



1Q|22

Report for the 1st quarter of 2022
Mayr-Melnhof Karton AG

- ⊗ Margins restored
- ⊗ Significant growth due to previous year's acquisitions
- ⊗ Strong demand and high capacity utilization in both divisions
- ⊗ Persisting input cost increase passed through
- ⊗ Growth strategy for Packaging advanced

GROWING
TOGETHER

Group Key Indicators

(consolidated, in millions of EUR)	1 st Quarter		
	Jan. 1 - Mar. 31, 2022	Jan. 1 - Mar. 31, 2021	+/-
Consolidated sales	1,060.4	641.3	+ 65.4 %
EBITDA	155.0	92.7	+ 67.2 %
EBITDA margin (%)	14.6 %	14.5 %	+ 16 bp
Operating profit	111.1	61.2	+ 81.5 %
Operating margin (%)	10.5 %	9.6 %	+ 93 bp
Profit before tax	103.6	58.6	+ 76.9 %
Income tax expense	(24.1)	(14.7)	
Profit for the period	79.5	43.9	+ 81.2 %
Net profit margin (%)	7.5 %	6.8 %	
Earnings per share (in EUR)	3.95	2.18	+ 81.2 %
Cash flow from operating activities	49.3	77.8	- 36.6 %
Capital expenditures (CAPEX)	75.9	60.3	+ 25.9 %
Depreciation and amortization ¹⁾	43.9	31.5	+ 39.4 %

¹⁾ incl. impairment of property, plant and equipment and intangible assets

	Balance sheet date	
	Mar. 31, 2022	Dec. 31, 2021
Total equity (in millions of EUR)	1,748.1	1,661.9
Total assets (in millions of EUR)	4,070.9	4,014.2
Equity ratio (%)	42.9 %	41.4 %
Net debt (-) (in millions of EUR)	- 1,110.3	- 1,063.5
Employees	12,676	12,492

Group Report

Dear Shareholders,

Your Company succeeded in catching up again in margins in the 1st quarter of 2022, after cost inflation-related pressure in previous quarters. Consistent implementation of necessary price increases and sustained strong demand in both divisions made this possible. Significant growth compared to the 1st quarter of the previous year resulted mainly from the inclusion of the cartonboard and paper mills in Poland and Finland acquired at the beginning of August last year as well as higher price levels. Due to widely booked capacities and longer delivery times, great attention is paid to the continuous supply of our customers, which we meet through the highest possible flexibility. As a result, despite increasing challenges in the supply chain, we continued to operate at almost full capacity. With the acquisition of the leading Nordic pharmaceutical packaging group Eson Pac in April, MM has recently advanced the growth strategy for Packaging.

The continuing increase in raw material, transport and energy costs has been countered by renewed price adjustments since the beginning of the 2nd quarter in order to safeguard margins. However, due to the overall economic uncertainties, it is currently not possible to make a more detailed assessment for the current year.

Income Statement

The income statement as of the 1st quarter is particularly characterized by the inclusion of the cartonboard and paper mills MM Kotkamills and MM Kwidzyn, which were acquired at the beginning of August 2021.

The Group's consolidated sales increased to EUR 1,060.4 million and were EUR 419.1 million higher than the comparable figure of the previous year (1Q 2021: EUR 641.3 million). This growth is mainly acquisition-related and due to passing on of cost increases through higher prices.

At EUR 111.1 million, operating profit was EUR 49.9 million above the previous year's value (1Q 2021: EUR 61.2 million). The significant rise in the MM Board & Paper division was faced by a stable development at MM Packaging. The Group's operating margin increased to 10.5 % (1Q 2021: 9.6 %).

Financial income of EUR 1.6 million (1Q 2021: EUR 0.5 million) contrasted with financial expenses of EUR -7.5 million (1Q 2021: EUR -3.6 million). The latter increased in particular due to the issuance of Schuldschein loans and Namensschuldverschreibungen in the 1st quarter of the previous year to finance the acquisitions and organic growth projects.

Profit before tax went up from EUR 58.6 million in the previous year to EUR 103.6 million. Income tax expense amounted to EUR 24.1 million (1Q 2021: EUR 14.7 million), resulting in an effective Group tax rate of 23.3 % (1Q 2021: 25.2 %).

Profit for the period rose by EUR 35.6 million to EUR 79.5 million (1Q 2021: EUR 43.9 million) and earnings per share from EUR 2.18 to EUR 3.95.

