



# Press Release

Vienna, March 14, 2023

## MM reports Annual Results 2022

### MM Group grows strongly – strategic moves show success

- Sales EUR 4.7 billion (+53 %)
- Operating profit EUR 510 million (+89 %)
- Profit for the year EUR 345 million (+81 %)
- Solid financing: Net debt/EBITDA 2.0
- Dividend proposal: EUR 4.20/share (+20 %)
- Weak order situation in 1Q 2023

### GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	2022	2021	+/-
<b>Sales</b>	<b>4,682.1</b>	3,069.7	+52.5 %
<b>EBITDA</b>	<b>729.9</b>	421.0	+73.4 %
EBITDA margin (in %)	15.6 %	13.7 %	+188 bp
<b>Operating profit</b>	<b>510.3</b>	269.6	+89.3 %
Operating margin (in %)	10.9 %	8.8 %	+212 bp
Return on capital employed (in %)	16.3 %	12.8 %	+343 bp
<b>Profit before tax</b>	<b>466.9</b>	244.5	+90.9 %
Income tax expense	(121.7)	(53.8)	
<b>Profit for the year</b>	<b>345.2</b>	190.7	+81.0 %
Net profit margin (in %)	7.4 %	6.2 %	
Earnings per share (in EUR)	17.19	9.46	
Cash flow from operating activities	299.7	269.8	+11.1 %
Employees	15,640	12,492	
Capital expenditures (CAPEX)	345.1	257.8	
Depreciation and amortization <sup>1)</sup>	219.6	151.4	

<sup>1)</sup>including impairment of property, plant and equipment and intangible assets

Peter Oswald, MM CEO, comments: “The MM Group grew significantly in terms of profit and sales, both organically and through acquisitions, in a macroeconomically and geopolitically challenging environment in the financial year 2022. Demand for our natural, recyclable packaging products made of renewable raw materials was dynamic for most of the year and customers appreciate our investments in competitive sites, innovation and sustainability. The energy and raw material crisis confronted MM with particular challenges, which were overall successfully managed. Sales price adjustments compensated for the severe rise in energy and raw material costs. In addition, we succeeded in ensuring continuous supply to our customers despite unstable supply chains.

The acquisitions of Essentra Packaging and Eson Pac, completed in 2022, position MM as a global player in secondary pharma packaging and contribute to more resilience and growth throughout our business. Together with the two acquisitions of the previous year in the Board & Paper division, MM Kwidzyn and MM Kotkamills, they are part of the transformation of MM to increase value and growth abilities of the MM Group through acquisitions and operational optimization.

Despite an increasing market weakness in cartonboard and paper from the end of the 3<sup>rd</sup> quarter onwards, due to the well-stocked supply chain and thus considerable market-related machine downtime in this area, the MM Group recorded a strong overall increase in profit in 2022. The growth in operating profit from EUR 269.6 million to EUR 510.3 million mainly results from the division MM Board & Paper due to improved operations as well as the full-year inclusion of the previous year's acquisitions. In contrast, the operating profit of MM Packaging decreased due to one-off expenses despite a favorable organic growth of approximately 5 %.

In line with the good profit development and long-term dividend policy, a dividend increase to EUR 4.20 per share (2021: EUR 3.50) for the financial year 2022 will be proposed to the 29<sup>th</sup> Annual Shareholders' Meeting on April 26, 2023."

## **INCOME STATEMENT**

The Group's consolidated sales reached EUR 4,682.1 million, which is 52.5 % or EUR 1,612.4 million above the previous year's figure (2021: EUR 3,069.7 million). On the one hand, this rise resulted from the previous year's acquisitions in the MM Board & Paper division as well as the company purchases of MM Packaging in the reporting year and, on the other hand from passing on costs through higher prices.

