



# Mayr-Melnhof Karton AG

1<sup>st</sup> Half-Year 2005

August 24, 2005



## Group

Indicators  
Karton  
Packaging

# Segments (since 1.1. 2005)



- The worldwide leading producer of recycled fiber based cartonboard



- Europe's largest manufacturer of folding cartons



# Highlights: 1<sup>st</sup> Half-year 2005

## Group

Indicators

Karton

Packaging

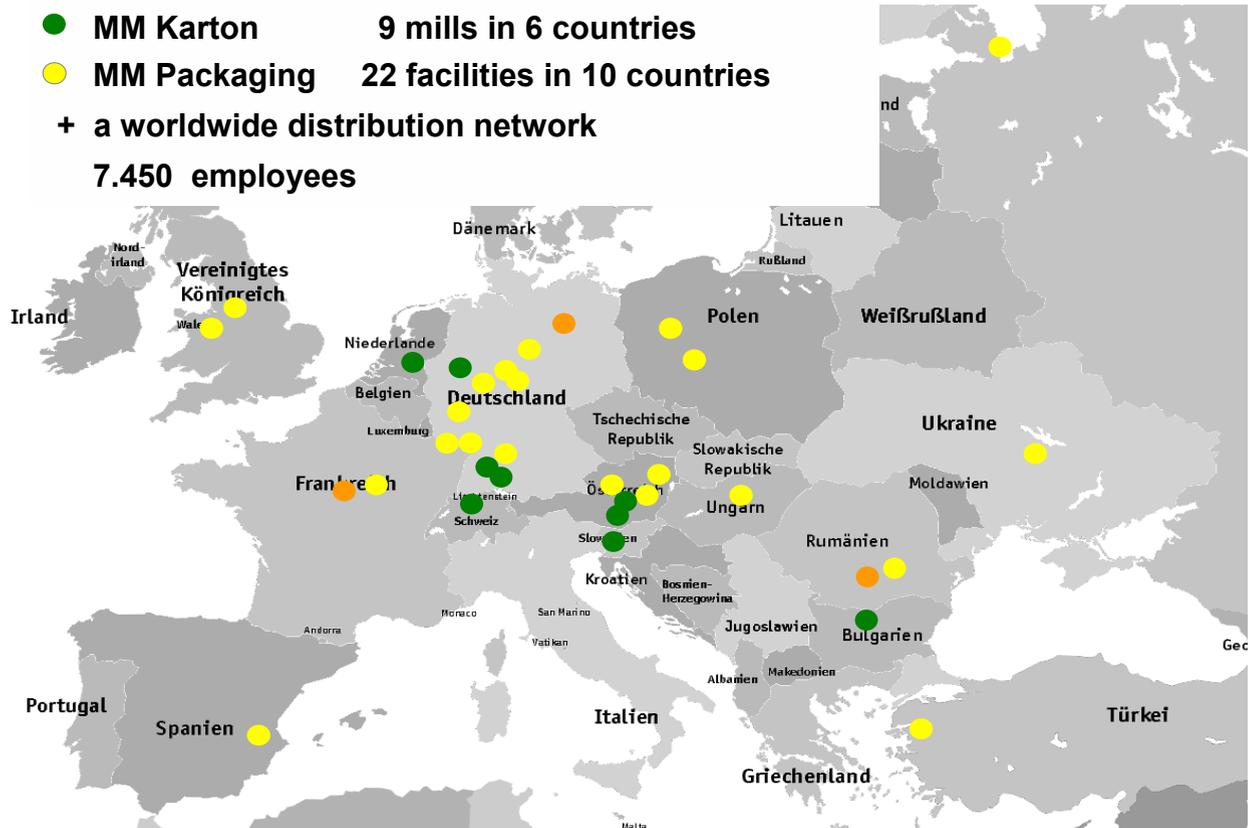
- Results for the period slightly below last year  
*EUR 49.3 million after EUR 52.3 million*
- Increased price competition as a result of persistently weak consumer confidence
- Market-related downtime at MM Karton in 2<sup>nd</sup> quarter
- Positive business trend in cartonboard converting
- Cost-cutting and rationalization intensified



