

A photograph of two people from behind, embracing on a beach at sunset. The person on the left has curly hair and is wearing an orange long-sleeved shirt and blue jeans, pointing towards the horizon. The person on the right is wearing a grey knit sweater and a red knit hat. A thick green line starts from the left, curves under the word 'nature' in the logo, and continues across the top of the image. The background shows a calm sea, distant mountains, and a bright sunset sky.

# Innovative by nature

## Lenzing Investor Presentation

Results 01-09/2019

November 6, 2019

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

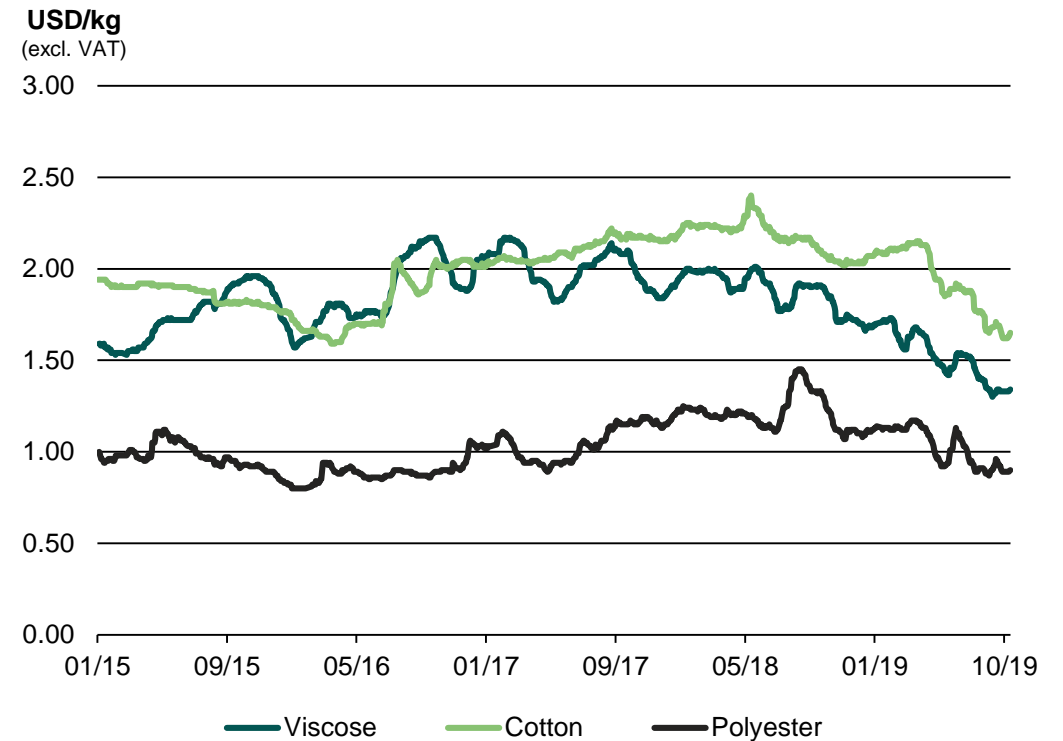
# Highlights 01-09/2019

- Lenzing solid in a historically challenging market environment
  - Group revenue almost stable at EUR 1,617.9 mn (EUR 1,636.2 mn in 01-09/2018)
  - EBITDA at EUR 266.9 mn (EUR 290.6 mn in 01-09/2018)
- Continued positive development of specialties
  - Specialty ratio increased to 49.8 % (01-09/2018: 44.1 %)
  - Market prices for standard viscose at historic low
- Strategic highlights
  - 100 kt lyocell expansion project in Thailand well on track
  - Progress of dissolving wood pulp greenfield project in Brazil as per plan
  - Private placement announced
  - EUR 40 mn investment to further improve ecological footprint of Lenzing site

# Challenging market environment affects global fiber demand

- Fiber demand impacted
  - Trade conflicts triggers nervousness in textile value chain
  - Drop in utilization rates (fibers, spinners, downstream) and destocking effects
  - China: Consumers more conservative
- Drastic price decrease of polyester, cotton and standard VSF
  - Global cotton inventory levels to increase due to a good harvest
  - Chinese cotton stocks to increase after 5 years
  - VSF capacity expansions

Staple fiber prices (China)

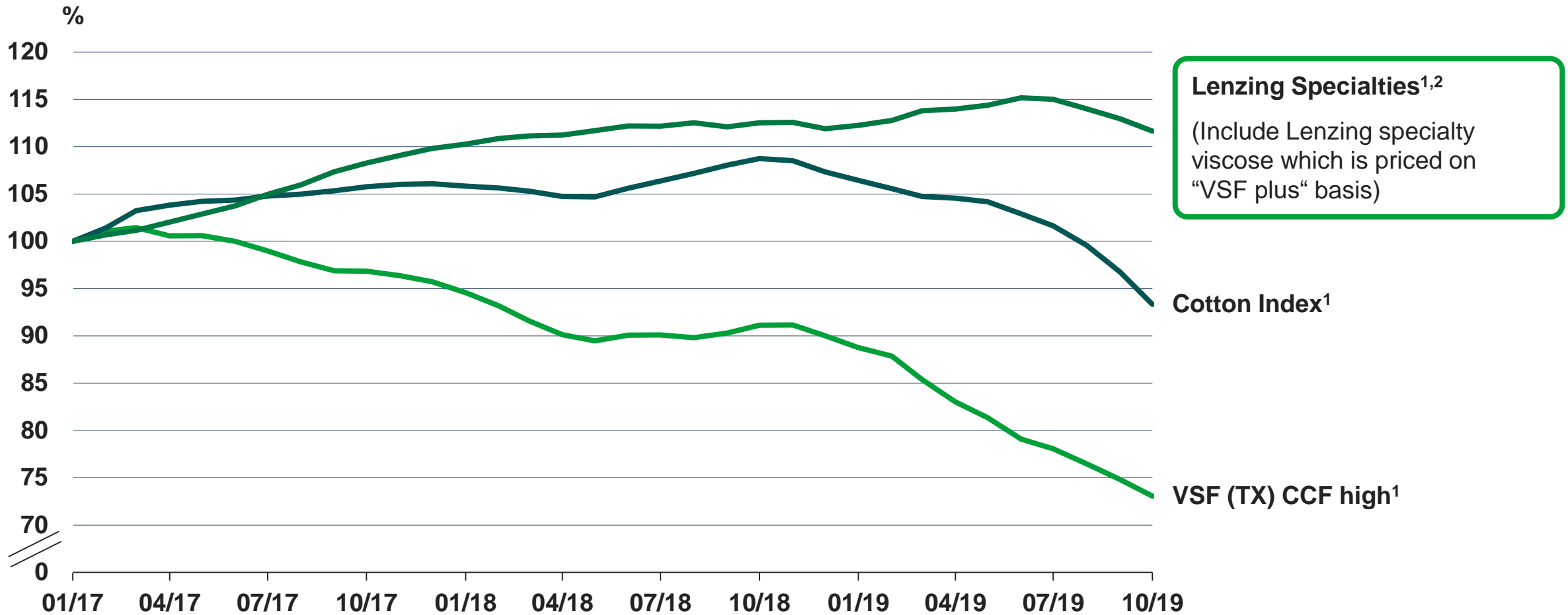


Source: CCFG, CCA, CCFEI, TFY

# Specialties



# Specialty fibers remain resilient



**Lenzing Specialties<sup>1,2</sup>**  
 (Include Lenzing specialty viscose which is priced on "VSF plus" basis)

**Cotton Index<sup>1</sup>**

**VSF (TX) CCF high<sup>1</sup>**

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



# Sustainability becoming central theme in the fiber industry

- The fiber industry and consumers need answers on

Sustainability

Transparency

Circularity

<p>up to <b>95%</b> of people today wish to live a more sustainable life and to purchase products that support a more sustainable future.</p> <p>Source: Sustainablebrands – Brands for Good</p>	<p><b>88%</b> of consumers are seeking for brands that help them to be more environmentally friendly in USA and UK.</p> <p>Source: Forbes 2018</p>	<p><b>86%</b> of US consumers expect companies to act on social environmental issues.</p> <p>Source: Sustainablebrands – Brands for Good</p>	<p>collaboration for climate action</p> <p><b>43</b> fashion leaders collaborate to achieve the global of net zero emission by 2050.</p> <p>Source: AccountAbility 2019</p>	<p>consumers expect companies to care about the environment</p> <table border="1"><thead><tr><th>Region</th><th>Percentage</th></tr></thead><tbody><tr><td>Asia-Pacific</td><td>65%</td></tr><tr><td>Europe</td><td>69%</td></tr><tr><td>Africa/Middle East</td><td>88%</td></tr><tr><td>Latin America</td><td>94%</td></tr><tr><td>North America</td><td>69%</td></tr></tbody></table> <p>Source: Nielsen – Global Consumer Confidence Q2 2018</p>	Region	Percentage	Asia-Pacific	65%	Europe	69%	Africa/Middle East	88%	Latin America	94%	North America	69%	<p><b>plastic free world</b></p> <p>plastic pollution in oceans and on land is reaching dangerous levels. Businesses are experiencing growing pressure from consumers to reduce plastic waste.</p> <p>Source: SustAinability 2019</p>
Region	Percentage																
Asia-Pacific	65%																
Europe	69%																
Africa/Middle East	88%																
Latin America	94%																
North America	69%																

# Lenzing well positioned as sustainability leader

- **Sustainability**

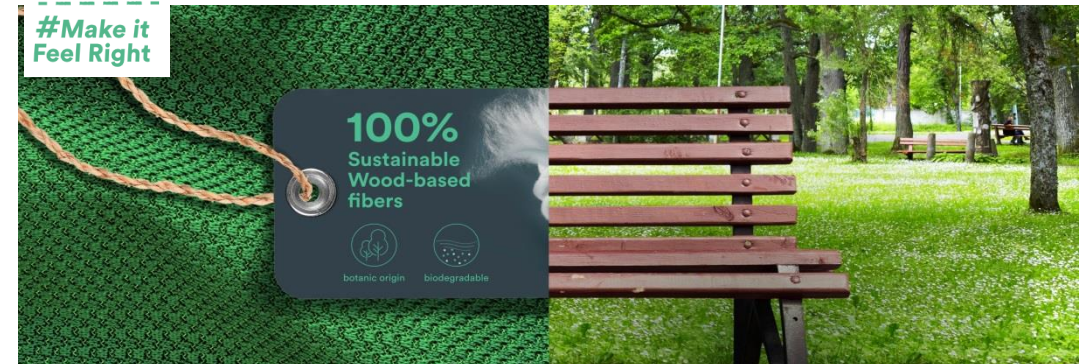
- Lenzing fibers are fully biodegradable in water, soil, compost
- Lenzing again ranked No. 1 in Canopy's Hot Button Report
- Lenzing the first industry player to aim being carbon neutral
- TENCEL™ "Make it feel right" campaign with ECO- and brand supporters (+86 mn targeted audience)

## SHIRT RANKING



Canopy light green shirt ranking (23 buttons)\*

\* Hot Button Report Nov. 2018





# Lenzing focuses on transparency to boost its circular business model

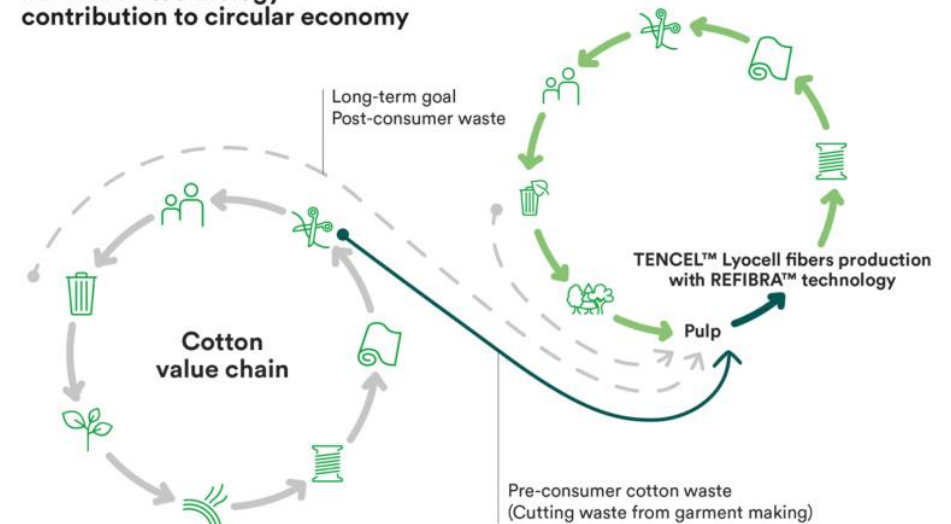
- **Transparency**

- Link consumer interest to Lenzing
  - “where to buy” on [www.tencel.com](http://www.tencel.com) for consumers
- Branding system and textile certification system
- Physical identification (in REFIBRA™ technology, LENZING™ ECOVERO™ fibers) to be further rolled out
- Digital identification system (Blockchain technology) successfully tested

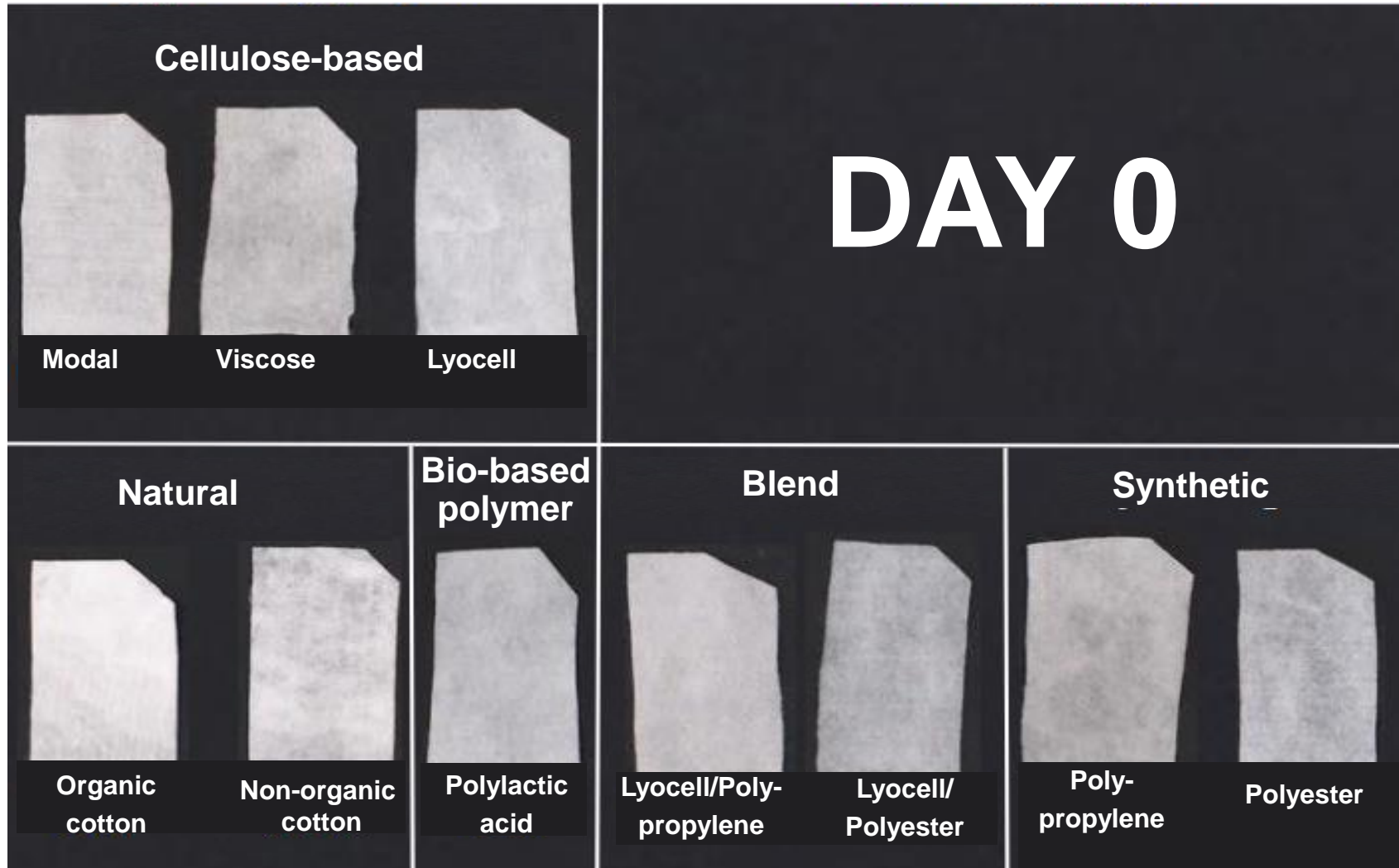
- **Circular economy**

- TENCEL™ x REFIBRA™ Lyocell Fibers Solution to recycle pre-consumer cotton scraps

REFIBRA™ technology – contribution to circular economy

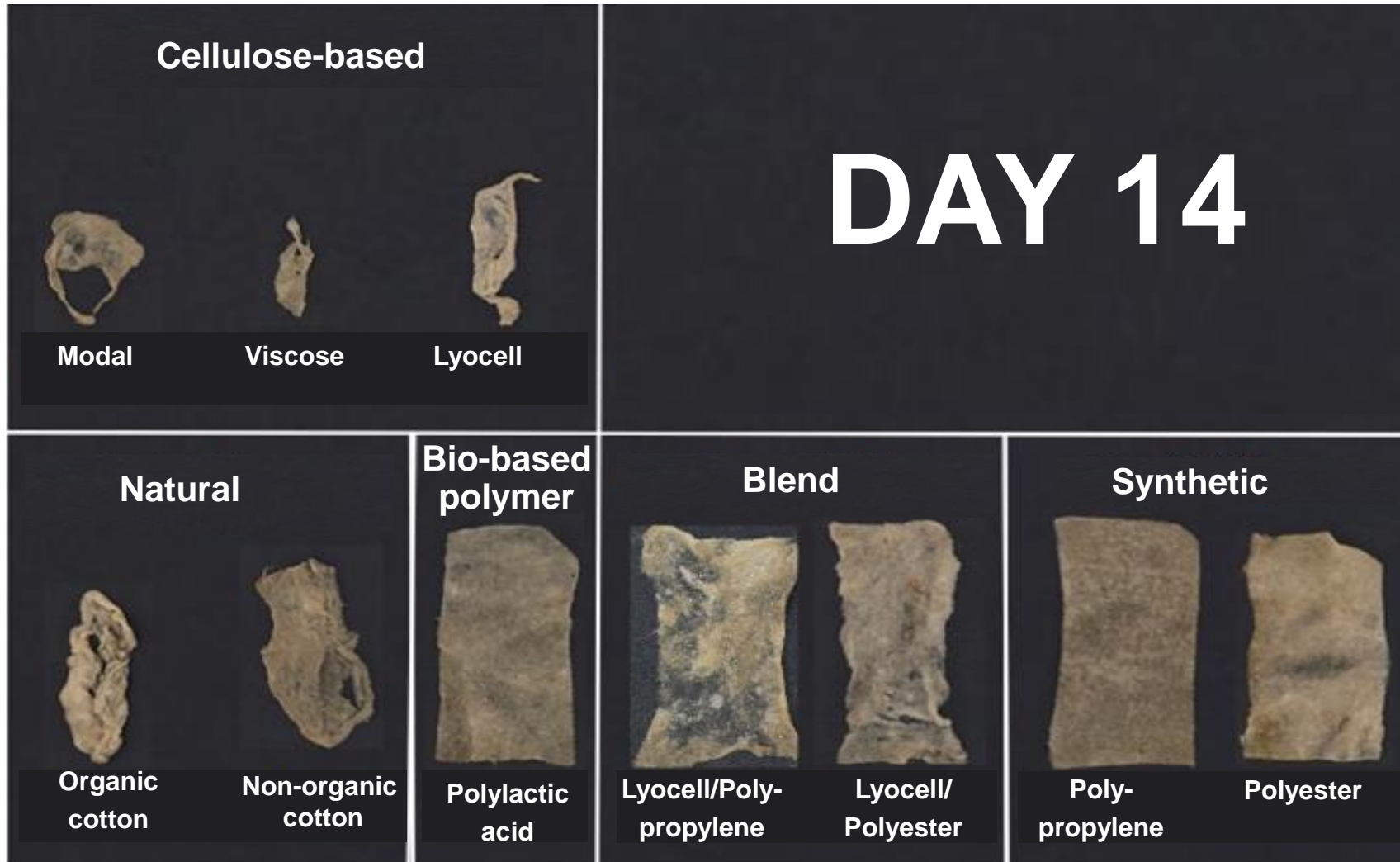


# Recent study underpins fast biodegradability of Lenzing's fiber portfolio in maritime environment



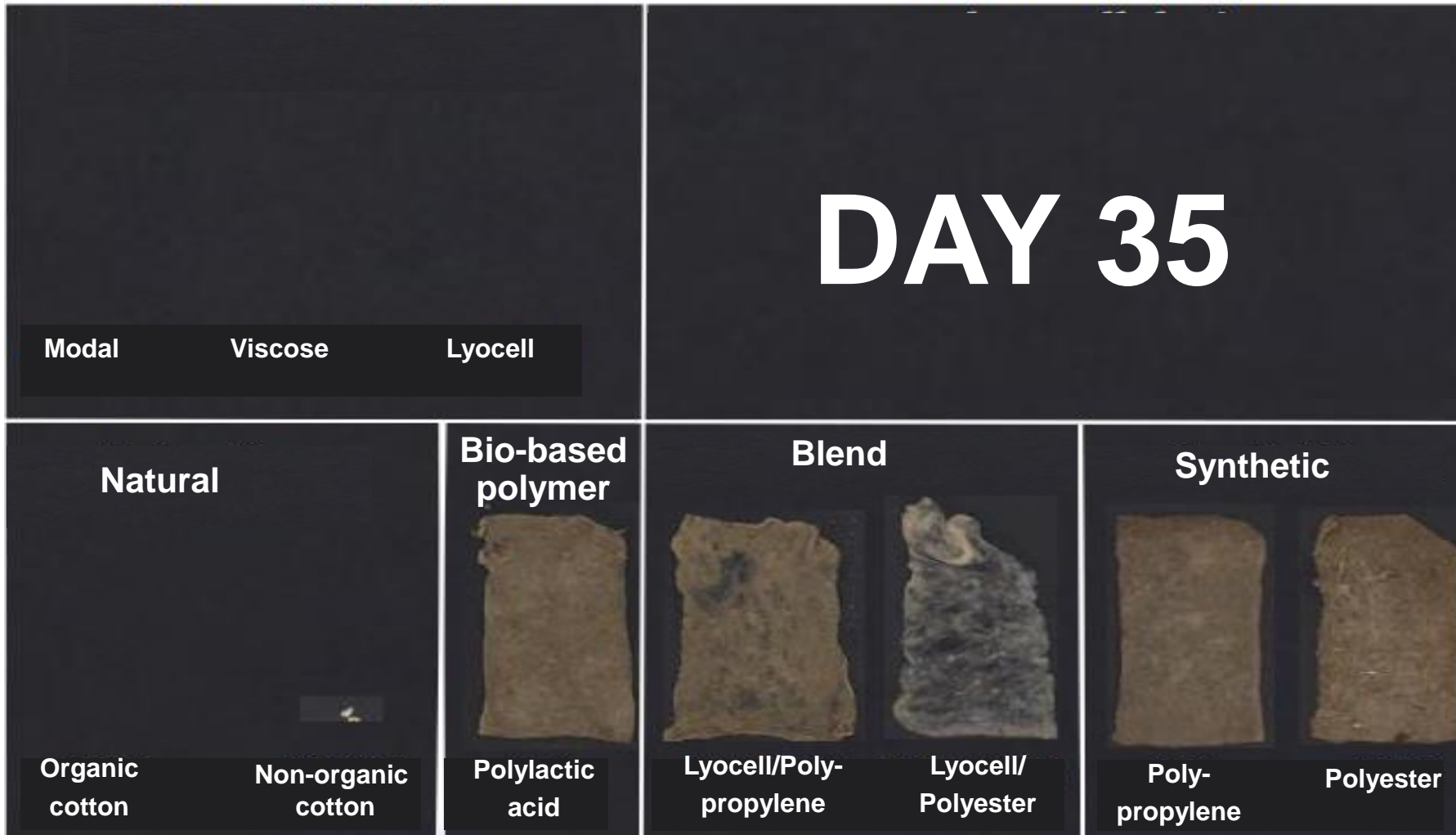
Scripps Institution of Oceanography University of California San Diego, USA, as shown on 58th Dornbirn Global Fiber Congress on September 11, 2019

