



## Report on the first three quarters of 2004

- Further significant increase in results
- Successful sales performance
- High capacity utilization in all segments
- Cost-management successfully continued
- Seasonally lower capacity utilization at MM-Karton expected during 4<sup>th</sup> quarter
- Positive outlook for the full year

# Mayr-Melnhof Group Key Indicators

(US GAAP, unaudited)

(consolidated, in millions of EUR)	1 <sup>st</sup> - 3 <sup>rd</sup> Quarter		+/-
	Jan. 1-Sept. 30, 2004	Jan. 1-Sept. 30, 2003	
Sales	1,073.7	1,007.9	+6.5%
EBITDA	187.3	165.4	+13.2%
EBITDA margin (%)	17.4%	16.4%	
Operating profit	118.3	105.3	+12.3%
Operating margin (%)	11.0%	10.4%	
Income before income taxes and minority interests	118.0	101.7	+16.0%
Income taxes	(36.4)	(36.1)	
Net income	80.1	64.7	+23.8%
Net income margin (%)	7.5%	6.4%	
Basic earnings per share (in EUR)	7.27	5.87	
Diluted earnings per share (in EUR)	7.27	5.86	
Cash earnings	147.8	129.3	+14.3%
Cash earnings margin (%)	13.8%	12.8%	
Capital expenditures	54.9	47.3	
Depreciation and amortization	69.3	63.1	

	Sept. 30, 2004	Dec. 31, 2003
Stockholders' equity (in millions of EUR)	694.3	637.3
Total liabilities and stockholders' equity (in millions of EUR)	1,332.4	1,184.6
Equity to total assets (%)	52.1%	53.8%
Net debt (in millions of EUR)	(86.2)	(78.2)
Enterprise value (in millions of EUR)	1,259.8	1,059.4
Employees	7,555	6,806

# Group Report

## Dear Shareholders,

With a very successful third quarter, your Company has significantly increased the results for the first three quarters of 2004 as compared to the previous year. At EUR 80.1 million (Q1-3 2003: EUR 64.7 million), net income for the period was up 23.8%.

Despite an ongoing lack of impulses from the major Western European economies, the MM Group registered an overall high utilization of capacities during the current financial year due to satisfactory market success in Europe and overall stable cartonboard sales outside Europe. While competition remained very strong, further increases in efficiency and cost reductions could be successfully implemented.

For several quarters, MM's cartonboard converting activities have significantly contributed to the Company's increase in sales and results, mainly resulting from new business as well as the positive development of the recent acquisitions. With the purchase of folding carton plants in Spain, Poland, Romania and Russia, four acquisition projects have already been completed during 2004 in the converting sector.

## Statement of Income

In the first three quarters of 2004, the Mayr-Melnhof Group achieved consolidated sales of EUR 1,073.7 million (Q1-3 2003: EUR 1,007.9 million). This represents an increase of 6.5% or EUR 65.8 million, with half of that rise resulting from acquisitions.

At EUR 118.3 million, the operating profit was 12.3% above the same period in the previous year (Q1-3 2003: EUR 105.3 million). This improvement is mainly attributable to the positive development in the folding carton sector.

Both interest income and interest expense totaled EUR 4.2 million. "Other-net" amounted EUR -0.4 million. The previous year's level of EUR -3.0 million mainly included a non-recurring valuation adjustment of the shares held in Reno de Medici S.A. Income before income taxes and minority interests increased by 16.0% and stood at EUR 118.0 million (Q1-3 2003: EUR 101.7 million).

At EUR 36.4 million, income taxes were EUR 0.3 million above the previous year's figure (Q1-3 2003: EUR 36.1 million). Consequently, the effective Group tax rate decreased to 30.8% (Q1-3 2003: 35.5%). This reduction mainly results from the discontinuation of non-taxable expenses as well as from previous years' taxable expenses. In view of the legislated decrease in the Austrian corporate income tax rate from 34% to 25%, which is scheduled to enter into effect at the beginning of 2005, a non-recurring deferred tax income estimated at approximately EUR 4.2 million will be recognized in 2004. EUR 1.4 million of this amount has been accounted for in both the second and third quarters.

The first three quarters of 2004 were thus concluded with a noticeable increase in the period net income by 23.8% to EUR 80.1 million (Q1-3 2003: EUR 64.7 million).

