



Press Release

Vienna, August 22, 2024

MM reports half-year results for 2024

- Q2 ahead of Q2 2023
- Half-year financial results below previous year due to pricing
- Cash flow significantly improved
- Strong volume increase in Board & Paper
- For more transparency Packaging from now on reported as two divisions: MM Food & Premium Packaging and MM Pharma & Healthcare Packaging
- Solid performance in Packaging divisions
- Considerable reduction of carbon footprint vs. 1st HY 2023
- Persisting consumer restraint on end markets in line with overall weak economy
- Q3 impacted by annual maintenance downtime at Board & Paper

GROUP KEY INDICATORS – IFRS

| consolidated, in millions of EUR, IFRS | 1 st HY/2024 | 1 st HY/2023 | +/- |
|---|-------------------------|-------------------------|---------|
| Sales | 2,043.9 | 2,181.4 | -6.3 % |
| Adjusted EBITDA¹⁾ | 201.7 | 237.3 | -15.0 % |
| Adjusted EBITDA margin (%) | 9.9 % | 10.9 % | -101 bp |
| Adjusted operating profit¹⁾ | 90.6 | 127.0 | -28.7 % |
| Adjusted operating margin (%) | 4.4 % | 5.8 % | -139 bp |
| Operating profit | 90.6 | 104.0 | -12.9 % |
| Return on capital employed ²⁾ (%) | 5.6 % | 11.7 % | -614 bp |
| Profit before tax | 51.2 | 77.2 | -33.6 % |
| Income tax expense | (13.8) | (13.9) | |
| Profit for the period | 37.4 | 63.3 | -41.0 % |
| Net profit margin (%) | 1.8 % | 2.9 % | |
| Earnings per share (in EUR) | 1.82 | 3.12 | |
| Cash flow from operating activities | 200.6 | 150.1 | +33.7 % |
| Free cash flow | 59.4 | (64.9) | n.m. |
| Employees ³⁾ | 14,867 | 15,087 | |
| Capital expenditures | 145.5 | 217.8 | |
| Depreciation and amortisation ⁴⁾ | 111.1 | 110.3 | |

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: “The MM Group succeeded in improving its adjusted EBITDA and adjusted operating profit in the 2nd quarter compared to both the previous two quarters as well as last year’s 2nd quarter. The consistent execution of the profit & cash protection programme led to a significant increase in cash flow from operating activities and free cash flow. At the same time, the Group’s financial leverage remained largely constant.

In the Board & Paper division, we saw an improvement in market demand following the reduction of high inventories in the supply chain. Also, our improved products after the machine rebuilds were well received by our customers. This led to a significant increase in sales volumes of around 18 %. Despite selective price increases in the 2nd quarter, average prices were still substantially below last year, resulting in lower sales. At the same time, some costs like paper for recycling and personnel costs rose again in the 2nd quarter. Due to the comprehensive cost protection programme, Board & Paper managed to turn the adjusted operating profit again back into positive territory in the 2nd quarter after four quarters of operational losses.

Packaging, which has shown a consistently solid performance overall, will from now on be reported as two divisions to increase transparency: MM Food & Premium Packaging and MM Pharma & Healthcare Packaging, since pharma packaging pursues a different business model and is perceived as highly specialised within the packaging industry. Also, it comprises leaflets and labels on top of folding cartons.”

“Due to the ongoing weak economy in the main market of Europe and persistent restrained consumer spending on daily consumer goods, we expect only a slow development in the end markets and continued underutilisation in the cartonboard industry. In the 3rd quarter, annual maintenance downtime at our pulp mills in Kwidzyn and Kotkamills will affect Board & Paper results while we assume continuity for both of the packaging divisions.”, underlines Oswald.

INCOME STATEMENT

At EUR 2,043.9 million, the Group’s consolidated sales were below the previous year’s figure (1st half of 2023: EUR 2,181.4 million), mainly due to lower selling prices.

Adjusted operating profit decreased by EUR 36.4 million from EUR 127.0 million to EUR 90.6 million. This decrease is primarily due to lower average prices in the Board & Paper division. The Group’s adjusted operating margin was 4.4 % (1st half of 2023: 5.8 %).

Financial income amounted to EUR 13.3 million (1st half of 2023: EUR 3.7 million). The increase in financial expenses from EUR -24.7 million to EUR -42.7 million resulted in particular from higher interest rates for variable-interest financing. “Other financial result - net” changed from EUR -5.9 million to EUR -10.0 million, mainly owing to currency translations.

