

A low-angle photograph of a basketball player in mid-air, reaching up to shoot a yellow ball. The player is wearing a white jersey with 'TENCEL' printed on the back and green shorts. A basketball hoop and net are visible in the upper right corner against a clear blue sky.

Leading Fiber Innovation

Lenzing Investor Presentation
First Half-Year 2016 result
August 24, 2016

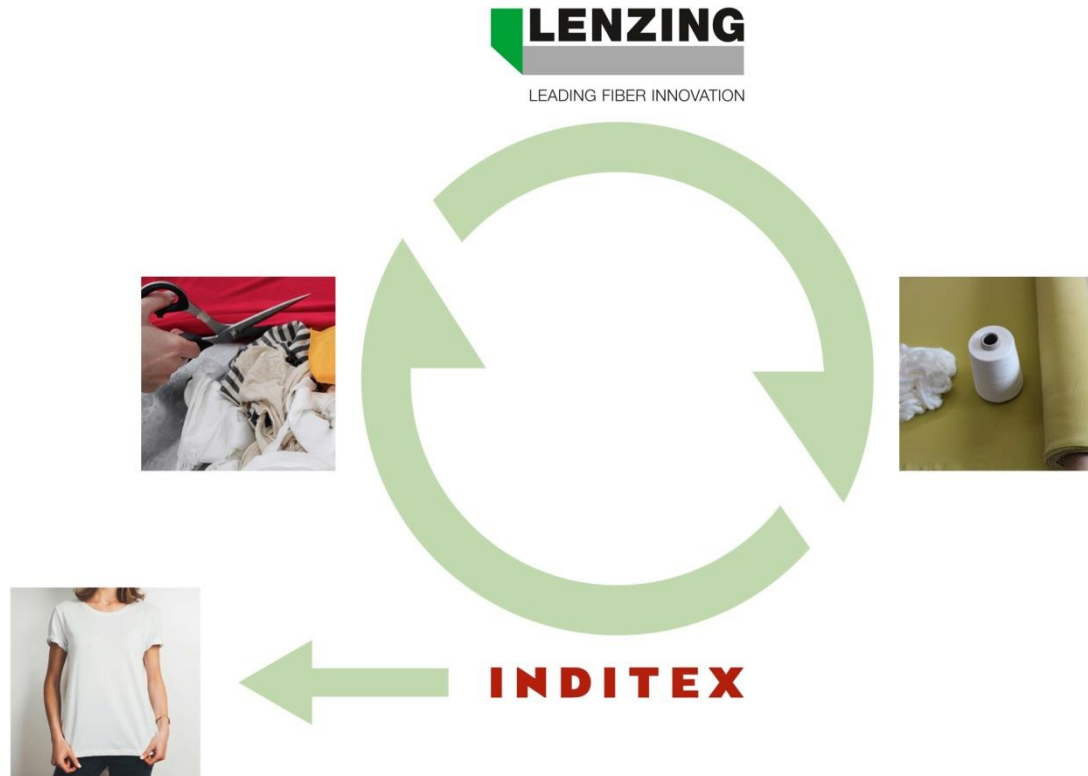
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- Certain figures in this presentation have been rounded in accordance with commercial principles and practice. Such figures that have been rounded in various tables may not necessarily add up to the exact total given in the respective table.
- Definition and further details on the calculation of financial key indicators can be derived from the Management Report and the glossary in the Annual Financial Report. This report is also available online on the website of the Lenzing Group www.lenzing.com in the section "Investors".

Highlights H1/2016

- Good organic growth - Very solid demand across all products
 - Group revenue up 8.3% vs H1/2015
 - Fiber business grew by 12.3% due to pricing and product mix
- Strong progress: EBITDA up 54.3% from EUR 126.5 mn to EUR 195.1 mn (H1/2016 vs. H1/2015)
- Working capital improvement fuels cash generation
 - Trading working capital down 19.2% to EUR 361.6 mn in H1/2016
- Excellent progress on sCore TEN implementation
 - Specialties increased to 42.4% share of total revenue
 - Pulp sourcing secured by new long-term contract
 - Decision to debottleneck existing special fiber units by 35 kt in July
 - Commercial launch of a sustainability innovation concept in July

Commercial launch of a new sustainability innovation concept

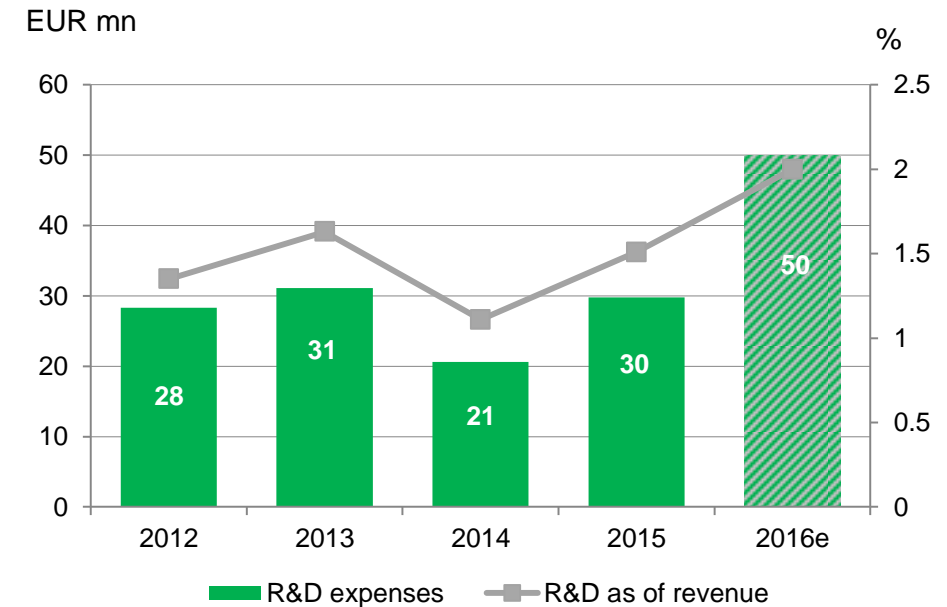


- Major breakthrough for the 'Circular economy' on a big scale
 - Special TENCEL[®] fiber made with recycled cotton. Upscaling of cotton and significant reduction of cotton fabric waste in the garment production
- Business model innovation: world leading retailer Inditex is testing today this innovative fiber, other brands will follow
- Create deeper strategic partnerships down the value chain and strong brand recognition with leading innovators

Lenzing underpins its innovation leadership

- R&D is an essential part of the sCore TEN strategy and contributes to all five fields
- Substantial progress with respect to strategic innovations and thus looking at a very healthy R&D pipeline affecting strategic focus areas
 - Fiber process innovation, pulp integration, biorefinery concept
 - Specialization: New specialty fibers e.g. TENCEL® from recycled raw materials
 - Forward solutions: breakthrough technologies
- R&D spending commitments expected to increase to EUR 50 mn as per Frascati definition for 2016

