



Lenzing

Innovative by nature

Stand
up!

**Against business
as usual**

Lenzing Investor Presentation

Results 01-03/2020

May 6, 2020

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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

Q1-2020 financial results

- Revenue of EUR 466mn (EUR 560mn in Q1-2019)
 - Reflecting weak VSF price and softer textile demand
- EBITDA of EUR 69.6mn (EUR 92mn in Q1-2019)
 - Solid performance in very challenging environment
- Net result of EUR 17.7mn (EUR 42.8mn in Q1-2019)

Key developments

- Strong start to the year, but since February affected by Covid-19
- Focus on measures to protect our people, partners and ensure business continuity
- Global pandemic and enforced shutdowns weigh on textile fiber demand, but trigger higher demand for nonwoven fibers used in hygiene applications
- Expansion projects remain on track

2020 guidance remains suspended

- Limited visibility due to Covid-19 pandemic
 - Textile fiber demand recovery depending on duration of lockdown and exit strategies in consumer economies
 - Nonwoven fibers benefit from increased hygiene awareness, offering attractive growth opportunities

Focus areas

- Lenzing sets up JV to produce safety masks
- Strengthen cost position & operational excellence
- Fully committed to expansion projects

AGM rescheduled for 18 June 2020

- Proposal to not distribute a dividend for 2019¹

Extension of management board

- Christian Skilich to join on 1 June 2020

1) Original dividend proposal of EUR1.0 per share for 2019

Covid-19: taking care of our people, partners and operations

Protecting our people and business partners

- Home office rolled out globally, except for activities that require on-site presence.
- No business travel and face-to-face meetings
- Optional garden leave for risk group and psychological assistance for employees
- Temperature checks at gates and hygiene guidance for all employees and suppliers
- Purchasing and provision of hygiene and protective materials (i.e. masks, gloves)



Measures taken to ensure business continuity

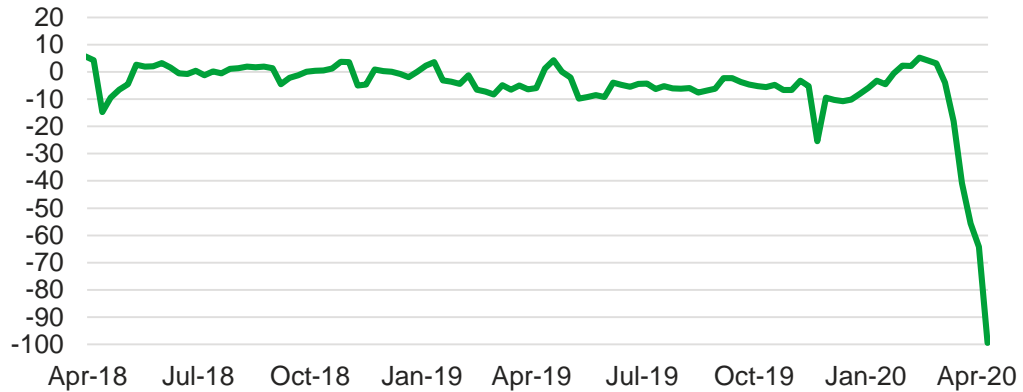
- Higher inventory levels for critical raw materials and products to mitigate potential supply chain disruptions
- Close interaction and cooperation with up- and downstream value chain partners to enhance visibility and facilitate production flexibility
- Stringent cost management
- Flexible working hours and hiring freeze
- High liquidity position secured



Non-exhaustive lists

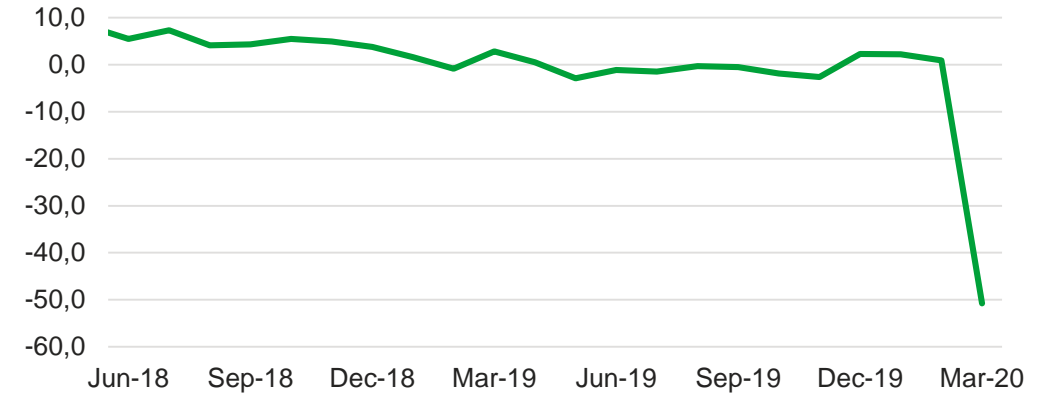
Covid-19: lockdowns weigh globally on textile retail sales

North America Apparel Retail Traffic (% YOY)



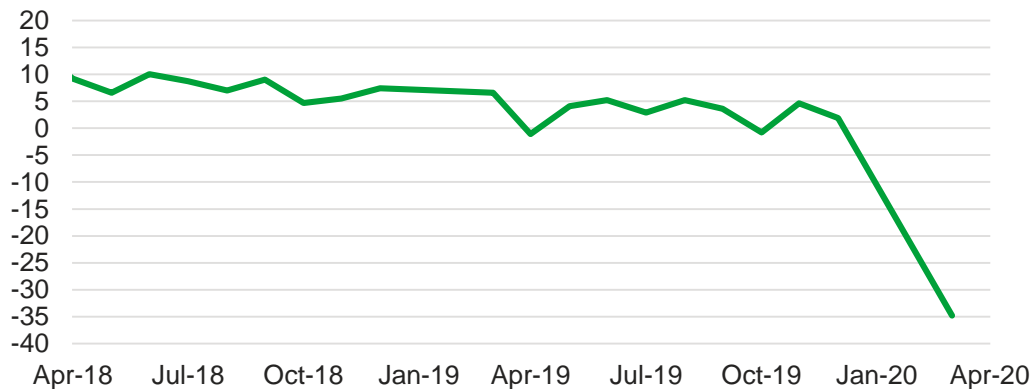
Source: Prodc Analytics

US Retail Sales Clothing & Accessories (% YOY)



Source: US Census Bureau

China Apparel & Textile Retail Sales (% YOY)