## Assets, Capital Resources, Liquidity

The Group's balance sheet total went up EUR 147.8 million compared to December 31, 2003 and came to EUR 1,332.4 million. Stockholders' equity increased, mainly due to period net income, by EUR 57.0 million to EUR 694.3 million, resulting in a 52.1% equity ratio as of September 30, 2004. Financial liabilities rose by EUR 38.8 million compared to December 31, 2003 and totaled EUR 203.0 million. At the same time, total funds available to the Group amounted to EUR 289.2 million at period-end. Consequently, the Group still has no net debt.

**Cash Flow Development**

Cash Flow from operating activities amounted to EUR 119.4 million (Q1-3 2003: EUR 127.4 million). This change is mainly due to the higher level of working capital which resulted from the increase in business volume. At EUR -83.5 million, the cash flow from investment activities stood clearly above the previous year's figure (Q1-3 2003: EUR -73,6 million). Net payments for investments in tangible and intangible fixed assets totaled EUR -55.9 million (Q1-3 2003: EUR -48.8 million). The Group's major investment activities were focused on technical modernizations as well as construction and rebuilding projects. The cash flow from financing activities stood at EUR 13.2 million, compared to EUR -40.1 million in the first three quarters of the previous year.

**Further information**

In January 2004, MM-Packaging acquired an additional 25% interest in the German folding carton producer C.P. Schmidt Verpackungs-Werk GmbH & Co. KG, C.P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, and VTV Verpackungstechnische Verfahren GmbH for a purchase price of EUR 6,900.4 thousands, thus raising its existing 50% interest to 75%. Due to the increased shareholding, these companies, previously accounted for using the proportionate method, are fully consolidated as from January 1, 2004.

At the end of May 2004, MM-Packaging acquired the folding carton part of Alcan Packaging Alzira S.A. near Valencia, Spain, through an asset deal. Consolidation started as of June 1, 2004. The interim purchase price amounts to EUR 12,628.1 thousands.

At the beginning of July 2004, MM-Packaging acquired the folding carton business of Poligram Sp.j. located in Jozefow near Warsaw, Poland, by way of an asset deal. From July 1, 2004 onwards, the results of the acquired company have been included in the consolidated statements of income. The preliminary purchase price for the acquired net assets amounts to EUR 9,700.0 thousands.

At the beginning of August 2004, MM-Packaging acquired the offset business of SC Rodata S.A. located in Bucharest, Romania, through an asset deal. From August 6, 2004 onwards, the results of the acquired company have been included in the consolidated statements of income. The preliminary purchase price for the acquired net assets comes to EUR 1,687.8 thousands.

**Development in the Third Quarter**

In the third quarter of 2004, sales performance in the cartonboard sector continued at the high level of the previous quarters. The capacities of MM-Karton were utilized at 97% (Q2 2004: 99%; Q3 2003: 91%). Despite intensive competition, it has been possible, partly due to the price increase announced for fall, to stabilize European sales prices and to contract at higher levels in the overseas business. On the raw material markets, prices for recovered paper remained fairly unchanged due to the stable demand situation, while prices for input factors related to the crude oil price continued to climb. In the folding carton sector, MM-Packaging's acquisitions of the second quarter have already contributed to a noticeable increase in business volume.

Operating profit totaled EUR 42.4 million, compared to EUR 35.9 million in the second quarter of 2004 (Q3 2003: EUR 34.8 million). As in the previous quarter, deferred tax income of EUR 1.4 million was recognized. This resulted in a net income for the period of EUR 28.6 million compared to EUR 25.4 million in the second quarter of 2004 and EUR 25.8 million in the third quarter of 2003.

**Outlook**

Also in the coming months, low growth in consumption and cautious planning on the part of our customers will determine the demand situation for cartonboard and folding cartons in our main market of Western Europe. Hence, the forecast horizon will remain very short-term. Impulses for growth, therefore, will continue to derive mainly from further expansion. Due to a very competitive environment and the increase in prices for crude oil related input factors, efficiency improvements as well as cost reductions will remain imperative in all business segments. On the non-European cartonboard markets, the price situation has become more stable although the uncertain development in the Far East still has to be observed. In the fourth quarter of 2004, capacity utilization in the cartonboard segment is expected to fall below the figure of the third quarter due to seasonal reasons. Overall, the outlook for the 2004 financial year remains positive.

