8%
- **Effective tax rate** 27%
- **Impact of US\$ 1c move on EBITDA** €5m
- **Capital expenditure** €1 bn