R&D expenses (2012-2016e)¹



Source: Lenzing

1) Pursuant Frascati

Focus on specialties: capacity additions until 2018

- Investment of EUR 100 mn debottlenecking existing specialties sites
 - Around EUR 30 mn investment in Lenzing (Austria)
 - Around EUR 70 mn investment in Heiligenkreuz (Austria)
- Fast and low cost capacity ramp up
 - 10 kt¹ still in 2016
 - Full 35 kt¹ until Q2/2018
- First step of the sCore TEN specialty expansion plan



Lenzing (Austria)



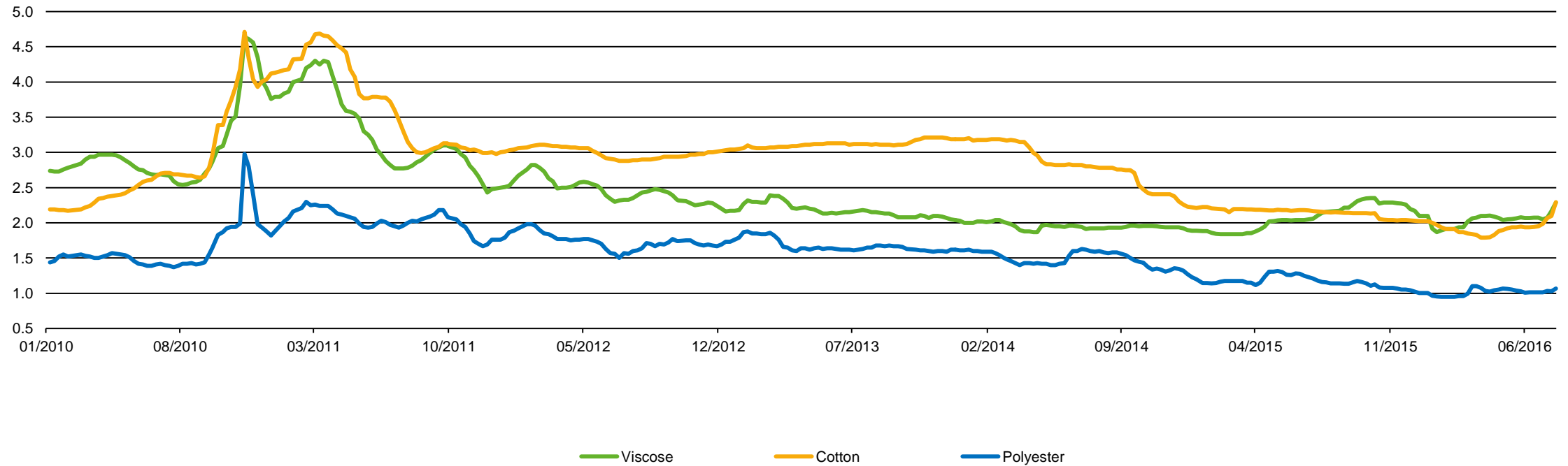
Heiligenkreuz (Austria)

1) Annualized

Interfiber price development

Staple fiber prices - Development in China

USD/kg (incl. VAT)

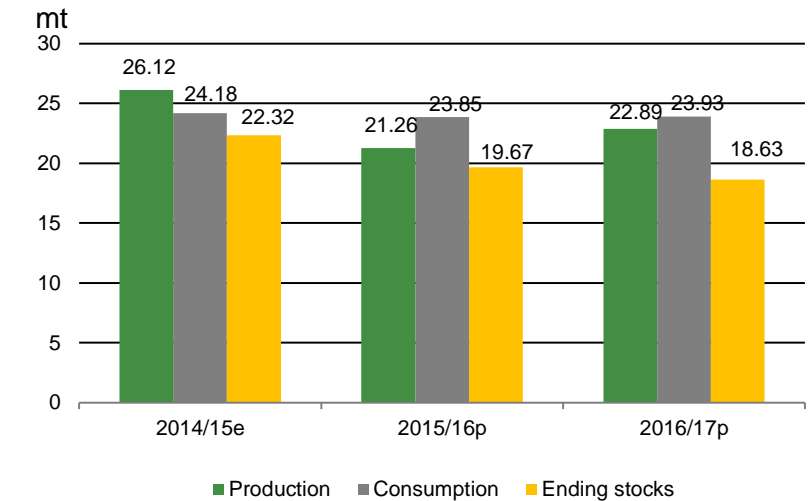


Sources: CCFGroup, CIRFS, Cotton Outlook, Fiber Economics Bureau, ICAC, National Statistics, The Fiber Year, Lenzing estimates. Percentage changes based on exact figures

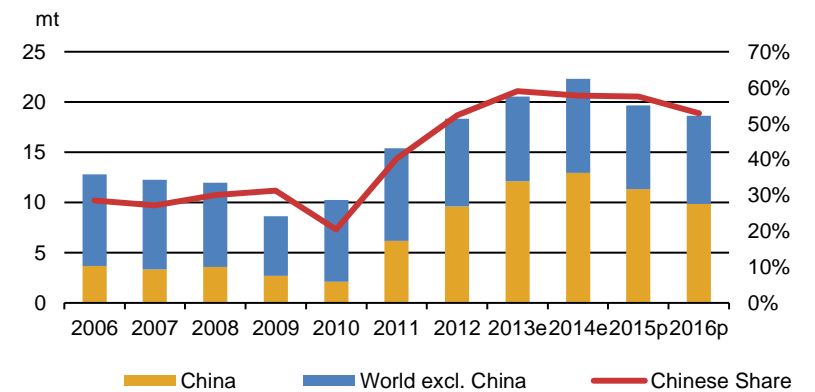
Cotton market developed unevenly in H1/2016

- Cotton price increased slightly in Q2/2016 after a further decline in Q1/2016
- Strong demand for cotton from Chinese government's reserve with daily average sales volume of 26 kt. Reserve decreased to 9.4 mt
- Total cotton production to fall 18.6% to 21.3 mt, the lowest level since season 2003/2004

