

The latest information from Mayr-Melnhof Karton
for our customers and business partners.



Newsletter

3/04

- 1/ Packaging Development
- 2/ Annual Review 2004
- 3/ Sales Training
- 4/ Packaging Development
- 6/ Nestlé Seminar
- 7/ News from the Cartonette
- 7/ In the Land of the Pharaohs
- 8/ MM China

Packaging Development

Attract, Encourage, Convince

Through market research we learn about the emotional characteristics that have a special appeal for consumers thus increasing the probability of their decision to buy. The PacProject Company converts this emotionalism into a package using shape, graphics and function.

Emotions

The potential consumer decides in a fraction of a second whether or not the product in his focus will have a chance. The first obstacle has been cleared if the "candidate" remains in the observer's perception for a split second. The packaging appears interesting enough to be examined more closely. Now it is a matter of convincing the interested party on even closer inspection. If the colours on the packaging are agreeable and harmonise pleasantly with the shape of the package, then we have cracked it. The "candidate" is placed carefully in the shopping trolley along with the other elite participants that are allowed to take part in a trial in the consumer's closest environment.

Convenience

We have a foot in the door – now it's a matter of proving ourselves in practice. The customer has little time and is on the road a lot. He can open the packaging at the first attempt without spilling anything. The measuring function works in exactly the way required by the package's contents. The portions measured out are not too large and not too small but exactly right. The new closure mechanism works like a dream. It holds its shape and snaps shut. And stays shut! Now, if only the contents can keep their potential promise, this could be the start of a meaningful relationship between product and consumer.

(Continued on page 4)





Franz Rappold

Management Board

Ladies and Gentlemen, Dear Business Friends!

In only a few days time 2004, in many respects an exciting and varied year, will be behind us. Time to look back briefly and at the same time to shed light on future challenges and opportunities.

Although a look at the most recent economic statistics may temporarily put us in a positive mood for 2004 in Europe, when looked at in detail one can see that growth in the Euro zone has once again been very modest by comparison with the global economy where the highest growth spurt since the 70s is anticipated at a plus of 5%. Increased energy costs, low employment growth, increased consumer resistance also characterize the current forecasts so that for the time being we cannot count on any "effective" upturn in demand in the big European consumer goods markets most relevant to us. After three quarters at very high capacity it will, therefore, most likely be necessary in the 4th quarter to adapt our production to the market by means of selective downtime as in the previous year.

Expensive Raw Materials and Energy

These boundary conditions are nothing new for us and for several quarters it has been a case of making up for economic dents by increasing efficiency and bringing extreme efforts in cost management to bear. Above all, we and our business partners have faced an enormous challenge in the last few months of this year due to the cost burden caused by the significant rise in cost of all input factors dependent on crude oil prices including transport. Parallel to the internal optimisation measures, it has been necessary to implement price increases which we were able to do largely with the consent of our clients. Obviously, developments in the raw materials markets will remain an exciting and challenging topic even in the coming year. Particularly if we look at their effect on the various packaging materials. Even the most recent sharp rise in crude

oil again confirms the long-term advantages of cartonboard packaging compared for instance with plastics in respect of sufficient availability and relative stability. For this comparison it is also important to point out the high quality achieved and the diversity of the cartonboard that we constantly place on new test benches (such as HACCP) and repeatedly optimise with the single aim of being able to offer you, our customers, both the best packaging material and also a quantifiable sustainable source.

Top Quality from Eerbeek

In this connection, following the successful conversion of the KM 3 board machine in Eerbeek, we are again happy to be able to offer you the market-favourite GD, GT and also GC qualities including all the well-known specialties. "Top quality" from a machine that is now state of the art, coupled with the proverbial friendly service and flexibility you can expect from our newly designed MM-Eerbeek factory!

I would like to thank you very much indeed for the trust you placed in us as customers and business partners in 2004. We will do everything in our power to convince you yet again in the coming year of the merits of MM-Karton. With this in mind and on behalf of the entire MMK team, I would like to wish you:

**Merry Christmas
and a Successful New Year!**

Yours cordially,

Franz Rappold
Member of the Management Board

Training

Sales Employees Back on the School Bench

This year we have run several training courses to expand our sales employees' knowledge of the many specialties and types of cartonboard finishing. Those taking part have been invited to join us in Deisswil.



From left to right: Edith Brunner, Maria Katsanou, Arthur Burkhalter, Martin Paier, Nikolay Tolstov, Kurt Bigler

There was lively interest from the various sales offices. In addition to an in-depth tour of the mill, we were able to gain extensive knowledge of the various finishing techniques such as hard sizing, grease barriers, fungicide treatments and dyed cartonboards under the heading "Why do we need special grades?" Our customers will eventually benefit from this special know-how when enquiring about cartonboard for specific uses or with special requirements. For illustration purposes, our experts

demonstrated various tests in the laboratory to test the Cobb values, bending strength, brightness, Kit values, etc. Our "trainees" also devoted themselves enthusiastically to making paper...

