

PRESS RELEASE

4 November 2015: Smurfit Kappa Group plc ('SKG' or 'the Group') today announced results for the 3 months and 9 months ending 30 September 2015.

2015 Third Quarter & First Nine Months | Key Financial Performance Measures

€m	YTD 2015	YTD 2014	Change	Q3 2015	Q3 2014	Change	Q2 2015	Change
Revenue	€6,020	€5,975	1%	€2,024	€2,027	-	€2,034	-
EBITDA before Exceptional Items and Share-based Payment ⁽¹⁾	€855	€866	(1%)	€305	€302	1%	€285	7%
EBITDA margin	14.2%	14.5%		15.0%	14.9%		14.0%	
Operating Profit before Exceptional Items	€551	€560	(2%)	€202	€197	3%	€183	10%
Profit before Income Tax	€408	€321	27%	€165	€93	77%	€145	14%
Basic EPS (cent)	119.7	94.2	27%	46.4	31.9	45%	42.3	10%
Pre-exceptional Basic EPS (cent)	138.0	115.2	20%	49.2	51.1	(4%)	44.6	10%
Return on Capital Employed ⁽²⁾				15.0%	14.5%		14.6%	
Free Cash Flow ⁽³⁾	€236	€343	(31%)	€162	€208	(22%)	€49	226%

Net Debt		€2,953	€2,578	15%	€3,100	(5%)
Net Debt to EBITDA (LTM)		2.6x	2.2x		2.7x	

- 1) EBITDA before exceptional items and share-based payment expense is denoted by EBITDA throughout the remainder of the management commentary for ease of reference. A reconciliation of profit for the period to EBITDA before exceptional items and share-based payment expense is set out on page 32.
- 2) LTM pre-exceptional operating profit plus share of associates' profit/average capital employed.
- 3) Free cash flow is set out on page 9. The IFRS cash flow is set out on page 18.

Third Quarter & First Nine Months Key Points

- Year to date Group corrugated volume growth of 6% year-on-year with 3% organic growth in Europe
- Sequential EBITDA increase of 7% with EBITDA margins improving to 15% in the third quarter
- Pre-exceptional Basic EPS growth of 20% year to date
- Increased Return on Capital Employed of 15%, in line with our target
- Strong free cash flows reducing net debt and strengthening the Group's strategic flexibility
- Based on current operating conditions, 2015 EBITDA is expected to be in line with market expectations

Performance Review and Outlook

Tony Smurfit, Smurfit Kappa Group CEO, commented: "We are pleased to report sequential EBITDA growth of 7% and an improvement in EBITDA margins to 15% in the third quarter of 2015. This performance reflects improved demand throughout the year alongside the continued development of our business through effective investment in our asset base, ongoing integration of acquisitions and consistent delivery against cost efficiency objectives. Although the reported EBITDA of €855 million in the year to date has been

significantly impacted by the adoption of the variable Sistema Marginal de Divisas ('Simadi') rate for the consolidation of our Venezuelan operations, our business when excluding Venezuela is performing well and delivered EBITDA growth of 5% year-on-year. Our constant focus on cost reduction and disciplined capital investment will continue to support our target metric of an average ROCE of 15% through the cycle.

"The Group's corrugated packaging volumes grew by over 6% in the year to date and over 5% in the quarter as a result of acquisitions in both Europe and the Americas combined with good organic growth. There was some evidence of a slower rate of growth in Europe in the third quarter when compared to the second quarter. However, organic growth remains at a solid level, supported by our drive to enhance the value proposition delivered to our customers. Overall demand levels remain good, and as a consequence the European containerboard market remains well balanced. The industry's solid fundamental outlook and the containerboard price increases implemented in July will support our current focus on driving corrugated price recovery.

"In the Americas, our business has operated well with margins improving through the year despite currency headwinds. Over 80% of our business in the region is across the three more developed markets of the US, Mexico and Colombia. We will continue to invest in this region where we can identify earnings value enhancing opportunities, as evidenced by our recent acquisition of Sound Packaging in the US in October 2015.

"The Group's capacity to deliver strong free cash flows expands our range of strategic and financial options. Our capital investment projects are progressing well across all our operating units and our UK mill re-build is now on track. We will continue to deploy capital to grow the business through internal investment and acquisitions where we can exceed our ROCE target of 15%, and to focus on driving higher capital returns for our shareholders.

"Based on current operating conditions, the Group expects to deliver a full year EBITDA result in line with market expectations. This result reflects the resilience of Smurfit Kappa's integrated and geographically diversified business model, and the good underlying level of growth in the business."

About Smurfit Kappa

Smurfit Kappa is one of the leading providers of paper-based packaging solutions in the world, with around 43,000 employees in approximately 350 production sites across 33 countries and with revenue of €8.1 billion in 2014. We are located in 21 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.

Check out our microsite openthefuture.info. Follow us on Twitter at [@smurfitkappa](https://twitter.com/smurfitkappa) and on LinkedIn at [‘Smurfit Kappa’](#).

smurfitkappa.com

Forward Looking Statements

Some statements in this announcement are forward-looking. They represent expectations for the Group's business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

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2015 Third Quarter & First Nine Months | Performance Overview

During the third quarter the Group's EBITDA margin improved sequentially to 15%, as a result of good operational performances across most countries and a continued focus on cost reduction. This solid margin performance despite consistently high input costs underscores the capacity of the Group to absorb short term price volatility and generate consistent returns. This has been demonstrated through the industry cycles and is a product of the Group's integrated business model and geographic diversification.

In Europe, organic volumes grew by 2% in the third quarter with most markets reporting robust levels of growth year-on-year. The Group's operations in Eastern Europe grew strongly in the third quarter with double digit growth, while its operations in the larger western European markets continued to grow well with 5% in Iberia and 2% in Germany. France was the only large country not to report higher volumes in the quarter.

The Group's average corrugated pricing in Europe in the third quarter was maintained at a steady level both sequentially and year-on-year. However, higher input costs since the second quarter of the year provide a platform for corrugated price recovery into 2016.

The Group's differentiation programme is gaining tangible traction with our customers as it demonstrates its ability to add value across their businesses. A key element within this has been our roll-out of Experience Centres across Europe, which provide the facilities, technologies and environment to engage our customers and address their increasingly complex needs. Our Global Experience Centre ('GEC') in Amsterdam continues to attract customers to our business and to the benefits of transacting with SKG, and it has recorded over 1,000 customer visits since its opening in April 2015. The Group is in the process of rolling out a series of targeted B2B marketing projects across a number of specific industries and global markets, with the aim of generating tangible market quantified leads. The projects will include high impact direct marketing campaigns coupled with webinar and social media campaigns, and the insights gained will be applied across our global network.

In July 2015, a price increase of €30 per tonne was implemented in European recycled containerboard as a result of the supportive supply/demand balance in the market which has prevailed through much of the year alongside significant increases in Old Corrugated Container ('OCC') prices in the year to date.

The European market for kraftliner has similarly remained tight throughout 2015. Good demand, as evidenced by an increase of 6% in SKG's internal shipments in the first nine months of the year, has been more than sufficient to absorb 7% higher levels of imports from the US in the year to July and the €20 per tonne price increase achieved in June has further improved profitability in the grade. SKG's 1.6 million tonne kraftliner system in Europe is well placed to benefit from these solid fundamentals.

In the Americas, total corrugated volumes increased by 18% in both the quarter and the year to date, with volume growth in every country except Venezuela in the nine months to September. While the Group's Mexican and Colombian businesses are performing strongly in their local currencies, their consolidated results continue to be impacted by currency headwinds. Overall, the region reported a higher EBITDA margin of 17.5% in the third quarter, reflecting good pricing progress and a solid operational performance. The recently acquired businesses in the US, Central America and Dominican Republic are performing well and the Group will achieve its synergy targets, further enhancing margins over time.

