

Lenzing Aktiengesellschaft
Werkstraße 2
4860 Lenzing, Austria
www.lenzing.com

Phone +43 7672 701-2713
Fax +43 7672 918-2713
E-mail w.kaserer@lenzing.com

Lenzing makes a very solid start to the 2019 financial year

Ref. kawa
Date May 8, 2019

- Very positive development of the specialty fiber business with a 47 percent share in revenue
- Market environment for standard viscose still very demanding
- Resolution on dividend: EUR 3.00 plus special dividend of EUR 2.00 per share
- Outlook confirmed: Earnings for 2019 expected at a similar level as in 2018

Lenzing – The Lenzing Group continued its solid development in the first quarter of 2019. Despite a much more demanding market environment, the Lenzing Group even recorded a slight increase in revenue, proving once again that it has chosen the right path with its sCore TEN corporate strategy. The declining prices for standard viscose were largely offset in earnings.

Group revenue rose by 1.8 percent to EUR 560 mn in the first quarter of 2019 compared with the same quarter of 2018. This increase is primarily attributable to a better product mix – the share of specialty fibers in revenue of 47.3 percent significantly exceeded the prior-year value of 42.1 percent – and more favorable exchange rates. Consequently, declining prices for standard viscose were more than offset. EBITDA (earnings before interest, tax, depreciation and amortization) dropped by 9.5 percent to EUR 92 mn. In addition to the market environment for standard viscose, this was primarily caused by currency effects, which burdened material and personnel costs. The EBITDA margin dropped from 18.5 percent in the first quarter of 2018 to 16.4 percent in the reporting period. EBIT (earnings before interest and tax) fell by 21.1 percent to EUR 54.4 mn, leading to a lower EBIT margin of 9.7 percent (01-03/2018: 12.5 percent). Net profit for the period dropped by 14.5 percent from EUR 50 mn in the previous year to EUR 42.8 mn. Earnings per share amounted to EUR 1.65 (01-03/2018: EUR 1.89).

The 75th Annual General Meeting of Lenzing AG on April 17, 2019 resolved to distribute a dividend of EUR 3.00 per share as well as a special dividend totaling EUR 2.00 per share.

“Our specialty fiber business is still developing very well, which has made us significantly more resilient today than only a few years ago. In order to become even more resistant to market fluctuations, we continue to advance the implementation of the sCore TEN strategy and the planned major projects in Brazil and Thailand with great discipline”, says Stefan Doboczky, Chief Executive Officer of the Lenzing Group.

Expansion of pulp and lyocell capacities

CAPEX (acquisition of property, plant and equipment) dropped by 22.4 percent to EUR 45.7 mn in the first quarter of 2019. This decline is attributable to the completion of the expansion project in Heiligenkreuz (Austria) in 2018 and the ongoing planning for the major projects in Brazil and Thailand, which will only have an effect on the investment volume in the coming quarters. The basic engineering for the construction of the new lyocell plant in Prachinburi, near Bangkok, is making equally good progress as the planned establishment of the pulp plant in Minas Gerais.

Heiligenkreuz at full capacity again

At the site in Heiligenkreuz a fire occurred on February 1, 2019 causing a shutdown of the lyocell production for several weeks. Material damage and the damage resulting from the interruption of operations are covered by insurance. Production at the site is now running at full capacity again.

Even greater focus on innovation and customer intimacy

Lenzing also continues to intensify its collaboration with next generation fashion designers in Asia. Recently, with the TENCEL™ Studio, a design center featuring fashion from TENCEL™ fibers was opened in Singapore. The center is the next step in the effort to give consumers an insight into innovations and new applications. In the area of nonwovens, another milestone was set with the start of the establishment of an innovation center in Germany. The new test facility, which is being set up in cooperation with the Hof University of Applied Sciences, enables Lenzing to work even more closely with its customers and partners in the hygiene, cosmetics and medical industries.

Sustainability: Partner for Change

For the Lenzing Group, sustainability is not only a core value of the corporate strategy but also a key business driver and stimulus for innovation. The focus of the Sustainability Report 2018, which was published in March of this year, is on the wide range of activities the company is engaged in pursuing its mission of greening up the value chain. The Report is entitled "Partner for Change", with the most recent example of this concept being the cooperation with the Swiss retailer Coop and the Austrian supermarkets of REWE International AG. Together their new reusable net bags for fruit and vegetables, Lenzing and its partners offer consumers an eco-friendly alternative to plastic packaging. Reusable net bags made from LENZING™ modal fibers offer a significant ecological advantage over conventional plastic packaging because of their natural origin, which makes them biodegradable and compostable.

