



Press Release

Vienna, November 7, 2024

MM reports results for the first three quarters of 2024

- 3rd quarter affected by annual maintenance downtime at Board & Paper
- Packaging divisions with continued solid performance
- Board & Paper despite significant volume increase affected by lower prices and higher costs
- Effects of targeted cartonboard price increases and consistent cost savings expected by 2025
- Consumer restraint continues in end markets

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	Q1-3/2024	Q1-3/2023	+/-
Sales	3,068.8	3,196.5	- 4.0 %
Adjusted EBITDA¹⁾	295.7	358.7	- 17.6 %
Adjusted EBITDA margin (%)	9.6 %	11.2 %	- 159 bp
Adjusted operating profit¹⁾	126.3	190.4	- 33.7 %
Adjusted operating margin (%)	4.1 %	6.0 %	- 184 bp
Operating profit	126.3	159.8	- 21.0 %
Return on capital employed ²⁾ (%)	4.8 %	8.4 %	- 361 bp
Profit before tax	70.9	118.9	- 40.4 %
Income tax expense	(18.6)	(27.7)	
Profit for the period	52.3	91.2	- 42.7 %
Net profit margin (%)	1.7 %	2.9 %	
Earnings per share (in EUR)	2.54	4.50	
Cash flow from operating activities	167.6	327.3	- 48.8 %
Free cash flow	(18.8)	8.8	n.m.
Employees ³⁾	14,865	15,087	
Capital expenditures	191.3	323.5	
Depreciation and amortisation ⁴⁾	169.4	168.2	

¹⁾ adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

²⁾ The calculation is based on the adjusted result figure.

³⁾ excl. temporary workers; previous year's value as of December 31, 2023

⁴⁾ incl. impairment on property, plant and equipment and intangible assets

Peter Oswald, MM CEO, comments: "Despite persistent consumer restraint in the European core markets the MM Group succeeded in maintaining sales in the 3rd quarter at the level of the two previous quarters. The MM Board & Paper division recorded a significant increase in volumes of around 18 % so far this year after the reduction of inventories in the supply chain and machine rebuilds in the previous year. As expected, 3rd quarter results were below both the previous quarter and the previous year's 3rd quarter due to planned annual maintenance downtime at Board & Paper, which mainly affected the pulp mills in Poland and Finland. The costs of the annual shutdowns of MM Kwidzyn and MM Kotkamills were roughly EUR 25 million.

MM Food & Premium Packaging showed again a strong performance due to productivity increases and cost reductions, even though profitability was somewhat below last year.

MM Pharma & Healthcare Packaging could slightly improve profits, which were however held back by weak demand and extra costs from starting up new machines.

In the Board & Paper division, the earnings situation stayed weak despite the significant increase in volumes and cost reductions. This is primarily due to a substantial drop in average prices, along with rising costs in some areas like paper for recycling, wood and personnel. A comprehensive profit & cash protection programme has been in place for several quarters, with the majority of savings expected to materialise in 2025. Additionally, targeted price increases are being implemented, with their impact mainly anticipated next year.

For the 4th quarter, we expect from today's perspective a stable development in both packaging divisions as well as Board & Paper returning to a slightly positive result."

"Due to the ongoing weak consumption of daily consumer goods, subdued development in the end markets and continued underutilisation in the cartonboard industry are also anticipated in 2025. Against this background, we will continue to focus on strengthening our competitiveness by reducing costs and improving our quality, sustainability, and innovation. Particular attention will remain directed towards enhancing margins and ongoing cash generation. With the significantly optimised asset base over recent years and a solid financial position, MM is very well equipped to successfully meet the continuing challenges of the market with more sustainable and innovative packaging solutions.", underlines Oswald.

INCOME STATEMENT

At EUR 3,068.8 million, the Group's consolidated sales were below the previous year's figure (Q1-3 2023: EUR 3,196.5 million), mainly due to lower selling prices.

Adjusted operating profit decreased by EUR 64.1 million from EUR 190.4 million to EUR 126.3 million. This decline is primarily price-related. The Group's adjusted operating margin was 4.1 % (Q1-3 2023: 6.0 %).