As expected, the Group delivered strong free cash flow in the third quarter amounting to €162 million. As a consequence, net debt to EBITDA at 2.6 times has been comfortably maintained within the target range of 2.0 to 3.0 times through the cycle following materially higher capital outflows in the year to date. Looking forward, the Group is focused on continuing to drive its earning capacity, which in turn will support its delivery of high return capital investment, accretive acquisitions and dividend growth while maintaining an efficient capital structure.

2015 Third Quarter | Financial Performance

Revenue in the third quarter decreased by €3 million from €2,027 million in 2014 to €2,024 million in 2015. Higher revenues in Europe were more than offset by a reduction in the Americas, primarily due to the adoption of the Simadi exchange rate in Venezuela. The underlying year-on-year move in revenue, when adjusted for net negative currency movements and net acquisitions, was an increase of €71 million, the equivalent of over 3%.

EBITDA for the third quarter of 2015 was €305 million, €3 million higher than the same period in 2014, with earnings growth in the Americas partly offset by lower earnings in Europe and higher Group Centre costs. Allowing for currency movements and net acquisitions, the underlying year-on-year move in EBITDA was an increase of €12 million, or 4%, with higher earnings in the Americas partly offset by slightly lower earnings in Europe and higher Group Centre costs. The increase in Group Centre costs is primarily due to a €7 million charge in respect of an insurance loss relating to a fire at the Group's Fustelpack plant in Italy, which has been reflected in the third quarter charge.

Exceptional items charged within operating profit in the third quarter amounted to €7 million, €5 million of which represented the adjustment for hyperinflation on the currency trading loss incurred in the first quarter in Venezuela. Exceptional items charged within operating profit in 2014 amounted to €15 million and related to the impairment of assets in the plants included in the programme of plant rationalisations on-going through 2015.

Basic earnings per share was 46.4 cent for the third quarter of 2015 (2014: 31.9 cent), an increase of 45% year-on-year. Adjusting for exceptional items, pre-exceptional basic EPS was 49.2 cent (2014: 51.1 cent), a decrease of 4% year-on-year.

2015 First Nine Months | Financial Performance

Reported revenue for the nine months to September increased by €45 million from €5,975 million in 2014 to €6,020 million in 2015 with higher revenue in Europe partly offset by a reduction in the Americas, primarily due to the adoption of the Simadi exchange rate. As in the case of the quarter, the underlying year-on-year move in revenue, when adjusted for net negative currency movements and net acquisitions, was an increase of €162 million, the equivalent of almost 3%.

EBITDA for the nine months to September was €11 million lower at €855 million with lower earnings in Europe and the Americas and higher Group Centre costs. Allowing for currency movements and net acquisitions, the underlying year-on-year move in EBITDA was an increase of €17 million. EBITDA in the Americas was €4 million lower year-on-year with earnings growth across the region, partly as a result of acquisitions, more than offset by net negative currency movements of €46 million, inclusive of a €52 million negative impact in Venezuela. Acquisitions increased EBITDA in the Americas by €22 million while the contribution from our recent acquisitions in Europe was more than offset by the impact of the disposal of the solidboard operations in the Netherlands, Belgium and the United Kingdom. The net impact of currency in Europe was negligible.

The Group has also been impacted in the year to date by a number of one-off operational issues, particularly the start-up losses associated with the Group's 240,000 tonne recycled containerboard mill in Townsend Hook in the United Kingdom and run-down losses relating to the Group's 2015 European plant rationalisation programme. The programme was announced in the third quarter of 2014 and comprises the closure of the Group's 80,000 tonne Viersen mill in Germany in February 2015, and four corrugated plants across Germany, France and Sweden during the year.

Exceptional items charged within operating profit in the first nine months of 2015 amounted to €54 million, €42 million of which represented the higher cost to the Venezuelan operations of discharging their non-Bolivar denominated payables following our adoption of the Simadi rate in March 2015. The remaining €12 million charge represented the further impairment of the solidboard operations held for sale of €8 million, reported within cost of sales in the first quarter, and a loss of €4 million booked mainly in the second quarter on their disposal.

Exceptional items charged within operating profit in the same period of 2014 amounted to €24 million. This included a charge in the third quarter of €15 million which related to the impairment of assets in the plants included in the previously mentioned rationalisation process. Additionally, a €9 million charge was booked in relation to losses on the translation of non-Bolivar denominated payables in Venezuela following the change to the Sicad I rate in the first quarter of 2014.

Basic earnings per share was 119.7 cent for the first nine months of 2015 (2014: 94.2 cent), an increase of 27% year-on-year. Adjusting for exceptional items, pre-exceptional basic EPS was 138.0 cent (2014: 115.2 cent), an increase of 20% year-on-year.

2015 Third Quarter & First Nine Months | Free Cash Flow

Free cash flow amounted to €236 million in the first nine months of 2015 compared to €343 million in 2014. The year-on-year decrease resulted mainly from higher outflows for exceptional items, working capital, capital expenditure and tax with an offsetting saving in cash interest. Included in the year to date is an incremental outflow of €51 million in respect of exceptional items and restructuring charges associated with our European rationalisation programme. The rationalisation programme will be completed in 2015, in line with the plan outlined in our third quarter 2014 press release.

In the third quarter, the Group reported a good free cash flow of €162 million, a decrease of 22% on the third quarter of 2014 and an increase of 226% on the second quarter of 2015. The variance year-on-year was driven primarily by higher capital expenditure and tax payments, with an outflow of €10 million relating to the European rationalisation programme.

Working capital increased by €64 million in the first nine months, compared to an increase of €48 million in 2014. This outflow resulted from an increase in debtors and stocks, as a result of higher revenues and rising containerboard prices, partly offset by an increase in creditors. At September 2015 working capital amounted to €570 million, €21 million lower than at the same point in 2014, and represented 7.0% of annualised revenue, compared to 7.3% at the same point in 2014.

Capital expenditure amounted to €287 million in the nine months to September 2015, approximately 105% of depreciation, compared to 86% in 2014.

Cash interest at €91 million in the first nine months of 2015, was €17 million lower than in 2014, reflecting the Group's substantially lower long-term funding costs despite a higher net debt position year-on-year.

The Group made tax payments of €102 million in the year to September, €37 million higher than 2014 reflecting the impact of higher profitability and the timing of payments between years.

2015 Third Quarter & First Nine Months | Capital Structure

The Group's free cash flow of €162 million in the third quarter was a key driver of the reduction in net debt of €147 million in the quarter to €2,953 million, and the ratio of net debt to EBITDA of 2.6 times at September 2015. In comparison to the same period in 2014, net debt increased by €375 million year-on-year reflecting acquisitions of over €300 million in the last twelve months alongside a higher level of capital expenditure and a negative currency movement of €136 million, primarily as a result of the adoption of the Simadi rate for our Venezuelan operations and the strong US dollar. The Group's capital structure continues to provide considerable financial and strategic flexibility subject to the stated leverage range of 2.0 to 3.0 times through the cycle and SKG's Ba1 / BB+ credit rating.

During the first quarter, the Group undertook two transactions, which combined have further reduced our annual cash interest by €3 million and extended our average maturity profile. In February, the Group issued a €250 million ten-year bond at a coupon of 2.75%, the proceeds of which were used to prepay term debt under its senior credit facility. This successful bond financing enabled the Group to amend and extend its senior credit facility in March at a reduced level of €1.1 billion, extend the maturity date to March 2020 and reduce the margin by 0.65%.

