PrimeStone

London, December 21st, 2023

Board of Directors
Anthony Smurfit, CEO
Ken Bowles, CFO
Smurfit Kappa Group plc

Dear Mr Finan, Members of the Supervisory Board,
Dear Mr Smurfit, Mr Bowles,

PrimeStone Capital LLP ("PrimeStone" or "we"), through the funds we advise, is a meaningful shareholder of Smurfit Kappa Group plc ("SKG") with an ownership of approximately 0.8% of the issued share capital.

We focus on making long-term investments in quality companies that can be improved and expanded. We have a long history of following and investing in the paper and packaging industry both recently as public investors and as private equity investors in our previous careers at Carlyle which acquired both corrugated and consumer packaging businesses now part of DS Smith and Westrock.

We have been shareholders of SKG since 2020 and have recently increased our economic exposure after having undertaken extensive analysis including dozens of calls with industry executives, experts, consultants, investment bankers and investors aimed at analysing the merits of the proposed transaction with Westrock announced on September 12th.

We are writing this letter to express our reservations with the Westrock acquisition and ask you to consider strategic alternatives that we believe could create significantly more value for SKG shareholders. One such alternative would be **a transformational combination with International Paper ("IP") to create an uncontested pure-play global leader in corrugated packaging.** SKG's Board rejected International Paper's friendly approach in 2018 on valuation grounds but many parameters have changed since then and an attractive deal may now be possible. Beyond its strategic and long-term value creation merits, **such a transaction could involve <u>a combination at €50 per SKG share</u> and be structured so as to be over <u>c. 42% accretive for IP shareholders</u> and lead to an immediate <u>upside of c. 37% to SKG's share price</u>, with further upside overtime as the "SKG playbook" is applied to IP's unrivalled asset base in North America.**

Before getting into the details, we would like to stress that we have the highest regard for SKG's top management team. Under the leadership of Gary McGann and Tony Smurfit, whom we have known for years, it has significantly improved the company, deploying a consistent strategy of high integration with low-cost paper production and strong local market shares in corrugated board. They have also been shrewd managers of the company's balance sheet and capital allocators so far. Finally, we commend them for their sustainability track record. We have no doubt that they can manage Westrock better.

It is somewhat disappointing that despite these efforts and after the recent correction, SKG's Total Shareholder Return has only been 7.7% p.a. since the IPO in 2007 (or 8.1% to August 31st, 2023). Today we believe SKG's stock to be materially undervalued, which reflects investors' concerns about the proposed Westrock acquisition that shaded almost $2bn off its market capitalisation over a few weeks. As custodian of shareholders' interests, you ought to reflect on the message the market is conveying.

As one of these shareholders, while we initially approached the Westrock transaction with an open mind, our findings have been mixed, and our reservations stem from the following observations:

I. **The strategic rationale of a combination with Westrock is questionable**
- *Business Composition:* Only half of Westrock aligns with SKG's core corrugated packaging
- *Synergies:* In this segment, there is minimal geographical overlap, providing limited synergy opportunities, while the value of global scale is in itself debatable, as suggested by the success of regional players both in Europe and North America
- *Paper exposure:* Westrock has a massive long paper exposure, which deviates from the industry's proven "integrated model", a model SKG and other successful companies like PCA have been following for decades. It will take years and much capital to fix this
- *Quality of asset:* Westrock's asset base is of significantly lower quality than that of competitors and SKG, with a high cost base and generating lower returns. It has been underinvested for a decade and its upgrade will require large sums of capital
- *Management:* Westrock's management has not been effective at creating value. SKG does not appear to have the depth of talent in North America to manage an integration of this scale.

II. **The proposed transaction presents insignificant financial benefits to SKG's shareholders**
- *Value sharing:* **More than 100% of the advertised synergies accrue to Westrock shareholders**, which is odd considering that Westrock has had a hard time finding a buyer for itself as it struggled to deliver on its own plan
- *Accretion:* The transaction is only modestly earnings accretive for SKG shareholders and in fact the accretion talked about by SKG management is hard to reconcile with consensus numbers: it relies on Westrock's Board's own signed-off projections for 2025 which are very far from sell-side analysts' expectations
- *Leverage:* Financial leverage is increased significantly in a challenging macro environment. **This re-leveraging is the only driver of the EPS accretion**
- *Rerating:* The main financial rationale appears to rest on hopes of a re-rating through a US listing, which appears uncertain as proven by Westrock's historical rating, which highlights investors' discernment for its lower asset quality and higher earnings' volatility

Overall, the Westrock transaction risks deteriorating SKG's business profile by creating a higher-cost, less integrated company, whilst increasing leverage for modest financial benefits for SKG's shareholders. **But most importantly, we believe that there may be attractive alternatives available to SKG**.

A. **Standalone**

If you are comfortable with re-leveraging to 2.4x EBITDA, then buying back SKG's own shares to partially reverse the 2020 equity placing would be a safer alternative, offering an immediate **c. 20% EPS accretion**, with no execution risk. Given the company's expected strong cash flow generation after years of investments well in excess of depreciation, it can continue to densify its corrugated assets in Europe by making highly accretive bolt-on acquisitions there, where it has a competitive advantage and the breadth of talent to deliver significant operational improvements. In due course, a combination with some of Mondi's assets could also be considered.

B. **Combination with International Paper**

If you strongly believe in the merits of a global presence and the sustainable better rating of US-listed businesses, then **International Paper, who 5 years ago tried to acquire SKG in a friendly transaction, appears to be a much better fit** than Westrock as

i. 90%+ of its business is corrugated or containerboard[i],
ii. its assets are of much better quality and lower cost[ii],
iii. it is more integrated than Westrock, a crucial characteristic[iii],
iv. it offers more synergies, notably in Europe, and
v. it has a proven record of better returns[iv] and a much better valuation.

IP-SKG would be a true uncontested global leader with a leading position both in the US and Europe. **As written above, we estimate that such a combination in cash and**

shares could be over 42% accretive for IP and immediately create c. 37% of shareholder value for SKG from the current levels, the equivalent of 4 to 5 years of value creation at SKG's historical pace.

<u>Why would IP pursue such a combination ?</u>

Let's first note that IP's board and top leadership have already vetted the strategic rationale of such a transaction as they approached SKG a few years back. Since then, SKG has only grown more attractive, even if it is not reflected in its valuation. This means that a transaction today should be even more compelling for IP's shareholders than it was in 2018.