# Production Sites

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- MM Karton 9 mills in 6 countries
- MM Packaging 22 facilities in 10 countries
- + a worldwide distribution network
- 7.450 employees



● Closure in 2005 – Volume transferred to other MMP plants



# Group Results 1<sup>st</sup> Half-year 2005

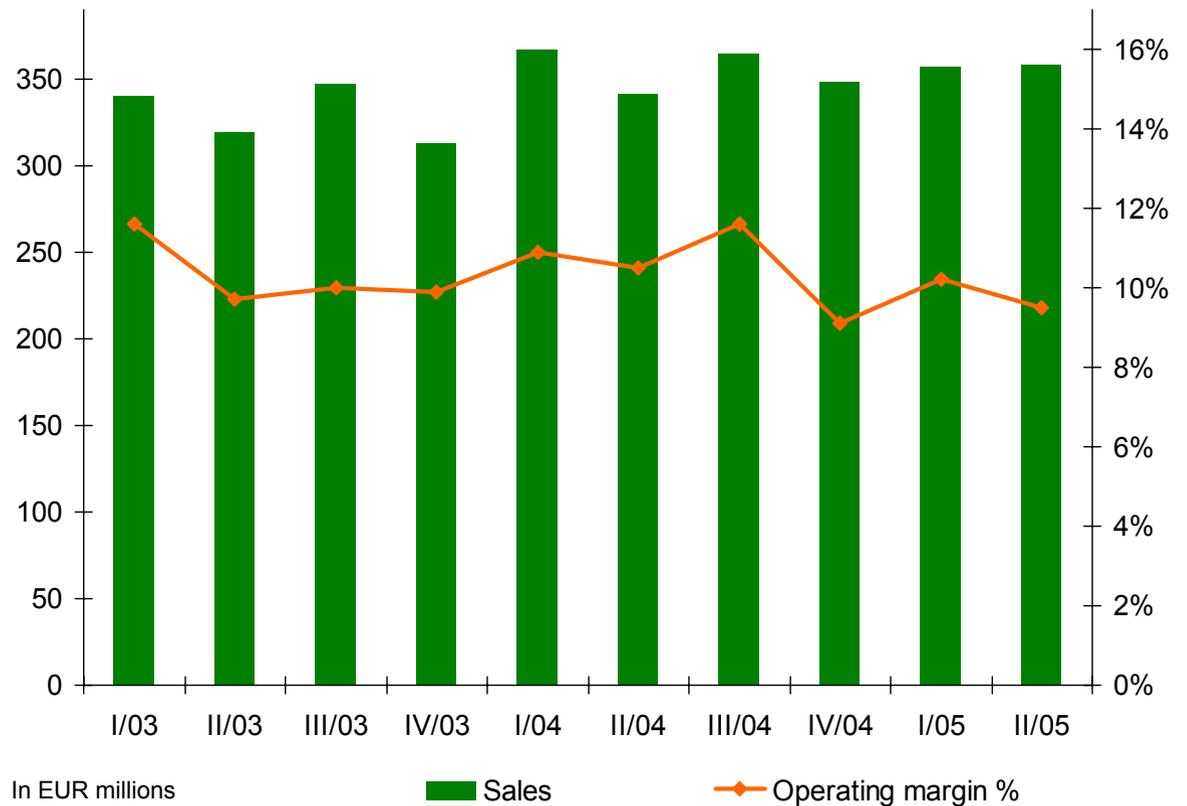
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Consolidated in millions of EUR, IFRS	<b>HY 1 / 2005</b>	HY 1 / 2004	+/-
<b>Sales</b>	<b>715.4</b>	709.0	+0.9%
<b>Operating profit</b>	<b>70.6</b>	75.9	-7.0%
<b>Operating margin (%)</b>	<b>9.9%</b>	10.7%	
Net interest	0.0	0.1	
Other - net	2.4	(0.1)	
<b>Profit before tax</b>	<b>73.0</b>	75.9	-3.8%
Income tax expense	(23.7)	(23.6)	
<b>Profit for the period</b>	<b>49.3</b>	52.3	-5.7%
% Sales	6.9%	7.4%	
<b>Cash earnings</b>	<b>93.1</b>	98.4	-5.4%
% Sales	13.0%	13.9%	



