

May 14, 2020

Results for the 1st Quarter of 2020

- Broadly continuous business development
- Profit increase due to significantly improved margin at MM Karton
- MM Packaging at previous year's level
- Due to short-term visibility no forecast for the current year

The Mayr-Melnhof Group was able to close the first quarter of 2020 with a positive development of results, despite increasingly challenging conditions due to the Covid-19 pandemic. As a manufacturer of system-relevant products, cartonboard and cartonboard packaging for consumer staples, we recorded an overall good utilization and have been able to maintain production to a large extent.

While sales in the first three months of 2020 remained stable compared to the previous year, the operating profit increased significantly. This is mainly due to a strong development in the cartonboard division, which was particularly supported by favorable raw material and energy costs as well as a good maintenance of selling prices. In contrast, results of the packaging division remained close to the previous year's level mainly due to changes in the product mix.

The MM Group pursues highest possible continuity. However, due to short-term visibility and macroeconomic uncertainties, a more detailed assessment for the current year is not possible.

The Management Board and Supervisory Board of Mayr-Melnhof Karton AG would like to thank all employees of the MM Group for their great commitment to maintain operations in this extraordinary situation due to Covid-19.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1Q/2020	1Q/2019	+/-
Sales	646.6	642.9	+0.6 %
EBITDA	98.9	90.9	+8.8 %
EBITDA margin (in %)	15.3 %	14.1 %	
Operating profit	64.6	57.2	+12.9 %
Operating margin (in %)	10.0 %	8.9 %	
Profit before tax	62.8	58.1	+8.1 %
Income tax expense	(17.7)	(14.4)	
Profit for the period	45.1	43.7	+3.2 %
Net profit margin (in %)	7.0 %	6.8 %	
Earnings per share (in EUR)	2.25	2.17	
Employees	9,957	10,014 ¹⁾	
Capital expenditures (CAPEX)	31.2	30.9	
Depreciation and amortization	34.3	33.7	

¹⁾ as of December 31, 2019

The Group's consolidated sales amounted to EUR 646.6 million, slightly above the comparable figure for the previous year (1Q 2019: EUR 642.9 million).

EBITDA increased by 8.8 % to EUR 98.9 million (1Q 2019: EUR 90.9 million). The operating profit rose by 12.9 % or EUR 7.4 million to EUR 64.6 million (1Q 2019: EUR 57.2 million) and includes a liability recognized as expenses for the termination agreement with the former CEO in the amount of EUR -8.6 million, which was booked in equal shares in the divisions. In the first quarter of the previous year, one-off acquisition effects from the initial consolidation of the Tann-Group due to the recognition of the order backlog and inventory valuation were recorded in the amount of around EUR -7 million. The Group's operating margin increased to 10.0 % after 8.9 % in the comparable period.

Financial income totaling EUR 0.4 million (1Q 2019: EUR 0.4 million) contrasted with financial expenses of EUR -2.1 million (1Q 2019: EUR -2.0 million). The "Other financial result – net" amounted to EUR -0.1 million after EUR 2.5 million, whereby the previous year's figure was increased primarily by foreign currency gains.

Profit before tax rose by 8.1 % to EUR 62.8 million (1Q 2019: EUR 58.1 million). Income tax expense amounted to EUR 17.7 million (1Q 2019: EUR 14.4 million). This results in an increase of the effective Group tax rate to 28.2 % (1Q 2019: 24.8 %), which is mainly due to the tax effect of the liability for the termination agreement.

Profit for the period thus went up by 3.2 % to EUR 45.1 million (1Q 2019: EUR 43.7 million).

OUTLOOK

The macroeconomic consequences of the Covid-19 pandemic and the associated impact on our business remain difficult to assess. For certain, a recession is imminent whose extent, duration and development cannot be predicted. Even if the demand for our products, cartonboard and cartonboard packaging for consumer staples, has a certain resilience and is currently doing well overall, it is difficult for us to assess how much is attributable to end-consumption or stockpiling. On the cost side, we are facing price increases for the important raw material of recovered paper, which we are countering with higher prices for recycled fiber-based cartonboard.

Due to short-term visibility and macroeconomic uncertainties, a further assessment for the current year is not possible at the moment. In any case, sustained investment activity should further strengthen the competitiveness of MM.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1Q/2020	1Q/2019	+/-
Sales¹⁾	273.5	271.3	+0.8 %
Operating profit	34.1	27.3	+24.9 %
Operating margin (in %)	12.5 %	10.1 %	
Tonnage sold (in thousands of tons)	444	421	+5.5 %
Tonnage produced (in thousands of tons)	435	430	+1.2 %

¹⁾ including interdivisional sales

Demand on the European cartonboard markets in the first quarter 2020 was characterized by continuity as well as increased order activity as from the end of the quarter. Against this background, MM Karton was able to perform well with high capacity utilization, a consistent pricing policy and a favorable cost development and to selectively gain market shares. At the outbreak of the Covid-19 pandemic, the supply chain was tense but manageable.

