





MM Group

March 2022
(incl. 2021 Annual Results)



MM - Leading in Cartonboard and Folding Cartons

MM Board & Paper



Leading cartonboard producer in Europe with an attractive range of uncoated fine papers and packaging kraft papers.

MM Packaging



A leading folding carton producer in Europe with a leading position in several countries outside Europe.



Investment Highlights

Market leader in resilient fiber-based consumer packaging

Drive efficiency and innovation to increase market share in sustainable folding cartons and papers

Combine organic growth and acquisitions

Adhering to a solid financial policy

Long-term orientated core shareholder and management

MM Transformation 2020-2021

- 2021 was characterized by **historically unprecedented cost increases** (esp. energy, recycled paper and pulp), significantly squeezing our margins. We were able to **implement price increases**, which will **materialize only with a delay**, due to contractual commitments.
- For **MM Board & Paper (MMBP, formally Cartonboard)**, 2021 was marked by **strategic acquisitions & divestments** as well as **major capex** to increase competitiveness. In parallel, the **division has been re-organized and management strengthened**. The focus for **2022** will be on **stability and harvesting the synergies**.
- In **MM Packaging (MMP)**, several measures to increase competitiveness have been set, which will be **continued in 2022**.





Strategic Ambition for 2030 successfully put on track

Significant increase of competitiveness








- ✓ **Acquisitions of sustainably competitive board- and papermills Kotkamills (FIN) and Kwidzyn (PL) in 2021 at a reasonable valuation**
- ✓ **Exit from our three small board production sites: Hirschwang (closure), Eerbeek (divestment), Baiersbronn (divestment)**
- ✓ **Strengthening of MM Board&Paper leadership by hiring senior managers with extensive & successful track records in pulp and fresh fiber, capex and state of the art management processes**
- ✓ **New sales policy: Active Operating Margin Management with a more variable bonus scheme for sales force**
- ✓ **Strengthening of leadership team at holding level**
- ✓ **Restructurings in MM Packaging with positive results effects from 2022 onward**

Foundation for Growth and Increase of Profitability

Overview of key measures that are still in progress



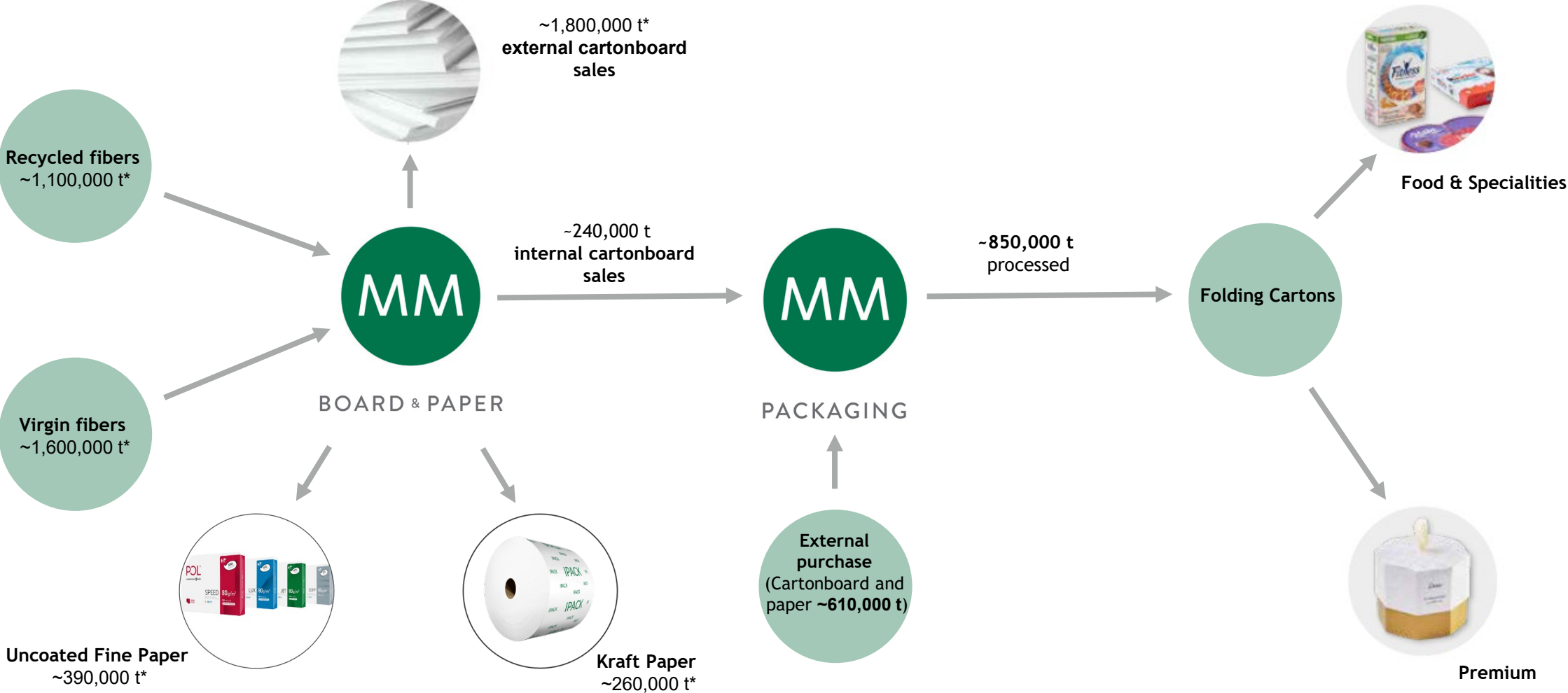
-  **Major capex in three competitive board production sites** in Frohnleiten (AT), Neuss (GER) and Kolicovo (SLO). Positive impact on results from 2024 onward.
-  **Expansion of MMP Neupack Polska and new packaging site Emerald in Poland**, to participate in Central and Eastern European market growth and benefit from low cost levels. Positive impact on results in stages 2023-25
-  **Increased efficiency through upgrade of machine park in print-, stamp- and gluing areas.** Positive impact on results in stages from 2023 onward
-  **Expansion of MMP sites to critical size including logistics: UK, Hirschwang and Romania.** Positive impact on results in stages from 2022 onward
-  **Focus on sustainability shows first positive effects**
 - CDP-Rating on Climate increased from C to A-
 - Clients perceive increased focus on sustainability positively



