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## euro adhoc: Lenzing AG / Financial Figures/Balance Sheet / Lenzing 2008: The Group extends its position as world market leader in cellulose fibers

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Lenzing 2008: The Group extends  
its position as world market leader  
in cellulose fibers

Consolidated sales up by 5.4% to EUR 1.33 bill.

EBIT down by 19.7% to EUR 130.3 mill.

Expected: Significant decline in 2009 results due to global economic  
development

The Lenzing Group made good use of business year 2008, a year characterized by volatility and the deepening financial crisis, to further extend its position as world market leader in cellulose fibers.

According to preliminary figures, consolidated sales rose by 5.4% to EUR 1.33 bill. (2007: EUR 1.26 bill.), EBITDA declined by 12.4% to EUR 200.8 mill. (2007: EUR 229.3 mill.) and EBIT fell by 19.7% to EUR 130.3 mill. (2007: EUR 162.3 mill.). Net income declined by 33.1% to EUR 77.7 mill. (2007: EUR 109.6 mill.). In view of the uncertain economic development in the current business year, the management board will decide on a dividend proposal at a later date.

Peter Untersperger, chairman of the management board and head of finance comments: "We made optimum use of business year 2008 despite the difficult economic environment with its very different conditions and achieved the second-best EBIT result in our corporate history. In the first two quarters the company benefited from the very good market situation created by the 2007 fiber boom. In the third quarter, the global economy clouded over and affected our business development. We countered this trend with innovative products, quality service to our fiber customers second to none and by our lead in cost efficiency".

Segment Fibers - the biggest segment of the Lenzing Group with a share in sales of over 80% - raised sales by 3.6% to EUR 1,107.9 mill. (2007: EUR 1,069.5 mill.) Segment EBIT declined to EUR 118.1 mill. (2007: EUR 148.4 mill.). The segment's fiber production came to 540.300 tons (2007: 523.100 tons).

Friedrich Weninger, member of the management board, on the current development of the company's key fiber segment: "Lenzing in 2008 further expanded its position as the global market leader in cellulose fibers by increasing production and by further optimizing its product portfolio with a high share of up-market and top-market fibers, such as Lenzing Modal®, TENCEL®, Lenzing FR® and other special fibers."

According to Friedrich Weninger, Lenzing's products enjoy very high market acceptance because of the company's delivery reliability and its lead in product quality, especially in difficult times. The ecological excellence of TENCEL® and Lenzing Modal® opened new opportunities of cooperation with producers of global brands and the quality of Lenzing's fibers for home textiles enabled cooperation with global retail trade partners. The markets recognize Lenzing's cellulose fibers also as excellent products in terms of sustainability. They are therefore prepared to pay premiums. Lenzing's flame retardant fibers (Lenzing FR®) for

protective wear for the crude oil and plastics industry and uniforms for the US Armed Forces met with increasing success.

In Nonwovens, the company improved its market position by implementing its segment strategy of creating an organizational structure closer to its markets. Moreover, its nonwovens applications benefited from the general consumer trend towards ecological products. To add, products such as fibers for hybrid drive electronic components made this segment an important supplier to niche industries with strong growth potential.

Segment Plastics in 2008 focused on integrating the acquisitions made in 2007. A new segment strategy adapted segment structure to the strong growth in sales volume and to market conditions. Sales by segment reporting improved from EUR 133.1 mill. to EUR 182.2 mill. which was mainly due to the first full-year consolidation of its 2007 acquisitions. Segment EBIT came to EUR 7.3 mill. (2007: EUR 9.0 mill.). The product focus of the segment is on thermoplastics, PTFE (polytetrafluoroethylene) fibers and yarns, filaments and carbon precursor. Lenzing Plastics operates a total of six production sites in Europa and the USA.

The business environment of Segment Engineering continued to be positive over long stretches of the year. The high readiness of the pulp and fiber industry to invest enabled a good volume of order bookings from the Lenzing Group itself, as well as from external customers. Total sales fell to EUR 110.9 mill. (2007: EUR 119.0 mill.) of which EUR 51.3 mill. (2007: EUR 68.7 mill.) were generated by external sales. EBIT by segment reporting came to EUR 10.0 mill. (2007: EUR 6.2 mill.).

The majority of shares in Business Unit Paper and control of the business were transferred at the beginning of March 2008.

#### Outlook

For the time being, the deepening recession, general excess supply of fibers and continuing weak consumer demand in western industrialized economies will prevent any effective recovery of the global fiber market. After the strong decline in quantity demand in the fourth quarter of 2008 as well as probably in the first half of 2009, first signs of stabilization are, however, expected for the second half of 2009. The current economic environment for Lenzing Plastics is equally unsatisfactory, although the currently lower raw material prices will have a stimulating effect. Comprehensive public investment in infrastructure is hopefully expected to have positive impact on the construction industry from which Lenzing Plastics will eventually benefit.

Peter Untersperger emphasizes: "Especially in the current difficult situation we will maintain our position as a solid and reliable supplier, make use of new opportunities and enhance our market position". The company aims to further improve its position with customers by maximizing capacity utilization. Lenzing Plastics will flexibly adjust production capacity to market demand, while simultaneously increasing its activities in marketing, distribution and sales.

Moreover, in 2009 all sites will realize further savings and cost efficiency measures in production, distribution and administration.

A significant decline in the results for 2009 is to be expected, however, despite these comprehensive countermeasures. The company's excellent market position, its technology lead and its product portfolio, as well as good liquidity and a solid balance sheet structure are the basis for realizing market opportunities even in the current situation. Peter Untersperger: "We will also master this difficult situation and we are ready to make optimum use of the opportunities offered by the next economic upturn".

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Consolidated company key figures (IFRS)  
(EUR mill.)

			2008 (prel.)	2007
Sales	1329.1	1,260.5		
EBITDA	200.8	229.3		
EBIT	130.3	162.3		
Net income attributable to				

shareholders of Lenzing AG	77.7	109.6
EBITDA margin %	15.1	18.2
EBIT margin %	9.8	12.9
Equity ration* %	42.7	44.8
Staff	5,945	6,043
Capital expenditure intangibles, property, plant and equipment and financial assets)	165.9	266.8
Operating cash flow	50.4	223.8

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\*Equity incl. government grants less prop. deferred taxes

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