

2022 Linear to Circular



Lenzing Investor Presentation

Results 01-06/2022
August 3, 2022

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- Certain figures in this presentation have been rounded in accordance with commercial principles and practice. Such figures that have been rounded in various tables may not necessarily add up to the exact total given in the respective table.
- Definition and further details on the calculation of financial key indicators can be derived from the 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

H1-2022 financial results

- Revenue of EUR 1,294 mn (EUR 1,033 mn in H1-2021)
- EBITDA of EUR 189 mn (EUR 218 mn in H1-2021)
- Net result after minorities and hybrid bond of EUR 63 mn (EUR 81 mn in H1-2021)
- EPS of EUR 2.36 (EUR 3.06 in H1-2021)

Key developments & strategic highlights

- Ramp-up phase of new 100 kt Lyocell plant in Thailand well on track
- Production ramp-up for new DWP mill in Brazil successfully progressing
- Lenzing enhances its corporate strategy with focus on profitable growth and acceleration towards circularity
- New financial targets for 2027 defined

Outlook and guidance 2022

- The highly uncertain supply situation and increased costs for energy and raw materials as well as supply chain disturbances lead to currently extremely **challenging market environments** and further **reduced visibility**
- Due to first margin contributions from its two new production sites, the Lenzing Group continues to expect **EBITDA in 2022 significantly above 2021 levels**

Energy situation



Lenzing with limited exposure to potential natural gas supply reduction

Lenzing's global manufacturing footprint



- Lenzing operates a total of nine production sites globally
- Six sites outside Continental Europe not directly affected by potential energy supply disturbances
- Lenzing and Paskov sites with low dependency on external energy due to DWP production (biorefinery concept)
- Fiber site in Heiligenkreuz (accounting for < 8 % of Lenzing's fiber capacity) would be most impacted from reduced natural gas supply
- Energy inventories are being filled as far as possible (incl. alternative energy sources) and energy saving measures are ongoing

Lenzing invests in sustainable energy in all its sites

Purwakarta (Indonesia)

- Green electricity based on renewable energy since July 2022
- Conversion to biomass energy ongoing
- Additional investments in improvements of emissions to air and water
- After upgrade, site will have full capacity to produce specialty viscose with LENZING™ ECOVERO™ and VEOCEL™ brand

LENZING
EcoVero™

 **Veocel**™
Purely for you

Lenzing (Austria)

- Construction of several photovoltaic systems ongoing
- Upper Austria's largest ground-mounted photovoltaic plant on an area of around 55,000 m²
- Additionally three rooftop systems
- Total capacity will amount to approximately 7 MW peak
- Commissioning expected in the second half of 2022



- Lenzing initiated energy investments already long time before currently challenging energy situation
- Lenzing continues to plan and execute energy initiatives in all sites (incl. Heiligenkreuz) in order to further decrease external dependency as well as carbon footprint

Key projects



Production ramp-up for new DWP mill successfully progressing

New 500 kt DWP mill in Brazil

- 500 kt single line DWP mill - **largest of its kind**
- USD 1.38 bn industrial capex
- Absolute **cost leader**
- Long-term average DWP price: USD ~ 900/mt
- **Successful startup** - full run rate expected end of 2022



- JV LD Celulose (LDC): Lenzing holds 51%, Dexco¹ 49%
- JV **fully consolidated** by Lenzing

Ramp-up phase of new 100 kt Lyocell plant well on track

Lenzing's new 100 kt Lyocell plant in Thailand

- Project delivered **on schedule** and **at budget**
- New plant will help serve the **growing demand** for **sustainably produced fibers**
- The plant is operated **CO₂-neutral** – and is therefore an important **milestone** towards a **carbon-free future**
- Full ramp-up expected by Q4 2022

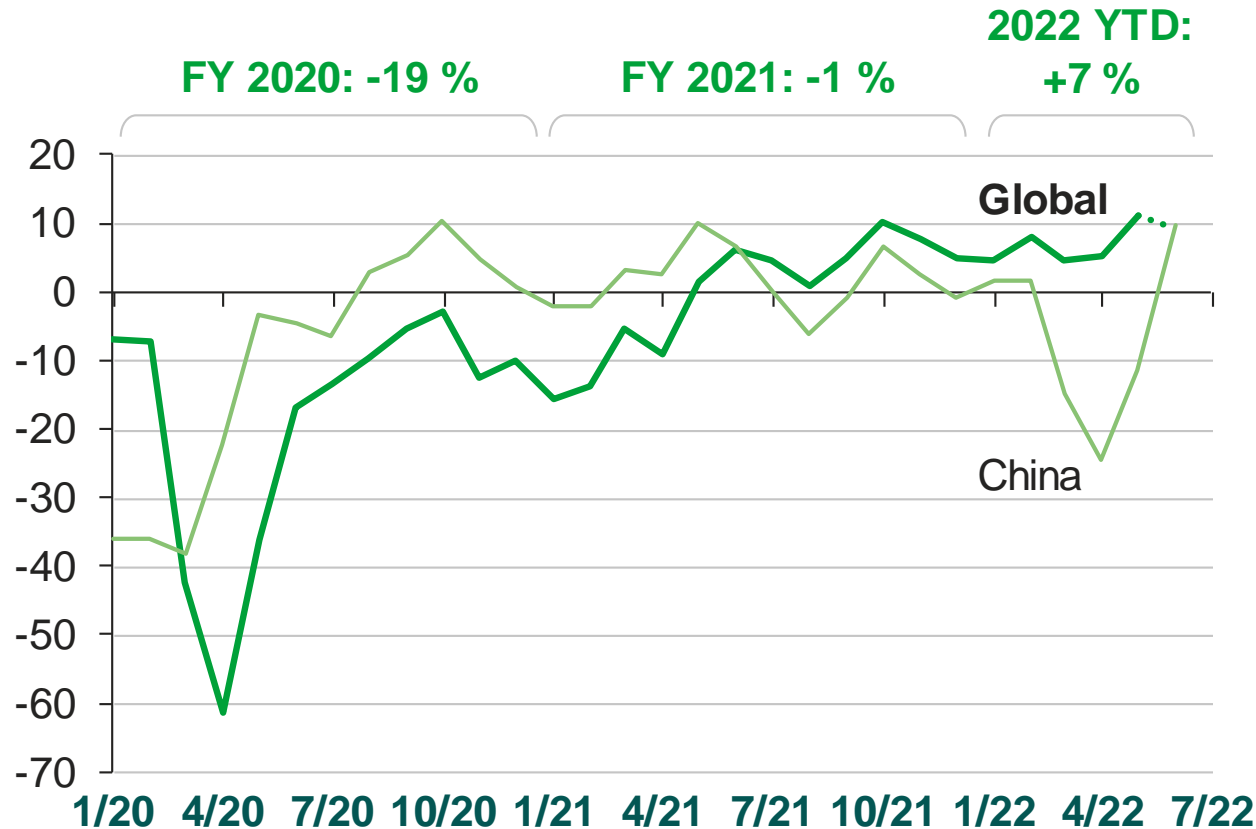


Market and products update

Global apparel sales above pre-pandemic level, China lockdowns in H1 2022 with limited impact on global average

