



# 1-2Q/16

## Half-year Financial Report 2016

- Good first half-year
- Again increase in sales and profit
- Pressure on volumes and margins steps up

# Group Key Indicators

(according to IFRS for interim financial reporting, unaudited)

(consolidated, in millions of EUR)	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter		+/-
	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015	
Consolidated sales	1,142.2	1,069.6	+6.8 %
EBITDA	163.9	144.1	+13.7 %
EBITDA margin (%)	14.3 %	13.5 %	
Operating profit	110.8	96.5	+14.8 %
Operating margin (%)	9.7 %	9.0 %	
Profit before tax	108.9	90.8	+19.9 %
Income tax expense	(28.5)	(23.6)	
Profit for the period	80.4	67.2	+19.6 %
Net profit margin (%)	7.0 %	6.3 %	
Basic and diluted earnings per share (in EUR)	4.01	3.33	+20.4 %
Cash earnings	132.8	114.7	+15.8 %
Cash earnings margin (%)	11.6 %	10.7 %	
Capital expenditures (CAPEX)	67.4	52.0	+29.6 %
Depreciation and amortization	52.1	48.6	+7.2 %

	Balance sheet date	
	Jun. 30, 2016	Dec. 31, 2015
Total equity (in millions of EUR)	1,187.0	1,144.2
Total assets (in millions of EUR)	1,958.4	1,900.3
Total equity to total assets (%)	60.6 %	60.2 %
Net debt (in millions of EUR)	(39.5)	(35.0)
Enterprise value (in millions of EUR)	1,925.1	2,263.6
Employees	9,883	9,938

# Group Report

DEAR SHAREHOLDERS,

Your Company was again able to successfully hold up its grounds in the first half-year of 2016 facing increasingly challenging overall conditions. Sales as well as profit exceed the previous year's figures. However, visibility of demand on the cartonboard and folding carton markets proved to be increasingly short-term over the first six months. Thus, the overall situation starts to get more challenging.

The division MM Karton succeeded in maintaining the good level of the previous year's period with a high degree of price discipline and stable volume development. The division MM Packaging recorded solid profit development and the expected growth following the acquisition of a French folding carton group in the fourth quarter of last year.

Owing to a lack of sustained economic impulses for demand with sufficient capacities on the markets, we expect that the pressure on margins will rise. The good results in the first half-year will therefore be a challenge for the second half of the year. However, to secure profitability the best way possible with a consistent price policy, highest efficiency and an optimized product mix remains our target.

## INCOME STATEMENT

The Group's consolidated sales went up by 6.8 % or EUR 72.6 million to EUR 1,142.2 million (1<sup>st</sup> half of 2015: EUR 1,069.6 million). This increase results primarily from the acquisition-related higher business volume at MM Packaging.

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

(in %)	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter	
	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Western Europe	60.1 %	58.7 %
Eastern Europe	25.3 %	26.3 %
Asia	5.5 %	5.5 %
Latin America	4.9 %	5.5 %
Other	4.2 %	4.0 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>

Operating profit grew by 14.8 % or EUR 14.3 million to EUR 110.8 million (1<sup>st</sup> half of 2015: EUR 96.5 million). A significant rise at MM Packaging was offset by a slight decrease at MM Karton. The Group's operating margin climbed to 9.7 % (1<sup>st</sup> half of 2015: 9.0 %).

Financial income was at EUR 1.6 million (1<sup>st</sup> half of 2015: EUR 0.8 million), financial expenses amounted to EUR -3.2 million (1<sup>st</sup> half of 2015: EUR -3.2 million).

Profit before tax rose by 19.9 % to EUR 108.9 million (1<sup>st</sup> half of 2015: EUR 90.8 million). Income tax expense totaled EUR 28.5 million following EUR 23.6 million in the first half of the previous year, resulting in an effective Group tax rate of 26.2 % (1<sup>st</sup> half of 2015: 26.0 %).

Profit for the period thus increased by 19.6 % to EUR 80.4 million (1<sup>st</sup> half of 2015: EUR 67.2 million). With an unchanged total of 20,000,000 shares outstanding, earnings per share reached EUR 4.01 (1<sup>st</sup> half of 2015: EUR 3.33).

## ASSETS, CAPITAL AND LIQUID FUNDS

As of June 30, 2016, the Group's total assets amounted to EUR 1,958.4 million following EUR 1,900.3 million at the year-end 2015. This growth is particularly attributable to a profit-related rise in equity from EUR 1,144.2 million (December 31, 2015) to EUR 1,187.0 million as well as higher working capital due to increased business volume.

At EUR 291.0 million, financial liabilities, mainly of a long-term character, remained almost constant (December 31, 2015: EUR 293.3 million). Total funds available to the Group decreased slightly from EUR 258.3 million to EUR 251.5 million compared to the end of 2015, primarily as a result of the dividend payment. Net debt was therefore at EUR -39.5 million (December 31, 2015: EUR -35.0 million).

