INTERIM REPORT 01-06/2015
LENZING GROUP

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LEADING FIBER INNOVATION

SELECTED KEY FIGURES
OF THE LENZING GROUP

Key earnings figures

EUR mn	01-06/2015	01-06/2014	Changes
Revenue	955.4	900.0	6.2%
EBITDA (earnings before interest, taxes, depreciation and amortization)	126.5	91.9	37.7%
EBITDA margin	13.2%	10.2%	
EBIT (earnings before interest and taxes)	60.5	32.4	86.7%
EBIT margin	6.3%	3.6%	
EBT (earnings before taxes)	68.3	22.8	198.9%
Profit/loss for the year (or the period)	51.6	15.2	239.8%
Earnings per share	1.99	0.57	246.2%

Key cash flow figures

EUR mn	01-06/2015	01-06/2014	Changes
Gross cash flow	146.4	72.2	102.7%
Cash flow from operating activities	99.7	103.2	(3.4%)
Free cash flow	73.7	39.2	88.2%
CAPEX	26.0	64.2	(59.4%)
EUR mn	**30/06/2015**	**31/12/2014**	**Changes**
Liquid assets	329.2	280.3	17.5%
Open credit facilities	208.0	198.5	4.8%

Key balance sheet figures

EUR mn	30/06/2015	31/12/2014	Changes
Adjusted equity in %	46.8%	44.9%	
Net financial debt	401.5	449.5	(10.7%)
Net debt	503.6	552.5	(8.8%)
Net gearing	35.4%	42.2%	
Trading Working Capital	447.7	395.7	13.1%
Trading Working Capital to annualized group revenue ratio	23.3%	19.5%	

Key stock market figures

EUR	30/06/2015	31/12/2014	Changes
Market capitalization in millions	1,696.5	1,400.2	21.2%
Share price	63.90	52.74	21.2%

Employees

Headcount	30/06/2015	31/12/2014	Changes
Employees	6,184	6,356	(2.7%)

The above key financial figures are largely derived from the Lenzing Group's condensed consolidated interim financial statements or the consolidated financial statements of the previous year according to IFRS. Further details on their calculation can be found in the Glossary of the Interim Report or Annual Report of the previous year, the condensed consolidated interim financial statements or the consolidated financial statements of the previous year of the Lenzing Group. Rounding differences can occur when presenting rounded amounts and percentages.

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EDITORIAL BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear shareholders,

It is a privilege for me to have assumed the role as CEO of Lenzing AG, one of the world's leading fiber companies, as per June 1, 2015.

My trips to the various Lenzing sites over the last few weeks strengthened my positive initial impression of Lenzing AG as a leader in sustainability, a company with considerable innovation potential and a highly capable and motivated workforce. Still, a company such as Lenzing AG with its high exposure to a very competitive industry must continuously challenge the status quo, and the solution for today's and future challenges cannot always be found by using recipes of the past. Identifying opportunities at an even earlier stage, developing and implementing suitable strategies and responses quicker and more effectively than our competitors will be important for our future success. I can assure you that together with our team we will work hard to further expand Lenzing's leadership position around the globe.

I would like to thank you in advance for the confidence you have placed in me and my team.

Yours

Stefan Doboczky


TENCEL®

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General Market Environment

Global economy[1]

The development of the global economy in the first half of 2015 was impacted by uncertainties and a high level of currency volatility accompanied by geopolitical tensions. The permanent crisis in Greece, the volatility of the Euro compared to the US dollar, turbulence on the Chinese stock market and the restrained growth of the Chinese economy were the dominant issues. Against this backdrop, the International Monetary Fund (IMF) now anticipates a somewhat lower rate of global economic growth than predicted in April, and revised its global economic growth forecasts for 2015 downwards by 0.2 percentage points to 3.3%.

The IMF expects economic growth of 2.1% for the industrialized nations in 2015, in contrast to a growth rate of 1.8% in 2014. The main reason for the downward adjustment was the current weak economy in North America. Accordingly, forecasted growth for the US economy was reduced by 0.6 percentage points to 2.5%. The IMF confirms its outlook for the eurozone economy published in April in spite of the crisis in Greece, anticipating economic growth of 1.5% in 2015 (2014: 0.8%).

The expected economic growth of the developing and emerging markets was revised slightly downwards to 4.2%. However, recent concerns about the Chinese economy within the context of the stock market slump were not yet reflected in the IMF forecast, which still foresees a growth rate of 6.8% (2014: 7.4%).

Global fiber market[2]

The global fiber market continued to develop unevenly in the second quarter of 2015. Following the sharp decline over the past two years, prices for cotton and viscose stabilized at a low level, whereas polyester prices remained under pressure. However, due to the ongoing high cotton inventories and excess production capacities in the viscose industry, the typical bottoming out of fiber prices followed by sustainable and substantial price increases is not assured.

High inventories and lower cotton imports in China still put pressure on the cotton price, considered to be an important reference value for the entire fiber industry. However, the selling price decline for cotton which began in 2014 came to an end at the beginning of the year. The Cotton A Index started the year 2015 at 68.55 US cents per pound, climbed to 74.25 US cents per pound in the middle of May 2015 and ended the second quarter of the year on June 30, 2015 at 74.30 US cents per pound. In comparison, the Cotton A Index was still at 89.55 US cents per pound at the end of June 2014.

The high cotton inventories in China prevent any sustainable recovery of cotton prices from taking place. The International Cotton Advisory Committee (ICAC) expects global cotton stockpiles to rise by 9% to 21.9 mn tons at the end of the 2014/15 cotton season (end of July 2015).

[1] International Monetary Fund, World Economic Outlook Update, July 2015 [2] ICAC, "2015/16: Another Season of Uncertainty", July 1, 2015

ICAC experts expect inventories to decrease once again in the 2015/16 cotton season due to the probable decrease in the area under cultivation. The further development of stockpiles and thus the cotton price strongly depend on how successful China is in implementing the reduction of cotton reserves estimated at 12.6 mn tons, which it announced in June 2015. The decline in cotton inventories could once again lead to market distortions and falling cotton prices.

As a consequence of low oil prices, polyester fiber prices in Asia were at an average of USD 1.10 per kilogram in the first half of 2015, corresponding to a drop of 19% from the first half of 2014.

In the first half of 2015, spot prices for viscose fibers recovered from their lowest levels. On the Chinese market, the world's largest sales market for viscose fibers, spot market prices for textile viscose fibers were still at a net price of USD 1.59 per kilogram at the beginning of January 2015, rising to a net price of USD 1.72 per kilogram at the end of June. Thus viscose fiber selling prices were traded again with a 5% price premium compared to cotton in the middle of 2015, in contrast to the price markdown vis-à-vis cotton in 2014, which was contrary to the long-term trend.

It remains to be seen whether this price recovery is sustainable, in light of the fact that the viscose fiber market continues to be characterized by surplus production capacities in China. Several capacity expansion projects were delayed due to the more restrictive lending policy in China, but could be implemented again. Moreover, it is uncertain if and when production capacities shut down due to environmental restrictions will be put into operation again.

Development of the Lenzing Group[3]

In the first half of 2015, the Lenzing Group clearly improved upon all relevant performance and balance sheet indicators compared to the first half of 2014.

Consolidated revenue rose by 6.2% in the first half-year, from EUR 900.0 mn to EUR 955.4 mn. Currency effects, slightly higher sales volumes and an improved product mix were responsible for the revenue increase.

In the first half of 2015, the cost of material and other purchased services was constant at EUR 600.3 mn (H1 2014: EUR 600.2 mn), although several market price increases took place for chemicals as well as for pulp costs. Exchange rate effects had a negative impact, especially for chemicals and externally procured pulp invoiced in USD. Efficiency improvements and the lower cost of material starting in April as a result of the sale of the two subsidiaries Dolan GmbH and European Carbon Fiber GmbH positively counteracted these cost increases.

Personnel expenses were down 1.0%, from EUR 152.9 mn to EUR 151.3 mn, which is particularly attributable to reductions in personnel expenses within the context of the excelLENZ program and adjustments of related provisions. The Lenzing Group employed a staff of 6,184 employees in the middle of 2015 (December 31, 2014: 6,356 employees).

[3] The definition of financial indicators can be found in the glossary.

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Other operating expenses rose by 11.6% to EUR 119.8 mn from the prior-year level of EUR 107.4 mn. This rise reflects additional expenditures as a result of higher sales volumes as well as effects from the sale of the company's technical business units[4].

Profit for the period more than tripled

Against this backdrop, earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 37.7% to EUR 126.5 mn, up from EUR 91.9 mn in the previous year. The EBITDA margin was 13.2%, compared to 10.2% in the first half of 2014.

The amortization of intangible assets and depreciation of property, plant and equipment at EUR 67.4 mn in the first half of 2015 was 10.8% higher than the prior-year figure of EUR 60.9 mn. This increase was mainly due to regular production operations of the new TENCEL® fiber plant at the Lenzing site.

Half-year earnings before interest and taxes (EBIT) amounted to EUR 60.5 mn, or 86.7% above the comparable EBIT of EUR 32.4 mn in the prior-year period. This corresponded to an EBIT margin of 6.3% (H1 2014: 3.6%).

