

EANS-Adhoc: Lenzing AG / Lenzing Group: Strong first quarter

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Fiber industry upswing continues - best quarter in company history

The Lenzing Group smoothly extended the very good business development of the last quarter of 2009 into the first quarter of 2010 and generated the best quarterly result in its history.

Consolidated sales improved by 32.9 %, from EUR 284.0 mill. to EUR 377.4 mill. This dynamic increase reflects increased fiber quantity due to production at full capacity and fiber price adaptations. Substantially improved margins and good degression of fixed costs, caused by the high quantity of produced and shipped fibers created a quarterly operating result of EUR 49.7 mill. (reference period 2009: EUR - 1.9 mill.). Lenzing again accomplished results comparable to those of the boom years 2007/08. The first quarter EBIT margin came to 13.2 % (2009: - 0.7 %) and the EBITDA margin to 18.6 % (2009: 6.0 %). EBT improved to EUR 47.9 mill. (2009: EUR - 6.5 mill.) and period profit to EUR 36.7 mill. (2009: EUR - 5.4 mill.). This corresponds to quarterly earnings per share of EUR 9.22 as compared to the corresponding quarterly loss of EUR 0.98 in 2009.

Peter Untersperger, chairman of the Lenzing management board, on the development of the first quarter: "We now benefit from our strategy of having supplied our customers with fibers in the difficult situation of crisis year 2009. Moreover, the series of innovative applications in textiles and nonwovens developed with our special fibers Lenzing Modal® and TENCEL® have been well accepted by the market. Our products are going to the right places at the right time." Peter Untersperger points out that Lenzing's investment in the extension of the now completed fourth fiber production line at PT. South Pacific Viscose (SPV) in Purwakarta/Indonesia and current major investments in other sites will provide the Group with continued benefit above proportion from the current upswing of the fiber industry.

The good cash flow of the first quarter enabled the reduction of net debt to EUR 303.7 mill. (year-end 2009: EUR 315.7 mill.) despite current major investments. The company's adjusted equity ratio* at the end of the quarter came to a satisfactory EUR 43.3 % (year-end 2009 43.5 %).

Positive development of all segments

Both Lenzing's standard and special fibers met with very good market success. All fiber production facilities of the Lenzing Group are operating at full capacity, with some of them setting new production records. First quarter stock levels are at an absolute minimum.

The sales markets of segment Plastics Products developed unevenly, but an overall stabilization and a slight recovery from the very difficult year 2009 was noticeable. Utilization on the whole improved and contributed to the positive segment result. Segment Engineering noted a somewhat livelier market. The segment's business development corresponded to the difficult market situation, but was positive.

Outlook

The next months are expected to show continuing strong demand in core business fibers. The consistent expansion of fiber production capacity, in particular the full operation of the fourth line at SPV, will enable continuing good sales and results in the further course of the year. However, attention should be paid to the substantial increase in individual raw material prices, such as pulp, sulfur and wood, and the already well-saturated textile pipeline. Both factors might lead to weaker demand which, on the other hand, would reduce the danger of market overheating. Positive long-term market expectations remain unaffected.

Segments Plastics Products and Engineering can expect a more stable development

of sales and results over the next months. From today's perspective the Lenzing Group in 2010 expects a significant increase in sales and results compared to 2009.

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Consolidated key figures (IFRS)
in EUR mill. 1-3/2010 1-3/2009
Consolidated sales 377.4 284.0
EBITDA 70.1 16.9
EBIT 49.7 -1.9
EBT 47.9 -6.5
Period net income/loss (attributable
to shareholders of Lenzing AG) 33.9 -3.6
EBITDA margin in % 18.6 6.0
EBIT margin in % 13.2 -0.7
Gross cash flow 59.1 12.6
Investments (intangible assets,
property, plant and equipment) 30.5 40.0
31/03/2010 31/12/2009
Adjusted equity ratio* in % 43.3 43.5
Staff 6,027 6,021
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*Equity incl. government grants less prop. deferred taxes

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