Lenzing Group: Driving value growth
Capital Markets Day
November 17, 2015
Welcome to the Lenzing site

Stefan Doboczky
CEO

Thomas Riegler
CFO

Robert van de Kerkhof
CCO
Agenda

1. Looking to the context
2. Looking forward
3. sCore TEN – Lenzing’s new strategy
Lenzing is the global leader in cellulose fibers

- 77 years of history
- Innovation and technology leader
- Globally present

Global market position:

- Lyocell #1
- Modal #1
- Viscose #2

TENCEL®, Lenzing Modal® and Lenzing Viscose® are registered trademarks of the Lenzing Group
Lenzing’s pulp mills are bio-refineries

Lenzing and Biocel Paskov achieve 100% wood utilization by generating pulp, bio-based chemicals and energy.
Today we are at our flagship site at Lenzing (AT)

- World’s largest fully integrated pulp and viscose fiber production
- Production capacity dissolving pulp: 296,000 tons per year
- Production capacity fibers: 339,000 tons per year
  - All three fiber generations
- Approx. 2,700 employees
- Headquarter and global R&D center
Agenda

1. Looking to the context
2. Looking forward
3. sCore TEN – Lenzing’s new strategy
Lenzing went through a difficult period in the recent past.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (EUR mn)</th>
<th>EBITDA (EUR mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,766</td>
<td>331</td>
</tr>
<tr>
<td>2011</td>
<td>2,140</td>
<td>480</td>
</tr>
<tr>
<td>2012</td>
<td>2,090</td>
<td>352</td>
</tr>
<tr>
<td>2013</td>
<td>1,909</td>
<td>225</td>
</tr>
<tr>
<td>2014</td>
<td>1,864</td>
<td>240</td>
</tr>
</tbody>
</table>
Many issues needed to be addressed…

- Deteriorated balance sheet
- Portfolio issues
- Operational issues and inefficiencies
- FX volatility
- Increased value chain complexity
- Increased competitive intensity
…several are already solved

- Portfolio optimization
  - Divestiture of Lenzing Plastics
  - Divestiture of Dolan GmbH and European Carbon Fiber GmbH
  - First wave of restructuring Lenzing Technik

- excelLENZ program
  - Annualized improvement of EUR 160m by 2016

- Successful first wave of growing specialties
  - Many new grades launched
  - New 67 kt TENCEL® jumbo plant is fully sold out
Good progress made – but more work to do on value creation

### ROCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>18.4%</td>
<td>23.3%</td>
<td>13.7%</td>
<td>3.7%</td>
<td>(0.1)</td>
<td>7.0%*</td>
</tr>
</tbody>
</table>

1) Annualized

### Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>114</td>
<td>116</td>
<td>(109)</td>
<td>(164)</td>
<td>115</td>
<td>141</td>
</tr>
</tbody>
</table>

---

19.11.2015 - 12
Solid performance in 2015

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>1-9/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financial debt (EUR mn)</td>
<td>450</td>
<td>333.3</td>
</tr>
<tr>
<td>Net financial debt/EBITDA (EUR mn)</td>
<td>1.9</td>
<td>1.2(^1)</td>
</tr>
<tr>
<td>EBITDA (EUR mn)</td>
<td>240</td>
<td>210.6</td>
</tr>
<tr>
<td>ROCE</td>
<td>(0.1%)</td>
<td>7.0(^1)</td>
</tr>
</tbody>
</table>

\(^1\) Annualized
Lenzing embarked on a strategy program named “Quo Vadis?”

All senior managers and over 200 key employees were fully engaged over 4 months.
Agenda

1. Looking to the context
2. Looking forward
3. sCore TEN – Lenzing’s new strategy
### Megatrends support fiber demand growth

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

<table>
<thead>
<tr>
<th></th>
<th>Industrial world</th>
<th>Developing world</th>
<th>CAGR 2010-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population in bn</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>0.85</td>
<td>5.27</td>
<td>+0.5%</td>
</tr>
<tr>
<td>2010</td>
<td>0.91</td>
<td>5.99</td>
<td>+0.5%</td>
</tr>
<tr>
<td>2020</td>
<td>0.96</td>
<td>6.75</td>
<td>+1.2%</td>
</tr>
<tr>
<td><strong>GDP growth in real USDk/capita</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>33.4</td>
<td>2.1</td>
<td>+1.5%</td>
</tr>
<tr>
<td>2010</td>
<td>36.3</td>
<td>3.4</td>
<td>+1.5%</td>
</tr>
<tr>
<td>2020</td>
<td>42.1</td>
<td>5.2</td>
<td>+4.2%</td>
</tr>
<tr>
<td><strong>Textile consumption in kg/capita</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>26.4</td>
<td>5.2</td>
<td>+0.8%</td>
</tr>
<tr>
<td>2010</td>
<td>28.6</td>
<td>7.9</td>
<td>+0.8%</td>
</tr>
<tr>
<td>2020</td>
<td>31.0</td>
<td>12.0</td>
<td>+4.3%</td>
</tr>
</tbody>
</table>