SKG's steady programme of debt paydown and refinancing activities has fundamentally strengthened its capital structure. At the end of the quarter, the Group's average interest rate was 3.7%, down from over 6% as recently as 2012 while the Group's cash interest cost in 2015 is expected to be €125 million compared to €235 million in 2012. The average maturity profile of the Group's debt is 4.9 years, with the earliest bond maturity dates in September 2018. At the end of the third quarter the Group held cash on its balance sheet of €271 million and had further undrawn committed credit facilities of approximately €510 million.

2015 Third Quarter & First Nine Months | Operating Efficiency

Cost Take-out Programme

The Group is confident of delivering in line with its full year cost take-out target of €75 million. In the year to September the programme has generated cost savings of €55 million, with significant operational efficiencies achieved across key cost areas such as raw materials usage, energy efficiency and labour costs.

It is imperative to consistently address inflation pressures in order to support the Group's earnings growth. Each year the programme adopts a bottom up approach, achieving savings through continuous incremental improvements at an individual plant level across our 350 plus facilities worldwide.

Enhanced Capital Expenditure ('Quick Win') Programme

At September 2015 the Group is more than halfway through its three-year programme of high return capital investments. As previously reported, the programme will feature over 100 unique projects, with a total expenditure of €150 million over the three-year period from 2014 to 2016, and is almost exclusively focused on driving further operational efficiencies in the business' fixed cost base minimising exposure to adverse market dynamics.

While individually the majority of projects are reasonably small, in aggregate they are expected to generate an incremental EBITDA of €75 million in 2017 and onwards as they come online. By the end of 2015, the programme is expected to deliver incremental EBITDA of €18 million.

2015 Third Quarter & First Nine Months | Regional Performance Review

Europe

European revenue in the first nine months increased by 2% to €4,707 million with a solid performance throughout the third quarter despite increased macro-economic uncertainty. Against that macro backdrop, continued good demand levels in the quarter reflect the resilience of the Group's end market in corrugated packaging. The Group's capacity to deliver improving EBITDA margins at 15.1% in the quarter in an environment of significantly higher input costs is evidence of the strength of the Group's integrated business model.

European corrugated packaging demand has been good in the year to date at a 4% higher level than 2014, and 3% when adjusted for acquisitions. The slight reduction in year-on-year growth to 3% during the third quarter is in line with expectations as the Group had delivered strong volume growth in the second half of 2014. Within this, demand for the higher value box volumes, which make up 87% of European volumes, has actually strengthened slightly on the second quarter and increased year-on-year by over 4% in the third quarter. In contrast, the Group's more commodity priced sheet volumes decreased by 8% in the quarter.

Average corrugated prices in the third quarter remained stable both sequentially and year-on-year. In line with the usual time lag, containerboard price increases implemented in the third quarter are expected to support corrugated price recovery into 2016.

The average price for OCC rose steadily by €25 per tonne through the year to a peak in August, and has since moderated slightly. This steady price increase was driven by robust demand both in Europe and from Chinese buyers, who have imported 12% more from Europe year-on-year to July. In recent months, this export led demand has eased somewhat resulting in a weaker domestic price environment. However, continued high levels of demand for high quality OCC is expected to provide a solid underpin to prices at their current level, which in turn is expected to support current testliner prices.

The European recycled containerboard market is fundamentally well balanced, with good demand a constant feature through 2015 and a limited amount of new supply expected to enter the market until the second half of 2016. Inventories have been at a low level for much of the year, and as a result a €30 per tonne price increase was achieved in July. This will in turn provide a platform for further corrugated price recovery over time.

The market for kraftliner in Europe has also been well balanced through 2015, with approximately 40,000 additional tonnes imported from the US in the year to July offset by good demand for the grade. While concerns surround the introduction of capacity into the market in 2016, the industry successfully implemented a €20 per tonne price increase in June and expects continued demand growth at least in line with corrugated growth. SKG will remove 65,000 tonnes from the market in the first quarter of 2016 as it converts its containerboard machine in Navarra, Spain to Machine Glazed ('MG') paper – a grade in which the mill is already competing successfully on a global basis.

The Americas

The Group's Americas segment continued to deliver strong volume progression in the third quarter with 18% growth year-on-year as a result of a series of acquisitions in the last twelve months and broad based organic growth across the region. The segment's EBITDA result at €217 million in the year to date, is 2% lower year-on-year and continues to reflect the negative impact of the adoption of the Simadi rate for the consolidation of the Group's Venezuelan operations. However, excluding Venezuela, the segment's EBITDA increased by 27% and 13% when excluding both Venezuela and acquisitions, with pricing and cost reduction being successfully implemented to recover higher input costs and offset currency headwinds.

In Argentina, the business reported higher volumes in the third quarter against a difficult economic backdrop. Nevertheless, the operations in the country which remain a relatively small part of the Group, have performed well.

The Group's Colombian operations delivered 6% corrugated volume growth in the year to September, and while price increases are being implemented, they have been materially offset by further currency weakness to this point. Inflation rates in the country, while historically high at approximately 5%, remain supportive of business growth and the country's manufacturing sector continues to see the positive impact of the currency depreciation as imported consumables are increasingly supplanted by domestically produced goods and export levels increase.

The Group's Mexican operations reported good EBITDA progression in the first nine months of the year in local currency terms, but has been impacted by currency headwinds throughout the year. As a result, the business is actively seeking price increases to offset higher raw material costs. Volumes in the third quarter were good with 3% growth year-on-year despite lower activity from some key customers.

In the US, the Group's Californian operations are showing early indications of an improved level of demand with a good performance in September, while the on-going integration of the Bates and Brian Thomas corrugated businesses in Texas is continuing as expected. These acquisitions in the fourth quarter of 2014 have added important geographic diversity to the US operations and expanded the business' footprint, enabling the Group to further integrate its 350,000 tonne recycled mill in the state.

In October, the Group announced that it has agreed to acquire Sound Packaging, a corrugated sheet and box plant located in Phoenix, Arizona. The transaction will be completed in the fourth quarter of 2015, and will strengthen the Group's footprint across the Southern US.

SKG's Venezuelan operations have continued to deliver a robust operational performance despite a difficult operating environment. However, following the decision to adopt the Simadi rate for the consolidation of the business' earnings, the operations have been reduced to approximately 1% of the Group's EBITDA.

SKG has built a strong network of businesses across the US and Latin America, and today, strong market growth trends, improving integration with our large international customer base and accretive acquisitions will continue to support the business's expansion in the region.

Summary Cash Flow

Summary cash flows⁽¹⁾ for the third quarter and nine months are set out in the following table.

	3 months to 30-Sep-15 €m	3 months to 30-Sep-14 €m	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Pre-exceptional EBITDA	305	302	855	866
Exceptional items	(5)	1	(40)	(8)
Cash interest expense	(32)	(29)	(91)	(108)
Working capital change	55	68	(64)	(48)
Current provisions	(10)	-	(20)	(1)
Capital expenditure	(118)	(100)	(287)	(253)
Change in capital creditors	15	5	8	(6)
Tax paid	(39)	(22)	(102)	(65)
Sale of fixed assets	-	1	5	4
Other	(9)	(18)	(28)	(38)
Free cash flow	162	208	236	343
Share issues	1	-	2	2
Purchase of own shares	-	-	(15)	(13)
Sale of businesses and investments	(1)	-	29	1
Purchase of businesses and investments	(19)	(11)	(181)	(30)
Dividends	(1)	(1)	(98)	(76)
Early repayment of bonds	-	(35)	-	(35)
Derivative termination payments	-	-	(2)	-
Net cash inflow/(outflow)	142	161	(29)	192
Net debt acquired	(8)	-	(21)	-
Deferred debt issue costs amortised	(2)	(9)	(8)	(14)
Currency translation adjustments	15	(54)	(136)	(135)
Decrease/(increase) in net debt	147	98	(194)	43

(1) The summary cash flow is prepared on a different basis to the Condensed Consolidated Statement of Cash Flows under IFRS ('IFRS cash flow'). The principal differences are as follows:

- (a) The summary cash flow details movements in net debt. The IFRS cash flow details movements in cash and cash equivalents.
- (b) Free cash flow reconciles to cash generated from operations in the IFRS cash flow as shown below.
- (c) The IFRS cash flow has different sub-headings to those used in the summary cash flow.

