



PRESS RELEASE

August 18, 2016

Results for the 1st Half-Year 2016

- Good first half-year
- Again increase in sales and profit
- Pressure on volumes and margins steps up

The Mayr-Melnhof Group was again able to successfully hold up its grounds in the first half-year of 2016 facing increasingly challenging overall conditions. Sales as well as profit exceed the previous year's figures. However, visibility of demand on the cartonboard and folding carton markets proved to be increasingly short-term over the first six months. Thus, the overall situation starts to get more challenging.

The division MM Karton succeeded in maintaining the good level of the previous year's period with a high degree of price discipline and stable volume development. The division MM Packaging recorded solid profit development and the expected growth following the acquisition of a French folding carton group in the fourth quarter of last year.

Owing to a lack of sustained economic impulses for demand with sufficient capacities on the markets, we expect that the pressure on margins will rise. The good results in the first half-year will therefore be a challenge for the second half of the year. However, to secure profitability the best way possible with a consistent price policy, highest efficiency and an optimized product mix remains our target.

GROUP KEY INDICATORS - IFRS

consolidated, in millions of EUR, IFRS	1 st HY/2016	1 st HY/2015	+/-
Sales	1,142.2	1,069.6	+6.8 %
Operating profit	110.8	96.5	+14.8 %
Operating margin (in %)	9.7 %	9.0 %	
Profit before tax	108.9	90.8	+19.9 %
Income tax expense	(28.5)	(23.6)	
Profit for the period	80.4	67.2	+19.6 %
Net profit margin (in %)	7.0 %	6.3 %	
Earnings per share (in EUR)	4.01	3.33	
Employees	9,883	9,938 ¹⁾	
Capital expenditures (CAPEX)	67.4	52.0	
Depreciation and amortization	52.1	48.6	

¹⁾ as of December 31, 2015

The Group's consolidated sales went up by 6.8 % or EUR 72.6 million to EUR 1,142.2 million (1st half of 2015: EUR 1,069.6 million). This increase results primarily from the acquisition-related higher business volume at MM Packaging.

Operating profit grew by 14.8 % or EUR 14.3 million to EUR 110.8 million (1st half of 2015: EUR 96.5 million). A significant rise at MM Packaging was offset by a slight decrease at MM Karton. The Group's operating margin climbed to 9.7 % (1st half of 2015: 9.0 %).

Financial income was at EUR 1.6 million (1st half of 2015: EUR 0.8 million), financial expenses amounted to EUR -3.2 million (1st half of 2015: EUR -3.2 million).

Profit before tax rose by 19.9 % to EUR 108.9 million (1st half of 2015: EUR 90.8 million). Income tax expense totaled EUR 28.5 million following EUR 23.6 million in the first half of the previous year, resulting in an effective Group tax rate of 26.2 % (1st half of 2015: 26.0 %).

Profit for the period thus increased by 19.6 % to EUR 80.4 million (1st half of 2015: EUR 67.2 million).

DEVELOPMENT IN THE SECOND QUARTER

As expected, sales in the second quarter were slightly below the first quarter of 2016, however, acquisition-related significantly above the comparative period of the previous year.

The cartonboard division recorded continuing good capacity utilization at 98 % (1Q 2016: 97 %; 2Q 2015: 99 %) and was able to maintain the operating margin with 7.3 % at a good level (1Q 2016: 7.7 %; 2Q 2015: 8.5 %).

The packaging division achieved an operating margin of 11.1 % following 10.3 % in the first quarter of 2016 (2Q 2015: 7.9 %), mainly attributable to the product mix.

The Group's operating profit reached EUR 55.6 million after EUR 55.2 million in the first quarter of 2016 and EUR 45.7 million in the second quarter of the previous year. The operating margin was therefore 9.8 % (1Q 2016: 9.6 %; 2Q 2015: 8.5 %).

The profit for the period amounted to EUR 41.0 million (1Q 2016: EUR 39.4 million; 2Q 2015: EUR 31.7 million).

OUTLOOK

Against the background of weak economic performance and increasing uncertainty, the overall general conditions for our business show a lack of momentum. The situation on the European cartonboard and folding carton markets starts to get more challenging. Due to sufficient capacities, pressure on prices and therefore margins is increasing. As in the first half of the year, our highest priority remains consequent price policy and maintaining our market shares. Furthermore, we are strengthening the wide range of cost-cutting measures to secure our competitive strength and profitability of our business over the long term. The strong development in the first half-year will nevertheless be a challenge for the second half of the year.

Our growth strategy will be continued with a long-term view as hitherto, concentrating on our core business, quality as well as manageable risk.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1 st HY/2016	1 st HY/2015	+/-
Sales¹⁾	521.9	522.4	-0.1 %
Operating profit	39.1	40.9	-4.4 %
Operating margin (in %)	7.5 %	7.8 %	
Tonnage sold (in thousands of tons)	844	834	+1.2 %
Tonnage produced (in thousands of tons)	839	837	+0.2 %

¹⁾ including interdivisional sales

Against the background of increasingly short-term demand development on the European cartonboard market and a correspondingly intensive competitive environment, MM Karton's focus lies on a tight price policy while maintaining or selectively improving market shares.

