Smurfit Kappa

PRESS RELEASE

29 July 2015: Smurfit Kappa Group plc ('SKG' or 'the Group') today announced results for the 3 months and 6 months ending 30 June 2015.

2015 Second Quarter & First Half | Key Financial Performance Measures

€m	H1 2015	H1 2014	Change	Q2 2015	Q2 2014	Change	Q1 2015	Change
Revenue	€3,996	€3,947	1%	€2,034	€2,015	1%	€1,962	4%
EBITDA before Exceptional Items and Share-based Payment (1)	€551	€564	(2%)	€285	€295	(3%)	€266	7%
EBITDA Margin	13.8%	14.3%		14.0%	14.6%		13.5%	
Operating Profit before Exceptional Items	€348	€363	(4%)	€183	€194	(5%)	€166	11%
Profit before Income Tax	€243	€228	7%	€145	€124	17%	€98	48%
Basic EPS (cent)	73.2	62.3	17%	42.3	33.6	26%	30.9	37%
Pre-exceptional Basic EPS (cent) (2)	88.7	64.1	38%	44.6	33.3	34%	44.2	1%
Return on Capital Employed (3)				14.6%	14.3%		15.3%	
Free Cash Flow (4)	€74	€135	(45%)	€49	€76	(35%)	€25	102%
Net Debt				€3,100	€2,676	(16%)	€2,930	(6%)
Net Debt to EBITDA (LTM)				2.7x	2.3x		2.5x	

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 37.
2) EPS before exceptional items is denoted by EPS throughout the remainder of the management commentary for ease of reference.
3) LTM pre-exceptional operating profit plus share of associates' profit/average capital employed.
4) Free cash flow is set out on page 10. The IFRS cash flow is set out on page 20.

Second Quarter & Half Year Key Points

- Pre-exceptional EPS growth of 38% in the first half of the year
- EBITDA margin of 14% expected to improve sequentially through the second half of 2015
- Interim dividend increased by 30% to 20 cent, bringing full year 2015 payment to 60 cent per share
- €189 million of acquisitions completed in the year to date
- Group corrugated packaging growth of over 6% year to date with underlying growth at over 4% in Europe
- Good progress on containerboard pricing and strong packaging demand providing underpin to corrugated price increases towards the latter part of 2015 and into 2016

Performance Review and Outlook

Gary McGann, Smurfit Kappa CEO, commented: "In the first half of the year the Group delivered EPS growth of 38%, underpinned by good underlying business conditions, significantly reduced long-term funding costs and the earnings impact of capital investments, acquisitions and efficiency programmes completed within the last twelve months. The EBITDA result of €551 million in the year to date also reflects the negative impact of the Group’s adoption of the variable Sistema Marginal de Divisas (‘Simadi’) rate for the consolidation of our Venezuelan operations, somewhat offset by recent acquisitions. The Group Return on Capital Employed (‘ROCE’) is 14.6%. As underlying EBITDA margins improve through the second half of the year and acquisitions begin to contribute to earnings, the ROCE is expected to revert back to 15% by the year end.

“European corrugated packaging volumes have remained strong, delivering volume growth of over 4% in the first half of 2015. As a consequence of this consistently good growth, a balanced supply/demand environment and upward pressure in recovered paper prices, the European containerboard market has continued to tighten. As a result the Group has sought and is achieving virgin and recycled containerboard price increases and these increases are expected to support higher corrugated pricing at the backend of the year and into 2016.

“The Group’s operations in the Americas are performing well and the integration of the recently acquired corrugated packaging businesses in the US, Central America, Colombia and Dominican Republic is progressing as planned. The Group will continue to seek to expand its strong position across this region through accretive acquisitions and organic business growth, and expects EBITDA margins to continue to improve through the second half as corrugated price increases are implemented, particularly in the major markets of Colombia and Mexico.

“The Group’s leverage increased to 2.7 times net debt to EBITDA due to the completion of a number of acquisitions during the quarter, 2.6 times on a pro forma basis adjusting for the earnings from acquisitions less disposals. The leverage ratio is expected to further reduce through the historically cash generative second half of the year, while the Group maintains significant financial flexibility through its strong free cash flow, cash balances and a €625 million revolving credit facility.

“The Group is pleased to confirm an increase in the interim dividend to 20 cent, bringing the total payment in 2015 to 60 cent per share, an increase of 30% year-on-year. The material increases in the dividend in recent years reflect the Board’s continued confidence in the business’ capacity to support a strong and progressive dividend.

“The Group is a significantly stronger business today than at any other time in its recent history, and its effective capital structure, well invested asset base and increasingly differentiated customer offering provide a strong platform to drive the business forward. We continue to expect to deliver earnings growth year-on-year, and we remain focused on accelerating returns to shareholders through delivery against our capital allocation commitments, maintaining a progressive dividend, sustaining high-return capital expenditure and delivering opportunistic growth through accretive acquisitions.”

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
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 Second Quarter & First Half | Performance Overview

The Group's strong underlying earnings performance in the first half reflects the quality of our operations despite some short term volatility in European markets. Through the delivery of increasingly value focused packaging solutions to its customers, internal and acquisitive investment across its markets and consistent cost take-out, SKG has fundamentally improved its business model in recent years. As a result the business is increasingly well positioned in each of its markets to drive its earnings through organic and acquisition led growth.

European corrugated packaging volumes have grown by over 4% in the year to date with good momentum through the second quarter. The Group's operations in the Southern European countries of Spain and Italy have continued to recover strongly, while volumes in Eastern Europe were almost 10% higher year-on-year. Average corrugated pricing increased by 1% in the quarter but this was driven predominantly by strengthening currencies outside the Eurozone such as Sterling. Underlying corrugated price momentum will come from the effective pass through of the current containerboard price increases being implemented in the second half of the year.

Due to the evolving nature of shopper marketing, shelf retail ready packaging is becoming increasingly important as part of our overall marketing proposition. Recognising this, the launch of our "ShelfSmart" tools aims to deliver measurable business success for our customers through packaging innovation, supported by our Customer Experience Centres ('CEC') in each of our major markets around the world.

Inventory levels in the European recycled containerboard market are very low and the market is becoming increasingly tight as a result of strong demand and a relatively stable supply environment in 2015. These pressures, further supported by €20 per tonne cost increases in Old Corrugated Containers ('OCC') since March 2015, have positioned the Group to implement price increases in the third quarter, with price increases of at least €30 to €40 per tonne confirmed on recycled grades in July. The Group is the largest producer of recycled containerboard in Europe with approximately 3.1 million tonnes of production, but due to its forward integration into corrugated packaging maintains a net short position in the grade of approximately 500,000 tonnes. This position provides the Group with significant operational benefits through the supply chain whilst maintaining a reasonable level of flexibility.

The European kraftliner market has reported good demand growth in the first half of the year, and Smurfit Kappa's shipments in the year to June were 6% higher than the previous year. Against this backdrop, the Group implemented a €40 per tonne price increase in the Southern European markets in the first quarter and a €20 per tonne price increase in the remainder of Europe in June. The Group will immediately benefit from higher prices in the grade due to its net long position of approximately 500,000 tonnes. Over the longer term the Group's market leading position in kraftliner in Europe provides it with a significant strategic advantage.

