

Leading Fiber Innovation



Investor Presentation
Shanghai September 27, 2011

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Agenda

1. Group overview
2. Viscose business environment in China
3. Lenzing Nanjing plant
4. Business performance / New 60 kt line
5. Business challenges
6. The viscose business environment: market, economic & competition
7. Lenzing Group strengths in China

Key investment highlights

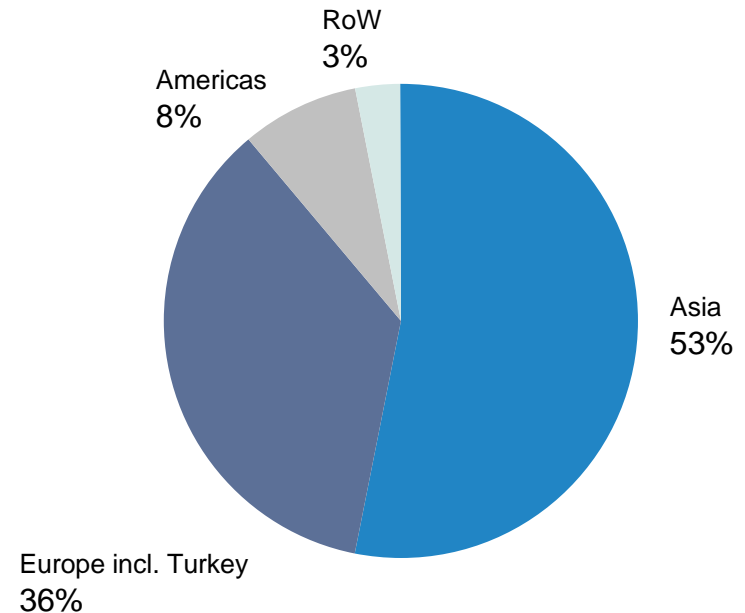
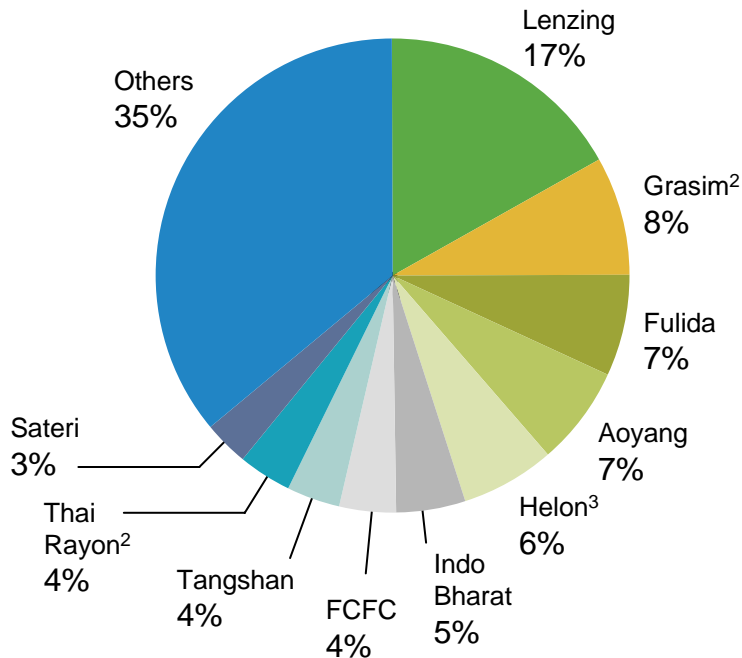
A straightforward story of leadership and growth



Global market leader in a fragmented market

Lenzing with 17% market share¹

Only true global player – sales by region⁴



Source: Company information; The Cellulose Gap, Gherzi, February 2011

- 1) by capacity, based on latest available company information from company websites and annual/interim reports
- 2) direct or indirect non-controlling shareholdings by private Indian conglomerate Aditya Birla; marketing of viscose staple fibers under the 'Birla' umbrella brand
- 3) in bankruptcy
- 4) fiber sales by volume in metric tons H1/2011

Viscose business environment in China*

- China's apparel industry has tripled in 10 years (RMB 400 bn 2010)*
- Forecast to triple again in next 10 years
- Per capita spend for urban Chinese still low at RMB 1.2 k p.a. versus RMB 5.8 k p.a. in the USA
- China has the potential to account for 30% of global apparel industry over the next 5 years
- E-shopping on the rise (71% of E-shopping are apparel purchases)
- LNF is in the 1st tier in China for quality production. This gains customer stickiness and a premium

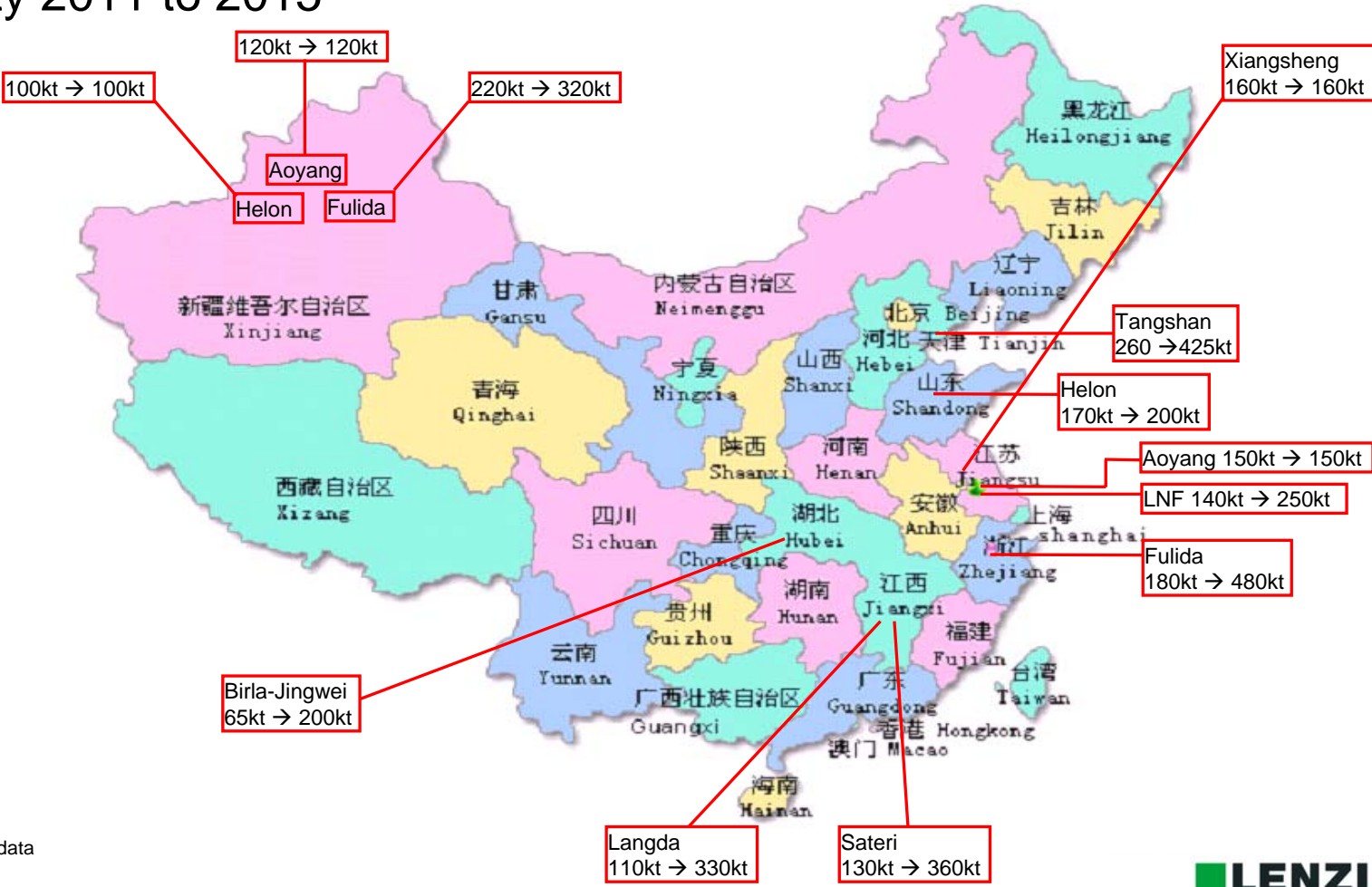
*) information based on Boston Consulting in China Daily

Viscose business environment in China

- Financing – bank lending curbed to control inflation (21.5% bank reserve/6.56% interest rates)
- Competition first focused on volumes but now more on quality
- VSF capacity in 2000 was 0.4 million t p.a. - estimated to grow to 3.2 million t by 2015
- China continues to encourage and invest in domestic demand to reduce reliance on exporting
- Inflationary pressures force tight monetary policy but such policy curbs GDP growth
- VSF producers export ratio <10% so bigger selling pressure domestically
- Higher cost base/low efficiency plants force industry consolidation?

Chinese VSF competitive landscape

Capacity 2011 to 2015*



*) intend Lenzing data



Lenzing Nanjing Plant

Lenzing (Nanjing) Fibers Co., Ltd.