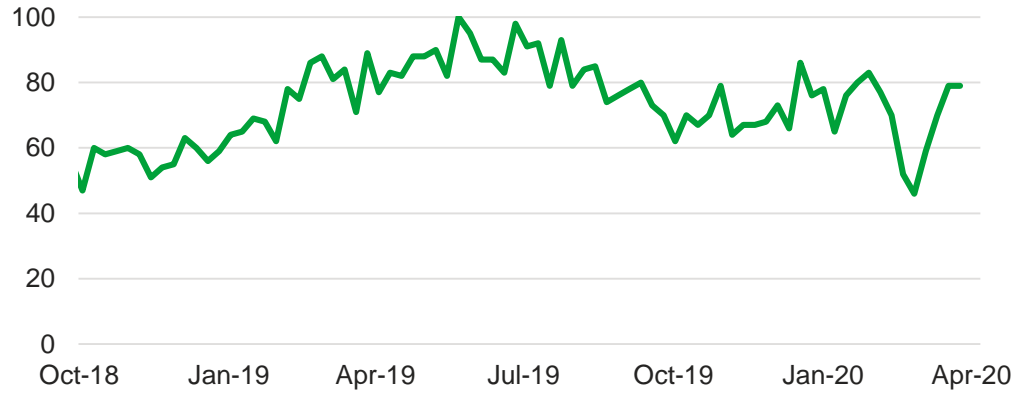
Source: National Bureau of Statistics China

- Physical store sales account for the majority of retail sales (74% of US apparel sales in 2019¹), with recent government lockdowns triggering unprecedented declines.
- E-commerce/online retail experiences healthy growth rates, but still lacks the scale (26% in 2019¹) to fully offset the physical sales decline.

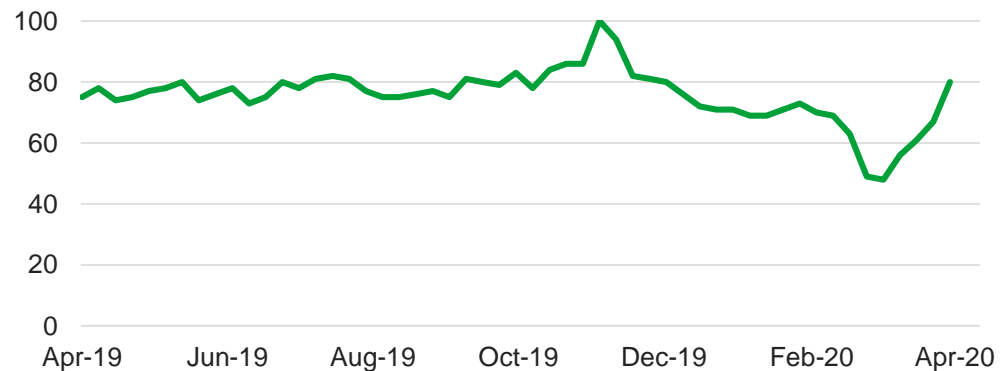
1) Euromonitor, Apparel & Footwear Sales by Distribution Channel

Covid-19: textile demand recovery difficult to forecast

Google search volumes for TENCEL™

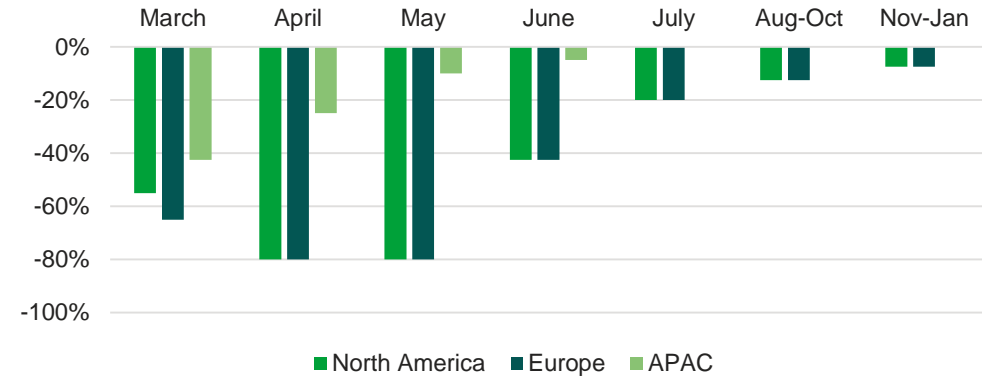


Google search volumes for "Clothing & Apparel"



Source: Google Trends; 100 = peak popularity

Apparel retail sales forecast by region till Jan 2021 (% YOY)

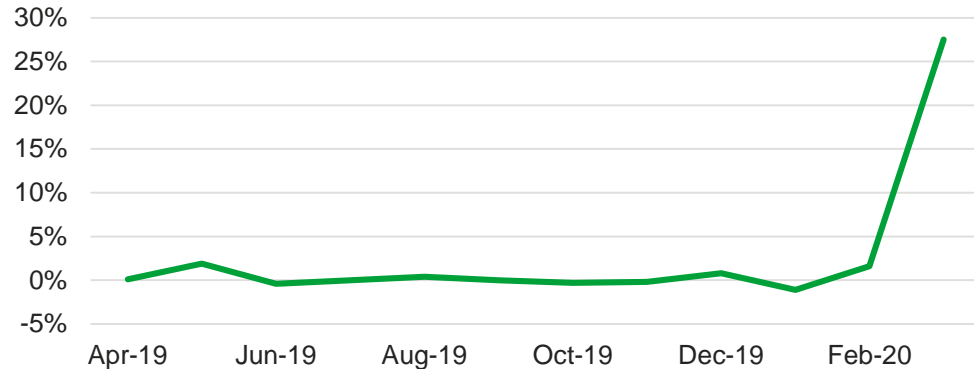


Source: Morgan Stanley estimates, APAC could be back to pre-Covid levels by July

- A recovery in textile and apparel markets depends largely on lockdown exit strategies in consumer economies.
- Relevant online search activity and volumes already point to a looming recovery.
- Analysts forecast Asia-Pacific to be first, returning to pre-Covid levels in Q3-2020.

