



PRESS RELEASE

August 17, 2011

Half-year results 2011

- Increase in results and sales
- Operating margin improved to 9.4 %
- Expansion continued
- Rise in direct costs and slow-down in incoming orders enhance pressure on margins

The Mayr-Melnhof Group was able to close the first half-year 2011 with a significant increase of sales and results despite a normalization and the successive slow-down in demand dynamics as well as an increase in raw material costs. The Group's operating margin came up to 9.4 % (1st half of 2010: 9.0 %).

We succeeded in keeping business volumes at a high level in both segments, despite an increasing running down of our customers' stocks due to well-stocked supply chains. Largest direct challenge was dealing with the continuous rise in costs, which besides fibers included to an increasing extent other direct costs. While in the first quarter of 2011 we were still able to achieve a sufficient compensation, in the second quarter this was no longer possible to a full extent.

In the course of globally increasing economic uncertainties and high stockpiling, we expect our customers to plan more conservatively within the next few months. Despite the fact that some raw material prices, in particular recovered paper, seem to have achieved peak levels, there is currently no clear indication for an immediate decrease. Considering the growing challenging circumstances, we aim at price stability and cost efficiency to the extent possible. We will risk-sensitively continue our expansion strategy with a primary focus on growth regions.

In Karaman, Central Anatolia, one of the important emerging regions in Turkey, a new packaging site is currently established, which will start production in the fourth quarter of 2011. Furthermore, the majority interests in the MM Packaging subsidiaries in Russia, Turkey and Jordan have been considerably increased.

GROUP KEY INDICATORS – IFRS

| consolidated, in millions of EUR, IFRS | 1 st HY/2011 | 1 st HY/2010 | +/- |
|--|-------------------------|-------------------------|---------|
| Sales | 988.2 | 863.0 | +14.5 % |
| Operating profit | 92.7 | 77.6 | +19.5 % |
| Operating margin (in %) | 9.4 % | 9.0 % | |
| Profit before tax | 88.8 | 67.5 | +31.6 % |
| Profit for the period | 64.0 | 48.9 | +30.9 % |
| Net profit margin (in %) | 6.5 % | 5.7 % | |
| thereof minority interests | 0.4 | 1.2 | |
| Earnings per share (in EUR) | 3.18 | 2.37 | |
| Employees | 8,734 | 8,679 ¹⁾ | |
| Capital expenditures | 45.9 | 40.0 | |
| Depreciation and amortization | 41.6 | 39.3 | |

¹⁾ as of December 31, 2010

Consolidated sales of the Group reached EUR 988.2 million and were thus 14.5 % above last year's level (1st half of 2010: EUR 863.0 million). Higher average prices were the main reason for this rise.

The operating profit was improved by 19.5 %, from EUR 77.6 million to EUR 92.7 million. This increase was the consequence of a significant rise in the results of cartonboard production.

Financial income of EUR 2.1 million (1st half of 2010: EUR 1.2 million) was offset by financial expenses of EUR -2.7 million (1st half of 2010: EUR -1.1 million).

After the shortfall of non-recurring expenses for disposal of businesses from the previous year, profit before tax was EUR 88.8 million, i.e. 31.6 % more than last year's value (1st half of 2010: EUR 67.5 million). Income tax expense amounted to EUR 24.8 million (1st half of 2010: EUR 18.6 million), hence the effective tax rate of the Group amounted to 27.9 % (1st half of 2010: 27.6 %).

Therefore, the profit for the period amounted to EUR 64.0 million (1st half of 2010: EUR 48.9 million), corresponding to an increase of 30.9 %. In the first half of 2011, a basic weighted average of 19,984,740 shares was outstanding. On this basis, earnings per share of EUR 3.18 (1st half of 2010: EUR 2.37) were calculated.

DEVELOPMENT IN THE SECOND QUARTER

As already indicated along with the first quarter, the conditions in the second quarter have progressively tightened. The well-stocked supply chain led the customers to order more conservatively. Furthermore prices of input factors such as fibers, transport and chemicals continued to increase. Consequently, the pressure on margins in both divisions went up considerably - as expected.

MM Karton managed to improve its average prices again and maintained its capacity utilization with 99 % at a very high level (1Q 2011: 98 %; 2Q 2010: 98 %) due to an increase in non-European business, by which the ongoing cost increase could however only be partly compensated. The operating margin of MM Karton was at 7.6 % (1Q 2011: 10.0 %; 2Q 2010: 6.3 %).