Cotton market



Cotton inventories and China's share

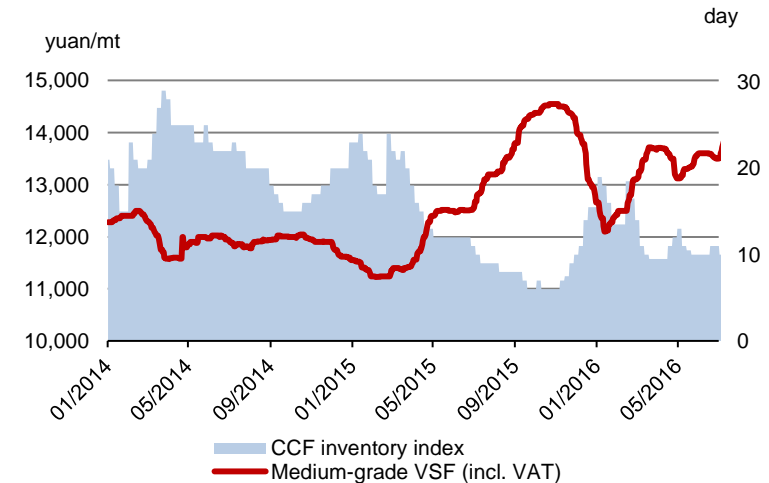


Sources: Cotton Outlook, ICAC, percentage changes based on exact figures

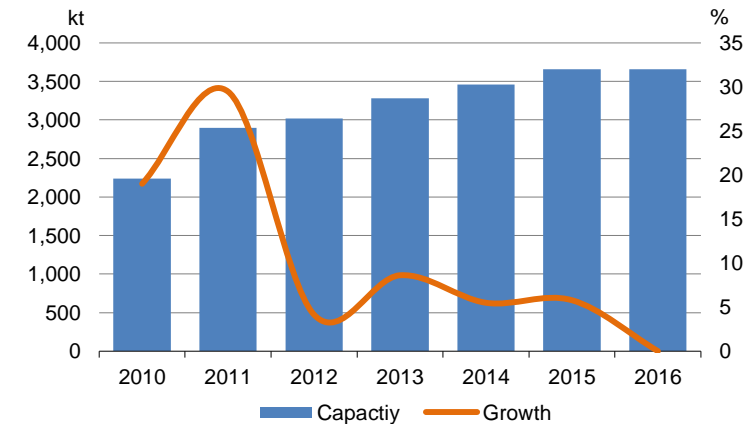
Healthier price level in the wood based fiber market in H1/2016

- Continuous strong demand for cellulose fibers
 - Lower inventory level
(Ø 11.5 days in H1/2016 vs Ø 16 days in H1/2015)
 - Higher operating rates at 88% (world) and 89% (China)
- Positive viscose pricing in H1/2016
 - Daily VSF spot fiber price up 7.1% from 12.600 RMB on 4 January 2016 to 13.500 RMB at 30 June 2016
- Viscose spot market price increased notably at the beginning of Q3/2016

VSF¹ price trend and inventory of China

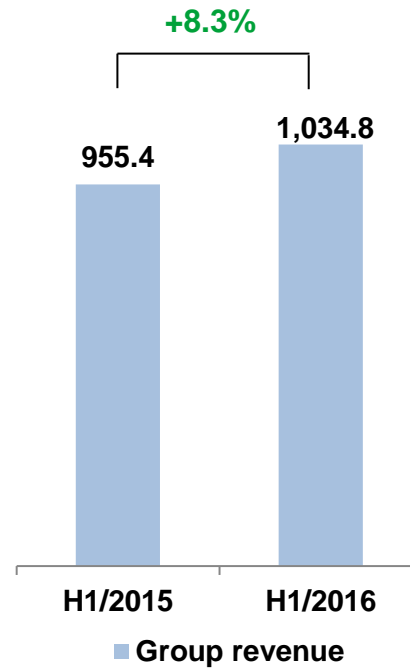
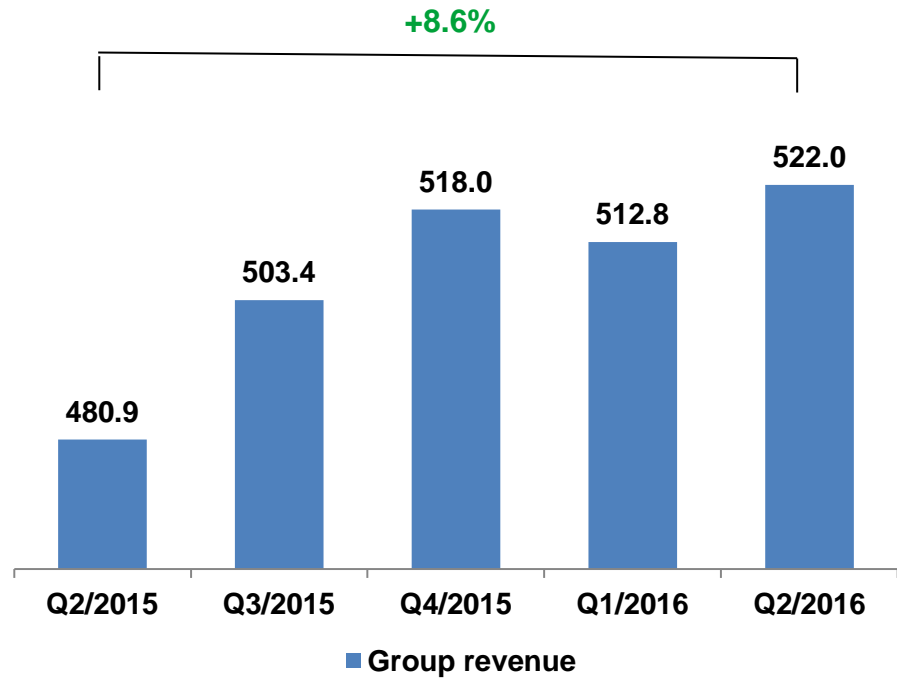


VSF capacity change of China since 2010

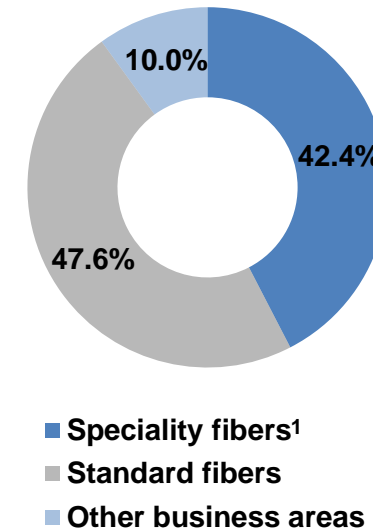


1) Viscose staple fibers
Source: CCFGroup

Revenue and specialty fibers share (EUR mn)



