



## PRESS RELEASE

February 21, 2001

### PRELIMINARY CONSOLIDATED RESULTS FOR 2000

- **2000: Successful year for Mayr-Melnhof - Strong increase in results**
  - Operating profit +26.9 %
  - Net income +44.9 %
- **Current market situation:**
  - **Cartonboard customers reduce inventories - Substantially lower cartonboard order backlog**  
The Cartonboard Division selectively adjusts production volume in line with demand
  - **Good utilization of capacities in the Packaging Division**
- **Outlook: Satisfying development of business expected for 2001**

During fiscal year 2000 the development of business of the Mayr-Melnhof Karton AG was characterized by good demand from Western and Eastern Europe, benefiting both the Cartonboard and Packaging Division. The primary challenges throughout the year focused upon passing on several cartonboard price increases due to a massive rise in fibre and energy costs, as well as the timely adjustment of cartonboard production in line with the heavy decrease in customer stock levels in the fourth quarter. Both the Cartonboard and Packaging Division performed very well under these circumstances, achieving significant increases in sales and income.

### Preliminary US GAAP consolidated results for 2000:

consolidated in EUR millions	2000	1999	+/-
Net sales	<b>1,078.0</b>	906.6	+18.9%
Operating profit	<b>102.0</b>	80.4	+26.9%
% of sales	9.5%	8.9%	
Net income	<b>65.8</b>	45.4	+44.9%
% of sales	6.1%	5.0%	
Cash Earnings	<b>144.0</b>	130.8	+10.1%
% of sales	13.4%	14.4%	

Due to a substantial rise in volume and prices, the Mayr-Melnhof Group registered consolidated sales of EUR 1,078 million (1999:EUR 906.6 million). This is an increase of 18.9% compared to the previous year.

Through increased sales prices in cartonboard and packaging, as well as by a considerable rise in productivity, it was possible to compensate for the massive surge in raw materials costs.

Preliminary calculations show that operating profit rose by EUR 21.6 million (26.9%), from EUR 80.4 million to EUR 102 million, resulting in an operating margin for the Group of 9.5% (1999: 8.9%).

Consolidated net income for 2000 is expected to reach EUR 65.8 million (1999: EUR 45.5 million).

This represents an increase of 44.9%, and results in an earnings per share of EUR 5.48 after EUR 3.78 in the previous year.

## **Cartonboard Division**

Due to higher requirements and the dynamic development of the cartonboard prices, the order backlog rose from a yearly average of 75,000 tons in 1999 to 115,000 tons in 2000. During the fourth quarter cartonboard customers substantially decreased the amount of new orders due to a reduction of inventory levels. Therefore, the order backlog dropped by approximately 50% below the level seen in the third quarter. These circumstances resulted in a number of cartonboard machines taking downtime during the second half of December.

Following the previous years' focused investments and the technical optimizations during the year 2000, production reached a new maximum volume of 1,250,000 tons (1999: 1,214,000 tons). This was achieved despite the closure of one board mill, rebuilding work, and market related downtime.

## **Packaging Division**

The Packaging Division showed a positive development during the year 2000 due to steady cost reductions and optimizations, as well as a positive economic climate. In line with the full implementation of supply contracts with multinational key customers, the tonnage processed could be increased by 10% to reach 320,000 tons, therefore leading to a satisfactory utilization of machines. In Eastern Europe sales could be significantly increased, especially in the high quality segment of cigarette and confectionery packaging. During the course of the year 2000, capacities at all MMP Sites in Eastern Europe were doubled.

## **Current market situation**

Even though the European economic environment is still positive, the Cartonboard Division's customers have continued placing new orders with great caution during the first few weeks of 2001. The Packaging Division, however, remains operating at a satisfying level of capacity utilization. Asia, the most important overseas market for cartonboard, has weakened significantly since mid 2000. Overseas cartonboard prices which strongly improved during 2000 have recently fallen to an unsatisfactory level. However, a worldwide sales network has made it possible to utilize most of the board machines' capacity. The order backlog in the Cartonboard Division went from a maximum of approximately 160,000 tons in 2000 to about 55,000 tons currently, stabilizing at this level. Production will therefore still be adjusted to demand by selective downtime. As a consequence, European cartonboard sales prices could still be kept stable despite falling fibre prices. Due to the favorable cost position of the Mayr-Melnhof Group, satisfying results can also be expected from a current perspective for the year 2001.

**The final consolidated results for 2000 will be published April 26, 2001.**

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