EANS-Adhoc: Lenzing AG / Successful First Half of 2015

Mid Year Results/quarterly report

- Significant increase for all earnings indicators
- Strong tailwind from currency effects
- Improved cost position thanks to excelLENZ program
- Positive market development at the end of the second quarter

The Lenzing Group clearly improved upon all relevant performance and balance sheet indicators compared to the first half of 2014.

Consolidated revenue rose by 6.2% in the first half-year, from EUR 900.0 mn to EUR 955.4 mn. Currency effects, slightly higher sales volumes and an improved product mix were responsible for the revenue increase. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 37.7% to EUR 126.5 mn, up from EUR 91.9 mn in the previous year. The EBITDA margin was 13.2%, compared to 10.2% in the first half of 2014. Half-year earnings before interest and taxes (EBIT) amounted to EUR 60.5 mn, or 86.7% above the comparable EBIT of EUR 32.4 mn in the prior-year period. This corresponded to an EBIT margin of 6.3% (H1 2014: 3.6%).

"Lenzing delivered a solid performance in the first half of 2015. The underlying reasons were the currency effects which turned out to be very positive for us due to the weakness of the euro, good fiber demand in the second quarter and our improved cost position", says Stefan Doboczky, Chief Executive Officer and Chairman of the Management Board of Lenzing AG. "Viscose fiber prices in China, the world's largest sales market for fibers, increased towards the end of the second quarter due to a more favorable supply-demand ratio related to several local viscose fiber production plants being shut down for environmental reasons. We remain cautious concerning prospects for the rest of 2015, in light of the fact that these capacities could be put into operation again," he adds.

Further reduction of net financial debt[1]
Adjusted equity of the Lenzing Group rose to EUR 1,132.7 mn at the end of June 2015, up from EUR 1,066.1 mn at the end of 2014. The adjusted equity ratio amounted to 46.8% (December 31, 2014: 44.9%). The debt situation could be substantially improved, with net financial debt reduced by 10.7% to EUR 401.5 mn from the comparable level of EUR 449.5 mn at the end of 2014. As a result, net gearing[2]fell to 35.4% (December 31, 2014: 42.2%).

Investments in intangible assets, property, plant and equipment (CAPEX) amounted to EUR 26.0 mn in the first half of 2015, down from EUR 64.2 mn in the first half-year 2014. Investment activity was cut back following the completion of the large TENCEL®fiber production facility in Lenzing in the previous year. Investments focused on necessary maintenance work as well as quality and optimization measures in fiber and pulp production. Lenzing is currently focusing on investments designed to optimize costs and quality due to the ongoing uncertain market conditions and increasing quality demands.

The excelLENZ cost optimization initiative continued to be implemented in the first half-year according to plan and proved to be very successful. From today's perspective the targeted effects of about EUR 160 mn p.a. will be completely achieved. Their full impact will be felt starting in 2016. The restructuring program to adjust capacities of the technical units of Lenzing AG and the subsidiary Lenzing Technik which was launched in the first quarter of 2015 is on schedule.

Ongoing market success withTENCEL®
Lenzing was just as successful in further developing the market for high quality viscose products in the first half of 2015 as for TENCEL®. Demand for TENCEL® used in jeans (denim) remained consistently strong, and the number of processors integrating TENCEL® into their denim fabrics has doubled over the last twelve months. Furthermore, the new Lenzing fiber TENCEL® A100 MICRO was successfully launched on the market in the first half of 2015. Lenzing also further expanded its strong market position for nonwovens.

Outlook
The specific market environment for the man-made cellulose fiber industry improved somewhat in the middle of 2015 compared to the end of the first quarter. Solid volume demand up until now was followed by initial fiber selling price increases. The troubled geopolitical situation, the economic situation in China and unforeseeable exchange rate fluctuations are factors of uncertainty in the second half of 2015.

Despite a volatile environment, the Lenzing Group expects a further improvement in its operating results compared to 2014 as well as a further reduction in its net financial debt.

Medium- and long-term growth rates in the man-made cellulose fiber industry are expected to be higher than that of the global fiber market.

Key Group indicators (IFRS) (in EUR mn)	1-6/2015	1-6/2014
Group revenue	955.4	900.0
EBITDA (Earnings before interest, taxes, depreciation and amortization)	126.5	91.9
EBITDA margin in %	13.2	10.2
EBIT (Earnings before interest and taxes)	60.5	32.4
EBIT margin in %	6.3	3.6
Profit/loss for the period	51.6	15.2
Earnings per share	1.99	0.57
CAPEX[3]	26.0	64.2

	June 30, 2015	Dec. 31, 2014
Adjusted equity ratio[4]in %	46.8	44.9
Number of employees at period-end	6,184	6,356

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[1]Interest-bearing financial liabilities (= non-current and current financial liabilities) less liquid assets
[2]Ratio of net financial debt to adjusted equity as a percentage
[3]Refers to investments in intangible assets, property, plant and equipment
[4] Ratio of adjusted equity (including investment grants less prop. deferred taxes) to total assets

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