



Mayr-Melnhof Group

May 2021 (incl. 1Q Results)



Investment Highlights

Market leader in resilient sustainable consumer packaging

Drive efficiency and innovation to increase market share of sustainable folding cartons

Combine organic growth and acquisitions

Adhering to a solid financial policy

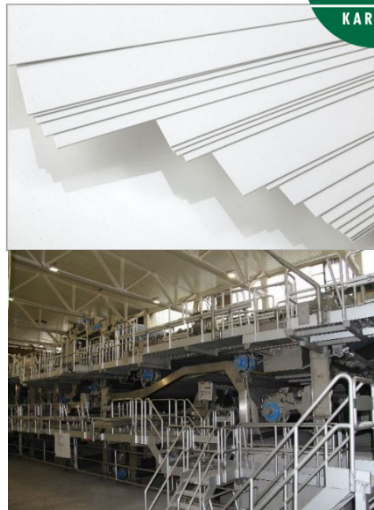
Long-term orientated core shareholder and management



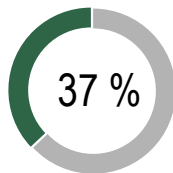
1. Mayr-Melnhof Group at a Glance



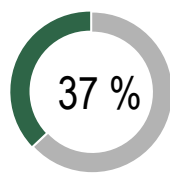
MM – Leading in Cartonboard and Folding Cartons



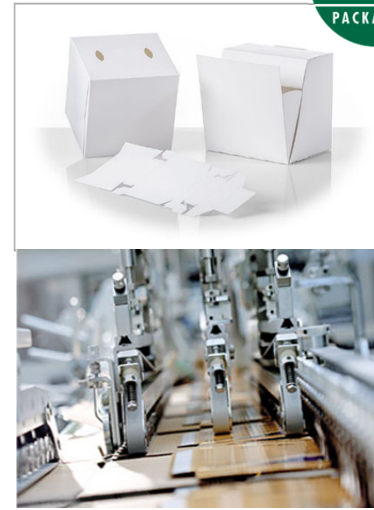
Europe's largest cartonboard producer with a leading position in recycled board growing its position in virgin fiber-based board



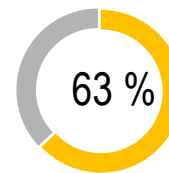
% Sales



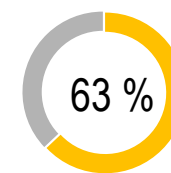
% op. Profit



Europe's largest folding carton producer with a leading position in several countries outside Europe.



% Sales




% op. Profit

(2020)




MM – at a Glance


Sales
€ 2.5 bn.



+60 bn.
packages / year


1.7 mn. tons
cartonboard produced / y

since **1994**
on the
Stock
exchange


10,000 employees
worldwide


2,700+
Customers in
100+
countries


847,000 tons cartonboard
and paper processed / y

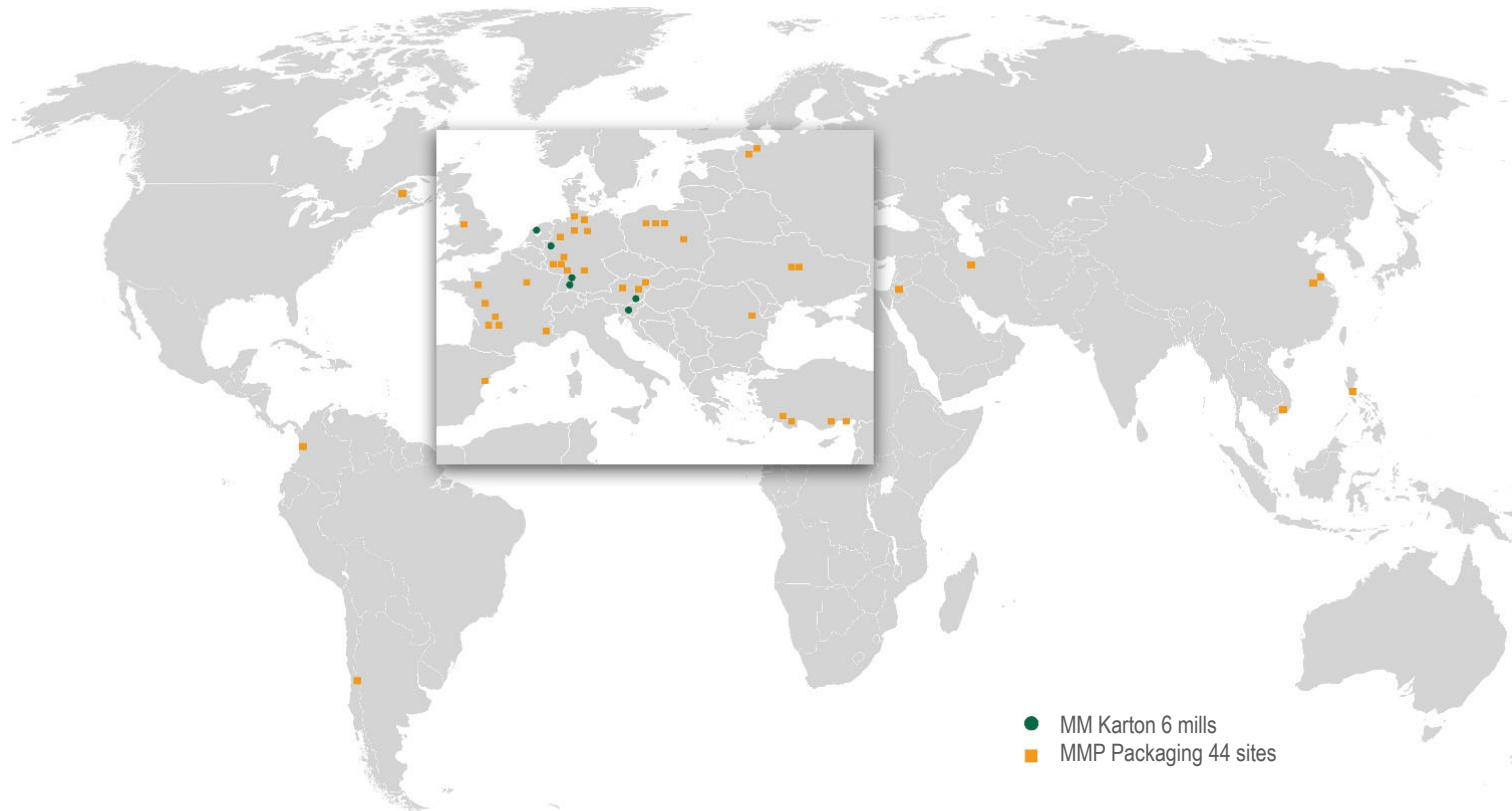
57 %
core shareholder
(family)

(2020 Values)



MM Production Sites

50 Production Sites in 20 Countries – Focus on Europe

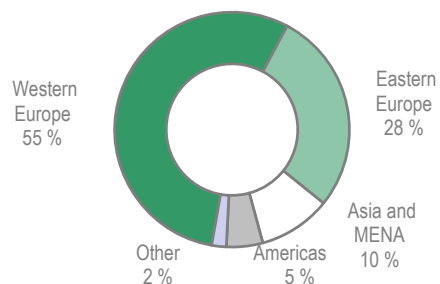




Sales Region / End Markets

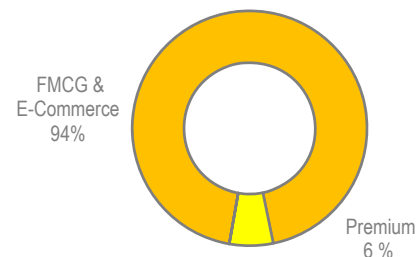
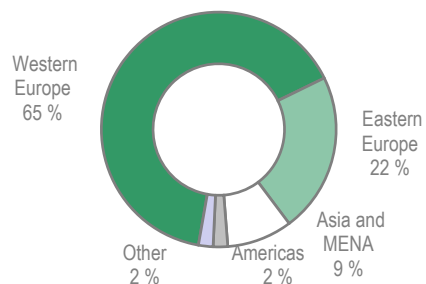


