

2022 Linear to Circular



Lenzing Investor Presentation

Results 01-09/2022
November 3, 2022

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- 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".

Lenzing expects results 2022 in line with current market expectations

01-09/2022 financial results

- Revenue of EUR 1,970 mn (EUR 1,589 mn in 01-09/2021)
- EBITDA of EUR 263 mn (EUR 298 mn in 01-09/2021)
- Net result after minorities and hybrid bond of EUR 57 mn (EUR 100 mn in 01-09/2021)
- EPS of EUR 2.16 (EUR 3.77 in 01-09/2021)

Key developments & strategic highlights

- Nico Reiner to start as new CFO as of 1.1.2023
- Reorganization and cost reduction program with EUR > 70 mn annualized impact
- Ramp-up phase of new 100 kt Lyocell plant in Thailand and new 500 kt mill in Brazil well on track
- Energy autarky and sustainability further increased

Outlook and guidance 2022

- Worsened market environment is increasingly weighting on consumer sentiment and as a consequence on the relevant industries for Lenzing
- Business prospects therefore further aggravated in the third quarter
- Demand visibility remains extremely low and cost volatility high
- Lenzing expects that results in 2022 will be in line with current market expectations

2027 targets¹

- EBITDA of EUR > 1,000 mn
- ROCE² > 12 %
- Net financial debt / EBITDA < 2.5x

Nico Reiner to start as CFO on January 1st 2023

Nico Reiner, CFO as of January 1st 2023



- Nico Reiner will complete the managing board as of January 1st 2023 as CFO
- He previously served for more than 15 year as CFO for the VAC Group, the Pfeleiderer Group, AL-KO Kober, and Schüco International
- In addition to his outstanding financial know-how, Nico Reiner has vast experience in the wood materials industry as well as in implementing large scale projects

Lenzing with reorganization and cost reduction program of EUR > 70 mn

Reorganization and cost reduction program

- **Worsened market environment** due to slowdown in demand and drastically high energy and raw material prices
- **Financial results** have been **heavily impacted**
- Lenzing initiated **reorganization and cost reduction program**
 - **Cost savings** in the range of annualized **at least EUR 70 mn**
 - **Implementation has already started**, full impact by the end of 2023

Ramp-up of 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
- **Commercial ramp-up** well on track



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



Ramp-up phase of new Lyocell plant well on track

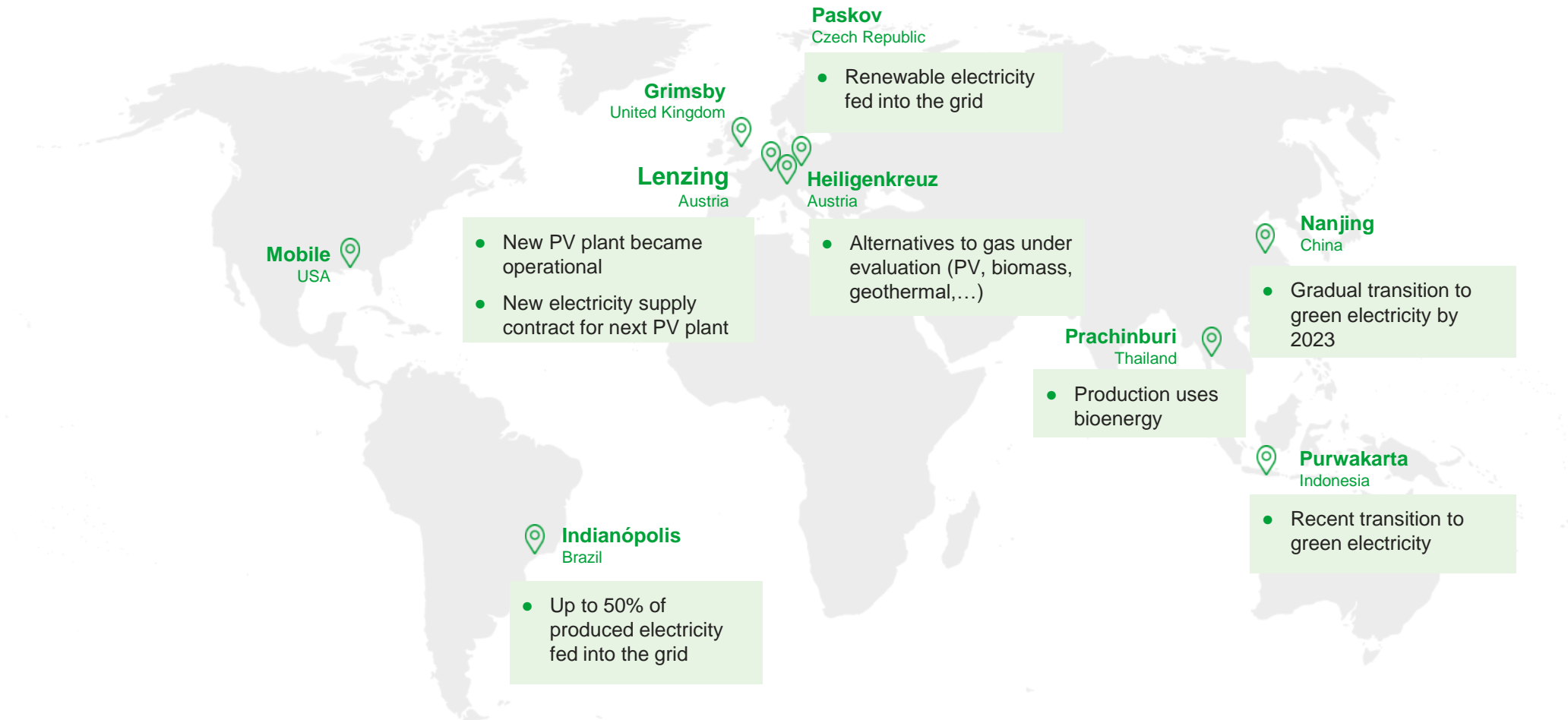
Lenzing's new Lyocell plant in Thailand

- 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**
- **Design output achieved**
- Successful **commercial ramp-up** according to plan



Energy autarky and sustainability further increased

Lenzing's global manufacturing footprint with focus on energy related developments



Sustainability and Market update

Leading sustainability position confirmed by strong ratings and awards



Global network of > 90,000 rated companies in > 175 countries

- Lenzing awarded **platinum status** for sustainability by EcoVadis
- Among the **world's top one percent** of evaluated companies
- Assessment covers:
 - **Environment**
 - **Fair working conditions**
 - **Human rights**
 - **Ethics**
 - **Sustainable procurement**



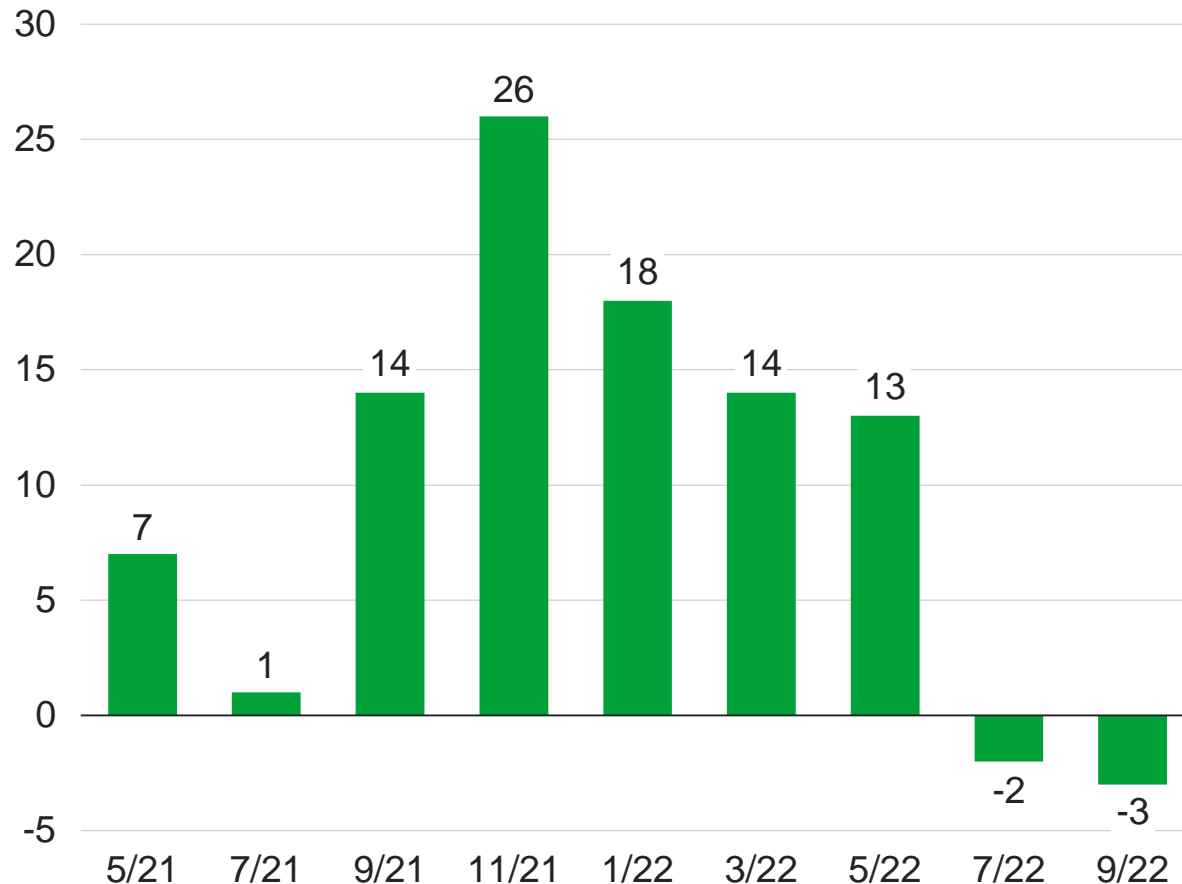
TENCEL™ Modal fiber with Indigo Color technology won 2022 **ITMF Award for Sustainability and Innovation**

