



Annual Report 2015

Key Indicators

consolidated (in millions of EUR)	2015	2014	+/-
Consolidated sales	2,181.5	2,087.4	+ 4.5 %
EBITDA	298.7	270.6 ²⁾	+ 10.4 %
Operating profit	199.9	180.2	+ 10.9 %
Profit before tax	190.6	171.0	+ 11.5 %
Profit for the year	142.1	131.6	+ 8.0 %
Cash earnings	238.4	221.3 ²⁾	+ 7.7 %
Return on equity	12.7 %	11.9 %	
Operating margin	9.2 %	8.6 %	
Return on capital employed	16.1 %	15.5 %	
Total equity	1,144.2	1,102.2	+ 3.8 %
Total assets	1,900.3	1,787.0	+ 6.3 %
Capital expenditures (CAPEX)	128.0	139.8	- 8.4 %
Depreciation and amortization ¹⁾	99.6	93.9	+ 6.1 %
Employees	9,938	9,399	+ 5.7 %
Earnings per share (in EUR)	7.08	6.54	+ 8.3 %
Dividend per share (in EUR)	2.80³⁾	2.60	+ 7.7 %

¹⁾ incl impairment of property, plant and equipment and intangible assets

²⁾ adjusted according to definition (see glossary)

³⁾ thereof EUR 1.60 interim dividend for 2015 and EUR 1.20 proposed for 2015

Please find the five year overview 2011 – 2015 at the end of the report.

Another strong year

- ▶ Long-term growth continued
Sales + 4.5 % at EUR 2,181.5 million
- ▶ High profitability maintained
Operating profit + 10.9 % at EUR 199.9 million
Operating margin 9.2 %
- ▶ Increased productivity and volumes
in both divisions
98 % capacity utilization at MM Karton
- ▶ Entering the market for pharmaceutical
and luxury packaging
Acquisition of a leading French folding
carton group
- ▶ Dividend increase
From EUR 2.60 per share to EUR 2.80 per share
(thereof EUR 1.60 interim dividend for 2015 and EUR 1.20 proposed for 2015)

Attractive investment

Leading in cartonboard and folding cartons

Worldwide largest producer of coated recycled fiber-based cartonboard

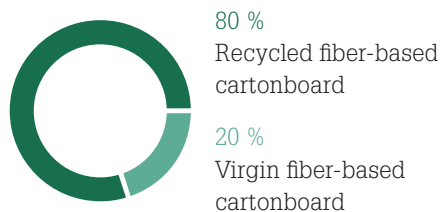
European market leader in folding cartons

We produce cartonboard and folding cartons for everyday consumer goods packaging. The development of private consumption determines the demand.

A balanced portfolio

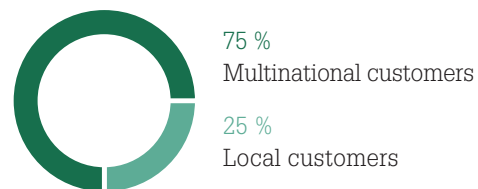
We manage our business in two divisions, MM Karton and MM Packaging, which carry out business transactions at market conditions.

MM Karton



Percentage of sales: 46 %
Percentage of operating profit: 41 %
Return on capital employed: 15.9 %

MM Packaging



Percentage of sales: 54 %
Percentage of operating profit: 59 %
Return on capital employed: 16.2 %

Cost and technological leadership

Operational excellence worldwide

We focus on implementation of "best practice" in our plants.

Using economies of scale

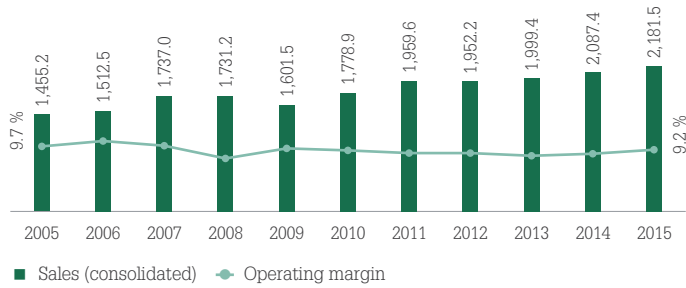
We concentrate on highly efficient industrial production.

Advantages through pioneering performance

We are innovative and support good solutions from the beginning.

Continuous investing activities in cost reduction, innovation, and growth

Long-term high-yielding growth



We pursue sustainable growth, organic as well as through acquisitions, in our core competence areas. The focus lies on maintaining high profitability and cash generation.

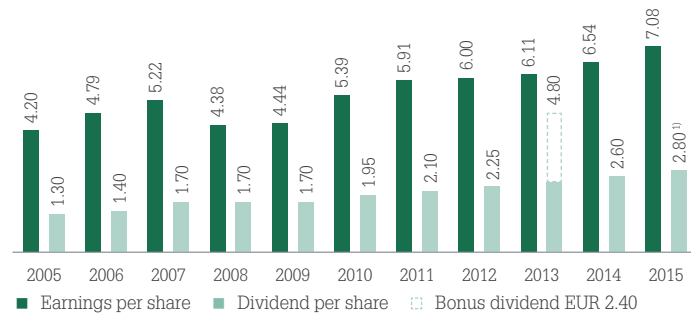
High continuity

Stable shareholder structure



59 % of the shares are held by owner families.

Sustainable dividend development (in EUR)

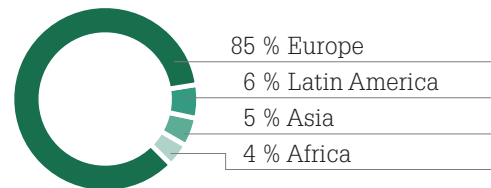


¹⁾ thereof EUR 1.60 interim dividend for 2015 and EUR 1.20 proposed for 2015

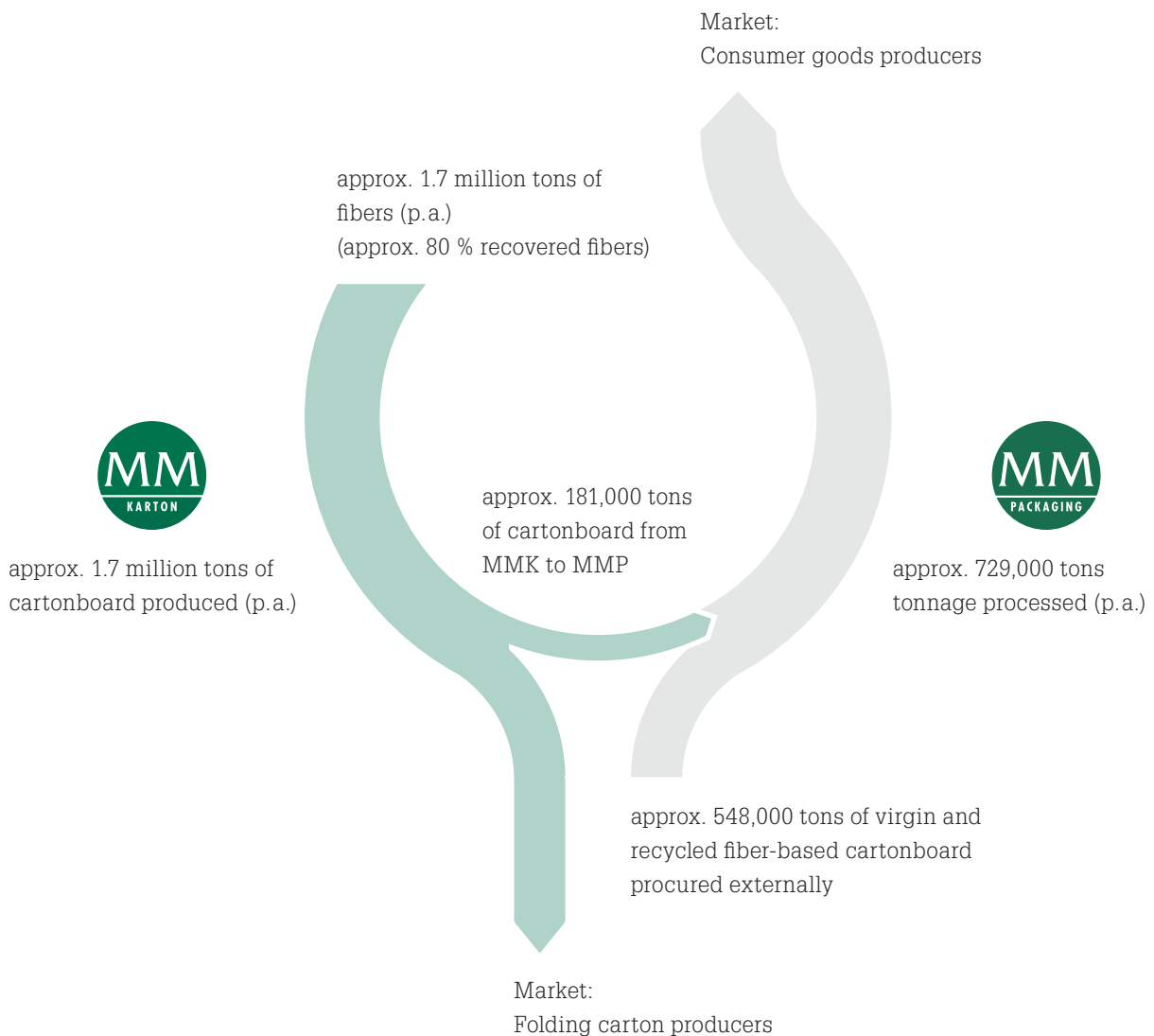
Global presence – focus on Europe

45 production sites on 4 continents
 7 cartonboard mills
 38 folding carton plants
 Sales in more than 100 countries

Sales by destination



Business structure



(Values 2015)

MM Karton and MM Packaging are two independent profit centers which carry out business transactions at market conditions.

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Company & Strategy

Foreword by the Chairman of the Management Board

Dear Shareholders,

Your Company was once again successful in the financial year 2015. Another record year, continuing the long-term success course.

Our key elements have proven effective, even in a weak economy and in saturated markets: concentration on the core business of cartonboard and folding cartons, practiced profit orientation, firmly connected to the appreciation and motivation of all our employees.

Similarly, we are able to continually adapt our location network based on a long-term oriented strategy. This guarantees sustainable returns, enabling us to use the earned funds specifically for investments in productivity to improve our competitiveness and for organic growth as well as for acquisitions and the increase in dividends.

Pursuing this course, we were able to take a first step into the market for pharmaceutical and luxury packaging at the end of 2015 with the acquisition of a leading French folding carton group.

Our innovation, FOODBOARD™, the new, high-quality, coated duplex cartonboard with a unique functional barrier for safely packaged food, is now available on the market from the 1st quarter of 2016 and shows an interesting potential.

I would like to take this opportunity to thank our employees on behalf of the Management Board for this success and their great commitment.

We will maintain the character of your Company – solid, steady, focused on long-term growth and marked by confidence.

Now is the time to take the success of 2015 as next ambition for the future.

People and resources are ready for this.

We want to thank you, our Shareholders, for the trust that you have so often placed in us throughout many years.

Accompany us further on!



Wilhelm Hörmanseder
Chairman of the Management Board

February 29, 2016

MANAGEMENT BOARD



Andreas Blaschke
Member of the
Management Board



Wilhelm Hörmanseder
Chairman of the
Management Board



Gotthard Mayringer
Member of the
Management Board

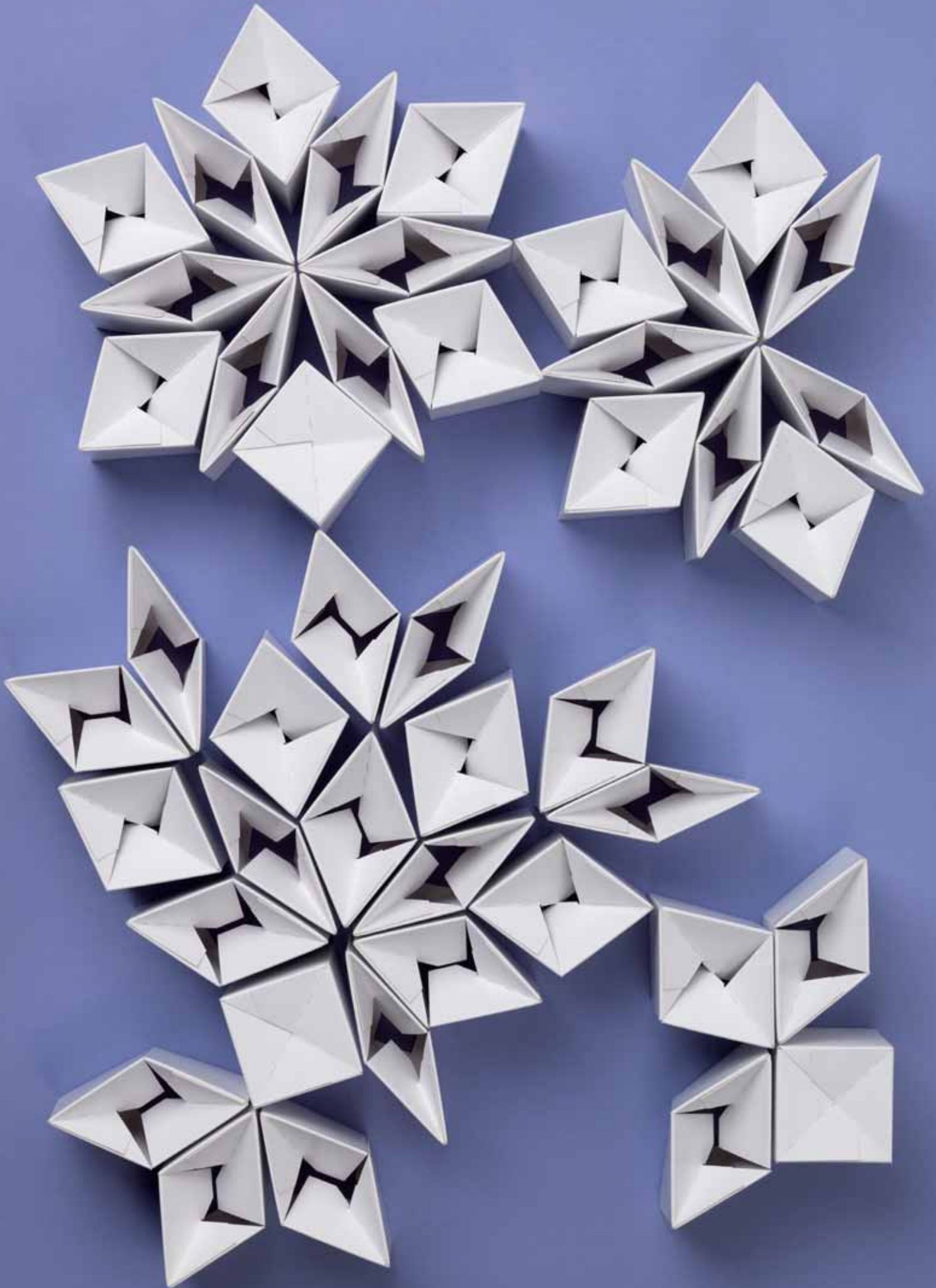


Franz Rappold
Member of the
Management Board



Dynamic automatic bottom

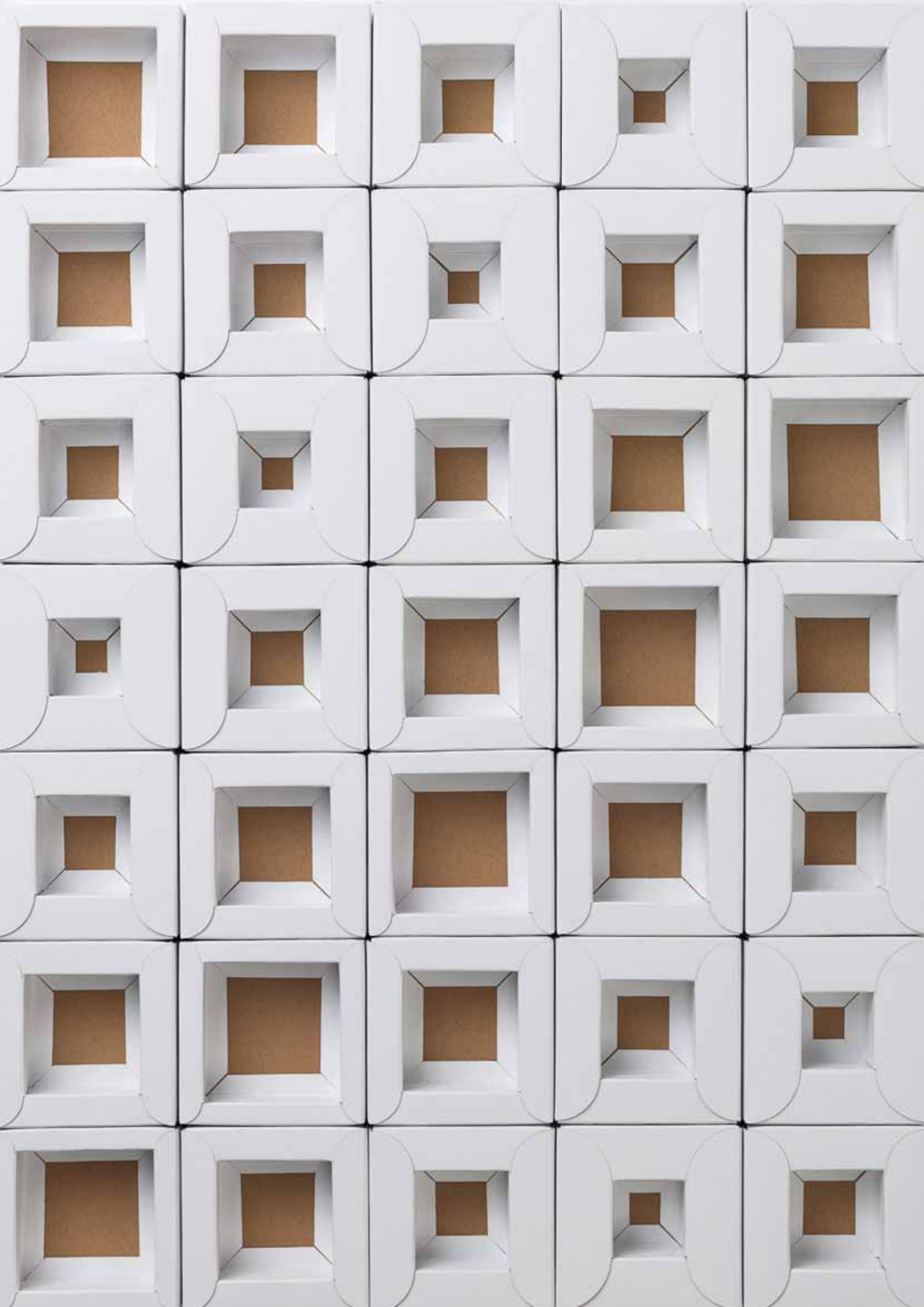
Delivered flat, quickly assembled and compact for disposal – in between perfect packaging and presentation with countless possible uses. This is how packaging solutions of MM combine functionality with aesthetics and practicability.

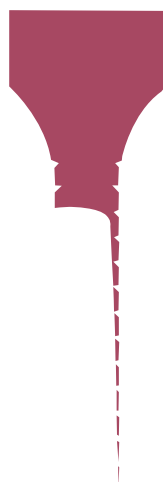




Strong double wall

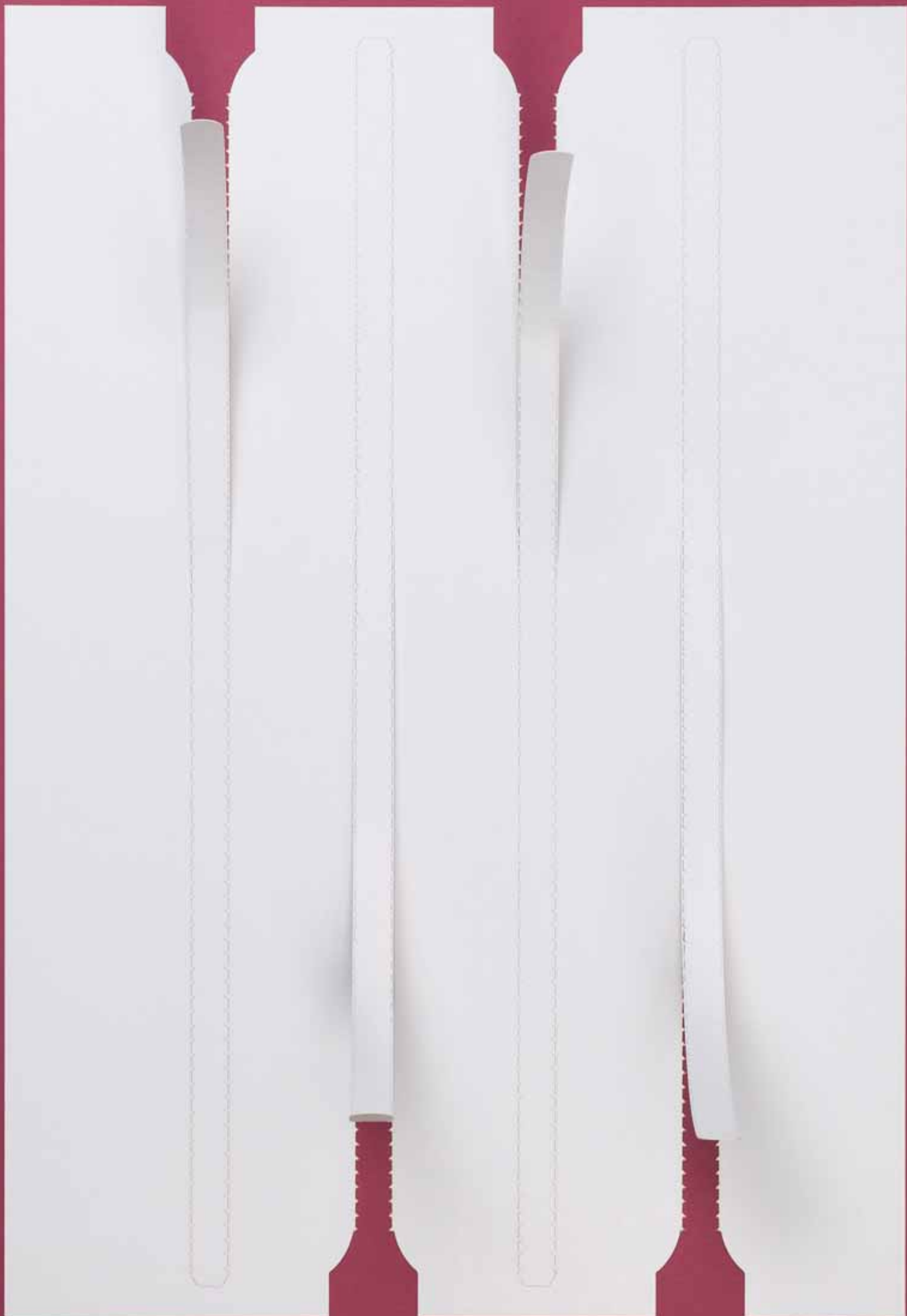
If a product really needs to be protected, this is the most clever solution in a wide range of formats. Straight appearance with a variety of possibilities and premium design quality. From chocolates to flacons – always a strong skin for fragile contents.





Practical zipper

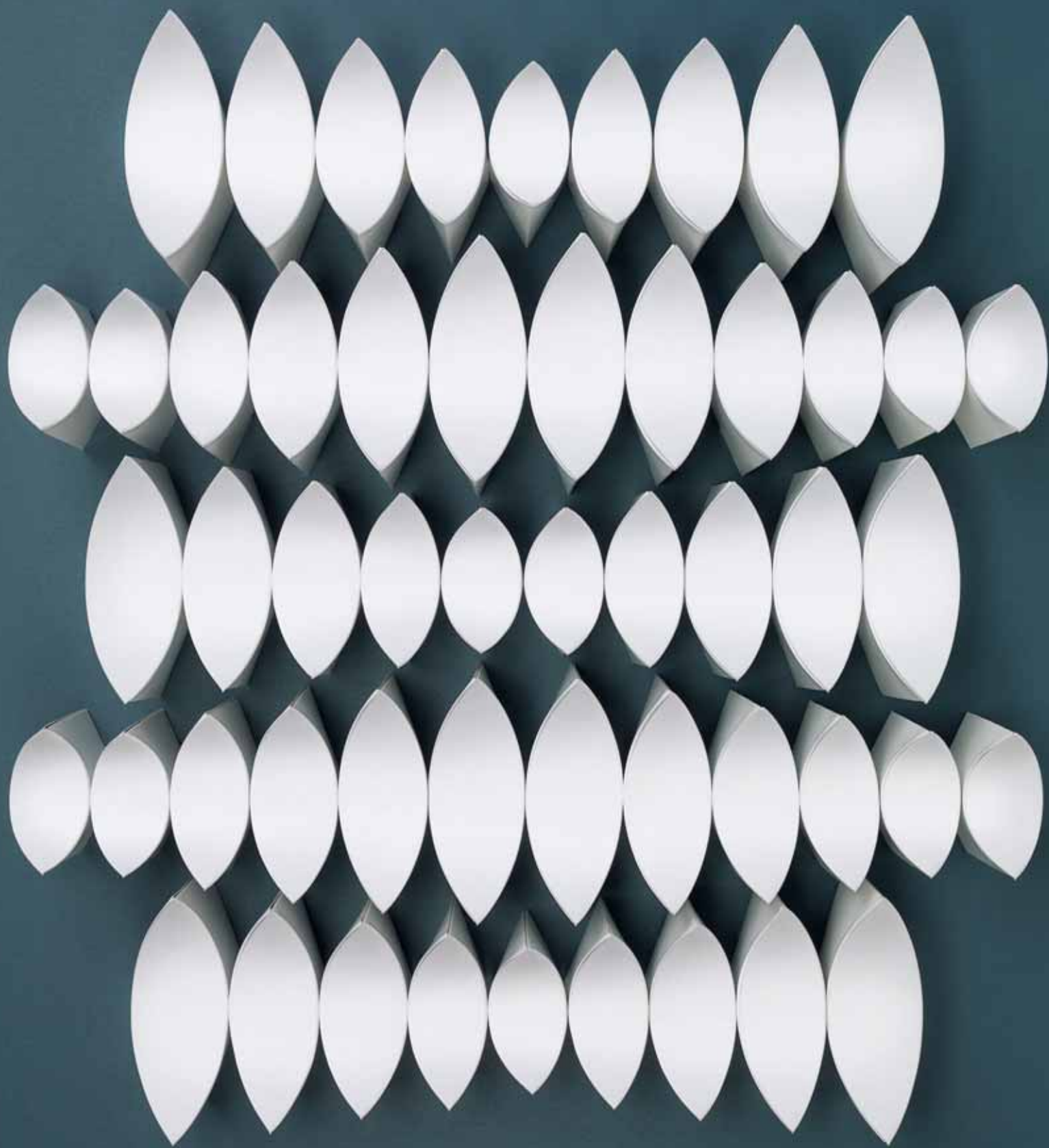
Easy to open? Simply pull! Exactly perforated and excellent to integrate for virtually any purpose. Whether food, household products, or a shipment from an online shop, the zipper allows easy access to anything that is protected inside the package.





Dynamic pillow box

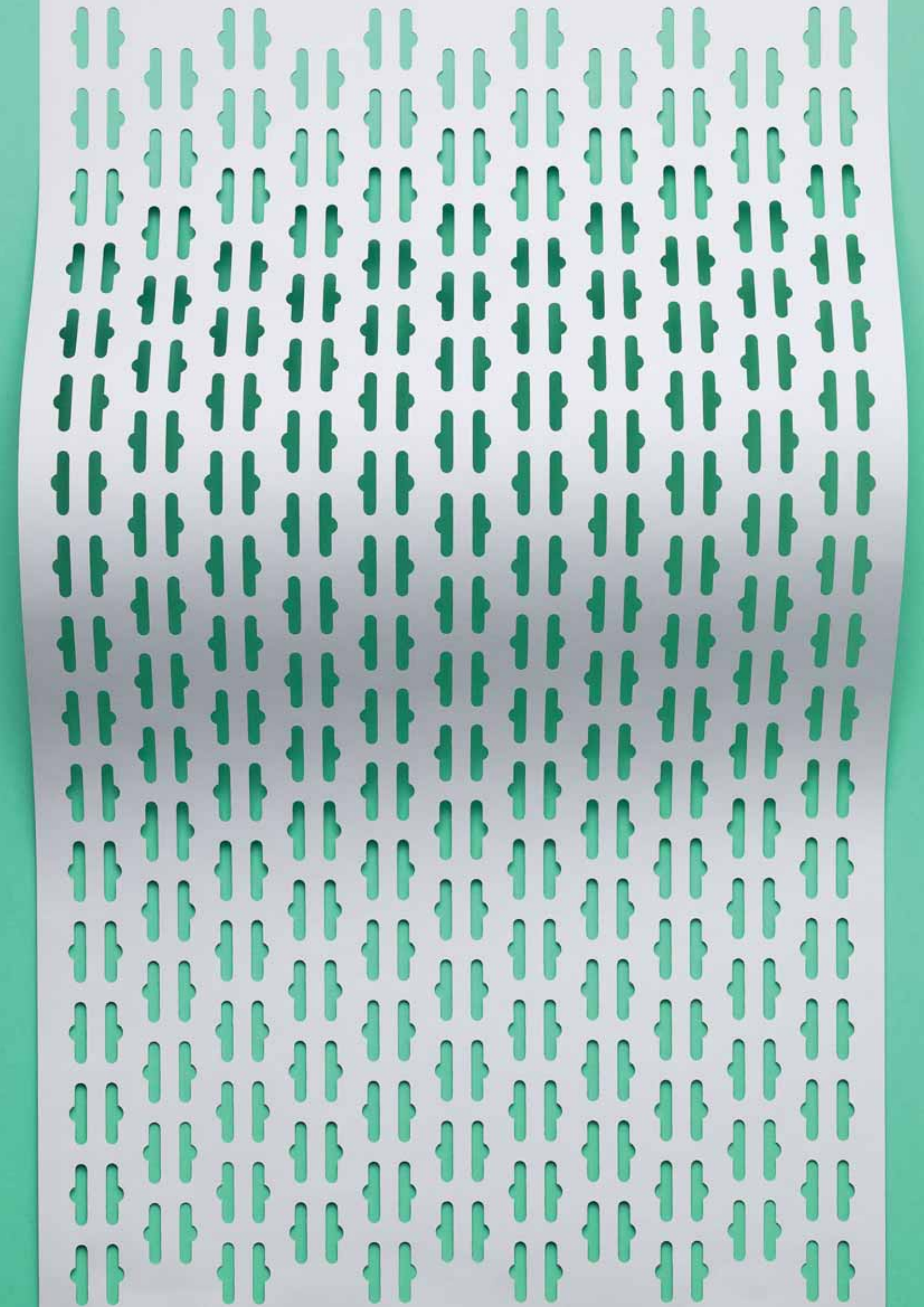
Whether for a special occasion or that special product, pillow boxes enable a dynamic and elegant presentation. A strong proof of the versatility, variability, and dynamics that cartonboard offers as a material.





Compliant Euro slot punching

Being organized makes life much easier – in retailing as well. Euro slot punching brings various products neatly into line and ensures clarity at the point of sale. A small, precise die cut thereby guarantees great effects.



MM Karton

Sustainable Board Solutions

Market leader – main product recycled cartonboard

With an annual production capacity of around 1.7 million tons, MM Karton is the world's largest producer of coated recycled fiber-based cartonboard with a significant position in the market of virgin fiber-based cartonboard. Approximately 80 % of the production is directed to recycled fiber-based cartonboard, and 20 % to virgin fiber-based cartonboard. Fibers, in particular recovered paper, energy, and chemicals are the main input factors, which are mostly purchased externally.

Cartonboard for everyday consumer goods packaging

The products of MM Karton are used primarily for the production of folding carton packaging for everyday consumer goods. The focus of sales lies on food packaging as well as packaging for hygiene and household products, pharmaceutical products, do-it-yourself products, spare parts for the automotive industry, etc. MM Karton's customers are mainly printing companies of the still highly fragmented folding carton industry. More than 1,000 customers are supplied worldwide. With a share in deliveries of around 11 %, MM Packaging is the largest customer, which purchases as an independent profit center at market conditions.

Global sales – focus on Europe

MM Karton sells its products worldwide from seven European cartonboard mills. Europe is the main market with a share of around 80 %. Due to the high level of customer-specific production of cartonboard in individual formats and high logistical demands, European cartonboard customers are mostly supplied from Europe. Concentration in the European cartonboard industry is far advanced, with more than 70 % of production accounted for by the five largest suppliers.

Cost leadership and innovative strength

A continuous reduction of unit costs and technological advances are decisive competitive factors. For this reason, we focus production on high-performance cartonboard machines and invest continuously in the development of our facilities to state-of-the-art technology. Thus we create a growth potential with a high capital efficiency. Through development and innovation expertise, MM Karton distinguishes itself in the market and sets new standards for products and services along the entire value added chain with the aim of securing and further increasing market shares.

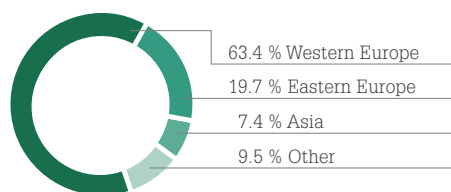
MM Karton Key Indicators

(in millions of EUR)	2015	2014	+/-
Sales	1,046.7	1,002.8	+ 4.4 %
EBITDA	120.6	110.9	+ 8.7 %
Operating profit	82.6	74.7	+ 10.6 %
Cash earnings	95.4	88.5	+ 7.8 %
EBITDA margin	11.5 %	11.1 %	
Operating margin	7.9 %	7.4 %	
Cash earnings margin	9.1 %	8.8 %	
Return on capital employed	15.9 %	16.1 %	
Capital expenditures	72.6	86.7	- 16.3 %
Depreciation and amortization ¹⁾	38.8	36.7	+ 5.7 %
Employees	2,546	2,560	- 0.5 %

	2015	2014	+/-
Tonnage sold (in thousands of tons)	1,660	1,586	+ 4.7 %
Tonnage produced (in thousands of tons)	1,677	1,585	+ 5.8 %
Recycled fiber-based board	1,346	1,277	
Virgin fiber-based board	331	308	
Capacity utilization	98 %	97 %	

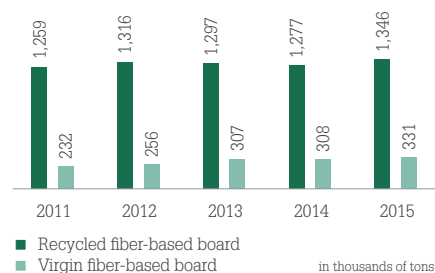
¹⁾ incl. impairment on property, plant and equipment and intangible assets

Sales by destination¹⁾

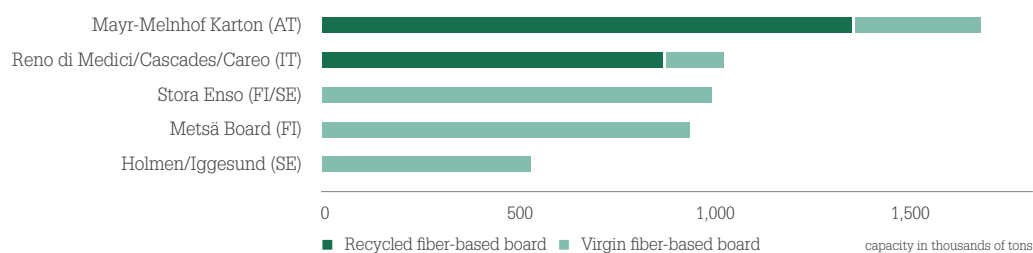


¹⁾ including interdivisional sales

Tonnage produced by MM Karton



Leading European producers of coated board



Source: MM; excl. grey board, LPB (Stora Enso), and CNK from USA

MM Packaging

Shaping the World of Cartons

Market leader with a global footprint

MM Packaging processes around 753,000 tons of recycled and virgin fiber-based cartonboard per year into around 59 billion consumer goods packages. Therefore MM Packaging is not only the leading producer of folding cartons in Europe but also one of the largest worldwide. With 38 production sites in 16 countries on 4 continents, we are not just located near our customers but also supply a broad range of specialized sales segments. According to the profit center principle, the most significant raw material cartonboard is purchased at market conditions by an own procurement organization. For this reason, and due to the limited internal supply in the area of virgin fiber-based cartonboard, only one third of the required cartonboard is procured from MM Karton.