	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Free cash flow	236	343
Add back:		
Cash interest	91	108
Capital expenditure (net of change in capital creditors)	279	259
Tax payments	102	65
Financing activities	-	1
Less:		
Sale of fixed assets	(5)	(4)
Profit on sale of assets and businesses – non exceptional	(2)	(4)
Receipt of capital grants	(2)	(1)
Dividends received from associates	(1)	(1)
Non-cash financing activities	(1)	-
Cash generated from operations	697	766

Capital Resources

The Group's primary sources of liquidity are cash flow from operations and borrowings under the revolving credit facility. The Group's primary uses of cash are for funding day to day operations, capital expenditure, debt service, dividends and other investment activity including acquisitions.

At 30 September 2015, Smurfit Kappa Treasury Funding Limited had outstanding US\$292.3 million 7.50% senior debentures due 2025. The Group had outstanding €157.8 million and STG£57.2 million variable funding notes issued under the €240 million accounts receivable securitisation programme maturing in June 2019, together with €175 million variable funding notes issued under the €175 million accounts receivable securitisation programme maturing in April 2018.

Smurfit Kappa Acquisitions had outstanding €200 million 5.125% senior notes due 2018, US\$300 million 4.875% senior notes due 2018, €400 million 4.125% senior notes due 2020, €250 million senior floating rate notes due 2020, €500 million 3.25% senior notes due 2021 and €250 million 2.75% senior notes due 2025. Smurfit Kappa Acquisitions and certain subsidiaries are also party to a senior credit facility. At 30 September 2015, the Group's senior credit facility comprised term drawings of €450.9 million and US\$56.1 million under the amortising Term A facility maturing in 2020. In addition, as at 30 September 2015, the facility included a €625 million revolving credit facility of which €105 million was drawn in revolver loans, with a further €10 million in operational facilities including letters of credit drawn under various ancillary facilities.

The following table provides the range of interest rates as of 30 September 2015 for each of the drawings under the various senior credit facility loans.

Borrowing arrangement	Currency	Interest Rate
Term A Facility	EUR	1.491% - 1.585%
	USD	1.796%
Revolving Credit Facility	EUR	1.246%

Borrowings under the revolving credit facility are available to fund the Group's working capital requirements, capital expenditures and other general corporate purposes.

In February 2015 the Group issued €250 million of ten-year euro denominated senior notes at a coupon of 2.75%, the proceeds of which were used to prepay term debt under the senior credit facility.

Following the success of the bond financing, in March 2015 the Group completed a transaction to amend and extend the reduced senior credit facility which incorporated an extension of the maturity date to March 2020, together with a significant margin reduction. Under the new terms the amortising Term A facility is repayable €83.3 million on 13 March 2018 (previously €125 million on 24 July 2016), €83.3 million on 13 March 2019 (previously €125 million on 24 July 2017) and €333.4 million on 13 March 2020 (previously €500 million on 24 July 2018). The maturity of the €625 million Revolving Credit Facility was extended to 13 March 2020 from 24 July 2018.

Effective on the date of the amendment, the margins applicable to the senior credit facility were reduced by 0.65% to the following:

Net debt/EBITDA ratio	Revolving Credit Facility	Term A Facility
Greater than 3.00 : 1	1.85%	2.10%
3.00 : 1 or less but more than 2.50 : 1	1.35%	1.60%
2.50 : 1 or less but more than 2.00 : 1	1.10%	1.35%
2.00 : 1 or less	0.85%	1.10%

Market Risk and Risk Management Policies

The Group is exposed to the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Interest rate risk exposure is managed by achieving an appropriate balance of fixed and variable rate funding. As at 30 September 2015, the Group had fixed an average of 70% of its interest cost on borrowings over the following twelve months.

The Group's fixed rate debt comprised €200 million 5.125% senior notes due 2018, US\$300 million 4.875% senior notes due 2018 (US\$50 million swapped to floating), €400 million 4.125% senior notes due 2020, €500 million 3.25% senior notes due 2021, €250 million 2.75% senior notes due 2025 and US\$292.3 million 7.50% senior debentures due 2025. In addition the Group had €349 million in interest rate swaps with maturity dates ranging from October 2018 to January 2021.

The Group's earnings are affected by changes in short-term interest rates as a result of its floating rate borrowings. If LIBOR/EURIBOR interest rates for these borrowings increase by one percent, the Group's interest expense would increase, and income before taxes would decrease, by approximately €11 million over the following twelve months. Interest income on the Group's cash balances would increase by approximately €3 million assuming a one percent increase in interest rates earned on such balances over the following twelve months.

The Group uses foreign currency borrowings, currency swaps, options and forward contracts in the management of its foreign currency exposures.

Condensed Consolidated Income Statement – Nine Months

	9 months to 30-Sep-15 Unaudited			9 months to 30-Sep-14 Unaudited		
	Pre- exceptional 2015	Exceptional 2015	Total 2015	Pre- exceptional 2014	Exceptional 2014	Total 2014
	€m	€m	€m	€m	€m	€m
Revenue	6,020	-	6,020	5,975	-	5,975
Cost of sales	(4,220)	(8)	(4,228)	(4,181)	(15)	(4,196)
Gross profit	1,800	(8)	1,792	1,794	(15)	1,779
Distribution costs	(482)	-	(482)	(468)	-	(468)
Administrative expenses	(768)	-	(768)	(767)	-	(767)
Other operating income	1	-	1	1	-	1
Other operating expenses	-	(46)	(46)	-	(9)	(9)
Operating profit	551	(54)	497	560	(24)	536
Finance costs	(128)	(2)	(130)	(206)	(41)	(247)
Finance income	26	12	38	22	9	31
Share of associates' profit (after tax)	3	-	3	1	-	1
Profit before income tax	452	(44)	408	377	(56)	321
Income tax expense			(126)			(103)
Profit for the financial period			282			218
Attributable to:						
Owners of the parent			277			215
Non-controlling interests			5			3
Profit for the financial period			282			218
Earnings per share						
Basic earnings per share - cent			119.7			94.2
Diluted earnings per share - cent			118.2			93.6

Condensed Consolidated Income Statement – Third Quarter

	3 months to 30-Sep-15			3 months to 30-Sep-14		
	Unaudited			Unaudited		
	Pre- exceptional 2015 €m	Exceptional 2015 €m	Total 2015 €m	Pre- exceptional 2014 €m	Exceptional 2014 €m	Total 2014 €m
Revenue	2,024	-	2,024	2,027	-	2,027
Cost of sales	(1,417)	(1)	(1,418)	(1,413)	(15)	(1,428)
Gross profit	607	(1)	606	614	(15)	599
Distribution costs	(161)	-	(161)	(161)	-	(161)
Administrative expenses	(244)	-	(244)	(256)	-	(256)
Other operating expenses	-	(6)	(6)	-	-	-
Operating profit	202	(7)	195	197	(15)	182
Finance costs	(42)	-	(42)	(66)	(41)	(107)
Finance income	10	-	10	14	4	18
Share of associates' profit (after tax)	2	-	2	-	-	-
Profit before income tax	172	(7)	165	145	(52)	93
Income tax expense			(53)			(18)
Profit for the financial period			112			75
Attributable to:						
Owners of the parent			108			73
Non-controlling interests			4			2
Profit for the financial period			112			75
Earnings per share						
Basic earnings per share - cent			46.4			31.9
Diluted earnings per share - cent			45.8			31.7

