

**PRESS RELEASE**March 14<sup>th</sup>, 2013**ANNUAL RESULTS 2012**

- Continuation of long-time path of success
- Profit for the year with EUR 119.5 million on a new high
- Dividend increase from EUR 2.10 to EUR 2.25 / share

In 2012 the Mayr-Melnhof Group was able to continue its successful performance of previous years with a further increase in the profit for the year. Both divisions, MM Karton and MM Packaging, made a substantial contribution to this. By focusing on the highly efficient production of consumer goods, we have been able to maintain long-term profitability in a period of continuing economic slowdown and despite non-recurring expenses related to the closure of a plant. Although customers have been planning with increasing caution, we have ensured that the capacity utilization for our plant and equipment remained at a high level by being very flexible. Focusing on the future, we have invested in projects for the reduction of direct costs and further growth. The strategic expansion into future growth markets outside of Europe was taken into account with an acquisition in Colombia, where we are now the market leader. In Europe we succeeded in securing our leading position and selectively expanding our market share. Due to the positive results, it is intended to increase the dividend per share from EUR 2.10 to EUR 2.25.

**GROUP KEY INDICATORS – IFRS**

consolidated, in millions of EUR, IFRS	2012	2011	+/-
<b>Sales</b>	<b>1,952.2</b>	1,959.6	-0.4 %
<b>Operating profit</b>	<b>166.1</b>	170.9	-2.8 %
Operating margin (in %)	8.5 %	8.7 %	
<b>Profit before tax</b>	<b>160.2</b>	161.8	-1.0 %
Income tax expense	(40.7)	(43.1)	
<b>Profit for the year</b>	<b>119.5</b>	118.7	+0.7 %
Net profit margin (in %)	6.1 %	6.1 %	
Cash earnings	203.7	195.2	+4.4 %
Cash earnings margin (in %)	10.4 %	10.0 %	
Earnings per share (in EUR)	5.96	5.91	
Employees	8,836 <sup>1)</sup>	8,882 <sup>1)</sup>	
Capital expenditures	102.7	125.2	
Depreciation and amortization	85.8	84.2	

as of December 31

At EUR 1,952.2 million the Group's consolidated sales almost reached the previous year's record level (2011: EUR 1,959.6 million).

Operating profit was at EUR 166.1 million, by 2.8 % or EUR 4.8 million lower than in the previous year (2011: EUR 170.9 million), whereby non-recurring expenses in the net amount of around EUR 9.0 million related to the closure of the packaging plant in Liverpool, England, had to be accounted for. However, at 8.5 % the Group's operating margin almost reached the previous year's level (2011: 8.7 %). The Return on Capital Employed amounted to 17.1 % (2011: 18.6 %).

Due to the fall in interest rates, financial income decreased from EUR 4.4 million to EUR 2.6 million and financial expenses from EUR -6.4 million to EUR -5.2 million. Other financial result - net went down from EUR -7.1 million to EUR -3.3 million, in particular due to the valuation and exercising of the respective option liabilities.

The profit before tax reached EUR 160.2 million and therefore was close to the previous year's level (2011: EUR 161.8 million).

Income taxes totalled EUR 40.7 million (2011: EUR 43.1 million), resulting in an effective Group tax rate of 25.4 % (2011: 26.6 %).

Thus a profit for the year of EUR 119.5 million slightly above the previous year's figure (2011: EUR 118.7 million) was achieved, whereby the net profit margin remained unchanged at 6.1 %.

## **CONSOLIDATED BALANCE SHEET**

As of December 31, 2012 the Group's total assets were EUR 1,627.4 million, thus EUR 60.8 million higher than in the previous year. Total equity rose from EUR 1,005.9 million to EUR 1,088.8 million. This increase results from the profit for the year, which is offset by the dividend payment for 2011. Total equity to total assets therefore rose from 64.2 % to 66.9 %. The return on equity reached 11.4 % (December 31, 2011: 11.9 %).

Financial liabilities of a primarily long-term character increased compared to the end of 2011 due to the raising of low-interest loans by EUR 16.5 million to EUR 157.4 million.

At EUR 335.4 million total funds available to the Group were below the figure as of December 31, 2011 (EUR 349.5 million), whereby net liquidity changed from EUR 208.6 million to EUR 178.0 million. Payments related to the increase in shareholdings and an increase in working capital were the main reasons for this development.

## OUTLOOK

Although there are indications that the economic decline in the Eurozone is currently slowing down, there are no signs of impulses for private consumption and therefore demand for cartonboard and folding cartons. In fact, the increasingly tense situation in the labor market and the weak development in household income will result in further restraint. For our business this means consolidation in Europe with continued intense price competition and volatile short-term planning by our customers.