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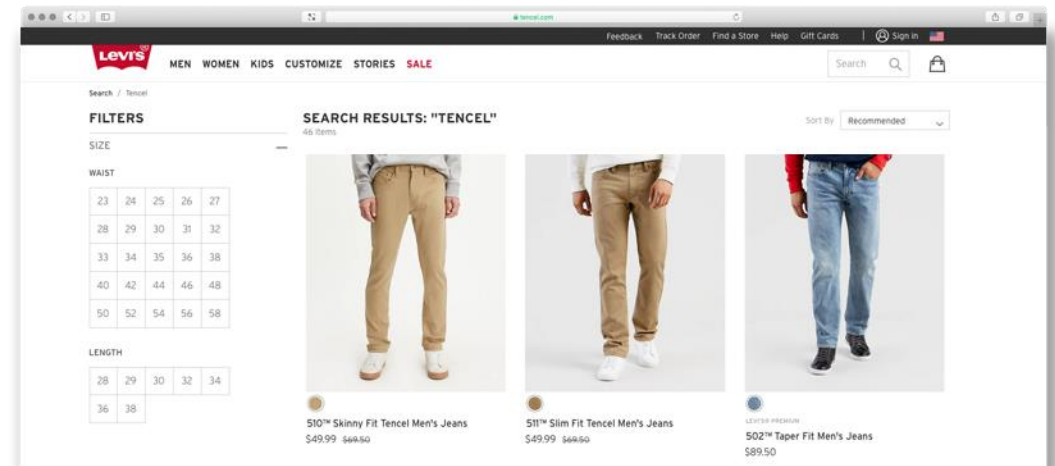
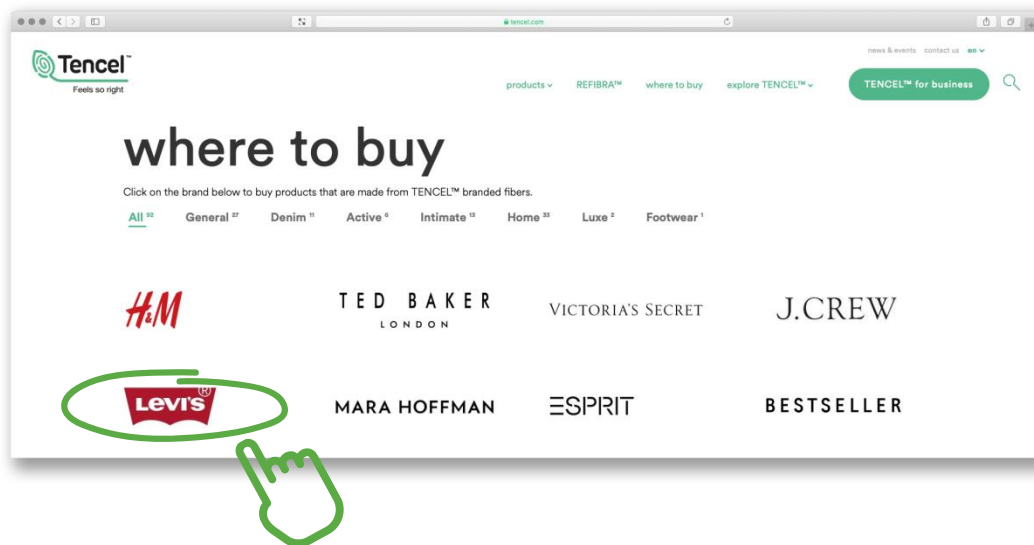
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# Branding efforts further stepped up



TENCEL™ products linked to online shops of more than 110 partners

# TENCEL™ branding: improvement across key indicators

	2018 Full year	2019 Half year	
Fabric certification application in the new e-branding system	6,870	4,167	↗
License applications in the new e-branding system	4,054	2,531	↗
Branded textile products at consumer level	91 mn	91 mn	↗
Co-branding programs	3	57	↗
Website page views on <a href="http://www.tencel.com">www.tencel.com</a>	421 k	391 k	↗
Total PR impressions of product brands	6.9 bn	8.9 bn	↗
Aided brand awareness of TENCEL™ in apparel and home textiles	25 %	28 %	↗



# 100 kt lyocell expansion project in Thailand fully on track

- Since October 2019 all permits are in place
- Factory licenses received ahead of schedule
- General contractor WOOD Plc. selected
- Bioenergy secured
- Project to be completed by end of 2021



# Pulp Project “Amadeus”

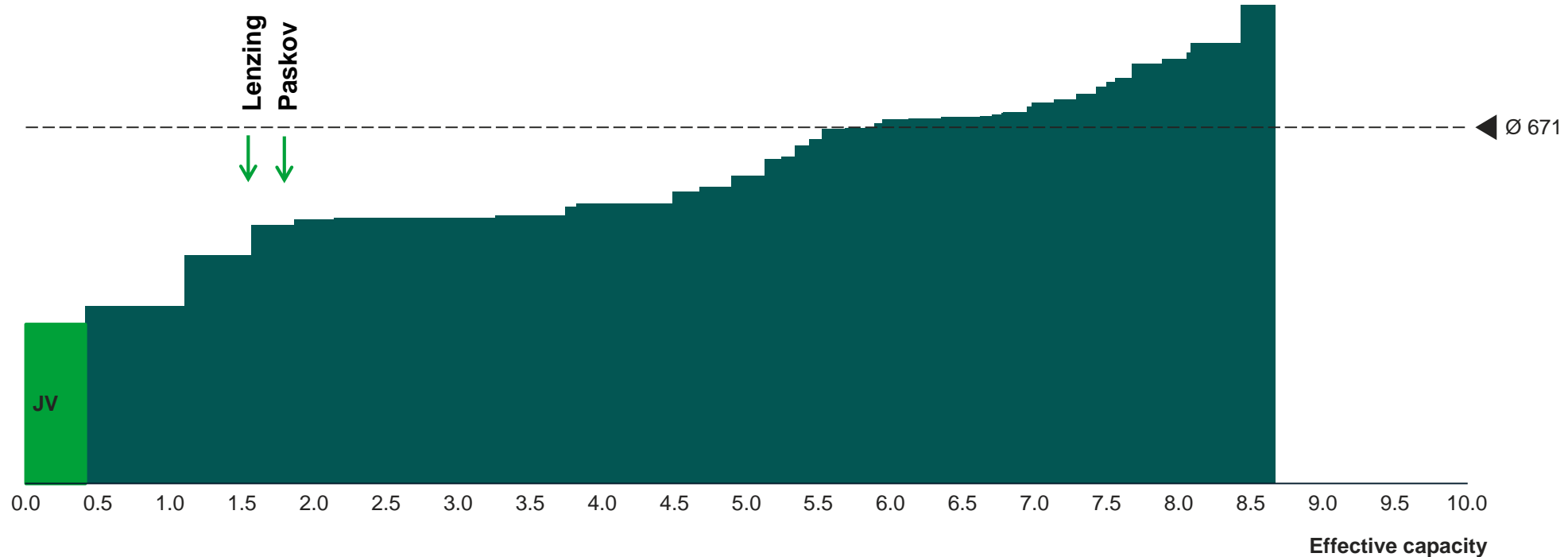
# “Amadeus” project progresses as planned

- Installation license granted
- Basic engineering completed
- LOI's with critical EPC partners signed
- Final decision planned for December 2019



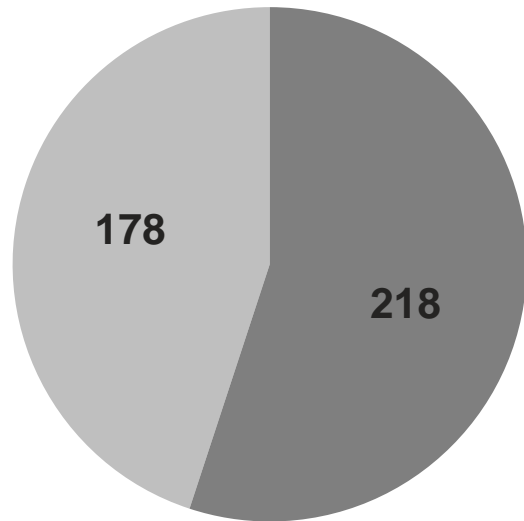
# “Amadeus” will substantially strengthen Lenzing’s cost position

Commodity grade dissolving wood pulp (DWP) cash cost curve  
Cif China USD/tonne



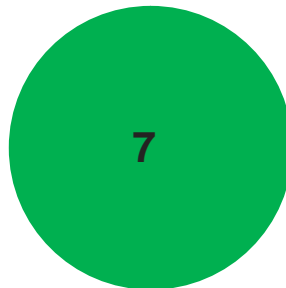
# Market: DWP intertwined with paper pulp and viscose

Paper pulp market  
(396 mn tons)

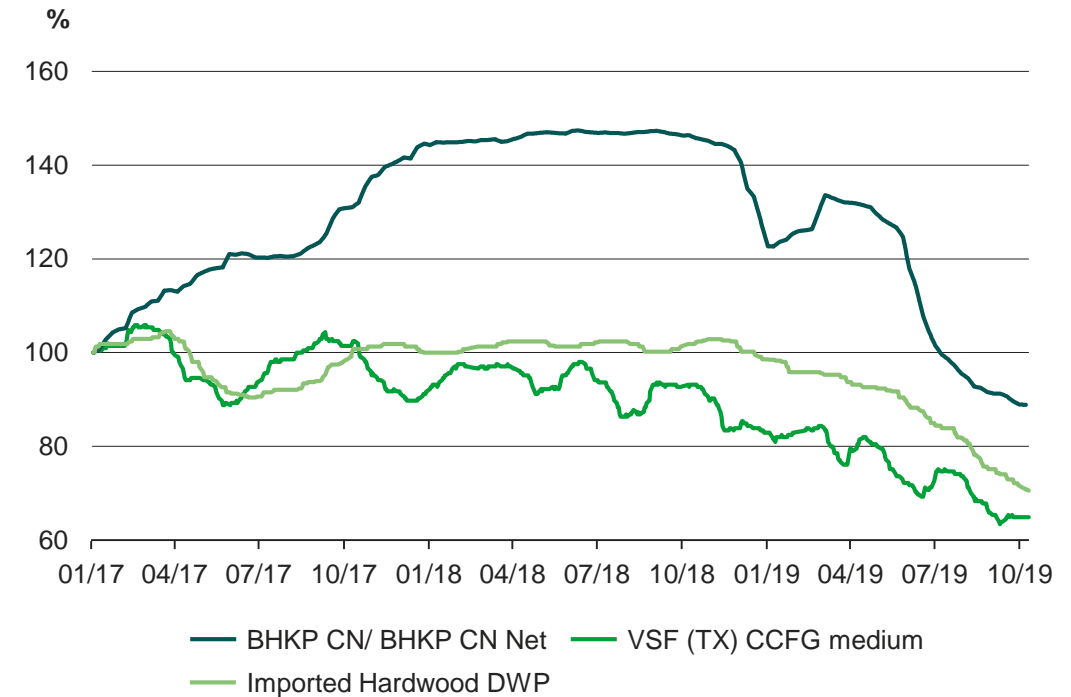


■ Virgin ■ Recycled

DWP market<sup>1</sup>  
(7 mn tons)



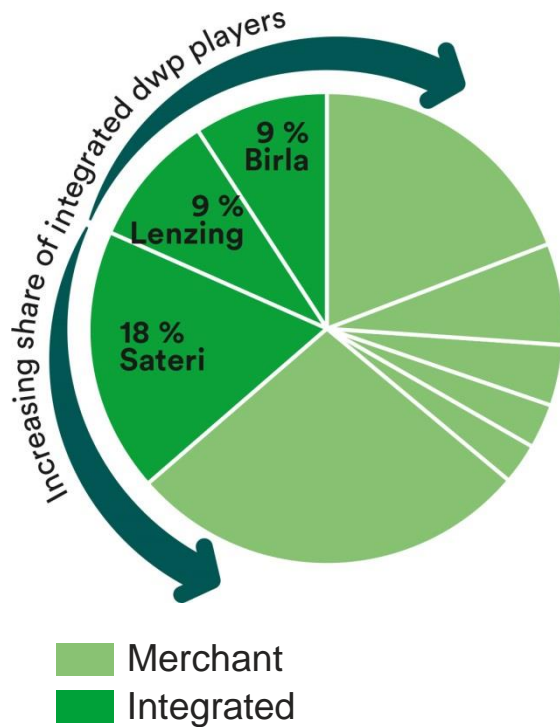
VSF (TX) CCFG medium vs. imported  
Hardwood DWP vs. Paper pulp (BHKP<sup>2</sup>)



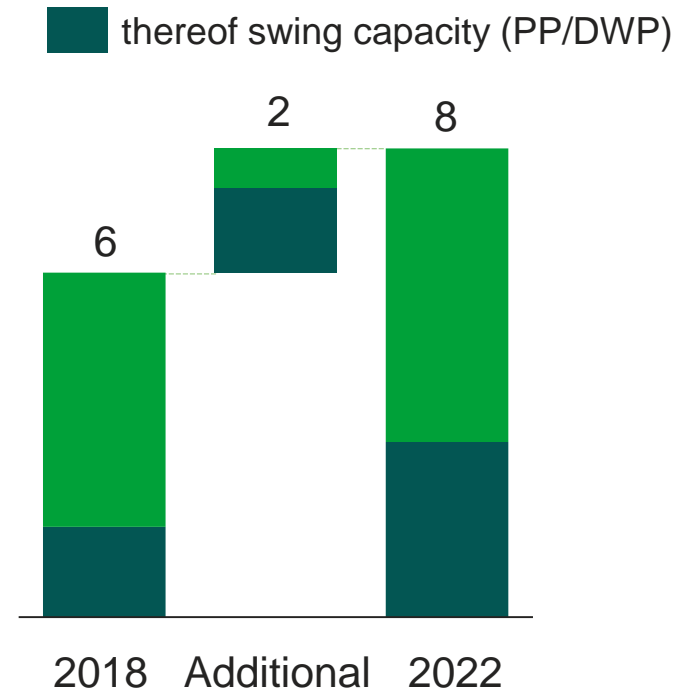
1) Includes cotton linter pulp and non-wood pulp (straw, etc.)  
 2) Changed publishing format in 04/2019 from BHKP CN to BHKP CN Net  
 Definition: Net price after monthly discounts but before performance-based rebates

# Share of DWP backward integrated players is increasing

Capacity distribution, 2018, %



Forecasted capacity, mt



Sources: Hawkins Wright, Lenzing estimates



# Financials

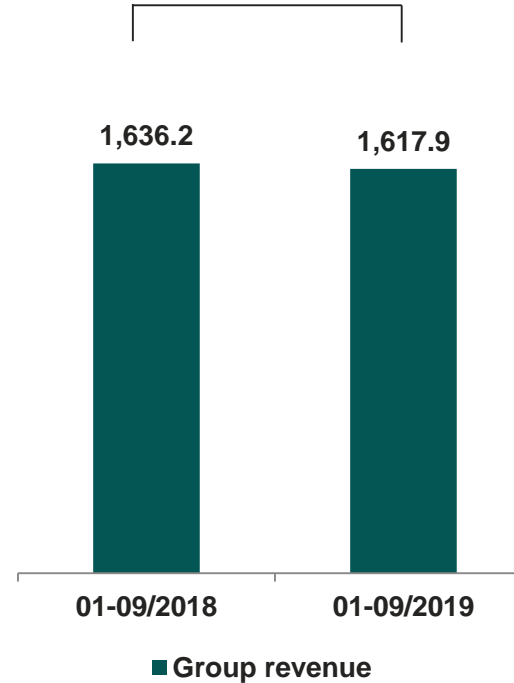
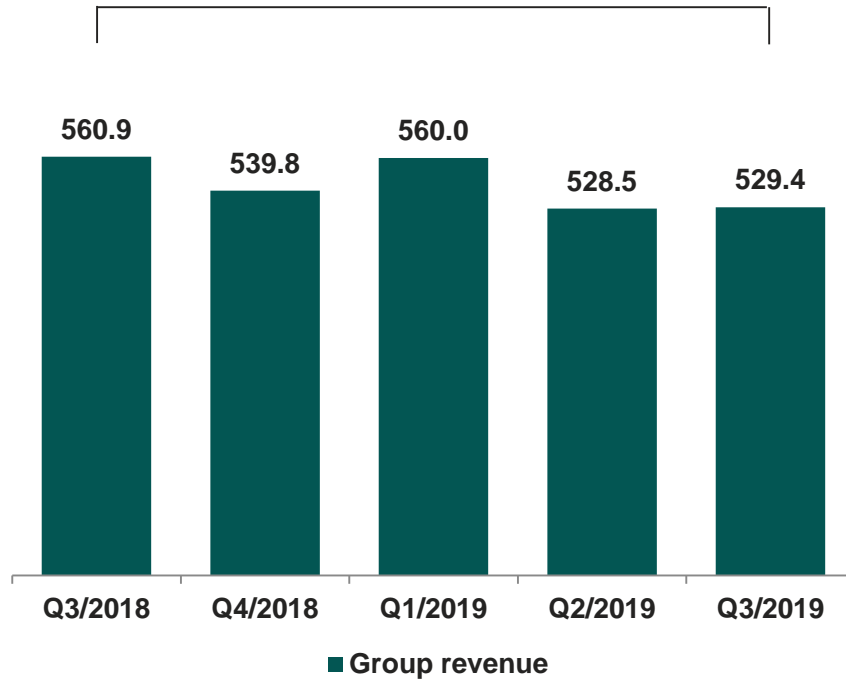