Accordingly, earnings before taxes (EBT) of the Lenzing Group rose by 198.9%, from EUR 22.8 mn to EUR 68.3 mn. Due to this significant rise, the income tax expense climbed correspondingly from EUR 7.7 mn to EUR 16.7 mn. On balance, the profit for the period in the first half of 2015 could be more than tripled to EUR 51.6 m, up from EUR 15.2 mn in the previous year, to which the one-off effects in the financial result also contributed.[5] This resulted in half-year earnings per share of EUR 1.99, compared to EUR 0.57 in the prior-year period.

The excelLENZ cost optimization initiative continued to be implemented in the first half-year according to plan and proved to be very successful. From today's perspective the targeted effects of about EUR 160 mn p.a. will be completely achieved. Their full impact will be felt starting in 2016.

Strong second-quarter 2015 performance

In the second quarter of 2015, the Lenzing Group continued the positive first-quarter trend, generating very gratifying revenue and earnings increases. Consolidated second-quarter revenue at EUR 480.9 mn was 7.3% higher than the comparable figure of EUR 448.3 mn in the prior-year quarter.

As a result of the good revenue development and further cost savings within the context of the excelLENZ program, EBITDA in the second quarter of 2015 rose 46.8%, from EUR 45.6 mn to EUR 66.9 mn. Second-quarter EBIT amounted to EUR 33.5 mn, up from EUR 15.7 mn in the previous year. EBT improved from EUR 11.6 mn to EUR 43.4 mn. The profit for the period after taxes climbed more than fourfold, from EUR 7.5 mn to EUR 35.0 mn.

[4] For details refer to the section on the Segment Lenzing Technik. [5] Refer to Note 5 in the consolidated interim financial statements.

Further reduction of the net financial debt

Adjusted equity of the Lenzing Group rose to EUR 1,132.7 mn at the end of June 2015, up from EUR 1,066.1 mn at the end of 2014. The adjusted equity ratio amounted to 46.8% (December 31, 2014: 44.9%). Net financial debt in the middle of 2015 was down 10.7% to EUR 401.5 mn from the comparable level of EUR 449.5 mn at the end of 2014. As a result, net gearing improved to 35.4% (December 31, 2014: 42.2%).

In May 2015, Lenzing AG issued German Private Placements (Schuldscheine) to the amount of EUR 150 mn (senior debt, unsecured). Existing German Private Placements totaling EUR 89.5 mn were terminated and additional German Private Placements amounting to EUR 60.5 mn were issued (refer to Note 6 Financial liabilities in the consolidated interim financial statements). Accordingly, the total volume of the German Private Placements increased to approximately EUR 290 mn. In this regard, Lenzing AG succeeded in attaining an extremely favorable interest rate averaging 1.43% with an average term to maturity of slightly less than seven years. The transaction was strongly oversubscribed. The German Private Placement was offered with a term to maturity of five and seven years, in each case at fixed and variable interest rates, as well as a term to maturity of ten years at a fixed interest rate.

Strong increase in the free cash flow

The free cash flow rose strongly compared to the first half-year 2014, climbing to EUR 73.7 mn from EUR 39.2 mn in the previous year.

Liquid assets of the Lenzing Group amounted to EUR 329.2 mn as at June 30, 2015 (December 31, 2014: EUR 280.3 mn). Together with the open credit facilities totaling EUR 208.0 mn in the middle of 2015, Lenzing boasts a liquidity cushion of EUR 537.2 mn.

Working capital

Trading working capital as at June 30, 2015 amounted to EUR 447.7 mn, up from EUR 395.7 mn as at December 31, 2014. This corresponded to about 23.3% of annualized Group revenue[6] in the middle of the year (compared to 19.5% at the end of the year). The increase was mainly due to the decline in trade payables.

Investments (CAPEX)

Investments in intangible assets, property, plant and equipment (CAPEX) amounted to EUR 26.0 mn in the first half of 2015, down from EUR 64.2 mn in the first half-year 2014. Investment activity focused on necessary maintenance work as well as quality and optimization measures in fiber and pulp production.

[6] On the basis of Q2 2015 revenue and Q4 2014 revenue, respectively

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Segment Fibers

The Lenzing Group resolutely continued to pursue its aim of continuously promoting high-quality specialty products in the first half of 2015. The ongoing good demand for all Lenzing fiber products once again ensured good capacity utilization at all production plants.

Fiber sales were further increased from the previous half-year due to the fact that additional volumes were available as a result of the putting into operation of the new TENCEL® fiber plant at the Lenzing site during the second half of 2014. Textile fibers accounted for about 69% of total fiber sales volumes in the first half-year 2015, with nonwovens comprising a 31% share.

Revenue of the Segment Fibers amounted to EUR 917.7 mn (H1 2014: EUR 853.2 mn), comprising an increase of 7.6% from the previous year. EBITDA of the Segment Fibers rose 34.3% year-on-year in the first half of 2015 to EUR 122.2 mn from the prior-year level of EUR 91.0 mn. EBIT of the Segment Fibers amounted to EUR 56.0 mn, a rise of 78.0% from EUR 31.5 mn in the first half of 2014. The improved profitability of the segment is the consequence of currency effects. Cost savings, slightly higher sales volumes and the improved product mix also had a positive impact on the segment's performance.

The Lenzing Group also plans a further medium-term increase in the share of specialty fibers in its Asian viscose fiber business. This will make it necessary to carry out modifications or selected expansion measures at existing plants. Additional investments and programs are being considered to further optimize the company's cost position. This particularly relates to measures aimed at reducing material and other production costs (for example on the basis of targeted investments in dissolving pulp and own facilities to produce chemicals and energy). Lenzing will continue to set standards for sustainability and environmental protection in the man-made cellulose fiber industry. The successful development of the Lenzing Group should be strengthened in the medium term by further innovations in product applications and intensified sales and marketing activities.

Sustainability awards for Lenzing

Two products of the Lenzing Group were given sustainability awards in May 2015. Shoe laces made of 100% TENCEL® developed in collaboration with the shoe manufacturer LEGERO Schuhfabrik GmbH won the CSR Newcomer Trophy from TRIGOS, Austria's most well-known sustainability prize. The award was given in recognition of the outstanding ecological scorecard and the 100% compostability of the TENCEL® shoe laces which simultaneously offer the highest product performance. In addition, Lenzing was given the renowned ENERGY GLOBE Award Austria in the Category Earth for its spun-dyed cellulose fiber Lenzing Modal® COLOR. The decisive reason was that these Lenzing fibers made from beech wood reduce the typically high environmental burden in dyeing textiles by up to 80%.

Textile applications (Textile Fibers)

Lenzing pursues a consistent customer-oriented approach in the further development of the market for its products. As a result, Lenzing was just as successful in further developing the market for high quality viscose products in the first half of 2015 as for TENCEL® and different new TENCEL® specialties. For example, thanks to their functionalities TENCEL® A100 and MicroModal® gained broad-based acceptance in sensitive close-to-the-skin applications (lingerie, women's outerwear and nightwear). Furthermore, the new Lenzing fiber TENCEL® A100 MICRO was successfully launched on the market in the first half of 2015. The areas of application for this specialty fiber are knitwear and mixed fabrics with silk and wool.

Demand for TENCEL® used in jeans (denim) remained consistently strong as in the previous year. Intensified communications activities along the downstream value chain led to an improved perception of TENCEL® as a global brand. The number of processors integrating TENCEL® into their denim fabrics has doubled over the last twelve months. TENCEL® improves the wearing comfort and softness of denim, and also contributes to the environmentally-friendly production of denim products.

Nonwoven applications (Nonwoven Fibers)

Lenzing further expanded upon its strong market position in the nonwovens segment. In the first half of 2015, Lenzing developed and launched on the marketplace the first women's hygiene product with the hydrophobic lyocell fiber TENCEL® BIOSOFT in cooperation with Tosama, the Slovenian manufacturer of hygiene products.

Wood & pulp

In the first half of 2015, the Central European wood market was characterized by the mild winter and the ongoing under-consumption of a major Austrian paper pulp producer. Against the backdrop of an unimpeded harvest, consumption for both energy and industrial purposes was about 10% below the normal level. This situation was accompanied by storm damage, particularly in Germany. On balance, Lenzing and its Czech pulp facility in Paskov benefited from a very good wood supply. Wood imports from far-away regions could be reduced in favor of areas in closer proximity for transport. An external PEFC audit at the Lenzing site carried out in June 2015 to examine wood procurement with respect to sustainability gave Lenzing excellent marks.

In spite of the shutdown of pulp plants and the conversion of several pulp factories from dissolving wood pulp to paper pulp, the global market for dissolving wood pulp continues to be characterized by an excess supply. The punitive tariffs on imported pulp from the USA, Canada and Brazil imposed by the Chinese government have not had any effect on world market prices for pulp up until now.

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The import price for dissolving pulp to China[7] amounted to USD 800 per ton at the end of the first quarter of 2015. A significant price recovery took place towards the middle of the year. The average market price for dissolving pulp equaled USD 808 per ton in the first half-year, and was at USD 832 per ton as at June 30, 2015.

The development of pulp production at Lenzing was satisfactory in the first half of 2015. The Lenzing Group's level of self-sufficiency with pulp provided by its plants in Lenzing and Paskov equaled 49%.