- The Indigo Color technology features innovative **one-step, spun-dyeing process**
- It delivers **superior color fastness** relative to conventional indigo dyeing
- Significant **savings** in usage of
 - **Water**
 - **Electricity**
 - **Chemical**
- **Enhances sustainability** of finished products

Sentiment in the global TX industry worsened in the third quarter; weakening demand is the main concern

Current business situation by survey date

Percent of respondents, balance between good vs. poor



Major concerns in the next 6 months, Sep 2022

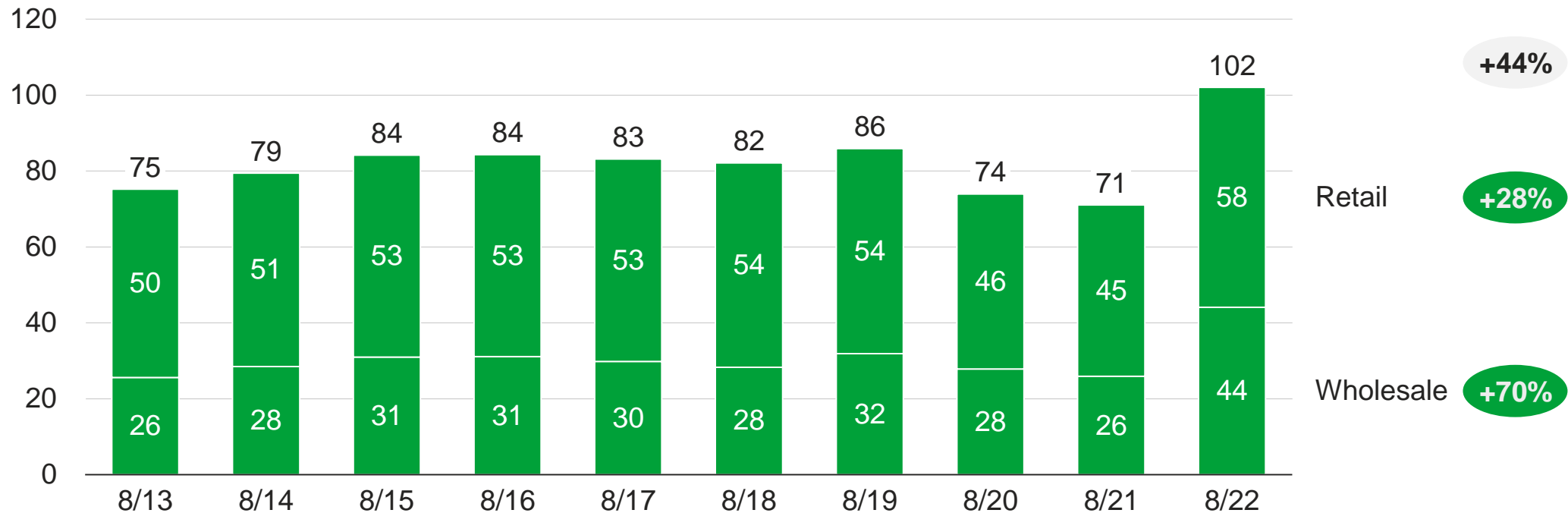
- #1** Weakening demand
- #2** High raw material prices
- #3** High energy prices
- #4** Inflation

Clothing inventories in retail and wholesale increased sharply, above pre-pandemic average

Increase in US clothing inventories at the end of August

EXAMPLE: US

USD bn, percent YoY



Note: Retail inventories for NAICS 448 (Clothing and clothing access. Stores), wholesale inventories for NAICS 4243 (Wholesale of Apparel, Piece Goods & Notions). Not adjusted for seasonal variation and trading-day differences

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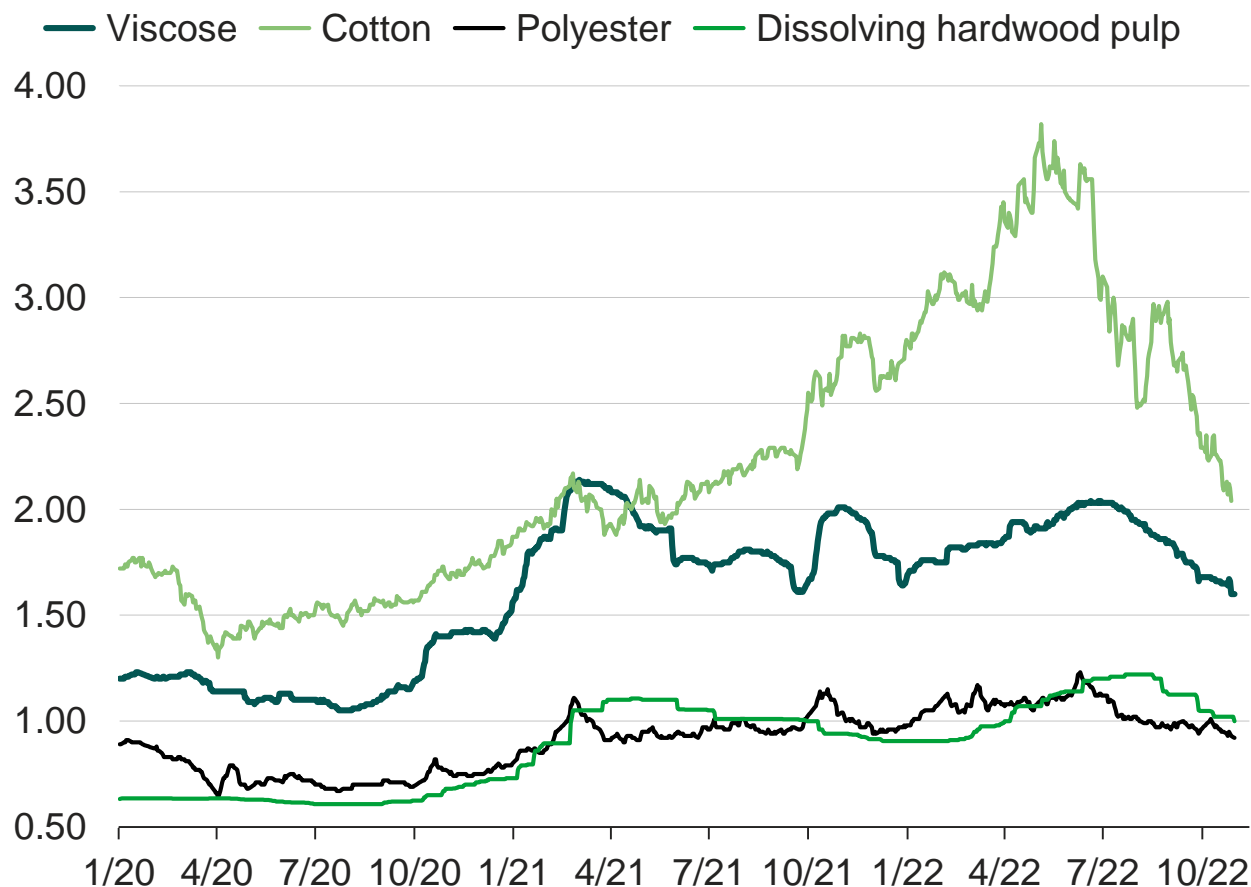
Source: US Census (accessed October 20, 2022)