The continued development of the Group's Americas business remains a central strategic goal, and the acquisition of CYBSA's corrugated packaging business provides the Group with a market leading position in the higher growth countries of Central America. The business in the region continues to grow well, with 20% EBITDA growth year-on-year in the first six months excluding Venezuela and good volume progression supported by acquisitions across the US, Central America, Colombia and the Dominican Republic. EBITDA margins at almost 16% are expected to improve through the remainder of the year as corrugated pricing recovers, particularly in our major markets of Mexico and Colombia.

The Group's market leading product offering, geographic diversification and integrated business model have enabled the business to deliver consistently strong operational results through the cycle. Supported by good debt metrics the Group is now focused on further strengthening its business through accretive acquisitions and continued high return capital investment which will drive profitable growth and build sustainable returns for our shareholders.

2015 Second Quarter | Financial Performance

Revenue for the second quarter increased by €19 million from €2,015 million in 2014 to €2,034 million in 2015 with higher revenue in Europe partly offset by a reduction in the Americas, primarily as result of the impact of our adoption of the Simadi exchange rate for the translation of the Group's Venezuelan operations. However, the underlying year-on-year increase in revenue was €62 million, the equivalent of 3%.

EBITDA for the second quarter of 2015 was €285 million, €10 million lower year-on-year primarily due to significantly lower earnings in Venezuela following the adoption of the Simadi exchange rate for the Bolivar.

At €183 million, operating profit before exceptional items for the second quarter of 2015 was €11 million lower year-on-year, with a higher gross profit more than offset by higher net operating expenses during the quarter.

Exceptional items charged within operating profit in the second quarter amounted to €7 million, with €4 million relating to the loss incurred on the disposal of the solidboard operations in the Netherlands, Belgium and the United Kingdom and the remaining €3 million representing the adjustment for hyperinflation to the currency trading loss in the first quarter. There were no exceptional items in the second quarter of 2014.

Net finance costs of €32 million in the second quarter of 2015 were €39 million lower than in the second quarter of 2014, reflecting cash interest savings of €10 million complemented by a year-on-year reduction of almost €26 million in the non-cash net monetary loss from hyperinflation in Venezuela.

Including the Group's share of associates' profit, the profit before income tax was €145 million in the second quarter of 2015 reflecting a €21 million (17%) increase on the same period in 2014.

Basic earnings per share was 42.3 cent for the quarter to June 2015 (2014: 33.6 cent), an increase of 26% year-on-year. Pre-exceptional basic EPS was 44.6 cent in the quarter (2014: 33.3 cent), an increase of 34% year-on-year.

2015 First Half | Financial Performance

Revenue for the half year grew by €49 million from €3,947 million in 2014 to €3,996 million in 2015 with higher revenue in Europe partly offset by a reduction in the Americas, reflecting the impact of adopting the Simadi exchange rate. Allowing for net negative currency movements of €114 million (principally in respect of the Bolivar) and the contribution from acquisitions net of disposals, the underlying year-on-year move in revenue was an increase of €89 million, the equivalent of 2%.

EBITDA for the first half of 2015 decreased by €13 million to €551 million with a decrease in the Americas, partly offset by higher earnings in Europe. Allowing for currency movements and net acquisitions, the underlying year-on-year move in EBITDA was an increase of €8 million with a gain of €10 million in Europe partly offset by lower earnings in the Americas and slightly higher Group Centre costs.

The adoption of the Simadi rate for the consolidation of the Group's Venezuelan earnings in 2015 has resulted in a change in the exchange rate from approximately US$ / VEF 12.0 used in 2014 to a variable rate which stood at US$ / VEF 193 at 31 March 2015 and US$ / VEF 197 at 30 June 2015. Consequently, the Group's EBITDA has been negatively impacted by €16 million in the second quarter and €30 million in the year to date, and Venezuelan earnings contributed less than 1% of the Group's EBITDA in the first six months of the year.

Operating profit before exceptional items for the half year was €348 million, compared to €363 million for the same period in 2014, a decrease of 4%.

Exceptional items charged within operating profit in the first half of 2015 amounted to €46 million, €36 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 €10 million charge represented the further impairment of the solidboard operations held for sale of €6 million reported within cost of sales in the first quarter, and a loss of €4 million booked in the second quarter on their disposal. In 2014, the Group reported a charge of €9 million, in respect of the impact of the adoption of the Sicad I rate in March 2014 on non-Bolivar denominated payables.

Net finance costs of €61 million in 2015 were €66 million lower than the prior year primarily as a result of cash interest savings of €20 million, complemented by a year-on-year reduction of €34 million in the non-cash net monetary loss from hyperinflation.

Including the Group's share of associates' profit of €2 million, profit before income tax was €243 million for the half year 2015 compared to €228 million in 2014.

The Group reported an income tax expense of €73 million for the first half of 2015 compared to €84 million for the same period in 2014. The effective tax rate for the full year is expected to be 29%.

Basic earnings per share was 73.2 cent for the half year 2015 (2014: 62.3 cent), an increase of 17% year-on-year. Pre-exceptional basic EPS was 88.7 cent (2014: 64.1 cent), an increase of 38% year on year.

2015 Second Quarter & First Half | Free Cash Flow

Free cash flow amounted to €74 million in the first half of 2015 compared to €135 million in 2014. The decrease of €61 million resulted mainly from lower EBITDA, higher outflows for exceptional items, capital expenditure and tax, with a partial offsetting saving in cash interest. At €49 million for the second quarter, the Group's free cash flow was €27 million lower than in 2014 with lower EBITDA, higher capital expenditure, higher tax payments and a higher working capital outflow somewhat offset by a lower cash interest expense.

Working capital increased by €120 million in the first six months, broadly in line with 2014 levels. As in the previous year this outflow, which arose primarily in Europe, resulted from an increase in debtors and stocks partly offset by an increase in creditors. At June 2015 working capital amounted to €655 million, representing 8.0% of annualised revenue, unchanged on the June 2014 level.

Capital expenditure amounted to €169 million in the first half of 2015, compared to €152 million in the same period in 2014. Capital expenditure for the full year is expected to increase in the second half of the year supported by the stronger free cash flow typically generated in that period.

Cash interest at €59 million in the first six months to June 2015 was €20 million lower than in 2014, reflecting the benefit of the Group's refinancing activities in recent years.

Tax payments in the first half of the year were €64 million, €21 million higher than the previous year due to a combination of timing and higher profitability year-on-year.

2015 Second Quarter & First Half | Capital Structure

The Group's net debt increased by €170 million during the quarter to €3,100 million at June 2015 mainly as a result of the completion of over €160 million in acquisitions, higher dividends paid during the quarter offset slightly by the positive impact of foreign exchange movements on the Group's foreign currency denominated debt. Net debt to EBITDA at 2.7 times at the end of the period was well within the stated guidance of 2.0 to 3.0 times and strong cash generation in the second half of the year is expected to reduce the leverage position. The Group remains committed to the preservation of its Ba1 / BB+ / 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 to 5.2 years. 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%.

Following a significant period of debt reduction and refinancing, the Group's average maturity profile at the end of June was 5.2 years with an average interest rate of 3.7%. This long dated, lower cost debt position provides SKG with a real flexibility to deliver on its stated strategic agenda, which is further enhanced by an undrawn balance of €470 million on the Group's €625 million revolver to supplement the cash on the balance sheet of €166 million at the end of the second quarter.

Dividends

The Board will increase the 2015 interim dividend by 30% to 20 cent per share. It is proposed to pay the interim dividend on 30 October 2015 to shareholders registered at the close of business on 2 October 2015.

