EANS-Adhoc: Lenzing AG / Preliminary results for 2010 show strongest growth of sales and profits in Group history

Based on preliminary figures, the Lenzing Group, a world market leader in man-made cellulose fibers for the textile and nonwovens industry, achieved record results in the 2010 business year.
The determinative factors for this result were the dynamic expansion of fiber production, very strong demand for Lenzing fibers and significantly higher fiber sales prices compared to the previous year.

Preliminary consolidated sales(1) increased by 45% from EUR 1.22 billion in 2009(2) to EUR 1.77 billion. Preliminary consolidated EBITDA rose by 76% from EUR 187.9 million to EUR 330.6 million. Preliminary consolidated income from operations (EBIT) more than doubled, increasing by 103% from EUR 114.2 million to EUR 231.9 million.

"In 2010, we benefited from the expansion strategy we pursued in recent years. We could have sold even more fibers than we were able to produce. From our point of view, the 2010 business year was not a one-off event but the beginning of a long-term upward trend in the development of the man-made cellulose fiber business. The reason for this is the increasing structural shortage of cotton on the global market, which leads textile manufacturers to increasingly turn to alternatives such as Lenzing fibers", explains Lenzing CEO Peter Untersperger, commenting on the preliminary results for 2010.

With approx. 90% of consolidated sales, the Fibers segment, the Lenzing Group´s core business, was again the Group´s main growth driver in 2010. In total, Lenzing was able to increase its fiber production capacity from 605,000 tons to approx. 710,000 tons currently.

Lenzing plans to increase fiber production capacity from approx. 710,000 tons as of year-end 2010 by approx. 300.000 tons to more than one million tons by the end of 2014, mainly through expansion and modernization investments. In addition, the Lenzing Group plans to increase the share of pulp, the most important raw material used in the fiber production process, that it sources from its integrated own supply from currently 40% to more than two-thirds of the Group´s total requirements. Including maintenance investments, Lenzing plans to invest approx. EUR 1.5 billion through 2014.

Good development in the Plastics Products and Engineering segments
After a very difficult year in 2009, the Plastics Products segment reported a significant improvement the volume of demand, with sales of EUR 144.6 million (2009: EUR 110.6 million) based on the preliminary results for 2010. Due to the clearly improved order situation, total sales of the Engineering segment rose to EUR 91.2 million (2009: EUR 81.5 million), of which EUR 37.7 million (2009: EUR 29.5 million) were generated by external customers.

Solid financial basis despite high investments
Lenzing was able to reduce its net debt from EUR 315.7 million in 2009 to EUR 307.2 million in 2010, while increasing sales by 45%. Investments(3) amounted to EUR 285.1 million in 2010 (compared to EUR 165.6 million in 2009) and primarily related to the expansion of fiber production capacity and of energy supply at the production sites as well as by the acquisition of a 75% stake in the Biocel Paskov pulp mill.

With a net debt that is lower than annual EBITDA and liquid funds as well as credit lines in excess of EUR 0.5 billion, Lenzing is well positioned to implement our ambitious investment program.

Outlook
The upward trend in the global fiber market has continued during the first weeks of the current business year against the background of an overall satisfactory

global economic development. The increasing scarcity of cotton has led to new all-time high prices for cotton. The order situation of the Lenzing Group at the beginning of 2011 was gratifying. Fiber and pulp production were operating at full capacity at all sites. For the current business year, based on the assumption of a 10% increase of production compared to 2010, stable prices remaining at the levels as of the beginning of the 2011 business year and a moderate increase of costs, Lenzing expects to increase sales by 15-20% and further improve EBITDA and EBIT margins. Capex is estimated to amount to approx. 15% of sales. In view of the capital-intensive expansion program, the Lenzing management plans to propose a dividend payout of approx. 25% of consolidated net income (after minority interests) to its supervisory board and the annual general meeting.

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Consolidated key figures (IFRS) in EUR mill.
 2010 prelim. 2009 adjusted
Sales 1,766.3 1,218.0
EBITDA 330.6 187.9
EBIT 231.9 114.2
EBT(4) 216.9 102.9
Profit for the year attributable
 to the shareholders of Lenzing AG 159.1 64.4
EBITDA margin in % 18.7 15.4
EBIT margin in % 13.1 9.4
Operating cash flow 292.9 140.9
Investments (property, plant and
equipment, financial assets and
intangible assets) 285.1 165.6
 31/12/2010 31/12/2009
Adjusted equity ratio(5) in % 38.6 42.0
Employees 6,530 6,021
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(1) Continuing operations, all figures preliminary
(2) 2009 figures adjusted.
(3) Investments in property, plant and equipment, financial assets and intangible assets
(4) Continuing operations.
(5) Equity incl. government investment grants less prop. deferred taxes

Further inquiry note:
 Lenzing AG
Mag. Angelika Guldt
Tel.: +43 (0) 7672-701-2713
Fax: +43 (0) 07672-918-2713
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 market: Wien
language: English