Share of specialty fibers in H1/2016



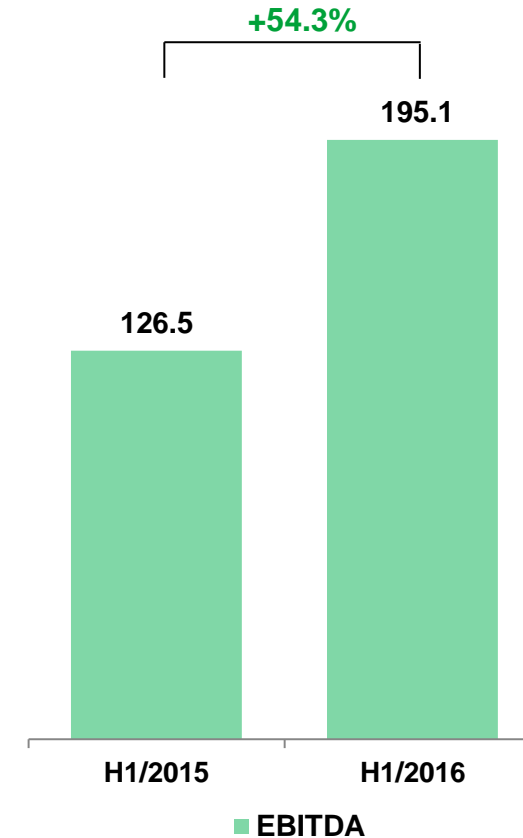
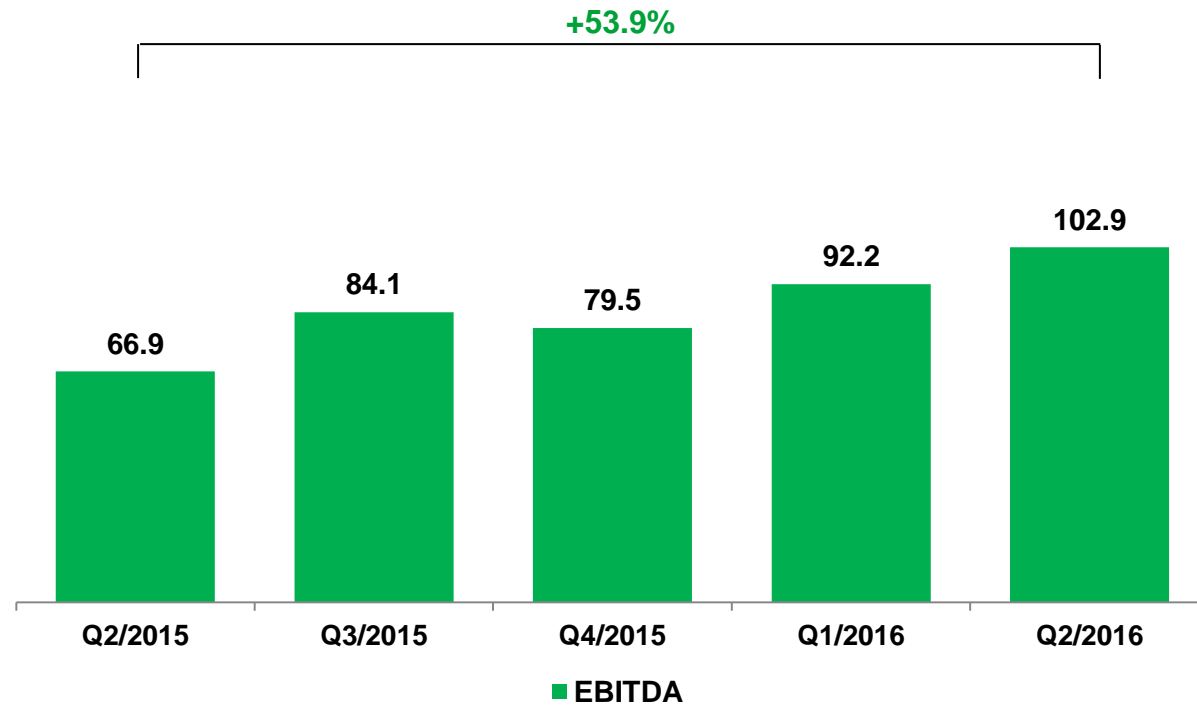
1) Specialty fibers: TENCEL®, Lenzing Modal®, Lenzing Viscose® specialties

EBITDA (EUR mn)

EBITDA margin

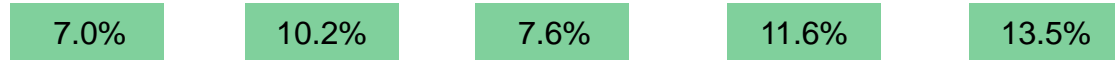


EBITDA margin



EBIT (EUR mn)

