



# 1Q

REPORT FOR THE 1<sup>ST</sup> QUARTER  
MAYR-MELNHOF KARTON AG

# 2017

- Solid sales and volumes
- Sharp increase in raw material costs at MM Karton weighs on profit
- MM Packaging maintains good level
- Cartonboard price increase is first priority

# Group Key Indicators

(according to IFRS for interim financial reporting, unaudited)

(consolidated, in millions of EUR)	1 <sup>st</sup> Quarter		+/-
	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016	
Consolidated sales	584.5	576.0	+1.5 %
EBITDA	74.8	80.3	-6.8 %
EBITDA margin (%)	12.8 %	13.9 %	
Operating profit	50.6	55.2	-8.3 %
Operating margin (%)	8.7 %	9.6 %	
Profit before tax	49.2	53.2	-7.5 %
Income tax expense	(12.3)	(13.8)	
Profit for the period	36.9	39.4	-6.3 %
Net profit margin (%)	6.3 %	6.8 %	
Basic and diluted earnings per share (in EUR)	1.84	1.96	-6.1 %
Cash earnings	61.9	64.7	-4.3 %
Cash earnings margin (%)	10.6 %	11.2 %	
Capital expenditures (CAPEX)	45.5	31.9	+42.6 %
Depreciation and amortization	24.4	25.4	-3.9 %

	Balance sheet date	
	Mar. 31, 2017	Dec. 31, 2016
Total equity (in millions of EUR)	1,287.7	1,259.2
Total assets (in millions of EUR)	2,007.0	1,981.9
Total equity to total assets (%)	64.2 %	63.5 %
Net liquidity/(Net debt) (in millions of EUR)	12.3	(7.2)
Enterprise value (in millions of EUR)	2,185.7	2,013.6
Employees	9,906	9,927

# Group Report

DEAR SHAREHOLDERS,

Your Company was able to sustain overall good capacity utilization in both divisions and to maintain the previous year's sales level in the first quarter of 2017. This was achieved despite restrained demand at the beginning of the year and persistently intense competition. The packaging division recorded a further quarter with high profitability. In contrast, the result of the cartonboard division was weighed by another rise in recovered paper prices. Accordingly, passing on increased input costs through higher selling prices is now first priority with the aim to keep on long-term profitability in both segments.

## INCOME STATEMENT

The Group's consolidated sales increased to EUR 584.5 million and were thus 1.5 % above the comparative figure of the previous year (1Q 2016: EUR 576.0 million). This slight rise primarily results from the packaging division.

**Consolidated sales by destination** (according to IFRS for interim financial reporting, unaudited)

(in %)	1 <sup>st</sup> Quarter	
	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Western Europe	59.5 %	60.3 %
Eastern Europe	24.5 %	25.2 %
Asia and MENA	9.5 %	8.7 %
Latin America	5.2 %	4.7 %
Other	1.3 %	1.1 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>

Operating profit, at EUR 50.6 million, was 8.3 % or EUR 4.6 million below the comparative figure of the previous year (1Q 2016: EUR 55.2 million). A stable performance at a high level in the packaging division was contrasted by a decline in the cartonboard division. The Group's operating margin reached 8.7 %, following 9.6 % in the first three months of the previous year.

Financial income amounted to EUR 0.8 million (1Q 2016: EUR 0.7 million), financial expenses to EUR -1.4 million (1Q 2016: EUR -1.6 million).

Profit before tax thus totaled EUR 49.2 million (1Q 2016: EUR 53.2 million). Income tax expense was at EUR 12.3 million (1Q 2016: EUR 13.8 million), resulting in an effective Group tax rate of 25.0 % (1Q 2016: 25.9 %).

Profit for the period decreased by 6.3 % to EUR 36.9 million (1Q 2016: EUR 39.4 million), representing 6.3 % of sales (1Q 2016: 6.8 %). In the first quarter of 2017, an unchanged total of 20,000,000 shares was outstanding, which translates into earnings per share of EUR 1.84 (1Q 2016: EUR 1.96).

## ASSETS, CAPITAL AND LIQUID FUNDS

As of March 31, 2017, the Group's total assets amounted to EUR 2,007.0 million and were thus EUR 25.1 million higher than the comparative figure as of December 31, 2016 (EUR 1,981.9 million). This growth primarily results from a profit-related rise in equity from EUR 1,259.2 million to EUR 1,287.7 million.