Financial income amounted to EUR 20.7 million (Q1-3 2023: EUR 5.4 million). The increase in financial expenses from EUR -40.0 million to EUR -63.3 million resulted in particular from higher interest rates for variable-interest financing. "Other financial result - net" changed from EUR -6.3 million to EUR -12.8 million, mainly owing to currency translations.

Profit before tax totalled EUR 70.9 million after EUR 118.9 million in the previous year. Income tax expense amounted to EUR 18.6 million (Q1-3 2023: EUR 27.7 million), resulting in an effective Group tax rate of 26.3 % (Q1-3 2023: 23.3 %).

Profit for the period decreased accordingly from EUR 91.2 million to EUR 52.3 million.

DEVELOPMENT IN THE 3RD QUARTER

At EUR 1,024.9 million, consolidated sales in the 3rd quarter exceeded both the figure for the 2nd quarter of 2024 (EUR 1,018.9 million) and the previous year's level (Q3 2023: EUR 1,015.1 million).

The Group's adjusted operating profit of EUR 35.7 million was below the previous quarter and the previous year's figure (Q2 2024: EUR 51.0 million; Q3 2023: EUR 63.4 million). The adjusted operating margin amounted to 3.5 % (Q2 2024: 5.0 %; Q3 2023: 6.2 %). Adjusted EBITDA reached EUR 94.0 million (Q2 2024: EUR 107.2 million; Q3 2023: EUR 121.4 million). Profit for the period amounted to EUR 14.9 million (Q2 2024: EUR 26.5 million; Q3 2023: EUR 27.9 million).

MM Food & Premium Packaging achieved a good adjusted operating margin of 11.2 % (Q2 2024: 10.2 %; Q3 2023: 14.9 %), mainly driven by productivity increases and cost reductions.

At MM Pharma & Healthcare Packaging, the operating margin was 5.0 % (Q2 2024: 4.6 %; Q3 2023: 6.4 %), primarily as a result of continued subdued demand due to inventory reductions in the pharma industry's supply chain.

The adjusted operating margin of the MM Board & Paper division decreased to -4.1 % (Q2 2024: 0.4 %; Q3 2023: -3.0 %), despite positive development of volume and cost reductions, mainly due to the planned annual maintenance downtime. Capacity utilisation in the 3rd quarter was notably higher than in the same quarter of the previous year, which was characterised by significant market- and rebuild-related machine downtime.

OUTLOOK

Due to the ongoing weakness of the overall economy and restrained consumer demand, we expect the subdued market dynamics to continue in the coming months. Our focus remains on securing and expanding volumes as well as implementing targeted price increases in Board & Paper to take effect until next year. Additionally, the profit & cash protection programme is being consistently executed to enhance earnings and generate cash. Emphasis here is on strict cost control and value-enhancing adjustments, with the majority of the savings expected by 2025. Capital expenditures are projected to be around EUR 250 million in 2024. After the maintenance-related impact on earnings in Board & Paper in the 3rd quarter, we anticipate a return to a slightly positive result in the 4th quarter.

With the significantly optimised asset base over recent years, consistent measures to strengthen competitiveness in terms of costs, sustainability and innovation, and a solid financial base, MM is well positioned to successfully meet the ongoing market weakness and structural challenges.

DEVELOPMENT IN THE DIVISIONS

MM FOOD & PREMIUM PACKAGING

(in millions of EUR)	Q1-3/2024	Q1-3/2023	+/-
Sales¹⁾	1,267.5	1,370.3	- 7.5 %
Adjusted EBITDA	189.6	216.9	- 12.6 %
Adjusted operating profit	130.6	160.3	- 18.5 %
Adjusted operating margin (%)	10.3 %	11.7 %	- 140 bp
Operating profit	130.6	144.0	- 9.3 %
Capital employed ²⁾	1,180.5	1,300.0	- 9.2 %
Return on capital employed ²⁾ (%)	15.7 %	16.4 %	- 74 bp
Cash flow from operating activities	147.8	223.8	- 33.9 %
Free cash flow	100.9	126.6	- 20.4 %
Capital expenditures	47.5	101.4	- 53.1 %
Produced volume (in millions of m ²)	2,341	2,309	+ 1.4 %

¹⁾ including interdivisional sales

²⁾ The calculation of the previous year's figure is based on the average of the last nine months.