Monthly global apparel retail sales¹

Percent of 2019



Large regional differences in demand development



Low consumer confidence, but not fully reflected in sales



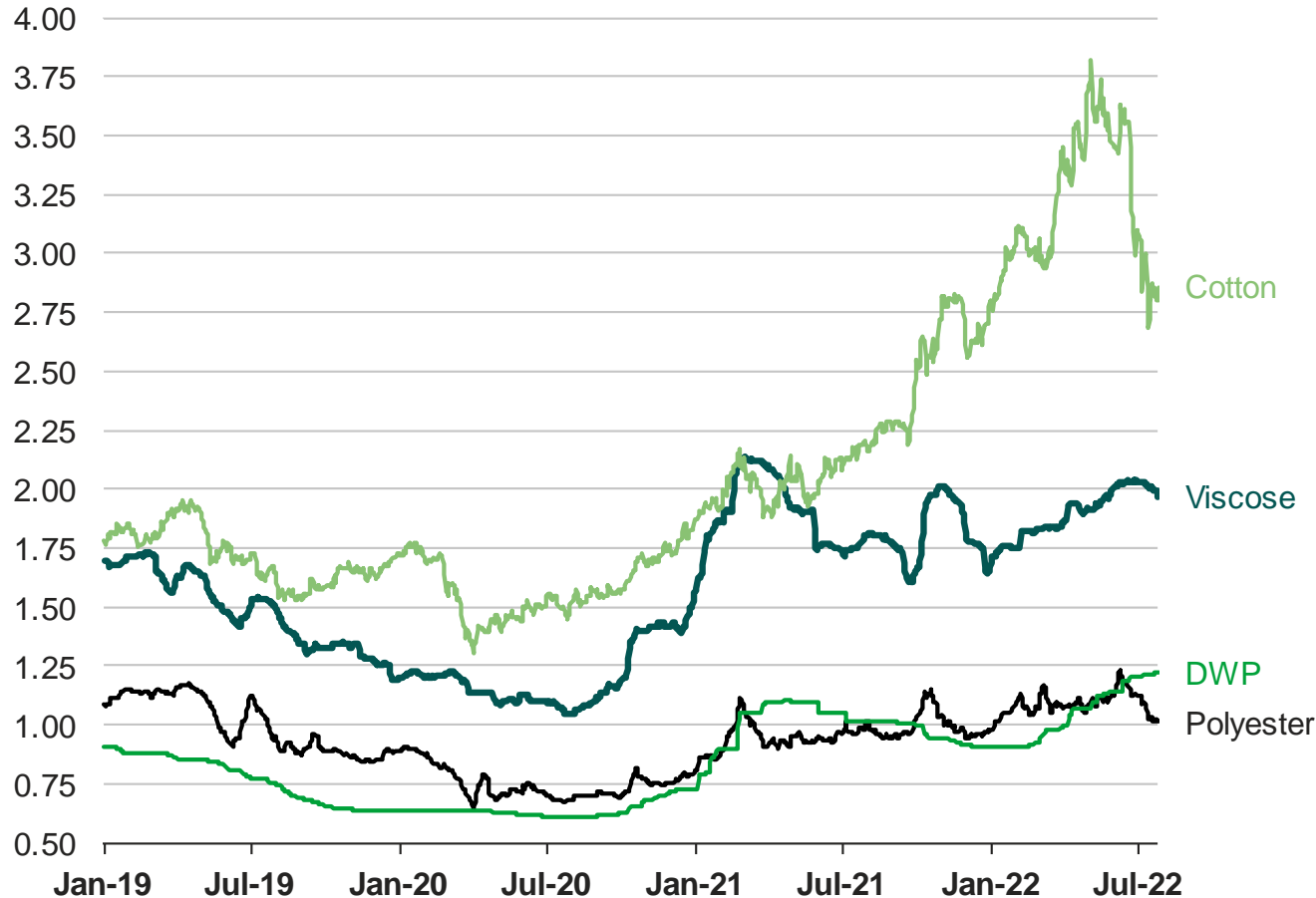
Uncertainty remains high: geopolitics, energy, inflation, Covid, ...

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. Global number for June is a first estimate based on only 10 countries accounting for 57 % of global sales

Cotton prices experience downward correction and viscose prices level out

Fiber prices in China

USD/kg, excl. VAT



Dissolving hardwood pulp (DWP)

- Prices were still increasing, but downstream resistance gets stronger

Cotton

- Prices slumped since their peak in May, but remain elevated compared to long-term average
- Trend reversal was mainly caused by macro-economic headwinds that made speculators exit cotton and other commodity markets

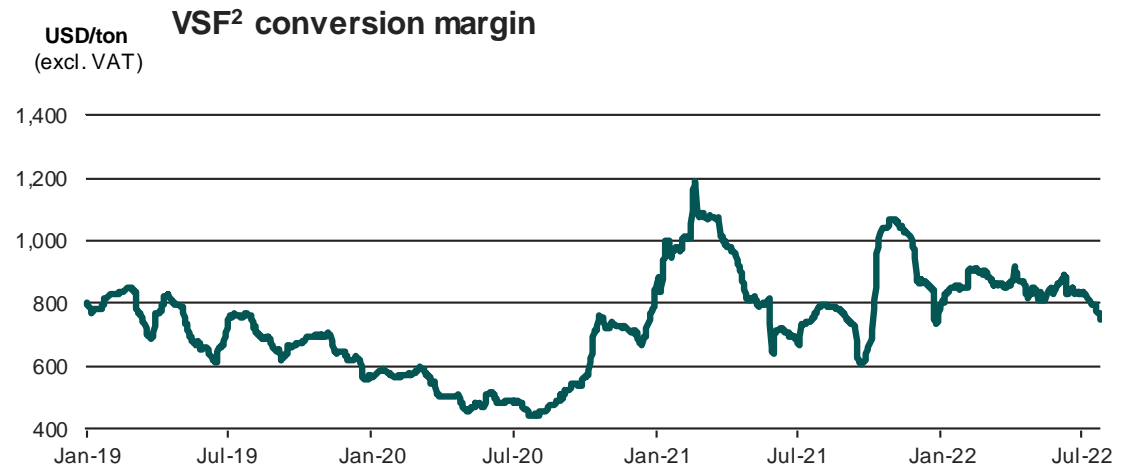
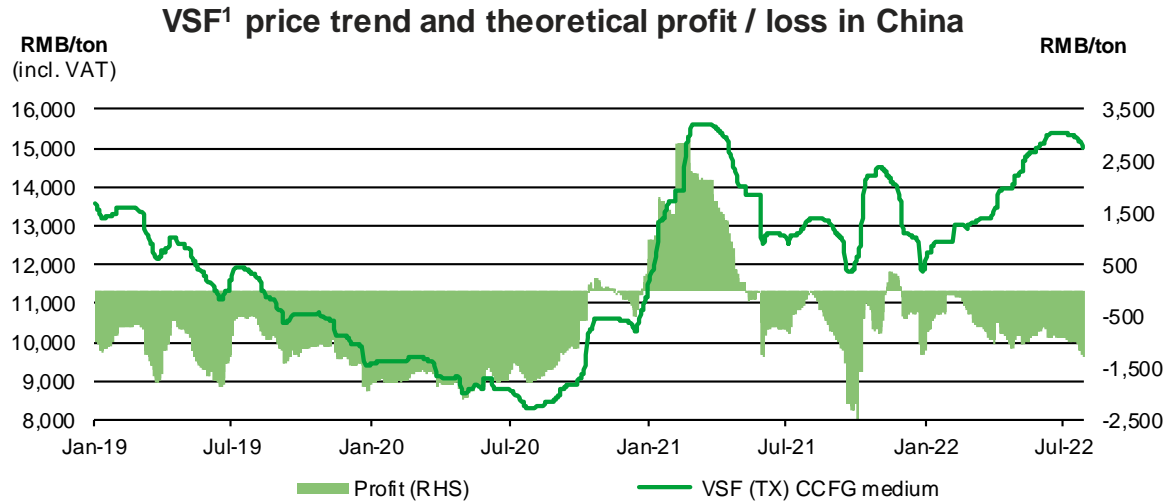
Polyester

- Prices reflect the strong volatility of raw materials and intermediates

Viscose

- Prices stopped rising in late June and fiber market sentiment cooled down reflecting global market situation
- Increasing pulp prices continue to bolster viscose prices
- Operating rates in Chinese VSF industry currently at slightly reduced level of ~74%
- Inventories of ~17 days still clearly below long-term average

Chinese viscose plants extend their losses on the back of rising raw material costs