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Dull demand on fiber markets weighs on prices

Fiber prices in China

USD/kg, excl. VAT



Viscose

- Prices softened further suffering from both shrinking demand and weaker support from pulp
- Operating rates in Chinese VSF industry were still far below the long-term average at ~ 65 %
- Despite the low operating level, inventories at Chinese viscose plants piled up to ~ 27 days

Cotton

- Prices lost further ground amid heavy volatility, despite still healthy cotton fundamentals with actual predicted supply and consumption volumes nearly in balance
- The current market sentiment is predominated rather by weaker downstream outlook than supply issues in some key-growing countries

Polyester

- Price development was roughly in line with intermediates

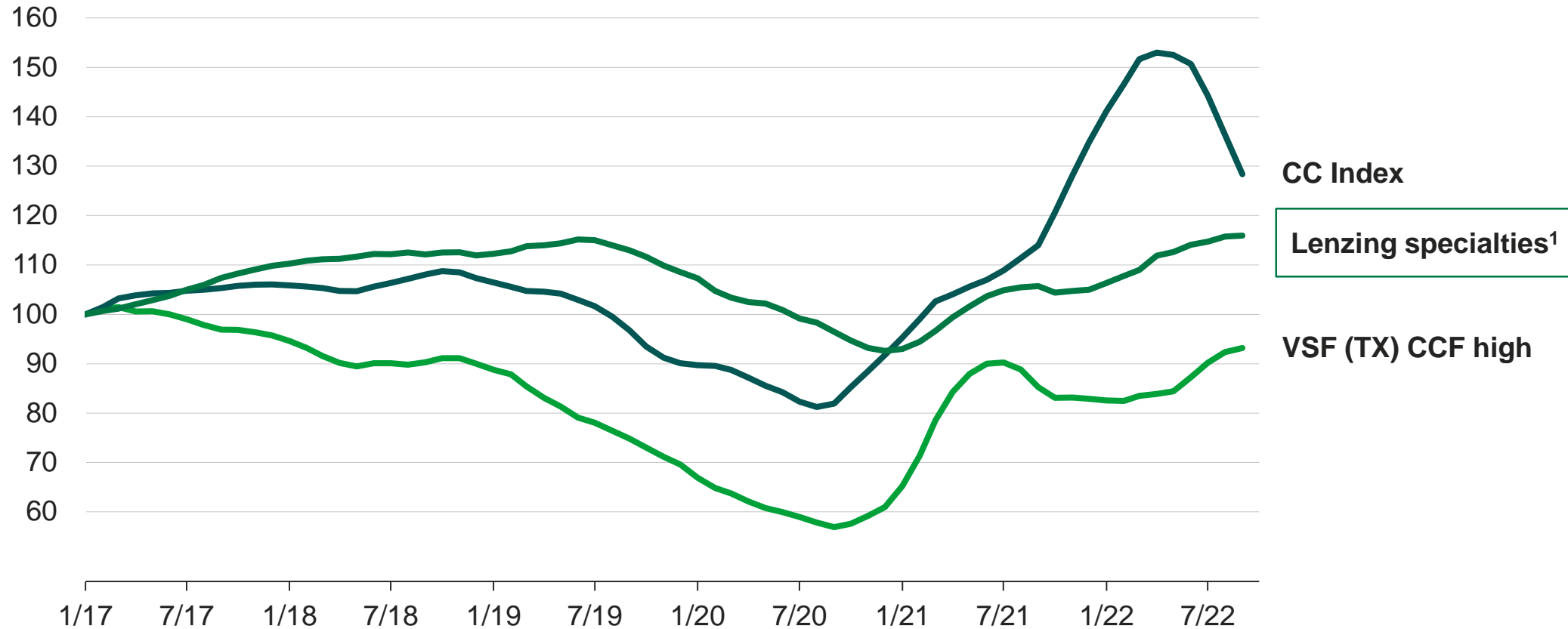
Dissolving hardwood pulp

- Prices gave way to the downstream pressure and expanded supply

Prices of Lenzing specialties start to level out

Cellulosic fiber prices in China

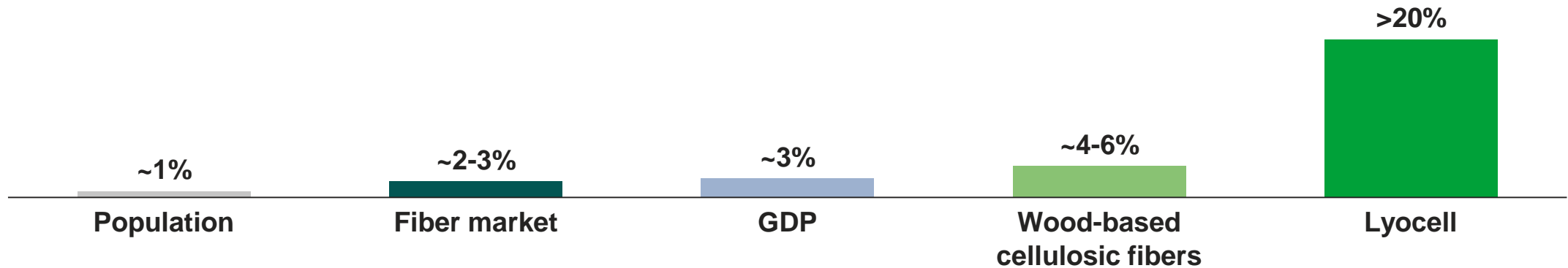
6-months average, percent from January 2017, converted at constant FX rates



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

The outlook remains positive

Expected long-term growth rates p.a., %

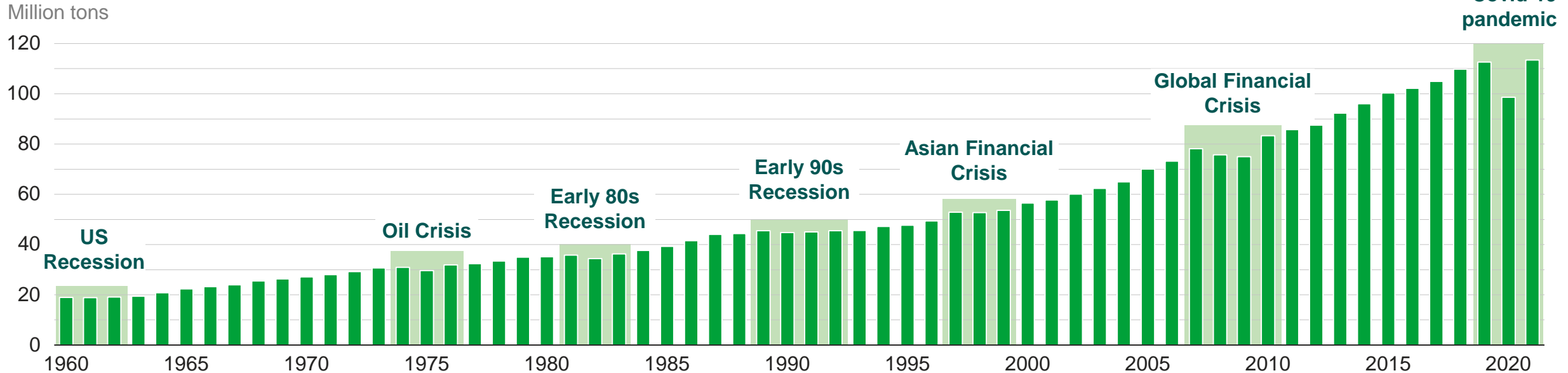


- Global **fiber demand** expected to continue its long-term growth trajectory at **~2-3 % p.a.**
- **Wood-based cellulosic fibers** (WBCF) forecasted to grow **~4-6 % p.a.**
- Highest growth expected in **Lyocell with 20-30 % p.a.**
- Shift to **sustainable fibers** such as Lyocell driven by growing **consumer demand**, criticism from **NGOs**, and anticipated **regulation** (e.g., EU Textile Strategy)
- Lenzing is in a **leading position** to tackle the **megatrend** of **sustainability** and to accelerate the **transformation** of the textile business from a linear to a **circular model**

Over the last 60 years fiber demand always exceeded pre-crisis level either in the following year or the year after

Setbacks of global fiber demand over the last 60 years

Global fiber demand, 1960-2021



Back to pre-crisis level:

Following year

Following year

Following year

Year after following year

Following year

Year after following year

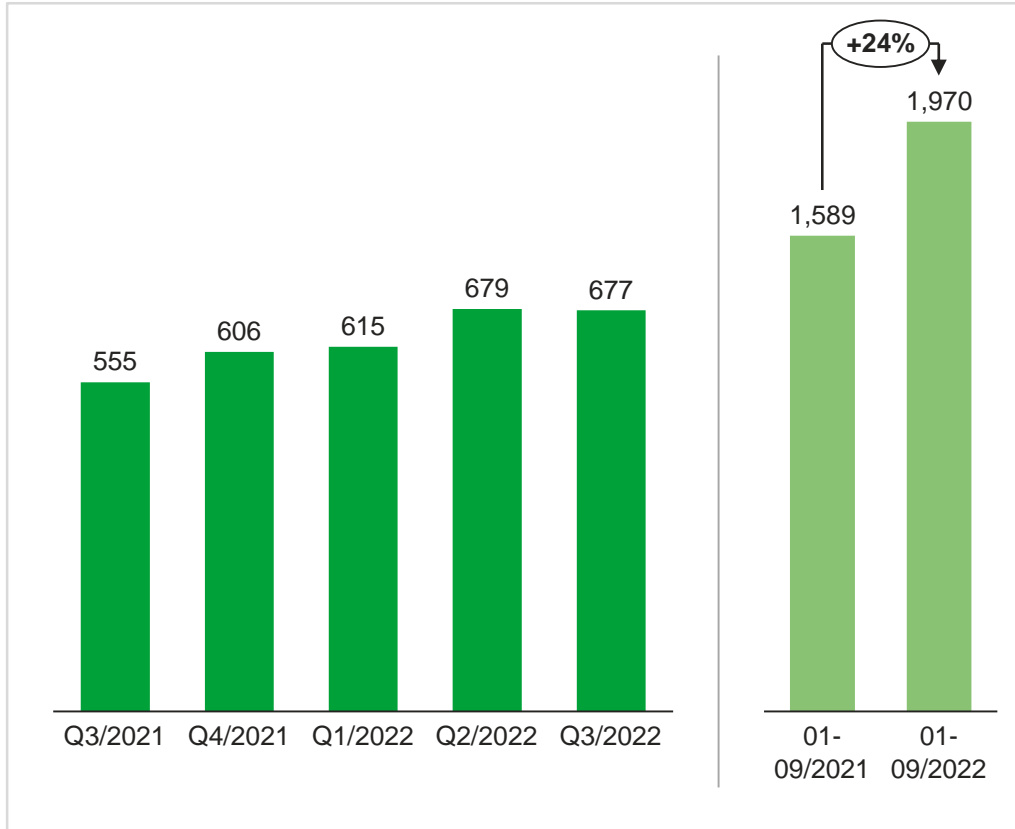
Following year

Financials

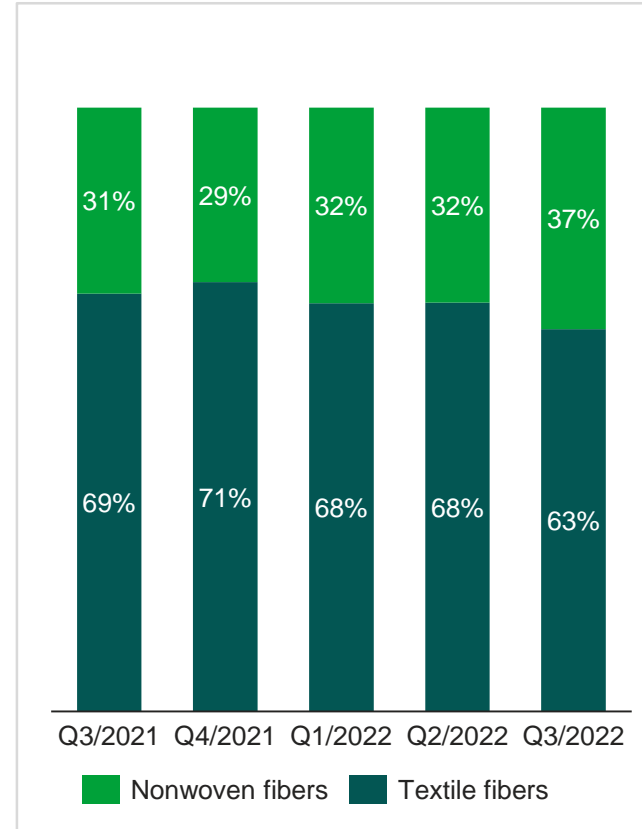


Group revenue increased by 24 %

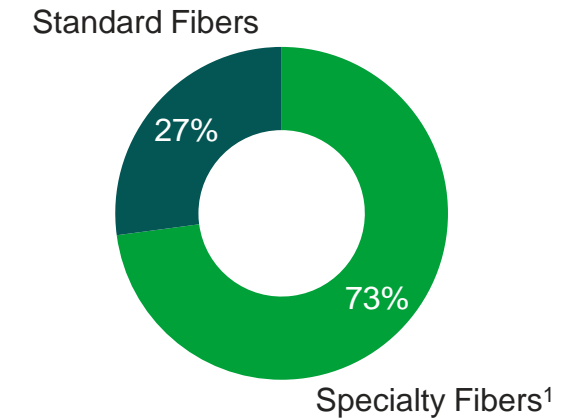
Group revenue in EUR mn



Fiber revenue by application, %



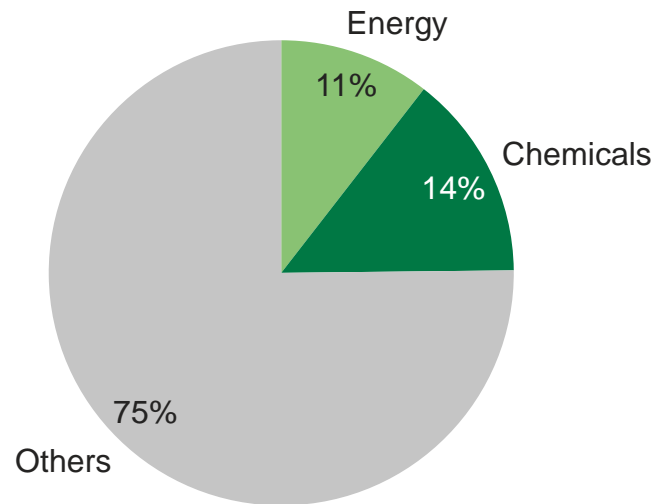
Specialties share of fiber sales in 01-09/2022



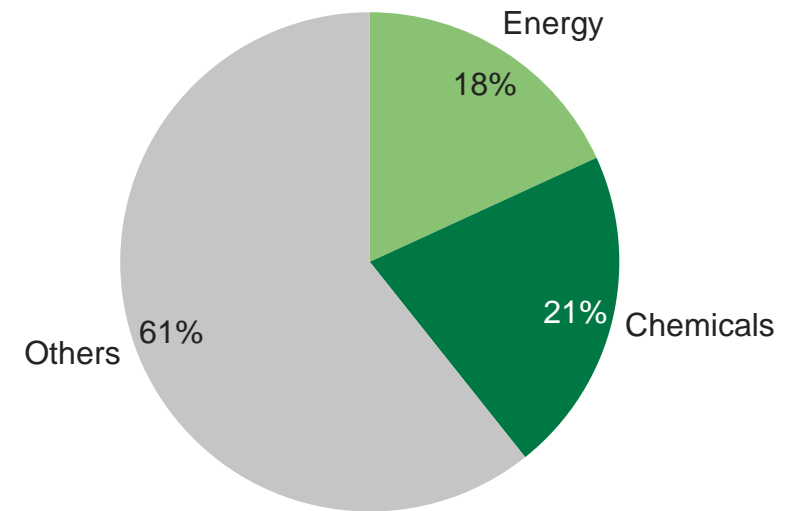
1) LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

Energy and chemicals accounted for ~ 40 % of production costs in first nine months 2022

