



# MM Group

March 2024  
(incl. 2023 Annual Results)

# Think next.



Leading in  
Consumer Packaging





# 1. MM Group

# Investment Story

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**Market leader** in resilient fiber-based consumer packaging

Drive **efficiency** and **innovation** to increase market share in **sustainable folding cartons and papers**

**Diversified** market and product **portfolio**

Combine **organic growth** and **acquisitions**

Adhere to a **solid financial policy**

**Long-term orientated** core shareholder and management

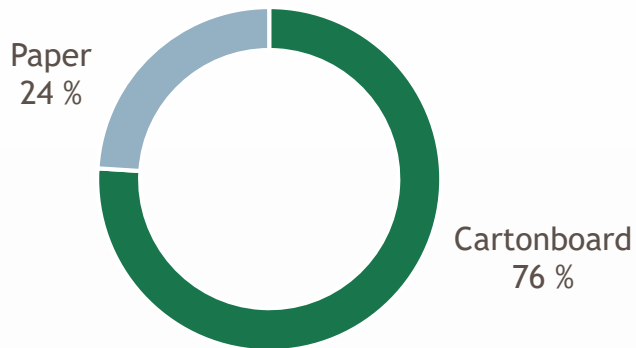
# MM Group in facts and figures 2023



We are a leading global producer of cartonboard and folding cartons with an attractive offer in uncoated fine and lamination paper.

## MM Board & Paper

Tonnage sold

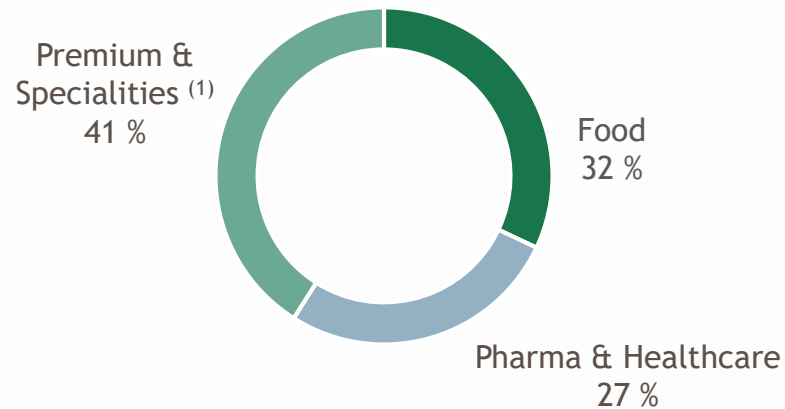


**1.9 million**

tonnes cartonboard and paper sold p.a.

## MM Packaging

In % of sales



**4.0 billion**

volume of packaging produced in m<sup>2</sup>

**EUR 4.2 billion**

sales

**450** adj. EBITDA (in millions of EUR)      **6.5** ROCE (in %)

**15,087** employees worldwide in **71** locations

**CDP -Triple A**      **58 %**

rating for transparency on climate change, forest and water security  
Disclosure Insight Action

of shares core shareholder families (syndicate)

# Operating as two independent divisions



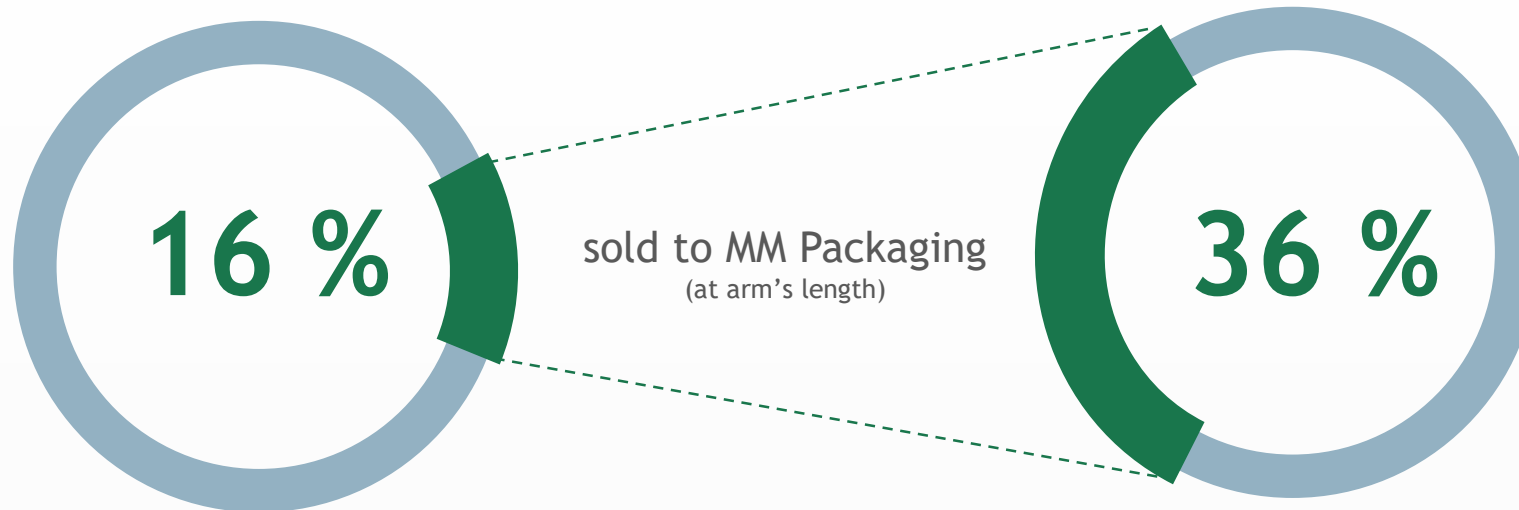
MM Board & Paper sells 84 % of cartonboard to external customers.