Source: IHS, ICAC, Lenzing data
The key growth drivers for fibers

- **Overall fiber market growth**
  - Population growth-driven
    - Growing population demanding more fabrics
  - Wealth-related growth
    - Higher per-capita consumption of fibers with increasing income

- **Fiber mix shifts due to demand fundamentals**
  - Wealth impact developing countries
    - People exit extreme poverty and can afford garments: Strong increase of low cost products
    - Rising middle class: Higher quality and functionality of clothing
  - New fiber technologies and changed use patterns
    - Trend to high-tech clothing and comfort leading to more use of special polyester and MMCF

1) MMCF = Man-made cellulose fibers; viscose, modal and lyocell only – excluding acetate, tow and filament
...as well as the increasing focus on sustainability...

Less than 1% of global water resources is available as fresh water for people
- But water consumption is rising due to population growth and changing consumption habits

Arable land is decreasing due to erosion and urbanization
- With a growing global population, this intensifies the competition for farm land

Oil is a finite resource causing negative externalities
- Sooner or later “peak oil” will be reached
- New sources can only be tapped by taking high ecological risks
...fuel future MMCF growth

Expected growth of global fiber demand until 2020

Million metric tons\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>MMCF</th>
<th>Synthetic fibers</th>
<th>Cotton</th>
<th>Total fiber market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>30</td>
<td>45</td>
<td>40</td>
<td>115</td>
</tr>
<tr>
<td>2005</td>
<td>40</td>
<td>60</td>
<td>60</td>
<td>160</td>
</tr>
<tr>
<td>2010</td>
<td>50</td>
<td>80</td>
<td>80</td>
<td>210</td>
</tr>
<tr>
<td>2015e</td>
<td>70</td>
<td>100</td>
<td>100</td>
<td>270</td>
</tr>
<tr>
<td>2020p</td>
<td>100</td>
<td>120</td>
<td>120</td>
<td>340</td>
</tr>
</tbody>
</table>

CAGR (2015e – 2020p)

- MMCF: 5-6% p.a.
- Synthetic fibers: 3-4% p.a.
- Total fiber market: 3-4% p.a.

1) Without wool and other natural fibers

Source: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing data
Textile and Nonwovens are the two main applications…

<table>
<thead>
<tr>
<th>Textile</th>
<th>Nonwovens</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size</strong></td>
<td>86 mt (~90% of fiber market)</td>
</tr>
<tr>
<td><strong>Regional focus</strong></td>
<td>Over 90% in China, India and Asia-Pacific</td>
</tr>
<tr>
<td><strong>Fragmentation</strong></td>
<td>High</td>
</tr>
<tr>
<td><strong>Decision making</strong></td>
<td>Brands/retailers with some influence of fabric makers</td>
</tr>
<tr>
<td></td>
<td>Ongoing trend towards lower cost fashion</td>
</tr>
<tr>
<td></td>
<td>Trends towards sustainability, convenience and functionality</td>
</tr>
<tr>
<td></td>
<td>Volatile demand due to fast fashion and changing trends</td>
</tr>
<tr>
<td><strong>End users</strong></td>
<td>Markets strongly driven by end-consumers</td>
</tr>
<tr>
<td></td>
<td>Strong focus on application of product</td>
</tr>
<tr>
<td></td>
<td>8 mt (~10% of fiber market)</td>
</tr>
<tr>
<td></td>
<td>Mainly a regional market (due to high logistic costs)</td>
</tr>
<tr>
<td></td>
<td>Low: Top 5 to 10 players hold between 60-80% share</td>
</tr>
<tr>
<td></td>
<td>Brands and converters</td>
</tr>
<tr>
<td></td>
<td>Due to disposability of products high focus on cost</td>
</tr>
<tr>
<td></td>
<td>Flushability and bio-degradable is an emerging differentiator</td>
</tr>
<tr>
<td></td>
<td>MMCF adding performance to products</td>
</tr>
</tbody>
</table>