Volume business and high-end packaging

Packaging for fast-moving consumer goods (FMCG) as well as for highly specialized markets like cigarettes, pharmaceuticals, detergents, personal care, and luxury products are MM Packaging's main areas of sales. In addition to multinational customers, who account for around three quarters of sales, business with a large number of regional customers is a further key area. In total, more than 1,500 customers are supplied.

Main market Europe – leading in several future markets

Europe is our core market with a sales share of around 90 %. Due to the limited supply radius for folding cartons, we follow our customers and are continuously expanding our geographical presence. Thus, we currently also hold leading positions in several future markets in the regions Middle East/ North Africa, Latin America, and the Far East. Targeted organic growth and continuous acquisition activity have enabled MM Packaging to increase its output by more than seven times in the last 20 years.

Growth through cost leadership and a broad technological basis

The folding carton industry shows a more fragmented structure than the cartonboard industry and faces predatory competition. Our aim is to combine growth and solid profitability through ongoing investment in state-of-the-art, high-performance technology, location size, and continuous enhancement of efficiency and quality. Our broad technological basis provides access to many sales markets. The strategic orientation of MM Packaging continues to be expansion in mature as well as in new markets as cost, market and technology leader.

MM Packaging Key Indicators

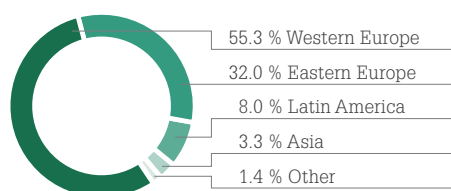
(in millions of EUR)	2015	2014	+/-
Sales	1,237.3	1,187.7	+ 4.2 %
EBITDA	178.1	159.8 ²⁾	+ 11.5 %
Operating profit	117.3	105.5	+ 11.2 %
Cash earnings	143.0	132.8 ²⁾	+ 7.7 %
EBITDA margin	14.4 %	13.5 % ²⁾	
Operating margin	9.5 %	8.9 %	
Cash earnings margin	11.6 %	11.2 % ²⁾	
Return on capital employed	16.2 %	15.1 %	
Capital expenditures	55.4	53.1	+ 4.3 %
Depreciation and amortization ¹⁾	60.8	57.2	+ 6.3 %
Employees	7,392	6,839	+ 8.1 %

	2015	2014	+/-
Tonnage processed (in thousands of tons)	729	702	+ 3.8 %
Sheet equivalent (in millions)	2,059.3	1,996.6	+ 3.1 %

¹⁾ incl. impairment on property, plant and equipment and intangible assets

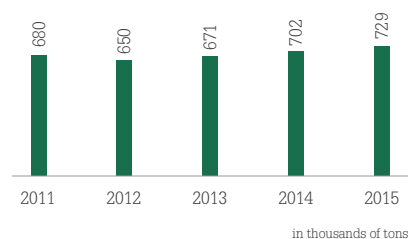
²⁾ adjusted according to definition (see glossary)

Sales by destination ¹⁾

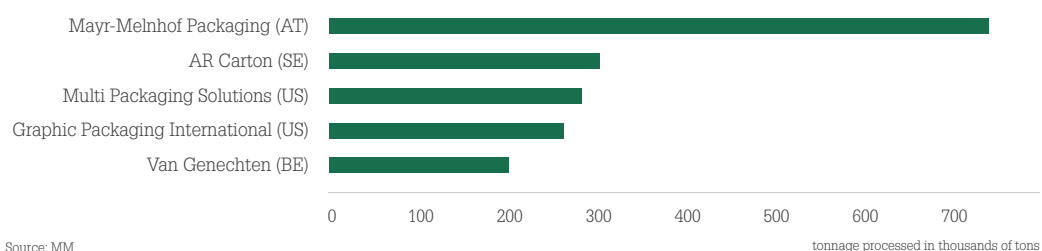


¹⁾ including interdivisional sales

Tonnage processed by MM Packaging



Leading folding carton producers in Europe



Source: MM

tonnage processed in thousands of tons

Global presence with a focus on Europe

45 production sites on 4 continents

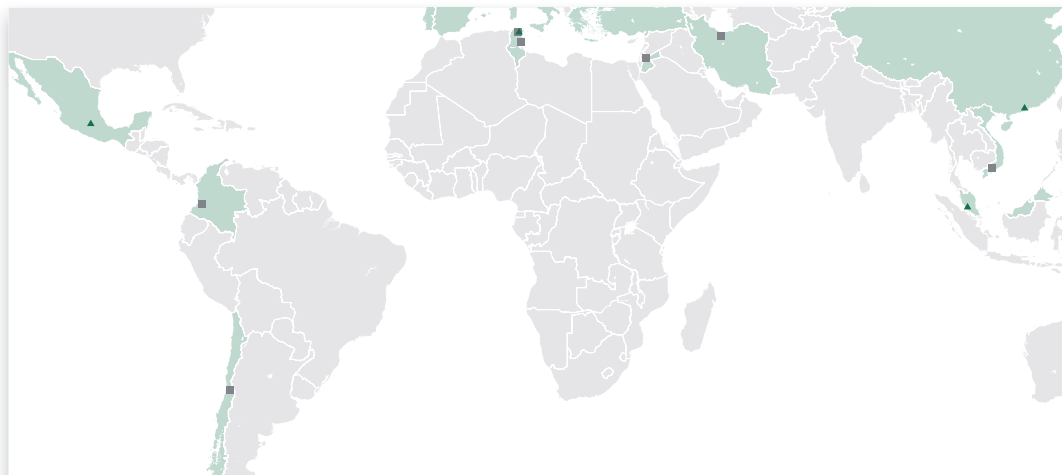
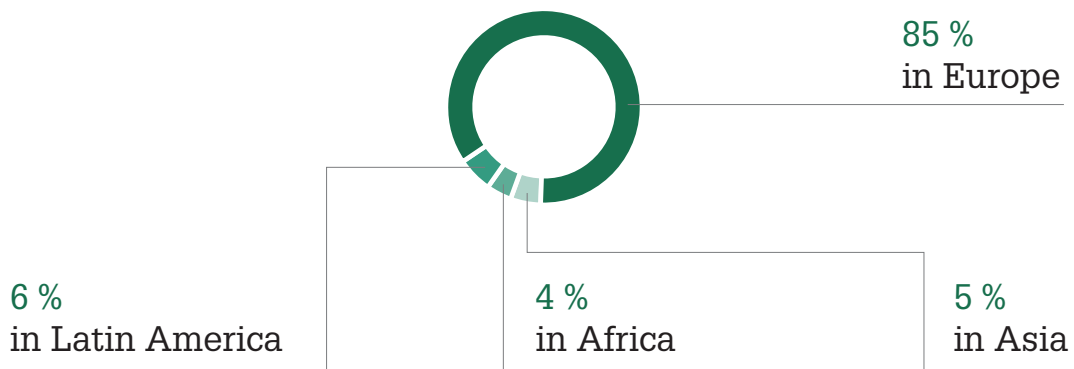
7 cartonboard mills

38 folding carton plants

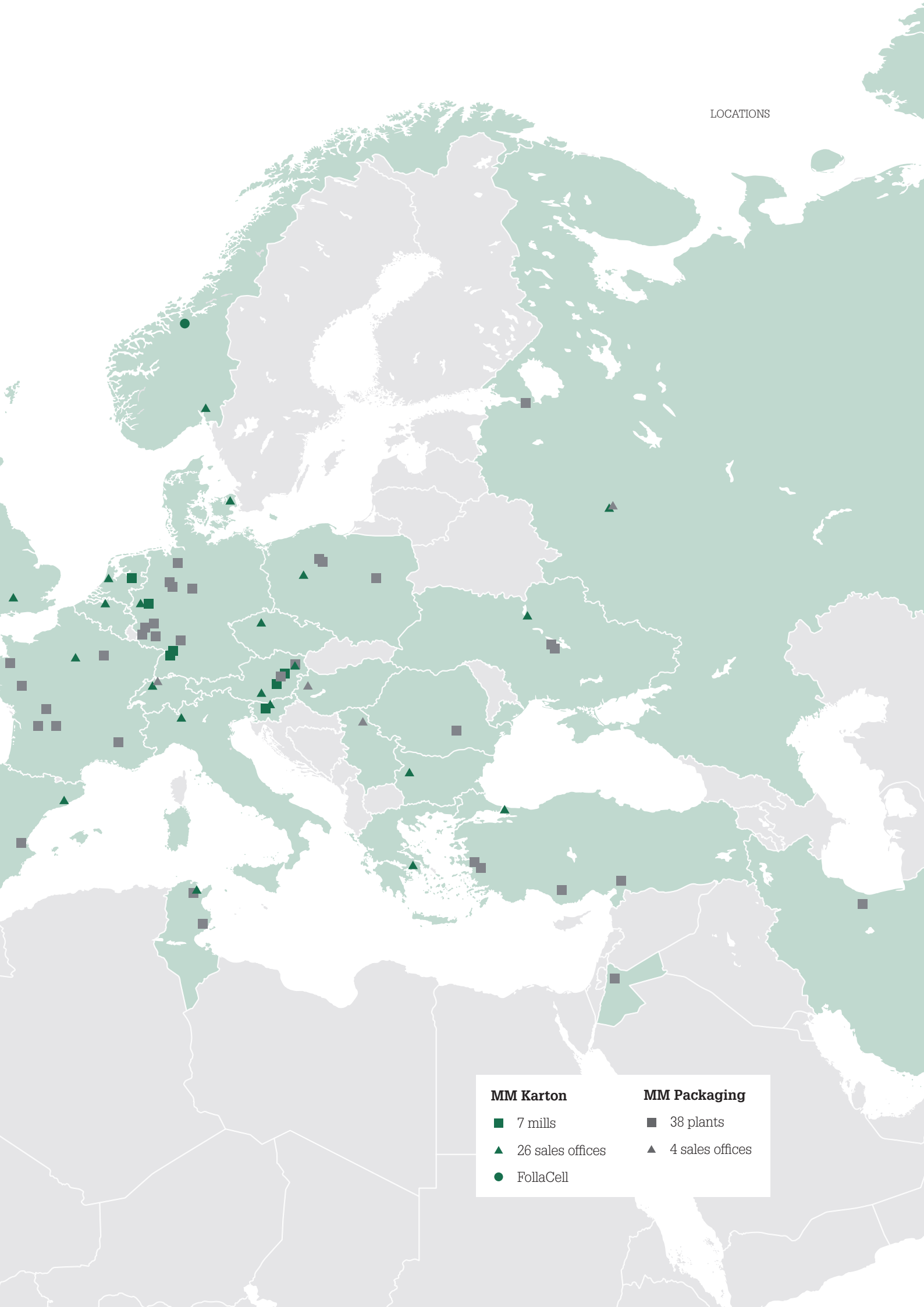
Sales in more than 100 countries

Products from our European cartonboard mills are sold worldwide. The business of individual folding carton production sites is in particular focused on the respective regional market due to a limited economic delivery radius. Accordingly, we accompany our customers from the consumer goods industry by expanding into new markets.

Percentage of sales



LOCATIONS



MM Karton

- 7 mills
- ▲ 26 sales offices
- FollaCell

MM Packaging

- 38 plants
- ▲ 4 sales offices

Stakeholder

MM Shares

In 2015, an unsteady trading year, the Mayr-Melnhof share again developed positively. Following a price of EUR 86.00 at the end of the previous year and the payment of a dividend of EUR 2.60 per share for the financial year 2014, as well as an interim dividend of EUR 1.60 per share for 2015, the year closed at a price of EUR 114.50. This corresponds to an annual performance (excluding dividends) of approximately 33 percent.

Investor Relations activities continued to focus on positioning the MM Group as a long-term reliable and highly profitable market leader in the field of cartonboard and folding cartons with a steady dividend policy. An unabated high interest from international institutional investors as well as positive recommendations from analysts also accompanied us through this eventful trading year.

The share

Since April 21, 1994, the share of Mayr-Melnhof Karton AG has been listed on the Vienna Stock Exchange. With the listing of the share in the ATX Prime, special additional requirements, such as transparency and minimum capitalization, are fulfilled. The issue price was at EUR 26.16. The performance ever since has reflected the course of the MM Group, focusing on sustainably high profitability and solid growth.

The Company's share capital of EUR 80 million is divided into 20 million bearer shares, with each share having the same voting rights based on the principle "one share - one vote". Besides the listing on the Vienna Stock Exchange, there is a Sponsored Level 1 ADR (American Depositary Receipt) program with the Bank of New York Mellon. ADRs are denominated in US dollars and are traded over-the-counter (OTC), with four ADRs equaling one share of common stock.

Stock markets 2015

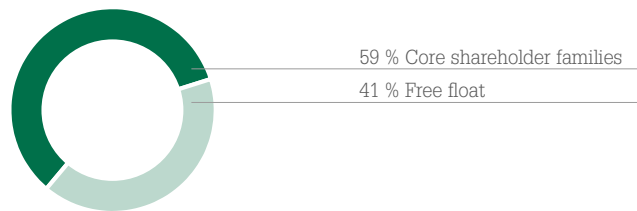
Although European stock markets experienced an overall positive development in 2015, the course was unsteady over the year. The devaluation of the Euro and low oil prices supported an upward trend until the middle of the year. The mood was, however, dampened in the second half of the year by a downturn on the Chinese stock markets and the uncertainty over the situation of the global economy. A further upward trend ended abruptly in December as, in particular, expectations regarding the easing of the European monetary policy were not fully met. With an annual performance of around 11 %, the leading Austrian index ATX outperformed both the DAX (+9.6 %) and the Eurostoxx 50 (+3.9 %).

Stable shareholder structure

The Group's shareholder structure is characterized by a sustainably high degree of stability. The largest shareholders are the core shareholder families who hold unchanged around 59 % of the share capital in a syndicate. The remaining shares are widely spread and mainly held by long-term oriented institutional investors in Europe and the US.

Shareholder structure

in %



Continuous dividend policy

The dividend policy of the Mayr-Melnhof Group in the long-term pursues the distribution of around one third of the consolidated profit for the year. In line with the positive profit development, a total dividend of EUR 2.80 per share should be paid for the business year 2015, after EUR 2.60 per share for 2014. As thereof an interim dividend of EUR 1.60 per share was already paid on November 10, 2015, the Management Board will propose to the 22nd Ordinary Shareholders' Meeting on April 28, 2016, a dividend of additional EUR 1.20 per share. This corresponds to a total payout amount of EUR 56.0 million for the business year 2015 (2014: EUR 52.0 million) and a payout ratio of 39.4 % (2014: 39.5 %). Based on the average share price in 2015, a dividend yield of around 2.8 % could be achieved (2014: 3.0 %).

Investor Relations

The focus of the Investor Relations program of the Mayr-Melnhof Group lies on a personal and open dialog with institutional and private investors, analysts, journalists, and the interested public.

Thus, our approach is to provide an accurate image of the Group in order to facilitate an adequate valuation of the MM share.

We attach highest priority to the principle of treating all shareholders equally. Therefore price-relevant and current information is always simultaneously and identically published via an electronic distribution medium and on the website of Mayr-Melnhof Karton AG. Regular audio and video webcasts provide direct access to the latest information from the Chief Executive Officer.

As in previous years, we again used a large number of roadshows and the participation in international investor conferences in 2015 to pursue or initiate our dialog with many investors. Regional focuses were placed on the major financial centers in Europe and the US. Several international stock market analysts report regularly on the Group and are continuously supported by Investor Relations.

Service for shareholders

Mayr-Melnhof Karton AG offers shareholders and interested parties the possibility to register to receive the Company's reports free of charge. Furthermore, press releases are distributed via e-mail on request. Our Investor Relations department will be happy to accept registrations at any time.

We want to continuously improve our Investor Relations activities and are therefore always grateful for any suggestions for improvement.

Your contact to Mayr-Melnhof Investor Relations

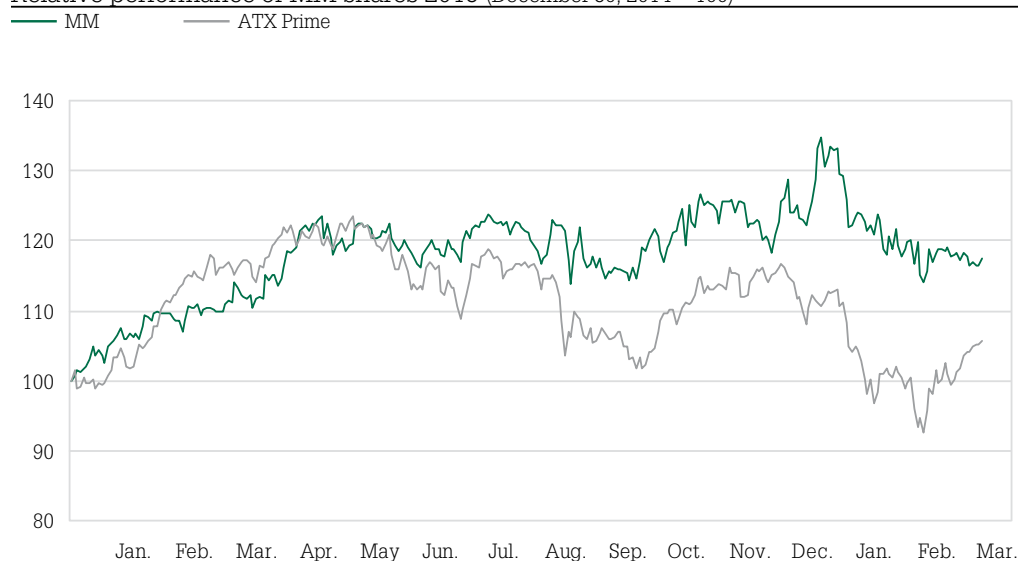
Stephan Sweerts-Sporck
 Phone: +43 1 501 36 91180
 Fax: +43 1 501 36 91195
 E-mail: investor.relations@mm-karton.com
 Website: <http://www.mayr-melnhof.com>

Information about Mayr-Melnhof shares

ISIN securities identification number: AT0000938204
 ADR Level 1: MNHFY
 Reuters: MMKV.VI
 Bloomberg: MMK:AV

Share price chart

Relative performance of MM shares 2015 (December 30, 2014 = 100)



Share performance indicators

Stock price per share (in EUR)	2013	2014	2015
High	91.74	95.00	116.00
Low	77.00	79.00	86.49
Year-end	90.00	86.00	114.50
Stock performance (as of Dec. 31)			
-1 month	-1.1 %	+2.8 %	+8.4 %
-3 months	+11.3 %	+2.2 %	+10.8 %
-9 months	+5.1 %	-5.6 %	+19.3 %
Relative performance (year-end)			
MM Shares	+11.3 %	-4.4 %	+33.1 %
ATX Prime	+6.9 %	-13.5 %	+12.9 %
Share performance indicators (in EUR)			
Earnings per share	6.11	6.54	7.08
Cash earnings per share	10.20	11.07 ⁴⁾	11.92
Total equity per share	55.09	54.58	56.78
Dividend per share	4.80 ⁵⁾	2.60	2.80 ⁵⁾
Dividend (in millions of EUR)	96.00 ⁵⁾	52.00	56.00 ⁵⁾
Dividend yield per average share price	5.7 %	3.0 %	2.8 %
Trading volume			
Vienna Stock Exchange ¹⁾ (in EUR)	1,214,295	1,552,507	1,374,802
Number of shares issued	20,000,000	20,000,000	20,000,000
Free float ²⁾	8,296,720	8,296,720	8,296,720
Market capitalization ²⁾ (in millions of EUR)	1,800	1,720	2,290
ATX Prime weighting ²⁾ (in %)	2.00 %	2.31 %	2.85 %

¹⁾ daily average²⁾ as of Dec. 31³⁾ incl. anniversary bonus of EUR 2.40 per share⁴⁾ adjusted according to definition (see glossary)⁵⁾ thereof EUR 1.60 interim dividend for 2015 and EUR 1.20 proposed for 2015

Corporate Governance Report

The Mayr-Melnhof Group pursues a responsible business activity focusing on sustainable profitability and solidity in both core competence areas, cartonboard and folding carton production. In order to ensure this, we have consistently complied with the principles of proper Corporate Governance. They are the basis for the trust our employees, shareholders, customers, suppliers, and the public place in the management and control of the Company, striving for long-term value creation.

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

Mayr-Melnhof Karton AG has voluntarily committed to compliance with the Austrian Corporate Governance Code ever since it became effective and admits to compliance with the Code in the respectively applicable version. The Code is based on the provisions of Austrian stock corporation, stock exchange and capital market laws, EU recommendations as well as the guidelines contained in the OECD Principles of Corporate Governance. The Code is regularly reviewed in accordance with national and international developments and adjusted accordingly. The applicable version of the Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex – ÖCGK) can be downloaded from the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at. Part of the Company's Corporate Governance Program is the annual evaluation of compliance with the Code.

The implementation and evaluation for the business year 2015 is based on the version of the Code of January 2015. As before, Mayr Melnhof Karton AG complies with all legal provisions without any restrictions. Almost all additional C Rules (Comply or Explain) and R Rules (Recommendations) contained in the Code, which do not require any explanation in case of deviations, have been complied with.

The Company gives the following explanations for deviations from C Rules in 2015:

Rule 27	Non-financial criteria are not taken into account for the variable compensation of the members of the Management Board. Explanation: Contents of current contracts with the members of the Management Board
Rule 27a	In case of an early termination of a member of the Management Board without any good cause, such member shall be compensated for no more than the remaining term of the contract. The economic situation of the company is not considered. Explanation: Contents of current contracts with the members of the Management Board
Rule 30	The upper limits currently applicable for variable compensation are not stated. Explanation: We do not believe this information is material or relevant for any decisions. A cap is designated by all means.
Rule 51	No disclosure of the compensation of each individual member of the Supervisory Board Explanation: We do not believe this information is material or relevant for any decisions.

COMPOSITION AND REMUNERATION OF THE BOARD

THE MANAGEMENT BOARD

Wilhelm HÖRMANSEDER
Chairman
Member of the Management Board
since March 9, 1994
appointed until December 31, 2019
born 1954

Gotthard MAYRINGER
Member of the Management Board
since April 1, 2015
appointed until May 14, 2018
born 1966

Andreas BLASCHKE
Member of the Management Board
since May 14, 2002
appointed until May 14, 2020
born 1961

Franz RAPPOLD
Member of the Management Board
since May 14, 2002
appointed until May 14, 2020
born 1952

The members of the Management Board do not hold any mandates in Group-external supervisory boards.

Gotthard Mayringer succeeded Oliver Schumy as CFO in the Management Board as of April 1, 2015.

THE SUPERVISORY BOARD

Rainer ZELLNER
Chairman since April 29, 2015
born 1947
Independent Entrepreneur, Chairman of the Supervisory Board of Mayr-Melnhof Holz Holding AG, Leoben

Michael GRÖLLER
Chairman from June 8, 2002 to April 29, 2015
born 1941
Manager of his own consulting company

Romuald BERTL
Deputy Chairman since March 2, 1994
born 1953
Auditor and tax consultant, Ordinary University Professor of Accounting and Auditing at the Vienna University of Economics and Business, Head of the Institute of Accounting and Auditing at the Vienna University of Economics and Business, President of the Austrian Financial Reporting and Auditing Committee (AFRAC), Management Board member of Austrian family trusts and Supervisory Board member in Austrian family-owned companies

Johannes GOESS-SAURAU

Deputy Chairman since May 7, 2008

Member of the Supervisory Board since May 18, 2005

born 1955

Manager of several own companies

Nikolaus ANKERSHOFEN

Member of the Supervisory Board since April 28, 2010

born 1969

Lawyer and partner at Ankershofen-Goess-Hinteregger Rechtsanwälte OG, Supervisory Board member at Mayr-Melnhof Holz Holding AG, Leoben, Management Board member of several private trusts

Guido HELD

Member of the Supervisory Board since May 7, 2008

born 1944

Lawyer and managing partner at hba Rechtsanwälte GmbH, Management Board member of several private trusts, member of the management of various companies

Alexander LEEB

Member of the Supervisory Board since May 7, 2008

born 1959

Chairman of the Supervisory Board of Plansee Holding AG, Reutte, Supervisory Board member of Industrieliegenschaftsverwaltung AG, Vienna, Chairman of the Board of Trustees of LGT Venture Philanthropy Foundation, Vaduz, Chairman of Impact Ventures S.A., Luxembourg

Georg MAYR-MELNHOF

Member of the Supervisory Board since May 7, 2008

born 1968

Employee of the archdiocese Salzburg

Michael SCHWARZKOPF

Member of the Supervisory Board since April 29, 2009

born 1961

Chairman of the Management Board of Plansee Holding AG, Reutte

Hubert ESSER

Member of the Supervisory Board from May 10, 1995 to April 2, 2015

born 1959

Delegate of the European Works Council of MM Karton

Andreas HEMMER

Member of the Supervisory Board since October 20, 2009

born 1968

Delegate of the European Works Council of MM Karton

Gerhard NOVOTNY

Member of the Supervisory Board since May 10, 1995

born 1963

Divisional representative of MM Packaging

The current mandates of all members of the Supervisory Board delegated by the shareholders will expire upon the 26th Ordinary Shareholders' Meeting in 2020, which resolves on the discharge for the financial year 2019.

All mandates of the Supervisory Board members delegated by the employees' representation bodies are awarded for an indefinite period of time.

Members of the Committees of the Supervisory Board

Presidium (Committee for Management Board Issues)

Michael GRÖLLER, Chairman (until April 29, 2015)

Rainer ZELLNER, Chairman (since April 29, 2015)

Romuald BERTL

Johannes GOESS-SAURAU

Nikolaus ANKERSHOFEN

Audit Committee

Romuald BERTL, Chairman

Michael GRÖLLER (until April 29, 2015)

Rainer ZELLNER (since April 29, 2015)

Johannes GOESS-SAURAU

Nikolaus ANKERSHOFEN

Gerhard NOVOTNY

Members of the Supervisory Board with additional Supervisory Board mandates in publicly listed companies

Michael SCHWARZKOPF

Member of the Supervisory Board, voestalpine AG, Linz, Austria

Member of the Supervisory Board, Molibdenos y Metales S.A., Santiago, Chile

Independence of the members of the Supervisory Board

The members of the Supervisory Board have orientated themselves towards the guidelines of the Austrian Corporate Governance Code for determining the criteria of their independence:

The Supervisory Board member must not maintain, or have maintained in the past year, any business relations with the Company or any of its subsidiaries with significance for the member of the Supervisory Board. This also applies to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not to the performance of institutional functions in the Group. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 (Company Contracts with Members of the Supervisory Board outside their activity in the Supervisory Board) does not automatically qualify the person as not independent.

The Supervisory Board member must not have acted as an auditor of the Company or have owned a share in the auditing company or have worked there as an employee in the past three years.

The Supervisory Board member must not be a member of the Management Board of another company in which a member of the Company's Management Board is a Supervisory Board member.

The Supervisory Board member must not be closely related (direct offspring, spouse, life partner, parent, uncle, aunt, brother, sister, niece, nephew) to a member of the Management Board or to employees in leading positions, to the auditor or to employees of the auditing company.

All members of the Supervisory Board have declared their independence in accordance with these criteria. Consequently this also applies to any members of Committees of the Supervisory Board.

Share owners or representation of interests of a share > 10 % in Mayr-Melnhof Karton AG

In the Supervisory Board of Mayr-Melnhof Karton AG there is only one independent member representing a legal entity with a shareholding beyond 10 %:

Nikolaus ANKERSHOFEN

Contracts between members of the Supervisory Board and the Company subject to approval

There are no such contracts.

Compensation of the Management Board

The compensation of the members of the Management Board is based on responsibility, personal performance, and the tasks accomplished by each member of the Management Board as well as the achievement of the Company's objectives and the economic situation of the Company. The compensation comprises fixed and variable components. The variable compensation depends particularly on sustainable, long-term, and multi-year performance criteria without giving rise to unreasonable risk-taking. Non-financial criteria are currently not taken into account.

The variable component of the compensation of the members of the Management Board, which is proportionally high in comparison to the fixed compensation, is subject to an upper limit and depends on the annual result, cash earnings, dividend payments, and the return on capital employed. The variable compensation of the members of the Management Board is paid on the basis of the data audited by the auditor in the following year of the economic reference base.

In the business year 2015, the total amount of compensation of the members of the Management Board was thous. EUR 5,751 (2014: thous. EUR 5,481). Thereof, thous. EUR 2,778 (2014: thous. EUR 2,700) were related to fixed compensation and thous. EUR 2,973 (2014: thous. EUR 2,781) to variable compensation. The compensations of the individual members are as follows: Wilhelm Hörmanseder accounts for a fixed compensation of thous. EUR 909 and a variable compensation of thous. EUR 1,071, Franz Rappold accounts for a fixed compensation of thous. EUR 432 and a variable compensation of thous. EUR 643, Andreas Blaschke accounts for a fixed compensation of thous. EUR 430 and a variable compensation of thous. EUR 643, Gotthard Mayringer accounts for a fixed compensation of

thous. EUR 329 and a variable compensation of thous. EUR 0 and Oliver Schumy accounts for a fixed compensation of thous. EUR 678 and a variable compensation of thous. EUR 616.

Regarding the Company pension scheme, there is an entitlement to receive a pension from the 65th year of age depending on the qualifying period. This includes defined benefit plans and defined contribution plans, which primarily depend on the length of service and the beneficiaries' compensation.

In case of the termination of a function, statutory rights on the basis of the employment contract shall apply. Severance payments in case of early terminations shall not exceed the compensation of the member of the Management Board for the remaining term of the member's contract and take into account the circumstances of such termination of the respective member of the Management Board.

The Company took out a D&O (Directors-and-Officers) insurance.

The compensation of senior management in the Group also comprises fixed and variable components, whereby the variable compensations are based on the achievement of financial corporate goals as well as individually defined objectives.

Compensation of the Supervisory Board

The compensation of the Supervisory Board for the current business year will be determined by the Shareholders' Meeting in the following year and paid subsequently. The Supervisory Board's compensation for 2014 amounted to thous. EUR 314. The allocation of the total compensation among the members is the Supervisory Board's responsibility. In addition to this, the members of the Supervisory Board are granted a compensation for additional expenses incurred in exercising their duties.

INFORMATION ON THE PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Allocation of rights and duties within the Management Board

Wilhelm HÖRMANSEDER	CEO
Gotthard MAYRINGER	CFO
Andreas BLASCHKE	Sales, Marketing MM Packaging
Franz RAPPOLD	Sales, Marketing MM Karton

The Management Board manages the business in accordance with the law, the bylaws, and the Articles of Association of the Company. The bylaws of the Management Board govern the assignment of responsibilities as well as the cooperation within the Management Board and include a catalogue of business cases which require the prior consent of the Supervisory Board. The members of the Management Board cooperate closely as colleagues, informing one another of all significant measures and occurrences within their respective areas of operation. The Management Board of Mayr-Melnhof Karton AG holds regular Board meetings on material Group- and division-relevant topics. The Chairman of the Management Board is responsible for chairing and preparing the meetings and for exchanging information with the Supervisory Board.

Type and decision-making power of the Committees of the Supervisory Board

The Supervisory Board has established the following Committees from among its members:

Presidium (Committee for Management Board Issues)

The principal task of the Presidium is to discuss the Company's strategy and direction on a continuous basis as well as to prepare resolutions for the Supervisory Board concerning all strategic matters. Furthermore, this Committee decides on issues concerning the Management Board in accordance with statutory regulations and also fulfills the appointment and compensation committees' functions. The quality of the Committee's work is guaranteed by its long-standing experience and know-how in compensation policy.

Audit Committee

The decision-making power derives from statutory regulations. The quality of the Committee's work is guaranteed by its long-standing experience and know-how in finance and accounting as well as reporting.

It is guaranteed that the Supervisory Board and the Committees are able to take decisions promptly in urgent cases. Each Chairman of the Committee informs the Supervisory Board on a regular basis about the activities of the Committee.

Focus of the Supervisory Board

The Supervisory Board held six meetings in the business year 2015, with the participation of the Management Board, and fulfilled its tasks and obligations in accordance with the law and the Articles of Association. Two members of the Supervisory Board were unable to attend one meeting each.

In addition to analyzing ongoing business development, the main areas of focus were further strategic development in both corporate divisions, acquisition projects, investment plans, financing, risk evaluation, and topics of Corporate Governance.

The Supervisory Board carried out a self-evaluation for the financial year 2015. The result of the self-evaluation shows that the activity of the Supervisory Board of Mayr-Melnhof Karton AG is assessed as overall efficient. The bylaws, the regular exchange of information as well as cooperation with the Management Board and the Group Auditor contribute significantly to this.

Also in 2015, discussions in the Supervisory Board and Management Board meetings were characterized by a high degree of openness. All participants had sufficient opportunity to pose questions and to discuss.

Focus of the Committees of the Supervisory Board

In 2015, the Presidium (Committee for Management Board Issues) met four times. It dealt in particular with Group strategy as well as matters relating to the Management Board and prepared the meetings of the Supervisory Board. The implementation of the Governance regulations applicable to the compensation of the members of the Management Board as well as the review of the underlying compensation policy has been taken care of.

In 2015, the Audit Committee held two meetings and fulfilled its statutory duties. The focus was placed on dealing with the financial statements of the Group and the individual financial statements for 2014 as well as the preparation of the individual and the Group financial statements for 2015. Due to the regular exchange between the Chairman of the Audit Committee and the Group Auditor outside the meetings, a discussion during the meetings without the presence of the participating Management Board members was not necessary.

ADVANCEMENT OF WOMEN AS MEMBERS OF THE MANAGEMENT BOARD, SUPERVISORY BOARD, AND IN LEADING POSITIONS

Positions on the Management Board, the Supervisory Board as well as all leading positions are staffed based on professional and personal qualifications.

Women have been holding leading positions within the Group for a long time, in particular in the areas of human resources, legal matters, sales, and quality management.

However, for reappointment to the position Chairman of the Supervisory Board no female candidate stood for election.

Owing to the Group's activities in heavy industry and the shift systems, the proportion of women within the Group and in the recruitment process tends to be low. We nevertheless aspire to increase the share of women at all levels within the Group, in particular through appropriate development programs as well as by offering flexible working time models. Being an attractive employer for women, also in technical occupations, is a long-term objective.

EXTERNAL EVALUATION

In the course of the annual audit of the financial statements 2015, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has carried out an evaluation of compliance with the C Rules of the Austrian Corporate Governance Code. The review of compliance with the rules of the Code regarding the audit was conducted by Georg Eckert, professor at Innsbruck University. As a result of this evaluation, the auditors have determined that the declaration given by Mayr-Melnhof Karton AG with regard to compliance with the Corporate Governance Code in the version of January 2015 corresponds to the actual conditions.

Vienna, February 29, 2016

The Management Board

Wilhelm Hörmanseder m. p.

Andreas Blaschke m. p.

Gotthard Mayringer m. p.

Franz Rappold m. p.