IP's own share price has not performed well in the last 5 years and its performance relative to PCA has been unsatisfactory. However, this gap also suggests a significant potential for value creation given the quality of the asset base. According to our due diligence, crystallizing this potential will notably require a significant shift in commercial approach in Corrugated. This is exactly what SKG is known to be good at.

IP's management transition ironically announced on the same day as the proposed Westrock deal, and their ambition to finally catch up with PCA's performance will require a top management that adopts a "corrugated mindset" like that of SKG. We believe the current situation opens the door to a friendly combination with Tony Smurfit at the helm of the combined group.

For IP, a transaction with SKG should "kill three birds with one stone":

1. Create immediate value through very significant earnings accretion after years of disappointing share price performance
2. Appoint a strong and credible leader with a long track record in managing, improving and growing corrugated board assets
3. Leave competitor Westrock in limbo with no strategic suitor, unable to deliver on their plan and much to solve internally

On the other hand, letting SKG combine with Westrock could be seen as a considerable and irreversible miss given (i) IP's longstanding and well-founded interest in SKG, the best European asset they could combine with, (ii) what it needs to achieve to catch up with PCA and (iii) what SKG's management could potentially achieve in the long run with Westrock's assets.

Taking into account the modest termination fees you negotiated with Westrock, we respectfully ask that you diligently engage with International Paper to engineer a more attractive transaction for SKG's shareholders or consider continuing with the implementation of your successful standalone strategy. In our view, this would by no means compromise the legitimacy of SKG's management: we have known some of them for 20 years and they are some of the best operators in the sector. Other management teams have walked away from transactions investors did not fully support and gone on to create great value thereafter.

The remainder of this letter, which we have decided to make public given its broad implications and to foster a meaningful dialogue with shareholders and other market participants, presents the facts and analyses that have led us to our conclusions.

Yours respectfully,

PrimeStone

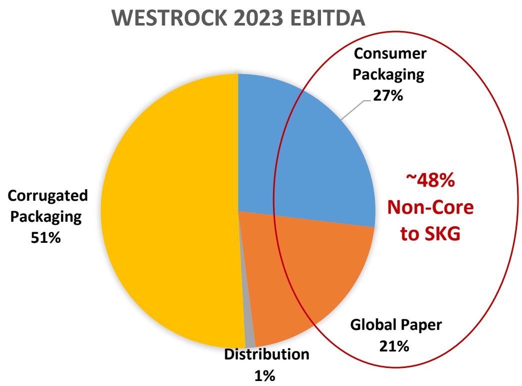
Contact: skg@primestonecapital.com

***

I. Strategic Rationale

a. Half of Westrock's EBITDA is Non-Core to SKG

Westrock's substantial Consumer Packaging business is a different packaging grade from SKG's core business, with a different manufacturing footprint, and no operational or sales synergies with the corrugated business. When factoring in Westrock's paper exposure, **almost 50% of Westrock's EBITDA** is outside the chosen strategic segment of SKG, ie corrugated packaging.



Source: Company Reports

Whilst SKG has a small exposure to consumer packaging in Europe and aims to realise cross-selling synergies from that business, we hold serious doubts about the feasibility of extracting such synergies, or their significance. To the contrary, our discussions with former Westrock leaders have consistently underscored the absence of synergies between Corrugated Packaging and Consumer Packaging, but rather highlighted pricing dis-synergies that have emerged. Along the same lines, IP decided that their consumer packaging business was non-core and sold it a few years ago. It is also worth noting that the acquirer of this unit, Graphic Packaging, which does not own corrugated assets, has been thriving and does not appear at a competitive disadvantage at all.

> *"We tried to exploit cross-selling synergies between Corrugated and Consumer Packaging, but those never materialized. If anything, they turned out into dis-synergies as customers ended up asking for a discount instead of buying more"*
>
> Former Senior Executive, Westrock

> *"The combination with MeadWestvaco Consumer Packaging business didn't yield the expected benefits. In theory, there were synergies for the clients on design costs for example, but in reality, they are different buyers at the client, and the potential synergies were outweighed by price pressure as the clients asked for volume discounts. There was a question as to what to do with that business as it was consistently losing market share to Graphic Packaging."*
>
> Former Executive Committee Member, Westrock

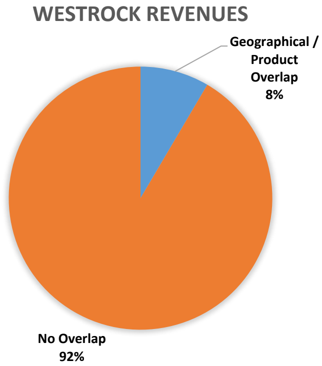
b. Westrock Offers Modest Geographical Overlap

In addition to almost half of the EBITDA being non-core, Westrock's corrugated business presents minimal geographical overlap, and hence synergy opportunities with that of SKG. The core regions for corrugated packaging in Westrock and SKG, namely EMEA and North America, have de-minimis overlap, and account for c. 80% of corrugated packaging revenues of the combined business. The geographical alignment is underwhelming.

Corrugated Packaging Revenues ($m)	WRK	SKG	SKG+WRK
North America	8,099	~500	8,599
Latin America	2,394	2,448	4,843
EMEA	13	9,771	9,783
Corrugated Packaging Revenues	**10,506**	**12,219**	**23,225**
% in Regions with Low to No Overlap			**79%**

Source: Last quarter/ half-year financials annualised revenues, Company Reports, PrimeStone estimates

Taking both of these factors into account, an overwhelming **90% of Westrock's revenues** are focused on a different geographical region or on a different substrate/product line when compared to SKG's existing core business. SKG is acquiring a $20 billion business, but less than $2 billion of this represents core overlapping revenues. This contrast raises a legitimate question about whether Westrock is indeed the right partner for a transaction of this scale.



Source: Company Reports. Note: Overlap as defined[v].

c. Global Scale Brings Modest Benefits

While containerboard travels to a certain extent, it is well understood that corrugated packaging is a local business with customers ranging ideally within 300km radius of conversion facilities. On the procurement front, the cost structure is also largely local, with the main cost items being energy, virgin fibre or OCC, transport, labour and chemicals. Most of these costs are subject to local supply/demand dynamics and achieving global scale does not produce material procurement savings.