1. MM Group at a Glance



Business Structure

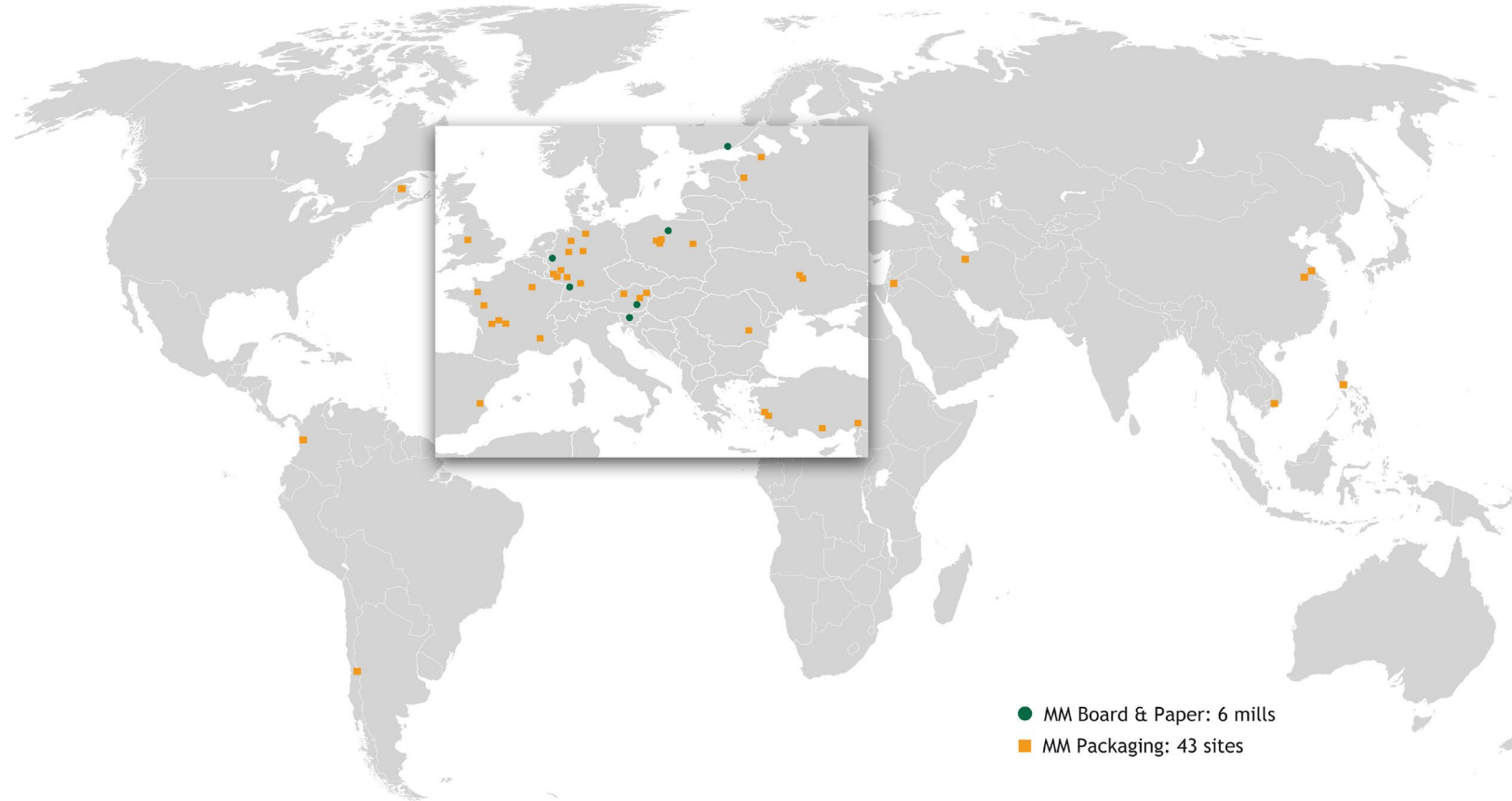


(*2021 annualized)
MM Group: March 2022 (incl. 2021 Annual Results)



