

Leading Fiber Innovation



LENZING INVESTOR PRESENTATION – FULL YEAR RESULTS 2013
March 21, 2014

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Executive summary

FY 2013 – not a question of volumes but of prices¹

- Revised guidance delivered
- New record sales volume of +10% to 890 k tons (2012: 810 k tons) despite production losses
- Successful sale of 85% of Lenzing Plastics GmbH
 - Cash received: EUR 62 mn
- EBITDA (EUR 225.4 mn) and EBIT (EUR 86.4 mn) affected by
 - a 13% price decrease y-o-y of the average fiber price (EUR 1.70 per kg vs EUR 1.96 per kg)
 - a positive net EUR 18 mn Plastics effect
 - restructuring charges and one-off effects due to cost savings program excellENZ 2.0
- Dividend of EUR 1.75 per share²

1) earnings numbers after restructuring

2) proposal to the AGM

Highlights Q4/2013

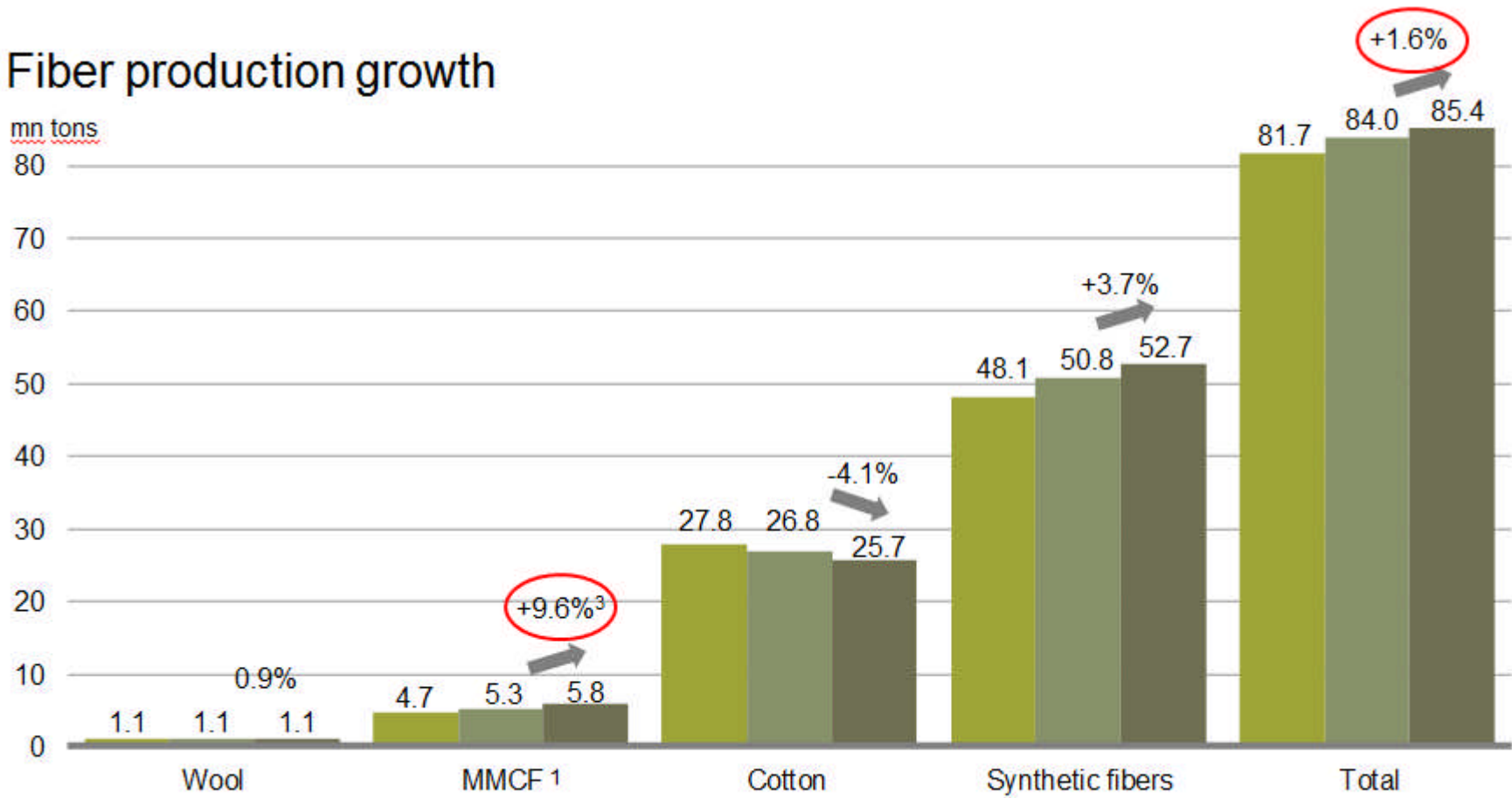
Good volumes but average fiber price further decreased

- New record sales volume of 231 k tons
- Average fiber price at EUR 1.61 per kg
- Sales EUR 461.9 mn
- EBITDA as expected

Fiber market environment 2013

MMCF¹ with new production record, total fiber market increased by only 1.6%²

Fiber production growth



1) Man-made cellulosic fibers
 2) sources: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing estimates. Percentage increases based on exact figures
 3) thereof VSF (incl. Tencel) 4.4 mn tons (+13.0%)

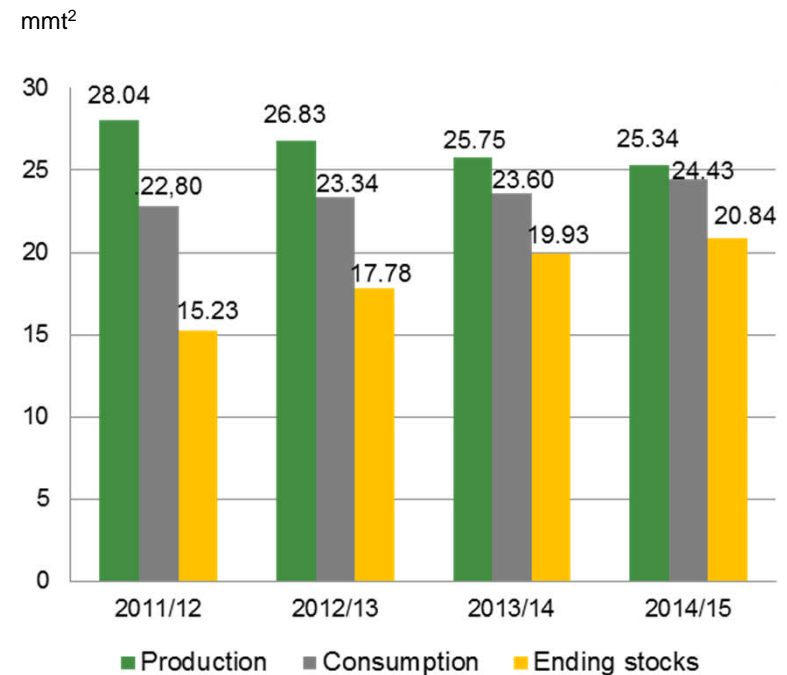


There is enough cotton on the market

Further increase of cotton stock

- Cellulose fiber market remains rather difficult
 - Average cotton A price stayed flat at 90.4 USct/lbs in 2013
- ICAC forecast sees global cotton production 2013/2014 by ~1 mmt² above global demand for the fourth consecutive season
- No positive change in China
 - New target price program for cotton limited to the Xinjiang region
 - Chinese cotton production is expected to decline by 9%
 - Chinese reserves to increase to 11.6 mmt² (58% of world stocks) in 2013/2014
- Stock-to-use-ratio¹ 2013/14 at 84% of world mill use
 - China 147%
 - ROW 53%

Cotton market¹



Source:

1) ICAC, March 4, 2014

2) million metric tons

Cotton market

External statements to current market situation

There is a divergence about production estimates as forecasters see a greater reluctance of farmers to plant cotton in response to poor returns. As a result ICAC estimates a 5% drop in production for 2013/14 compared to the previous year, EIU expecting 4,5% drop and USDA a 3% drop respectively.
(Textile Outlook International 165)

The cotton crop fell by 3,8% in 2012/13 due to reduction in the acreage planted as growers switched to alternative crops.
(TOI 165)

Besides others, the cotton scenario is determined by two contrary influences: On the one hand cotton farmers are faced with increasing labor costs, high costs for fertilizers and high risk of successful harvest. These costs should lead to higher prices. On the other hand the extreme high global stocks, mainly in China and the low mill consumption compared to cotton production create pressure on prices. This will, in best cases, lead to a firm price level in the next future. It also will result in loss for the farmers and a further reduction of cotton production versus other crops. (Gherzi Textil Organization)

After 2010 with a balance of production and mill use, the world cotton production in 2011, 2012 and 2013 was larger than mill consumption. This led to an extreme growth of stocks, mainly in China.
(CCI (Cotton Council International))

Supply will still exceed demand, leading to oversupply and further increase in stock levels. Furthermore there is continuing uncertainty over China's policy regarding its strategic stock reserve. Due to USDA global cotton stocks account currently for 86% of global demand in 2013/14. Prices are therefore expected to firm in short term, provided there are no unforeseen risks.
(Textile Outlook International 165)

Growth for cotton will also be held back by continued uncompetitive cotton price relative to the price of Polyester.
(TOI 165)

Competitive viscose environment

Cellulose fiber market under price pressure

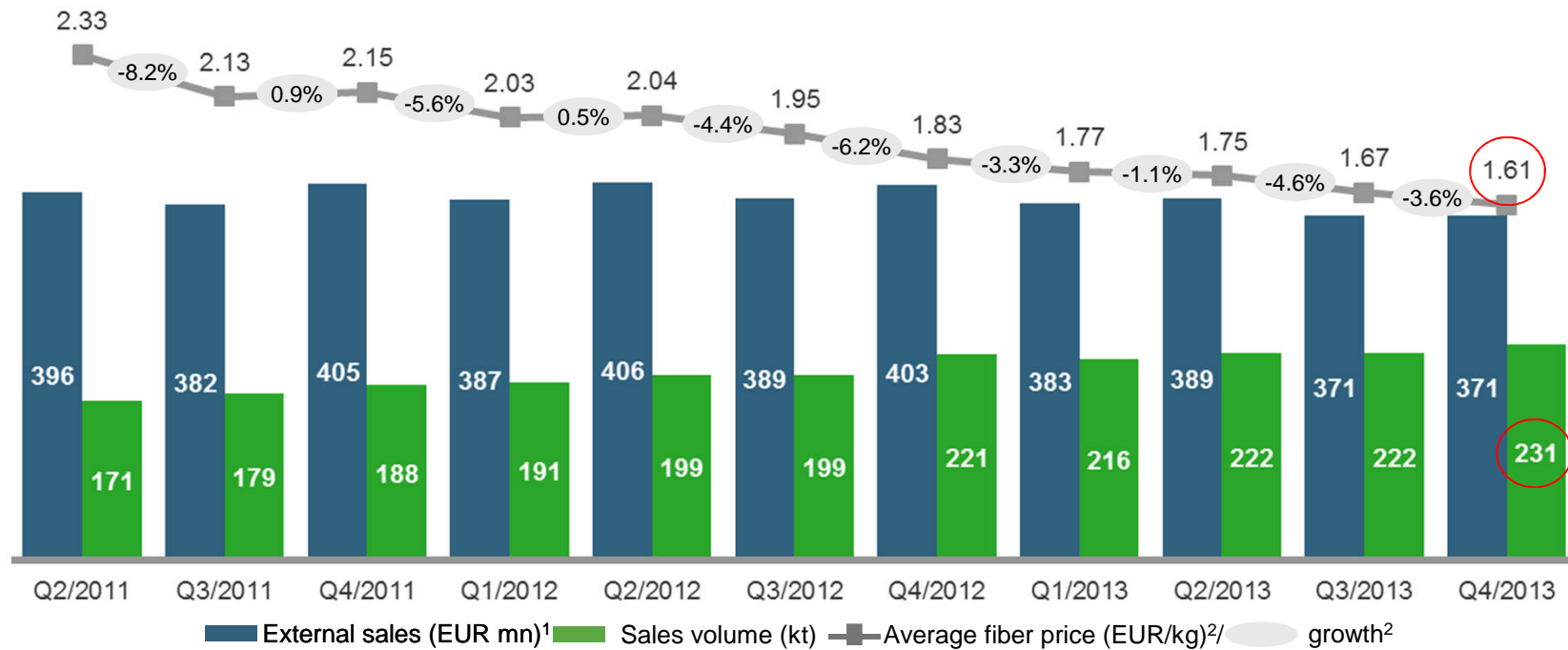
- Global viscose market in a limbo
 - Stable cotton prices while VSF spot prices on lower levels (12.280 RMB at end of 2013 vs. 14.000 RMB at beginning of 2013) and with negative premiums to cotton
- Capacities of 5.8 mmt¹ (mainly in China), thereof 200 – <300 k tons in 2013e
 - Chinese competitors are still cash driven at higher utilization rates of ~85%
 - Chinese cotton and viscose spinners complain about tight credit control
- Chinese DWP² anti-dumping regulation from November 6, 2013 postponed to July, 2014

1) million metric tons

2) dissolving wood pulp

Lenzing with new sales volume record in 2013

Continued downward price trend affected sales, Q4 with new record in sales volume



