

# Leading Fiber Innovation

Lenzing Investor Presentation  
Nine months result 2016  
November 16, 2016

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- 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](http://www.lenzing.com) in the section "Investors".

# Highlights 01-09/2016

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- Continuously good organic growth - very solid demand across all products
  - Group revenue up 8.2% y-o-y
  - Fiber business grew by 10.9% due to pricing and product mix
- Strong progress: EBITDA up 52.2% from EUR 210.6 mn to EUR 320.6 mn y-o-y
- Working capital improvement fuels cash generation
  - Trading working capital down 14.5% to EUR 382.5 mn
- Further progress on sCore TEN implementation
  - Decision to debottleneck existing pulp units by around 35 kt in September
  - Decision to debottleneck existing special fiber units by 35 kt in July
  - Pulp sourcing secured by new long-term contract
  - Commercial launch of a sustainability innovation concept

# Strengthen the core: pulp capacity additions

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- EUR 100 mn for debottlenecking and modernizing existing pulp capacities
  - Around EUR 60 mn investment in Lenzing (Austria)
  - Around EUR 40 mn investment in Paskov (Czech Republic)
- First step to increase backward integration from 56% to 75% in line with our sCore TEN strategy
  - Total increase of around 35 k tons p.a.
  - Strengthen bio-refinery concept by implementing innovative processes
  - Support specialties' strategy with raw material from sustainably managed forests in central Europe
- Increasing integration advantages
  - Drive and control pulp quality – crucial for the fiber quality
  - Increase efficiency gains
  - Increase cost competitiveness



Lenzing (Austria)



Paskov (Czech Republic)

# Lenzing strengthens its innovation triangle

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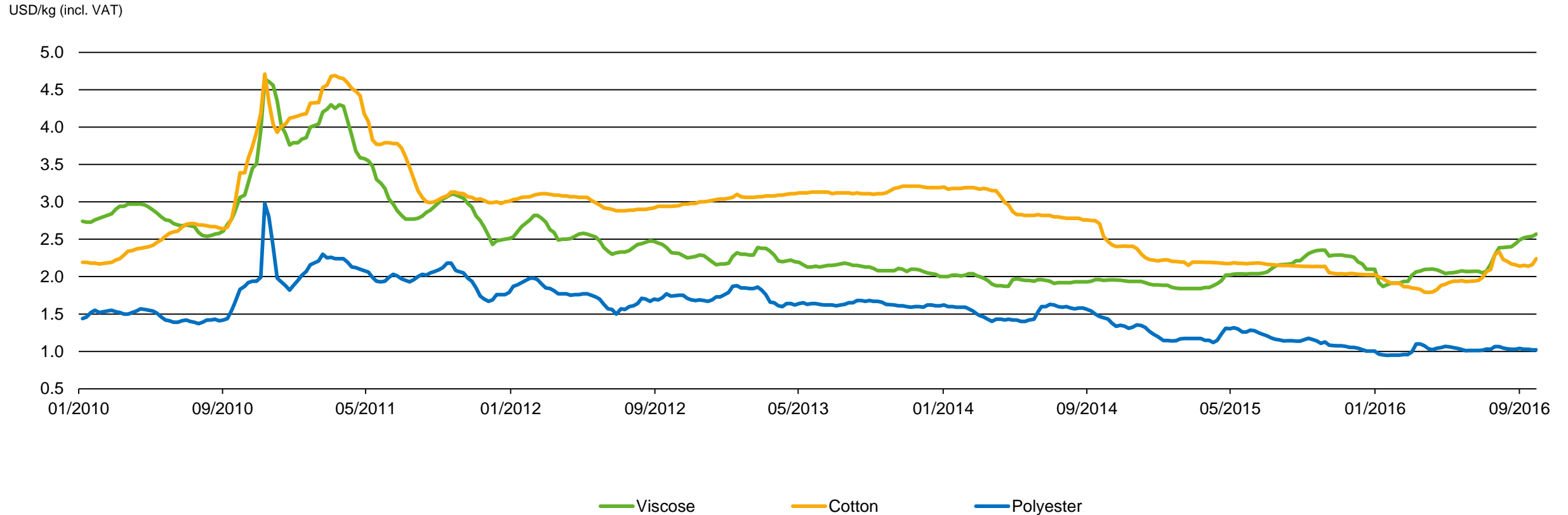
- Lenzing adds two regional application development centers
  - Indonesian application center to focus on ,Fiber to Yarn‘
  - Hongkong application center to focus on ,Yarn to Garment‘
- Overall objectives
  - Move innovation closer to the customers
  - Boost product and application development in the regions
  - Improve effectiveness of our global business development



Lenzing's innovation triangle

# Interfiber price development

## Staple fiber prices - Development in China

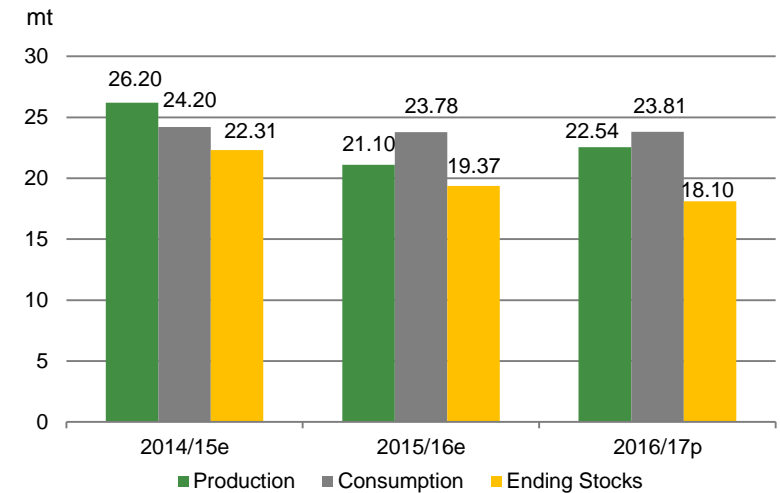


Sources: CCFGroup, CIRFS, Cotton Outlook, Fiber Economics Bureau, ICAC, National Statistics, The Fiber Year, Lenzing estimates. Percentage changes based on exact figures

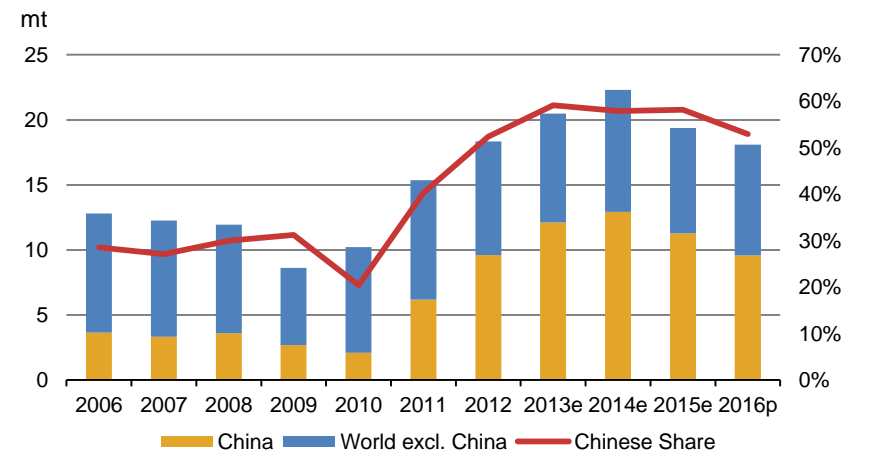
# Cotton market with better supply-demand situation

- Uneven cotton price development in Q3/2016
  - Higher demand of cotton at end of season with big price increase in July up to 0.77 USD/lb
  - With new harvest season decrease of prices to a level of 0.68 USD/lb
  - Chinese cotton prices still higher than world price levels and well above polyester prices
- Total cotton production to fall by 19.5% to 21.1 mt in 2015/2016, the lowest level since season 2003/2004
- Outlook: projected excess demand for 1 mt would lead to further decrease of world stocks in 2016/2017

**Cotton market**



**Cotton stocks and China's share**

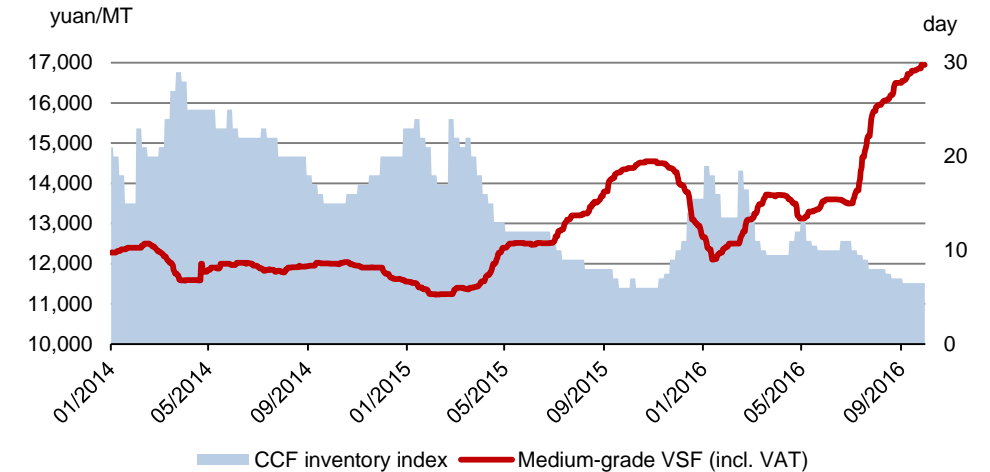


Sources: Cotton Outlook, ICAC, percentage changes based on exact figures

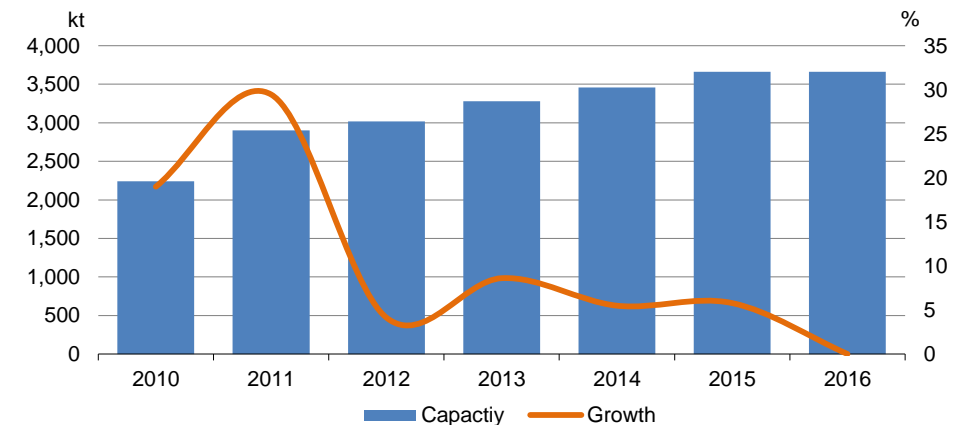
# Strong price increase in the wood-based fiber market in Q3/2016

- Continuously good demand for wood-based cellulose fibers
  - Inventory level decreased further (Ø 8 days in Q3/2016 vs Ø 11.5 days in H1/2016)
  - Very high operating rates at 92% in China
- Strong viscose pricing in Q3/2016
  - Daily VSF spot fiber price up 25.5% from RMB 13.505 on 1<sup>st</sup> July 2016 to RMB 16.950 at 30 September 2016
- Viscose spot market prices started to decrease in October 2016 due to seasonal effects. Mid-term demand-supply is expected to remain healthy

VSF<sup>1</sup> price trend and inventory of China



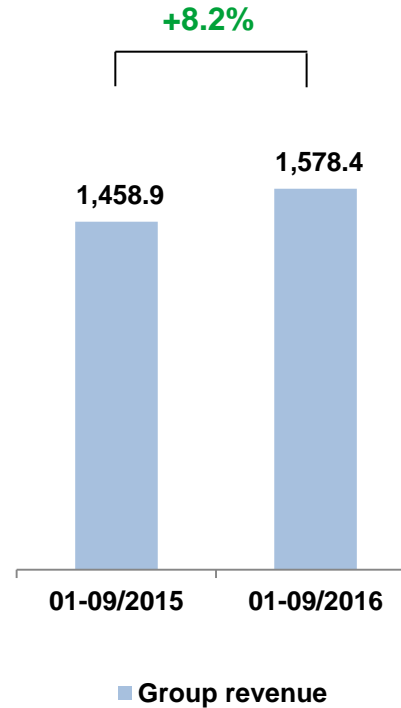
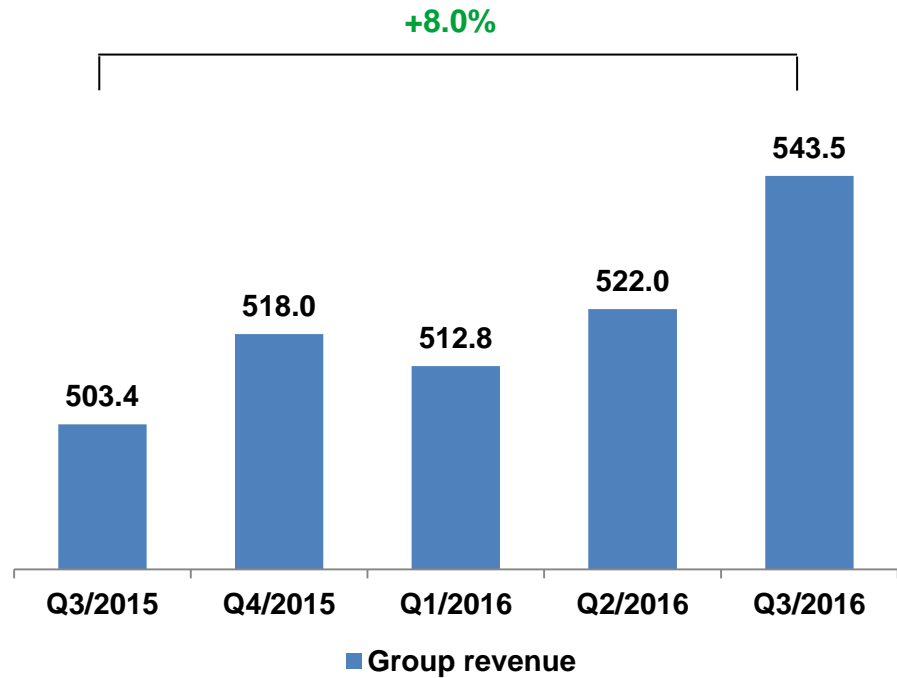
VSF capacity change of China since 2010



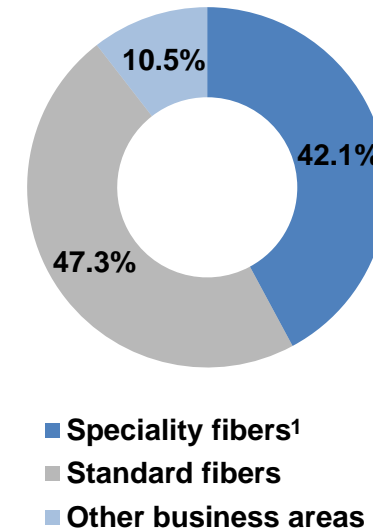
1) Viscose staple fibers  
Source: CCFGroup



