



PRESS RELEASE

August 20, 2019

Results for the 1st Half-Year 2019

- Significant increase in sales and results following acquisition
- Integration of Tann-Group meets expectations
- MM Karton with strong performance
- Muted demand increases pressure on prices
- Keeping up quality of results - goal and challenge at the same time

The Mayr-Melnhof Group was able to maintain well its position as a whole in the first half-year of 2019 in an environment marked by increasingly muted demand and growing competitive intensity. After six months, key profit figures of the MM Group are significantly above those of the previous year due to continued profit growth in the second quarter.

This development is affected, on the one hand, by the initial consolidation of the Tann-Group in the MM Packaging division and, on the other hand, by a strong performance of MM Karton as a result of solid volumes and prices.

Restrained demand and increasing pressure on prices still characterize the current market situation. Continuing the high level of profitability of the second quarter is therefore a challenge for the third quarter of this year.

GROUP KEY INDICATORS - IFRS

consolidated, in millions of EUR, IFRS	1 st HY/2019	1 st HY/2018	+/-
Sales	1,275.5	1,170.6	+9.0 %
EBITDA	191.6	167.4	+14.5 %
EBITDA margin (in %)	15.0 %	14.3 %	
Operating profit	124.0	114.3	+8.5 %
Operating margin (in %)	9.7 %	9.8 %	
Profit before tax	122.6	111.8	+9.7 %
Income tax expense	(30.3)	(28.1)	
Profit for the period	92.3	83.7	+10.3 %
Net profit margin (in %)	7.2 %	7.2 %	
Earnings per share (in EUR)	4.59	4.17	
Employees	10,176	9,445 ¹⁾	
Capital expenditures (CAPEX)	61.2	51.7	
Depreciation and amortization	67.6	53.1	

¹⁾ as of December 31, 2018

The consolidated sales of the Group rose by 9.0 %, or EUR 104.9 million, to EUR 1,275.5 million (1st half of 2018: EUR 1,170.6 million), with growth resulting primarily from the packaging division following the acquisition. EBITDA increased by 14.5 % to EUR 191.6 million (1st half of 2018: EUR 167.4 million).

At EUR 124.0 million, the operating profit was 8.5 %, or EUR 9.7 million, above the previous year's value (1st half of 2018: EUR 114.3 million). One-off acquisition effects from the initial consolidation of the Tann-Group totaling EUR -4.8 million were reported due to recognition of order backlog and inventory measurement. The operating margin was at 9.7 % (1st half of 2018: 9.8 %).

Financial income of EUR 0.7 million (1st half of 2018: EUR 0.6 million) was offset by financial expenses of EUR -4.0 million (1st half of 2018: EUR -3.0 million). "Other financial result – net" rose to EUR 1.9 million (1st half of 2018: EUR -0.1 million), in particular as a result of foreign currency gains.

Profit before tax increased accordingly by 9.7 % to EUR 122.6 million (1st half of 2018: EUR 111.8 million). Income tax expense amounted to EUR 30.3 million (1st half of 2018: EUR 28.1 million). The effective Group tax rate at 24.7 % was slightly below the previous year's level (1st half of 2018: 25.1 %).

The profit for the period accordingly rose by 10.3 % to EUR 92.3 million (1st half of 2018: EUR 83.7 million).

Please refer to the notes to the half-year financial report for details about consolidation of the acquisition.

DEVELOPMENT IN THE SECOND QUARTER

In the second quarter of 2019, both sales and operating profit were above the previous year's level owing to the acquisition as well as to an improvement in the current business of the cartonboard division. A profit increase was also achieved compared to the first quarter of the present year despite slightly lower sales.

With a capacity utilization of 98 % (1Q 2019: 98 %; 2Q 2018: 99 %), stable average prices and optimized costs, the cartonboard division reached a favourable operating margin of 11.2 % (1Q 2019: 10.1 %; 2Q 2018: 10.6 %).

In the packaging division the initial inclusion of the Tann-Group influenced the development of key indicators again in the second quarter. The operating margin was 9.4 % (1Q 2019: 7.4 %; 2Q 2018: 8.6 %).

Consolidated sales of the Group were at EUR 632.6 million (1Q 2019: EUR 642.9 million; 2Q 2018: EUR 578.5 million). The Group's operating profit reached EUR 66.8 million, after EUR 57.2 million in the first quarter of 2019 and EUR 57.2 million in the second quarter of the previous year. The Group's operating margin rose accordingly to 10.6 % (1Q 2019: 8.9 %; 2Q 2018: 9.9 %). The profit for the period increased to EUR 48.6 million (1Q 2019: EUR 43.7 million; 2Q 2018: EUR 42.0 million).

OUTLOOK

Muted demand, short-term planning of customers and increasing pressure on prices continue to characterize the market environment. Nevertheless, the goal stays on maintaining the Group's quality of results the best possible through intensified market penetration as well as a consequent price policy and programs aimed at increasing cost efficiency. The investment activity is unabated geared towards this with a focus on the use of state-of-the-art technology and optimizations within the product portfolio. Special attention will be paid to the continuation of the long-term growth course. Maintaining the strong profitability of the second quarter is a challenge for the third quarter.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1 st HY/2019	1 st HY/2018	+/-
Sales¹⁾	541.5	531.0	+2.0 %
Operating profit	57.6	55.6	+3.6 %
Operating margin (in %)	10.6 %	10.5 %	
Tonnage sold (in thousands of tons)	847	837	+1.2 %
Tonnage produced (in thousands of tons)	867	842	+3.0 %

¹⁾ including interdivisional sales

The demand situation on the European cartonboard markets developed increasingly subdued in the first half-year of 2019 as a result of more restrained planning of customers with a noticeable rise in competition over all product groups.