With an operating margin of 8.7 %, MM Packaging was able to maintain profitability close to previous quarter's level (1Q 2011: 9.1 %; 2Q 2010: 10.0 %) despite growing direct costs and slightly lower quantities.

Therefore, the Group's operating profit amounted to EUR 42.7 million (1Q 2011: EUR 50.0 million; 2Q 2010: EUR 37.4 million), resulting in an operating margin of 8.7 % (1Q 2011: 10.1 %; 2Q 2010: 8.8 %).

The profit for the period totaled EUR 28.6 million (1Q 2011: EUR 35.4 million; 2Q 2010: EUR 21.1 million).

OUTLOOK

Against the backdrop of our customers' high inventories and apparent cyclical uncertainties, we expect our European buyer sectors to plan their requirements much more cautiously in the next few months and the competition on the markets to intensify significantly. At the same time, we have currently no indication that raw material prices will decrease shortly from their recently achieved peaks. Therefore we aim at price stability and cost efficiency to the extent possible at any place in order to counteract the increasing pressure on our margins best way. In pursuing this strategy, we expect a further decrease in the order backlog of MM Karton during the third quarter as well as selective short-term downtime. MM Packaging again anticipates increasing heterogeneity in the utilization of individual sites. Our expansion strategy will be continued risk consciously, taking into consideration the growing global uncertainties.

DEVELOPMENT IN THE DIVISIONS

MM KARTON

| in millions of EUR, IFRS | 1 st HY/2011 | 1 st HY/2010 | +/- |
|---|-------------------------|-------------------------|---------|
| Sales¹⁾ | 492.5 | 427.3 | +15.3 % |
| Operating profit | 43.3 | 25.2 | +71.8 % |
| Operating margin (in %) | 8.8 % | 5.9 % | |
| Tonnage sold (in thousands of tons) | 803 | 802 | +0.1 % |
| Tonnage produced (in thousands of tons) | 797 | 785 | +1.5 % |

¹⁾ including interdivisional sales

After intense restocking in the previous year, demand on European cartonboard markets developed towards normal levels in the first six months of 2011. Taking this into account, MM Karton concentrated on a tight pricing policy and a gradual increase in deliveries to non-European markets. While in the first half of 2011, average order backlog was high at 125,000 tons (1st half of 2010: 169,000 tons), its pace has once again slowed since the middle of the second quarter. With 99 %, capacities of MM Karton could be once again almost fully utilized (1st half of 2010: 97 %).

Following the continuously high processing quantities in the industry, the raw material markets also experienced an ongoing drastic price increase. Prices for recovered paper continued their upward surge during the first half of 2011 and only seemed to have finally peaked by mid-year.

At 797,000 tons, the tonnage produced was slightly higher than in the previous year (1st half of 2010: 785,000 tons). The same applied to the quantity sold, which reached 803,000 tons after 802,000 tons in the respective period last year. Thereof, 79 % were sold within Europe and 21 % in non-European markets (1st half of 2010: 82 %; 18 %).

Due to the significantly improved price level as compared to the previous year, sales rose by 15.3 % to EUR 492.5 million (1st half of 2010: EUR 427.3 million). The operating profit was improved by 71.8 % to EUR 43.3 million (1st half of 2010: EUR 25.2 million). Therefore, the operating margin came up from 5.9 % to 8.8 %.

MM PACKAGING

| in millions of EUR, IFRS | 1 st HY/2011 | 1 st HY/2010 | +/- |
|--|-------------------------|-------------------------|---------|
| Sales¹⁾ | 554.0 | 494.7 | +12.0 % |
| Operating profit | 49.4 | 52.4 | -5.7 % |
| Operating margin (in %) | 8.9 % | 10.6 % | |
| Tonnage processed (in thousands of tons) | 345 | 333 | +3.6 % |

¹⁾ including interdivisional sales

MM Packaging's business development was generally stable in the first half of 2011, although heterogeneity in plant utilization picked up again in the second quarter. This is particularly due to the continuously well-stocked supply chain, which leads to rather conservative planning by our customers. Accordingly, the competitive intensity on the folding carton market has increased noticeably.

Recent cartonboard price increases were mostly passed on in the first half-year 2011, however, the continuous rise in other direct costs remains challenging.

