



# Acquisition of Nordenia

July 2012

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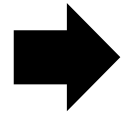
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# Agenda



## Acquisition highlights

Information on Nordenia

Strategic rationale

Financing

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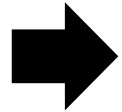
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# Acquisition highlights



- Acquisition of Nordenia
  - 93.4% shareholding acquired for a cash consideration of EUR240m
  - Additional EUR398m of debt and debt-like liabilities<sup>1</sup> assumed
  - Equates to 6.6x 2011 EV/EBITDA<sup>2</sup> and 9.3x 2011 EV/EBIT<sup>2</sup>
- Equity cash consideration of EUR240m financed by a new two year EUR250m committed bank facility
- Annual pre-tax cost synergies in excess of EUR15m, full impact by 2014
- Immediately underlying earnings enhancing; double digit underlying earnings enhancing by 2014, including synergies<sup>3</sup>
- ROCE above Mondi's through-the-cycle target of 13% by 2014, including synergies
- Investment grade credit rating expected to be maintained
  - Pro forma 2011 net debt/EBITDA<sup>4</sup> of 1.7x
- Mondi dividend policy unchanged: 2-3x cover through-the-cycle
- Transaction expected to complete in Q4 2012, subject to competition clearances

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# An innovative consumer packaging solutions provider

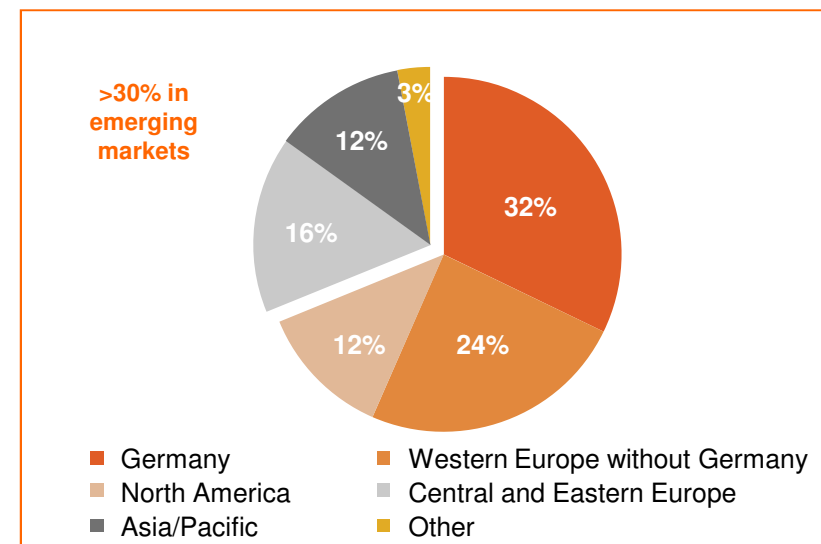


- Nordenia is an international supplier of innovative consumer packaging solutions and hygiene components
- Competitive advantage through proprietary technology and customer-focused innovation
- International presence with 12 fully invested operating facilities located in 7 countries across Europe, North America and Asia. Plant in China under construction<sup>1</sup>
- Operations in Central Europe, Russia and Asia provide access to low-cost production and high-growth emerging markets
- Blue chip customer base and relationships of 19 years on average with top 10 customers
- Strong, stable management with proven track record of successfully developing and expanding Nordenia's operations
- Over 90% of revenues in FMCG, giving resilience in a downturn
- 2011 turnover of EUR881m, EBITDA<sup>2</sup> of EUR99m