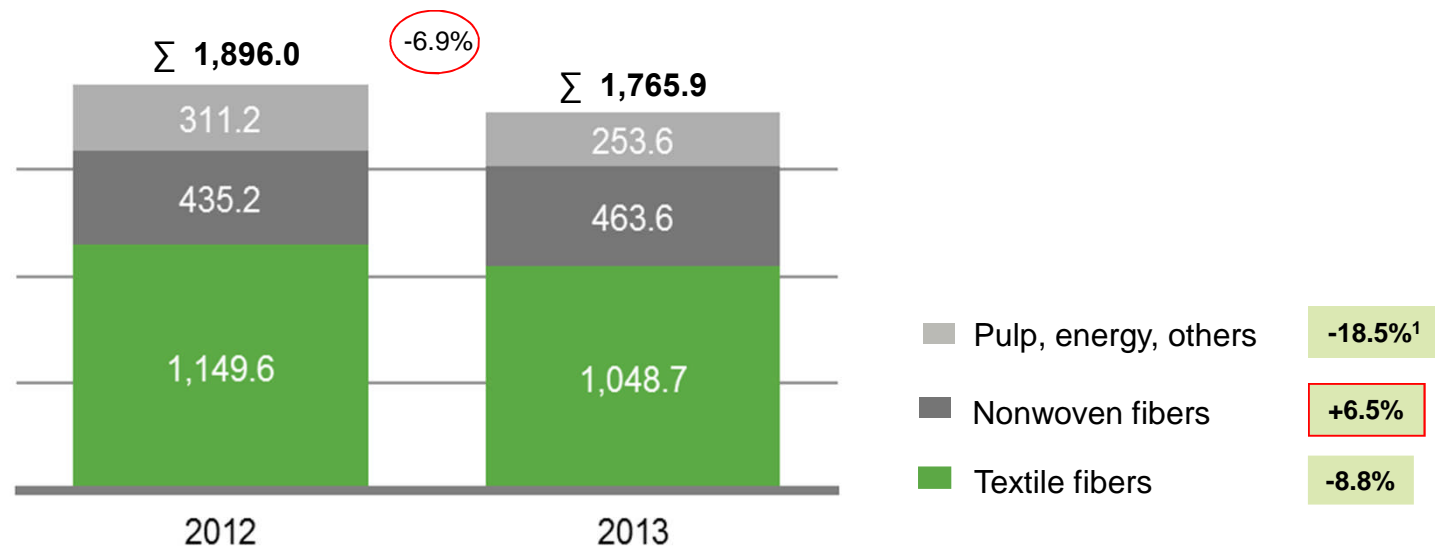
1) core fiber segment sales, excluding sales of co-products and external sales of pulp, wood and energy

2) based on rounded figures

2013: Sales affected by price pressure

Continuous success in Nonwoven

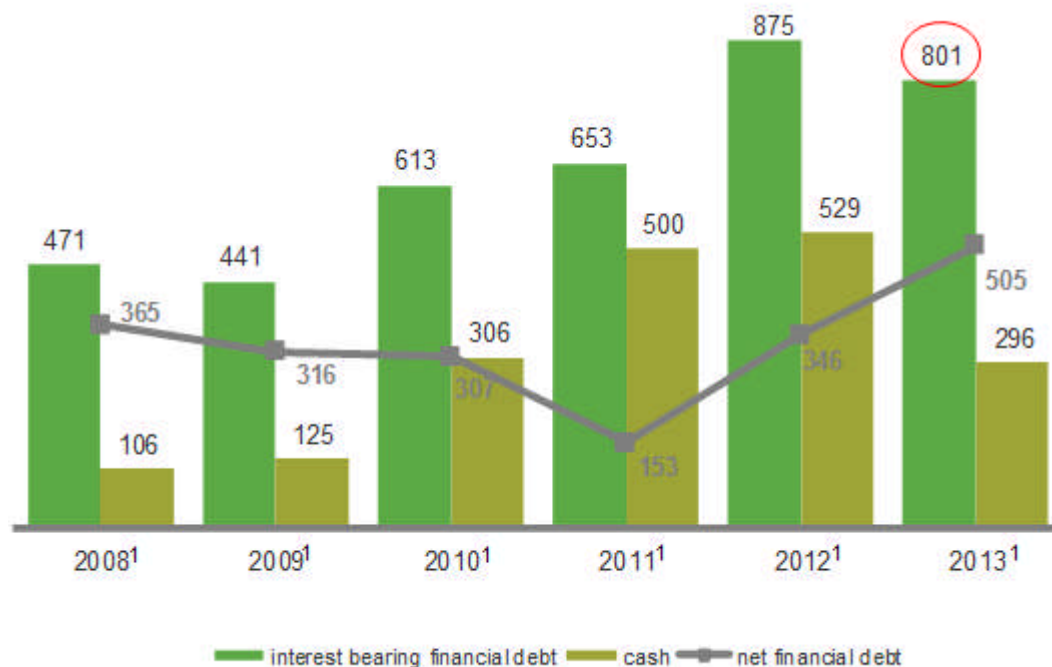
Sales by segment fibers
(EUR mn)



1) due to switch from external to internal sales in Biocel Paskov (effect: ~EUR 60 mn)

FY 2013 financials

Optimized interest bearing financial debt



- **Net financial debt increase of EUR 159 mn thereof²:**
 - Net effect Plastics sale: **EUR -61.7 mn**
 - Cash taxes: **EUR 59.1 mn**
 - Net interest: **EUR 18.9 mn**
 - Cash Capex: **EUR 252.2 mn**
 - Dividend payment: **EUR 53.3 mn**
 - Change in working capital: **EUR 12.4 mn**

- **Total liquidity cushion of EUR 592 mn**
 - EUR 296 mn cash³
 - EUR 296 mn of unused credit lines

- **Adjusted equity of EUR 1,110 mn**
 - 45.5 % equity ratio (FY 2012: 43.8%)
 - Net gearing of 45.5% (FY 2012: 30.0%)

1) as at December 31

2) major influencing factors

3) including cash and cash equivalents, current securities, liquid investments and liquid bills of exchange

Looking ahead into 2014

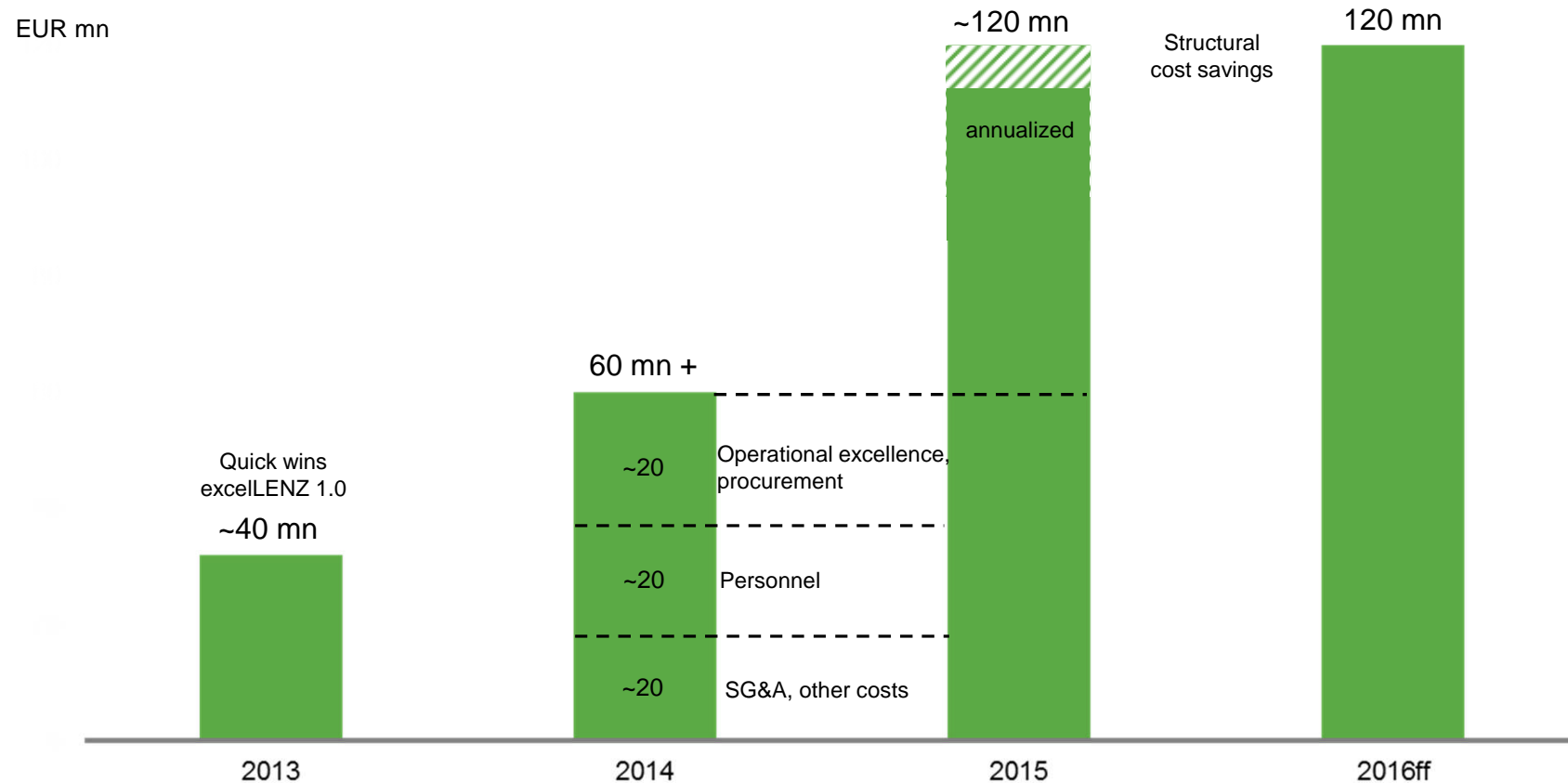
Specialties and cost in the focus

- Difficult market environment here to stay
 - Q1: VSF prices again on low levels after a short pick-up in February
 - Further additional volumes of ~300 k tons in 2014 and ~250 k tons in 2015 but so far no new projects announced

- Lenzing will consequently follow its specialty strategy
 - Lenzing Modal[®]: Continue the successful premium pricing strategy
 - TENCEL[®]:
 - Ramp-up of new 67 k tons capacity in Lenzing
 - Production to start in mid-year 2014
 - Prepare market for additional volumes
 - Lenzing Viscose[®]: cost optimizing initiatives

excelLENZ cost savings program

Clear target: Structural savings of up to EUR 120 mn p.a. in 2015



Outlook: Full Year 2014

A year of transition

- Tough pricing environment to be continued (VSF overcapacities, high cotton stock)
- Capacity ~1 mn tons
- Ramp-up of TENCEL® jumbo line
- Cash out \approx Cash in
- CAPEX: ~ EUR 125 mn
- excellENZ savings ~EUR 60 mn +
- Net debt frozen at ~EUR 500 mn +
- Mid-term target: Net debt/EBITDA <2.5x
- Consistent dividend policy

Q4/2013 – Financial information



Q4/2013: As expected

(EUR mn)	Q4/2013	Q4/2012 ¹
Total external sales	461.9	522.9
Inventory change/work in progress	8.0	(6.6)
Work performed by the group and capitalized	9.1	27.5
Cost of material and purchased services	(342.8)	(337.3)
Personnel	(95.8)	(77.6)
Other operating expenses/income	(40.8)	(60.7)
EBITDA/Margin	(0.5)/(0.1%)	68.2/13.0%
Depreciation & Amortization	(52.6)	(43.7)
Income from resolution of investment benefits	3.1	3.6
EBIT/Margin	(49.9)/(10.8%)	28.1/5.4%
Financial result	(7.6)	(5.4)
Results from terminable non-controlling interest	7.0	13.6
EBT/Margin	(50.5)/(10.9%)	36.3/6.9%
Tax	13.9	(10.5)
<i>Tax rate (%)</i>	27.6	28.9%
Net income/Margin	(36.6)/(7.9%)	25.8/4.9%
Net income after minorities/Margin	(35.1)/(7.6%)	25.1/4.8%
EPS (in EUR)	(1.32)	0.94

1) the prior-year figures have been restated due to change in presentation (see Financial Statement, Note 2, Annual Report 2013)



Q4/2013: Topline breakdown

Successful Nonwoven business

(EUR mn)	Q4/2013	Q3/2013	Change Q4/Q3 (%)	Q2/2013	Q1/2013
Breakdown of fibers segment sales					
Textile fibers	252.9	253.9	(0.4)	270.6	271.3
Nonwoven fibers	117.8	116.7	0.9	117.9	111.3
Others ¹	13.8	13.5	2.2	13.8	12.9
Total fibers only sales	384.5	384.1	0.1	402.4	395.5
Other fibers segment sales ²	54.9	49.5	10.9	43.5	51.6
Total fibers segment sales	439.4	433.6	1.3	445.9	447.1
Segment Engineering	27.3	31.8	(14.2)	30.7	35.3
BU Plastics and EPG (discontinued operations)	0.0	0.0	-	27.7	26.3
Others ³ and consolidation	(4.8)	(8.2)	(41.5)	(11.0)	(12.1)
Total external group sales	461.9	457.1	1.1	493.3	496.5

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

3) includes Dolan and BZL (Bildungszentrum Lenzing)



Q4/2013: Cost of material

Affected by record sales volumes

(EUR mn)	Q4/2013	Q3/2013	Change Q4/Q3 (%)	Q2/2013	Q1/2013
Dissolving wood pulp ¹	(150.5)	(147.5)	2.0	(137.7)	(134.7)
as % of total cost of material and purchased services	43.9	48.6	-	46.3	43.5
Key chemicals	(46.3)	(46.7)	(0.9)	(46.1)	(45.5)
as % of total cost of material and purchased services	13.5	15.4	-	15.5	14.7
Energy	(36.3)	(40.7)	(10.8)	(38.5)	(39.0)
as % of total cost of material and purchased services	10.6	13.4	-	12.9	12.6
Other ²	(109.7)	(68.5)	60.1	(75.1)	(90.5)
as % of total cost of material and purchased services	32.0	22.6	-	25.3	29.2
Total cost of material and purchased services	(342.8)	(303.4)	13.0	(297.4)	(309.7)
as % of external sales	74.2	66.4	-	60.3	62.4
Total external sales	461.9	457.1	1.1	493.3	496.5
Total fibers only sales	384.5	384.1	0.1	402.4	395.5
Total Opex³	(493.8)	(434.2)	13.7	(436.4)	451.0
Cost of material as % of total Opex	69.4	69.9	-	68.1	68.7