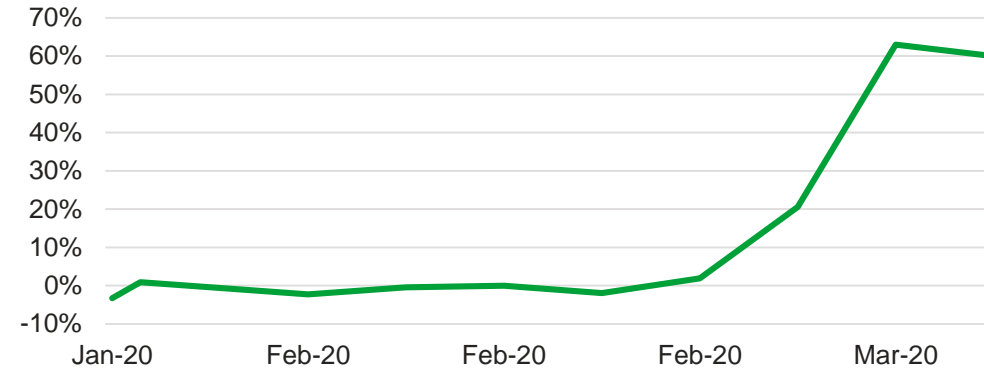
Covid-19: Surging demand for hygiene and care products

European HPC sales growth (% YOY)



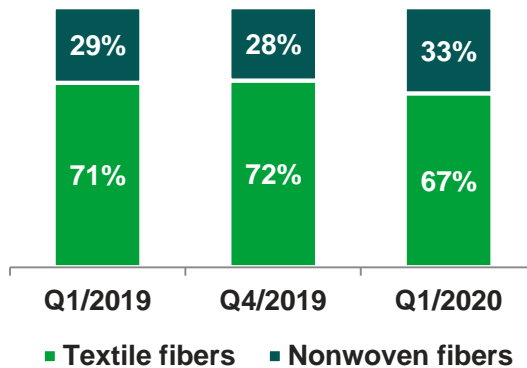
Source: Nielsen; HPC = Household & Personal Care

US HPC volume growth – all channels (% YOY)

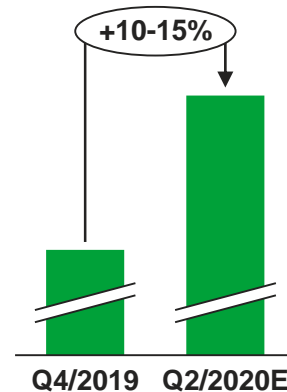


Source: Nielsen; HPC = Household & Personal Care

Lenzing revenue by application



Lenzing nonwoven volume growth

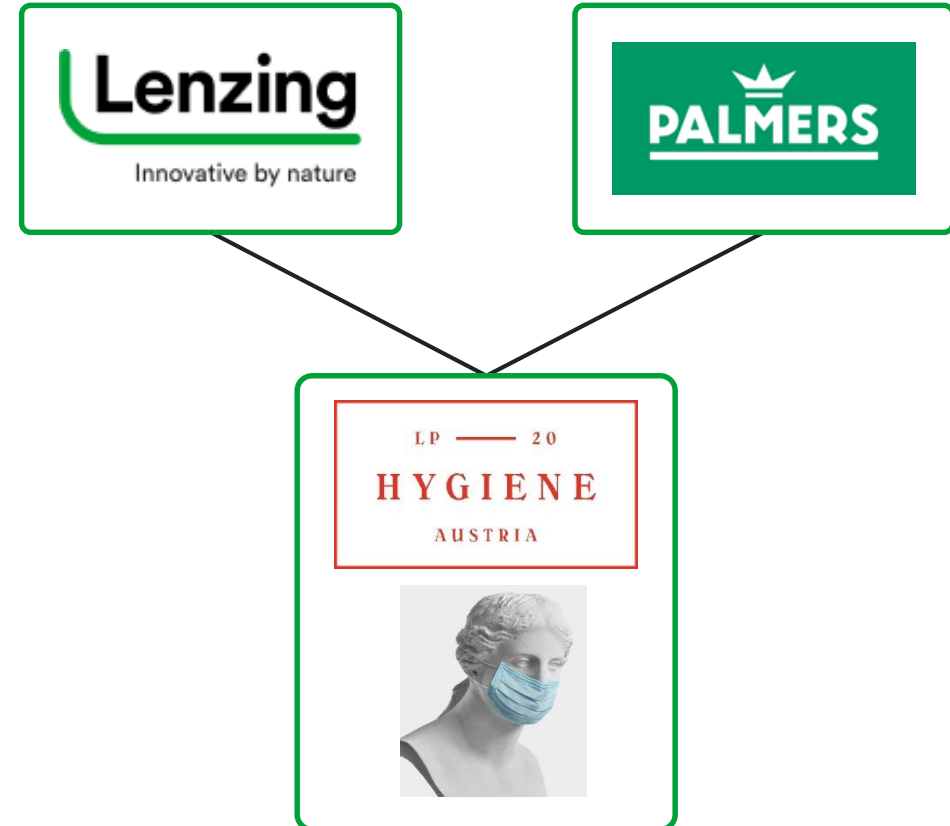


- The pandemic induced panic buying of non-discretionary goods, including hygiene and personal care products, which triggered higher demand for nonwoven fibers.
- Downstream, some nonwoven producers adjusted their production capacities to contribute with face masks and other medical goods to the prevention of Covid-19.

Covid-19: Lenzing enters JV to produce safety masks

At a glance:

- **Joint Venture:** Hygiene Austria LP GmbH Lenzing (50.1%) and Palmers (49.9%)
- **Rationale:** Contribution to combat Covid-19 pandemic by ensuring long-term supply of high-quality critical goods
- **Scope:** Production and distribution of high-quality, certified hygiene & safety equipment in Austria and Europe through hygiene competence center in Austria
- **Main products include:**
 - Mouth-nose protective masks (MNS)
 - Surgical protective masks (EN14683)
- **Production capacity:**
 - Currently: 12mn units per month
 - Planned: 25mn units per month

