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EANS-Adhoc: Lenzing AG / Lenzing Group: Third quarter 2010 best quarter in company history

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quarterly report

16.11.2010

New record result expected for 2010

The Lenzing Group extended its strong upward development of the first half year into the third quarter of 2010. EBIT of EUR 60.8 mill. (third quarter 2009: EUR 37.3 mill.) generated the best quarterly result in the company's history. Nine-months sales in 2010 grew by 45.2 % from EUR 885.0 mill. (2009 reference period) to EUR 1.285.5 mill. EBIT reached a new nine-month record high of EUR 168.8 mill. and more than tripled EBIT of the 2009 reference period (EUR 54.3 mill.).

The reason for the strong growth of sales and results lies in the significantly improved business development of cellulose fibers which turned out to be far better than expected still at mid year. Higher shipments as a result of increased production capacity, a fiber price level improved over last year's and the full consolidation of the Paskov pulp factory from May 2010 on yielded correspondingly positive results. Sales excluding acquisition effects grew by 37.7 %.

Peter Untersperger, chairman of the Lenzing management board comments on the development of the business: "We are facing a growing and sustainable excess in demand in all important fiber markets". In addition, the floods in Pakistan and India recently caused the global textile fiber market to expect a significant physical shortage of cotton and triggered a distinct increase in cotton prices.

Peter Untersperger: "The calamitous weather situation in Pakistan and India has led to rethinking. Cotton will in the future be viewed with ever increasing doubt concerning the crop's pricing and availability. Market analysts therefore expect a structural change of the global fiber market which should strongly benefit cellulose man-made fibers, such as viscose, modal and TENCEL® in the medium and long term."

All fiber production sites of the Lenzing Group were fully utilized and partly achieved new records in production and shipment. The increase in raw material prices was largely, but not fully passed on to the market. The ongoing capacity expansion programs at almost all fiber production sites will relieve the demand-driven pressure on production in the course of 2011/12 to a certain extent.

Outlook The fourth quarter, too, is expected to show a continuation of the dynamic market development and excellent results in its core business fibers. Lenzing's fourth-quarter fiber capacity has been largely sold already. Lenzing will continue its long-term and fair pricing policy of the recent months and years, even under the given positive framework conditions. A product mix further improved by favoring special fibers with attractive margins, increased fiber and pulp production capacity and a very good internal cost structure allow the expectation that business year 2010, despite the currently tight raw material price situation, will provide a new record result for the Lenzing Group.

Consolidated key figures (IFRS)

in EUR mill.	1-9/2010	1-9/2009
Consolidated sales	1,285.5	885.0
EBITDA	233.6	109.6
EBIT	168.8	54.3
EBT	161.0	44.4
Period net income	128.0	30.6
EBITDA margin in %	18.2	12.4
EBIT margin in %	13.1	6.1
Gross cash flow	194.2	87.3
Investments (intangible assets, property, plant and equipment)	118.2	120.1
	30/09/10	31/12/09
Adjusted equity ratio* in %	39.9	43.5
Staff	6,456	6,021

*Equity incl. government grants less prop. deferred taxes

Further inquiry note:

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