Assets, Capital, and Liquid Funds

The Group's total assets amounted to EUR 4,070.9 million as of March 31, 2022, EUR 56.7 million higher than the comparable value as of December 31, 2021 (EUR 4,014.2 million). The Group's total equity grew mainly profit-related from EUR 1,661.9 million to EUR 1,748.1 million.

Financial liabilities, principally of a long-term character, slightly decreased due to repayments to EUR 1,402.4 million after EUR 1,423.1 million at the end of the previous year. With total cash of the Group of EUR 292.0 million (December 31, 2021: EUR 359.5 million) net debt went up to EUR 1,110.3 million (December 31, 2021: EUR 1,063.5 million). The equity ratio was at 42.9 % (December 31, 2021: 41.4 %).

Non-current assets changed from EUR 2,460.0 million to EUR 2,481.6 million, while current assets of EUR 1,589.4 million were higher than at the end of 2021 (EUR 1,554.2 million), mainly due to an increase in trade receivables and inventories.

Cash Flow Development

Cash flow from operating activities amounted to EUR 49.3 million after EUR 77.8 million in the 1st quarter of the previous year. An increase in cash-effective result was offset by a sharp rise in working capital.

Cash flow from investing activities rose from EUR -64.1 million to EUR -80.5 million, mainly due to higher payments for the acquisition of property, plant and equipment and intangible assets. Capital expenditures focused on expansions and growth projects in both divisions.

Cash flow from financing activities changed from EUR 1,066.2 million to EUR -38.8 million. The issue of Schuldschein loans and Namensschuldverschreibungen in the previous year was contrasted by repayments in the current year.

Outlook

Strong demand and high order intake continue in both Board & Paper and Packaging. In order to compensate for the ongoing cost inflation since the beginning of the year, a further price increase for cartonboard and paper was implemented at the beginning of the 2nd quarter.

MM's long-term investment projects to increase competitiveness and for further growth are overall on schedule and will be implemented in 2022 and 2023 in the already indicated range of EUR 250 - 300 million p.a.. While the expansions recently started in several plants of MM Packaging should enable more business this year, the growth and earnings effects from the major investments at Board & Paper are mainly expected after 2023.

MM continues to closely monitor the developments in Russia and Ukraine as well as the international measures and possible effects on the Group. In 2021, around 9 % of the Group's cumulative EBITDA was generated in Russia and Ukraine. Packaging products for daily consumer goods are produced at two sites in Russia and at one site in Ukraine. The total book value of the three sites is less than EUR 100 million. Further shutdowns are to be expected. The reallocation of Russian export deliveries to other destinations was implemented rapidly against the background of the current market strength.

Due to the overall economic uncertainties and especially as a result of possible disruptions in the supply chain a further assessment for the present year is currently not possible.

While the integration of last year's acquisitions is still paramount at MM Board & Paper, the focus at MM Packaging is on organic growth and acquisitions.

Further Information

Acquisition of the leading Nordic pharmaceutical packaging group - Eson Pac

On April 11, 2022, the MM Group acquired 100 % of the shares in Eson Pac, located in Veddige, Sweden, from the majority shareholder Nalka Invest AB as well as family and management minority shareholders.

With total sales of around EUR 48 million, Eson Pac develops, produces and distributes high-quality secondary packaging solutions for the pharmaceutical industry. The company has three production sites in Sweden and one in Denmark, focusing on folding cartons, leaflets and labels. Eson Pac currently employs around 300 people.

This acquisition strengthens the presence within the premium business of the Packaging division and advances the growth strategy with innovative and sustainable solutions.

Divisions

MM Board & Paper

Demand on the European main market was characterized by strong order activity for cartonboard and paper also during the 1st quarter of 2022. This is on the one hand attributable to the tight market, increasing delivery times and significantly reduced imports from overseas markets. Consequently and due to the inclusion of the acquisitions, the division's average order backlog of 184,000 tons was above the comparable figure of the previous year (1Q 2021: 149,000 tons). At 99 % (1Q 2021: 99 %) the division's capacities continued to be almost fully utilized.

In view of the ongoing cost inflation, especially recent increases in raw material, transport and energy costs, and the difficulty of predicting future developments, the focus remained on offsetting the weight by promptly raising selling prices in order to catch up again in margins.