Co-products, chemicals & energy

The business development of the various co-products developed positively in the first half of 2015. Earnings improvements were generated in the production of acetic acid and furfural compared to the previous year.

Whereas prices for sodium sulfate in Europe were maintained at the prior-year level, the Asian sites had to accept price cuts due to the prevailing competition.

Prices in Europe for the main chemicals used by the Lenzing Group increased in the first half-year due to the weakness of the Euro, whereas prices in Asia were stable or declined slightly. Lenzing is continuously working on efficiency enhancement measures to counteract this trend.

The plunge in oil prices at the end of 2014 led to a reduction of energy prices, also in Asia. In turn, this had a positive effect on the entire Lenzing Group, especially as the governments of China and Indonesia had most recently imposed a massive rise in energy prices in October 2014. Savings were also generated with respect to electricity costs, in line with the prevailing market situation.

Segment Lenzing Technik

As reported, the reorganization of the technical services provided by Lenzing AG and the re-positioning of the subsidiary Lenzing Technik GmbH was initiated in March 2015. In this way, the Lenzing Group is reacting to the significant decrease in investment activity within the Group as well as on the external market in the pulp and viscose fiber industries. The divestment of non-core operations will enable the Lenzing Group to more strongly focus on its core business of producing fibers and pulp.

In mid-2015, the program was being implemented on schedule. Accordingly, part of the staff of Lenzing Technik GmbH was already integrated into Lenzing AG.

The unit Technical Services of the Lenzing Group now encompasses four departments: Central Fiber Maintenance including planning and workshops, Central Global Automation, Global Engineering as well as Lenzing Technik GmbH. Operating as a subunit of Technical

[7] Source: CCF Group

Services, Lenzing Technik GmbH will concentrate on Mechanical Construction & Industrial Services, Filtration & Separation as well as Pulp Technology.

New ownership structures were found for those areas of Lenzing Technik which do not belong to the company's core business operations. In the middle of 2015, agreements were concluded to dispose of three business units. The Mechatronics business area (incl. LENO Electronics GmbH, Schörfling) was acquired by the Austrian company Melecs, an internationally active switchgear and electronics firm. The Automation & Robotics unit was sold to the German-Austrian company cts GmbH, which is internationally active in the fields of energy technology, robotics and automation technology. The Sheet Metal business operations were acquired by the Upper Austrian company GER4TECH (Spießberger GmbH, HMS Mechatronik GmbH).

Segment revenue in the first half of 2015 amounted to EUR 42.8 mn (H1 2014: EUR 45.3 mn). EBITDA was at a level of EUR 1.4 mn (H1 2014: EUR 0.7 mn). There was a turnaround in segment EBIT to EUR 0.6 mn in the first half of 2015 from minus EUR 0.3 mn in the first six months of 2014.

Segment Other

Revenue of the Segment Other (refer to Note 3 of the consolidated interim financial statements) amounted to EUR 22.2 mn in the first half of 2015 (H1 2014: EUR 32.4 mn). Segment result (EBITDA) in the first half of 2015 totaled EUR 3.6 mn (H1 2014: EUR 4.0 mn), whereas EBIT remained unchanged at EUR 3.5 mn.

Sale of two subsidiaries

In the second quarter of 2015 the Lenzing Group sold its fully-owned subsidiary Dolan GmbH/Kelheim and its 91.1% stake in European Carbon Fiber GmbH/Kelheim to WHEB Partners' Growth Fund 2 of England and Jan Verdenhalven. This sale took place within the context of Lenzing's strategy to focus on its core business of man-made cellulose fibers (refer to Note 4 of the consolidated interim financial statements).

The Lenzing Share

The Lenzing share ended trading on June 30, 2015 at EUR 63.90, a rise of 21% from the opening price of EUR 53.00 at the beginning of 2015. The high for the first six months of 2015 was reached on March 13, 2015, when the Lenzing share was traded at EUR 67.53. As a result, the Lenzing share boasted a clearly stronger performance than the Vienna Stock Exchange benchmark index ATX. The index started the year at 2,159.42 points on January 2, 2015, and ended the first half-year period on June 30, 2015 at 2,411.77 points, an increase of 12%. At present seven analysts are covering Lenzing AG. The Annual General Meeting of Lenzing AG held on April 22, 2015 resolved to distribute a dividend of EUR 1.00 per share for the 2014

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financial year compared to EUR 1.75 per share in the previous year. This corresponded to a total dividend payout of EUR 26.6 mn and a dividend yield of 1.7% (at a share price of EUR 58.94 on the dividend distribution date of April 29, 2015). In June 2015, for the tenth time in a row, the Lenzing share was accepted for trading in VÖNIX, the Sustainability Index of the Vienna Stock Exchange, and was also given a very good rating again this year.

Risk Report

Lenzing only presents the primary risks in its Risk Report which are not covered in the company's normal financial statements (balance sheet, income statement).

On balance, the risk management team identified a total of 29 risks divided into five main areas which were comprehensively presented in the Annual Report 2014. This quarterly report will only focus on major risks to which the company was exposed in the period under review.

Current risk environment

The current risk environment has not substantially changed compared to the risks described in detail in the Annual Report for the 2014 financial year ending on December 31, 2014.

There was a slight recovery of viscose fibers prices in the first half of 2015 and a consolidation of production capacities in China due to temporary plant shutdowns for environmental or financial reasons. However, the sustainability of the recovery is questionable, which is why the existing excess production capacities for viscose fibers and the high cotton inventories continue to comprise the biggest risk to the upward development of fiber selling prices.

Outlook Lenzing Group

The troubled geopolitical situation, the economic situation in China and unforeseeable exchange rate fluctuations remain uncertainty factors in the second half of 2015. The specific market environment for the man-made cellulose fiber industry improved somewhat in the middle of 2015 compared to the end of the first quarter. Solid volume demand up until now was followed by initial fiber selling price increases.

However, the point in time for the potential resumption of production at viscose fiber plants in China which are currently not in operation and the related price developments are uncertain. In spite of this volatile environment, the Lenzing Group expects a further improvement in its operating results compared to 2014 as well as a further reduction in its net financial debt.

Medium- and long-term growth rates in the man-made cellulose fiber industry are expected to be higher than that of the global fiber market.

Related Party Transactions

Refer to Note 10 of the consolidated interim financial statements.

Significant Events after the End of the Reporting Period

The closing and thus the loss of control over the Mechatronics business area (including the fully consolidated subsidiary LENO Electronics Gmbh, Schörfling) and the Automation & Robotics business unit of Segment Lenzing Technik took place in July 2015. This will not have any material impact on earnings (refer to Note 4 of the consolidated interim financial statements) due to the remeasurement of these disposal groups as at June 30, 2015.

The Lenzing Group is not aware of any other events significant to it after the reporting date of June 30, 2015 that would have resulted in a different presentation of its financial position and financial performance.

Lenzing, August 17, 2015
Lenzing Aktiengesellschaft

The Management Board

Stefan Doboczky
Chief Executive Officer
Chairman of the
Management Board

Thomas Riegler
Chief Financial Officer
Member of the
Management Board

Robert van de Kerkhof
Chief Commercial Officer
Member of the
Management Board

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **AS AT JUNE 30, 2015**

Lenzing AG

Consolidated Income Statement

for the period January 1 to June 30, 2015

EUR mn

		Group	Group	Group	Group
	Note	04-06/2015	04-06/2014	01-06/2015	01-06/2014
Revenue	(3,5)	480.9	448.3	955.4	900.0
Change in inventories of finished goods and work in progress		(1.9)	5.9	(6.1)	5.9
Work performed by the Group and capitalized		7.1	10.6	13.0	23.2
Other operating income		15.2	10.7	35.6	23.2
Cost of material and other purchased services	(5)	(293.1)	(298.5)	(600.3)	(600.2)
Personnel expenses	(5)	(75.0)	(78.3)	(151.3)	(152.9)
Other operating expenses	(5)	(66.3)	(53.1)	(119.8)	(107.4)
Earnings before interest, taxes, depreciation and amortization (EBITDA)[1]		**66.9**	**45.6**	**126.5**	**91.9**
Amortization of intangible assets and depreciation of property, plant and equipment	(5)	(34.1)	(30.6)	(67.4)	(60.9)
Income from the release of investment grants		0.7	0.7	1.4	1.4
Earnings before interest and taxes (EBIT)[1]		**33.5**	**15.7**	**60.5**	**32.4**
Income from investments accounted for using the equity method		16.3	0.4	16.2	(0.2)
Income from non-current and current financial assets		(1.0)	1.0	4.7	1.0
Financing costs	(5)	(5.2)	(6.7)	(14.0)	(12.5)
Financial result		**10.0**	**(5.3)**	**6.9**	**(11.7)**
Allocation of profit or loss to puttable non-controlling interests		(0.1)	1.3	0.9	2.1
Earnings before taxes (EBT)[1]		**43.4**	**11.6**	**68.3**	**22.8**
Income tax expense	(5)	(8.5)	(4.1)	(16.7)	(7.7)
Profit for the period		**35.0**	**7.5**	**51.6**	**15.2**
Profit for the period attributable to shareholders of Lenzing AG		35.3	7.7	52.7	15.2
Attributable to non-controlling interests		(0.3)	(0.3)	(1.2)	(0.1)
Earnings per share		**EUR**	**EUR**	**EUR**	**EUR**
Diluted = undiluted		1.33	0.29	1.99	0.57