JOINT VENTURE

between



70%

30%

Lenzing Nanjing Plant

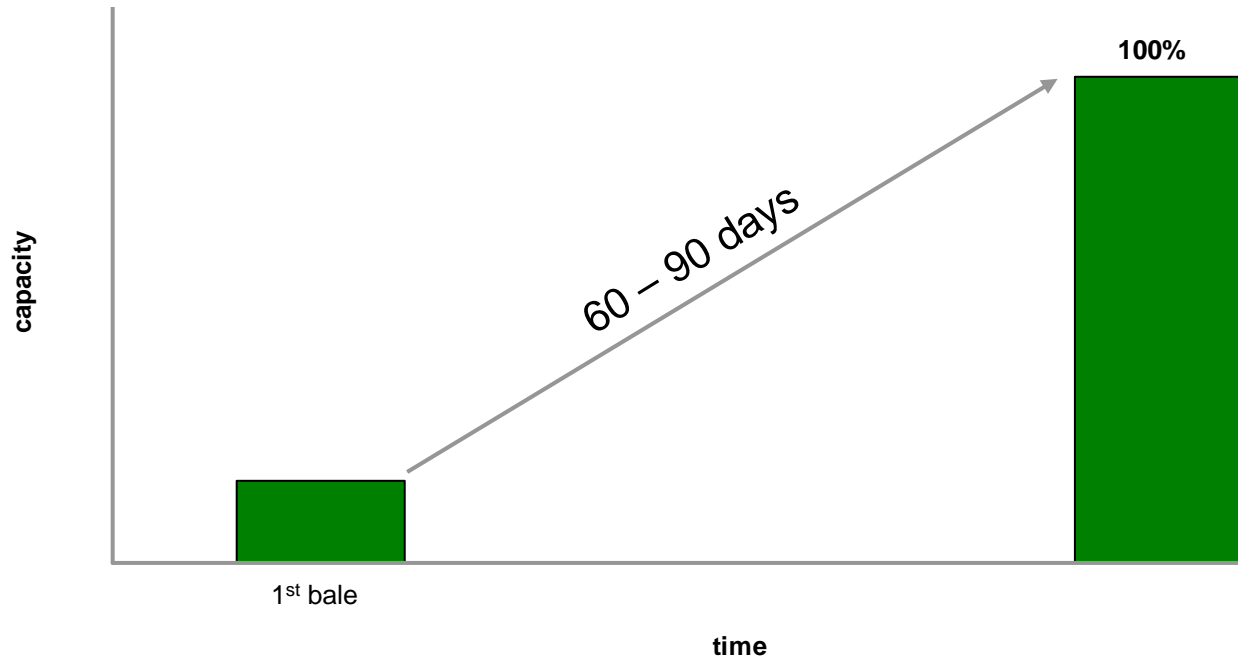
- Capacity of 140 kt with three production lines
- Key process technology and equipment imported from Lenzing Technik Austria
- Considerable portion of local equipment
- Expansion to 250 kt by 2015
- Line 3 project recently commissioned July 2011 for 60 kt line with USD 78 mn capex
First two lines (30kt debottlenecked to 40kt each) commissioned in April 2007
- Staff: 800 people



Business performance/new line

- Expansion on time and within budget
- Construction from Ground Breaking to 1st bale: 13 months! (Industry record)
- No serious incidents during construction phase
- State of the art technology: Nonwoven and textile fibers production capability
- Creation of additional 225 local jobs
- Debottlenecking project ongoing to deliver additional 20 kt early 2012
- Associated expansion in
 - Environment technology – Carbon Absorption Plant (CAP) and Mini Wet Sulphuric Acid Plant (WSA)
 - Power – 2 * 20 MW Transformer station

Successful ramp-up of new line



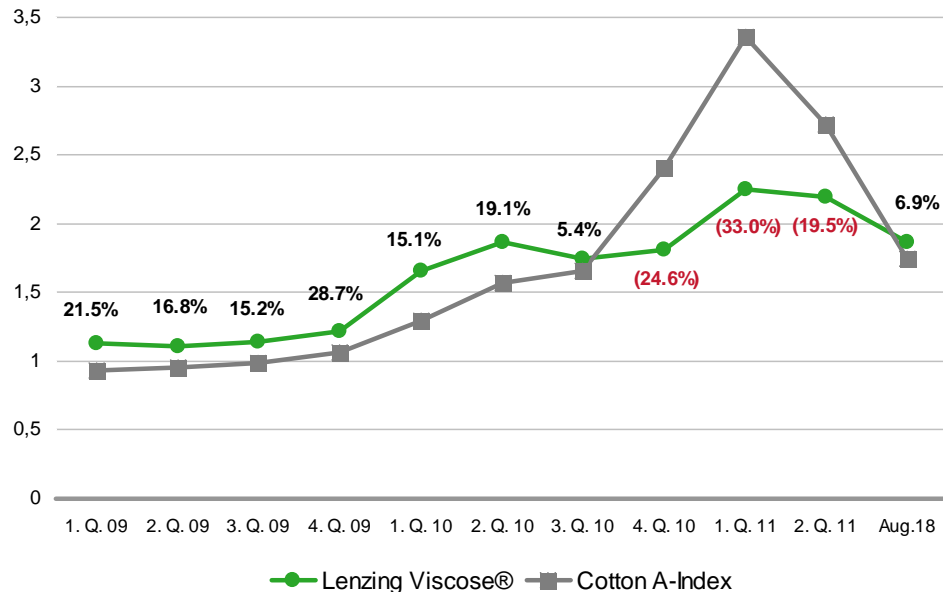
- First bale 18th July 2011
- Volume and quality ramp up encouraging
- Full capacity at first quality early Q4/2011

Viscose Pricing

Re-establishment of premium to cotton underway

Historically, standard viscose fibers traded with a 15% - 20% premium over cotton.

Lenzing standard viscose- vs. cotton prices
(in USD/kg)



- Continuous slight increase of VSF prices after strong decrease in Q2 2011
- Strong volume demand for textile and non-woven fibers
- Beginning of recovery of premium to cotton
- Start of “de-stocking” of pipeline

LNf Customer base*

- Approximately 75% Domestic and 25% Export
- Top 10 customers represent 60% of sales volumes
- Excellent long standing customer base
- Roughly 70% textile and 30% nonwoven by volume
- For exports USA is first destination followed by Vietnam and Korea
- LNf expansion was justified on existing customer demand not having to acquire new customers
- Customer loyalty and relationship (“Guanxi”) a key factor to successful business in domestic market

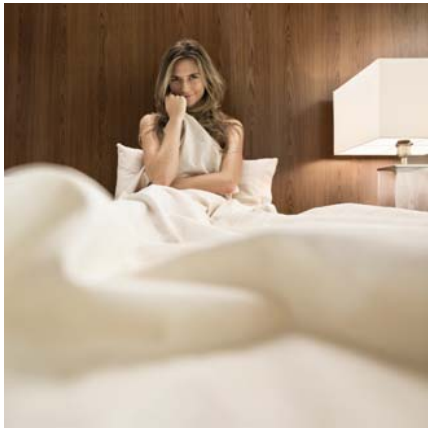
*) as at August 2011

Lenzing Group strengths in China

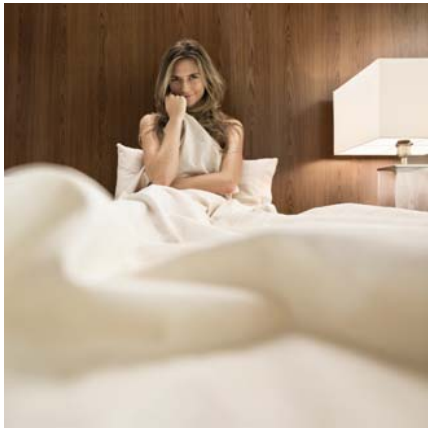
LNF in China – Why Lenzing is different from VSF competition

1. Safety standards
2. State of the art environmentally friendly technology (benchmark)
3. Highest quality & customer service
4. Production know how – legacy
5. Economies of scale - Machinery & technology (jumbo line)
6. DWP secured on long term basis
7. Combined Chinese / European management – Retention programme
8. Global production and marketing footprint
9. Long term financing

Thank you for your attention!