At EUR 656.3 million, sales were acquisition- and price-related EUR 384.9 million above the comparable figure (1Q 2021: EUR 271.4 million). Accordingly, operating profit rose to EUR 70.1 million (1Q 2021: EUR 19.8 million), resulting in an operating margin of 10.7 % (1Q 2021: 7.3 %).

Both tonnage produced and sold were acquisition-related above the previous year's figures at 659,000 tons and 657,000 tons, respectively (1Q 2021: 410,000 tons and 432,000 tons, respectively).

Divisional indicators MM Board & Paper

(in millions of EUR)	Jan. 1 - Mar. 31, 2022	Jan. 1 - Mar. 31, 2021	+/-
Sales ¹⁾	656.3	271.4	+ 141.8 %
EBITDA	95.7	33.0	+ 189.6 %
Operating profit	70.1	19.8	+ 253.5 %
Operating margin (%)	10.7 %	7.3 %	+ 337 bp
Cash flow from operating activities	18.5	14.3	+ 29.4 %
Tonnage sold (in thousands of tons)	657	432	+ 52.1 %
<i>Cartonboard</i>	494	432	+ 14.2 %
<i>Kraft Papers</i>	64	<i>n.a.</i>	
<i>Uncoated Fine Papers</i>	99	<i>n.a.</i>	
Tonnage produced (in thousands of tons)	659	410	+ 60.9 %

¹⁾ including interdivisional sales

MM Packaging

Demand on the European folding carton markets showed a similarly positive picture as for Board & Paper in the 1st quarter of 2022. However, for some segments, there were already signs of an increase in customer stocks. Parallel to the good order activity, all business areas are affected by a significant rise in input costs. For this reason, shorter-term price adjustment options are being implemented successively also in the framework of longer-term agreements. In order to maintain the material supply despite a strained supply chain, the integrated positioning of MM is increasingly in focus.

As already taken up by the recent acquisition of Eson Pac in the pharmaceutical sector and enhanced investments, the growth course of MM Packaging is to be accelerated both organically through the expansion of competitive sites and acquisitions in attractive new markets.

At EUR 454.9 million, sales were volume- and price-related 13.9 % above the previous year's figure of EUR 399.3 million. In contrast, the operating profit at EUR 41.0 million remained particularly cost-related at previous year's level (1Q 2021: EUR 41.4 million). The operating margin thus amounted to 9.0 % (1Q 2021: 10.4 %).

Tonnage processed increased slightly to 222,000 tons (1Q 2021: 216,000 tons).

Divisional indicators MM Packaging

(in millions of EUR)	Jan. 1 - Mar. 31, 2022	Jan. 1 - Mar. 31, 2021	+/-
Sales ¹⁾	454.9	399.3	+ 13.9 %
EBITDA	59.3	59.7	- 0.6 %
Operating profit	41.0	41.4	- 0.8 %
Operating margin (%)	9.0 %	10.4 %	- 134 bp
Cash flow from operating activities	30.8	63.5	- 51.5 %
Tonnage processed (in thousands of tons)	222	216	+ 3.1 %

¹⁾ including interdivisional sales

Consolidated Balance Sheets

(all amounts in thousands of EUR)	End of 1 st Quarter	Year-end
	Mar. 31, 2022	Dec. 31, 2021
ASSETS		
Property, plant and equipment	1,508,042	1,490,031
Intangible assets including goodwill	923,714	914,793
Investments accounted for using the equity method, securities and other financial assets	8,559	8,415
Deferred tax assets	41,238	46,763
Non-current assets	2,481,553	2,460,002
Inventories	521,280	477,263
Trade receivables	608,528	541,603
Income tax receivables	22,135	32,212
Prepaid expenses and other current assets	138,840	136,807
Cash and cash equivalents	292,049	359,546
Non-current assets held for sale	6,518	6,785
Current assets	1,589,350	1,554,216
TOTAL ASSETS	4,070,903	4,014,218
EQUITY AND LIABILITIES		
Share capital	80,000	80,000
Additional paid-in capital	172,658	172,658
Retained earnings	1,766,847	1,687,923
Other reserves	(278,130)	(284,750)
Equity attributable to shareholders of the Company	1,741,375	1,655,831
Non-controlling (minority) interests	6,687	6,047
Total equity	1,748,062	1,661,878
Non-current financial liabilities	1,347,300	1,349,074
Provisions for non-current liabilities and charges	125,455	149,834
Deferred tax liabilities	68,172	70,486
Non-current liabilities	1,540,927	1,569,394
Current financial liabilities	55,088	74,003
Current tax liabilities	25,970	24,371
Trade liabilities	437,929	437,726
Deferred income and other current liabilities	208,108	198,628
Provisions for current liabilities and charges	54,819	48,218
Current liabilities	781,914	782,946
Total liabilities	2,322,841	2,352,340
TOTAL EQUITY AND LIABILITIES	4,070,903	4,014,218