# Revenue and specialty fibers share (EUR mn)



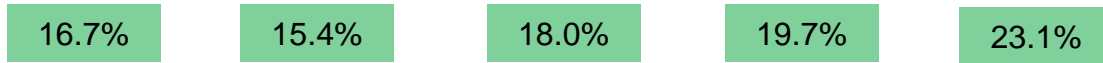
Share of specialty fibers in 01-09/2016



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

# EBITDA (EUR mn)

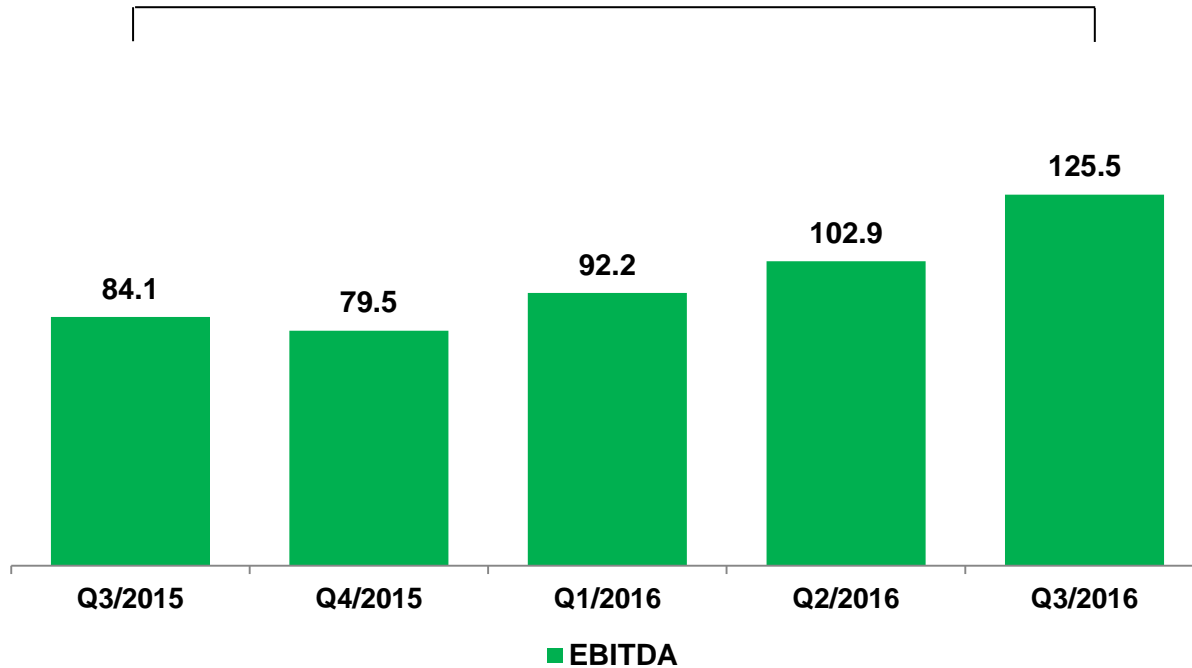
EBITDA margin



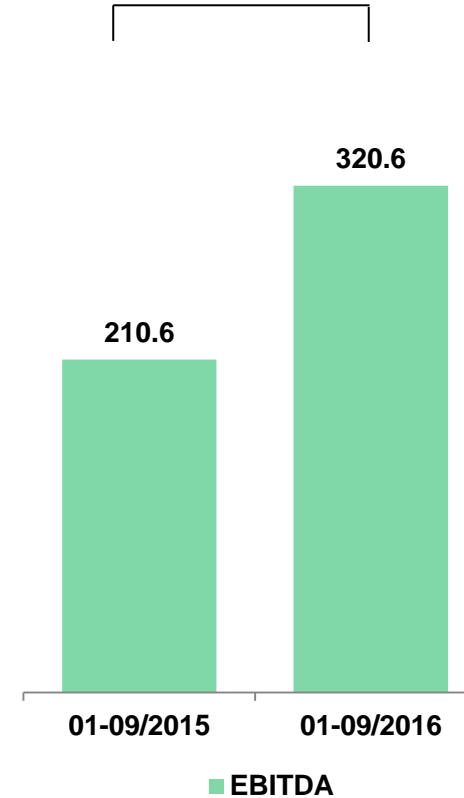
EBITDA margin



+49.2%



+52.2%



# EBIT (EUR mn)

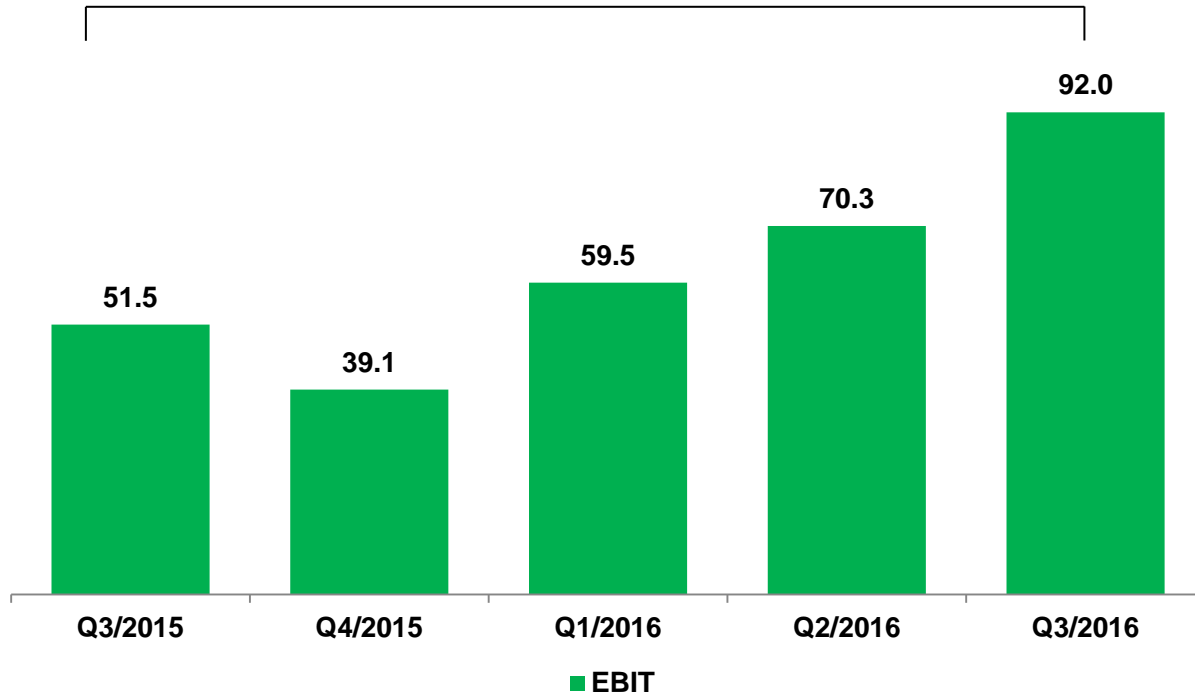
EBIT margin



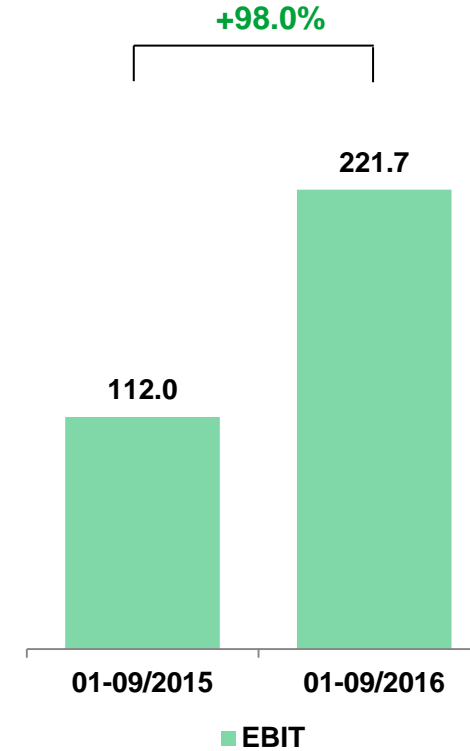
EBIT margin



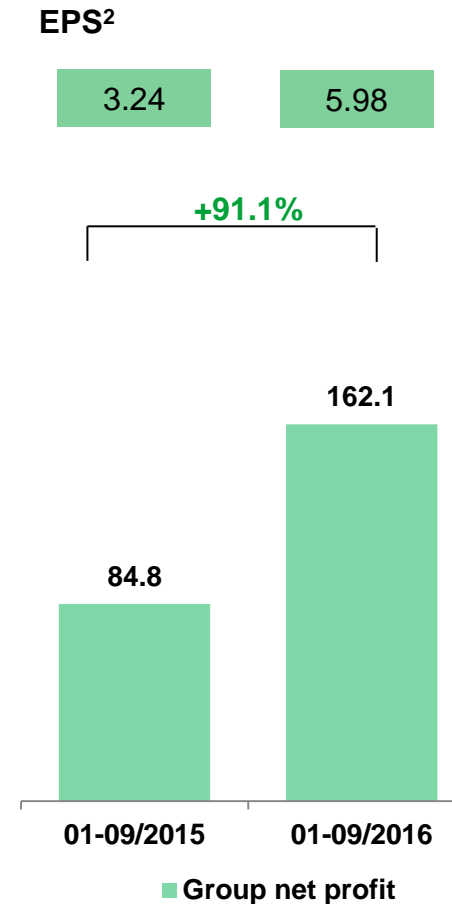
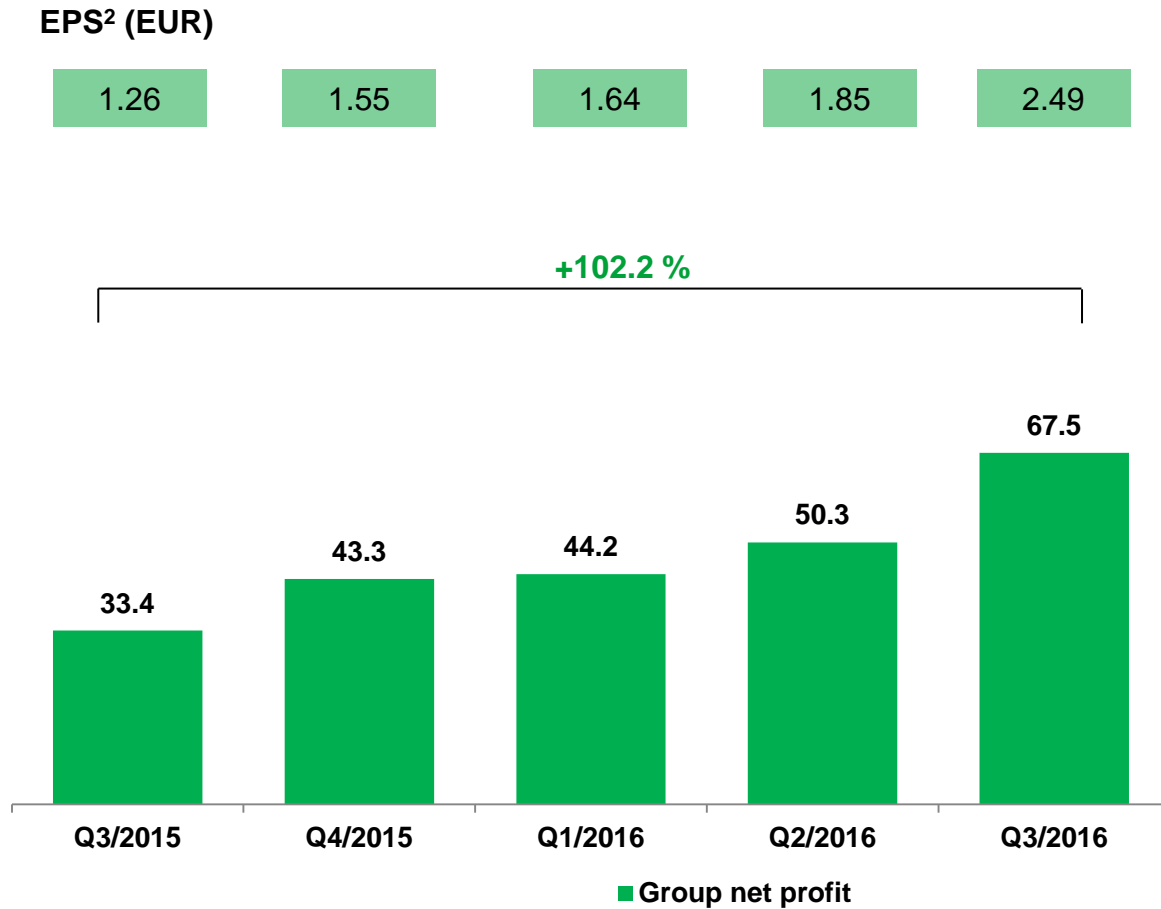
+78.5%



+98.0%



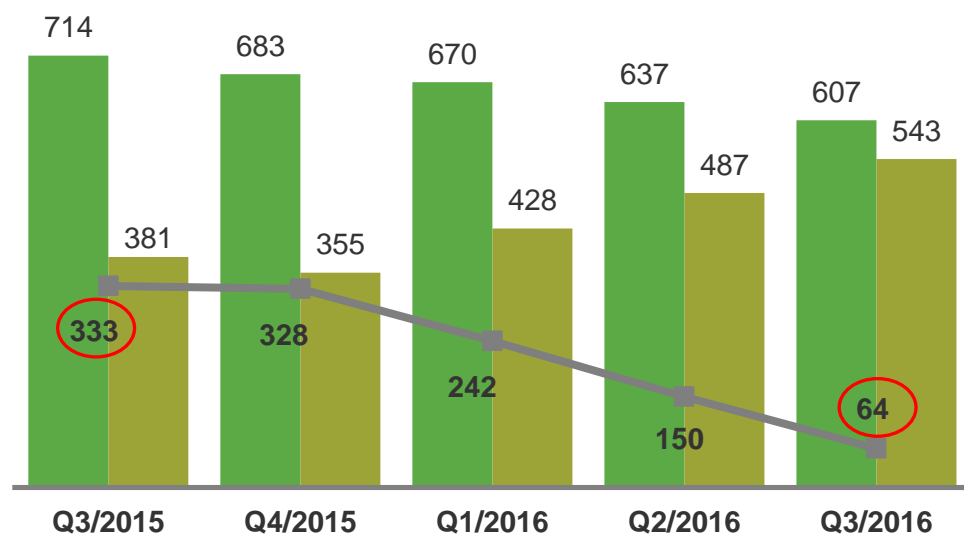
# Net profit (EUR mn) and earnings per share (EUR)<sup>1</sup>



1) Restatement according to IAS 8 (see <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>)