We are also very happy to offer training courses of this type for the sales employees of our wholesalers, and of course our customers are very welcome to visit us in Deisswil at any time!



The samples created are further optimised.

(Continued from page 1)



Text by: Volker Muche

Decision to Buy

From the consumer's point of view, there is a common sequence of decisions and experiences when dealing with basic everyday goods. The marketing expert describes this materialisation of consumer decisions using the S-O-R model (Stimulus-Organism-Response). However, it has not yet been possible to determine exactly why customers decide on specific products due to the complex interactions between product presentation, symbolic information and social influences. According to the opinion of a research team from Munster, these unanswered questions of market research might be answered in future by using modern high-field nuclear magnetic resonance tomographs. With the help of neuro-economics and neuro-marketing, the marketing researchers finally want to explain what happens in the brains of humans when they decide in a fraction of a second for or against a specific product.

The Direct Nerve to the Buying Stimulus

It is also possible using what is known as functional nuclear magnetic resonance imaging to look at the brain right down to its deepest layers and to observe the brain's activity under specific stimuli. Thus it has

been possible for example to confirm what scientists have long suspected, namely that a rational decision to buy is pure fiction! Above all in the private sector the consumer acts far less from financial motives than the theory suggests. Emotion and intuition influence the decision to buy phase to a much greater extent.

Trends

There are many factors that determine what sensations certain colours and shapes trigger in us. Our origin, our personal experiences, the social environment and yes, even the spiritual and physical format of our day determine the perception and expression of specific emotional stimuli. These complex relationships are reflected for example in the increasing trend towards individualisation. The "classic" target group appeal of the past has yielded to an advertising strategy that attempts to represent subculture groups to which the consumer would like to belong. Even so-called consumer goods are objects of the personal environment. So if a harmonious environment is important to the customer, when buying a bulk pack of kitchen rolls he will probably decide on the package design that matches his requirements for harmony.

Packaging



Speed

At the same time, an increasing trend towards individualisation also means shorter product life cycles. This requires a shortening of the entire workflow from the packaging idea to its mechanical implementation. These marketing requirements of the product manufacturers demand extremely flexible and well-organised partners who have not only high creative potential but also know how to implement ideas technically.

Ideas, Concepts, Implementation

It is precisely this range of services, which is matched to the modern requirements of packaging design, that PacProject can offer its customers. A young team of packaging engineers and designers jointly develop packaging ideas on the basis of customer briefings. The huge overlap between design and technology as early as the ideas stage ensures an efficient implementation process thus gaining important time for the customer. The customer profits from the PacProject team's extensive knowledge of the whole diverse range of materials available in the world of packaging. As a result it is even possible to design cross-packaging concepts for customers and to evaluate them economically.

In addition to this, true-colour prints are made up quickly on cartonboard, paper, labels or foil material by using an in-house digital printer or finished prototypes are provided for market research purposes.

Skill

Manufacturers of branded goods and brand names are well aware of the problem. Due to the current thinking on key skills and related restructuring measures, there remains very little time alongside day-to-day business for future-oriented packaging developments. Information about the constant changes in the market, knowledge of new technologies and materials as well as recognising product and packaging trends are only a few examples that can no longer be given the necessary attention due to the lack of time experienced by many companies. This packaging world is PacProject's key skill!

PacProject

The company was born out of the Mayr-Melnhof Packaging Group and has been an independent service-provider in the packaging market since 2002. It offers proactive development in addition to the "classic" services of packaging design and consultancy. The development and checking of innovative concepts and new technologies is aimed towards the current needs of the market. These "News and Visions" are developed until ripe for implementation and can be modified for customer applications or used directly.



Volker Muche is a consultant who has been with PacProject since 2002. He holds a B. Eng. in Packaging Engineering and has completed an advanced training course in technical business management. Prior to this he was employed for 7 years on various packaging projects for a branded goods manufacturer in the photographic industry.

Nestlé Packaging Seminar

Packaging Seminar at Nestlé's Premises

Following the enormous success of our speakers at the Nestlé Packaging Seminar two years ago, our colleagues from the Deisswil mill were again invited to this year's event in August.

The huge significance of this advanced practical training course was expressed again this year. 28 Nestlé employees from all over the world who grapple with packaging solutions on a daily basis took part in the 2 week seminar in Vevey, Switzerland.

It was the task of Mr. Arthur Burkhalter, our Quality Management and Development Manager and Mr. Philippe Wenk from our Technical Customer Services Centre to outline the manufacturing sequence of the raw cartonboard material to the international participants. This starts with the fibre material and finishes with the ready to ship package but also covers printing, die-cutting, creasing and gluing of the different qualities through to highly specialised finishes such as foil lamination during downstream processing. The presentation was supported with video films, illustrations and sample material.

