



1Q 20

**REPORT FOR THE 1ST QUARTER OF 2020
MAYR-MELNHOF KARTON AG**

- Broadly continuous business development
- Profit increase due to significantly improved margin at MM Karton
- MM Packaging at previous year's level
- Due to short-term visibility no forecast for the current year

Group Key Indicators

| (consolidated, in millions of EUR) | 1 st Quarter | | +/- |
|---|-------------------------|------------------------|----------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 | |
| Consolidated sales | 646.6 | 642.9 | + 0.6 % |
| EBITDA | 98.9 | 90.9 | + 8.8 % |
| EBITDA margin (%) | 15.3 % | 14.1 % | |
| Operating profit | 64.6 | 57.2 | + 12.9 % |
| Operating margin (%) | 10.0 % | 8.9 % | |
| Profit before tax | 62.8 | 58.1 | + 8.1 % |
| Income tax expense | (17.7) | (14.4) | |
| Profit for the period | 45.1 | 43.7 | + 3.2 % |
| Net profit margin (%) | 7.0 % | 6.8 % | |
| Basic and diluted earnings per share (in EUR) | 2.25 | 2.17 | + 3.7 % |
| Cash earnings | 79.2 | 74.1 | + 6.9 % |
| Cash earnings margin (%) | 12.2 % | 11.5 % | |
| Capital expenditures (CAPEX) | 31.2 | 30.9 | + 1.0 % |
| Depreciation and amortization | 34.3 | 33.7 | + 1.8 % |

| | Balance sheet date | |
|-----------------------------------|--------------------|---------------|
| | Mar. 31, 2020 | Dec. 31, 2019 |
| Total equity (in millions of EUR) | 1,510.6 | 1,508.3 |
| Total assets (in millions of EUR) | 2,435.6 | 2,422.7 |
| Equity ratio (%) | 62.0 % | 62.3 % |
| Net debt (-) (in millions of EUR) | - 177.3 | - 218.6 |
| Employees | 9,957 | 10,014 |

Group Report

DEAR SHAREHOLDERS,

Your Company was able to close the first quarter of 2020 with a positive development of results, despite increasingly challenging conditions due to the Covid-19 pandemic. As a manufacturer of system-relevant products, cartonboard and cartonboard packaging for consumer staples, we recorded an overall good utilization and have been able to maintain production to a large extent.

While sales in the first three months of 2020 remained stable compared to the previous year, the operating profit increased significantly. This is mainly due to a strong development in the cartonboard division, which was particularly supported by favorable raw material and energy costs as well as a good maintenance of selling prices. In contrast, results of the packaging division remained close to the previous year's level mainly due to changes in the product mix.

The MM Group pursues highest possible continuity. However, due to short-term visibility and macro-economic uncertainties, a more detailed assessment for the current year is not possible.

The Management Board and Supervisory Board of Mayr-Melnhof Karton AG would like to thank all employees of the MM Group for their great commitment to maintain operations in this extraordinary situation due to Covid-19.

INCOME STATEMENT

The Group's consolidated sales amounted to EUR 646.6 million, slightly above the comparable figure for the previous year (1Q 2019: EUR 642.9 million).

Consolidated sales by destination

| (in %) | 1 st Quarter | |
|-------------------------------|-------------------------|------------------------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 |
| Western Europe | 56.7 % | 56.5 % |
| Eastern Europe (incl. Turkey) | 28.5 % | 28.1 % |
| Asia and MENA | 9.4 % | 9.5 % |
| The Americas | 4.3 % | 4.8 % |
| Other | 1.1 % | 1.1 % |
| Total | 100.0 % | 100.0 % |

EBITDA increased by 8.8 % to EUR 98.9 million (1Q 2019: EUR 90.9 million). The operating profit rose by 12.9 % or EUR 7.4 million to EUR 64.6 million (1Q 2019: EUR 57.2 million) and includes a liability recognized as expenses for the termination agreement with the former CEO in the amount of EUR -8.6 million, which was booked in equal shares in the divisions. In the first quarter of the previous year, one-off acquisition effects from the initial consolidation of the Tann-Group due to the recognition of the order backlog and inventory valuation were recorded in the amount of around EUR -7 million. The Group's operating margin increased to 10.0 % after 8.9 % in the comparable period.