1) including cost for wood

2) other includes trading goods, other raw materials, packaging, auxiliary material

3) includes cost of material and purchased services, personnel expenses and other operating expenses

Q4/2013: Total Remaining Opex

Representing stable 33% of total Opex

(EUR mn)	Q4/2013	Q3/2013 ¹	Change Q4/Q3 (%)	Q2/2013 ¹	Q1/2013 ¹
Total personnel expenses	(95.8)	(77.4)	23.8	(81.4)	(82.5)
as % of external sales	20.8	16.9	-	16.5	16.6
Total other operating expenses	(55.2)	(53.4)	3.4	(57.6)	(58.7)
as % of external sales	12.0	16.9	-	11.7	11.8
Total remaining Opex	(151.0)	(130.7)	15.5	(138.9)	(141.1)
as % of external sales	32.7	28.6	-	28.2	28.4
Total external sales	461.9	457.1	1.1	493.3	496.5
Total Opex²	(493.8)	(434.2)	13.7	(436.4)	(451.0)
Total remaining Opex as % of total Opex	32.7	30.1	-	31.8	31.3

1) the prior-figures have been restated due to changes in presentation (see Financial Statement, Note 2, Annual Report 2013)

2) includes cost of material and purchased services, personnel expenses and other operating expenses

Q4/2013: Cash flow by quarter

(EUR mn)	Q4/2013	Q3/2013 ¹	Change Q4/Q3 (%)	Q2/2013 ¹	Q1/2013 ¹
Gross CF (before taxes and interest)	(29.9)	66.5	n.m.	69.9	66.1
Taxes and interest	(4.8)	(17.2)	(72.1)	(16.1)	(40.0)
Gross CF (after taxes and interest)	(34.7)	49.3	n.m.	53.8	26.1
Change in total working capital ²	54.5	(37.4)	n.m.	(5.7)	(25.0)
CF from discontinued operations	5.2	(1.4)	n.m.	0.6	3.1
Operating Cash flow	25.0	10.5	138.1	48.7	(1.9)
Investment Cash flow ^{3 4}	(54.9)	28.2	n.m.	(71.6)	(53.9)
- of which acquisition of non current assets	(68.1)	(46.2)	47.4	(75.2)	(56.5)
- of which from discontinued operations	0.0	0.0	-	61.3	(0.7)
- of which others	13.2	74.4	(82.3)	(57.6)	3.3
Free Cash flow	(29.9)	38.8	(177.1)	(22.9)	(55.8)

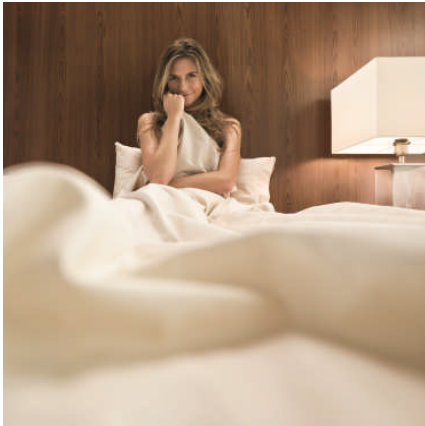
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2) including trade and other working capital

3) including investment in financial assets and disposal proceeds

4) including cash from Plastics sale

FY 2013 – Financial information



Consolidated Group P&L

(EUR mn)	2013	2012 ¹
Total external sales	1,908.9	2,090.4
Inventory change/work in progress	11.5	8.2
Work performed by the group and capitalized	52.2	57.7
Cost of material and purchased services	(1,253.4)	(1,303.7)
Personnel	(337.0)	(309.9)
Other operating expenses/income	(156.7)	(190.4)
EBITDA²/Margin	225.4/11.8%	352.4/16.9%
Depreciation & Amortization	(142.1)	(124.5)
Income from resolution of investment benefits	3.1	3.6
EBIT/Margin	86.4/4.5%	231.5/11.1%
Financial result	(26.7)	(12.8)
Results from terminable non-controlling interest	8.4	17.3
EBT/Margin	68.1/3.6%	236.0/11.3%
Tax	(18.1)	(55.1)
<i>Tax rate (%)</i>	26.5	23.4
Net income/Margin	50.0/2.6%	180.9/8.7%
Net income after minorities/Margin	50.1/2.6%	175.6/8.4%
EPS (in EUR)	1.89	6.61

1) the prior-year figures have been restated due to change in presentation (see Financial Statement, Note 2, Annual Report 2013)



FY 2013: Topline breakdown

Nonwoven fibers a stabilizing factor and effects from Plastics sale

(EUR mn)	2013	2012	Change y-o-y (%)
Breakdown of fibers segment sales			
Textile fibers	1,048.7	1,149.6	(8.8)
Nonwoven fibers	463.6	435.2	6.5
Others ¹	54.0	49.4	9.3
Total fibers only sales	1,566.3	1,634.2	(4.2)
Other fibers segment sales ²	199.6	261.8	(23.8)
Total fibers segment sales	1,765.9	1,896.0	(6.9)
Segment Engineering	125.1	121.8	2.7
BU Plastics ⁴ and EPG (discontinued operations)	54.0	119.6	(54.9)
Others ³ and consolidation	(36.1)	(47.0)	(23.2)
Total external group sales	1,908.9	2,090.4	(8.7)

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

3) includes Dolan and BLZ (Bildungszentrum Lenzing)

4) end consolidation as at June 30, 2013



FY 2013: Cost of material down approx. 4%

Cost switch Paskov (other/DWP) and effects from excelLenz

(EUR mn)	2013	2012	Change y-o-y (%)
Dissolving wood pulp ¹	(570.3)	(529.7)	7.7
as % of total cost of material and purchased services	45.5	40.6	-
Key chemicals	(184.5)	(181.1)	1.9
as % of total cost of material and purchased services	14.7	13.9	-
Energy	(154.5)	(146.9)	5.2
as % of total cost of material and purchased services	12.3	11.3	-
Other ²	(344.1)	(446.0)	(22.8)
as % of total cost of material and purchased services	27.5	34.2	-
Total cost of material and purchased services	(1,253.4)	(1,303.7)	(3.9)
as % of external sales	65.7	62.4	-
Total external sales	1,908.9	2,090.4	(8.7)
Total fibers only sales	1,566.3	1,634.2	(4.2)
Total Opex³	(1,815.3)	(1,847.6)	(1.7)
Cost of material as % of total Opex	69.0	70.6	-

1) including cost for wood

2) other includes trading goods, other raw materials, packaging, auxiliary material

3) includes cost of material and purchased services, personnel expenses and other operating expenses



FY 2013: Total Remaining Opex

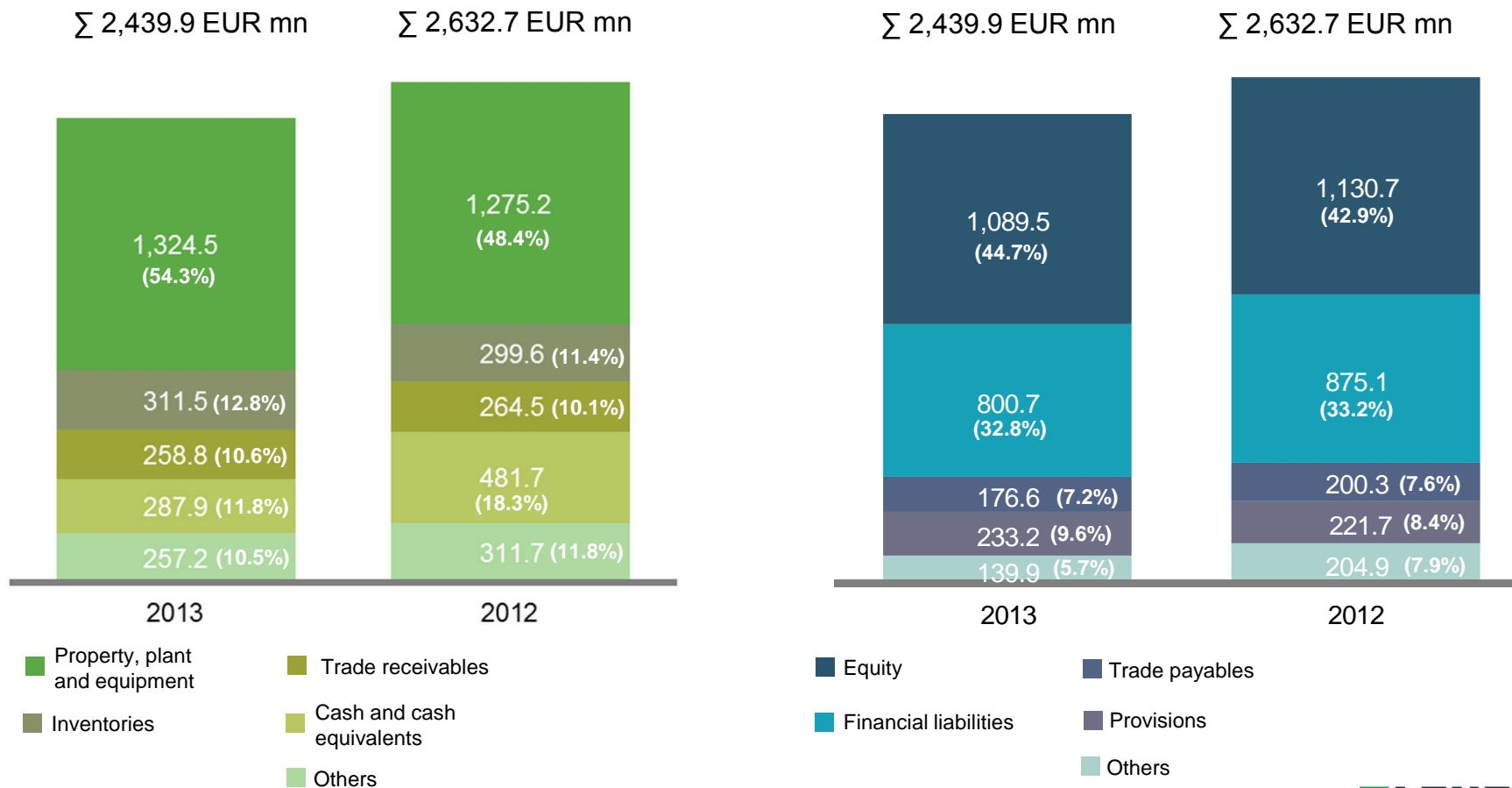
Representing stable 31% of total Opex and fairly stable

(EUR mn)	2013	2012 ¹	Change y-o-y (%)
Total personnel expenses	(337.0)	(309.9)	8.7
as % of external sales	17.7	14.8	-
Total other operating expenses	(224.8)	(234.0)	(3.9)
as % of external sales	11.8	11.2	-
Total remaining Opex	(561.9)	(543.9)	3.3
as % of external sales	29.4	26.0	-
Total external sales	1,908.9	2,090,4	(8.7)
Total Opex²	1,815.3	(1,847.6)	(1.7)
Total remaining Opex as % of total Opex	31.0	29.4	-

1) the prior-figures have been restated due to changes in presentation (see Financial Statement, Note 2, Annual Report 2013)

2) includes cost of material and purchased services, personnel expenses and other operating expenses

Balance sheet as at December 31, 2013



FY 2013: Cash flow

(EUR mn)	2013	2012 ¹	Change y-o-y (%)
Gross CF (before taxes and interest)	172.6	343.3	(49.7)
Taxes and interest	(78.1)	(95.3)	(18.1)
Gross CF (after taxes and interest)	94.6	248.0	(61.9)
Change in total working capital ²	(13.6)	(44.3)	(69.3)
CF from discontinued operations	1.3	5.7	(77.2)
Operating Cash flow	82.3	209.4	(60.7)
Investment Cash flow ^{3 4}	(152.2)	(281.8)	(46.0)
- of which acquisition of non current assets	(246.0)	(317.1)	(22.4)
- of which from discontinued operations	60.5	(2.2)	n.m.
- of which others	33.3	37.5	(11.2)
Free Cash flow	(69.9)	(72.3)	(3.3)

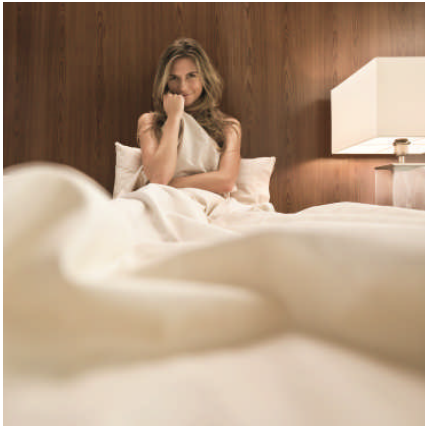
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2) including trade and other working capital