At EUR 510.3 million, an operating profit of EUR 240.7 million above the previous year (2021: EUR 269.6 million) was achieved. The significant rise is attributable to the division MM Board & Paper. One-off expenses in this division resulted in particular from the reorganization of production at the Slovenian cartonboard mill MM Kolicveo, which had to be recognized at an amount of EUR 24.6 million in the 4<sup>th</sup> quarter. In the division MM Packaging, one-off effects mainly related to the incidental transaction costs for Essentra Packaging and Eson Pac and the sale of the Russian sites in the amount of EUR 15.0 million as well as expenses connected to the exit from the Russian market totaling EUR 32.5 million contrasted with income from the sale of the packaging sites in Russia in the amount of EUR 20.1 million. In the previous year, one-off expenses from the initial consolidation of MM Kwidzyn and MM Kotkamills in the amount of EUR 26.3 million as well as from adjustment and restructuring measures in the Packaging division in the amount of EUR 20.1 million had to be recognized. This was offset by one-off income from the sale of the Eerbeek and Baiersbronn virgin fiber-based cartonboard mills in the amount of EUR 46.1 million (after incidental transaction costs). The Group's operating margin therefore increased to 10.9 % (2021: 8.8 %), the return on capital employed to 16.3 % (2021: 12.8 %). EBITDA rose by EUR 308.9 million to EUR 729.9 million (2021: EUR 421.0 million), the EBITDA margin reaching 15.6 % (2021: 13.7 %).

Financial income amounted to EUR 4.3 million (2021: EUR 3.3 million). The increase in financial expenses from EUR -24.4 million to EUR -32.1 million primarily results from the issuance of Schuldschein loans and Namensschuldverschreibungen in the previous year to finance the acquisitions and organic growth projects. "Other financial result - net" changed to EUR -15.5 million (2021: EUR -4.0 million), in particular owing to foreign exchange effects.

Accordingly, profit before tax rose by EUR 222.4 million to EUR 466.9 million, after EUR 244.5 million in the previous year. Income tax expenses totaled EUR 121.7 million (2021: EUR 53.8 million), resulting in an effective Group tax rate of 26.1 % (2021: 22.0 %).

Profit for the year thus increased by EUR 154.5 million to EUR 345.2 million (2021: EUR 190.7 million).

### Overview of significant one-off effects on operating profit and EBITDA

in millions of EUR	Operating profit		EBITDA	
	2022	2021	2022	2021
Structural adjustment measures	<b>(24.6)</b>	(20.1)	<b>(11.7)</b>	(20.1)
<i>Restructuring MM Kolicovo<sup>1)</sup></i>	<b>(24.6)</b>	-	<b>(11.7)</b>	-
<i>Closure MM Graphia Bielefeld<sup>2)</sup></i>	-	(20.1)	-	(20.1)
Aquisitions/divestments	<b>5.1</b>	19.8	<b>5.1</b>	19.8
<i>Proceeds of sale of Russian sites<sup>2)</sup></i>	<b>20.1</b>	-	<b>20.1</b>	-
<i>Incidental transaction costs acquisitions Eson Pac and Essentra Packaging and sale of Russian sites<sup>2)</sup></i>	<b>(15.0)</b>	-	<b>(15.0)</b>	-
<i>Acquisitions mills Kwidzyn and Kotkamills<sup>1)</sup></i>	-	(26.3)	-	(26.3)
<i>Proceeds of sale mills Eerbeek und Baiersbronn<sup>1)</sup></i>	-	46.1	-	46.1
Disposal goodwill and customer relationship (exit from Russian market) <sup>2)</sup>	<b>(32.5)</b>	-	<b>(32.5)</b>	-
<b>Total</b>	<b>(52.0)</b>	(0.3)	<b>(39.1)</b>	(0.3)

<sup>1)</sup> MM Board & Paper

<sup>2)</sup> MM Packaging

### CONSOLIDATED BALANCE SHEET

The Group's total assets of EUR 4,818.6 million by December 31, 2022 were EUR 804.4 million above the figure at year-end 2021 (EUR 4,014.2 million). This increase is mainly due to the initial consolidation of the new acquisitions and the increased capex volume for growth and competitive strength. The Group's total equity rose from EUR 1,661.9 million (December 31, 2021) to EUR 1,959.4 million, the growth in profit being offset by the dividend payment. Return on equity was 19.1 % after 11.9 % in the previous year.