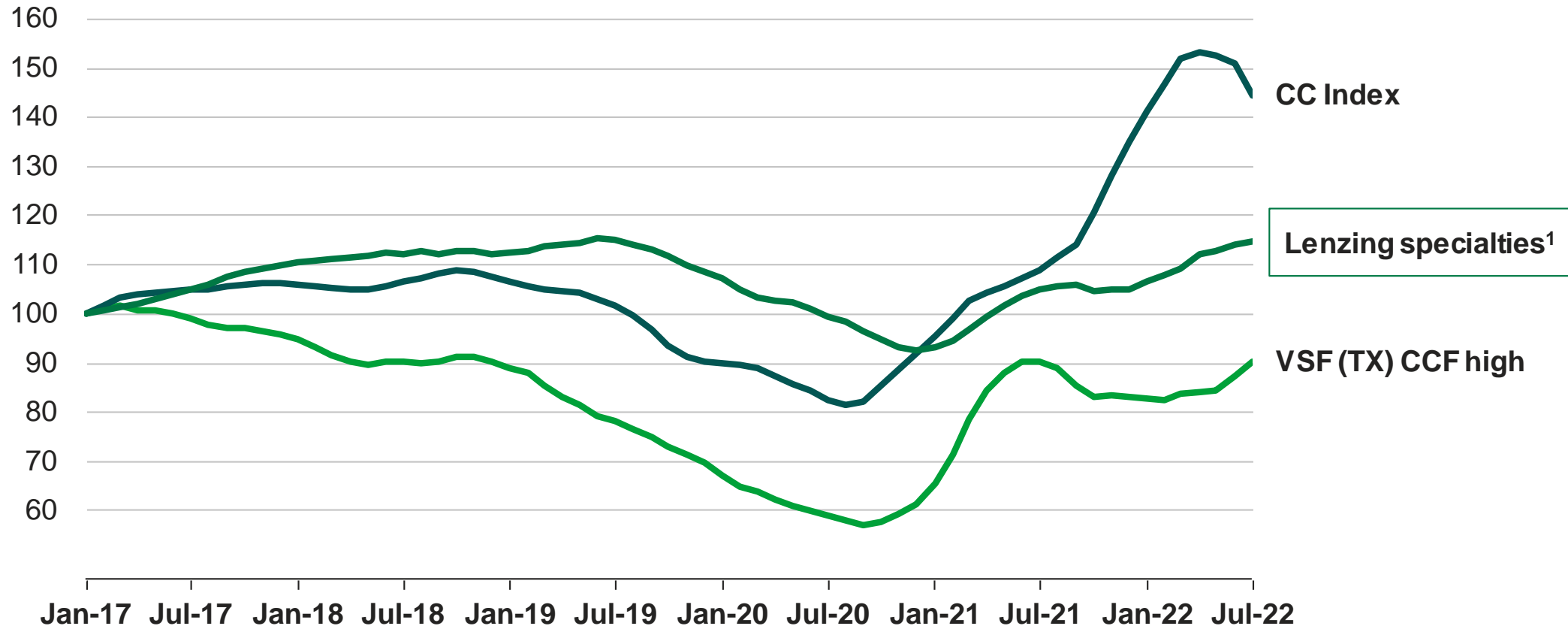
1 Standard viscose staple fibers, price development until July 27th, 2022

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

Prices of Lenzing specialties show robust development

Cellulosic fiber prices in China

6-months average, percent from January 2017, converted at constant FX rates



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

Lenzing celebrates 30 years of TENCEL™ fibers - and other highlights

Selected fiber and brands highlights in 2022 so far

Lenzing celebrates 30 years of TENCEL™ fibers

Young Scientist Award: Lenzing's new prize for research projects on ethical and sustainable fashion

Lenzing launches Tree Climate fabric collection for sustainable outdoor apparel

TENCEL™ branded lyocell fibers with REFIBRA™ technology for security workwear of the Belgian Federal Public Service for Justice

Lenzing partners with Together for Sustainability (TfS) to build global sustainable supply chains

Lenzing expands carbon neutral fiber portfolio for workwear and protective wear segments

Lenzing partners with Red Points to fight counterfeits and protect its customers

TENCEL™ LUXE on track to achieve strong growth in 2022 as eco-couture movement booms

