



MM Karton acquires Kotkamills Group Oyj

December 9, 2020



Transaction Highlights

- Acquisition of 100% of the outstanding shares of Kotkamills Group Oyj (“Kotkamills”), representing a total Enterprise Value of approximately €425 millions
- Funded from committed credit lines
- Immediately accretive to MM Group earnings
- Multiple synergies avenues under management control
- Transaction is subject to completion of required regulatory approvals and other customary conditions



Compelling Strategic Rationale

Strengthen Mayr-Melnhof Group's competitive position in a growing European FBB and FSB market versus the two market leaders

Create a strong second pillar in addition to Coated Recycled Board (RCB) and Coated Liner

Offer barrier coated FSB solutions which can replace plastic and PE-coated board

Benefit from ramp-up of FBB and FSB volumes (from current sales volumes of 260kt to planned capacity of 400kt)

Diversify the business by adding a new product
(with Kotkamills' strong competitive position in high-quality Saturating Base Kraft)

Harvest synergy potential



Kotkamills Oyj: Company Description

Business Overview

- With over 100+ years of history, Kotkamills is a global player in the production of environmentally friendly coated paperboard and saturating base kraft paper
- Two product groups:
 - **Consumer Board:** includes production of Folding Boxboard (FBB) and Foodservice Board (FSB)
 - Total coated paperboard capacity (“BM2”) of 400kt, with 2020 sales volumes of ~260kt
 - **Industrial Products:** includes production of Saturating Base Kraft papers (PM1 capacity of 170kt) sold under the Absorbex® brand and structural wood products from the integrated sawmill
- Operates through one dedicated manufacturing facility located in Kotka (Finland)
- Headquartered in Finland and employing c.500 people

Product Offering

Consumer Boards

AEGLÉ®



Fully coated board with coated / uncoated reverse

ISLA®



Cupstock with dispersion barrier

Industrial Products

ABSORBEX®



Kitchen Table Tops



Wall Panels

wood



Profile boards / Basic Construction



Manufacturing Site & Facilities



Kotkamills houses two board / paper machines, a sawmill and three fibre preparation plants



Key Combined Financials Overview

(€ in millions)



LTM Sep-20



Estimates

Pro Forma

Excluding Synergies

Revenue

2,524



~380



~2,900

EBITDA &
EBITDA Margin

400
(15.8%)

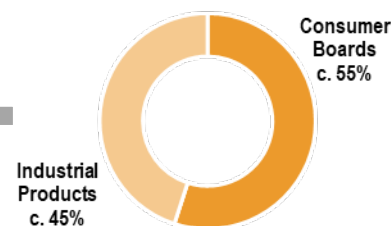


~55
(~15%)

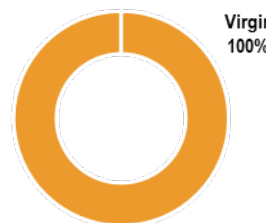
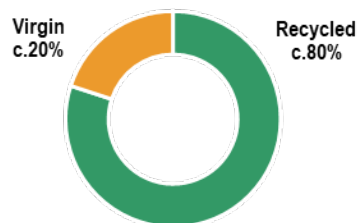


~455
(~16%)

Revenue By
Segment



Volume
Produced By
Fibre Source



(1) All of Kotkamills Consumer Boards and Industrial Products segments are integrated into MM's Karton segment
Note: All figures excluding synergies



Key Takeaways

Revenue ~ EUR 380 million

- ~55% Consumer Boards, ~45% Industrial Products

Enterprise Value ~ EUR 425 million, c. 7.8x EBITDA (pre-synergies)

- Funded from committed credit lines

Strategic Rationale

- Unique expertise in environmentally friendly paperboard and leading player in saturating base kraft papers
- In line with Mayr Melnhof's strategy to grow through integration of high-quality virgin-fiber assets
- Major step in MM's sustainability strategy offering innovative solutions for plastic replacement
- Strong complementary manufacturing and commercial capabilities

Impact on MM Group

- Immediately accretive to MM Group earnings
- Multiple sources of synergies under management control
- Balance sheet to remain solid