

# Naturally positive

Annual Financial Report 2016  
Lenzing Group

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LEADING FIBER INNOVATION

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# General Market Environment

## Global economy

The global economy<sup>1</sup> was characterized by subdued development in 2016, with only few exceptions. Estimates by the International Monetary Fund (IMF) place worldwide growth at 3.1 percent, compared with 3.2 percent in the previous year, which represents the smallest increase since the economic downturn in 2009. Growth remained stable at 4.1 percent in the emerging and developing countries, but fell to 1.6 percent (2015: 2.1 percent) in the industrialized countries.

Economic growth in China declined from 6.9 percent to 6.7 percent, and Brazil remained in recession with minus 3.5 percent (2015: minus 3.8 percent). In contrast, the negative trend in the Russian economy improved considerably from minus 3.7 percent to minus 0.6 percent. India was confronted with a notable slowdown from 7.6 percent to 6.6 percent. The gross domestic product in the USA rose by 1.6 percent in 2016, whereby this increase was clearly weaker than the previous year (2015: 2.6 percent). The eurozone generated growth of 1.7 percent in 2016, which also represents a decline compared with the 2 percent recorded in 2015.

## Global fiber market

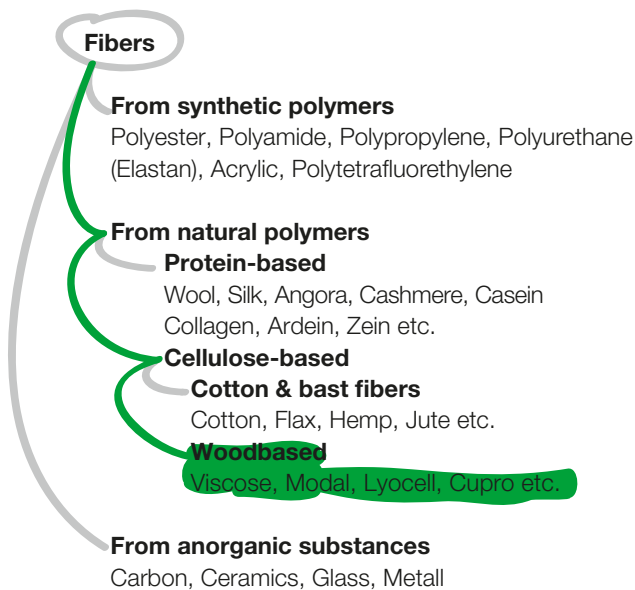
### Substantial increase in worldwide fiber production, slowdown in consumption<sup>2</sup>

Initial estimates show a 3.6 percent rise in worldwide fiber production to 97.8 mn tons in the 2016 calendar year after the decline in 2015. This positive development was contrasted, however, by less robust growth in consumption. Preliminary calculations show an increase of 1.5 percent in demand to 99 mn tons during the reporting year (2015: plus 3.7 percent).

The comparatively slower growth in demand resulted primarily from weaker private consumption in the industrialized countries, which was not offset by the steady and sound growth in Asia. The production volume fell below consumption for the second year in succession, in spite of the overall increase. High cotton stocks, especially in China, and surplus capacity for synthetic fibers continued to influence the market.

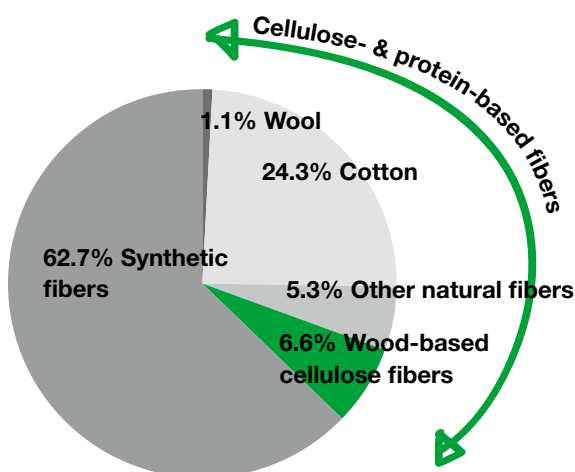
The total increase in production during the reporting year was supported primarily by cotton – which followed a historical drop of nearly 20 percent in production in 2015 with a technical reaction and an increase of more than 8 percent to 22.8 mn tons in 2016. That represents the first year-on-year increase in cotton production since 2011.

## Fibers on the world market



Wood-based cellulose fibers again served as another major growth driver. The worldwide production of 6.5 mn tons in 2016 represents an increase of 4.3 percent over the previous year. The growth in wood-based cellulose fibers not only outpaced the entire market, but was nearly double as fast as the synthetic chemical fiber market. The production of this largest fiber segment based on market share rose by only 2.2 percent to 62.1 mn tons in 2016. In contrast, the production of other natural fibers (protein-based) stagnated at 5.2 mn tons.

### Global fiber consumption in 2016 by type of fiber in percent (basis = 99 mn tons)\*



<sup>1</sup> Source: IMF, World Economic Outlook, January 16, 2017

<sup>2</sup> The production-related data in this section was updated from the initial estimates published in the 2015 Annual Report. Sources: International Cotton Advisory Committee (ICAC), IMF, Cotton Outlook, CCF Group (China Chemical Fibers and Textiles Consulting), Food and Agriculture Organization (FAO).

\*Sources: ICAC, CIRFS, TFY, FEB, Lenzing estimates



### Demand for cotton exceeds production, stocks remain high despite decline<sup>3</sup>

Excess demand will again play a role in the 2016/17 cotton production season. Cotton consumption is expected to remain nearly constant at 24.1 mn tons, while production is projected to rise by 8 percent to 22.8 mn tons. These factors will lead to a further reduction in inventories, which are expected to fall to nearly 18 mn tons and the lowest level in the past 5 years. However, they will still cover roughly 75 percent of the annual demand for cotton.

Production is currently expanding in 4 of the 5 leading grower nations – India, China, USA, Pakistan and Brazil. The only exception is China, where the long-term decline is continuing and the harvest volume will fall to the lowest level in roughly 15 years. In spite of this trend, the market share attributable to these countries will rise to over 75 percent of global production.

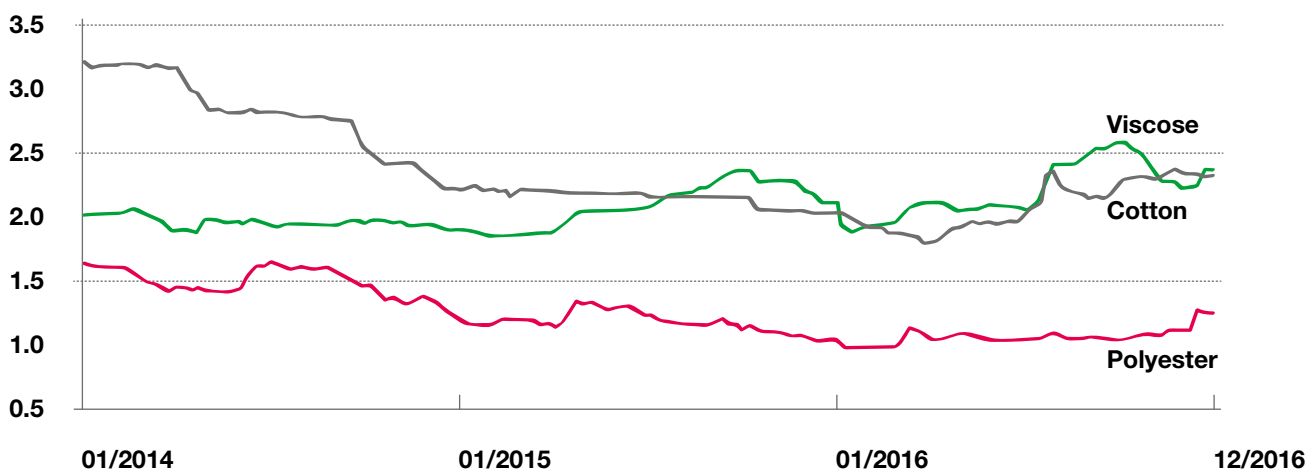
According to the Cotlook A Index, the average price for cotton rose by 5.5 percent year-on-year to USD 74.3 cents per pound in 2016. The potential for further increases in the cotton price remains limited, however, due to the disproportionately high inventory levels.

### Further increase in viscose fiber prices during 2016

Viscose prices rose by an average of 7 percent in 2016 and reflected the improvement recorded in 2015. The annualized price of cotton rose by roughly 5 percent, the first increase after a two-year decline. In contrast, average annualized polyester prices fell for the fifth year in succession with a decline of nearly 9 percent in 2016. There is currently no significant upward potential for synthetic fiber prices due to the development of oil prices. The long-term premium price trend for viscose versus cotton was again confirmed in 2016.

### Staple fiber prices – Development in China\*

USD/kg (incl. VAT)



<sup>3</sup> Source: ICAC January 2017

\* Source: CCFG, Cotton Outlook

# The Development of Business in the Lenzing Group

**The Lenzing Group** generated outstanding performance in 2016, with a successful year-on-year improvement of all key business and financial indicators. This sound development was based on slightly higher sales volumes and, above all, on a substantial increase in selling prices for all Lenzing™ fibers.

Group revenue rose by EUR 157.3 mn, or 8 percent, from EUR 1.98 bn in 2015 to EUR 2.13 bn in 2016. This growth was supported, above all, by higher fiber selling prices as well as a slight increase in sales volumes. The positive effect of this price development is also reflected in earnings indicators: Group EBITDA (earnings before interest, tax, depreciation and amortization)\* rose by 47.6 percent to EUR 428.3 mn and the EBITDA margin increased from 14.7 percent in 2015 to 20.1 percent of revenue for the reporting year. Group EBIT (earnings before interest and tax)\* nearly doubled from EUR 151.1 mn to EUR 296.3 mn, which supported an improvement in the EBIT margin\* to 13.9 percent (2015: 7.6 percent). Net profit for the year totaled EUR 229.1 mn, which represents an increase of 78.9 percent over the prior year level of EUR 128.1 mn.

A condensed version of the Lenzing Group's consolidated income statement for the 2016 financial year is presented below:

Condensed consolidated income statement <sup>1</sup>	EUR mn			
	2016	2015 <sup>2</sup>	Absolute	Relative
				Change
<b>Revenue</b>	<b>2,134.1</b>	<b>1,976.8</b>	<b>157.3</b>	<b>8.0%</b>
Change in inventories, own work capitalized and other operating income	73.8	67.7	6.1	9.1%
Cost of material and other purchased services	(1,223.8)	(1,218.3)	(5.5)	0.5%
Personnel expenses	(319.2)	(300.2)	(19.0)	6.3%
Other operating expenses	(236.6)	(235.9)	(0.7)	0.3%
<b>EBITDA</b>	<b>428.3</b>	<b>290.1</b>	<b>138.2</b>	<b>47.6%</b>
Amortization and depreciation	(135.1)	(142.2)	7.2	(5.0%)
Income from the release of investment grants	3.1	3.2	(0.1)	(3.6%)
<b>EBIT</b>	<b>296.3</b>	<b>151.1</b>	<b>145.2</b>	<b>96.1%</b>
Financial result	3.1	(3.5)	6.6	(188.0%)
Allocation of profit or loss to puttable non-controlling interests	(4.8)	(0.2)	(4.6)	2,332.3%
<b>EBT</b>	<b>294.6</b>	<b>147.4</b>	<b>147.2</b>	<b>99.9%</b>
Income tax expense	(65.5)	(19.3)	(46.2)	239.5%
<b>Net profit for the year</b>	<b>229.1</b>	<b>128.1</b>	<b>101.0</b>	<b>78.9%</b>

<sup>1</sup> The full consolidated income statement is presented as part of the consolidated financial statements.

<sup>2</sup> Error correction in accordance with IAS 8 (see note 2).

\* Definitions and details on the calculations are provided in the Appendix: Notes on the Financial Performance Indicators of the Lenzing Group at the end of the Group Management Report.

The core segment Fibers generated the largest share of group revenue at EUR 2.12 bn, followed by the Segment Lenzing Technik with EUR 14 mn and the Segment Other at EUR 2 mn (external revenue only).

The cost of material and other purchased services was negatively influenced by the higher price of pulp, which rose parallel to fiber prices. However, long-term contracts with suppliers and the high share of internally produced pulp supplies limited these price increases and the cost of material rose by only 0.5 percent to EUR 1.22 bn. Material costs were also reduced by the absence of raw material purchases by Dolan GmbH, European Carbon Fiber GmbH and several technical corporate units, which were sold in 2015. The cost of material and other purchased services comprised 57.3 percent of Group revenue (2015: 61.6 percent).

The development of personnel expenses resulted primarily from wage and salary increases based on collective agreements in Austria as well as salary increases at other locations and higher provisions for bonuses to all employees based on the good development of business. However, personnel expenses as a share of Group revenue fell slightly from 15.2 percent to 15 percent in 2016.

The decline in amortization was attributable, above all, to impairment losses of EUR 8.7 mn recorded in 2015.

The development of financial result was influenced by the partial sale of an investment. The year-on-year improvement is attributable to the low interest rate environment as well as the decline in financing costs which followed the repayment of debt.

Earnings before tax (EBT)<sup>4</sup> recorded by the Lenzing Group rose significantly from EUR 147.4 mn<sup>5</sup> in 2015 to EUR 294.6 mn in 2016. Income tax expense totaled EUR 65.5 mn (2015: EUR 19.3 mn<sup>5</sup>) and the income tax rate<sup>6</sup> equaled 22.2 percent for the reporting year. The substantial year-on-year increase resulted from a foreign tax credit that took effect in 2015 and led to relatively low tax expense. In total, the sound development of business in 2016 led to net profit of EUR 229.1 mn (2015: EUR 128.1 mn<sup>5</sup>), which represents an increase of EUR 101 mn or 78.9 percent over the previous year. Earnings per share<sup>7</sup> equaled EUR 8.48 (2015: EUR 4.78<sup>5</sup>).

### Improvement in return on investment

The positive development of earnings was also reflected in an improvement in the return on investment for the Lenzing Group. The return on capital employed (ROCE)\* rose from 8.1 percent in 2015 to 15.1 percent in 2016. The return on equity (ROE)\* improved from 13 percent to 22.6 percent in 2016, and the return on investment (ROI)\* for the Group increased from 6.3 percent to 11.8 percent.

### Further reduction in net debt

Lenzing utilized the sound development of business and the ongoing favorable interest rate environment to further optimize its balance sheet structure in 2016. The Lenzing Group's total assets rose by 8.9 percent year-on-year to EUR 2.63 bn as at December 31, 2016 (December 31, 2015: EUR 2.41 bn<sup>5</sup>). Adjusted equity\* increased 14.1 percent to EUR 1.39 bn, compared with EUR 1.22 bn<sup>5</sup> in the previous financial year. This improvement was also reflected in an increase in the adjusted equity ratio\* to 53 percent (December 31, 2015: 50.6 percent<sup>5</sup>).

The Lenzing Group further reduced its debt level in 2016. Net financial debt\* fell to nearly zero and totaled only EUR 7.2 mn at the end of the reporting year (December 31, 2015: EUR 327.9 mn). Consequently, the ratio of net financial debt to EBITDA\* declined from 1.1 at the end of 2015 to zero at the end of 2016. Net gearing\* also approached the zero point at 0.5 percent, a significant reduction from the year-end 2015 level of 26.9 percent. Further optimization measures, in particular improved payment terms with suppliers, supported a reduction of 15.2 percent in trading working capital to EUR 379.6 mn. The ratio of trading working capital to annualized Group revenue\* fell to 17.1 percent (December 31, 2015: 21.6 percent).

### Continued improvement in cash flow

Cash flow from operating activities\* more than doubled from EUR 215.6 mn in 2015 to EUR 473.4 mn in 2016. This sound development is attributable to price increases and slightly higher sales volumes as well as the improvement in working capital. Cash CAPEX\* (investments in intangible assets, property, plant and equipment) totaled EUR 107.2 mn in 2016 and clearly exceeded the prior year level of EUR 70.9 mn, but still remained below depreciation and amortization.

Liquid assets<sup>8</sup> held by the Lenzing Group increased significantly based on the sound development of business and totaled EUR 570.4 mn as at 31 December 2016. That represents an increase of 60.5 percent over the prior year level of EUR 355.3 mn. The Lenzing Group had unused credit lines totaling EUR 217.7 mn at its disposal at year-end 2016 (December 31, 2015: EUR 190.9 mn).

<sup>4</sup> EBT = Earnings before tax; Profit or loss for the year before income tax expense; the precise calculation can be derived from the consolidated income statement.

<sup>5</sup> Error correction in accordance with IAS 8 (see note 2).

<sup>6</sup> Income tax expense in relation to earnings before tax (EBT).

<sup>7</sup> The net profit/loss attributable to Lenzing AG shareholders in relation to the average weighted number of issued shares calculated in accordance with IFRS (IAS 33 Earnings Per Share); the precise calculation can be seen in Note 17 of the notes to the consolidated financial statements.

<sup>8</sup> Cash and cash equivalents as well as liquid securities and liquid bills of exchange.

\* Definitions and details on the calculations are provided in the Appendix: Notes on the Financial Performance Indicators of the Lenzing Group at the end of the Group Management Report

# The Development of Business in the Segments

## Segment Fibers

The focal points for the reporting year included the development and expansion of the segment's market presence in attractive application areas and the further optimization of production processes as well as the start of investments in new production lines. Capacity utilization in the pulp and fiber production plants was very high throughout the entire year due to the good demand for Lenzing™ fibers.

### Wood

Wood supplies were influenced by different climate-related and geopolitical factors in 2016. The demand for firewood in Western Europe was again low due to the very mild winter with little snow. In addition, supplies in the east were reduced by the Ukrainian ban on round timber exports that was implemented at the end of 2015.

This distortion throughout large parts of Eastern Europe had no effect on the plant in Paskov (Czech Republic) because of the currently high supplies of softwood. Forestry operations, above all in Northern Moravia, were forced to cut volumes that far exceeded the annual tree growth because of the ongoing problematic pest situation. The increased purchase of beetle-infested wood was reflected in a favorable price level.

Supplies of beechwood for the plant in Lenzing (Austria) were less influenced by surplus stocks because forestry companies gave priority to the felling of beetle-infested spruce wood. However, the Ukrainian export ban also led to an increased demand for beechwood. This was contrasted by higher supplies due to the reduced demand for firewood in the west, especially in Germany.

The wood procurement strategy was adjusted to reflect the diverse market conditions, and volumes were shifted from the east to the west. The storage facilities were therefore adequately filled for the winter during November and December.

The plant in Lenzing received FSC certification in 2016. Together with the plant in Paskov, this plant can now demonstrate that it meets the strict forestry regulations in the supplier countries and also confirm that all wood used in production comes from PEFC- and FSC-certified or controlled sources. Questionable sources of wood are therefore excluded from the procurement process.

### Biorefinery

#### Pulp

The Pulp & Wood business area supplies the Lenzing Group's fiber production locations with high-quality dissolving wood pulp. It operates dissolving wood pulp production plants in Lenzing (Austria) and Paskov (Czech Republic), which cover roughly 56 percent of the Group's dissolving wood pulp requirements. The remaining volumes are purchased on the basis of long-term contracts. Dissolving wood pulp is the most important raw material for the production of botanic fibers and is derived from the renewable raw material wood.

The Lenzing Group's two pulp plants produced 554,000 tons of pulp in total during 2016: 299,000 tons in Lenzing and 255,000 tons in Paskov. The slight decline in Paskov is attributable to a longer, planned standstill for maintenance projects. The spot market price for pulp declined through March 2016, but then rose sharply parallel to the increase in viscose fiber prices based on higher demand. The annual high in October was followed by a decline in the price of dissolving wood pulp through the end of December. The average market price for the year equaled USD 888/ton, compared with USD 845/ton in 2015.

Work has already started on the EUR 100 mn expansion of production capacity in these two plants, which was approved in 2016. The first investments were made during the reporting year.

### Biochemicals

The biochemical markets were characterized by different developments in 2016. Xylose production volumes were higher. Acetic acid volumes remained constant and the price declined slightly during the year, but recovered somewhat towards year-end. The prices for soda and furfural came under pressure.

### Energy

The Energy business area is responsible for ensuring optimal supplies of electricity, process water, steam and cooling energy to all global production sites in the Lenzing Group. The careful use of energy has a long tradition in the Group for both economic and ecological reasons. Pulp and fiber production are extremely energy-intensive processes, and the Energy business area therefore plays a very important role in optimizing costs and safeguarding production. The procurement strategy was changed during the reporting year: in the past, part of the required energy was purchased on forward markets through base contracts at fixed prices; in contrast, the new procurement strategy now calls for a greater focus on spot prices.

The European electricity markets followed a volatile course in 2016. In part high discounts during the first quarter were followed by a reverse shift, first in forward market prices and then in spot prices. The end of the year brought a massive rise in spot market prices, among others due to the increased use of conventional power plants across Europe and higher coal prices.

A similar development was visible on the natural gas market, but at a lower volatility than the electricity market.

Operations in the Lenzing Group's energy production facilities were generally normal in 2016, with only very short downtimes. The site in Lenzing (Austria) traditionally uses renewable fuels, primarily from the biorefinery, as its most important source of energy due to the optimal structure of the facility. The use of conventional fossil fuels like oil, coal and natural gas equaled 17.2 percent of total energy consumption in 2016. The improvement and optimization of the energy generation and distribution facilities and energy consumers continued during the reporting year. Among others, a steam accumulator was installed to equalize steam extraction.



The plant in Paskov (Czech Republic) was also energy self-sufficient in 2016, and fossil fuels are not required for normal operations. The surplus energy was fed into the public electricity grid. In Purwakarta (Indonesia), the plant operations were further optimized. The price increases by the government-related electricity provider have weakened slightly. However, the sharp rise in coal prices across Asia towards year-end led to higher costs for both the Purwakarta and Nanjing (China) plants. In Nanjing, the boiler was also adapted to accommodate the new emission regulations issued by the Chinese central government.

### Other raw materials

Chemical prices were, for the most part, volatile in 2016. In Europe, the constant EUR-USD exchange rate in year-on-year comparison resulted in only minimal price fluctuations on the raw material markets. The drop in crude oil and energy prices at the beginning of 2016 led to substantial price reductions for raw materials during the entire year. Raw material prices in Asia were more volatile, primarily due to changes in supply and demand. The prices of various chemicals fell sharply during the first half-year, especially in China, but the fourth quarter of 2016 brought a clear upward correction.

### Caustic soda

Caustic soda, a by-product from chlorine production, is an important primary product for the production of viscose fibers. In Europe, the price of caustic soda increased slightly during 2016. The price development in Asia differed with a substantial decline during the first half of 2016 and a trend reversal at mid-year that ultimately returned prices to prior year level.

### Sulfur

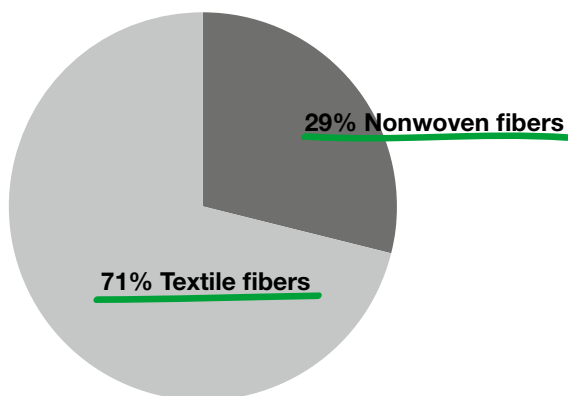
Sulfur is a key basic product for the production of carbon disulfide and sulfuric acid, which are used in viscose fiber production. The decline in sulfur prices that began in the second quarter of 2015 continued during the reporting year, consistent with the substantial oversupply on the global market. The second quarter of 2016 brought a further sharp drop in prices, especially in Europe. Similar to the development of caustic soda prices, there has been a recent rise in the price of sulfur on the Asian market.

## Fibers

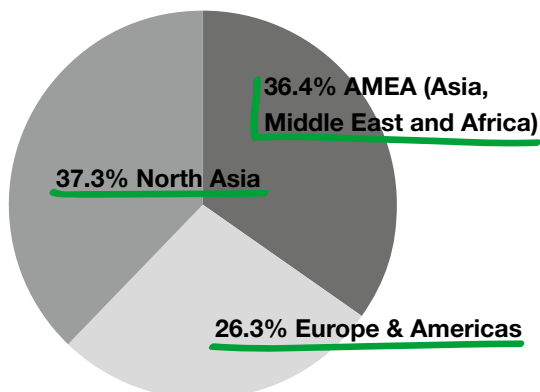
Revenue generated by the Segment Fibers rose to EUR 2.12 bn in 2016 (external revenue only). This represents an increase of 10 percent over the prior year level of EUR 1.92 bn. Segment EBITDA was 49.6 percent higher at EUR 428.5 mn (2015: EUR 286.5 mn), and segment EBIT grew by over 90 percent from EUR 154 mn to EUR 293.7 mn.

Fiber sales totaled EUR 1.9 bn, with 71 percent attributable to textile fibers and 29 percent to nonwoven applications. The sales regions were North-Asia, followed by AMEA (Asia, Middle East and Africa) and Europe & Americas.

**Fiber revenue by segment in percent**

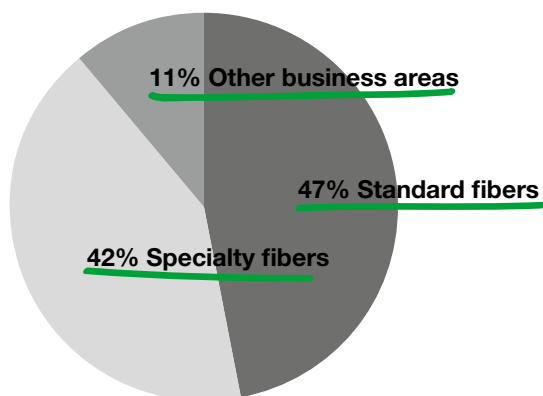


**Fiber revenue by core market in percent**



The total fiber sales volume rose by 1.4 percent to approximately 978,000 tons in 2016 (2015: 965,000 tons). The share of specialty fibers in Group revenue increased from 40.5 percent in the previous year to 42 percent, while the share of standard fibers was constant at 47 percent. The share attributable to the other business areas declined from 12.5 percent to 11 percent.

## Lenzing Group revenue: Share of specialty fibers in percent



### Textile fibers

With its new sCore TEN strategy, the Lenzing Group is placing a consistent focus on high-quality specialty fibers. The success of this concept was demonstrated in 2016 by the increase in Lenzing's leading market position. The expansion of production capacity for TENCEL® branded fibers in Europe and the USA will further strengthen this development in the future. The demand for all three fiber groups – TENCEL® branded fibers, Lenzing Modal® branded fibers and Lenzing Viscose® branded fibers – was high in 2016.

### Apparel

Apparel, the largest business area of the Lenzing Group, recorded a further increase in revenue from the sale of specialty fibers in 2016. This growth was driven primarily by the greater use of TENCEL® fibers in high-quality applications. This development was supported, above all, by a stronger focus on targeted marketing activities and a clear orientation on the requirements of partners along the entire value chain up to fashion retailers.

The Lenzing Group structures its marketing activities based on three subsegments: denim (jeans), innerwear (underwear, nightwear, T-shirts and tops) and outerwear (sportswear, shirts, dresses etc.) These globally-oriented subsegments are managed from the regions with the greatest importance for the respective product groups.

The denim subsegment continued its strong growth during the reporting year. Increases were also recorded in sales of high-quality TENCEL® fibers for innerwear and outerwear. The Lenzing Modal® fiber continues to enjoy increasing popularity for innerwear products due to its softness. In the outerwear business, rising interest was noted on the part of functional clothing producers.

The Lenzing Group set a further milestone in its innovation history with the Refibra™ fiber: this new generation of TENCEL® fibers, which uses wood and cotton scraps as the raw materials for pulp production, creates an innovative approach for the fashion sector to enter the recycling economy. The textile industry is placing a greater focus on recycling the 150 billion articles of clothing that are produced and, for the most part, thrown away after use each year. Inditex, the world's largest fashion retailer, is the first partner to test clothing made of this fiber with its Zara brand in a strategic cooperation.

Lenzing's goal is to form additional strategic cooperations and establish long-term partnerships with major textile chains to increase

the perception of TENCEL®, Lenzing Modal® and Refibra™ branded fibers as the world's most environmentally friendly textile fibers and thereby strengthen their positioning as premium products.

Demand remained strong for the high-performance Lenzing™ FR fiber in 2016. Lenzing won the Italian fire department's central tenders for its summer and winter uniforms. Fire resistance and comfort make Lenzing™ FR fibers ideally suited for flame-resistant protective clothing and help to reduce heat stress for the wearer. A breakthrough by Lenzing now makes it possible to also produce these fibers spun-dyed. That eliminates one processing step in the value chain, which helps the partners make their production more sustainable.

### Home & Interiors

The use of Lenzing's specialty fibers in the market for home textiles and interior furnishings was further expanded in 2016. Consumers have valued bed linens made of TENCEL® branded fibers for many years because of their silky texture and skin friendliness. As a winter addition to commercial products, warm flannel-like bed linens made with TENCEL® lyocell fibers have been introduced at trade fairs throughout the world and will be added to the next winter collections by retailers. Carpets are another very promising segment for TENCEL® branded fibers. The presentation of commercially available articles has raised considerable interest among well-known carpet producers and is now reflected in a growing demand for these special TENCEL® fibers for carpet use.

### Technical applications

Strength and stability also make Lenzing™ fibers ideally suited for technical applications. This business area was further expanded in 2016, above all with Lenzing Modal® fibers and TENCEL® fibers. One example involves technical fabrics which are used, for example, as reinforcing supports in rubber articles. Growth was also recorded in sales of nets for organic fruits and vegetables and for agricultural binder twines. Shopping bags made of TENCEL® fibers were introduced to the market as a substitute for synthetic fibers. In these applications, strength as well as biodegradability are an important unique selling proposition of Lenzing™ fibers. Work also continued on the production of the "botanic shoe", which was introduced in 2015.

### Nonwoven fibers

The nonwovens business recorded stable growth with generally strong demand in 2016. A review of the various fiber types shows a slight shift to viscose during the previous year.

TENCEL® fibers again recorded good sales volumes. Due to their wet strength, skin compatibility and odor resistance, TENCEL® fibers are particularly suitable for hygiene products. These fibers also have sustainability-related advantages which include the environmentally friendly origin of the raw material and the biodegradability of the fibers. Lenzing also supplies the basic material for hygienic products with its TENCEL® Shortcut lyocell fibers, which are disposable with wastewater. This "flushability" is becoming an increasingly important aspect for the nonwovens industry.

Asia is becoming more important for wipes and care wipes, even though Europe and the USA still represent the largest markets. Moistened toilet paper represents an important growth driver – here the market penetration is increasing, but there is still upward potential.

Lenzing also plans to expand its technical applications in the future. Plans include, among others, a focus on special papers for separators in batteries, e.g. for electric vehicles.

### **Fiber production co-products**

The Lenzing Group produces sodium sulfate as a co-product at all locations where Lenzing Viscose® fibers or Lenzing Modal® fibers are produced. Sodium sulfate is used to produce foodstuffs and animal feed and also by the pharmaceutical, detergent and construction industries. The market was characterized by a surplus of sodium sulfate in 2016, which led to increased pressure on prices. Stocks were correspondingly higher than the previous year.

### **Global Technical Customer Service**

The regional customer service teams of Lenzing's Global Technical Customer Service (GTCS) were strengthened during the reporting year to further improve the proximity to customers. The Group's presence in Asia was increased with the expansion of the technical customer service center in Indonesia and the new center in Hong Kong. The new Lenzing customer service centers focus primarily on technical consulting, education and training, product and process development, quality management and fabric certification for Lenzing's fiber brand license program.

### **Operational Excellence (OPEX)**

The Lenzing Group launched Operational Excellence (OPEX), a group-wide program for the continuous optimization of internal processes, in 2014. The program is designed to transform the Lenzing Group, together with all its employees, into a sustainable self-learning and optimizing company.

One core element of OPEX is the structured continuous improvement program at all levels of the company, i.e. the World Class Operations Management (WCOM). One key aspect involves mutual learning and exchanges within the Lenzing Group. The WCOM program was expanded in 2016 to also cover the areas of safety, health and human resources.

## **Segment Lenzing Technik**

The strategic restructuring of Lenzing Technik was completed in 2016 with the sale of parts of Lenzing Technik Fertigung, specifically the pipe laying, plastic welding and corrosion protection businesses. Lenzing Technik is now positioned on the market in the areas of pulp technology and filtration and separation technology. In addition, Lenzing Technik has a mechanical construction unit that operates as a production area within the Lenzing Group.

Lenzing Technik recorded a decline in revenue and earnings in 2016 due to these partial sales and lower investments. Revenue amounted to EUR 35.9 mn, compared with EUR 70.6 mn in 2015. Of this total, EUR 14 mn are attributable to customers outside the Lenzing Group (2015: EUR 29.6 mn) which reflected the stronger focus on work for the Lenzing Group. EBITDA equaled minus EUR 0.5 mn in 2016 (2015: plus EUR 0.07 mn). The number of employees in Lenzing Technik, including apprentices, fell to 208 as of December 31, 2016 (December 31, 2015: 294).

### **Filtration and Separation Technology**

As a pioneer in the field of solid-liquid separation, this business area concentrates on the development and realization of solutions for customer-specific filtration applications. These flexible filtration systems help customers to make their production processes more efficient and economical. The positive development of business in this area continued during 2016. The consistent implementation of the business area strategy and the corporate strategy led to an improvement in both brand awareness and recognition. In addition to successful applications in a wide range of sectors and industries, a number of projects were realized for well-known German car producers. Current activities involve the expansion of the product portfolio and sales network.

### **Pulp Technology**

The Pulp Technology business area is the Lenzing Group's competence center for the planning and implementation of pulp projects. It offers a full range of engineering services which include, for example, the preparation of feasibility studies, project management and related services as well as the provision and delivery of equipment. This business area's customers are located throughout the world, both inside and outside the Lenzing Group. Major projects, internally and externally, were again realized in 2016 based on this approach.

### **Mechanical Construction**

The Mechanical Construction business area manufactures equipment for the Pulp Technology as well as the Filtration and Separation Technology business areas and also provides sophisticated machinery and aggregate components for all plants in the Lenzing Group. An increased focus on core activities led to a further improvement in efficiency during the reporting year. The expansion of specialty fiber capacity in Heiligenkreuz formed the focal point beginning in mid-2016.

# Investments

**Cash CAPEX<sup>9</sup>** (Investments in intangible assets, property, plant and equipment) totaled EUR 107.2 mn in 2016. CAPEX exceeded the prior year level of EUR 70.9 mn by 51.2 percent, but still remained below depreciation and amortization. A number of future-oriented major investments were committed in 2016, which are hardly visible in this indicator for 2016, but will lead to an increase in investments over the coming years.

In line with the new sCore TEN strategy, the Lenzing Group has set a goal to raise the share of specialty fibers in revenue to 50 percent and increase the internal production of pulp to approximately 75 percent of total requirements by 2020. Three major investment decisions were made in 2016 to reach this goal.

The expansion and modernization of the dissolving wood pulp plants in Lenzing (Austria) and Paskov (Czech Republic) are expected to increase pulp production capacity by roughly 35,000 tons annually over the coming two and one-half years. Approximately EUR 60 mn will be invested in Lenzing and nearly EUR 40 mn in Paskov.

Two investment decisions related to the expansion of specialty fiber capacity were also made in 2016 and have already been implemented in part. The expansion of specialty fiber production capacity by a further 35,000 tons by mid-2018 was announced in August 2016. The investment costs for this project will amount to more than EUR 100 mn, with the CAPEX volume distributed primarily between Heiligenkreuz (Austria; approximately EUR 70 mn) and Lenzing (approximately EUR 30 mn) and a smaller amount allocated to Grimsby (Great Britain).

In addition, the construction of a new TENCEL<sup>®</sup> fiber plant was approved in 2016. This plant will have a production capacity of 90,000 tons and is scheduled to start operations in the first quarter of 2019. The decision was made in favor of the existing Lenzing location in Mobile, Alabama (USA). It was based on the natural currency hedge created by the USD expenditures for the plant construction and the resulting slight cushion for the fluctuations in revenue, which is generated almost entirely in USD. Other decisive factors for the decision were the good infrastructure through the existing plant and attractive energy costs. The planned investment volume totals USD 293 mn (currently EUR 275 mn).

# Research and Development

**Research and development** activities are concentrated in the Global R&D Department, a corporate unit in Lenzing (Austria) which reports directly to the Management Board. This central research is closely linked to other business areas such as production, engineering, business development, application technology, customer service and sales.

An expert team of 176 employees carried out research in Lenzing at the end of the reporting year. Their achievements are reflected, among others, in approximately 1,140 patents and patent applications (from 189 patent families) held by the Lenzing Group in 50 countries throughout the world.

R&D expenditures, calculated according to the Frascati method, totaled EUR 46.4 mn in 2016 (2015: EUR 29.8 mn). That represents a peak value in industry comparison, both as a percentage of revenue and in absolute terms. In order to protect and expand its innovation leadership in cellulose fiber production, Lenzing intends to further increase its efforts in this area over the coming years.

## Focal points in 2016

R&D activities in the pulp area were focused on optimization measures, which included the closing of further cycles and quality improvements. Work also continued on concepts to increase the utilization rate of the raw material wood through existing and new biochemicals in the biorefinery. R&D also plays an important role in the planned expansion of capacity and the development of new technologies.

A key focus in the fiber area involved the further development of lyocell technology for the production of TENCEL<sup>®</sup> fibers, in particular the development of the new Refibra<sup>™</sup> fiber which uses scraps from the production of cotton clothing as a raw material. This fiber represents an important extension of the Lenzing Group's sustainability strategy: it involves the development of an entirely new value-added process from the pulp to the fiber. Work also continued on new lyocell technologies, and comfort innovations were developed together with an external partner – for example, a method to determine softness through noise measurement (“sound of softness”).

<sup>9</sup> Definitions and details on the calculations are provided in the Appendix: Notes on the Financial Performance Indicators of the Lenzing Group at the end of the Group Management Report.

# Non-financial Performance Indicators

## Sustainability

Environmental protection and sustainable business development are two of Lenzing's fundamental values. Sustainability was therefore anchored in the sCore TEN strategy as one of the key values, and its systematic integration in all areas of the company continued during 2016.

The sustainability strategy defines four main areas in which the Lenzing Group can make a positive impact or contribution: wood procurement, water management, decarbonization and sustainable innovations. Wood represents the most valuable raw material for Lenzing, and the focus therefore lies on secured sustainable procurement through certifications and the particularly efficient utilization of the raw material based on the biorefinery concept. Lenzing™ fibers require substantially less water for production and are biologically degradable. Consequently, they do not contribute to marine pollution. The production process for pulp and cellulose fibers is energy-intensive, and the Lenzing Group therefore works to reduce specific CO<sub>2</sub> emissions by improving energy efficiency. Innovations for greater sustainability are developed together with partners along the value chain to substitute new, sustainable product solutions for older, resource-intensive products. Employees, partners, neighbors and other interest groups connected with Lenzing also represent an important focal point of the new sustainability strategy and are specifically addressed with targeted measures.

### Focal points in 2016

The reporting year brought the introduction of a new sustainability directive as well as a global code of conduct which regulates the way Lenzing does business throughout the world. A code of conduct for suppliers was also issued, which extends Lenzing's ethical standards to the entire supply chain. The Ecovadis evaluation tool was implemented in connection with the supply chain and will be used to evaluate the sustainability performance of suppliers beginning in 2017.

Lenzing is also committed to sustainable forestry and, based on a rating by the Canopy Planet Society, is the world's leading fiber company in the area of wood procurement. The Canopy Planet Society is a Canadian non-profit environmental organization which cooperates with numerous textile retail chains and works to improve sustainability in the procurement chain. Canopy praised Lenzing for its new Refibra™ fibers. Lenzing is also one of the leaders in a ranking by the Sustainable Apparel Coalition, a multi-stakeholder initiative that covers 40 percent of the textile industry. This ranking designates all Lenzing™ fibers as among the most sustainable in the sector. In addition, the global non-profit organization Textile Exchange sees TENCEL® fibers as a preferred fiber for minimizing environmental impact. Fairtrade, a non-profit organization, also lists Lenzing™ fibers as sustainable fibers in its new Fairtrade Textile Standard.

The certification process for the production site in Lenzing (Austria) was concluded in 2016 with the receipt of the FSC® trademark for sustainable forestry. All Lenzing locations are also certified for quality management, environmental management and safety.

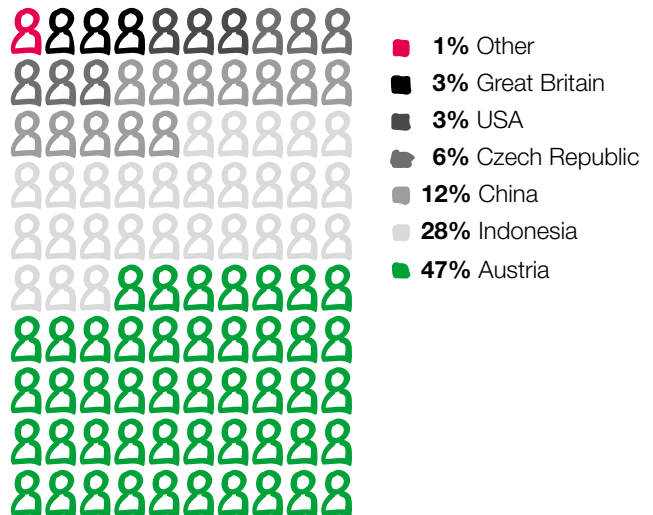
## Certification status in the Lenzing Group

	ISO 9001	ISO 14001	OHSAS 18001
Lenzing, Austria	✓	✓	✓
Heiligenkreuz, Austria	✓	✓	✓
Grimsby, Great Britain	✓	✓	✓
Mobile, USA	✓	✓	✓
Purwakarta, Indonesia	✓	✓	✓
Nanjing, China	✓	✓	✓
Paskov, Czech Republic	✓	✓	✓

## Employees

The Lenzing Group had a worldwide workforce of 6,218 as of December 31, 2016 (December 31, 2015: 6,127), including 175 apprentices (December 31, 2015: 182). The number of employees working for Lenzing AG at the corporate headquarters in Lenzing (Austria) totaled 2,460 at the end of 2016 (December 31, 2015: 2,332), including 121 apprentices (December 31, 2015: 117).

### Employees by country



Committed, motivated and highly qualified employees are the most valuable asset for a performance-driven, competitive organization. The Lenzing Group therefore supports the qualifications of its employees through a broad range of personnel development measures. Most of the educational and development programs at the corporate headquarters in Lenzing are carried out internally in the company's educational center (BZL).



## Training and continuing education

The 16-month executive development program “Springboard”, which started in 2014 with 24 participants, was successfully concluded in March 2016. Springboard focuses on the issues of culture and change, decision-making, leadership, international communications as well as virtual and practical cooperation.

Lenzing also launched the “Commercial Academy“ in August 2016 as a platform for its commercial staff and plans to roll out this training program throughout the Group in 2017. The pilot phase focused on training for negotiation skills, technical know-how and legal expertise.

## Diversity

In accordance with its sCore TEN strategy, the Lenzing Group places high value on the diversity of its employees. The 27 new colleagues who were appointed to management positions in 2016 come from 15 different nations, and one-third are women.

## Safety, Health and Environment

Global Safety, Health and Environment (Global SHE) is responsible for occupational safety, health and environment in the Lenzing Group. In 2016 measures were implemented to increase occupational safety and further develop group-wide healthcare management.

### Safety

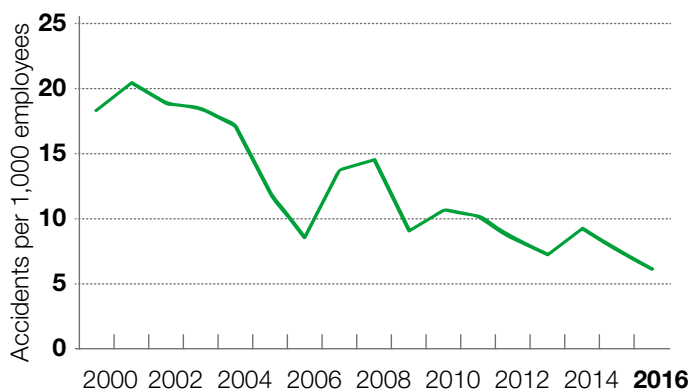
The primary goal of Global SHE is to increase employees’ awareness of the importance of safety and to implement appropriate measures to minimize the risk of accidents at work.

The Safety, Health and Environment Policy was revised and reissued during the reporting year. It is based on the sCore TEN strategy and the related “Heartbeat for Safety” program, which was introduced in 2015 under the motto “leave home healthy, come home healthy” and continued in 2016. This new policy reflects the Lenzing Group’s philosophy for safety, health and environment and is intended to improve decision-making at all levels of the organization. All managers and employees must ensure that their decisions are in agreement with this policy.

Safety pillars were also established at numerous locations. The mission of these cross-functional teams is to support the safety culture. Pilot projects are currently in progress in Heiligenkreuz and Lenzing (both in Austria), and the project is under development at the global level.

The development of the accident rate reflected the previous year with a further reduction in 2016.

## Development of the accident rate



### Health

The Lenzing Group has established industry-specific healthcare standards at all its sites, which include routine health checks for all employees and regular training in the correct handling of chemicals. A variety of health promotion programs are also offered and range from health recommendations, free of charge vaccinations and smoking cessation programs to balanced nutrition in the company canteens, fitness courses with a special focus on spine strengthening under medical supervision, and sporting events.

At the production location in Purwakarta (Indonesia), the Lenzing Group offers primary health care to all employees and their family members. The three medical facilities, including two on the plant grounds, treat an average of 500 persons each week. A modernization project for the facilities was completed in 2016, which covered the complete renovation of the treatment and waiting rooms, the upgrading and increase of medical equipment and the purchase of a new ambulance. In addition, 11 first responders for each 100 employees undergo annual training. The iHealthy Wellness program at Lenzing’s production facility in Mobile (USA) was further expanded during 2016. It is focused primarily on prevention and includes, among others, annual healthcare checks to identify existing health risks in a timely manner and prevent risks by promoting a healthy lifestyle.

# Risk Report

## Current risk environment

A detailed analysis of developments on the global fiber market in 2016 and the related risks for the Lenzing Group is provided in the section General Market Environment.

Steady high prices and the strong USD have created a very positive market environment for Lenzing at the present time. Worldwide cotton supplies are declining slightly, but remain at a high level, especially in China. The risk of fluctuating prices for wood-based cellulose fibers is therefore considered to be lower. However, competitors in Indonesia and China are expected to bring additional capacity on line beginning in 2018.

Current geopolitical and economic developments, e.g. Brexit and the changes in the USA, represent significant factors for global uncertainty. These factors could also have an influence on Lenzing if the future trends are negative.

Pulp supplies are secured for 2017 based on the expansion of the Group's own capacity in Lenzing (Austria) and Paskov (Czech Republic) and sufficient available supplies on the global market. However, there is an increasing risk of lost cost advantages through backwards integration by competitors and the possible implementation of import duties by China on pulp sourced in Europe and South Africa.

Energy prices and the raw material prices for chemicals are at a cyclical low, and substantial price increases are not expected in the near-term.

With regard to foreign currencies, Lenzing continues to profit from the strength of the USD versus the EUR. Liquidity risks are expected to be very low in 2017, among others due to the positive development of cash flow.

There were also no significant damage incidents involving operating, environmental or product liability risks with a high damage potential in 2016.

## Risk management

The Management Board of Lenzing AG, together with the heads of the reporting departments, carries out extensive coordinating and controlling operations within the framework of a comprehensive integrated internal control system that covers all locations. The timely identification, evaluation and reaction to strategic and operational risks are essential components of these management activities. This approach is based on a standardized, group-wide monthly reporting system and the ongoing monitoring of strategic and operational plans.

Lenzing has implemented a corporate risk management system for the central coordination and monitoring of risk management processes throughout the Group. This system identifies and analyzes the main risks, together with input from the operating units, and communicates the results to the Management Board and top management. Risk

management also includes the proactive analysis of potential events or near-misses. Additionally, it covers the active reduction of risks and the implementation of appropriate countermeasures in cooperation with the involved departments or the purchase of external coverage on the insurance market as required.

## Risk management strategy

Lenzing pursues a four-step approach to risk management:

### Risk analysis (based on the COSO<sup>®10</sup> Framework)

The Central Risk Management Department carries out semi-annual risk assessments at all production locations and functional units. The identified risks are evaluated according to their probability of occurrence and potential financial impact based on the international COSO<sup>®</sup> standards. This analysis also covers the financial effects of a possible damage event on Group EBITDA. In addition, the risks for EBITDA are simulated and a range of possible variances is developed.

### Risk reduction

The objective is to minimize, avoid or, in certain cases, intentionally accept risks based on appropriate measures. The actions taken depend on the expected impact of the specific risk on the Group.

### Responsibility

The individual risks are assigned on the basis of the existing organization.

### Risk monitoring/control

The effectiveness of the risk management system (in the following RMS) of Lenzing AG was again evaluated by Deloitte Austria within the framework of a special audit in accordance with Rule 83 of the Austrian Corporate Governance Code. The corresponding confirmation is published on the Lenzing website ([www.lenzing.com/en/investors/corporate-governance/evaluation.html](http://www.lenzing.com/en/investors/corporate-governance/evaluation.html)).

In addition to fulfilling legal requirements, the primary objective of the group-wide risk management system is to create a greater awareness of risk and to integrate the resulting insights into everyday business operations and the Group's strategic development. The RMS only presents major risks that are not included in the statement of financial position on the consolidated income statement.

Strategic market risks are evaluated on the basis of market reports and internal market analyses in monthly meetings between the internal Market Research Department and the Sales Department.

<sup>10</sup> Committee of Sponsoring Organizations of the Treadway Commission

## Market environment risks

### Market/substitution risk

As an international corporation, Lenzing is exposed to a variety of macroeconomic risks. The development of the prices and volumes for textile fibers and, to a lesser extent, also for nonwoven fibers, is cyclical because it is dependent on global and regional economic conditions. Lenzing™ fibers compete with cotton and synthetic fibers on many submarkets. Consequently, the price trends for these products also have an influence on the revenue and sales volumes of Lenzing™ fibers.

Lenzing counteracts this risk by steadily increasing the share of specialty fibers in its global product portfolio. The goal is to raise the share of specialty fibers to 50 percent by 2020. High-quality standards combined with added-value services in the standard fiber business are also designed to safeguard Lenzing's leading market position.

Lenzing relies on a strong international market presence, especially in Asia. This market presence is strengthened by an excellent regional customer service and support network as well as high customer-oriented product diversification. As a means of further strengthening the focus on customers, plans for the coming years include the establishment of two additional competence centers which will concentrate on application development and product innovation.

The substitution risk for wood-based cellulose fibers is considered low due to Lenzing's strong technological expertise and solid sales basis.

### Sales risk

A comparatively small number of major customers are responsible for roughly one-half of Lenzing's fiber revenue. A decline in sales to these major customers or the loss of one or more major customers without an immediate replacement poses a certain risk. Lenzing counteracts this risk with its global presence and the continuous broadening of its client base and sales segments. Possible default on trade receivables is covered by strict receivables management and global credit insurance.

### Innovation and competition risk

As the world's leading producer of botanic fibers and a technology leader, Lenzing is exposed to the risk of losing its position on the fiber market due to increased competition or new technologies developed by competitors. Lenzing could lose its market position, above all, if it is no longer able to offer its products at competitive prices, if its products do not comply with customer specifications or quality standards or if its customer service does not meet customer expectations.

Lenzing counteracts this risk with research and development activities that exceed the average for the cellulose fiber industry and by a high level of product innovation and steady cost optimization. The Lenzing Group – similar to other producers of wood-based cellulose fibers – is exposed to the risk that acceptable or even superior alternative products may become available and at more favorable prices than wood-based cellulose fibers.

## Laws and regulations

Lenzing is confronted with different legal systems and regulations in its global markets. A change in laws or other regulations (e.g. import duties, environmental requirements etc.) as well as the stricter interpretation of existing laws could result in significant additional costs or competitive disadvantages. Lenzing has installed a Legal Management and Compliance Department which carries out consulting services and risk assessments in these areas.

## Operating risks

### Procurement risk (incl. pulp supplies)

Lenzing purchases large volumes of raw materials (wood, pulp, chemicals) and energy for the manufacture of its cellulose fibers. Fiber production and the related margins are exposed to risks arising from the availability and prices of these raw materials, which can fluctuate to the disadvantage of the Lenzing Group. These risks are countered through the careful selection of suppliers based on price, reliability and quality criteria as well as the creation of long-standing, stable supplier-customer partnerships, in some cases with multi-year supply agreements. Lenzing has also entered into long-term contractual relationships with several raw material suppliers and service partners (but with only a few customers). These agreements require Lenzing to purchase specified quantities of raw materials at standardized terms and conditions, which may also include price adjustment clauses. Lenzing may therefore not be able to adjust prices, purchase volumes or other contract conditions over the short-term in order to react to changes on its markets. This risk is aggravated by the fact that the major share of Group revenue is generated by short-term contract relationships with customers.

The new sCore TEN strategy has also moved backwards integration into the focus of activities through the expansion of the Group's own cellulose production volumes.

### Operating and environmental risks

The production of cellulose fibers involves a complex series of chemical and physical processes which are connected with certain environmental risks. These risks are effectively controlled through special, proactive and sustainable environmental management efforts, closed production cycles and the continuous monitoring of emissions based on state-of-the-art production technologies. The Lenzing Group has operated production facilities at several locations for decades. Therefore, risks arising from environmental damages in earlier periods cannot be completely excluded.

Although the Lenzing Group has set very high technological and safety standards for the construction, operation and maintenance of its production sites, the risk of breakdowns, disruptions and accidents cannot be completely excluded. These types of disruptions can also be caused by external factors over which the Lenzing Group has no control. It is impossible to provide direct protection against certain natural hazards (e.g. cyclones, earthquakes, floods). Moreover, there is a risk that personal injury, material and environmental damage could result in substantial claims for damages and even criminal liability.

The Lenzing Group's production activities are concentrated at a small number of locations. Any disruption at one of these facilities would have a negative impact on a substantial part of the company's business operations.

### **Product liability risk**

Lenzing markets and sells its products and services to customers throughout the world. These business activities can result in damages to customers through the delivery of a defective product by Lenzing or one of its subsidiaries. Lenzing is also subject to the prevailing local laws in the countries where its products are delivered and, particularly in the USA, is exposed to significant liability risk. This risk is countered by a special department which focuses exclusively on customers' problems in processing Lenzing products and on dealing with complaints. Liability damages caused by Lenzing are covered by a liability insurance program.

## **Financial risks**

### **Exchange rate risk**

Its international business relationships expose the Lenzing Group to currency risks, in particular in connection with the USD, CNY and CZK. The procedures for dealing with financial risks are described in clearly-defined, written guidelines which are continually monitored by the Global Treasury Department. The goal of foreign currency management is to protect payment flows from business operations against exchange rate fluctuations. Lenzing uses forward exchange contracts for this purpose. Hedging activities as well as the correlation between the risk and the hedging instruments are systematically monitored and reported. Translation risks are generally not hedged, but monitored on a regular basis.

The default risk on these derivative financial instruments is evaluated regularly and considered to be relatively low due to the good credit standing of the contractual partners.

### **Counterparty risk**

The default risks related to primary financial instruments (originated loans, securities, receivables and cash balances with banks) are limited by depositing the Group's liquid assets with a large number of different banks. Lenzing AG has also accepted liabilities for other companies, but the risk of subsidiary liability is considered to be low because the involved companies are expected to meet their payment obligations.

The risk of changes in the market value of primary and derivative financial instruments is also classified as relatively low. Short-term financial instruments are not expected to be exposed to material fluctuations before maturity. Floating interest rates apply to 41.2 percent of the non-current liabilities held by the Lenzing Group.

The Lenzing Group is not exposed to liquidity risk, specifically the risk that the obligations resulting from primary derivative financial instruments cannot be met due to a lack of sufficient funds. Derivative financial instruments are used solely for hedging purposes, and the resulting obligations are covered by the hedged transactions. The obligations arising from primary financial instruments are covered by available liquid funds and, if necessary, by internal financing.

The cash flows resulting from financial instruments can be subject to fluctuations. These cash flow risks are generally limited to floating interest rate liabilities.

### **Financing risk**

The Lenzing Group needs financial resources to implement its business plan and strategy. More difficult access to the financial markets could have a negative influence on the availability, conditions and/or costs of obtaining capital. Weaker demand or a decline in selling prices could also have a negative impact on business operations and, in turn, on the financial situation and earnings of the Lenzing Group. This risk is considered to be very low from the current point of view.

### **Tax risk**

Lenzing's production facilities are subject to local tax regulations in their respective countries and are required to pay corporate income taxes as well as other taxes. Changes in tax legislation or different interpretations of prevailing regulations could lead to subsequent tax liabilities.

### **Compliance**

Increasingly strict international codes of conduct and legal regulations are creating additional demands on Lenzing for compliance and monitoring. Insufficient controls in business processes or a lack of adequate documentation could result in violations of relevant statutory provisions. Lenzing addresses this risk through its group-wide compliance organization, the corporate code of conduct, an anti-bribery and corruption policy, and an antitrust policy.

## **Personnel risks**

### **Qualified employees**

Personnel risks may arise through the fluctuation of employees in key positions as well as the recruiting of new staff at all global sites. Lenzing has established a Human Resources Department, which operates internationally and coordinates personnel planning with the respective sites. It is responsible for the central management and monitoring of all personnel-related issues, among others for the organization of global management and training programs for potential executives.

# Report on the Key Elements of the Internal Control System (Section 243a Para. 2 of the Austrian Commercial Code)

**The internal control system** implemented by Lenzing Group is designed to safeguard the reliability of financial reporting, ensure compliance with legal regulations and corporate guidelines and present the risks not reported on the consolidated statement of financial position or the consolidated income statement.

The Lenzing Group's organizational structure and processes form the main basis for the control environment and the internal control system.

The organizational structure includes the assignment of specific authority and responsibilities to the various management and hierarchy levels at the Austrian sites and in all international subsidiaries. Key group functions are centralized in corporate centers which reflect Lenzing's global market presence as well as its decentralized business and site structure. The respective management is responsible for coordinating and monitoring business operations at the national level.

Lenzing's process organization is characterized by a well-developed and comprehensive set of guidelines which provide an effective foundation for a strong control environment and control system. Important group-wide approval processes and responsibilities are defined in the Lenzing Group Mandates. The management of the individual business area or department is responsible for monitoring compliance with the respective regulations and controls.

## Financial reporting

The Global Accounting & Tax Department has central responsibility for financial reporting, which ensures a clearly-defined structure and responsibilities for this area. Comprehensive regulations and guidelines for the performance of controls have been developed and implemented.

Lenzing has installed an internal control and risk management system for the accounting process, which ensures the uniform application of legal standards, generally accepted accounting principles and the accounting regulations specified in the Austrian Commercial Code. This system also covers the consolidated accounting process and thereby guarantees compliance with the rules defined by International Financial Reporting Standards (IFRS) and internal accounting guidelines, in particular the group accounting manual and schedules.

The internal control system related to accounting is designed to safeguard the timely, uniform and accurate recording of all business processes and transactions. In this way, it supports the preparation of reliable data and reports on the financial position and financial performance of the Lenzing Group.

The subsidiaries included in the Lenzing Group's consolidated

financial statements prepare individual financial statements and IFRS financial statements at the company level in a timely manner. They are responsible for the decentralized implementation of existing rules and are supported in these activities by the Global Accounting Department. The consolidated financial statements are prepared on the basis of the data supplied by the group companies. The Corporate Consolidation Department is responsible for consolidation entries, reconciliations and monitoring compliance with the content and deadline requirements.

The Global Treasury Department, and above all the payments unit, is classified as a highly sensitive area because of its direct access to the Group's assets. The accompanying increased need for security is reflected in comprehensive regulations and instructions for all relevant processes.

These clear guidelines require the strict application of the four-eyes principle for the settlement of transactions as well as regular reporting. The Internal Audit Department is responsible for monitoring the application of and compliance with controls in business operations.

The Global Tax Department is responsible for handling all tax issues in the Group.

## Compliance with legal regulations and internal guidelines

The Legal, IP & Compliance Department of Lenzing AG is responsible for legal management. This centralized function handles all legal matters in the Lenzing Group, in particular issues which do not involve standard business processes.

This department is also responsible for the Compliance Management System (CMS). In this function, it oversees group-wide compliance with legal regulations and internal guidelines as well as the prevention of legal violations and improper behavior. The Legal, IP & Compliance Department reports directly to the Chief Executive Officer. The CMS is responsible for the following: the identification of compliance-relevant risks and the implementation of risk-minimizing measures, the development and monitoring of compliance-relevant guidelines, employee training, the provision of assistance on compliance issues, the handling and correction of cases involving improper behavior and regular reporting to the Management Board and Supervisory Board or Audit Committee.

Lenzing AG has stated its intention to comply with the rules defined by the Austrian Code of Corporate Governance (ACCG) and prepares a Corporate Governance Report which is published as part



of the Annual Report. The Corporate Governance Report requires the participation of the Supervisory Board, which delegates the responsibility for monitoring compliance with the related obligations to the Audit Committee.

The Internal Audit Department is independent of all other organizational units and business processes and reports directly to the Chief Financial Officer. Internal Audit evaluates whether the Group's resources are used legally, economically, efficiently and correctly in the interest of sustainable development. The activities of Internal Audit are based on the international standards published by the Institute of Internal Auditors (IIA). Regular reporting to the Management Board and the Audit Committee ensure the proper functioning of the internal control system.

## **Depiction of risks outside the statement of financial position and income statement**

The Risk Management Department is responsible for the depiction of risks outside the statement of financial position and income statement and prepares a semi-annual risk report for this purpose. The major risks are also discussed in the annual report. The risk report is based on the international COSO® standards (Committee of Sponsoring Organizations of the Treadway Commission).

# **Shareholder Structure & Information on Capital**

## **Share capital and shareholder structure**

The share capital of Lenzing AG totals EUR 27,574,071.43 and is divided into 26,550,000 individual shares. The B&C Group reduced its investment from 67.6 percent to 62.6 percent of the voting rights in September 2016. However, it remains the majority shareholder and views itself as the long-term oriented Austrian core shareholder of Lenzing AG. Oberbank AG, a leading Austrian regional bank, reduced its holding from 5 percent to 4.2 percent in September 2016. These transactions increased the free float from 27.4 percent to 33.2 percent. The free float in Lenzing shares is held by Austrian and international investors. The Lenzing Group holds no treasury shares.

## **Position of shareholders**

Each no-par-value share grants the shareholder one vote at the Lenzing AG Annual General Meeting. Unless provided otherwise by mandatory provisions of the Austrian Stock Corporation Act, the Annual General Meeting passes resolutions by a simple majority of the votes cast and – if a majority of the share capital is required – by a simple majority of the share capital represented at the Annual General Meeting.

Lenzing AG has no shares with special control rights. A resolution passed by the Annual General Meeting on April 20, 2016 authorized the Management Board, subject to the consent of the Supervisory Board, to repurchase the company's bearer shares over the stock market at an amount equaling up to 10% of share capital. This approval is valid for 30 months beginning on April 20, 2016. Trading in treasury shares is excluded as an objective of the purchase.

The Management Board was also authorized to reduce share capital, if necessary, through the withdrawal of treasury shares without a further resolution by the Annual General Meeting. The Supervisory Board was authorized to adopt any amendments to the articles of association resulting from the withdrawal of shares.

The Annual General Meeting on April 22, 2015 authorized the Management Board, subject to the approval of the Supervisory Board to increase share capital by up to EUR 13,778,412 through the issue of up to 13,274,000 no-par-value shares ("authorized capital") – also in several tranches – in exchange for cash and/or contributions in kind. The authorization is valid for five years beginning on the date the resolution is recorded in the commercial register (recording date: May 26, 2016).

The Annual General Meeting on April 22, 2015 also authorized the Management Board, subject to the approval of the Supervisory Board, to issue convertible bonds by April 22, 2020 – also in several tranches – which provide or allow for subscription or conversion rights or mandatory subscription or conversion into a maximum of 13,274,000 shares (“contingent capital”). The subscription or conversion rights/obligations may be serviced by contingent capital and/or treasury shares.

The Annual General Meeting on April 20, 2016 also approved the cancellation of the authorized capital which was created by a resolution to point two of the agenda for the Annual General Meeting on December 10, 2010. This authorized capital expired on December 10, 2015. The cancellation was required to create legal certainty and to delete the authorized capital originally recorded in the company register (“Vollzug 69”) as a result of the resolution by the Annual General Meeting on December 10, 2010.

The Annual General Meeting on April 20, 2016 authorized the Management Board, subject to the approval of the Supervisory Board, to cancel the contingent capital which was created by a resolution to point three of the agenda to the Annual General Meeting on December 10, 2010 (contingent capital increase in accordance with Section 159 Para. 2 no. 1 of the Austrian Stock Exchange Act by up to EUR 13,358,625 through the issue of up to 12,862,500 shares for issue to the creditors of convertible bonds) in order to establish legal certainty. The Management Board did not utilize this authorization in 2016.

Detailed information on the Annual General Meeting, proposals for resolutions and the results of voting are published on the website of Lenzing AG: <http://www.lenzing.com/investors/shareholders-meeting/2016/information-on-shareholders-rights>.

The 73rd Annual General Meeting will be held on April 25, 2017 in the “Kulturzentrum Lenzing”, 4860 Lenzing.

## **Other disclosures in accordance with Section 243a of the Austrian Commercial Code**

There are no provisions other than those stipulated by law which cover the appointment or dismissal of members of the Management Board or Supervisory Board. Change of control clauses are included in financing agreements. The company has not entered into any significant agreements that would take effect, change or expire in the event of a change in control as the result of a takeover bid. There are no compensation agreements between the members of the Management Board and Supervisory Board or with employees that would take effect in the event of a public takeover offer.

# **Outlook**

**The International Monetary Fund** is forecasting a slight acceleration in global economic growth to 3.4 percent in 2017. However, the political environment will be a source of greater uncertainty. Developments on the fiber markets should be slightly more positive, but still volatile. The market will continue to feel the effects of further reductions in cotton inventories. Polyester fiber prices will remain at a low level, which will lead to a further increase in the interfiber competition.

The wood-based cellulose fiber segment, which is relevant for Lenzing, should again outpace the overall fiber market. The demand for these cellulose fibers was very good at the beginning of 2017, with the long-term trend pointing towards further growth in viscose and, above all, cellulose specialty fibers. On the supply side, the market is not expected to see the entry of any notable new production capacity in 2017.

### **Development of the Lenzing Group**

Lenzing is very well positioned in this environment. In 2017 we will continue to focus on the disciplined implementation of the sCore TEN strategy and, specifically, on specialization and sustainability-driven innovation. The steady expansion of the specialty fiber capacities and the intensification of our brand management will be essential to increasing consumers’ awareness for the unique selling proposition of our fiber products.

The Lenzing Group registered strong demand for its fibers during the first weeks of 2017 which, in turn, led to continued high capacity utilization in all product groups. The market price index for viscose fibers was substantially higher than in the comparable prior year period. Under the assumption of unchanged conditions in the fiber market and stable exchange rates, Lenzing expects a considerable improvement in results in the fiscal year 2017 compared to 2016.

Lenzing, March 8, 2017  
**Lenzing Aktiengesellschaft**

**The Management Board**

**Stefan Doboczky**  
Chief Executive Officer

**Robert van de Kerkhof**  
Chief Commercial Officer

**Thomas Obendrauf**  
Chief Financial Officer

# Appendix: Notes on the Financial Performance Indicators of the Lenzing Group

**The key financial** indicators of the Lenzing Group are described in detail in the following section. These indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group and are found in this annual report, above all, in the sections „Selected Indicators of the Lenzing Group“ and „Five-Year Overview of the Lenzing Group“. The definitions of the indicators are summarized in the glossary to the annual report. The Management Board believes these financial indicators provide useful information on the financial position of the Lenzing Group because they are used internally and are also considered important by external stakeholders (in particular investors, banks and analysts).

## EBITDA, EBITDA margin, EBIT and EBIT margin

EBITDA and EBIT are viewed by the the Lenzing Group as the benchmarks for the strength of operating earnings and profitability (performance) before and after depreciation and amortization. Due to their significance - also for external stakeholders - these indicators are presented on the consolidated income statement and, in order to provide a comparison of margins, in relation to group revenue (as the EBITDA margin and EBIT margin).

EUR mn	2016	2015	2014	2013	2012
Earnings before interest, tax, depreciation and amortization (EBITDA)	428.3	290.1	240.3	225.4	352.4
/ Revenue	2,134.1	1,976.8	1,864.2	1,908.9	2,090.4
<b>EBITDA margin</b>	<b>20.1%</b>	<b>14.7%</b>	<b>12.9%</b>	<b>11.8%</b>	<b>16.9%</b>

EUR mn	2016	2015	2014	2013	2012
Earnings before interest and tax (EBIT)	296.3	151.1	21.9	86.4	231.5
/ Revenue	2,134.1	1,976.8	1,864.2	1,908.9	2,090.4
<b>EBIT margin</b>	<b>13.9%</b>	<b>7.6%</b>	<b>1.2%</b>	<b>4.5%</b>	<b>11.1%</b>

## EBT

EBT measures the pre-tax earnings strength of the Lenzing Group and is shown on the consolidated income statement.

## Gross cash flow

In the Lenzing Group, gross cash flow serves as the benchmark for the company's ability to convert gains/losses from operating activities (before changes in working capital) into cash and cash equivalents. This indicator is presented in the consolidated statement of cash flows.

## Free cash flow

The free cash flow generated by the Lenzing Group shows the cash flow generated by operating activities - after the deduction of investments - which is available to service the providers of debt and equity. This indicator is also important for external stakeholders.

EUR mn	2016	2015	2014	2013	2012
Cash flow from operating activities	473.4	215.6	218.8	82.3	209.4
- Cash flow from investing activities	(103.6)	(56.5)	(102.8)	(152.2)	(281.8)
- Net cash inflow from the sale and disposal of subsidiaries and other business areas	(1.4)	(13.4)	0.0	(61.7)	0.0
+ Acquisition of financial assets and investments accounted for using the equity method	3.5	4.9	2.3	8.3	4.3
- Proceeds from the sale/repayment of financial assets	(5.6)	(5.6)	(3.5)	(40.7)	(41.0)
<b>Free cash flow</b>	<b>366.3</b>	<b>145.0</b>	<b>114.8</b>	<b>(163.9)</b>	<b>(109.1)</b>

## CAPEX

CAPEX shows the expenditures for intangible assets and property, plant and equipment. It is presented in the consolidated statement of cash flows.

## Liquid assets

Liquid assets show the Lenzing Group's ability to meet due payment obligations immediately with available funds. This indicator is also used to calculate other financial ratios (e.g. net financial debt; see below).

EUR mn as at 31/12	2016	2015	2014	2013	2012
Cash and cash equivalents	559.6	347.3	271.8	287.9	481.7
+ Liquid bills of exchange (in trade receivables)	10.8	8.1	8.5	8.1	8.5
+ Liquid securities (in financial assets)	0.0	0.0	0.0	0.0	38.6
<b>Liquid assets</b>	<b>570.4</b>	<b>355.3</b>	<b>280.3</b>	<b>296.0</b>	<b>528.8</b>

## Trading working capital and trading working capital to annualized group revenue

Trading working capital in the Lenzing Group is a measure for potential liquidity and capital efficiency. It is used to compare capital turnover by relating it to group revenue.

EUR mn as at 31/12	2016	2015	2014	2013	2012
Inventories	329.4	338.5	344.1	311.5	299.6
+ Trade receivables	277.4	258.9	232.8	258.8	264.5
- Trade payables	(227.2)	(150.0)	(181.1)	(176.6)	(200.3)
<b>Trading working capital</b>	<b>379.6</b>	<b>447.4</b>	<b>395.7</b>	<b>393.7</b>	<b>363.8</b>

EUR mn	2016	2015	2014	2013	2012
Latest reported quarterly group revenue (= 4th quarter respectively)	555.7	518.0	506.5	461.9	522.9
x 4 (= annualized group revenue)	2,222.9	2,071.8	2,026.0	1,847.5	2,091.5
<b>Trading working capital to annualized group revenue</b>	<b>17.1%</b>	<b>21.6%</b>	<b>19.5%</b>	<b>21.3%</b>	<b>17.4%</b>

## Adjusted equity and adjusted equity ratio

Adjusted equity shows the Lenzing Group's independence from the providers of debt and its ability to raise new capital (financial strength). This figure includes equity as defined by IFRS as well as government grants less the proportional share of deferred taxes. Adjusted equity is used to compare equity and debt with total assets. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders.