2) Attributable to Lenzing AG shareholders

# Key figures (EUR mn)



Interest bearing financial debt   Liquid assets   Net financial debt

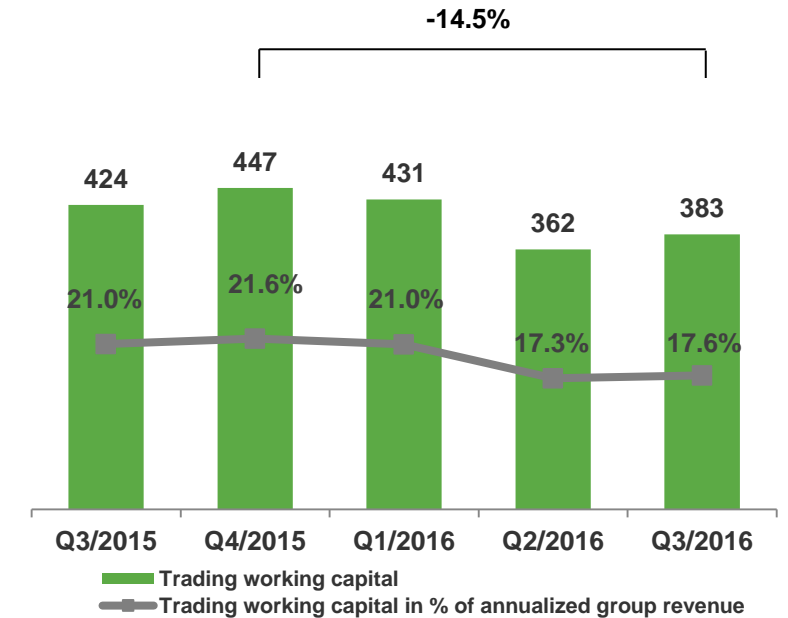
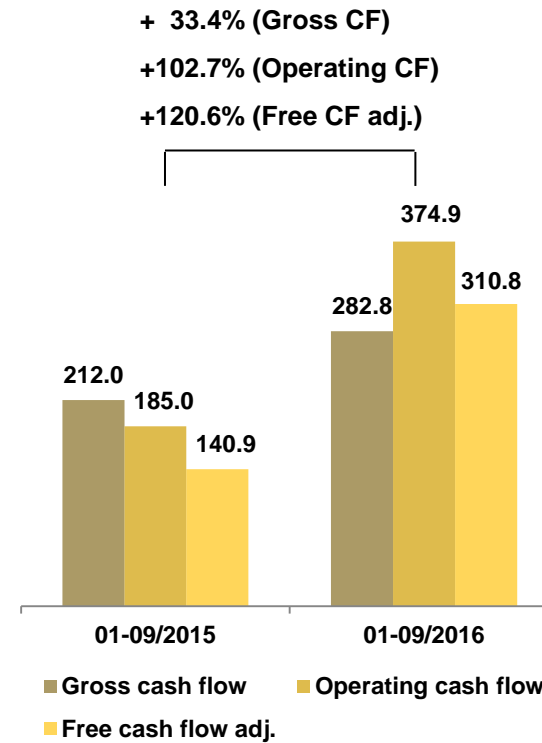
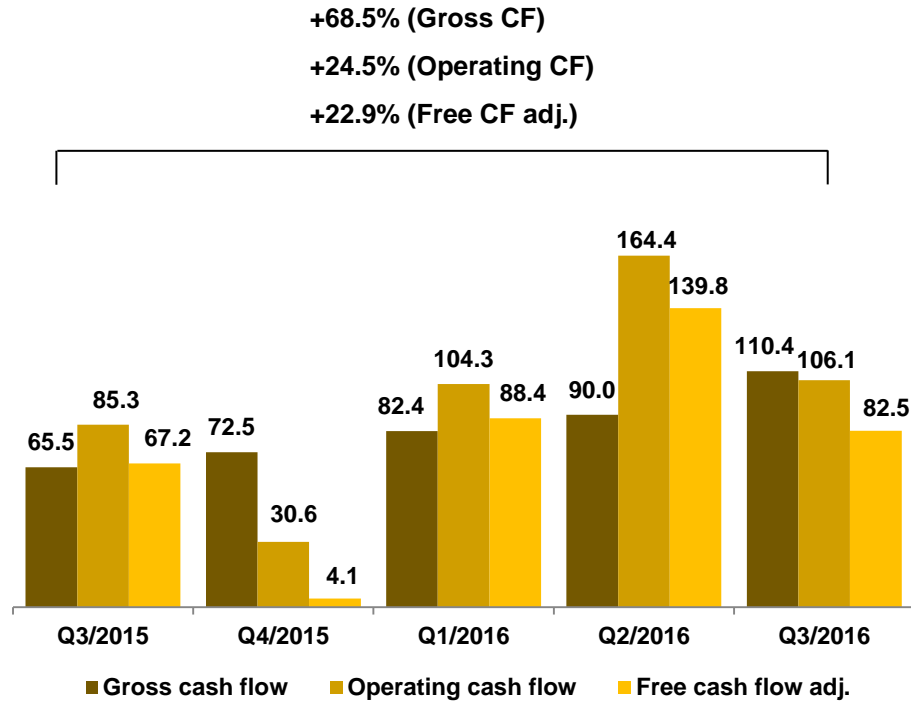
According to IFRS (EUR mn)	Sept. 30, 2016	Dec. 31, 2015	Change in %
Total assets	2,537.0	2,410.6 <sup>3</sup>	5.2
Liquid assets <sup>1</sup>	542.9	355.3	52.8
thereof liquid funds	531.7	347.3	53.1
Total liabilities	1,253.2	1,211.8 <sup>3</sup>	3.4
thereof financial liabilities	607.1	683.2	(11.1)
Adjusted equity <sup>2</sup>	1,302.2	1,218.6 <sup>3</sup>	6.9
Adjusted equity ratio (%)	51.3	50.6 <sup>3</sup>	-
Net gearing (%)	4.9	26.9 <sup>3</sup>	-
Net financial debt	64.2	327.9	(80.4)

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 <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>)

# Cash flow development and trading working capital (EUR mn)



# Outlook 2016

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The macroeconomic environment remains volatile especially given the recent political events. Against this background the fundamentals of the wood-based cellulosic fiber industry should stay favorable in the mid-term. Lenzing expects however viscose prices to be notably lower than the high peaks of the third quarter due to seasonality effects. Under the assumption of unchanged positive fiber market conditions and FX relations Lenzing will deliver excellent business results in the financial year 2016.

# 01-09/2016 – Financial information

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# 01-09/2016: Consolidated Group P&L

(EUR mn)	Q3/2016	Q2/2016	Q3/2015	01-09/2016	01-09/2015
<b>Revenue</b>	<b>543.5</b>	<b>522.0</b>	<b>503.4</b>	<b>1,578.4</b>	<b>1,458.9</b>
Change in inventories of finished goods and work in progress	(3.8)	2.4	(9.8)	(11.8)	(15.9)
Own work capitalized	6.5	5.4	7.7	18.0	20.6
Other operating income	10.7	11.8	2.3	33.9	37.9
Cost of material and purchased services	(294.8)	(297.5)	(292.7)	(884.9)	(893.0)
Personnel expenses	(83.1)	(80.8)	(72.6)	(239.1)	(224.0)
Other operating expenses	(53.6)	(60.5)	(54.1)	(173.9)	(173.9)
<b>EBITDA/Margin</b>	<b>125.5/23.1%</b>	<b>102.9/19.7%</b>	<b>84.1/16.7%</b>	<b>320.6/20.3%</b>	<b>210.6/14.4%</b>
Depreciation & Amortization	(34.1)	(33.4)	(33.3)	(100.9)	(100.7)
Income from the release of investment grants	0.6	0.7	0.7	2.0	2.1
<b>EBIT/Margin</b>	<b>92.0/16.9%</b>	<b>70.3/13.5%</b>	<b>51.5/10.2%</b>	<b>221.7/14.0%</b>	<b>112.0/7.7%</b>
<b>Financial result</b>	<b>(4.1)</b>	<b>(3.0)</b>	<b>(6.3)</b>	<b>(11.4)</b>	<b>0.5</b>
Allocation of profit or loss to puttable non-controlling interests	(3.1)	(0.8)	(1.1)	(3.2)	(0.1)
<b>EBT/Margin</b>	<b>84.8/15.6%</b>	<b>66.5/12.7%</b>	<b>44.1/8.8%</b>	<b>207.1/13.1%</b>	<b>112.4/7.7%</b>
Income tax expense	(17.3)	(16.1)	(10.7)	(45.0)	(27.6)
Tax rate (%)	20.4	24.3	24.3	21.7	24.6
<b>Net profit/Margin</b>	<b>67.5/12.4%</b>	<b>50.3/9.6%</b>	<b>33.4/6.6%</b>	<b>162.1/10.3%</b>	<b>84.8/5.8%</b>
<b>Net profit attributable to shareholders of Lenzing AG/Margin</b>	<b>66.0/12.1%</b>	<b>49.2/9.4%</b>	<b>33.3/6.6%</b>	<b>158.7/10.1%</b>	<b>85.9/5.9%</b>
<b>EPS (in EUR)</b>	<b>2.49</b>	<b>1.85</b>	<b>1.26</b>	<b>5.98</b>	<b>3.24</b>

Restatement according to IAS 8 (see <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>)

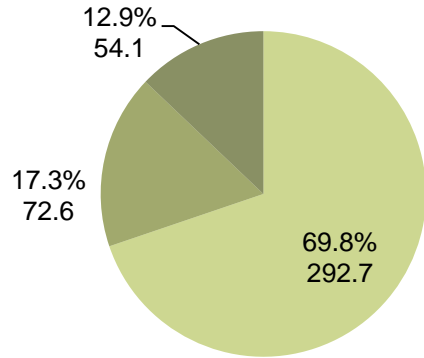
# 01-09/2016: Topline breakdown

(EUR mn)	Q3/2016	Q2/2016	Change Q3/Q2 (%)	Q3/2015	Change Q3/Q3 (%)	01-09/2016	01-09/2015	Change y-o-y (%)
<b>Breakdown of Fibers segment revenue</b>								
Textile fibers (%)	70.6	71.2	(0.9)	70.1	0.7	70.8	68.9	2.8
Nonwoven fibers (%)	29.4	28.8	2.2	29.9	(1.6)	29.2	31.1	(6.2)
<b>Fibers only</b>	<b>479.1</b>	<b>466.8</b>	<b>2.6</b>	<b>432.7</b>	<b>10.7</b>	<b>1,408.2</b>	<b>1,225.8</b>	<b>14.9</b>
Others <sup>1</sup>	62.6	52.9	18.5	67.2	(6.9)	163.9	191.8	(14.5)
<b>Total segment Fibers</b>	<b>541.7</b>	<b>519.7</b>	<b>4.2</b>	<b>499.9</b>	<b>8.4</b>	<b>1,572.1</b>	<b>1,417.6</b>	<b>10.9</b>
<b>Total segment Lenzing Technik</b>	<b>7.7</b>	<b>8.6</b>	<b>(9.9)</b>	<b>15.1</b>	<b>(49.0)</b>	<b>25.2</b>	<b>57.9</b>	<b>(56.5)</b>
<b>Others and consolidation</b>	<b>(5.9)</b>	<b>(6.2)</b>	<b>(4.9)</b>	<b>(11.6)</b>	<b>(49.0)</b>	<b>(19.0)</b>	<b>(16.6)</b>	<b>14.1</b>
<b>Total Group revenue</b>	<b>543.5</b>	<b>522.0</b>	<b>4.1</b>	<b>503.4</b>	<b>8.0</b>	<b>1,578.4</b>	<b>1,458.9</b>	<b>8.2</b>

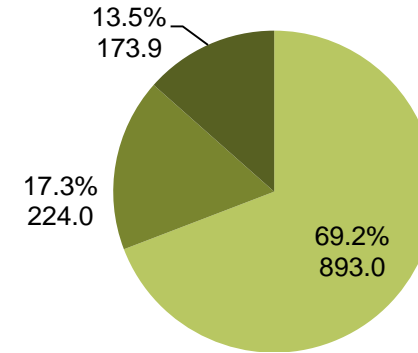
1) Includes sales of sodium sulfate and black liquor, external sales of pulp, wood and energy

# 01-09/2016 Total Opex structure

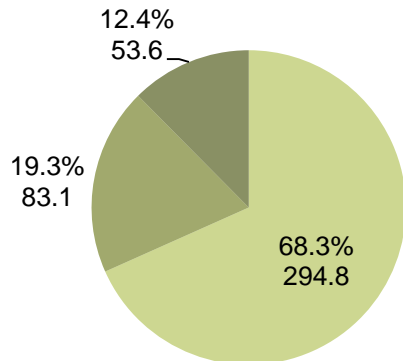
**Q3/2015 (Total Opex EUR 419.5 mn)**



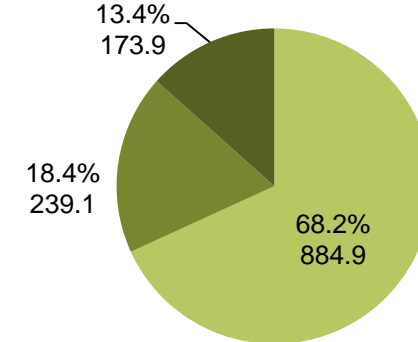
**01-09/2015 (Total Opex EUR 1,290.9 mn)**



**Q3/2016 (Total Opex EUR 431.4 mn)**



**01-09/2016 (Total Opex EUR 1,297.9 mn)**

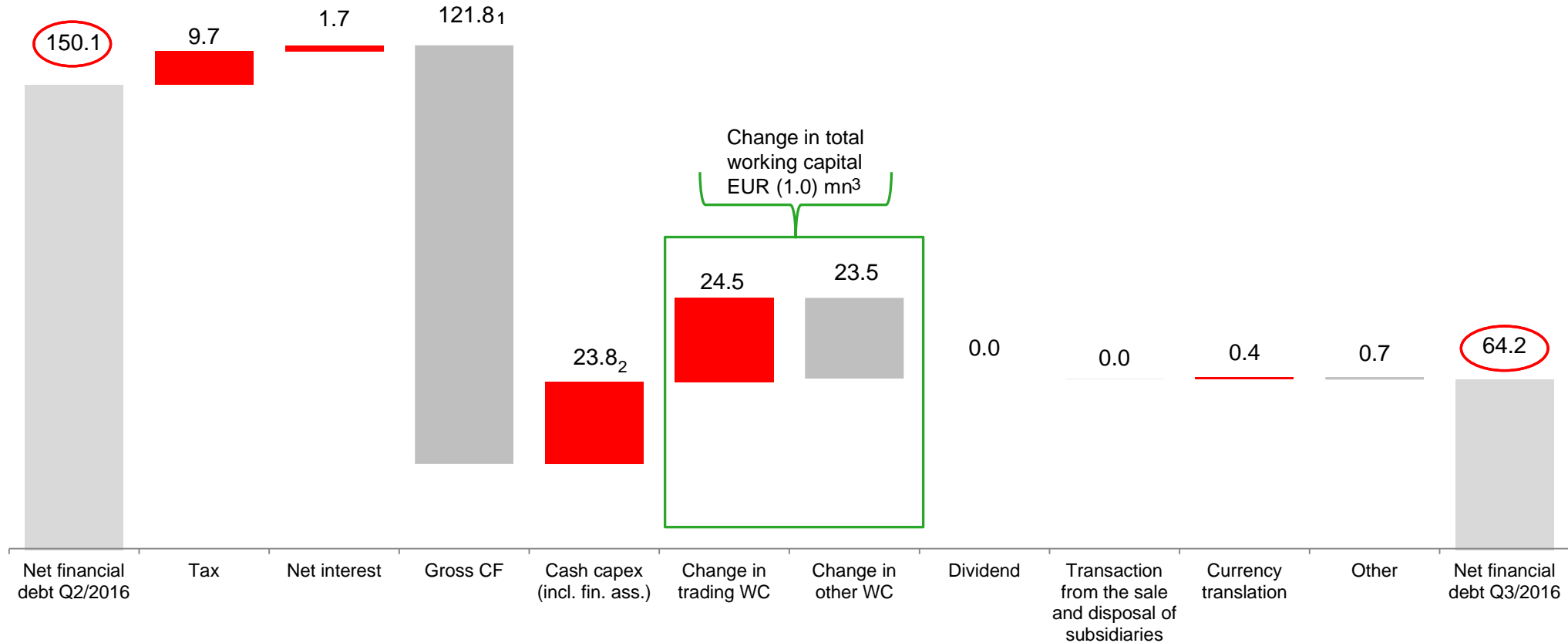


- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

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

# Q3/2016: Net debt bridge

EUR mn



1) Gross cash flow before taxes and interest

2) Including CAPEX of EUR (23.6) mn and financial assets of EUR (0.2) mn

3) Change in total working capital

EUR (4.3) mn (according to cash flow statement)

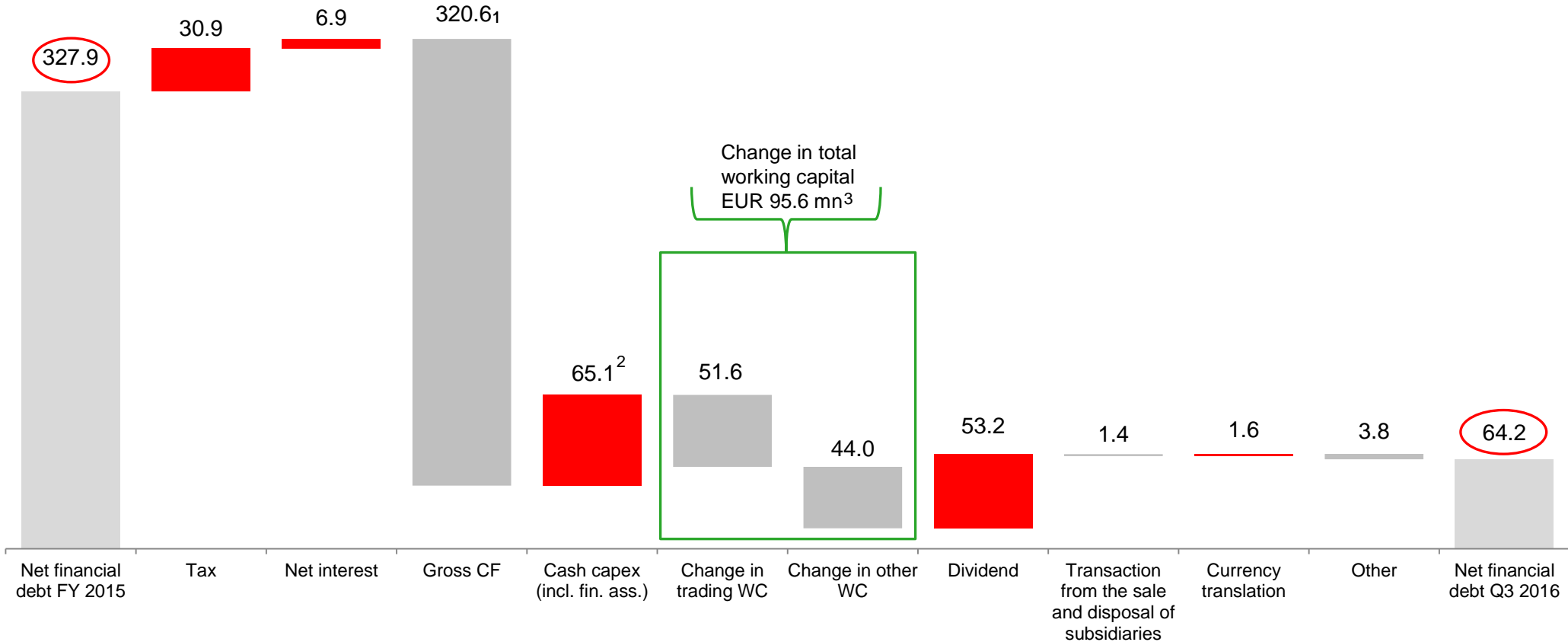
EUR 3.3 mn

EUR (1.0) mn (according to net debt)

Adjustment change in liquid bills of exchange  
Change in total working capital adj.

