

Results for the 1st Quarter of 2016

- Good first quarter
- Growth again in sales and profit
- Visibility is currently decreasing

The Mayr-Melnhof Group was able to solidly maintain its position in the first quarter of 2016 despite a considerably restrained market environment. Both divisions succeeded in increasing their business volumes and thus registered an overall good capacity utilization of production sites. The acquisition of a folding carton group in France at the end of October last year contributed an expected growth compared to the previous year.

With a largely stable development on the procurement markets, high price discipline and cost efficiency enabled MM Karton and MM Packaging to keep the yield from the business at the good level of the previous year.

Due to a continuous lack of impulses from the overall economy, the situation on our markets is characterized by a further decrease in visibility and therefore high competition. The priority lies on safeguarding profitability as best as possible as well as maintaining respectively extending our market shares.

GROUP KEY INDICATORS - IFRS

consolidated, in millions of EUR, IFRS	1Q/2016	1Q/2015	+/-
Sales	576.0	533.9	+7.9 %
Operating profit	55.2	50.8	+8.7 %
Operating margin (in %)	9.6 %	9.5 %	
Profit before tax	53.2	47.6	+11.8 %
Income tax expense	(13.8)	(12.1)	
Profit for the period	39.4	35.5	+11.0 %
Net profit margin (in %)	6.8 %	6.6 %	
Earnings per share (in EUR)	1.96	1.77	
Employees	9,871	9,938 ¹⁾	
Capital expenditures	31.9	22.0	
Depreciation and amortization	25.4	24.2	

¹⁾ as of December 31, 2015

The Group's consolidated sales rose by 7.9 % or EUR 42.1 million to EUR 576.0 million (1Q 2015: EUR 533.9 million). This increase primarily results from higher business volumes in both divisions.

Analogously, a rise in operating profit of 8.7 % or EUR 4.4 million to EUR 55.2 million (1Q 2015: EUR 50.8 million) was reached. It was therefore possible to maintain the Group's operating margin with 9.6 % at the good level of the comparative period of the previous year (1Q 2015: 9.5 %).

Financial income of EUR 0.7 million (1Q 2015: EUR 0.4 million) was offset by financial expenses of EUR -1.6 million (1Q 2015: EUR -1.6 million).

Profit before tax thus rose by 11.8 % to EUR 53.2 million (1Q 2015: EUR 47.6 million). Income tax expense totaled EUR 13.8 million (1Q 2015: EUR 12.1 million), resulting in an effective Group tax rate of 25.9 % (1Q 2015: 25.4 %).

Profit for the period went up by 11.0 % to EUR 39.4 million (1Q 2015: EUR 35.5 million). This corresponds to 6.8 % of sales (1Q 2015: 6.6 %).

OUTLOOK

Looking ahead, the increasingly challenging overall conditions are apparent. The visibility of demand on the cartonboard and folding carton markets has currently become noticeably more short-term and thus, the situation ongoing competitive. Adherence to a consistent price policy ahead of capacity utilization remains as always our priority. Hence, the strong profit development in the first quarter will be a challenge for the subsequent quarters.

As in the past, aside from exploitation of organic growth possibilities, we will also lay a great emphasis on our course of expansion through acquisitions.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1Q/2016	1Q/2015	+/-
Sales¹⁾	263.4	258.9	+1.7 %
Operating profit	20.2	18.6	+8.6 %
Operating margin (in %)	7.7 %	7.2 %	
Tonnage sold (in thousands of tons)	427	421	+1.4 %
Tonnage produced (in thousands of tons)	419	415	+1.0 %

¹⁾ including interdivisional sales

While demand on the European cartonboard markets continued to develop steadily in the first three months of 2016, it currently appears without any momentum. The main focus in a correspondingly competitive environment is on maintaining price levels and market shares.

The average order backlog for MM Karton was approximately 57,000 tons, following 85,000 tons in the comparative period of the previous year. At 97 %, capacity utilization of the cartonboard machines was slightly below the previous year (1Q 2015: 99 %). The main reasons for this were scheduled downtimes for necessary maintenance as well as investment projects.

Most input factors on the procurement markets showed a largely stable development in the first months of 2016. Prices for recovered paper declined from the peak values of the previous year and have since then been moving sideways at a high level.

With 419,000 tons produced and 427,000 tons sold, volumes were slightly higher than in the previous year (1Q 2015: 415,000 tons and 421,000 tons respectively). Of this, 81 % was sold on European markets and 19 % outside of Europe (1Q 2015: 82 %; 18 %).

Simultaneously to volumes, sales rose by 1.7 % from EUR 258.9 million to EUR 263.4 million. Operating profit went up by 8.6 % to EUR 20.2 million (1Q 2015: EUR 18.6 million), while with 7.7 % an operating margin above the first quarter of the previous year (1Q 2015: 7.2 %) could be achieved.

MM Packaging

in millions of EUR, IFRS	1Q/2016	1Q/2015	+/-
Sales¹⁾	339.2	300.7	+12.8 %
Operating profit	35.0	32.2	+8.7 %
Operating margin (in %)	10.3 %	10.7 %	
Tonnage processed (in thousands of tons)	189	182	+3.8 %
Sheet equivalent (in millions)	562.2	503.0	+11.8 %

¹⁾ including interdivisional sales

Demand on the European folding carton market was still throughout restrained in the first quarter of 2016. So far, even the core markets like Germany remained without momentum whereby the present development is consistently subdued.

Nevertheless, against this background, MM Packaging achieved overall good capacity utilization at its production sites in the first quarter. The acquisition in France, which was integrated into the division from end of October last year, made the major contribution to growth compared with the previous year.

As a consequence, there was an increase in both sales and profit compared with the comparative period of the previous year. Sales went up by 12.8 % or EUR 38.5 million to EUR 339.2 million (1Q 2015: EUR 300.7 million) with a majority of this growth resulting from the last year's acquisition. Operating profit rose by 8.7 % to EUR 35.0 million (1Q 2015: EUR 32.2 million), thus the operating margin of 10.3 % (1Q 2015: 10.7 %) could be maintained at a high level.

Tonnage processed grew by 3.8 % from 182,000 tons to 189,000 tons, the sheet equivalent by 11.8 % from 503.0 million to 562.2 million.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

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

DIVISIONS

MM KARTON

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

¹⁾ including interdivisional sales

MM PACKAGING

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

¹⁾ including interdivisional sales

Forthcoming Results:

August 18, 2016 Half-Year Results 2016

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