

**PRESS RELEASE**March 15th, 2012**Annual Results 2011**

- Sales and earnings reach new peak levels
- Profit for the year of EUR 118.7 million +7.5 % above previous year
- Dividend increase from 1.95 EUR to 2.10 EUR / Share

Against the backdrop of a weakening global economy, the Mayr-Melnhof Group was able to successfully assert itself and finish the business year 2011 with peak values both in terms of profits and sales. This growth is the result of cartonboard production and cartonboard processing, as in both segments a significant rise in input costs was compensated. While the folding carton business had a mostly stable development due to sustainable private consumption, the cartonboard business faced a decline in incoming orders and operating income in the second half of the year, as expected after the full capacity utilization in the first half of the year, since the customers were consuming their stock and planning more carefully. In accordance with our strategy, we expanded our presence to growth markets with new sites in Turkey and Malaysia. Due to the positive results, the dividend per share is intended to be increased from EUR 1.95 (2010) to EUR 2.10.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR, IFRS	2011	2010	+/-
Sales	1,959.6	1,778.9	+10.2 %
Operating profit	170.9	162.3	+5.3 %
Operating margin (in %)	8.7 %	9.1 %	
Profit before tax	161.8	151.7	+6.7 %
Income tax expense	(43.1)	(41.3)	
Profit for the year	118.7	110.4	+7.5 %
Net profit margin (in %)	6.1 %	6.2 %	
thereof minority interests	0.5	2.3	
Earnings per share (in EUR)	5.91	5.39	
Cash earnings	195.2	187.7	+4.0 %
Cash earnings margin (in %)	10.0 %	10.6 %	
Employees	8,882	8,679	
Capital expenditures	125.2	86.6	
Depreciation and amortization	84.2	81.8	

The Group's consolidated sales improved from EUR 1,778.9 million to EUR 1,959.6 million and are 10.2 % above last year's level. This growth is mainly attributable to higher prices in both divisions, but also to the integration of the folding carton site Marinetti, Chile.

Operating profit therefore improved by 5.3 % or EUR 8.6 million to EUR 170.9 million. This increase results from the growth in profit both in cartonboard and folding carton production. At 8.7 % the Group's operating margin was slightly below last year's level (2010: 9.1 %). The return on capital employed amounted to 18.6 % (2010: 18.9 %).

Net interest decreased slightly, in particular as a result of higher financial liabilities. Financial income of EUR 4.4 million (2010: EUR 2.5 million) was offset by financial expenses of EUR -6.4 million (2010: EUR -2.9 million).

Without non-recurring expenses from the disposal of participations, which incurred in the previous year, the profit before tax amounted to EUR 161.8 million, an improvement of 6.7 % compared to 2010 (EUR 151.7 million).

Income taxes amounted to EUR 43.1 million (2010: EUR 41.3 million), resulting in an effective Group tax rate of 26.6 % (2010: 27.2 %).

The Group's profit for the year rose by 7.5 % from EUR 110.4 million to EUR 118.7 million, whereas the net profit margin of 6.1 % reached again last year's level (2010: 6.2 %).

CONSOLIDATED BALANCE SHEET

The Group's total assets at the end of 2011 amounted to EUR 1,566.6 million, which is EUR 45.7 million higher than in the previous year. Compared to year-end 2010 (December 31, 2010: EUR 983.1 million), total equity went up by EUR 22.8 million to EUR 1,005.9 million. This difference mainly results from the enhanced profit for the year, which is offset by the dividend payment for 2010 and the difference resulting from the acquisition and increase in majority interests as deductible items. Total equity to total assets therefore remained almost unchanged at 64.2 % (December 31, 2010: 64.6 %).

The interest-bearing financial liabilities went up from EUR 129.7 million to EUR 140.9 million, mainly due to the raising of low-interest bank loans.

Total funds available to the Group, mainly consisting of fixed deposits, changed from EUR 332.3 million to EUR 349.5 million. They exceed the interest-bearing liabilities by EUR 208.6 million (December 31, 2010: EUR 202.6 million), which means that the Group still shows a net liquidity.

OUTLOOK

The economic forecast for our main market Europe remains gloomy and diffuse. Except for Germany, consumers started adjusting their expenses due to increased job insecurity and expected cuts in the social budget. Analogously to the consumer goods industry, the cartonboard and folding carton markets went into a very intense price competition in the wake of a constriction or stagnation of quantities.

The maintenance of our high market shares requires a continuously more selective price policy, the defense of existing profit levels increasing volumes. The positive prospect is that the destocking of the supply chain that has been going on for months seems to be coming to an end.

However, this caused a significant rise in recovered paper prices after the drop at the end of 2011, which, together with the considerable price boost for all input factors depending on the crude oil price, tightened the margin pressure on procurement.

