



1-2Q/14

Half-year Financial Report 2014

- Profit and sales above previous year
- Margin at MM Karton improved
- Continuing lack of impulses from private consumption

Mayr-Melnhof Group

Key Indicators

(according to IFRS for interim financial reporting, unaudited)

(consolidated, in millions of EUR)	1 st - 2 nd Quarter		+/-
	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013	
Sales	1,033.1	981.8	+5.2 %
EBITDA	133.5	122.1	+9.3 %
EBITDA margin (%)	12.9 %	12.4 %	
Operating profit	88.7	77.5	+14.5 %
Operating margin (%)	8.6 %	7.9 %	
Profit before tax	82.7	73.4	+12.7 %
Income tax expense	(21.7)	(18.7)	
Profit for the period	61.0	54.7	+11.5 %
Net profit margin (%)	5.9 %	5.6 %	
Basic and diluted earnings per share (in EUR)	3.03	2.72	
Cash earnings	107.5	100.2	+7.3 %
Cash earnings margin (%)	10.4 %	10.2 %	
Capital expenditures	65.5	49.5	+32.3 %
Depreciation and amortization	46.5	45.3	+2.6 %

	Balance sheet date	
	Jun. 30, 2014	Dec. 31, 2013
Total equity (in millions of EUR)	1,063.8	1,111.8
Total assets (in millions of EUR)	1,668.2	1,702.5
Total equity to total assets (%)	63.8 %	65.3 %
Net liquidity (in millions of EUR)	32.6	133.9
Enterprise value (in millions of EUR)	1,750.3	1,810.1
Employees	9,502	9,477

Group Report

DEAR SHAREHOLDERS,

Your Company was able to stand up positively on the whole in the first half of 2014 despite a weak macro-economic environment marked by a lack of stimulus from private consumption. Both profit and sales are above the previous year's figures at the end of the first six months. While profitability at the cartonboard division improved as a result of increased productivity and lower specific energy prices, the packaging division could not entirely reach the operating margin of the previous year, primarily due to the more restrained market dynamics in the second quarter.

As a recovery in demand is not in sight, price discipline remains the order of the day, which could so far be accomplished in both divisions according to plan.

Targeted investments and operational measures will allow us to keep competitiveness, profitability and future prospects of your Company further on a high level.

INCOME STATEMENT

At EUR 1,033.1 million, the Group's consolidated sales exceeded the level of the previous year by 5.2 % (1st half of 2013: EUR 981.8 million). This growth mainly results from an increase in volumes in both divisions as well as an extended product mix and better average selling prices at MM Karton.

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

(in %)	1 st - 2 nd Quarter	
	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Western Europe	58.8 %	59.8 %
Eastern Europe	25.6 %	26.5 %
Asia	6.0 %	4.3 %
Latin America	5.1 %	5.1 %
Other	4.5 %	4.3 %
Total	100.0 %	100.0 %

Operating profit could be increased by 14.5 % or EUR 11.2 million to EUR 88.7 million. A clear rise in profit at the cartonboard division set off a slight decline at the packaging division. Thus, the operating margin of the Group went up from 7.9 % to 8.6 %.

Financial income totaled to EUR 0.9 million (1st half of 2013: EUR 0.7 million), financial expenses to EUR -2.6 million (1st half of 2013: EUR -1.8 million).

Profit before tax rose by 12.7 % to EUR 82.7 million (1st half of 2013: EUR 73.4 million). Income tax expenses amounted to EUR 21.7 million following EUR 18.7 million in the comparative period of the previous year, resulting in an effective Group tax rate of 26.2 % (1st half of 2013: 25.5 %).

As a consequence, the profit for the period increased by 11.5 % to EUR 61.0 million (1st half of 2013: EUR 54.7 million). As in the previous year, a basic weighted average of 20,000,000 shares was outstanding in the first half of 2014, resulting into earnings per share of EUR 3.03 (1st half of 2013: EUR 2.72).

ASSETS, CAPITAL AND LIQUID FUNDS

As of June 30, 2014, the Group's total assets amounted to EUR 1,668.2 million following EUR 1,702.5 million at the year-end 2013. This decrease is primarily attributable to the dividend payment including an anniversary bonus. Thus, the Group's total equity at EUR 1,063.8 million was below the value as of December 31, 2013 (EUR 1,111.8 million), with the Group's total equity to total assets amounting to around 63.8 % at mid-year 2014 (December 31, 2013: 65.3 %).

