

EANS-Adhoc: Lenzing AG /

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Lenzing Group:

Good results in line with expectations in the first quarter of 2012

New record fiber shipment volumes

Weaker prices - Earnings below the prior-year quarter

Unchanged outlook for 2012

The performance of the Lenzing Group in the first quarter of 2012 was in line with expectations. Average fiber selling prices, which were down 11% on average compared to the first quarter of 2011 (minus 5.6% from the fourth quarter of 2011), could be largely compensated on the revenue side by a new record level of fiber shipment volumes. As a result of the lower average fiber prices, quarterly earnings did not match the particularly good results achieved in the prior-year quarter.

Consolidated sales amounted to EUR 528.2 mn, and were at about the same level as in the prior-year period, decreasing by 0.7% from EUR 532.1 mn in the first quarter of 2011. Earnings before interest, tax, depreciation and amortization (EBITDA) in the first quarter of 2012 was down by 19.0% to EUR 93.1 mn (Q1 2011: EUR 114.9 mn), thus at a satisfactory level and in line with the company's guidance. The EBITDA margin thus amounted to 17.6% (Q1 2011: 21.6%). In addition to the lower average fiber selling prices, slightly higher depreciation led to a decline in the earnings before interest and tax (EBIT) of 25.9% to EUR 67.2 mn (Q1 2011: EUR 90.7 mn). This corresponds to an EBIT margin of 12.7% in the first quarter of 2012 (Q1 2011: 17.0%).

"As expected, the market environment for the global fiber industry in the first quarter was more difficult than in the first quarter of 2011, and similar to the situation prevailing in the fourth quarter of 2011", says Lenzing CEO Peter Untersperger, explaining the business development. "At present the global fiber market is facing a consolidation phase at a higher level. In the first three months of 2012 Lenzing succeeded in maintaining the capacity utilization of its production plants at over 95%, whereas volume demand on the market for fibers adapted to the weak economic situation", Untersperger continued. This development once again underscores the market and quality leadership of the Lenzing Group.

The Lenzing Group is determinedly continuing with its strategic capacity expansion program. Investments in intangible assets and property, plant and equipment totaled EUR 52.9 mn in the first quarter of 2012, up from the comparable prior-year level of EUR 41.9 mn. These investments primarily focused on construction of the fifth fiber production line at the Indonesian subsidiary PT. South Pacific Viscose (SPV) as well as ongoing capacity expansion efforts and remodeling measures related to fiber and pulp production. The Lenzing Group will invest a total of approx. EUR 1.6 bn by 2015, in order to achieve annual production of about 1.2 mn tons of cellulose fibers.

Adjusted equity at the end of March 2012 rose by 4.9% to EUR 1,099.5 mn. This corresponded to an adjusted equity ratio of 46.8% of total assets. In spite of the extensive investments being made, net financial debt could be reduced to EUR 125.6 mn (end of 2011: 159.1 mn), confirming the high self-financing capacity of the Lenzing Group. Accordingly, net gearing further declined to a new record low of only 11.4% (End of 2011: 15.2%).

Outlook

Lenzing confirms its guidance for the 2012 fiscal year announced at its annual results press conference. Accordingly, 2012 should be a good year, but will not be able to match the record results posted in 2011. Quarterly business could develop in a mirror-inverted manner compared to 2011, with second-quarter EBITDA likely to total about EUR 100 mn.

A further increase in volume demand and accompanying higher fiber prices compared to the first quarter are anticipated in the second half of 2012 against the backdrop of an improved global economic situation. Most recently there were positive signals relating to private consumption in China and the moderate recovery of the U.S. economy. In addition, market experts see positive price impetus arising as a result of lower harvest expectations for cotton in the coming cotton marketing year.

Fiber shipment volumes on the part of the Lenzing Group are likely to increase to about 810,000 tons for the entire 2012 fiscal year, serving as the basis for consolidated sales to climb to a level between EUR 2.2 bn and EUR 2.3 bn, despite the lower average fiber selling prices. Depending on the development of fiber and raw material prices as well as the global economy, Lenzing confirms its original outlook of an EBITDA between EUR 400 mn and EUR 480 mn, and an EBIT ranging between EUR 285 mn and EUR 365 mn in 2012.

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Key Group indicators (IFRS)
in EUR mn 1-3/2012 1-3/2011
Consolidated sales 528.2 532.1
EBITDA 93.1 114.9
Earnings before interest and tax (EBIT) 67.2 90.7
Earnings before tax and minority
interest (EBT) 66.6 84.8
Profit for the period 48.4 66.9
EBITDA margin in % 17.6 21.6
EBIT margin in % 12.7 17.0
Gross cash flow 73.9 89.7
Investments in intangible assets and
property, plant and equipment (CAPEX) 52.9 41.9

31/03/2012 31/12/2011
Adjusted equity ratio* in % 46.8 44.8
Employees** 6,678 6,444

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*Equity incl. government grants less prop. deferred taxes
** FTE's

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Segment reporting in EUR mn 1-3/2012 1-3/2011
Segment Fibers
Sales 474.4 481.4
EBITDA 87.2 109.7
Earnings before interest and tax (EBIT) 62.5 86.9
Segment Plastics Products
Sales 43.4 44.9
EBITDA 3.9 3.3
Earnings before interest and tax (EBIT) 2.5 1.6
Segment Engineering
Sales 30.0 30.8
EBITDA 2.5 2.6
Earnings before interest and tax (EBIT) 2.1 2.2

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