Condensed Consolidated Statement of Comprehensive Income – Nine Months

	9 months to 30-Sep-15 Unaudited €m	9 months to 30-Sep-14 Unaudited €m
Profit for the financial period	282	218
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the period	(505)	(182)
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	8	10
- New fair value adjustments into reserve	2	(25)
	(495)	(197)
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial gain/(loss)	43	(92)
- Movement in deferred tax	(4)	13
	39	(79)
Total other comprehensive expense	(456)	(276)
Total comprehensive expense for the financial period	(174)	(58)
Attributable to:		
Owners of the parent	(112)	(44)
Non-controlling interests	(62)	(14)
Total comprehensive expense for the financial period	(174)	(58)

Condensed Consolidated Statement of Comprehensive Income – Third Quarter

	3 months to 30-Sep-15 Unaudited €m	3 months to 30-Sep-14 Unaudited €m
Profit for the financial period	112	75
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the period	(117)	27
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	3	-
- New fair value adjustments into reserve	(3)	(1)
	(117)	26
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial loss	(47)	(45)
- Movement in deferred tax	10	6
	(37)	(39)
Total other comprehensive expense	(154)	(13)
Total comprehensive (expense)/income for the financial period	(42)	62
Attributable to:		
Owners of the parent	(24)	60
Non-controlling interests	(18)	2
Total comprehensive (expense)/income for the financial period	(42)	62

Condensed Consolidated Balance Sheet

	30-Sep-15 Unaudited €m	30-Sep-14 Unaudited €m	31-Dec-14 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	2,963	2,996	3,033
Goodwill and intangible assets	2,353	2,329	2,407
Available-for-sale financial assets	21	27	21
Investment in associates	18	17	17
Biological assets	81	95	130
Trade and other receivables	27	11	12
Derivative financial instruments	35	-	2
Deferred income tax assets	204	203	237
	5,702	5,678	5,859
Current assets			
Inventories	726	724	701
Biological assets	8	10	9
Trade and other receivables	1,516	1,501	1,422
Derivative financial instruments	5	1	3
Restricted cash	8	11	12
Cash and cash equivalents	263	555	387
	2,526	2,802	2,534
Assets classified as held for sale	-	-	92
	2,526	2,802	2,626
Total assets	8,228	8,480	8,485
EQUITY			
Capital and reserves attributable to the owners of the parent			
Equity share capital	-	-	-
Share premium	1,983	1,981	1,981
Other reserves	(446)	29	(30)
Retained earnings	509	310	271
Total equity attributable to the owners of the parent	2,046	2,320	2,222
Non-controlling interests	135	197	197
Total equity	2,181	2,517	2,419
LIABILITIES			
Non-current liabilities			
Borrowings	3,138	3,096	3,093
Employee benefits	821	774	893
Derivative financial instruments	17	40	23
Deferred income tax liabilities	133	188	183
Non-current income tax liabilities	22	25	28
Provisions for liabilities and charges	46	50	47
Capital grants	13	11	12
Other payables	6	9	10
	4,196	4,193	4,289
Current liabilities			
Borrowings	86	48	65
Trade and other payables	1,699	1,645	1,573
Current income tax liabilities	23	33	12
Derivative financial instruments	10	30	27
Provisions for liabilities and charges	33	14	57
	1,851	1,770	1,734
Liabilities associated with assets classified as held for sale	-	-	43
	1,851	1,770	1,777
Total liabilities	6,047	5,963	6,066
Total equity and liabilities	8,228	8,480	8,485

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent					Non-controlling interests €m	Total equity €m
	Equity share capital €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m		
Unaudited							
At 1 January 2015	-	1,981	(30)	271	2,222	197	2,419
Profit for the financial period	-	-	-	277	277	5	282
Other comprehensive income							
Foreign currency translation adjustments	-	-	(438)	-	(438)	(67)	(505)
Defined benefit pension plans	-	-	-	39	39	-	39
Effective portion of changes in fair value of cash flow hedges	-	-	10	-	10	-	10
Total comprehensive (expense)/income for the financial period	-	-	(428)	316	(112)	(62)	(174)
Shares issued	-	2	-	-	2	-	2
Hyperinflation adjustment	-	-	-	16	16	3	19
Dividends paid	-	-	-	(94)	(94)	(4)	(98)
Share-based payment	-	-	27	-	27	-	27
Shares acquired by SKG Employee Trust	-	-	(15)	-	(15)	-	(15)
Acquired non-controlling interest	-	-	-	-	-	1	1
At 30 September 2015	-	1,983	(446)	509	2,046	135	2,181
At 1 January 2014	-	1,979	208	121	2,308	199	2,507
Profit for the financial period	-	-	-	215	215	3	218
Other comprehensive income							
Foreign currency translation adjustments	-	-	(165)	-	(165)	(17)	(182)
Defined benefit pension plans	-	-	-	(79)	(79)	-	(79)
Effective portion of changes in fair value of cash flow hedges	-	-	(15)	-	(15)	-	(15)
Total comprehensive (expense)/income for the financial period	-	-	(180)	136	(44)	(14)	(58)
Shares issued	-	2	-	-	2	-	2
Hyperinflation adjustment	-	-	-	124	124	15	139
Dividends paid	-	-	-	(71)	(71)	(5)	(76)
Share-based payment	-	-	14	-	14	-	14
Shares acquired by SKG Employee Trust	-	-	(13)	-	(13)	-	(13)
Acquired non-controlling interest	-	-	-	-	-	2	2
At 30 September 2014	-	1,981	29	310	2,320	197	2,517

An analysis of the movements in Other reserves is provided in Note 13.

Condensed Consolidated Statement of Cash Flows

	9 months to 30-Sep-15 Unaudited €m	9 months to 30-Sep-14 Unaudited €m
Cash flows from operating activities		
Profit before income tax	408	321
Net finance costs	92	216
Depreciation charge	246	246
Impairment of assets	8	15
Amortisation of intangible assets	24	20
Amortisation of capital grants	(1)	(1)
Equity settled share-based payment expense	27	14
Loss/(profit) on sale of assets and businesses	2	(4)
Share of associates' profit (after tax)	(3)	(1)
Net movement in working capital	(60)	(47)
Change in biological assets	3	26
Change in employee benefits and other provisions	(59)	(47)
Other	10	8
Cash generated from operations	697	766
Interest paid	(97)	(167)
Income taxes paid:		
Irish corporation tax (net of tax refunds) paid	(2)	(1)
Overseas corporation tax (net of tax refunds) paid	(100)	(64)
Net cash inflow from operating activities	498	534
Cash flows from investing activities		
Interest received	4	4
Business disposals	30	-
Additions to property, plant and equipment and biological assets	(273)	(249)
Additions to intangible assets	(6)	(10)
Receipt of capital grants	2	1
Disposal of available-for-sale financial assets	-	1
Increase in restricted cash	(1)	(4)
Disposal of property, plant and equipment	7	8
Dividends received from associates	1	1
Purchase of subsidiaries and non-controlling interests	(180)	(29)
Deferred consideration paid	(8)	(1)
Net cash outflow from investing activities	(424)	(278)
Cash flows from financing activities		
Proceeds from issue of new ordinary shares	2	2
Proceeds from bond issue	250	500
Purchase of own shares	(15)	(13)
Increase in other interest-bearing borrowings	17	25
Payment of finance leases	(3)	(1)
Repayment of borrowings	(258)	(484)
Derivative termination payments	(2)	-
Deferred debt issue costs paid	(9)	(9)
Dividends paid to shareholders	(94)	(71)
Dividends paid to non-controlling interests	(4)	(5)
Net cash outflow from financing activities	(116)	(56)
(Decrease)/increase in cash and cash equivalents	(42)	200
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at 1 January	361	424
Currency translation adjustment	(86)	(83)
(Decrease)/increase in cash and cash equivalents	(42)	200
Cash and cash equivalents at 30 September	233	541

An analysis of the Net movement in working capital is provided in Note 11.