MM Group

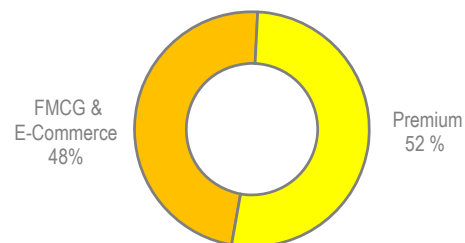
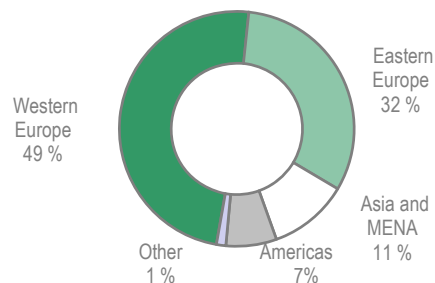


¹⁾ Health, Beauty & Personal Care, Cigarette

MM Karton



MM Packaging



(2020)



Group Key Indicators

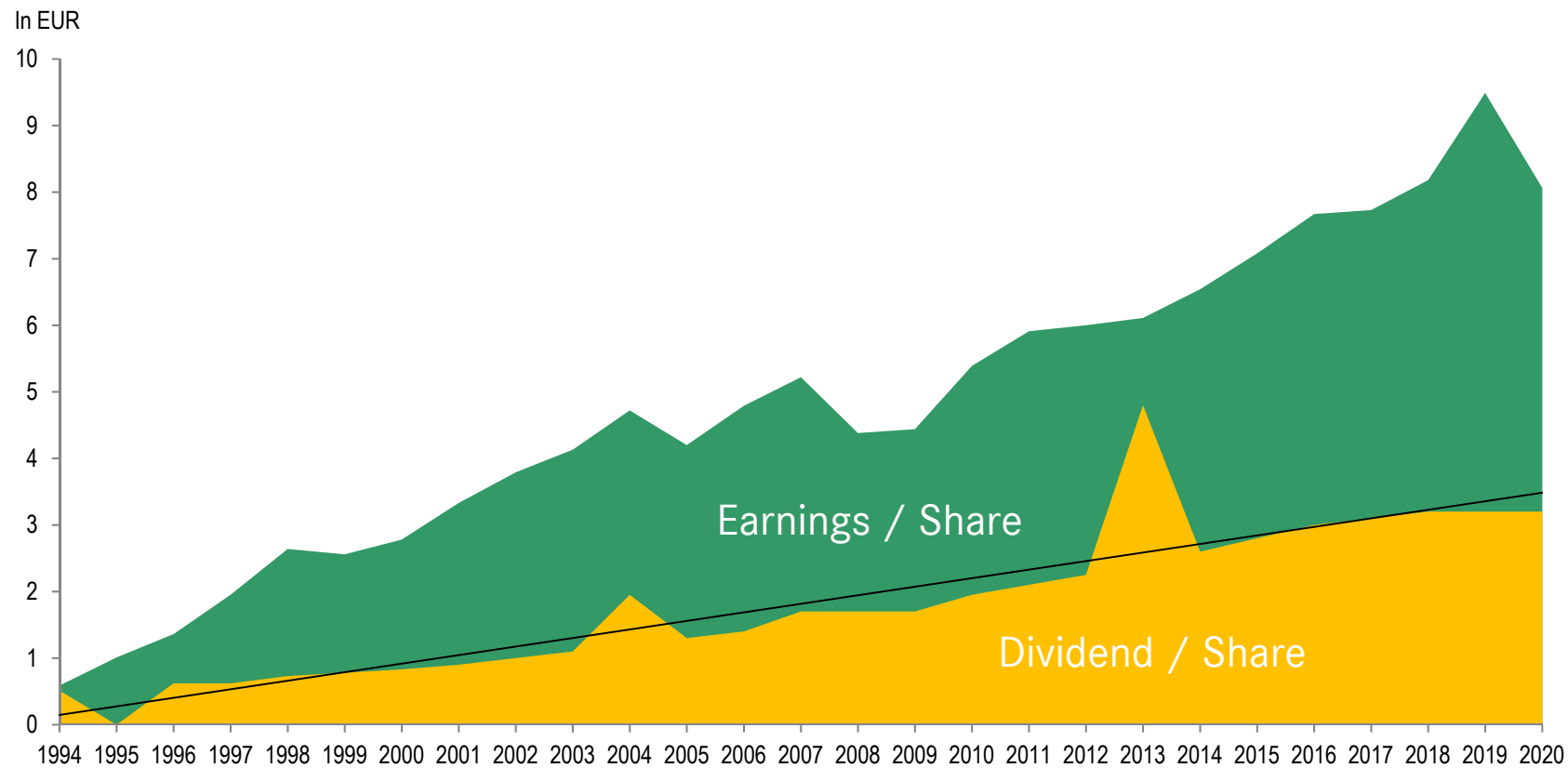
(in mn. EUR)

Group sales (cons.) ¹⁾	2,528
op. Cash flow ¹⁾	318
Total equity ²⁾	1,604
Equity ratio ²⁾	45.2 %
ROCE ¹⁾	13.7 %
Net debt ²⁾	-110
Employees ²⁾	10,022