EUR mn as at 31/12	2016	2015 <sup>1)</sup>	2014 <sup>1)</sup>	2013	2012
Equity	1,368.5	1,198.9	1,034.5	1,089.5	1,130.7
+ Non-current government grants	17.0	17.8	22.0	23.0	24.5
+ Current government grants	11.9	8.0	4.6	3.0	4.5
- Proportional share of deferred taxes on government grants	(7.0)	(6.1)	(6.1)	(5.9)	(6.5)
<b>Adjusted equity</b>	<b>1,390.5</b>	<b>1,218.6</b>	<b>1,054.9</b>	<b>1,109.6</b>	<b>1,153.1</b>
/ Total assets	2,625.3	2,410.6	2,359.2	2,439.9	2,632.7
<b>Adjusted equity ratio</b>	<b>53.0%</b>	<b>50.6%</b>	<b>44.7%</b>	<b>45.5%</b>	<b>43.8%</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).



## Net financial debt, net financial debt/EBITDA, net gearing and net debt

Net financial debt is used by the Lenzing Group as the benchmark for its financial indebtedness and capital structure. It is also an important indicator for external stakeholders. The relation of this indicator to EBITDA shows the number of periods in which the same level of EBITDA must be generated to cover net financial debt. The ratio of net financial debt to adjusted equity (net gearing) illustrates the relation of net debt to adjusted equity. This (and/or a similar indicator) is occasionally used as a financial covenant by lenders. Net debt in the Lenzing Group measures the level of financial debt, including the provisions for severance payments and pensions.

EUR mn as at 31/12	2016	2015	2014	2013	2012
Current financial liabilities	249.2	172.3	192.7	191.1	173.6
+ Non-current financial liabilities	328.3	510.9	537.0	609.6	701.6
- Liquid assets	(570.4)	(355.3)	(280.3)	(296.0)	(528.8)
<b>Net financial debt</b>	<b>7.2</b>	<b>327.9</b>	<b>449.5</b>	<b>504.7</b>	<b>346.3</b>
/ Earnings before interest, tax, depreciation and amortization (EBITDA)	428.3	290.1	240.3	225.4	352.4
<b>Net financial debt/EBITDA</b>	<b>0.0</b>	<b>1.1</b>	<b>1.9</b>	<b>2.2</b>	<b>1.0</b>
<b>EUR mn as at 31/12</b>	<b>2016</b>	<b>2015<sup>1</sup></b>	<b>2014<sup>1</sup></b>	<b>2013</b>	<b>2012</b>
Net financial debt	7.2	327.9	449.5	504.7	346.3
/ Adjusted equity	1,390.5	1,218.6	1,054.9	1,109.6	1,153.1
<b>Net gearing</b>	<b>0.5%</b>	<b>26.9%</b>	<b>42.6%</b>	<b>45.5%</b>	<b>30.0%</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

EUR mn as at 31/12	2016	2015	2014	2013	2012
Net financial debt	7.2	327.9	449.5	504.7	346.3
+ Provisions for severance payments and pensions	108.6	96.5	102.9	77.4	99.2
<b>Net debt</b>	<b>115.8</b>	<b>424.5</b>	<b>552.5</b>	<b>582.0</b>	<b>445.5</b>

## Return on capital (ROE, ROI and ROCE)

Return on capital employed (ROCE) is the Lenzing Group's benchmark for the yield (return) on the capital employed in the operating business. It is also an important indicator for external stakeholders. Return on capital (ROE) and return on investment (ROI) are profitability indicators which measure the earnings strength of the Lenzing Group.

EUR mn as at 31/12	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
Earnings before interest and tax (EBIT)	296.3	151.1	21.9	86.4	231.5
- Proportional share of current income tax expense (on EBIT)	(64.1)	(23.8)	(23.4)	(26.3)	(39.0)
<b>Earnings before interest and tax (EBIT) less proportional share of current income tax expense (NOPAT)</b>	<b>232.2</b>	<b>127.4</b>	<b>(1.5)</b>	<b>60.1</b>	<b>192.5</b>
/ Average capital employed	1,541.0	1,578.7	1,596.1	1,605.1	1,409.2
<b>ROCE (Return on capital employed)</b>	<b>15.1%</b>	<b>8.1%</b>	<b>(0.1%)</b>	<b>3.7%</b>	<b>13.7%</b>
Proportional share of current income tax expense (on EBIT)	(64.1)	(23.8)	(23.4)	(26.3)	(39.0)
Proportional share of other current tax expense	3.0	3.4	2.7	5.6	(0.8)
<b>Current income tax expense</b>	<b>(61.1)</b>	<b>(20.3)</b>	<b>(20.7)</b>	<b>(20.7)</b>	<b>(39.8)</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

EUR mn as at 31/12	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
Total assets	2,625.3	2,410.6	2,359.2	2,439.9	2,632.7
- Trade payables	(227.2)	(150.0)	(181.1)	(176.6)	(200.3)
- Non-current puttable non-controlling interests	(13.0)	(8.3)	(7.6)	(19.5)	(29.0)
- Other non-current liabilities	(3.7)	(3.1)	(7.6)	(2.3)	(1.7)
- Other current liabilities	(92.5)	(85.3)	(90.5)	(35.5)	(41.9)
- Current tax liabilities	(25.7)	(10.6)	(25.2)	(14.8)	(43.7)
- Deferred tax liabilities	(52.9)	(52.9)	(44.8)	(41.8)	(41.0)
- Proportional share of deferred taxes on government grants	(7.0)	(6.1)	(6.1)	(5.9)	(6.5)
- Current provisions	(97.2)	(69.9)	(81.4)	(126.4)	(81.6)
- Non-current provisions	(138.1)	(122.7)	(130.0)	(106.8)	(140.0)
+ Provisions for severance payments and pensions (post-employment benefits)	108.6	96.5	102.9	77.4	99.2
- Cash and cash equivalents	(559.6)	(347.3)	(271.8)	(287.9)	(481.7)
- Investments accounted for using the equity method	(12.7)	(25.6)	(38.0)	(39.1)	(35.8)
- Financial assets	(25.1)	(22.8)	(23.2)	(23.2)	(56.1)
<b>As at 31/12</b>	<b>1,479.2</b>	<b>1,602.7</b>	<b>1,554.7</b>	<b>1,637.5</b>	<b>1,572.7</b>
<b>As at 01/01</b>	<b>1,602.7</b>	<b>1,554.7</b>	<b>1,637.5</b>	<b>1,572.7</b>	<b>1,245.8</b>
<b>Average capital employed</b>	<b>1,541.0</b>	<b>1,578.7</b>	<b>1,596.1</b>	<b>1,605.1</b>	<b>1,409.2</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

EUR mn as at 31/12	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
Adjusted equity as at 31/12	1,390.5	1,218.6	1,054.9	1,109.6	1,153.1
Adjusted equity as at 01/01	1,218.6	1,054.9	1,109.6	1,153.1	1,048.1
<b>Average adjusted equity</b>	<b>1,304.5</b>	<b>1,136.8</b>	<b>1,082.3</b>	<b>1,131.4</b>	<b>1,100.6</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

EUR mn	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
Earnings before tax (EBT)	294.6	147.4	12.0	68.1	236.0
/ Average adjusted equity as at 31/12	1,304.5	1,136.8	1,082.3	1,131.4	1,100.6
<b>ROE (Return on equity)</b>	<b>22.6%</b>	<b>13.0%</b>	<b>1.1%</b>	<b>6.0%</b>	<b>21.4%</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

EUR mn	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
Total assets as at 31/12	2,625.3	2,410.6	2,359.2	2,439.9	2,632.7
Total assets as at 01/01	2,410.6	2,359.2	2,439.9	2,632.7	2,340.5
<b>Average total assets</b>	<b>2,518.0</b>	<b>2,384.9</b>	<b>2,399.5</b>	<b>2,536.3</b>	<b>2,486.6</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

EUR mn	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
Earnings before interest and tax (EBIT)	296.3	151.1	21.9	86.4	231.5
/ Average total assets as at 31/12	2,518.0	2,384.9	2,399.5	2,536.3	2,486.6
<b>ROI (Return on capital)</b>	<b>11.8%</b>	<b>6.3%</b>	<b>0.9%</b>	<b>3.4%</b>	<b>9.3%</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

# Corporate Governance Report 2016

**The Austrian Code** of Corporate Governance (ACCG) provides stock companies in Austria with a framework for corporate management and control. This framework includes internationally recognized standards for good corporate governance as well as relevant regulations of Austrian stock corporation law.

The goal of the code is to ensure the responsible management and control of companies and corporate groups based on the sustainable and long-term creation of value. It is intended to create a high degree of transparency for all of the company's stakeholders.

## Declaration of Commitment

Lenzing AG respects the ACCG and, for the first time in 2010, committed itself to compliance with the documented provisions. The Supervisory Board also unanimously resolved to fully adhere to the ACCG. The current version of the code (January 2015) is available in the Internet under [www.corporate-governance.at](http://www.corporate-governance.at). In accordance with L-Rule 60 of the ACCG, Lenzing AG is required to prepare and publish a Corporate Governance Report. The Corporate Governance Report of Lenzing AG also represents the consolidated Corporate Governance Report for the Lenzing Group.

This Corporate Governance Report is published on the website of Lenzing AG in accordance with C-Rule 61 of the ACCG (<http://www.lenzing.com/investors/Corporate-governance/Reports.html>).

## The Corporate Bodies of Lenzing AG

The division of responsibilities among the members of Lenzing's Management Board during the 2016 financial year was as follows:

### Management Board

- **Stefan Doboczky (born 1967)**  
Chairman of the Management Board, Chief Executive Officer  
First appointed: June 1, 2015  
Current term of office ends: May 31, 2018  
Responsibilities: Regional Area AMEA, Regional Area North Asia, Global Pulp & Wood, Global Operations, Global HR, Global R&D, Strategy & Projects, Legal IP & Compliance, Corporate Communications & Investor Relations, Emerging Business Areas, Corporate Secretary  
Supervisory Board functions in other companies: Economic Development Board, Singapore  
Management and monitoring functions in major subsidiaries: PT. South Pacific Viscose
- **Robert van de Kerkhof (born 1964)**  
Member of the Management Board, Chief Commercial Officer  
First appointed: May 1, 2014  
Current term of office ends: December 31, 2019 (extended by three years as of January 1, 2017)  
Responsibilities: Regional Area Europe and Americas, Global Business Management Textiles and Nonwovens, Global Sustainability, Global Brand Management, Global Supply Chain,

Technical Customer Service & Quality Management, Strategic Price Management, Market Intelligence, Global Logistics  
Supervisory Board functions in other companies: none  
Management and monitoring functions in major subsidiaries: none

- **Thomas Obendrauf (born 1970)**

Member of the Management Board, Chief Financial Officer  
First appointed: March 1, 2016  
Current term of office ends: February 28, 2019  
Responsibilities: Global Accounting & Tax Management, Global Controlling, Global Treasury, Finance AMEA, Finance North Asia, Finance Europe and Americas, Global Purchasing, Finance Pulp & Wood, Global Process & Information Technology, Internal Audit & Risk Management  
Supervisory Board functions in other companies: none  
Management and monitoring functions in major subsidiaries: Lenzing (Nanjing) Fibers Co., Ltd., Biocel Paskov a.s.

In a meeting on December 12, 2016, the Supervisory Board of Lenzing AG appointed Heiko Arnold to serve as a Member of the Management Board and Chief Technology Officer beginning on July 1, 2017 (or an earlier date to be agreed on). The assignment of responsibilities will take place prior to the start of employment through a resolution by the Supervisory Board on the amendment of the rules of procedure for the Management Board.

The Management Board directs the business operations of Lenzing AG in accordance with the applicable legal regulations, the Articles of Association and the internal rules of procedure for the Management Board. The distribution of responsibilities among the individual members of the Management Board is based on the organizational plan specified in the internal rules of procedure, which also regulates the cooperation between the Management Board members. Furthermore, the Management Board is required to comply in full with the rules stated in the Austrian Code of Corporate Governance.

### Supervisory Board Composition

- **Hanno M. Bästlein (born 1963)**  
Since April 22, 2015: Chairman  
First appointed: April 28, 2014  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2016 financial year.  
Supervisory Board functions in other companies: AMAG Austria Metall AG, VA Intertrading Aktiengesellschaft (Chairman), B&C Industrieholding GmbH
- **Veit Sorger (born 1942)**  
Since March 29, 2011: Deputy Chairman  
First appointed: June 4, 2004  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2018 financial year.  
Supervisory Board functions in other companies: Mondi AG (Chairman), Semperit Aktiengesellschaft Holding (Chairman), Constantia Industries AG (Chairman), Binder+Co AG, GrECo International Holding AG

- **Felix Strohbichler (born 1974)**  
Since April 22, 2015: Deputy Chairman  
First appointed: April 22, 2015  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2018 financial year.  
Supervisory Board functions in other companies: Semperit Aktiengesellschaft Holding
- **Helmut Bernkopf (born 1967)**  
First appointed: April 23, 2009  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2018 financial year.  
Supervisory Board functions in other companies:  
Oesterreichische Entwicklungsbank AG (Chairman) since September 21, 2016, OeKB CSD GmbH (Deputy Chairman) since September 7, 2016, „Österreichischer Exportfonds“ GmbH (Chairman) since June 27, 2016. Up to March 2016: Schoellerbank Aktiengesellschaft (Deputy Chairman), Bausparkasse Wüstenrot Aktiengesellschaft, BWA Beteiligungs- und Verwaltungs-Aktiengesellschaft; up to June 2016: Oesterreichische Kontrollbank Aktiengesellschaft; up to July 2016: card complete Service Bank AG (Chairman)
- **Franz Gasselsberger (born 1959)**  
First appointed: April 24, 2013  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2019 financial year.  
Supervisory Board functions in other companies: Bank für Tirol und Vorarlberg Aktiengesellschaft (Chairman), BKS Bank AG, voestalpine AG, AMAG Austria Metall AG
- **Josef Krenner (born 1952)**  
First appointed: April 23, 2009  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2018 financial year.  
Supervisory Board functions in other companies: B&C Industrieholding GmbH, AMAG Austria Metall AG (Chairman)
- **Patrick Prügger (born 1975)**  
First appointed: March 29, 2011  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2019 financial year.  
Supervisory Board functions in other companies: Semperit Aktiengesellschaft Holding, AMAG Austria Metall AG
- **Andreas Schmidradner (born 1961)**  
First appointed: June 12, 2008  
Andreas Schmidradner resigned from the Supervisory Board on March 1, 2016.  
Supervisory Board functions in other companies: Semperit Aktiengesellschaft Holding, VAMED Aktiengesellschaft
- **Astrid Skala-Kuhmann (born 1953)**  
First appointed: 19.04.2012  
Current term of office ends at the Annual General Meeting which will pass resolutions on the 2018 financial year.  
Supervisory Board functions in other companies: Semperit Aktiengesellschaft Holding

#### **Supervisory Board members designated by the Works Council:**

- **Helmut Kirchmair (born 1968)**, First appointed 2015
- **Georg Liftinger (born 1961)**, First appointed 2008
- **Daniela Födinger (born 1964)**, First appointed 2014
- **Johann Schernberger (born 1964)**, First appointed 2001
- **Franz Berlanda (born 1961)**, First appointed 2014 (resigned on March 1, 2016)

#### **Independence (C-Rules 53 and 54 of the ACCG)**

The Supervisory Board has adopted the guidelines for the independence of its members pursuant to Appendix 1 of the ACCG.

All members of the Supervisory Board have declared themselves to be independent of the company and the Management Board.

In accordance with C-Rule 54 of the ACCG, the Supervisory Board members Veit Sorger, Helmut Bernkopf, Franz Gasselsberger and Astrid Skala-Kuhmann declared in 2016 that they were neither shareholders with a stake of more than 10 percent in the company nor did they represent the interests of such shareholders.

#### **Working procedures of the Supervisory Board**

In order to fulfil its responsibility of monitoring the work of the Management Board, the Supervisory Board of Lenzing AG holds meetings at least once each quarter. Five Supervisory Board meetings were held during the reporting year (C-Rule 36 of the ACCG).

The Supervisory Board of Lenzing AG had five committees in 2016 (C-Rules 34 and 39 of the ACCG):

#### **Audit Committee**

The Audit Committee carries out the responsibilities assigned by Section 92 Para. 4a of the Austrian Stock Corporation Act. Accordingly, it is responsible, above all, for reviewing the annual financial statements and preparing their approval by the full Supervisory Board as well as evaluating the Management Board's proposal for the distribution of profits, the Management Report and the Corporate Governance Report. The Audit Committee examines the consolidated financial statements and the Group Management Report, makes a recommendation for the selection of the auditors and verifies the auditors' independence. Its responsibilities also include the following: monitoring the accounting process and making recommendations or suggestions to ensure its reliability and monitoring the effectiveness of the company's internal control system (ICS), internal audit and risk management system. The committee is required to report to the Supervisory Board on its activities. The Audit Committee met three times during the reporting year, whereby the meetings focused primarily on the internal control systems and forensics as well as changes in the rules for the mandatory external rotation of the auditor and the approval requirements for non-audit services by the auditor.

Members: Patrick Prügger (Chairman, financial expert), Hanno M. Bästlein, Felix Strohbichler, Andreas Schmidradner (resigned on March 1, 2016), Johann Schernberger, Georg Liftinger

#### **Nomination Committee**

The Supervisory Board has also established a Nomination Committee. It makes recommendations to the Supervisory Board for appointments to fill new or vacant positions on the Management Board and deals with issues related to succession planning. In

2016 this committee prepared the reappointment of Robert van de Kerkhof and the appointment of Heiko Arnold. It also made recommendations for appointments to the Supervisory Board. The Nomination Committee met five times during 2016.

Members: Hanno M. Bästlein (Chairman), Felix Strohbichler, Veit Sorger, Astrid Skala-Kuhmann, Andreas Schmidradner (resigned on March 1, 2016), Johann Schernberger, Georg Liftingner

#### **Remuneration Committee**

The Supervisory Board's Remuneration Committee deals with the terms and conditions of the employment contracts with the members of the Management Board, ensures compliance with C-Rules 27, 27a and 28 of the ACCG and reviews the remuneration policy for the Management Board members at regular intervals. The three meetings held by the Remuneration Committee in 2016 focused, in particular, on evaluating the performance of the Management Board and the targets for 2016 as well as general remuneration issues relating to the Management Board. The Remuneration Committee also negotiated, approved and concluded employment contracts for two members of the Management Board on behalf of Lenzing AG.

Members: Hanno M. Bästlein (Chairman), Felix Strohbichler, Veit Sorger, Andreas Schmidradner (resigned on March 1, 2016)

#### **Strategy Committee**

The Strategy Committee of the Supervisory Board is responsible for reviewing the strategic positioning of the company and monitoring the implementation of the corporate strategy. In 2016 the Management Board developed strategic options for the expansion of cellulose and fiber production capacity and discussed these options with the Strategy Committee. The Management Board also reported on research and development activities at Lenzing AG. The Strategy Committee held three meetings in 2016.

Members: Hanno M. Bästlein (Chairman), Astrid Skala-Kuhmann, Veit Sorger, Felix Strohbichler, Patrick Prügger, Johann Schernberger, Georg Liftingner

#### **Committee for Urgent Matters**

The Supervisory Board has formed a committee to deal with urgent matters. It is authorized to make decisions in particularly urgent cases on transactions which require the approval of the Supervisory Board. This committee met twice in 2016 to handle legal proceedings with an energy provider and the sale of an investment.

Members: Hanno M. Bästlein (Chairman), Felix Strohbichler, Johann Schernberger

#### **Cooperation between the Management Board and Supervisory Board**

The Management Board reports to the Supervisory Board on fundamental issues relating to future business policies and the outlook for the financial position and financial performance of Lenzing AG and the group companies. In addition, the Management Board provides the Supervisory Board with regular information on the development of business and the position of the company and the Group in comparison to forecasts, taking future developments into account. In a separate strategy meeting, the Management Board and Supervisory Board also discuss the long-term growth objectives of the Lenzing Group.

#### **Self-evaluation by the Supervisory Board**

In 2016 the Supervisory Board discussed the self-evaluation that was carried out during the fourth quarter of 2015 in accordance with C-Rule 36 of the ACCG. This self-evaluation took the form of a questionnaire which focused on issues such as the Supervisory Board's control function relating to the Management Board as well as compliance with the Management Board's reporting obligations to the Supervisory Board. The measures identified by this process to improve the efficiency of the Supervisory Board's work were subsequently implemented. The next self-evaluation is scheduled for the first half of 2017 and will include the support of an external consultant.

### **Principles of the Remuneration System for the Management Board and Supervisory Board (C-Rule 30 of the ACCG)**

The remuneration models in the Management Board contracts were largely harmonized in recent years, and the variable components were expanded. The remuneration of the Management Board members in 2016 comprised a fixed component and a variable (performance-based) component as well as an additional long-term bonus component. The variable salary components are linked, in particular, to the following performance criteria:

- **Current variable (performance-based) component:**  
The current variable (performance-related) component for all members of the Management Board is based on ROCE and individual qualitative targets.
- **Long-term bonus component:**  
The benchmark for the long-term bonus of Stefan Doboczky (since 2015) and Thomas Obendrauf (since 2016) is the long-term increase in the equity values of the Lenzing Group, based on an agreed formula, over a period of several years. Payment is made at the end of the contract period (Doboczky 2018, Obendrauf 2019) and is dependent on exceeding a specified threshold and the extension of the Management Board contract. The bonus for Stefan Doboczky will be paid equally in cash (50 percent) and shares of Lenzing AG (50 percent). The first half of the shares is subject to a minimum retention period of one year, while the second half of the shares must be held for at least two years after purchase. The bonus for Thomas Obendrauf is paid entirely in cash.

The bonus for Robert van de Kerkhof is based equally (50 percent) on multi-year performance criteria for the Lenzing Group (revenue, EBIT margin and Total Shareholder Return) in comparison with a peer group and (50 percent) on the attainment of qualitative goals. Payment to Robert van de Kerkhof is made annually at an amount equal to one-third of the accumulated bonus entitlement. Any bonus entitlement remaining after the end of the current term of office is paid in the following year. The harmonization of the remuneration model with the other Management Board members is planned for the term of office beginning on January 1, 2017.

- The maximum bonus of 292 percent for Stefan Doboczky, 90 percent for Robert van de Kerkhof and 65 percent for Thomas Obendrauf is based on the maximum current variable remuneration component plus the proportional share of the



maximum long-term bonus in comparison to the current fixed component. There is no stock option program or other program for the transfer of shares at a preferential price.

- The Management Board is also entitled to contributions by the company to a pension fund, which amounted to EUR 115 thousand in 2016 (2015: EUR 159 thousand). Of this total, EUR 66 thousand are attributable to Stefan Doboczky, EUR 32 thousand to Robert van de Kerkhof and EUR 17 thousand to Thomas Obendrauf.
- Company pension benefits as well as severance payments and entitlements to benefits on the termination of a board member's employment contract are based on federal regulations (Austrian Company Employee Pension Act).
- The provisions of C-Rule 27a of the ACCG are adequately taken into consideration in the event a Management Board contract is terminated prematurely.
- The company has concluded directors and officers liability insurance (D&O insurance), accident insurance and legal protection insurance for the members of the Management Board.

The following amounts totaling EUR 2,837 thousand for 2016 (2015: EUR 5,470 thousand) include EUR 2,837 thousand (2015: EUR 2,644 thousand) for short-term employee benefits and EUR 0 thousand (2015: EUR 2,826 thousand) for payments related to the termination of employment contracts.

## Current remuneration for the active members of the Management Board of Lenzing AG (expensed):

	Fixed and variable current remuneration and termination pay expensed for active members of the Management Board						EUR '000
	Stefan Doboczky <sup>1</sup>		Robert van de Kerkhof		Thomas Obendrauf <sup>2</sup>		
	2016	2015	2016	2015	2016	2015	
Fixed current remuneration	651	412	437	453	347	0	
Variable current remuneration	783	644	392	209	227	0	
Termination pay	0	0	0	0	0	0	
<b>Total</b>	<b>1,434</b>	<b>1,056</b>	<b>829</b>	<b>662</b>	<b>574</b>	<b>0</b>	

	EUR '000					
	Thomas Riegler <sup>3</sup>		Peter Untersperger <sup>4</sup>		Total	
	2016	2015	2016	2015	2016	2015
Fixed current remuneration	0	457	0	244	1.435	1.566
Variable current remuneration	0	0	0	225	1.402	1.077
Termination pay	0	874	0	1.953	0	2.826
<b>Total</b>	<b>0</b>	<b>1,330</b>	<b>0</b>	<b>2,422</b>	<b>2,837</b>	<b>5,470</b>

<sup>1)</sup> Member of the Management Board since June 1, 2015.

<sup>2)</sup> Member of the Management Board since March 1, 2016.

<sup>3)</sup> Member of the Management Board up to December 1, 2015.

<sup>4)</sup> Member of the Management Board up to May 31, 2015.

A further EUR 0 thousand (2015: EUR 40 thousand) was expensed to cover the entitlements of former Management Board members.

Expenses of EUR 1,116 thousand were recognized in 2016 (2015: EUR 731 thousand) for entitlements arising from long-term bonus models (other non-current employee benefits and share-based payments). Post-employment benefits of EUR 143 thousand (2015: EUR 273 thousand) were also granted to the active members of the Management Board for company pensions and termination payments. The remuneration for former members of the Management Board of Lenzing AG or their surviving dependents amounted to EUR 987 in 2016 (2015: EUR 973 thousand).

The principles underlying the remuneration of the Supervisory Board are defined in the Articles of Association of Lenzing AG (Section 13), which are published on the company's website. In accordance with the Articles of Association, the members of the Supervisory Board are granted annual remuneration consistent with their responsibilities and the position of the company.

The remuneration of the Supervisory Board members for the 2015 financial year, which was approved by the Annual General Meeting of Lenzing AG on April 20, 2016, is as follows:

- EUR 50,000 for the Chairman of the Supervisory Board
- EUR 35,000 for the Deputy Chairmen of the Supervisory Board
- EUR 20,000 for each other member of the Supervisory Board
- EUR 25,000 for the Chairman of the Audit Committee and the

- Strategy Committee as well as for the financial expert if he/she is not Chairman of the Audit Committee
- EUR 15,000 for the Chairman of the Nomination Committee, the Remuneration Committee and the excelLENZ Committee
- EUR 10,000 for each member of the Audit Committee and the Strategy Committee
- EUR 7,500 for each member of the Nomination Committee, the Remuneration Committee and the excelLENZ Committee

Each Supervisory Board member also receives an attendance fee of EUR 1,000 for each Supervisory Board meeting. The members of the Supervisory Board committees each receive an attendance fee of EUR 1,000 for each committee meeting, unless these meetings are held on the same day as a Supervisory Board meeting.

The members of the Supervisory Board received the following remuneration (in total: EUR 551,900), which was paid out in 2016:

Hanno M. Bästlein	EUR 140,500
Veit Sorgen	EUR 78,500
Felix Strohbiehler	EUR 60,667
Helmut Bernkopf	EUR 24,000
Josef Krenner	EUR 28,000
Franz Gasselsberger	EUR 27,000
Patrick Prügger	EUR 50,000
Andreas Schmidradner (resigned on March 1, 2016)	EUR 59,500
Astrid Skala-Kuhmann	EUR 39,000
Michael Junghans (resigned on April, 2015)	EUR 39,333
Georg Liftinger	EUR 1,650
Helmut Kirchmair	EUR 1,200
Johann Schernberger	EUR 1,350
Daniela Födinger	EUR 1,200

The remuneration policy for the Group's global top management, the managing directors of subsidiaries and the region managers consists of a fixed and a variable component. The fixed remuneration represents an attractive income in line with the market. The variable remuneration is based, on the one hand, on the attainment of established financial targets for the Group and, on the other hand, on the fulfilment of individually defined personal goals.

## Advancement of women in the Management Board, Supervisory Board and key management positions (L-Rule 60 of the ACCG)

Lenzing AG follows a strict equal opportunity policy and actively promotes the career development of women in managerial positions in all areas of the business.

The percentage of women in qualified positions with the Lenzing Group has increased steadily in recent years and currently includes, among others, Astrid Skala-Kuhmann and Daniela Födinger as members of the Supervisory Board. In addition, the company supports the compatibility of career and family life with flexible working time and work-at-home models wherever possible.

## Compliance

The Lenzing Group's Code of Business Conduct, which took effect in 2012, was revised by the Group Compliance Department. The binding directives and other policies and guidelines in this group-wide rulebook were amended in 2016, and a modified process for updates, documentation and training was initiated and will be finalized over the coming years. The group-wide compliance management system (CMS) also underwent further substantial development. Live training courses were held for more than 400 employees worldwide in three languages (German, English and Chinese) concerning the directives on antitrust law and the prevention of bribery and corruption which were rolled out in 2015. In preparation for the application of the General Data Protection Regulation in May 2018, 32 key managers took part in intensive training during December 2016. The CMA includes a help platform plus various information systems and will also allow employees to report rule violations to the Group Compliance Officer directly and anonymously through a planned whistleblower system. Moreover, the Issuer Compliance Directive was revised based on the European Market Abuse Directive and rolled out throughout the Group. Training videos on issuer compliance were also prepared and will form the basis for group-wide e-learning.

In accordance with C-Rule 18a of the ACCG, a report on compliance activities is submitted to the Audit Committee twice each year.

## Directors' Dealings

The purchase and sale of shares by members of the Management Board and Supervisory Board are disclosed in accordance with the applicable legal regulations (Article 19 of the European Market Abuse Directive, Regulation (EU) No. 596/2014). Information on the purchase and sale of shares after July 3, 2016 is provided on the company's website.

## Risk management and internal audit

The effectiveness of Lenzing's risk management system in 2016 was evaluated by the auditor, Deloitte Audit Wirtschaftsprüfung GmbH, in accordance with Rule 83 of the ACCG and resulted in an unqualified opinion. The Management Board was informed of the audit results. In addition, the Head of Risk Management makes regular reports on current risks to the Audit Committee at its meetings.

The Internal Audit Department reports directly to the Management Board. The annual audit schedule is finalized in close cooperation with the Management Board and the Audit Committee. The Head of Internal Audit also makes regular reports to the Audit Committee on key audit findings.

## External evaluation

In accordance with C-Rule 62 of the ACCG, Lenzing must arrange for an external institution to evaluate its compliance with the C-Rules and R-Rules of the code on a regular basis, but at least every three years. Lenzing commissioned PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH to evaluate its Corporate Governance Report for 2016. This evaluation concluded that the statement of compliance with the Austrian Code of Corporate Governance (January 2015 version) issued by Lenzing AG gives a true and fair representation of the actual situation. All external evaluation reports are published on the company's website under [www.lenzing.com](http://www.lenzing.com).

Lenzing, March 8, 2017

**Lenzing Aktiengesellschaft**

**The Management Board**

**Stefan Doboczky**  
Chief Executive Officer

**Robert van de Kerkhof**  
Chief Commercial Officer

**Thomas Obendrauf**  
Chief Financial Officer

# Report of the Supervisory Board

## To the 73rd Annual General Meeting

### Dear Shareholders,

The boundaries of the imaginable were redrawn in 2016. Ongoing armed conflicts, political disputes, the Brexit referendum and other elections show that the increasingly digitalized and globalized world is in the midst of a comprehensive structural change. Individuals and population groups who feel disadvantaged by these rapid developments as well as companies and entire societies are faced with new challenges. International corporations in sectors with widespread value chains and global markets must adapt their strategic decisions to include alternatives that adequately address these new challenges and integrate developments that seemed improbable only a few years ago. This change is also evident at Lenzing AG, which has developed from an Austrian company with international holdings into a global corporation with Austrian roots and an Austrian identity.

The past year was characterized by subdued growth in the major economies and by higher fiber prices. Since activities in the previous year were concentrated primarily on reorganization, the focal point for 2016 was the consistent implementation of the associated sCore TEN strategy. The course was set for long-term growth in specialty fibers with an extensive investment program at the Austrian locations and the approval for the substantial expansion of the TENCEL<sup>®</sup> Lyocell fiber production. The internal requirements for the realization of this development and future investment projects were created with the decision to establish a technology position on the Management Board, the strengthening of the team through international specialists and wide-ranging development measures in the area of human resources.

In connection with these diverse activities, the Supervisory Board fulfilled its monitoring obligations and provided professional advice to the company. The Supervisory Board of Lenzing AG held five meetings in 2016, where the Management Board provided information on the development of business, major transactions and measures were discussed and the necessary resolutions were passed. Individual focal points included the Supervisory Board's evaluation of the measures planned to safeguard pulp supplies as part of the sCore TEN strategy project as well as the expansion of fiber production capacity, the development of new technologies, the intensification of customer ties and the development of new business fields.

The Management Board provided the Supervisory Board with detailed written reports at all meetings, which covered the financial position and performance of Lenzing AG and the Lenzing Group. In addition, the Management Board provided the Chairman of the Supervisory Board with information on a regular basis.

The Remuneration Committee established by the Supervisory Board deals with the content of the employment contracts with the Management Board members, ensures compliance with C-Rules 27, 27a and 28 of the Austrian Code of Corporate Governance



and reviews the remuneration policies for the Management Board members at regular intervals. This committee held three meetings in 2016 which covered, in particular, the evaluation of the Management Board's performance and the definition of targets for 2016 as well as other general remuneration issues related to the Management Board. The Remuneration Committee also negotiated, approved and concluded the employment contracts for two members of the Management Board on behalf of Lenzing AG.

The Nomination Committee, which deals with appointments to the Management Board, issues related to succession planning and recommendations for nominations to the Supervisory Board, met five times in 2016. Its activities covered, in particular, preparations for the reappointment of Robert van de Kerkhof and the appointment of Heiko Arnold.

The Supervisory Board has also established a Strategy Committee, which is responsible for reviewing the strategic positioning of the company and monitoring the implementation of the corporate strategy. This committee held three meetings in 2016, which included discussions on measures for the expansion of pulp and fiber production capacity and further measures related to the implementation of the sCore TEN future program.

The Supervisory Board's Committee for Urgent Matters is authorized to make decisions in particularly urgent cases on transactions which require the approval of the Supervisory Board. This committee met twice in 2016 and assisted the Management Board in legal proceedings with an energy provider and the partial sale of an investment.

The Audit Committee of the Supervisory Board met three times in 2016. Its activities covered the review and preparation of the separate and consolidated financial statements for approval by the full Supervisory Board as well as the additional responsibilities defined by Section 92 Para. 4a of the Austrian Stock Corporation Act. These responsibilities include, above all, monitoring the effectiveness of the internal control and risk management systems as well as changes in the rules for the mandatory external rotation of the auditor and the approval requirements for non-audit services by the auditor.

Additional information on the composition and working procedures of the Supervisory Board and its remuneration are provided in the Corporate Governance Report.

The separate financial statements of Lenzing AG, together with the management report, and the consolidated financial statements of the Lenzing Group, together with the Group management report, as at December 31, 2016 were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and granted an unqualified opinion. The Corporate Governance Report was evaluated by PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz, which concluded that the statement by Lenzing AG on its compliance with the Austrian Code of Corporate Governance (January 2015) provides a true and fair representation of the actual situation.

The Audit Committee of the Supervisory Board reviewed the separate and consolidated financial statements, the management report and Group management report, the Management Board's recommendation for the use of accumulated profit and the Corporate Governance Report. The results of this review were subsequently discussed with the auditor in detail. The Audit Committee agreed with the results of the auditor's report based on its review and reported to the Supervisory Board on this matter as required. In accordance with a qualified selection process that was carried out at the end of 2016, the Audit Committee also recommended that the Supervisory Board submit a proposal to the Annual General Meeting, calling for the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor for the 2017 financial year.

The Supervisory Board formally approved the management report and Corporate Governance Report after its review and adopted the separate annual financial statements for 2016 in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board stated its approval of the consolidated financial statements and Group management report in accordance with Sections 244 and 245a of the Austrian Commercial Code. The Supervisory Board agrees with the Management Board's proposal for the use of accumulated profit.

The Supervisory Board agrees with the recommendation by the Audit Committee and will therefore submit a proposal to the 73rd Annual General Meeting for the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the annual financial statements for the 2017 financial year.

The Supervisory Board was not informed of any conflicts of interest on the part of Management Board and Supervisory Board members during the reporting year which would require disclosure to the Annual General Meeting.

The Supervisory Board would like to thank the employees, employee representatives, management and the Management Board of the Lenzing Group for their continued commitment and successful results recorded in the 2016 financial year.

Vienna, March 15, 2017

**Hanno Bästlein**  
Chairman of the Supervisory Board

# Consolidated Financial Statements 2016

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# Consolidated Income Statement

for the period from January 1 to December 31, 2016

		EUR '000	
	Note	2016	2015 <sup>1</sup>
Revenue	(6)	2,134,075	1,976,806
Change in inventories of finished goods and work in progress		6,439	(7,298)
Own work capitalized		21,816	29,230
Other operating income	(7)	45,547	45,727
Cost of material and other purchased services	(8)	(1,223,781)	(1,218,260)
Personnel expenses	(9)	(319,233)	(300,207)
Other operating expenses	(10)	(236,574)	(235,885)
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)<sup>2</sup></b>		<b>428,288</b>	<b>290,114</b>
Amortization of intangible assets and depreciation of property, plant and equipment	(11)	(135,093)	(142,248)
Income from the release of investment grants		3,118	3,236
<b>Earnings before interest and tax (EBIT)<sup>2</sup></b>		<b>296,313</b>	<b>151,102</b>
Income from investments accounted for using the equity method	(13)	17,113	17,726
Income from non-current and current financial assets	(14)	5,136	5,652
Financing costs	(15)	(19,140)	(26,913)
<b>Financial result</b>		<b>3,110</b>	<b>(3,535)</b>
Allocation of profit or loss to puttable non-controlling interests		(4,809)	(198)
<b>Earnings before tax (EBT)<sup>2</sup></b>		<b>294,614</b>	<b>147,369</b>
Income tax expense	(16)	(65,523)	(19,302)
<b>Net profit for the year</b>		<b>229,091</b>	<b>128,068</b>
Net profit for the year attributable to shareholders of Lenzing AG		225,019	126,980
Net profit for the year attributable to non-controlling interests		4,072	1,087
<b>Earnings per share</b>	<b>(17)</b>	<b>EUR</b>	<b>EUR</b>
Diluted = basic		8.48	4.78

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

<sup>2)</sup> EBITDA: Operating result before depreciation and amortization resp. earnings before interest, tax, depreciation on property, plant and equipment and amortization of intangible assets and before income from the release of investment grants.

EBIT: Operating result, resp. earnings before interest and tax.

EBT: Earnings before tax.

# Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31, 2016

		EUR '000	
	Note	2016	2015 <sup>1</sup>
<b>Net profit of the year as per consolidated income statement</b>		<b>229,091</b>	<b>128,068</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability	(31)	(11,364)	5,234 <sup>2</sup>
Income tax relating to these components of other comprehensive income	(27)	2,903	(1,360)
Investments accounted for using the equity method - share of other comprehensive income (net of tax)	(20)	(419)	(30) <sup>2</sup>
		<b>(8,880)</b>	<b>3,844</b>
<b>Items that may be reclassified to profit or loss</b>			
Foreign operations – foreign currency translation differences arising during the year	(27)	4,478	40,803 <sup>2</sup>
Foreign operations – reclassification of foreign currency translation differences due to loss of control		0	(164)
Available-for-sale financial assets – net fair value gain/loss on remeasurement recognized during the year	(27)	1,330	163
Available-for-sale financial assets – reclassification of amounts relating to financial assets disposed during the year	(27)	(141)	0
Cash flow hedges – effective portion of changes in fair value recognized during the year	(27)	(9,717)	(38,957) <sup>2</sup>
Cash flow hedges – reclassification to profit or loss	(27)	5,101	62,758 <sup>2</sup>
Income tax relating to these components of other comprehensive income	(27)	730	(5,709)
Investments accounted for using the equity method - share of other comprehensive income (net of tax)	(27)	117	8 <sup>2</sup>
		<b>1,898</b>	<b>58,903</b>
<b>Other comprehensive income - net of tax</b>		<b>(6,982)</b>	<b>62,747</b>
<b>Total comprehensive income</b>		<b>222,109</b>	<b>190,814</b>
Attributable to shareholders of Lenzing AG		216,883	187,131
Attributable to non-controlling interests		5,225	3,683

<sup>1</sup> Error correction in accordance with IAS 8 (see note 2).

<sup>2</sup> The prior year amounts were adjusted to reflect a change in IAS 1 (mandatory separate presentation of the share of income from investments accounted for using the equity method; see note 2).

# Consolidated Statement of Financial Position

as at December 31, 2016

		EUR '000		
Assets	Note	31/12/2016	31/12/2015 <sup>1</sup>	01/01/2015 <sup>1</sup>
Intangible assets	(18)	18,298	18,234	21,931
Property, plant and equipment	(19)	1,278,907	1,294,451	1,322,490
Investments accounted for using the equity method	(20)	12,737	25,568	37,956
Financial assets	(21)	25,068	22,847	23,194
Deferred tax assets	(30)	4,067	6,077	5,656
Current tax assets	(30)	4,415	9,335	6,865
Other non-current assets	(22)	9,587	5,369	9,003
<b>Non-current assets</b>		<b>1,353,079</b>	<b>1,381,881</b>	<b>1,427,097</b>
Inventories	(23)	329,430	338,464	344,092
Trade receivables	(24, 25)	277,407	258,939	232,769
Current tax assets	(30)	721	251	13,785
Other current assets	(26)	105,053	83,846	69,640
Cash and cash equivalents		559,599	347,254	271,791
<b>Current assets</b>		<b>1,272,210</b>	<b>1,028,753</b>	<b>932,076</b>
<b>Total assets</b>		<b>2,625,288</b>	<b>2,410,634</b>	<b>2,359,174</b>
Equity and liabilities	Note	31/12/2016	31/12/2015 <sup>1</sup>	01/01/2015 <sup>1</sup>
Share capital		27,574	27,574	27,574
Capital reserves		133,919	133,919	133,919
Other reserves		23,504	30,275	(30,283)
Retained earnings		1,151,143	979,848	879,391
<b>Equity attributable to shareholders of Lenzing AG</b>		<b>1,336,141</b>	<b>1,171,616</b>	<b>1,010,602</b>
Non-controlling interests		32,395	27,255	23,919
<b>Equity</b>	(27)	<b>1,368,535</b>	<b>1,198,871</b>	<b>1,034,520</b>
Financial liabilities	(29)	328,266	510,910	537,033
Government grants	(28)	16,970	17,807	21,994
Deferred tax liabilities	(30)	52,929	52,934	44,830
Provisions	(31)	138,135	122,653	130,007
Puttable non-controlling interests		12,970	8,334	7,647
Other liabilities	(32)	3,664	3,075	7,640
<b>Non-current liabilities</b>		<b>552,933</b>	<b>715,712</b>	<b>749,151</b>
Financial liabilities	(29)	249,247	172,337	192,745
Trade payables	(32)	227,208	149,987	181,130
Government grants	(28)	11,935	7,995	4,565
Current tax liabilities		25,679	10,571	25,186
Provisions	(31)	97,230	69,895	81,382
Other liabilities	(32)	92,519	85,266	90,493
<b>Current liabilities</b>		<b>703,820</b>	<b>496,051</b>	<b>575,502</b>
<b>Total equity and liabilities</b>		<b>2,625,288</b>	<b>2,410,634</b>	<b>2,359,174</b>

<sup>1</sup> Error correction in accordance with IAS 8 (see note 2).

# Consolidated Statement of Changes in Equity

for the period from January 1 to December 31, 2016

	Note	Share capital	Capital reserves	Foreign currency translation reserve
<b>As at 01/01/2015 (previous)</b>		<b>27,574</b>	<b>133,919</b>	<b>26,909</b>
Error correction in accordance with IAS 8	(2)	0	0	(129)
<b>As at 01/01/2015 (restated)</b>		<b>27,574</b>	<b>133,919</b>	<b>26,780</b>
Net profit for the year as per consolidated income statement (restated in accordance with IAS 8)	(2)	0	0	0
Other comprehensive income - net of tax (restated in accordance with IAS 8)	(2)	0	0	37,780
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>37,780</b>
Acquisition/disposal of non-controlling interests and other changes in the scope of consolidation	(3, 27)	0	0	0
Share-based payments	(40)	0	0	0
Dividends		0	0	0
Reclassification due to settlement or disposal of defined benefit plans		0	0	0
<b>As at 31/12/2015 (restated) = 01/01/2016</b>		<b>27,574</b>	<b>133,919</b>	<b>64,560</b>
Net profit for the year as per consolidated income statement		0	0	0
Other comprehensive income - net of tax		0	0	3,382
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>3,382</b>
Acquisition/disposal of non-controlling interests and other changes in the scope of consolidation	(3, 27)	0	0	0
Share-based payments	(40)	0	0	0
Dividends		0	0	0
Reclassification due to settlement or disposal of defined benefit plans		0	0	0
<b>As at 31/12/2016</b>	<b>(27)</b>	<b>27,574</b>	<b>133,919</b>	<b>67,942</b>

Other reserves

EUR '000

Available-for-sale financial assets	Hedging reserve	Actuarial gains/ losses	Retained earnings	Equity attributable to shareholders of Lenzing AG	Non-controlling interests	Equity
1,429	(20,987)	(37,505)	890,376	1,021,716	23,919	1,045,634
0	0	0	(10,985)	(11,114)	0	(11,114)
1,429	(20,987)	(37,505)	879,391	1,010,602	23,919	1,034,520
0	0	0	126,980	126,980	1,087	128,068
123	18,363	3,885	0	60,151	2,596	62,747
123	18,363	3,885	126,980	187,131	3,683	190,814
0	0	0	0	0	(222)	(222)
0	0	0	433	433	0	433
0	0	0	(26,550)	(26,550)	(125)	(26,675)
0	0	407	(407)	0	0	0
1,552	(2,624)	(33,212)	979,848	1,171,616	27,255	1,198,871
0	0	0	225,019	225,019	4,072	229,091
892	(3,597)	(8,813)	0	(8,136)	1,154	(6,982)
892	(3,597)	(8,813)	225,019	216,883	5,225	222,109
0	0	0	(2)	(2)	2	0
0	0	0	743	743	0	743
0	0	0	(53,100)	(53,100)	(88)	(53,188)
0	0	1,365	(1,365)	0	0	0
2,444	(6,221)	(40,661)	1,151,143	1,336,141	32,395	1,368,535

# Consolidated Statement of Cash Flows

for the period from January 1 to December 31, 2016

		EUR '000	
	Note	2016	2015 <sup>1</sup>
<b>Net profit for the year</b>		<b>229,091</b>	<b>128,068</b>
+ Amortization of intangible assets and depreciation of property, plant and equipment	(11)	135,093	142,248
- Income from the release of investment grants		(3,118)	(3,236)
+/- Change in non-current provisions		6,562	(2,029)
- Income/+ expenses from deferred taxes		4,471	(1,017)
+/- Change in current tax assets and liabilities		19,361	2,160
+/- Income from investments accounted for using the equity method	(33)	(17,113)	12,366
- Other non-cash income/+ expenses	(33)	11,556	5,902
<b>Gross cash flow</b>		<b>385,903</b>	<b>284,463</b>
+/- Change in inventories		431	8,956
+/- Change in accounts receivable		(14,555)	(27,690)
+/- Change in liabilities		101,595	(50,149)
<b>Change in working capital</b>		<b>87,471</b>	<b>(68,883)</b>
<b>Cash flow from operating activities</b>		<b>473,374</b>	<b>215,580</b>
- Acquisition of intangible assets, property, plant and equipment (CAPEX)		(107,239)	(70,914)
- Acquisition of financial assets and investments accounted for using the equity method		(3,530)	(4,938)
+ Proceeds from the sale of intangible assets, property, plant and equipment		155	320
+ Proceeds from the sale/repayment of financial assets		5,563	5,604
+ Net inflow from the sale and disposal of subsidiaries and other business areas	(4)	1,440	13,385
<b>Cash flow from investing activities</b>		<b>(103,611)</b>	<b>(56,543)</b>
- Distributions to shareholders		(53,188)	(26,675)
+ Investment grants		1,146	1,033
+/- Change in current financial liabilities		(16,098)	(21,408)
+ Proceeds from the issue of private placements	(29)	0	150,000
- Repayment of private placements	(29)	(40,500)	(89,500)
+ Proceeds from non-current financial liabilities		6,551	43,083
- Repayment of non-current financial liabilities		(55,213)	(147,630)
<b>Cash flow from financing activities</b>		<b>(157,302)</b>	<b>(91,098)</b>
<b>Total change in liquid funds</b>		<b>212,461</b>	<b>67,939</b>
Liquid funds at beginning of the year		347,254	271,791
Currency translation adjustment relating to liquid funds		(115)	7,523
<b>Liquid funds at the end of the year</b>		<b>559,599</b>	<b>347,254</b>
<b>Additional information on payments in cash flow from operating activities:</b>			
Interest payments received		1,861	1,428
Interest payments made		18,369	21,131
Income taxes paid		42,953	17,654
Distributions received from investments accounted for using the equity method		0	30,093

<sup>1</sup>) Error correction in accordance with IAS 8 (see Note 2).



# Notes to the Consolidated Financial Statements

as at December 31, 2016

## General Information

### Note 1. Basic information

#### Description of the company and its business activities

Lenzing Aktiengesellschaft (Lenzing AG), which maintains its registered headquarters in 4860 Lenzing, Werkstrasse 2, Austria, is the parent company of the Lenzing Group (the "Group"). The shares of Lenzing AG are listed in the Prime Market Segment (since April 18, 2011) and in the ATX benchmark index (since September 19, 2011) of the Vienna Stock Exchange in Vienna, Austria.

The core shareholder of Lenzing AG as at December 31, 2016 is the B&C Group, which directly and indirectly holds an investment of 62.60% (December 31, 2015: 67.60%) in the share capital of Lenzing AG. The direct majority shareholder of Lenzing AG is B&C Lenzing Holding GmbH, Vienna. The indirect majority shareholder of Lenzing AG is B&C Industrieholding GmbH, Vienna. The majority shareholder of that company is B&C Holding Österreich GmbH, Vienna, which prepares and publishes consolidated financial statements that include the Lenzing Group. The ultimate parent company of the B&C Group, and therefore also of Lenzing AG, is B&C Privatstiftung, Vienna.

The core business of the Lenzing Group is the production and marketing of botanic cellulose fibers. The pulp required for production is manufactured for the most part in the Group's own plants and is supplemented by external purchases. In addition, the Lenzing Group operates in the area of mechanical and plant engineering and offers engineering services.

#### Basis of reporting

The consolidated financial statements for the period from January 1 to December 31, 2016 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations which were endorsed in the EU and required mandatory application as of the reporting date. The additional requirements of Section 245a Para. 1 of the Austrian Commercial Code ("Unternehmensgesetzbuch") were also met.

The reporting currency is the euro (EUR), which is also the functional currency of Lenzing AG and the majority of its subsidiaries. The

figures shown in these consolidated financial statements and notes were rounded to the next thousand, unless indicated otherwise ("EUR '000"). The use of automatic data processing tools can lead to rounding differences in the addition of rounded amounts and percentage rates.

#### Measurement

Assets and liabilities are principally measured at amortized or depreciated cost. In contrast, other measurement methods are used for the following material positions:

- Provisions are measured at the present value of the expected settlement amount.
- Deferred tax assets and deferred tax liabilities are recognized at their nominal value. They are measured on the basis of the temporary differences existing as at the reporting date and the effective tax rate expected when the differences are realized.
- Derivative financial instruments and available-for-sale financial assets are measured at their fair value.

#### Estimation uncertainty and judgments

The Management Board of Lenzing AG uses estimates, assumptions and judgments in preparing the IFRS consolidated financial statements. These estimates, assumptions and judgments are based on the circumstances assumed as at the reporting date and can have a significant effect on the presentation of the Group's financial position and financial performance. They involve the recognition and measurement of assets and liabilities, contingent receivables and liabilities, the reporting of cash flows and income and expenses (including other comprehensive income) as well as the presentation of disclosures in the notes.

#### Assumptions and estimates

The following future-oriented assumptions used by the Lenzing Group and other major sources of estimation uncertainty at the reporting date are connected with a considerable risk which could lead to a material adjustment of the financial position and financial performance – in particular, the carrying amounts of assets and liabilities – during the next reporting period:

- Goodwill (see note 18) and property, plant and equipment (see note 19): determination of the recoverable amount in

- connection with impairment testing as defined in IAS 36.
- Provisions (see note 31): determination of the expected settlement amount and the net liability of the defined benefit pension and severance payment plans.
- Deferred taxes and receivables from current taxes (see note 30): assessment of the extent to which deferred tax assets (in particular, from loss carryforwards) can be utilized and the recoverability of receivables from current taxes.

Assumptions and estimates are based on experience and other factors that are considered relevant by the Management Board. However, the amounts actually realized can deviate from these assumptions and estimates if general conditions develop in a different way than the expectations as at the reporting date.

### Judgments

The application of accounting policies by the Lenzing Group included the following major judgments, which had a material influence on the amounts reported in the consolidated financial statements:

- Receivables within the scope of factoring agreements (see note 35): assessment of the requirements for derecognition as defined in IAS 39.
- Liabilities within the scope of reverse factoring agreements (see note 32): assessment of the requirements for derecognition as defined in IAS 39.
- Full consolidation and equity method (see note 3 and note 43): assessment of the existence of control over subsidiaries and assessment of the existence of joint control or significant influence.
- Sale of investments accounted for using the equity method (see note 20): evaluation and measurement of the partial sale of the investments.
- Evidence of impairment (see note 18): evaluation of indications of impairment resp. for impaired cash-generating units evaluation of the occurrence of material changes in comparison with the previous year.

## Note 2. Changes in accounting policies

The accounting policies applied by the Lenzing Group in 2016 remained unchanged in comparison with the previous financial year, with the exception of the changes described in this section.

### Mandatory changes in accounting policies

The following new and amended standards and interpretations were adopted into EU law and required mandatory application by the Lenzing Group beginning with the 2016 financial year:

Standards / interpretations	Publication by the IASB	Mandatory application according to IASB for financial years from	Adopted by the EU as at 31/12/2016
IAS 19 Defined Benefit Plans: Employee Contributions (mandatory application according to the European Commission as of February 1, 2015)	21/11/2013	01/07/2014	Yes
Various Amendment of a number of IFRSs as a result of the 2010-2012 improvement process (mandatory application according to the European Commission as of February 1, 2015)	12/12/2013	01/07/2014	Yes
IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	06/05/2014	01/01/2016	Yes
IAS 16, 38 Property, Plant and Equipment, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization	12/05/2014	01/01/2016	Yes
IAS 16, 41 Property, Plant and Equipment, Agriculture: Bearer Plants	30/06/2014	01/01/2016	Yes
IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements	12/08/2014	01/01/2016	Yes
Various Amendment of a number of IFRSs as a result of the 2012-2014 improvement process	25/09/2014	01/01/2016	Yes
IFRS 10, 12, IAS 28 Investment Entities: Applying the Consolidation Exception	18/12/2014	01/01/2016	Yes
IAS 1 Presentation of Financial Statements: Disclosure Initiative	18/12/2014	01/01/2016	Yes

The structure of the consolidated financial statements was adapted to reflect the changes to IAS 1 (Presentation of Financial Statements: Disclosure Initiative). In particular, immaterial sections were shortened or eliminated. An adjustment was also made under other comprehensive income to the presentation of the share of income from investments accounted for using the equity method (see below).

The other new or amended standards and interpretations applicable as of January 1, 2016 did not result in any significant changes to the consolidated financial statements of the Lenzing Group.

The following new and amended standards and interpretations had been published by the IASB prior to the preparation of these consolidated financial statements, but did not require mandatory application by the Lenzing Group for financial years beginning on or before January 1, 2016:

Standards / interpretations	Publication by the IASB	Mandatory application according to IASB for financial years from	Adopted by the EU as at 31/12/2016	
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	No <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers	28/05/2014	01/01/2018	Yes
IFRS 9	Financial Instruments	24/07/2014	01/01/2018	Yes
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11/09/2014	unknown <sup>2</sup>	No
IFRS 16	Leases	13/01/2016	01/01/2019	No
IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses	19/01/2016	01/01/2017	No
IAS 7	Statement of Cash Flows: Disclosure Initiative	29/01/2016	01/01/2017	No
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	12/04/2016	01/01/2018	No
IFRS 2	Share-based Payment: Clarification of the Classification and Measurement of Share-based Payment Transactions	20/06/2016	01/01/2018	No
IFRS 4	Applying IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	12/09/2016	01/01/2018	No
Various	Amendment of a number of IFRSs as a result of the 2014-2016 improvement process	08/12/2016	01/01/2017 01/01/2018 <sup>3</sup>	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	08/12/2016	01/01/2018	No
IAS 40	Transfers of Investment Property: Classification of Property under Construction	08/12/2016	01/01/2018	No

<sup>1</sup> The European Commission does not recommend the adoption of interim standard IFRS 14 into EU law at the present time.

<sup>2</sup> The IASB has postponed the application date of these standards for an indefinite period.

<sup>3</sup> The changes to IFRS 12 require mandatory application for financial years beginning on or after January 1, 2017. The changes to IFRS 1 and IAS 28 require mandatory application for financial years beginning on or after January 1, 2018.

The above-mentioned new and amended standards and interpretations were not adopted prematurely by the Lenzing Group. They are expected to have the following effects on the Group's financial position and financial performance in future financial years:

- **IFRS 9 (and IFRS 7):** IFRS 9 (Financial Instruments) includes changes in the categorization and measurement of financial instruments, the impairment of financial assets and regulations on hedge accounting. The Lenzing Group has identified the following effects of IFRS 9: there will be no significant changes based on the new categories of financial instruments. An evaluation

of the business model showed that the financial assets generally reflect the categories previously applied under IAS 39 (Financial Instruments: Recognition and Measurement). Current analyses indicate that IFRS 9 will result in an immaterial expected credit loss to trade receivables through the recognition of an additional bad debt provision through profit or loss. The application of hedge accounting will be simplified. IFRS 7 (Financial Instruments: Disclosures), which was revised in connection with IFRS 9, will lead to changes or expanded disclosures in the notes, specifically regarding default on receivables, hedge accounting and the presentation of financial instrument categories. The Lenzing Group expects to apply this standard retrospectively beginning on the mandatory initial application date.

- **IFRS 15:** IFRS 15 (Revenue from Contracts with Customers) is based on a principle-based model and defines when and at what amount revenue must be recognized. It also requires disclosures in the notes on revenue realized from contracts with customers. The initial analysis of the changes for the Lenzing Group was concluded at the reporting date on December 31, 2016. The results show no significant changes to accounting policies concerning the timing or amount of revenue realized from customer contracts. The revenue recorded by the Lenzing Group results primarily from product deliveries. Services are responsible for only very limited revenue. An analysis did not identify any material variable consideration, and most of the contracts with customers do not include any variable revenue components. However, changed or expanded disclosures on the realization of revenue will be required in the notes. The Lenzing Group expects to apply this standard retrospectively beginning on the mandatory initial application date.
- **IFRS 16:** IFRS 16 (Leases) introduces changes to the accounting for leases by the lessee. Future requirements for the lessee include the capitalization of a right of use for leased assets, the recognition of lease liabilities and the carryforward of both amounts. Relief is provided for terms under 12 months and for low-value assets. The accounting treatment by the lessor remains virtually unchanged. The Lenzing Group is currently analyzing the changes that will result from the application of this new standard. From the current point of view, the Lenzing Group expects the application of the revised IFRS 16 will result, above all, in the increased recognition of rights of use (increase in non-current assets) and lease liabilities (increase in financial liabilities) from previously classified operating leases in which the Lenzing Group is the lessee. A recent analysis has shown that the new standard will lead to an immaterial increase in total assets. In addition, the previous straight-line recognition of leasing expenses will be replaced by the amortization of rights of use and interest expense on the lease liability. EBITDA, EBIT and cash flow from operating activities will also improve as a result of the amended reporting requirements. The Lenzing Group expects to apply this standard retrospectively beginning on the mandatory initial application date.
- **IAS 7:** The changes to IAS 7 (Statement of Cash Flows) will require the Lenzing Group, above all, to expand the disclosures on the changes in financial liabilities in the notes to the consolidated financial statements.
- **Other:** A number of other standards, amendments and interpretations are not relevant for the Lenzing Group or do not

- have any significant impact on the Group's earnings, assets, liabilities or cash flows.

The application of these standards and interpretations is generally planned following their endorsement by the EU.

In connection with a random review by the Austrian Financial Reporting Enforcement Panel (AFREP; "Österreichische Prüfstelle für Rechnungslegung"), the Lenzing Group's consolidated financial statements as at December 31, 2014 and the half-year financial statements as at June 30, 2014 and June 30, 2015 were selected and audited in accordance with Section 2 Para. 1 no. 2 of the Austrian Financial Reporting Enforcement Act ("Rechnungslegungs-Kontrollgesetz"; review without particular cause). The consolidated financial statements as at December 31, 2014 contained deferred tax assets of EUR 15,877 thousand from a Chinese production site, which included deferred tax assets on loss carryforwards totaling EUR 4,763 thousand that should not have been recognized (i.e. approximately 0.7 percent of total assets as at December 31, 2014; EBIT and EBITDA for the 2014 financial year were not affected). The probability of sufficient taxable profit and the convincing substantial evidence required by IAS 12.29(a) in connection with IAS 12.35 for the consolidated financial statements as at December 31, 2014 could not be substantiated. The AFREP therefore

classified this as an error in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Errors from previous periods are corrected retrospectively. The retrospective correction had no influence on the information provided on the statement of financial position at the beginning of the previous financial year (January 1, 2014). The effects of this retrospective correction on the individual positions are shown in the following tables:

Error correction to the consolidated income statement in accordance with IAS 8			EUR '000
2014	Previously	Error correction	Restated
<b>Earnings before interest and tax (EBIT)</b>	<b>21,926</b>		<b>21,926</b>
<b>Financial result</b>	<b>(23,439)</b>		<b>(23,439)</b>
Allocation of profit/loss to puttable non-controlling interests	8,818	4,708	13,525
<b>Earnings before tax (EBT)</b>	<b>7,305</b>	<b>4,708</b>	<b>12,013</b>
Income tax expense	(21,466)	(15,693)	(37,158)
<b>Net profit/loss for the year</b>	<b>(14,160)</b>	<b>(10,985)</b>	<b>(25,145)</b>
Net profit/loss for the year attributable to shareholders of Lenzing AG	(13,478)	(10,985)	(24,463)
Net profit/loss for the year attributable to non-controlling interests	(682)		(682)
<b>Earnings per share</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Diluted = basic	(0.51)	(0.41)	(0.92)

Error correction to the consolidated income statement in accordance with IAS 8			EUR '000
2015	Previously	Error correction	Restated
<b>Earnings before interest and tax (EBIT)</b>	<b>151,102</b>		<b>151,102</b>
<b>Financial result</b>	<b>(3,535)</b>		<b>(3,535)</b>
Allocation of profit/loss to puttable non-controlling interests	1,531	(1,728)	(198)
<b>Earnings before tax (EBT)</b>	<b>149,098</b>	<b>(1,728)</b>	<b>147,369</b>
Income tax expense	(25,064)	5,762	(19,302)
<b>Net profit/loss for the year</b>	<b>124,034</b>	<b>4,033</b>	<b>128,068</b>
Net profit/loss for the year attributable to shareholders of Lenzing AG	122,947	4,033	126,980
Net profit/loss for the year attributable to non-controlling interests	1,087		1,087
<b>Earnings per share</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Diluted = basic	4.63	0.15	4.78

**Error correction to the consolidated statement of comprehensive income in accordance with IAS 8** **EUR '000**

2014	Previously	Error correction	Restated
<b>Net profit/loss for the year as per consolidated income statement</b>	<b>(14,160)</b>	<b>(10,985)</b>	<b>(25,145)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of net liability from defined benefit plans	(14,614)	0	(14,614)
Income tax relating to these components of other comprehensive income	3,496	0	3,496
	<b>(11,118)</b>	<b>0</b>	<b>(11,118)</b>
<b>Items that may be reclassified to profit or loss</b>			
Foreign operations – foreign currency translation differences arising during the reporting period	48,618	(129)	48,489
Available-for-sale financial assets – net fair value gain/loss on remeasurement recognized during the year	790	0	790
Cash flow hedges – effective portion of changes in fair value recognized during the year	(35,107)	0	(35,107)
Cash flow hedges – reclassification to profit or loss	7,653	0	7,653
Income tax relating to these components of other comprehensive income	6,057	0	6,057
	<b>28,012</b>	<b>(129)</b>	<b>27,882</b>
<b>Other comprehensive income - net of tax</b>	<b>16,893</b>	<b>(129)</b>	<b>16,764</b>
<b>Total comprehensive income</b>	<b>2,734</b>	<b>(11,114)</b>	<b>(8,381)</b>

**Error correction, resp. restatement of the consolidated statement of comprehensive income in accordance with IAS 8** **EUR '000**

2015	Previously	Error correction	Adjustment <sup>1)</sup>	Restated
<b>Net profit for the year as per consolidated income statement</b>	<b>124,034</b>	<b>4,033</b>	<b>0</b>	<b>128,067</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement of net liability from defined benefit plans	5,204	0	30	5,234
Investments accounted for using the equity method - share of other comprehensive income	0	0	(30)	(30)
Income tax relating to these components of other comprehensive income	(1,360)	0	0	(1,360)
	<b>3,844</b>	<b>0</b>	<b>0</b>	<b>3,844</b>
<b>Items that may be reclassified to profit or loss</b>				
Foreign operations – foreign currency translation differences arising during the reporting period	41,548	(742)	(3)	40,803
Foreign operations – reclassification of foreign currency translation differences due to loss of control	(164)	0	0	(164)
Available-for-sale financial assets – net fair value gain/loss on remeasurement recognized during the year	163	0	0	163
Cash flow hedges – effective portion of changes in fair value recognized during the year	(38,956)	0	(1)	(38,957)
Cash flow hedges – reclassification to profit or loss	62,762	0	(4)	62,758
Investments accounted for using the equity method - share of other comprehensive income	0	0	8	8
Income tax relating to these components of other comprehensive income	(5,709)	0	0	(5,709)
	<b>59,645</b>	<b>(742)</b>	<b>0</b>	<b>58,903</b>
<b>Other comprehensive income - net of tax</b>	<b>63,489</b>	<b>(742)</b>	<b>0</b>	<b>62,747</b>
<b>Total comprehensive income</b>	<b>187,523</b>	<b>3,291</b>	<b>0</b>	<b>190,814</b>

<sup>1)</sup> The amounts shown in the adjustment column in the above table "Error correction, resp. restatement of the consolidated statement of comprehensive income" involve the change to IAS 1 (Presentation of Financial Statements), which requires the separate presentation of the income from investments accounted for using the equity method.

**Error correction to the consolidated statement of financial position in accordance with IAS 8** EUR '000

31/12/2014 = 01/01/2015			
Assets	Previously	Error correction	Restated
Deferred tax assets	21,534	(15,877)	5,656
Other non-current assets	1,421,441		1,421,441
<b>Non-current assets</b>	<b>1,442,975</b>	<b>(15,877)</b>	<b>1,427,097</b>
<b>Current assets</b>	<b>932,076</b>		<b>932,076</b>
<b>Total assets</b>	<b>2,375,051</b>	<b>(15,877)</b>	<b>2,359,174</b>
<b>Equity and liabilities</b>			
Share capital	27,574		27,574
Capital reserves	133,919		133,919
Other reserves	(30,153)	(129)	(30,283)
Retained earnings	890,376	(10,985)	879,391
<b>Equity attributable to shareholders of Lenzing AG</b>	<b>1,021,716</b>	<b>(11,114)</b>	<b>1,010,602</b>
Non-controlling interests	23,919		23,919
<b>Equity</b>	<b>1,045,634</b>	<b>(11,114)</b>	<b>1,034,520</b>
Puttable non-controlling interests	12,410	(4,763)	7,647
Other non-current liabilities	741,504		741,504
<b>Non-current liabilities</b>	<b>753,914</b>	<b>(4,763)</b>	<b>749,151</b>
<b>Current liabilities</b>	<b>575,502</b>		<b>575,502</b>
<b>Total equity and liabilities</b>	<b>2,375,051</b>	<b>(15,877)</b>	<b>2,359,174</b>

**Error correction to the consolidated statement of financial position in accordance with IAS 8** EUR '000

31/12/2015 = 01/01/2016			
Assets	Previously	Error correction	Restated
Deferred tax assets	17,253	(11,176)	6,077
Other non-current assets	1,375,804		1,375,804
<b>Non-current assets</b>	<b>1,393,057</b>	<b>(11,176)</b>	<b>1,381,881</b>
<b>Current assets</b>	<b>1,028,753</b>		<b>1,028,753</b>
<b>Total assets</b>	<b>2,421,810</b>	<b>(11,176)</b>	<b>2,410,634</b>
<b>Equity and liabilities</b>			
Share capital	27,574		27,574
Capital reserves	133,919		133,919
Other reserves	31,147	(871)	30,275
Retained earnings	986,799	(6,952)	979,848
<b>Equity attributable to shareholders of Lenzing AG</b>	<b>1,179,439</b>	<b>(7,823)</b>	<b>1,171,616</b>
Non-controlling interests	27,255		27,255
<b>Equity</b>	<b>1,206,694</b>	<b>(7,823)</b>	<b>1,198,871</b>
Puttable non-controlling interests	11,686	(3,353)	8,334
Other non-current liabilities	707,379		707,379
<b>Non-current liabilities</b>	<b>719,065</b>	<b>(3,353)</b>	<b>715,712</b>
<b>Current liabilities</b>	<b>496,051</b>		<b>496,051</b>
<b>Total equity and liabilities</b>	<b>2,421,810</b>	<b>(11,176)</b>	<b>2,410,634</b>

**Error correction to the consolidated statement of cash flows in accordance with IAS 8** EUR '000

01-12/2015	Previously	Error correction	Restated
<b>Net profit/loss for the year</b>	<b>124,034</b>	<b>4,033</b>	<b>128,068</b>
- Income /+ expense from deferred taxes	4,745	(5,762)	(1,017)
- Other non-cash income /+ expenses	4,174	1,728	5,902
+/- Miscellaneous	151,510		151,510
<b>Gross cash flow</b>	<b>284,463</b>	<b>0</b>	<b>284,463</b>

**Voluntary changes in accounting policies**

There were no voluntary changes to accounting policies during the 2016 financial year.

**Note 3. Consolidation**

**Scope of consolidation**

The consolidated financial statements of the Lenzing Group include Lenzing AG, as the parent company, and its subsidiaries, all on the basis of financial statements as at December 31, 2016. Interim financial statements were prepared for consolidation purposes in cases where the financial years of consolidated subsidiaries did not end at the reporting date of Lenzing AG on December 31. This applied to one subsidiary as at December 31, 2015, which had a different reporting date because of local legal requirements (see note 43).

The number of companies included in the scope of consolidation developed as follows:

Development of the scope of consolidation (incl. parent company)	2016		2015	
	Full consolidation	At equity	Full consolidation	At equity
<b>As at 01/01</b>	<b>29</b>	<b>8</b>	<b>33</b>	<b>8</b>
Included in consolidation for the first time during the year	2	0	0	0
Merged during the year	(3)	0	0	0
Deconsolidated during the year	(1)	0	(4)	0
<b>As at 31/12</b>	<b>27</b>	<b>8</b>	<b>29</b>	<b>8</b>
Thereof in Austria	10	4	13	4
Thereof abroad	17	4	16	4

A list of the group companies as at December 31, 2016 is provided in note 43. The most important group companies produce and market botanic cellulose fibers and, in some cases, pulp (Segment Fibers).

Lenzing AG controls assets in the GF 82 wholesale fund, a special fund under Section 20a of the Austrian Investment Fund Act ("österreichisches Investmentfondsgesetz"), on the basis of its comprehensive co-determination rights. This fund is therefore classified as a structured entity and included in the consolidation. The securities held by the fund are intended, above all, to fulfill the securities coverage requirements for the pension provisions related to Austrian pension plans as required by Section 14 of the Austrian Income Tax Act ("österreichisches Einkommensteuergesetz"). The material risks to which the fund is exposed are unchanged and



represent traditional investment risks (especially default and market price risks). The Lenzing Group does not intend to provide the fund with financial or other assistance or help with the procurement of financial support at the present time.

The closing for the sale of two previously consolidated subsidiaries, Dolan GmbH, Kelheim, Germany, and European Carbon Fiber GmbH, Kelheim, Germany, took place in April 2015. This led to the loss of control and subsequent deconsolidation. Additional information is provided in note 4.

The sale of the previously consolidated subsidiary LENO Electronics GmbH, Schörfling, was closed in July 2015. This led to the loss of control and subsequent deconsolidation. Additional information is provided in note 4.