The limited benefits of global scale are further validated by:

- The success story of PCA, the leading North American player on all KPIs, which does not have any presence outside its home market
- The success of SKG which disposed of its US assets in 2011 to focus primarily on regional consolidation in Europe

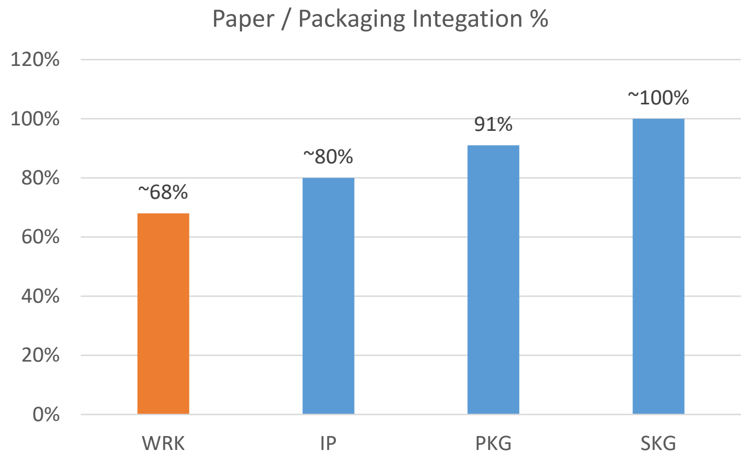
d. Westrock has a huge Paper Exposure, Far More Cyclical than Corrugated Packaging

The benefits of the "integrated model" are recognised by all industry players, largely allowing to mitigate the price volatility in containerboard, securing supply in times of market tightness, whilst providing end-markets for paper production. Tony Smurfit himself summarised the argument well as recently as four months ago.

> *"We've **always put forward the integrated model as the most effective operating system** for our business. This has been proven by us as the most effective way of running our operations over many years. It provides security of supply for our converting operations, which ensures our customers receive their products no matter what market conditions prevail.*
>
> ***Today, more than ever before, we are seeing the benefits of having a world-class asset base with an integrated system of mills and box plants sitting low on the cost curve"***
>
> Tony Smurfit, SKG CEO – H1-22 Results Call, 2 August 2023

The higher volatility driven by the paper exposure is quite apparent when looking at Westrock's Global Paper EBITDA that dropped c. 47% in FY23 whilst the Corrugated and Consumer EBITDAs were broadly flat on a constant perimeter basis[vi].

Considering these fundamental principles, which we agree with, we are genuinely surprised that the SKG Board has identified Westrock as the preferred partner for a transformative deal. Westrock's significant paper exposure, both in Corrugated Packaging and in Consumer Paper will make the combined business inherently more volatile. This represents a clear dilution from SKG's current position as a nearly fully integrated player[vii]. Downward integration of Westrock's paper production, through the acquisition of conversion assets, would necessitate a significant additional capital outlay, could take years and may not even be achievable.



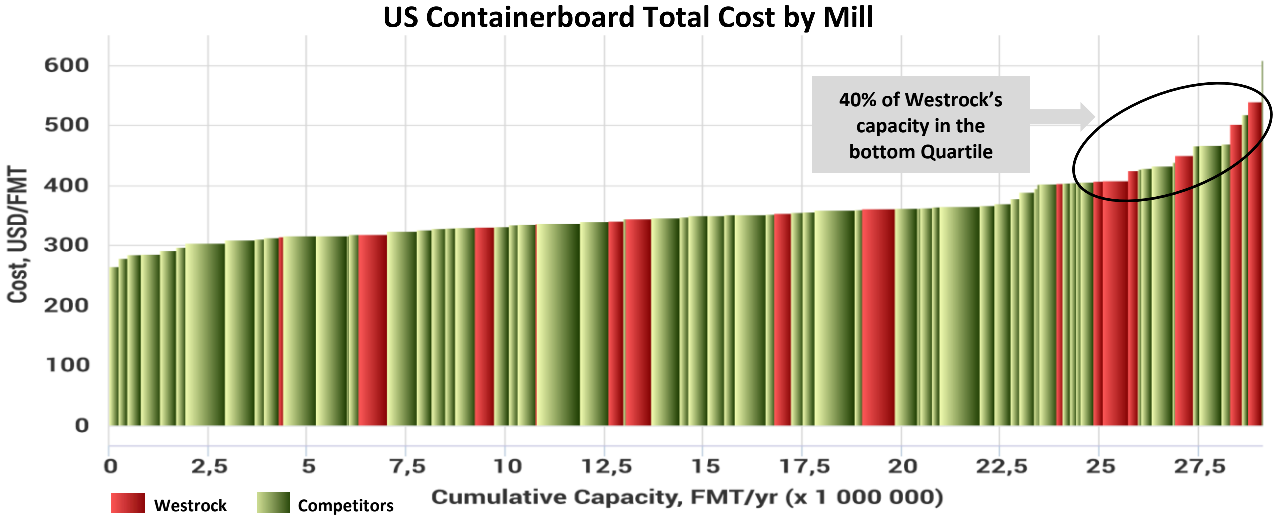
Source: Company Reports, PrimeStone Estimates

e. Westrock is a Lower Quality Asset

Beyond the inadequate business mix, it's important to note that Westrock's core business (Corrugated Packaging and Containerboard in North America) is the highest cost producer among the large US players, revealing a mill footprint that is far from state-of-the-art despite some recent investments. When looking at the perimeter of the FY23 financials, approximately 40% of Westrock's North American containerboard footprint is in the bottom quartile of the cost curve (highest cost), while only 14% of its capacity is in the top quartile (lowest cost). When adjusting for the recently announced Charleston and Tacoma closures, **34% of Westrock's capacity is still bottom quartile** (compared to only 10% for IP).