**Merger of the Segments MM-Packaging and MM-Graphia**

By the end of 2004, the organization of the Divisions MM-Packaging (General Packaging) and MM-Graphia (Cigarettes and Confectionary), which are currently under separate management, will be merged. Further efficiency improvements through the utilization of synergies between the 24 current folding carton plants, an increase in customer benefits as well as specialization in production are the main reasons for this new organizational set-up of the Mayr-Melnhof packaging business.

Focused customer account management by way of product-oriented business units such as Cigarettes, Confectionary, and Detergents will provide a strong basis for future growth, both for business with key international customers and local accounts.

The converting segment resulting from the merger will be managed as a separate Division as of January 1, 2005. Within the Management Board, Wilhelm Hörmanseder will be responsible for the plants and Andreas Blaschke for the sales and marketing activities of this Division. With the change of reporting to IFRS, only two Divisions, MM-Karton and MM-Packaging, will be reported as of the first quarter of 2005.

# Report on the Divisions

## Mayr-Melnhof Karton

In an environment which has been characterized by short-term but steady European demand for several quarters, MM-Karton's operations developed successfully during the first nine months of 2004. On the non-European markets it has been possible to considerably expand sales in comparison to the previous year. At approximately 80,000 tons, MM-Karton's average order backlog during the first three quarters was significantly above the level of the same period in the previous year (Q1-3 2003: approximately 50,000 tons). Both the volume dispatched and the volume produced increased by around 8% to 1,167,000 tons (Q1-3 2003: 1,082,000 tons) and 1,176,000 tons (Q1-3 2003: 1,088,000 tons) respectively. As a result, the capacities of MM-Karton were utilized at 97% in the period from January to September 2004 (Q1-3 2003: 89%). In addition to increased market activity, the capacity utilization rate also benefited from compensatory deliveries from other MM-mills following a fire at the Eerbeek mill.

Due to a lack in impulses for demand and the subsequent rise in the level of competition, pressure on sales prices has markedly increased during the first half of 2004. In the third quarter however, it had been possible to stop further price erosion, due to the announcement of a cartonboard price increase for the fall of this year following the strong surge in the prices of crude oil price related input factors.

In the first nine months of 2004, sales went up by 2.5% and came to EUR 593.3 million (Q1-3 2003: EUR 579.0 million). This rise is the exclusive result of a higher volume dispatched. The average sales price was below the previous year's level, primarily as a consequence of an increased share of sales to overseas markets with structurally lower prices (Q1-3 2004: 24%, Q1-3 2003: 21%). Supported by successful cost management, operating profit could be improved by 2.6% to EUR 63.8 million (Q1-3 2003: EUR 62.2 million). This led to an operating margin of 10.8% (Q1-3 2003: 10.7%).

### Production at Eerbeek board mill will be concentrated on high performance machine

In the course of the reconstruction activities at the Dutch MM-Eerbeek mill following a fire in April of this year that caused damages which are covered by insurance, production will be concentrated on the larger of the two machines. This machine will be upgraded to a modern high performance unit for virgin and recycled fiber based cartonboard. The modernized board machine will commence production before the end of this year. After that, production on the smaller machine will be terminated. As a result of technological modernization and improved productivity, MM-Eerbeek holds a strong competitive position for the future. The fire damage and the restructuring activities will not have any negative impact on current results.

### Divisional Indicators MM-Karton (US GAAP, unaudited)

(in millions of EUR)	1 <sup>st</sup> - 3 <sup>rd</sup> Quarter		+/-
	2004	2003	
Sales <sup>1)</sup>	593.3	579.0	+2.5%
Operating profit	63.8	62.2	+2.6%
Operating margin (%)	10.8%	10.7%	
Tonnage produced (in thousands of tons)	1,176	1,088	+8.1%

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

## Mayr-Melnhof Packaging

Despite the continuing gloomy climate on the European market for folding carton, the operations of MM-Packaging registered an overall favorable capacity utilization during the first three quarters of 2004. This resulted from additional business activities in Eastern and Western Europe on the one hand and on the other hand from the high share of sales in the food sector, which exhibits significantly stronger demand than the non-food sector. The trend towards concentrating packaging procurement on a smaller number of suppliers has been continuing among key multinational customers. In this connection, MM-Packaging

has been successful in winning new business. At the same time, however, competition has intensified. Productivity increases and cost reduction programs, therefore, remain an absolute necessity.

