



1 Q | 2012

Report for the 1st Quarter of 2012

- Sales held up on previous year's level
- Operating profit below last year's record value due to a sharp increase in input prices
- Growing pressure from increasing demand volatility
- Expansion in Latin America continued

Mayr-Melnhof Group

Key Indicators

(according to IFRS for interim financial reporting, unaudited)

(consolidated, in millions of EUR)	1 st Quarter		
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011	+/-
Sales	494.9	494.7	+0.0 %
EBITDA	62.6	70.7	-11.5 %
EBITDA margin (%)	12.6 %	14.3 %	
Operating profit	42.1	50.0	-15.8 %
Operating margin (%)	8.5 %	10.1 %	
Profit before tax	39.6	48.5	-18.4 %
Income tax expense	(11.1)	(13.1)	
Profit for the period	28.5	35.4	-19.5 %
Net profit margin (%)	5.8 %	7.2 %	
Basic and diluted earnings per share (in EUR)	1.40	1.76	
Cash earnings	51.5	57.2	-10.0 %
Cash earnings margin (%)	10.4 %	11.6 %	
Capital expenditures	23.5	25.3	-7.1 %
Depreciation and amortization	21.6	20.8	+3.8 %

	Balance sheet date	
	Mar. 31, 2012	Dec. 31, 2011
Total equity (in millions of EUR)	1,041.5	1,005.9
Total assets (in millions of EUR)	1,614.2	1,566.6
Total equity to total assets (%)	64.5 %	64.2 %
Net liquidity (in millions of EUR)	216.9	208.6
Enterprise value (in millions of EUR)	1,520.5	1,321.0
Employees	8,888	8,882

Group Report

Dear Shareholders,

Your Company recorded high capacity utilization in the first quarter of 2012 in both divisions, although the previous quarters were marked by a considerable slowdown in the order intake due to destocking at our customers and seasonal influences. At EUR 494.9 million, sales reached previous year's level, while the operating profit was below the historical record value of the comparative period in 2011 due to a significant increase in input costs but in line with precedent quarters. The operating margin of the Group reached 8.5 % (1Q 2011: 10.1 %).

From today's point of view, the better volume development in the first three months of this year probably only served the restocking of the emptied supply chain. Thus, the volatility in demand again shows material increases for both Cartonboard and Packaging, as consumers in Europe reduce their expenditure and our customers plan accordingly in the short term.

In line with strategy, the expansion in Latin America has proceeded and a participation in the largest Colombian folding carton manufacturer, Gráficas Los Andes S.A., located in Santiago de Cali, was acquired. In Great Britain, the folding carton production at the Liverpool site was discontinued.

Income statement

The consolidated sales of the Group of EUR 494.9 million again reached previous year's level (1Q 2011: EUR 494.7 million), especially due to improved average prices.

Consolidated sales by destination (according to IFRS for interim financial reporting, unaudited)

(in %)	1 st Quarter	
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011
Western Europe	64.0 %	65.4 %
Eastern Europe	24.4 %	23.5 %
Asia	4.0 %	3.6 %
Latin America	4.2 %	3.6 %
Other	3.4 %	3.9 %
Total	100.0 %	100.0 %

Operating profit was at EUR 42.1 million, thus EUR 7.9 million or 15.8 % below the historical peak value of the first quarter 2011 (EUR 50.0 million). This difference is mainly attributable to the significant increase in input costs.

Financial income of EUR 0.9 million (1Q 2011: EUR 1.0 million) was offset by financial expenses of EUR -1.5 million (1Q 2011: EUR -1.2 million).

The profit before tax reached EUR 39.6 million, following EUR 48.5 million in the first quarter of the previous year. Income tax expense amounted to EUR 11.1 million (1Q 2011: EUR 13.1 million), hence the effective tax rate of the Group was 28.0 % (1Q 2011: 27.0 %).

Consequently, the profit for the period of EUR 28.5 million reached previous quarters' levels (4Q 2011: EUR 26.8 million; 3Q 2011: EUR 27.9 million; 2Q 2011: EUR 28.6 million), but was below the record value of the first quarter 2011 (EUR 35.4 million).

Assets, capital and liquid funds

As of March 31, 2012, the Group's total assets amounted to EUR 1,614.2 million and thus were above the comparative value at year-end 2011 by EUR 47.6 million (December 31, 2011: EUR 1,566.6 million). This increase is mostly attributable to the result-related rise in equity.