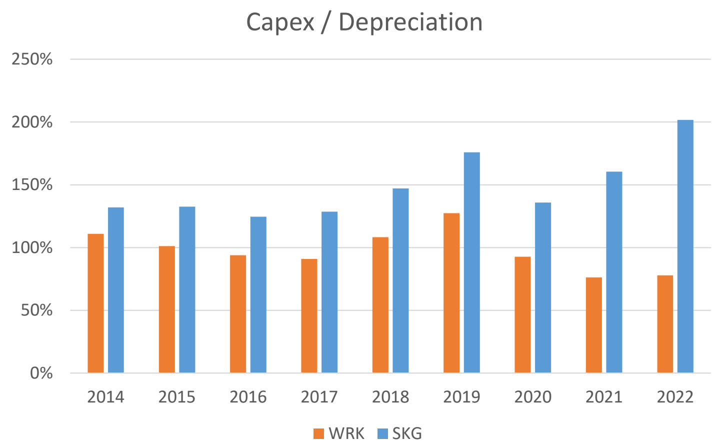
Westrock's asset base is also skewed to the worst quartile in the Fisher Viability Index, which also takes into account the age of the mill, its size and its investment level. This demonstrates that a significant portion of the Westrock assets are either likely closure candidates in the coming years or in need of significant investments. This index is also widely followed by packaging customers, who use it to select suppliers based on mill productivity and energy efficiency, and this negatively affects Westrock's commercial potential. There is no quick nor cheap fix to this problem.

> *"Westrock has been consistently in the third quartile on the cost curve, while IP and PCA both have significantly better positions. The amount of capex has been limited, mostly focused on maintenance and productivity debottlenecking"*
>
> Former Executive Committee Member, Westrock



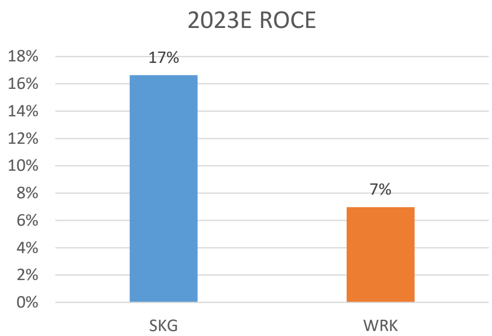
Source: Fisher International

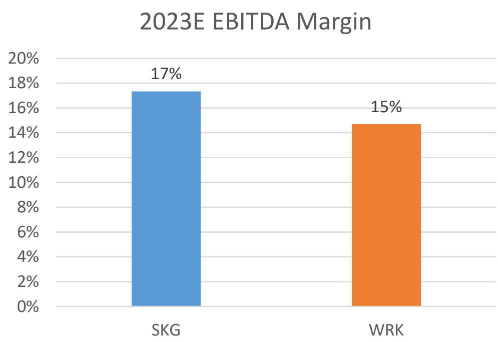
An analysis of the level of investments that Westrock has committed to its assets over the last 10 years further supports the argument that Westrock's asset based has been underinvested for a decade.



Source: Company Reports

This sub-par asset base is a plausible explanation for Westrock's lower returns and profitability.



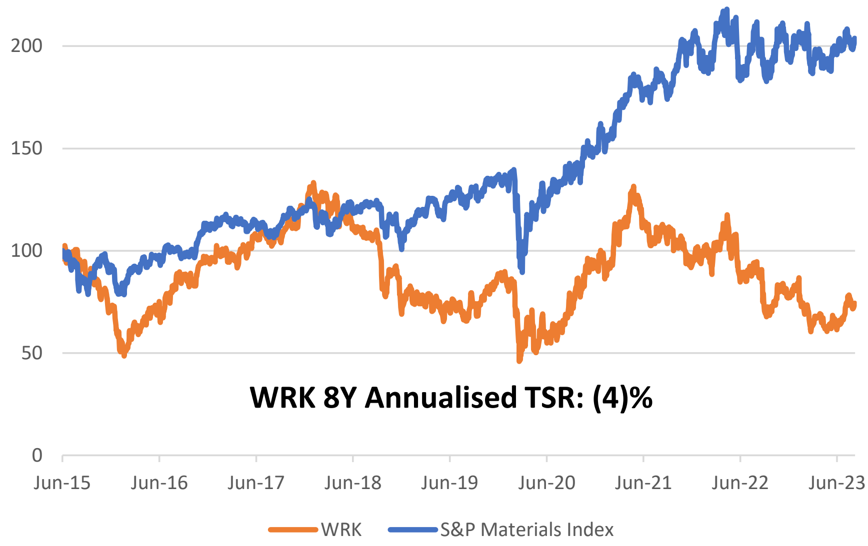


Source: Company Reports, PrimeStone estimates[viii]. SKG FY23 financials assumed in line with consensus estimates

> *"Westrock has a lot of aging mills, the state of the asset base is not great. They have upgraded some of them but there is still a lot to do"*
>
> Former Executive Committee Executive, Westrock

> *"In a nutshell, Westrock is not as good as IP in Corrugated Packaging, and not as good as Graphic Packaging in Consumer Packaging"*
>
> Former Executive Committee Member, Westrock

While share prices only tell part of the story, Westrock's long-term share price performance also brings some validation as to the quality of the asset base, and further, gives no evidence of the value of the synergies with Consumer packaging. While Westrock's imperfect investor communication might have explained part of this underperformance and low valuation rating, the overwhelming factors remain the quality of the asset base, the structural volatility of earnings and the performance of the business.



Source: Bloomberg

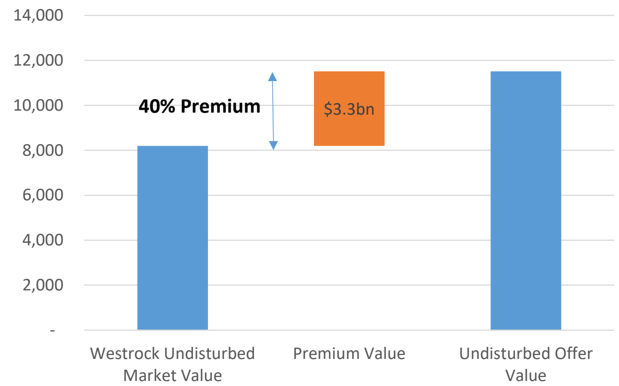
In summary, the acquisition of Westrock would dilute SKG's business quality and take it into areas outside its core business. It is of little strategic value to Smurfit Kappa.