# MM Group – Quarters

Group  
Indicators  
Karton  
Packaging





# Group Balance Sheet

Group  
Indicators  
Karton  
Packaging

Consolidated in EUR millions, IFRS	06/30/2005	12/31/2004
<b>Current assets</b>	597.6	597.0
<b>Non-current assets</b>	683.7	682.4
Total assets	1,281.3	1,279.4
<b>Current liabilities</b>	340.6	339.9
<b>Non-current liabilities</b>	214.5	223.5
<b>Total equity</b>	726.2	716.0
Total equity and liabilities	1,281.3	1,279.4
<b>Total funds available to the Group</b>	261.3	302.2



# Group Cash Flow

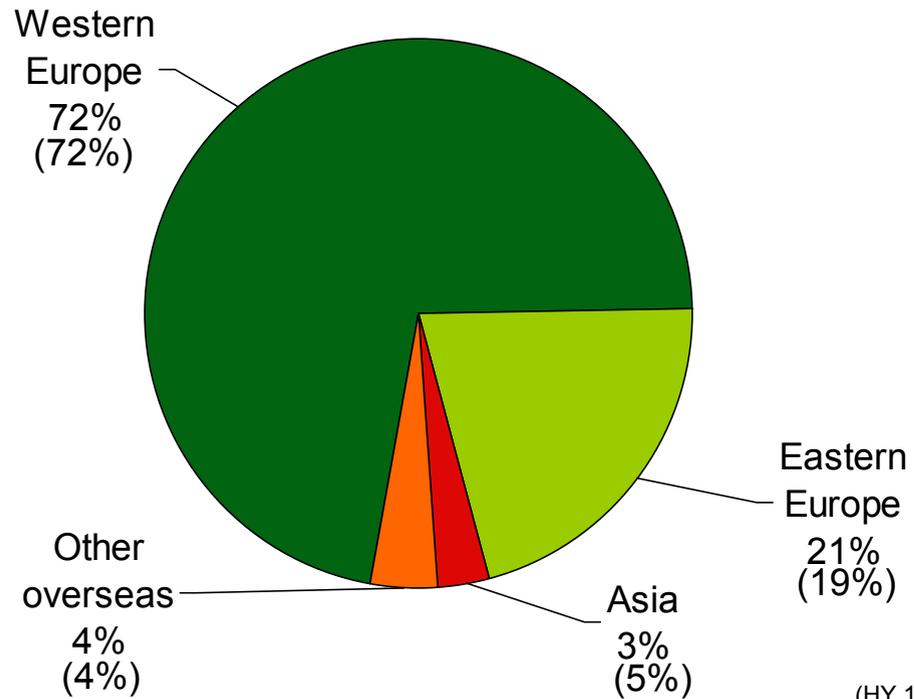
Group  
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Consolidated in EUR millions, IFRS	<b>HY 1 / 2005</b>	HY 1 / 2004
<b>Cash flow from operating activities</b>	<b>48.4</b>	81.2
<b>Cash flow from investing activities</b>	<b>(43.3)</b>	(54.9)
<b>Cash flow from financing activities</b>	<b>(48.2)</b>	(37.7)
Net change in cash and cash equivalents	<b>(42.2)</b>	(10.8)
<b>Cash and cash equivalents at the end of the period</b>	<b>185.4</b>	156.6
Current and non-current available-for-sale financial securities	<b>75.9</b>	72.8
<b>Total funds available to the Group</b>	<b>261.3</b>	229.4



# Sales by Region

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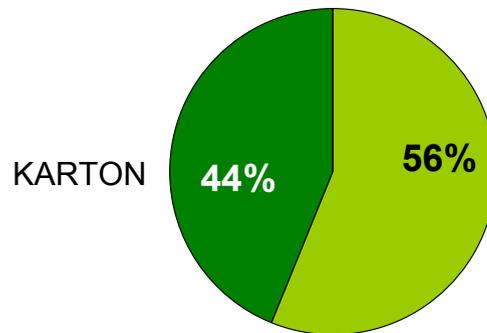