# Financials – Revenue

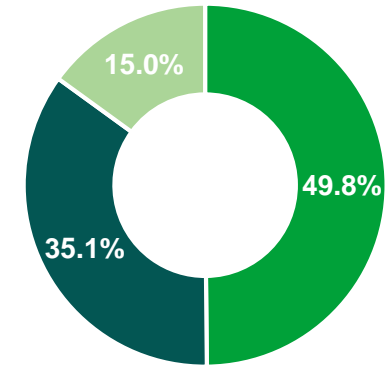
EUR mn

(5.6) %

(1.1) %



Share of specialty fibers  
in 01-09/2019



- Specialty fibers<sup>1</sup>
- Standard fibers
- Other business areas

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

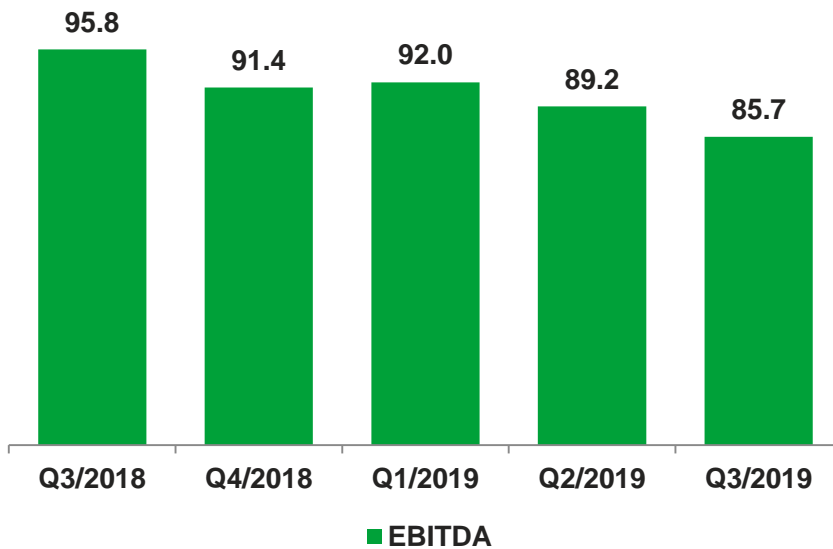
# Financials – EBITDA

## EBITDA margin

17.1 %   16.9 %   16.4 %   16.9 %   16.2 %

EUR mn

(10.6) %

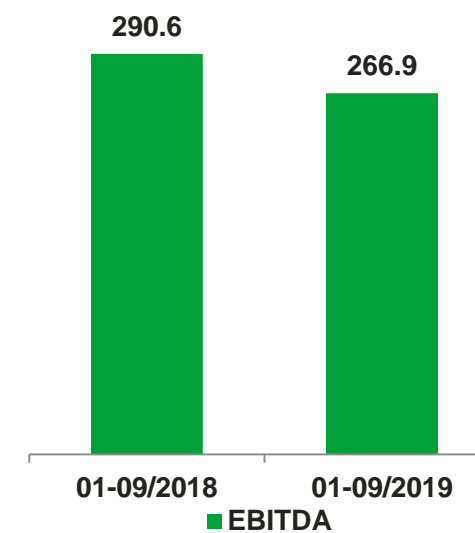


## EBITDA margin

17.8 %   16.5 %

EUR mn

(8.1) %

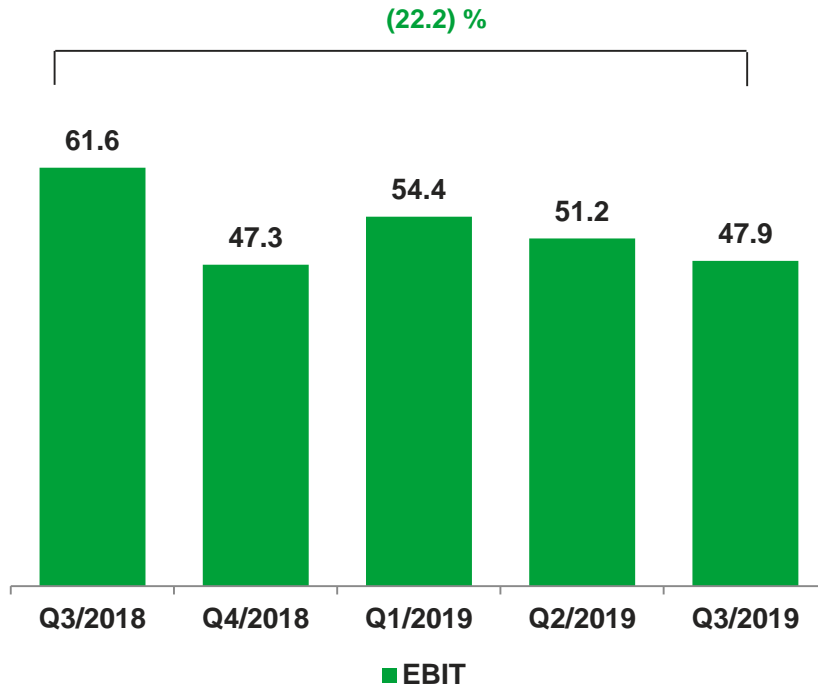


# Financials – EBIT

## EBIT margin

11.0 % 8.8 % 9.7 % 9.7 % 9.0 %

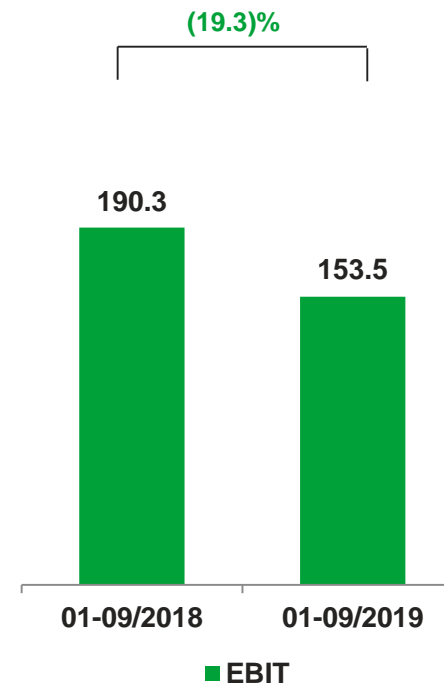
EUR mn



## EBIT margin

11.6 % 9.5 %

EUR mn



# Financials – Net profit and earnings per share

EPS<sup>1</sup> (EUR)

1.62

0.56

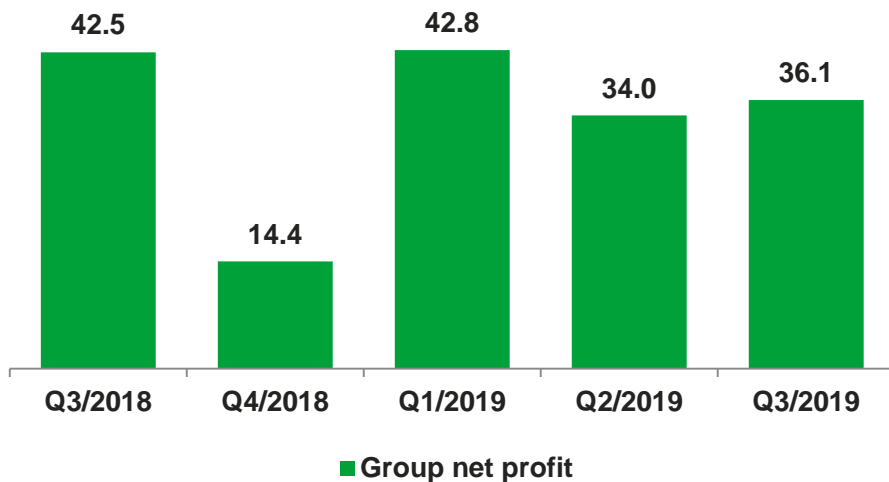
1.65

1.32

1.45

EUR mn

(15.0)%



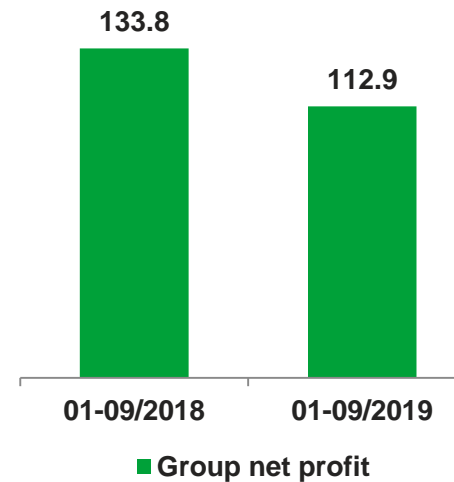
EPS<sup>1</sup> (EUR)

5.06

4.41

EUR mn

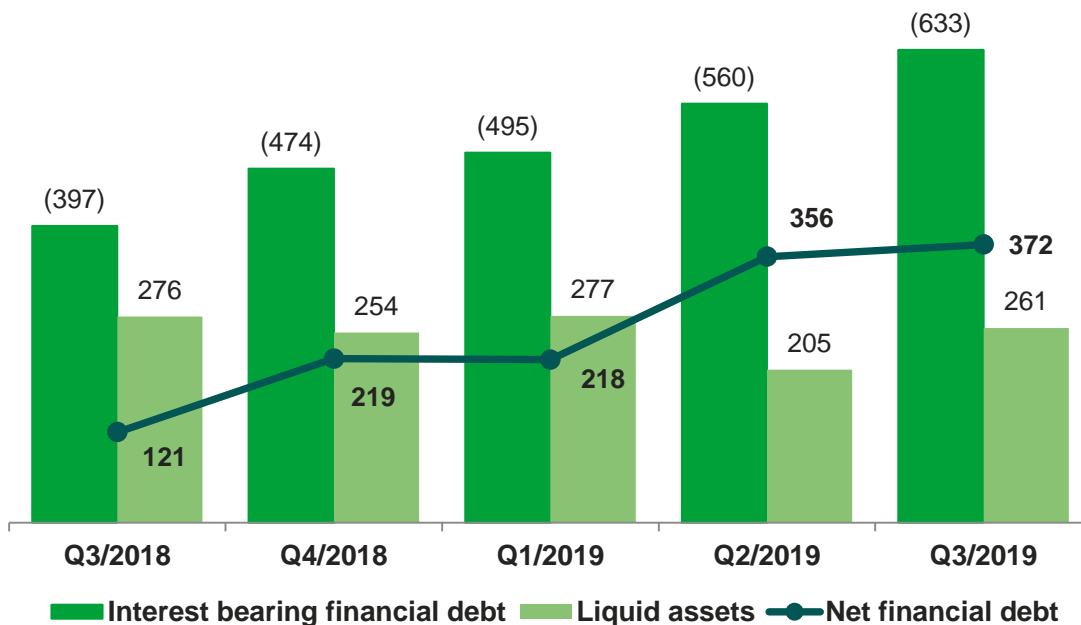
(15.6)%



1) Attributable to Lenzing AG shareholders

# Financials – Key figures

EUR mn



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

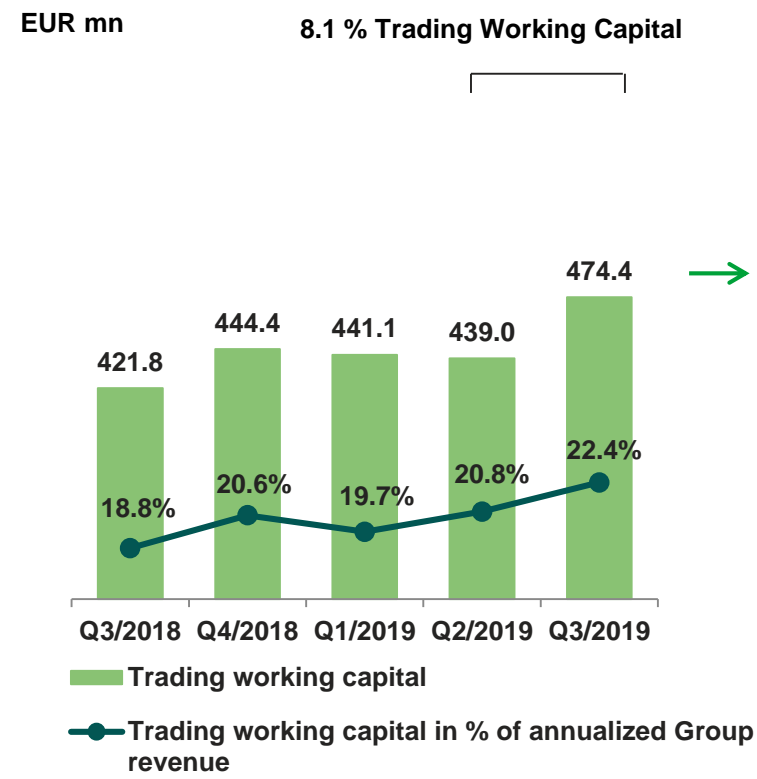
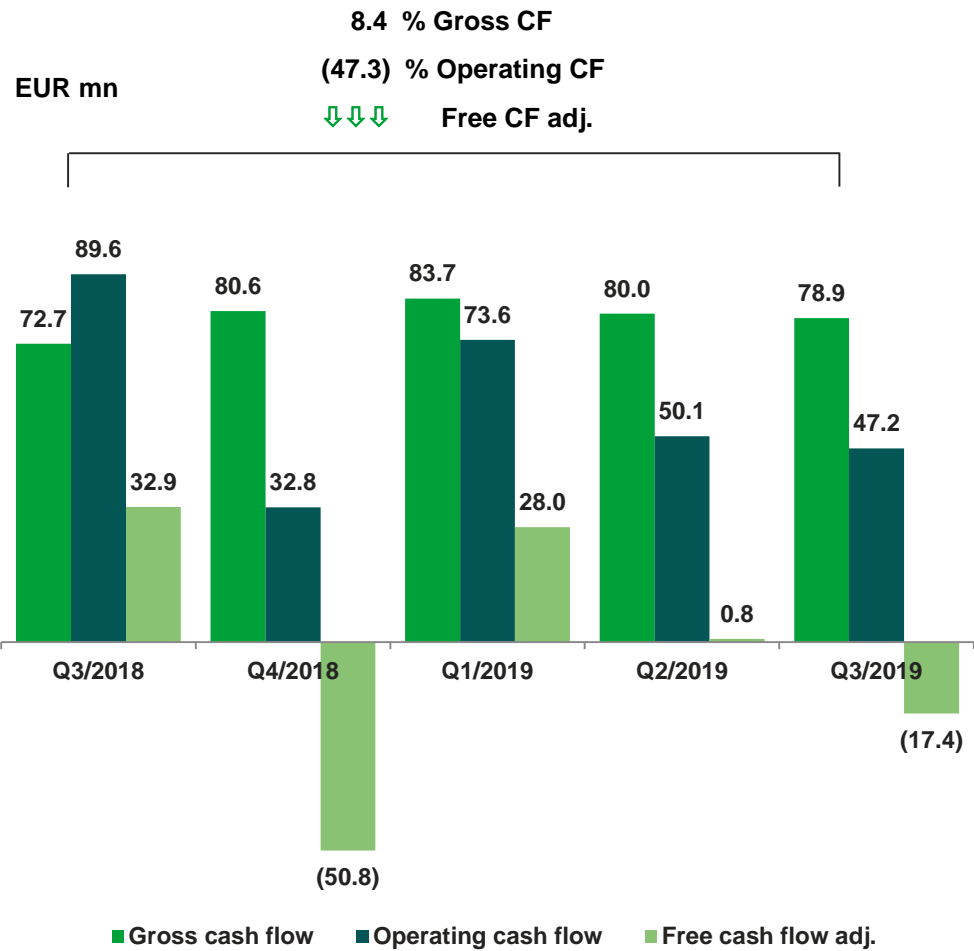
2) Including government grants less proportional share of deferred taxes on government grants

According to IFRS (EUR mn)	30 Sept. 2019	31 Dec. 2018	Change in %
<b>Total assets</b>	2,801.0	2,630.9	6.5
<b>Liquid assets<sup>1</sup></b>	260.6	254.4	2.4
thereof liquid funds	246.0	243.9	0.9
<b>Total liabilities</b>	1,269.8	1,097.0	15.8
thereof financial liabilities	632.6	473.8	33.5
<b>Adjusted equity<sup>2</sup></b>	1,553.5	1,553.0	0.0
<b>Adjusted equity ratio (%)</b>	55.5	59.0	-
<b>Net gearing (%)</b>	24.0	14.1	-
<b>Net financial debt</b>	372.1	219.4	69.6

According to IFRS (EUR mn)	30 Sept. 2019	31 Dec. 2018	Change in %
<b>Total liquidity cushion</b>	480.0	596.0	(19.5)
thereof liquid assets <sup>1</sup>	260.6	254.4	2.4
thereof unused credit facilities	219.4	341.6	(35.8)



# Cash flow development and trading working capital



→ Deliberate decision to take advantage of favorable prices for wood and imported caustic soda

# ESG-linked Schuldscheindarlehen announced

- Lenzing one of the first companies worldwide to announce an ESG-linked Schuldscheindarlehen
- Amount of EUR 200 mn equivalent
- Currencies: EUR, USD
- Attractive interest rates linked to Lenzing's MSCI sustainability rating (2019: Rating A confirmed)
- Placement: Q4/2019

Run-time	Reoffer-Spread over EUR-Mid-Swap / 6-M-Euribor	Reoffer-Spread over USD-Mid-Swap / 3-M-Libor
<b>5 years</b>	85 – 100 bps p.a.	120 - 135 bps p.a.
<b>7 years</b>	105 – 120 bps p.a.	145 - 165 bps p.a.
<b>10 years</b>	125 – 140 bps p.a .	./.
<b>Longer tenors upon request</b>		

# Outlook



# Strategy execution 2019: Stay the course

- **Major decisions to be taken**

- Greenfield DWP mill project in Brazil end of 2019
- Decision to build state-of-the-art lyocell plant in Thailand

on track



- **Specialisation**

- Finalize second pilot line for TENCEL™ Luxe filaments
- Expansion of LENZING™ ECOVERO™ production in China

on track



- **Target of appr. 50 % specialties' share of revenue by 2020 confirmed**



# Outlook 2019 – Fiber market and Lenzing Group

The International Monetary Fund expects a slowdown of global economic growth to 3 percent in 2019, mainly driven by increasing protectionist tendencies and growing geopolitical tensions. The currency environment in the regions relevant to Lenzing will remain volatile.

Global fiber demand has weakened. Trade conflicts have caused nervousness and declining demand throughout the textile value chain. According to preliminary calculations, cotton inventory levels will continue to increase in the 2019/20 season because a good harvest is expected. The price levels for cotton and polyester are expected to remain subdued. Capacity expansions for standard viscose, coupled with sluggish demand due to the trade conflicts, caused higher pressure on prices, which fell to a new historic low in the third quarter of 2019. In specialty fibers, the Lenzing Group expects a comparatively positive development of its business.

Driven by the challenging situation in standard viscose and low paper pulp prices, prices for dissolving wood pulp remain on a comparatively low level. Caustic soda prices in Asia have already declined significantly over the past months; this development is now also noticeable in Europe.

The very challenging and volatile market environment in general, paired with erratic developments in the trade disputes between the major economic blocks plus the high level of uncertainty in the textile value chain, significantly impacts earnings visibility. Based on the above mentioned economic environment, the Lenzing Group expects the result for 2019 to be slightly below the level of 2018.

Above developments reassure the Lenzing Group in its chosen strategy sCore TEN. Lenzing is very well positioned in this market environment and will continue to focus growth with specialty fibers.

# Financial information

Q3/2019



# Q3/2019: Consolidated Group P&L

(EUR mn)	Q3/2019	Q2/2019	Q3/2018	01-09/2019	01-09/2018
<b>Revenue</b>	<b>529.4</b>	<b>528.5</b>	<b>560.9</b>	<b>1,617.9</b>	<b>1,636.2</b>
Change in inventories of finished goods and work in progress	5.0	22.2	1.9	21.6	4.7
Own work capitalized	13.3	13.2	11.6	36.7	39.8
Other operating income	18.2	22.3	11.7	65.5	41.2
Cost of material and purchased services	(314.8)	(325.2)	(331.3)	(974.7)	(957.4)
Personnel expenses	(99.1)	(100.2)	(96.4)	(299.9)	(282.4)
Other operating expenses	(66.3)	(71.7)	(62.7)	(200.3)	(191.6)
<b>EBITDA/Margin</b>	<b>85.7/16.2%</b>	<b>89.2/16.9%</b>	<b>95.8/17.1%</b>	<b>266.9/16.5%</b>	<b>290.6/17.8%</b>
Depreciation & amortization	(38.2)	(38.7)	(34.9)	(115.2)	(102.3)
Income from the release of investment grants	0.5	0.7	0.7	1.9	2.0
<b>EBIT/Margin</b>	<b>47.9/9.0%</b>	<b>51.2/9.7%</b>	<b>61.6/11.0%</b>	<b>153.5/9.5%</b>	<b>190.3/11.6%</b>
Financial result	1.4	(2.2)	(3.7)	(1.6)	(11.7)
Allocation of profit or loss to puttable non-controlling interests	0.0	0.0	(0.8)	0.0	(0.7)
<b>EBT/Margin</b>	<b>49.3/9.3%</b>	<b>49.0/9.3%</b>	<b>57.0/10.2%</b>	<b>151.9/9.4%</b>	<b>177.9/10.9%</b>
Income tax expense	(13.2)	(15.0)	(14.5)	(39.0)	(44.1)
Tax rate (%)	26.7	30.6	25.4	25.7	24.8
<b>Net profit/Margin</b>	<b>36.1/6.8%</b>	<b>34.0/6.4%</b>	<b>42.5/7.6%</b>	<b>112.9/7.0%</b>	<b>133.8/8.2%</b>
<b>Net profit attributable to shareholders of Lenzing AG/Margin</b>	<b>38.4/7.2%</b>	<b>35.0/6.6%</b>	<b>42.9/7.6%</b>	<b>117.1/7.2%</b>	<b>134.3/8.2%</b>
<b>EPS (in EUR)</b>	<b>1.45</b>	<b>1.32</b>	<b>1.62</b>	<b>4.41</b>	<b>5.06</b>

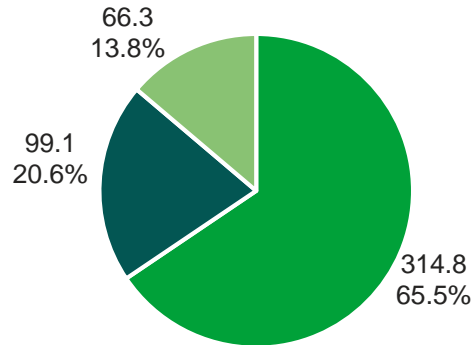
# Q3/2019: Topline breakdown

(EUR mn)	Q3/2019	Q2/2019	Change Q3/Q2 (%)	Q3/2018	Change Q3/Q3 (%)	01-09/2019	01-09/2018	Change y-o-y (%)
<b>Breakdown of Fibers segment revenue</b>								
Textile fibers (%)	71.0	69.8	1.7	71.6	(0.8)	70.6	70.8	(0.3)
Nonwoven fibers (%)	29.0	30.2	(4.0)	28.4	2.0	29.4	29.2	0.8
<b>Fibers only</b>	<b>446.9</b>	<b>444.0</b>	<b>0.7</b>	<b>471.2</b>	<b>(5.1)</b>	<b>1,355.0</b>	<b>1,386.6</b>	<b>(2.3)</b>
Other <sup>1</sup>	79.6	82.4	(3.3)	88.5	(10.0)	255.8	244.1	4.8
<b>Total segment Fibers</b>	<b>526.6</b>	<b>526.3</b>	<b>0.0</b>	<b>559.7</b>	<b>(5.9)</b>	<b>1,610.8</b>	<b>1,630.7</b>	<b>(1.2)</b>
<b>Total segment Lenzing Technik</b>	<b>8.9</b>	<b>6.4</b>	<b>39.8</b>	<b>9.0</b>	<b>(1.1)</b>	<b>21.7</b>	<b>33.6</b>	<b>(35.5)</b>
<b>Other and consolidation</b>	<b>(6.1)</b>	<b>(4.2)</b>	<b>45.8</b>	<b>(7.8)</b>	<b>(22.4)</b>	<b>(14.5)</b>	<b>(28.1)</b>	<b>(48.3)</b>
<b>Total Group revenue</b>	<b>529.4</b>	<b>528.5</b>	<b>0.2</b>	<b>560.9</b>	<b>(5.6)</b>	<b>1,617.9</b>	<b>1,636.2</b>	<b>(1.1)</b>