MM Karton nevertheless succeeded in maintaining well its position in terms of both volumes and result. The disciplined price policy and the focus on the sale of products with higher value added were consistently pursued. At 98 % (1st half of 2018: 99 %), capacity utilization in the division was at a sustained high level. The division's average order backlog was 77,000 tons, following 83,000 tons in the first half of the previous year.

On procurement markets stable recovered paper prices for mixed qualities contrasted with a gradual decline in prices for pulp-based raw materials from the high level at the beginning of the year.

Tonnage produced as well as tonnage sold, at 867,000 tons and 847,000 tons respectively, were slightly above the previous year's values (1st half of 2018: 842,000 tons and 837,000 tons respectively). As last year, around 82 % was sold in Europe and 18 % in markets outside of Europe.

Sales increased as a result of slightly improved volumes and average prices by 2.0 % to EUR 541.5 million (1st half of 2018: EUR 531.0 million). Operating profit rose by 3.6 % to EUR 57.6 million (1st half of 2018: EUR 55.6 million), whereby, at 10.6 %, the good operating margin of the previous year (1st half of 2018: 10.5 %) could be maintained.

MM Packaging

in millions of EUR, IFRS	1st HY/2019	1 st HY/2018	+/-
Sales¹⁾	790.4	696.4	+13.5 %
Operating profit	66.4	58.7	+13.1 %
Operating margin (in %)	8.4 %	8.4 %	
Tonnage processed (in thousands of tons)	392	395	-0.8 %
Sheet equivalent (in millions)	1,374.0	1,168.3	+17.6 %

¹⁾ including interdivisional sales

After a stable beginning of the year, demand on European main markets turned increasingly volatile and was thus below the strong first half of the previous year. Against the background of a commencing economic slowdown and capacity reserves in the industry, the market environment remained marked by strong competition.

In this environment, MM Packaging could not maintain capacity utilization of individual plants at a consistently high level, but reported an overall sustainable development. Necessary measures to acquire new business and increase cost efficiency were consequently implemented.

The income statement of MM Packaging is primarily characterized by the initial inclusion of the acquisition of the Tann-Group, which developed according to expectations.

Sales grew by 13.5 %, or EUR 94.0 million, from EUR 696.4 million to EUR 790.4 million. The number of processed standard sheets (sheet equivalent) went up by 17.6 % to 1,374.0 million (1st half of 2018: 1,168.3 million).

Operating profit, at EUR 66.4 million, was 13.1 % above the comparative period (1st half of 2018: EUR 58.7 million), with one-off effects from the initial consolidation of the Tann-Group in the amount of EUR -4.8 million reducing the result. The operating margin thus remained unchanged at 8.4 % (1st half of 2018: 8.4 %).

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2018	2Q/2018	3Q/2018	4Q/2018	1Q/2019	2Q/2019
Sales	592.1	578.5	592.5	574.6	642.9	632.6
EBITDA	83.6	83.8	84.7	72.3	90.9	100.7
EBITDA margin (in %)	14.1 %	14.5 %	14.3 %	12.6 %	14.1 %	15.9 %
Operating profit	57.1	57.2	58.0	44.8	57.2	66.8
Operating margin (in %)	9.6 %	9.9 %	9.8 %	7.8 %	8.9 %	10.6 %
Profit before tax	55.6	56.2	57.2	48.9	58.1	64.5
Income tax expense	(13.9)	(14.2)	(14.5)	(11.1)	(14.4)	(15.9)
Profit for the period	41.7	42.0	42.7	37.8	43.7	48.6
Net profit margin (in %)	7.0 %	7.3 %	7.2 %	6.6 %	6.8 %	7.7 %
Earnings per share (in EUR)	2.08	2.09	2.13	1.88	2.17	2.42

¹⁾ Operating profit plus depreciation and amortization

DIVISIONS

MM KARTON

in millions of EUR, IFRS	1Q/2018	2Q/2018	3Q/2018	4Q/2018	1Q/2019	2Q/2019
Sales²⁾	268.3	262.7	268.9	262.3	271.3	270.2
Operating profit	27.7	27.9	24.3	16.5	27.3	30.3
Operating margin (in %)	10.3 %	10.6 %	9.0 %	6.3 %	10.1 %	11.2 %
Tonnage sold (in thousands of tons)	419	418	423	403	421	426
Tonnage produced (in thousands of tons)	416	426	429	393	430	437

²⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/2018	2Q/2018	3Q/2018	4Q/2018	1Q/2019	2Q/2019
Sales²⁾	354.3	342.1	348.9	338.9	402.4	388.0
Operating profit	29.4	29.3	33.7	28.3	29.9	36.5
Operating margin (in %)	8.3 %	8.6 %	9.7 %	8.4 %	7.4 %	9.4 %
Tonnage processed (in thousands of tons)	199	196	189	182	200	192
Sheet equivalent (in millions)	587.0	581.3	562.5	539.9	683.1	690.9

²⁾ including interdivisional sales

The Half-Year Financial Report 2019 as well as the CEO video presentation and the details for today's CEO Conference Call are available on our website: www.mayr-melnhof.com

Forthcoming results:

November 14, 2019 Results for the first three quarters of 2019

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