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EANS-Adhoc: Lenzing AG / Lenzing to implement further cost optimization measures

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Due to the very unsatisfactory development of prices on the global market for viscose fibers, the Lenzing Group will be implementing additional cost reduction measures. Today, the Management Board informed employees at the facilities in Lenzing about the necessity of further measures to secure the long-term competitiveness of the Lenzing Group. In relation to this, the Management Board today announced a wide-ranging review of the Group strategy, the results of which should be available by the end of 2014.

As noted in the report on Q1 2014, extensive measures were already successfully implemented within the framework of the cost optimization program "excellENZ 2.0". Thanks to this program, it was possible to prevent layoffs in Lenzing, despite the staff reduction measures already carried out. Nevertheless, in light of the current level of fiber prices, the savings of more than EUR 60 - 80 mn for 2014 are still not enough to ensure the long-term profitability of cellulose fibers production at the European facilities. The targeted cost reductions of up to EUR 160 mn by 2016 must also be increased due to the market development.

CEO Peter Untersperger: "In light of the structural changes in competitive conditions, our goal is to lead the Lenzing Group back to its previous competitiveness. Further cost optimization is an inevitable part, but - within the framework of strategic restructuring - we will also decide to which products we can manufacture over the long run at which sites with the highest levels of quality and at optimized costs. There can be no taboos. Everything must be looked at."

Furthermore, a strategy group was established by the Management Board. This group will look at the development of new specialty fibers for Lenzing AG, the production and market positioning which will help to secure the unique selling proposition and profitability, also of the Austrian sites.

Both the works council and political decision-makers will be informed about the difficult market situation and their support has been requested in this process.

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