Report of the Supervisory Board

In the financial year 2015, the Supervisory Board discharged its responsibilities under statute and the Articles of the Association. In addition to discussing ongoing business development, the Supervisory Board dealt in particular with strategic development in both of the Company's segments, acquisition and investment plans, financing, risk evaluation as well as Corporate Governance issues.

The Management Board has complied with its duty to provide information and has informed the Supervisory Board regularly, promptly and in detail both in writing and verbally about the position and development of the Company and the subsidiaries of the Group.

In the meetings of the Supervisory Board as well as the Committees there was always sufficient opportunity to discuss in detail the respective agenda items and the documents submitted in time.

Rainer Zellner was elected to the Supervisory Board in the 21st Ordinary Shareholder's Meeting held on April 29, 2015 and was appointed as Chairman of the Supervisory Board in its inaugural meeting. He succeeds Michael Gröller, whose Supervisory Board mandate ended with the 21st Ordinary Shareholder's Meeting.

The Chairman of the Supervisory Board was also between the meetings in regular contact with the Chairman of the Management Board, discussing the progress of business, strategy and the risk position of the Company.

During the financial year the Supervisory Board convened in six meetings with the participation of the Management Board. Two members of the Supervisory Board were unable to attend one meeting each. Furthermore, the Presidium (Committee for Management Board Issues) convened four times, the Audit Committee chaired by Romuald Bertl met twice.

The cooperation of the capital and employee representatives was characterized by a constructive atmosphere and great trust.

The annual financial statements and the management report of Mayr-Melnhof Karton AG for the year ending December 31, 2015 including the accounting were audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The same applies to the consolidated annual financial statements, which were prepared in accordance with IFRS and supplemented by the management report for the Group and further notes under the terms of section 245 a of the Austrian Commercial Code. The audit confirmed that the accounting, the annual financial statements, the management report as well as the consolidated annual financial statements and the management report for the Group conform with the legal requirements and the Articles of Association and, in all material

respects, present fairly the financial position, its financial performance and cash flows. The audit provided no reason for query, and the auditors duly issued an unqualified opinion for 2015.

In the course of the audit of the annual financial statements 2015, an evaluation of compliance with the C Rules of the Austrian Corporate Governance Code was carried out. It confirmed that the declaration given by Mayr-Melnhof Karton AG with regard to compliance with the Corporate Governance Code in the version of January 2015 corresponds to the actual conditions.

The Supervisory Board concurs with the annual financial statements, management report, corporate governance report, the consolidated annual financial statements as well as the management report for the Group, and hereby approves the annual financial statements as well as the consolidated annual financial statements of Mayr-Melnhof Karton AG as of December 31, 2015. Thus, the 2015 annual financial statements of Mayr-Melnhof Karton AG are adopted in accordance with section 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board has considered and approved the Management Board's proposal regarding the distribution of the profit for the financial year 2015.

The members of the Supervisory Board extend their high recognition and gratitude to the Management Board and all employees of the Mayr-Melnhof Group for their excellent performance and great dedication during the financial year 2015.

Vienna, March 2016

Rainer ZELLNER
Chairman of the Supervisory Board

Corporate Social Responsibility (CSR)

Responsibility, performance and passion have been the practiced core values of the MM Group to which we direct our actions everywhere in the Group within a corporate culture characterized by efficiency, transparency, and trust.

Our business development focuses on long-term orientation and always prioritizes profitability and solidity.

Highest integrity is at the core of our principles of conduct, sustainable protection of the environment an inherent part of our business model.

Besides adhering to the principles of honorable traders in our business activity, we also acknowledge our long-term responsibility in society.

Managerial responsibility

The following principles of conduct of the Mayr-Melnhof Group, which are summarized in the Group's Code of Conduct and include the universal United Nations Global Compact principles, are guidelines for the responsible actions of our employees. Continuous communication and training are intended to increase detailed knowledge of this topic and to provide direction on its implementation.

In 2015, the focus of training was placed on communicating values within the Group and communicating our principles to the employees in the newly acquired businesses in France.

Compliance with laws

We comply with all applicable laws and regulations of the countries in which we do business and observe their respective social standards.

Compliance, which comprises all the measures aimed at observing laws, codes of conduct, and other standards, is a key management task of the Management Board of the Mayr-Melnhof Group, which corresponds to a continuously developed compliance program.

Human rights

We commit ourselves to observing human rights within our sphere of influence and reject any form of forced labor in our companies and in the companies of our business partners.

Child labor

We reject child labor, irrespective of local legislation, throughout our Company and in the companies of our business partners. Throughout our Group we comply with the international standards (ILO Conventions C 138 and C 182) and keep records that show that all members of our workforce are of the minimum age required by law.

Mutual respect, non-discrimination, promotion of diversity

We commit ourselves to creating a working environment throughout our group of companies that is characterized by honesty and mutual respect. We consider the diversity of our employees an asset that enables us to fulfill our tasks in an even more creative and better way. We reject any form of discrimination and harassment on grounds of gender, race, skin color, religion, age, national or ethnic descent, disability, or sexual orientation. Employees and job applicants are assessed adhering to the principle of non-discrimination.

Owing to the Group's operations in heavy industry and the shift systems it requires, the proportion of women within the Group and in the recruitment process tends to be low. We nevertheless aspire to increase the share of women at all levels in the Group, in particular by corresponding development programs and offering flexible working time models.

Employee development

We develop the potential of our workforce systematically for the future of our Company. Thereby we pay attention to the development of technical as well as social and methodological skills.

Relevant activities in the field of Human Resources are described in detail in the Group Management Report beginning on page 69.

Relationship to employees and employees' representatives

We respect our workforce's right of freedom of association. We strive for a long-term, constructive dialogue with the employees' representatives both at a local level and in the regional federation of companies.

Working hours and remuneration

In all the companies of the Group, we comply with the applicable regulations concerning working time. We acknowledge the entitlement of our workforce to adequate remuneration and observe the legal provisions of the individual countries.

Health and safety

We promote the vitality and safety of our employees by ensuring a healthy, safe and humane working environment. The respective standards for health and safety at the workplace are met. Appropriate measures, such as continuous evaluation and training, are directed at continuously improving health and safety at the workplace.

In 2015, emphasis with regard to safety was placed on external training courses, employee interviews, job appraisals and the continuation of a project aimed at systematic tidiness, cleanliness, and safety at the workplace.

Conflicts of interests, fight against corruption

We always act in the best interest of the Mayr-Melnhof Group and strictly separate the interests of the Company from private interests. We aim to avoid even the mere appearance of conflicts of interests. We take decisions based on reasonable business aspects in line with laws and standards. In our business relations, we always act perfectly in line with the respective regulations against corruption, bribery, fraud, and money laundering.

The function of a Compliance Officer has been established to respond to all questions employees may have concerning this matter. Continuous plausibility checks in systems, training as well as safety-related equipment are preventive measures in this critical respect.

Competition, conduct on the market

We commit to unrestricted, fair competition with our competitors, business partners, and other market participants. We undertake to comply with the laws on the restriction of competition that apply in the countries where the Mayr-Melnhof Group does business.

The Group's rejection of cartel violations is expressed in an antitrust compliance guideline that also describes appropriate conduct in dealing with competitors.

Protection of assets and sensitive information

Employees of the Mayr-Melnhof Group are responsible for protecting tangible and intangible assets of the Company within their fields of activity.

In the area of capital markets compliance, all persons concerned are subject to a mandatory internal compliance policy incorporating the provisions of the Issuer Compliance Regulations of the Financial Market Supervisory Authority in order to prevent insider transactions.

Financial integrity

To preserve the high degree of trust that shareholders, employees, business associates, and the public place in us, the reporting of the Mayr-Melnhof Group shall be correct and truthful at all times and has to comply with the applicable legislation. Accounts and records are kept in accordance with legal, official, and fiscal regulations as well as in line with internationally recognized standards of accounting.

Responsibility for the environment

The Mayr-Melnhof Group effects its performance taking into account the environment at all steps of production as well as within downstream and upstream activities. We have opted for foresight, the use of environmentally friendly technologies, and a continuous, systematic enhancement of the environmental efficiency of our Company.

Detailed explanation of the topic "environmental protection" within the Mayr-Melnhof Group can be found from page 83 of the Group Management Report.

Business associates

We expect our business associates within the value added chain to comply with all legal provisions and industry standards at all times and encourage them to introduce and implement similar principles of responsibility within their companies.

The preceding principles represent the basic attitude of the Mayr-Melnhof Group. They cannot be regarded, however, as a basis for demanding a specific line of conduct from the Mayr-Melnhof Group, nor for substantiating contractual claims against the Company.

The detailed Code of Conduct is available on our website at <http://www.mayr-melnhof.com> under the section "responsibility".

Performance 2015

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Management Report

1 — POSITIONING OF THE MAYR-MELNHOF GROUP AND THE DIVISIONS

GROUP

Cartonboard and folding carton – our core business

The core business of the Mayr-Melnhof Group is the production and sale of cartonboard and folding cartons. The cartonboard division, MM Karton, is the world's largest producer of coated recycled fiber-based cartonboard with a significant position in virgin fiber-based cartonboard. The packaging division, MM Packaging, is the largest producer of folding cartons in Europe with a leading market position in several countries outside of Europe.

Cartonboard is the most important raw material in the production of folding carton packaging, folding cartons the most important packaging material for consumer goods. In the MM Group, both core business areas are managed as independent profit centers which carry out business transactions at arm's length conditions. MM Karton supplies around 11 % of the cartonboard sales to MM Packaging, with the remaining share being sold to folding carton producers outside the Group. MM Packaging procures approximately one third of tonnage processed from MM Karton, while the remaining requirements are covered by third-party suppliers.

Long-term orientation

The Mayr-Melnhof Group is characterized by its long-term orientation. Our aim is to obtain sustainable profitable growth on a solid financial basis. Therefore, we focus on cost, technology, and innovation leadership in our core business areas. Excellent industrial production through continuous performance benchmarking among the locations, ongoing investments in state-of-the-art technologies, and innovations as well as the constant development of our employees form the basis of our success, presently and in the future.

Sustainable growth

Based on our leading position in Europe, the Group's growth course is focused on expansion into new markets with attractive future potential as well as on intensified penetration of existing markets. The aim is to take a leading position in all countries and market segments in which we operate. The combination of organic and acquisitive growth is intended to allow for a sustainable dynamic.

MAYR-MELNHOF KARTON

Leading in coated recycled fiber-based cartonboard

With an annual production capacity of around 1.7 million tons, MM Karton is the world's largest producer of coated recycled fiber-based cartonboard with a significant position in the market of virgin fiber-based cartonboard. In 2015, approximately 80 % of the production was directed to recycled fiber-based cartonboard and 20 % to virgin fiber-based cartonboard.

High-performance cartonboard qualities for consumer goods packaging

The cartonboard products of MM Karton are primarily used for manufacturing packaging for everyday consumer goods. With a wide product range and continuous development of cartonboard grades, a huge and growing spectrum of applications can be covered. Through development and innovation expertise MM Karton distinguishes itself in the market, setting new standards for products and services along the entire value added chain.

The main areas of use for our cartonboard products are particularly food packaging as well as packaging for hygiene and household products. Accordingly demand for cartonboard correlates largely with private consumption.

Plastic is the most important competitive product for cartonboard in the packaging market with a high dependency on the price of crude oil, a different range of applications and a broad variety of specializations.

Broad customer base

MM Karton supplies primarily printing companies in the still highly fragmented folding carton industry. Accordingly, more than 1,000 customers are served worldwide. The sales organization focuses on the main product groups recycled fiber-based cartonboard, virgin fiber-based cartonboard, and liner (coated top layer for the corrugated board industry) in order to meet the specific requirements and needs of our markets in a more individual manner.

Highly efficient concentrated production and worldwide sale

MM Karton produces on nine highly efficient cartonboard machines at seven European locations in four countries: Germany, Austria, Slovenia and the Netherlands. By delivering the same products from several locations, we ensure maximum supply security, reliability, and logistical advantages.

Continuous reduction of unit costs and technological progress are decisive competitive factors in the cartonboard production. For this reason, we have concentrated our production on high-performing cartonboard machines and sustainably invest in the further development of our mills to achieve the highest technical level. The capital efficiency of additional capacity created in this way is generally significantly higher than that provided by newly built machines.

Due to a competitive cost base, we are able to sell our cartonboard products all over the world. However, our main market is Europe, where MM Karton has been keeping the leading market position for several decades.

Owing to a high level of specific finishing of cartonboard in individual formats and high logistical demands regarding short-term delivery to customers, the European cartonboard market is primarily supplied from Europe. Trade between the continents still plays a minor role, particularly for recycled fiber-based cartonboard.

Production of coated cartonboard is an industrial process with a high level of raw material and energy consumption. A so called "coating", consisting primarily of chalk, fillers and binders, is applied to the cartonboard, making it suitable for high-quality print. Fibers, in particular recovered paper and groundwood pulp, count, alongside energy, chemicals and logistics, among the most important cost factors. The strategic raw material recovered paper is purchased primarily on the spot market. In addition to this, long-term supply opportunities from municipalities and waste-management companies are also used. Due to sustainable high recycling quotas in Europe, we consider the continued supply of our cartonboard mills secured in the long term.

According to our estimates, recorded global cartonboard capacities amount to around 48 million tons per year, with cartonboard for folding cartons accounting for around 38 million tons and special products, such as cartonboard for liquid packaging and technical cartonboard (plasterboard), accounting for approximately 10 million tons.

Concentration in the cartonboard industry in Europe and the US is already far advanced. The five largest suppliers currently account for around 70 % of European cartonboard capacities. Asia has experienced the most dynamic growth in consumption and new capacities in the recent past, whereby the last years already turned out noticeably subdued.

As a result of the shift from the production of graphical papers to cartonboard packaging products made from virgin fibers, the competition among suppliers of virgin fiber-based cartonboard qualities will intensify.

The goal of MM Karton remains to maintain sustainable profitability through the highest level of efficiency in production and continuously developing the key product recycled fiber-based cartonboard as well as attractive virgin fiber-based qualities.

MAYR-MELNHOF PACKAGING

Leading folding carton producer

MM Packaging, including the youngest acquisition in France, processes 753,000 tons of recycled and virgin fiber-based cartonboard per year into around 59 billion consumer goods packages. Therefore MM Packaging is not only the leading producer of folding cartons in Europe but also one of the largest worldwide.

Europe is the core market with a sales share of around 90 %. In addition, we hold a leading position in several future markets outside of Europe. By means of an extensive international network of sites, which currently comprises 38 production plants in 16 countries on 4 continents, we are not just located near our largely international customers, but also supply a broad range of specialized sales segments.

The geographical areas of focus of our production sites are Europe, the region Middle East/North Africa, Latin America, and the Far East. In technological and sales terms, we meet the needs of the large market of fast-moving consumer goods (FMCG) as well as the highly specialized areas of cigarettes, pharmaceuticals, detergents, personal care and luxury products. In addition to multinational customers, who account for around three quarters of sales, business with a large number of regional customers is another key area. In total, more than 1,500 customers are supplied, supported by a key account management dedicated to the specific aspects of the respective markets.

Targeted growth with strong customers and a continuous acquisition activity have determined the expansion path of MM Packaging for a long time. Along this path, tonnage processed of the division has increased by more than seven times in the last 20 years.

Broad technological basis

The production of folding cartons is a multi-step process: Cartonboard is printed, cut, glued and finished in various processes and then delivered to the respective customer's packing system to be filled with consumer goods.

The division's plant and equipment comprise all common state-of-the-art preprinting, printing and finishing technologies. By constant optimization of processes and products as well as ongoing innovations, we pursue a continuous lead in all our sales markets with regard to quality as well as efficiency.

According to the profit center principle, the most significant raw material cartonboard is purchased by an own procurement organization of MM Packaging at market conditions.

Focus on high-performance production

The folding carton industry shows a more fragmented structure than the cartonboard industry and faces continuous predatory competition. A constant reduction of unit costs and high-quality performance are crucial for long-term competitiveness. Therefore, MM Packaging has focused particularly on industrial volume business and high-end packaging. With the aim of establishing "best practice" and cost leadership, processes are highly standardized and are further optimized across the division by permanent benchmarking at state-of-the-art technology.

Pursuing this approach in the long run also means that acquisitions and capacity expansions can be integrated into the Group with manageable risk.

Similarly to the cartonboard market, demand for folding cartons develops parallel to the overall economy, especially to private consumption. Accordingly, MM Packaging has been growing for years through displacement, organically as well as through acquisitions. Outside of Europe, the main focus of expansion has largely been on future markets with attractive demographic development and economic potential.

As the economic supply radius compared to the cartonboard market is clearly restricted to the relevant regional market, it is our goal to be present in new sales markets with high-performance production facilities and high quality at the earliest stage possible. The same applies to our activity in product segments in which supplier concentration for folding carton packaging is not very advanced yet.

According to our estimates, the five largest European producers still have a market share of around one third, with MM Packaging being by far the largest producer.

The majority of suppliers is characterized by medium-sized business operations. In contrast, concentration among consumer goods manufacturers as well as retailers is continuing, thus several large folding carton producers have specialized in certain customer segments.

The strategic goal of MM Packaging, as cost, market and technology leader and partner of large customers from different consumer goods industries, aims at expanding our position in mature as well as new markets and securing a high return on capital employed in the long run.

2 — DEVELOPMENT IN THE YEAR 2015

GENERAL ECONOMIC SITUATION

The dynamic of the global economy slowed down in 2015. While developed economies, such as the US and Europe, experienced a robust business cycle, the economic situation in many emerging markets deteriorated further. Although the decline in energy prices as well as falling commodity prices promote growth in advanced industrial countries for the foreseeable future, they are the source of major problems for export-oriented, developing economies. In the euro area, lower oil prices increased real disposable household income and the monetary easing strengthened price competitiveness over currencies of the most important trading partners. Against the backdrop of stable domestic demand, the economies in the EU member states of Central and Eastern Europe also showed a solid performance. As a consequence, the important indicators for our business, such as private purchasing power and consumption, developed robustly in our main market Europe.

INDUSTRY DEVELOPMENT

On the whole, sales of consumer goods in 2015 were solid under the stable general economic conditions in Europe which, however, still lacked momentum. Demand for cartonboard and folding cartons was therefore characterized by a high degree of continuity, but without any sign of a noticeable revival. Due to sufficiently available capacities, the European cartonboard as well as the folding carton market were again subject to fierce price competition. Short-term planning by customers continued within the strongly optimized supply chain and required a high degree of flexibility in production and sales. Prices for recovered paper which had increased significantly towards the middle of the year due to the robust market development stabilized at a high level in the second half of the year. In contrast, spot prices for energy developed favorably. There were no major changes in the composition of the large European cartonboard manufacturers in 2015. However, the consolidation process in the European folding carton industry continued.

Demand outside of Europe, especially in the markets of Turkey, Russia as well as the Middle East and North Africa, tended to be strained as a result of the political and economic situation.

DEVELOPMENT OF BUSINESS 2015

GROUP

The Mayr-Melnhof Group was able to maintain its position in 2015 very successfully despite a lack of general economic impulses and concluded the financial year with solid growth of both sales and profit. Both divisions, MM Karton and MM Packaging, made a significant contribution to this with high capacity utilization at the plants as well as improved productivity and cost efficiency. Market shares were maintained or selectively expanded in a persistingly highly competitive market environment. Besides organic growth, the first step towards the market for luxury and pharmaceutical packaging was made with the acquisition of a leading French folding carton group.

As a result of the positive profit development, a recommendation will be made to the 22nd Ordinary Shareholders' Meeting on April 28, 2016, to distribute a dividend of EUR 1.20 per share. Together with the interim dividend for 2015 of EUR 1.60 per share, which has already been paid out, this represents an increase in the total dividend from EUR 2.60 in 2014 to EUR 2.80 per share.

Consolidated income statements

Consolidated income statements (condensed version)

(in millions of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	+/-
Sales	2,181.5	2,087.4	+4.5 %
Operating profit	199.9	180.2	+10.9 %
Financial result and result from investments	(9.3)	(9.2)	
Income tax expense	(48.5)	(39.4)	
Profit for the year	142.1	131.6	+8.0 %

The Group's consolidated sales totaled EUR 2,181.5 million and were thus 4.5 % or EUR 94.1 million above the previous year's amount (2014: EUR 2,087.4 million). This rise primarily results from increased volumes in both divisions. Around one-fifth of the growth is accounted for by the latest acquisition of MM Packaging in France. Regional sales allocation remained almost unchanged, with the main focus on Western Europe (2015: 58.4 %; 2014: 58.7 %), followed by Eastern Europe (2015: 26.5 %; 2014: 26.3 %) and markets outside of Europe (2015: 15.1 %; 2014: 15.0 %). Intra-group sales amounted to EUR 102.5 million (2014: EUR 103.2 million) and principally involved deliveries from MM Karton to MM Packaging.

Group sales by destination

(in %)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Western Europe (excl. Austria)	55.8 %	55.3 %
Austria	2.6 %	3.4 %
Eastern Europe	26.5 %	26.3 %
Latin America	5.5 %	5.1 %
Asia	5.3 %	5.6 %
Other	4.3 %	4.3 %
Total	100.0 %	100.0 %

Cost of sales

(in millions of EUR)				Percentage of sales	
	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	+/-	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Cost of materials and purchased services	1,259.6	1,192.0	5.7 %	57.7 %	57.1 %
Personnel expenses	290.3	276.6	5.0 %	13.3 %	13.3 %
Depreciation, amortization and impairment ¹⁾	84.2	83.4 ²⁾	1.0 %	3.9 %	4.0 %
Other expenses	46.3	64.7 ²⁾	-28.4 %	2.1 %	3.1 %
Cost of sales	1,680.4	1,616.7	3.9 %	77.0 %	77.5 %

¹⁾ of property, plant and equipment and intangible assets

²⁾ adjusted by impairment

Cost of sales for operating performance increased in relation to the comparative value of the previous year by EUR 63.7 million or 3.9 % to EUR 1,680.4 million (2014: EUR 1,616.7 million). This rise mainly resulted from the expansion of business volumes in both divisions. Its share in sales amounted to 77.0 % (2014: 77.5 %).

Selling and distribution, administrative and other operating expenses

(in millions of EUR)				Percentage of sales	
	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	+/-	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Personnel expenses	115.8	112.8	2.7 %	5.3 %	5.4 %
Depreciation, amortization and impairment ¹⁾	15.4	10.5	46.7 %	0.7 %	0.5 %
Other expenses	187.3	182.5	2.6 %	8.6 %	8.7 %
Selling and distribution, administrative and other operating expenses	318.5	305.8	4.2 %	14.6 %	14.6 %

¹⁾ of property, plant and equipment and intangible assets

Selling and distribution costs as well as administrative expenses went up from EUR 305.8 million to EUR 318.5 million, especially due to higher transportation and personnel costs. The share of selling and

distribution costs, administrative expenses and other operating costs in sales, at 14.6 % (2014: 14.6 %), remained largely constant.

At EUR 199.9 million, operating profit was 10.9 % or EUR 19.7 million above the previous year (2014: EUR 180.2 million). Both divisions made substantial contributions to this growth. Thus, the Group's operating margin increased from 8.6 % to 9.2 %. The return on capital employed amounted to 16.1 % (2014: 15.5 %).

With continuing low base interest rates, financial income of EUR 2.2 million (2014: EUR 1.5 million), was offset by financial expenses of EUR -6.3 million (2014: EUR -5.2 million). The financial result, at EUR -9.3 million (2014: EUR -9.2 million), remained overall negative.

Profit before tax thus went up by 11.5 % to EUR 190.6 million after EUR 171.0 million in the previous year. Income taxes, which are paid in 27 countries, totaled EUR 48.5 million (2014: EUR 39.4 million), resulting in an effective Group tax rate of 25.4 %, which was above the level of the previous year (2014: 23.0 %).

Profit for the year, earnings per share

Profit for the year thus rose by 8.0 % to EUR 142.1 million (2014: EUR 131.6 million). Consequently, the net profit margin increased from 6.3 % to 6.5 %. In the financial year 2015, there was an unchanged total of 20,000,000 shares outstanding, resulting in earnings per share of EUR 7.08 (2014: EUR 6.54) related to the profit for the year attributable to the shareholders of the Company totaling EUR 141.6 million (2014: EUR 130.9 million). Cash earnings generated in the Group went up by 7.7 % to EUR 238.4 million (2014: EUR 221.3 million), while the cash earnings margin increased slightly from 10.6 % to 10.9 %.

Value added

The Group's net value added is the difference between total operating revenue and products and services provided by third parties. In the statement of distribution, the share of all parties participating in the net value added is shown.

Value added

(in millions of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	Year ended Dec. 31, 2014
Origin:				
Sales	2,181.5		2,087.4	
Other operating income	17.2		15.3	
Change in finished goods and own work capitalized	19.9		4.1	
Financial result and result from investments	(9.3)		(9.2)	
Total operating revenue	2,209.3		2,097.6	
(-) Expenditures on purchased goods and services	(1,508.1)		(1,438.9) ²⁾	
(-) Depreciation, amortization and impairment ¹⁾	(99.6)		(93.9) ²⁾	
Net value added	601.6	100.0 %	564.8	100.0 %
Distribution:				
Employees	(238.1)	(39.6 %)	(228.0)	(40.4 %)
Social benefit costs	(112.2)	(18.6 %)	(108.1)	(19.1 %)
Public authorities	(109.2)	(18.2 %)	(97.1)	(17.2 %)
Non-controlling (minority) interests	(0.6)	(0.1 %)	(0.7)	(0.1 %)
Shareholders' dividend ³⁾	(56.0)	(9.3 %)	(52.0)	(9.2 %)
Company	85.5	14.2 %	78.9	14.0 %

¹⁾ of property, plant and equipment and intangible assets

²⁾ adjusted by impairment

³⁾ thereof EUR 32.0 million interim dividend for 2015 and EUR 24.0 million proposed for 2015

The total operating revenue generated by the Group in the financial year 2015 amounted to EUR 2,209.3 million following EUR 2,097.6 million in 2014. After consideration of expenditures on purchased goods and services as well as depreciation, amortization and impairment of EUR 1,607.7 million, a net value added of EUR 601.6 million was achieved (2014: EUR 564.8 million).

As before, the major part of the net value added of 39.6 % or EUR 238.1 million (2014: 40.4 %; EUR 228.0 million) was distributed to the Group's employees. The shareholders will receive a dividend of a total of EUR 56.0 million or 9.3 % of the net value added for the financial year 2015 after taking into account the interim dividend of EUR 32.0 million (2014: EUR 52.0 million; 9.2 %). A profit of EUR 85.5 million or 14.2 % of the net value added will be retained within the Group (2014: EUR 78.9 million; 14.0 %).

Assets, capital, and liquid funds

Consolidated balance sheets (condensed version)

(in millions of EUR)	Dec. 31, 2015	Dec. 31, 2014
Non-current assets	928.1	826.3
Current assets	972.2	960.7
Total assets	1,900.3	1,787.0
Total equity	1,144.2	1,102.2
Non-current liabilities	351.6	290.3
Current liabilities	404.5	394.5
Total equity and liabilities	1,900.3	1,787.0

As of December 31, 2015, the Group's total assets amounted to EUR 1,900.3 million and were thus EUR 113.3 million above the figure at the end of the previous year. The Group's total equity increased slightly from EUR 1,102.2 million to EUR 1,144.2 million, with the profit for the year being offset by the dividend for the financial year 2014 as well as the interim dividend for 2015. Total equity to total assets was therefore 60.2 % (December 31, 2014: 61.7 %), the return on equity at 12.7 % (December 31, 2014: 11.9 %).

Financial liabilities, principally of a long-term character, climbed from EUR 265.9 million to EUR 293.3 million as a result of raising low-interest loans. Provisions for non-current liabilities and charges relating to accruals for employee benefits decreased slightly to EUR 118.1 million (December 31, 2014: EUR 121.2 million).

Total funds available to the Group declined to EUR 258.3 million, mainly due to dividend payments (December 31, 2014: EUR 324.2 million). Accordingly, net liquidity of the previous year totaling EUR 58.3 million contrasts with the net debt of EUR 35.0 million at the end of 2015. Furthermore, as of December 31, 2015, credit lines amounting to EUR 412.6 million were available to the Group and can be utilized at any time (December 31, 2014: EUR 466.4 million).

Non-current assets rose, primarily as a consequence of the acquisition in France as well as investing activities, to EUR 928.1 million (December 31, 2014: EUR 826.3 million). At EUR 972.2 million, current assets exceeded the comparative figure of the previous year by EUR 11.5 million, principally as a result of higher levels of receivables and inventories (December 31, 2014: EUR 960.7 million).

Cash flow development

Consolidated cash flow statements (condensed version)

(in millions of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Net cash from operating activities	206.7	165.8
Net cash from investing activities	(198.0)	(122.3)
Net cash from financing activities	(70.6)	(18.8)
Effect of exchange rate changes	(3.2)	(2.5)
Net change in cash and cash equivalents (< 3 months)	(65.1)	22.2
Cash and cash equivalents (< 3 months) at the end of the year	255.0	320.1
Current and non-current securities	3.3	4.1
Total funds available to the Group	258.3	324.2

Cash flow from operating activities totaled EUR 206.7 million and was thus EUR 40.9 million above the comparative value of the previous year (2014: EUR 165.8 million). This difference mainly results from an increase in the profit for the year as well as a lower rise in working capital.

Cash flow from investing activities climbed from EUR -122.3 million to EUR -198.0 million. This change is primarily due to higher net payments for the acquisition in France, amounting to EUR 76.1 million. Expenditures for the acquisition of property, plant and equipment and intangible assets totaled EUR 130.4 million (2014: EUR 125.4 million).

Investment expenditures of MM Karton amounted to EUR 76.9 million (2014: EUR 73.6 million) and were related in particular to payments in connection with the remaining activation of the investment for FOODBOARD™ as well as technical projects aimed at increasing cost efficiency and revisions.

Investment expenditures of MM Packaging totaled EUR 53.5 million (2014: EUR 51.8 million) and primarily involved technological modernizations of machinery as well as expansion of sites.

Cash flow from financing activities changed from EUR -18.8 million to EUR -70.6 million, principally due to the repayment of loans.

Further information

At the end of October 2015, the MM Packaging division completed the acquisition of the folding carton business of Ileos SA, France. The company operates in the fields of pharmaceutical as well as luxury and cosmetics packaging and generates sales of around EUR 120 million per year. Integration into the Group was effected as of October 30, 2015. The pharmaceutical packaging business was summarized into the company MMP Packetis SAS, the packaging business for luxury and cosmetic articles into the company MMP Premium SAS.

Definition of financial indicators

Cash earnings

Sum of profit for the year before depreciation, amortization as well as impairment of property, plant and equipment and intangible assets and before deferred taxes.

Cash earnings margin

Cash earnings divided by sales.

Total equity to total assets

Total equity divided by total assets.

Net debt/net liquidity

The sum of interest-bearing current and non-current financial liabilities, including liabilities from finance lease, less cash and cash equivalents as well as current and non-current securities. In case that the sum of cash and cash equivalents as well as securities exceeds the financial liabilities there is net liquidity.

Net profit margin

Profit for the year divided by sales.

Operating margin

Operating profit divided by sales.

Return on capital employed (ROCE)

Profit before tax, excluding net interest income/expenses and excluding the respective profit attributable to non-controlling (minority) shareholders according to IAS 32, divided by the sum of average total equity plus average current and non-current interest-bearing financial liabilities, including liabilities from finance lease, average provisions for non-current liabilities and charges and average obligations with regard to non-controlling (minority) shareholders according to IAS 32, less average cash and cash equivalents as well as current and non-current securities.

Return on equity (ROE)

Profit for the year divided by average total equity.

All indicators were calculated exclusively on the basis of the information provided in the consolidated financial statements.

BUSINESS DEVELOPMENT IN THE DIVISIONS

MM Karton

The year 2015 was still characterized by seasonal fluctuations in the ordering behavior and cautious call-offs by customers in all markets. There was no noticeable improvement in demand. The average order backlog, at 80,000 tons, was above the previous year (2014: 61,000 tons). Through flexibility in dealing with short planning intervals, an optimized product range and a high level of service, it was possible to strengthen and selectively increase market shares.

With 1,677,000 tons, the cartonboard mills were able to exceed the production volume of the previous year (2014: 1,585,000 tons) by 92,000 tons or 5.8 %. Based on the average number of employees, 657 tons per employee were produced (2014: 622 tons). The Frohnleiten mill resumed production after the almost one-month downtime due to the conversion of the cartonboard machine 3 in November 2014 for the FOODBOARD™ investment without any further corrective action. At 98 % (2014: 97 %), capacities at the MM Karton division were nearly fully utilized. High price discipline in a rather volatile market environment allowed us to maintain prices as compared with the previous year.

On the raw material markets, a significant increase in prices for recovered paper and fibers by the middle of the year was contrasted especially by lower costs for energy.

At 1,660,000 tons (2014: 1,586,000 tons), the highest sales volume ever was achieved in 2015, and thus, 4.7 % higher than in the previous year.

Sales increased by 4.4 % from EUR 1,002.8 million to EUR 1,046.7 million in parallel with volumes. As in the previous year, around 63 % of this was accounted for by markets in Western Europe, 20 % by Eastern Europe, and 17 % by business outside of Europe (2014: 63 %; 20 %; 17 %). With a share of deliveries of 11 % or 181,000 tons (2014: 11 %; 174,000 tons), MM Packaging again was MM Karton's largest customer in 2015. A total of more than 1,000 customers, mostly medium-sized processing businesses, are supplied worldwide.

It was possible to increase the operating profit by 10.6 % or EUR 7.9 million to EUR 82.6 million (2014: EUR 74.7 million), primarily as a result of higher productivity and further cost reductions. The operating margin reached 7.9 % following 7.4 % in 2014. The return on capital employed was 15.9 % after 16.1 % in the previous year. Cash earnings totaling EUR 95.4 million (2014: EUR 88.5 million) were generated, with a cash earnings margin amounting to 9.1 % (2014: 8.8 %).

Market launch FOODBOARD™

FOODBOARD™, a new, high-quality coated cartonboard with a unique functional barrier for safe primary food packaging, will be available on the market from the 1st quarter of 2016 following the optimization for high-performance processing carried out in 2015.

Divisional indicators MM Karton

(in millions of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	+/-
Sales ¹⁾	1,046.7	1,002.8	+4.4 %
Operating profit	82.6	74.7	+10.6 %
Operating margin (%)	7.9 %	7.4 %	
Return on capital employed (%)	15.9 %	16.1 %	
Tonnage sold (in thousands of tons)	1,660	1,586	+4.7 %
Tonnage produced (in thousands of tons)	1,677	1,585	+5.8 %

¹⁾ including interdivisional sales

MM Packaging

Sales of consumer goods in Europe were overall solid over the year. However, notable market impulses for the folding carton business failed to materialize in Europe as well as in markets outside of Europe. Price competition remains fierce, owing to sufficient existing production capacities in the market.

MM Packaging therefore focuses on cost and technology leadership based on highly efficient industrial production and continuous investment in state-of-the-art technology. Combined with a broad geographical network of sites and a wide range of technological specializations, MM Packaging was able to maintain its leading position in markets like FMCG (fast-moving consumer goods), cigarette packaging and detergents also in 2015.

In the financial year 2015, a high number of measures was again aimed at continuously improving competitiveness and profitability of MM Packaging through increased efficiency and productivity as well as enabling further growth.

In Austria, MM Packaging Austria with its two sites, in Vienna and Gunskirchen, Upper Austria, has concentrated its folding carton production on the larger facility in Vienna, securing its future as a high-performance site.

In Southeast Asia, the MM Packaging site Vidon in Vietnam is being developed for further exploitation of this market. The production of the start-up business MM Packaging Malaysia has therefore been integrated into the Vietnamese site.

The acquisition of a leading French folding carton producer represents the first step towards entering the market for luxury and pharmaceutical packaging.