Financial liabilities are principally of a long-term character and declined compared to the end of 2016 from EUR 260.9 million to EUR 225.8 million as a consequence of debt repayments. Total funds available to the Group amounted to EUR 238.1 million as of March 31, 2017 (December 31, 2016: EUR 253.7 million), resulting in a net liquidity of EUR 12.3 million (December 31, 2016: net debt of EUR -7.2 million).

Current assets, at EUR 1,027.9 million, remained largely unchanged compared to the end of 2016 (EUR 1,027.8 million). Non-current assets went up from EUR 954.1 million to EUR 979.1 million mainly as a result of investment.

## CASH FLOW DEVELOPMENT

Cash flow from operating activities totaled EUR 55.6 million and was thus EUR 13.5 million above the comparative figure of the previous year (1Q 2016: EUR 42.1 million). This change is largely attributable to a lower rise in working capital.

Cash flow from investing activities declined from EUR -39.4 million to EUR -35.2 million. This difference particularly results from lower payments for the acquisition of property, plant and equipment. Investments focused on technological innovations in both divisions as well as the expansion of the MMP sites in Vietnam, Iran and Jordan.

Cash flow from financing activities changed especially due to the repayment of bank loans from EUR -2.0 million to EUR -35.8 million.

## FURTHER INFORMATION

In the constituent meeting of the Supervisory Board following the 23<sup>rd</sup> Ordinary Shareholders' Meeting on April 26, 2017, Rainer Zellner was reelected as Chairman of the Supervisory Board, Johannes Goess-Saurau was reelected as Deputy Chairman of the Supervisory Board, and Nikolaus Ankershofen was elected as Deputy Chairman of the Supervisory Board. He succeeds Romuald Bertl, who will continue as Chairman of the Audit Committee.

## RISK REPORT

Material single risks as well as the structure of the risk management system are described in our Annual Report of 2016. Further risks were not identified in the first quarter of 2017 and are also not expected for the remaining financial year.

## OUTLOOK

Our first priority currently is to pass on the increased raw material costs in a stable European market environment, however lacking impulses. Continuing highly competitive general conditions are sustaining margin pressure, which we are countering with targeted measures to reduce costs and increase business volume. Besides exploiting organic growth opportunities, we continue to focus on expansion through acquisitions.

Due to the strong profit development in the first half of the previous year supported by a favorable product mix in the packaging division, as well as the successive compensation of increased raw material costs, interim results in the first half-year of 2017 will, as in the first quarter, come in below the comparative figure of last year. The target for 2017, however, remains to tie up with the challenging level of 2016 best possible.

## DIVISIONS

## DIVISIONS

### MM Karton

Following a restrained beginning of the year, demand on the European cartonboard market improved slightly over the course of the first quarter of 2017. The average order backlog of MM Karton was around 69,000 tons, following 57,000 tons in the first three months of the previous year. At around 98 % (1Q 2016: 97 %), the capacities of the division were again almost fully utilized.

The major challenge in the first months of the year was the situation on the raw materials markets, which experienced a significant price increase in the strategic raw material of recovered paper as well as in coating chemicals. Prices for recovered paper were driven in particular by strong demand from Asia and stockpiling for new European corrugated base paper machinery.

Therefore, MM Karton currently sets highest priority to passing on the increased input prices.

With 421,000 tons produced and 426,000 tons sold, volumes were similar to the previous year (1Q 2016: 419,000 tons and 427,000 tons respectively). Of this, 78 % was sold to European markets and 22 % to markets outside of Europe (1Q 2016: 81 %; 19 %).

Owing to largely stable average prices, sales, at EUR 261.9 million, remained close to the previous year's level (1Q 2016: EUR 263.4 million). In contrast, operating profit decreased as a result of the strong rise in raw material costs from EUR 20.2 million to EUR 15.9 million. The operating margin came in at 6.1 % following 7.7 % in the previous year's period.

### Divisional indicators MM Karton (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	1 <sup>st</sup> Quarter		+/-
	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016	
Sales <sup>1)</sup>	261.9	263.4	-0.6 %
Operating profit	15.9	20.2	-21.3 %
Operating margin (%)	6.1 %	7.7 %	
Tonnage sold (in thousands of tons)	426	427	-0.2 %
Tonnage produced (in thousands of tons)	421	419	+0.5 %

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

## MM Packaging

Also demand on the European folding carton market still proceeded without noticeable stimulus in the first three months of the year. Accordingly competition continued with unabated intensity.

