

Press release

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Lenzing Group: Operating Results Above Expectations, One-Off Effects Negatively Impact Year-End-Results 2014

According to preliminary figures, consolidated sales of the Lenzing Group declined slightly to EUR 1.86 bn in 2014, down from the prior-year level of EUR 1.91 bn in 2013. This drop can be attributed to the continuing downward pressure on fiber prices as a consequence of the global surplus capacities of viscose fiber producers.

Due to the changed medium-term viscose fiber price expectations, expansion plans of Lenzing's subsidiaries PT. South Pacific Viscose (Indonesia) and Lenzing Nanjing Fibers (China) will be adjusted to reflect the new market conditions. In turn, this will lead to adjustments in the measurement of goodwill, property, plant and equipment and other intangible assets of these Group companies reported in the Group financial statements to the amount of about minus EUR 94 mn (preliminary). These non-cash measures will not have any negative effect on the liquidity and net financial debt of the Lenzing Group. On a medium-term basis, this will lead to an improvement in the Group's consolidated balance sheet. As a result of these one-off effects, the Group profit for the year of the Lenzing Group in the 2014 financial year is expected to be about minus EUR 14 mn (preliminary) and EBIT is expected to amount to about EUR 22 mn (preliminary).

On an operational level, Lenzing succeeded in countering the prevailing trend in the industry. According to preliminary figures, the Lenzing Group reported consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of about EUR 240 mn in 2014 in spite of the ongoing low selling price environment. This increase totaling almost 25% compared to the similarly challenging year 2013 (about EUR 194 mn from continued operations) was achieved thanks to sustainable cost savings generated within the context of the excelLENZ program, substantial improvements in the product mix and the successful coming on stream of the new TENCEL® fiber production facility at the Lenzing site. In particular, new TENCEL® applications for denim fabrics, shirts, home textiles and new nonwoven products as well as generally new blends with cotton were successfully launched on the market.

Furthermore, the Supervisory Board of Lenzing AG approved the reorganization of its engineering and maintenance operations, workshops and Lenzing Technik, which was first announced in

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November 2014. These measures will lead to additional significant cost savings and productivity increases of about 15% in the company's technical departments. These cost reductions will be based on setting up a centralized maintenance unit, adapting engineering capacities to the lower investment activity of the Lenzing Group in the future and strategically repositioning Lenzing Technik. Moreover, the Supervisory Board authorized the Management Board to explore potentially new ownership structures for all sub-segments which do not belong to the core business of Lenzing Technik as the optimal basis for these areas.

The Management Board will present the consolidated financial statements of the Lenzing Group for the 2014 financial year at the annual results press conference on March 24, 2015, as scheduled.

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The Lenzing Group

The Lenzing Group is a world market leader with headquarters in Austria, production sites in all major markets as well as a worldwide network of sales and marketing offices. Lenzing supplies the global textile and nonwovens industry with high-quality man-made cellulose fibers. The portfolio ranges from dissolving pulp, standard and specialty cellulose fibers to engineering services.

Lenzing quality and innovative strength set global standards for man-made cellulose fibers. With 75 years of experience in fiber production, the Lenzing Group is the only company worldwide combining the manufacturing of all three man-made cellulose fiber generations on a large industrial scale under one roof – from the classic viscose to modal and lyocell (TENCEL[®]) fibers. The success of the Lenzing Group results from a unique combination of consistent customer orientation together with its leadership in innovation, technology and quality. Lenzing is committed to the principle of sustainable management and very high environmental standards.

Lenzing's core business fibers is complemented by our activities in the business field engineering.

Key Figures Lenzing Group 2013:

Sales: EUR 1.91 bn
Export share: 90,8%
Fiber sales volumes: 890,000 tons
Staff: 6,675
