Naturally positive

Press Conference – Annual Results 2016
with Lenzing Management Board
Stefan Doboczky (CEO), Robert van de Kerkhof (CCO) and Thomas Obendrauf (CFO)
Vienna, March 22, 2017
Highlights 2016

- Second best year in the history of Lenzing
  - Group revenue up 8 percent to EUR 2,13 bn
  - Strong EBITDA improvement by 47.6 percent to EUR 428.3 mn
  - ROCE at 15.1 percent
  - Proposal to increase the dividend to EUR 3.00 per share plus EUR 1.20 per share as a special dividend¹)

- Substantial progress implementing the new corporate strategy sCore TEN
  - EUR 50 mn EBITDA improvements due to commercial and operational excellence
  - EUR 475 mn CAPEX commitments to grow specialty fiber capacities by 125,000 tons and to debottleneck pulp sites
  - Decision to open two new application development centers in Asia
  - Successful launch of Refibra™ fiber

¹) Proposal to the Annual General Meeting on April 25, 2017
## Strategy implementation and target achievement ahead of plan

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA growth</strong></td>
<td>-</td>
<td>21%</td>
<td>48%</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>(0.1)</td>
<td>8.1</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Net financial debt/EBITDA</strong></td>
<td>1.9</td>
<td>1.1</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**sCore TEN (targets 2020)**

- 10% p.a. (vs. 2014 baseline)
- ≥10%
- <2.5
sCore TEN: Strengthen the core

- Delivered over EUR 50 mn EBITDA improvement with commercial and operational excellence already per end 2016
- Substantial progress in improving core processes
  - Pricing
  - Sales and Operational Planning
  - Product Launches
- Debottlenecking of pulp capacities started
  - Total increase of around 35,000 tons p.a.
    - In 2017e own pulp capacity at 575,000 tons
    - 2018e: more than 600,000 tons
  - EUR 100 mn investment
- Extension of long-term pulp supply contract
sCore TEN: Customer intimacy

- New organization to strengthen regional decision making implemented
  - AMEA (Asia, Middle East, Africa)
  - North Asia
  - Europe & Americas

- Two new regional application development centers
  - Indonesian application center (“Fiber to Yarn“)
  - Hong Kong application center ("Yarn to Garment")

- Investing in getting closer to our customers – focused on direct selling approach to better support our customers
  - To date three new commercial offices opened
sCore TEN: Lenzing further focused on specialties

- Specialty fiber sales accounted for 42 percent after 40.5 percent in 2015
- Decision to expand capacities for specialty fibers
  - EUR 375 mn CAPEX committed
  - EUR 100 mn of which in Lenzing and Heiligenkreuz
- New production facility for TENCEL® fibers in the USA

1) Specialty fibers: TENCEL® fiber, Refibra™, Lenzing Modal® fiber, Lenzing Viscose® fiber specialties
sCore TEN: Lenzing further focused on specialties

- R&D expenditures increased more than 50%
- Strong innovation pipeline
- Refibra™ fiber launch
- Latest lyocell technology to be implemented in Mobile (USA)

R&D expenses (2013-2017e)\(^1\)

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1) Pursuant to Frascati; source: Lenzing
Refibra™ fiber: New sustainability innovation concept

- Major breakthrough for the “Circular Economy” on a big scale for wood-based cellulose fibers
  - Combination of prize-winning lyocell technology with pioneering use of recycled cotton off-cuts
  - Upscaling of cotton and significant reduction of cotton scraps in the garment production
- Business model innovation “Closed loop”:
  - Cooperation with world leading retailer Inditex
  - First Refibra™ fibers in spring collection 2017
  - Other brands and retailers will follow
- New system to identify the fiber in finished garment
Fiber market 2016

- World fiber production up 3.6 percent to 97.8 mn tons
- Consumption up 1.5 percent to 99 mn tons
- Wood-based cellulose fibers growth rate continues to outgrow the industry
- High overcapacities in synthetic fibers

Sources: CCFG, CIRFS, Cotton Outlook, Fiber Economics Bureau, ICAC, National Statistics, The Fiber Year, Lenzing estimates. Percentage increases based on exact figures.
Interfiber price development

Staple fiber prices – Development in China

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

1) Until February 28, 2017
Cotton market with better supply-demand situation in 2016

- In 2016 the average Cotlook A-Index was at USD 74.3 cents per pound
  - Plus 5.5 percent year-on-year
  - Chinese cotton prices still higher than world price levels
- Outlook: projected higher consumption than production in 2016/2017
  - Steady consumption around 24 mn tons
  - Production up 8 percent
  - Leading to a further reduction of cotton stocks at 18 mn tons, the lowest level since five years

Sources: Cotton Outlook, ICAC, percentage changes based on exact figures
Very strong viscose pricing reflecting tight supply and increase in raw material prices

- Continuously good demand for wood-based cellulose fibers versus scarce supply
  - In 2016 inventory level decreased from 17 days to 6 days
  - In 2016 high operating rates in China (around 86%)
- Seasonal Q4 price decline stopped mid-December 2016
- Year-end viscose price up 32.5 percent to RMB 16,700 per ton
- Year-end dissolving wood pulp price up 4.3 percent to USD 918 per ton

1) Viscose staple fibers, price development until February 28, 2017; Source: CCFGroup
2) Source: China Chemical Fiber Group - China Viscose Industry Annual / Outlook Report
Financials 2016 – Increased revenue