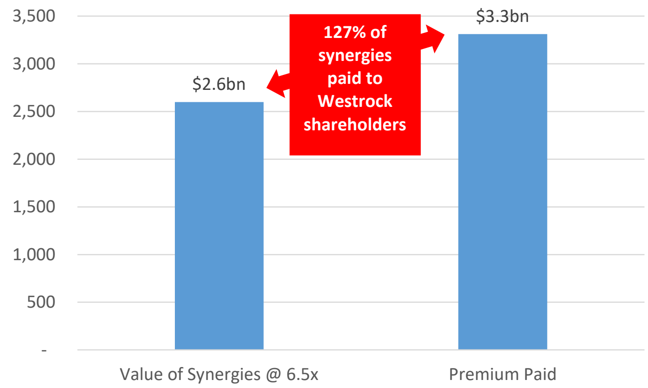
II. Transaction Structure

Beside the strategic considerations, the financial parameters of the proposed transaction bring no material benefit and increased risk to SKG shareholders.

a. More than 100% of Synergies are Accruing to Westrock Shareholders

The 40% premium offered in comparison to Westrock's undisturbed value translates into $3.3bn, which represents 127% of the value of the advertised synergies, all captured by Westrock's shareholders. This is unbalanced and excessive, particularly considering that the transaction is largely a share deal.

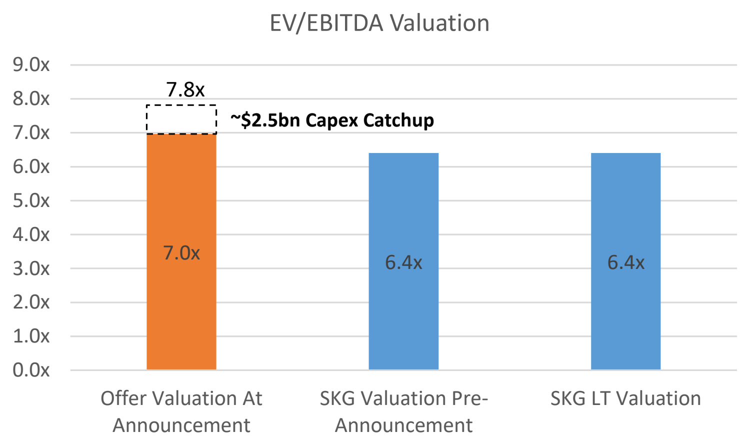




Source: Company Reports, PrimeStone estimates

b. Westrock's Proposed Valuation is Excessive for a Lower-Quality, Underinvested Asset

The merger ascribes a very significant premium to Westrock, giving it a valuation multiple in excess of SKG's, which is inconsistent with its lower quality, its past underinvestment and its poorer performance. If we were to factor in the need for Westrock to catch up on SKG's capital expenditure metrics over the past five years, this would add $2.5 billion in "catch-up capex[ix]", effectively adding another turn of EBITDA to the valuation.



Source: Company Reports, PrimeStone estimates

c. The Transaction is only Modestly Accretive for SKG Shareholders

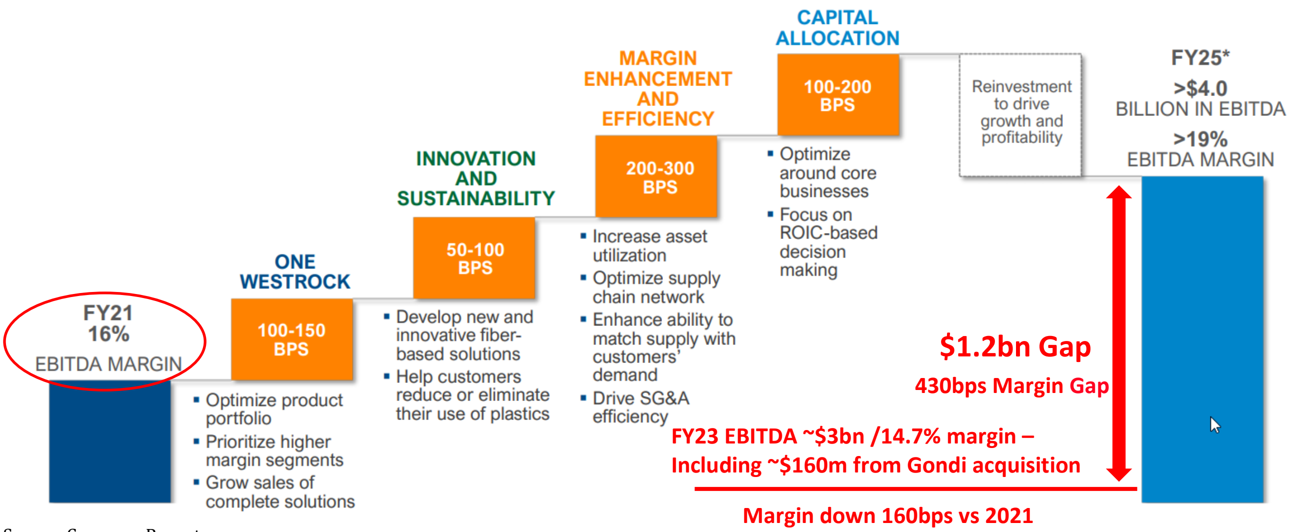
Including synergies, the earnings accretion is very moderate, an underwhelming prize for SKG shareholders considering the business quality dilution, additional operational execution risk and increased leverage. This low accretion does not even take into account the likely restructuring costs (eg. further mill closures) and catch-up investments needed.

	SKG USD	WRK USD	Combined Pre-Syn USD	Synergies USD	Combined Post-Syn USD
Revenues	**12,359**	**20,310**	**32,669**		**32,669**
EBITDA US GAAP	**2,134**	**2,979**	**5,113**	**400**	**5,513**
Margin	17.3%	14.7%	15.7%		16.9%
PBT	**1,349**	**998**	**2,241**		**2,641**
Tax Rate	27.0%	22.2%	24.8%		24.8%
Adj Net Income	**985**	**777**	**1,685**		**1,985**
Shares	261	257	518		518
EPS	**3.77**	**3.02**	**3.25**		**3.83**
Accretion / (Dilution)			**(13.8)%**		**1.6%**

Source: Reported FY23 financials for Westrock, Estimates for SKG. Company Reports, Bloomberg, PrimeStone estimates

For the transaction to be 20%+ accretive on a 2025 basis as per SKG's statements, one needs to believe that Westrock's EBITDA will be c. 15% above current market expectations, an audacious act of faith given the business's track record. Looking back at Westrock's EBITDA projections presented at their 2022 Investor Day and where they stand today, half-way through the journey, one can only note that the company's board and management have been overly optimistic.

