



# Mayr-Melnhof Group

## Annual Results 2008

March 18, 2009



# Mayr-Melnhof Group



- The worldwide largest producer of coated recycled cartonboard



- Europe's largest manufacturer of folding cartons



## Highlights 2008

- No surprises
- Result improvement at MM Packaging
- Strong cost pressure weighs on margin of MM Karton
- MM stays on track: solid cash flow and financial basis
- Profit for the year 2008: EUR 97 million (2007: EUR 117 million)
- Dividend of 1.70 EUR / share on previous year's level



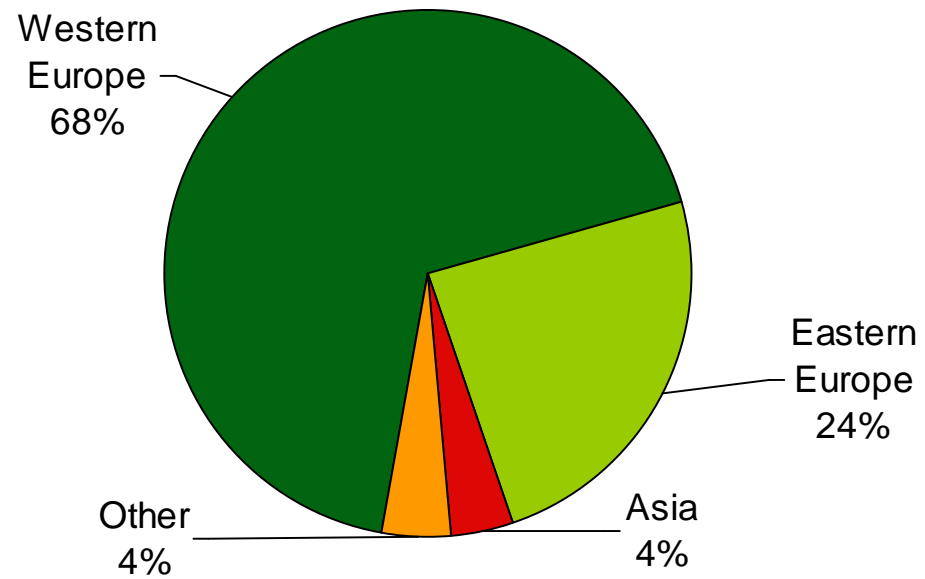
# Strategic Position

- Concentration on core competencies  
*Cartonboard and Folding Carton production*
- Market AND cost leadership
- Long-term profit orientation
- Expansion



# Group Results 2008

# Sales by Region



(2008)

