

# Press release

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## Lenzing Group:

### Substantial Earnings Increase in the First Quarter of 2016

- Revenue up 8.1 percent to EUR 512.8 mn
- EBITDA improvement of 54.7 percent to EUR 92.2 mn
- Tripling of free cash flow and operating cash flow
- Various sites under evaluation for expanding production capacities of specialty fibers

Lenzing, May 12, 2016 – The Lenzing Group generated a substantial increase in earnings in the first quarter of 2016, thus continuing the positive trend that emerged in recent quarterly periods and achieving the best first quarter results since the financial year 2012. The resolute implementation of the new group strategy sCore TEN is reflected in the company's strong operating performance.

Consolidated revenue rose by 8.1 percent in the first quarter of 2016 to EUR 512.8 mn compared to the first quarter of 2015. This increase is mainly attributable to the strong demand for Lenzing fibers and the higher fiber selling prices. Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) rose by 54.7 percent to EUR 92.2 mn. This corresponds to an EBITDA margin of 18 percent, up from 12.6 percent in the previous year. Earnings before interest and tax (EBIT) of the Lenzing Group more than doubled to EUR 59.5 mn. Accordingly, the EBIT margin climbed to 11.6 percent from the 5.7 percent of the prior-year quarter. Net profit for the period and earnings per share increased almost threefold to EUR 44.1 mn after EUR 16.6 mn and to EUR 1.63 after EUR 0.66 per share. Lenzing also achieved a close to threefold improvement in its cash flow position. The free cash flow was up from EUR 26.5 mn to EUR 88.4 mn, whereas the operating cash flow rose from 37.6 mn to EUR 104.3 mn.

“We are proud that we have got off to a very good start in the year 2016”, says Stefan Doboczky, Chief Executive Officer of Lenzing AG. “The new Group strategy sCore TEN with its clear focus on profitable growth is taking hold. We are implementing the strategy very disciplined, which is having a noticeable effect on earnings already. Initial progress has also been made in managing our trading working capital. Assuming that the overall business environment remains unchanged, I continue to expect a substantial improvement in earnings for the entire financial year 2016.”

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## **New organizational structure**

A new organizational structure was introduced effective March 1, 2016 in order to ensure the optimal implementation of sCore TEN. Three regional, performance-responsible business units were created to more intensively focus on the fiber business in their respective regions: “Europe & Americas”, “North Asia” (China, Japan, Korea, Taiwan and Vietnam) and “AMEA” (Asia excl. North Asia; Middle East and Africa). The three regional business units are complemented by the newly established global “Pulp & Wood” business area. This new organizational structure gives the regions greater management responsibility and further increases customer proximity.

## **Various sites for capacity expansion are being examined**

In the first quarter of 2016, investments in intangible assets, property, plant and equipment (CAPEX) climbed only moderately to EUR 15.9 mn, up from EUR 11.2 mn in the prior-year quarter. However, this is expected to change in the course of the 2016 financial year. As specified in the sCore TEN strategy, the Lenzing Group plans to expand its production capacities for specialty fibers. Various existing and new sites around the world are currently being examined to add new capacities. Initial decisions are to be made in the third quarter of 2016.

## **Outlook 2016**

The macroeconomic situation around the globe is expected to remain volatile. As to the global fiber markets high cotton inventories and the ongoing low oil prices continue to put downward pressure on cotton and polyester selling prices. However, a balance between supply and demand should prevail in the market segment of wood-based cellulose fibers. In particular, Lenzing expects a strong increase in demand for its specialty fibers.

Assuming unchanged conditions on the fiber market and currency exchange rates, Lenzing feels confident to confirm a substantial improvement in earnings for the entire financial year 2016 compared to 2015.

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## Key Group indicators (IFRS)

in EUR mn	1-3/2016	1-3/2015
Revenue	512.8	474.6
Earnings before interest, tax, depreciation and amortization (EBITDA)	92.2	59.6
EBITDA margin in %	18.0	12.6
Earnings before interest and tax (EBIT)	59.5	27.0
EBIT margin in %	11.6	5.7
Net profit/loss for the period	44.1	16.6
CAPEX <sup>1</sup>	15.9	11.2
	<b>31.03.2016</b>	<b>31.12.2015</b>
Adjusted equity ratio <sup>2</sup> in %	51.5	50.6
Trading working capital <sup>3</sup>	430.8	447.4
Number of employees at period-end	6,106	6,127

1) Capital expenditures: Equals acquisition of intangible assets, property, plant and equipment as per consolidated statement of cash flows

2) Ratio of adjusted equity to total assets as a percentage

3) Inventories plus trade receivables less trade payables

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### The Lenzing Group

The Lenzing group is a world market leader headquartered in Austria, with 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, botanic cellulose fibers. Its portfolio ranges from dissolving pulp to standard and specialty cellulose fibers.

Lenzing quality and innovative strength set global standards for cellulose fibers. With 77 years of experience in fiber production, the Lenzing Group is the only company worldwide combining the manufacturing of all three cellulose fiber generations on a large industrial scale under one roof – from the classic viscose to modal and the lyocell fiber TENCEL®.

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The success of the Lenzing Group is based on its consistent customer orientation together with its leadership in innovation, technology and quality. Lenzing is committed to the principles of sustainable management and very high environmental standards. In addition to its core business of fibers, the Lenzing Group also operates in the field of engineering and plant construction.

## **Key Facts & Figures Lenzing Group 2015**

Revenue: EUR 1.98 bn  
Fiber sales volumes: 965,000 tons  
Employees: 6,127

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Disclaimer: The above key financial indicators are largely derived from the Lenzing Group's condensed interim financial statements and the consolidated financial statements of the previous year according to IFRS. Further details can be found in "Notes on financial performance indicators of the Lenzing Group", available at <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q1>, the condensed consolidated interim financial statements and the consolidated financial statements of the previous year of the Lenzing Group.

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