Financial income totaling EUR 0.4 million (1Q 2019: EUR 0.4 million) contrasted with financial expenses of EUR -2.1 million (1Q 2019: EUR -2.0 million). The "Other financial result – net" amounted to EUR -0.1 million after EUR 2.5 million, whereby the previous year's figure was increased primarily by foreign currency gains.

Profit before tax rose by 8.1 % to EUR 62.8 million (1Q 2019: EUR 58.1 million). Income tax expense amounted to EUR 17.7 million (1Q 2019: EUR 14.4 million). This results in an increase of the effective Group tax rate to 28.2 % (1Q 2019: 24.8 %), which is mainly due to the tax effect of the liability for the termination agreement.

Profit for the period thus went up by 3.2 % to EUR 45.1 million (1Q 2019: EUR 43.7 million) and earnings per share from EUR 2.17 to EUR 2.25.

ASSETS, CAPITAL, AND LIQUID FUNDS

As of March 31, 2020, the Group's total assets amounted to EUR 2,435.6 million and were therefore EUR 12.9 million higher than the comparative figure as of December 31, 2019 (EUR 2,422.7 million). Total equity changed from EUR 1,508.3 million to EUR 1,510.6 million.

Financial liabilities, principally of a long-term character, decreased to EUR 318.3 million as of March 31, 2020 as a result of repayments, compared to EUR 345.4 million at the end of the previous year. This includes lease liabilities according to IFRS 16 in the amount of EUR 51.8 million (December 31, 2019: EUR 53.7 million). Total funds available to the Group amounted to EUR 141.0 million (December 31, 2019: EUR 126.8 million), resulting in net debt of EUR 177.3 million (December 31, 2019: EUR 218.6 million).

At EUR 1,020.5 million, current assets were higher than at year-end 2019 (EUR 980.5 million), while non-current assets declined from EUR 1,442.2 million to EUR 1,415.1 million.

CASH FLOW DEVELOPMENT

Cash flow from operating activities reached EUR 84.5 million, compared to EUR 76.1 million in the first quarter of the previous year. This increase is mainly due to the higher cash-effective result and lower payments for income taxes compared to the same period of the previous year.

The cash flow from investing activities changed from EUR -282.3 million to EUR -36.7 million, primarily due to the payment of the purchase price for the acquisition of the Tann-Group in the previous year. Payments for the purchase of property, plant and equipment and intangible assets increased from EUR 32.2 million to EUR 38.1 million. Investments mainly involved technological innovations and expansions in both divisions.

Cash flow from financing activities changed from EUR 89.7 million to EUR -28.7 million. Higher repayments contrasted with the use of short-term bank credit facilities to finance acquisitions in the previous year.

SUBSEQUENT EVENTS

Upon proposal of the Management Board and Supervisory Board of Mayr-Melnhof Karton AG, the 26th Annual Shareholder's Meeting on April 29, 2020 resolved to maintain the dividend at the previous year's level of EUR 3.20 per share for the financial year 2019 despite the current good order situation, instead of an increase to EUR 3.60 per share in parallel to the profit rise. This precautionary measure was taken in view of the expected recession resulting from the Covid-19 pandemic.

OUTLOOK

The macroeconomic consequences of the Covid-19 pandemic and the associated impact on our business remain difficult to assess. For certain, a recession is imminent whose extent, duration and development cannot be predicted. Even if the demand for our products, cartonboard and cartonboard packaging for consumer staples, has a certain resilience and is currently doing well overall, it is difficult for us to assess how much is attributable to end-consumption or stockpiling. On the cost side, we are facing price increases for the important raw material of recovered paper, which we are countering with higher prices for recycled fiber-based cartonboard.

Due to short-term visibility and macroeconomic uncertainties, a further assessment for the current year is not possible at the moment. In any case, sustained investment activity should further strengthen the competitiveness of MM.

DIVISIONS

DIVISIONS

MM Karton

Demand on the European cartonboard markets in the first quarter 2020 was characterized by continuity as well as increased order activity as from the end of the quarter. Against this background, MM Karton was able to perform well with high capacity utilization, a consistent pricing policy and a favorable cost development and to selectively gain market shares. At the outbreak of the Covid-19 pandemic, the supply chain was tense but manageable.

