



PRESS RELEASE

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1ST HALF-YEAR RESULTS 2009

- 14 % sales decline – profitability maintained
- Pick-up of demand not expected in the short-term

Against the backdrop of the ongoing global recession the Mayr-Melnhof Group recorded in the first half of 2009 a noticeable reduction in volume compared to the first half-year 2008 both in cartonboard production and in folding carton manufacturing along with a strong increase in volatility of demand. As a result net sales decreased by 14.0 % and the operating profit was down by 12.6 % to EUR 70.2 million. Due to the price decreases on the procurement markets and further cost saving, the Group operating margin was maintained at 9.1 %, slightly up on the previous year (1st half of 2008: 9.0 %). As a result of the lower tax expense the profit for the period decreased only by 6.3 % from EUR 55.4 million to EUR 51.9 million.

No trend reversal in the market development seems to be in sight, as the effects of falling employment on private consumption and thus the demand for cartonboard and folding cartons in the upcoming months are quite obvious.

Under these challenging circumstances we are taking measures at every site which will contribute to a further improvement of our cost structure. On the basis of our sound liquidity and competitive market position we shall take new market opportunities in a risk-conscious manner.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR	1 st HY/2009	1 st HY/2008	+/-
Sales	769.4	894.9	-14.0 %
Operating profit	70.2	80.3	-12.6 %
Operating margin (%)	9.1 %	9.0 %	
Profit before tax	70.7	81.3	-13.0 %
Income tax expense	(18.8)	(25.9)	
Profit for the period	51.9	55.4	-6.3 %
Net profit margin (%)	6.7 %	6.2 %	
thereof minority interests	0.9	1.0	
Earnings per share (in EUR)	2.40	2.49	
Cash earnings	94.1	96.6	-2.6 %
% of sales	12.2 %	10.8 %	
Employees	8,024	8,240 ¹⁾	

¹⁾ as of December 31, 2008

Consolidated sales of the Group amounted to EUR 769.4 million, which is 14.0 % down on the previous year (1st half of 2008: EUR 894.9 million). This decline resulted mainly from reduced sales volumes and lower average prices.

At 9.1 % (1st half of 2008: 9.0 %) the Group's operating margin maintained robust stability. Despite significantly lower capacity utilization compared to the previous year MM Karton benefited particularly from consistently lower input cost, hence improving its margin, whereas MM Packaging recorded a slight capacity utilization-related margin decline. The operating profit decreased by 12.6 % to EUR 70.2 million.

Profit before tax reached EUR 70.7 million versus EUR 81.3 million in the previous year. Income tax expense amounted to EUR 18.8 million. The high level of 2008 (1st half of 2008: EUR 25.9 million) was related to taxation of non-recurring income from the disposal of businesses. As a result the effective Group tax rate declined from 31.9 % to 26.6 %.

The profit for the period stood at EUR 51.9 million versus EUR 55.4 million in the first half-year of 2008. With a basic weighted average of 21,256,200 shares outstanding the earnings per share amounted to EUR 2.40 (1st half of 2008: EUR 2.49).

Development in the second quarter

In the second quarter the MM Group succeeded in keeping profit and sales levels close to those of the first quarter of this year.

Due to an expansion of non-European business of MM Karton, the division increased its capacity utilization from 81 % in the first to 88 % in the second quarter (2Q 2008: 96 %). The calculated average prices were reduced mainly by these export sales. The operating margin of MM Karton increased to 7.8 % (1Q 2009: 6.3 %; 2Q 2008: 5.3 %) due to improved capacity utilization and lower energy costs.

At MM Packaging mainly lower capacity utilization caused a decrease in the operating margin to 8.8 % (1Q 2009: 10.2 %; 2Q 2008: 9.6 %).

At EUR 34.5 million the Group attained an operating profit similar to that of the first quarter (1Q 2009: EUR 35.7 million; 2Q 2008: EUR 35.9 million). The operating margin of the Group reached 9.0 % (1Q 2009: 9.3 %; 2Q 2008: 8.1 %).

At EUR 25.4 million the profit for the period was close to that of the previous quarter (1Q 2009: EUR 26.5 million; 2Q 2008: EUR 28.1 million).