Financial liabilities, consisting in almost equal parts of non-current and current liabilities, were reduced by repayments of EUR 10.0 million to EUR 130.9 million. Total funds available to the Group in the amount of EUR 347.8 million mostly maintained the level at year-end 2011 (December 31, 2011: EUR 349.5 million), thereby the net liquidity slightly increased to EUR 216.9 million (December 31, 2011: EUR 208.6 million).

Current assets rose by EUR 41.7 million to EUR 913.2 million compared to year-end 2011, mostly attributable to improved operating activities.

Cash flow development

Cash flow from operating activities came in at EUR 33.5 million and therefore was EUR 11.0 million above previous year's level (1Q 2011: EUR 22.5 million). This increase is mainly due to a lower build-up of working capital.

Cash flow from investing activities reached EUR -22.7 million, compared to EUR -24.4 million in the first three months of 2011. The difference is mostly attributable to the slightly lower expenses for the acquisition of tangible fixed assets. Investments focused above all on technological modernizations and expansions.

Cash flow from financing activities went up from EUR -2.2 million to EUR -12.6 million, mostly due to higher repayments of financial liabilities.

Further information

At the beginning of April 2012, MM Packaging acquired a share of 20 % in the largest Columbian folding carton manufacturer, Gráficas Los Andes S.A., located in Santiago de Cali. MM Packaging holds an option right to the remaining share of 80 %. Gráficas Los Andes S.A. currently generates annual sales of approximately EUR 17 million with about 200 employees.

Outlook

The economic forecasts are still gloomy, causing a lot of uncertainty and insecurity on the economic climate. Thereby the stagnation in our main market Europe remains more than evident, as the consumers restrict their spending and the savings rate among private households rises again. In the light of this, the improved quantity dynamics of the first quarter are likely to be merely a reflection of the restocking of the supply chain. The volatility in demand is gaining momentum both for Cartonboard and Packaging. Therefore, our customers plan accordingly in the short term.

If the current volatility in demand remains unchanged, our input markets will follow with the consequence that the challenges for price and cost management will increase significantly.

However, it is still our goal to defend our margins as best possible in an environment of intense competition and to resolutely push market penetration and expansion.

Divisions

MM KARTON

While the last two quarters in the previous year saw a considerable decrease in incoming orders due to on-going destocking at our customers, the cartonboard business experienced a noticeable recovery in demand in the first quarter of 2012 as the supply chain was being restocked. However, with an average order backlog of 74,000 tons (1Q 2011: 135,000 tons), the dynamics in demand were significantly more restrained than in the first quarter 2011, which was still profiting from the expiring boom of 2010.

However, in line with improved demand the procurement markets for recovered paper and all input factors related to crude oil prices were again characterized by a strong upward trend. This was a particular challenge, as the cartonboard markets have been subject to an extremely intense price competition for months as a consequence of the weakening economic development.

At a high capacity utilization of around 97 % (1Q 2011: 98 %), we managed however again to achieve a good operating margin of 7.2 % (4Q 2011: 5.5 %; 3Q 2011: 5.6 %; 2Q 2011: 7.6 %), though standing below the peak value of the first quarter 2011 (10.0 %).

Like in the previous year, approximately 390,000 tons of cartonboard were produced in the first three months, while the tonnage sold went down by roughly 5.3 % to 378,000 tons (1Q 2011: 399,000 tons). Thereof, 82 % were sold within Europe and 18 % in non-European markets (1Q 2011: 81 %; 19 %).

Accordingly, sales went down by 4.9 % to EUR 231.4 million (1Q 2011: EUR 243.4 million). The operating profit, due to costs as well as quantity, amounted to EUR 16.6 million, compared to EUR 24.3 million in the first quarter of 2011.

Divisional indicators MM Karton (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	1 st Quarter		
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011	+/-
Sales ¹⁾	231.4	243.4	-4.9 %
Operating profit	16.6	24.3	-31.7 %
Operating margin (%)	7.2 %	10.0 %	
Tonnage sold (in thousands of tons)	378	399	-5.3 %
Tonnage produced (in thousands of tons)	390	390	+0.0 %

¹⁾ including interdivisional sales

MM PACKAGING

Analogously to the consumer goods industry, the folding carton markets in Europe have entered into a very intense price competition since the beginning of the year preparing for a stagnation and constriction of quantities. Taking that into account, MM Packaging concentrates on defending its market shares and margins as best possible, focusing on cost leadership by employing highly efficient production methods and sustainable fulfillment of customer requirements.