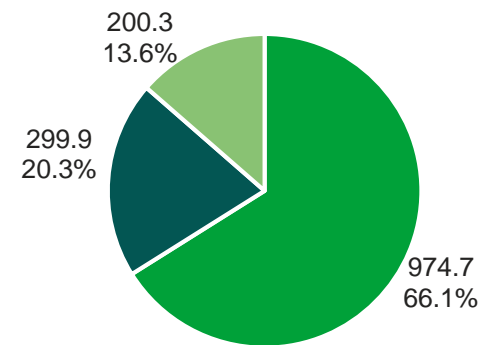
1) Includes sales of sodium sulfate and black liquor, external sales of dissolving wood pulp, wood and energy

# Q3/2019: Total opex structure

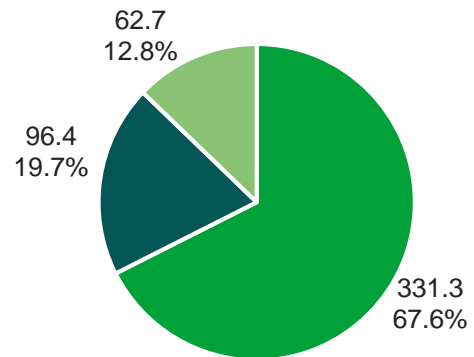
Q3/2019 (Total Opex EUR 480.2 mn)



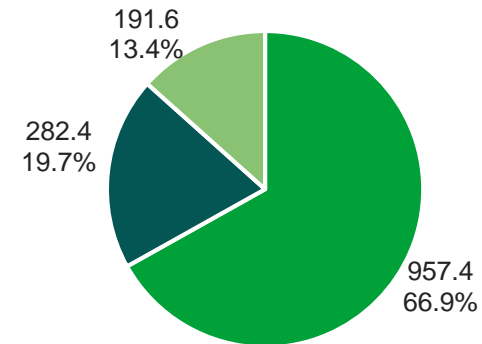
01-09/2019 (Total Opex EUR 1,474.8 mn)



Q3/2018 (Total Opex EUR 490.4 mn)



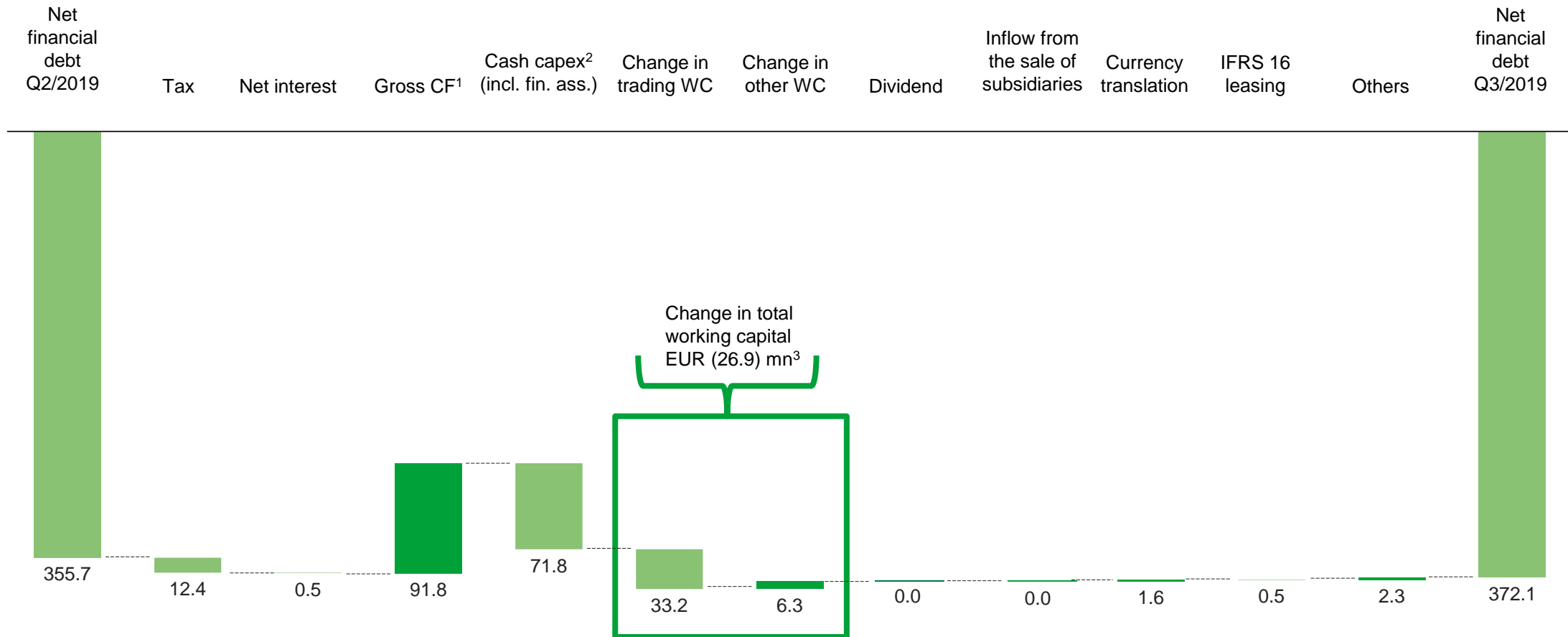
01-09/2018 (Total Opex EUR 1,431.4 mn)



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

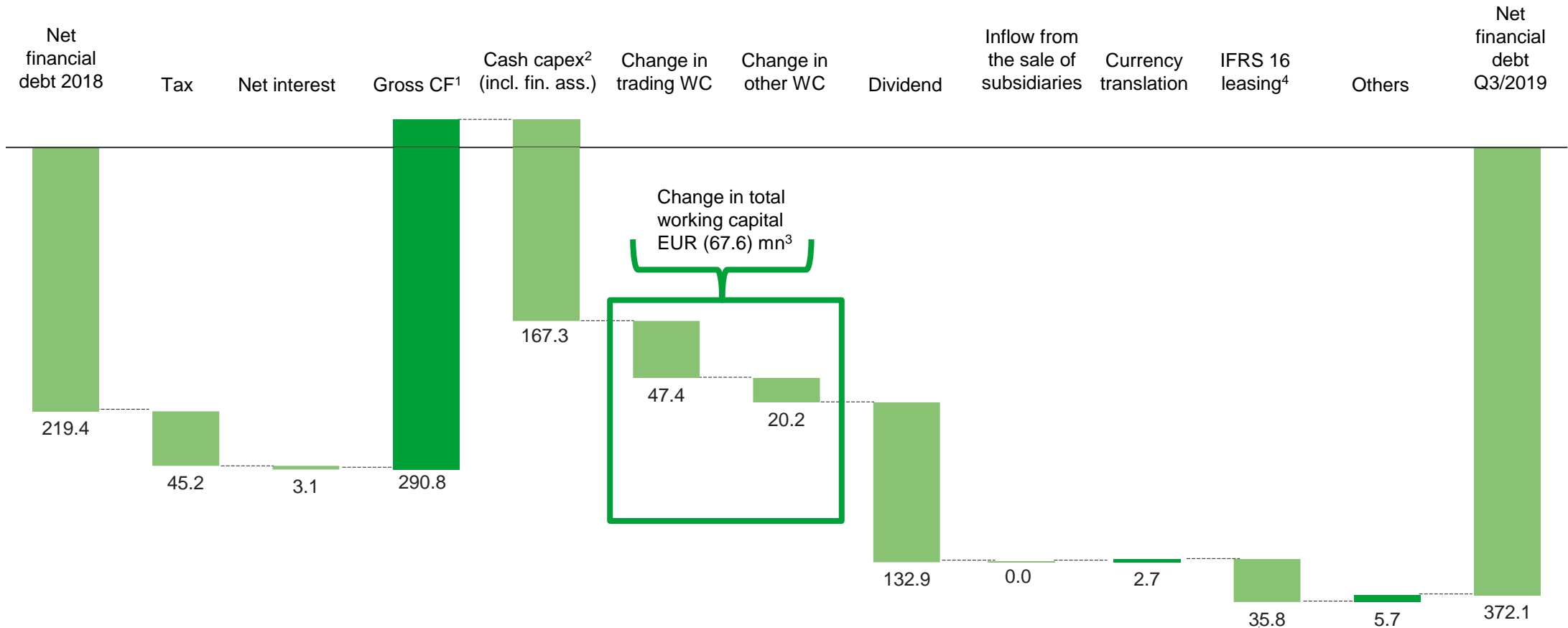
- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

# Q3/2019: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (64.7) mn and financial assets of EUR (7.1) mn
- 3) Change in total working capital EUR (31.6) mn (according to cash flow statement)
  - Adjustment change in liquid bills of exchange EUR 4.8 mn
  - Change in total working capital adj. EUR (26.9) mn (according to net debt)

# 01-09/2019: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (159.7) mn and financial assets of EUR (7.5) mn
- 3) Change in total working capital EUR (71.5) mn (according to cash flow statement)  
 Adjustment change in liquid bills of exchange EUR 3.9 mn  
 Change in total working capital adj. EUR (67.6) mn (according to net debt)
- 4) Including initial recognition of lease liability of EUR (32.4) mn and new leases (not cash effective) of EUR (3.3) mn

# Q3/2019: Cash flow

(EUR mn)	Q3/2019	Q2/2019	Change Q3/Q2 (%)	Q3/2018	Change Q3/Q3 (%)	01-09/2019	01-09/2018	Change y-o-y (%)
Gross cash flow (before taxes and interest)	91.8	99.4	(7.7)	93.2	(1.5)	290.8	285.5	1.9
Taxes and interest	(12.9)	(19.4)	(33.4)	(20.4)	(36.7)	(48.3)	(62.1)	(22.2)
<b>Gross cash flow (after taxes and interest)</b>	<b>78.9</b>	<b>80.0</b>	<b>(1.4)</b>	<b>72.7</b>	<b>8.4</b>	<b>242.5</b>	<b>223.4</b>	<b>8.5</b>
Change in total working capital <sup>1</sup>	(31.6)	(29.9)	5.9	16.8	-	(71.5)	23.9	-
<b>Operating cash flow</b>	<b>47.2</b>	<b>50.1</b>	<b>(5.7)</b>	<b>89.6</b>	<b>(47.3)</b>	<b>171.0</b>	<b>247.3</b>	<b>(30.8)</b>
Investment cash flow <sup>2</sup>	(71.3)	(49.4)	44.4	(56.6)	25.9	(163.4)	(172.1)	(5.1)
<b>Free cash flow unadj.</b>	<b>(24.0)</b>	<b>0.8</b>	<b>-</b>	<b>33.0</b>	<b>-</b>	<b>7.6</b>	<b>75.2</b>	<b>(89.9)</b>
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-	0.0	(0.1)	(100.0)
Acquisition of other financial assets	7.1	0.3	-	0.2	-	7.5	1.5	-
Proceeds/repayments of other financial assets	(0.4)	(0.2)	90.7	(0.2)	106.7	(3.8)	(2.2)	68.3
<b>Free cash flow adj.</b>	<b>(17.4)</b>	<b>0.8</b>	<b>-</b>	<b>32.9</b>	<b>-</b>	<b>11.4</b>	<b>74.3</b>	<b>(84.6)</b>

1) Including trade and other working capital

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

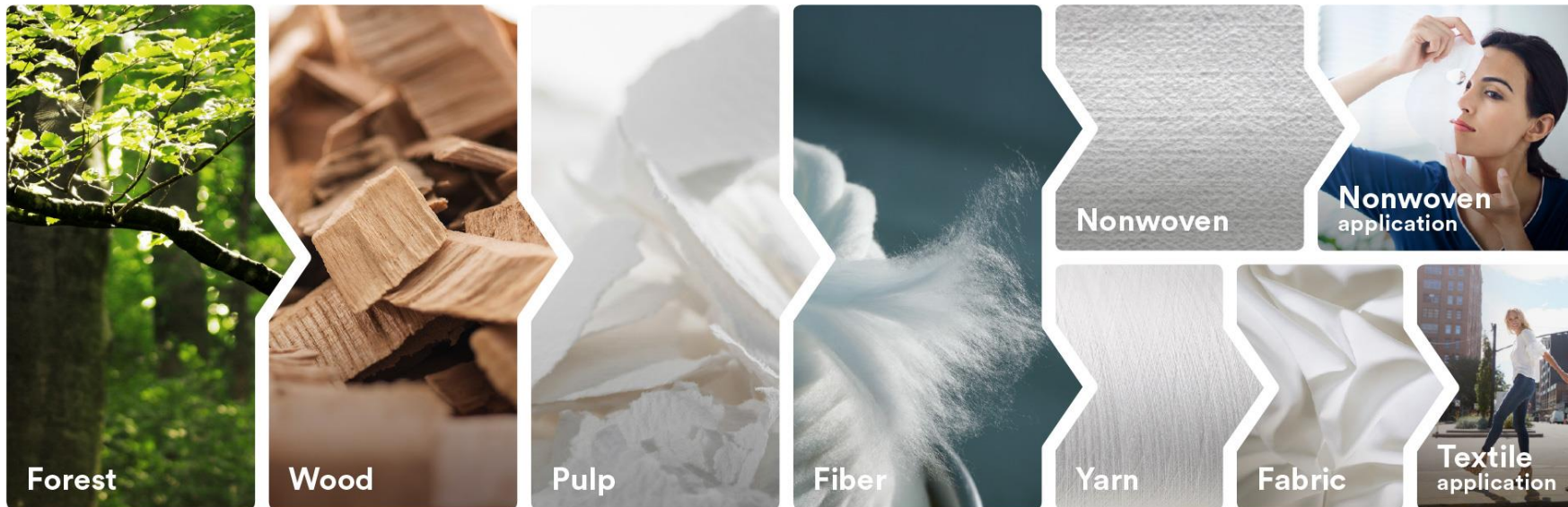
# Appendix

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## Equity story

# Lenzing – Our mission

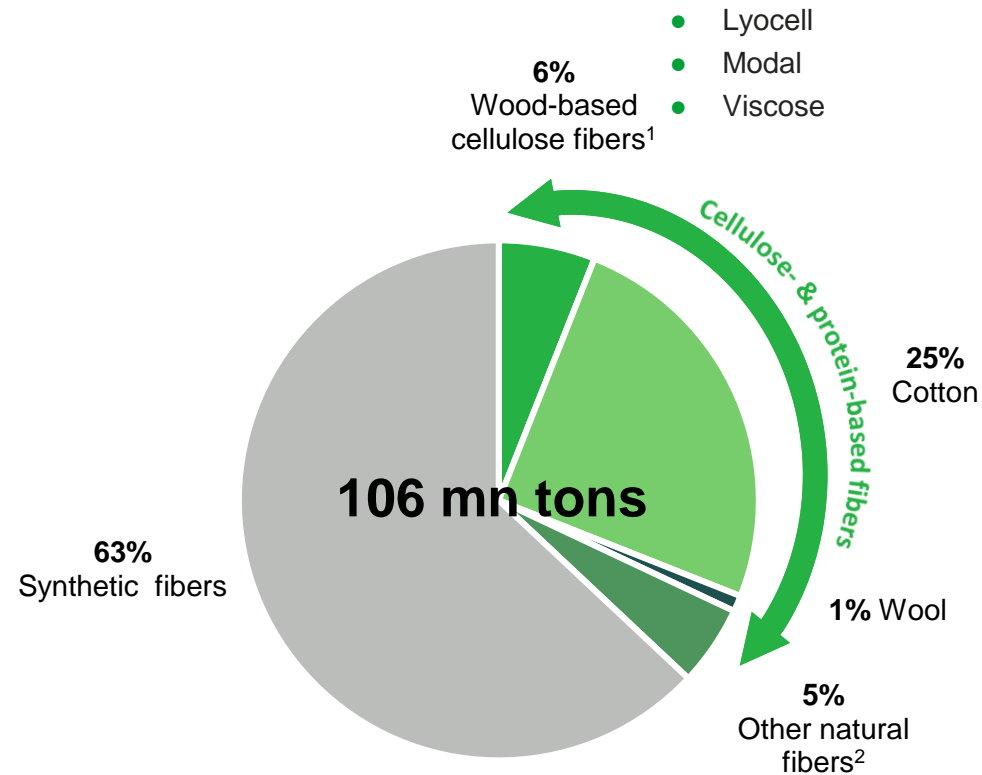
“Lenzing is a performance materials company that turns CO<sub>2</sub> and sunlight into highly functional, emotional and aesthetic products across the globe”





# Global fiber market at a glance

2018e consumption numbers



Sources: CIRFS, The Fiber Year, China Chemical Fiber Group, ICAC, Lenzing estimates

1) Wood-based and cotton linter-based cellulose fibers including Viscose, Lyocell, Modal, Acetate, Cupro, ...

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

# Highly efficient use of raw materials

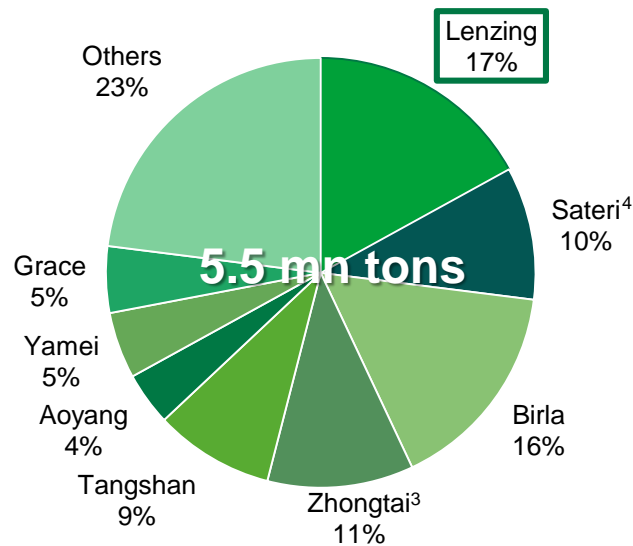
The Lenzing site is fully integrated. Dissolving wood pulp production at the Lenzing and Paskov sites achieve a wood utilization rate of about 100 % (incl. energy use)

## Highly efficient use of the raw material wood in the Lenzing Group's biorefineries

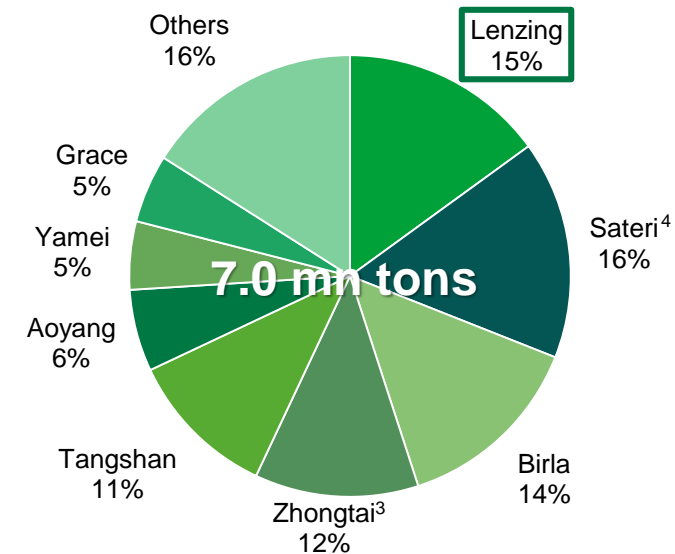


# Lenzing is the only global player with European roots in the viscose staple fibers market<sup>1</sup> (2018e) ...

Lenzing with 17 % share of production



Lenzing with 15 % share of capacities<sup>2</sup>



Sources: CIRFS, Trade statistics, Company estimates

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

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

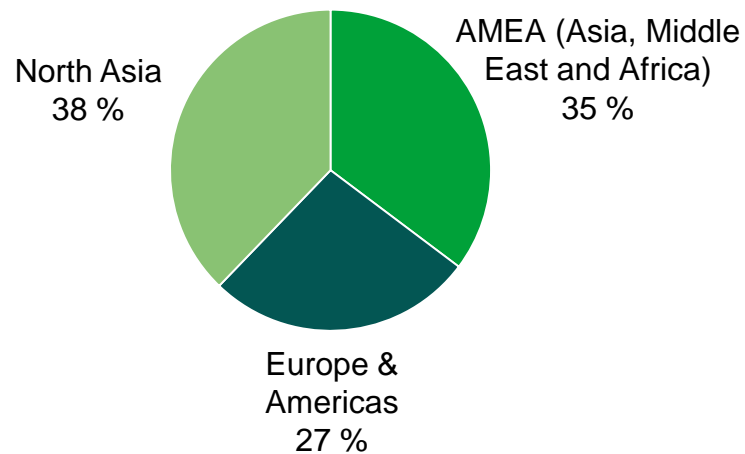
3) Fulida Kuerle, Tiantai Xinjiang, Fulida Alaer, Shungquan Manasi