## Production facilities



## Serving customers worldwide<sup>3</sup>



# Leading, innovative, consumer focused products

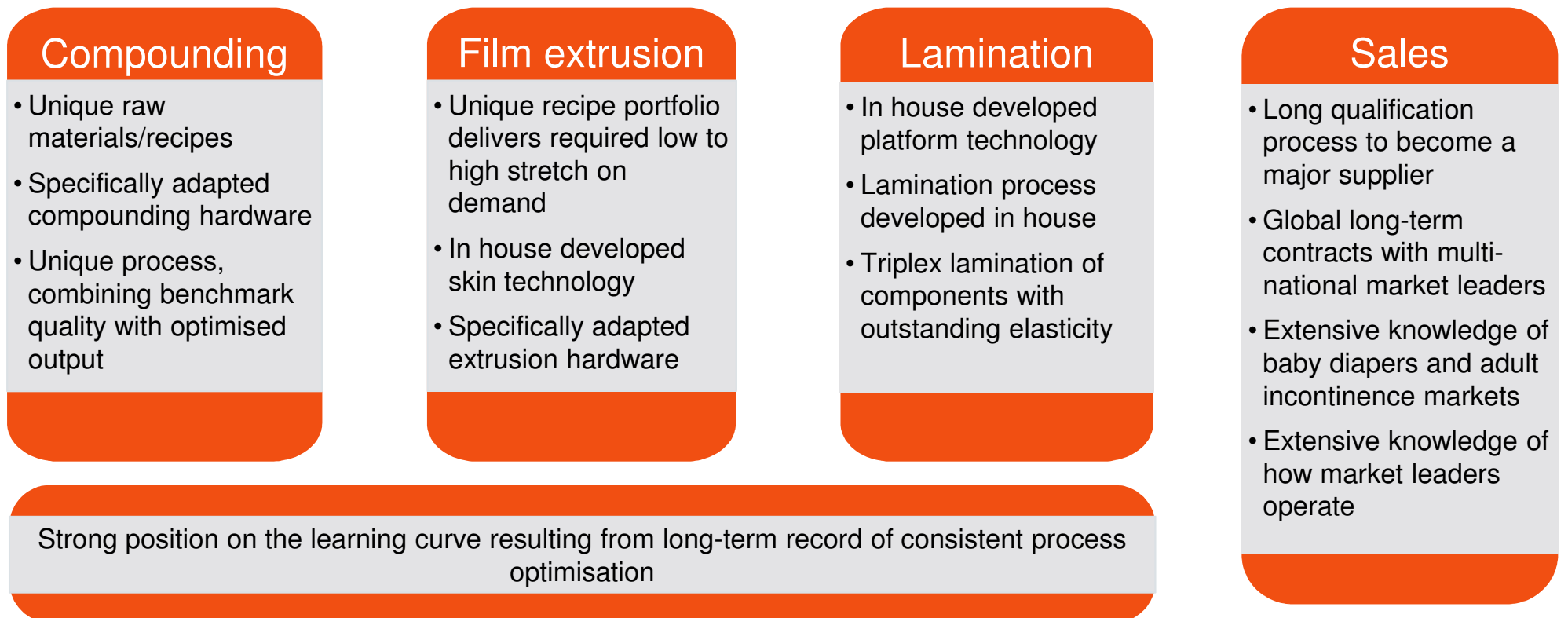


	Consumer packaging			Hygiene components	
Product	Advanced films	Re-closable bags and stand-up pouches	Lamination	Diaper components	Feminine hygiene release liner
	 <ul style="list-style-type: none"> <li>Advanced films for labels, surface protection and lamination as well as high barrier films, predominantly for use in FMCG packaging</li> </ul>	 <ul style="list-style-type: none"> <li>Pre-made, re-closable bags for use in FMCG packaging</li> <li>NorSpout bag (an alternative to conventional bottles) for use in FMCG packaging</li> </ul>	 <ul style="list-style-type: none"> <li>Printed laminates to improve shelf-life, convenience, freshness and sterility of FMCG for customers</li> </ul>	 <ul style="list-style-type: none"> <li>Film based elastic components (back ear laminates)</li> <li>Fastening systems</li> </ul>	 <ul style="list-style-type: none"> <li>Film based release liner for feminine hygiene products</li> </ul>
% 2011 revenues	~60%			~40%	
Market drivers	<ul style="list-style-type: none"> <li>Rising disposable income</li> <li>Urbanisation</li> <li>Demographic changes</li> <li>Food safety</li> <li>Branding</li> </ul>			<ul style="list-style-type: none"> <li>Rising disposable income</li> <li>Demographic changes</li> </ul>	
Market growth <sup>1</sup>	~2% in Europe, 5% in Eastern Europe mid term			~6% globally mid term	3-5% globally mid term
Competitors	     			 	

# Innovation, technology and product know-how create strong competitive advantage



## An example: elastic diaper components



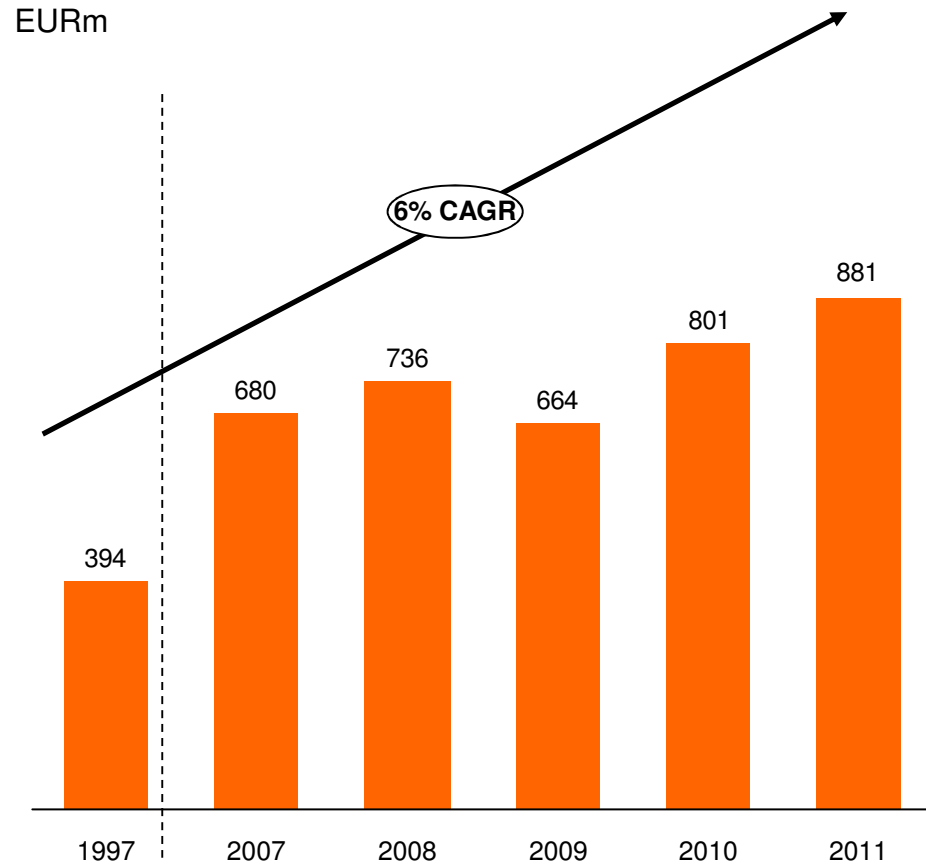
**Production on three continents**  
**IP protection through more than 30 patent families**