OUTLOOK

We expect that private consumption and thus also the demand for cartonboard and folding cartons in Europe will not recover in the short run but will more probably get under increased pressure due to the negative development of the labor market.

Therefore no demand-induced improvement of utilization in our plants is in sight. It is more likely that crowding out competition and hence price pressure will intensify. Furthermore, we expect at least temporary increases in prices for fibers and energy, which will increase the pressure on margins.

Selective adjustments of capacities and employee headcount will be unavoidable also during the second half of the year. In production we will continue our cost structure improvement policy and investments in fast pay-back projects as in the previous months.

An estimate for the 2009 full-year is not yet possible due to the difficult forecast of the development in the second half-year. However, we will continue to target on generating high cash earnings even in the presently difficult environment and to resume the Group's course for growth both through acquisition and through organic growth while keeping the risk at a controllable level. Our market and cost leadership should allow us further to outperform the market average.

DIVISIONS:

MM KARTON

In parallel to the general economy the cartonboard markets recorded a further decline in demand and extreme short-term planning by the customers throughout the first half-year 2009. Against this backdrop the division's average order backlog came down from 63,000 tons in the first six months last year to 38,000 tons in the first-half of 2009. This corresponds to an average planning horizon in production of less than one week.

During the first months of the year we concentrated on best possible stabilization of cartonboard prices and market shares as well as machine utilization. Due to a very selective market approach and high flexibility in production this could be realized to a large extend.

After a late start of the order activity at the beginning of the year and market-related downtime during the first quarter, capacity utilization improved in the second quarter due to an increase in sales on non-European markets.

All in all, utilization of capacity at MM Karton was approximately 85 % during the first half-year (1st half of 2008: 96 %), which corresponds to a production of 717,000 tons (1st half of 2008: 857,000 tons).

Cartonboard sales totaled 699,000 tons, which is 17.6 % down from the comparable value (1st half of 2008: 848,000 tons). About 80 % was sold in Europe and 20 % on the non-European export markets (1st half of 2008: 79 %; 21 %).

On the procurement side an upward price movement can be seen especially for recovered paper and energy, although it is impossible to tell at this point whether it will have a lasting effect.

Due to volumes and prices, sales decreased by 21.8 % from EUR 470.3 million to EUR 367.9 million. The operating profit, in contrast, came down under-proportionately from EUR 30.5 million to EUR 26.1 million due to improvements in the cost structure, which led to an increase in the operating margin from 6.5 % to 7.1 %.

MM PACKAGING

During the first half of 2009 the European market for folding cartons showed an increasingly heterogeneous picture. Particularly packaging for daily consumer goods has not yet been fully hit by the recession as customers first try to save by buying less expensive products and not yet by buying less. As to durable and high-grade consumer goods, a downward trend in demand can already be seen. This was also reflected in the significantly differing capacity utilization rates of the individual MM Packaging plants during the first half-year.

Additionally, the current business has been impacted by high price pressure resulting from falls in raw material prices and currency devaluations against the euro, by accelerated reduction in inventory levels by our customers and strong increases in volatility.

In the first quarter the volumes converted were maintained at the previous year's level, but the second quarter was already characterized by decreasing quantities of sales for some key customers. All in all, about 310,000 tons of cartonboard were processed during the first six months of the year, which corresponds to a decline by 7.7 % compared to last year.

Sales decreased by 6.5 % to EUR 463.5 million (1st half of 2008: EUR 495.9 million) mainly due to the decrease in volume. At EUR 44.1 million the operating profit was 11.4 % below the previous year (1st half of 2008: EUR 49.8 million) mainly as a result of lower capacity utilization. Thus the operating margin went down from 10.0 % to 9.5 %.

The report on the 1st Half-year of 2009 is available on our homepage <http://www.mayr-melnhof.com>.

An interview on the results with the CEO Mr. Wilhelm Hörmanseder will be available today by approx. 15.00 CET as a Webcast at http://www.thomson-webcast.net/de/dispatching/?event_id=88e25206a4ad016ef6cbbbffda5b7452&portal_id=d5344adf6620bcc6bb9ebac0b58dc432

Results of the first three quarters 2009 will be published on November 12, 2009.

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