# 01-09/2016: Net debt bridge

EUR mn



1) Gross cash flow before taxes and interest

2) Including CAPEX of EUR (64.2) mn and financial assets of EUR (0.8) mn

3) Change in total working capital  
Adjustment change in liquid bills of exchange  
 Change in total working capital adj.

EUR 92.1 mn (according to cash flow statement)

EUR 3.4 mn

EUR 95.6 mn (according to net debt)

# 01-09/2016: Cash flow

(EUR mn)	Q3/2016	Q2/2016	Change Q3/Q2 (%)	Q3/2015	Change Q3/Q3 (%)	01-09/2016	01-09/2015	Change y-o-y (%)
Gross cash flow (before taxes and interest)	121.8	103.8	17.4	87.0	39.9	320.6	239.6	33.8
Taxes and interest	(11.4)	(13.8)	(17.5)	(21.5)	(47.1)	(37.8)	(27.7)	36.7
<b>Gross cash flow (after taxes and interest)</b>	<b>110.4</b>	<b>90.0</b>	<b>22.7</b>	<b>65.5</b>	<b>68.5</b>	<b>282.8</b>	212.0	<b>33.4</b>
Change in total working capital <sup>1</sup>	(4.3)	74.5	(105.7)	19.7	(121.6)	92.1	(27.0)	-
<b>Operating cash flow</b>	<b>106.1</b>	<b>164.4</b>	<b>(35.5)</b>	<b>85.3</b>	<b>24.5</b>	<b>374.9</b>	<b>185.0</b>	<b>102.7</b>
Investment cash flow <sup>2</sup>	(23.5)	(20.9)	12.5	(17.8)	31.8	(60.5)	(31.5)	92.3
<b>Free cash flow unadj.</b>	<b>82.6</b>	<b>143.5</b>	<b>(42.4)</b>	<b>67.4</b>	<b>22.6</b>	<b>314.4</b>	<b>153.5</b>	<b>104.8</b>
Net inflow from sale of subsidiary	0.0	(1.4)	(99.0)	(0.4)	(96.3)	(1.4)	(14.2)	(89.8)
Acquisition of other financial assets	0.2	0.2	(16.6)	0.3	(31.0)	0.8	2.1	(60.0)
Proceeds/repayments of other financial assets	(0.3)	(2.6)	(88.9)	(0.2)	74.6	(3.1)	(0.6)	-
<b>Free cash flow adj.</b>	<b>82.5</b>	<b>139.8</b>	<b>(41.0)</b>	<b>67.2</b>	<b>22.9</b>	<b>310.8</b>	<b>140.9</b>	<b>120.6</b>

1) Including trading and other working capital

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

# 2015 – Financial information

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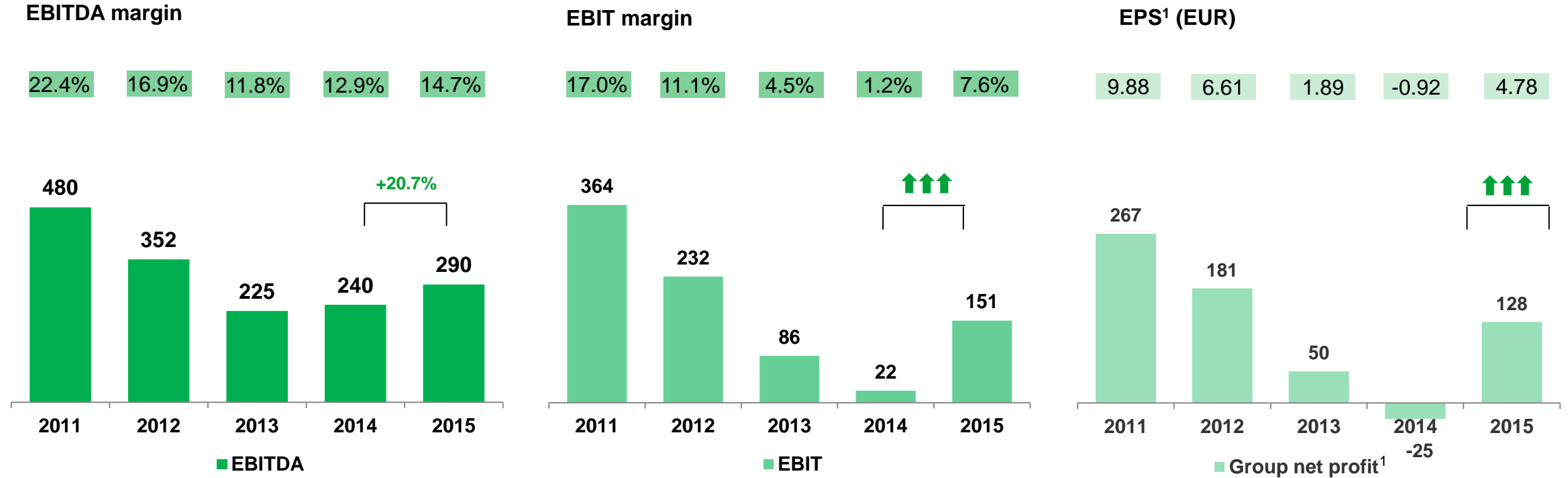
# FY 2015: Consolidated Group P&L

(EUR mn)	2015	2014	Change y-o-y (%)
<b>Revenue</b>	<b>1.976,8</b>	<b>1,864.2</b>	<b>6.0</b>
Change in inventories of finished goods and work in progress	(7.3)	(2.6)	184.9
Own work capitalized	29.2	34.6	(15.6)
Other operating income	45.7	48.5	(5.8)
Cost of material and purchased services	(1.218,3)	(1,199.2)	1.6
Personnel expenses	(300.2)	(292.0)	2.8
Other operating expenses	(235.9)	(213.3)	10.6
<b>EBITDA/Margin</b>	<b>290.1/14.7%</b>	<b>240.3/12.9%</b>	<b>20.7</b>
Depreciation & amortization	(142.2)	(221.5)	(35.8)
Income from the release of investment grants	3.2	3.2	2.1
<b>EBIT/Margin</b>	<b>151.1/7.6%</b>	<b>21.9/1.2%</b>	<b>589.1</b>
<b>Financial result</b>	<b>(3.5)</b>	<b>(23.4)</b>	<b>(84.9)</b>
Allocation of profit or loss to puttable non-controlling interests	(0.2)	13.5	-
<b>EBT/Margin</b>	<b>147.4/7.5%</b>	<b>12.0/0.6%</b>	<b>-</b>
Income tax expense	(19.3)	(37.2)	(48.1)
Tax rate (%)	13.1	-	-
<b>Net profit/Margin</b>	<b>128.1/6.5%</b>	<b>(25.1)/(1.3%)</b>	<b>-</b>
<b>Net profit attributable to shareholders of Lenzing AG/Margin</b>	<b>127.0/6.4%</b>	<b>(24.5)/(1.3%)</b>	<b>-</b>
<b>EPS (in EUR)</b>	<b>4.78</b>	<b>(0.92)</b>	<b>-</b>

Restatement according to IAS 8 (see <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>)



# Financials 2015 – Earnings (EUR mn)

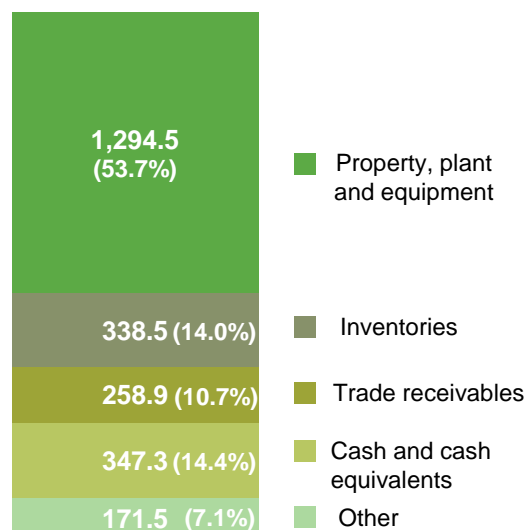


1) Restatement according to IAS 8 (see <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>)

# FY 2015: Solid balance sheet<sup>1</sup>

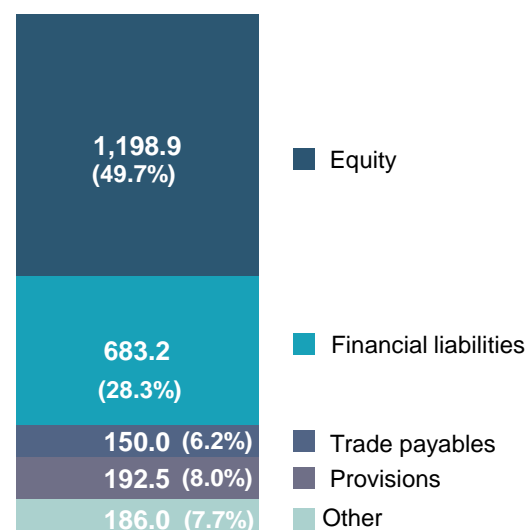
## as at Dec. 31, 2015

Σ 2,410.6 EUR mn



Assets

Σ 2,410.6 EUR mn



Liabilities

According to IFRS (EUR mn)	31 Dec. 2015	31 Dec. 2014	Change in %
<b>Total assets</b>	2,410.6	2,359.2	2.2
<b>Liquid assets<sup>2</sup></b>	355.3	280.3	26.8
<b>thereof liquid funds</b>	347.3	271.8	27.8
<b>Total liabilities</b>	1,211.8	1,324.7	(8.5)
<b>thereof financial liabilities</b>	683.2	729.8	(6.4)
<b>Adjusted equity<sup>3</sup></b>	1,218.6	1,054.9	15.5
<b>Adjusted equity ratio (%)</b>	50.6	44.7	-
<b>Net gearing (%)</b>	26.9	42.6	-
<b>Net financial debt</b>	327.9	449.5	(27.0)
<b>Net financial debt/EBITDA</b>	1.1	1.9	-
<b>ROCE</b>	8.1%	(0.1%)	-

According to IFRS (EUR mn)	31 Dec. 2015	31 Dec 2014	Change in %
<b>Total liquidity cushion</b>	546.2	478.8	14.1
<b>thereof liquid assets<sup>2</sup></b>	355.3	280.3	26.8
<b>thereof unused credit facilities</b>	190.9	198.5	(3.8)

1) Restatement according to IAS 8 (see <http://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2016-Q3>)

2) Including cash and cash equivalents, liquid securities and liquid bills of exchange

3) Including government grants less proportionate deferred taxes on government grants

# FY 2015: Cash flow

(EUR mn)	Q1/2015	Q2/2015	Q3/2015	Q4/2015	Change Q4/Q3 (%)	Q4/2014	Change y-o-y (%)	2015	2014	Change y-o-y (%)
Gross cash flow (before taxes and interest)	57.8	94.8 <sup>1</sup>	87.0	82.2	(5.6)	95.8	(14.2)	321.8	253.3	27.1
Taxes and interest	5.4	(11.5)	(21.5)	(9.7)	(54.9)	(4.6)	110.2	(37.4)	(22.5)	66.3
<b>Gross cash flow (after taxes and interest)</b>	<b>63.2</b>	<b>83.2</b>	<b>65.5</b>	<b>72.5</b>	<b>10.6</b>	<b>91.2</b>	<b>(20.5)</b>	<b>284.5</b>	<b>230.8</b>	<b>23.2</b>
Change in total working capital <sup>2</sup>	(25.6)	(21.2)	19.7	(41.9)	-	(31.5)	32.9	(68.9)	(12.0)	474.4
<b>Operating cash flow</b>	<b>37.6</b>	<b>62.1</b>	<b>85.3</b>	<b>30.6</b>	<b>(64.1)</b>	<b>59.7</b>	<b>(48.7)</b>	<b>215.6</b>	<b>218.8</b>	<b>(1.5)</b>
Investment cash flow <sup>3</sup>	(11.7)	(1.9)	(17.8)	(25.1)	40.7	(18.7)	34.3	(56.5)	(102.8)	(45.0)
<b>Free cash flow unadj.</b>	<b>26.0</b>	<b>60.1</b>	<b>67.4</b>	<b>5.5</b>	<b>(91.8)</b>	<b>41.0</b>	<b>(86.5)</b>	<b>159.0</b>	<b>116.0</b>	<b>37.1</b>
Net inflow from sale of subsidiary	0.0	(13.8)	(0.4)	0.8	-	0.0	-	(13.4)	0.0	-
Acquisition of other financial assets	0.7	1.1	0.3	2.9	-	1.8	58.0	4.9	2.3	114.0
Proceeds/repayments of other financial assets	(0.2)	(0.2)	(0.2)	(5.0)	-	(2.5)	97.4	(5.6)	(3.5)	61.6
<b>Free cash flow adj.</b>	<b>26.5</b>	<b>47.2</b>	<b>67.2</b>	<b>4.1</b>	<b>(93.9)</b>	<b>40.3</b>	<b>(89.8)</b>	<b>145.0</b>	<b>114.8</b>	<b>26.2</b>

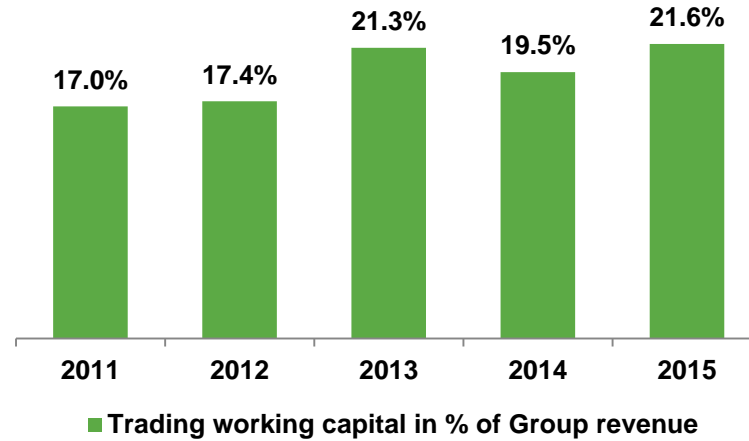
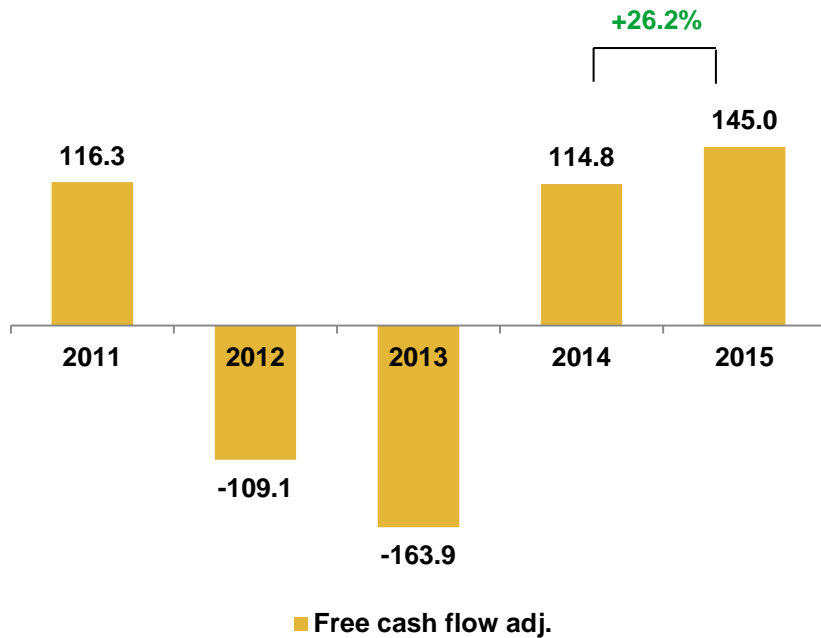
1) Positive contribution from one-off cash in from investment accounted for using the equity method