Nevertheless MM Packaging was able to solidly maintain its position in this setting with a broad range of sales in various consumer goods sectors and regions as well as with the focus on cost leadership. The good profit-level was held up for another quarter in succession, still with a heterogeneous profit contribution by the individual sites.

There are no signs of a sustained improvement in market dynamics recognizable. Thus, MM Packaging is continuing to focus on maximum efficiency in production as well as on long-term collaboration with successful customers. The success of this approach can also be seen in the first quarter of 2017.

Sales as well as operating profit, at EUR 344.6 million and EUR 34.7 million respectively, were able to match the high standards set in the comparative period of the previous year (1Q 2016: EUR 339.2 million and EUR 35.0 million). As a result, at 10.1 %, the operating margin stayed at a high level (1Q 2016: 10.3 %).

At 190,000 tons, tonnage processed remained almost unchanged at the previous year's level (1Q 2016: 189,000 tons), while the sheet equivalent increased by 1.4 % from 562.2 million to 569.9 million.

### Divisional indicators MM Packaging (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	1 <sup>st</sup> Quarter		+/-
	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016	
Sales <sup>1)</sup>	344.6	339.2	+1.6 %
Operating profit	34.7	35.0	-0.9 %
Operating margin (%)	10.1 %	10.3 %	
Tonnage processed (in thousands of tons)	190	189	+0.5 %
Sheet equivalent (in millions)	569.9	562.2	+1.4 %

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

# Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	End of 1 <sup>st</sup> Quarter	Year-end
		Mar. 31, 2017	Dec. 31, 2016
<b>ASSETS</b>			
Property, plant and equipment	3	821,478	792,650
Intangible assets including goodwill	3	128,045	129,207
Securities and other financial assets		4,261	5,085
Deferred income taxes		25,281	27,203
<b>Non-current assets</b>		<b>979,065</b>	<b>954,145</b>
Inventories	6	338,724	332,134
Trade receivables		383,132	362,410
Income tax receivables		9,508	8,247
Prepaid expenses, securities and other current assets		60,768	73,823
Cash and cash equivalents		235,847	251,138
<b>Current assets</b>		<b>1,027,979</b>	<b>1,027,752</b>
<b>TOTAL ASSETS</b>		<b>2,007,044</b>	<b>1,981,897</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		80,000	80,000
Additional paid-in capital		172,658	172,658
Retained earnings		1,181,584	1,150,995
Other reserves		(149,230)	(151,275)
<b>Equity attributable to shareholders of the Company</b>		<b>1,285,012</b>	<b>1,252,378</b>
Non-controlling (minority) interests		2,737	6,784
<b>Total equity</b>		<b>1,287,749</b>	<b>1,259,162</b>
Financial liabilities	8	212,757	211,997
Provisions for non-current liabilities and charges		126,077	129,318
Deferred income taxes		15,836	16,739
<b>Non-current liabilities</b>		<b>354,670</b>	<b>358,054</b>
Financial liabilities	8	13,023	48,903
Current tax liabilities		9,553	8,532
Trade liabilities		218,826	192,648
Deferred income and other current liabilities		96,267	88,830
Provisions for current liabilities and charges		26,956	25,768
<b>Current liabilities</b>		<b>364,625</b>	<b>364,681</b>
<b>Total liabilities</b>		<b>719,295</b>	<b>722,735</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,007,044</b>	<b>1,981,897</b>



# Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR, except per share data)	Notes	1 <sup>st</sup> Quarter	
		Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Sales	10	584,477	576,035
Cost of sales		(455,435)	(441,764)
<b>Gross margin</b>		<b>129,042</b>	<b>134,271</b>
Other operating income		2,733	2,273
Selling and distribution expenses		(53,194)	(53,489)
Administrative expenses		(27,939)	(27,849)
Other operating expenses		(25)	(27)
<b>Operating profit</b>		<b>50,617</b>	<b>55,179</b>
Financial income		762	702
Financial expenses		(1,359)	(1,643)
Other financial result – net		(819)	(1,065)
<b>Profit before tax</b>		<b>49,201</b>	<b>53,173</b>
Income tax expense		(12,350)	(13,828)
<b>Profit for the period</b>		<b>36,851</b>	<b>39,345</b>
<b>Attributable to:</b>			
Shareholders of the Company		36,741	39,157
Non-controlling (minority) interests		110	188
<b>Profit for the period</b>		<b>36,851</b>	<b>39,345</b>
<b>Earnings per share for profit attributable to the shareholders of the Company during the period:</b>			
Basic and diluted earnings per share		1.84	1.96

# Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

	1 <sup>st</sup> Quarter	
	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
(all amounts in thousands of EUR)		
<b>Profit for the period</b>	<b>36,851</b>	<b>39,345</b>
<b>Other comprehensive income:</b>		
Actuarial valuation of defined benefit pension and severance obligations	597	(10,818)
Effect of income taxes	(557)	2,525
<b>Total of items that will not be reclassified subsequently to the income statement</b>	<b>40</b>	<b>(8,293)</b>
Foreign currency translations	1,956	(3,386)
<b>Total of items that will be reclassified subsequently to the income statement</b>	<b>1,956</b>	<b>(3,386)</b>
<b>Other comprehensive income (net)</b>	<b>1,996</b>	<b>(11,679)</b>
<b>Total comprehensive income</b>	<b>38,847</b>	<b>27,666</b>
<b>Attributable to:</b>		
Shareholders of the Company	38,786	27,766
Non-controlling (minority) interests	61	(100)
<b>Total comprehensive income</b>	<b>38,847</b>	<b>27,666</b>

# Consolidated Statements of Changes in Equity

(according to IFRS for interim financial reporting, unaudited)

	Notes	Equity attributable to shareholders of the Company						Non-controlling (minority) interests	Total equity	
		Share capital	Additional paid-in capital	Retained earnings	Other comprehensive income					Total
(all amounts in thousands of EUR)					Foreign currency translations	Actuarial gains and losses	Other reserves			
<b>Balance at January 1, 2017</b>		<b>80,000</b>	<b>172,658</b>	<b>1,150,995</b>	<b>(98,040)</b>	<b>(53,235)</b>	<b>(151,275)</b>	<b>1,252,378</b>	<b>6,784</b>	<b>1,259,162</b>
Profit for the period		0	0	36,741			0	36,741	110	36,851
Other comprehensive income		0	0	0	2,007	38	2,045	2,045	(49)	1,996
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>36,741</b>	<b>2,007</b>	<b>38</b>	<b>2,045</b>	<b>38,786</b>	<b>61</b>	<b>38,847</b>
<b>Transactions with shareholders:</b>										
Change in majority interests	2	0	0	(6,152)	0	0	0	(6,152)	(4,108)	(10,260)
<b>Balance at March 31, 2017</b>		<b>80,000</b>	<b>172,658</b>	<b>1,181,584</b>	<b>(96,033)</b>	<b>(53,197)</b>	<b>(149,230)</b>	<b>1,285,012</b>	<b>2,737</b>	<b>1,287,749</b>
<b>Balance at January 1, 2016</b>		<b>80,000</b>	<b>172,658</b>	<b>1,020,442</b>	<b>(98,220)</b>	<b>(39,330)</b>	<b>(137,550)</b>	<b>1,135,550</b>	<b>8,605</b>	<b>1,144,155</b>
Profit for the period		0	0	39,157			0	39,157	188	39,345
Other comprehensive income		0	0	0	(3,103)	(8,288)	(11,391)	(11,391)	(288)	(11,679)
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>39,157</b>	<b>(3,103)</b>	<b>(8,288)</b>	<b>(11,391)</b>	<b>27,766</b>	<b>(100)</b>	<b>27,666</b>
<b>Transactions with shareholders:</b>										
Change in majority interests		0	0	0	0	0	0	0	(77)	(77)
<b>Balance at March 31, 2016</b>		<b>80,000</b>	<b>172,658</b>	<b>1,059,599</b>	<b>(101,323)</b>	<b>(47,618)</b>	<b>(148,941)</b>	<b>1,163,316</b>	<b>8,428</b>	<b>1,171,744</b>

# Consolidated Cash Flow Statements

(condensed version according to IFRS for interim financial reporting, unaudited)

