



IQ/18

**REPORT FOR THE 1ST QUARTER OF 2018
MAYR-MELNHOF KARTON AG**

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

Group Key Indicators

(according to IFRS for interim financial reporting, unaudited)

(consolidated, in millions of EUR)	1 st Quarter		+/-
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017	
Consolidated sales	592.1	584.5	+ 1.3 %
EBITDA	83.9	74.8	+ 12.2 %
EBITDA margin (%)	14.2 %	12.8 %	
Operating profit	57.1	50.6	+ 12.8 %
Operating margin (%)	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 (%)	7.0 %	6.3 %	
Basic and diluted earnings per share (in EUR)	2.08	1.84	+ 13.0 %
Cash earnings	69.5	61.9	+ 12.3 %
Cash earnings margin (%)	11.7 %	10.6 %	
Capital expenditures (CAPEX)	25.3	45.5	- 44.4 %
Depreciation and amortization	26.6	24.4	+ 9.0 %

	Balance sheet date	
	Mar. 31, 2018	Dec. 31, 2017
Total equity (in millions of EUR)	1,355.5	1,318.6
Total assets (in millions of EUR)	2,029.8	2,013.4
Total equity to total assets (%)	66.8 %	65.5 %
Net liquidity (+)/Net debt (-) (in millions of EUR)	9.5	- 11.8
Enterprise value (in millions of EUR)	2,466.6	2,440.6
Employees	9,721	9,856

Group Report

DEAR SHAREHOLDERS,

Your Company 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.

INCOME STATEMENT

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.

Consolidated sales by destination (according to IFRS for interim financial reporting, unaudited)

(in %)	1 st Quarter	
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
Western Europe	61.5 %	59.5 %
Eastern Europe	25.7 %	24.5 %
Asia and MENA	7.1 %	9.5 %
Latin America	4.4 %	5.2 %
Other	1.3 %	1.3 %
Total	100.0 %	100.0 %

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), and earnings per share from EUR 1.84 to EUR 2.08.

ASSETS, CAPITAL, AND LIQUID FUNDS

As of March 31, 2018, the Group's total assets amounted to EUR 2,029.8 million and were thus EUR 16.4 million higher than the comparative figure as of December 31, 2017 (EUR 2,013.4 million). This growth primarily results from the profit-related rise in equity from EUR 1,318.6 million to EUR 1,355.5 million.

As of March 31, 2018, financial liabilities at EUR 211.5 million, principally of a long-term character, remained largely unchanged compared to the figure at the end of the previous year (EUR 212.5 million). Total funds available to the Group amounted to EUR 221.0 million (December 31, 2017: EUR 200.7 million), resulting in a net liquidity of EUR 9.5 million (December 31, 2017: net debt of EUR 11.8 million).

Current assets at EUR 1,026.5 million were above the value at the end of 2017 (EUR 1,000.3 million), non-current assets decreased slightly from EUR 1,013.1 million to EUR 1,003.3 million.

CASH FLOW DEVELOPMENT

Cash flow from operating activities reached EUR 48.8 million following EUR 55.6 million in the first quarter of the previous year. The rise in profit was offset by a higher increase in working capital compared to the corresponding period of last year.

Cash flow from investing activities changed from EUR -35.2 million to EUR -26.4 million. This difference primarily results from lower payments for the acquisition of property, plant and equipment. Investments focused in particular on technological innovations in both divisions.

Cash flow from financing activities amounted to EUR -1.5 million after EUR -35.8 million in the comparative period of the previous year. This change can be largely attributed to loan repayments in the first quarter of 2017.

RISK REPORT

Material single risks as well as the structure of the risk management system are described in our Annual Report of 2017. Further risks were not identified in the first quarter of 2018 and are also not expected for the remaining financial year.

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.

DIVISIONS

DIVISIONS

MM Karton

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.

Divisional indicators MM Karton (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	1 st Quarter		
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017	+/-
Sales ¹⁾	268.3	261.9	+ 2.4 %
Operating profit	27.7	15.9	+ 74.2 %
Operating margin (%)	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

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

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.

Divisional indicators MM Packaging (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	1 st Quarter		+/-
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017	
Sales ¹⁾	354.3	344.6	+ 2.8 %
Operating profit	29.4	34.7	- 15.3 %
Operating margin (%)	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

Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	End of 1 st Quarter	Year-end
	Mar. 31, 2018	Dec. 31, 2017
ASSETS		
Property, plant and equipment	851,072	858,875
Intangible assets including goodwill	126,424	126,263
Investments in associated companies, securities and other financial assets	7,209	7,429
Deferred income taxes	18,588	20,575
Non-current assets	1,003,293	1,013,142
Inventories	329,774	341,041
Trade receivables	405,359	386,200
Income tax receivables	11,373	10,855
Prepaid expenses, securities and other current assets	60,947	64,258
Cash and cash equivalents	219,013	197,910
Current assets	1,026,466	1,000,264
TOTAL ASSETS	2,029,759	2,013,406
EQUITY AND LIABILITIES		
Share capital	80,000	80,000
Additional paid-in capital	172,658	172,658
Retained earnings	1,280,963	1,239,415
Other reserves	(180,720)	(175,892)
Equity attributable to shareholders of the Company	1,352,901	1,316,181
Non-controlling (minority) interests	2,571	2,409
Total equity	1,355,472	1,318,590
Financial liabilities	191,754	191,890
Provisions for non-current liabilities and charges	111,656	121,355
Deferred income taxes	13,777	14,374
Non-current liabilities	317,187	327,619
Financial liabilities	19,752	20,578
Current tax liabilities	7,907	7,031
Trade liabilities	199,583	218,533
Deferred income and other current liabilities ¹⁾	114,518	97,689
Provisions for current liabilities and charges ¹⁾	15,340	23,366
Current liabilities	357,100	367,197
Total liabilities	674,287	694,816
TOTAL EQUITY AND LIABILITIES	2,029,759	2,013,406

¹⁾ Reclassification of provision for customer rebates and bonuses in the amount of thous. EUR 12,345 to "Deferred income and other current liabilities" due to the first-time adoption of IFRS 15 using the modified retrospective approach in accordance with IFRS 15.C3(b), thus there was no adjustment of the previous year's values.

Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

	1 st Quarter	
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
(all amounts in thousands of EUR, except per share data)		
Sales	592,098	584,477
Cost of sales	(455,541)	(455,435)
Gross margin	136,557	129,042
Other operating income	3,436	2,733
Selling and distribution expenses	(55,977)	(53,194)
Administrative expenses	(26,922)	(27,939)
Other operating expenses	(7)	(25)
Operating profit	57,087	50,617
Financial income	306	762
Financial expenses	(1,545)	(1,359)
Other financial result – net	(255)	(819)
Profit before tax	55,593	49,201
Income tax expense	(13,853)	(12,350)
Profit for the period	41,740	36,851
Attributable to:		
Shareholders of the Company	41,548	36,741
Non-controlling (minority) interests	192	110
Profit for the period	41,740	36,851
Earnings per share for profit attributable to the shareholders of the Company during the period:		
Basic and diluted earnings per share	2.08	1.84

Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

	1 st Quarter	
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
(all amounts in thousands of EUR)		
Profit for the period	41,740	36,851
Other comprehensive income:		
Actuarial valuation of defined benefit pension and severance obligations	3,289	597
Effect of income taxes	(545)	(557)
Total of items that will not be reclassified subsequently to the income statement	2,744	40
Foreign currency translations	(7,602)	1,956
Total of items that will be reclassified subsequently to the income statement	(7,602)	1,956
Other comprehensive income (net)	(4,858)	1,996
Total comprehensive income	36,882	38,847
Attributable to:		
Shareholders of the Company	36,720	38,786
Non-controlling (minority) interests	162	61
Total comprehensive income	36,882	38,847

Consolidated Statements of Changes in Equity

(according to IFRS for interim financial reporting, unaudited)

	Equity attributable to shareholders of the Company						Total	Non-controlling (minority) interests	Total equity
	Share capital	Additional paid-in capital	Retained earnings	Foreign currency translations	Actuarial gains and losses	Other reserves			
(all amounts in thousands of EUR)									
Balance at January 1, 2018	80,000	172,658	1,239,415	(125,335)	(50,557)	(175,892)	1,316,181	2,409	1,318,590
Profit for the period	0	0	41,548	0	0	0	41,548	192	41,740
Other comprehensive income	0	0	0	(7,572)	2,744	(4,828)	(4,828)	(30)	(4,858)
Total comprehensive income	0	0	41,548	(7,572)	2,744	(4,828)	36,720	162	36,882
Transactions with shareholders:									
Change in majority interests	0	0	0	0	0	0	0	0	0
Balance at March 31, 2018	80,000	172,658	1,280,963	(132,907)	(47,813)	(180,720)	1,352,901	2,571	1,355,472
Balance at January 1, 2017	80,000	172,658	1,150,995	(98,040)	(53,235)	(151,275)	1,252,378	6,784	1,259,162
Profit for the period	0	0	36,741	0	0	0	36,741	110	36,851
Other comprehensive income	0	0	0	2,007	38	2,045	2,045	(49)	1,996
Total comprehensive income	0	0	36,741	2,007	38	2,045	38,786	61	38,847
Transactions with shareholders:									
Change in majority interests	0	0	(6,152)	0	0	0	(6,152)	(4,108)	(10,260)
Balance at March 31, 2017	80,000	172,658	1,181,584	(96,033)	(53,197)	(149,230)	1,285,012	2,737	1,287,749

Consolidated Cash Flow Statements

(condensed version according to IFRS for interim financial reporting, unaudited)