[1] EBITDA: Operating result before depreciation and amortization or accordingly earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets and before income from the release of investment grants.
EBIT: Operating result or accordingly earnings before interest and taxes.
EBT: Earnings before taxes.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Lenzing AG

Consolidated Statement of Comprehensive Income

for the period January 1 to June 30, 2015

EUR mn

	Note	04-06/2015	04-06/2014	01-06/2015	01-06/2014
Profit for the period as per consolidated income statement		**35.0**	**7.5**	**51.6**	**15.2**
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability (thereof from investments accounted for using the equity method: 1-6/2015: EUR 0.0 mn, 1-6/2014: EUR 0.0 mn 4-6/2015: EUR 0.0 mn, 4-6/2014: EUR 0.0 mn)		0.0	0.0	0.0	0.0
Income tax relating to these components of other comprehensive income		0.0	0.0	0.0	0.0
		0.0	**0.0**	**0.0**	**0.0**
Items that may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences arising during the reporting period (thereof from investments accounted for using the equity method: 1-6/2015: EUR 0.0 mn, 1-6/2014: EUR 0.0 mn 4-6/2015: EUR -0.1 mn, 4-6/2014: EUR -0.1 mn)	(6)	(5.6)	5.5	38.1	6.3
Foreign operations – reclassification of foreign currency translation differences on loss of control		0.0	0.0	0.0	0.0
Available-for-sale financial assets – net fair value gain/loss on remeasurement recognized in the reporting period		(0.3)	0.2	0.0	0.5
Available-for-sale financial assets – reclassification of amounts relating to financial assets disposed of in the reporting period		0.0	0.0	0.0	0.0
Cash flow hedges – effective portion of changes in fair value recognized in the reporting period (thereof from investments accounted for using the equity method: 1-6/2015: EUR 0.0 mn, 1-6/2014: EUR 0.0 mn 4-6/2015: EUR 0.0 mn, 4-6/2014: EUR 0.0 mn)	(6)	7.0	(2.6)	(35.8)	(4.6)
Cash flow hedges – reclassification to profit or loss (thereof from investments accounted for using the equity method: 1-6/2015: EUR 0.0 mn, 1-6/2014: EUR 0.0 mn 4-6/2015: EUR 0.0 mn, 4-6/2014: EUR 0.0 mn)		14.9	(0.1)	39.2	(0.7)
Income tax relating to these components of other comprehensive income		(4.8)	0.6	(0.9)	1.0
		11.2	**3.5**	**40.6**	**2.4**
Other comprehensive income - net of tax		**11.2**	**3.5**	**40.6**	**2.4**
Total comprehensive income		**46.1**	**10.9**	**92.1**	**17.6**
Attributable to shareholders of Lenzing AG		47.1	11.0	91.1	17.4
Attributable to non-controlling interests		(1.0)	0.0	1.0	0.2

Lenzing AG

Consolidated Statement of Financial Position as at June 30, 2015

EUR mn

Assets	Note	30/06/2015	31/12/2014
Intangible assets	(6)	18.3	21.9
Property, plant and equipment	(6)	1,320.3	1,322.5
Investments accounted for using the equity method		24.2	38.0
Financial assets	(6)	24.6	23.2
Deferred tax assets		22.6	21.5
Current tax assets		9.4	6.9
Other non-current assets		6.0	9.0
Non-current assets		**1,425.5**	**1,443.0**
Inventories	(6)	338.3	344.1
Trade receivables	(6)	247.6	232.8
Current tax assets		2.2	13.8
Other current assets		79.8	69.6
Cash and cash equivalents	(7)	321.7	271.8
		989.6	**932.1**
Assets held for sale and disposal groups	(4)	4.1	0.0
Current assets		**993.7**	**932.1**
Total assets		**2,419.2**	**2,375.1**

Equity and liabilities	Note	30/06/2015	31/12/2014
Share capital		27.6	27.6
Capital reserves		133.9	133.9
Other reserves		8.7	(30.2)
Retained earnings		916.2	890.4
Equity attributable to shareholders of Lenzing AG		**1,086.3**	**1,021.7**
Non-controlling interests		24.6	23.9
Equity	**(6)**	**1,110.9**	**1,045.6**
Financial liabilities	(6)	560.2	537.0
Government grants		22.5	22.0
Deferred tax liabilities		52.4	44.8
Provisions	(6)	127.7	130.0
Puttable non-controlling interests		12.6	12.4
Other liabilities		2.6	7.6
Non-current liabilities		**778.1**	**753.9**
Financial liabilities	(6)	170.5	192.7
Trade payables		138.3	181.1
Government grants		5.9	4.6
Current tax liabilities		22.8	25.2
Provisions	(6)	74.9	81.4
Other liabilities		114.2	90.5
		526.6	**575.5**
Liabilities held for sale and disposal groups	(4)	3.6	0.0
Current liabilities		**530.2**	**575.5**
Total equity and liabilities		**2,419.2**	**2,375.1**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Lenzing AG

Consolidated Statement of Changes in Equity

for the period January 1 to June 30, 2015

	Share capital	Capital reserves	Foreign currency translation reserve
As at 01/01/2014	**27.6**	**133.9**	**(18.9)**
Profit for the period as per consolidated income statement	0.0	0.0	0.0
Other comprehensive income - net of tax	0.0	0.0	6.0
Total comprehensive income	**0.0**	**0.0**	**6.0**
Acquisition/disposal of non-controlling interests and other changes in scope of consolidation	0.0	0.0	0.0
Dividends	0.0	0.0	0.0
As at 30/06/2014	**27.6**	**133.9**	**(12.9)**
As at 01/01/2015	**27.6**	**133.9**	**26.9**
Profit for the period as per consolidated income statement	0.0	0.0	0.0
Other comprehensive income - net of tax	0.0	0.0	35.7
Total comprehensive income	**0.0**	**0.0**	**35.7**
Acquisition/disposal of non-controlling interests and other changes in scope of consolidation	0.0	0.0	0.0
Dividends	0.0	0.0	0.0
Reclassification due to settlement or disposal of defined benefit plans	0.0	0.0	0.0
As at 30/06/2015	**27.6**	**133.9**	**62.6**

See in particular Note 6.

Other reserves						EUR mn
Available-for-sale financial assets	Hedging reserve	Actuarial gains/ losses	Retained earnings	Equity attributable to shareholders of Lenzing AG	Non-controlling interests	Equity
0.8	**0.3**	**(26.4)**	**950.4**	**1,067.6**	**21.8**	**1,089.5**
0.0	0.0	0.0	15.2	15.2	(0.1)	15.2
0.3	(4.2)	0.0	0.0	2.2	0.3	2.4
0.3	**(4.2)**	**0.0**	**15.2**	**17.4**	**0.2**	**17.6**
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	(46.5)	(46.5)	(0.1)	(46.6)
1.2	**(3.9)**	**(26.4)**	**919.2**	**1,038.6**	**21.9**	**1,060.5**
1.4	**(21.0)**	**(37.5)**	**890.4**	**1,021.7**	**23.9**	**1,045.6**
0.0	0.0	0.0	52.7	52.7	(1.2)	51.6
0.0	2.7	0.0	0.0	38.4	2.2	40.6
0.0	**2.7**	**0.0**	**52.7**	**91.1**	**1.0**	**92.1**
0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)
0.0	0.0	0.0	(26.6)	(26.6)	(0.1)	(26.7)
0.0	0.0	0.4	(0.4)	0.0	0.0	0.0
1.4	**(18.3)**	**(37.1)**	**916.2**	**1,086.3**	**24.6**	**1,110.9**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Lenzing AG

Consolidated Cash Flow Statement (Condensed)

for the period January 1 to June 30, 2015

EUR mn

	Note	01-06/2015	01-06/2014
Gross cash flow	(7)	146.4	72.2
+/- Change in working capital		(46.7)	31.0
Cash flow from operating activities		**99.7**	**103.2**
- Acquisition of intangible assets, property, plant and equipment		(26.0)	(64.2)
- Acquisition of financial assets		(1.8)	(0.4)
+ Proceeds from the sale of intangible assets, property, plant and equipment		0.0	0.1
+ Proceeds from the sale/repayment of financial assets		0.4	0.7
+ Net inflow from the sale of subsidiaries	(4)	13.8	0.0
Cash flow from investing activities	**(7)**	**(13.6)**	**(63.8)**
- Distribution to shareholders		(26.7)	(46.6)
+ Investment grants		1.0	0.9
+ Inflows from financing activities/ - repayment of financial liabilities		(16.7)	(62.0)
Cash flow from financing activities	**(7)**	**(42.3)**	**(107.6)**
Change in cash and cash equivalents before reclassification		**43.7**	**(68.1)**
- Reclassification of cash and cash equivalents belonging to assets held for sale and disposal groups		(0.7)	0.0
Total change in cash and cash equivalents		**43.0**	**(68.1)**
Cash and cash equivalents at the beginning of the year		271.8	287.9
Currency translation adjustment relating to cash and cash equivalents		6.8	0.9
Cash and cash equivalents at the end of the reporting period		**321.7**	**220.7**

Lenzing AG

Notes to the Consolidated Financial Statements: Selected Notes

on the condensed consolidated interim financial statements as at June 30, 2015

General Information

NOTE 1 Description of the company and its business activities

The Lenzing Group (the "Group") consists of Lenzing Aktiengesellschaft (Lenzing AG) and its consolidated companies. Lenzing AG is a listed stock corporation under Austrian law. It is entered in the Commercial Register of the Wels Commercial and Regional Court, Austria, under FN 96499 k. Its registered office is Werkstrasse 2, 4860 Lenzing, Austria. The shares of Lenzing AG are listed on the Prime Market (since April 18, 2011) and in the ATX benchmark index (since September 19, 2011) of the Vienna Stock Exchange in Vienna, Austria.