Compared to the previous year, tonnage processed increased by 3.8 % from 702,000 tons to 729,000 tons. Similarly, the number of printed sheets (sheet equivalent) climbed 3.1 % from 1,996.6 million to 2,059.3 million. The sheet equivalent per employee rose from 290 thousand to 303 thousand.

In line with volumes, sales went up by 4.2 % to EUR 1,237.3 million (2014: EUR 1,187.7 million). With regard to geographical distribution, sales in Western and Eastern Europe at 55 % and 32 %, respectively, as well as business outside of Europe at 13 % showed a high degree of continuity (2014: 56 %; 32 %; 12 %). MM Packaging supplies more than 1,500 customers in various consumer goods industries. The main sales areas in 2015 remain packaging for food and cigarettes.

Owing to the high degree of concentration of multinational consumer goods producers, almost three-quarters of the division's business has been generated with them for a long time. In 2015, around 42 % of sales (2014: 40 %) was attributable to the top five customers.

At EUR 117.3 million, operating profit exceeded the value of the previous year by 11.2 % as a result of improved cost efficiency (2014: EUR 105.5 million). The operating margin accordingly increased to 9.5 % (2014: 8.9 %).

The return on capital employed amounted to 16.2 % (2014: 15.1 %). Cash earnings totaled EUR 143.0 million (2014: EUR 132.8 million), representing a cash earnings margin of 11.6 % (2014: 11.2 %).

Divisional indicators MM Packaging

(in millions of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014	+/-
Sales ¹⁾	1,237.3	1,187.7	+4.2 %
Operating profit	117.3	105.5	+11.2 %
Operating margin (%)	9.5 %	8.9 %	
Return on capital employed (%)	16.2 %	15.1 %	
Tonnage processed (in thousands of tons)	729	702	+3.8 %
Sheet equivalent (in millions)	2,059.3	1,996.6	+3.1 %

¹⁾ including interdivisional sales

3 — HUMAN RESOURCES

A total of 9,938 employees were employed by the Mayr-Melnhof Group in 26 countries at the end of 2015. Their competence, performance, and sense of responsibility form the foundation for the sustainable success of the Mayr-Melnhof Group. Our human resources activities are directed at safeguarding conditions over the long term in which our employees can effectively implement strategy and continuous change in a dynamic global environment. Furthermore, it is our aim to ensure that highly qualified specialists and managers are sustainably available to the Company.

Thus, we constantly evaluate our human resources program and adapt it to current requirements. The program focuses on strategic personnel planning, employee recruitment and development, education and advanced training as well as the systematic preservation of knowledge within the Group. Human resources are centrally managed by the function "Corporate Human Resources" and implemented locally in the individual locations.

Living corporate values

Mutual trust, respect, and high loyalty characterize our corporate culture, where we work as a performance-oriented community with shared values. Responsibility, performance, and passion are the fundamental values which are practiced every day and which we promulgated throughout the Group in the past financial year in an internal communication campaign using a large number of real-life examples. Moreover, in integrating our latest acquisition in France with around 770 employees, special focus was placed on alignment with the corporate culture and corporate values of MM from the very beginning.

Openness and subsidiarity are fundamental principles within our organization, characterized by a high degree of personal responsibility and individual entrepreneurship. This enables us to ensure the required efficiency, speed and flexibility to maintain competitive strength in the long run.

The MM Group stands for continuity as well as for responsible, well-timed change and foresight, which are also reflected in the long-term development of our human resources.

Prospective personnel development

As we have practiced successfully for generations, our aim is to retain talents and knowledge within the Group in the long run. We therefore follow the approach of filling vacant positions as well as new areas of responsibility, wherever possible, internally and thereby open up attractive career opportunities within the MM Group. This requires prospective development and training of our employees, which we encourage at all levels, at individual locations as well as through mobility within the Group. For this purpose, a large number of programs has been sustainably anchored into the Group that are continuously optimized and systematically accompany employees throughout their careers at MM.

Award as "Top Company for apprenticeships"

With our "Young Professionals" program we offer ambitious young people a training path that goes far beyond the conventional apprenticeship. After a careful selection process, we support our junior staff both in acquiring high professional skills as well as in developing their personalities and proving themselves in an international environment.

In 2015, MM was awarded the quality seal "Top Company for apprenticeships" by the Austrian Chamber of Commerce.

At the end of 2015, the Group had around 202 apprentices (December 31, 2014: 204) in training. The focus continues to be on industrial and technical professions.

With the support of mentors, the "Young Professionals ++" program results in the targeted transfer of technical and managerial responsibility a few years after completion of an apprenticeship.

In the "Ranger" program we prepare "High Potentials" for future key positions within the Group. Professional qualification, high motivation, language skills, and international mobility are fundamental requirements for taking part in this program. The development plan involves three different areas of responsibility at three locations within three years.

Moreover the "Sales Explorer" and "Finance Explorer" training initiatives, which were extended by the "IT Explorer" in 2015, offer attractive career paths in Key Account Management, Controlling, or IT.

MM-Academy

The "MM-Academy" is the central institution for education and advanced training within the Group for our employees at all levels. Training focuses on developing social and managerial skills in addition to specialist knowledge and language skills as well as the "MM Apprentice Academy". The "MM-Academy" trains around 1,500 employees every year.

A special focus in 2015 was placed on the relaunch of a "Leadership Academy" especially tailored to MM. Furthermore, a managing directors' training was offered for the first time, which was very positively received.

Proactively against the demographic change

We are addressing the expected shortage of specialists resulting from demographic change with foresight. For this purpose, we promote projects that tie the expert knowledge of older employees to the Group in the long run ("Methusalems" program). In combination with the "Ranger" and "Explorer" programs this constitutes an effective bridge between young and old.

We use continuous collaboration with schools, universities, and colleges as well as regular participation in career fairs to sustainably position the MM Group as an attractive employer and to establish contact with potential young professionals at an early stage. In this connection, a cooperation with the degree program "Industrial Packaging Technology" at the University of Applied Sciences "FH Campus Wien" was concluded in 2015.

Sustainable health management

Our health management aims at preserving the health and vitality of our employees at a high level throughout their entire working life. The primary focus is placed on screening and prevention. For this purpose, continuous care provided by company doctors, a regular range of preventive check-ups, and health and occupational safety training courses are constantly complemented by new impulses and contents. Over the last two years, for example, resilience trainings have supported the effective handling of stress and strain. Moreover, we have traditionally supported the active participation of our employees in sports events.

Variety and diversity as an enrichment

As a company with a broad geographic position, we value the cultural variety and diversity of our employees as a great enrichment in the establishment of "best practice" everywhere within the Group. We thus attach great importance to promoting women in technical professions.

Our ongoing ambitious benchmarking among locations and the continuous international exchange of specialists and specific expertise ensure that new potential can be systematically identified and implemented within the Group.

Performance-related remuneration

A high degree of personal identification with the success of the Company has always been firmly rooted within our corporate culture. For this reason, performance-related forms of remuneration have been extensively established in the Group for a long time.

Development of number of employees

As of December 31, 2015, 9,938 people were employed by the Group, after 9,399 at the end of last year. This increase mainly results from the acquisition of a folding carton producer in France. 2,546 were employed in the MM Karton division (December 31, 2014: 2,560) and 7,392 in the MM Packaging division (December 31, 2014: 6,839). The share of employees in Europe amounted to 86.4 % (December 31, 2014: 83.5 %), the remaining 13.6 % accounted for by non-European countries (December 31, 2014: 16.5 %). The number of employees in Austria totaled 1,508 (December 31, 2014: 1,587).

Employees of the Group

	Dec. 31, 2015		Dec. 31, 2014	
	Number	%	Number	%
Western Europe (excl. Austria)	4,533	45.6 %	3,732	39.7 %
Austria	1,508	15.2 %	1,587	16.9 %
Eastern Europe	2,539	25.6 %	2,529	26.9 %
Latin America	738	7.4 %	835	8.9 %
Asia	440	4.4 %	554	5.9 %
Other	180	1.8 %	162	1.7 %
Total	9,938	100.0 %	9,399	100.0 %

Word of thanks

The Management Board and the Supervisory Board thank all employees for their great commitment and high performance that have made 2015 another year of success. We express our gratitude and appreciation to the employee representatives for their trustful and constructive cooperation.

4 — RESEARCH AND DEVELOPMENT

Safeguarding competitiveness over the long term

The goal of research and development work of the Mayr-Melnhof Group is safeguarding and strengthening the competitiveness in the core competence areas of cartonboard and folding cartons in the long run. Ensuring reliable, state-of-the-art production and implementing future-oriented optimizations and innovations in products and processes at an early stage are thereby important strategic factors in how we achieve differentiation in the market and maintain cost and technology leadership. Innovations of the MM Group are always aligned with market requirements and are driven over the long term by specific, Group-internal expertise. Our approach covers the entire supply chain and thus includes ideas that go beyond the traditional fields of cartonboard and folding cartons applications.

Group-wide innovation management

Systematic innovation management represents the basis of R&D activities of the Group and manages the cooperation among experts from various areas. For this purpose, a separate process has been set up in both divisions which pursues and coordinates innovative achievements and accompanies them until their implementation. Through long-term collaboration with research institutions and standardization and legislative bodies we ensure already at an early stage that our products and services always comply with the latest requirements. With a proactive business development we pursue the goal of bringing innovative solutions to the market expeditiously in close cooperation with customers.

Efficient implementation of new requirements

Current demand trends focus particularly on issues as sustainability, safety, digitalization, e-commerce, convenience, take-away, customization, creativity, and high quality. We dedicate our development work to these, always striving to achieve maximum performance and efficiency in the implementation.

Innovation activity in 2015 in the MM Karton division

Our innovations in the production of cartonboard for folding cartons focus on continuously improving product parameters such as stiffness, gloss, smoothness, and whiteness, as well as on creating individual comprehensive solutions for specific areas of application. As part of this, the production process undergoes constant modernizations, and the range of products is successively optimized and extended. From an organizational point of view, the innovation performance of MM Karton is carried out primarily by the R&D center set up at the cartonboard mill in Frohnleiten, which serves as a know-how pool providing services for the entire Group as well as for third parties, in particular customers.

A special focus in 2015 was directed towards cartonboard with functional barriers as well as optimized surface characteristics in order to open up attractive sale areas.

Starcolor Mirabell™, a high-quality GD2 recycled fiber-based cartonboard for the pharmaceutical market, developed at the German mill in Neuss, provides excellent surface quality and thus optimum results for printing, processing and inkjet- or laser-coding.

UD Braun from the Austrian mill in Hirschwang is a new recycled fiber-based cartonboard with a brown front and back side, tailor-made for use in online retailing, for natural cosmetics, do-it-yourself products, and spare parts in the automotive industry.

Multicolor Belvedere™ Flexo from the Austrian cartonboard mill in Frohnleiten is a special GT2 recycled fiber-based cartonboard solution that is designed for the growing takeaway trend. With a special surface, this recycled fiber-based cartonboard is particularly suitable for the outer layer of double-wall cups and for flexo printing.

With the MM Liner™ 180 gsm (grams/m²) from the Slovenian mill in Kolicovo, MM Karton is now present in the low-grammage range of the attractive markets for coated covering materials for the corrugated cardboard industry, offering now a bandwidth between 180 gsm and 250 gsm.

Multicolor Mirabell™ Freeze, a high-quality GD2 recycled fiber-based cartonboard from the German cartonboard mill in Gernsbach, offers special protection for chilled and frozen food packaging through an effective and environmentally friendly moisture barrier.

Optimus Top™ (GC1) from our German virgin fiber-based board mill in Baiersbrunn combines through the towards 90 %-improved whiteness an attractive appearance with distinctive commercial and environmental ease of use.

The research and service institute "Papiertechnische Stiftung (PTS)" has confirmed the outstanding laser- and inkjet-coding characteristics of all virgin fiber-based board qualities from MM Karton. We furthermore achieved excellent sensory values for many of these high-quality types of cartonboard.

Market launch FOODBOARD™

With FOODBOARD™, MM Karton has created a new, high-quality coated cartonboard which provides optimum protection against specific undesired substances for packaged food through an innovative, consumer-friendly, and functional barrier. After the conversion of the cartonboard machine 3 in Frohnleiten in 2014 and 2015 and further optimizations, the distribution of FOODBOARD™ will start in the 1st quarter of 2016.

Innovation activity 2015 in the MM Packaging division

Bundled innovative power

MM Packaging has created its own international team-based structure for its innovation work that bundles competence, experience, and creativity in different disciplines. Thereby the entire expertise of MMP's innovation network for product and process innovation is available to our customers. All people involved in the innovation process are part of a Competence Pool and exchange ideas on a regular basis via the virtual communication platform MMP Innovation Plaza.

Depending on the relevant tasks, specially tailored project teams are established. Within individual projects a single person takes responsibility for managing the project both internally and in relation to the customers. Only solutions approved by the production sites and the Divisional Technical Support Team are finally presented to the customer.

Institutional structures of MM Packaging's innovation process are represented by PacProject, the Creative Center in Hamburg, the Premium Printing Center in Trier as well as the local Packaging Development Centers of individual production sites.

Focus on win-win solutions

The goal of MM Packaging's innovation activities is to achieve convincing win-win solutions that, on the one hand, provide customers with competitive advantages by combining technical expertise and market knowledge and, on the other hand, increase value creation and competitive strength of MMP. The spectrum of innovation activities is broad, ranging from strategy development through a number of idea-generating methods to customized design concepts, from consumer insights to initial sample development as well as from high-quality prototyping through development of machine concepts to implementation on production machines.

The implementation of designs, prototypes, and functionalities is carried out using all printing and finishing techniques in an optimum manner. We ensure maximum efficiency in implementation by continuously optimizing production and supply chain parameters. Through ongoing investments in state-of-the-art technologies and sustainable knowledge management, we are creating a solid basis for this.

Innovation partner for e-commerce

Interactive packaging solutions optimized for e-commerce are already an inherent part of the available innovation services that are kept permanently up-to-date by a team of designers and packaging specialists. Equipped with this knowledge and close cooperation with suppliers and institutes, MM Packaging is a strong innovative partner for its customers also in the digital future.

Awards

Various awards from the packaging industry, such as the German Packaging Award and the Pro Carton ECMA Award, again demonstrated the positive response of the market to the innovation achievements of MM Packaging in 2015.

5 — RISK MANAGEMENT

The Mayr-Melnhof Group as a globally operating company is exposed to a range of general and industry-specific risks. Current and expected economic development, in particular, has a significant influence on the Group's risk position, due to the high correlation between demand for cartonboard and folding cartons and private consumption.

With a clear focus on the core business areas, cartonboard and folding cartons, the Mayr-Melnhof Group has a solid base to identify potential risks at an early stage and to adequately assess the possible consequences that might arise. Taking into account the hedging and control instruments that are already deployed together with the early warning indicators, there are currently no significant identifiable risks that pose a threat to the existence or development of the Group. As a whole, the risk situation for the reporting year 2015 as well as the beginning of 2016 can be classified as largely unchanged. The risks faced by the Group remain manageable and the Group's continued existence and ability to develop are secured.

The Group's approach in dealing with risks is anchored in a risk management system. It involves the systematic identification, assessment, control, and reporting of significant events and risks which could potentially endanger the existence and influence the development of the Group. The term risk is deemed to be a negative deviation from the Group's corporate objectives resulting from an event that might occur in the future with a certain degree of probability. The aim of the risk management system is to systematically identify and assess significant risks as well as to limit them to an acceptable level through suitable measures.

For each risk that is identified and considered to be significant for the Group, individual control, steering and safeguarding measures are defined, taking into account the Group-wide risk policy, in order to manage the risk. These measures are continually evaluated and developed or amended in case of identification of further risks. They are intended to improve the Group's risk position, however without restricting its opportunities.

The Group's risk management is the responsibility of the Management Board which defines the risk policy and sets the framework for the Group-wide risk management. The Group's risk policy is thereby characterized by a conservative approach. Risk prevention and reduction play an important role and are, as far as economically justifiable, achieved by appropriate control measures and supported by the Group's insurance program.

The Management Board has set up the "Risk Management Compliance" department which ensures that risk management is implemented and conducted on behalf and in the interest of the Management Board. Each risk area that is considered to be significant is assigned to a risk area officer with relevant expertise who is responsible for analyzing, assessing, controlling, and monitoring the respective risks. Thus, the risk management process does not work isolated but is integrated into the existing organization and its procedures. Identified risks are evaluated in a matrix in terms of potential damage and probability of occurrence.

The Group's auditor assesses the functionality of the risk management system and reports to the Supervisory Board and the Management Board.

In the following the most significant areas of risks to which the Group is exposed are described and the measures to manage them are explained.

Sales

The demand for cartonboard and folding cartons correlates to a large degree with private consumption. Market risks may thus result in particular from the overall economic development as well as political and regulative conditions in the respective sales markets. The cartonboard as well as folding carton markets are characterized by intensified competition as sufficient capacities are available.

The Group supplies with the two divisions in total several thousand customers. The cartonboard division supplies the highly fragmented folding carton industry and generates around 25 % of divisional sales with 15 to 20 main customers. The packaging division sells folding cartons to the consumer goods industry and generates more than three quarters of divisional sales with multinational customers. However, the level of dependency on individual customers is classified as manageable.

The customers constantly review their own locations network from the point of cost optimization and growth potential. This leads to geographical relocations or re-allocation of business. One risk for MM Packaging is that the demand of customers cannot be met or can only be met insufficiently from existing locations in the future. The expansion of our network of sites in new markets and the concentration of locations in recent years represent an important contribution to minimizing risk.

The Tobacco Products Directive (TPD2) was adopted as a binding EU directive in 2014 and must be implemented in national legislations within two years. This has so far happened only in a few countries. The EU directive specifies, among others, a minimum requirement for combined health warnings (textual and graphic) of 65 % of the front and back side, as well as general warnings or educational messages of 50 % of side surfaces of cigarette packaging. Furthermore it is planned to reduce the complexity of packaging. The EU leaves national legislators a possibility to insist on higher percentages or packaging units without a trademark logo (plain packaging). So far, four countries have opted for plain packaging: United Kingdom, Ireland, France, and Hungary. In order to assess and minimize risks, a project team has been set up that collaborates closely with cigarette producers. Since the EU-directive has not yet been comprehensively implemented in national legislations, the actual consequences for the division MM Packaging still cannot be properly assessed from today's perspective. The broad geographical sale of cigarette packaging by MM Packaging provides an important contribution to minimizing risks.

A broad range of measures has been taken to safeguard market shares and generate new business. In particular, these include the constant observation and analysis of market trends, close customer contact, cooperation in research and development, ongoing monitoring, sustained quality and cost management and targeted investments as well as a systematic expansion of our customer base and regular participation in tenders. The possibility to manufacture individual products at different sites also increases the reliability of supply for customers. The price fluctuations of strategically important input factors are taken into account by appropriate clauses in long-term agreements.

As mass-produced goods in an intensive competitive market, cartonboard and folding carton products are under permanent price pressure. The Group therefore pursues a long-term strategy of further extending its market leadership position in both divisions on the basis of cost, competence, and innovation leadership.

To ensure sustainably safe, innovative, and market-adequate products, both divisions have a modern innovation management and sufficient R&D capacities.

Production

Production plants and processes in the Group are state-of-the-art and are improved on a continuous basis. The focus is on a sustainably responsible production taking into account economic, environmental, and social aspects with the aim of creating long-term benefits for our customers, shareholders, employees, and the environment.

This means in particular the economical use of resources (especially fibers, cartonboard, energy, water, chemicals, transport, and logistics) in the production of our products while maintaining a solid financial conduct. The aim is to establish the highest possible standards and secure them through a constant benchmarking and innovation process as well as the continuous development of human resources over the long term.

In both cartonboard and folding carton production high availability of technical equipment (operational readiness) is crucial. Constant electronic monitoring of individual machines and sections of machines, revisions, maintenance, certification, and risk engineering in collaboration with insurance companies are among the most important measures for maintaining continuous operations. Furthermore, division-wide back-up concepts guarantee customer supplies even in the event of long-term interruptions of operations through the possibility of moving capacities between individual locations.

Guaranteeing compliance with product norms and required quality standards is crucial for the sustainable competitiveness and attractiveness of our products. Constant quality assurance measures across the value added chain document compliance with high standards and ensure the traceability of products. Due to continuous R&D activity and longstanding collaboration with national and international standardization bodies and lobbies, it is possible to consider new findings and interpretations as well as future development in a timely manner.

We keep risks relating to investments, technical innovations, and integration of acquisitions limited by concentrating on our core competence areas cartonboard and folding cartons. Investment plans are subject to a regular multi-level approval process as well as clearly defined tendering procedures involving the specialist departments concerned and are additionally accompanied by a continuous controlling of qualitative and quantitative aspects. Product and process innovations are subjected to extensive test phases and are generally assessed in a pilot project before being rolled out to additional sites.

Energy (gas and electricity) is an input factor of strategic importance, especially for the division MM Karton. In risk assessment, in particular the purchase price, basic availability and purchase opportunity are crucial parameters. The latter refer to the physical availability of energy, which depends mainly on the political stability of the producer and transit countries. The minimum purchase quantities are defined in energy agreements. If the level is not reached due to standstills or technical faults, compensation settlements will be due (take-or-pay rule). In order to manage the risk, we rely on concluding long-term framework purchase contracts, continually monitoring price development and existing hedging contracts as well as linking production and sales planning to the purchase of energy. Moreover, medium-term purchasing policy is managed through regular consultations between the management and an energy procurement team with Group-wide responsibility. Furthermore, measures aimed at reducing specific energy requirements are continuously implemented on a project basis.

For MM Karton, trading in emission certificates is subject to a risk of regulatory availability and to a price risk in case that additional emission certificates have to be purchased. The volume allocation of CO₂ certificates in the financial years 2013 up to and including 2020 to the seven cartonboard mills located within the European Union was largely effected free of charge due to the good status of MM Karton with regard to the industry benchmark. Accordingly, there is a sufficient number of CO₂ certificates available for these sites until the end of 2019. A reduction of approximately 20 % in CO₂ emissions until 2020 in comparison to the basis year 1990 is pursued as a political objective of the European Union. In this context, free allocations of CO₂ are falling from 2013 onwards. The EU reserves the right to revise its free CO₂ allocation in the event of changes in the carbon leakage classification of individual sectors. A revision of the free CO₂ allocation for the years following 2016 is accordingly possible by the European Parliament. A shortfall in CO₂ certificates would be covered by additional purchases.

The EU directive on energy efficiency was integrated into national legislation (EEffG). National implementation differs among individual EU states and requires i. a. the implementation of management systems or taking energy efficiency measures. The MM Group complies with this requirement in particular by operating energy and environment protection management systems (ISO 50001, ISO 14000, EMAS).

Procurement

Fiber materials, in particular recovered paper and groundwood pulp as well as energy, chemicals, and logistics services are the most important raw materials and input factors for the division MM Karton. In the division MM Packaging, these are primarily cartonboard, paper, inks, varnishes, and tools. There is an essential risk of availability with regard to quantity and quality as well as a price risk for procurement. We proactively counter the risk of availability through regular market and demand monitoring and continual contact with a majority of suppliers. We ensure compliance with the agreed properties by regular obtaining of certificates as well as continuous quality monitoring.

The division MM Karton procures the strategic raw material recovered paper via an European procurement organization primarily from the spot market. In addition, stocks are kept, and a part of our demand is covered by long-term supply contracts, e. g. with municipalities, thereby enabling peaks in prices to be absorbed in short-term. As a result of high recycling quotas in Europe and a limited level of exports outside Europe, sufficient supply of recovered paper is further assured. In cooperation between production and engineering we furthermore take specific measures to control consumption and optimize the use of raw materials. Opportunities for substitution and adjustments of formulas are explored regularly. Where appropriate and possible, tenders for available procurement volumes are completed.

Following the profit center principle, purchase of cartonboard of the Packaging division is conducted by an own procurement organization with continuous monitoring of a majority of cartonboard producers.

Human Resources

The Group relies at all levels on qualified, motivated, and performance-oriented employees in order to achieve corporate success. With the aim to tie key personnel to MM in the long run and find suitable top performers for vacancies, we promote long-term collaboration through systematic personnel development, appropriate remuneration and bonus systems as well as a practiced awareness of values.

The central "Corporate Human Resources" department manages and ensures targeted foresighted succession planning and the promotion of junior employees. A wide range of internal development, training and counselling programs systematically support this process to ensure that talents can grow and to preserve current expertise over the long term. Furthermore, corporate health management takes a large number of measures for the long-term promotion of work and vitality with the goal of maintaining our employees' health and productivity on a high level over their entire working life.

Pensions/severance payments/pre-retirement

The majority of employees in the Group is covered by defined contribution plans as part of the statutory pension scheme. In addition to the statutory pension scheme, the Group has also made performance- and contribution-based pension commitments to certain employees on the basis of individual commitments and company agreements. In addition, there are performance- and contribution-based severance obligations and obligations as part of the statutory pre-retirement scheme. Clearly structured data provisioning, plausibility checks, and verification on individual company or Group level have a risk minimizing effect.

Financial risks

Corporate planning is based on professional forecasts, assessments and assumptions concerning future economic and financial developments in the Group. The risk of false estimation is minimized by a close cooperation of the mills with the specialist departments of the Group and the divisions within a clearly defined multi-step planning process.

We counter financing and liquidity risks of the Group in particular by a centrally-managed cash and credit management, the careful selection and a continuous monitoring of national and international banking partners as well as sufficient availability of credit lines, by extending these lines.

Foreign exchange risks are monitored continually with system support and are limited or reduced by suitable hedging measures. Hence we concentrate primarily on naturally balancing risks by matching receivables and liabilities at individual subsidiaries and at Group level as well as foreign exchange forward, swap and option contracts. For all currency hedging transactions, a central currency trading platform has to be used. Currencies that are hedged for fluctuations of their exchange rates are in particular the British pound, the US dollar, the Turkish lira and the Polish zloty. In the regions Eastern Europe, South Eastern Europe, Latin America, and Asia we pursue a policy of minimizing currency risk by currency congruence in business transactions and by price adjustment mechanisms in long-term agreements. Derivative financial instruments are neither used for trading nor for speculative purposes.

A central management system continuously optimizes working capital and minimizes impairment risks for inventories. The risk of default on accounts receivable is minimized by continuous credit assessment and credit insurance for all customers, with the exception of selected international customers enjoying the highest credit rating.

Accounting

The Management Board is responsible for establishing and developing an appropriate internal monitoring and risk management system for accounting and financial reporting. This ensures the completeness, reliability, and transparency of financial information. In addition, the appropriateness and efficiency of processes as well as compliance with statutory, contractual, and internal regulations is guaranteed.

The accounting process covers all of the essential tasks that ensure that the accounting-relevant information is recorded and processed completely, accurately, and on time and that financial reporting is presented in accordance with the applicable accounting standards.

In the organizational and operational structure, clear responsibilities are defined for the individual companies and the Group. The central functions of "Corporate Accounting" and "Planning and Reporting" are responsible for developing up-to-date uniform Group guidelines as well as the organization and control of financial reporting in the Group.

The reporting to the Management Board and Supervisory Board is effected in a regular, comprehensive, and timely manner. Compliance with internal Group guidelines and processes concerning the recording, posting, and accounting of business transactions is continually monitored. The used data processing systems are developed in a targeted manner and are continually improved. Accounting processes and financial reporting are reviewed systematically for potential risks. Improvement measures are taken as quickly as possible and implemented swiftly. Focus audits are carried out by the auditor in collaboration with Internal Audit.

Other risks

The compliance risk arising from possible non-conformity with standards, laws, ethical codes of conduct, and, where applicable, voluntary commitments, is dealt with especially through protective measures in the systems, regular, systematic compliance monitoring, the four-eyes principle and guidelines (for example Code of Conduct). Furthermore, we have set up the function of a Compliance Officer who can act autonomously and who is also responsible for compliance training and internal and external reporting.

The corporate governance report, which is an integrated part of the annual report, is available on our web site www.mayr-melnhof.com> about> governance.

We deal with the risk field of "Legal Compliance", which comprises all actions and measures geared towards compliance with legal regulations and contractual provisions, through the function of a Legal Manager, as well as the use of a central "Legal Compliance System", and, if necessary, by consulting external experts. The aim is to prevent increasing risks of infringement of the law and possible sanctions due to throughout stricter regulations.

The risk of a breakdown of the central data processing is limited by a geographically separated backup computer center and a wide range of preventive measures and checks. Risks regarding information security are countered by a variety of security measures according to the Group-wide information security strategy and the function of an Information Protection Officer who ensures the Group-wide establishment and the continuous update of security standards.

In addition to the risks listed here, the Group may be exposed to further risks. We are currently not aware of any such risks or consider them to be insignificant.

6 — ENVIRONMENTAL PROTECTION

Environmental protection firmly embedded in corporate policy

In its corporate policy, the MM Group is committed to protecting the environment and to an efficient provision of goods and services that sustainably saves resources. We manufacture our cartonboard products using state-of-the-art technologies as well as primarily renewable and recyclable raw materials. By applying highly efficient processes, we convert cartonboard into packaging for consumer goods that can be almost entirely recycled after use. Circular economy is thus an immanent part of our business activity, and cartonboard is a packaging material that, in addition to product-related and economic benefits, also provides maximum sustainability regarding environmental protection.

Our aspiration – Group-wide "best practice"

In keeping with the Group's aspiration for leadership within the industry, our aim is to achieve and maintain the best-possible standards in all business areas in the long run. We therefore pursue the approach of establishing "best practice" of individual sites by a challenging benchmarking throughout the Group. As a result, we also achieve top figures in the industry for many environment-related values, such as specific consumption or emissions with the ambition of improving these further through continuous technical progress.

We therefore regularly monitor adherence to these values to ensure compliance with all requirements. Furthermore, we continuously evaluate our products and processes with regard to using of new optimization potential. In this connection, we focus on the entire value added chain and, besides production, also cover upstream and downstream areas, such as procurement, logistics, end-user consumption, and reusability.

Sustained systematic optimization

This continuous optimization process has long been supported throughout the Group by a large number of certified management systems. The main areas of focus are quality, environmental, energy and hygiene management in accordance with ISO 9001, ISO 14001, EMAS, ISO 50001, and HACCP/EN 15593. Moreover, certifications according to FSC and PEFC ensure that fiber supplies are obtained from sustainably managed forests.

Besides re-certifications, in particular the new implementation of energy management in accordance with ISO 50001 in the site network of MM Packaging was continued in 2015. In addition, two folding carton production sites gained first-time certification of environmental management in accordance with EMAS.

Carbon footprint further reduced

In 2015, MM Karton and MM Packaging participated in a re-evaluation of the carbon footprint of the European cartonboard and folding carton industry conducted by Pro Carton. The result is a further decrease of the carbon footprint from 915 kg (2012) to 885 kg of CO₂ equivalent per ton of folding carton (European average).

Carbon leakage classification for MM Karton

Due to the good level, the volume allocation of CO₂ certificates to the seven cartonboard mills located within the European Union for the financial years 2013 up to and including 2020 is largely free of charge. Accordingly, a sufficient number of CO₂ certificates is available for these sites until the end of 2019. A reduction in CO₂ emissions by approximately 20 % by 2020, compared to the reference year 1990, is the political objective of the European Union. In this context, free allocations of CO₂ have been decreasing since 2013. The EU reserves the right to revise its free CO₂ allocation in the future in the event of changes in the carbon leakage classification of individual sectors.

Environmental aspects MM Karton

Fibers

Around 1.7 million tons of fibers are used in cartonboard production every year. Thereof, about 80 % are accounted for by recovered fibers and 20 % by virgin fibers from sustainably managed forests. Optimization in the deployment and utilization of fibers is implemented through continuous projects in MM cartonboard mills. Improvements in material processing in particular result in increased recovered fiber extraction.

Energy

We predominantly use natural gas as primary energy source for the production of cartonboard. Steam and electricity for cartonboard production are generated highly efficiently by combined heat and power generating plants.

As part of the "efficiency" initiative, started in 2006, all cartonboard mills work on improving energy efficiency per ton of cartonboard in accordance with a pool of centrally coordinated measures including an internal performance comparison. While a significant reduction in specific energy consumption has already been achieved, it is always possible to exploit new saving potential. In 2015, this was reached in particular through renewals in the dryer section as well as improvements in heat recovery and control.

Furthermore, since 2015 the cartonboard mill in Frohnleiten has been receiving a large proportion of its external electricity requirements from a local hydro-electric power plant newly installed and operated by a third party.

The replacement of fluorescent tubes by LED units continued in order to further reduce electricity consumed by lighting.

Water

Specific water consumption is kept low and is further optimized as a result of closed circulation systems and efficiency improvements in production. Projects in 2015 focused mainly on renewals for wastewater treatment and on modernization measures.

Exhaust air

Exhaust air emissions in the manufacture of cartonboard are mainly caused in energy production by burning natural gas. Emissions of CO₂, NO_x and CO are constantly monitored and observed in accordance with legal regulations. In contrast, direct exhaust air produced by cartonboard machines consists primarily of steam.

Continuous measures taken by MM Karton focus on further reducing exhaust air emissions in accordance with state-of-the-art technology. In 2015, a major area of emphasis was on projects aimed at gaining approval for new energy systems.

Waste

Waste management is performed specifically for each location according to a waste management plan that is put into practice by the waste management officer. As a general rule, the principle of "prevention before recycling before disposal" is applied. Waste disposal is performed by authorized waste collectors, recyclers, and disposal firms. In accordance with the Group-wide approach of achieving waste reduction by lowering the amount of residual materials from production, we sustainably combine economic and ecological benefits.

Environmental aspects MM Packaging

In the environmentally relevant area of cartonboard processing following cartonboard production, avoiding, reducing and recycling residual materials plays a particularly important role. Noticeable progress was made in this area also in 2015 as a result of operational improvements in material utilization and productivity at MM Packaging.

The growing number of packaging sites with environmental management systems certified according to ISO 14001 or EMAS results in increasingly standardized implementation and documentation of optimization measures.

In the financial year, major areas of focus in the field of energy were particularly related to improvements in heating and ventilation systems, the installation of timer switches, and the continued installation of energy-saving lighting (LED). Moreover, energy management systems at additional sites were certified according to ISO 50001.

7 — DISCLOSURES ACCORDING TO SECTION 243A PARA. 1 OF THE AUSTRIAN COMMERCIAL CODE

Composition of capital, stock categories

Please refer to the information provided in the consolidated financial statements under note 13 a.

Restrictions concerning the voting rights and the transfer of shares

Approximately 59 % of the shares are held by the core shareholder families in a syndicate. A syndicate agreement exists, which regulates the transferability of shares within the syndicate and to outside parties. Issues that concern the Ordinary Shareholders' Meeting are decided by the syndicate with 65 % of the voting rights. Modifications of the syndicate agreement require 90 % of the voting rights.

Direct or indirect participation in capital of at least 10 %

According to the information provided to the Company, there were the following minimum participations of 10 % in the capital at year-end 2015:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG
CAMA Privatstiftung

The owners of shares with special control rights and a description of these rights

There are no shares with special control rights.

The type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote

There is no such capital participation model for employees.

The provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act

There are no provisions of this type.

The authorizations of the members of the Management Board that do not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares

There are no authorizations of this type.

All significant agreements to which the Company is a party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as its effects; excepted are agreements which would significantly damage the Company if made public, unless the Company is obligated to make such information public as a result of other statutory provisions

The protective clause with regard to the disclosure of this information is invoked. The scope of the business in question is considered reasonable.

Existence and significant contents of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer

There are no agreements of this type.

8 — SUBSEQUENT EVENTS

There have been no subsequent events after the balance sheet date with any material effect on the consolidated financial statements of the Group.

