



# Newsletter

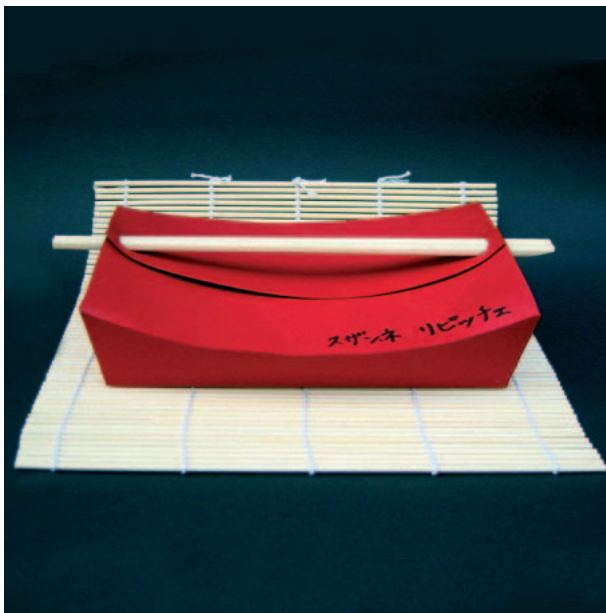
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## Interview

# The packaging material of tomorrow

Designers increasingly prefer cardboard to any other packaging material. The outer shell of a product needs to attract attention; within seconds it has to stimulate emotions in the potential customer, either through colour or form. The combination of high functionality and aesthetics make carton packaging one of the most influential promotional mediums.



Sushi Box "Haiku"

We interviewed, Susanne Lippitsch on this subject, Austrian designer and recipient of many national and international design awards. She designed, amongst other things, the sushi box "Haiku" and take-away packs for "Nordsee", shaped like fish. Susanne Lippitsch thinks the future for cardboard as packaging material is very bright indeed.

**Editor:** Dear Mrs Lippitsch, when do you give the packaging material cardboard preference above all other possibilities?

**Mrs Lippitsch:** All the time, actually, unless the product's wrapping or its handling is not suitable for cardboard.

**E:** What do you like about the material the most?

**L:** Apart from its well-known extraordinary attributes and its eco-friendliness, I like the challenges of its technical constraints. Cardboard allows me to create an interesting three-dimensional form from a two-dimensional material that's not just original and fits the product, but that is also simple and cheap to mass produce.

Read more on the subject on pages 3 and 4.



Franz Rappold

### Management Board

## Ladies and gentlemen, dear business friends,

In just a few days we see out 2005, a year where the situation in many Western European markets and abroad - but also in the procurement markets for all products that are affected by the price of crude oil - became notably tougher. A sound reason to point out current opportunities and necessities, as an economic turnaround may still be a long way off.

### *Peak performance in a challenging economic climate*

At MM Karton we remain confident that we can – jointly with our customers – continue on the path of success by responding with the highest flexibility, productivity and uncompromising orientation to the steadily increasing demands of the market even in the current difficult economic climate. In 2005 several new production records were achieved, highlighting the performance capability of our group, despite repeated short-term market related downtime. Alongside this we have made further quality improvements in a number of areas, this year particularly in the sector of virgin fibre-based cartonboard, which has had swift market success because of its attractive price-performance ratio. According to our motto “best in business”, it is our declared goal to convince our business partners with peak performances in the coming year, too, as an attractive, reliable partner that can be counted on.

Because one thing is certain: the challenges of 2005 are going to stay in full force during 2006, as the great European economies such as Germany, France or Italy do not show any signs of economic growth. Furthermore, high energy prices slow down an already weak consumer demand of private householders all over Europe. The only economic ray of hope – Central and Eastern Europe, cannot really support us, so that continuity has to be our outlook for 2006.