The main shareholder of Lenzing AG as at June 30, 2015 was the B&C Group, which directly and indirectly held 67.60% of the share capital of Lenzing AG (December 31, 2014: 67.60%). The direct majority shareholder of Lenzing AG is B&C Lenzing Holding GmbH, Vienna. In addition, B&C Iota GmbH & Co. KG, Vienna, also holds shares in Lenzing AG. The indirect majority shareholder of Lenzing AG is B&C Industrieholding GmbH, Vienna, whose majority owner is B&C Holding Österreich GmbH, Vienna. 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 man-made cellulose fibers. A significant portion of the pulp needed for production purposes is manufactured in the Group's own plants or partially bought in. The most important raw material for the manufacture of pulp is wood, which is bought in. The Lenzing Group also operates in mechanical and plant engineering and offers engineering services. The Lenzing Group has production locations in Austria (Lenzing and Heiligenkreuz), the Czech Republic (Paskov), the UK (Grimsby), the United States (Mobile), Indonesia (Purwakarta) and China (Nanjing). The sales network comprises sales companies in China (Hong Kong and Shanghai) and sales offices in Indonesia (Jakarta), India (Coimbatore) and the United States (New York).

NOTE 2 Accounting principles and methods of the consolidated interim financial statements

Presentation of the consolidated interim financial statements

The consolidated interim financial statements for the period from January 1 to June 30, 2015 were prepared in accordance with all International Financial Reporting Standards (IFRSs) and interpretations effective as at the end of the reporting period, as endorsed in the EU.

In particular, IAS 34 Interim Financial Reporting and its conveniences for condensed consolidated interim financial statements were applied. In accordance with IAS 34, consolidated interim financial statements can be presented in condensed form and thereby not contain all the information required of complete consolidated financial statements in accordance with

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

IAS 1 Presentation of Financial Statements. The consolidated interim financial statements of the Lenzing Group as at June 30, 2015 are based on the consolidated financial statements as at December 31, 2014 and should therefore always be read in conjunction with these statements.

The reporting currency is euro (EUR), which is also the functional currency of Lenzing AG and a majority of its subsidiaries. The figures shown in these consolidated interim financial statements and in the notes, unless stated otherwise, have been rounded up to the next million ("mn") to one decimal place. Arithmetic differences due to rounding effects can occur when adding up rounded amounts and percentages using automatic tools.

Audit and review

These condensed interim consolidated financial statements of the Lenzing Group were reviewed by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna.

Use of estimates, assumptions and other judgments

In preparing the IFRS consolidated interim financial statements, the Management Board of Lenzing AG uses estimates and other judgments, including in particular assumptions about future developments. These estimates, assumptions and judgments are based on the circumstances assumed as at the end of the reporting period and can have a significant effect on the presentation of the financial position and financial performance of the Group. They concern the recognition and value of assets and liabilities, contingent assets and liabilities, the reporting of cash flows and income and expenses (including other comprehensive income) and the presentation of disclosures in the notes to the consolidated financial statements.

The estimates and judgments for which there is a not inconsiderable risk in the Lenzing Group that they could lead to material adjustment of the financial position and financial performance in a subsequent reporting period are explained in detail in the consolidated financial statements of the Lenzing Group as at December 31, 2014 (Note 1).

Estimates and judgments are based on experience and other assumptions that the Management Board considers appropriate. However, the amounts that ultimately arise can deviate from these estimates, assumptions and judgments if the general conditions assumed develop differently from expectations as at the end of the reporting period. Changes are taken into account when better information is learned and the assumptions are adjusted accordingly.

Principles of consolidation, accounting standards and accounting policies

The Lenzing Group implemented all accounting standards endorsed by the EU that are mandatory and effective from January 1, 2015. The accounting standards effective for the first time from January 1, 2015 and relevant to the Lenzing Group had no significant effects on the presentation of the financial position and the financial performance of the Lenzing Group as at June 30, 2015.

For the consolidated interim financial statements, income tax expense is calculated in accordance with IAS 34 based on the estimated average annual tax rate expected for the financial year as a whole.

The following key exchange rates were used for currency translation into the reporting currency euro:

Exchange rates for key currencies

Unit	Currency		2015 Reporting date 30/06	2015 Average 1-6	2014 Reporting date 31/12	2014 Average 1-6
1 EUR	USD	US Dollar	1.1133	1.1159	1.2160	1.3705
1 EUR	GBP	British Pound	0.7085	0.7323	0.7823	0.8214
1 EUR	CZK	Czech Koruna	27.2460	27.5042	27.7280	27.4435
1 EUR	CNY	Renminbi Yuan	6.9121	6.9411	7.5442	8.4517
1 EUR	HKD	Hong Kong Dollar	8.6306	8.6521	9.4340	10.6302
1 EUR	INR	Indian Rupee	71.0695	70.1224	77.1686	83.2930

Otherwise, the same principles of consolidation, accounting standards and accounting policies were used as in the consolidated financial statements as at December 31, 2014.

Scope of consolidation, changes in entities included in consolidation and business combinations

The number of companies included in the consolidated financial statements of Lenzing AG as the parent company developed as follows:

Development in number of companies included in consolidation

	2015 Full consolidation	2015 Equity consolidation	2014 Full consolidation	2014 Equity consolidation
As at 1/1	**32**	**8**	**31**	**8**
Included in consolidation for the first time in reporting period	0	0	1	0
Deconsolidated in reporting period	(2)	0	0	0
As at 30/06	**30**	**8**	**32**	**8**
Thereof in Austria	14	4	14	4
Thereof abroad	16	4	18	4

In April 2015, the closing of the sale of the subsidiaries Dolan GmbH, Kelheim, Germany and European Carbon Fiber GmbH, Kelheim, Germany took place. The closing led to the loss of control over and deconsolidation of these subsidiaries. Details of this can be found in Note 4.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Otherwise there were no business combinations or changes in the entities included in consolidation since December 31, 2014.

NOTE 3 Segment reporting

In the Lenzing Group the segments are classified according to the differences between their products and services; they require different technologies and market strategies. Each segment is managed separately based on the responsibilities of the different members of the Management Board. The chief operating decision maker relevant to segment reporting is the Management Board of Lenzing AG as a whole. The following segments are presented separately in the internal reporting of the Lenzing Group to the Management Board:

Segment Fibers:

The Segment Fibers manufactures man-made cellulose fibers and markets them under the umbrella brands Lenzing Viscose®, Lenzing Modal® (including Lenzing FR®) and TENCEL®. A significant portion of the pulp needed for production purposes is manufactured in the Group's own plants or partially bought in. The most important raw material for the manufacture of pulp is wood, which is bought in. The Fibers segment represents the core business of the Lenzing Group.

The Segment Fibers comprises the business areas Textile Fibers (fibers for textiles), Nonwoven Fibers (fibers for nonwoven fabrics) and Pulp (pulp and wood), as these are comparable with regard to the key business characteristics of the cellulose fiber industry (products, production process, customers and distribution methods). These business units are part of an integrated value chain (from the raw material wood via the pre-product pulp to the finished product fiber) with comparable risks and opportunities. Moreover, the business area Energy is assigned to the Segment Fibers as the Segment Fibers has by far the highest energy requirements in the Lenzing Group on account of the energy-intensive nature of the fiber and pulp production process.

Segment Lenzing Technik:

The Segment Lenzing Technik operates in the field of mechanical and plant engineering and offers engineering services. It comprises the business area Lenzing Technik.

Other:

Up to April 2015, the residual Segment Other has comprised the business activities of Dolan GmbH, Kelheim, Germany (manufacture of specialty products from plastic polymers, particularly acrylic fibers) and European Carbon Fiber GmbH, Kelheim, Germany (production of precursor for carbon fibers). It also includes the business activities of BZL-Bildungszentrum Lenzing GmbH, Lenzing (training and personnel development).

The residual Segment Other does not contain any business segments that would exceed the quantitative thresholds for reportable segments.