3) including investment in financial assets and disposal proceeds

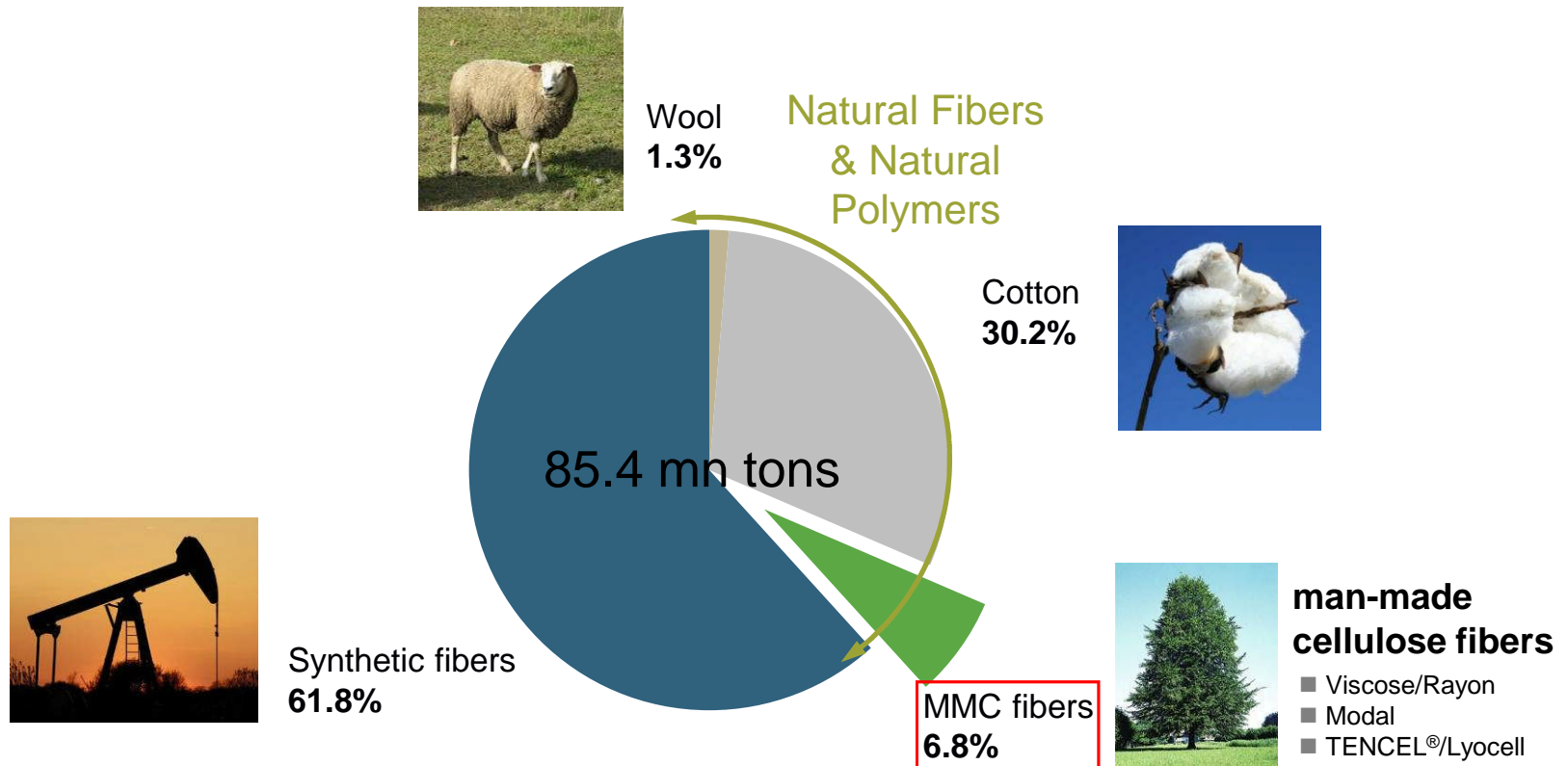
4) including cash from Plastics sale

Appendix – Equity story



Global fiber market at a glance




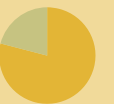


2013 preliminary production numbers



Source: CIRFS, The Fiber Year, The Fiber Organon, Lenzing estimates

Lenzing: 75 years of innovation

Only producer of three fiber generations

		Market Position and Market Share in 2013 ¹	Unique Selling Proposition	Key End Markets	% of Fiber Sales 2013 ²
	Innovation drives specialties	# 1  95%	...the new age fiber <ul style="list-style-type: none"> Environmentally friendly process Breathable, next to skin characteristics Can be blended with cotton Strength (wash ability, denim process) 	<ul style="list-style-type: none"> Jeans, bed linen, underwear Special technical applications 	19.3%
		# 1  79%	...makes the world a softer place <ul style="list-style-type: none"> Natural softener for fabrics Next to skin characteristics Can be blended with cotton 	<ul style="list-style-type: none"> Textile applications only High performance apparel (high-end underwear) 	15.7% ³
	Sets industry standard	# 2  16%	...sets the industry standard <ul style="list-style-type: none"> Superior quality allows for use of high-end textile machinery⁴ Consistent in dyeing and finishing Global service package 	<ul style="list-style-type: none"> Consumer applications Technical applications 	65.0%

Source: Lenzing

1) by production capacity

2) excluding sales of fiber by-products, external sales of pulp, wood, energy

3) including Lenzing FR[®]

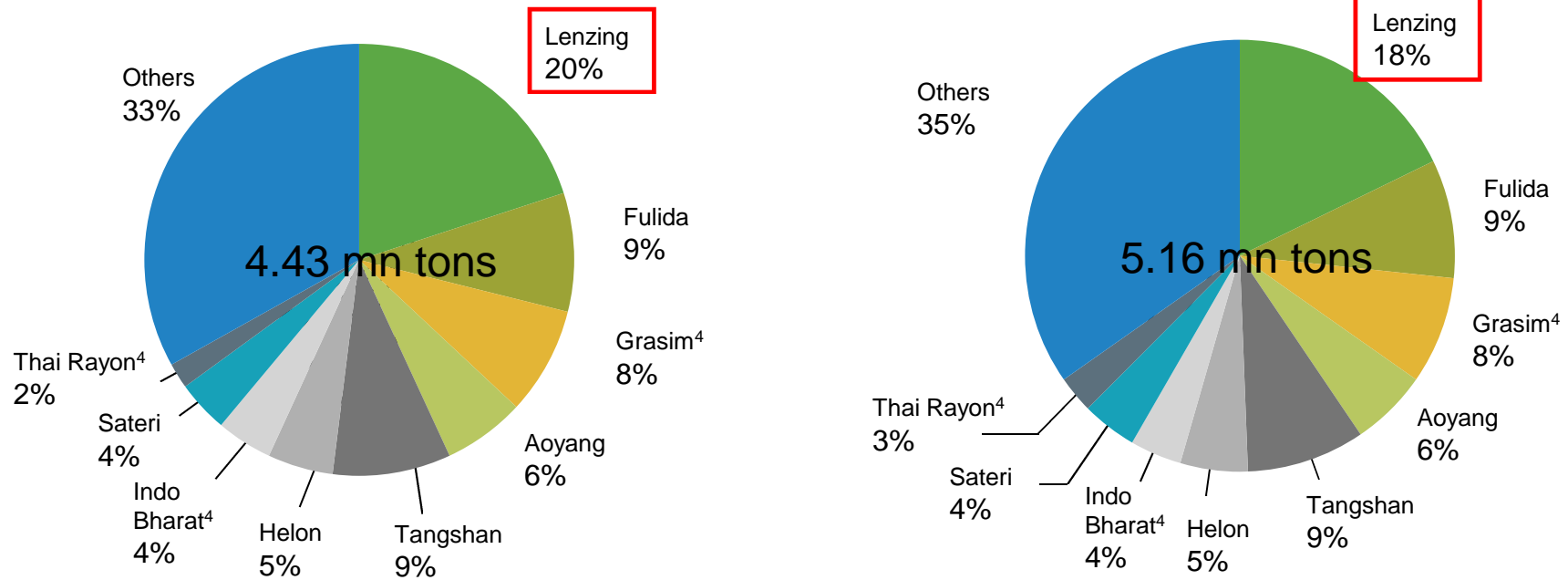
4) e.g. airjet spinning machine allowing for 420 m/min compared to 25 m/min on regular (ring spinning) textile machines



Lenzing: Global market leader in VSF¹

(2013e)

Lenzing with 20% share of production² Lenzing with 18% share of capacities³



Source: CIRFS, FEB, Trade statistics, Company estimates

1) Viscose Stable Fibers (including Modal and Tencel), excluding Viscose filaments, acetate tow, cigarette filters

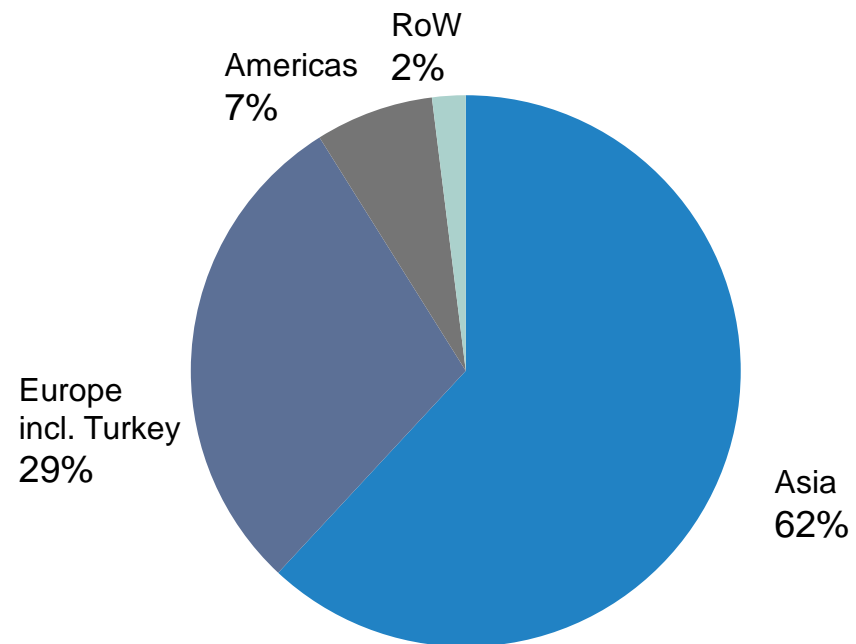
2) Production China: based on 84% utilization

3) based on latest available company information from company websites and annual/interim reports

4) direct or indirect non-controlling shareholdings by private Indian conglomerate Aditya Birla; marketing of viscose stables fibers under the "Birla" umbrella brand

Lenzing: Only global player

Sales volume by region¹ – strong footprint in Asia

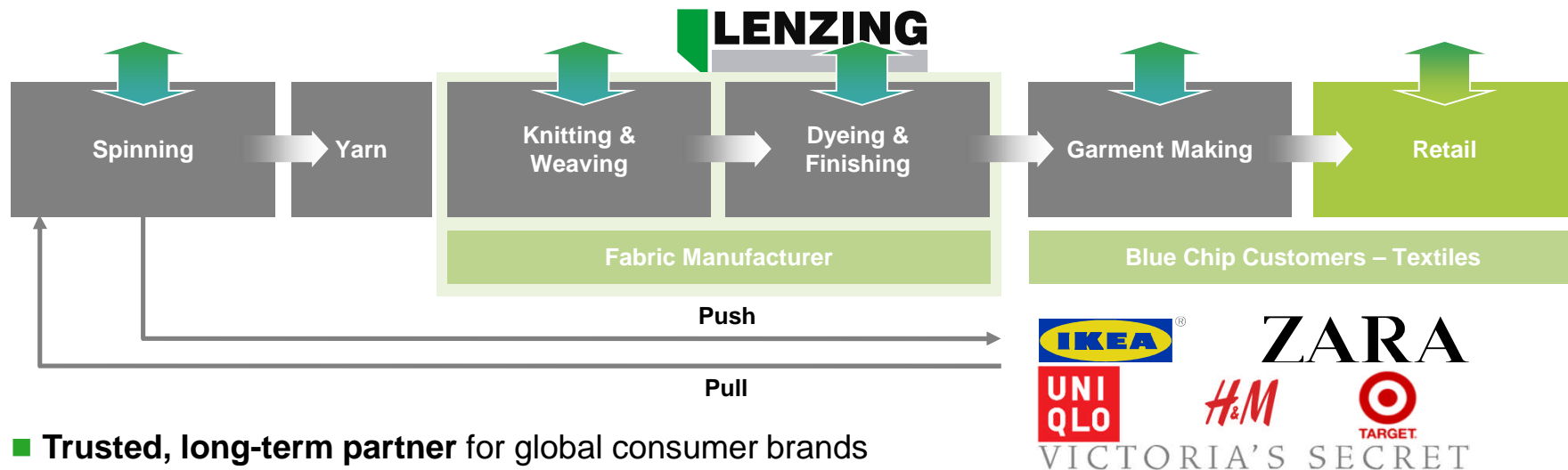


Source: Company information

1) fiber sales by volume in metric tons, FY 2013

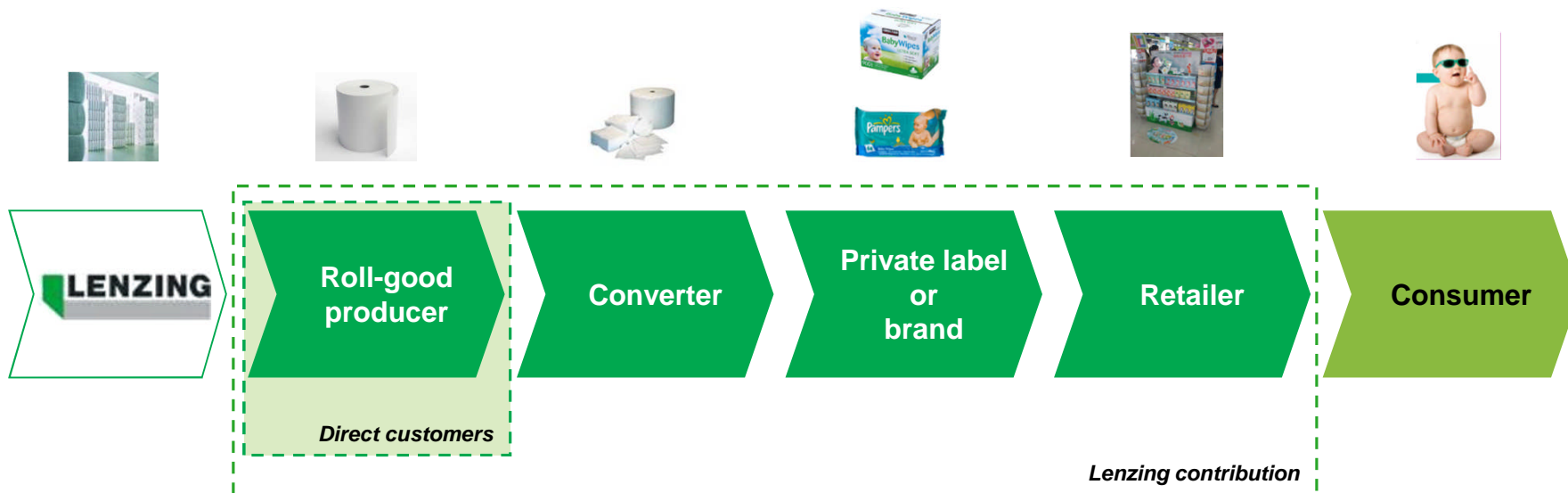
Textile: Building barriers to entry

Global branded supplier to blue chip customer base

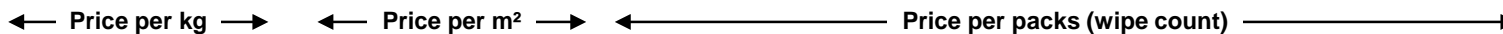


- **Trusted, long-term partner** for global consumer brands
- **Global integrated marketing and sales network**
- **Branded supplier** with involvement in value chain decision process of customers
 - ➔ **Push:** Close collaboration with manufacturers of spinning machinery
 - ➔ **Pull:** Marketing through tailored and innovative branded products unique to Lenzing
- **Customer stickiness**

Nonwoven value chain



Price reference:



➔ Lenzing is very close to the customer due to short value chain and significant certification requirements

Blue Chip Customers – Nonwoven

Johnson & Johnson P&G
 KIRKLAND Signature COSTCO WHOLESALE
 TARGET BJs WHOLESALE CLUB Ontex Hygiene Disposables
 LENZING

Fiber strategy recalibrated

Focus on TENCEL®

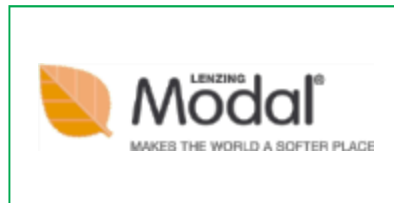
Strategic measures

Strategic direction



- Priority focus area of Lenzing's growth strategy
- Gain market share in applications/regions by scaling up Textile and Nonwoven applications
- Exploit first mover advantage

Scale



- Expansion of selected high end target markets / applications
- Hold premium by further specializing (MicroModal®, ProModal®, etc.)

