2003 Third Quarter Results

3 months ended 30 September, 2003

3 November, 2003: JSG Funding plc (the 'Group') today announced results for the quarter ended 30 September, 2003.

	3Q '03 € m	3Q '02 € m	Change %	9 months '03 € m	9 months '02 € m	Change %
Net sales	1,177	1,182	(0.4%)	3,573	3,545	0.8%
EBITDA*	145	147	(1.4%)	476	435	9.4%
Pre-tax profit/(loss)	(1)	67	-	31	215	-
**Pre-exceptional EBITDA*						

2003 third quarter results incorporate material changes to the Group's capital structure against the comparable period in 2002. The third quarter of 2002 is the quarter in which Jefferson Smurfit was acquired by Madison Dearborn Partners. Third quarter 2002 results, therefore, in part, reflect the capital structure prior to the leveraged buy-out.

The Group's 2003 third quarter earnings also include higher interest charges associated with a leveraged capital structure, the absence of significant associate earnings (principally Smurfit-Stone Container Corporation or 'SSCC'), the integration of SSCC's former European packaging assets and the absence of Smurfit MBI (acquired and disposed at the end of the first quarter of 2003 respectively); and, the acquisition of the majority of former Spanish associate, Papelera Navarra.

Third quarter financial performance reflects continuing price pressure in European product markets, additional maintenance and market-related downtime at our European mills during the seasonally slower summer months, the impact of the weak macro-economic environment and the relative strengthening of the euro.

Third Quarter, 2003: Year-on-year performance

Third quarter net sales of €1,177 million decreased 0.4% against €1,182 million in the third quarter of 2002. Excluding the effect of acquisitions, disposals and currency movements, sales decreased €18 million or approximately 1.5% on the comparable period in 2002.

Third quarter EBITDA, before exceptional items, of €145 million decreased 1.4% against €147 million in the third quarter of 2002. Excluding the effect of acquisitions, disposals and currency movements, EBITDA, before exceptional items, decreased €7 million on the comparable period in 2002. EBITDA, before exceptional items, of €145 million represents a margin of 12.3% on net sales against 12.4% in the third quarter of 2002.

Third Quarter, 2003: Quarter-on-quarter performance

Third quarter net sales decreased €40 million or 3% on the second quarter of 2003. Excluding the effect of acquisitions, disposals and currency movements, third quarter sales decreased €41 million on the second quarter of 2003. Third quarter EBITDA, before exceptional items, of €145 million decreased 17.6% against €176 million in the second quarter of 2003. Excluding an €18 million one-time gain in the second quarter, third quarter EBITDA, before exceptional items, declined 8.2%. Excluding the effect of acquisitions, disposals and currency movements, EBITDA, before exceptional items, decreased €31 million on the second quarter of 2003. EBITDA, before exceptional items, of €145 million represents a margin of 12.3% on net sales against 14.4% (13.0% excluding one time gains) in the second quarter of 2003.

Nine months to 30 September, 2003: Year-on-year performance

Net sales, in the nine months to 30 September, 2003 of €3,573 million increased 0.8% against €3,545 million in the comparable period in 2002. Excluding the effect of acquisitions, disposals and currency movements, sales decreased €45 million or approximately 1.3% compared with 2002. EBITDA, before exceptional items, for the first nine months of 2003, of €476 million increased 9.4% against €435 million in the comparable period of 2002. Excluding the effect of acquisitions, disposals and currency movements, EBITDA, before exceptional items, increased €12 million or 2.6% on the comparable period in 2002. EBITDA, before exceptional items, for the first nine months of 2003 represents a margin of 13.3% on sales against 12.3% in the comparable period of 2002.

Third quarter pre-tax loss: Year-on-year performance

The Group reported a loss before tax in the third quarter of €1 million compared to a profit of €67 million in 2002. The loss reflects lower operating results and the net interest charges associated with the Group's leveraged capital structure. Subsidiaries contributed a loss of €3 million and associates a profit of €2 million against profits of €54 million and €13 million in 2002 respectively. Exceptional gains of € 3 million, in the third quarter of 2003, relate to a €6 million gain on the sale of properties offset by €3 million reorganisation and restructuring costs.

Cash Flows and Capital Structure

Free cash flow in the third quarter of €87 million compares to €71 million in 2002. Cash flows, in the third quarter, reflect a subsidiary loss before tax of € 3 million, exceptional gains of €6 million relating to the sale of properties and a non-cash interest expense of €15 million.