The previously consolidated subsidiary Lenzing Engineering and Technical Services (Nanjing) Co., Ltd, Nanjing, China, was deconsolidated in December 2015 because its liquidation had been essentially completed from an economic standpoint. Additional information is provided in note 4.

Lenzing Singapore Pte. Ltd., Singapore, Republic of Singapore and Lenzing Korea Yuhan Hoesa, Seoul, Republic of Korea were founded in July 2016 and November 2016, respectively, and subsequently included in the scope of consolidation.

The investment in LP Automotive GmbH, Lenzing, was merged into Lenzing Technik GmbH, Lenzing, during 2016. The investments in Energie- und Medienzentrale Heiligenkreuz GmbH, Heiligenkreuz, and Lenzing Beteiligungs GmbH, Lenzing, were merged into Pulp Trading GmbH, Lenzing.

The previously consolidated subsidiary Tencel Holding Ltd, Manchester, Great Britain, was deconsolidated in December 2016 because its liquidation had been essentially completed from an economic standpoint.

There were no other business combinations or changes in the scope of consolidation.

### Basis of consolidation

Subsidiaries are companies controlled by the parent company. The Lenzing Group decides individually for each acquisition whether the non-controlling interests in the acquired subsidiary will be recognized at fair value or based on the proportional share of the acquired net assets. Non-controlling interests are measured at fair value or the corresponding share of recognized net assets and are reported under equity and comprehensive income as “non-controlling interests”.

The shares of capital attributable to the non-controlling shareholders of certain companies are reported as puttable non-controlling interests. These shares are not classified as equity under IFRS because of the time limits defined by company law for the involved companies. Non-controlling interests are initially measured at fair value, which generally corresponds to the fair value of the non-controlling shareholder’s contribution at the time it was made. Subsequent measurement involves an increase or decrease in the amount recognized under liabilities on initial measurement to reflect the gain or loss incurred up to the measurement date.

The investments in associates and joint ventures are accounted for by applying the equity method.

The reporting currency of Lenzing AG and the Lenzing Group is the euro. The subsidiaries prepare their annual financial statements in their respective functional currency. The following key exchange rates were used for translation into the reporting currency.

Exchange rates for key currencies			2016		2015	
Unit	Currency		End of the year	Average	End of the year	Average
1 EUR	USD	US Dollar	1.0541	1.1066	1.0926	1.1018
1 EUR	GBP	British Pound	0.8562	0.8189	0.7380	0.7205
1 EUR	CZK	Czech Koruna	27.0210	27.0343	27.0290	27.1917
1 EUR	CNY	Renminbi Yuan	7.3202	7.3496	7.0910	6.9353
1 EUR	HKD	Hong Kong Dollar	8.1751	8.5900	8.4685	8.5415
1 EUR	INR	Indian Rupee	71.5935	74.3553	72.5350	71.1453
1 EUR	KRW	Korean Won	1.2694	1.2846	-	-

## Note 4. Non-current assets and liabilities held for sale, disposal groups and discontinued operations

### 2016 financial year

Individual business areas of Lenzing Technik Fertigung were sold during April 2016. This led to the loss of control by the Lenzing Group and the subsequent deconsolidation of these business areas. The deconsolidation involved EUR 394 thousand of non-current assets, EUR 1,601 thousand of cash and cash equivalents, EUR 1,178 thousand of provisions and EUR 323 thousand of other current liabilities. The consideration received for the sale of the assets and liabilities totaled EUR 341 thousand. The resulting negative deconsolidation result of EUR 154 thousand is reported under other operating expenses. The net cash inflow of EUR minus 1,260 thousand from the sale is reported under cash flow from investing activities as part of the net inflow from the sale and disposal of subsidiaries and other business areas and comprises EUR 341 thousand included in cash and cash equivalents less cash and cash equivalents of EUR 1,601 thousand sold.

Income of EUR 4,743 thousand before income tax was realized in 2016 in connection with previously sold business areas and former discontinued operations due to the elimination of uncertainties and changes in estimates. This resulted in tax expense of EUR 197 thousand. The result after tax therefore equals EUR 4,546 thousand. These amounts are attributable in full to the owners of the parent company. The cash effects are related to the payment of earn out receivables of EUR 2,700 thousand from the sale of consolidated subsidiaries in previous years. They are reported under cash flow from investing activities as part of the net inflow from the sale and disposal of subsidiaries and other business areas.

### 2015 financial year

**Dolan GmbH**, Kelheim, Germany, and **European Carbon Fiber GmbH**, Kelheim, Germany, were consolidated companies in the Lenzing Group's Segment Other. In April 2015, the Lenzing Group reached an agreement on the sale of these companies, which led to the loss of control by the Lenzing Group and their subsequent deconsolidation.

The following net assets were deconsolidated following the loss of control:

Deconsolidated net assets	EUR '000
Intangible assets and property, plant and equipment	7,760
Other current assets	18,203
Cash and cash equivalents	8,646
<b>Deconsolidated assets</b>	<b>34,609</b>
Trade payables	3,424
Provisions	11,114
Other current liabilities	134
<b>Deconsolidated liabilities</b>	<b>14,671</b>
<b>Deconsolidated net assets</b>	<b>19,938</b>

The consideration received for the sale of shares amounted to EUR 24,864 thousand. The resulting gain of EUR 5,148 thousand on the sale was reported under other operating income.

The net cash inflow from the sale was reported under cash flow from investing activities and comprised the following:

Net inflow from the sale of subsidiaries and other business areas	EUR '000
Consideration received (cash and cash equivalents)	22,433
- Holdings of cash and cash equivalents sold	(8,646)
<b>Net inflow from the sale of subsidiaries and other business areas</b>	<b>13,787</b>

Non-controlling interests of EUR 222 thousand were derecognized due to the loss of control.

The restructuring of the Lenzing Group's technical operations led to an agreement in June 2015 for the **sale of three business units** of the **Segment Lenzing Technik** (Mechatronics incl. the consolidated subsidiary LENO Electronics GmbH, Schörföling, Automation & Robotics and Sheet Metal). The closing took place during July and September 2015. This led to the loss of control by the Lenzing Group and the derecognition of these business units. The derecognition covered EUR 336 thousand of non-current assets, EUR 2,658 thousand of current assets (excl. cash and cash equivalents), EUR 510 thousand of cash and cash equivalents, EUR 1,648 thousand of provisions and EUR 1,708 thousand of other current liabilities. These amounts represent the carrying amounts after impairment which resulted from measurement at fair value less costs to sell and was required following the reclassification of these business units as disposal groups held for sale in 2015. The fair value less costs to sell was derived from actual purchase bids and is assigned to level 2 of the valuation hierarchy.

The consideration received for the sale of the shares, respectively the assets and liabilities totaled EUR 501 thousand. The loss on deconsolidation amounted to EUR 6,585 thousand, EUR 309 thousand of which is reported as other operating income and EUR 6,894 thousand as other operating expenses. These amounts include the impairment loss in 2015 which resulted from measurement at fair value less costs to sell. The tax write-downs of investments carried out in connection with this transaction included the recognition of EUR 1,329 thousand ("Siebentelabschreibung", the partial write-down of investments over a period of seven years for tax purposes) as deferred tax assets.

The net cash inflow of EUR minus 54 thousand from these sales is reported under cash flow from investing activities as part of the “net inflow from the sale and disposal of subsidiaries and other business areas”. It comprises the cash consideration of EUR 456 thousand received less cash and cash equivalents of EUR 510 thousand sold.

Additionally, the previously consolidated subsidiary **Lenzing Engineering and Technical Services (Nanjing) Co., Ltd**, Nanjing, China, was deconsolidated in December 2015. The liquidation of this company, which was part of the Segment Lenzing Technik, had started and was largely completed from an economic standpoint by that time. The deconsolidation resulted in a gain of EUR 2 thousand which was reported under other operating income. There were no cash flows. The deconsolidation – excluding the offset intra-group assets and liabilities – covered EUR 387 thousand of assets (including cash and cash equivalents of EUR 348 thousand) and EUR 572 thousand of liabilities. These amounts represent the carrying amounts after impairment which resulted from measurement at fair value less costs to sell and was required following the reclassification of these business units as a disposal group held for sale in 2015. An impairment loss of EUR 864 thousand was recognized in this context. Of this total, EUR 164 thousand were recorded under the cost of material and other purchased services, EUR 618 thousand under the amortization of intangible assets and depreciation of property, plant and equipment and EUR 82 thousand under other operating expenses. The fair value less costs to sell was derived from current estimates for the expected liquidation values and was assigned to level 3 of the measurement hierarchy.

The measurement of fair value less costs to sell included the collection of necessary observable market data as well as the testing, and where necessary updating, of non-observable input factors based on internal information.

Expenses of EUR 1,691 thousand before income tax were recognized during 2015 in connection with previously sold business areas and former discontinued operations due to the elimination of uncertainties or changes in estimates. This resulted in tax income of EUR 423 thousand, and earnings after tax therefore amounted to EUR minus 1,268 thousand.

These amounts are attributable entirely to the owners of the parent company and represent non-cash amounts for 2015.

Information on business segments						EUR '000
2016 and 31/12/2016	Fibers	Lenzing Technik	Other	Segment total	Reconciliation	Group
Revenue from external customers	2,118,114	13,992	1,969	2,134,075	0	2,134,075
Inter-segment revenue	7,093	21,917	2,156	31,166	(31,166)	0
<b>Total revenue</b>	<b>2,125,207</b>	<b>35,908</b>	<b>4,125</b>	<b>2,165,241</b>	<b>(31,166)</b>	<b>2,134,075</b>
EBITDA (segment result)	428,472	(488)	785	428,769	(482)	428,288
EBIT	293,652	(1,154)	737	293,236	3,077	296,313
Amortization of intangible assets and depreciation of property, plant and equipment	137,935	669	48	138,651	(3,559)	135,093
Thereof impairment	2,265	0	0	2,265	0	2,265
Income from investments accounted for using the equity method	17,078	0	35	17,113	0	17,113
Other material non-cash income and expenses	84,107	2,955	102	87,165	0	87,165
Acquisition of intangible assets, property, plant and equipment (CAPEX)	106,363	839	37	107,239	0	107,239
EBITDA margin <sup>1</sup>	20.2%	(1.4%)	19.0%	19.8%		20.1%
EBIT margin <sup>2</sup>	13.8%	(3.2%)	17.9%	13.5%		13.9%
Segment assets	2,033,401	16,169	1,406	2,050,976	574,313	2,625,288
Segment liabilities	561,723	17,569	1,837	581,128	675,625	1,256,753
Investments accounted for using the equity method	10,876	0	1,861	12,737	0	12,737

Information on business segments (previous year)						EUR '000
2015 and 31/12/2015	Fibers	Lenzing Technik	Other	Segment total	Reconciliation	Group
Revenue from external customers	1,924,707	29,620	22,479	1,976,806	0	1,976,806
Inter-segment revenue	9,892	41,029	1,770	52,691	(52,691)	0
<b>Total revenue</b>	<b>1,934,599</b>	<b>70,648</b>	<b>24,250</b>	<b>2,029,497</b>	<b>(52,691)</b>	<b>1,976,806</b>
EBITDA (segment result)	286,467	68	3,978	290,513	(398)	290,114
EBIT	153,975	(1,243)	3,840	156,572	(5,470)	151,102
Amortization of intangible assets and depreciation of property, plant and equipment	135,724	1,315	137	137,176	5,071	142,248
Thereof impairment	156	0	0	156	8,532	8,688
Income from investments accounted for using the equity method	17,646	0	80	17,726	0	17,726
Other material non-cash income and expenses	52,992	(3,509)	2,243	51,727	0	51,727
Acquisition of intangible assets, property, plant and equipment (CAPEX)	70,403	399	112	70,914	0	70,914
EBITDA margin <sup>1</sup>	14.8%	0.1%	16.4%	14.3%		14.7%
EBIT margin <sup>2</sup>	8.0%	(1.8%)	15.8%	7.7%		7.6%
Segment assets <sup>3</sup>	2,007,238	21,873	1,200	2,030,311	380,323	2,410,634
Segment liabilities <sup>3</sup>	424,694	19,356	1,565	445,615	766,148	1,211,763
Investments accounted for using the equity method	23,702	0	1,866	25,568	0	25,568

<sup>1</sup>) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).

<sup>2</sup>) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).

<sup>3</sup>) Error correction in accordance with IAS 8 (see Note 2).

Other material non-cash income and expenses represent non-cash measurement effects from provisions and accruals.

EBITDA before restructuring (earnings before interest, tax, depreciation on property, plant and equipment and amortization of intangible assets, before income from the release of investment grants and before restructuring) is used to measure the performance of the segments.

One-off effects from restructuring are material income or expenses that do not regularly recur in terms of their type or amount, above all in connection with business combinations, impairment, restructuring or similar measures.

The following table shows the reconciliation of segment result to operating result (EBIT) and earnings before tax (EBT):

<b>Reconciliation of segment result (EBITDA) to the earnings before tax (EBT)</b>	<b>EUR '000</b>	
	<b>2016</b>	<b>2015<sup>1</sup></b>
Segment result (EBITDA)	428,769	290,513
Consolidation	(1,065)	(4,079)
Restructuring	583	3,681
<b>Group result (EBITDA)</b>	<b>428,288</b>	<b>290,114</b>
Segment amortization of intangible assets and depreciation of property, plant and equipment	(138,651)	(137,176)
Consolidation	3,559	3,461
Income from the release of investment grants	3,118	3,236
Impairment of intangible assets and property, plant and equipment	0	(8,532)
<b>Earnings before interest and tax (EBIT)</b>	<b>296,313</b>	<b>151,102</b>
Financial result	3,110	(3,535)
Allocation of profit or loss to puttable non-controlling interests	(4,809)	(198)
<b>Earnings before tax (EBT)</b>	<b>294,614</b>	<b>147,369</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see Note 2).

The consolidated income statement shows the reconciliation of earnings before tax (EBT) to net profit for the year.

Restructuring includes the following components:

<b>Restructuring</b>	<b>EUR '000</b>	
	<b>2016</b>	<b>2015</b>
<b>Restructuring measures</b>		
Other operating income	542	326
Cost of material and other purchased services	0	(164)
Personnel expenses	165	5,336
Other operating expenses	(124)	(6,890)
<b>Sale of subsidiaries</b>		
Other operating income	0	5,148
<b>Liquidation of EPG</b>		
Other operating expenses	0	(75)
<b>Total</b>	<b>583</b>	<b>3,681</b>

The reconciliation of segment EBIT to operating result (EBIT) after restructuring is as follows:

<b>Reconciliation of segment EBIT to earnings before interest and tax (EBIT)</b>	<b>EUR '000</b>	
	<b>2016</b>	<b>2015</b>
Segment EBIT	293,236	156,572
Result from restructuring and impairment	583	(4,851)
Consolidation	2,494	(619)
<b>Earnings before interest and tax (EBIT)</b>	<b>296,313</b>	<b>151,102</b>

The reconciliation of segment amortization and depreciation to consolidated amortization and depreciation is shown below:

<b>Reconciliation of segment amortization and depreciation to consolidated amortization and depreciation</b>	<b>EUR '000</b>	
	<b>2016</b>	<b>2015</b>
Segment amortization of intangible assets and depreciation of property, plant and equipment	138,651	137,176
Consolidation	(3,559)	(3,461)
<b>Amortization of intangible assets and depreciation of property, plant and equipment</b>	<b>135,093</b>	<b>133,716</b>
Impairment of intangible assets and property, plant and equipment	0	8,532
<b>Consolidated amortization and depreciation</b>	<b>135,093</b>	<b>142,248</b>

Segment assets consist chiefly of intangible assets and property, plant and equipment, inventories, trade receivables and other receivables (excluding income tax receivables). The reconciliation of segment assets to consolidated assets (corresponding to total assets, i.e. the total of non-current and current assets or the total of equity and non-current and current liabilities) is as follows:

Reconciliation of segment assets to consolidated assets	EUR '000	
	31/12/2016	31/12/2015 <sup>1</sup>
Segment assets	2,050,976	2,030,311
Investments accounted for using the equity method	12,737	25,568
Assets not allocated to the segments		
Financial assets	25,068	22,847
Deferred tax assets and current tax assets	9,202	15,663
Cash and cash equivalents	559,599	347,254
Consolidation	(32,294)	(31,008)
<b>Consolidated assets</b>	<b>2,625,288</b>	<b>2,410,634</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

Segment liabilities consist primarily of trade payables, provisions and other liabilities (excluding current tax liabilities). The reconciliation of segment liabilities to consolidated liabilities is shown in the following table:

Reconciliation of segment liabilities to consolidated liabilities	EUR '000	
	31/12/2016	31/12/2015 <sup>1</sup>
Segment liabilities	581,128	445,615
Liabilities not allocated to the segments		
Financial liabilities	577,513	683,247
Deferred tax liabilities and current tax liabilities	78,608	63,504
Government grants	28,905	25,802
Consolidation	(9,401)	(6,406)
<b>Consolidated liabilities</b>	<b>1,256,753</b>	<b>1,211,763</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The reconciliations of segment items to consolidated items that are not described in greater detail above (revenue and investments) consist entirely of consolidation effects. The carrying amounts for segment reporting are based on the same accounting policies applied to the IFRS consolidated financial statements.

## Information on products and services

Revenue from sales to external customers can be classified by products and services as follows:

Revenue from external customers by products and services	EUR '000	
	2016	2015
Botanic cellulose fibers	1,893,472	1,669,979
Sodium sulfate and black liquor	49,780	52,795
Pulp, wood, energy and other	181,955	211,825
<b>Segment Fibers</b>	<b>2,125,207</b>	<b>1,934,599</b>
Mechanical and plant engineering and engineering services - Segment Lenzing Technik	35,908	70,648
Specialty products from plastic polymers	0	20,548
Other and consolidation	(27,041)	(48,989)
<b>Revenue as per consolidated income statement</b>	<b>2,134,075</b>	<b>1,976,806</b>

No single external customer is responsible for more than 10 per cent of external revenue.



## Information on geographical regions

A classification of the following items by geographic area is provided below: revenue from external customers by sales market, total assets, non-current assets (excluding financial instruments and tax assets; reconciled to the consolidated figures for total non-current assets) and investments in intangible assets and property, plant and equipment (CAPEX).

Information on geographic regions								EUR '000	
	Revenue		Non-current assets		Total assets		CAPEX		
	2016	2015	31/12/2016	31/12/2015 <sup>1)</sup>	31/12/2016	31/12/2015 <sup>1)</sup>	2016	2015	
Austria	117,831	134,030	743,292	751,421	1,020,629	989,146	76,741	51,555	
Europe (excl. Austria, incl. Turkey)	577,434	522,332	194,078	197,646	264,914	263,405	16,535	8,844	
Asia	1,226,310	1,115,989	323,076	341,489	686,449	704,705	10,461	6,884	
America	172,047	169,320	50,204	47,855	78,983	73,054	3,502	3,632	
Rest of the world	40,453	35,135	0	0	0	0	0	0	
<b>Subtotal</b>	<b>2,134,075</b>	<b>1,976,806</b>	<b>1,310,650</b>	<b>1,338,412</b>	<b>2,050,976</b>	<b>2,030,311</b>	<b>107,239</b>	<b>70,914</b>	
Reconciliation to consolidated figures	0	0	42,429	43,469	574,313	380,323	0	0	
<b>Consolidated total</b>	<b>2,134,075</b>	<b>1,976,806</b>	<b>1,353,079</b>	<b>1,381,881</b>	<b>2,625,288</b>	<b>2,410,634</b>	<b>107,239</b>	<b>70,914</b>	

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

Revenue is allocated based on the geographic region of the customer, while assets and investments are allocated according to the location of the asset. The above amounts cover all segments of the Lenzing Group. Additional information on the segments is provided in the management report of the Lenzing Group as at December 31, 2016.

# Notes to the Consolidated Income Statement

## Note 6. Revenue

Revenue comprises the following items:

Revenue	EUR '000	
	2016	2015
Revenue from the sale of botanic cellulose fibers	1,893,472	1,669,979
Revenue from the sale of other products and services	222,901	289,689
<b>Revenue invoiced</b>	<b>2,116,373</b>	<b>1,959,668</b>
Revenue from long-term construction contracts	17,702	17,138
<b>Total</b>	<b>2,134,075</b>	<b>1,976,806</b>

Revenue comprises all income generated by the typical business activities of the Lenzing Group. Included here are income from the sale of products (in particular, sales of botanic cellulose fibers by the Segment Fibers) and the provision of services (in particular, mechanical and plant engineering by the Segment Lenzing Technik).

Income is recognized when the ownership of the products has been transferred to the customer (i.e. with the transfer of risks), when the amount of the income/associated costs can be reliably determined and when it is probable that the economic benefits from the transaction will flow to the Group. The Segment Lenzing Technik operates in the field of mechanical and plant engineering and provides engineering services. A significant portion of its income results from construction contracts. The income from construction contracts is recognized according to the stage of completion in line with the cost-to-cost method (see note 25).

## Note 7. Other operating income

Other operating income consists of the following:

Other operating income	EUR '000	
	2016	2015
Income from internal cost allocation, other products and energy	30,469	29,549
Income from the release of deferred income for emission certificates and from subsidies	8,797	5,189
Gain on the sale of subsidiaries and other business areas	0	5,459
Various other income	6,282	5,529
<b>Total</b>	<b>45,547</b>	<b>45,727</b>

The income from energy includes, among others, income of EUR 20,160 thousand (2015: EUR 18,726 thousand) from green energy. Miscellaneous other income includes, in particular, rental income of EUR 4,406 thousand (2015: EUR 3,731 thousand).

The gain on the sale of subsidiaries in 2015 resulted from the sale and deconsolidation of Dolan GmbH, Kelheim, Germany, European Carbon Fiber GmbH, Kelheim, Germany, Lenzing Engineering and Technical Services Co.,Ltd, Nanjing, China, and three business units of the Segment Lenzing Technik (see note 4).

## Note 8. Cost of material and other purchased services

The cost of material and other purchased services comprises the following:

Cost of material and other purchased services	EUR '000	
	2016	2015
Material	1,078,102	1,059,205
Other purchased services	145,679	159,055
<b>Total</b>	<b>1,223,781</b>	<b>1,218,260</b>

The cost of material is based primarily on the input factors consumed, i.e. pulp (and wood for the internal production of pulp), key chemicals (sodium hydroxide, carbon disulfide and sulfuric acid) and merchandise. The cost of purchased services is related mainly to the consumption of energy.

The cost of the raw material and supplies consumed during the year is based on the weighted average cost method.

## Note 9. Personnel expenses

The following table shows the composition of personnel expenses:

Personnel expenses	EUR '000	
	2016	2015
Wages and salaries	243,942	233,160
Severance payment expenses	5,893	1,096
Retirement benefit expenses	7,669	6,089
Statutory social security expenses	57,230	55,305
Other employee-related costs	4,499	4,558
<b>Total</b>	<b>319,233</b>	<b>300,207</b>

The number of employees in the Lenzing Group is as follows:

Number of employees (headcount)		
	2016	2015
Average	6,173	6,242
As at December 31	6,218	6,127

The following table shows the number of employees in Lenzing AG and the Austrian subsidiaries of the Lenzing Group:

Average number of employees in Austria (headcount)		
	2016	2015
Hourly workers	1,715	1,778
Salaried employees	1,119	1,082
<b>Total</b>	<b>2,833</b>	<b>2,860</b>

## Note 10. Other operating expenses

Other operating expenses comprise the following:

Other operating expenses		EUR '000
	2016	2015
Selling expenses	93,631	97,182
Expenses for maintenance, repairs and other third-party services	45,344	43,637
Legal, consulting and audit expenses	19,280	21,486
Insurance expenses	8,990	8,904
Travel expenses	7,300	7,021
Waste disposal expenses	7,144	6,383
Loss on the sale of subsidiaries and other business areas	154	6,894
Other	54,732	44,377
<b>Total</b>	<b>236,574</b>	<b>235,885</b>

Selling expenses include expenses of EUR 71,789 thousand (2015: EUR 78,459 thousand) for outgoing freight and EUR 21,842 thousand (2015: EUR 18,723 thousand) for commissions and advertising. The loss on the sale of subsidiaries and other business units in 2015 resulted from the sale of three business units in the Segment Lenzing Technik (see note 4). Miscellaneous other operating expenses include, among others, the following: rental and leasing expenses of EUR 11,822 thousand (2015: EUR 10,982 thousand), fees, contributions, donations and bank charges of EUR 6,509 thousand (2015: EUR 7,090 thousand), foreign exchange losses of EUR 3,113 thousand (2015: EUR 276 thousand), asset taxes and similar taxes of EUR 5,277 thousand (2015: EUR 3,051 thousand), losses of EUR 1,808 thousand (2015: EUR 1,295 thousand) on receivables, expenses of EUR 4,179 thousand (2015: EUR 3,617 thousand) for patents and trademarks, expenses of EUR 2,776 thousand (2015: EUR 2,554 thousand) for food and beverages and expenses of EUR 6,206 thousand (2015: EUR 0 thousand) for compensation to sales agents. This item also includes expenses for emission certificates of EUR 2,089 thousand (2015: EUR 1,831 thousand) and losses of EUR 353 thousand (2015: EUR 557 thousand) on the disposal of property, plant and equipment.

## Note 11. Amortization of intangible assets and depreciation of property, plant and equipment

Amortization and depreciation include the following :

Amortization of intangible assets and depreciation of property, plant and equipment		EUR '000
	2016	2015
Amortization and depreciation	132,828	133,560
Impairment	2,265	8,688
<b>Total</b>	<b>135,093</b>	<b>142,248</b>

Amortization in 2016 includes impairment losses of EUR 765 thousand (2015: EUR 169 thousand), which are also reported under "Development of intangible assets" (see note 18). These impairment losses chiefly represent development costs for internally generated intangible assets in the Segment Fibers. They were recognized to reflect the insufficient technical and economic usability of the intangible assets.

Depreciation of property, plant and equipment in 2016 includes impairment losses of EUR 1,500 thousand (2015: EUR 8,519 thousand) which are also reported under "Development of property, plant and equipment" (see note 19). The impairment losses recognized in 2016 involve technical equipment and machinery, while the impairment losses recognized in 2015 are related primarily to intangible assets and property, plant and equipment at a Chinese production site (a fiber plant) in the Segment Fibers.

The impairment losses recognized in 2015 include EUR 618 thousand from the fair value measurement of non-current assets held for sale less costs to sell (see note 4).

Additional details on impairment are provided in note 18.

## Note 12. Auditor's fees

The fees expensed for services provided by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, comprise the following:

Auditors' fees expensed			EUR '000
2016	Lenzing AG	Austrian subsidiaries	Total
Audit of the annual financial statements (incl. consolidated financial statements)	256	0	256
Other assurance services	44	47	91
Other services	5	0	5
<b>Total</b>	<b>305</b>	<b>47</b>	<b>353</b>

Auditors' fees expensed (previous year)			EUR '000
2015	Lenzing AG	Austrian subsidiaries	Total
Audit of the annual financial statements (incl. consolidated financial statements)	234	0	234
Other assurance services	45	52	96
Other services	58	0	58
<b>Total</b>	<b>337</b>	<b>52</b>	<b>389</b>

The fees for other assurance services consist chiefly of fees for the review of the consolidated half-year financial statements and the audit of the annual financial statements of Lenzing Group subsidiaries.

## Note 13. Income from investments accounted for using the equity method

The result of EUR 17,113 thousand (2015: EUR 17,726 thousand) corresponds to the Group's share of the current earnings of associates and joint ventures. In 2016 this item also included a gain on disposal of EUR 14,605 thousand related to EQUI-Fibres Beteiligungsgesellschaft mbH (EFB), Kelheim, Germany. This gain on sale also includes an earnings-related component of EUR 3,724 thousand (also see note 20). The income in 2015 also resulted, in part, from a distribution of EUR 15,645 thousand to be recognized in profit or loss, which exceeded the share attributable to the Lenzing Group. The total distribution equaled EUR 30,000 thousand and represented cash income. The payment exceeding the share attributable to Lenzing AG did not reduce the proportional share of net assets attributable to Lenzing AG or the investment in the associate. It was therefore recognized through profit or loss.

## Note 14. Income from non-current and current financial assets

The income from non-current and current financial assets consists of the following items:

Income from non-current and current financial assets	EUR '000	
	2016	2015
<b>Income from non-current and current financial assets</b>		
Interest income from bank balances, originated loans and receivables and income from available-for-sale securities	1,644	1,570
Measurement and gains from the disposal of non-current financial assets	4,240	908
Net foreign currency gains from financial assets	0	5,034
	<b>5,883</b>	<b>7,512</b>
<b>Expenses from non-current and current financial assets</b>		
Measurement of originated loans	(236)	(269)
Measurement of non-current financial assets	0	(1,591)
Net foreign currency losses from financial assets	(511)	0
	<b>(747)</b>	<b>(1,860)</b>
<b>Total</b>	<b>5,136</b>	<b>5,652</b>

## Note 15. Financing costs

Financing costs comprise the following:

Financing costs	EUR '000	
	2016	2015
Net foreign currency gains/losses from financial liabilities	(380)	(3,606)
Interest expense from bonds and private placements	(11,240)	(11,312)
Interest expense from bank loans, other interest and similar expenses	(7,520)	(11,995)
<b>Total</b>	<b>(19,140)</b>	<b>(26,913)</b>

## Note 16. Income tax expense

This item includes current income tax expense as well as income/expense from deferred taxes (changes in deferred tax assets and deferred tax liabilities) and comprises the following:

Income tax expense by source	EUR '000	
	2016	2015 <sup>1)</sup>
<b>Current income tax expense</b>		
Austria	34,605	12,155
Abroad	26,447	8,163
	<b>61,052</b>	<b>20,319</b>
<b>Income/expense from deferred taxes</b>	<b>4,471</b>	<b>(1,017)</b>
<b>Total</b>	<b>65,523</b>	<b>19,302</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

Income tax expense by cause	EUR '000	
	2016	2015 <sup>1)</sup>
<b>Current income tax expense</b>		
Tax expense for current year	74,102	30,861
Reduction due to the use of tax losses	(3,064)	(6,565)
Reduction due to the use of tax credits	(8,824)	(3,080)
Adjustment for prior period income tax	(1,162)	(897)
	<b>61,052</b>	<b>20,319</b>
<b>Income/expense from deferred taxes</b>		
Recognition and reversal of temporary differences	(4,797)	6,749
Effects of changes in tax rates	1,271	(116)
Change in capitalized loss carryforwards	(168)	7,598
Change in capitalized tax credits	8,824	(14,006)
Effects of previously unrecognized temporary differences from prior periods	(95)	(825)
Changes in valuation adjustment to deferred tax assets (excl. loss carryforwards)	(563)	(417)
	<b>4,471</b>	<b>(1,017)</b>
<b>Total</b>	<b>65,523</b>	<b>19,302</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

A tax credit of EUR 8,824 thousand was claimed in the Czech Republic during 2016 (2015: EUR 3,080 thousand). A deferred tax asset was recognized in 2015 for this future tax credit, and EUR 14,006 thousand were recognized to profit or loss because the future utilization was sufficiently certain.

The reconciliation from calculated income tax expense based on the Austrian corporate tax rate of 25 percent (December 31, 2015: 25 percent) to effective income tax expense is shown in the following table:

Tax reconciliation	EUR '000	
	2016	2015 <sup>1)</sup>
<b>Earnings before tax</b>	<b>294,614</b>	<b>147,369</b>
Calculated income tax expense (25% of earnings before tax)	73,654	36,842
Tax-free income and tax allowances (particularly research allowance)	(2,793)	(1,958)
Non-deductible expenses, withholding taxes and similar permanent differences	1,910	4,214
Income from investments accounted for using the equity method	(2,203)	(4,431)
Effect of different tax rates	(1,630)	(1,235)
Changes in tax rates	1,271	(116)
Tax income from prior periods	(1,258)	(1,722)
Exchange rate differences resulting from the translation of deferred tax items from local into functional currency	(873)	4,126
Change in unrecognized deferred tax assets from loss carryforwards, tax credits and other temporary differences	(3,584)	(15,622)
Tax portion of puttable non-controlling interests	1,202	49
Other	(173)	(845)
<b>Effective income tax expense</b>	<b>65,523</b>	<b>19,302</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The "tax income from prior periods" includes a tax credit of EUR 1,266 thousand (2015: EUR 1,487 thousand) from the tax group with B&C Industrieholding GmbH (also see note 40).

Lenzing AG and the Austrian subsidiaries of the Lenzing Group are subject to an income tax rate of 25 percent (December 31, 2015: 25 percent). The income tax rates for foreign companies range from 16.5 percent to 38.7 percent (December 31, 2015 from 16.5 percent to 36.1 percent).

In comparison with the previous financial year, there were changes in the tax rate applicable to the calculation of deferred taxes in the USA (from 34 percent and 36.1 percent to 38.1 percent and 38.7 percent) and in Great Britain (from 18 percent to 17 percent).

## Note 17. Earnings per share

Earnings per share are calculated as follows:

Earnings per share	EUR '000	
	2016	2015
Net profit for the year attributable to shareholders of Lenzing AG used in the calculation of earnings per share	225,019	126,980
Weighted average number of shares	26,550,000	26,550,000
	<b>EUR</b>	<b>EUR</b>
Diluted = basic	8.48	4.78

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The share-based remuneration agreement (see note 40) contains performance-related conditions which were not considered to be fulfilled as at December 31, 2016 for the calculation of diluted earnings per share. Therefore, diluted earnings per share correspond to basic earnings per share.

# Notes on the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity

## Note 18. Intangible assets

### Development

Intangible assets developed as follows:

Development of intangible assets				EUR '000
2016	Goodwill	Concessions, industrial property rights, licenses and similar rights	Internally generated intangible assets	Total
<b>Cost</b>				
As at 01/01/2016	95,549	15,701	14,677	125,927
Currency translation adjustment	2,714	(18)	0	2,696
Changes in the scope of consolidation and disposal of other business areas	0	0	0	0
Additions	0	1,600	756	2,356
Disposals	0	(13)	0	(13)
<b>As at 31/12/2016</b>	<b>98,263</b>	<b>17,270</b>	<b>15,433</b>	<b>130,966</b>
<b>Accumulated amortization</b>				
As at 01/01/2016	(81,909)	(14,000)	(11,783)	(107,693)
Currency translation adjustment	(2,992)	16	0	(2,976)
Changes in the scope of consolidation and disposal of other business areas	0	0	0	0
Amortization	0	(752)	(490)	(1,242)
Impairment	0	0	(765)	(765)
Disposals	0	7	0	7
<b>As at 31/12/2016</b>	<b>(84,901)</b>	<b>(14,729)</b>	<b>(13,038)</b>	<b>(112,668)</b>
Carrying amount 01/01/2016	13,640	1,701	2,894	18,234
<b>Carrying amount 31/12/2016</b>	<b>13,363</b>	<b>2,541</b>	<b>2,395</b>	<b>18,298</b>

Development of intangible assets (previous year)				EUR '000
2015	Goodwill	Concessions, industrial property rights, licenses and similar rights	Internally generated intangible assets	Total
<b>Cost</b>				
<b>As at 01/01/2015</b>	<b>86,929</b>	<b>18,640</b>	<b>14,458</b>	<b>120,027</b>
Currency translation adjustment	8,843	45	0	<b>8,888</b>
Changes in the scope of consolidation and disposal of other business areas	(223)	(3,340)	(267)	<b>(3,829)</b>
Additions	0	505	485	<b>990</b>
Disposals	0	(148)	0	<b>(148)</b>
<b>As at 31/12/2015</b>	<b>95,549</b>	<b>15,701</b>	<b>14,677</b>	<b>125,927</b>
<b>Accumulated amortization</b>				
<b>As at 01/01/2015</b>	<b>(73,597)</b>	<b>(13,415)</b>	<b>(11,083)</b>	<b>(98,095)</b>
Currency translation adjustment	(8,312)	(35)	0	<b>(8,347)</b>
Changes in the scope of consolidation and disposal of other business areas	0	180	19	<b>199</b>
Amortization	0	(830)	(563)	<b>(1,393)</b>
Impairment	0	(13)	(156)	<b>(169)</b>
Disposals	0	113	0	<b>113</b>
<b>As at 31/12/2015</b>	<b>(81,909)</b>	<b>(14,000)</b>	<b>(11,783)</b>	<b>(107,693)</b>
Carrying amount 01/01/2015	13,332	5,225	3,375	<b>21,931</b>
<b>Carrying amount 31/12/2015</b>	<b>13,640</b>	<b>1,701</b>	<b>2,894</b>	<b>18,234</b>



The above additions to internally generated intangible assets include EUR 756 thousand (2015: EUR 485 thousand) which were developed in the Lenzing Group. All other additions represent purchased intangible assets.

The revaluation option was not exercised. Amortization is calculated according to the straight line method based on the estimated useful lives. The estimated useful lives of the major assets are as follows:

Useful lives for intangible assets	
	Years
Software/computer programs	3 to 4
Licenses and other intangible assets	
Purchased	4 to 20
Internally generated	7 to 15

### Research and development expenses

The Lenzing Group incurred research and development expenses (calculated in accordance with IFRS) of EUR 25,520 thousand in 2016 (2015: EUR 20,074 thousand). The development costs for internally generated intangible assets are capitalized if they meet the criteria defined by IAS 38 (Intangible Assets).

### Impairment tests of intangible assets and property, plant and equipment

All intangible assets, items of property, plant and equipment and cash-generating units are tested for impairment in accordance with IAS 36 if evidence suggests they may be impaired. A qualitative analysis is performed at the reporting dates for all consolidated financial statements and interim consolidated statements to determine whether there are any indications of impairment or any material year-on-year changes in impaired cash-generating units. This analysis is based on criteria defined by the management of Lenzing AG. Intangible assets and property, plant and equipment allocated to a cash-generating unit that includes goodwill are also tested during the annual impairment testing of goodwill. The cash-generating units in the Lenzing Group represent, above all, the individual production sites.

The Lenzing Group initially determines the recoverable amount based on the applicable fair value less costs of disposal. This fair value less costs of disposal is derived from budgets and cash flow forecasts which are prepared on a post-tax basis and approved by the Management Board for the next five years (2015 financial year: four years). Based on the assumptions used in the previous year, a perpetual yield that includes a sustainable long-term growth rate of 0.8 percent (2015: 0.6 percent to 0.9 percent) is applied after the detailed planning period. The estimate for the sustainable long-term growth rate generally equals half of the inflation rate expected for the next few years in the relevant country, as projected by an international economic research agency. This value usually tends to offset general inflation. The planned/projected cash flows are discounted to their present value with a discounted cash flow method. Fair value measurement is classified in full as level 3 of the fair value hierarchy because key input factors (in particular, cash flows) cannot be observed on the market. The applied discount rate is calculated on an individual basis using the capital asset pricing model (CAPM) and represents a composite figure (weighted average cost of capital – WACC) that combines the average interest rate for debt and the anticipated return on equity employed. After-tax WACCs ranging from 7.2 percent to 8.1 percent were used (2015: 7.5 percent to 8.2 percent).

The WACCs were, for the most part, determined on the basis of externally available capital market data for comparable companies (in particular, to determine the risk premium). The planning and forecasts for free cash flows are based, above all, on internal assumptions for the expected development of selling prices and volumes (especially for fibers and cellulose) and the related costs (in particular, raw materials like cellulose, wood and energy plus labor and taxes), including the expected market environment and market positioning. Other input factors include anticipated investments and the changes in working capital. These internal assumptions are based on past experience, current operating results and the assessment of future developments. They are supplemented by external market assumptions such as sector-specific market studies and economic outlooks.

### Impairment of cash generating units

There were no indications of impairment, as defined by IAS 36, to cash-generating units in 2016. In addition, there were no material changes in the impaired cash-generating units compared with the previous year.

In 2015, the impairment testing of cash-generating units based

on relevant indications led to the recognition of impairment losses totaling EUR 7,915 thousand to the intangible assets and property, plant and equipment at a Chinese fiber production plant in the Segment Fibers. The impairment losses consisted primarily of EUR 2,179 thousand for land and buildings and EUR 5,728 thousand for technical equipment and machinery (in particular, fiber production equipment). The carrying amount of the cash-generating unit was reviewed because of developments on the Chinese financial markets at the end/turn of the year 2015. The impairment losses were required to reflect the reduced economic earning power.

The recoverable amount (before the inclusion of net financial debt) at the Chinese production site equaled EUR 96,527 thousand as at December 31, 2015. It was determined on the basis of fair value less costs to of disposal and the use of a discounted cash flow method. The measurement of fair value is classified in full under level 3 of the fair value hierarchy, since key input factors (in particular, cash flows) cannot be observed on the market. The following individual assumptions were also relevant for the Chinese production site. The amounts shown for the major assumptions represent the Management Board's estimates for future development.

**Assumptions for impairment testing of the Chinese production site**

	<b>2015 financial year</b>
Average annual operating margin in planning period	2.5 %
Long-term growth rate of perpetual yield	1.0 %
After-tax discount rate (WACC)	7.9 %

The detailed planning period for the Chinese production site in 2015 covered four years. The average revenue growth during this period equaled 1.8 percent per year.

The carrying amounts of the impaired intangible assets and property, plant and equipment at the Chinese production site totaled EUR 56,408 thousand as at 31 December 2016 (31 December 2015: EUR 65,304 thousand). This amount includes accumulated impairment losses of EUR 39,934 thousand (31 December 2015: EUR 40,767 thousand) from the previous impairment tests.

### Goodwill and trademark rights with indefinite useful lives

Goodwill was allocated to the following segments/cash-generating units (CGUs) as at the reporting date:

Goodwill by segment/CGU	EUR '000	
	31/12/2016	31/12/2015
<b>Segment Fibers</b>		
CGU Pulp Site Czech Republic	9,774	9,771
Other CGUs	3,589	3,869
<b>Total</b>	<b>13,363</b>	<b>13,640</b>

The recoverable amount of the largest CGU with goodwill – the CGU Pulp Site Czech Republic – in 2016 was determined on the basis of fair value less costs of disposal. The measurement of fair value is classified in full under level 3 of the fair value hierarchy, since key input factors (in particular, cash flows) cannot be observed on the market. The following individual assumptions used in recent impairment tests were also relevant. The amounts shown for the major assumptions represent the Management Board's estimates for future development.

#### Assumptions for impairment testing of the largest CGU to which goodwill was allocated

	2016 financial year	2015 financial year
<b>CGU Pulp Site Czech Republic</b>		
Average annual operating margin in planning period	21.1%	19.2%
Long-term growth rate of perpetual yield	0.8%	0.8%
After-tax discount rate (WACC)	7.3%	7.5%

The detailed planning period for the CGU Pulp Site Czech Republic covered five years (2015: four years). The average revenue growth during this period equaled minus 1.3 percent per year (2015: 0.8 percent p. a.).

The estimated fair value less costs of disposal of the CGU Pulp Site Czech Republic exceeds the carrying amount by EUR 59,457 thousand (2015: EUR 103,366 thousand). These estimates are considered appropriate, but corrections may be required if there are changes in the underlying assumptions or circumstances. The following table shows a sensitivity analysis with hypothetical scenarios for the key assumptions as well as the possible changes in value as at the reporting date which, if they occurred, would result in the recoverable amount equaling the carrying amount of the CGU plus goodwill.

**Sensitivity analysis of assumptions for impairment testing**

	Values relating to key assumptions	Change in values relating to key assumptions for which the recoverable amount would equal the carrying amount
<b>CGU Pulp Site Czech Republic</b>		
Operating margin	21.1%	minus 2.3 percentage points
Long-term growth rate of perpetual yield	0.8%	minus 3.7 percentage points
After-tax discount rate (WACC)	7.3%	plus 2.3 percentage points

**Sensitivity analysis of assumptions for impairment testing (previous year)**

	Values relating to key assumptions	Change in values relating to key assumptions for which the recoverable amount would equal the carrying amount
<b>CGU Pulp Site Czech Republic</b>		
Operating margin	19.2%	minus 4.3 percentage points
Long-term growth rate of perpetual yield	0.8%	minus 6.5 percentage points
After-tax discount rate (WACC)	7.5%	plus 4.1 percentage points

## Note 19. Property, plant and equipment

### Development

Property, plant and equipment developed as follows:

Development of property, plant and equipment				EUR '000
2016	Land and buildings	Technical equipment and machinery, factory and office equipment	Prepayments and assets under construction	Total
<b>Cost</b>				
<b>As at 01/01/2016</b>	<b>524,305</b>	<b>2,437,860</b>	<b>36,901</b>	<b>2,999,065</b>
Currency translation adjustment	1,536	9,328	537	11,402
Changes in the scope of consolidation and disposal of other business areas	0	(1,866)	0	(1,866)
Additions	4,111	55,296	57,086	116,493
Disposals	(72)	(4,895)	(3,606)	(8,573)
Reclassifications	1,965	12,855	(14,820)	0
<b>As at 31/12/2016</b>	<b>531,845</b>	<b>2,508,578</b>	<b>76,098</b>	<b>3,116,521</b>
<b>Accumulated depreciation</b>				
<b>As at 01/01/2016</b>	<b>(244,478)</b>	<b>(1,456,356)</b>	<b>(3,781)</b>	<b>(1,704,615)</b>
Currency translation adjustment	698	(6,610)	(48)	(5,960)
Changes in the scope of consolidation and disposal of other business areas	0	1,482	0	1,482
Depreciation	(15,100)	(116,486)	0	(131,586)
Impairment	0	(1,500)	0	(1,500)
Disposals	0	4,565	0	4,565
<b>As at 31/12/2016</b>	<b>(258,880)</b>	<b>(1,574,905)</b>	<b>(3,829)</b>	<b>(1,837,614)</b>
Carrying amount 01/01/2016	279,827	981,504	33,120	1,294,451
<b>Carrying amount 31/12/2016</b>	<b>272,966</b>	<b>933,672</b>	<b>72,269</b>	<b>1,278,907</b>

**Development of property, plant and equipment (previous year)**
**EUR '000**

2015	Land and buildings	Technical equipment and machinery, factory and office equipment	Prepayments and assets under construction	Total
<b>Cost</b>				
<b>As at 01/01/2015</b>	<b>503,530</b>	<b>2,337,904</b>	<b>30,573</b>	<b>2,872,007</b>
Currency translation adjustment	16,154	62,641	1,121	<b>79,916</b>
Changes in the scope of consolidation and disposal of other business areas	(92)	(16,934)	(314)	<b>(17,340)</b>
Additions	2,391	48,438	24,560	<b>75,388</b>
Disposals	(15)	(10,888)	(2)	<b>(10,906)</b>
Reclassifications	2,337	16,700	(19,037)	<b>0</b>
<b>As at 31/12/2015</b>	<b>524,305</b>	<b>2,437,860</b>	<b>36,901</b>	<b>2,999,065</b>
<b>Accumulated depreciation</b>				
<b>As at 01/01/2015</b>	<b>(222,300)</b>	<b>(1,323,699)</b>	<b>(3,518)</b>	<b>(1,549,517)</b>
Currency translation adjustment	(4,712)	(29,621)	(263)	<b>(34,596)</b>
Changes in the scope of consolidation and disposal of other business areas	42	9,906	0	<b>9,948</b>
Depreciation	(15,331)	(116,836)	0	<b>(132,166)</b>
Impairment	(2,188)	(6,331)	0	<b>(8,519)</b>
Disposals	11	10,225	0	<b>10,236</b>
<b>As at 31/12/2015</b>	<b>(244,478)</b>	<b>(1,456,356)</b>	<b>(3,781)</b>	<b>(1,704,615)</b>
Carrying amount 01/01/2015	281,230	1,014,205	27,056	<b>1,322,490</b>
<b>Carrying amount 31/12/2015</b>	<b>279,827</b>	<b>981,504</b>	<b>33,120</b>	<b>1,294,451</b>

The revaluation option was not exercised.

Depreciation is calculated according to the straight-line method based on the estimated useful lives. The estimated useful lives of the major assets are as follows:

Useful lives for property, plant and equipment	Years
Land use rights	30 to 99
Buildings	10 to 50
Fiber production lines	10 to 15
Energy production facilities	10 to 25
Other mechanical equipment	4 to 20
Vehicles	4 to 20
Office equipment and other fixtures and fittings	4 to 15
IT hardware	3 to 10

All items of property, plant and equipment are tested for impairment in accordance with IAS 36 if there are any indications that these assets may be impaired (see note 18 for details).

#### **Pledges of property, plant and equipment and other collateral security or restrictions on title encumbering property, plant and equipment**

Property, plant and equipment also include assets obtained through finance leases (see note 38). Collateral security in the form of property, plant and equipment has also been provided for group borrowings (see note 29). The carrying amount of property, plant and equipment pledged to secure financial liabilities totaled EUR 252,617 thousand as at December 31, 2016 (December 31, 2015: EUR 273,107 thousand).

#### **Capitalization of borrowing costs**

Borrowing costs of EUR 454 thousand for property, plant and equipment were capitalized in 2016 (2015: EUR 550 thousand). The applied cost of debt equaled 2.5 percent (2015: 2.4 percent).

The Lenzing Group defines qualifying assets as construction projects or other assets that require at least 12 months to be ready for their intended use or sale.

## **Note 20. Investments accounted for using the equity method**

Investments accounted for using the equity method include, in particular, EQUI-Fibres Beteiligungsgesellschaft mbH (EFB), Kelheim, Germany, which is assigned to the Segment Fibers. Investments accounted for using the equity method comprise the following:

Carrying amounts of investments accounted for using the equity method	EUR '000	
	31/12/2016	31/12/2015
EQUI-Fibres Beteiligungsgesellschaft mbH (EFB)	7,028	19,972
Other associates	5,630	5,523
Joint ventures	79	73
<b>Total</b>	<b>12,737</b>	<b>25,568</b>



Investments accounted for using the equity method developed as follows:

Development of the carrying amounts of investments accounted for using the equity method				EUR '000
2016	EFB	Other associates	Joint ventures	Total
<b>As at 01/01</b>	<b>19,972</b>	<b>5,523</b>	<b>73</b>	<b>25,568</b>
Disposal of carrying amount due to the partial divestiture of the investment	(12,352)	0	0	(12,352)
Result from remeasurement of investments accounted for using the equity method	(2,646)	0	0	(2,646)
Share in profit or loss of investments accounted for using the equity method	2,472	31	6	2,509
Other comprehensive income – remeasurement of defined benefit liability and other	(419)	0	0	(419)
Other comprehensive income – foreign currency translation differences arising during the year	0	117	0	117
Distributions	0	(40)	0	(40)
<b>As at 31/12</b>	<b>7,028</b>	<b>5,630</b>	<b>79</b>	<b>12,737</b>

Development of the carrying amounts of investments accounted for using the equity method (previous year)				EUR '000
2015	EFB	Other associates	Joint ventures	Total
<b>As at 01/01</b>	<b>32,470</b>	<b>5,422</b>	<b>65</b>	<b>37,956</b>
Share in profit or loss of investments accounted for using the equity method	17,528	191	7	17,726
Other comprehensive income – remeasurement of defined benefit liability and other	(30)	0	0	(30)
Other comprehensive income – foreign currency translation differences arising during the year	5	2	1	8
Distributions	(30,000)	(93)	0	(30,093)
<b>As at 31/12</b>	<b>19,972</b>	<b>5,523</b>	<b>73</b>	<b>25,568</b>

The above components of total comprehensive income result from continuing operations.

In December 2016 the Lenzing Group recorded a gain of EUR 14,605 thousand on the partial sale of EQUI-Fibres Beteiligungsgesellschaft mbH. This gain on sale includes EUR minus 2,646 thousand from the fair value measurement of the remaining shares, whereby the fair value was derived from the current sale transaction (level 1). As security for the outstanding purchase price receivable (EUR 30,952 thousand), which is dependent on the company's future earning power, the Lenzing Group holds a lien on the remaining shares. Most of the purchase price receivables are classified as current. The long-term component carries interest at a normal bank interest rate. The Lenzing Group held 20 percent of capital and voting rights as at December 31, 2016 (December 31, 2015: 45 percent). The core business of EFB, which is not publicly listed, is the production and marketing of botanic cellulose fibers. The relations between the Lenzing Group and this company are described in note 40.

The following table provides summarized financial information on EFB in accordance with IFRS (100 percent in each case, i.e. not adjusted to reflect the investment held by the Lenzing Group and before intragroup eliminations and adjustments):

Summarized financial information on EFB	EUR '000	
	31/12/2016	31/12/2015
Non-current assets	87,195	79,537
Current assets	55,916	55,834
Equity	48,686	44,122
Non-current liabilities	41,440	21,694
Current liabilities	52,986	69,555
	<b>2016</b>	<b>2015</b>
Revenue	168,441	162,004
Earnings before tax (EBT)	7,881	6,306
Total comprehensive income	4,564	4,128
Thereof net profit for the year (from continuing operations)	5,494	4,184
Thereof other comprehensive income (from continuing operations)	(930)	(56)

The reconciliation of equity to the carrying amount of the investment in EFB is as follows:

Reconciliation of equity to carrying amount of the investment in EFB	EUR '000	
	31/12/2016	31/12/2015
Equity	48,686	44,122
Thereof:		
Group's interest (20%; previous year: 45%)	9,737	19,855
Consolidation and other effects	(2,709)	117
<b>Carrying amount</b>	<b>7,028</b>	<b>19,972</b>

Investments accounted for using the equity method represent investments in associates and joint ventures. The investments in associates represent shares in companies in which the Lenzing Group can exert significant influence over financial and operating policies. Joint ventures are joint arrangements managed by the Lenzing Group together with one or more partners, whereby the Lenzing Group has rights to the net assets of the arrangement.

## Note 21. Financial assets

Financial assets comprise the following:

Financial assets	EUR '000	
	31/12/2016	31/12/2015
Non-current securities	16,167	16,274
Other investments	1,562	1,562
Originated loans	7,339	5,011
<b>Total</b>	<b>25,068</b>	<b>22,847</b>

Non-current securities are classified as follows:

Non-current securities by asset class				EUR '000
2016	Market value 31/12	Average effective yield in % <sup>1)</sup>	Income for the year	
Government bonds	6,128			
Other securities and book-entry securities	10,039			
<b>Total</b>	<b>16,167</b>	<b>9.59</b>	<b>260</b>	

<sup>1)</sup> incl. increase in value which is recognized directly in equity in the consolidated statement of comprehensive income.

Non-current securities by asset class (previous year)				EUR '000
2015	Market value 31/12	Average effective yield in % <sup>1)</sup>	Income for the year	
Government bonds	6,869			
Other securities and book-entry securities	9,405			
<b>Total</b>	<b>16,274</b>	<b>4.37</b>	<b>205</b>	

<sup>1)</sup> incl. increase in value which is recognized directly in equity in the consolidated statement of comprehensive income.

The major holdings in government bonds include EUR 2,021 thousand (December 31, 2015: EUR 2,879 thousand) issued by the Federal Republic of Germany and EUR 1,839 thousand (December 31, 2015: EUR 2,110 thousand) issued by the Republic of France. The other securities and book-entry securities relate primarily to shares. The other equity investments as at December 31, 2016 consist primarily of the EUR 1,050 thousand (December 31, 2015: EUR 1,050 thousand) equity investment in LP Beteiligungs & Management GmbH, Linz.

## Note 22. Other non-current assets

Other non-current assets are classified as follows:

Other non-current assets	EUR '000	
	31/12/2016	31/12/2015
Other non-current financial assets (particularly from derivatives and other financial receivables)	7,659	3,972
Other non-current assets (non-financial, particularly from other taxes)	1,928	1,397
<b>Total</b>	<b>9,587</b>	<b>5,369</b>

## Note 23. Inventories

Inventories include the following components:

Inventories	EUR '000	
	31/12/2016	31/12/2015
Raw materials and supplies	211,440	226,103
Work in progress	2,445	2,323
Finished goods and merchandise	110,649	104,974
Prepayments	4,896	5,064
<b>Total</b>	<b>329,430</b>	<b>338,464</b>

Raw materials and supplies consist primarily of wood for pulp production, pulp and chemicals for cellulose fiber production and various incidentals. Finished goods and work in progress include cellulose fibers, sodium sulfate, acetic acid, furfural and products in the Segment Lenzing Technik.

Write-downs totaling EUR 8,190 thousand were recognized to inventories in 2016 (2015: EUR 5,036 thousand). The carrying amount of inventories reported at their net realizable value equaled EUR 92,211 thousand (December 31, 2015: EUR 122,189 thousand). Expenses for inventories are generally included in the cost of material. Inventories included in the cost of material totaled EUR 1,078,102 thousand in 2016 (2015: EUR 1,059,205 thousand). The carrying amount of inventories pledged to secure financial liabilities amounted to EUR 100,958 thousand (December 31, 2015: EUR 87,799 thousand). Of the total inventories, EUR 26,854 thousand (2015: EUR 24,506 thousand) are expected to be held for more than one year.

## Note 24. Trade receivables

Trade receivables comprise the following:

Trade receivables	EUR '000	
	31/12/2016	31/12/2015
Trade receivables (gross)	289,416	269,794
Bad debt provisions	(12,008)	(10,856)
<b>Total</b>	<b>277,407</b>	<b>258,939</b>

All trade receivables are classified as current assets. Additional information on trade receivables is provided in note 35 and note 37 (under "Factoring" and "Credit risk").

## Note 25. Construction contracts

Construction contracts	EUR '000	
	31/12/2016	31/12/2015
Contract costs incurred by the reporting date	1,930	7,047
Profits accrued by the reporting date	341	210
Losses incurred by the reporting date	(12)	(2,212)
<b>Balance from contract manufacturing (gross)</b>	<b>2,259</b>	<b>5,044</b>
Less advances received (total)	(5,552)	(4,614)
<b>Balance from contract manufacturing (net)</b>	<b>(3,293)</b>	<b>430</b>
Thereof gross amount due from customers for contract work (trade receivables)	865	960
Thereof gross amount due to customers for contract work (other current liabilities)	(4,158)	(530)

If the result of a construction contract can be reliably estimated, the revenue and costs are recognized in line with the stage of completion at the reporting date (percentage-of-completion method). The percentage of completion is calculated on an input-oriented basis which compares the contract costs incurred to date with the estimated total contract costs (cost-to-cost method).

## Note 26. Other current assets

Other current assets comprise the following:

Other current assets	EUR '000	
	31/12/2016	31/12/2015
<b>Other current financial assets</b>		
Receivables relating to the divestiture of an investment	24,699	1,157
Amount from factoring agreements not advanced	8,065	8,019
Creditors with debit balances	4,265	2,461
Offset maintenance	4,500	3,700
Receivables from grant commitments	5,200	0
Other	7,852	7,114
<b>Carrying amount as at 31/12</b>	<b>54,580</b>	<b>22,451</b>
<b>Other current assets (non financial)</b>		
Receivables from other taxes (in particular, receivables from tax authorities – VAT)	37,763	49,769
Emission certificates	6,446	6,441
Prepaid expenses	3,675	3,386
Other	2,589	1,799
<b>Carrying amount as at 31/12</b>	<b>50,473</b>	<b>61,395</b>
<b>Total</b>	<b>105,053</b>	<b>83,846</b>

## Note 27. Equity

### Share capital and capital reserves

The share capital of Lenzing AG totaled EUR 27,574,071.43 as at December 31, 2016 (December 31, 2015: EUR 27,574,071.43) and is divided into 26,550,000 zero par value shares (December 31, 2015: 26,550,000). The proportion of share capital attributable to one share equals roughly EUR 1.04. Each ordinary share represents an equal interest in capital and conveys the same rights and obligations, above all the right to a resolved dividend and the right to vote at the Annual General Meeting. The issue price of the shares is fully paid in. No other classes of shares have been issued.

A resolution of the Annual General Meeting on December 10, 2010 authorized the Management Board, subject to the approval of the Supervisory Board, to increase share capital by a maximum of EUR 13,358,625.00 (equivalent to 12,862,500 shares or 50 percent of share capital as at December 31, 2010) within a period of five years – also in tranches – in exchange for cash and contributions in kind (“authorized capital”). This authorized capital expired on December 10, 2015.

The Annual General Meeting on December 10, 2010 also authorized the Management Board, subject to the approval of the Supervisory Board, to issue convertible bonds on or before December 9, 2015, which carry a subscription right or conversion obligation for up to 12,862,500 ordinary shares (equivalent to 50 percent of share capital as at December 31, 2010) (“contingent capital”). This conditional capital was not utilized and expired on December 9, 2015.

The Annual General Meeting on April 28, 2014 authorized the Management Board, subject to the approval of the Supervisory Board, to repurchase the company's bearer shares over the stock exchange to the extent of up to 10 percent of the company's share capital. This authorization is valid for a period of 30 months beginning on April 28, 2014. The lowest equivalent repurchase price was defined as not more than 20 percent below and the highest equivalent not more than 10 percent above the average closing price on the last three stock exchange days prior to the share purchase. The resolution excludes trading in treasury shares as an objective of the repurchase. This authorization can be exercised in whole, in part or in several partial amounts and in pursuit of one or more objectives by the company, by a subsidiary (Section 189a no. 7 of the Austrian Commercial Code) or by third parties for the company's account. In addition, the Management Board was authorized to reduce share capital, if necessary, by withdrawing these treasury shares without any further resolution by the Annual General Meeting. The Supervisory Board was authorized to adopt any necessary amendments to the articles of association resulting from the withdrawal of shares.

The Annual General Meeting on April 22, 2015 authorized the Management Board, subject to the approval of the Supervisory Board, to increase share capital by up to EUR 13,778,412 through the issue of up to 13,274,000 zero par value shares (“authorized capital”) – also in several tranches – in exchange for cash and/or contributions in kind. The authorization is valid for five years beginning on the date the resolution is recorded in the commercial register (recording date: May 26, 2016).

The Annual General Meeting on April 22, 2015 also authorized the Management Board, subject to the approval of the Supervisory Board, to issue convertible bonds by April 22, 2020 – also in several tranches – which provide or allow for subscription or conversion rights or mandatory subscription or conversion into a maximum of 13,274,000 shares (“contingent capital”). The subscription or conversion rights/obligations may be serviced by contingent capital and/or treasury shares.

The Annual General Meeting on April 20, 2016 authorized the Management Board, subject to the approval of the Supervisory Board, to repurchase the company's bearer shares over the stock exchange to the extent of up to 10 percent of the company's share capital. This authorization is valid for a period of 30 months beginning on April 20, 2016. The lowest equivalent repurchase price was defined as not more than 20 percent below and the highest equivalent not more than 10 percent above the average closing price on the last three stock exchange days prior to the share purchase. The resolution excludes trading in treasury shares as an objective of the repurchase. This authorization can be exercised in whole, in part or in several partial amounts and in pursuit of one or several objectives by the company, by a subsidiary (Section 189a no. 7 of the Austrian Commercial Code) or by third parties for the company's account. In addition, the Management Board was authorized to reduce share capital, if necessary, by withdrawing these treasury shares without any further resolution by the Annual General Meeting. The Supervisory Board was authorized to adopt any necessary amendments to the articles of association resulting from the withdrawal of shares.

The Management Board did not utilize the authorizations in place on or up to December 31, 2016 to increase share capital, issue convertible bonds or repurchase treasury shares during the 2016 financial year.

The capital reserves represent appropriated reserves of Lenzing AG that may only be used to offset an accumulated loss by Lenzing AG. These reserves were created from the inflow of funds received by Lenzing AG from shareholders in excess of share capital.

## Other reserves

Other reserves include all accumulated other comprehensive income and consist of the foreign currency translation reserve, the reserve for available-for-sale financial assets, the hedging reserve and actuarial gains/losses.

The amounts attributable to the components of other comprehensive income in 2016 and 2015 include the following:

Other comprehensive income	EUR '000					
	2016			2015 <sup>1</sup>		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Consolidated subsidiaries	4,478	8	4,486	40,639	(225)	40,415
Investments accounted for using the equity method	117	0	117	3	0	3
<b>Foreign currency translation reserve</b>	<b>4,595</b>	<b>8</b>	<b>4,602</b>	<b>40,642</b>	<b>(225)</b>	<b>40,417</b>
<b>Available-for-sale financial assets</b>	<b>1,189</b>	<b>(297)</b>	<b>892</b>	<b>163</b>	<b>(41)</b>	<b>123</b>
Consolidated subsidiaries	(4,617)	1,020	(3,597)	23,801	(5,443)	18,358
Investments accounted for using the equity method	0	0	0	5	0	5
<b>Hedging reserve</b>	<b>(4,617)</b>	<b>1,020</b>	<b>(3,597)</b>	<b>23,806</b>	<b>(5,443)</b>	<b>18,363</b>
Consolidated subsidiaries	(11,364)	2,903	(8,461)	5,234	(1,360)	3,874
Investments accounted for using the equity method	(419)	0	(419)	(30)	0	(30)
<b>Actuarial gains/losses</b>	<b>(11,783)</b>	<b>2,903</b>	<b>(8,880)</b>	<b>5,204</b>	<b>(1,360)</b>	<b>3,844</b>
<b>Total</b>	<b>(10,616)</b>	<b>3,633</b>	<b>(6,982)</b>	<b>69,816</b>	<b>(7,068)</b>	<b>62,747</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The reserve for hedging cash flows (hedging reserve) developed as follows:

Changes in the hedging reserve	EUR '000	
	2016	2015 <sup>1</sup>
<b>Gains/losses recognized in the reporting period from the valuation of cash flow hedges</b>		
From gas swaps	(51)	(1,184)
From forward foreign exchange contracts	(9,666)	(37,773)
From other derivatives	0	0
	<b>(9,717)</b>	<b>(38,957)</b>
<b>Reclassification to profit or loss of amounts relating to cash flow hedges</b>		
From gas swaps	980	1,876
From forward foreign exchange contracts	3,935	60,696
From other derivatives	185	185
	<b>5,101</b>	<b>62,758</b>
<b>Total</b>	<b>(4,617)</b>	<b>23,801</b>

<sup>1)</sup> The prior-year figures were restated to reflect the changes in IAS 1 (requirement to separately present the share of other comprehensive income of investments accounted for using the equity method) (see note 2).

The above amounts from the reclassification to profit or loss of cash flow hedges from gas swaps are reported under the cost of material. The above amounts from the reclassification to profit or loss of cash flow hedges from forward foreign exchange contracts are reported primarily under revenue as part of earnings before interest and tax (EBIT). The above amounts from the reclassification to profit or loss of cash flow hedges from other derivatives are reported under financial result.

## Retained earnings

Retained earnings comprise the following:

Retained earnings	EUR '000	
	31/12/2016	31/12/2015 <sup>1</sup>
Unappropriated revenue reserves of Lenzing AG under Austrian law (Austrian Commercial Code – öUGB)	451,594	393,769
Share-based payments	1,176	433
Accumulated profits of Lenzing AG under Austrian law (Austrian Commercial Code - öUGB)	111,510	53,100
Retained earnings of subsidiaries, including the effect of adjusting the financial statements of Lenzing AG and its subsidiaries from local regulations to IFRS	586,863	532,545
<b>Total (excl. other reserves)</b>	<b>1,151,143</b>	<b>979,848</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The unappropriated revenue reserves of Lenzing AG can be released at any time and distributed to shareholders as part of accumulated profits. Austrian law only permits the distribution of dividends from accumulated profits as stated in the approved annual financial statements of the parent company prepared in accordance with the Austrian Commercial Code.

The following dividends were approved by the Annual General Meeting and paid to the shareholders of Lenzing AG:

<b>Dividends of Lenzing AG resolved and paid</b>	<b>Total</b>	<b>Number of shares</b>	<b>Dividend per share</b>
	<b>EUR '000</b>		<b>EUR</b>
Dividend for the financial year 2015 resolved at the Annual Shareholders' Meeting on April 20, 2016 (payment as of April 26, 2016)	53,100	26,550,000	2.00
Dividend for the financial year 2014 resolved at the Annual Shareholders' Meeting on April 22, 2015 (payment as of April 29, 2015)	26,550	26,550,000	1.00

The Management Board proposes the following use of accumulated profits for 2016 as stated in the annual financial statements of Lenzing AG, which were prepared in accordance with the Austrian Commercial Code:

<b>Proposal on the appropriation of accumulated profits for 2016</b>	<b>EUR '000</b>
Lenzing AG closed the 2016 financial year with profit under Austrian law (öUGB) of	157,552
The allocation to (unappropriated) revenue reserves of	(46,042)
<b>results in accumulated profit of</b>	<b>111,510</b>
The Management Board proposes the following appropriation of the accumulated profit: Distribution of a EUR 4,20 dividend per share on eligible share capital of EUR 27,574,071.43, resp. 26,550,000 shares	111,510
<b>Amount carried forward to new account</b>	<b>0</b>

The dividend shown in the above proposal is subject to approval by the shareholders at the Annual General Meeting and is therefore still included in equity as at the reporting date. Dividends in Austria have been subject to a capital gains tax of 27.5 percent since January 1, 2016 (see the above table for the applicable amounts); up to December 31, 2015 the capital gains tax equaled 25 percent of gross dividends. The capital gains tax satisfies the income tax liability for individuals with unlimited tax liability in Austria (final taxation). For corporations with unlimited tax liability, profit distributions by Lenzing AG represent tax-free investment income. Corporations with unlimited tax liability that hold at least 10 percent of share capital are exempt from capital gains tax in Austria. Corporations with unlimited tax liability that hold less than 10 percent of share capital can offset the deducted capital gains tax on their corporate tax return. Foreign EU companies with unlimited tax liability that have held at least 10 percent of the share capital for at least one year without interruption are not liable for capital gains tax if additional requirements are met. Retained profits are not taxable for shareholders in Austria. Shareholders with limited tax liability must also consider any applicable double taxation agreements.

## Non-controlling interests

Non-controlling interests represent the investments held by third parties in consolidated group companies. The group companies with non-controlling interests are listed in note 43 under "Consolidated companies". These are companies in which the Lenzing Group holds a share of less than 100 percent and which are not reported under puttable non-controlling interests.

The non-controlling interests in equity as at December 31, 2016 totaled EUR 31,878 thousand (December 31, 2015: EUR 26,787 thousand) and included, above all, PT. South Pacific Viscose (SPV), Purwakarta, Indonesia, which is assigned to the Segment Fibers. As of December 31, 2016, non-controlling interests held 11.92 percent (December 31, 2015: 11.92 percent) of the capital and voting rights in SPV, which is not publicly listed. The core business of SPV is the production and sale of botanic cellulose fibers.

The following table provides summarized financial information on SPV in accordance with IFRS (all amounts at 100 percent, i.e. not adjusted to reflect the investment held by the Lenzing Group and before intragroup eliminations or adjustments):

<b>Summarized financial information on SPV</b>	<b>EUR '000</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>
Non-current assets	259,997	274,066
Current assets	209,468	160,462
Equity	267,429	224,723
Thereof equity attributable to shareholders of Lenzing AG	235,552	197,936
Thereof equity attributable to non-controlling interests	31,878	26,787
Non-current liabilities	69,532	95,481
Current liabilities	132,504	114,324
	<b>2016</b>	<b>2015</b>
Revenue	493,901	463,964
Earnings before tax (EBT)	45,055	16,617
Total comprehensive income	42,706	29,328
Thereof net profit for the year (from continued operations)	33,045	7,669
Net profit for the year attributable to shareholders of Lenzing AG	29,106	6,754
Net profit for the year attributable to non-controlling interests	3,939	914
Thereof other comprehensive income (from continued operations)	9,662	21,659
Other comprehensive income attributable to shareholders of Lenzing AG	8,510	19,077
Other comprehensive income attributable to non-controlling interests	1,152	2,582
Cash flow from operating activities	78,783	28,638
Cash flow from investing activities	(9,945)	(3,325)
Cash flow from financing activities	(23,198)	(34,649)
Change in cash and cash equivalents	45,640	(9,337)
Dividends paid to non-controlling interests	0	0



Changes to the non-controlling interests in controlled subsidiaries due to the purchase or sale of shares by the Lenzing Group without the loss of control are reported on the consolidated statement of changes in equity. The effects on non-controlling interests are shown below:

Effects of the acquisition and disposal of further shares in controlled subsidiaries	EUR '000	
	2016	2015
Lenzing Modi Fibers India Private Limited (2016: + 0.1%, 2015: n.a.)	2	0
<b>Increase (+)/decrease (-) of non-controlling interests in equity</b>	<b>2</b>	<b>0</b>

The sale and subsequent loss of control over the previously consolidated subsidiary European Carbon Fiber GmbH, Kelheim, Germany in April 2015 led to the derecognition of non-controlling interests totaling EUR 222 thousand.

The following shares of other comprehensive income are attributable to non-controlling interests in the subsidiaries of Lenzing AG:

Other comprehensive income attributable to non-controlling interests	EUR '000	
	2016	2015
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of net liability from defined benefit plans	(88)	(55)
Income tax relating to these components of other comprehensive income	22	14
<b>Items that may be reclassified to profit or loss</b>		
Foreign operations – foreign currency translation differences arising during the year	1,220	2,638
<b>Other comprehensive income - net of tax</b>	<b>1,154</b>	<b>2,596</b>

Emission certificates are capitalized at fair value on the allocation date. The difference between the fair value and the purchase price paid by the company for the emission certificates is recorded under government grants. At the end of each reporting period, a provision is recognized for the certificates used up to that date. The amount of the provision is based on the recognized asset value of the certificates if they are covered by certificates held by the company at this reporting date. If the certificates used exceed the certificates held, the provision is based on the fair value of the certificates (to be purchased subsequently) as at the relevant reporting date. A provision of EUR 314 thousand was recognized as at December 31, 2016 for the insufficient coverage of emission certificates (December 31, 2015: EUR 376 thousand).