Financial liabilities are largely of a long-term nature and increased from EUR 1,423.1 million at year-end 2021 to EUR 1,761.6 million as of December 31, 2022 due to borrowings to finance the company's acquisitions and organic growth projects. At 40.7 %, the equity ratio remained almost unchanged (December 31, 2021: 41.4 %).

With cash available to the Group totaling EUR 280.1 million (December 31, 2021: EUR 359.5 million), net debt increased from EUR 1,063.5 million to EUR 1,481.5 million at the end of 2022. The net debt/equity ratio amounted to 0.8, the net debt/EBITDA ratio to 2.0 (December 31, 2021: 0.6; 2.1).

## DEVELOPMENT IN THE 4<sup>TH</sup> QUARTER

The development of the 4<sup>th</sup> quarter was characterized by a strong decline in demand in the MM Board & Paper division due to high customer inventories as well as by a stable demand in the MM Packaging division. Consolidated sales of EUR 1,231.7 million were mainly price- and acquisition-related above last year's period (4<sup>th</sup> quarter 2021: EUR 962.6 million).

The Group's operating profit decreased to EUR 58.1 million (4<sup>th</sup> quarter 2021: EUR 92.4 million) due to market conditions and one-off effects. The operating margin totaled 4.7 % (4<sup>th</sup> quarter 2021: 9.6 %). Profit before tax amounted to EUR 50.1 million (4<sup>th</sup> quarter 2021: EUR 82.1 million), net profit for the period to EUR 30.0 million (4<sup>th</sup> quarter 2021: EUR 62.3 million).

MM Board & Paper recorded a capacity utilization of 75 % after 97 % in the 4<sup>th</sup> quarter of the previous year owing to necessary market-related downtimes. Due to acquisitions, the operating profit of the division reached EUR 62.8 million after EUR 33.4 million, whereas one-off expenses resulting from the concentration of production on the larger machine at the Kolicvevo mill had to be recognized. The operating margin reached 10.1 % (4<sup>th</sup> quarter 2021: 5.9 %).

With a solid volume development, the operating profit of MM Packaging amounted to EUR -4.7 million (4<sup>th</sup> quarter 2021: EUR 59.0 million) due to one-off effects. In particular, expenses in connection with the exit from the Russian market as well as structural adjustment measures led to a negative effect on results. The operating margin was -0.7 % (4<sup>th</sup> quarter 2021: 13.7 %).

## OUTLOOK

Geopolitical and macroeconomic uncertainties continue to determine our operating environment. While some input prices are still declining, the destocking process has also progressed since the beginning of the year as in the last months of the previous year. In the MM Board & Paper division, market-related machine downtimes are necessary in the 1<sup>st</sup> quarter. As announced, in the first three quarters there will also be longer machine downtimes because of major investments at the Frohnleiten, Neuss and Kolicvevo cartonboard mills. Prices are predominantly decreasing. Therefore, as expected, a significant decline in volume and results is foreseeable in the Board & Paper division in the current year.

In the division MM Packaging, demand has weakened slightly in the first two months, but shows resilience. Structural adjustment and cost optimization measures will be further pursued.

Irrespective of the transition year in the MM Board & Paper division, our business model with a focus on sustainable packaging for everyday consumer goods remains resilient and attractive in the long term.

The balance sheet of MM and ongoing cash generation are solid. Our investment activity will remain elevated in 2023 in order to further strengthen the competitiveness and growth capacity of the MM Group. Especially in the course of the modernization of three cartonboard machines as well as value-enhancing, technological innovations in the area of pharmaceutical and beauty packaging, we expect a capex volume of more than EUR 400 million this year. The objective remains to continue our growth with sustainable and innovative consumer goods packaging in the long term with an attractive return on capital employed.