Westrock EBITDA Bridge – PrimeStone Comments in RED



Source: Company Reports

Sell-side analysts and investors so far also appear to struggle to identify the accretive transaction:

> *"The bridge to earnings accretion remains opaque. As yet, we have been unable to reconcile the potential for this level of earnings accretion to be delivered from the combination"*
>
> Numis, 15 September 2023

> *"Investors struggling to get to accretion/dilution figures. We note that to get numbers similar to Smurfit Kappa, we would need to see EBITDA from WestRock in the region of USD3.3bn while consensus is lower"*
>
> JPMorgan, 15 September 2023

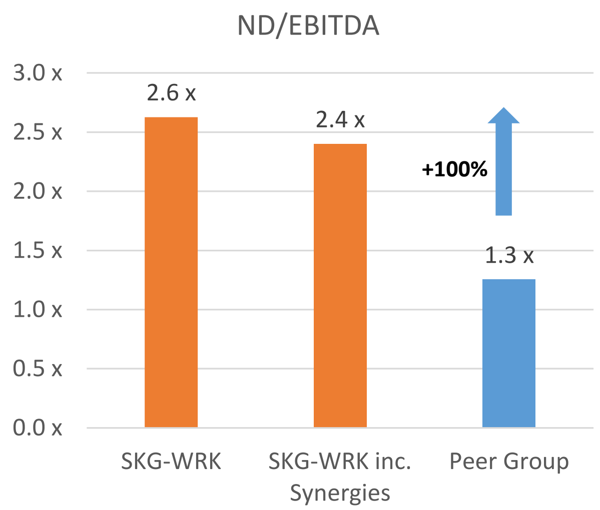
"Can you reconcile the 20%+ EPS accretion cited by management? In simple terms, no."

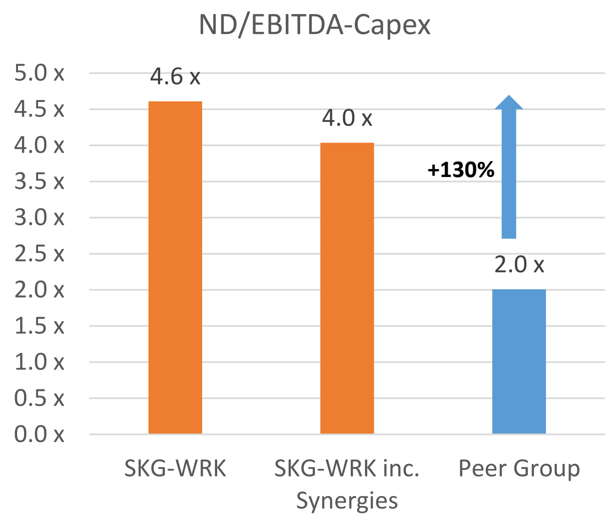
BNP Paribas Exane, 18 September 2023

d. The Financial Leverage Increases Substantially in a Worsening Macro Environment

In addition to the earnings dilution, it's crucial to consider that the proposed transaction involves a substantial increase in the financial leverage and risk profile of the combined company. Smurfit-Westrock would become more than twice as leveraged as companies in its peer group. Regardless of the rating agencies' perspective, this would put SKG-Westrock above SKG's stated leverage target of 1.5-2.0x. This heightened leverage comes at a time of high-interest rates, softening demand, and challenging macroeconomic environment.

Also, adding catchup capex to upgrade the Westrock asset base would imply a further 0.5x of financial leverage. We believe that increasing leverage at this point in the economic cycle, especially for a deal that offers insignificant strategic and economic benefits, may not align with the best interests of SKG shareholders.





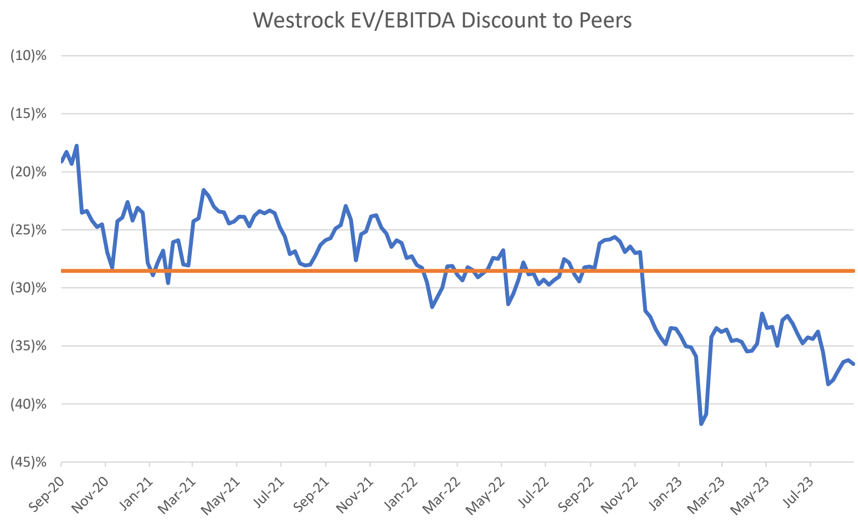
Source: Company Reports, Peer Group includes International Paper, PCA, Graphic Packaging, UPM, Mondi, DS Smith, Greif, Metsa, Stora

e. The main financial rationale appears to rest on hopes of a re-rating through a US listing

The shift to a US listing and the anticipated re-rating of the company appear to be key elements of the deal rationale, as pointed out during the investor call: "*The New York Stock Exchange listing will provide [...] a far sharper valuation benchmark*". While we appreciate the efforts to enhance the company's valuation, we have concerns that this perspective might oversimplify the complexities of capital markets. The rating of Westrock over the last 3 years compared to its two major peers, IP and PCA, serves as evidence that US investors are discerning and selective. Even after the merger with SKG, one should expect investors to remain conscious of the company's structural weakness and challenges:

- Its long paper position
- Its higher cost and lower returns asset base in North America
- Its Consumer Packaging business with no obvious synergies and facing the competition of Graphic Packaging
- Its higher leverage than peers

