

## PRESS RELEASE

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## ANNUAL RESULTS 2020

- Solid business performance
- Sales at previous year's level
- Earnings below last year due to structural and market-related one-off effects
- Stable dividend – EUR 3.20/share
- Course set for growth through sustainability, innovation and efficiency
- Currently strongly increasing input prices put pressure on cartonboard margins

The Mayr-Melnhof Group was able to close the financial year 2020 with a solid volume and cash flow development despite challenging general conditions. The concentration of the business portfolio on cartonboard and cartonboard packaging for consumer staples allowed for a certain resilience.

While sales almost reached the previous year's level, profit figures were, as expected, below the previous year due to one-off effects, primarily from market- and structure-related adjustments. These had an impact of EUR 64.0 million on the operating profit for 2020, with a large part attributable to impairment of current and non-current assets and personnel expenses.

In its current business, the cartonboard division benefited in particular from favorable raw material and energy costs. The packaging division showed a solid performance mainly due to the overall good volume development.

Growth through efficiency and innovation in sustainable cartonboard and fiber-based packaging solutions are the strategic focus of the MM Group. The recently concluded agreements on the acquisition of Kotkamills, Finland, and Kwidzyn, Poland, in the virgin fiber-based cartonboard sector and the intensified investment program 2021 – 2022 for sites with cost benefits are transformative milestones on this path, and offer an attractive potential.

At the 27<sup>th</sup> Annual General Meeting on April 28, 2021, a stable dividend compared to the previous year of EUR 3.20 per share will be proposed for the financial year 2020.

consolidated, in millions of EUR, IFRS	2020	2019	+/-
<b>Sales</b>	<b>2,528.4</b>	2,544.4	-0.6 %
<b>EBITDA</b>	<b>398.9</b>	389.6	+2.4 %
<b>Operating profit</b>	<b>231.4</b>	255.3	-9.4 %
Operating margin (in %)	9.2 %	10.0 %	- 88 bp
<b>Profit before tax</b>	<b>222.1</b>	251.1	-11.6 %
Income tax expense	(59.9)	(60.9)	
<b>Profit for the year</b>	<b>162.2</b>	190.2	-14.7 %
Net profit margin (in %)	6.4 %	7.5 %	
Earnings per share (in EUR)	8.06	9.49	
Cash flow from operating activities	318.2	331.4	-4.0 %
Employees	9,938	10,014	
Capital expenditures (CAPEX)	157.6	151.0	
Depreciation and amortization <sup>1)</sup>	167.5	134.3	

<sup>1)</sup> including impairment of property, plant and equipment and intangible assets

Consolidated sales of the Group reached EUR 2,528.4 million and were thus close to the previous year's level (2019: EUR 2,544.4 million). A volume-related increase in sales in the packaging division was offset by a price-related decline in the cartonboard division.

EBITDA rose by 2.4 % or EUR 9.3 million to EUR 398.9 million (2019: EUR 389.6 million), the EBITDA margin to 15.8 % (2019: 15.3 %). At EUR 231.4 million, the operating profit was 9.4 % or EUR 23.9 million below the previous year (2019: EUR 255.3 million). This includes one-off expenses of EUR 64.0 million, in particular from necessary market- and structure-related adjustments. Thereof, EUR 40.2 million are attributable to the cartonboard division and EUR 23.8 million to the packaging division. Depreciation and amortization including impairment thus increased from EUR 134.3 million to EUR 167.5 million. The result of the packaging division, which was close to the previous year's level, was offset by a decline in the cartonboard division. The Group's operating margin therefore amounted to 9.2 % (2019: 10.0 %), the return on capital employed to 13.7 % (2019: 15.4 %).

Financial income of EUR 1.7 million (2019: EUR 1.4 million) contrasted with financial expenses of EUR -7.9 million (2019: EUR -8.4 million). The "Other financial result - net" changed to EUR -3.2 million (2019: EUR 2.8 million), mainly due to changes in the foreign currency result.

Accordingly, profit before tax of EUR 222.1 million was 11.6 % lower than in the previous year (2019: EUR 251.1 million). Income tax expense amounted to EUR 59.8 million (2019: EUR 60.9 million), resulting in an effective Group tax rate of 27.0 % (2019: 24.3 %).