At 98 % (1Q 2019: 98 %), the division's capacities remained almost fully utilized. The average order backlog of MM Karton amounted to approximately 94,000 tons following 75,000 tons in the first three months of the previous year.

At 435,000 tons, production was slightly above the previous year's level (1Q 2019: 430,000 tons), while the volume sold was 5.5 % higher at 444,000 tons (1Q 2019: 421,000 tons). Around 85 % was sold in Europe and 15 % in markets outside Europe (1Q 2019: 82 %; 18 %).

On the procurement markets, prices for mixed recovered paper grades and energy showed a downward trend.

Sales increased moderately from EUR 271.3 million to EUR 273.5 million, while the operating profit rose significantly by 24.9 % or EUR 6.8 million to EUR 34.1 million (1Q 2019: EUR 27.3 million). The operating margin reached 12.5 % after 10.1 % in the comparable period.

MM Packaging

in millions of EUR, IFRS	1Q/2020	1Q/2019	+/-
Sales¹⁾	401.7	402.4	-0.2 %
Operating profit	30.5	29.9	+2.0 %
Operating margin (in %)	7.6 %	7.4 %	
Tonnage processed (in thousands of tons)	209	200	+4.5 %

¹⁾ including interdivisional sales

Similar to cartonboard, the development on the European folding carton markets was characterized by largely stable demand at the beginning of the year 2020. However, the outbreak of the Covid-19 pandemic and the related regulatory measures resulted in a significant increase in orders for packaging for food and other consumer staples from March onwards. In contrast, there was a sharp decline in high-value markets such as duty-free, luxury and cosmetics.

Thanks to good cooperation between the plants and flexible planning, it was possible to manage the major challenges in production and procurement, especially transport logistics. Nevertheless, temporary individual plant shutdowns from mid-March onwards could not be avoided.

At EUR 401.7 million and EUR 30.5 million, sales and operating profit in the first quarter remained at the previous year's level (1Q 2019: EUR 402.4 million and EUR 29.9 million), whereby also the operating margin of 7.6 % (1Q 2019: 7.4 %) hardly changed.

The tonnage processed rose by 4.5 % from 200,000 tons to 209,000 tons, mainly due to shifts in the product mix.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2019	2Q/2019	3Q/2019	4Q/2019	1Q/2020
Sales	642.9	632.6	648.8	620.1	646.6
EBITDA	90.9	100.7	105.6	92.4	98.9
EBITDA margin (in %)	14.1 %	15.9 %	16.3 %	14.9 %	15.3 %
Operating profit	57.2	66.8	71.6	59.7	64.6
Operating margin (in %)	8.9 %	10.6 %	11.0 %	9.6 %	10.0 %
Profit before tax	58.1	64.5	71.6	56.9	62.8
Income tax expense	(14.4)	(15.9)	(17.6)	(13.0)	(17.7)
Profit for the period	43.7	48.6	54.0	43.9	45.1
Net profit margin (in %)	6.8 %	7.7 %	8.3 %	7.1 %	7.0 %
Earnings per share (in EUR)	2.17	2.42	2.70	2.20	2.25

DIVISIONS

MM KARTON

in millions of EUR, IFRS	1Q/2019	2Q/2019	3Q/2019	4Q/2019	1Q/2020
Sales¹⁾	271.3	270.2	271.5	265.3	273.5
Operating profit	27.3	30.3	29.8	23.1	34.1
Operating margin (in %)	10.1 %	11.2 %	11.0 %	8.7 %	12.5 %
Tonnage sold (in thousands of tons)	421	426	432	426	444
Tonnage produced (in thousands of tons)	430	437	436	420	435

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/2019	2Q/2019	3Q/2019	4Q/2019	1Q/2020
Sales¹⁾	402.4	388.0	404.2	383.4	401.7
Operating profit	29.9	36.5	41.8	36.6	30.5
Operating margin (in %)	7.4 %	9.4 %	10.3 %	9.5 %	7.6 %
Tonnage processed (in thousands of tons)	200	192	199	194	209

¹⁾ including interdivisional sales

The Report for the first quarter of 2020 is available on our website:

www.mayr-melnhof.com

Forthcoming Results:

August 20, 2020 Half-Year Results 2020

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