## DEVELOPMENT IN THE DIVISIONS

### MM BOARD & PAPER

in millions of EUR, IFRS	2022	2021	+/-
<b>Sales<sup>1)</sup></b>	<b>2,750.0</b>	1,561.1	+76.2 %
<b>EBITDA</b>	<b>499.3</b>	185.2	+169.6 %
<b>Operating profit</b>	<b>381.0</b>	107.7	+253.7 %
Operating margin (in %)	13.9 %	6.9 %	+695 bp
Cash flow from operating activities	244.4	108.7	+124.8 %
Tonnage sold (in thousands of tonnes)	2,389	2,092	+14.1 %
<i>Cartonboard</i>	1,803	1,834	-1.7 %
<i>Kraft Papers</i>	220	93	+137.1 %
<i>Uncoated Fine Papers</i>	366	165	+120.5 %
Tonnage produced (in thousands of tonnes)	2,433	2,069	+17.6 %

<sup>1)</sup> including interdivisional sales

Dynamic demand and good order activity characterized the markets until the end of the summer months. Following a slowdown at the end of the 3<sup>rd</sup> quarter, demand again decreased significantly in the 4<sup>th</sup> quarter. Recycled fiber-based cartonboard in particular was weak in the second half of the year. High inventories in the supply chain and high inflation were responsible for this development. Against this backdrop, MM Board & Paper succeeded in gaining market share in both virgin fiber-based and recycled fiber-based cartonboard. The average order backlog of the division amounted to 233,000 tonnes (2021: 340,000 tonnes). Due to market and investment-related machine downtimes in the 2<sup>nd</sup> half-year, the division's capacity utilization of 91 % was below the previous year (2021: 97 %).

The strong cost inflation, which persisted into the 3<sup>rd</sup> quarter, particularly for energy and raw materials, was compensated for by timely price adjustments. Despite a tight supply chain and bottlenecks in purchasing over long periods of the year, we succeeded in securing supplies to customers through high flexibility and alternative procurement. As of fall, in particular the availability of fibers and chemicals has improved whereby our mills are currently experiencing a good supply situation and the input price peaks of the past months have been overcome. The latter also applied in particular to energy. The risk of a possible gas rationing, which would affect all cartonboard and paper mills except MM Kwidzyn, was countered by building up cartonboard stocks, renting gas storage facilities in Austria and investing in alternative oil firing in Finland.

With regard to the ongoing major capex at the Frohnleiten, Neuss and Kolicveo mills focusing on efficiency improvements, sustainability, higher volumes and new product qualities, all machine conversions are now scheduled for 2023. In addition, production at the Kolicveo mill was concentrated on the newer and larger cartonboard machine 3, as it was no longer economically reasonable to continue production on the smaller cartonboard machine 2. In connection with this restructuring, one-off expenses in the amount of EUR 24.6 million had to be recognized. The integration of the cartonboard and paper mills MM Kwidzyn and MM Kotkamills, which were acquired one year ago, has been well accomplished.

Production at 2,433,000 tonnes, was acquisition-related 17.6 % higher than in the previous year (2021: 2,069,000 tonnes). Sales volumes increased in line with production by 14.1 % to 2,389,000 tonnes (2021: 2,092,000 tonnes).

At EUR 2,750.0 million, sales were acquisition- and price-related 76.2 % or EUR 1,188.9 million above the comparative figure (2021: EUR 1,561.1 million). The operating profit increased by EUR 273.3 million to EUR 381.0 million (2021: EUR 107.7 million). The previous year included positive one-off effects from changes in consolidated companies. Operating margin reached 13.9 % (2021: 6.9 %), return on capital employed 22.5 % (2021: 11.0 %). EBITDA rose to EUR 499.3 million (2021: EUR 185.2 million). Cash flow from operating activities totaled EUR 244.4 million, compared to EUR 108.7 million in the previous year.