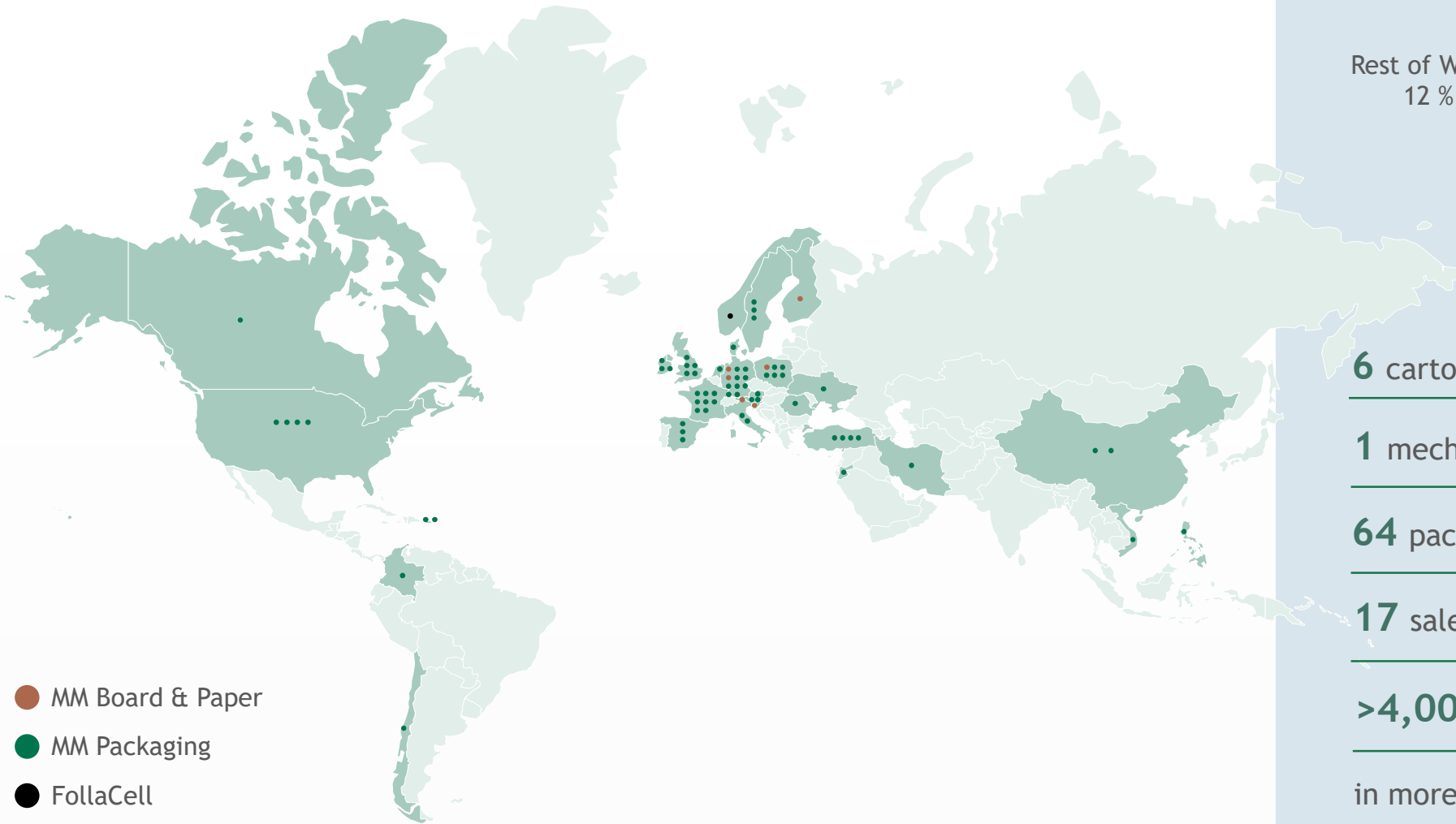
MM Board & Paper  
sells 1.5 million tonnes of cartonboard



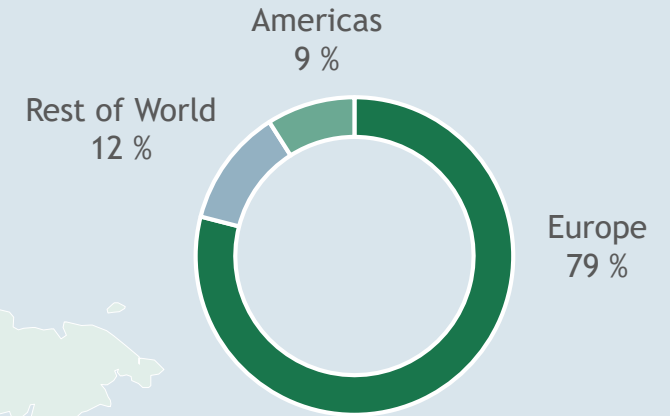
MM Packaging  
buys 0.6 million tonnes of cartonboard,  
thereof more than one third internally <sup>(1)</sup>



