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euro adhoc: Lenzing AG / quarterly or semiannual financial statement / Lenzing Group: Sales increase despite declining prices

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Lenzing Group sales for the first nine months of 2005 rose by 9.4% to EUR 697.6 mill. as compared to EUR 637.5 mill. for the reference period of 2004. This was effected by an increase in quantity and by the full consolidation of the Tencel group for the whole reporting period despite a weak market and declining fiber prices.

EBITDA (income from operation before depreciation) for the period remained at its high level, with EUR 115.5 mill (2004: EUR 115.3 mill.) EBIT (income from operations) declined by 8.9% to EUR 68.8 mill (EUR 75.5 mill) and EBT (income before taxes) decreased by 13.6% to EUR 67.4 mill. (EUR 78.0 mill). Net income was 11.0% lower at EUR 50.8 mill. (EUR 57.0 mill.).

The EBIT margin came to 9.9% for the first nine months of 2005 (2004: 11.9%) and the EBITDA margin to 16.6% (18.1%), sustaining Lenzing's position as one of the strongest income performers in the fiber industry.

Business sector fibers

Global fiber business decline continued in the third quarter. The unfavorable price situation affected Business Unit Textile Fibers as well as Business Unit Nonwoven Fibers. This years prices reached their present annual low in the third quarter. Moreover, Lenzing is faced with a steep rise in energy and raw material costs. Primary energy prices rose by about 15 % in the first three quarters, as compared to last year values. This corresponds to an additional burden of about EUR 4.5 mill. Despite full capacity production at all sites and an enhanced product mix, the erosion of margins continued, as prices failed to rise in step with costs. Lenzing will therefore successively implement fiber price increases in the coming months.

Good development of Lenzing Plastics and Lenzing Technik

The development of Lenzing Plastics continued to be positive. The company, however, has to face drastic increases in raw material prices. Lenzing Technik again achieved a very good result in the first nine months of 2005, in line with the record result of the previous year. The third quarter of 2005 did not bring any changes in the unsatisfactory market situation for Lenzing Paper. Current operative cost optimization measures and a cost efficiency program negotiated with staff will help improve the result situation.

Outlook: Increasing pressure by higher energy and raw material prices

Cost pressure by raw materials and energy prices and the shift of demand to Asia will increase in the fourth quarter and in the first six months of 2006. Lenzing will counter the changes in cost structure and the flow of commodities by timely cost optimization measures at all process levels and at all sites. A slight recovery of quantity demand for fibers is to be expected for the remainder of the year.

Taking into account the significant decline of general conditions in the course of the current year, we expect the overall result for 2005 to be satisfactory. It will, however, not match the very good result of 2004.

Company group key figures in EUR mill. (IFRS)

01-09 / 2005 01-09 / 2004

Sales	697.6	637.5
EBITDA	115.5	115.3
EBIT	68.8	75.5
EBT (Income before taxes)	67.4	78.0
Net earnings	50.8	57.0

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