



Mayr-Melnhof Karton AG

Final Results 2003

April 27, 2004



Group

Key indicators

Karton

Packaging

Graphia

Highlights 2003

- **Another record year in a row**
Net income increased by 9 % to EUR 90.9 million
- **10 % dividend increase to EUR 2.20 per share**
- **MM best positioned**
Market- and Cost position
- **Share price increased by 35 % (2002: 33 %)**



MM Shares: 10 Years on the Stock Exchange

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- Since IPO more than EUR 160 million paid out for dividends
- Average annual total shareholder return > 8 %



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Strategic Position

- **Concentration on core competences**
(Cartonboard production and processing)
- **Market AND Cost leadership**
- **Long-term profit orientation**
- **Expansion**



Segments

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- The worldwide leading producer of recycled fiber based cartonboard



- Europe's largest manufacturer of folding cartons

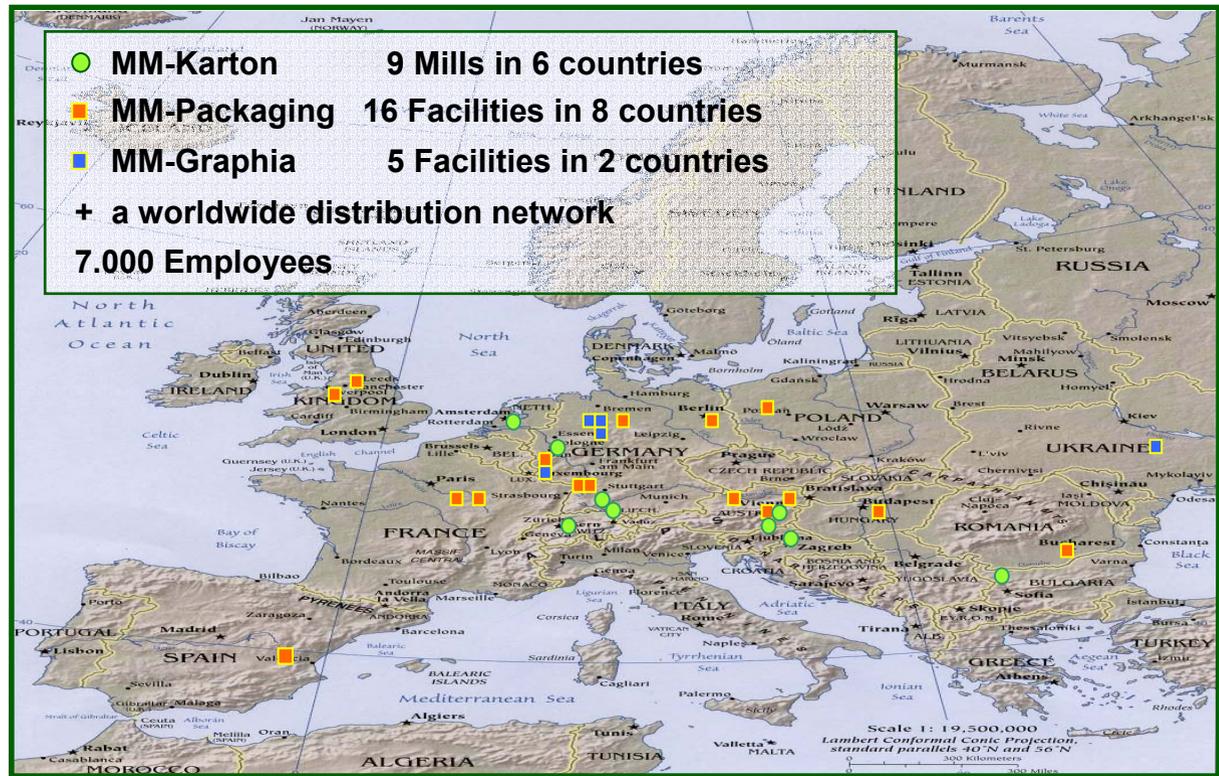


- A leading European packaging producer for cigarettes and confectionery



Production Sites

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Group Results 2003

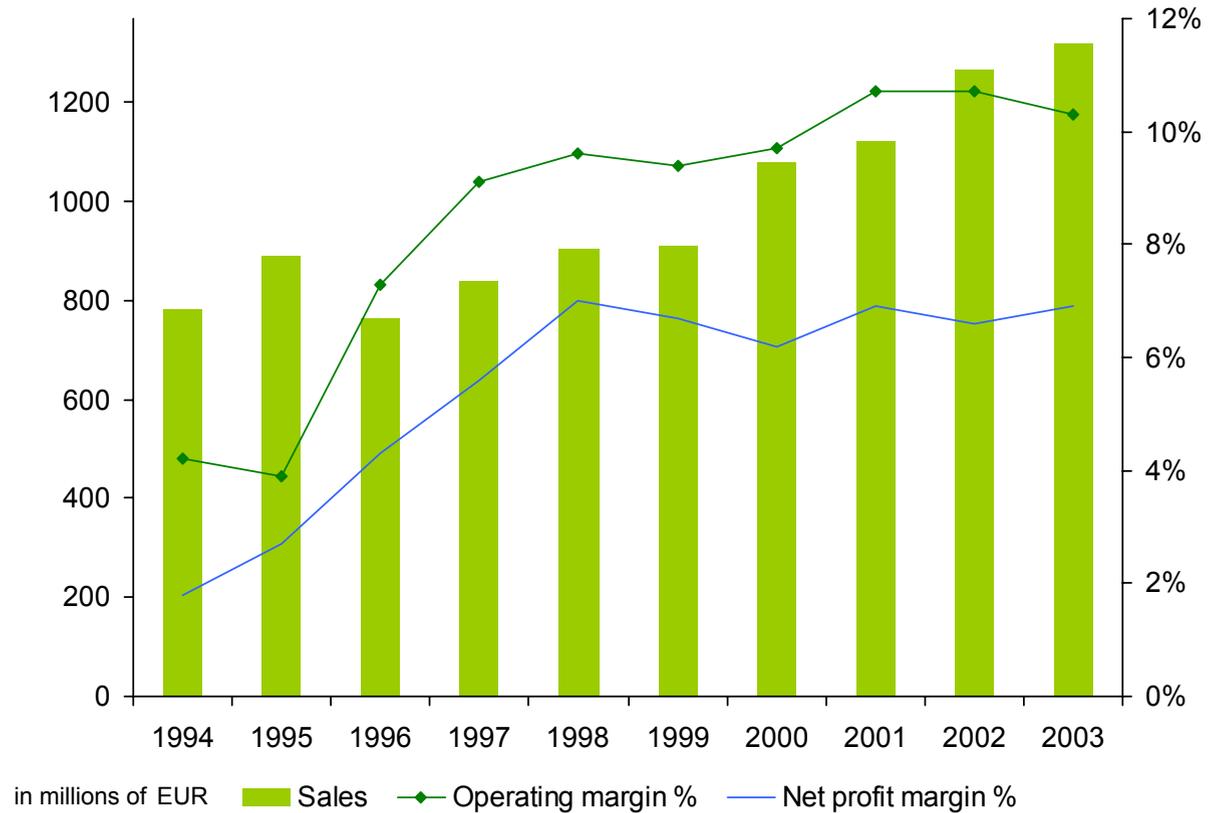
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Consolidated in millions of EUR, US GAAP	2003	2002	+/-
Sales	1,320.6	1,265.7	+4.3%
Operating profit	136.2	135.7	+0.4%
Operating margin	10.3%	10.7%	
Income before taxes	132.3	132.8	-0.4%
Net income	90.9	83.3	+9.1%
in % of sales	6.9%	6.6%	
Cash earnings	169.9	174.7	-2.7%
in % of sales	12.9%	13.8%	



Sales and Margins

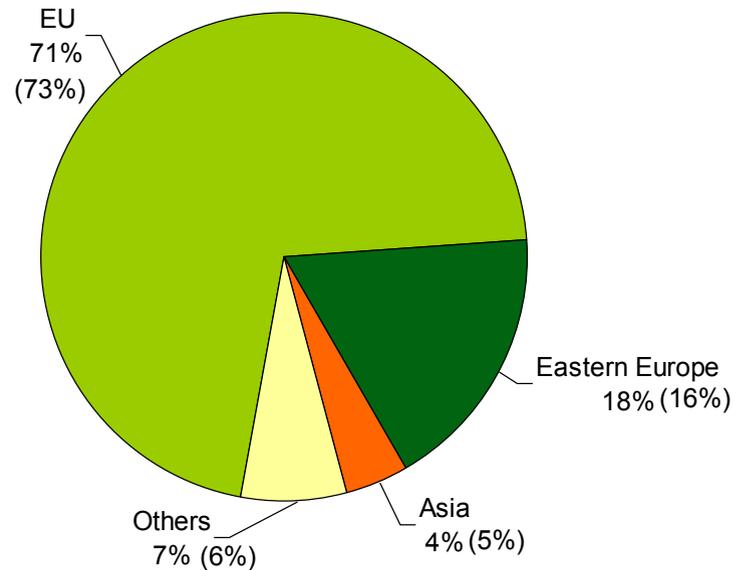
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Sales by Region