# International footprint close to our customers



## Sales by regions



**6** cartonboard and paper mills

**1** mechanical pulp (CTMP/BCTMP) plant

**64** packaging plants

**17** sales offices in 15 countries

**>4,000** customers

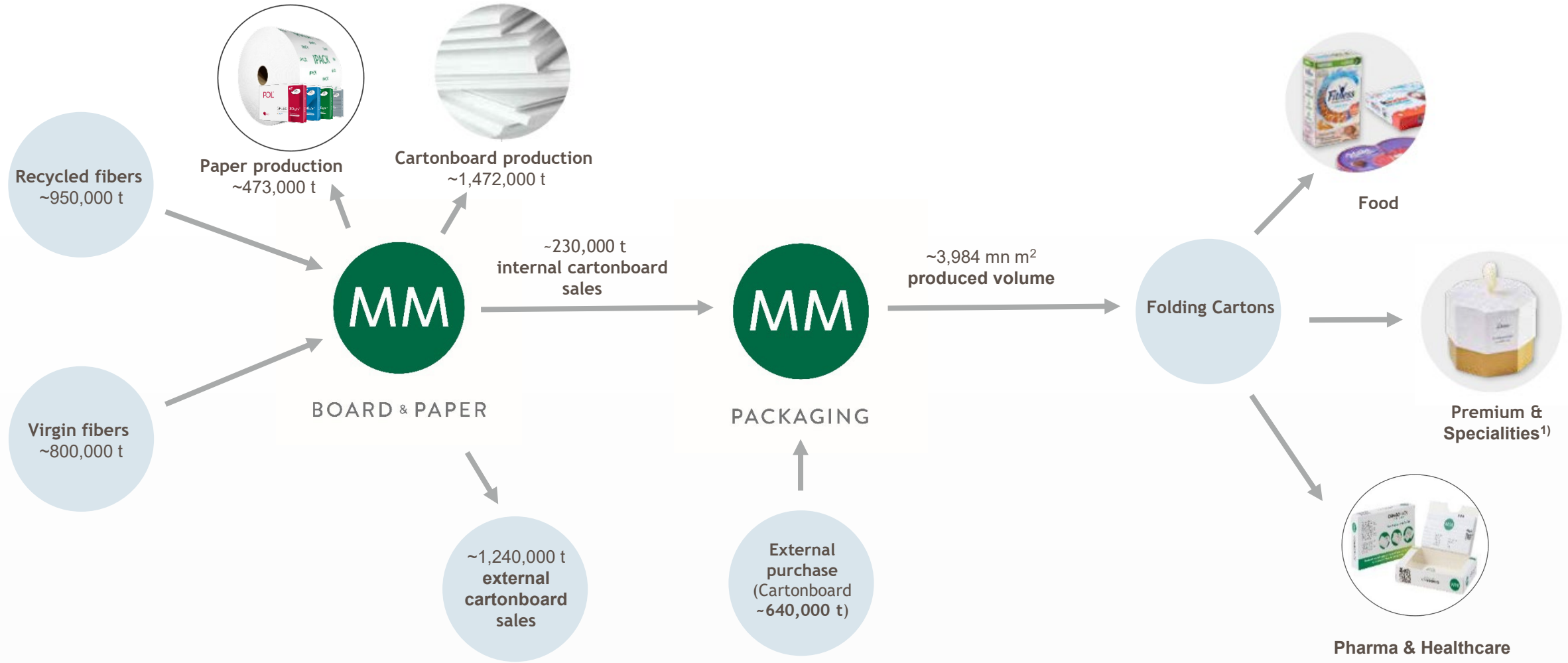
in more than **140** countries



## 2. MM Group Business Structure



# Business Structure



<sup>(1)</sup> Home Care, Personal Care, Beauty, Cigarettes, Luxury, E-commerce and Electronics

# Long-term partnerships with industry leading companies



as well as numerous other consumer good companies.



# 3. Strategy

# Think next. Our strategy

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We invest in talent and leading edge technology to drive growth



We create innovative solutions to replace plastic in packaging



We serve our customers' needs with expertise and passion

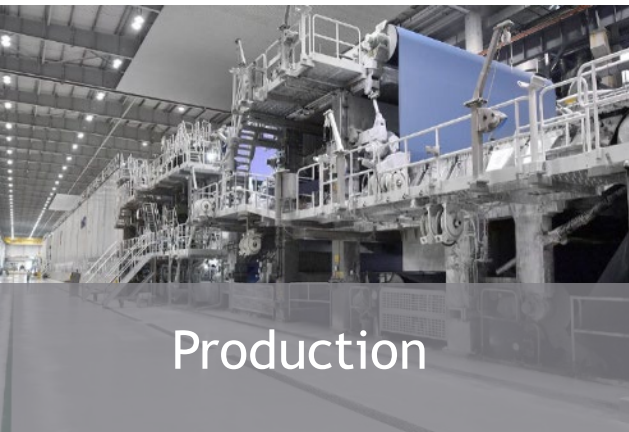


We ensure the best-in-class efficiency of our operations

# We invest in industry leadership - Recent highlights



We keep investing in production, sustainability, product innovations and technology to increase our competitive strength and growth abilities.



## Production

Modernisation of the cartonboard machines at Frohnleiten, Neuss and Kolicovo



## Sustainability

Investment in renewable energy and technologies

Modernisation of waste water treatment plants to substitute fossil energy with biogas

Optimisation of power generation (e.g. H<sub>2</sub> ready) and distribution



## Product innovations

Plastic substitution with high-quality thermoformed pulp for tailor-made shapes, decorative finishing's and barriers

ALASKA® BARRIER GREASE virgin fibre cartonboard that provides the most innovative barrier against grease



## Technology

New digital/flexo press in Bydgoszcz (Poland) combining the efficiency of flexographic printing with the possibilities of individualisation