Production costs breakdown 01-09/2021¹

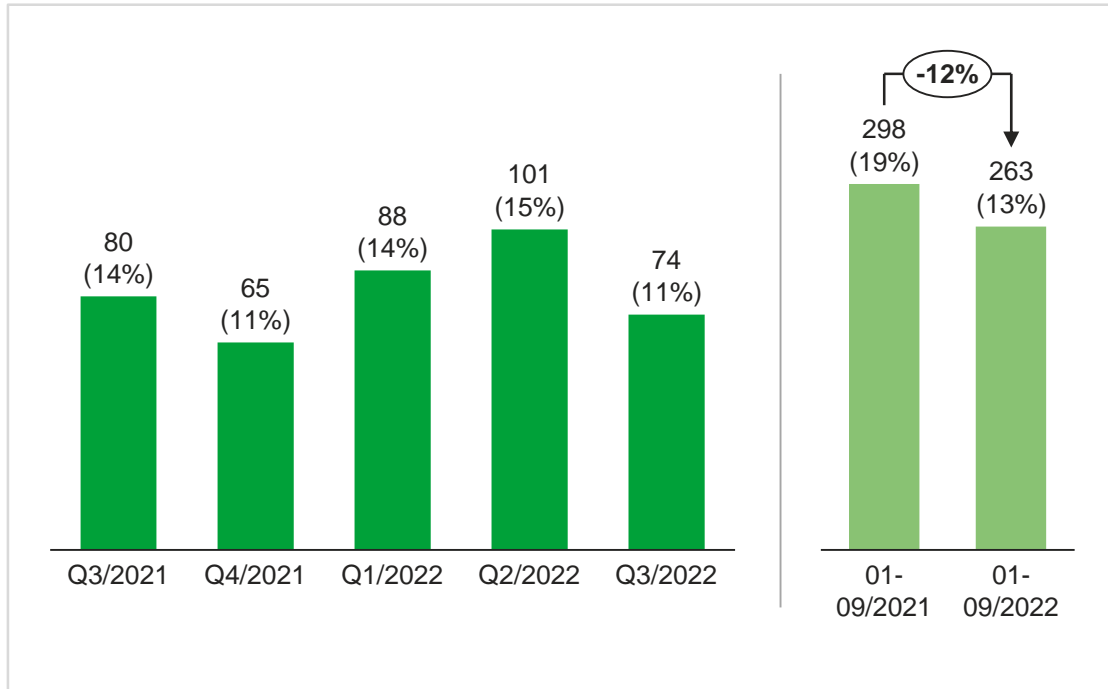


Production costs breakdown 01-09/2022¹

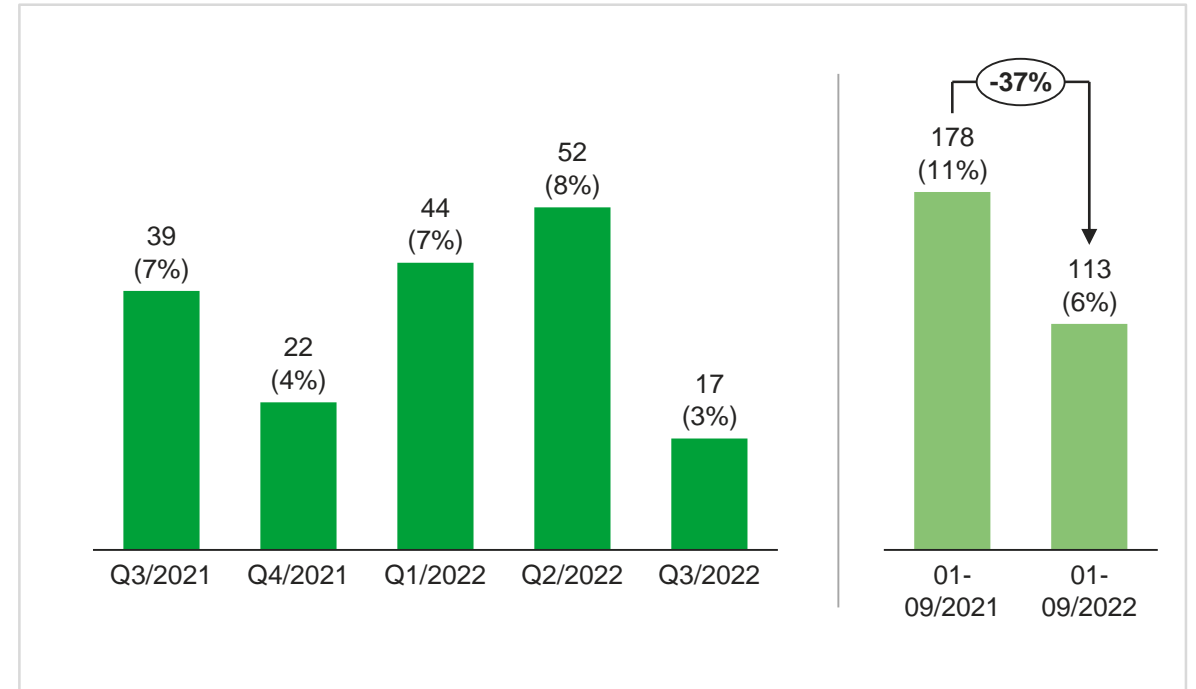


EBITDA 01-09/2022 at EUR 263 mn

EBITDA in EUR mn

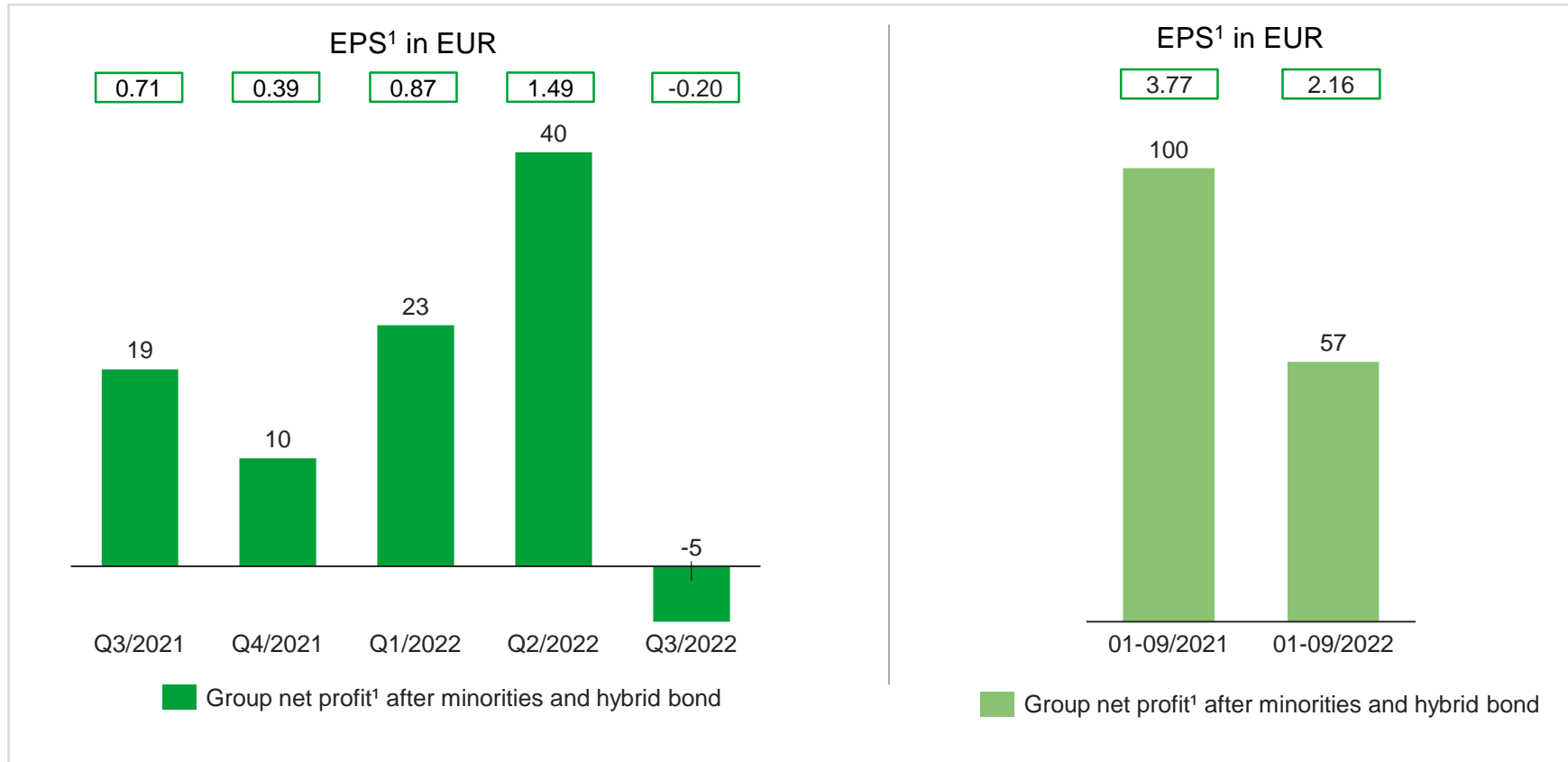


EBIT in EUR mn



Earnings per share of EUR 2.16

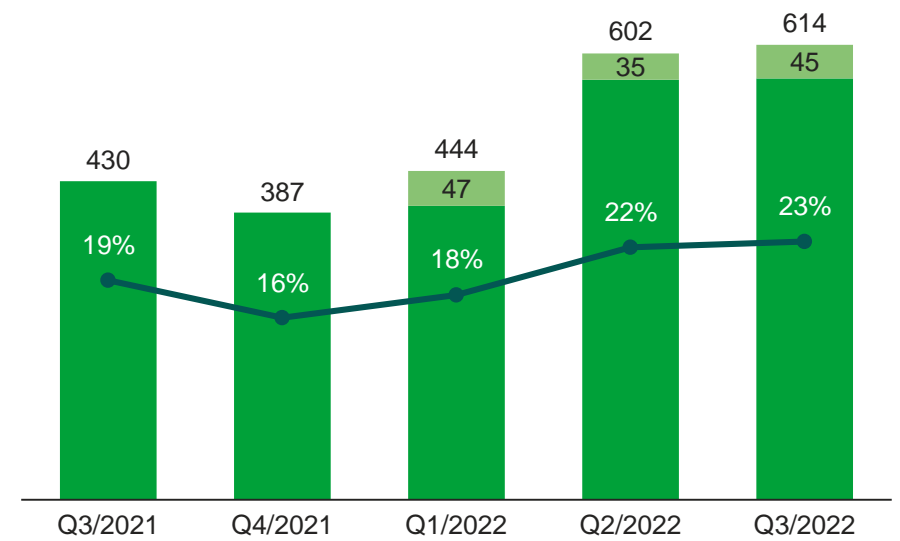
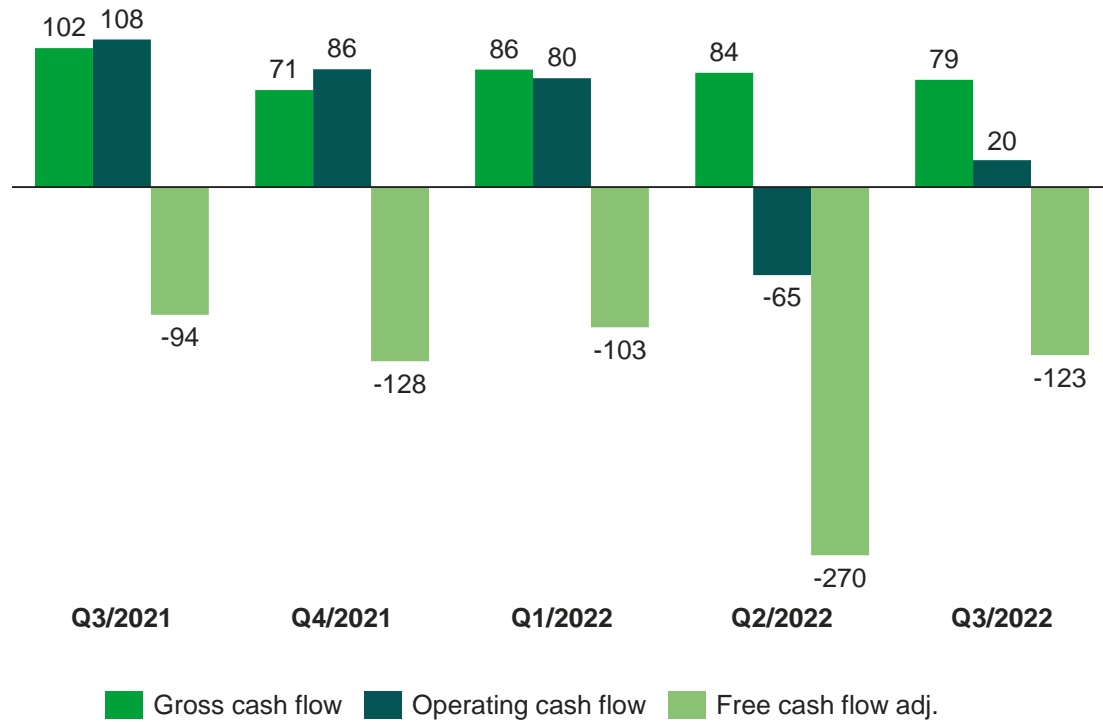
Group net profit¹ after minorities and hybrid bond, in EUR mn



1) Attributable to Lenzing AG shareholders