## Note 28. Government grants

The amount accrued under this item resulted primarily from grants for the promotion of investments in economically underdeveloped regions, for investments in environmental protection and for general investment support.

Government grants of EUR 6,841 thousand were recognized to profit or loss in 2016 (2015: EUR 4,177 thousand). These grants were focused primarily on support for research activities. Any conditions attached to the grants were fulfilled and repayment, in full or in part, is therefore considered unlikely.

Government grants also included EUR 4,907 thousand of emission certificates as at December 31, 2015 (December 31, 2015: EUR 5,030 thousand). In accordance with Directive 2003/87/EC of the European Parliament and the European Council on a system for trading greenhouse gas emission certificates, a total of 411,118 emission certificates were allocated free of charge to the relevant companies in the Lenzing Group for 2016 through national allocation plans (2015: 419,540 emission certificates).



## Note 29. Financial liabilities

The following table shows the composition of financial liabilities as at December 31:

Financial liabilities				EUR '000
31/12/2016	Currency	Nominal value	Carrying amount	Average effective interest in %
<b>Bond</b>				
Fixed interest	EUR	120,000	119,922	3.9
			<b>119,922</b>	
<b>Private placements</b>				
Fixed interest	EUR	173,500	173,115	2.5
Floating rate interest	EUR	75,500	75,342	1.2
			<b>248,457</b>	
<b>Liabilities to banks</b>				
<b>Loans:</b>				
Fixed interest	EUR	899	899	1.2
Floating rate interest	EUR	75,453	75,312	1.4
Floating rate interest	USD	46,667	43,929	3.0
<b>Operating loans<sup>1)</sup>:</b>				
Floating rate interest	USD	17,568	16,648	2.8
Floating rate interest	CNY	320,000	43,715	4.5
			<b>180,504</b>	
<b>Lease liabilities</b>				
Fixed interest	EUR	699	699	4.0
Floating rate interest	EUR	2,056	2,056	2.4
			<b>2,756</b>	
<b>Liabilities to other lenders (miscellaneous)</b>				
Fixed interest	EUR	6,617	6,617	1.0
Fixed and floating rate interest	EUR	16,575	16,575	0.8
Floating rate interest	USD	2,828	2,683	3.7
			<b>25,875</b>	
<b>Total</b>				
Thereof current			249,247	
Thereof non-current			328,266	

<sup>1)</sup> Revolving credit agreements and overdrafts

Financial liabilities (previous year)					EUR '000
31/12/2015	Currency	Nominal value	Carrying amount	Average effective interest in %	
<b>Bond</b>					
Fixed interest	EUR	120,000	119,817	3.9	
			<b>119,817</b>		
<b>Private placements</b>					
Fixed interest	EUR	214,000	213,511	2.5	
Floating rate interest	EUR	75,500	75,310	1.5	
			<b>288,821</b>		
<b>Liabilities to banks</b>					
<b>Loans:</b>					
Fixed interest	EUR	2,570	2,570	2.2	
Floating rate interest	EUR	103,364	103,131	1.6	
Floating rate interest	USD	73,333	66,451	2.5	
<b>Operating loans<sup>1)</sup>:</b>					
Floating rate interest	USD	21,034	19,262	3.0	
Floating rate interest	CNY	340,000	47,948	5.0	
			<b>239,361</b>		
<b>Lease liabilities</b>					
Fixed interest	EUR	4,299	4,299	4.0	
Floating rate interest	EUR	1,996	1,996	1.5	
			<b>6,295</b>		
<b>Liabilities to other lenders (miscellaneous)</b>					
Fixed interest	EUR	6,606	6,606	1.2	
Fixed and floating rate interest	EUR	19,837	19,837	0.9	
Floating rate interest	USD	2,741	2,509	3.7	
			<b>28,952</b>		
<b>Total</b>					
			<b>683,247</b>		
Thereof current			172,337		
Thereof non-current			510,910		

<sup>1)</sup> Revolving credit agreements and overdrafts

In the 2010 financial year, the Lenzing Group issued a seven-year bond with a fixed interest rate of 3.875 percent and a nominal value of EUR 120,000 thousand. This bond will mature on September 27, 2017.

In the 2012 financial year, the Lenzing Group issued private placements with an issue volume of EUR 200,000 thousand. The terms cover four and seven years with fixed and floating interest rates, respectively, as well as a term of ten years with fixed interest. The average term is approximately six years. In the 2013 financial year, the Lenzing Group issued further private placements with an issue volume of EUR 29,000 thousand and a five-year term with fixed interest.

The Lenzing Group repaid EUR 40,500 thousand of the existing private placements as scheduled in 2016. In the 2015 financial year, the Lenzing Group reached an agreement to refinance its private placements with a corresponding volume increase. Existing private placements of EUR 89,500 thousand were terminated and re-issued at extended terms. Additional private placements of EUR 60,500 thousand were also issued. These transactions involved the issue of

private placements totaling EUR 150,000 thousand, which have an average term of seven years.

The next interest rate adjustment for the floating rate loans and partially fixed rate loans will take place within the next six months, depending on the loan agreement. The conditions for loans that can be utilized multiple times (revolving loans) are fixed for a certain period and generally carry floating interest rates.

Other loans primarily involve obligations to the Austrian fund for the promotion of research in industry ("Forschungsförderungsfonds der gewerblichen Wirtschaft") and the ERP fund as well as loans from non-controlling shareholders.

Of the total reported financial liabilities, EUR 44,272 thousand (December 31, 2015: EUR 68,093 thousand) are collateralized by real estate liens and other security and EUR 10,575 thousand (December 31, 2015: EUR 8,016 thousand) are collateralized by receivables. Shares in Biocel Paskov a.s. were pledged to finance the purchase price for the investment in this company and to finance investments.

## Note 30. Deferred taxes (deferred tax assets and liabilities) and current taxes

Deferred tax assets and liabilities relate to the following items on the statement of financial position:

Deferred tax assets	EUR '000	
	31/12/2016	31/12/2015 <sup>1</sup>
Intangible assets	8	13
Property, plant and equipment	9,992	11,984
Financial assets	7,020	7,882
Other assets	7,848	6,112
Provisions	19,132	16,415
Investment grants	152	171
Other liabilities	4,607	4,949
Tax loss carryforwards	6,755	12,352
Tax credits	5,119	13,921
<b>Gross deferred tax assets - before valuation adjustment</b>	<b>60,634</b>	<b>73,800</b>
Valuation adjustment to deferred tax assets	(20,499)	(27,300)
Thereof relating to tax loss carryforwards	(6,579)	(12,345)
<b>Gross deferred tax assets</b>	<b>40,135</b>	<b>46,500</b>
Offsettable against deferred tax liabilities	(36,068)	(40,423)
<b>Net deferred tax assets</b>	<b>4,067</b>	<b>6,077</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

Deferred tax liabilities	EUR '000	
	31/12/2016	31/12/2015
Intangible assets	306	314
Property, plant and equipment	76,422	76,494
Financial assets	1,252	1,894
Other assets	2,500	6,069
Special depreciation/amortization for tax purposes	5,709	5,883
Provisions	271	21
Investment grants	483	433
Other liabilities	2,053	2,250
<b>Gross deferred tax liabilities</b>	<b>88,997</b>	<b>93,357</b>
Offsettable against deferred tax assets	(36,068)	(40,423)
<b>Net deferred tax liabilities</b>	<b>52,929</b>	<b>52,934</b>

Information on tax credits is provided in note 16.

Of the total gross deferred tax assets, EUR 16,092 thousand (December 31, 2015: EUR 17,913 thousand) are due within one year. Of the total gross deferred tax liabilities, EUR 2,278 thousand (December 31, 2015: EUR 5,864 thousand) are due within one year. The remaining amounts are due in more than one year.

Deferred taxes developed as follows:

Development of deferred taxes	EUR '000	
	2016	2015 <sup>1</sup>
As at 01/01	(46,857)	(39,174)
Recognized in profit or loss	(4,471)	1,017
Recognized in other comprehensive income	3,626	(6,844)
Changes in the scope of consolidation and disposal of other business areas	(119)	1,009
Currency translation adjustment	(1,041)	(2,864)
<b>As at 31/12</b>	<b>(48,862)</b>	<b>(46,857)</b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The Group held tax loss carryforwards of EUR 27,892 thousand as at December 31, 2016 (December 31, 2015: EUR 53,577 thousand). The existing tax loss carryforwards can be utilized as follows:

Loss carryforwards (assessment basis)	EUR '000	
	31/12/2016	31/12/2015 <sup>1</sup>
<b>Total</b>	<b>27,892</b>	<b>53,577</b>
Thereof capitalized loss carryforwards	1,035	45
Thereof non-capitalized loss carryforwards	26,856	53,532
<b>Possible expiration of non-capitalized loss carryforwards</b>		
Within 1 year	29	36
Within 2 years	7,934	10,508
Within 3 years	16,133	10,376
Within 4 years	1,317	16,653
Within 5 years or longer	169	1,573
Unlimited carryforward	1,274	14,387

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

Net deferred tax assets of EUR 4,067 thousand were capitalized as at December 31, 2016 (December 31, 2015: EUR 6,077 thousand restated; previously EUR 17,253 thousand), including EUR 168 thousand (December 31, 2015: EUR 3,018 thousand restated; previously EUR 14,194 thousand) in group companies that recorded a loss in 2016 or 2015 (see note 2).

Certain loss carryforwards were not capitalized because their usability is restricted. If all tax loss carryforwards could be utilized in full, the deferred tax assets on loss carryforwards would have totaled EUR 6,755 thousand (December 31, 2015: EUR 12,352 thousand) instead of EUR 175 thousand (December 31, 2015: EUR 7 thousand restated; previously EUR 3,441 thousand).

The financial assets and other assets shown under deferred tax assets in the above table include amounts for outstanding partial write-downs to investments in accordance with Section 12 Para. 3 no. 2 of the Austrian Corporation Tax Act ("Siebentelabschreibung", the partial write-downs of investments over a period of seven years for tax purposes) corresponding to a measurement base of EUR 28,095 thousand (December 31, 2015: EUR 32,443 thousand). Partial write-downs of EUR 2,974 thousand were utilized for tax purposes in 2016 (2015: EUR 3,475 thousand).

Deferred tax liabilities were not recognized for temporary differences with a measurement base of EUR 381,710 thousand (December 31, 2015: EUR 385,280 thousand) in connection with investments in subsidiaries, joint ventures, associates and the related proportional share of net assets held by group companies because the differences are not expected to reverse in the foreseeable future.

The receivables from current taxes include prepayments made to foreign taxation authorities. These amounts are recognized when the recoverability is probable, while valuation adjustments are made in all other cases.

Lenzing AG and the subsidiaries included in the tax group agreement are members of the tax group established on September 25, 2009 between B&C Industrieholding GmbH, as the head of the group, and Lenzing AG and other subsidiaries of Lenzing AG, as group members, in accordance with Section 9 of the Austrian Corporation Tax Act. Group taxation includes the offset of taxable profits and losses between the group members. The deferred tax assets and deferred tax liabilities of the group members are also offset based on their joint tax assessment. Future tax liabilities from the offset of losses from foreign subsidiaries are recognized in the consolidated financial statements without discounting. The group and tax equalization agreement requires Lenzing AG to pay a tax allocation equal to the corporate income tax attributable to the taxable profit of the company and the subsidiaries included in the tax group. The tax allocation payable by Lenzing AG is reduced by any domestic and foreign withholding taxes deductible from the overall group result by the group parent and by any transferred minimum corporate income taxes. The tax allocation to be paid by Lenzing AG is also reduced by any current losses/loss carryforwards caused by the group parent B&C Industrieholding GmbH that can be offset against positive earnings of Lenzing AG's tax group in the assessment year. The tax allocation is reduced by 50 percent of the corporate tax rate (i.e. currently 12.5 percent) applicable to the current losses/loss carryforwards recorded by the head of the tax group that are offset against positive earnings in an assessment year for B&C Industrieholding GmbH. Tax losses recorded by Lenzing AG and the participating subsidiaries are kept on record and offset against future tax gains. An equalization payment is made as compensation for any losses that are not offset when the contract is terminated.

The Lenzing Group includes the effects of uncertain tax positions in the calculation of current and deferred taxes. Tax claims are recognized at the expected reimbursement amount in cases where the claim is sufficiently certain. The tax returns of the Lenzing Group's subsidiaries are reviewed regularly by the taxation authorities. Appropriate provisions have been recognized for possible future tax obligations based on a number of factors which include interpretations, commentaries and legal decisions relating to the respective tax jurisdiction and past experience. Uncertain tax positions are evaluated on the basis of estimates and assumptions for future events. New information can become available in the future that leads the Group to change its assumptions regarding the appropriateness of tax positions. Any such changes will affect tax expense in the period in which they are identified.

The recoverability of deferred tax assets is generally based on the positive taxable results expected in the future – after the deduction of negative temporary differences – in line with the forecasts approved by the Management Board. These forecasts are also used for impairment testing (see, in particular, note 18 under "impairment

tests of intangible assets and property, plant and equipment" for details). The assessment of unused tax loss carryforwards and tax credits also involves the consideration of utilization requirements.

## Note 31. Provisions

The Lenzing Group's provisions are classified as follows:

Provisions	EUR '000					
	Total		Thereof current		Thereof non-current	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<b>Provisions for pensions and similar obligations</b>						
Pensions and severance payments	108,633	96,538	4,885	4,421	103,748	92,117
Jubilee benefits	14,693	13,432	759	592	13,934	12,840
	<b>123,326</b>	<b>109,970</b>	<b>5,644</b>	<b>5,014</b>	<b>117,682</b>	<b>104,957</b>
<b>Other provisions</b>						
Restructuring measures	0	983	0	983	0	0
Guarantees and warranties	590	1,824	590	974	0	850
Anticipated losses and other risks	15,400	13,919	1,765	3,503	13,635	10,415
Emission certificates	1,852	1,787	1,852	1,787	0	0
Other	17,975	8,804	11,975	2,789	6,000	6,015
	<b>35,817</b>	<b>27,317</b>	<b>16,183</b>	<b>10,037</b>	<b>19,635</b>	<b>17,280</b>
<b>Accruals</b>						
Personnel expenses (non-financial)	49,913	31,842	49,095	31,425	818	416
Other (financial)	26,309	23,419	26,309	23,419	0	0
	<b>76,222</b>	<b>55,261</b>	<b>75,404</b>	<b>54,844</b>	<b>818</b>	<b>416</b>
<b>Total</b>	<b>235,365</b>	<b>192,548</b>	<b>97,230</b>	<b>69,895</b>	<b>138,135</b>	<b>122,653</b>

### Provisions for pensions and similar obligations (incl. restructuring measures)

#### Pensions and severance payments

The Lenzing Group has entered into obligations for pensions and severance payments from defined benefit plans, which are reported under provisions for pensions and severance payments, and from defined contribution plans.

#### Defined benefit plans (for pensions and severance payments)

The benefits resulting from the defined benefit plans for pensions and severance payments are dependent on the final salary or wage and the length of service. They do not require any contributions by employees.

The defined benefit pension plans are based on contractual obligations. The Lenzing Group's most important defined benefit pension plan is located in Austria. It applies to employees who joined the Group before January 1, 2000 and decided to remain in the plan. The claims generally arose after a vesting period of at least 10 or 15 service years. A retirement age of 58 to 63 years is assumed for the beneficiaries, depending on their gender. At present, the plan primarily covers employees who have already retired. Qualifying insurance policies were recognized as plan assets in some cases, while coverage for these obligations is also provided by securities that do not qualify as plan assets.

The Lenzing Group also has a pension plan in Hong Kong. This defined benefit pension plan applies to employees who joined the Group before January 1, 2000 and decided to remain in the plan. It is financed chiefly by employer contributions to an external pension fund. The amount of the employer's contributions is redefined

every three years after an evaluation of the plan's financial position. The claims are settled with a lump sum payment immediately on occurrence of the insured event.

The defined benefit severance plans are based on statutory obligations and obligations under collective agreements. The Lenzing Group's most important defined benefit severance plan is located in Austria. This plan entitles employees whose employment relationship is governed by Austrian law and started before January 1, 2003 to a severance payment in specific cases, in particular when they reach the statutory retirement age and in the event of termination by the employer ("old severance payment system"). The amount of the severance payment depends on the employee's salary or wage at the termination of employment and on the length of the employment relationship. There are similar major defined benefit severance plans in Indonesia and the Czech Republic, which apply to all employees irrespective of when they joined the respective company. The defined benefit severance plans are not covered by assets, but are financed entirely through provisions.

The defined benefit pension and severance plans are principally connected with the following risks that influence the amount of the obligations to be recognized:

- **Investment risk:** A decline in the income from plan assets below the discount rate will result in a plan deficit and an increase in the obligations.
- **Interest rate risk:** A decrease in the discount rate due to lower bond interest rates on the capital market will result in an increase in the obligations.

- **Salary and pension trend:** An increase in the actual salary and pension trends over the expected future levels will result in an increase in the obligations.
- **Personnel turnover and departure risk:** A decline in the expected personnel turnover rates will result in an increase in the obligations.
- **Longevity risk:** An increase in the life expectancy of the beneficiaries will result in an increase in the obligations.

The Lenzing Group is also exposed to currency risks in connection with these plans.

The Lenzing Group takes various steps to reduce the risks from defined benefit plans. The related measures include, in particular, the external financing of defined benefit plans with plan assets or the coverage of obligations with securities that do not qualify as plan assets and the settlement of existing defined benefit plans with installment payments. In addition, pension and similar commitments are now only concluded as defined contribution commitments where possible and legally permissible.

The objectives of the investment policy are to create an optimal composition of plan assets and to ensure sufficient coverage for the existing claims of participating employees. The investment strategies (asset allocations) for the plan assets are contractually regulated. A reinsurance policy was concluded for part of the claims from the Austrian pension plan and is reported under plan assets. This policy is a conventional life insurance policy which invests primarily in debt instruments that reflect the maturity profile of the underlying claims and are intended to maintain a high degree of investment security. The Lenzing Group makes no further contributions to this insurance policy. The pension fund which serves as plan assets to cover the defined benefit plans in Hong Kong follows an investment policy that is designed to achieve medium-term to long-term performance above the inflation rate and invests primarily in equity instruments to reach this goal.

The composition of plan assets by asset class is shown below:

Composition of plan assets	EUR '000	
	31/12/2016	31/12/2015
Cash and cash equivalents	69	28
Equity instruments	1,218	1,007
Debt instruments	277	280
Insurance policies qualifying as plan assets	3,275	3,407
<b>Balance</b>	<b>4,838</b>	<b>4,721</b>

The fair values of the above-mentioned equity and debt instruments are based on price quotations on an active market. The fair value of the insurance policy is not determined on an active market, but corresponds to the reported coverage capital. The plan assets do not include any financial instruments issued by or assets used by the Lenzing Group. The fair value of cash and cash equivalents corresponds to the nominal value as at the reporting date. The actual return on plan assets totaled EUR 305 thousand in 2016 (2015: EUR 52 thousand). The net interest expense from the defined benefit plans (expenses from the accrued interest on the obligations and the return on plan assets) is reported under personnel expenses.

The most important actuarial parameters applied to the defined benefit pension and severance plans are as follows:

**Actuarial assumptions for defined benefit pension and severance plans p. a. in %**

31/12/2016	Discount rate	Salary increases	Pension increases	Staff turnover deductions
Austria - pensions	1.4	3.0	0.0-3.0	0.0
Austria - severance payments	1.5	3.0	N/A	0.0-3.7
Other countries:				
Indonesia	8.0	8.0	N/A	1.0-7.5
Hong Kong	1.8	3.5-4.5	N/A	0.0
Czech Republic	1.4	2.5	N/A	0.9
<b>31/12/2015</b>				
Austria - pensions	2.1	3.0	0.0-3.0	0.0
Austria - severance payments	2.2	3.0	N/A	0.0-4.0
Other countries:				
Indonesia	9.0	8.0	N/A	1.0-7.5
Hong Kong	1.5	4.5	N/A	0.0
Czech Republic	1.8	2.5	N/A	1.0

The major obligations from the defined benefit plans are the obligations for pensions and severance payments in the Lenzing Group's Austrian companies. The discount rate for these obligations was derived from high-quality fixed-income corporate bonds with at least an AA rating based on an international actuary's standards. Bonds with significantly higher or lower interest rates than the other bonds in their risk class ("statistical outliers") were not included in the calculation. The currency and terms of the bonds used to derive the discount rate are based on the currency and expected terms of the obligations to be settled. The estimated salary and pension increases, which are also considered realistic for the future, were derived from the averages of recent years. Separate employee turnover rates were applied for each company depending on the composition of the workforce and the employees' length of service. The retirement age used for the calculation is based on the applicable legal regulations. Individual, country-specific assumptions were made for each of the other countries to determine the discount rate, salary increases, employee turnover rates and retirement age.

The parameters used to calculate the defined benefit pension plans in Austria for 2016 and 2015 included the biometric data from Pagler & Pagler AVÖ 2008 P – the calculation base for pension insurance for salaried employees. The calculation of the defined benefit severance plans in Austria for 2016 and 2015 include an estimated employee turnover rate which covers all reasons for departure without entitlement to severance payments.

The following biometric data and assumptions are used in other countries:

- Indonesia: Indonesia mortality table (Tabel Mortalita Indonesia TMI 2011)
- Czech Republic: AVÖ 2008-P (Pagler & Pagler)
- Others: No biometric assumptions were made because of the low number of beneficiaries.



The obligations (carrying amounts) from defined benefit pension and severance plans (incl. restructuring measures) reported in the consolidated statement of financial position comprise the following:

<b>Development of defined benefit plans (incl. restructuring measures)</b>					<b>EUR '000</b>	
	<b>Present value of pension and severance payment obligation (DBO)</b>		<b>Fair value of plan assets</b>		<b>Carrying amounts of defined benefit pension and severance plans</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Balance as at 01/01<sup>1</sup></b>	<b>101,348</b>	<b>110,417</b>	<b>4,721</b>	<b>4,774</b>	<b>96,626</b>	<b>105,643</b>
Service cost						
Current service cost	4,669	3,498	0	0	4,669	3,498
Past service cost	7	411	0	0	7	411
Gain/loss on settlement of plans <sup>2</sup>	0	(30)	0	0	0	(30)
Net interest	2,861	2,305	86	89	2,774	2,216
Administrative and other costs	0	0	(1)	(1)	1	1
<b>Income and expenses from defined benefit plans recognized on the income statement</b>	<b>7,536</b>	<b>6,184</b>	<b>85</b>	<b>88</b>	<b>7,451</b>	<b>6,096</b>
Remeasurement during the reporting period						
On the basis of demographic assumptions	0	841	0	0	0	841
On the basis of financial assumptions	6,934	(4,571)	0	0	6,934	(4,571)
On the basis of experience adjustments	4,656	(1,542)	0	0	4,656	(1,542)
On the basis of income from plan assets, excl. amounts included in interest income	0	0	225	(39)	(225)	39
<b>Remeasurement of defined benefit plans included in other comprehensive income</b>	<b>11,589</b>	<b>(5,273)</b>	<b>225</b>	<b>(39)</b>	<b>11,364</b>	<b>(5,234)</b>
Cash flows						
Payments made from the plan	(283)	(282)	(283)	(282)	0	0
Direct payments and contributions of employer	(6,506)	(6,350)	39	37	(6,545)	(6,387)
Payments relating to plan settlements	0	(1,211)	0	0	0	(1,211)
Change in the scope of consolidation and disposal of other business areas	(896)	(2,340)	0	0	(896)	(2,340)
Currency translation adjustment	682	202	50	143	632	58
<b>Other reconciliation items</b>	<b>(7,003)</b>	<b>(9,981)</b>	<b>(194)</b>	<b>(102)</b>	<b>(6,809)</b>	<b>(9,879)</b>
<b>Balance as at 31/12</b>	<b>113,471</b>	<b>101,348</b>	<b>4,838</b>	<b>4,721</b>	<b>108,633</b>	<b>96,626</b>
Thereof pensions in Austria	27,609	27,140	3,275	3,407	24,334	23,733
Thereof severance payments in Austria	68,611	60,795	0	0	68,611	60,795
Thereof pensions and severance payments in other countries	17,251	13,324	1,563	1,314	15,688	12,010
Thereof restructuring measures	0	88	0	0	0	88

<sup>1)</sup> Incl. other provisions for restructuring measures of EUR 88 thousand (January 1, 2015: EUR 2,699 thousand).

<sup>2)</sup> The expenses for plan settlement were recognized to profit or loss in the previous year as part of the other provision for restructuring measures and, therefore, do not affect profit or loss in 2016.

The plan settlements in 2015 were linked to group-wide headcount reductions and the resulting payments (additional information is provided later in this section under the notes on other provisions for restructuring measures).

Sensitivity analyses are performed to evaluate the risk of changes in the actuarial parameters used to measure the present value of the obligations from defined benefit plans. These sensitivity analyses show the effects on the present value of the obligations from hypothetical changes in key parameters that could have reasonably changed as at the reporting date. One parameter was changed for each analysis, while all other parameters were kept constant. The sensitivity analyses are based on the present values of the obligations as at the reporting date before the deduction of plan assets (gross obligation/DBO) and before reclassification to other provisions for restructuring measures. The sensitivities of the parameters as at the reporting dates are as follows:

**Sensitivity analysis of the defined benefit pension and severance payment obligations**

31/12/2016	Change in parameters	Decrease in parameter/change in present value of obligation	Increase in parameter/change in present value of obligation
	percentage points	EUR '000	EUR '000
Discount rate	1.0	11,992	(10,245)
Salary increase	1.0	(7,780)	8,901
Pension increase	1.0	(2,267)	2,607

**Sensitivity analysis of the defined benefit pension and severance payment obligations (previous year)**

31/12/2015	Change in parameters	Decrease in parameter/change in present value of obligation	Increase in parameter/change in present value of obligation
	percentage points	EUR '000	EUR '000
Discount rate	1.0	10,718	(9,153)
Salary increase	1.0	(6,781)	7,764
Pension increase	1.0	(2,222)	2,555

The above sensitivity analyses represent hypothetical changes based on assumptions. Actual deviations from these assumptions will result in other effects. In particular, the parameters changed individually for the analysis may actually correlate with each other. The deduction of plan assets will lead to a further reduction of the effects.

The weighted average terms (durations) of the defined benefit pension and severance payment obligations in years are as follows:

Weighted average durations of the defined benefit pension and severance payment obligations in years	Years	
	31/12/2016	31/12/2015
Austria - pensions	9	10
Austria - severance payments	10-15	11-14
Other countries		
Indonesia	8	8
Hong Kong	7	8
Czech Republic	9	9

The Lenzing Group expects contributions of EUR 36 thousand to plan assets for the pension and severance plans in the coming year (2015: EUR 39 thousand).

**Defined contribution plans (for pensions and severance payments)**

The Lenzing Group makes payments to pension funds and similar external funds for defined contribution pension and severance plans. The most significant defined contribution pension and severance plans for the Lenzing Group are located in Austria ("new severance payment system" and individual contractual commitments).

The expenses for defined contribution plans are as follows:

Expenses for defined contribution plans	EUR '000	
	2016	2015
Austria - pensions	1,363	1,387
Austria - severance payments	1,333	1,276
Other countries	2,210	2,468
<b>Total</b>	<b>4,906</b>	<b>5,132</b>

**Provisions for jubilee benefits**

Collective agreements require Lenzing AG and certain subsidiaries, particularly in Austria and the Czech Republic, to pay jubilee benefits to employees who have been with the company for a certain length of time. No assets were segregated from the company and no contributions were made to a pension fund or any other external fund to cover these obligations. The jubilee benefits do not require any contributions by employees.

The obligations from jubilee benefits for employees (long-service bonuses) are considered other long-term employee benefits under IFRS. The net interest expense from jubilee benefits (expenses from the accrued interest on the obligations) is recorded under personnel expenses. The discount rate applied to the Austrian obligations is similar to the discount rate used for the defined benefit plans. Employee turnover rates were determined separately for each company depending on the composition of the workforce and employees' length of service. Individual, country-specific assumptions were made for the discount rate, employee turnover rates and salary increases in the other countries.

The main actuarial parameters applied to the obligations for jubilee benefits are as follows:

**Actuarial assumptions for the jubilee benefit obligations p. a. in %**

<b>31/12/2016</b>	<b>Discount rate</b>	<b>Salary increase</b>	<b>Staff turnover deductions</b>
Austria	1.5	3.0	1.4-5.5
Czech Republic	0.8	2.5	0.9
<b>31/12/2015</b>			
Austria	2.1	3.0	1.3-6.7
Czech Republic	1.0	2.5	1.0

The following table shows the development of the obligation (provision) for jubilee benefits:

<b>Development of the jubilee benefit obligation (provision)</b>	<b>EUR '000</b>	
	<b>2016</b>	<b>2015</b>
<b>Balance on 01/01</b>	<b>13,432</b>	<b>13,858</b>
Service cost		
Current service cost	726	756
Past service cost	4	271
Net interest	270	226
Remeasurement during the reporting period		
On the basis of demographic assumptions	0	(67)
On the basis of financial assumptions	954	(336)
On the basis of experience adjustments	(77)	(8)
<b>Income and expenses from defined benefit plans recognized on the income statement</b>	<b>1,877</b>	<b>842</b>
Cash Flow		
Direct payments of employer	(438)	(787)
Changes in the scope of consolidation and disposal of other business areas	(177)	(482)
Currency translation adjustment	0	2
<b>Other reconciliation items</b>	<b>(616)</b>	<b>(1,268)</b>
<b>Balance as at 31/12</b>	<b>14,693</b>	<b>13,432</b>

## Other provisions and accruals

Other provisions and accruals developed as follows:

### Development of other provisions and accruals

2016	As at 01/01	Currency translation adjustment	Changes in the scope of consolidation and disposal of other business areas	Other reclassifications	Utilization
<b>Other provisions</b>					
Restructuring measures	983	0	0	(88)	(700) <sup>1)</sup>
Guarantees and warranties	1,824	0	0	0	(272)
Anticipated losses and other risks	13,919	(12)	0	0	(1,102)
Emission certificates	1,787	0	0	0	(1,647)
Other	8,804	(4)	0	0	(824)
	<b>27,317</b>	<b>(16)</b>	<b>0</b>	<b>(88)</b>	<b>(4,544)</b>
<b>Accruals</b>					
Personnel expenses (non-financial)	31,842	69	(105)	0	(25,469)
Other (financial)	23,419	(200)	0	0	(17,537)
	<b>55,261</b>	<b>(131)</b>	<b>(105)</b>	<b>0</b>	<b>(43,006)</b>
<b>Total</b>	<b>82,578</b>	<b>(147)</b>	<b>(105)</b>	<b>(88)</b>	<b>(47,550)</b>

### Development of other provisions and accruals (previous year)

2015	As at 01/01	Currency translation adjustment	Changes in the scope of consolidation and disposal of other business areas	Other reclassifications	Utilization
<b>Other provisions</b>					
Restructuring measures	11,243	11	0	(1,434)	(3,415) <sup>1)</sup>
Guarantees and warranties	2,808	2	(454)	0	(164)
Anticipated losses and other risks	15,384	27	(9)	0	(1,437)
Emission certificates	1,698	2	0	0	(1,697)
Other	6,056	55	0	0	0
	<b>37,189</b>	<b>96</b>	<b>(463)</b>	<b>(1,434)</b>	<b>(6,712)</b>
<b>Accruals</b>					
Personnel expenses (non-financial)	34,715	498	(861)	0	(30,782)
Other (financial)	22,682	1,079	(4,095)	0	(13,994)
	<b>57,397</b>	<b>1,577</b>	<b>(4,956)</b>	<b>0</b>	<b>(44,777)</b>
<b>Total</b>	<b>94,587</b>	<b>1,674</b>	<b>(5,419)</b>	<b>(1,434)</b>	<b>(51,488)</b>

<sup>1)</sup> The utilization of the provision for restructuring measures includes statutory severance payments of EUR 0 thousand (2015: EUR 1,211 thousand).

<sup>2)</sup> Incl. reclassification of severance and pension provisions of EUR 0 thousand (December 31, 2015: EUR 88 thousand).

Reversal	Addition	Accrued interest	As at 31/12	Thereof current	Thereof non-current
(195)	0	0	0 <sup>2</sup>	0	0
(1,008)	46	0	590	590	0
(2,647)	5,238	5	15,400	1,765	13,635
(141)	1,852	0	1,852	1,852	0
(514)	10,513	0	17,975	11,975	6,000
<b>(4,505)</b>	<b>17,649</b>	<b>5</b>	<b>35,817</b>	<b>16,183</b>	<b>19,635</b>
(3,612)	47,188	0	49,913	49,095	818
(3,138)	23,765	0	26,309	26,309	0
<b>(6,750)</b>	<b>70,954</b>	<b>0</b>	<b>76,222</b>	<b>75,404</b>	<b>818</b>
<b>(11,255)</b>	<b>88,603</b>	<b>5</b>	<b>112,039</b>	<b>91,587</b>	<b>20,453</b>

Reversal	Addition	Accrued interest	As at 31/12	Thereof current	Thereof non-current
(5,433)	10	0	983 <sup>2</sup>	983	0
(983)	615	0	1,824	974	850
(4,556)	4,773	(263)	13,919	3,503	10,415
0	1,784	0	1,787	1,787	0
0	2,693	0	8,804	2,789	6,015
<b>(10,972)</b>	<b>9,875</b>	<b>(263)</b>	<b>27,317</b>	<b>10,037</b>	<b>17,280</b>
(403)	28,674	0	31,842	31,425	416
(1,594)	19,341	0	23,419	23,419	0
<b>(1,996)</b>	<b>48,015</b>	<b>0</b>	<b>55,261</b>	<b>54,844</b>	<b>416</b>
<b>(12,968)</b>	<b>57,891</b>	<b>(263)</b>	<b>82,578</b>	<b>64,881</b>	<b>17,697</b>

The measurement of provisions is based on past experience, current cost and price information and estimates/appraisals by internal and external experts. The assumptions underlying the provisions are reviewed regularly. However, the actual values may differ from these assumptions if general conditions develop in contrast to expectations as at the reporting date. Changes are recognized in profit or loss when better information is available and the premises are adjusted accordingly.

Other provisions for restructuring measures are related, above all, to provisions created for headcount reduction in connection with the “excellENZ” reorganization and cost optimization program in 2013. These measures were expanded to the engineering and maintenance areas and in Lenzing Technik during 2014. The program led to the organizational restructuring of the entire Lenzing Group and to an increased organizational focus on the major fiber markets. The engineering and maintenance areas and Lenzing Technik were reorganized to support the realignment of technical functions and other areas. The accompanying cost optimization program involved the planning and implementation of cost savings measures for material costs, operating expenses, overheads and personnel expenses as well as improvements in operating efficiency. Provisions were recognized, in particular, for the resulting severance payments and settlements. The provisions for restructuring measures included provisions of EUR 88 thousand for regular severance payments as at December 31, 2015 (see the above section on “Defined benefit plans”). An unused component of EUR 88 thousand (2015: EUR 1,434 thousand) was reclassified to the severance payment provision in 2016. The remaining EUR 195 thousand of the necessary provisions were released to/recognized in personnel expenses and other operating expenses (2015: EUR 5,423 thousand; each adjusted for minor currency translation differences).

The other provisions for guarantees and warranties consist primarily of provisions for warranty risks from the sale of defective products and guaranteed obligations for the benefit of third parties. Other provisions for anticipated losses and other risks include, in particular, provisions for obligations from infrastructure services to be performed and provisions for additional claims from procurement contracts and other onerous contracts. Other provisions for emission certificates comprise the equivalent value of the emission certificates used.

Miscellaneous other provisions relate primarily to obligations of EUR 6,000 thousand (December 31, 2015: EUR 6,000 thousand) for legal disputes and cover, in particular, the provision for legal proceedings initiated by the Lenzing Group against patent infringements.

Provisions also include accruals. In comparison with provisions in the narrower sense of the term, accruals are generally certain with regard to their underlying cause and only involve an insignificant level of risk concerning their amount and timing. Accruals are reported separately under the development of provisions.

The accruals for personnel costs consist primarily of liabilities for short-term claims by existing and former employees (in particular, for unused vacation and compensation time, overtime and performance bonuses).

Other accruals cover, above all, anticipated losses from revenue reductions/increases in expenses from transactions with customers and suppliers (in particular, discounts and rebates) and liabilities for the delivery of goods and the performance of services by third parties which have not yet been invoiced.

The other current provisions and accruals are expected to lead to an outflow of funds within the next 12 months. The outflow of funds arising from the long-term portion of other provisions is dependent on various factors (in particular, guarantee and warranty periods, contract terms and other events):

- The outflow of funds related to the other provisions for guarantees and warranties is expected within the next 12 months (December 31, 2015: no later than December 31, 2020).
- The other provisions for anticipated losses and other risks are expected to lead to an outflow of funds as follows:

<b>Expected outflow of funds in connection with other provisions (non-current) for anticipated losses and other risks (estimated as of the reporting date)</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
In the 2nd year	1,933	1,763
In the 3rd to 5th year	4,151	3,655
In the 6th to 10th year	5,431	3,205
Thereafter	2,120	1,794
<b>Total</b>	<b>13,635</b>	<b>10,415</b>

The exact timing of the outflow of funds related to the miscellaneous other provisions (legal disputes) is uncertain at the present time. Previous developments indicate that the outflow of funds is, in all probability, not to be expected within the next 12 months.

## Note 32. Other liabilities and trade payables

Other liabilities consist of the following:

Other liabilities	EUR '000	
	31/12/2016	31/12/2015
Other non-current financial liabilities (particularly from derivatives)	299	285
Other non-current liabilities (non-financial; particularly partial retirement obligations)	3,365	2,789
<b>Total other non-current liabilities</b>	<b>3,664</b>	<b>3,075</b>
<b>Other current financial liabilities</b>		
Derivatives not yet settled (open positions)	11,354	16,086
Customer payments from factoring not yet forwarded	27,034	21,261
Liabilities from recourse on bills or exchange	0	11,734
Other	6,425	7,399
	<b>44,813</b>	<b>56,480</b>
<b>Other current liabilities (non-financial)</b>		
Liabilities from other taxes	7,044	6,354
Wage and salary liabilities	6,024	5,764
Social security liabilities	5,426	4,656
Prepayments received	26,008	9,413
Deferred income and other	3,205	2,599
	<b>47,706</b>	<b>28,786</b>
<b>Total other current liabilities</b>	<b>92,519</b>	<b>85,266</b>

Liabilities that are part of reverse factoring agreements are evaluated to determine whether the original trade payable must still be reported or whether it must be derecognized and a new financial liability recognized in accordance with the agreement. The decisive factor is whether the Lenzing Group was released from its original obligation. In cases where there was no release from the original obligation, the Lenzing Group evaluates whether the reverse factoring agreement has led to a new obligation that must be recognized in addition to the trade payable. If that is also not the case, a present value test is carried out to determine whether the reverse factoring agreement has resulted in significant changes to the contractual terms of the trade payable which lead to derecognition of the trade payable and the recognition of a new financial liability.

Suppliers of the Lenzing Group finance their trade receivables from the Lenzing Group with reverse factoring agreements. These suppliers can commission their banks to forward payment for the receivables at an earlier point in time. The present value test indicates that these agreements do not significantly change the contract terms. The agreements do not lead to the reclassification of the involved trade payables to another class of liability under civil law or IFRS regulations from the Lenzing Group's perspective. Consequently, there are no changes to the presentation on the consolidated statement of financial position (under trade payables) or the consolidated statement of cash flows (under cash flow from operating activities). The potentially affected trade payables totaled EUR 128,881 thousand as at December 31, 2016 (December 31, 2015: EUR 48,679 thousand).



# Notes to the Consolidated Statement of Cash Flows

## Note 33. Disclosures on the Consolidated Statement of Cash Flows

Liquid funds represent cash and cash equivalents as shown on the statement of financial position.

The partial sale of EQUI-Fibres Beteiligungsgesellschaft mbH (see note 20) resulted in only limited cash inflows during 2016 because the major component of the payment is expected to be received in 2017. Gross cash flow in 2015 included, among others, cash inflows of EUR 30,000 thousand from a distribution by an investment accounted for using the equity method (see note 13). Other non-cash income/expenses included the allocation of profit or loss totaling EUR 4,809 thousand to puttable non-controlling interests (2015: EUR 198 thousand restated; previously EUR minus 1,531 thousand) as well as impairment losses of EUR 236 thousand (2015: EUR 1,860 thousand) to financial assets and other non-current financial assets. Other non-cash income/expenses also contained unrealized net exchange rate gains/losses and measurement effects from receivables and inventories.

Non-cash transactions from the acquisition of intangible assets and property, plant and equipment are not included in cash flow from investing activities for the current period. These transactions essentially involve outstanding payments to suppliers of EUR 7,740 thousand (2015: EUR 3,578 thousand) and additions from finance leases of EUR 3,870 thousand (2015: EUR 1,969 thousand).

Net cash inflow from the sale and disposal of subsidiaries and other business areas is reported under cash flow from investing activities (also see note 4).

# Notes on Risk Management

## Note 34. Capital risk management

### General information

The overriding objective of equity and debt management in the Lenzing Group is to optimize the income, costs and assets of the individual operations/business units and of the Group as a whole in order to achieve and maintain sustainably strong economic performance and a sound balance sheet structure. An important role in this process is played by financial leverage capacity, the protection of sufficient liquidity at all times and a clear focus on key cash-related and performance indicators in line with the Group's strategic course and long-term goals. This protects the ability of the group companies to operate on a going concern basis. In addition, the authorized capital and contingent capital give Lenzing AG greater flexibility in raising additional equity in order to take advantage of future market opportunities.

The equity management strategy followed by the Lenzing Group is designed to ensure that Lenzing AG and the other group companies have an adequate equity base to meet local requirements. A number of the loan agreements with banks also include financial covenants, above all concerning the level of equity, the ratio of net financial debt to EBITDA and other financial indicators or financial criteria for the Group or individual or aggregated group companies. A breach of these financial covenants would allow the banks to demand early repayment of the financial liabilities in certain cases. These financial covenants are regularly monitored by the Global Treasury department and are included in the measurement of distributions by the involved group companies. All related capital requirements were met during the 2016 financial year.

Management uses an adjusted equity ratio for internal control purposes. Adjusted equity is calculated in accordance with IFRS and comprises equity as well as investment grants less the related deferred taxes. The adjusted equity ratio (= adjusted equity in relation to total assets) equaled 53.0 percent as at December 31, 2016 (December 31, 2015: 50.6 percent).

Adjusted equity is calculated as follows:

Adjusted equity	EUR '000	
	31/12/2016	31/12/2015
Equity	1,368,535	1,198,871 <sup>1)</sup>
Government grants (+)	28,905	25,802
Proportional share of deferred taxes on government grants (-)	(6,967)	(6,068)
<b>Total</b>	<b>1,390,473</b>	<b>1,218,606<sup>1)</sup></b>

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

The dividend policy of Lenzing AG, as the parent company of the Lenzing Group, is based on the principles of continuity and a long-term focus in order to support the future development of the company, to distribute dividends to shareholders in line with the company's opportunity and risk situation, and to appropriately reflect the interests of all other stakeholders who are decisive for the company's success.

### Net financial debt

The Supervisory Board and Management Board of Lenzing AG regularly review the development of net financial debt because this indicator is an extremely important benchmark not only for the Group's management, but also for the financing banks. The continued optimal development of the Lenzing Group is only possible with convincing internal financing strength as the basis for increased debt capacity.

Interest-bearing financial liabilities are classified as follows:

Interest-bearing financial liabilities	EUR '000	
	31/12/2016	31/12/2015
Non-current financial liabilities	328,266	510,910
Current financial liabilities	249,247	172,337
<b>Total</b>	<b>577,513</b>	<b>683,247</b>

Liquid assets consist of the following:

Liquid assets	EUR '000	
	31/12/2016	31/12/2015
Cash and cash equivalents	559,599	347,254
Liquid bills of exchange (in trade receivables)	10,752	8,057
<b>Total</b>	<b>570,351</b>	<b>355,311</b>

Net financial debt in absolute terms and in relation to EBITDA (after restructuring/according to the consolidated income statement and before restructuring) is as follows:

Net financial debt (absolute)	EUR '000	
	31/12/2016	31/12/2015
Interest-bearing financial liabilities	577,513	683,247
Liquid assets (-)	(570,351)	(355,311)
<b>Total</b>	<b>7,162</b>	<b>327,936</b>

Net financial debt in relation to EBITDA	EUR '000	
	31/12/2016	31/12/2015
<b>EBITDA (after restructuring and according to the consolidated income statement)</b>	<b>428,288</b>	<b>290,114</b>
Restructuring (see Note 5)	(583)	(3,681)
<b>EBITDA (before restructuring)</b>	<b>427,705</b>	<b>286,433</b>
<b>Net financial debt/EBITDA (after restructuring and according to the consolidated income statement)</b>	<b>0.0</b>	<b>1.1</b>
<b>Net financial debt/EBITDA (before restructuring)</b>	<b>0.0</b>	<b>1.1</b>

## Note 35. Disclosures on financial instruments

### Carrying amounts, fair values, measurement categories and measurement methods

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities for each class and each IAS 39 category and reconciles this information to the appropriate line items on the statement of financial position. Other receivables (non-current and current) and other liabilities (non-current and current) as reported on the statement of financial position include financial instruments as well as non-financial assets and liabilities. Therefore, the "no financial instrument" column allows for a complete reconciliation with the line items on the statement of financial position.

Financial assets as at 31/12/2016	Carrying amount					Fair value		
	At amortized cost (loans and receivables)	At fair value through profit or loss	At fair value directly in equity		No financial instrument	Total	Fair value	Fair value hierarchy
			Available for sale	Cashflow hedges				
Originated loans	7,339					7,339	7,339	<sup>2</sup>
Non-current securities			16,167			16,167	16,167	Level 1
Other equity investments			1,562 <sup>1</sup>			1,562	1,562	<sup>1</sup>
<b>Financial assets</b>	<b>7,339</b>	<b>0</b>	<b>17,729</b>	<b>0</b>	<b>0</b>	<b>25,068</b>	<b>25,068</b>	
<b>Trade receivables</b>	<b>277,407</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>277,407</b>	<b>277,407</b>	<sup>2</sup>
Derivatives with a positive fair value (cash flow hedges)				1,603		1,603	1,603	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		730				730	730	Level 2
Other	59,907				52,401	112,308	112,308	<sup>2</sup>
<b>Other assets (current an non-current)</b>	<b>59,907</b>	<b>730</b>	<b>0</b>	<b>1,603</b>	<b>52,401</b>	<b>114,640</b>	<b>114,640</b>	
<b>Cash and cash equivalents</b>	<b>559,599</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>559,599</b>	<b>559,599</b>	<sup>2</sup>
<b>Total</b>	<b>904,252</b>	<b>730</b>	<b>17,729</b>	<b>1,603</b>	<b>52,401</b>	<b>976,714</b>	<b>976,714</b>	

Financial liabilities as at 31/12/2016	Carrying amount					Fair value		
	At amortized cost	At fair value through profit or loss	At fair value directly in equity		No financial instrument	Total	Fair value	Fair value hierarchy
			Cashflow hedges					
Bond	119,922					119,922	123,408	Level 1
Private placements	248,457					248,457	261,357	Level 3
Liabilities to banks	180,504					180,504	180,990	Level 3
Liabilities to other lenders	25,875					25,875	25,862	Level 3
Lease liabilities					2,756	2,756	2,756	<sup>2</sup>
<b>Financial liabilities</b>	<b>574,757</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,756</b>	<b>577,513</b>	<b>594,372</b>	
<b>Trade payables</b>	<b>227,208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>227,208</b>	<b>227,208</b>	<sup>2</sup>
<b>Provisions (current)</b>	<b>26,309</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70,922</b>	<b>97,230</b>	<b>97,230</b>	<sup>2</sup>
<b>Puttable non-controlling interests</b>	<b>12,970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,970</b>	<b>12,970</b>	<sup>2</sup>
Derivatives with a negative fair value (cash flow hedges)				9,253		9,253	9,253	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		2,399				2,399	2,399	Level 2
Financial guarantee contracts		154				154	154	Level 3
Other	33,307				51,071	84,378	84,378	<sup>2</sup>
<b>Other liabilities (current and non-current)</b>	<b>33,307</b>	<b>2,553</b>	<b>9,253</b>	<b>51,071</b>	<b>96,183</b>	<b>96,183</b>	<b>96,183</b>	
<b>Total</b>	<b>874,551</b>	<b>2,553</b>	<b>9,253</b>	<b>124,749</b>	<b>1,011,105</b>	<b>1,027,964</b>	<b>1,027,964</b>	

<sup>1)</sup> Measured at cost.

<sup>2)</sup> The carrying amount approximates fair value.

Financial assets as at 31/12/2015	Carrying amount					Fair value		
	At amortized cost (loans and receivables)	At fair value through profit or loss	At fair value directly in equity		No financial instrument	Total	Fair value	Fair value hierarchy
			Available for sale	Cashflow hedges				
Originated loans	5,011					5,011	5,011	<sup>2</sup>
Non-current securities			16,274			16,274	16,274	Level 1
Other equity investments			1,562			1,562	1,562	<sup>1</sup>
<b>Financial assets</b>	<b>5,011</b>	<b>0</b>	<b>17,836</b>	<b>0</b>	<b>0</b>	<b>22,847</b>	<b>22,847</b>	
<b>Trade receivables</b>	<b>258,939</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>258,939</b>	<b>258,939</b>	<sup>2</sup>
Derivatives with a positive fair value (cash flow hedges)				2,138		2,138	2,138	Level 2
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)		418				418	418	Level 2
Other	23,867				62,792	86,659	86,659	<sup>2</sup>
<b>Other assets (current and non-current)</b>	<b>23,867</b>	<b>418</b>	<b>0</b>	<b>2,138</b>	<b>62,792</b>	<b>89,215</b>	<b>89,215</b>	
<b>Cash and cash equivalents</b>	<b>347,254</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>347,254</b>	<b>347,254</b>	<sup>2</sup>
<b>Total</b>	<b>635,071</b>	<b>418</b>	<b>17,836</b>	<b>2,138</b>	<b>62,792</b>	<b>718,255</b>	<b>718,255</b>	

Financial liabilities as at 31/12/2015	Carrying amount					Fair value		
	At amortized cost	At fair value through profit or loss	At fair value directly in equity		No financial instrument	Total	Fair value	Fair value hierarchy
			Cashflow Hedges					
Bond	119,817					119,817	125,964	Level 1
Private placements	288,821					288,821	301,449	Level 3
Liabilities to banks	239,361					239,361	240,385	Level 3
Liabilities to other lenders	28,952					28,952	28,790	Level 3
Lease liabilities					6,295	6,295	6,295	<sup>2</sup>
<b>Financial liabilities</b>	<b>676,952</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,295</b>	<b>683,247</b>	<b>702,883</b>	
<b>Trade payables</b>	<b>149,987</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149,987</b>	<b>149,987</b>	<sup>2</sup>
<b>Provisions (current)</b>	<b>23,419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,476</b>	<b>69,895</b>	<b>69,895</b>	<sup>2</sup>
<b>Puttable non-controlling interests<sup>3</sup></b>	<b>8,334</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,334</b>	<b>8,334</b>	<sup>2</sup>
Derivatives with a negative fair value (cash flow hedges)				5,263		5,263	5,263	Level 2
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)		11,106				11,106	11,106	Level 2
Financial guarantee contracts		148				148	148	Level 3
Other	40,248				31,576	71,824	71,824	<sup>2</sup>
<b>Other liabilities (current and non-current)</b>	<b>40,248</b>	<b>11,254</b>	<b>5,263</b>	<b>31,576</b>	<b>88,341</b>	<b>88,341</b>	<b>88,341</b>	
<b>Total</b>	<b>898,940</b>	<b>11,254</b>	<b>5,263</b>	<b>84,347</b>	<b>999,804</b>	<b>1,019,440</b>	<b>1,019,440</b>	

<sup>1</sup> Measured at cost.<sup>2</sup> The carrying amount approximates fair value.<sup>3</sup> Error correction in accordance with IAS 8 (see note 2).

Depending on the classification/measurement category, financial instruments are subsequently measured at (amortized) cost or fair value. The Lenzing Group uses the following measurement categories: loans and receivables, available-for-sale financial assets and financial liabilities at amortized cost. The category "financial instruments at fair value through profit or loss" is only used for derivatives. The fair value option is not currently exercised. The Lenzing Group does not have any held-to-maturity investments.

The Lenzing Group uses derivative financial instruments to hedge currency risks arising from the operating business and to manage commodity price risks. These derivative financial instruments serve to balance the variability of cash flows from future transactions. Hedges are determined in advance on the basis of the expected revenue and the planned consumption of commodities in the relevant foreign currency. The Lenzing Group generally applies the hedge accounting rules defined by IAS 39 to these derivative financial instruments. Hedge effectiveness is measured by grouping the hedged items and hedging instruments together in at least quarterly maturity ranges for each hedged risk. The retrospective hedging effect is evaluated with the dollar-offset method, which compares the periodic changes in the fair value of the hedged items with the periodic changes in the fair value of the hedges in line with the compensation method. In hedging future cash flows in foreign currencies (cash flow hedges), the Lenzing Group typically hedges the risk up to the time of the foreign currency payment.

Derivatives are measured at fair value. Their fair value corresponds to the applicable market value, if available, or is calculated using standard methods based on the market data available at the measurement date (in particular exchange rates, commodity prices and interest rates). Currency and commodity forwards are measured at the respective forward rate or price at the reporting date. These forward rates or prices are based on the spot rates or prices and include forward premiums and discounts. Valuations by banks and other parties are used to supplement the Group's own models. The measurement of derivatives also includes the counterparty risk (credit risk/counterparty risk/non-performance risk) in the form of discounts to the fair value that would be used by a market participant for pricing.

The Lenzing Group accounts for reclassifications in the fair value hierarchy at the end of the reporting period in which the changes occur. There were no transfers between the levels of the fair value hierarchy for the financial instruments held at December 31, 2015.

The fair value of purchased bonds is derived from the respective current market prices and fluctuates, in particular, with changes in market interest rates and the credit standing of the issuers. The fair value of shares is derived from the current stock exchange prices. The fair value of investment funds is derived from the latest calculated value. All securities are assigned to the category "available for sale financial assets". Long-term securities are not intended for sale during the next year.

Originated loans are valued at cost or, in the event of impairment, at the lower fair value.

The equity investments and related derivative financial instruments measured at cost (see above) consist primarily of the equity investment in LP Beteiligungs & Management GmbH, Linz at EUR 1,050 thousand (December 31, 2015: EUR 1,050 thousand),

an option that requires the Lenzing Group to sell this equity investment and an option that entitles the Lenzing Group to sell this equity investment. The applicable fair value is subject to a significant fluctuation margin because of the insufficient planning base, difficult-to-estimate valuation discounts and the lack of marketability and, consequently, cannot be reliably determined. Disclosures on fair value are not provided for this reason. The Lenzing Group has no intention to sell these equity investments and rights or to dispose of these obligations at the present time. No gains or losses on remeasurement were recognized during the reporting period with regard to these equity investments, rights and obligations.

The fair value of the issued bond is derived from its current quoted price and increases or decreases, in particular, based on changes in market interest rates and the credit rating of Lenzing AG.

The fair values of the other financial liabilities are determined in accordance with generally accepted valuation methods based on the discounted cash flow method. The most important input factor is the discount rate, which incorporates the available market data (risk-free interest rates) and the credit standing of the Lenzing Group, which is not observable on the market. The fair values of the financial guarantee contracts represent the estimated expected default arising from the maximum possible payment obligation and the expected loss.

In light of the varying influencing factors, the fair values presented can only be considered indicators of the values that could actually be realized on the market.

#### **Offsetting financial assets and liabilities**

The Lenzing Group has concluded a number of framework netting agreements (in particular, master netting arrangements). The amounts owed by each counterparty under such agreements on a single day in the same currency based on the total outstanding transactions are aggregated into a single net amount to be paid by one party to the other.

The following tables present information on offsetting financial assets and liabilities in the consolidated statement of financial position on the basis of framework netting agreements. The column “effect of framework netting agreements” shows the amounts which result from these types of agreements, but which do not meet the criteria for offsetting in the IFRS consolidated statement of financial position.

<b>Offsetting financial assets and liabilities</b>				<b>EUR '000</b>
<b>Financial assets as at 31/12/2016</b>	<b>Financial assets (gross)</b>	<b>Recognized financial assets (net)</b>	<b>Effect of framework netting agreements</b>	<b>Net amounts</b>
Cash and cash equivalents	559,599	559,599	0	559,599
Other financial assets - derivative financial instruments with a positive fair value	2,332	2,332	(1,552)	781
<b>Total</b>	<b>561,931</b>	<b>561,931</b>	<b>(1,552)</b>	<b>560,380</b>
<b>Financial liabilities as at 31/12/2016</b>	<b>Financial liabilities (gross)</b>	<b>Recognized financial liabilities (net)</b>	<b>Effect of framework netting agreements</b>	<b>Net amounts</b>
Liabilities to banks	180,504	180,504	0	180,504
Other financial liabilities - derivative financial instruments with a negative fair value	11,652	11,652	(1,552)	10,100
<b>Total</b>	<b>192,154</b>	<b>192,154</b>	<b>(1,552)</b>	<b>190,602</b>
<b>Offsetting financial assets and liabilities (previous year)</b>				<b>EUR '000</b>
<b>Financial assets as at 31/12/2015</b>	<b>Financial assets (gross)</b>	<b>Recognized financial assets (net)</b>	<b>Effect of framework netting agreements</b>	<b>Net amounts</b>
Cash and cash equivalents	347,254	347,254	0	347,254
Other financial assets - derivative financial instruments with a positive fair value	2,556	2,556	(2,424)	132
<b>Total</b>	<b>349,810</b>	<b>349,810</b>	<b>(2,424)</b>	<b>347,385</b>
<b>Financial liabilities as at 31/12/2015</b>	<b>Financial liabilities (gross)</b>	<b>Recognized financial liabilities (net)</b>	<b>Effect of framework netting agreements</b>	<b>Net amounts</b>
Liabilities to banks	239,361	239,361	0	239,361
Other financial liabilities - derivative financial instruments with a negative fair value	16,369	16,369	(2,424)	13,945
<b>Total</b>	<b>255,730</b>	<b>255,730</b>	<b>(2,424)</b>	<b>253,306</b>

### **Transfer of financial assets (sale of receivables/factoring)**

Factoring agreements are in place which require the banks to purchase certain trade receivables from the Lenzing Group for a revolving monthly nominal amount. The Lenzing Group is entitled to sell these receivables. The agreements have indefinite terms, whereby each party has the right to cancel the agreements with notice and allow them to expire. All of the sold receivables are current receivables due within one year.

The sold receivables are exposed to certain risks which are relevant for risk assessment: credit default risk, currency risk for foreign currency receivables and the risk of delayed payments. The major opportunities and risks associated with these receivables are credit risk defaults and, for receivables denominated in foreign currencies, exchange rate fluctuations. The risk of delayed payments is carried by the Lenzing Group for all factoring agreements and is considered minor.

An agreement for the sale of receivables in the reporting currency (hereafter referred to as “Tranche 1”) requires the bank to carry the entire credit default risk, which means all opportunities and risks are principally transferred to the bank.

The other agreements (hereafter referred to as “Tranche 2”) require the Lenzing Group to assume a 10 percent liability for each payment default. This amount is not reimbursable by another party and is not advanced by the bank. The remaining credit default risk (90 percent per payment default) and – in the case of receivables not denominated in the reporting currency – the currency risk are carried by the bank. The Lenzing Group and the bank therefore share the significant opportunities and risks, but the right to dispose of the receivables is transferred to the bank. The Lenzing Group is required to conclude credit insurance for the sold receivables and is also responsible for accounts receivable management. The participating banks have the right to return overdue receivables to the Lenzing Group for procedural reasons in the event of a legal dispute. However, this does not reassign the credit default risk to or affect the liquidity of the Lenzing Group.

The factoring agreements had a maximum usable nominal volume of EUR 88,436 thousand as at December 31, 2016 (December 31, 2015: EUR 86,936 thousand). Of this total, EUR 4,100 thousand (December 31, 2015: EUR 2,600 thousand) were classified under Tranche 1 and EUR 84,336 thousand (December 31, 2015: EUR 84,336 thousand) under Tranche 2.



Receivables of EUR 83,327 thousand were sold on the basis of factoring agreements and derecognized in the Lenzing Group's consolidated statement of financial position as at December 31, 2016 (December 31, 2015: EUR 82,038 thousand). Of this total, EUR 2,718 thousand (December 31, 2015: EUR 1,850 thousand) were classified under Tranche 1 and EUR 80,609 thousand (December 31, 2015: EUR 80,188 thousand) under Tranche 2. The amount attributable to Tranche 2 that was not advanced totaled EUR 8,065 thousand as at December 31, 2016 (December 31, 2015: EUR 8,019 thousand) and is reported under other current assets (financial). The fair values represent the indicated carrying amounts, in particular because the remaining terms of the relevant receivables are short.

The above-mentioned component of Tranche 2 that was not advanced corresponds to the theoretical maximum credit risk-related loss for the liability assumed in the event of default from the Lenzing Group's perspective. The fair value of this liability equaled EUR 154 thousand as at December 31, 2016 (December 31, 2015: EUR 148 thousand; also see note 42). Other current liabilities (financial) of EUR 339 thousand were recognized as at December 31, 2016 (December 31, 2015: EUR 326 thousand) for the assumed obligations and risks from the factoring agreements. A total of EUR 14 thousand was recognized through profit or loss in 2016. A cumulative amount of EUR 339 thousand has been recognized in profit or loss since the start of the agreement. A total of EUR 315 thousand was recognized in profit or loss on the date the receivables were transferred.

Payments received from customers between the last advance by the bank and December 31 are accrued under other current liabilities (financial).

The banks are entitled to sell receivables back to the Lenzing Group at their nominal value. Such repurchases would have no effect on the allocation of credit risk defaults because this risk is not reassigned. The cash outflows resulting from the repurchases would follow quickly, i.e. during 2017, if at all. Any utilization of the payment default guarantee would also follow quickly, i.e. during 2017. This right is not expected to be utilized for the receivables sold as at the reporting date.

## Note 36. Net interest and net result from financial instruments and net foreign currency result

### Net interest and net result

The following table shows the net interest and net result from financial instruments by class/measurement category in accordance with IAS 39:

Net interest and net result from financial instruments						EUR '000
2016	From interest income	From interest expense	Net interest	From subsequent measurement at fair value directly in equity	From impairment	Net result (total)
Loans and receivables	1,239	0	1,239	0	(2,128) <sup>1)</sup>	(889)
Available-for-sale financial assets	405	0	405	1,189	0	1,594
Financial liabilities measured at amortized cost	0	(18,760)	(18,760)	0	0	(18,760)
<b>Total</b>	<b>1,644</b>	<b>(18,760)</b>	<b>(17,116)</b>	<b>1,189</b>	<b>(2,128)</b>	<b>(18,055)</b>

<sup>1)</sup> Incl. measurement of non-current financial assets

Net interest and net result from financial instruments (previous year)						EUR '000
2015	From interest income	From interest expense	Net interest	From subsequent measurement at fair value directly in equity	From impairment	Net result (total)
Loans and receivables	920	0	920	0	(3,075) <sup>1)</sup>	(2,155)
Available-for-sale financial assets	649	0	649	163	0	813
Financial liabilities measured at amortized cost	0	(23,307)	(23,307)	0	0	(23,307)
<b>Total</b>	<b>1,570</b>	<b>(23,307)</b>	<b>(21,737)</b>	<b>163</b>	<b>(3,075)</b>	<b>(24,649)</b>

<sup>1)</sup> Incl. measurement of non-current financial assets

The net result from financial instruments comprises the following: net interest (current interest income and expenses, including the amortization of premiums and discounts and dividends from companies not accounted for using the equity method), gains/losses on fair value measurement which are recorded in profit or loss or directly in equity and the result of impairment losses (recognition and reversal of bad debt provisions/valuation adjustments) and on disposals. Income from available-for-sale financial assets includes gains/losses from remeasurement and from the reclassification of remeasurement gains/losses to profit or loss. Net result from financial instruments does not include exchange rate gains/losses (with the exception of financial instruments carried at fair value through profit or loss) or gains/losses from hedging instruments (cash flow hedges).

The change in the bad debt provisions for receivables measured at amortized cost is reported under other operating expenses. The component recognized directly in equity from the subsequent measurement of available-for-sale financial assets at fair value is reported under the reserve for available-for-sale financial assets. The remaining components of net result are included under income from non-current and current financial assets and in financing costs.

Expenses of EUR 2,114 thousand were recognized under other operating expenses for the provision of loans in 2016 (2015: EUR 2,051 thousand).

### Net foreign currency result

Net foreign currency gains/losses are included in the following items: EUR minus 3,113 thousand (2015: EUR minus 276 thousand) in other operating income/expenses, EUR minus 511 thousand (2015: EUR plus 5,034 thousand) in income from non-current and current financial assets and EUR minus 380 thousand (2015: EUR minus 3,606 thousand) in financing costs.

## Note 37. Financial risk management

As an international company, the Lenzing Group is exposed to financial and other market risks. A company-wide risk management system, which is regulated comprehensively in guidelines, has been implemented to identify and assess potential risks at an early stage. This system is designed to achieve maximum risk transparency and provide high-quality information by quantifying all risk categories, with a particular emphasis on risk concentration. The efficiency of group-wide risk management is evaluated and monitored on an ongoing basis by both the internal control system (ICS) and the internal audit department.

The financial risks arising from financial instruments – credit risk, liquidity risk, currency risk (above all with regard to the USD, CNY and CZK), commodity price risk and interest rate risk – are classified as relevant risks for the Lenzing Group. Corresponding hedging measures are used to minimize these risks wherever possible. Acquired shares in external companies are considered long-term investments and, therefore, are not viewed as a relevant market price risk over the short- to medium-term.

### Credit risk

Credit risk represents the risk of asset losses that may result from the failure of individual business partners to meet their contractual obligations. The credit risk from transactions involving the provision of goods and services (in particular, trade receivables) is secured to a substantial extent by credit insurance and bank security (guarantees, letters of credit, bills of exchange etc.). Outstanding receivables and customer limits are monitored on an ongoing basis. The credit risk from investments with banks (above all, cash and cash equivalents) and derivatives with a positive market value is reduced by only concluding transactions with counterparties that can demonstrate a sound credit rating.

Receivables are measured individually. Individual bad debt provisions are recognized for receivables if they are not expected to be collectible in full. This applies especially when the debtor has significant financial difficulties, is in default or has delayed payments or when there is an increased probability that the debtor will enter bankruptcy and the involved receivable is not sufficiently collateralized. The historical default rates for receivables are low because of the Lenzing Group's comprehensive receivables management (extensive collateralization with credit insurance and bankable security as well as continuous monitoring of accounts receivable and customer limits). Therefore, group (collective) bad debt provisions are not recognized.

Any indications of impairment (in particular substantial financial difficulties on the part of the debtor, default or delay in payments, an increased probability that the debtor will enter bankruptcy proceedings) result in the write-down of non-collateralized financial assets through profit or loss. Bad debt provisions are principally recognized through an allowance account. Financial assets are only de-recognized directly if the contractual rights to payments cease to exist (particularly in the event of bankruptcy). An impairment loss is reversed up to cost if the reasons for its recognition no longer exist.

The Group considers the risk concentration in trade receivables as rather low because its customers are based in various countries, operate in different sectors and are active on largely independent markets. A rather small amount of the receivables is overdue but not impaired (see the table "aging of receivables").

The bad debt provisions developed as follows:

Development of bad debt provisions			EUR '000
	Originated loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
<b>Bad debt provisions as at 01/01/2015</b>	<b>2,253</b>	<b>10,501</b>	<b>4,080</b>
Changes in the scope of consolidation	0	(134)	0
Utilization	0	(1,097)	(454)
Reversal	(5)	(873)	0
Addition	193	2,169	1,591 <sup>1</sup>
Currency translation adjustment	(17)	289	0
<b>Bad debt provisions as at 31/12/2015 = 01/01/2016</b>	<b>2,423</b>	<b>10,856</b>	<b>5,217</b>
Changes in the scope of consolidation	0	0	0
Utilization	0	(827)	0
Reversal	(4)	(1,186)	(206) <sup>1</sup>
Addition	10	3,309	205
Currency translation adjustment	0	(143)	0
<b>Bad debt provisions as at 31/12/2016</b>	<b>2,429</b>	<b>12,008</b>	<b>5,216</b>

<sup>1)</sup> incl. measurement of non-current financial assets

The bad debt provisions for trade receivables include bad debt provisions of EUR 2,000 thousand (2015: EUR 2,104 thousand) for companies accounted for using the equity method.

The bad debt provisions for trade receivables are related primarily to bad debt provisions for overdue, uninsured receivables.

The carrying amount of the impaired receivables is as follows:

Carrying amount of impaired receivables as at December 31, 2016			EUR '000
	Originated loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Before bad debt provision	2,429	16,352	5,516
After bad debt provision	0	4,343	300

Carrying amount of impaired receivables as at December 31, 2015 (previous year)			EUR '000
	Originated loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Before bad debt provision	2,423	14,493	5,311
After bad debt provision	0	3,637	94

The age structure of the financial receivables is shown in the following table:

Aging of receivables			EUR '000
	Originated loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Carrying amount as at 31/12/2016	7,339	277,407	62,239
Thereof not impaired at the reporting date and:			
Not overdue	7,339	261,730	61,939
Overdue up to 30 days	0	8,920	0
Overdue for 31 to 90 days	0	2,200	0
Overdue for 91 to 365 days	0	211	0
Overdue for more than one year	0	3	0
Thereof impaired	0	4,343	300

Aging of receivables (previous year)			EUR '000
	Originated loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Carrying amount as at 31/12/2015	5,011	258,939	26,423
Thereof not impaired at the reporting date and:			
Not overdue	5,011	239,176	26,329
Overdue up to 30 days	0	13,307	0
Overdue for 31 to 90 days	0	2,264	0
Overdue for 91 to 365 days	0	173	0
Overdue for more than one year	0	381	0
Thereof impaired	0	3,637	94

There are currently no doubts concerning the collectability of financial assets that are neither past due nor impaired.

The maximum exposure to credit risk from recognized financial assets is as follows:

Maximum exposure to credit risk from recognized financial assets	EUR '000	
	31/12/2016	31/12/2015
Carrying amount of asset financial instruments (see Note 35)	924,313	655,462
Less risk reduction in relation to receivables due to		
Credit insurance received (not including deductibles)	(138,343)	(150,151)
Guarantees received	(5,568)	(6,710)
<b>Total</b>	<b>780,403</b>	<b>498,602</b>

The maximum exposure to credit risk from financial guarantee contracts and contingent liabilities is shown in note 42.

### Liquidity risk

Liquidity risk represents the risk of not being able to obtain sufficient funds to settle incurred liabilities at all times. The management of liquidity risk has a high priority in the Lenzing Group. Corporate guidelines require uniform, proactive liquidity forecasts and medium-term planning throughout the entire Group. The Lenzing Group continuously monitors the risk of a possible liquidity shortage.

The Lenzing Group had liquid assets totaling EUR 570,351 thousand as at December 31, 2016 (December 31, 2015: EUR 355,311 thousand) in the form of cash and cash equivalents, liquid securities and liquid bills of exchange (see note 34). Unused credit facilities of EUR 217,654 thousand were available as at December 31, 2016 (December 31, 2015: EUR 190,918 thousand) to finance necessary working capital and to cover any shortfalls caused by economic cycles. The medium- and long-term financing for the Lenzing Group is provided by equity and financial liabilities, in particular bonds, private placements and bank loans. Current financial liabilities can regularly be extended or refinanced with other lenders. Trade payables provide short-term financing for the goods and services purchased. The liabilities covered by reverse factoring agreements are settled in line with their agreed maturity, whereby the related cash outflows are included in liquidity planning. For this reason, the Group considers the concentration of risk with regard to sufficient financing sources as rather low.

