

**REPORT FOR THE FIRST
QUARTER OF 2000**

Overview

- **Continuous healthy development of demand**
- **Full capacity utilisation**
- **Sharp rise in raw materials costs offset by planned increase in productivity and higher prices**
- **Significant improvement in sales and results**
- **Good outlook for the 1st half -year 2000**

Dear shareholder,

As a result of the continuous high demand from Europe and our overseas markets, your Company has been able to report a full utilisation of capacities during the 1st quarter of 2000. In addition, the targeted investments over the past few years have led to the projected improvements in productivity. Following the rapid rise in raw materials prices, particularly fibres and natural gas, it was necessary to announce further price increases.

Due to the timely implementation of all necessary measures, both internally and on the market, the Group was able to achieve very good results during the 1st quarter of 2000.

The rise in the Group's operating profit of 29% to EUR 26.7 million, was generated by both the Cartonboard and the Packaging Divisions. The level during the same period in 1999 (EUR 20.7 million) was lower as a result of downtime due to rebuilding work. The operating margin amounted to 10.3% (1st quarter of 1999: 9.6%). The consolidated net income increased by 16% to EUR 17.2 million (1st quarter of 1999: EUR 14.8 million).

Consolidated sales rose by 21% to EUR 259.8 million (1st quarter of 1999: EUR 215.2 million) as a result of increased sales and improved prices.

Capital investments in tangible fixed assets totalled EUR 17.0 million (1st quarter of 1999: EUR 20.5 million). Investments were primarily focused upon the rebuilding of board machine III at the Količevo Karton board mill in Slovenia.

Key indicators of the Mayr-Melnhof Group

consolidated figures in EUR millions	1st Qu. 2000	1 st Qu. 1999	+/-
Net sales	259.8	215.2	+20.7%
Operating profit (EBIT)	26.7	20.7	+29.0%
Operating margin	10.3%	9.6%	
Net income (incl. minority interests)	17.2	14.8	+16.2%
Net income (excl. minority interests)	16.9	14.7	+15.0%
Investments in fixed tangible assets	17.0	20.5	

Mayr-Melnhof Cartonboard Division

		1st Qu. 2000	1 st Qu. 1999	+/-
Sales ¹	in EUR millions	167.6	140.8	+19.0%
Operating profit	in EUR millions	19.1	14.9	+28.2%
Operating margin		11.4%	10.6%	
Tonnage produced	in 000's of tonnes	329	282	+16.7%

¹ incl. interdivisional sales

Throughout the 1st quarter of 2000, the Cartonboard Division reported consistent high demand from Western Europe and overseas markets, as well as a significant upward trend in Eastern Europe. Future oriented investments over the previous years allowed the possibility to match production to the sharp rise in cartonboard demand. An output of 329,000 tonnes provided a further record in the Division's production level, along with a rise of 17% against the comparable value in 1999 (282,000 tonnes).

This satisfactory growth in volume and the improved price level led to an increase in sales of 19% to EUR 167.6 million.

The positive development of the Division's operating profit from EUR 14.9 million to EUR 19.1 million was mainly attributable to the high level of productivity, excellent capacity utilisation, and the rise in cartonboard prices, particularly in overseas business. As a result, the operating margin reached 11.4% (1st quarter of 1999: 10.6%).

Due to the sharp rise in prices for waste paper, pulp and natural gas, cartonboard prices were increased by approximately 10% at the beginning of April.

Rebuilding of board machine III in Količevo

In January 2000, board machine III in Količevo was rebuilt during two weeks of downtime. The rebuilding focused on the replacement of the drive and the modernisation of the wet-end section, further enhancing productivity and product quality. The cost of the rebuilding process totalled EUR 6.5 million.

Consultations on the closure of Colthrop Board Mill, England

The continued upward trend in Sterling over the past few years has led to a significant increase in cartonboard imports from other European countries resulting in serious predatory competition on the English cartonboard market. Against this background, cartonboard prices in Sterling have decreased whilst local production costs have now reached a level which makes it impossible to manufacture recycled cartonboard competitively in the UK. Mayr-Melnhof Karton has therefore begun consultations with staff representatives on the closure of the plant. In the case of the mill's closure, customers' supply will be safeguarded by other mills of the Group.

Mayr-Melnhof Packaging Division

		1st Qu. 2000	1 st Qu. 1999	+/-
Sales ¹	in EUR millions	109.9	90.8	+21.0%
Operating profit	in EUR millions	7.5	5.8	+29.3%
Operating margin		6.8%	6.4%	
Tonnage processed	in 000's of tonnes	78	69	+13.0%

¹ incl. interdivisional sales

Excellent demand in Western Europe and an improvement in Eastern European business characterised the development in the Packaging Division during the 1st quarter of 2000. This permitted high capacity utilisation and optimum employment of the high performance installations.

The tonnage processed during the period from January to March 2000 totalled 78,000 tonnes. This is an increase of 13% compared to the 1st quarter of 1999.