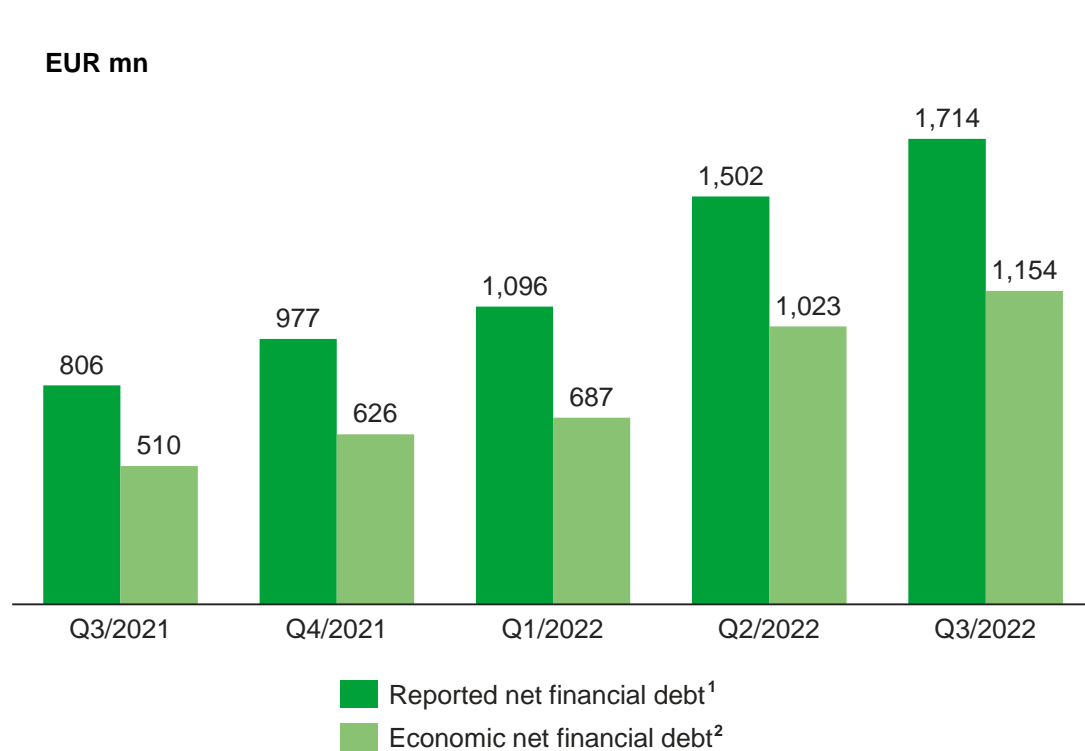
Gross cash flow at EUR 79 mn

Cash Flows and Working Capital, in EUR mn



Capex 205 213 183 206 143

Solid balance sheet with liquidity cushion of EUR 1.0 bn



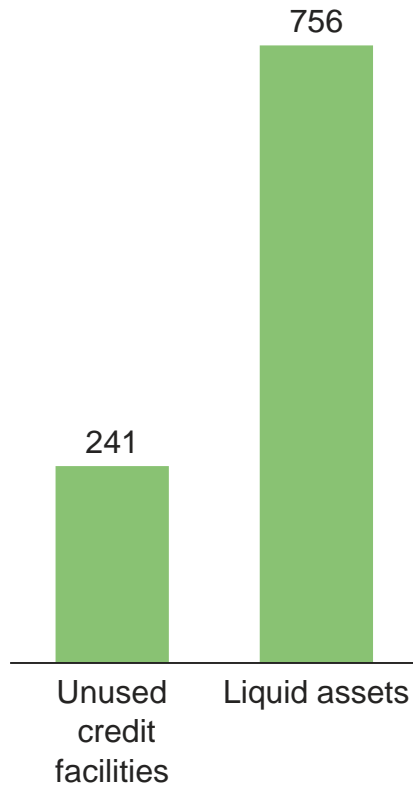
- 1) Fully consolidated Brazil JV debt included
- 2) Reflects 51% economic share of Brazil JV debt
- 3) Including cash and cash equivalents, liquid securities and liquid bills of exchange
- 4) Including government grants less proportional share of deferred taxes on government grants