At 98 % (1Q 2019: 98 %), the division's capacities remained almost fully utilized. The average order backlog of MM Karton amounted to approximately 94,000 tons following 75,000 tons in the first three months of the previous year.

At 435,000 tons, production was slightly above the previous year's level (1Q 2019: 430,000 tons), while the volume sold was 5.5 % higher at 444,000 tons (1Q 2019: 421,000 tons). Around 85 % was sold in Europe and 15 % in markets outside Europe (1Q 2019: 82 %; 18 %).

On the procurement markets, prices for mixed recovered paper grades and energy showed a downward trend.

Sales increased moderately from EUR 271.3 million to EUR 273.5 million, while the operating profit rose significantly by 24.9 % or EUR 6.8 million to EUR 34.1 million (1Q 2019: EUR 27.3 million). The operating margin reached 12.5 % after 10.1 % in the comparable period.

Divisional indicators MM Karton

| (in millions of EUR) | 1 st Quarter | | +/- |
|---|-------------------------|------------------------|----------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 | |
| Sales ¹⁾ | 273.5 | 271.3 | + 0.8 % |
| Operating profit | 34.1 | 27.3 | + 24.9 % |
| Operating margin (%) | 12.5 % | 10.1 % | |
| Tonnage sold (in thousands of tons) | 444 | 421 | + 5.5 % |
| Tonnage produced (in thousands of tons) | 435 | 430 | + 1.2 % |

¹⁾ including interdivisional sales

MM Packaging

Similar to cartonboard, the development on the European folding carton markets was characterized by largely stable demand at the beginning of the year 2020. However, the outbreak of the Covid-19 pandemic and the related regulatory measures resulted in a significant increase in orders for packaging for food and other consumer staples from March onwards. In contrast, there was a sharp decline in high-value markets such as duty-free, luxury and cosmetics.

Thanks to good cooperation between the plants and flexible planning, it was possible to manage the major challenges in production and procurement, especially transport logistics. Nevertheless, temporary individual plant shutdowns from mid-March onwards could not be avoided.

At EUR 401.7 million and EUR 30.5 million, sales and operating profit in the first quarter remained at the previous year's level (1Q 2019: EUR 402.4 million and EUR 29.9 million), whereby also the operating margin of 7.6 % (1Q 2019: 7.4 %) hardly changed.

The tonnage processed rose by 4.5 % from 200,000 tons to 209,000 tons, mainly due to shifts in the product mix.

Divisional indicators MM Packaging

| (in millions of EUR) | 1 st Quarter | | +/- |
|--|-------------------------|------------------------|---------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 | |
| Sales ¹⁾ | 401.7 | 402.4 | - 0.2 % |
| Operating profit | 30.5 | 29.9 | + 2.0 % |
| Operating margin (%) | 7.6 % | 7.4 % | |
| Tonnage processed (in thousands of tons) | 209 | 200 | + 4.5 % |

¹⁾ including interdivisional sales

Consolidated Balance Sheets

| (all amounts in thousands of EUR) | End of 1 st Quarter | Year-end |
|--|--------------------------------|------------------|
| | Mar. 31, 2020 | Dec. 31, 2019 |
| ASSETS | | |
| Property, plant and equipment | 1,013,502 | 1,034,471 |
| Intangible assets including goodwill | 353,697 | 358,996 |
| Investments accounted for using the equity method, securities and other financial assets | 6,167 | 6,227 |
| Deferred tax assets | 41,733 | 42,454 |
| Non-current assets | 1,415,099 | 1,442,148 |
| Inventories | 338,552 | 363,539 |
| Trade receivables | 457,833 | 418,733 |
| Income tax receivables | 9,995 | 7,924 |
| Prepaid expenses and other current assets | 73,125 | 63,502 |
| Cash and cash equivalents | 141,033 | 126,807 |
| Current assets | 1,020,538 | 980,505 |
| TOTAL ASSETS | 2,435,637 | 2,422,653 |
| EQUITY AND LIABILITIES | | |
| Share capital | 80,000 | 80,000 |
| Additional paid-in capital | 172,658 | 172,658 |
| Retained earnings | 1,511,863 | 1,466,884 |
| Other reserves | (259,382) | (216,508) |
| Equity attributable to shareholders of the Company | 1,505,139 | 1,503,034 |
| Non-controlling (minority) interests | 5,431 | 5,275 |
| Total equity | 1,510,570 | 1,508,309 |
| Financial liabilities | 231,477 | 232,540 |
| Provisions for non-current liabilities and charges | 147,045 | 147,539 |
| Deferred tax liabilities | 38,613 | 39,692 |
| Non-current liabilities | 417,135 | 419,771 |
| Financial liabilities | 86,792 | 112,843 |
| Current tax liabilities | 33,710 | 27,185 |
| Trade liabilities | 230,513 | 219,562 |
| Deferred income and other current liabilities | 143,204 | 122,793 |
| Provisions for current liabilities and charges | 13,713 | 12,190 |
| Current liabilities | 507,932 | 494,573 |
| Total liabilities | 925,067 | 914,344 |
| TOTAL EQUITY AND LIABILITIES | 2,435,637 | 2,422,653 |