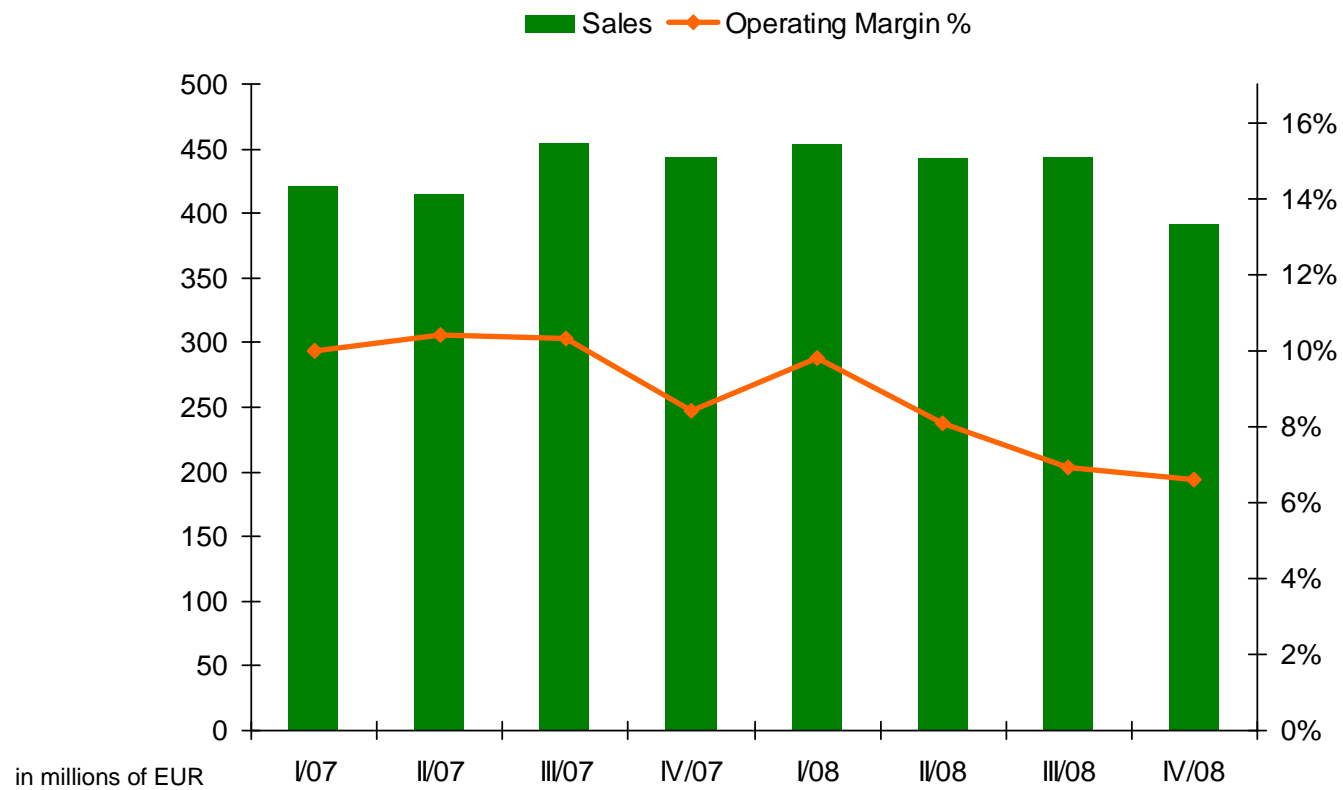


## Consolidated Results 2008

consolidated in millions of EUR, IFRS	2008	2007	+/-
<b>Sales</b>	<b>1,731.2</b>	1,737.0	-0.3 %
<b>Operating profit</b>	<b>136.9</b>	169.4	-19.2 %
<b>Operating margin</b>	<b>7.9 %</b>	9.8 %	
<b>Profit before tax</b>	<b>138.0</b>	170.9	-19.3 %
<b>Income tax expense</b>	<b>(41.1)</b>	(54.3)	
<b>Profit for the year</b>	<b>96.9</b>	116.6	-16.9 %
% Sales	5.6 %	6.7 %	
<b>Cash earnings</b>	<b>175.6</b>	206.7	-15.0 %
% Sales	10.1 %	11.9 %	



# MM Group - Quarters







## MM Group: Financial Ratios 2008

- Total equity to total assets: 64.1%
- Return on capital Employed: 16.1%
- Return on equity: 10.5 %



# Consolidated Balance Sheet

<small>consolidated in millions of EUR, IFRS</small>	<b>Dec. 31, 2008</b>	Dec. 31, 2007
<b>Non-current assets</b>	<b>641.8</b>	675.8
<b>Current assets</b>	<b>784.1</b>	857.7
<b>Total assets</b>	<b>1,425.9</b>	1,533.5
<b>Equity</b>	<b>913.7</b>	933.9
<b>Liabilities</b>	<b>512.2</b>	599.6
<b>Total equity and liabilities</b>	<b>1,425.9</b>	1,533.5
<b>Total funds available to the Group</b>	<b>346.4</b>	355.0

# Consolidated Cash Flow Statement

<small>consolidated in millions of EUR, IFRS</small>	<b>2008</b>	2007
<b>Cash flow from operating activities</b>	<b>176.6</b>	138.8
<b>Cash flow from investing activities</b>	<b>(220.2)</b>	(4.7)
<b>Cash flow from financing activities</b>	<b>(115.2)</b>	(75.2)
<b>Cash and cash equivalents beg. of year</b>	<b>350.5</b>	292.4
Net change in cash and cash equivalents	<b>(160.7)</b>	58.1
<b>Cash and cash equivalents end of year</b>	<b>189.8</b>	350.5
Available-for-sale financial assets	<b>156.6</b>	4.5
<b>Total funds available to the Group</b>	<b>346.4</b>	355.0