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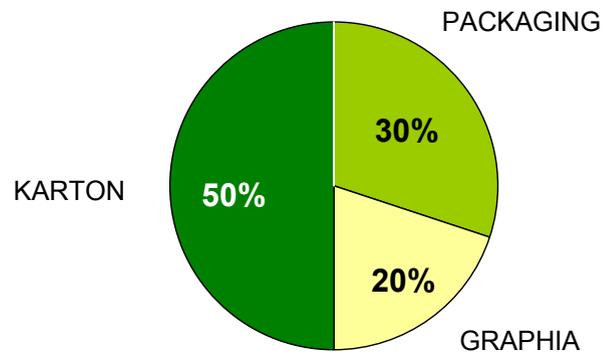


2003 (2002)

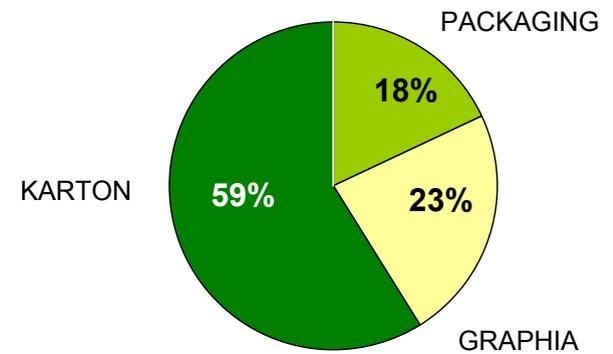


Sales and Operating Profit by Division

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Sales



Operating Profit

Basis: 2003



Group Balance Sheet

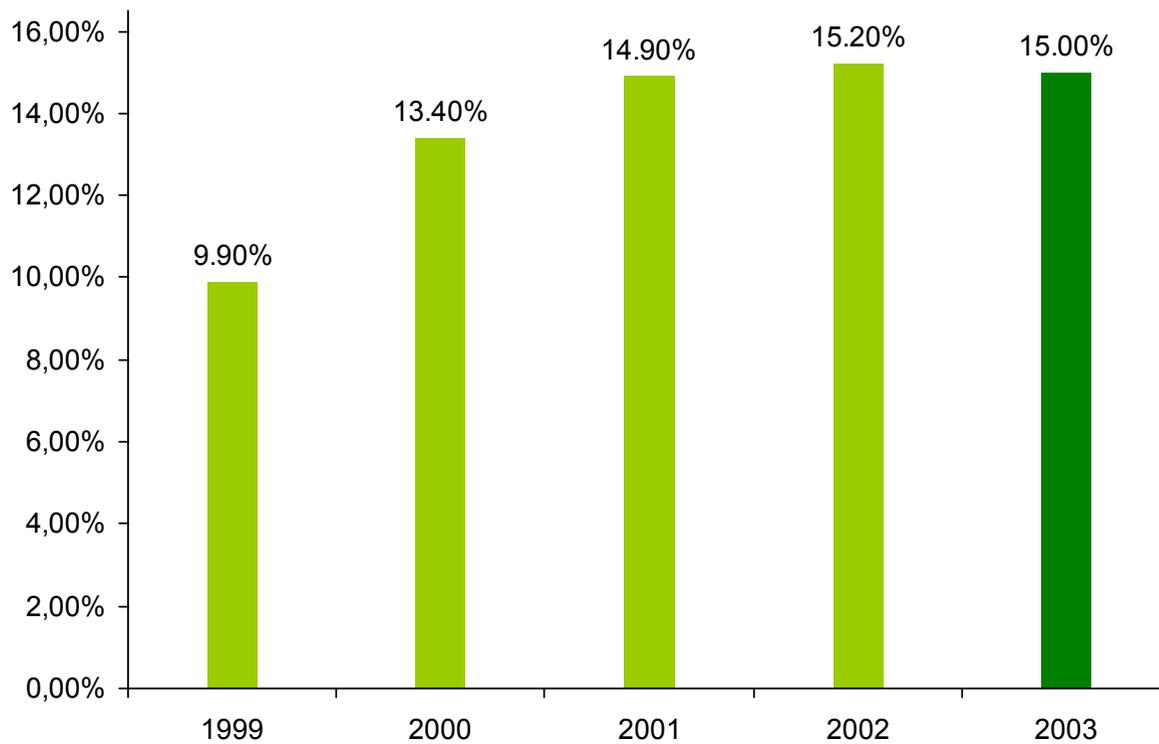
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Consolidated in EUR millions, US GAAP	Dec.31,2003	Dec.31,2002
Current assets	527.9	518.2
Non-current assets	656.7	657.0
Total assets	1,184.6	1,175.2
Current liabilities	325.2	354.7
Non-current liabilities	213.0	240.2
Minority interests	9.1	8.3
Stockholders' equity	637.3	572.0
Balance sheet total	1,184.6	1.175.2
Cash and cash equivalents + available-for-sales securities	242.4	225.5



