

ANNUAL RESULTS 2014

- MM Group continues long-time success course
- Group results reach new peak-level
- Dividend increase to EUR 2.60 per share

The Mayr-Melnhof Group was able to successfully stand up its grounds in the financial year 2014 within a flat overall economic environment, concluding the year with growth in both sales and profit. Both divisions, MM Karton and MM Packaging, had a substantial contribution to this. Despite a lack of impulses from private consumption, the Group succeeded in maintaining capacity utilization at a high level and safeguarding average prices to a large extent in a competitive market. In addition, productivity increases in both divisions together with lower specific costs at MM Karton and significant volume growth at MM Packaging led to an improvement in profit compared to the previous year. The major investment in **FOODBOARD™** at the Austrian Frohnleiten cartonboard mill created the industrial basis for a new type of cartonboard that provides optimum protection for food packaged in cartonboard. Expansions at MM Packaging related in particular to locations in Poland, Romania, Turkey, and Vietnam.

As a result of the positive profit development, a recommendation will be made to the 21st Annual General Meeting on April 29, 2015, to distribute a dividend of EUR 2.60 per share after EUR 2.40 plus an anniversary bonus of EUR 2.40 per share in the previous year.

consolidated, in millions of EUR, IFRS	2014	2013	+/-
Sales	2,087.4	1,999.4	+4.4 %
Operating profit	180.2	165.4	+8.9 %
Operating margin (in %)	8.6 %	8.3 %	
Profit before tax	171.0	156.4	+9.3 %
Income tax expense	(39.4)	(33.5)	
Profit for the year	131.6	122.9	+7.1 %
Net profit margin (in %)	6.3 %	6.1 %	
Cash earnings	219.1	204.1	+7.3 %
Cash earnings margin (in %)	10.5 %	10.2 %	
Earnings per share (in EUR)	6.54	6.11	
Employees	9,399	9,477	
Capital expenditures	139.8	116.2	
Depreciation and amortization	91.7	89.6	

The Group's consolidated sales exceeded the two-billion euro mark for the first time and, at EUR 2,087.4 million, were 4.4 % or EUR 88.0 million above the previous year's value (2013: EUR 1,999.4 million). This rise mainly results from an increase in volume in the packaging division and sales from the Norwegian wood pulp mill acquired in the previous year in the cartonboard division.

At EUR 180.2 million, operating profit was 8.9 % or EUR 14.8 million above the previous year's value (2013: EUR 165.4 million). A clear profit increase in the cartonboard division was accompanied by solid profit growth in the packaging division. Thus, the operating margin of the Group reached 8.6 % (2013: 8.3 %). The return on capital employed amounted to 15.5 % (2013: 15.4 %).

Financial income of EUR 1.5 million (2013: EUR 1.6 million) was offset by financial expenses of EUR -5.2 million (2013: EUR -4.0 million).

Profit before tax thus increased by 9.3 % to EUR 171.0 million after EUR 156.4 million in the previous year. Income taxes totaled EUR 39.4 million (2013: EUR 33.5 million), resulting in an effective Group tax rate of 23.0 % (2013: 21.4 %).

Profit for the year thus rose by 7.1 % to EUR 131.6 million (2013: EUR 122.9 million), with the net profit margin increasing slightly from 6.1 % to 6.3 %.

CONSOLIDATED BALANCE SHEET

As of December 31, 2014, the Group's total assets amounted to EUR 1,787.0 million and were thus EUR 84.5 million above the figure at the end of the previous year. At EUR 1,102.2 million, the Group's total equity remained largely unchanged as the net profit for the year was offset by the dividend payment for the financial year 2013, including the anniversary bonus. Total equity to total assets was therefore 61.7 % (December 31, 2013: 65.3 %), the return on equity was 11.9 % (December 31, 2013: 11.3 %).

Financial liabilities are principally of a long-term character and increased due to raising of long-term loans from insurance companies in the amount of EUR 110.0 million to EUR 265.9 million (December 31, 2013: EUR 169.6 million). Provisions for non-current liabilities and charges relating to accruals for employee benefits rose primarily as a result of the low interest level from EUR 99.1 million to EUR 121.2 million.

Total funds available to the Group went up to EUR 324.2 million, mainly due to the raising of loans (December 31, 2013: EUR 303.5 million). In contrast, net liquidity fell to EUR 58.3 million, especially as a result of dividend payments and investments (December 31, 2013: EUR 133.9 million).