(HY 1, 2005/ 2004)

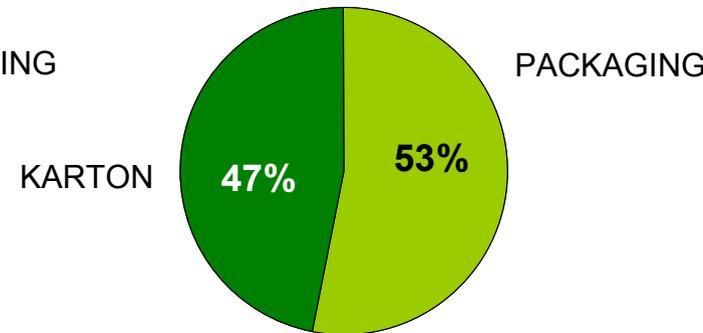


# Sales and Operating Profit by Divisions

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**Sales**



**Operating Profit**

(HY 1, 2005)



# Mayr-Melnhof KARTON



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**Karton**  
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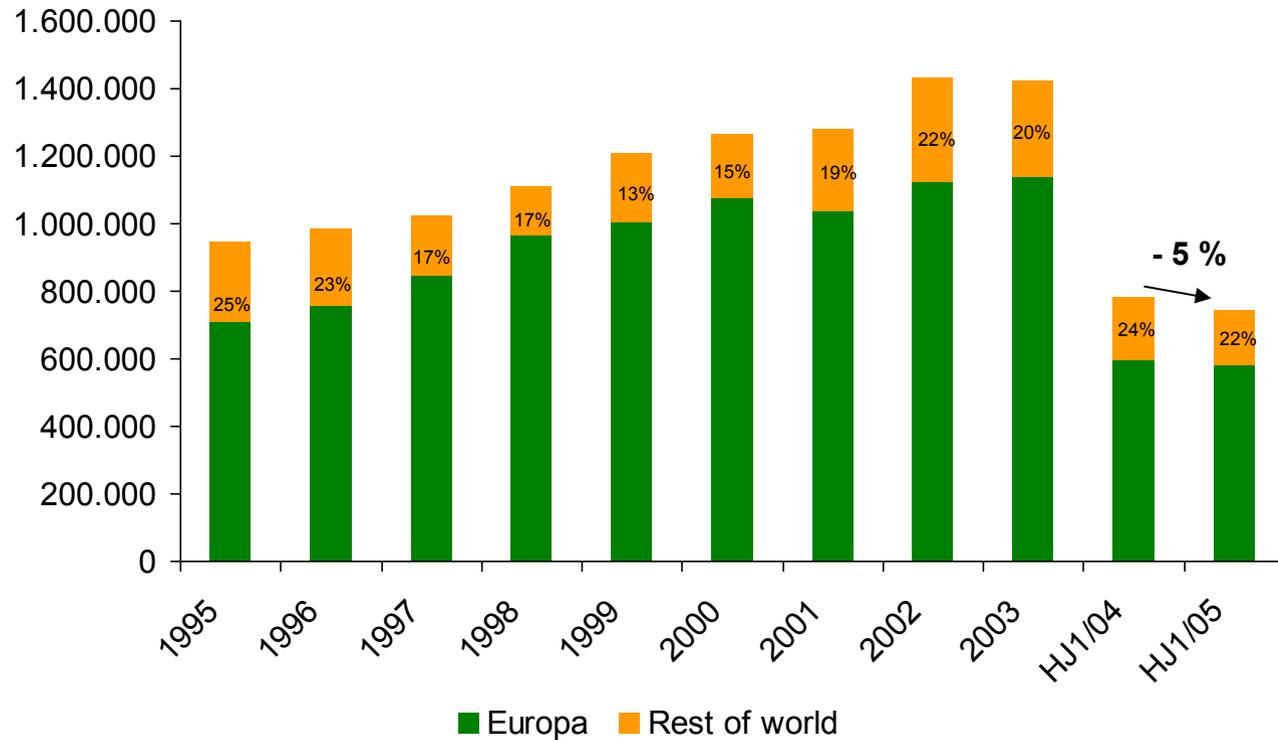
## MM Karton – 1<sup>st</sup> Half-year 2005