In an ongoing challenging environment, characterised by weak overall economic development and restrained consumption of daily consumer goods, MM Food & Premium Packaging was able to successfully maintain its position through consistent cost discipline and targeted volume acquisition in the first three quarters of 2024.

Sales were mainly price-related below the previous year's level. Despite largely stagnating markets, volumes were held slightly above the previous year due to new business. In many areas, costs were reduced, and productivity was increased, allowing for profitability to be maintained at a robust level.

Although sales at EUR 1,267.5 million (Q1-3 2023: EUR 1,370.3 million) and adjusted operating profit at EUR 130.6 million (Q1-3 2023: EUR 160.3 million) were down, a satisfactory adjusted operating margin of 10.3 % (Q1-3 2023: 11.7 %) was achieved. Cash flow from operating activities changed to EUR 147.8 million (Q1-3 2023: EUR 223.8 million), mainly due to an increase in working capital.

At 2,341 million m² volume produced came in 1.4 % above the previous year's figure (Q1-3 2023: 2,309 million m²).

MM PHARMA & HEALTHCARE PACKAGING

(in millions of EUR)	Q1-3/2024	Q1-3/2023	+/-
Sales¹⁾	470.2	501.3	- 6.2 %
Adjusted EBITDA	55.9	55.1	+ 1.4 %
Adjusted operating profit	26.8	25.7	+ 4.2 %
Adjusted operating margin (%)	5.7 %	5.1 %	+ 57 bp
Operating profit	26.8	11.4	+ 134.3 %
Capital employed ²⁾	414.3	411.4	+ 0.7 %
Return on capital employed ²⁾ (%)	8.5 %	8.3 %	+ 13 bp
Cash flow from operating activities	32.8	26.4	+ 24.6 %
Free cash flow	(12.2)	(9.9)	+ 23.1 %
Capital expenditures	47.0	36.5	+ 28.7 %
Produced volume (in millions of m ²)	710	727	- 2.4 %

¹⁾ including interdivisional sales

²⁾ The calculation of the previous year's figure is based on the average of the last nine months.

Due to the current destocking in the pharma & healthcare industry, API shortages (Active Pharmaceutical Ingredients) and the focus of MM on products with higher added value, the division's sales of EUR 470.2 million in the first three quarters were below the previous year's figure of EUR 501.3 million. Consequently, the volume produced at 710 million m² was also slightly lower than last year (Q1-3 2023: 727 million m²).

Operationally, the focus remained on consistent price discipline, extensive cost reduction programmes and the expansion of the growth pipeline through targeted new business generation. A particular emphasis in 2024 is placed on the ramp-up of the newly invested machines and on increasing operational efficiency based on MM production standards.

Adjusted operating profit rose by 4.2 % from EUR 25.7 million to EUR 26.8 million. The adjusted operating margin reached 5.7 % (Q1-3 2023: 5.1 %). Cash flow from operating activities increased to EUR 32.8 million (Q1-3 2023: EUR 26.4 million).

MM BOARD & PAPER

(in millions of EUR)	Q1-3/2024	Q1-3/2023	+/-
Sales¹⁾	1,477.3	1,467.7	+ 0.7 %
Adjusted EBITDA	50.2	86.7	- 42.1 %
Adjusted operating profit	(31.1)	4.4	n.m.
Adjusted operating margin (%)	-2.1%	0.3 %	- 241 bp
Operating profit	(31.1)	4.4	n.m.
Capital employed ²⁾	1,815.8	1,846.6	- 1.7 %
Return on capital employed ²⁾ (%)	-3.0 %	5.0 %	- 802 bp
Cash flow from operating activities	(13.0)	77.1	n.m.
Free cash flow	(107.5)	(107.9)	- 0.4 %
Capital expenditures	96.8	185.6	- 47.9 %
Tonnage produced (in thousands of tonnes)	2,354	1,998	+ 17.8 %
<i>Cartonboard</i>	1,346	1,086	+ 23.9 %
<i>Paper</i>	363	352	+ 2.9 %
<i>Pulp³⁾</i>	645	560	+ 15.3 %
<i>Market pulp</i>	84	46	+ 85.4 %
<i>Internal pulp</i>	561	514	+ 9.1 %

¹⁾ including interdivisional sales

²⁾ The calculation is based on the average of the last twelve months.