19.11.2015 - 20
…distinct trends are emerging

- **Textiles**
  - Need for sustainable supply chains across the globe
  - Fast fashion
  - Focus on functionality

- **Nonwovens**
  - Need for higher cleanliness
  - Need to improve eco-footprint of downstream products
  - High innovation headroom
Snapshot China

Eric Chan
Sales Director, Greater China
Significant MMCF investment in China over the last decade - trend likely to continue

2005
Total capacity: 2,400 mt

RoW  59%
China  41%

2014
Total capacity: 5,600 mt

RoW  35%
China  65%

2020e
Total capacity: 7,600 mt

RoW  30%
China  70%

Source: Lenzing data
China remains the growth engine in global textiles

Global textile demand by value (2003-2020)

EUR bn

<table>
<thead>
<tr>
<th>Year</th>
<th>China</th>
<th>Rest of Asia</th>
<th>North America</th>
<th>Europe</th>
<th>ROW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>842</td>
<td>17%</td>
<td>36%</td>
<td>8%</td>
<td>31%</td>
</tr>
<tr>
<td>2013</td>
<td>1,144</td>
<td>18%</td>
<td>23%</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>2020e</td>
<td>1,515</td>
<td>25%</td>
<td>19%</td>
<td>13%</td>
<td>23%</td>
</tr>
</tbody>
</table>

CAGR (2013-2020e)

<table>
<thead>
<tr>
<th>Region</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>9.2%</td>
</tr>
<tr>
<td>Rest of Asia</td>
<td>3.1%</td>
</tr>
<tr>
<td>North America</td>
<td>1.4%</td>
</tr>
<tr>
<td>Europe</td>
<td>2.4%</td>
</tr>
<tr>
<td>ROW</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Source: ICAC World Textile Demand, Euromonitor, Lenzing data
Textile spinning is migrating from eastern coastal area to western provinces, mainly driven by lower labor costs and government policy.

Textile industry in Eastern China to focus on specialty fibers for survival.

Source: Lenzing data
Together with increased environmental pressure this will lead to closure and/or relocation of capacities

- Government declared “war on pollution” via a new law:
  - Greater punitive power to environmental authorities
  - Production stops enforced in cases of non-compliance with environmental standards
  - Tougher environmental impact assessments for new production facilities

- Even further steps towards a more stringent environmental protection to be expected

- Increasing costs for local Chinese competitors will lead to temporary and/or permanent site closures

- Capacities will relocate to Western China
Lenzing well positioned in a growth market
Lenzing is the only global player

Balanced exposure to matured and emerging markets
Fiber sales volume by region

- Asia: 64%
- Europe incl. Turkey: 26%
- Americas: 8%
- RoW: 2%

Source: Lenzing data 2015

Global network of production sites and sales offices
2015 footprint
Lenzing’s cost position has improved thanks to the excelLENZ program and the weaker Euro.

Indicative cost position vs. viscose competitors

Source: Lenzing analysis
Fiber production fully secured by a robust pulp supply

Level of backward integration: Own pulp supply in percentage of annual fiber capacity

- >50% secured by own pulp production
- Remaining pulp is secured through long-term contracts

Total annual fiber capacity (100%)

- 2011: 45%
- 2012: 46%
- 2013: 58%
- 2014: 56%
- 2015E: 57%
Lenzing enjoys market leadership in all three fiber generations…

<table>
<thead>
<tr>
<th>Market Position</th>
<th>Competitive Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td># 1 TENCEL®</td>
<td>Low</td>
</tr>
<tr>
<td># 1 Modal®</td>
<td>Medium</td>
</tr>
<tr>
<td># 2 Viscose®</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Lenzing data, CCFG, CCFEI
...and is innovation leader in lyocell with TENCEL®

- TENCEL® fiber: Outstanding functionality and highly eco-friendly
- Lenzing has strong global footprint and cost leadership
- Excellent in shaping and creating lyocell market through
  - Branding: TENCEL®
  - Application development and downstream partnerships
  - Pioneering the technology and successful scale-up
- Very strong pipeline of product and process innovation
TENCEL® is THE innovative fiber platform to address the sustainability challenge of the industry.

