

Lenzing AG

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euro adhoc: Lenzing AG / quarterly or semiannual financial statement / Lenzing: successful business development continues into first quarter

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3-month report

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Positive economic environment for the fiber industry - strong Asian demand for Lenzing fibers - continuing expansion by acquisitions in segment Plastics

The very good business development of the Lenzing Group in 2007 continued into the first quarter of 2008, although there were first signs of weakening demand over the next quarters in segment Fibers. Consolidated sales rose by 23.3% from EUR 281.3 mill. to EUR 346.8 mill. as a result of increased volume production, higher fiber prices and the inclusion of the companies acquired by segment Plastics in 2007.

First quarter EBIT grew by 27.6% to EUR 42.1 mill. (2007: EUR 33.0 mill.), EBT improved from EUR 30.8 mill. to EUR 38.5 mill. Period net income increased by 24.3% to EUR 28.6 mill. (2007: EUR 23.0 mill.). Quarterly earnings per share came to EUR 7.22 (2007: EUR 5.78).

Thomas Fahnenmann, chairman of the management board, comments: "The first quarter was characterized by very good Asian demand for fibers. We therefore managed to keep our margins more or less up to previous year's levels despite significantly increased raw material prices."

The first quarter EBIT margin was 12.1% (2007: 11.7%), the EBITDA margin 17.2% (2007: 17.5%). As at 31 March 2008 the Lenzing Group employed 5,925 people. (31 December 2007: 6,043). The decrease reflects the sale of segment Paper.

Segment Fibers: strong demand continues

The strong demand for fibers continued into the first quarter. The textile as well as the nonwovens industry benefited from good demand in Europe and in the emerging markets. The high level of capacity utilization in the nonwovens industry in Europe and in the USA was unchanged.

The business development of segment Plastics was satisfactory. Seasonal weakening of demand for construction materials is to be seen alongside the good development of MOPP films and filaments. Segment Engineering continued to enjoy strong order bookings.

Outlook

The Lenzing Group expects the fiber boom of the past years to come to an end in the course of the business year. The textile pipeline is beginning to fill up, and the stock levels of the textile chain are rising. This has already led to a definite weakening of prices for standard fibers in Europe and Asia in the first weeks of the second quarter. Moreover, new Asian fiber production capacity will begin to supply the market in the course of the current business year and lead to excess cellulose fiber capacity. The weak US dollar is another burden. The pulp supply situation, however, is expected to ease up, as new production capacity will contribute to the market.

In core business fibers Lenzing will counter these emerging difficulties with a high-quality product portfolio with less susceptibility to cyclical fluctuations. The development of Plastics and Engineering in the current business year is expected to be fairly stable.

Consolidated company key figures (IFRS)

(EUR mill.)	1-3/ 2008 1-3/ 2007	
Sales	346.8	281.3
EBITDA	59.6	49.2
EBIT	42.1	33.0
Net income of the period	28.6	23.0
EBITDA margin in %	17.2	17.5
EBIT margin in %	12.1	11.7
Capital expenditure (intangibles, property, plant and equipment)	28.3	34.7
Operating cash flow	13.7	53.0
Equity ratio** in %	45.5*	44.8*
Staff	5,925*	

6,043*

* reporting dates 31/3/2008 and 31/12/2007 ** Equity including government grants less proportionate deferred taxes

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