

Lenzing

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Stand up for future generations

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Lenzing Investor Presentation

Results 01-06/2021
August 4, 2021



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- Definition and further details on the calculation of financial key indicators can be derived from the Half-Year Report and the Annual Report. These reports are also available online on the website of the Lenzing Group www.lenzing.com in the section "Investors".

At a glance

H1-2021 financial results

- Revenue of EUR 1,033 mn (EUR 810 mn in H1-2020)
 - Specialty share¹ reached 73 % (72 % in H1-2020)
- EBITDA of EUR 218 mn (EUR 96 mn in H1-2020)
 - EBITDA more than doubled due to positive price development as well as cost-efficiency measures
- Net result after minorities of EUR 81.2 mn (EUR 1.5 mn in H1-2020)
 - EPS of EUR 3.06 (EUR 0.06 in H1-2020)

Key developments & strategic highlights

- Largest expansion program in corporate history fully on track despite challenging COVID-19 situation
 - 100 kt lyocell plant in Thailand to start in Q4-2021
 - 500 kt DWP³ plant in Brazil on schedule to start in H1-2022
- Lenzing further progressed in its sustainability commitments

Outlook and guidance 2021

- Positive environment still characterized by high level of uncertainty regarding COVID-19 pandemic
- Taking into account the above factors and due to the very positive development of the first half of the year, the Lenzing Group expects the EBITDA in 2021 to reach at least a level of EUR 360 mn

2024 targets confirmed

- EBITDA of EUR 800 mn
- ROCE² > 10 %
- Financial leverage < 2.5x
- Specialty share > 75 % of fiber revenue
- Backward integration > 75 % in DWP³
- CO₂ emission reduction⁴ > 40 %

1) In % of fiber revenue

2) Adjusted for plants under construction

3) DWP = Dissolving wood pulp

4) Per sold ton of DWP and fiber

Highlights



New organizational structure to further increase efficiency and transparency

CEO

Stefan
Doboczky



CFO

Thomas
Obendrauf



Division Fiber

Board Member Fibers

Robert
van de Kerkhof



Board Member Fibers

Stephan
Sielaff



Division Pulp

Board Member Pulp

Christian
Skilich



New organizational structure – divisions „Fiber“ and „Pulp“

- Support goals of sCore TEN strategy focusing on profitable, organic specialty fiber growth
- Strengthening of bottom line responsibilities

Sustainability pressure on synthetic fibers further increasing

February 2021

Fossil Fashion: hidden reliance of fast fashion on fossil fuels

- Fashion industry relies heavily on use of cheap synthetic fibers
- Turning PET bottles into recycled polyester fiber not sustainable or circular solution
- Call for prompt and radical legislative action



June 2021

Synthetics Anonymous: fashion brands' addiction to fossil fuels

- Investigation of behaviour of fashion brands and retailers
- Majority of brands dragging feet on reducing reliance on fossil-fuel based fibers
- Well-known brands landing in red-zone for heavy use of synthetics



Lenzing continues to invest globally in its sustainability agenda

Purwakarta (Indonesia) and Nanjing (China)

- Improvements of emissions to air and water and increase use of biogenic fuels in Purwakarta by end of 2022
- Natural gas based cogeneration and conversion of standard viscose line to 35,000 tons TENCEL™ branded modal fibers line in Nanjing by end of 2022
- Total investment of EUR >200 mn
- First wood-based fiber complex in China independent from coal as an energy source
- Reduction of sulphur emissions by > 50% and CO₂ by > 320,000 tons per year
- Full compliance of all viscose and modal production with EU Ecolabel standard

Grimsby (UK)

- Building state-of-the-art wastewater treatment plant
- Investment of GBP 20 mn
- Big step towards reducing the Group's wastewater emissions 20 percent by 2022

Lenzing (A)

- New air purification and sulfur recovery plant running
- Investment of EUR 40 mn
- Further enhancement of self-sufficiency in raw materials

Lenzing raises bar for sustainability in textile and nonwovens industries by building long-term partnerships



TENCEL™ Limited Edition initiative

- Collaboration with Orange Fiber as part of new TENCEL™ Limited Edition initiative
- First ever TENCEL™ branded lyocell fiber made of orange and wood pulp
- Shared vision to enhance sustainability in the textile and fashion industry



TENCEL™
limited edition



Lenzing and Södra are joining forces in textile recycling

- Cooperation to address the enormous textile waste challenges of the industry and the society
- Transfer of knowhow between the two companies
- Joint process development followed by a capacity expansion for pulp from post-consumer waste
- Goal to recycle ~25,000 tons of textile waste per year by 2025



Blockchain-enabled traceability platform powered by TextileGenesis™

- Blockchain project with TextileGenesis™
- Tracing fibers from origin to final garment sold at fashion brand
- Currently roll out across all regions (1,000+ value chain partners)
- Scaling programs with renowned fashion companies such as H&M and Bestseller ongoing

Lenzing further drives sustainability awareness in textiles and TENCEL™ preference with key brand initiatives

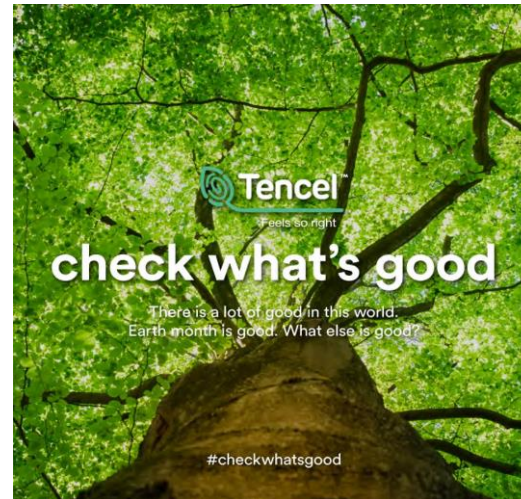
TENCEL™ at the Oscars

- 341mn reach



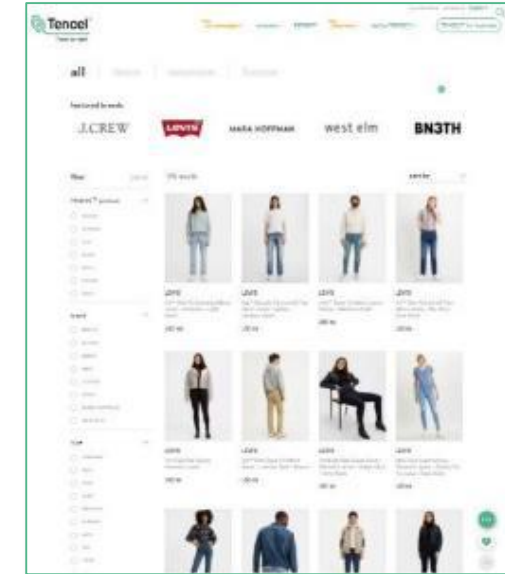
Earth Month campaign

- 28mn reach
- 60 co-brand partners



TENCEL™ E-shop

- 20mn PR reach
- 8 brand partners incl. Levi's, H&M, Esprit, West Elm



Lenzing welcomes EU in fighting against plastic waste by positioning VEOCEL™ as sustainable alternative and label of trust

Single-Use Plastics Directive

- Guidelines of the EU Commission to implement the Single-Use Plastics Directive have been published
- Uniform labelling obligation for wipes and feminine hygiene products containing plastics as of July 03, 2021



Lenzing's VEOCEL™ fibers as sustainable alternative

- Lenzing's wood-based, biodegradable VEOCEL™ branded fibers as a sustainable alternative to plastic



Lenzing with attractive alternative to fossil-based materials in personal hygiene and raising attention to biodegradability

VEOCEL™ Dry technology

- Eco-responsible alternative to fossil-based materials in personal hygiene products
- Providing hydrophobic characteristics whilst being biodegradable and compostable
- Soft to touch and provide a dry feeling in personal care products



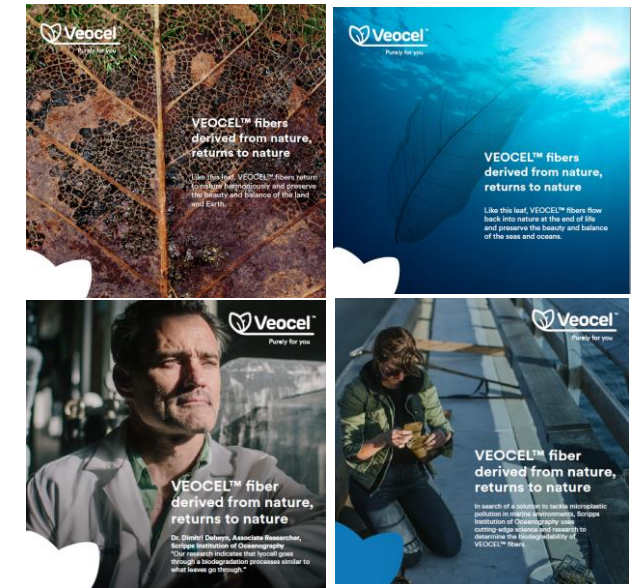
Collaboration with One Tree Planted

- 1.3+MM impressions



VEOCEL™ biodegradability & Science@Home

- incl. German ZDF TV broadcasting with 1.4MM views



Leading sustainability position reflected by Platinum status with EcoVadis – reserved for the world’s top 1% companies



- World’s largest and most trusted provider of corporate sustainability ratings
- Global network of more than 75,000 rated companies in 160 countries worldwide

- Lenzing awarded **platinum status** for sustainability by EcoVadis and ranks among the **world’s top one percent** of the companies evaluated
- Assessment covers: **environment**, **fair working conditions** and **human rights**, as well as **ethics** and **sustainable procurement**
- **Highlighted essential criteria** for Lenzing’s rating:
 - **Scientific validation of climate targets** (Science Based Targets Initiative)
 - The **responsible procurement** of **raw materials** as a core element in the company’s sustainability strategy
 - **Support for external environmental initiatives** and initiatives on labour and human rights issues (Sustainable Apparel Coalition, Fashion Industry Charter for Climate Action)



