

Lenzing Aktiengesellschaft
Werkstraße 2
4860 Lenzing, Austria
www.lenzing.com

Phone +43 7672 701 2743
Fax +43 7672 918 2743
E-mail f.miermans@lenzing.com

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IFC and IDB Invest co-lead a USD 1.1 billion financing to LD Celulose to promote growth and strengthen competitiveness of the Brazilian pulp industry

São Paulo – IFC, a member of the World Bank Group, and IDB Invest, a member of the IDB Group, are co-leading a USD 1.1 billion financing to LD Celulose S.A., a joint venture between Lenzing AG and Duratex S.A., to build one of the largest dissolving wood pulp plants in the world, in Minas Gerais State, Brazil. The export credit agency Finnvera and seven commercial banks are participating in the financing. The investment will strengthen the competitiveness of Brazil's pulp industry, create jobs, and support the country's efforts towards climate change mitigation.

The financing co-led by IFC and IDB Invest will support LD Celulose's investment program for 2020-2022, which consists of the construction of a dissolving wood pulp (DWP) mill and the installation of a cogeneration plant with a capacity of 144 megawatts. As part of the project, LD Celulose will also sustainably plant and manage approximately 70,000 hectares of eucalyptus plantations.

The plant will operate among the highest productive and energy-efficient in the world and will feed the 40 percent of excess bioelectricity generated on site as green energy into the public grid. DWP is the main raw material used to produce wood-based textile fibers, a biodegradable and more environmentally friendly fiber alternative. The end-products of DWP include textiles and hygiene products, among others. Once operational in 2022, LD Celulose will have capacity to produce up to 500,000 tons of DWP per annum.

Brazil is one of the most competitive pulp producing countries in the world, due mainly to its availability of high-quality land, favorable soil and climatic conditions, and high forest productivity. The forestry sector plays an important economic and developmental role in the country, employing about 350,000 people, mainly in rural areas, and accounting for 4.2 percent of the country's exports.

This investment will help strengthen the competitiveness of the pulp industry in Brazil and support job creation. In addition, LD Celulose's cogeneration plant will contribute to an increase in the share of sustainable biofuels

and renewable energy in the country's energy mix, enhancing diversification and contributing to the country's effort to mitigate climate change. The financing will also increase sustainability standards for the pulp industry and the plantation forestry sector through LD Celulose's adoption of IFC's Environmental and Social Performance Standards.

The USD 1.1 billion loan package is comprised of three parts: (i) a USD 500 million financing package arranged by IFC; (ii) a USD 500 million financing arranged by IDB Invest; and (iii) a USD 147 million, 13-year door-to-door loan from financial institutions backed by the Finnish export credit agency Finnvera.

The IFC arranged financing includes: (i) a USD 200 million, 11-year loan for IFC's own account; (ii) a USD 50 million, 11-year loan through the IFC Managed Co-Lending Portfolio Program (MCP), a platform that allows institutional investors to participate in IFC's loan portfolio; and (iii) a USD 250 million, 9-year loan syndicated to international commercial banks. Similarly, the facility arranged by IDB Invest includes: (i) a USD 200 million, 11-year loan for IDB Invest's own account; (ii) a USD 50 million, 11-year loan through IDB Invest's administered China Co-financing Fund for Latin America and the Caribbean; and (iii) a USD 250 million 9-year loan syndicated to international commercial banks. Participating banks in the combined USD 500 million syndicated portion jointly arranged by IFC and IDB Invest are: Banco Santander, BNP Paribas, Commerzbank Aktiengesellschaft (Filiale Luxemburg), Erste Group Bank AG, HSBC Bank plc, KfW IPEX-Bank GmbH, and Raiffeisen Bank International AG.

The Lenzing Group is a world market leader for wood-based cellulosic fibers, and Duratex is the largest producer of industrialized wood panels in the southern hemisphere. The LD Celulose joint venture, created in 2019, is owned 51 percent by Lenzing and 49 percent by Duratex.

