



PRESS RELEASE

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RESULTS FOR THE FIRST THREE QUARTERS OF 2005:

- *Period results below last year's record level*
- *MM Packaging further on the road of success with a noticeable rise of results*
- *MM Karton defends cartonboard price – increased downtime and surge of crude oil related costs however exert pressure on results*
- *Intensified competition*
- *Focus on increase of productivity and rationalizations reinforced*
- *Acquisition strategy will be pursued further*

During the first three quarters of 2005 development of results of the Mayr-Melnhof Group has been characterized by a high level of stability. This was achieved despite ongoing weak consumer demand in the Western European main markets and a related tightening of competition as well as a significant price increase of energy and crude oil related input factors. While cartonboard converting posted new record results, earnings contribution from cartonboard production has markedly decreased.

At EUR 73.3 million, the period profit for the first three quarters of 2005 was down 10.0 % from last year's all time high.

MM Packaging particularly benefited from a continuous increase of productivity as well as growth from new business and last year's acquisitions.

In order to preserve highest possible price stability, focused downtime at MM Karton remained however indispensable since the beginning of the year. In addition, the rapid surge of crude oil price related costs was increasingly impacting cartonboard production.

GROUP INDICATORS - IFRS

consolidated, in millions of EUR	Q1-3/2005	Q1-3/2004	+/-
Sales	1,091.2	1,073.7	+1.6%
Operating profit	106.9	118.1	-9.5%
Operating margin	9.8%	11.0%	
Profit before tax	110.1	117.8	-6.5%
Profit for the period	73.3	81.4	-10.0%
Net profit margin %	6.7%	7.6%	
Employees	7,354	7,580 ¹	

¹ as of Dec. 31, 2004

Consolidated sales of the Mayr-Melnhof Group increased by EUR 17.5 million or 1.6 % during the first three quarters of 2005 and reached EUR 1,091.2 million (Q1-3 2004: EUR 1,073.7 million). Strong sales increases in cartonboard converting could more than compensate for the decline in cartonboard production.

The operating profit totaled EUR 106.9 million and was EUR 11.2 million or 9.5 % below last year's figure. This decline resulted from cartonboard production which generated significantly lower earnings due to a cut in capacity utilization and higher input costs. This led to an operating margin of 9.8 % (Q1-3 2004: 11.0 %).

Profit before tax reached EUR 110.1 million (Q1-3 2004: EUR 117.8 million).

Income tax expense amounted to EUR 36.8 million (Q1-3 2004: EUR 36.4 million). Subsequent to non-recurring deferred tax income in the previous year the effective group tax rate increased from 30.9 % to 33.4 %.

The first three quarters of 2005 were therefore concluded with a profit for the period of EUR 73.3 million (Q1-3 2004: EUR 81.4 million) resulting in earnings per share of EUR 6.48 (Q1-3 2004: EUR 7.24).

Development in the Third Quarter

As expected, the third quarter of 2005 followed the second quarter with a high continuity in earnings. At EUR 24.0 million the profit for the period reached the same level as in the second quarter (Q3 2004: EUR 29.1 million). The operating profit amounted to EUR 36.3 million (Q2 2005: EUR 34.2 million; Q3 2004: EUR 42.2 million).

Due to market success and the lapse of non-recurring expenses related to site optimizations in the second quarter, MM Packaging achieved its so far best ever quarterly results in the third quarter.

In the cartonboard business, increased selective downtime was necessary during the third quarter in order to attain the goal of highest price discipline possible. At 91 % (Q3 2004: 97 %) capacity utilization of MM Karton was below the second quarter (94 %), with part of this decline resulting from temporary technical downtime at one machine. A slight increase in the average sales price compared to the second quarter is mainly attributable to higher sales in virgin fiber based cartonboard. While markets for the strategic raw material of recovered paper continued on fairly stable levels also during the summer months, the strong cost surge of all crude oil related input factors increasingly encumbered results. As a consequence, operating profit of MM Karton for the third quarter was significantly below the second quarter.