	1 <sup>st</sup> Quarter	
	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
(all amounts in thousands of EUR)		
Profit for the period	36,851	39,345
Adjustments to reconcile profit for the period to net cash from operating activities excluding interest and taxes paid	34,632	37,459
<b>Net cash from profit</b>	<b>71,483</b>	<b>76,804</b>
Changes in working capital	(4,019)	(22,226)
<b>Cash flow from operating activities excluding interest and taxes paid</b>	<b>67,464</b>	<b>54,578</b>
Income taxes paid	(11,832)	(12,434)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>55,632</b>	<b>42,144</b>
Payments for property, plant and equipment, and intangible assets (incl. payments on account)	(36,845)	(40,369)
Other items	1,673	944
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(35,172)</b>	<b>(39,425)</b>
Change in financial liabilities	(35,045)	(1,056)
Other items	(734)	(949)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(35,779)</b>	<b>(2,005)</b>
Effect of exchange rate changes on cash and cash equivalents	28	(1,517)
<b>Change in cash and cash equivalents</b>	<b>(15,291)</b>	<b>(803)</b>
<b>Cash and cash equivalents at the beginning of the period (according to the consolidated balance sheet)</b>	<b>251,138</b>	<b>254,953</b>
<b>Cash and cash equivalents at the end of the period (according to the consolidated balance sheet)</b>	<b>235,847</b>	<b>254,150</b>
<b>Adjustments to reconcile cash and cash equivalents to total funds available to the Group:</b>		
Current and non-current securities	2,235	3,098
<b>Total funds available to the Group</b>	<b>238,082</b>	<b>257,248</b>

# Notes to the Consolidated Quarterly Financial Statements

## 1 — GENERAL

These condensed consolidated quarterly financial statements and notes thereto of Mayr-Melnhof Karton AG and its controlled subsidiaries have been prepared in accordance with IFRS for interim financial reporting (IAS 34) as adopted by the European Union and were neither voluntarily audited nor reviewed by an auditor. The condensed consolidated quarterly financial statements do not include all obligatory information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements as of December 31, 2016.

The present condensed consolidated quarterly financial statements have been prepared using the same accounting principles as for the consolidated financial statements as of December 31, 2016.

As of January 1, 2017 there are no changes in applicable accounting regulations resulting from new or revised standards.

The business performance of Mayr-Melnhof Karton AG is generally not affected by any significant seasonal effects. Information regarding the cyclical influences on the business activity of the Group can be found in the presentation of the divisions in the quarterly management report on page 6f.

The increase in trade receivables as well as trade liabilities was caused by higher business activity. The decline in current financial liabilities results from the repayment of a revolving bank loan.

The valuation of defined benefit pension and severance obligations is determined on the basis of an actuarial opinion as of the respective annual reporting date. If any significant changes in the actuarial assumptions arise during the current financial year, a remeasurement of the recognized net defined benefit liability will be recorded.

The change in provisions for non-current liabilities and charges was primarily due to an adjustment of the discount rate for defined benefit pension respectively severance obligations to 1.90 % respectively 2.29 % as of March 31, 2017 (December 31, 2016: 1.90 % respectively 2.21 %).

## 2 — FURTHER INFORMATION

In January 2017, the division MM Packaging increased its majority interest in the Vietnamese folding carton producer MM Packaging Vidon Limited Liability Company, located in Ho Chi Minh City, for a price of thous. EUR 10,344 from 65.10 % to 100 %.

Additionally, there were further insignificant changes of single subsidiaries.

### 3 — DEVELOPMENT OF FIXED ASSETS

The Group spent a total of thous. EUR 45,527 (1Q 2016: thous. EUR 31,932) on acquiring property, plant and equipment and intangible assets in the first quarter of 2017. The carrying amount of disposals of property, plant and equipment and intangible assets amounted to thous. EUR 344 (1Q 2016: thous. EUR 384).

Depreciation and amortization on property, plant and equipment and intangible assets amounted to thous. EUR 24,383 (1Q 2016: thous. EUR 25,436).

Net book values of property, plant and equipment and intangible assets including goodwill are composed as follows:

	<b>End of 1<sup>st</sup> Quarter</b>	<b>Year-end</b>
(all amounts in thousands of EUR)	<b>Mar. 31, 2017</b>	<b>Dec. 31, 2016</b>
Lands, similar land rights and buildings	272,810	276,577
Technical equipment and machines	399,610	408,145
Other equipment, fixtures and fittings	39,446	39,542
Construction in progress	109,612	68,386
<b>Property, plant and equipment</b>	<b>821,478</b>	<b>792,650</b>
	<b>End of 1<sup>st</sup> Quarter</b>	<b>Year-end</b>
(all amounts in thousands of EUR)	<b>Mar. 31, 2017</b>	<b>Dec. 31, 2016</b>
Concessions, licenses and similar rights	6,968	7,399
Goodwill	110,036	109,937
Other intangible assets	11,041	11,871
<b>Intangible assets including goodwill</b>	<b>128,045</b>	<b>129,207</b>

### 4 — PURCHASE COMMITMENTS

As of March 31, 2017 purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 50,915 (December 31, 2016: thous. EUR 61,010).