### *Cartonboard – attractive and calculable*

Internal optimizations alone can no longer absorb the rising costs of all factors which depend on the

price for crude oil. Consequently we were forced to inform our customers about new, increased carton prices a few weeks ago. Because only on a calculable basis are we able to maintain peak performances in our company that are also to the benefit of the customer. Despite the present cost boom we are convinced about the long-term confirmed advantages of cartonboard packaging compared with other packaging materials, such as plastics, with regard to stability and availability. In such a comparison it is important to point out the versatility and quality of our carton products, in the same vein as they are regularly demonstrated in practice by our TCS team (Technical Customer Services) at MM symposiums. We bid farewell to the head of this team, Gunter Klimpel at the end of the year, who is leaving the company to take up his well-deserved retirement. Herbert Glatz, print- and packaging expert will be heading this long-established specialist MM institution, ensuring its continued success in the future.

As the year draws to a close, may I take this opportunity to express my heartfelt thanks for the trust you have shown us in 2005. At MM Karton we will make every endeavour to impress you in the coming year as well. On this note, I and the entire MMK team wish you a

*Prosperous  
New Year!*

Yours  
Franz Rappold  
*Member of the Management Board*

Continued from page 1

**E:** What criteria determine the choice of material for your projects?

**L:** The production quantity, who packs the products and how, but most importantly who unpacks them and in which situation.

**E:** Is it possible for the packaging material to be more important than the packaging?

**L:** I don't think packaging material and packaging can be viewed as separate entities. The packaging material obviously sets limits. Then certain products demand specific packaging materials which in turn can often only be processed in very particular ways. Of course, a choice of material that's atypical for a product almost guarantees that the customer will notice it. In this respect the answer to your question would be: Yes.

**E:** What effect do the latest packaging trends have on the material cardboard?

**L:** The current trend of producing attention-grabbing three-dimensional shapes is a great challenge for cardboard; a fancy print alone no longer cuts it in today's market. As designers we try to show that even a folding carton has it in it to give the appearance of an organic, undulating eccentric form. And that it can even perform some technical tricks, as my colleague Phillip Prause has demonstrated skilfully with his award-winning design "Twistbox".

**E:** What direction is packaging finishing taking? Are things getting more exquisite still?

**L:** Well, as always, that is the \$64 question. In principle, however, the answer is yes. Ever stronger competition means that every product tries to be as eye-catching and elaborate as possible. Of course, this can also backfire, when the consumer can't see the wood for the trees anymore. Then suddenly 'less is

more' and the simpler packaging stands out from the crowd.

**E:** What can be achieved through design at the point of sale (POS)?

**L:** It can make or break a product. Packaging has only a few seconds to attract customers and convince them about the product. A sure start to achieve this is by arousing emotions.



Photo: Alexandra Pawloff

Susanne Lippitsch,  
Designer

**E:** Where do you get your ideas for your designs?

**L:** The ideas quite often flow from the product itself; a good example is the fish-shaped take-away packaging that I designed for Nordsee (Fish Retailer). Often there's just the desire to improve on the existing packaging. This can be a formal or technical improvement. In the sushi packaging "Haiku" I used sticks as a lock and handle for the box, which give it the appropriate oriental feel.

The "Xaver" handle, I came up with for the take-away cartons of a gourmet restaurant in Vienna, is close to my heart, too. I'd seen one customer carrying the large carton under her arm, whereby all the rolls



„Xaver“ handle for take-away cartons

were in pieces. In order to keep the existing carton design I developed an x-shaped handle made of cardboard, which is slotted into existing slits at the underside of the carton, creating an ergonomic hand piece that allows easy carrying.

Well, and then there are all those ideas that come to you in your dreams. They happen almost subconsciously when falling asleep or when you're just about to wake up. Just like that ...