2015 Second Quarter & First Half | Operating Efficiency

Commercial Offering and Innovation

The differentiation initiative has continued to develop and has progressed in a number of areas. The Group is continuing its Insights and Value Selling training programmes in Europe and the Americas with the ultimate aim to continue to embed the customer value proposition into the DNA of Smurfit Kappa. By seeking to define itself by the customer problems it solves or the customer opportunity it addresses, rather than by the product it sells, the Group increasingly expects to deliver tangible differentiated value for its customers, and in doing so capture more value for its other stakeholders. The ShelfSmart approach launched at the Group's Innovation Event in April is a clear example of this process, and feedback from its initial trials with customers has exceeded expectations.

A series of marketing pilots, with targeted B2B marketing strategies were developed and launched in the first quarter of 2015 and they will each target individual market sectors across a range of countries with a view to increasing market share, and driving incremental returns through smarter processes and focused selling. In addition, the Group has opened nine Customer Experience Centres around the world including the Global Experience Centre at Amsterdam airport, the largest paper-based packaging one in the world, which opened in April.

Sustainability

As one of the world's largest paper-based packaging businesses, Smurfit Kappa maintains a relentless commitment to a sustainable approach to business that underlies everything we do. We strive to promote the sustainable use of renewable raw materials wherever possible, and maintain a consistent focus on designing for a circular economy which will apply the concept of closed loop systems to maximise productivity, whilst reducing emissions and waste. Outside our own supply chain our innovative, right-weighted, recyclable packaging delivers real savings in cost and carbon for our customers and for consumers, and it is this approach which has delivered consistent business growth and long-term partnerships with some of the world's most respected brands.

The Group published its eighth annual Sustainable Development report in June 2015, which provides a comprehensive review of our development goals and achievements. Amongst these, the Group's inclusion in the FTSE4Good index for the second consecutive year was confirmed in July 2015, and during the year the Group achieved its target of using only fibre from sustainable sources in its production process. By completing the certification of our operational system the Group will now be able to label all packaging solutions delivered to customers accordingly.

Cost Take-out Programme

The Group has committed to delivering on its cost take-out target of €75 million in 2015 and is progressing well against this target, with €30 million achieved in the year to date. This continuous focus on cost take-out to mitigate underlying inflation has underpinned the Group's capacity to deliver consistently high EBITDA margins through the cycle.

Enhanced Capital Expenditure Programme

The Group is also continuing to invest in its 'Quick Win' programme of capital projects which is in line with expectations. The programme will feature over 100 projects and a total expenditure of €150 million over the three-year period from 2014 to 2016, by which time the assets are expected to generate an incremental EBITDA of €75 million. As the associated returns of these investments will come from operational efficiencies we expect them to remain relatively insulated from volume or market pressures. As some assets become operational during the year, the programme is expected to deliver €18 million in additional EBITDA in 2015, with a further step up in 2016 before reaching the full run rate of €75 million in 2017.

Europe

The Group's European operations delivered an improved sequential EBITDA margin of 14.1% in the second quarter, with strong volumes in the period supporting higher rates of absorption for relatively flat fixed costs, the resolution of a number of one-off operational issues in the first quarter and some currency tailwinds. The Group's integrated business model and diversified federation of packaging operations across Europe provides a solid support to earnings through the cycle. The prevailing positive demand dynamics in Europe and our increasingly differentiated packaging offering will underpin continued margin progression through the second half of the year.

Total packaging volumes increased by over 4% in the six months to June, on both an absolute and days adjusted basis, and by almost 4% when adjusted for acquisitions during the period. This was underpinned by strong demand for boxes, which grew by 4% in the first half of the year and made up 87% of corrugated packaging volumes. There was good demand in the second quarter, and total volumes increased by almost 5% year-on-year with a 4% underlying increase when adjusted for acquisitions.

Corrugated packaging prices recovered somewhat in the quarter, primarily as a result of some currency tailwinds, resulting in a 1% sequential increase and a flat performance year-on-year. Following the implementation of containerboard price increases, the Group expects to implement corrugated packaging price increases subject to the usual three to six month time lag.

Recovered paper prices have continued to edge upwards throughout the second quarter, with a €20 per tonne increase reported by some market indices. This increase, from an already high level, has been driven by strong domestic demand levels in Europe and good overseas demand, with Chinese imports from Europe up 5% in the year to May.

As a result of the strong end market demand in corrugated, demand for recycled containerboard has been good in 2015. This has created an increasingly tight inventory situation in Europe due to the slow introduction of new capacity through the year, which combined with the upward pressure in recovered paper prices, has supported a broad based industry drive for higher containerboard prices. These increases, once implemented, will support higher corrugated pricing at the backend of the year and into 2016.

The Group's kraftliner operations have performed well in the first six months, with a 6% increase in shipments in the period. This performance is set against a fundamentally good European market which has implemented a €40 per tonne price increase in Southern Europe in April and a €20 per tonne price increase in Northern Europe in June. Due to the Group's net 500,000 tonne long position in the grade, these increases will provide an immediate boost to earnings through the second half of the year.

In May 2015, the Group's bag-in-box operations produced its three billionth vitop tap. The tap has revolutionised the way wine is brought to market both within the bag-in-box sector and the wider market, and its unique valve technology has created a new standard for bag-in-box packaging solutions. The Group's bag-in-box operations cater to a range of market segments outside the wine market, and the business is continuing to grow strongly with double digit volume and EBITDA progression year-on-year in the six months to June.

The Americas

The Group's Americas segment has reported EBITDA in the six months of €139 million, a 10% reduction year-on-year primarily as a result of the adoption of the Simadi rate for the consolidation of our Venezuelan operations during the year. Excluding Venezuela, the segment's EBITDA increased by 20% year-on-year reflecting the impact of acquisitions completed in the region since 2014, and on this basis the Americas EBITDA margin would have been 16.4%. The delivery of organic and acquisitive growth in this region remains a key strategic objective of the Group, and this continued diversification will further strengthen the Group's overall risk profile whilst providing attractive growth opportunities in emerging markets.

During the quarter, the Group completed the previously announced acquisition of CYBSA, a predominantly corrugated packaging business located in El Salvador and Costa Rica for US$105 million. The business will contribute a post-synergy EBITDA of US$19 million in year one and has established the Group as the market leading corrugated producer in Central America and the Caribbean, building on its existing business in the

Dominican Republic. Acquisitions for a total consideration of €160 million were completed in the region in 2014 in the US, Colombia and the Dominican Republic and these businesses are expected to deliver incremental EBITDA of €23 million in 2015.

The operating environment in Colombia has been bolstered in recent months by improved international competitiveness following the depreciation in the currency during the year. While this currency move has supported good underlying levels of volume growth in the country, the Group has seen some EBITDA margin erosion. As a result SKG is focused on increasing local prices to compensate for the loss on consolidated earnings whilst maintaining its strict cost controls through continued delivery on cost take-out targets.

Following its US packaging acquisitions in 2014, SK Orange County ('SKOC') now has a more diversified exposure to the US market with corrugated facilities in California and Texas. While the underlying business in California remains pressured by continuing poor weather conditions, the Texan business is performing strongly with good market conditions and a progressively seamless integration with the Group's 350,000 tonne recycled containerboard mill in Forney, Texas. The Mexican packaging volumes, which make up almost half of the operations corrugated volumes, increased by 6% during the first half of the year from an already high level in 2014. EBITDA margins for the SKOC business increased by 1.2 percentage points year-on-year reflecting the Group's steady focus on price before volume whilst driving efficiencies through the system.