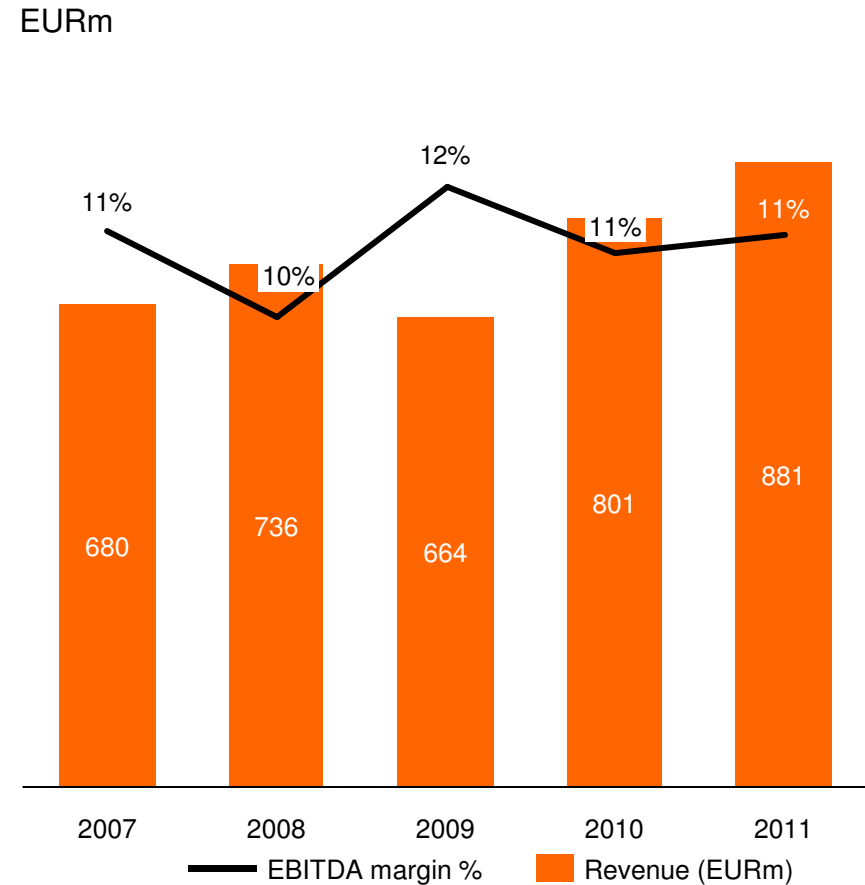
# A growth business with resilient business model



## Long-term revenue growth



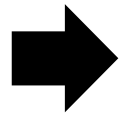
## Robust margin performance



- Strong organic growth
- Greater than 90% exposure to FMCG customers
- Approximately 80% of sales under framework agreements which include a resin price pass through provision

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## Strategic benefits

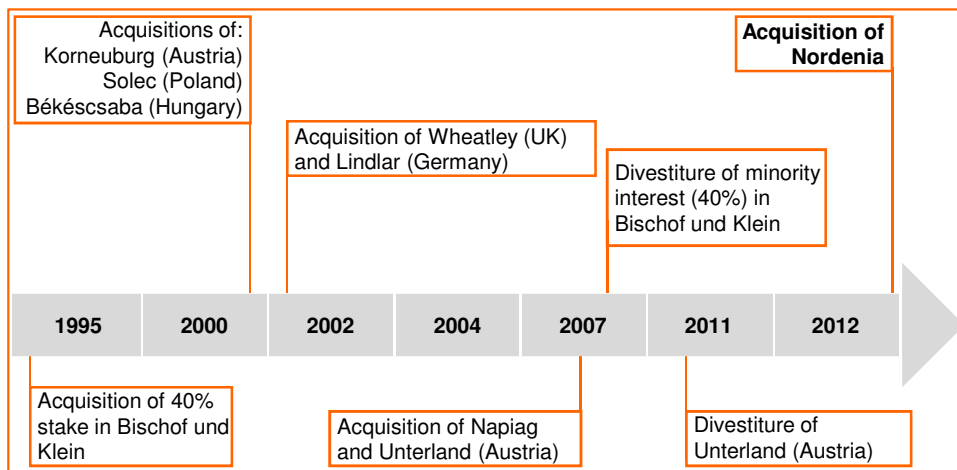


- 1 Combination creates a leading consumer packaging business
- 2 Opportunity to build on deep, long-term customer relationships across both businesses
- 3 Complementary geographic fit and established platform in high-growth emerging markets
- 4 Material cost synergies in addition to significant revenue opportunities

