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euro adhoc: Lenzing AG / quarterly or semiannual financial statement / Strong sales growth in the first six months of 2006

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Strong demand in textile fiber business - new product applications well received by the market - good quantity demand expected for the next six months

The Lenzing Group continued to grow in the first six months, realizing good earnings. The second quarter of 2006 saw the consolidation of the positive development in fiber business market conditions that had set in during the first quarter. The result of the second quarter is one of the best quarterly results in the history of the company.

Consolidated sales of the company group went up by 14.9% to EUR 533.5 mill. for the first six months of 2006 (compared to EUR 464.4 mill. for the 2005 reference period). EBIT at EUR 50.4 mill was on par with the result for the first six months of 2005 (EUR 50.2 mill.). EBIT for the second quarter of 2006 at EUR 27.6 mill, moreover, was 21.0% higher than the corresponding figure for 2005 (EUR 22.8 mill.)

Rising interest rates in the dollar zone and an unfavorable exchange rate situation lowered the financial result to minus EUR 6.4 mill. (2005: plus EUR 1.1 mill.). The result before taxes at EUR 44.0 mill. was 14.2% lower than for the first six months of 2005 (EUR 51.3 mill). Period net earnings were at EUR 31.7 mill. (2005: EUR 38.4 mill.).

The current strong quantity demand mainly concerns business sector textile fibers. Lenzing was able to expand its business in Asia, but the European market situation, too, is more stable after last years turbulent events. Demand for high-quality specialties has continued to rise. Lenzing, moreover, was very successful in establishing newly developed fiber applications in the market. Gratifying growth rates were achieved in the home textile market, too. Quantity demand in business sector nonwovens was good, price development there, however, was unsatisfactory. Lenzing Plastics and Lenzing Technik continue their good development. The business development of Lenzing Plastics continues to be positive, only sales of carry handles for mineral water packaging were below expectations, due to the cool weather of the first six months. Lenzing Technik, particularly in the second quarter, was able to report good order bookings. The readiness of the fiber and pulp industry to invest continues to be positive. The result of Lenzing Technik for the first six months was satisfactory. Further cost savings were implemented in business sector paper. They were, however, nullified by rising raw material prices. The result for the first six months was therefore slightly negative.

Outlook Good quantity demand for fibers to continue Good quantity demand in the fiber business is expected to continue into the coming months. Demand for textile products, especially in China and Japan, continues to be strong. Prices for energy and raw materials, however, will rise further. The resulting substantial pressure on margins will have to be compensated by further cost savings and increased efficiency. In addition long-term cost savings measures will be implemented in the next months.

Key figures Lenzing Group (IFRS) in EUR mill. 1-6/ 2006 1-6/ 2005
Sales 533.5 464.4

EBITDA	81.8	81.3
EBIT	50.4	50.2
EBT	44.0	51.3
Net income	31.7	38.4

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