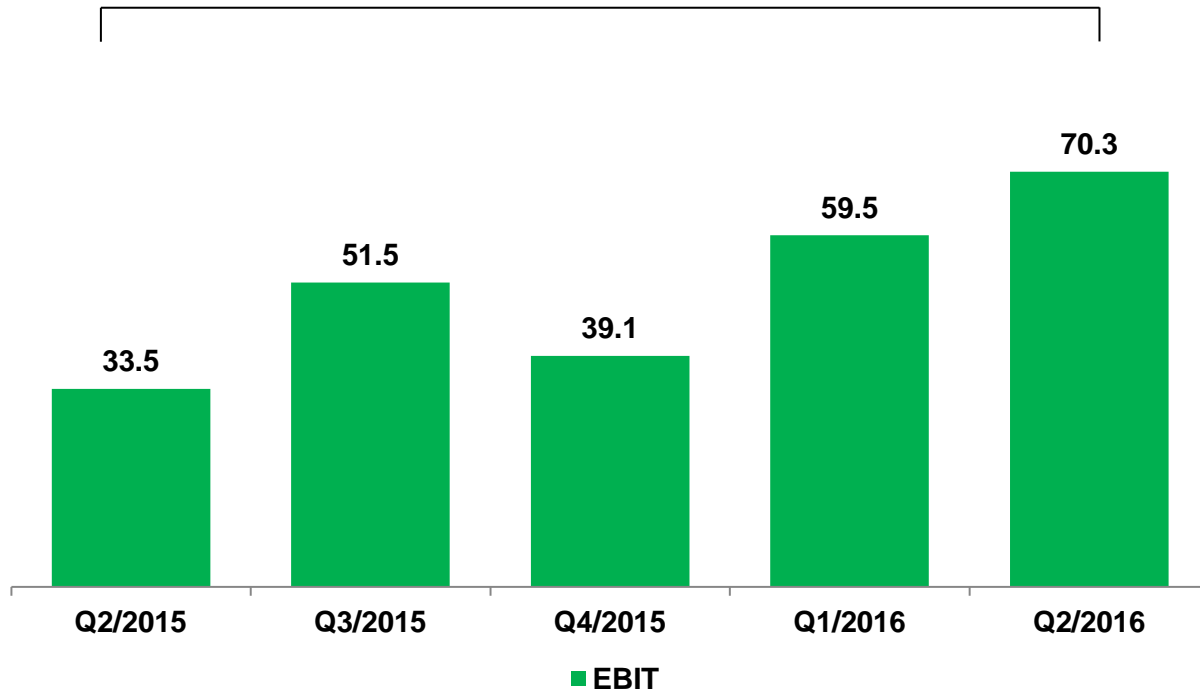
EBIT margin



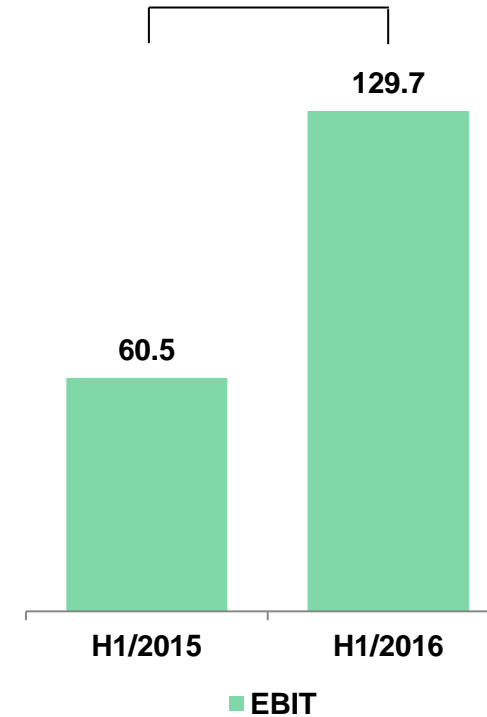
EBIT margin



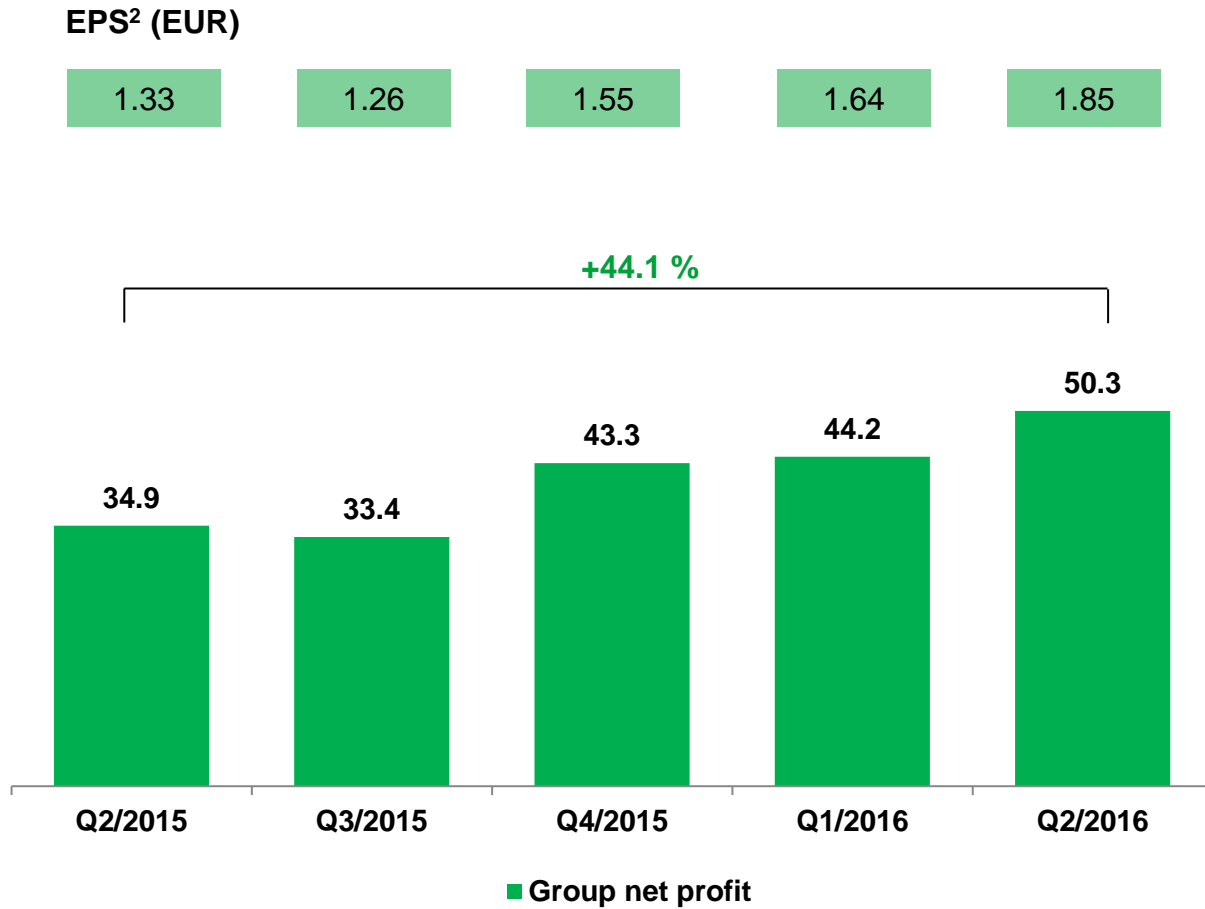
+109.7%



+114.6%



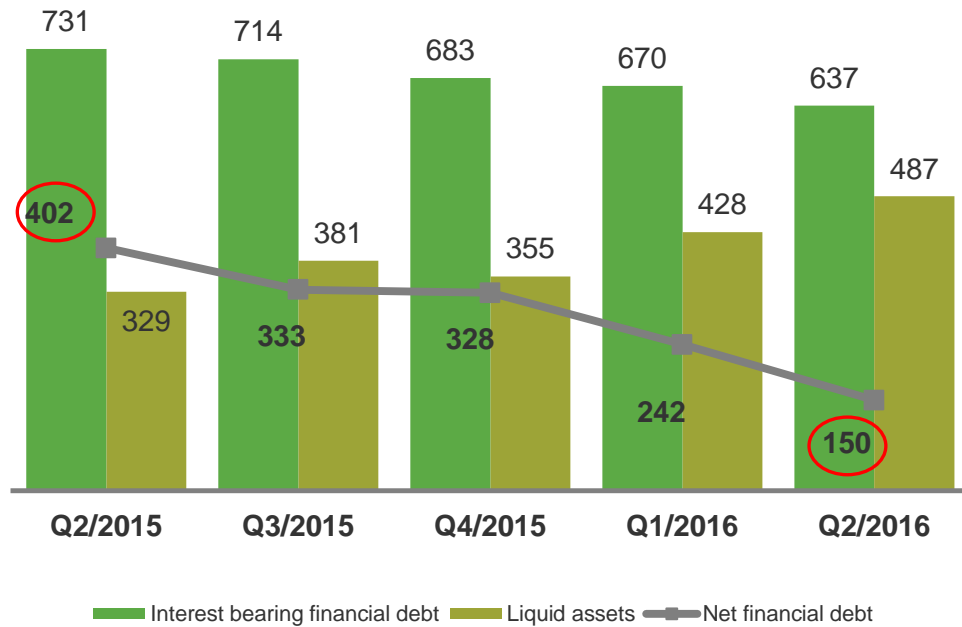
Net profit (EUR mn) and earnings per share (EUR)¹



1) Restatement according to IAS 8 (see note 2 of interim report 01-06/2016)