## **MM PACKAGING**

in millions of EUR, IFRS	2022	2021	+/-
<b>Sales<sup>1)</sup></b>	<b>2,168.7</b>	1,641.6	+32.1 %
<b>EBITDA</b>	<b>230.6</b>	235.8	-2.2 %
<b>Operating profit</b>	<b>129.3</b>	161.9	-20.1 %
Operating margin (in %)	<b>6.0 %</b>	9.9 %	-390 bp
Cash flow from operating activities	<b>55.3</b>	161.1	-65.6 %
Produced volume (in millions of m <sup>2</sup> )	<b>4,056</b>	3,672	+10.4 %

<sup>1)</sup> including interdivisional sales

MM Packaging recorded overall good demand throughout all business units in 2022. Record order levels in the first half-year were followed by a stabilization at a normal level in the second half of the year despite increasing restraint in private consumption. Against this backdrop, a favorable organic volume growth was achieved, to which also the recently successfully completed expansion investments contributed.

The sharp cost increases during the year, particularly for cartonboard, paper, energy and transport, could be gradually passed on. In this regard, the cycles for sales price adjustments were considerably reduced with the objective of maintaining delivery capability by means of a strict margin policy. This has been achieved on an ongoing basis. In addition, the integrated positioning of MM as a cartonboard and folding carton producer has become significantly more important in connection with safeguarding the supply of materials to customers in 2022.

### **Establishment of a global position in the Pharma & Healthcare market**

With the acquisitions of Essentra Packaging and Eson Pac, MM Packaging has expanded its position in the Pharma & Healthcare market to a global footprint with focus on Europe and North America. The highly synergetic customer portfolio, including the world's top pharmaceutical companies, the expanded product portfolio, in particular for leaflets and labels, as well as the necessary leverage of operational synergies are expected to significantly support growth in volume and earnings in the coming years.

At 4,056 million m<sup>2</sup>, the volume produced was 10.4 % above the previous year's level (2021: 3,672 million m<sup>2</sup>). After eliminating the effects of the acquisitions of Eson Pac and Essentra Packaging, MM Packaging was able to achieve an organic growth of more than 5 %.

The solid performance of MM Packaging in the current business was mainly offset by the one-off effects amounting to approx. net EUR -27 million from the acquisition of Essentra Packaging, the sale of the sites in Russia, and the exit from the Russian market.

Sales increased price- and volume-related by 32.1 % to EUR 2,168.7 million (2021: EUR 1,641.6 million). At EUR 129.3 million, the operating profit was EUR 32.6 million lower than in the previous year (2021: EUR 161.9 million). This development results in particular from the above-mentioned one-off effects. The previous year included non-recurring effects from structural adjustments. Accordingly, the operating margin amounted to 6.0 % (2021: 9.9 %), EBITDA to EUR 230.6 million (2021: EUR 235.8 million). Return on capital employed totaled 8.9 % (2021: 14.4 %), cash flow from operating activities amounted to EUR 55.3 million after EUR 161.1 million in 2021.