As the specialties mill of the Mayr-Melnhof Group, Deisswil naturally aimed the presentation at the two topics "Special Grades" and "The Most Important Test Methods in the Laboratory".

We were able to ascertain that packages made from cartonboard continue to occupy an influential position, and 33% cartonboard and paper are still used in Switzerland as packaging materials (source: Swiss Packaging Institute).

This event was a total success for our two speakers. We would like to thank seminar leader Philippe Roulet of Nestlé for the invitation!

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High Capacity Machine Commences Operation in Eerbeek Mill

The larger of the two machines (KM III) was extended into a state-of-the-art high-capacity unit for recycled and virgin fibre cartonboard during rebuilding in the Dutch MM-Eerbeek mill. The updates to the KM III consist mainly of replacing the wet section and upgrading the drying section as a result of which we are able to offer you state-of-the-art "top quality". The modernised board machine, which is currently running through several test phases, will resume production of the market-favourite GD, GT and GC qualities by the end of the year. Following this, production on the smaller machine will be halted. Together with the MM-Eerbeek team we would like to thank you very much for your loyalty.

News in Brief

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News from the Cartonette

Frohnleiten

The minimum and maximum tolerances of the Cobb value (reverse side) of the Multicolor Mirabell F 1000 grade will be displayed in the Cartonette.

Neuss

The Cobb value (top side) of the Multicolor Mirabell C 50 R grade (250 – 350 g/m²) has been revised to 40 g/m². The tolerances of the Cobb value have also been adapted within the framework of the change. The "Venoplex Ersatz" and "Venofreeze Ersatz" grades will be displayed in the Cartonette in future.

Gernsbach

The minimum tolerances of the stiffness values for the Norma, Supra, Prima, Silbergrau, Printa and Bona grades will be displayed in the Cartonette.

Deisswil

The SCG Cigarillos grade has been extended by the 500 g/m² weight.

Nikopol

The new Uicolor grade with weights from 230 to 450 g/m² has been introduced.

Detailed information may be found at:

www.cartonette.com

Nikopol Products for Egypt

In the Land of the Pharaohs

Egypt has long been a strategically important market in Mayr-Melnhof Karton's overseas mix. Thousands of tons of MMK cartonboard will again be sold in the coming year in the key economic zones of Cairo and Alexandria.

At the end of September Martin Paier, Market Manager Overseas, again visited the Egyptian market with our sales agent. The focus in this case was on the launch of the qualities from Nikopol. In the preceding months the market was successively prepared for the new quality with unprinted samples, technical specifications and practical samples from other markets.

"Egypt is a classic GD3 market where Nikoprint will be able to gain a firm foothold. However, even the GT3 quality could certainly be of interest for certain segments such as pharmaceuticals or multinational food brands," said Martin Paier confirming sales prospects in the land of the Pharaohs.

The result is very presentable. Only a week after the Egyptian visit, the first order was booked on the machine in Nikopol and the delivery began its journey across the Mediterranean in November. A follow-

up-visit is already being planned to "bring the mill closer" to new customers too. They will be able above all else to see for themselves on site the quality improvements in production, packaging and dispatch.



Far East

Spot Landing in China, the Middle Empire

China is the market of the future. MM-Karton has taken this trend into account and after lengthy preparation it opened the offices of MM Trading Handels GmbH China in Shanghai and Guangzhou in January 2004.

To support our sales activities, Central Technical Customer Services working very closely with MM Trading China began to prepare two technically relevant seminars in the 2nd quarter of 2004. CITO System GmbH in Schwaig near Nuremberg proffered its services as an ideal partner.

CITO also works on a global scale and has had friendly links with our company for over ten years. CITO's agent in China, the FIS Company (Fortune Industrial Supplies) turned out to be another lucky strike and arranged the perfect preparation jointly with MM Trading China and Arnoud Snelleman's team. From this collaboration, an exemplary partnership, such as those we have been keeping up in Europe for many years, has also developed in China.

As a result of the excellent preparation, on September 7 2004 we were able to welcome around 200 interested converters and end users to the booming industrial region of Shenzhen. At the second event at the Metropole in Shanghai we were also honoured with the presence of around 100 guests. The lively discussions at the end of each of the presentation sequences led by Gunter Klimpel, M. Eng. for MM Karton and Jürgen Marien for CITO confirmed for both companies the correctness of these events and their well-aimed execution. The technical presentations were rounded off by an activity much loved by all in China: the raffling of valuable prizes amongst the participants.

In the follow-up to these seminars, which were conducted in English and Chinese alternately, numerous interesting contacts developed and successful solutions to problems were suggested by technicians from the two Chinese agents of MM Trading China and FIS.

Once again MM Karton with competent partners has not only managed to show its colours in this future market but also to present important information.