30 years of TENCEL™ fibers

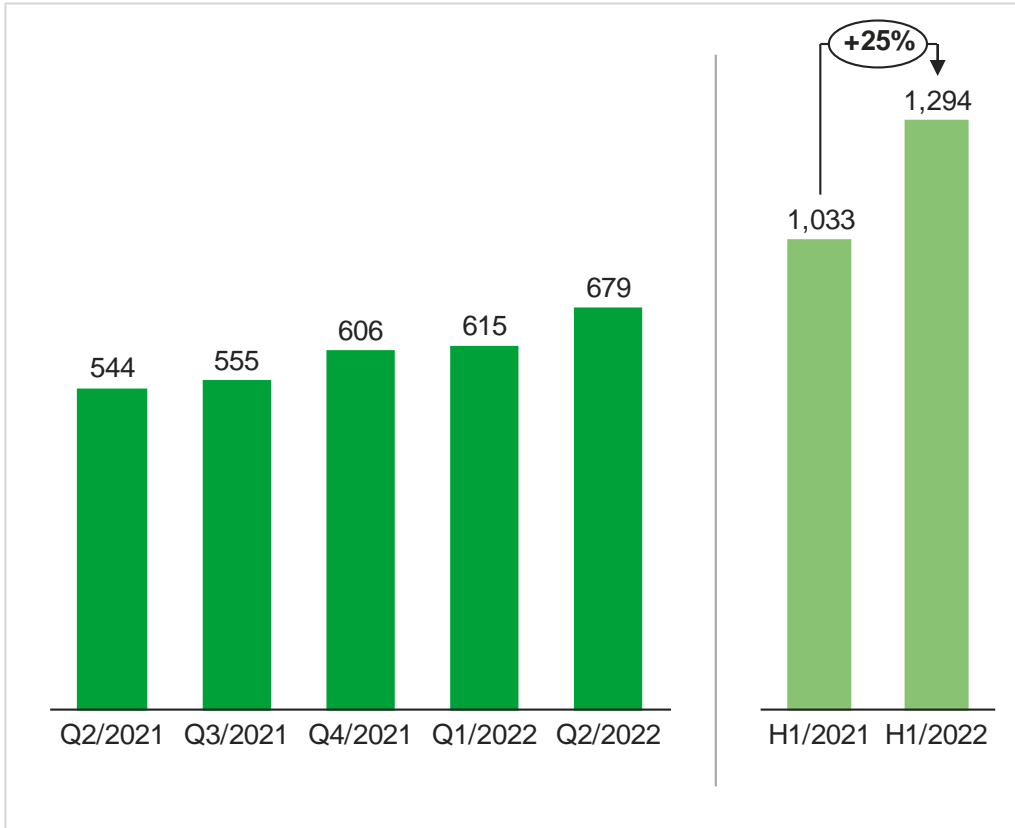


Financials

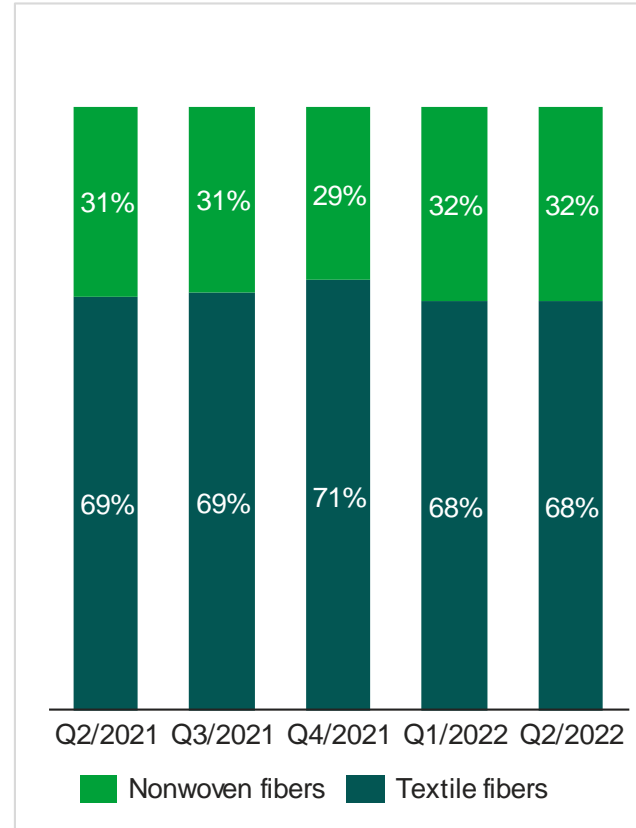


Group revenue increased by 25 %

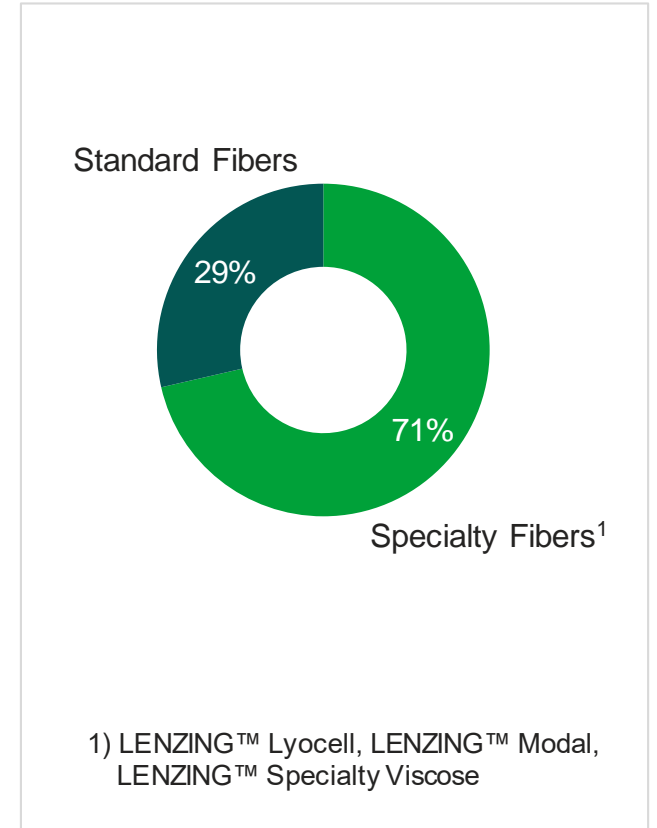
Group revenue in EUR mn



Fiber revenue by application, %

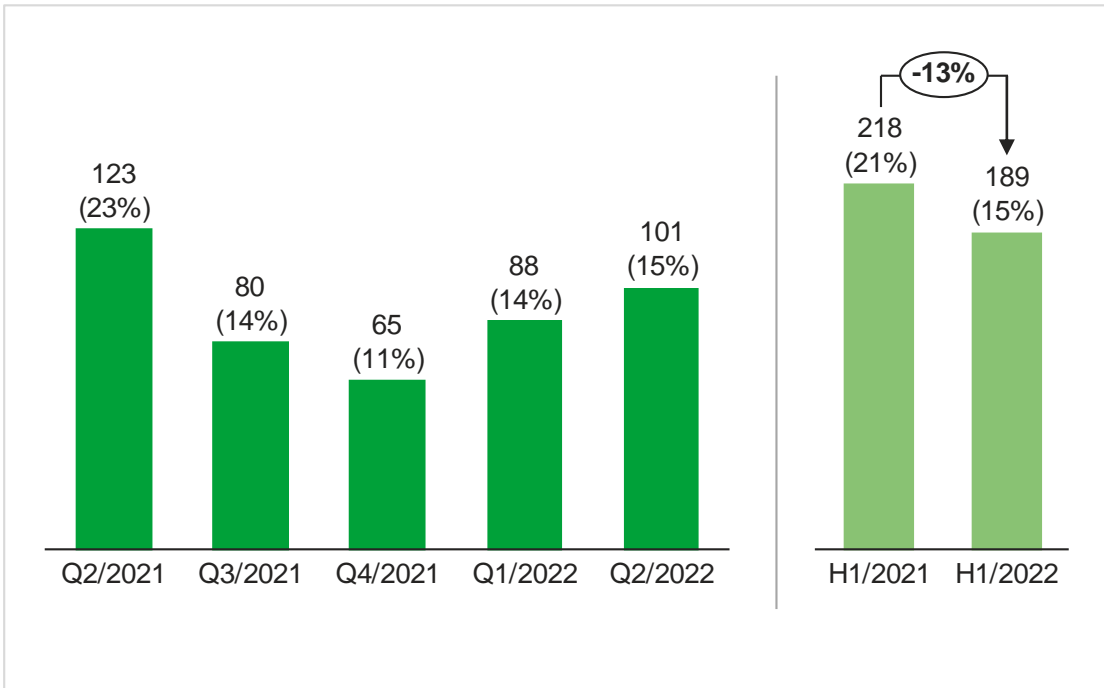


Specialties share of fiber sales in H1/2022

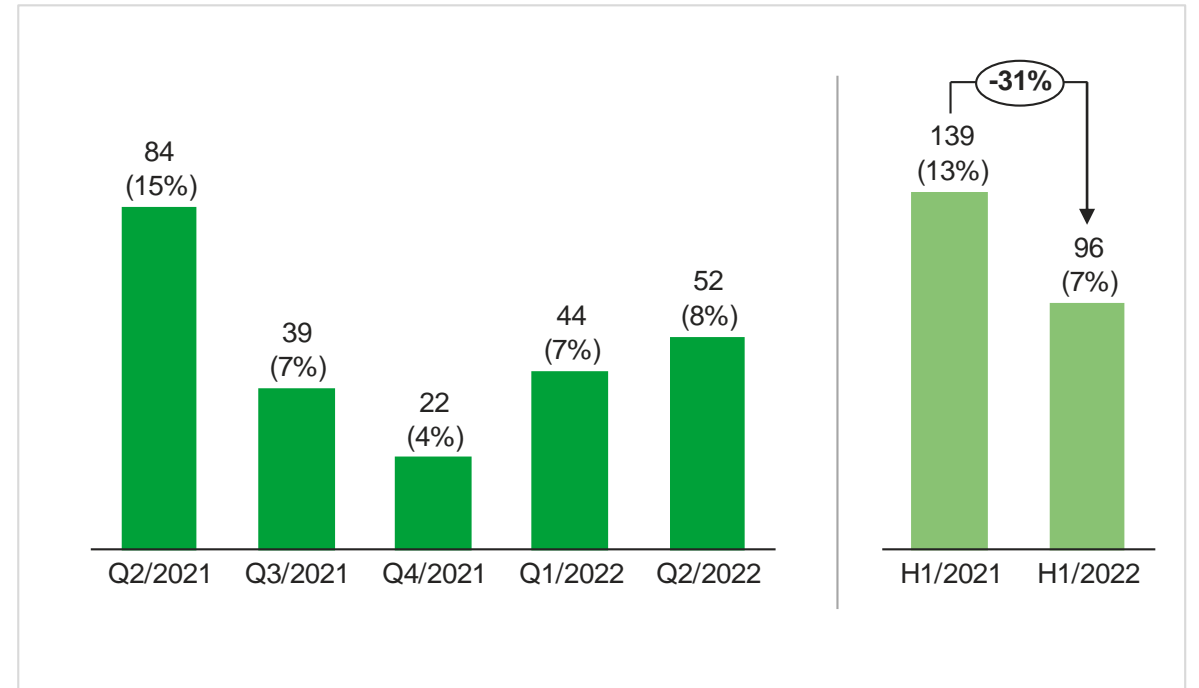