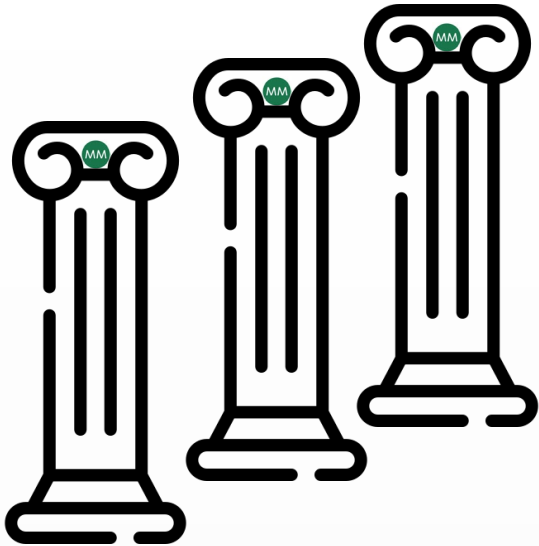
Fully automated warehouse @MMP Romania with use of AGVs to bring pallets to the high-bay warehouse

# Successful transformation

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Focus on our strengths and on what we can influence - pillars



- ✓ **Strengthening of the Management Team** - Divisions and Group
- ✓ **Sustainability** - MM at the forefront of carbon footprint; replacement of plastic continues
- ✓ **Occupational safety** increased significantly - occupational accidents (number and severity) considerably further reduced
- ✓ **Innovation** significantly strengthened - digital printing at scale, Moulded Pulp, Green Peel
- ✓ **Agile sales organisation** - growth of customer base
- ✓ **Productivity** - holistical focus on cost reduction
- ✓ **Investments** - in technology and cost leadership (flagships and turnarounds)
- ✓ **Acquisitions** - enlarging the product range (virgin fibre-based cartonboard, secondary pharma packaging)
- ✓ **IT/information management** - cloud solution, harmonisation/modernisation, cyber security, integration acquisitions
- ✓ **Collaboration** - joint development and innovation projects for customers MMBP and MMP












# Fit for the future and further growth

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Overview of the most important goals and challenges in 2024 and beyond

Think next.

-  **Cash & Profit Protection Programme**; working capital reduction and comprehensive cost reduction programme throughout the Group
-  Focus on increasing market share and defending profit margin through product innovation and leadership in sustainability
-  Increase of the share of sustainable, renewable energies; enhancing energy efficiency
-  Further growth in Pharma & Healthcare (organic / medium-term through acquisitions)
-  Continuous structural improvement / optimisation of the asset base
-  Active player in the industry consolidation (Europe / global)
-  Further strengthening of the Management and the Sales teams
-  Talent management - young talent and succession planning
  
-  **Headwinds for 2024 results:**
  - Prolonged economic downturn
  - Margin pressure due to overcapacity in the industry



# MM SUSTAINABILITY

Leading in consumer packaging



# Cartonboard as a renewable and responsible packaging material



## RECYCLING RATES

82%

of all paper and cardboard was recycled in the EU27 in 2020. The highest for any packaging material <sup>(1)</sup>

## RECYCLING CYCLES

25

times, fibre-based material can be recycled, without losing its mechanical or structural integrity <sup>(2)</sup>

## RESPONSIBLE SOURCING

100%

of all fibre raw materials used at MM Board & Paper are either certified or from controlled wood sources

# Think next. Plastic substitution



Our responsible packaging innovations and novel barrier concepts reduce the use of plastic.



Multiple award winning fruit basket



MM Paper Pouches - the innovative fibre-based stand-up pouch



Moulded Pulp - trend towards more sustainable packaging in plastic replacement

# Driving economic success in harmony with the needs of society and nature



The UN Sustainable Development Goals are the core of our strategy, which consists of 3 key pillars:



## People

- Safety and Health
- Working Environment
- Human Rights



## Planet

- Decarbonisation
- Raw materials
- Water



## Prosperity

- Responsible Management
- Innovation and Quality
- Value Chain



ecovadis



# Planet - MM Group targets regarding environmental sustainability



## Decarbonisation

Reduction of direct and indirect greenhouse gas (GHG) emissions to mitigate global warming to below 1.5°C:

- Reduce GHG emissions from operations (scope 1 and 2) 50.4 % by 2031 (base year: 2019)\*
- Reduce GHG emissions from the value chain (scope 3) 58.1 % per Euro value added by 2031 (base year: 2019)\*
- Increase annual sourcing of renewable electricity from 15.61 % in 2019 to 40 % by 2031 and 100 % by 2045



## Raw Materials

- Profound understanding of impacts and risks concerning biodiversity
- 100 % responsible sourced wood based raw materials by 2030
- 75 % reduction of waste to landfill intensity till 2030
- 99 % process residues utilisation (recycling/reuse/incineration with energy rec.) rate by 2030
- 30 % reduction of process waste per saleable ton by 2030



## Water\*\*

- Profound understanding of impacts and risks concerning water usage
- MM is committed to continue treating 100% of the process water.
- Achieve  $\geq 90$  % efficiency for water consumption by 2025
- Improve the use of process water (excl. cooling water) by 30 % per saleable ton until 2030
- All BP production sites are third party certificated by 2030

\*Targets approved by the "Science Based Target initiative"  
\*\*Targets on "Water" apply exclusively to the division MM Board & Paper.



