

**PRESS RELEASE**

November 13, 2014

**Results for the first three quarters of 2014**

- Growth in sales and profit
- Solid volume development
- Increasingly restrained demand

The Mayr-Melnhof Group was able to stand up solidly in a flat overall economic environment also in the third quarter 2014 and could thus close the first three quarters of 2014 with a rise both in sales and profit. The cartonboard division, which benefited from productivity increases and lower specific costs, contributed particularly to this while the packaging division maintained the good profit level of the previous year in a highly competitive market environment through volume gains.

Due to weakened private consumption also more restrained demand for packaging in Europe is to be expected. In case this is a persisting trend increased pressure on prices will arise.

**GROUP KEY INDICATORS - IFRS**

consolidated, in millions of EUR, IFRS	1-3Q/2014	1-3Q/2013	+/-
<b>Sales</b>	<b>1,571.0</b>	1,497.1	+4.9 %
<b>Operating profit</b>	<b>136.5</b>	130.2	+4.8 %
Operating margin (in %)	8.7 %	8.7 %	
<b>Profit before tax</b>	<b>131.5</b>	122.2	+7.6 %
Income tax expense	(34.0)	(29.4)	
<b>Profit for the period</b>	<b>97.5</b>	92.8	+5.1 %
Net profit margin (in %)	6.2 %	6.2 %	
Earnings per share (in EUR)	4.86	4.62	
<b>Employees</b>	<b>9,532</b>	9,477 <sup>1)</sup>	
Capital expenditures	97.3	79.4	
Depreciation and amortization	69.6	68.2	

<sup>1)</sup> as of December 31, 2013

The Group's consolidated sales amounted to EUR 1,571.0 million and therefore were 4.9 % or EUR 73.9 million above the previous year's figure (1-3Q 2013: EUR 1,497.1 million). This rise mainly results from an increase in volume in the packaging division as well as the sales of the Norwegian pulp mill acquired in the previous year in the cartonboard division.

At EUR 136.5 million, an operating profit of 4.8 % or EUR 6.3 million above the previous year's figure (1-3Q 2013: EUR 130.2 million) could be achieved. A clear rise in profit at the cartonboard division goes along with a stable profit development in the packaging division.

Financial income totaled EUR 1.1 million (1-3Q 2013: EUR 1.0 million), financial expenses EUR -3.7 million (1-3Q 2013: EUR -2.8 million).

Other financial result – net amounted to EUR -2.4 million (1-3Q 2013: EUR -6.2 million) as a non-recurring income of EUR 3.6 million in connection with the residual purchase price for last year's acquisition of Gráficas Los Andes, Colombia, was to be recorded.

Profit before tax therefore increased by 7.6 % to EUR 131.5 million following EUR 122.2 million in the first three quarters of the previous year. Income tax expense amounted to EUR 34.0 million (1-3Q 2013: EUR 29.4 million), resulting in an effective Group tax rate of 25.9 % (1-3Q 2013: 24.1 %).

Profit for the period rose by 5.1 % to EUR 97.5 million (1-3Q 2013: EUR 92.8 million).

## **DEVELOPMENT IN THE THIRD QUARTER**

As already in the two previous quarters, the cartonboard and folding carton markets lacked impulses from the overall economy also in the third quarter. Thus, short-term customer planning and strong competition sustained. However, both divisions managed to maintain or expand market shares with a solid volume development.

The capacities of the cartonboard division were fully utilized at 99 % (2Q 2014: 98 %; 3Q 2013: 99 %). Average prices could be maintained on a stable level. The packaging division reached again the result of the previous year's period through volume gains.

The operating margin of MM Karton was 7.8 % after 8.0 % in the second quarter of 2014 and 10.3 % in the third quarter of 2013, with the latter including the non-recurring income from the acquisition of MMK FollaCell.

The operating margin of MM Packaging amounted to 9.0 % (2Q 2014: 7.9 %; 3Q 2013: 9.2 %).

The Group's operating profit totaled EUR 47.8 million (2Q 2014: EUR 42.5 million; 3Q 2013: EUR 52.7 million), resulting in a Group operating margin of 8.9 % (2Q 2014: 8.3 %; 3Q 2013: 10.2 %).

The profit for the period reached EUR 36.5 million (2Q 2014: EUR 28.9 million; 3Q 2013: EUR 38.1 million).