Current assets climbed by EUR 49.0 million to EUR 1,021.2 million (December 31, 2015: EUR 972.2 million) particularly as a result of increased business activity compared to the end of 2015. Non-current assets went up from EUR 928.1 million (December 31, 2015) to EUR 937.2 million.

## CASH FLOW DEVELOPMENT

Cash flow from operating activities rose from EUR 70.8 million to EUR 98.6 million mainly as a result of the profit growth and a lower increase in working capital in comparison to the same period of the previous year.

Cash flow from investing activities changed by EUR 15.8 million to EUR -77.7 million compared to the previous year (1<sup>st</sup> half of 2015: EUR -61.9 million). This difference is largely due to higher payments for the purchase of property, plant and equipment as well as the increase in shares in a cartonboard trading company in Malaysia. The main areas of investment in both divisions focused primarily on technical modernizations. Moreover, the replacement of the power station in the Austrian cartonboard mill Frohnleiten started.

Cash flow from financing activities totaled EUR -27.8 million following EUR -66.3 million in the comparative period of the previous year. This change is particularly due to lower loan repayments in the current financial year as well as a reduced dividend payment in the 2<sup>nd</sup> quarter of 2016 owing to the interim dividend that was already distributed last year.

## DEVELOPMENT IN THE SECOND QUARTER

As expected, sales in the second quarter were slightly below the first quarter of 2016, however, acquisition-related significantly above the comparative period of the previous year.

The cartonboard division recorded continuing good capacity utilization at 98 % (1Q 2016: 97 %; 2Q 2015: 99 %) and was able to maintain the operating margin with 7.3 % at a good level (1Q 2016: 7.7 %; 2Q 2015: 8.5 %).

The packaging division achieved an operating margin of 11.1 % following 10.3 % in the first quarter of 2016 (2Q 2015: 7.9 %), mainly attributable to the product mix.

The Group's operating profit reached EUR 55.6 million after EUR 55.2 million in the first quarter of 2016 and EUR 45.7 million in the second quarter of the previous year. The operating margin was therefore 9.8 % (1Q 2016: 9.6 %; 2Q 2015: 8.5 %).

The profit for the period amounted to EUR 41.0 million (1Q 2016: EUR 39.4 million; 2Q 2015: EUR 31.7 million).

## RISK REPORT

Material single risks as well as the structure of the risk management system are described in our Annual Report 2015. Risks from the recent decision made by the United Kingdom to leave the EU and the latest political developments in Turkey are yet difficult to assess for the overall economy in Europe. However, the immediate impact on the Group is currently manageable. Further risks were not identified in the first half-year of 2016 and from today's perspective are not expected for the remaining financial year.

## OUTLOOK

Against the background of weak economic performance and increasing uncertainty, the overall general conditions for our business show a lack of momentum. The situation on the European cartonboard and folding carton markets starts to get more challenging. Due to sufficient capacities, pressure on prices and therefore margins is increasing. As in the first half of the year, our highest priority remains consequent price policy and maintaining our market shares. Furthermore, we are strengthening the wide range of cost-cutting measures to secure our competitive strength and profitability of our business over the long term. The strong development in the first half-year will nevertheless be a challenge for the second half of the year.

Our growth strategy will be continued with a long-term view as hitherto, concentrating on our core business, quality as well as manageable risk.

## DIVISIONS

**MM Karton**

Against the background of increasingly short-term demand development on the European cartonboard market and a correspondingly intensive competitive environment, MM Karton's focus lies on a tight price policy while maintaining or selectively improving market shares.

At around 97 %, capacity utilization in the first half-year of 2016 was slightly below the comparative figure of the previous year (1<sup>st</sup> half of 2015: 99 %). The main reasons were maintenance and capital expenditure at the beginning of the year as well as singular market-related downtime. The average order backlog at MM Karton decreased to approximately 50,000 tons, following 91,000 tons in the first half of the previous year.

Input prices on the procurement markets showed minor change. As a result, also prices for the strategic raw material of recovered paper remained at a high level.

Both production as well as tonnage sold, at 839,000 tons and 844,000 tons respectively, were above the comparative figures of the previous year (1<sup>st</sup> half of 2015: 837,000 tons and 834,000 tons respectively). With a share of around 82 % for Europe and 18 % in markets outside of Europe (1<sup>st</sup> half of 2015: 84 % and 16 % respectively), the geographic distribution of sales changed only slightly.

Sales reached EUR 521.9 million and were thus almost at the previous year's level (1<sup>st</sup> half of 2015: EUR 522.4 million). Operating profit, at EUR 39.1 million, was slightly below the comparative period (1<sup>st</sup> half of 2015: EUR 40.9 million). Consequently, the operating margin at 7.5 % (1<sup>st</sup> half of 2015: 7.8 %) still remained at a good level.