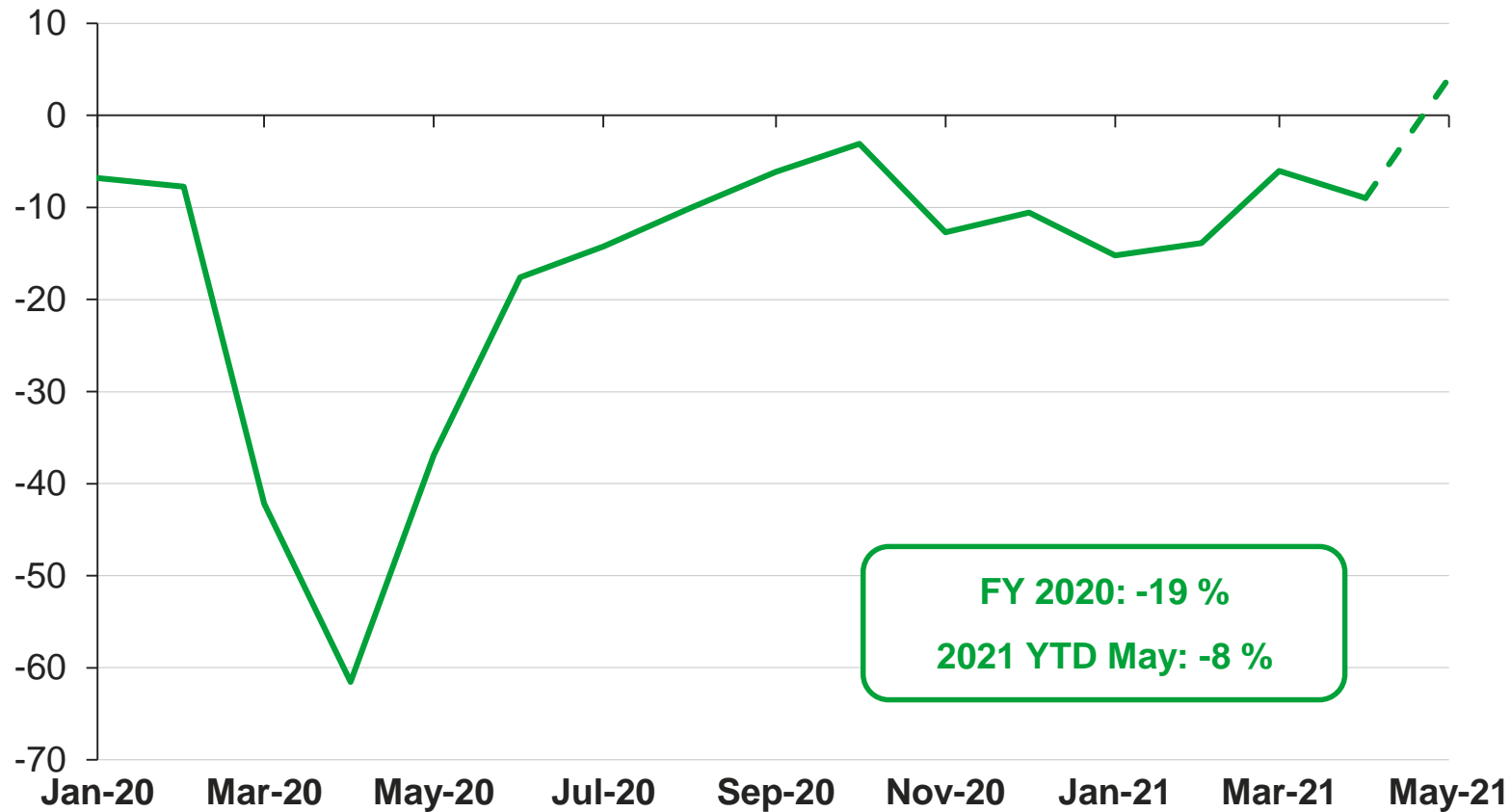
Market update



Global apparel retail sales at 2019 levels and at least partly decoupled from rising Covid-19 cases

Monthly global apparel retail sales¹

Percent of 2019



Further development dependent on many variables and uncertainty remains high

- Development of Covid-19 cases, new virus variants, and vaccine rollout – surveys show vaccinated consumers spend more!
- Unemployment and stimulus packages dampen or boost consumer appetite to shop
- Pent-up demand once pandemic is "over"

¹ Estimated based on 42 countries accounting for 84 % of global 2019 apparel retail sales. For some countries (e.g., US, EU) excluding online retail sales. Number for May is a first estimate based on 27 countries accounting for 73 % of global sales

www.lenzing.com

SOURCE: Lenzing estimates based on national statistical offices (as of July 15, 2021)

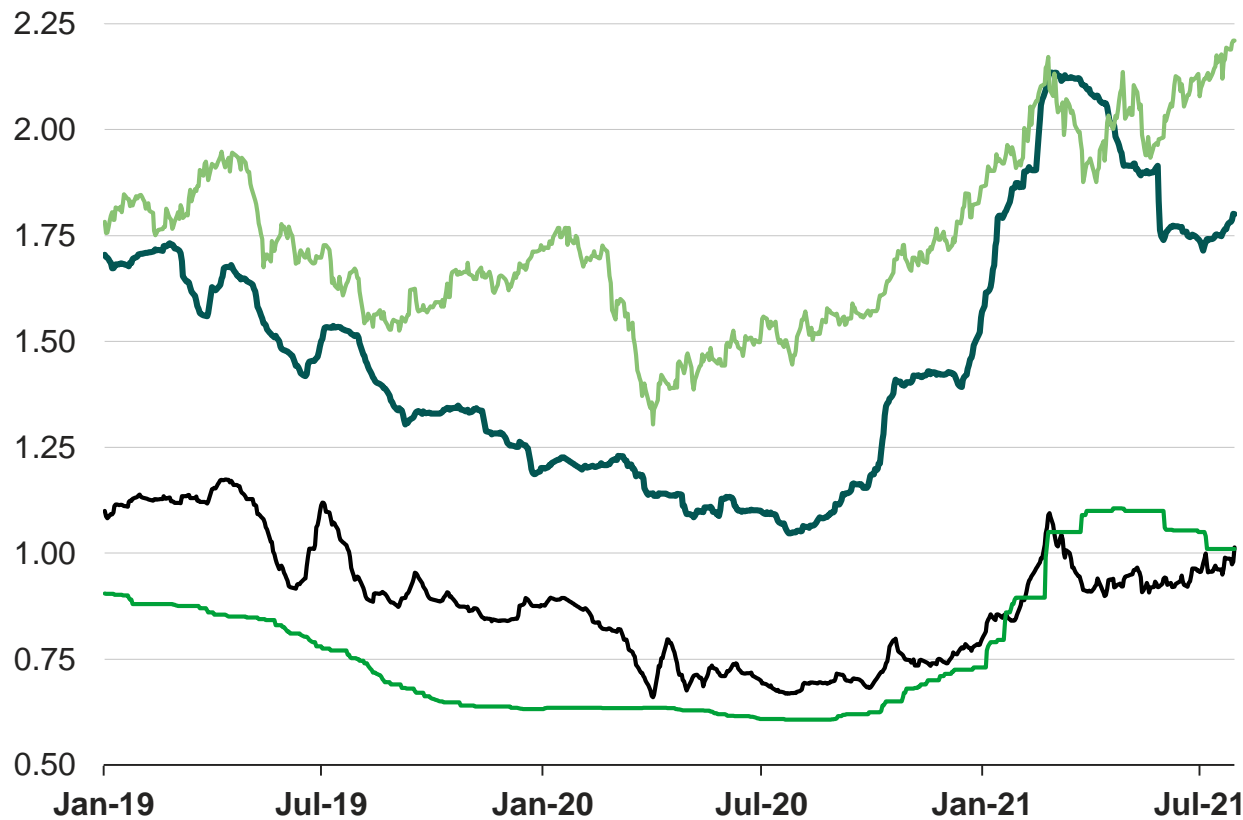
03/08/21 - 14

Fiber prices reflect influences of seasonality and the ongoing pandemic on important markets

Fiber prices in China

USD/kg, excl. VAT

— Viscose — Polyester
— Cotton FE — Dissolving hardwood pulp



Cotton

- Good demand – especially for imported cotton in China, and expectation of further procurement by China Cotton Reserve – and lower production than in previous seasons provided strong support for cotton prices; Usc/lbs 96.7 (USD/kg 2.13) at half-year end (Cotton A Index)

Viscose

- VSF prices partially lost first quarter's gains due to seasonal effects and the textile market still suffering from the pandemic; RMB/ton 12,710 (USD/kg 1.74) at half-year end
- Operating rates in the Chinese VSF industry down to ~69% (5y avg. 81%)
- Inventory levels at the end of the period under review with 25 days clearly above long-term average (5y avg. 18 days)