³⁾ Chemical pulp and CTMP

MM Board & Paper recorded a significant volume increase in the first three quarters of 2024 after extensive market- and rebuild-related downtime in the previous year, which occurred in addition to the planned annual maintenance shutdowns. The improved products resulting from the rebuilds have been very well received by our customers. Production volumes increased by 17.8 % to 2,354,000 tonnes (Q1-3 2023: 1,998,000 tonnes). Capacity utilisation was therefore significantly higher than in the previous year. The division's average order backlog amounted to 182,000 tonnes (Q1-3 2023: 156,000 tonnes).

However, significantly lower average prices outweighed the positive effect of increased volumes. At the same time, pressure intensified due to the sharp rise in fibre costs. The selective price increases implemented so far could not compensate for this. In September, the scheduled annual maintenance downtime primarily carried out at MM Kwidzyn, Poland, and MM Kotkamills, Finland, had a negative impact of approximately EUR 25 million on the 3rd quarter result.

Sales of EUR 1,477.3 million came in slightly above the previous year's figures (Q1-3 2023: EUR 1,467.7 million). Adjusted operating profit totalled EUR -31.1 million, compared with EUR 4.4 million in the previous year. The adjusted operating margin amounted to -2.1 % (Q1-3 2023: 0.3 %). Cash flow from operating activities changed to EUR -13.0 million (Q1-3 2023: EUR 77.1 million), mainly due to working capital.

QUARTERLY OVERVIEW

MM GROUP

(consolidated, in millions of EUR)	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Q1/2024	Q2/2024	Q3/2024
Sales	1,122.1	1,059.3	1,015.1	967.9	1,025.0	1,018.9	1,024.9
Adjusted EBITDA	133.6	103.7	121.4	91.5	94.5	107.2	94.0
Adjusted operating profit	78.7	48.3	63.4	38.8	39.6	51.0	35.7
Adjusted operating margin (%)	7.0 %	4.6 %	6.2 %	4.0 %	3.9 %	5.0 %	3.5 %
Operating profit	61.6	42.4	55.8	37.8	39.6	51.0	35.7
Capital employed	3,309.3	3,449.8	3,558.0	3,546.3	3,515.0	3,455.2	3,410.6
Return on capital employed (%)	16.0 %	11.7 %	8.4 %	6.5 %	5.4 %	5.6 %	4.8 %
Profit before tax	49.0	28.2	41.7	17.8	18.0	33.2	19.7
Income tax expense	(14.1)	0.2	(13.8)	(19.9)	(7.1)	(6.7)	(4.8)
Profit for the period	34.9	28.4	27.9	(2.1)	10.9	26.5	14.9
Net profit margin (%)	3.1 %	2.7 %	2.7 %	-0.2 %	1.1 %	2.6 %	1.5 %
Earnings per share (in EUR)	1.71	1.41	1.38	(0.14)	0.52	1.30	0.72
Cash flow from operating activities	67.2	82.9	177.2	458.9	52.5	148.1	(33.0)
Free cash flow	(28.6)	(36.3)	73.7	361.0	(38.5)	97.9	(78.2)
Capital expenditures	96.4	121.4	105.7	101.8	92.8	52.7	45.8