The Group's Mexican operations are performing well with an improved EBITDA margin and a 2% increase in corrugated volumes year-on-year in the first six months. The Group's operations in the country are successfully passing through higher corrugated prices to customers to offset currency pressures, whilst also benefitting from lower energy costs. The previously announced €55 million project to increase capacity at the Los Reyes mill near Mexico City by 100,000 tonnes per annum commenced in February and is expected to be completed in the second half of 2016. As part of the project, the Group is utilising equipment from its 80,000 tonne Viersen mill in Germany which it shut in February of this year.

The political and macroeconomic environment in Venezuela remains difficult in 2015, and the Group's decision to adopt the Simadi rate for the consolidation of its Venezuelan earnings has significantly lowered its overall contribution to Group EBITDA to less than 1% of earnings. Against this backdrop the Group's operations in the country continue to operate well.

The Group's operations in Argentina are continuing to perform well in a challenging environment and reported an 8% increase in corrugated volumes in the six months to June. However, EBITDA margins deteriorated in spite of lower material costs and tight waste management, primarily as a result of currency movements in the quarter and the Group will seek to offset this through higher corrugated pricing in the second half of the year.

Summary Cash Flow

Summary cash flows[1] for the second quarter and six months are set out in the following table.

	3 months to 30-Jun-15 €m	3 months to 30-Jun-14 €m	**6 months to 30-Jun-15 €m**	6 months to 30-Jun-14 €m
Pre-exceptional EBITDA	**285**	295	**551**	564
Exceptional items	**(3)**	-	**(35)**	(9)
Cash interest expense	**(29)**	(39)	**(59)**	(79)
Working capital change	**(68)**	(59)	**(120)**	(117)
Current provisions	**(4)**	(1)	**(10)**	(2)
Capital expenditure	**(96)**	(86)	**(169)**	(152)
Change in capital creditors	**(8)**	(12)	**(6)**	(11)
Tax paid	**(27)**	(17)	**(64)**	(43)
Sale of fixed assets	**3**	1	**5**	4
Other	**(4)**	(6)	**(19)**	(20)
Free cash flow	**49**	76	**74**	135
Share issues	**-**	-	**1**	2
Purchase of own shares	**(1)**	-	**(15)**	(13)
Sale of businesses and investments	**30**	1	**30**	1
Purchase of businesses and investments	**(163)**	(19)	**(163)**	(19)
Dividends	**(96)**	(73)	**(96)**	(74)
Derivative termination payments	**(2)**	-	**(2)**	-
Net cash (outflow)/inflow	**(183)**	(15)	**(171)**	32
Net debt acquired/disposed	**(13)**	-	**(13)**	-
Deferred debt issue costs amortised	**(2)**	(2)	**(6)**	(5)
Currency translation adjustments	**28**	(19)	**(151)**	(82)
Increase in net debt	**(170)**	(36)	**(341)**	(55)

(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.

		6 months to 30-Jun-15 €m	6 months to 30-Jun-14 €m
Free cash flow		**74**	135
Add back:	Cash interest	**59**	79
	Capital expenditure (net of change in capital creditors)	**175**	163
	Tax payments	**64**	43
Less:	Sale of fixed assets	**(5)**	(4)
	Profit on sale of assets and businesses – non exceptional	**(2)**	(2)
	Receipt of capital grants	**(1)**	-
	Dividends received from associates	**(1)**	(1)
	Non-cash financing activities	**(2)**	(1)
Cash generated from operations		**361**	412

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 June 2015, Smurfit Kappa Treasury Funding Limited had outstanding US$292.3 million 7.50% senior debentures due 2025. The Group had outstanding €158.8 million and STG£57.9 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 June 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 June 2015, the facility included a €625 million revolving credit facility of which €135 million was drawn in revolver loans, with a further €20 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 June 2015 for each of the drawings under the various senior credit facility loans.

Borrowing arrangement	Currency	Interest Rate
Term A Facility	EUR	1.284% - 1.368%
	USD	1.537%
Revolving Credit Facility	EUR	1.038% - 1.039%

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 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 June 2015, the Group had fixed an average of 69% 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 €2 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.

Principal Risks and Uncertainties

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies are implemented at each level.

The key business risks are identified by the senior management team. The Board in conjunction with senior management identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The principal risks and uncertainties faced by the Group were outlined in our 2014 annual report on pages 43-44. The annual report is available on our website smurfitkappa.com. The principal risks and uncertainties for the remaining six months of the financial year are summarised below.

- If the current economic climate were to deteriorate and result in an increased economic slowdown which was sustained over any significant length of time, or the sovereign debt crisis (including its impact on the euro) were to intensify, it could adversely affect the Group's financial position and results of operations.

- The cyclical nature of the packaging industry could result in overcapacity and consequently threaten the Group's pricing structure.

- If operations at any of the Group's facilities (in particular its key mills) were interrupted for any significant length of time it could adversely affect the Group's financial position and results of operations.

- Price fluctuations in raw materials and energy costs could adversely affect the Group's manufacturing costs.

- The Group is exposed to currency exchange rate fluctuations and, in addition, currency exchange controls in Venezuela and Argentina.

- The Group may not be able to attract and retain suitably qualified employees as required for its business.

- The Group is subject to a growing number of environmental laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the Group's business.

- The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates.

The Board regularly monitors all of the above risks and appropriate actions are taken to mitigate those risks or address their potential adverse consequences.

Condensed Consolidated Income Statement – Six Months

	6 months to 30-Jun-15 Unaudited			6 months to 30-Jun-14 Unaudited		
	Pre-exceptional 2015	**Exceptional 2015**	**Total 2015**	Pre-exceptional 2014	Exceptional 2014	Total 2014
	€m	**€m**	**€m**	€m	€m	€m
Revenue	**3,996**	**-**	**3,996**	3,947	-	3,947
Cost of sales	**(2,803)**	**(6)**	**(2,809)**	(2,768)	-	(2,768)
Gross profit	**1,193**	**(6)**	**1,187**	1,179	-	1,179
Distribution costs	**(321)**	**-**	**(321)**	(307)	-	(307)
Administrative expenses	**(525)**	**-**	**(525)**	(510)	-	(510)
Other operating income	**1**	**-**	**1**	1	-	1
Other operating expenses	**-**	**(40)**	**(40)**	-	(9)	(9)
Operating profit	**348**	**(46)**	**302**	363	(9)	354
Finance costs	**(86)**	**(2)**	**(88)**	(140)	-	(140)
Finance income	**16**	**11**	**27**	8	5	13
Share of associates' profit (after tax)	**2**	**-**	**2**	1	-	1
Profit before income tax	**280**	**(37)**	**243**	232	(4)	228
Income tax expense			**(73)**			(84)
Profit for the financial period			**170**			144
Attributable to:						
Owners of the parent			**169**			142
Non-controlling interests			**1**			2
Profit for the financial period			**170**			144
Earnings per share						
Basic earnings per share - cent			**73.2**			62.3
Diluted earnings per share - cent			**72.4**			61.9