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

(in millions of EUR)	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter		+/-
	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015	
Sales <sup>1)</sup>	521.9	522.4	-0.1 %
Operating profit	39.1	40.9	-4.4 %
Operating margin (%)	7.5 %	7.8 %	
Tonnage sold (in thousands of tons)	844	834	+1.2 %
Tonnage produced (in thousands of tons)	839	837	+0.2 %

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

**FOODBOARD™ available on the market since the 1<sup>st</sup> quarter of 2016**

FOODBOARD™, our new cartonboard with a unique functional barrier for safe primary food packaging, is already available in the European retail.



## MM Packaging

Demand on the European folding carton market during the first six months of 2016 was restrained and without any drive. This is not due to any single development but was an overall picture seen throughout countries and sectors. Even core markets such as Germany were affected, causing a subdued situation.

The production capacities installed on the European market result in a price competition of ever increasing intensity. By consistently focusing our efforts on our customers from a wide range of sectors and countries as well as continuous increase in production efficiency, MM Packaging succeeded in achieving a generally solid performance throughout the first half of this year.

A major contribution to the growth in sales was the recent acquisition in France, which has been part of the division since the end of October 2015.

Accordingly, sales showed an increase of 12.2 % to EUR 671.3 million (1<sup>st</sup> half of 2015: EUR 598.2 million). Supported by a good product mix in the second quarter, operating profit rose disproportionately by 29.0 % to EUR 71.7 million in the first half-year of 2016 (1<sup>st</sup> half of 2015: EUR 55.6 million). The operating margin was thus 10.7 % after 9.3 % in the first half of the previous year.

Tonnage processed went up by 6.1 % from 358,000 tons to 380,000 tons, the sheet equivalent by 12.7 % from 1,001.3 million to 1,128.0 million.

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

(in millions of EUR)	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter		+/-
	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015	
Sales <sup>1)</sup>	671.3	598.2	+12.2 %
Operating profit	71.7	55.6	+29.0 %
Operating margin (%)	10.7 %	9.3 %	
Tonnage processed (in thousands of tons)	380	358	+6.1 %
Sheet equivalent (in millions)	1,128.0	1,001.3	+12.7 %

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

# Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	End of 2 <sup>nd</sup> Quarter	Year-end
		Jun. 30, 2016	Dec. 31, 2015
<b>ASSETS</b>			
Property, plant and equipment	3	770,692	759,640
Intangible assets including goodwill	3	130,861	131,388
Securities and other financial assets		5,039	5,821
Deferred income taxes		30,555	31,248
<b>Non-current assets</b>		<b>937,147</b>	<b>928,097</b>
Inventories	6	329,650	320,420
Trade receivables		370,842	339,207
Income tax receivables		6,734	11,011
Prepaid expenses, securities and other current assets		65,375	46,634
Cash and cash equivalents		248,607	254,953
<b>Current assets</b>		<b>1,021,208</b>	<b>972,225</b>
<b>TOTAL ASSETS</b>		<b>1,958,355</b>	<b>1,900,322</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		80,000	80,000
Additional paid-in capital		172,658	172,658
Retained earnings		1,077,867	1,020,442
Other reserves		(150,479)	(137,550)
<b>Equity attributable to shareholders of the Company</b>		<b>1,180,046</b>	<b>1,135,550</b>
Non-controlling (minority) interests		6,998	8,605
<b>Total equity</b>		<b>1,187,044</b>	<b>1,144,155</b>
Interest-bearing financial liabilities	8	212,877	213,845
Provisions for non-current liabilities and charges		132,534	118,094
Deferred income taxes		15,591	19,655
<b>Non-current liabilities</b>		<b>361,002</b>	<b>351,594</b>
Interest-bearing financial liabilities	8	78,089	79,446
Current tax liabilities		14,919	20,873
Trade liabilities		199,033	186,287
Deferred income and other current liabilities		90,514	96,648
Provisions for current liabilities and charges		27,754	21,319
<b>Current liabilities</b>		<b>410,309</b>	<b>404,573</b>
<b>Total liabilities</b>		<b>771,311</b>	<b>756,167</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,958,355</b>	<b>1,900,322</b>

# Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

	Notes	2 <sup>nd</sup> Quarter		1 <sup>st</sup> - 2 <sup>nd</sup> Quarter	
		Apr. 1 - Jun. 30, 2016	Apr. 1 - Jun. 30, 2015	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
(all amounts in thousands of EUR, except per share data)					
Sales	10	566,142	535,747	1,142,177	1,069,642
Cost of sales		(433,230)	(413,390)	(874,994)	(822,692)
<b>Gross margin</b>		<b>132,912</b>	<b>122,357</b>	<b>267,183</b>	<b>246,950</b>
Other operating income		4,319	1,805	6,592	4,314
Selling and distribution expenses		(54,128)	(52,234)	(107,617)	(104,417)
Administrative expenses		(27,414)	(26,152)	(55,263)	(50,284)
Other operating expenses		(20)	(33)	(47)	(39)
<b>Operating profit</b>		<b>55,669</b>	<b>45,743</b>	<b>110,848</b>	<b>96,524</b>
Financial income		858	435	1,560	798
Financial expenses		(1,514)	(1,602)	(3,157)	(3,159)
Other financial result – net		682	(1,398)	(383)	(3,346)
<b>Profit before tax</b>		<b>55,695</b>	<b>43,178</b>	<b>108,868</b>	<b>90,817</b>
Income tax expense		(14,603)	(11,492)	(28,431)	(23,590)
<b>Profit for the period</b>		<b>41,092</b>	<b>31,686</b>	<b>80,437</b>	<b>67,227</b>
<b>Attributable to:</b>					
Shareholders of the Company		41,008	31,348	80,165	66,666
Non-controlling (minority) interests		84	338	272	561
<b>Profit for the period</b>		<b>41,092</b>	<b>31,686</b>	<b>80,437</b>	<b>67,227</b>
<b>Earnings per share for the profit attributable to the shareholders of the Company during the period:</b>					
Basic and diluted earnings per share (in EUR)		2.05	1.56	4.01	3.33

# Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

	2 <sup>nd</sup> Quarter		1 <sup>st</sup> - 2 <sup>nd</sup> Quarter	
	Apr. 1 - Jun. 30, 2016	Apr. 1 - Jun. 30, 2015	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
(all amounts in thousands of EUR)				
<b>Profit for the period<sup>1)</sup></b>	<b>41,092</b>	<b>31,686</b>	<b>80,437</b>	<b>67,227</b>
<b>Profit (loss) directly recognized in equity:</b>				
Actuarial valuation of defined benefit pension and severance obligations	(8,159)	18,645	(18,977)	7,510
Effect of income taxes	1,144	(2,824)	3,669	(1,453)
<b>Total of items that will not be reclassified subsequently to the income statement</b>	<b>(7,015)</b>	<b>15,821</b>	<b>(15,308)</b>	<b>6,057</b>
Foreign currency translations <sup>1)</sup>	5,552	(7,304)	2,166	8,308
<b>Total of items that will be reclassified subsequently to the income statement</b>	<b>5,552</b>	<b>(7,304)</b>	<b>2,166</b>	<b>8,308</b>
<b>Total profit (loss) directly recognized in equity (net)<sup>1)</sup></b>	<b>(1,463)</b>	<b>8,517</b>	<b>(13,142)</b>	<b>14,365</b>
<b>Total comprehensive income</b>	<b>39,629</b>	<b>40,203</b>	<b>67,295</b>	<b>81,592</b>
<b>Attributable to:</b>				
Shareholders of the Company	39,470	40,370	67,236	80,540
Non-controlling (minority) interests	159	(167)	59	1,052
<b>Total comprehensive income</b>	<b>39,629</b>	<b>40,203</b>	<b>67,295</b>	<b>81,592</b>

<sup>1)</sup> In the first half-year of 2016 no reclassifications from foreign currency translations directly recognized in equity to the profit for the period were made (1<sup>st</sup> half of 2015: thous. EUR -923; 2<sup>o</sup> 2015: thous. EUR -923).

# Consolidated Statements of Changes in Equity

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR) Notes	Equity attributable to shareholders of the Company							Non-controlling (minority) interests	Total equity
	Share capital	Additional paid-in capital	Retained earnings	Profit (loss) directly recognized in equity			Total		
				Foreign currency translations	Actuarial gains and losses	Other reserves			
<b>Balance at January 1, 2016</b>	<b>80,000</b>	<b>172,658</b>	<b>1,020,442</b>	<b>(98,220)</b>	<b>(39,330)</b>	<b>(137,550)</b>	<b>1,135,550</b>	<b>8,605</b>	<b>1,144,155</b>
Total comprehensive income	0	0	80,165	2,371	(15,300)	(12,929)	67,236	59	67,295
Dividends paid 7	0	0	(24,000)	0	0	0	(24,000)	(319)	(24,319)
Change in majority interests	0	0	1,260	0	0	0	1,260	(1,347)	(87)
<b>Balance at June 30, 2016</b>	<b>80,000</b>	<b>172,658</b>	<b>1,077,867</b>	<b>(95,849)</b>	<b>(54,630)</b>	<b>(150,479)</b>	<b>1,180,046</b>	<b>6,998</b>	<b>1,187,044</b>
<b>Balance at January 1, 2015</b>	<b>80,000</b>	<b>172,658</b>	<b>963,119</b>	<b>(76,192)</b>	<b>(47,998)</b>	<b>(124,190)</b>	<b>1,091,587</b>	<b>10,581</b>	<b>1,102,168</b>
Total comprehensive income	0	0	66,666	7,820	6,054	13,874	80,540	1,052	81,592
Dividends paid 7	0	0	(52,000)	0	0	0	(52,000)	(495)	(52,495)
Change in majority interests	0	0	(223)	0	0	0	(223)	(235)	(458)
<b>Balance at June 30, 2015</b>	<b>80,000</b>	<b>172,658</b>	<b>977,562</b>	<b>(68,372)</b>	<b>(41,944)</b>	<b>(110,316)</b>	<b>1,119,904</b>	<b>10,903</b>	<b>1,130,807</b>

