

**PRESS RELEASE**

August 17, 2010

Half-year results 2010

- Long-term continuity of earnings strength reaffirmed
- High capacity utilization and positive volume development in both divisions
- Encouraging growth in sales and operating profit
- Significant rise in raw materials costs calls for price increase
- Good prospects for 3rd quarter

The Mayr-Melnhof Group succeeded in benefiting from the temporary recovery that the economy demonstrated in the first half-year 2010. Capacities in both cartonboard production and folding carton manufacturing were utilized almost to the full. The distinct growth in volume was, however, accompanied by significant price increases in the procurement markets. Thus it was only possible to gradually pass on these price increases to our end customers. Thanks to the high level of productivity and cost-efficiency, the Group managed however to confirm its sustained earnings power in the first half of the 2010 business year.

There is no indication that any reversal of trend in the dynamic volume development will occur during the third quarter of the year. It will remain our priority to pass on in-creasing input costs to end consumers, as it is no longer possible to offset them by higher volumes given that capacity is already fully utilized.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR	1 st HY/2010	1 st HY/2009	+/-
Sales	863.0	769.4	+12.2 %
Operating profit	77.6	70.2	+10.5 %
Operating margin (%)	9.0 %	9.1 %	
Profit before tax	67.5	70.7	-4.5 %
Profit for the period	48.9	51.9	-5.8 %
Net profit margin (%)	5.7 %	6.7 %	
thereof minority interests	1.2	0.9	
Earnings per share (in EUR)	2.37	2.40	
Employees	7,901	8,112 ¹⁾	

¹⁾ as of December 31, 2009

Consolidated sales of the Group increased by 12.2 % and amounted to EUR 863.0 million, i.e. EUR 93.6 million more than in the same period last year (1st half of 2009: EUR 769.4 million). This increase is mainly due to the significant volume growth in both divisions.

The operating profit was improved by 10.5 % or EUR 7.4 million to reach EUR 77.6 million. The Group managed to compensate the significant increase in input factor prices – particularly fibers – to a large extent by volume growth in the first half-year. Consequently, the development of the operating margin of the Group remained stable at 9.0 % (1st half of 2009: 9.1 %).

Non-recurring expenses incurred in the course of the disposal of businesses amounted to EUR 7.9 million and are mainly due to the discontinuation of cartonboard production and the sale of Karton Deisswil AG, Switzerland.

Consequently, the profit before tax was 4.5 % lower than last year and amounted to EUR 67.5 million (1st half of 2009: EUR 70.7 million). At EUR 18.6 million, income tax expense remained more or less at last year's level (1st half of 2009: EUR 18.8 million), which led to a slight increase of the effective Group tax rate from 26.6 % to 27.6 %.

The profit for the period reached EUR 48.9 million compared to EUR 51.9 million in the first half year of 2009. With a basic weighted average of 20,151,812 shares outstanding, the earnings per share amount to EUR 2.37 (1st half of 2009: EUR 2.40).

DEVELOPMENT IN THE SECOND QUARTER

Ongoing high capacity utilization and continued increase of raw materials costs characterized the business during the second quarter of 2010.

At 98 % MM Karton's capacity utilization was again at a very high level (1Q 2010: 97 %; 2Q 2009: 88 %). Following the discontinuation of Karton Deisswil, the capacity of the division was reduced, so that sales and tonnage produced in the amount of EUR 207.4 million and 381,000 tons respectively were below those of the first quarter (1Q 2010: EUR 219.9 million; 404,000 tons). The operating margin, however, increased from 5.5 % to 6.3 % (2Q 2009: 7.8 %). The increase in cartonboard price implemented until the end of the quarter has not yet shown any significant effect on this, as fiber costs have been increasing simultaneously.

Rising input prices and the decrease in volume compared to the previous quarter reduced the operating margin of MM Packaging to 10.0 % (1Q 2010: 11.2 %; 2Q 2009: 8.8 %).

The operating profit of the Group amounted to EUR 37.4 million and was also slightly below the first quarter (1Q 2010: EUR 40.2 million; 2Q 2009: EUR 34.5 million). The operating margin leveled at 8.8 % (1Q 2010: 9.2 %; 2Q 2009: 9.0 %).

Taking non-recurring expenses from the sale of Karton Deisswil in the amount of EUR 7.9 million into consideration, a profit for the period of EUR 21.1 million (1Q 2010: EUR 27.8 million; 2Q 2009: EUR 25.4 million) was nevertheless achieved.

OUTLOOK

The temporary economic recovery is reflected in the high order intake by the European cartonboard industry and the good utilization within the European folding carton industry.

Based on the current order volume, the MM Group can expect a high degree of capacity utilization and good development of volumes also in the third quarter of the 2010 business year.

Parallel to the dynamic demand, the rise in prices on the procurement markets, especially for fibers, chemicals and logistics, is gaining momentum. Higher cartonboard prices are again required.

With regard to cartonboard processing this means that past and future cost increases will have to be passed on to end consumers promptly.

From a current perspective, we expect to be able to maintain the Group's earnings strength also in the third quarter, while no estimates for the rest of the year can be given yet. A strong focus will be on ensuring that we respond immediately to any signs of change in the economic environment.