EBITDA at EUR 189 mn

EBITDA in EUR mn

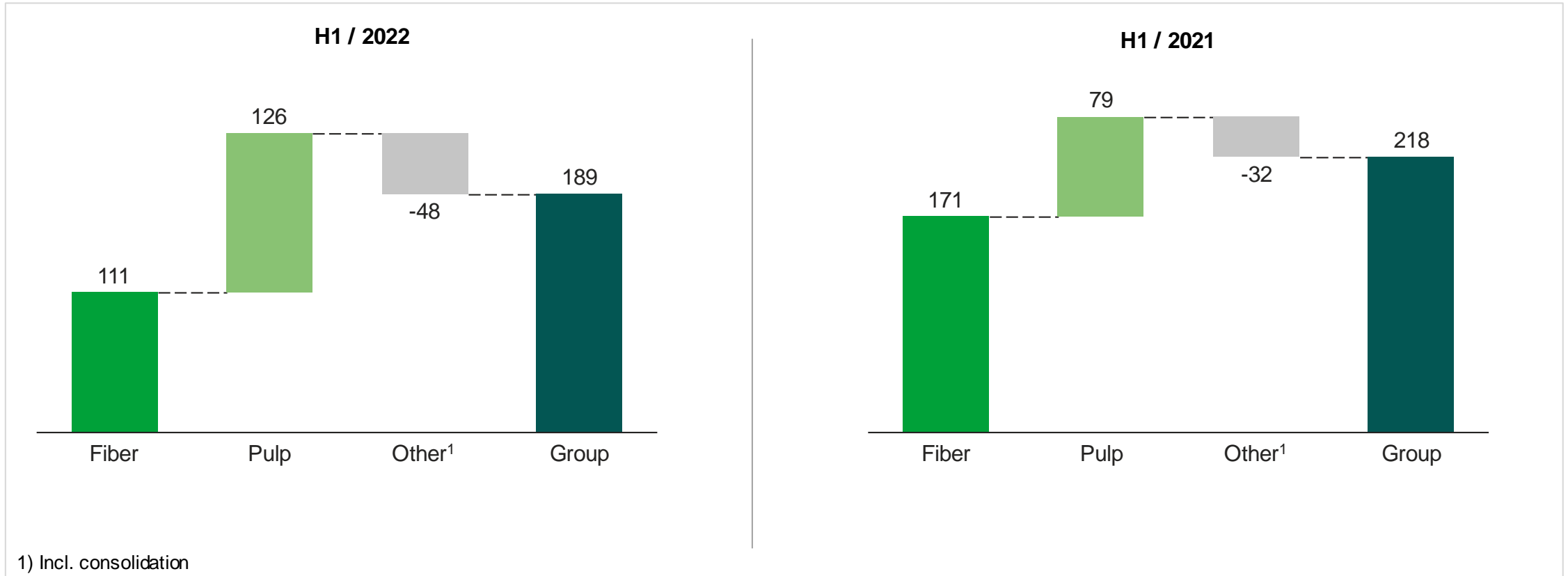


EBIT in EUR mn



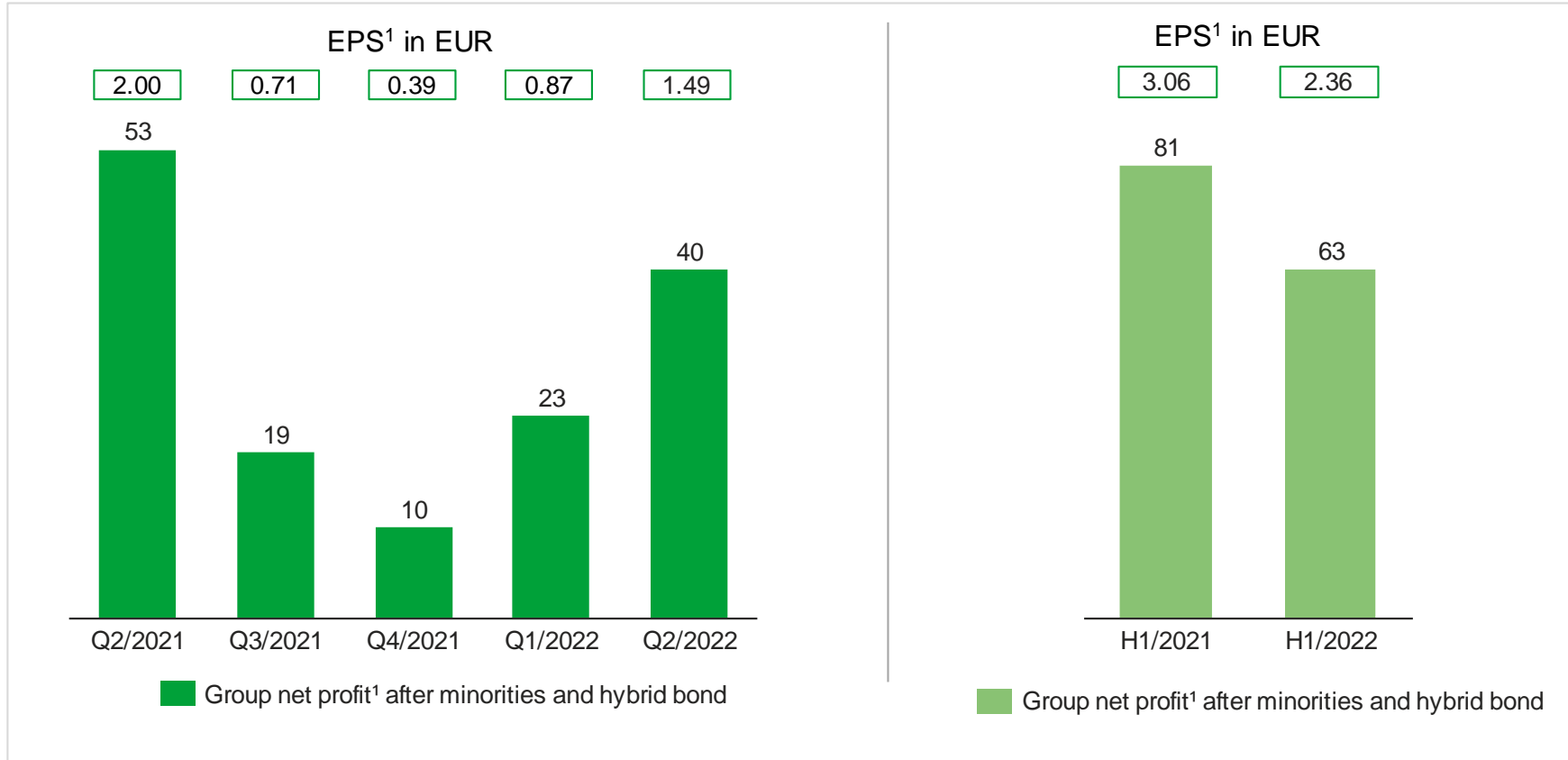
Pulp Division with EUR 126 mn EBITDA due to high DWP prices

EBITDA per Division in EUR mn



Earnings per share of EUR 2.36

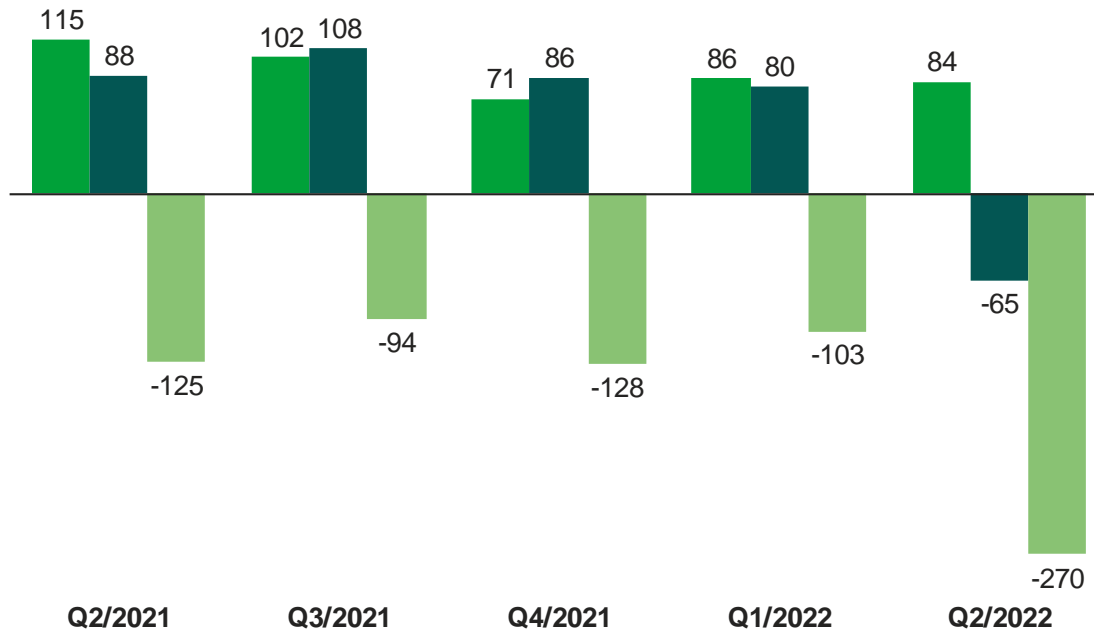
Group net profit¹ after minorities and hybrid bond, in EUR mn