Appendix



Introduction

Complementary Management Team



Peter Untersperger
Chief Executive Officer



Friedrich Weninger
Chief Operating Officer



Thomas G. Winkler
Chief Financial Officer

Age

■ 51

■ 54

■ 48

Education

- Master of law and business administration (University of Linz)
- Doctorate in law (University of Linz)

- Master of Business Administration IMD (Lausanne/Switzerland)
- Graduate engineer of construction engineering (University of Innsbruck)

- Master of law (LLM) (University of Cape Town)
- Master of law (University of Salzburg)

Relevant Experience

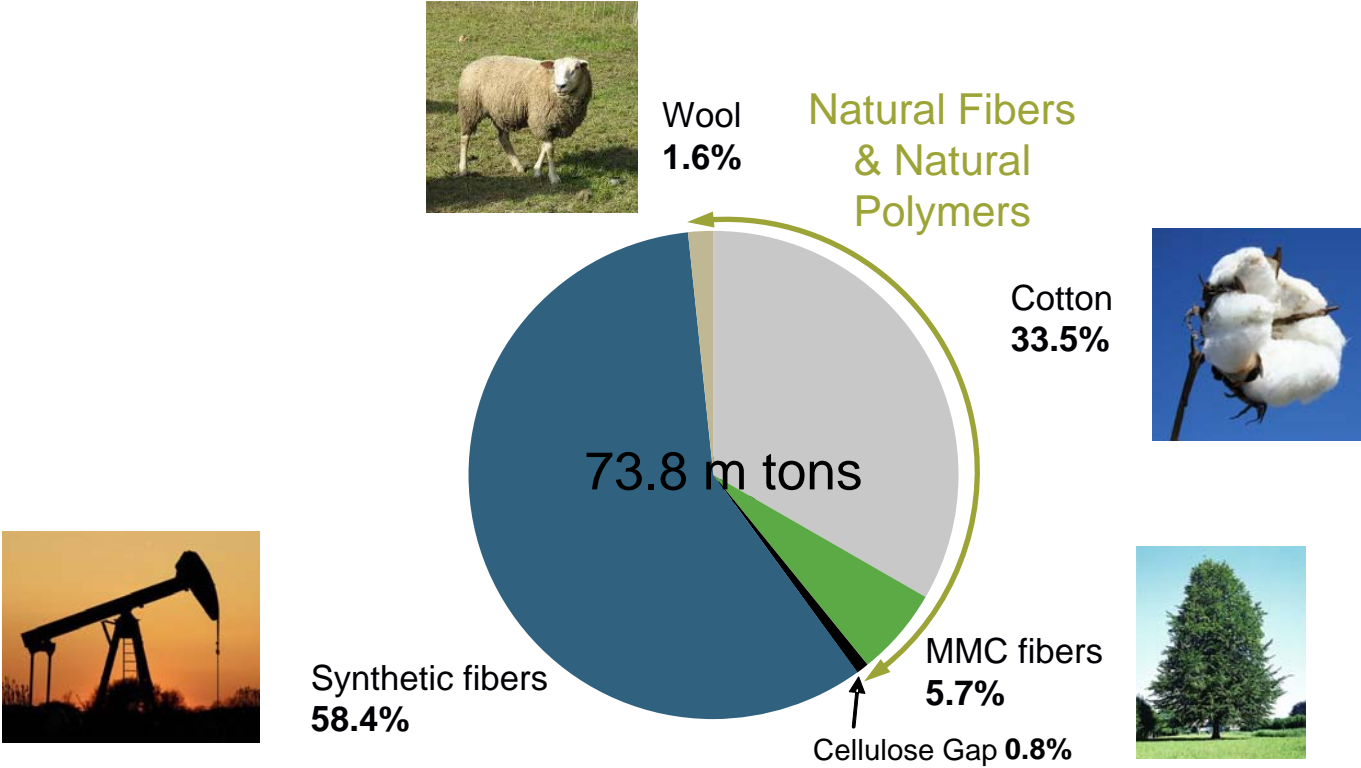
- CEO Lenzing AG since January 2009
- CFO Lenzing AG for 10 years
- CEO South Pacific Viscose Indonesia for 3 years
- CFO South Pacific Viscose for 4 years
- **25 years with Lenzing AG**

- COO Lenzing AG since January 2009
- General Manager/Vice President Business Unit Textile Fibers for 5 years
- Head of Logistic/Marketing/Sales Lenzing AG for 10 years
- **21 years fiber experience**

- CFO Lenzing AG since April 2010
- Executive Vice President JSFC Sistema for 1 year
- CFO T-Mobile Int. AG for 6 years
- Head of Investor Relations Deutsche Telekom AG for 3 years
- **20 years capital markets experience**

Global fiber market 2010

Global fiber demand 2010 E









Source: The Cellulose Gap, Gherzi, February 2011

Total fiber demand: approx. \$150bn.



Global market leader

Technology leadership secures leading market shares

	Market Position and Market Share by Production Capacity	Unique Selling Proposition	Key End Markets	% of Fiber Sales Q2/2011 ³
 Innovation drives specialties	# 1 – Quantum leap technology  99%	...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"> High-end consumer applications Special technical applications 	19%
 # 1 ¹	 86%-88%	...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"> Consumer applications High performance apparel 	17% ⁴
 Sets Industry standard	# 2  15%	...sets industry standard <ul style="list-style-type: none"> Superior quality allows for use of high-end textile machinery² Consistent in dyeing and finishing Global service package 	<ul style="list-style-type: none"> Consumer applications Technical applications 	64%

Source: Lenzing

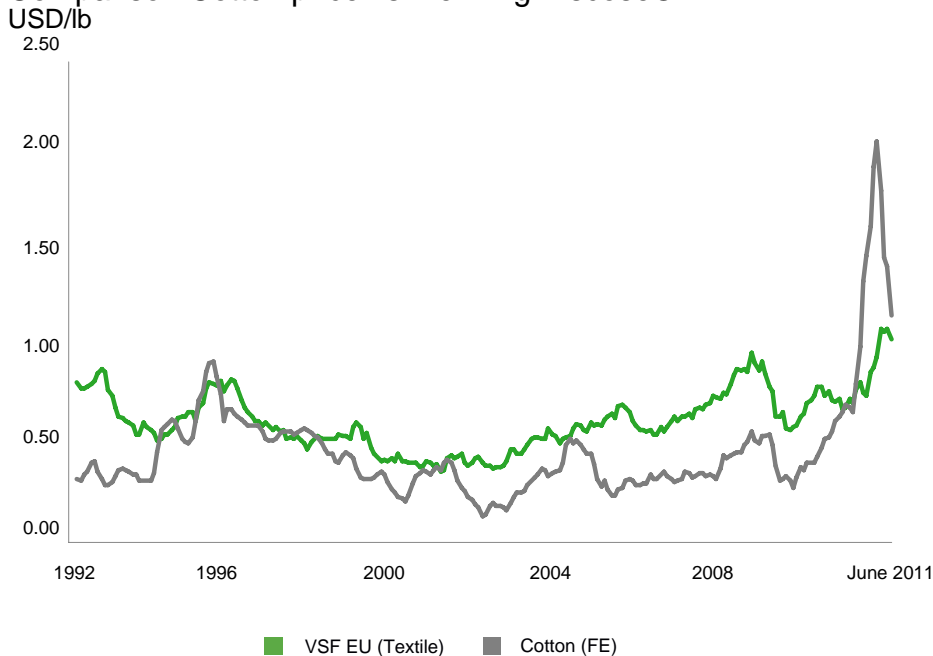
- 1) based on estimated capacity of the only other competitor meeting type specifications BISFA + ISO 2076 on a commercial scale (10,000-12,500 metric tons p.a.)
- 2) e.g. airjet spinning machine allowing for 42 m/min compared to 25 m/min on regular (ring spinning) textile machines (Source: Lenzing)
- 3) excluding sales of fiber by-products, external sales of pulp, wood, energy
- 4) including Lenzing FR®

Cellulose Gap: a growth opportunity

Limited potential to increase cotton supply increases demand for MMC fibers

Cotton prices came down from historical peaks¹ but rising to a new level irrespective of record harvest

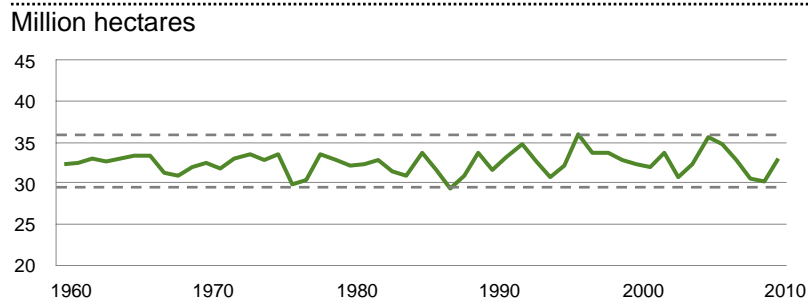
Comparison Cotton price vs. Lenzing Viscose®



Source: The Cellulose Gap, Gherzi, from April 2011: Lenzing company data, May average based on data available per 30 June 2011

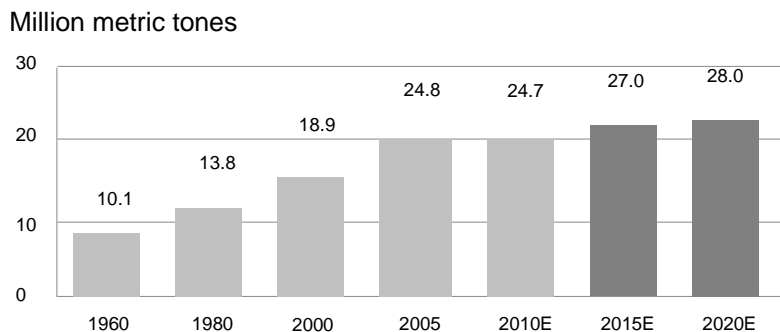
1) based on monthly average prices

Cotton planted area expected to remain stable within narrow band (1960-2010)



