



PRESS RELEASE

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Results for the first quarter of 2021

- Ongoing good demand and capacity utilization
- Sales and result slightly below previous year
- Significant increase in input prices weighs on profit of MM Karton
- Price increases in both divisions in implementation
- Result of the 2nd quarter expected below 1st quarter

The Mayr-Melnhof Group recorded overall high capacity utilization with robust demand for cartonboard packaging in the 1st quarter of 2021. Sales and operating profit were slightly below the previous year's level. An increase in result in the packaging division was offset by a significant decline in the cartonboard division.

In the cartonboard division, the drastically rising prices of recovered paper over the last few months, but also higher prices for energy, pulp, chemicals and logistics, led to a significant cost inflation after last year's cost deflation. For this reason, MM Karton has already increased the prices for recycled fiber-based cartonboard in two steps, effective in the 2nd quarter and again in the middle of the year. In the case of virgin fiber-based cartonboard, prices are also to be increased in the middle of the year where there is no longer-term validity. The cost increases for cartonboard, paper, inks and varnishes, which are clearly noticeable by MM Packaging in the 2nd quarter, will mainly be passed on from the middle of the year onwards.

The objective is to return in the second half of the year 2021 to the earnings level of the 1st quarter in the Group's current business after an expected decline in result in the 2nd quarter.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1Q/2021	1Q/2020	+/-
Sales	641.3	646.6	-0.8 %
EBITDA	92.7	98.9	-6.3 %
Operating profit	61.2	64.6	-5.2 %
Operating margin (in %)	9.6 %	10.0 %	-44 bp
Profit before tax	58.6	62.8	-6.7 %
Income tax expense	(14.7)	(17.7)	
Profit for the period	43.9	45.1	-2.8 %
Net profit margin (in %)	6.8 %	7.0 %	
Earnings per share (in EUR)	2.18	2.25	
Cash flow from operating activities	77.8	84.5	-7.9 %
Employees	10,022	9,938 ¹⁾	
Capital expenditures (CAPEX)	60.3	31.2	
Depreciation and amortization	31.5	34.3	

¹⁾ as of December 31, 2020

Consolidated sales of the Group amounted to EUR 641.3 million in the first three months of 2021, almost reaching the previous year's level (1Q 2020: EUR 646.6 million).

At EUR 61.2 million, the operating profit was 5.2 % or EUR 3.4 million below the comparative value of the previous year (1Q 2020: EUR 64.6 million). An increase in the packaging division was contrasted by a decline in the cartonboard division. In the previous year, one-off expenses in the amount of EUR -8.6 million were included, which were divided equally between the two divisions. The Group's operating margin was at 9.6 % (1Q 2020: 10.0 %).

Financial income of EUR 0.5 million (1Q 2020: EUR 0.4 million) contrasted with financial expenses of EUR -3.6 million (1Q 2020: EUR -2.1 million). "Other financial result – net" amounted to EUR 0.5 million (1Q 2020: EUR -0.1 million).

Accordingly, profit before tax at EUR 58.6 million was 6.7 % below the previous year's value (1Q 2020: EUR 62.8 million). Income tax expense amounted to EUR 14.7 million (1Q 2020: EUR 17.7 million), resulting in an effective Group tax rate of 25.2 % (1Q 2020: 28.2 %).

Profit for the period decreased slightly from EUR 45.1 million to EUR 43.9 million.

OUTLOOK

With well-filled order books, we see growing demand for cartonboard and packaging also in 2021. In view of the continuing increase in input prices for fibers, energy, chemicals and logistics, the focus is currently on passing them on. The objective is to return in the second half of the year 2021 to the earnings level of the 1st quarter in the Group's current business after an expected decline in result in the 2nd quarter.

In addition to the necessary price increases, our intensified investments in the future and growth projects in several mills of MM Karton and MM Packaging got off to a good start. As reported, the main emphasis is on improving cost structures and increasing market penetration with sustainable, innovative fiber-based packaging solutions. However, this is also accompanied by selective adjustment and restructuring measures in the portfolio, as currently planned at MM Graphia Bielefeld in the 2nd quarter. By relocating the production volume to other MM Packaging sites in Germany, but also in Russia, Ukraine and Asia, competitiveness is to be increased. This measure is expected to result in one-off expenses of EUR 25 – 30 million in the 2nd quarter.

The closing of the Kotkamills acquisition in Finland continues to be expected in the middle of the year and that of Kwidzyn in Poland in the 3rd quarter of 2021.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1Q/2021	1Q/2020	+/-
Sales¹⁾	271.4	273.5	-0.8 %
Operating profit	19.8	34.1	-41.9 %
Operating margin (in %)	7.3 %	12.5 %	-518 bp
Cash flow from operating activities	23.1	30.4	-23.8 %
Tonnage sold (in thousands of tons)	432	444	-2.6 %
Tonnage produced (in thousands of tons)	410	435	-5.7 %

¹⁾ including interdivisional sales

Demand on the European cartonboard markets has been characterized by strong order activity since the beginning of the year. Therefore, the division's average order backlog of 149,000 tons in the 1st quarter of 2021 was significantly above the comparative figure of the previous year (1Q 2020: 94,000 tons). At 99 % (1Q 2020: 98 %), the division's capacities were almost fully utilized.