¹⁾ 31.12.2020 / ²⁾ 31.3.2021



Dividend Policy



Continuous conservative Payout Policy

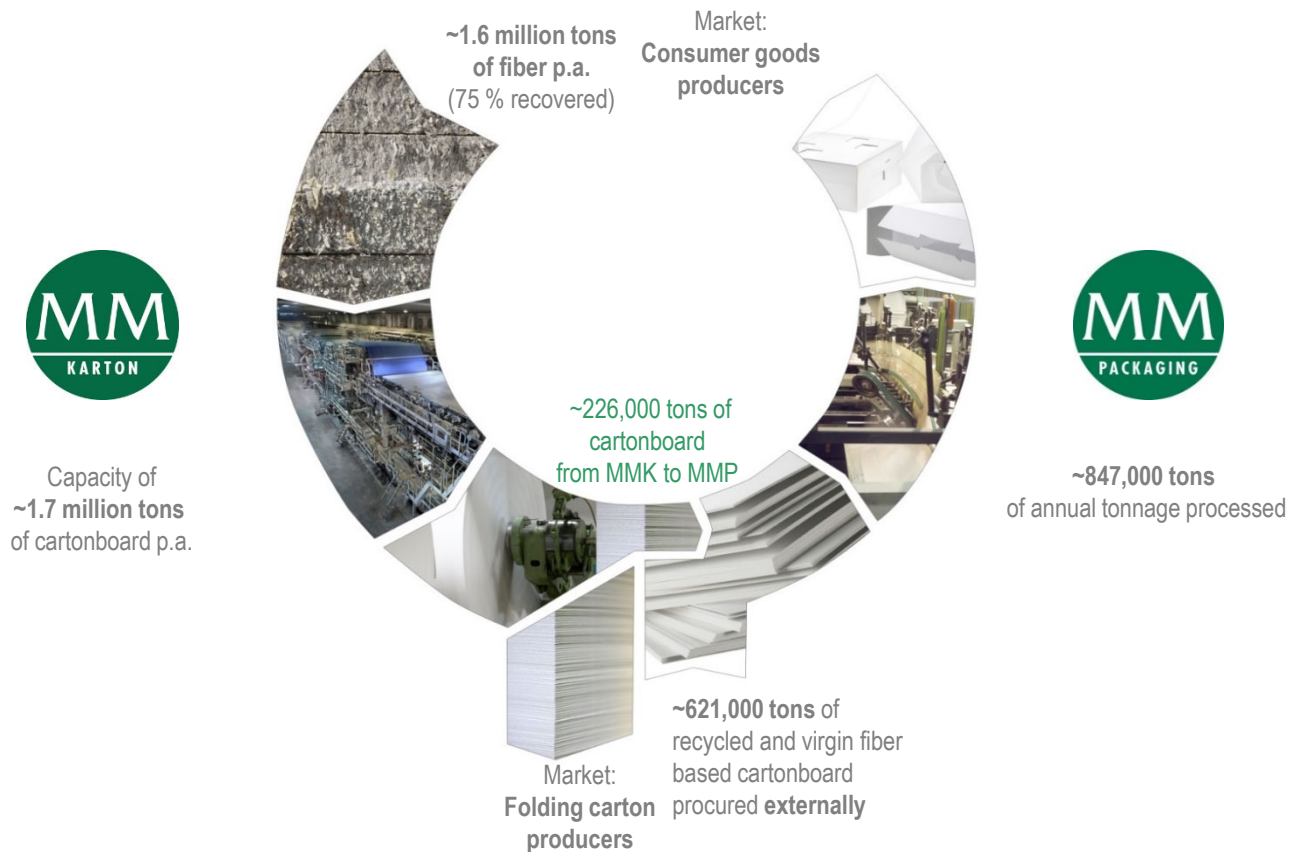
* 2004 and 2013 incl. bonus dividend



2. Business Overview and Market Positioning



Business Structure



(2020 Values)

Both Divisions are independent profit centers carrying out business at market conditions



Sustainability at the core of MM

Circular Economy - immanent part of our business

Cartonboard packaging
Renewable – Recyclable - Biodegradable

Efficient use of resources and a positive contribution to the long-term
conservation of natural areas and biodiversity

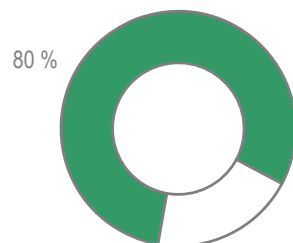
Dedicated sustainability management

We care for our people
Health - Safety - Welfare



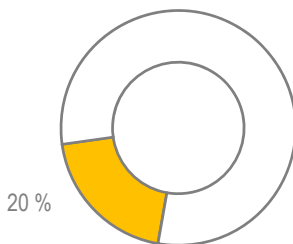
MM Karton Products & Markets

Recycled Board



Various Food Applications, Confectionery, Fast Food and Food Service, Non Food E-Commerce

Virgin Fiber Board

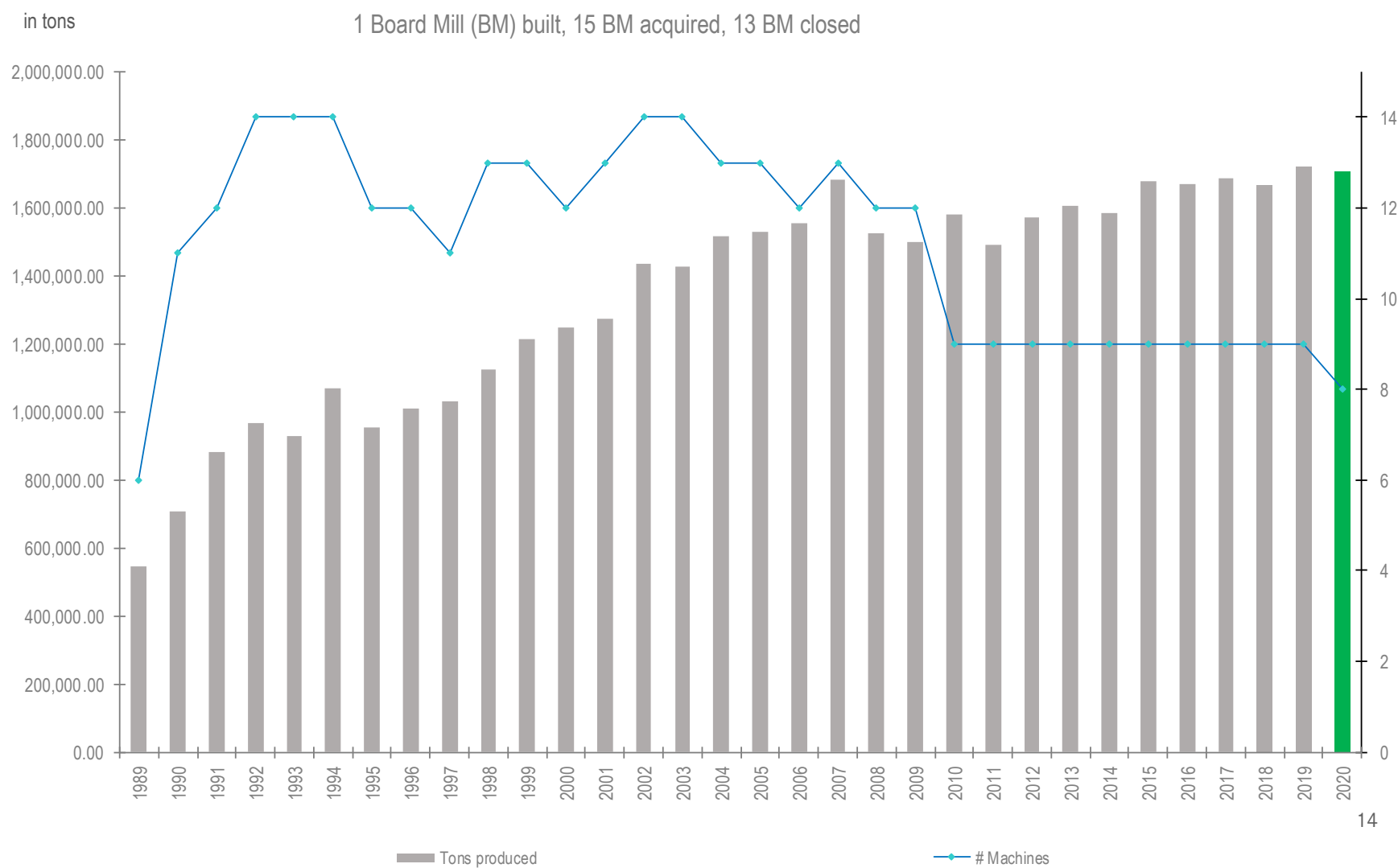


Various Food Applications, Confectionery, Food Service, Health, Beauty & Personal Care, Cigarettes

(2020 FC)