Return on Equity

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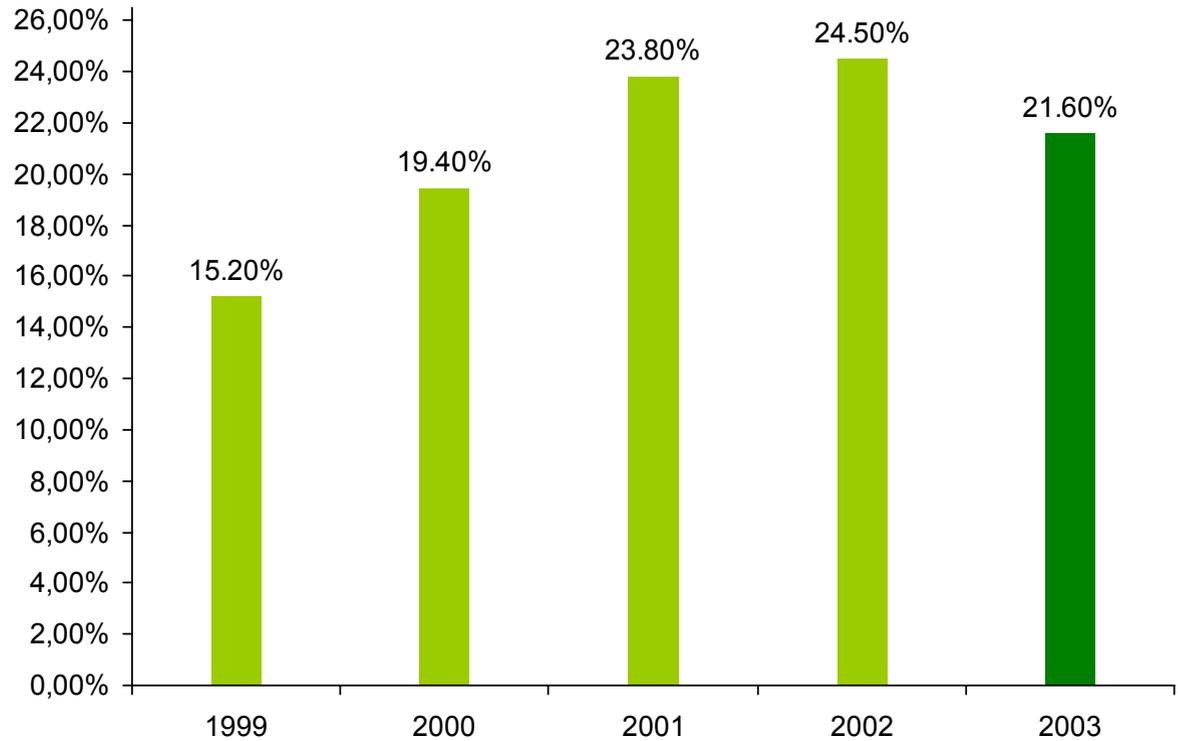


Defined: Net income / average stockholders' equity



Return on Capital Employed

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Defined: $\frac{\text{Net income before minority interests, income taxes and net interest expense}}{\text{average stockholders' equity, minority interests and net debt (only if the interest bearing liabilities are greater than cash and cash equivalents)}}$