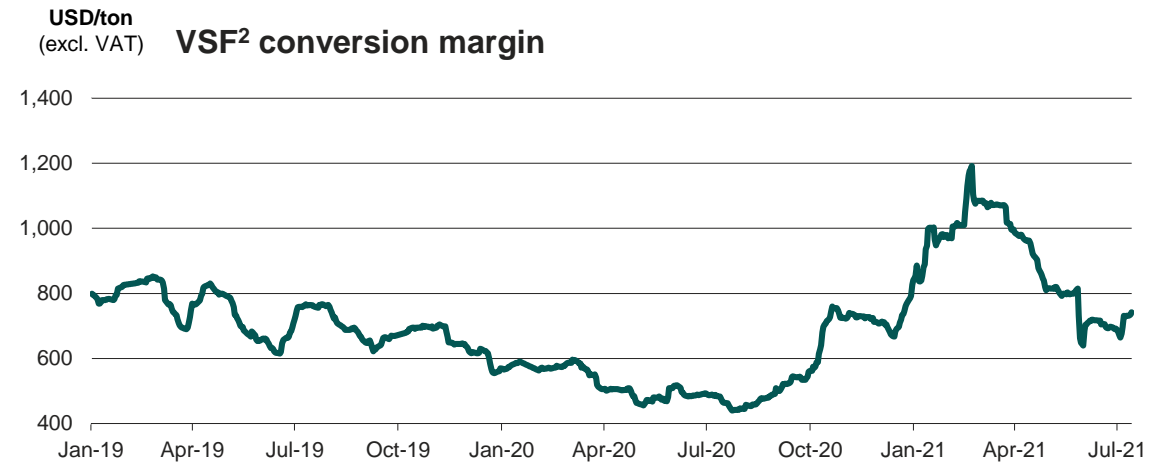
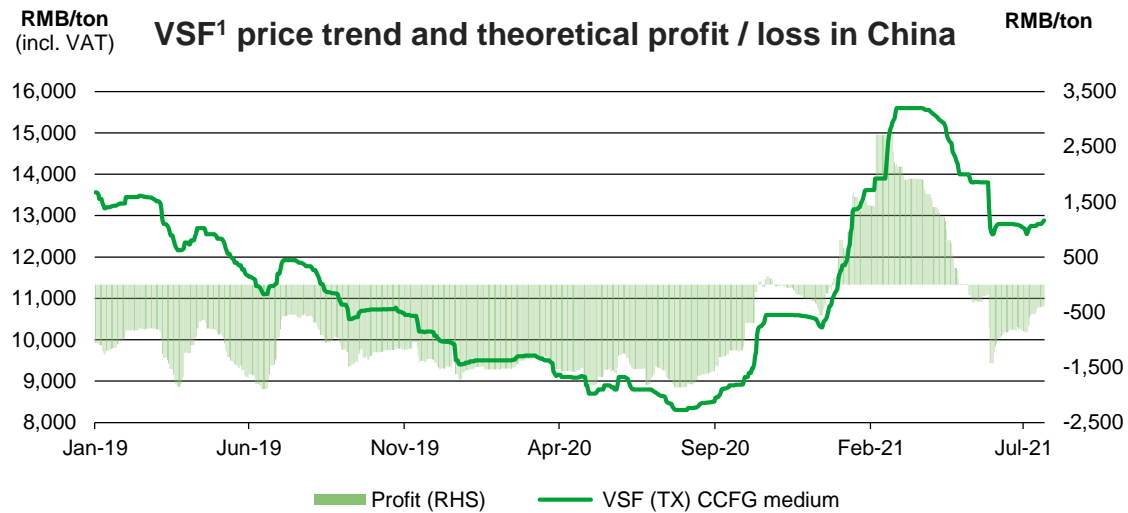
Dissolving hardwood pulp

- Dissolving wood pulp prices peaked remained at solid levels ended at USD/ton 1,055

Polyester

- After the peak at the end of March, prices reduced significantly before oscillating in the range of RMB/ton 6,600 to 7,000 (USD/kg 0.91-0.97)

Numerous Chinese VSF plants make losses again



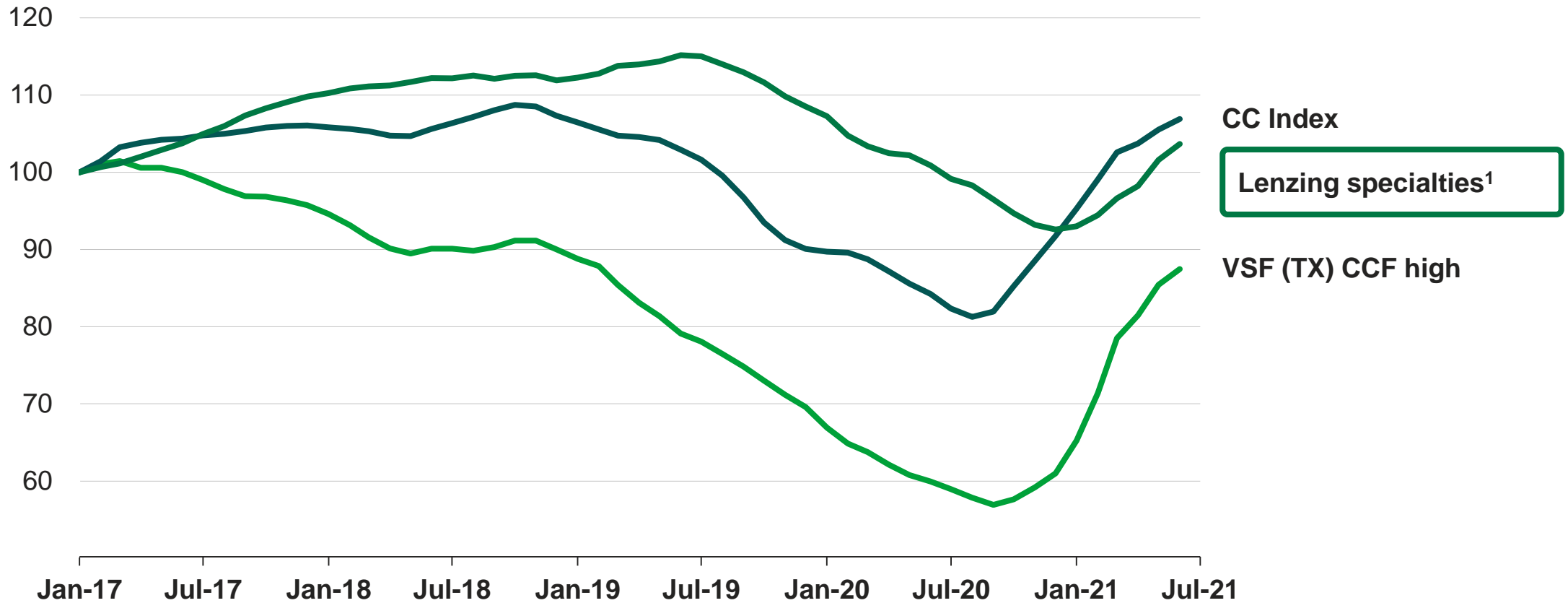
1 Standard viscose staple fibers, price development until July 21th, 2021

2 Conversion margin = VSF – imported hardwood dissolving pulp (DWP). DWP is key input material; 1 ton of fiber (VSF, modal, lyocell) requires ~1 ton of DWP

Cellulosic fiber prices are recovering from trough in 2020

Cellulosic fiber prices in China¹

6-months average, percent from 1/17, converted at constant FX rates



¹ Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

Expansion projects

DWP mill in Brazil remains on time and in budget

- JV LD Celulose (LDC): Lenzing holds 51%, Duratex 49% → JV fully consolidated by Lenzing

Key facts:

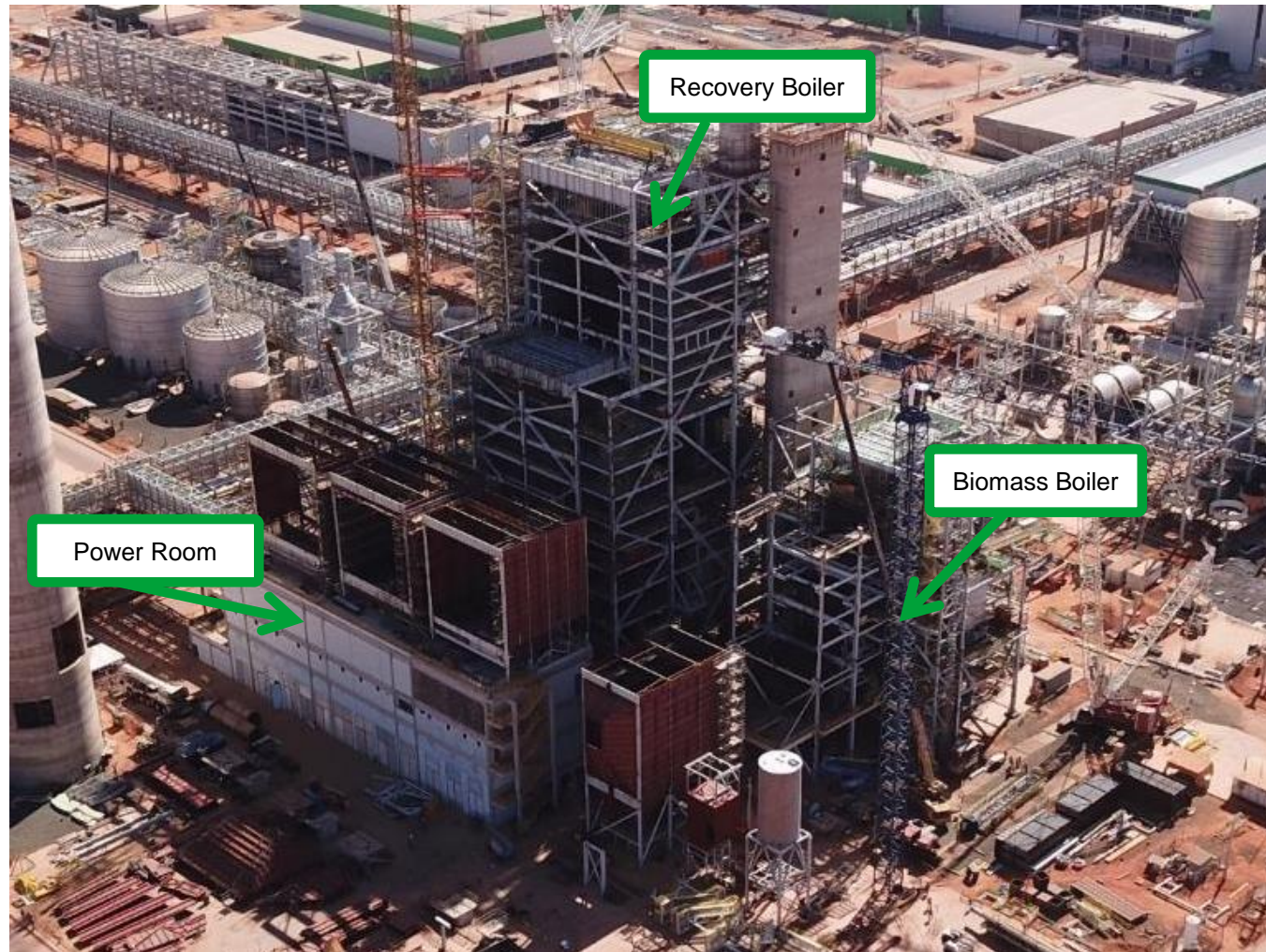
- 500 kt single line DWP mill
- **Largest of its kind**
- USD 1.38 bn industrial capex
(USD 704 mn Lenzing's economic share)
- Cash costs of ~USD 300 per mt
- **Absolute cost leader**
- Long-term average DWP price: ~USD 900/mt
- Expected ramp-up in H1/2022
- **Almost full run rate expected end of 2022**