Sales went up by EUR 59.3 million or 12.0 % to EUR 554.0 million (1st half of 2010: EUR 494.7 million). About half of this rise is attributable to each, higher prices and the acquisition of the packaging plant Marinetti, Chile, last year.

As the most recent increase in costs could not be fully compensated, operating profit went down by 5.7 %, from EUR 52.4 million to EUR 49.4 million. Therefore, the operating margin declined to 8.9 % (1st half of 2010: 10.6 %).

The tonnage processed went up to 345,000 tons, thus exceeding the previous year's level by 3.6 % (1st half of 2010: 333,000 tons).

Continued expansion in Turkey, Russia, Middle East

In addition to the two existing MM Packaging plants in Izmir, producing both cigarette packaging and folding cartons for general packaging requirements, a new site is currently established in Karaman, Central Anatolia - one of the important growth regions in Turkey. Production is planned to start in the fourth quarter 2011. As a first step, approx. EUR 7 million will be invested.

Furthermore, the majority interests in the MM Packaging production companies in Russia, Turkey and Jordan have been considerably increased.

QUARTERLY OVERVIEW

MAYR-MELNHOF GROUP

| consolidated, in millions of EUR, IFRS | 1Q/2010 | 2Q/2010 | 3Q/2010 | 4Q/2010 | 1Q/2011 | 2Q/2011 |
|--|---------|---------|---------|---------|---------|---------|
| Sales | 439.2 | 423.8 | 452.7 | 463.2 | 494.7 | 493.5 |
| EBITDA | 58.9 | 48.8 | 66.4 | 62.4 | 70.7 | 62.5 |
| EBITDA margin (in %) | 13.4 % | 11.5 % | 14.7 % | 13.5 % | 14.3 % | 12.7 % |
| Operating profit | 40.2 | 37.4 | 45.7 | 39.0 | 50.0 | 42.7 |
| Operating margin (in %) | 9.2 % | 8.8 % | 10.1 % | 8.4 % | 10.1 % | 8.7 % |
| Profit before tax | 39.0 | 28.5 | 46.4 | 37.8 | 48.5 | 40.3 |
| Income tax expense | (11.2) | (7.4) | (12.1) | (10.6) | (13.1) | (11.7) |
| Profit for the period | 27.8 | 21.1 | 34.3 | 27.2 | 35.4 | 28.6 |
| Net profit margin (in %) | 6.3 % | 5.0 % | 7.6 % | 5.9 % | 7.2 % | 5.8 % |
| Earnings per share (in EUR) | 1.33 | 1.04 | 1.67 | 1.35 | 1.76 | 1.42 |

DIVISIONS

MM Karton

| in millions of EUR, IFRS | 1Q/2010 | 2Q/2010 | 3Q/2010 | 4Q/2010 | 1Q/2011 | 2Q/2011 |
|---|---------|---------|---------|---------|---------|---------|
| Sales¹⁾ | 219.9 | 207.4 | 225.0 | 227.4 | 243.4 | 249.1 |
| Operating profit | 12.2 | 13.0 | 19.8 | 20.1 | 24.3 | 19.0 |
| Operating margin (in %) | 5.5 % | 6.3 % | 8.8 % | 8.8 % | 10.0 % | 7.6 % |
| Tonnage sold (in thousands of tons) | 415 | 387 | 392 | 370 | 399 | 404 |
| Tonnage produced (in thousands of tons) | 404 | 381 | 397 | 397 | 390 | 407 |

¹⁾ including interdivisional sales

MM Packaging

| in millions of EUR, IFRS | 1Q/2010 | 2Q/2010 | 3Q/2010 | 4Q/2010 | 1Q/2011 | 2Q/2011 |
|--|---------|---------|---------|---------|---------|---------|
| Sales¹⁾ | 249.6 | 245.1 | 260.5 | 265.5 | 281.2 | 272.8 |
| Operating profit | 28.0 | 24.4 | 25.9 | 18.9 | 25.7 | 23.7 |
| Operating margin (in %) | 11.2 % | 10.0 % | 9.9 % | 7.1 % | 9.1 % | 8.7 % |
| Tonnage processed (in thousands of tons) | 170 | 163 | 171 | 171 | 177 | 168 |

¹⁾ including interdivisional sales

The Half-year Financial Report of 2011 is available on our homepage
<http://www.mayr-melnhof.com>.

Forthcoming results:

November 15, 2011 Results for the first three quarters of 2011

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