4) Sateri Fujian, Jiangxi, Jiujiang, China, Asia Pacific Rayon, Xiangsheng

# ... and is a global leader in wood-based specialty fibers

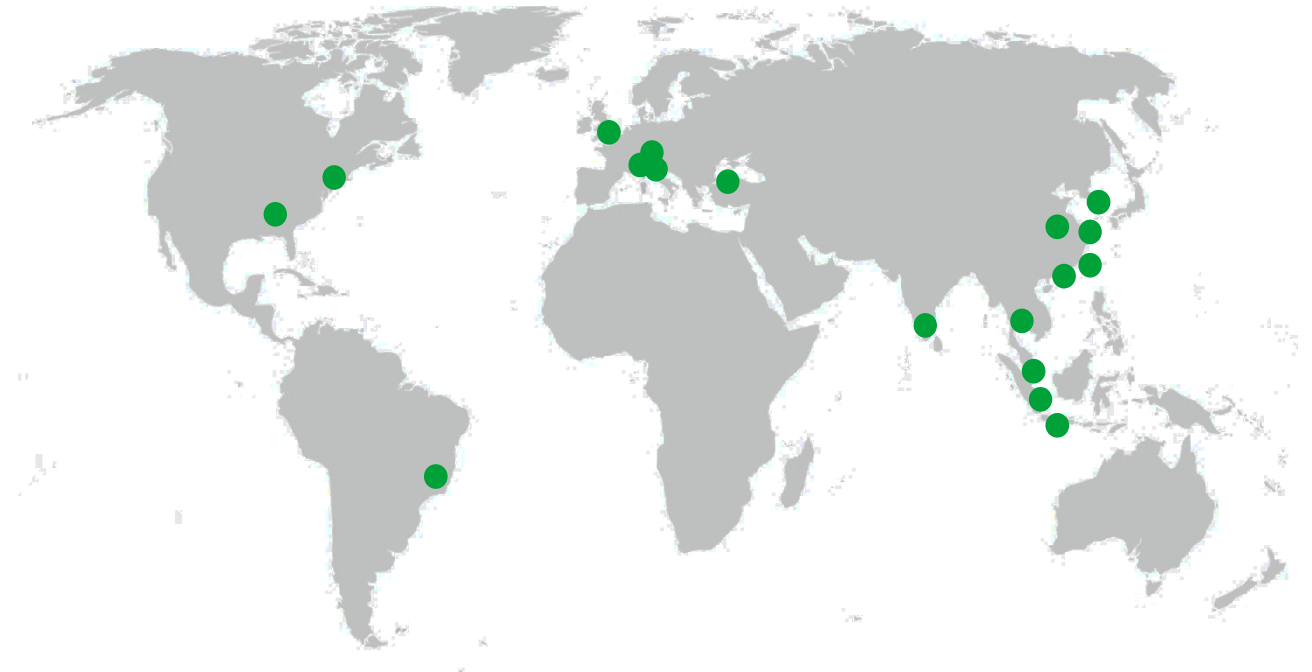
## Balanced exposure to matured and emerging markets

Fiber revenue by region



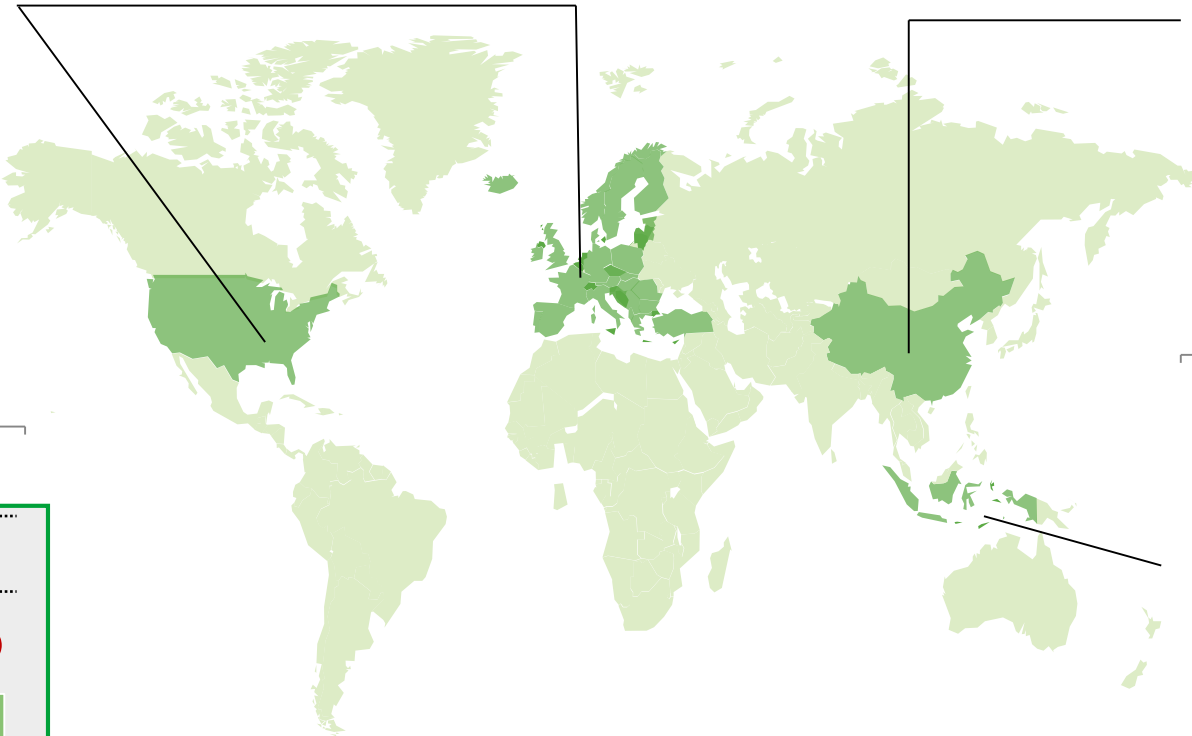
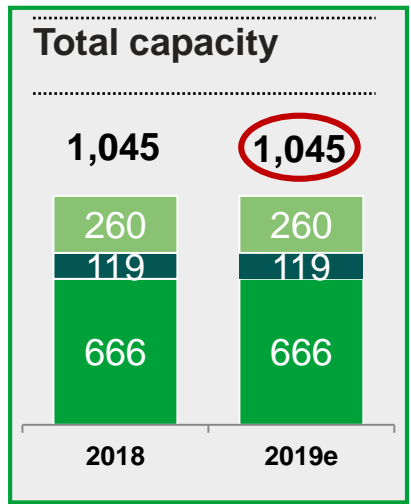
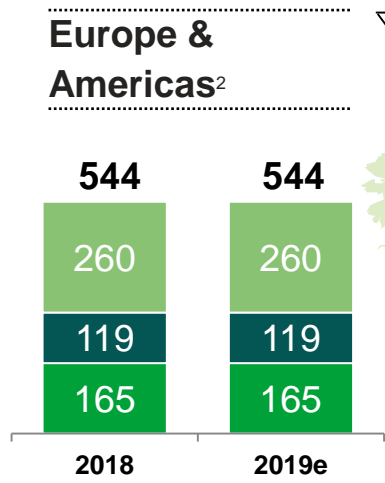
## Global network of production sites and sales offices

2018 footprint

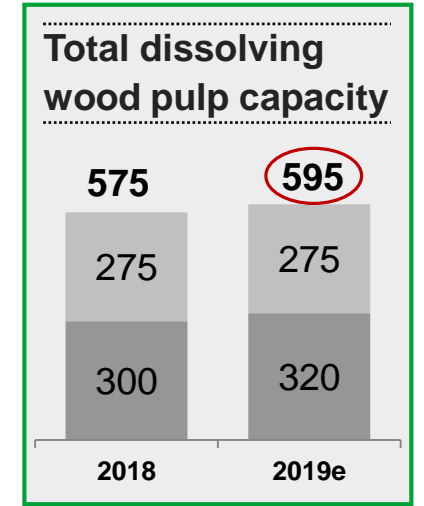
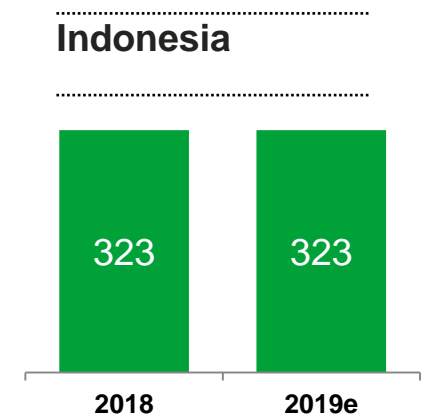
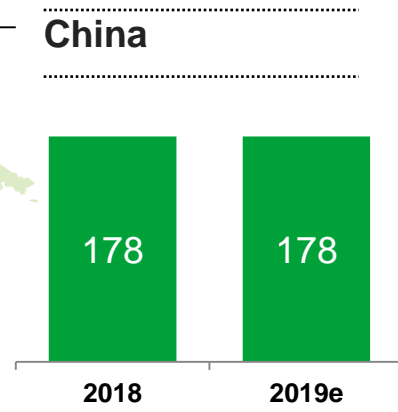


Source: Lenzing data as at September 30, 2019

# Lenzing's capacity 2019<sup>1</sup>: A global footprint



- Lyocell<sup>3</sup>
- Modal<sup>3</sup>
- Viscose<sup>3</sup>



- Lenzing (A)
- Paskov (CZ)

1) Figures are shown in k metric tons, year-end name plate capacity  
 2) Includes Lenzing (A), Heiligenkreuz (A), Grimsby (UK), Mobile (USA)  
 3) Lenzing fiber types

# Brand architecture

**Lenzing**  
Innovative by nature

[www.tencel.com](http://www.tencel.com)

[www.veocel.com](http://www.veocel.com)

[www.lenzingindustrial.com](http://www.lenzingindustrial.com)

For Textile  
B2C Specialties

 **Tencel**<sup>™</sup>  
Feels so right

For Nonwovens  
B2C Specialties

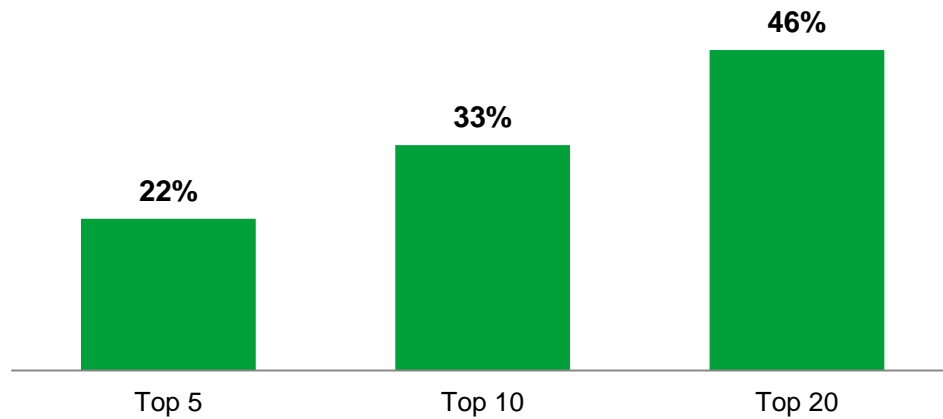
 **Veocel**<sup>™</sup>  
Purely for you

For Industrial & Textile  
Core

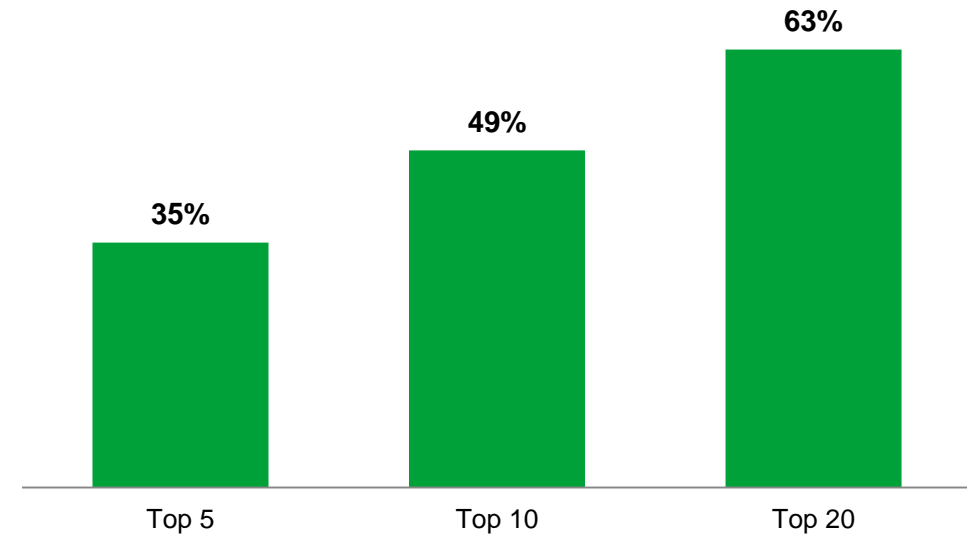
**LENZING**<sup>™</sup>

# Sales and marketing – Customer concentration

**Textiles – Percent of sales by customers  
(2018<sup>1</sup>)**



**Nonwovens – Percent of sales by customers  
(2018<sup>1</sup>)**



Source: Lenzing data 2018

# Lenzing underpins its innovation leadership

## Industry leading R&D spend (EUR 42.8<sup>1</sup> mn in 2018)

R&D is an essential part of the sCore TEN strategy and contributes to all five fields

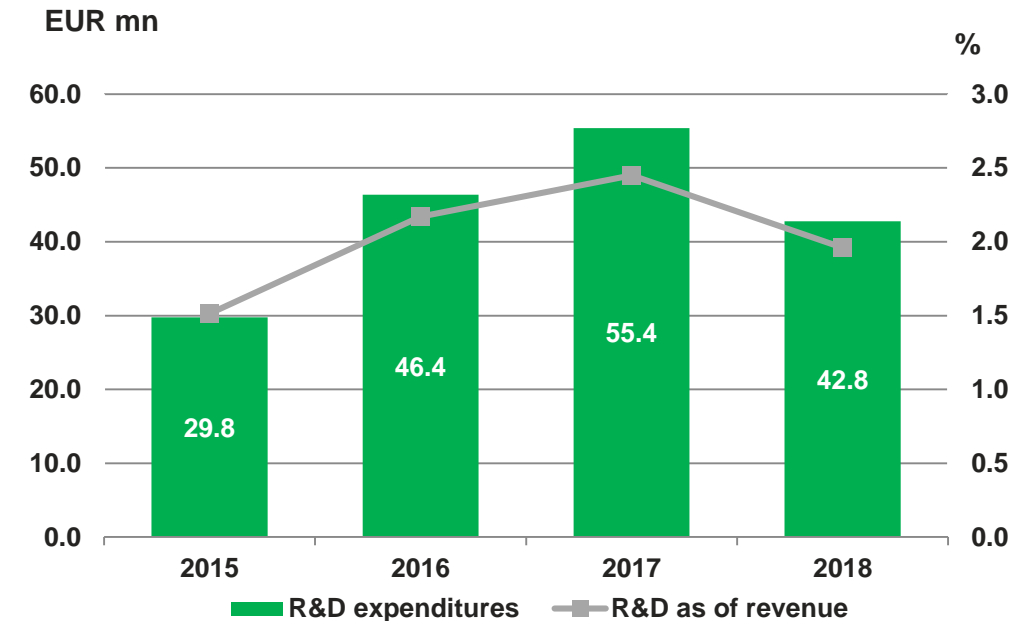
- Decision to invest appr. EUR 100 mn into sustainable production technologies until 2022

### Successful launch of sustainable innovations

- Fiber process innovation (e.g. for new lyocell plants), dissolving wood pulp integration, biorefinery concept
- Fibers fulfilling highest environmental demands: REFIBRA™ technology and LENZING™ ECOVERO™ fibers
- TENCEL™ Luxe – second pilot plant for the novel lyocell filament for luxury fashion
- LENZING™ Web technology for nonwoven applications; application for 25 patents
- Application and Innovation Center (Hong Kong) and Lenzing Center of Excellence (Indonesia) in addition to the facilities existing in Lenzing

As of December 2018, Lenzing owned 1,324 patent applications and patents in 49 countries belonging to 242 patent families

### R&D expenditures (2015-2018)<sup>1</sup>



Source: Lenzing

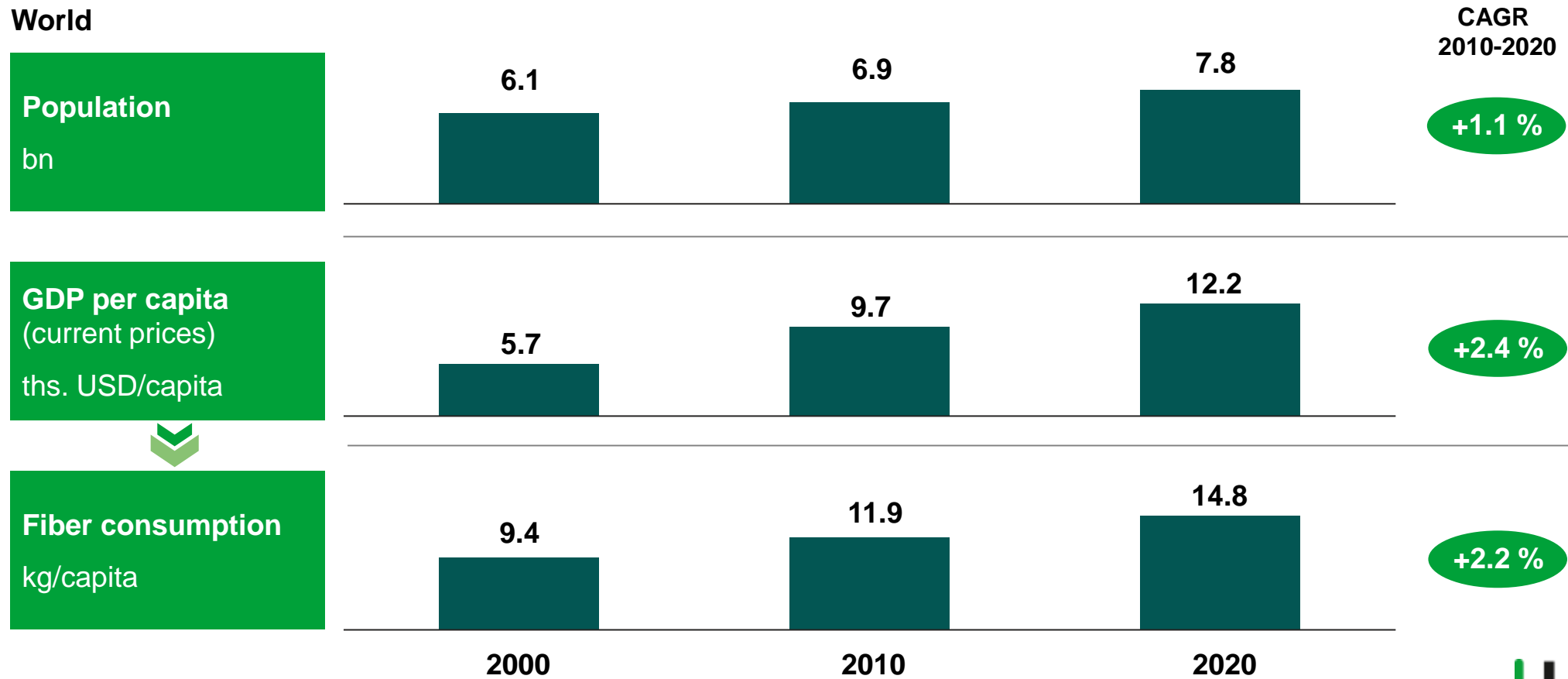
1) As per Frascati definition



# Looking forward: Megatrends support fiber demand growth

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

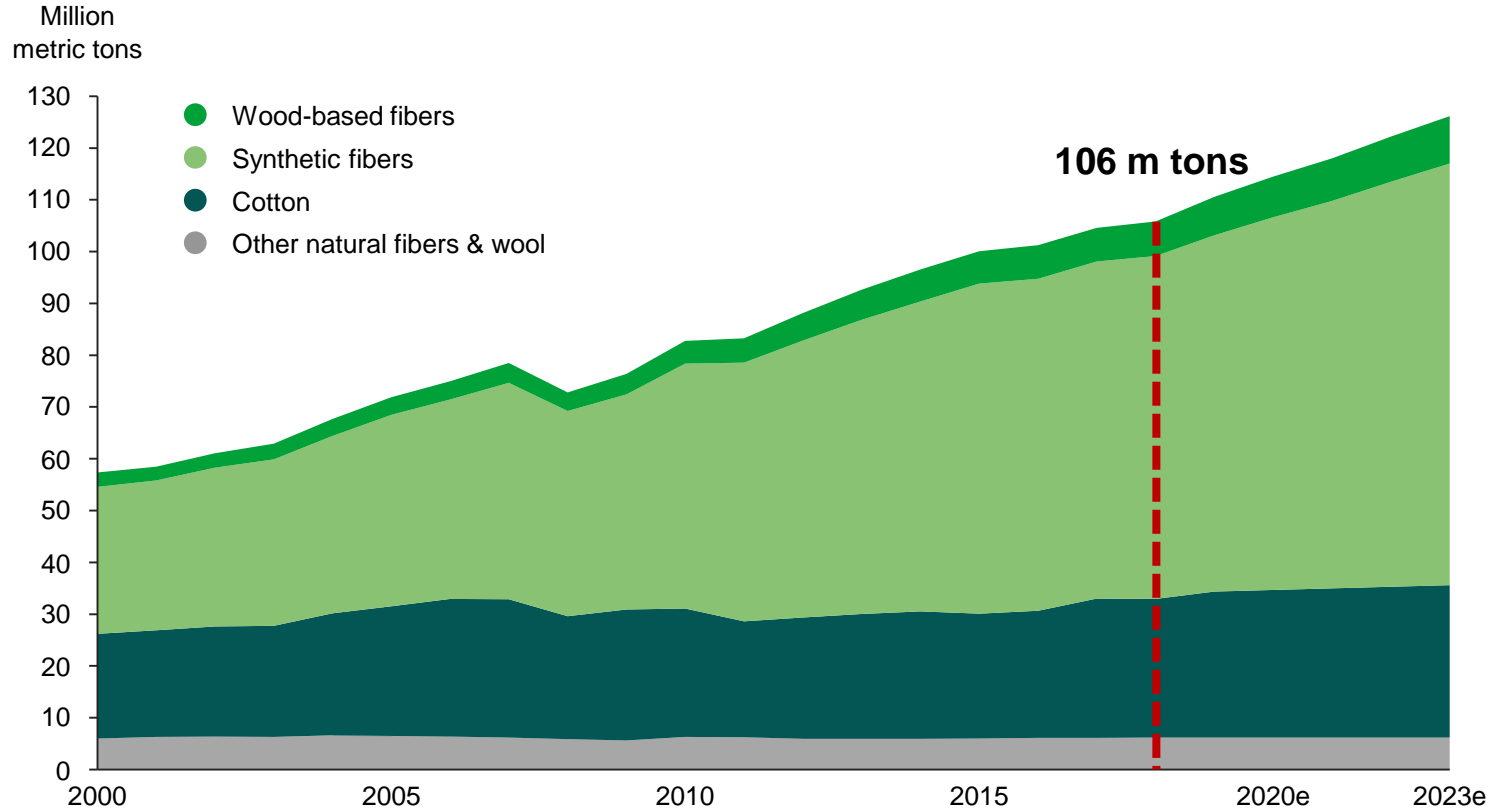
World



Sources: IMF 2017, World Bank, The Fiber Year 2017, Lenzing estimates

# Wood-based fibers outgrow market

## Expected growth of global fiber demand until 2023



	CAGR (2018e – 2023p <sup>2</sup> )
● Wood-based fibers <sup>1</sup> (6 %)	5-6 % p.a.
● Synthetic fibers (63 %)	4-5 % p.a.
● Cotton (25 %)	1-2 % p.a.
<hr/>	
Total fiber market	3-4 % p.a.