Consolidated Statements of Cash Flows

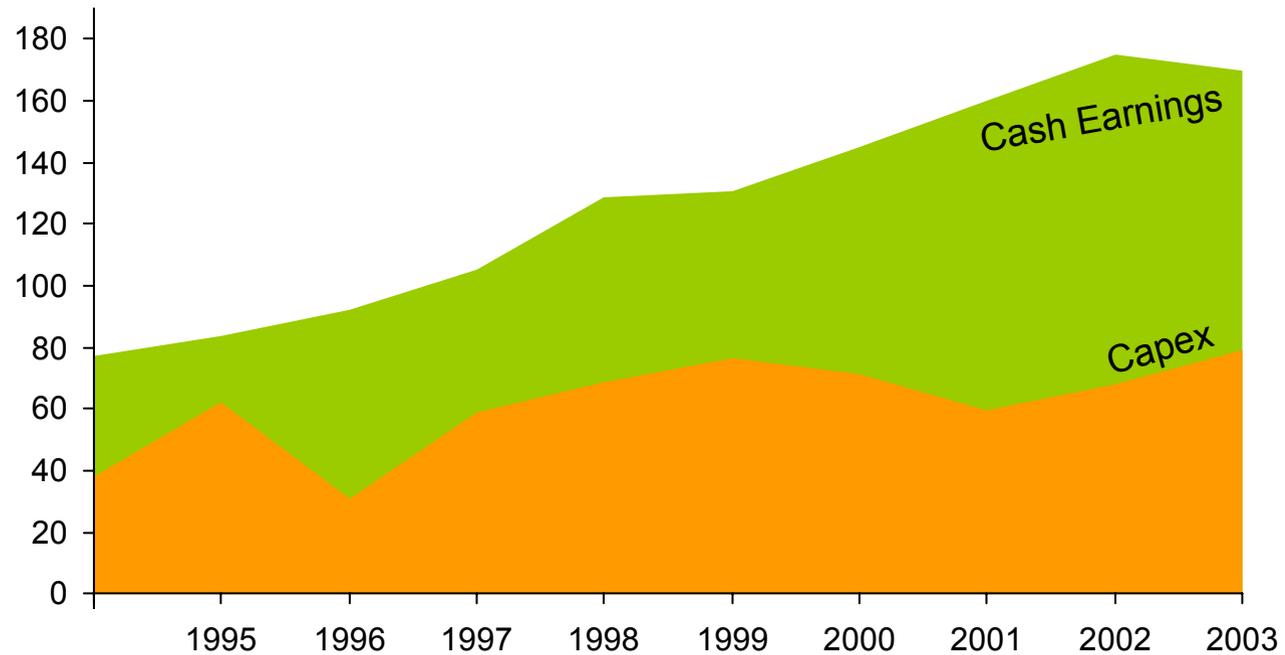
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consolidated in EUR millions, US GAAP	2003	2002
Net cash provided by operating activities	157.3	173.8
Net cash used in investing activities	(81.7)	(119.1)
Net cash used in financing activities	(57.0)	(71.7)
Change in cash and cash equivalents	17.2	(17.5)
Cash and cash equivalents at year-end	166.3	149.1
“Available-for-sales securities”	76.1	76.4
Total resources available to the Group	242.4	225.5



Cash Earnings - Capex

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in millions of EUR



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MM-Karton

- 9 mills in Austria, Germany, Switzerland, Netherlands, Slovenia und Bulgaria
- Capacity 2003: 1.6 million tons / year
- 14 machines
- 90% recycled fiber based cartonboard
- 10% virgin fiber based cartonboard



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MM-Karton: Overview 2003

Profitability kept on a high level

- On-going short-term demand
- European pricing fairly maintained
- Capacities adjusted to demand by selective production downtime (Capacity utilization: 87% 2003 / 93% 2002)
- Successful implementation of cost reduction measures
- Raw material costs, in total, stable
- Position in Europe defended
- Reduction in order intake from non-European markets



MM-Karton: Results 2003

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in EUR millions, US GAAP	2003	2002	+/-
Sales	755.6	778.7	-3.0%
Operating profit	80.3	94.4	-14.9%
Operating margin	10.6%	12.1%	
Tonnage produced (in 000's of tons)	1,426	1,435	-0.6%
Employees	2,969	2,952	
Capex	55.0	46.9	