The contractually agreed (undiscounted) interest and principal payments for primary financial liabilities (including financial guarantee contracts) are shown below:

Maturity analysis of non-derivative financial liabilities				EUR '000
	Carrying amount 31/12/2016	Cash flows 2017	Cash flows 2018 to 2021	Cash flows from 2022
Bond	119,922	124,650	0	0
Private placements	248,457	5,393	117,611	152,758
Liabilities to banks	180,504	127,519	57,929	0
Liabilities to other lenders	25,875	5,881	20,311	210
Finance lease liabilities	2,756	185	595	6,501
Trade payables	227,208	227,208	0	0
Provisions (current - financial)	26,309	26,309	0	0
Puttable non-controlling interests	12,970	0	0	12,970
Other financial liabilities <sup>1</sup>	33,460	33,460	1	0
<b>Total</b>	<b>877,461</b>	<b>550,606</b>	<b>196,446</b>	<b>172,440</b>
thereof:				
Fixed interest		9,233	13,520	8,170
Fixed and floating rate interest		116	193	0
Floating rate interest		4,968	4,655	555
Repayment		536,290	178,078	163,715

<sup>1)</sup> The above table includes the maximum possible payment obligations from financial guarantee contracts granted. The amounts are assumed to be due in the first year.

Maturity analysis of non-derivative financial liabilities (previous year)				EUR '000
	Carrying amount 31/12/2015	Cash flows 2016	Cash flows 2017 to 2020	Cash flows from 2021
Bond	119,817	4,650	124,650	0
Private placements	288,821	46,823	119,955	156,452
Liabilities to banks	239,361	128,533	118,647	0
Liabilities to other lenders	28,952	8,210	20,742	704
Finance lease liabilities	6,295	705	1,816	8,643
Trade payables	149,987	149,987	0	0
Provisions (current - financial)	23,419	23,419	0	0
Puttable non-controlling interests <sup>2</sup>	8,334	0	0	8,334
Other financial liabilities <sup>1</sup>	40,396	40,393	3	0
<b>Total</b>	<b>905,383</b>	<b>402,720</b>	<b>385,813</b>	<b>174,133</b>
thereof:				
Fixed interest		10,205	20,344	10,786
Fixed and floating rate interest		149	271	4
Floating rate interest		6,256	6,605	1,802
Repayment		386,110	358,594	161,541

<sup>1)</sup> The above table includes the maximum possible payment obligations from financial guarantee contracts granted. The amounts are assumed to be due in the first year.

<sup>2)</sup> Error correction in accordance with IAS 8 (see note 2).

The above tables include all primary financial liabilities held at the reporting date, but exclude estimated future liabilities. Foreign currency amounts were translated with the spot exchange rate in effect at the reporting date. Floating rate interest payments were

calculated according to the last interest rates set before the reporting date. Financial liabilities that are repayable at any time are always assigned to the earliest time period.

The contractually agreed (undiscounted) interest and principal payments for derivative financial instruments are as follows:

Maturity analysis of derivative financial instruments				EUR '000
	Carrying amount 31/12/2016	Cash flows 2017	Cash flows 2018 to 2021	Cash flows from 2022
<b>Currency derivatives</b>				
Derivatives with a positive fair value (cash flow hedges)	1,603	641	961	
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	730	730	0	
<b>Positive fair value</b>	<b>2,332</b>	<b>1,371</b>	<b>961</b>	<b>0</b>
Derivatives with a negative fair value (cash flow hedges)	(9,253)	(8,955)	(298)	
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)	(2,399)	(2,399)	0	
<b>Negative fair value</b>	<b>(11,652)</b>	<b>(11,354)</b>	<b>(298)</b>	<b>0</b>
<b>Total currency derivatives</b>	<b>(9,319)</b>	<b>(9,983)</b>	<b>663</b>	<b>0</b>
<b>Gas derivatives</b>				
Derivatives with a negative fair value (cash flow hedges)	0	0	0	
<b>Negative fair value = total gas derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>(9,319)</b>	<b>(9,983)</b>	<b>663</b>	<b>0</b>

Cash flows consist solely of principal payments and do not include any interest components. Fair value: + = receivable, - = liability from the Lenzing Group's perspective

Maturity analysis of derivative financial instruments (previous year)				EUR '000
	Carrying amount 31/12/2015	Cash flows 2016	Cash flows 2017 to 2020	Cash flows from 2021
<b>Currency derivatives</b>				
Derivatives with a positive fair value (cash flow hedges)	2,138	1,300	838	
Derivatives with a positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	418	418	0	
<b>Positive fair value</b>	<b>2,556</b>	<b>1,718</b>	<b>838</b>	<b>0</b>
Derivatives with a negative fair value (cash flow hedges)	(4,267)	(3,985)	(282)	
Derivatives with a negative fair value (cash flow hedges with the underlying already recognized in profit or loss)	(11,106)	(11,106)	0	
<b>Negative fair value</b>	<b>(15,373)</b>	<b>(15,090)</b>	<b>(282)</b>	<b>0</b>
<b>Total currency derivatives</b>	<b>(12,817)</b>	<b>(13,373)</b>	<b>556</b>	<b>0</b>
<b>Gas derivatives</b>				
Derivatives with a negative fair value (cash flow hedges)	(996)	(996)	0	
<b>Negative fair value = total gas derivatives</b>	<b>(996)</b>	<b>(996)</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>(13,813)</b>	<b>(14,369)</b>	<b>556</b>	<b>0</b>

Cash flows consist solely of principal payments and do not include any interest components. Fair value: + = receivable, - = liability from the Lenzing Group's perspective

## Currency risk

Cash flows from capital expenditures and the operating business as well as investments and financing in foreign currencies expose the member companies of the Lenzing Group to currency risks. Risks from foreign currencies are hedged as far as possible if they influence the Group's cash flows. In the operating business, the individual group companies are exposed to currency risk in connection with planned incoming and outgoing payments outside their functional currency. Forward foreign exchange contracts, which are recognized at fair value, are used to hedge the exchange rate risk from foreign currency positions arising from expected future transactions in foreign currencies by group companies.

The Lenzing Group operates a fiber production plant in Grimsby, Great Britain. From the current point of view, the GBP devaluation caused by the Brexit referendum is not expected to have any material effects on the Grimsby location or the remainder of the Lenzing Group because the invoices issued by Grimsby are generally not denominated in GBP. The expenses recorded by the Grimsby plant are, for the most part, denominated in GBP and therefore have no negative foreign currency effect. The further development of this situation and its effects on the Lenzing Group cannot be estimated at the present time.

For companies with the same functional currency, the respective net foreign currency exposures are calculated for the following sales year as part of the budgeting process. Foreign currency purchases and sales are aggregated into separate groups for each currency. Approximately 58 percent of the budgeted net exposure for the following financial year was hedged for EUR/USD, the dominant currency pair in the Lenzing Group, as at December 31,

2016 (December 31, 2015: approximately 61 percent). The CNY also plays an important role. The resulting risk concentration at the reporting date can be seen in the following tables (especially the tables on "sensitivity analysis and risk exposure for foreign currency risks").

Translation risk is also regularly assessed and monitored at the Group level. Translation risk represents the risk arising from the consolidation of foreign investments whose functional currency is not the euro. The greatest risk exposure here is in relation to the US dollar.

## Instruments to hedge currency risk

Cash flow hedges are allocated to revenue from the operating business in the following financial years in the respective hedged currency. Cash flow hedges whose underlying hedged item was already recognized in profit or loss are used to hedge foreign currency receivables/liabilities that were recognized at the reporting date but do not impact cash until a later time. The ineffective portion of the cash flow hedges amounted to EUR 0 thousand in 2016 (2015: EUR 0 thousand).

## Cash flow hedges for currency risks

The nominal values and fair values of the cash flow hedges are as follows as at the reporting dates:

Nominal value, fair value and hedging period of cash flow hedge derivatives for currency risks											EUR '000	
	31/12/2016						31/12/2015					
	Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until		Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until	
<b>Forward foreign exchange contracts</b>												
CNY-sale / USD-buy	CNY	55,438	194	0	194	06/2018	CNY	0	0	0	0	n/a
CNY/CNH-sale / EUR-buy	CNY/ CNH	532,430	1,078	(26)	1,052	08/2018	CNY/ CNH	533,490	1,671	(157)	1,514	09/2017
CNY/CNH-sale / GBP-buy	CNY/ CNH	150,730	297	(197)	100	06/2018	CNY/ CNH	164,585	79	(148)	(69)	06/2017
CZK-buy / EUR-sale	CZK	0	0	0	0	n/a	CZK	48,000	11	(4)	7	08/2016
USD-buy / EUR-sale	USD	0	0	0	0	n/a	USD	176	7	0	7	01/2016
EUR-sale / GBP-buy	EUR	6,290	16	(19)	(3)	02/2018	EUR	5,890	0	(122)	(122)	01/2017
USD-buy / CNY-sale	USD	17,900	0	(20)	(20)	11/2017	USD	0	0	0	0	n/a
USD-sale / CZK-buy	USD	90,000	1	(3,248)	(3,248)	02/2018	USD	70,700	120	(1,332)	(1,211)	01/2017
USD-sale / EUR-buy	USD	183,770	17	(5,686)	(5,670)	02/2018	USD	170,620	251	(2,505)	(2,253)	06/2017
USD-sale / GBP-buy	USD	4,490	1	(56)	(55)	02/2018	USD	0	0	0	0	n/a
<b>Total</b>			<b>1,603</b>	<b>(9,253)</b>	<b>(7,650)</b>			<b>2,138</b>	<b>(4,267)</b>	<b>(2,129)</b>		

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

The hedging period represents the period for the expected cash flows and their recognition in profit or loss.



## Cash flow hedges for currency risks with the hedged item already recognized in profit or loss

The following table shows the nominal values and fair values of cash flow hedges at the reporting dates in cases where the hedged item was already recognized in profit or loss:

Nominal value and fair value of cash flow hedge derivatives for currency risks with the underlying already recognized in profit or loss EUR '000

	31/12/2016				31/12/2015			
	Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Nominal value in '000	Positive fair value	Negative fair value	Net fair value
<b>Forward foreign exchange contracts</b>								
CNY-sale / USD-buy	CNY 17,800	82	0	82	CNY 0	0	0	0
CNY/CNH-sale / EUR-buy	CNY/CNH 566,620	643	(275)	368	CNY/CNH 635,600	105	(8,126)	(8,021)
CNY/CNH-sale /GBP-buy	CNY/CNH 83,365	0	(1,223)	(1,223)	CNY/CNH 61,600	0	(259)	(259)
CZK-buy / EUR-sale	CZK 0	0	0	0	CZK 16,000	12	0	12
JPY-sale / GBP-buy	JPY 0	0	0	0	JPY 14,000	2	0	2
EUR-sale / GBP-buy	EUR 830	4	(67)	(63)	EUR 300	0	(1)	(1)
USD-buy / EUR-sale	USD 0	0	0	0	USD 2,900	253	0	253
USD-sale / CZK-buy	USD 5,300	0	(270)	(270)	USD 7,000	0	(923)	(923)
USD-sale / EUR-buy	USD 10,100	0	(564)	(564)	USD 24,250	45	(1,796)	(1,750)
<b>Total</b>		<b>730</b>	<b>(2,399)</b>	<b>(1,669)</b>		<b>418</b>	<b>(11,106)</b>	<b>(10,688)</b>

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

## Sensitivity analysis and exposure for currency risks

The Lenzing Group uses the following assumptions for its sensitivity analysis:

- The sensitivity of profit or loss is based on the following: receivables and liabilities recognized by the group companies which are denominated in a currency other than the functional currency of the relevant company and open derivatives from cash flow hedges for currency risks in cases where the hedged item was already recognized in profit or loss as at the reporting date. The carrying amounts of the receivables and liabilities, respectively the nominal values of the derivatives, correspond to the exposure. The individual exposures are presented consistently in relation to the US dollar and euro for the aggregation to the Group's exposure.
- The sensitivity of other comprehensive income as at the reporting date is based on open derivatives from cash flow hedges for currency risks in cases where the hedged item was not yet recognized in profit or loss. The nominal value of the open derivatives corresponds to the exposure.

The following tables show the sensitivities and exposure for currency risk as at the reporting dates:

**Sensitivity analysis and risk exposure for foreign currency risks (EUR)**

EUR '000

	31/12/2016			31/12/2015		
	Group exposure in relation to EUR	Sensitivity to 10% devaluation of the EUR	Sensitivity to 10% revaluation of the EUR	Group exposure in relation to EUR	Sensitivity to 10% devaluation of the EUR	Sensitivity to 10% revaluation of the EUR
EUR-USD	31,280	3,476	(2,844)	77,498	8,611	(7,045)
EUR-GBP	(3,266)	(363)	297	(2,170)	(241)	197
EUR-CNY/CNH	24,129	2,681	(2,194)	10,944	1,216	(995)
EUR-CZK	13,872	1,541	(1,261)	53,939	5,993	(4,904)
EUR-HKD	(3,304)	(367)	300	(3,182)	(354)	289
Sensitivity of profit or loss (due to receivables and liabilities)		6,968	(5,701)		15,225	(12,457)
Sensitivity of other comprehensive income (due to cash flow hedge derivatives)		(27,106)	22,463		(25,902)	23,637
<b>Sensitivity of equity</b>		<b>(20,138)</b>	<b>16,762</b>		<b>(10,677)</b>	<b>11,180</b>

Group exposure: + receivable, - liability; sensitivity: + increase in profit/other comprehensive income, - decrease in profit/other comprehensive income

**Sensitivity analysis and risk exposure for foreign currency risks (USD/GBP)**

EUR '000

	31/12/2016			31/12/2015		
	Group exposure in relation to USD/GBP	Sensitivity to 10% devaluation of the USD /GBP	Sensitivity to 10% revaluation of the USD /GBP	Group exposure in relation to USD/GBP	Sensitivity to 10% devaluation of the USD /GBP	Sensitivity to 10% revaluation of the USD /GBP
USD-IDR	69,851	7,761	(6,350)	38,439	4,271	(3,494)
USD-GBP	(164)	(18)	15	(7,415)	(824)	674
USD-HKD	165	18	(15)	59	7	(5)
USD-CNY/CNH	45,010	5,001	(4,092)	26,329	2,925	(2,394)
USD-CZK	(14,453)	(1,606)	1,314	(15,649)	(1,739)	1,423
GBP-CNY/CNH	(49,361)	(5,485)	4,487	0	0	0
Sensitivity of profit or loss (due to receivables and liabilities)		5,672	(4,641)		4,640	(3,797)
Sensitivity of other comprehensive income (due to cash flow hedge derivatives)		11,285	(8,922)		12,006	(14,674)
<b>Sensitivity of equity</b>		<b>16,957</b>	<b>(13,563)</b>		<b>16,646</b>	<b>(18,471)</b>

Group exposure: + receivable, - liability; sensitivity: + increase in profit/other comprehensive income, - decrease in profit/other comprehensive income

## Commodity price risk

Up to fall 2016 the Lenzing Group used OTC gas swaps in selected cases as cash flow hedges to manage gas price risks. These gas swaps expose the group to accounting-related price risks. Since fall 2016 the gas price risk has been physically hedged through supply contracts. The Group is also subject to the usual market price risks in connection with its business activities (especially relating to wood, pulp and energy) which are not hedged with derivatives or financial instruments, but protected through other measures (above all, long-term and short-term supply contracts with various suppliers).

## Instruments to hedge commodity price risk – cash flow hedges

The nominal values and fair values of the cash flow hedges are as follows as at the reporting dates:

Contract value, nominal value and hedging period of cash flow hedge derivatives for commodity price risks										EUR '000
31/12/2016						31/12/2015				
	Contract value <sup>1</sup> in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until	Contract value <sup>1</sup> in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until
<b>Gas swaps</b>										
	GBP 0	0	0	0	-	GBP 2,403	0	(996)	(996)	09/2016
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>(996)</b>	<b>(996)</b>	

<sup>1)</sup> Represents the exposure

Fair value: + = receivable, - = liability from the Lenzing Group's perspective (each shown as net position)

## Sensitivity analysis and exposure for commodity price risks

The Lenzing Group uses the following assumptions for its sensitivity analysis:

- Open derivatives from cash flow hedges as at the reporting date are used as the basis for the sensitivity.
- The exposure corresponds to the nominal values of the derivatives (excluding the hedged items). In economic terms, the derivatives are used to hedge underlying physical transactions that will impact profit or loss in subsequent periods, i.e. there is no risk exposure in combination with the hedged items from an economic perspective.

If the market price level for gas had been 10 percent higher/lower as at December 31, 2016, other comprehensive income/equity before tax would have changed by EUR +/- 0 thousand (December 31, 2015: EUR +/- 238 thousand).

## Interest rate risk

The Lenzing Group is exposed to interest rate risk through its business-related financing and investment activities. Interest rate risks arise through potential changes in the market interest rate. They can lead to a change in the fair value of fixed rate financial instruments and to fluctuations in the cash flows from interest payments for floating rate financial instruments. Interest rate risks and the resulting risk concentrations are managed by monitoring and adjusting the composition of fixed rate and floating rate primary financial instruments on an ongoing basis and by the selective use of derivative financial instruments.

## Sensitivity analysis and exposure for interest rate risk

The following tables show the exposure for interest rate risks at the reporting dates in the form of the carrying amounts of interest-bearing primary financial instruments:

### Risk exposure for interest rate risks

EUR '000

	31/12/2016				Total
	Fixed interest	Fixed and floating rate interest	Floating rate interest	No interest	
Cash and cash equivalents	0	0	559,599	0	559,599
Financial assets <sup>1</sup>	1,417	0	0	23,652	25,068
Financial liabilities	(301,252)	(16,575)	(259,686)	0	(577,513)
<b>Total</b>	<b>(299,836)</b>	<b>(16,575)</b>	<b>299,913</b>	<b>23,652</b>	<b>7,154</b>

### Risk exposure for interest rate risks (previous year)

EUR '000

	31/12/2015				Total
	Fixed interest	Fixed and floating rate interest	Floating rate interest	No interest	
Cash and cash equivalents	0	0	347,254	0	347,254
Financial assets <sup>1</sup>	3,754	0	0	19,093	22,847
Financial liabilities	(346,803)	(19,837)	(316,606)	0	(683,247)
<b>Total</b>	<b>(343,050)</b>	<b>(19,837)</b>	<b>30,647</b>	<b>19,093</b>	<b>(313,146)</b>

+ Receivables, - liabilities

<sup>1</sup> Includes, among others, the GF82 wholesale fund whose income is distributed or reinvested.

Sensitivity analyses are performed for the interest rate risks arising from floating rate financial instruments. They show the effects of hypothetical changes in interest rates on profit or loss, other comprehensive income and equity.

The Lenzing Group uses the following assumptions in its analysis of the interest rate risk arising from floating rate financial instruments:

- The sensitivity analysis includes all floating rate primary financial instruments as at the reporting date.
- The exposure corresponds to the carrying amount of the floating rate financial instruments.

The sensitivities and exposure for the interest rate risks arising from floating rate financial instruments are as follows as at the reporting dates:

Sensitivity analysis for interest rate risks from floating rate financial instruments			EUR '000
31/12/2016	Exposure with floating rate interest	Sensitivity to a 100 bp increase in the interest rate level	Sensitivity to a 100 bp decrease in the interest rate level <sup>1</sup>
Cash and cash equivalents	559,599	5,596	(5,596) <sup>2</sup>
Financial assets	0	0	0
Financial liabilities	(259,686)	(2,597)	1,836 <sup>3</sup>
<b>Sensitivity of profit or loss/equity</b>	<b>299,913</b>	<b>2,999</b>	<b>(3,760)</b>

Sensitivity analysis for interest rate risks from floating rate financial instruments (previous year)			EUR '000
31/12/2015	Exposure with floating rate interest	Sensitivity to a 100 bp increase in the interest rate level	Sensitivity to a 100 bp decrease in the interest rate level <sup>1</sup>
Cash and cash equivalents	347,254	3,473	(3,473) <sup>2</sup>
Financial assets	0	0	0
Financial liabilities	(316,606)	(3,166)	2,401 <sup>3</sup>
<b>Sensitivity of profit or loss/equity</b>	<b>30,647</b>	<b>306</b>	<b>(1,071)</b>

<sup>1</sup>) A reduction in the basis points results in a proportional decrease in the sensitivity.

<sup>2</sup>) Assumption that negative interest will be paid.

<sup>3</sup>) The calculation excludes liabilities for which negative interest is not calculated.

Additional information on financial risk management and financial instruments is provided in the risk report of the Lenzing Group's management report as at December 31, 2016.

# Disclosures on Leases

## Note 38. Finance leases

Property, plant and equipment includes development rights and other assets obtained through finance leases in which the Lenzing Group is the lessee. The finance lease for development rights involves land transferred to Lenzing AG for use in exchange for an index-based lease payment. Lenzing AG is entitled to purchase the land at its market value at the end of the lease term, which equals 99 years.

The remaining finance leases include, among others, agreements for the modernization of small hydropower plants under which the lessor agrees to construct, operate and maintain power plants as part of the revitalization. All of the energy generated is purchased by Lenzing AG for a contractually agreed fee, part of which serves to cover the investment costs and is considered a contingent lease payment. The ownership of the power plants will be transferred to Lenzing AG after the agreements expire in exchange for the payment of a transfer fee. This lease has a term of 25 years. The Lenzing Group has also concluded finance leases for an industrial primary clarifier and related expansion investments. The ownership of the plant, including the land, can be transferred to Lenzing AG after the agreements expire in exchange for the payment of a transfer fee. This lease has a term of up to 16 years.

The Lenzing Group currently has no finance leases in which it serves as the lessor.

The carrying amount of the leased assets is as follows:

Carrying amount of leased assets (previous year)				EUR '000
2015	Land and buildings	Technical equipment and machinery, factory and office equipment	Prepayments made and assets under construction	Total
Cost	668	2,145	3,373	6,185
Accumulated depreciation	(85)	(549)	0	(634)
<b>Carrying amount as at 31/12/2015</b>	<b>583</b>	<b>1,596</b>	<b>3,373</b>	<b>5,552</b>

Carrying amount of leased assets				EUR '000
2016	Land and buildings	Technical equipment and machinery, factory and office equipment	Prepayments made and assets under construction	Total
Cost	668	5,782	0	6,449
Accumulated depreciation	(92)	(894)	0	(986)
<b>Carrying amount as at 31/12/2016</b>	<b>576</b>	<b>4,887</b>	<b>0</b>	<b>5,463</b>

The present value of minimum lease payments is as follows:

Minimum lease payments as lessee (finance leases)					EUR '000			
	31/12/2016				31/12/2015			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Total future minimum lease payments	185	595	6,501	7,282	705	1,816	8,643	11,164
Thereof interest component	(16)	(43)	(4,466)	(4,526)	(59)	(173)	(4,636)	(4,869)
<b>Total</b>	<b>169</b>	<b>552</b>	<b>2,035</b>	<b>2,756</b>	<b>646</b>	<b>1,643</b>	<b>4,007</b>	<b>6,295</b>

## Note 39. Operating leases

### The Lenzing Group as the lessee

The Lenzing Group has obligations from rental and lease agreements for property, plant and equipment that are not reported on the consolidated statement of financial position. Earnings before interest and tax in 2016 include expenses of EUR 11,822 thousand (2015: EUR 10,982) thousand) from rental and lease agreements. These expenses consist primarily of minimum lease payments.

The future minimum lease payments during the non-cancellable term of these leases relate to IT equipment, motor vehicles, rail cars and office and storage premises and are as follows, classified by year:

Minimum lease payments as lessee (operating leases)	EUR '000	
	31/12/2016	31/12/2015
In the following year	6,934	5,554
In the following 2-5 years	8,608	8,268
Thereafter	0	12
<b>Total</b>	<b>15,542</b>	<b>13,834</b>

The conditions of the main operating leases can be summarized as follows:

- **IT equipment:** The leases have a term of up to three years, and there are no price adjustment clauses.
- **Motor vehicles:** The leases have a term of up to five years. These agreements do not include an option to acquire the vehicles at the end of the contract term and there are no price adjustment clauses.
- **Rail cars:** The leases have a term of up to 12 years and can be canceled after a minimum period. Some of the leases have price adjustment clauses.
- **Office and storage premises:** The leases have a term of up to five years and do not include an option to purchase the office and storage premises at the end of the contract term. Some of the leases include extension options and price adjustment clauses.

### The Lenzing Group as the lessor

The future minimum lease payments during the non-cancellable term of the leases relate primarily to land and buildings and are as follows, classified by year:

Minimum lease payments as lessor (operating leases)	EUR '000	
	31/12/2016	31/12/2015
In the following year	3,785	3,678
In the following 2-5 years	8,311	8,282
Thereafter	10,059	10,003
<b>Total</b>	<b>22,154</b>	<b>21,963</b>

The most important lease involves land on which a recycling plant is operated. The lease payments are indexed. The lease was concluded for an indefinite term and can be canceled at the earliest as at December 31, 2029, subject to a six-year notice period.



# Disclosures on Related Parties and Executive Bodies

## Note 40. Related party disclosures

### Overview

Related parties of the Lenzing Group include, in particular, the member companies of the B&C Group together with its subsidiaries, joint ventures and associates and its corporate bodies (executive board/management and supervisory board, where applicable) as well as close relatives of the members of the corporate bodies and companies under their influence (see note 1 "Description of the company and its business activities " and note 41). The amounts and transactions between Lenzing AG and its consolidated subsidiaries are eliminated during the consolidation and are not discussed further in this section.

B&C Privatstiftung is managed by a board of trustees. No member of the Management Board of Lenzing AG is a member of this board of trustees or the management/management board of a subsidiary of B&C Privatstiftung, with the exception of subsidiaries of the Lenzing Group. The Lenzing Group has no influence over the business activities of B&C Privatstiftung.

The members of the corporate bodies of Lenzing AG (in particular, the Supervisory Board) and the above-mentioned entities are, in some cases, also members of the corporate bodies or shareholders of other companies with which Lenzing AG maintains ordinary business relationships. The Lenzing Group maintains ordinary business relationships with banks that involve financing, investment and derivatives.

### Relationships with related companies

In connection with the tax group established with B&C Industrieholding GmbH (see note 30), the Lenzing Group recognized a tax credit of EUR 1,266 thousand through profit or loss in 2016 (2015: EUR 1,487 thousand). Contractual obligations resulted in the payment or advance payment of tax allocations totaling EUR 29,187 thousand (2015: EUR 19,328 thousand) to B&C Industrieholding GmbH. The Lenzing Group also recognized a liability of EUR 12,036 thousand to B&C Industrieholding GmbH from the tax allocation, after the deduction of advance payments, as at December 31, 2016 (December 31, 2015: EUR 6,954 thousand). Income tax expense of EUR 34,244 thousand was recognized in 2016 as a result of the tax allocation to B&C Industrieholding GmbH (2015: EUR 11,682 thousand).

### Relationships with companies accounted for using the equity method and their material subsidiaries

Transactions with companies accounted for using the equity method and their material subsidiaries relate primarily to:

EQUI-Fibres Beteiligungsgesellschaft mbH and its subsidiaries (EFB):	Distribution of fibers Delivery of pulp
Lenzing Papier GmbH (LPP):	Provision of infrastructure and administrative services
RVL Reststoffverwertung Lenzing GmbH (RVL):	Operation of a recycling plant and purchase of the generated steam; rental of land
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck (GSG):	Provision of infrastructure and administrative services
PT. Pura Golden Lion (PGL):	Loan liability
Wood Paskov s.r.o. (LWP):	Purchase of wood

The scope of material transactions and the outstanding balances with companies accounted for using the equity method and their major subsidiaries are as follows:

Relationships with companies accounted for using the equity method and their material subsidiaries	EUR '000			
	Associates		Joint ventures	
	2016	2015	2016	2015
Goods and services provided and other income	65,952	63,372	11,056	10,554
Goods and services received and other income	43,108	39,379	11,218	10,723
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Receivables	11,385	17,973	10	8
Liabilities	4,116	5,681	13	40

Bad debt provisions of EUR 104 thousand for trade receivables from companies accounted for using the equity method were recognized to profit or loss as income in 2016 (2015: expenses of EUR 523 thousand). In 2016 European Precursor GmbH, Kelheim, Germany, an unconsolidated subsidiary, made payments of EUR 950 thousand for receivables due to Lenzing AG in connection with its liquidation. There were no material transactions with the other unconsolidated subsidiaries in 2016 or 2015.

## Relationships with members of the Management Board and Supervisory Board of Lenzing AG

The fixed and variable current remuneration and termination pay recognized by Lenzing AG for the active members of the Management Board are as follows:

Fixed and variable current remuneration and termination pay expensed for active members of the Management Board											EUR '000	
	Stefan Doboczky <sup>1</sup>		Robert van de Kerkhof		Thomas Obendrauf <sup>2</sup>		Thomas Riegler <sup>3</sup>		Peter Untersperger <sup>4</sup>		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Fixed current remuneration	651	412	437	453	347	0	0	457	0	244	1,435	1,566
Variable current remuneration	783	644	392	209	227	0	0	0	0	225	1,402	1,077
Termination pay	0	0	0	0	0	0	0	874	0	1,953	0	2,826
<b>Total</b>	<b>1,434</b>	<b>1,056</b>	<b>829</b>	<b>662</b>	<b>574</b>	<b>0</b>	<b>0</b>	<b>1,330</b>	<b>0</b>	<b>2,422</b>	<b>2,837</b>	<b>5,470</b>

<sup>1</sup> Member of the Management Board since June 1, 2015.

<sup>2</sup> Member of the Management Board since March 1, 2016.

<sup>3</sup> Member of the Management Board up to December 1, 2015.

<sup>4</sup> Member of the Management Board up to May 31, 2015.

The above total of EUR 2,837 thousand reported for 2016 (2015: EUR 5,470 thousand) includes EUR 2,837 thousand of short-term employee benefits (fixed and variable current remuneration; 2015: EUR 2,644 thousand) and EUR 0 thousand of termination benefits (termination payments; 2015: EUR 2,826 thousand). The provisions for the entitlements from long-term bonus models for active members of the Management Board (other long-term employee benefits) were increased by EUR 373 thousand through profit or loss in 2016 (2015: increase of EUR 298 thousand). In 2015, EUR 40 thousand was recognized through profit or loss for vacation compensation (short-term employee benefits); this amount reflects the previously recognized provisions. The active members of the Management Board were also granted post-employment benefits of EUR 143 thousand (2015: EUR 273 thousand) in the form of company pension and severance plans, which were recognized to the income statement and in other comprehensive income.

A long-term bonus agreement was concluded with Stefan Doboczky in 2015, which has a term of three years and will be vested in 2018. The amount of the bonus is based on the increase in the value of the company during this period. The agreement requires the achievement of a minimum return per year. A secondary condition to meet the full entitlement is the extension of his contract as member of the Management Board. The bonus will be paid out 50 percent in cash and 50 percent in shares of Lenzing AG. The number of shares in Lenzing AG to be granted is variable and dependent on the amount of the bonus entitlement and the average market price of the shares during the 12 months prior to settlement. The settlement with equity instruments constitutes a share-based payment as defined in IFRS 2; the cash settlement is classified under other long-term benefits in accordance with IAS 19 (see above; included in EUR 373 thousand). The valuation is based on a multiple that includes EBITDA and net debt as well as discounting effects and the probability of utilization. The first half of the granted shares is subject to a minimum retention period of one year as of the acquisition date, while the second half of the granted shares is subject to a retention period of at least two years. There are no special agreements concerning the transferability of the bonus entitlement. Expected dividends are not included in the calculation of fair value. An expense of EUR 743 thousand for the

share-based component of the bonus entitlement was recognized in personnel expenses during 2016 (2015: EUR 433 thousand) and retained earnings were increased by the same amount as an offset.

A long-term bonus agreement was concluded with Thomas Obendrauf in 2016, which has a term of three years and will be vested in 2019. The amount of the bonus is based on the increase in the value of the company during this period, and the agreement requires the achievement of a minimum return per year. The bonus will be settled in full through a cash payment. A further secondary condition to meet the full entitlement is the extension of his contract as member of the Management Board. Since this condition has not been met to date, a provision was not recognized in the financial statements as at December 31, 2016. The bonus for Robert van de Kerkhof is based equally (50 percent) on multi-year performance criteria for the Lenzing Group (revenue, EBIT margin and total shareholder return) in comparison with a peer group and (50 percent) on the attainment of qualitative goals. Payment to Robert van de Kerkhof is made annually at an amount equal to one-third of the accumulated bonus entitlement. Any bonus entitlement remaining after the end of the current term of office is paid in the following year. The remuneration model for Robert van de Kerkhof will be harmonized with the model for Thomas Obendrauf during the term of office which begins on January 1, 2017.

The expenses for the active members of the Supervisory Board of Lenzing AG (short-term employee benefits in the form of remuneration and attendance fees for the Supervisory Board members and change of provisions) amounted to EUR 855 thousand in 2016 (2015: EUR 294 thousand).

The remuneration expensed for key management personnel, which comprises the active members of the Management Board and Supervisory Board of Lenzing AG, in line with their functions is summarized below (including change of provisions):

<b>Remuneration for key management personnel (expensed)</b>	<b>EUR '000</b>	
	<b>2016</b>	<b>2015</b>
<b>Remuneration for the Management Board</b>		
Short-term employee benefits	2,837	2,684
Other long-term benefits	373	298
Post-employment benefits	143	273
Share-based remuneration	743	433
Remuneration (excl. termination benefits)	4,095	3,687
Termination payments (termination benefits)	0	2,826
	<b>4,095</b>	<b>6,514</b>
<b>Remuneration for the Supervisory Board</b>		
Short-term employee benefits	855	294
	<b>4,950</b>	<b>6,807</b>

The employee representatives on the Supervisory Board who were delegated by the Works Council are entitled to regular compensation (wage or salary plus severance and jubilee benefits) under their employment contracts. This compensation represents appropriate remuneration for their role/activities performed in the company.

In line with customary market and corporate practice, Lenzing AG also grants additional benefits, which are considered non-cash benefits, to the members of the Management Board, selected senior executives and Supervisory Board members. One example of such benefits is insurance coverage (D&O, accident, legal protection etc.), whereby the costs are carried by the Lenzing Group. The insurers receive total premium payments, i.e. there is no specific allocation to the Management Board and the Supervisory Board. In addition, the members of the Management Board and selected senior executives are provided with company vehicles. The members of the Management Board and the Supervisory Board are also reimbursed for certain costs incurred, above all travel expenses. The principles of the remuneration system for the Management Board and the Supervisory Board are described in detail and disclosed in the 2016 corporate governance report of the Lenzing Group.

The members of the Management Board and Supervisory Board received no advances, loans or guarantees. The Lenzing Group has not entered into any contingencies on behalf of the Management Board or Supervisory Board. Directors' dealings reports relating to the members of the Management Board and Supervisory Board are published on the Austrian Financial Market Authority website (see <http://www.fma.gv.at>).

Post-employment benefits of EUR 910 thousand (2015: EUR 74 thousand) were recognized for former members of the Management Board of Lenzing AG or their surviving dependents in the form of expenses on the income statement and allocations to other comprehensive income. The present value of the pension provision recognized in this context, after deduction of the fair value of plan assets (net obligation), amounted to EUR 7,512 thousand as at December 31, 2016 (December 31, 2015: EUR 7,305 thousand).

## Note 41. Executive bodies

### Members of the Supervisory Board

- Hanno Bästlein, Vienna, Chairman (since April 22, 2015), Deputy Chairman (up to April 22, 2015)
- Michael Junghans, Vienna, Chairman (up to April 22, 2015)
- Felix Strohbichler, Anthering, Deputy Chairman (since April 22, 2015)
- Veit Sorger, Vienna, Deputy Chairman
- Helmut Bernkopf, Vienna
- Franz Gasselsberger, Linz
- Josef Krenner, Linz
- Patrick Prügger, Vienna
- Andreas Schmidradner, Vienna (up to March 1, 2016)
- Astrid Skala-Kuhmann, Icking (Germany)

### Appointed by the Works Council

- Johann Schernberger, Regau (since September 1, 2015), Chairman of the Works Committee, Chairman of the Works Council for Waged Employees
- Rudolf Baldinger, Lenzing (up to September 1, 2015), Chairman of the Works Committee, Chairman of the Works Council for Waged Employees
- Georg Liftingner, Weyregg am Attersee, Deputy Chairman of the Works Committee, Chairman of the Works Council for Salaried Employees
- Helmut Kirchmair, Timelkam (since September 1, 2015), Deputy Chairman of the Works Council for Waged Employees
- Daniela Födinger, Seewalchen am Attersee, Deputy Chairman of the Works Council for Salaried Employees
- Franz Berlanda, Wolfsegg am Hausruck (up to March 1, 2016), Deputy Chairman of the Works Council for Waged Employees

### Members of the Management Board

- Stefan Doboczky, Seewalchen am Attersee, Chief Executive Officer (CEO), Chairman of the Management Board (since June 1, 2015)
- Robert van de Kerckhof, Mondsee, Chief Commercial Officer (CCO), Member of the Management Board
- Thomas Obendrauf, Salzburg, Chief Financial Officer (CFO), Member of the Management Board (since March 1, 2016)
- Peter Untersperger, Linz, Chief Executive Officer (CEO), Chairman of the Management Board (up to May 31, 2015)
- Thomas Riegler, Salzburg, Chief Financial Officer (CFO), Member of the Management Board (up to December 1, 2015)

# Other disclosures

## **Note 42. Financial guarantee contracts, contingent assets and liabilities, other financial obligations and legal risks**

The Lenzing Group has entered into contingent liabilities of EUR 27,905 thousand (December 31, 2015: EUR 26,962 thousand), above all to secure claims related to the sale of certain equity investments and claims by suppliers, for possible default on sold receivables (also see note 35) and for claims by third parties outside the Group. Less important contingent liabilities involve granted retentions. The reported amounts represent the maximum payment obligation from the viewpoint of the Lenzing Group, and there is only a limited potential for recoveries. The reported amount includes EUR 7,907 thousand (December 31, 2015: EUR 8,477 thousand) from financial guarantee contracts. Liabilities of EUR 154 thousand, which equal the fair value of these financial guarantee contracts, were recognized as at December 31, 2016 (December 31, 2015: EUR 148 thousand).

The Lenzing Group carries obligations for severance payments and anniversary benefits for former employees of certain sold equity investments up to the amount of the notional claims at the sale date. Provisions were recognized for these obligations as at the reporting date at an amount equal to their present value calculated in accordance with actuarial principles. Lenzing AG, in particular, has also assumed liabilities to secure third-party claims against consolidated companies; these claims are considered unlikely to be realized. The Management Board is not aware of any other financial obligations with a significant impact on the financial position and financial performance of the group.

The obligations arising from outstanding orders for intangible assets and property, plant and equipment amounted to EUR 34,913 thousand as at December 31, 2016 (December 31, 2015: EUR 21,084 thousand). The Lenzing Group has long-term purchase obligations related to raw material supplies, in particular for wood, chemicals and energy.

As an international corporation, the Lenzing Group is exposed to a variety of legal and other risks. These risks are related, above all, to product defects, competition and antitrust law, patent law, tax law, employees and environmental protection (in particular, for environmental damage at production locations). It is impossible to predict the outcome of pending or future legal proceedings, and rulings by the courts or government agencies or settlement agreements can lead to expenses that are not fully covered by insurance which could have a material impact on the group's future financial position and financial performance. Additional information is provided in the risk report of the Lenzing Group's management report as at December 31, 2016.

The Group is currently involved in various legal proceedings as a result of its operating activities, particularly in the area of patent law. The Management Board assumes the proceedings that are known at the present time will not have a significant impact on the Group's current financial position and financial performance or has created sufficient provisions for the related risks.

## Note 43. Group companies

In addition to Lenzing AG, the Lenzing Group includes the following companies (list of group companies in accordance with Section 245a Para. 1 in conjunction with Section 265 Para. 2 of the Austrian Commercial Code):

Group companies	31/12/2016			31/12/2015	
	Currency	Share capital	Share in %	Share capital	Share in %
<b>Consolidated companies:</b>					
ASIA Fiber Engineering GmbH, Vienna, Austria	EUR	36,336	100.00	36,336	100.00
Avit Investments Limited, Providenciales, Turks and Caicos	USD	2,201,000	100.00	2,201,000	100.00
Beech Investment s.r.o., Zlaté Moravce, Slovakia	EUR	6,639	100.00	6,639	100.00
Biocel Paskov a.s., Paskov, Czech Republic	CZK	280,000,000	100.00	280,000,000	100.00
BZL - Bildungszentrum Lenzing GmbH, Lenzing, Austria	EUR	43,604	75.00	43,604	75.00
Cellulose Consulting GmbH, Vienna, Austria	EUR	36,336	100.00	36,336	100.00
Energie- und Medienzentrale Heiligenkreuz GmbH, Heiligenkreuz, Austria <sup>1</sup>	EUR	-	-	72,673	100.00
Lenzing Beteiligungs GmbH, Lenzing, Austria <sup>1, 2</sup>	EUR	-	-	35,000	100.00
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200,000	100.00	200,000	100.00
Lenzing Fibers GmbH, Heiligenkreuz, Austria	EUR	363,364	100.00	363,364	100.00
Lenzing Fibers Grimsby Limited, Grimsby, UK	GBP	1	100.00	1	100.00
Lenzing Fibers Holding GmbH, Lenzing, Austria	EUR	35,000	100.00	35,000	100.00
Lenzing Fibers (Hongkong) Ltd., Hong Kong, China	HKD	16,000,000	100.00	16,000,000	100.00
Lenzing Fibers Inc., Axis, USA	USD	10	100.00	10	100.00
Lenzing Fibers Ltd., Manchester, UK	GBP	1	100.00	1	100.00
Lenzing Global Finance GmbH, Munich, Germany	EUR	25,000	100.00	25,000	100.00
Lenzing Holding GmbH, Lenzing, Austria	EUR	35,000	100.00	35,000	100.00
Lenzing Korea Yuhan Hoesa, Seoul, Republic of Korea	KRW	280,000,000	100.00	-	-
Lenzing Land Holding LLC., Dover, USA	USD	10,000	100.00	10,000	100.00
Lenzing Modi Fibers India Private Limited, Mumbai, India	INR	1,155,961,090	96.43	1,148,681,290	96.41
Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China	USD	64,440,000	70.00	64,440,000	70.00
Lenzing Singapore Pte. Ltd., Singapore, Republic of Singapore	EUR	1,000,000	100.00	-	-
Lenzing Technik GmbH, Lenzing, Austria	EUR	35,000	100.00	35,000	100.00
LP Automotive GmbH, Lenzing, Austria <sup>1</sup>	EUR	-	-	35,000	100.00
Penique S.A., Panama, Panama	USD	5,000	100.00	5,000	100.00
PT. South Pacific Viscose, Purwakarta, Indonesia <sup>3</sup>	IDR	72,500,000,000	92.85	72,500,000,000	92.85
Pulp Trading GmbH, Lenzing, Austria	EUR	40,000	100.00	40,000	100.00
Reality Paskov s.r.o., Paskov, Czech Republic	CZK	900,000	100.00	900,000	100.00
Wasserreinhaltungsverband Lenzing – Lenzing AG, Lenzing, Austria <sup>4</sup>	EUR	0	Membership	0	Membership
<b>Companies accounted for using the equity method:</b>					
<b>Associates:</b>					
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany	EUR	2,000,000	20.00	2,000,000	45.00
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing, Austria <sup>5</sup>	EUR	1,155,336	99.90	1,155,336	99.90
Lenzing Papier GmbH, Lenzing, Austria	EUR	35,000	40.00	35,000	40.00
PT. Pura Golden Lion, Jakarta, Indonesia	IDR	2,500,000,000	40.00	2,500,000,000	40.00
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Vienna, Austria	EUR	36,336	25.00	36,336	25.00
<b>Joint ventures:</b>					
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Turkey	TRY	200,000	33.34	200,000	33.34
RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria	EUR	36,336	50.00	36,336	50.00
Wood Paskov s.r.o., Paskov, Czech Republic	CZK	2,000,000	50.00	2,000,000	50.00
<b>Unconsolidated companies:</b>					
European Precursor GmbH, Kelheim, Germany <sup>6</sup>	EUR	25,000	95.00	25,000	95.00
Lenzing Engineering and Technical Services (Nanjing) Co., Ltd., Nanjing, China <sup>7</sup>	USD	2,100,000	100.00	2,100,000	100.00
Tencel Holding Limited, Manchester, UK <sup>8</sup>	GBP	1	100.00	1	100.00

**Comments:**

<sup>1)</sup> The investment in LP Automotive GmbH, Lenzing was merged into Lenzing Technik GmbH, Lenzing during 2016. The investments in Energie- und Medienzentrale Heiligenkreuz GmbH, Heiligenkreuz and Lenzing Beteiligungs GmbH, Lenzing were merged into Pulp Trading GmbH, Lenzing.

<sup>2)</sup> The reporting date is September 30, interim financial statements were prepared as at December 31, 2015.

<sup>3)</sup> Share: The share held directly by the Lenzing Group equals 88.08 percent (December 31, 2015: 88.08 percent). A further 11.92 percent of the shares are held indirectly via PT. Pura Golden Lion, Jakarta, Indonesia, an associate of the Lenzing Group. The total calculated share therefore equals 92.85 percent.

<sup>4)</sup> Explanation: The Lenzing Group participates through a membership. It holds 50 percent of the voting rights and can appoint half of the management board members. Since all assets are attributable to the respective landowner under company law, the entity is notionally a separate company (a so-called "silo structure"). Assets located on the Lenzing Group's land are therefore included in the consolidation.

<sup>5)</sup> Explanation: This investment is not included in the consolidated financial statements as a subsidiary, even though the Lenzing Group holds 99.9 percent of the voting rights in the company. In light of the given circumstances, the Lenzing Group does not control this company because its power is limited and because the returns hardly vary or can hardly be influenced by the Lenzing Group. Significant influence is exercised by the Lenzing Group over the financial and operating policies of this company, in particular through representation on management bodies and participation in decision-making processes.

<sup>6)</sup> Explanation: The company is in liquidation, which was largely completed from an economic perspective as at December 31, 2013. In accordance with the German Commercial Code, the company's equity on the liquidation balance sheet amounted to EUR minus 21,789 thousand as at December 9, 2015 (EUR minus 22,402 thousand as at December 9, 2014). The Lenzing Group does not expect any further material negative effects. This company is not included in the consolidation because it is immaterial from the Group's perspective.

<sup>7)</sup> Explanation: The company is in liquidation, which was largely completed from an economic perspective as at December 31, 2015. The company's equity in accordance with IFRS equaled EUR 529 thousand as at December 31, 2016 (EUR minus 1,314 thousand as at December 31, 2015) and the net profit/loss equaled EUR 1,795 thousand in 2016 (2015: EUR minus 1,553 thousand). The Lenzing Group does not expect any further material negative effects. This company is not included in the consolidation because it is immaterial from the Group's perspective.

<sup>8)</sup> The company is in liquidation and this process was largely completed from an economic perspective as at December 31, 2016. The company's equity in accordance with IFRS equaled EUR 0 thousand as at December 31, 2016 (EUR 1,099 thousand as at December 31, 2015) and net profit equaled EUR 6 thousand in 2016 (2015: EUR 15 thousand). The Lenzing Group does not expect any further material negative effects. This company is not included in the consolidation because it is immaterial from the Group's perspective.

## **Note 44. Significant events after the end of the reporting period**

The Lenzing Group is not aware of any significant events occurring after the reporting date on December 31, 2016 which would have resulted in a different presentation of its financial position and financial performance.

## **Note 45. Authorization of the consolidated financial statements**

These consolidated financial statements were approved on March 8, 2017 (consolidated financial statements as at December 31, 2015: March 9, 2016) by the Management Board for review by the Supervisory Board, presentation to the Annual General Meeting and subsequent publication. The Supervisory Board may require changes to the consolidated financial statements as part of its review.

Lenzing, March 8, 2017

**Lenzing Aktiengesellschaft**

**The Management Board**

**Stefan Doboczky**  
Chief Executive Officer

**Robert van de Kerkhof**  
Chief Commercial Officer

**Thomas Obendrauf**  
Chief Financial Officer

# Auditor's Report

## Report on the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at December 31, 2016 and its consolidated financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the additional requirements under section 245a UGB.

### Basis for Opinion

We conducted our audit in accordance with the Austrian Generally Accepted Auditing Standards. These professional standards require the application of the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of greatest significance to our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## **Deferred Taxes including IAS 8 Restatements**

### **Description and Issue**

Deferred tax assets of € 4.1 mn are disclosed in the consolidated statement of financial position as at December 31, 2016, of which € 0.2 mn relate to loss carryforwards. Such assets can only be recognized when future taxable profits are probable. The reliance on estimates and judgments, as well as the level of uncertainty, is therefore very high.

In 2016 it was established that deferred tax assets recognized in the consolidated financial statements as at December 31, 2014 in a production site in China of € 15.9 mn should not have been recognized. Management has retrospectively restated these deferred tax assets in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Refer to Notes 2 and 30 for the relevant disclosures.

### **Audit Response**

The recoverability of deferred tax assets relating to loss carryforwards and deductible temporary differences has been assessed based on forecasts prepared by management and approved by the supervisory board. The appropriateness of the forecast calculations was assessed with particular focus on the reconciliation between forecast profit and taxable profit. As part of our audit procedures performed, internal tax specialists were consulted in order to assess the recognition and valuation of the deferred tax positions.

## **Impairment of Assets in a Production Site in China**

### **Description and Issue**

In accordance with IAS 36 Impairment of Assets, impairment tests are required where there are any indications of impairment relating to assets or cash-generating units. On the basis of impairment tests performed in prior years, intangible assets and property, plant and equipment held in a production site in China were impaired. The carrying amount of these assets as at December 31, 2016 amounts to € 56.4 mn considering € 39.9 mn accumulated impairment losses.

Whether indications of impairment or material year-on-year changes in impaired cash-generating units exist is to a high degree dependent upon management estimates.

Refer to Note 18 for the relevant disclosures.

### **Audit Response**

During the current year, documentation prepared by the entity regarding the existence of material year-on-year changes has been critically reviewed and agreed to internal and external data sources.

## **Disposal of "EQUI-Fibres"**

### **Description and Issue**

€ 14.6 mn has been disclosed within income from investments accounted for using the equity method relating to a gain on the disposal of EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany. This gain includes € 3.7 mn contingent consideration. The remaining carrying amount of the investment as at December 31, 2016 is € 7.0 mn.

Owing to this included contingent consideration, the recognized gain on disposal is to a high degree dependent upon management estimates.

Refer to Notes 13 and 20 for the relevant disclosures.

### **Audit Response**

We have determined the reasonableness of management estimates regarding the expected contingent consideration based on forecasts and future expected profits provided to us.

## **Other Information**

Management is responsible for the other information. The other information contains all information in the annual report and the annual financial report but does not include the financial statements and consolidated financial statements, the management report and the consolidated management report and our auditor's reports thereon. The annual report and the annual financial reports are expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

The Group's management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

### Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

### Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

## Engagement Partner

The engagement partner responsible for the audit is Walter Müller.

Vienna, March 8, 2017

# Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH

**Walter Müller**

Certified Public Accountant

**Marieluise Krimmel**

Certified Public Accountant

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The report is a translation from the original auditor's report in German, which is solely valid. Publishing or transmitting of the consolidated financial statements including our audit opinion may only take place in conformity with the audit version above. This auditor's report refers only to the complete German version of the consolidated financial statements complete with the management report. Section 281, paragraph 2 of the Austrian Commercial Code applies to any other versions.

# Lenzing Group Five-Year Overview

Key earnings and profitability figures	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
<b>EUR mn</b>					
Revenue	2,134.1	1,976.8	1,864.2	1,908.9	2,090.4
EBITDA (earnings before interest, tax, depreciation and amortization)	428.3	290.1	240.3	225.4	352.4
EBITDA margin	20.1%	14.7%	12.9%	11.8%	16.9%
EBIT (earnings before interest and tax)	296.3	151.1	21.9	86.4	231.5
EBIT margin	13.9%	7.6%	1.2%	4.5%	11.1%
EBT (earnings before tax)	294.6	147.4	12.0	68.1	236.0
Net profit/loss for the year	229.1	128.1	(25.1)	50.0	180.9
Earnings per share in EUR	8.48	4.78	(0.92)	1.89	6.61
ROCE (return on capital employed)	15.1%	8.1%	(0.1%)	3.7%	13.7%
ROE (return on equity)	22.6%	13.0%	1.1%	6.0%	21.4%
ROI (return on investment)	11.8%	6.3%	0.9%	3.4%	9.3%
<b>Key cash flow figures</b>					
<b>EUR mn</b>					
Gross cash flow	385.9	284.5	230.8	94.6	248.0
Cash flow from operating activities	473.4	215.6	218.8	82.3	209.4
Free cash flow	366.3	145.0	114.8	(163.9)	(109.1)
CAPEX	107.2	70.9	104.3	248.7	319.6
Liquid assets as at 31/12	570.4	355.3	280.3	296.0	528.8
Unused credit facilities as at 31/12	217.7	190.9	198.5	296.2	211.2
<b>Key balance sheet figures</b>					
<b>EUR mn as at 31/12</b>					
Total assets	2,625.3	2,410.6	2,359.2	2,439.9	2,632.7
Adjusted equity	1,390.5	1,218.6	1,054.9	1,109.6	1,153.1
Adjusted equity ratio	53.0%	50.6%	44.7%	45.5%	43.8%
Net financial debt	7.2	327.9	449.5	504.7	346.3
Net financial debt / EBITDA	0.0	1.1	1.9	2.2	1.0
Net debt	115.8	424.5	552.5	582.0	445.5
Net gearing	0.5%	26.9%	42.6%	45.5%	30.0%
Trading working capital	379.6	447.4	395.7	393.7	363.8
Trading working capital to annualized group revenue ratio	17.1%	21.6%	19.5%	21.3%	17.4%
<b>Key stock market figures</b>					
<b>EUR mn</b>					
Market capitalization in mn as at 31/12	3,053.3	1,846.6	1,400.2	1,105.4	1,811.2
Share price as at 31/12	115.00	69.55	52.74	41.64	68.22
Dividend per share	4.20 <sup>2</sup>	2.00	1.00	1.75	2.00
<b>Employees</b>					
<b>2016</b>					
Number (headcount) as at 31/12	6,218	6,127	6,356	6,675	7,033

<sup>1)</sup> Error correction in accordance with IAS 8 (see note 2).

<sup>2)</sup> Based on the proposed distribution of profits.

The above financial indicators are derived primarily from the IFRS consolidated financial statements of the Lenzing Group. Additional details are provided in the section „Notes on the financial performance indicators of the Lenzing Group“, in the glossary to the Annual Report and in the consolidated financial statements of the Lenzing Group. Rounding differences can occur in the presentation of rounded amounts and percentage rates.

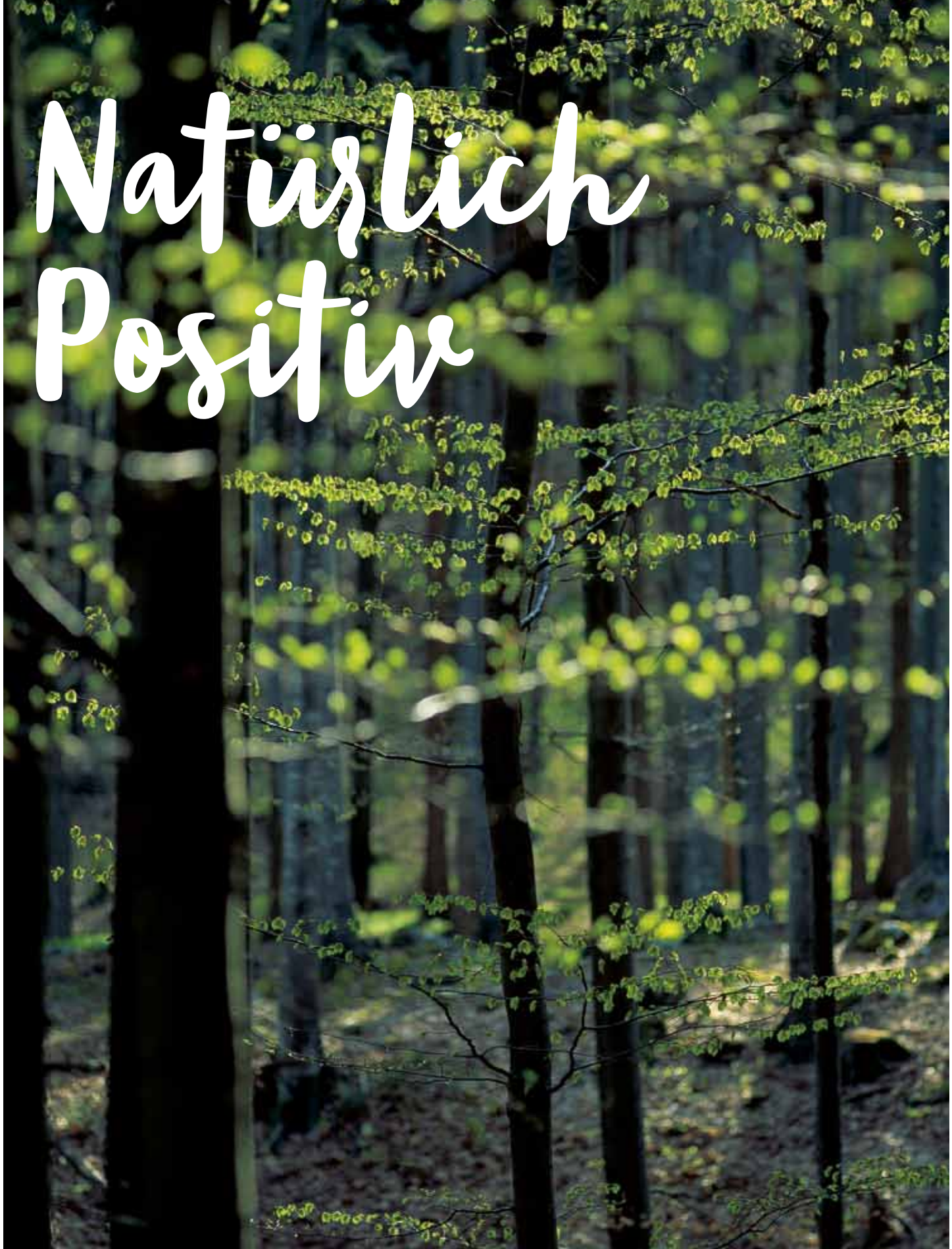
# Financial calendar 2017

## Publication Financial Calendar (acc. to Prime market regulation)

2017

Final results 2016	Wed, 22 March
Record Date "Annual General Meeting"	Sat, 15 April
73rd Annual General Meeting	Tue, 25 April
Quotation ex dividend	Thu, 27 April
Record Date "Dividends"	Fri, 28 April
Dividend distribution	Tue, 02 May
Results 1st quarter	Tue, 16 May
Half-year results	Wed, 23 August
Results 3rd quarter	Wed, 15 November





# Natürlich Positiv

Geschäftsbericht 2016  
Lenzing AG

[lenzing.com](http://lenzing.com)



LEADING FIBER INNOVATION

# Lagebericht 2016

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# Allgemeines Marktumfeld

## Weltwirtschaft

Die Weltwirtschaft<sup>1</sup> war im Jahr 2016 – von wenigen Ausnahmen abgesehen – durch eine gedämpfte Entwicklung gekennzeichnet. Nach den Schätzungen des Internationalen Währungsfonds (IWF) lag das globale Wirtschaftswachstum bei 3,1 Prozent nach 3,2 Prozent ein Jahr zuvor und entspricht damit der geringsten Zunahme seit dem konjunkturellen Abschwung im Jahr 2009. In den Schwellen- und Entwicklungsländern blieb das Wachstum mit 4,1 Prozent stabil, während jenes der Industriestaaten auf 1,6 Prozent (2015: 2,1 Prozent) zurückging.

In China sank das Wirtschaftswachstum von 6,9 Prozent auf 6,7 Prozent. Brasilien blieb mit minus 3,5 Prozent (2015: minus 3,8 Prozent) weiterhin in der Rezession. Die negative Konjunktur-entwicklung in Russland verbesserte sich hingegen etwas von minus 3,7 Prozent auf minus 0,6 Prozent. Indien verzeichnete eine spürbare Abschwächung von 7,6 Prozent auf 6,6 Prozent. In den USA legte das Bruttoinlandsprodukt 2016 um 1,6 Prozent zu und entwickelte sich damit deutlich schwächer als ein Jahr zuvor (2015: 2,6 Prozent). Die Eurozone erreichte 2016 ein Plus von 1,7 Prozent, das ist ebenfalls ein Rückgang gegenüber dem Zuwachs von 2 Prozent im Jahr davor.

## Welfasermarkt

### Welfaserproduktion deutlich gestiegen, Verbrauchswachstum verlangsamt<sup>2</sup>

Nach einem Rückgang im Jahr 2015 legte die Welfaserproduktion nach ersten Schätzungen im Kalenderjahr 2016 wieder um 3,6 Prozent auf 97,8 Mio. Tonnen zu. Der Verbrauchsanstieg hat sich hingegen verlangsamt. Die Nachfrage stieg nach vorläufigen Berechnungen um 1,5 Prozent (nach plus 3,7 Prozent im Jahr 2015) auf 99 Mio. Tonnen.

Hauptursache für den geringeren Zuwachs beim Verbrauch war die Abschwächung des privaten Konsums in den Industrieländern. Diesen Rückgang konnte auch das anhaltend gute Verbrauchswachstum in Asien nicht kompensieren. Trotz des Produktionswachstums lag die Produktionsmenge nun das zweite Jahr in Folge unter dem Verbrauch, da der Markt weiterhin von überaus hohen Baumwollagerbeständen, insbesondere in China, und Überkapazitäten bei den synthetischen Fasern geprägt war.

Getragen wurde das Produktionswachstum des Gesamtmarktes im Berichtsjahr primär von Baumwolle, bei der es – nach einem historischen Einbruch der Produktion von etwa 20 Prozent im Jahr 2015 – zu einer technischen Reaktion und einem Produktionsplus von mehr als 8 Prozent auf 22,8 Mio. Tonnen im Jahr 2016 kam. Damit wurde erstmals seit 2011 wieder mehr Baumwolle im Jahresvergleich produziert.

## Überblick der Faserarten am Weltmarkt

### Fasern

#### aus synthetischen Polymeren

Polyester, Polyamid, Polypropylen, Polyurethan (Elastan), Acryl, Polytetrafluorethylen

#### aus natürlichen Polymeren

##### aus Eiweiß

Wolle, Seide, Angora, Kaschmir, Kasein, Kollagen, Ardein, Zein etc.

##### aus Cellulose

##### Baumwolle & Bastfasern

Baumwolle, Leinen, Hanf, Jute etc.

##### Holz basiert

Viscose, Modal, Lyocell, Cupro etc.

#### aus anorganischen Substanzen

Carbon, Keramik, Glas, Metall

Ein weiterer wesentlicher Wachstumstreiber waren einmal mehr auch holzbasierte Cellulosefasern. Eine Produktionsmenge in Höhe von 6,5 Mio. Tonnen weltweit bedeutet eine Steigerung von 4,3 Prozent gegenüber dem Vorjahr. Damit lag das Wachstum holzbasierter Cellulosefasern nicht nur über dem des Gesamtmarktes. Der Markt wuchs auch beinahe doppelt so schnell wie jener der synthetischen Chemiefasern. Die Produktion des gemessen am Marktanteil größten Fasersegmentes legte im Geschäftsjahr 2016 lediglich um 2,2 Prozent auf 62,1 Mio. Tonnen zu. Die Produktion der sonstigen Naturfasern (Eiweiß) stagnierte hingegen bei 5,2 Mio. Tonnen.

### Baumwollnachfrage höher als Produktion, Lagerbestände trotz Rückgang weiterhin hoch<sup>3</sup>

Die aktuelle Saison 2016/17 in der Baumwollproduktion wird erneut von einem Nachfrageüberhang gekennzeichnet sein. Bei einem nahezu gleichbleibenden Verbrauch von Baumwolle in der Höhe von 24,1 Mio. Tonnen und einer Steigerung der Produktion um 8 Prozent auf 22,8 Mio. Tonnen wird eine weitere Reduktion der Lagerbestände erwartet. Die Lagerbestände sollten mit knapp 18 Mio. Tonnen auf den niedrigsten Stand der vergangenen 5 Jahre fallen, decken damit aber immer noch gut 75 Prozent des Jahresbedarfs von Baumwolle.

Die Produktion wird derzeit in 4 der 5 führenden Anbaunationen – Indien, China, USA, Pakistan und Brasilien – ausgeweitet. Die einzige Ausnahme stellt China dar. Hier setzt sich der langfristige Rückgang fort und die Erntemenge wird auf den niedrigsten Stand seit gut 15 Jahren fallen. Trotzdem wird der Marktanteil dieser Gruppe auf über 75 Prozent der globalen Produktion ansteigen.

<sup>1</sup> Quelle: IWF, World Economic Outlook, 16. Jänner 2017

<sup>2</sup> Alle Produktionszahlen in diesem Kapitel wurden gegenüber den im Geschäftsbericht 2015 angeführten ersten Schätzungen aktualisiert. Quellen: International Cotton Advisory Committee (ICAC), IWF, Cotton Outlook, CCF Group (China Chemical Fibers and Textiles Consulting), Food and Agriculture Organization (FAO).

<sup>3</sup> Quelle: ICAC Jänner 2017

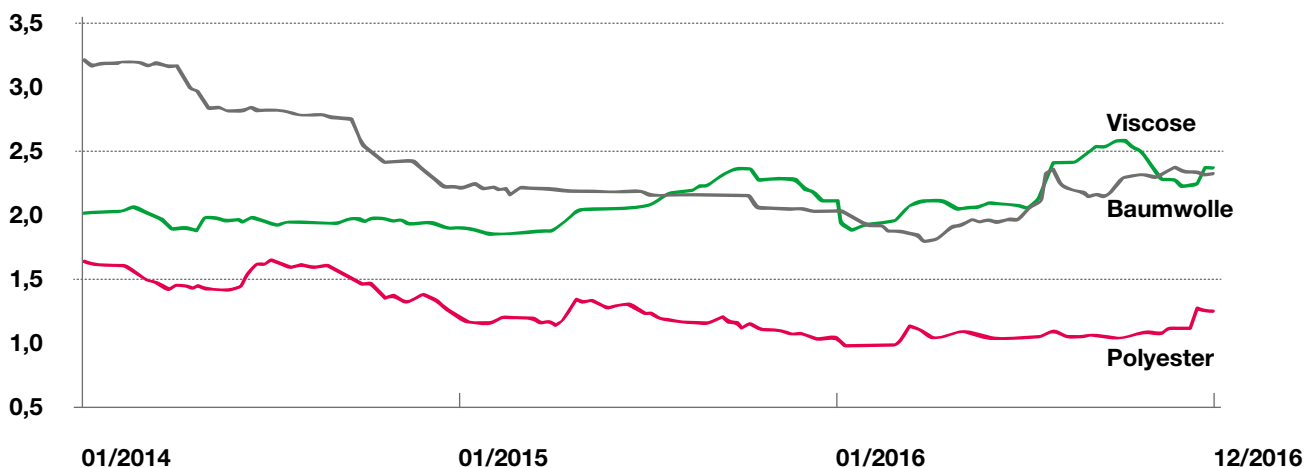
Der durchschnittliche Preis für Baumwolle gemessen am Cotlook-A-Index belief sich 2016 auf USD 74,3 Cent pro Pfund und lag damit 5,5 Prozent über dem Vorjahresniveau. Das Potenzial für Preissteigerungen bei Baumwolle bleibt jedoch begrenzt aufgrund der weiterhin überproportional hohen Lagerbestände.

#### Viscosefasern erneut mit positivem Preisverlauf 2016

Die Preise für Viscose haben sich im Jahresdurchschnitt um 7 Prozent verbessert. Damit konnte das Preisniveau wie bereits im Jahr 2015 angehoben werden. Erstmals nach zweijährigem Rückgang stieg auch das jahresbezogene Preisniveau von Baumwolle, die Polyesterpreise hingegen gaben im Jahresdurchschnitt das fünfte Jahr in Folge nach. Der Rückgang im Jahr 2016 betrug fast 9 Prozent. Aufgrund der Ölpreisentwicklung ist mit keinem signifikanten Potenzial für Preissteigerungen bei Synthefasern zu rechnen. Bestätigt hat sich im Jahr 2016 erneut der langjährige Trend eines Premiumpreises von Viscose gegenüber Baumwolle.

#### Stapelfaserpreise – Entwicklung in China

USD/kg (inkl. USt.)



## Geschäftsentwicklung der Lenzing AG<sup>4</sup>

**Die Lenzing AG** verzeichnete im Geschäftsjahr 2016 eine ausgezeichnete Entwicklung und konnte sich im Vergleich zum Vorjahr bei allen wesentlichen betriebswirtschaftlichen und bilanziellen Kennzahlen verbessern. Entscheidend dafür waren neben einer leichten Steigerung der verkauften Mengen vor allem die deutlich höheren Verkaufspreise für alle Lenzing Fasern.

Die Umsatzerlöse legten um 15,7 Prozent zu und stiegen von EUR 824,6 Mio. im Geschäftsjahr 2015 auf EUR 954,1 Mio. im Jahr 2016. Der Bestand an fertigen und unfertigen Erzeugnissen hat sich im Vergleich zum Vorjahr kaum verändert. Die aktivierten

Eigenleistungen stiegen um rund die Hälfte von EUR 6,6 Mio. auf EUR 9,4 Mio. Grund dafür sind zahlreiche kleinere Erweiterungsinvestitionen.

Die Steigerung der Aufwendungen für Material und sonstige bezogene Herstellungsleistungen um 5,9 Prozent von EUR 426,2 Mio. auf EUR 451,5 Mio. ist auf den Preisanstieg bei Zellstoff und auf die gestiegenen Produktionsmengen zurückzuführen. Auch andere Rohstoffkosten sind leicht gestiegen.

Der Personalaufwand erhöhte sich um 20,7 Prozent von EUR 178 Mio. auf EUR 214,8 Mio., wobei hier sowohl der Mitarbeiteraufbau, höhere Aufwendungen aus der Kollektivvertragsrunde sowie höhere Bonusrückstellungen für alle Mitarbeiter/innen aufgrund der guten

<sup>4</sup> Die dargestellten Finanzkennzahlen sind weitgehend aus dem Jahresabschluss der Lenzing AG nach UGB abgeleitet und werden in den folgenden Abschnitten 4.2 und 4.3 näher definiert und erläutert.

Geschäftsentwicklung und Bewertungseffekte für Rückstellungen für Pensionen und Abfertigungen zur Erhöhung beitragen. Diese höheren bilanziellen Vorsorgen waren vor allem auf die gesunkenen Zinsen zurückzuführen.

Das EBITDA erhöhte sich um 59,7 Prozent auf EUR 172,6 Mio., nach EUR 108,1 Mio. im Vorjahreszeitraum. Die EBITDA-Marge legte somit von 13,1 Prozent im Jahr 2015 auf 18,1 Prozent im Jahr 2016 zu.

Die Höhe der Abschreibungen liegt mit EUR 58,8 Mio. (2015: EUR 57,9 Mio.) nur geringfügig über dem Vorjahresniveau. Die sonstigen betrieblichen Aufwendungen stiegen um 6,6 Prozent von EUR 129,2 Mio. im Jahr 2015 auf EUR 137,7 Mio. an. Daraus ergibt sich für 2016 ein mehr als verdoppeltes EBIT von EUR 113,8 Mio. (2015: EUR 50,3 Mio.) und eine EBIT-Marge von 11,9 Prozent (2015: 6,1 Prozent).

Ebenfalls deutlich verbessert hat sich das Finanzergebnis. Dieses verdoppelte sich von EUR 25 Mio. im Vorjahreszeitraum auf EUR 50,6 Mio. im Berichtsjahr. Dieser Anstieg ist im Wesentlichen auf den Buchgewinn aus dem Teilverkauf der Beteiligung am Viscosefaserhersteller EQUI-Fibres in Deutschland zurückzuführen. Der Anteil der Beteiligung wurde von 45 auf 20 Prozent reduziert.

Das Ergebnis vor Steuern legte mit EUR 164,4 Mio. nach EUR 75,2 Mio. im Vorjahreszeitraum um mehr als das Doppelte zu. Der Jahresüberschuss stieg von EUR 66,2 Mio. auf EUR 157,6 Mio. Nach einer Zuweisung zu Gewinnrücklagen in Höhe von EUR 46 Mio., kam der Bilanzgewinn der Lenzing AG bei EUR 111,5 Mio. (2015: EUR 53,1 Mio.) zu liegen.

Die Investitionen in immaterielle Vermögensgegenstände und Sachanlagen (CAPEX) stiegen im Jahr 2016 um 30,8 Prozent auf EUR 64,9 Mio. (2015: EUR 49,6 Mio.). Der Zuwachs verteilt sich auf mehrere Ausbauprojekte, die 2016 beschlossen wurden und angelaufen sind, um die Kapazitäten für die Zellstoff- und Spezialfaserproduktion zu erweitern.