OUTLOOK 2015

The year 2015 began with continuing solid incoming orders in both divisions, thus sufficient capacity utilization can be expected in the foreseeable future. Nevertheless, customer planning remains restrained without any noticeable impulses for the demand development. However, we still aim to grow further in 2015 through new business as well as through market share gains.

The focus of our investment programs and ongoing operational measures with regard to efficiency and productivity remains on the reduction of our direct costs over the long term. This is intended to further strengthen the Group's competitiveness in a hard-fought environment and to maintain the profit dynamics at a high level.

As current developments on the procurement markets, in particular for recovered paper and energy, indicate no major changes from today's perspective, we will continue to concentrate on optimum price stability.

As a result of the still lasting short-term nature of the business, it is currently not possible to provide any estimate for the result of the current year. The record results achieved in 2014 represent in any case a challenge for 2015.

Besides maintaining organic business growth, a major focus remains on the long-term expansion course through acquisitions within and outside of Europe, with vigor, but also with due caution.

DEVELOPMENT IN THE 4TH QUARTER 2014

The fourth quarter was, on one hand, marked by the seasonal slowdown in incoming orders and, on the other hand, by the downtime due to the conversion of the larger of the two cartonboard machines at the Frohnleiten mill for the FOODBOARDTM investment and the replacement of the drive.

At around 92 %, capacity utilization at MM Karton was consequently below the level of the previous year (4th quarter 2013: 95 %). As expected, the operating margin of 6.7 % could not match the preceding quarter (3rd quarter 2014: 7.8 %), but exceeded the corresponding figure of the last year (4th quarter 2013: 5.3 %).

MM Packaging achieved, in particular as a result of the good product mix, an operating margin of 9.1 % following 9.0 % in the third quarter of 2014 and 7.8 % in the fourth quarter of the previous year.

Due to increased volumes in cartonboard processing, consolidated sales of EUR 516.4 million exceeded the figure for the corresponding period of the previous year (4th quarter 2013: EUR 502.3 million). Operating profit amounted to EUR 43.7 million (4th quarter 2013: EUR 35.2 million), so that an operating margin of 8.5 % was achieved (4th quarter 2013: 7.0 %).

Profit before tax totaled EUR 39.5 million after EUR 34.2 million in the fourth quarter 2013.

As in the fourth quarter of the previous year, tax refunds were also reported in the final quarter of 2014.

Profit for the period amounted to EUR 34.1 million (4th quarter 2013: EUR 30.1 million).

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	2014	2013	+/-
Sales¹⁾	1,002.8	964.6	+4.0 %
Operating profit	74.7	65.3	+14.4 %
Operating margin (in %)	7.4 %	6.8 %	
Tonnage sold (in thousands of tons)	1,586	1,599	-0.8 %
Tonnage produced (in thousands of tons)	1,585	1,604	-1.2 %

¹⁾ including interdivisional sales

The year 2014 was still characterized by cautious ordering in all markets and calling off by customers. A noticeable improvement in demand failed to materialize. Consequently, the average order backlog totaled 61,000 tons after 76,000 tons in the previous year.

However, flexibility in dealing with shorter planning intervals, an optimized product range, and a high level of service helped to strengthen and selectively increase MM Karton's market share. Despite the one-month downtime due to the rebuild of the cartonboard machine 3 in Frohnleiten for the FOODBOARD™ investment, the division's capacity utilization reached 97 % (2013: 98 %). Furthermore, a strict price discipline and a constant market environment made it possible to maintain prices compared to the previous year.

The raw material markets reflected the sales markets by continuing the sideward movement of recent years, especially for the strategic raw material recovered paper. In contrast, energy prices recorded a lower average level than in the previous year.

Production as well as tonnage sold, at 1,585,000 tons and 1,586,000 tons, respectively, were slightly below the comparative values of the previous year due to the investment-related downtime at the Frohnleiten mill (2013: 1,604,000 tons and 1,599,000 tons, respectively).

Sales increased as a result of the extended product mix, especially due to the inclusion of the wood pulp mill MMK FollaCell acquired in the previous year, and the slightly optimized prices by 4.0 % to EUR 1,002.8 million (2013: EUR 964.6 million). Around 63 % of this was accounted for by markets in Western Europe, 20 % by Eastern Europe, and 17 % by business outside of Europe (2013: 63 %; 21 %; 16 %).

At EUR 74.7 million, the operating profit exceeded the previous year's value (2013: EUR 65.3 million) by 14.4 % or EUR 9.4 million, primarily due to productivity- and cost-related factors. The operating margin thus reached 7.4 % (2013: 6.8 %).