On the cost side there have been no signs of any lasting relief so far. Recovered paper prices will continue on their flat trend for the moment, while input factors driven by the crude oil price will remain on a high level. Only by increasing volumes, raising efficiency and improving the sales mix, we will be able to maintain our profit level. This is still the focus of our investment programs. We will continue to concentrate on expanding into future markets, in a vigorous way as well as with the necessary caution.

## DEVELOPMENT IN THE 4<sup>TH</sup> QUARTER 2012

The development in the fourth quarter was traditionally characterized by a seasonal slowdown of incoming orders and machine downtime in the second half of December. Competition on cartonboard markets has further intensified against the background of persistently weak market dynamics, by which the pressure on prices significantly increased. MM Karton could not avoid this development; however, it pursued a selective price adjustment.

At approximately 95 % capacity utilization of cartonboard production was as expected lower than in the third quarter (99 %), yet significantly above the value from the previous year, which was only 81 % mostly due to the reconstruction of the large machine in Kolicvevo. The operating margin of MM Karton amounted to 6.2 % after 5.5 % in the fourth quarter of last year. As a result of lower utilization and lower average prices however the margin of the third quarter (3<sup>rd</sup> quarter 2012: 8.5 %) could not be met.

MM Packaging achieved an operating margin of 7.8 % after 10.9 % in the third quarter of 2012 and 8.7 % in the fourth quarter of the previous year.

Due to increased cartonboard sales volume consolidated sales, at EUR 485.0 million, exceeded the comparative value (4<sup>th</sup> quarter 2011: EUR 460.8 million). The operating profit amounted to EUR 36.1 million (4<sup>th</sup> quarter 2011: EUR 35.5 million). The Group's operating margin reached 7.4 % (4<sup>th</sup> quarter 2011: 7.7 %).

The profit before tax increased from EUR 33.5 million to EUR 36.0 million.

After the tax expense in the amount of EUR 7.4 million (4<sup>th</sup> quarter 2011: EUR 6.7 million) a profit for the period of EUR 28.6 million was achieved which was slightly over the comparative value of the previous year (4<sup>th</sup> quarter 2011: EUR 26.8 million)

## DEVELOPMENT IN THE DIVISIONS

### MM Karton

in millions of EUR, IFRS	2012	2011	+/-
<b>Sales<sup>1)</sup></b>	<b>936.9</b>	947.2	-1.1 %
<b>Operating profit</b>	<b>64.0</b>	68.4	-6.4 %
<b>Operating margin (in %)</b>	<b>6.8 %</b>	7.2 %	
<b>Return on capital employed (in %)</b>	<b>17.5 %</b>	21.9 %	
Tonnage sold (in thousands of tons)	<b>1,534</b>	1,511	+1.5 %
Tonnage produced (in thousands of tons)	<b>1,572</b>	1,491	+5.4 %

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

After a brief acceleration of demand at the beginning of the year due to the restocking of the supply chain, the downturn in market activity in the course of the year was characterized by caution and short-term planning by customers. Consequently, the average order backlog was, at around 70,000 tons, noticeably below the previous year's figure (2011: 90,000 tons). However, through high flexibility and an attractive product range, we managed to maintain our sales volumes compared to the previous year as well as to successfully protect or slightly increase our market shares for recycled fiber based cartonboard and virgin fiber based cartonboard respectively. Following a capacity utilization of 93 % in the previous year, in particular due to the refitting in the Kolicevo mill, our average capacity utilization in 2012 was 97 %.

Driven by the short-term dynamics at the beginning of the year, the price of recovered paper rose sharply and experienced relief only in the second half of the year. At the same time, though, the cost of energy, transport and chemicals remained at a constantly high level. Accordingly, attention was focused on limiting price erosion in a weak market environment as far as possible through a selective pricing policy.

In 2012, 1,572,000 tons of cartonboard were produced. This corresponds to an increase of 5.4 % compared to the previous year (2011: 1,491,000 tons). Due to reduced deliveries at the end of the year, at 1,534,000 tons cartonboard sales were below production, however above the previous year's figure (2011: 1,511,000 tons). As a result of lower average prices, sales decreased slightly to EUR 936.9 million (2011: EUR 947.2 million). Thereof, Western Europe accounted for around 64 %, Eastern Europe for 20 % and non-European countries for 16 % (2011: 65 %, 20 %, 15 %).

Primarily related to costs, operating profit was, at EUR 64.0 million, 6.4 % or EUR 4.4 million below the previous year's figure (2011: EUR 68.4 million). Therefore, the operating margin reached 6.8 % (2011: 7.2 %), while the return on capital employed was 17.5 % (2011: 21.9 %).

