

**EANS-Adhoc: Lenzing AG / Lenzing Group:
Best half year result in company history
Very good development in core business Fibers**

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As in the first quarter of 2010, the Lenzing Group made optimum use of the good global market environment and achieved an excellent result in the second quarter.

Consolidated sales in the first half of 2010 climbed by 43.6 % (excluding acquisition effects: 38.8 %) to EUR 847.2 mill. from EUR 589.9 mill. This was the strongest rise in sales in the past years. It was enabled by higher fiber quantity, the price dynamics of global markets, as well as by the first-time full consolidation, from early May of 2010 on, of the pulp production site Biocel Paskov (Czech Republic), acquired in April 2010.

The operative result developed even more dynamically than sales. Half year EBIT increased sevenfold from EUR 15.4 mill. to EUR 108.6 mill. Due to the higher cost of financing investment EBT increased thirteen-fold from EUR 8.0 mill. to EUR 105.0 mill. Profit for the period, after deduction of income taxes of EUR 24.6 mill. (2009: EUR 2.1 mill.), came to EUR 80.4 mill. (2009: EUR 5.9 mill.). The profit of the first half of 2010 already now exceeds that of the total annual profits of 2008 and 2009, respectively. The first half year of 2010 was therefore the best half year in the history of the company.

Peter Untersperger, CEO of Lenzing AG, comments: "The half year result shows that the company's anti-cyclical investment strategy of the years 2008 and 2009 was absolutely right. The startup of new fiber capacity in Indonesia in the first half of 2010, investment in debottlenecking in China and the expansion of Heiligenkreuz (Austria) put us in a position to make optimum use of the expected fiber market dynamics and to give our customers what they need. Despite all these considerable investments and the acquisition of Biocel Paskov Lenzing today has an equity ratio of 42.1 % of the balance sheet total at a net gearing rate of 54.3 %. These provide the company with a sustained solid balance sheet structure."

Positive development of all segments

Sales of segment Fibers grew by 46.3% to EUR 741.0 mill. and the result improved from past year's EUR 13.0 mill. to EUR 102.9 mill. despite raw material prices beginning to rise considerably in the second quarter of 2010. Higher production capacity along with full utilization at all sites and significantly higher prices were the reason for this excellent development. Business unit Textile Fibers as well as Nonwoven Fibers performed excellently. In particular the special fibers Lenzing Modal® and TENCEL® met with above-average broad-based success due to innovative applications. Demand from all major sales markets in Asia, but Europe and USA as well, was strong.

Sales of segment Plastics Products grew by 32.8% to EUR 95.9 mill. Improved capacity utilization and the cost efficiency measures implemented in 2009 resulted in a significantly improved result of EUR 3.2 mill. over the previous balanced result.

The development of business unit Engineering in the first half of the year was characterized by the continued high investment activity of the Lenzing Group and good order bookings from external customers. Stable half year sales of EUR 38.4 mill. (2009: EUR 38.8 mill.) provided a segment result of EUR 2.5 mill. (first half year 2009: EUR 3.5 mill.).

Outlook

In the second half of the year core business fibers is expected to experience

weakening fiber demand in view of recent first signs of overheating. New cellulose fiber production capacity in China will begin to supply the market in 2010 and 2011 and may temporarily reinforce this trend. The strong momentum of the first half of the year will therefore lose some of its force in the second half of the year and continued high raw material prices (pulp and wood) are expected to weaken margins. Lenzing's special fibers will not be affected by this development to the same degree. The raw material price situation, in particular for dissolving pulp, is foreseen to calm down in the fourth quarter. The business development of segments Plastics Products and Engineering should remain stable.

Pending a sustained recovery of the global economy, the Lenzing Group expects a satisfactory second half of the year, however, with a result below that of the first half.

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Consolidated key figures (IFRS)
in EUR mill. 1-6/2010 1-6/2009
Consolidated sales 847.2 589.9
EBITDA 151.6 53.2
EBIT 108.6 15.4
EBT 105.0 8.0
Profit for the period 80.4 5.9
EBITDA margin in % 17.9 9.0
EBIT margin in % 12.8 2.6
Gross cash flow 122.3 41.6
Investments (intangible assets,
property plant and equipment) 66.7 78.4
30.06.2010 31.12.2009
Adjusted equity ratio* in % 42.1 43.5
Staff 6,395 6,021

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*equity incl. government grants less deferred prop. taxes

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