



Press Release

April 26, 2022

Results for the first quarter of 2022

- **Margins restored**
- **Significant growth due to previous year's acquisitions**
- **Strong demand and high capacity utilization in both divisions**
- **Persisting input cost increase passed through**
- **Growth strategy for Packaging advanced**

The MM Group succeeded in catching up again in margins in the 1st quarter of 2022, after cost inflation-related pressure in previous quarters. Consistent implementation of necessary price increases and sustained strong demand in both divisions made this possible. Significant growth compared to the 1st quarter of the previous year resulted mainly from the inclusion of the cartonboard and paper mills in Poland and Finland acquired at the beginning of August last year as well as higher price levels. Due to widely booked capacities and longer delivery times, great attention is paid to the continuous supply of our customers, which we meet through the highest possible flexibility. As a result, despite increasing challenges in the supply chain, we continued to operate at almost full capacity. With the acquisition of the leading Nordic pharmaceutical packaging group Eson Pac in April, MM has recently advanced the growth strategy for Packaging.

The continuing increase in raw material, transport and energy costs has been countered by renewed price adjustments since the beginning of the 2nd quarter in order to safeguard margins. However, due to the overall economic uncertainties, it is currently not possible to make a more detailed assessment for the current year.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1Q/2022	1Q/2021	+/-
Sales	1,060.4	641.3	+65.4 %
EBITDA	155.0	92.7	+67.2 %
EBITDA margin (in %)	14.6 %	14.5 %	+16 bp
Operating profit	111.1	61.2	+81.5 %
Operating margin (in %)	10.5 %	9.6 %	+93 bp
Profit before tax	103.6	58.6	+76.9 %
Income tax expense	(24.1)	(14.7)	
Profit for the period	79.5	43.9	+81.2 %
Net profit margin (in %)	7.5 %	6.8 %	
Earnings per share (in EUR)	3.95	2.18	
Cash flow from operating activities	49.3	77.8	-36.6 %
Employees	12,676	12,492 ¹⁾	
Capital expenditures (CAPEX)	75.9	60.3	
Depreciation and amortization ²⁾	43.9	31.5	

¹⁾ as of December 31, 2021

²⁾ including impairment of property, plant and equipment and intangible assets

INCOME STATEMENT

The income statement as of the 1st quarter is particularly characterized by the inclusion of the cartonboard and paper mills MM Kotkamills and MM Kwidzyn, which were acquired at the beginning of August 2021.

The Group's consolidated sales increased to EUR 1,060.4 million and were EUR 419.1 million higher than the comparable figure of the previous year (1Q 2021: EUR 641.3 million). This growth is mainly acquisition-related and due to passing on of cost increases through higher prices.

At EUR 111.1 million, operating profit was EUR 49.9 million above the previous year's value (1Q 2021: EUR 61.2 million). The significant rise in the MM Board & Paper division was faced by a stable development at MM Packaging. The Group's operating margin increased to 10.5 % (1Q 2021: 9.6 %).

Financial income of EUR 1.6 million (1Q 2021: EUR 0.5 million) contrasted with financial expenses of EUR -7.5 million (1Q 2021: EUR -3.6 million). The latter increased in particular due to the issuance of Schuldschein loans and Namensschuldverschreibungen in the 1st quarter of the previous year to finance the acquisitions and organic growth projects.

Profit before tax went up from EUR 58.6 million in the previous year to EUR 103.6 million. Income tax expense amounted to EUR 24.1 million (1Q 2021: EUR 14.7 million), resulting in an effective Group tax rate of 23.3 % (1Q 2021: 25.2 %).

Profit for the period rose by EUR 35.6 million to EUR 79.5 million (1Q 2021: EUR 43.9 million).

OUTLOOK

Strong demand and high order intake continue in both Board & Paper and Packaging. In order to compensate for the ongoing cost inflation since the beginning of the year, a further price increase for cartonboard and paper was implemented at the beginning of the 2nd quarter.

MM's long-term investment projects to increase competitiveness and for further growth are overall on schedule and will be implemented in 2022 and 2023 in the already indicated range of EUR 250 - 300 million p.a.. While the expansions recently started in several plants of MM Packaging should enable more business this year, the growth and earnings effects from the major investments at Board & Paper are mainly expected after 2023.

MM continues to closely monitor the developments in Russia and Ukraine as well as the international measures and possible effects on the Group. In 2021, around 9 % of the Group's cumulative EBITDA was generated in Russia and Ukraine. Packaging products for daily consumer goods are produced at two sites in Russia and at one site in Ukraine. The total book value of the three sites is less than EUR 100 million. Further shutdowns are to be expected. The reallocation of Russian export deliveries to other destinations was implemented rapidly against the background of the current market strength.

Due to the overall economic uncertainties and especially as a result of possible disruptions in the supply chain a further assessment for the present year is currently not possible.

While the integration of last year's acquisitions is still paramount at MM Board & Paper, the focus at MM Packaging is on organic growth and acquisitions.

DEVELOPMENT IN THE DIVISIONS

MM BOARD & PAPER

in millions of EUR, IFRS	1Q/2022	1Q/2021	+/-
Sales¹⁾	656.3	271.4	+141.8 %
EBITDA	95.7	33.0	+189.6 %
Operating profit	70.1	19.8	+253.5 %
Operating margin (in %)	10.7 %	7.3 %	+337 bp
Cash flow from operating activities	18.5	14.3	+29.4 %
Tonnage sold (in thousands of tons)	657	432	+52.1 %
<i>Cartonboard</i>	494	432	+14.2 %
<i>Kraft Papers</i>	64	<i>n.a.</i>	
<i>Uncoated Fine Papers</i>	99	<i>n.a.</i>	
Tonnage produced (in thousands of tons)	659	410	+60.9 %

¹⁾ including interdivisional sales

Demand on the European main market was characterized by strong order activity for cartonboard and paper also during the 1st quarter of 2022. This is on the one hand attributable to the tight market, increasing delivery times and significantly reduced imports from overseas markets. Consequently and due to the inclusion of the acquisitions, the division's average order backlog of 184,000 tons was above the comparable figure of the previous year (1Q 2021: 149,000 tons). At 99 % (1Q 2021: 99 %) the division's capacities continued to be almost fully utilized.