## **MM Packaging**

in millions of EUR, IFRS	<b>2012</b>	2011	+/-
<b>Sales<sup>1)</sup></b>	<b>1,120.7</b>	1,124.9	-0.4 %
<b>Operating profit</b>	<b>102.1</b>	102.5	-0.4 %
<b>Operating margin (in %)</b>	<b>9.1 %</b>	9.1 %	
<b>Return on capital employed (in %)</b>	<b>16.9 %</b>	16.8 %	
Tonnage processed (in thousands of tons)	<b>650</b>	680	-4.4 %

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

During the course of the business year 2012, general restraint in consumption and reduction in stocks resulted in a continual downturn in the European folding carton market. Due to forecasting difficulties, our customers planned increasingly short-term. A good start to the year was followed by major fluctuations in order intake. Because of a lack of growth impulses, the market was characterized by aggressive competition.

We successfully managed these challenges by continually improving efficiency and an intensive customer focus. This enabled us to maintain our market shares in Europe and to keep our profitability at a high level.

In the reporting period our capacity utilization level was overall robust, though with increasing heterogeneity among the individual sites due to the different focus by region and sales segment.

In line with the dynamic growth of MM Packaging in Poland, a third state-of-the-art folding carton plant was established in Bydgoszcz, which will commence operations in the first few months of 2013.

With a future-oriented approach, we have built the world's most modern development center for packaging rotogravure printing in Trier, Germany, with the aim of exploiting new growth potential in close cooperation with our customers.

Outside of Europe we continued our expansion path in line with our strategy to make use of opportunities for growth in the next years. Through the acquisition in Colombia MM Packaging became the leading producer in this market in 2012.

At 650,000 tons, the tonnage processed by MM Packaging in the business year 2012 was 4.4 % below the previous year's figure (2011: 680,000 tons). This difference is primarily the result of material savings due to improved efficiency and changes in the product mix.

With higher average prices, sales at EUR 1,120.7 million again reached the previous year's level (2011: EUR 1,124.9 million). With regards to geographical regions, the shares of Western and Eastern Europe showed a high level of continuity at 60 % and 30 % (2011: 66 % and 26 %), while the share of non-European countries rose further from 8 % to 10 %.

In line with sales, operating profit amounting to EUR 102.1 million was also at the previous year's level (2011: EUR 102.5 million). As a consequence, the operating margin remained unchanged at 9.1 %. The return on capital employed reached 16.9 % (2011: 16.8 %).

## QUARTERLY OVERVIEW

### MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	4Q/2011	1Q/2012	2Q/2012	3Q/2012	4Q/2012
<b>Sales</b>	460.8	494.9	480.1	492.2	485.0
<b>EBITDA</b>	56.2	62.6	59.2	70.7	57.9
EBITDA margin (in %)	12.2 %	12.6 %	12.3 %	14.4 %	11.9 %
<b>Operating profit</b>	35.5	42.1	37.0	50.9	36.1
Operating margin (in %)	7.7 %	8.5 %	7.7 %	10.3 %	7.4 %
<b>Profit before tax</b>	33.5	39.6	32.3	52.3	36.0
Income tax expense	(6.7)	(11.1)	(9.6)	(12.6)	(7.4)
<b>Profit for the period</b>	26.8	28.5	22.7	39.7	28.6
<b>Net profit margin (in %)</b>	5.8 %	5.8 %	4.7 %	8.1 %	5.9 %
Cash earnings	43.6	51.5	41.5	60.1	50.6
Cash earnings margin (in %)	9.5 %	10.4 %	8.6 %	12.2 %	10.4 %
Earnings per share (in EUR)	1.33	1.40	1.15	1.98	1.43

## DIVISIONS

### MM KARTON

in millions of EUR, IFRS	4Q/2011	1Q/2012	2Q/2012	3Q/2012	4Q/2012
<b>Sales<sup>1)</sup></b>	213.4	231.4	235.1	237.2	233.2
<b>Operating profit</b>	11.7	16.6	12.9	20.1	14.4
Operating margin (in %)	5.5 %	7.2 %	5.5 %	8.5 %	6.2 %
Tonnage sold (in thousands of tons)	327	378	387	385	384
Tonnage produced (in thousands of tons)	322	390	398	398	386

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

### MM PACKAGING

in millions of EUR, IFRS	4Q/2011	1Q/2012	2Q/2012	3Q/2012	4Q/2012
<b>Sales<sup>1)</sup></b>	274.3	289.3	271.3	281.9	278.2
<b>Operating profit</b>	23.8	25.5	24.1	30.8	21.7
Operating margin (in %)	8.7 %	8.8 %	8.9 %	10.9 %	7.8 %
Tonnage processed (in thousands of tons)	163	166	157	167	160

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

The Annual Report 2012 will be available on April 3, 2013.

### Forthcoming Results:

May 15, 2013      Results for the first quarter of 2013

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