

## Results for the 1<sup>st</sup> Quarter of 2017

- Solid sales and volumes
- Sharp increase in raw material costs at MM Karton weighs on profit
- MM Packaging maintains good level
- Cartonboard price increase is first priority

The Mayr-Melnhof Group was able to sustain overall good capacity utilization in both divisions and to maintain the previous year's sales level in the first quarter of 2017. This was achieved despite restrained demand at the beginning of the year and persistently intense competition. The packaging division recorded a further quarter with high profitability. In contrast, the result of the cartonboard division was weighed by another rise in recovered paper prices. Accordingly, passing on increased input costs through higher selling prices is now first priority with the aim to keep on long-term profitability in both segments.

### GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1Q/2017	1Q/2016	+/-
<b>Sales</b>	<b>584.5</b>	576.0	+1.5 %
<b>Operating profit</b>	<b>50.6</b>	55.2	-8.3 %
Operating margin (in %)	8.7 %	9.6 %	
<b>Profit before tax</b>	<b>49.2</b>	53.2	-7.5 %
Income tax expense	(12.3)	(13.8)	
<b>Profit for the period</b>	<b>36.9</b>	39.4	-6.3 %
Net profit margin (in %)	6.3 %	6.8 %	
Earnings per share (in EUR)	1.84	1.96	
<b>Employees</b>	<b>9,906</b>	9,927 <sup>1)</sup>	
Capital expenditures (CAPEX)	45.5	31.9	
Depreciation and amortization	24.4	25.4	

<sup>1)</sup> as of December 31, 2016

The Group's consolidated sales increased to EUR 584.5 million and were thus 1.5 % above the comparative figure of the previous year (1Q 2016: EUR 576.0 million). This slight rise primarily results from the packaging division.

Operating profit, at EUR 50.6 million, was 8.3 % or EUR 4.6 million below the comparative figure of the previous year (1Q 2016: EUR 55.2 million). A stable performance at a high level in the packaging division was contrasted by a decline in the cartonboard division. The Group's operating margin reached 8.7 %, following 9.6 % in the first three months of the previous year.

Financial income amounted to EUR 0.8 million (1Q 2016: EUR 0.7 million), financial expenses to EUR -1.4 million (1Q 2016: EUR -1.6 million).

Profit before tax thus totaled EUR 49.2 million (1Q 2016: EUR 53.2 million). Income tax expense was at EUR 12.3 million (1Q 2016: EUR 13.8 million), resulting in an effective Group tax rate of 25.0 % (1Q 2016: 25.9 %).

Profit for the period decreased by 6.3 % to EUR 36.9 million (1Q 2016: EUR 39.4 million), representing 6.3 % of sales (1Q 2016: 6.8 %).

## **OUTLOOK**

Our first priority currently is to pass on the increased raw material costs in a stable European market environment, however lacking impulses. Continuing highly competitive general conditions are sustaining margin pressure, which we are countering with targeted measures to reduce costs and increase business volume. Besides exploiting organic growth opportunities, we continue to focus on expansion through acquisitions.

Due to the strong profit development in the first half of the previous year supported by a favorable product mix in the packaging division, as well as the successive compensation of increased raw material costs, interim results in the first half-year of 2017 will, as in the first quarter, come in below the comparative figure of last year. The target for 2017, however, remains to tie up with the challenging level of 2016 best possible.

## DEVELOPMENT IN THE DIVISIONS

### MM Karton

in millions of EUR, IFRS	1Q/2017	1Q/2016	+/-
<b>Sales<sup>1)</sup></b>	<b>261.9</b>	263.4	-0.6 %
<b>Operating profit</b>	<b>15.9</b>	20.2	-21.3 %
<b>Operating margin (in %)</b>	<b>6.1 %</b>	7.7 %	
Tonnage sold (in thousands of tons)	<b>426</b>	427	-0.2 %
Tonnage produced (in thousands of tons)	<b>421</b>	419	+0.5 %

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

Following a restrained beginning of the year, demand on the European cartonboard market improved slightly over the course of the first quarter of 2017. The average order backlog of MM Karton was around 69,000 tons, following 57,000 tons in the first three months of the previous year. At around 98 % (1Q 2016: 97 %), the capacities of the division were again almost fully utilized.

The major challenge in the first months of the year was the situation on the raw materials markets, which experienced a significant price increase in the strategic raw material of recovered paper as well as in coating chemicals. Prices for recovered paper were driven in particular by strong demand from Asia and stockpiling for new European corrugated base paper machinery.

Therefore, MM Karton currently sets highest priority to passing on the increased input prices.

With 421,000 tons produced and 426,000 tons sold, volumes were similar to the previous year (1Q 2016: 419,000 tons and 427,000 tons respectively). Of this, 78 % was sold to European markets and 22 % to markets outside of Europe (1Q 2016: 81 %; 19 %).