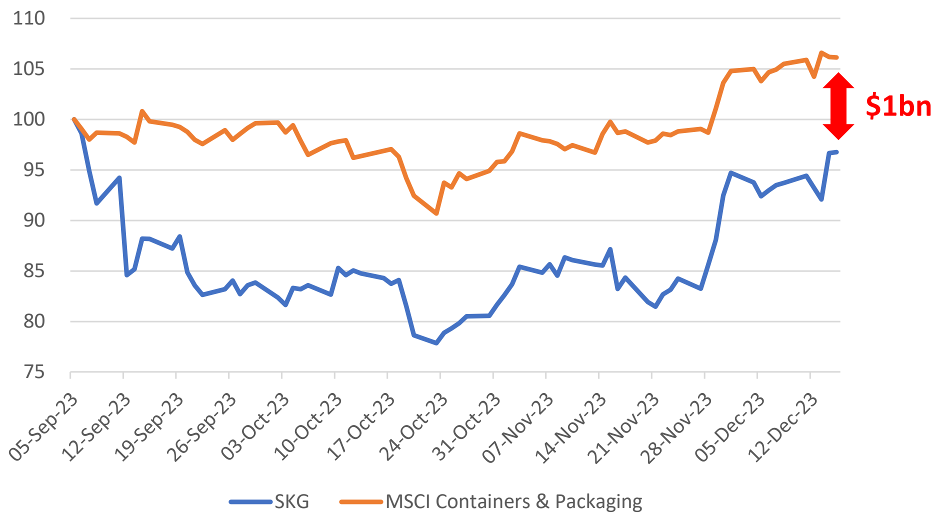
Hoping for a post-merger re-rating may turn out to be wishful thinking.



Source: Factset. Direct peers include IP and PCA

f. Market Reaction

In light of all those facts, it comes as no surprise that SKG shares experienced a material drop following the announcement, representing **a value destruction $1bn most recently** and c. $2bn earlier on.



Source: Bloomberg

III. More Attractive Alternatives

As SKG is considering a transformational transaction that will have an irreversible impact on its future, we also wish to highlight the existence of alternative options that seem to have the potential to create significantly more shareholder value.

a. Share Buyback

If the Board judges that despite the current stage in the economic cycle, valuations are such that it is an opportune moment to increase its leverage to 2.4x EBITDA, then an acquisition of SKG's own shares (at the pre-announcement price) would be c. **20% accretive to EPS** or Normalised Free Cash Flow per Share. This is in excess of the accretion resulting from the contemplated transaction, and presents absolutely no execution or antitrust risk, unlike the proposed deal. This is a further testament to the fact that more than 100% of the EPS accretion generated in the proposed transaction stems from increased leverage.

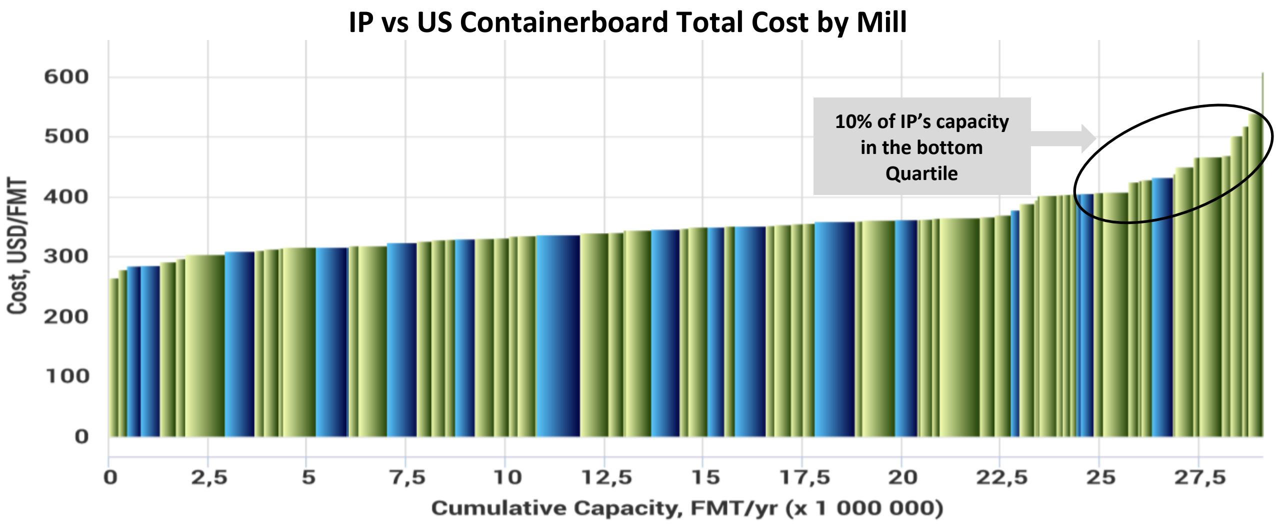
	SKG EUR	SBB	SKG EUR
Revenues	**11,294**		**11,294**
EBITDA US GAAP	**1,951**		**1,951**
Margin	17.3%		17.3%
PBT	**1,232**	**(112)**	**1,120**
Tax Rate	27.0%		27.0%
Adj Net Income	**900**		**818**
Shares	261	(62)	199
EPS	**3.45**		**4.10**
Accretion / (Dillution)			**19%**

Source: PrimeStone estimates

b. Combination with International Paper

While the SKG Board rejected International Paper's friendly approach in 2018 on valuation grounds, one cannot but wonder why the SKG board has judged that Westrock was a better partner than IP, with whom the fit is significantly more attractive.

- IP is far more integrated than Westrock
- IP has less non-core assets: 90% of IP's EBITDA is in Corrugated, compared to 50% for Westrock (and IP's pulp business is far smaller than Consumer Packaging, arguably a much easier disposal)
- IP offers a better geographic fit with meaningful overlap in Europe and estimated synergies of $500m[x]. The European combination is particularly attractive as IP is short paper and SKG is long
- IP's asset base in the US is of much higher quality than Westrock's with $50-60 lower containerboard cash cost (source: Fisher International), and only 10% of capacity in the bottom quartile (compared to 34-40% for Westrock)



Source: Fisher International

- IP's valuation rating is already superior to that of Westrock, and merging with IP would offer SKG's shareholders a far easier path to a re-rating, than a merger with Westrock, the lowest rated peer in the sector

Regarding management, one should also note that the recent announcement on the management transition at IP opens the door to a combination with SKG with Tony Smurfit as Group CEO.