Condensed Consolidated Income Statement – Second Quarter

	3 months to 30-Jun-15 Unaudited			3 months to 30-Jun-14 Unaudited		
	Pre-exceptional 2015	**Exceptional 2015**	**Total 2015**	Pre-exceptional 2014	Exceptional 2014	Total 2014
	€m	**€m**	**€m**	€m	€m	€m
Revenue	**2,034**	**-**	**2,034**	2,015	-	2,015
Cost of sales	**(1,421)**	**-**	**(1,421)**	(1,408)	-	(1,408)
Gross profit	**613**	**-**	**613**	607	-	607
Distribution costs	**(162)**	**-**	**(162)**	(156)	-	(156)
Administrative expenses	**(268)**	**-**	**(268)**	(258)	-	(258)
Other operating income	**-**	**-**	**-**	1	-	1
Other operating expenses	**-**	**(7)**	**(7)**	-	-	-
Operating profit	**183**	**(7)**	**176**	194	-	194
Finance costs	**(34)**	**-**	**(34)**	(77)	-	(77)
Finance income	**1**	**1**	**2**	6	-	6
Share of associates' profit (after tax)	**1**	**-**	**1**	1	-	1
Profit before income tax	**151**	**(6)**	**145**	124	-	124
Income tax expense			**(44)**			(46)
Profit for the financial period			**101**			78
Attributable to:						
Owners of the parent			**98**			77
Non-controlling interests			**3**			1
Profit for the financial period			**101**			78
Earnings per share						
Basic earnings per share - cent			**42.3**			33.6
Diluted earnings per share - cent			**41.8**			33.4

Condensed Consolidated Statement of Comprehensive Income – Six Months

	6 months to 30-Jun-15 Unaudited €m	6 months to 30-Jun-14 Unaudited €m
Profit for the financial period	**170**	144
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the period	**(388)**	(210)
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	**5**	10
- New fair value adjustments into reserve	**5**	(24)
	(378)	(224)
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial gain/(loss)	**90**	(47)
- Movement in deferred tax	**(14)**	7
	76	(40)
Total other comprehensive expense	**(302)**	(264)
Total comprehensive expense for the financial period	**(132)**	(120)
Attributable to:		
Owners of the parent	**(88)**	(104)
Non-controlling interests	**(44)**	(16)
Total comprehensive expense for the financial period	**(132)**	(120)

Condensed Consolidated Statement of Comprehensive Income – Second Quarter

	3 months to 30-Jun-15 Unaudited €m	3 months to 30-Jun-14 Unaudited €m
Profit for the financial period	**101**	78
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the period	**(46)**	24
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	**1**	6
- New fair value adjustments into reserve	**2**	(15)
Net change in fair value of available-for-sale financial assets	**(1)**	-
	(44)	15
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial gain/(loss)	**122**	(26)
- Movement in deferred tax	**(18)**	4
	104	(22)
Total other comprehensive income/(expense)	**60**	(7)
Total comprehensive income for the financial period	**161**	71
Attributable to:		
Owners of the parent	**164**	62
Non-controlling interests	**(3)**	9
Total comprehensive income for the financial period	**161**	71

Condensed Consolidated Balance Sheet

	30-Jun-15 Unaudited €m	30-Jun-14 Unaudited €m	31-Dec-14 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	**2,954**	2,957	3,033
Goodwill and intangible assets	**2,428**	2,297	2,407
Available-for-sale financial assets	**21**	27	21
Investment in associates	**18**	16	17
Biological assets	**97**	96	130
Trade and other receivables	**26**	4	12
Derivative financial instruments	**34**	-	2
Deferred income tax assets	**220**	191	237
	5,798	5,588	5,859
Current assets			
Inventories	**716**	712	701
Biological assets	**8**	10	9
Trade and other receivables	**1,598**	1,503	1,422
Derivative financial instruments	**2**	1	3
Restricted cash	**8**	18	12
Cash and cash equivalents	**158**	897	387
	2,490	3,141	2,534
Assets classified as held for sale	**-**	-	92
	2,490	3,141	2,626
Total assets	**8,288**	8,729	8,485
EQUITY			
Capital and reserves attributable to the owners of the parent			
Equity share capital	**-**	-	-
Share premium	**1,982**	1,981	1,981
Other reserves	**(357)**	(4)	(30)
Retained earnings	**432**	234	271
Total equity attributable to the owners of the parent	**2,057**	2,211	2,222
Non-controlling interests	**153**	192	197
Total equity	**2,210**	2,403	2,419
LIABILITIES			
Non-current liabilities			
Borrowings	**3,173**	3,032	3,093
Employee benefits	**794**	743	893
Derivative financial instruments	**16**	69	23
Deferred income tax liabilities	**145**	189	183
Non-current income tax liabilities	**18**	22	28
Provisions for liabilities and charges	**46**	41	47
Capital grants	**13**	11	12
Other payables	**6**	8	10
	4,211	4,115	4,289
Current liabilities			
Borrowings	**93**	559	65
Trade and other payables	**1,685**	1,573	1,573
Current income tax liabilities	**29**	31	12
Derivative financial instruments	**11**	36	27
Provisions for liabilities and charges	**49**	12	57
	1,867	2,211	1,734
Liabilities associated with assets classified as held for sale	**-**	-	43
	1,867	2,211	1,777
Total liabilities	**6,078**	6,326	6,066
Total equity and liabilities	**8,288**	8,729	8,485

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						
	Equity share capital €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Unaudited							
At 1 January 2015	**-**	**1,981**	**(30)**	**271**	**2,222**	**197**	**2,419**
Profit for the financial period	**-**	**-**	**-**	**169**	**169**	**1**	**170**
Other comprehensive income							
Foreign currency translation adjustments	**-**	**-**	**(343)**	**-**	**(343)**	**(45)**	**(388)**
Defined benefit pension plans	**-**	**-**	**-**	**76**	**76**	**-**	**76**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**10**	**-**	**10**	**-**	**10**
Total comprehensive (expense)/income for the financial period	**-**	**-**	**(333)**	**245**	**(88)**	**(44)**	**(132)**
Shares issued	**-**	**1**	**-**	**-**	**1**	**-**	**1**
Hyperinflation adjustment	**-**	**-**	**-**	**10**	**10**	**1**	**11**
Dividends paid	**-**	**-**	**-**	**(94)**	**(94)**	**(2)**	**(96)**
Share-based payment	**-**	**-**	**21**	**-**	**21**	**-**	**21**
Shares acquired by SKG Employee Trust	**-**	**-**	**(15)**	**-**	**(15)**	**-**	**(15)**
Acquired non-controlling interest	**-**	**-**	**-**	**-**	**-**	**1**	**1**
At 30 June 2015	**-**	**1,982**	**(357)**	**432**	**2,057**	**153**	**2,210**
At 1 January 2014	-	1,979	208	121	2,308	199	2,507
Profit for the financial period	-	-	-	142	142	2	144
Other comprehensive income							
Foreign currency translation adjustments	-	-	(192)	-	(192)	(18)	(210)
Defined benefit pension plans	-	-	-	(40)	(40)	-	(40)
Effective portion of changes in fair value of cash flow hedges	-	-	(14)	-	(14)	-	(14)
Total comprehensive (expense)/income for the financial period	-	-	(206)	102	(104)	(16)	(120)
Shares issued	-	2	-	-	2	-	2
Hyperinflation adjustment	-	-	-	82	82	10	92
Dividends paid	-	-	-	(71)	(71)	(3)	(74)
Share-based payment	-	-	7	-	7	-	7
Shares acquired by SKG Employee Trust	-	-	(13)	-	(13)	-	(13)
Acquired non-controlling interest	-	-	-	-	-	2	2
At 30 June 2014	-	1,981	(4)	234	2,211	192	2,403

