

Lenzing AG

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euro adhoc: Lenzing AG / Quarterly or Semiannual Financial Statements / Lenzing Achieves Satisfactory Result for First Semester 2003 Weak US dollar and cyclical development affect fiber market - Second semester anticipated to be slacker (E)

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With consolidated sales of EUR 301.4 mill. for the first semester 2003 (after EUR 311.0 mill. for the first semester 2002), the Lenzing Group succeeded in keeping the Group EBITDA (income before interest, taxes and depreciation), which amounted to EUR 57.9 mill. (after EUR 60.2 mill.), at nearly the same level as in the first semester 2002. Income from operations amounted to EUR 36.1 mill. and was once again at a good level (EUR 39.5 mill. for the first semester 2002). On account of an improved financial result, the net income before taxes and minority interest (EBT) rose by 14.6%, i.e. from EUR 35.0 mill. to presently EUR 40.1 mill.

The decrease in the US-dollar exchange rate, for example, has led to a considerable import pressure from Asia. On the other hand, products from the euro zone have become less competitive when being exported to Asia and the USA. Lenzing was able to offset this trend by further improving its product mix, by applying a tight cost management, as well as by taking measures to secure the foreign-exchange risk.

South Pacific Viscose (SPV), the Indonesian associate, can look back on a good first semester, in spite of the pressure on prices. The development at Lenzing Fibers Corporation (LFC), the US minority interest, continued to be unsatisfactory.

Lenzing Lyocell/Heiligenkreuz developed satisfactorily, thanks to a greater production volume, and because comprehensive marketing activities are beginning to show an impact.

Among the non-fiber-specific business sectors, Lenzing Technik succeeded in further expanding its sales and its result. Due to the cyclical development, Lenzing Plastics and Lenzing Paper obtained results that were below the very good values of the previous year.

Moderate Outlook

The expansion of capacities at Lenzing to 200,000 tons of fibers per year, as well as at Heiligenkreuz to 40,000 tons is proceeding according to plan. The additional capacities will become available in the course of the year 2004 and will contribute to further securing the world-market position and the good cost position of the Lenzing Group.

The second semester of the year 2003 will be difficult for the fiber industry. Considerable stocks of yarn have been accumulated throughout the world, cotton and Polyester fiber prices are low, while demand continues to be slack - these factors affect prices. An upturn may be expected in the course of the fourth quarter, at the earliest. Altogether, Lenzing expects that the result for fiscal 2003 will be below that of the previous year.

Important Key Data for the First Semester 2003
according to US-GAAP (on a Group basis)

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	1st semester 2002 (in EUR mill.)	1st semester 2003 (in EUR mill.)
Sales	311.0	301.4
EBITDA	60.2	57.9
EBIT	39.5	36.1
Net income before taxes		

and minority interest (EBT)	35.0	40.1
Net income	23.1	28.0

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Further inquiry note:

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Börsen: Wiener Börse AG / official dealing

Berliner Wertpapierbörse / free trade

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Baden-Württembergische Wertpapierbörse / free trade

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