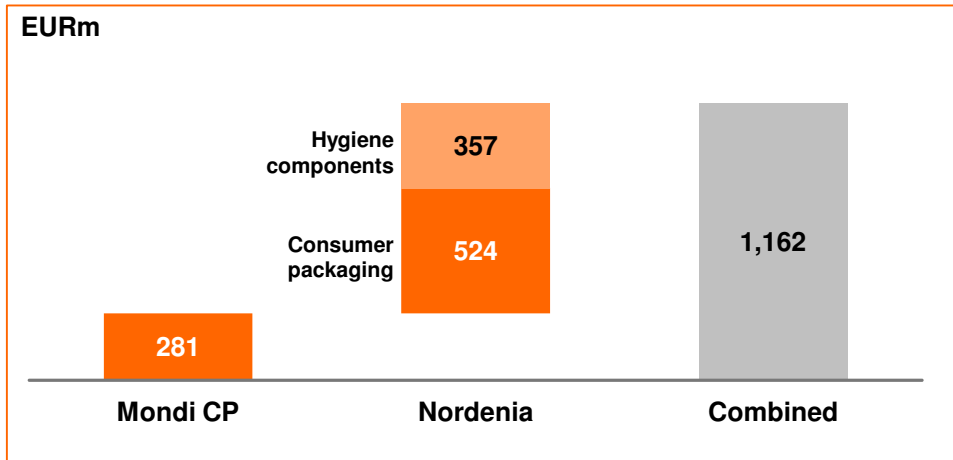
# 1 A leading consumer packaging business ...



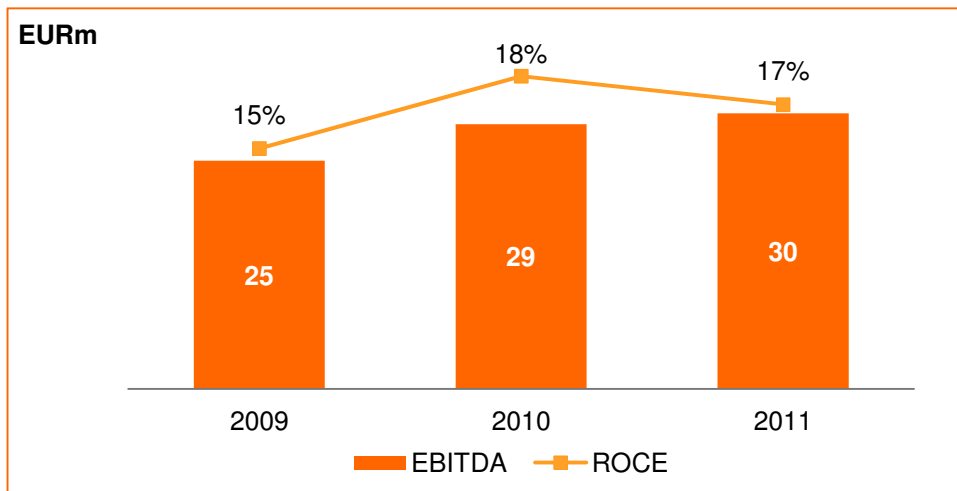
## A significant step for Mondi's existing CP business



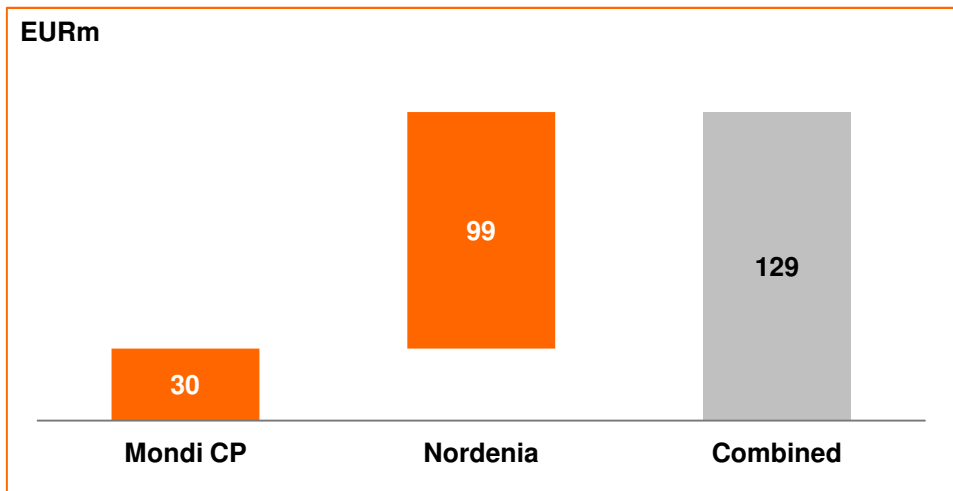
## Pro forma combined CP revenue<sup>1</sup> (2011)



## Mondi CP track record<sup>1</sup>



## Pro forma combined CP EBITDA<sup>1</sup> (2011)



(1) Pro forma Mondi Consumer Packaging business historical revenues, EBITDA and ROCE excluding Unterland





