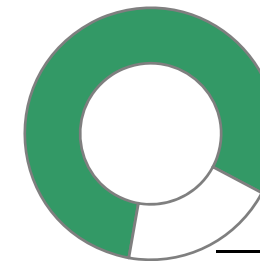
MM Karton Production





MM Packaging Customers

80%
Multinational Customers



20%
Local Customers

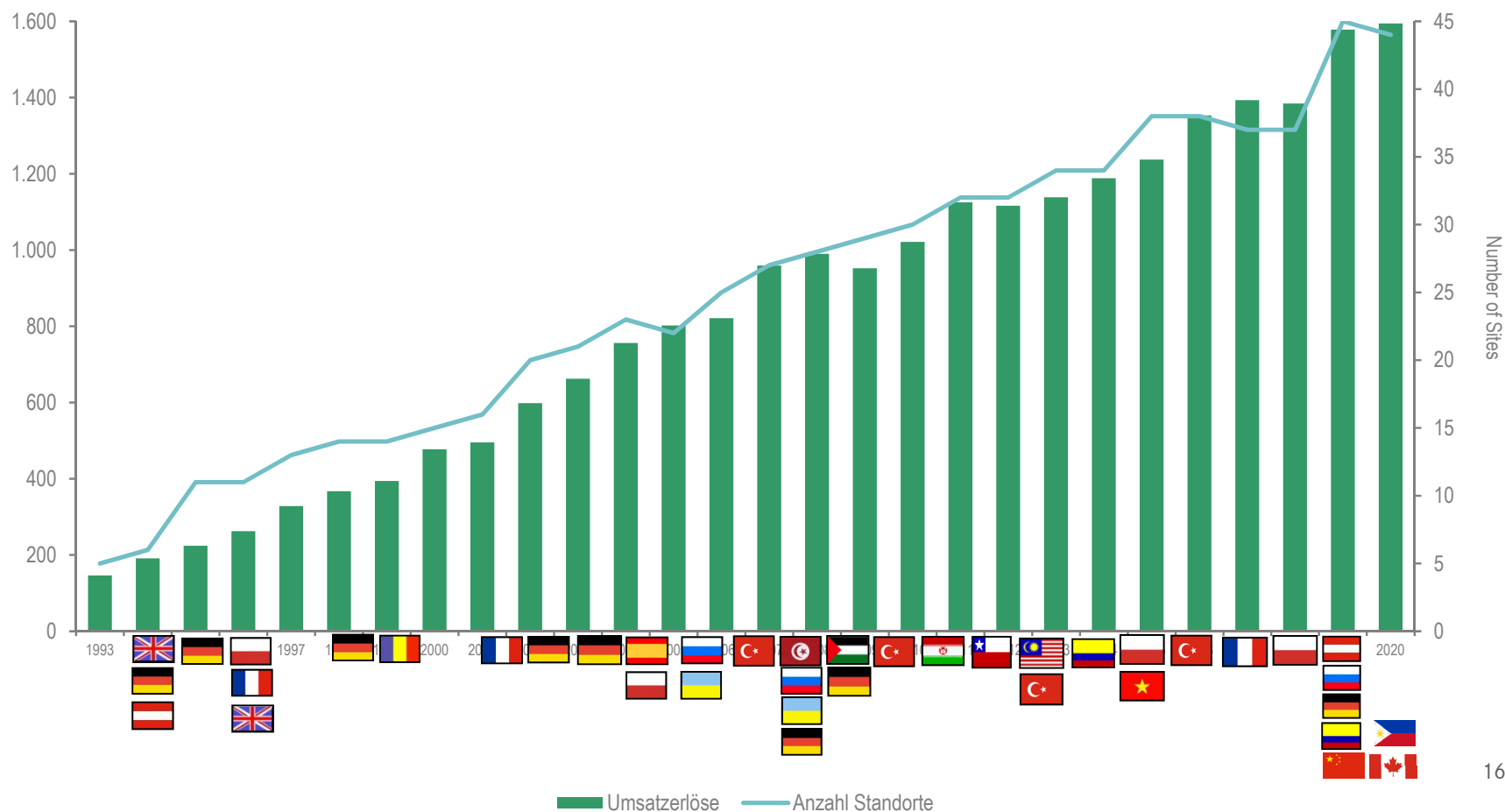


Top 5 customers approx. 40% of sales (2020)



MM Packaging Growth Path

Sales
in millions of EUR





3. Strategy



Leveraging persisting trends

Grow virgin fiber-based cartonboard (FBB) with innovative bio-barrier coating replacing plastics

Focus on growth markets

Build on sustainability, which is core of our business

Secure industrial leadership on cost, technology and innovation



Strategic Positioning

- Cost Leadership
 - Improve the cost base by scaling up the core business and focus on specific product groups to realize synergies
- Value-added focus
 - Enhance further market penetration with more added-value business, where MM will increase its share based on sustainability and innovation
- Continuous Growth
 - Organic, through focus on growth markets (e.g. e-commerce)
 - Target to grow with market +1 %
 - Acquisitions in cartonboard and folding cartons, opportunistically in adjacent businesses



Growth for more Competitiveness

Business Target

Strategy

MM Karton

Recycled fiber



Improve cost position and develop innovative products

Targeted capex in existing mills

Virgin fiber



Launch new sustainable products replacing plastics

Acquisition of efficient and innovative mills; increase innovation and new products

MM Packaging

Folding Cartons



Grow market share and increase efficiencies

Acquisitions, automation and targeted capex in low cost sites



Acquisition Criteria

- Size
 - Preferably medium to large (EV > 150 €M) to drive efficiencies and support innovation
 - Smaller bolt-on acquisitions
- Region
 - Focus Europe, if attractive also beyond
- Product
 - cartonboard (virgin fiber) and folding cartons + opportunistically in adjacent businesses
- Price
 - EV/EBITDA not dilutive
- Earnings
 - Immediately accretive to earnings