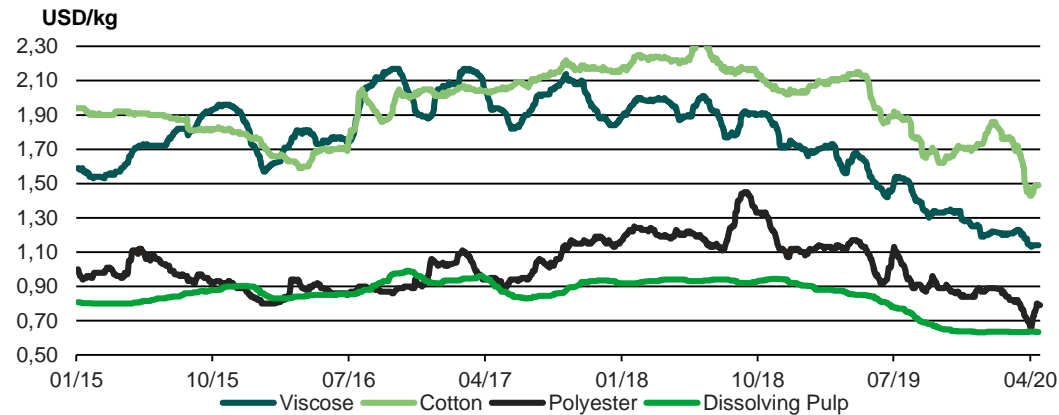


Market update



Commodity prices remain under severe pressure

Viscose, cotton, polyester and pulp prices are around all time lows



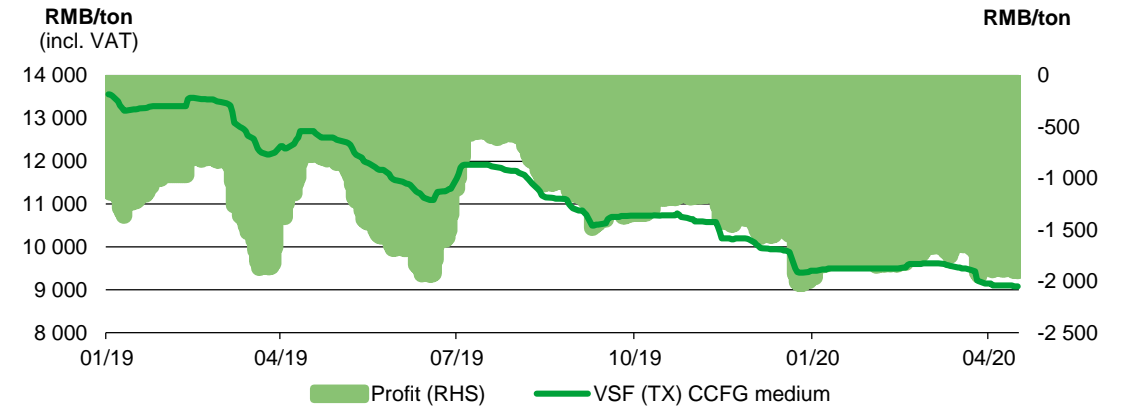
Viscose

- Textile VSF price remains challenging; -30% YOY to ~CNY9,000/ton
- Nonwoven viscose performs better, with prices at ~CNY11,000/ton
- Operating rates in the VSF industry stabilized around ~66%
- High VSF inventory with 45 days at fiber level (5y avg. 14 days)

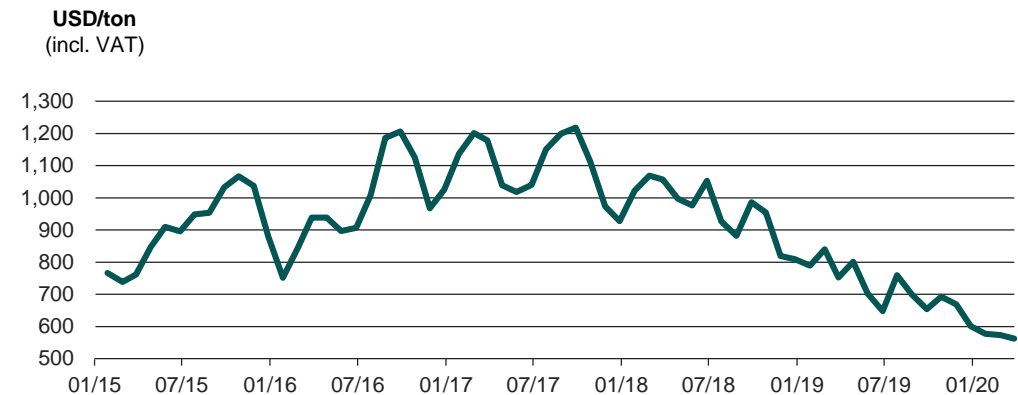
Competing fibers

- **Cotton:** Prices dropped to USc63/lbs (Cotton A Index). The Stock-to-use ratio is expected to reach an all-time high.
- **Polyester:** In April, prices temporarily increased by ~20% due to strong nonwoven demand to CNY6,350/ton, now at ~CNY5,400/ton

VSF¹ price trend and theoretical profit / loss in China



VSF² conversion margin at multi-year low



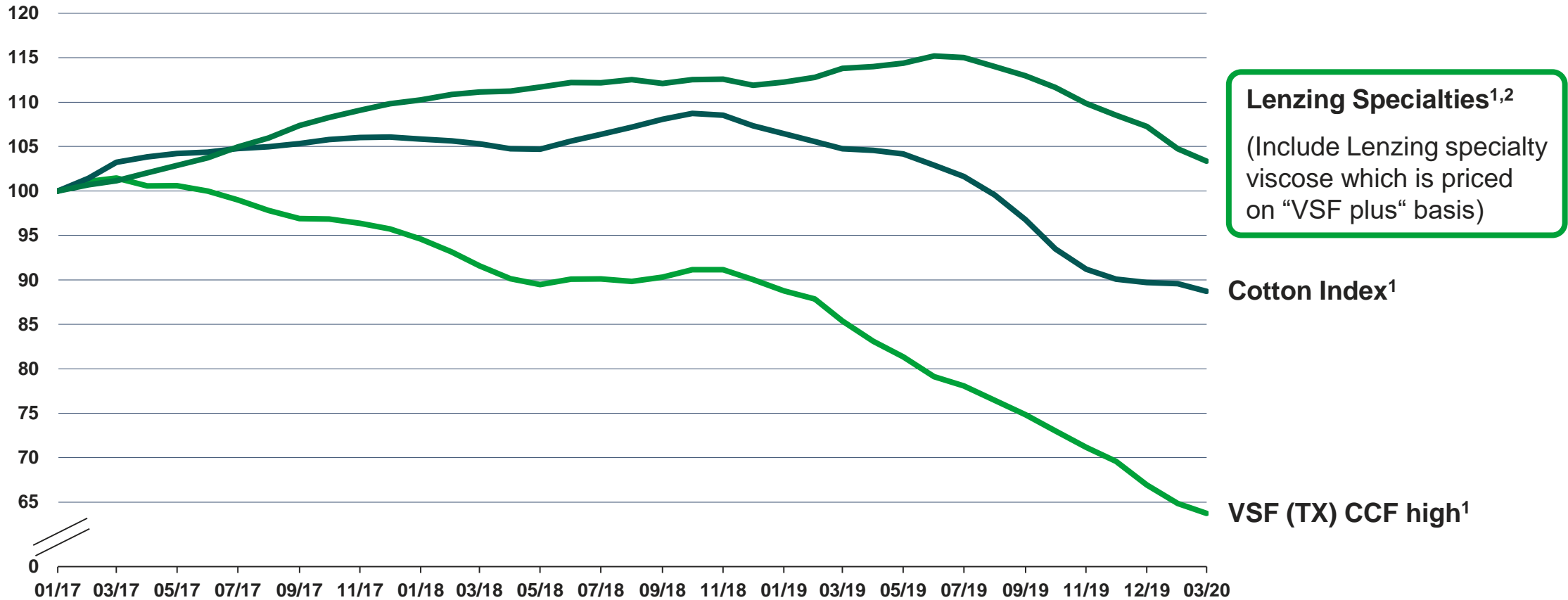
Source: China Chemical Fiber Group, CCA, CCFEI