2) Attributable to Lenzing AG shareholders

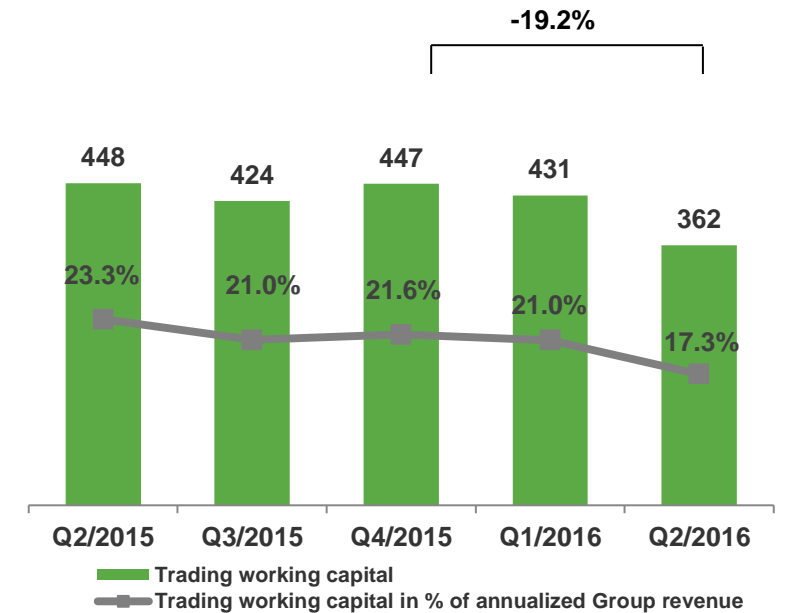
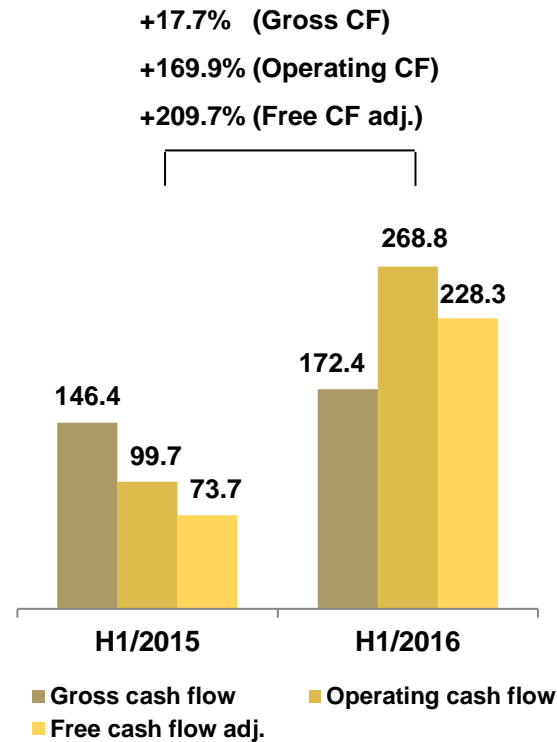
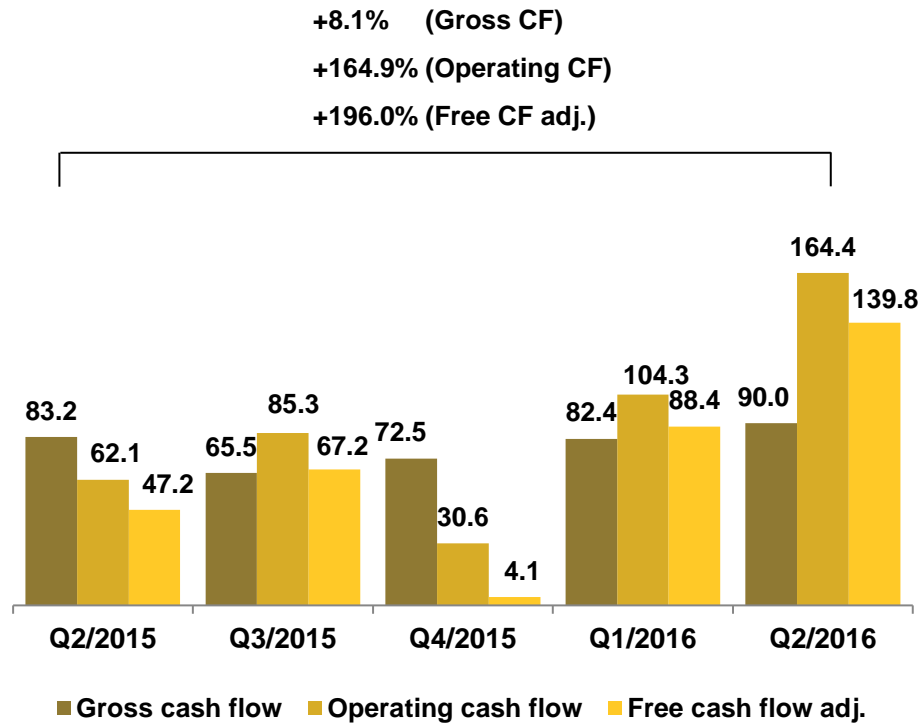
Key figures (EUR mn)



According to IFRS (EUR mn)	June 30, 2016	Dec. 31, 2015	Change in %
Total assets	2,468.2	2,410.6 ³	2.4
Liquid assets ¹	487.2	355.3	37.1
thereof liquid funds	479.2	347.3	38.0
Total liabilities	1,247.0	1,211.8 ³	2.9
thereof financial liabilities	637.3	683.2	(6.7)
Adjusted equity ²	1,239.6	1,218.6 ³	1.7
Adjusted equity ratio (%)	50.2	50.6 ³	-
Net gearing (%)	12.1	26.9 ³	-
Net financial debt	150.1	327.9	(54.2)

- 1) Including cash and cash equivalents, liquid securities and liquid bills of exchange
- 2) Including government grants less proportionate deferred taxes on government grants
- 3) Restatement according to IAS 8 (see note 2 of interim report 01-06/2016)

Cash flow development and trading working capital (EUR mn)



Outlook 2016

A good environment for the global fiber market environment is anticipated in the second half of 2016. The market for “wood-based cellulose fibers”¹ is currently developing very positive due to strong demand and unchanged supply.

The positive market environment and strong earnings figures for the first half of 2016 reinforces the optimism of the Lenzing Group with respect to the entire year. Lenzing expects excellent business results in the 2016 financial year and thus a substantial improvement compared to the 2015 financial year

1) Wood-based and cotton linter-based cellulose fibers, previously named man-made cellulose

Q2/2016 – Financial information



Q2/2016: Consolidated Group P&L

(EUR mn)	Q2/2016	Q1/2016	Q2/2015	H1/2016	H1/2015
Revenue	522.0	512.8	480.9	1,034.8	955.4
Change in inventories of finished goods and work in progress	2.4	(10.4)	(1.9)	(8.0)	(6.1)
Own work capitalized	5.4	6.1	7.1	11.5	13.0
Other operating income	11.8	11.4	15.2	23.3	35.6
Cost of material and purchased services	(297.5)	(292.5)	(293.1)	(590.0)	(600.3)
Personnel expenses	(80.8)	(75.3)	(75.0)	(156.1)	(151.3)
Other operating expenses	(60.5)	(59.9)	(66.3)	(120.4)	(119.8)
EBITDA/Margin	102.9/19.7%	92.2/18.0%	66.9/13.9%	195.1/18.9%	126.5/13.2%
Depreciation & Amortization	(33.4)	(33.4)	(34.1)	(66.8)	(67.4)
Income from the release of investment grants	0.7	0.7	0.7	1.4	1.4
EBIT/Margin	70.3/13.5%	59.5/11.6%	33.5/7.0%	129.7/12.5%	60.5/6.3%
Financial result	(3.0)	(4.4)	10.0	(7.4)	6.9
Allocation of profit or loss to puttable non-controlling interests	(0.8)	0.7	(0.1)	(0.1)	1.0
EBT/Margin	66.5/12.7%	55.8/10.9%	43.5/9.0%	122.3/11.8%	68.3/7.2%
Income tax expense	(16.1)	(11.6)	(8.5)	(27.7)	(16.9)
Tax rate (%)	24.3	20.8	19.6	22.7	24.7
Net profit/Margin	50.3/9.6%	44.2/8.6%	34.9/7.3%	94.6/9.1%	51.4/5.4%
Net profit attributable to shareholders of Lenzing AG/Margin	49.2/9.4%	43.5/8.5%	35.3/7.3%	92.7/9.0%	52.6/5.5%
EPS (in EUR)	1.85	1.64	1.33	3.49	1.98

Restatement according to IAS 8 (see note 2 of interim report 01-06/2016)

