

Results for the 1st Quarter of 2018

- Sales and profit increase
- High capacity utilization in both divisions
- Significant improvement in results at MM Karton
- Margin of MM Packaging under cost pressure

The Mayr-Melnhof Group was able to exploit the sustained positive momentum on the European main markets in the first quarter of 2018. Both divisions still operated at good capacity utilization. The increasing operating profit of the Group followed the good level of the third and fourth quarter of the previous year, and was thus significantly above the comparative value of 2017, which was impacted by a sharp rise in recovered paper prices.

The cartonboard division benefited in particular from price increases. Higher material costs, especially for cartonboard and packaging, but also transport costs weigh on the margin of the packaging division. Accordingly, first priority here is to pass on the costs through higher selling prices.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	1Q/ 2018	1Q/ 2017	+/-
Sales	592.1	584.5	+1.3 %
Operating profit	57.1	50.6	+12.8 %
Operating margin (in %)	9.6 %	8.7 %	
Profit before tax	55.6	49.2	+13.0 %
Income tax expense	(13.9)	(12.3)	
Profit for the period	41.7	36.9	+13.0 %
Net profit margin (in %)	7.0 %	6.3 %	
Earnings per share (in EUR)	2.08	1.84	
Employees	9,721	9,856 ¹⁾	
Capital expenditures (CAPEX)	25.3	45.5	
Depreciation and amortization	26.6	24.4	

¹⁾ as of December 31, 2017

The Group's consolidated sales went up to EUR 592.1 million and were thus 1.3 % above the comparative figure of the previous year (1Q 2017: EUR 584.5 million). The slight increase results from both divisions.

Operating profit at EUR 57.1 million was 12.8 % or EUR 6.5 million above the previous year's value (1Q 2017: EUR 50.6 million). A rise at the cartonboard division contrasted with a decline at the packaging division. The Group's operating margin reached 9.6 %, following 8.7 % in the first three months of 2017.

Financial income amounted to EUR 0.3 million (1Q 2017: EUR 0.8 million), financial expenses to EUR -1.5 million (1Q 2017: EUR -1.4 million).

Profit before tax rose by 13.0 % to EUR 55.6 million (1Q 2017: EUR 49.2 million). Income tax expense totaled EUR 13.9 million (1Q 2017: EUR 12.3 million), resulting in an effective Group tax rate of 25.0 % (1Q 2017: 25.0 %).

Profit for the period went up accordingly by 13.0 % to EUR 41.7 million (1Q 2017: EUR 36.9 million).

OUTLOOK

European main markets still show a solid utilization for both divisions, but without any new impulses. The sustainability, however, remains difficult to assess.

Despite good demand the competitive situation on the markets is characterized by an ongoing intensity. Due to demand-related price increases for many input factors a consequent price policy stays in our focus. Measures to increase efficiency through specialization and rationalization will be further pursued. Thereby the quality of the Group's results should be maintained at a good level, with the aim of closing also the interim results of the first half of 2018 above the previous year.

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	1Q/ 2018	1Q/ 2017	+/-
Sales¹⁾	268.3	261.9	+2.4 %
Operating profit	27.7	15.9	+74.2 %
Operating margin (in %)	10.3 %	6.1 %	
Tonnage sold (in thousands of tons)	419	426	-1.6 %
Tonnage produced (in thousands of tons)	416	421	-1.2 %

¹⁾ including interdivisional sales

Demand on the European cartonboard market improved slightly over the course of the first quarter following a restrained start to 2018. Nevertheless intense competition stayed on.

The average order backlog of MM Karton totaled around 85,000 tons, following 69,000 tons in the first three months of the previous year. At approximately 99 %, capacities of the division were again almost fully utilized (1Q 2017: 98 %).

As a result of the consequent price policy, with 419,000 tons and 416,000 tons respectively slightly less was sold and produced in the first quarter of 2018 than in the previous year (1Q 2017: 426,000 tons and 421,000 tons respectively). Of this, 83 % was sold to European markets and 17 % to markets outside of Europe (1Q 2017: 78 %; 22 %).

While procurement markets for the strategic raw material of recovered paper were characterized by a significant price increase in the previous year, there was an easing in the first three months of 2018, but just for mixed qualities. This was especially due to temporarily lower exports from Europe to Asia. However, the market situation for virgin fibers has been marked by continuing price increases.

