


**PRESS RELEASE**

May 18, 2010

**RESULTS FOR THE 1<sup>ST</sup> QUARTER 2010**

- Growth in sales and profit
- Operating profit +12.6 %
- Significant increase in fiber costs
- Operating margin maintained
- Good capacity utilization in both divisions
- Continuity expected for 2<sup>nd</sup> quarter

In the first quarter of 2010 the Mayr-Melnhof Group was again able to hold its ground firmly. While the beginning of last year was still characterized by heavily decreasing of customer stocks due to high insecurity with respect to the progression of demand, recent quarters were however marked by a significant step-up in cartonboard demand from Europe and overseas. Thus, we have been able to start the business year 2010 in both, cartonboard and folding carton production, with a high utilization of capacities. This pronounced increase in cartonboard production however went along with a sharp increase in recovered paper prices. Price pressure on the European end-market was ongoing and the cartonboard price increase which was announced throughout the industry only took place very hesitantly. Due to high productivity in both divisions as well as selective order management in the cartonboard business we succeeded however in keeping the Group's earnings strength, increasing sales and profit parallel to the higher volume.

**GROUP KEY INDICATORS – IFRS**

consolidated in millions of EUR	1Q/ 2010	1Q/ 2009	+/-
<b>Sales</b>	<b>439.2</b>	384.0	+14.4 %
<b>Operating profit</b>	<b>40.2</b>	35.7	+12.6 %
Operating margin (%)	9.2 %	9.3 %	
<b>Profit before tax</b>	<b>39.0</b>	36.2	+7.7 %
<b>Profit for the period</b>	<b>27.8</b>	26.5	+4.9 %
Net profit margin (%)	6.3 %	6.9 %	
thereof minority interests	0.8	0.4	
Employees	<b>8,147</b>	8,112 <sup>1)</sup>	

<sup>1)</sup> as of December 31, 2009

Consolidated sales amounted to EUR 439.2 million, which is 14.4 % above the previous year's level (1Q 2009: EUR 384.0 million). Though both divisions contributed to this increase, the majority derives from a higher sales volume in the cartonboard division.

With an operating margin of 9.2 % (1Q 2009: 9.3 %) profitability could be maintained on previous year's level. The operating profit was improved by 12.6 % or EUR 4.5 million to EUR 40.2 million, to which cartonboard converting contributed the bigger share.

Financial income amounted to EUR 0.8 million (1Q 2009: EUR 3.1 million) while financial expenses were EUR -0.6 million (1Q 2009: EUR -1.5 million).

At EUR 39.0 million, profit before tax was 7.7 % above previous year's level (1Q 2009: EUR 36.2 million). Income tax expense reached EUR 11.2 million (1Q 2009: EUR 9.7 million). The effective Group tax rate therefore amounted to 28.7 % (1Q 2009: 26.8 %).

The Group thus generated a profit for the period of EUR 27.8 million, representing an increase of 4.9 % in comparison to last year's result (1Q 2009: EUR 26.5 million).

## **OUTLOOK**

Current economic data indicate very slow economic growth for our European prime markets within the next quarters. As a consequence of foreseeable tax increases and persistent high unemployment rates we expect that private consumption, and thus also demand for cartonboard and folding cartons will experience at most a slight recovery in the medium term.

Currently the order situation in both divisions however still demonstrates a solid picture, but the sustainability of this situation remains uncertain.

The increase in raw material prices, especially with respect to recovered paper, further sharpened in the second quarter. Thus, price increases and sales optimizations have top priority in order to keep the level of profitability.

In the folding carton business higher cartonboard prices are gradually more affecting the business. On the other hand sales prices to end-users continue to be under high pressure which makes it more difficult to defend margins.

Our pillars will have to be utmost cost efficiency and top quality.

The growth path will be continued according to strategy.

## **DEVELOPMENT IN THE DIVISIONS**

### **MM Karton**

Good demand and short-term planning marked the cartonboard market in Europe throughout the first months of 2010. Moreover, also the markets outside Europe were characterized by a friendly trend in demand.