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

Condensed Consolidated Statement of Cash Flows

	6 months to 30-Jun-15 Unaudited €m	6 months to 30-Jun-14 Unaudited €m
Cash flows from operating activities		
Profit before income tax	**243**	228
Net finance costs	**61**	127
Depreciation charge	**162**	163
Impairment of assets	**6**	-
Amortisation of intangible assets	**16**	14
Amortisation of capital grants	**(1)**	(1)
Equity settled share-based payment expense	**21**	7
Loss/(profit) on sale of assets and businesses	**2**	(2)
Share of associates' profit (after tax)	**(2)**	(1)
Net movement in working capital	**(117)**	(117)
Change in biological assets	**-**	17
Change in employee benefits and other provisions	**(36)**	(26)
Other	**6**	3
Cash generated from operations	**361**	412
Interest paid	**(62)**	(79)
Income taxes paid:		
Overseas corporation tax (net of tax refunds) paid	**(64)**	(43)
Net cash inflow from operating activities	**235**	290
Cash flows from investing activities		
Interest received	**3**	2
Business disposals	**31**	-
Additions to property, plant and equipment and biological assets	**(171)**	(157)
Additions to intangible assets	**(4)**	(6)
Receipt of capital grants	**1**	-
Disposal of available-for-sale financial assets	**-**	1
Increase in restricted cash	**(1)**	(10)
Disposal of property, plant and equipment	**6**	5
Dividends received from associates	**1**	1
Purchase of subsidiaries and non-controlling interests	**(155)**	(18)
Deferred consideration paid	**(8)**	(1)
Net cash outflow from investing activities	**(297)**	(183)
Cash flows from financing activities		
Proceeds from issue of new ordinary shares	**1**	2
Proceeds from bond issue	**250**	500
Purchase of own shares	**(15)**	(13)
Increase in other interest-bearing borrowings	**55**	20
Payment of finance leases	**(2)**	(1)
Repayment of borrowings	**(256)**	-
Derivative termination payments	**(2)**	-
Deferred debt issue costs paid	**(7)**	(7)
Dividends paid to shareholders	**(94)**	(71)
Dividends paid to non-controlling interests	**(2)**	(3)
Net cash (outflow)/inflow from financing activities	**(72)**	427
(Decrease)/increase in cash and cash equivalents	**(134)**	534
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at 1 January	**361**	424
Currency translation adjustment	**(91)**	(75)
(Decrease)/increase in cash and cash equivalents	**(134)**	534
Cash and cash equivalents at 30 June	**136**	883

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 4, Ireland.

2. Basis of Preparation

The condensed consolidated interim financial statements included in this report have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with International Accounting Standard 34, Interim Financial Reporting (‘IAS 34’) as adopted by the European Union. Certain quarterly information and the balance sheet as at 30 June 2014 have been included in this report; this information is supplementary and not required by IAS 34. This report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014 included in the Group’s 2014 annual report 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 Group is a highly integrated paper and paperboard manufacturer with leading market positions, quality assets and broad geographic reach. The financial position of the Group, its cash generation, capital resources and liquidity continue to provide a stable financing platform. Having made enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

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 Group’s auditors have not audited or reviewed the condensed consolidated interim financial statements contained in this report.

The condensed consolidated interim financial statements presented do not constitute full statutory accounts. Full statutory accounts for the year ended 31 December 2014 will be filed with the Irish Registrar of Companies in due course. 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’).

	6 months to 30-Jun-15			6 months to 30-Jun-14		
	Europe	**The Americas**	**Total**	Europe	The Americas	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue and results						
Revenue	**3,129**	**867**	**3,996**	3,058	889	3,947
EBITDA before exceptional items	**425**	**139**	**564**	421	155	576
Segment exceptional items	**(4)**	**(35)**	**(39)**	-	(9)	(9)
EBITDA after exceptional items	**421**	**104**	**525**	421	146	567
Unallocated centre costs			**(13)**			(12)
Share-based payment expense			**(26)**			(7)
Depreciation and depletion (net)			**(162)**			(180)
Amortisation			**(16)**			(14)
Impairment of assets			**(6)**			-
Finance costs			**(88)**			(140)
Finance income			**27**			13
Share of associates’ profit (after tax)			**2**			1
Profit before income tax			**243**			228
Income tax expense			**(73)**			(84)
Profit for the financial period			**170**			144

3. Segmental Analyses (continued)

	3 months to 30-Jun-15			3 months to 30-Jun-14		
	Europe	**The Americas**	**Total**	Europe	The Americas	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue and results						
Revenue	**1,584**	**450**	**2,034**	1,550	465	2,015
EBITDA before exceptional items	**223**	**72**	**295**	222	80	302
Segment exceptional items	**(4)**	**(2)**	**(6)**	-	-	-
EBITDA after exceptional items	**219**	**70**	**289**	222	80	302
Unallocated centre costs			**(10)**			(7)
Share-based payment expense			**(15)**			-
Depreciation and depletion (net)			**(80)**			(94)
Amortisation			**(8)**			(7)
Finance costs			**(34)**			(77)
Finance income			**2**			6
Share of associates' profit (after tax)			**1**			1
Profit before income tax			**145**			124
Income tax expense			**(44)**			(46)
Profit for the financial period			**101**			78

4. Exceptional Items

The following items are regarded as exceptional in nature:	**6 months to 30-Jun-15 €m**	6 months to 30-Jun-14 €m
Impairment of assets	**6**	-
Loss on the disposal of the solidboard operations	**4**	-
Currency trading loss on change in Venezuelan translation rate	**36**	9
Exceptional items included in operating profit	**46**	9
Exceptional finance costs	**2**	-
Exceptional finance income	**(11)**	(5)
Exceptional items included in net finance costs	**(9)**	(5)

Exceptional items charged within operating profit in the first six months of 2015 amounted to €46 million, €36 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 VEF 12 per US dollar with the large loss reflecting the very different rates. The remaining €10 million related to the solidboard operations in Europe, comprising an impairment of €6 million booked within cost of sales in the first quarter and a loss of €4 million booked in the second quarter on their disposal.

Exceptional finance income of €11 million in the first six months of 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 six months to June 2014 amounted to €9 million and related to losses on the translation of non-Bolivar denominated payables following the Group's decision to translate its Venezuelan operations at the Sicad I rate. The translation loss reflected the higher cost to its Venezuelan operations of discharging these payables.

Exceptional finance income in the six months to June 2014 comprised a gain of €5 million in Venezuela on the retranslation of the US dollar denominated intra-group loans to the Sicad I rate.