According to IFRS (EUR mn)	30 Sep 2022	31 Dec 2021	Change in %
Total assets	6,006.6	5,322.8	12.8
Liquid assets³	756.2	1,124.1	(32.7)
Total liabilities	3,801.4	3,250.7	16.9
thereof financial liabilities	2,470.4	2,101.2	17.6
Adjusted equity⁴	2,261.5	2,115.7	6.9
Adjusted equity ratio (%)	37.7	39.7	
Net gearing (%)	75.8	46.2	
Net financial debt	1,714.2	977.0	75.4

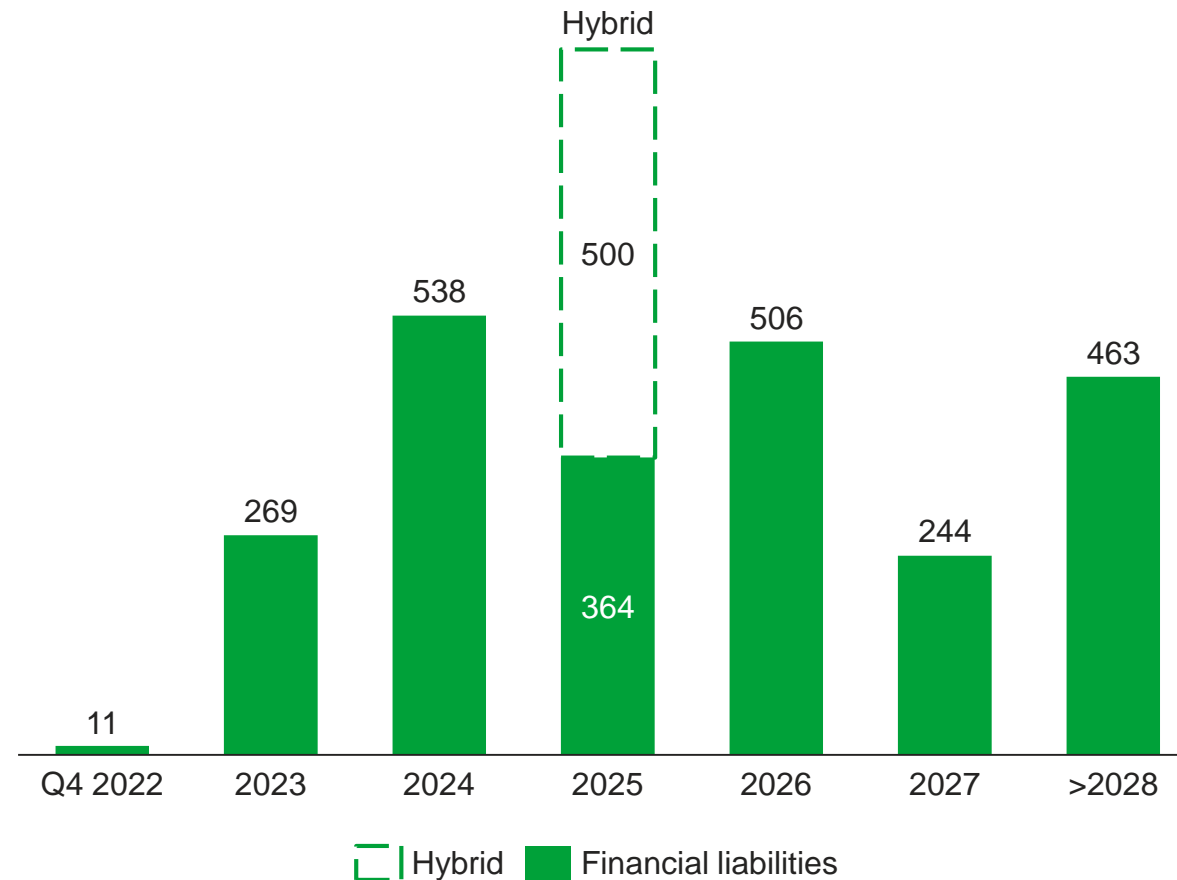
According to IFRS (EUR mn)	30 Sep 2022	31 Dec 2021	Change in %
Total liquidity cushion	996.9	1,578.6	(36.8)
thereof liquid assets³	756.2	1,124.1	(32.7)
thereof unused credit facilities	240.7	454.5	(47.0)

Debt maturities are well spread over the next years

Liquidity cushion, EUR mn



Debt maturities¹, EUR mn



1) Excl. leasing liabilities

Outlook



Lenzing expects results 2022 to be in line with current market expectations

Lenzing with sharpened operational focal points

- Worsened market environment is increasingly weighting on consumer sentiment as well as on the relevant industries for Lenzing
- Business prospects therefore further worsened in the third quarter
- Demand visibility remains extremely low and cost volatility high
- Lenzing expects that results in 2022 will be in line with current market expectations
- Operational focal points:
 - Boost commercial activities
 - Reorganization and cost reduction program
 - Increase energy autarky even further whilst continue the CO2 reduction path
 - Continue transformation of sites in Indonesia and China

2027 targets¹

- EBITDA of EUR > 1,000 mn
- ROCE² > 12 %
- Net financial debt / EBITDA < 2.5x

Thank You

**for your
attention!**

Back-up



01-09/2022: Quarterly P&L development

MEUR	Q1/2022	Q2/2022	Q3/2022	Q3/2021	Change Q3/Q3	01-09/2022	01-09/2021	Change y-o-y
Revenues	615.0	678.6	676.5	555.2	21.8%	1,970.1	1,588.5	24.0%
Cost of Sales	-486.1	-524.4	-583.3	-433.6	34.5%	-1,593.7	-1,192.1	33.7%
Gross Profit	128.9	154.3	93.2	121.6	-23.3%	376.4	396.4	-5.0%
Selling Expenses	-65.0	-75.3	-78.8	-58.5	34.7%	-219.0	-162.6	34.7%
Administrative Expenses	-35.0	-37.8	-29.3	-32.5	-9.9%	-102.0	-92.8	9.9%
R&D Expenses	-7.8	-7.0	-4.9	-6.1	-19.6%	-19.7	-17.4	12.8%
Other Operating Income	25.3	18.4	37.2	15.1	> +100.0%	81.0	55.1	46.9%
Other Operating Expenses	-2.9	-0.6	-0.6	-0.4	64.8%	-4.1	-0.4	> +100.0%
EBIT	43.6	52.0	16.9	39.3	-56.9%	112.6	178.3	-36.9%
<i>Margin</i>	7.1%	7.7%	2.5%	7.1%		5.7%	11.2%	
EBITDA	88.0	100.9	74.1	79.8	-7.2%	263.0	297.6	-11.6%
<i>Margin</i>	14.3%	14.9%	10.9%	14.4%		13.3%	18.7%	
Financial Result	-2.1	6.5	9.4	-3.5	< -100.0%	13.9	-18.6	< -100.0%
Income Taxes	-7.4	-20.3	-23.8	-18.6	28.0%	-51.5	-46.2	11.4%
Net Income / Loss	34.1	38.2	2.6	17.3	-84.9%	74.9	113.4	-33.9%
<i>Margin</i>	5.5%	5.6%	0.4%	3.1%		3.8%	7.1%	
Attributable to:								
Shareholders of Lenzing AG	23.0	39.7	-5.3	18.8	< -100.0%	57.3	100.0	-42.7%
Share planned for hybrid capital owners	7.2	7.2	7.2	7.2	0.0%	21.6	21.6	0.0%
Non-controlling interests	3.9	-8.6	0.8	-8.7	< -100.0%	-4.0	-8.2	-51.4%
EPS (in EUR)	0.87	1.49	-0.20	0.71	< -100.0%	2.16	3.77	-42.7%

01-09/2022: Topline breakdown

(EUR mn)	Q3/2022
Wood-based cellulosic fibers	1,617.4
Co-Products Fibers	46.4
Mechanical and plant engineering, engineering services and others	-2.7
Fiber	1,661.1
Pulp	163.0
Biorefinery Products	124.1
Wood and other	18.4
Pulp	305.6
Others (incl. Consolidation)	3.4
Total Group Revenue	1,970.1

