



PRESS RELEASE

April 26, 2001

Final Year 2000 Group Results

BEST EVER GROUP RESULTS

- Net income increased 47 % to EUR 66.7 million
- Increased dividend from 1.55 EUR to 1.65 EUR per share

OUTLOOK

- Good results for 1st quarter 2001
- Cartonboard customers' continued reduction of inventories and a noticeable decline in European economic growth necessitate a significant reduction of cartonboard production in the 2nd quarter
- Good capacity utilization in the Packaging Division
- Expansion in cartonboard and folding cartons

Based upon the positive economic conditions in Europe, the Mayr-Melnhof Group enjoyed unexpected high demand for cartonboard and folding cartons throughout the year 2000. A distinct increase in performance and volume, the rapid adjustment of selling prices to the trend in raw materials costs and the consistent implementation of cost-reduction measures all contributed to the most successful year in Mayr-Melnhof Group history.

CONSOLIDATED RESULTS

US GAAP, in EUR millions	2000	1999	+/-
Sales	1,078.3	906.6	+18.9%
Operating profit	104.2	80.4	+29.6%
Operating margin	9.7%	8.9%	
Income before income taxes and minority interests	99.2	76.5	+29.7%
Net income	66.7	45.4	+46.9%
% of sales	6.2%	5.0%	
Earnings per share (in EUR)	5.56	3.78	
Cash earnings	145.1	130.8	+10.9%
% of sales	13.5%	14.4%	
Employees ¹	4,961	5,077	

¹ as of Dec 31st

The Mayr-Melnhof Group achieved consolidated sales of EUR 1,078.3 million (1999: EUR 906.6 million) in 2000. This represents an increase of 19 % over the previous year. High capacity utilization and increased productivity as well as increased cartonboard and packaging selling prices compensated for the steep rise in raw materials costs. Operating profit increased by EUR 23.8 million (+29.6 %), from EUR 80.4 to EUR 104.2 million. This allowed the Group's operating margin to reach 9.7 % (1999: 8.9 %) for the year.

Net interest expense improved from EUR 4.9 million to EUR 3.5 million. This net decrease primarily resulted from higher interest income on larger bank deposits at higher interest rates.

In the year 2000, income tax amounted to EUR 31.0 million (1999: EUR 30.9 million) and the effective Group corporate tax rate decreased from 40 % to 31 %. This decrease is primarily due to the untaxed disposal of land and investments.

The consolidated net income was EUR 66.7 million, which represented an increase of EUR 21.3 million (46.9 %) over the previous year (1999: EUR 45.4 million). The earnings per share were EUR 5.56 compared to the previous year's per share amount of EUR 3.78. Due to this positive development, the Managing Board will propose an increase in the dividend from EUR 1.55 to EUR 1.65 per share.

Cartonboard Division

Due to the overall positive economic conditions, the Cartonboard Division was able to report high levels of demand from Western Europe as well as a significant increase of sales in Eastern Europe. In line with increases in cartonboard demand and the dynamic development of cartonboard prices, the average order backlog for the year of 115,000 tons was well above the previous year's tonnage of 75,000. During the fourth quarter, however, cartonboard mills registered a considerable reduction in new order inflow, primarily due to reductions in customer stock levels. These developments led to some downtime in the second half of December.

Prior year investments and current year technical optimizations allowed production to reach a new maximum volume of 1.25 million tons (1999: 1.21 million tons). This was achieved despite the closure of one board mill, rebuilding work, and market related downtime.

In line with the price increases for waste paper, pulp and natural gas, cartonboard prices were increased by 10 % at the beginning of April 2000 and 15 % at the beginning of July. The volume of cartonboard sold during the year rose by 4.7 % to 1.265 million tons. Such increases in volume and price resulted in a 19.3 % increase in sales to EUR 701.3 million. Eastern Europe, at + 39 % (+ 44,000 tons), registered the largest growth in sales. The operating margin, at 10.3 % (1999: 10.2 %), remained almost unchanged. The operating result amounted to EUR 72.4 million and was EUR 12.6 million higher than in the previous year (1999: EUR 59.8 million). This success is attributable to satisfactory capacity utilization, significant increases in productivity, higher prices and the discontinuation of the unprofitable Colthrop Board Mill, as well as the sale of unprofitable recycling companies.

Packaging Division

Overall, the Packaging Division had a strong year due to steady cost reductions and process improvements as well as the positive economic climate. While serving the supply contracts of multinational key customers, the tonnage processed was increased by 10 % during the year reaching 320,000 tons, and leading to satisfactory utilization of machinery.

Due to the increased volume and higher prices, sales increased by 22.2 % to EUR 477.1 million.

The operating result improved by 54.4 % and increased to EUR 31.8 million and the operating margin increased from 5.3 % to 6.7 %. This was not only attributable to increased sales in the high-quality sector, but also price increases and the implementation of supply chain management programs with key corporate clients, thereby making it possible to effectively offset the heavy rise in cartonboard prices.

Due to increased demand at the Eastern European folding carton facilities, capacities in Poland and Romania were expanded by setting up additional printing lines. In Vienna, the Packaging Division production facilities were combined into one site with the objective of achieving a significant improvement in efficiencies through the increased usage of this high performance plant.

Outlook : Good 1st quarter 2001 – lower capacity utilization in Cartonboard during 2nd quarter

Due to a still positive economic environment in Europe, the Mayr-Melnhof Group registered a healthy development of business during the 1st quarter of 2001. These results will clearly exceed those of the 1st quarter of 2000.

Cartonboard customers' continued reduction of inventories and a noticeable decline of the economic growth in Europe have once again led to a significant decrease in the inflow of new orders in the Cartonboard Division at the beginning of the 2nd Quarter 2001. At 40,000 tons, the order backlog of the Cartonboard Division has reached an unsatisfactory level. Mayr-Melnhof will therefore adjust cartonboard production according to demand. However, the Packaging Division remains operating at a satisfying level of capacity utilization.

On the open market in mid April, waste-paper prices were significantly below levels of the previous year. In contrast, crude oil price related raw materials, transportation and energy costs exhibited considerable increases in relation to the first half-year of 2000. Therefore, it is still necessary to hold European cartonboard prices stable.

Acquisitions, both in the Cartonboard and Packaging Divisions, are the focal point of the Mayr-Melnhof Group's expansion strategy.

Due to the favorable cost position of the Mayr-Melnhof Group, satisfying results can currently be expected for the year 2001.

The Supervisory Board has appointed Dr. Wilhelm Hörmanseder, until recently a member of the Management Board of Mayr-Melnhof Karton AG, as the Vice Chairman of the Management Board.

Forthcoming results:

May 15, 2001 Results for the 1st quarter 2001

For further information please contact:

Stephan Werba, Investor Relations

Tel.: +43/ 1 50136 1180, Fax. +43/ 1 50136 1195; Mayr-Melnhof Karton AG, Brahmssplatz 6, A-1041 Vienna

e-mail: investor.relations@mm-karton.com; Web Site: <http://www.mayr-melnhof.com>