Consolidated Income Statements

| (all amounts in thousands of EUR, except per share data) | 1 st Quarter | |
|---|-------------------------|------------------------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 |
| Sales | 646,640 | 642,931 |
| Cost of sales | (478,486) | (494,548) |
| Gross margin | 168,154 | 148,383 |
| Other operating income | 4,926 | 2,657 |
| Selling and distribution expenses | (63,603) | (60,399) |
| Administrative expenses | (44,883) | (33,370) |
| Other operating expenses | (19) | (78) |
| Operating profit | 64,575 | 57,193 |
| Financial income | 374 | 363 |
| Financial expenses | (2,085) | (2,002) |
| Other financial result – net | (34) | 2,521 |
| Profit before tax | 62,830 | 58,075 |
| Income tax expense | (17,724) | (14,381) |
| Profit for the period | 45,106 | 43,694 |
| Attributable to: | | |
| Shareholders of the Company | 44,979 | 43,380 |
| Non-controlling (minority) interests | 127 | 314 |
| Profit for the period | 45,106 | 43,694 |
| Earnings per share for profit attributable to the shareholders of the Company during the period: | | |
| Basic and diluted earnings per share | 2.25 | 2.17 |

Consolidated Comprehensive Income Statements

| | 1 st Quarter | |
|--|-------------------------|------------------------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 |
| (all amounts in thousands of EUR) | | |
| Profit for the period | 45,106 | 43,694 |
| Other comprehensive income: | | |
| Actuarial valuation of defined benefit pension and severance obligations | 214 | (12,302) |
| Effect of income taxes | (58) | 2,560 |
| Total of items that will not be reclassified subsequently to the income statement | 156 | (9,742) |
| Foreign currency translations | (43,001) | 12,038 |
| Total of items that will be reclassified subsequently to the income statement | (43,001) | 12,038 |
| Other comprehensive income (net) | (42,845) | 2,296 |
| Total comprehensive income | 2,261 | 45,990 |
| Attributable to: | | |
| Shareholders of the Company | 2,105 | 45,508 |
| Non-controlling (minority) interests | 156 | 482 |
| Total comprehensive income | 2,261 | 45,990 |