Source: U.S. Department of Agriculture

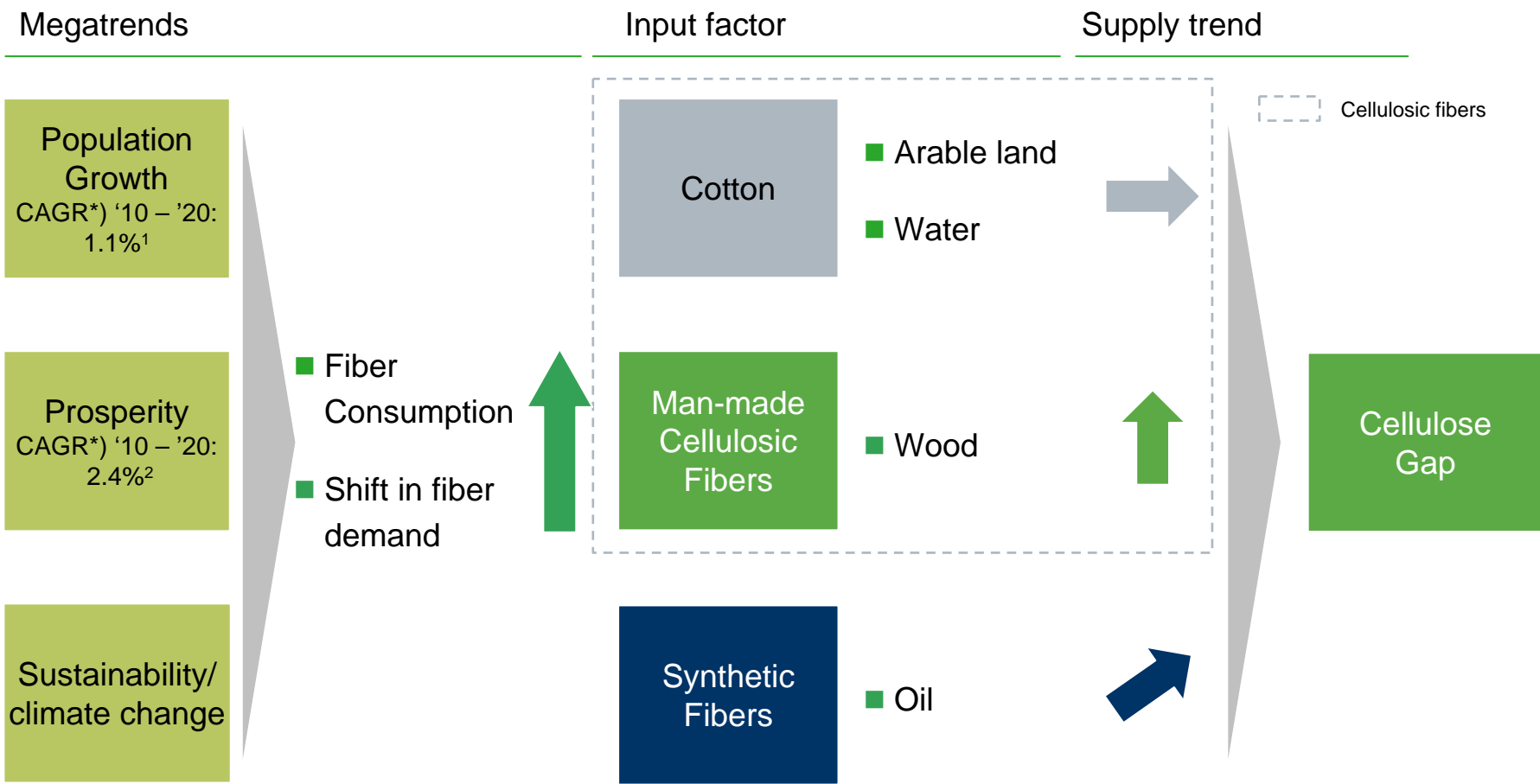
Limited growth in cotton production: effects from yield expansion leveling out



Source: The Cellulose Gap, Gherzi, February 2011

Cellulose Gap: a growth opportunity

MMCF: strong demand and limitations on cotton supply



*) compound annual growth rate
 1) forecasted growth as per The Cellulose Gap, Gherzi, February 2011
 2) forecasted growth of global real GDP per capita by Global Insight

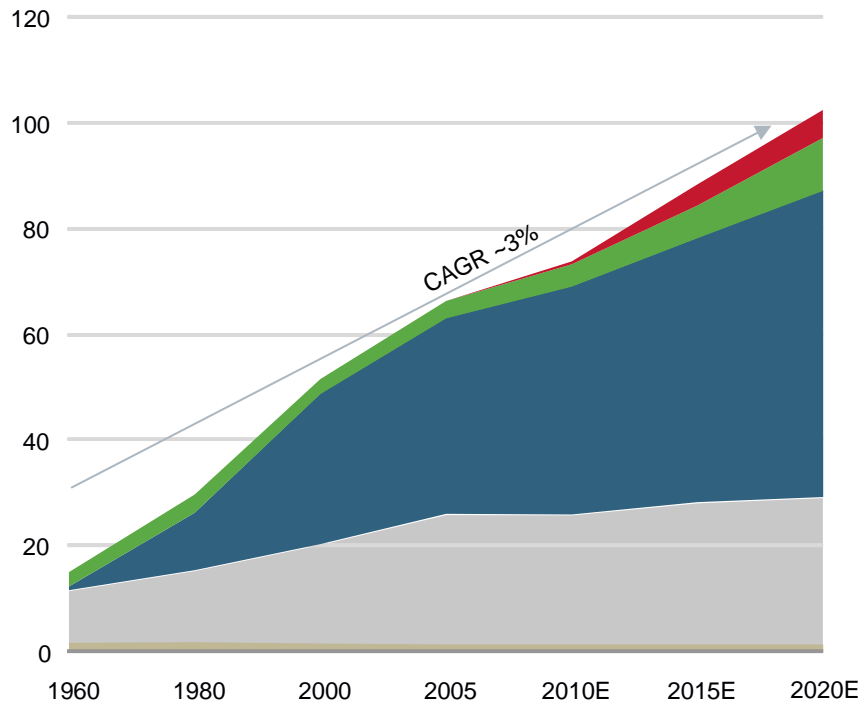
Cellulose Gap: a growth opportunity

9% p.a. forecast for MMCF over next 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)

Million metric tons



Source: The Cellulose Gap, Gherzi, February 2011

	2000	2005	2010E	2015E	2020E	CAGR 10E-20E
Total fibers	51.5	66.3	73.8	88.3	102.4	3.3%
Synthetic fibers	28.4	37.0	43.1	49.9	57.9	3.0%
Wool	1.4	1.2	1.2	1.2	1.2	0.0%
Cotton	18.9	24.8	24.7	27.0	28.0	1.3%
Man-made cellulosic fibers	2.8	3.3	4.2	6.2	10.0	9.1%
Total cellulosic fiber supply	21.7	28.1	28.9	33.2	38.0	
Total cellulosic fiber demand	21.7	28.1	29.5	37.2	43.3	
Cellulose Gap	0.0	0.0	0.6	4.0	5.3	
Cellulosic fiber share ⁽¹⁾	42%	42%	40%	42%	42%	

Cellulosic fibers



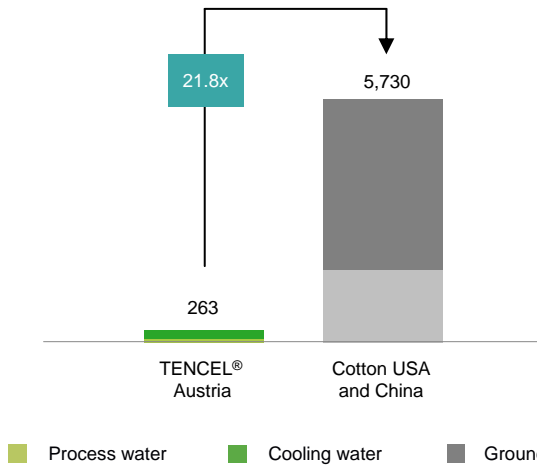
Sustainability

Green footprint: 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%

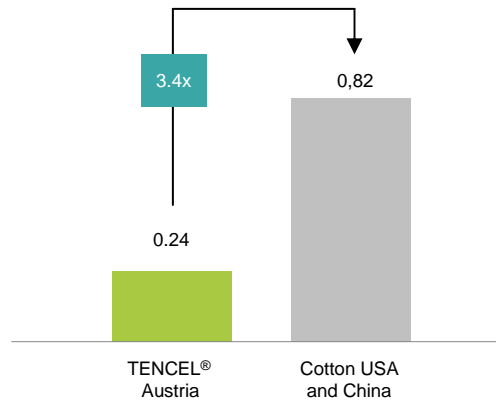
Water consumption

m³ per metric ton of fiber



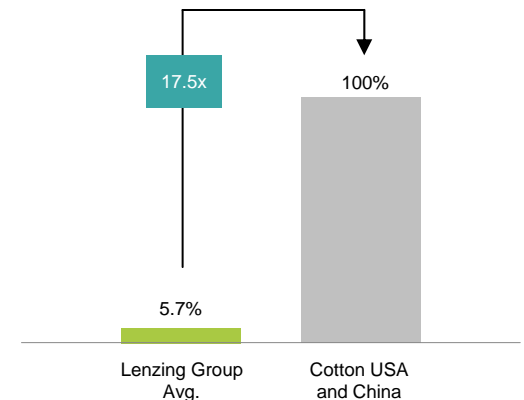
Required acreage for production of one metric ton of fiber