# 4. Development in 2023

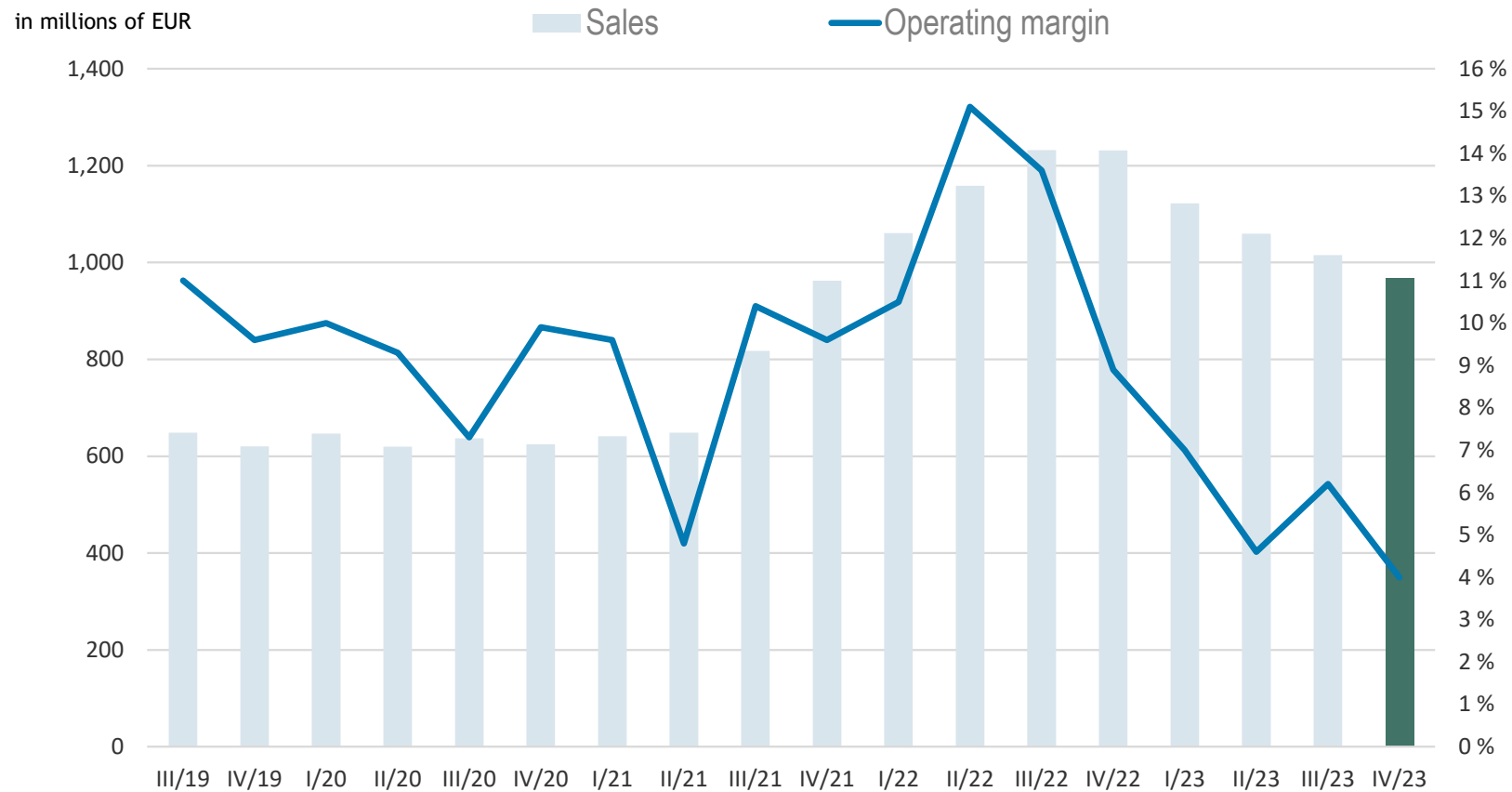
# 2023 MM Group Headlines

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- Sharp decline in demand and significant market- and capex-related downtime at MM Board & Paper weigh on results
- Strong performance at MM Packaging
- Comprehensive modernisation programme to increase competitiveness of MM Board & Paper implemented
- Successful integration of last year's acquisitions in the resilient area of pharmaceutical packaging
- Profit & cash protection plan proves effective
- Dividend of EUR 1.50 proposed in line with long-standing dividend policy

# MM Group Quarterly Overview



# MM Group 2023 Results



(consolidated in millions of EUR, IFRS)	2023	2022	+/-
Sales	4,164.4	4,682.1	- 11.1 %
Adjusted EBITDA <sup>1)</sup>	450.2	769.0	- 41.5 %
EBITDA margin <sup>2)</sup> (%)	10.8 %	16.4 %	
Adjusted operating profit <sup>1)</sup>	229.2	562.4	- 59.2 %
Operating profit	197.6	510.4	-61.3 %
Operating margin <sup>2)</sup> (%)	5.5 %	12.0 %	- 651 bp
Return on capital employed <sup>2)</sup> (%)	6.5 %	17.9 %	- 1,145 bp
Profit before tax	136.7	467.0	-70.7 %
Income tax expense	(47.6)	(121.7)	
Profit for the year	89.1	345.3	-74.2 %
Net profit margin (%)	2.1 %	7.4 %	
Earnings per share (in EUR)	4.36	17.19	- 74.6 %
Cash flow from operating activities	786.2	299.7	+ 162.3 %
Investment payments (CAPEX)	425.3	329.4	
Depreciation and amortization <sup>3)</sup>	221.4	219.5	+ 0.8 %
Free cash flow	369.8	(19.7)	+ 1,975.1 %

<sup>1)</sup> adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

<sup>2)</sup> calculated with adjusted result figure

<sup>3)</sup> incl. impairment and write-ups on property, plant and equipment and intangible assets as well as non-current assets held for sale



