

Report for the first Quarter of **2001**



- Best ever quarterly result
- EUR 23.6 million net income sets new record
- Still satisfactory capacity utilization in both divisions

Mayr-Melnhof Group

Dear Shareholders,

Your Company 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: EUR 16.1 million).

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 rea-

ched 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).

Group Key Indicators

US GAAP, unaudited

consolidated, in EUR millions	1-3/2001	1-3/2000	+/-
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%	

Quarterly Overview
Mayr-Melnhof Group US GAAP, unaudited

consolidated in EUR millions	I/2000	II/2000	III/2000	IV/2000	I/2001
Sales	254.7	272.3	275.4	275.9	277.8
Operating profit	27.4	28.1	28.7	20.0	36.9
Operating margin	10.8%	10.3%	10.4%	7.2%	13.3%
Net interest expense	(1.3)	(1.2)	(1.3)	0.4	(0.6)
Income before income taxes and minority interests	25.9	26.8	29.1	17.2	37.0
Income taxes	(9.3)	(9.5)	(9.5)	(2.7)	(13.0)
Net income	16.1	16.9	19.0	14.7	23.6
in % of sales	6.3%	6.2%	6.9%	5.3%	8.5%
Basic and diluted earnings per share (in EUR)	1.34	1.41	1.58	1.23	1.97

Quarterly Overview
Divisions US GAAP, unaudited

in EUR millions	I/2000	II/2000	III/2000	IV/2000	I/2001
Cartonboard					
Sales ¹⁾	166.2	181.5	175.4	178.2	177.5
Operating profit	20.7	20.9	19.3	11.5	29.3
Operating margin	12.5%	11.5%	11.0%	6.5%	16.5%
Tonnage produced (in thousands of tons)	329	319	319	283	311
Packaging					
Sales ¹⁾	110.2	116.0	126.1	124.8	127.0
Operating profit	6.7	7.2	9.4	8.5	7.6
Operating margin	6.1%	6.2%	7.5%	6.8%	6.0%
Tonnage processed (in thousands of tons)	78	84	78	80	87

¹⁾ incl. interdivisional sales

Report on the Divisions
Cartonboard Division

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, and higher cartonboard prices, 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 %).

Performance Indicators Cartonboard

in EUR millions, US GAAP unaudited	1-3/2001	1-3/2000	+/-
Sales ¹⁾	177.5	166.2	+6.8%
Operating profit	29.3	20.7	+41.5%
Operating margin	16.5%	12.5%	
Tonnage produced (in thousands of tons)	311	329	-5.5%

¹⁾ incl. interdivisional sales

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 %).

Performance Indicators Packaging

in EUR millions, US GAAP unaudited	1-3/2001	1-3/2000	+/-
Sales ¹⁾	127.0	110.2	+15.2%
Operating profit	7.6	6.7	+13.4%
Operating margin	6.0%	6.1%	
Tonnage processed (in thousands of tons)	87	78	+11.5%

¹⁾ incl. interdivisional sales

Outlook

Reorganization of the Packaging Division

In order to prepare for future growth, the Packaging Division will be divided into two organizational units, "General Packaging" and "Cigarette Packaging". Both will be placed under separate management. A divisional advisory board was created in order to implement the growth strategy. In connection with this reorganization, Dr. Alfred Fogarassy, Deputy-Chairman of the Management Board of Mayr-Melnhof Karton AG and responsible for the Packaging Division, resigned from his management board function on April 30, 2001 and became chairman of the divisional advisory board.

The new divisional managers will be announced in the course of the reorganization process. The Supervisory Board has appointed Dr. Wilhelm Hörmanseder, until recently a member of the Management Board of Mayr-Melnhof Karton AG, as Deputy-Chairman of the Management Board.

Year 2001

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-Mel-

nhof 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.

***The Management Board of
Mayr-Melnhof Karton AG***

Mayr-Melnhof Shares

Share Repurchase Program

The Management Board was authorized by the sixth annual Shareholders Meeting, held on May 24, 2000, to repurchase up to 10 % of the Group's capital stock.

This authorization remains valid until November 24, 2001. On March 12, 2001, the Management Board decided to act upon this repurchase program and approval was granted by the Supervisory Board.



Share price (Closing price)	as of May 8, 2001	54.71 EUR
	High 2001	56.50 EUR
	Low 2001	45.97 EUR
Number of shares outstanding		12,000,000
Market capitalization		656.5 Mio.EUR

Results for the first half-year of 2001 will be released August 28, 2001.

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