## OUTLOOK

Due to the weak economic development on our European core markets, we also expect an increasingly restrained demand for packaging. In case this trend persists competition will intensify with growing pressure on selling prices. Procurement markets are however stable, thus constantly increasing the degree of effort required to defend margins. Measures for higher productivity and cost-efficiency continue to aim at sustaining our profitability and competitiveness at a sound level also in a conceivable more difficult market environment. Due to the rebuild-related downtime of the large cartonboard machine in Frohnleiten for FOODBOARD™ as well as seasonality, a profit below the third quarter is to be expected for the fourth quarter.

## DEVELOPMENT IN THE DIVISIONS

### MM Karton

in millions of EUR, IFRS	1-3Q/2014	1-3Q/2013	+/-
<b>Sales<sup>1)</sup></b>	<b>767.9</b>	726.2	+5.7 %
<b>Operating profit</b>	<b>58.9</b>	52.6	+12.0 %
Operating margin (in %)	7.7 %	7.2 %	
Tonnage sold (in thous. of tons)	<b>1,218</b>	1,213	+0.4 %
Tonnage produced (in thous. of tons)	<b>1,213</b>	1,212	+0.1 %

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

Continuing short-term visibility as a result of cautious customer planning characterized the largely constant demand development on the European cartonboard markets in the first three quarters of 2014 within a flat macro-economic environment. Even with ongoing weak demand dynamics, it was again possible to almost fully utilize the capacities of MM Karton at 98 % (1-3Q 2013: 99 %) due to high flexibility in sales and production. Despite a low average order backlog of 57,000 tons (1-3Q 2013: 82,000 tons) and increasing volatility in incoming orders, market shares were still successfully maintained.

Analogously to the sales markets, the raw material markets, especially for the strategic input factor of recovered paper, continued to move sideways as well. In contrast, energy prices recorded a lower level than in the comparative period of the previous year.

At 1,213,000 tons and 1,218,000 tons respectively, both production and tonnage sold were slightly above the comparative values of last year (1-3Q 2013: 1,212,000 tons and 1,213,000 tons respectively). As in the previous year, around 82 % of the quantity was sold in Europe and 18 % in markets outside of Europe (1-3Q 2013: 82 %; 18 %).

Sales went up by 5.7 % from EUR 726.2 million to EUR 767.9 million due to the extended product mix resulting in particular from the inclusion of the pulp mill MMK FollaCell, acquired in the previous year, as well as optimized prices. As a result of this and due to the shortfall of rebuild-related downtime costs from the comparative period, as well as further cost reductions, operating profit rose by 12.0 % to EUR 58.9 million (1-3Q 2013: EUR 52.6 million). Accordingly, the operating margin reached 7.7 % (1-3Q 2013: 7.2 %).

### **MAJOR INVESTMENT FOODBOARD™**

MM Karton invests this year around EUR 50 million at the Austrian Frohnleiten board mill for FOODBOARD™, an innovative cartonboard that guarantees optimum protection for food. The rebuilding of the cartonboard machine 3 is carried out as scheduled in the fourth quarter.

## **MM Packaging**

in millions of EUR, IFRS	<b>1-3Q/2014</b>	1-3Q/2013	+/-
<b>Sales<sup>1)</sup></b>	<b>882.0</b>	849.5	+3.8 %
<b>Operating profit</b>	<b>77.6</b>	77.6	+0.0 %
Operating margin (in %)	<b>8.8 %</b>	9.1 %	
Tonnage processed (in thous. of tons)	<b>530</b>	502	+5.6 %
Sheet equivalent (in millions)	<b>1,514.2</b>	1,400.8	+8.1 %

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

The sale of consumer goods showed an increasingly restrained picture in the reporting period. Consequently positive impulses on the European folding carton market still fail to appear, whereby the competition amongst suppliers will intensify. The need to produce more volume to sustain profit has been ever-present. MM Packaging achieved a considerable volume growth and thus a solid profit development in the first three quarters of 2014.

A large number of measures for increasing productivity and efficiency within the Division is continuously aimed at sustaining the plants' competitiveness and profitability on a high level or increasing it further. Regional expansion efforts in the course of the current year focused in particular on plants in Poland, Romania, Turkey and Vietnam.