Due to this rise in volume, which also applied to the high quality segment, Packaging Division sales were up 21% to EUR 109.9 million. The improved utilisation of capacities and the recovery in the cigarette packaging segment contributed significantly to the 29% rise in the operating profit from EUR 5.8 million to EUR 7.5 million.

As a result, the operating margin reached a satisfactory level of 6.8% (1st quarter of 1999: 6.4%).

Optimisation of the folding carton production in Vienna

In February 2000 it was decided to combine the Packaging Division's two production facilities in Vienna. The goal is to provide the production in Vienna with a clearly improved competitive position. Investments totalling EUR 4 million will transform the location into a high performance facility during the course of this year, remarkably strengthening its competitiveness in the European market.

Outlook

Due to the continuing positive economic situation, both Divisions expect to experience good demand and high capacity utilisation throughout the year 2000.

The order backlog of the Cartonboard Division amounted to 110,000 tonnes in mid May, still considered a very high level.

The rapid rise in raw materials prices since mid 1999 also continued during April 2000. However, the momentum of this upward trend appears as if it will slow down in the coming months. A further rise in cartonboard prices of 15% for all deliveries from July 1, 2000 was necessary in order to offset cost increases to date. Customers were notified accordingly.

Implementation of the necessary price increases for both the Cartonboard and the Packaging Divisions therefore remains the primary task over the coming months. However, the healthy demand situation makes this look feasible.

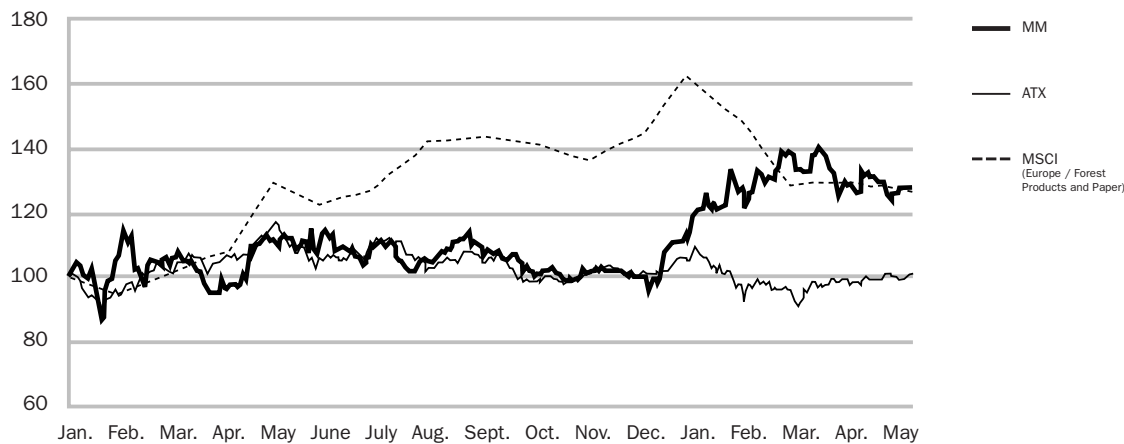
In order to achieve a further improvement in results, our efficiency and productivity improvement programmes must be strictly pursued.

The Managing Board of
Mayr-Melnhof Karton AG

Mayr-Melnhof Shares

Relative Performance of MM Shares 1999/2000

January 4, 1999 = 100



Share price ¹⁾ as of May 10, 2000	53.00 EUR	Number of shares outstanding	12,000,000
High 2000	58.00 EUR	Market capitalisation	636 Mio. EUR
Low 2000	46.00 EUR		

¹⁾ closing price

Quarterly results

consolidated figures in EUR millions

1stQu.99 2ndQu.99 3rdQu.99 4thQu.99 **1stQu.00**

MAYR-MELNHOF GROUP

Net Sales	215.2	221.4	233.1	241.6	259.8
Operating profit	20.7	19.7	21.0	24.7	26.7
% of sales	9.6%	8.9%	9.0%	10.2%	10.3%
Net income (incl. minority interests)	14.8	14.9	14.6	17.1	17.2
% of sales	6.9%	6.7%	6.3%	7.1%	6.6%
Net income (excl. minority interests)	14.7	14.7	14.4	16.7	16.9
% of sales	6.8%	6.6%	6.2%	6.9%	6.5%

DIVISIONS

Cartonboard Division

Sales	140.8	145.1	149.0	154.5	167.6
Operating profit	14.9	15.0	16.1	17.4	19.1
Operating margin	10.6%	10.3%	10.8%	11.3%	11.4%
Tonnage produced (in 000's of tonnes)	282	301	314	317	329

Packaging Division

Sales	90.8	92.6	102.2	108.1	109.9
Operating profit	5.8	4.7	4.9	7.3	7.5
Operating Margin	6.4%	5.1%	4.8%	6.8%	6.8%
Tonnage processed (in 000's of tonnes)	69	63	78	81	78

Forthcoming results:

August 31, 2000 Results for the 1st half-year 2000, US GAAP,
and financial statements for 1998 and 1999, US GAAP

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