4. Development in 1Q / 2021

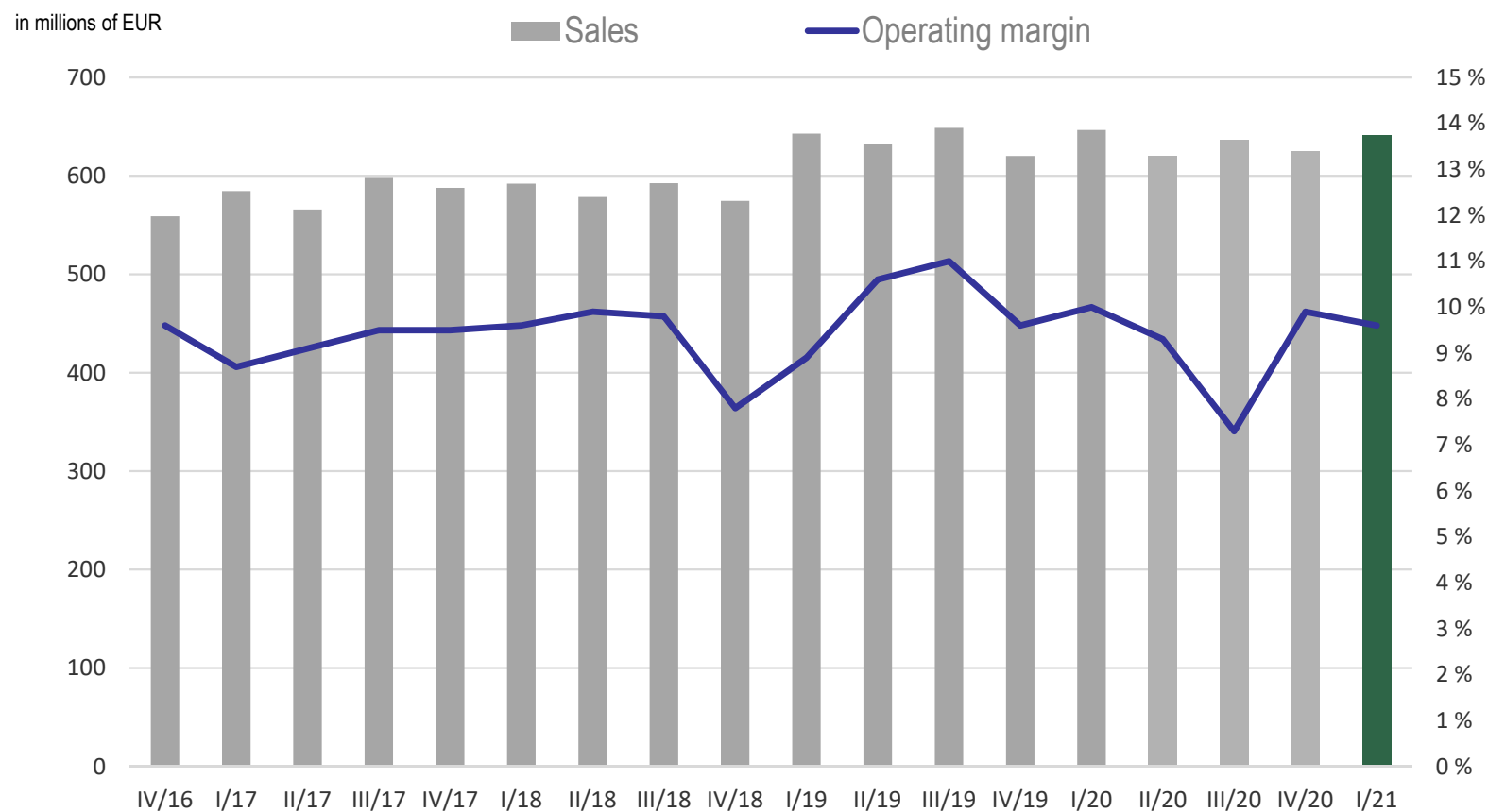


1Q / 2021 Group Headlines

- Ongoing good demand and capacity utilization
- Sales and result slightly below previous year
- Significant increase in input prices weighs on profit of MM Karton
- Price increases in both divisions in implementation



MM Group Quarterly Overview





MM Group 1Q / 2021 Results

consolidated in millions of EUR, IFRS	1Q/2021	1Q/2020	+/-
Sales	641.3	646.6	-0.8 %
EBITDA	92.7	98.9	-6.3 %
Operating profit	61.2	64.6	-5.2 %
Operating margin (in %)	9.6 %	10.0 %	-44 bp
Profit before tax	58.6	62.8	-6.7 %
Income tax expense	(14.7)	(17.7)	
Profit for the period	43.9	45.1	-2.8 %
Net profit margin (in %)	6.8 %	7.0 %	
Earnings per share (in EUR)	2.18	2.25	-3.1 %
Cash flow from operating activities	77.8	84.5	-7.9 %
Capital expenditures (CAPEX)	60.3	31.2	
Depreciation and amortization	31.5	34.3	



MM Consolidated Balance Sheet

consolidated in millions of EUR, IFRS	Mar. 31, 2021	Dec. 31, 2020
Non-current assets	1,427.0	1,397.9
Current assets	2,124.2	1,001.7
Total assets	3,551.2	2,399.6
Equity	1,603.7	1,547.1
Liabilities	1,947.5	852.5
Total equity and liabilities	3,551.2	2,399.6
Total funds available to the Group	1,228.9	146.2
Equity ratio (in %)	45.2 %	64.5 %
Net debt	(110.3)	(122.2)



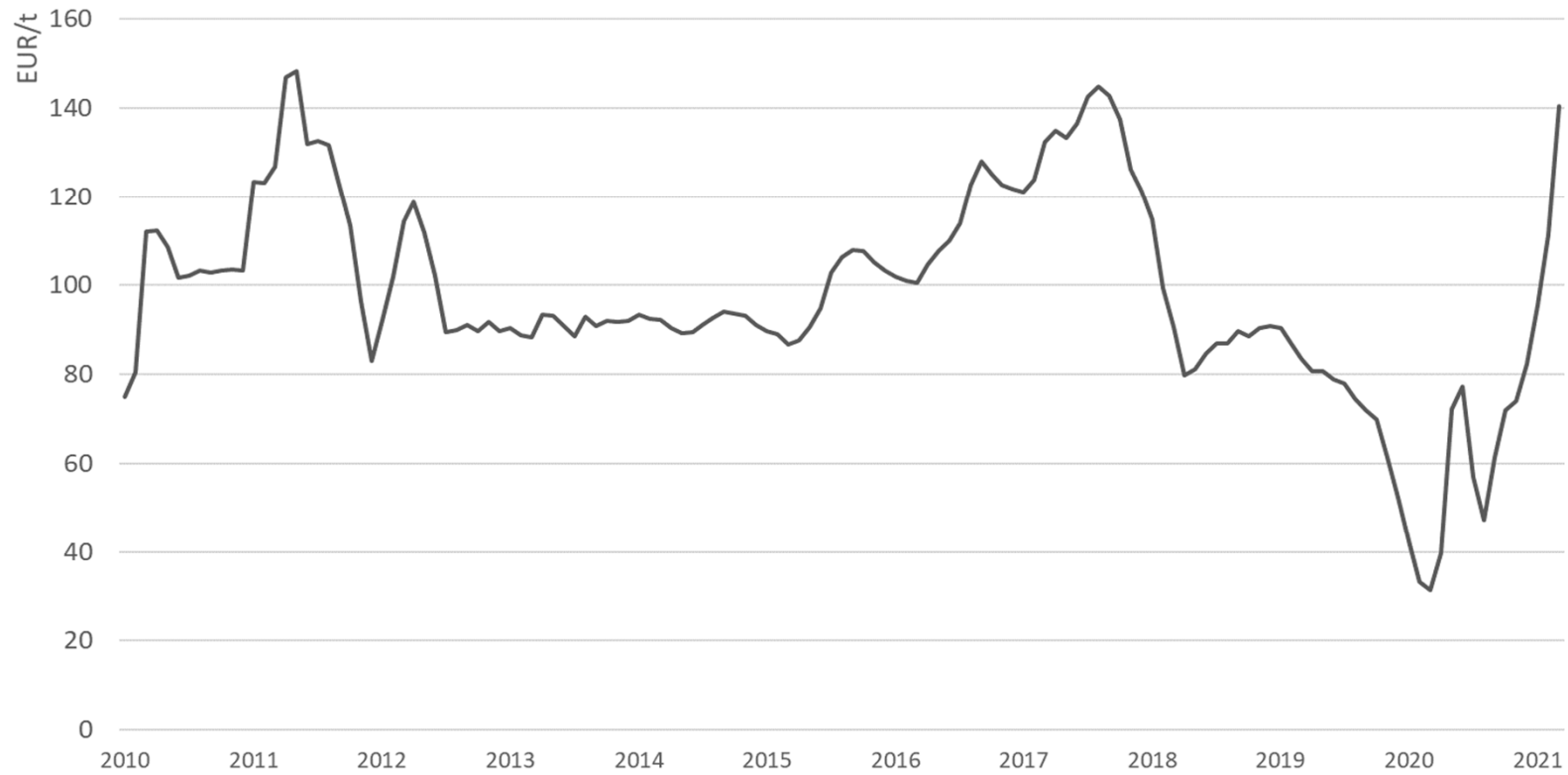
1Q / 2021 MM Karton Headlines

- Strong order activity since the beginning of the year
- 99 % capacity utilization
- Drastic price increase on procurement markets, in particular for recovered paper and pulp
- Price increase for recycled fiber-based cartonboard in two steps, effective in the 2nd quarter and by mid-year 2021

