



PRESS RELEASE

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RESULTS FOR THE FIRST THREE QUARTERS 2009

- Profit for the period slightly above previous year
- Perceptible increase in profit for the 3rd quarter
- Seasonally weaker 4th quarter expected, as usual
- No demand recovery in sight

The Mayr-Melnhof Group overall held its ground very successfully in the first three quarters of 2009. Due to increased market shares and noticeably decreasing fixed and variable costs, results could be kept at last year's level, in spite of declining and more volatile demand with a highly heterogeneous regional pattern.

As a result of lower volume sold, the Group's sales decreased by 11.4 %. However, at EUR 110.1 million, the operating profit almost reached last year's level. Thus, at Group level, the operating margin increased considerably in the first nine months of the year 2009 to 9.3 % (1-3Q 2008: 8.3 %). Due to lower income tax expense, the profit for the period rose by 2.4 % to EUR 80.3 million.

Resulting from the increase in non-European orders, the cartonboard division's current order backlog levels at approximately two weeks and thus slightly higher compared with the previous quarters. However, the market situation in Europe remains very tense. Indications from MM Packaging's customers show a highly volatile tendency.

A further slowdown in the Group's European sales cannot be ruled out. In addition to an already massive and perceptible price consciousness, consumers are likely to reduce their consumption volume significantly as unemployment figures are on the rise.

Our prime focus is on maintaining the core and position of the Mayr-Melnhof Group sound and profitable and to cautiously initiate new growth steps.

GROUP KEY INDICATORS – IFRS

consolidated, in millions of EUR	1-3Q/2009	1-3Q/2008	+/-
Sales	1,186.5	1,338.8	-11.4 %
Operating profit	110.1	110.9	-0.7 %
Operating margin (%)	9.3 %	8.3 %	
Profit before tax	110.2	113.7	-3.1 %
Profit for the period	80.3	78.4	+2.4 %
Net profit margin (%)	6.8 %	5.9 %	
thereof minority interests	1.9	1.7	
Employees	8,052	8,240 ¹⁾	

¹⁾ as of December 31, 2008

Consolidated sales of the Group amounted to EUR 1,186.5 million, which is 11.4 % down on the previous year (1-3Q 2008: EUR 1,338.8 million), mostly resulting from reduced sales volume.

Due to decreased input costs, however, the operating profit of EUR 110.1 million almost reached last year's level and hence the Group's operating margin increased significantly from 8.3 % to 9.3 %.

As a consequence of lower interest received on the Group's liquidity, the balance of interest was significantly reduced in spite of very attractive interest rates on financial liabilities. Financial income amounted to EUR 6.8 million (1-3Q 2008: EUR 10.7 million) compared to financial expenses of EUR -3.9 million (1-3Q 2008: EUR -5.6 million).

Profit before tax came in at EUR 110.2 million compared with EUR 113.7 million in the first three quarters of the previous year. Income tax expense decreased from EUR 35.3 million to EUR 29.9 million, with last year's higher level resulting mainly from taxation of non-recurrent income from the disposal of businesses. The effective Group tax rate decreased to 27.1 % (1-3Q 2008: 31.0 %).

Thus, the profit for the period increased by 2.4 % to EUR 80.3 million (1-3Q 2008: EUR 78.4 million). With a basic weighted average of 21,255,708 shares outstanding, the earnings per share amounted to EUR 3.69 (1-3Q 2008: EUR 3.53).

DEVELOPMENT IN THE THIRD QUARTER

In the third quarter, the Group achieved the highest quarterly sales and results so far this year.

Due to a further expansion in non-European business, the average capacity utilization of MM Karton was increased to approximately 90 % in the third quarter (2Q 2009: 88 %; 3Q 2008: 86 %). However, the operating margin decreased from 7.8 % to 7.1 % (3Q 2008: 2.0 %) compared with the second quarter, which is mainly attributable to increased expenses on maintenance and fibers.

MM Packaging improved the operating margin significantly to 10.5 % (2Q 2009: 8.8 %; 3Q 2008: 10.1 %) chiefly due to enhanced capacity utilization.

The Group attained an operating profit of EUR 39.9 million versus EUR 34.5 million in the second quarter (3Q 2008: EUR 30.6 million), resulting in an increase in the operating margin to 9.6 % (2Q 2009: 9.0 %; 3Q 2008: 6.9 %).