Die Eigenkapitalrentabilität (ROE) verbesserte sich deutlich von 12,3 Prozent auf 23,9 Prozent. Aufgrund des höheren EBIT stieg auch die Gesamtkapitalrentabilität (ROI) im Jahresvergleich von 3,8 Prozent auf 8,1 Prozent und das Ergebnis auf das eingesetzte Kapital (ROCE) erhöhte sich von 6,3 Prozent auf 13,7 Prozent.

# Bilanzstruktur und Liquidität<sup>5</sup>

**Das bereinigte Eigenkapital** der Lenzing AG lag zum Bilanzstichtag 31. Dezember 2016 bei EUR 741 Mio. und damit um 17,2 Prozent höher als im Jahr zuvor (EUR 632,2 Mio.). Damit betrug die bereinigte Eigenkapitalquote zu Jahresende 2016 51,1 Prozent der Bilanzsumme (Vorjahreswert: 46,9 Prozent). Die Nettofinanzverschuldung konnte auf EUR 131,8 Mio. weiter stark reduziert werden nach EUR 260,2 Mio. Ende 2015. Das Verhältnis Nettofinanzverschuldung zu EBITDA sank damit von 2,4 Ende 2015 auf 0,8 Ende 2016. Die Verbindlichkeiten aus Schuldscheindarlehen wurden aufgrund planmäßiger Rückzahlungen um EUR 40,5 Mio. von EUR 237,5 Mio. auf EUR 197 Mio. gesenkt. Die Verbindlichkeiten gegenüber Kreditinstituten verringerten sich ebenfalls leicht von EUR 24,9 Mio. auf EUR 19,5 Mio. Das Net Gearing sank daher weiter auf 17,8 Prozent gegenüber 41,2 Prozent Ende 2015.

Die Forderungen und sonstigen Vermögensgegenstände legten von EUR 172,4 Mio. Ende 2015 auf EUR 199,4 Mio. zum Bilanzstichtag 2016 zu. Das Trading Working Capital sank erneut leicht von auf EUR 146,8 Mio. auf EUR 139,8 Mio. Ende 2016. Das Verhältnis Trading Working Capital zu Umsatzerlösen fiel auf 14,7 Prozent (Ende 2015: 17,8 Prozent).

Der Cashflow aus der Geschäftstätigkeit hat sich auf EUR 207,4 Mio. mehr als verdoppelt (2015: EUR 94,6 Mio.), der Cashflow aus der Investitionstätigkeit belief sich auf minus EUR 27 Mio. (2015: minus EUR 31,5 Mio.) und der Cashflow aus der Finanzierungstätigkeit betrug aufgrund der Schuldentilgung und der Auszahlung der Dividende minus EUR 100,1 Mio. (2015: minus EUR 4,1 Mio.). Damit stiegen die liquiden Mittel – vor allem infolge des deutlich höheren Cashflow aus der Geschäftstätigkeit – auf EUR 281,6 Mio. nach EUR 201,4 Mio. Ende 2015. Zu Jahresende 2016 standen darüber hinaus offene, ungenutzte Kreditlinien in Höhe von EUR 196,5 Mio. zur Verfügung (Ende 2015: EUR 190,9 Mio.).

Die Lenzing AG kommt ihren Zahlungsverpflichtungen zeitgerecht nach. Die Gesellschaft verfügt über eine solide Liquiditäts- und Eigenkapitalbasis sowie eine ausgewogene Bilanzstruktur. Zusätzlich bestehen ausreichende Liquiditätslinien bei verschiedenen Banken, die jederzeit zur Finanzierung bereitstehen.

**Insgesamt sind dem Vorstand der Lenzing AG zum Bilanzstichtag 31. Dezember 2016 keine Risiken bekannt, die den Bestand des Unternehmens im Geschäftsjahr 2017 gefährden könnten.**

<sup>5</sup> Die dargestellten Finanzkennzahlen sind weitgehend aus dem Jahresabschluss der Lenzing AG nach UGB abgeleitet und werden in den folgenden Abschnitten 4.2 und 4.3 näher definiert und erläutert.

# Kennzahlen der Lenzing AG

**Die dargestellten Finanzkennzahlen** sind weitgehend aus dem Jahresabschluss der Lenzing AG nach UGB abgeleitet. Bei der Darstellung von gerundeten Beträgen und Prozentangaben können Rundungsdifferenzen auftreten.

## Kennzahlen

Ergebnis- und Rentabilitätskennzahlen	2016	2015 <sup>1</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Umsatzerlöse	954,1	824,6	729,0
EBITDA (Betriebsergebnis vor Abschreibungen)	172,6	108,1	118,0
EBITDA-Marge in %	18,1%	13,1%	16,2%
EBIT (Betriebsergebnis)	113,8	50,3	64,8
EBIT-Marge in %	11,9%	6,1%	8,9%
Ergebnis vor Steuern	164,4	75,2	58,8
Jahresüberschuss	157,6	66,1	44,5
ROE in %	23,9%	12,3%	10,0%
ROI in %	8,1%	3,8%	5,0%
ROCE (Ergebnis auf das eingesetzte Kapital in %)	13,7%	6,3%	7,8%
<b>Bilanzkennzahlen</b>	<b>2016</b>	<b>2015<sup>1</sup></b>	<b>2014</b>
	EUR Mio.	EUR Mio.	EUR Mio.
Bereinigtes Eigenkapital am Bilanzstichtag	741,0	632,2	590,8
Bereinigte Eigenkapitalquote in %	51,1%	46,9%	45,6%
Nettofinanzverschuldung am Bilanzstichtag	131,8	260,2	297,8
Nettofinanzverschuldung / EBITDA	0,8	2,4	2,5
Net Gearing in % am Bilanzstichtag	17,8%	41,2%	50,4%
Nettoverschuldung am Bilanzstichtag	220,8	340,9	383,4
Trading Working Capital	139,8	146,8	147,2
Trading Working Capital zu Umsatzerlösen	14,7%	17,8%	20,2%

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

Cashflow-Kennzahlen	2016	2015	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Cashflow aus der Geschäftstätigkeit	207,4	94,6	144,2
Cashflow aus der Investitionstätigkeit	-27,0	-31,5	-68,7
Cashflow aus der Finanzierungstätigkeit	-100,1	-4,1	-70,2
Veränderung der liquiden Mittel	80,2	59,0	5,2
Anfangsbestand liquide Mittel	201,4	142,4	137,1
Endbestand liquide Mittel	281,6	201,4	142,4
Ungenutzte Kreditlinien per 31.12.	196,5	190,9	198,0
CAPEX	64,9	49,6	75,5
<b>Börsenkennzahlen</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Grundkapital am Bilanzstichtag in EUR Mio.	27,6	27,6	27,6
Anzahl der Aktien am Bilanzstichtag in Stk.	26.550.000	26.550.000	26.550.000
Börsenkapitalisierung in EUR Mio.	3.053,3	1.846,6	1.400,2
Aktienkurs am Bilanzstichtag in EUR	115,00	69,55	52,74

## Definitionen der Finanzkennzahlen

Definition und Ableitung von im Lagebericht verwendeten Finanzkennzahlen, die nicht direkt im Jahresabschluss nach österreichischem Unternehmensgesetzbuch (UGB) dargestellt sind:

- **Bereinigtes Eigenkapital** Eigenkapital zuzüglich Zuschüsse der öffentlichen Hand<sup>7</sup> abzüglich anteilige Ertragsteuern.
- **Bereinigte Eigenkapitalquote** Prozent-Verhältnis bereinigtes Eigenkapital zur Bilanzsumme.
- **Bilanzsumme** Summe aus Anlage- und Umlaufvermögen sowie Rechnungsabgrenzungsposten und Aktive latente Steuern<sup>6</sup> bzw. der Summe aus Eigenkapital, Zuschüsse der öffentlichen Hand<sup>7</sup>, Rückstellungen und Verbindlichkeiten sowie Rechnungsabgrenzungsposten. Die genaue Ableitung ist aus der Bilanz ersichtlich.
- **Börsenkapitalisierung bzw. Marktkapitalisierung** Gewichtete durchschnittliche Anzahl der Aktien multipliziert mit dem Aktienkurs zum Stichtag.
- **CAPEX** Capital expenditures; entspricht den Investitionen in immaterielle Vermögensgegenstände und Sachanlagen. Er wird im Cashflow dargestellt.
- **Capital Employed** Bilanzsumme abzüglich nicht verzinsliches Fremdkapital abzüglich Kassenbestand, Guthaben bei Kreditinstituten, abzüglich Wertpapiere des Umlaufvermögens und abzüglich Finanzanlagen.
- **Cashflow** Berechnung erfolgt auf Basis des Fachgutachtens der Kammer der Wirtschaftstreuhänder KFS/BW2 über die Geldflussrechnung als Ergänzung des Jahresabschlusses und Bestandteil des Konzernabschlusses.
- **EBITDA (Betriebsergebnis vor Abschreibungen)** Earnings before interest, taxes, depreciation and amortization; EBIT (Betriebsergebnis) zuzüglich Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen abzüglich Erträge aus der Zuschreibung zum Anlagevermögen mit Ausnahme der Finanzanlagen abzüglich Auflösung Investitionszuschüsse der öffentlichen Hand.
- **EBITDA-Marge** Prozent-Verhältnis EBITDA (Betriebsergebnis vor Abschreibungen) zu den Umsatzerlösen.
- **EBIT (Betriebsergebnis)** Earnings before interest and taxes; Zwischensumme aus Ziffer 1 bis 8 lt. Gewinn- und Verlustrechnung.
- **EBIT-Marge** %-Verhältnis EBIT zu den Umsatzerlösen.
- **Finanzergebnis** Zwischensumme aus Ziffer 10 bis 15 lt. Gewinn- und Verlustrechnung.
- **Liquide Mittel** Kassenbestand, Guthaben bei Kreditinstituten.
- **Nettofinanzverschuldung** Net financial debt; Verzinsliches Fremdkapital ohne Sozialkapital abzüglich Kassenbestand, Guthaben bei Kreditinstituten und Wertpapiere des Umlaufvermögens.
- **Nettofinanzverschuldung / EBITDA** Nettofinanzverschuldung im Verhältnis zum EBITDA.
- **Net Gearing** %-Verhältnis Nettofinanzverschuldung zum bereinigten Eigenkapital.
- **Nettoverschuldung** Net debt; Verzinsliches Fremdkapital abzüglich Kassenbestand, Guthaben bei Kreditinstituten und Wertpapiere des Umlaufvermögens.
- **Nicht verzinsliches Fremdkapital** Verbindlichkeiten aus Lieferungen und Leistungen zuzüglich Verbindlichkeiten gegenüber Unternehmen mit Beteiligungsverhältnis zuzüglich Verbindlichkeiten gegenüber verbundenen Unternehmen aus Lieferungen und Leistungsverrechnungen zuzüglich sonstiger

Verbindlichkeiten zuzüglich anteiliger latenter Steuern auf Zuschüsse der öffentlichen Hand<sup>7</sup> zuzüglich Rückstellungen ohne Sozialkapital zuzüglich passiver Rechnungsabgrenzungsposten.

- **NOPAT** Net operating profit after tax; (EBIT) Betriebsergebnis abzüglich anteilige laufende Steuern vom Einkommen und vom Ertrag (auf das EBIT).
- **ROCE (Ergebnis auf das eingesetzte Kapital)** Return on capital employed; %-Verhältnis NOPAT zum durchschnittlichen Capital Employed (Durchschnitt aus 01.01. und 31.12.).
- **ROE (Eigenkapitalrentabilität)** Return on equity; %-Verhältnis Ergebnis vor Steuern zum durchschnittlich bereinigten Eigenkapital (Durchschnitt aus 01.01. und 31.12.).
- **ROI (Gesamtkapitalrentabilität)** Return on investment; %-Verhältnis EBIT (Betriebsergebnis) zur durchschnittlichen Bilanzsumme (Durchschnitt aus 01.01. und 31.12.).
- **Sozialkapital** Rückstellungen für Pensionen und Abfertigungen.
- **Trading Working Capital** Vorräte zuzüglich Forderungen aus Lieferungen und Leistungen, Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht sowie Forderungen gegenüber verbundenen Unternehmen aus Lieferungen und Leistungsverrechnungen abzüglich Verbindlichkeiten aus Lieferungen und Leistungen, Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht sowie Verbindlichkeiten gegenüber verbundenen Unternehmen aus Lieferungen und Leistungsverrechnungen.
- **Trading Working Capital zu Umsatzerlösen** %-Verhältnis Trading Working Capital zu den Umsatzerlösen des Geschäftsjahres.
- **Verzinsliches Fremdkapital**
- Anleihen, Verbindlichkeiten aus Schuldscheindarlehen, Verbindlichkeiten gegenüber Kreditinstituten, sonstige zinstragende Verbindlichkeiten, Verbindlichkeiten gegenüber verbundenen Unternehmen aus verzinslichen Darlehen und Rückstellungen für Sozialkapital.

## Erläuterungen zu den Finanzkennzahlen

Nachfolgend werden die zentralen Finanzkennzahlen der Lenzing AG näher erläutert. Sie sind weitgehend aus dem Jahresabschluss der Lenzing AG nach UGB abgeleitet.

Der Vorstand ist der Meinung, dass diese Finanzkennzahlen nützliche Informationen über die wirtschaftliche Lage der Lenzing AG vermitteln, da sie unternehmensintern verwendet werden und meist auch einen hohen Stellenwert bei externen Adressaten aufweisen (insbesondere bei Investor/innen, Banken und Analyst/innen).

### EBITDA, EBITDA-Marge, EBIT und EBIT-Marge

Das EBITDA und das EBIT werden in der Lenzing AG als Maßstäbe für die operative Ertragskraft und Profitabilität (Performance) vor Abschreibungen und nach Abschreibungen verwendet. Auf Grund ihrer Bedeutung - auch für die externen Adressaten - werden diese Kennzahlen ermittelt und zum Vergleich der Margen im Verhältnis zu den Umsatzerlösen (als EBITDA-Marge bzw. EBIT-Marge bezeichnet) dargestellt.

<sup>6</sup> In 2016 sind die aktiven latenten Steuern erstmals enthalten. Durch die geänderten Vorgaben des RÄG 2014 ist dieser gesonderte Bilanzposten ab 1. Jänner 2016 verpflichtend (Details siehe Anhang).

<sup>7</sup> In 2014 sind auch die unversteuerten Rücklagen enthalten. Durch die geänderten Vorgaben des RÄG 2014 ist dieser gesonderte Bilanzposten ab 31. Dezember 2015 entfallen (Details siehe Anhang).

EBITDA	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
EBIT (Betriebsergebnis)	113,8	50,3	64,8
+ Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	59,4	58,3	53,8
- Auflösung Investitionszuschüsse der öffentlichen Hand	-0,5	-0,4	-0,6
<b>EBITDA</b>	<b>172,6</b>	<b>108,1</b>	<b>118,0</b>
/ Umsatzerlöse	954,1	824,6	729,0
<b>EBITDA-Marge in %</b>	<b>18,1%</b>	<b>13,1%</b>	<b>16,2%</b>
EBIT	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
EBIT (Betriebsergebnis)	113,8	50,3	64,8
/ Umsatzerlöse	954,1	824,6	729,0
<b>EBIT-Marge in %</b>	<b>11,9%</b>	<b>6,1%</b>	<b>8,9%</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

## CAPEX

Der CAPEX wird in der Lenzing AG als Maßstab für die Höhe von Investitionen in immaterielle Vermögensgegenstände und Sachanlagen verwendet. Er wird im Cashflow dargestellt.

## Bereinigtes Eigenkapital am Bilanzstichtag und bereinigte Eigenkapitalquote

Das bereinigte Eigenkapital wird in der Lenzing AG als Maßstab für die Unabhängigkeit gegenüber Fremdkapitalgebern und die Fähigkeit neues Kapital aufzunehmen verwendet (Finanzkraft). Es enthält neben dem Eigenkapital nach UGB auch die Zuschüsse der öffentlichen Hand<sup>7)</sup> abzüglich anteiliger Ertragsteuern. Es wird zum Vergleich mit dem Eigen- und Fremdkapital in das Verhältnis zur Bilanzsumme gesetzt. Diese Kennzahl (bzw. ähnliche Kennzahlen) wird (werden) gelegentlich als Financial Covenant(s) mit Fremdkapitalgebern vereinbart.

Bereinigtes Eigenkapital	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Eigenkapital	730,5	625,3	573,2
+ Zuschüsse der öffentlichen Hand	14,0	9,3	7,4
+ Unversteuerte Rücklagen	0,0	0,0	16,1
- 25% anteilige Ertragsteuern	-3,5	-2,3	-5,9
<b>Bereinigtes Eigenkapital am Bilanzstichtag</b>	<b>741,0</b>	<b>632,2</b>	<b>590,8</b>
/ Bilanzsumme	1.449,2	1.348,5	1.296,8
<b>Bereinigte Eigenkapitalquote in %</b>	<b>51,1%</b>	<b>46,9%</b>	<b>45,6%</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

## Kapitalrentabilität (ROE, ROI und ROCE)

Der ROCE (Ergebnis auf das eingesetzte Kapital) wird in der Lenzing AG als Maßstab für die Rendite (Verzinsung) auf das im Geschäftsbetrieb eingesetzte Kapital (das Capital Employed) verwendet. Sie ist zudem wichtig für externe Adressaten. Der ROE (Eigenkapitalrentabilität) und der ROI (Gesamtkapitalrentabilität) sind Rentabilitätskennzahlen, die die Ertragskraft der Lenzing AG messen sollen.

ROCE (Ergebnis auf das eingesetzte Kapital)	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Betriebsergebnis (EBIT)	113,8	50,3	64,8
- Anteilige laufende Steuern vom Einkommen und vom Ertrag (auf das EBIT)	-28,1	-11,1	-16,1
<b>NOPAT</b>	<b>85,7</b>	<b>39,1</b>	<b>48,7</b>
/ Durchschnittliches Capital Employed	625,2	616,4	625,8
<b>ROCE (Ergebnis auf das eingesetzte Kapital)</b>	<b>13,7%</b>	<b>6,3%</b>	<b>7,8%</b>
Anteilige laufende Steuern vom Einkommen und vom Ertrag (auf das EBIT)	-28,1	-11,1	-16,1
Anteilige laufende Steuern vom Einkommen und vom Ertrag (auf das Finanzergebnis)	-0,5	1,9	1,7
<b>laufende Steuern vom Einkommen und vom Ertrag</b>	<b>-28,6</b>	<b>-9,2</b>	<b>-14,4</b>
Bilanzsumme	1.449,2	1.348,5	1.296,8
- Verbindlichkeiten aus Lieferungen und Leistungen	-42,7	-44,3	-46,0
- Verbindlichkeiten gegenüber verbundenen Unternehmen (LuL)	-16,4	-11,8	-8,1
- Sonstige Verbindlichkeiten	-41,7	-33,4	-29,3
- Anteilige Ertragsteuern auf Zuschüsse der öffentlichen Hand	-3,5	-2,3	-1,8
- Anteilige Ertragsteuern auf unversteuerte Rücklagen	0,0	0,0	-4,0
- Rückstellungen	-175,7	-152,5	-154,3
+ Rückstellungen für Abfertigungen und Pensionen (Sozialkapital)	89,0	80,7	85,6
- Passiver Rechnungsabgrenzungsposten	-0,5	-0,5	-0,2
- Kassenbestand, Guthaben bei Kreditinstituten	-281,6	-201,4	-142,4
- Finanzanlagen	-339,1	-369,5	-377,0
<b>Stand 31.12.</b>	<b>637,0</b>	<b>613,5</b>	<b>619,3</b>
<b>Stand 01.01</b>	<b>613,5</b>	<b>619,3</b>	<b>632,2</b>
<b>Durchschnittliches Capital Employed</b>	<b>625,2</b>	<b>616,4</b>	<b>625,8</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

<sup>7)</sup> In 2014 sind auch die unversteuerten Rücklagen enthalten. Durch die geänderten Vorgaben des RÄG 2014 ist dieser gesonderte Bilanzposten ab 31. Dezember 2015 entfallen (Details siehe Anhang).



Durchschnittliches bereinigtes Eigenkapital	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Bereinigtes Eigenkapital 31.12.	741,0	632,2	590,8
Bereinigtes Eigenkapital 01.01	632,2	590,8	590,5
<b>Durchschnittliches bereinigtes Eigenkapital</b>	<b>686,6</b>	<b>611,5</b>	<b>590,6</b>
ROE (Eigenkapitalrentabilität)	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Ergebnis vor Steuern	164,4	75,2	58,8
/ Durchschnittliches bereinigtes Eigenkapital	686,8	611,5	590,6
<b>ROE (Eigenkapitalrentabilität)</b>	<b>23,9%</b>	<b>12,3%</b>	<b>10,0%</b>
Durchschnittliche Bilanzsumme	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Bilanzsumme 31.12.	1.449,2	1.348,5	1.296,8
Bilanzsumme 01.01.	1.348,5	1.296,8	1.312,6
<b>Durchschnittliche Bilanzsumme</b>	<b>1.398,9</b>	<b>1.322,6</b>	<b>1.304,7</b>
ROI (Gesamtkapitalrentabilität)	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
EBIT (Betriebsergebnis)	113,8	50,3	64,8
/ Durchschnittliche Bilanzsumme	1.398,9	1.322,6	1.304,7
<b>ROI (Gesamtkapitalrentabilität)</b>	<b>8,1%</b>	<b>3,8%</b>	<b>5,0%</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

## Nettofinanzverschuldung, Nettofinanzverschuldung/EBIT-DA, Net Gearing und Nettoverschuldung

Die Nettofinanzverschuldung wird in der Lenzing AG als Maßstab für die finanzielle Verschuldung und die Kapitalstruktur verwendet. Sie ist zudem wichtig für externe Adressaten. Diese Kennzahl wird in das Verhältnis zum EBITDA gesetzt und gibt dadurch einen Anhaltspunkt, wieviele Perioden das gleiche EBITDA erwirtschaftet werden müsste, um die Nettofinanzverschuldung abzudecken. Das Verhältnis zwischen Nettofinanzverschuldung und bereinigtem Eigenkapital (Net Gearing) veranschaulicht das Verhältnis von Netto-Fremdkapital zu bereinigtem Eigenkapital. Diese Kennzahl (bzw. ähnliche Kennzahlen) wird (werden) gelegentlich als Financial Covenant(s) mit Fremdkapitalgebern vereinbart. Die Nettoverschuldung wird in der Lenzing AG als Maßstab für die finanzielle Verschuldung unter Berücksichtigung von Rückstellungen für Abfertigungen und Pensionen verwendet.

Nettofinanzverschuldung	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Anleihen	120,0	120,0	120,0
+ Verbindlichkeiten aus Schuldscheindarlehen	197,0	237,5	213,5
+ Verbindlichkeiten gegenüber Kreditinstituten	19,5	24,9	65,1
+ Sonstige zinstragende Verbindlichkeiten	24,9	27,2	26,0
+ Verbindlichkeiten gegenüber verbundenen Unternehmen (verzinsliche Darlehen)	52,0	52,0	15,5
- Kassenbestand, Guthaben bei Kreditinstituten	-281,6	-201,4	-142,4
<b>Nettofinanzverschuldung</b>	<b>131,8</b>	<b>260,2</b>	<b>297,8</b>
Nettofinanzverschuldung	131,8	260,2	297,8
/ EBITDA	172,6	108,1	118,0
<b>Nettofinanzverschuldung / EBITDA</b>	<b>0,8</b>	<b>2,4</b>	<b>2,5</b>
Nettofinanzverschuldung	131,8	260,2	297,8
/ bereinigtes Eigenkapital	741,0	632,2	590,8
<b>Net Gearing in % am Bilanzstichtag</b>	<b>17,8%</b>	<b>41,2%</b>	<b>50,4%</b>
Nettoverschuldung	2016	2015 <sup>1)</sup>	2014
	EUR Mio.	EUR Mio.	EUR Mio.
Nettofinanzverschuldung	131,8	260,2	297,8
+ Rückstellungen für Abfertigungen	61,4	53,5	56,4
+ Rückstellungen für Pensionen	27,6	27,1	29,2
<b>Nettoverschuldung am Bilanzstichtag</b>	<b>220,8</b>	<b>340,9</b>	<b>383,4</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

## Trading Working Capital und Trading Working Capital zu Umsatzerlösen

Das Trading Working Capital wird in der Lenzing AG als Maßstab für die potenzielle Liquidität und die Kapitaleffizienz verwendet.

<b>Trading Working Capital</b>	<b>2016</b>	<b>2015<sup>1)</sup></b>	<b>2014</b>
	<b>EUR Mio.</b>	<b>EUR Mio.</b>	<b>EUR Mio.</b>
Vorräte	78,4	82,6	76,6
+ Forderungen aus Lieferungen & Leistungen	40,2	42,0	31,3
+ Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	4,0	3,0	4,9
+ Forderungen gegenüber verbundenen Unternehmen (Lieferungen und Leistungsverrechnungen)	76,2	75,3	88,5
- Verbindlichkeiten aus Lieferungen und Leistungen	-42,7	-44,3	-46,0
- Verbindlichkeiten gegenüber verbundenen Unternehmen (Lieferungen und Leistungen)	-16,4	-11,8	-8,1
<b>Trading Working Capital</b>	<b>139,8</b>	<b>146,8</b>	<b>147,2</b>
Umsatzerlöse	954,1	824,6	729,0
<b>Trading Working Capital zu Umsatzerlösen</b>	<b>14,7%</b>	<b>17,8%</b>	<b>20,2%</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang).

## Cashflow

Der Cashflow dient in der Lenzing AG zur Beurteilung der Finanzlage, insbesondere der Fähigkeit Zahlungsüberschüsse zu erwirtschaften und Zahlungsverpflichtungen zu erfüllen.

<b>Cashflow</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>EUR Mio.</b>	<b>EUR Mio.</b>	<b>EUR Mio.</b>
Ergebnis vor Steuern	164,4	75,2	58,8
+ Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	59,4	58,3	53,8
+/- sonstige Überleitungen	-16,4	-38,9	31,6
<b>Cashflow aus der Geschäftstätigkeit</b>	<b>207,4</b>	<b>94,6</b>	<b>144,2</b>
- CAPEX	-64,9	-49,6	-75,5
- Auszahlungen für Finanzanlagen	-5,4	-61,6	-140,1
+ Einzahlungen aus dem Abgang von Anlagevermögen	43,3	79,7	146,8
<b>Cashflow aus der Investitionstätigkeit</b>	<b>-27,0</b>	<b>-31,5</b>	<b>-68,7</b>
- Dividende	-53,1	-26,6	-46,5
+ Investitionszuschüsse	1,1	1,0	0,0
+/- Einzahlungen/Auszahlungen von verzinslichem Fremdkapital (ohne Sozialkapital)	-48,2	21,5	-23,7
<b>Cashflow aus der Finanzierungstätigkeit</b>	<b>-100,1</b>	<b>-4,1</b>	<b>-70,2</b>
Veränderung der liquiden Mittel	80,2	59,0	5,2
Anfangsbestand der liquiden Mittel	201,4	142,4	137,1
<b>Endbestand der liquiden Mittel</b>	<b>281,6</b>	<b>201,4</b>	<b>142,4</b>



# Forschung und Entwicklung

**Die Aktivitäten für** Forschung & Entwicklung (F&E) sind am Standort Lenzing (Österreich) in der zentralen Abteilung „Global R&D“ gebündelt, welche direkt dem Vorstand unterstellt ist. Die zentrale Forschung ist mit anderen Unternehmensbereichen wie Produktion, Engineering, Business Development, Anwendungstechnik, Kundendienst und Sales eng vernetzt.

Per Ende 2016 forschte in Lenzing ein Expertenteam von 176 Mitarbeiter/innen. Welche Leistungen die Mitarbeiter/innen der F&E erbringen, zeigt sich unter anderem an den rund 1.140 Patenten und Patentanmeldungen (aus 189 Patentfamilien), welche die Lenzing AG weltweit in 50 Ländern hält.

Im Geschäftsjahr 2016 betragen die Ausgaben für F&E, berechnet nach Frascati, EUR 44,5 Mio. (nach EUR 29,2 Mio. im Jahr 2015). Sowohl in absoluten Zahlen als auch in Relation zum Umsatz stellt die Höhe der F&E-Ausgaben im Branchenvergleich einen Spitzenwert dar. Um die Innovationsführerschaft in der Produktion botanischer Cellulosefasern langfristig abzusichern und auszubauen, wird Lenzing diese Anstrengungen in den kommenden Jahren noch weiter erhöhen.

## Schwerpunkte 2016

Im Bereich Zellstoff lag der F&E-Fokus auf Optimierungsmaßnahmen (weitere Kreislaufschießung, Qualitätssteigerung). Darüber hinaus wurde an Konzepten zur weiteren Steigerung der stofflichen Verwertung des Rohstoffs Holz hinsichtlich bestehender und neuer Biochemikalien gearbeitet (Stichwort „Bioraffinerie“). Auch bei den geplanten Kapazitätserweiterungen ist der Bereich F&E maßgeblich eingebunden und arbeitet an neuen Technologien.

Im Bereich Fasern stand die Weiterentwicklung der Lyocelltechnologie zur Produktion von TENCEL® Fasern im Vordergrund und dabei insbesondere die Entwicklung der neuen Refibra™ Faser, die Zuschnittabfälle aus der Produktion von Baumwollkleidung als Rohstoff verwendet. Mit dieser Faser untermauert die Lenzing AG ihre Nachhaltigkeitsstrategie weiter. Für dieses Produkt wurde der gesamte Wertschöpfungsprozess vom Zellstoff bis zur Faser neu entwickelt. Darüber hinaus wird an neuen Lyocelltechnologien gearbeitet und es werden gemeinsam mit einem externen Partner Komfort-Innovationen entwickelt – etwa eine Methode zur Bestimmung der Weichheit über Geräuschmessung („Sound of Softness“).

# Nichtfinanzielle Leistungsindikatoren

## Nachhaltigkeit

Umweltschutz und nachhaltiges Wirtschaften gehören zu den strategischen Grundwerten von Lenzing, daher wurde Nachhaltigkeit als einer der Kern-Werte in der sCore TEN-Strategie von Lenzing verankert und in der Folge im Jahr 2016 die systematische Verankerung von Nachhaltigkeit in allen Geschäftsbereichen vorangetrieben.

Die Strategie für Nachhaltigkeit definiert vier Hauptbereiche, in denen die Lenzing Gruppe einen positiven Impact oder Beitrag leisten kann: Holzeinkauf, Wassermanagement, Dekarbonisierung und nachhaltige Innovationen. Holz ist der wertvollste Rohstoff für Lenzing, der Fokus liegt hier auf einem gesicherten nachhaltigen Einkauf durch Zertifizierungen und eine besonders effiziente Verwertung des Rohstoffes durch das Bioraffinerie-Konzept. Lenzing Fasern zeichnen sich im Vergleich zu anderen Fasern zudem durch einen besonders niedrigen Wasserverbrauch aus und sind biologisch abbaubar. Sie tragen somit nicht zur Verschmutzung der Meere bei. Der Herstellungsprozess von Zellstoff und von Cellulosefasern ist energieintensiv, daher setzt die Lenzing AG Maßnahmen zur Reduktion der spezifischen CO<sub>2</sub>-Emissionen durch Erhöhung der Energieeffizienz. Innovationen für mehr Nachhaltigkeit entwickelt Lenzing gemeinsam mit Partnern entlang der Wertschöpfungskette, um mit neuen, nachhaltigen Produktlösungen alte, ressourcenintensive Produkte zu ersetzen. Darüber hinaus stehen Mitarbeiter/innen, Partner, Nachbarn und andere Interessensgruppen rund um Lenzing im Mittelpunkt der neuen Nachhaltigkeitsstrategie und werden gezielt mit einzelnen Maßnahmen adressiert.

## Schwerpunkte 2016

Im Jahr 2016 wurde eine neue Nachhaltigkeits-Regelung sowie ein Globaler Verhaltenskodex verabschiedet, der regelt wie Lenzing weltweit geschäftlich tätig ist. Darüber hinaus wurde ein Verhaltenskodex für Lieferanten, der die ethischen Standards von Lenzing auch für die Lieferkette regelt, veröffentlicht. Im Zusammenhang mit der Lieferkette wurde auch das Evaluations-Tool Ecovadis eingeführt, dass beginnend mit dem Jahr 2017 für die Beurteilung der Nachhaltigkeitsperformance von Lieferanten eingesetzt wird.

Lenzing engagiert sich auch für eine nachhaltige Forstwirtschaft und ist laut einer Bewertung der Canopy Planet Society das weltweit führende Unternehmen in der Faserbranche in Bezug auf Holzbeschaffung. Die Canopy Planet Society ist eine kanadische Non-Profit-Umweltorganisation, die mit vielen Handelsketten im Textilbereich kooperiert und sich für Nachhaltigkeit in der Beschaffungskette einsetzt. Canopy lobte Lenzing für seine neue Refibra™ Faser. Ebenfalls eine führende Position nimmt Lenzing in einem Ranking der Sustainable Apparel Coalition ein, eine Multi-Stakeholder-Initiative, die rund 40 Prozent der gesamten Textilwirtschaft umfasst. Alle Lenzing Fasern zählen laut diesem Ranking zu den nachhaltigsten der Branche. TENCEL® Fasern sind laut

der globalen Non-Profit-Organisation Textile Exchange zudem eine bevorzugte Faser, wenn es um die Minimierung von Umweltauswirkungen geht. Zudem führt die Non-Profit-Organisation Fairtrade Lenzing Fasern als nachhaltige Fasern im Rahmen des neuen Fairtrade-Textilsiegels an.

Im Jahr 2016 wurde zudem die Zertifizierung des Standortes Lenzing (Österreich) mit dem FSC®-Gütezeichen für nachhaltige Forstwirtschaft abgeschlossen. Alle Lenzing Standorte sind zudem zertifiziert in Bezug auf Qualitätsmanagement, Umweltmanagement und Sicherheit.

## Mitarbeiter/innen

Per 31.12.2016 beschäftigte die Lenzing AG 2.460 Mitarbeiter/innen (nach 2.332 per Ende 2015), davon 121 Lehrlinge (Ende 2015: 117). Der Anstieg um 138 Beschäftigte erklärt sich vorwiegend durch Neuaufnahmen im Zuge der Kapazitätserweiterungen.

Das Wertvollste einer leistungs- und wettbewerbsfähigen Organisation sind engagierte, motivierte und hochqualifizierte Mitarbeiter/innen. Die Lenzing AG fördert daher laufend die Qualifizierung ihrer Mitarbeiter/innen anhand einer breiten Palette von Personalentwicklungsangeboten. Am Standort Lenzing wird der Großteil der Aus- und Weiterbildungsmaßnahmen hausintern durch das Bildungszentrum Lenzing (BZL) abgewickelt.

### Aus- und Weiterbildung

Das erstmals im Jahr 2014 begonnene 16-monatige Führungskräfte-Entwicklungsprogramm „Springboard“ (zu Deutsch: Sprungbrett) mit insgesamt 24 Teilnehmer/innen wurde im März 2016 erfolgreich abgeschlossen. Springboard setzt die inhaltlichen Schwerpunkte auf Kultur und Veränderung, Entscheidungsfindung, Führung, internationale Kommunikation sowie virtuelle und praktische Zusammenarbeit.

Im August 2016 wurde zudem eine eigene „Commercial Academy“ als Plattform für Mitarbeiter/innen im kaufmännischen Bereich gestartet, die im Jahr 2017 flächendeckend ausgerollt werden soll. In der Pilotphase lag der Fokus der Weiterbildungsmaßnahmen auf Fähigkeiten wie Verhandlungstechnik, technisches Know-how und rechtliche Kenntnisse.

## Sicherheit, Gesundheit und Umwelt

Der Bereich „Global Safety, Health and Environment“ (Global SHE) verantwortet in der Lenzing Gruppe die Themen Sicherheit, Gesundheit und Umwelt. Im Geschäftsjahr 2016 wurden Maßnahmen zur Erhöhung der Arbeitssicherheit ergriffen und das gruppenweite Gesundheitsmanagement weiterentwickelt.

### Sicherheit

Zentrales Ziel von Global SHE ist es, das Bewusstsein der Belegschaft über die Bedeutung des Themas Sicherheit zu schärfen und entsprechende Vorkehrungen zu treffen, um das Risiko von Arbeitsunfällen zu minimieren.

Im Berichtsjahr wurde zu diesem Zweck eine Richtlinie (Policy) für Sicherheit, Gesundheit und Umwelt neu herausgegeben. Sie entstand auf Basis der Strategie sCore TEN und dem daraus

abgeleiteten „Heartbeat for Safety“ Programm, dessen Umsetzung im Geschäftsjahr 2015 unter dem Leitsatz „Gesund von zu Hause, gesund nach Hause“ begonnen wurde und 2016 ihre Fortsetzung fand. Die neue Policy verkörpert die Philosophie der Lenzing Gruppe in Bezug auf Sicherheit, Gesundheit und Umwelt und dient der besseren Entscheidungsfindung auf allen Ebenen der Organisation. Alle Führungskräfte und Mitarbeiter/innen müssen sicherstellen, dass ihre Entscheidungen im Einklang mit dieser stehen.

Außerdem wurden an mehreren Standorten „Safety pillars“ eingerichtet. Darunter sind bereichsübergreifende Kooperationen (cross-functional teams) im Sinne des Sicherheitsgedankens zu verstehen. In Heiligenkreuz und Lenzing (beide Österreich) werden derzeit Pilotprojekte durchgeführt, auf globaler Ebene ist das Projekt im Aufbau.

Wie im Geschäftsjahr 2015 konnte die Unfallrate auch 2016 wieder verringert werden.

## Aktuelles Risikoumfeld

Für eine ausführliche Bestandsaufnahme der Entwicklungen am Weltfasermarkt im Berichtsjahr und der damit zusammenhängenden Risiken für die Lenzing AG siehe Kapitel Allgemeines Marktumfeld.

Die anhaltend hohen Preise gepaart mit einem starken USD stellen aktuell ein sehr positives Marktumfeld für Lenzing dar. Die weltweiten Baumwollbestände sind zwar etwas rückläufig, befinden sich jedoch nach wie vor auf einem hohen Niveau, vor allem in China. Das Preisschwankungsrisiko für holzbasierte Cellulosefasern wird deshalb geringer bewertet. Ab 2018 werden jedoch zusätzliche Kapazitäten von Mitbewerbern in Indonesien und China erwartet.

Die derzeitigen geopolitischen und wirtschaftlichen Entwicklungen, wie der Brexit und die Veränderungen in den USA, stellen einen hohen globalen Unsicherheitsfaktor dar, der bei einer negativen Entwicklung auch Einfluss auf Lenzing haben würde.

Durch den Ausbau der eigenen Zellstoffkapazitäten in Lenzing (Österreich) und Paskov (Tschechien) sowie der guten Verfügbarkeit am Weltmarkt gilt die Versorgung mit Zellstoff für 2017 als gesichert. Es besteht jedoch ein größer werdendes Risiko des Verlusts von Kostenvorteilen durch die Rückwärtsintegration bei Konkurrenten und durch die nach wie vor mögliche Einführung von Importzöllen in China auf Zellstoff aus Europa und Südafrika.

Die Rohstoffpreise für Chemikalien sowie Energiepreise sind konjunkturbedingt auf niedrigem Niveau und es wird kurzfristig nicht mit starken Preiserhöhungen gerechnet.

Auf der Währungsseite profitiert Lenzing nach wie vor von einem starken US-Dollar gegenüber dem Euro. Liquiditätsrisiken werden für 2017 unter anderem aufgrund der positiven Cashflow-Entwicklung als sehr gering eingestuft.

In der Kategorie der betrieblichen Risiken sowie bei den Umwelt- und Haftungsrisiken, die ein hohes Schadenspotenzial bergen, gab es auch im Geschäftsjahr 2016 keine wesentlichen Schadensfälle.

## Risikomanagement

Der Vorstand der Lenzing AG übernimmt gemeinsam mit den Leitern der ihm jeweils zugeordneten Einheiten umfangreiche Steuerungs- und Controlling-Aufgaben im Rahmen eines internen, alle Standorte umfassenden, integrierten Kontrollsystems. Das rechtzeitige Erkennen, Evaluieren und Reagieren auf strategische und operative Risiken ist ein wesentlicher Bestandteil der Führungstätigkeit dieser Einheiten. Grundlagen dafür sind ein einheitliches und konzernweites, auf Monatsbasis aufgebautes Berichtswesen und eine laufende Überwachung der operativen und strategischen Pläne.

Lenzing hat ein unternehmensweites Risikomanagement-System, welches die zentrale Koordination und Überwachung des Risikomanagement-Prozesses für den gesamten Konzern durchführt. Es

erfasst und bewertet gemeinsam mit den operativen Einheiten die wesentlichen Risiken und kommuniziert diese direkt dem Vorstand und dem Management. Eine präventive Analyse von potenziellen oder Beinahe-Ereignissen ist ebenso Ziel des Risikomanagements. Eine weitere Aufgabe ist es, bei der Abschwächung von Risiken aktiv mitzuarbeiten und entsprechende Maßnahmen mit den betroffenen Abteilungen umzusetzen oder extern am Versicherungsmarkt entsprechende Deckung zuzukaufen.

## Risikomanagement-Strategie

Lenzing verfolgt bei seiner Risikomanagement-Strategie einen vierstufigen Ansatz:

### Risikoanalyse (nach COSO®<sup>8</sup> Framework)

Das zentrale Risikomanagement führt halbjährliche Risiko-Assessments in sämtlichen Produktionsstandorten und funktionalen Einheiten durch. Die Risiken werden dabei gemäß den internationalen COSO®-Standards nach Eintrittswahrscheinlichkeit und finanzieller Auswirkung bewertet. Dabei wird die finanzielle Auswirkung eines möglichen Schadens auf das Konzern-EBITDA berücksichtigt. Zusätzlich werde die Risiken gegen das EBITDA simuliert und die Bandbreite der möglichen Abweichungen ermittelt.

### Risikomitigation

Es wird versucht, je nach Auswirkung auf das Unternehmen, Risiken durch entsprechende Maßnahmen zu minimieren, zu vermeiden oder auch in bestimmten Fällen bewusst einzugehen.

### Verantwortlichkeit

Die Zuordnung der Risiken erfolgt auf Basis der bestehenden Organisation.

### Risikoüberwachung/-kontrolle

Im Berichtsjahr wurde die Funktionsfähigkeit des Risikomanagement-Systems (im Folgenden RMS) der Lenzing AG wieder von Deloitte Österreich gemäß Regel 83 ÖCGK im Rahmen einer sonstigen Prüfung beurteilt. Die entsprechende Bestätigung ist auf der Website der Lenzing AG (<http://www.lenzing.com/investoren/corporate-governance/evaluierung.html>) hinterlegt.

Hauptziel des unternehmensweiten Risikomanagements ist es, neben der Erfüllung der gesetzlichen Erfordernisse eine Steigerung des Risikobewusstseins zu bewirken und die Erkenntnisse, die sich daraus ergeben, in die operative Arbeit und strategische Unternehmensentwicklung zu integrieren. Im RMS stellt Lenzing nur solche wesentliche Risiken dar, welche in der Bilanz und GuV nicht abgebildet sind.

Strategische Marktrisiken werden auf Basis von Marktberichten sowie intern erstellter Marktanalysen in monatlich stattfindenden Gesprächen mit der Verkaufsabteilung gemeinsam mit der internen Marktforschung bewertet.

<sup>8</sup> Committee of Sponsoring Organizations of the Treadway Commission

## Marktumfeldrisiken

### Markt-/Substitutionsrisiko

Als weltweit agierendes Unternehmen ist Lenzing einer Vielzahl von makroökonomischen Risiken ausgesetzt. Die Preis- und Mengenentwicklung ist bei textilen Fasern und in geringerem Maße auch bei Vliesfasern zyklisch, da sie von globalen und regionalen Konjunkturlagen abhängig ist. Auf vielen Teilmärkten konkurrieren Lenzing Fasern mit Baumwolle und Synthefasern. Deren Preisentwicklung beeinflusst somit auch die Erlöse und Mengenbewegungen von Lenzing Fasern.

Diesem Risiko wirkt Lenzing durch einen ständig steigenden Spezialitätenanteil im globalen Produktportfolio entgegen. Ziel ist bis 2020 den Anteil der Spezialfasern auf 50 Prozent zu erhöhen. Hohe Qualitätsstandards in Verbindung mit dem Angebot von Mehrwertdiensten im Standardbereich zielen ebenfalls auf die Sicherung der Marktführerschaft von Lenzing ab.

Lenzing setzt auf eine starke internationale Marktpräsenz, speziell in Asien, in Verbindung mit einem erstklassigen regionalen Betreuungsnetzwerk für die Kunden sowie einer hohen kundenorientierten Produktdiversifikation. Zwei zusätzliche Kompetenzzentren für Applikationsentwicklung und Produktinnovationen sollen in den nächsten Jahren aufgebaut werden um die Kundennähe zu vertiefen.

Das Substitutionsrisiko für holzbasierte Cellulosefasern wird durch eine starke Technologiekompetenz und solide Absatzbasis als gering gesehen.

### Absatzrisiko

Lenzing erzielt ca. die Hälfte des Faserumsatzes mit einer vergleichsweise kleinen Anzahl an Großkunden. Abnahmeausfälle bei diesen Großkunden oder der gänzliche Verlust eines oder mehrerer Großkunden, ohne zeitgleich Ersatz zu finden, stellen gewisse Risiken dar, denen Lenzing durch globale Präsenz und die laufende Erweiterung des Kundenspektrums bzw. der Absatzsegmente entgegenwirkt. Der mögliche Ausfall von Kundenforderungen wird durch ein strenges Forderungsmanagement und den Einsatz einer weltweiten Kreditversicherung abgedeckt.

### Innovationsrisiko und Wettbewerbsrisiko

Als weltweit führender Hersteller von botanischen Fasern und Technologieführer ist Lenzing dem Risiko ausgesetzt, seine Position auf dem Fasermarkt durch steigenden Wettbewerb oder neue Technologien von Mitbewerbern zu verlieren. Der Verlust der Marktposition könnte insbesondere eintreten, wenn Lenzing nicht in der Lage wäre, seine Produkte zu wettbewerbsfähigen Preisen anzubieten, Produkte nicht den Vorgaben oder Qualitätsstandards der Kunden entsprechen oder die Kundenbetreuung hinter den Erwartungen der Kunden zurückbliebe.

Diesem Risiko steuert Lenzing durch eine für die holzbasierte Cellulosefaserindustrie überdurchschnittliche Forschungs- und Entwicklungstätigkeit, eine hohe Produkt-Innovationsrate sowie durch ständige Kostenoptimierungen entgegen. Die Lenzing AG sieht sich – ebenso wie andere Hersteller – stets mit dem Risiko konfrontiert, dass annehmbare oder sogar überlegene Alternativprodukte verfügbar werden und zu günstigeren Preisen als holzbasierte Cellulosefasern erhältlich werden könnten.

## Gesetze und Verordnungen

Lenzing ist auf den weltweiten Märkten mit unterschiedlichen Rechtssystemen und Verordnungen konfrontiert. Eine Änderung von Gesetzen oder sonstigen Bestimmungen, darunter fallen auch Importzölle, Umweltauflagen etc., sowie die strengere Auslegung von Gesetzen können zu erheblichen Mehrkosten oder Wettbewerbsnachteilen führen. Lenzing verfügt über eine eigene Abteilung Legal Management und Compliance, die entsprechende Beratungsleistungen und Risikoeinschätzungen durchführt.

## Operative Risiken

### Beschaffungsrisiko (inkl. Zellstoffversorgung)

Zur Herstellung ihrer Cellulosefasern kauft Lenzing große Mengen an Rohstoffen (Holz, Zellstoff, Chemikalien) und Energie zu. Die Faserproduktion und deren Margen sind Risiken bei der Verfügbarkeit und der Preisentwicklung dieser Rohstoffe unterworfen, die zum Nachteil der Lenzing AG schwanken können. Diesen Risiken wirkt Lenzing durch eine sorgfältige Auswahl der Lieferanten nach den Kriterien Preis, Zuverlässigkeit und Qualität, aber auch durch langjährig ausgerichtete, stabile Lieferanten-Kunden-Beziehungen mit teilweise mehrjährigen Abnahmeverträgen entgegen. Lenzing ist mit einigen Rohstofflieferanten und Dienstleistungspartnern (aber mit nur wenigen Kunden) dauerhafte Vertragsbeziehungen eingegangen. Diese verpflichten Lenzing dazu, festgesetzte Mengen an Rohstoffen zu standardisierten Konditionen und mit möglichen Preisanpassungsklauseln abzunehmen. Daraus könnte für Lenzing resultieren, dass Preise, Abnahmemengen oder andere Vertragsbedingungen nicht unmittelbar an die geänderten Marktbedingungen angepasst werden können. Dieses Risiko wird dadurch verschärft, dass dem überwiegenden Teil der Konzernumsätze kurzfristige Vertragsbeziehungen mit den Kunden zugrunde liegen.

Mit der neuen sCore TEN Strategie wurde auch die Rückwärtsintegration durch den Ausbau von konzerneigenen Zellstoffproduktionsmengen beschlossen.

### Betriebliche Risiken und Umweltrisiko

Zur Herstellung von holzbasierten Cellulosefasern bedarf es komplexer chemischer und physikalischer Vorgänge, die gewisse Umweltrisiken bedingen. Durch spezielles, proaktives und nachhaltiges Umweltmanagement, geschlossene Produktionskreisläufe und laufendes Monitoring der Emissionen werden diese Risiken dank heutiger Produktionstechniken sehr gut beherrscht. Da die Lenzing Gruppe seit Jahrzehnten Produktionsstätten an mehreren Orten nutzt, können Risiken für Umweltschäden aus früheren Perioden ebenso nicht gänzlich ausgeschlossen werden.

Obwohl die Lenzing Gruppe bei Bau, Betrieb und Erhaltung ihrer Produktionsstandorte sehr hohe Standards im Bereich Technik und Sicherheit anlegt, kann das Risiko von Betriebsstörungen und -unfällen nicht gänzlich ausgeschlossen werden. Solche Störungen können auch von äußeren Faktoren verursacht werden, die sich dem Einflussbereich von Lenzing entziehen. Gegen Naturgefahren (Wirbelstürme, Erdbeben, Überflutungen etc.) ist keine unmittelbare Absicherung möglich. Zudem besteht das Risiko von Personen-, Sach- und Umweltschäden, welche zu beträchtlichen Schadenersatzforderungen und strafrechtlicher Verantwortlichkeit führen können.

Die Lenzing Gruppe hat ihre Produktionstätigkeit auf einige wenige Betriebsstätten konzentriert. Jegliche Störung in einer dieser Betriebsstätten würde einen wesentlichen Teil der Geschäftstätigkeit beeinträchtigen.

### **Produkthaftungsrisiko**

Lenzing vertreibt seine Produkte und Leistungen weltweit. Dabei kann es zu Schäden beim Kunden kommen, welche durch die Auslieferung eines mangelhaften Produkts von Lenzing oder einem Tochterunternehmen verursacht werden. Lenzing unterliegt dabei auch den geltenden lokalen Gesetzen der jeweiligen Länder, in welche die Produkte geliefert werden, und unterliegt, speziell in den USA, einem hohen Haftungsrisiko. Lenzing wirkt diesem Risiko durch eine eigene Abteilung entgegen, die sich ausschließlich mit Verarbeitungsproblemen unserer Produkte beim Kunden bzw. Reklamationen beschäftigt. Haftpflichtschäden, welche durch Lenzing verursacht werden, sind in einem Haftpflicht-Versicherungsprogramm versichert.

## **Finanzrisiken**

### **Währungsrisiko**

Aufgrund internationaler Handelsbeziehungen ist die Lenzing AG Währungsrisiken vor allem mit Blick auf den USD, CNY und CZK ausgesetzt. Für die Behandlung finanzieller Risiken bestehen klare, schriftliche Richtlinien, die von der Abteilung Global Treasury laufend überwacht werden. Ziel des Fremdwährungsmanagements ist die Absicherung der operativen Zahlungsströme gegen Schwankungen der Wechselkurse. Lenzing verwendet dafür Devisentermingeschäfte. Sowohl das Sicherungsgeschäft als auch die Korrelation zwischen dem Risiko und dem Sicherungsinstrument werden laufend beobachtet und berichtet. Translationsrisiken werden grundsätzlich nicht abgesichert, jedoch laufend beobachtet.

Das Ausfallsrisiko in Bezug auf diese derivativen Finanzinstrumente ist im Hinblick auf die gute Bonität der Vertragspartner als relativ gering einzustufen und wird regelmäßig überprüft.

### **Kontrahentenrisiko**

Ausfallsrisiken in Bezug auf originäre Finanzinstrumente (nämlich Ausleihungen, Wertpapiere, Forderungen und Guthaben bei Kreditinstituten) werden durch eine Verteilung der liquiden Mittel auf eine Vielzahl von Banken begrenzt. Zusätzlich hat die Lenzing AG Haftungen für andere Unternehmen übernommen. Das Risiko, subsidiär in Anspruch genommen zu werden, wird als gering eingestuft, da davon ausgegangen werden kann, dass die betroffenen Unternehmen ihren Verpflichtungen nachkommen werden.

Auch das Marktwertänderungsrisiko in Bezug auf originäre wie derivative Finanzinstrumente wird als relativ gering eingestuft. Bei kurzfristigen Finanzinstrumenten ist bis zur Fälligkeit mit keinen großen Schwankungen zu rechnen. Die langfristigen Verbindlichkeiten der Lenzing AG sind zu 26 Prozent variabel verzinst.

Ein Liquiditätsrisiko, nämlich ein Risiko derart, dass die zur Erfüllung der aus den derivativen und den originären Finanzinstrumenten resultierenden Verpflichtungen erforderlichen Finanzmittel nicht zur Verfügung stehen, besteht nicht. Die derivativen Finanzinstrumente dienen ausschließlich Sicherungszwecken. Die resultierenden Verpflichtungen sind demgemäß durch die gesicherten Geschäfte gedeckt. Die Verpflichtungen

aus originären Finanzinstrumenten können mit den vorhandenen liquiden Mitteln und allenfalls zusätzlichen Mitteln aus der Innenfinanzierung gedeckt werden.

Die aus Finanzinstrumenten resultierenden Zahlungsströme können Schwankungen unterliegen. Diese Cashflow-Risiken sind im Wesentlichen auf variabel verzinsten Verbindlichkeiten begrenzt.

### **Finanzierungsrisiko**

Die Lenzing AG benötigt finanzielle Mittel, um ihren Business-Plan und ihre Strategie umsetzen zu können. Ein erschwelter Zugang zu den Finanzmärkten könnte Verfügbarkeit, Bedingungen und Kosten der Kapitalbeschaffung negativ beeinträchtigen. Nachteilige Auswirkungen auf die Geschäftstätigkeit, und somit auf die finanzielle Lage und Ergebnisse der Lenzing AG, könnten zusätzlich aus einer geringeren Nachfrage oder sinkenden Preisen resultieren. Aus heutiger Sicht wird das Risiko als sehr gering eingestuft.

### **Steuerrisiko**

Lenzing Produktionsstätten sind in den jeweiligen Ländern lokalen Steuergesetzen unterworfen und müssen sowohl Ertragsteuern als auch andere Steuern bezahlen. Änderungen in der Steuergesetzgebung bzw. unterschiedliche Auslegungen der jeweils geltenden Bestimmungen können zu nachträglichen Steuerbelastungen führen.

### **Compliance**

Die ständige Verschärfung von internationalen Verhaltensrichtlinien und Gesetzen erhöht für Lenzing die Anforderungen zur Einhaltung und Überwachung dieser Bestimmungen. Unzureichende Kontrollen in den Geschäftsprozessen oder mangelnde Dokumentation können zur Verletzung von geltenden Regeln führen. Lenzing begegnet diesem Risiko mit einer konzernweiten Compliance Organisation, einem gruppenweit gültigen Verhaltenskodex, einer „Anti-Bribery und Corruption Policy“ sowie einer „Antitrust Policy“.

## **Personelle Risiken**

### **Qualifizierte Arbeitskräfte**

Personalrisiken können sich aus der Fluktuation von Mitarbeiter/innen in Schlüsselpositionen sowie bei der Rekrutierung von neuen Mitarbeiter/innen an allen weltweiten Standorten ergeben. Lenzing hat eine global aufgestellte Personalabteilung, die sich in Fragen der Personalplanung mit den jeweiligen Standorten abstimmt und sämtliche Personalthemen zentral steuert und kontrolliert. Dazu gehören unter anderem globale Management- und Ausbildungsprogramme für potenzielle Führungskräfte, die von der Personalabteilung organisiert werden.

# Bericht über wesentliche Merkmale des Internen Kontrollsystems (§ 243a Abs. 2 UGB)

**Das Interne Kontrollsystem** der Lenzing AG regelt die Sicherstellung der Zuverlässigkeit der Finanzberichterstattung, die Einhaltung gesetzlicher und unternehmensinterner Richtlinien sowie die Abbildung von Risiken außerhalb der Bilanz und GuV.

Die Aufbau- und Ablauforganisation der Lenzing AG bilden die wesentliche Basis für das Kontrollumfeld und das Interne Kontrollsystem im Unternehmen.

Im Bereich der Aufbauorganisation bestehen eindeutige Kompetenz- und Verantwortungs-zuweisungen auf den unterschiedlichen Führungs- und Hierarchieebenen des Konzerns. Dies umfasst neben den österreichischen Standorten, ebenso alle internationalen Tochtergesellschaften. Der globalen Präsenz der Lenzing-Gruppe und damit der dezentralen Gesellschafts- und Standortstruktur wird durch die Zentralisierung von wesentlichen Unternehmensfunktionen in Corporate Centern Rechnung getragen. Die Wahrnehmung und Steuerung der nationalen Geschäftstätigkeiten obliegt dem jeweiligen Management.

Die Ablauforganisation des Unternehmens ist durch ein stark ausgeprägtes und umfangreiches Regelwerk gekennzeichnet. Dies stellt eine angemessene Basis für ein starkes Kontrollumfeld und Kontrollsystem dar. Die wesentlichen Bereiche im Hinblick auf Freigaben und Kompetenzen für den Gesamtkonzern regeln die „Lenzing Group Mandates“. Die Überwachung der Einhaltung der Regelungen und Kontrollen liegt in der Verantwortung des jeweils zuständigen Managements.

## Finanzberichterstattung

Mit der zentralen Zuständigkeit von Global Accounting & Tax für den Bereich der Finanzberichterstattung ist eine klare Struktur und Verantwortlichkeit für diesen Bereich gesichert. Zur Ausübung der Kontrollfunktion in diesem Bereich wurden ein umfassendes Regelwerk und Richtlinien definiert und eingesetzt.

Lenzing verfügt über ein internes Kontroll- und Risikomanagement für den Rechnungslegungsprozess mit dem Ziel, die gesetzlichen Normen, die Grundsätze ordnungsgemäßer Buchführung sowie die Rechnungslegungsvorschriften des österreichischen Unternehmensgesetzbuches und für Zwecke der Konzernrechnungslegung die Rechnungslegungsvorschriften der Internationalen Financial Reporting Standards (IFRS) sowie der internen Konzernrichtlinien zur Rechnungslegung, insbesondere das konzernweit gültige Bilanzierungshandbuch und den Terminplan, einheitlich umzusetzen.

Das rechnungslegungsbezogene Interne Kontrollsystem ist so konzipiert, dass eine zeitnahe, einheitliche und korrekte Erfassung aller geschäftlichen Prozesse und Transaktionen gewährleistet ist und somit zuverlässige Daten und Berichte über die Vermögens-, Finanz- und Ertragslage der Lenzing Gruppe vorliegen.

Die in den Konzernabschluss von Lenzing einbezogenen Unternehmen erstellen auf Gesellschaftsebene zeitgerecht lokale Abschlüsse bzw. IFRS-Abschlüsse und sind verantwortlich, dass die bestehenden Regeln dezentral umgesetzt werden. Sie werden dabei von der Abteilung Global Accounting unterstützt. Auf Basis der Daten der Konzernunternehmen werden die konsolidierten Rechenwerke zentral erstellt. Die Konsolidierungsbuchungen, Abstimmarbeiten und die Überwachung der inhaltlichen und zeitlichen Vorgaben erfolgen in der Abteilung Corporate Consolidation.

Der Bereich Treasury und insbesondere der Zahlungsverkehr sind aufgrund des direkten Zugriffs auf Vermögenswerte des Unternehmens, als besonders sensibel einzustufen. Dem erhöhten Sicherheitsbedürfnis wird durch umfassende Regelungen und Anweisungen im Bereich der einschlägigen Prozesse entsprechend Rechnung getragen.

Die Vorgaben sehen ein strenges Vier-Augen-Prinzip in der Abwicklung von Transaktionen sowie laufende Informationen vor. Die Überwachung der Anwendung und Einhaltung der Kontrollen im operativen Betrieb obliegt der Abteilung Internal Audit.

Der Bereich Global Tax ist für die Steuerthemen im Konzern verantwortlich.

## Einhaltung gesetzlicher und unternehmensinterner Vorschriften

Das Rechtsmanagement der Lenzing AG wird von der Abteilung Legal, IP & Compliance wahrgenommen. Diese zentrale Funktion ist für alle Rechtsangelegenheiten der Lenzing Gruppe zuständig und insbesondere mit allen Rechtsangelegenheiten betraut, die keine Standardabläufe darstellen.

Die Abteilung Legal, IP & Compliance ist für das Compliance Management System (CMS) verantwortlich und regelt gruppenweit, wie gesetzliche und unternehmensinterne Vorschriften einzuhalten sind einschließlich der Prävention von gesetzes- oder regelwidrigen Handlungen. Die Abteilung Legal, IP & Compliance untersteht direkt dem CEO. Im Rahmen des CMS werden compliance-relevante Risiken erfasst und Maßnahmen zur Verminderung derselben getroffen. Des weiteren werden compliance-relevante Richtlinien entwickelt und deren Einhaltung überprüft. Schließlich werden Mitarbeiter/innen geschult, Hilfestellung bei Compliance Themen geleistet, Fehlverhalten adressiert und korrigiert sowie regelmäßig dem Vorstand und Aufsichtsrat bzw. dem Prüfungsausschuss berichtet.

Die Lenzing AG unterwirft sich den Vorschriften des österreichischen Corporate Governance Codex (ÖCGK) und erstellt im Rahmen des Geschäftsberichtes einen entsprechenden öffentlichen Corporate Governance Bericht. Der Corporate Governance

Bericht bedarf der Mitwirkung des Aufsichtsrates, der die Erfüllung der darin vorgeschriebenen Verpflichtungen an den Prüfungsausschuss delegiert.

Die Abteilung Internal Audit ist unabhängig von den Organisationseinheiten und Geschäftsprozessen. Sie untersteht und berichtet direkt dem Chief Financial Officer. Internal Audit überprüft, ob die eingesetzten Ressourcen rechtmäßig, sparsam, wirtschaftlich und zweckmäßig im Sinne einer nachhaltigen Entwicklung verwendet werden. Dabei orientiert sich Internal Audit an den internationalen Standards IIA (Institute of Internal Auditors). Eine regelmäßige Berichterstattung an den Vorstand und den Prüfungsausschuss gewährleistet das Funktionieren des Internen Kontroll-Systems.

## Abbildung von Risiken außerhalb der Bilanz und GuV

Die Abteilung Risikomanagement bildet die Risiken außerhalb der Bilanz und GuV ab, indem ein halbjährlicher Risikobericht erstellt wird. Die wesentlichen Risiken des Risikoberichtes sind auch im Geschäftsbericht erwähnt. Beim Risikobericht wird nach den international anerkannten Standards von COSO® (Committee of Sponsoring Organizations of the Treadway Commission) vorgegangen.

# Die Lenzing Aktie

**Die Lenzing Aktie** notiert im Prime Market der Wiener Börse. Als eines der zwanzig größten börsennotierten Unternehmen Österreichs ist Lenzing im Leitindex ATX gelistet und außerdem im Wiener Börsenindex WBI sowie seit 2005 durchgehend im Nachhaltigkeitsindex VÖNIX enthalten.

2016 lag der durchschnittliche Tagesumsatz bei über EUR 4 Mio. Die Marktkapitalisierung zum Jahresultimo (30. Dezember 2016) erhöhte sich deutlich von EUR 1,9 Mrd. auf EUR 3,1 Mrd. im Vergleich zum Vorjahrestichtag.

### Aktienkennzahlen 2016

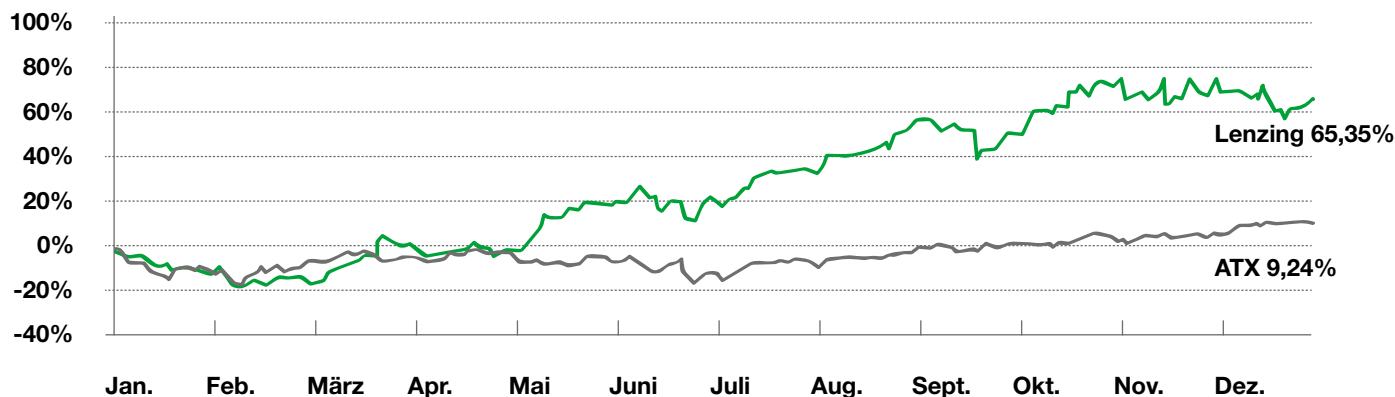
ISIN	AT 0000644505
Börsenkürzel	LNZ
Erstnotiz	19.09.1985
Indizes	ATX Prime, VÖNIX, WBI
Anzahl Aktien	26.550.000
Grundkapital	EUR 27.574.071,43
Stückumsatz gesamt	11.685.188
Geldumsatz gesamt	EUR 1.088.159.495,92
Durchschnitt Tagesumsatz	EUR 4,37 Mio.
Jahreshöchstkurs	EUR 122
Jahrestiefstkurs	EUR 56,18
Schlusskurs 30.12.	EUR 115
Jahresperformance	+ 65,35%
Marktkapitalisierung 30.12.	EUR 3.053.250.000

## Aktienperformance

Vor allem drei Ereignisse führten im Jahr 2016 zu zeitweiligen Kursausschlägen an den Weltbörsen: Gleich zu Jahresbeginn bestimmten die Wirtschaftsdaten in China das Börsegeschehen, im Juni war es der Brexit und zum Jahresende sorgten die US-Präsidentenwahlen für Volatilität. Insgesamt lagen die Weltbörsen zum Jahresende 2016 im Plus. Der Wiener Leitindex ATX beendete das Börsenjahr 2016 bei einem Indexstand von 2.618,43 Punkten und damit mit einer Jahresperformance von 9,24 Prozent. Bester ATX-Wert war die Lenzing Aktie mit einem Kursplus von 65,35 Prozent. Der Kapitalmarkt honorierte die erfolgreiche Umsetzung der sCore TEN Strategie und die starke Geschäftsentwicklung. Zum 30. Dezember 2016 betrug der Jahresschlusskurs der Lenzing-Aktie EUR 115. Das Jahrestief lag bei EUR 56,18, das Jahreshoch wurde bei EUR 122 erreicht.



## Entwicklung der Lenzing Aktie 2016 (in Prozent)

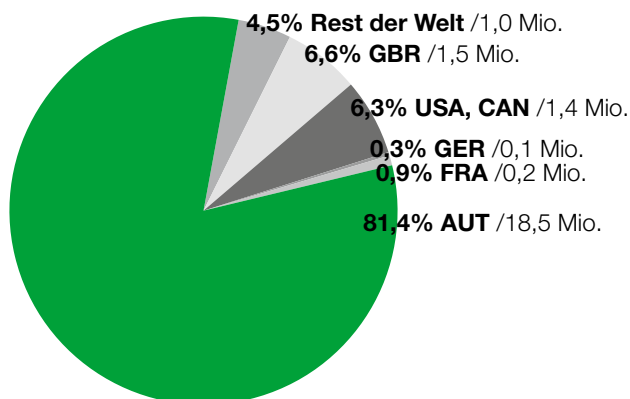


## Grundkapital und Aktionärsstruktur

Das Grundkapital der Lenzing AG beträgt EUR 27.574.071,43 und ist eingeteilt in 26.550.000 Stückaktien. Die B&C-Gruppe hat im September 2016 ihren Anteil der Stimmrechte von 67,6 auf 62,6 Prozent reduziert. Sie bleibt damit weiterhin Mehrheits-eigentümer und versteht sich als langfristig orientierter österreichischer Kernaktionär der Lenzing AG. Die Oberbank AG, eine führende österreichische Regionalbank hat ihren Anteil ebenfalls im September 2016 von 5 auf 4,2 Prozent reduziert. Dadurch erhöhte sich der Streubesitz („Free Float“) von 27,4 Prozent auf 33,2 Prozent. Dieser verteilt sich auf österreichische und internationale Investoren. Die Lenzing AG hält keine eigenen Aktien.

Die geografische Aufteilung des identifizierten Free Float-Aktienbesitzes gliedert sich wie folgt:

### Aktienbesitz nach Ländern in Prozent und Mio. Stück per 31.12.2016 (Identifiziert: 22.680.424 Stück)



## Investor Relations- & Kommunikations-Aktivitäten

Sowohl das positive Marktumfeld wie die konsequente und erfolgreiche Umsetzung der sCore TEN-Unternehmensstrategie haben das Interesse des Kapitalmarktes an der Lenzing AG im Jahr 2016 weiter erhöht. Die gute Entwicklung des Unternehmens und der transparente Dialog mit den Stakeholdern wurden vom Kapitalmarkt honoriert. Im Rahmen der Jahresveranstaltung des

Cercle Investor Relations Austria (C.I.R.A.) wurde der C.I.R.A. Award 2016 für die stärkste Kurssteigerung zwischen Oktober 2015 und Oktober 2016 an die Lenzing AG verliehen.

Zu den Investor Relations-Maßnahmen gehörte die weitere Steigerung des Bekanntheitsgrades an den internationalen Börsenplätzen. Lenzing war auf zahlreichen Konferenzen und Roadshows in Europa und den USA vertreten.

Neben der Regelpublizität (Quartalsberichte, Ad-hoc-Meldungen, Corporate News) nahm Lenzing an Börseninformationstagen teil und führte Betriebsbesichtigungen am Unternehmenssitz durch. Analysten und Investoren erhielten zudem in Conference Calls und Einzeltelefongesprächen regelmäßig einen Überblick über die aktuelle operative und strategische Unternehmensentwicklung. Insgesamt wurde die Anzahl der persönlichen Kontakte auf über 800 im Jahr 2016 im Vergleich zum Vorjahr weiter deutlich erhöht.

Die Lenzing AG baute 2016 auch ihre Presseaktivitäten aus und veranstaltete zur Veröffentlichung der Geschäftsergebnisse, zur Entscheidung über Investitionen und auf Messen zahlreiche Pressekonferenzen. Zudem wurden viele Presseaussendungen versendet und Interviews geführt. Die Leser der Tageszeitung „Die Presse“ haben Lenzing im Vorjahr mit dem ersten Platz der Publikumspreise ausgezeichnet.

## Analysten-Coverage

Im Jahr 2016 wurde Lenzing von folgenden Analystenhäusern beobachtet: Baader Helvea, Berenberg Bank, Citigroup (bis Juli 2016), Deutsche Bank, ERSTE Group, Kepler Cheuvreux, Landesbank Baden-Württemberg (bezahlte Coverage), Raiffeisen Centrobank.

Aktuelle Informationen zum Analystenresearch sind auf der Lenzing Website abrufbar: <http://www.lenzing.com/investoren/die-aktie/analysten-consensus.html>

## Hauptversammlung 2016 und Dividende

Die 72. ordentliche Hauptversammlung der Lenzing AG fand am 20. April 2016 in Lenzing (Oberösterreich) statt. Alle zehn Beschlussfassungspunkte erhielten mehr als 90 Prozent Zustimmung.



mung. Die Abstimmungsergebnisse sind auf der Webseite der Lenzing AG unter der Rubrik „Hauptversammlung“ einsehbar. Die Hauptversammlung beschloss für das Geschäftsjahr 2015 die Ausschüttung einer Dividende von EUR 2 je Stückaktie. Dies entsprach bei 26.550.000 Stückaktien insgesamt EUR 53.100.000.