Profit before tax totalled EUR 51.2 million after EUR 77.2 million in the previous year. Income tax expense amounted to EUR 13.8 million (1st half of 2023: EUR 13.9 million), resulting in an effective Group tax rate of 27.1 % (1st half of 2023: 17.9 %). Profit for the period decreased accordingly from EUR 63.3 million to EUR 37.4 million.

SUSTAINABILITY DEVELOPMENT

The carbon footprint of the MM Group was down by considerable 23 % in the 1st half-year (1st half of 2024: 569,294 tCO₂e; 1st half of 2023: 737,926 tCO₂e).

DEVELOPMENT IN THE 2ND QUARTER

In the 2nd quarter, the MM Group was able to improve results compared to the previous quarter and exceeded the previous year's figure.

After four quarters, the MM Board & Paper division could achieve again a positive adjusted operating profit with improvements in price and volume. The MM Food & Premium Packaging division recorded continuity at a good level, while the momentum at MM Pharma & Healthcare weakened slightly due to a full supply chain.

Consolidated sales of EUR 1,018.9 million were somewhat below the 1st quarter of 2024 (EUR 1,025.0 million) as well as the previous year's level (Q2 2023: EUR 1,059.3 million).

The Group's adjusted operating profit increased to EUR 51.0 million, exceeding both the previous quarter's and the previous year's figure (Q1 2024: EUR 39.6 million; Q2 2023: EUR 48.3 million). The adjusted operating margin came in at 5.0 % (Q1 2024: 3.9 %; Q2 2023: 4.6 %). Adjusted EBITDA reached EUR 107.2 million (Q1 2024: EUR 94.5 million; Q2 2023: EUR 103.7 million). Profit for the period amounted to EUR 26.5 million (Q1 2024: EUR 10.9 million; Q2 2023: EUR 28.4 million).

The adjusted operating margin of the MM Board & Paper division increased to 0.4 % (Q1 2024: -2.7 %; Q2 2023: -2.0 %) due to the positive development of sales and production volumes despite lower average prices. Capacity utilisation was significantly higher than in the 2nd quarter of the previous year, which was characterised by significant market- and rebuild-related machine downtime.

MM Food & Premium Packaging managed to maintain a solid adjusted operating margin of 10.2 % (Q1 2024: 9.5 %; Q2 2023: 11.4 %), primarily through productivity increases.

The operating margin of MM Pharma & Healthcare Packaging was 4.6 % (Q1 2024: 7.3 %; Q2 2023: 4.9 %), due to more subdued demand resulting from a reduction of inventories in the supply chain of the pharma industry.

OUTLOOK

Given the persistently overall weak economy and continuing restraint consumer spending we anticipate that the current low market activity will persist in the coming months. We will continue to pursue selective price increases. In the 3rd quarter, annual maintenance downtime at our pulp mills in Kwidzyn and Kotkamills will affect Board & Paper results while we assume continuity for the packaging divisions.

MM stays focused on enhancing earnings and cash generation by continuing its profit & cash protection programme. The majority of savings are expected to materialise in 2025. Capital expenditures will remain significantly lower than in previous years, as the major projects have already been successfully completed. Our strategy and capital allocation we will continue to focus on expanding in growing, innovative and sustainable market segments, but we will prioritise improving margins before pursuing further non-organic growth.

DEVELOPMENT IN THE DIVISIONS

MM BOARD & PAPER

| in millions of EUR, IFRS | 1 st HY/2024 | 1 st HY/2023 | +/- |
|--|-------------------------|-------------------------|-----------|
| Sales¹⁾ | 986.2 | 1,019.3 | -3.2 % |
| Adjusted EBITDA | 42.7 | 72.0 | -40.7 % |
| Adjusted operating profit | (11.1) | 17.9 | n.m. |
| Adjusted operating margin (%) | -1.1 % | 1.8 % | -288 bp |
| Operating profit | (11.1) | 17.9 | n.m. |
| Capital employed ²⁾ | 1,835.8 | 1,797.1 | +2.2 % |
| Return on capital employed ²⁾ (%) | -2.7 % | 12.3 % | -1,500 bp |
| Cash flow from operating activities | 46.6 | 13.0 | +258.3 % |
| Free cash flow | (26.5) | (122.5) | n.m. |
| Capital expenditures | 73.7 | 135.9 | -45.6 % |
| Tonnage sold (in thousands of tonnes) | 1,134 | 959 | +18.3 % |
| <i>Cartonboard</i> | 886 | 740 | +19.8 % |
| <i>Paper</i> | 248 | 219 | +13.3 % |
| Tonnage produced (in thousands of tonnes) | 1,160 | 957 | +21.2 % |

¹⁾ including interdivisional sales

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

The MM Board & Paper division recorded a significant volume increase in the 1st half-year, following extensive market- and rebuild-related downtime in the previous year. Sales volume rose by 18.3 % from 959,000 tonnes to 1,134,000 tonnes and production volume saw a parallel increase of 21.2 % to 1,160,000 tonnes (1st half of 2023: 957,000 tonnes). Capacity utilisation was therefore significantly higher than in the previous year. The division's average order backlog amounted to 191,000 tonnes in the 1st half of the year, compared to 139,000 tonnes in the same period of the previous year.