Prices for virgin fiber-based cartonboard also increase by mid-year where there is no longer-term validity



Development Recovered Paper Price (mixed grades)





MM Karton 1Q / 2021 Results

in millions of EUR, IFRS	1Q/2021	1Q/2020	+/-
Sales¹⁾	271.4	273.5	-0.8 %
Operating profit	19.8	34.1	-41.9 %
Operating margin (in %)	7.3 %	12.5 %	-518 bp
Cash flow from operating activities	23.1	30.4	-23.8 %
Tonnage sold (in thousands of tons)	432	444	-2.6 %
Tonnage produced (in thousands of tons)	410	435	-5.7 %
Employees	2,320	2,417 ²⁾	
Capital expenditures (CAPEX)	17.8	16.9	
Depreciation and amortization	13.2	13.4	

¹⁾ incl. interdivisional sales

²⁾ as of December 31, 2020

in millions of EUR, IFRS	1Q/2020	2Q/2020	3Q/2020	4Q/2020	1Q/2021
Sales¹⁾	273.5	259.5	264.4	253.4	271.4
Operating profit	34.1	25.1	9.2	18.3	19.8
Operating margin (in %)	12.5 %	9.6 %	3.5 %	7.2 %	7.3 %
Cash flow from operating activities	30.4	22.3	45.5	28.1	23.1
Tonnage sold (in thousands of tons)	444	427	423	410	432
Tonnage produced (in thousands of tons)	435	442	421	412	410

¹⁾ incl. interdivisional sales



1Q / 2021 MM Packaging Headlines

- Good demand continued throughout 1Q 2021 in FMCG. In addition markets of Health, Beauty & Personal Care show a lasting improvement, respectively a recovery
- Progressing cost inflation is becoming an increasing challenge, but still low effect in 1Q
- Passing through will largely take place from the middle of the year onwards
- Expansion investments in sites with cost advantages and the focus on growth markets such as sustainable plastic-free packaging or e-commerce applications successfully launched in Austria, Poland, Romania and the United Kingdom
- Necessary structural adjustment measures to increase competitiveness and secure existing business are being continued



MM Packaging 1Q/2021 Results

in millions of EUR, IFRS	1Q/2021	1Q/2020	+/-
Sales¹⁾	399.3	401.7	-0.6 %
Operating profit	41.4	30.5	+36.0 %
Operating margin (in %)	10.4 %	7.6 %	+279 bp
Cash flow from operating activities	54.7	54.1	+1.1 %
Tonnage processed (in thousands of tons)	216	209	+3.2 %
Employees	7,702	7,521 ²⁾	
Capital expenditures (CAPEX)	42.5	14.3	
Depreciation and amortization	18.3	20.9	

¹⁾ incl. interdivisional sales
²⁾ as of December 31, 2020

in millions of EUR, IFRS	1Q/2020	2Q/2020	3Q/2020	4Q/2020	1Q/2021
Sales¹⁾	401.7	391.9	401.9	398.7	399.3
Operating profit	30.5	32.8	37.6	43.8	41.4
Operating margin (in %)	7.6 %	8.4 %	9.3 %	11.0 %	10.4 %
Cash flow from operating activities	54.1	15.8	55.6	66.4	54.7
Tonnage processed (in thousands of tons)	209	211	215	212	216

¹⁾ incl. interdivisional sales



5. Outlook



Outlook

- Well-filled order books and growing demand for cartonboard and packaging also in 2021
- Continuing increase in input prices (fibers, energy, chemicals and logistics...)
- Focus on passing on costs
- Goal to return in the second half of 2021 to the earnings level of the 1Q in the Group's current business after expected results decline in 2Q
- Intensified investments in future and growth projects in several mills of MM Karton and MM Packaging got off to a good start. (Capex 2021 – 22 to range from EUR 250 to 300 million p.a.)
- Selective adjustment and restructuring measures

As currently planned at MM Graphia Bielefeld in 2Q. Relocation of production volume to other MM Packaging sites in Germany, but also in Russia, Ukraine and Asia to increase competitiveness. One-off expenses of EUR 25 – 30 million expected in 2Q.



6. Acquisition of Kotkamills & IP Kwidzyn



Acquisition of Kotkamills



**Kotkamills houses Europe's most modern Virgin Board Machine
a Saturated Base Kraft Machine, a sawmill and three fibre preparation plants**



Kotka - Transaction Highlights

- Acquisition of 100 % of the outstanding shares of Kotkamills Group Oyj (“Kotkamills”), representing a total Enterprise Value of approximately € 425 millions
- Funded from committed credit lines
- Immediately accretive to MM Group earnings
- Combine innovation power of Kotka and MMK for more sustainability and to challenge established appliers to innovate faster to replace plastics
- Transaction is subject to completion of required regulatory approvals and other customary conditions (closing expected mid 2021)



Kotka -Compelling Strategic Rationale

Strengthen Mayr-Melnhof Group's competitive position in a growing European FBB market versus the two market leaders for more innovation, sustainability and efficiencies.

Create a strong second pillar in addition to Coated Recycled Board (RCB) and Coated Liner

Offer bio-barrier coated solutions which can replace plastic and PE-coated board

Develop FBB market by increasing production
(from current sales volumes of 260kt to planned capacity of 400kt)

Diversify the business by adding a new product
(with Kotkamills' strong competitive position in high-quality Saturating Base Kraft)

Harvest synergy potential and drive efficiencies to compete more efficiently in favour of sustainable packaging against plastic solutions



Kotkamills Oyj: Company Description

Business Overview

- With over 100+ years of history, Kotkamills is a global player in the production of environmentally friendly coated paperboard and saturating base kraft paper
- Two product groups:
 - **Consumer Board:** includes production of Folding Boxboard (FBB) and Foodservice Board (FSB)
 - Total coated paperboard capacity (“BM2”) of 400kt, with 2020 sales volumes of ~260kt
 - **Industrial Products:** includes production of Saturating Base Kraft papers (PM1 capacity of 170kt) sold under the Absorbex® brand and structural wood products from the integrated sawmill
- Operates through one dedicated manufacturing facility located in Kotka (Finland)
- Headquartered in Finland and employing c.500 people

Product Offering

Consumer Boards

AEGLE®



Fully coated board with coated / uncoated reverse

ISLA®



Cupstock with dispersion barrier

Industrial Products

ABSORBEX®



Kitchen Table Tops



Wall Panels

wood



Profile boards / Basic Construction



Key Takeaways

Revenue ~ EUR 380 million

- ~55 % Consumer Boards, ~45 % Industrial Products

Enterprise Value ~ EUR 425 million, c. 7.8x EBITDA (pre-synergies)