# ... with a complementary product portfolio





	Consumer packaging			Hygiene components	
Nordenia	Advanced films	Re-closable bags and stand-up pouches	Lamination	Diaper components	Feminine hygiene release liner
	 <ul style="list-style-type: none"> <li>Advanced films for labels, surface protection and lamination as well as high barrier films, predominantly for use in FMCG packaging</li> </ul>	 <ul style="list-style-type: none"> <li>Pre-made, re-closable bags for use in FMCG packaging</li> <li>NorSpout bag (an alternative to conventional bottles) for use in FMCG packaging</li> </ul>	 <ul style="list-style-type: none"> <li>Printed laminates to improve shelf-life, convenience, freshness and sterility of FMCG for customers</li> </ul>	 <ul style="list-style-type: none"> <li>Film based elastic components (back ear laminates)</li> <li>Fastening systems</li> </ul>	 <ul style="list-style-type: none"> <li>Film based release liner for feminine hygiene products</li> </ul>
Mondi	Advanced films	Re-closable bags and stand-up pouches	Lamination	P&G relationship	Feminine hygiene (paper) release liner
	 <ul style="list-style-type: none"> <li>Advanced films and high barrier films for FMCG packaging</li> <li><i>Complementary product:</i> PET film based release liner for labels</li> </ul>	 <ul style="list-style-type: none"> <li>Pre-made re-closable bags and stand-up pouches for use in FMCG packaging</li> </ul>	 <ul style="list-style-type: none"> <li>Printed laminates and barrier materials to ensure long shelf-life and freshness of FMCG for customers</li> </ul>	 <ul style="list-style-type: none"> <li>Mondi has a strong existing relationship with P&amp;G, supplying release liner, consumer packaging and corrugated packaging</li> </ul>	 <ul style="list-style-type: none"> <li>Paper based release liner for feminine hygiene products</li> </ul>

## 2 Opportunity to build on deep, long-term customer relationships across both businesses

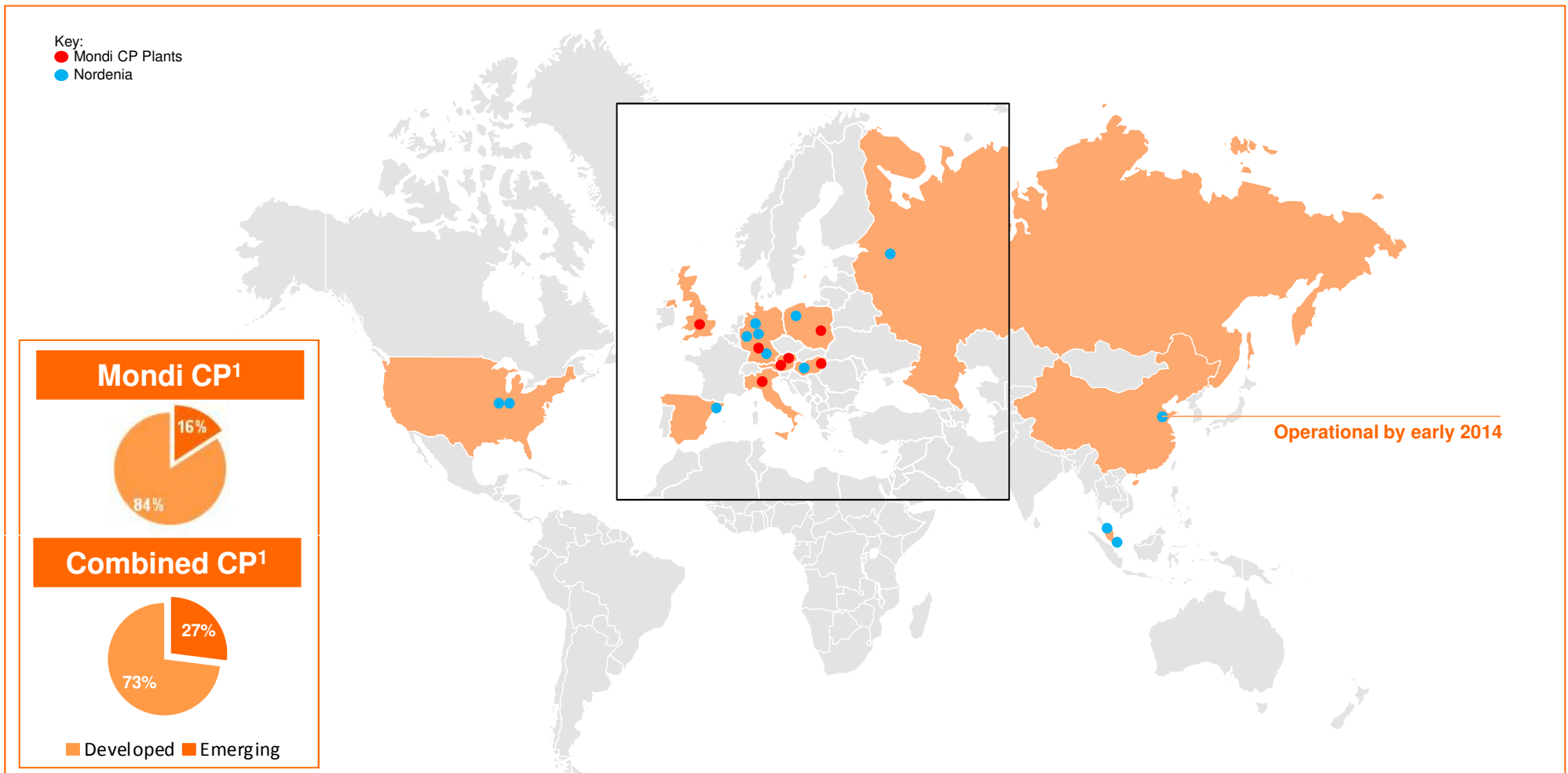


						
Consumer packaging	 	 	 	 		 
Release liner				 		
Extrusion coatings						
Corrugated packaging						