## QUARTERLY OVERVIEW

### MM GROUP

consolidated, in millions of EUR, IFRS	4Q/2021	1Q/2022	2Q/2022	3Q/2022	4Q/2022
<b>Sales</b>	962.6	<b>1,060.4</b>	<b>1,158.1</b>	<b>1,231.9</b>	<b>1,231.7</b>
<b>EBITDA</b>	138.0	<b>155.0</b>	<b>220.8</b>	<b>215.4</b>	<b>138.7</b>
EBITDA margin (in %)	14.3 %	<b>14.6 %</b>	<b>19.1 %</b>	<b>17.5 %</b>	<b>11.3 %</b>
<b>Operating profit</b>	92.4	<b>111.1</b>	<b>173.9</b>	<b>167.2</b>	<b>58.1</b>
Operating margin (in %)	9.6 %	<b>10.5 %</b>	<b>15.0 %</b>	<b>13.6 %</b>	<b>4.7 %</b>
<b>Profit before tax</b>	82.1	<b>103.6</b>	<b>166.6</b>	<b>146.6</b>	<b>50.1</b>
Income tax expense	(19.8)	<b>(24.1)</b>	<b>(40.3)</b>	<b>(37.2)</b>	<b>(20.1)</b>
<b>Profit for the period</b>	62.3	<b>79.5</b>	<b>126.3</b>	<b>109.4</b>	<b>30.0</b>
Net profit margin (in %)	6.5 %	<b>7.5 %</b>	<b>10.9 %</b>	<b>8.9 %</b>	<b>2.4 %</b>
Earnings per share (in EUR)	3.09	<b>3.95</b>	<b>6.29</b>	<b>5.43</b>	<b>1.52</b>
Cash flow from operating activities	104.0	<b>49.3</b>	<b>89.0</b>	<b>117.4</b>	<b>44.0</b>

## DIVISIONS

### MM BOARD & PAPER

in millions of EUR, IFRS	4Q/2021	1Q/2022	2Q/2022	3Q/2022	4Q/2022
<b>Sales<sup>1)</sup></b>	569.7	<b>656.3</b>	<b>725.9</b>	<b>747.3</b>	<b>620.5</b>
<b>EBITDA</b>	60.6	<b>95.7</b>	<b>157.8</b>	<b>142.9</b>	<b>102.9</b>
<b>Operating profit</b>	33.4	<b>70.1</b>	<b>131.6</b>	<b>116.5</b>	<b>62.8</b>
Operating margin (in %)	5.9 %	<b>10.7 %</b>	<b>18.1 %</b>	<b>15.6 %</b>	<b>10.1 %</b>
Cash flow from operating activities	69.7	<b>18.5</b>	<b>83.6</b>	<b>124.9</b>	<b>17.4</b>
Tonnage sold (in thousands of tonnes)	671	<b>657</b>	<b>623</b>	<b>615</b>	<b>494</b>
<i>Cartonboard</i>	507	<b>494</b>	<b>467</b>	<b>469</b>	<b>373</b>
<i>Kraft Papers</i>	62	<b>64</b>	<b>64</b>	<b>51</b>	<b>41</b>
<i>Uncoated Fine Papers</i>	102	<b>99</b>	<b>92</b>	<b>95</b>	<b>80</b>
Tonnage produced (in thousands of tonnes)	678	<b>659</b>	<b>671</b>	<b>611</b>	<b>492</b>

<sup>1)</sup> including interdivisional sales

### MM PACKAGING

in millions of EUR, IFRS	4Q/2021	1Q/2022	2Q/2022	3Q/2022	4Q/2022
<b>Sales<sup>1)</sup></b>	432.0	<b>454.9</b>	<b>502.4</b>	<b>552.9</b>	<b>658.5</b>
<b>EBITDA</b>	77.4	<b>59.3</b>	<b>63.0</b>	<b>72.5</b>	<b>35.8</b>
<b>Operating profit</b>	59.0	<b>41.0</b>	<b>42.3</b>	<b>50.7</b>	<b>(4.7)</b>
Operating margin (in %)	13.7 %	<b>9.0 %</b>	<b>8.4 %</b>	<b>9.2 %</b>	<b>-0.7 %</b>
Cash flow from operating activities	34.3	<b>30.8</b>	<b>5.4</b>	<b>(7.5)</b>	<b>26.6</b>
Produced volume (in millions of m <sup>2</sup> )	936	<b>959</b>	<b>954</b>	<b>1,015</b>	<b>1,128</b>

<sup>1)</sup> including interdivisional sales

**A video statement by the Management Board on the Annual Results 2022 is available on our website: <https://www.mm.group>.**

The Annual Report 2022 will be available as of April 5, 2023.

Forthcoming results:

April 25, 2023

Results for the 1<sup>st</sup> quarter of 2023

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