1) Standard viscose staple fibers, price development until Apr 16th, 2020

2) Conversion margin = VSF – imported hardwood dissolving pulp (DWP)

3) DWP is key input material; 1 ton of fiber (VSF, modal, lyocell) requires ~1 ton of DWP

Specialty fiber prices remain comparatively resilient



1) In China; 6M average in % from 01/2017 converted at constant FX rates
 2) Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

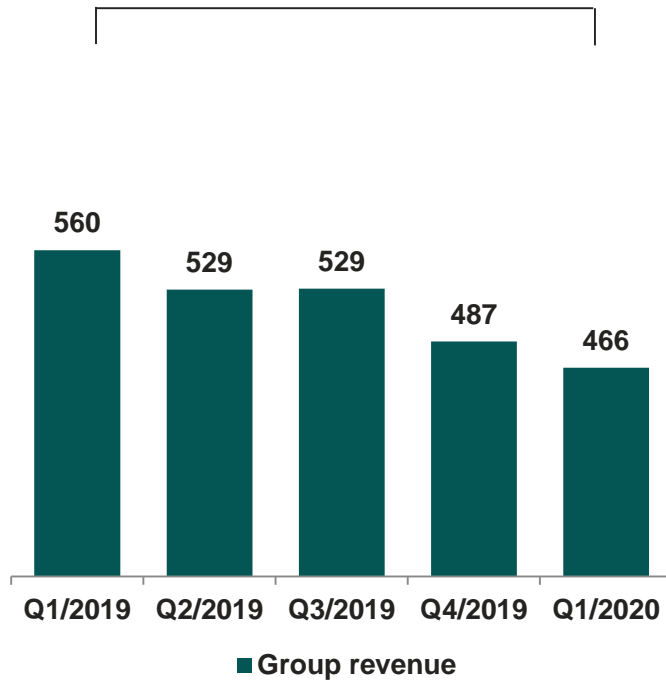
Financials



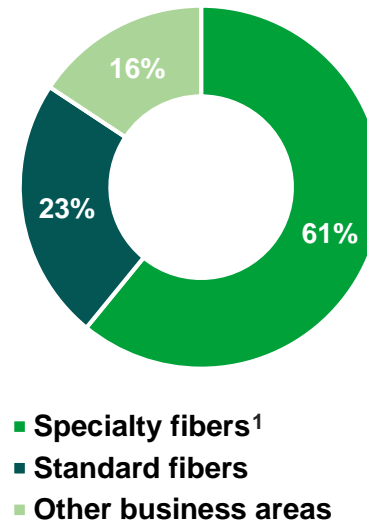
P&L – Revenue

EUR mn

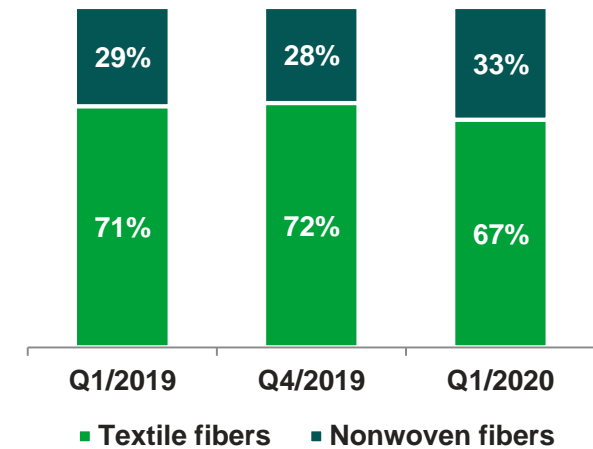
(16.7) %



Group revenue by type
Q1/2020