# MAYR-MELNHOF KARTON



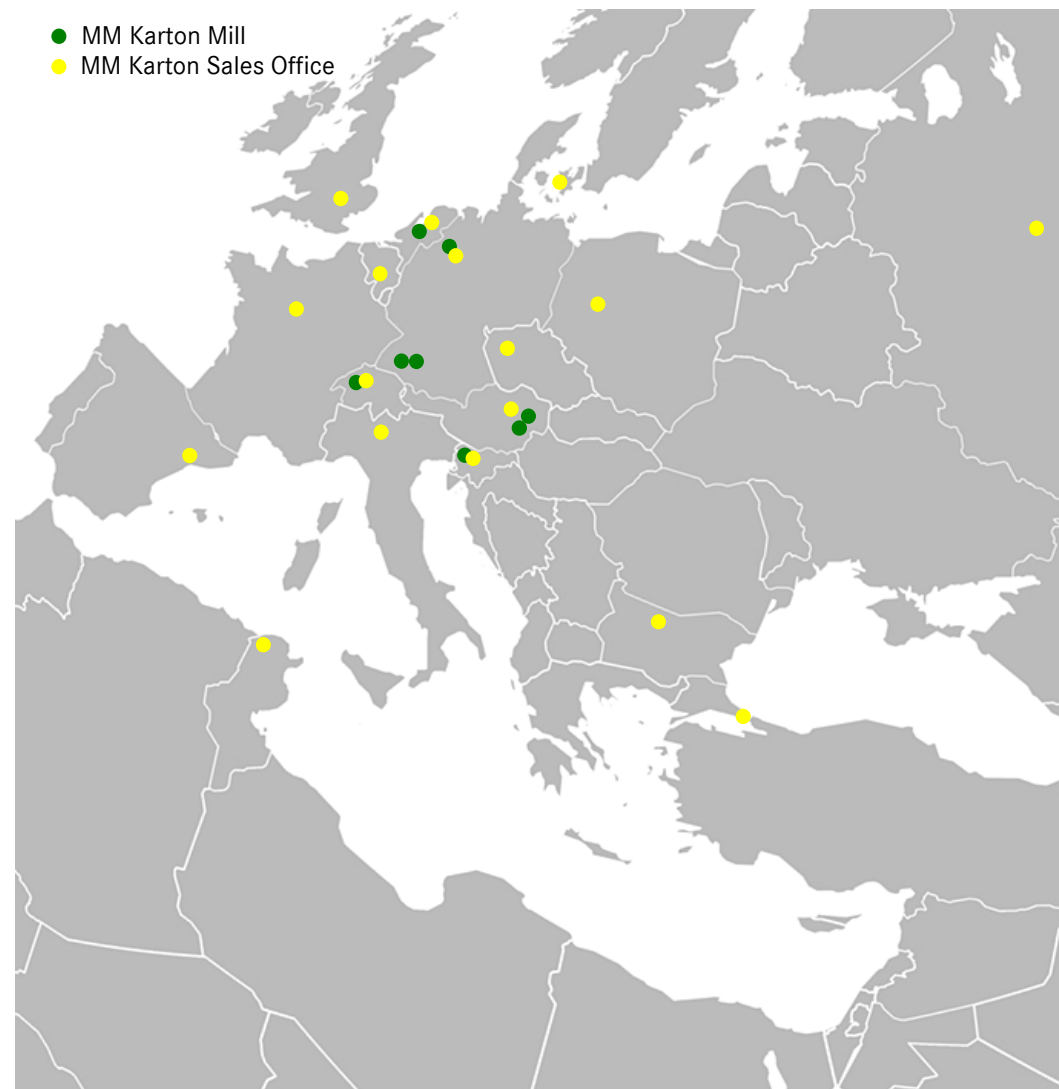
# MM Karton: Mills

**Capacity: 1.7 million tons / year**

**12 cartonboard machines**

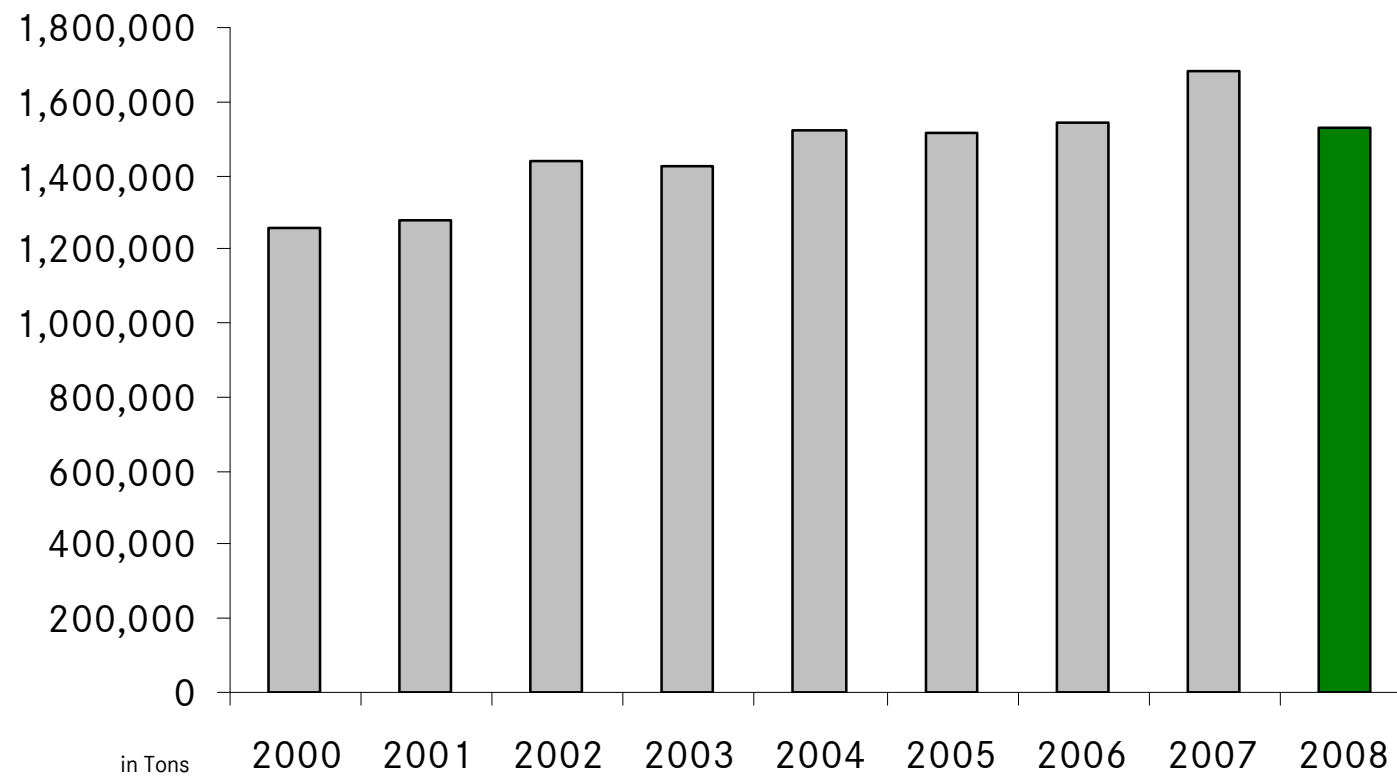
**Sales 2008: 876.7 million EUR**

**Employees: 2,559**





## MM Karton: Sales

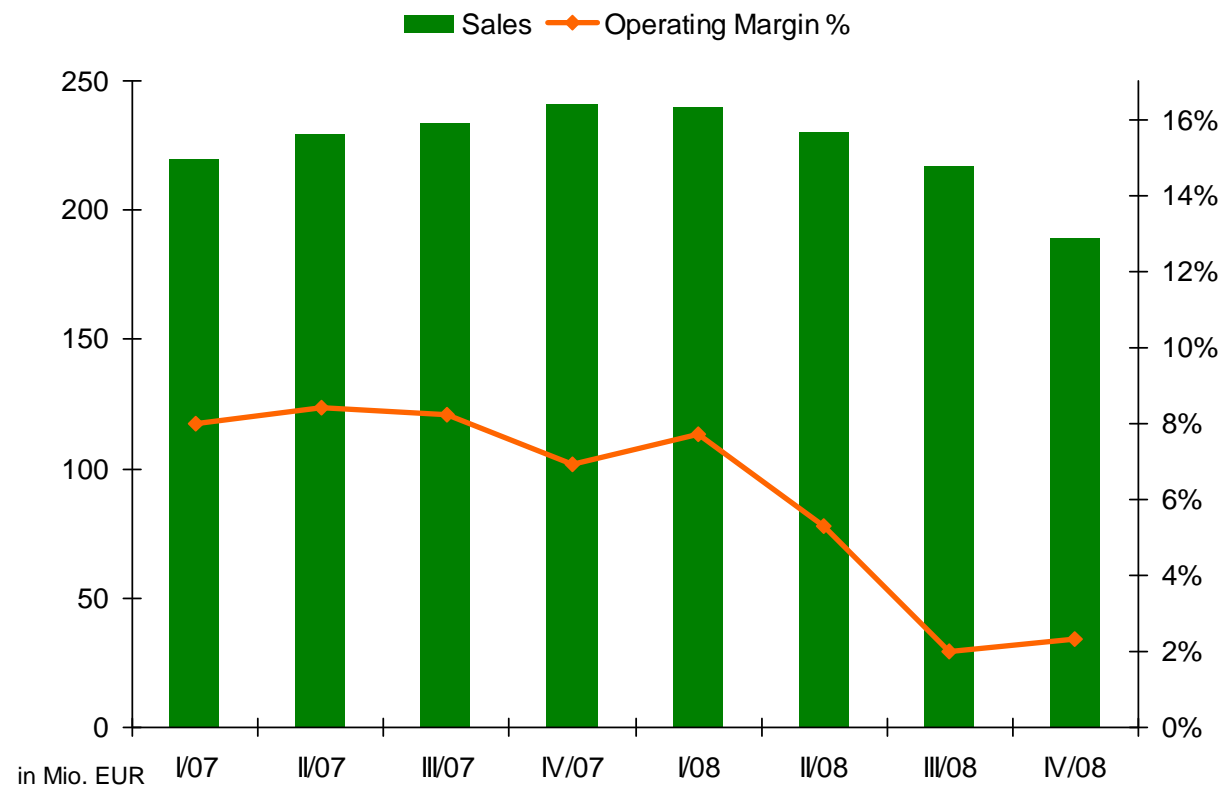




## MM Karton: Overview 2008

- Good order intake during the first months, significant slowdown in the 2<sup>nd</sup> half-year
- Increasing market related downtime in 2<sup>nd</sup> half-year
- Average capacity utilization 86 %
- Continuing cost inflation (energy) in 1<sup>st</sup> half-year
- Cartonboard price increase realized in autumn
- Not sufficient for cost compensation – decline in results
- Closure of Bulgarian board mill Nikopol (May 08)  
Divestment of recovered paper companies (Q1 08)

# MM Karton - Quarters







## MM Karton: Results 2008

in millions of EUR, IFRS	2008	2007	+/-
<b>Sales</b>	<b>876.7</b>	924.4	-5.2 %
<b>Operating profit</b>	<b>39.1</b>	72.6	-46.1 %
<b>Operating margin</b>	<b>4.5 %</b>	7.9 %	
<b>Return on capital employed</b>	<b>11.0 %</b>	18.8 %	
<b>Tonnage sold</b> (in thousands of tons)	<b>1,547</b>	1,655	-6.5 %
<b>Tonnage produced</b> (in thousands of tons)	<b>1,527</b>	1,682	-9.2 %
<b>Employees</b>	<b>2,559</b>	3,010	
<b>Investments</b>	<b>41.5</b>	38.1	



## MM Karton: Start 2009

- Machine downtime at turn of year – right measure
- No demand improvement at sight
- Reinforcement of market leader position