Due to recent input price hikes, sales prices have been increased selectively from the 2nd quarter onward. However, lower average sales prices for the 1st half-year as a whole outweighed the positive volume impact. Consequentially sales of EUR 986.2 million and adjusted operating profit of EUR -11.1 million came in below the previous year's figures (1st half of 2023: EUR 1,019.3 million; EUR 17.9 million). The adjusted operating margin amounted to -1.1 % (1st half of 2023: 1.8 %). As a result of the consistent implementation of the profit & cash protection programme, cash flow from operating activities increased to EUR 46.6 million (1st half of 2023: EUR 13.0 million).

MM Board & Paper, contributing about 42 % to Group sales over the last twelve months, has considerably increased competitiveness of its mills during the past years' transformation process. In addition to last year's major investments in Frohnleiten, Neuss and Kolicvevo and the prior acquisitions in virgin fibre-based board and paper in Kwidzyn and Kotkamills, the smaller virgin-based board mills in Eerbeek and Baiersbronn were divested and two small recycled board machines closed. Following long technical downtime in 2023 and an extended ramp-up phase in 2023/24, the major capex projects of the previous year have now been successfully implemented, improving cost efficiency, quality and specific energy consumption. In this connection, 1st half-year capital expenditures came down significantly to EUR 73.7 million, compared with EUR 135.9 million in the previous year.

The division is committed to rigorously managing costs and making further value-adding adjustments to improve margins, while also enhancing sustainability and innovation.

MM FOOD & PREMIUM PACKAGING

| in millions of EUR, IFRS | 1 st HY/2024 | 1 st HY/2023 | +/- |
|--|-------------------------|-------------------------|---------|
| Sales¹⁾ | 835.9 | 921.3 | -9.3 % |
| Adjusted EBITDA | 121.4 | 130.1 | -6.7 % |
| Adjusted operating profit | 82.4 | 93.5 | -11.7 % |
| Adjusted operating margin (%) | 9.9 % | 10.1 % | -27 bp |
| Operating profit | 82.4 | 77.1 | +6.9 % |
| Capital employed²⁾ | 1,210.1 | 1,258.0 | -3.8 % |
| Return on capital employed²⁾ (%) | 16.9 % | 14.9 % | +200 bp |
| Cash flow from operating activities | 119.2 | 135.3 | -11.9 % |
| Free cash flow | 84.7 | 72.6 | +16.3 % |
| Capital expenditures | 36.9 | 65.1 | -43.4 % |
| Produced volume (in millions of m ²) | 1,528 | 1,579 | -3.2 % |

¹⁾ including interdivisional sales

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

Despite ongoing challenges from a weak economy and associated changes in consumer behavior, MM Food & Premium Packaging was able to maintain a solid financial performance by diversifying sales activities and focusing on cost control.

Volumes and prices in several markets were below the previous year due to more restraint consumption. However, the division was able to save costs and increase productivity in many areas in the 1st half of 2024. As a result, profitability was maintained at a solid level. Although sales declined to EUR 835.9 million (1st half of 2023: EUR 921.3 million) and the adjusted operating profit to EUR 82.4 million (1st half of 2023: EUR 93.5 million), a good adjusted operating margin of 9.9 % (1st half of 2023: 10.1 %) was achieved again.

At 1,528 million m² volume produced came in 3.2 % below the previous year's figure (1st half of 2023: 1,579 million m²).

Recently MM Food & Premium Packaging, which accounts for around 42 % of Group sales over the last twelve months, has made significant investments in expanding production capacity and modernising machinery. These efforts have strengthened our competitive advantage in key operating areas and created new growth opportunities with our customers. We have also focused on technical innovation, which enabled us to successfully expand into new markets, like highly customised solutions in digital printing.

Sustainability is a top priority for MM Food & Premium Packaging, which constantly develops new solutions to optimise the carbon footprint and to replace plastic packaging. The division envisages to stay a participant in the industry consolidation, particularly in the beauty area.