This consistently positive market development however faced a drastic increase in recovered paper prices on the procurement side. Low levels of recovered paper stock and high capacity utilization in the buyer industries as well as lively demand from Asia are the basic reasons for this rise. Although an increase in cartonboard prices was

already announced by the end of last year throughout the industry for the beginning of 2010, price increase endeavors began to show an impact just at the end of the quarter when the order backlog has come up significantly.

In line with the good order situation in Europe and overseas the average order backlog of MM Karton during the first three months of 2010 was at 131,000 tons (1Q 2009: 35,000 tons).

The cartonboard volume sold amounted to 415,000 tons which is an increase of 24.3 % compared to the previous year's level (1Q 2009: 334,000 tons). Thereof 79 % were sold in Europe and 21 % in non-European markets (1Q 2009: 85 %; 15 %).

The tonnage produced reached 404,000 tons after 340,000 tons in the year before. This is equivalent to an increase of 18.8 %. The capacity utilization of the division was therefore at 97 % (1Q 2009: 81 %).

Almost parallel to volume development, sales increased by 20.4 % from EUR 182.7 million to EUR 219.9 million. Particularly due to the sharp increase in fiber costs operating profit improved just by 5.2 % to EUR 12.2 million (1Q 2009: EUR 11.6 million). Hence the operating margin came in at 5.5 % after 6.3 % in the previous year.

## **MM Packaging**

Despite an on-going heterogeneous picture regarding capacity utilization within the European folding carton industry demand in the first quarter demonstrated a high level of continuity and stability. Against the backdrop of still idle capacities, pressure on sales prices remained however very high.

With the focus on daily consumer products and a high share of business with multinational customers the MM Packaging sites registered an overall satisfactory level of capacity utilization throughout the first three months of this year.

The tonnage processed reached 170,000 tons which is an increase of 4.3 % compared to the previous year's level (1Q 2009: 163,000 tons).

Parallel to higher volumes, also sales were 5.8 % above the previous year reaching EUR 249.6 million (1Q 2009: EUR 236.0 million).

As a result of improved cost efficiency the operating profit improved disproportionately by 16.2 % from EUR 24.1 million to EUR 28.0 million.

Consequently the operating margin moved up from 10.2 % to 11.2 %.

## QUARTERLY OVERVIEW

### MAYR-MELNHOF GROUP

(consolidated in millions of EUR, IFRS)

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

### DIVISIONS:

#### MM Karton

(in millions of EUR, IFRS)

	1Q/ 2009	2Q/ 2009	3Q/ 2009	4Q/ 2009	1Q/ 2010
<b>Sales<sup>1)</sup></b>	182.7	185.2	197.7	200.4	219.9
<b>Operating profit</b>	11.6	14.5	14.0	11.4	12.2
Operating margin (%)	6.3 %	7.8 %	7.1 %	5.7 %	5.5 %
Tonnage sold (in thousands of tons)	334	365	391	391	415
Tonnage produced (in thousands of tons)	340	377	387	395	404

<sup>1)</sup> including interdivisional sales

#### MM Packaging

(in millions of EUR, IFRS)

	1Q/ 2009	2Q/ 2009	3Q/ 2009	4Q/ 2009	1Q/ 2010
<b>Sales<sup>1)</sup></b>	236.0	227.5	247.7	240.8	249.6
<b>Operating profit</b>	24.1	20.0	25.9	28.4	28.0
Operating margin (%)	10.2 %	8.8 %	10.5 %	11.8 %	11.2 %
Tonnage processed (in thousands of tons)	163	147	161	159	170

<sup>1)</sup> including interdivisional sales

Please find our detailed Interim Report on the 1<sup>st</sup> Quarter of 2010 on the Internet at <http://www.mayr-melnhof.com>.

### Forthcoming results:

August 17, 2010 - Results for the 1<sup>st</sup> Half-Year of 2010

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