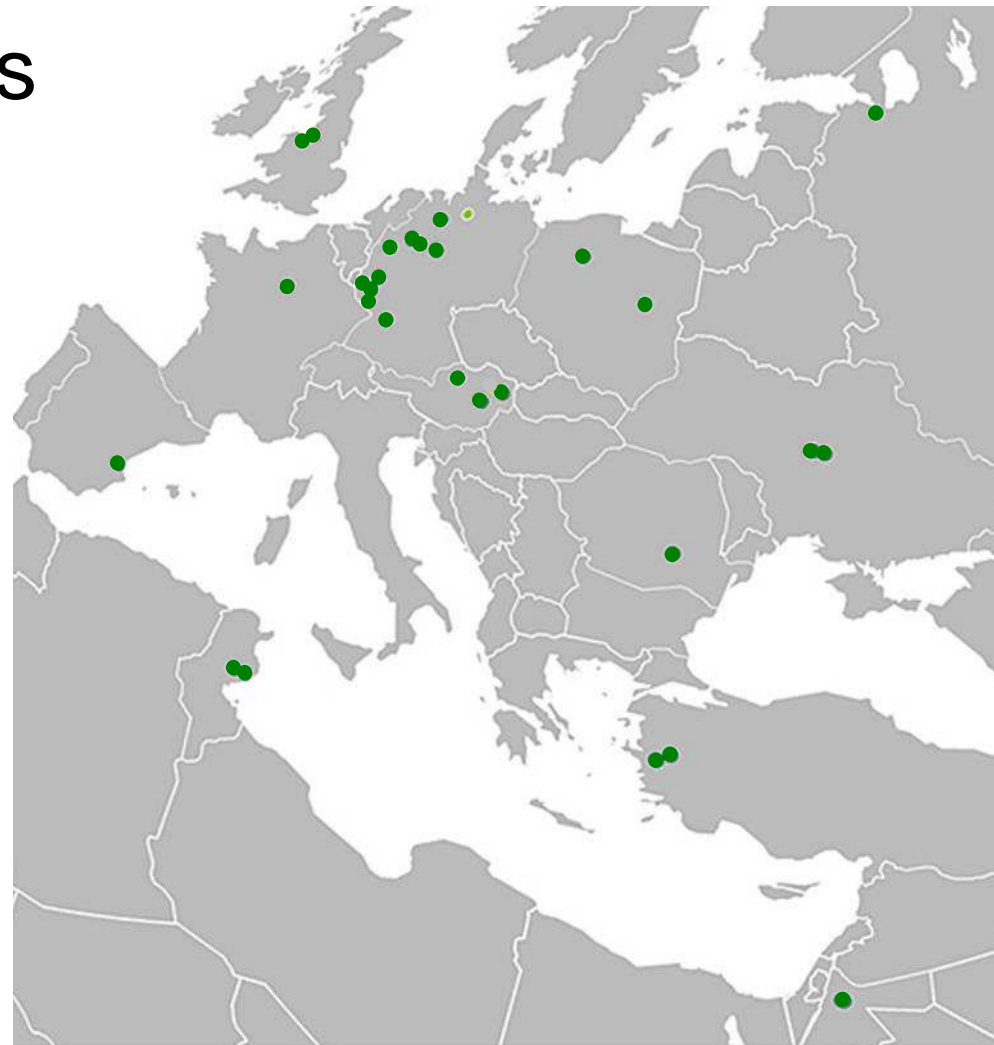


# MAYR-MELNHOF PACKAGING



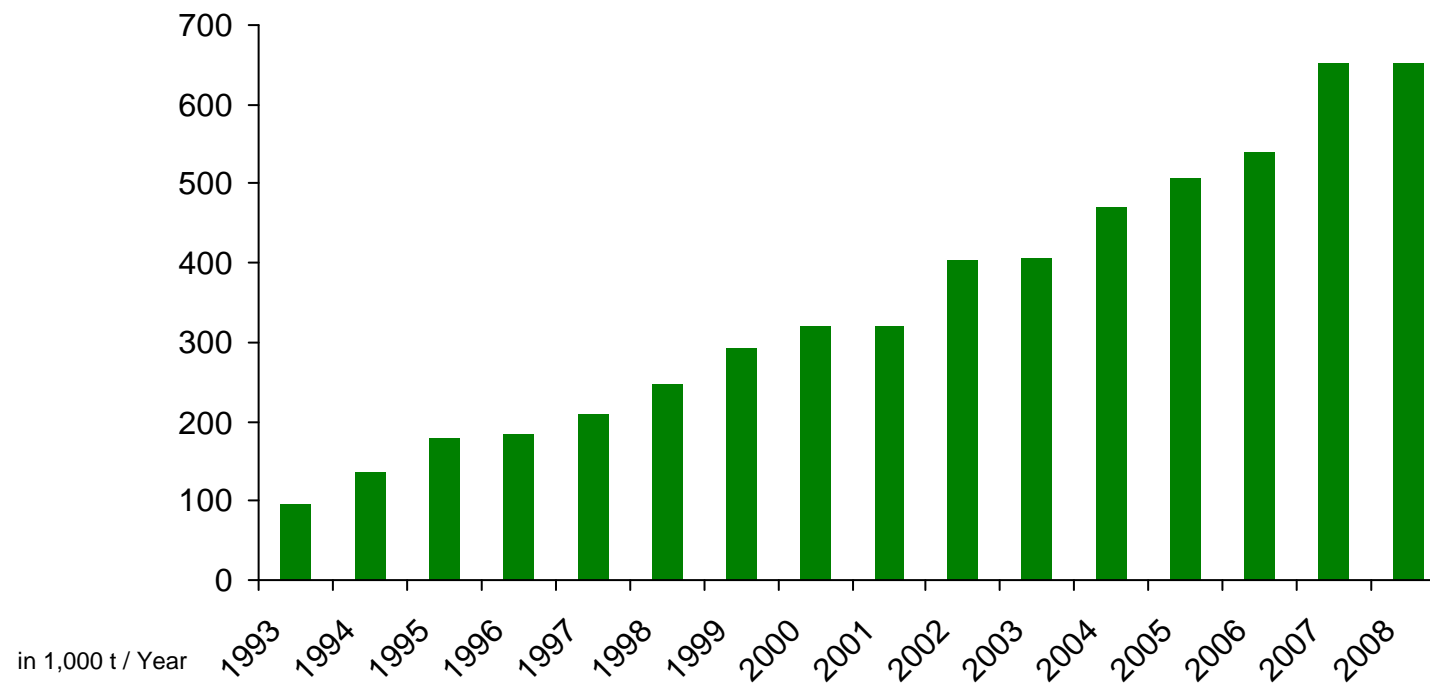
## MM Packaging Sites

- Tonnage processed: 652,000 t
- 28 sites
- Sales 2008: EUR 990.0 millions
- Employees: 5,681





