



Press Release

Vienna, April 23, 2024

MM reports first quarter 2024 results

- Result below previous year as expected
- Significant volume growth at MM Board & Paper
- Continuity at a good level at MM Packaging
- Weak consumption continues to weigh on end markets
- Pressure on margins carries on
- Successful profit & cash protection programme will be continued
- Sales price development decisive for earnings situation in 2024

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1Q/2024	1Q/2023	+/-
Sales	1,025.0	1,122.1	-8.7 %
Adjusted EBITDA¹⁾	94.5	133.6	-29.3 %
Adjusted EBITDA margin (%)	9.2 %	11.9 %	-269 bp
Adjusted operating profit¹⁾	39.6	78.7	-49.6 %
Adjusted operating margin (%)	3.9 %	7.0 %	-314 bp
Operating profit	39.6	61.6	-35.6 %
Return on capital employed ²⁾ (%)	5.4 %	16.0 %	-1,060 bp
Profit before tax	18.0	49.0	-63.2 %
Income tax expense	(7.1)	(14.1)	
Profit for the period	10.9	34.9	-68.8 %
Net profit margin (%)	1.1 %	3.1 %	
Earnings per share (in EUR)	0.52	1.71	
Cash flow from operating activities	52.5	67.2	-21.9 %
Employees ³⁾	14,865	15,087	
Capital expenditures	92.8	96.4	
Depreciation and amortisation ⁴⁾	54.9	55.0	
Free cash flow	(38.5)	(28.6)	-34.5 %

¹⁾ adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)

²⁾ The calculation is based on the adjusted result figure and refers to the average of the last 12 months.

³⁾ excl. temporary workers; previous year's value as of December 31, 2023

⁴⁾ incl. impairment on property, plant and equipment and intangible assets

Peter Oswald, MM CEO, comments: "The MM Group recorded a decline in both Group sales and adjusted operating profit in the 1st quarter of 2024 compared to the previous year's value, due to the earnings performance in the Board & Paper division. The destocking in the supply chain has been largely completed, leading to a significant recovery of volumes sold in Board & Paper. However, pressure on margins continued as expected, as price increases will only compensate for the recent rise in production costs from the 2nd quarter onwards. In contrast, the Packaging division

recorded a slight increase in results compared to the previous year, even though the margin was below the strong level of the 3rd and 4th quarter of 2023.

Against this background, the profit & cash protection programme, which has already been successfully implemented, and the measures to intensify market penetration will be systematically continued in 2024.

As consumer spending on everyday goods remains subdued, the end markets continue to record hardly any growth. In particular, the development of sales prices will remain decisive for the earnings situation in 2024.”, underlines Oswald.

INCOME STATEMENT

At EUR 1,025.0 million, the Group’s consolidated sales were below the previous year’s figure (1Q 2023: EUR 1,122.1 million), primarily due to price-related declines in both divisions.

Adjusted operating profit decreased by EUR 39.1 million from EUR 78.7 million to EUR 39.6 million. This decrease is primarily due to the recent increase in production costs in the Board & Paper division, which are to be offset by higher sales prices from the 2nd quarter onwards. The Group’s adjusted operating margin was therefore 3.9 % (1Q 2023: 7.0 %).

Financial income amounted to EUR 6.6 million (1Q 2023: EUR 1.3 million). The increase in financial expenses from EUR -10.8 million to EUR -21.4 million resulted in particular from higher interest rates for variable-interest loans. “Other financial result - net” changed from EUR -3.1 million to EUR -6.8 million, mainly owing to currency translations.

Profit before tax thus totalled EUR 18.0 million after EUR 49.0 million in the previous year. Income tax expense amounted to EUR 7.1 million (1Q 2023: EUR 14.1 million), resulting in an effective Group tax rate of 39.6 % (1Q 2023: 28.7 %).

Thus, profit for the period decreased from EUR 34.9 million to EUR 10.9 million.

OUTLOOK

Despite significant volume increases compared to the previous year in the Board & Paper division, there are still hardly any signs of growth on the consumer goods end markets. Under these conditions, MM is focusing on margin-conscious market share gains and a consistent continuation of the profit & cash protection programme, which has been successfully implemented to date.

The upward trend in production costs is to be compensated by an ongoing improvement in sales prices. This development in particular will remain decisive for the profit situation in 2024.

DEVELOPMENT IN THE DIVISIONS

MM BOARD & PAPER

in millions of EUR, IFRS	1Q/2024	1Q/2023	+/-
Sales¹⁾	483.5	521.2	-7.2 %
Adjusted EBITDA	13.4	54.3	-75.4 %
Adjusted operating profit	(13.3)	27.7	-147.8 %
Adjusted operating margin (%)	-2.7 %	5.3 %	-807 bp
Operating profit	(13.3)	27.7	-147.8 %
Cash flow from operating activities	(14.6)	10.0	-246.3 %
Tonnage sold (in thousands of tonnes)	564	473	+19.2 %
<i>Cartonboard</i>	439	375	+17.4 %
<i>Paper</i>	125	98	+25.9 %
Tonnage produced (in thousands of tonnes)	576	488	+18.0 %

¹⁾ including interdivisional sales

The MM Board & Paper division achieved a significant volume increase in the 1st quarter, following extensive market- and rebuild-related downtime in the previous year. Sales volume increased by 19.2 % from 473,000 tonnes to 564,000 tonnes, while production volume rose by 18.0 % to 576,000 tonnes (1Q 2023: 488,000 tonnes). Market share gains were also achieved selectively as part of a sales excellence programme. The division's average order backlog amounted to 182,000 tonnes in the first three months, compared to 143,000 tonnes in the same period of the previous year.