Depreciation and amortisation increased from €65 million in the third quarter of 2002 to €75 million reflecting additional goodwill amortisation following the changed capital structure of the Group. Capital expenditure in the third quarter represents 73% of depreciation compared to 94% in the third quarter of 2002. Capital expenditure, for the first nine months of 2003, represents 66% of depreciation against 80% in 2002. The 2003 full year capital expenditure target is approximately 80% of depreciation which is adequate for current business needs. Investments of €85 million, in the third quarter of 2003, include the acquisition of the majority of former Spanish associate, Papelera Navarra and the payment of the deferred consideration for the acquisition of Nettingsdorfer of approximately €27 million and €55 million respectively.

Net borrowing at September 2003, was € 3,176 million (including €31 million of capital leases) compared to €3,177 million at June 2003, (including €32 million of capital leases) and €3,135 million at December 2002 (including €23 million of capital leases). The relative strengthening of the euro year-on-year resulted in the decrease in value of non-euro debt and a consequent currency gain of €16 million and €98 million in the quarter and nine months to September 2003 respectively. Net debt to capitalisation of 78% at September 2003 is unchanged from June 2003 and December 2002. Net debt to capitalisation, at September 2002, was 81%.

Summary cash flows for the third quarter and first nine months of 2003 are set out in the following table.

	JSG Funding 3 months to 30 Sept 2003 € Million	JSG Funding / JSG* 3 months to 30 Sept 2002 € Million	**JSG Funding 9 months to 30 Sept 2003 € Million**	JSG Funding / JSG* 9 months to 30 Sept 2002 € Million
(Loss) / profit before tax - subsidiaries	**(3)**	54	**23**	178
Exceptional items	**(6)**	(1)	**(6)**	(17)
Depreciation and amortisation	**75**	65	**223**	193
Non cash interest expense	**15**	-	**44**	-
Working capital change	**76**	45	**34**	20
Capital expenditure (incl. capital creditors)	**(50)**	(57)	**(140)**	(153)
Sales of fixed assets	**7**	-	**8**	1
Tax paid	**(27)**	(29)	**(51)**	(108)
Dividends from associates	**1**	1	**1**	4
Other	**(1)**	(7)	**7**	(2)
Free cash flow	**87**	71	**143**	116
Investments	**(85)**	(10)	**(179)**	(291)
Sale of businesses and investments	**17**	-	**29**	26
Share issues	**-**	7	**-**	11
Dividends	**(2)**	(4)	**(6)**	(63)
Transaction related movements	**(24)**	(1,714)	**(46)**	(1,714)
Net cash (outflow)	**(7)**	(1,650)	**(59)**	(1,915)
Net cash/(debt) acquired/disposed	**-**	2	**55**	(150)
SSCC I/C debt repaid	**-**	-	**(97)**	-
Non-cash interest accrued	**(10)**	-	**(30)**	-
Currency translation adjustments	**16**	(19)	**98**	87
(Increase) in net borrowing (excluding leases)	**(1)**	(1,667)	**(33)**	(1,978)

* For comparison purposes, the financial results of Jefferson Smurfit Group Limited and subsidiary companies (JSG) for the periods prior to its acquisition on 3 September, 2002 have been combined with those of JSG Funding plc for periods following such acquisition

Performance Review and Outlook

Gary McGann, Chief Executive Officer, commented "As 2003 unfolds, the operating environment continues to be a challenging one. Our financial performance, in the quarter, clearly reflects this environment. The decline in the value of the US dollar has adversely affected European demand growth with finished goods significantly less competitive in an export market context. New containerboard capacity in Europe, together with announced capacity expansion plans, contributes to a tough operating environment. Our Latin American businesses continue to perform relatively well. However, reported earnings are, again impacted by the decline in the value of the US dollar. As a hedge against US dollar exchange rate risk, however, we maintain a significant portion of US dollar borrowings in our debt portfolio.

Against this backdrop, our competitive response continues to be a total focus on a fully integrated, demand driven, corrugated system. This means broadly aligning our containerboard production with box plant consumption. An integrated system gives us increased control over the channel to the market. We will continue to compete on the basis of superior product, quality and service.

Our overall message remains the same. Current business conditions necessitate increasingly active management of the factors we control. We continue to operate a focused business, to exercise discipline in our capital programmes, address underperforming businesses, reduce operating and administrative cost and focus on cash generation. The objective is to position the business for sustainable performance. This means progressively improving operating and financial performance at all points of the industry cycle."

