



**PRESS RELEASE**

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## **Mayr-Melnhof Karton to acquire Kotkamills**

### **Proposed acquisition to strengthen MMK's position in virgin-fiber based cartonboard**

Mayr-Melnhof Group has agreed to acquire Kotkamills Group Oyj ("Kotkamills") from its shareholders for an Enterprise Value of around EUR 425 million, representing ca. 7.8x LTM EBITDA. The addition of Kotkamills will grow MMK's position in the attractive virgin fiber based cartonboard (FBB) and Food Service Board (FSB) market, complementing its established position in recycled fiber based board. The proposed transaction will be immediately accretive to earnings.

Kotkamills operates two board / paper machines at its integrated mill in Kotka (Southern-Finland): a FBB/FSB board machine which started up in 2016 following an investment of more than EUR 180 million with current sales volumes of around 260kt and a planned capacity of 400kt; a Saturated Kraft paper machine with 170kt capacity in which the company is a leading global supplier. Kotkamills employs about 500 people and generates an LTM EBITDA of ca. EUR 55 million on sales of ca. EUR 380 million.

The cash payment will be funded from committed credit lines. The transaction is subject to customary completion conditions and regulatory approval. Closing of the transaction is expected by mid of 2021.

#### **Strategic Rationale**

- Strengthen Mayr-Melnhof Group's competitive position in a growing European FBB and FSB market versus the two market leaders
- Create a strong second pillar in addition to Coated Recycled Board (RCB) and Coated Liner
- Benefit from ramp-up of FBB and FSB volumes (from current sales volumes of 260kt to planned capacity of 400kt)
- Offer barrier coated FSB solutions which can replace plastic and polyethylen-coated board
- Diversify the business by adding a new product (with Kotkamills' strong competitive position in high-quality Saturating Base Kraft)
- Harvest synergy potential

Mayr-Melnhof Group CEO, Peter Oswald, comments: "The acquisition of Kotkamills is an ideal complement to our existing cartonboard business. It strengthens MM's business model as a dedicated cartonboard and folding carton producer with a reinforced position in virgin fiber based cartonboard which has good growth potential. Kotkamills adds significantly to MM's sustainability strategy offering innovative solutions for plastic replacement. We have great confidence in the top-class team of Kotkamills to shape a promising future together."

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