At EUR 170.4 million, financial liabilities, mainly of a long-term character, remained almost unchanged compared to the value at the end of 2013 (December 31, 2013: EUR 169.6 million). Total funds available to the Group declined to EUR 203.0 million especially due to dividends (December 31, 2013: EUR 303.5 million). Thereby the net liquidity of the Group went down to EUR 32.6 million as of June 30, 2014 (December 31, 2013: EUR 133.9 million).

Non-current assets rose, primarily as a result of increased investing activities, to EUR 805.1 million (December 31, 2013: EUR 791.3 million), current assets decreased owing to the dividend payment despite higher working capital compared to the year-end 2013 by EUR 48.1 million to EUR 863.1 million.

CASH FLOW DEVELOPMENT

Cash flow from operating activities rose to EUR 61.6 million, mainly as a result of the increased profit, following EUR 50.9 million in the comparative period of the previous year.

Cash flow from investing activities changed from EUR -48.4 million to EUR -63.1 million. This increase is mostly attributable to higher expenditures for the acquisition of property, plant and equipment (1st half of 2014: EUR 65.5 million, 1st half of 2013: EUR 49.5 million). Investments focused on the larger one of the both cartonboard machines (KM 3) at the Frohnleiten board mill, capacity expansion in the folding carton site in Romania as well as in the recently constructed folding carton plants in Poland and Turkey. Furthermore, investing activities in technical modernization and expansion continued unabated.

Cash flow from financing activities changed, mainly as a result of the dividend payment including an anniversary bonus in the amount of EUR 96.0 million, to EUR -98.2 million (1st half of 2013: EUR -49.0 million).

DEVELOPMENT IN THE SECOND QUARTER

The Group's business development in the second quarter of 2014 was characterized by a slight increase in sales and profit compared to the previous year's period as well as a slight decline compared to the first quarter 2014. While, with 98 %, capacities in cartonboard production were once again almost fully utilized (1Q 2014: 97 %; 2Q 2013: 100 %), the volumes in the folding carton production were above the previous year but demand-related slightly below the first quarter of the current year. The development on raw material markets, similar to the sales market, was characterized by continuing stability, while energy prices were consistently below the previous year.

MM Karton was able to improve the operating margin compared to the previous quarter (1Q 2014: 7.2 %) as well as to the comparative quarter of the previous year (2Q 2013: 6.5 %) to 8.0 %.

The operating margin of MM Packaging amounted to 7.9 % (1Q 2014: 9.4 %; 2Q 2013: 8.6 %)

The operating profit of the Group totaled to EUR 42.5 million following EUR 46.2 million in the first quarter of 2014 and EUR 39.1 million in the second quarter of the previous year. Thus, the Group operating margin amounted to 8.3 % (1Q 2014: 8.8 %; 2Q 2013: 8.1 %).

The profit for the period reached EUR 28.9 million (1Q 2014: EUR 32.1 million; 2Q 2013: EUR 27.7 million).

RISK REPORT

Material single risks as well as the structure of the risk management system are described in our Annual Report of 2013. Further risks were not identified in the first half-year of 2014 and are also not expected for the rest of the financial year.

OUTLOOK

The forecasts for private consumption and thus also for demand for cartonboard and folding cartons still show an overall stable but regionally more heterogeneous picture again. There is a lack of momentum across the whole market, resulting in continuing intensified predatory competition. Due to largely stable raw material prices, we continue to pay close attention to the best possible price discipline.

Offering an attractive portfolio of products and range of services, we aim to maintain market shares and acquire new business even in weak overall conditions. Programs for increasing cost efficiency continue to focus on keeping competitiveness and profitability at a high level.

As a consequence of the extremely short-term visibility, it is not possible from today's perspective to provide a profit estimate for the whole year 2014. Due to the non-recurring income in the third quarter of the previous year as well as the rebuild of the large cartonboard machine in Frohnleiten for FOODBOARD™ in the fourth quarter, a profit contribution below the previous year is expected in the second half of 2014.