Consolidated Income Statements

	1 st Quarter	
	Jan. 1 - Mar. 31, 2022	Jan. 1 - Mar. 31, 2021
(all amounts in thousands of EUR, except per share data)		
Sales	1,060,408	641,273
Cost of sales	(809,458)	(487,541)
Gross margin	250,950	153,732
Other operating income	10,967	3,107
Selling and distribution expenses	(95,123)	(60,809)
Administrative expenses	(55,373)	(34,756)
Other operating expenses	(288)	(30)
Operating profit	111,133	61,244
Financial income	1,559	503
Financial expenses	(7,482)	(3,634)
Other financial result - net	(1,586)	478
Profit before tax	103,624	58,591
Income tax expense	(24,154)	(14,741)
Profit for the period	79,470	43,850
Attributable to:		
Shareholders of the Company	78,924	43,500
Non-controlling (minority) interests	546	350
Profit for the period	79,470	43,850
Earnings per share for profit attributable to the shareholders of the Company during the period:		
Earnings per share	3.95	2.18

Consolidated Comprehensive Income Statements

	1 st Quarter	
	Jan. 1 - Mar. 31, 2022	Jan. 1 - Mar. 31, 2021
(all amounts in thousands of EUR)		
Profit for the period	79,470	43,850
Other comprehensive income:		
Actuarial valuation of defined benefit pension and severance obligations	23,280	8,299
Effect of income taxes	(5,250)	(1,301)
Total of items that will not be reclassified subsequently to the income statement	18,030	6,998
Foreign currency translations ¹⁾	(11,521)	6,153
Effect of income taxes	205	(411)
Total of items that will be reclassified subsequently to the income statement	(11,316)	5,742
Other comprehensive income (net)	6,714	12,740
Total comprehensive income	86,184	56,590
Attributable to:		
Shareholders of the Company	85,544	56,072
Non-controlling (minority) interests	640	518
Total comprehensive income	86,184	56,590

¹⁾ In the 1st quarter of 2022, an amount of thous. EUR 0 (1Q 2021: thous. EUR -49) was reclassified from other comprehensive income to profit for the period.

Consolidated Statements of Changes in Equity

(all amounts in thousands of EUR)	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		
				Foreign currency translations	Actuarial gains and losses	Other reserves			
Balance at January 1, 2022	80,000	172,658	1,687,923	(218,254)	(66,496)	(284,750)	1,655,831	6,047	1,661,878
Profit for the period	0	0	78,924	0	0	0	78,924	546	79,470
Other comprehensive income	0	0	0	(11,389)	18,009	6,620	6,620	94	6,714
Total comprehensive income	0	0	78,924	(11,389)	18,009	6,620	85,544	640	86,184
Transactions with shareholders:									
Change in majority interests	0	0	0	0	0	0	0	0	0
Balance at March 31, 2022	80,000	172,658	1,766,847	(229,643)	(48,487)	(278,130)	1,741,375	6,687	1,748,062
Balance at January 1, 2021	80,000	172,658	1,564,165	(207,173)	(67,304)	(274,477)	1,542,346	4,752	1,547,098
Profit for the period	0	0	43,500	0	0	0	43,500	350	43,850
Other comprehensive income	0	0	0	5,564	7,008	12,572	12,572	168	12,740
Total comprehensive income	0	0	43,500	5,564	7,008	12,572	56,072	518	56,590
Transactions with shareholders:									
Change in majority interests	0	0	0	0	0	0	0	0	0
Balance at March 31, 2021	80,000	172,658	1,607,665	(201,609)	(60,296)	(261,905)	1,598,418	5,270	1,603,688

