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EANS-News: Lenzing AG / Lenzing Group: Substantial Earnings Increase in the First Nine Months of 2016

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9-month report

- Revenue up 8.2 percent to EUR 1,578.4 mn
- EBITDA improvement of 52.2 percent to EUR 320.6 mn
- Operating cash flow doubled to EUR 374.9 mn
- Investment programs for pulp and specialty fibers gain momentum

Lenzing, November 16, 2016 - The Lenzing Group generated a substantial increase in revenue and earnings in the first nine months of 2016, compared to the first nine months of 2015. Significant improvements of cash flow and thus reduction of net debt provide the basis for further investments and the implementation of the sCore TEN strategy.

Consolidated revenue rose by 8.2 percent in the first nine months of 2016 to EUR 1,578.4 mn year-on-year. Next to slightly higher sales volumes it was primarily higher selling prices of all three fiber generations - Viscose, Modal and TENCEL® - and a more attractive product mix that contributed to higher revenues. In the third quarter it was specifically the sharp increase in viscose prices that fueled the results.

Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) rose by 52.2 percent to EUR 320.6 mn. This corresponds to an EBITDA margin of 20.3 percent, up from 14.4 year-on-year. Earnings before interest and tax (EBIT) of the Lenzing Group almost doubled to EUR 221.7 mn. Accordingly, the EBIT margin increased to 14 percent from 7.7 percent previously. Earnings before tax (EBT) totaled EUR 207.1 mn, up 84.2 percent. The net profit for the period at EUR 162.1 mn was 91.1 percent higher than in the first three quarters of 2015. As a result, earnings per share increased 84.6 percent to EUR 5.98.

In the first nine months of 2016, the good business development resulted in a twofold increase in the operating cash flow to EUR 374.9 mn. Next to the very strong operational performance it was particularly good working capital management that fueled cash generation. As a consequence key balance sheet indicators further improved. At the end of September 2016, net financial debt fell to EUR 64.2 mn (December 31, 2015: EUR 327.9 mn). Net gearing was down to 4.9 percent from 26.9 percent previously.

The strong balance sheet supports the investment program already initiated: The expansion of specialty fiber production by 35,000 tons per year at the Heiligenkreuz, Lenzing and Grimsby sites is already underway. Investment volume will total about EUR 100 mn. In addition, pulp production will be modernized in Lenzing and Paskov by 2019, also at a cost of around EUR 100 mn. This will lead to additional capacities of approximately 35,000 tons annually.

"The Lenzing Group continues to implement the sCore TEN strategy with great discipline and the excellent business performance further helped our already strong balance sheet," says Stefan Doboczky, Chief Executive Officer of Lenzing AG. "These nine months underpin our confidence and are an excellent basis for the implementation of our ambitious growth program."

Outlook

The macroeconomic environment remains volatile especially given the recent political events. Against this background the fundamentals of the wood-based cellulosic fiber industry should stay favorable in the mid-term. Lenzing expects

however viscose prices to be notably lower than the high peaks of the third quarter due to seasonality effects. Under the assumption of unchanged positive fiber market conditions and foreign exchange rates Lenzing will deliver excellent business results in the financial year 2016.

Key Group indicators
(IFRS)

(in EUR mn)	01-09/2016	01-09/2015(1)
Revenue	1,578.4	1,458.9
Earnings before interest, tax, depreciation and amortization (EBITDA)	320.6	210.6
EBITDA marginin %	20.3	14.4
Earnings before interest and tax (EBIT)	221.7	112.0
EBIT marginin %	14.0	7.7
Net profit/loss for the period	162.1	84.8
CAPEX(2)	64.2	44.3
	30/09/2016	31/12/2015(1)
Adjusted equity Ratio(3)in %	51,3	50.6
Trading working capital(4)	382,5	447.4
Number of employees at period-end	6,140	6,127

- 1) The figures were partially adjusted (for further details please refer to the "Notes on the Financial Performance Indicators of the Lenzing Group", available at the following link:
<http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>).
- 2) Capital expenditures: Equals acquisition of intangible assets, property, plant and equipment as per statement of cash flows.
- 3) Ratio of adjusted equity to total assets as a percentage.
- 4) Inventories plus trade receivables less trade payables.

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