In view of the ongoing cost inflation, especially recent increases in raw material, transport and energy costs, and the difficulty of predicting future developments, the focus remained on offsetting the weight by promptly raising selling prices in order to catch up again in margins.

At EUR 656.3 million, sales were acquisition- and price-related EUR 384.9 million above the comparable figure (1Q 2021: EUR 271.4 million). Accordingly, operating profit rose to EUR 70.1 million (1Q 2021: EUR 19.8 million), resulting in an operating margin of 10.7 % (1Q 2021: 7.3 %).

Both tonnage produced and sold were acquisition-related above the previous year's figures at 659,000 tons and 657,000 tons, respectively (1Q 2021: 410,000 tons and 432,000 tons, respectively).

MM PACKAGING

in millions of EUR, IFRS	1Q/2022	1Q/2021	+/-
Sales¹⁾	454.9	399.3	+13.9 %
EBITDA	59.3	59.7	-0.6 %
Operating profit	41.0	41.4	-0.8 %
Operating margin (in %)	9.0 %	10.4 %	-134 bp
Cash flow from operating activities	30.8	63.5	-51.5 %
Tonnage processed (in thousands of tons)	222	216	+3.1 %

¹⁾ including interdivisional sales

Demand on the European folding carton markets showed a similarly positive picture as for Board & Paper in the 1st quarter of 2022. However, for some segments, there were already signs of an increase in customer stocks. Parallel to the good order activity, all business areas are affected by a significant rise in input costs. For this reason, shorter-term price adjustment options are being implemented successively also in the framework of longer-term agreements. In order to maintain the material supply despite a strained supply chain, the integrated positioning of MM is increasingly in focus.

As already taken up by the recent acquisition of Eson Pac in the pharmaceutical sector and enhanced investments, the growth course of MM Packaging is to be accelerated both organically through the expansion of competitive sites and acquisitions in attractive new markets.

At EUR 454.9 million, sales were volume- and price-related 13.9 % above the previous year's figure of EUR 399.3 million. In contrast, the operating profit at EUR 41.0 million remained particularly cost-related at previous year's level (1Q 2021: EUR 41.4 million). The operating margin thus amounted to 9.0 % (1Q 2021: 10.4 %).

Tonnage processed increased slightly to 222,000 tons (1Q 2021: 216,000 tons).

QUARTERLY OVERVIEW

MM GROUP

consolidated, in millions of EUR, IFRS	1Q/2021	2Q/2021	3Q/2021	4Q/2021	1Q/2022
Sales	641.3	648.3	817.5	962.6	1,060.4
EBITDA	92.7	62.8	127.5	138.0	155.0
EBITDA margin (in %)	14.5 %	9.7 %	15.6 %	14.3 %	14.6 %
Operating profit	61.2	30.9	85.1	92.4	111.1
Operating margin (in %)	9.6 %	4.8 %	10.4 %	9.6 %	10.5 %
Profit before tax	58.6	24.3	79.5	82.1	103.6
Income tax expense	(14.7)	(6.0)	(13.3)	(19.8)	(24.1)
Profit for the period	43.9	18.3	66.2	62.3	79.5
Net profit margin (in %)	6.8 %	2.8 %	8.1 %	6.5 %	7.5 %
Earnings per share (in EUR)	2.18	0.89	3.30	3.09	3.95
Cash flow from operating activities	77.8	34.5	53.5	104.0	49.3

DIVISIONS

MM BOARD & PAPER

in millions of EUR, IFRS	1Q/2021	2Q/2021	3Q/2021	4Q/2021	1Q/2022
Sales¹⁾	271.4	285.2	434.8	569.7	656.3
EBITDA	33.0	26.5	65.1	60.6	95.7
Operating profit	19.8	13.2	41.3	33.4	70.1
Operating margin (in %)	7.3 %	4.6 %	9.5 %	5.9 %	10.7 %
Cash flow from operating activities	14.3	2.4	22.3	69.7	18.5
Tonnage sold (in thousands of tons)	432	422	567	671	657
<i>Cartonboard</i>	432	422	473	507	494
<i>Kraft Papers</i>	<i>n.a.</i>	<i>n.a.</i>	31	62	64
<i>Uncoated Fine Papers</i>	<i>n.a.</i>	<i>n.a.</i>	63	102	99
Tonnage produced (in thousands of tons)	410	421	560	678	659

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/2021	2Q/2021	3Q/2021	4Q/2021	1Q/2022
Sales¹⁾	399.3	392.1	418.2	432.0	454.9
EBITDA	59.7	36.3	62.4	77.4	59.3
Operating profit	41.4	17.7	43.8	59.0	41.0
Operating margin (in %)	10.4 %	4.5 %	10.4 %	13.7 %	9.0 %
Cash flow from operating activities	63.5	32.1	31.2	34.3	30.8
Tonnage processed (in thousands of tons)	216	208	215	214	222

¹⁾ including interdivisional sales

The Report for the 1st quarter of 2022 as well as the CEO Audio-Q&A-Webcast are available on our website: <https://www.mm.group>.

Forthcoming results:

August 11, 2022 Half-Year Results 2022

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