MM Production Sites

49 Production Sites in 20 Countries - Focus on Europe





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

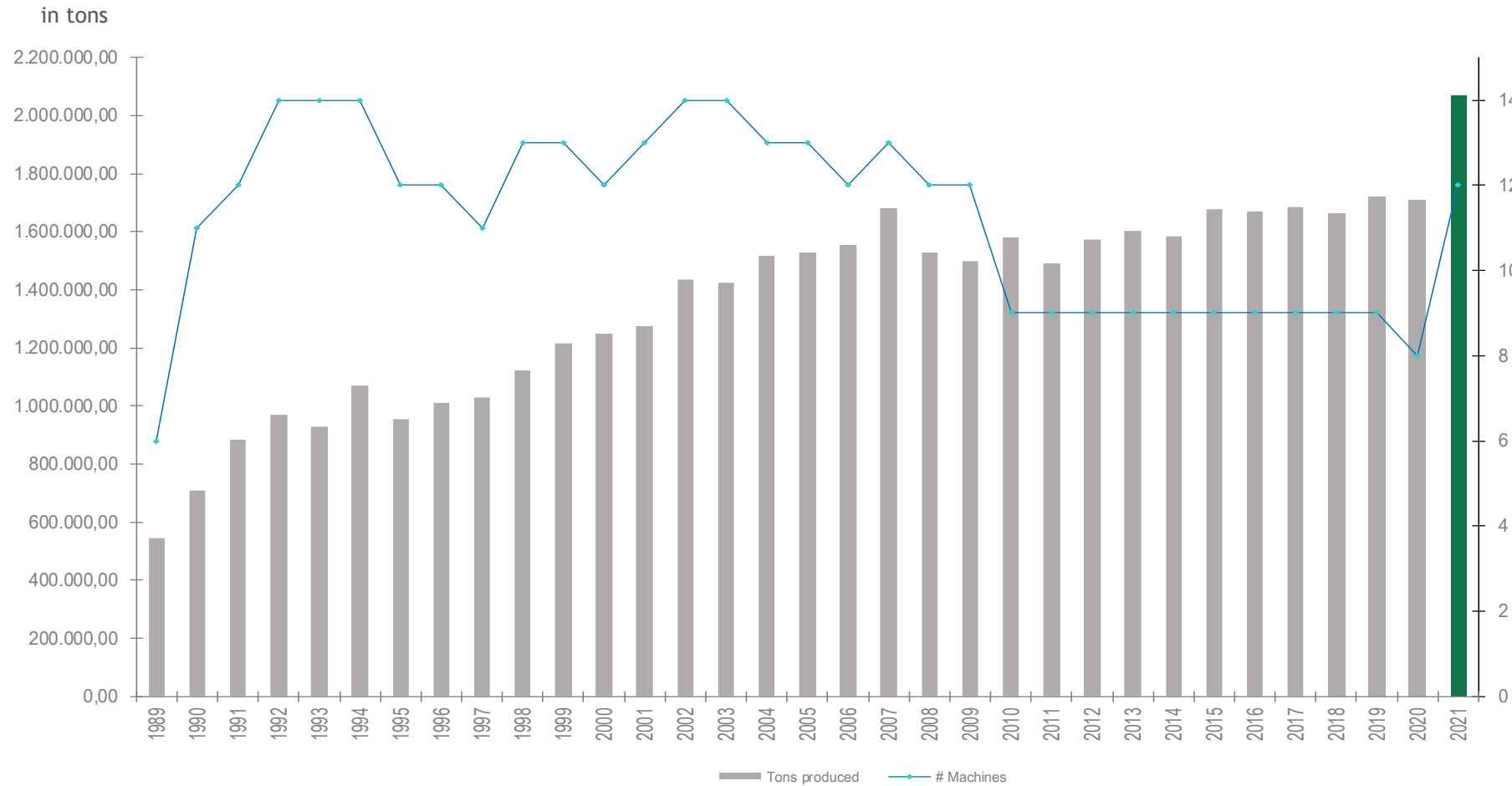
Commitment to net zero emissions - part of "Business Ambition for 1.5° C"

