

## EANS-News: Lenzing AG / Lenzing Group: Substantial Revenue and Earnings Increase in First Half-Year 2016

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### 6-month report

- Revenue up 8.3% to EUR 1,034.8 mn
- EBITDA rose 54.3% to EUR 195.1 mn
- Free cash flow tripled to EUR 228.3 mn
- Expansion program for specialty fiber production capacities started

Lenzing, August 24, 2016 - The Lenzing Group significantly improved earnings in the first half-year 2016 compared to the first half-year 2015. The disciplined implementation of the new group strategy sCore TEN with a clear focus on profitable growth based on environmentally friendly specialty fibers impacts already noticeably the company's business results. The Lenzing Group significantly increased revenue and profitability and substantially improved the cash flow whilst continuing the reduction of net debt.

At largely unchanged production volumes, consolidated revenue rose 8.3% to EUR 1,034.8 mn as a consequence of higher fiber selling prices and an attractive product mix compared to the first half-year of 2015. The Lenzing Group also profited from the increase of spot market prices for viscose fibers. Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) improved by 54.3% to EUR 195.1 mn, boosting the EBITDA margin to 18.9% compared to the prior-year level of 13.2%. Earnings before interest and tax (EBIT) more than doubled to EUR 129.7 mn. The EBIT margin increased to 12.5%, up from 6.3% in the previous year. The net profit for the period increased by 83.9% to EUR 94.6 mn, and earnings per share were up 76.2% to EUR 3.49. The Lenzing Group continues to show strong cash generation momentum. The cash flow from operating activities more than doubled to EUR 268.8 mn compared to the prior-year period. The free cash flow rose three-fold to EUR 228.3 mn.

"The Lenzing Group looks back at a very successful first half-year 2016", says Stefan Doboczky, Chairman of the Management Board and CEO of Lenzing AG. "On the one hand, we benefitted from a positive market environment. On the other hand, we continued our implementation of sCore TEN, our new group strategy, in a very disciplined and intense fashion. We further optimized the product mix and profited from higher selling prices thanks to ongoing strong demand for all Lenzing fibers. All this was clearly reflected in our half-year 2016 business results, and therefore we also expect a substantial improvement of our business performance for the full year compared to 2015."

### Expansion of production capacities for specialty fibers

As announced on August 2, 2016, the Lenzing Group decided to expand its production capacities for specialty fibers by a total of 35,000 tons by 2018 with an investment program amounting to EUR 100 mn. The capacity increase will be mainly carried out at the Austrian sites in Heiligenkreuz, Burgenland and Lenzing, Upper Austria. This decision is the first step of the strategic investment program announced by the Lenzing Group.

### New TENCEL® recycling fiber about to be launched

The Lenzing Group has developed a new generation of TENCEL® fibers using cotton fabric waste as a key raw material. This product combines the benefits of the extremely environmental friendly production process of TENCEL® fibers with an innovative raw material concept based on recycling. As a result, the new fiber offers an exciting ecological footprint. Inditex is the first retailer testing this innovative fibre. Other brands will follow.

## Outlook for 2016

The Lenzing Group expects a friendly market environment for the global fiber industry in the second half of 2016. The market for wood-based cellulose fibers is currently developing especially favorably due to strong demand at stable supply.

The strong earnings figures for the first half of 2016 paired with the positive market environment reinforces the optimism of the Lenzing Group for the full year. Lenzing expects excellent business results in the financial year 2016 and consequently a substantial earnings improvement compared to the financial year 2015.

### Key Group indicators (IFRS)

(in EUR mn)	1-6/2016	1-6/2015
Revenue	1,034.8	955.4
Earnings before interest, tax, depreciation and amortization (EBITDA)	195.1	126.5
EBITDA margin in %	18.9	13.2
Earnings before interest and tax (EBIT)	129.7	60.5
EBIT margin in %	12.5	6.3
Net profit/loss for the period	94.6	51.44
CAPEX(1)	40.6	26.0

	June 30, 2016	Dec. 31, 2015
Adjusted equity ratio(2) in %	50.2	
50.6(4)		
Trading working capital(3)	361.6	447.4
Number of employees at period-end	6,085	6,127

1) Capital expenditures: Equals acquisition of intangible assets, property, plant and equipment as per statement of cash flows

2) Ratio of adjusted equity to total assets as a percentage

3) Inventories plus trade receivables less trade payables

4) Restatement according to IAS 8 (see note 2 in the consolidated interim financial statements)

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