



- Very good development of both Divisions

- Strong increase in earnings

- Considerable rise in production –
high utilization of capacities

- Record year 2000 at hand

REPORT FOR THE FIRST
THREE QUARTERS OF 2000
US GAAP

Dear Shareholders,

Due to strong demand from Western Europe and the continued improvement of the Eastern European markets, your Company once again registered a very positive development of business throughout the third quarter of 2000. The Cartonboard and Packaging Divisions both managed to compensate the high raw materials prices by a significant improvement in efficiency and increased sales prices. Resulting from the high utilization of capacities, the timely fulfillment of customer supply represented one of the greatest challenges during the third quarter, and could be successfully achieved through an adaptation of the production output.

Due to a substantial rise in volume and prices, the Mayr-Melnhof Group registered consolidated sales of EUR 802.4 million for the first three quarters of 2000. This is an in-

crease of 20.4% compared to the previous year. The operating profit rose by 45.4%, reaching EUR 84.2 million, resulting in an operating margin of 10.5% (Q1-3 1999: 8.7%). Income before income taxes and minority interests totaled EUR 81.8 million, exceeding the first three quarters of 1999 by 54.6% (EUR 52.9 million). The Group's tax rate was approximately 35% (Q1-3 1999: approximately 40%). Altogether, it was possible to arrive at a net income of EUR 52 million between January 1st and September 30th 2000. These results yield a new record for the Company and represent an increase of 64.6% compared to the previous year.

Capital investments for the first three quarters of 2000 totaled EUR 48.9 million.

Group Key Indicators			
US GAAP, unaudited			
in EUR millions			
	1-9/2000	1-9/1999	+/-
Sales	802.4	666.2	+20.4%
Operating profit	84.2	57.9	+45.4%
Operating margin	10.5%	8.7%	
Net interest expense	(3.8)	(5.9)	
Income before income taxes and minority interests	81.8	52.9	+54.6%
Income taxes	(28.3)	(21.1)	
Net income	52.0	31.6	+64.6%
in % of sales	6.5%	4.7%	
Investments in fixed assets	48.9	51.9	

QUARTERLY OVERVIEW

US GAAP, unaudited

Mayr-Melnhof Group					
consolidated in EUR millions	III/99	IV/99	I/00	II/00	III/00
Sales	231.9	240.4	254.7	272.3	275.4
Operating profit	19.4	22.5	27.4	28.1	28.7
Operating margin	8.4%	9.4%	10.8%	10.3%	10.4%
Net interest expense	(1.7)	1.0	(1.3)	(1.2)	(1.3)
Income before income taxes and minority interests	18.0	23.6	25.9	26.8	29.1
Income taxes	(7.0)	(9.8)	(9.3)	(9.5)	(9.5)
Net income	10.9	13.8	16.1	16.9	19.0
in % of sales	4.7%	5.7%	6.3%	6.2%	6.9%
Basic and diluted earnings per share (in EUR)	0.91	1.15	1.34	1.41	1.58
Divisions					
Cartonboard					
Sales ¹	148.3	154.5	166.2	181.5	175.4
Operating profit	14.8	15.8	20.7	20.9	19.3
Operating margin	10.0%	10.2%	12.5%	11.5%	11.0%
Tonnage produced (in 000's of tons)	314	317	329	319	319
Packaging					
Sales ¹	101.1	107.4	110.2	116.0	126.1
Operating profit	4.6	6.7	6.7	7.2	9.4
Operating margin	4.5%	6.2%	6.1%	6.2%	7.5%
Tonnage processed (in 000's of tons)	78	81	78	84	78
¹ incl. interdivisional sales					

Mayr-Melnhof Cartonboard Division

Lively demand from Western Europe and the favorable development of sales in Eastern Europe again led to a very satisfying utilization of capacities during the third quarter of 2000. Due to higher requirements and a further increase in cartonboard prices, the Division's order backlog remained at an above average level during the summer months.

Following the previous years' focused investments and the technical optimizations during the current year, and despite rebuilding work (Kolicevo, Neuss) and the closure of Colthrop board mill, production in the first three quarters of 2000 reached a record 967,000 tons (Q1-3 1999: 897,000 tons). The total volume of sales amounted to 962,000 tons.

This results in an increase of 7% compared to the previous year. 85% of this amount was sold in Europe and the remaining 15% went to overseas markets (Q1-3 1999: 83% and 17%).