Consolidated Statements of Changes in Equity

| | Equity attributable to shareholders of the Company | | | | | | Total | Non-controlling (minority) interests | Total equity |
|--|--|----------------------------|-------------------|-------------------------------|----------------------------|------------------|------------------|--------------------------------------|------------------|
| | Share capital | Additional paid-in capital | Retained earnings | Other comprehensive income | | | | | |
| | | | | Foreign currency translations | Actuarial gains and losses | Other reserves | | | |
| (all amounts in thousands of EUR) | | | | | | | | | |
| Balance at January 1, 2020 | 80,000 | 172,658 | 1,466,884 | (150,580) | (65,928) | (216,508) | 1,503,034 | 5,275 | 1,508,309 |
| Profit for the period | 0 | 0 | 44,979 | 0 | 0 | 0 | 44,979 | 127 | 45,106 |
| Other comprehensive income | 0 | 0 | 0 | (43,021) | 147 | (42,874) | (42,874) | 29 | (42,845) |
| Total comprehensive income | 0 | 0 | 44,979 | (43,021) | 147 | (42,874) | 2,105 | 156 | 2,261 |
| Transactions with shareholders: | | | | | | | | | |
| Change in majority interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at March 31, 2020 | 80,000 | 172,658 | 1,511,863 | (193,601) | (65,781) | (259,382) | 1,505,139 | 5,431 | 1,510,570 |
| Balance at January 1, 2019 | 80,000 | 172,658 | 1,341,132 | (159,784) | (51,411) | (211,195) | 1,382,595 | 2,164 | 1,384,759 |
| Profit for the period | 0 | 0 | 43,380 | 0 | 0 | 0 | 43,380 | 314 | 43,694 |
| Other comprehensive income | 0 | 0 | 0 | 11,862 | (9,734) | 2,128 | 2,128 | 168 | 2,296 |
| Total comprehensive income | 0 | 0 | 43,380 | 11,862 | (9,734) | 2,128 | 45,508 | 482 | 45,990 |
| Transactions with shareholders: | | | | | | | | | |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (5) | (5) |
| Change in majority interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,613 | 3,613 |
| Balance at March 31, 2019 | 80,000 | 172,658 | 1,384,512 | (147,922) | (61,145) | (209,067) | 1,428,103 | 6,254 | 1,434,357 |

Consolidated Cash Flow Statements

| | 1 st Quarter | |
|---|-------------------------|------------------------|
| | Jan. 1 - Mar. 31, 2020 | Jan. 1 - Mar. 31, 2019 |
| (all amounts in thousands of EUR) | | |
| Profit for the period | 45,106 | 43,694 |
| Adjustments to reconcile profit for the period to net cash from operating activities excluding interest and taxes paid | 58,815 | 46,092 |
| Net cash from profit | 103,921 | 89,786 |
| Changes in working capital | (5,982) | 2,828 |
| Cash flow from operating activities excluding interest and taxes paid | 97,939 | 92,614 |
| Income taxes paid | (13,461) | (16,485) |
| CASH FLOW FROM OPERATING ACTIVITIES | 84,478 | 76,129 |
| Payments for property, plant and equipment, and intangible assets (incl. payments on account) | (38,122) | (32,197) |
| Payments for acquisition of companies or other business entities, net of cash and cash equivalents acquired (1Q 2020: thous. EUR 0; 1Q 2019: thous. EUR 19,145) | 0 | (250,946) |
| Other items | 1,421 | 893 |
| CASH FLOW FROM INVESTING ACTIVITIES | (36,701) | (282,250) |
| Change in financial liabilities | (27,315) | 90,899 |
| Other items | (1,366) | (1,186) |
| CASH FLOW FROM FINANCING ACTIVITIES | (28,681) | 89,713 |
| Effect of exchange rate changes on cash and cash equivalents | (4,870) | 1,792 |
| Change in cash and cash equivalents | 14,226 | (114,616) |
| Cash and cash equivalents at the beginning of the period (according to the consolidated balance sheet) | 126,807 | 260,982 |
| Cash and cash equivalents at the end of the period (according to the consolidated balance sheet) | 141,033 | 146,366 |

Quarterly Overview

MAYR-MELNHOF GROUP

| (consolidated, in millions of EUR) | 1 st Quarter 2019 | 2 nd Quarter 2019 | 3 rd Quarter 2019 | 4 th Quarter 2019 | 1 st Quarter 2020 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sales | 642.9 | 632.6 | 648.8 | 620.1 | 646.6 |
| EBITDA | 90.9 | 100.7 | 105.6 | 92.4 | 98.9 |
| EBITDA margin (%) | 14.1 % | 15.9 % | 16.3 % | 14.9 % | 15.3 % |
| Operating profit | 57.2 | 66.8 | 71.6 | 59.7 | 64.6 |
| Operating margin (%) | 8.9 % | 10.6 % | 11.0 % | 9.6 % | 10.0 % |
| Profit before tax | 58.1 | 64.5 | 71.6 | 56.9 | 62.8 |
| Income tax expense | (14.4) | (15.9) | (17.6) | (13.0) | (17.7) |
| Profit for the period | 43.7 | 48.6 | 54.0 | 43.9 | 45.1 |
| Net profit margin (%) | 6.8 % | 7.7 % | 8.3 % | 7.1 % | 7.0 % |
| Earnings per share (basic and diluted in EUR) | 2.17 | 2.42 | 2.70 | 2.20 | 2.25 |