Overview



Recovery and Biomass boilers



Effluent Treatment



Wood handling



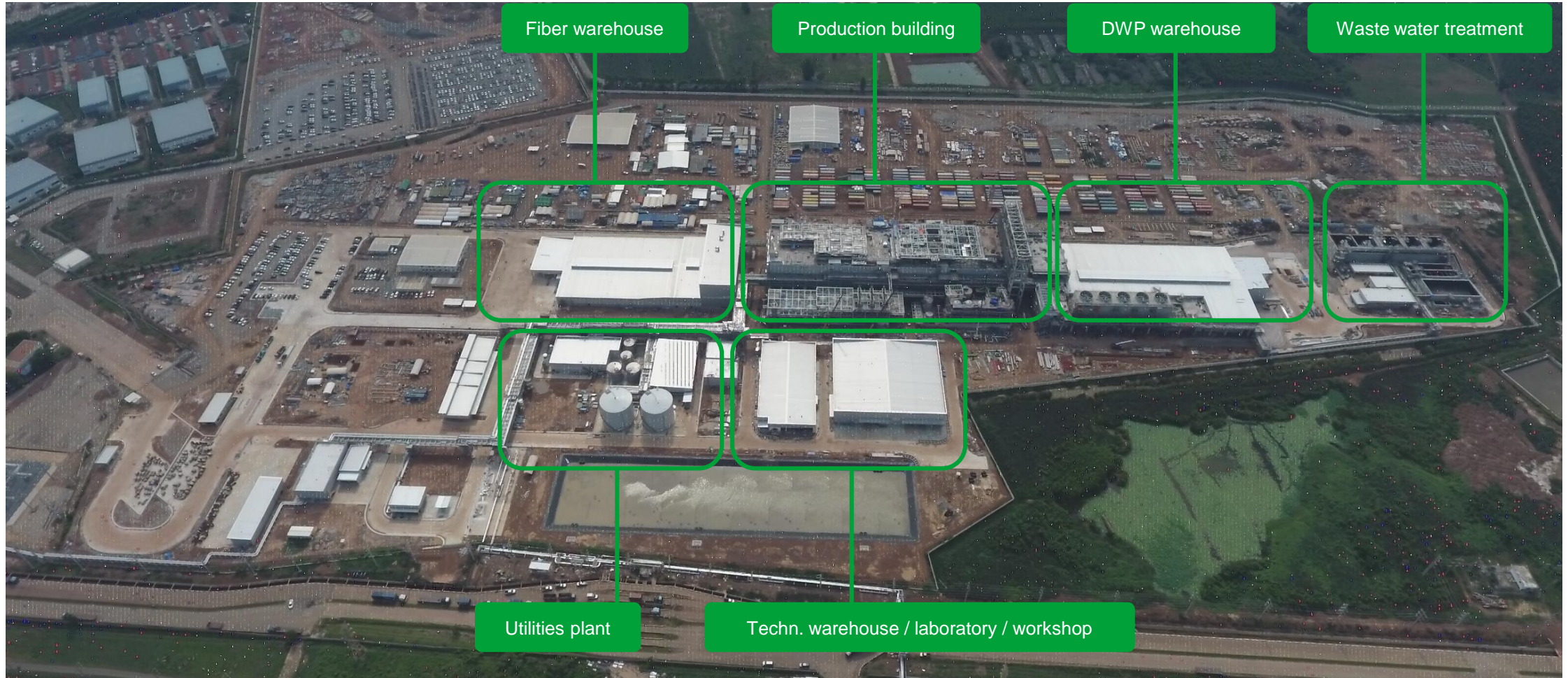
Lyocell expansion project in Thailand (T3) fully on track

Key facts:

- 100 kt lyocell fiber plant
 - ➔ **Largest of its kind**
 - ➔ **Strong boost to specialty exposure**
- ~EUR 400 mn industrial capex
 - ➔ **Project fully on track – incl. recruiting and onboarding**
- Ramp-up expected end of 2021
 - ➔ **Fully ramped by H2-2022**
- Bioenergy secured, carbon-neutral site
- Attractive tax incentive scheme



Overview



Production building



Technical warehouse / laboratory / workshop



Utilities plant

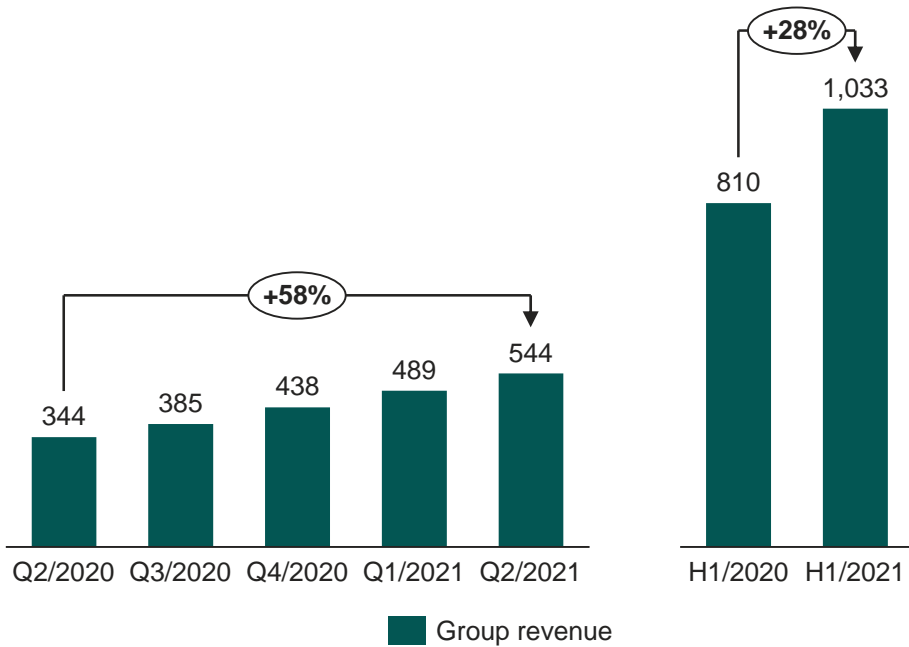


Q2-2021 Financials

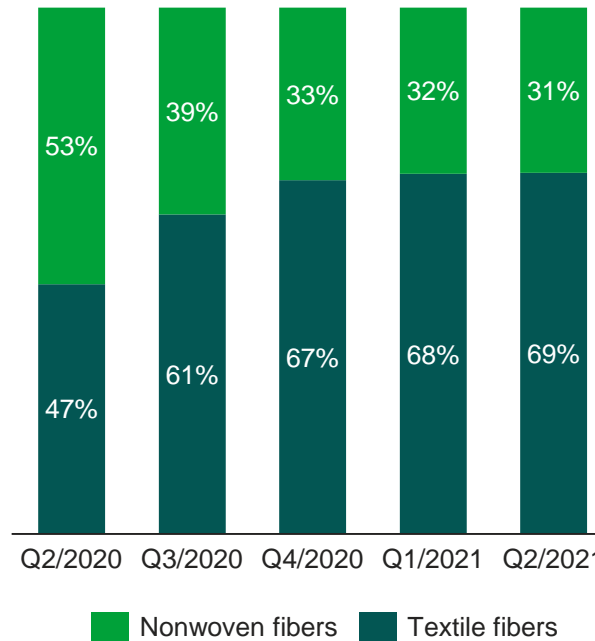


P&L – Revenue

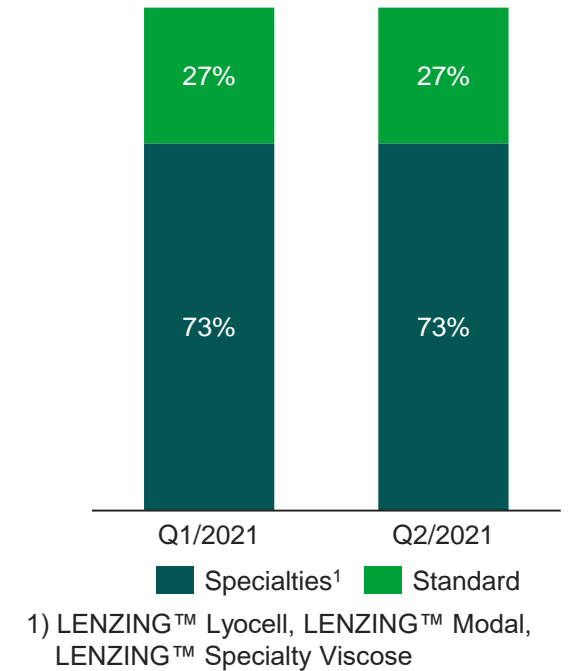
Group revenue (EUR mn)