# Consolidated Cash Flow Statements

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

	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter	
	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
(all amounts in thousands of EUR)		
Profit for the period	80,437	67,227
Adjustments to reconcile profit for the period to net cash from operating activities excluding interest and taxes paid	78,702	74,165
<b>Net cash from profit</b>	<b>159,139</b>	<b>141,392</b>
Changes in working capital	(30,360)	(48,554)
<b>Cash flow from operating activities excluding interest and taxes paid</b>	<b>128,779</b>	<b>92,838</b>
Income taxes paid	(30,150)	(22,051)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>98,629</b>	<b>70,787</b>
Payments for property, plant and equipment, and intangible assets (incl. payments on account)	(76,154)	(63,542)
Other items	(1,550)	1,631
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(77,704)</b>	<b>(61,911)</b>
Change in financial liabilities	(1,732)	(11,511)
Dividends paid to the shareholders of the Company	(24,000)	(52,000)
Other items	(2,025)	(2,754)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(27,757)</b>	<b>(66,265)</b>
Effect of exchange rate changes on cash and cash equivalents	486	(256)
<b>Change in cash and cash equivalents</b>	<b>(6,346)</b>	<b>(57,645)</b>
<b>Cash and cash equivalents at the beginning of the period (according to the consolidated balance sheet)</b>	<b>254,953</b>	<b>320,086</b>
<b>Cash and cash equivalents at the end of the period (according to the consolidated balance sheet)</b>	<b>248,607</b>	<b>262,441</b>
<b>Adjustments to reconcile cash and cash equivalents to total funds available to the Group:</b>		
Current and non-current securities	2,843	3,874
<b>Total funds available to the Group</b>	<b>251,450</b>	<b>266,315</b>

# Notes to the Consolidated Half-year Financial Statements

## 1 — GENERAL

These condensed consolidated half-year financial statements and notes thereto of Mayr-Melnhof Karton AG and its controlled subsidiaries have been prepared in accordance with IFRS for interim financial reporting (IAS 34) as adopted by the European Union and were neither voluntarily audited nor reviewed by an auditor. The condensed consolidated half-year financial statements do not include all obligatory information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements as of December 31, 2015.

The present condensed consolidated half-year financial statements have been prepared using the same accounting principles as for the consolidated financial statements as of December 31, 2015.

As of January 1, 2016 the following revised accounting regulations are initially applicable:

Revised standards	Content	Effective
IAS 1	Disclosure Initiative	Jan. 1, 2016
IAS 27	Separate Financial Statements: Equity Method in Separate Financial Statements	Jan. 1, 2016
IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	Jan. 1, 2016
IAS 16/IAS 41	Agriculture: Bearer Plants	Jan. 1, 2016
IFRS 11	Acquisitions of Interests in Joint Operations	Jan. 1, 2016
	Annual Improvements to IFRSs – 2012-2014 Cycle	Jan. 1, 2016

If individually applicable, the effective regulations were adopted in the present condensed consolidated half-year financial statements. However, this does not have any significant impact on the presentation of the financial situation and profitability.

The business performance of Mayr-Melnhof Karton AG is generally not affected by any significant seasonal effects. Information regarding the cyclical influences on the business activity of the Group can be found in the presentation of the divisions in the half-year management report on page 8 f.

The increase in working capital, primarily inventories and trade receivables, was caused by higher business activity.

The valuation of defined benefit pension and severance obligations is determined on the basis of an actuarial opinion as of the respective annual reporting date. If any significant changes in the actuarial assumptions arise during the current financial year, a remeasurement of the recognized net defined benefit liability will be recorded.

The change in provisions for non-current liabilities and charges was primarily due to an adjustment of the discount rate for defined benefit pension respectively severance obligations to 1.74 % respectively 1.90 % as of June 30, 2016 (December 31, 2015: both at 2.60 %).

The rise in provisions for current liabilities and charges mainly results from an increase in provisions for premiums and bonuses to customers.

## 2 — FURTHER INFORMATION

In May 2016, the division MM Karton increased its majority interest in the Malaysian cartonboard trader Firgos (Malaysia) SND BHD, located in Kuala Lumpur, to 100 % for a price of thous. EUR 6,921, for which a corresponding purchase price liability was recognized.

### 3 — DEVELOPMENT OF FIXED ASSETS

The Group spent a total of thous. EUR 67,393 (1<sup>st</sup> half of 2015: thous. EUR 51,971) on acquiring property, plant and equipment and intangible assets in the first half-year of 2016. The carrying amount of disposals of property, plant and equipment and intangible assets amounted to thous. EUR 1,990 (1<sup>st</sup> half of 2015: thous. EUR 239).

Depreciation and amortization on property, plant and equipment and intangible assets amounted to thous. EUR 52,076 (1<sup>st</sup> half of 2015: thous. EUR 48,581).