	1 st Quarter	
	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
(all amounts in thousands of EUR)		
Profit for the period	41,740	36,851
Adjustments to reconcile profit for the period to net cash from operating activities excluding interest and taxes paid	32,983	34,632
Net cash from profit	74,723	71,483
Changes in working capital	(14,026)	(4,019)
Cash flow from operating activities excluding interest and taxes paid	60,697	67,464
Income taxes paid	(11,905)	(11,832)
CASH FLOW FROM OPERATING ACTIVITIES	48,792	55,632
Payments for property, plant and equipment, and intangible assets (incl. payments on account)	(30,586)	(36,845)
Other items	4,179	1,673
CASH FLOW FROM INVESTING ACTIVITIES	(26,407)	(35,172)
Change in financial liabilities	(603)	(35,045)
Other items	(859)	(734)
CASH FLOW FROM FINANCING ACTIVITIES	(1,462)	(35,779)
Effect of exchange rate changes on cash and cash equivalents	180	28
Change in cash and cash equivalents	21,103	(15,291)
Cash and cash equivalents at the beginning of the period (according to the consolidated balance sheet)	197,910	251,138
Cash and cash equivalents at the end of the period (according to the consolidated balance sheet)	219,013	235,847
Adjustments to reconcile cash and cash equivalents to total funds available to the Group:		
Current and non-current securities	1,977	2,235
Total funds available to the Group	220,990	238,082

Quarterly Overview

(according to IFRS for interim financial reporting, unaudited)

MAYR-MELNHOF GROUP

(consolidated, in millions of EUR)	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2017	4 th Quarter 2017	1 st Quarter 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 (%)	12.8 %	13.4 %	13.6 %	14.0 %	14.2 %
Operating profit	50.6	51.5	56.8	56.1	57.1
Operating margin (%)	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 (%)	6.3 %	6.2 %	6.9 %	7.1 %	7.0 %
Earnings per share (basic and diluted in EUR)	1.84	1.74	2.07	2.08	2.08

DIVISIONS

MM Karton

(in millions of EUR)	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2017	4 th Quarter 2017	1 st Quarter 2018
Sales ¹⁾	261.9	262.3	264.7	259.8	268.3
Operating profit	15.9	19.2	19.5	18.9	27.7
Operating margin (%)	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)	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2017	4 th Quarter 2017	1 st Quarter 2018
Sales ¹⁾	344.6	330.0	362.2	355.9	354.3
Operating profit	34.7	32.3	37.3	37.2	29.4
Operating margin (%)	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

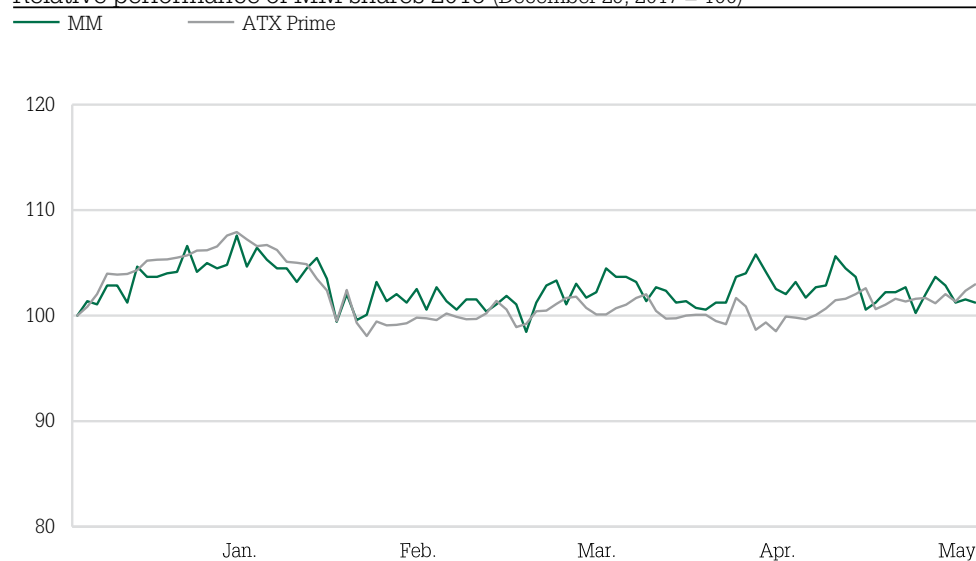
¹⁾ including interdivisional sales

***The Management Board
of Mayr-Melnhof Karton AG***

The results of the first half-year of 2018 will be published on August 14, 2018.

Mayr-Melnhof Shares

Relative performance of MM shares 2018 (December 29, 2017 = 100)



Share price (closing price)	
as of May 11, 2018	124.00
2018 High	131.80
2018 Low	120.60
Stock performance (Year-end 2017 until May 11, 2018)	+ 1.22 %
Number of shares issued	20 million
Market capitalization as of May 11, 2018 (in millions of EUR)	2,480.00
Trading volume (average per day 1Q 2018 in millions of EUR)	0.78

We have prepared this report and reviewed the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This report also contains forward-looking estimates and statements based on the information currently available to us. Please note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the expectations contained in this report.

The determination of key indicators, which cannot be reconciled directly from the quarterly financial report, can be found on our website under section “investors/key indicators”.

Statements referring to people are valid for both men and women.

This interim report is also available in German. In case of doubt, the German version takes precedence.

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