Water consumption
m³ per metric ton of fiber

<table>
<thead>
<tr>
<th>Fiber Type</th>
<th>USA</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>TENCEL®</td>
<td>263</td>
<td>~22x</td>
</tr>
<tr>
<td>Cotton USA and China</td>
<td>5.730</td>
<td>0.24</td>
</tr>
</tbody>
</table>

Required acreage
Hectares per metric ton and year

<table>
<thead>
<tr>
<th>Fiber Type</th>
<th>USA</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>TENCEL®</td>
<td>0.82</td>
<td>~3.5x</td>
</tr>
<tr>
<td>Cotton USA and China</td>
<td>0.24</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Environmental impact of production
Relative to cotton

<table>
<thead>
<tr>
<th>Fiber Type</th>
<th>USA</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lenzing Group Avg.</td>
<td>100%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Cotton USA and China</td>
<td>100%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Global consumer brands trust Lenzing as long-term partner due to our quality leadership and deep technical expertise, resulting in several “co-branding” initiatives.

Source: Lenzing data
Summary looking forward

- Megatrends boost global fiber and MMCF demand
- Asia, especially China, will continue to be the growth engine
- Sustainability & eco-footprint will drive differentiation in the MMCF market
- Trend to lower cost fashion but also to more convenience and functionality
- Competitive intensity to remain high
  - Commodityization in viscose to continue
  - New entrants in lyocell expected
- Lenzing has market leadership in all three core MMCFs
  - Strong innovation capabilities and brands
  - Backward integration into low cost pulp
  - THE trusted long-term partner for global consumer brands
Agenda

1. Looking to the context
2. Looking forward
3. sCore TEN – Lenzing’s new strategy
The new strategy

- Strengthen the Core
- Customer Intimacy
- Specialization
- Forward Solutions
- New Areas
Strengthen the Core

- Further strengthen pulp position to 75% via backward integration and/or strategic co-operations
- Maintain quality leadership
- Deliver EUR 50mn EBITDA by 2017 with commercial and operational excellence program
- Strengthen our co-products business and expand on “bio-refinery” concept
- Grow viscose position via strategic partnerships
- Finalize restructuring Lenzing Technik
Customer Intimacy

- Increase management presence and decision power in the regions
- Establish two additional regional application and customer innovation centers
**Specialization**

- Secure #1 lyocell and modal leadership position via capacity expansion program
- Focus on high-value eco-friendly specialty fibers
- Target 50% of revenue from specialty fibers by 2020
Forward Solutions

- Move selectively forward in the value chain via new game-changing technologies
New Business Areas

Select and establish new emerging business areas

- Forward Solutions
- Strengthen the Core
- Specialization
- Customer Intimacy
2020 financial targets

EBITDA
growth of 10% p.a.
(vs. 2014 base)

ROCE
≥10%

Net financial debt/
EBITDA
<2.5
Lenzing’s capital allocation priorities: Organic growth focused

1. CAPEX for growth
2. Dividend of up to 50% of last year’s net income
3. Investments in M&A
Lenzing’s strategic roadmap

Horizon 1
Prepare for value growth
up to 18 months

- Deliver EUR 50mn EBITDA by 2017 with commercial and operational excellence program
- Decide on pulp integration options and strengthen co-products business
- Select site for specialty fibers investments
- Adjust organizational model to increase regional entrepreneurship

Horizon 2
Drive value growth

- Aggressive growth in specialty fibers via capacity expansion program
- Commercialize new applications via local customer innovation centers
- Move selectively forward in value-chain via new technologies/M&A

Horizon 3
New business areas

- Expand into business adjacencies and/or new industry value chains
- Selectively consider specialization-focused M&A options
Lenzing: Our reinforcing spheres of influence

Mission

“Lenzing is a performance materials company that turns CO₂ and sunlight into highly functional, emotional and aesthetic products across the globe”

Culture Focus

- Respect, inclusion, and diversity
- Pride in excellence
- Collaboration with speed

sCore TEN

Areas

Business
- Customer Intimacy
- Specialization

New Forward Solutions Strengthen the Core

Corporate Values

Profit People
- Safety
- Sustainability
- Code of Business Conduct (COBC)

Leadership Model

- Develop
- Insight
- Connect
- Shape
- Deliver
Disclaimer

- The information contained in this document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this information or opinions contained herein.

- Certain statements contained in this document may be statements of future expectations and other forward looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to deviate materially from those expressed or implied in such statements.

- Neither Lenzing AG nor any of its affiliates, advisors or representatives shall have any liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.

- 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.