9 — OUTLOOK ON THE FINANCIAL YEAR 2016

This outlook reflects the assessment of the Management Board as of February 29, 2016, and does not take into consideration the effects of any possible acquisitions, disposals or other structural changes in 2016. Previous and subsequent prospective statements are subject to known as well as unknown risks and uncertainties that may result in actual events differing from the forecasts made here.

Against the backdrop of low economic growth in the main market Europe, the general conditions for our business remain challenging and are characterized by intense competition. However, the objective for 2016 is to pursue our long-term success course in both cartonboard and folding carton business. As before, organic and acquisitive growth are intended to supplement each other. Improved productivity will continue to increase the output of our facilities, and the integration of last year's acquisition in France will support dynamic in 2016. Measures aimed at increasing cost efficiency will be pursued on a broad basis throughout the Group in order to retain the margins achieved.

Since there is currently no indication of any significant change on the procurement markets in the foreseeable future, price discipline will remain the order of the day in both divisions.

By focusing on reducing direct costs, we will continue our investment activity at the present level.

Expansions at MM Packaging in 2016 will particularly affect the sites in Iran, Poland, and Vietnam.

The replacement of the power station at the Frohnleiten mill in Austria by a new gas and steam-turbine plant will be initiated as a special investment project at MM Karton in 2016. The completion is expected by the end of 2017, however without affecting continuous operations at the site. The costs will amount to approx. EUR 40 million.

As a result of the short-term nature of the business, it is currently not possible to provide a forecast for the result of the current year. Nevertheless, the record results achieved in 2015 raise our ambitions for 2016 even further.

Our activities concerning expansion through acquisitions continue to focus on opportunities within and outside of Europe.

Vienna, February 29, 2016

The Management Board

Wilhelm Hörmanseder m. p.

Andreas Blaschke m. p.

Gotthard Mayringer m. p.

Franz Rappold m. p.

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Consolidated Balance Sheets

(all amounts in thousands of EUR)	Notes	Dec. 31, 2015	Dec. 31, 2014
ASSETS			
Property, plant and equipment	7	759,640	697,724
Intangible assets including goodwill	7	131,388	97,697
Securities and other financial assets	8	5,821	7,680
Deferred income taxes	9	31,248	23,239
Non-current assets		928,097	826,340
Inventories	10	320,420	283,021
Trade receivables	11	339,207	301,162
Income tax receivables		11,011	10,984
Prepaid expenses, securities and other current assets	12	46,634	45,418
Cash and cash equivalents	3	254,953	320,086
Current assets		972,225	960,671
TOTAL ASSETS		1,900,322	1,787,011
EQUITY AND LIABILITIES			
Share capital	13	80,000	80,000
Additional paid-in capital	13	172,658	172,658
Retained earnings	13	1,020,442	963,119
Other reserves	13	(137,550)	(124,190)
Equity attributable to shareholders of the Company		1,135,550	1,091,587
Non-controlling (minority) interests	13	8,605	10,581
Total equity		1,144,155	1,102,168
Interest-bearing financial liabilities	14	210,073	156,724
Finance lease liabilities	14	3,772	0
Provisions for non-current liabilities and charges	15	118,094	121,211
Deferred income taxes	9	19,655	12,336
Non-current liabilities		351,594	290,271
Interest-bearing financial liabilities	14	77,743	109,187
Finance lease liabilities	14	1,703	0
Current tax liabilities		20,873	12,925
Trade liabilities	16	186,287	170,821
Deferred income and other current liabilities	17	96,648	83,699
Provisions for current liabilities and charges	18	21,319	17,940
Current liabilities		404,573	394,572
Total liabilities		756,167	684,843
TOTAL EQUITY AND LIABILITIES		1,900,322	1,787,011

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Income Statements

(all amounts in thousands of EUR except share and per share data)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Sales	19	2,181,549	2,087,365
Cost of sales		(1,680,362)	(1,616,666)
Gross margin		501,187	470,699
Other operating income	20	17,164	15,315
Selling and distribution expenses		(214,206)	(205,263)
Administrative expenses		(104,222)	(100,208)
Other operating expenses		(61)	(320)
Operating profit		199,862	180,223
Financial income	25	2,153	1,455
Financial expenses	26	(6,269)	(5,206)
Other financial result – net	27	(5,126)	(5,459)
Profit before tax		190,620	171,013
Income tax expense	9	(48,476)	(39,441)
Profit for the year		142,144	131,572
Attributable to:			
Shareholders of the Company		141,550	130,850
Non-controlling (minority) interests	13	594	722
Profit for the year		142,144	131,572
Earnings per share for profit attributable to the shareholders of the Company during the year:			
Basic and diluted average number of shares outstanding	28	20,000,000	20,000,000
Basic and diluted earnings per share	28	7.08	6.54

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Comprehensive Income Statements

(all amounts in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Profit for the year¹⁾	142,144	131,572
Profit (loss) directly recognized in equity:		
Actuarial valuation of defined benefit pension and severance obligations	4,515	(23,241)
Effect of income taxes	4,165	2,725
Total of items that will not be reclassified subsequently to the income statement	8,680	(20,516)
Foreign currency translations ¹⁾	(21,757)	(23,509)
Total of items that will be reclassified subsequently to the income statement	(21,757)	(23,509)
Total profit (loss) directly recognized in equity (net)¹⁾	(13,077)	(44,025)
Total comprehensive income	129,067	87,547
Attributable to:		
Shareholders of the Company	128,190	86,196
Non-controlling (minority) interests	877	1,351
Total comprehensive income	129,067	87,547

The accompanying notes are an integral part of these consolidated financial statements.

¹⁾ In the financial year 2015 an amount of thous. EUR -674 (2014: thous. EUR -3,414) was reclassified from total profit (loss) directly recognized in equity to the profit for the year.

Consolidated Statements of Changes in Equity

(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			
Balance at Jan. 1, 2014	80,000	172,658	928,642	(52,018)	(27,552)	(79,570)	1,101,730	10,072	1,111,802
Total comprehensive income	0	0	130,850	(24,174)	(20,480)	(44,654)	86,196	1,351	87,547
Dividends paid 13	0	0	(96,000)	0	0	0	(96,000)	(1,159)	(97,159)
Change in majority interests 6	0	0	(373)	0	34	34	(339)	317	(22)
Balance at Dec. 31, 2014	80,000	172,658	963,119	(76,192)	(47,998)	(124,190)	1,091,587	10,581	1,102,168
Total comprehensive income	0	0	141,550	(22,028)	8,668	(13,360)	128,190	877	129,067
Dividends paid 13	0	0	(84,000)	0	0	0	(84,000)	(2,586)	(86,586)
Change in majority interests 6	0	0	(227)	0	0	0	(227)	(267)	(494)
Balance at Dec. 31, 2015	80,000	172,658	1,020,442	(98,220)	(39,330)	(137,550)	1,135,550	8,605	1,144,155

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statements

(all amounts in thousands of EUR)	Notes	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit for the year		142,144	131,572
Adjustments to reconcile profit for the year to net cash from operating activities excluding interest and taxes paid :			
Income tax expense	9	48,476	39,441
Depreciation and amortization of property, plant and equipment, and intangible assets	7	94,692	91,718
Impairment	7	4,860	2,227
Gains (losses) from disposals of property, plant and equipment, and intangible assets	20	(5,508)	(1,702)
Financial income	25	(2,153)	(1,455)
Financial expense	26	6,269	5,206
Share of profit (loss) of other investments		(269)	(259)
Gains (losses) from disposals of securities and other financial assets		0	(203)
Other adjustments		(3,816)	(5,548)
Net cash from profit		284,695	260,997
Changes in working capital:			
Inventories		(31,044)	(13,187)
Trade receivables		(16,214)	(30,578)
Prepaid expenses, securities and other current assets		3,504	2,687
Trade liabilities		3,994	(11,495)
Deferred income and other current liabilities		3,110	1,246
Provisions for current liabilities and charges		1,144	(4,933)
Changes in working capital		(35,506)	(56,260)
Cash flow from operating activities excluding interest and taxes paid		249,189	204,737
Income taxes paid		(42,491)	(38,945)
Net cash from operating activities		206,698	165,792
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from disposals of property, plant and equipment, and intangible assets		8,792	2,807
Payments for property, plant and equipment, and intangible assets (incl. payments on account; less government grants received)	16	(130,405)	(125,353)
Payments for acquisition of companies or other business entities, net of cash and cash equivalents acquired (2015: thous. EUR 9,404; 2014: thous. EUR 0)	6	(79,616)	(2,824)
Proceeds from disposal of companies or other business entities, net of cash and cash equivalents disposed (2015: thous. EUR 0; 2014: thous. EUR 283)	6	0	(114)
Proceeds and payments for securities and other financial assets		833	1,447
Dividends received		269	259
Interest received		2,087	1,459
Net cash from investing activities		(198,040)	(122,319)
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid		(6,152)	(5,076)
Proceeds from interest-bearing financial liabilities		93,204	112,986
Repayments of interest-bearing financial liabilities and finance lease liabilities		(70,576)	(16,354)
Payments to non-controlling (minority) shareholders	6	(494)	(13,328)
Payments received from non-controlling (minority) shareholders	6	0	109
Dividends paid to the shareholders of the Company	13	(84,000)	(96,000)
Dividends paid to non-controlling (minority) shareholders	13	(2,586)	(1,159)
Net cash from financing activities		(70,604)	(18,822)
Effect of exchange rate changes on cash and cash equivalents		(3,187)	(2,485)
Change in cash and cash equivalents		(65,133)	22,166
Cash and cash equivalents at the beginning of the year (according to the consolidated balance sheet)		320,086	297,920
Cash and cash equivalents at the end of the year (according to the consolidated balance sheet)		254,953	320,086

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 — BASIC INFORMATION

The Mayr-Melnhof Group

Mayr-Melnhof Karton AG and its subsidiaries (“the Group”) are primarily engaged in manufacturing and selling cartonboard and folding cartons with a focus on Europe. The parent company of the Group is Mayr-Melnhof Karton AG, located at Brahmssplatz 6, 1040 Vienna, Austria. The shares of the Company are listed on the Vienna Stock Exchange.

Segment information

The Group is divided into two operating segments (see note 19): Mayr-Melnhof Karton (“MM Karton”) and Mayr-Melnhof Packaging (“MM Packaging”). MM Karton manufactures and markets numerous grades of cartonboard, concentrating on coated cartonboard produced predominantly from recovered paper as well as virgin fiber-based cartonboard. MM Packaging processes cartonboard into industrial printed folding cartons, mainly for the food industry (e. g. cereals, dried foods, sugar, and baked products), other consumer goods industries (e. g. cosmetics and toiletries, detergents, household articles, and toys), and cigarette and pharmaceutical packagings as well as high-grade confectionary packaging.

2 — PRINCIPLES OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

Basic accounting principles and declaration of compliance

The consolidated financial statements and notes thereto of Mayr-Melnhof Karton AG and its subsidiaries have been prepared applying section 245a of the Austrian Commercial Code in accordance with International Financial Reporting Standards and their interpretations released by International Accounting Standards Board “IASB” as to be applied within the European Union. Additional requirements according to section 245a paragraph 1 of the Austrian Commercial Code have been met.

There are no further assets, liabilities, contingent liabilities or other financial commitments with regard to third parties other than those which have been recorded in the consolidated financial statements and notes thereto.

The consolidated financial statements, except for revaluation of particular financial instruments, are prepared according to historical acquisition or manufacturing cost.

The consolidated financial statements and the notes thereto in accordance with generally accepted accounting and recognition standards of IFRS are prepared using estimates and assumptions for certain items, which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. In the end, actual amounts may differ from these estimates and assumptions.

The present consolidated financial statements comprise the period from January 1 till December 31, 2015 and have been prepared by the Management Board as of February 29, 2016 and will be presented to the Supervisory Board for review and approval.

The consolidated financial statements are reported in Euro. Unless stated otherwise, all amounts herein, except share data and per share amounts, are specified in thousands of Euro.

Application of new and changed standards

During the preparation of the consolidated financial statements and notes thereto, relevant amendments to existing IAS, IFRS and interpretations as well as newly enacted standards and interpretations, as published in the Official Journal of the European Union no later than December 31, 2015 and with an effective date no later than this date, were taken into consideration:

New interpretation	Content	Effective
IFRIC 21	Levies	2015
Revised standards	Content	Effective
IAS 19	Employee Benefits: Employee Contributions to Defined Benefit Plans	2015
	Annual Improvements to IFRSs – 2010-2012 Cycle	2015
	Annual Improvements to IFRSs – 2011-2013 Cycle	2015

If applicable, the effective regulations were adopted in the present consolidated financial statements without any significant impact on the presentation of the financial situation and profitability.

Furthermore, the following revised Standards were endorsed by the EU; their application is, however, not yet compulsory for the financial year 2015:

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

Additionally, the following new and revised standards were published by IASB but not yet endorsed by December 31, 2015:

New Standards	Content	Effective
IFRS 9	Financial Instruments	2018
IFRS 15	Revenue from Contracts with Customers	2018
Revised Standards	Content	Effective
IAS 28/IFRS 10	Investments in Associates / Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	2016
IAS 28/IFRS 10/12	Investment Entities: Applying the Consolidation Exception	2016

The new applicable standards IFRS 9 and IFRS 15 are described in brief below:

IFRS 9 “Financial Instruments” includes regulations for recognition and measurement, derecognition and hedge accounting and is applicable for all categories of financial instruments. On July 24, 2014, the IASB published the final version of the standard as a result of completion of different phases of its comprehensive project related to financial instruments. The so far applicable presentation under the standards IAS 32 and IAS 39 can thus be entirely replaced with the standard IFRS 9. The first mandatory adoption of IFRS 9 is planned for annual reporting periods starting on January 1, 2018. The impact of the adoption of IFRS 9 on the Group is currently being evaluated, but from today’s point of view will lead to only minor disclosure changes.

The objective of IFRS 15 "Revenue from Contracts with Customers" is to establish the principles that an entity shall apply to report relevant information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of IFRS 15 is that an entity should recognize revenue in the amount of the expected consideration for the transferred performance obligations, i.e. transfer of goods and rendering services. The first adoption of IFRS 15 is mandatory for annual reporting periods starting on January 1, 2018. Basically the Group does not have any multi-component agreements which also include services in addition to the delivery of goods. Especially in the MM Packaging division we are currently evaluating special agreements for equipment and are verifying if the adoption of IFRS 15 might have any further potential consequences. The consequences for the Group are, from today's point of view, considered as insignificant and therefore no impact on the Group's financial situation and profitability is expected.

From today's point of view, the above mentioned revised standards are not expected to have any significant impact on the Group's financial situation and profitability.

Furthermore, IFRS 16, which was issued in January 2016 and supersedes IAS 17, contains new rules on lease accounting. In the future, lessees will have to recognize assets and liabilities for most leases, irrespective of whether they are classified as operating leases or finance leases according to the criteria of the former IAS 17. For lessors, there will only be minor accounting changes compared to IAS 17. The Group is going to start a detailed analysis of the effects of IFRS 16 in the near future. From today's point of view, it is therefore not yet possible to assess the impact on the Group's financial situation and profitability.

3 — SUMMARY OF SIGNIFICANT ACCOUNTING AND RECOGNITION PRINCIPLES

Presentation of the consolidated financial statements

The presented consolidated financial statements were prepared in accordance with IAS 1 “Presentation of financial statements”. The consistency of presentation has been considered.

The present consolidated financial statements and notes thereto are prepared using the same accounting principles and valuation methods as the financial statements and notes thereto prepared for the financial year 2014.

Consolidation principles and methods

The consolidated financial statements and notes thereto include Mayr-Melnhof Karton AG (“the Company”) as well as its subsidiaries. These are all entities over which the Group has control. The Group has control, when it is exposed to variable returns of its involvement in the entity and has the rights or ability to use its control over the entity to affect the amount of these variable returns.

The Group has control over the entity, when its existing rights enable it to direct the relevant activities that significantly affect the entity’s returns.

The Group is exposed or has rights to variable returns from its involvement with the entity, which can vary as a result of its profitability. Such returns can be positive, negative, or both.

Generally the ownership of more than 50 % of voting shares provides an entity with control. In this respect, there is no scope of discretion. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Group controls another entity. The criteria whether the Group has control over another entity are reviewed even if the Group holds less than 50 % of voting rights.

The subsidiaries are consolidated as of the date on which control is transferred to the Group. They are de-consolidated on the date on which such control ceases to exist.

Changes in shareholdings which do not lead to a loss of control over the subsidiaries are presented only as equity transactions and therefore have no impact on the consolidated income statement.

Non-controlling (minority) interests represent the non-controlling (minority) shareholders’ proportionate share in equity and total profit for the year in subsidiaries of the Group. These minority interests are presented separately within equity.

All effects of intercompany transactions are entirely eliminated.

Business Combinations

All acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The acquisition costs correspond to the fair value of the assets and liabilities transferred or incurred and the equity instruments issued on the transaction date. The acquisition costs also include the fair value of any assets or liabilities arising from a contingent or deferred consideration arrangement. At the time of their initial consolidation, the assets, liabilities and contingent liabilities identified in the course of a business combination are measured at their fair value at the acquisition date. The Group recognizes any non-controlling (minority) interest in the acquiree at the date of acquisition at the non-controlling (minority) interest's proportionate share in the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Contingent considerations are measured at their fair value at the acquisition date. The changes in contingent consideration classified as asset or liability are measured according to IAS 39, and the resulting profit or loss recognized in the profit for the year.

Any remaining excess of the acquisition costs over the fair value of identifiable net assets of the interest acquired shall be capitalized as goodwill. After repeated assessment, negative goodwill shall be recognized directly in the income statement.

Investments in associated companies and other investments

Investments in companies in which the Group has the ability to exercise significant influence, but not dominant control over its operating and financial policy are accounted for under the equity method and primarily recognized at their acquisition costs. This is generally the case when the voting interest is between 20 % and 50 %. All other investments which are not measured using the equity method are accounted for at their fair value. If there is no active market for these investments and the fair value of the justifiable expenses cannot be reliably determined, they are assessed at their acquisition costs less impairment.

Foreign currency translation

Assets and liabilities of foreign subsidiaries with a functional currency other than the Euro are translated into Euro using the average exchange rates as of the balance sheet date. Revenues and expenses are translated using average exchange rates for the year. Differences arising from the translation of assets and liabilities in comparison with the previous periods are recognized as a separate component of equity. Gains and losses resulting from foreign currency transactions are recognized in the income statement as incurred.

The transactions of the Company in currencies other than the functional currency are translated using the exchange rates on the date of transaction. Monetary items in foreign currency are translated using the exchange rates on the balance sheet date. Resulting exchange rate differences as well as effects of the realization are recognized in the income statement under "Other financial result – net".

Exchange rate differences arising on monetary items that form part of a net investment in a foreign operation are recognized initially in accordance with IAS 21.32 as a separate component of equity and are recognized in the income statement only upon intentional repayment or disposal of the net investment.

The exchange rates of the relevant currencies of non-Euro participating countries used in preparing the consolidated financial statements and notes thereto were as follows:

Country:	Currency:	Exchange rate at Dec. 31, 2015	Exchange rate at Dec. 31, 2014	Annual average exchange rate 2015	Annual average exchange rate 2014
		1 EUR =	1 EUR =	1 EUR =	1 EUR =
Bulgaria	BGN	1.96	1.96	1.96	1.96
Chile	CLP	775	738	726	752
China	CNY	7.06	7.54	6.99	8.15
Colombia	COP	3,429	2,876	3,021	2,655
Czech Republic	CZK	27.02	27.73	27.30	29.15
Great Britain	GBP	0.73	0.78	0.73	0.81
Jordan	JOD	0.77	0.86	0.79	0.94
Malaysia	MYR	4.70	4.25	4.32	4.34
Norway	NOK	9.60	9.04	8.98	8.39
Poland	PLN	4.26	4.26	4.19	4.19
Romania	RON	4.52	4.48	4.44	4.44
Russia	RUB	79.70	68.34	67.72	50.48
Switzerland	CHF	1.08	1.20	1.07	1.21
Tunisia	TND	2.20	2.27	2.17	2.25
Turkey	TRY	3.18	2.82	3.01	2.90
Ukraine	UAH	26.22	19.23	23.62	15.20
Vietnam	VND	23,574	25,833	24,015	28,027

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods (numerous grades of cartonboard as well as packaging) and rendering of services in the ordinary course of business activities. Revenue is reported less reductions, such as bonuses, discounts and rebates. The Group recognizes revenues for sales of goods when the significant risks and rewards, resulting from the ownership of the goods, are transferred to the customer, and the Group retains neither continuing right of disposal to the degree usually associated with ownership nor effective control over the goods and products sold as well as the amount of revenue and cost incurred or to be incurred can be measured reliably and it is sufficiently probable that the economic benefit associated with the transaction will flow to the Group.

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation. Therefore, depreciation expense is recognized using the straight-line method over the following estimated useful lives:

Buildings	10–50 years
Technical equipment and machines	3–20 years
Other equipment, fixtures and fittings	3–20 years

The Group capitalizes renewal investments and leasehold improvements. Generally, costs resulting in a prolongation of utilization or in an increase in future utilization of assets are capitalized. Current costs of maintenance and repairs are recognized as expense as incurred.

The cost of internally generated assets includes the respective direct costs as well as attributable material and manufacturing overhead costs including depreciation.

Borrowing costs

Direct and indirect borrowing costs that can be allocated to the acquisition, construction or production of a qualifying asset are included in the acquisition or manufacturing costs of the asset and capitalized. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization period should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale have been completed.

All other borrowing costs are recognized as expenses in the period in which they are incurred.

Leases

The Group is predominantly the lessee in lease transactions. As far as the Group substantially bears all the risks and rewards incidental to the ownership of an asset, thereby being considered as beneficial owner ("Finance Lease"), the asset is recognized under non-current assets at fair value or at the present value of the non-cancellable minimum lease payments and a lease liability is accrued in the respective amount. For all remaining lease transactions ("Operating Lease"), the lease-related payments are recognized as expenses over the relevant term of the lease.

Government grants

A government grant is not recognized until there is reasonable assurance that the conditions attached to it will be fulfilled. Grants received from third parties are basically recognized as other operating income. Grants relating to assets are recognized as deferred income. Governments grant are recognized in profit or loss on a systematic basis over the useful life of the respective asset.

Goodwill

Goodwill is not amortized but tested for impairment on an annual basis according to IAS 36. The recoverability evaluation of goodwill is performed at least annually or when there is an indication that a significant impairment may exist.

Goodwill allocation

Goodwill within the Group is monitored for internal management purposes at the level of the operating segments MM Karton and MM Packaging. Therefore the impairment test is carried out at this organizational level. Goodwill is allocated to the segments as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Goodwill MM Karton	4,646	4,887
Goodwill MM Packaging	104,645	72,386
Goodwill Group	109,291	77,273

Any possible impairment will be recorded in the amount by which the book value of the respective operating segment including the respective goodwill assigned to this segment exceeds the so-called recoverable amount. The recoverable amount is defined as the higher of value in use and fair value less cost to sell of the Group's respective cash generating units. For the impairment test, the respective recoverable amount is determined based on the calculation of value in use for each operating segment.

Calculation of value in use

Value in use is determined for the respective operating segment based on the present value of estimated future cash flows (Free Cash Flows) before taxes using the discounted cash flow method (DCF method) under the following underlying assumptions (parameters):

Discount rate	The discount rate represents the weighted average cost of capital (WACC) of the Group before taxes and for the current financial year it equals 9.16 % (2014: 10.34 %) for the segment MM Karton and 11.94 % (2014: 11.15 %) for the segment MM Packaging. Cost of equity is derived from a general risk premium, for which the Group's specific risk premium is taken into consideration by applying the beta factor as well as country-specific risk indicators. The beta factor as well as cost of debt are derived from Peer-Group capital market information.
The detailed forecast period	The detailed forecast period is five years (2014: five years).
Growth rate	The Free Cash Flows after the five year detailed forecast period are considered at a growth rate of 1.5 % p.a. (2014: 1.5 % p.a.).
Gross margin/Cost development	Provided that there is no contrary information, a stable gross margin and fixed cost development is assumed.

If, using this procedure and these underlying assumptions, it is determined that the recoverable amount (value in use) is lower than the respective book value of the cash generating operating segment including the respective goodwill assigned, the difference is recorded as impairment. The Group has effected its annual impairment test as of December 31, 2015 and as of December 31, 2014. Neither in 2015 nor in 2014 an impairment on goodwill was recognized on this basis.

Underlying assumptions sensitivity

Regarding the underlying parameters for calculating the value in use, assumptions were made. From today's perspective, after due deliberation, no significant changes of one or more underlying assumptions used for determining the value in use of both operating segments are expected, which would result in the book value of the respective operating segments including goodwill assigned to this segment exceeding the recoverable amount in the following financial year.

The respective pre-tax discount rate according to which the value in use would equal the book value as of December 31, 2015 is 19.01 % (December 31, 2014: 15.65 %) for the operating segment MM Karton and 20.29 % (December 31, 2014: 17.48 %) for the operating segment MM Packaging.

As of December 31, 2015, the Group's market capitalization amounted to thous. EUR 2,290,000 (December 31, 2014: thous. EUR 1,720,000), and the book value of the equity amounted to thous. EUR 1,144,155 (December 31, 2014: thous. EUR 1,102,168).

Other intangible assets

Acquired intangible assets which are determined to have a finite useful life, including licences, patents, concessions, trademarks, and assets regarding customer relationships, are capitalized at cost and amortized on a straight-line basis over their estimated useful lives ranging from five to ten years. Acquired intangible assets which are determined to have an indefinite useful life are not amortized but tested for impairment on an annual basis.

Research and development costs include all costs related to the targeted search for new knowledge with regard to development and considerable improvement of products, performance, and processes and which are part of the research activities. Research costs are recognized in operating profit as expense as incurred. Development costs are capitalized only when certain criteria of IAS 38.57 could be verified and are met cumulatively. Neither as of December 31, 2015 nor as of December 31, 2014 have development costs been capitalized.

In the course of the implementation of the Kyoto Protocol, Directive 2003/87/EC came into force in the European Union as of January 1, 2005. Based on this Directive, the Group is obliged to redeem specified emission rights for carbon dioxide emissions incurred during cartonboard production. These emission rights have been allocated free of charge to the Group's respective production sites for the period from 2013 to 2020.

As IFRIC 3 "Emission Rights" has been withdrawn by the IASB, there are no definite regulations concerning the accounting treatment of emission rights. Therefore these emission rights are recognized in accordance with IAS 38 "Intangible Assets" as intangible assets in "Prepaid expenses, securities and other current assets", measured at cost amounting to zero, if the rights have been allocated free of charge. If effective carbon dioxide emissions exceed the number of existing emission rights during the reporting period at the balance sheet date, a provision for these missing emission rights in the amount of their market value has to be accounted for. As of December 31, 2015 and 2014, the Group had sufficient emission rights available.

Accordingly, only expenses from the utilization of acquired emission rights and income from the sale of redundant emission rights are recorded in the income statement.

Impairment of non-current assets

A recoverability evaluation of non-current assets is performed as soon as events have occurred or circumstances have changed, indicating that the carrying amount of an asset or a group of assets could exceed its recoverable amount. In such a case, the carrying amount of the asset or the group of assets is compared with the higher of fair value less costs to sell or its present value of estimated future cash flows from use of the asset. In case that the reason for an impairment no longer exists, a reversal has to be conducted.

Financial instruments

Financial instruments consist of financial assets and financial liabilities. Regular purchases and sales of financial instruments are recognized at their transaction date at which the Group is obliged to purchase or sell the financial instrument.

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

The financial assets are classified and measured as follows:

Category	Measurement
At fair value through profit and loss, e.g. derivatives	At fair value through profit and loss
Held-to-maturity investments, e.g. bonds	At amortized cost
Available-for-sale financial assets, e.g. available-for-sale securities	At fair value through other comprehensive income
Loans and receivables, e.g. trade receivables, loans	At amortized costs

Assets measured at their fair value through profit and loss are financial assets held for trading. A financial asset will be classified under this category if it is purchased with the intention to be sold in the short-term. The derivative financial instruments are also included in this category, unless they are used as hedges.

Financial assets are classified as held-to-maturity investments when they feature fixed maturity dates and repayment is not at risk if the Group is able and intends to hold them to maturity.

Available-for-sale financial assets are non-derivative financial instruments that are either classified under this category or not classified under any other of the above mentioned categories. These are basically recognized at fair value through other comprehensive income, unless the market value cannot be reliably determined (see note 5 f).

Loans and receivables are financial assets with fixed and determinable payments that are not quoted in an active market.

Financial assets not classified as “at fair value through profit and loss” are initially measured at their fair value plus transaction costs. Financial assets, classified under this category, are at first measured at their fair value; associated transaction costs are directly recognized in profit and loss. These financial assets are derecognized when all the rights for payment are transferred or expired and the Group has transferred considerable risks and rewards associated with ownership.

Financial assets are assessed, at the end of each reporting period, to determine whether there is an objective evidence of impairment. A financial asset or a group of financial assets should be impaired only as a consequence of one or more events which have occurred after the initial recognition of the assets (“loss event”), if objective evidence of impairment exists and if this loss event (or events) has a reliably measurable impact on the future expected cash flows related to these financial assets or group of financial assets.

Objective events are for example significant financial difficulties of the debtor or issuer, breach of agreement, such as default or past-due event, or disappearance of an active market. In case of equity instruments classified as available-for-sale financial assets a material or continuous fall of their fair value below their acquisition costs is an indicator of impairment.

In the category “Loans and receivables”, credit loss will be measured as a difference between the carrying amount of an asset and the present value of the expected future cash flows (excluding future credit losses that have not been incurred) discounted with the original effective interest rate of the financial asset. The carrying amount of the asset will be reduced and the loss recognized through profit or loss.

If, in a subsequent period, the amount of an impairment loss decreases due to an event occurring after the impairment was initially recognized (for example better rating), the impairment loss is reversed through profit or loss.

If there is objective evidence of impairment of “available-for-sale” instruments, the cumulative loss measured as difference between amortized costs and current fair value less the amount of the previous impairment loss relating to this financial asset will be derecognized from equity and recognized through profit or loss. Once the impairment of available-for-sale equity instruments is recognized through profit and loss, it cannot be reversed through profit or loss anymore. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale financial asset increased due to an event occurring after the impairment was initially recognized, the previously recognized impairment loss is reversed through profit or loss.

Financial liabilities of the Group comprise interest-bearing financial liabilities including finance lease, trade liabilities, other liabilities (except for the 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.

Financial liabilities are classified and measured as follows:

Category	Measurement
At fair value through profit and loss, e.g. derivatives	At fair value through profit and loss
Other financial liabilities, e.g. interest-bearing financial liabilities, trade liabilities	At amortized cost

Financial liabilities measured at fair value through profit and loss are at first recorded at their fair value; transaction costs are directly recognized in profit and loss. Other financial liabilities are recorded at their fair value net of transaction costs. Subsequently, financial liabilities are evaluated in following periods either at amortized costs, using the effective interest method, or at their fair value in profit and loss.

Financial liabilities are derecognized when they are fully settled, which means the contract conditions are discharged, cancelled, or expired.

Securities

The Group classifies its securities either as "Available-for-sale financial assets" or as "Held-to-maturity investments".

Securities which are classified as "Available-for-sale financial assets" are recognized at fair value in reference to an active market. The corresponding unrealized gains and losses are directly recognized as other comprehensive income (expenses) of the consolidated comprehensive income statement, net of deferred income taxes, unless they represent a permanent loss. Realized gains and losses from the sale of securities that are determined using the specific identification method and declines in value classified to be not only temporary are included in "Financial income" or "Financial expenses".

Securities which are classified as "Held-to-maturity investments" are recognized by applying the effective interest rate method at amortized cost. Premiums and accretions of discount of debt securities are allocated over their maturity period and are included in the income statement in the positions "Financial income" or "Financial expenses".

Other financial assets

Other financial assets comprise investments in associated companies and other investments, loans and other financial investments. Other investments are defined under the category "Available-for-sale financial assets", but in general these investments are recognized at amortized cost net of allowances, as no active market exists for these investments and the respective fair values cannot be reliably measured with economically justifiable effort. In case an indication of lower fair value exists, such value is recorded.

Loans are classified under the category "Loans and receivables" measured at amortized cost, whereas non-interest-and low-interest-bearing loans are recognized at present value. All other investments are impaired in case of a permanent reduction in value. In case the reasons for impairment no longer exist, a reversal has to be conducted.

Cash and cash equivalents

Cash and cash equivalents comprise cash, checks, and short-term demand deposits at financial institutions with expiration dates within three months. Cash and cash equivalents denominated in foreign currencies are translated into Euro using the exchange rate at the balance sheet date. For the purpose of the statement of cash flows, the above defined cash and cash equivalents comprise the following:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Fixed deposits	63,751	230,251
Unrestricted bank deposits and cash	191,146	89,765
Other restricted bank deposits	56	70
Cash and cash equivalents	254,953	320,086

Receivables

Receivables are accounted for at amortized cost, i.e. at par value less bonuses, discounts, and allowances, and are classified under the category "Loans and receivables".

Liabilities

Non-current as well as current liabilities, including financial liabilities, are classified under the category "Other financial liabilities" and presented at amortized cost. Thus, current liabilities are as a rule stated at cost, which is the consideration to be paid.

Accruals

Accruals comprise the liabilities for which the exact time or amount is uncertain while being definable to a high degree of certainty. Even if the amount and the exact time are only estimated, the measurement precision is higher than by determination of provisions. Therefore they will be recognized according to their origin as trade liabilities and other current liabilities.

Derivative financial instruments

The Group recognizes derivative financial instruments as financial assets or liabilities measured at their fair value. Hedging relationships established to secure cash flows or fair values related to single underlying transactions reduce the currency risk in the Group.

Current and deferred taxes

Income taxes are recognized in profit and loss, except when they are associated with positions directly recognized in equity or other comprehensive income of the total comprehensive income. In this case, the income taxes are recorded in equity or other comprehensive income of the total comprehensive income as well.

Current tax expense comprises current and deferred taxes and is recognized according to the tax regulations of the countries in which the subsidiaries are active and obtain their taxable income.

Deferred tax assets and liabilities are recognized according to IAS 12 "Income taxes" for all temporary differences between tax and the consolidated balance sheet. Deferred taxes are evaluated using the tax rates which are already in force on the balance sheet date or which have essentially been legally adopted and which are expected to be valid at the time of realization of the deferred tax asset or the settlement of deferred tax liability. Deferred tax assets are recognized only if there is a probability that sufficient taxable profit will be available for utilization of the deductible temporary differences. If losses are incurred in the current or previous period, deferred taxes are only recognized in case of objective evidence of a future taxable result, as for example following an internal reorganization of subsidiaries.

Deferred tax liabilities arising from temporary differences related to investments in subsidiaries and associated companies are recognized unless the Group is able to control the date of reversal and it is probable that these temporary differences will not be reversed in the foreseeable future due to this influence.

Deferred tax assets will be offset with deferred tax liabilities only if the entity has the legal right to settle on a net basis and they are levied by the same taxing authority on the same taxable entity or different taxable entities that intend to realize the asset and settle the liability at the same time.

The effect of tax rate changes on deferred tax assets and liabilities is recognized as income tax expense or in the consolidated comprehensive income statement in the period of a tax rate change. In case of a distribution of retained earnings of certain subsidiaries, an increase of a tax burden can occur under current country-specific tax jurisdictions and existing double-taxation treaties, for which in some cases a deferred tax liability will be formed.

Inventories

Inventories are valued at the lower of acquisition or manufacturing costs and the net realizable value. The net realizable value is based on expected selling prices and takes into consideration remaining costs of completion as well as estimated selling and distribution expenses. In order to determine purchase costs of raw materials, manufacturing and operation supplies as well as goods for resale, a weighted average price method, taking into consideration the sales market, is applied in the cartonboard division. In the packaging division, the purchase costs of raw materials, manufacturing and operation supplies as well as goods for resale are basically recognized using the actual sequence of consumption (specific identification method).