Hectares per metric ton and year



Environmental impact of production¹

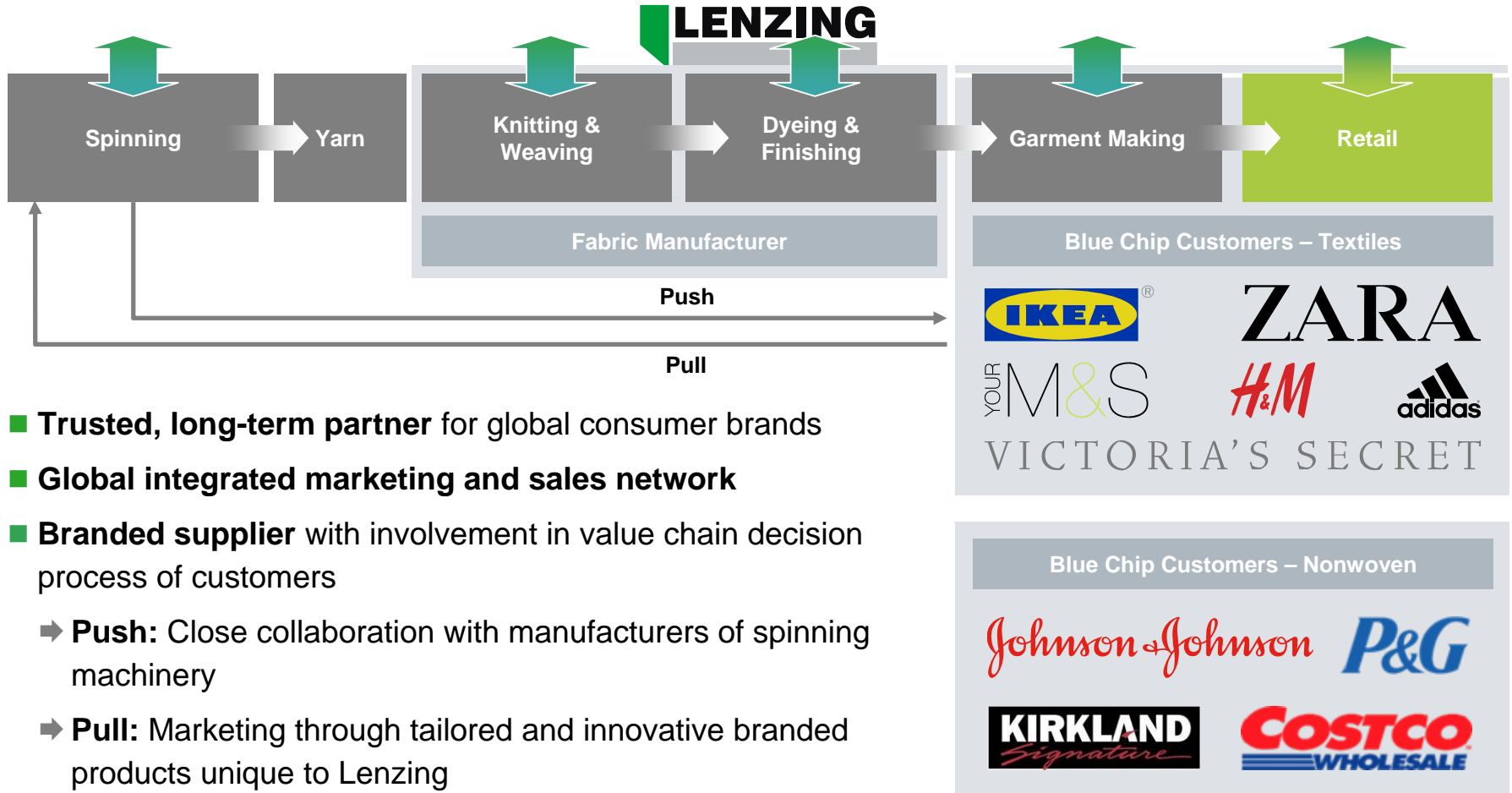
Relative to cotton



Source: "Life Cycle Assessment of Man-made Cellulose fibers"; Li Shen, Martin Patel; 2007

High barriers to entry

Global branded supplier to blue chip customer base

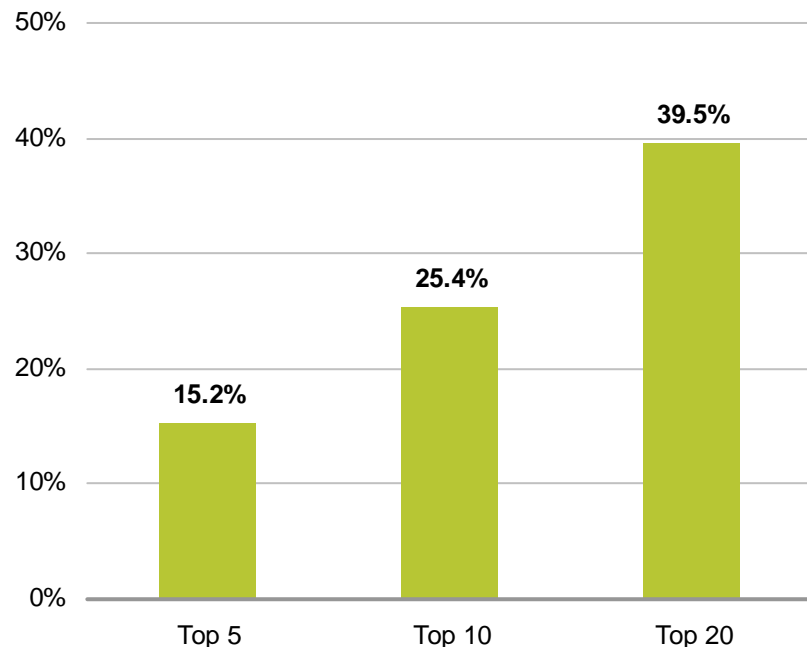


- **Trusted, long-term partner** for global consumer brands
- **Global integrated marketing and sales network**
- **Branded supplier** with involvement in value chain decision process of customers
 - ➔ **Push:** Close collaboration with manufacturers of spinning machinery
 - ➔ **Pull:** Marketing through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

Sales and marketing

Textile fibers: key customers

Textiles – % of sales by customers¹ (2010)



Source: LAG

1) no single customer with a share of more than 5%

Top 5 customers

1. Linz Textil Group (Austria)
2. Nantong No. 1 (China)
3. Samil Spinning Co. Ltd. (Korea)
4. Delta Merlin Sandang Tekstil (Indonesia)
5. Karsu Tekstil Sanayi Ve (Turkey)

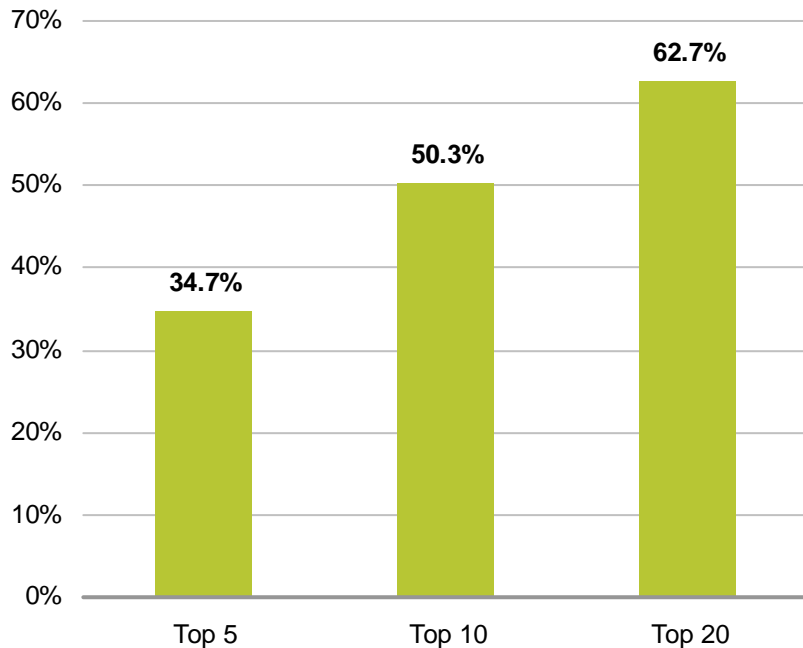
Key end customers

- H&M (Sweden)
- Zara (Inditex) (Spain)
- IKEA (Sweden)
- Marks & Spencer (UK)
- Victoria's Secret (USA)

Sales and marketing

Nonwoven fibers: key customers

Nonwoven – % of sales by customers¹ (2010)



Source: LAG

1) no single customer with a share of more than 10%

Top 5 customers

1. Ahlstrom Group (Finland)
2. Holm Group (Switzerland)
3. Sandler AG (Germany)
4. PGI (USA)
5. Nan Liu Group (Taiwan)

Key end customers

- Procter & Gamble (USA)
- Johnson & Johnson (USA)
- Costco (USA)
- Walmart (USA)

Sales and marketing

Blue chip company's drive demand in specialties – TENCEL[®], Lenzing Modal[®]

- Lenzing is a trusted, long-term partner for global consumer brands
 - approx. 30% 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