Niche



- Focus on differentiation
- Investments in selected markets with above industry returns

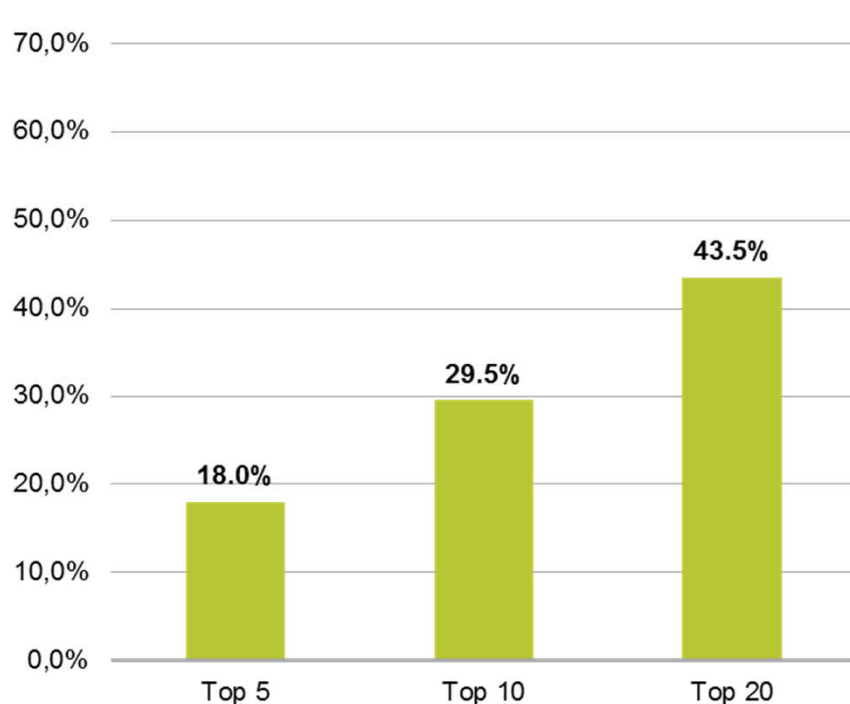
Differentiated commodity



Sales and marketing

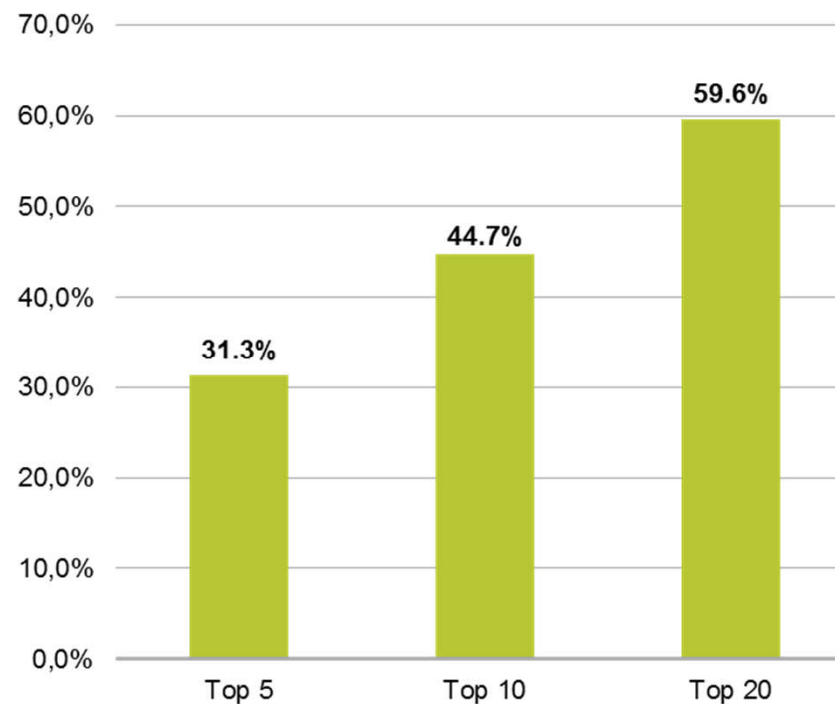
Customer concentration

Textiles – % of sales by customers
(2013)



Source: LAG

Nonwoven – % of sales by customers
(2013)



Sales and marketing

Blue chip companies drive demand in specialties – TENCEL[®], Lenzing Modal[®]

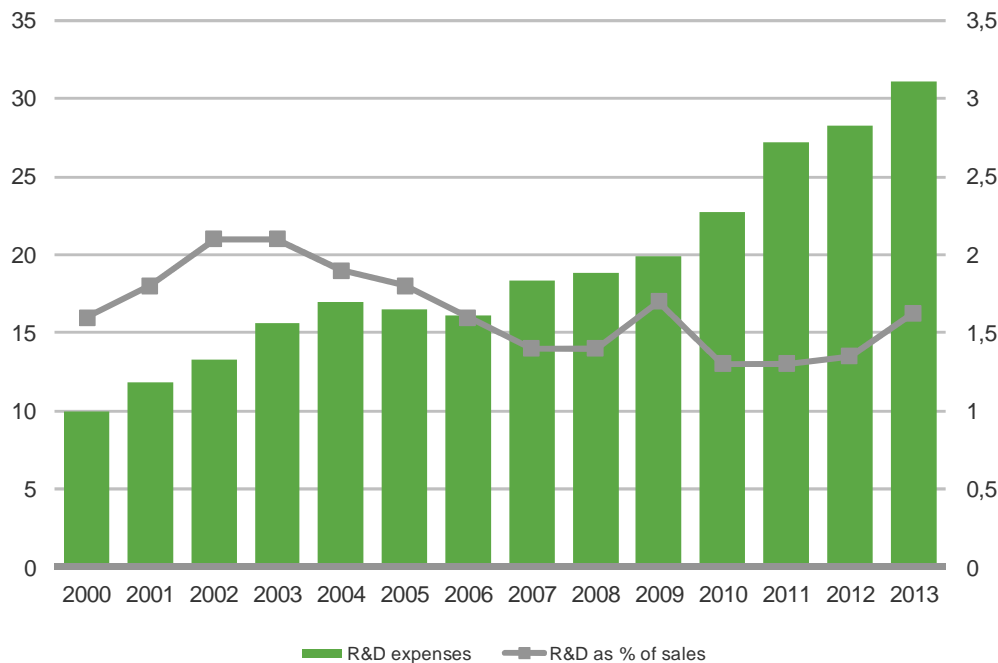
- Lenzing is a trusted, long-term partner for global consumer brands
 - Approx. 45% of textile and approx. 60% of nonwoven sales for specialty fibers (TENCEL[®], Lenzing Modal[®]) can be attributed to key account customers
- Company acts as a **branded supplier** with involvement in the value chain decision process of customers
- Supply chain management is a strong differentiator for Lenzing



Lenzing is the innovation leader

Industry leading R&D spend (EUR 31.1¹ mn in 2013)

R&D expenses (2000-2013)



Source: LAG, as at December 31, 2013

1) pursuant Frascati

Intellectual property

- As of December 2013, Lenzing owned approx. 1,400 patent applications and patents in 63 countries belonging to 248 patent families
- All significant patents are filed and maintained in Asia, the European Union and the Americas
- The majority of the patent portfolio focuses on lyocell technology (TENCEL®)
- As of December 2013, Lenzing owned approx. 1,600 trademark applications and trademarks in 93 countries belonging to 116 trademark families

Lenzing: Unique innovation model

Strong R&D organization

Organization structure

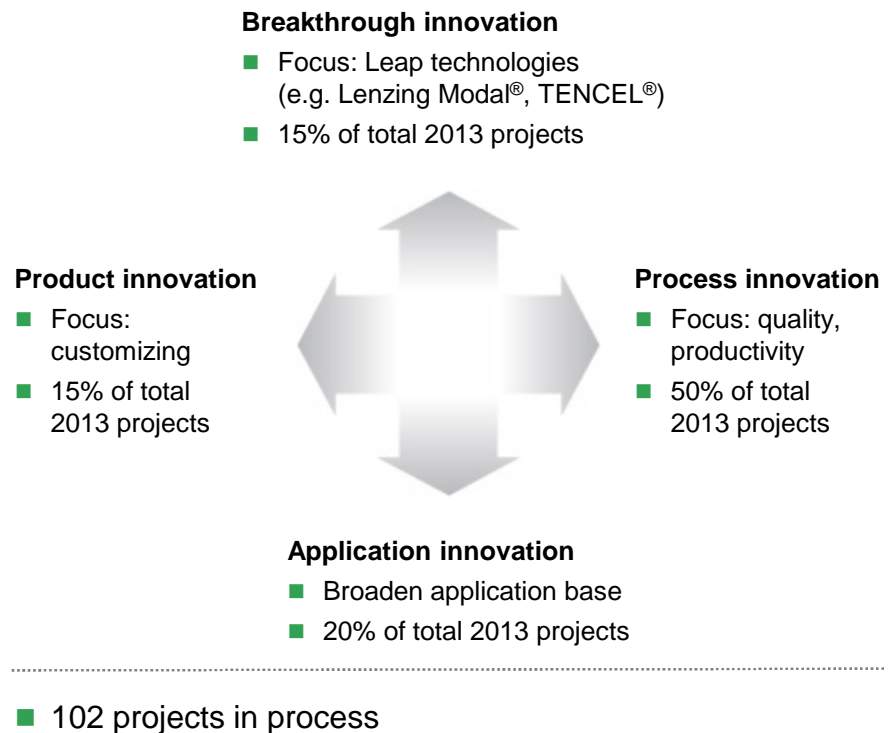
- Close collaboration with sales & marketing to develop applications for customers

Dedicated resources and investments in R&D

- Lyocell process innovation
 - Fiber development (Viscose, Lenzing Modal®, TENCEL®)
 - Application development
-
- Application development
-
- Pulp process innovation
 - Viscose process innovation

Source: LAG, as at December 31, 2013

Unique innovation model

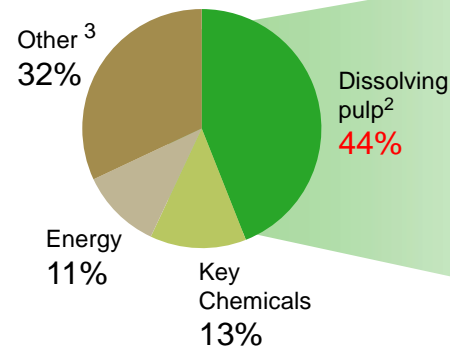


Lenzing has cost advantages

Through pulp integration and long-term pulp supply contract

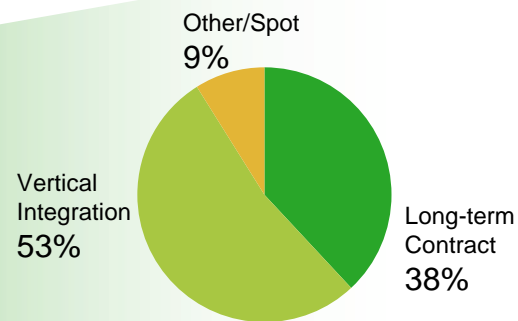
- Pulp is the main input factor with **44% share of total costs of material and purchased services**
- 90+% of long-term pulp supply secured through own production (vertical integration) and long-term supply contracts
- Long-term contract **linked to paper pulp index** (not to spot price of dissolving pulp)

Cost structure Lenzing Group (Q4/2013)¹



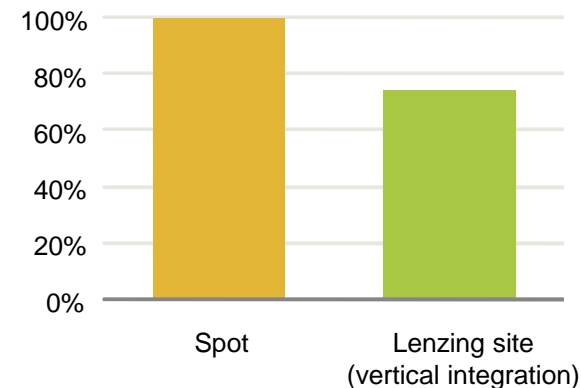
Source: Lenzing

Lenzing Group pulp sourcing (Q4/2013)⁴



Source: Lenzing

Indicative spot pulp procurement cost vs. vertical integration⁵



1) cost structure based on cost of materials and purchased services amounting to EUR 342.8 mn in Q4/2013