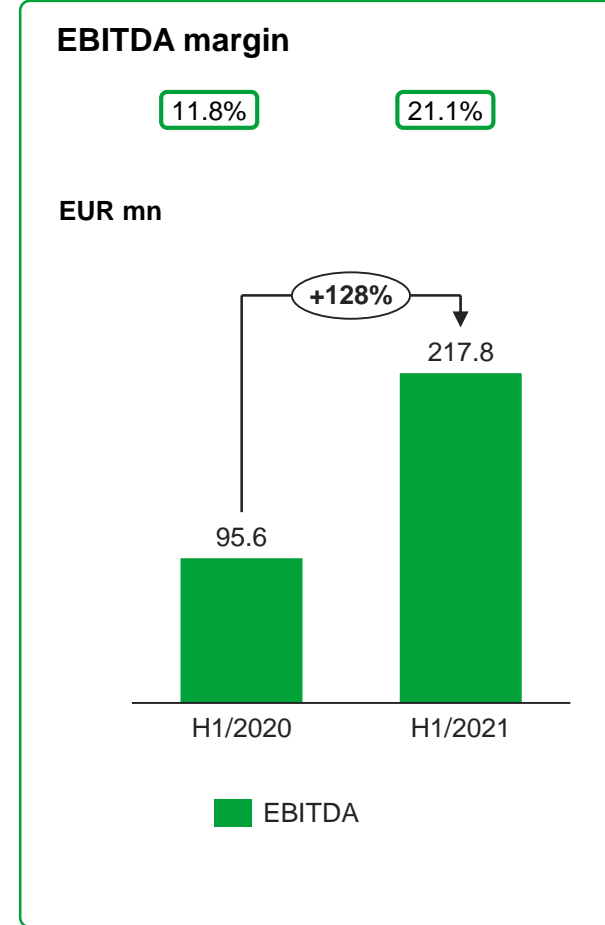
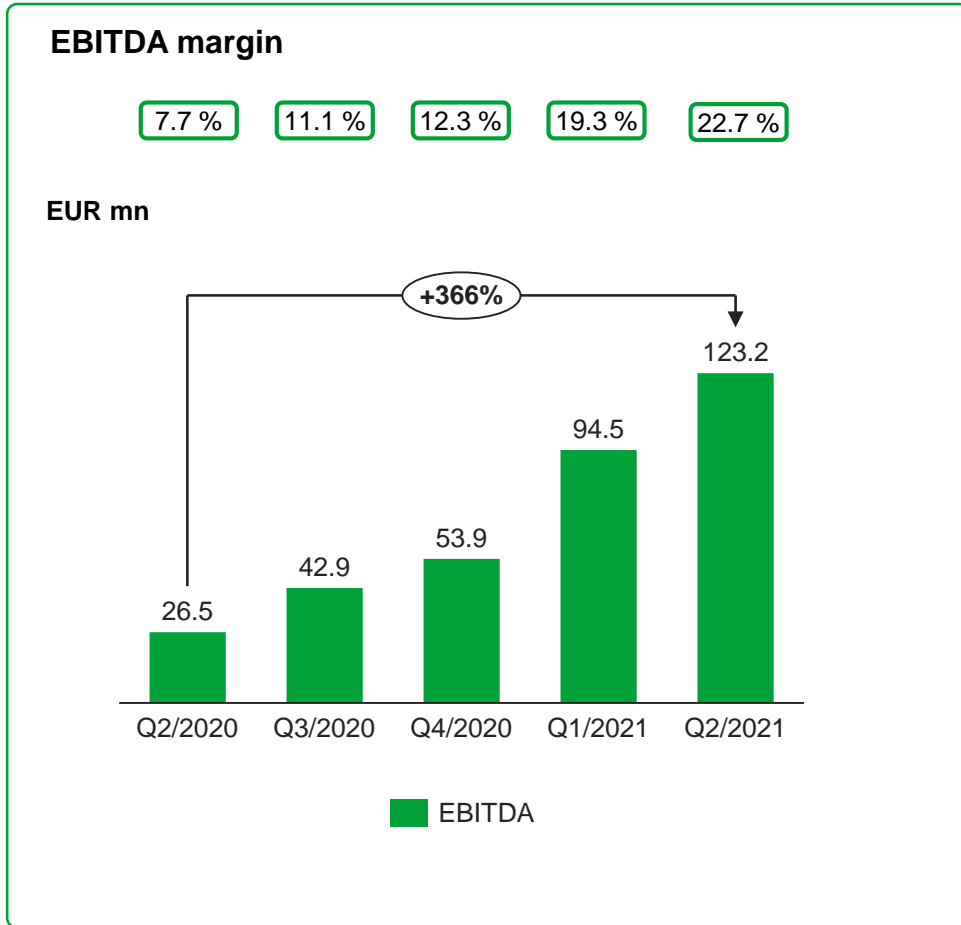
Fiber revenue by application



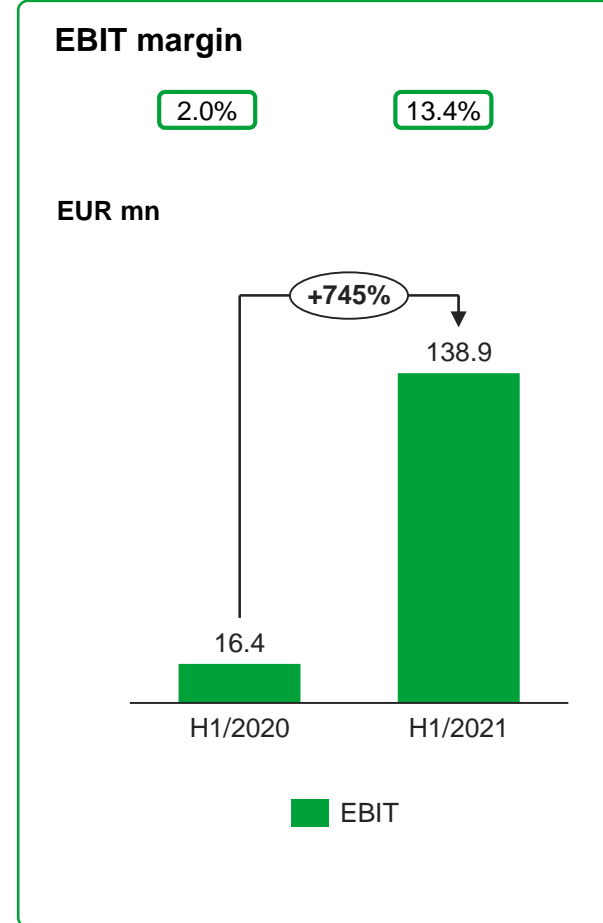
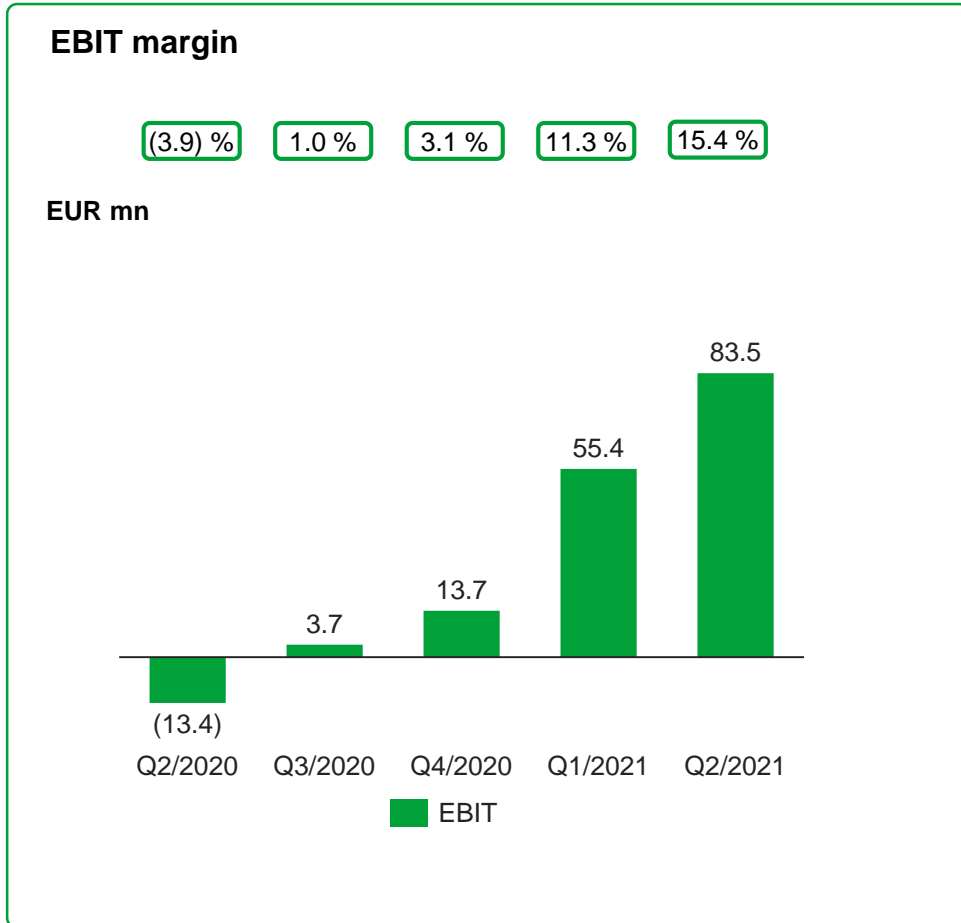
Specialties share of fiber sales