With a rise in the tonnage processed of 5.6 % to 530,000 tons (1-3Q 2013: 502,000 tons) and in the sheet equivalent of 8.1 % to 1,514.2 million (1-3Q 2013: 1,400.8 million), it was possible to realize the necessary volume gains in a flat market environment and to expand market shares throughout the first nine months of the year.

However, this volume growth faced a more restrained rise in sales of 3.8 % to EUR 882.0 million, whereby it was possible to keep production costs under control. Thus, with EUR 77.6 million, the operating profit of the previous year (1-3Q 2013: EUR 77.6 million) could be reached again. The operating margin levelled at 8.8 % (1-3Q 2013: 9.1 %).

## QUARTERLY OVERVIEW

### MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2013	2Q/2013	3Q/2013	4Q/2013	1Q/2014	2Q/2014	3Q/2014
<b>Sales</b>	496.7	485.1	515.3	502.3	<b>523.9</b>	<b>509.2</b>	<b>537.9</b>
<b>EBITDA</b>	60.3	61.8	73.5	56.7	<b>68.5</b>	<b>65.0</b>	<b>70.1</b>
EBITDA margin (in %)	12.1 %	12.7 %	14.3 %	11.3 %	<b>13.1 %</b>	<b>12.8 %</b>	<b>13.0 %</b>
<b>Operating profit</b>	38.4	39.1	52.7	35.2	<b>46.2</b>	<b>42.5</b>	<b>47.8</b>
Operating margin (in %)	7.7 %	8.1 %	10.2 %	7.0 %	<b>8.8 %</b>	<b>8.3 %</b>	<b>8.9 %</b>
<b>Profit before tax</b>	36.2	37.2	48.8	34.2	<b>43.3</b>	<b>39.4</b>	<b>48.8</b>
Income tax expense	(9.2)	(9.5)	(10.7)	(4.1)	<b>(11.2)</b>	<b>(10.5)</b>	<b>(12.3)</b>
<b>Profit for the period</b>	27.0	27.7	38.1	30.1	<b>32.1</b>	<b>28.9</b>	<b>36.5</b>
Net profit margin (in %)	5.4 %	5.7 %	7.4 %	6.0 %	<b>6.1 %</b>	<b>5.7 %</b>	<b>6.8 %</b>
Earnings per share (in EUR)	1.35	1.37	1.90	1.49	<b>1.59</b>	<b>1.44</b>	<b>1.83</b>

## DIVISIONS

### MM KARTON

in millions of EUR, IFRS	1Q/2013	2Q/2013	3Q/2013	4Q/2013	1Q/2014	2Q/2014	3Q/2014
<b>Sales<sup>1)</sup></b>	237.6	239.1	249.5	238.4	<b>259.4</b>	<b>252.0</b>	<b>256.5</b>
<b>Operating profit</b>	11.3	15.6	25.7	12.7	<b>18.8</b>	<b>20.2</b>	<b>19.9</b>
Operating margin (in %)	4.8 %	6.5 %	10.3 %	5.3 %	<b>7.2 %</b>	<b>8.0 %</b>	<b>7.8 %</b>
Tonnage sold (in thous. of tons)	404	399	410	386	<b>408</b>	<b>398</b>	<b>412</b>
Tonnage produced (in thous. of tons)	391	413	408	392	<b>401</b>	<b>404</b>	<b>408</b>

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

### MM PACKAGING

in millions of EUR, IFRS	1Q/2013	2Q/2013	3Q/2013	4Q/2013	1Q/2014	2Q/2014	3Q/2014
<b>Sales<sup>1)</sup></b>	285.6	271.9	292.0	289.2	<b>290.4</b>	<b>282.6</b>	<b>309.0</b>
<b>Operating profit</b>	27.1	23.5	27.0	22.5	<b>27.4</b>	<b>22.3</b>	<b>27.9</b>
Operating margin (in %)	9.5 %	8.6 %	9.2 %	7.8 %	<b>9.4 %</b>	<b>7.9 %</b>	<b>9.0 %</b>
Tonnage processed (in thous. of tons)	168	166	168	169	<b>178</b>	<b>173</b>	<b>179</b>
Sheet equivalent (in millions)	465.7	459.2	475.9	472.9	<b>501.8</b>	<b>484.8</b>	<b>527.6</b>

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

The detailed Interim Report for the first three quarters of 2014 is available on our website:  
[www.mayr-melnhof.com](http://www.mayr-melnhof.com)

### Forthcoming results:

March 24, 2015          Annual Results for 2014

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