Divisions:

MM KARTON

In line with ongoing unchanged cartonboard demand in Western Europe and expectedly reduced sales potential on the overseas markets due to the massive capacity expansion in the Far East, volume as well as price pressure have considerably stepped up in the course of this year. In connection with very short term customers' planning the average order backlog decreased in the first three quarters to approximately 55,000 tons (Q1-3 2004: about 80,000 tons).

In this business environment MM Karton pursues a strategy of highest possible price stability through consequent volume discipline, which made it possible to maintain average sales prices largely at the level of the same period in the previous year. Otherwise capacity utilization of MM Karton declined from 97 % to 93 % in the period under review, with a part of this reduction being a result from the ramp-up of the modernized board machine in Eerbeek and rebuilding work at Nikopol. Accordingly, the production volume amounted to 1,146,000 tons which is 2.5 % below the previous year (1,176,000 tons).

The volume dispatched arrived at 1,127,000 tons (Q1-3 2004: 1,167,000 tons), of which approximately 80 % were sold in Europe and 20 % on the non-European markets (Q1-3 2004: 76 %; 24 %).

Procurement markets of MM Karton were predominantly characterized by the strong rise in prices of all crude oil price related input factors. In contrast, recovered paper prices registered a fairly stable development along with moderate demand.

In line with lower volume dispatched, sales declined from EUR 593.3 million to EUR 569.3 million (-4.0 %). The operating profit decreased from EUR 63.6 million to EUR 46.9 million particularly as a result of lower capacity utilization and higher input costs. The operating margin was therefore at 8.2 % (Q1-3 2004: 10.7 %).

MM PACKAGING

Price pressure resulting from a lack of consumption dynamics and overcapacities has led to a highly competitive environment on the Western European folding carton markets. Country and product specific, demand develops very inconsistently. In contrast, markets in Eastern Europe remain generally attractive.

With a focus on productivity increases and expansion, MM Packaging registered an on-going successful development during the first three quarters of 2005 despite rising competitive pressure. This progress was particularly supported by the areas of cigarette and detergent packaging. Both, gains in market share as well as last year's acquisitions contributed to growth.

Rationalizations and progression of efficiency mark the on-going business. In this concern production volumes of three smaller plants in Germany, Romania and France were concentrated on neighboring high performance facilities.

On the procurement markets crude oil derivatives in particular faced a strong rise in prices whereas the intensive competition on the cartonboard markets still offered interesting opportunities.

At 380,000 tons, the converted tonnage for the first three quarters was 35,000 tons up compared with the previous year. This is equivalent to a rise of 10.2 %. Sales increased by 7.0 % rising from EUR 567.6 million to EUR 607.2 million. At the same time operating profit was improved by 10.1 % to EUR 60.0 million. Thus the operating margin moved up from 9.6 % to 9.9 %.

In the course of expansion of the cigarette packaging business three new rotogravure printing presses will commence production at the beginning of 2006 at the sites in Cherkassy (Ukraine), Izmir (Turkey) and Trier (Germany).

OUTLOOK

In line with the current consumption forecasts, fairly unchanged demand for cartonboard and folding carton is anticipated for the coming months. Growth can therefore still only be expected from further market penetration and acquisitions.

In the cartonboard area focused downtime will remain necessary also in the fourth quarter particularly due to seasonality. Capacity utilization is therefore expected at a similar level as in the third quarter. Due to sustained higher costs for energy and other crude oil related input factors in the coming year, the whole industry currently demands higher cartonboard prices.

In cartonboard converting, productivity improvement and site optimizations shall continue to allow for high-level returns. Consequently favorable group results can be expected for the 2005 full-year, however below last year's record level. The Group's target remains to grow and acquire market share through both cost savings and acquisitions.

- The report for the first three quarters of 2005 is available on the Company website <http://www.mayr-melnhof.com>
- Financial results for 2005 will be released March 14, 2006.

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