MM PHARMA & HEALTHCARE PACKAGING

| in millions of EUR, IFRS | 1 st HY/2024 | 1 st HY/2023 | +/- |
|--|-------------------------|-------------------------|-------------|
| Sales¹⁾ | 321.6 | 343.2 | -6.3 % |
| Adjusted EBITDA | 37.6 | 35.2 | +7.1 % |
| Adjusted operating profit | 19.3 | 15.6 | +23.4 % |
| Adjusted operating margin (%) | 6.0 % | 4.6 % | +144 bp |
| Operating profit | 19.3 | 9.0 | +115.6 % |
| Capital employed ²⁾ | 409.3 | 394.7 | +3.7 % |
| Return on capital employed ²⁾ (%) | 9.2 % | 7.9 % | +129 bp |
| Cash flow from operating activities | 34.8 | 1.8 | + 1,823.1 % |
| Free cash flow | 1.2 | (15.0) | n.m. |
| Capital expenditures | 34.9 | 16.8 | +107.3 % |
| Produced volume (in millions of m ²) | 478 | 494 | -3.4 % |

¹⁾ including interdivisional sales

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

In light of the pharma & healthcare industry's reduction of inventories to its long-term norm and MM's concentration on products with higher added value the division's half-year sales of EUR 321.6 million came in somewhat below the previous year's level of EUR 343.2 million. At 478 million m² volume produced was as well slightly under the 1st half of 2023 (494 million m²).

In contrast, adjusted operating profit was up 23.4 % from EUR 15.6 million to EUR 19.3 million, mainly due to the consistent implementation of cost reduction programmes and winning more value added business. The adjusted operating margin reached 6.0 % (1st half of 2023: 4.6 %).

Both cash flow from operating activities and free cash flow were up at EUR 34.8 million and EUR 1.2 million respectively (1st half of 2023: EUR 1.8 million and EUR -15.0 million). Investments in state-of-the-art technology amounted to EUR 34.9 million (1st half of 2023: EUR 16.8 million), preparing for further growth.

MM Pharma & Healthcare Packaging, which accounted for about 16 % of Group sales over the past twelve months, is a market leader in Europe and the US with an attractive position in GLP-1-Analoga (e.g. against diabetes or obesity). MM's offer centers on secondary packaging solutions from a global production network, including folding cartons, leaflets, and labels.

In 2023, the division successfully completed the integration of Essentra Packaging and Eson Pac. As part of the essential transformation from a low-yield asset base at Essentra Packaging at the time of the acquisition, we have since been dedicated to significantly enhance operational and financial performance. In addition to organic growth, MM Pharma & Healthcare Packaging will remain an active participant in the consolidation of the industry.

QUARTERLY OVERVIEW

MM GROUP

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

DIVISIONS

MM BOARD & PAPER

| in millions of EUR, IFRS | Q1/2023 | Q2/2023 | Q3/2023 | Q4/2023 | Q1/2024 | Q2/2024 |
|--|---------|---------|---------|---------|----------------|----------------|
| Sales¹⁾ | 521.2 | 498.1 | 448.4 | 451.4 | 483.5 | 502.7 |
| Adjusted EBITDA | 54.3 | 17.7 | 14.7 | 6.0 | 13.4 | 29.3 |
| Adjusted operating profit | 27.7 | (9.8) | (13.5) | (24.2) | (13.3) | 2.2 |
| Adjusted operating margin (%) | 5.3 % | -2.0 % | -3.0 % | -5.4 % | -2.7 % | 0.4 % |
| Operating profit | 27.7 | (9.8) | (13.5) | (24.2) | (13.3) | 2.2 |
| Capital employed | 1,745.5 | 1,797.1 | 1,846.6 | 1,869.1 | 1,863.1 | 1,835.8 |
| Return on capital employed (%) | 20.8 % | 12.3 % | 5.0 % | -1.1 % | -3.3 % | -2.7 % |
| Cash flow from operating activities | 10.0 | 3.0 | 64.1 | 214.5 | (14.6) | 61.2 |
| Free cash flow | (48.0) | (74.5) | 14.6 | 167.8 | (59.3) | 32.8 |
| Capital expenditures | 58.0 | 77.9 | 49.7 | 47.7 | 44.8 | 28.9 |
| Tonnage sold (in thousands of tonnes) | 473 | 486 | 487 | 502 | 564 | 570 |
| <i>Cartonboard</i> | 375 | 365 | 365 | 371 | 439 | 447 |
| <i>Paper</i> | 98 | 121 | 122 | 131 | 125 | 123 |
| Tonnage produced (in thousands of tonnes) | 488 | 469 | 482 | 506 | 576 | 584 |

¹⁾ including interdivisional sales

MM FOOD & PREMIUM PACKAGING

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

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

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.

The 2024 Half-Year Financial Report as well as the CEO video statement and the details for today's CEO Conference Call are available on our website: <https://www.mm.group>.

Forthcoming results:

November 7, 2024 Results for the first three quarters of 2024

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