In order to maintain the Group's competitiveness, we focus on efficiency improvement by using state-of-the-art technology and implementing best practice as well as by effecting necessary rationalization measures. We will continue our investment activities and pursue our strategy of focusing on projects with convincing savings and growth potentials.

Overall, we expect a higher weight on the margins due to more intense challenges on the procurement and sales markets. Resulting from the short-term nature of the business, we cannot provide an earnings forecast for the current year at this time.

The expansion continues with a focus on the development of new business in Europe and on risk-sensitive acquisition and construction of new sites in non-European markets with interesting future potential.

DEVELOPMENT IN THE 4TH QUARTER 2011

As a consequence of continuing utilization of stocks at our customers, seasonal slowdown of incoming orders and the rebuilding of the large cartonboard machine in Kolicvevo, the development of quantities in the fourth quarter 2011, as expected, was below the previous quarter as well as the comparative value of last year in both divisions.

Due to the market conditions and investment undertaken, the average capacity utilization of MM Karton during this quarter was at 81 % (3rd quarter 2011: 91 %; 4th quarter 2010: 98 %). However, we managed to maintain the operating margin of MM Karton with 5.5 % nearly at the level of the third quarter (3rd quarter 2011: 5.6 %; 4th quarter 2010: 8.8 %). Solid average sales as well as a temporary slowdown in the fibers market provided considerable support.

The operating margin of MM Packaging reached 8.7 % following 9.9 % in the third quarter of 2011 and 7.1 % in the fourth quarter of 2010.

As a result of improved selling prices, the consolidated sales amounted EUR 460.8 million, despite low volume, and thus were just barely below the comparable last year's level (4th quarter 2010: EUR 463.2 million). The operating profit reached EUR 35.5 million (4th quarter 2010: EUR 39.0 million). Thus, the Group's operating margin was 7.7 % (4th quarter 2010: 8.4 %).

Despite lower tax expenses of EUR 6.7 million (4th quarter 2010: EUR 10.6 million), the profit for the period of EUR 26.8 million was therefore slightly below the comparative value of the previous year (4th quarter 2010: EUR 27.2 million).

DEVELOPMENT IN THE DIVISIONS

MM Karton

in millions of EUR, IFRS	2011	2010	+/-
Sales¹⁾	947.2	879.7	+7.7 %
Operating profit	68.4	65.1	+5.1 %
Operating margin (in %)	7.2 %	7.4 %	
Return on capital employed (in %)	21.9 %	19.9 %	
Tonnage sold (in thousands of tons)	1,511	1,564	-3.4 %
Tonnage produced (in thousands of tons)	1,491	1,579	-5.6 %

¹⁾ including interdivisional sales

While the first half of the year 2011 experienced a gradual normalization of demand following the boom in the previous year, incoming orders in the second half slowed down due to the fact that customers were consuming their stocks and planning more carefully in view of the gloomy economic outlook. Therefore, following the full capacity utilization in the first half of the year, temporary machine downtime was unavoidable in the second half. Capacity utilization was reduced from 98 % in 2010 to 93 % in 2011, a major part of this reduction is attributable to the downtime of the larger of the two cartonboard machines in Kolicvevo due to modernization measures. With approximately 90,000 tons, the average order backlog also showed a noticeable normalization compared to the previous year's level (2010: 169,000 tons).

Supported by the strong demand of the first few months of the year, prices on the procurement markets, especially for recovered paper and chemicals, continued the previous year's steep upwards trend and, during the slowdown, only experienced selective softening late in the second half of 2011. It took great discipline to maintain the higher average sales prices and stable market shares.

In line with the overall market dynamics, quantities produced at 1,491,000 tons were around 5.6 % below the previous year's level (2010: 1,579,000 tons). Due to the utilization of stocks, the difference of the quantity sold amounting to 3.4 % was slightly lower, with 1,511,000 tons compared to 1,564,000 tons in 2010.

Following clearly improved average prices, sales went up by 7.7 % to EUR 947.2 million (2010: EUR 879.7 million). 65 % thereof were generated in Western Europe, 20 % in Eastern Europe and 15 % in non-European markets (2010: 68 %; 20 %; 12 %).

Operating profit went up by 5.1 % to EUR 68.4 million (2010: EUR 65.1 million). The operating margin reached 7.2 % and thus was only slightly below last year's level (2010: 7.4 %). The return on capital employed amounted to 21.9 % (2010: 19.9 %).