2) Including trade and other working capital

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

# Financials 2015 – Cash flow (EUR mn)

EUR mn



Positive free cash flow development y-o-y influenced by

- Higher revenue
- Lower investments (CAPEX EUR 70.9 mn)
- Special dividend

# Appendix – Equity story

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# Lenzing – Market leader in wood-based cellulose fibers

Our mission:

“Lenzing is a performance materials company that turns CO<sub>2</sub> and sunlight into highly functional, emotional and aesthetic products across the globe”







 **TENCEL**<sup>®</sup>

 **LENZING Modal**<sup>®</sup>

 **LENZING Viscose**<sup>®</sup>



# Lenzing - Market leader in all three fiber generations

	Market Position	Competitive Intensity	
	# 1	Low	
	# 1	Medium	
	# 2	High	

Source: Lenzing data, CCFG, CCFEI

TENCEL®, Lenzing Modal® and Lenzing Viscose® are registered trademarks of the Lenzing Group

# Lenzing culture – from forest to fiber

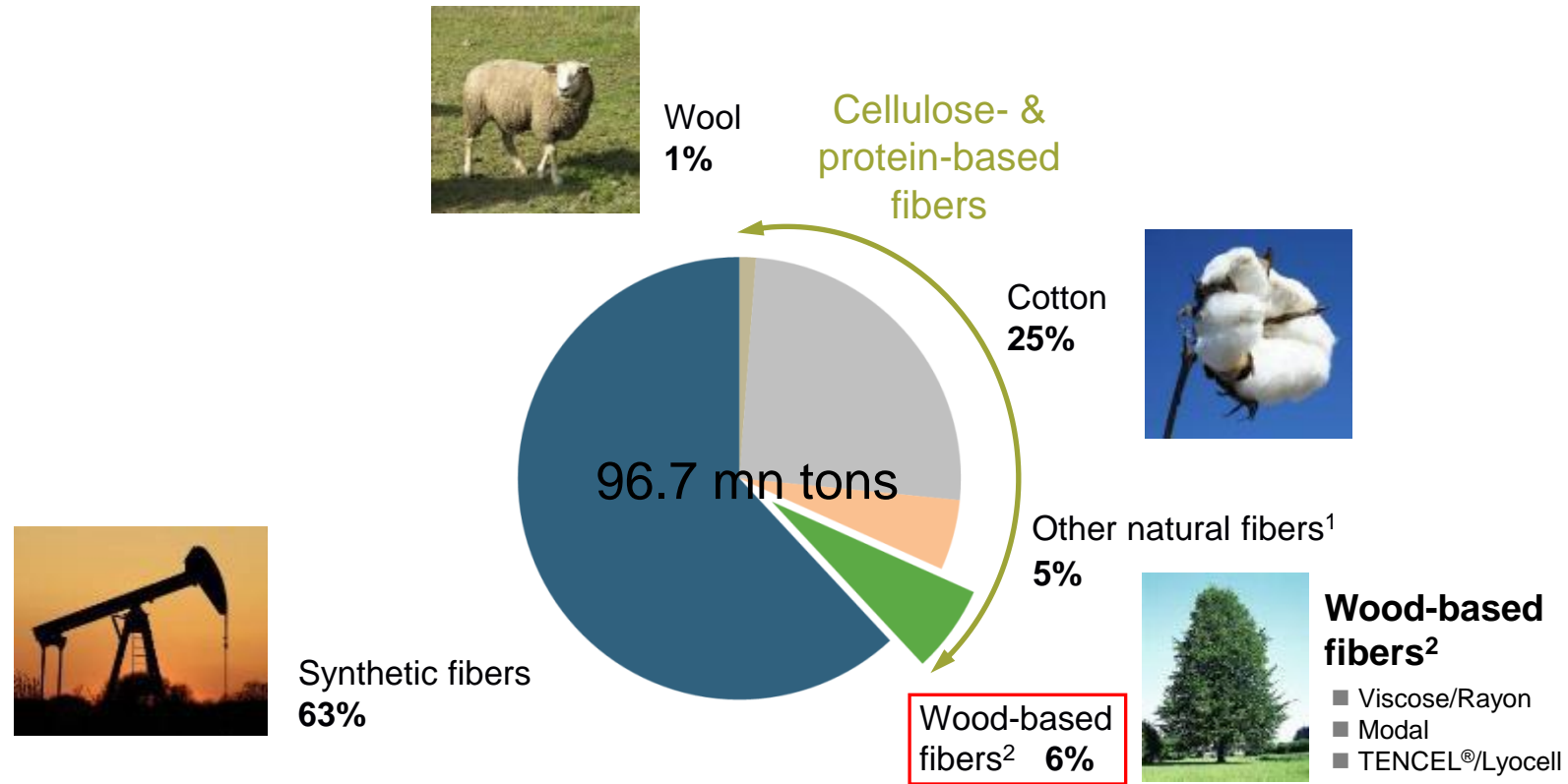
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# Global fiber market at a glance

## 2015 consumption numbers



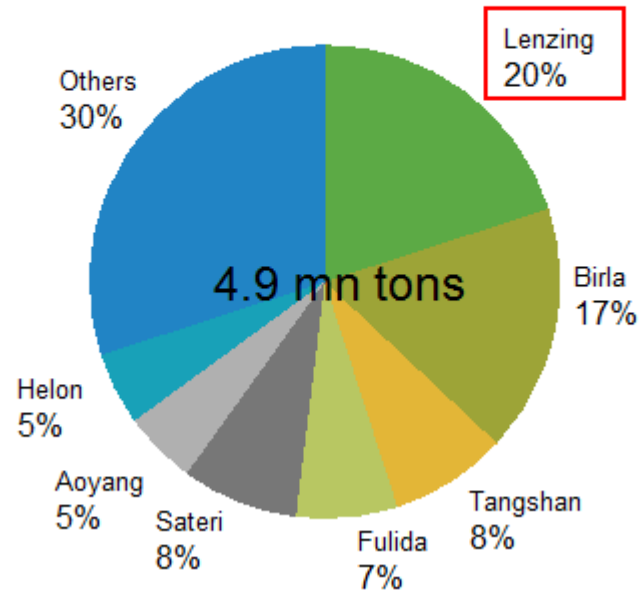
1) Incl. bast, flax, hemp, jute, silk and allied fibers

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

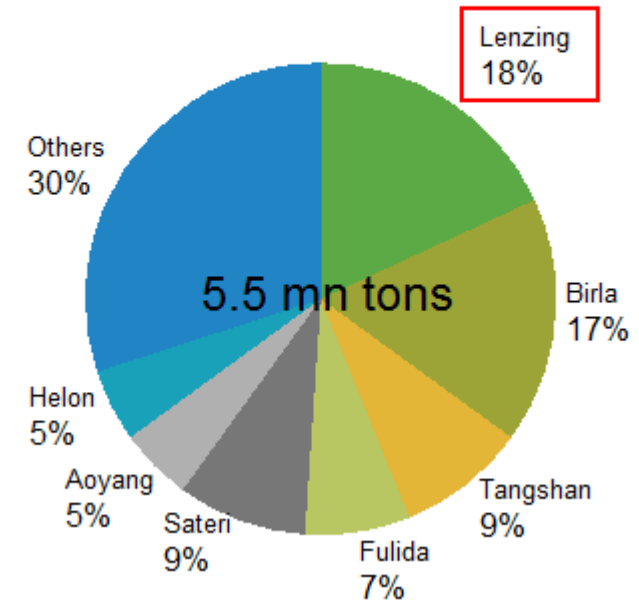
Source: CIRFS, The Fiber Year, The Fiber Organon, Lenzing estimates

# Lenzing is the only player with European roots in the viscose staple fibers market<sup>1</sup> (2015) ...

## Lenzing with 20% share of production



## Lenzing with 18% share of capacities<sup>2</sup>



Source: CIRFS, FEB, Trade statistics, Company estimates

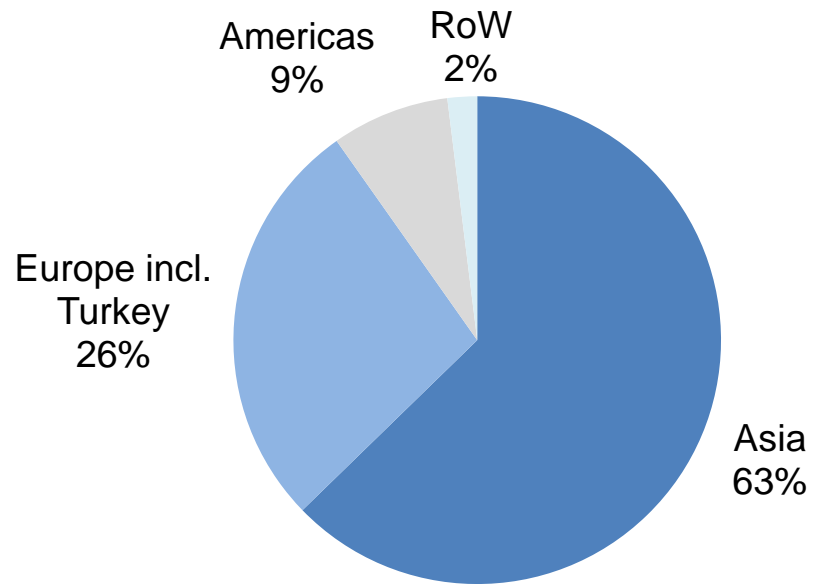
1) Viscose staple fibers (including Modal and TENCEL®), excluding viscose filaments, acetate tow, cigarette filters

2) Based on latest available company information from company websites and annual/interim reports

# ... and is the global leader in cellulose fibers

## Balanced exposure to matured and emerging markets

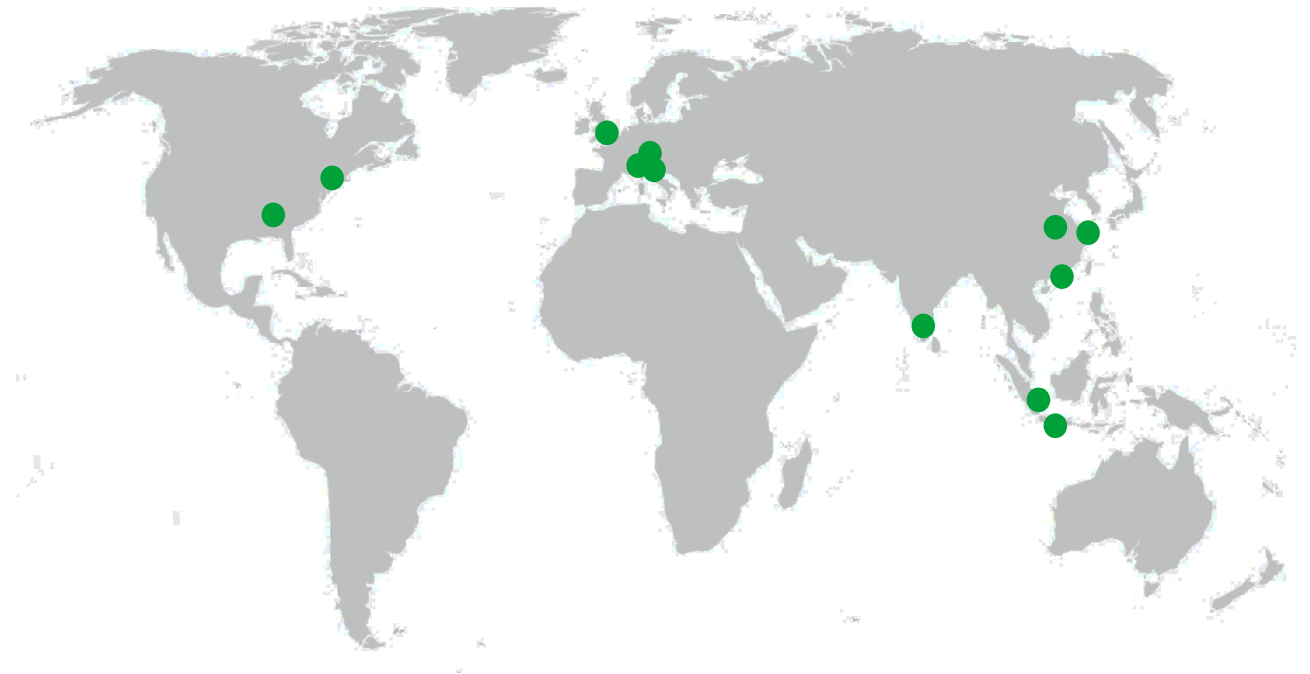
Fiber revenue by region



Source: Lenzing data as at September 30, 2016

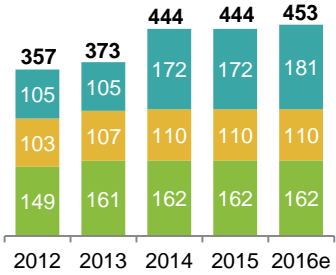
## Global network of production sites and sales offices