# MM Group 2023 Results



(consolidated in millions of EUR, IFRS)	4Q/2022	1Q/2023	2Q/2023	3Q/2023	4Q/2023
Sales	1,231.7	1,122.1	1,059.3	1,015.1	967.9
Adjusted EBITDA <sup>1)</sup>	176.7	133.6	103.7	121.4	91.5
EBITDA margin <sup>2)</sup> (%)	14.3 %	11.9 %	9.8 %	12.0 %	9.5 %
Adjusted operating profit <sup>1)</sup>	109.1	78.7	48.3	63.4	38.8
Operating profit	58.2	61.6	42.4	55.8	37.8
Operating margin <sup>2)</sup> (%)	8.9 %	7.0 %	4.6 %	6.2 %	4.0 %
Profit before tax	50.2	49.0	28.2	41.7	17.8
Income tax expense	(20.2)	(14.1)	0.2	(13.8)	(19.9)
Profit for the period	30.0	34.9	28.4	27.9	(2.1)
Net profit margin (%)	2.4 %	3.1 %	2.7 %	2.7 %	-0.2 %
Earnings per share (in EUR)	1.52	1.71	1.41	1.38	-0.14
Cash flow from operating activities	44.0	67.2	82.9	177.2	458.9
Free cash flow	(37.0)	(28.6)	(36.3)	73.7	361.0

<sup>1)</sup> adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

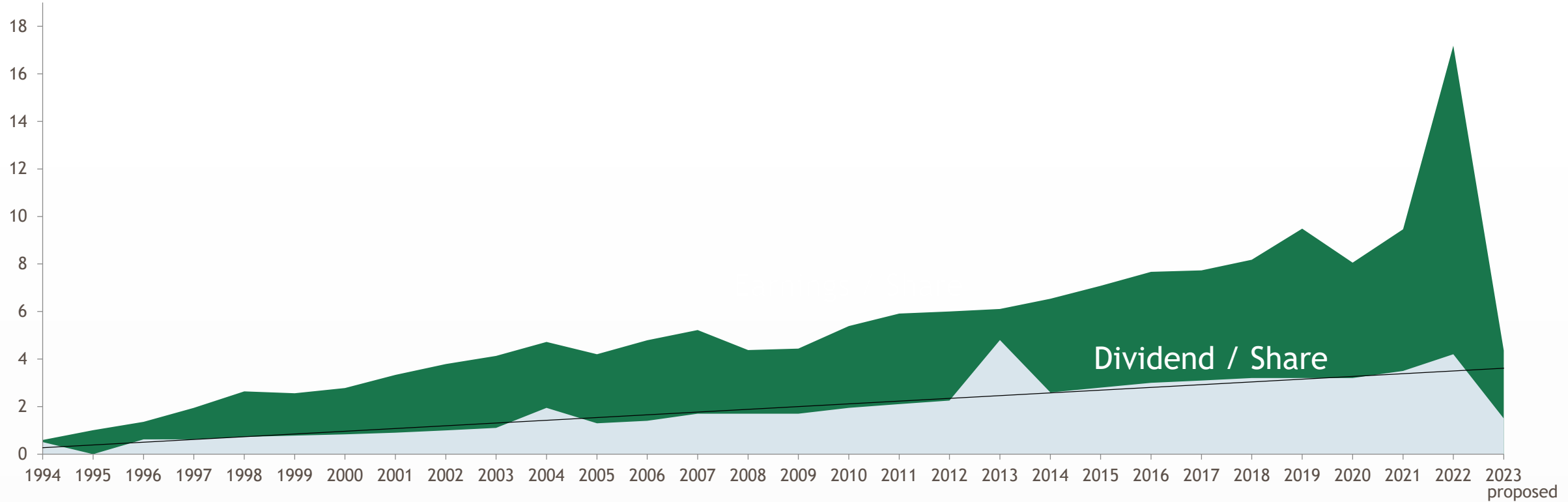
<sup>2)</sup> calculated with adjusted result figure

# MM Consolidated Balance Sheet



(consolidated in millions of EUR, IFRS)	Dec. 31, 2023	Dec. 31, 2022
Non-current assets	3,159.0	2,882.0
Current assets	1,917.9	1,926.8
<b>Total assets</b>	<b>5,076.9</b>	<b>4,808.8</b>
Equity	2,012.4	1,959.1
Liabilities	3,064.5	2,849.7
<b>Total equity and liabilities</b>	<b>5,076.9</b>	<b>4,808.8</b>
<b>Total funds available to the Group</b>	<b>757.5</b>	<b>280.1</b>
Equity ratio (in %)	39.6 %	40.7 %
<b>Net debt</b>	<b>1,261.9</b>	<b>1,481.5</b>

# Long-term dividend and earnings development



## Continuous conservative Payout Policy

2004 and 2013 incl. bonus dividend

The logo consists of the letters 'MM' in a white, sans-serif font, centered within a dark green circle.A large industrial paper mill with complex machinery, including rollers and conveyor belts, producing a wide sheet of paper. The scene is partially obscured by a green semi-transparent overlay on the left and top. The machinery is metallic and industrial, with various pipes and structural elements visible.

# MM BOARD & PAPER

Leading in consumer packaging



# Europe's largest cartonboard producer

We produce virgin fibre cartonboard, recycled cartonboard, packaging papers, saturating kraft, liner, barrier cartonboard, uncoated fine paper and mechanical pulp.