**E:** Design and functionality. How do you manage to bridge these two?

**L:** For me design is inextricably linked with functionality. 'Beautification' for its own sake bores me.

Read more on page 4



Continued from page 3

*E: Design packaging and mass production – isn't that a contradiction in terms?*

*L: No – definitely not.*

*E: Is design always synonymous with expensive?*

*L: On the contrary. Design can save a lot of money or, shall we say, increase turnover. The packaging designer performs the job of an advertising agency. He develops what is probably the most effective promotional medium for a product: the packaging.*

*E: In your view, what does the future hold for cardboard as a packaging material?*

*L: It's all good. Cardboard is a very congenial, versatile material which gains more and more new functional properties - through newly developed coatings for instance, so it is possible today to better the crispness of pastry in a microwave with the aid of a specially coated container. I think that's incredible!*

Customer event

## With MM In The Fast Lane

Yet again Mayr-Melnhof invited several business partners to join them for a special event during the Formula 1 Grand Prix weekend in Germany at the Hockenheimring.



For two days, from the 23<sup>rd</sup> to the 24<sup>th</sup> of July 2005 a unique event took place at the Hockenheimring, that turned out to be a highly memorable experience for all participants. Supporting programme of the Porsche Supercup and GP2, the qualifying round of the Formula 1 racing drivers was the first highlight. The demonstration of the so-called dragsters, complete with a rocket car that impressed with its mighty horsepower, formed a spectacular interlude in the supporting programme. The first day on the race course concluded with a GP2 class race, the 'small Formula 1', which was meant to give a taster of the real thing, the Grand Prix, on Sunday.

In line with the motto of the event, **"Cardboard and folding carton industry share the fast lane"** an information and discussion event was organised for the evening, reporting on the latest developments at MM Karton, including developments in national and international markets. Those present joined an intensive debate about trends and opportunities, sharing ideas of how to overcome forthcoming challenges jointly and successfully – all this took place in a convivial atmosphere that brought the day to a pleasant close.

The following day more than fulfilled expectations. Barely back at the racecourse of the Hockenheimring, one was immediately captivated by that extraordinary mood of a Formula 1 weekend. The Porsche Supercup race as well as another GP2 class race prepared the crowd with breathtaking challenges for positions and take-over manoeuvres, so that they were well warmed up for the subsequent highlight, the Formula 1 race, which was deservedly won by the future world champion!

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### Seminar in Nikopol

Yet again this autumn a 2-day seminar took place at our plant in Nikopol, where participants were informed about and discussed the ongoing projects at our Bulgarian site. Firstly the extension of the product range through Nikotriplex (GT3, 230-500gsm), Nikoprint Kraft (GT4, 250-500gsm) and Coated Grey Board (GD4, 250-500gsm) was introduced. You can find details about these new products on [www.cartonette.com](http://www.cartonette.com). A second focal point was the improvement of cartonboard quality. Now a much smoother surface can be achieved due to a change in the fibre formula. Since the end of August a new packaging line is being developed which, apart from reinforced packaging made from PE foil also intends to use plastic straps that guarantee minimisation of safety risks during handling. A new winder will be installed at the end of this year which avoids friction and creases in the cartonboard width.

TCS

# In the name of continuity

In the spring of next year Gunter Kimpel, Head of Technical Customer Services (TCS) starts his well-deserved retirement, handing over the lead to his designated successor Herbert Glatz.

What began in 1988 with the employment of one specialist has grown after a threefold increase of capacities to a department that today spans the entire company and has many competent members of staff – the Technical Customer Services department (TCS).

TCS is set up as a network of print and packaging technicians employed at the various MM Karton mills and assists customers in finding manifold expert solutions in the application of our cartonboard products.

