

**PRESS RELEASE**

April 26, 2005

**YEAR END 2004 FINAL RESULTS****2004 – ANOTHER RECORD RESULT**

- Net income increased by 13.6 % to EUR 103.3 million
- Dividend increase plus anniversary bonus

**OUTLOOK**

- Cartonboard and folding carton demand still in light of the sluggish economic development
- Increased price competition
- Good results expected for the 1<sup>st</sup> Quarter of 2005 – only slightly below the previous year's level
- The acquisition path will be continued

The Mayr-Melnhof Group ended the 2004 financial year with new record results based on consequent implementation of profitable growth and another rise in efficiency.

**GROUP KEY INDICATORS - US GAAP**

consolidated, in EUR millions	2004	2003	+/-
<b>Sales</b>	<b>1,422.2</b>	1,320.6	+ 7.7%
<b>Operating profit</b>	<b>148.8</b>	136.2	+ 9.3%
<b>Operating margin</b>	<b>10.5%</b>	10.3%	
<b>Income before income taxes and minority interests</b>	<b>148.2</b>	132.3	+12.0%
<b>Net income</b>	<b>103.3</b>	90.9	+13.6%
in % of sales	<b>7.3%</b>	6.9%	
Earnings per share (in EUR)	<b>9.37</b>	8.25	
<b>Cash earnings</b>	<b>195.9</b>	169.9	+ 15.3%
in % of sales	<b>13.8%</b>	12.9%	
Employees <sup>1</sup>	<b>7,580</b>	6,806	

<sup>1</sup> as of December 31

At today's press conference in Vienna the Mayr-Melnhof Group presents record results for 2004. The published final results are largely in line with the already released preliminary figures. Consolidated sales increased by 7.7 % or EUR 101.6 million to EUR 1,422.2 million (2003: EUR 1,320.6 million). Acquisitions contributed approximately EUR 51.8 million to this growth.

Operating profit reached EUR 148.8 million, which is an improvement of 9.3 % or EUR 12.6 million compared to 2003. Thus the Group's operating margin increased from 10.3 % to 10.5 %. A significant rise in profitability in the folding carton area was juxtaposed by a slight price induced decline in operating income in the cartonboard segment.

For the 2004 financial year the Group reported income taxes in the amount of EUR 42.3 million (2003: EUR 39.6 million). This led to an effective Group tax rate of 28.5 % (2003: 29.9 %). This rate is atypically low and can be particularly attributed to non-recurring deferred tax income resulting from a reduction in the Austrian corporate tax rate from 34 % to 25 % and to further tax optimizations by the Group.

The consolidated net income increased by 13.6 % from EUR 90.9 million to EUR 103.3 million.

In line with this very positive development of earnings the Management Board will propose a dividend increase from EUR 2.20 to EUR 2.40 per share at the upcoming Annual General Meeting. In addition, an anniversary bonus of 1.50 EUR per share shall be distributed for 2004, celebrating the Group's tenth anniversary of being listed on the Vienna Stock Exchange.

## **Outlook**

With stable market volumes, demand for cartonboard and folding cartons is largely affected by the sluggish economic development as in the previous periods. This is particularly reflected in the customers' cautious planning and intensive price competition. Focused market development and cost reductions therefore take center stage in the Mayr-Melnhof Group's on-going operations. The strategy, to adjust, if necessary, cartonboard production to demand, is still valid. European recovered paper markets saw the usual seasonal small price increase as compared to the beginning of the year. A significant further increase seems fairly unlikely from today's perspective.

In the first quarter of 2005, the Mayr-Melnhof Group successfully held its ground in both the production as well as the conversion of cartonboard. Due to the ramp-up of the modernized board machine at the Dutch Eerbeek mill and optimization downtime at the Bulgarian Nikopol mill, cartonboard sales came in below the last year's period all time high (399.000 tons). On the whole, good period results, only slightly below the previous year's (net income Q1 2004: EUR 26.1 million) can be expected for the 2005 first quarter.

Mayr-Melnhof plans to continue along its path of acquisitions in 2005, with a focus on projects in Europe.

Together with the interim report for the first quarter of 2005, group reporting will be changed from US GAAP to IFRS. This change will have no material effects on the accounts.

The 2004 Annual Report is available in the Internet at [www.mayr-melnhof.com](http://www.mayr-melnhof.com).

### **Forthcoming Results:**

May 31, 2005 Results for the 1<sup>st</sup> Quarter of 2005

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