DIVISIONS

MM Karton

Short-term planning and continuing caution characterized the ordering behavior of customers across all product qualities and sales regions during the first half-year. Due to a high degree of flexibility in sales and production, it was though still possible to achieve almost full capacity utilization of 98 % (1st half of 2013: 99 %) at MM Karton and to safeguard market shares. However, owing to the lack of market dynamics, the average order backlog at 58,000 tons (1st half of 2013: 89,000 tons) remained consistently low.

Analogously to the sales markets, raw material markets, especially for the strategic input factor recovered paper, were characterized by a constantly flat development as well. In contrast a decline was recorded in the specific energy prices.

At 805,000 tons and 806,000 tons respectively, production and tonnage sold in the first half-year were slightly above the comparative values of the previous year (1st half of 2013: 804,000 tons and 803,000 tons respectively). In geographical terms, similar to the previous year, 82 % was sold in Europe and 18 % in markets outside Europe (1st half of 2013: 83 %; 17 %).

Mainly as a result of an extended product mix and better prices, sales increased by 7.3 % from EUR 476.7 million to EUR 511.4 million. In accordance with this and due to the shortfall of rebuild and downtime costs from the comparative period of the previous year as well as further cost reductions, operating profit rose to EUR 39.0 million following EUR 26.9 million in the first half-year of 2013. The operating margin was therefore 7.6 % (1st half of 2013: 5.6 %).

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

(in millions of EUR)	1 st - 2 nd Quarter		
	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013	+/-
Sales ¹⁾	511.4	476.7	+7.3 %
Operating profit	39.0	26.9	+45.0 %
Operating margin (%)	7.6 %	5.6 %	
Tonnage sold (in thousands of tons)	806	803	+0.4 %
Tonnage produced (in thousands of tons)	805	804	+0.1 %

¹⁾ including interdivisional sales

Major investment FOODBOARD™

Investment highlight of MM Karton this year is a major investment of around EUR 50 million in the Austrian Frohnleiten main mill for FOODBOARD™, an innovative cartonboard that guarantees optimum protection for food. The implementation is planned for the fourth quarter.

MM Packaging

Demand on the European folding carton market still remains restrained, thus reflecting the overall weak picture of private consumption in Europe. Positive impulses have so far failed to appear, which is also the reason why intensified price competition is continuing unabated among suppliers. Thereby, consolidation within the industry is so far only progressing at a slow pace.

Against this background, MM Packaging is relying on a large number of measures aimed at increasing efficiency and productivity in order to keep the competitiveness and profitability of the plants at a high level. However, increasing regional heterogeneity in capacity utilization and permanent price pressure remain an ongoing challenge.

In the first six months of the year the division further succeeded in gaining new volumes. Tonnage processed increased by 5.1 % from 334,000 tons to 351,000 tons, the sheet equivalent by 6.7 % from 924.9 million to 986.6 million.

However, this volume growth was countered by a more restrained increase in sales of 2.8 % to EUR 573.0 million, whereby it was possible to keep production costs under control. Accordingly, an operating profit of EUR 49.7 million was achieved in the first half-year, close to the previous year's value (1st half of 2013: EUR 50.6 million). The operating margin was thus 8.7 %, following 9.1 % in the previous year.

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

(in millions of EUR)	1 st - 2 nd Quarter		
	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013	+/-
Sales ¹⁾	573.0	557.5	+2.8 %
Operating profit	49.7	50.6	-1.8 %
Operating margin (%)	8.7 %	9.1 %	
Tonnage processed (in thousands of tons)	351	334	+5.1 %
Sheet equivalent (in millions)	986.6	924.9	+6.7 %

¹⁾ including interdivisional sales

Commissioning of a fourth plant in Turkey

In Gaziantep, in the center of Eastern Anatolia, MM Packaging put into operation the newly constructed fourth folding carton site in Turkey in the first months of the year.

Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	End of 2 nd Quarter	Year-end
		Jun. 30, 2014	Dec. 31, 2013
ASSETS			
Property, plant and equipment	3	678,173	663,901
Intangible assets including goodwill	3	100,276	101,329
Securities and other financial assets		8,816	9,209
Deferred income taxes		17,774	16,870
Non-current assets		805,039	791,309
Inventories	6	285,290	278,085
Trade receivables		318,653	277,571
Income tax receivables		13,150	14,150
Prepaid expenses and other current assets		48,099	43,420
Cash and cash equivalents		197,938	297,920
Current assets		863,130	911,146
TOTAL ASSETS		1,668,169	1,702,455
EQUITY AND LIABILITIES			
Share capital		80,000	80,000
Additional paid-in capital		172,658	172,658
Retained earnings		893,195	928,642
Other reserves		(92,206)	(79,570)
Equity attributable to shareholders of the Company		1,053,647	1,101,730
Non-controlling (minority) interests		10,103	10,072
Total equity		1,063,750	1,111,802
Interest-bearing financial liabilities	8	104,046	104,124
Provisions for non-current liabilities and charges		105,828	99,067
Deferred income taxes		11,972	12,997
Non-current liabilities		221,846	216,188
Interest-bearing financial liabilities	8	66,374	65,436
Current tax liabilities		13,781	10,403
Trade liabilities		175,887	172,029
Deferred income and other current liabilities		98,686	103,331
Provisions for current liabilities and charges		27,845	23,266
Current liabilities		382,573	374,465
Total liabilities		604,419	590,653
TOTAL EQUITY AND LIABILITIES		1,668,169	1,702,455

Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

	Notes	2 nd Quarter		1 st - 2 nd Quarter	
		Apr. 1 - Jun. 30, 2014	Apr. 1 - Jun. 30, 2013	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
(all amounts in thousands of EUR, except per share data)					
Sales	10	509,208	485,068	1,033,096	981,762
Cost of sales		(394,203)	(377,275)	(798,915)	(771,274)
Gross margin		115,005	107,793	234,181	210,488
Other operating income		3,380	2,241	5,835	4,713
Selling and distribution expenses		(50,853)	(46,824)	(101,927)	(90,800)
Administrative expenses		(24,978)	(24,004)	(49,242)	(46,693)
Other operating expenses		(94)	(102)	(190)	(213)
Operating profit		42,460	39,104	88,657	77,495
Financial income		427	324	863	671
Financial expenses		(1,287)	(887)	(2,616)	(1,786)
Other financial result – net		(2,165)	(1,316)	(4,198)	(2,997)
Profit before tax		39,435	37,225	82,706	73,383
Income tax expense		(10,537)	(9,546)	(21,740)	(18,724)
Profit for the period		28,898	27,679	60,966	54,659
Attributable to:					
Shareholders of the Company		28,796	27,470	60,687	54,380
Non-controlling (minority) interests		102	209	279	279
Profit for the period		28,898	27,679	60,966	54,659
Earnings per share for the profit attributable to the shareholders of the Company during the period:					
Basic and diluted earnings per share (in EUR)		1.44	1.37	3.03	2.72

Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

	2 nd Quarter		1 st - 2 nd Quarter	
	Apr. 1 - Jun. 30, 2014	Apr. 1 - Jun. 30, 2013	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
(all amounts in thousands of EUR)				
Profit for the period	28,898	27,679	60,966	54,659
Profit (loss) directly recognized in equity:				
Measurement of defined benefit pension and severance obligations	(6,074)	2,019	(7,728)	2,019
Effects of income taxes	1,427	0	1,734	0
Total of items that will not be reclassified ("recycled") subsequently to the income statement	(4,647)	2,019	(5,994)	2,019
Foreign currency translations	8,017	(18,298)	(6,763)	(13,910)
Total of items that will be reclassified ("recycled") subsequently to the income statement	8,017	(18,298)	(6,763)	(13,910)
Total profit (loss) directly recognized in equity – net	3,370	(16,279)	(12,757)	(11,891)
Total profit for the period	32,268	11,400	48,209	42,768
Attributable to:				
Shareholders of the Company	32,110	11,349	48,051	42,512
Non-controlling (minority) interests	158	51	158	256
Total profit for the period	32,268	11,400	48,209	42,768

Consolidated Statements of Changes in Equity

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

	Notes	1 st - 2 nd Quarter					Non-controlling (minority) interests	Total equity
		Equity attributable to shareholders of the Company						
(all amounts in thousands of EUR)		Share capital	Additional paid-in capital	Retained earnings	Other reserves ¹⁾	Total		
Balance at January 1, 2014		80,000	172,658	928,642	(79,570)	1,101,730	10,072	1,111,802
Total profit for the period				60,687	(12,636)	48,051	158	48,209
Dividends paid	7			(96,000)		(96,000)	(340)	(96,340)
Change in majority interests				(134)		(134)	213	79
Balance at June 30, 2014		80,000	172,658	893,195	(92,206)	1,053,647	10,103	1,063,750
Balance at January 1, 2013		80,000	172,658	851,521	(43,041)	1,061,138	6,007	1,067,145
Total profit for the period				54,380	(11,868)	42,512	256	42,768
Dividends paid	7			(45,000)		(45,000)	(526)	(45,526)
Change in majority interests				(188)		(188)	(9)	(197)
Balance at June 30, 2013		80,000	172,658	860,713	(54,909)	1,058,462	5,728	1,064,190