Far from solely dealing with reclamations, today's MMK TCS team with its broad spectrum of competences is highly respected for providing comprehensive system solutions, solving many application problems. In addition to trans-sectoral symposiums, which are part of every application technician's annual standard programme, there are also in-house and external training programmes concerning carton and carton finishing that are organised by TCS experts with enormous commitment. The leadership of the overall TCS organisation at MM Karton is traditionally the duty of the head of the Technical Customer Services at the Austrian headquarter, Frohnleiten. After 18 years at MM the current head of the department, graduate engineer Gunter Kimpel is about to retire at the beginning of 2006 – a hard-earned accomplishment. Mr. Kimpel, born in Dresden in 1943, used to work in the paper manufacturing industry from 1961 until 1963, before he discovered his passion for packaging in 1966, a passion that's still burning to this day. He has been serving as Head of the Technical Customer Services at MM Karton since 1987.

In order to ensure the highest level of continuity at this critical point where production meets customer, the MM Karton management has set the course for a qualified succession in good time. Herbert

Glatz, a print and packaging expert par excellence, who has worked for more than 30 years in offset printing and several years in sales for a leading printing machine manufacturer, is going to take on the role of new Head of Technical Customer Services Frohnleiten/Hirschwang, thereby being responsible for the companywide management of TCS at all sites.

In order to be at the forefront of the latest industry information and technology, we will continue to work in cooperation with reputable suppliers of the print and print finishing industry.

It will remain an important function of TCS to furnish the findings and experiences of this cooperation to our workforce and also to our customers.

In the future, as in the past, our main objective for technical services remains being "the best in business".



*Herbert Glatz, new head of TCS*

CEE

# The Central- and Eastern European Folding Carton Market

MM Packaging started investments in Central and Eastern Europe at an early stage. The first factory in Poland was established as early as 1995. Today MM Packaging runs a total of 5 factories in Poland, Russia, the Ukraine, and Romania. A quarter of the overall turnover is generated in these markets.



The main attractions of the CEE region (Central and Eastern Europe) are the much higher economic growth in these countries compared with Western European countries, an as yet low but steadily increasing per-capita consumption of packaging and lower production costs. While the folding carton market in Western European shows hardly any growth, the market trend in Central and Eastern Europe continues to rise sharply.

At the beginning of the 90's the development of the folding box consumption in CEE was accelerated primarily through the sale of everyday essential goods in the local markets. From 1995 international brands were introduced into the region, increasing the demand for quality folding boxes further. Since the year 2000 the market is characterised chiefly by the shifting of production sites from Western to Eastern Europe.

However, the folding carton business in CEE varies from that in Western Europe in many ways. On one hand this is the result of consumer behaviour that is marked by high price sensitivity due to growing income disparities - and low brand loyalty. On the other hand, the remnants of impassibility caused by inflation and exchange rate fluctuations, higher financing costs, credit and payment risks as well as customs duties which in some markets still exist, even if these problems have been waning in recent times. With regard to quality and service the demands

equal those commonplace in Western Europe. Add to that a rising appetite for innovation as well as the need to consider the idiosyncrasies of individual local markets.

In future one topic is going to gain even more importance – the relocation of production sites from Central to Eastern Europe. Manufacturers will want to capitalise yet more on economic growth, a wealth of - insufficiently utilised potential as well as a highly beneficial cost structure. It is to be anticipated that CEE folding box suppliers will be expanding further into Western European markets.

Overall, the issue of Central and Eastern Europe is going to create more movement and a greater dynamic in the Western European folding box markets. With plant locations in CEE and Western Europe MM Packaging is in an excellent position with regard to this development.

MM Packaging is Europe's leading folding box manufacturer with a turnover of EUR 756 million (2004) and a processed tonnage of 500,000 tons of cardboard per year. 21 sites in 10 countries produce around 30 billion folding boxes.



By Ernst Krottendorfer,  
Business Unit Director, MM Packaging

Eerbeek

# Dismantling of Yankee dryer

In mid September of this year the Yankee dryer at the Eerbeek plant suddenly suffered a crack. As it wasn't possible to repair the cylinder, which is made of cast steel and measures 4.5 metres in diameter and has a wall thickness of 6 cm, it had to be dismantled and removed through the roof of the production hall. A smoothing roll works in the same way as an "iron". It dries the carton in some parts and ensures a smooth surface.

