

**PRESS RELEASE**

May 12, 2011

**RESULTS FOR THE 1<sup>st</sup> QUARTER 2011**

- Earnings power increased
- Operating margin reached 10.1 %
- Profit for the period: +27.3 % to EUR 35.4 million
- Current challenge: Passing on increasing input prices despite a well-stocked supply chain

As expected, the Mayr-Melnhof Group succeeded in concluding the first quarter of 2011 with a significant improvement in results. Following the extraordinary upturn of last year, the market environment has now returned to normal. Both divisions, MM Karton and MM Packaging, have continued to sustain their strong position and recorded nearly full capacity in the first three months of this year. MM Karton succeeded in largely compensating the continued steep increase in input costs, while MM Packaging managed this only gradually in the course of the first quarter. The operating margin of the Group increased to 10.1 % (1Q 2010: 9.2 %).

The supply chain is consistently well-stocked, hence the immediate challenge is to manage the continuous increases in costs.

**GROUP KEY INDICATORS – IFRS**

consolidated, in millions of EUR, IFRS	1Q/2011	1Q/2010	+/-
<b>Sales</b>	<b>494.7</b>	439.2	+12.6 %
<b>Operating profit</b>	<b>50.0</b>	40.2	+24.4 %
Operating margin (in %)	10.1 %	9.2 %	
<b>Profit before tax</b>	<b>48.5</b>	39.0	+24.4 %
<b>Profit for the period</b>	<b>35.4</b>	27.8	+27.3 %
Net profit margin (in %)	7.2 %	6.3 %	
thereof minority interests	0.2	0.8	
Earnings per share (in EUR)	1.76	1.33	
<b>Employees</b>	<b>8,725</b>	8,679 <sup>1)</sup>	
Capital expenditures	25.3	14.9	
Depreciation and amortization	20.8	19.5	

<sup>1)</sup> as of December 31, 2010

The consolidated sales of the Group increased by 12.6 %, mainly due to higher average prices, and reached EUR 494.7 million (1Q 2010: EUR 439.2 million).

The operating profit increased by 24.4 % or EUR 9.8 million to EUR 50.0 million, primarily as a consequence of the improved result of cartonboard production. Accordingly the operating margin rose from 9.2 % (1Q 2010) to 10.1 %.

At EUR 48.5 million, profit before tax was 24.4 % higher than the previous year (1Q 2010: EUR 39.0 million). Income tax expense amounted to EUR 13.1 million (1Q 2010: EUR 11.2 million). Thus, the effective Group tax rate was 27.0 % (1Q 2010: 28.7 %).

Profit for the period therefore rose from EUR 27.8 million to EUR 35.4 million, representing an increase of 27.3 % compared to last year's result.

## **OUTLOOK**

The dynamics of demand in Europe, our prime market, have mostly returned to a normal level and have even leveled off in some countries. But the general trend is still positive, mainly due to the German market whose improved situation on the labor market has a positive effect on private consumption.

In both cartonboard production and cartonboard processing, however, we increasingly perceive the effects of reducing inventory within a supply chain that has been extremely filled over the recent months.

In light of this, the major challenge is passing on the partly steep increase in input prices, particularly fibers, transportation and chemicals. The pressure on margins will therefore significantly intensify as from the second quarter of this year.

We will continue our course of expansion with a particular focus on the growth regions.

## DEVELOPMENT IN THE DIVISIONS

### MM Karton

in millions of EUR, IFRS	1Q/2011	1Q/2010	+/-
<b>Sales<sup>1)</sup></b>	<b>243.4</b>	219.9	+10.7 %
<b>Operating profit</b>	<b>24.3</b>	12.2	+99.2 %
<b>Operating margin (in %)</b>	<b>10.0 %</b>	5.5 %	
Tonnage sold (in thousands of tons)	<b>399</b>	415	-3.9 %
Tonnage produced (in thousands of tons)	<b>390</b>	404	-3.5 %

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

Despite the fact that demand dynamics have gradually been reaching a normal level, an average order backlog of 135,000 tons (1Q 2010: 131,000 tons) ensured that our capacity utilization rate remained high at 98 % (4Q 2010: 98 %, 1Q 2010: 97 %). Due to the steep increase in costs of recovered paper, chemicals and transportation, the division remained particularly focused on maintaining its price discipline.

Sales rose accordingly by 10.7 % to reach EUR 243.4 million compared to EUR 219.9 million in the first quarter of 2010, even though the tonnage sold in the amount of 399,000 tons was 3.9 % below last year's figure (1Q 2010: 415,000 tons). Thereof 81 % were sold within Europe and 19 % in non-European markets (1Q 2010: 79 %; 21 %).

The tonnage produced amounted to 390,000 tons, also representing a slight downturn of 3.5 % compared to last year's figure (1Q 2010: 404,000 tons).

At EUR 24.3 million, the operating profit (1Q 2010: EUR 12.2 million) nearly doubled, and as a consequence, the operating margin went up to 10.0 % (1Q 2010: 5.5 %).

#### *Modernization at the Kolicvevo cartonboard mill in Slovenia*

As forward planning, we decided to modernize the larger of the two cartonboard machines at the Kolicvevo cartonboard mill in Slovenia, converting it into a "swing machine" to produce both recycled and virgin fiber-based cartonboard.

The conversion is planned for the final weeks of the year 2011 and will open up new market and profit opportunities as from early 2012. Investment expenditures will be more than EUR 40 million.

## **MM Packaging**

in millions of EUR, IFRS	1Q/2011	1Q/2010	+/-
<b>Sales</b> <sup>1)</sup>	<b>281.2</b>	249.6	+12.7 %
<b>Operating profit</b>	<b>25.7</b>	28.0	-8.2 %
<b>Operating margin</b> (in %)	<b>9.1 %</b>	11.2 %	
Tonnage processed (in thousands of tons)	<b>177</b>	170	+4.1 %

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

At MM Packaging, the first three months of 2011 were characterized by continuously strong order inflow and high capacity utilization at the folding carton plants. Sales in the Fast Moving Consumer Goods and Tobacco sectors proved to be particularly consistent.

The challenge of passing on the recent rise in cartonboard prices and the noticeable increase in other direct costs remains ongoing.

The tonnage processed reached 177,000 tons, growing by 4.1 % compared to last year's figure (1Q 2010: 170,000 tons).

Sales rose by 12.7 % to EUR 281.2 million (1Q 2010: EUR 249.6 million) due to both volume and price factors, while almost half of this increase can be attributed to acquisitions made in the previous year.

As the significant increases in cartonboard prices could only be passed on gradually, the operating profit of EUR 25.7 million was 8.2 % below last year's level (1Q 2010: EUR 28.0 million), and the operating margin decreased accordingly from 11.2 % (1Q 2010) to 9.1 %.

## QUARTERS OVERVIEW

### MAYR-MELNHOF GROUP

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

### DIVISIONS:

#### MM Karton

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

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

#### MM Packaging

in millions of EUR, IFRS	1Q/2010	2Q/2010	3Q/2010	4Q/2010	1Q/2011
<b>Sales<sup>1)</sup></b>	249.6	245.1	260.5	265.5	281.2
<b>Operating profit</b>	28.0	24.4	25.9	18.9	25.7
Operating margin (in %)	11.2 %	10.0 %	9.9 %	7.1 %	9.1 %
Tonnage processed (in thousands of tons)	170	163	171	171	177

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

Please find our detailed Interim Report on the 1<sup>st</sup> Quarter of 2011 in the Internet at <http://www.mayr-melnhof.com>.

**Forthcoming Results: August 17, 2011** Results for the first half-year of 2011

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