¹⁾ Other reserves comprise the profit (loss) directly recognized in equity from foreign currency translations and from the measurement of defined benefit pension and severance obligations.

Consolidated Cash Flow Statements

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

	1 st - 2 nd Quarter	
	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
(all amounts in thousands of EUR)		
Profit for the period	60,966	54,659
Adjustments to reconcile profit for the period to net cash provided by operating activities excluding interest and taxes paid	67,630	61,538
Net cash provided by profit	128,596	116,197
Changes in working capital	(49,656)	(45,981)
Cash flow provided by operating activities excluding interest and taxes paid	78,940	70,216
Income taxes paid	(17,323)	(19,314)
CASH FLOW FROM OPERATING ACTIVITIES	61,617	50,902
CASH FLOW FROM INVESTING ACTIVITIES	(63,141)	(48,382)
CASH FLOW FROM FINANCING ACTIVITIES	(98,248)	(49,023)
Effect of exchange rate changes on cash and cash equivalents	(210)	(496)
Net change in cash and cash equivalents	(99,982)	(46,999)
Cash and cash equivalents at the beginning of the period	297,920	330,063
Cash and cash equivalents at the end of the period	197,938	283,064
Adjustments to reconcile cash and cash equivalents to total funds available to the Group:		
Current and non-current securities	5,022	6,111
Total funds available to the Group	202,960	289,175

Notes to the Consolidated Half-year Financial Statements

1 — GENERAL

These condensed consolidated half-year financial statements and notes thereto of Mayr-Melnhof Karton AG and its 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 interim condensed consolidated half-year financial statements do not include all the obligatory information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2013.

The condensed consolidated half-year financial statements have been prepared using the same accounting principles as for the consolidated financial statements as of December 31, 2013.

As of January 1, 2014 the following new or revised standards are initially applicable:

New standards	Content
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Revised standards	Content
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures
IAS 32 (2011)	Offsetting Financial Assets and Financial Liabilities
IAS 36 (2013)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (2013)	Novation of Derivatives and Continuation of Hedge Accounting
IFRS 10/11/12 (2012)	Transition Guidance
IFRS 10/12 and IAS 27 (2012)	Investment Entities

The first adoption of the new standards as well as the revised version of the existing standards did not have any significant impact on the condensed consolidated half-year financial statements.

The business performance of Mayr-Melnhof Karton AG is not generally affected by significant seasonal effects. Information regarding the cyclical influences on the business activities of the Group can be found in the half-year management report.

The discount rate for the valuation of the defined benefit pension respectively severance obligations is for both at 3.2 % (December 31, 2013: 3.6 % respectively 3.5 %).

2 — SIGNIFICANT CHANGES IN THE CONSOLIDATED COMPANIES

There have been no significant changes to the consolidation circle since December 31, 2013.

3 — DEVELOPMENT OF FIXED ASSETS

The Group spent a total of thous. EUR 65,484 (1st half of 2013: thous. EUR 49,468) on acquiring property, plant and equipment and intangible assets in the first half-year of 2014. The carrying amount of disposals of property, plant and equipment and intangible assets amounted to thous. EUR 567 (1st half of 2013: thous. EUR 567).

Depreciation and amortization on property, plant and equipment and intangible assets including goodwill amounted to thous. EUR 46,499 (1st half of 2013: thous. EUR 45,267).

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

	End of 2nd Quarter	Year-end
(all amounts in thousands of EUR)	Jun. 30, 2014	Dec. 31, 2013
Lands, similar land rights and buildings	257,677	258,963
Technical equipment and machines	317,469	325,906
Other equipment, fixtures and fittings	37,949	39,759
Construction in progress	65,078	39,273
Property, plant and equipment	678,173	663,901
	End of 2nd Quarter	Year-end
(all amounts in thousands of EUR)	Jun. 30, 2014	Dec. 31, 2013
Concessions, licenses and similar rights	6,909	6,515
Goodwill	77,356	77,357
Other intangible assets	16,011	17,457
Intangible assets including goodwill	100,276	101,329

4 — PURCHASE COMMITMENTS

On June 30, 2014 purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 44,313 (December 31, 2013: thous. EUR 26,262).