Due to the drastic price increase on the procurement markets, in particular for fibers (recovered paper, pulp), MM Karton has been implementing price increases effective from the 2nd quarter of 2021, respectively the middle of the year. Reasons for the significant rise in prices of recovered paper are mainly the strong demand from the corrugated board industry, higher demand from Asia, as well as the decline in volumes of magazine papers and newsprint.

Both the volume produced and sold were slightly below the previous year's period at 410,000 tons and 432,000 tons, respectively (1Q 2020: 435,000 tons and 444,000 tons, respectively). This decline mainly results from the shutdown of cartonboard production at the Hirschwang site in fall of the previous year. With a sales share of approx. 87 % in Europe and 13 % in markets outside Europe, slightly more was sold again in the European markets (1Q 2020: 85 % and 15 %, respectively).

At EUR 271.4 million, sales almost reached the previous year's level (1Q 2020: EUR 273.5 million). The decline in the operating profit from EUR 34.1 million to EUR 19.8 million is particularly attributable to the significant increase in direct costs, which will be offset by gradually higher prices from the 2nd quarter onwards. Thus, the operating margin amounted to 7.3 % (1Q 2020: 12.5 %).

MM Packaging

in millions of EUR, IFRS	1Q/2021	1Q/2020	+/-
Sales¹⁾	399.3	401.7	-0.6 %
Operating profit	41.4	30.5	+36.0 %
Operating margin (in %)	10.4 %	7.6 %	+279 bp
Cash flow from operating activities	54.7	54.1	+1.1 %
Tonnage processed (in thousands of tons)	216	209	+3.2 %

¹⁾ including interdivisional sales

The good sales development of cartonboard packaging for consumer staples (fast moving consumer goods and e-commerce) also continued in the 1st quarter of 2021. In addition, the markets Health, Beauty & Personal Care show a lasting improvement, respectively a recovery.

On the other hand, the clearly progressing cost inflation is also becoming an increasing challenge for MM Packaging. While the effects of this were manageable in the 1st quarter, the current significant rise in input costs, such as for cartonboard, paper, inks, varnishes and packaging material requires a passing on to customers, which will largely take place from the middle of the year onwards in accordance with contractual agreements.

Our expansion investments in sites with cost advantages and the focus on growth markets such as sustainable plastic-free packaging or e-commerce applications were successfully launched in Austria, Poland, Romania and the United Kingdom. At the same time, necessary structural adjustment measures to increase competitiveness and secure the existing business are being continued. Thereby, MM is committed to socially responsible solutions.

While sales at EUR 399.3 million were at the previous year's level (1Q 2020: EUR 401.7 million), operating profit increased significantly by 36.0 % or EUR 10.9 million to EUR 41.4 million (1Q 2020: EUR 30.5 million). The operating margin went up accordingly to 10.4 % (1Q 2020: 7.6 %).

Tonnage processed rose by 3.2 % from 209,000 tons to 216,000 tons, mainly due to shifts in the product mix.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2020	2Q/2020	3Q/2020	4Q/2020	1Q/2021
Sales	646.6	619.9	637.0	624.9	641.3
EBITDA	98.9	112.8	95.4	91.8	92.7
Operating profit	64.6	57.9	46.8	62.1	61.2
Operating margin (in %)	10.0 %	9.3 %	7.3 %	9.9 %	9.6 %
Profit before tax	62.8	54.9	42.9	61.5	58.6
Income tax expense	(17.7)	(15.1)	(11.5)	(15.6)	(14.7)
Profit for the period	45.1	39.8	31.4	45.9	43.9
Net profit margin (in %)	7.0 %	6.4 %	4.9 %	7.4 %	6.8 %
Earnings per share (in EUR)	2.25	1.98	1.55	2.28	2.18
Cash flow from operating activities	84.5	38.1	101.1	94.5	77.8

DIVISIONS

MM KARTON

in millions of EUR, IFRS	1Q/2020	2Q/2020	3Q/2020	4Q/2020	1Q/2021
Sales¹⁾	273.5	259.5	264.4	253.4	271.4
Operating profit	34.1	25.1	9.2	18.3	19.8
Operating margin (in %)	12.5 %	9.6 %	3.5 %	7.2 %	7.3 %
Cash flow from operating activities	30.4	22.3	45.5	28.1	23.1
Tonnage sold (in thousands of tons)	444	427	423	410	432
Tonnage produced (in thousands of tons)	435	442	421	412	410

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/2020	2Q/2020	3Q/2020	4Q/2020	1Q/2021
Sales¹⁾	401.7	391.9	401.9	398.7	399.3
Operating profit	30.5	32.8	37.6	43.8	41.4
Operating margin (in %)	7.6 %	8.4 %	9.3 %	11.0 %	10.4 %
Cash flow from operating activities	54.1	15.8	55.6	66.4	54.7
Tonnage processed (in thousands of tons)	209	211	215	212	216

¹⁾ including interdivisional sales

The Report for the first quarter of 2021 as well as the CEO Audio-Q&A-Webcast are available on our website: www.mayr-melnhof.com

Forthcoming results:

August 19, 2021 Half-Year Results 2021

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