MM Packaging

in millions of EUR, IFRS	2011	2010	+/-
Sales ¹⁾	1,124.9	1,020.7	+10.2 %
Operating profit	102.5	97.2	+5.5 %
Operating margin (in %)	9.1 %	9.5 %	
Return on capital employed (in %)	16.8 %	18.3 %	
Tonnage processed (in thousands of tons)	680	675	+0.7 %

¹⁾ including interdivisional sales

Despite an incipient economic slowdown, folding carton demand generally remained stable in 2011 due to strong private consumption, especially with short-term consumables. Against this background, the MM Packaging sites worked at high capacity utilization levels most of the year. Passing on the most recent cartonboard price increases to our customers remained a top priority which was implemented with the support of the good market situation in the first half of the year. In the second half of the year, the customers started to anticipate declining consumer confidence and to plan more carefully due to the well-stocked supply chain, which in turn intensified price competition and occasional temporary machine downtime was necessary.

While we were able to defend and even improve our market shares in Europe, our growing exposure in non-European markets supplied the expected growth impetuses.

Pursuant to our strategy, we continued expanding into future markets and upgraded our machine fleet in Europe to high performance power units. The largest projects included the construction of the new Turkish folding carton site in Karaman, Central Anatolia, the expansion of the folding carton production in St. Petersburg, Russia, with a gravure printing machine and the installation of a high performance printing machine within MMP Austria. A first step was made in the Far East by acquiring a folding carton site in Malaysia in the start-up process.

In pursuit of cost leadership, we focused our day-to-day business on measures to increase productivity and efficiency.

Sales increased by 10.2 % or EUR 104.2 million to EUR 1,124.9 million (2010: EUR 1,020.7 million), a development mainly attributable to the integration of the Chilean folding carton site Marinetti acquired in fall of 2010 as well as to higher prices. Accordingly, the non-European share in the regional distribution of sales went up from 4 % to 8 %, whereas Western and Eastern Europe remained largely constant at 66 % and 26 % (2010: 69 % and 27 %).

The slight increase in the tonnage processed from 675,000 tons to 680,000 tons is exclusively attributable to acquisitions - the result of our successful efforts to improve efficiency in the utilization of resources and a consequence of the trend toward lighter grammage.

Operating profit improved by 5.5 % to EUR 102.5 million (2010: EUR 97.2 million). However, the operating margin amounted to 9.1 % and thus was slightly below last year's level (2010: 9.5 %), due to the fact that the passing on of the cartonboard price increases significantly pushed the sales basis. The return on capital employed amounted to 16.8 % (2010: 18.3 %).

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	4Q/2010	1Q/2011	2Q/2011	3Q/2011	4Q/2011
Sales	463.2	494.7	493.5	510.6	460.8
EBITDA	62.4	70.7	62.5	62.4	56.2
EBITDA margin (in %)	13.5 %	14.3 %	12.7 %	12.2 %	12.2 %
Operating profit	39.0	50.0	42.7	42.7	35.5
Operating margin (in %)	8.4 %	10.1 %	8.7 %	8.4 %	7.7 %
Profit before tax	37.8	48.5	40.3	39.5	33.5
Income tax expense	(10.6)	(13.1)	(11.7)	(11.6)	(6.7)
Profit for the period	27.2	35.4	28.6	27.9	26.8
Net profit margin (in %)	5.9 %	7.2 %	5.8 %	5.5 %	5.8 %
Earnings per share (in EUR)	1.35	1.76	1.42	1.40	1.33
Cash earnings	49.7	57.2	46.7	47.7	43.6
Cash earnings margin (in %)	10.7 %	11.6 %	9.5 %	9.3 %	9.5 %

DIVISIONS

MM KARTON

in millions of EUR, IFRS	4Q/2010	1Q/2011	2Q/2011	3Q/2011	4Q/2011
Sales¹⁾	227.4	243.4	249.1	241.3	213.4
Operating profit	20.1	24.3	19.0	13.4	11.7
Operating margin (in %)	8.8 %	10.0 %	7.6 %	5.6 %	5.5 %
Tonnage sold (in thousands of tons)	370	399	404	381	327
Tonnage produced (in thousands of tons)	397	390	407	372	322

¹⁾ including interdivisional sales

MM PACKAGING

in millions of EUR, IFRS	4Q/2010	1Q/2011	2Q/2011	3Q/2011	4Q/2011
Sales¹⁾	265.5	281.2	272.8	296.6	274.3
Operating profit	18.9	25.7	23.7	29.3	23.8
Operating margin (in %)	7.1 %	9.1 %	8.7 %	9.9 %	8.7 %
Tonnage processed (in thousands of tons)	171	177	168	172	163

¹⁾ including interdivisional sales

The press release is available on the internet under www.mayr-melnhof.com.

The Annual Report 2011 will be available on April 4, 2012.

Forthcoming Results:

May 15, 2012 Results for the first quarter of 2012

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