



**REPORT FOR THE FIRST
THREE QUARTERS OF 1999**

MAYR-MELNHOF KARTON AG

Overview

- **Full utilisation of capacities and good development of demand**
- **Steady increase of sales throughout the year**
- **Operating profit slightly below previous year's level**
- **From a current perspective, the ambitious target for the year will be achieved**

Dear Shareholder,

In the first three quarters of 1999 your company achieved an excellent utilisation of capacities due to good demand from Western Europe and overseas markets. Sales have continuously increased throughout the course of this year and reached EUR 233.1 million / ATS 3,208 million in the 3rd quarter of 1999. This is an increase of 5.3% compared to the previous quarter. After three quarters, sales totalled EUR 669.7 million / ATS 9,215 million (1st-3rd quarter 1998: EUR 690 million / ATS 9,494 million). This decline is mainly attributable to the disposal of recycling companies and an increase in internal sales.

For the first three quarters of 1999, capital expenditures equal EUR 50.9 million / ATS 701 million (1st-3rd quarter 1998: EUR 36.9 million / ATS 508 million). The objective was to incorporate the latest technologies in high-performance facilities in order to improve efficiency and quality standards.

Despite a considerable increase in raw materials prices, most notably waste paper, and an ongoing difficult environment in Eastern Europe, the Mayr-Melnhof Group achieved an operating profit for the period ended September 30, 1999 of EUR 61.4 million / ATS 845 million (1st-3rd quarter 1998: EUR 69.7 million / ATS 959 million). This can be attributed to an excellent utilisation of capacities and better prices in the overseas business.

The decline in the Packaging Division's operating profit of 22% (EUR 4.4 million / ATS 61 million) primarily results from a continuously weak Eastern European market and strong competition in Western Europe. Due to the downtime resulting from the rebuilding of a cartonboard machine and the late onset of a dynamic price development in overseas markets as well as increasing raw materials prices, the operating profit of the Cartonboard Division decreased 7.8% (EUR 3.9 million / ATS 54 million) compared to the previous year's result.

The Group operating margin was 9.2% (1st-3rd quarter 1998: 10.1%).

For the first three months of 1999 the consolidated net income amounted to EUR 44.3 million / ATS 610 million (1st-3rd quarter 1998: EUR 49 million / ATS 674 million).

The positive trend throughout the past three quarters as well as high capacity utilisation are expected to persist throughout the 4th quarter. The ongoing increase of cartonboard prices should largely compensate for the sharp rise in raw materials costs. Therefore, from a current perspective, the ambitious goal of a net income for the year of EUR 58 million / ATS 800 million will be achieved.

The Managing Board of
Mayr-Melnhof Karton AG

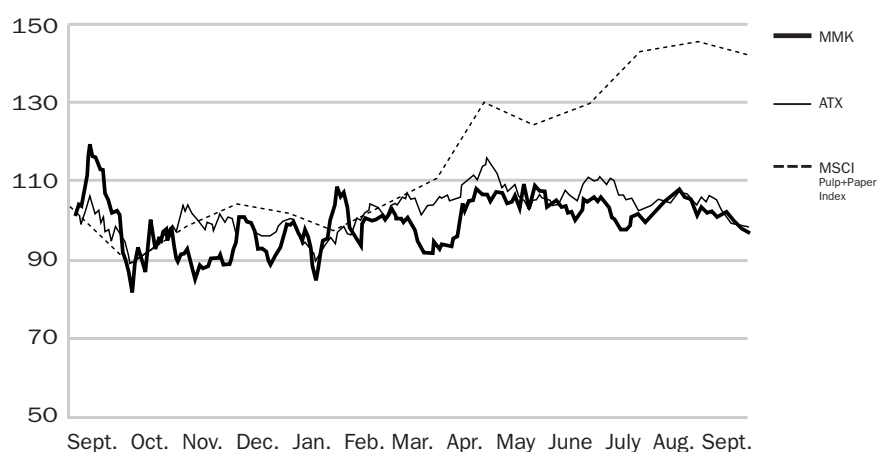
Key Indicators of the Mayr-Melnhof Group