Website access to reports

The Registrant's annual report on Form 20-F, current reports on Form 6-K, the April 2003 registration statement on Form F-4 and all amendments to those reports are made available free of charge through the Registrant's website (smurfit-group.com) as soon as practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

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JSG Funding plc

Summary Group Profit and Loss Account

	JSG Funding	JSG Funding/JSG*	**JSG Funding**	JSG Funding/JSG*
	3 months to	3 months to	**9 months to**	9 months to
	30 Sep 2003	30 Sep 2002	**30 Sep 2003**	30 Sep 2002
	€ 000	€ 000	**€ 000**	€ 000
	Unaudited	Unaudited	**Unaudited**	Unaudited
Turnover				
Continuing Operations	**996,937**	1,056,135	**3,112,835**	3,098,229
Acquisitions	**180,117**	-	**355,376**	-
Disposals	**-**	125,523	**104,355**	446,859
	1,177,054	1,181,658	**3,572,566**	3,545,088
Cost of sales	**845,067**	865,546	**2,578,870**	2,569,776
Gross profit	**331,987**	316,112	**993,696**	975,312
Net operating expenses	**263,282**	234,552	**742,968**	735,266
Reorganisation and restructuring costs	**3,164**	1,844	**8,510**	15,413
Operating profit subsidiaries				
Continuing Operations	**53,607**	72,805	**207,702**	202,828
Acquisitions	**11,934**	-	**26,890**	-
Disposals	**-**	6,911	**7,626**	21,805
	65,541	79,716	**242,218**	224,633
Share of associates' operating profit	**2,877**	32,152	**9,531**	118,952
Share of associates' restructuring costs	**-**	(3,411)	**-**	(7,541)
Total operating profit	**68,418**	108,457	**251,749**	336,044
Profit on sale of assets and businesses	**5,560**	**-**	**5,560**	20,440
Group net interest	**(74,282)**	(25,794)	**(224,881)**	(66,817)
Share of associates' net interest	**(373)**	(15,787)	**(1,724)**	(74,539)
Total net interest	**(74,655)**	(41,581)	**(226,605)**	(141,356)
Profit before taxation	**(677)**	66,876	**30,704**	215,128
Taxation				
Group	**11,903**	25,357	**51,633**	69,898
Share of associates	**788**	5,124	**1,817**	17,361
	12,691	30,481	**53,450**	87,259
Profit after taxation	**(13,368)**	36,395	**(22,746)**	127,869
Equity minority interests	**3,753**	5,247	**13,053**	22,506
Retained profits	**€(17,121)**	€31,148	**€(35,799)**	€105,363

*For comparison purposes, the financial results of Jefferson Smurfit Group Limited and subsidiary companies (JSG) for the periods prior to its acquisition on 3 September, 2002 have been combined with those of JSG Funding plc for the periods following such acquisition.

JSG Funding plc

Segmental Analyses

Sales - third party

	JSG Funding	JSG Funding/JSG*	**JSG Funding**	JSG Funding/JSG*
	3 months to	3 months to	**9 months to**	9 months to
	30 Sep 2003	30 Sep 2002	**30 Sep 2003**	30 Sep 2002
	€ 000	€ 000	**€ 000**	€ 000
Packaging	**761,660**	641,197	**2,205,938**	1,911,220
Specialities	**245,571**	240,471	**754,912**	604,198
Europe	**1,007,231**	881,668	**2,960,850**	2,515,418
United States and Canada	**-**	125,523	**104,355**	446,859
Latin America	**169,823**	174,467	**507,361**	582,811
	€1,177,054	€1,181,658	**€3,572,566**	€3,545,088
Associates' third party sales	**€22,730**	€1,560,986	**€149,400**	€6,304,001
Share of associates' third party sales	**€6,746**	€466,405	**€57,370**	€1,880,007