Work in process and finished goods consist of direct costs, such as material and labor costs as well as manufacturing overhead costs. Write-downs for slow moving and obsolete inventories are recognized considering the storage period and sales situation.

Equity

Ordinary shares are classified as equity.

Should the Group acquire treasury shares, they are recognized at their acquisition costs and deducted from shareholders' equity. The purchase, sale, issuance, and cancelation of treasury shares are recognized directly in equity. Any differences between carrying amount and the price paid in case of reissuing shares are recognized as a share premium. The Group cannot exercise voting rights in connection with treasury shares. Furthermore, these shares are not entitled to dividend.

Non-controlling (minority) interests

Non-controlling (minority) interests comprise the interest on equity and total profit for the year attributable to non-group shareholders' investments in subsidiaries of Mayr-Melnhof Karton AG. The non-controlling (minority) interests as of the acquisition date are presented as part of net assets (equity) of the respective entity or businesses and, in the following period, adjusted taking into consideration profit or loss attributable to the shareholders, dividend paid as well as paid-in or paid-out capital.

Employee benefits

Defined benefit pension obligations and other benefits related to severance obligations are valued actuarially in accordance with IAS 19 "Employee benefits" using the projected unit credit method. The present value of defined benefit obligations is calculated based on the years of service, the anticipated development of the employee's compensation as well as the enacted contractual and statutory pension revaluation requirements. The service cost is recognized in personnel cost; the net interest cost for the provisions is recognized in "Other financial result - net". Actuarial gains and losses as well as gains from plan assets, excluding the amounts which are already included in the net interest on net liability, are recognized in other comprehensive income in the statement of comprehensive income in accordance with IAS 19.

Provisions for anniversary bonuses are valued actuarially for non-current obligations against employees related to the number of years of their service based on collective or plant bargaining agreements using the projected unit credit method. Actuarial gains and losses are recognized in the income statement in accordance with IAS 19.

Provisions for pre-retirement programs are accrued upon conclusion of individual contractual agreements as well as for probable pre-retirement agreements in the future, if employees have the right to participate in pre-retirement programs based on plant bargaining agreements or collective agreements. Statutory deposits of securities for covering pre-retirement programs are netted with the provisions for pre-retirement programs, provided that they meet the definition of plan assets.

Other provisions

According to IAS 37, provisions are created only when a legal or constructive obligation to a third party as a result of past event exist, it is probable that it will be settled and the amount of obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the interest effect is considerable, the provision is discounted with a market interest rate.

Provisions for large numbers of similar obligations, e. g. warranties, are measured at a probability-weighted expected value of assets reduction based on this group of obligations. A provision is also recognized under liabilities, if the probability of a claim on assets is negligible within a single obligation included in this group.

4 — KEY ASSUMPTIONS AND ESTIMATES

The consolidated financial statements and notes thereto include the following material items, the determination of whose carrying amounts is highly dependent on the underlying assumptions and estimations:

Useful life of non-current assets

Property, plant and equipment, and acquired intangible assets are stated at acquisition and manufacturing costs and are depreciated/amortized on a straight-line basis over their estimated useful lives. The estimation of useful lives is based on assumptions about wear and tear, aging, technical standards, contract periods, and changes in demand. Changes in these factors may cause a reduction of the useful life of an asset. Hence, the carrying amount would be depreciated/amortized over the remaining shorter useful life, resulting in higher annual depreciation/amortization expenses.

Impairment of non-current assets

Goodwill is tested for impairment annually. Furthermore, a recoverability evaluation of non-current assets is performed whenever events that have occurred or circumstances that have changed indicate that the carrying amount of an asset or a group of assets exceeds its recoverable amount. In the course of these impairment tests, the evaluation of non-current assets is also based on budget assessments of market or company-specific discount rates, expected annual growth rates, and gross margin/costs development. The assumptions involved in these calculations may change and may lead to an impairment loss in future periods.

Realization of deferred tax assets

Deferred taxes are calculated by applying the tax rates which are effective on the balance sheet date or have essentially been legally adopted and which are expected to be valid at the time of realization of a deferred tax asset or the settlement of a deferred tax liability as well as by evaluating the capacity of future taxable income. Potential tax rate changes or a future taxable result which differs from the assumptions may result in the fact that the realization of deferred tax assets becomes improbable and a valuation allowance for the respective assets has to be recorded.

Provisions for pensions, severance payments and anniversary bonuses

The actuarial calculation of pension, severance and anniversary bonuses obligations is based on assumptions about discount rates, salary and pension adjustments, life expectancy, and retirement age. Additionally, the probable employee turnover depending on the years of service is used for assessing of anniversary bonuses. Actual outcomes may be different from these assumptions due to changes in the economic environment and market conditions.

5 — FINANCIAL INSTRUMENTS DISCLOSURES

a — Classification and measurement of financial instruments

Financial instruments comprise financial assets and financial liabilities and are recognized in different categories which determine the respective measurement method and thus also the resulting type of income and expense. Below, the financial instruments are assigned to the respective categories and measurement methods. Afterwards, the carrying amounts included in the balance sheet that correspond to the respective categories are presented. In conclusion, the income and expenses resulting from the different categories are shown.

Financial assets of the Group comprise 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, and derivative financial instruments with a positive balance.

Financial assets are classified and measured as follows:

Category	Measurement
At fair value through profit or loss, e.g. derivatives	At fair value through profit or loss
Held-to-maturity investments, e.g. bonds	At amortized cost
Available-for-sale financial assets, e.g. available-for-sale securities	At fair value through other comprehensive income
Loans and receivables, e.g. trade receivables, loans	At amortized cost

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 liabilities with a negative balance.

Financial liabilities are classified and measured as follows:

Category	Measurement
At fair value through profit or loss, e.g. derivatives	At fair value through profit or loss
Other financial liabilities, e.g. interest-bearing financial liabilities, trade liabilities	At amortized cost

The following table presents in which category the financial assets included in the balance sheet are recognized and by which method these financial instruments are measured:

	Financial assets measured at fair value through profit and loss	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
	At fair value	At amortized cost			
(in thousands of EUR)	Carrying amount at Dec. 31, 2015				
Securities and other financial assets ¹⁾	0	1,699	2,549	1,573	5,821
Trade receivables	0	0	0	339,207	339,207
Other receivables and assets, including derivatives	1,325	0	807	12,044	14,176
Cash and cash equivalents	0	0	0	254,953	254,953
Total	1,325	1,699	3,356	607,777	614,157
	Carrying amount at Dec. 31, 2014				
Securities and other financial assets ¹⁾	0	1,699	4,146	1,835	7,680
Trade receivables	0	0	0	301,162	301,162
Other receivables and assets, including derivatives	1,264	0	0	10,310	11,574
Cash and cash equivalents	0	0	0	320,086	320,086
Total	1,264	1,699	4,146	633,393	640,502

¹⁾ For measurement of "other financial assets" classified as "available-for-sale financial assets" see note 5f.

The following table presents in which category the financial liabilities included in the balance sheet are recognized and by which method these financial instruments are measured:

	Financial liabilities measured at fair value through profit and loss	Other financial liabilities	Total
	At fair value	At amortized cost	
(in thousands of EUR)	Carrying amount at Dec. 31, 2015		
Interest-bearing financial liabilities incl. finance lease	0	293,291	293,291
Trade liabilities	0	186,287	186,287
Share purchase price and option liabilities	0	6,859	6,859
Other liabilities, including derivatives	1,100	10,980	12,080
Total	1,100	497,417	498,517
	Carrying amount at Dec. 31, 2014		
Interest-bearing financial liabilities	0	265,911	265,911
Trade liabilities	0	170,821	170,821
Share purchase price and option liabilities	0	8,885	8,885
Other liabilities, including derivatives	970	9,652	10,622
Total	970	455,269	456,239

The following table presents the types of income and expenses from financial assets assigned to categories and measurement methods:

	Financial assets measured at fair value through profit and loss				Total
	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables		
	At fair value	At amortized cost			
(in thousands of EUR)	Income and expense 2015				
In profit for the year	61	269	52	1,958	2,340
Interests/Dividends received	0	269	52	2,101	2,422
Fair value/Carrying amount changes	61	0	0	(143)	(82)
<i>Thereof impairment</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(143)</i>	<i>(143)</i>
In other comprehensive income	0	0	0	0	0
Change in fair value	0	0	0	0	0
Net profit/loss	61	269	52	1,958	2,340
	Income and expense 2014				
In profit for the year	693	260	64	1,327	2,344
Interests/Dividends received	0	259	64	1,390	1,713
Fair value/Carrying amount changes	693	1	0	(63)	631
<i>Thereof impairment</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(63)</i>	<i>(63)</i>
In other comprehensive income	0	0	0	0	0
Change in fair value	0	0	0	0	0
Net profit/loss	693	260	64	1,327	2,344

The following table presents the types of income and expenses from financial liabilities assigned to categories and measurement methods:

	Financial liabilities measured at fair value through profit and loss		Other financial liabilities	Total
	At fair value	At amortized cost		
(in thousands of EUR)	Income and expense 2015			
In profit for the year	(130)	(8,228)		(8,358)
Interests	0	(6,269)		(6,269)
Fair value/Carrying amount changes	(130)	(1,959)		(2,089)
Net profit/loss	(130)	(8,228)		(8,358)
	Income and expense 2014			
In profit for the year	(12)	(4,547)		(4,559)
Interests	0	(5,206)		(5,206)
Fair value/Carrying amount changes	(12)	659		647
Net profit/loss	(12)	(4,547)		(4,559)

b — Derivatives

The Group applies derivative financial instruments to manage the risks arising from exchange rate and interest rate changes. In this context, the Group uses foreign exchange forward, swap and option contracts in order to mitigate the short-term effects of exchange rate fluctuations.

The most important foreign currencies for which the Group protects itself against the fluctuation effects are British Pound, US Dollar as well as Euro for the companies with functional currencies other than Euro. The changes in fair values of these derivatives are recognized in "Foreign currency exchange rate gains (losses) – net" (see note 27).

By December 31, 2015, the Group had concluded foreign exchange forward and swap contracts with a nominal value of thous. EUR 120,102 (December 31, 2014: thous. EUR 83,836) and a positive market value of thous. EUR 225 (December 31, 2014: positive market value of thous. EUR 294).

The derivative financial instruments are recorded in the consolidated balance sheet under "Prepaid expenses, securities and other current assets" as current assets in the amount of thous. EUR 1,325 (December 31, 2014: thous. EUR 1,264) and under "Deferred income and other current liabilities" as current liabilities in the amount of thous. EUR 1,100 (December 31, 2014: thous. EUR 970).

c — Financial Risk Management

The Group is exposed to various financial risks arising from its operating activities and the structure of its financing. These financial risks include primarily credit risk, liquidity risk, currency risk, and risk of interest rate changes. These risks are limited using centralized risk management which is applied throughout the Group. The identification, analysis, and evaluation of financial risks as well as the decisions concerning the application of financial instruments to manage these risks are carried out by the Group's headquarters.

Credit and default risk

The credit risk represents the risk arising from non-fulfilment of contractual obligations by business partners which may result in losses. The immanent risk of default of business partners resulting from the underlying transaction is widely hedged by credit risk insurance as well as by bank guarantees and letters of credit. The criteria to be applied for credit ratings are based on contractual agreements with credit insurance institutions and are defined by internal guidelines.

The credit and default risks are continuously monitored; existing and identifiable risks are provided for by recording appropriate allowances or provisions. For the assessment of the overall risk, existing insurance coverage, possible guarantees and letters of credit are taken into consideration. Financial instruments which may cause a concentration of financial risks within the Group in certain cases comprise primarily cash and cash equivalents, securities, and trade receivables. Trade receivables derive from a broad and diversified group of customers with different credit ratings. The financial risk arising from customers is monitored by ongoing credit rating assessments. Additionally, the Group concludes credit insurance contracts in order to cover certain potentially non-collectible receivables. Furthermore, the Group forms allowances based on the expected collectability of the total receivables volume. As a result of the broad and diversified customer base and the existing credit insurance contracts, there is no concentrated risk of default. Trade receivables exist only against customers with good and very good creditworthiness; accordingly, the bad debt losses were insignificant in the past.

The Group uses also foreign exchange forward, swap and option contracts. All the respective contract partners are renowned international financial institutions, with which the Group has ongoing business relationships. Therefore, the Group considers the risk of non-fulfilment by a contract partner and the related risk of loss as low.

Theoretical maximum default risk as of the balance sheet date is reflected in particular by the carrying amount of trade receivables as well as securities and other financial assets in the amount of thous. EUR 345,835 (December 31, 2014: thous. EUR 308,842) as presented in the balance sheet.

Money market investments are concluded with banks with ratings in investment grade ranges.

Liquidity risk

The liquidity risk is referred to as the risk of having to raise the required funds at any time in order to settle the amounts payable in due course. Based on well-timed liquidity management, sufficient liquidity of all the Group's subsidiaries is provided for by the availability of adequate cash and cash equivalents as well as credit lines. Consequently, liquidity risk is categorized as low.

The following table shows the financial liabilities arising from interest-bearing financial liabilities including finance lease, trade liabilities and liabilities arising from derivative financial instruments and interests for interest-bearing financial liabilities including finance lease based on the remaining maturity as of the balance sheet date or referred to the contractually agreed maturity.

(in thousands of EUR)	Up to 3 months	3 months up to 1 year	1–2 years	2–5 years	Over 5 years
Balance at Dec. 31, 2015					
Interest-bearing financial liabilities incl. finance lease	2,588	76,858	1,848	41,745	170,252
Trade liabilities	183,609	2,678	0	0	0
Derivative financial instruments	973	127	0	0	0
Interests for interest-bearing financial liabilities incl. finance lease	452	4,127	3,837	10,340	15,296
Balance at Dec. 31, 2014					
Interest-bearing financial liabilities	11,162	98,025	46,637	87	110,000
Trade liabilities	168,334	2,487	0	0	0
Derivative financial instruments	970	0	0	0	0
Interests for interest-bearing financial liabilities	467	3,938	3,249	8,068	16,147

Currency risk

The currency risk represents the risk arising from changes in the value of financial instruments due to exchange rates fluctuations. This risk exists when business transactions are processed in currencies other than the functional (local) currency of the Company. This is particularly the case for business relations to customers and suppliers in the British Pound, the US Dollar and the Euro, from the perspective of companies which do not have the Euro as their functional currency. The respective currency risks are, as far as possible, reduced by matching business transactions in similar currencies and by price adjustment mechanisms in longer-term agreements as well as foreign exchange forward, swap and option contracts.

Provided that currencies related to current and non-current receivables and liabilities as of December 31, 2015 (December 31, 2014) stated below changed by the below-stated percentage ("Volatility"), the profit for the year and hence equity, assuming that all other variables remained constant, would have increased or decreased by the following values.

Currency	Volatility	Impact on profit for the year and equity in thousands of EUR	
		2015	2014
EUR ¹⁾	+/- 5 %	-/+ 127	+/- 121
GBP	+/- 5 %	+/- 38	+/- 13
USD	+/- 5 %	-/+ 93	-/+ 96

¹⁾ From the perspective of companies which do not have the Euro as functional currency.

Interest rate risk

The interest rate risk is referred to as the risk arising from changes in the market interest rates, which can result in value fluctuation of balance sheet items or fluctuation in cash flows. For balance sheet items with fixed interest the risk consists mainly in fluctuations in value (price risk); when the market interest rate changes, the (present) value of financial instruments with fixed interest payments changes as well. Due to these value fluctuations, profit or loss can arise, which are particularly realized when the financial instrument is sold before maturity. For balance sheet items with a variable interest rate, there is mainly the risk of fluctuating cash flows. In case the market interest rate changes, the amount of interest receivable or payable from financial instruments with variable interest payments changes as well. Such changes would alter the ongoing interest payments and therefore also the interest income and expense. As of December 31, 2015, the Group is financed via financial liabilities with variable as well as fixed interest rates and holds almost solely financial assets with variable interest rates. Hence, the Group is essentially only exposed to the interest rate risk arising from variable financing and investments.

If the interest rates as of December 31, 2015 had been higher or lower by ten basis points (i.e. 0.1 %), assuming that all other variables remained constant, the profit for the year would have increased or decreased for the whole year as follows:

	Change in interest rate	Impact on profit for the year and equity in thousands of EUR	
		2015	2014
Financial assets with variable interests	+/- 0.1 %	+/- 64	+/- 230
Financial liabilities with variable interests	+/- 0.1 %	-/+ 177	-/+ 156

Hedge of a net investment

As of December 31, 2015, a liability of thous. EUR 6,859 (December 31, 2014: thous. EUR 5,595) quoted in Malaysian Ringgit existed and was designated as the hedge of a net investment in the Malaysian subsidiary Firgos (Malaysia) SDN BHD. This liability was used to hedge the Group's exposure to foreign exchange risk on this net investment. Gains and losses on the translation of this liability were as of the balance sheet date of 2015 directly transferred to the Group's equity to offset any gains or losses on translation of the net investment in the subsidiary. There was no ineffectiveness regarding this hedge as of December 31, 2015. The hedge relationship ceased as of December 31, 2015.

As of the balance sheet date of the previous year, there was beside the option liability quoted in Malaysian Ringgit, a liability quoted in Vietnamese Dong at thous. EUR 3,290, which was paid in August 2015. This liability was designated to hedge the Group's exposure to foreign exchange risk on the net investments in the Vietnamese subsidiary MM Packaging Vidon Limited Liability Company. There was no ineffectiveness regarding this liability until the repayment date. In the financial year 2014, the effectiveness of the hedge transactions has not been met, which resulted in losses from the translation of these liabilities in an amount of thous. EUR 753 recognized in other financial result – net. As of December 31, 2014, the hedging transaction of liabilities quoted in Malaysian Ringgit and Vietnamese Dong was newly designated to hedge the exchange rate risk of the Group from the net investment in Firgos (Malaysia) SDN BHD as well as in MM Packaging Vidon Limited Liability Company (Vietnam).

d — Capital management

Capital employed includes the equity of the Group and interest-bearing financial liabilities less cash and cash equivalents.

Capital management aims at ensuring an equity to total assets ratio that is appropriate for the long-term economic development of the Group by taking into consideration a continuous dividend policy and capital measures of the shareholders.

Equity and total assets as of December 31, 2015 and December 31, 2014 amounted to:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Total equity	1,144,155	1,102,168
Total assets	1,900,322	1,787,011
Total equity to total assets	60.2 %	61.7 %

The aim of capital management for a total equity to total assets ratio in the range of 50 % to 70 % remains unchanged in comparison to the previous year. The Company fulfills the legal and statutory minimum capital requirements. The Mayr-Melnhof AG is subject to the minimum capital requirements of the Austrian Stock Corporation Act. The articles of association do not stipulate capital requirements.

e — 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:

(in thousands of EUR)	Level 2	
	Dec. 31, 2015	Dec. 31, 2014
Financial assets:		
Derivative financial instruments	1,325	1,264
Financial liabilities:		
Derivative financial instruments	1,100	970

Measurement methods

The Group applies the following hierarchy to determine the measurement method and to identify the fair value of financial instruments, depending on the availability of information about market prices:

Availability of information, sorted by level	Measurement method used
Level 2 – Quoted market prices for identical instruments are not available, but all necessary measurement inputs can be derived from active markets	Measurement based on measurement method using directly or indirectly observable market data

The fair value of foreign exchange rate forward contracts (Level 2 measurement) is determined on the basis of spot prices as of the balance sheet date, taking into account forward premiums or discounts with relevant maturity.

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). There are currently no such financial instruments for which this measurement method would be applicable in the Group.

f — **Measurement at amortized cost**

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

Other financial assets classified as “Available-for-sale financial assets” include as of December 31, 2015, investments in unconsolidated companies in the amount of thous. EUR 1,699 (December 31, 2014: thous. EUR 1,699). There is no active market for these investments. As the related future cash flows cannot be reliably determined, the market value based on valuation models is not measurable. Therefore, the investments in the respective companies are recognized at amortized cost. In general, there is no intention to sell these equity shares. No derecognition or significant valuation results were recorded.

6 — SIGNIFICANT CHANGES IN THE CONSOLIDATED COMPANIES

a — Changes in 2015

Acquisitions

In October 2015, the division MM Packaging acquired 100 % of the shares and voting rights in Alliora SAS (renamed to MMP Premium SAS) as well as its 100 % subsidiary Packetis SAS (renamed to MMP Packetis SAS) in France. The company produces folding cartons for the pharmaceutical industry as well as for luxury and cosmetic products. The aim of this acquisition is to increase the exploitation of these markets.

The acquisition costs for the purchase amount preliminary to thous. EUR 86,123. Thereof thous. EUR 85,488 were paid out as of the closing date and the remaining amount of thous. EUR 635 was recognized as a liability. Contracting parties are obliged to reach a final settlement based on the working capital as well as the net debt of the acquired sites as of the closing date, which can result in a minor purchase price adjustment. Inclusion into the Group and division was effected on October 30, 2015. Preliminary fair values of the acquired assets and liabilities according to IFRS at the acquisition date were presented as follows:

Fair values according to IFRS (preliminary)

(in thousands of EUR)	Oct. 30, 2015
Property, plant and equipment	40,643
Intangible assets	8,139
Deferred tax assets	1,589
Inventories	12,288
Trade receivables	26,913
Prepaid expenses and other current assets	2,693
Cash and cash equivalents	9,404
Interest-bearing financial liabilities	(5,512)
Deferred tax liabilities	(8,390)
Other non-current liabilities	(3,779)
Trade liabilities	(17,959)
Other current liabilities	(13,291)
Goodwill	33,385
Net assets	86,123

Trade receivables comprise gross contractual receivables amounting to thous. EUR 27,852, of which thous. EUR 939 are estimated as presumably irrecoverable, resulting in a fair value of thous. EUR 26,913. In case of tax receivables as well as other receivables the fair value of thous. EUR 1,817 corresponds to the gross amount.

Due to the short-term nature of the receivables, the Group assumes that the future cash flows correspond to the fair value.

The remaining goodwill of thous. EUR 33,385 essentially reflects expected synergies achieved by portfolio expansion, new business and network effects of the acquired sites. Recognized goodwill is not deductible for tax purposes.

Additionally, service contracts were concluded with the seller at arm's length conditions, however these are not part of the acquisition.

The acquisition-related costs of thous. EUR 454 were recorded as expense in the financial year and reported under administrative expenses in the consolidated income statement.

Sales and profit before tax for the time the business belonged to the Group and division in the financial year 2015 amounted to thous. EUR 17,884 and thous. EUR -570. Profit before tax was reduced by a non-recurring effect in amount of thous. EUR 1,557, which results from the valuation of inventory performed in the course of purchase price allocation and was recognized in the months November and December as cost of sales and selling and distribution expenses. If the acquisition had been concluded as of January 1, 2015, MMP Premium SAS and its 100 % subsidiary MMP Packetis SAS could have contributed thous. EUR 122,079 to the Group's sales and thous. EUR 1,251 to the Group's profit before tax.

The purchase price allocation has not been finalized yet due to the acquisition effected close to the balance sheet date, because the valuation and the final settlement with the seller have not been fully completed.

Acquisition of shares

By December 31, 2015, the division MM Packaging acquired additional shares in Al-Ekbal Printing & Packaging Co., Amman, Jordan for thous. EUR 244, so that its interest increased from 84.32 % as of December 31, 2014 to 86.81 %.

By December 31, 2015, the division MM Packaging acquired additional shares of Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran, Iran for thous. EUR 250, so that its interest increased from 96.75 % as of December 31, 2014 to 99.29 %.

Formations

In January 2015, the division MM Karton founded the sales office MM Karton Turkey Ticaret Limited Sirketi, located in Istanbul, Turkey.

Restructurings

In May 2015, MM Graphia Dortmund GmbH, located in Dortmund, Germany, was merged with MM Graphia Bielefeld GmbH, located in Bielefeld, Germany. This merger has no impact on the Group's financial situation and profitability.

Other changes

In August 2015, the division MM Packaging settled the outstanding contingent share purchase price liability related to the acquisition of MM Packaging Vidon Limited Liability Company, Ho Chi Minh City, Vietnam, in the amount of thous. VND 85,929,266 (equivalent to thous. EUR 3,532). The interest in the company remains unchanged at 65.10 %.

At the end of 2015, the division MM Packaging has ceased the production at the Austrian site Gunskirchen and integrated it into the bigger site of Mayr-Melnhof Packaging Austria GmbH in Vienna. The restructuring expenses booked until December 31, 2015 amounted to thous. EUR 3,237.

At the end of 2015, the division MM Packaging ceased the production at the site MM Packaging Malaysia SDN. BHD., Kuala Lumpur, Malaysia, thus the production will be integrated into the Vietnamese site in Ho Chi Minh City. The company continues to exist legally.

b — Changes in 2014

Acquisition (of shares)

In September 2014, the division MM Packaging increased its majority interest in the Malaysian folding carton producer MM Packaging Malaysia SND. BHD., located in Kuala Lumpur, to 100 % for a price of thous. EUR 300. The valuation of the underlying option liability resulted in an expense of thous. EUR 300 in 2014, which was recognized in other financial result – net.

By December 31, 2014, the division MM Packaging had acquired 2.46 % of shares in Al-Ekbal Printing & Packaging Co., Amman, Jordan, at a purchase price of thous. EUR 153, so that the interest increased from 81.86 % as of December 31, 2013 to 84.32 %.

Disposals (of shares)

In September 2014, the interest of the division MM Karton in Syn-Group Unternehmensberatung GmbH, Vienna, was reduced through restructuring from 38 % to approximately 1.2 %. As a consequence, the following deconsolidation resulted in an insignificant disposal of assets and liabilities. The deconsolidation resulted in a gain of thous. EUR 172, of which thous. EUR 169 is attributed to the revaluation of the remaining share. In November 2014, as a further step, the division MM Karton disposed its share in Syn-Group Unternehmensberatung GmbH for the purchase price of thous. EUR 169.

In the financial year 2014, shares in free-com solutions GmbH (former free-com internet services GmbH), Vienna, were disposed at a purchase price of thous. EUR 109. Thus the interest changed from 64.33 % as of December 31, 2013 to 51 %. The inclusion into the Group remains unchanged.

Restructurings

In May 2014, Mayr-Melnhof Holdings B.V, Eerbeek, Netherlands, was merged with Mayr-Melnhof Packaging International GmbH, Vienna, and Mayr-Melnhof Holdings 2 B.V, Eerbeek, Netherlands, was merged with Mayr-Melnhof Cartonboard International GmbH, Vienna.

In October 2014, Ernst Schausberger & Co Gesellschaft m.b.H., Gunskirchen was merged with Mayr-Melnhof Packaging Austria GmbH, Vienna.

The mentioned restructurings have no impact on the asset, financial and profit position of the Group.

Other changes

In July 2014, the division MM Karton settled the outstanding contingent consideration related to MM Karton FollaCell AS, Verran, Norway, acquired in July 2013, in the amount of thous. NOK 10,000 by a payment of the same amount (equivalent to thous. EUR 1,195).

In August 2014, the division MM Packaging provided a payment of the fixed amount for the remaining share of 25 % in the German folding carton producer C.P. Schmidt Verpackungs-Werk GmbH & Co. KG (renamed to C.P. Schmidt GmbH) as well as in C.P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, both located in Kaiserslautern, Germany. The purchase price consists of a fixed amount of thous. EUR 12,875 as well as an amount of thous. EUR 1,146 depending on the result of 2014. This resulted in an expense in an amount of thous. EUR 928, which was recognized in the position other financial result – net.

In October 2013, the division MM Packaging acquired the Colombian folding carton producer Gráficas Los Andes S.A.S., located in Santiago de Cali, in form of an asset deal which included a contingent consideration with maturity in 2015. In 2014, the purchaser and the seller reached an agreement on the premature settlement of the outstanding liability. This resulted in a gain of thous. EUR 3,579 recognized in other financial result – net.

In 2014, the companies MM Graphia GmbH, Bielefeld, Germany, and MM Guang Zhou Yue Ran Paper Co. Ltd., Guangzhou, China, were included into the Group for the first time by commencement of their business activities.

c — Transactions with non-controlling (minority) interests

Effects of the transactions with non-controlling (minority) interests on the equity attributable to shareholders of the Company

(in thousands of EUR)	2015	2014
Changes in the equity of the owner's company resulting from:		
acquisition of additional interests in subsidiaries	(227)	(252)
disposal of interests in subsidiaries without loss of control	0	(87)
Net effect on the equity of the owner's company	(227)	(339)

Because of the insignificant effect of the transactions with non-controlling (minority) interests on the equity attributable to shareholders of the Company, these were cumulatively reported.

7 — DEVELOPMENT OF FIXED ASSETS

a — Property, plant and equipment

Development of property, plant and equipment 2015

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Construction in progress	Property, plant and equipment
ACQUISITION OR MANUFACTURING COSTS:					
Balance at Jan. 1, 2015	487,989	1,412,218	151,857	53,075	2,105,139
Effect of exchange rate changes	(4,859)	(11,098)	(1,093)	(464)	(17,514)
Changes in consolidated companies	15,589	23,167	910	977	40,643
Additions	8,304	31,984	10,308	74,738	125,334
Disposals	(6,820)	(25,202)	(6,828)	0	(38,850)
Reclassifications	22,744	67,006	2,387	(95,151)	(3,014)
Balance at Dec. 31, 2015	522,947	1,498,075	157,541	33,175	2,211,738
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2015	230,778	1,064,106	112,610	(79)	1,407,415
Effect of exchange rate changes	(981)	(5,160)	(652)	0	(6,793)
Changes in consolidated companies	0	0	0	0	0
Disposals	(5,861)	(23,306)	(6,400)	0	(35,567)
Depreciation/amortization expense for the year	13,042	63,971	11,588	0	88,601
Impairment	624	0	0	0	624
Reclassifications	(7)	(2,154)	(21)	0	(2,182)
Balance at Dec. 31, 2015	237,595	1,097,457	117,125	(79)	1,452,098
NET BOOK VALUE:					
Net book value at Dec. 31, 2015	285,352	400,618	40,416	33,254	759,640
Net book value at Dec. 31, 2014	257,211	348,112	39,247	53,154	697,724

Development of property, plant and equipment 2014

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Construction in progress	Property, plant and equipment
ACQUISITION OR MANUFACTURING COSTS:					
Balance at Jan. 1, 2014	477,879	1,402,262	138,200	39,191	2,057,532
Effect of exchange rate changes	(9,602)	(14,560)	(2,838)	(75)	(27,075)
Changes in consolidated companies	0	0	(593)	0	(593)
Additions	7,604	30,621	10,175	89,941	138,341
Disposals	(400)	(45,318)	(10,301)	(303)	(56,322)
Reclassifications	12,508	39,213	17,214	(75,679)	(6,744)
Balance at Dec. 31, 2014	487,989	1,412,218	151,857	53,075	2,105,139
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2014	218,916	1,076,356	98,441	(82)	1,393,631
Effect of exchange rate changes	(2,278)	(7,940)	(1,964)	3	(12,179)
Changes in consolidated companies	0	0	(372)	0	(372)
Disposals	(356)	(44,904)	(9,971)	0	(55,231)
Depreciation/amortization expense for the year	13,644	60,668	11,757	0	86,069
Impairment	547	158	53	0	758
Reclassifications	305	(20,232)	14,666	0	(5,261)
Balance at Dec. 31, 2014	230,778	1,064,106	112,610	(79)	1,407,415
NET BOOK VALUE:					
Net book value at Dec. 31, 2014	257,211	348,112	39,247	53,154	697,724
Net book value at Dec. 31, 2013	258,963	325,906	39,759	39,273	663,901

b — Intangible assets including goodwill

Development of intangible assets including goodwill 2015

(in thousands of EUR)	Concessions, licenses and similar rights	Goodwill	Other intangible assets	Intangible assets including goodwill
ACQUISITION OR MANUFACTURING COSTS:				
Balance at Jan. 1, 2015	52,698	86,321	24,977	163,996
Effect of exchange rate changes	(83)	(1,367)	(1,197)	(2,647)
Changes in consolidated companies	92	33,385	8,047	41,524
Additions	3,573	0	0	3,573
Disposals	(953)	0	0	(953)
Reclassifications	614	0	0	614
Balance at Dec. 31, 2015	55,941	118,339	31,827	206,107
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance at Jan. 1, 2015	45,691	9,048	11,560	66,299
Effect of exchange rate changes	(51)	0	(904)	(955)
Changes in consolidated companies	0	0	0	0
Disposals	(952)	0	0	(952)
Amortization expense for the year	3,554	0	2,537	6,091
Impairment	0	0	4,236	4,236
Reclassifications	0	0	0	0
Balance at Dec. 31, 2015	48,242	9,048	17,429	74,719
NET BOOK VALUE:				
Net book value at Dec. 31, 2015	7,699	109,291	14,398	131,388
Net book value at Dec. 31, 2014	7,007	77,273	13,417	97,697

Development of intangible assets including goodwill 2014

(in thousands of EUR)	Concessions, licenses and similar rights	Goodwill	Other intangible assets	Intangible assets including goodwill
ACQUISITION OR MANUFACTURING COSTS:				
Balance at Jan. 1, 2014	49,944	86,406	25,026	161,376
Effect of exchange rate changes	(51)	(85)	(49)	(185)
Changes in consolidated companies	(66)	0	0	(66)
Additions	3,063	0	0	3,063
Disposals	(774)	0	0	(774)
Reclassifications	582	0	0	582
Balance at Dec. 31, 2014	52,698	86,321	24,977	163,996
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance at Jan. 1, 2014	43,429	9,049	7,569	60,047
Effect of exchange rate changes	(41)	(1)	(10)	(52)
Changes in consolidated companies	(58)	0	0	(58)
Disposals	(760)	0	0	(760)
Amortization expense for the year	3,117	0	2,532	5,649
Impairment	0	0	1,469	1,469
Reclassifications	4	0	0	4
Balance at Dec. 31, 2014	45,691	9,048	11,560	66,299
NET BOOK VALUE:				
Net book value at Dec. 31, 2014	7,007	77,273	13,417	97,697
Net book value at Dec. 31, 2013	6,515	77,357	17,457	101,329

In the financial year 2015, the depreciation and amortization expense recorded on “Property, plant and equipment” and “Intangible assets including goodwill” amounted to thous. EUR 94,692 (2014: thous. EUR 91,718). The amortization of the position “Intangible assets” is recorded mainly on assets related to customer relationships, which is included in selling and distribution expenses.

There was no pledge right implied on the Group’s property to secure the liabilities.

In the financial year 2015, other intangible assets and property, plant and equipment were impaired in an amount of thous. EUR 4,860 (2014: thous. EUR 2,227). The impairment is in particular related to the production locations MM Packaging Vidon Limited Liability Company in Vietnam and MM Packaging Colombia S.A.S in Columbia, resulting from a decrease in sales with individual customers. The impairment is primarily recognized under selling and distribution expenses of the division MM Packaging.

The impairment in the previous year was, on the one hand, related to the business activities of MM Packaging in Tunisia, particularly as a result of the shutdown of a small operating part of TEC MMP SARL, and, on the other hand, to the production location R + S Stanzformen GmbH in Germany, which resulted in particular from the competition situation in production of die cutting forms. This impairment was recognized under cost of goods sold of the division MM Packaging.

8 — SECURITIES AND OTHER FINANCIAL ASSETS

The carrying amounts of securities and other financial assets consist of:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Long-term securities	2,549	4,146
Other investments	1,699	1,699
Liability insurance not pledged to beneficiaries	1,573	1,835
Securities and other financial assets	5,821	7,680

The short-term and long-term securities of the Group comprise debt securities and other fixed-interest bearing securities with a book value of thous. EUR 3,356 (December 31, 2014: thous. EUR 4,146).