## 5 — FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities and are recognized in different categories, which determine the subsequent measurement method and thus also the resulting type of income and expense.

Financial assets of the Group consist of securities, other financial assets, loans, trade receivables, other receivables and assets (except for certain positions which do not represent financial instruments, such as receivables regarding taxes and other charges), cash and cash equivalents as well as derivative financial instruments with a positive balance.

Financial liabilities of the Group comprise interest-bearing financial liabilities including finance lease, trade liabilities, other liabilities (except for certain positions, which do not represent financial instruments, such as liabilities regarding taxes and other charges) as well as derivative financial instruments with a negative balance.

The financial assets and financial liabilities are measured either at fair value or at amortized cost.

### a — Measurement at fair value

The amounts of financial assets, which are recorded in the consolidated balance sheet under the position "Prepaid expenses, securities and other current assets" as well as of financial liabilities, recorded in the consolidated balance sheet under the position "Deferred income and other current liabilities", which are recognized at their fair value, are as follows:

	Level 2	
	End of 1 <sup>st</sup> Quarter	Year-end
	Mar. 31, 2017	Dec. 31, 2016
(all amounts in thousands of EUR)		
<b>Financial assets:</b>		
Derivative financial instruments	1,069	496
<b>Financial liabilities:</b>		
Derivative financial instruments	677	961

### Measurement methods

Depending on the availability of market price information, the Group uses the following hierarchy for the determination of the measurement method and presentation of fair values of financial instruments:

Availability of information, broken down by levels	Measurement method used
Level 2 – Quoted market prices for identical instruments are not available but all required measurement parameters can be derived from active markets	Measurement based on valuation methods by applying directly or indirectly observable market data

The fair values of derivative financial instruments (level 2 measurement) are mostly measured according to the spot rates at the balance sheet date considering forward premiums and discounts with corresponding maturities.

In general there are also financial instruments measured at fair value based on the prices quoted on active markets (level 1 measurement) or using parameters for which no observable market data exists (level 3 measurement). Currently there are no such financial instruments in the Mayr-Melnhof Group, for which these measurement methods would be applicable.

## b — Measurement at amortized costs

The amounts of trade receivables, held-to-maturity securities measured at amortized cost, cash and cash equivalents as well as financial liabilities, except for fixed-interest-bearing financial liabilities, disclosed in the consolidated balance sheets represent a proper approximation to the fair value. The fair value of fixed-interest-bearing financial liabilities is solely presented in the notes and totals thous. EUR 116,058 as of March 31, 2017 (December 31, 2016: thous. EUR 115,975). The calculation is based on the present value of future cash-flows discounted by the currently observable interest curve (Level 2).

The available-for-sale financial assets include equity shares in non-consolidated companies as of March 31, 2017 in amount of thous. EUR 1,699 (December 31, 2016: thous. EUR 1,699). There is no active market for these equity shares. As in this regard the future cash flows cannot be reliably measured, a market value cannot be determined by valuation models. The equity shares in these companies are therefore reported at amortized cost. There is basically no intention to sell these equity shares. No derecognition or valuation results were recorded.

## 6 — INVENTORIES

In the first quarter of 2017, the write-downs of inventories recognized as an expense under cost of goods sold amounted to thous. EUR 4,051 (1Q 2016: thous. EUR 4,217). In the current quarter there were no reversals of write-downs of inventories recognized as income (1Q 2016: thous. EUR 105).

## 7 — EQUITY

**Dividend**

By the 23<sup>rd</sup> Ordinary Shareholder's Meeting, a dividend of EUR 3.00 per voting share after EUR 2.80 for 2015 (total of EUR 1.60 interim dividend and EUR 1.20 dividend) was resolved for the year 2016, which was due on May 9, 2017. On schedule a total of thous. EUR 60,000 (previous year: thous. EUR 56,000) was distributed to the shareholders.