Dedicated sustainability management

We care for our people
Health - Safety - Welfare



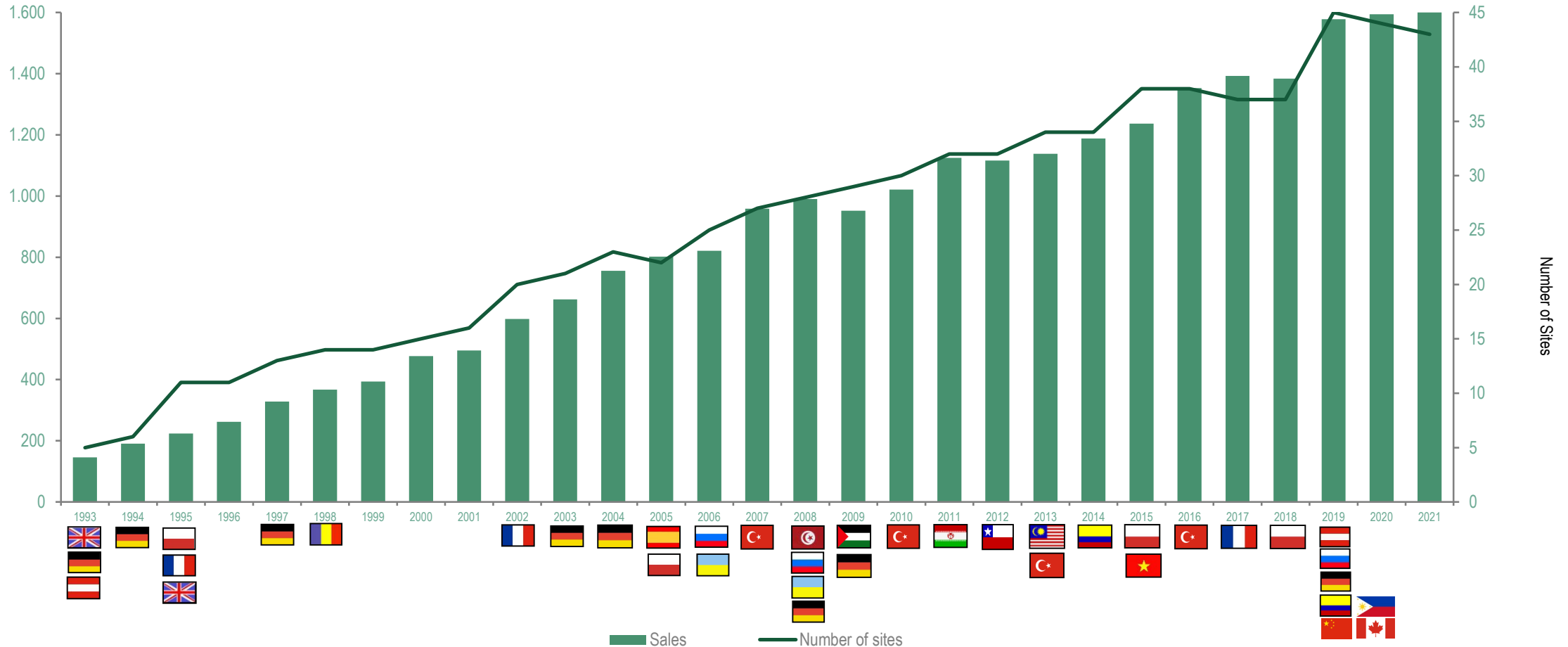
MM Board & Paper Production



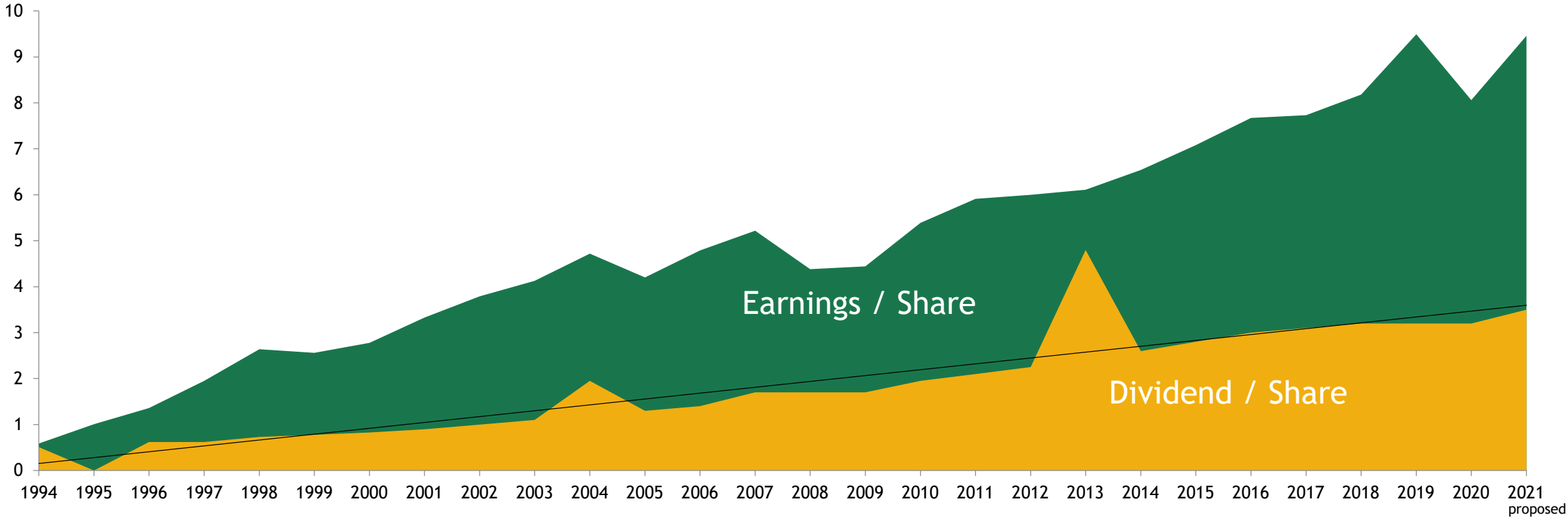


MM Packaging Growth Path

Sales
in millions of EUR



Dividend Policy



Continuous conservative Payout Policy

2004 and 2013 incl. bonus dividend
MM Group: March 2022 (incl. 2021 Annual Results)