Für das Geschäftsjahr 2016 schlugen Vorstand und Aufsichtsrat der 73. ordentlichen Hauptversammlung die Zahlung einer Dividende von EUR 3 je Stückaktie vor sowie eine Sonderdividende von EUR 1,2 je Stückaktie.

## Stellung der Aktionäre

Jede Stückaktie gewährt dem Aktionär in der Hauptversammlung der Lenzing AG eine Stimme. Die Beschlüsse der Hauptversammlungen werden, soweit nicht zwingende Vorschriften des Aktiengesetzes etwas Abweichendes bestimmen, mit einfacher Mehrheit der abgegebenen Stimmen und in Fällen, in denen Kapitalmehrheit erforderlich ist, mit einfacher Mehrheit des bei der Beschlussfassung vertretenen Grundkapitals gefasst.

Es gibt keine Aktien mit besonderen Kontrollrechten. Mit Hauptversammlungsbeschluss vom 20. April 2016 wurde der Vorstand ermächtigt, mit Zustimmung des Aufsichtsrates auf den Inhaber lautende Stückaktien der Gesellschaft im Ausmaß von bis zu 10 Prozent des Grundkapitals der Gesellschaft während einer Geltungsdauer von 30 Monaten ab dem 20. April 2016 über die Börse zu erwerben. Der Handel in eigenen Aktien ist als Zweck des Erwerbs ausgeschlossen.

Darüber hinaus wurde der Vorstand ermächtigt, erforderlichenfalls das Grundkapital durch Einziehung dieser eigenen Aktien ohne weiteren Hauptversammlungsbeschluss herabzusetzen. Der Aufsichtsrat wurde ermächtigt, Änderungen der Satzung, die sich durch die Einziehung von Aktien ergeben, zu beschließen.

Konkret wurde der Vorstand mit Hauptversammlungsbeschluss vom 22. April 2015 ermächtigt, mit Zustimmung des Aufsichtsrates das Grundkapital innerhalb von fünf Jahren ab Eintragung in das Firmenbuch – allenfalls in Tranchen – gegen Bar- und/oder Sacheinlage um bis zu EUR 13.778.412 durch Ausgabe von bis zu 13.274.000 Stückaktien zu erhöhen („genehmigtes Kapital“). Dieses genehmigte Kapital wurde im Firmenbuch am 26. Mai 2016 eingetragen.

Darüber hinaus wurde der Vorstand mit Hauptversammlungsbeschluss vom 22. April 2015 ermächtigt mit Zustimmung des Aufsichtsrates bis spätestens 22. April 2020 Wandelschuldverschreibungen – auch in mehreren Tranchen – auszugeben, die ein Bezugs- oder Umtauschrecht bzw. eine Bezugs- oder Umtauschpflicht auf bis zu 13.274.000 Aktien gewähren bzw. vorsehen („bedingtes Kapital“). Die Bedienung kann über das bedingte Kapital und/oder über eigene Aktien erfolgen.

Die Hauptversammlung vom 20. April 2016 fasste außerdem den Beschluss, das genehmigte Kapital gemäß Hauptversammlungsbeschluss vom 10. Dezember 2010 zum 2. Tagesordnungspunkt aufzuheben. Das bezeichnete genehmigte Kapital war mit 10. Dezember 2015 abgelaufen. Im Sinne der Rechtsklarheit und zur Löschung des seinerzeit nach wie vor im Firmenbuch zu Vollzug Nr. 69 eingetragenen genehmigten Kapitals gemäß

Hauptversammlungsbeschluss vom 10. Dezember 2010 war die Aufhebung des entsprechenden seinerzeitigen Hauptversammlungsbeschlusses vom 10. Dezember 2010 erforderlich. Unverändert aufrecht bleiben die Hauptversammlungsbeschlüsse vom 22. April 2015 zum 8. Tagesordnungspunkt über ein neues genehmigtes Kapital und die entsprechende Änderung der Satzung in § 4 Abs 3.

Weiters wurde der Vorstand mit Zustimmung des Aufsichtsrates von der Hauptversammlung am 20. April 2016 ermächtigt, das bedingte Kapital gemäß Hauptversammlungsbeschluss vom 10. Dezember 2010 (Bedingte Kapitalerhöhung gemäß § 159 Absatz 2 Ziffer 1 AktG um bis zu EUR 13.358.625 durch Ausgabe von bis zu 12.862.500 Stückaktien zur Ausgabe an Gläubiger von Wandelschuldverschreibungen) zum 3. Punkt der Tagesordnung im Sinne der Rechtsklarheit aufzuheben. Der Vorstand hat von den bestehenden Ermächtigungen in der Berichtsperiode keinen Gebrauch gemacht. Das in der Hauptversammlung vom 22. April 2015 zum 10. Punkt der Tagesordnung beschlossene neue bedingte Kapital und die entsprechende Änderung der Satzung in § 4 bleiben unverändert aufrecht.

Ausführliche Informationen über die Hauptversammlung, Beschlussvorschläge und Abstimmungsergebnisse sind auf der Internetseite der Lenzing AG abrufbar: <http://www.lenzing.com/investoren/hauptversammlung/2016/information-ueber-die-aktionaersrechte.html>

Die 73. ordentliche Hauptversammlung findet am 25. April 2017 im Kulturzentrum Lenzing, 4860 Lenzing, statt.

## Weitere Offenlegung gemäß § 243a UGB

Es existieren keine sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstandes und des Aufsichtsrates. In Finanzierungsvereinbarungen gibt es „Change-of-Control“-Klauseln. Darüber hinaus ist die Gesellschaft keine bedeutenden Vereinbarungen eingegangen, die bei einem Kontrollwechsel der Gesellschaft infolge eines Übernahmeangebots wirksam, sich ändern oder enden würden. Es existieren keine Entschädigungsvereinbarungen zwischen der Gesellschaft und Mitgliedern des Vorstandes und des Aufsichtsrates oder Arbeitnehmer/innen im Falle eines öffentlichen Übernahmeangebots.

# Ausblick

**Der Internationale Währungsfonds** rechnet für 2017 mit einem leichten Anstieg des weltweiten Wirtschaftswachstums auf 3,4 Prozent. Erhöhte Unsicherheit resultiert allerdings aus dem politischen Umfeld. An den Fasermärkten ist mit einer etwas positiveren, allerdings nach wie vor volatilen Entwicklung zu rechnen. Die Baumwolllagerbestände werden weiter abgebaut werden und lasten nach wie vor auf dem Markt. Die Polyesterfaserpreise werden auf niedrigem Niveau verharren, was auch den Preiswettbewerb der Fasern untereinander verstärkt.

Im für Lenzing relevanten Marktsegment der holzbasierten Cellulosefasern deutet sich weiterhin eine positivere Entwicklung als am Gesamtfasermarkt an. Die Nachfrage nach diesen Cellulosefasern war zu Jahresbeginn 2017 sehr gut, Viscose und vor allem Cellulose-Spezialfasern liegen langfristig im Trend. Auf der Angebotsseite dürften 2017 keine nennenswerten neuen Produktionskapazitäten auf den Markt drängen.

## Entwicklung der Lenzing Gruppe

In diesem Umfeld ist Lenzing sehr gut aufgestellt. Wir fokussieren uns im Jahr 2017 weiterhin auf die disziplinierte Umsetzung der Konzernstrategie sCore TEN, konkret auf Spezialisierung und auf nachhaltigkeitsgetriebene Innovationen. Essentiell wird die Intensivierung unserer Markenpflege sein, um die Alleinstellungsmerkmale unserer Fasern bei den Konsumenten stärker zu betonen.

In den ersten Wochen des Jahres 2017 konnte die Lenzing Gruppe eine starke Nachfrage nach ihren Fasern feststellen. Dies ermöglichte eine weiterhin hohe Auslastung bei allen Produktgruppen. Der Marktpreisindex für Viscosefasern lag deutlich über dem Niveau des Vergleichszeitraums des Vorjahres. Unter der Voraussetzung unveränderter Fasermarktverhältnisse und Währungsrelationen erwartet Lenzing für das angelaufene Geschäftsjahr 2017 eine deutliche Verbesserung gegenüber 2016.

Lenzing, am 8. März 2017

**Lenzing Aktiengesellschaft**

## Der Vorstand

**Dr. Stefan Doboczky, MBA**

Chief Executive Officer  
Vorstandsvorsitzender

**Robert van de Kerkhof, MBA**

Chief Commercial Officer  
Mitglied des Vorstandes

**Mag. Thomas Obendrauf, MBA**

Chief Financial Officer  
Mitglied des Vorstandes

# Jahres- abschluss 2016

## Jahresabschluss der Lenzing Aktiengesellschaft nach österreichischem Unternehmensgesetzbuch (UGB)

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# Bilanz zum 31. Dezember 2016

Aktiva	31.12.2016		31.12.2015 <sup>1</sup>	
	EUR	EUR	TEUR	TEUR
<b>A. Anlagevermögen</b>				
I. Immaterielle Vermögensgegenstände				
1. Rechte		2.451.519,19		1.810,1
2. Firmenwert		492.131,39		535,5
		<b>2.943.650,58</b>		<b>2.345,6</b>
II. Sachanlagen				
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund		120.502.082,91		122.079,9
2. Technische Anlagen und Maschinen		349.404.742,24		366.975,2
3. Andere Anlagen, Betriebs- und Geschäftsausstattung		16.474.564,83		13.430,2
4. Anlagen in Bau		36.091.007,15		14.817,7
5. Geleistete Anzahlungen		4.692.230,61		1.263,9
		<b>527.164.627,74</b>		<b>518.567,0</b>
III. Finanzanlagen				
1. Anteile an verbundenen Unternehmen		261.527.622,47		259.839,9
2. Ausleihungen an verbundene Unternehmen		44.862.808,68		84.743,1
3. Beteiligungen		5.593.908,31		5.110,1
4. Wertpapiere (Wertrechte) des Anlagevermögens		18.563.319,41		19.235,9
5. Sonstige Ausleihungen		8.518.471,00		603,3
		<b>339.066.129,87</b>		<b>369.532,4</b>
		<b>869.174.408,19</b>		<b>890.444,9</b>
<b>B. Umlaufvermögen</b>				
I. Vorräte				
1. Roh-, Hilfs- und Betriebsstoffe		42.448.848,73		46.412,3
2. Unfertige Erzeugnisse		578.260,12		564,5
3. Fertige Erzeugnisse und Waren		35.163.820,48		35.545,6
4. Geleistete Anzahlungen		253.313,85		71,4
		<b>78.444.243,18</b>		<b>82.593,8</b>
II. Forderungen und sonstige Vermögensgegenstände				
1. Forderungen aus Lieferungen und Leistungen		40.228.738,57		42.043,3
davon mit einer Restlaufzeit von mehr als einem Jahr		0,00		0,00
2. Forderungen gegenüber verbundenen Unternehmen		85.823.167,71		82.889,2
davon mit einer Restlaufzeit von mehr als einem Jahr		1.362.010,76		3.253,10
3. Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht		3.993.863,95		2.950,8
davon mit einer Restlaufzeit von mehr als einem Jahr		0,00		0,00
4. Sonstige Forderungen und Vermögensgegenstände		69.323.264,79		44.496,9
davon mit einer Restlaufzeit von mehr als einem Jahr		5.000,00		392,10
		<b>1.367.010,76</b>		<b>172.380,2</b>
III. Kassenbestand, Guthaben bei Kreditinstituten		281.644.491,44		201.396,1
		<b>559.457.769,64</b>		<b>456.370,0</b>
<b>C. Rechnungsabgrenzungsposten</b>		<b>2.736.074,16</b>		<b>1.671,3</b>
<b>D. Aktive latente Steuern</b>		<b>17.858.218,93</b>		<b>0,0</b>
		<b>1.449.226.470,92</b>		<b>1.348.486,2</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang Abschnitt 2).

Passiva	31.12.2016		31.12.2015 <sup>1)</sup>	
	EUR	EUR	TEUR	TEUR
<b>A. Eigenkapital</b>				
I. Eingefordertes, einbezahltes und gezeichnetes Grundkapital		27.574.071,43		27.574,1
II. Kapitalrücklagen				
Gebundene		138.642.770,74		138.642,8
III. Optionsrücklage		1.176.180,00		433,3
IV. Gewinnrücklagen				
Freie		451.594.082,78		405.551,7
V. Bilanzgewinn, davon Gewinnvortrag EUR 0,00 (31.12.2015: TEUR 0,0)		111.510.000,00		53.100,0
		<b>730.497.104,95</b>		<b>625.301,9</b>
<b>B. Zuschüsse der öffentlichen Hand</b>		<b>13.972.031,02</b>		<b>9.253,3</b>
<b>C. Rückstellungen</b>				
1. Rückstellungen für Abfertigungen		61.440.332,18		53.517,1
2. Rückstellungen für Pensionen		27.608.731,27		27.140,4
3. Steuerrückstellungen		2.030.333,42		6.060,9
4. Sonstige Rückstellungen		84.655.228,63		65.763,3
		<b>175.734.625,50</b>		<b>152.481,6</b>
<b>D. Verbindlichkeiten</b>				
1. Anleihen		120.000.000,00		120.000,0
davon mit einer Restlaufzeit von bis zu einem Jahr	120.000.000,00		0,0	
davon mit einer Restlaufzeit von mehr als einem Jahr	0,00		120.000,0	
2. Verbindlichkeiten aus Schuldscheindarlehen		197.000.000,00		237.500,0
davon mit einer Restlaufzeit von bis zu einem Jahr	0,00		40.500,0	
davon mit einer Restlaufzeit von mehr als einem Jahr	197.000.000,00		197.000,0	
3. Verbindlichkeiten gegenüber Kreditinstituten		19.492.561,68		24.924,4
davon mit einer Restlaufzeit von bis zu einem Jahr	12.873.111,69		7.741,0	
davon mit einer Restlaufzeit von mehr als einem Jahr	6.619.449,99		17.183,4	
4. Sonstige zinstragende Verbindlichkeiten		24.932.714,54		27.189,6
davon mit einer Restlaufzeit von bis zu einem Jahr	4.565.351,23		6.999,0	
davon mit einer Restlaufzeit von mehr als einem Jahr	20.367.363,31		20.190,6	
5. Erhaltene Anzahlungen auf Bestellungen		1.408.926,92		1.587,3
davon mit einer Restlaufzeit von bis zu einem Jahr	1.408.926,92		1.587,3	
davon mit einer Restlaufzeit von mehr als einem Jahr	0,00		0,0	
6. Verbindlichkeiten aus Lieferungen und Leistungen		42.722.294,05		44.271,2
davon mit einer Restlaufzeit von bis zu einem Jahr	42.722.294,05		44.271,2	
davon mit einer Restlaufzeit von mehr als einem Jahr	0,00		0,0	
7. Verbindlichkeiten gegenüber verbundenen Unternehmen		81.262.809,29		72.046,7
davon mit einer Restlaufzeit von bis zu einem Jahr	27.662.891,02		16.793,6	
davon mit einer Restlaufzeit von mehr als einem Jahr	53.599.918,27		55.253,1	
8. Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht		0,00		22,7
davon mit einer Restlaufzeit von bis zu einem Jahr	0,00		22,7	
davon mit einer Restlaufzeit von mehr als einem Jahr	0,00		0,0	
9. Sonstige Verbindlichkeiten		41.728.869,15		33.441,7
davon mit einer Restlaufzeit von bis zu einem Jahr	38.829.841,25		31.215,8	
davon mit einer Restlaufzeit von mehr als einem Jahr	2.899.027,90		2.225,9	
davon aus Steuern EUR 360.714,10 (31.12.2015: TEUR 563,2)				
davon im Rahmen der sozialen Sicherheit EUR 4.251.113,34 (31.12.2015: TEUR 3.545,2)				
davon mit einer Restlaufzeit von bis zu einem Jahr	248.062.416,16	<b>528.548.175,63</b>	149.130,6	<b>560.983,5</b>
davon mit einer Restlaufzeit von mehr als einem Jahr	280.485.759,47		411.853,0	
<b>E. Rechnungsabgrenzungsposten</b>		<b>474.533,82</b>		<b>465,9</b>
		<b>1.449.226.470,92</b>		<b>1.348.486,2</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang Abschnitt 2).

# Gewinn- und Verlustrechnung

für den Zeitraum 01. Jänner 2016 bis 31. Dezember 2016

	2016	2015 <sup>1</sup>
	EUR	TEUR
1. Umsatzerlöse	954.064.440,47	824.607,4
2. Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen	-368.016,40	-215,9
3. Andere aktivierte Eigenleistungen	9.439.246,66	6.550,3
4. Sonstige betriebliche Erträge:		
a) Erträge aus dem Abgang vom und der Zuschreibung zum Anlagevermögen mit Ausnahme der Finanzanlagen	25.662,32	29,2
b) Erträge aus der Auflösung von Rückstellungen	4.740.486,44	5.677,4
c) Übrige	8.766.571,63	4.903,8
	<b>13.532.720,39</b>	<b>10.610,4</b>
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Materialaufwand	-388.574.917,73	-364.016,7
b) Aufwendungen für bezogene Leistungen	-62.951.909,12	-62.188,9
	<b>-451.526.826,85</b>	<b>-426.205,6</b>
6. Personalaufwand		
a) Löhne	-70.795.824,20	-67.077,9
b) Gehälter	-84.651.647,17	-71.541,6
c) soziale Aufwendungen	-59.380.865,09	-39.418,0
aa) davon Aufwendungen für Altersversorgung EUR -3.749.544,34 (2015: TEUR -1.283,2)		
bb) davon Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen EUR -12.687.904,70 (2015: TEUR 526,9)		
cc) davon Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge EUR -40.659.014,05 (2015: TEUR -36.282,9)		
	<b>-214.828.336,46</b>	<b>-178.037,5</b>
7. Abschreibungen		
auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen		
a) Planmäßige Abschreibungen	-57.936.513,42	-58.322,1
b) Außerplanmäßige Abschreibungen	-1.425.000,00	0,0
c) Auflösung Investitionszuschüsse der öffentlichen Hand	532.634,84	444,9
	<b>-58.828.878,58</b>	<b>-57.877,2</b>
8. Sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Ziffer 18 fallen	-318.640,09	-261,0
b) Übrige	-137.377.752,34	-128.907,8
	<b>-137.696.392,43</b>	<b>-129.168,9</b>
<b>9. Zwischensumme aus Ziffer 1 bis 8 (Übertrag)</b>	<b>113.787.956,80</b>	<b>50.263,0</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang Abschnitt 2).

	2016	2015 <sup>1)</sup>
	EUR	TEUR
<b>9. Zwischensumme aus Ziffer 1 bis 8 (Übertrag)</b>	<b>113.787.956,80</b>	<b>50.263,0</b>
10. Erträge aus Beteiligungen	25.701.697,84	30.468,6
davon aus verbundenen Unternehmen EUR 25.661.261,08 (2015: TEUR 376,0)		
11. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens	1.453.740,09	2.423,2
davon aus verbundenen Unternehmen EUR 839.861,42 (2015: TEUR 2.154,5)		
12. Sonstige Zinsen und ähnliche Erträge	3.107.552,92	912,2
davon aus verbundenen Unternehmen EUR 2.493.221,60 (2015: TEUR 758,5)		
13. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen	32.695.448,42	4.783,1
davon aus verbundenen Unternehmen EUR 6.333.115,20 (2015: TEUR 4.748,8)		
14. Aufwendungen aus Finanzanlagen	-519.637,12	-267,0
a) davon Abschreibungen EUR 519.637,12 (2015: TEUR 192,0)		
b) davon Aufwendungen aus verbundenen Unternehmen EUR 222.285,47 (2015: TEUR 75,0)		
15. Zinsen und ähnliche Aufwendungen	-11.846.634,82	-13.347,7
davon betreffend verbundene Unternehmen EUR 764.566,53 (2015: TEUR 596,1)		
<b>16. Zwischensumme aus Ziffer 10 bis 15</b>	<b>50.592.167,33</b>	<b>24.972,4</b>
<b>17. Ergebnis vor Steuern (Zwischensumme aus Ziffer 9 und Ziffer 16)</b>	<b>164.380.124,13</b>	<b>75.235,4</b>
18. Steuern vom Einkommen und vom Ertrag	-6.827.769,41	-9.081,4
a) davon laufende Steuern EUR -28.613.602,34 (2015: TEUR -9.172,8)		
b) davon latente Steuern EUR 21.785.832,93 (2015: TEUR 91,4)		
<b>19. Ergebnis nach Steuern = Jahresüberschuss</b>	<b>157.552.354,72</b>	<b>66.154,0</b>
20. Auflösung von Gewinnrücklagen (freie)	0,00	274,2
21. Zuweisung zu Gewinnrücklagen (freie)	-46.042.354,72	-13.328,2
<b>22. Bilanzgewinn</b>	<b>111.510.000,00</b>	<b>53.100,0</b>

<sup>1)</sup> Die Vorjahresbeträge sind hinsichtlich der Gliederung an die geänderten Vorgaben des RÄG 2014 angepasst worden (Details siehe Anhang Abschnitt 2).



# Anhang zum Jahresabschluss für das Geschäftsjahr 2016

## Allgemeine Angaben

**Der Vorstand der** Lenzing Aktiengesellschaft (Lenzing AG) hat den vorliegenden Jahresabschluss zum 31. Dezember 2016 nach den Vorschriften des österreichischen Unternehmensgesetzbuches (UGB) in der aktuellen Fassung aufgestellt. Er umfasst das Geschäftsjahr vom 1. Jänner bis zum 31. Dezember 2016.

Die Lenzing AG ist eine börsennotierte Aktiengesellschaft österreichischen Rechts. Sie ist im Firmenbuch beim Handels- als Landesgericht Wels, Österreich, unter der Nummer FN 96499 k eingetragen. Ihr Sitz ist in 4860 Lenzing, Werkstraße 2, Österreich. Die Aktien der Lenzing AG sind im Prime Market (seit 18. April 2011) und im Leitindex ATX (seit 19. September 2011) der Wiener Börse in Wien, Österreich, gelistet.

Das Kerngeschäft der Lenzing AG liegt in der Erzeugung und Vermarktung von botanischen Cellulosefasern. Der zur Erzeugung notwendige Zellstoff wird zu einem großen Teil im eigenen Zellstoffwerk hergestellt und teilweise zugekauft. Der wichtigste Rohstoff zur Zellstoffherzeugung ist Holz, das zugekauft wird.

Bei der Gesellschaft handelt es sich um eine große Kapitalgesellschaft.

Die bisherige Form der Darstellung wurde grundsätzlich bei der Erstellung des vorliegenden Jahresabschlusses beibehalten; hinsichtlich der Änderungen durch das Rechnungslegungsänderungsgesetz BGBl. I Nr. 22/2015 (RÄG 2014) wird auf die nachfolgenden Darstellungen verwiesen.

Die Lenzing AG ist das Mutterunternehmen der Lenzing Gruppe und erstellt einen Konzernabschluss. Der Konzernabschluss der Lenzing AG ist beim Firmenbuch Wels hinterlegt, am Sitz der Gesellschaft in Lenzing erhältlich und auf der Homepage <http://www.lenzing.com> abrufbar. Die Hauptaktionärin der Lenzing AG zum 31. Dezember 2016 ist die B&C Gruppe, welche direkt oder indirekt mit 62,6 Prozent (31.12.2015: 67,6 Prozent) am Grundkapital der Lenzing AG beteiligt ist. Der Konzernabschluss für den größten Kreis von Unternehmen, der öffentlich zugänglich ist und in den die Gesellschaft und ihre konsolidierten Unternehmen einbezogen sind, wird von der B&C Holding Österreich GmbH, Wien

aufgestellt und beim Firmenbuch Wien hinterlegt. Das oberste Mutterunternehmen der B&C Holding Österreich GmbH, und somit der Gesellschaft, ist die B&C Privatstiftung, Wien.

Die Zahlenangaben im vorliegenden Jahresabschluss und in den Erläuterungen werden auf die nächsten Tausend gerundet angegeben („TEUR“), sofern keine abweichende Angabe erfolgt. Bei Summierung von gerundeten Beträgen und Prozentangaben können durch Verwendung automatisierter Rechnungshilfen rundungsbedingte Rechendifferenzen auftreten.

## Bilanzierungs- und Bewertungsmethoden

### Allgemeine Grundlagen

Die Aufstellung des Jahresabschlusses erfolgte unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie der Generalnorm des § 222 Abs. 2 UGB, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten. Bei der Bewertung wurde von der Fortführung des Unternehmens ausgegangen.

Bei den Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewandt.

Das Unternehmen hat dem Vorsichtsprinzip Rechnung getragen, indem insbesondere nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen werden. Alle erkennbaren Risiken und drohenden Verluste, die bis zum Bilanzstichtag entstanden sind, wurden berücksichtigt.

Schätzungen beruhen auf einer umsichtigen Beurteilung. Soweit statistisch ermittelbare Erfahrungen aus gleich gelagerten Sachverhalten vorhanden sind, werden diese bei Schätzungen berücksichtigt.

Die bisherigen angewandten Bilanzierungs- und Bewertungsmethoden wurden mit Ausnahme der Änderungen auf Grund der erstmaligen Anwendung des RÄG 2014 beibehalten; diese Änderungen betreffen insbesondere:

- Zuschreibungen werden nunmehr generell bei Wegfall der Gründe für eine außerplanmäßige Abschreibung bzw. bei einer Wertaufholung vorgenommen. Es wird maximal auf jenen Wert zugeschrieben, der sich unter Berücksichtigung einer durchgängigen Normalabschreibung als Restbuchwert ergibt. Dabei wurde gemäß § 124b.Z.270 EStG für die bis zum 31. Dezember 2015 zu Recht unterlassenen Zuschreibungen eine steuerliche Zuschreibungsrücklage gebildet, die entsprechend diesen steuerlichen Bestimmungen aufgelöst wird.
- Die latenten Steuern werden gemäß den geänderten gesetzlichen Bestimmungen ab 1. Jänner 2016 erfasst. Der zum 1. Jänner 2016 bestehende Saldo an aktiven latenten Steuern wurde zur Gänze erfolgswirksam aktiviert.
- Langfristige Rückstellungen werden nunmehr mit dem Erfüllungsbetrag erfasst und mit einem marktüblichen und laufzeitadäquaten Zinssatz abgezinst.

Diese Änderungen führen aufgrund von Umwertungen zu Beginn des Geschäftsjahres zu folgenden Auswirkungen auf den Jahresabschluss für das laufende Geschäftsjahr:

Auswirkungen auf die Gewinn- und Verlustrechnung	01.01.2016
	TEUR
Sonstige Zinsen und Erträge: Abzinsung langfristiger Rückstellungen	515,0
Erträge aus der Zuschreibung zu Finanzanlagen: Nachholung Zuschreibung	2.399,2
<b>Ergebnis vor Steuern</b>	<b>2.914,2</b>
Steuern vom Einkommen und Ertrag: Nachaktivierung aktive latente Steuern	20.563,0
<b>Ergebnis nach Steuern = Bilanzgewinn</b>	<b>23.477,2</b>
Auswirkungen auf die Bilanz	01.01.2016
	TEUR
Finanzanlagen: Nachholung Zuschreibung	2.399,2
<b>Anlagevermögen</b>	<b>2.399,2</b>
Aktive latente Steuern: Nachaktivierung aktive latente Steuern	20.563,0
<b>Aktive latente Steuern</b>	<b>20.563,0</b>
Sonstige Rückstellungen: Abzinsung langfristiger Rückstellungen	515,0
<b>Rückstellungen</b>	<b>515,0</b>
<b>Eigenkapital (Erhöhung)</b>	<b>23.477,2</b>

Die Vorjahresbeträge sind hinsichtlich der Gliederung von Bilanz und Gewinn- und Verlustrechnung an die geänderten Vorgaben des RÄG 2014 angepasst worden. Dies betrifft insbesondere:

- Die Umgliederung der un versteuerten Rücklagen nach Abzug der darauf lastenden Rückstellungen für latente Steuern in das Eigenkapital sowie die diesbezügliche Darstellung in der Gewinn- und Verlustrechnung.
- Umgliederungen von sonstigen betrieblichen Erträgen zu den Umsatzerlösen sowie der diesbezüglichen sonstigen

Forderungen zu den Forderungen aus Lieferungen und Leistungen.

Auswirkungen auf die Gewinn- und Verlustrechnung	31.12.2015 nach RÄG	Umgliederung	31.12.2015 vor RÄG
	TEUR	TEUR	TEUR
Umsatzerlöse: Umgliederung	824.607,4	35.523,9	789.083,5
Sonstige betriebliche Erträge: Umgliederung	4.903,8	-35.523,9	40.427,7
<b>Ergebnis vor Steuern</b>	<b>75.235,4</b>	<b>0,0</b>	<b>75.235,4</b>
Steuern vom Einkommen und vom Ertrag: Umgliederung	-9.081,4	91,4	-9.172,8
<b>Ergebnis nach Steuern</b>	<b>66.154,0</b>	<b>91,4</b>	<b>66.062,6</b>
Auflösung un versteuerte Rücklagen: Umgliederung	0,0	-365,6	365,6
Auflösung von Gewinnrücklagen: Umgliederung	274,2	274,2	0,0
<b>Rücklagenveränderung</b>	<b>-13.054,0</b>	<b>-91,4</b>	<b>-12.962,6</b>
<b>Bilanzgewinn</b>	<b>53.100,0</b>	<b>0,0</b>	<b>53.100,0</b>
Auswirkungen auf die Bilanz			
Forderungen aus Lieferungen und Leistungen: Umgliederung	42.043,3	3.700,0	38.343,3
Sonstige Forderungen und Vermögensgegenstände: Umgliederung	44.496,9	-3.700,0	48.196,9
<b>Umlaufvermögen</b>	<b>456.370,0</b>	<b>0,0</b>	<b>456.370,0</b>
Freie Gewinnrücklage: Umgliederung	405.551,7	11.782,8	393.768,9
<b>Eigenkapital</b>	<b>625.301,9</b>	<b>11.782,8</b>	<b>613.519,1</b>
Bewertungsreserve aufgrund von Sonderabschreibungen: Umgliederung	0,0	-15.710,5	15.710,5
<b>Un versteuerte Rücklagen</b>	<b>0,0</b>	<b>-15.710,5</b>	<b>15.710,5</b>
Steuerrückstellungen: Umgliederung	6.060,9	3.927,6	2.133,3
<b>Rückstellungen</b>	<b>152.481,6</b>	<b>3.927,6</b>	<b>148.554,0</b>
<b>Bilanzsumme</b>	<b>1.348.486,2</b>	<b>0,0</b>	<b>1.348.486,2</b>

## Anlagevermögen

Erworbene **immaterielle Vermögensgegenstände** und **Sachanlagen** werden mit den Anschaffungs- bzw. Herstellungskosten vermindert, um die planmäßige, nach der linearen Methode vorgenommenen Abschreibung angesetzt. Selbst erstellte immaterielle Vermögensgegenstände werden als Aufwand erfasst.

Die Herstellungskosten von selbsterstellten Sachanlagen umfassen die Einzelkosten, angemessene Teile der Materialgemeinkosten und Fertigungsgemeinkosten sowie Aufwendungen für freiwillige soziale Leistungen, für betriebliche Altersversorgung und für Abfertigungen. Vom Wahlrecht der Aktivierung von Fremdkapitalzinsen wird nicht Gebrauch gemacht.

Der Rahmen der Nutzungsdauer beträgt für die einzelnen Anlagegruppen:

Nutzungsdauer in Jahren	von	bis
<b>Immaterielle Vermögensgegenstände</b>		
a) Lizenzen, Know-how und Mietrechte	3	20
b) Software	4	4
c) Firmenwert	15	15
<b>Sachanlagen</b>		
a) Grundstücksgleiche Rechte	99	99
b) Gebäude		
Wohngebäude	50	50
Geschäfts- und Fabriksgebäude	25	50
c) Technische Anlagen und Maschinen	10	25
d) Andere Anlagen, Betriebs- und Geschäftsausstattung	4	20

Außerplanmäßige Abschreibungen auf einen zum Abschlussstichtag niedrigeren beizulegenden Zeitwert erfolgen, wenn die Wertminderung voraussichtlich von Dauer ist.

Für **Firmenwerte**, die vor dem 1. Jänner 2016 zugegangen sind, wurde die bisherige Nutzungsdauer von 15 Jahren beibehalten.

**Anteile an verbundenen Unternehmen** und **Beteiligungen** werden mit den Anschaffungskosten oder, bei voraussichtlich dauernder Wertminderung, mit dem niedrigeren beizulegenden Wert zum Bilanzstichtag angesetzt.

Zur Beurteilung der Werthaltigkeit von Beteiligungen wird grundsätzlich das Discounted Cash-Flow-Verfahren gemäß dem Fachgutachten zur Unternehmensbewertung KFS/BW 1 der Kammer der Wirtschaftstreuhänder herangezogen. Der beizulegende Wert bzw. der Unternehmenswert wird aus den mit den gewichteten Kapitalkosten diskontierten geschätzten künftigen Cashflows abgeleitet.

Die Cashflows werden aus den Planungen bzw. Prognosen abgeleitet und beruhen auf zukunftsbezogenen Annahmen, im Unternehmensbereich Fasern insbesondere auf Preis- und Mengenentwicklungen beim Absatz, den Produktionsmengen sowie den dazu notwendigen Kosten speziell für Rohstoffe, Energie, Personal und Steuern. Diese Daten basieren insbesondere auf internen Annahmen unter Berücksichtigung des erwarteten Marktumfeldes und der Marktpositionierung sowie auf externen Marktannahmen

aus Marktstudien oder Konjunkturaussichten. Nach dem Detailplanungszeitraum wird basierend auf den Annahmen des letzten Planjahres mit einer ewigen Rente unter Berücksichtigung einer nachhaltigen langfristigen Wachstumsrate gerechnet.

Als Abzinsungssatz wird ein individuell nach dem Capital Asset Pricing Model ermittelter Mischsatz aus der Fremdkapitalverzinsung und der Verzinsung des eingesetzten Eigenkapitals herangezogen (WACC). Dieser Abzinsungssatz spiegelt die gegenwärtigen Markteinschätzungen und die speziellen Risiken der betroffenen Beteiligungen wider.

**Ausleihungen** werden mit dem Nominalwert, bei Unverzinslichkeit mit dem Barwert bzw. bei voraussichtlich dauernder Wertminderung mit dem niedrigeren beizulegenden Zeitwert zum Bilanzstichtag angesetzt.

**Wertpapiere (Wertrechte) des Anlagevermögens** werden mit den Anschaffungskosten oder dem niedrigeren Kurswert zum Bilanzstichtag bewertet.

In den Wertpapieren (Wertrechten) des Anlagevermögens sind auch Ansprüche aus einer Rückdeckungsversicherung für Pensionsverpflichtungen enthalten, die in Höhe des Deckungskapitals aktiviert werden. Die Erträge aus dieser Rückdeckungsversicherung werden in den Aufwendungen für Altersversorgung erfasst.

**Zuschreibungen** zu Vermögensgegenständen des Anlagevermögens werden vorgenommen, wenn die Gründe für die außerplanmäßige Abschreibung nachhaltig weggefallen sind. Die Zuschreibung erfolgt auf maximal den Nettobuchwert, der sich unter Berücksichtigung der Normalabschreibungen, die inzwischen vorzunehmen gewesen wären, ergibt. Beim Firmenwert unterbleibt gemäß § 208 Abs 2 UGB die Zuschreibung.

## Umlaufvermögen

**Roh-, Hilfs- und Betriebsstoffe** werden mit den Anschaffungskosten nach dem gleitenden Durchschnittspreisverfahren oder dem niedrigeren beizulegenden Zeitwert am Bilanzstichtag bewertet.

**Unfertige Erzeugnisse und fertige Erzeugnisse** sind zu Herstellungskosten (im Sinne des § 206 UGB), jedoch höchstens zum voraussichtlichen Verkaufserlös – abzüglich der bis zum Verkauf noch anfallenden Kosten – angesetzt. Die Herstellungskosten umfassen neben den Einzelkosten auch anteilige Material- und Fertigungsgemeinkosten auf Basis einer Normalauslastung sowie Aufwendungen für freiwillige soziale Leistungen, für betriebliche Altersversorgung und für Abfertigungen. Aufwendungen für Fremdkapitalzinsen sowie allgemeine Verwaltungs- und Vertriebskosten werden nicht aktiviert. Wirtschaftliche und technische Risiken werden durch Abschläge angemessen berücksichtigt.

**Forderungen und sonstige Vermögensgegenstände** werden gemäß dem strengen Niederstwertprinzip angesetzt. Forderungen werden einzeln bewertet. Falls Risiken hinsichtlich der Einbringlichkeit bestehen, werden Einzelwertberichtigungen gebildet. Bei der Ermittlung der Höhe der Einzelwertberichtigung werden erhaltene Sicherheiten, wie Bankgarantien und Kreditversicherungen, angemessen berücksichtigt. Ist eine Forderung gänzlich uneinbringlich,

wird die Forderung mit 100 Prozent wertberichtigt (auf Basis des Nettobetrages). Pauschale Wertberichtigungen werden nicht gebildet.

**Zuschreibungen** zu Vermögensgegenständen des Umlaufvermögens werden vorgenommen, wenn die Gründe für die Abschreibung nachhaltig weggefallen sind.

Betreffend die Bewertung von Forderungen in Fremdwährungen verweisen wir auf den Punkt Fremdwährungsumrechnung.

Die gemäß Emissionszertifikatengesetz unentgeltlich zugeteilten Emissionszertifikate werden in der Bilanz entsprechend der AFRAC-Stellungnahme „Bilanzierung von CO<sub>2</sub>-Emissionszertifikaten gemäß UGB“ vom Dezember 2015 dargestellt. Die aus dem aktuellen Geschäftsjahr und dem Vorjahr nicht verbrauchten Emissionszertifikate von insgesamt 815.328 Stück (31.12.2015: 701.231 Stück) hatten zum 31. Dezember 2016 einen Marktwert von TEUR 5.340,4 (31.12.2015: TEUR 5.764,1).

Betreffend die Bewertung von **Guthaben bei Kreditinstituten** in Fremdwährungen wird auf die unter dem Punkt Fremdwährungsumrechnung beschriebene Vorgehensweise verwiesen.

**Latente Steuern** werden gemäß § 198 Abs 9 und 10 UGB nach dem bilanzorientierten Konzept und ohne Abzinsung auf Basis des aktuellen Körperschaftsteuersatzes von 25 Prozent gebildet. Dabei werden mangels steuerlicher Verlustvorträge keine latenten Steuern auf steuerliche Verlustvorträge berücksichtigt. Die sich bei der Umstellung zum 1. Jänner 2016 ergebenden aktiven latenten Steuern sind vollständig erfasst.

## Rückstellungen

**Rückstellungen für Pensionen, Abfertigungen und Jubiläumsgelder** werden im Einklang mit der AFRAC-Stellungnahme „Rückstellungen für Pensions-, Abfertigungs-, Jubiläumsgeld- und vergleichbare langfristig fällige Verpflichtungen nach den Vorschriften des Unternehmensgesetzbuches“ nach versicherungsmathematischen Grundsätzen entsprechend den Vorschriften des IAS 19 „Leistungen an Arbeitnehmer“, wie dieser in der EU anzuwenden ist, unter Anwendung der Projected-Unit-Credit-Method (laufendes Einmalprämienvverfahren) berechnet. Dabei werden die erwarteten Versorgungsleistungen auf den gesamten Zeitraum der Beschäftigung verteilt. Zukünftige Gehalts- und Pensionssteigerungen sowie Fluktuationsabschläge werden berücksichtigt. Versicherungsmathematische Gewinne und Verluste werden zur Gänze im Periodenaufwand in der Periode erfasst, in der sie anfallen. Die in der Bilanz erfasste leistungsorientierte Verpflichtung aus einem Versorgungsplan stellt den Barwert der leistungsorientierten Verpflichtung dar.

Änderungen der oben genannten Personalrückstellungen, darunter auch die Aufwendungen aus der Aufzinsung dieser Rückstellungen, werden in der Gewinn- und Verlustrechnung im Personalaufwand ausgewiesen. Übersteigen jedoch in einem Geschäftsjahr die Verminderungen insgesamt die Zuweisungen an die jeweiligen Personalrückstellungen, wird der positive Saldo im Posten Erträge aus der Auflösung von Rückstellungen ausgewiesen. Zahlungen für beitragsorientierte Verpflichtungen werden im Personalaufwand erfasst.

In den **sonstigen Rückstellungen** werden unter Beachtung des Vorsichtsprinzips alle zum Zeitpunkt der Bilanzerstellung erkennbaren Risiken und der Höhe sowie dem Grunde nach ungewisse Verbindlichkeiten mit den Beträgen berücksichtigt, die nach vernünftiger unternehmerischer Beurteilung erforderlich sind. Bei der Bewertung werden Rückgriffsansprüche auf andere Parteien angemessen berücksichtigt. Langfristige Rückstellungen werden mit einem marktüblichen und laufzeitadäquaten Zinssatz abgezinst.

## Verbindlichkeiten

**Verbindlichkeiten** werden mit dem Erfüllungsbetrag angesetzt. Die Bewertung von Verbindlichkeiten in Fremdwährungen wird unter dem Punkt Fremdwährungsumrechnung erläutert.

## Fremdwährungsumrechnung

Bestehen Sicherungsgeschäfte in Bezug auf eine Währung, so werden auf diese Währung lautende monetäre Posten bis zum Nominale der Sicherungsgeschäfte mit einem Kurs umgerechnet, der dem gewogenen Durchschnitt aus den Terminkursen der Sicherungsgeschäfte entspricht.

Soweit das Nominale der monetären Posten über das Nominale der Sicherungsgeschäfte hinausgeht und sofern keine Sicherungsgeschäfte bestehen, so werden auf diese Währung lautende monetäre Posten entsprechend dem imparitätischen Realisationsprinzip mit dem Kurs zum Zeitpunkt der Ersterfassung, im Fall eines Kursverlustes aber mit dem Stichtagskurs umgerechnet.

Folgende wesentliche Kurse wurden für die Währungsumrechnung in Euro herangezogen:

Fremdwährungskurse			
Forderungen		31.12.2016	31.12.2015
Stichtagskurs	EUR/USD	1,0541	1,0926
Durchschnittlicher Sicherungskurs	EUR/USD	1,1317	1,1621
Stichtagskurs	EUR/CNY	7,3202	7,0910
Durchschnittlicher Sicherungskurs	EUR/CNY	7,5829	8,0237
Verbindlichkeiten		31.12.2016	31.12.2015
Stichtagskurs	EUR/USD	1,0541	1,0926

# Erläuterungen zur Bilanz

## AKTIVA

### Anlagevermögen

Die Aufgliederung des **Anlagevermögens** und seine Entwicklung im Berichtsjahr sind im Anlagenspiegel angeführt.

### Immaterielle Vermögensgegenstände und Sachanlagen

Der Posten **Rechte** beinhaltet zum Großteil ein Mitbenützungsrecht an der Abwasserreinigungsanlage des Wasserreinigungsverbandes Lenzing-Lenzing AG sowie das Recht auf Energiebezug von der RVL Reststoffverwertung Lenzing GmbH, einer von der Gesellschaft gemeinsam mit der Energie AG Oberösterreich Umwelt Service GmbH betriebenen Reststoffverwertungsanlage.

Im Geschäftsjahr 2016 wurden immaterielle Vermögensgegenstände mit Anschaffungskosten in Höhe von TEUR 14,4 (2015: TEUR 916,1) von verbundenen Unternehmen erworben.

In den immateriellen Vermögensgegenständen sind solche immateriellen Vermögensgegenstände, die von einem verbundenen Unternehmen erworben wurden, mit einem Buchwert von TEUR 506,9 (31.12.2015: TEUR 734,5) enthalten.

Der **Firmenwert** wird planmäßig, nach der linearen Methode über die Nutzungsdauer von 15 Jahren abgeschrieben. Die gewählte Nutzungsdauer orientiert sich an der durchschnittlichen Restlaufzeit der im Zuge der Übernahme übernommenen Verpflichtungen.

Außerplanmäßige Abschreibungen wurden in Höhe von TEUR 1.425,0 (2015: TEUR 0,0) für Technische Anlagen und Maschinen vorgenommen.

Nach Unternehmensbereichen ergibt sich folgende Aufgliederung der Zugänge zu den **immateriellen Vermögensgegenständen und Sachanlagen**:

Unternehmensbereich	2016	2015
	TEUR	TEUR
Fasern	37.724,0	33.408,4
Zentralbereiche (Umwelt, Information & Kommunikation, Infrastruktur)	14.500,7	12.296,4
Energie	4.451,9	1.249,7
Zellstoff	8.594,7	4.110,6
Übrige	3.303,9	2.500,8
<b>Gesamt</b>	<b>68.575,2</b>	<b>53.565,9</b>

Die Abgänge von immateriellen Vermögensgegenständen und von Sachanlagen hatten Anschaffungs- und Herstellungskosten von

TEUR 2.557,0 (2015: TEUR 6.046,0) und einen Buchwert von TEUR 17,9 (2015: TEUR 58,1).

Die grundstücksgleichen Rechte beinhalten im Wesentlichen ein erworbenes Baurecht mit einem Buchwert von TEUR 566,4 (31.12.2015: TEUR 573,1).

## Finanzanlagen

Die Auflistung der **Anteile an verbundenen Unternehmen** und **Beteiligungen** der Lenzing AG kann der am Ende dieses Anhangs angeschlossenen Beteiligungsliste entnommen werden.

Die Zugänge bei den **Anteilen an verbundenen Unternehmen** betreffen im Wesentlichen die Gründung der Lenzing Singapore Pte. Ltd., (TEUR 1.000,0) und Zuschüsse an die indirekte Tochtergesellschaft Lenzing (Nanjing) Fibers, Co., Ltd. (TEUR 587,1, 2015: TEUR 5.050,6).

Im Geschäftsjahr 2016 wurde die EQUI-Fibres Beteiligungsgesellschaft mbH teilweise verkauft. Die Auswirkungen auf das Finanzergebnis im Geschäftsjahr 2016 sind unter dem Punkt Finanzergebnis erläutert.

Die **Ausleihungen** setzen sich wie folgt zusammen:

Ausleihungen	Bilanzwert	mit einer Restlaufzeit bis zu 1 Jahr	mit einer Restlaufzeit über 1 Jahr
	TEUR	TEUR	TEUR
<b>Ausleihungen an verbundene Unternehmen</b>	<b>44.862,8</b>	<b>5.135,5</b>	<b>39.727,3</b>
Vorjahr	84.743,1	56.453,5	28.289,6
<b>Sonstige Ausleihungen</b>	<b>8.518,5</b>	<b>760,5</b>	<b>7.758,0</b>
Vorjahr	603,3	179,8	423,5
<b>Gesamt</b>	<b>53.381,3</b>	<b>5.896,0</b>	<b>47.485,3</b>
Vorjahr	85.346,4	56.633,3	28.713,1

Bei den Ausleihungen an verbundene Unternehmen wurde im Geschäftsjahr 2015 gemäß § 208 Abs. 2 UGB idF vor RÄG 2014 von einer möglichen Zuschreibung in Höhe von TEUR 2.399,2 kein Gebrauch gemacht. Die künftige steuerliche Belastung daraus beträgt TEUR 599,8. Im Geschäftsjahr 2016 wurde die Zuschreibung in Höhe von TEUR 2.399,2 gemäß RÄG 2014 erfolgswirksam gebucht. Dabei wurde gemäß § 124b Z 270 EStG eine steuerliche Zuschreibungsrücklage gebildet.

Die **Wertpapiere (Wertrechte) des Anlagevermögens** enthalten den Großanlegerfonds GF82 von TEUR 8.805,0 (31.12.2015: TEUR 8.887,0), der zur Deckung der Pensionsrückstellung dient. Dieser Fonds veranlagt nach den Vorschriften des Pensionskassengesetzes und ist per Jahresende im Wesentlichen in Euro-Anleihen veranlagt.

Ebenfalls beinhaltet dieser Posten Ansprüche aus Rückdeckungsversicherungen von TEUR 3.274,6 (31.12.2015: TEUR 3.407,2) betreffend Pensionsverpflichtungen und sonstige Wertpapiere (Wertrechte) des Anlagevermögens von TEUR 6.483,7 (31.12.2015: TEUR 6.941,7).

Im Geschäftsjahr 2015 wurden die Anteile an der Bahia Specialty Cellulose S.A. (TEUR 0,0) verkauft.

## Umlaufvermögen

Die **Roh-, Hilfs- und Betriebsstoffe** beinhalten im Wesentlichen Holz und Zellstoff für die Faserproduktion, Chemikalien für sämtliche Geschäftsbereiche sowie diverse Kleinmaterialien und Ersatzteile.

Die **Bestände an unfertigen und fertigen Erzeugnissen** betreffen im Wesentlichen Fasern der Dachmarken Lenzing Viscose® und TENCEL® sowie Faserzellstoff.

Von den **Forderungen aus Lieferungen und Leistungen** sind inklusive der im Rahmen des Factoring verkauften Forderungen TEUR 68.218,7 (31.12.2015: TEUR 69.334,5) nach Abzug von Selbstbehalten versichert und in Höhe von TEUR 5.568,0 (31.12.2015: TEUR 6.710,0) durch Garantien besichert. Wechselmäßige Verbriefungen liegen weder zum 31. Dezember 2016 noch zum 31. Dezember 2015 vor.

**Forderungen gegenüber verbundenen Unternehmen** resultieren aus Lieferungen und Leistungsverrechnungen in Höhe von TEUR 76.232,6 (31.12.2015: TEUR 75.253,2) sowie sonstigen Verrechnungen von TEUR 26,3 (31.12.2015: TEUR 15,2) und Forderungen aus Steuerumlagen in Höhe von TEUR 9.564,2 (31.12.2015: TEUR 7.620,8).

Soweit Forderungen und Verbindlichkeiten zwischen verbundenen Unternehmen in wirtschaftlicher Betrachtungsweise einander aufrechenbar gegenüberstehen, werden diese bei gleichem Gläubiger und Schuldner gegeneinander aufgerechnet.

**Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht**, resultieren aus der Leistungsverrechnung an die Lenzing Papier GmbH.

**Die sonstigen Forderungen und Vermögensgegenstände** beinhalten:

Sonstige Forderungen und Vermögensgegenstände	31.12.2016	31.12.2015
	TEUR	TEUR
Guthaben aus der Verrechnung mit dem Finanzamt	26.239,3	26.945,4
Nicht bevorschusster Betrag aus verkauften Forderungen	6.742,3	6.615,2
Emissionszertifikate	6.165,7	6.074,7
Abgrenzung von Kostenersätzen	835,5	825,1 <sup>1)</sup>
An- und Vorauszahlungen	1.030,2	222,5
Übrige	28.310,4	3.813,9
<b>Gesamt</b>	<b>69.323,3</b>	<b>44.496,9<sup>1)</sup></b>

<sup>1)</sup> Angepasst nach RÄG 2014

In den übrigen sonstigen Forderungen sind Forderungen aus dem Verkauf von Beteiligungen in Höhe von TEUR 22.236,0 enthalten.

In den sonstigen Forderungen und Vermögensgegenständen sind Erträge in Höhe von TEUR 51.781,2 (31.12.2015: TEUR 25.862,3; angepasst nach RÄG 2014) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

## Aktive latente Steuern

Die latenten Steuern zum Bilanzstichtag wurden für temporäre Differenzen zwischen dem steuerlichen und unternehmensrechtlichen Wertansatz für folgende Posten gebildet:

Stand der temporären Differenzen	31.12.2016	01.01.2016
	TEUR	TEUR
Sachanlagen und immaterielle Vermögensgegenstände	16.334,5	16.782,6
Finanzanlagen	19.929,8	21.186,6
Unversteuerte Rücklagen	-15.143,2	-15.682,7
Rückstellungen	49.735,7	43.525,3
Verbindlichkeiten	576,1	729,7
<b>Betrag Gesamtdifferenzen</b>	<b>71.432,9</b>	<b>66.541,5</b>
<b>Daraus resultierende aktive latente Steuern per 31.12. (25%)</b>	<b>17.858,2</b>	<b>16.635,4</b>

Im Posten Rückstellungen sind im Wesentlichen zeitliche Unterschiede zwischen dem unternehmensrechtlichen und dem steuerrechtlichen Wertansatz bei Rückstellungen für Sozialkapital (Pensionen und Abfertigungen) und Jubiläumsgelder sowie Unterschiede bei den Wertansätzen von langfristigen Rückstellungen einbezogen.

Entwicklung der latenten Steuern	31.12.2016
	TEUR
Stand am 31.12.2015 (passive latente Steuern aus unversteuerten Rücklagen)	-3.927,6
Erfolgswirksame Veränderung aufgrund RÄG-Erstanwendung 2016	20.563,0
<b>Stand am 1.1.2016 (aktive latente Steuern)</b>	<b>16.635,4</b>
Erfolgswirksame Veränderung	1.222,9
<b>Stand am 31.12.2016 (aktive latente Steuern)</b>	<b>17.858,2</b>

Temporäre Unterschiede aufgrund von steuerlichen Siebentelabschreibungen (§ 12 Abs 3 Z 2 KStG) sind mit TEUR 21.952,5 (31.12.2015: TEUR 23.431,6) im Posten Finanzanlagen enthalten.

Die unversteuerten Rücklagen wurden entsprechend RÄG 2014 in die Gewinnrücklagen umgegliedert. Temporäre Unterschiede zum steuerrechtlichen Wertansatz führen zu passiven latenten Steuern (vor Saldierung).

## PASSIVA

### Eigenkapital

Das **Grundkapital** der Lenzing AG zum 31. Dezember 2016 beträgt EUR 27.574.071,43 (31.12.2015: EUR 27.574.071,43) und ist in 26.550.000 Stückaktien (31.12.2015: 26.550.000) eingeteilt. Der auf eine Stückaktie entfallende Anteil am Grundkapital beträgt etwa EUR 1,04. Jede Stammaktie ist am Kapital im gleichen Ausmaß beteiligt und vermittelt die gleichen Rechte und Pflichten, insbesondere das Recht auf eine beschlossene Dividende und das Stimmrecht in der Hauptversammlung. Der Ausgabebetrag der Aktien ist voll einbezahlt. Andere Klassen von Anteilen sind nicht ausgegeben worden.



Mit Hauptversammlungsbeschluss vom 10. Dezember 2010 wurde der Vorstand ermächtigt, mit der Zustimmung des Aufsichtsrates das Grundkapital innerhalb von 5 Jahren – allenfalls in Tranchen – gegen Bar- und Sacheinlagen um maximal EUR 13.358.625,00 (entspricht 12.862.500 Stammaktien oder 50 Prozent des Grundkapitals per 31. Dezember 2010) zu erhöhen („genehmigtes Kapital“). Dieses genehmigte Kapital ist mit 10. Dezember 2015 abgelaufen.

Mit Hauptversammlungsbeschluss vom 10. Dezember 2010 wurde der Vorstand ermächtigt, bis spätestens 9. Dezember 2015 mit Zustimmung des Aufsichtsrates Wandelschuldverschreibungen auszugeben, die ein Bezugsrecht bzw. eine Umtauschpflicht auf bis zu 12.862.500 Stammaktien (entspricht 50 Prozent des Grundkapitals per 31. Dezember 2010) gewähren bzw. vorsehen („bedingtes Kapital“). Das obige bedingte Kapital wurde nicht ausgenutzt und ist am 9. Dezember 2015 abgelaufen.

Mit Hauptversammlungsbeschluss vom 28. April 2014 wurde der Vorstand ermächtigt, mit Zustimmung des Aufsichtsrates auf den Inhaber lautende Stückaktien der Gesellschaft im Ausmaß von bis zu 10 Prozent des Grundkapitals der Gesellschaft während einer Geltungsdauer von 30 Monaten ab dem 28. April 2014 über die Börse zu erwerben, wobei der niedrigste Gegenwert nicht mehr als 20 Prozent unter und der höchste Gegenwert nicht mehr als 10 Prozent über dem durchschnittlichen Börsenschlusskurs der letzten 3 Börsentage vor Erwerb der Aktien liegen darf. Der Handel in eigenen Aktien ist als Zweck des Erwerbs ausgeschlossen. Die Ermächtigung kann ganz oder teilweise oder auch in mehreren Teilbeträgen und in Verfolgung einer oder mehrerer Zwecke durch die Gesellschaft, durch ein Tochterunternehmen (§ 189a Z 7 UGB) oder für Rechnung der Gesellschaft durch Dritte ausgeübt werden. Darüber hinaus wurde der Vorstand ermächtigt, erforderlichenfalls das Grundkapital durch Einziehung dieser eigenen Aktien ohne weiteren Hauptversammlungsbeschluss herabzusetzen. Der Aufsichtsrat wurde ermächtigt, Änderungen der Satzung, die sich durch die Einziehung von Aktien ergeben, zu beschließen.

Mit Hauptversammlungsbeschluss vom 22. April 2015 wurde der Vorstand ermächtigt, mit Zustimmung des Aufsichtsrates das Grundkapital innerhalb von fünf Jahren ab Eintragung in das Firmenbuch – allenfalls in Tranchen – gegen Bar- und/oder Sacheinlage um bis zu EUR 13.778.412,00 durch Ausgabe von bis zu 13.274.000 Stückaktien zu erhöhen („genehmigtes Kapital“). Dieses genehmigte Kapital wurde im Firmenbuch am 26. Mai 2016 eingetragen.

Darüber hinaus wurde der Vorstand mit Hauptversammlungsbeschluss vom 22. April 2015 ermächtigt mit Zustimmung des Aufsichtsrates bis spätestens 22. April 2020 Wandelschuldverschreibungen – auch in mehreren Tranchen – auszugeben, die ein Bezugs- oder Umtauschrecht bzw. eine Bezugs- oder Umtauschpflicht auf bis zu 13.274.000 Aktien gewähren bzw. vorsehen („bedingtes Kapital“). Die Bedienung kann über das bedingte Kapital und/oder über eigene Aktien erfolgen.

Mit Hauptversammlungsbeschluss vom 20. April 2016 wurde der Vorstand ermächtigt, mit Zustimmung des Aufsichtsrates auf Inhaber lautende Stückaktien der Gesellschaft im Ausmaß von bis zu 10 Prozent des Grundkapitals der Gesellschaft während einer Geltungsdauer von 30 Monaten ab dem 20. April 2016 über die Börse zu erwerben, wobei der niedrigste Gegenwert nicht mehr

als 20 Prozent unter und der höchste Gegenwert nicht mehr als 10 Prozent über dem durchschnittlichen Börsenschlusskurs der letzten 3 Börsentage vor Erwerb der Aktien liegen darf. Der Handel mit eigenen Aktien ist als Zweck des Erwerbs ausgeschlossen. Die Ermächtigung kann ganz oder teilweise oder auch in mehreren Teilbeträgen und in Verfolgung einer oder mehrerer Zwecke durch die Gesellschaft, durch ein Tochterunternehmen (§ 189a Z 7 UGB) oder für Rechnung der Gesellschaft durch Dritte ausgeübt werden. Darüber hinaus wurde der Vorstand ermächtigt, erforderlichenfalls das Grundkapital durch Einziehung dieser eigenen Aktien ohne weiteren Hauptversammlungsbeschluss herabzusetzen. Der Aufsichtsrat wurde ermächtigt, Änderungen der Satzung, die sich durch die Einziehung von Aktien ergeben, zu beschließen.

Der Vorstand hat von den am bzw. bis 31. Dezember 2016 bestehenden Ermächtigungen zur Erhöhung des Grundkapitals, zur Ausgabe von Wandelschuldverschreibungen und zum Rückkauf eigener Aktien in der Berichtsperiode keinen Gebrauch gemacht.

Bei den **Kapitalrücklagen** handelt es sich um gebundene Rücklagen, die nur zum Ausgleich eines Bilanzverlustes verwendet werden dürfen. Sie wurden durch Zufuhr von Mitteln gebildet, welche von den Aktionären über das Grundkapital hinaus zugeflossen sind.

In 2015 wurde mit Herrn Dr. Stefan Doboczky, MBA eine langfristige Bonusvereinbarung abgeschlossen. Im Geschäftsjahr 2016 wurde ein Aufwand für den Bonusanspruch, der in Eigenkapitalinstrumenten erfüllt wird, von TEUR 742,9 (2015: TEUR 433,3) innerhalb des Personalaufwandes erfasst. Gegenläufig wurde im Eigenkapital eine **Optionsrücklage** mit dem gleichen Betrag erhöht. Zu weiterführenden Angaben wird auf den Punkt Organe und Arbeitnehmer verwiesen.

Die **freien Gewinnrücklagen** können jederzeit aufgelöst und als Teil des Bilanzgewinnes an die Aktionäre ausgeschüttet werden.

## Zuschüsse der öffentlichen Hand

Die **Investitionszuschüsse der öffentlichen Hand** einschließlich der **Emissionszertifikate** werden als gesonderter Hauptposten zwischen Eigenkapital und Fremdkapital ausgewiesen. Die Aufgliederung ist aus der Übersicht über die Entwicklung der Zuschüsse der öffentlichen Hand ersichtlich.

Die Auflösung der Investitionszuschüsse der öffentlichen Hand erfolgt entsprechend der Nutzungsdauer der geförderten Anlagen und wird offen mit den Abschreibungen saldiert. Der Zuschuss aus Emissionszertifikaten wurde dem Verbrauch entsprechend aufgelöst.

# Rückstellungen

Die **sonstigen Rückstellungen** entwickeln sich wie folgt:

2016 Rückstellungen für	Stand 31.12.2015	Verbrauch	Auflösung	Zuführung	Umgliederung	Stand 31.12.2016
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sozialplan	620,3	-385,0	-146,9	0,0	-88,4	0,0
Drohende Verluste	15.098,6	-929,0	-4.009,4	5.375,2	0,0	15.535,5
Schadensfälle	6.420,0	-317,6	-102,4	350,0	0,0	6.350,0
Noch nicht abgerechnete Lieferungen/ Leistungen	2.946,4	-2.871,8	-74,6	3.379,5	0,0	3.379,5
Jubiläumsgelder	11.703,3	-437,4	0,0	1.776,3	0,0	13.042,2
Sonderzahlungen	8.988,7	-6.712,7	-2.276,0	23.104,7	0,0	23.104,7
Resturlaube	6.106,9	-6.106,9	0,0	7.058,7	0,0	7.058,7
Sonstige Personalaufwendungen	5.521,4	-4.052,0	-551,6	4.997,0	0,0	5.914,9
Übrige	8.357,7	-5.555,7	-989,7	8.457,4	0,0	10.269,7
<b>Gesamt</b>	<b>65.763,3</b>	<b>-27.368,1</b>	<b>-8.150,5</b>	<b>54.498,9</b>	<b>-88,4</b>	<b>84.655,2</b>

2015 Rückstellungen für	Stand 01.01.2015	Verbrauch	Auflösung	Zuführung	Umgliederung	Stand 31.12.2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sozialplan	1.532,4	-989,8	-417,0	0,0	494,7	620,3
Drohende Verluste	16.851,6	-1.555,7	-4.791,6	4.594,3	0,0	15.098,6
Schadensfälle	6.000,0	0,0	0,0	420,0	0,0	6.420,0
Noch nicht abgerechnete Lieferungen/ Leistungen	3.518,7	-3.369,9	-181,0	2.978,5	0,0	2.946,4
Jubiläumsgelder	10.718,0	-726,4	0,0	1.711,7	0,0	11.703,3
Sonderzahlungen	12.010,7	-12.010,7	0,0	8.988,7	0,0	8.988,7
Resturlaube	5.072,8	-5.072,8	0,0	6.106,9	0,0	6.106,9
Sonstige Personalaufwendungen	4.645,7	-3.942,0	-262,3	5.080,0	0,0	5.521,4
Übrige	3.641,7	-2.638,7	-613,4	7.968,1	0,0	8.357,7
<b>Gesamt</b>	<b>63.991,6</b>	<b>-30.306,0</b>	<b>-6.265,3</b>	<b>37.848,2</b>	<b>494,7</b>	<b>65.763,3</b>

Die **Rückstellungen für den Sozialplan** betrafen Vorsorgen aufgrund des Personalabbaus im Rahmen der Reorganisation und des Kostenoptimierungsprogramms „excellENZ 2.0“ aus Vorjahren. Zum 31. Dezember 2016 ist das Personalabbauprogramm abgeschlossen.

Die **Rückstellungen für drohende Verluste** betreffen im Wesentlichen Vorsorgen für nachteilige Verträge, Haftungsübernahmen und Verpflichtungen aus zu erbringenden Infrastrukturleistungen.

Die **Rückstellungen für Schadensfälle** betreffen vor allem Verpflichtungen für Rechtsstreitigkeiten. Die Rechtsstreitigkeiten umfassen insbesondere die Vorsorge für ein juristisches Verfahren, bei dem die Lenzing Gruppe gegen Patentrechtsverletzungen vorgeht.

Die **übrigen Rückstellungen** betreffen vor allem Prüfungs- und Beratungskosten, Nachlässe und Rabatte, Provisionen sowie die verbrauchten Emissionszertifikate.



Die Entwicklung der **Rückstellung für Pensionen, Abfertigungen und Jubiläumsgelder** stellt sich wie folgt dar:

2016 Rückstellungen für	Pensionen	Abfertigungen	Jubiläumsgelder
	TEUR	TEUR	TEUR
<b>In der Bilanz erfasste Werte:</b>			
<b>Rückstellung zum 31.12.2015</b>	<b>27.140,4</b>	<b>53.517,1</b>	<b>11.703,3</b>
Transfer zwischen Konzerntöchtern	0,0	-222,2	28,0
Periodenaufwand	2.657,9	11.248,3	1.715,7
Auszahlungen	-2.189,5	-3.191,2	-404,9
Umgliederung von Sozialplan	0,0	88,4	0,0
<b>Rückstellung zum 31.12.2016</b>	<b>27.608,8</b>	<b>61.440,3</b>	<b>13.042,2</b>
Wert nach § 14 EStG	16.021,8	35.511,3	7.530,1
<b>Aufwand im Geschäftsjahr:</b>			
Laufender Dienstaufwand	8,0	1.961,8	606,5
Zinsaufwand	534,9	1.134,8	235,0
Realisierung versicherungsmathematischer Verlust (+) / Gewinn (-)	2.115,0	8.151,7	874,2
<b>Periodenaufwand</b>	<b>2.657,9</b>	<b>11.248,3</b>	<b>1.715,7</b>
<b>Annahmen zur Berechnung der erwarteten leistungsorientierten Ansprüche zum 31.12.2016:</b>			
Diskontierungszinssatz	1,40%	1,50%	1,50%
Pensionssteigerung	0,00/2,50/ 3,00%	-	-
Gehaltssteigerung	3,00%	3,00%	3,00%
Pensionseintrittsalter Frauen/Männer/ Schwerarbeiter	58/63/57 Jahre	58/63/57 Jahre	58/63/57 Jahre
Fluktuationsabschlag	-	0,00-3,68%	0,00-5,47%

Im Zuge der Verwendung und Teilauflösung der Rückstellung für den Sozialplan wurden Abfertigungsrückstellungen aus der Rückstellung für den Sozialplan wieder in die Rückstellung für Abfertigungen umgliedert.

2015 Rückstellungen für	Pensionen	Abfertigungen	Jubiläumsgelder
	TEUR	TEUR	TEUR
<b>In der Bilanz erfasste Werte:</b>			
<b>Rückstellung zum 31.12.2014</b>	<b>29.156,3</b>	<b>56.441,7</b>	<b>10.718,0</b>
Lenzing Technik GmbH	0,0	2.826,5	916,1
Periodenaufwand	186,4	-1.713,1	763,8
Auszahlungen	-2.202,3	-3.543,3	-694,6
Umgliederung zu Sozialplan	0,0	-494,7	0,0
<b>Rückstellung zum 31.12.2015</b>	<b>27.140,4</b>	<b>53.517,1</b>	<b>11.703,3</b>
Wert nach § 14 EStG	16.441,7	32.594,8	7.062,0
<b>Aufwand im Geschäftsjahr:</b>			
Laufender Dienstaufwand	10,0	2.057,2	755,5
Zinsaufwand	477,9	950,4	175,9
Realisierung versicherungsmathematischer Verlust (+) / Gewinn (-)	-301,5	-4.720,7	-167,6
<b>Periodenaufwand</b>	<b>186,4</b>	<b>-1.713,1</b>	<b>763,8</b>

**Annahmen zur Berechnung der erwarteten leistungsorientierten Ansprüche zum 31.12.2015:**

	2,05%	2,15%	2,05%
Diskontierungszinssatz	2,05%	2,15%	2,05%
Pensionssteigerung	0,00/2,50/ 3,00%	-	-
Gehaltssteigerung	3,00%	3,00%	3,00%
Pensionseintrittsalter Frauen/Männer/ Schwerarbeiter	58/63/57 Jahre	58/63/57 Jahre	58/63/57 Jahre
Fluktuationsabschlag	-	0,00-4,01%	0,00-6,75%

Mit Wirkung vom 1. Mai 2015 sind Teilbereiche der „Lenzing Technik Viskose (LTV)“, „Lenzing Technik Zellstofftechnik (LTZ)“, „Lenzing Technik Fertigung (LTF)“, des „Lenzing Technik Hauptlagers“ sowie Teilbereiche der „Lenzing Technik Automation (LTA)“ von der Lenzing Technik GmbH zur Lenzing AG übergegangen. Dabei wurden Personalverpflichtungen für die betroffenen Mitarbeiter/innen übernommen (TEUR 3.930,5).

Im Geschäftsjahr 2015 wurde die Lenzing AG von der Lenzing Technik GmbH für Verpflichtungen gegenüber ehemaligen Mitarbeiter/innen im Zuge der Veräußerung des Teilbereichs „Lenzing Technik Automation und Robotik“ sowie des Teilbereichs „Lenzing Technik Blechtechnik“ in Anspruch genommen (TEUR 187,9).

Im Zuge der Dotierung der Rückstellung für den Sozialplan wurden bereits zuvor rückgestellte Abfertigungsrückstellungen verwendet und 2015 in der Rückstellung für den Sozialplan ausgewiesen bzw. verwendet.

Für die Berechnung der Pension-, Abfertigungs- und Jubiläumsgeldrückstellung wurde ein Abzinsungssatz verwendet, der aus erstrangigen festverzinslichen Industrieanleihen mit AA-Rating nach dem Standard eines international tätigen Versicherungsmathematikers abgeleitet wurde. Anleihen, die im Vergleich zu den anderen Anleihen in ihrer Risikoeinstufung deutlich höhere oder niedrigere Zinsen aufweisen („statistische Ausreißer“), wurden dabei nicht berücksichtigt. Die Währung und die Laufzeiten der zu Grunde gelegten Anleihen orientieren sich an der Währung und den voraussichtlichen Laufzeiten der zu erfüllenden Verpflichtungen.

Die geschätzten Gehalts- und Pensionssteigerungen, die auch für die Zukunft als realistisch angesehen werden, wurden aus einer Durchschnittsbetrachtung der vergangenen Jahre abgeleitet.

Das für die Berechnung herangezogene Pensionsantrittsalter richtet sich nach den jeweiligen gesetzlichen Bestimmungen. Für die Berechnung der leistungsorientierten Pensionspläne werden in beiden Geschäftsjahren die biometrischen Rechnungsgrundlagen von Pagler & Pagler AVÖ 2008 P-Rechnungsgrundlagen für die Pensionsversicherung Angestellte verwendet.

Die Berechnung der Abfertigungs- und Jubiläumsgeldrückstellung erfolgt unter Berücksichtigung eines Fluktuationsabschlages. Dieser wird nach Dienstjahren gestaffelt und beruht auf den durchschnittlichen Austrittszahlen der letzten fünf Jahre. Für die Berechnung der leistungsorientierten Abfertigungspläne wird in beiden Geschäftsjahren eine Fluktuationswahrscheinlichkeit angesetzt, die alle Austrittsgründe ohne Abfertigungsanspruch beinhaltet.

In der Lenzing AG gibt es sowohl beitrags- als auch leistungsorientierte Pensionsvorsorgepläne. Bei beitragsorientierten

Pensionszusagen treffen die Gesellschaft nach Zahlung der vereinbarten Prämien keine Verpflichtungen mehr. Eine Rückstellung wird daher nicht angesetzt.

Den leistungsorientierten Pensionsverpflichtungen wird durch die Bildung von Pensionsrückstellungen Rechnung getragen. Das Risiko im Zusammenhang mit diesen leistungsorientierten Pensionsplänen verbleibt bei der Lenzing AG. Die Berechnung erfolgt nach versicherungsmathematischen Grundsätzen entsprechend den Vorschriften des IAS 19 „Leistungen an Arbeitnehmer“.

Mitarbeiter/innen, deren Dienstverhältnisse österreichischem Recht unterliegen und nach dem 31. Dezember 2002 begonnen haben, erwerben keine Abfertigungsansprüche. Für sie sind Beiträge in Höhe von 1,53 Prozent des Lohnes bzw. Gehaltes an eine Mitarbeitervorsorgekasse zu zahlen.