DIVISIONS

MM Karton

| (in millions of EUR) | 1 st Quarter 2019 | 2 nd Quarter 2019 | 3 rd Quarter 2019 | 4 th Quarter 2019 | 1 st Quarter 2020 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sales ¹⁾ | 271.3 | 270.2 | 271.5 | 265.3 | 273.5 |
| Operating profit | 27.3 | 30.3 | 29.8 | 23.1 | 34.1 |
| Operating margin (%) | 10.1 % | 11.2 % | 11.0 % | 8.7 % | 12.5 % |
| Tonnage sold (in thousands of tons) | 421 | 426 | 432 | 426 | 444 |
| Tonnage produced (in thousands of tons) | 430 | 437 | 436 | 420 | 435 |

¹⁾ including interdivisional sales

MM Packaging

| (in millions of EUR) | 1 st Quarter 2019 | 2 nd Quarter 2019 | 3 rd Quarter 2019 | 4 th Quarter 2019 | 1 st Quarter 2020 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sales ¹⁾ | 402.4 | 388.0 | 404.2 | 383.4 | 401.7 |
| Operating profit | 29.9 | 36.5 | 41.8 | 36.6 | 30.5 |
| Operating margin (%) | 7.4 % | 9.4 % | 10.3 % | 9.5 % | 7.6 % |
| Tonnage processed (in thousands of tons) | 200 | 192 | 199 | 194 | 209 |

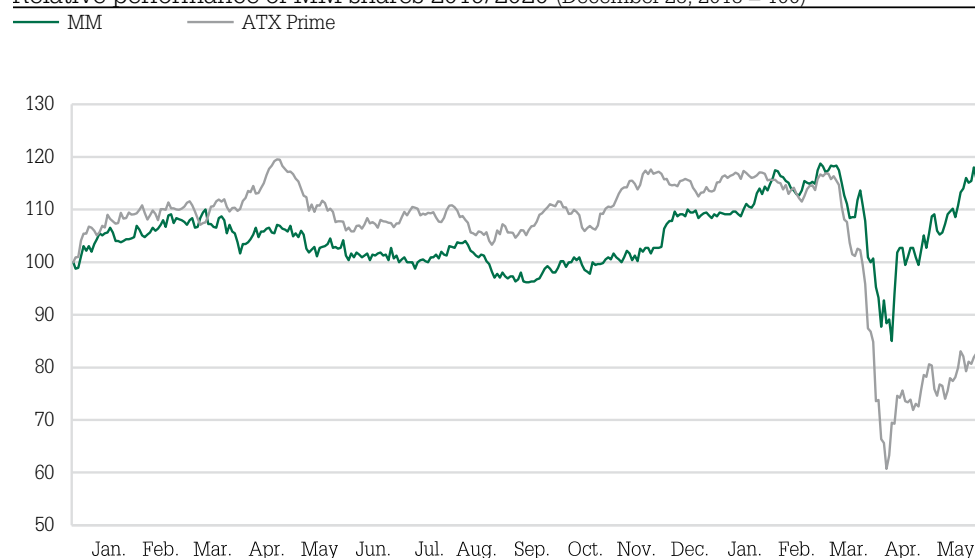
¹⁾ including interdivisional sales

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

The results of the first half-year of 2020 will be published on August 20, 2020.

Mayr-Melnhof Shares

Relative performance of MM shares 2019/2020 (December 28, 2018 = 100)



| | |
|---|------------|
| Share price (closing price) | |
| as of May 11, 2020 | 127.00 |
| 2020 High | 130.60 |
| 2020 Low | 93.50 |
| Stock performance (Year-end 2019 until May 11, 2020) | + 6.19 % |
| Number of shares issued | 20 million |
| Market capitalization as of May 11, 2020 (in millions of EUR) | 2,540.00 |
| Trading volume (average per day 1Q 2020 in millions of EUR) | 2.89 |

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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