consolidated figures		1 st - 3 rd Qu.'99	1 st - 3 rd Qu.'98	+/- %
Net sales	in € millions	669.7	690.0	-2.9%
	in ATS millions	9,215	9,494	
Operating profit (EBIT)	in € millions	61.4	69.7	-11.9%
	in ATS millions	845	959	
Operating margin	in € millions	9.2%	10.1%	
Net income (incl. minority interests)	in € millions	44.3	49	-9.6%
	in ATS millions	610	674	
Net income (excl. minority interests)	in € millions	43.8	48	-8.8%
	in ATS millions	603	661	
Cash earnings	in € millions	94.5	96.7	-2.3%
	in ATS millions	1,300	1,330	
Investments in fixed assets	in € millions	50.9	36.9	+37.9%
	in ATS millions	701	508	
Depreciation	in € millions	50.2	47.7	+5.2%
	in ATS millions	691	656	

Mayr-Melnhof Shares

Relative Performance of MMK Shares 1998/1999

September 1, 1998 = 100



Share price as of October 15, 1999 € 41.25 High 1999 € 47.79

Number of shares outstanding 12,000,000 Low 1999 € 36.00

Market capitalisation € 495 million

Mayr-Melnhof Cartonboard Division

		1 st -3 rd Qu.'99	1 st -3 rd Qu.'98	+/- %
Sales ¹	in € millions	434.9	457.6	-5.0%
	in ATS millions	5,984	6,297	
Operating profit	in € millions	46.0	49.9	-7.8%
	in ATS millions	633	687	
Operating margin		10.6%	10.9%	
Tonnage produced	in 000's of tonnes	897	865	+3.7%

¹ incl. interdivisional sales

Compared to the previous year's development, lively demand of recycled cartonboard in the first half year of 1999 has been accelerated over the summer months. This can be attributed to the favourable economic development in Western Europe and the increase in overseas demand.

Due to these fortunate market conditions and recent efficiency improvements, cartonboard production was increased by 4% and reached a level of 897,000 tonnes.

Following a sharp rise in prices for many raw materials used in the production of cartonboard, especially waste paper, cartonboard prices have been increased since September 1, 1999.

Despite this tightening situation on the procurement market, the Cartonboard Division achieved a high operating profit in the third quarter resulting from excellent capacity utilisation and considerably higher prices in the overseas business. In the nine months ended September 30, 1999, the division generated an operating profit of EUR 46 million / ATS 633 million (1st-3rd quarter 1998: EUR 49.9 million / ATS 687 million). This is equivalent to an operating margin of 10.6% (1st-3rd quarter 1998: 10.9%).

For the first three quarters of 1999, sales totalled EUR 434.9 million / ATS 5,984 million compared to EUR 457.6 million / ATS 6,297 million for the same period in 1998. This decline was mainly due to the disposal of the German recycling companies in the previous year.

At the beginning of October 1999 the order backlog reached a level of approximately 80,000 tonnes, more than doubling last years figure.

Consequently, capacities are expected to be fully utilised until the end of this year. The significant rise in raw materials costs should be compensated by the continuous application of the increased cartonboard prices.

Mayr-Melnhof Packaging Division

		1 st - 3 rd Qu.'99	1 st - 3 rd Qu.'98	+/- %
Sales ¹	in € millions	285.6	275.1	+3.8%
	in ATS millions	3,930	3,785	
Operating profit	in € millions	15.4	19.8	-22.2%
	in ATS millions	212	272	
Operating margin		5.4%	7.2%	
Tonnage processed	in 000's of tonnes	210	183	+14.8

¹ incl. interdivisional sales

Business development in the Packaging Division has been characterised by strong competition in Western Europe and the absence of a recovery in Eastern Europe. However, the facilities registered a good utilisation of capacities.

Due to the growing business with key multinational customers, the volume converted could be increased by approximately 15%, reaching 210,000 tonnes in the nine months ended September 30, 1999.

Consequently, Packaging sales increased to EUR 285.6 million / ATS 3,930 million in the first three quarters of 1999 (1st-3rd quarter 1998: EUR 275.1 million / ATS 3,785 million). Volume lost by the decline in sales of cigarette and confectionery packaging in Eastern Europe has been compensated by new business, primarily in the field of food packaging.