Outlook

The International Monetary Fund expects a slowdown of global economic growth to 3.3 percent in 2019, mainly driven by increasing protectionist tendencies and growing geopolitical tensions. The currency environment in the regions relevant to Lenzing will remain volatile.

Demand on the global fiber markets is still positive. According to preliminary calculations, cotton inventory levels should decline slightly again in 2019. Over the past months, the polyester market recovered from slower growth at the beginning of the reporting year. The price levels for cotton and polyester are expected to remain stable. Capacity expansions for standard viscose should remain at a similar level as in the 2018 financial year. Despite strong demand, this will result in growing oversupply, which will cause even higher pressure on prices. The Lenzing Group expects the positive development of its specialty fiber business to continue.

Caustic soda prices in Asia have already declined significantly over the past months; however, there are no signs of such a development in Europe yet. Overall, Lenzing does not expect any significant changes for key raw materials that would be relevant to earnings.

Based on the current exchange rates, the Lenzing Group continues to expect its results for 2019 to reach a similar level as in 2018 despite a much more demanding market environment for standard viscose. These developments reassure the Lenzing Group in its chosen corporate strategy sCore TEN. Lenzing is very well positioned in this market environment and will continue its consistent focus on growth with specialty fibers.

Key group indicators (IFRS) (in EUR mn)	01–03/2019	01–03/2018
Revenue	560.0	550.3
Earnings before interest, tax, depreciation and amortization (EBITDA)	92.0	101.6
EBITDA margin in %	16.4	18.5
Earnings before interest and tax (EBIT)	54.4	68.9
EBIT margin in %	9.7	12.5
Net profit for the period	42.8	50.0
CAPEX ¹	45.7	58.9
	31/03/2019	31/12/2018
Adjusted equity ratio ² in %	58.6	59.0
Number of employees	6,876	6,839

1) Capital expenditures: i.e. acquisition of intangible assets, property, plant and equipment as per statement of cash flows

2) Ratio of adjusted equity to total assets in percent

Photo Download:

<https://mediadb.lenzing.com/pinaccess/showpin.do?pinCode=mIssXYVDEEw0>

PIN: mIssXYVDEEw0

For more information please contact:

Waltraud Kaserer

Vice President Corporate Communications &
Investor Relations
Lenzing Aktiengesellschaft
Werkstraße 2, 4860 Lenzing, Austria

Phone +43 7672 701-2713

Mobile +43 664 81 31 834

Fax +43 7672 918-2713

E-mail w.kaserer@lenzing.com

Web www.lenzing.com

Stephanie Kniep

Head of Investor Relations
Corporate Communications & Investor Relations
Lenzing Aktiengesellschaft
Werkstraße 2, 4860 Lenzing, Austria

Phone +43 7672 701-4032

Mobile +43 676 75 76 329

Fax +43 7672 918-4032

E-mail s.kniep@lenzing.com

Web www.lenzing.com

About the Lenzing Group

The Lenzing Group stands for ecologically responsible production of specialty fibers made from the renewable raw material wood. As an innovation leader, Lenzing is a partner of global textile and nonwoven manufacturers and drives many new technological developments.

The Lenzing Group's high-quality fibers form the basis for a variety of textile applications ranging from elegant ladies clothing to versatile denims and high-performance sports clothing. Due to their consistent high quality, their biodegradability and compostability Lenzing fibers are also highly suitable for hygiene products and agricultural applications.

The business model of the Lenzing Group goes far beyond that of a traditional fiber producer. Together with its customers and partners, Lenzing develops innovative products along the value chain, creating added value for consumers. The Lenzing Group strives for the efficient utilization and processing of all raw materials and offers solutions to help redirect the textile sector towards a closed-loop economy.

Key Facts & Figures Lenzing Group 2018

Revenue: EUR 2.18 bn

Nameplate capacity: 1,034,000 tons

Employees: 6,839

TENCEL™, VEOCEL™, LENZING™, REFIBRA™, ECOVERO™, LENZING MODAL™, LENZING VISCOSE™, MICROMODAL™ and PROMODAL™ are trademarks of Lenzing AG.

Disclaimer: The above financial indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group. Additional details are provided in the section "Notes on the financial performance indicators of the Lenzing Group", in the glossary to the Annual Report and in the consolidated financial statements of the Lenzing Group.