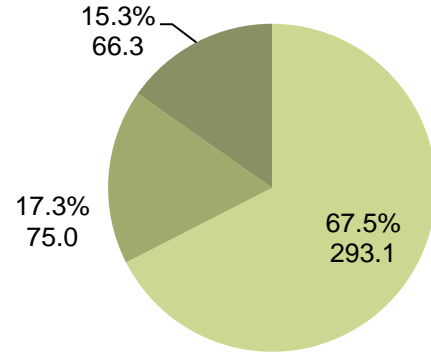
Q2/2016: Topline breakdown

(EUR mn)	Q2/2016	Q1/2016	Change Q2/Q1 (%)	Q2/2015	Change Q2/Q2 (%)	H1/2016	H1/2015	Change H1/H1 (%)
Breakdown of Fibers segment revenue								
Textile fibers (%)	71.2	70.7	-	69.3	-	71.0	68.2	-
Nonwoven fibers (%)	28.8	29.3	-	30.7	-	29.0	31.8	-
Fibers only	466.8	462.3	1.0	415.1	12.4	929.1	793.1	17.2
Others ¹	52.9	48.5	9.1	57.0	(7.3)	101.3	124.6	(18.7)
Total segment Fibers	519.7	510.8	1.7	472.2	10.1	1,030.4	917.7	12.3
Total segment Lenzing Technik	8.6	8.9	(3.7)	21.0	(59.2)	17.5	42.8	(59.1)
Others and consolidation	(6.2)	(6.8)	(8.9)	(12.3)	(49.5)	(13.0)	(5.0)	160.6
Total Group revenue	522.0	512.8	1.8	480.9	8.6	1,034.8	955.4	8.3

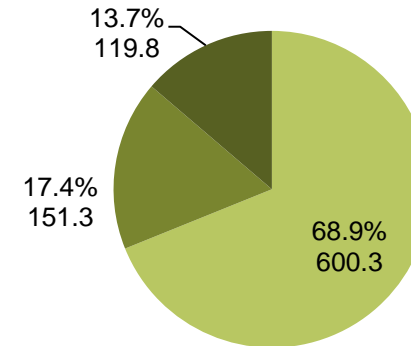
1) Includes sales of sodium sulfate and black liquor, external sales of pulp, wood and energy

Q2/2016 Total Opex structure

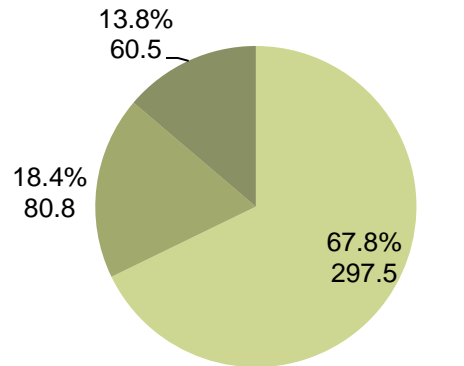
Q2/2015 (Total Opex EUR 434.4 mn)



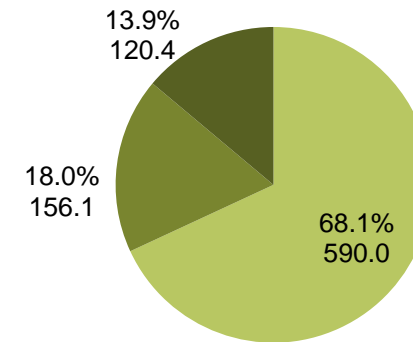
H1/2015 (Total Opex EUR 871.4 mn)



Q2/2016 (Total Opex EUR 438.8 mn)



H1/2016 (Total Opex EUR 866.5 mn)