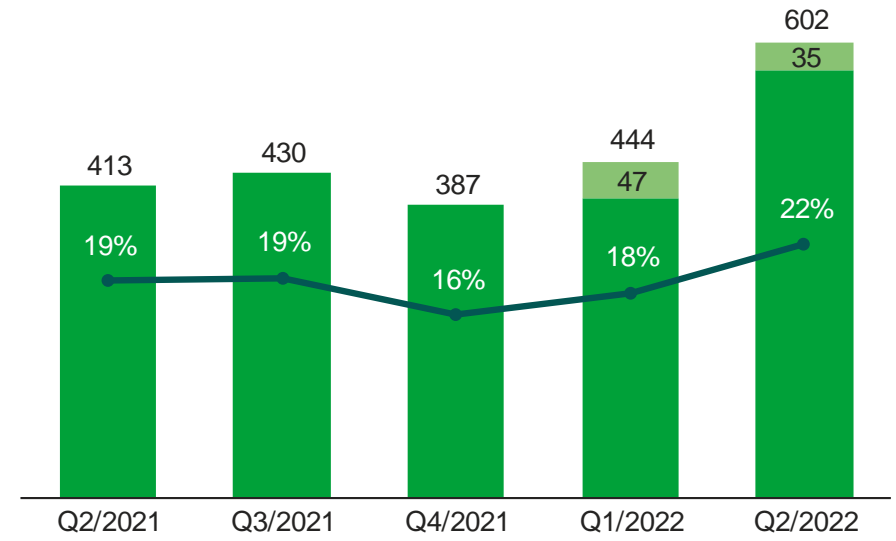
1) Attributable to Lenzing AG shareholders

Gross cash flow at EUR 84 mn

Cash Flows and Working Capital, in EUR mn



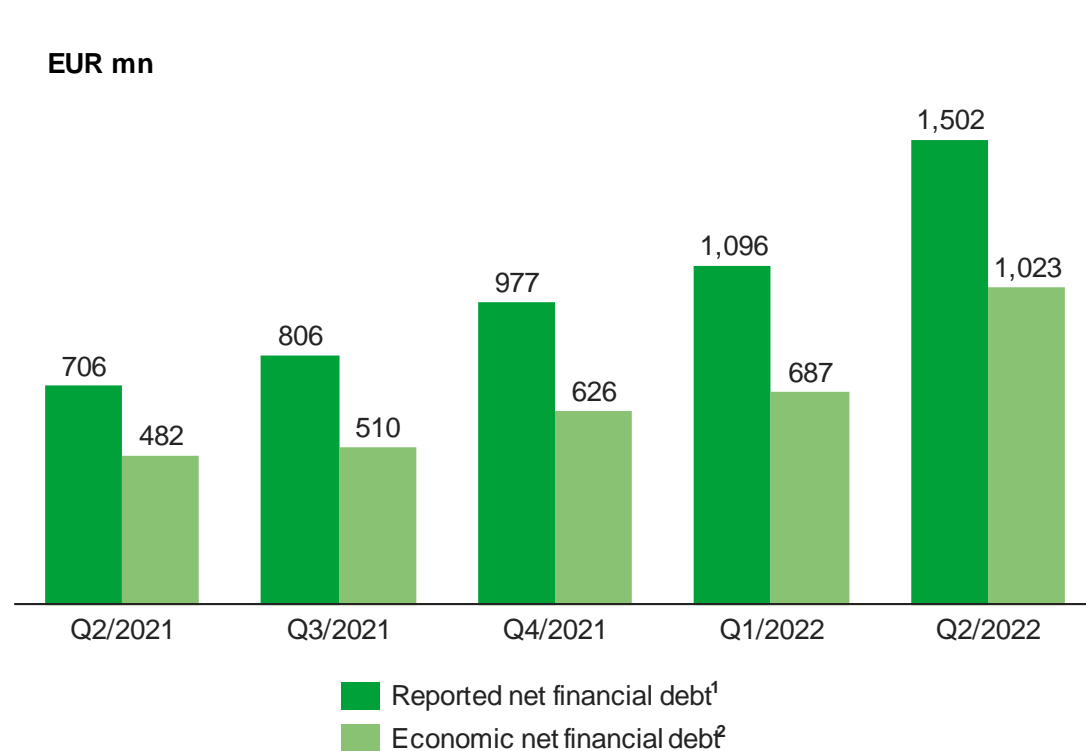
■ Gross cash flow
 ■ Operating cash flow
 ■ Free cash flow adj.



■ Factoring
■ Trading working capital
—●— Trading working capital adjusted for factoring in % of annualized Group revenue

Capex: 215 (Q2/2021), 205 (Q3/2021), 213 (Q4/2021), 183 (Q1/2022), 206 (Q2/2022)

Liquidity cushion of EUR 1.1 bn



- 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

According to IFRS (EUR mn)	30 Jun 2022	31 Dec 2021	Change in %
Total assets	5,737.3	5,322.8	7.8
Liquid assets³	872.5	1,124.1	(22.4)
Total liabilities	3,619.3	3,250.7	11.3
thereof financial liabilities	2,374.5	2,101.2	13.0
Adjusted equity⁴	2,184.7	2,115.7	3.3
Adjusted equity ratio (%)	38.1	39.7	
Net gearing (%)	68.8	46.2	
Net financial debt	1,502.0	977.0	53.7

According to IFRS (EUR mn)	30 Jun 2022	31 Dec 2021	Change in %
Total liquidity cushion	1,113.7	1,578.6	(29.5)
thereof liquid assets³	872.5	1,124.1	(22.4)
thereof unused credit facilities	241.2	454.5	(46.9)

Outlook



Lenzing continues to expect EBITDA 2022 significantly above 2021 levels

2022 guidance: EBITDA significantly above 2021 levels

- The highly uncertain supply situation and increased costs for energy and raw materials as well as supply chain disturbances lead to extremely **challenging market environments** and further **reduced visibility**
- Lenzing continues to expect a structural **increase in demand** for **sustainably produced fibers** for the textile and apparel industry as well as for the hygiene and medical industry
- **Two new production sites** in Thailand and Brazil with **first EBITDA contributions**
- Operational focal points: commercialize **new capacities**, **branding**, **operational excellence** as well as **energy, supply chain, and cost management**

Review of corporate strategy with updated financial targets

Enhancement of Lenzing's corporate strategy

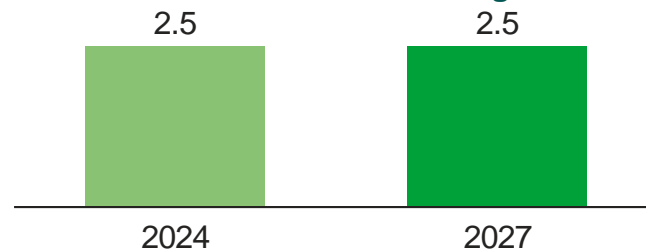
Sharpened corporate and sustainability focus

- Increase focus on sustainable and high-quality premium products and solutions
- Intensify ingredient branding activities
- Strengthen integration of recycling - accelerate transformation from linear to circular
- Invest in sustainable energy sources in all sites

More details to be shared in capital markets day on October 18th 2022

Balanced risk profile¹

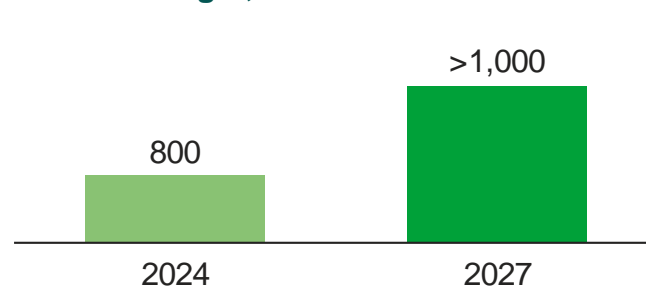
Net financial debt / EBITDA target



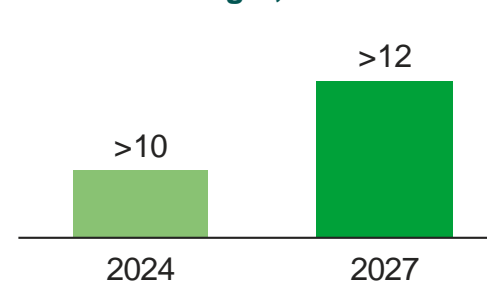
- Prioritize value-adding projects
- Maintain balanced risk profile

