



## MM Karton acquires IP Kwidzyn

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February 12, 2021



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# Transaction Highlights

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- Acquisition of 100% of the outstanding shares in International Paper (Poland) Holding sp. z.o.o. (“Kwidzyn”) from International Paper for an Enterprise Value of approximately EUR 670 million. In addition MM is assuming c. EUR 33 million of usufruct and operating lease liabilities
- Funded from credit lines and the issue of a Schuldschein
- Immediately accretive to MM Group earnings
- Attractive development potential and synergies under management control
- The transaction is subject to customary closing conditions. Closing of the transaction is expected in Q3 2021



# Compelling Strategic Rationale

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Expand Mayr-Melnhof Group's competitive position versus the two market leaders in the growing European FBB segment with more innovation in sustainable products and a broader service offering

Enter the attractive flexible fiber-based packaging segment with iPack (MF kraft paper) for plastic substitution

Enter the Uncoated Fine Paper (UWF) segment via an established low cost producer

Leverage the favourable cost position for further growth in FBB or other packaging grades

Harvest synergy potential



# IP Kwidzyn: Company Description

## Business Overview

- The integrated Board and Paper mill in Kwidzyn (Poland), operates four integrated cartonboard/paper machines and a fully integrated pulp mill with around 400,000 tons of annual capacity
- It is an attractive supplier in the European market due to the high quality of its products and a favourable cost position
- Three product groups:
  - **Consumer Board:** Kwidzyn's flagship production
    - FBB board machine with current sales and production of around 260,000 tons
  - **Kraft Paper:** Attractive flexible fiber-based packaging with iPack
    - Flexible packaging applications in trade and industry (iPack) aiming at a gradual production increase towards full capacity of 75,000 tons
  - **Uncoated Fine Paper:** Copy and printing paper
    - Low cost producer with two copy paper machines (UWF) at 410,000 tons total capacity