**6** cartonboard mills in 5 countries

**1** mechanical pulp mill

**10** board & paper machines

**1.9 million**

tonnes cartonboard and paper sold

**≈ 110**

export countries

**4,579**

employees



# Offering a comprehensive fibre-based product portfolio



## RECYCLED CARTONBOARD



Global leader in the production and #1 in Europe

## FOLDING BOXBOARD



Among top three producers in Europe

## WHITE TOP COATED RECYCLED LINER



Among top three producers in Europe

## UNCOATED FINE PAPER



## SATURATING KRAFT PAPER



Absorbex® is the worlds leading SKP brand

## PACKAGING KRAFT PAPER



# MM Board & Paper 2023 Results



(in millions of EUR, IFRS)	4Q/2022	1Q/2023	2Q/2023	3Q/2023	4Q/2023
Sales <sup>1)</sup>	620.5	521.2	498.1	448.4	451.4
Adjusted EBITDA <sup>2)</sup>	114.7	54.3	17.7	14.7	6.0
Adjusted operating profit <sup>2)</sup>	87.4	27.7	(9.8)	(13.5)	(24.2)
Operating profit	62.8	27.7	(9.8)	(13.5)	(24.2)
Operating margin <sup>3)</sup> (%)	14.1 %	5.3 %	-2.0 %	-3.0 %	-5.4 %
Cash flow from operating activities	17.4	10.0	3.0	64.1	214.5
Tonnage sold (in thousands of tonnes)	494	473	486	487	502
<i>Cartonboard</i>	373	375	365	365	371
<i>Paper</i>	121	98	121	122	131
Tonnage produced (in thousands of tonnes)	492	488	469	482	506

<sup>1)</sup> incl. interdivisional sales

<sup>2)</sup> adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

<sup>3)</sup> calculated with adjusted result figure

# 2023 MM Board & Paper Headlines

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- After the record year 2022, the European cartonboard and paper industry experienced unprecedented downturn
- Subsequent to sharp drop, which started in 4<sup>th</sup> quarter of 2022, a bottom was reached in 2<sup>nd</sup> half of 2023
- Inflation-related subdued and changed purchasing behavior of consumers as well as the reduction of high inventories in the supply chain led to a significant volume decline
- This historically unprecedented situation was further aggravated by the loss of the Russian market as well as weak or highly competitive overseas markets
- Considerable planned capex-related downtime for modernisations at the Frohnleiten, Neuss and Kolicevo mills enhancing MM's leadership in recycled board
- On the procurement markets purchasing prices fell compared to the previous year as a result of lower demand, however, more pressure was built up on sales prices
- As expected substantial decline in volume and results compared to last year's record levels
- Profit and cash protection programme with detailed action plans for each location was implemented



# MM Board & Paper 2023 Results



(in millions of EUR, IFRS)	2023	2022	+/-
Sales <sup>1)</sup>	1,919.1	2,750.0	- 30.2 %
Adjusted EBITDA <sup>2)</sup>	92.7	511.1	- 81.9 %
Adjusted operating profit <sup>2)</sup>	(19.8)	405.6	- 104.9 %
Operating profit	(19.8)	381.0	- 105.2 %
Operating margin <sup>3)</sup> (%)	-1.0 %	14.7 %	- 1,578 bp
Cash flow from operating activities	291.6	244.4	+19.3%
Tonnage sold (in thousands of tonnes)	1,948	2,389	- 18.5 %
<i>Cartonboard</i>	1,476	1,803	- 18.1 %
<i>Paper</i>	472	586	- 19.5 %
Tonnage produced (in thousands of tonnes)	1,945	2,433	- 20.1 %
Employees	4,579	4,776	
Investment payments (CAPEX)	233.2	191.8	
Depreciation and amortization	112.5	118.4	

<sup>1)</sup> incl. interdivisional sales

<sup>2)</sup> adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

<sup>3)</sup> calculated with adjusted result figure



# MM PACKAGING

Leading in consumer packaging

# Leading global producer of folding cartons

We continuously work towards enhancing and innovating our range of fibre-based products, aiming to surpass our customers' expectations by providing sustainable packaging solutions for their products.