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JSG Funding plc

Segmental Analyses

Profit before taxation

	JSG Funding 3 months to 30 Sep 2003 € 000	JSG Funding/JSG* 3 months to 30 Sep 2002 € 000	**JSG Funding 9 months to 30 Sep 2003 € 000**	JSG Funding/JSG* 9 months to 30 Sep 2002 € 000
Packaging	**43,976**	51,768	**160,002**	147,917
Specialities	**22,933**	16,524	**73,327**	44,634
Associates	**2,111**	3,836	**7,241**	19,241
Europe	**69,020**	72,128	**240,570**	211,792
Packaging	**-**	6,082	**7,775**	20,578
Associates	**-**	25,534	**-**	92,408
United States and Canada	**-**	31,616	**7,775**	112,986
Packaging	**20,833**	19,724	**61,751**	67,888
Associates	**134**	1,095	**88**	3,905
Latin America	**20,967**	20,819	**61,839**	71,793
Asia (Associates)	**632**	1,687	**2,202**	3,398
Unallocated central costs	**(7,367)**	(9,782)	**(19,230)**	(33,771)
Profit before unallocated goodwill, interest, exceptional items and taxation	**83,252**	116,468	**293,156**	366,198
Unallocated goodwill	**(11,670)**	(2,756)	**(32,897)**	(7,200)
Group net interest	**(74,282)**	(25,794)	**(224,881)**	(66,817)
Share of associates' net interest	**(373)**	(15,787)	**(1,724)**	(74,539)
Profit before exceptional items	**(3,073)**	72,131	**33,654**	217,642
Reorganisation and restructuring costs	**(3,164)**	(1,844)	**(8,510)**	(15,413)
Profit on sale of assets and businesses	**5,560**	-	**5,560**	20,440
Share of associates' exceptional costs	**-**	(3,411)	**-**	(7,541)
Profit before taxation	**€(677)**	€66,876	**€30,704**	€215,128

*For comparison purposes, the financial results of Jefferson Smurfit Group Limited and subsidiary companies (JSG) for the periords prior to its acquisition on 3 September, 2002 have been combined with those of JSG Funding plc for periods following such acquisition.

JSG Funding plc

Summary Group Balance Sheet as at 30 September, 2003

	JSG Funding 30 Sep 2003 € 000 Unaudited	JSG Funding 30 Sep 2002 € 000 Unaudited
Assets Employed		
Fixed Assets		
Intangible assets	**1,631,964**	1,204,819
Tangible assets	**2,311,491**	2,278,214
Amounts due by fellow subsidiaries (newcos)	**267,804**	190,883
Amounts due by Parent	**3,579**	-
Financial assets	**92,476**	177,833
	4,307,314	3,851,749
Current Assets		
Stocks	**494,517**	499,735
Debtors	**1,014,689**	1,107,035
Cash at bank and in hand	**162,367**	101,183
	1,671,573	1,707,953
Creditors (amounts falling due within one year)	**1,226,354**	1,275,350
Net current assets	**445,219**	432,603
Total assets less current liabilities	**€4,752,533**	€4,284,352
Financed by		
Creditors (amounts falling due after more than one year)	**3,060,542**	2,988,560
Government grants	**34,176**	12,915
Provisions for liabilities and charges	**553,693**	373,153
Pension liabilities (net of deferred tax)	**88,792**	-
	3,737,203	3,374,628
Capital and Reserves		
Called up share capital	**40**	40
Other reserves	**916,541**	734,086
Profit and loss account	**(20,347)**	9,933
Group shareholders' funds (equity interests)	**896,234**	744,059
Minority interests (equity interests)	**119,096**	165,665
	1,015,330	909,724
	€4,752,533	€4,284,352

JSG Funding plc

Reconciliation of net income to EBITDA, before exceptional items

	JSG Funding 3 months to 30 Sep 2003 € 000 Unaudited	JSG Funding/JSG * 3 months to 30 Sep 2002 € 000 Unaudited	**JSG Funding 9 months to 30 Sep 2003 € 000 Unaudited**	JSG Funding/JSG * 9 months to 30 Sep 2002 € 000 Unaudited
Retained profits	**(17,121)**	31,148	**(35,799)**	105,363
Equity minority interests	**3,753**	5,247	**13,053**	22,506
Taxation	**12,691**	30,481	**53,450**	87,259
Share of associates' operating profit	**(2,877)**	(32,152)	**(9,531)**	(118,952)
Share of associates' restructuring costs	**-**	3,411	**-**	7,541
Profit on sale of assets and businesses	**(5,560)**	-	**(5,560)**	(20,440)
Reorganisation and restructuring costs	**3,164**	1,844	**8,510**	15,413
Total net interest	**74,655**	41,581	**226,605**	141,356
Depreciation, depletion and amortisation	**76,421**	65,622	**225,402**	194,831
EBITDA, before exceptional items	**€ 145,126**	€ 147,182	**€ 476,130**	€ 434,877

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