Information on business segments

EUR mn

1-6/2015 and 30/06/2015	Fibers	Lenzing Technik	Other	Segment total	Reconciliation	Group
Revenue from external customers	913.4	20.6	21.5	955.4	0.0	955.4
Inter-segment revenue	4.3	22.2	0.8	27.2	(27.2)	0.0
Total revenue	**917.7**	**42.8**	**22.2**	**982.7**	**(27.2)**	**955.4**
EBITDA (Segment result)	122.2	1.4	3.6	127.2	(0.7)	126.5
EBIT	56.0	0.6	3.5	60.1	0.4	60.5
EBITDA margin[1]	**13.3%**	**3.3%**	**16.2%**	**12.9%**		**13.2%**
EBIT margin[2]	**6.1%**	**1.3%**	**15.7%**	**6.1%**		**6.3%**
Segment assets	2,011.7	31.3[3]	1.0	2,044.0	375.1	2,419.2
Segment liabilities	452.5	25.1[4]	1.3	478.9	829.4	1,308.3

Information on business segments (previous year)

EUR mn

1-6/2014 and 31/12/2014	Fibers	Lenzing Technik	Other	Segment total	Reconciliation	Group
Revenue from external customers	849.5	18.8	31.6	900.0	0.0	900.0
Inter-segment revenue	3.6	26.4	0.7	30.8	(30.8)	0.0
Total revenue	**853.2**	**45.3**	**32.4**	**930.8**	**(30.8)**	**900.0**
EBITDA (Segment result)	91.0	0.7	4.0	95.6	(3.7)	91.9
EBIT	31.5	(0.3)	3.5	34.7	(2.3)	32.4
EBITDA margin[1]	**10.7%**	**1.5%**	**12.2%**	**10.3%**		**10.2%**
EBIT margin[2]	**3.7%**	**(0.6%)**	**10.7%**	**3.7%**		**3.6%**
Segment assets	1,966.1	39.2	27.2	2,032.4	342.6	2,375.1
Segment liabilities	462.4	35.4	11.8	509.6	819.8	1,329.4

The same principles were applied in the presentation of segment reporting as in the consolidated financial statements as at December 31, 2014.

The performance of the segments is measured using EBITDA before restructuring (earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets, before income from the release of investment grants and before restructuring). The reconciliation of segment result to operating result (EBIT) to earnings before taxes (EBT) is as follows:

1) EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).
2) EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting). 3) Incl. assets held for sale and disposal groups.
4) Incl. liabilities held for sale and disposal groups.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Reconciliation of segment result (EBITDA) to earnings before taxes (EBT)

EUR mn

	1-6/2015	1-6/2014
Segment result (EBITDA)	127.2	95.6
Consolidation	(1.8)	(0.4)
Restructuring	1.1	(3.3)
Group result (EBITDA)	**126.5**	**91.9**
Segment amortization of intangible assets and depreciation of property, plant and equipment	(68.5)	(62.3)
Consolidation	1.7	1.4
Income from the release of investment grants	1.4	1.4
Impairment of intangible assets and property, plant and equipment	(0.6)	0.0
Operating result (EBIT)	**60.5**	**32.4**
Financial result	6.9	(11.7)
Allocation of profit or loss to puttable non-controlling interests	0.9	2.1
Earnings before taxes (EBT)	**68.3**	**22.8**

The reconciliation of earnings before taxes (EBT) to profit for the period can be viewed in the consolidated income statement. For the period 1-6/2015 the line "Restructuring" shown above relates to an income of EUR 3.2 mn from restructuring measures recognized in personnel expenses. In the course of the restructuring of the technical operations cost of material and other purchased services in the amount of EUR 0.1 mn and other operating expenses in the amount of EUR 7.2 mn were incurred. The sale of subsidiaries contributed other operating income in the amount of EUR 5.1 mn. For the period 1-6/2014 the line "Restructuring" mainly relates to personnel expenses due to restructuring measures in the amount of EUR 3.3 mn. The line "Impairment of intangible assets and property, plant and equipment" shown above relates to impairments in the amount of EUR 0.6 mn incurred in the course of the restructuring of the technical operations in 1-6/2015.

Further information on the segments can be derived from the management report of the Lenzing Group as at June 30, 2015.

NOTE 4 Assets and liabilities held for sale and disposal groups

Dolan GmbH, Kelheim, Germany and European Carbon Fiber GmbH, Kelheim, Germany were fully consolidated companies of the Lenzing Group belonging to the Segment Other (see Note 3). In April 2015, the Lenzing Group reached an agreement on the sale of both companies. This led to the loss of control by the Lenzing Group and to the deconsolidation of these companies.

The following net assets were deconsolidated as a result of the loss of control:

Deconsolidated net assets	EUR mn
Intangible assets and property, plant and equipment	7.8
Other current assets	18.2
Cash and cash equivalents	8.6
Deconsolidated assets	**34.6**
Trade payables	3.4
Provisions	11.1
Other current liabilities	0.1
Deconsolidated liabilities	**14.7**
Deconsolidated net assets	**19.9**

The consideration received for the sale of shares amounted to EUR 24.9 mn in total. There was a gain on disposal of EUR 5.1 mn reported under other operating income. No income taxes relate to the gain on disposal.

The net cash inflow from the disposal is presented in the cash flow from investing activities and breaks down as follows:

Net inflow from the sale of subsidiaries	EUR mn
Consideration received (cash and cash equivalents)	22.4
- Holdings of cash and cash equivalents sold	(8.6)
Net inflow from the sale of subsidiaries	**13.8**

In the interim reporting period 1-6/2015, other comprehensive income includes accumulated actuarial losses from defined benefit plans before tax in the amount of EUR 0.4 mn (1-6/2014: EUR 0.0 mn) that were reclassified to retained earnings not affecting profit or loss. Furthermore, non-controlling interests in the amount of EUR 0.2 mn were derecognized due to the loss of control.

In the course of the restructuring of the technical operations the Lenzing Group reached an agreement at the end of June 2015 on the sale of three business units of Segment Lenzing Technik (the Mechatronics business area incl. the fully consolidated subsidiary LENO Electronics GmbH, Schörfling, the Automation/Robotics unit and the Sheet Metal business operations). The closing and thus the loss of control will presumably take place in the third quarter 2015. In addition the Lenzing Group decided to liquidate the fully consolidated subsidiary Lenzing Engineering and Technical Services (Nanjing) Co., Ltd, Nanjing, China. The business units and entities mentioned above were presented as disposal groups as at June 30, 2015.

The assets and liabilities of the disposal groups are presented in separate line items on the asset and liability sides of the consolidated statement of financial position as at June 30, 2015. These items break down as follows:

Net assets of the disposal group — EUR mn

	30/06/2015
Non-current assets	0.4
Other current assets	2.9
Cash and cash equivalents	0.7
Assets held for sale and disposal groups	**4.1**
Non-current liabilities	1.1
Current liabilities	2.5
Liabilities held for sale and disposal groups	**3.6**
Assets and liabilities offset in the group	(1.3)
Net assets of the disposal group	**(0.8)**

The measurement of the fair value less costs of disposal in the first half-year of 2015 led to the recognition of impairments and adverse effects from remeasurement of EUR 8.0 mn in total for the disposal groups. Of these, EUR 0.6 mn are presented in the line "Amortization of intangible assets and depreciation of property, plant and equipment", EUR 0.2 mn are presented as "Cost of material and other purchased services" and EUR 7.2 mn are presented in line "Other operating expenses" in the consolidated income statement.

Notes on the Individual Components of the Consolidated Interim Financial Statements

NOTE 5 Notes on the consolidated income statement

Revenue

At EUR 955.4 mn revenue increased by 6.2% as against the same period of the previous year (1-6/2014: EUR 900.0 mn).

Cost of material and other purchased services

The cost of material and other purchased services is EUR 600.3 mn (1-6/2014: EUR 600.2 mn) in the interim reporting period. This almost corresponds to the amount of the same period of the previous year.

Personnel expenses

The personnel expenses of EUR 151.3 mn decreased by 1.0% compared to the first six months of the prior-year period (1-6/2014: EUR 152.9 mn).

Amortization of intangible assets and depreciation of property, plant and equipment

Amortization of intangible assets and depreciation of property, plant and equipment amount to EUR 67.4 mn (1-6/2014: EUR 60.9 mn). This marks an increase of 10.8%. In the interim reporting period impairment losses on fixed assets in the amount of EUR 0.6 mn (1-6/2014: EUR 0.0 mn) were recognized.

Other operating expenses

Other operating expenses in the amount of EUR 119.8 mn (1-6/2014: EUR 107.4 mn) particularly include selling expenses and expenses for maintenance, repair and other third-party services. They increased by 11.6% as against the same period of the previous year (see particularly Note 4 for details).

Income from investments accounted for using the equity method

The increase of this line item particularly relates to the recognition in profit or loss of the special distribution of an investment accounted for using the equity method in the amount of EUR 15.6 mn. The net inflow recognized in the cash flow statement amounted to EUR 30.0 mn.

Financing costs

Financing costs of EUR 14.0 mn (1-6/2014: EUR 12.5 mn) increased by 12.6% compared to the first half-year of 2014. This is essentially because of the change in exchange rates for financial liabilities.

Income tax expense

The tax rate (= income tax expense in relation to earnings before taxes/EBT) was 24.5% in the interim reporting period 1-6/2015 (1-6/2014: 33.5%).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

NOTE 6 Notes on the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated statement of changes in equity

Intangible assets and property, plant and equipment

In the interim reporting period the Lenzing Group made cash disbursements for intangible assets and property, plant and equipment of EUR 26.0 mn (1-6/2014: EUR 64.2 mn), which primarily related to the modernization of existing production lines and the investments in efficiency improvements. This corresponds to a decline of 59.4% as compared to the same period of the previous year 2014.