Profitable Growth¹

EBITDA target, EUR mn



ROCE² target, %

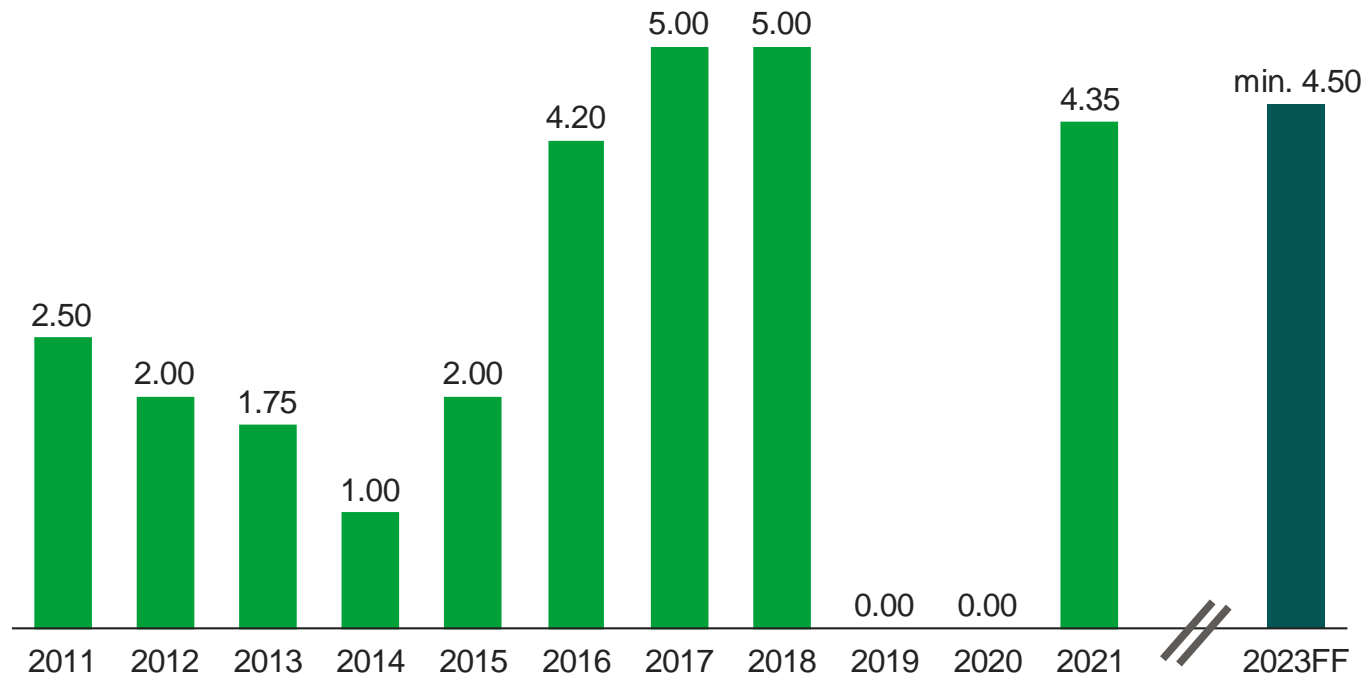


- Leverage leading industry position
- Continue growth journey
- Drive operational excellence
- Increase capital efficiency

Lenzing with commitment to consistently provide attractive dividends to shareholders

Revised dividend policy

Historical dividend development, EUR/share



- Lenzing has been paying dividends in most years in the past – however on varying levels
- Finalization of new DWP mill and Lyocell plant to lead to more financial stability and plannability
- Lenzing to pay **minimum dividend of EUR 4.50 per share** as of 2023 financial year (with payment scheduled for 2024)

Payment of the dividend in any year will be subject to the specific dividend proposals of the Managing Board and the Supervisory Board. These proposals may deviate from the new dividend policy if appropriate under the then prevailing circumstances and will be subject to the approval of the Annual General Meeting.

Thank You

**for your
attention!**

Back-up



H1-2022: Quarterly P&L development

MEUR	Q2 2022	Q1 2022	Change Q1/Q2 %	Q2 2021	Change Q2/Q2 %	H1 2022	H1 2021	Change H1/H1 %
Revenues	678.6	615.0	10.3%	544.0	24.7%	1,293.6	1,033.3	25.2%
Cost of Sales	-524.4	-486.1	7.9%	-389.7	34.5%	-1,010.5	-758.5	33.2%
Gross Profit	154.3	128.9	19.6%	154.3	0.0%	283.2	274.8	3.0%
Other Operating Income	18.4	25.3	-27.3%	24.5	-24.7%	43.8	40.0	9.4%
Selling Expenses	-75.3	-65.0	15.9%	-55.2	36.4%	-140.3	-104.1	34.7%
Administrative Expenses	-37.8	-35.0	8.0%	-34.1	10.8%	-72.8	-60.4	20.6%
R&D Expenses	-7.0	-7.8	-10.0%	-5.9	18.4%	-14.8	-11.3	30.3%
Other Operating Expenses	-0.6	-2.9	-79.6%	0.0	-	-3.5	0.0	-
EBIT	52.0	43.6	19.3%	83.5	-37.7%	95.6	138.9	-31.2%
<i>Margin</i>	7.7%	7.1%		15.4%		7.4%	13.4%	
Financial Result	6.5	-2.1	-	-4.8	-	4.4	-15.2	-
EBT	58.5	41.5	41.0%	78.7	-25.6%	100.0	123.8	-19.2%
<i>Margin</i>	8.6%	6.7%		14.5%		7.7%	12.0%	
Income Taxes	-20.3	-7.4	175.8%	-12.4	63.4%	-27.7	-27.6	0.3%
Tax rate (%)	34.7%	17.8%		15.8%		27.7%	22.3%	
Net Income / Loss	38.2	34.1	11.9%	66.3	-42.4%	72.3	96.1	-24.8%
<i>Margin</i>	5.6%	5.5%		12.2%		5.6%	9.3%	
Attributable to:								
Shareholders of Lenzing AG	39.7	23.0	72.2%	53.1	-25.4%	62.7	81.2	-22.8%
<i>Margin</i>	5.8%	3.7%		9.8%		4.8%	7.9%	
Share planned for hybrid capital owners	7.2	7.2	0.0%	7.2	0.0%	14.4	14.4	0.0%
Non-controlling interests	-8.6	3.9	-	5.9	-	-4.7	0.5	-
EPS (in EUR)	1.49	0.87	72.2%	2.00	-25.4%	2.36	3.06	-22.8%

H1-2022: Topline breakdown

(EUR mn)	H1/2022
Wood-based cellulosic fibers	1,080.0
Co-products of fiber production	30.6
Mechanical and plant engineering, engineering services and others	7.1
Division Fiber	1,117.6
Pulp	83.5
Biorefinery-products and energy	76.0
Wood and other	14.2
Division Pulp	173.7
Other	2.3
Total Group revenue	1,293.6