Fiber revenue by application
Q1/2020



1) LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose,

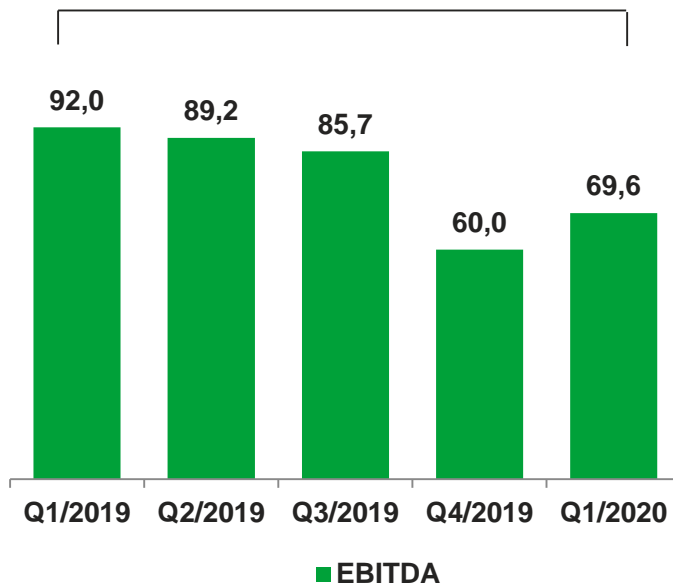
Q1/2020: Quarterly earnings development

EBITDA margin

16.4 % 16.9 % 16.2 % 12.3 % 14.9 %

EUR mn

(24.3)%

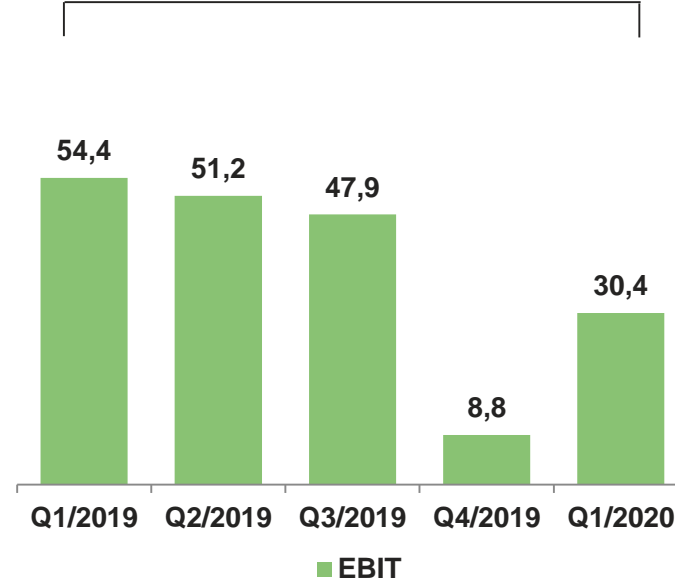


EBIT margin

9.7 % 9.7 % 9.0 % 1.8 % 6.5 %

EUR mn

(44.2)%

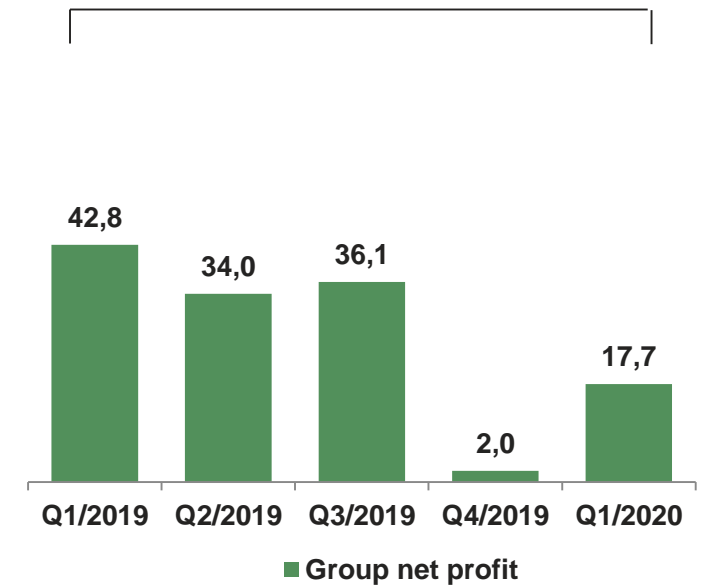


EPS¹ (EUR)

1.65 1.32 1.45 0.21 0.84

EUR mn

(58.6)%

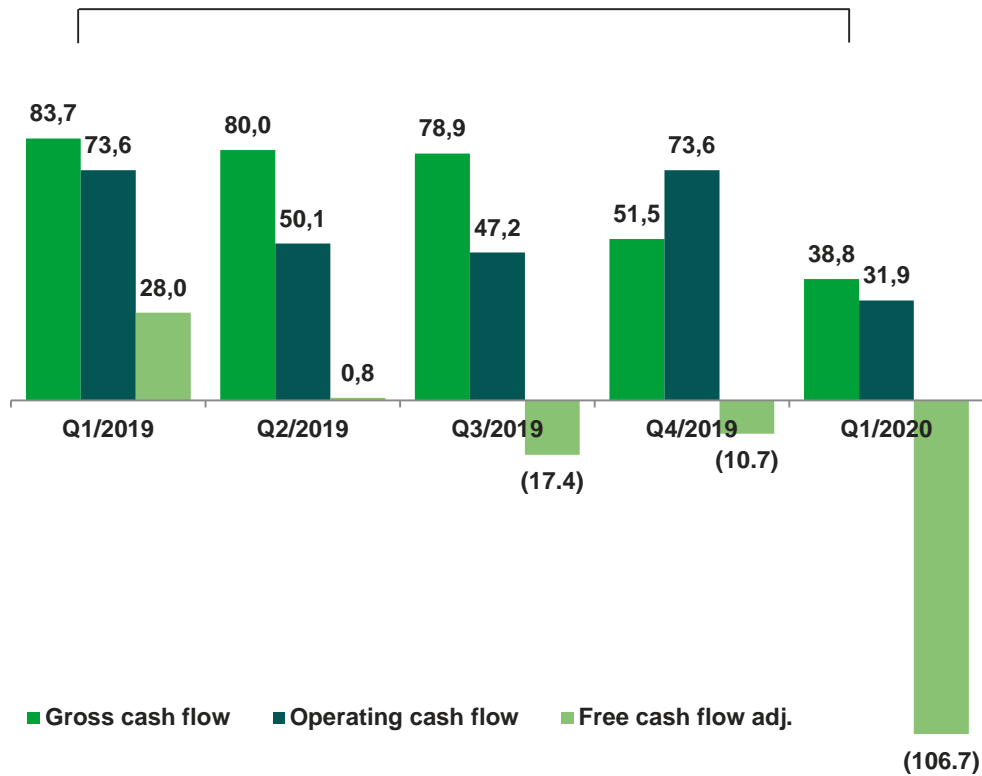


1) Attributable to Lenzing AG shareholders

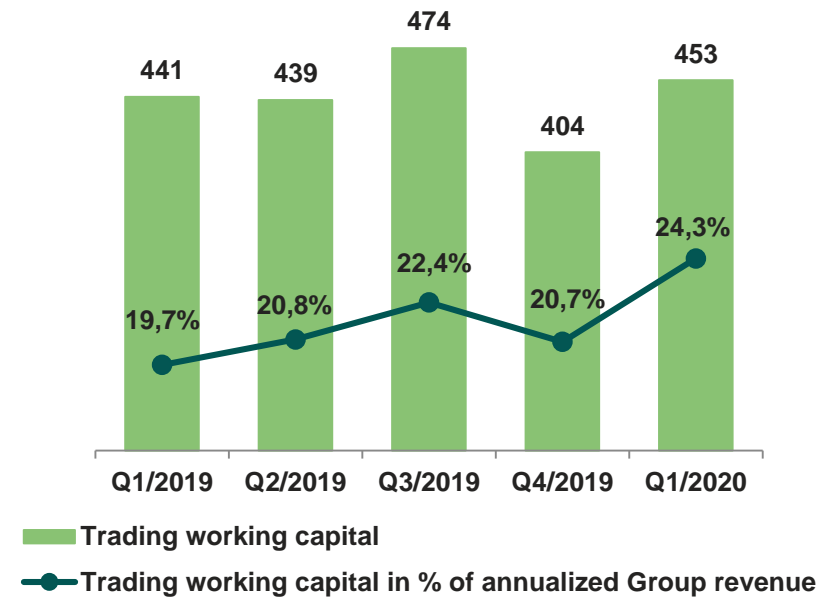
Quarterly cash flow and working capital development

