



PRESS RELEASE

August 16, 2017

Results for the 1st Half-Year 2017

- Solid sales and volume
- Results as expected still below previous year
- Ordering situation is strengthening

The Mayr-Melnhof Group achieved overall high capacity utilization in the first six months of 2017 and was able to maintain the previous year's level in sales and volume. As expected, results are still below the previous year. In the cartonboard division strongly increased recovered paper prices were just gradually compensated through higher cartonboard prices. In the packaging division last year's second quarter earnings were supported by a favorable product mix.

The development of new organic growth opportunities in and outside Europe was consequently continued through ongoing investment activity.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1 st HY/2017	1 st HY/2016	+/-
Sales	1,150.3	1,142.2	+0.7 %
Operating profit	102.1	110.8	-7.9 %
Operating margin (in %)	8.9 %	9.7 %	
Profit before tax	97.0	108.9	-10.9 %
Income tax expense	(25.1)	(28.5)	
Profit for the period	71.9	80.4	-10.6 %
Net profit margin (in %)	6.3 %	7.0 %	
Earnings per share (in EUR)	3.58	4.01	
Employees	9,761	9,927 ¹⁾	
Capital expenditures (CAPEX)	82.0	67.4	
Depreciation and amortization	48.8	52.1	

¹⁾ as of December 31, 2016

The Group's consolidated sales rose slightly from EUR 1,142.2 million to EUR 1,150.3 million. Both divisions contributed to this rise.

At EUR 102.1 million, operating profit was EUR 8.7 million or 7.9 % below the value for the first half of the previous year (EUR 110.8 million). Thus, the Group's operating margin was at 8.9 %, following 9.7 % in the first six months of 2016.

Financial income of EUR 1.3 million (1st half of 2016: EUR 1.6 million) was offset by financial expenses of EUR -2.9 million (1st half of 2016: EUR -3.2 million). Owing to the deconsolidation of the Tunisian packaging companies, a one-off expenditure of EUR 2.3 million was incurred due to the accumulated foreign currency translation, which is reported under "Other financial result – net".

As a result, profit before tax reached EUR 97.0 million (1st half of 2016: EUR 108.9 million). Income tax expense totaled EUR 25.1 million, following EUR 28.5 million in the first half of the previous year, resulting in an effective Group tax rate of 25.9 % (1st half of 2016: 26.2 %).

At EUR 71.9 million, the profit for the period was 10.6 % below the comparative figure for the previous year (1st half of 2016: EUR 80.4 million), representing 6.3 % of sales (1st half of 2016: 7.0 %).

DEVELOPMENT IN THE SECOND QUARTER

Sales in the second quarter were at the previous year's level, operating profit, however, was still below that although an improvement over the first quarter of the current year could be achieved.

At 99 % (1Q 2017: 98 %; 2Q 2016: 98 %) the cartonboard division reported almost full capacity utilization and achieved a good operating margin of 7.3 % (1Q 2017: 6.1 %; 2Q 2016: 7.3 %) as a result of successively improving prices as well as optimization measures despite ongoing high recovered paper prices.

Despite widely heterogeneous capacity utilization, the packaging division reached an operating margin of 9.8 % (1Q 2017: 10.1 %) after 11.1 % in the second quarter of the previous year, which was marked by a favourable product mix.

The Group's operating profit amounted to EUR 51.5 million following EUR 50.6 million in the first quarter of 2017 and EUR 55.6 million in the second quarter of the previous year. Accordingly, the operating margin was 9.1 % (1Q 2017: 8.7 %; 2Q 2016: 9.8 %).

The profit for the period reached EUR 35.0 million (1Q 2017: EUR 36.9 million; 2Q 2016: EUR 41.0 million).

OUTLOOK

Ordering behavior on our European main markets is strengthening. As a result, on the one hand the generally high capacity utilization of the plants should continue, and on the other hand the main focus of both divisions will be on passing on increasing input prices as well as on improving cost efficiency. The target for 2017 remains to match the 2016 results as best possible. Our long-term growth course will be consistently pursued.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1 st HY/2017	1 st HY/2016	+/-
Sales¹⁾	524.2	521.9	+0.4 %
Operating profit	35.1	39.1	-10.2 %
Operating margin (in %)	6.7 %	7.5 %	
Tonnage sold (in thousands of tons)	844	844	+0.0 %
Tonnage produced (in thousands of tons)	844	839	+0.6 %

¹⁾ including interdivisional sales

Against the background of increasingly better demand on the European cartonboard market, the average order backlog of MM Karton in the first half of 2017 was around 76,000 tons, following 50,000 tons in the comparative period of the previous year. At around 98 % (1st half of 2016: 97 %) the division's capacities during the first six months of the year were almost fully utilized again.

A significant price increase of the strategic raw material recovered paper proved to be a special challenge that MM Karton successfully met with gradually improving cartonboard prices and a flexible sales policy. Recovered paper prices are in particular driven by strong demand from Asia as well as stockpiling for new European corrugated base paper plants and finally strengthening demand in Europe as well.