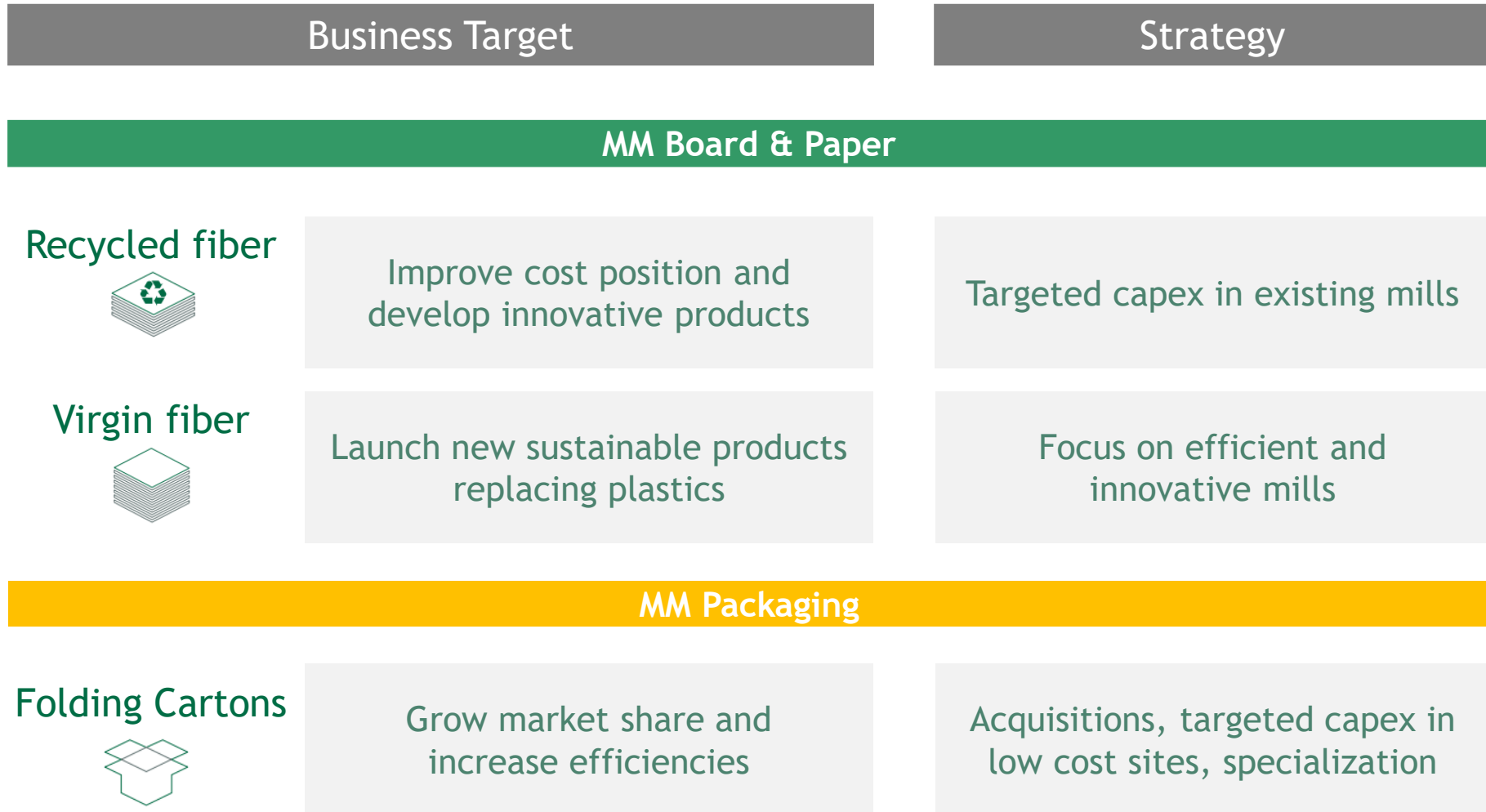
2. Strategy

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
 - Target to grow with market +1 %
 - Acquisitions in folding cartons, opportunistically in adjacent businesses



Growth for more Competitiveness



MM Expansion and CAPEX (outline)



MM Neuss Rebuild (Liner)



MM Kwidzyn



MM Kotkamills



MM Frohnleiten Rebuild (CRB)