## Selected Product Offering

### Consumer Boards



GC1



GC2

### Kraft Paper

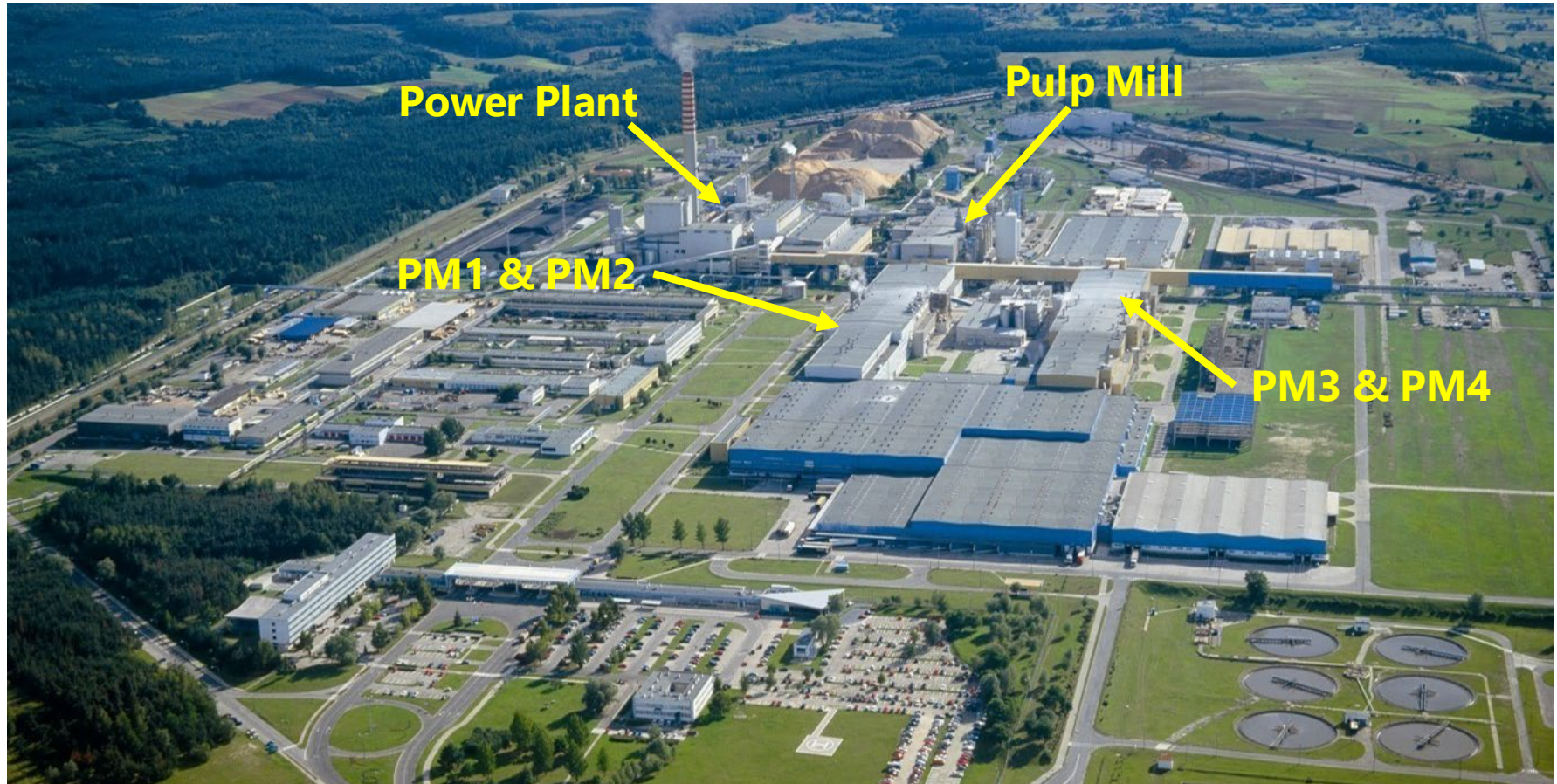


### Uncoated Fine Paper





# Manufacturing Site & Facilities



IP Kwidzyn operates an integrated mill with a favourable cost position in its addressed markets



# Key Combined Pro Forma Financials Overview



IP Kwidzyn

Pro Forma

(EUR in millions)

Excluding Synergies

Estimates

Excluding Synergies

Revenue

c. 2,900



c. 510



c. 3,410

Adj. EBITDA & % Margin

c. 455  
(c.16%)



c. 92<sup>(3)</sup>  
(c.18%)



c. 547  
(c.16%)

Revenue By Segment

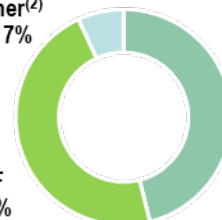
MM Karton<sup>(1)</sup>  
c. 45%



MM Packaging  
c. 55%



Other<sup>(2)</sup>  
c. 7%

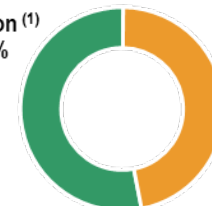


UWF  
c. 47%

FBB  
c. 46%



MM Karton<sup>(1)</sup>  
c. 53%



MM Packaging  
c. 47%

MM Karton Volumes Produced By Fiber Source

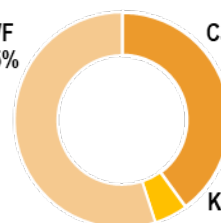
Virgin  
c.35%



Recycled  
c.65%



UWF  
c.55%

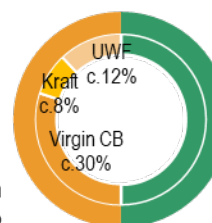


Cartonboard  
c.40%

Kraft  
c.5%



UWF  
c.12%



Kraft  
c.8%

Virgin CB  
c.30%

Recycled  
c.50%

(1) All of Kwidzyn and Kotkamills revenues are integrated into MM's Karton segment

(2) Other includes revenues from Kraft Paper, Market Pulp and discontinued Newsprint

(3) Adjusted EBITDA includes adjustments in relation to CO2 costs, usufruct and operating lease costs in accordance with IFRS treatments as well as adding back US HQ costs

Note: All financials refer to 2020 and exclude synergies



# Key Takeaways

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Revenue c. EUR 510 million, Adj. EBITDA of c. EUR 92 million<sup>(1)</sup>

- Revenue split: c. 46% FBB, c. 47% Uncoated Fine Paper, Other (incl. Kraft Paper) c. 7%
- Adjusted EBITDA: Approximately 2/3 generated by FBB

Enterprise Value c. EUR 703 million<sup>(2)</sup>, c. 7.6x<sup>(1,2)</sup> EBITDA (pre-synergies)

- Assuming usufruct and operating lease liabilities of c. EUR 33 million
- Funded from committed credit lines and the issue of a Schuldschein

## Strategic Rationale

- In line with Mayr-Melnhof's strategy to grow through integration of high-quality virgin-fiber assets
- Add European high-class asset with recognized high quality products and a favourable cost position
- Leverage the favourable cost position for further growth in FBB or other packaging grades

## Impact on MM Group

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

<sup>(1)</sup> Adjusted EBITDA includes adjustments in relation to CO2 costs, usufruct and operating lease costs in accordance with IFRS treatments as well as adding back US HQ costs

<sup>(2)</sup> Including EUR 33 million of usufruct and operating lease liabilities.