Due to higher selling prices, sales rose by 2.4 % to EUR 268.3 million (1Q 2017: EUR 261.9 million). Simultaneously, operating profit went up from EUR 15.9 million to EUR 27.7 million, also owing to reduced direct costs. The operating margin thus reached 10.3 % following 6.1 % in the same period of the previous year.

MMK digital – Buy Board Online 24/7

With MMK digital, MM Karton has launched the first digital sales and service channel in the cartonboard industry. For the first time, each customer can perform all business processes with MM Karton online and securely in real time in just a few seconds, around the clock, seven days a week.

MM Packaging

in millions of EUR, IFRS	1Q/ 2018	1Q/ 2017	+/-
Sales¹⁾	354.3	344.6	+2.8 %
Operating profit	29.4	34.7	-15.3 %
Operating margin (in %)	8.3 %	10.1 %	
Tonnage processed (in thousands of tons)	199	190	+4.7 %
Sheet equivalent (in millions)	587.0	569.8	+3.0 %

¹⁾ including interdivisional sales

Demand on the European folding carton markets remained robust also in the first quarter of 2018. Against this background, MM Packaging was able to grow further and to utilize the capacities of its plants to a high degree. Tonnage processed increased by 4.7 % from 190,000 tons to 199,000 tons, the sheet equivalent by 3.0 % from 569.8 million to 587.0 million.

At the same time, however, significantly increasing input costs weighed on the result. In addition to a considerable rise in material costs, particularly resulting from higher cartonboard prices, also other costs such as transportation showed a gradual increase. In an unchanged highly competitive environment, the main priority currently is to pass on the cost increases through packaging prices. Furthermore, internal programs aimed at raising cost efficiency through specialization and rationalization will be consistently further pursued.

Sales rose largely along with volumes by 2.8 % from EUR 344.6 million to EUR 354.3 million. With an operating profit of EUR 29.4 million, it was not possible to match the comparative figure of the previous year due to costs (1Q 2017: EUR 34.7 million). The operating margin was therefore 8.3 %, following 10.1 % in the first quarter of 2017.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	1Q/ 2017	2Q/ 2017	3Q/ 2017	4Q/ 2017	1Q/ 2018
Sales	584.5	565.8	598.8	587.7	592.1
EBITDA	74.8	76.1	81.3	82.1	83.9
EBITDA margin (in %)	12.8 %	13.4 %	13.6 %	14.0 %	14.2 %
Operating profit	50.6	51.5	56.8	56.1	57.1
Operating margin (in %)	8.7 %	9.1 %	9.5 %	9.5 %	9.6 %
Profit before tax	49.2	47.8	54.9	53.6	55.6
Income tax expense	(12.3)	(12.8)	(13.5)	(11.9)	(13.9)
Profit for the period	36.9	35.0	41.4	41.7	41.7
Net profit margin (in %)	6.3 %	6.2 %	6.9 %	7.1 %	7.0 %
Earnings per share (in EUR)	1.84	1.74	2.07	2.08	2.08

DIVISIONS

MM KARTON

in millions of EUR, IFRS	1Q/ 2017	2Q/ 2017	3Q/ 2017	4Q/ 2017	1Q/ 2018
Sales¹⁾	261.9	262.3	264.7	259.8	268.3
Operating profit	15.9	19.2	19.5	18.9	27.7
Operating margin (in %)	6.1 %	7.3 %	7.4 %	7.3 %	10.3 %
Tonnage sold (in thousands of tons)	426	418	422	409	419
Tonnage produced (in thousands of tons)	421	423	425	416	416

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	1Q/ 2017	2Q/ 2017	3Q/ 2017	4Q/ 2017	1Q/ 2018
Sales¹⁾	344.6	330.0	362.2	355.9	354.3
Operating profit	34.7	32.3	37.3	37.2	29.4
Operating margin (in %)	10.1 %	9.8 %	10.3 %	10.5 %	8.3 %
Tonnage processed (in thousands of tons)	190	185	194	198	199
Sheet equivalent (in millions)	569.8	548.9	588.3	582.9	587.0

¹⁾ including interdivisional sales

The Interim Report for the first quarter of 2018 is available on our website:
www.mayr-melnhof.com

Forthcoming Results:

August 14, 2018 Half-Year Results 2018

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