Notes to the Condensed Consolidated Interim Financial Statements

1. General Information

Smurfit Kappa Group plc ('SKG plc' or 'the Company') and its subsidiaries (together 'SKG' or 'the Group') manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products such as solidboard and graphicboard. The Company is a public limited company whose shares are publicly traded. It is incorporated and tax resident in Ireland. The address of its registered office is Beech Hill, Clonskeagh, Dublin D04 N2R2, Ireland.

2. Basis of Preparation

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and adopted by the European Union ('EU'); and, in accordance with Irish law.

The financial information presented in this report has been prepared to comply with the requirement to publish an 'Interim management statement' during the second six months of the financial year in accordance with the Transparency Regulations. The Transparency Regulations do not require Interim management statements to be prepared in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' ('IAS 34'). Accordingly the Group has not prepared this financial information in accordance with IAS 34.

The financial information has been prepared in accordance with the Group's accounting policies. Full details of the accounting policies adopted by the Group are contained in the financial statements included in the Group's annual report for the year ended 31 December 2014 which is available on the Group's website; smurfitkappa.com. The accounting policies and methods of computation and presentation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those described and applied in the annual report for the financial year ended 31 December 2014. There are no new IFRS standards effective from 1 January 2015 which have a material effect on the condensed consolidated interim financial information included in this report.

The condensed consolidated interim financial statements include all adjustments that management considers necessary for a fair presentation of such financial information. All such adjustments are of a normal recurring nature. Certain tables in this interim statement may not add precisely due to rounding.

The condensed consolidated interim financial statements presented do not constitute full statutory accounts. Full statutory accounts for the year ended 31 December 2014 have been filed with the Irish Registrar of Companies. The audit report on those statutory accounts was unqualified.

3. Segmental Analyses

The Group has determined reportable operating segments based on the manner in which reports are reviewed by the chief operating decision maker ('CODM'). The CODM is determined to be the executive management team responsible for assessing performance, allocating resources and making strategic decisions. The Group has identified two reportable operating segments: 1) Europe and 2) The Americas.

The Europe segment is highly integrated. It includes a system of mills and plants that primarily produces a full line of containerboard that is converted into corrugated containers. The Americas segment comprises all forestry, paper, corrugated and folding carton activities in a number of Latin American countries and the United States. Inter-segment revenue is not material. No operating segments have been aggregated for disclosure purposes.

Segment profit is measured based on earnings before interest, tax, depreciation, amortisation, exceptional items and share-based payment expense ('EBITDA before exceptional items').

	9 months to 30-Sep-15			9 months to 30-Sep-14		
	Europe	The Americas	Total	Europe	The Americas	Total
	€m	€m	€m	€m	€m	€m
Revenue and results						
Revenue	4,707	1,313	6,020	4,615	1,360	5,975
EBITDA before exceptional items	663	217	880	665	221	886
Segment exceptional items	(5)	(40)	(45)	-	(9)	(9)
EBITDA after exceptional items	658	177	835	665	212	877
Unallocated centre costs			(25)			(20)
Share-based payment expense			(32)			(14)
Depreciation and depletion (net)			(249)			(272)
Amortisation			(24)			(20)
Impairment of assets			(8)			(15)
Finance costs			(130)			(247)
Finance income			38			31
Share of associates' profit (after tax)			3			1
Profit before income tax			408			321
Income tax expense			(126)			(103)
Profit for the financial period			282			218

3. Segmental Analyses (continued)

	3 months to 30-Sep-15			3 months to 30-Sep-14		
	Europe €m	The Americas €m	Total €m	Europe €m	The Americas €m	Total €m
Revenue and results						
Revenue	<u>1,579</u>	<u>445</u>	<u>2,024</u>	<u>1,556</u>	<u>471</u>	<u>2,027</u>
EBITDA before exceptional items	238	78	316	244	66	310
Segment exceptional items	(1)	(5)	(6)	-	-	-
EBITDA after exceptional items	<u>237</u>	<u>73</u>	<u>310</u>	<u>244</u>	<u>66</u>	<u>310</u>
Unallocated centre costs			(11)			(8)
Share-based payment expense			(6)			(7)
Depreciation and depletion (net)			(89)			(92)
Amortisation			(8)			(6)
Impairment of assets			(1)			(15)
Finance costs			(42)			(107)
Finance income			10			18
Share of associates' profit (after tax)			2			-
Profit before income tax			<u>165</u>			<u>93</u>
Income tax expense			(53)			(18)
Profit for the financial period			<u>112</u>			<u>75</u>

4. Exceptional Items

The following items are regarded as exceptional in nature:	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Impairment of assets	8	15
Loss on the disposal of the solidboard operations	4	-
Currency trading loss on change in Venezuelan translation rate	42	9
Exceptional items included in operating profit	54	24
Exceptional finance costs	2	41
Exceptional finance income	(12)	(9)
Exceptional items included in net finance costs	(10)	32

Exceptional items charged within operating profit in the first nine months of 2015 amounted to €54 million, €42 million of which represented the higher cost to the Venezuelan operations of discharging their non-Bolivar denominated payables following our adoption of the Simadi rate. At the time, the Simadi rate was VEF 193 per US dollar compared to the Sicad rate of 12 VEF per US dollar with the large loss reflecting the very different rates. The remaining €12 million related to the solidboard operations, comprising impairment losses of €8 million booked within cost of sales and a loss of €4 million booked mainly in the second quarter on their disposal.

Exceptional finance income of €12 million in 2015 represented the gain in Venezuela on their US dollar denominated intra-group loans as a result of our adoption of the Simadi rate. This gain was partly offset by an exceptional finance cost of €2 million, which was booked in the first quarter. This represented the accelerated amortisation of the issue costs relating to the debt within our Senior Credit Facility which was paid down with the proceeds of February's €250 million bond issue.

Exceptional items charged within operating profit in the nine months to September 2014 amounted to €24 million, €15 million of which related to the impairment of the assets in five European plants. The currency trading loss of €9 million related to losses on the translation of non-Bolivar denominated payables following the Group's decision to translate Venezuelan operations at the Sicad I rate. The translation loss reflected the higher cost to its Venezuelan operations of discharging these payables.

Exceptional finance costs in the nine months to September 2014 of €41 million arose as a result of the repayment of the 2019 bonds. The charge comprised a redemption premium of €33 million and over €6 million and €2 million respectively for the accelerated amortisation of the debt issue costs relating to the bonds and the accelerated unwinding of the original discount.

Exceptional finance income in the nine months to September 2014 amounted to €9 million and represented a gain in Venezuela on the retranslation of the US dollar denominated intra-group loans to the Sicad I rate.