EUR mn

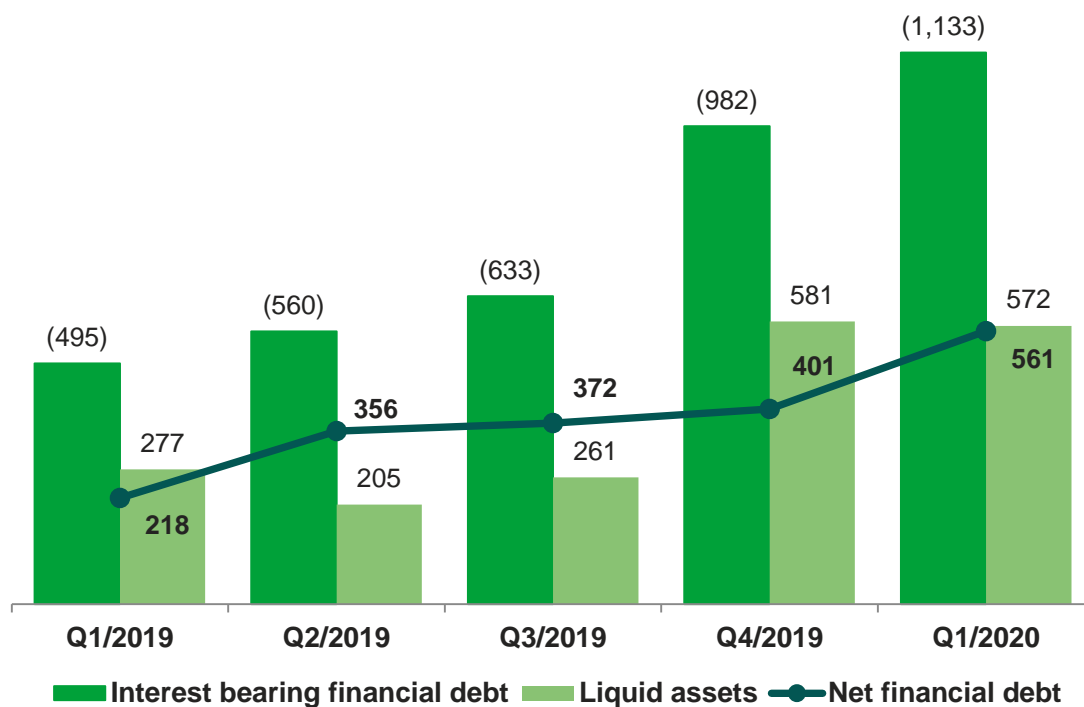
(56.7) % Operating CF



EUR mn



Balance sheet metrics



According to IFRS (EUR mn)	31 March 2020	31 Dec. 2019	Change in %
Total assets	3,328.0	3,121.1	6.6
Liquid assets¹	572.0	581.0	(1.5)
thereof liquid funds	563.4	571.5	(1.4)
Total liabilities	1,870	1,583.2	18.1
thereof financial liabilities	1,133.3	981.6	15.5
Adjusted equity²	1,483.3	1,559.3	(4.9)
Adjusted equity ratio (%)	44.6	50.0	-
Net gearing (%)	37.8	25.7	-
Net financial debt	561.3	400.6	40.1

According to IFRS (EUR mn)	31 March 2020	31 Dec. 2019	Change in %
Total liquidity cushion	805.4	847.6	(5.0)
thereof liquid assets ¹	572.0	581.0	(1.5)
thereof unused credit facilities	233.4	266.6	(12.4)

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

2) Including government grants less proportional share of deferred taxes on government grants

Outlook



Outlook

2020 guidance remains suspended

Annual General Meeting
rescheduled for
18 June 2020

- Currently very limited visibility due to Covid-19 pandemic
 - Recovery in textile fiber demand depending on consumer confidence and discretionary spending after shutdowns in western economies have been lifted
 - Nonwoven fibers benefit from strong demand for hygiene products
- Challenging market environment to persist
 - Textile fiber demand expected to be soft
 - Most commodity prices trade at or around historic lows
 - Specialty fiber prices are more resilient, but affected by drop in textile demand
- Clear focus on strengthening of cost position and operational excellence
- Fully committed to expansion projects in Thailand and Brazil



Thank You



**for your
attention!**



Appendix



Q1/2020 detailed financials

Q1/2020: Group P&L

(EUR mn)	Q1/2020	Q4/2019	Change Q1/Q4 (%)	Q1/2019	Change Q1/Q1 (%)
Revenue	466.3	487.3	(4.3)	560.0	(16.7)
Change in inventories of finished goods and work in progress	14.8	(3.2)	-	(5.6)	-
Own work capitalized	17.3	19.6	(11.6)	10.1	71.1
Other operating income	15.9	13.1	20.9	25.0	(36.5)
Gains or losses from the fair value measurement of biological assets	(3.3)	0.0	-	0.0	-
Cost of material and purchased services	(275.1)	(282.6)	(2.7)	(334.7)	(17.8)
Personnel expenses	(96.7)	(96.1)	0.6	(100.5)	(3.8)
Other operating expenses	(69.5)	(78.1)	(11.1)	(62.3)	11.6
EBITDA/Margin	69.6/14.9%	60.0/12.3%	16.0	92.0/16.4%	(24.3)
Depreciation & amortization	(39.7)	(51.7)	(23.1)	(38.3)	3.7
Income from the release of investment grants	0.5	0.5	(8.2)	0.7	(30.5)
EBIT/Margin	30.4/6.5%	8.8/1.8%	243.8	54.4/9.7%	(44.2)
Financial result	(1.7)	3.1	-	(0.8)	-
Allocation of profit or loss to puttable non-controlling interests	0.0	0.0	-	0.0	-
EBT/Margin	28.6/6.1%	12.0/2.5%	139.5	53.6/9.6%	(46.5)
Income tax expense	(10.9)	(9.9)	10.0	(10.8)	1.1
Tax rate (%)	38.1	83.0	-	20.2	-
Net profit/Margin	17.7/3.8%	2.0/0.4%	772.8	42.8/7.6%	(58.6)
Net profit attributable to shareholders of Lenzing AG/Margin	22.2/4.8%	5.7/1.2%	291.1	43.8/7.8%	(49.3)
EPS (in EUR)	0.84	0.21	291.1	1.65	(49.3)