Net book values of property, plant and equipment and intangible assets including goodwill are composed as follows:

	<b>End of 2<sup>nd</sup> Quarter</b>	<b>Year-end</b>
(all amounts in thousands of EUR)	<b>Jun. 30, 2016</b>	<b>Dec. 31, 2015</b>
Lands, similar land rights and buildings	275,681	285,352
Technical equipment and machines	394,508	400,618
Other equipment, fixtures and fittings	38,180	40,416
Construction in progress	62,323	33,254
<b>Property, plant and equipment</b>	<b>770,692</b>	<b>759,640</b>
	<b>End of 2<sup>nd</sup> Quarter</b>	<b>Year-end</b>
(all amounts in thousands of EUR)	<b>Jun. 30, 2016</b>	<b>Dec. 31, 2015</b>
Concessions, licenses and similar rights	8,139	7,699
Goodwill	109,495	109,291
Other intangible assets	13,227	14,398
<b>Intangible assets including goodwill</b>	<b>130,861</b>	<b>131,388</b>

### 4 — PURCHASE COMMITMENTS

As of June 30, 2016 purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 44,352 (December 31, 2015: thous. EUR 24,317).



## 5 — FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities and are recognized in different categories, which determine the subsequent measurement method and thus also the resulting type of income and expense.

Financial assets of the Group consist of securities, other financial assets, loans, trade receivables, other receivables and assets (except for certain positions which do not represent financial instruments, such as receivables regarding taxes and other charges), cash and cash equivalents as well as derivative financial instruments with a positive balance.

Financial liabilities of the Group comprise interest-bearing financial liabilities including finance lease, trade liabilities, other liabilities (except for certain positions, which do not represent financial instruments, such as liabilities regarding taxes and other charges) as well as derivative financial instruments with a negative balance.

The financial assets and financial liabilities are measured either at fair value or at amortized cost.

### a — Measurement at fair value

The amounts of financial assets, which are recorded in the consolidated balance sheet under the position "Prepaid expenses, securities and other current assets" as well as of financial liabilities, recorded in the consolidated balance sheet under the position "Deferred income and other current liabilities", which are recognized at their fair value, are as follows:

	Level 2	
	End of 2 <sup>nd</sup> Quarter	Year-end
	Jun. 30, 2016	Dec. 31, 2015
(all amounts in thousands of EUR)		
<b>Financial assets:</b>		
Derivative financial instruments	1,167	1,325
<b>Financial liabilities:</b>		
Derivative financial instruments	2,129	1,100

**Measurement methods**

Depending on the availability of market price information, the Group uses the following hierarchy for the determination of the measurement method and presentation of fair values of financial instruments:

Availability of information, broken down by levels	Measurement method used
Level 2 – Quoted market prices for identical instruments are not available but all required measurement parameters can be derived from active markets	Measurement based on valuation methods by applying directly or indirectly observable market data

The fair values of foreign currency forward contracts (level 2 measurement) are measured according to the spot rates at the balance sheet date considering forward premiums and discounts with corresponding maturities.

In general there are also financial instruments measured at fair value based on the prices quoted on active markets (level 1 measurement) or using parameters for which no observable market data exists (level 3 measurement). Currently there are no such financial instruments in the Mayr-Melnhof Group, for which these measurement methods would be applicable.

**b — Measurement at amortized costs**

The amounts of trade receivables, held-to-maturity securities measured at amortized cost, cash and cash equivalents, share purchase price and option liabilities and other financial liabilities disclosed in the consolidated balance sheets represent a reasonable approximation value of the fair value.

The share purchase price and option liabilities as of December 31, 2015 were related to liabilities in connection with shares in certain subsidiaries held by non-controlling (minority) shareholders, which are evaluated according to the individual contractual terms. These share purchase price and option liabilities are calculated as a multiple of a result-dependent component (e. g. EBITDA) of the subsidiary less potential net debt, respectively in the amount of the remaining share. As of June 30, 2016, such liabilities no longer exist (December 31, 2015: thous. EUR 6,859). The change is attributed to the payment of the purchase price arising from the acquisition of interest in Malaysia.

The available-for-sale financial assets include equity shares in non-consolidated companies as of June 30, 2016 in amount of thous. EUR 1,699 (December 31, 2015: thous. EUR 1,699). There is no active market for these equity shares. As in this regard the future cash flows cannot be reliably measured, a market value cannot be determined by valuation models. The equity shares in these companies are therefore reported at amortized cost. There is basically no intention to sell these equity shares. No derecognition or significant valuation results were recorded.

## 6 — INVENTORIES

In the first half-year of 2016 the write-downs of inventories recognized as an expense amounted to thous. EUR 4,926 (1<sup>st</sup> half of 2015: thous. EUR 5,188), the reversal of write-downs of inventories recognized as income amounted to thous. EUR 154 (1<sup>st</sup> half of 2015: thous. EUR 135) both under cost of goods sold.

## 7 — EQUITY

**Dividend**

By the 22<sup>nd</sup> Ordinary Shareholder's Meeting, a dividend of EUR 1.20 per voting share, which was due on May 10, 2016, was resolved for the year 2015. On schedule a total of thous. EUR 24,000 was distributed to the shareholders.

