

EANS-News: Mayr-Melnhof Karton to acquire Kwidzyn (Poland) mill from International Paper

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Proposed acquisition expands MMK's activities in virgin fiber-based cartonboard and creates attractive development potential

Mergers - Acquisitions - Takeovers

Vienna - Mayr-Melnhof Group has agreed to acquire International Paper (Poland) Holding sp. z.o.o. ("Kwidzyn") from International Paper for a debt and cash free amount of around EUR 670 million and additionally assuming ca. EUR 33 million of usufruct and operating lease liabilities according to IFRS treatment. The acquisition of Kwidzyn forms part of MM's strategy to grow in high quality virgin fiber based cartonboard with innovative, sustainable and cost effective FBB grades. The proposed transaction will be immediately earnings accretive.

At its integrated pulp and paper site in Poland, Kwidzyn operates a pulp mill with an annual capacity of around 400,000 t and four integrated cartonboard / paper machines: The flagship is a FBB board machine with 260,000 t annual capacity. In addition, Kwidzyn has recently entered the MF kraft paper segment through the conversion of one of its paper machines to serve the growing demand for flexible fiber-based packaging products. Production of this machine is increasing up to an annual capacity of 75,000 t. Finally, Kwidzyn operates two of the most attractive copy paper machines (UWF) in Europe with an annual total capacity of 410,000 t. About 2,300 people are working at the mill. In 2020 it generated an Adjusted EBITDA of ca. EUR 92 million on sales of ca. EUR 510 million.

The cash payment will be funded from committed bank credit lines and the issuance of a Schuldschein. The transaction is subject to customary closing conditions. Closing of the transaction is expected in Q3 2021.

Strategic Rationale

* Expand Mayr-Melnhof Group's competitive position versus the two market leaders in the growing European FBB market with innovation of sustainable products and

- a broader service offering
- * Enter the attractive flexible fiber-based packaging segment
- * 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

Mayr-Melnhof Group CEO, Peter Oswald, comments: "The acquisition of Kwidzyn perfectly complements our existing cartonboard business. It enables MMK to drive innovation for more sustainable packaging solutions in the growing virgin fiber-based cartonboard market and creates attractive new perspectives from the integration of pulp and paper at a site in Europe with cost advantages. We have great confidence in the highly qualified team of Kwidzyn to shape a promising common future together."

Dial in details for an investor conference call today on February 12, 2021 at 10:00 a.m. CET and a presentation are available from our website <http://www.mayr-melnhof.com>.

Further inquiry note:

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