MM Packaging

in millions of EUR, IFRS	2014	2013	+/-
Sales¹⁾	1,187.7	1,138.7	+4.3 %
Operating profit	105.5	100.1	+5.4 %
Operating margin (in %)	8.9 %	8.8 %	
Tonnage processed (in thousands of tons)	702	671	+4.6 %
Sheet equivalent (in millions)	1,996.6	1,873.7	+6.6 %

¹⁾ including interdivisional sales

Sales of consumer goods in Europe were restrained over the entire year. Accordingly, there was still a lack of noticeable impulses for the folding carton market. Only the demand for seasonal products, such as confectionary, picked up in the second half of the year as expected. But also on markets outside of Europe, the weak economic situation was increasingly perceivable. Consequently, the strong competition among suppliers everywhere continued, making it necessary to push volumes in order to maintain profit.

MM Packaging succeeded in this by increasing volumes significantly both in general packaging as well as in cigarette packaging, enabling the long-established growth course to continue, even under challenging market conditions, by market share gains. The newest sites in Poland and Turkey have already contributed an important share to this, so that a high capacity utilization of the plants could be recorded.

As in the past, a large number of measures in the financial year 2014 were aimed at maintaining the competitiveness and profitability of MM Packaging at a high level and even increasing them further by raising efficiency and productivity. Expansions related in particular to the plants in Poland, Romania, Turkey, and Vietnam. In Gaziantep, in central Eastern Anatolia, MM Packaging put into operation the newly constructed fourth production site in Turkey. At the other plants capacities were increased considerably.

Tonnage processed amounted to 702,000 tons. This corresponds to an increase of 4.6 % compared to the figure of the previous year (2013: 671,000 tons). At the same time, the number of printed sheets (sheet equivalent) could be increased disproportionately by 6.6 % from 1,873.7 million to 1,996.6 million as a result of improved material efficiency in all technologies.

In parallel to volume, sales at EUR 1,187.7 million were by 4.3 % above the previous year's value (2013: EUR 1,138.7 million). With regard to geographical distribution, business in Western and Eastern Europe at 56 % and 32 %, respectively, as well as business outside of Europe at 12 % showed a high degree of continuity (2013: 56 %; 32 %; 12 %).

Along with growth in volumes, operating profit increased by 5.4 % to EUR 105.5 million (2013: EUR 100.1 million). Thus, the operating margin increased slightly from 8.8 % to 8.9 %.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	4Q/2013	1Q/2014	2Q/2014	3Q/2014	4Q/2014
Sales	502.3	523.9	509.2	537.9	516.4
EBITDA	56.7	68.5	65.0	70.1	64.8
EBITDA margin (in %)	11.3 %	13.1 %	12.8 %	13.0 %	12.5 %
Operating profit	35.2	46.2	42.5	47.8	43.7
Operating margin (in %)	7.0 %	8.8 %	8.3 %	8.9 %	8.5 %
Profit before tax	34.2	43.3	39.4	48.8	39.5
Income tax expense	(4.1)	(11.2)	(10.5)	(12.3)	(5.4)
Profit for the year	30.1	32.1	28.9	36.5	34.1
Net profit margin (in %)	6.0 %	6.1 %	5.7 %	6.8 %	6.6 %
Cash earnings	44.1	55.3	52.2	59.9	51.7
Cash earnings margin (in %)	8.8 %	10.6 %	10.3 %	11.1 %	10.0 %
Earnings per share (in EUR)	1.49	1.59	1.44	1.83	1.68

DIVISIONS

MM KARTON

in millions of EUR, IFRS	4Q/2013	1Q/2014	2Q/2014	3Q/2014	4Q/2014
Sales¹⁾	238.4	259.4	252.0	256.5	234.9
Operating profit	12.7	18.8	20.2	19.9	15.8
Operating margin (in %)	5.3 %	7.2 %	8.0 %	7.8 %	6.7 %
Tonnage sold (in thousands of tons)	386	408	398	412	368
Tonnage produced (in thousands of tons)	392	401	404	408	372

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	4Q/2013	1Q/2014	2Q/2014	3Q/2014	4Q/2014
Sales¹⁾	289.2	290.4	282.6	309.0	305.7
Operating profit	22.5	27.4	22.3	27.9	27.9
Operating margin (in %)	7.8 %	9.4 %	7.9 %	9.0 %	9.1 %
Tonnage processed (in thousands of tons)	169	178	173	179	172
Sheet equivalent (in millions)	472.9	501.8	484.8	527.6	482.4

¹⁾ including interdivisional sales

The Annual Report 2014 will be available on April 8, 2015.

Forthcoming Results:

May 19, 2015 Results for the first Quarter of 2015

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