Q1/2020: Topline breakdown

(EUR mn)	Q1/2020	Q4/2019	Change Q1/Q4 (%)	Q1/2019	Change Q1/Q1 (%)
Breakdown of Fibers segment revenue					
Textile fibers (%)	66.9	71.8	(6.8)	70.9	(5.6)
Nonwoven fibers (%)	33.1	28.2	17.4	29.1	13.7
Fibers only	389.5	416.1	(6.4)	464.1	(16.1)
Other ¹	73.8	68.6	7.5	93.8	(21.4)
Total segment Fibers	463.3	484.7	(4.4)	557.9	(17.0)
Total segment Lenzing Technik	8.2	8.5	(3.3)	6.4	27.5
Other and consolidation	(5.2)	(5.8)	(11.0)	(4.3)	20.9
Total Group revenue	466.3	487.3	(4.3)	560.0	(16.7)

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

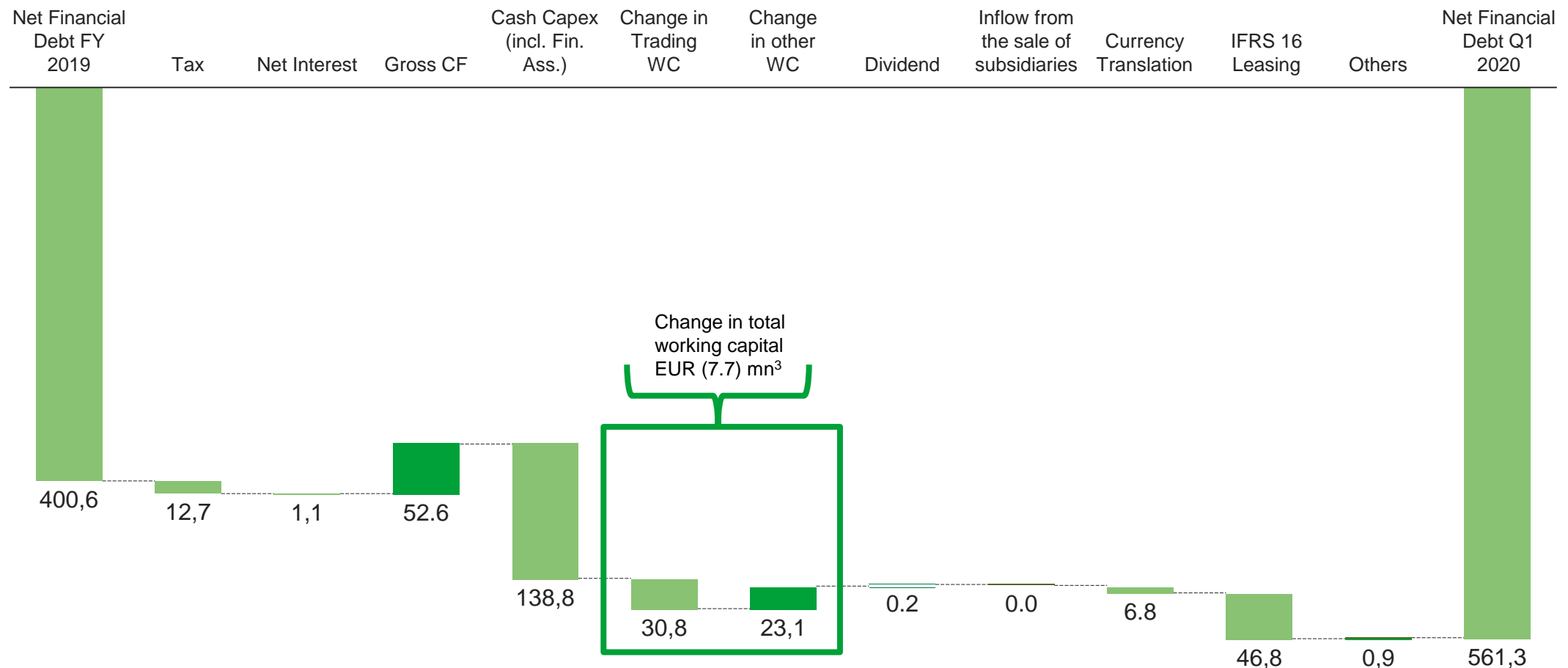
Q1/2020: Cash flow development

(EUR mn)	Q1/2020	Q4/2019	Change Q1/Q4 (%)	Q1/2019	Change Q1/Q1 (%)
Gross cash flow (before taxes and interest)	52.6	66.4	(20.8)	99.6	(47.2)
Taxes and interest	(13.8)	(14.9)	(7.3)	(15.9)	(13.3)
Gross cash flow (after taxes and interest)	38.8	51.5	(24.7)	83.7	(53.7)
Change in total working capital ¹	(6.9)	22.2	-	(10.0)	(31.3)
Operating cash flow	31.9	73.6	(56.7)	73.6	(56.7)
Investment cash flow ²	(137.9)	(91.3)	51.0	(42.8)	222.6
Free cash flow unadj.	(106.0)	(17.7)	499.0	30.9	-
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-
Acquisition of other financial assets	0.2	8.0	(97.5)	0.1	50.2
Proceeds/repayments of other financial assets	(0.9)	(1.0)	(7.5)	(3.1)	(69.9)
Free cash flow adj.	(106.7)	(10.7)	901.7	28.0	-

1) Including trade and other working capital

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

Q1/2020: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (138.6) mn and financial assets of EUR (0.2) mn
- 3) Change in total working capital EUR (6.9) mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR (0.9) mn
 - Change in total working capital adj. EUR (7.7) mn (according to net debt)

Contact and financial calendar

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Financial calendar

Full year results 2019	March 12, 2020
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Results 01-03/2020	May 6, 2020
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Half-year results 2020	August 5, 2020
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Results 01-09/2020	November 4, 2020
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