Despite increasing headwinds, MM Packaging managed to maintain a good level for both operating income and sales in the first three months of 2012, however, the heterogeneity in the contribution to the operating income of the individual mills saw a significant rise. The sales sectors food and cigarettes remained stable, however, they are also experiencing the increased volatility in demand.

In particular due to price factors, sales went up by 2.9 % to EUR 289.3 million (1Q 2011: EUR 281.2 million), while the operating profit of EUR 25.5 million was below the comparative value (1Q 2011: EUR 25.7 million) especially because of expenses in connection with the closure of the British folding carton plant in Liverpool. This resulted in an operating margin of 8.8 %, subsequent to 9.1 %.

The tonnage processed decreased by 11,000 tons to 166,000 tons, mostly due to changes in the product mix and savings.

Divisional indicators MM Packaging (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	1 st Quarter		
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011	+/-
Sales ¹⁾	289.3	281.2	+2.9 %
Operating profit	25.5	25.7	-0.8 %
Operating margin (%)	8.8 %	9.1 %	
Tonnage processed (in thousands of tons)	166	177	-6.2 %

¹⁾ including interdivisional sales

Closure of the British folding carton site in Liverpool

At the end of March 2012, Mayr-Melnhof Packaging announced the closure of its folding carton production in Liverpool. During the last few years, the Liverpool team put in a lot of effort to increase the competitiveness of the site in order to maintain the plant. However, economic circumstances and the most recent market developments as well as our customers' requirements compelled us to take this decisive measure. The plant in Liverpool employed at last 109 people. This measure does not affect customers, as they are being supplied by the European MMP production network.

Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	End of 1 st Quarter	Year-end
		Mar. 31, 2012	Dec. 31, 2011
ASSETS			
Property, plant and equipment	2	599,897	594,585
Intangible assets including goodwill	2	87,006	86,027
Securities and other financial assets		5,731	5,397
Deferred income taxes		8,401	9,126
Non-current assets		701,035	695,135
Inventories		240,123	244,503
Trade receivables		274,278	235,859
Income tax receivables		16,314	11,225
Prepaid expenses and other current assets		35,413	31,105
Cash and cash equivalents		347,009	348,755
Current assets		913,137	871,447
TOTAL ASSETS		1,614,172	1,566,582
EQUITY AND LIABILITIES			
Share capital		80,000	80,000
Additional paid-in capital		172,658	172,658
Treasury shares	4	(904)	(904)
Retained earnings		801,578	773,160
Other reserves		(23,551)	(30,768)
Equity attributable to shareholders of the Company		1,029,781	994,146
Non-controlling (minority) interests		11,745	11,795
Total equity		1,041,526	1,005,941
Interest-bearing financial liabilities	5	65,646	65,591
Financial lease liabilities	5	1,858	2,541
Provisions for other non-current liabilities and charges		71,619	72,442
Deferred income taxes		15,564	16,526
Non-current liabilities		154,687	157,100
Interest-bearing financial liabilities	5	63,076	72,160
Financial lease liabilities	5	353	638
Liabilities and provisions for income taxes		17,143	13,234
Trade liabilities		150,060	146,865
Deferred income and other current liabilities		88,694	88,101
Provisions for other current liabilities and charges		98,633	82,543
Current liabilities		417,959	403,541
Total liabilities		572,646	560,641
TOTAL EQUITY AND LIABILITIES		1,614,172	1,566,582

Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR, except per share data)	1 st Quarter	
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011
Sales	494,892	494,661
Cost of sales	(394,021)	(389,911)
Gross margin	100,871	104,750
Other operating income	2,726	3,076
Selling and distribution expenses	(40,312)	(38,405)
Administrative expenses	(21,170)	(19,355)
Other operating expenses	(20)	(28)
Operating profit	42,095	50,038
Financial income	938	969
Financial expenses	(1,505)	(1,179)
Other income (expenses) – net	(1,922)	(1,317)
Profit before tax	39,606	48,511
Income tax expense	(11,124)	(13,102)
Profit for the period	28,482	35,409
Attributable to:		
Shareholders of the Company	28,316	35,238
Non-controlling (minority) interests	166	171
Profit for the period	28,482	35,409
Earnings per share for the profit attributable to the shareholders of the Company during the period:		
Basic and diluted earnings per share (in EUR)	1.40	1.76

Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	1 st Quarter	
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011
Profit for the period	28,482	35,409
Profit (loss) directly recognized in equity:		
Foreign currency translations	6,992	(8,802)
Total profit (loss) directly recognized in equity - net:	6,992	(8,802)
Total profit for the period	35,474	26,607
Attributable to:		
Shareholders of the Company	35,533	26,706
Non-controlling (minority) interests	(59)	(99)
Total profit for the period	35,474	26,607