2) including wood

3) other includes trading goods, other raw materials, packaging, auxiliary material

4) data refers to sourcing of pulp used in a quarter, including inventory build-up. Paskov volumes included under vertical integration

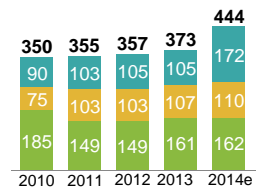
5) assuming spot price of \$880 per metric ton

Capacity expansion to 2014¹ ~ 1 mn tons

What is there (or under construction) today

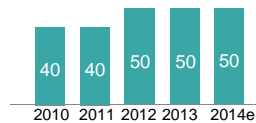
Europe²

CAGR 6.1%



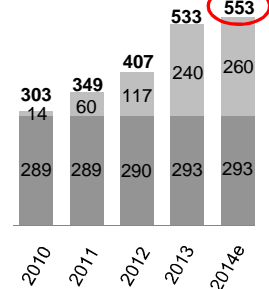
USA

CAGR 5.7%



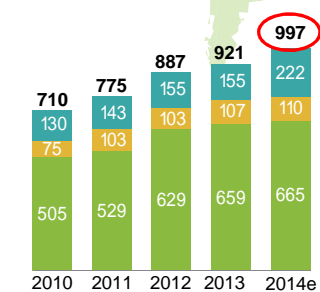
Total pulp capacity

CAGR 16.2%



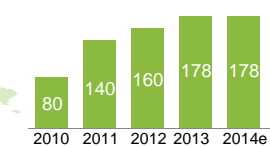
Total capacity at year end

CAGR 8.9%



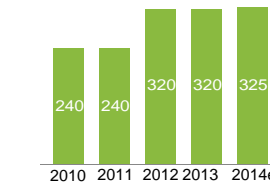
China

CAGR 22.1%



Indonesia

CAGR 8.3%



Annual capacity in '000 metric tons



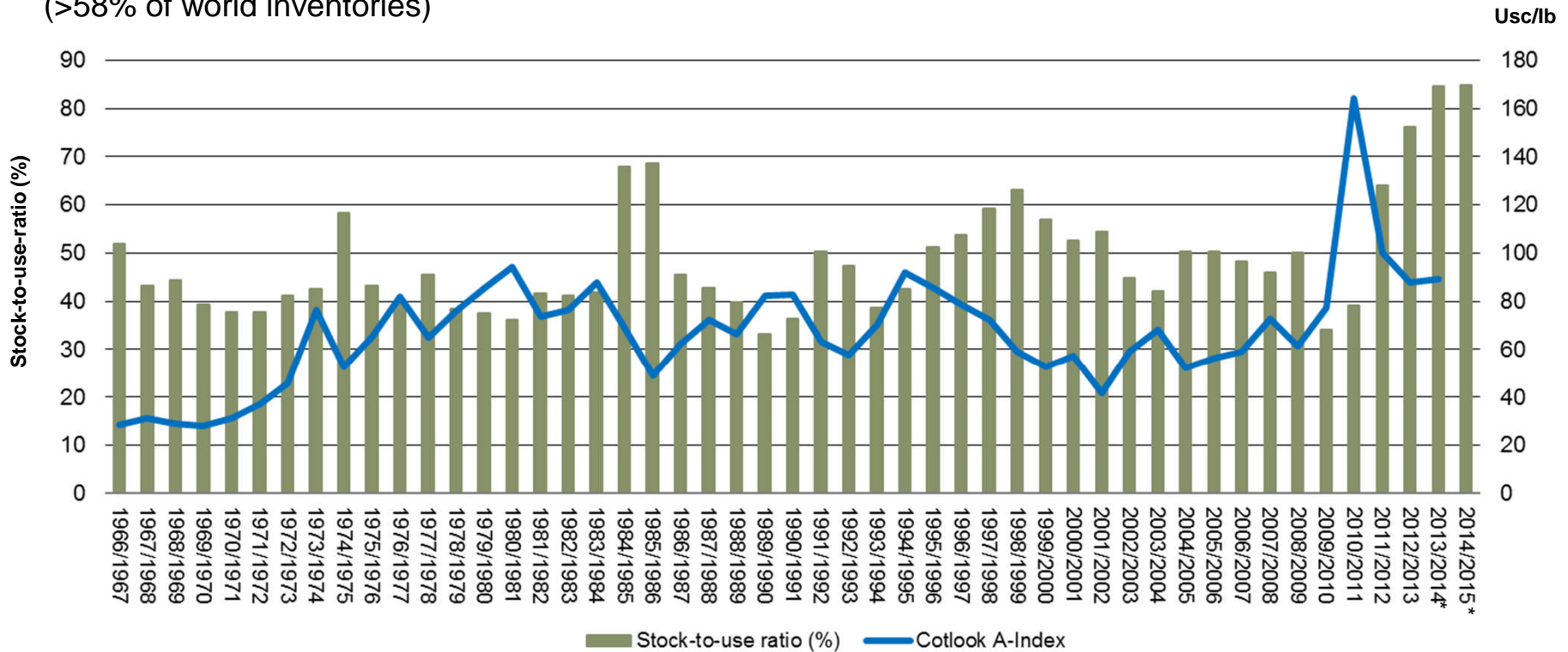
1) figures are shown in mn tons

2) includes Lenzing (A), Heiligenkreuz (A) and Grimsby (UK), does not include Kelheim capacity

Fiber market environment

Highest-stock-to-use-ratio ever at approx. 84% (2013/2014)

- World cotton production of 25.8 mn tons, consumption of 23.6 mn tons and ending stocks of 19.9 mn tons
- Massive increase of Chinese national cotton reserve of estimated 11.6 mmt¹ tons (>58% of world inventories)



Source: ICAC, March 4, 2014

Cotlook A Index 2013/2014: Average for the first five months of 2013/2014 (August to December 2013)

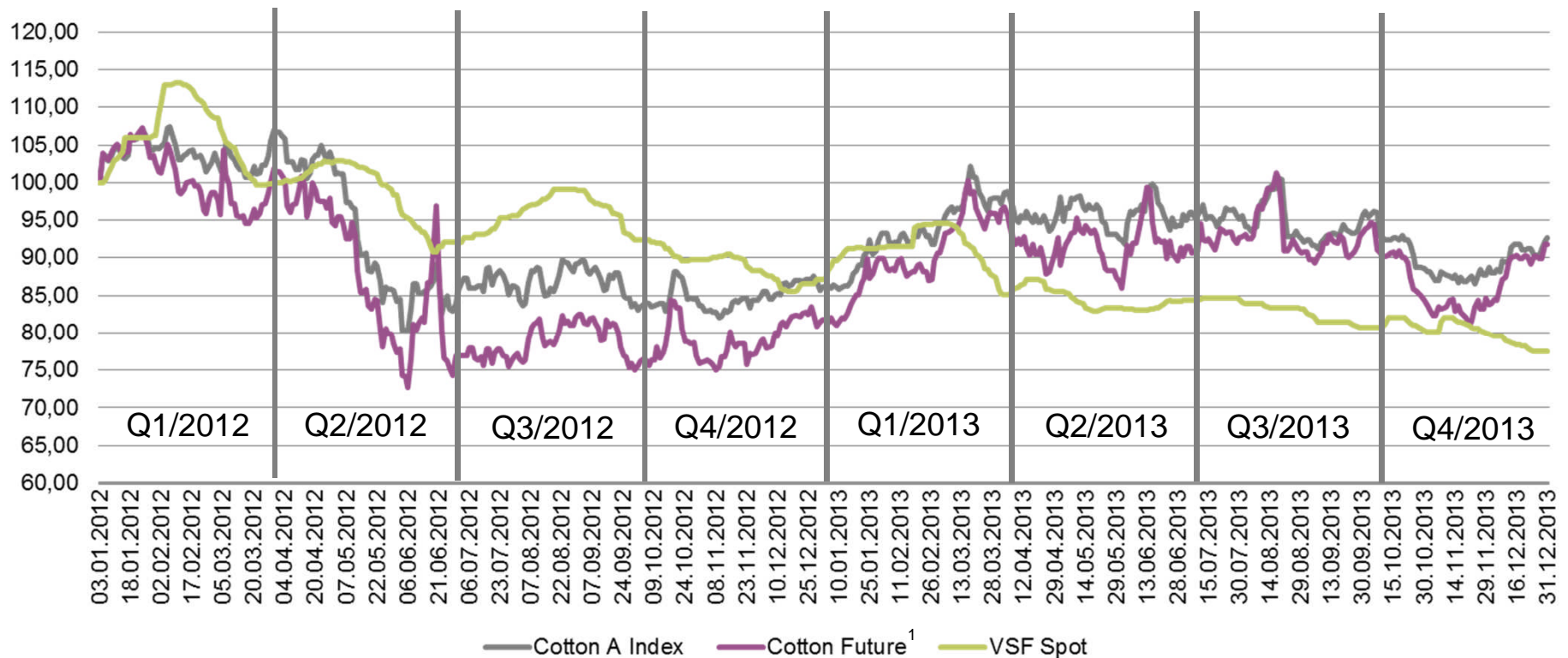
* estimated

1) million metric tons



Viscose spot prices China below cotton prices since March 2013

VSF spot China and cotton price development (in cents/lbs)

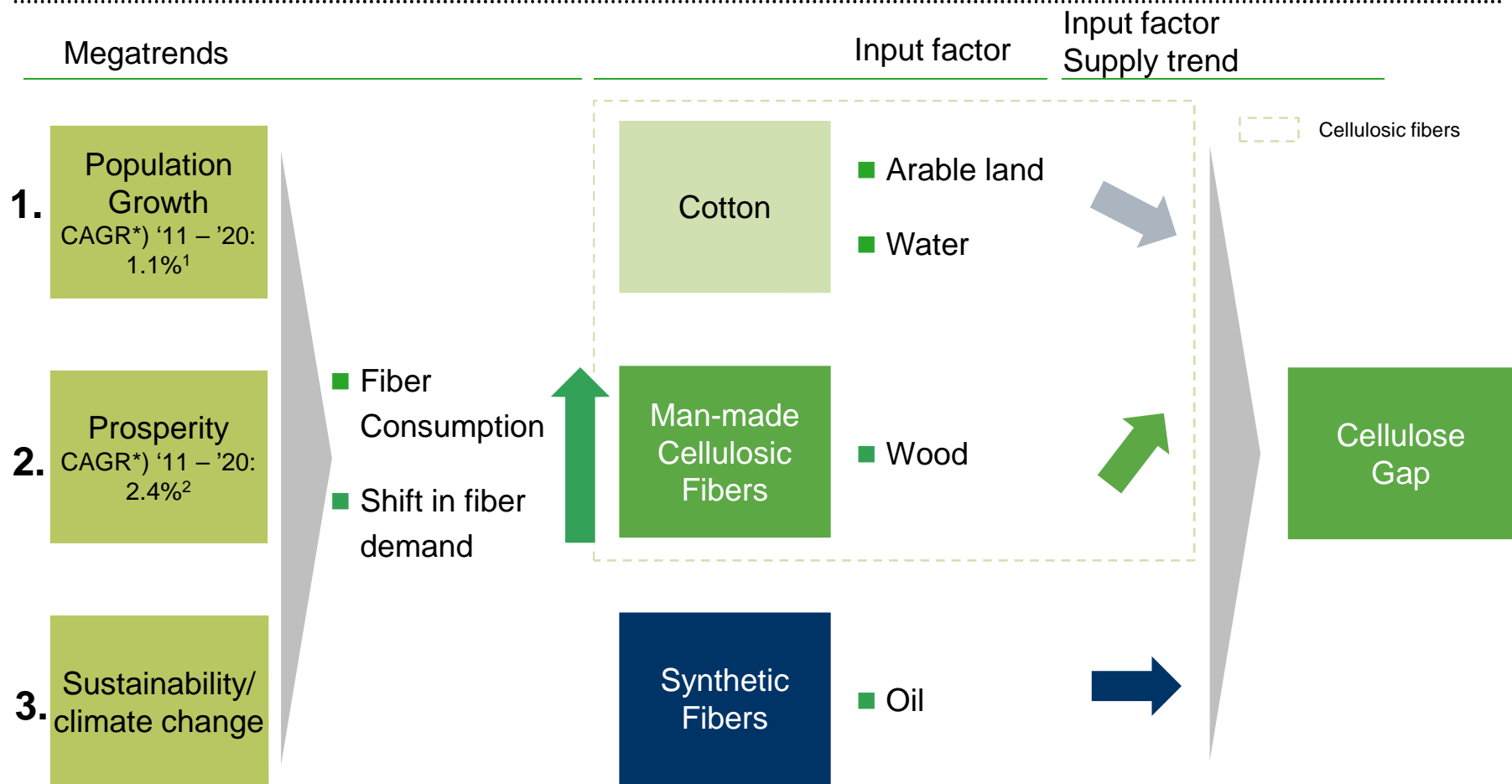


1) Cotton Future calculated on the basis of the most liquid next future compared with the actual Cotton A Index data