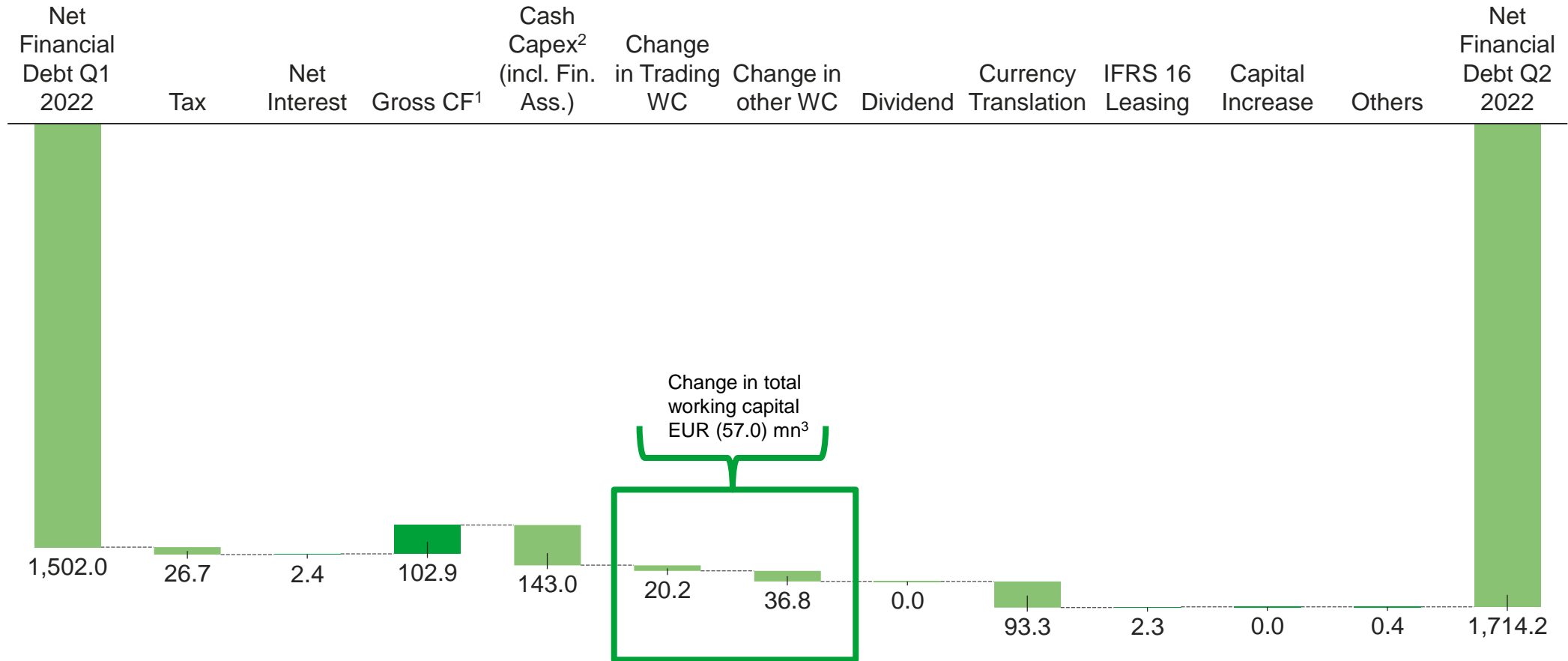
01-09/2022: Quarterly cash flow development

(EUR mn)	Q3/2022	Q2/2022	Change Q3/Q2 (%)	Q3/2021	Change Q3/Q3 (%)	01-09/2022	01-09/2021	Change 01-09/01-09 (%)
Gross cash flow (before taxes and interest)	102.9	107.8	(4.6)	100.4	2.5	299.3	335.3	(10.7)
Taxes and interest	(24.4)	(24.2)	0.9	1.2	-	(51.1)	(34.2)	49.4
Gross cash flow (after taxes and interest)	78.5	83.7	(6.2)	101.6	(22.8)	248.2	301.1	(17.6)
Change in total working capital ¹	(58.9)	(148.1)	(60.2)	6.3	-	(213.4)	6.7	-
Operating cash flow	19.6	(64.5)	-	108.0	(81.9)	34.8	307.8	(88.7)
Investment cash flow ²	(142.6)	(196.9)	(27.6)	(201.7)	(29.3)	(521.4)	(627.2)	(16.9)
Free cash flow unadj.	(123.0)	(261.4)	(52.9)	(93.7)	31.2	(486.6)	(319.5)	52.3
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-	0.0	0.0	-
Acquisition of other financial assets	0.0	0.1	(56.1)	0.3	(85.6)	0.2	6.9	(97.2)
Proceeds/repayments of other financial assets	(0.1)	(8.5)	(98.3)	(0.1)	(3.8)	(9.4)	(5.3)	77.0
Free cash flow adj.	(123.1)	(269.7)	(54.3)	(93.6)	31.5	(495.8)	(317.9)	56.0

1) Including trade and other working capital

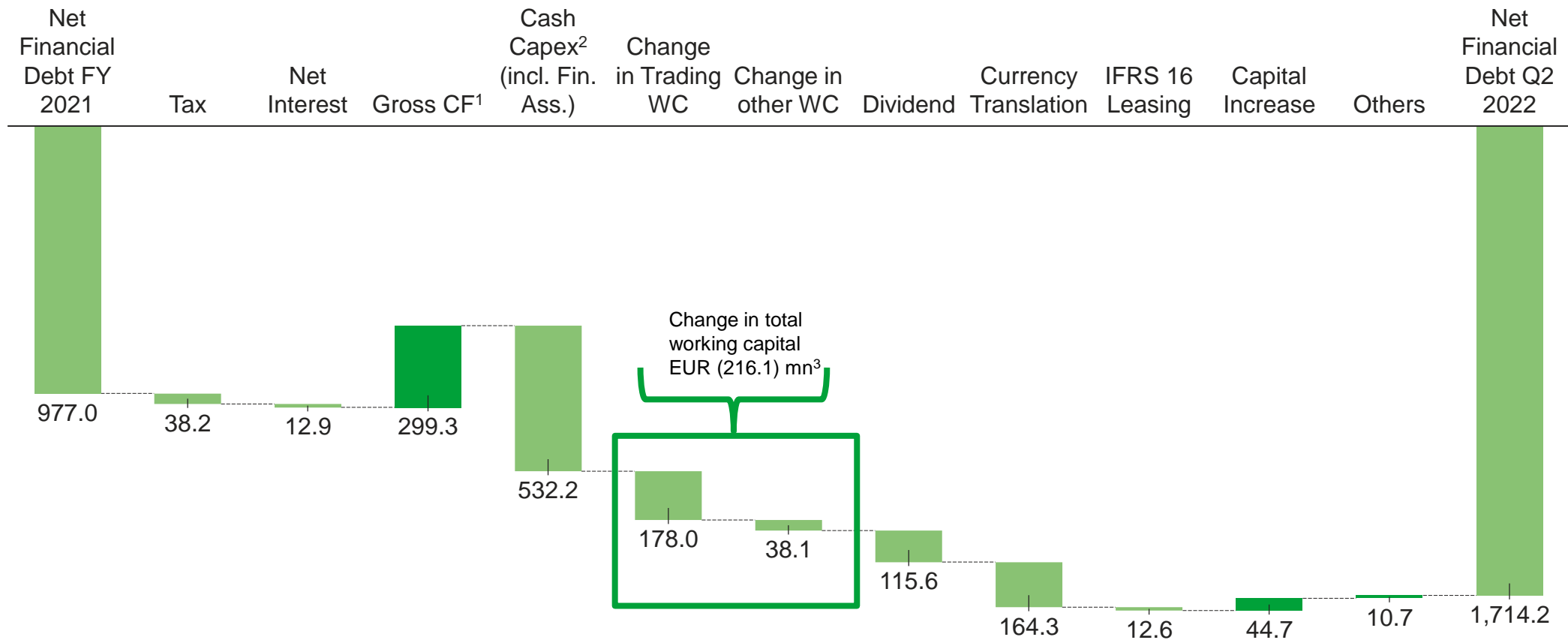
2) Including investment in and proceeds from disposal of financial assets

Q3-2022: Net debt bridge



1) Gross cash flow before taxes and interest
 2) Including CAPEX of EUR (142.9) mn and financial assets of EUR (0.0) mn
 3) Change in total working capital EUR (58.9) mn (according to cash flow statement)
 Adjustment change in liquid bills of exchange EUR 1.9 mn
 Change in total working capital adj. EUR (57.0) mn (according to net debt)

01-09/2022: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (532.0) mn and financial assets of EUR (0.2) mn
- 3) Change in total working capital EUR (213.4) mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR (2.7) mn
 - Change in total working capital adj. EUR (216.1) 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
Annual results 2022	March 9, 2023

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