Sources: ICAC August 1<sup>st</sup>, 2019, The Fiber Year Consulting, Lenzing data

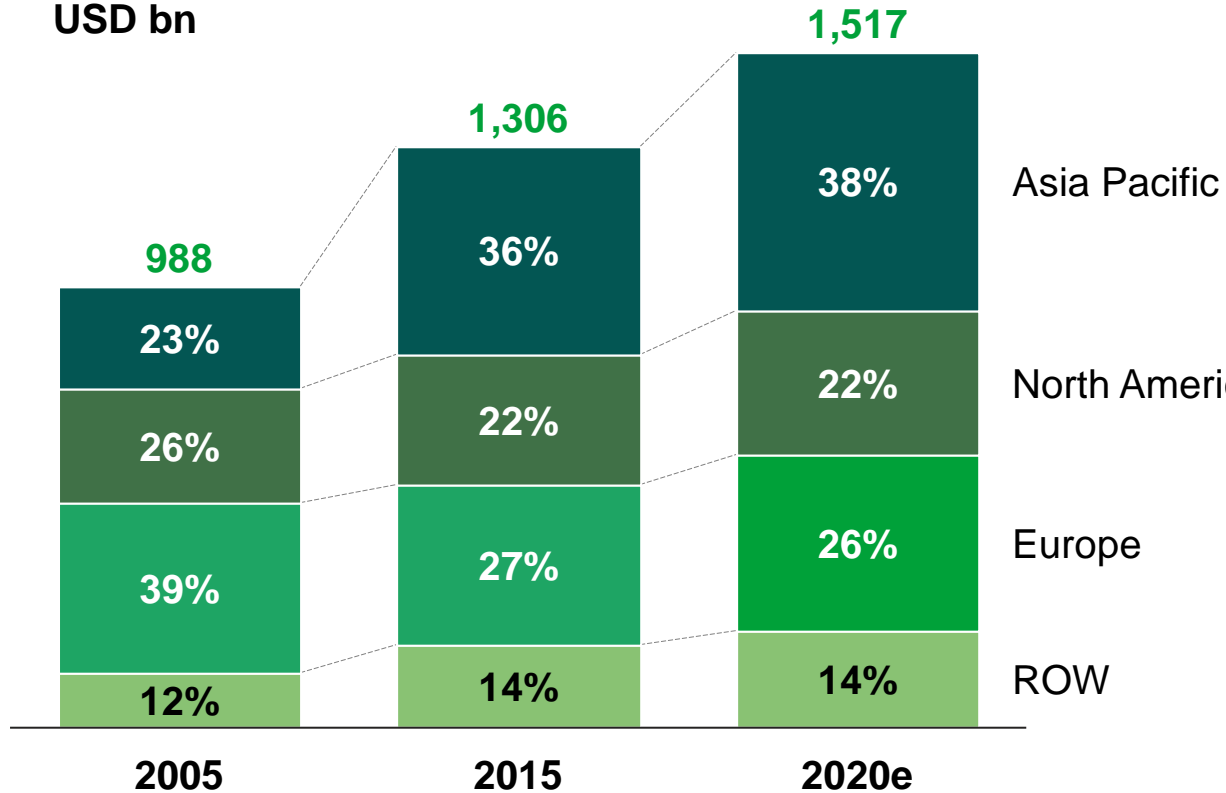
1) Wood-based and cotton linter-based cellulose fibers (Viscose, Modal, Lyocell and other (acetate, cupro) both staple fiber and filament)

2) Projected

# Asia Pacific remains the growth engine in global textiles

## Global apparel demand by value<sup>1</sup> (2005-2020)

USD bn



CAGR  
(2015-2020e)

Asia Pacific

4%

North America

2%

Europe

2%

ROW

3%



Sources: Euromonitor 2018, Lenzing

1) Based on current prices and historic year-on-year exchange rates

# Corporate Strategy

# The strategy – driving value growth



sC  reTEN

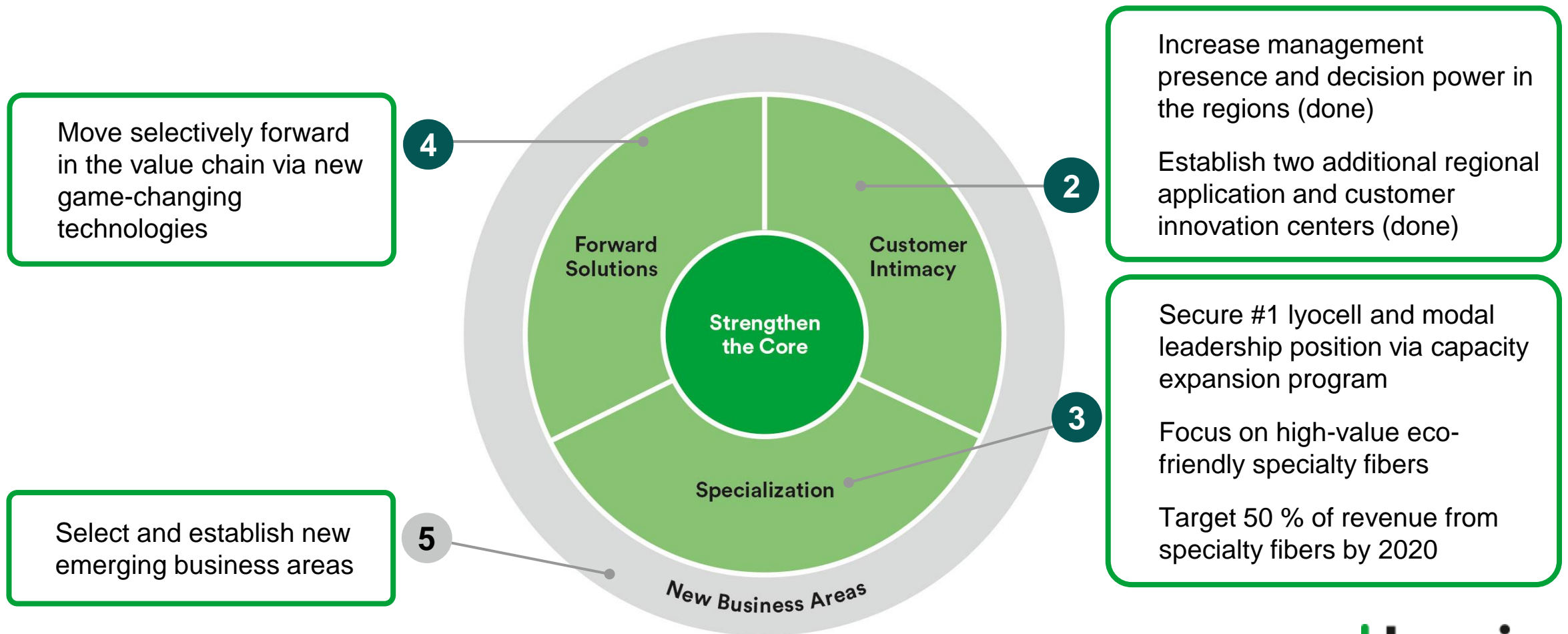
# Strengthen the Core

- 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 (done)
- Strengthen our bio-refinery business
- Grow viscose position via strategic partnerships
- Finalize restructuring technical units (done)

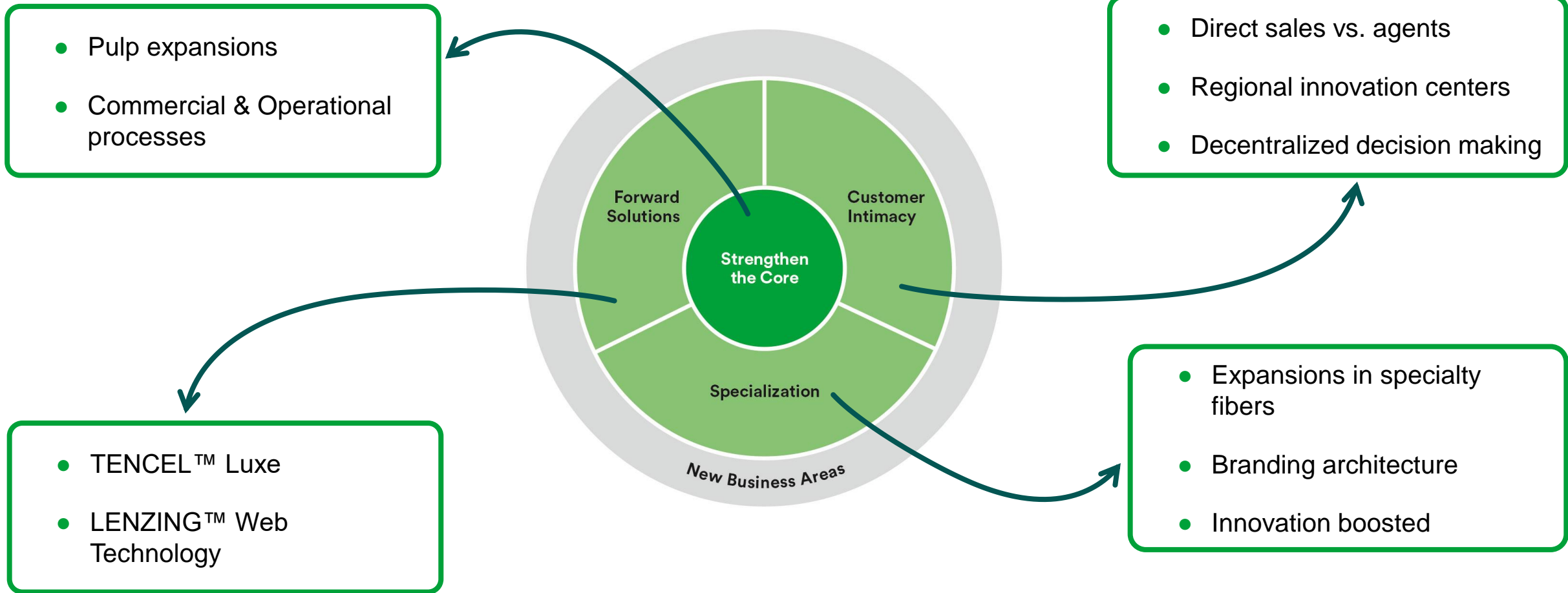
1



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



# sCore TEN areas





# Lyocell expansion projects as part – key facts

- 2016/17: 10kt debottlenecking in Grimsby and Lenzing
- 2018: 25kt expansions in Heiligenkreuz fully operational
- 2018: Decision to temporarily mothball 90kt expansion project in Mobile, Alabama
- 2019: Announcement to build a state-of-the-art lyocell production plant in Thailand
  - Initial investment of EUR 400 mn to build 100kt line plus required infrastructure investments for future expansions. Completion by end of 2021



# Thailand is an excellent location for Lyocell growth in Asia

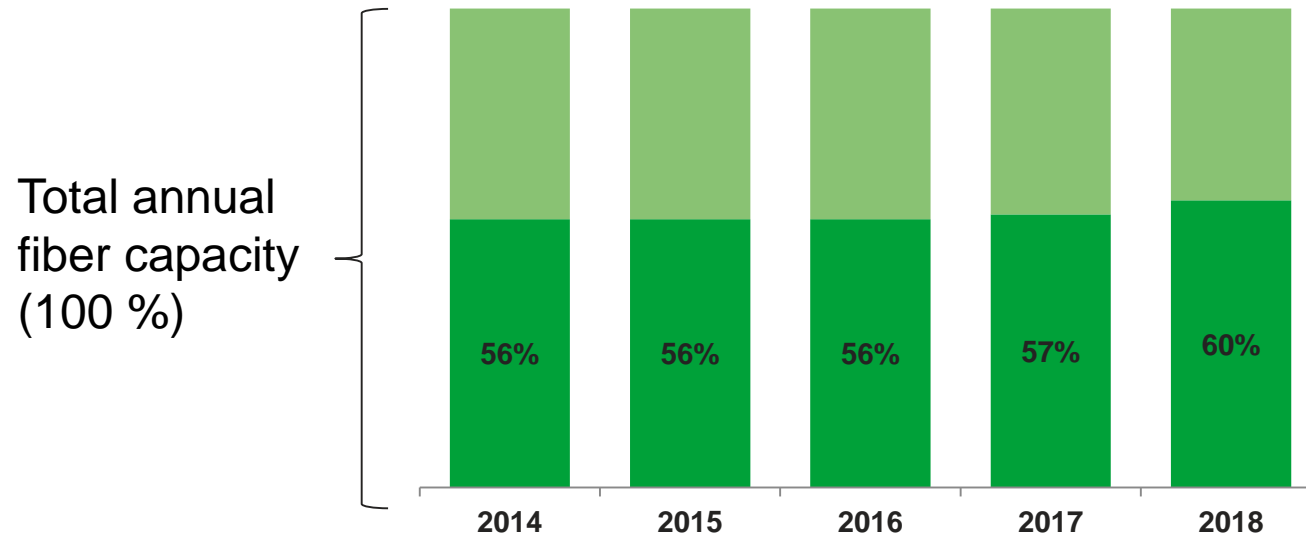
- Thailand has free trade agreements with China, India and is part of ASEAN. All relevant growth markets can be supplied from Thailand
- Strong support from local authorities
- Highly professional FDI<sup>1</sup> support from Thailand's BOI<sup>2</sup>
- Strong engineering supply base due to large scale industrial investments in Thailand as well as good availability of skilled labour
- IP protection



1) Foreign Direct Investment  
2) Board Of Investment

# Lenzing is backward integrated

Lenzing's level of backward integration:  
Own pulp supply in percentage of annual fiber capacity



- 60 % secured by own pulp production
- Remaining pulp is secured through long-term contracts

# Key facts about “Amadeus” project

- Lenzing and Duratex S.A. (leader in sustainable forestry management, experience in construction and operation of big scale industrial plants) to investigate a greenfield DWP plant in Brazil
  - Lenzing to hold 51 % and Duratex 49 %
  - FSC® certified wood supply
- Key facts of project under investigation
  - 450 kt/a capacity → largest single line DWP plant
  - Kraft pulp technology and eucalyptus wood
  - Operation ramp-up by 2022
  - Lenzing secures the total DWP supply of the plant
  - CAPEX of somewhat more than USD 1 bn (based on current FX rates and net of generic tax refunds) and the outcome of the basic engineering study
    - Duratex to bring the plantation as contribution in kind into the JV
  - Installation license granted, basic engineering completed, LOI’s with critical EPC partners signed
- Final decision planned for December 2019

# Brazil – perfect for a lowest cost DWP mill worldwide

- Very favorable wood economics, strong local talent pool and excellent supplier network
- Brazil has a lot of experience in pulp projects
  - Since year 2000, ~50 % of new pulp capacity was built in Brazil
- Duratex – strong JV partner
  - Leader in sustainable forestry management
  - Experience in construction and operation of big scale industrial plants
- Plantation in the Triângulo Mineiro in the State of Minas Gerais
  - Highly competitive wood economics
  - Good inbound/outbound logistics (train to port)
  - Large single plot plantation
  - Duratex plantation certified by FSC® in 1995

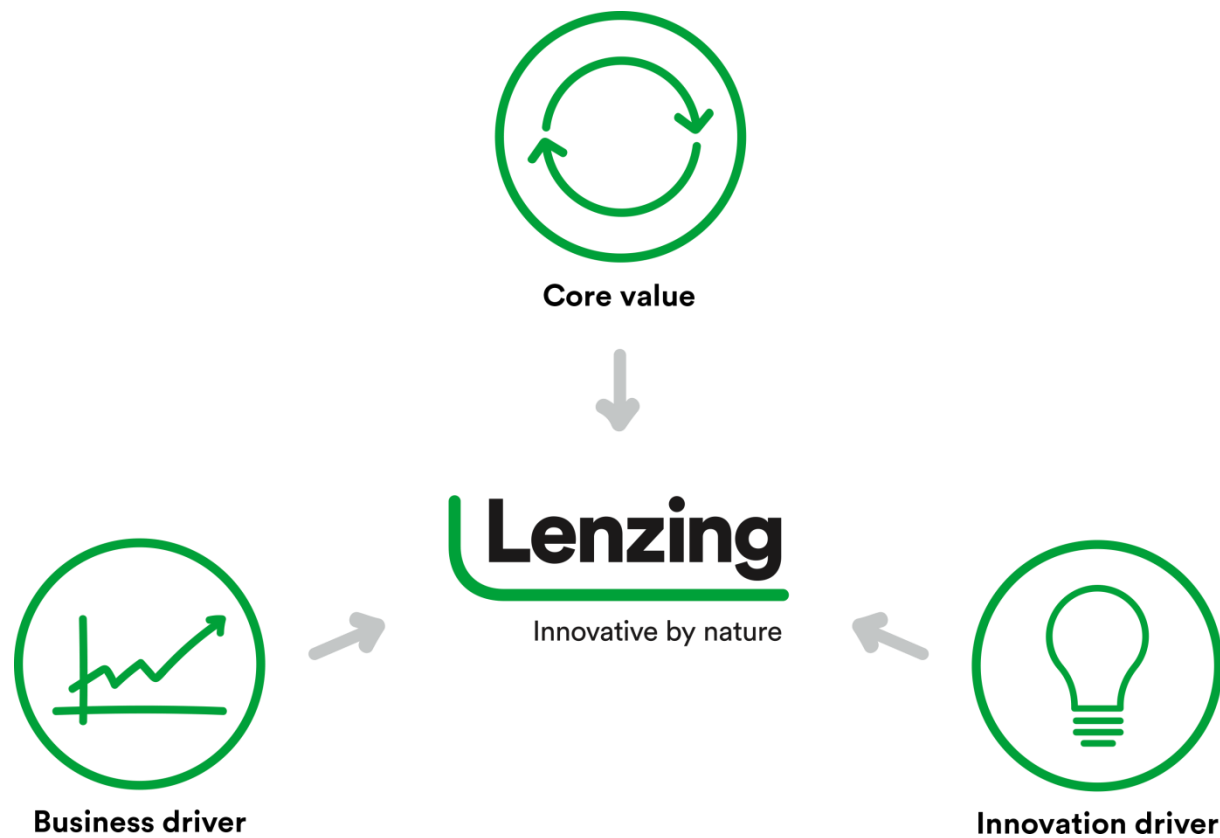


Source: Lenzing team

# Sustainability



# What does sustainability mean to the Lenzing Group?



# Lenzing Group sustainability targets

- 1 Implementation of conservation solutions
- 2 Improvement of specific wastewater emissions by 20 % by 2022
- 3 Improvement of specific sulfur emissions by 50 % by 2022
- 4 Assessment of the sustainability performance of 80 % of „most relevant“ suppliers
- 5 Transparency improvement by implementing Higg FEM 3.0 at all sites by 2019
- 6 Lenzing reduces its specific CO<sub>2</sub> emissions by 50 % until 2030<sup>1</sup>, and becomes CO<sub>2</sub> neutral by 2050

1) Versus 2017 baseline



# Sustainability: a key business and innovation driver

## Partnering for change

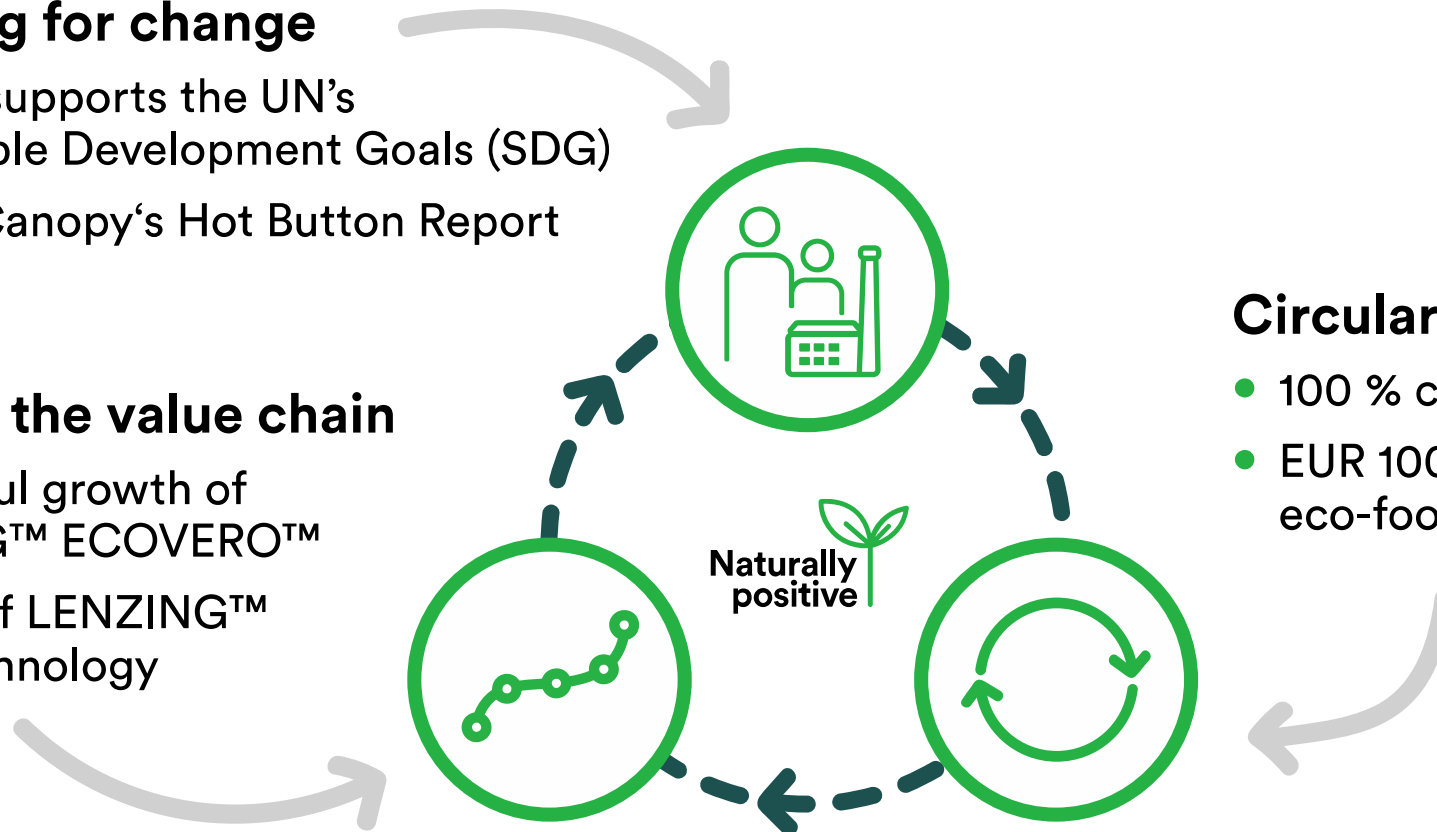
- Lenzing supports the UN's Sustainable Development Goals (SDG)
- No. 1 in Canopy's Hot Button Report