2015 footprint

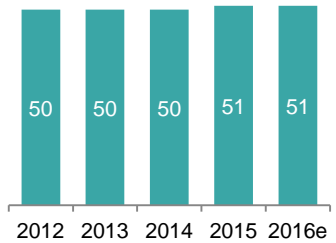


# Capacity 2016<sup>1</sup>: A global footprint

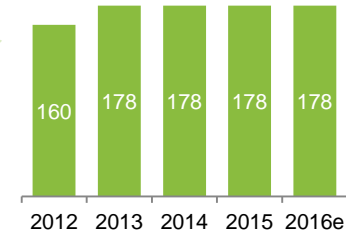
Europe<sup>2</sup>  
CAGR 6.1%



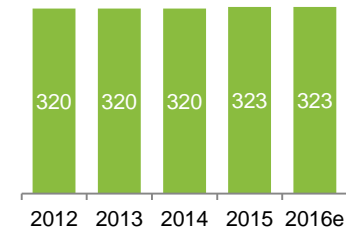
USA  
CAGR 0.5%



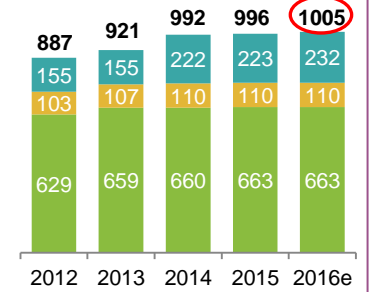
China  
CAGR 2.7%



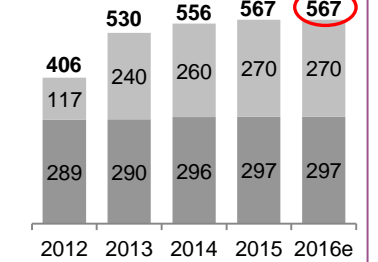
Indonesia  
CAGR 0.2%



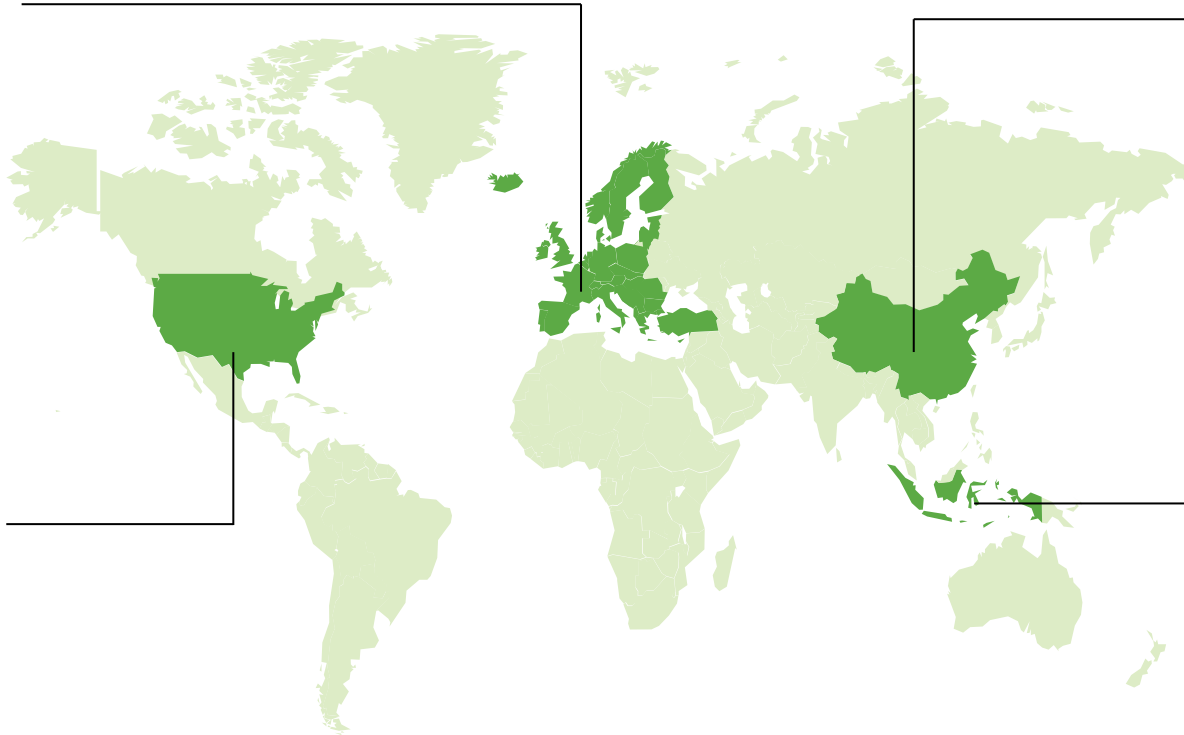
Total capacity at year end  
CAGR 3.2%



Total pulp capacity  
CAGR 8.7%



■ Lenzing (A) dissolving pulp capacity  
■ Paskov (CZ) dissolving pulp capacity



1) Figures are shown in k metric tons; CAGR 2012-2016e  
2) Includes Lenzing (A), Heiligenkreuz (A) and Grimsby (UK)

# Textile and Nonwovens are the two main applications

## Textile



Size



86 mt (~90% of fiber market)

Regional focus



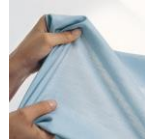
Over 90% in China, India and Asia-Pacific

Fragmentation



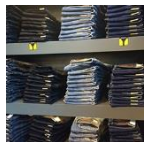
High

Decision making



Brands/retailers with some influence of fabric makers

Key drivers



- Ongoing trend towards **lower cost fashion**
- Trends towards **sustainability, convenience and functionality**
- **Volatile demand** due to fast fashion and changing trends

End users



Markets strongly driven by **end-consumers**

## Nonwovens



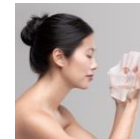
8 mt (~10% of fiber market)



Mainly a **regional market** (due to high logistic costs)



**Low:** Top 5 to 10 players hold between 60-80% share



Brands and converters



- Due to disposability of products **high focus on cost**
- **Flushability and bio-degradable** is an emerging differentiator
- **Wood-based fibers<sup>1</sup>** adding performance to products

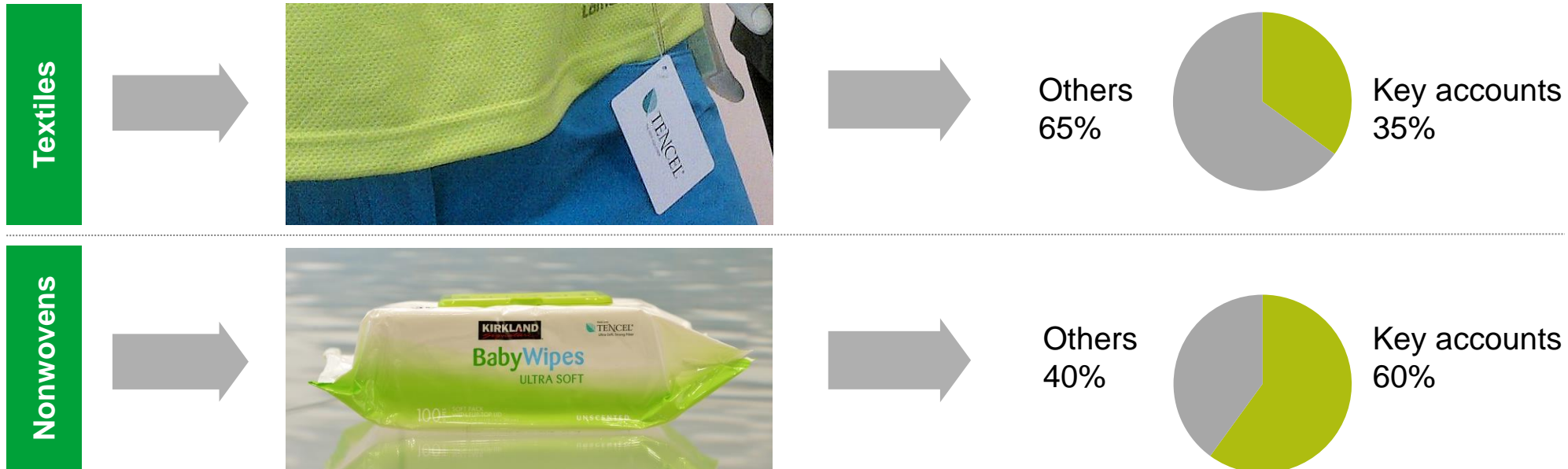


Strong focus on **application of product**

1) Wood-based and cotton linter-based cellulose fibers, previously named man-made cellulose  
Source: Lenzing data 2015

# Lenzing is THE trusted long-term partner for global consumer brands

Global consumer brands trust Lenzing as long-term partner due to our quality leadership and deep technical expertise, resulting in several “co-branding” initiatives



Source: Lenzing data 2015

# Megatrends foster growth perspectives

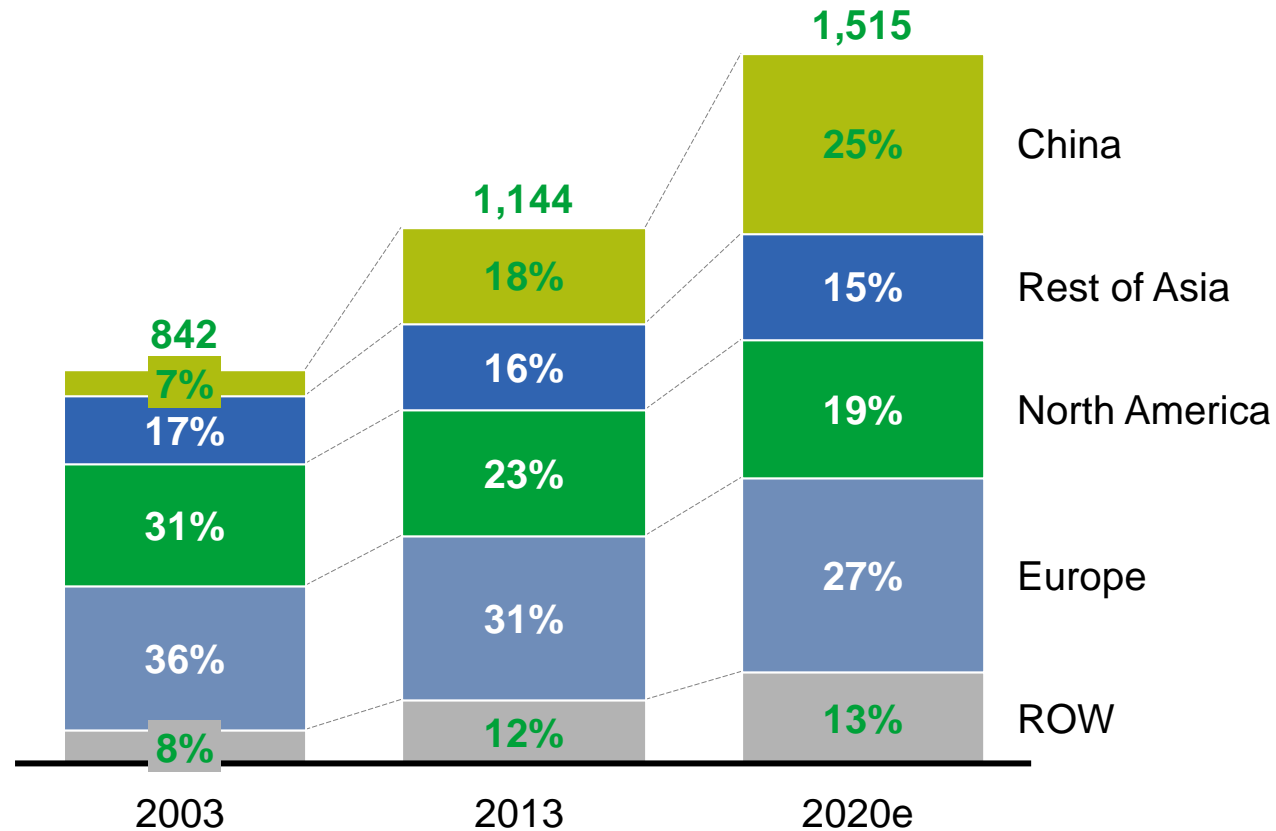
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# China remains the growth engine in global textiles

## Global textile demand by value (2003-2020)

EUR bn



CAGR  
(2013-2020e)

9.2%

3.1%

1.4%

2.4%

5.3%



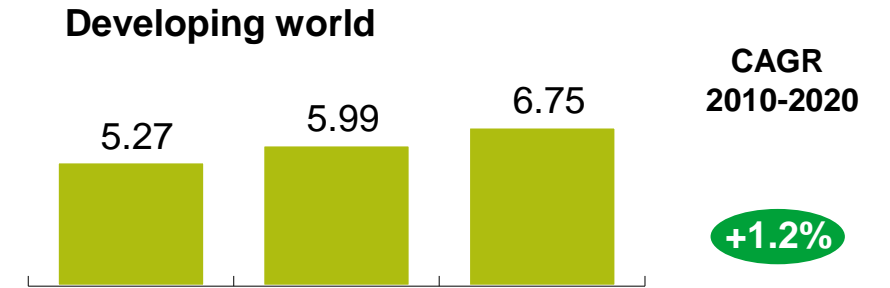
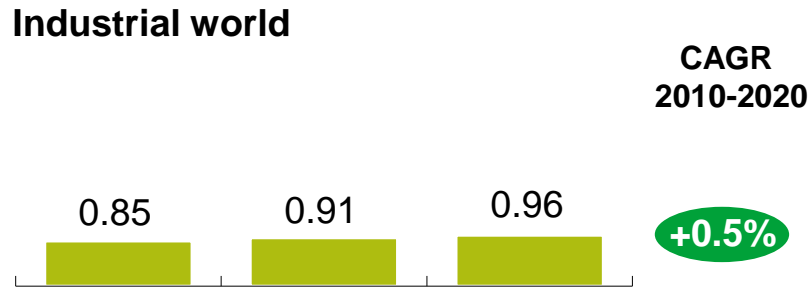
Source: ICAC World Textile Demand, Euromonitor, Lenzing data 2015



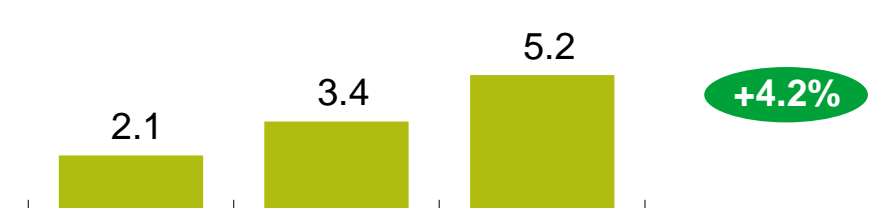
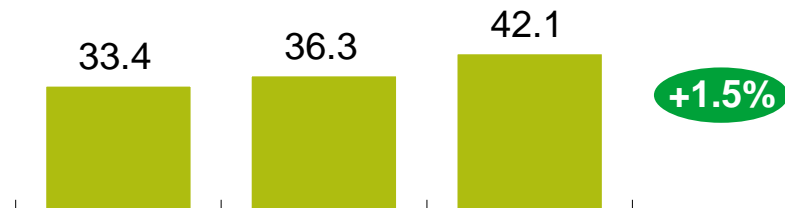
# Megatrends support fiber demand growth

Population growth and higher purchasing power in the emerging markets drive overall fiber growth

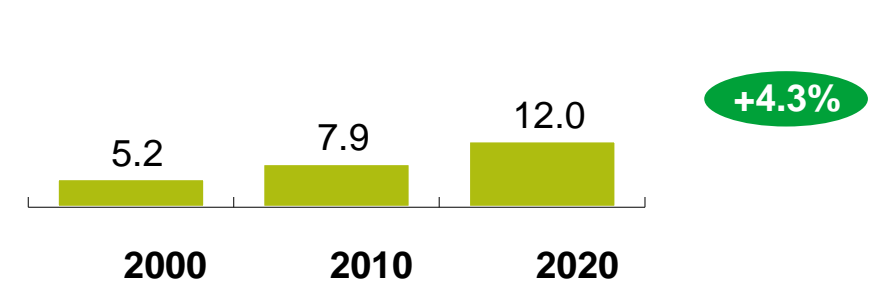
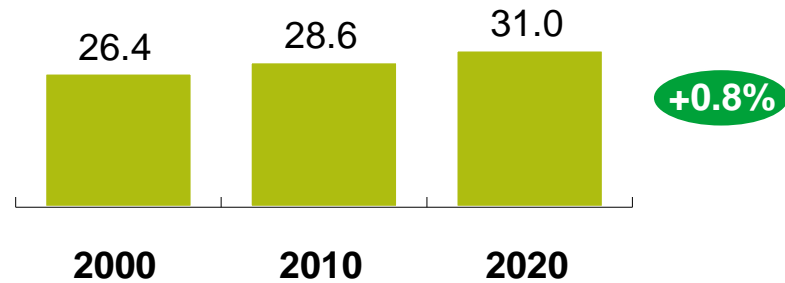
**Population**  
in bn



**GDP growth**  
in real USDk/capita



**Textile consumption**  
in kg/capita



Source: IHS, ICAC, Lenzing data 2015

# The key growth drivers for fibers

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## Overall fiber market growth

### Population growth-driven

- Growing population demanding more fabrics

### Wealth-related growth

- Higher per-capita consumption of fibers with increasing income

## Fiber mix shifts due to demand fundamentals

### Wealth impact developing countries

- People exit extreme poverty and can afford garments: Strong increase of low cost products
- Rising middle class: Higher quality and functionality of clothing

### New fiber technologies and changed use patterns

- Trend to high-tech clothing and comfort leading to more use of special polyester and wood-based fibers<sup>1)</sup>

1) Wood-based and cotton linter-based cellulose fibers, previously named man-made cellulose fibers (viscose, modal and lyocell only – excluding acetate, tow and filament)

# Sustainability is gaining importance

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## Less than 1% of global water resources is available as fresh water for people

- But water consumption is rising due to population growth and changing consumption habits



## Arable land is decreasing due to erosion and urbanization

- With a growing global population, this intensifies the competition for farm land