Profit for the year amounted to EUR 162.2 million (2019: EUR 190.2 million).

## **CONSOLIDATED BALANCE SHEET**

The Group's total assets of EUR 2,399.6 million by December 31, 2020 were EUR 23.1 million lower than at year-end 2019 (EUR 2,422.7 million). The Group's total equity rose from EUR 1,508.3 million (December 31, 2019) to EUR 1,547.1 million, with the profit-related increase being offset by the dividend payment and foreign currency effects. The equity ratio remained at a high level of 64.5 % (December 31, 2019: 62.3 %). Return on equity was at 10.6 %, after 13.1 % in the previous year.

Financial liabilities, primarily of a long-term nature, decreased from EUR 345.4 million at the end of 2019 to EUR 268.4 million as of December 31, 2020 due to repayments. These include lease liabilities according to IFRS 16 of EUR 46.6 million (December 31, 2019: EUR 53.7 million).

With cash available to the Group amounting to EUR 146.2 million (December 31, 2019: EUR 126.8 million), net debt declined from EUR 218.6 million to EUR 122.2 million at the end of 2020.

## OUTLOOK ON THE FINANCIAL YEAR 2021

The Covid-19 pandemic and measures taken to contain it will continue to weigh heavily on the overall economic situation in our sales markets in the current year, despite the start of vaccination programs. Economic recovery appears to be lower than expected. The extent and timing still remain difficult to assess. Due to the business portfolio of the MM Group that focuses on system-relevant packaging products for consumer staples, there should, however, be a certain resilience in demand. In any case, the current development of order levels of both divisions signals continuity.

By contrast, the prices for the strategic raw material of paper for recycling are rising sharply. In parallel, prices for pulp, energy, chemicals, and logistics are also rising, which is why MM Karton has increased the prices for recycled fiber-based cartonboard, which will have an effect as of the second quarter.

Due to the currently strong pressure on cartonboard margins, maintaining the previous year's result levels will prove a challenge for 2021.

The focus on optimizing cost structures and increasing market penetration with sustainable and innovative packaging products will be pursued systematically. Investment activities aimed at this will be intensified in 2021 – 2022 and are intended to ensure growth in the following years. In this context, MM focuses in particular on e-commerce and circular economy through innovation in plastic substitution as well as digitalization.

Investments to increase capacity and efficiency are made in numerous MM Packaging plants. At MM Karton, in addition to the major project Frohnleiten with rebuilds in Neuss and Koicevo, the focus is in particular placed on high-performance sites. Accordingly, investments in 2021 and 2022 are expected to range from EUR 250 to 300 million p.a. instead of the usual around EUR 150 million.

For the acquisitions of Kotkamills, Finland, and Kwidzyn, Poland, whose closing is expected for the middle of the year and the third quarter of 2021, respectively, the focus over the next two years will be on integration.

The investment program and the acquisitions will be financed by Schuldschein loans and Namensschuldverschreibungen taken out at the end of February 2021 as well as committed credit lines and cash flow.

## DEVELOPMENT IN THE 4<sup>TH</sup> QUARTER 2020

In the fourth quarter of 2020, market dynamics in the cartonboard business traditionally slowed down, while demand in the folding carton business continued to be significantly higher than the previous year's level, in particular for fast moving consumer goods and e-commerce.

MM Karton recorded a capacity utilization of 96 % after 95 % in the fourth quarter of the previous year. The operating profit of the division amounted to EUR 18.3 million after EUR 23.1 million. Rising prices for paper for recycling under ongoing Covid measures as well as lower volumes and the increase of the one-off effect from the shut-down of Hirschwang Karton by EUR 2.5 million weighed on profit. The operating margin amounted to 7.2 % (4<sup>th</sup> quarter 2019: 8.7 %).

With a good volume development, the operating profit of MM Packaging of EUR 43.8 million was above the previous year's level (4<sup>th</sup> quarter 2019: EUR 36.6 million). The operating margin amounted to 11.0 % (4<sup>th</sup> quarter 2019: 9.5 %).

Consolidated sales of EUR 624.9 million were slightly above last year's period (4<sup>th</sup> quarter 2019: EUR 620.1 million) as a result of volume growth at MM Packaging.

