Update on backward integration concept
June 22nd, 2018
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- Definition and further details on the calculation of financial key indicators can be derived from the Management Report, the “Notes on financial performance indicators”, the consolidated financial statements and the glossary in the Annual Financial Report. This report is also available online on the website of the Lenzing Group [www.lenzing.com](http://www.lenzing.com) in the section “Investors”.
sCore TEN execution in full swing

- Growth in specialty fibers (expansions)
- Internationalization of asset footprint
- Backward integration into DWP\(^1\)

1 DWP – dissolving wood pulp
Pulp market for wood-based cellulosic fibers is much smaller than paper pulp market

Cellulose pulp demand, 2017, mt

<table>
<thead>
<tr>
<th></th>
<th>Recycled</th>
<th>Virgin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper and board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>grade pulp/fiber</td>
<td>218</td>
<td>178</td>
</tr>
<tr>
<td>Dissolving pulp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for WBCF</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Dissolving pulp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for acetate, ethers,</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>other</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

1 Includes cotton linter pulp and non-wood pulp
Note: DWP – dissolving wood pulp, WBCF – wood-based cellulosic fibers
DWP market is relatively concentrated with significant link to paper pulp market

DP for WBCF supply, 2017, mt

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Other (CLP, other)</th>
<th>DWP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity distribution, 2017, %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merchant</td>
<td></td>
<td></td>
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<tr>
<td>Integrated</td>
<td></td>
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</tr>
</tbody>
</table>

- Birla: 10%
- Sappi: 21%
- Lenzing: 10%
- Sateri: 15%
- Sun Paper: 5%
- Rayonier: 4%
- Jari: 4%
- Hunan Juntai: 3%
- Other: 28%

Forecasted capacity, mt

- 2017:
  - Total: 6
  - Merchant: ~80%
  - Integrated: ~20%

- Additional: 2
- 2022: 8
- Total: ~30%

Note: DWP – dissolving wood pulp, CLP – cotton linter pulp, DP – dissolving pulp, PP – paper pulp
Lenzing aims for ~75% DWP backward integration

- Secured raw material base
- FSC® certified sustainable wood source
- Synergies with wood-based cellulosic fibers in quality and innovation

Strategic options

- Co-Producer Deal
- Brownfield conversion of a paper pulp mill
- Greenfield dedicated DWP mill
Key facts about the DWP greenfield project

● Lenzing and Duratex S.A. 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
  ● Basic engineering and permitting process will now be started

● Final investment decision after basic engineering in 2019
Brazil: Ideal country for lowest cost DWP mill worldwide

- Very favorable wood economics
- Strong local talent pool
- Excellent supplier network
- Since year 2000, ~50% of new pulp capacity was built in Brazil

Source: Lenzing team
Triângulo Mineiro with outstanding wood economics and good infrastructure

- Plantation in the Triângulo Mineiro in the State of Minas Gerais
- Highly competitive wood economics
- Good inbound/outbound logistics
  - Transport of pulp by train to ports
- Large single plot plantation
- Plantation established in 1973
- Duratex certified by FSC® in 1995 as first company in South America

Source: Lenzing team
Duratex: A strong and experienced partner

- Listed at Sao Paulo stock exchange
- Key shareholders
  - Itaúsa (40%)
  - Ligna 20%
- Largest producer of industrialized wood panels of the Southern Hemisphere
- Leader in sustainable forestry management
- Experience in construction and operation of big scale industrial plants

Source: Lenzing team
JV will create cost leadership position in DWP

Industry cost curve, DP\(^1\) delivered China in 2017

1 Excl. specialty grades
Next steps

Contracts and agreements signed subject to merger control clearance

FSC® certified wood secured

Plot for site and infrastructure development secured

Conceptional engineering and feasibility study done

Basic engineering

Permitting

Investment decision

Start of operation
Contacts and financial calendar

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**Financial calendar**

- Full year results 2017: March 14, 2018
- 74th Annual General Meeting: April 12, 2018
- Results 01-03/2018: May 8, 2018
- Half-year results 2018: August 8, 2018
- Results 01-09/2018: November 7, 2018