



PRESS RELEASE

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RESULTS FOR THE 1ST QUARTER OF 2001

BEST EVER QUARTERLY RESULT

- **EUR 23.6 million net income sets new record**
- **Still satisfactory capacity utilization in both divisions**

OUTLOOK

- **The reduction of cartonboard customers' inventories and a slowdown in European economic growth require a significant cutback of cartonboard production in the 2nd quarter**
- **The Packaging Division expects continued good capacity utilization**

Group Key Indicators

US GAAP, unaudited

<u>in EUR millions</u>	<u>1-3/2001</u>	<u>1-3/2000</u>	<u>+/-</u>
Sales	277,8	254,7	+9,1%
Operating profit	36,9	27,4	+34,7%
Operating margin	13,3%	10,8%	
Net interest expense	(0,6)	(1,3)	
Income before income taxes and minority interests	37,0	25,9	+42,9%
Income taxes	(13,0)	(9,3)	
Net income	23,6	16,1	+46,6%
in % of sales	8,5%	6,3%	

The Mayr-Melnhof Group registered an excellent development of results during the first quarter of 2001 as the European economic environment remained positive. The Cartonboard and Packaging Divisions both benefited from satisfactory demand and capacity utilization.

A EUR 23.6 million net income for the period January through March 2001 represents the Company's best ever quarterly result (Q1 2000: 16.1 Mio. EUR). Consolidated sales increased by 9.1 % to EUR 277.8 million (Q1 2000: EUR 254.7 million) due to a solid sales volume and improved prices. The operating profit reached EUR 36.9 million. This represents an increase of 34.7 % compared to the first quarter of 2000 (EUR

27.4 million) and results in an operating margin of 13.3 % (Q1 2000: 10.8 %). The income before income taxes and minority interests totaled EUR 37.0 million, surpassing the previous year's figure (EUR 25.9 million) by 42.9 %. The Group had an approximate tax rate of 35 % (Q1 2000: approximately 36 %). Capital investments totaled EUR 12.2 million (Q1 2000: EUR 17.0 million).

Very good development in both divisions

The lingering positive economic environment enabled the **Cartonboard Division** to report a positive development of European sales despite an ongoing reduction of cartonboard customers' stocks. However, in Asia, which is the most important overseas market, demand has weakened significantly since mid 2000. Overseas cartonboard prices which strongly improved during 2000 have fallen to an unsatisfactory level. Nevertheless, the worldwide sales network allowed for a continued satisfactory utilization of board machine capacity. Following a large quantity of orders in the previous year, the Cartonboard Division's order backlog decreased significantly. Although averaging 55,000 tons during the first quarter of 2001, production was sustained at an efficient level. A total of 311,000 tons of cartonboard were manufactured (Q1 2000: 329,000 tons) and the total sales volume amounted to 309,000 tons (Q1 2000: 328,000 tons).

The significant increase of all costs directly related to crude oil prices necessitated the stabilization of European cartonboard prices despite markedly lower fiber prices compared to the previous year.

Despite a slight decrease in volume, sales increased by 6.8 % to EUR 177.5 million (Q1 2000: EUR 166.2 million) due to higher cartonboard prices. The operating profit rose by 41.5 % to EUR 29.3 million (Q1 2000: EUR 20.7 million), thus resulting in an operating margin of 16.5 % (Q1 2000: 12.5 %).

Due to good demand from Western and Eastern Europe, the **Packaging Division** was able to continue the positive development experienced in previous quarters throughout the first quarter of 2001. All folding carton facilities registered a satisfying utilization of capacities.

The tonnage processed during the first three months of 2001 reached 87,000 tons and represented an 11.5 % increase over the previous year's level (Q1 2000: 78,000 tons).

Positive developments in the General Packaging and Cigarette Packaging areas as well as improved prices allowed for an increase in sales by 15.2 % to EUR 127.0 million (Q1 2000: EUR 110.2 million).

Resulting from ongoing optimizations and positive market conditions, the operating profit rose by 13.4 % to EUR 7.6 million (Q1 2000: EUR 6.7 million). This led to an operating margin of 6.0 % (Q1 2000: 6.1 %).

OUTLOOK

The continued reduction of cartonboard customers' inventories and a noticeable slowdown in European economic growth resulted in a further decrease of the Cartonboard Division's order intake at the beginning of the 2nd quarter of 2001. At approximately 40,000 tons in mid May, the Cartonboard Division's order backlog is at an unsatisfactory level. Mayr-Melnhof will adapt cartonboard production to demand and anticipates a 10-15 % level of downtime during the 2nd quarter.

Currently on the commodities markets, waste paper is trading significantly below last year's level. In contrast, crude oil price related raw materials, transportation and energy costs have risen substantially compared to the first half year of 2000. For the 2nd quarter we expect

stable waste paper prices as well as a continued high level of all costs related to the crude oil price. For this reason, holding European cartonboard prices stable remains necessary

The Packaging Division is still registering satisfactory capacity utilization. However, the order intake in some regional markets, and especially Great Britain, has weakened.

Following an excellent development of business during the first quarter of 2001, a marked decline in results for the 2nd quarter is anticipated, particularly resulting from downtime in the Cartonboard Division. Due to the favorable cost position of the Mayr-Melnhof Group, satisfying results for the 2001 year can currently be expected.

Forthcoming results:

August 28, 2001 Results for the 1st half -year of 2001

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