It was very fortunate that only a few days prior to the incident a new wet calender had been installed, which also performs a smoothing of the cartonboard surface. The drying was compensated by a slowed down "operation" of the carton machine.

After numerous trial runs the decision to restart production was taken a mere 9 days after this technical incident. Without any further problems it was again possible to achieve all existing technical incident.

We are very proud of the accomplishment of the team at Eerbeek, who managed to become fully

operational in such a short time and after such a grave technical incident!



Removal through the production hall's roof.

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## Procemex web inspection system for BM2 in Frohnleiten

Subsequent to the BM3 the BM2 in Frohnleiten has now also been fitted with a web inspection system. It is the same system that has been successfully tried and tested on BM3.

Continuous surveillance by 16 cameras enables the analysis of web breaks. The system indicates a change in brightness of the image or rather the recording. The brightness deflection can be addressed in a timeline via the cursor. The system then shows the affected area at every position of the machine in a synchronised manner. Thus the trouble spot can already be isolated during the 1<sup>st</sup> step of the analysis (wet end, press section, drying section or coating section). Furthermore, the high resolution makes it possible to identify between foreign bodies from the wet or dry section. The system shows up particles as tiny as a fly.

Targeted countermeasures can efficiently be initiated by restricting the position and the type of break. Subsequent breaks can thus be avoided in most cases, which in turn contributes to a smooth machine run and continuity of product quality.

## Customer event

# 10<sup>th</sup> Mayr-Melnhof Symposium at Heidelberg in Mönchengladbach



More than 140 participants visited the 10<sup>th</sup> Mayr-Melnhof Symposium, which took place on 8<sup>th</sup> and 9<sup>th</sup> November 2005 in Mönchengladbach. Under the motto "Quality and performance. A cost contradiction?", the companies, Mayr-Melnhof Karton GmbH, Heidelberg Postpress Deutschland GmbH, Cito-System GmbH and Karl Marbach GmbH & Co. KG presented their know-how in the added-value process for folding carton production.

"It is important to us to bring suppliers together in order to show technicians and production supervisors the current developments in folding carton production", explains Gunter Klimpel, Head of Technical Customer Service at MM Karton, regarding the goals of the symposium.

The Postpress-Inforum in Mönchengladbach provided the suitable platform for this. Thus, the Dymatrix produced die cuts and the Diana folding carton machines produced various specialised cartons from GD 2 in 280 and 300 gsm and a complex chocolate carton from GC 1 in 250 gsm. Experts from Cito demonstrated the use of creasing matrix systems. The topics, "minimisation of equipping time through

manpower" and "optimum creasing quality through the use of steel counter plates", were presented by Marbach, Heilbronn. For reasons of topicality, the new Marbach standard for braille embossing was introduced, which offers customised and flexible solutions for the optimum embossing of braille printing. The topic of braille embossing will become more important in future. Due to the EU Directive enacted as from mid-2006, all pharmaceuticals packaging must be provided with braille print.

The symposium visitors were enthusiastic about the high level of machine performance and perfect quality that could be achieved on the most diverse materials (from GC 1 Optimus Top to GD 2 Astracolor (ACM) and Multicolor (MCM) cartonboard).

The fact that quality and performance can be combined in folding carton production was proven in an impressive manner.

"Overall, we were able to successfully present ourselves with the MM Symposium", said a satisfied Frank Schmid, location head in Mönchengladbach. "This was a further building block in positioning packaging print as a strategic business line for Heidelberg", continued Schmid.

The conclusion of the event organiser, Mayr-Melnhof Karton GesmbH, was also satisfactory.

Once again, it could be shown that recycling cartonboard can play along in the top league with respect to performance and quality and that it must, on no account, shy away from comparisons with higher priced qualities.

**Summary: Quality and performance can be combined in folding carton manufacturing.**