- Lack of demand stimulation from Western Europe, increasing volume pressure on markets outside Europe
- Price competition has significantly intensified
- Selective downtime according to strategy  
Capacity utilization HY 1, 05: 94% / HY 1, 04: 97%
- Recovered paper prices largely stable / Continued price increase of all crude oil related input factors
- Cost-cutting measures enhanced on a broad scale



# Cartonboard Sold

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# MM-Karton: 1<sup>st</sup> Half-year 2005

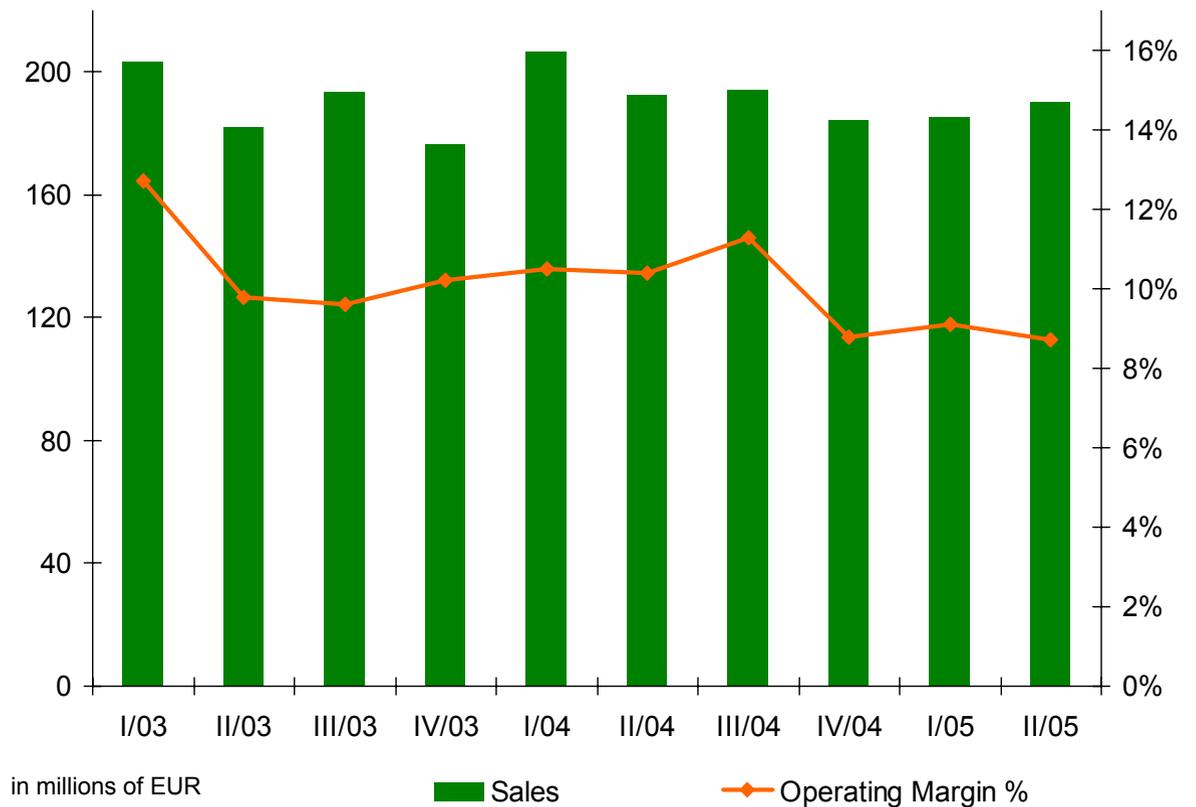
Group  
Indicators  
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in millions of EUR, IFRS	<b>HY 1 / 2005</b>	HY 1 / 2004	+/-
<b>Sales</b>	<b>375.9</b>	399.4	-5.9%
<b>Operating profit</b>	<b>33.4</b>	41.7	-19.9%
<b>Operating Margin (%)</b>	<b>8.9%</b>	10.4%	
<b>Tonnage produced</b> (in thousands of tons)	<b>762</b>	790	-3.6%