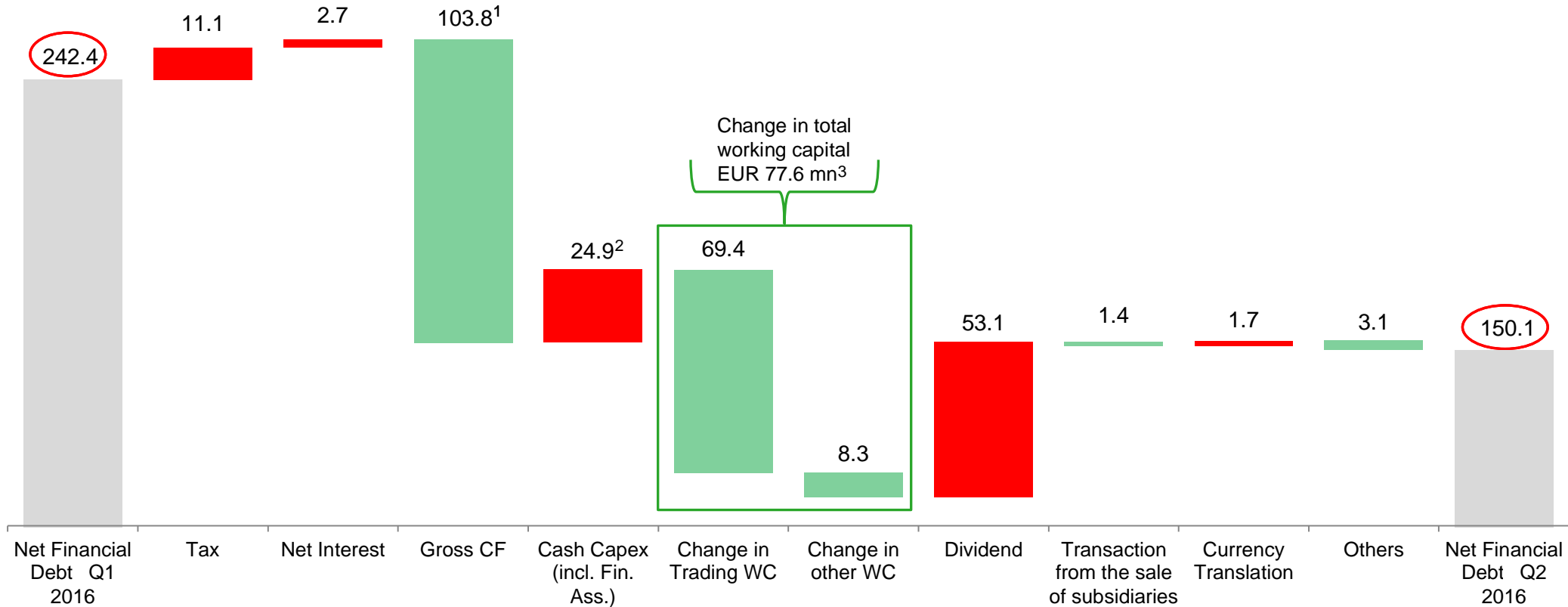


- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

Q2/2016: Financials

EUR mn



1) Gross CF before taxes and interest

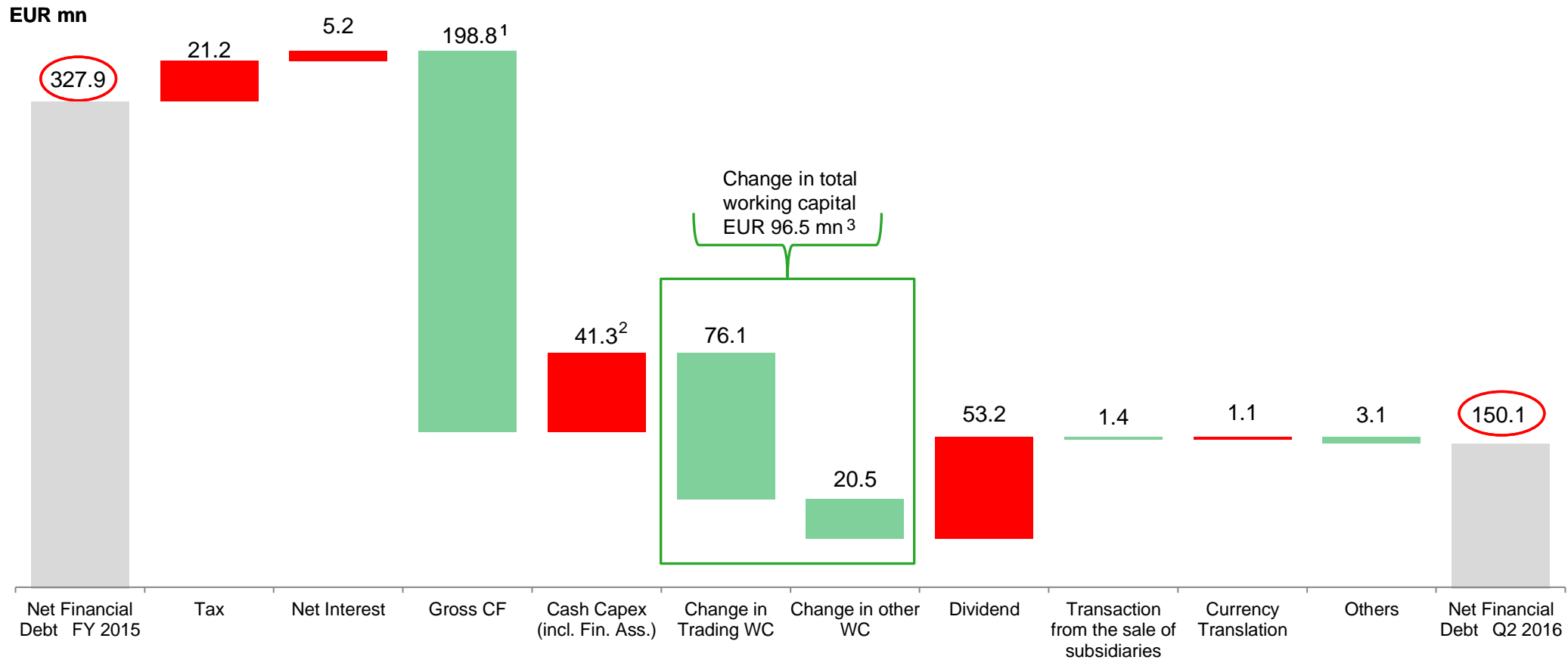
2) Including CAPEX of EUR (24.7) mn and Financial assets of EUR (0.2) mn

3) Change in total working capital EUR 74.5 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR 3.1 mn

Total Change in working capital EUR 77.6 mn (according to net debt)

H1/2016: Financials



1) Gross CF before taxes and interest

2) Including CAPEX of EUR (40.6) mn and Financial assets of EUR (0.6) mn

3) Change in total working capital EUR 96.4 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR 0.1 mn

Total Change in working capital EUR 96.5 mn (according to net debt)

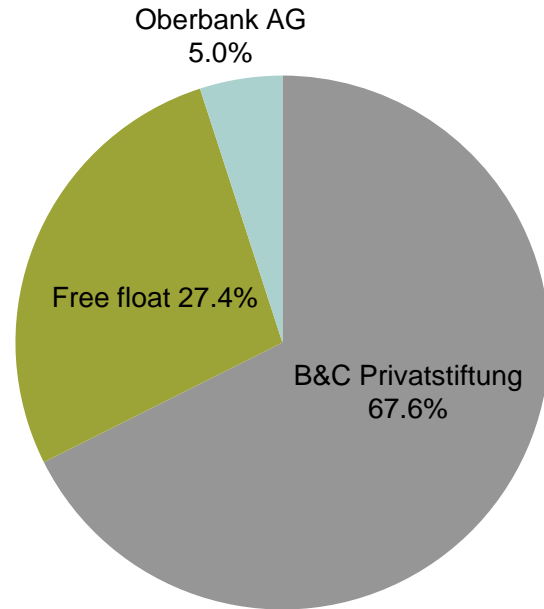
Q2/2016: Cash flow

(EUR mn)	Q2/2016	Q1/2016	Change Q2/Q1 (%)	Q2/2015	Change Q2/Q2 (%)	H1/2016	H1/2015	Change H1/H1 (%)
Gross CF (before taxes and interest)	103.8	95.0	9.2	94.8	9.5	198.8	152.6	30.3
Taxes and interest	(13.8)	(12.6)	9.3	(11.5)	19.5	(26.4)	(6.1)	331.3
Gross CF (after taxes and interest)	90.0	82.4	9.2	83.2	8.1	172.4	146.4	17.7
Change in total working capital ¹	74.5	21.9	239.7	(21.2)	-	96.4	(46.7)	-
Operating cash flow	164.4	104.3	57.6	62.1	164.9	268.8	99.7	169.6
Investment cash flow ²	(20.9)	(16.1)	30.0	(1.9)	-	(37.0)	(13.6)	171.6
Free cash flow unadj.	143.5	88.2	62.7	60.1	138.8	231.8	86.1	169.2
Net inflow from sale of subsidiary	(1.4)	0.0	-	(13.8)	(90.0)	(1.4)	(13.8)	(89.7)
Acquisition of other financial assets	0.2	0.4	(48.1)	1.1	(80.1)	0.6	1.8	(64.3)
Proceeds/repayments of other financial assets	(2.6)	(0.2)	-	(0.2)	-	(2.8)	(0.4)	-
Free cash flow adj.	139.8	88.4	58.1	47.2	196.0	228.3	73.7	209.7

1) Including trade and other working capital

2) Including investment in financial assets and proceeds from disposal

Lenzing share information



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)

ISIN	LNZ / AT0000644505
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Indices	ATX Prime, ATX Global Players, VÖNIX Sustainability Index
Number of shares	26,550,000
Share price June 30, 2016	EUR 83.00
Market capitalization June 30, 2016	EUR 2,203.650 mn

Coverage as at August 22, 2016:

Baader Bank	Buy
Berenberg Bank	Buy
Deutsche Bank	Hold
Erste Group	Accumulate
Kepler Cheuvreux	Buy
Landesbank Baden-Württemberg	Buy
Raiffeisen Centrobank AG	Hold

Contacts and financial calendar

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<http://www.lenzing.com/en/investors/financial-publicationsad-hoc.html>
- Visit our SRI sites
<http://www.lenzing.com/en/responsibility/our-approach.html>
<http://www.lenzing.com/en/press/publications/sustainability-reports.html>

Financial calendar

Full year result	March 23, 2016
71 st Annual General Meeting	April 20, 2016
Result 1 st quarter	May 12, 2016
Half-year result	August 24, 2016
Result 3 rd quarter	November 16, 2016