The tonnage converted came to 272,000 tons. This is a rise of approximately 16% compared to the previous year's period (Q1-3 2003: 235,000 tons). Sales went up by EUR 48.1 million or 16.0% and stood at EUR 349.4 million. About two thirds of this increase can be attributed to acquisitions. The operating profit was improved by 36.3% to EUR 25.9 million (Q1-3 2003: EUR 19.0 million) resulting in an operating margin of 7.4% (Q1-3 2003: 6.3%).

In addition to the strong development in current business operations, MM-Packaging was also successful in consolidating its leading position on the European folding carton market, finalizing three acquisitions in Spain, Poland and Romania during the first nine months of 2004.

Furthermore, the acquisition of MM-Packaging's first folding carton plant in Russia, ZAO Polygraph Center, located in St. Petersburg, was successfully completed at the beginning of October.

#### Divisional Indicators MM-Packaging (US GAAP, unaudited)

(in millions of EUR)	1 <sup>st</sup> - 3 <sup>rd</sup> Quarter		+/-
	2004	2003	
Sales <sup>1)</sup>	349.4	301.3	+16.0%
Operating profit	25.9	19.0	+36.3%
Operating margin (%)	7.4%	6.3%	
Tonnage processed (in thousands of tons)	272	235	+15.7%

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

#### Mayr-Melnhof Graphia

Continued dynamic growth in Eastern and South-Eastern Europe as well as a slight tax-induced decline in demand in some Western European countries characterized the European market for cigarette packaging during the first three quarters of 2004. Cigarette manufacturers tend to plan on a cautious basis. The main reasons for this are the second tax increase in Germany, which shall enter into effect in November, and the announced changeover to packages with warning labels, which has not been implemented yet.

Under these circumstances, MM-Graphia demonstrated a successful development in both the cigarette and the confectionary packaging area during the first nine months of 2004.

The converted tonnage of cartonboard and paper totaled 73,000 tons, which is 4.3% above the previous year's level (Q1-3 2003: 70,000 tons). Sales increased by 9.2% to EUR 218.6 million (Q1-3 2003: EUR 200.1 million). The operating profit was improved by 18.7% to EUR 28.6 million (Q1-3 2003: EUR 24.1 million), resulting in an operating margin of 13.1% (Q1-3 2003: 12.0%).

Construction of the new folding carton plant in Izmir, for the Turkish growth market, as well as the expansion of capacities at Graphia Ukraina are progressing according to schedule. Both projects will commence production in 2005.

#### Divisional Indicators MM-Graphia (US GAAP, unaudited)

(in millions of EUR)	1 <sup>st</sup> - 3 <sup>rd</sup> Quarter		+/-
	2004	2003	
Sales <sup>1)</sup>	218.6	200.1	+9.2%
Operating profit	28.6	24.1	+18.7%
Operating margin (%)	13.1%	12.0%	
Tonnage processed (in thousands of tons)	73	70	+4.3%

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

# Consolidated Statements of Income

(US GAAP, unaudited)