MMP Expansion UK



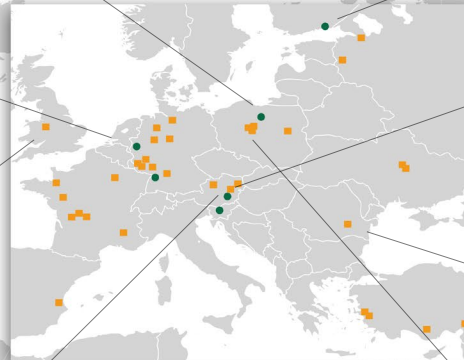
MMP Expansion Austria



MMP Expansion Poland



MMP Expansion Romania

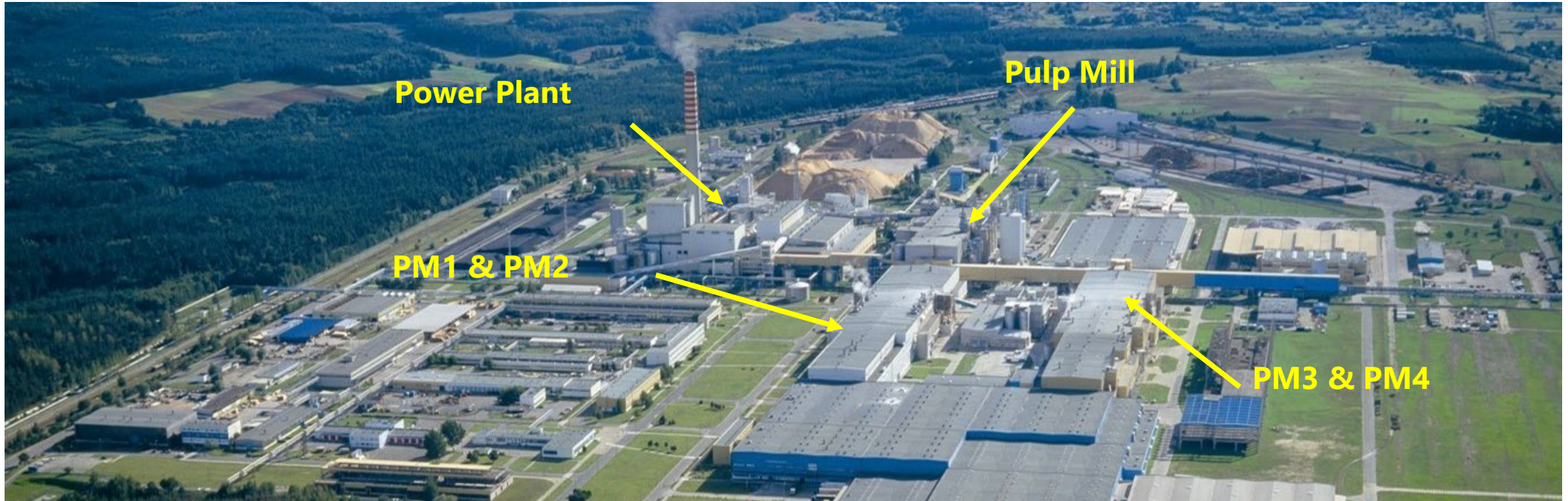


- MM Board & Paper: 6 mills
- MM Packaging: 43 sites

CAPEX Guidance 2021-2023: 250-300m EUR p.a.

3. Overview Acquisitions Kwidzyn and Kotkamills

Acquisition of IP Kwidzyn



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

Acquisition of Kotkamills



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



Acquisitions Kwidzyn and Kotkamills

- Transformational acquisitions of Kwidzyn and Kotkamills beginning of August 2021 executed (~660,000 tons annual capacity virgin fiber-based board; ~245,000 tons Kraft Papers; ~410,000 Uncoated Fine Papers)
- MM's competitiveness structurally strengthened
- A growth platform through innovation, especially in the area of sustainability, with a favorable cost position
- Addition of two new core products "Kraft Papers" and "Uncoated Fine Papers"
- Financed through Schuldschein loan and Namensschuldverschreibungen in a total volume of EUR 1 billion (average duration 8.8 years, average interest rate of 1.5 %)
- Divestment of virgin fiber-based cartonboard mills Eerbeek, Netherlands, and Baiersbronn, Germany (245,000 tons annual capacity)



