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EANS-Adhoc: Lenzing AG / Lenzing Group: Most Successful First Half-Year in the Company's History

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6-month report

23.08.2011

-Outstanding second quarter 2011
-Positive outlook for 2011 confirmed

The Lenzing Group can once again report record results, and looks back at the most successful first half-year in the company's history. Following a very good first quarter 2011, sales and earnings could be significantly surpassed again in the second quarter of 2011. Thus Lenzing has set its guidance for the entire year 2011 at the upper end of the initial guidance announced in the first quarter, thus forecasting an EBITDA of EUR 470 mill. to EUR 500 mill. and consolidated sales between EUR 2.1 bill. and EUR 2.2 bill.

In the first half of 2011, consolidated sales rose by 31.0%, from EUR 821.4 mill. to EUR 1,076.2 mill. The reasons underlying the revenue increase were mainly considerably higher fiber prices compared to the prior-year level, as well as the higher fiber shipment volumes and the consolidation effects from the acquisition of the Biocel Paskov pulp plant.

Earnings before interest, tax, depreciation and amortization (EBITDA) in the first six months of 2011 rose by 65.1% to the new record level of EUR 247.8 mill. This resulted in an all-time high EBITDA margin of 23.0% (H1 2010: 18.3%). Operating profit (EBIT) was almost doubled, rising by 84.5% to EUR 199.2 mill. (compared to the already excellent EBIT of EUR 108.0 mill. achieved in the first half of 2010). This corresponds to an EBIT margin of 18.5% (H1 2010: 13.1%).

Outstanding second quarter 2011

The second quarter of 2011 featured consolidated sales of EUR 544.1 mill. and an EBITDA of EUR 132.9 mill. (margin of 24.4%), an outstanding performance which comprises the best quarterly results in the company's history. The EBIT of EUR 108.5 mill. (margin of 19.9%) also represents a new all-time high for Lenzing.

"Our global growth strategy together with our intensified specialization in high value fibers such as Lenzing Modal® and TENCEL®, for which we have a unique position on the market, has really paid off", says Lenzing Chief Executive Officer Peter Untersperger, commenting on the Group's business development. In any case, the long-term positive development in the form of excess demand for cellulose fibers ("cellulose gap") will continue and will not be seriously impeded by the latest decline in cotton prices to a realistic price level again, CEO Untersperger adds.

Positive development of all segments

In the core business segment of the Lenzing Group, Segment Fibers, Lenzing was able to carry out several selling price increases in the first half-year, most recently for its specialty fibers, against the backdrop of the full utilization of its production capacities. These price hikes more than compensated for the expected price consolidation for standard viscose fibers for the Asian textile industry which took place in the second quarter. Thus Lenzing's average fiber prices for textile applications in the second quarter of 2011 were higher than in the first quarter. Volume demand for textile fibers remained strong throughout the entire half-year.

Lenzing also recorded a stable price and volume development at a high level in the Business Unit Nonwoven Fibers, whose average fiber prices in the second quarter were also above those in the first quarter of 2011.

The Segments Plastics Products and Engineering developed very positively, and achieved significantly better results than in the prior-year period.

Outlook Lenzing Group

The Lenzing Group confirms its last published outlook for the entire year 2011, in which the company anticipates consolidated sales between EUR 2.1 bill. and EUR 2.2 bill. The expected EBITDA will be in the range of EUR 470 mill. and EUR 500 mill., corresponding to the upper half of the initial outlook. A decisive underlying factor is the very good business development of the Lenzing Group in the second quarter of 2011, which exceeded expectations.

On average business development for Q3 and Q4 2011 is expected to be similar to the first quarter's performance. The additional production volumes resulting from the capacity expansion of Lenzing Nanjing (China) should have a positive effect. An ongoing high price level along with good demand is anticipated for the specialty fibers Lenzing Modal® and TENCEL® also in the second half-year. In contrast, the continuation of the short-term price consolidation trend for standard viscose fibers in Asia which is still taking place along with the resulting "pipeline effect" should have a dampening effect.

Even against the backdrop of a very good cotton harvest 2011/2012, the structural influencing factors underlying the "cellulose gap" - population growth, increasing prosperity and sustainability - will continue to apply fully.

Important IFRS performance indicators on a Group-wide basis

(in EUR million)	1-6/2011	1-6/2010	
Consolidated sales	1,076.2	821.4	
EBITDA	247.8	150.1	
Operating profit (EBIT)	199.2	108.0	
Income before tax and minority interests (EBT)		187.7	101.6
Net income for the period	145.3	77.1	
EBITDA margin in %	23.0	18.3	
EBIT margin in %	18.5	13.1	
Gross cash flow	191.5	122.3	
Investments (Intangible assets, property, plant and equipment)	82.1	66.2	
	30/06/2011	31/12/2010	
Adjusted equity ratio* in %		42.3	38.6
Staff	6,323	6,143	

*Equity incl. investment grants, less proportionate deferred taxes

Segment reporting

(in EUR million)	1-6/2011	1-6/2010
Segment Fibers		
Sales	967.9	741.1
EBITDA	235.8	143.2
Operating profit (EBIT)	189.9	103.0
Segment Plastics Products		
Sales	92.2	69.8
EBITDA	8.7	4.8
Operating profit (EBIT)	5.3	2.5
Segment Engineering		
Sales	53.7	43.6(1)
EBITDA	4.9	3.2
Operating profit (EBIT)	4.2	2.5

(1) Adjusted for intra-segment sales

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