# MM Packaging: Tonnage processed





# MM Packaging: Top Customers



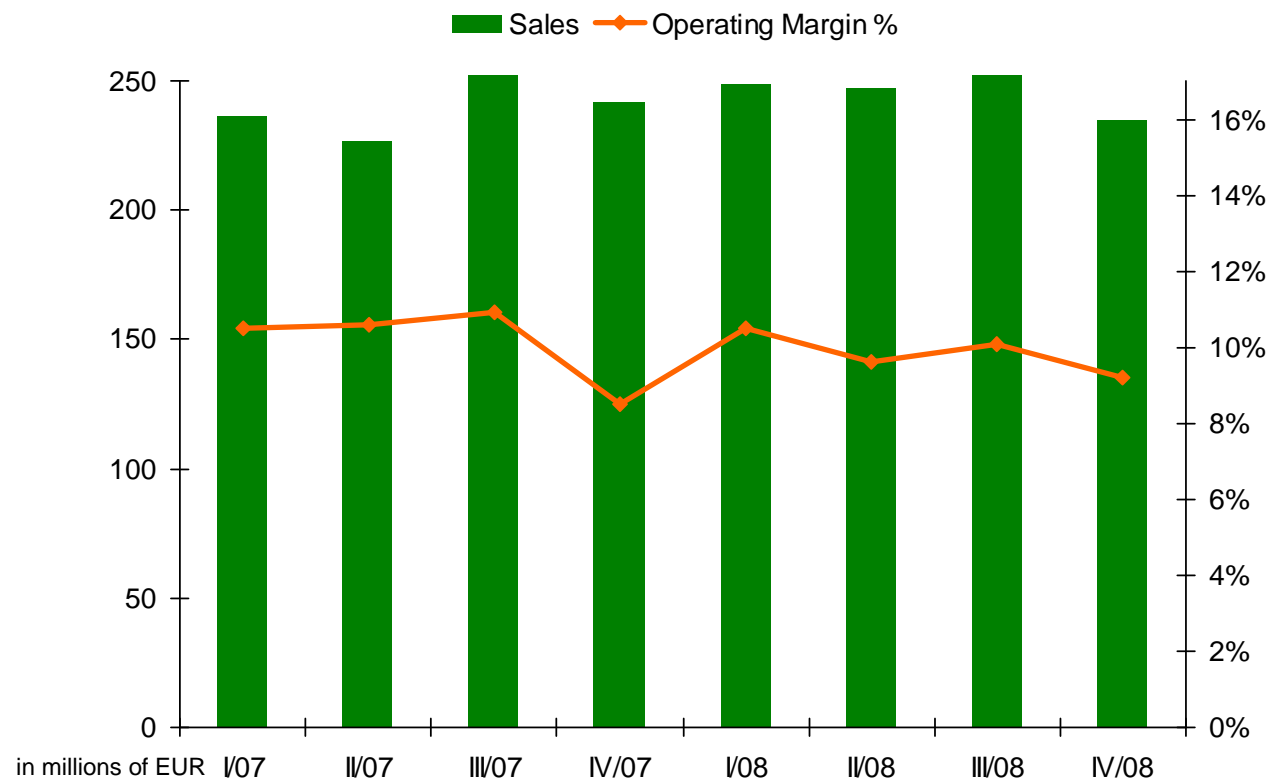


## MM Packaging: Overview 2008

- Still successfully holds its grounds
- Clearly heterogeneous utilization towards year-end
- Expansion continued
  - Acquisition of Superpak, Izmir, Turkey
  - Expansion in Poland
- Increase in productivity and optimization within site network
  - Concentration of production in St. Petersburg
- Result above previous year's level



# MM Packaging: Quarters







## MM Packaging: Results 2008

in millions of EUR, IFRS	2008	2007	+/-
<b>Sales</b>	<b>990.0</b>	958.6	+3.3 %
<b>Operating Profit</b>	<b>97.8</b>	96.8	+1.0 %
<b>Operating Margin</b>	<b>9.9 %</b>	10.1 %	
<b>Return on capital employed</b>	<b>19.8 %</b>	21.7 %	
<b>Tonnage processed</b> (in thousands of tons)	<b>652</b>	653	-0.2 %
<b>Employees</b>	<b>5,681</b>	5,647	
<b>Investments</b>	<b>55.2</b>	57.6	



## MM Packaging: Start 2009

- Order intake in total still sufficient, but already strong differences by customer and region
- Competition intensifies
- Target: Maintain and gain market shares



# Outlook

- Volatile development of demand
- Further development of end-markets not foreseeable
- Market decline of mass purchasing power would also affect demand for cartonboard and folding cartons
- Short-term customer planning hampers machine utilization
- Selective adjustments of the number of employees
- Low raw material prices increase price pressure