	3 <sup>rd</sup> Quarter		1 <sup>st</sup> - 3 <sup>rd</sup> Quarter	
	July 1 to Sept. 30, 2004	July 1 to Sept. 30, 2003	Jan. 1 to Sept. 30, 2004	Jan. 1 to Sept. 30, 2003
<small>(all amounts in thousands of EUR except share and per share data)</small>				
<b>Sales</b>	364,658.5	347,781.1	1,073,690.0	1,007,916.2
<b>Cost of sales</b>	(274,132.7)	(261,712.9)	(807,841.6)	(761,679.6)
<b>Gross margin</b>	<b>90,525.8</b>	<b>86,068.2</b>	<b>265,848.4</b>	<b>246,236.6</b>
Selling, general and administrative expenses	(50,962.8)	(53,135.6)	(153,186.8)	(147,631.8)
Other operating income - net	2,776.1	1,934.3	5,589.2	6,744.8
<b>Operating profit</b>	<b>42,339.1</b>	<b>34,866.9</b>	<b>118,250.8</b>	<b>105,349.6</b>
Interest income	1,373.5	1,824.4	4,210.8	5,149.7
Interest expense	(1,462.9)	(1,679.5)	(4,240.3)	(5,741.8)
Equity income - net	112.3	150.1	177.5	64.6
Other - net	(300.1)	92.6	(421.0)	(3,079.5)
<b>Income before income taxes and minority interests</b>	<b>42,061.9</b>	<b>35,254.5</b>	<b>117,977.8</b>	<b>101,742.6</b>
Income taxes	(12,713.1)	(9,805.5)	(36,388.3)	(36,146.4)
<b>Income before minority interests</b>	<b>29,348.8</b>	<b>25,449.0</b>	<b>81,589.5</b>	<b>65,596.2</b>
Minority interests	(768.0)	317.3	(1,466.3)	(941.8)
<b>Net income</b>	<b>28,580.8</b>	<b>25,766.3</b>	<b>80,123.2</b>	<b>64,654.4</b>
Basic average number of shares outstanding (in thousands)	11,024.2	11,011.2	11,024.2	11,019.3
<b>Basic earnings per share</b> (in EUR)	<b>2.59</b>	<b>2.34</b>	<b>7.27</b>	<b>5.87</b>
Diluted average number of shares outstanding (in thousands)	11,024.2	11,058.5	11,024.2	11,027.2
<b>Diluted earnings per share</b> (in EUR)	<b>2.59</b>	<b>2.33</b>	<b>7.27</b>	<b>5.86</b>

# Consolidated Balance Sheets

(US GAAP, unaudited)

	End 3 <sup>rd</sup> Quarter Sept. 30, 2004	Year End Dec. 31, 2003
<b>ASSETS</b> (all amounts in thousands of EUR)		
<b>Current</b>		
Cash and cash equivalents	215,552.4	166,338.7
Trade accounts receivable, net of allowances for doubtful accounts	200,696.7	146,411.0
Inventories	173,168.6	160,153.1
Prepaid expenses and other current assets	61,415.3	46,965.7
Deferred income taxes	8,081.7	8,003.9
<b>Total current assets</b>	<b>658,914.7</b>	<b>527,872.4</b>
Investments and long-term financial assets	92,897.4	93,108.8
Property, plant and equipment - net	513,552.7	500,252.9
Deferred income taxes	3,865.1	4,065.9
Intangible assets - net, including goodwill of EUR 36,367.2 and EUR 30,949.0 in 2004 and 2003, respectively	43,170.9	40,038.3
Prepaid pension cost	19,969.6	19,226.4
<b>Total assets</b>	<b>1,332,370.4</b>	<b>1,184,564.7</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> (all amounts in thousands of EUR)		
<b>Current</b>		
Trade liabilities	113,658.5	89,737.6
Accrued expenses and other liabilities	152,421.8	129,386.1
Deferred income	2,022.9	3,971.3
Deferred income taxes	1,013.8	956.6
Short-term borrowings	7,708.8	8,951.7
Current portion of long-term bank debt	59,715.5	59,660.0
Current portion of obligations under capital leases	8,083.7	7,711.9
Provisions for income taxes	27,118.2	24,787.5
<b>Total current liabilities</b>	<b>371,743.2</b>	<b>325,162.7</b>
Long-term debt	122,526.0	80,690.5
Obligations under capital leases	4,953.4	7,074.7
Other long-term liabilities	76,274.0	73,601.4
Deferred income taxes	48,503.7	51,562.4
Minority interests	14,087.1	9,130.6
Capital stock	87,240.0	87,240.0
Additional paid-in capital	169,213.4	169,213.4
Retained earnings	505,630.7	449,760.6
Accumulated other comprehensive loss	(14,700.3)	(15,770.8)
Treasury stock at cost	(53,100.8)	(53,100.8)
<b>Stockholders' equity</b>	<b>694,283.0</b>	<b>637,342.4</b>
<b>Total liabilities and stockholders' equity</b>	<b>1,332,370.4</b>	<b>1,184,564.7</b>

# Consolidated Statements of Changes in Stockholders' Equity

(Condensed version US GAAP, unaudited)