## Greening the value chain

- Successful growth of LENZING™ ECOVERO™
- Launch of LENZING™ Web Technology

## Circularity

- 100 % circular business model
- EUR 100 mn investment in eco-footprint improvements



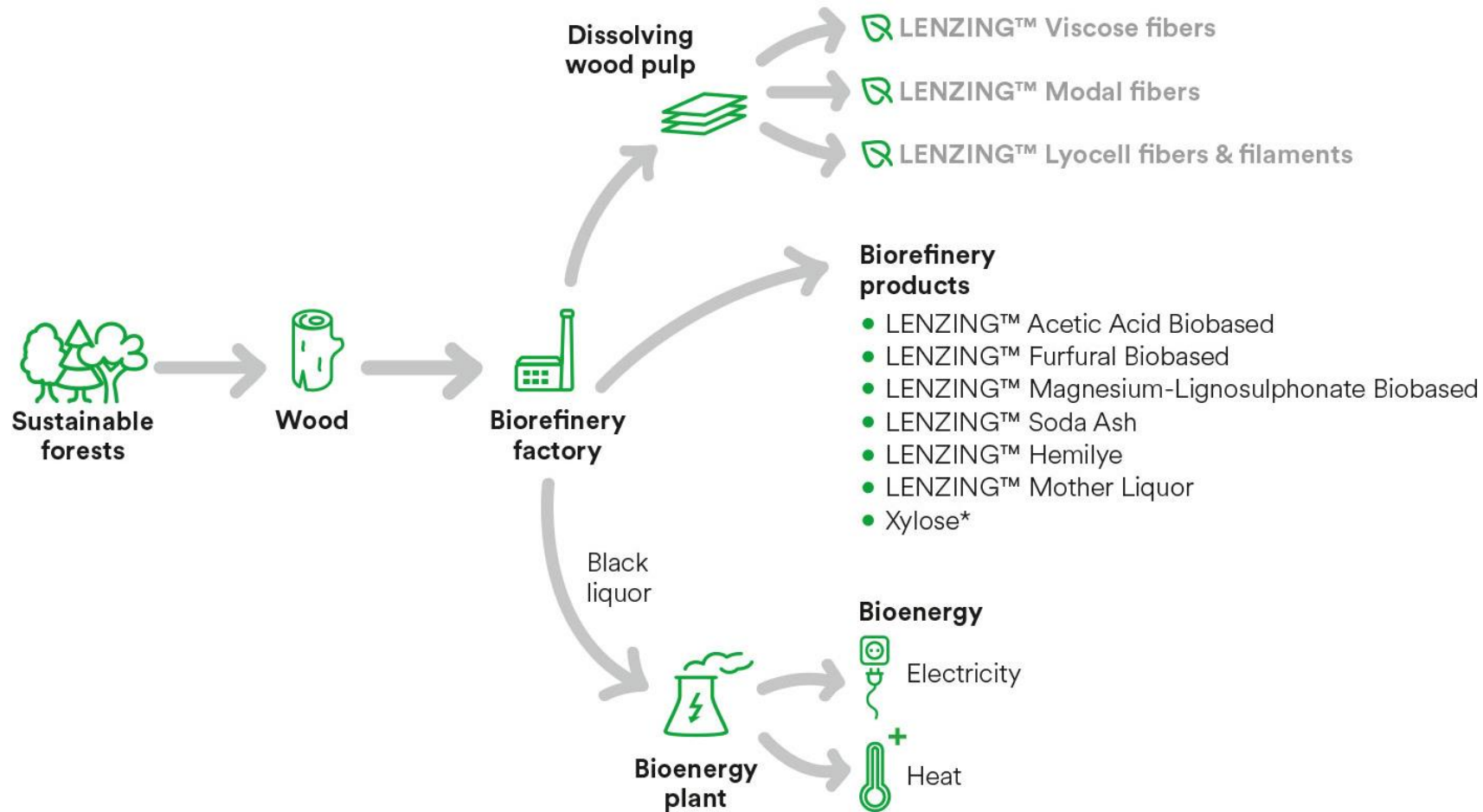
# Partnering for systemic change

Lenzing is committed to driving the sustainability improvement of the textile and nonwoven industry with its participation in the following multi-stakeholder initiatives to bring systemic change:

- Sustainable Apparel Coalition (SAC)
- Canopy
- Changing Markets - Roadmap towards responsible viscose & modal manufacturing
- Zero Discharge of Hazardous Chemicals (ZDHC)
- Textile Exchange (TE)
- Circular Fibers Initiative (an initiative of the Ellen MacArthur Foundation)
- Science Based Targets' Apparel Sector Guidance by World Resources Institute (WRI)
- World Economic Forum (WEF)

# The biorefinery concept of the Lenzing Group

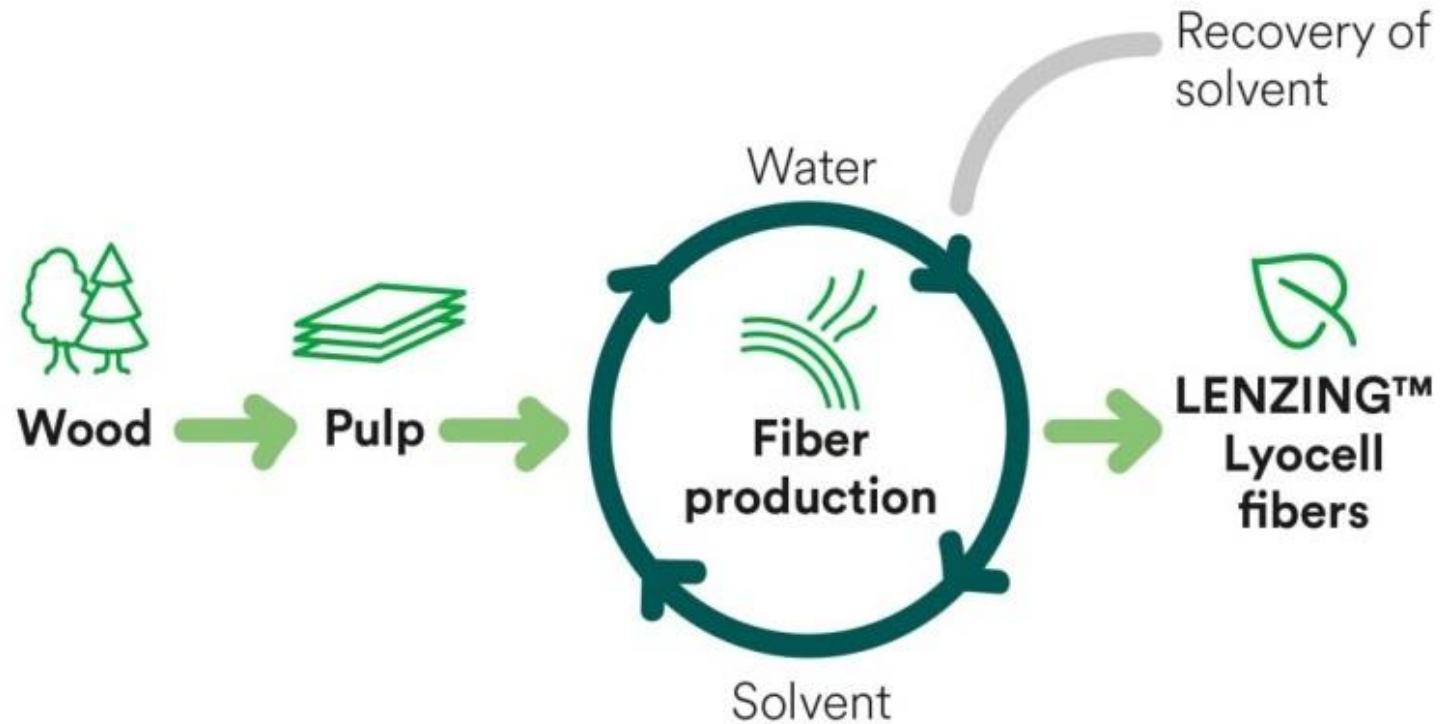
in Lenzing, Austria



\* purified/marketed by a partner company

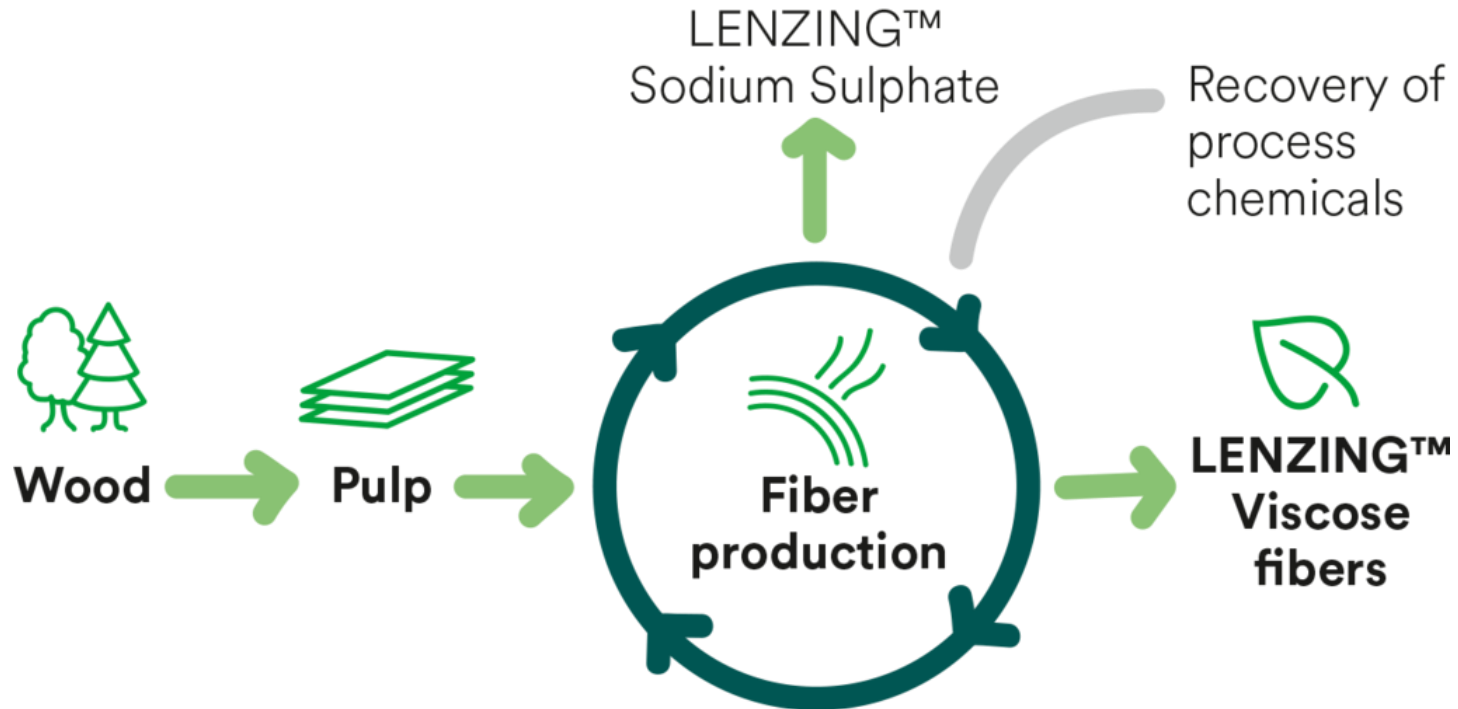
# Environmental friendly

## TENCEL™ Lyocell fiber production process



# Highly efficient

## LENZING™ Viscose and modal fiber production process



# Responsible wood and pulp sourcing

## Strict wood and dissolving wood pulp sourcing policy

- No sourcing from controversial sources, such as e.g.
  - ancient and endangered forests
  - high conservation value areas
  - proved by CanopyStyle Audit

All Lenzing production sites are FSC<sup>®</sup> (Chain of Custody) certified.



# From wood to dissolving wood pulp

Dissolving wood pulp is made from

- beech
- spruce
- eucalyptus
- several other types of wood

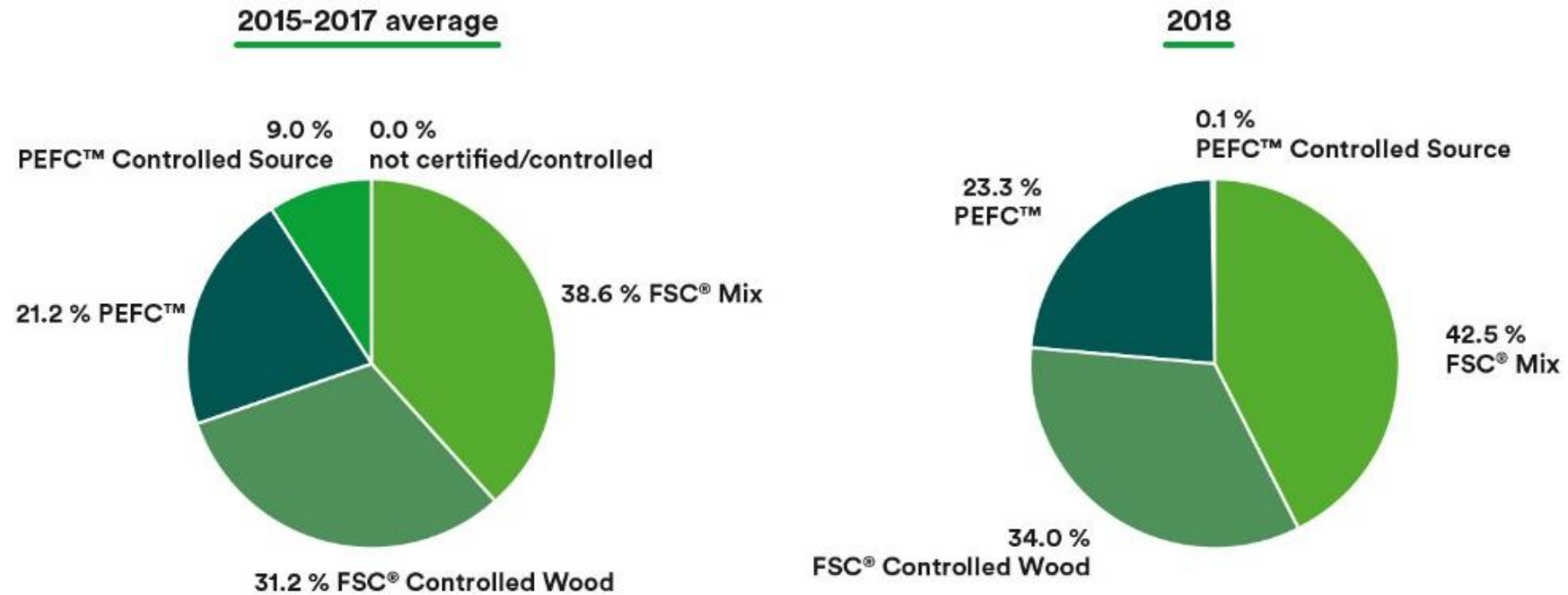
and has to meet different requirements to those for paper pulp.

Dissolving wood pulp uses about 0.5 % of global wood harvested.





# Certification status of wood and dissolving wood pulp in the Lenzing Group



Certification status of total wood and dissolving wood pulp used by Lenzing production sites, own and purchased dissolving wood pulp 2017

Basis: Dissolving wood pulp used by Lenzing for fiber production, non-certified dissolving wood pulp was used for R&D purposes



# Canopy: Lenzing is leading the sector

## Full support of Canopy pathway

- Wood & Pulp Policy aligned with Canopy
- First to complete verification audit of CanopyStyle initiative
- Traceability: TENCEL™ Lyocell with REFIBRA™ technology and LENZING™ ECOVERO™ identifiable in fabrics
- Committed in supporting conservation solutions

### SHIRT RANKING



light green shirt ranking (23 buttons)\*

\* Hot Button Report Nov. 2018

# **Sustainable innovations** **and products**

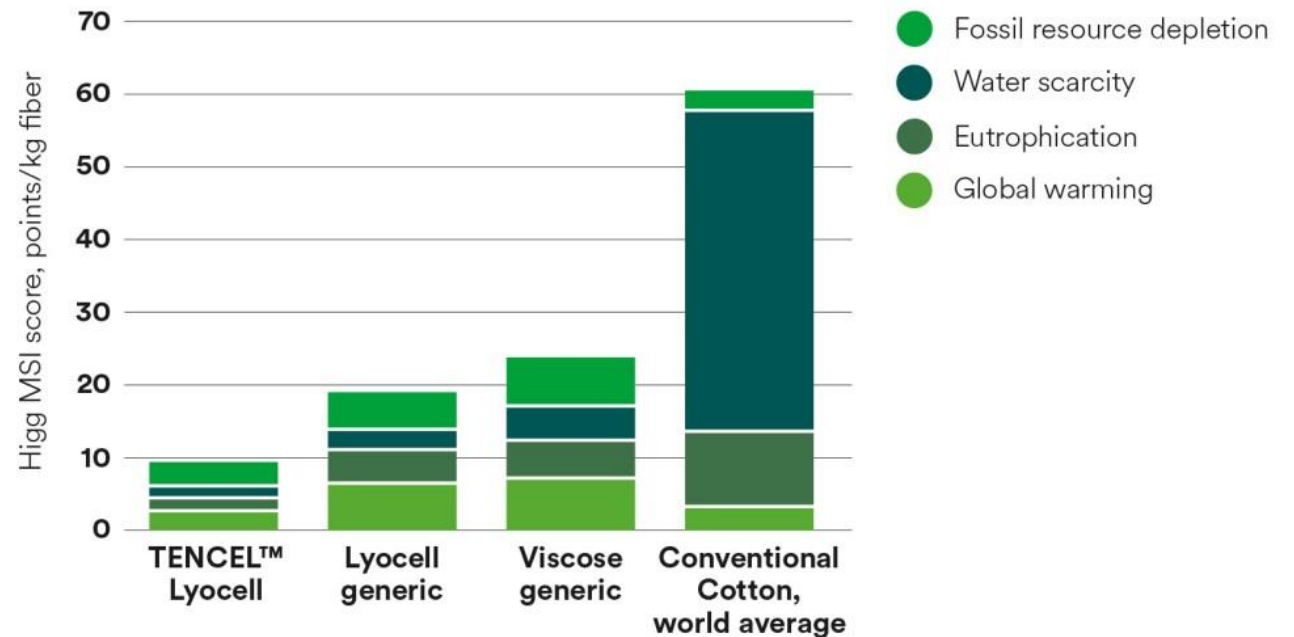
# Net-benefit products

- Offer positive impacts and benefits to environment, society and value chain partners, which are significantly better than most competing alternatives in the market.
- Take a life-cycle perspective and thus include both upstream and downstream value chain processes.
- Net-benefit thinking describes the performance of our specialties and forward solutions that form part of the sCore TEN strategy.

# TENCEL™ Lyocell fibers: lower environmental impact

- Higg MSI™<sup>1</sup>: Score refers to environmental impacts
  - Low scores = better
  - High scores = worse
- MSI score<sup>1</sup> for TENCEL™ Lyocell fibers several times lower than for generic viscose and conventional cotton.
- Much lower impact on water scarcity of TENCEL™ Lyocell fibers compared to conventional cotton.

