

25.08.2005 – 08:37 Uhr

euro adhoc: Lenzing AG / Financial Figures/Balance Sheet / Good Semi-Annual Result Despite Weak Market

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25.08.2005

Global pricing pressure on fibers - weaker second half expected

The Lenzing Group again succeeded in obtaining a satisfactory result for the first half of 2005, despite significantly declined general conditions.

Consolidated sales of the Lenzing Group rose by 14.0% to EUR 464.4 mill. (as compared to EUR 407.3 mill. for the same period last year) due to the first-time consolidation of Tencel and increased production. Caused by higher depreciation, EBIT (Income from operations) according to IFRS increased by only 4.4% to EUR 50.2 mill., compared to EUR 48.0 mill. for the first half of 2004. An improved financial result allowed raising the result before taxes by 11.7% to EUR 51.3 mill after EUR 45.9 mill. Net income reached EUR 38.4 mill. (compared to EUR 33.5 mill.), a plus of 14.5%.

The EBIT margin came to 10.8% for the first half of 2005 (compared to 11.8% for the first half of 2004), the EBITDA margin to 17.5% (after 18.0%). The mid-year balance sheet shows an equity ratio* of 47.6% (after 48.5% on 31 December 2004).

Cotton prices fell sharply and new production capacities went operational in China, causing a decline in prices and demand for viscose fibers. The Lenzing Group production reacted to these weak market conditions by diverting production capacity from Business Unit Textile Fibers to Business Unit Nonwoven Fibers. Simultaneously, the product mix of Textile Fibers was enhanced further in favor of high-end products. This enabled Lenzing in the first half of 2005 to operate all its fiber production units at full capacity, opposing the market trend, to maintain its cost advantage and to even significantly increase fiber production.

Lenzing Plastics and Lenzing Technik exhibit good development

Lenzing Plastics was able to increase sales and to again raise the semi-annual result for 2005 slightly. Excellent development of order bookings from within the Lenzing Group as well as from external constituents was the reason for stable earnings development on a high level at Lenzing Technik. The paper division of Lenzing AG had to face losses for the first half of 2005, despite cost savings.

Outlook: Difficult market situation to continue

The generally difficult world market situation for viscose fibers will continue in the second half of 2005. This situation will be significantly accentuated by rising costs for raw materials (pulp, caustic soda) in Europe and Asia. Lenzing will counter this trend by continued enhancement of its Textile Fiber product mix with an increasing focus on specialties and by continued high production of nonwovens. For the Lenzing Group as a whole, weaker earnings are to be expected for the second half of 2005. The year 2005 as a whole will therefore not be able to match the previous record year.

Key data according to IFRS (in EUR mill.)

1-6/ 2005 1-6/ 2004

Consolidated sales 464.4 407.3

EBITDA	81.3	73.5
EBIT	50.2	48.0
EBT	51.3	45.9
Net income	38.4	33.5

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ISIN: AT0000644505

WKN: 064450

Index: WBI

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