At around 97 %, capacity utilization in the first half-year of 2016 was slightly below the comparative figure of the previous year (1st half of 2015: 99 %). The main reasons were maintenance and capital expenditure at the beginning of the year as well as singular market-related downtime. The average order backlog at MM Karton decreased to approximately 50,000 tons, following 91,000 tons in the first half of the previous year.

Input prices on the procurement markets showed minor change. As a result, also prices for the strategic raw material of recovered paper remained at a high level.

Both production as well as tonnage sold, at 839,000 tons and 844,000 tons respectively, were above the comparative figures of the previous year (1st half of 2015: 837,000 tons and 834,000 tons respectively). With a share of around 82 % for Europe and 18 % in markets outside of Europe (1st half of 2015: 84 % and 16 % respectively), the geographic distribution of sales changed only slightly.

Sales reached EUR 521.9 million and were thus almost at the previous year's level (1st half of 2015: EUR 522.4 million). Operating profit, at EUR 39.1 million, was slightly below the comparative period (1st half of 2015: EUR 40.9 million). Consequently, the operating margin at 7.5 % (1st half of 2015: 7.8 %) still remained at a good level.

FOODBOARD™ available on the market since the 1st quarter of 2016

FOODBOARD™, our new cartonboard with a unique functional barrier for safe primary food packaging, is already available in the European retail.

MM Packaging

in millions of EUR, IFRS	1st HY/2016	1 st HY/2015	+/-
Sales¹⁾	671.3	598.2	+12.2 %
Operating profit	71.7	55.6	+29.0 %
Operating margin (in %)	10.7 %	9.3 %	
Tonnage processed (in thousands of tons)	380	358	+6.1 %
Sheet equivalent (in millions)	1,128.0	1,001.3	+12.7 %

¹⁾ including interdivisional sales

Demand on the European folding carton market during the first six months of 2016 was restrained and without any drive. This is not due to any single development but was an overall picture seen throughout countries and sectors. Even core markets such as Germany were affected, causing a subdued situation.

The production capacities installed on the European market result in a price competition of ever increasing intensity. By consistently focusing our efforts on our customers from a wide range of sectors and countries as well as continuous increase in production efficiency, MM Packaging succeeded in achieving a generally solid performance throughout the first half of this year.

A major contribution to the growth in sales was the recent acquisition in France, which has been part of the division since the end of October 2015.

Accordingly, sales showed an increase of 12.2 % to EUR 671.3 million (1st half of 2015: EUR 598.2 million). Supported by a good product mix in the second quarter, operating profit rose disproportionately by 29.0 % to EUR 71.7 million in the first half-year of 2016 (1st half of 2015: EUR 55.6 million). The operating margin was thus 10.7 % after 9.3 % in the first half of the previous year.

Tonnage processed went up by 6.1 % from 358,000 tons to 380,000 tons, the sheet equivalent by 12.7 % from 1,001.3 million to 1,128.0 million.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2015	2Q/2015	3Q/2015	4Q/2015	1Q/2016	2Q/2016
Sales	533.9	535.7	548.1	563.8	576.0	566.2
EBITDA	74.0	70.1	81.4	73.2	80.3	83.6
EBITDA margin (in %)	13.9 %	13.1 %	14.9 %	13.0 %	13.9 %	14.8 %
Operating profit	50.8	45.7	58.1	45.3	55.2	55.6
Operating margin (in %)	9.5 %	8.5 %	10.6 %	8.0 %	9.6 %	9.8 %
Profit before tax	47.6	43.2	56.0	43.8	53.2	55.7
Income tax expense	(12.1)	(11.5)	(15.0)	(9.9)	(13.8)	(14.7)
Profit for the period	35.5	31.7	41.0	33.9	39.4	41.0
Net profit margin (in %)	6.6 %	5.9 %	7.5 %	6.0 %	6.8 %	7.2 %
Earnings per share(in EUR)	1.77	1.56	2.03	1.72	1.96	2.05

DIVISIONS

MM KARTON

in millions of EUR, IFRS	1Q/2015	2Q/2015	3Q/2015	4Q/2015	1Q/2016	2Q/2016
Sales¹⁾	258.9	263.5	265.0	259.3	263.4	258.5
Operating profit	18.6	22.3	25.5	16.2	20.2	18.9
Operating margin (in %)	7.2 %	8.5 %	9.6 %	6.2 %	7.7 %	7.3 %
Tonnage sold (in thousands of tons)	421	413	418	408	427	417
Tonnage produced (in thousands of tons)	415	422	422	418	419	420

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/2015	2Q/2015	3Q/2015	4Q/2015	1Q/2016	2Q/2016
Sales¹⁾	300.7	297.5	309.7	329.4	339.2	332.1
Operating profit	32.2	23.4	32.6	29.1	35.0	36.7
Operating margin (in %)	10.7 %	7.9 %	10.5 %	8.8 %	10.3 %	11.1 %
Tonnage processed (in thousands of tons)	182	176	187	184	189	191
Sheet equivalent (in millions)	503.0	498.3	531.1	526.9	562.2	565.8

¹⁾ including interdivisional sales

The Half-Year Financial Report 2016 as well as the CEO video presentation and the details for today's CEO Conference Call are available on our website: www.mayr-melnhof.com

Forthcoming results:

November 15, 2016

Results for the first three quarters of 2016

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