## 8 — FINANCIAL LIABILITIES

Financial liabilities of the Group are as follows:

	<b>End of 1<sup>st</sup> Quarter</b>	<b>Year-end</b>
(all amounts in thousands of EUR)	<b>Mar. 31, 2017</b>	<b>Dec. 31, 2016</b>
Non-current interest-bearing financial liabilities	210,984	210,000
Current interest-bearing financial liabilities	11,454	47,127
<b>Interest-bearing financial liabilities</b>	<b>222,438</b>	<b>257,127</b>
Non-current finance lease liabilities	1,773	1,997
Current finance lease liabilities	1,569	1,776
<b>Finance lease liabilities</b>	<b>3,342</b>	<b>3,773</b>
<b>Financial liabilities</b>	<b>225,780</b>	<b>260,900</b>

## 9 — DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 1,816 were purchased from other related companies in the first quarter of 2017 (1Q 2016: thous. EUR 1,370). As of March 31, 2017, trade liabilities with other related companies amounted to thous. EUR 624 (December 31, 2016: thous. EUR 1,037).

Transactions with these companies are carried out on an arm's length basis.



## 10 — SEGMENT REPORTING INFORMATION

The Group measures the performance of its operating segments through the assessment of operating profit and profit for the period, as they are presented in the consolidated income statements.

The Group's operating segments can be illustrated as follows:

(all amounts in thousands of EUR)	1 <sup>st</sup> Quarter 2017			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	240,021	344,456	0	584,477
Intersegment sales	21,881	167	(22,048)	0
<b>Total sales</b>	<b>261,902</b>	<b>344,623</b>	<b>(22,048)</b>	<b>584,477</b>
Operating profit	15,875	34,742	0	50,617
Profit for the period	12,196	24,655	0	36,851
Segment assets <sup>1)</sup>	1,018,842	1,066,969	(78,767)	2,007,044
Segment liabilities <sup>1)</sup>	305,577	492,485	(78,767)	719,295

<sup>1)</sup> as of March 31, 2017

(all amounts in thousands of EUR)	1 <sup>st</sup> Quarter 2016			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	237,003	339,032	0	576,035
Intersegment sales	26,366	195	(26,561)	0
<b>Total sales</b>	<b>263,369</b>	<b>339,227</b>	<b>(26,561)</b>	<b>576,035</b>
Operating profit	20,227	34,952	0	55,179
Profit for the period	14,831	24,514	0	39,345
Segment assets <sup>1)</sup>	1,012,229	1,049,562	(79,894)	1,981,897
Segment liabilities <sup>1)</sup>	310,293	492,336	(79,894)	722,735

<sup>1)</sup> as of December 31, 2016

The operating profit and profit for the period in the total column "consolidated" correspond to the consolidated income statements. The reconciliation from operating profit to profit for the period can therefore be derived from the consolidated income statements.

## 11 — SIGNIFICANT SUBSEQUENT EVENTS

No events that require disclosure took place between the balance sheet date March 31, 2017 and the publication approval on May 17, 2017.

# Quarterly Overview

(according to IFRS for interim financial reporting, unaudited)

## MAYR-MELNHOF GROUP

(consolidated, in millions of EUR)	1 <sup>st</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016	3 <sup>rd</sup> Quarter 2016	4 <sup>th</sup> Quarter 2016	1 <sup>st</sup> Quarter 2017
Sales	576.0	566.2	571.6	558.9	584.5
EBITDA	80.3	83.6	72.9	77.2	74.8
EBITDA margin (%)	13.9 %	14.8 %	12.8 %	13.8 %	12.8 %
Operating profit	55.2	55.6	49.4	53.5	50.6
Operating margin (%)	9.6 %	9.8 %	8.6 %	9.6 %	8.7 %
Profit before tax	53.2	55.7	47.0	53.3	49.2
Income tax expense	(13.8)	(14.7)	(11.9)	(15.4)	(12.3)
Profit for the period	39.4	41.0	35.1	37.9	36.9
Net profit margin (%)	6.8 %	7.2 %	6.1 %	6.8 %	6.3 %
Earnings per share (basic and diluted in EUR)	1.96	2.05	1.75	1.91	1.84