(all amounts in thousands of EUR except per share data)	1 <sup>st</sup> - 3 <sup>rd</sup> Quarter					
	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock at cost	Total stockholders' equity
<b>Balance at January 1, 2004</b>	<b>87,240.0</b>	<b>169,213.4</b>	<b>449,760.6</b>	<b>(15,770.8)</b>	<b>(53,100.8)</b>	<b>637,342.4</b>
Comprehensive income:						
Net income			80,123.2			80,123.2
Other comprehensive income (loss)				1,070.5		1,070.5
<b>Total comprehensive income</b>						<b>81,193.7</b>
Dividend (EUR 2.20 per share)			(24,253.1)			(24,253.1)
<b>Balance at September 30, 2004</b>	<b>87,240.0</b>	<b>169,213.4</b>	<b>505,630.7</b>	<b>(14,700.3)</b>	<b>(53,100.8)</b>	<b>694,283.0</b>
<b>Balance at January 1, 2003</b>	<b>87,240.0</b>	<b>169,594.3</b>	<b>380,900.3</b>	<b>(9,025.0)</b>	<b>(56,681.7)</b>	<b>572,027.9</b>
Comprehensive income:						
Net income			64,654.4			64,654.4
Other comprehensive income (loss)				(5,211.3)		(5,211.3)
<b>Total comprehensive income</b>						<b>59,443.1</b>
Dividend (EUR 2.00 per share)			(22,048.3)			(22,048.3)
Exercise of stock options		(448.0)				(448.0)
Sale of treasury stock		67.1			3,580.9	3,648.0
<b>Balance at September 30, 2003</b>	<b>87,240.0</b>	<b>169,213.4</b>	<b>423,506.4</b>	<b>(14,236.3)</b>	<b>(53,100.8)</b>	<b>612,622.7</b>

# Consolidated Statements of Cash Flows

(Condensed version US GAAP, unaudited)

(all amounts in thousands of EUR)	1 <sup>st</sup> - 3 <sup>rd</sup> Quarter	
	Jan. 1 to Sept. 30, 2004	Jan. 1 to Sept. 30, 2003
Cash flow from operating activities	119,381.6	127,420.8
Cash flow from investing activities	(83,508.9)	(73,577.8)
Cash flow from financing activities	13,216.4	(40,064.1)
Effect of exchange rate changes on cash and cash equivalents	124.6	(1,224.1)
<b>Net change in cash and cash equivalents (&lt;3 months)</b>	<b>49,213.7</b>	<b>12,554.8</b>
<b>Cash and cash equivalents (&lt;3 months) at the beginning of the period</b>	<b>166,338.7</b>	<b>149,147.1</b>
<b>Cash and cash equivalents (&lt;3 months) at the end of the period</b>	<b>215,552.4</b>	<b>161,701.9</b>
<b>Adjustments to reconcile cash and cash equivalents to total funds available to the Group:</b>		
Current and non-current available-for-sale securities	73,707.3	96,703.9
<b>Total funds available to the Group</b>	<b>289,259.7</b>	<b>258,405.8</b>

# Quarterly Overview

(US GAAP, unaudited)

## Mayr-Melnhof Group

(consolidated in millions of EUR)	1 <sup>st</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2003	3 <sup>rd</sup> Quarter 2003	4 <sup>th</sup> Quarter 2003	1 <sup>st</sup> Quarter 2004	2 <sup>nd</sup> Quarter 2004	3 <sup>rd</sup> Quarter 2004
Sales	340.4	319.7	347.8	312.7	367.1	341.9	<b>364.7</b>
EBITDA	58.3	50.6	56.5	49.1	62.1	60.2	<b>65.0</b>
EBITDA margin (%)	17.1%	15.8%	16.2%	15.7%	16.9%	17.6%	<b>17.8%</b>
Operating profit	39.4	31.1	34.8	30.9	40.0	35.9	<b>42.4</b>
Operating margin (%)	11.6%	9.7%	10.0%	9.9%	10.9%	10.5%	<b>11.6%</b>
Income before income taxes and minority interests	37.1	29.4	35.2	30.6	39.9	36.0	<b>42.1</b>
Income taxes	(14.5)	(11.8)	(9.8)	(3.5)	(13.4)	(10.3)	<b>(12.7)</b>
Net income	22.2	16.7	25.8	26.2	26.1	25.4	<b>28.6</b>
Net income margin (%)	6.5%	5.2%	7.4%	8.4%	7.1%	7.4%	<b>7.8%</b>
Basic earnings per share (in EUR)	2.02	1.51	2.34	2.38	2.37	2.31	<b>2.59</b>
Diluted earnings per share (in EUR)	2.01	1.52	2.33	2.39	2.37	2.31	<b>2.59</b>