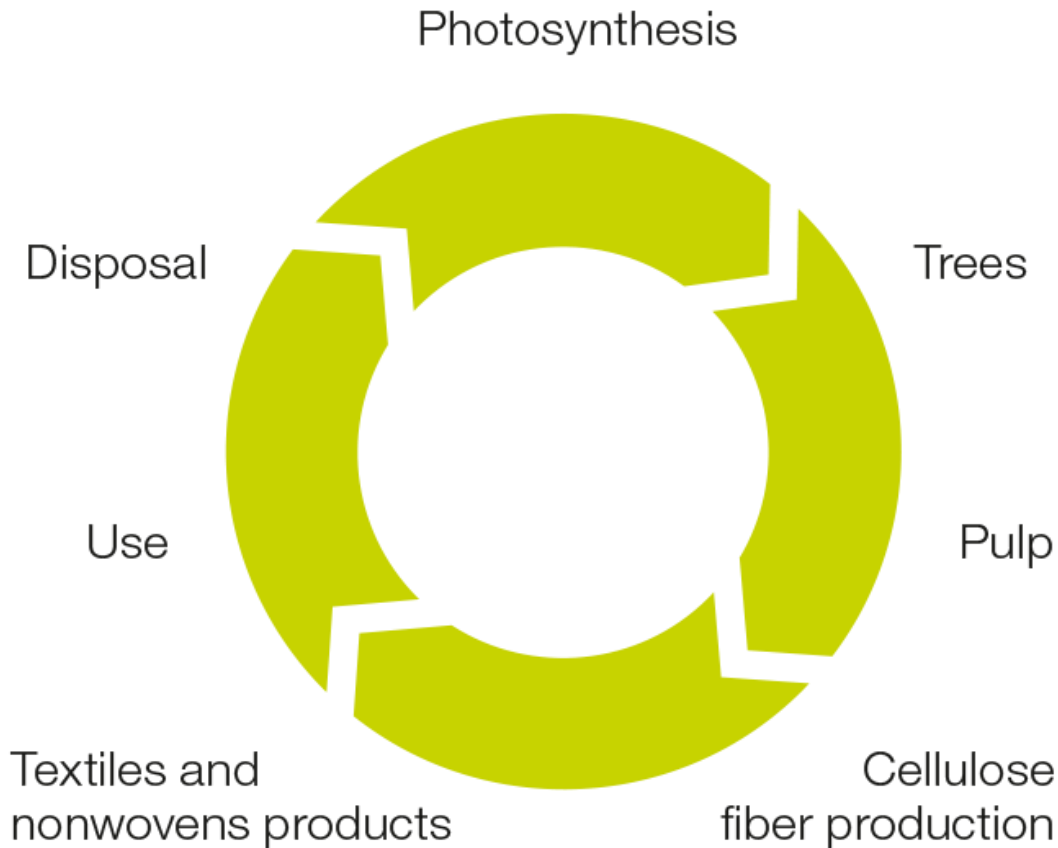
## Oil is a finite resource causing negative externalities

- Sooner or later “peak oil” will be reached
- New sources can only be tapped by taking high ecological risks



# Renewable raw material wood

## The Cellulose Cycle

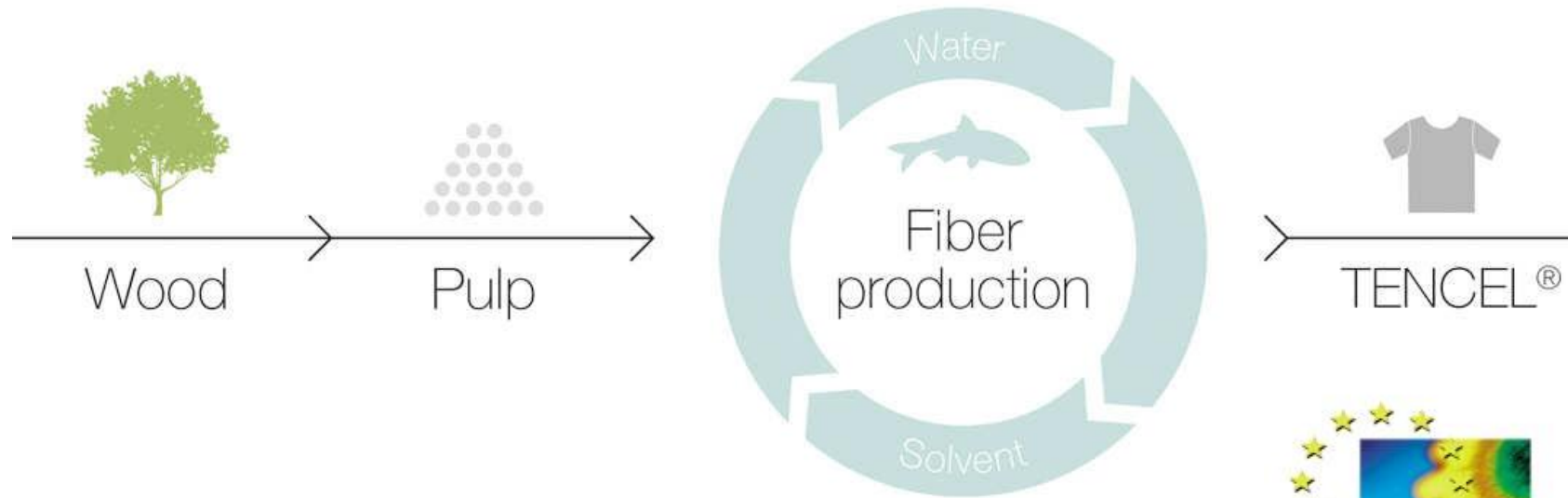


- Cellulose is nature's most important construction material and available in abundance
- Wood and dissolving wood pulp derived from it are the basis for wood-based cellulose fibers
- Wood contains about 40% - 50% cellulose
- Biodegradability is confirmed by certification



# Megatrend: Sustainability

## TENCEL® - a sustainable production process



- Direct solving process
- Closed-loop process
- Complete recovery of solvent

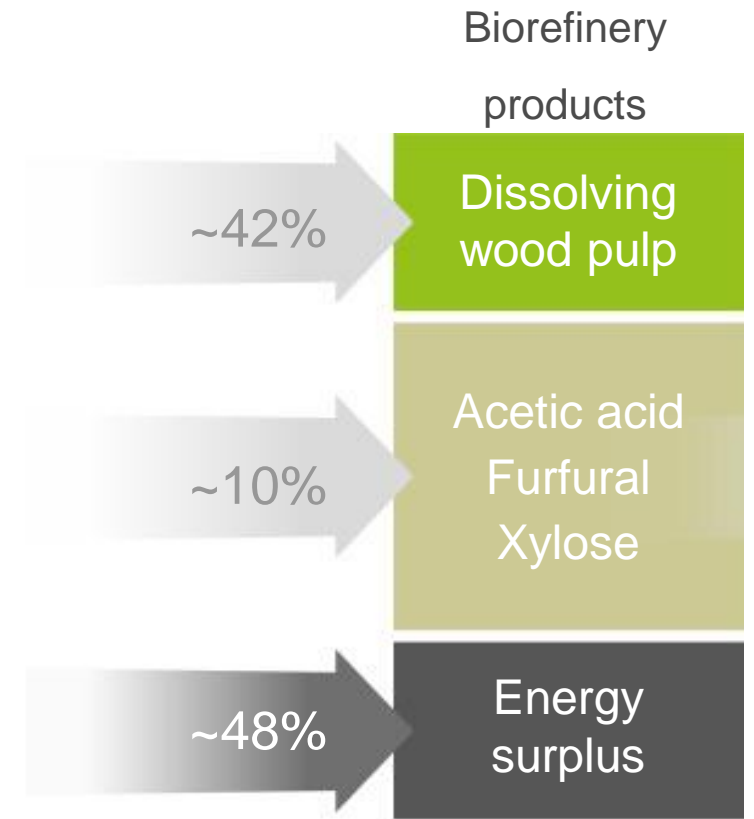


# Highly efficient use of the raw materials

The Lenzing site is fully integrated. Dissolving wood pulp production at the Lenzing site achieves a wood utilization rate of about 50%.

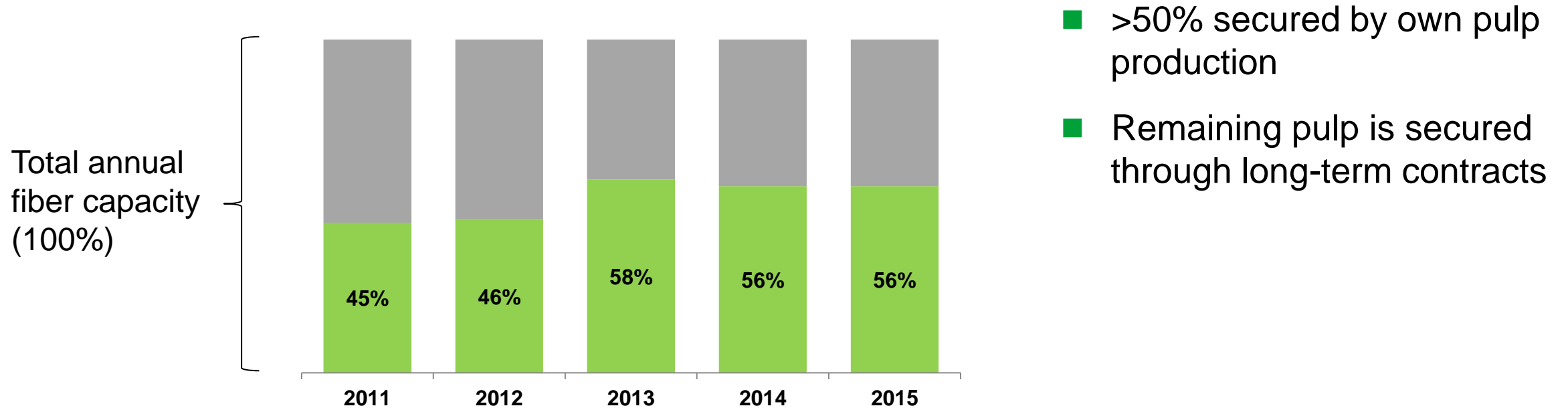


Dissolving  
wood pulp  
production



# Fiber production fully secured by a robust pulp supply

Level of backward integration: Own pulp supply in percentage of annual fiber capacity

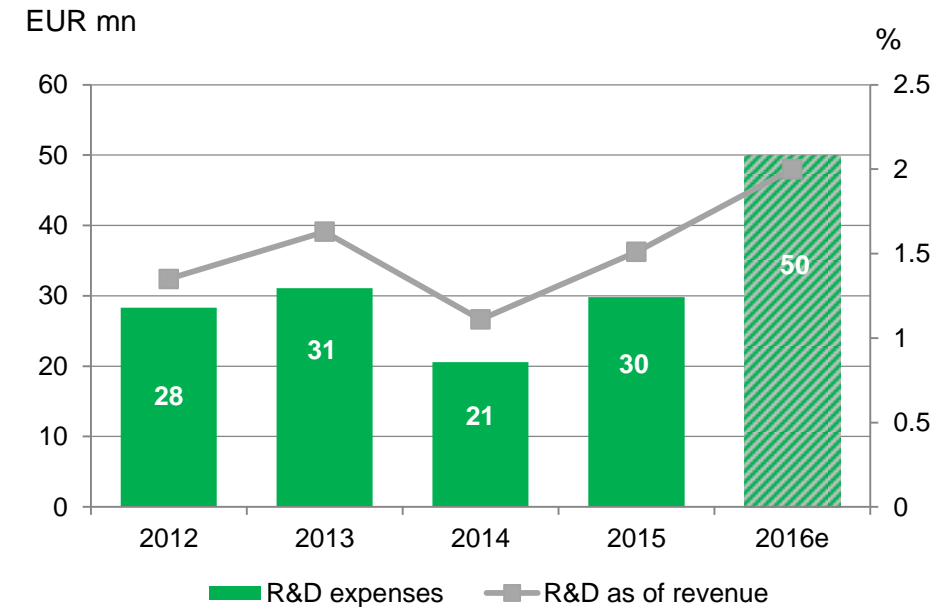


# Lenzing underpins its innovation leadership

Industry leading R&D spend (EUR 29.8<sup>1</sup> mn in 2015)

- 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<sup>®</sup> 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
- As of December 2015, Lenzing owned approx. 1,250 patent applications and patents in 57 countries belonging to 215 patent families as well as approx. 1,680 trademark applications and trademarks in 93 countries belonging to 110 trademark families

## R&D expenses (2012-2016e)<sup>1</sup>

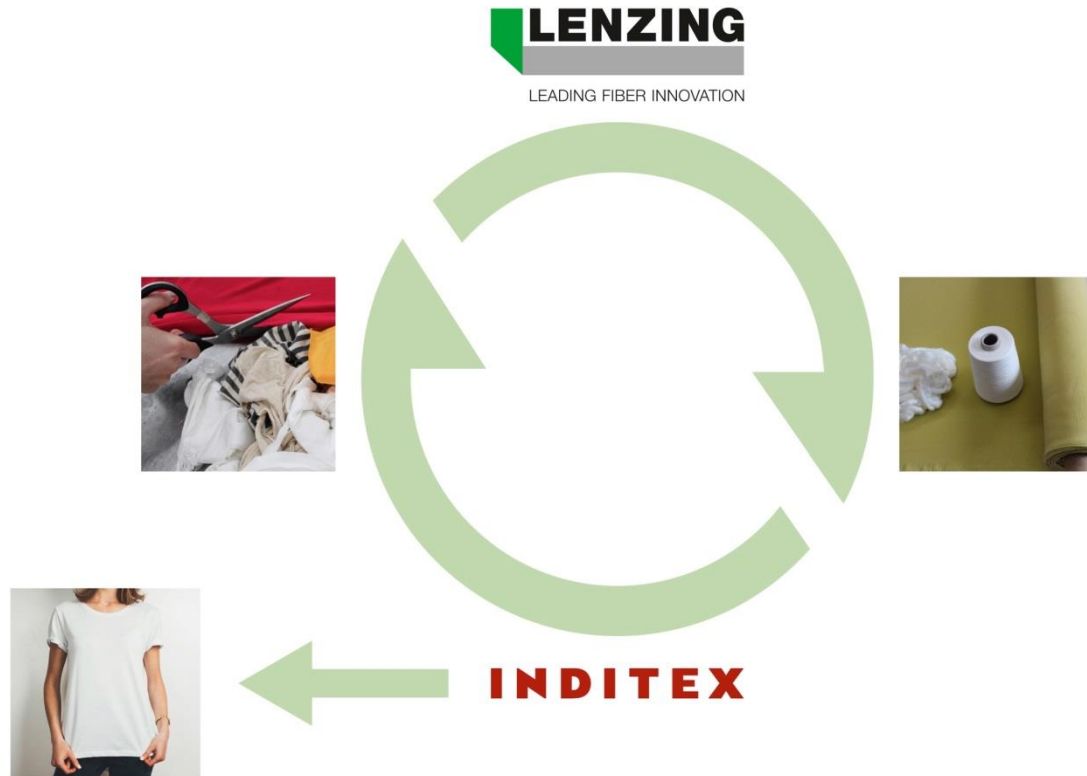


Source: Lenzing

1) Pursuant Frascati



# Commercial launch of a new sustainability innovation concept



- Major breakthrough for the 'Circular economy' on a big scale
  - Special TENCEL<sup>®</sup> 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, first products will be launched in spring 2017. Outdoor specialist Patagonia will also launch first products with the fiber next year
- Create deeper strategic partnerships down the value chain and strong brand recognition with leading innovators

# Lenzing is innovation leader in lyocell with TENCEL®

- TENCEL® fiber: Outstanding functionality and highly eco-friendly
- Lenzing has strong global footprint and cost leadership
- Excellent in shaping and creating lyocell market through
  - Branding: TENCEL®
  - Application development and downstream partnerships
  - Pioneering the technology and successful scale-up
- Very strong pipeline of product and process innovation



# Distinct trends are emerging

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## ■ Textiles

- Need for sustainable supply chains across the globe
- Fast fashion
- Focus on functionality



