

EANS-Adhoc: Lenzing AG / Lenzing Group third quarter: Again improved results

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Rising demand for cellulose fibers - production capacity almost fully utilized at all sites

The Lenzing Group's positive business development of the second quarter continued into the third quarter, due to improving demand for cellulose fibers. The considerable impact of the global economic crisis, however, left a distinct mark on the company's first quarter figures and therefore burdened the sales and results figures of the first nine months of 2009.

Consolidated sales in the first nine months of 2009 declined by 10% from EUR 1,012.1 mill. (reference period 2008) to EUR 912.3 mill. The quarter-to-quarter comparison, however, shows almost unchanged sales figures (EUR 322.4 mill. in the third quarter 2009 compared to EUR 322.6 mill. in the reference period 2008). This indicates that business development has stabilized in the second quarter of the year.

Nine-month EBIT came to EUR 51.7 mill. (2008: EUR 107.1 mill.). The quarter-to-quarter comparison actually shows a slight improvement of EBIT from EUR 35.0 mill. to EUR 36.3 mill. Likewise, period net income improved to EUR 24.6 mill. (2008: EUR 16.0 mill.).

Peter Untersperger, chairman of the management board, was pleased to announce: "In the third quarter Lenzing made optimum use of the continuing stabilization of the global fiber market. We are running production at all sites at almost full capacity and the market has accepted first price increases. After the positive second quarter our results have again improved in the third quarter."

At the end of the third quarter of 2009 the Lenzing Group employed a staff of 5,881 (31/12/2008: 5,945). This decline is above all due to capacity adjustments in segment Plastics due to the general economic situation. During the same period Lenzing's majority holding PT. South Pacific Viscose hired 70 people for operating the new production line 4.

Rising demand in segment fibers

By the end of the second quarter latest Lenzing was operating fiber production almost at full capacity at all sites. At the same time rising demand led to a significant reduction in stock. First price increases were accepted by the market. From the second quarter on, business unit Textile Fibers again managed to achieve very good sales results for standard fibers as well as for special fibers, such as Lenzing Modal®, flame retardant Lenzing FR® and TENCEL®. The production facilities for textile applications have been well utilized for many weeks now.

The development of business unit Nonwoven Fibers was characterized by a recent significant rise in the demand for cellulose nonwovens products at slightly rising fiber prices. Fear of a new influenza wave, for example, led to increased demand for hygienic wipes and medical face masks.

First signs of recovery in segment Plastics, stable development of segment Engineering

The business development of segment Plastics in the first nine months of 2009 was affected by the massive decline in demand in all markets due to the state of the general economy. The summer months brought first signs of recovery, in particular in the construction industry.

The business development of segment Engineering in the first nine months of 2009 was stable. The segment benefited in particular from last years' high order bookings and current intra-group investment projects.

Outlook

Lenzing takes a cautiously positive view of its business development for the remainder of the year. All in all, the development of the 2009 fiber market has been better than expected. The positive trends in Asia, Turkey and South America may continue. There is, however, a danger of stock building up in the textile chain and any forecasts beyond the turn of the year are therefore uncertain. Moreover, anti-dumping procedures in Brazil and India are expected to significantly slow down sales of products containing Lenzing fibers.

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Consolidated company key figures
in EUR mill. 1-9/2009 1-9/2008
Consolidated sales 912.3 1,012.1
EBITDA 108.4 160.1
EBIT 51.7 107.1
EBT 41.3 88.7
Net income attributable to shareholders 29.3 62.0
EBITDA margin in % 11.9 15.8
EBIT margin in % 5.7 10.6
Gross cash flow 87.3 120.4
Investment in property, plant and
equipment and intangible assets 121.3 108.9

7-9/2009 7-9/2008
Consolidated sales 322.4 322.6
EBIT 36.3 35.0

30/09/2009 31/12/2008
Adjusted equity ratio* in % 41.2 42.7
Staff 5,881 5,945

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*Equity including government grants less proportionate deferred taxes

Further inquiry note:

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

issuer: 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



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