- Funded from committed credit lines

Strategic Rationale

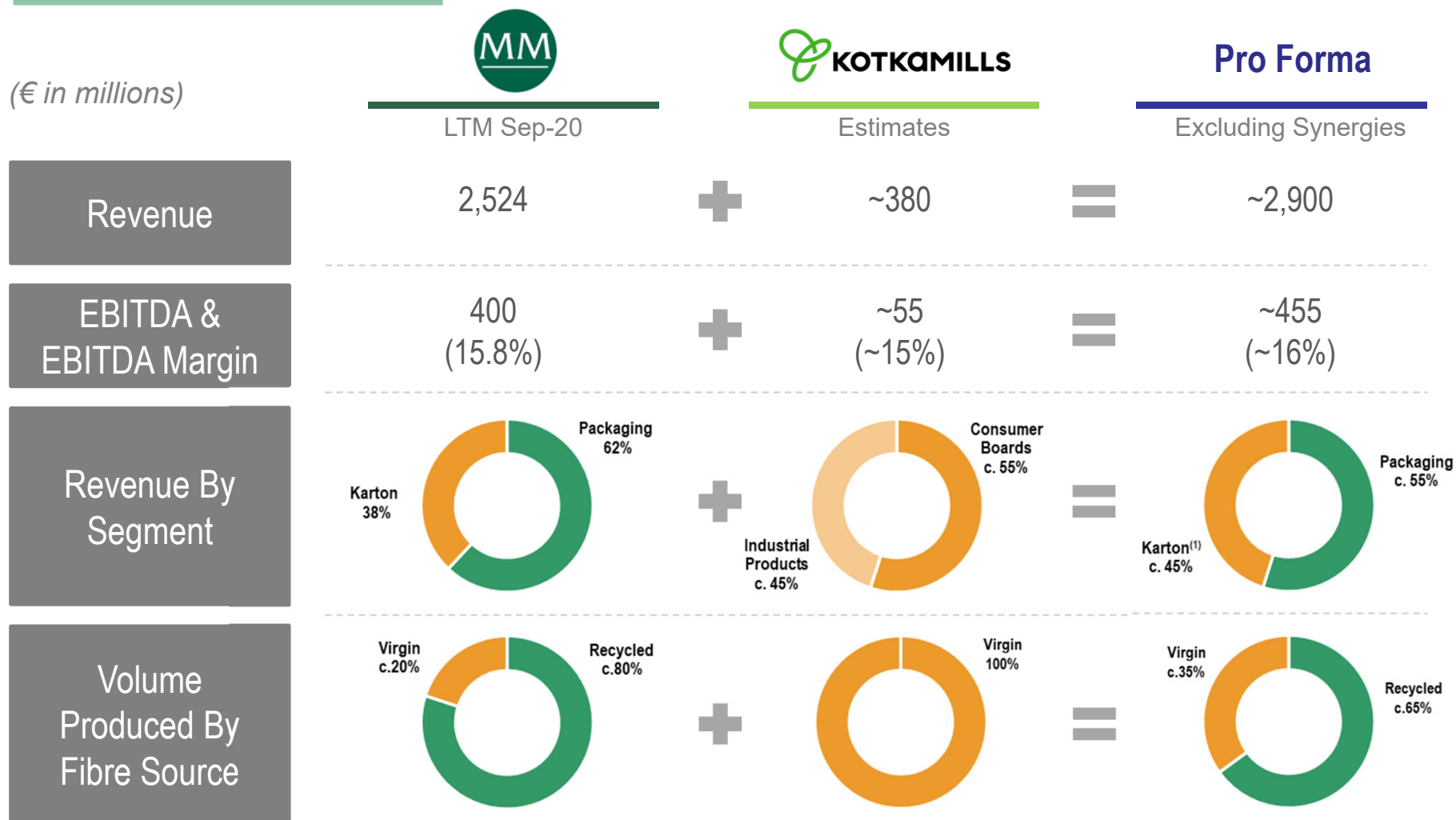
- Unique expertise in environmentally friendly paperboard and leading player in saturating base kraft papers
- In line with Mayr-Melnhof's strategy to grow through integration of high-quality virgin fiber assets
- Major step in MM's sustainability strategy offering innovative solutions for plastic replacement
- Strong complementary manufacturing and commercial capabilities

Impact on MM Group

- Immediately accretive to MM Group earnings
- Multiple sources of synergies under management control
- Balance sheet to remain solid



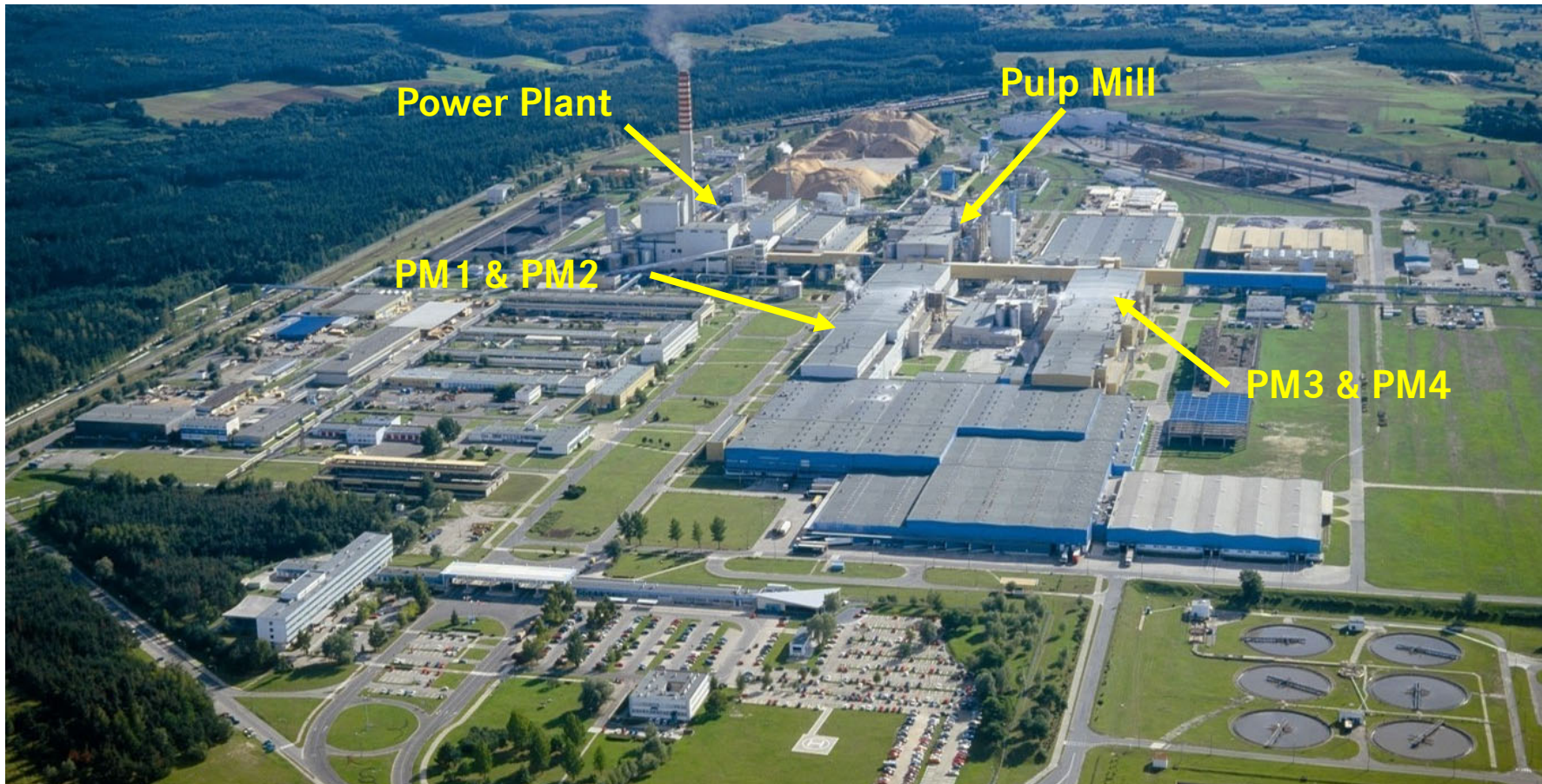
Key Combined Financials Overview



(1) All of Kotkamills Consumer Boards and Industrial Products segments are integrated into MM's Karton segment
 Note: All figures excluding synergies