Aufgrund kollektivvertraglicher Regelungen ist die Lenzing AG verpflichtet, Jubiläumsgeldzahlungen zu leisten, sofern ein Arbeitnehmer für eine bestimmte Dauer im Unternehmen beschäftigt war. Diese Zahlungen basieren auf der Höhe des Bezuges zum Zeitpunkt des betreffenden Dienstnehmerjubiläums. Die bei den betreffenden Jubiläen voraussichtlich zu zahlenden Beträge werden auf die Dienstzeit bis zu den Jubiläen verteilt. Der Barwert des auf die Dienstzeit bis zum Bilanzstichtag entfallenden Betrages wird rückgestellt.

Die Verpflichtungen gegenüber ehemaligen Mitarbeiter/innen des verkauften Geschäftsbereiches Kunststoffmaschinen (nunmehr SML Maschinengesellschaft mbH) sowie für ehemalige Mitarbeiter/innen der ausgegliederten Bereiche Technik (nunmehr Lenzing Technik GmbH) und Folie (nunmehr Lenzing Plastics GmbH & Co KG), Bildungszentrum (nunmehr BZL-Bildungszentrum Lenzing GmbH) werden bis zur Höhe der fiktiven Ansprüche zum Zeitpunkt des Verkaufs bzw. der Ausgliederung weiterhin von der Gesellschaft getragen. Der Barwert zum Bilanzstichtag wird in Bezug auf diese Verpflichtungen rückgestellt, wobei für die Barwertermittlung angenommen wird, dass die Abfertigungen mit dem Übertritt der betreffenden Dienstnehmer in den Ruhestand fällig werden.

## Verbindlichkeiten

In den **Verbindlichkeiten** sind folgende Verbindlichkeiten mit einer Restlaufzeit über 5 Jahren enthalten:

Verbindlichkeiten	31.12.2016	31.12.2015
	TEUR	TEUR
Verbindlichkeiten aus Schuldscheindarlehen	110.500,0	110.500,0
Sonstige zinstragende Verbindlichkeiten	2.162,5	2.594,4
Verbindlichkeiten gegenüber verbundenen Unternehmen	38.000,0	38.000,0
<b>Gesamt</b>	<b>150.662,5</b>	<b>151.094,4</b>

In 2010 wurde eine siebenjährige **Anleihe** mit einem Fixzinssatz von 3,875 Prozent und einem Nominale von TEUR 120.000,0 begeben. Sie ist am 27. September 2017 fällig.

Im Geschäftsjahr 2012 hat die Lenzing AG **Schuldscheine** in Höhe von TEUR 184.500,0 platziert. Die Schuldscheine wurden mit einer Laufzeit von 4 und 7 Jahren mit jeweils fixer und variabler

Verzinsung und mit einer Laufzeit von 10 Jahren nur mit fixer Verzinsung abgeschlossen. Im Geschäftsjahr 2013 wurde ein weiteres Schuldscheindarlehen in Höhe von TEUR 29.000,0 mit einer Laufzeit von 5 Jahren und fixer Verzinsung aufgenommen.

Im Geschäftsjahr 2015 hat sich die Lenzing AG auf die Refinanzierung der Schuldscheine samt Volumenausdehnung geeinigt. Bestehende Schuldscheine in Höhe von TEUR 75.000,0 und einer ursprünglichen Laufzeit von 4 und 7 Jahren mit variabler Verzinsung wurden gekündigt und neue Schuldscheine samt Volumenaufstockung ausgegeben (TEUR 99.000,0). Die neuen Schuldscheine wurden mit einer Laufzeit von 5 und 7 Jahren mit jeweils fixer und variabler Verzinsung und mit einer Laufzeit von 10 Jahren nur mit fixer Verzinsung abgeschlossen.

Im Geschäftsjahr 2016 hat die Lenzing AG von den bestehenden Schuldscheinen TEUR 40.500,0 planmäßig zurückgezahlt.

Die **sonstigen zinstragenden Verbindlichkeiten** enthalten ERP-Kredite, Forschungsförderungskredite und Verbindlichkeiten aus Finanzierungsleasing.

Von den **Verbindlichkeiten gegenüber Kreditinstituten und sonstigen zinstragenden Verbindlichkeiten** von TEUR 44.425,3 (31.12.2015: TEUR 52.114,0) sind wie im Vorjahr keine durch Grundpfandrechte und sonstige dingliche Sicherheiten besichert.

Von den **Verbindlichkeiten gegenüber verbundenen Unternehmen** betreffen TEUR 16.381,8 (31.12.2015: TEUR 11.776,6) Lieferungen und Leistungsverrechnungen, TEUR 321,5 (31.12.2015: TEUR 392,8) sonstige Verrechnungen sowie TEUR 12.559,6 (31.12.2015: TEUR 7.877,3) Verbindlichkeiten aus Steuerumlagen. Weiters bestehen Verbindlichkeiten aus Darlehen in Höhe von TEUR 52.000,0 (31.12.2015: TEUR 52.000,0) gegenüber der Lenzing Global Finance GmbH aus der Weiterverrechnung der vereinnahmten finanziellen Mittel aus den von der Lenzing Global Finance GmbH im Geschäftsjahr 2015 und 2012 begebenen Schuldscheinen.

In den **sonstigen Verbindlichkeiten** sind Aufwendungen in Höhe von TEUR 16.656,4 (31.12.2015: TEUR 14.661,8) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden. Davon betreffen TEUR 4.789,4 (31.12.2015: TEUR 3.757,7) Verbindlichkeiten für das Altersteilzeitmodell gem. § 27 ALVG.

## Rechnungsabgrenzungsposten

Die **passive Rechnungsabgrenzung** beinhaltet im Wesentlichen transitorisch abgegrenzte Zinszuschüsse des Umwelt- und des Forschungsförderungsfonds.

## HAFTUNGSVERHÄLTNISSE

Haftungsverhältnisse liegen in folgendem Umfang vor:

Haftungsverhältnisse	31.12.2016	31.12.2015
	TEUR	TEUR
Bürgschafts- und Garantieerklärungen für den Wasserreinigungsverband Lenzing-Lenzing AG für den Bau der zweiten und dritten Ausbaustufe der Abwasserreinigungsanlage	1.186,0	2.971,4
Haftungsübernahmen für verbundene Unternehmen	142.514,7	174.935,2
Haftungsübernahmen gegenüber Dritten	17.717,4	16.732,9
<b>Gesamt</b>	<b>161.418,1</b>	<b>194.639,5</b>

Es bestehen Factoring-Vereinbarungen, welche im Punkt Angaben zu sonstigen finanziellen Verpflichtungen und außerbilanziellen Geschäften erläutert werden. Für den theoretischen kreditrisiko-bedingten Verlust für die Übernahme der Ausfallhaftung durch die Lenzing AG in Höhe von TEUR 6.617,4 (31.12.2015: TEUR 6.482,9) wird eine Haftungsübernahme gegenüber Dritten ausgewiesen.

Die Lenzing AG hat harte Patronatserklärungen, die in ihrer Höhe unbestimmt sind, abgegeben. Die Lenzing AG verpflichtet sich darin, die Lenzing Fibers (Grimsby) Limited sowie die Lenzing Fibers Inc. mit ausreichenden Mitteln auszustatten, damit sie ihre finanziellen Verpflichtungen aus abgeschlossenen Energielieferverträge erfüllen können.

Des Weiteren besteht eine Garantieerklärung der Lenzing AG, die in ihrer Höhe unbestimmt ist, in der sie garantiert, dass die Pulp Trading GmbH ihre finanziellen Verpflichtungen aus einem abgeschlossenen Liefervertrag erfüllt.

Als international tätiges Unternehmen ist die Lenzing AG einer Vielzahl von rechtlichen und sonstigen Risiken ausgesetzt. Hierzu gehören insbesondere Risiken aus den Bereichen Produktmängel, Wettbewerbs- und Kartellrecht, Patentrecht, Steuerrecht, Arbeitnehmer und Umweltschutz (insbesondere aus Umweltschäden an Produktionsstandorten). Die Ergebnisse von gegenwärtig anhängigen bzw. künftigen Verfahren sind nicht vorhersagbar, sodass aufgrund von gerichtlichen und behördlichen Entscheidungen oder der Vereinbarung von Vergleichen Aufwendungen entstehen können, die nicht in vollem Umfang durch Versicherungsleistungen abgedeckt sind und wesentliche Auswirkungen auf die künftige Vermögens-, Finanz- und Ertragslage des Konzerns haben können. Weitere Ausführungen sind dem Risikobericht im Lagebericht zum 31. Dezember 2016 der Lenzing AG zu entnehmen.

Aus der gewöhnlichen Geschäftstätigkeit sind in der Lenzing AG Rechtsstreitigkeiten anhängig, insbesondere im Bereich Patentrecht. Der Vorstand geht aktuell davon aus, dass die derzeit bekannten Verfahren keine wesentlichen Auswirkungen auf die derzeitige Vermögens-, Finanz- und Ertragslage der Lenzing AG haben bzw. eine entsprechende Risikovorsorge getroffen wurde.

# Erläuterungen zur Gewinn- und Verlustrechnung

## Umsatzerlöse

Der Umsatz setzt sich wie folgt zusammen:

Umsatzerlöse nach Märkten	2016	2015 <sup>1)</sup>
	TEUR	TEUR
Österreich	145.533,3	148.708,9
Europa inkl. Türkei ohne Österreich	414.626,0	360.590,0
Asien	317.400,4	248.959,1
Amerika	52.358,2	45.439,2
Sonstige	24.146,6	20.910,2
<b>Gesamt</b>	<b>954.064,4</b>	<b>824.607,4</b>

<sup>1)</sup> Angepasst nach RÄG 2014

Umsatzerlöse nach Bereichen	2016	2015 <sup>1)</sup>
	TEUR	TEUR
Fibers	766.816,1	698.396,7
Pulp, Energy, Sonstige	187.248,4	126.210,7
<b>Gesamt</b>	<b>954.064,4</b>	<b>824.607,4</b>

<sup>1)</sup> Angepasst nach RÄG 2014

## Sonstige betriebliche Erträge

Die **übrigen sonstigen betrieblichen Erträge** beinhalten:

Übrige sonstige betriebliche Erträge	2016	2015 <sup>1)</sup>
	TEUR	TEUR
Forschungs-, Lehrlings- und Bildungsprämien	4.169,0	1.876,0
Beiträge des österreichischen Forschungsförderungsfonds	2.050,4	1.338,5
Auflösung von Zuschüssen (Emissionszertifikaten)	1.483,3	967,2
Übrige	1.063,8	722,1
<b>Gesamt</b>	<b>8.766,6</b>	<b>4.903,8</b>

<sup>1)</sup> Angepasst nach RÄG 2014

## Personalaufwand

Die **Aufwendungen für Altersversorgung** (inkl. Rückstellungs-dotierungen und -auflösungen sowie Erträgen aus der Rückdeckungsversicherung) setzen sich wie folgt zusammen:

Aufwendungen für	2016	2015
	TEUR	TEUR
Beitragsorientierte Pläne (Pensionskassenbeiträge)	1.229,4	1.197,9
Leistungsorientierte Pläne	2.520,1	85,3
<b>Gesamt</b>	<b>3.749,5</b>	<b>1.283,2</b>

Die Aufwendungen für Altersversorgung (inkl. Rückstellungs-dotierungen und -auflösungen sowie Erträgen aus der Rückdeckungsversicherung) verteilen sich wie folgt:

Aufwendungen für	2016	2015
	TEUR	TEUR
Mitglieder des Vorstandes		
Aktive Mitglieder	114,9	159,4
Ehemalige Mitglieder und deren Hinterbliebene	910,3	74,1
Leitende Arbeitnehmer	98,4	106,5
Andere Arbeitnehmer	2.626,1	943,2
<b>Gesamt</b>	<b>3.749,5</b>	<b>1.283,2</b>

Die Lenzing AG hat eine Rückdeckungsversicherung für Pensionsansprüche abgeschlossen. Der Aufwand aus diesen Pensionszusagen (exkl. Rückstellungs-dotierungen und -auflösungen) in Höhe von TEUR 623,8 (2015: TEUR 614,9) sowie der Ertrag aus der Rückdeckungsversicherung von TEUR 150,5 (2015: TEUR 158,5) sind im Posten Aufwendungen für Altersversorgung enthalten.

Die **Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen** (inkl. Rückstellungs-dotierungen und -auflösungen der Rückstellung für Abfertigungen und den Sozialplan) setzen sich wie folgt zusammen:

Aufwendungen für	2016	2015
	TEUR	TEUR
Abfertigungen (inkl. freiwilligen Abfertigungen)	11.558,1	-1.521,2
Leistungen an betriebliche Mitarbeitervorsorgekassen	1.129,8	994,3
<b>Gesamt</b>	<b>12.687,9</b>	<b>-526,9</b>

Die Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen (inkl. Rückstellungs-dotierungen und -auflösungen) verteilen sich wie folgt:

Aufwendungen für	2016	2015
	TEUR	TEUR
Mitglieder des Vorstandes		
Aktive Mitglieder	28,0	114,5
Leitende Arbeitnehmer	322,5	-50,7
Andere Arbeitnehmer	12.337,4	-590,7
<b>Gesamt</b>	<b>12.687,9</b>	<b>-526,9</b>

Die **Aufwendungen für Jubiläumsgelder** (inkl. Rückstellungs-dotierungen und -auflösungen) verteilen sich wie folgt:

Aufwendungen für	2016	2015
	TEUR	TEUR
Löhne	624,4	375,3
Gehälter	1.140,6	188,4
Soziale Aufwendungen	-49,3	200,2
<b>Gesamt</b>	<b>1.715,7</b>	<b>763,8</b>

## Abschreibungen

Die **Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen** beinhalten die planmäßigen Abschreibungen in Höhe von TEUR 57.936,5 (2015: TEUR 58.322,1) und die außerplanmäßigen Abschreibungen von TEUR 1.425,0 (2015: TEUR 0,0).

Die Erträge aus der Auflösung der Investitionszuschüsse der öffentlichen Hand vermindern die Abschreibungen in folgender Höhe:

Auflösung der	2016	2015
	TEUR	TEUR
Investitionszuschüsse der öffentlichen Hand	532,6	444,9
<b>Gesamt</b>	<b>532,6</b>	<b>444,9</b>

## Sonstige betriebliche Aufwendungen

Die **übrigen sonstigen betrieblichen Aufwendungen** umfassen:

Übrige sonstige betriebliche Aufwendungen	2016	2015
	TEUR	TEUR
Vertriebsaufwendungen (inkl. Werbeaufwendungen)	46.250,8	46.200,8
Instandhaltungen und Fremdleistungen	22.268,0	18.162,8
Rechts-, Prüfungs- und Beratungsaufwendungen	15.107,1	18.175,5
Konzernleistungen	12.065,4	10.814,4
Reise- und Fahrtkosten	4.168,5	3.658,6
Fremdwährungsdifferenzen	3.720,3	2.651,6
Abfallentsorgung	3.592,3	3.634,1
Versicherungsaufwendungen	3.529,3	3.438,3
Schulung der Belegschaft	3.089,2	2.779,7
Gebühren, Spesen und sonstige Beiträge	2.819,3	3.007,0
Sonstige Aufwendungen	20.767,5	16.385,0
<b>Gesamt</b>	<b>137.377,8</b>	<b>128.907,8</b>

In den sonstigen Aufwendungen sind vor allem Miet- und Leasingaufwendungen, Aufwendungen für den Verbrauch von Büromaterial, allgemeine Verwaltungskosten, der Verbrauch von Lebensmitteln der werkseigenen Küche sowie Wertberichtigungen enthalten.

## Finanzergebnis

Die **Erträge aus Beteiligungen** betreffen im Wesentlichen Dividenden der Pulp Trading GmbH in Höhe von TEUR 25.398,8 (2015: TEUR 0,0) und der BZL-Bildungszentrum Lenzing GmbH in Höhe von TEUR 262,5 (2015: TEUR 375,0). Im Vorjahr waren im Wesentlichen Dividenden der EQUI-Fibres Beteiligungsgesellschaft mbH (TEUR 30.000,0) enthalten.

In den **Erträgen aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens** sind Erträge aus Zinsforderungen an verbundene Unternehmen von TEUR 839,9 (2015: TEUR 2.154,5) erfasst.

**Sonstige Zinsen und ähnliche Erträge** resultieren im Wesentlichen aus Darlehenszinsen der European Precursor GmbH in Höhe von TEUR 1.700,0 (2015: TEUR 0,0), der Aufzinsung von Ausleihungen in Höhe von TEUR 793,2 (2015: TEUR 758,5) und aus Guthaben bei Kreditinstituten von TEUR 105,3 (2015: TEUR 125,4).

Die **Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen** enthalten die Erträge aus dem teilweisen Verkauf der EQUI-Fibres Beteiligungsgesellschaft mbH in Höhe von TEUR 26.361,8, die Wertaufholung von Ausleihungen gegenüber verbundenen Unternehmen in Höhe von TEUR 2.399,2 sowie Fremdwährungskursgewinne aus Ausleihungen an verbundene Unternehmen und Erträge aus einer Earn Out-Vereinbarung aus dem Verkauf der European Carbon Fiber GmbH im Geschäftsjahr 2015. Im Vorjahr waren im Wesentlichen Gewinne aus dem Verkauf der Anteile an der European Carbon Fiber GmbH sowie Fremdwährungskursgewinne aus Ausleihungen an verbundene Unternehmen enthalten.

Die **Aufwendungen aus Finanzanlagen** beinhalten im Wesentlichen Aufwendungen aus der Abzinsung von Ausleihungen in Höhe von TEUR 222,3 (2015: TEUR 0,0) sowie Abschreibungen einer Zinsforderung in Höhe von TEUR 205,4. Im Vorjahr waren im Wesentlichen Risikovorsorgen von TEUR 75,0 sowie Abschreibungen einer sonstigen Ausleihung in Höhe von TEUR 188,8 enthalten.

## Steuern vom Einkommen und vom Ertrag

Die **laufenden Steuern vom Einkommen und vom Ertrag** setzen sich wie folgt zusammen:

<b>Steuern vom Einkommen und vom Ertrag</b>	<b>2016</b>	<b>2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Körperschaftsteuer aus der Gruppenbesteuerung	35.509,2	13.168,8
Steuerzuschritt vom Gruppenträger B&C Industrieholding GmbH	-1.265,6	-1.486,9
Steuerumlagen der Gruppenmitglieder	-6.917,1	-3.903,4
Steuerumlagen an Gruppenmitglieder	1.172,0	913,6
Sonstige Steuern vom Einkommen und vom Ertrag	115,1	480,7
<b>Gesamt</b>	<b>28.613,6</b>	<b>9.172,8</b>

Die sonstigen Steuern vom Einkommen und vom Ertrag enthalten wie im Vorjahr im Wesentlichen Körperschaftsteuern aus Vorperioden und ausländische Quellensteuern.



# Sonstige Angaben

## Angaben zu sonstigen finanziellen Verpflichtungen und außerbilanziellen Geschäften

Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen liegen aufgrund von Leasing-, Pacht- und Mietverträgen in folgendem Umfang vor:

<b>Nutzungsverpflichtungen</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Im Folgejahr	2.916,1	3.154,4
In den folgenden fünf Jahren	7.714,6	8.621,5

Verpflichtungen aus offenen Bestellungen für die Lieferung von Sachanlagen liegen in folgender Höhe vor:

<b>Bestellobligo</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Bestellobligo für Investitionsvorhaben	21.552,5	9.717,5
Davon gegenüber verbundenen Unternehmen	1.377,8	1.777,3

Aufgrund der Personalüberlassung von Mitarbeitern Lenzing Fibers (Grimsby) Ltd. an die Lenzing Fibers Inc. hat sich die Lenzing AG verpflichtet, die Lenzing Fibers (Grimsby) Ltd. aus diesem Titel schad- und klaglos zu halten (Deed of Undertaking).

Im Übrigen gibt es rechtlich unverbindliche Erklärungen, Tochtergesellschaften mit ausreichend finanziellen Mitteln auszustatten („weiche Patronatserklärungen“), die sich nicht an bestimmte Personen richten.

Die Bankgarantien für Verbindlichkeiten aus laufenden Geschäftsbeziehungen betragen zum 31. Dezember 2016 TEUR 2.008,4 (31.12.2015: TEUR 3.977,4).

### Verkauf von Forderungen / Factoring

Seit dem Geschäftsjahr 2014 bestehen Factoring-Vereinbarungen, aufgrund denen Banken zum Ankauf bestimmter Forderungen aus Lieferungen und Leistungen der Lenzing AG über ein monatlich revolvinges Nominalvolumen verpflichtet sind. Die Lenzing AG ist zum Verkauf dieser Forderungen berechtigt. Die Vereinbarungen haben eine unbestimmte Laufzeit; jede Partei hat das Recht, die Vereinbarungen mit einer Frist aufzukündigen und dann auslaufen zu lassen. Die verkauften Forderungen sind kurzfristig und innerhalb eines Jahres fällig.

Die für die Risikobeurteilung relevanten Risiken der verkauften Forderungen sind das Kreditausfallsrisiko (Delkredererisiko), im Fall von Forderungen in Fremdwährung das Fremdwährungsrisiko und das Risiko verspäteter Zahlungen. Die kreditrisikobedingten Ausfälle und im Fall von Forderungen in Fremdwährung die Schwankungen der Wechselkurse stellen die wesentlichen mit diesen Forderungen verbundenen Chancen und Risiken dar. Das Risiko verspäteter Zahlungen wird bei allen Factoring-Vereinbarungen von

der Lenzing AG getragen und als geringfügig eingeschätzt.

Bei einer Vereinbarung über den Verkauf von Forderungen in Berichtswährung (nachfolgend „Tranche 1“ genannt) wird das Kreditausfallsrisiko zur Gänze von der Bank übernommen. Damit wurden im Wesentlichen alle Chancen und Risiken an die Bank übertragen. Bei den übrigen Vereinbarungen (nachfolgend „Tranche 2“ genannt) übernimmt die Lenzing AG eine Ausfallhaftung von 10 Prozent pro Zahlungsausfall. Dieser nicht von einer anderen Partei erstattbare Betrag wird von der Bank nicht bevorschusst. Das verbleibende Kreditausfallsrisiko (90 Prozent pro Zahlungsausfall) und – im Fall von Forderungen, die nicht auf die Berichtswährung lauten – auch das Fremdwährungsrisiko übernimmt die Bank. Damit wurden die wesentlichen Chancen und Risiken zwischen der Lenzing AG und der Bank aufgeteilt; die Verfügungsmacht über die Forderungen ging allerdings auf die Bank über. Die Lenzing AG hat sich verpflichtet, Kreditversicherungen für die verkauften Forderungen abzuschließen und das Debitorenmanagement zu übernehmen. Die beteiligten Banken haben das Recht, überfällige Forderungen aus verfahrensrechtlichen Gründen im Fall eines Rechtsstreits an die Lenzing AG zurückzuübertragen. Dadurch wird jedoch das Kreditausfallsrisiko nicht an die Lenzing AG rückübertragen, und es ergeben sich auch keine Auswirkungen auf die Liquidität der Lenzing AG.

Die Factoring-Vereinbarungen haben per 31. Dezember 2016 ein maximal ausnutzbares Nominalvolumen von insgesamt TEUR 67.100,0 (31.12.2015: TEUR 65.600,0). Davon betreffen TEUR 4.100,0 (31.12.2015: TEUR 2.600,0) die Tranche 1 und TEUR 63.000,0 (31.12.2015: TEUR 63.000,0) die Tranche 2.

Zum 31. Dezember 2016 waren aufgrund der Factoring-Vereinbarungen Forderungen in Höhe von insgesamt TEUR 70.247,2 (31.12.2015: TEUR 68.002,1) verkauft und aus der Bilanz der Lenzing AG ausgebucht. Davon betreffen TEUR 2.718,4 (31.12.2015: TEUR 1.850,0) die Tranche 1 und TEUR 67.528,8 (31.12.2015: TEUR 66.152,1) die Tranche 2. Der nicht bevorschusste Betrag der Tranche 2 wird per 31. Dezember 2016 als sonstige Forderung in Höhe von TEUR 6.752,9 (31.12.2015: TEUR 6.615,2; vor Fremdwährungsbeurteilung) ausgewiesen. Die beizulegenden Zeitwerte entsprechen den angegebenen Buchwerten, da insbesondere auch die Restlaufzeiten der betroffenen Forderungen kurzfristig sind. Die wesentlichen Vorschüsse aus den Factoring-Vereinbarungen sind mit Transaktionsbeginn im März und Mai 2014 an die Lenzing AG geflossen; das Volumen unterliegt seither keinen wesentlichen Schwankungen.

Der oben angeführte nicht bevorschusste Betrag der Tranche 2 entspricht aus Sicht der Lenzing AG dem theoretischen kreditrisikobedingten Maximalverlust für die Übernahme der Ausfallhaftung. In Höhe des beizulegenden Zeitwertes dieser Ausfallhaftung per 31. Dezember 2016 von TEUR 135,5 (31.12.2015: TEUR 132,3) wurde eine sonstige Rückstellung erfasst, der verbleibende Differenzbetrag in Höhe von TEUR 6.617,4 (31.12.2015: TEUR 6.482,9) ist als Haftung gegenüber Dritten ausgewiesen.

Die von Kunden im Zeitraum zwischen der letzten Bevorschussung und dem Bilanzstichtag erhaltenen Zahlungen werden in den sonstigen Verbindlichkeiten abgegrenzt.

## Verwendung von derivativen Finanzinstrumenten

Die Lenzing AG setzt Devisentermingeschäfte als Sicherungsgeschäfte ein, um Währungsrisiken aus dem operativen Geschäft zu vermindern. Die Sicherungsgeschäfte werden jährlich im Vorhinein auf Basis der voraussichtlichen Umsatzerlöse bzw. Materialaufwendungen in der betreffenden Fremdwährung festgelegt.

Zum Bilanzstichtag bestanden folgende Devisentermingeschäfte:

Art der derivativen Finanzinstrumente		Nominale <sup>1</sup>	Sicherungszeitraum	31.12.2016		Buchwert	Bilanzposten
				Beizulegender Zeitwert <sup>2</sup>			
				positiv	negativ		
		FW 1.000	bis	TEUR	TEUR	TEUR	TEUR
<b>Devisentermingeschäfte</b>							
CNY/CNH-Verkauf/EUR-Kauf	CNY/CNH	772.150	08/2018	1.262,8	-201,8	0,0	-
USD-Verkauf/EUR-Kauf	USD	128.750	02/2018	8,0	-4.015,9	0,0	-
<b>Summe</b>				<b>1.270,9</b>	<b>-4.217,7</b>	<b>0,0</b>	
<b>Nettoposition</b>					<b>-2.946,9</b>		

<sup>1</sup> Der Nominalwert wird als Bruttovolumen ausgewiesen.

<sup>2</sup> beizulegender Zeitwert: + = Forderung / - = Verbindlichkeit aus Sicht der Lenzing AG

Art der derivativen Finanzinstrumente		Nominale <sup>1</sup>	Sicherungszeitraum	31.12.2015		Buchwert	Bilanzposten
				Beizulegender Zeitwert <sup>2</sup>			
				positiv	negativ		
		FW 1.000	bis	TEUR	TEUR	TEUR	TEUR
<b>Devisentermingeschäfte</b>							
CZK-Kauf/EUR-Verkauf	CZK	64.000	08/2016	23,0	-4,0	0,0	-
CNY/CNH-Verkauf/EUR-Kauf	CNY/CNH	886.160	09/2017	1.244,4	-6.807,9	0,0	-
USD-Verkauf/EUR-Kauf	USD	106.200	06/2017	170,8	-2.129,1	0,0	-
<b>Summe</b>				<b>1.438,2</b>	<b>-8.941,0</b>	<b>0,0</b>	
<b>Nettoposition</b>					<b>-7.502,8</b>		

<sup>1</sup> Der Nominalwert wird als Bruttovolumen ausgewiesen.

<sup>2</sup> beizulegender Zeitwert: + = Forderung / - = Verbindlichkeit aus Sicht der Lenzing AG

Die in den obigen Tabellen angegebenen beizulegenden Werte der derivativen Finanzinstrumente entsprechen den Marktwerten zum Bilanzstichtag. Sie wurden unter Anwendung anerkannter finanzmathematischer und ggf. statistischer Bewertungsmodelle und aktueller Marktparameter zum Bilanzstichtag durch Banken, andere externe Partner bzw. intern ermittelt.

Bei den beizulegenden Werten der Sicherungsgeschäfte handelt es sich um unrealisierte Gewinne bzw. Verluste, die sich mit den gegenläufigen Verlusten bzw. Gewinnen aus den dazugehörigen Grundgeschäften (bestehende und künftige Fremdwährungsforderungen bzw. -verbindlichkeiten) ausgleichen.

Die Lenzing AG wendet die AFRAC-Stellungnahme Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten vom Dezember 2015 an.

In Anwendung dieser Stellungnahme werden zum Bilanzstichtag dokumentierte Sicherungsbeziehungen (Bewertungseinheiten) zwischen Devisentermingeschäften, die als Sicherungsinstrumente dienen, und Grundgeschäften zur Absicherung von Fremdwährungsrisiken gebildet.

Liegt eine derartige Sicherungsbeziehung vor, ist ein Derivat am Bilanzstichtag nicht gesondert zu bewerten. Bewertungsobjekt ist vielmehr das bereits bilanzierte abgesicherte Grundgeschäft (Fremdwährungsforderung bzw. -verbindlichkeit) zusammen mit dem Sicherungsgeschäft (Devisentermingeschäft). Außerdem werden bei der Bemessung einer allfälligen Drohverlustrückstellung mit an Sicherheit grenzender Wahrscheinlichkeit eintretende gegenläufige, erfolgswirksame Zahlungsströme berücksichtigt (zukünftige Zahlungseingänge aus geplanten Umsatzerlösen bzw. Zahlungsausgänge aus geplanten Materialaufwendungen in Fremdwährung).

Zum 31. Dezember 2016 wurde insgesamt auf eine Drohverlustrückstellung aus Sicherungsbeziehungen zukünftiger Zahlungsströme in Höhe von TEUR 4.217,7 (31.12.2015: TEUR 8.941,0) verzichtet, da sich diese unrealisierten Verluste mit hoher Eintrittswahrscheinlichkeit mit den gegenläufigen unrealisierten Gewinnen aus den zukünftigen Zahlungseingängen bzw. Zahlungsausgängen in Fremdwährung ausgleichen werden.

Der wirksame Ausgleich zwischen unrealisierten Verlusten und Gewinnen wird durch Effektivitätstests nachgewiesen. Bei Fremdwährungsabsicherungen werden die Grundgeschäfte und die Sicherungsinstrumente für die Effektivitätsmessung je Währung in zumindest quartalsweisen Laufzeitbändern zusammengefasst. Die prospektive Sicherungswirkung der Sicherungsbeziehungen wird durch einen Vergleich der wesentlichsten Konditionen nachgewiesen. Dabei werden die geplanten Grundgeschäfte den abgeschlossenen Sicherungsinstrumenten gegenübergestellt. Die retrospektive Sicherungswirkung der Bewertungseinheiten wird durch Vergleich der seit Sicherungsbeginn tatsächlich erfolgten Zahlungsströme der Grundgeschäfte mit den tatsächlichen Zahlungsströmen der Sicherungsinstrumente nach der Kompensierungsmethode beurteilt. Aufgrund der identen, aber gegenläufigen Parameter kann von einer hoch wirksamen Sicherungsbeziehung ausgegangen werden.

An der Bonität der Kontrahenten, die an einer Bewertungseinheit beteiligt sind, bestehen zum Bilanzstichtag keinerlei Zweifel.

## Organe und Arbeitnehmer

Durchschnittliche Zahl der Mitarbeiter	2016	2015
Angestellte	943	845
Arbeiter	1.398	1.342
<b>Gesamt</b>	<b>2.341</b>	<b>2.187</b>

### Beziehungen zu den Mitgliedern des Vorstandes und den Mitgliedern des Aufsichtsrates der Lenzing AG

Die seitens der Lenzing AG aufgewendeten laufenden Bezüge fix und variabel sowie die Abschlagszahlungen der aktiven Mitglieder des Vorstandes setzen sich wie folgt zusammen:

	Laufende Bezüge fix und variabel sowie Abschlagszahlungen der aktiven Mitglieder des Vorstandes (aufgewendet)										TEUR	
	Dr. Stefan Doboczky, MBA <sup>1</sup>		Robert van de Kerkhof, MBA		Mag. Thomas Obendrauf, MBA <sup>2</sup>		Dr. Thomas Riegler <sup>3</sup>		Mag. Dr. Peter Untersperger <sup>4</sup>		Summe	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Laufende Bezüge fix	650,8	412,3	437,2	452,9	347,1	0,0	0,0	456,6	0,0	244,4	1.435,0	1.566,2
Laufende Bezüge variabel	783,2	643,6	392,0	208,7	226,7	0,0	0,0	0,0	0,0	225,0	1.401,8	1.077,4
Abschlagszahlungen	0,0	0,0	0,0	0,0	0,0	0,0	0,0	873,8	0,0	1.952,6	0,0	2.826,4
<b>Summe</b>	<b>1.433,9</b>	<b>1.055,9</b>	<b>829,2</b>	<b>661,7</b>	<b>573,7</b>	<b>0,0</b>	<b>0,0</b>	<b>1.330,4</b>	<b>0,0</b>	<b>2.421,9</b>	<b>2.836,8</b>	<b>5.469,9</b>

<sup>1)</sup> Mitglied des Vorstandes seit 1. Juni 2015.

<sup>2)</sup> Mitglied des Vorstandes seit 1. März 2016.

<sup>3)</sup> Mitglied des Vorstandes bis 1. Dezember 2015.

<sup>4)</sup> Mitglied des Vorstandes bis 31. Mai 2015.

Die oben dargestellten Beträge im Geschäftsjahr 2016 von insgesamt TEUR 2.836,8 (2015: TEUR 5.469,9) betreffen mit insgesamt TEUR 2.836,8 kurzfristig fällige Leistungen (laufende Bezüge fix und variabel; 2015: TEUR 2.643,5) und mit TEUR 0 Leistungen aus Anlass der Beendigung eines Arbeitsverhältnisses (Abschlagszahlungen; 2015: TEUR 2.826,4). Darüber hinaus haben sich die Rückstellungen für Ansprüche der aktiven Mitglieder des Vorstandes aus langfristigen Bonusmodellen (andere langfristig fällige Leistungen) im Geschäftsjahr 2016 um TEUR 372,6 aufwandswirksam erhöht (2015: um TEUR 297,6 erhöht). Außerdem wurde 2015 für Urlaubsentschädigungen (kurzfristig fällige Leistungen) unter Berücksichtigung der dafür rückgestellten Beträge ein Betrag von

TEUR 40,2 aufwandswirksam erfasst. Ferner wurden den aktiven Mitgliedern des Vorstandes Leistungen nach Beendigung des Arbeitsverhältnisses in Höhe von TEUR 142,9 (2015: TEUR 272,8) in Form von Aufwendungen in der Gewinn- und Verlustrechnung für die betriebliche Altersversorgung und Abfertigungsansprüche gewährt.

Im Geschäftsjahr 2015 wurde mit Herrn Dr. Stefan Doboczky, MBA eine langfristige Bonusvereinbarung abgeschlossen. Die Laufzeit beträgt drei Jahre mit der Erfüllung des Anspruchs im Jahr 2018. Die Höhe des Bonus basiert auf der erzielten Steigerung des Unternehmenswerts in diesem Zeitraum. Die Vereinbarung setzt das Er-



reichen einer Mindestrendite pro Jahr voraus. Eine weitere Nebenbedingung zur Erfüllung des vollen Anspruchs ist die Verlängerung des Vorstandsvertrags. Der Bonus wird zu 50% in Zahlungsmittel und zu 50% in Aktien der Lenzing AG erfüllt. Die zu gewährende Anzahl an Aktien der Lenzing AG ist variabel und hängt von der Höhe des Bonusanspruchs und dem durchschnittlichen Börsenkurs der letzten zwölf Monate vor der Erfüllung ab. Der Ausgleich mit Eigenkapitalinstrumenten stellt eine anteilsbasierte Vergütung nach IFRS 2 dar. Der Ausgleich mit Zahlungsmitteln wird als andere langfristige fällige Leistung nach IAS 19 eingestuft (siehe dazu bereits oben; im Betrag von TEUR 372,6 inkludiert). Die Bewertung basiert auf einem Multiple unter Berücksichtigung des EBITDA und der Net Debt. Darüber hinaus fließen Abzinsungseffekte und die Wahrscheinlichkeit der Inanspruchnahme ein. Für die erste Hälfte der gewährten Aktien gilt eine Behaltefrist von zumindest einem Jahr ab Erwerb. Für die zweite Hälfte der gewährten Aktien gilt eine Behaltefrist von zumindest zwei Jahren. Es gibt keine speziellen Vereinbarungen über die Übertragbarkeit des Bonusanspruchs. Erwartete Dividenden wurden bei der Ermittlung des beizulegenden Zeitwerts nicht berücksichtigt. Im Geschäftsjahr 2016 wurde ein Aufwand für den Bonusanspruch, der in Eigenkapitalinstrumenten erfüllt wird, von TEUR 742,9 (2015: TEUR 433,3) innerhalb des Personalaufwands erfasst, gegenläufig wurde im Eigenkapital die Optionsrücklage um den gleichen Betrag erhöht.

Seit dem Geschäftsjahr 2016 gilt für Mag. Thomas Obendrauf, MBA eine langfristige Bonusvereinbarung über eine Laufzeit von drei Jahren mit der Erfüllung des Anspruchs im Jahr 2019. Die Höhe des Bonus basiert auf der erzielten Steigerung des Unternehmenswerts in diesem Zeitraum. Die Vereinbarung setzt das Erreichen einer Mindestrendite pro Jahr voraus. Der Bonus wird zur Gänze in Zahlungsmittel erfüllt. Eine weitere Nebenbedingung zur Erfüllung des Anspruchs ist die Verlängerung des Vorstandsvertrags. Da diese Bedingung bis dato noch nicht erfüllt ist, wurde im Abschluss zum 31. Dezember 2016 dafür keine Rückstellung gebildet. Für Herrn van de Kerkhof gelten zu 50% mehrjährige Leistungskriterien des Lenzing Konzerns (Umsatz, EBIT-Marge und Total Shareholder Return) im Vergleich zu einer Peer-Gruppe als Zielgrößen und zu 50% die Erreichung qualitativer Ziele. Eine Auszahlung erfolgt für Herrn van de Kerkhof jährlich zu 1/3 des angesammelten Bonusanspruches. Ein nach dem Ende der laufenden Funktionsperiode verbleibender Bonusanspruch gelangt im darauffolgenden Jahr zur Auszahlung. Die Angleichung des Vergütungsmodells von Herrn van de Kerkhof an jenes von Herrn Mag. Obendrauf ist für die Funktionsperiode beginnend ab 1. Jänner 2017 vereinbart.

Die Aufwendungen für die aktiven Mitglieder des Aufsichtsrates der Lenzing AG (kurzfristig fällige Leistungen in Form von Aufsichtsratsvergütungen inkl. Sitzungsgeldern und Rückstellungsveränderungen) betragen 2016 TEUR 854,8 (2015: TEUR 293,6).

Die aufgewendeten Vergütungen des Managements in Schlüsselpositionen im Rahmen ihrer Funktion, das sich aus den aktiven

Mitgliedern des Vorstandes und des Aufsichtsrates der Lenzing AG zusammensetzt, stellen sich zusammengefasst somit wie folgt dar (inklusive Rückstellungsveränderungen):

<b>Vergütung des Managements in Schlüsselpositionen (aufgewendet)</b>	<b>TEUR</b>	
	<b>2016</b>	<b>2015</b>
<b>Vergütung des Vorstandes</b>		
Kurzfristig fällige Leistungen	2.836,8	2.683,7
Andere langfristig fällige Leistungen	372,6	297,6
Leistungen nach Beendigung des Arbeitsverhältnisses	142,9	272,8
Anteilsbasierte Vergütungen	742,9	433,3
<b>Vergütung (ohne Abschlagszahlungen)</b>	<b>4.095,2</b>	<b>3.687,5</b>
Abschlagszahlungen (Leistungen aus Anlass der Beendigung des Arbeitsverhältnisses)	0,0	2.826,4
	<b>4.095,2</b>	<b>6.513,9</b>
<b>Vergütung des Aufsichtsrates</b>		
Kurzfristig fällige Leistungen	854,8	293,6
<b>Summe</b>	<b>4.950,0</b>	<b>6.807,4</b>

Den vom Betriebsrat delegierten Arbeitnehmervertretern im Aufsichtsrat steht neben den vorgenannten Leistungen eine reguläre Entlohnung (Lohn oder Gehalt und Abfertigungs- sowie Jubiläumsgeldzahlungen) im Rahmen ihres Dienstvertrags zu. Die Entlohnung entspricht einer angemessenen Vergütung für die ausgeübte Funktion bzw. Tätigkeit im Unternehmen.

In markt- und konzernüblicher Weise gewährt die Lenzing AG den Mitgliedern des Vorstandes, wie auch tlw. ihren leitenden Angestellten und dem Aufsichtsrat, weitere Leistungen, die als geldwerte Vorteile angesehen werden. So besteht Versicherungsschutz (D&O, Unfall, Rechtsschutz etc.), dessen Kosten von der Lenzing Gruppe getragen wird. Es erfolgen Gesamtprämienzahlungen an die Versicherer, sodass eine spezifische Zuordnung an den Vorstand und Aufsichtsrat nicht stattfindet. Außerdem werden den Mitgliedern des Vorstandes und tlw. den leitenden Angestellten Geschäftsfahrzeuge zur Nutzung überlassen. Daneben erhalten die Mitglieder des Vorstandes und des Aufsichtsrates Aufwandsersatz für angefallene Kosten, insbesondere für Reisespesen. Die Grundsätze des Vergütungssystems für Vorstand und Aufsichtsrat sind im Corporate Governance-Bericht 2016 der Lenzing Gruppe detailliert ausgeführt und veröffentlicht.

Mitgliedern des Vorstandes und des Aufsichtsrates wurden keine Vorschüsse, Kredite oder Haftungen gewährt. Die Lenzing Gruppe ist keine Haftungsverhältnisse zu Gunsten des Vorstandes und des Aufsichtsrates eingegangen. Directors' Dealings-Meldungen der Mitglieder des Vorstandes und des Aufsichtsrates werden auf der Website der Österreichischen Finanzmarktaufsichtsbehörde veröffentlicht (siehe <http://www.fma.gv.at>).

Für die ehemaligen Mitglieder des Vorstandes der Lenzing AG oder deren Hinterbliebene wurden Leistungen nach Beendigung des Arbeitsverhältnisses in Form von Aufwendungen in der Gewinn- und Verlustrechnung in Höhe von TEUR 910,3 (2015: TEUR 74,1) erfasst. Der Barwert der dafür gebildeten Pensionsrückstellung nach Abzug des beizulegenden Zeitwerts des Planvermögens (Nettoschuld) beträgt zum 31. Dezember 2016 TEUR 7.511,6 (31. Dezember 2015: TEUR 7.305,5).

## Aufwendungen für den Abschlussprüfer

Die Aufwendungen für den Abschlussprüfer setzen sich wie folgt zusammen:

Aufwendungen für den Abschlussprüfer	2016	2015
	TEUR	TEUR
Prüfung des Jahresabschlusses (inkl. Konzernabschluss)	256,2	234,5
Andere Bestätigungsleistungen	44,1	44,6
Sonstige Leistungen	5,2	57,9
<b>Gesamt</b>	<b>305,5</b>	<b>337,0</b>

Die obigen Aufwendungen betreffen die Dienstleistungen der Deloitte Audit Wirtschaftsprüfungs GmbH, Wien.

## Angaben zur Gruppenbesteuerung

Die Lenzing AG und die im Gruppenvertrag einbezogenen Tochtergesellschaften sind Gruppenmitglieder in der zwischen der B&C Industrieholding GmbH als Gruppenträger und der Lenzing AG sowie weiteren Tochtergesellschaften der Lenzing AG als Gruppenmitglieder am 25. September 2009 abgeschlossenen steuerlichen Unternehmensgruppe gemäß § 9 KStG.

Im Zuge der Gruppenbesteuerung kommt es zwischen den einbezogenen Gruppenmitgliedern zu einer Aufrechnung von steuerlichen Gewinnen und Verlusten. Zukünftige Steuerverpflichtungen aus der Anrechnung von Verlusten ausländischer Tochtergesellschaften werden ohne Abzinsung im Jahresabschluss erfasst. Der Gruppen- und Steuerausgleichsvertrag verpflichtet die Lenzing AG, eine Steuerumlage in Höhe der auf den steuerpflichtigen Gewinn der Gesellschaft und der in die Gruppe einbezogenen Tochtergesellschaften entfallenden Körperschaftsteuer zu entrichten. Allfällige beim Gruppenträger auf das gesamte Gruppenergebnis effektiv anrechenbare in- und ausländische Quellensteuern sowie weitergeleitete Mindestkörperschaftsteuern kürzen die von der Lenzing AG zu zahlende Steuerumlage. Bei nachträglichen Abweichungen des Steuererfordernisses werden die Steuerverrechnungen gegenüber den Gruppenmitgliedern angepasst.

Sofern im Veranlagungsjahr laufende Verluste bzw. Verlustvorträge, die von der B&C Industrieholding GmbH als Gruppenträger selbst verursacht wurden, gegen positive Ergebnisse der Steuergruppe der Lenzing AG verrechnet werden können, kommt es zu einer Reduktion der von der Lenzing AG zu leistenden Steuerumlage. Die Reduktion der Steuerumlage beträgt 50 Prozent des geltenden Körperschaftsteuersatzes (somit derzeit 12,5%) der in einem Veranlagungsjahr der B&C Industrieholding GmbH mit positiven Ergebnissen verrechneten gruppenträgereigenen laufenden Verluste bzw. Verlustvorträge.

Aus der steuerlichen Unternehmensgruppe hat die Lenzing AG im Geschäftsjahr 2016 eine Steuergutschrift von TEUR 1.265,6 (2015: TEUR 1.486,9) ertragswirksam verbucht. Im Jahr 2016 erfolgten gemäß der vertraglichen Verpflichtung die Zahlung bzw. Vorauszahlung der Steuerumlage an die B&C Industrieholding GmbH in Summe von TEUR 29.186,9 (2015: TEUR 19.327,8).

Zum 31. Dezember 2016 bilanziert die Lenzing AG aus der Steuerumlage nach Abzug der Vorauszahlung eine Verbindlichkeit in Höhe von TEUR 12.036,0 (31.12.2015: TEUR 6.954,0) gegenüber der B&C Industrieholding GmbH. Diese wird im Bilanzposten „Verbindlichkeiten gegenüber verbundenen Unternehmen“ ausgewiesen.

Ein steuerlicher Verlust der Lenzing AG inklusive der beteiligten Tochtergesellschaften wird evident gehalten und mit künftigen steuerlichen Gewinnen verrechnet. Für bei Beendigung des Vertrages nicht verrechnete Verluste ist eine Ausgleichszahlung vereinbart.

Mit den einbezogenen Tochtergesellschaften wurde ein Ergänzungsvertrag abgeschlossen. Dieser Vertrag verpflichtet das jeweilige österreichische Gruppenmitglied, eine Steuerumlage in Höhe der auf seinen steuerpflichtigen Gewinn entfallenden Körperschaftsteuer an die Lenzing AG zu entrichten. Die Lenzing AG ist verpflichtet, der jeweiligen Gesellschaft im Fall eines Verlustes eine Steuergutschrift in der Höhe der durch den Verlust bewirkten Steuerentlastung zu erteilen.

## Direkte Beteiligungen zum 31.12.2016

Beteiligung	Währung	Nennkapital	Anteil in %	Eigenkapital 31.12.2016	Jahresüberschuss /-fehlbetrag 2016
				TEUR	TEUR
<b>Unternehmensbereich Fasern</b>					
Avit Investments Limited, Providenciales, Turks & Caicos	USD	2.201.000	100,00	90.724,9 <sup>4</sup>	189,5 <sup>4</sup>
Beech Investment s.r.o., Zlaté Moravce, Slowakei	EUR	6.639	100,00	152,7 <sup>4</sup>	14,0 <sup>4</sup>
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Deutschland	EUR	2.000.000	20,00	1.884,6 <sup>3</sup>	-68,8 <sup>3</sup>
Lenzing Fibers Holding GmbH, Lenzing	EUR	35.000	100,00	114.329,7	1.190,3
Lenzing Fibers (Hongkong) Ltd., Hong Kong, China	HKD	16.000.000	100,00	3.212,9 <sup>4</sup>	285,8 <sup>4</sup>
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200.000	100,00	12.330,6 <sup>4</sup>	7.775,4 <sup>4</sup>
Lenzing Global Finance GmbH, München, Deutschland	EUR	25.000	100,00	87,3 <sup>3</sup>	17,2 <sup>3</sup>
Lenzing Modi Fibers India Private Limited, Mumbai, Indien	INR 1.000	1.155.961	96,42	7.865,4 <sup>4</sup>	-163,4 <sup>4</sup>
Lenzing Singapore Pte. Ltd., Singapur, Republik Singapur	EUR	1.000.000	100,00	242,3 <sup>4</sup>	-785,1 <sup>4</sup>
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Türkei	TRY	200.000	33,34	110,1 <sup>1,3</sup>	-11,8 <sup>1,3</sup>
Penique S.A., Panama, Panama	USD	5.000	100,00	29.296,2 <sup>4</sup>	70,6 <sup>4</sup>
PT. Pura Golden Lion, Jakarta, Indonesien	IDR 1.000	2.500.000	40,00	4.830,9 <sup>3,5</sup>	11,3 <sup>3,5</sup>
PT. South Pacific Viscose, Purwakarta, Indonesien	IDR 1.000	72.500.000	44,27 <sup>2</sup>	267.429,1 <sup>4</sup>	33.044,5 <sup>4</sup>
<b>Sonstige Beteiligungen</b>					
BZL-Bildungszentrum Lenzing GmbH, Lenzing	EUR	43.604	75,00	864,3	537,0
European Precursor GmbH, Kelheim, Deutschland	EUR	25.000	95,00	-21.788,6 <sup>3,6</sup>	n.a. <sup>5</sup>
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing	EUR	1.155.336	99,90	35.821,3 <sup>1</sup>	2.653,4 <sup>1</sup>
Lenzing Land Holding LLC., Dover, USA	USD	10.000	100,00	321,8 <sup>4</sup>	107,1 <sup>4</sup>
Lenzing Papier GmbH, Lenzing	EUR	35.000	40,00	4.712,3 <sup>5</sup>	591,5 <sup>5</sup>
Pulp Trading GmbH, Lenzing	EUR	40.000	100,00	124.083,4	6.091,2
RVL Reststoffverwertung Lenzing GmbH, Lenzing	EUR	36.336	50,00	78,0	0,8
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Wien	EUR	36.336	25,00	2.827,8	-20,5

<sup>1)</sup> 2015

<sup>2)</sup> Der direkt von der Lenzing AG gehaltene Anteil beträgt 44,27 Prozent, inkl. der indirekt gehaltenen Anteile beträgt der durchgerechnete Anteil 92,85 Prozent.

<sup>3)</sup> Eigenkapital und Ergebnis wurden nach lokalem Recht ermittelt.

<sup>4)</sup> Eigenkapital und Ergebnis wurden aus den zur Erstellung des Konzernabschlusses herangezogenen Abschlüssen, welche entsprechend IFRS aufgestellt wurden, entnommen.

<sup>5)</sup> Vorläufig

<sup>6)</sup> Wert laut Liquidationsbilanz vom 9. Dezember 2015. Die Gesellschaft befindet sich in Liquidation, die wirtschaftlich betrachtet bereits zum 31. Dezember 2013 weitgehend abgeschlossen war. Die Lenzing AG rechnet mit keinen wesentlichen weiteren Belastungen.

## Direkte Beteiligungen zum 31.12.2015

Beteiligung	Währung	Nennkapital	Anteil in %	Eigenkapital 31.12.2015	Jahresüberschuss /-fehlbetrag 2015
				TEUR	TEUR
<b>Unternehmensbereich Fasern</b>					
Avit Investments Limited, Providenciales, Turks & Caicos	USD	2.201.000	100,00	89.858,6 <sup>4</sup>	158,3 <sup>4</sup>
Beech Investment s.r.o., Zlaté Moravce, Slowakei	EUR	6.639	100,00	138,7 <sup>4</sup>	13,0 <sup>4</sup>
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Deutschland	EUR	2.000.000	45,00	1.953,4 <sup>3</sup>	32.840,4 <sup>3</sup>
Lenzing Fibers Holding GmbH, Lenzing	EUR	35.000	100,00	112.552,3	4.959,2
Lenzing Fibers (Hongkong) Ltd., Hong Kong, China	HKD	16.000.000	100,00	2.599,7 <sup>4</sup>	232,3 <sup>4</sup>
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200.000	100,00	4.666,0 <sup>4</sup>	5.782,0 <sup>4</sup>
Lenzing Global Finance GmbH, München, Deutschland	EUR	25.000	100,00	70,1 <sup>3</sup>	18,3 <sup>3</sup>
Lenzing Modi Fibers India Private Limited, Mumbai, Indien	INR 1.000	1.148.681	96,39	7.829,8 <sup>4</sup>	-178,7 <sup>4</sup>
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Türkei	TRY	200.000	33,34	137,2 <sup>1,3</sup>	39,4 <sup>1,3</sup>
Penique S.A., Panama, Panama	USD	5.000	100,00	28.959,2 <sup>4</sup>	57,9 <sup>4</sup>
PT. Pura Golden Lion, Jakarta, Indonesien	IDR 1.000	2.500.000	40,00	4.550,7 <sup>3,5</sup>	277,2 <sup>3,5</sup>
PT. South Pacific Viscose, Purwakarta, Indonesien	IDR 1.000	72.500.000	44,27 <sup>2</sup>	224.722,9 <sup>4</sup>	7.668,5 <sup>4</sup>
<b>Sonstige Beteiligungen</b>					
BZL-Bildungszentrum Lenzing GmbH, Lenzing	EUR	43.604	75,00	677,3	415,2
European Precursor GmbH, Kelheim, Deutschland	EUR	25.000	95,00	-22.402,2 <sup>3,6</sup>	n.a. <sup>6</sup>
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing	EUR	1.155.336	99,90	33.626,3 <sup>1</sup>	1.847,8 <sup>1</sup>
Lenzing Land Holding LLC., Dover, USA	USD	10.000	100,00	200,9 <sup>4</sup>	112,3 <sup>4</sup>
Lenzing Papier GmbH, Lenzing	EUR	35.000	40,00	4.120,8 <sup>5</sup>	-876,2 <sup>5</sup>
Pulp Trading GmbH, Lenzing	EUR	40.000	100,00	143.390,9	25.398,8
RVL Reststoffverwertung Lenzing GmbH, Lenzing	EUR	36.336	50,00	77,2	1,1
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Wien	EUR	36.336	25,00	2.848,3	-48,4

<sup>1)</sup> 2014

<sup>2)</sup> Der direkt von der Lenzing AG gehaltene Anteil beträgt 44,27 Prozent, inkl. der indirekt gehaltenen Anteile beträgt der durchgerechnete Anteil 92,85 Prozent.

<sup>3)</sup> Eigenkapital und Ergebnis wurden nach lokalem Recht ermittelt.

<sup>4)</sup> Eigenkapital und Ergebnis wurden aus den zur Erstellung des Konzernabschlusses herangezogenen Abschlüssen, welche entsprechend IFRS aufgestellt wurden, entnommen.

<sup>5)</sup> Vorläufig

<sup>6)</sup> Wert laut Liquidationsbilanz vom 9. Dezember 2014. Die Gesellschaft befindet sich in Liquidation, die wirtschaftlich betrachtet bereits zum 31. Dezember 2013 weitgehend abgeschlossen war. Die Lenzing AG rechnet mit keinen wesentlichen weiteren Belastungen.

## Gewinnverteilungsvorschlag für den Bilanzgewinn 2016

	EUR
Das Geschäftsjahr 2016 endet mit einem Jahresüberschuss von	157.552.354,72
nach Zuweisung zu (freien) Gewinnrücklagen von	-46.042.354,72
und nach Hinzurechnung des Gewinnvortrages 2015 von	0,00
<b>verbleibt ein Bilanzgewinn von</b>	<b>111.510.000</b>
<b>Der Vorstand schlägt folgende Verteilung des Bilanzgewinnes vor:</b>	
Ausschüttung einer Dividende entsprechend einem Betrag von EUR 4,20 je Aktie auf das dividendenberechtigte Grundkapital von EUR 27.574.071,43 bzw. 26.550.000 Stückaktien	111.510.000
<b>Auf neue Rechnung werden vorgetragen</b>	<b>0,00</b>

Vorbehaltlich des Beschlusses der Hauptversammlung erfolgt auf je eine Aktie die Auszahlung einer Dividende in der oben angegebenen Höhe. Die Dividendenauszahlung erfolgt ab 2. Mai 2017 bei der

**UniCredit Bank Austria AG**  
**Schottengasse 6-8**  
**1010 Wien**

Die Aktien werden ab 27. April 2017 an der Wiener Börse ex Dividende gehandelt.

## Organe der Gesellschaft

### Mitglieder des Aufsichtsrates

- **Dr. Hanno Bästlein**, Wien, Vorsitzender (seit 22. April 2015), Stellvertretender Vorsitzender (bis 22. April 2015)
- **MMag. Dr. Michael Junghans**, Wien, Vorsitzender (bis 22. April 2015)
- **Dr. Felix Strohbichler**, Anthering, Stellvertretender Vorsitzender (seit 22. April 2015)
- **Dr. Veit Sorger**, Wien, Stellvertretender Vorsitzender
- **Mag. Helmut Bernkopf**, Wien
- **KR Dr. Franz Gasselsberger**, MBA, Linz
- **Dr. Josef Krenner**, Linz
- **Mag. Patrick Prügger**, Wien
- **Mag. Andreas Schmidradner**, Wien (bis 1. März 2016)
- **Dr. Astrid Skala-Kuhmann**, Icking (Deutschland)

### Vom Betriebsrat delegiert

- **Johann Schernberger**, Regau (seit 1. September 2015), Vorsitzender des Betriebsausschusses, Vorsitzender des Arbeiterbetriebsrates
- **Rudolf Baldinger**, Lenzing (bis 1. September 2015), Vorsitzender des Betriebsausschusses, Vorsitzender des Arbeiterbetriebsrates
- **Georg Liftingner**, Weyregg am Attersee, Stellvertretender Vorsitzender des Betriebsausschusses, Vorsitzender des Angestelltenbetriebsrates
- **Helmut Kirchmair**, Timelkam (seit 1. September 2015), Stellvertretender Vorsitzender des Arbeiterbetriebsrates
- **Ing. Daniela Födinger**, Seewalchen am Attersee, Stellvertretende Vorsitzende des Angestelltenbetriebsrates

- **Franz Berlanda**, Wolfsegg am Hausruck (bis 1. März 2016), Stellvertretender Vorsitzender des Arbeiterbetriebsrates

### Mitglieder des Vorstandes

- **Dr. Stefan Doboczky, MBA**, Seewalchen am Attersee, Chief Executive Officer (CEO), Vorstandsvorsitzender (seit 1. Juni 2015)
- **Robert van de Kerkhof, MBA**, Mondsee, Chief Commercial Officer (CCO), Mitglied des Vorstandes (seit 1. Mai 2014)
- **Mag. Thomas Obendrauf, MBA**, Salzburg, Chief Financial Officer (CFO), Mitglied des Vorstandes (seit 1. März 2016)
- **Mag. Dr. Peter Untersperger**, Linz, Chief Executive Officer (CEO), Vorstandsvorsitzender (bis 31. Mai 2015)
- **Dr. Thomas Riegler**, Salzburg, Chief Financial Officer (CFO), Mitglied des Vorstandes (bis 1. Dezember 2015)

## Ereignisse nach dem Bilanzstichtag

Nach dem Bilanzstichtag 31. Dezember 2016 sind keine Vorgänge von wesentlicher Bedeutung für die Lenzing AG bekannt geworden, die zu einer anderen Darstellung der Vermögens-, Finanz- und Ertragslage geführt hätten.

Lenzing, am 8. März 2017  
**Lenzing Aktiengesellschaft**

**Der Vorstand**

**Dr. Stefan Doboczky, MBA**  
Chief Executive Officer  
Vorstandsvorsitzender

**Robert van de Kerkhof, MBA**  
Chief Commercial Officer  
Mitglied des Vorstandes

**Mag. Thomas Obendrauf, MBA**  
Chief Financial Officer  
Mitglied des Vorstandes

# Entwicklung des Anlagevermögens

für den Zeitraum 01. Jänner 2016 bis 31. Dezember 2016

	Anschaffungskosten				Anschaffungs- bzw. Herstel- lungskosten
	Anschaffungs- bzw. Herstel- lungskosten	Zugänge	Umbuchungen	Abgänge	
	01.01.2016	2016	2016	2016	31.12.2016
	EUR	EUR	EUR	EUR	EUR
<b>I. Immaterielle Vermögensgegenstände</b>					
1. Rechte	56.686.119,62	1.582.214,11	0,00	-10.983,60	58.257.350,13
2. Firmenwert	650.240,60	0,00	0,00	0,00	650.240,60
<b>Summe Immaterielle Vermögensgegenstände</b>	<b>57.336.360,22</b>	<b>1.582.214,11</b>	<b>0,00</b>	<b>-10.983,60</b>	<b>58.907.590,73</b>
<b>II. Sachanlagen</b>					
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund					
a) Wohngebäude					
Grundwert	917.567,93	0,00	0,00	0,00	917.567,93
Gebäudewert	1.569.434,92	0,00	0,00	0,00	1.569.434,92
b) Geschäfts- und Fabriksgebäude und andere Baulichkeiten					
Grundwert	1.683.122,57	0,00	0,00	0,00	1.683.122,57
Grundstücksgleiche Rechte	659.676,21	0,00	0,00	0,00	659.676,21
Gebäudewert	235.478.721,70	3.120.678,00	970.614,81	0,00	239.570.014,51
c) Unbebaute Grundstücke	1.700.182,85	0,00	0,00	0,00	1.700.182,85
	<b>242.008.706,18</b>	<b>3.120.678,00</b>	<b>970.614,81</b>	<b>0,00</b>	<b>246.099.998,99</b>
2. Technische Anlagen und Maschinen	1.272.430.051,12	23.921.678,25	6.043.142,01	-892.275,35	1.301.502.596,03
3. Andere Anlagen, Betriebs- und Geschäftsausstattung	62.442.646,56	7.394.323,03 <sup>1)</sup>	840.922,99	-1.653.766,03 <sup>1)</sup>	69.024.126,55
4. Anlagen in Bau	14.817.724,37	27.864.027,05	-6.590.744,27	0,00	36.091.007,15
5. Geleistete Anzahlungen	1.263.935,55	4.692.230,61	-1.263.935,54	0,00	4.692.230,61
<b>Summe Sachanlagen</b>	<b>1.592.963.063,78</b>	<b>66.992.936,94</b>	<b>0,00</b>	<b>-2.546.041,38</b>	<b>1.657.409.959,34</b>
<b>III. Finanzanlagen</b>					
1. Anteile an verbundenen Unternehmen	285.722.926,46	1.687.695,69	0,00	0,00	287.410.622,15
2. Ausleihungen an verbundene Unternehmen	86.855.592,19	1.129.055,60	0,00	-41.770.520,06	46.214.127,73
3. Beteiligungen	7.142.928,86	1.349.014,40	0,00	-865.250,00	7.626.693,26
4. Wertpapiere (Wertrechte) des Anlagevermögens	20.301.900,47	0,00	0,00	-590.573,81	19.711.326,66
5. Sonstige Ausleihungen	3.030.531,22	8.076.355,88	0,00	-151.765,69	10.955.121,41
<b>Summe Finanzanlagen</b>	<b>403.053.879,20</b>	<b>12.242.121,57</b>	<b>0,00</b>	<b>-43.378.109,56</b>	<b>371.917.891,21</b>
	<b>2.053.353.303,20</b>	<b>80.817.272,62</b>	<b>0,00</b>	<b>-45.935.134,54</b>	<b>2.088.235.441,28</b>

<sup>1)</sup> inklusive geringwertige Vermögensgegenstände in Höhe von EUR 677.535,45.

	kumulierte Abschreibungen				Buchwert		
	Abschreibungen kumuliert	Abschreibungen	Zuschreibungen	Abgänge	Abschreibungen kumuliert	Buchwert	Buchwert
	01.01.2016	2016	2016	2016	31.12.2016	31.12.2016	31.12.2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
	54.876.013,96	935.179,17	0,00	-5.362,19	55.805.830,94	2.451.519,19	1.810.105,66
	114.759,84	43.349,37	0,00	0,00	158.109,21	492.131,39	535.480,76
	<b>54.990.773,80</b>	<b>978.528,54</b>	<b>0,00</b>	<b>-5.362,19</b>	<b>55.963.940,15</b>	<b>2.943.650,58</b>	<b>2.345.586,42</b>
	0,04	0,00	0,00	0,00	0,04	917.567,89	917.567,89
	953.924,76	27.699,13	0,00	0,00	981.623,89	587.811,03	615.510,16
	0,00	0,00	0,00	0,00	0,00	1.683.122,57	1.683.122,57
	86.624,20	6.663,40	0,00	0,00	93.287,60	566.388,61	573.052,01
	118.888.214,94	5.634.789,61	0,00	0,00	124.523.004,55	115.047.009,96	116.590.506,76
	0,00	0,00	0,00	0,00	0,00	1.700.182,85	1.700.182,85
	<b>119.928.763,94</b>	<b>5.669.152,14</b>	<b>0,00</b>	<b>0,00</b>	<b>125.597.916,08</b>	<b>120.502.082,91</b>	<b>122.079.942,24</b>
	905.454.858,13	47.531.216,94	0,00	-888.221,28	952.097.853,79	349.404.742,24	366.975.192,99
	49.012.473,72	5.182.615,80 <sup>1</sup>	0,00	-1.645.527,80 <sup>1</sup>	52.549.561,72	16.474.564,83	13.430.172,84
	0,00	0,00	0,00	0,00	0,00	36.091.007,15	14.817.724,37
	0,00	0,00	0,00	0,00	0,00	4.692.230,61	1.263.935,55
	<b>1.074.396.095,79</b>	<b>58.382.984,88</b>	<b>0,00</b>	<b>-2.533.749,08</b>	<b>1.130.245.331,59</b>	<b>527.164.627,74</b>	<b>518.566.967,99</b>
	25.882.999,68	0,00	0,00	0,00	25.882.999,68	261.527.622,47	259.839.926,78
	2.112.477,37	1.638.049,02	-2.399.207,34	0,00	1.351.319,05	44.862.808,68	84.743.114,82
	2.032.784,95	0,00	0,00	0,00	2.032.784,95	5.593.908,31	5.110.143,91
	1.066.007,25	82.000,00	0,00	0,00	1.148.007,25	18.563.319,41	19.235.893,22
	2.427.255,75	9.977,88	-583,22	0,00	2.436.650,41	8.518.471,00	603.275,47
	<b>33.521.525,00</b>	<b>1.730.026,90</b>	<b>-2.399.790,56</b>	<b>0,00</b>	<b>32.851.761,34</b>	<b>339.066.129,87</b>	<b>369.532.354,20</b>
	<b>1.162.908.394,59</b>	<b>61.091.540,32</b>	<b>-2.399.790,56</b>	<b>-2.539.111,27</b>	<b>1.219.061.033,08</b>	<b>869.174.408,19</b>	<b>890.444.908,61</b>



# Entwicklung der Zuschüsse der öffentlichen Hand

für den Zeitraum 01. Jänner 2016 bis 31. Dezember 2016

Zuschüsse der öffentlichen Hand	Stand am 01.01.2016	Zugang	Abgang	Auflösung	Umbuchung	Stand am 31.12.2016
A. Investitionszuschüsse	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Investitionszuschüsse der öffentlichen Hand</b>						
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	1.546.536,65	65.833,09	0,00	-125.748,62	0,00	1.486.621,12
2. Technische Anlagen und Maschinen	2.504.931,89	4.932.573,88	0,00	-335.570,15	0,00	7.101.935,62
3. Andere Anlagen, Betriebs- und Geschäftsausstattung	247.338,52	361.941,87	0,00	-71.316,07	0,00	537.964,32
	<b>4.298.807,06</b>	<b>5.360.348,84</b>	<b>0,00</b>	<b>-532.634,84</b>	<b>0,00</b>	<b>9.126.521,06</b>
<b>II. Emissionszertifikate</b>	<b>4.954.505,56</b>	<b>1.820.483,80</b>	<b>-446.180,40</b>	<b>-1.483.299,00</b>	<b>0,00</b>	<b>4.845.509,96</b>
	<b>9.253.312,62</b>	<b>7.180.832,64</b>	<b>-446.180,40</b>	<b>-2.015.933,84</b>	<b>0,00</b>	<b>13.972.031,02</b>

# Bestätigungsvermerk

## Bericht zum Jahresabschluss

### Prüfungsurteil

Wir haben den Jahresabschluss der Lenzing Aktiengesellschaft, Lenzing, bestehend aus der Bilanz zum 31. Dezember 2016, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr sowie dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2016 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

### Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt „Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses“ unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

### Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahres waren. Wir haben diesbezüglich nichts zu berichten.

### Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen beinhalten alle Informationen im Geschäftsbericht und Jahresfinanzbericht, ausgenommen den Jahres- und Konzernabschluss, den Lage- und Konzernlagebericht sowie die beiden jeweils zugehörigen Bestätigungsvermerke. Der Geschäftsbericht und der Jahresfinanzbericht

werden uns voraussichtlich nach dem Datum des Bestätigungsvermerks zur Verfügung gestellt.

Unser Prüfungsurteil zum Jahresabschluss deckt die sonstigen Informationen nicht ab und wir werden keine Art der Zusicherung darauf geben.

In Verbindung mit unserer Prüfung des Jahresabschlusses ist es unsere Verantwortung, die oben angeführten sonstigen Informationen zu lesen und dabei abzuwägen, ob sie angesichts des bei der Prüfung gewonnenen Verständnisses wesentlich in Widerspruch zum Jahresabschluss stehen oder sonst wesentlich falsch dargestellt erscheinen.

### Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen, oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

### Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungs-

urteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Die Abschlussprüfung umfasst keine Zusicherung des künftigen Fortbestands der geprüften Gesellschaft oder der Wirtschaftlichkeit oder Wirksamkeit der bisherigen oder zukünftigen Geschäftsführung.

Als Teil einer Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.
- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten Internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des Internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen kann. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige

Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.

- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im Internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben, und tauschen uns mit ihm über alle Beziehungen und sonstigen Sachverhalte aus, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.

Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

## **Bericht zum Lagebericht**

Der Lagebericht ist auf Grund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter der Gesellschaft sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

### **Urteil**

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält zutreffende Angaben nach § 243a UGB und steht in Einklang mit dem Jahresabschluss.

### **Erklärung**

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Lagebericht nicht festgestellt.

## Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Mag. Walter Müller.

Wien, am 08. März 2017

# Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH

**Mag. Walter Müller**  
Wirtschaftsprüfer

**Mag. Marieluise Krimmel**  
Wirtschaftsprüfer

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Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

# Declaration of the Management Board

## Declaration of the Management Board according to Section 82 (4) No. 3 of the Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements of the Lenzing Group as at December 31, 2016 that were prepared in accordance with the applicable accounting standards pursuant to International Financial Reporting Standards (IFRSs) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Lenzing Group and that the group management report gives a true and fair view of the development and performance of the business and the position of the Lenzing Group, together with a description of the principal risks and uncertainties the Lenzing Group faces.

In addition, we declare to the best of our knowledge that the annual financial statements of Lenzing AG for the financial year ending on December 31, 2016, which were prepared in accordance with the applicable accounting standards pursuant to the Austrian Commercial Code give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit or loss of Lenzing AG.

Furthermore, we declare to the best of our knowledge that the Management Report gives a true and fair view of the business development, earnings and position of Lenzing AG, and the Group Management Report also describes the most important risks and uncertainties facing Lenzing AG.

Lenzing, March 8, 2017

**Lenzing Aktiengesellschaft**

### The Management Board

**Stefan Doboczky**  
Chief Executive Officer

**Robert van de Kerkhof**  
Chief Commercial Officer

**Thomas Obendrauf**  
Chief Financial Officer

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#### Notes:

This English translation of the financial statements was prepared for the company's convenience only. It is a non-binding translation of the German financial statements. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This annual report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing Group. Such forward-looking statements can be identified by the use of terms such as "should", "could", "will", "estimate", "expect", "assume", "predict", "intend", "believe" or similar items. The projections that are related to the future development of the Lenzing Group represent estimates that were made on the basis of the information available as at the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Calculation differences may arise when rounded amounts and percentages are summed. The annual report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

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