9 — INCOME TAXES

a — Deferred taxes recognized in the balance sheet

Deferred taxes due to temporary differences and tax loss carryforwards recognized in the balance sheet as of the balance sheet dates are as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	3,869	3,453
Property, plant and equipment	5,357	5,566
Inventories	5,709	4,520
Defined benefit plans and other liabilities and charges	20,269	19,519
Loans receivable, investments and financial assets	2,043	2,505
Loss carryforwards	18,256	12,620
Other	4,052	1,677
Gross deferred tax assets	59,555	49,860
Unrecognized deferred tax assets	(10,968)	(15,803)
Net deferred tax assets	48,587	34,057
Offset	(17,339)	(10,818)
Deferred tax assets in the balance sheet	31,248	23,239
Intangible assets	(6,377)	(4,354)
Property, plant and equipment	(14,811)	(7,097)
Inventories	(847)	(580)
Defined benefit plans and other liabilities and charges	(1,713)	(2,137)
Loans receivable, investments and financial assets	(4,133)	(4,824)
Other	(9,113)	(4,162)
Net deferred tax liabilities	(36,994)	(23,154)
Offset	17,339	10,818
Deferred tax liabilities in the balance sheet	(19,655)	(12,336)

The unrecognized deferred tax assets in the amount of thous. EUR 10,968 (December 31, 2014: thous. EUR 15,803) comprises thous. EUR 10,301 (December 31, 2014: thous. EUR 7,720) of unrecognized loss carryforwards.

The following table shows the expected realization of deferred tax assets and liabilities:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets, realized within 12 months	10,201	7,039
Deferred tax assets, realized after 12 months	38,386	27,018
Deferred tax assets	48,587	34,057
Deferred tax liabilities, realized within 12 months	(7,188)	(5,282)
Deferred tax liabilities, realized after 12 months	(29,806)	(17,872)
Deferred tax liabilities	(36,994)	(23,154)

Deferred tax liabilities which result from the difference between the tax carrying amount of investments in subsidiaries and the pro-rata equity (Outside-Basis-Differences) were not recognized for certain subsidiaries, as a distribution of these retained earnings is not intended due to reinvestment of the respective profits or because they will remain tax-free in the foreseeable future. These retained earnings amounted to thous. EUR 872,258 at December 31, 2015 (December 31, 2014: thous. EUR 745,095). For retained earnings which are provided for distribution the valuation of deferred tax liabilities was adjusted according to the applicable capital gains and withholding taxes on profit distribution.

b — Tax loss carryforwards

An overview of the Group's tax loss carryforwards as of the respective balance sheet dates is as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Loss carryforwards with expiration	4,327	7,565
Loss carryforwards without expiration	68,253	43,143
Loss carryforwards	72,580	50,708
(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Recognized loss carryforwards	31,262	20,347
Unrecognized loss carryforwards	41,318	30,361
Loss carryforwards	72,580	50,708

The time-limited loss carryforwards expire between 2017 and 2024, unless they are utilized in the meantime.

The assessment of the recognition of loss carryforwards led to the result that for thous. EUR 31,262 (December 31, 2014: thous. EUR 20,347), deferred tax assets amounting to thous. EUR 7,955 (December 31, 2014: thous. EUR 4,900) were recognized. For the remaining amount of thous. EUR 41,318 (December 31, 2014: thous. EUR 30,361), deferred tax assets amounting to thous. EUR 10,301 (December 31, 2014: thous. EUR 7,720) were not recorded in the balance sheet. The expiry dates of this unrecognized loss carryforwards are as follows:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
1 year	0	0
2 years	113	0
3 years	82	0
4 years	111	34
5 years	0	74
More than 5 years	98	0
No expiration	40,914	30,253
Unrecognized loss carryforwards	41,318	30,361

c — “Income tax expense” recognized in the income statement

The position “Income tax expense” is comprised as follows:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Current taxes:		
Current period	53,445	45,047
Due to utilization of previously unrecognized loss carryforwards	(1,056)	(104)
Prior periods	(596)	(1,265)
Deferred taxes:		
Due to temporary differences	507	(1,700)
Due to tax loss carryforwards of the current period	(604)	(653)
Due to utilization of recognized loss carryforwards	562	121
Due to tax loss carryforwards of previous periods	(1,684)	(1,534)
Due to change of allowances	(2,368)	(511)
Due to tax rate changes	270	40
Income tax expense	48,476	39,441

d — Tax effects on “Other comprehensive income”

The amount of income taxes recognized in other comprehensive income is based on actuarial gains from defined benefit plans booked in 2015 in an amount of thous. EUR 4,515 (2014: losses amount of thous. EUR 23,241). Taking into consideration the recognition of previously adjusted deferred tax assets, a positive amount of thous. EUR 4,165 (2014: thous. EUR 2,725) was recognized for the financial year 2015. Therefore, actuarial gains from defined benefit plans after tax amounted to thous. EUR 8,680 (2014: losses thous. EUR 20,516).

e — Group tax rate

Reconciliation from the applicable tax rate which results from the geographical allocation of income and the current nominal tax rates of the respective tax jurisdictions to the effective tax rate, which burdens the profit before tax, is as follows:

(in %)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Applicable tax rate	25.18 %	23.36 %
Non-deductible expenses and tax-free income	(1.57 %)	(1.56 %)
Tax effect from unrecognized loss carryforwards of the financial year	1.92 %	0.64 %
Tax effect from the recognition of loss carryforwards of previous years	(0.88 %)	(0.88 %)
Tax effect from utilization of unrecognized loss carryforwards	(0.55 %)	(0.06 %)
Tax effect from change of deferred tax assets allowances	(1.25 %)	0.91 %
Tax effect from capital gains and withholding tax	0.12 %	1.68 %
Tax effect from tax rate changes	0.14 %	0.02 %
Tax effect from previous years	2.38 %	(1.05 %)
Other effects	(0.06 %)	0.00 %
Effective tax rate	25.43 %	23.06 %

10 — INVENTORIES

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Raw materials, manufacturing and operating supplies	170,203	157,884
Work in process	24,632	23,188
Finished goods and goods for resale	148,597	121,853
Total	343,432	302,925
Write-downs	(23,012)	(19,904)
Inventories – net	320,420	283,021

As of December 31, 2015 and December 31, 2014, the write-downs recorded on inventories were mostly caused by time-based discounts on operating supplies for technical equipment and machines.

In financial year 2015, write-downs of inventories recognized as an expense amounted to thous. EUR 7,788 (2014: thous. EUR 7,850), the reversal of write-downs as a result of changes in prices of inventories recognized as income amounted to thous. EUR 460 (2014: thous. EUR 637) both under cost of goods sold. The carrying amount of inventories carried at net realizable value amounted to thous. EUR 28,083 (2014: thous. EUR 35,484).

Cost of materials and purchased services can be broken down as follows:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Cost of materials	1,234,831	1,170,019
Cost of purchased services	24,780	21,958
Total	1,259,611	1,191,977

11 — TRADE RECEIVABLES

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Trade receivables	341,179	302,123
Allowances	(1,972)	(961)
Trade receivables – net	339,207	301,162

At December 31, 2015, the aging of trade receivables overdue but not impaired is as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
up to 30 days overdue	6,176	10,301
31–60 days overdue	1,340	3,163
61–365 days overdue	1,802	2,124
more than 365 days overdue	133	74
Total of trade receivables overdue but not impaired	9,451	15,662

For an explanation of the criteria which were considered for the determination of the allowances please refer to the remarks on credit and default risk (note 5).

Allowances for trade receivables developed as follows:

(in thousands of EUR)	2015	2014
Allowances at the beginning of the year	961	1,143
Effect of exchange rate changes	7	10
Changes in consolidated companies	938	0
Utilization	(77)	(255)
Reversal	(386)	(176)
Increase	529	239
Allowances at the end of the year	1,972	961

12 — PREPAID EXPENSES, SECURITIES AND OTHER CURRENT ASSETS

Prepaid expenses, securities and other current assets are as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Value-added tax receivables	18,402	19,798
Other tax receivables	6,568	5,967
Payments on account	1,394	2,394
Other receivables and other assets	14,377	11,604
Prepaid expenses	5,893	5,655
Prepaid expenses, securities and other current assets	46,634	45,418

13 — EQUITY

a — Share capital/additional paid-in capital

The share capital of the Company amounts to thous. EUR 80,000 and comprises 20,000,000 approved and issued no-par value shares.

Additional paid-in capital derives from the share premium raised at the capital increase in the course of the initial public offer in 1994 and the cancelation of treasury shares less the increase of share capital by conversion of additional paid-in capital in 2008 and 2010, representing the amount of the tied capital reserve.

b — Retained earnings/dividend

Retained earnings comprise accumulated results from prior years.

Due to the change of majority interests, a residual amount of thous. EUR 227 was recognized directly in equity in the financial year 2015, which decreased the retained earnings (2014: thous. EUR 373).

Under Austrian Corporate Law, the amount of dividend available for distribution to shareholders is based on the unappropriated retained earnings of Mayr-Melnhof Karton AG, determined in accordance with the Austrian Commercial Code. At December 31, 2015, the distributable unappropriated retained earnings amounted to thous. EUR 28,000 (December 31, 2014: thous. EUR 60,000).

Extract from the individual financial statements of Mayr-Melnhof Karton AG

(in thousands of EUR)	2015	2014
Unappropriated retained earnings at Jan. 1	60,000	100,000
Net profit of the Company for the year ended Dec. 31	86,821	44,586
Changes in reserves	(34,821)	11,414
Dividend ¹⁾	(84,000)	(96,000)
Unappropriated retained earnings at Dec. 31	28,000	60,000

¹⁾ incl. interim dividend 2015 of thous. EUR 32,000

For the year ended December 31, 2015, the Management Board of the Company has proposed a dividend of EUR 1.20 (2014: EUR 2.60) per voting share as of the balance sheet date, amounting to thous. EUR 24,000 (December 31, 2014: thous. EUR 52,000). In addition to the interim dividend of EUR 1.60 per share, in total thous. EUR 32,000 as of the balance sheet date, already paid out in November 2015, this results in a total dividend of thous. EUR 56,000, equivalent to EUR 2.80 per share, for the financial year 2015.

c — Non-controlling (minority) interests

The summarized information about the subsidiaries in which the Group holds non-controlling (minority) interests is stated below. The disclosures correspond to the amounts before intra-group eliminations. Further information about these subsidiaries can be found in note 32.

(in thousands EUR)	Dec. 31, 2015		Dec. 31, 2014	
	MM Karton	MM Packaging	MM Karton	MM Packaging
Non-current assets	5,336	44,880	6,312	44,090
Current assets	9,188	29,976	9,975	28,692
Non-current liabilities	877	17,265	1,644	19,725
Current liabilities	7,646	9,471	4,830	6,889
Net assets	6,001	48,120	9,813	46,168
Carrying amount of the non-controlling (minority) interests	1,741	6,864	3,330	7,251
	Year ended Dec. 31, 2015		Year ended Dec. 31, 2014	
Sales	38,034	47,864	35,912	55,064
Profit for the year	2,667	3,174	1,799	4,907
Thereof attributable to non-controlling (minority) interests	1,064	(470)	632	90
Total comprehensive income	1,837	5,408	2,228	4,377
Thereof attributable to non-controlling (minority) interests	746	131	770	581
Dividend paid to non-controlling (minority) interests	2,335	251	775	384
Net change in cash and cash equivalents	2,016	3,942	586	(7,524)

d — Other comprehensive income of the consolidated comprehensive income statement

Other reserves comprise certain changes directly recognized in equity. These are in particular differences arising from foreign currency translation as well as actuarial gains and losses arising from the defined benefit pension and severance obligations, the latter after considering deferred income taxes.

In 2015, profit and loss recognized in other comprehensive income consisted of foreign currency translations with a negative amount of thous. EUR 21,757 (2014: negative amount of thous. EUR 23,509) as well as actuarial gains in the amount of thous. EUR 4,515 (2014: losses of thous. EUR 23,241). Taking into consideration the recognition of previously adjusted deferred tax assets, a positive amount of thous. EUR 4,165 (2014: thous. EUR 2,725) was recognized for the financial year 2015.

14 — FINANCIAL LIABILITIES

a — Interest-bearing financial liabilities

At December 31, 2015, the Group had current interest-bearing loan facilities available in the amount of thous. EUR 22,578 (December 31, 2014: thous. EUR 36,419), of which thous. EUR 6,270 (December 31, 2014: thous. EUR 4,538) were used as of the balance sheet date. At December 31, 2015, the weighted average interest rate of these current credit lines, used by subsidiaries outside the Euro participating countries, was 7.348 % (December 31, 2014: 7.174 %). These credit line facilities are subject to normal banking terms and conditions.

At December 31, 2015 and December 31, 2014, interest-bearing financial liabilities comprised liabilities against banks and insurance companies. A summary of these financial liabilities at current interest rates is as follows:

(in thousands of EUR)	Dec. 31, 2015
0.790 % EUR loan(s) due 2016	69,450
1.459 % EUR loan(s) due 2018	20,000
0.958 % EUR loan(s) due 2019	20,000
0.958 % EUR loan(s) due 2022	20,000
1.912 % EUR loan(s) due 2024	80,000
0.958 % EUR loan(s) due 2025	20,000
2.670 % EUR loan(s) due 2026	50,000
7.223 % COP loan(s) due 2016-2017	1,228
5.750 % MYR loan(s) due 2016	639
5.395 % Other	229
Used credit lines	6,270
Interest-bearing financial liabilities	287,816
Thereof current interest-bearing financial liabilities	77,743
Thereof non-current interest-bearing financial liabilities	210,073

(in thousands of EUR)	Dec. 31, 2014
1.071 % EUR loan(s) due 2015	102,723
1.411 % EUR loan(s) due 2016	44,000
2.230 % EUR loan(s) due 2024	60,000
2.670 % EUR loan(s) due 2026	50,000
8.895 % COP loan(s) due 2015-2017	2,758
5.750 % MYR loan(s) due 2015-2016	1,412
5.396 % Other	480
Used credit lines	4,538
Interest-bearing financial liabilities	265,911
Thereof current interest-bearing financial liabilities	109,187
Thereof non-current interest-bearing financial liabilities	156,724

At December 31, 2015, the weighted average interest rate for these financial liabilities was 1.695 % (December 31, 2014: 1.907 %).

Of the interest-bearing financial liabilities, loans in the amount of thous. EUR 110,868 (December 31, 2014: thous. EUR 111,412) are subject to a fixed interest rate.

No collateral was provided in order to secure the financial liabilities described above. At December 31, 2015, the Group had unused credit lines available in the amount of thous. EUR 390,000 (December 31, 2014: thous. EUR 430,000).

As of December 31, 2015, the short-term revolving credits in an amount of thous. EUR 45,450 (December 31, 2014: thous. EUR 44,350) are included in the interest-bearing financial liabilities.

b — Finance lease liabilities

At the balance sheet dates, the future minimum lease payments under finance non-cancellable lease obligations, due on December 31 of the following years, were as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
2016 (2015)	1,859	0
2017 (2016)	1,866	0
2018 (2017)	809	0
2019 (2018)	510	0
2020 (2019)	501	0
Thereafter	254	0
Total future minimum lease payments	5,799	0
Less amount representing interest	324	0
Present value of minimum lease payments	5,475	0
There of current finance lease liabilities	1,703	0
There of non-current finance lease liabilities	3,772	0

At December 31, 2015, the Group had capitalized assets from finance lease agreements with the following book values: land and buildings thous. EUR 3,340 as well as technical equipment and machines thous. EUR 4,546. These tangible assets and the above mentioned finance lease liabilities were almost entirely taken over in the course of the acquisition of a French folding carton group (see note 6).

c — Operating lease

At the balance sheet dates, the future minimum lease payments under operating non-cancellable lease obligations, due on December 31 of the following years, were as follows:

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
2016 (2015)	10,276	9,749
2017 (2016)	9,276	9,075
2018 (2017)	8,980	8,730
2019 (2018)	8,656	8,589
2020 (2019)	8,612	8,534
Thereafter	25,286	21,492
Total future minimum lease payments	71,086	66,169

The Group especially rents and leases buildings, land, warehouses, offices, and other facilities. In the financial year 2015, the expenses relating to operating lease agreements amounted to thous. EUR 11,147 (2014: thous. EUR 11,553), thereof thous. EUR 2,906 (2014: thous. EUR 3,072) are attributable to contingent lease and rental payments.

15 — PROVISIONS FOR NON-CURRENT LIABILITIES AND CHARGES

a — Development of provisions for non-current liabilities and charges

In 2015, the provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Pre-retirement programs	Other	Total
Balance at Jan. 1, 2015	83,065	28,912	7,663	1,144	427	121,211
Effect of exchange rate changes	773	(102)	0	0	0	671
Changes in consolidated companies	0	3,700	79	0	0	3,779
Utilization	(4,200)	(4,510)	(930)	(437)	0	(10,077)
Reversal	0	0	(112)	0	0	(112)
Increase	3,485	2,641	2,275	609	1	9,011
IAS 19 remeasurements through other comprehensive income	(4,386)	(150)	0	0	0	(4,536)
Benefit payments from and contributions to plan assets	(1,853)	0	0	0	0	(1,853)
Balance at Dec. 31, 2015	76,884	30,491	8,975	1,316	428	118,094

In 2014, the provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Pre-retirement programs	Other	Total
Balance at Jan. 1, 2014	65,399	24,374	7,422	1,236	636	99,067
Effect of exchange rate changes	747	51	0	0	0	798
Changes in consolidated companies	0	(123)	0	0	0	(123)
Utilization	(3,899)	(2,639)	(585)	(515)	0	(7,638)
Reversal	0	0	(22)	(9)	0	(31)
Increase	3,678	2,150	848	432	1	7,109
Reclassification	0	788	0	0	(210)	578
IAS 19 remeasurements through other comprehensive income	18,930	4,311	0	0	0	23,241
Benefit payments from and contributions to plan assets	(1,790)	0	0	0	0	(1,790)
Balance at Dec. 31, 2014	83,065	28,912	7,663	1,144	427	121,211

As of December 31, 2015, securities with an estimated fair value of thous. EUR 1,557 (December 31, 2014: thous. EUR 1,591) had been provided as security for provisions for pre-retirement programs within the scope of the respective legal commitments. At December 31, 2015 and 2014, those securities were deducted from the underlying obligations.

The position "Other" includes in particular the part of provisions for benefits due to the termination of employment which will become due after one year.

b — Provisions for pensions and severance payments

The majority of the Group's employees are covered by government-sponsored pension and welfare programs, whereas the Group makes periodic payments to various government agencies, which are expensed as incurred. In addition, the Group provides certain employees with additional retirement benefits through the sponsorship of defined contribution plans and defined benefit plans. The benefits provided by the Group depend on the legal, fiscal, and economic circumstances of each particular country and are primarily based on the length of service and the employee's compensation.

Under the defined contribution plans, the Group makes fixed payments to external pension funds. Once the contributions are made, the Group does not have any further payment obligations towards the employees. These periodical contribution payments are recognized as part of the annual pension and severance costs and amounted to thous. EUR 4,728 in financial year 2015 (2014: thous. EUR 4,045).

Defined benefit obligations in the Group consist of pensions and severances. These obligations exist in several countries where the Group has employees, particularly in Germany, Austria, and Great Britain.

The pension obligations cover the arrangement of a pension program for active employees and, after fulfillment of the vesting period, for former employees, including their surviving dependants. Essentially, these are managers and also employees for whom a corresponding commitment originating from a time before the acquisition of such subsidiary was assumed by the Group. Therefore, obligations exist both towards employees in existing employment relationships and also towards employees who have left or retired.

Expected payments under the pension plan may depend on the salary received by the employee in the last year of service or on the average of several years and, as a rule, are based on the length of service. Pension benefits are granted as a non-recurring payment or as monthly retirement payments. In case of retirement payments, the Group bears to the full extent the risk of longevity and inflation due to pension adjustments.

The Group operates a defined benefit pension plan in Great Britain which is governed by a board of trustees composed of representatives of the Company and plan participants. Responsibility for investment decisions and contribution schedules lies jointly with the Company and the board of trustees.

Obligations from severance of employees cover legal and contractual claims for non-recurring severance payments made by the Group to employees, which result from certain causes, such as termination, dissolution of an employment relationship by mutual agreement, retirement, or death of the employee. These payments significantly depend on the number of years of service and the cause of termination.

Defined benefit pension and other benefit plans are measured and recognized applying the internationally common projected unit credit method according to IAS 19. Under this method, the actuarial calculation of future obligations is based on the proportionate obligations as of the balance sheet date. The valuation was conducted based on assumptions and assessments as of the balance sheet date. Significant influencing factors were discount interest rate, estimated life expectancy, expected salary growth rate, expected pension growth rate as well as retirement age.

Actuarial gains and losses which result from changes in the number of plan participants and from differences between actual trends and estimates that are the basis for calculation are recognized in other comprehensive income in the consolidated comprehensive income statement according to IAS 19.

The calculation of pension and other benefit obligations is based on the following actuarial assumptions:

(in %)	Dec. 31, 2015		Dec. 31, 2014	
	Pensions	Severance	Pensions	Severance
Discount rate	2.6 %	2.6 %	2.4 %	2.4 %
Salary growth rate	2.5 %	2.8 %	2.5 %	2.9 %
Pension growth rate	2.3 %	-	2.3 %	-

Valuation of life expectancy was performed based on local mortality tables. These are in particular for Austria: AVÖ 2008-P "Angestellte" or "Gemischt" (Pagler & Pagler), for Germany: Richttafeln 2005 G (Prof. Dr. Klaus Heubeck), for Great Britain: Post Retirement and Pre Retirement: S2PA CMI_2014_M/F [1.25 %] (yob). As a rule, the retirement age corresponds to the respective country-specific legal regulations.

The following expenses were recorded for defined benefit pension and severance commitments:

(in thousands of EUR)	2015		2014	
	Pensions	Severance	Pensions	Severance
Service cost	1,547	1,628	1,300	1,308
Net interest on the net defined benefit liability	1,786	694	2,180	834
Past service costs	0	319	0	10
Effects due to plan changes	0	0	0	(2)
Administration costs	152	0	198	0
Net periodic benefit cost	3,485	2,641	3,678	2,150

The defined benefit obligation and plan assets developed as follows:

(in thousands of EUR)	2015		2014	
	Pensions	Severance	Pensions	Severance
Defined benefit obligation at the beginning of the year	124,256	28,912	102,483	24,374
Effect of exchange rate changes	2,206	(102)	2,261	51
Changes in consolidated companies	0	4,008	0	(123)
Service cost	1,547	1,628	1,300	1,308
Interest cost	3,059	695	3,698	834
Past service costs	0	319	0	10
Remeasurements	(4,951)	(151)	18,413	4,311
<i>Thereof (gains)/losses from change in demographic assumptions (e.g. life expectancy, retirement age)</i>	<i>(72)</i>	<i>1</i>	<i>(127)</i>	<i>(9)</i>
<i>Thereof (gains)/losses from change in financial assumptions (e.g. discount rate, salary growth rate, pension growth rate)</i>	<i>(4,206)</i>	<i>(740)</i>	<i>18,137</i>	<i>3,679</i>
<i>Thereof experience (gains)/losses (deviation between actual value and planned value)</i>	<i>(673)</i>	<i>588</i>	<i>403</i>	<i>641</i>
Benefit payments	(4,200)	(4,510)	(3,899)	(2,639)
Reclassifications	0	0	0	788
Effects due to plan changes	0	0	0	(2)
Defined benefit obligation at the end of the year	121,917	30,799	124,256	28,912

(in thousands of EUR)	2015		2014	
	Pensions	Severance	Pensions	Severance
Fair value of plan assets at the beginning of the year	41,191	0	37,084	0
Effect of exchange rate changes	1,433	0	1,514	0
Changes in consolidated companies	0	308	0	0
Interest income	1,273	1	1,518	0
Administrative expense	(152)	0	(198)	0
Remeasurements	(565)	(1)	(517)	0
<i>Thereof return on plan assets excluding amounts included in interest income –net</i>	<i>(565)</i>	<i>(1)</i>	<i>(517)</i>	<i>0</i>
Employer contributions	3,558	0	3,131	0
Benefit payments from plant	(1,705)	0	(1,341)	0
Fair value of plan assets at the end of the year	45,033	308	41,191	0

An overview of the geographic and divisional allocation of net periodic benefit costs for pensions and severance, defined benefit obligation, and the fair value of plan assets for the financial years 2015 and 2014 is represented as follows:

(in thousands of EUR)	2015							
	MM Karton				MM Packaging			
	Germany	Austria	Other countries ¹⁾	Total	Germany	Austria	Other countries	Total
Net periodic benefit cost	659	1,788	717	3,164	1,146	1,129	687	2,962
Defined benefit obligation at the end of the year	23,951	38,351	38,555	100,857	31,513	12,792	7,554	51,859
Fair value of plan assets at the end of the year	851	16,560	24,628	42,039	502	2,492	308	3,302

¹⁾ This primarily includes the pension plan in Great Britain.

(in thousands of EUR)	2014							
	MM Karton				MM Packaging			
	Germany	Austria	Other countries ¹⁾	Total	Germany	Austria	Other countries	Total
Net periodic benefit cost	834	1,730	663	3,227	1,307	834	460	2,601
Defined benefit obligation at the end of the year	26,381	36,703	36,690	99,774	33,953	15,983	3,458	53,394
Fair value of plan assets at the end of the year	984	14,000	23,401	38,385	457	2,349	0	2,806

¹⁾ This primarily includes the pension plan in Great Britain.

The employers' contributions to plan assets for the year 2016 are expected to amount to thous. EUR 3,511. This includes the obligatory annual contribution for increasing plan assets and for other expenses in Great Britain in the amount of thous. EUR 886.

The structure of plan assets

In Austria and Germany, the plan assets for pension obligations are present in form of qualifying insurance policies which are pledged to respective beneficiaries. The Group contributes to qualifying insurance policies as required.

Further plan assets include a pension plan in Great Britain which is assessed by external asset management according to directives of the responsible board of trustees. Current directives allow for proportionate investment of 30 % in equity instruments and of 70 % in debt instruments; minimum diversification is prescribed to diversify the default risk, by which the single investment value is limited to 2 % of the portfolio and the total value of all investments in one company is limited to 4 % of the portfolio. Investments in Private Equity Funds and Hedge Funds are forbidden. The objective of asset management is to maximize the return at an adequate level of risk; index-based benchmarks are given to asset management to measure the achievement of objectives. The Group is obliged to provide regular contributions to the plan assets in Great Britain based on a contribution plan over several years.

The portfolio structure of plan assets as of December 31, 2015 and of December 31, 2014:

(in thousands of EUR)	Dec. 31, 2015	in %	Dec. 31, 2014	in %
Equity instruments:				
– developed markets	6,623		7,728	
– emerging markets	440		684	
– other	95		94	
Total	7,158	16 %	8,506	21 %
Debt instruments:				
– Corporate bonds	10,601		12,618	
– Government bonds	1,178		1,114	
Total	11,779	26 %	13,732	33 %
Qualifying insurance policy pledged to beneficiaries	20,713	46 %	17,790	43 %
Money market investment/Bank deposit	5,691	12 %	1,163	3 %
Total	45,341	100 %	41,191	100 %

All instruments in the category equity instruments and debt instruments are traded on active markets. Ratings of investments in debt instruments correspond at least to a rating of “BBB”.

Plan assets market price risk

Return on plan assets is assumed in accordance with IAS 19 using the discount rate for the underlying obligation. That corresponds to the return on corporate bonds with good credit rating. Provided that the actual return on plan assets exceeds (falls below) the discount interest rate used, net liability from the present plans decreases (increases). Due to the proportion of investments in equity in the plan assets in Great Britain, the actual return, on the one hand, may exceed the return on corporate bonds with good credit rating in the long term and, on the other hand, result in higher plan asset volatility in the short term. Related price risk is considered as manageable by the Group, as the proportion of investments in equity in total plan assets is low. Furthermore, the obligations which come to maturity in the upcoming years can be fulfilled from current cash flow of the Group and from remaining components of plan assets.

The net liability from pension and severance obligations, and the reconciliation to the net liability recognized are as follows:

(in thousands of EUR)	Dec. 31, 2015		Dec. 31, 2014	
	Pensions	Severance	Pensions	Severance
Defined benefit obligation	121,917	30,799	124,256	28,912
<i>Thereof obligations covered by provisions</i>	<i>55,305</i>	<i>29,191</i>	<i>61,248</i>	<i>28,912</i>
<i>Thereof obligations covered by funds</i>	<i>66,612</i>	<i>1,608</i>	<i>63,008</i>	<i>0</i>
Less fair value of plan assets	(45,033)	(308)	(41,191)	0
Net liability recognized as provision for non-current liabilities and charges	76,884	30,491	83,065	28,912

In the years 2011 to 2015, defined benefit obligations, fair value of plan assets, net liability, and actuarial gains and losses based upon deviations between the underlying assumptions and actual trends were as follows:

(in thousands of EUR)	2015	2014	2013	2012	2011
Pensions:					
Defined benefit obligation	121,917	124,256	102,483	99,640	87,362
Adjustment in defined benefit obligation ¹⁾	673	(403)	380	(465)	674
Fair value of plan assets	45,033	41,191	37,084	35,046	32,226
Adjustment in fair value of plan assets ¹⁾	(565)	(517)	(84)	523	(811)
Net liability	76,884	83,065	65,399	64,594	55,136

¹⁾ Gain/(loss)

(in thousands of EUR)	2015	2014	2013	2012	2011
Severance:					
Defined benefit obligation	30,799	28,912	24,374	23,916	21,364
Adjustment in defined benefit obligation ¹⁾	(588)	(641)	(289)	(761)	(167)
Fair value of plan assets	308	0	0	0	0
Adjustment in fair value of plan assets ¹⁾	(1)	0	0	0	0
Net liability	30,491	28,912	24,374	23,916	21,364

¹⁾ Gain/(loss)

The following sensitivity analysis for pension and severance provisions presents the impact a possible change in significant actuarial assumptions might have on the obligation. If one significant assumption is changed, the remaining assumptions are kept constant.

Impact on the defined benefit obligation 2015			
(in %)	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25 %	Decrease by 3.6 %	Increase by 3.8 %
Salary growth rate	0.25 %	Increase by 0.9 %	Decrease by 0.8 %
Pension growth rate	0.25 %	Increase by 2.4 %	Decrease by 2.3 %
		Increase by one year in assumption	
Retirement age		Decrease by 1.6 %	
Life expectancy		Increase by 3.6 %	
Impact on the defined benefit obligation 2014			
(in %)	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25 %	Decrease by 3.6 %	Increase by 3.8 %
Salary growth rate	0.25 %	Increase by 0.9 %	Decrease by 0.8 %
Pension growth rate	0.25 %	Increase by 2.4 %	Decrease by 2.3 %
		Increase by one year in assumption	
Retirement age		Decrease by 0.9 %	
Life expectancy		Increase by 3.7 %	

The weighted average duration of the defined benefit obligation is 14.8 years as of the balance sheet date (December 31, 2014: 15.3 years).

The expected maturity analysis of defined benefit obligations for the next ten years as of December 31, 2015 and December 31, 2014 in relation to actual payments is as follows:

(in thousands of EUR)	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Total
As of Dec. 31, 2015					
Defined benefit plans	5,403	5,302	19,648	38,826	69,179
As of Dec. 31, 2014					
Defined benefit plans	5,282	4,901	17,980	36,985	65,148

16 — TRADE LIABILITIES

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Trade liabilities	185,117	170,122
Advances from customers	1,170	699
Trade liabilities	186,287	170,821

The trade liabilities as of December 31, 2015 contain the liabilities from acquisition of property, plant and equipment and intangible assets amounting to thous. EUR 16,492 (December 31, 2014: thous. EUR 19,621), which are taken into consideration by the cash flow from investing activities as non-cash transactions.

17 — DEFERRED INCOME AND OTHER CURRENT LIABILITIES

(in thousands of EUR)	Dec. 31, 2015	Dec. 31, 2014
Obligations for personnel and social costs	64,683	49,988
Other tax liabilities	10,408	11,417
Share purchase price and option liabilities	6,859	8,885
Deferred income	2,618	2,787
Other liabilities	12,080	10,622
Deferred income and other current liabilities	96,648	83,699

The mentioned share purchase price and option liabilities are 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. The change of the mentioned share purchase price and option liabilities is primarily attributed to the valuation and payment of the contingent share purchase price liability arising from the acquisition of interest in Vietnam as well as the valuation of the option liability attributed to the acquisition in Malaysia.

Obligations for personnel and social costs include particularly unused vacations, premiums, and bonuses for employees as well as other deferred personnel related obligations.

18 — PROVISIONS FOR CURRENT LIABILITIES AND CHARGES

In the financial year 2015, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Customer rebates and bonuses	Sales	Other provisions	Total
Balance at Jan. 1, 2015	7,235	3,889	6,816	17,940
Effect of exchange rate changes	(68)	(124)	24	(168)
Changes in consolidated companies	0	707	1,561	2,268
Utilization	(3,462)	(1,702)	(3,344)	(8,508)
Reversal	(1,923)	(820)	(1,261)	(4,004)
Increase	5,839	2,024	5,928	13,791
Balance at Dec. 31, 2015	7,621	3,974	9,724	21,319

In the financial year 2014, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Customer rebates and bonuses	Sales	Other provisions	Total
Balance at Jan. 1, 2014	9,298	3,963	10,005	23,266
Effect of exchange rate changes	(95)	(111)	(3)	(209)
Changes in consolidated companies	0	0	(320)	(320)
Utilization	(4,785)	(1,906)	(6,928)	(13,619)
Reversal	(2,293)	(528)	(169)	(2,990)
Increase	5,110	2,471	4,231	11,812
Balance at Dec. 31, 2014	7,235	3,889	6,816	17,940

Provisions for customer rebates and bonuses include bonus claims and rebates of customers calculated on the basis of the underlying customer arrangements.

The provisions for sales are recognized primarily on product warranties and guarantees, return of goods, and distribution fees. The provisions for product warranty and guarantee are made both on a legal and a contractual basis.

The position "Other provisions" primarily contains provisions for litigations and legal costs, other taxes, and environmental matters.

19 — SEGMENT REPORTING INFORMATION

Mayr-Melnhof Karton AG and its subsidiaries operate in two operating areas, the production of cartonboard (Division MM Karton) and the production of folding cartons and packaging (Division MM Packaging). The Group is organized according to these two operating areas and is managed by the Management Board based on the financial information acquired thereon. Hence, the segments reported correspond to these two operating areas.

The division MM Karton manufactures and markets numerous grades of cartonboard, focusing particularly on coated cartonboard made primarily from recycled fiber.

The division MM Packaging converts cartonboard into printed folding cartons purchased by customers in a variety of industries including food and consumer goods (e. g. packaging for cereals, dried foods, sugar, confectionary and baked goods, cosmetics and toiletries, detergents, domestic appliances, toys, cigarette and pharmaceutical packaging and high-grade confectionary).

Data provided by the management information system on which the segment reporting is based, is in accordance with the accounting and recognition principles applied to the consolidated financial statements. Central operations are completely allocated to the operating segments by an allocation system, in analogy with the procedures in the management information system. Results from inter-segment transactions are already eliminated in the segment results.

The Group measures the performance of its operating segments by assessing operating profit and profit for the year as they are presented in the Group's income statement.

Intersegment sales are carried out on an arm's length basis.

Revenues are allocated based on the shipment destinations of finished goods, whereas non-current assets are allocated according to the location of the respective units.

Capital expenditures and depreciation/amortization and impairment refer to the acquisition or depreciation/amortization and impairment of property, plant and equipment as well as intangible assets including goodwill (see note 7).