Both production and tonnage sold, each at 844,000 tons, were slightly above or matched the comparative figures of the previous year (1st half of 2016: 839,000 tons or 844,000 tons respectively). With a share in sales of approximately 79 % for Europe and 21 % for non-European markets (1st half of 2016: 82 % and 18 % respectively), slightly more was sold on markets outside of Europe.

Sales rose moderately to EUR 524.2 million (1st half of 2016: EUR 521.9 million) as the price increase for recycled cartonboard only began to take effect as of the second quarter. Operating profit, at EUR 35.1 million, was consequently below the comparative period of the previous year (1st half of 2016: EUR 39.1 million). The operating margin reached therefore 6.7 % (1st half of 2016: 7.5 %).

MM Packaging

in millions of EUR, IFRS	1 st HY/2017	1 st HY/2016	+/-
Sales ¹⁾	674.6	671.3	+0.5 %
Operating profit	67.0	71.7	-6.6 %
Operating margin (in %)	9.9 %	10.7 %	
Tonnage processed (in thousands of tons)	375	380	-1.3 %
Sheet equivalent (in millions)	1,118.8	1,128.0	-0.8 %

¹⁾ including interdivisional sales

Demand on the European folding carton market was restrained throughout the first few months of the year, and started to show signs of improvement just at the end of the second quarter. The first half-year was therefore characterized by continued strong price competition due to sufficient production capacities as well as heterogeneous capacity utilization between our production sites, which, however, diminished.

In this challenging industry environment, MM Packaging succeeded in solidly maintaining its position due to the focus on cost leadership and by covering a wide spectrum of sectors and countries.

Sales recorded a slight increase from EUR 671.3 million to EUR 674.6 million. With operating profit totaling EUR 67.0 million, it was not possible to entirely match the strong figure set in the comparative period of the previous year related to the product mix (1st half of 2016: EUR 71.7 million). Nevertheless, the operating margin, at 9.9 % (1st half of 2016: 10.7 %) stayed at a good level.

Tonnage processed, at 375,000 tons, remained almost unchanged (1st half of 2016: 380,000 tons), as did the sheet equivalent at 1,118.8 million (1st half of 2016: 1,128.0 million).

Expansion in Iran and Vietnam

The development and expansion of our sites in Tehran, Iran, and Ho Chi Minh City, Vietnam, continued with the extension of the machinery in technology and capacities focusing on high performance and quality.

Broadening of production base in Jordan

In Jordan, capacities in Amman were extended as well as technologically enhanced in order to allow a further growth step with international customers.

New set-up in Tunisia

In Tunisia, the production of MM Packaging was transferred to the local market leader, Société Tunisienne des Emballages Modernes, in return for a share of 45 % in that company in order to exploit synergies.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2016	2Q/2016	3Q/2016	4Q/2016	1Q/2017	2Q/2017
Sales	576.0	566.2	571.6	558.9	584.5	565.8
EBITDA	80.3	83.6	72.9	77.2	74.8	73.8
EBITDA margin (in %)	13.9 %	14.8 %	12.8 %	13.8 %	12.8 %	13.0 %
Operating profit	55.2	55.6	49.4	53.5	50.6	51.5
Operating margin (in %)	9.6 %	9.8 %	8.6 %	9.6 %	8.7 %	9.1 %
Profit before tax	53.2	55.7	47.0	53.3	49.2	47.8
Income tax expense	(13.8)	(14.7)	(11.9)	(15.4)	(12.3)	(12.8)
Profit for the period	39.4	41.0	35.1	37.9	36.9	35.0
Net profit margin (in %)	6.8 %	7.2 %	6.1 %	6.8 %	6.3 %	6.2 %
Earnings per share (in EUR)	1.96	2.05	1.75	1.91	1.84	1.74

DIVISIONS

MM KARTON

in millions of EUR, IFRS	1Q/2016	2Q/2016	3Q/2016	4Q/2016	1Q/2017	2Q/2017
Sales¹⁾	263.4	258.5	255.6	245.5	261.9	262.3
Operating profit	20.2	18.9	15.3	13.7	15.9	19.2
Operating margin (in %)	7.7 %	7.3 %	6.0 %	5.6 %	6.1 %	7.3 %
Tonnage sold (in thousands of tons)	427	417	414	413	426	418
Tonnage produced (in thousands of tons)	419	420	416	414	421	423

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/2016	2Q/2016	3Q/2016	4Q/2016	1Q/2017	2Q/2017
Sales¹⁾	339.2	332.1	342.1	339.2	344.6	330.0
Operating profit	35.0	36.7	34.1	39.8	34.7	32.3
Operating margin (in %)	10.3 %	11.1 %	10.0 %	11.7 %	10.1 %	9.8 %
Tonnage processed (in thousands of tons)	189	191	190	191	190	185
Sheet equivalent (in millions)	562.2	565.8	561.3	550.8	569.9	548.9

¹⁾ including interdivisional sales

The Half-Year Financial Report 2017 is available on our website: www.mayr-melnhof.com.

Forthcoming results:

November 15, 2017

Results for the first three quarters of 2017

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