In addition to the interim dividend of EUR 1.60 per share, in total thous. EUR 32,000, already paid out in November 2015, this results in a total dividend of thous. EUR 56,000 (previous year: thous. EUR 52,000), equivalent to EUR 2.80 (2014: EUR 2.60) per share, for the financial year 2015.

## 8 — FINANCIAL LIABILITIES

Financial liabilities of the Group are as follows:

	<b>End of 2<sup>nd</sup> Quarter</b>	<b>Year-end</b>
(all amounts in thousands of EUR)	<b>Jun. 30, 2016</b>	<b>Dec. 31, 2015</b>
Non-current interest-bearing financial liabilities	210,000	210,073
Current interest-bearing financial liabilities	76,349	77,743
<b>Interest-bearing financial liabilities</b>	<b>286,349</b>	<b>287,816</b>
Non-current finance lease liabilities	2,877	3,772
Current finance lease liabilities	1,740	1,703
<b>Finance lease liabilities</b>	<b>4,617</b>	<b>5,475</b>
<b>Financial liabilities</b>	<b>290,966</b>	<b>293,291</b>

## 9 — DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 2,208 were purchased from other related companies in the first half-year of 2016 (1<sup>st</sup> half of 2015: thous. EUR 3,911). As of June 30, 2016, trade liabilities with other related companies amounted to thous. EUR 481 (December 31, 2015: thous. EUR 979).

Transactions with these companies are carried out on an arm's length basis.

## 10 — SEGMENT REPORTING INFORMATION

The Group measures the performance of its operating segments through the assessment of operating profit and profit for the period, as they are presented in the consolidated income statements.

The Group's operating segments can be illustrated as follows:

(all amounts in thousands of EUR)	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter 2016			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	471,242	670,935	0	1,142,177
Intersegment sales	50,645	349	(50,994)	0
<b>Total sales</b>	<b>521,887</b>	<b>671,284</b>	<b>(50,994)</b>	<b>1,142,177</b>
Operating profit	39,096	71,752	0	110,848
Profit for the period	29,061	51,376	0	80,437
Segment assets <sup>1)</sup>	1,018,696	1,014,687	(75,028)	1,958,355
Segment liabilities <sup>1)</sup>	338,765	507,574	(75,028)	771,311

<sup>1)</sup> as of June 30, 2016

(all amounts in thousands of EUR)	1 <sup>st</sup> - 2 <sup>nd</sup> Quarter 2015			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	471,913	597,729	0	1,069,642
Intersegment sales	50,506	403	(50,909)	0
<b>Total sales</b>	<b>522,419</b>	<b>598,132</b>	<b>(50,909)</b>	<b>1,069,642</b>
Operating profit	40,933	55,591	0	96,524
Profit for the period	29,259	37,968	0	67,227
Segment assets <sup>1)</sup>	992,651	984,364	(76,693)	1,900,322
Segment liabilities <sup>1)</sup>	320,047	512,813	(76,693)	756,167

<sup>1)</sup> as of December 31, 2015

The operating profit and profit for the period in the total column "consolidated" correspond to the consolidated income statements. The reconciliation from operating profit to profit for the period can therefore be derived from the consolidated income statements.

## 11 — SIGNIFICANT SUBSEQUENT EVENTS

No events that require disclosure took place between the balance sheet date June 30, 2016 and the publication approval on August 17, 2016.

# Statement of the Management Board

according to section 87 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year as well as of the major related party transactions to be disclosed.

Vienna, August 17, 2016

## **The Management Board**

Wilhelm Hörmanseder m. p.  
Chairman of the Management Board

Andreas Blaschke m. p.  
Member of the Management Board

Gotthard Mayringer m. p.  
Member of the Management Board

Franz Rappold m. p.  
Member of the Management Board

# Quarterly Overview

(according to IFRS for interim financial reporting, unaudited)

## MAYR-MELNHOF GROUP

(consolidated, in millions of EUR)	1 <sup>st</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2015	4 <sup>th</sup> Quarter 2015	1 <sup>st</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016
Sales	533.9	535.7	548.1	563.8	576.0	566.2
EBITDA	74.0	70.1	81.4	73.2	80.3	83.6
EBITDA margin (%)	13.9 %	13.1 %	14.9 %	13.0 %	13.9 %	14.8 %
Operating profit	50.8	45.7	58.1	45.3	55.2	55.6
Operating margin (%)	9.5 %	8.5 %	10.6 %	8.0 %	9.6 %	9.8 %
Profit before tax	47.6	43.2	56.0	43.8	53.2	55.7
Income tax expense	(12.1)	(11.5)	(15.0)	(9.9)	(13.8)	(14.7)
Profit for the period	35.5	31.7	41.0	33.9	39.4	41.0
Net profit margin (%)	6.6 %	5.9 %	7.5 %	6.0 %	6.8 %	7.2 %
Earnings per share (basic and diluted in EUR)	1.77	1.56	2.03	1.72	1.96	2.05