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.

The financial assets of the Group consist of securities, other financial assets, loans, trade receivables, other receivables and investments (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, 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 and financial liabilities, which were recognized at their fair value, are as follows:

	Level 2	
	End of 2 nd Quarter	Year-end
	Jun. 30, 2014	Dec. 31, 2013
(all amounts in thousands of EUR)		
Financial assets:		
Derivative financial instruments	490	571
Financial liabilities:		
Derivative financial instruments	799	958

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 disclosed fair values of foreign currency forward contracts (level 2 measurement) are 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, securities measured at amortized cost, cash and cash equivalents, share purchase price and option liabilities and other financial liabilities disclosed in the consolidated balance sheet represent an appropriate approximate value of the fair value.

The share purchase price and option liabilities amount to thous. EUR 26,602 as of June 30, 2014 (December 31, 2013: thous. EUR 26,145).

The available-for-sale financial assets include equity shares in non-consolidated companies as of June 30, 2014 in amount of thous. EUR 1,938 (December 31, 2013: thous. EUR 1,769). 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 acquisition cost. There is no intention to sell these equity shares, no derecognition or valuation results were recorded.

6 — INVENTORIES

In the first half-year of 2014 the write-downs of inventories recognized as an expense under costs of goods sold amounted to thous. EUR 6,514 (1st half of 2013: thous. EUR 4,099), the reversal of write-downs of inventories recognized as income amounted to thous. EUR 63 (1st half of 2013: thous. EUR 12).

7 — EQUITY

Dividend

By the 20th Ordinary Shareholder's Meeting, a dividend of EUR 2.40 (2012: EUR 2.25) as well as an anniversary bonus of EUR 2.40 (2012: EUR 0.00) per voting share, due on May 13, 2014, was resolved for the year 2013. On schedule a total of thous. EUR 96,000 (previous year: thous. EUR 45,000) was distributed to the shareholders.

8 — FINANCIAL LIABILITIES

Financial liabilities of the Group are as follows:

	End of 2nd Quarter	Year-end
(all amounts in thousands of EUR)	Jun. 30, 2014	Dec. 31, 2013
Non-current interest-bearing financial liabilities	104,046	104,124
Current interest-bearing financial liabilities	66,374	65,436
Interest-bearing financial liabilities	170,420	169,560

9 — DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

In the first half-year of 2014, there were no transactions with associated companies. In the first half-year of 2013 sales with associated companies amounted to thous. EUR 157. Cost of purchased material and services were at thous. EUR 427.

Raw materials for the production of cartonboard amounting to thous. EUR 4,582 were purchased from other related companies in the first half-year of 2014 (1st half of 2013: thous. EUR 4,069). On June 30, 2014, trade liabilities with other related companies amounted to thous. EUR 761 (December 31, 2013: thous. EUR 1,270).

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

10 — SEGMENT REPORTING INFORMATION

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

(all amounts in thousands of EUR)	1 st - 2 nd Quarter 2014			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	460,519	572,577	0	1,033,096
Intersegment sales	50,841	411	(51,252)	0
Total sales	511,360	572,988	(51,252)	1,033,096
Operating profit	39,040	49,617	0	88,657
Profit for the period	28,126	32,840	0	60,966
Segment assets ¹⁾	865,221	875,131	(72,183)	1,668,169
Segment liabilities ¹⁾	228,791	447,811	(72,183)	604,419

¹⁾ as of June 30, 2014

(all amounts in thousands of EUR)	1 st - 2 nd Quarter 2013			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	424,667	557,095	0	981,762
Intersegment sales	52,023	432	(52,455)	0
Total sales	476,690	557,527	(52,455)	981,762
Operating profit	26,921	50,574	0	77,495
Profit for the period	18,217	36,442	0	54,659
Segment assets ¹⁾	922,781	850,424	(70,750)	1,702,455
Segment liabilities ¹⁾	267,997	393,406	(70,750)	590,653

¹⁾ as of December 31, 2013

11 — SUBSEQUENT EVENTS

No events that require disclosure took place between the balance sheet date June 30, 2014 and the publication approval on August 18, 2014.