DIVISIONS

MM FOOD & PREMIUM PACKAGING

(in millions of EUR)	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Q1/2024	Q2/2024	Q3/2024
Sales¹⁾	483.0	438.3	449.0	410.9	428.9	407.0	431.6
Adjusted EBITDA	62.2	67.9	86.8	65.6	60.1	61.3	68.2
Adjusted operating profit	43.7	49.8	66.8	54.6	40.8	41.6	48.2
Adjusted operating margin (%)	9.0 %	11.4 %	14.9 %	13.3 %	9.5 %	10.2 %	11.2 %
Operating profit	28.0	49.1	66.9	55.8	40.8	41.6	48.2
Capital employed	1,196.1	1,258.0	1,300.0	1,272.2	1,243.0	1,210.1	1,180.5
Return on capital employed ²⁾ (%)	14.6 %	14.9 %	16.4 %	16.9 %	17.1 %	16.9 %	15.7 %
Cash flow from operating activities	65.0	70.3	88.5	194.6	47.3	71.9	28.6
Free cash flow	34.5	38.1	54.0	175.9	25.8	58.9	16.2
Capital expenditures	31.1	34.0	36.3	21.5	23.1	13.8	10.6
Produced volume (in millions of m ²)	845	734	730	718	787	741	813

¹⁾ including interdivisional sales

²⁾ The calculation of the previous year's figures is based on the average of the last three, six and nine months respectively.

MM PHARMA & HEALTHCARE PACKAGING

(in millions of EUR)	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Q1/2024	Q2/2024	Q3/2024
Sales¹⁾	174.1	169.1	158.1	152.3	164.8	156.8	148.6
Adjusted EBITDA	17.1	18.1	19.9	19.9	21.0	16.6	18.3
Adjusted operating profit	7.3	8.3	10.1	8.4	12.1	7.2	7.5
Adjusted operating margin (%)	4.2 %	4.9 %	6.4 %	5.5 %	7.3 %	4.6 %	5.0 %
Operating profit	5.9	3.1	2.4	6.2	12.1	7.2	7.5
Capital employed	367.7	394.7	411.4	405.0	408.9	409.3	414.3
Return on capital employed ²⁾ (%)	8.0 %	7.9 %	8.3 %	8.4 %	9.5 %	9.2 %	8.5 %
Cash flow from operating activities	(7.8)	9.6	24.6	49.8	19.8	15.0	(2.0)
Free cash flow	(15.1)	0.1	5.1	17.3	(5.0)	6.2	(13.4)
Capital expenditures	7.3	9.5	19.7	32.6	24.9	10.0	12.1
Produced volume (in millions of m ²)	249	245	233	230	245	233	232

¹⁾ including interdivisional sales

²⁾ The calculation of the previous year's figures is based on the average of the last three, six and nine months respectively.

MM BOARD & PAPER

(in millions of EUR)	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Q1/2024	Q2/2024	Q3/2024
Sales¹⁾	521.2	498.1	448.4	451.4	483.5	502.7	491.1
Adjusted EBITDA	54.3	17.7	14.7	6.0	13.4	29.3	7.5
Adjusted operating profit	27.7	(9.8)	(13.5)	(24.2)	(13.3)	2.2	(20.0)
Adjusted operating margin (%)	5.3 %	-2.0 %	-3.0 %	-5.4 %	-2.7 %	0.4 %	-4.1 %
Operating profit	27.7	(9.8)	(13.5)	(24.2)	(13.3)	2.2	(20.0)
Capital employed	1,745.5	1,797.1	1,846.6	1,869.1	1,863.1	1,835.8	1,815.8
Return on capital employed (%)	20.8 %	12.3 %	5.0 %	-1.1 %	-3.3 %	-2.7 %	-3.0 %
Cash flow from operating activities	10.0	3.0	64.1	214.5	(14.6)	61.2	(59.6)
Free cash flow	(48.0)	(74.5)	14.6	167.8	(59.3)	32.8	(81.0)
Capital expenditures	58.0	77.9	49.7	47.7	44.8	28.9	23.1
Tonnage produced (in thous. of tonnes)	688	644	666	696	795	812	747
<i>Cartonboard</i>	374	356	356	386	450	465	431
<i>Paper</i>	114	113	125	121	126	119	118
<i>Pulp²⁾</i>	200	175	185	189	219	228	198
<i>Market pulp</i>	23	10	13	23	32	33	19
<i>Internal pulp</i>	177	165	172	166	187	195	179

¹⁾ including interdivisional sales

²⁾ Chemical pulp and CTMP

The Report for the first three quarters of 2024 as well as the CEO Audio-Q&A-Webcast are available on our website: <https://www.mm.group>.

Forthcoming results:

March 18, 2025 Financial Results for 2024

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