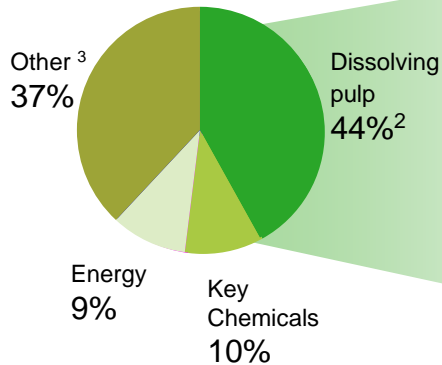


Cost leadership

Through integration and long-term supply contract

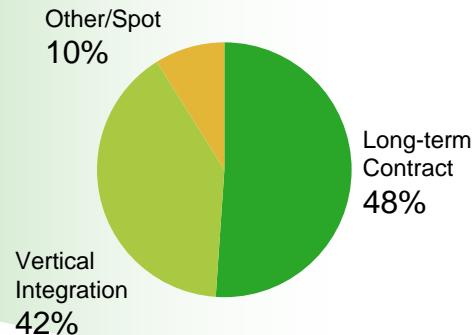
- Pulp is the key cost driver with **approx. 44% share of total costs of material and purchased services**
- 90% of long-term pulp supply secured through own production (vertical integration) and long-term supply contracts
- Long-term contract **linked to paper pulp index** (not to spot price of dissolving pulp) plus applicable premium

Cost structure Lenzing Group (H1/2011)¹



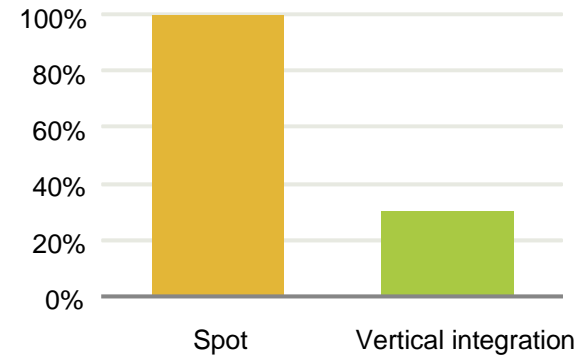
Source: Lenzing

Lenzing Group pulp sourcing (H1/2011)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 628.9 mill. in 2011

2) including wood

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

4) data refers to sourcing, including inventory build-up. Paskov volumes included under long-term contracts

5) assuming spot price of \$1,800 per metric ton

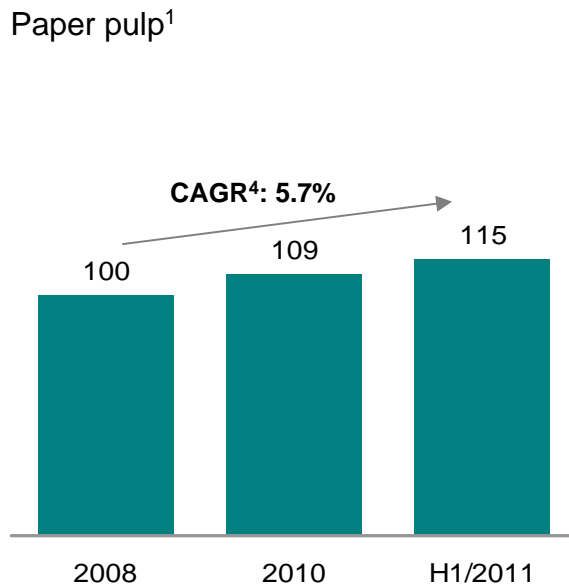
Sourcing/Vertical integration

The dissolving pulp market is characterized by volatility

- Pulp prices historically highly volatile, while wood costs have remained comparatively stable
- Lenzing LT contracts for dissolving pulp indexed to relatively stable paper pulp prices

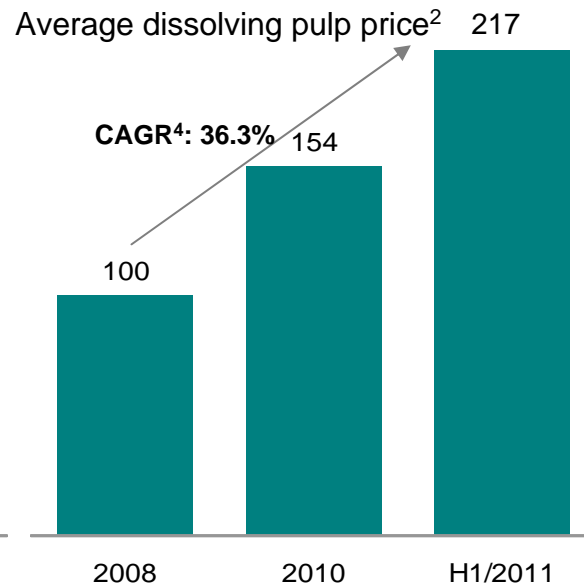
Pulp price development¹ (2008-H1/2011)

Paper pulp¹



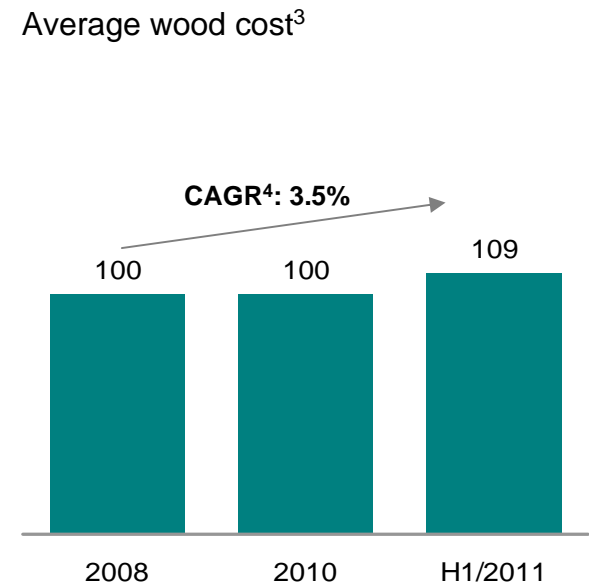
Source: NBSK

Average dissolving pulp price²



Source: CCF Group

Average wood cost³



Source: LAG



- 1) paper pulp prices in \$/metric ton prices indexed to 100 in 2008
- 2) average dissolving pulp prices in \$/metric ton indexed to 100 in 2008
- 3) LAG average wood cost in EUR mill. indexed to 100 in 2008
- 4) CAGR calculated on the basis of 2 ½ periods

Cost leadership

Through economies of scale

➔ Lenzing is the only company to operate production lines with an annual capacity of 80,000 metric tons

Biggest MMC fiber plants worldwide¹

	<u>Company</u>	<u>Site</u>	<u>Capacity</u>
#1	 LENZING	Lenzing, Austria	260k mt
#2	 LENZING	Purwakarta, Indonesia	240k mt
#3	Indo Bharat	Purwakarta, Indonesia	190k mt

- Benefits from scale
- ✓ 10-15% lower Capex requirements compared to smaller plants operated by competitors
 - ✓ Larger production lines driving operating economies of scale

1) based on 31 December 2010 capacities, as published by companies

Source: Lenzing

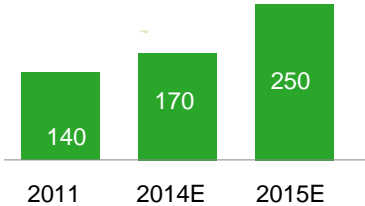


LENZING expansion

Accelerating the fiber expansion in the future



China
CAGR 27.1%



Annual capacity in '000 metric tons

Expansion program EUR 1.5 bn.

Significant investments envisaged to support growth strategy

Plant location	Annual capacity – YE 2010 (metric tons)	Planned capacity – 2011 (metric tons)	Planned capacity – 2014 (metric tons)	Expansion product	Total estimated Capex (EUR mill.) 2011-2014
Lenzing / Austria¹	260,000	250,000	295,000		
Lenzing Viscose®	185,000	150,000	95,000		
Lenzing Modal®	75,000	100,000	140,000	Lenzing Modal®	118
TENCEL®			60,000	TENCEL®	130
Purwakarta / Indonesia	240,000	240,000	325,000	Lenzing Viscose®	100
Nanjing / China ²	80,000	140,000	170,000	Lenzing Viscose®	107
Heiligenkreuz / Austria	50,000	60,000	65,000	TENCEL®	3
Grimsby / UK	40,000	40,000	40,000	TENCEL®	-
Mobile / USA ²	40,000	40,000	50,000	TENCEL®	154
India	-	-	80,000	Lenzing Viscose®	140
Total fibers	710,000	770,000	1,025,000		752⁴
Lenzing / Austria	289,000	292,000	322,000	Pulp	44
Paskov / Czech Republic ³	280,000	280,000	240,000	Pulp	115
New pulp plant ²	-	-	-	Pulp	180
Total pulp	569,000	570,000	562,000		339
maintenance Capex					400

- 1) a new TENCEL® line with 60,000 metric tons capacity will be added, however, viscose capacity will be reduced
- 2) investments until dec. 2014 reflected, but capacity will only become operational thereafter
- 3) dec. 2010 figures as well as 2011 figures relating to paper pulp capacity. From 2014 onwards assuming swing capacity: 280,000 metric tons paper pulp and 240,000 metric tons dissolving pulp capacity
- 4) excl. EUR 17 mill. debottlenecking at Lenzing, EUR 18 mill. project in Indonesia and EUR 10 mill. in Grimsby