5. Finance Costs and Income

	6 months to 30-Jun-15 €m	6 months to 30-Jun-14 €m
Finance costs:		
Interest payable on bank loans and overdrafts	**17**	26
Interest payable on other borrowings	**49**	60
Exceptional finance costs associated with debt restructuring	**2**	-
Foreign currency translation loss on debt	**9**	5
Fair value loss on derivatives not designated as hedges	**1**	2
Net interest cost on net pension liability	**10**	13
Net monetary loss - hyperinflation	**-**	34
Total finance costs	**88**	140
Finance income:		
Other interest receivable	**(3)**	(2)
Gain on sale of financial asset	**-**	(1)
Foreign currency translation gain on debt	**(4)**	(3)
Exceptional foreign currency translation gain	**(11)**	(5)
Fair value gain on derivatives not designated as hedges	**(9)**	(2)
Total finance income	**(27)**	(13)
Net finance costs	**61**	127

6. Income Tax Expense

Income tax expense recognised in the Condensed Consolidated Income Statement

	6 months to 30-Jun-15 €m	6 months to 30-Jun-14 €m
Current tax:		
Europe	**41**	43
The Americas	**26**	29
	67	72
Deferred tax	**6**	12
Income tax expense	**73**	84
Current tax is analysed as follows:		
Ireland	**7**	2
Foreign	**60**	70
	67	72

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

	6 months to 30-Jun-15 €m	6 months to 30-Jun-14 €m
Arising on actuarial gain/loss on defined benefit plans	**14**	(7)

The tax expense in 2015 is €11 million lower than in the comparable period due to lower taxable earnings. The tax expense in Europe is lower by €11 million. In the Americas, the tax expense includes an increase from the reintroduction of a temporary tax in Colombia and a reduction in Venezuela from the move to the Simadi exchange rate for reporting purposes. The €6 million movement in deferred tax arises largely in Europe from timing differences. The tax expense includes a €1 million tax credit on exceptional items in 2015 only.

7. Employee Benefits – Defined Benefit Plans

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

	6 months to 30-Jun-15 €m	6 months to 30-Jun-14 €m
Current service cost	**22**	25
Past service cost	**-**	1
Gain on curtailment	**(1)**	-
Gain on settlement	**(1)**	-
Net interest cost on net pension liability	**10**	13
Defined benefit cost	**30**	39

Included in cost of sales, distribution costs and administrative expenses is a defined benefit cost of €20 million (2014: €26 million). Net interest cost on net pension liability of €10 million (2014: €13 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-Jun-15 €m	31-Dec-14 €m
Present value of funded or partially funded obligations	**(2,242)**	(2,226)
Fair value of plan assets	**1,956**	1,889
Deficit in funded or partially funded plans	**(286)**	(337)
Present value of wholly unfunded obligations	**(508)**	(556)
Net pension liability	**(794)**	(893)

The employee benefits provision has decreased from €893 million at 31 December 2014 to €794 million at 30 June 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.

	6 months to 30-Jun-15	6 months to 30-Jun-14
Profit attributable to owners of the parent (€ million)	**169**	142
Weighted average number of ordinary shares in issue (million)	**231**	228
Basic earnings per share (cent)	**73.2**	62.3

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.

	6 months to 30-Jun-15	6 months to 30-Jun-14
Profit attributable to owners of the parent (€ million)	**169**	142
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)	**72.4**	61.9

Pre-exceptional

	6 months to 30-Jun-15	6 months to 30-Jun-14
Profit attributable to owners of the parent (€ million)	**169**	142
Exceptional items included in profit before income tax (Note 4) (€ million)	**37**	4
Income tax on exceptional items (€ million)	**(1)**	-
Pre-exceptional profit attributable to owners of the parent (€ million)	**205**	146
Weighted average number of ordinary shares in issue (million)	**231**	228
Pre-exceptional basic earnings per share (cent)	**88.7**	64.1
Diluted weighted average ordinary shares (million)	**234**	229
Pre-exceptional diluted earnings per share (cent)	**87.7**	63.6

9. Dividends

During the period, the final dividend for 2014 of 40 cent per share was paid to the holders of ordinary shares. The Board has decided to pay an interim dividend of 20 cent per share for 2015 and it is proposed to pay this dividend on 30 October 2015 to all ordinary shareholders on the share register at the close of business on 2 October 2015.

10. Property, Plant and Equipment

	Land and buildings €m	Plant and equipment €m	Total €m
Six months ended 30 June 2015			
Opening net book amount	**1,079**	**1,954**	**3,033**
Reclassifications	**4**	**(5)**	**(1)**
Additions	**-**	**159**	**159**
Acquisitions	**9**	**48**	**57**
Depreciation charge for the period	**(23)**	**(139)**	**(162)**
Retirements and disposals	**(4)**	**(1)**	**(5)**
Hyperinflation adjustment	**3**	**2**	**5**
Foreign currency translation adjustment	**(96)**	**(36)**	**(132)**
At 30 June 2015	**972**	**1,982**	**2,954**
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

	6 months to 30-Jun-15 €m	6 months to 30-Jun-14 €m
Change in inventories	**(47)**	(20)
Change in trade and other receivables	**(180)**	(189)
Change in trade and other payables	**110**	92
Net movement in working capital	**(117)**	(117)

12. Analysis of Net Debt

	30-June-15 €m	31-Dec-14 €m
Senior credit facility:		
Revolving credit facility[1] – interest at relevant interbank rate + 1.10%[6]	**128**	100
Facility A term loan[2] – interest at relevant interbank rate + 1.35%[6]	**496**	745
US$292.3 million 7.50% senior debentures due 2025 (including accrued interest)	**262**	242
Bank loans and overdrafts	**97**	65
Cash	**(166)**	(399)
2018 receivables securitisation variable funding notes	**174**	173
2019 receivables securitisation variable funding notes	**238**	236
2018 senior notes (including accrued interest)[3]	**469**	446
€400 million 4.125% senior notes due 2020 (including accrued interest)	**402**	402
€250 million senior floating rate notes due 2020 (including accrued interest)[4]	**248**	248
€500 million 3.25% senior notes due 2021 (including accrued interest)	**494**	494
€250 million 2.75% senior notes due 2025 (including accrued interest)[5]	**248**	-
Net debt before finance leases	**3,090**	2,752
Finance leases	**10**	7
Net debt including leases	**3,100**	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 - €135 million (b) drawn under ancillary facilities and facilities supported by letters of credit – nil and (c) other operational facilities including letters of credit - €20 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	**-**	**-**	**(343)**	**-**	**-**	**-**	**(343)**
Effective portion of changes in fair value of cash flow hedges	**-**	**10**	**-**	**-**	**-**	**-**	**10**
Total other comprehensive income/(expense)	**-**	**10**	**(343)**	**-**	**-**	**-**	**(333)**
Share-based payment	**-**	**-**	**-**	**21**	**-**	**-**	**21**
Shares acquired by SKG Employee Trust	**-**	**-**	**-**	**-**	**(15)**	**-**	**(15)**
Shares distributed by the SKG Employee Trust	**-**	**-**	**-**	**(14)**	**14**	**-**	**-**
At 30 June 2015	**575**	**(23)**	**(1,032)**	**163**	**(41)**	**1**	**(357)**
At 1 January 2014	575	(15)	(456)	131	(28)	1	208
Other comprehensive income							
Foreign currency translation adjustments	-	-	(192)	-	-	-	(192)
Effective portion of changes in fair value of cash flow hedges	-	(14)	-	-	-	-	(14)
Total other comprehensive expense	-	(14)	(192)	-	-	-	(206)
Share-based payment	-	-	-	7	-	-	7
Shares acquired by SKG Employee Trust	-	-	-	-	(13)	-	(13)
Shares distributed by the SKG Employee Trust	-	-	-	(1)	1	-	-
At 30 June 2014	575	(29)	(648)	137	(40)	1	(4)

14. Fair Value Hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015:

	Level 1 €m	**Level 2 €m**	**Level 3 €m**	**Total €m**
Available-for-sale financial assets:				
Listed	**1**	**-**	**-**	**1**
Unlisted	**-**	**7**	**13**	**20**
Derivative financial instruments:				
Assets at fair value through Condensed Consolidated Income Statement	**-**	**3**	**-**	**3**
Derivatives used for hedging	**-**	**33**	**-**	**33**
Derivative financial instruments:				
Liabilities at fair value through Condensed Consolidated Income Statement	**-**	**(6)**	**-**	**(6)**
Derivatives used for hedging	**-**	**(21)**	**-**	**(21)**
	1	**16**	**13**	**30**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014:

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Available-for-sale financial assets:				
Listed	1	-	-	1
Unlisted	-	7	13	20
Derivative financial instruments:				
Assets at fair value through Condensed Consolidated Income Statement	-	3	-	3
Derivatives used for hedging	-	2	-	2
Derivative financial instruments:				
Liabilities at fair value through Condensed Consolidated Income Statement	-	(21)	-	(21)
Derivatives used for hedging	-	(29)	-	(29)
	1	(38)	13	(24)

The fair value of the level 2 derivative financial instruments set out above has been measured using observable market inputs as defined under IFRS 13, *Fair Value Measurement*. All are plain derivative instruments, valued with reference to observable foreign exchange rates, interest rates or broker prices. The Group uses discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets. There has been no movement to the level 3 financial instruments from 31 December 2014 to 30 June 2015.

There have been no transfers between level 1 and level 2 during the period.

15. Fair Value

The following table sets out the fair value of the Group's principal financial assets and liabilities. The determination of these fair values is based on the descriptions set out within Note 2 to the consolidated financial statements of the Group's 2014 annual report.

	30-Jun-15		31-Dec-14	
	Carrying value	**Fair value**	Carrying value	Fair value
	€m	**€m**	€m	€m
Trade and other receivables [1]	**1,520**	**1,520**	1,341	1,341
Available-for-sale financial assets [2]	**21**	**21**	21	21
Cash and cash equivalents [3]	**158**	**158**	387	387
Derivative assets [4]	**36**	**36**	5	5
Restricted cash	**8**	**8**	12	12
	1,743	**1,743**	1,766	1,766
Trade and other payables[1]	**1,372**	**1,372**	1,268	1,268
Senior credit facility[5] [7]	**624**	**624**	845	862
2018 receivables securitisation[3]	**174**	**174**	173	173
2019 receivables securitisation[3]	**238**	**238**	236	236
Bank overdrafts[3]	**97**	**97**	65	65
2025 debentures[6]	**262**	**328**	242	286
2018 notes[6]	**469**	**505**	446	478
2020 fixed rate notes[6]	**402**	**433**	402	437
2020 floating rate notes[6]	**248**	**270**	248	265
2021 notes[6]	**494**	**507**	494	520
2025 notes[6] [7]	**248**	**234**	-	-
	4,628	**4,782**	4,419	4,590
Finance leases	**10**	**10**	7	7
	4,638	**4,792**	4,426	4,597
Derivative liabilities[4]	**27**	**27**	50	50
	4,665	**4,819**	4,476	4,647
Total net position	**(2,922)**	**(3,076)**	(2,710)	(2,881)

(1) The fair value of trade and other receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(2) The fair value of listed available-for-sale financial assets is determined by reference to their bid price at the reporting date. Unlisted available-for-sale financial assets are valued using recognised valuation techniques for the underlying security including discounted cash flows and similar unlisted equity valuation models.

(3) The carrying amount reported in the Condensed Consolidated Balance Sheet is estimated to approximate to fair value because of the short-term maturity of these instruments and, in the case of the receivables securitisation, the variable nature of the facility and repricing dates.

(4) The fair value of forward foreign currency and energy contracts is based on their listed market price if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(5) The fair value of the senior credit facility is based on the present value of its estimated future cash flows discounted at an appropriate market discount rate at the balance sheet date.

(6) Fair value is based on broker prices at the balance sheet date.

(7) 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.

16. 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 June 2015 and 2014 are as follows:

	30-Jun-15	30-Jun-14
Index at period end	**1,142.34**	647.5
Movement in period	**36.1%**	30.0%

As a result of the entries recorded in respect of hyperinflationary accounting under IFRS, the Condensed Consolidated Income Statement is impacted as follows: Revenue €92 million decrease (2014: €14 million decrease), pre-exceptional EBITDA €9 million decrease (2014: €7 million decrease) and profit after taxation €6 million decrease (2014: €55 million decrease). In 2015, a net monetary loss of less than €1 million (2014: €34 million loss) was recorded in the Condensed Consolidated Income Statement. The impact on our net assets and our total equity is an increase of €30 million (2014: €47 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 12.8 VEF per US dollar at 30 June 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 197 per US dollar at 30 June 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 less than 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: €534 million) are included in the foreign exchange translation reserve.

17. Related Party Transactions

Details of related party transactions in respect of the year ended 31 December 2014 are contained in Note 31 to the consolidated financial statements of the Group's 2014 annual report. The Group continued to enter into transactions in the normal course of business with its associates and other related parties during the period. There were no transactions with related parties in the first half of 2015 or changes to transactions with related parties disclosed in the 2014 consolidated financial statements that had a material effect on the financial position or the performance of the Group.

18. 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.

19. Board Approval

The interim report was approved by the Board of Directors on 28 July 2015.

20. Distribution of the Interim Report

The 2015 interim report is available on the Group's website smurfitkappa.com.

Responsibility Statement in Respect of the Six Months Ended 30 June 2015

The Directors, whose names and functions are listed on pages 34 and 35 in the Group's 2014 annual report, are responsible for preparing this interim management report and the condensed consolidated interim financial statements in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the condensed consolidated interim financial statements for the half year ended 30 June 2015 have been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed consolidated interim financial statements for the half year ended 30 June 2015, and a description of the principal risks and uncertainties for the remaining six months;

- the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Signed on behalf of the Board

G.W. McGann, Director and Chief Executive Officer

I.J. Curley, Director and Chief Financial Officer

28 July 2015

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-Jun-15 €m	3 months to 30-Jun-14 €m	**6 months to 30-Jun-15 €m**	6 months to 30-Jun-14 €m
Profit for the financial period	**101**	78	**170**	144
Income tax expense	**44**	46	**73**	84
Exceptional items charged in operating profit	**7**	-	**46**	9
Share of associates' profit (after tax)	**(1)**	(1)	**(2)**	(1)
Net finance costs (after exceptional items)	**32**	71	**61**	127
Share-based payment expense	**14**	-	**25**	7
Depreciation, depletion (net) and amortisation	**88**	101	**178**	194
EBITDA	**285**	295	**551**	564

Supplementary Historical Financial Information

€m	Q2, 2014	Q3, 2014	Q4, 2014	FY, 2014	Q1, 2015	**Q2, 2015**
Group and third party revenue	3,289	3,341	3,459	13,306	3,235	**3,305**
Third party revenue	2,015	2,027	2,108	8,083	1,962	**2,034**
EBITDA	295	302	295	1,161	266	**285**
EBITDA margin	14.6%	14.9%	14.0%	14.4%	13.5%	**14.0%**
Operating profit	194	182	126	661	127	**176**
Profit before income tax	124	93	58	378	98	**145**
Free cash flow	76	208	19	362	25	**49**
Basic earnings per share - cent	33.6	31.9	11.6	105.8	30.9	**42.3**
Weighted average number of shares used in EPS calculation (million)	228	228	228	228	230	**231**
Net debt	2,676	2,578	2,759	2,759	2,930	**3,100**
Net debt to EBITDA (LTM)	2.31	2.23	2.38	2.38	2.53	**2.70**