The Group's operating profit and operating margin were slightly above the previous year's level at EUR 62.1 million and 9.9 %, respectively (4<sup>th</sup> quarter 2019: EUR 59.7 million; 9.6 %).

Profit before tax amounted to EUR 61.5 million (4<sup>th</sup> quarter 2019: EUR 56.9 million), while profit for the period was at EUR 45.9 million (4<sup>th</sup> quarter 2019: EUR 43.9 million).

## DEVELOPMENT IN THE DIVISIONS

### MM Karton

in millions of EUR, IFRS	2020	2019	+/-
<b>Sales<sup>1)</sup></b>	<b>1,050.8</b>	1,078.3	-2.6 %
<b>Operating profit</b>	<b>86.7</b>	110.5	-21.5 %
Operating margin (in %)	<b>8.3 %</b>	10.2 %	- 199 bp
Cash flow from operating activities	<b>126.3</b>	155.3	-18.7 %
Tonnage sold (in thousands of tons)	<b>1,704</b>	1,705	0.0 %
Tonnage produced (in thousands of tons)	<b>1,710</b>	1,723	-0.8 %

<sup>1)</sup> including interdivisional sales

Overall, demand on the European cartonboard markets was characterized by robustness in 2020, despite a varied course. An increased order activity at the beginning of the pandemic was followed by a successive normalization towards the middle of the year and increasingly cautious planning by customers in the last quarter. Despite high price discipline, MM Karton succeeded in maintaining its market shares well through a selective sales policy. At around 100,000 tons, the average order backlog was above the comparative figure of the previous year (2019: 68,000 tons). As in the previous year, capacity utilization amounted to 97 %. Irrespective of the Corona situation, investments for further growth and quality were continued through the technological development of our plants.

On the procurement markets, prices for mixed grades of paper for recycling recorded a volatile movement at a low level after a sharp increase due to collection holdups during the lockdown in spring. Since the fourth quarter, however, prices have been rising again significantly due to further lockdowns and good demand from the processing industries. By contrast, prices for virgin fiber-based products and energy were overall more stable and below the level of the previous year.

At 1,710,000 tons, production was slightly (0.8 %) below 2019 (1,723,000 tons). Of this, 1,365,000 tons (80 %) were attributable to recycled fiber-based cartonboard and 345,000 tons (20 %) to virgin fiber-based cartonboard (2019: 1,382,000 tons or 80 % and 341,000 tons or 20 %). At 1,704,000 tons, the cartonboard volume sold showed a stable development compared to the previous year (2019: 1,705,000 tons).

At EUR 1,050.8 million, sales were price-related slightly below the comparative figure (2019: EUR 1,078.3 million). With a share of around 66 % in Western Europe (2019: 65 %) and 22 % in Eastern Europe (2019: 22 %), sales to European markets were again higher, resulting in the sales share in countries outside Europe declining to 12 % (2019: 13 %).

Operating profit decreased to EUR 86.7 million (2019: EUR 110.5 million) due to one-off effects of EUR 40.2 million, which, to a large extent, resulted from the shut-down of the Hirschwang cartonboard mill and market-related impairments in the second quarter. The operating margin amounted to 8.3 % (2019: 10.2 %), the return on capital employed to 14.5 % (2019: 18.7 %).

In December 2020 and February 2021, two historic contracts of a transformative nature were concluded with the acquisition of Kotkamills and Kwidzyn. In addition to the traditional recycled cartonboard business, the aim is to expand the position in the growing, high-quality virgin fiber-based cartonboard sector with innovative, sustainable, and competitive grades compared to the two market leaders.

## MM Packaging

in millions of EUR, IFRS	2020	2019	+/-
<b>Sales<sup>1)</sup></b>	<b>1,594.2</b>	1,578.0	+1.0 %
<b>Operating profit</b>	<b>144.7</b>	144.8	-0.1 %
Operating margin (in %)	9.1 %	9.2 %	- 10 bp
Cash flow from operating activities	191.9	176.1	+9.0 %
Tonnage processed (in thousands of tons)	847	785	+7.9 %

<sup>1)</sup> including interdivisional sales

Similar to the cartonboard market, the European folding carton markets as a whole were marked by a high degree of continuity in 2020. After a record level of incoming orders at the beginning of the pandemic, MM Packaging recorded a development at a good level also in the further course of the year. Above all, business in the FMCG and e-commerce areas was characterized by strong capacity utilization and sales development compared to the previous year. This was, however, contrasted by a decline in some premium markets, such as duty-free and cosmetics.