## Divisions

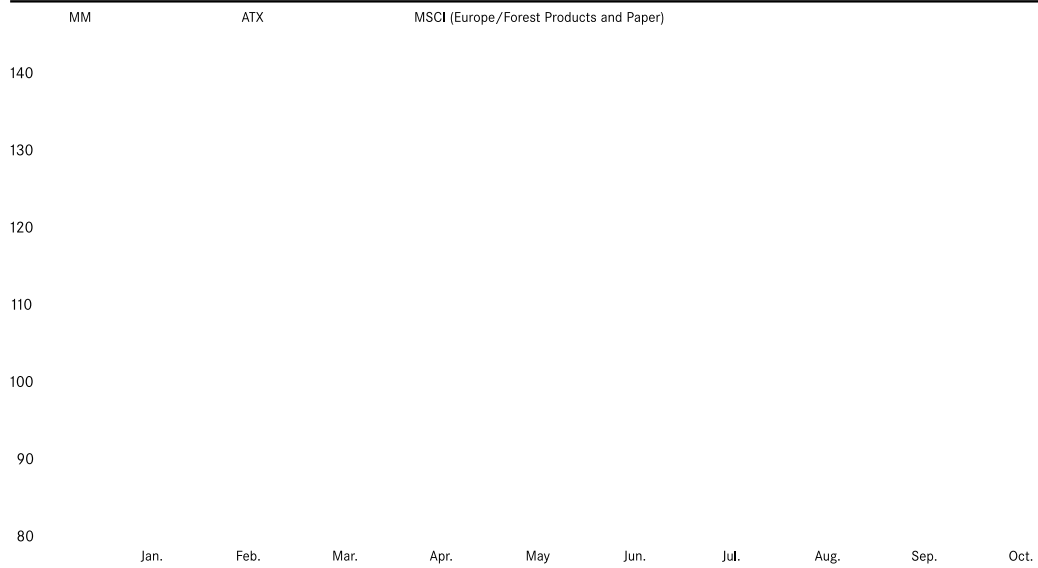
(in millions of EUR)	1 <sup>st</sup> Quarter 2003	2 <sup>nd</sup> Quarter 2003	3 <sup>rd</sup> Quarter 2003	4 <sup>th</sup> Quarter 2003	1 <sup>st</sup> Quarter 2004	2 <sup>nd</sup> Quarter 2004	3 <sup>rd</sup> Quarter 2004
<b>MM-Karton</b>							
Sales <sup>1)</sup>	203.4	182.0	193.6	176.6	206.8	192.6	<b>193.9</b>
Operating profit	25.9	17.8	18.5	18.1	21.8	20.0	<b>22.0</b>
Operating margin (%)	12.7%	9.8%	9.6%	10.2%	10.5%	10.4%	<b>11.3%</b>
Tonnage produced (in thousands of tons)	373	343	372	338	401	389	<b>386</b>
<b>MM-Packaging</b>							
Sales <sup>1)</sup>	101.9	98.3	101.1	98.4	112.8	111.1	<b>125.5</b>
Operating profit	5.7	6.7	6.6	5.7	7.9	8.2	<b>9.8</b>
Operating margin (%)	5.6%	6.8%	6.5%	5.8%	7.0%	7.4%	<b>7.8%</b>
Tonnage processed (in thousands of tons)	79	74	82	79	83	88	<b>101</b>
<b>MM-Graphia</b>							
Sales <sup>1)</sup>	58.9	63.0	78.2	61.9	76.2	66.8	<b>75.6</b>
Operating profit	7.8	6.6	9.7	7.1	10.3	7.7	<b>10.6</b>
Operating margin (%)	13.2%	10.5%	12.4%	11.5%	13.5%	11.5%	<b>14.0%</b>
Tonnage processed (in thousands of tons)	23	22	25	21	24	24	<b>25</b>

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

**The Management Board  
of Mayr-Melnhof Karton AG**

**Relative Performance of MM Shares 2004** (December 30<sup>th</sup>, 2003 = 100)

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