 = Mondi product  
 = Nordenia product

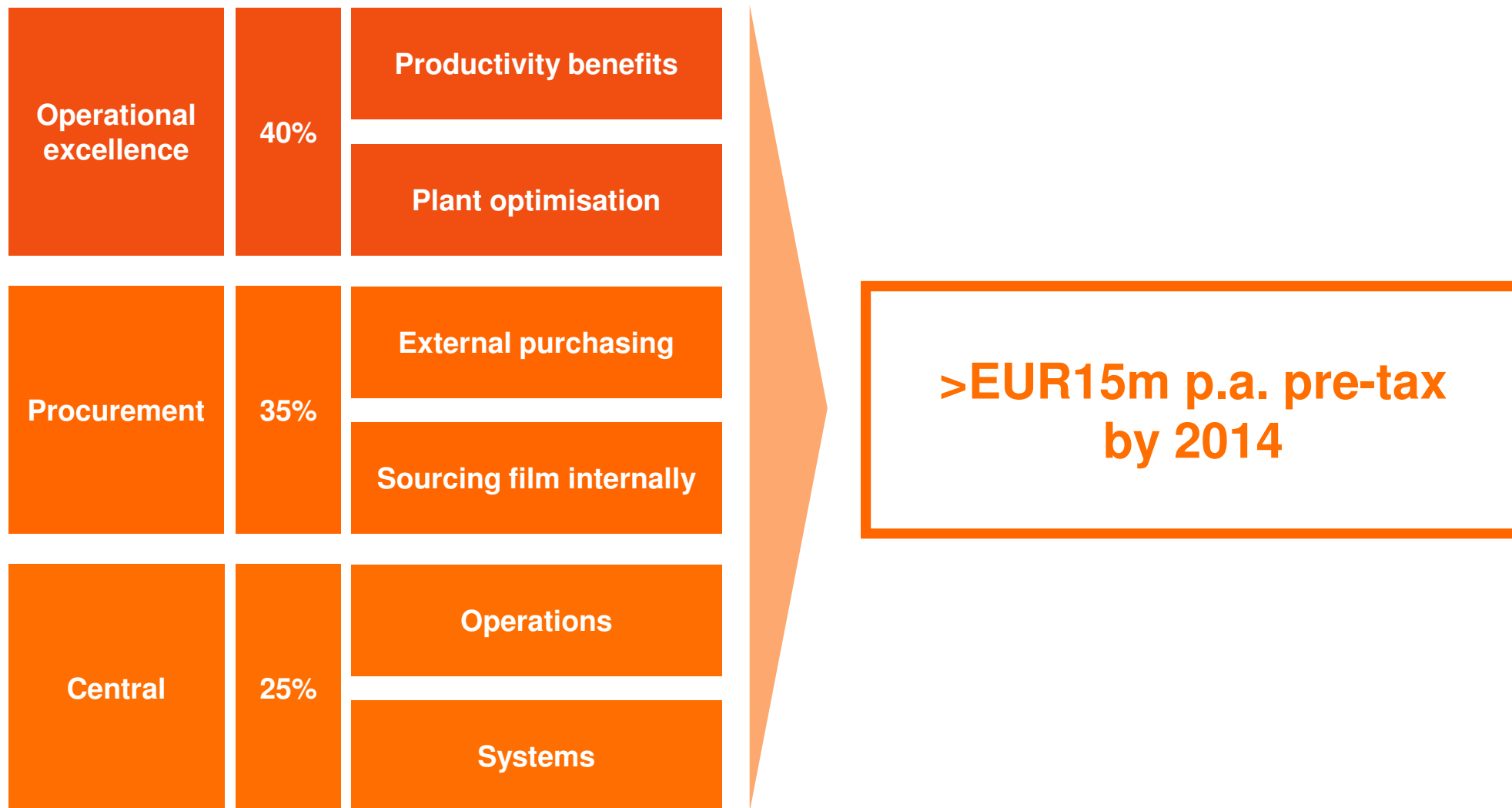
### 3 Complementary geographic fit and established platform in high-growth emerging markets

#### Enlarged group geographic footprint



Know-how and production base to exploit emerging market growth opportunities

## 4 Material cost synergies



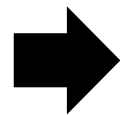
Material cost synergies in addition to significant revenue opportunities



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# Acquisition and financing structure



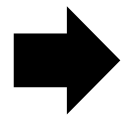
- Acquisition EV of EUR655m (100% basis), including assumption of EUR280m bond and EUR118m other debt and debt-like liabilities<sup>1</sup>
- EUR240m cash funding requirement for acquisition of 93.4% shareholding financed by a new two year EUR250m committed facility. Minorities squeeze out available
- EUR280m Nordenia bond
  - Coupon of 9.75% and due 2017
  - Significant headroom on undrawn committed facilities if bond holders decide to exercise put option
  - Option to repay early subject to make-whole premium payable up to July 2014
- Mondi expects to maintain its investment grade credit ratings post transaction
  - Baa3 / BBB-
  - Pro forma 2011 net debt/EBITDA<sup>2</sup> of 1.7x
  - Post transaction, undrawn committed facilities in excess of EUR500m
- Mondi dividend policy unchanged: 2-3x cover through-the-cycle