## DIVISIONS

### MM Karton

(in millions of EUR)	1 <sup>st</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2015	4 <sup>th</sup> Quarter 2015	1 <sup>st</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016
Sales <sup>1)</sup>	258.9	263.5	265.0	259.3	263.4	258.5
Operating profit	18.6	22.3	25.5	16.2	20.2	18.9
Operating margin (%)	7.2 %	8.5 %	9.6 %	6.2 %	7.7 %	7.3 %
Tonnage sold (in thousands of tons)	421	413	418	408	427	417
Tonnage produced (in thousands of tons)	415	422	422	418	419	420

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

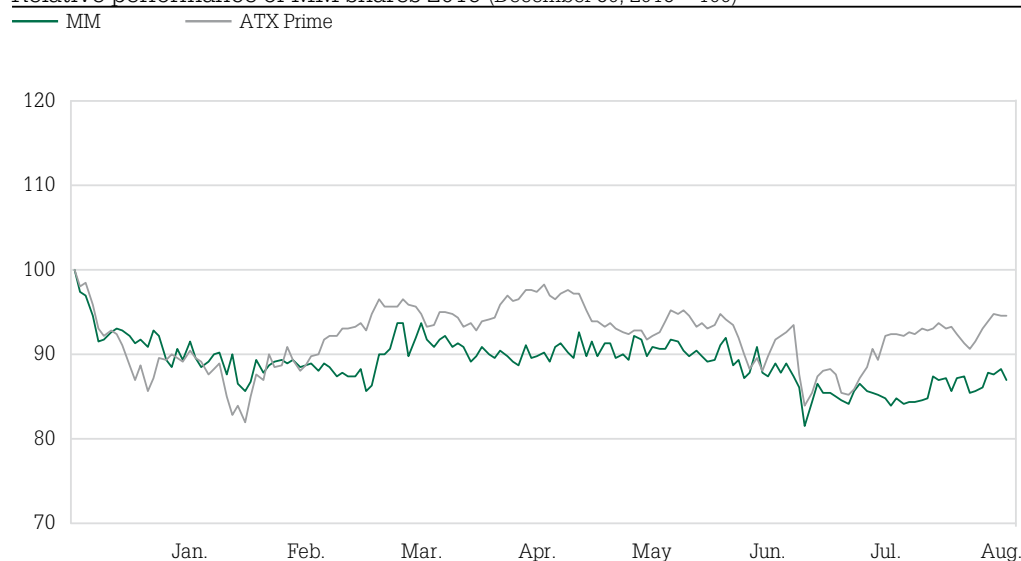
### MM Packaging

(in millions of EUR)	1 <sup>st</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2015	4 <sup>th</sup> Quarter 2015	1 <sup>st</sup> Quarter 2016	2 <sup>nd</sup> Quarter 2016
Sales <sup>1)</sup>	300.7	297.5	309.7	329.4	339.2	332.1
Operating profit	32.2	23.4	32.6	29.1	35.0	36.7
Operating margin (%)	10.7 %	7.9 %	10.5 %	8.8 %	10.3 %	11.1 %
Tonnage processed (in thousands of tons)	182	176	187	184	189	191
Sheet equivalent (in millions)	503.0	498.3	531.1	526.9	562.2	565.8

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

# Mayr-Melnhof Shares

Relative performance of MM shares 2016 (December 30, 2015 = 100)



Share price (closing price)	
as of August 11, 2016	99.50
2016 High	111.45
2016 Low	93.34
Stock performance (Year-end 2015 until August 11, 2016)	-13.10 %
Number of shares issued	20 million
Market capitalization as of August 11, 2016 (in millions of EUR)	1,990.00
Trading volume (average per day 1 <sup>st</sup> HY 2016 in millions of EUR)	1.17

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 half-year 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.

# Financial Calendar 2016/2017

November 15, 2016	Results for the first three quarters of 2016
March 21, 2017	Financial results for 2016
April 16, 2017	Record date "Ordinary Shareholders' Meeting"
April 26, 2017	23 <sup>rd</sup> Ordinary Shareholders' Meeting – Vienna
May 2, 2017	Ex-dividend day
May 3, 2017	Record date "Dividends"
May 9, 2017	Dividend payment date
May 18, 2017	Results for the 1 <sup>st</sup> quarter of 2017
August 17, 2017	Results for the 1 <sup>st</sup> half-year of 2017
November 15, 2017	Results for the first three quarters of 2017

## Editorial information

Editor (publisher):  
Mayr-Melnhof Karton AG  
Brahmsplatz 6  
A-1040 Vienna

## For further information, please contact:

Stephan Sweerts-Sporck  
Investor Relations  
Phone: +43 1 50136-91180  
Fax: +43 1 50136-91195  
e-mail: [investor.relations@mm-karton.com](mailto:investor.relations@mm-karton.com)  
Website: <http://www.mayr-melnhof.com>