Despite this notable increase in volume, margins remained under pressure due to reduced sales in the high-quality segment and higher raw materials prices in the 3rd quarter of 1999. At EUR 4.9 million / ATS 67 million, the Packaging Division's operating profit for the 3rd quarter of 1999 remained almost unchanged compared to the previous quarter's level. The operating profit for the first three quarters of 1999 totalled EUR 15.4 million / ATS 212 million after EUR 19.8 million / ATS 272 million in the previous year's period. This is equivalent to an operating margin of 5.4% (1st-3rd quarter 1998: 7.2%).

Because of the unsatisfactory development of results, Mayr-Melnhof Packaging will concentrate on cost savings by applying the latest technologies and the start-up of large-format machines.

Passing on increased cartonboard prices to the customers in a very competitive folding carton market will be challenging in the coming months. This endeavour shall be supported by the enforced employment of supply chain management programmes and expected healthy demand in the fourth quarter.

Quarterly Results

consolidated figures		4 th Qu'98	1 st Qu'99	2 nd Qu'99	3 rd Qu'99	3 rd Qu'98	+/-%
MAYR-MELNHOF GROUP							
Sales	in € millions	214.9	215.2	221.4	233.1	208.6	+11.7%
	in ATS millions	2,957	2,961	3,046	3,208	2,871	
Operating profit	in € millions	17.6	20.7	19.7	21.0	21.3	-1.4%
	in ATS millions	242	285	271	289	293	
% of sales		8.2%	9.6%	8.9%	9.0%	10.2%	
Net income (incl. minority interests)	in € millions	14.3	14.8	14.9	14.6	11.4	+28.8%
	in ATS millions	197	204	205	201	157	
% of sales		6.7%	6.9%	6.7%	6.3%	5.5%	
Net income (excl. minority interests)	in € millions	14.0	14.7	14.7	14.4	10.8	+33.3%
	in ATS millions	193	202	203	198	149	
% of sales		6.5%	6.8%	6.6%	6.2%	5.2%	

DIVISIONS

Sales

Cartonboard Division	in € millions	133.1	140.8	145.1	149.0	140.3	+6.2%
	in ATS millions	1,831	1,937	1,997	2,050	1,931	
MM-Packaging	in € millions	92.4	90.8	92.6	102.2	86.1	+18.7%
	in ATS millions	1,272	1,250	1,274	1,406	1,185	

Operating profit

Cartonboard Division	in € millions	12.0	14.9	15.0	16.1	15.3	+5.2%
	in ATS millions	165	205	206	222	211	
MM-Packaging	in € millions	5.6	5.8	4.7	4.9	6.0	-18.3%
	in ATS millions	77	80	65	67	83	

Operating margin

Cartonboard Division		9.0%	10.6%	10.3%	10.8%	10.9%	
MM-Packaging		6.1%	6.4%	5.1%	4.8%	7.0%	

Tonnage produced

Cartonboard Division	in 000's of tonnes	259	282	301	314	293	+7.2%
----------------------	--------------------	-----	-----	-----	------------	-----	-------

Tonnage processed

MM-Packaging	in 000's of tonnes	65	69	63	78	62	+25.8%
--------------	--------------------	----	----	----	-----------	----	--------

Outlook

Due to high utilisation of capacities and the continuous application of the cartonboard price increase, development of business in the 4th quarter should be in line with the good 3rd quarter. Therefore, from a current perspective, the net income planned for the year will be reached.

As many prices of important raw materials used in the production of cartonboard and folding cartons still show an upward trend world-wide, further price adjustments cannot be ruled out.

In view of the current economic situation in Western Europe and the positive forecasts, demand and production are also expected to remain at a consistently high level in the year 2000, though a seasonal decline in the first quarter is expected to occur.

The Mayr-Melnhof Group maintains its growth strategy, while the primary focus is based upon increasing the value of the company.

Upcoming Event:

March 14, 2000 Preliminary Consolidated Results for 1999

For further information, please contact:

Stephan Werba, Investor Relations
Mayr-Melnhof Karton AG, Brahmssplatz 6, A-1041 Vienna
Tel: (+43) 1/501 36-1180, Fax: (+43) 1/501 36-1195
e-mail: investor.relations@mm-karton.com, Web Site: <http://www.mayr-melnhof.co.at>