Financial assets

Financial assets as at June 30, 2015 amounting to EUR 24.6 mn remained virtually unchanged as against December 31, 2014 (December 31, 2014: EUR 23.2 mn).

Inventories

As at June 30, 2015, inventories (EUR 338.3 mn) declined by 1.7% as against December 31, 2014 (EUR 344.1 mn). In the interim reporting period write-downs to net realizable value in the amount of EUR 1.1 mn (1-6/2014: EUR 1.5 mn) were recognized in profit or loss.

Trade receivables

Trade receivables at EUR 247.6 mn increased as against December 31, 2014 (EUR 232.8 mn). As at June 30, 2015, trade receivables in the amount of EUR 84.7 mn (December 31, 2014: EUR 78.3 mn) were sold due to factoring agreements and derecognized in the consolidated statement of financial position. The amount that was not advanced of EUR 8.2 mn (December 31, 2014: EUR 7.7 mn) is presented as other current asset as at June 30, 2015. In the interim reporting period valuation allowances on receivables in the amount of EUR 0.4 mn were recognized in profit or loss (1-6/2014: EUR 3.1 mn).

Equity and dividends

The amount of share capital and the number of no-par-value shares did not change in the interim reporting period. No shares were bought back. In the interim reporting period, the Management Board did not exercise the authorizations in place on December 31, 2014 to increase share capital, issue convertible bonds and repurchase own shares.

By resolution of the Ordinary Shareholders's Meeting on April 22, 2015, the Management Board was authorized, pending the approval of the Supervisory Board, to raise the nominal capital within five years – if need be in several tranches – against cash and/or contributions in kind by up to EUR 13,778,412 by way of issuing up to 13,274,000 new no-par share certificates.

In addition, the Management Board, by resolution of the Ordinary Shareholders's Meeting on April 22, 2015, was also authorized to issue by April 22, 2020 convertible bonds – if need be in several tranches – which provide or allow for subscription or conversion rights to up to 13,274,000 shares. The issue may be realized by means of the contingent capital to be approved and/or by means of own shares.The dividend to the shareholders of Lenzing AG was as follows:

Dividends of Lenzing AG resolved and paid	Total	Number of shares	Dividend per share
	EUR mn		EUR
Dividend for the financial year 2014 resolved at the Ordinary Shareholders' Meeting on April 22, 2015 (payment as of April 29, 2015)	26.6	26,550,000	1.00
Dividend for the financial year 2013 resolved at the Ordinary Shareholders' Meeting on April 28, 2014 (payment as of April 30, 2014)	46.5	26,550,000	1.75

The dividend for the financial year 2014 was distributed in the interim reporting period.

Subsidiaries distributed EUR 0.1 mn (1-6/2014: EUR 0.1 mn) to non-controlling interests in the interim reporting period.

The change in the foreign currency translation reserve led to an increase of equity by EUR 35.7 mn as against December 31, 2014. The change in the hedging reserve led to an increase of equity by EUR 2.7 mn (after income taxes) as against December 31, 2014.

Financial liabilities

As against June 30, 2015, non-current financial liabilities increased by 4.3% to EUR 560.2 mn (December 31, 2014: EUR 537.0 mn).

The seven-year bond with a nominal of EUR 120.0 mn matures in 2017. The coupon of EUR 4.7 mn p.a. (3.875% of the nominal) is due as at September 17 of each year and is accrued accordingly over the financial year. There were no notable issues, repurchases or repayments of bonds in the interim reporting period.

In April and May 2015 the Lenzing Group agreed on a refinancing of its German Private Placements and a corresponding volume increase. Existing German Private Placements in the amount of EUR 89.5 mn were terminated and newly issued at extended terms. Furthermore, additional private placements in the amount of EUR 60.5 mn were issued. Overall a total of EUR 150.0 mn of German Private Placements were issued.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Provisions

The provisions include provisions for pensions and similar obligations (severance payments), jubilee benefits, other provisions (particularly for restructuring measures) and accruals.

As at December 31, 2014 other provisions for restructuring measures amounted to EUR 11.2 mn and particularly relate to provisioning due to the headcount reduction as part of the reorganization and the cost optimization program "excelLENZ". Restructuring measures are continuously implemented and new measures to support the realignment of the technical functions and the other areas are evaluated. In 1-6/2015, provisions in the amount of EUR 1.4 mn (1-6/2014: EUR 10.5 mn) were utilized for that purpose. In addition, EUR 3.2 mn of restructuring provisions were released in profit or loss in 1-6/2015 (1-6/2014: EUR 3.3 mn were provided in profit or loss). An amount not used of EUR 1.1 mn was reclassified to the severance payment provision in the first half-year 2015. The restructuring measures will lead to cost savings and to operational improvements in efficiency.

NOTE 7 Notes on the consolidated cash flow statement (condensed)

The gross cash flow (= cash flow from operating activities before change in working capital) increased year-on-year to EUR 146.4 mn (1-6/2014: EUR 72.2 mn), and includes the cash inflow from the special distribution of an investment accounted for using the equity method (see Note 5). The cash flow from operating activities was EUR 99.7 mn in the interim reporting period (1-6/2014: EUR 103.2 mn).

In the interim reporting period, the cash flow from investing activities particularly comprised payments for the acquisition of intangible assets and property, plant and equipment in the amount of minus EUR 26.0 mn (1-6/2014: minus EUR 64.2 mn) and the acquisition of financial assets in the amount of minus EUR 1.8 mn (1-6/2014: minus EUR 0.4 mn). In addition, the net inflow from the sale of subsidiaries in the amount of EUR 13.8 mn is included (1-6/2014: EUR 0.0 mn) (see also Note 4).

The cash flow from financing activities during the interim period of minus EUR 42.3 mn (1-6/2014: minus EUR 107.6 mn) essentially included the borrowing/repayment of financing, the inflow from the issuance of private placements (see Note 6, section "Financial liabilities") and the dividend distribution to the shareholders of Lenzing AG.

Notes on Capital Risk Management and Financial Instruments

NOTE 8 Capital risk management

The key figures for capital risk management are as follows:

Interest bearing financial debt — EUR mn

	30/06/2015	31/12/2014
Non-current financial liabilities	560.2	537.0
Current financial liabilities	170.5	192.7
Total	**730.7**	**729.8**

Liquid assets — EUR mn

	30/06/2015	31/12/2014
Cash and cash equivalents	321.7	271.8
Liquid bills of exchange (in trade receivables)	7.5	8.5
Total	**329.2**	**280.3**

Net financial debt — EUR mn

	30/06/2015	31/12/2014
Interest bearing financial debt	730.7	729.8
Liquid assets (-)	(329.2)	(280.3)
Total	**401.5**	**449.5**

Adjusted equity — EUR mn

	30/06/2015	31/12/2014
Equity	1,110.9	1,045.6
Government grants (+)	28.4	26.6
Proportionate deferred taxes on government grants (-)	(6.6)	(6.1)
Total	**1,132.7**	**1,066.1**

The adjusted equity ratio (= adjusted equity in relation to total assets) was 46.8% as at June 30, 2015 (December 31, 2014: 44.9%).

All capital requirements were satisfied in the interim reporting period.

In addition to the liquid assets, free credit facilities committed in writing in the amount of EUR 208.0 mn were available for possible future financing requirements as at June 30, 2015 (December 31, 2014: EUR 198.5 mn).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

NOTE 9 Financial instruments

Carrying amounts and fair values by class

The carrying amounts and fair values of financial assets (asset financial instruments) broke down by class as follows as at June 30, 2015 and December 31, 2014:

Carrying amounts and fair values by classes of financial assets[1] EUR mn

	30/06/2015		31/12/2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	321.7	321.7	271.8	271.8
Trade receivables	247.6	247.6	232.8	232.8
Financial assets – loans	7.2	7.2	7.3	7.3
Other non-current financial assets – non-current receivables	4.7	4.7	7.1	7.1
Other current financial assets (not including derivatives – open positions)	25.2	25.2	20.9	20.9
Loans and receivables	**606.4**	**606.4**	**539.9**	**539.9**
Financial assets – non-current securities	15.9	15.9	14.4	14.4
Financial assets – other equity investments	1.6	1.6	1.6	1.6
Available-for-sale financial assets	**17.4**	**17.4**	**15.9**	**15.9**
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges)	0.9	0.9	0.3	0.3
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	0.4	0.4	0.2	0.2
Other	**1.2**	**1.2**	**0.5**	**0.5**
Total	**625.1**	**625.1**	**556.3**	**556.3**
Thereof:				
Measured at cost	1.6	1.6	1.6	1.6

[1] The difference between the carrying amounts presented in this table and the balance sheet items concerns only non-financial assets. The reconciliation as at December 31, 2014 can be seen in the consolidated financial statements as at December 31, 2014.