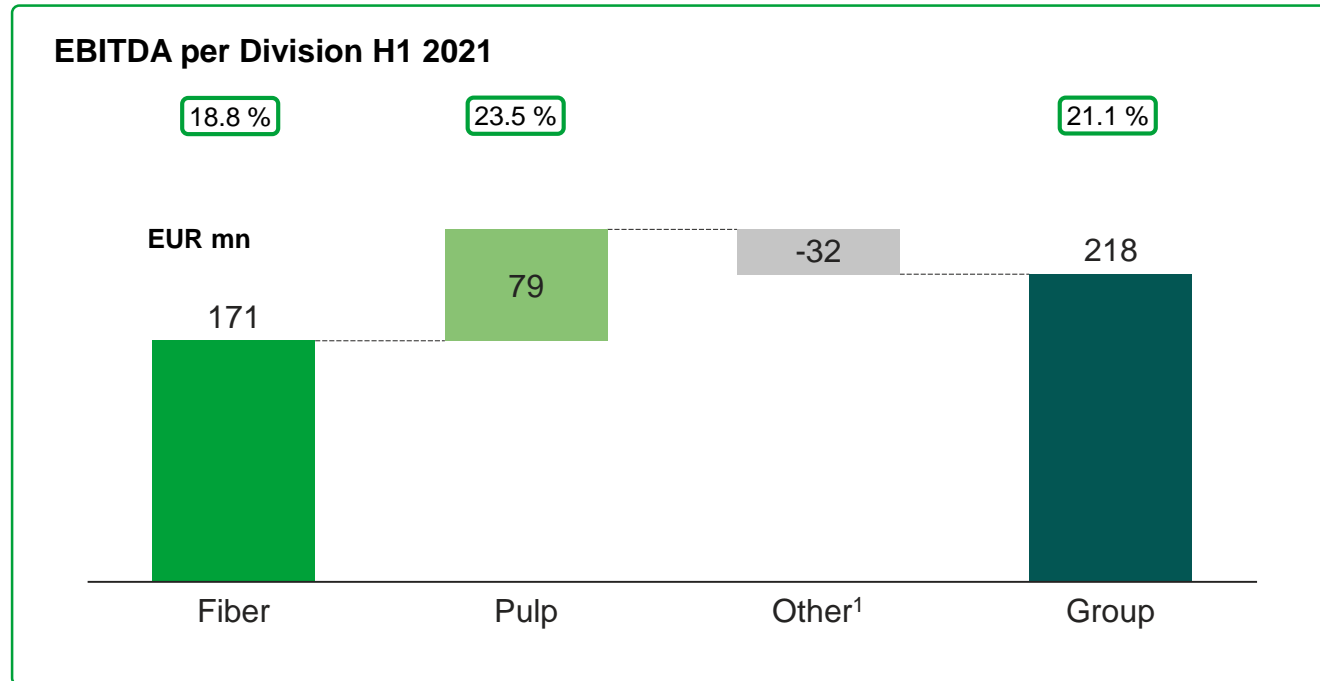
P&L - EBITDA



P&L - EBIT

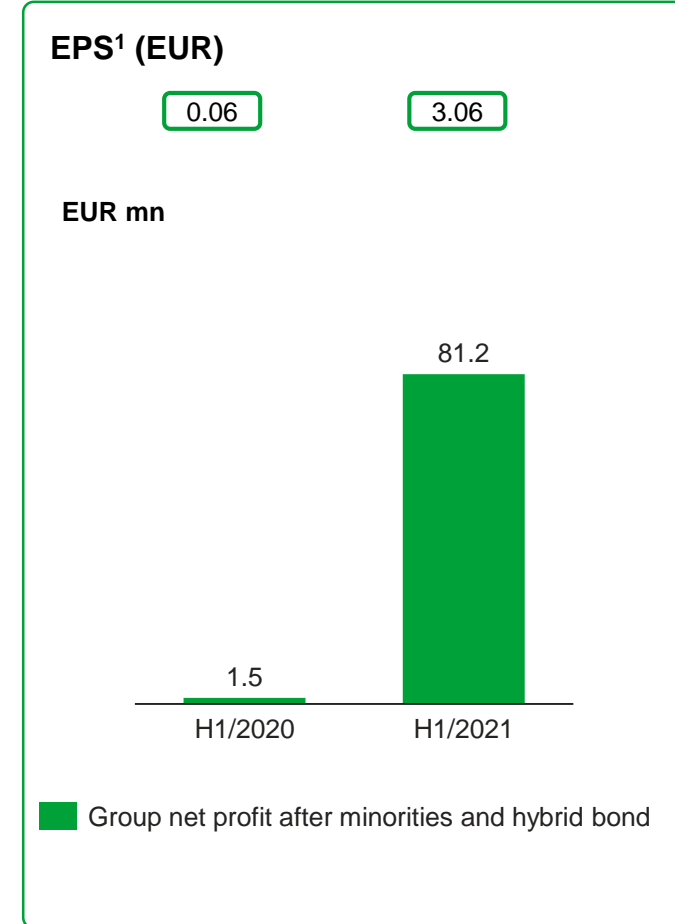
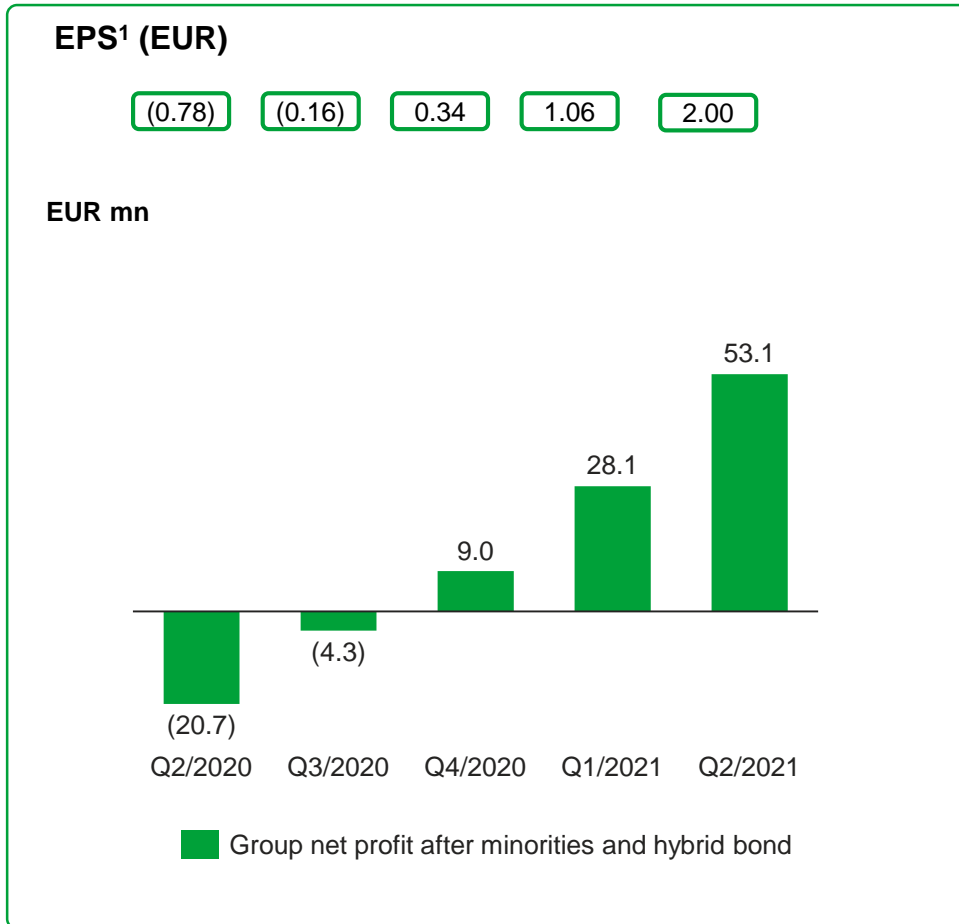


P&L - Divisions

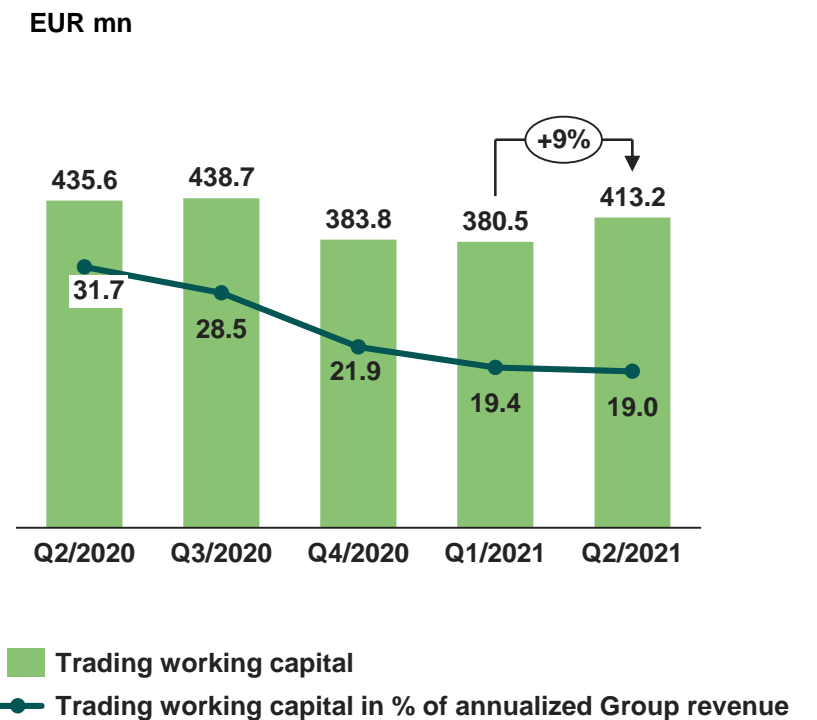
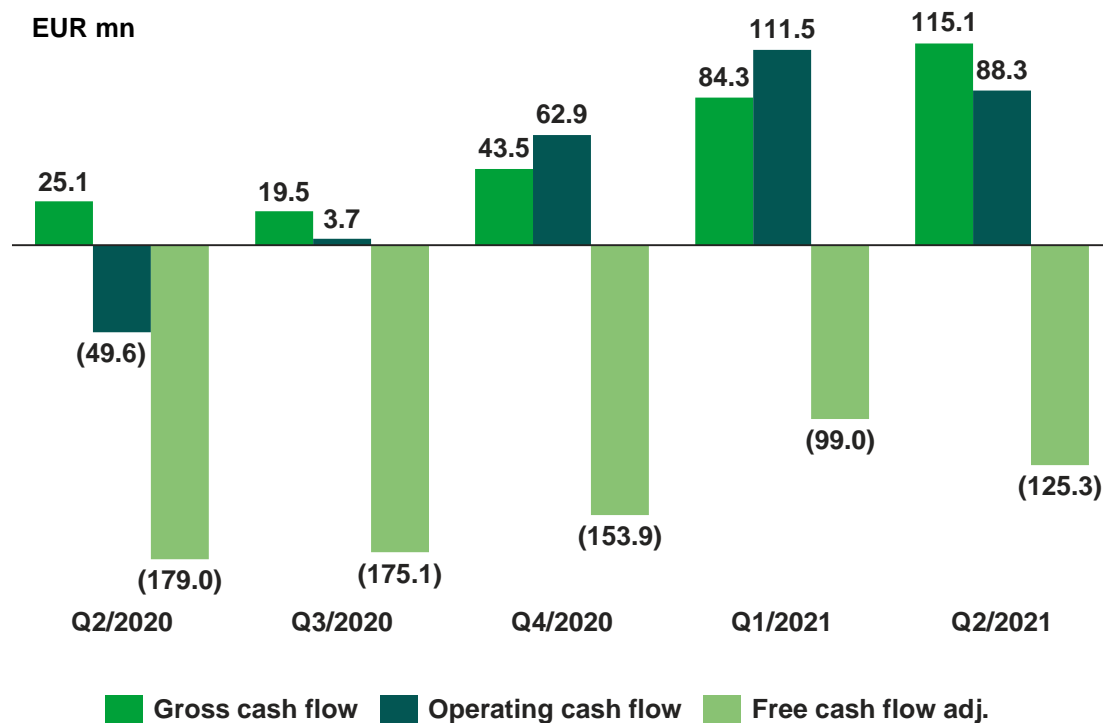