At EUR 28.4 million, the profit for the period also exceeded the level of the previous quarter significantly (2Q 2009: EUR 25.4 million; 3Q 2008: EUR 23.0 million).

OUTLOOK

A demand recovery is currently not in sight – neither in the cartonboard nor in the folding carton business. On the contrary, as unemployment figures continue to rise in Europe, a decline in private consumption is to be expected. Against this backdrop, the demand will continue to be subject to short-term planning among customers, high volatility and ongoing price pressure. Thus, a results forecast for the entire year is not yet possible. We expect a noticeable seasonal decrease in incoming orders, particularly for the second half of December. Therefore, selective market-related temporary downtime will remain unavoidable.

With ongoing and/or increasing underutilization of capacity and potential price inflation for raw materials and energy, pressure on margins cannot be ruled out.

The measures to increase efficiency and quality in production and sales taken by the Group so far have proved successful and will be pursued. Investment activities will be continued focusing on fast pay-back projects.

Our goal is to maintain the sound performance of the Group despite the foreseeable challenge of a difficult environment and to generate sustained high cash earnings. Further growth steps are in preparation and will be implemented when the risks are manageable.

DIVISIONS

MM Karton

Simultaneously with the overall economic downturn, the demand for cartonboard also recorded a clearly downward trend and a highly volatile development in the first three quarters of 2009. Against this backdrop, MM Karton has focused on best possible stabilization of cartonboard prices and market shares.

Due to the slack demand on the European core markets, sales outside Europe were increased step by step. This led to a sustained improvement of cartonboard machine utilization throughout the year. At 47,000 tons, the average order backlog in the first three quarters was just slightly below the previous year's level (1-3Q 2008: 54,000 tons).

A total of 1,104,000 tons (1-3Q 2008: 1,228,000 tons) of cartonboard were produced in the period under review, with capacity utilization amounting to approximately 86 % (1-3Q 2008: 93 %).

Totalling 1,090,000 tons, cartonboard sales were down 12.1 % on last year's figures (1-3Q 2008: 1,240,000 tons). Approximately 78 % of the volume was sold in Europe and 22 % on non-European markets (1-3Q 2008: 80 %; 20 %).

Against the background of the overall economic slowdown, the raw material markets, particularly also recovered paper, experienced a perceptibly deflationary trend in the first months of the year, which was followed by a noticeable upbeat in prices, particularly for fibers, starting about the middle of the year.

Sales declined by 17.7 % to EUR 565.6 million (1-3Q 2008: EUR 687.2 million) resulting from lower volumes and prices. However, due to a noticeable reduction in costs, the operating profit was driven up by 15.2 %, increasing the operating margin from 5.1 % to 7.1 %.

MM Packaging

The European market for folding cartons showed an overall heterogeneous picture throughout the first three quarters of 2009. Although customers have not yet markedly started saving by purchasing fewer daily consumer goods, we have clearly seen a change from high-grade consumer goods towards simpler and cheaper products.

Depending on the particular sales areas and on the individual regions and customers, MM Packaging recorded high demand in some areas but also experienced temporary underutilization of capacity in some plants.

As raw material prices decreased and the competitors defended their market shares vehemently, the pressure on sales prices has increased strongly. Moreover, customers continue trimming their inventories and planning very short term, which led to a significant rise in volatility in the ongoing business.

Through selective measures to increase productivity and quality and maximum flexibility as well as keeping in close contact with our customers, MM Packaging was successful in securing and expanding its market shares even in an accelerating competitive environment.

Although the procurement behavior of some key customers was characterized by clearly higher volatility, approximately 471,000 tons of cartonboard were converted in the first nine months of the year. This is a decrease of 6.7 % compared with the previous year.

Sales declined by 5.8 % to EUR 711.2 million, mainly due to lower volumes sold. As the utilization of capacities decreased compared with last year, the operating profit was down 8.0 % to EUR 70.0 million versus last year (1-3Q 2008: EUR 76.1 million). Thus, the operating margin stood at 9.8 % (1-3Q 2008: 10.1 %).

Please find our detailed Interim Report on the 3rd Quarter of 2009 on the Internet at <http://www.mayr-melnhof.com>

Forthcoming results: March 17, 2010 – Financial results 2009

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