- Objective: Gaining and defending of market shares
- Sufficient liquidity and financing facilities – a solid basis to further strengthen our positioning and to take chances



# APPENDIX



## MM Group – Quarters

consolidated, in millions of EUR	Q4/2007	Q1/2008	Q2/2008	Q3/2008	Q4/2008
<b>Sales</b>	<b>444.5</b>	<b>452.9</b>	<b>442.0</b>	<b>443.9</b>	<b>392.4</b>
<b>Operating profit</b>	<b>37.2</b>	<b>44.4</b>	<b>35.9</b>	<b>30.6</b>	<b>26.0</b>
<b>Operating margin</b>	<b>8.4 %</b>	<b>9.8 %</b>	<b>8.1 %</b>	<b>6.9 %</b>	<b>6.6 %</b>
<b>Profit before tax</b>	<b>36.6</b>	<b>42.4</b>	<b>38.9</b>	<b>32.4</b>	<b>24.3</b>
<b>Profit for the period</b>	<b>24.7</b>	<b>27.3</b>	<b>28.1</b>	<b>23.0</b>	<b>18.5</b>
<b>% of sales</b>	<b>5.6 %</b>	<b>6.0 %</b>	<b>6.4 %</b>	<b>5.2 %</b>	<b>4.7 %</b>



## MM Karton - Quarters

(in millions of EUR)	Q4/2007	Q1/2008	Q2/2008	Q3/2008	Q4/2008
<b>Sales</b>	241.3	240.0	230.3	216.9	189.5
<b>Operating profit</b>	16.6	18.4	12.1	4.3	4.3
<b>Operating margin</b>	6.9 %	7.7 %	5.3 %	2.0 %	2.3 %
<b>Tonnage sold</b> (in thousands of tons)	425	427	421	392	307
<b>Tonnage produced</b> (in thousands of tons)	412	430	427	371	299



# MM Packaging: Quarters

(in millions of EUR)	Q4/2007	Q1/2008	Q2/2008	Q3/2008	Q4/2008
<b>Sales</b>	242.1	248.7	247.2	259.4	234.7
<b>Operating profit</b>	20.6	26.0	23.8	26.3	21.7
<b>Operating margin</b>	8.5 %	10.5 %	9.6 %	10.1 %	9.2 %
<b>Tonnage processed</b> (in thousands of tons)	163	165	171	169	147