## DIVISIONS

### MM Karton

(in millions of EUR)	1 <sup>st</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016	3 <sup>rd</sup> Quarter 2016	4 <sup>th</sup> Quarter 2016	1 <sup>st</sup> Quarter 2017
Sales <sup>1)</sup>	263.4	258.5	255.6	245.5	261.9
Operating profit	20.2	18.9	15.3	13.7	15.9
Operating margin (%)	7.7 %	7.3 %	6.0 %	5.6 %	6.1 %
Tonnage sold (in thousands of tons)	427	417	414	413	426
Tonnage produced (in thousands of tons)	419	420	416	414	421

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

### MM Packaging

(in millions of EUR)	1 <sup>st</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016	3 <sup>rd</sup> Quarter 2016	4 <sup>th</sup> Quarter 2016	1 <sup>st</sup> Quarter 2017
Sales <sup>1)</sup>	339.2	332.1	342.1	339.2	344.6
Operating profit	35.0	36.7	34.1	39.8	34.7
Operating margin (%)	10.3 %	11.1 %	10.0 %	11.7 %	10.1 %
Tonnage processed (in thousands of tons)	189	191	190	191	190
Sheet equivalent (in millions)	562.2	565.8	561.3	550.8	569.9

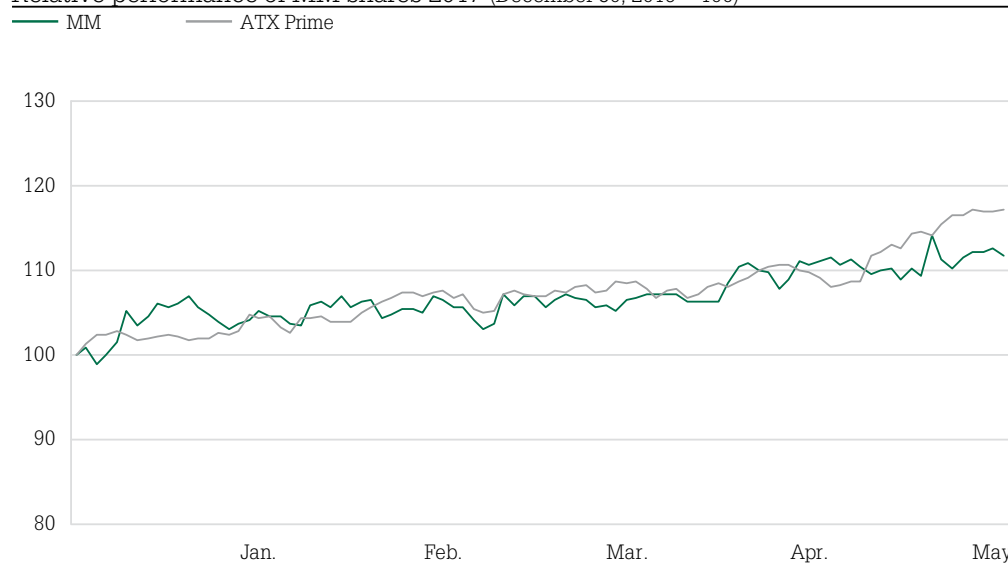
<sup>1)</sup> including interdivisional sales

***The Management Board  
of Mayr-Melnhof Karton AG***

The results of the first half-year of 2017 will be published on August 17, 2017.

# Mayr-Melnhof Shares

Relative performance of MM shares 2017 (December 30, 2016 = 100)



Share price (closing price)	
as of May 12, 2017	112.50
2017 High	114.90
2017 Low	99.50
Stock performance (Year-end 2016 until May 12, 2017)	+11.72 %
Number of shares issued	20 million
Market capitalization as of May 12, 2017 (in millions of EUR)	2,250.00
Trading volume (average per day 1Q 2017 in millions of EUR)	0.97

We have prepared this report and reviewed the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This report also contains forward-looking estimates and statements based on the information currently available to us. Please note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the expectations contained in this report.

The determination of key indicators, which cannot be reconciled directly from the quarterly financial report, can be found on our website under section “investors/key indicators”.

Statements referring to people are valid for both men and women.

This interim report is also available in German. In case of doubt, the German version takes precedence.

### Editorial information

Editor (publisher):

Mayr-Melnhof Karton AG

Brahmsplatz 6

A-1040 Vienna

### For further information, please contact:

Stephan Sweerts-Sporck

Investor Relations

Phone: +43 1 50136-91180

Fax: +43 1 50136-91195

e-mail: [investor.relations@mm-karton.com](mailto:investor.relations@mm-karton.com)

Website: <http://www.mayr-melnhof.com>