

Press Release

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Lenzing Group achieves best half-year results in its history

- Revenue up 11 percent to EUR 1,149.1 mn
- EBITDA increase of 38.8 percent to EUR 270.7 mn
- Detailed planning for new production plant for TENCEL® fibers in Thailand in progress
- New sales offices opened in Turkey and Korea
- New EcoVero™ branded viscose fibers with very favorable ecological footprint launched

Lenzing – The Lenzing Group generated new record highs in the first half of the 2017 financial year for both revenue and earnings. The key underlying factors were good capacity utilization, higher selling prices and an attractive product mix. Lenzing will continue to focus on the disciplined implementation of the Group strategy sCore TEN, in order to be even closer to the customer and to further expand the offering of specialty fibers.

Consolidated revenue increased by 11 percent from the first half of the previous financial year to EUR 1,149.1 mn. Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) were up 38.8 percent to EUR 270.7 mn, corresponding to an EBITDA margin of 23.6 percent in comparison to 18.9 percent in the prior-year period. Earnings before interest and tax (EBIT) increased by 57.4 percent to EUR 204.2 mn, resulting in a higher EBIT margin of 17.8 percent (H1 2016: 12.5 percent). The profit for the period improved by 58.9 percent to EUR 150.3 mn, and earnings per share climbed 59 percent to EUR 5.55 per share.

“The first half-year developed very well for the Lenzing Group, and we are pleased with the best half-year period in the company’s history. We will continue our disciplined implementation of the sCore TEN strategy. The expansion of new state-of-the-art production capacities for our specialty fibers is proceeding well and will support our customers in their own expansion efforts for products made of our botanic fibers. The decision to set up a subsidiary and acquire a respective landplot in Thailand is the next step in the implementation of this strategy. On the innovation side we are proud that after the introduction of Refibra™ branded lyocell fibers, we launched now EcoVero™. This is a

Press Release

particularly high-performance fiber featuring a very favorable ecological footprint and sets the new benchmark for the entire industry – from fiber to garment”, states Stefan Doboczky, Chief Executive Officer of the Lenzing Group. “Assuming that fiber market conditions remain at current levels, we expect a substantial earnings improvement in 2017 compared to 2016.”

Lenzing invests in Thailand

The Lenzing Group aims to increase the share of specialty fibers as a percentage of revenue to 50 percent by 2020. Following the expansions in Lenzing, Heiligenkreuz (both in Austria) and Mobile, Alabama (USA), the Supervisory Board approved the proposal of the Management Board at the end of June to choose Thailand as the next location for a state-of-the-art facility to produce TENCEL® branded lyocell fibers. For this purpose, Lenzing is establishing a subsidiary in Thailand and purchasing a commercial property in an industrial park near Bangkok. In the coming months, the required permits and licenses as well as technical planning will be finalized. A definitive decision on constructing the new production plant will be made in the first quarter of 2018. Completion is scheduled for the end of 2020.

Expansion of production capacities for lyocell fibers off to a good start

The beginning of the construction phase to expand capacities for lyocell fibers was inaugurated at the end of March with the ground-breaking ceremony at the production site in Heiligenkreuz. As of the middle of next year, customers will have an additional 25,000 tons of specialty fibers at their disposal. The first buildings are also already being built in Mobile in order to complete the new production facility for TENCEL® fibers by 2019. These construction projects were bundled at a Management Board level and assigned to the newly appointed Management Board member Heiko Arnold, who serves as Chief Technology Officer of Lenzing AG.

Launch of EcoVero™ – a new, particularly ecological fiber

In order to further underline its role as a pioneer in sustainability, Lenzing launched EcoVero™, an extremely high-performance fiber with a very favorable ecological footprint that can be identified in finished products on the basis of its corresponding technology. In this way, Lenzing’s customers, partners as well as consumers are assured that their product consists of this fiber.

Press Release

The introduction to the market of Refibra™ fibers, which combine pulp from scraps of cotton clothing and pulp from wood, proceeded well in the first half-year. In addition to Inditex, another 25 fashion brands are currently working on the development of collections made with this fiber.

Improved customer support

Furthermore, the Lenzing Group opened up new sales and marketing offices in Turkey and Korea in the first half of 2017. The direct contact to customers and well-equipped showrooms featuring products made of Lenzing™ fibers serve as the basis for providing even better customer support.

Outlook

The wood-based cellulose fiber segment, which is relevant for Lenzing, should again outpace the overall fiber market. The demand for these cellulose fibers was very good in the first half year of 2017, with the long-term trend pointing towards further growth in viscose and, above all, wood-based cellulose specialty fibers. On the supply side, the market is not expected to see the entry of any notable new production capacity in 2017.

Lenzing is very well positioned in this environment. In 2017 we will continue to focus on the disciplined implementation of the sCore TEN strategy and, specifically, on specialization and sustainability-driven innovation. The steady expansion of the specialty fiber capacities and the intensification of our brand management will be essential to increasing consumers' awareness for the unique selling proposition of our fiber products.

The Lenzing Group had an excellent first half year 2017 and registered strong demand for its fibers during the first two quarters which, in turn, led to continued very high capacity utilization in all product groups. The market price index for viscose fibers was substantially higher than in the comparable prior year period. Under the assumption of unchanged conditions in the fiber market and stable exchange rates, Lenzing expects a considerable improvement in results in the fiscal year 2017 compared to 2016.

Press Release

Key Group Indicators (IFRS)

in EUR mn

	1-6/2017	1-6/2016
Revenue	1,149.1	1,034.8
EBITDA (earnings before interest, tax, depreciation and amortization)	270.7	195.1
EBITDA margin in %	23.6	18.9
EBIT (earnings before interest and tax)	204.2	129.7
EBIT margin in %	17.8	12.5
Net profit for the period	150.3	94.6
CAPEX ¹	72.9	40.6
	31/03/2017	31/12/2016
Adjusted equity ratio in %	55.1	53.0
Number of employees at period end	6,326	6,218

1) Capital expenditures: acquisition of intangible assets, property, plant and equipment.

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The Lenzing Group

The Lenzing Group is a world market leader headquartered in Austria, which operates 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 wood pulp to standard and specialty cellulose fibers.

Lenzing's quality and innovative strength set global standards for cellulose fibers. With 79 years of experience in fiber production, the Lenzing Group is the only company in the world which is able to produce significant volumes of all three cellulose fiber generations – from the classic Lenzing Viscose® branded fibers to the Lenzing Modal® branded fibers and the TENCEL® branded lyocell fibers. In 2016 Lenzing introduced the Refibra™ branded lyocell fibers, a product innovation based on recycled cotton scraps.

The Lenzing Group's success is based on consistent customer orientation combined with innovation, technology and quality leadership. Lenzing is committed to the principles of sustainable management with very high environmental standards and can underscore this commitment with numerous international sustainability certifications for its business processes as the most sustainable company in the sector. In addition to fibers, which form the core business, the Lenzing Group is also active to a lesser extent in the fields of engineering and plant construction.

Press Release

Key Facts & Figures Lenzing Group 2016

Revenue: EUR 2.13 bn
Fiber sales volumes: 978,000 tons
Employees: 6,218

TENCEL®, Refibra™, EcoVero™, Lenzing Modal® and Lenzing Viscose® are trademarks of Lenzing AG.

Disclaimer: The above financial indicators are derived primarily from the Lenzing Group's condensed consolidated interim financial statements and 2016 financial statements. Additional details are provided in the section "Notes on the financial performance indicators of the Lenzing Group" and the glossary to the half year report as well as the condensed consolidated interim financial statements and the 2016 consolidated financial statements of the Lenzing Group.