Statement of the Management Board

according to section 87 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year as well as of the major related party transactions to be disclosed.

Vienna, August 18, 2014

The Management Board

Wilhelm Hörmanseder m.p.
Chairman of the Management Board

Andreas Blaschke m.p.
Member of the Management Board

Franz Rappold m.p.
Member of the Management Board

Oliver Schumy m.p.
Member of the Management Board

Quarterly Overview

(according to IFRS for interim financial reporting, unaudited)

MAYR-MELNHOF GROUP

(consolidated, in millions of EUR)	1 st Quarter 2013	2 nd Quarter 2013	3 rd Quarter 2013	4 th Quarter 2013	1 st Quarter 2014	2 nd Quarter 2014
Sales	496.7	485.1	515.3	502.3	523.9	509.2
EBITDA	60.3	61.8	73.5	56.7	68.5	65.0
EBITDA margin (%)	12.1 %	12.7 %	14.3 %	11.3 %	13.1 %	12.8 %
Operating profit	38.4	39.1	52.7	35.2	46.2	42.5
Operating margin (%)	7.7 %	8.1 %	10.2 %	7.0 %	8.8 %	8.3 %
Profit before tax	36.2	37.2	48.8	34.2	43.3	39.4
Income tax expense	(9.2)	(9.5)	(10.7)	(4.1)	(11.2)	(10.5)
Profit for the period	27.0	27.7	38.1	30.1	32.1	28.9
Net profit margin (%)	5.4 %	5.7 %	7.4 %	6.0 %	6.1 %	5.7 %
Earnings per share (basic and diluted in EUR)	1.35	1.37	1.90	1.49	1.59	1.44

DIVISIONS

MM Karton

(in millions of EUR)	1 st Quarter 2013	2 nd Quarter 2013	3 rd Quarter 2013	4 th Quarter 2013	1 st Quarter 2014	2 nd Quarter 2014
Sales ¹⁾	237.6	239.1	249.5	238.4	259.4	252.0
Operating profit	11.3	15.6	25.7	12.7	18.8	20.2
Operating margin (%)	4.8 %	6.5 %	10.3 %	5.3 %	7.2 %	8.0 %
Tonnage sold (in thousands of tons)	404	399	410	386	408	398
Tonnage produced (in thousands of tons)	391	413	408	392	401	404

¹⁾ including interdivisional sales

MM Packaging

(in millions of EUR)	1 st Quarter 2013	2 nd Quarter 2013	3 rd Quarter 2013	4 th Quarter 2013	1 st Quarter 2014	2 nd Quarter 2014
Sales ¹⁾	285.6	271.9	292.0	289.2	290.4	282.6
Operating profit	27.1	23.5	27.0	22.5	27.4	22.3
Operating margin (%)	9.5 %	8.6 %	9.2 %	7.8 %	9.4 %	7.9 %
Tonnage processed (in thousands of tons)	168	166	168	169	178	173
Sheet equivalent (in millions)	465.7	459.2	475.9	472.9	501.8	484.8

¹⁾ including interdivisional sales

Mayr-Melnhof Shares

Relative performance of MM shares 2014 (December 30, 2013 = 100)



Share price (closing price)

as of August 11, 2014	87.21
2014 High	95.00
2014 Low	85.11
Stock performance (Year-end 2013 until August 11, 2014)	-3.10 %
Number of shares issued	20 million
Market capitalization as of August 11, 2014 (in millions of EUR)	1,744.20
Trading volume (average per day 1 st HY 2014 in millions of EUR)	1.32

We have prepared this report and checked 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. We wish to note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the forecasts contained in this report.

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.

Financial Calendar 2014 / 2015

November 13, 2014	Results for the first three quarters of 2014
March 24, 2015	Financial results for 2014
April 29, 2015	21 st Ordinary Shareholders' Meeting - Vienna
May 5, 2015	Ex-dividend day
May 12, 2015	Dividend payment date
May 19, 2015	Results for the 1 st quarter of 2015
August 18, 2015	Results for the 1 st half-year of 2015
November 12, 2015	Results for the first three quarters of 2015

Editorial information

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