Both recovered paper and pulp prices have recently been experiencing an upward trend on the procurement markets, thus sales prices will be increased from the 2nd quarter onwards.

At EUR 483.5 million, sales were price-related 7.2 % below the comparable figure (1Q 2023: EUR 521.2 million) despite significantly higher volumes. The adjusted operating profit amounted to EUR -13.3 million (1Q 2023: EUR 27.7 million), the adjusted operating margin to -2.7 % (1Q 2023: 5.3 %).

MM PACKAGING

in Mio. EUR, nach IFRS

	1Q/2024	1Q/2023	+/-
Sales¹⁾	592.6	656.7	-9.8 %
Adjusted EBITDA	81.1	79.3	+2.4 %
Adjusted operating profit	52.9	51.0	+4.1 %
Adjusted operating margin (%)	8.9 %	7.8 %	+119 bp
Operating profit	52.9	33.9	+56.6 %
Cash flow from operating activities	67.1	57.2	+17.4 %
Produced volume (in millions of m ²)	1,032	1,094	-5.7 %

¹⁾ including interdivisional sales

The overall conditions in the folding carton business continued to be characterised by weak consumption in many end markets for everyday consumer goods in the 1st quarter of 2024. However, by serving a broad range of industries and through its global positioning, MM Packaging was able to maintain a balance and deliver stable results. Due to increasing competitive and margin pressure, the implementation of the profit & cash protection programme and selective structural adjustments have high priority alongside the generation of new business.

At EUR 592.6 million, sales were price- and volume-related 9.8 % lower than the previous year's figure of EUR 656.7 million. The adjusted operating profit increased by 4.1 % from EUR 51.0 million to EUR 52.9 million, primarily due to successful cost saving measures. The adjusted operating margin was therefore 8.9 % (1Q 2023: 7.8 %).

Volume produced at 1,032 million m² came in 5.7 % below the previous year's figure (1Q 2023: 1,094 million m²).

QUARTERLY OVERVIEW

MM GROUP

consolidated, in millions of EUR, IFRS	1Q/2023	2Q/2023	3Q/2023	4Q/2023	1Q/2024
Sales	1,122.1	1,059.3	1,015.1	967.9	1,025.0
Adjusted EBITDA	133.6	103.7	121.4	91.5	94.5
Adjusted EBITDA margin (%)	11.9 %	9.8 %	12.0 %	9.5 %	9.2 %
Adjusted operating profit	78.7	48.3	63.4	38.8	39.6
Adjusted operating margin (%)	7.0 %	4.6 %	6.2 %	4.0 %	3.9 %
Operating profit	61.6	42.4	55.8	37.8	39.6
Profit before tax	49.0	28.2	41.7	17.8	18.0
Income tax expense	(14.1)	0.2	(13.8)	(19.9)	(7.1)
Profit for the period	34.9	28.4	27.9	(2.1)	10.9
Net profit margin (%)	3.1 %	2.7 %	2.7 %	-0.2 %	1.1 %
Earnings per share (in EUR)	1.71	1.41	1.38	(0.14)	0.52
Cash flow from operating activities	67.2	82.9	177.2	458.9	52.5
Free cash flow	(28.6)	(36.3)	73.7	361.0	(38.5)

DIVISIONS

MM BOARD & PAPER

in millions of EUR, IFRS	1Q/2023	2Q/2023	3Q/2023	4Q/2023	1Q/2024
Sales¹⁾	521.2	498.1	448.4	451.4	483.5
Adjusted EBITDA	54.3	17.7	14.7	6.0	13.4
Adjusted operating profit	27.7	(9.8)	(13.5)	(24.2)	(13.3)
Adjusted operating margin (%)	5.3 %	-2.0 %	-3.0 %	-5.4 %	-2.7 %
Operating profit	27.7	(9.8)	(13.5)	(24.2)	(13.3)
Cash flow from operating activities	10.0	3.0	64.1	214.5	(14.6)
Tonnage sold (in thousands of tonnes)	473	486	487	502	564
<i>Cartonboard</i>	375	365	365	371	439
<i>Paper</i>	98	121	122	131	125
Tonnage produced (in thousands of tonnes)	488	469	482	506	576

¹⁾ including interdivisional sales

MM PACKAGING

in Mio. EUR, nach IFRS	1Q/2023	2Q/2023	3Q/2023	4Q/2023	1Q/2024
Sales¹⁾	656.7	606.5	605.9	562.0	592.6
Adjusted EBITDA	79.3	86.0	106.7	85.5	81.1
Adjusted operating profit	51.0	58.1	76.9	63.0	52.9
Adjusted operating margin (%)	7.8 %	9.6 %	12.7 %	11.2 %	8.9 %
Operating profit	33.9	52.2	69.3	62.0	52.9
Cash flow from operating activities	57.2	79.9	113.1	244.4	67.1
Produced volume (in millions of m ²)	1,094	979	963	948	1,032

¹⁾ including interdivisional sales

The Report for the first quarter of 2024 as well as the CEO Audio-Q&A-Webcast are available on our website: <https://www.mm.group>.

Forthcoming results:

August 22, 2024

Half-Year Results 2024

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