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# Mondi organisational structure and management team post transaction



**Mondi Group**

**David Hathorn**

**Europe & International**

**South Africa**

**Peter Oswald**

**Ron Trill**

**UFP**

**Packaging  
Papers**

**Fibre Packaging**

**Consumer  
Packaging**

**South Africa**

**Newsprint**

**Peter Orisich**

**Peter Oswald**

**Tom Schaebing**

**Ralph Landwehr**

**Products**

- Uncoated fine paper



- Containerboard
- Kraft paper



- Corrugated packaging
- Industrial bags
- Coatings



- Consumer packaging
- Hygiene components



- Pulp
- Uncoated fine paper
- Containerboard



- Aylesford Newsprint
- Mondi Shanduka Newsprint



**Pro-forma  
2011  
revenues<sup>1</sup>**

**EUR1,429m**

**EUR2,006m**

**EUR1,881m**

**EUR1,253m**

**EUR569m**

**EUR164m**

(1) Segment revenues, including inter-segment revenue

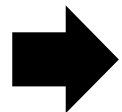
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# Highlights



- **Acquisition of Nordenia**
  - 93.4% shareholding acquired for a cash consideration of EUR240m
  - Additional EUR398m of debt and debt-like liabilities<sup>1</sup> assumed
  - Equates to 6.6x 2011 EV/EBITDA<sup>2</sup> and 9.3x 2011 EV/EBIT<sup>2</sup>
- **Combination creates a leading consumer packaging business**
  - Superior technical know-how
  - Consumer-focused, innovative product portfolio, delivering stable, resilient growth
  - Opportunity to build on long-term customer relationships
  - Increases exposure to high growth emerging markets
- **Significant cost and revenue synergy opportunities**
- **Double digit underlying EPS enhancing<sup>3</sup> and beats Mondi's through-the-cycle ROCE target by 2014**
- **Mondi's investment grade credit rating expected to be maintained**
- **Dividend policy unchanged**

Acquisition highlights

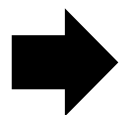
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# Pro-forma financials

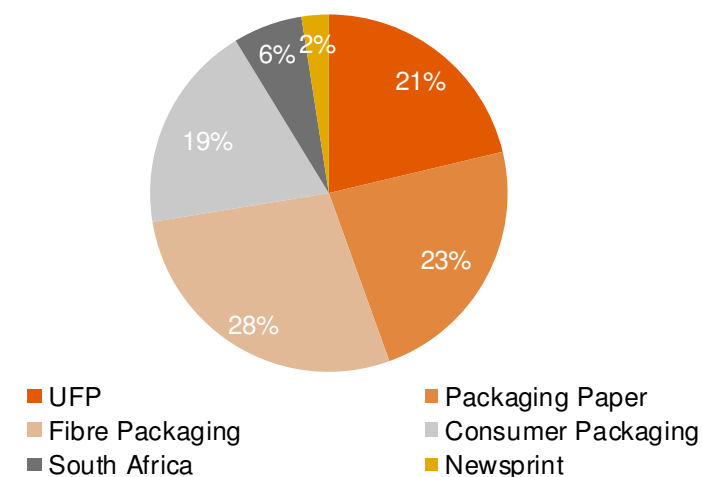


## Key financials<sup>1</sup>

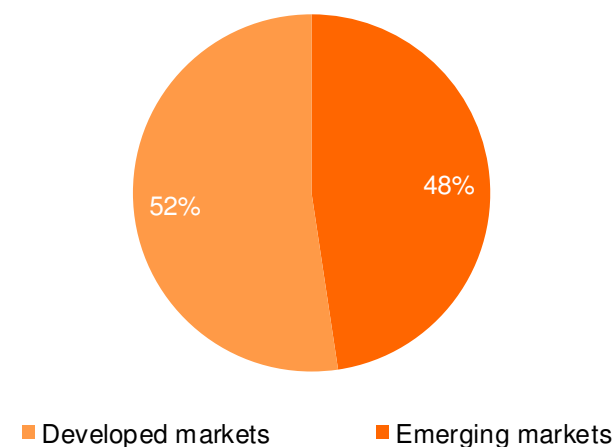
EURm	FY11 Mondi	FY11 Nordenia	FY11 combined
Revenue	5,739	881	6,620
EBITDA <sup>2</sup>	964	99	1,063
EBITDA margin, %	16.8%	11.2%	16.1%
EBIT <sup>2</sup>	622	70	692
EBIT margin, %	10.8%	8.0%	10.5%

EURm	FY11 Mondi	FY11 Nordenia	FY11 combined
Gross assets	5,645	504	6,436
Net operating assets	3,866	256	4,409
Cash generated by operations	836	68	906
Cash flow from investing activities	(331)	(33)	(613)
ROCE	15.0%	25.1%	14.7%