# MM-Karton – Quarters

Group  
Indicators  
**Karton**  
Packaging





# Mayr-Melnhof PACKAGING



Group  
Indicators  
Karton  
**Packaging**

# MM Packaging – 1<sup>st</sup> Half-year 2005

- Growth in volume and earnings
- Despite weak demand and overcapacities in the industry, MMP was able to stand its grounds very well
- Concentration on high performance plants continued
- Increase of productivity – top priority
- Investment in rotogravure for expansion in cigarette packaging

*3 Rotogravure printing machines for sites in Trier (D), Izmir (TK) Cherkassy (UA) – Start-up beginning 2006*



# MM Packaging: 1<sup>st</sup> Half-year 2005

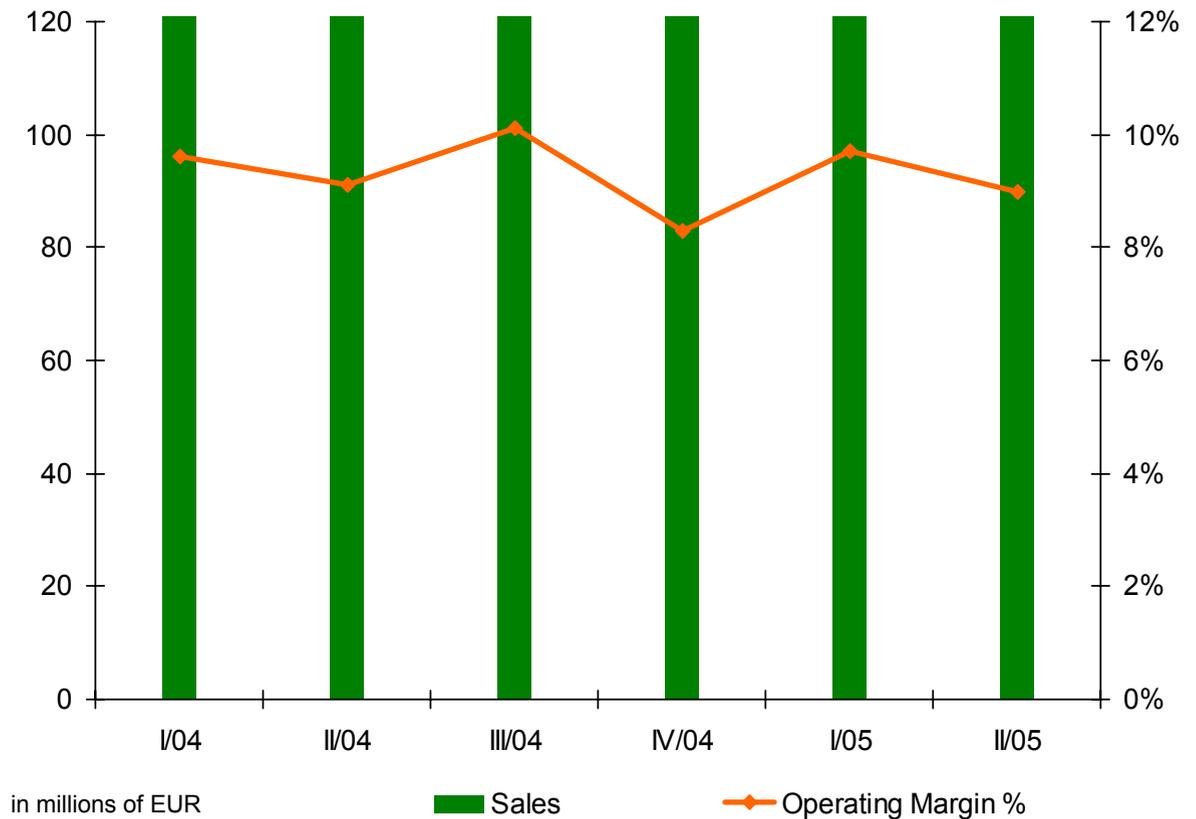
Group  
Indicators  
Karton  
**Packaging**

in million of EUR, IFRS	<b>HY 1 / 2005</b>	HY 1 / 2004	+/-
<b>Sales</b>	<b>397.4</b>	366.7	+8.4%
<b>Operating profit</b>	<b>37.2</b>	34.2	+8.8%
<b>Operating Margin (%)</b>	9.4%	9.3%	
<b>Tonnage processed</b> (in thousands of tons)	<b>250</b>	219	+14.2%