4. Development in 2021

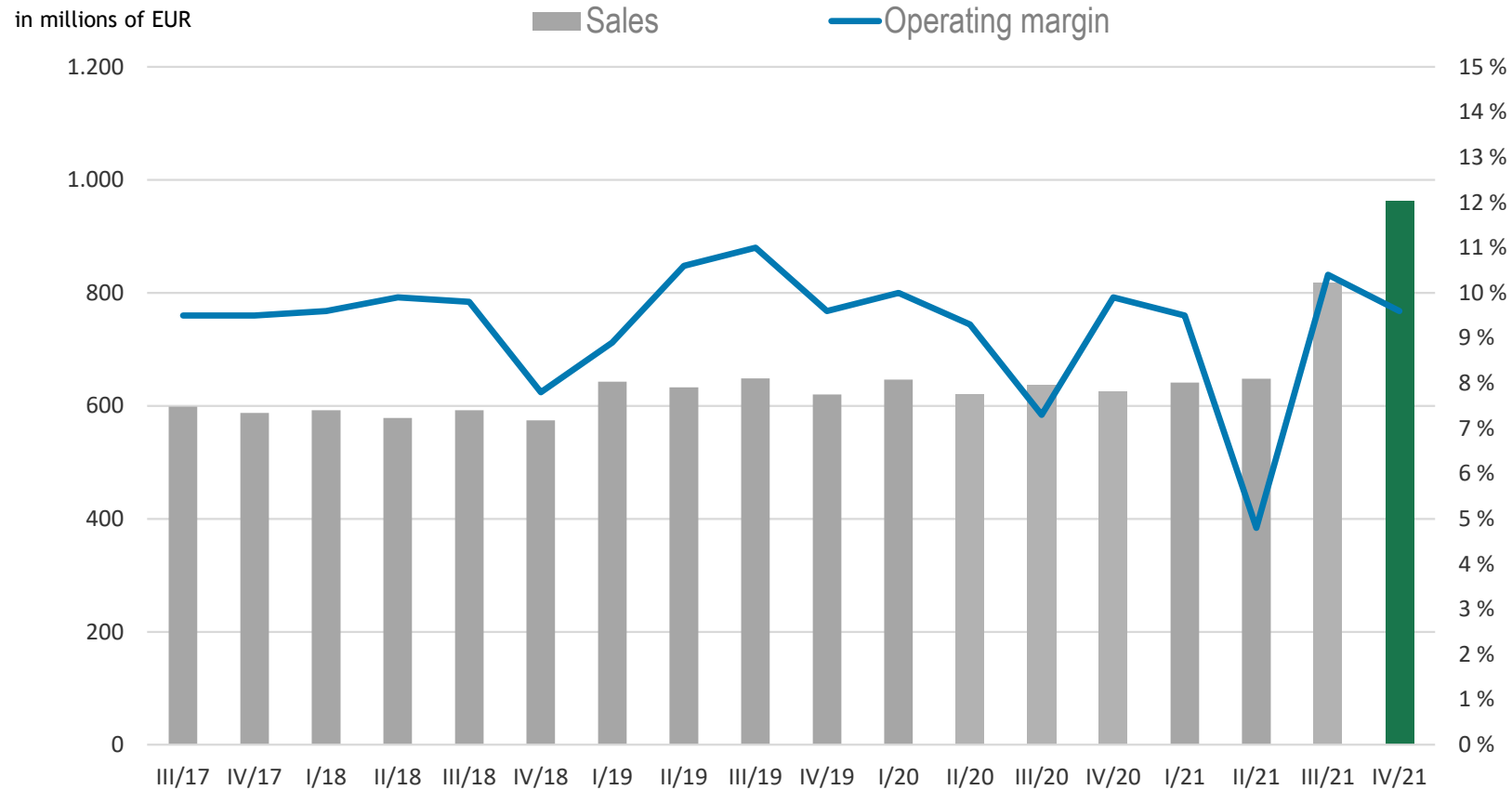


2021 Group Headlines

- Significant increase in sales and profit
- Strategic acquisitions Kwidzyn and Kotkamills integrated
- Dividend increase to EUR 3.50/share proposed
- Strong demand at Board & Paper and Packaging
- Massive input cost inflation passed on gradually
- Strategic focus on increased competitiveness, growth and profitability



MM Group Quarterly Overview





MM Group 2021 Results

(consolidated in millions of EUR, IFRS)	2021	2020	+/-
Sales	3,069.7	2,528.4	+ 21.4 %
EBITDA	421.0	398.9	+ 5.5 %
EBITDA margin	13.7 %	15.8 %	
Operating profit	269.6	231.4	+ 16.5 %
Operating margin	8.8 %	9.2 %	- 37 bp
Profit before tax	244.5	222.1	+ 10.1 %
Income tax expense	(53.8)	(59.8)	
Profit for the year	190.7	162.2	+ 17.5 %
Net profit margin (in %)	6.2 %	6.4 %	
Earnings per share (in EUR)	9.46	8.06	+ 17.4 %
Cash flow from operating activities	269.8	318.2	- 15.2 %
Capital expenditures (CAPEX)	257.8	157.6	
Depreciation and amortization ¹⁾	151.4	167.5	



MM Consolidated Balance Sheet

(consolidated in millions of EUR, IFRS)	Dec 31, 2021	Dec 31, 2020
Non-current assets	2,460.0	1,397.9
Current assets	1,554.2	1,001.7
Total assets	4,014.2	2,399.6
Equity	1,661.9	1,547.1
Liabilities	2,352.3	852.5
Total equity and liabilities	4,014.2	2,399.6
Total funds available to the Group	359.5	146.2
Equity ratio (in %)	41.4 %	64.5 %
Net debt	(1,063.5)	(122.2)



4.1. Development in 2021

MM Board & Paper



2021 MM Board & Paper Headlines

- Strong order activity since the beginning of the year
- 97 % capacity utilization
- Drastic price increase on procurement markets (raw materials and energy)
- Three Cartonboard price increases implemented
have not been able to fully compensate the continuing cost rise
- Operating Profit up 24% as a result of the recognition of one-off effects from the changes
in consolidated companies
- Through the acquisitions of the cartonboard and paper mills Kwidzyn, Poland, and Kotkamills, Finland
MM Board & Paper has not only strengthened its position as leading cartonboard producer in Europe, but also acquired two new core products, kraft papers and uncoated fine papers, which offer interesting potential.