> *"Letting the Westrock-SKG deal go through would be a real missed opportunity for IP's Board. The fit is just better with IP"*
>
> Former Division SVP, International Paper

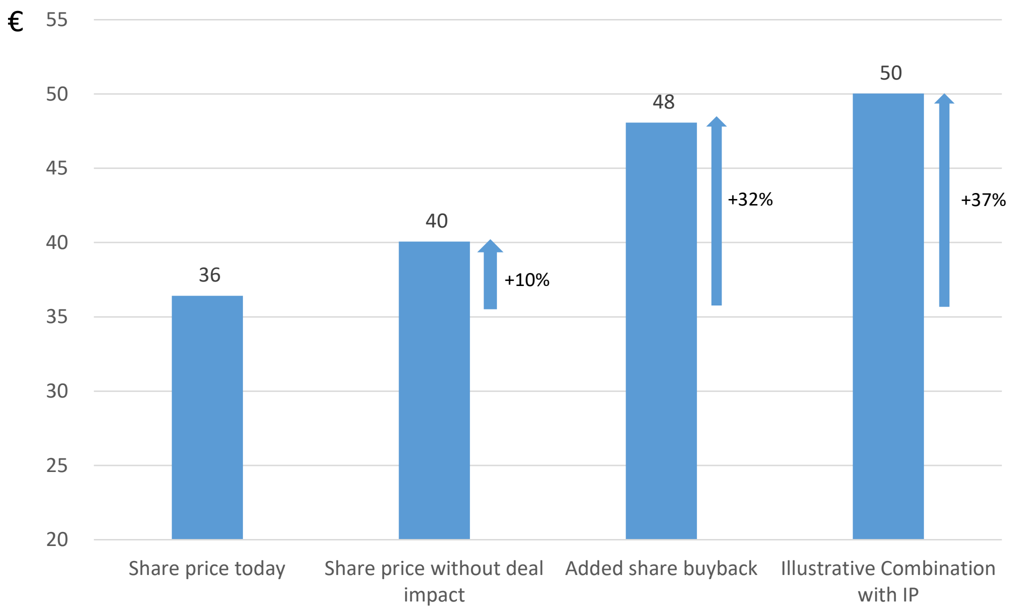
> *"A deal between IP and SKG deal is the absolute best thing that could happen to both. Egos could get in the way though"*
>
> Paper and Packaging Investment Banker

According to our estimates, an illustrative IP-SKG combination[xi] at €50 for each SKG share with a 30% cash component would involve a c. 37% premium to SKG's current share price and be 42%+ accretive for IP's shareholders including synergies. We believe both sets of shareholders would be supportive of the Boards exploring such a solution.

	IP	Combined Pre-Syn	Synergies	Combined Post-Syn
	USD	USD	USD	USD
Revenues	**18,989**	**31,348**		**31,348**
EBITDA US GAAP	**2,182**	**4,317**	**500**	**4,817**
Margin	11.5%	13.8%		15.4%
PBT	**970**	**2,043**		**2,543**
Tax Rate	23.0%	25.3%		25.3%
Adj Net Income	**747**	**1,526**		**1,899**
Shares	347	618		618
EPS	**2.16**	**2.47**		**3.07**
Accretion / (Dillution)		**14.5%**		**42.5%**

Source: Company reports, PrimeStone estimates

These two scenarios both represent material value creation for SKG shareholders from the current situation.



[i] In FY22, 6% of the IP's operating profit stemmed from the Global Cellulose Fibers segment (2022 Annual Report)
[ii] Based on cost curve data provided in the letter (Fisher International)
[iii] Roadshow presentation date July 27th 2023 (slide 31)
[iv] Average pre-tax ROCE (2015-2022) of 11.3% compared to 7.3% for Westrock (Company reports)
[v] Geographical / Product Overlap includes Westrock's FY23 Corrugated Packaging revenues in Latin America and EMEA
[vi] Excluding contribution from Gondi acquisition
[vii] Moderate net long position in virgin containerboard (~400kt) and short position in recycled containerboard (~400kt)
[viii] Pre-tax ROCE defined as adjusted EBIT / (Tangible and Intangible Assets and Working Capital)
[ix] Assuming capex spending 40% above depreciation over a period of 5 years
[x] The exit of IP from Brazil is more than offset by the larger overall business, compared to the $450m of target synergies of 2018
[xi] Illustrative combination assuming a share exchange ratio of 1.04 and a €15 cash component, for a total consideration of €50 per share

Nature of Statements and Information.

This letter is not, and should not be regarded as investment advice or as a recommendation regarding any particular security. PrimeStone, its members, employees, affiliates and clients may, as at the date of publication, have long or short positions in the securities referenced in this letter. We intend to continue trading in these securities and may at any time be long, short or neutral these securities (or any other securities of the same issuer) or any related investments, regardless of the position or views expressed in this letter.

Cautionary Statements Regarding Forward-Looking Statements

This letter contains forward-looking statements. All statements contained in this letter that are not clearly statements of current or historical fact or that necessarily depend on future events are forward-looking, and the words “anticipate,” “believe,” “expect,” “potential,” “could,” “opportunity,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. The projected results and statements contained in this letter that are not historical facts are based on current expectations, speak only as of the date of this letter and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such projected results and statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of PrimeStone. Although PrimeStone believes that the assumptions underlying the projected results or forward-looking statements are reasonable as of the date of this letter, any of the assumptions could be inaccurate and therefore, there can be no assurance that the projected results or forward-looking statements included in this letter will prove to be accurate and therefore actual results could differ materially from those set forth in, contemplated by, or underlying those forward-looking statements. In light of the significant uncertainties inherent in the projected results and forward-looking statements included in this letter, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and strategic initiatives expressed or implied by such projected results and forward-looking statements will be achieved. PrimeStone will not, and specifically disclaims any obligation to, disclose the results of any revisions that may be made to any projected results or forward-looking statements in this letter to reflect events or circumstances after the date of such projected results or statements or to reflect the occurrence of anticipated or unanticipated events. At the time of writing this letter, PrimeStone had a position in Smurfit Kappa Group. For risk management purposes, PrimeStone has also hedged some of that position with short positions in a basket of 16 companies from the sector (including International Paper and Westrock).