Owing to largely stable average prices, sales, at EUR 261.9 million, remained close to the previous year's level (1Q 2016: EUR 263.4 million). In contrast, operating profit decreased as a result of the strong rise in raw material costs from EUR 20.2 million to EUR 15.9 million. The operating margin came in at 6.1 % following 7.7 % in the previous year's period.

## MM Packaging

in millions of EUR, IFRS	1Q/2017	1Q/2016	+/-
<b>Sales<sup>1)</sup></b>	<b>344.6</b>	339.2	+1.6 %
<b>Operating profit</b>	<b>34.7</b>	35.0	-0.9 %
<b>Operating margin (in %)</b>	<b>10.1 %</b>	10.3 %	
Tonnage processed (in thousands of tons)	<b>190</b>	189	+0.5 %
Sheet equivalent (in millions)	<b>569.9</b>	562.2	+1.4 %

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

Also demand on the European folding carton market still proceeded without noticeable stimulus in the first three months of the year. Accordingly competition continued with unabated intensity.

Nevertheless MM Packaging was able to solidly maintain its position in this setting with a broad range of sales in various consumer goods sectors and regions as well as with the focus on cost leadership. The good profit-level was held up for another quarter in succession, still with a heterogeneous profit contribution by the individual sites.

There are no signs of a sustained improvement in market dynamics recognizable. Thus, MM Packaging is continuing to focus on maximum efficiency in production as well as on long-term collaboration with successful customers. The success of this approach can also be seen in the first quarter of 2017.

Sales as well as operating profit, at EUR 344.6 million and EUR 34.7 million respectively, were able to match the high standards set in the comparative period of the previous year (1Q 2016: EUR 339.2 million and EUR 35.0 million). As a result, at 10.1 % the operating margin stayed at a high level (1Q 2016: 10.3 %).

At 190,000 tons, tonnage processed remained almost unchanged at the previous year's level (1Q 2016: 189,000 tons), while the sheet equivalent increased by 1.4 % from 562.2 million to 569.9 million.

## QUARTERLY OVERVIEW

### MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/2016	2Q/2016	3Q/2016	4Q/2016	1Q/2017
<b>Sales</b>	576.0	566.2	571.6	558.9	<b>584.5</b>
<b>EBITDA</b>	80.3	83.6	72.9	77.2	<b>74.8</b>
EBITDA margin (in %)	13.9 %	14.8 %	12.8 %	13.8 %	<b>12.8 %</b>
<b>Operating profit</b>	55.2	55.6	49.4	53.5	<b>50.6</b>
Operating margin (in %)	9.6 %	9.8 %	8.6 %	9.6 %	<b>8.7 %</b>
<b>Profit before tax</b>	53.2	55.7	47.0	53.3	<b>49.2</b>
Income tax expense	(13.8)	(14.7)	(11.9)	(15.4)	<b>(12.3)</b>
<b>Profit for the period</b>	39.4	41.0	35.1	37.9	<b>36.9</b>
Net profit margin (in %)	6.8 %	7.2 %	6.1 %	6.8 %	<b>6.3 %</b>
Earnings per share (in EUR)	1.96	2.05	1.75	1.91	<b>1.84</b>

### DIVISIONS

#### MM KARTON

in millions of EUR, IFRS	1Q/2016	2Q/2016	3Q/2016	4Q/2016	1Q/2017
<b>Sales<sup>1)</sup></b>	263.4	258.5	255.6	245.5	<b>261.9</b>
<b>Operating profit</b>	20.2	18.9	15.3	13.7	<b>15.9</b>
<b>Operating margin (in %)</b>	7.7 %	7.3 %	6.0 %	5.6 %	<b>6.1 %</b>
Tonnage sold (in thousands of tons)	427	417	414	413	<b>426</b>
Tonnage produced (in thousands of tons)	419	420	416	414	<b>421</b>

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

#### MM PACKAGING

in millions of EUR, IFRS	1Q/2016	2Q/2016	3Q/2016	4Q/2016	1Q/2017
<b>Sales<sup>1)</sup></b>	339.2	332.1	342.1	339.2	<b>344.6</b>
<b>Operating profit</b>	35.0	36.7	34.1	39.8	<b>34.7</b>
<b>Operating margin (in %)</b>	10.3 %	11.1 %	10.0 %	11.7 %	<b>10.1 %</b>
Tonnage processed (in thousands of tons)	189	191	190	191	<b>190</b>
Sheet equivalent (in millions)	562.2	565.8	561.3	550.8	<b>569.9</b>

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

The Interim Report for the first quarter of 2017 is available on our website:  
[www.mayr-melnhof.com](http://www.mayr-melnhof.com)

#### Forthcoming Results:

August 17, 2017      Half-Year Results 2017

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