Consolidated Statements of Changes in Equity

(condensed version according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	1 st Quarter						Non-controlling (minority) interests	Total equity
	Equity attributable to shareholders of the Company							
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves ¹⁾	Total		
Balance at January 1, 2012	80,000	172,658	(904)	773,160	(30,768)	994,146	11,795	1,005,941
Total profit for the period				28,316	7,217	35,533	(59)	35,474
Increase in majority interests				102		102	9	111
Balance at March 31, 2012	80,000	172,658	(904)	801,578	(23,551)	1,029,781	11,745	1,041,526
Balance at January 1, 2011	80,000	176,453	(904)	721,873	(19,659)	957,763	25,356	983,119
Total profit for the period				35,238	(8,532)	26,706	(99)	26,607
Balance at March 31, 2011	80,000	176,453	(904)	757,111	(28,191)	984,469	25,257	1,009,726

¹⁾ Other reserves comprise the profit (loss) directly recognized in equity from foreign currency translations.

Consolidated Cash Flow Statements

(condensed version according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	1 st Quarter	
		Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011
Cash flow from operating activities	6	33,469	22,478
Cash flow from investing activities		(22,700)	(24,392)
Cash flow from financing activities		(12,566)	(2,162)
Effect of exchange rate changes on cash and cash equivalents		51	(666)
Net change in cash and cash equivalents		(1,746)	(4,742)
Cash and cash equivalents at the beginning of the period		348,755	332,004
Cash and cash equivalents at the end of the period		347,009	327,262
Adjustments to reconcile cash and cash equivalents to total funds available to the Group:			
Current and non-current securities		834	382
Total funds available to the Group		347,843	327,644

Notes to the Consolidated Quarterly Financial Statements

(1) General

These condensed consolidated quarterly financial statements and notes thereto of Mayr-Melnhof Karton AG and its subsidiaries have been prepared in accordance with IFRS for interim financial reporting as adopted by the European Union and were neither voluntarily audited nor reviewed by an auditor.

The present condensed consolidated quarterly financial statements have been prepared using the same accounting principles as for the consolidated financial statements as of December 31, 2011. The amendments to existing standards as published in the Official Journal of the European Union and effective since January 1, 2012 have not shown significant impact on the Group's financial statements and financial position.

(2) Development of fixed assets

The Group spent a total of thous. EUR 23,541 (1Q 2011: thous. EUR 25,266) on acquiring property, plant and equipment and intangible assets in the first quarter of 2012.

Depreciation and amortization on “Property, plant and equipment” and “Intangible assets including goodwill” amounted to thous. EUR 21,591 (1Q 2011: thous. EUR 20,824).

Net book values of “Property, plant and equipment” and “Intangible assets including goodwill” are composed as follows:

	End of 1 st Quarter	Year-end
(all amounts in thousands of EUR)	Mar. 31, 2012	Dec. 31, 2011
Lands, similar land rights and buildings	237,784	237,298
Technical equipment and machines	288,176	295,966
Other equipment, fixtures and fittings	34,785	36,091
Payments on account and construction in progress	39,152	25,230
Property, plant and equipment	599,897	594,585
	End of 1 st Quarter	Year-end
(all amounts in thousands of EUR)	Mar. 31, 2012	Dec. 31, 2011
Concessions, licenses and similar rights, and payments on account	4,667	4,460
Goodwill	65,503	64,666
Other intangible assets	16,836	16,901
Intangible assets including goodwill	87,006	86,027

(3) Purchase commitments

On March 31, 2012 purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 26,728 (December 31, 2011: thous. EUR 30,753).

(4) Equity

TREASURY SHARES

As of March 31, 2012, the Group held 15,260 treasury shares, which is equivalent to 0.08 % of the capital stock. The last share repurchase program was terminated according to schedule on November 7, 2010.

DIVIDEND

By the 18th Ordinary Shareholder's Meeting, a dividend of EUR 2.10 per voting share due on May 7, 2012 was resolved for the year 2011 (2010: EUR 1.95).