About LD Celulose

LD Celulose S.A. is a joint venture between the Austrian Lenzing and the Brazilian Duratex, formed to set up one of the largest soluble cellulose plants in the world. With an investment of R \$ 5.2 billion, the plant is being erected in the Triângulo Mineiro, between the municipalities of Indianópolis and Araguari and, when operational in 2022, it will produce 500 thousand tons of soluble cellulose per year. The special cellulose fibers produced in LD will be used in the textile industry, generating fabrics with innovation, sustainability and high technology. When the plant starts operating, it will generate around 1,100 direct jobs, boosting the social and economic development of the entire region.

About Lenzing

The Lenzing Group stands for ecologically responsible production of specialty fibers made from the renewable raw material wood. As an innovation leader, Lenzing is a partner of global textile and nonwoven manufacturers and drives many new technological developments. The Lenzing Group's high-quality fibers form the basis for a

variety of textile applications ranging from elegant ladies clothing to versatile denims and high-performance sports clothing. Due to their consistent high quality, their biodegradability and compostability Lenzing fibers are also highly suitable for hygiene products and agricultural applications. The business model of the Lenzing Group goes far beyond that of a traditional fiber producer. Together with its customers and partners, Lenzing develops innovative products along the value chain, creating added value for consumers. The Lenzing Group strives for the efficient utilization and processing of all raw materials and offers solutions to help redirect the textile sector towards a closed-loop economy.

About Duratex

Duratex S.A. is a Brazilian private and publicly traded company controlled by Itaúsa - Investimentos Itaú S.A. - and Companhia Ligna de Investimentos. Owing the brands Deca, Hydra, Duratex, Durafloor, Ceusa, and Portinari, it is considered one of the top-10 world largest companies in the markets in which it operates and the largest producer of industrialized wood panels, tiles, ceramic sanitary ware and bathroom accessories in the Southern Hemisphere, in addition of being one of the largest ceramic tile producers in Brazil. With head offices located in São Paulo, the company has 21 industrial and forestry units strategically positioned throughout Brazil (in the States of Minas Gerais, Paraíba, Pernambuco, Rio Grande do Sul, Rio de Janeiro, Santa Catarina, Sergipe and São Paulo), as well as three wood panel factories in Colombia (Duratex Colombia). Duratex also owns LD Celulose through a joint-venture with the Lenzing Group and Caetex, a company created to manage eucalyptus forests in the State of Alagoas. Duratex shares are listed on Novo Mercado (the highest standard of Corporate Governance) and in the 2019/2020 version of B3 - ISE.

About IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2019, we invested more than USD 19 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

About IDB Invest

IDB Invest, a member of the IDB Group, is a multilateral development bank committed to promoting the economic development of its member countries in Latin America and the Caribbean through the private sector. IDB Invest finances sustainable companies and projects to achieve financial results and maximize economic, social and environmental development in the region. With a portfolio of USD 12.1 billion in asset management and 333 clients in 24 countries, IDB Invest provides innovative financial solutions and advisory services that meet the needs of its clients in a variety of industries. More information at <https://idbinvest.org/en>.

About Finnvera

Finnvera provides financing for the start, growth and internationalization of enterprises, and guarantees against risks arising from exports. Finnvera strengthens the operating potential and competitiveness of Finnish enterprises by offering loans, guarantees and other services associated with the financing of exports and shares risks included in financing with other providers of financing. Finnvera is a specialized financing company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland. Our vision is: Our clients' success strengthens the Finnish economy. <http://www.finnvera.fi/eng>.

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Your contact for

Public Relations:

Filip Miermans

Vice President Corporate Communications & Public Affairs
Lenzing Aktiengesellschaft
Werkstraße 2, 4860 Lenzing, Austria

Phone +43 664 84 77 802

E-mail f.miermans@lenzing.com

Web www.lenzing.com

Investor Relations:

Stephan Trubrich, CFA

Vice President Capital Markets
Lenzing Aktiengesellschaft
Werkstraße 2, 4860 Lenzing, Austria

Phone +43 676 75 76 378

E-mail s.trubrich@lenzing.com

Web www.lenzing.com

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Key Facts & Figures Lenzing Group 2019

Revenue: EUR 2.11 bn

Nameplate capacity: 1,045,000 tons

Employees: 7,036

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