## Revenue by business<sup>3</sup> (2011)



## Revenue by geography<sup>4</sup> (2011)





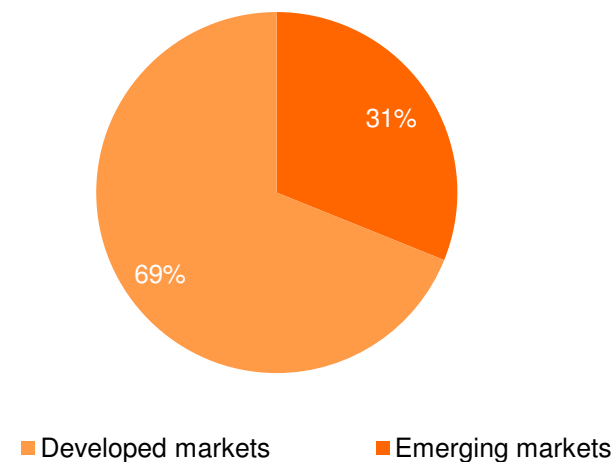
# Nordenia's key financials



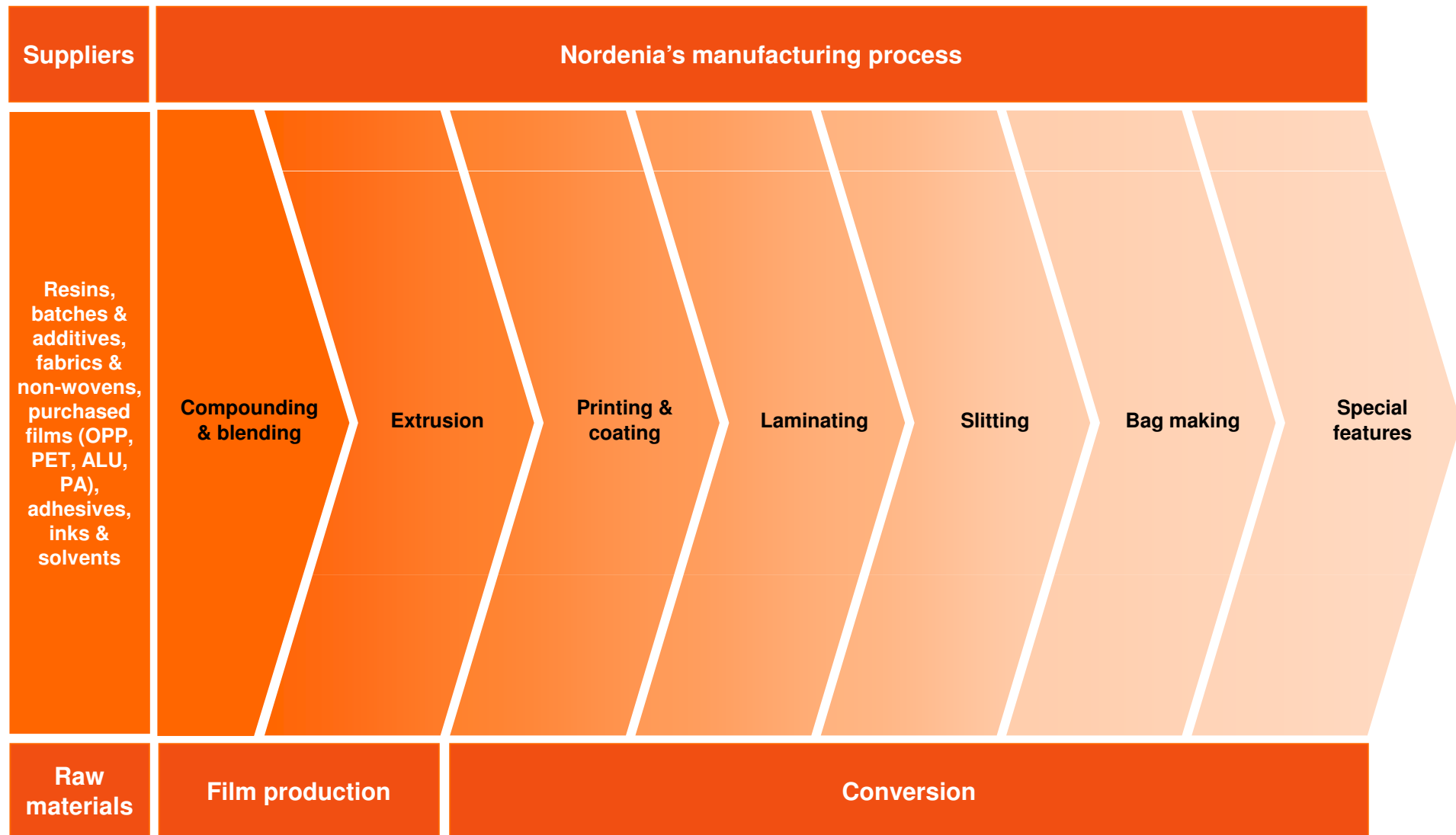
## Key financials

EURm	FY09	FY10	FY11
Revenue	664	801	<b>881</b>
EBITDA <sup>1</sup>	81	87	<b>99</b>
% margin	12.2%	10.9%	11.2%
Operating profit <sup>1</sup>	51	59	<b>70</b>
% margin	7.7%	7.4%	7.9%
Working capital cash flows	(1)	(30)	<b>(9)</b>
Cash generated from operations	90	53	<b>68</b>
Net cash used in investing activities	(19)	(25)	<b>(33)</b>
Net operating assets <sup>2</sup>	226	246	<b>256</b>
Working capital	73	104	<b>109</b>

## Revenue by geography<sup>3</sup> (2011)



# Nordenia: Vertically integrated across the value chain



*The production process of each product does not involve every step shown above*