Group revenue
in EUR mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Group revenue in EUR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.090.4</td>
</tr>
<tr>
<td>2013</td>
<td>1.908.9</td>
</tr>
<tr>
<td>2014</td>
<td>1.864.2</td>
</tr>
<tr>
<td>2015</td>
<td>1.976.8</td>
</tr>
<tr>
<td>2016</td>
<td>2.134.1</td>
</tr>
</tbody>
</table>

+8.0% in 2016 compared to 2015

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Group revenue in EUR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/2015</td>
<td>518,0</td>
</tr>
<tr>
<td>Q1/2016</td>
<td>512,8</td>
</tr>
<tr>
<td>Q2/2016</td>
<td>522,0</td>
</tr>
<tr>
<td>Q3/2016</td>
<td>543,5</td>
</tr>
<tr>
<td>Q4/2016</td>
<td>555,7</td>
</tr>
</tbody>
</table>

+7.3% in Q4/2016 compared to Q3/2016
Financials 2016 – Earnings (EUR mn)

**EBITDA and EBITDA margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>EBITDA Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>352</td>
<td>16.9</td>
</tr>
<tr>
<td>2013</td>
<td>225</td>
<td>11.8</td>
</tr>
<tr>
<td>2014</td>
<td>240</td>
<td>12.9</td>
</tr>
<tr>
<td>2015</td>
<td>290</td>
<td>14.7</td>
</tr>
<tr>
<td>2016</td>
<td>428</td>
<td>20.1</td>
</tr>
</tbody>
</table>

+47.6%

**EBIT and EBIT margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT</th>
<th>EBIT Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>232</td>
<td>11.1</td>
</tr>
<tr>
<td>2013</td>
<td>86</td>
<td>4.5</td>
</tr>
<tr>
<td>2014</td>
<td>22</td>
<td>1.2</td>
</tr>
<tr>
<td>2015</td>
<td>151</td>
<td>7.6</td>
</tr>
<tr>
<td>2016</td>
<td>296</td>
<td>13.9</td>
</tr>
</tbody>
</table>

+96.1%

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1) Error correction in accordance with IAS 8 (see Consolidated Financial Statements 2016 of the Lenzing Group)
2) Attributable to Lenzing AG shareholders
Improvement in return on investment – Further reduction in net debt

ROCE

<table>
<thead>
<tr>
<th>Year</th>
<th>Average capital employed</th>
<th>ROCE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.409</td>
<td>13.7%</td>
</tr>
<tr>
<td>2013</td>
<td>1.605</td>
<td>5.4%</td>
</tr>
<tr>
<td>2014</td>
<td>1.596</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>2015</td>
<td>1.579</td>
<td>8.1%</td>
</tr>
<tr>
<td>2016</td>
<td>1.541</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Net financial debt

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest bearing financial debt</th>
<th>Liquid assets</th>
<th>Net financial debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>875</td>
<td>346</td>
<td>529</td>
</tr>
<tr>
<td>2013</td>
<td>801</td>
<td>296</td>
<td>505</td>
</tr>
<tr>
<td>2014</td>
<td>730</td>
<td>280</td>
<td>460</td>
</tr>
<tr>
<td>2015</td>
<td>683</td>
<td>355</td>
<td>328</td>
</tr>
<tr>
<td>2016</td>
<td>577</td>
<td>7</td>
<td>570</td>
</tr>
</tbody>
</table>

1) Error correction in accordance with IAS 8 (see Consolidated Financial Statements 2016 of the Lenzing Group)
Group net profit up 78.9 percent – Increased Dividend proposed

Net profit and Earnings per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Net profit</th>
<th>Earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>6.61</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1.89</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>(0.92)</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4.78</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>8.48</td>
<td></td>
</tr>
</tbody>
</table>

+78.9%

Dividend¹) and Dividend yield²)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Dividend yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.00</td>
<td>2.9%</td>
</tr>
<tr>
<td>2013</td>
<td>1.75</td>
<td>4.2%</td>
</tr>
<tr>
<td>2014</td>
<td>1.00</td>
<td>1.9%</td>
</tr>
<tr>
<td>2015</td>
<td>2.00</td>
<td>2.9%</td>
</tr>
<tr>
<td>2016</td>
<td>4.20</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

¹) Proposal to AGM on April 25, 2017
²) Dividend yield based on last share price of the year
Continued improvement in Cash Flow

Cash Flow figures

- + 35.7% (Gross CF)
- + 119.6% (Operating CF)
- + 152.6% (Free CF adj.)

Trading Working Capital

- (15.2%)
Outlook 2017: Priorities of the Lenzing Group

- Strengthen the core
  - Take next step on how to achieve 75 percent backward integration by 2020
  - Further boost continuous improvement culture

- Customer intimacy
  - Launch new brand architecture
  - Strengthen direct sales/marketing channels to customers and brands

- Specialization
  - Decide on future location of next production site of TENCEL® fiber in Asia
  - Unique new product launches in Q2/2017 and Q3/2017
Outlook 2017: Fiber market and Lenzing Group

- Fiber market 2017e
  - Indication for wood-based cellulose fibers to outpace the overall fiber market
  - Cotton and polyester still increasing interfiber competition

- Lenzing is very well positioned
  - Disciplined implementation of the sCore TEN strategy to continue (specialization, sustainability-driven innovations, process excellence, continous improvement journey)
  - Strong demand for Lenzing’s specialty fibers

- Under the assumption of unchanged fiber market conditions and FX relations Lenzing expects a considerable results improvement in fiscal year 2017 compared to 2016