Cellulose Gap: A growth opportunity

MMC: Strong fiber demand through three megatrends



*) compound annual growth rate

1) forecasted growth from UN Population Division

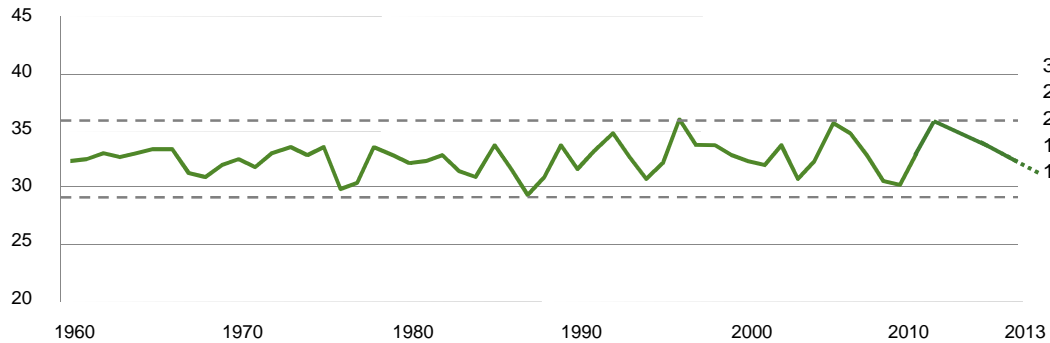
2) forecasted growth of global real GDP per capita by Global Insight

Cellulose Gap: A growth opportunity

Limited potential to increase cotton supply increases demand for MMC fibers

Cotton planted area expected to remain within historical narrow band (1960-2013)

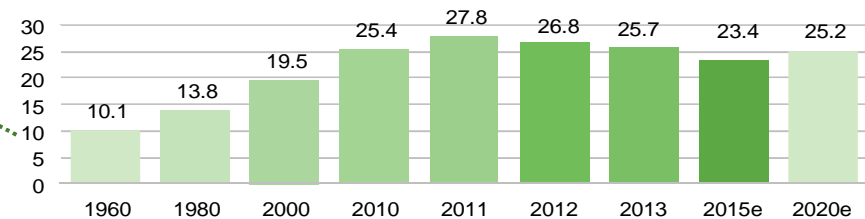
Million hectares



Source: U.S. Department of Agriculture
ICAC, March 4, 2014

Structural limitations in cotton production: effects from yield expansion leveling out

Million metric tonnes



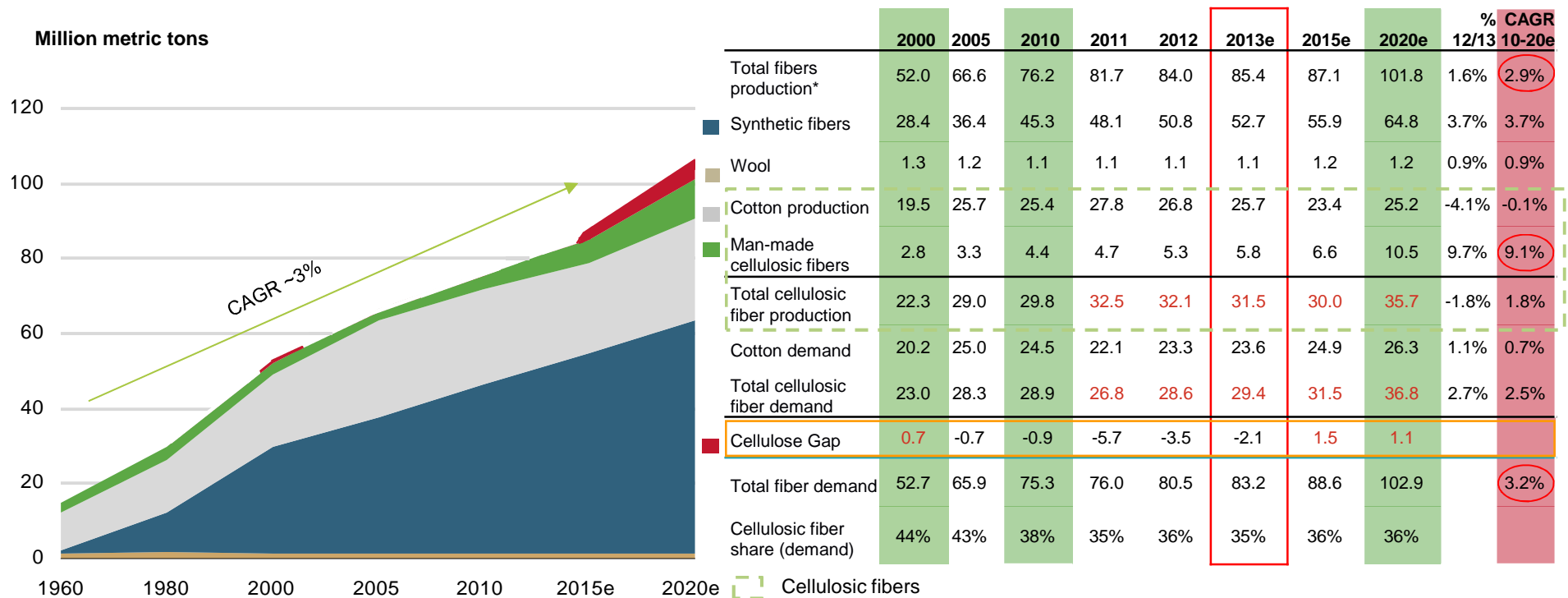
Source: International Cotton Advisory Committee, March, 2014

Cellulose Gap: A long-term growth opportunity

9% p.a. forecast for MMC over current decade

➔ The demand gap of cellulosic fibers opening due to limited cotton supply can best be filled by MMC fibers as substitute

Fiber market growth by type of fiber (1960-2020e)



* w/o bast and other fibers, which are no blending partner for MMC and of minor importance

Sources: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing estimates – all based on latest available data per March 2014. Percentage increases based on exact figures



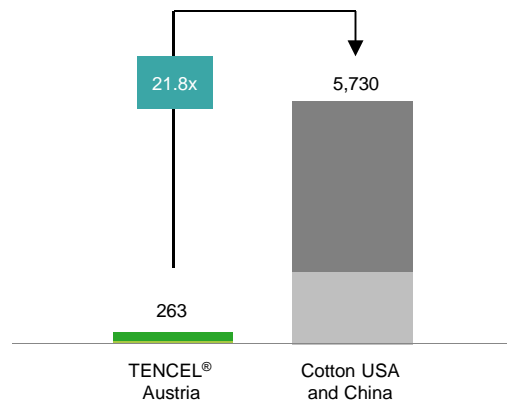
Mega-trend: Sustainability

Green footprint of MMC: Significantly more environmentally friendly than cotton

- More than 50% of Lenzing’s fuel consumption sourced from renewable resources
- Lenzing Group environmental impact of production relative to cotton only approx. 5.7%

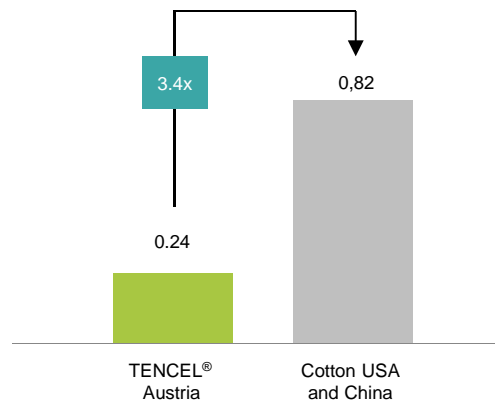
Water consumption

m³ per metric ton of fiber



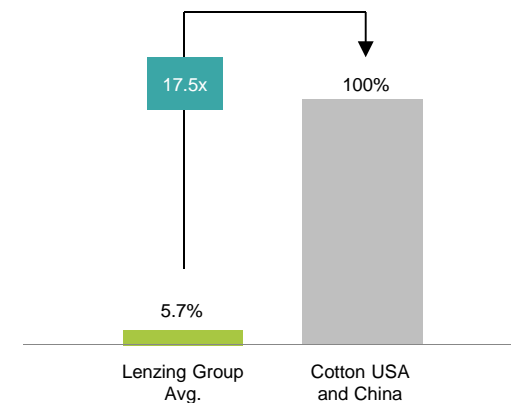
Required acreage for production of one metric ton of fiber

Hectares per metric ton and year



Environmental impact of production¹

Relative to cotton

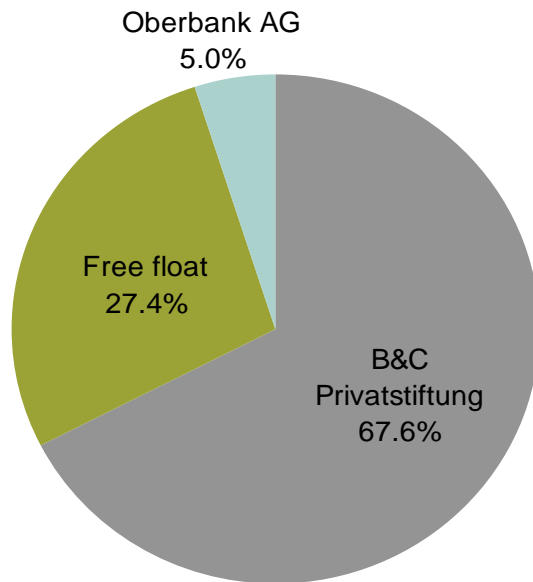


■ Process water ■ Cooling water ■ Groundwater irrigation ■ Surface water irrigation

Source: “Life Cycle Assessment of man-made Cellulose fibers”; Li Shen, Martin Patel; 2007

1) including freshwater ecotoxicity, terrestrial ecotoxicity and others

Lenzing share information



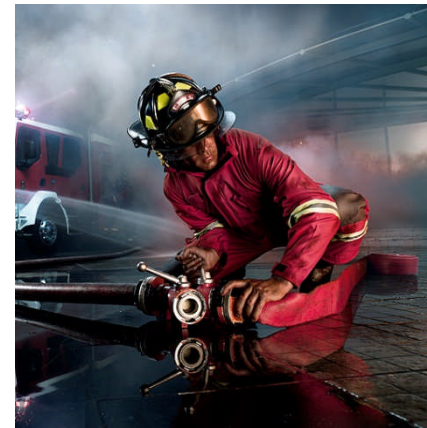
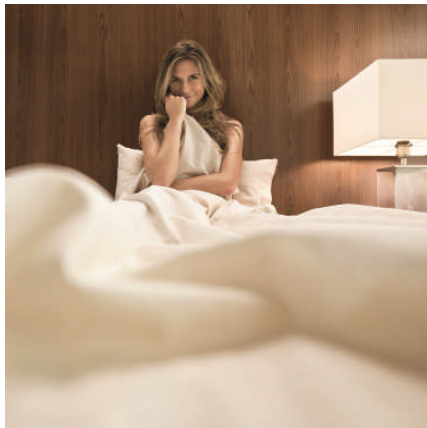
ISIN	LNZ / AT0000644505
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Indices	ATX Prime, ATX Global Players, VÖNIX Sustainability Index
Number of shares	26,550,000 mn
Share price December 30, 2013	EUR 41,63
Market capitalization December 30, 2013	1,105.4 mn

Overview of B & C Privatstiftung¹

- 67.6% owner of Lenzing is B & C Privatstiftung (B & C Private Foundation). Its purpose is the promotion of Austrian entrepreneurship.
- B & C Industrieholding GmbH is the management holding of B & C Foundation with 3 representatives on Lenzing's Supervisory Board.
- As the core shareholder, B & C takes a long-term view and supports the strategy of Lenzing Group.

1) Link to B & C Privatstiftung homepage: <http://www.bcprivatstiftung.at/bc-privatstiftung/die-privatstiftung/> (only in German)

Back-up



Where our fibers end up

Ladies wear – close to skin

- Cowl neck tee
- USD 39.50
- TENCEL® / Spandex



VICTORIA'S SECRET

- Lightly padded bra top maxi dress
- USD 79.50
- Ecosil® Lenzing Modal® / Spandex



VICTORIA'S SECRET

- Sequined knit cardigan
- USD 88.00
- 58% Viscose / 42% TENCEL®



Where our fibers end up

Soft denim – can be sold in retail with a high premium

- Vintage flare jeans
- USD 98.00
- 100% TENCEL®



- Five pocket skinny jeans
- USD 240.00
- Lenzing Modal® / TENCEL® / Cotton / Elastane



HELMUT LANG

- Denim shirt Nixon
- EUR 39.95
- 100% TENCEL®



MANGO
WOMEN COLLECTION

Where our fibers end up

- USD 33.00 (tank top),
USD 38.00 (V-neck)
- MicroModal® / Spandex



NORDSTROM

- Armani collezioni sportcoat
- USD 645.00
- TENCEL®



NORDSTROM

Nonwoven applications

- **Wipes**
Sustainable convenience
- **Medical**
Naturally pure
- **Hygiene**
Safety in sensitive areas
- **Technical**
Leading fiber innovation



Our production sites

**Lenzing AG –
Austria (Fiber and pulp)**



**PT. South Pacific Viscose –
Indonesia (Viscose)**



**Biocel Paskov a.s. –
Czech Republic (Pulp)**



**Grimsby –
Great Britain (TENCEL®)**



**Heiligenkreuz –
Austria (TENCEL®)**



**Mobile –
USA (TENCEL®)**



**Lenzing (Nanjing) Fibers
Co. Ltd. – China (Viscose)**



Capacities by site and year

Result of significant investments over the past years

Plant location	Capacity – YE 2011 (metric tons)	Capacity – YE 2012 (metric tons)	Capacity – YE 2013 ¹ (metric tons)	Planned capacity – YE 2014 ¹ (metric tons)
Lenzing / Austria	252,000	252,000	268,000	339,000
Lenzing Viscose®	149,000	149,000	161,000	162,000
Lenzing Modal®	103,000	103,000	107,000	110,000
TENCEL®	-	-	-	67,000
Purwakarta / Indonesia, Lenzing Viscose®	240,000	320,000	320,000	325,000
Nanjing / China, Lenzing Viscose®	140,000	160,000	178,000	178,000
Heiligenkreuz / Austria, TENCEL®	63,000	65,000	65,000	65,000
Grimsby / UK, TENCEL®	40,000	40,000	40,000	40,000
Mobile / USA, TENCEL®	40,000	50,000	50,000	50,000
India, Lenzing Viscose®	-	-	-	-
Total fibers	775,000	887,000	921,000	997,000
Lenzing / Austria	289,000	290,000	293,000	293,000
Paskov / Czech Republic	60,000 ¹	117,000	240,000	260,000
New pulp plant	-	-	-	-