Strong financials in first two quarters

Exceptional Q2 supports rise of new level

(EUR mill.)	Q1/2011	Q2/2011	Change in %
Production man-made cellulose fibers (kt)	170	170	0.0
Total external sales	532	544	2.3
Inventory change/work in progress	3	9	n.m.
Work performed by the group and capitalized	8	9	12.5
Cost of material and purchased services	(305)	(324)	6.2
Personnel & other operation expenses/income	(122)	(104)	(14.8)
D&A	(25)	(25)	0.0
EBITDA¹	115	133	15.7
EBIT	91	109	18.7
Net income	67	78	16.4
Net income after minorities	63	76	20.6
<i>EBITDA margin (%)</i>	21.6	24.4	-
<i>EBIT margin (%)</i>	17.0	19.9	-

1) EBITDA defined as EBIT +depreciation – reversal of government grant

Cash flow by quarter

Strong free cash flow generation

(EUR mill.)	Q1/2011	Q2/2011	Change in %
Gross CF	90	102	13.3
Change in total WC ¹	1	(6)	n.a.
Operating cash flow	91	96	5.5
Investment cash flow ²	(45)	(41)	(8.9)
OFCF	46	55	19.6
<i>Gross CF as % of external sales</i>	16.9	18.7	
<i>Gross CF as % of EBITDA</i>	78.1	76.6	

1) including trade and other working capital

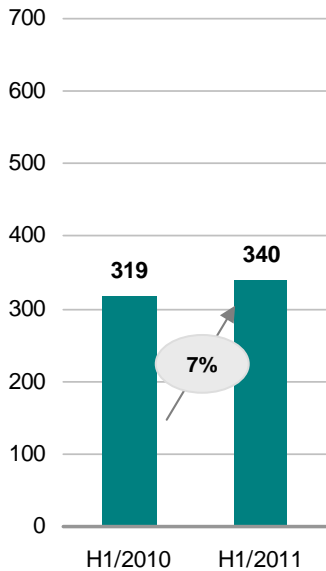
2) including investment in financial assets and disposal proceeds

Exceptional growth profile

Lenzing continues to growth successfully

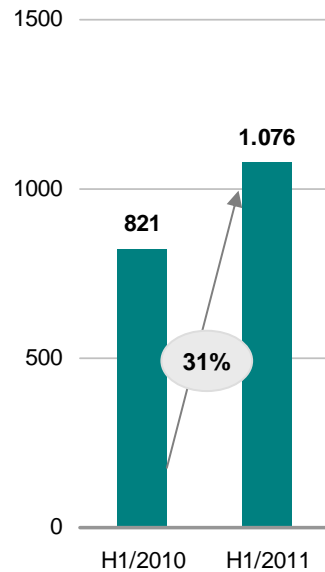
Fiber production

1,000's metric tons



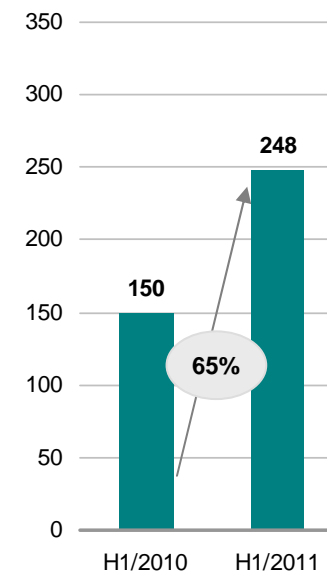
Total external sales

EUR mill.



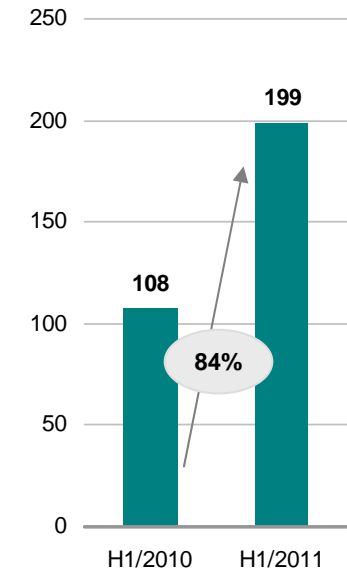
EBITDA

EUR mill.



EBIT

EUR mill.



Topline breakdown

(EUR mill.)	H1/2010	H1/2011	Q1/2011	Q2/2011	Growth rate H1/H1 (%)	Growth rate (%) Q1/Q2
Breakdown of fibers segment sales						
Textile fibers	453	583	293	291	29	(1)
Nonwoven fibers	170	212	106	105	25	(1)
Other ¹	20	21	10	11	5	10
Total fibers only sales	643	816	409	407	27	(1)
Other fiber segment sales ²	98	152	72	80	55	11
Total fibers segment sales	741	968	481	487	31	1
Plastics Products	70	92	45	47	31	4
Engineering	44	54	31	23	23	(26)
Consolidation	(33)	(37)	(25)	(13)	-	-
Total external group sales	821	1.076	532	544	31	2

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

Strong financials H1/2011

Record H1 results undermines continued growth and profitability

(EUR mill.)	H1/2010	H1/2011	Change in %
Production man-made cellulose fibers (kt)	319	340	6.6
Total external sales	821	1.076	31.1
Inventory change / work in progress	(1)	12	n.a.
Work performed by the group and capitalized	15	17	13.3
Cost of material and purchased services	(475)	(629)	32.4
Personnel & other operation expenses/income	(225)	(253)	12.4
D&A	(44)	(51)	15.9
EBITDA¹	150	248	65.3
EBIT	108	199	84.3
Net income	77	145	88.3
Net income after minorities	73	139	90.4
<i>EBITDA margin (%)</i>	18.3	23.0	
<i>EBIT margin (%)</i>	13.1	18.5	

1) EBITDA defined as EBIT +depreciation – reversal of government grant

Increase in raw materials offset by price increases

Pulp is key, but with lead effects

(EUR mill.)	H1/2010	H1/2011	Change in %
Dissolving pulp ¹	199	275	38
as % of total cost of material and purchased services	42	44	
Key chemicals	51	62	22
as % of total cost of material and purchased services	11	10	
Energy	53	60	13
as % of total cost of material and purchased services	11	10	
Other ²	172	233	36
as % of total cost of material and purchased services	36	37	
Total cost of material and purchased services	475	629	32
as % of external sales	58	58	
Total external sales	821	1.076	31

1) including cost for wood

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

Other opex in H1/2011 showing stable development

Representing approx. 1/3 of total cost and are very stable

(EUR mill.)	H1/2010	H1/2011	Change in %
Total personnel expenses	(126)	(137)	9
as % of external sales	15	13	-
Other operating expenses			
Freight outward	(27)	(34)	26
Commissions and advertising costs	(6)	(7)	17
Service and maintenance and other purchased services ¹	(10)	(17)	70
Other	(56)	(57)	2
Total other operation expenses	(99)	(116)	17
as % of external sales	12	11	
Personnel & other operating expense	(225)	(253)	12
as % of external sales	27	24	
Total external sales	821	1.076	31

1) externally purchased

Cash flow by H1/2011

(EUR mill.)	H1/2010	H1/2011	Change in %
Gross CF	122	192	57
Change in total WC ¹	8	(5)	n.a.
Discontinued operations	(4)	-	n.a.
Operating cash flow	126	187	48
Investment cash flow ²	(116)	(85)	(27)
Discontinued operations	(1)	-	n.a.
OFCF	9	102	n.a.
<i>Gross CF as % of external sales</i>	15	18	
<i>Gross CF as % of EBITDA</i>	81	77	

1) including trade and other working capital

2) including investment in financial assets and disposal proceeds

H1/2011 balance sheet – assets

(EUR mill.)	31 December 2010	30 June 2011
Intangible assets	88	83
Property, plant and equipment	1,003	1,016
Investments in associates	25	27
Other financial assets	67	71
Deferred taxes	10	11
Other non-current assets	3	2
Non-current assets	1,195	1,209
Inventories	223	242
Trade receivables	182	216
Current taxes	15	16
Other receivables and assets	59	80
Investments	5	8
Cash and cash equivalents	249	387
Current assets	732	948
Assets of discontinued operations	36	-
Total assets	1,963	2,157

H1/2011 balance sheet – equity & liabilities

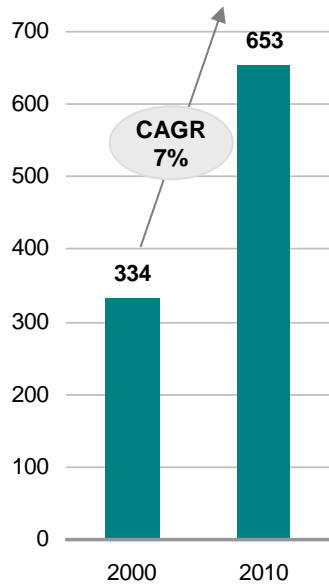
(EUR mill.)	31 December 2010	30 June 2011
Common stock	27	28
Capital reserves	64	134
Currency translation reserves	(1)	(23)
Retained earnings and other reserves	614	713
Share of shareholders of Lenzing AG	704	852
Non-controlling interests	28	33
Equity	732	885
Government grants	34	35
Bank loans and other loans	552	494
Trade payables	2	1
Provisions, deferred taxes and others	176	176
Non-current liabilities	730	671
Bank loans and other loans	61	121
Trade payables	134	135
Other provisions and liabilities and others	238	309
Current liabilities	433	565
Liabilities of discontinued operations	35	-
Total equity and liabilities	1,963	2,157