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Expansion – Sales Organization

EASTERN EUROPA

- MM Karton Russia
- MM Karton Praha
- MM Karton Polska
- MM Karton Bulgaria

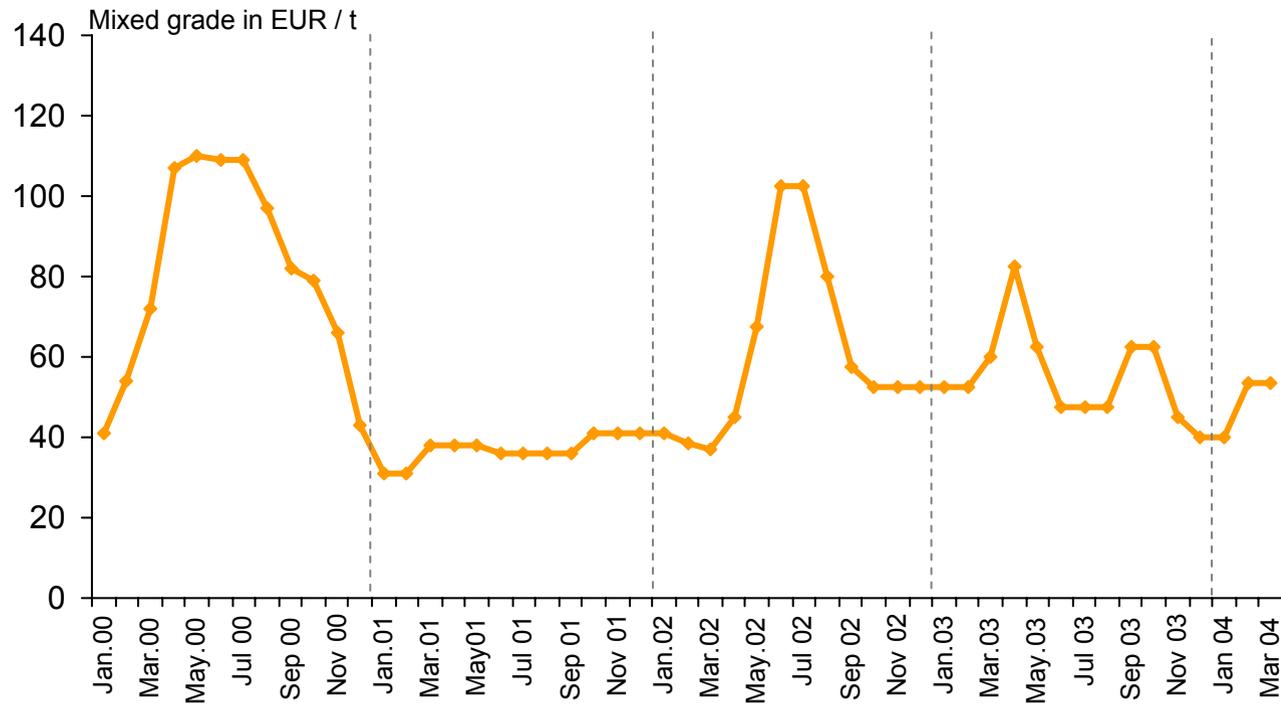
ASIA (China)