1) adjusted



Capacity by site 2011 - 2013

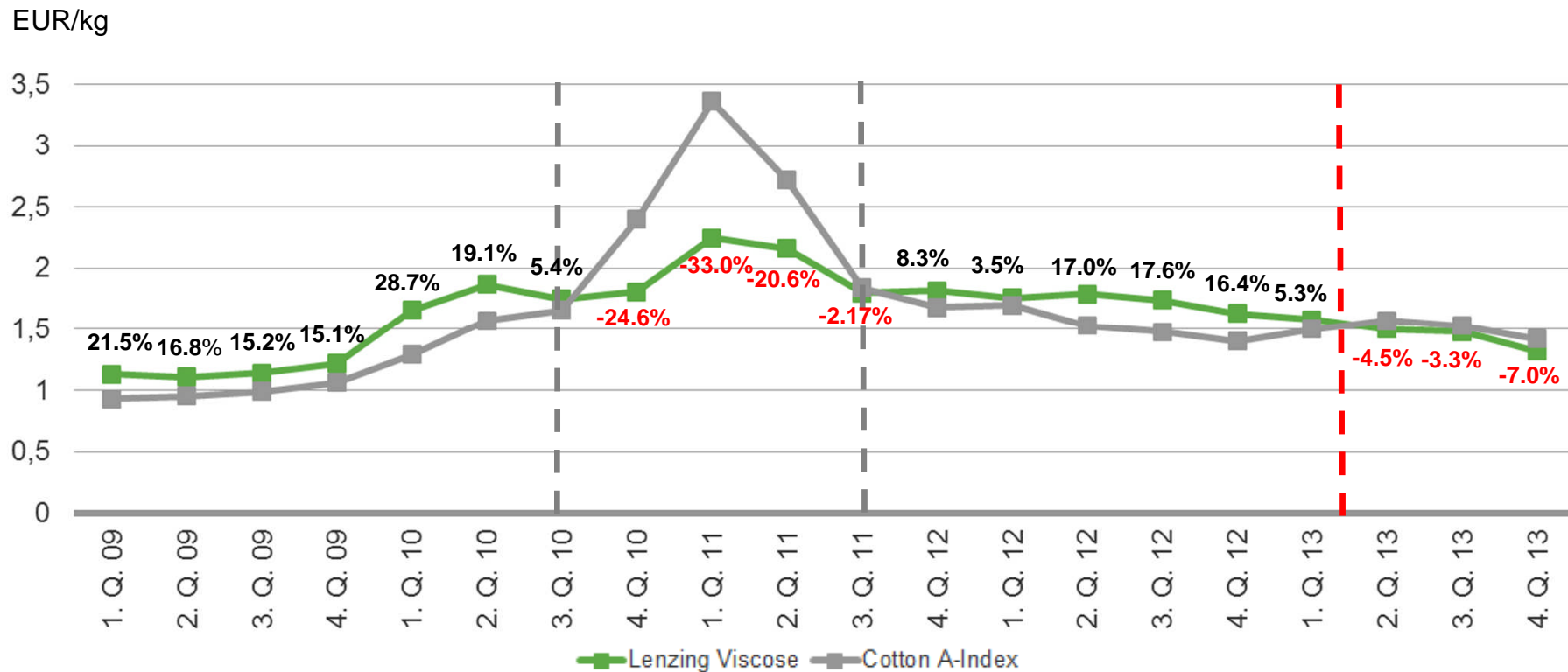
(metric tons)	Capacity YE 2011	Capacity YE 2012	Capacity per March 31, 2013	Capacity per June 30, 2013	Capacity per September 30, 2013	Capacity per December 31, 2013
Lenzing	252,000	252,000	264,000	264,000	264,000	268,000
Indonesia	240,000	320,000	320,000	320,000	320,000	320,000
Nanjing	140,000	160,000	160,000	178,000	178,000	178,000
India	-	-	-	-	-	-
Heiligenkreuz	63,000	65,000	65,000	65,000	65,000	65,000
Grimsby	40,000	40,000	40,000	40,000	40,000	40,000
Mobile	40,000	50,000	50,000	50,000	50,000	50,000
Total	775,000	887,000	899,000	917,000	917,000	921,000

Capacity by site 2014

(metric tons)	Capacity per March 31, 2014	Capacity per June 30, 2014	Capacity per September 30, 2014	Capacity per December 31, 2014
Lenzing	268,000	335,000	337,000	339,000
Indonesia	320,000	320,000	320,000	325,000
Nanjing	178,000	178,000	178,000	178,000
India	-	-	-	-
Heiligenkreuz	65,000	65,000	65,000	65,000
Grimsby	40,000	40,000	40,000	40,000
Mobile	50,000	50,000	50,000	50,000
Total	921,000	988,000	990,000	997,000

Lenzing Viscose[®] textile prices compared to cotton price development

VSF-price lower than cotton price after end of reporting period



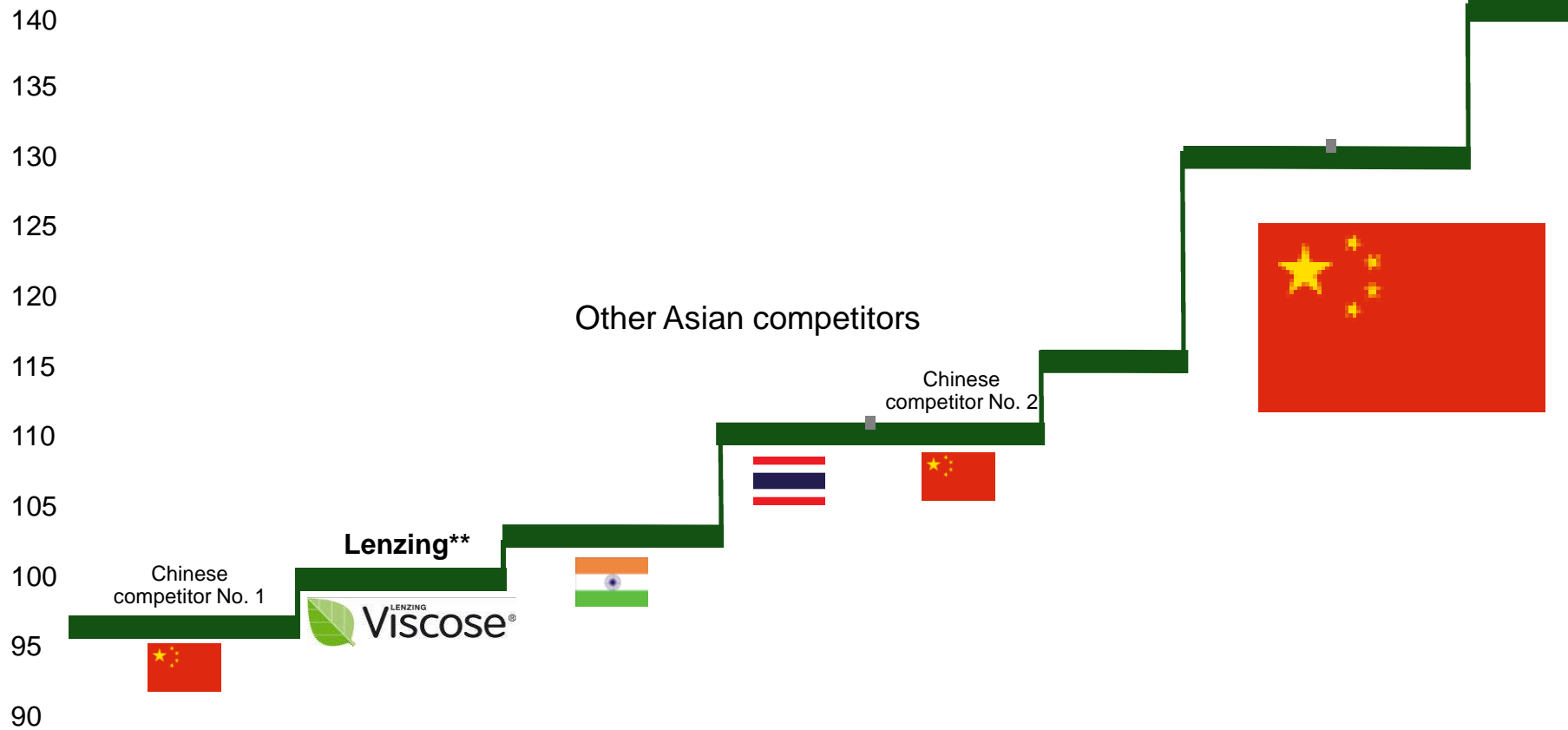
1) historically, standard viscose fibers traded with a 15-20% premium over cotton.
(based on Cotton A-Index spot in EUR/kg ; Bloomberg: Cotlook A; Reuters COT-INDX-FE)

Viscose fiber industry cost curve

Lenzing placed in an excellent position*

Index 100 = Lenzing**

Other Chinese competitors



* Based on publicly available information (Sales minus EBIT divided by volume) or obtained information and estimates

** Average of Lenzing Viscose sites (incl. Indonesia, Austria and China)

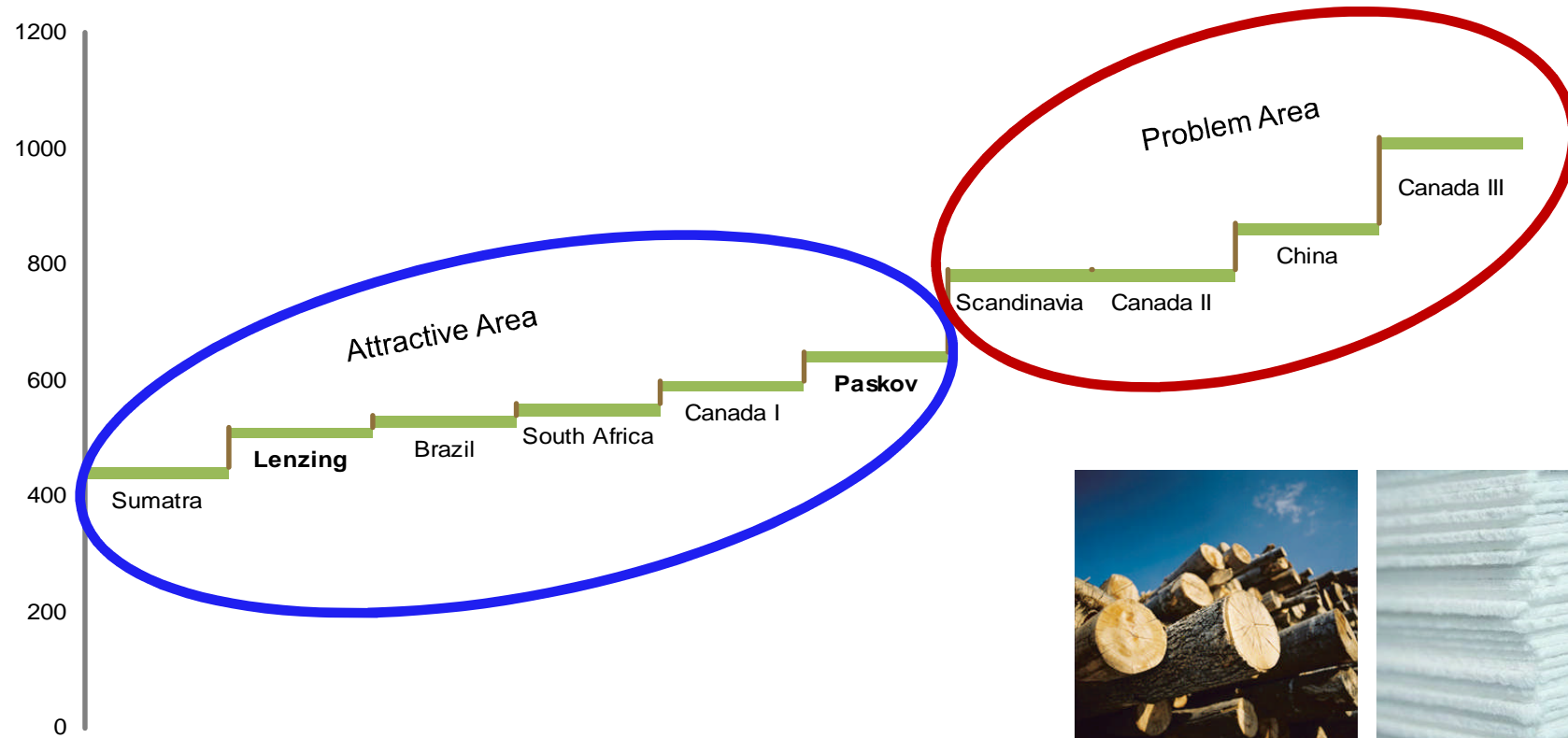


DWP industry – cash cost curve*

A lot of new capacity added on the right side of the curve

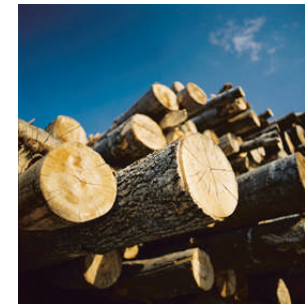
Cost Competitiveness¹

USD/ton



* Cash cost (excl. freight, interest, taxes)

1) Incl. projects until 2015



Contacts and financial calendar

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Fax: +43 7672 918 4032
E-Mail: s.kniep@lenzing.com

■ Financial calendar

Financial calendar 2014

Full year results	March 21, 2014
70th Annual General Meeting	April 28, 2014
Results 1st quarter	May 15, 2014
Half year results	August 21, 2014
Results 3rd quarter	November 13, 2014

➔ Visit our IR website:

<http://www.lenzing.com/en/concern/investor-center.html>

➔ Visit our sustainability site:

<http://www.lenzing.com/en/concern/lenzing-group/sustainability.html>