Double-digit growth profile

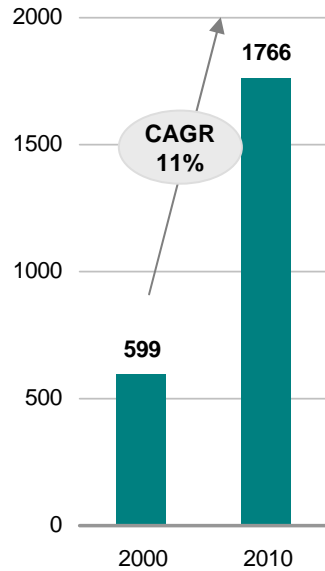
Lenzing has managed growth successfully in the past

➔ Double-digit growth p.a. over last 10 years

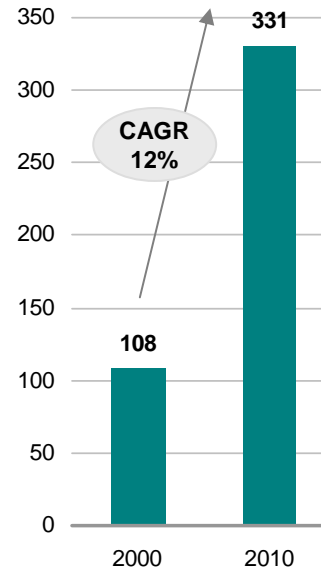
Fiber production
1,000's metric tons



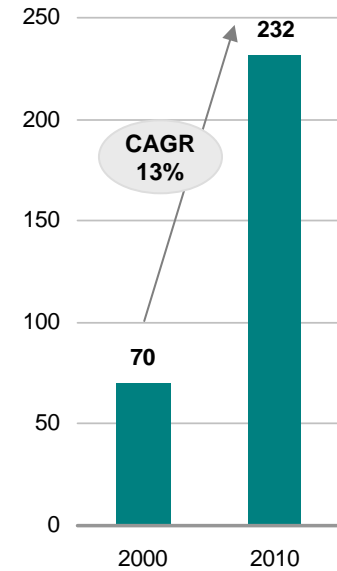
Total external sales¹
EUR mill.



EBITDA¹
EUR mill.



EBIT¹
EUR mill.



1) 2000 based on US GAAP; 2010 based on IFRS

Strong financials

Record results in 2010, a logical continuation post financial crisis

(EUR mill.)	2008	2009 adj. ¹	2010	CAGR 2008-2010
Production man-made cellulose fibers (kt)	540	569	653	10.0%
Total external sales	1,329	1,218	1,766	15.3%
Inventory change / work in progress	30	(32)	(4)	n.a.
Work performed by the group and capitalized	37	31	34	(4.1 %)
Cost of material and purchased services	(823)	(685)	(1,029)	11.8%
Personnel & other operation expenses/income	(369)	(340)	(434)	8.4%
D&A	(74)	(78)	(103)	18.0%
EBITDA²	201	188	331	28.3%
EBIT	130	114	232	33.6%
Net income	79	67	170	46.7%
Net income after minorities	78	64	159	42.8%
<i>External sales growth (%)</i>	5.4	(8.4)	45.0	
<i>EBITDA margin (%)</i>	15.1	15.4	18.7	
<i>EBIT margin (%)</i>	9.8	9.4	13.1	

1) excl. Filaments business

2) EBITDA defined as EBIT +depreciation – reversal of government grant

Consolidated group P&L – external sales

(EUR mill.)	2008	2009 ¹	2009 adj. ²	2010	CAGR 2008-2010
Total External Sales	1,329	1,255	1,218	1,766	15.3%
Fibers	1,096	1,078	1,078	1,584	20.2%
Plastic Products	181	147	109	143	(11.1%)
Engineering	51	30	30	38	(13.7%)
Other	1	1	1	1	0.0%
Cost of material and purchased services	(823)	(704)	(685)	(1,029)	11.8%
Personnel	(244)	(252)	(235)	(259)	3.0%
D&A	(74)	(85)	(78)	(103)	18.0%
Other operating expenses	(148)	(146)	(140)	(218)	21.4%
Other operating income and other	91	33	34	74	(9.8%)
EBIT	130	101	114	232	33.6%
<i>Margin</i>	9.8%	8.0%	9.4%	13.1%	
Income from invest. in associates & other income	9	3	3	3	(42.3%)
Finance cost	(25)	(15)	(14)	(16)	(20.0%)
Result from terminable non-controlling interest	1	-	(1)	(2)	n.a.
Tax	(37)	(22)	(23)	(40)	3.9%
Income from discontinued operations			(13)	(7)	n.a.
Net income	79	67	67	170	46.7%
<i>Margin</i>	5.9%	5.4%	5.5%	9.6%	
Net income after minorities	78	64	64	159	42.8%
<i>Margin</i>	5.8%	5.1%	5.3%	9.0%	

1) reported, incl. filaments business

2) excl. filaments business

3) other = work performed by group, changes in inventory & cost of material purchased

Other opex showing stable development

Representing approx. 1/3 of total cost and are very stable

(EUR mill.)	2008	2009 adj. ¹	2010	CAGR 2008-2010
Total personnel expenses	244	235	259	3.0%
as % of external sales	12.2	19.3	14.7	
growth %	6.5	(3.8)	10.4	
Other operating expenses				
Freight outward	47	43	62	14.8%
Commissions and advertising costs	19	18	22	7.6%
Service and maintenance and other purchased services ¹	32	16	45	18.6%
Other	51	63	89	32.1%
Total other operation expenses	148	140	218	21.4%
as % of external sales	11.2	11.5	12.3	
growth %	2.6	(5.2)	55.1	
Personnel & other operating expense	392	375	477	10.3%
as % of external sales	29.5	30.8	27.0	
Total external sales	1,329	1,218	1,766	15.3%

1) externally purchased

Cash flow

(EUR mill.)	2008	2009 adj.	2010	CAGR 2008-2010
Gross CF	158	141	293	36.2%
Change in total WC ¹	(109)	103	11	n.a.
Discontinued operations	1	7	(9)	n.a.
Operating cash flow	50	251	294	142.5%
Investment cash flow ²	(147)	(157)	(279)	37.8%
Discontinued operations	2	(1)	(1)	n.a.
OFCF	(94)	93	13	n.a.
<i>Gross CF as % of external sales</i>	11.9	11.6	16.6	
<i>Gross CF as % of EBITDA</i>	78.6	75.0	88.6	

1) including trade and other working capital

2) including investment in financial assets and disposal proceeds

Balance sheet – assets

(EUR mill.)	2008	2009 adj.	2010
Intangible assets	93	88	88
Property, plant and equipment	781	842	1,003
Investments in associates	17	23	25
Other financial assets	13	19	67
Deferred taxes	2	3	10
Other non-current assets	2	2	2
Non-current assets	909	977	1,195
Inventories	210	176	223
Trade receivables	135	119	182
Current taxes	10	12	15
Other receivables and assets	47	39	59
Investments	-	20	5
Cash and cash equivalents	106	105	249
Current assets	507	470	732
Assets of discontinued operations	-	-	36
Total assets	1,416	1,447	1,963

Balance sheet – equity & liabilities

(EUR mill.)	2008	2009 adj.	2010
Common stock	27	27	27
Capital reserves	64	64	64
Currency translation reserves	(16)	(19)	(1)
Retained earnings and other reserves	482	504	614
Share of shareholders of Lenzing AG	557	576	704
Non-controlling interests	23	9	28
Equity	580	585	732
Government grants	32	29	34
Bank loans	303	365	519
Other loans	32	35	33
Trade payables	6	5	2
Provisions, deferred taxes and others	124	136	176
Non-current liabilities	446	541	730
Bank loans and overdrafts	127	32	51
Other loans	9	9	10
Trade payables	60	90	134
Other provisions, liabilities and others	143	160	238
Current liabilities	339	291	433
Liabilities of discontinued operations	-	-	35
Total equity and liabilities	1,416	1,447	1,963

Stable gross margins

Pulp is key, but with lead effects

(EUR mill.)	2008	2009 adj. ¹	2010	CAGR 2008-2010
Dissolving pulp ¹	339	275	435	13.3%
as % of total cost of material and purchased services	41.2	40.1	42.3	
Key chemicals	115	93	105	(4.4%)
as % of total cost of material and purchased services	14.0	13.5	10.2	
Energy	95	95	106	5.6%
as % of total cost of material and purchased services	11.5	13.8	10.3	
Other ²	274	223	383	18.2%
as % of total cost of material and purchased services	33.3	32.5	37.2	
Total cost of material and purchased services	823	685	1,029	11.8%
as % of external sales	61.9	56.3	58.2	
growth %	16.0	(16.7)	50.1	
Total external sales	1,329	1,218	1,766	15.2%

1) including cost for wood

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

Clear Targets

Overview of set targets 2010 - 2014

Growth targets

- Double-digit topline CAGR
- Invest EUR 1.5bn.
- Expand fiber capacity to approx. 1.2 million tons
- Grow pulp production to approx. 800,000 metric tons

Innovation targets

- Spend industry leading approx. 1.5% of sales on R&D
- >33% of total MMC fiber production in specialty fibers TENCEL® and Modal® (incl. FR)
- Leading innovation with research and development focus

Profitability targets/floors

- Margin expansion
- Net debt/EBITDA <2.5x
- ROCE >12%