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The segment reporting information concerning the Group's operating segments can be illustrated as follows:

(in thousands of EUR)	2015			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	945,212	1,236,337	0	2,181,549
Intersegment sales	101,535	952	(102,487)	0
Total sales	1,046,747	1,237,289	(102,487)	2,181,549
Operating profit	82,610	117,252	0	199,862
Financial income	574	1,915	(336)	2,153
Financial expenses	(2,622)	(3,983)	336	(6,269)
Profit before tax	76,502	114,118	0	190,620
Income tax expense	(18,214)	(30,262)	0	(48,476)
Profit for the year	58,288	83,856	0	142,144
Capital expenditures	72,541	55,410	0	127,951
Depreciation, amortization and impairment ¹⁾	(38,732)	(60,820)	0	(99,552)
Segment assets	992,651	984,364	(76,693)	1,900,322
Segment liabilities	320,047	512,813	(76,693)	756,167
Employees per segment as of December 31	2,546	7,392		9,938

¹⁾ of property, plant and equipment and intangible assets

(in thousands of EUR)	2014			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	900,467	1,186,898	0	2,087,365
Intersegment sales	102,382	839	(103,221)	0
Total sales	1,002,849	1,187,737	(103,221)	2,087,365
Operating profit	74,751	105,472	0	180,223
Financial income	1,357	1,091	(993)	1,455
Financial expenses	(2,263)	(3,936)	993	(5,206)
Profit before tax	69,379	101,634	0	171,013
Income tax expense	(16,918)	(22,523)	0	(39,441)
Profit for the year	52,461	79,111	0	131,572
Capital expenditures	86,721	53,077	0	139,798
Depreciation, amortization and impairment ¹⁾	(36,670)	(57,275)	0	(93,945)
Segment assets	992,732	864,765	(70,486)	1,787,011
Segment liabilities	342,022	413,307	(70,486)	684,843
Employees per segment as of December 31	2,560	6,839		9,399

¹⁾ of property, plant and equipment and intangible assets

The following is a country-by-country breakdown of net sales based on shipment destinations as well as a summary of non-current assets and capital expenditures based on locations:

(in thousands of EUR)	2015			2014		
	Net sales	Non-current assets	Capital expenditures	Net sales	Non-current assets	Capital expenditures
Austria	56,687	166,776	42,499	71,039	146,985	64,894
Germany	453,946	244,028	30,457	439,342	245,363	31,101
Great Britain	227,793	2,904	92	214,068	3,542	268
France	170,657	92,033	1,385	149,870	11,612	757
Other Western European countries	365,042	46,307	6,531	350,847	45,100	4,301
Eastern Europe (including Turkey)	579,296	231,682	40,965	549,365	222,158	25,936
Asia	115,136	49,229	3,586	117,317	49,912	6,336
Latin America	119,920	53,941	2,128	106,651	65,834	4,142
Other	93,072	4,128	308	88,866	4,915	2,063
Consolidated total	2,181,549	891,028	127,951	2,087,365	795,421	139,798

Non-current assets and capital expenditures comprise property, plant and equipment, and intangible assets including goodwill (see note 7) as well as payments on account for property, plant and equipment (see note 12).

20 — OTHER OPERATING INCOME

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Gains and losses from disposal of property, plant and equipment, and intangible assets – net	5,508	1,702
Insurance claims	1,582	1,142
Rental income	1,488	1,369
Other income – net	8,586	11,102
Other operating income	17,164	15,315

Other income – net includes income from compensation for damages in an amount of thous. EUR 866 (2014: thous. EUR 1,174) as well as income from energy sales in an amount of thous. EUR 796 (2014: thous. EUR 888). Beside that, income from the recognition of a substitute water supply provided by an energy supplier in Austria in an amount of thous. EUR 3,678 was recognized in the previous year.

21 — EXPENSES BY NATURE

The consolidated income statements are prepared using the presentation of expenses by function. The following overview comprises a breakdown of expenses by nature for the financial years 2015 and 2014:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Cost of materials and purchased services	1,259,611	1,191,977
Personnel expenses	406,098	389,421
Depreciation, amortization and impairment ¹⁾	99,552	93,945
Other expenses	233,590	247,114
Total of cost of sales, selling and distribution, administrative and other operating expenses	1,998,851	1,922,457

¹⁾ of property, plant and equipment and intangible assets

22 — PERSONNEL EXPENSES

Personnel expenses from all Group areas can be broken down as follows:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Gross wages	185,668	178,477
Gross salaries	134,035	129,645
Severance expenses	5,026	6,960
Pension expenses	5,720	4,875
Expenses for statutory social security as well as payroll-related taxes and other contributions	64,278	61,633
Other welfare expenses	11,371	7,831
Total	406,098	389,421

The average number of employees is as follows:

(Number of persons)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Factory workers	7,178	7,280
Office staff	2,169	2,160
Total	9,347	9,440

Remuneration of the management

The key management of the Group includes the Management Board and the Supervisory Board. The remuneration of the management is as follows:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Salaries and other short-term employee benefits (incl. Supervisory Board remuneration)	5,515	5,057
Post-employment benefits	3,336	4,844
Termination benefits	42	0
Total	8,893	9,901

The remuneration of the members of the Management Board is as follows:

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Fixed compensation	2,778	2,700
Variable compensation	2,973	2,781
Total	5,751	5,481

The remuneration of the members of the Supervisory Board elected by the shareholders for the financial year 2015 amounted to thous. EUR 314 (2014: thous. EUR 292).

Concerning the remuneration of former members of the Management and Supervisory Boards, the provision on non-disclosure of such remuneration was applied by referring to section 241 paragraph 4 in conjunction with section 266 figure 7 last sentence of the Austrian Commercial Code.

23 — EXPENSES FOR THE GROUP AUDITOR

The 21st Ordinary Shareholders' Meeting on April 29, 2015 appointed Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the consolidated and individual financial statements of Mayr-Melnhof Karton AG. Furthermore, they audited the individual financial statements of the Austrian subsidiaries. In 2015, expenses for services rendered by Grant Thornton Unitreu amounted to thous. EUR 451 (2014: thous. EUR 479) of which thous. EUR 447 (2014: thous. EUR 461) related to auditing and other assurance services and thous. EUR 4 (2014: thous. EUR 18) to other services.

24 — RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs recognized as expenses in the income statement amounted to thous. EUR 3,997 in the financial year 2015 (2014: thous. EUR 3,988).

25 — FINANCIAL INCOME

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Interest from bank deposits	2,007	1,327
Other financial income	146	128
Total financial income	2,153	1,455

26 — FINANCIAL EXPENSES

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Interest expense related to financial liabilities	(4,810)	(3,424)
Other financial expenses	(1,459)	(1,782)
Total financial expenses	(6,269)	(5,206)

Commitment fees for unused credit lines and interest expense related to finance lease are included in other financial expenses.

27 — OTHER FINANCIAL RESULT – NET

(in thousands of EUR)	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Foreign currency exchange rate gains (losses) – net	(956)	(3,566)
Net interest cost - defined benefit plans	(2,480)	(3,014)
Valuation of (contingent) share purchase price and option liabilities	(1,946)	1,096
Other expenses and income – net	256	25
Other financial result – net	(5,126)	(5,459)

28 — EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 "Earnings per Share". The standard requires the calculation and disclosure of two key figures, basic and diluted earnings per share. Basic earnings per share are calculated by dividing profit or loss attributable to the shareholders of the Company by the weighted average number of shares outstanding during the financial year. As there were no dilutive stock options neither as of December 31, 2015 nor as of December 31, 2014, it was not necessary to calculate the diluted earnings per share. Hence this corresponds to the basic earnings per share.

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Profit attributable to ordinary shareholders of the parent company (in thousands of EUR)	141,550	130,850
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic earnings per share attributable to ordinary shareholders of the parent company (in EUR)	7.08	6.54

As in the previous year, the number of shares issued as of December 31, 2015 amounted to 20,000,000 shares.

29 — COMMITMENTS AND CONTINGENT LIABILITIES

Commitments from legal proceedings and similar claims

The Group is subject to various claims and legal proceedings that have arisen in the ordinary course of business. Based on all the facts available to the Management, the Group believes that the ultimate resolution of these claims and legal proceedings will be unlikely to have a material adverse effect on its financial position or the results of its operations, although no assurance can be given with respect to the outcome of such claims or litigations.

Commitments from environmental matters

The Group is also subject to various environmental legislations and regulations in the countries in which it operates. Expenditures for environmental matters which relate to existing conditions caused by past operations and have no significant future benefit are expensed as incurred. The Group records an accrual for environmental matters when an expense is probable and may be reasonably estimated. For the assessment of the amount of accruals, estimates have to be used to a certain extent. It is possible that the final assessment of some of these matters may require the Group to make expenditures in excess of the amounts currently provided for. However, the Management believes that such additional amounts will not have a material effect on the Group's financial position or results of operations.

Expenses related to environmental matters were not material for the years ended December 31, 2015 and 2014.

Other contingent liabilities

At December 31, 2015, purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 24,317 (December 31, 2014: thous. EUR 29,545).

30 — DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 8,311 were purchased from other related companies in 2015 (2014: thous. EUR 9,399). At December 31, 2015, trade liabilities with other related companies amounted to thous. EUR 979 (December 31, 2014: thous. EUR 1,031).

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

For information about contributions to the pension benefit plan in Great Britain see note 15.

31 — SUBSEQUENT EVENTS

There have been no subsequent events after the balance sheet date with any material effect on the consolidated financial statements of the Group.

32 — TABLE OF AFFILIATED AND ASSOCIATED COMPANIES

2015					2014				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Mayr-Melnhof Karton Aktiengesellschaft, Vienna (AUT)	EUR	80,000	-	FC ¹⁾	Mayr-Melnhof Karton Aktiengesellschaft, Vienna (AUT)	EUR	80,000	-	FC ¹⁾
MM KARTON					MM KARTON				
Baiersbronn Frischfaser Karton GmbH, Baiersbronn (DEU)	EUR	2,050	100.00 %	FC ¹⁾	Baiersbronn Frischfaser Karton GmbH, Baiersbronn (DEU)	EUR	2,050	100.00 %	FC ¹⁾
CartPrint Insurance AG, Vaduz (LIE)	EUR	3,000	100.00 %	FC ¹⁾	CartPrint Insurance AG, Vaduz (LIE)	EUR	3,000	100.00 %	FC ¹⁾
CP (CartPrint) International Trading AG, Worb (CHE)	CHF	100	100.00 %	FC ¹⁾	CP (CartPrint) International Trading AG, Worb (CHE)	CHF	100	100.00 %	FC ¹⁾
free-com solutions GmbH, Vienna (AUT)	EUR	35	51.00 %	FC ¹⁾	free-com solutions GmbH, Vienna (AUT)	EUR	35	51.00 %	FC ¹⁾
FS-Karton GmbH, Baiersbronn (DEU)	EUR	51,641	100.00 %	FC ¹⁾	FS-Karton GmbH, Baiersbronn (DEU)	EUR	51,641	100.00 %	FC ¹⁾
Industriewater Eerbeek B.V., Eerbeek (NLD)	EUR	143	37.50 %	NC ²⁾	Industriewater Eerbeek B.V., Eerbeek (NLD)	EUR	143	37.50 %	NC ²⁾
Kolicevo Karton Proizvodnja kartona, d.o.o., Domzale (SVN)	EUR	12,828	100.00 %	FC ¹⁾	Kolicevo Karton Proizvodnja kartona, d.o.o., Domzale (SVN)	EUR	12,828	100.00 %	FC ¹⁾
Lokalbahn Payerbach-Hirschwang Gesellschaft m.b.H., Reichenau/Rax (AUT)	EUR	190	100.00 %	FC ¹⁾	Lokalbahn Payerbach-Hirschwang Gesellschaft m.b.H., Reichenau/Rax (AUT)	EUR	190	100.00 %	FC ¹⁾
Mayr-Melnhof Cartonboard International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ¹⁾	Mayr-Melnhof Cartonboard International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ¹⁾
Mayr-Melnhof Eerbeek B.V., Eerbeek (NLD)	EUR	7,300	100.00 %	FC ¹⁾	Mayr-Melnhof Eerbeek B.V., Eerbeek (NLD)	EUR	7,300	100.00 %	FC ¹⁾
Mayr-Melnhof Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC ¹⁾	Mayr-Melnhof Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC ¹⁾
Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten (AUT)	EUR	7,500	100.00 %	FC ¹⁾	Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten (AUT)	EUR	7,500	100.00 %	FC ¹⁾
MM Karton FollaCell AS, Verran (NOR)	NOK	10,000	100.00 %	FC ¹⁾	MM Karton FollaCell AS, Verran (NOR)	NOK	10,000	100.00 %	FC ¹⁾
MM Karton Turkey Ticaret Limited Sirketi, Istanbul (TUR)	TRY	10	100.00 %	FC ¹⁾	-	-	-	-	-
Stort Doonweg B.V., Eerbeek (NLD)	EUR	18	50.00 %	NC ²⁾	Stort Doonweg B.V., Eerbeek (NLD)	EUR	18	50.00 %	NC ²⁾

2015					2014				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Trading companies & sales offices of MM Karton					Trading companies & sales offices of MM Karton				
Austria Cartón S.A., Barcelona (ESP)	EUR	60	75.00 %	FC ⁽¹⁾	Austria Cartón S.A., Barcelona (ESP)	EUR	60	75.00 %	FC ⁽¹⁾
Firgos (Malaysia) SDN BHD, Kuala Lumpur (MYS)	MYR	500	51.00 %	FC ⁽¹⁾	Firgos (Malaysia) SDN BHD, Kuala Lumpur (MYS)	MYR	500	51.00 %	FC ⁽¹⁾
Keminer Remmers Spiehs Kartonhandels GmbH, Gernsbach (DEU)	EUR	1,280	100.00 %	FC ⁽¹⁾	Keminer Remmers Spiehs Kartonhandels GmbH, Gernsbach (DEU)	EUR	1,280	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Belgium N.V., Sint-Katelijne-Waver (BEL)	EUR	62	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Belgium N.V., Sint-Katelijne-Waver (BEL)	EUR	62	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Cartonboard UK Limited, Lincolnshire (GBR)	GBP	1,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Cartonboard UK Limited, Lincolnshire (GBR)	GBP	1,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof France SARL, Paris (FRA)	EUR	8	100.00 %	FC ⁽¹⁾	Mayr-Melnhof France SARL, Paris (FRA)	EUR	8	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Italia S.R.L., Milano (ITA)	EUR	51	75.00 %	FC ⁽¹⁾	Mayr-Melnhof Italia S.R.L., Milano (ITA)	EUR	51	75.00 %	FC ⁽¹⁾
Mayr-Melnhof Karton Polska Sp. z o.o., Poznan (POL)	PLN	50	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Karton Polska Sp. z o.o., Poznan (POL)	PLN	50	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Karton Schweiz GmbH, Worb (CHE)	CHF	20	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Karton Schweiz GmbH, Worb (CHE)	CHF	20	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Mediterra SARL, Tunis (TUN)	TND	80	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Mediterra SARL, Tunis (TUN)	TND	80	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Nederland B.V., Amstelveen (NLD)	EUR	91	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Nederland B.V., Amstelveen (NLD)	EUR	91	100.00 %	FC ⁽¹⁾
Mayr-Melnhof & Wilfried Heinzl Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NC ⁽²⁾	Mayr-Melnhof & Wilfried Heinzl Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NC ⁽²⁾
MM Guang Zhou Yue Ran Paper Co., Ltd., Guangzhou (CHN)	CNY	1,500	100.00 %	FC ⁽¹⁾	MM Guang Zhou Yue Ran Paper Co., Ltd., Guangzhou (CHN)	CNY	1,500	100.00 %	FC ⁽¹⁾
MM Karton Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC ⁽¹⁾	MM Karton Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC ⁽¹⁾
MM Karton Praha s.r.o., Prague (CZE)	CZK	820	100.00 %	FC ⁽¹⁾	MM Karton Praha s.r.o., Prague (CZE)	CZK	820	100.00 %	FC ⁽¹⁾
MM Karton Russia LLC, Moscow (RUS)	RUB	14,290	100.00 %	FC ⁽¹⁾	MM Karton Russia LLC, Moscow (RUS)	RUB	14,290	100.00 %	FC ⁽¹⁾
MM Kartonvertrieb GmbH, Neuss (DEU)	EUR	26	100.00 %	FC ⁽¹⁾	MM Kartonvertrieb GmbH, Neuss (DEU)	EUR	26	100.00 %	FC ⁽¹⁾
MM Prodaja Kartona d.o.o., Domzale (SVN)	EUR	30	100.00 %	FC ⁽¹⁾	MM Prodaja Kartona d.o.o., Domzale (SVN)	EUR	30	75.00 %	FC ⁽¹⁾
Varsity Packaging Limited, Lincolnshire (GBR)	GBP	300	100.00 %	FC ⁽¹⁾	Varsity Packaging Limited, Lincolnshire (GBR)	GBP	300	100.00 %	FC ⁽¹⁾

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2015					2014				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM PACKAGING					MM PACKAGING				
Al-Ekbal Printing & Packaging Co., Amman (JOR)	JOD	5,000	86.81 %	FC ⁽¹⁾	Al-Ekbal Printing & Packaging Co., Amman (JOR)	JOD	5,000	84.32 %	FC ⁽¹⁾
C.P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾	C.P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾
C.P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, Kaiserslautern (DEU)	EUR	180	100.00 %	FC ⁽¹⁾	C.P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, Kaiserslautern (DEU)	EUR	180	100.00 %	FC ⁽¹⁾
Gundlach GmbH, Bielefeld (DEU)	EUR	52	100.00 %	FC ⁽¹⁾	Gundlach GmbH, Bielefeld (DEU)	EUR	52	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Gravure GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Gravure GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging Austria GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging Austria GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging Iberica SL, Valencia (ESP)	EUR	7,500	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging Iberica SL, Valencia (ESP)	EUR	7,500	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging Romania S.R.L., Blejoi (ROU)	RON	5,504	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging Romania S.R.L., Blejoi (ROU)	RON	5,504	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging UK Limited, Lincolnshire (GBR)	GBP	9,700	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging UK Limited, Lincolnshire (GBR)	GBP	9,700	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	321,496,000	99.29 %	FC ⁽¹⁾	Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	110,513,000	96.75 %	FC ⁽¹⁾
MM Graphia Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	5,538	100.00 %	FC ⁽¹⁾	MM Graphia Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	5,538	100.00 %	FC ⁽¹⁾
MM Graphia Bielefeld GmbH, Bielefeld (DEU)	EUR	526	100.00 %	FC ⁽¹⁾	MM Graphia Bielefeld GmbH, Bielefeld (DEU)	EUR	526	100.00 %	FC ⁽¹⁾
-	-	-	-	-	MM Graphia Dortmund GmbH, Dortmund (DEU)	EUR	100	100.00 %	FC ⁽¹⁾
MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC ⁽¹⁾	MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC ⁽¹⁾
MM Graphia Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ⁽¹⁾	MM Graphia Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ⁽¹⁾
MM Graphia Trier GmbH, Trier (DEU)	EUR	3,500	100.00 %	FC ⁽¹⁾	MM Graphia Trier GmbH, Trier (DEU)	EUR	3,500	100.00 %	FC ⁽¹⁾
MM Packaging Behrens GmbH, Alfeld (Leine) (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾	MM Packaging Behrens GmbH, Alfeld (Leine) (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾
MM Packaging Beteiligungs- und Verwaltungs GmbH, Baiersbronn (DEU)	EUR	500	100.00 %	FC ⁽¹⁾	MM Packaging Beteiligungs- und Verwaltungs GmbH, Baiersbronn (DEU)	EUR	500	100.00 %	FC ⁽¹⁾

CONSOLIDATED FINANCIAL STATEMENTS

2015					2014				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM Packaging Caesar GmbH, Traben-Trarbach (DEU)	EUR	3,000	100.00 %	FC ¹⁾	MM Packaging Caesar GmbH, Traben-Trarbach (DEU)	EUR	3,000	100.00 %	FC ¹⁾
MM Packaging Colombia S.A.S., Santiago de Cali (COL)	COP	75,000,000	100.00 %	FC ¹⁾	MM Packaging Colombia S.A.S., Santiago de Cali (COL)	COP	75,000,000	100.00 %	FC ¹⁾
MM PACKAGING France S.A.S., Monéteau (FRA)	EUR	7,289	100.00 %	FC ¹⁾	MM PACKAGING France S.A.S., Monéteau (FRA)	EUR	7,289	100.00 %	FC ¹⁾
MM Packaging GmbH, Bielefeld (DEU)	EUR	26	100.00 %	FC ¹⁾	MM Packaging GmbH, Kaiserslautern (DEU)	EUR	26	100.00 %	FC ¹⁾
MM Packaging Malaysia SDN. BHD., Kuala Lumpur (MYS)	MYR	16,500	100.00 %	FC ¹⁾	MM Packaging Malaysia SDN. BHD., Kuala Lumpur (MYS)	MYR	16,500	100.00 %	FC ¹⁾
MM Packaging Schilling GmbH, Heilbronn (DEU)	EUR	2,500	100.00 %	FC ¹⁾	MM Packaging Schilling GmbH, Heilbronn (DEU)	EUR	2,500	100.00 %	FC ¹⁾
MM Packaging Tunisie S.A.R.L., Tunis (TUN)	TND	6,587	100.00 %	FC ¹⁾	Tunisie Converting SARL, Tunis (TUN)	TND	6,587	100.00 %	FC ¹⁾
MM Packaging Ukraine LLC, Cherkassy (UKR)	UAH	56,896	100.00 %	FC ¹⁾	MM Packaging Ukraine LLC, Cherkassy (UKR)	UAH	56,896	100.00 %	FC ¹⁾
MM Packaging Vidon Limited Liability Company, Ho Chi Minh City (VNM)	VND	280,000,000	65.10 %	FC ¹⁾	MM Packaging Vidon Limited Liability Company, Ho Chi Minh City (VNM)	VND	280,000,000	65.10 %	FC ¹⁾
MM Polygrafoformlenie Limited, Nicosia (CYP), i.l.	EUR	7	100.00 %	NC ²⁾	MM Polygrafoformlenie Limited, Nicosia (CYP), i.l.	EUR	7	100.00 %	NC ²⁾
MM Polygrafoformlenie Packaging LLC, St. Petersburg (RUS)	RUB	565,851	100.00 %	FC ¹⁾	MM Polygrafoformlenie Packaging LLC, St. Petersburg (RUS)	RUB	565,851	100.00 %	FC ¹⁾
MM Polygrafoformlenie Rotogravure LLC, St. Petersburg (RUS)	RUB	33,000	100.00 %	FC ¹⁾	MM Polygrafoformlenie Rotogravure LLC, St. Petersburg (RUS)	RUB	33,000	100.00 %	FC ¹⁾
MMP Neupack Polska Sp.z.o.o., Bydgoszcz (POL)	PLN	28,700	100.00 %	FC ¹⁾	MMP Neupack Polska Sp.z.o.o., Bydgoszcz (POL)	PLN	28,700	100.00 %	FC ¹⁾
MMP Packetis SAS, Chazelles (FRA)	EUR	1,677	100.00 %	FC ¹⁾	-	-	-	-	-
MMP Premium Printing Center GmbH, Trier (DEU)	EUR	500	100.00 %	FC ¹⁾	MMP Premium Printing Center GmbH, Trier (DEU)	EUR	500	100.00 %	FC ¹⁾
MMP Premium SAS, Ancenis (FRA)	EUR	25,566	100.00 %	FC ¹⁾	-	-	-	-	-
Neupack Gesellschaft m.b.H., Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC ¹⁾	Neupack Gesellschaft m.b.H., Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC ¹⁾
PacProject GmbH, Hamburg (DEU)	EUR	26	69.77 %	FC ¹⁾	PacProject GmbH, Hamburg (DEU)	EUR	26	69.77 %	FC ¹⁾
Public Joint Stock Company „Graphia Ukraina“, Cherkassy (UKR)	UAH	5,880	94.78 %	FC ¹⁾	Public Joint Stock Company „Graphia Ukraina“, Cherkassy (UKR)	UAH	5,880	94.78 %	FC ¹⁾
R + S Stanzformen GmbH, Niederdorfelden (DEU)	EUR	260	100.00 %	FC ¹⁾	R + S Stanzformen GmbH, Niederdorfelden (DEU)	EUR	260	100.00 %	FC ¹⁾
Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	7,000	100.00 %	FC ¹⁾	Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	7,000	100.00 %	FC ¹⁾
TEC MMP SARL, Sfax (TUN)	TND	21,400	100.00 %	FC ¹⁾	TEC MMP SARL, Sfax (TUN)	TND	21,400	100.00 %	FC ¹⁾
VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC ¹⁾	VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC ¹⁾

The voting rights are equal to the ownership interests. The parent company does not hold any preferred interests in the subsidiary.

¹⁾FC ... fully consolidated company

²⁾NC ... non-consolidated company

33 — BOARD MEMBERS

During the financial year 2015, the Board Members were as follows:

Management Board

Wilhelm HÖRMANSEDER (Chairman)
Andreas BLASCHKE (Member of the Management Board)
Gotthard MAYRINGER (Member of the Management Board as of April 1, 2015)
Franz RAPPOLD (Member of the Management Board)
Oliver SCHUMY (Member of the Management Board, until March 31, 2015)

Supervisory Board

Rainer ZELLNER (Chairman, as of April 29, 2015)
Michael GRÖLLER (Chairman, until April 29, 2015)
Romuald BERTL (Deputy Chairman)
Johannes GOESS-SAURAU (Deputy Chairman)
Nikolaus ANKERSHOFEN (Member of the Supervisory Board)
Guido HELD (Member of the Supervisory Board)
Alexander LEEB (Member of the Supervisory Board)
Georg MAYR-MELNHOF (Member of the Supervisory Board)
Michael SCHWARZKOPF (Member of the Supervisory Board)
Hubert ESSER (Staff Council Representative, MM Karton, until April 2, 2015)
Andreas HEMMER (Works Council Representative, MM Karton)
Gerhard NOVOTNY (Works Council Representative, MM Packaging)

Vienna, February 29, 2016

The Management Board

Wilhelm Hörmanseder m. p.

Andreas Blaschke m. p.

Gotthard Mayringer m. p.

Franz Rappold m. p.

Auditor's Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mayr-Melnhof Karton AG, Vienna, for the fiscal year from January 1, 2015 to December 31, 2015. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2015, the consolidated income statement, the consolidated cash flow statement, and the consolidated statement of changes in equity for the fiscal year ended December 31, 2015, and the notes thereto.

Management's responsibility for the consolidated financial statements and for the accounting system

The Company's management is responsible for the Group's accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements of section 245 a of the Austrian Commercial Code. This responsibility includes: designing, implementing and maintaining internal control relevant for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the management report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not false with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to section 243 a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to section 243 a UGB (Austrian Commercial Code) are appropriate.

Vienna, February 29, 2016

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christoph ZIMMEL m. p.

Eginhard KARL m. p.

Austrian Chartered Accountants

Statement of the Management Board

according to section 82 (4) of the Austrian Stock
Exchange Act

We confirm to the best of our knowledge that the consolidated 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 the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, February 29, 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

Development in the 4th Quarter 2015

QUARTERLY OVERVIEW

Mayr-Melnhof Group (IFRS, unaudited)

(consolidated, in millions of EUR)	1 st Quarter 2015	2 nd Quarter 2015	3 rd Quarter 2015	4 th Quarter 2015	4 th Quarter 2014	+/-
Sales	533.9	535.7	548.1	563.8	516.4	+9.2 %
Operating profit	50.8	45.7	58.1	45.3	43.7	+3.7 %
Operating margin (%)	9.5 %	8.5 %	10.6 %	8.0 %	8.5 %	
Profit before tax	47.6	43.2	56.0	43.8	39.5	+10.9 %
Income tax expense	(12.1)	(11.5)	(15.0)	(9.9)	(5.4)	
Profit for the period	35.5	31.7	41.0	33.9	34.1	-0.6 %
Net profit margin (%)	6.6 %	5.9 %	7.5 %	6.0 %	6.6 %	
Basic and diluted earnings per share (in EUR)	1.77	1.56	2.03	1.72	1.68	

As expected, the fourth quarter was characterized by continuity in the packaging division as well as restrained incoming orders in the cartonboard division.

At 96 %, capacity utilization at MM Karton was above the level of the previous year (4th quarter 2014: 92 %) which was particularly marked by the conversion for the FOODBOARD™ investment at the Frohnleiten mill. The operating margin of the division amounted to 6.2 % (4th quarter 2014: 6.7 %).

MM Packaging achieved an operating margin of 8.8 % after 9.1 % in the fourth quarter of the previous year.

Due to higher business volumes of both divisions, consolidated sales of EUR 563.8 million exceeded the figure for the corresponding period of the previous year (4th quarter 2014: EUR 516.4 million). Operating profit amounted to EUR 45.3 million (4th quarter 2014: EUR 43.7 million), whereby an operating margin of 8.0 % was reached (4th quarter 2014: 8.5 %).

Profit before tax amounted to EUR 43.8 million after EUR 39.5 million in the fourth quarter of 2014.

Profit for the period totaled to EUR 33.9 million (4th quarter 2014: EUR 34.1 million).

Service

Glossary

DEFINITION OF FINANCIAL INDICATORS

Cash earnings

Sum of profit for the year before depreciation, amortization as well as impairment of property, plant and equipment and intangible assets and before deferred taxes.

Cash earnings margin

Cash earnings divided by sales.

EBITDA (Earnings before interest, income taxes, depreciation and amortization)

Profit before tax excluding net interest income/expenses, the respective profit attributable to non-controlling (minority) shareholders according to IAS 32 as well as depreciation, amortization and impairment of property, plant and equipment and intangible assets.

EBITDA margin

EBITDA divided by sales.

Employees

Employees at the year end, including apprentices and part-time employees on a pro-rata basis.

Enterprise value

The sum of market capitalization and non-controlling (minority) interests subtracted by net debt (see definition net debt/net liquidity).

Total equity and non-current liabilities to PPE

The sum of total equity and non-current liabilities divided by property, plant and equipment.

Total equity to total assets

Total equity divided by total assets.

Net debt/net liquidity

The sum of current and non-current interest-bearing financial liabilities including liabilities from finance lease less cash and cash equivalents as well as current and non-current securities.

In case the sum of cash and cash equivalents as well as securities exceeds financial liabilities, there is net liquidity. An existing net liquidity is not considered for the calculation of the enterprise value.

Net profit margin

Profit for the year divided by sales.

Operating margin

Operating profit divided by sales.

Property, plant and equipment to total assets

Property, plant and equipment divided by total assets.

Return on assets (ROA)

The sum of profit for the year, interest expense and the respective profit attributable to non-controlling (minority) shareholders according to IAS 32 divided by average total assets.

Return on capital employed (ROCE)

Profit before tax, excluding net interest income/expenses and excluding the respective profit attributable to non-controlling (minority) shareholders according to IAS 32, divided by the sum of average total equity, average current and non-current interest-bearing financial liabilities including liabilities from finance lease, average provisions for non-current liabilities and charges and average obligations with regard to non-controlling (minority) shareholders according to IAS 32, less average cash and cash equivalents as well as current and non-current securities.

Return on equity (ROE)

Profit for the year divided by average total equity.

Return on investment (ROI)

The sum of profit for the year, interest expenses and the respective profit attributable to non-controlling (minority) shareholders according to IAS 32 divided by the sum of average total equity plus average current and non-current interest-bearing financial liabilities including liabilities from finance lease.

Sheet equivalent

Production volume in sheets from offset printing and running meters from gravure printing and flexographic converted into a standardized unit.

Working capital

The sum of total current assets and non-current securities less total current liabilities (excluding revolving bank debt).

Group Key Indicators

	2011	2012	2013	2014	2015
Development of sales (in millions of EUR)					
Total sales	2,281.3	2,293.1	2,343.3	2,455.6	2,567.7
less intersegment sales between the divisions	(112.5)	(105.5)	(104.0)	(103.2)	(102.5)
less intersegment sales in the divisions	(209.2)	(235.4)	(239.9)	(265.0)	(283.7)
Consolidated sales	1,959.6	1,952.2	1,999.4	2,087.4	2,181.5
Earnings data (in millions of EUR)					
Net value added	526.3	531.2	536.6	564.8	601.6
EBITDA	251.8	254.8	252.3	270.6 ⁹⁾	298.7
Operating profit	170.9	170.5	165.4	180.2	199.9
Profit for the year	118.7	120.3	122.9	131.6	142.1
Cash earnings	195.2	204.8	204.1	221.3 ⁹⁾	238.4
Depreciation/capital expenditures (in millions of EUR)					
Depreciation, amortization and impairment ¹⁾	84.2	85.8	89.6	93.9	99.6
Capital expenditures	125.2	102.7	116.2	139.8	128.0
Employees	8,882	8,836	9,477	9,399	9,938
Profitability indicators					
Return on equity	11.9 %	11.7 %	11.3 %	11.9 %	12.7 %
Return on assets	8.3 %	8.2 %	7.8 %	7.9 %	8.3 %
Net profit margin	6.1 %	6.2 %	6.1 %	6.3 %	6.5 %
EBITDA margin	12.9 %	13.1 %	12.6 %	13.0 % ⁹⁾	13.7 %
Operating margin	8.7 %	8.7 %	8.3 %	8.6 %	9.2 %
Cash earnings margin	10.0 %	10.5 %	10.2 %	10.6 % ⁹⁾	10.9 %
Return on capital employed	18.6 %	17.5 %	15.4 %	15.5 %	16.1 %
Return on investment	11.4 %	11.1 %	10.4 %	10.5 %	10.9 %
Balance sheet indicators					
Total equity to total assets	64.2 %	65.5 %	65.3 %	61.7 %	60.2 %
Property, plant and equipment to total assets	38.0 %	37.9 %	39.0 %	39.0 %	40.0 %
Total equity and non-current liabilities to property, plant and equipment	2.0	2.1	2.0	2.0	2.0
Working capital (in millions of EUR)	513.0	603.9	586.6	614.6	615.7
Financial indicators					
Net liquidity (+)/Net debt (-) (in millions of EUR)	208.6	178.0	133.9	58.3	-35.0
Share performance indicators (in EUR)					
Enterprise value (in millions of EUR)	1,321.0	1,623.6	1,810.1	1,730.6	2,263.6
Basic and diluted earnings per share	5.91	6.00	6.11	6.54	7.08
Dividend per share	2.10	2.25	4.80 ⁹⁾	2.60	2.80⁹⁾

¹⁾ of property, plant and equipment and intangible assets

²⁾ incl. anniversary bonus of EUR 2.40

³⁾ adjusted according to definition (see glossary)

⁴⁾ thereof EUR 1.60 interim dividend for 2015 and EUR 1.20 proposed for 2015

The information regarding the financial year 2012 has been adjusted due to the adoption of the revised standard IAS 19 and other reclassifications, where required, to ensure full comparability.

FINANCIAL CALENDAR 2016

April 18, 2016	Record date "Ordinary Shareholders' Meeting"
April 28, 2016	22 nd Ordinary Shareholders' Meeting – Vienna
May 3, 2016	Ex-dividend day
May 4, 2016	Record date "Dividends"
May 10, 2016	Dividend payment date
May 19, 2016	Results for the 1 st quarter of 2016
August 18, 2016	Results for the 1 st half-year of 2016
November 15, 2016	Results for the first three quarters of 2016

The English version of this annual report is a translation of the original German text. In case of doubt, the German version takes precedence.

The annual reports and interim reports can be requested from the Company and are also available on the Internet.

The financial statements of Mayr-Melnhof Karton AG prepared in accordance with Austrian Financial Reporting Standards were audited together with the management report by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and were approved without qualification. The financial statements have been submitted to the registrar of companies at the Vienna commercial court under registration number 81906a and will be published in the "Amtsblatt zur Wiener Zeitung" (Official Federal Gazette) as well as on the website of the Company.

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.

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

Website: <http://www.mayr-melnhof.com>

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