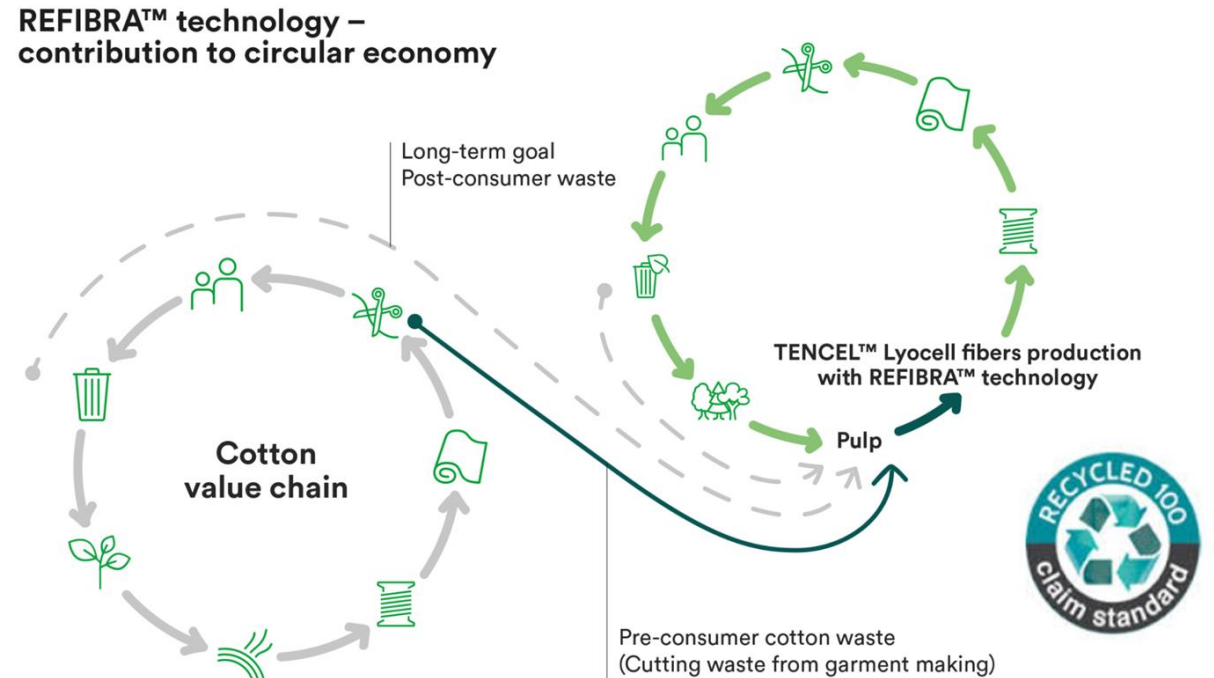
Comparison of environmental impacts of TENCEL™ Lyocell fibers vs. generic viscose and conventional cotton cultivation, world average



1) Results calculated based on Higg MSI™, assessing impacts of materials from cradle-to-gate for a finished material. Figure only shows impacts from cradle to fiber production gate. Provided by the Sustainable Apparel Coalition

# Innovation: TENCEL™ x REFIBRA™ Lyocell Fibers

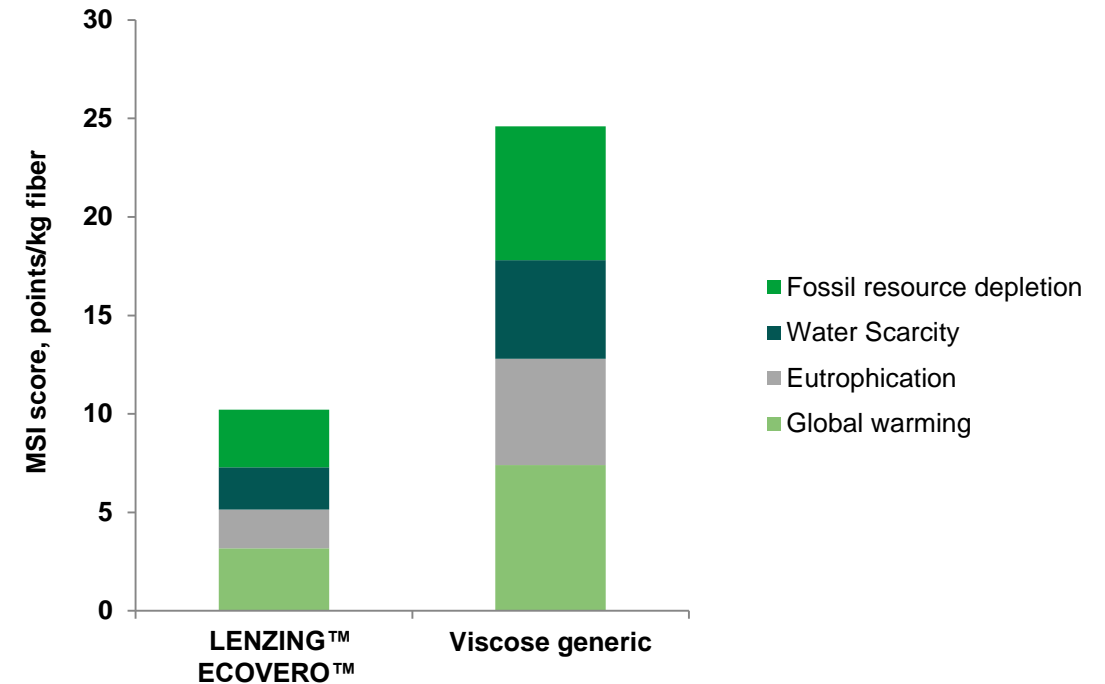
- Combination of lyocell technology with pioneering use of recycled cotton off-cuts
- Upcycling of cotton and significant reduction of cotton scraps in the garment production
- New system to identify the fiber in finished garment
- Environmentally responsible closed loop process
- High resource efficiency and low ecological impact



# Innovation: LENZING™ ECOVERO™

The new standard in eco-responsible viscose

- LENZING™ ECOVERO™ fibers are the innovative and unique answer to the increasing demand for sustainable products along the textile value chain
- Worldwide highest environmental standards in the viscose production relying on three major pillars
  - Use of certified and controlled wood (FSC®, PEFC™)
  - Sustainable production process proven by third parties (Higg index, EU Eco label)
  - Innovative identification system allows everyone in the supply chain transparency in all processing steps (yarn, fabric, ready made garment)
- LENZING™ ECOVERO™ fibers are positioned as specialty fibers in the viscose segment



Note: "These Results were calculated using the Higg Material Sustainability Index (Higg MSI) tools provided by the Sustainable Apparel Coalition. The Higg MSI tools assess impacts of materials from cradle-to-gate for a finished material (e.g. to the point at which the materials are ready to be assembled into a product). However, this figure only shows impacts from cradle to fiber production gate. Higg MSI score of Lenzing™ ECOVERO™ was calculated based on Lenzing fibers which are already in the Higg MSI."

# All Lenzing standard fibers are biodegradable

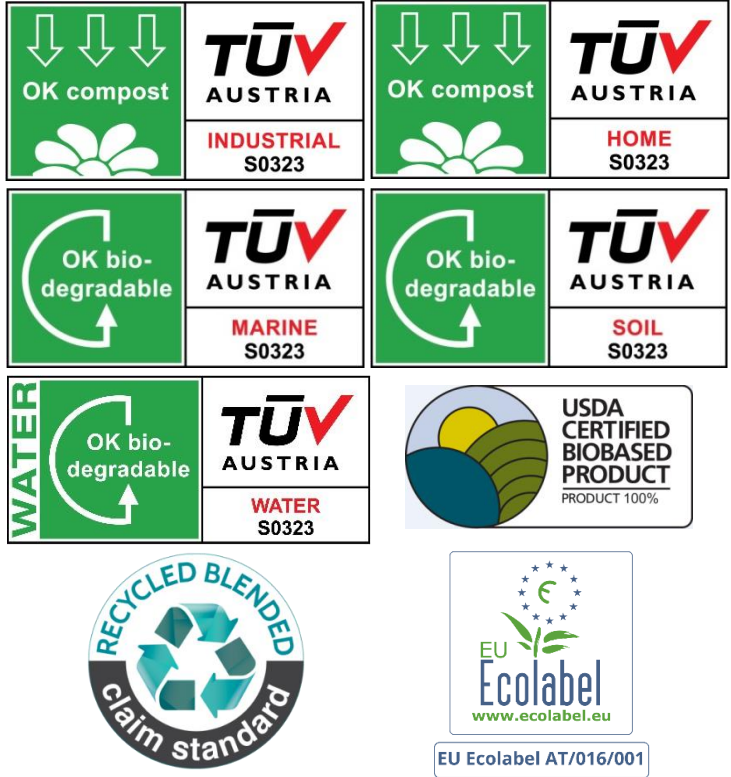


# Certificates and recognitions

## Wood sourcing



## Environmental



## Product safety



**Disclaimer:**

Customers should note that the third party certification and use of logos only relates to the fiber, and that final products would need recertification. There is no implied right for the customer to use any of the logos described herein.



# Certificates and recognitions

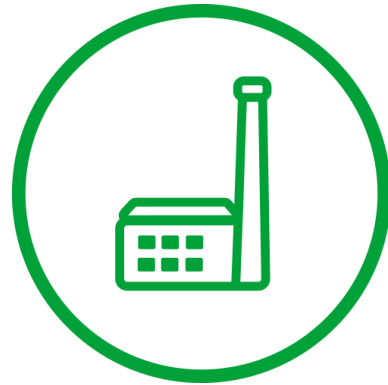
- VÖNIX (Austrian Sustainability Index)
- The EU Ecolabel (European Flower)
- Responsible Care®
- OEKO-TEX® Standard 100
- European Award for the Environment (TENCEL™ fibers)
- PEFC™ (Chain of Custody)
- FSC® (Chain of Custody)
- 100 % USDA Biobased certification for Lenzing standard fibers (LENZING™ FR at 99 %)
- OK compost HOME (TÜV AUSTRIA BELGIUM)
- OK biodegradable SOIL (TÜV AUSTRIA BELGIUM)
- OK biodegradable MARINE (TÜV AUSTRIA BELGIUM)
- Food contact compliance (mainly based on European legislation / certain standard fibers)
- MEDICALLY TESTED – TESTED FOR TOXINS
- FAIRTRADE INTERNATIONAL - Textile Standard Responsible Fibres

# Summary: Lenzing's solutions

to sustainability challenges of textile industry



Responsible  
sourcing



Lower footprint



Sustainable  
Innovations



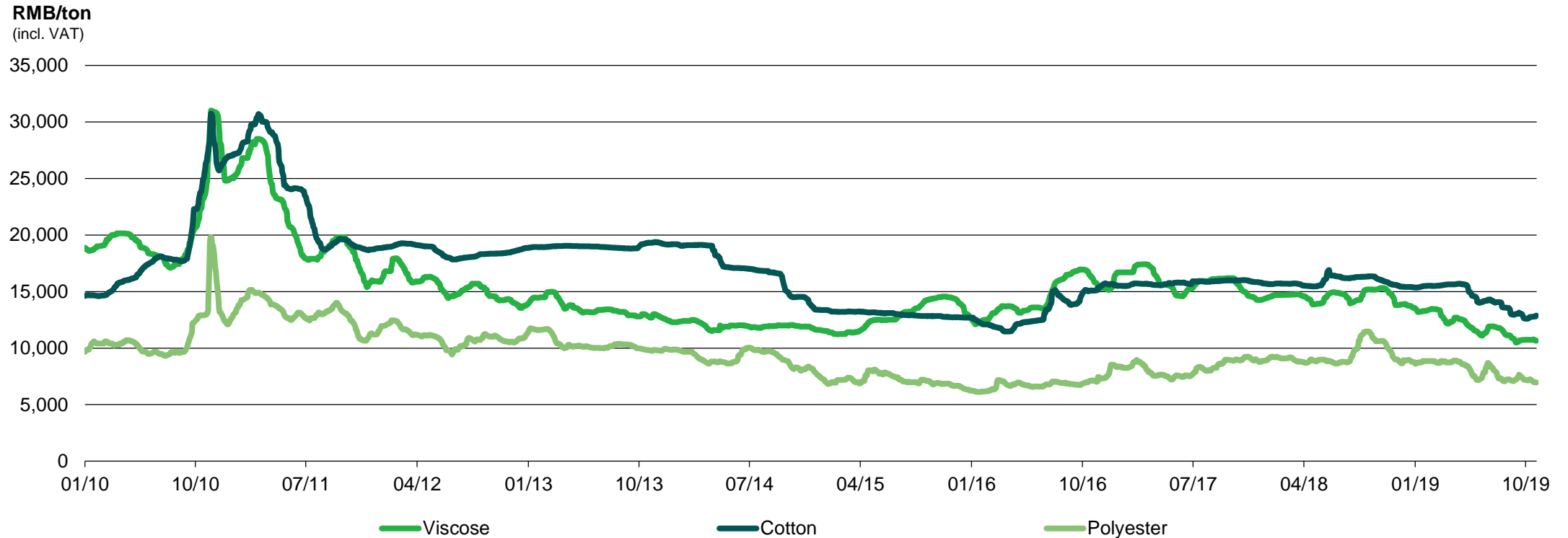
Transparency &  
Partnerships

# Backup



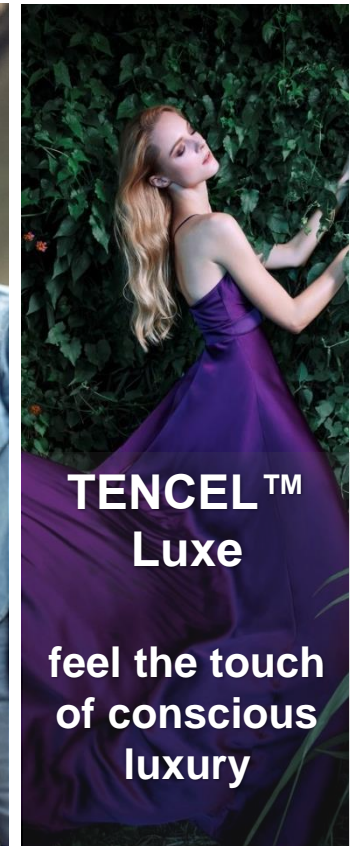
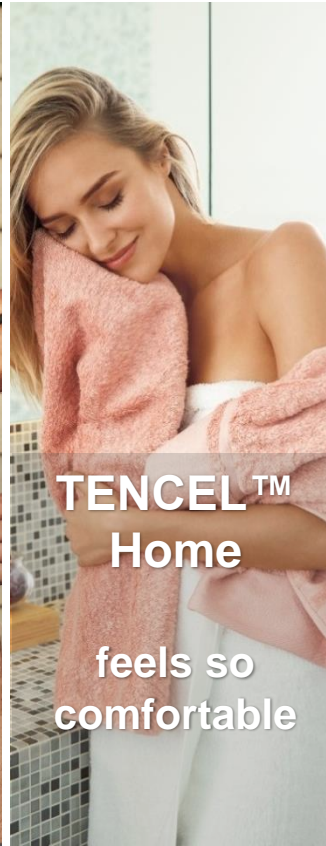
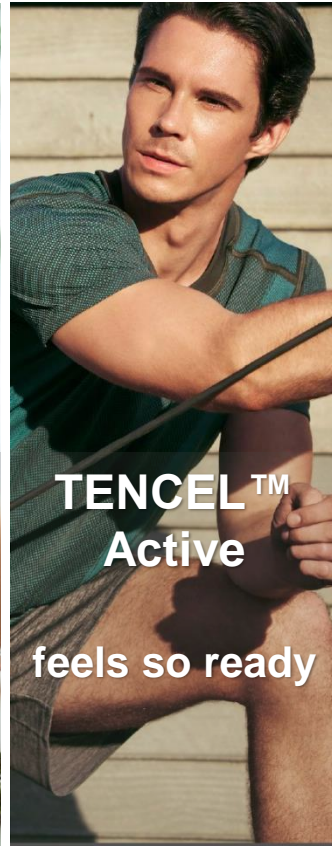
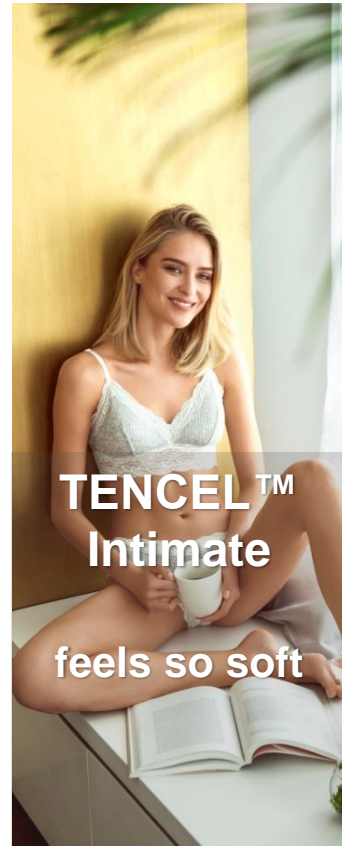
# Long-term interfiber price development

## Staple fiber prices – Development in China<sup>1</sup>



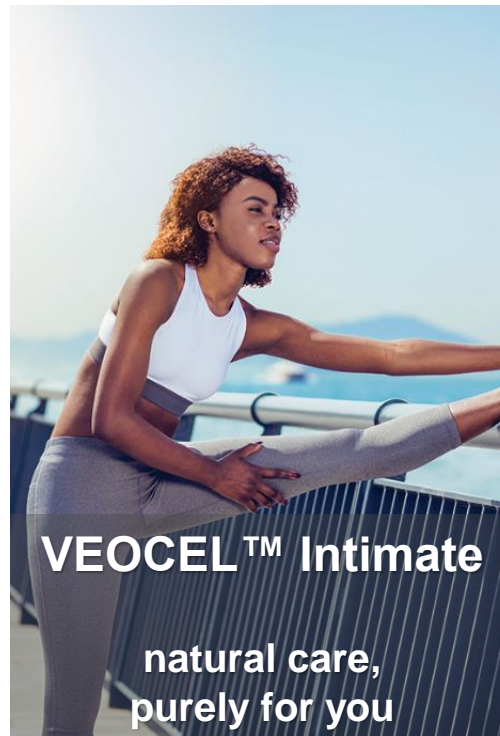
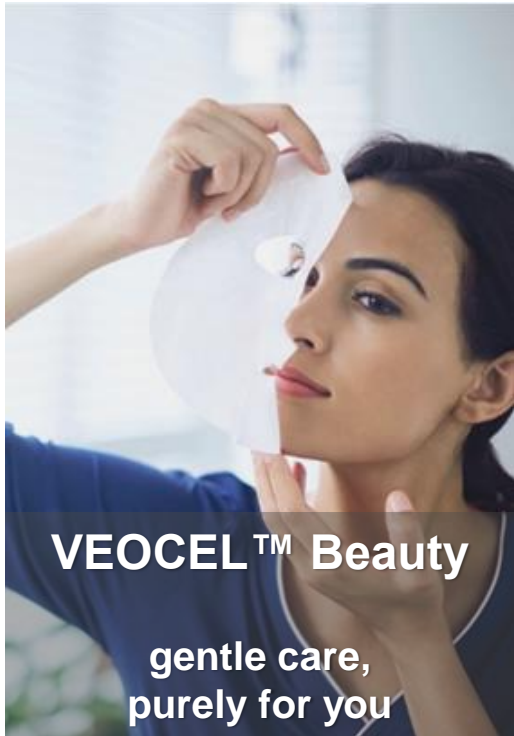
Source: China Cotton Association, China Chemical & Fiber Economic Information Network, China Chemical Fiber Group

# Successful launch of TENCEL™ in textiles



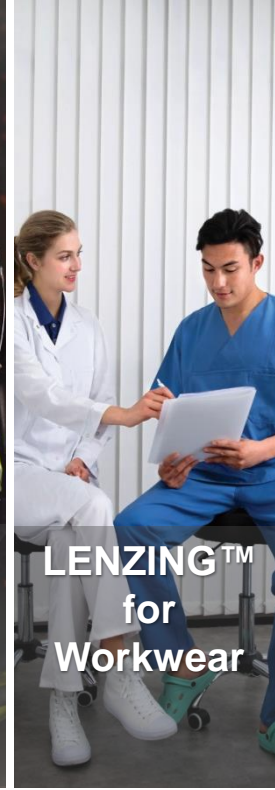
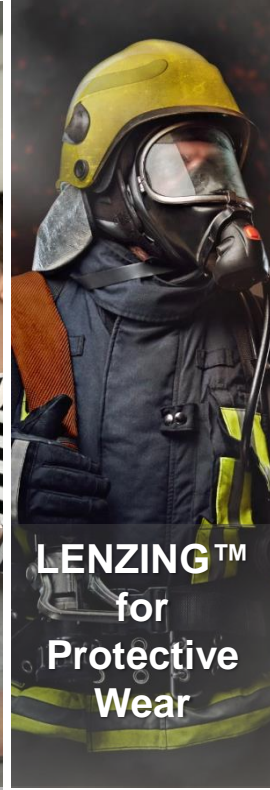


# A new brand for nonwovens



# Brand for new business areas

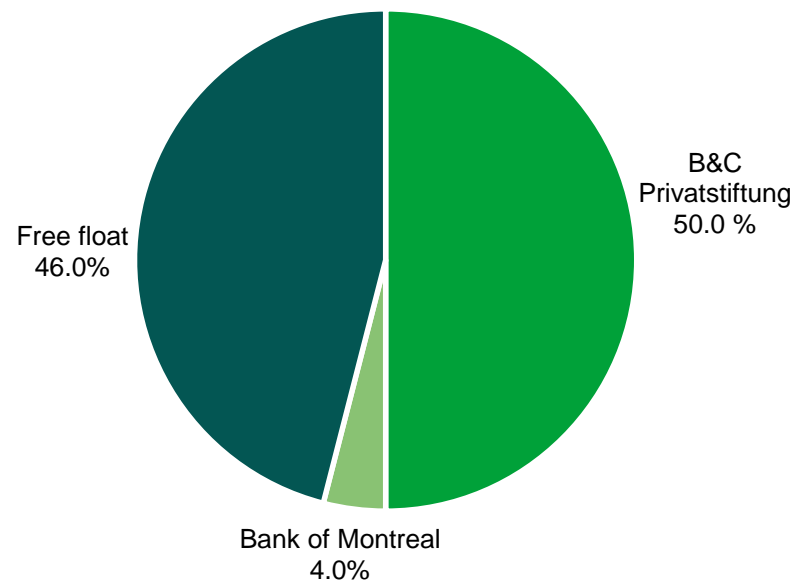
**LENZING™**



TENCEL™ for Footwear is a B2B branded offer for Industrial applications. In B2C, it is covered under TENCEL™ .



# Lenzing share information



## Overview of B & C Privatstiftung (B & C Private Foundation)<sup>1</sup>

- B & C holds 50.00 % + 2 shares.
- Its purpose is the promotion of Austrian entrepreneurship.
- B & C Holding Österreich GmbH is the management holding of B & C Foundation with five 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 website: <https://www.bcholding.at/en/b-c-holding>

ISIN	LNZ / AT0000644505
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Indices	ATX, ATX Prime, ATX Global Players, VÖNIX Sustainability Index
Number of shares	26,550,000
Share price September 30, 2019	EUR 88.35
Market capitalization September 30, 2019	EUR 2,345.69 mn

## Coverage as at November 5, 2019:

Baader Bank	Buy
Berenberg Bank	Hold
Deutsche Bank	Hold
Erste Group	Accumulate
Kepler Cheuvreux	Buy
Landesbank Baden-Württemberg	Hold
Raiffeisen Centrobank AG	Hold

## Consensus:

<https://www.lenzing.com/investors/lenzing-share/analysts-consensus/>



# Contacts and financial calendar

## Investor Relations contact

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### Visit our IR website

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

### Visit our SRI sites

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

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

## Financial calendar

Results 01-09/2019	November 6, 2019
Full year results 2019	March 12, 2020
76 <sup>th</sup> Annual General Meeting	April 16, 2020
Results 01-03/2020	May 6, 2020
Half-year results 2020	August 5, 2020
Results 01-09/2020	November 4, 2020

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