Development Recovered Paper Price (mixed grades)





MM Board & Paper 2021 Results

(in millions of EUR, IFRS)	2021	2020	+/-
Sales ¹⁾	1,561.1	1,050.8	+ 48.6 %
EBITDA	185.2	164.7	+ 12.5 %
Operating profit	107.7	86.7	+ 24.2 %
Operating margin (in %)	6.9 %	8.3 %	- 135 bp
Cash flow from operating activities	108.7	126.3	- 13.9 %
Tonnage sold (in thousands of tons)	2,092	1,704	+ 22.7 %
<i>Cartonboard</i>	1,834	1,704	+ 7.6 %
<i>Kraft Papers</i>	93	<i>n.a.</i>	
<i>Uncoated Fine Papers</i>	165	<i>n.a.</i>	
Tonnage produced (in thousands of tons)	2,069	1,710	+ 21.0 %
Employees	4,787	2,417	
Capital expenditures (CAPEX)	113.1	95.0	
Depreciation and amortization	77.6	78.0	

¹⁾ incl. interdivisional sales



MM Board & Paper 1-4Q 2021 Results

(in millions of EUR, IFRS)	4Q/2020	1Q/2021	2Q/2021	3Q/2021	4Q/2021
Sales ¹⁾	253.4	271.4	285.2	434.8	569.7
EBITDA	28.4	33.0	26.5	65.1	60.6
Operating profit	18.3	19.8	13.2	41.3	33.4
Operating margin	7.2 %	7.3 %	4.6 %	9.5 %	5.9 %
Cash flow from operating activities	28.1	14.3	2.4	22.3	69.7
Tonnage sold (in thousands of tons)	410	432	422	567	671
<i>Cartonboard</i>	410	432	422	473	507
<i>Kraft Papers</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	31	62
<i>Uncoated Fine Papers</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	63	102
Tonnage produced (in thousands of tons)	412	410	421	560	678

¹⁾ incl. interdivisional sales



4.1. Development in 2021

MM Packaging



2021 MM Packaging Headlines

- Good demand continued throughout the entire year. In addition markets of Health, Beauty & Personal Care show a lasting improvement, respectively a recovery
- Progressing cost inflation has become an increasing challenge
- Passing through largely from the middle of the year onwards, time lag due to contractual commitments.
- Expansion investments in sites with cost advantages and the focus on growth markets such as sustainable plastic-free applications successfully launched in Austria, Poland, Romania and the United Kingdom
- Necessary structural adjustment measures to increase competitiveness and secure existing business set forth - restructuring expenses of EUR 20 million for packaging plant in Germany
- Operating profit up 12% due to volume and efficiency gains



MM Packaging 2021 Results

(in millions of EUR, IFRS)	2021	2020	+/-
Sales ¹⁾	1,641.6	1,594.2	+ 3.0 %
EBITDA	235.8	234.2	+ 0.7 %
Operating profit	161.9	144.7	+ 11.9 %
Operating margin (in %)	9.9 %	9.1 %	+ 79 bp
Cash flow from operating activities	161.1	191.9	- 16.1 %
Tonnage processed (in thousands of tons)	853	847	+ 0.7 %
Employees	7,705	7,521	
Capital expenditures (CAPEX)	144.7	62.6	
Depreciation and amortization	73.8	89.5	

¹⁾ incl. interdivisional sales



MM Packaging 1-4Q 2021 Results

(in millions of EUR, IFRS)	4Q/2020	1Q/2021	2Q/2021	3Q/2021	4Q/2021
Sales ¹⁾	398.7	399.3	392.1	418.2	432.0
EBITDA	63.4	59.7	36.3	62.4	77.4
Operating profit	43.8	41.4	17.7	43.8	59.0
Operating margin	11.0 %	10.4 %	4.5 %	10.4 %	13.7 %
Cash flow from operating activities	66.4	63.5	32.1	31.2	34.3
Tonnage processed (in thousands of tons)	212	216	208	215	214

¹⁾ incl. interdivisional sales



5. Outlook



Outlook

- Demand and order situation continue in good shape for both divisions
- Ongoing input price inflation (Energy, Fibers)
- Further price steps for cartonboard / paper grades at the beginning of 2022 and start Q2 2022
- Also in Packaging we are continuously increasing prices. Due to some long term contracts with price indices not covering all costs and delays of passing on higher costs, we expect a lower operating margin at least for the first half 2022
- Continuous structural cost reductions to re-establish our margins
- Grow packaging volumes due to investments, continuous screening of acquisition opportunities
- Realize synergies from acquisitions Kwidzyn and Kotkamills
- In Russia and Ukraine MM cumulatively generates approx. 9 % of the Group's EBITDA.
In Russia, packaging products for the local demand of daily consumer goods are produced at two sites, St. Petersburg and Pskov. A downtime has to be expected. MM has stopped all cartonboard deliveries to Russia.
In Ukraine, where MM produces packaging at the Cherkassy site in the center of the country, operations are currently very limited



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