DEVELOPMENT IN THE DIVISIONS

MM KARTON

in millions of EUR, IFRS	1 st HY/2010	1 st HY/2009	+/-
Sales¹⁾	427.3	367.9	+16.1 %
Operating profit	25.2	26.1	-3.4 %
Operating margin (%)	5.9 %	7.1 %	
Tonnage sold (in thousands of tons)	802	699	+14.7 %
Tonnage produced (in thousands of tons)	785	717	+9.5 %

¹⁾ including interdivisional sales

The development of the European and international cartonboard markets in the first six months of 2010 was characterized by solid demand and replenishment of stock, which had been dramatically reduced last year. Against this background, the average order backlog of MM Karton increased significantly to reach 169,000 tons, compared to 38,000 tons in the first half of the 2009 business year.

In line with the good demand situation, prices on the procurement markets – in particular the prices of recovered paper and pulp – also showed a distinct upward trend. It was, however, not possible to implement the announced increases in the price of cartonboard before the end of the first quarter, when the order backlog had considerably improved. The higher input costs have therefore only partly been compensated due to continued cost inflation.

In line with the sound order intake, capacities of MM Karton were utilized to approximately 97 % in the first six months of 2010 (1st half of 2009: 85 %), which

corresponds to a tonnage produced of 785,000 tons and an increase of 9.5 % compared to the same period last year (1st half of 2009: 717,000 tons).

Cartonboard sold in the amount of 802,000 tons means an increase of 14.7 %, which is also distinctly above last year's volume (1st half of 2009: 699,000 tons). Some 82 % of production was sold in Europe and 18 % outside Europe (1st half of 2009: 80 %; 20 %).

Sales increased by 16.1 % from EUR 367.9 million to EUR 427.3 million, mainly due to higher volume. The operating profit reached EUR 25.2 million and thus came in just slightly below last year's result (1st half of 2009: EUR 26.1 million), which was chiefly attributable to the rapid increase in fiber costs.

The operating margin leveled at 5.9 % compared to 7.1 % in the first six months of 2009.

MM PACKAGING

in millions of EUR, IFRS	1 st HY/2010	1 st HY/2009	+/-
Sales¹⁾	494.7	463.5	+6.7 %
Operating profit	52.4	44.1	+18.8 %
Operating margin (%)	10.6 %	9.5 %	
Tonnage processed (in thousands of tons)	333	310	+7.4 %

¹⁾ including interdivisional sales

Temporary economic recovery in some major European economies as well as inventory build-up along the entire supply-chain triggered a gradual strengthening in the demand for folding carton in Europe during the first six months of 2010. In addition, extended delivery times for cartonboard caused exerted tension on the market.

Intense price competition is continuing and translates into an increasing pressure on margins, especially given the rise in cartonboard prices.

MM Packaging plants were generally able to stand their ground even in these challenging framework conditions. Passing on the increase in cartonboard price to our customers and gaining new business will remain the major challenges also in the months to come.

MM Packaging succeeded in increasing the tonnage processed by 7.4 % from 310,000 tons to 333,000 tons.

Parallel to the higher volume, sales picked up as well, reaching EUR 494.7 million. This corresponds to a rise by 6.7 % compared to the same period last year (1st half of 2009: EUR 463.5 million).

Due to the improvement in cost efficiency, the division was able to achieve a growth of 18.8 % in the operating profit to reach EUR 52.4 million (1st half of 2009: EUR 44.1 million) which was disproportionately high compared to sales.

Consequently, the operating margin came up from 9.5 % to 10.6 %.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

consolidated in millions of EUR, IFRS	1Q/2009	2Q/2009	3Q/2009	4Q/2009	1Q/2010	2Q/2010
Sales	384.0	385.4	417.1	415.0	439.2	423.8
EBITDA	57.9	54.1	60.4	57.3	58.9	48.8
EBITDA margin (%)	15.1 %	14.0 %	14.5 %	13.8 %	13.4 %	11.5 %
Operating profit	35.7	34.5	39.9	39.8	40.2	37.4
Operating margin (%)	9.3 %	9.0 %	9.6 %	9.6 %	9.2 %	8.8 %
Profit before tax	36.2	34.5	39.5	22.2	39.0	28.5
Income tax expense	(9.7)	(9.1)	(11.1)	(5.1)	(11.2)	(7.4)
Profit for the period	26.5	25.4	28.4	17.1	27.8	21.1
Net profit margin (%)	6.9 %	6.6 %	6.8 %	4.1 %	6.3 %	5.0 %
Earnings per share (basic and diluted in EUR)	1.23	1.17	1.29	0.75	1.33	1.04

DIVISIONS

MM Karton

in millions of EUR, IFRS	1Q/2009	2Q/2009	3Q/2009	4Q/2009	1Q/2010	2Q/2010
Sales¹⁾	182.7	185.2	197.7	200.4	219.9	207.4
Operating profit	11.6	14.5	14.0	11.4	12.2	13.0
Operating margin (%)	6.3 %	7.8 %	7.1 %	5.7 %	5.5 %	6.3 %
Tonnage sold (in thousands of tons)	334	365	391	391	415	387
Tonnage produced (in thousands of tons)	340	377	387	395	404	381

¹⁾ including interdivisional sales

MM Packaging

in millions of EUR, IFRS	1Q/2009	2Q/2009	3Q/2009	4Q/2009	1Q/2010	2Q/2010
Sales¹⁾	236.0	227.5	247.7	240.8	249.6	245.1
Operating profit	24.1	20.0	25.9	28.4	28.0	24.4
Operating margin (%)	10.2 %	8.8 %	10.5 %	11.8 %	11.2 %	10.0 %
Tonnage processed (in thousands of tons)	163	147	161	159	170	163

¹⁾ including interdivisional sales

The report on the 1st Half-year of 2010 is available on our homepage <http://www.mayr-melnhof.com>.

Forthcoming results:

November 16, 2010 Results for the first three quarters of 2010

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