(5) Financial liabilities

Financial liabilities of the Group are as follows:

(all amounts in thousands of EUR)	End of 1 st Quarter	Year-end
	Mar. 31, 2012	Dec. 31, 2011
Non-current interest-bearing financial liabilities	65,646	65,591
Current interest-bearing financial liabilities	63,076	72,160
Interest-bearing financial liabilities	128,722	137,751
Non-current financial lease liabilities	1,858	2,541
Current financial lease liabilities	353	638
Financial lease liabilities	2,211	3,179
Total financial liabilities	130,933	140,930

(6) Cash flow from operating activities

The cash flow from operating activities and income taxes paid are as follows:

(all amounts in thousands of EUR)	1 st Quarter	
	Jan. 1 - Mar. 31, 2012	Jan. 1 - Mar. 31, 2011
Cash flow provided by operating activities excluding interest and taxes paid	46,330	34,848
Income taxes paid	(12,861)	(12,370)
Cash flow from operating activities	33,469	22,478

(7) Disclosure on transactions with related parties

In the first quarter of 2012 and 2011 no material business transactions were concluded between the Group and related parties. Transactions are carried out on an arm's length basis. Sales, receivables and payables are not of material significance.

(8) Segment reporting information

The Group's operating segments can be illustrated as follows:

(all amounts in thousands of EUR)	1 st Quarter 2012			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	205,857	289,035	0	494,892
Intersegment sales	25,592	264	(25,856)	0
Total sales	231,449	289,299	(25,856)	494,892
Operating profit	16,584	25,511	0	42,095

(all amounts in thousands of EUR)	1 st Quarter 2011			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	214,019	280,642	0	494,661
Intersegment sales	29,389	531	(29,920)	0
Total sales	243,408	281,173	(29,920)	494,661
Operating profit	24,283	25,755	0	50,038

(9) Subsequent events

In April 2012, MM Packaging acquired an interest of 20 % in the folding carton producer Gráficas Los Andes S.A., located in Santiago de Cali, Colombia, for thous. EUR 1,500. The inclusion into the balance sheet will be effected according to the at-equity method in the future.

Quarterly Overview

(according to IFRS for interim financial reporting, unaudited)

Mayr-Melnhof Group

(consolidated, in millions of EUR)	1 st Quarter 2011	2 nd Quarter 2011	3 rd Quarter 2011	4 th Quarter 2011	1 st Quarter 2012
Sales	494.7	493.5	510.6	460.8	494.9
EBITDA	70.7	62.5	62.4	56.2	62.6
EBITDA margin (%)	14.3 %	12.7 %	12.2 %	12.2 %	12.6 %
Operating profit	50.0	42.7	42.7	35.5	42.1
Operating margin (%)	10.1 %	8.7 %	8.4 %	7.7 %	8.5 %
Profit before tax	48.5	40.3	39.5	33.5	39.6
Income tax expense	(13.1)	(11.7)	(11.6)	(6.7)	(11.1)
Profit for the period	35.4	28.6	27.9	26.8	28.5
Net profit margin (%)	7.2 %	5.8 %	5.5 %	5.8 %	5.8 %
Earnings per share (basic and diluted in EUR)	1.76	1.42	1.40	1.33	1.40

Divisions

MM KARTON

(in millions of EUR)	1 st Quarter 2011	2 nd Quarter 2011	3 rd Quarter 2011	4 th Quarter 2011	1 st Quarter 2012
Sales ¹⁾	243.4	249.1	241.3	213.4	231.4
Operating profit	24.3	19.0	13.4	11.7	16.6
Operating margin (%)	10.0 %	7.6 %	5.6 %	5.5 %	7.2 %
Tonnage sold (in thousands of tons)	399	404	381	327	378
Tonnage produced (in thousands of tons)	390	407	372	322	390

¹⁾ including interdivisional sales

MM PACKAGING

(in millions of EUR)	1 st Quarter 2011	2 nd Quarter 2011	3 rd Quarter 2011	4 th Quarter 2011	1 st Quarter 2012
Sales ¹⁾	281.2	272.8	296.6	274.3	289.3
Operating profit	25.7	23.7	29.3	23.8	25.5
Operating margin (%)	9.1 %	8.7 %	9.9 %	8.7 %	8.8 %
Tonnage processed (in thousands of tons)	177	168	172	163	166

¹⁾ including interdivisional sales

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

The results for the first half-year of 2012 will be published on August 16, 2012.

Mayr-Melnhof Shares

Relative performance of MM shares 2011 / 2012 (December 30, 2010 = 100)



Share price (closing price)	
as of May 8, 2012	78.00
2012 High	78.80
2012 Low	66.02
Stock performance (Year-end 2011 until May 8, 2012)	+19.07 %
Number of shares issued	20 million
Market capitalization as of May 8, 2012 (in millions of EUR)	1,558.81
Trading volume (average per day 1Q 2012 in millions of EUR)	0.91

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