- MM China
 - *Shanghai*
 - *Guangzhou*



Recovered Paper Price

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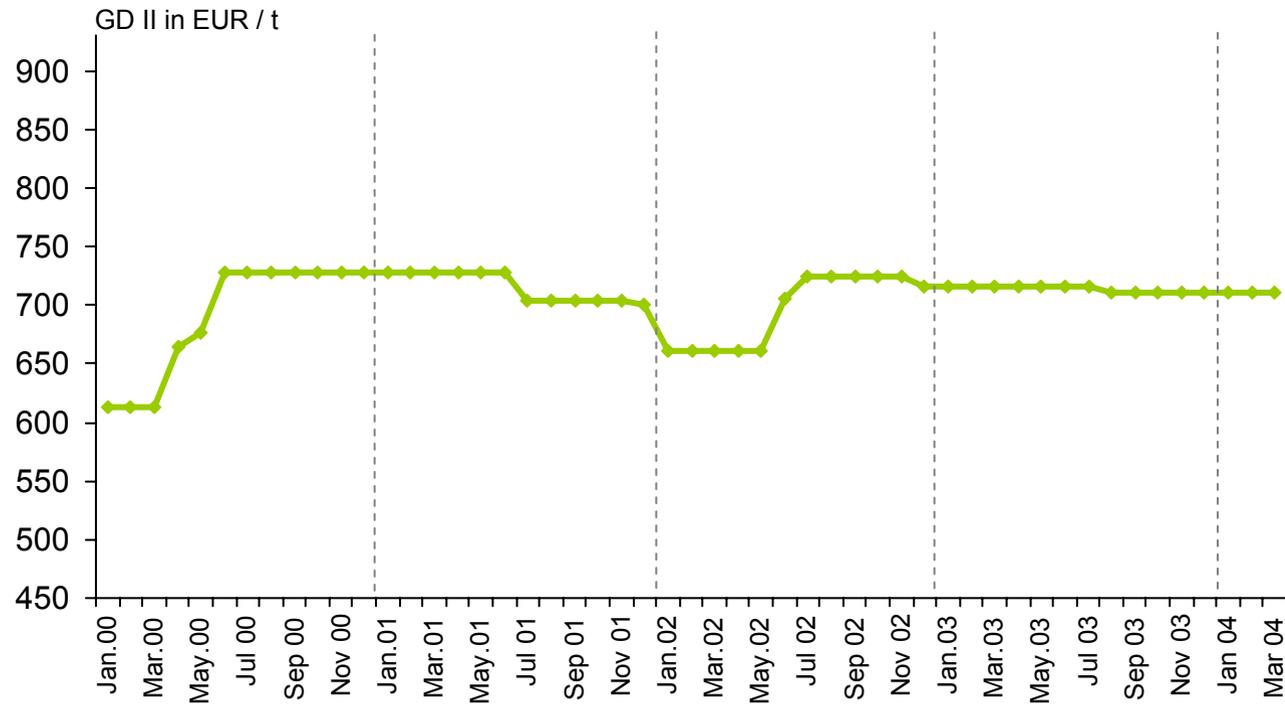


Source: EUWID



Cartonboard Price

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Source: EUWID



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MM-Packaging:

- 16 facilities in 8 countries
- Tonnage converted 2003: 314,000 tons
(~13 billion folding cartons)
- > 1000 customers
(all renowned producers of consumer goods)



MM-Packaging: Products

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Food

Detergents



Pet food

Microflute



Pharma

Multipack



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MM-Packaging: Overview 2003

Positive development of earnings

- Robust demand
- Highly competitive environment
- We follow the customers
- Site-specialization continued
- Innovation



MM-Packaging: Results 2003

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in Mio. EUR, US GAAP	2003	2002	+/-
Sales	399.7	421.3	-5.1%
Operating profit	24.7	23.7	+4.2%
Operating margin	6.2%	5.6%	
Tonnage converted (in 000's of tons)	314	324	-3.1%
Employees	2,635	2,652	
Capax	14.4	12.7	



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MMP Iberica

- Acquisition of folding carton production of Alcan Packaging
 - Location: Alzira, Valencia, Spain
 - Sales: ~EUR 27 million
 - 200 Employees
 - Focus: Detergent and Food Packaging
- ⇒ **Development of a high performance plant**



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MM-Graphia

- 5 facilities in Germany, Ukraine
- 3 printing technologies (offset, gravure, flexo)
out of one hand
- Converted tonnage 2003: ~ 91,000 tons



MM-Graphia: Produkte

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Zigarettenverpackung



Hochwertige Süßwarenverpackung



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MM-Graphia: Overview 2003

- Despite increase of tobacco duties in several countries – only slight decrease of the Western European market
 - On-going dynamic development in Eastern Europe
- ⇒ Set up of new plant in Izmir for growth market Turkey
- ⇒ Expansion Graphia Ukraina



MM-Graphia: Results 2003

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in EUR millions, US GAAP	2003	2002	+/-
Sales	262.0	177.1	+47.9%
Operating profit	31.2	17.6	+77.3%
Operating margin	11.9%	9,9%	
Tonnage converted (in 000's of tons)	91	59	+54.2%
Employees	1,202	1,182	
Capex	9.8	8.3	



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Outlook

- Expect good period net income for the first quarter of 2004
- High utilization of capacities in all Divisions
- Capacity utilization of MM-Karton particularly supported by non-European sales
- Price competition remains strong
- Cost reduction programs pursued with highest priority
- Sustainable recovery of European economy and demand still not in sight