

keywords: Financial Figures/Balance Sheet/6-month report

EANS-Adhoc: Lenzing AG / Lenzing Group second quarter: Back to profit

ad-hoc disclosure transmitted by euro adhoc with the aim of a Europe-wide distribution. The issuer is solely responsible for the content of this announcement.

24.08.2009

First half year influenced by global recession - revival of demand in core business cellulose fibers

The Lenzing Group was not able to evade the impact of the global recession of the first half year of 2009 but the company clearly reversed the trend by generating a profit for the period of EUR 11.3 mill. in the second quarter, after a period net loss of EUR 5.4 mill. in the first quarter.

Consolidated sales dropped by 14.4% from EUR 689.5 mill. to EUR 589.9 mill. compared to the first half year of 2008. Responsible for this result were lower fiber production at the non-integrated sites in the first quarter, markedly lower fiber prices and significantly lower sales in segment Plastics.

EBIT for the first half year declined from EUR 72.1 mill. to EUR 15.4 mill. Quarterly earnings significantly improved from minus EUR 1.9 mill. in the first quarter to plus EUR 17.3 mill. in the second. The profit for the period came to EUR 5.9 mill. (2008: EUR 46.8 mill.).

Peter Untersperger, chairman of the management board comments on the current business development: "After the sharp collapse at the turn of the year we are now witnessing a certain firming of the global fiber market. Quantity demand has picked up recently, but prices are still unsatisfactory despite adaptations and far below the levels of the past record year." According to Peter Untersperger Lenzing again benefits from its strategic focus on special fibers and the fact that the company has reliably supplied its customers with fibers throughout the difficult first quarter. Both factors allowed Lenzing to run fiber production at full capacity in the second quarter, resulting in improved second quarter results.

Cost saving measures implemented at the turn of the year already contributed to the recent improvement of results as well.

As at 30 June 2009 the Lenzing Group employed a staff of 5,775 (31 December 2009: 5,945) with the decline mainly due to inevitable capacity adaptation in the wake of overall economic developments.

Volatile business development in segment Fibers

The development of Lenzing's core business fibers in the first half of 2009 was, in line with the market trend, highly volatile. Business Unit Textile Fibers focused on pushing high-quality special fibers in order to counter the price pressure exerted on standard fibers. The development of Business Unit Nonwoven Fibers, especially in the first quarter, was affected by the generally weak economy. But here, too, demand for cellulose nonwovens began to continuously rise in the second quarter.

The fiber production facilities were operating at almost full capacity by mid-year.

After the strong decline of pulp prices in 2008 prices recovered slightly over the first six months of 2009. This was a consequence of low pulp stock in the industry and a certain calming of the economy.

Decline in demand for Plastics, high level of order bookings for Engineering

The business development of segment Plastics was affected by a marked decline in demand due to the general economic situation. The trend was slowed down in the second quarter but prices and produced quantity are still at unsatisfactory levels with the exception of niche products. The more favorable prices for precursor materials could not compensate price pressure and weak quantity demand.

Segment Engineering in the first six months benefited from good order bookings, with ongoing intra-group investment as a major contributing factor.

Outlook

The Lenzing Group expects a tentative stabilization of sales and results for the second half of the year. This expectation is based on the recent recovery of quantity demand in business units Textile Fibers and Nonwoven Fibers, as well as on the positive effect of ongoing cost reduction measures. Unsatisfactory prices in segments Fibers and Plastics will, however, result in a significant decline of consolidated annual sales compared to previous year's. The annual result will be markedly below that of 2008.

	1-6/2009	1-6/2008
Consolidated sales	589.9	689.5
EBITDA	53.2	107.3
EBIT	15.4	72.1
EBT	8.0	64.8
Profit for the period	5.9	46.8
EBITDA margin in %	9.0	15.6
EBIT margin in %	2.6	10.5
Gross cash flow	41.6	82.3
Investments (intangible assets and property, plant and equipment)	78.4	66.3
	30/06/2009	31/12/2008
Adjusted equity ratio* in %	40.8	42.7
Staff	5,775	5,945

*equity incl. government grants less deferred proportionate taxes

Further inquiry note:

Lenzing AG
Mag. Angelika Guld
Tel.: +43 (0) 7672-701-2713
Fax: +43 (0) 07672-96301
mailto:a.guldt@lenzing.com

emitter: Lenzing AG

A-A-4860 Lenzing
phone: +43 7672-701-0
FAX: +43 7672-96301
mail: a.guldt@lenzing.com
WWW: http://www.lenzing.com
sector: Chemicals
ISIN: AT0000644505
indexes: WBI
stockmarkets: free trade: Berlin, official dealing: Wien
language: English