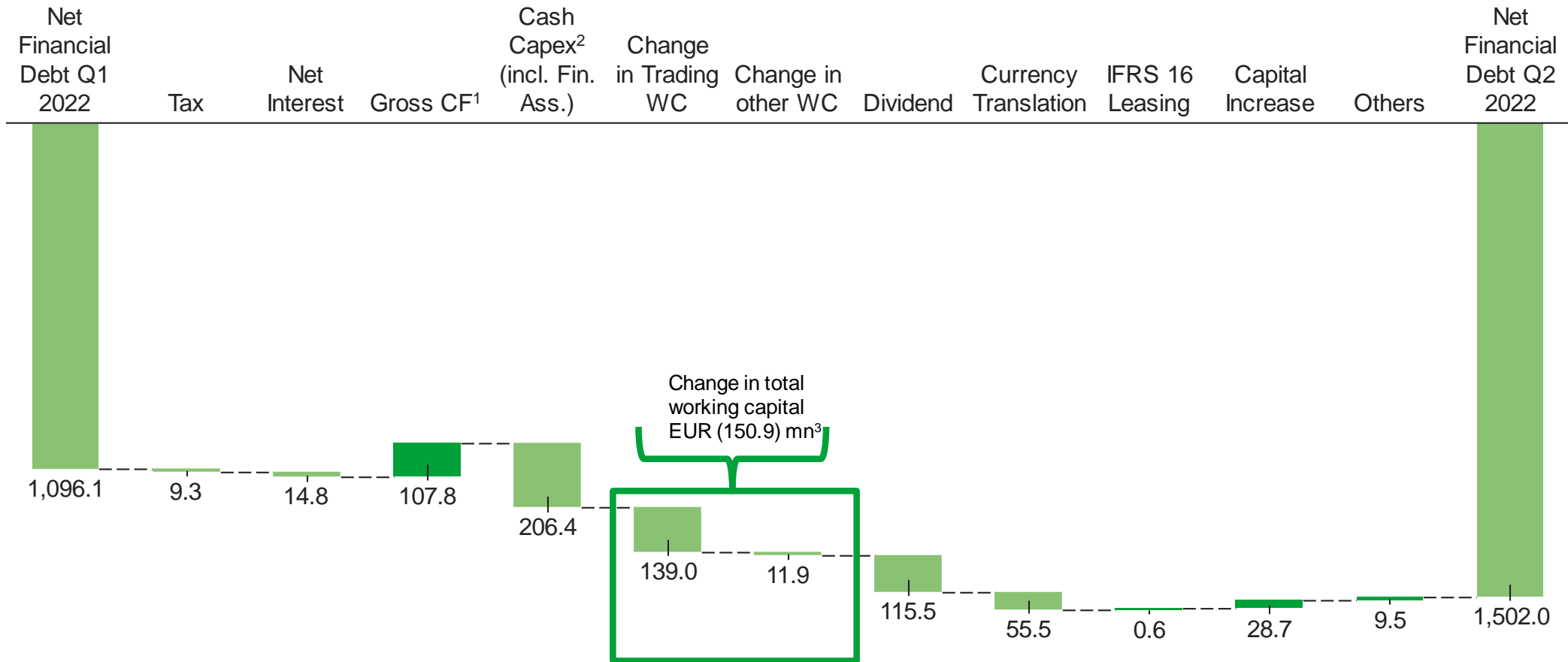
H1-2022: Quarterly cash flow development

(EUR mn)	Q2/2022	Q1/2022	Change Q2/Q1 (%)	Q2/2021	Change Q2/Q2 (%)	H1/2022	H1/2021	Change H1/H1 (%)
Gross cash flow (before taxes and interest)	107.8	88.6	21.7	139.9	(22.9)	196.4	234.9	(16.4)
Taxes and interest	(24.2)	(2.6)	844.0	(24.7)	(2.4)	(26.7)	(35.4)	(24.6)
Gross cash flow (after taxes and interest)	83.7	86.0	(2.8)	115.1	(27.3)	169.7	199.5	(14.9)
Change in total working capital ¹	(148.1)	(6.3)	2,235.9	(26.8)	452.7	(154.5)	0.3	-
Operating cash flow	(64.5)	79.7	-	88.3	-	15.2	199.8	(92.4)
Investment cash flow ²	(196.9)	(181.9)	8.3	(220.0)	(10.5)	(378.8)	(425.5)	(11.0)
Free cash flow unadj.	(261.4)	(102.2)	155.7	(131.6)	98.6	(363.6)	(225.7)	61.1
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-	0.0	0.0	-
Acquisition of other financial assets	0.1	0.1	24.6	6.5	(98.7)	0.2	6.6	(97.7)
Proceeds/repayments of other financial assets	(8.5)	(0.8)	1,001.3	(0.2)	4,597.2	(9.2)	(5.1)	79.3
Free cash flow adj.	(269.7)	(102.9)	162.1	(125.3)	115.3	(372.7)	(224.3)	66.2

1) Including trade and other working capital

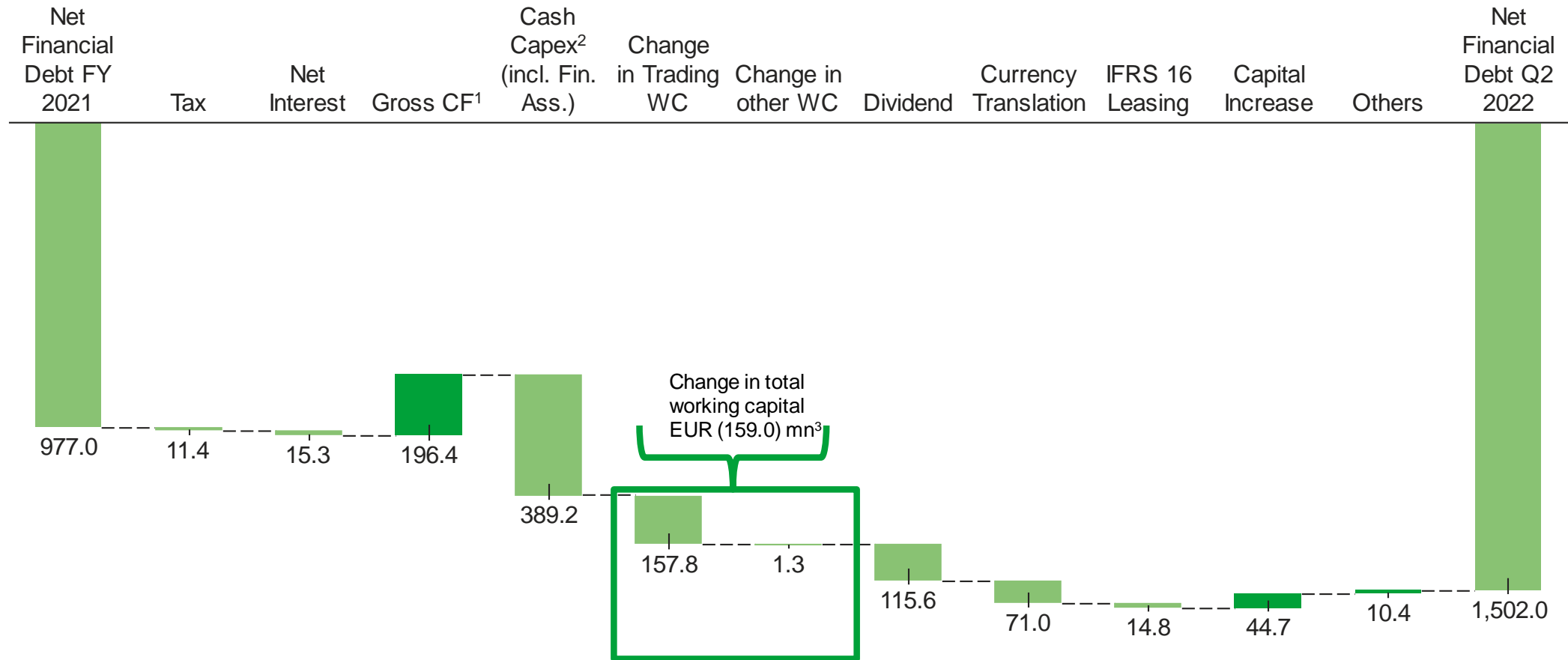
2) Including investment in and proceeds from disposal of financial assets

Q2-2022: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (206.3) mn and financial assets of EUR (0.1) mn
- 3) Change in total working capital EUR (148.1) mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR (2.7) mn
 - Change in total working capital adj. EUR (150.9) mn (according to net debt)

H1-2022: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (389.0) mn and financial assets of EUR (0.2) mn
- 3) Change in total working capital EUR (154.5) mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR (4.6) mn
 - Change in total working capital adj. EUR (159.0) mn (according to net debt)

Contact and financial calendar

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Financial calendar

Annual results 2021	March 10, 2022
78 th Annual General Meeting	April 26, 2022
Results 01-03/2022	May 4, 2022
Half-year results 2022	August 3, 2022
Results 01-09/2022	November 3, 2022

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