- Management and control of Lenzing's activities has been updated and organized into new divisions: Pulp, Fiber, and Other

P&L – Net profit and earnings per share



Cash flow and trading working capital development



Capex

130

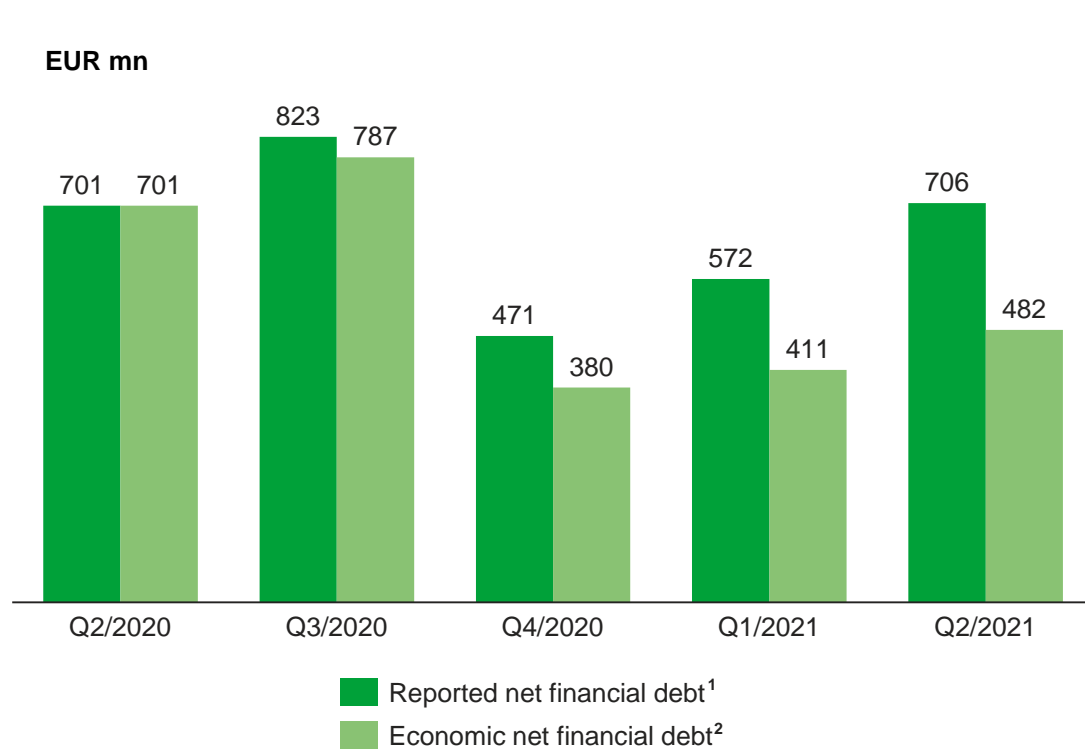
181

219

211

215

Balance sheet metrics



- 1) Fully consolidated Brazil JV debt included
- 2) Reflects 51% economic share of Brazil JV debt
- 3) Including cash and cash equivalents, liquid securities and liquid bills of exchange
- 4) Including government grants less proportional share of deferred taxes on government grants
- 5) Including hybrid capital

According to IFRS (EUR mn)	30 Jun 2021 ⁵	31 Dec 2020 ⁵	Change in %
Total assets	4,700.8	4,163.0	12.9
Liquid assets³	1,076.2	1,081.1	(0.5)
Total liabilities	2,641.9	2,281.6	15.8
thereof financial liabilities	1,782.0	1,552.5	14.8
Adjusted equity⁴	2,083.7	1,907.0	9.3
Adjusted equity ratio (%)	44.3	45.8	
Net gearing (%)	33.9	24.7	
Net financial debt	705.8	471.4	49.7

According to IFRS (EUR mn)	30 Jun 2021	31 Dec 2020	Change in %
Total liquidity cushion	1,813.8	2,112.5	(14.1)
thereof liquid assets³	1,076.2	1,081.1	(0.5)
thereof unused credit facilities	737.5	1,031.4	(28.5)

Outlook



Outlook

2021 guidance: Lenzing Group expects the EBITDA in 2021 to reach at least a level of EUR 360 mn

- Currently positive market environment still characterized by high level of uncertainty regarding the COVID-19 pandemic
- Commodity fiber pricing peaked mid March, stable after phase of decline
- DWP prices remain on very high levels
- Lenzing expects a continued increase in demand for sustainably produced fibers for the textile and apparel industry as well as for the hygiene and medical industry
- Strong focus on expansion projects in Thailand and Brazil
- Ongoing focal points: continuous improvement and operational excellence

2021 strategic milestones

Major decisions to be taken

Modal expansion



Conversion of VSF commodity into **ECOVERO™** expansion



Further steps to decarbonize portfolio

- Lenzing
- Nanjing
- Prachinburi



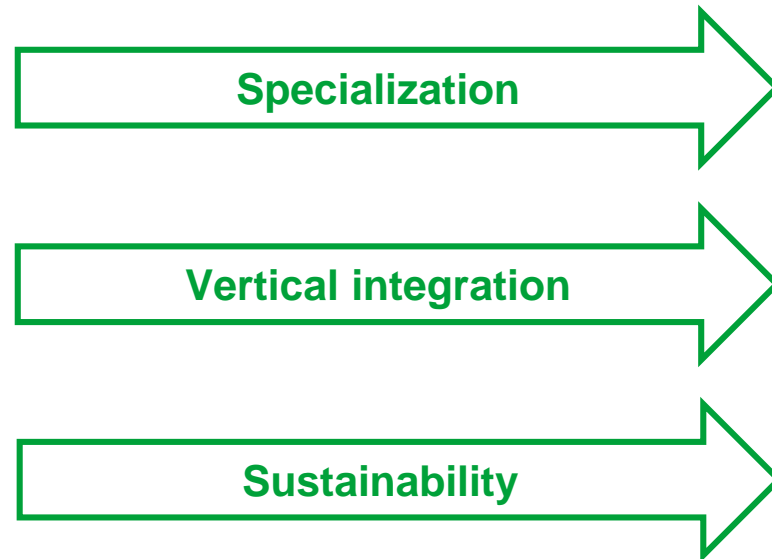
Project Finalization

Start-up of lyocell fiber plant in Thailand (T3)



sCore TEN targets 2024

sCore TEN value drivers



1) Adjusted for plants under construction

2) In % of fiber revenue

3) Per sold ton of DWP and fiber

2024 targets

Financial targets

EBITDA (EUR mn)	800
ROCE ¹	> 10 %
Leverage	< 2.5x

Strategic targets

Specialty share ²	> 75 %
DWP integration	> 75 %
CO ₂ emission reduction ³	> 40 %



Thank You



**for your
attention!**



Appendix

H1-2021 detailed financials

H1-2021: Quarterly P&L development¹

(EUR mn)	Q2/2021	Q1/2021	Change Q2/Q1 (%)	Q2/2020	Change Q2/Q2 (%)	H1/2021	H1/2020	Change H1/H1 (%)
Revenue	544.0	489.3	11.2	343.9	58.2	1,033.3	810.2	27.5
Cost of sales	(389.7)	(368.8)	5.7	(309.6)	25.9	(758.5)	(685.1)	10.7
Gross profit	154.3	120.6	28.0	34.3	349.4	274.8	125.1	119.8
Other operating income	24.5	15.5	57.7	15.3	60.3	40.0	31.2	28.2
Selling expenses	(55.2)	(49.0)	12.7	(37.1)	48.9	(104.1)	(78.3)	33.0
Administrative expenses	(34.1)	(26.3)	29.8	(21.9)	55.4	(60.4)	(49.5)	21.9
Research and development expenses	(5.9)	(5.4)	8.8	(3.9)	50.1	(11.3)	(8.8)	28.6
Other operating expenses	0.0	0.0	(88.3)	(0.1)	(92.3)	0.0	(3.2)	(98.7)
EBIT/Margin	83.5/15.4%	55.4/11.3%	50.8	(13.4)/(3.9%)	-	138.9/13.4%	16.4/2.0%	744.6
Financial result	(4.8)	(10.3)	(53.2)	(5.7)	(14.8)	(15.2)	(6.9)	119.8
EBT/Margin	78.7/14.5%	45.1/9.2%	74.7	(19.1)/(5.6%)	-	123.8/12.0%	9.5/1.2%	1,196.4
Income tax expense	(12.4)	(15.2)	(18.1)	(13.0)	(4.6)	(27.6)	(24.0)	15.3
Tax rate (%)	15.8	33.7	-	-	-	22.3	-	-
Net profit/loss/Margin	66.3/12.2%	29.9/6.1%	121.9	(32.1)/(9.3%)	-	96.1/9.3%	(14.4)/(1.8%)	-
Net profit/loss attributable to shareholders of Lenzing AG/Margin	53.1/9.8%	28.1/5.7%	89.2	(20.7)/(6.0%)	-	81.2/7.9%	1.5/0.2%	5,209.9
Net profit/loss attributable to non-controlling interests	5.9	(5.4)	-	(11.5)	-	0.5	(15.9)	-
Net profit/loss attributable to hybrid owners	7.2	7.2	0.0	0.0	-	14.4	0.0	-
EPS (in EUR)	2.00	1.06	89.2	(0.78)	-	3.06	0.06	5,209.9

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see footnote 1 of the consolidated income statement of the Group Interim Report H1/2021).