Consolidated Cash Flow Statements

	1 st Quarter	
	Jan. 1 - Mar. 31, 2022	Jan. 1 - Mar. 31, 2021
(all amounts in thousands of EUR)		
Profit for the period	79,470	43,850
Adjustments to reconcile profit for the period to net cash from operating activities excluding interest and taxes paid	70,894	44,954
Net cash from profit	150,364	88,804
Changes in working capital	(86,755)	843
Cash flow from operating activities excluding interest and taxes paid	63,609	89,647
Income taxes paid	(14,265)	(11,809)
CASH FLOW FROM OPERATING ACTIVITIES	49,344	77,838
Payments for property, plant and equipment, and intangible assets (incl. payments on account)	(74,954)	(65,255)
Other items	(5,594)	1,186
CASH FLOW FROM INVESTING ACTIVITIES	(80,548)	(64,069)
Change in financial liabilities	(22,866)	1,067,985
Other items	(15,924)	(1,781)
CASH FLOW FROM FINANCING ACTIVITIES	(38,790)	1,066,204
Effect of exchange rate changes on cash and cash equivalents	2,497	2,639
Change in cash and cash equivalents	(67,497)	1,082,612
Cash and cash equivalents at the beginning of the period (according to the consolidated balance sheet)	359,546	146,241
Cash and cash equivalents at the end of the period (according to the consolidated balance sheet)	292,049	1,228,853

Quarterly Overview

MM Group

(consolidated, in millions of EUR)	1 st Quarter 2021	2 nd Quarter 2021	3 rd Quarter 2021	4 th Quarter 2021	1 st Quarter 2022
Sales	641.3	648.3	817.5	962.6	1,060.4
EBITDA	92.7	62.8	127.5	138.0	155.0
Operating profit	61.2	30.9	85.1	92.4	111.1
Operating margin (%)	9.6 %	4.8 %	10.4 %	9.6 %	10.5 %
Profit before tax	58.6	24.3	79.5	82.1	103.6
Income tax expense	(14.7)	(6.0)	(13.3)	(19.8)	(24.1)
Profit for the period	43.9	18.3	66.2	62.3	79.5
Net profit margin (%)	6.8 %	2.8 %	8.1 %	6.5 %	7.5 %
Earnings per share (in EUR)	2.18	0.89	3.30	3.09	3.95
Cash flow from operating activities	77.8	34.5	53.5	104.0	49.3

Divisions

MM Board & Paper

(in millions of EUR)	1 st Quarter 2021	2 nd Quarter 2021	3 rd Quarter 2021	4 th Quarter 2021	1 st Quarter 2022
Sales ¹⁾	271.4	285.2	434.8	569.7	656.3
EBITDA	33.0	26.5	65.1	60.6	95.7
Operating profit	19.8	13.2	41.3	33.4	70.1
Operating margin (%)	7.3 %	4.6 %	9.5 %	5.9 %	10.7 %
Cash flow from operating activities	14.3	2.4	22.3	69.7	18.5
Tonnage sold (in thousands of tons)	432	422	567	671	657
<i>Cartonboard</i>	432	422	473	507	494
<i>Kraft Papers</i>	n.a.	n.a.	31	62	64
<i>Uncoated Fine Papers</i>	n.a.	n.a.	63	102	99
Tonnage produced (in thousands of tons)	410	421	560	678	659

¹⁾ including interdivisional sales

MM Packaging

(in millions of EUR)	1 st Quarter 2021	2 nd Quarter 2021	3 rd Quarter 2021	4 th Quarter 2021	1 st Quarter 2022
Sales ¹⁾	399.3	392.1	418.2	432.0	454.9
EBITDA	59.7	36.3	62.4	77.4	59.3
Operating profit	41.4	17.7	43.8	59.0	41.0
Operating margin (%)	10.4 %	4.5 %	10.4 %	13.7 %	9.0 %
Cash flow from operating activities	63.5	32.1	31.2	34.3	30.8
Tonnage processed (in thousands of tons)	216	208	215	214	222

¹⁾ including interdivisional sales

MM Shares

Relative performance of MM shares 2021/22
(December 30, 2020 = 100)



Share price (closing price)

as of April 21, 2022	174.00
2022 High	192.00
2022 Low	151.40
Stock performance (Year-end 2021 until April 21, 2022)	- 1.47 %
Number of shares issued	20 million
Market capitalization as of April 21, 2022 (in millions of EUR)	3,480
Trading volume (average per day 1Q 2022 in millions of EUR)	3.33

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 “For Investors/Key Indicators”.

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

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

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