

Lenzing AG

25.11.2004 – 09:00 Uhr

euro adhoc: Lenzing AG / Quarterly or Semiannual Financial Statements / The Lenzing Group: Sales and Income Grew During the First Nine Months of 2004

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More Difficult Overall Conditions Expected for 2005

During the first nine months of 2004, the Lenzing Group succeeded in increasing its consolidated sales by 16.9% to EUR 526.7 mill., as compared to the same period of the previous year. Income from operations (EBIT), which amounted to EUR 59.0 mill., grew by 14.6%, compared to the nine-month result of the previous year. Net income after minority interest went up by 22.3%, i.e. from EUR 39.7 mill. to EUR 48.5 mill. The EBIT margin was 11.2% for the first nine months of 2004 (2003: 11.4%), while the EBITDA margin was 18.7% (2003: 18.6%).

"Larger production volumes, particularly for special fibers, the full consolidation of the Tencel group of companies since May 2004, as well as the sustained vigorous demand for fibers worldwide were the reasons for this satisfactory development," comments Thomas Fahnemann, Chairman of the Management Board, on the nine-month result. Lenzing succeeded in obtaining equally satisfactory results for both textile and nonwoven fibers, which are the two most important business sectors. While the textile segment benefited from the strong economic activities in Asia, Lenzing's nonwovens business developed particularly well in Europe and recently also in the USA.

As a result, all fiber production lines of the Lenzing Group worked to full capacity. "We made adjustments for the vigorous demand for fiber quantities in good time and invested into capacity expansions at our sites at Lenzing, Heiligenkreuz and Indonesia. As a result, we were also able to firmly secure our market position regarding high-quality special fibers on the fast growing markets in Asia," says Thomas Fahnemann.

Another Strong Year for Lenzing Plastics and Lenzing Technik

Lenzing Technik, the engineering and systems-construction company, recorded a positive result, thanks to the positive cyclical activities of the viscose and pulp industries during the first nine months of 2004. For Lenzing Plastics, the 2004 business year is taking an equally successful course. There, sales of thermoplastic materials and PTFE special yarns recently developed just as well as for the building and insulating materials segments. In the wake of the slack economic activities in the paper industry, with prices not covering costs, Lenzing Paper obtained a less than satisfactory result. Work is under way to cut costs and to optimize production, so as to improve the earnings situation.

More Difficult Overall Conditions Expected

We anticipate the satisfactory development of the two core business sectors, i.e. textile and nonwoven fibers, to continue at least until year-end. Provided that the global overall conditions do not change, 2004 will be another good year for the Lenzing Group. However, the recent development of the dollar exchange rate, as well as the strongly declining cotton prices, are first signs that the global economic framework conditions have clearly deteriorated for Lenzing.

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Important Key Data according to US GAAP,
on a Group basis (in EUR mill.) 1-9/2004 1-9/2003

Sales	526.7	450.4
EBITDA	98.6	83.9
Income from operations (EBIT)	59.0	51.5

Net income before taxes and minority interest (EBT)	63.0	56.3
Net income after minority interest		
48.5	39.7	
Investments	45.3	85.9
Stockholders' equity as at 30 September		
428.2	379.4	
Staff on 30 September 2004	3,431	3,062

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ISIN: AT0000644505

WKN: 064450

Index: WBI

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