H1-2021: Quarterly topline breakdown

(EUR mn)	H1/2021
Wood-based cellulosic fibers	880.8
Co-products of fiber production	25.1
Mechanical and plant engineering, engineering services and others	5.6
Division Fiber	911.5
Pulp	65.8
Biorefinery-products and energy	36.3
Wood and other	17.1
Division Pulp	119.2
Others	2.6
Total Group revenue	1,033.3

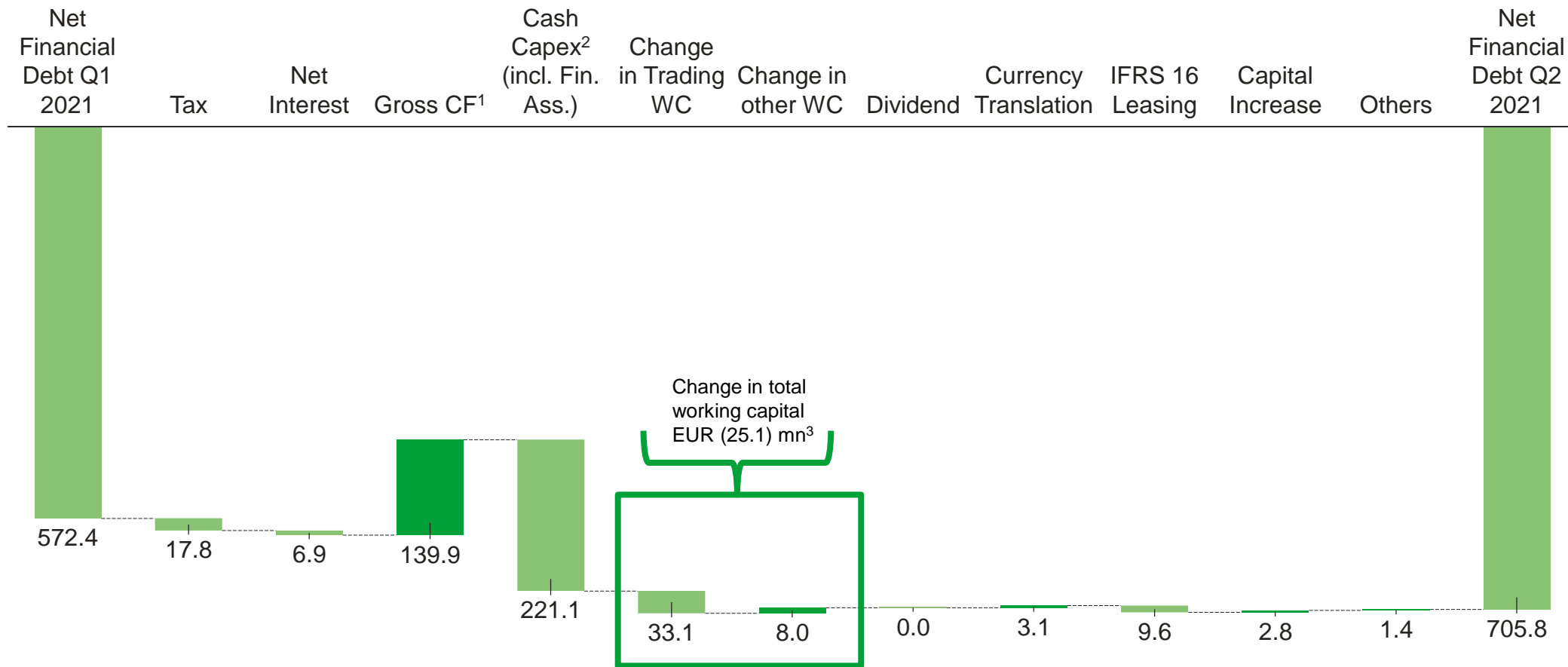
H1-2021: Quarterly cash flow development

(EUR mn)	Q2/2021	Q1/2021	Change Q2/Q1 (%)	Q2/2020	Change Q2/Q2 (%)	H1/2021	H1/2020	Change H1/H1 (%)
Gross cash flow (before taxes and interest)	139.9	95.0	47.2	29.8	370.0	234.9	82.3	185.3
Taxes and interest	(24.7)	(10.7)	131.7	(4.7)	431.0	(35.4)	(18.5)	91.8
Gross cash flow (after taxes and interest)	115.1	84.3	36.5	25.1	358.6	199.5	63.9	212.3
Change in total working capital ¹	(26.8)	27.1	-	(74.7)	(64.1)	0.3	(81.6)	-
Operating cash flow	88.3	111.5	(20.7)	(49.6)	-	199.8	(17.7)	-
Investment cash flow ²	(220.0)	(205.5)	7.0	(130.0)	69.2	(425.5)	(267.9)	58.8
Free cash flow unadj.	(131.6)	(94.1)	39.9	(179.6)	(26.7)	(225.7)	(285.6)	(21.0)
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-	0.0	0.0	-
Acquisition of other financial assets	6.5	0.0	-	0.9	596.2	6.6	1.1	478.8
Proceeds/repayments of other financial assets	(0.2)	(5.0)	(96.4)	(0.3)	(38.8)	(5.1)	(1.2)	322.7
Free cash flow adj.	(125.3)	(99.0)	26.5	(179.0)	(30.0)	(224.3)	(285.7)	(21.5)

1) Including trade and other working capital

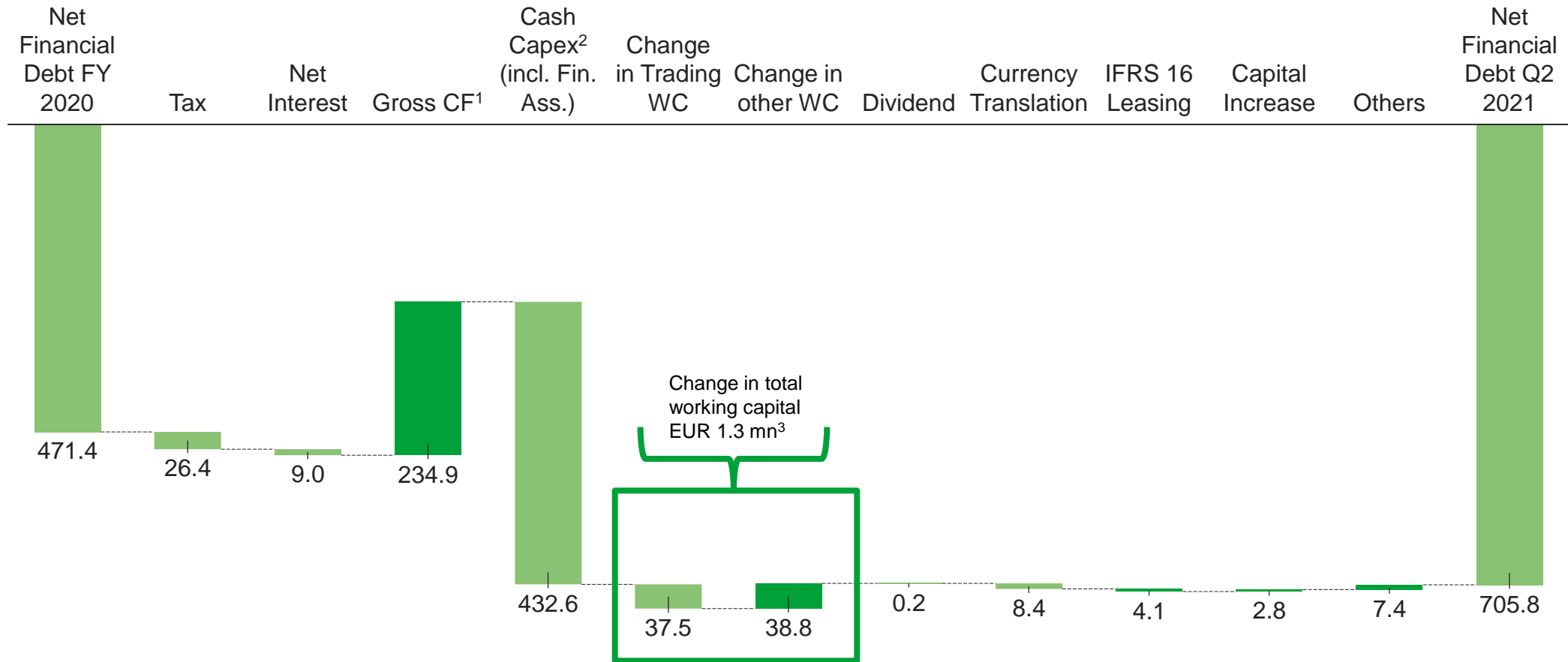
2) Including investment in and proceeds from disposal of financial assets

Q2-2021: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (214.5) mn and financial assets of EUR (6.5) mn
- 3) Change in total working capital EUR (26.8) mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR 1.7 mn
 - Change in total working capital adj. EUR (25.1) mn (according to net debt)

H1-2021: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (426.0) mn and financial assets of EUR (6.6) mn
- 3) Change in total working capital EUR 0.3 mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR 0.9 mn
 - Change in total working capital adj. EUR 1.3 mn (according to net debt)

Contact and financial calendar

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Visit our IR website

<https://www.lenzing.com/investors/>

Visit our SRI sites

<https://www.lenzing.com/en/sustainability>

<https://www.lenzing.com/en/sustainability-reports>

Financial calendar

Annual results 2020	March 11, 2021
77 th Annual General Meeting	April 14, 2021
Results 01-03/2021	May 5, 2021
Half-year results 2021	August 4, 2021
Results 01-09/2021	November 3, 2021

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