5. Finance Costs and Income

	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Finance costs:		
Interest payable on bank loans and overdrafts	27	35
Interest payable on other borrowings	74	83
Exceptional finance costs associated with debt restructuring	2	41
Unwinding discount element of provision	1	1
Foreign currency translation loss on debt	11	17
Fair value loss on derivatives not designated as hedges	-	2
Net interest cost on net pension liability	15	20
Net monetary loss - hyperinflation	-	48
Total finance costs	130	247
Finance income:		
Other interest receivable	(4)	(4)
Gain on sale of financial asset	-	(1)
Foreign currency translation gain on debt	(13)	(3)
Exceptional foreign currency translation gain	(12)	(9)
Fair value gain on derivatives not designated as hedges	(8)	(14)
Net monetary gain - hyperinflation	(1)	-
Total finance income	(38)	(31)
Net finance costs	92	216

6. Income Tax Expense

Income tax expense recognised in the Condensed Consolidated Income Statement

	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Current tax:		
Europe	63	59
The Americas	42	41
	105	100
Deferred tax	21	3
Income tax expense	126	103

Current tax is analysed as follows:

Ireland	10	2
Foreign	95	98
	105	100

Income tax credit recognised in the Condensed Consolidated Statement of Comprehensive Income

	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Arising on actuarial gain/loss on defined benefit plans	4	(13)

The tax expense in 2015 is €23 million higher than the comparable period. In Europe, the tax expense, which is higher by €15 million, reflects the impact of lower financing costs and higher taxable profits as well as some routine timing differences and tax adjustments related to currency movements. In the Americas, the tax expense, which is €8 million higher, includes the effects of the reintroduction of a temporary tax in Colombia, increased taxable profits in Mexico, and a reduction in euro terms of the tax expense in Venezuela from the adoption of the Simadi exchange rate. The €18 million movement in deferred tax arises largely in Europe from the reversal of timing benefits previously recognised. The tax expense includes a €1 million tax credit on exceptional items in 2015 compared to a €9 million tax credit in 2014.

7. Employee Benefits – Defined Benefit Plans

The table below sets out the components of the defined benefit cost for the period:

	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Current service cost	33	37
Past service cost	(7)	(4)
Gain on curtailment	(1)	-
Gain on settlement	(1)	(6)
Recognition of net loss	3	-
Net interest cost on net pension liability	15	20
Defined benefit cost	42	47

Included in cost of sales, distribution costs and administrative expenses is a defined benefit cost of €27 million (2014: €27 million). Net interest cost on net pension liability of €15 million (2014: €20 million) is included in finance costs in the Condensed Consolidated Income Statement.

The amounts recognised in the Condensed Consolidated Balance Sheet were as follows:

	30-Sep-15 €m	31-Dec-14 €m
Present value of funded or partially funded obligations	(2,174)	(2,226)
Fair value of plan assets	1,865	1,889
Deficit in funded or partially funded plans	(309)	(337)
Present value of wholly unfunded obligations	(512)	(556)
Net pension liability	(821)	(893)

The employee benefits provision has decreased from €893 million at 31 December 2014 to €821 million at 30 September 2015, mainly as a result of higher Eurozone and Sterling corporate bond yields which increased the discount rates in the Eurozone and Sterling area.

8. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period less own shares.

	9 months to 30-Sep-15	9 months to 30-Sep-14
Profit attributable to owners of the parent (€ million)	277	215
Weighted average number of ordinary shares in issue (million)	231	228
Basic earnings per share (cent)	119.7	94.2

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares which comprise convertible shares issued under the management equity plan and deferred shares held in trust.

	9 months to 30-Sep-15	9 months to 30-Sep-14
Profit attributable to owners of the parent (€ million)	277	215
Weighted average number of ordinary shares in issue (million)	231	228
Potential dilutive ordinary shares assumed (million)	3	1
Diluted weighted average ordinary shares (million)	234	229
Diluted earnings per share (cent)	118.2	93.6

Pre-exceptional

	9 months to 30-Sep-15	9 months to 30-Sep-14
Profit attributable to owners of the parent (€ million)	277	215
Exceptional items included in profit before income tax (Note 4) (€ million)	44	56
Income tax on exceptional items (€ million)	(1)	(9)
Pre-exceptional profit attributable to owners of the parent (€ million)	320	262
Weighted average number of ordinary shares in issue (million)	231	228
Pre-exceptional basic earnings per share (cent)	138.0	115.2
Diluted weighted average ordinary shares (million)	234	229
Pre-exceptional diluted earnings per share (cent)	136.3	114.5

9. Dividends

In May 2015, the final dividend for 2014 of 40 cent per share was paid to the holders of ordinary shares. In October, an interim dividend for 2015 of 20 cent per share was paid to the holders of ordinary shares.

10. Property, Plant and Equipment

	Land and buildings €m	Plant and equipment €m	Total €m
Nine months ended 30 September 2015			
Opening net book amount	1,079	1,954	3,033
Reclassifications	7	(9)	(2)
Additions	2	271	273
Acquisitions	29	77	106
Depreciation charge for the period	(35)	(211)	(246)
Retirements and disposals	(4)	(1)	(5)
Hyperinflation adjustment	5	3	8
Foreign currency translation adjustment	(119)	(85)	(204)
At 30 September 2015	964	1,999	2,963
Year ended 31 December 2014			
Opening net book amount	1,107	1,915	3,022
Reclassifications	44	(49)	(5)
Assets classified as held for sale	(20)	(19)	(39)
Additions	9	391	400
Acquisitions	1	49	50
Depreciation charge for the year	(48)	(292)	(340)
Impairments	(5)	(34)	(39)
Retirements and disposals	(3)	(1)	(4)
Hyperinflation adjustment	45	39	84
Foreign currency translation adjustment	(51)	(45)	(96)
At 31 December 2014	1,079	1,954	3,033

11. Net Movement in Working Capital

	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Change in inventories	(73)	(25)
Change in trade and other receivables	(126)	(182)
Change in trade and other payables	139	160
Net movement in working capital	(60)	(47)

12. Analysis of Net Debt

	30-Sep-15 €m	31-Dec-14 €m
Senior credit facility:		
Revolving credit facility ⁽¹⁾ – interest at relevant interbank rate + 1.35% ⁽⁶⁾	99	100
Facility A term loan ⁽²⁾ – interest at relevant interbank rate + 1.60% ⁽⁶⁾	496	745
US\$292.3 million 7.50% senior debentures due 2025 (including accrued interest)	267	242
Bank loans and overdrafts	91	65
Cash	(271)	(399)
2018 receivables securitisation variable funding notes	174	173
2019 receivables securitisation variable funding notes	233	236
2018 senior notes (including accrued interest) ⁽³⁾	463	446
€400 million 4.125% senior notes due 2020 (including accrued interest)	398	402
€250 million senior floating rate notes due 2020 (including accrued interest) ⁽⁴⁾	249	248
€500 million 3.25% senior notes due 2021 (including accrued interest)	499	494
€250 million 2.75% senior notes due 2025 (including accrued interest) ⁽⁵⁾	246	-
Net debt before finance leases	2,944	2,752
Finance leases	9	7
Net debt including leases	2,953	2,759

- (1) Revolving credit facility ('RCF') of €625 million (available under the senior credit facility) to be repaid in 2020 (maturity dates extended from 2018 effective 13 March 2015).
(a) Revolver loans - €105 million (b) drawn under ancillary facilities and facilities supported by letters of credit – nil and (c) other operational facilities including letters of credit - €10 million.

- (2) Facility A term loan ('Facility A') due to be repaid in certain instalments from 2018 to 2020 (maturity dates extended from 2016 to 2018 effective 13 March 2015).

- (3) €200 million 5.125% senior notes due 2018 and US\$300 million 4.875% senior notes due 2018.

- (4) Interest at EURIBOR + 3.5%.