Plant shut-downs as a result of the Corona situation were only brief at individual production sites. Cost-cutting programs, investments and necessary structural adjustments were systematically pursued and implemented. This includes in particular automation and digitalization projects to increase efficiency and quality in the plants.

Tonnage processed of cartonboard and paper increased by 7.9 % to 847,000 tons (2019: 785,000 tons), mainly due to changes in the product mix.

At EUR 1,594.2 million, sales were slightly above the previous year's level (2019: EUR 1,578.0 million). 50 % and 32 % thereof were accounted for by Western and Eastern Europe, and 18 % by business outside Europe (2019: 49 %; 33 %; 18 %).

At EUR 144.7 million (2019: EUR 144.8 million), the operating profit remained close to the previous year's level despite one-off effects of EUR 23.8 million, which resulted in particular from structural adjustments. Accordingly, the operating margin amounted to 9.1 % (2019: 9.2 %). Return on capital employed was at 13.2 % (2019: 13.6 %).

MM Packaging's intensified investment program focuses on an increased orientation towards growth markets, such as e-commerce, as well as large sites with an advantageous cost structure. The objective is to increase the market share with sustainable folding cartons through efficiency and innovation.

## QUARTERLY OVERVIEW

### MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	4Q/2019	1Q/2020	2Q/2020	3Q/2020	4Q/2020
<b>Sales</b>	620.1	646.6	619.9	637.0	624.9
<b>EBITDA</b>	92.4	98.9	112.8	95.4	91.8
EBITDA margin (in %)	14.9 %	15.3 %	18.2 %	15.0 %	14.7 %
<b>Operating profit</b>	59.7	64.6	57.9	46.8	62.1
Operating margin (in %)	9.6 %	10.0 %	9.3 %	7.3 %	9.9 %
<b>Profit before tax</b>	56.9	62.8	54.9	42.9	61.5
Income tax expense	(13.0)	(17.7)	(15.1)	(11.5)	(15.6)
<b>Profit for the period</b>	43.9	45.1	39.8	31.4	45.9
Net profit margin (in %)	7.1 %	7.0 %	6.4 %	4.9 %	7.4 %
Earnings per share (in EUR)	2.20	2.25	1.98	1.55	2.28
Cash flow from operating activities	108.8	84.5	38.1	101.1	94.5

## DIVISIONS

### MM KARTON

in millions of EUR, IFRS	4Q/2019	1Q/2020	2Q/2020	3Q/2020	4Q/2020
<b>Sales<sup>1)</sup></b>	265.3	273.5	259.5	264.4	253.4
<b>Operating profit</b>	23.1	34.1	25.1	9.2	18.3
Operating margin (in %)	8.7 %	12.5 %	9.6 %	3.5 %	7.2 %
Cash flow from operating activities	61.3	30.4	22.3	45.5	28.1
Tonnage sold (in thousands of tons)	426	444	427	423	410
Tonnage produced (in thousands of tons)	420	435	442	421	412

<sup>1)</sup> including interdivisional sales

### MM PACKAGING

in millions of EUR, IFRS	4Q/2019	1Q/2020	2Q/2020	3Q/2020	4Q/2020
<b>Sales<sup>1)</sup></b>	383.4	401.7	391.9	401.9	398.7
<b>Operating profit</b>	36.6	30.5	32.8	37.6	43.8
Operating margin (in %)	9.5 %	7.6 %	8.4 %	9.3 %	11.0 %
Cash flow from operating activities	47.5	54.1	15.8	55.6	66.4
Tonnage processed (in thousands of tons)	194	209	211	215	212

<sup>1)</sup> including interdivisional sales

A video statement by the Management Board on the Annual Results 2020 is available on our Homepage at [www.mayr-melnhof.com](http://www.mayr-melnhof.com).

The Annual Report 2020 will be available as of April 7, 2021.

### Forthcoming Results:

May 18, 2021 Results for the 1<sup>st</sup> quarter of 2021

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