

EANS-Adhoc: Lenzing AG / Lenzing Group Reports Continued Good Development

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quarterly report

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In the first nine months of 2011, the Lenzing Group succeeded in significantly improving all relevant indicators in comparison to the previous year, and is thus performing in line with the expectations defined in the half-yearly report.

Consolidated sales in the first nine months of 2011 climbed 23.9% year-on-year, from EUR 1,285.5 mill. to EUR 1,592.2 mill. A total of 3.5 percentage points of this increase can be attributed to the higher fiber shipment volumes, whereas 13.6 percentage points are the result of the higher average fiber selling prices. Growth in other business areas as well as the full consolidation of the Paskov pulp plant over three quarters also contributed to the rise in consolidated sales.

EBITDA in the first three quarters of 2011 improved by 55.3% to EUR 362.9 mill. from the prior-year level of EUR 233.6 mill. This corresponds to an EBITDA margin of 22.8% (Q1-3 2010: 18.2%). The operating profit (EBIT) in the first nine months of 2011 was up 71.6% to EUR 289.7 mill. (Q1-3 2010: EUR 168.8 mill.), equivalent to an EBIT margin of 18.2% (Q1-3 2010: 13.1%). The profit for the period climbed to EUR 217.9 mill. from EUR 122.8 mill. in the previous year, an increase of 77.5%.

"Following the outstanding second quarter, the market for standard viscose fibers weakened as expected in the third quarter. Nevertheless, we were able to post third-quarter earnings which matched the very good first quarter of 2011", says Lenzing CEO Peter Untersperger. "This was primarily due to the quantitatively higher share of the specialty fibers Lenzing Modal® and TENCEL® along with their stable price development. New record shipment volumes were achieved with Lenzing Modal®".

The current fiber and pulp capacity expansion program of the Lenzing Group is being resolutely pursued. In the first nine months of 2011, investments climbed to EUR 130.5 mill. (Q1-3 2010: EUR 118.2 mill.) Nevertheless, the net financial debt could be significantly reduced by half to EUR 150.0 mill. (December 31, 2010: EUR 307.2 mill.) whereas net gearing reached a new record low of only 15% (December 31, 2010: 40.5%).

The strong volume demand for both textile and nonwoven fibers has enabled Lenzing to fully utilize all available fiber production capacities during the reporting period. Inventories of the Lenzing Group were at a low level at the end of the third quarter.

Outlook Lenzing Group

The Lenzing Group confirms its outlook for the entire year 2011 published in its half-yearly report, in which the company is expected to achieve total sales between EUR 2.1 billion and EUR 2.2 billion. The expected EBITDA is also unchanged and will be in the range of EUR 470 mill. to a maximum of EUR 500 mill.

In its core fiber business the Lenzing Group anticipates average selling prices to be broadly in line with third-quarter price levels and full utilization of its existing fiber production capacities. No major changes are likely to occur on the raw material side. As expected, the Segments Plastics Products and

Engineering will achieve good results in 2011 which surpass the comparable prior-year performance.

Due to the company's good earnings and cash flow situation, net financial debt should be comparable to the level on September 30, 2011 in spite of the considerable investments being made until the end of the year. Total investments in 2011 will remain at about 10% of consolidated sales for the year, as several partial project invoices will first be reported in the financial statements of the 2012 business year.

The overall business environment is characterized by uncertainty in Europe and the USA with respect to the further development of the economy as well as the temporarily lower credit growth in China and shorter-term decision-making on the part of customers. From today's perspective, reliable forecasts pertaining to the development of the fiber market in 2012 are not yet possible at present. In any case, Lenzing is convinced that the demand for man-made cellulose fibers will continue to increase in line with the long-term upward trend. For this reason, Lenzing will push ahead with the implementation of its planned expansion program with the aim of enabling the company to optimally supply the market with about 1.2 million tons annually of Lenzing fibers by 2015.

Key IFRS performance indicators on a Group-wide basis

(in EUR m)	1-9/2011	1-9/2010
Consolidated sales	1,592.2	1,285.5
EBITDA	362.9	233.6
Operating profit (EBIT)	289.7	168.8
Income before tax and minority interests (EBT)	277.0	155.8
Net income for the period	217.9	122.8
EBITDA margin in %	22.8	18.2
EBIT margin in %	18.2	13.1
Gross cash flow	288.6	195.7
Investments (Intangible assets, property, plant and equipment)	130.5	118.2

	30/09/2011	31/12/2010
Adjusted equity ratio(1) in %	44.1	38.6
Employees	6,472	6,530(2)

(1)Equity incl. investment grants, less proportionate deferred taxes

(2)Including employees of discontinued operations

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