**#1**

producer of folding cartons in Europe

**64**

production sites worldwide

**4.0 billion**

of packaging produced in m<sup>2</sup>

**10,508**

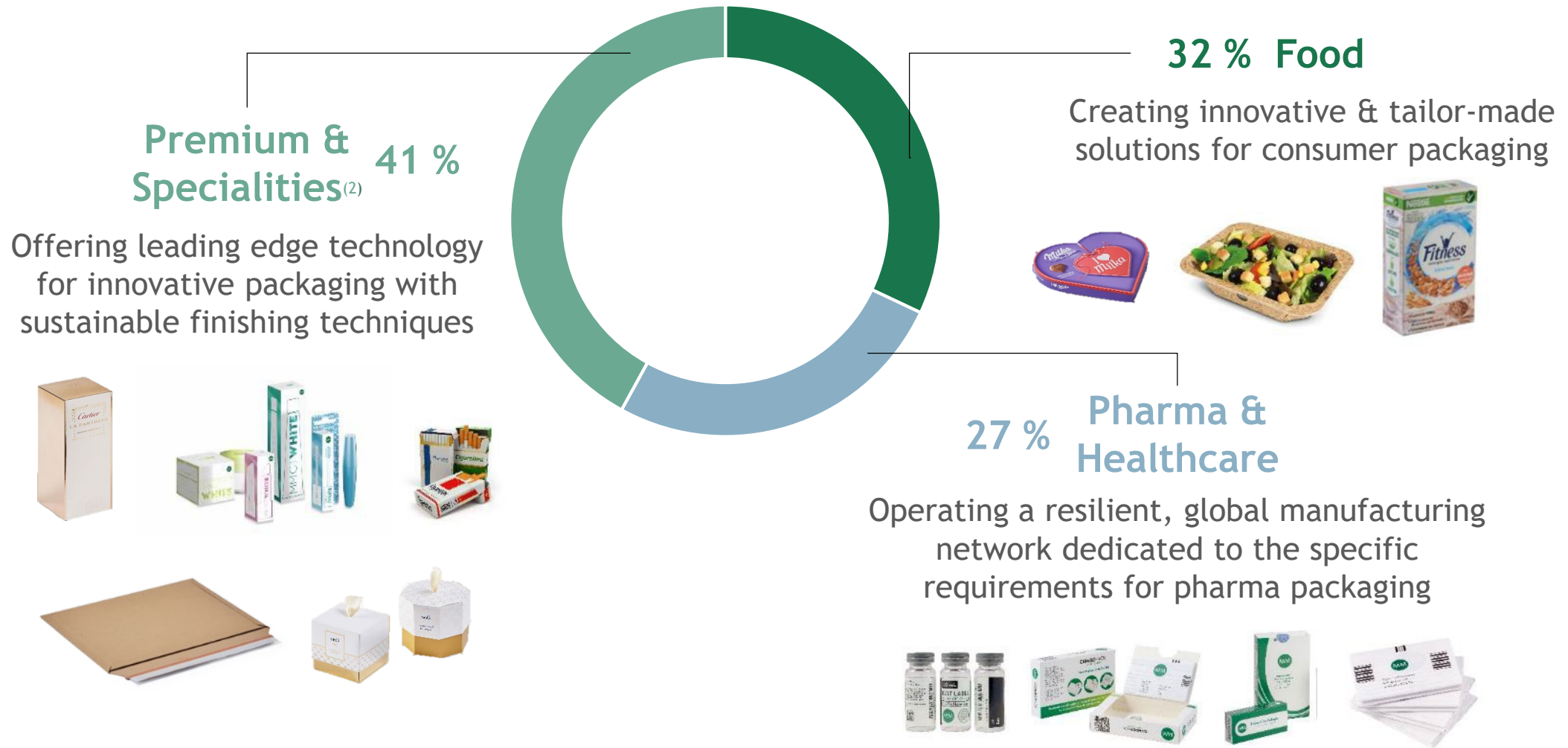
employees worldwide

MM





# We operate in resilient and profitable markets <sup>(1)</sup>



<sup>(1)</sup> Sales split

<sup>(2)</sup> Home Care, Personal Care, Beauty, Cigarettes, Luxury, E-commerce and Electronics

# Completed with a product range of folding cartons and fibre based materials



Folding Cartons



Micro-Flute



Clamshells



Shaped Cartons



Two-Piece Cartons



Paperbags



Labels



Leaflets



E-Commerce Envelopes



Moulded Pulp



# MM Packaging 2023 Results



in millions of EUR, IFRS	4Q/2022	1Q/2023	2Q/2023	3Q/2023	4Q/2023
Sales <sup>1)</sup>	658.5	656.7	606.5	605.9	562.0
Adjusted EBITDA <sup>2)</sup>	62.0	79.3	86.0	106.7	85.5
Adjusted operating profit <sup>2)</sup>	21.7	51.0	58.1	76.9	63.0
Operating profit	(4.6)	33.9	52.2	69.3	62.0
Operating margin <sup>3)</sup> (%)	3.3 %	7.8 %	9.6 %	12.7 %	11.2 %
Cash flow from operating activities	26.6	57.2	79.9	113.1	244.4
Produced volume (in millions of m <sup>2</sup> )	1,128	1,094	979	963	948

<sup>1)</sup> incl. interdivisional sales

<sup>2)</sup> adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

<sup>3)</sup> calculated with adjusted result figure

# 2023 MM Packaging Headlines

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- Strong results, factoring in restructuring costs and the divestiture of our highly profitable Russian packaging plants.
- Significant growth compared to the previous year's period resulted primarily from the inclusion of the prior-year acquisitions in the pharma packaging sector, Essentra Packaging and Eson Pac.
- Pharma & healthcare sector exceeded our expectations and demonstrated resilience in the present market landscape.
- In contrast, the food sector was particularly affected by declining consumer purchasing power in addition to the reduction of inventories along the entire supply chain.
- Sales and profit well above the previous year.

# MM Packaging 2023 Results



(in millions of EUR, IFRS)	2023	2022	+/-
Sales <sup>1)</sup>	2,431.1	2,168.7	+ 12.1 %
Adjusted EBITDA <sup>2)</sup>	357.5	257.9	+ 38.6 %
Adjusted operating profit <sup>2)</sup>	249.0	156.8	+ 58.9 %
Operating profit	217.4	129.4	+ 68.0 %
Operating margin <sup>3)</sup> (%)	10.2 %	7.2 %	+ 302 bp
Cash flow from operating activities	494.6	55.3	+ 793.5 %
Produced volume (in millions of m <sup>2</sup> )	3,984	4,056	- 1.8 %
Employees	10,508	10,864	
Investment payments (CAPEX)	192.1	137.6	
Depreciation and amortization	108.9	101.1	

<sup>1)</sup> incl. interdivisional sales

<sup>2)</sup> adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

<sup>3)</sup> calculated with adjusted result figure





# 5. Outlook

- Positive volume trend for MM Board & Paper at beginning of 2024, however pressure on margins is continuing.
- Although destocking in the supply chain has largely been completed, we expect slow market recovery due to the weak economic situation in Europe and continued restrained consumer spending.
- Continued oversupply and dampened capacity utilisation in Europe are expected to remain, also due to difficult general conditions on non-European export markets.
- The profit and cash protection programme will be consistently continued and implemented and supplemented by targeted structural adjustment.
- Recent increases in production costs will be passed on through corresponding price adjustments.
- Capex volume of around EUR 300 million expected for 2024, which includes carry-overs from the previous year, will be focussed on selected projects to improve competitiveness.



Leading in  
Consumer Packaging

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