Akquisition of IP Kwidzyn



IP Kwidzyn operates an integrated mill with a favourable cost position in its addressed markets



Transaction Highlights

- Acquisition of 100 % of the outstanding shares in International Paper (Poland) Holding sp. z.o.o. (“Kwidzyn”) from International Paper for an Enterprise Value of approximately EUR 670 million. In addition MM is assuming c. EUR 33 million of usufruct and operating lease liabilities
- Funded from credit lines and the issue of a Schuldschein
- Immediately accretive to MM Group earnings
- Attractive development potential and synergies under management control
- The transaction is subject to customary closing conditions. Closing of the transaction is expected in 3Q 2021



Compelling Strategic Rationale

Expand Mayr-Melnhof Group's competitive position versus the two market leaders in the growing European FBB segment with more innovation in sustainable products and a broader service offering

Enter the attractive flexible fiber-based packaging segment with iPack (MF kraft paper) for plastic substitution

Enter the Uncoated Fine Paper (UWF) segment via an established low cost producer

Leverage the favourable cost position for further growth in FBB or other packaging grades

Harvest synergy potential



IP Kwidzyn: Company Description

Business Overview

- The integrated Board and Paper mill in Kwidzyn (Poland), operates four integrated cartonboard/paper machines and a fully integrated pulp mill with around 400,000 tons of annual capacity
- It is an attractive supplier in the European market due to the high quality of its products and a favourable cost position
- Three product groups:
 - **Consumer Board:** Kwidzyn's flagship production
 - FBB board machine with current sales and production of around 260,000 tons
 - **Kraft Paper:** Attractive flexible fiber-based packaging with iPack
 - Flexible packaging applications in trade and industry (iPack) aiming at a gradual production increase towards full capacity of 75,000 tons
 - **Uncoated Fine Paper:** Copy and printing paper
 - Low cost producer with two copy paper machines (UWF) at 410,000 tons total capacity

Selected Product Offering

Consumer Boards



GC1



GC2

Kraft Paper



Uncoated Fine Paper





Key Takeaways

Revenue c. EUR 510 million, Adj. EBITDA of c. EUR 92 million⁽¹⁾

- Revenue split: c. 46% FBB, c. 47% Uncoated Fine Paper, Other (incl. Kraft Paper) c. 7%
- Adjusted EBITDA: Approximately 2/3 generated by FBB

Enterprise Value c. EUR 703 million⁽²⁾, c. 7.6x^(1,2) EBITDA (pre-synergies)

- Assuming usufruct and operating lease liabilities of c. EUR 33 million
- Funded from committed credit lines and the issue of a Schuldschein

Strategic Rationale

- In line with Mayr-Melnhof's strategy to grow through integration of high-quality virgin fiber assets
- Add European high-class asset with recognized high quality products and a favourable cost position
- Leverage the favourable cost position for further growth in FBB or other packaging grades

Impact on MM Group

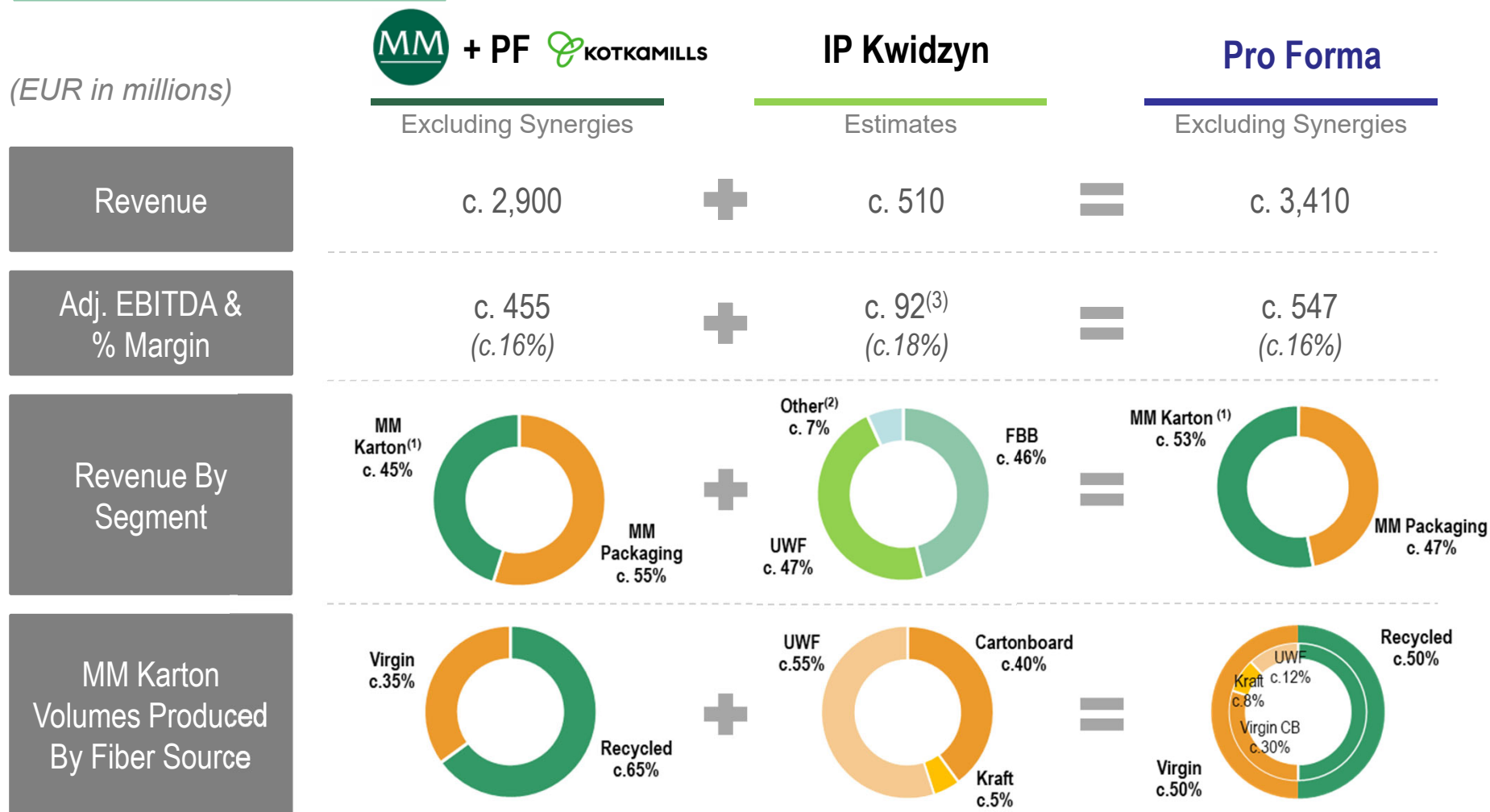
- Immediately accretive to MM Group earnings
- Multiple sources of synergies under management control
- Balance sheet to remain solid

⁽¹⁾ Adjusted EBITDA includes adjustments in relation to CO2 costs, usufruct and operating lease costs in accordance with IFRS treatments as well as adding back US HQ costs

⁽²⁾ Including EUR 33 million of usufruct and operating lease liabilities



Key Combined Pro Forma Financials Overview



(1) All of Kwidzyn and Kotkamills revenues are integrated into MM's Karton segment

(2) Other includes revenues from Kraft Paper, Market Pulp and discontinued Newsprint

(3) Adjusted EBITDA includes adjustments in relation to CO2 costs, usufruct and operating lease costs in accordance with IFRS treatments as well as adding back US HQ costs

Note: All financials refer to 2020 and exclude synergies



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