Due to the increased volume sold and higher cartonboard prices, the Division's sales in the first three quarters of 2000 rose by 20.7% to EUR 523.1 million. The operating profit amounted to EUR 60.9 million, exceeding the previous year's figure by 38.4%. Apart from higher prices, this growth can be particularly attributed to the high utilization of capacities and excellent productivity. The operating margin leveled out at 11.6% (Q1-3 1999: 10.1%).

Performance Indicators Cartonboard

in EUR millions, US GAAP	1-9/2000	1-9/1999	+/-
Sales ¹	523.1	433.5	+20.7%
Operating profit	60.9	44.0	+38.4%
Operating margin	11.6%	10.1%	
Tonnage produced (in 000's of tons)	967	897	+7.8%

¹ incl. interdivisional sales

Mayr-Melnhof Packaging Division

Due to the continuous expansion of business in Eastern Europe – especially cigarette and confectionery packaging – and high demand from Western Europe, the Packaging Division was able to report another quarter of growth in the third quarter of 2000. Business with multinational customers could be significantly expanded, resulting in a 14% increase in the tonnage processed, to 240,000 tons. The first three quarters' sales figures totaled EUR 352.3 million, exceeding the previous year's level by 24.5%.

Through further rationalizations, higher prices and the implementation of supply chain management programs, it was also possible to successfully counteract the most recent cartonboard price increase at the beginning of July. The operating profit soared from EUR 13.9 million to EUR 23.3 million, lea-

ding to an operating margin of 6.6% for the period ending September 30, 2000 (Q1-3 1999: 4.9%).

Extension of the folding carton production in Eastern Europe

MMP Romania and Neupack Polska will each commence the running of an additional production line (Format 6) during the fourth quarter of 2000. In addition, capacities of the cigarette packaging facility, Wall MM Gravure, Krakow, will be doubled by the end of this year. These investments will allow MMP to meet the increased demand – particularly from multinational consumer goods' producers, and strengthen its position as the leading folding carton producer in Eastern Europe.

Performance Indicators Packaging

in EUR millions, US GAAP	1-9/2000	1-9/1999	+/-
Sales ¹	352.3	283.0	+24.5%
Operating profit	23.3	13.9	+67.6%
Operating margin	6.6%	4.9%	
Tonnage processed (in 000's of tons)	240	210	+14.3%

¹ incl. interdivisional sales

Outlook

Following the very positive development during the first three quarters and a seasonally softer fourth quarter, we expect new record results in line with forecasts for the full year 2000.

Both divisions should benefit from good capacity utilization until year end.

Due to customer reduction of inventories, a decreasing inflow of new orders for cartonboard has been registered since October. However, at approximately 85,000 tons, the order backlog of the Cartonboard Division has remained at a high level.

The procurement market has been characterized by signs of a decline in prices for individual waste paper grades (e.g.

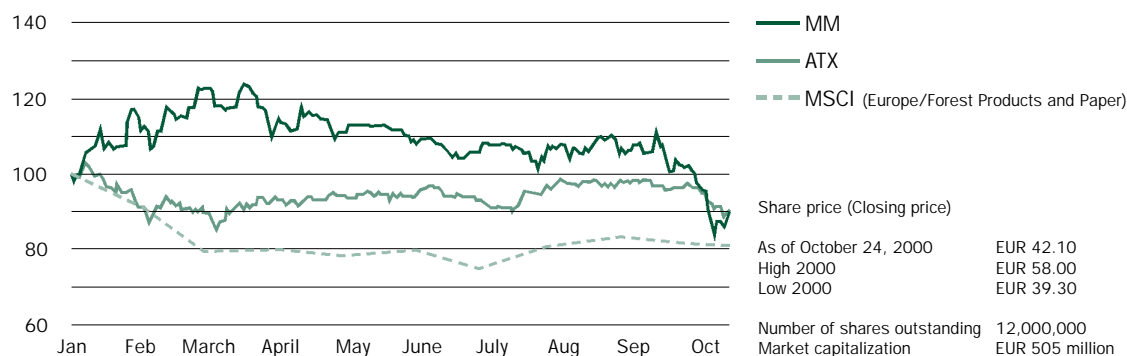
mixed waste) and pulp since the beginning of September. However, this has been overcompensated by a substantial rise in the key costs of energy (natural gas), transport and packaging and coating chemicals during the past few weeks, all resulting primarily from the increased oil price. Nonetheless, price stability should be possible until the first quarter of 2001.

Due to the healthy economic outlook in Western Europe and the sustained recovery in Eastern Europe, we expect from a current perspective, a continuation of this positive development of results into the beginning of the coming year.

The Managing Board
of Mayr-Melnhof Karton AG

Mayr-Melnhof Shares

Relative Performance of MM Shares 2000
January 3, 2000=100



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