# MM Packaging – Quarters

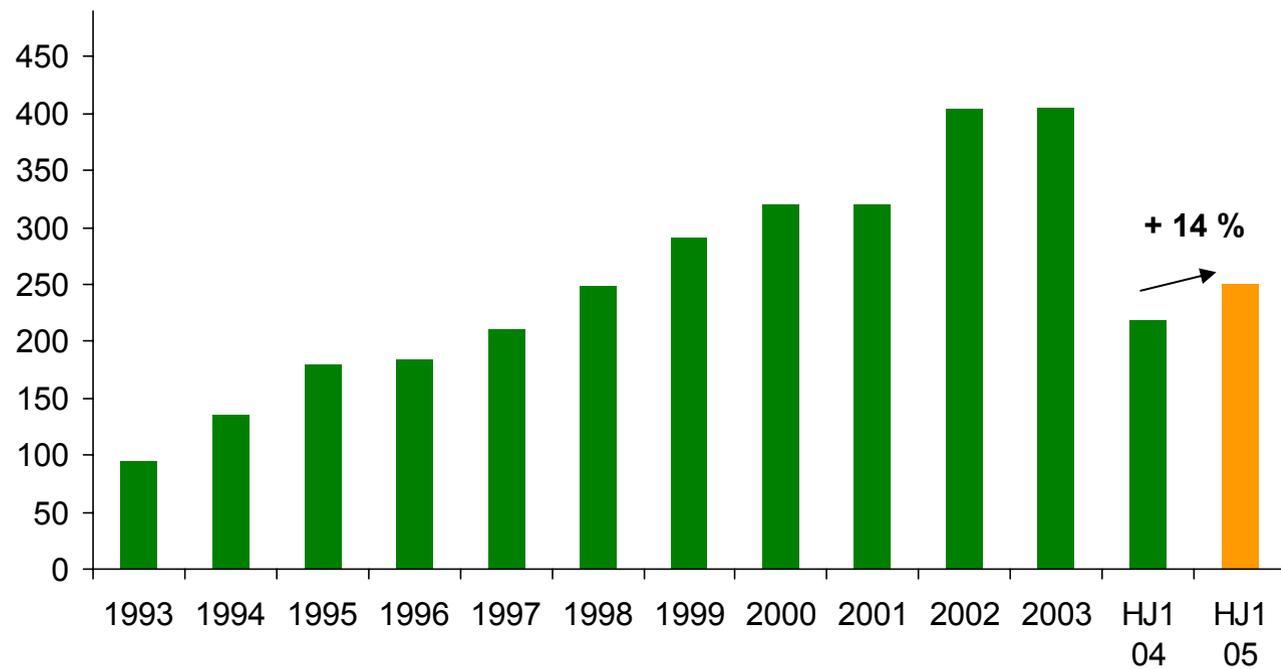
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# Tonnage processed

Group  
Indicators  
Karton  
**Packaging**



in 1.000 t / year



## Group

Indicators

Karton

Packaging

# Outlook

- No pick up in the main Western European markets to be expected in the near future
- MM Group remains solid
- MM Karton:
  - Retain market shares
  - Highest price discipline possible
  - Selective production downtime
- MM Packaging
  - Further market penetration
  - Increase of productivity



## Group

Indicators

Karton

Packaging

# Outlook

- Recovered paper prices fairly stable, price increase of input factors dependent on the crude-oil price will continue
- Focus on further cost-cutting
- Continuous investment activity
- Forecast horizon remains short-term
- Expectation for 3<sup>rd</sup> quarter 2005 at least based on continuity
- Acquisition strategy will be retained