- (5) On 11 February 2015 the Group priced €250 million of ten-year euro denominated senior notes at a coupon of 2.75%. The proceeds of the offering were used to reduce term loan borrowings under the senior credit facility.

- (6) Following a reduction in the margins applicable to the senior credit facility of 0.65% as part of the amendment and extension of that facility effective 13 March 2015, the margins are determined as follows:

Net debt/EBITDA ratio	RCF	Facility A
Greater than 3.00 : 1	1.85%	2.10%
3.00 : 1 or less but more than 2.50 : 1	1.35%	1.60%
2.50 : 1 or less but more than 2.00 : 1	1.10%	1.35%
2.00 : 1 or less	0.85%	1.10%

13. Other Reserves

Other reserves included in the Condensed Consolidated Statement of Changes in Equity are comprised of the following:

	Reverse acquisition reserve €m	Cash flow hedging reserve €m	Foreign currency translation reserve €m	Share- based payment reserve €m	Own shares €m	Available- for-sale reserve €m	Total €m
At 1 January 2015	575	(33)	(689)	156	(40)	1	(30)
Other comprehensive income							
Foreign currency translation adjustments	-	-	(438)	-	-	-	(438)
Effective portion of changes in fair value of cash flow hedges	-	10	-	-	-	-	10
Total other comprehensive income/(expense)	-	10	(438)	-	-	-	(428)
Share-based payment	-	-	-	27	-	-	27
Shares acquired by SKG Employee Trust	-	-	-	-	(15)	-	(15)
Shares distributed by the SKG Employee Trust	-	-	-	(16)	16	-	-
At 30 September 2015	575	(23)	(1,127)	167	(39)	1	(446)
At 1 January 2014	575	(15)	(456)	131	(28)	1	208
Other comprehensive income							
Foreign currency translation adjustments	-	-	(165)	-	-	-	(165)
Effective portion of changes in fair value of cash flow hedges	-	(15)	-	-	-	-	(15)
Total other comprehensive expense	-	(15)	(165)	-	-	-	(180)
Share-based payment	-	-	-	14	-	-	14
Shares acquired by SKG Employee Trust	-	-	-	-	(13)	-	(13)
Shares distributed by the SKG Employee Trust	-	-	-	(1)	1	-	-
At 30 September 2014	575	(30)	(621)	144	(40)	1	29

14. Venezuela

Hyperinflation

As discussed more fully in the 2014 annual report, Venezuela became hyperinflationary during 2009 when its cumulative inflation rate for the past three years exceeded 100%. As a result, the Group applied the hyperinflationary accounting requirements of IAS 29 – *Financial Reporting in Hyperinflationary Economies* to its Venezuelan operations at 31 December 2009 and for all subsequent accounting periods.

The index used to reflect current values is an estimate derived from the most recent published Banco Central de Venezuela's National Consumer Price Index. The most recent index published relates to December 2014. The level of and movement in the price index at September 2015 and 2014 are as follows:

	30-Sep-15	30-Sep-14
Index at period end	1,329.97	719.5
Movement in period	58.4%	44.4%

As a result of the entries recorded in respect of hyperinflationary accounting under IFRS, the Consolidated Income Statement is impacted as follows: Revenue €86 million decrease (2014: €6 million increase), pre-exceptional EBITDA €7 million decrease (2014: €9 million decrease) and profit after taxation €9 million decrease (2014: €79 million decrease). In 2015, a net monetary gain of €1 million (2014: €48 million loss) was recorded in the Consolidated Income Statement. The impact on our net assets and our total equity is an increase of €35 million (2014: €70 million increase).

Exchange Control and Devaluation

In quarter one of 2015, the Venezuelan government announced changes to its system of multiple exchange rates for the Venezuelan Bolivar Fuerte ('VEF') as follows:

- Sicad I and Sicad II rates were unified into a single variable Sicad rate, which was 13.5 VEF per US dollar at 30 September 2015;
- A new rate, ('Simadi'), was created to allow individuals and businesses to buy and sell foreign currency more easily and to offset the parallel market rate. The Simadi rate was VEF 199 per US dollar at 30 September 2015; and
- The existing 'official rate' continues to be fixed at VEF 6.3 per US dollar.

The Group changed the rate at which it consolidates its Venezuelan operations from the Sicad rate to the Simadi rate as at 31 March 2015. The Group believes that Simadi is the most appropriate rate for accounting and consolidation, as it believes that this is the rate at which the Group extracts economic benefit. The change from the Sicad rate to the Simadi rate reduced the Group's cash by approximately €96 million and its net assets by €573 million. Following this change, the Group's operations in Venezuela now accounts for approximately 1% of its EBITDA.

Control

The nationalisation of foreign owned companies or assets by the Venezuelan government remains a risk. Market value compensation is either negotiated or arbitrated under applicable laws or treaties in these cases. However, the amount and timing of such compensation is necessarily uncertain.

The Group continues to control operations in Venezuela and, as a result, continues to consolidate all of the results and net assets of these operations at the period end in accordance with the requirement of IFRS 10.

In 2015, the Group's operations in Venezuela represented approximately 1% (2014: 5%) of its total assets and 2% (2014: 13%) of its net assets. Cumulative foreign translation losses arising on its net investment in these operations amounting to €928 million (2014: €545 million) are included in the foreign exchange translation reserve.

15. Contingent Liabilities

During 2013, the Spanish Competition Authority ('CNMC') launched an investigation into several corrugated manufacturers based in Spain including SKG and the Spanish Association of Corrugated Cardboard Containers and Packaging Manufacturers ('AFCO'). On 23 June 2015, SKG received notification from the CNMC of a fine for alleged anticompetitive conduct.

The Group considers that the fine is unjustified and that there is no basis upon which a fine can be levied. The Group is appealing the decision of the CNMC and is confident of a successful outcome. Accordingly no provision has been made in respect of this fine in the condensed consolidated interim financial statements. In the event that the Group was unsuccessful in the appeal, the potential liability amounts to €8.1 million.

Supplementary Financial Information

EBITDA before exceptional items and share-based payment expense is denoted by EBITDA in the following schedules for ease of reference.

Reconciliation of Profit to EBITDA

	3 months to 30-Sep-15 €m	3 months to 30-Sep-14 €m	9 months to 30-Sep-15 €m	9 months to 30-Sep-14 €m
Profit for the financial period	112	75	282	218
Income tax expense	53	18	126	103
Exceptional items charged in operating profit	7	15	54	24
Share of associates' profit (after tax)	(2)	-	(3)	(1)
Net finance costs (after exceptional items)	32	89	92	216
Share-based payment expense	6	7	31	14
Depreciation, depletion (net) and amortisation	97	98	273	292
EBITDA	305	302	855	866

Supplementary Historical Financial Information

€m	Q3, 2014	Q4, 2014	FY, 2014	Q1, 2015	Q2, 2015	Q3, 2015
Group and third party revenue	3,341	3,459	13,306	3,235	3,305	3,347
Third party revenue	2,027	2,108	8,083	1,962	2,034	2,024
EBITDA	302	295	1,161	266	285	305
EBITDA margin	14.9%	14.0%	14.4%	13.5%	14.0%	15.0%
Operating profit	182	126	661	127	176	195
Profit before income tax	93	58	378	98	145	165
Free cash flow	208	19	362	25	49	162
Basic earnings per share - cent	31.9	11.6	105.8	30.9	42.3	46.4
Weighted average number of shares used in EPS calculation (million)	228	228	228	230	231	231
Net debt	2,578	2,759	2,759	2,930	3,100	2,953
Net debt to EBITDA (LTM)	2.23	2.38	2.38	2.53	2.70	2.57