## ■ Nonwovens

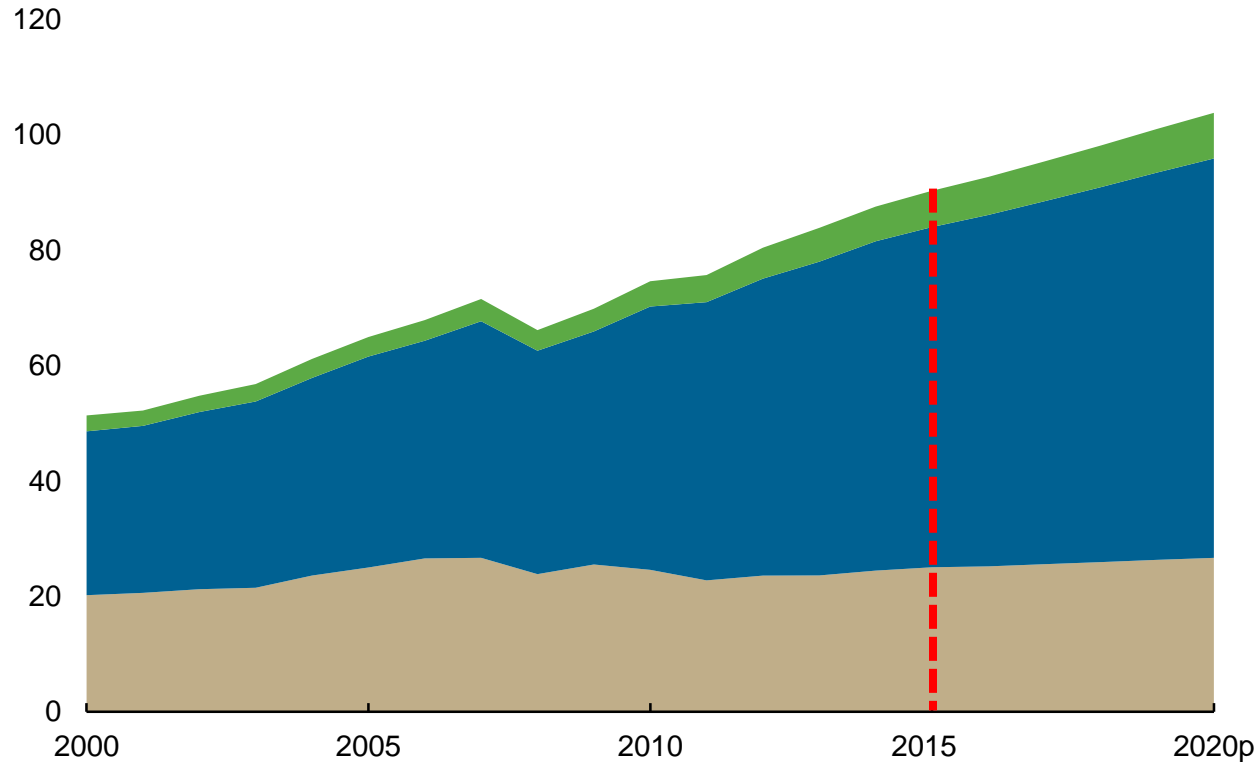
- Need for higher cleanliness
- Need to improve eco-footprint of downstream products
- High innovation headroom



# Wood-based fibers<sup>1</sup> outgrow market

## Expected growth of global fiber demand until 2020

Million metric tons<sup>2</sup>



**CAGR  
(2015 – 2020p)**

■ Wood-based fibers <sup>1</sup>	5-6% p.a.
■ Synthetic fibers	3-4% p.a.
■ Cotton	1-2% p.a.
<hr/>	
Total fiber market	3-4% p.a.

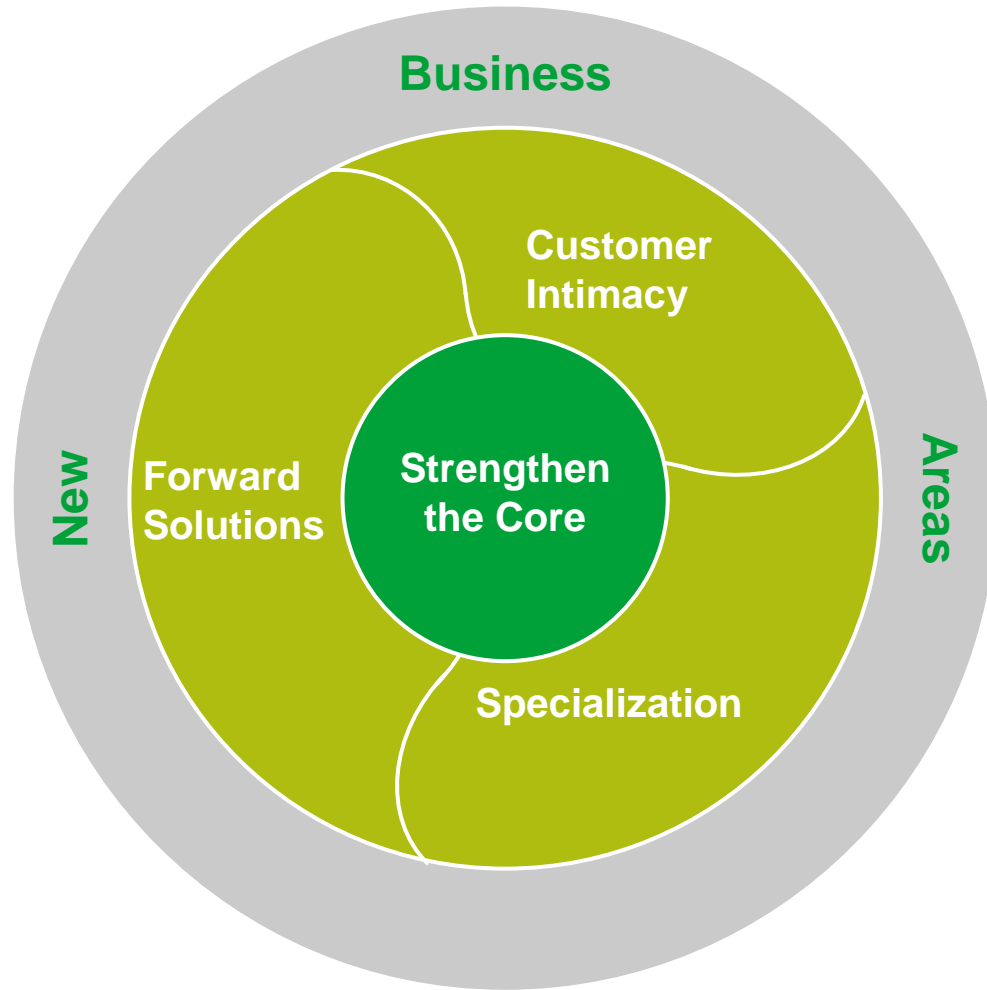
1) Wood-based and cotton linter-based cellulose fibers, previously named man-made cellulose (viscose, modal and lyocell only – excluding acetate, tow and filament)

2) Without wool and other natural fibers

Source: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing data 2015

# The new strategy – driving value growth

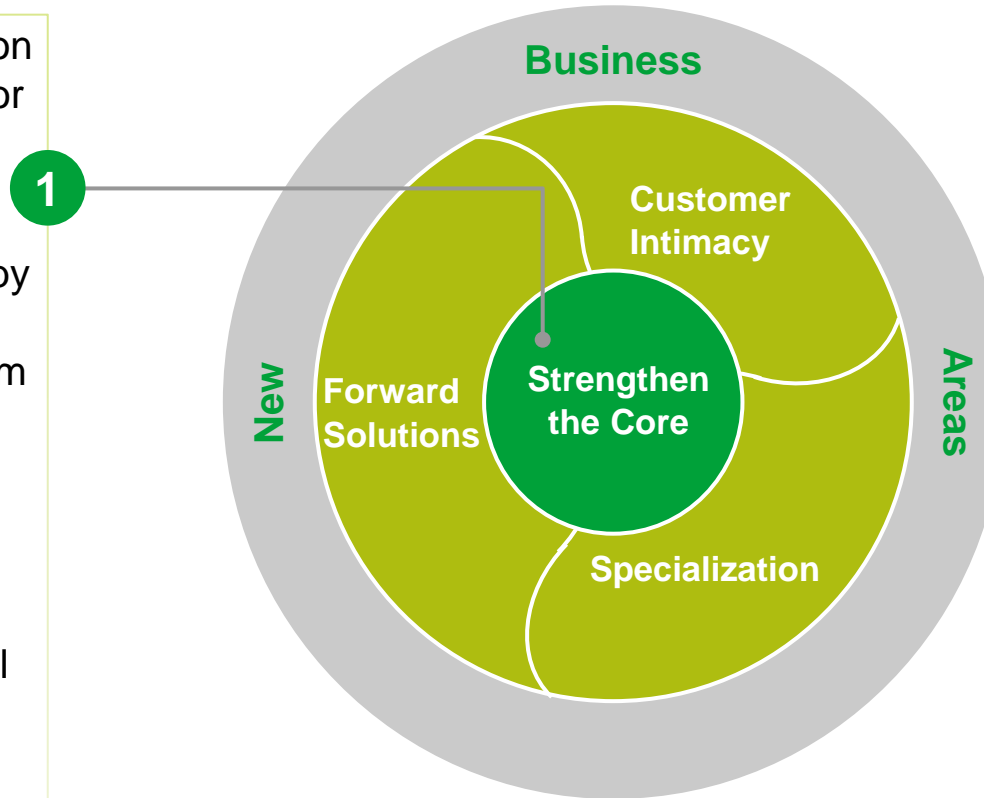
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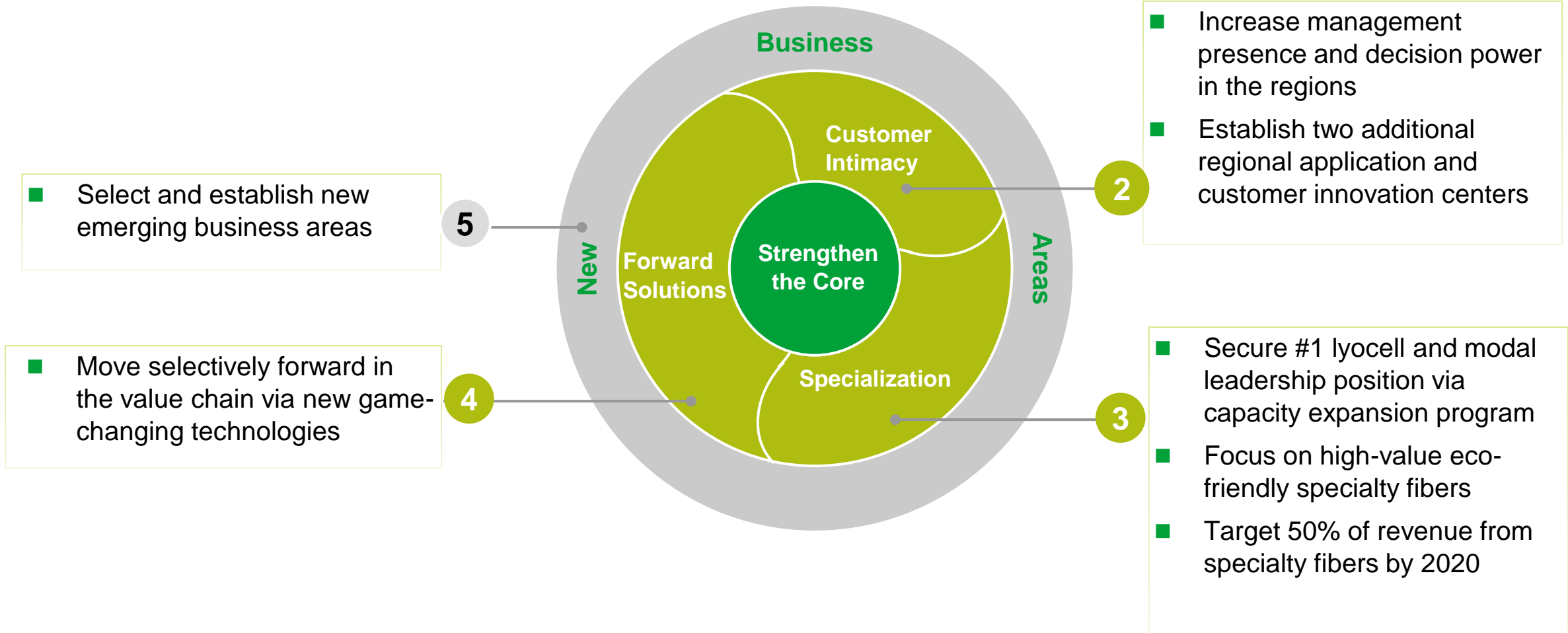
sC  reTEN

# Strengthen the Core

- Further strengthen pulp position via backward integration and/or strategic co-operations
- Maintain quality leadership
- Deliver EUR 50 mn EBITDA by 2017 with commercial and operational excellence program
- Strengthen our co-products business
- Grow viscose position via strategic partnerships
- Finalize restructuring technical units



# Customer Intimacy, Specialization, Forward Solutions and New Business Areas



# 2020 financial targets

---

**EBITDA**  
growth of 10% p.a.  
(vs. 2014 base)

**ROCE**  
 $\geq 10\%$

**Net financial debt/  
EBITDA**  
 $< 2.5$



# Our production sites

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Lenzing –  
Austria (fiber and pulp)



Lenzing –  
Austria (TENCEL®)



Purwakarta –  
Indonesia (viscose)



Paskov –  
Czech Republic (pulp)



Grimsby –  
Great Britain (TENCEL®)



Heiligenkreuz –  
Austria (TENCEL®)



Mobile –  
USA (TENCEL®)



Nanjing –  
China (viscose)



# Where you can find our fibers

Apparel/Home & Interiors - close to skin

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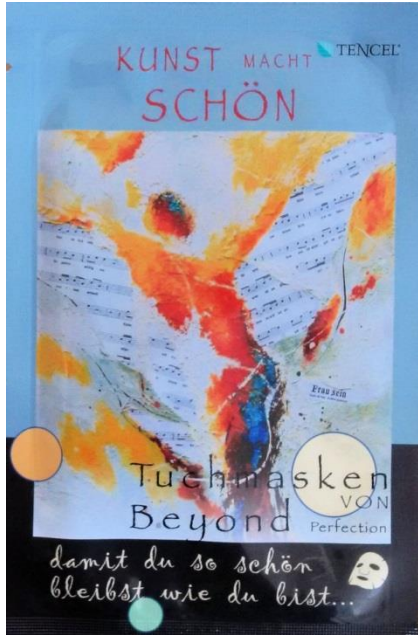
DL  
1961



# Where you can find our fibers

## Nonwovens

### ■ Facial masks



### ■ Wipes



### ■ Hygiene articles



# Where you can find our fibers

## New Business Development & Technical textiles

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- In automotive (car seats, tires, injection molding, ...)



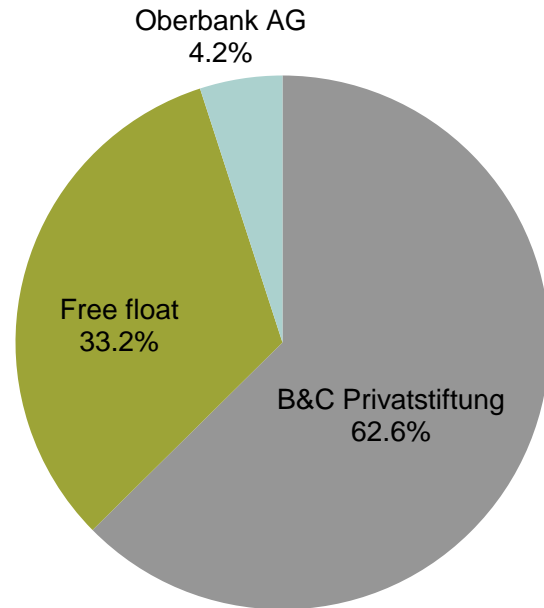
- Packing solutions with Lenzing Modal® COLOR (vegetable and fruit nets – eg. at REWE Austria and ALDI Austria – Hofer)



- Botanic Shoe with TENCEL® TENCEL® shoe complete (shoe soles, lining, upper fabric and shoe laces)



# Lenzing share information



## Overview of B & C Privatstiftung<sup>1</sup>

- 62.6% 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 Sept. 30, 2016	EUR 104.00
Market capitalization September 30, 2016	EUR 2,761.200 mn

## Coverage as at November 15, 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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## Investor Relations contact

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Head of Investor Relations  
Corporate Communications & Investor Relations
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  - Fax: +43 7672 918 4032
  - E-Mail: [s.kniep@lenzing.com](mailto:s.kniep@lenzing.com)

- Visit our IR website  
<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 2016	March 22, 2017
73 <sup>rd</sup> Annual General Meeting	April 25, 2017
Result 01-03/2017	May 16, 2017
Half-year result 2017	August 23, 2017
Result 01-09/2017	November 15, 2017