The carrying amounts and fair values of financial liabilities (liability financial instruments) broke down by class as follows as at June 30, 2015 and December 31, 2014:

Carrying amounts and fair values by classes of financial liabilities[1] EUR mn

	30/06/2015		31/12/2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities – bond	119.8	126.4	119.7	126.8
Financial liabilities – private placements[2]	288.8	301.6	228.5	234.2
Financial liabilities – liabilities to banks	288.7	289.3	346.8	347.5
Financial liabilities – liabilities to other lenders (miscellaneous)	27.6	27.3	30.3	30.0
Trade payables	138.3	138.3	181.1	181.1
Other non-current financial liabilities	0.0	0.0	0.8	0.8
Other current financial liabilities (not including derivatives – open positions and financial guarantee contracts)	35.1	35.1	34.6	34.6
Provisions – accruals – other (financial)	22.0	22.0	22.7	22.7
Financial liabilities at amortized cost	**920.1**	**939.8**	**964.5**	**977.7**
Financial liabilities – lease liabilities	5.9	5.9	4.5	4.5
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	24.1	24.1	26.5	26.5
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges with the underlying already recognized in profit or loss)	22.6	22.6	7.5	7.5
Other current financial liabilities (financial guarantee contracts)	0.1	0.1	0.2	0.2
Puttable non-controlling interests	12.6	12.6	12.4	12.4
Other	**65.5**	**65.5**	**51.1**	**51.1**
Total	**985.6**	**1,005.3**	**1,015.6**	**1,028.8**

Fair value hierarchy

The following breakdowns analyze the financial instruments according to the type of measurement method in the consolidated statement of financial position. The item measured is the relevant individual financial instrument. Three levels of measurement methods have been defined:

Level 1: Prices for identical assets or liabilities on an active market (used without adjustment)

Level 2: Input factors that can be directly (e.g. as prices) or indirectly (e.g. derived from prices) observed for assets or liabilities and that do not fall under level 1

Level 3: Input factors for assets or liabilities that are not data observable on the market

[1] The difference between the carrying amounts presented in this table and the balance sheet items concerns only non-financial liabilities. The reconciliation as at December 31, 2014 can be seen in the consolidated financial statements as at December 31, 2014. [2] German Private Placements

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

The following table shows the carrying amounts and fair values of financial assets and liabilities whose fair value is measured on a recurring basis in the consolidated statement of financial position by class of financial instrument and by the level of the fair value hierarchy to which the fair value measurement is to be allocated, as at June 30, 2015 and December 31, 2014:

Carrying amounts, fair values and fair value hierarchy of financial instruments (recurring measurement in statement of financial position) EUR mn

	30/06/2015			31/12/2014		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Financial assets – non-current securities	15.9	15.9	Level 1	14.4	14.4	Level 1
Available-for-sale financial assets	**15.9**	**15.9**		**14.4**	**14.4**	
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges)	0.9	0.9	Level 2	0.3	0.3	Level 2
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	0.4	0.4	Level 2	0.2	0.2	Level 2
Other	**1.2**	**1.2**		**0.5**	**0.5**	
Total	**17.1**	**17.1**		**14.9**	**14.9**	
Financial liabilities						
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	24.1	24.1	Level 2	26.5	26.5	Level 2
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges with the underlying already recognized in profit or loss)	22.6	22.6	Level 2	7.5	7.5	Level 2
Other	**46.8**	**46.8**		**34.0**	**34.0**	
Total	**46.8**	**46.8**		**34.0**	**34.0**	

The Lenzing Group accounts for transfers in the fair value hierarchy at the end of the reporting period when the changes occur. In the interim reporting period, there were no transfers between the different levels of the fair value hierarchy of financial instruments that were already held on December 31, 2014.

Fair value measurement methods

In the Lenzing Group, the following financial instruments in particular are measured at fair value:

- Current and non-current securities (level 1 of the fair value hierarchy)
- Currency and commodity futures (level 2 of the fair value hierarchy)

The securities essentially consist of bonds. Securities also include equity shares and investment funds. The fair values of bonds are derived from their current quoted prices and change in particular according to changes in market interest rates and the credit rating of the bond's debtors. The fair values of shares are derived from the current quoted prices. The fair values of investment funds are derived from their current notional values. All securities are assigned to the "available-for-sale financial assets" category. The change in unrealized fair value measurement, less deferred taxes, can therefore be seen in other comprehensive income.

Derivatives are measured at fair value. Their fair value is equal to their market value, if available, or calculated using standard methods on the basis of the market data available on the measurement date (particularly exchange rates, commodity prices and interest rates). The fair value of derivatives reflects the estimated value that would be payable or receivable by the Lenzing Group if the deal were closed on the reporting date. Currency and commodity forwards are measured using the respective forward rate or price at the end of the reporting period. The forward rates or prices are based on the spot rates or prices taking into account forward premiums and discounts. Valuations by banks and other parties are used in addition to the Group's own models to estimate measurement.

In measuring derivatives, the contractant risk (credit risk/counterparty risk/non-performance risk) that a market participant would recognize when setting prices is also taken into account in the form of discounts from the fair value. Netting agreements are not taken into account here. The future exposure is considered to be constant and the creditworthiness of the counterparty and of the company itself are derived from historical probabilities of default. This is mainly done on the basis of externally available capital market data. Due to the counterparties' consistently good creditworthiness on the basis of experience, the company's own good creditworthiness and the predominantly short remaining terms of the derivatives, the given nominal values were only subject to low levels of discounts that did not require recognition.

If there is no market price on an active market, and their market price cannot be measured reliably due to a lack of reliable future cash flows or is of minor importance, equity investments and derivative financial instruments related to equity instruments are measured at the lower of cost and cost less impairment. At EUR 1.1 mn (December 31, 2014: EUR 1.1 mn), this essentially relates to the equity investment in LP Beteiligungs & Management GmbH, Linz, 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. LP Beteiligungs & Management GmbH, Linz, is a medium-sized Austrian corporation. The Lenzing Group does not currently intend to sell these equity investments. No holdings were derecognized and no gains or losses on remeasurement were recognized for these equity investments in the interim reporting period.

The accounting policies for financial instruments did not change in the interim reporting period. Further details can be found in the consolidated financial statements as at December 31, 2014.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Disclosures on Related Parties and Executive Bodies

NOTE 10 Related party disclosures

Related parties of the Lenzing Group particularly include B&C Lenzing Holding GmbH, B&C Iota GmbH & Co. KG, B&C Industrieholding GmbH, B&C Holding Österreich GmbH and B&C Privatstiftung and their subsidiaries, jointly controlled entities and associates. They also include the members of the corporate bodies (Management Board/Management and Supervisory Board, if any) of Lenzing AG, B&C Lenzing Holding GmbH, B&C Iota GmbH & Co. KG, B&C Industrieholding GmbH, B&C Holding Österreich GmbH and B&C Privatstiftung, their close family members and companies under their influence.

Owing to the tax group with B&C Industrieholding GmbH, the Lenzing Group paid advances on the tax allocation to B&C Industrieholding GmbH of EUR 5.0 mn in the interim reporting period (1-6/2014: EUR 6.4 mn) in accordance with its contractual obligation. Moreover, the liability recognized as at December 31, 2014 for the tax allocation to B&C Industrieholding GmbH was essentially adjusted as at June 30, 2015 for the estimated income tax expense based on the results for the interim reporting period.

The extent of material transactions and the amounts of outstanding balances with companies accounted for using the equity method and their material subsidiaries were as follows:

Relationships with companies accounted for using the equity method and their material subsidiaries EUR mn

	1-6/2015	1-6/2014
Revenue	27.5	37.1
Cost of material and purchased services	20.8	41.9
	30/06/2015	**31/12/2014**
Trade receivables	12.5	9.8
Liabilities	5.5	6.3

Please refer to Note 5 for information on the special distribution of an investment accounted for using the equity method.

Due to the resignation of Peter Untersperger from the Managament Board of Lenzing AG EUR 2.4 mn of employee benefits were recognized in “Personnel costs”.

NOTE 11 Corporate bodies of the company

Stefan Doboczky was appointed as the new Chairman of the Management Board (Chief Executive Officer/CEO) of Lenzing AG as of June 1, 2015. He takes over from Peter Untersperger, who stepped down from his function as CEO per 31 May 2015 at his own request prematurely.

Felix Strohbichler was elected to the Supervisory Board for the first time at the Ordinary Shareholders’ Meeting on April 22, 2015. Michael Junghans resigned from his position on the Supervisory Board at his own request. Subsequently, Hanno Bästlein was elected to serve as the new Chairman of the Supervisory Board, whereas Felix Strohbichler and Veit Sorger were elected to serve as the Deputy Chairmen.

There were no other changes in the members of the Management Board and the Supervisory Board as at June 30, 2015 as compared to December 31, 2014.

Other Notes

NOTE 12

Financial guarantee contracts, contingent assets and liabilities, other financial obligations and legal risks

There are contingent liabilities, in particular to secure the claims of certain sold equity investments and suppliers, as well as for possible default of payment related to receivables sold and of third parties outside the Group in the amount of EUR 29.0 mn (December 31, 2014: EUR 27.1 mn) and, to a lesser extent, retentions granted. The amounts shown represent the maximum financial risk to the Lenzing Group. The potential for recoveries exists to a limited extent only for the obligations and liabilities relating to the claims of certain sold equity investments. Of the amount mentioned above, EUR 9.5 mn (December 31, 2014: EUR 10.3 mn) relate to financial guarantee contracts. It is predominantly considered unlikely that the Group will be required to make payments under financial guarantee contracts. Liabilities at the amount of the fair values of these financial guarantee contracts of EUR 0.1 mn were recognized as at June 30, 2015 (December 31, 2014: EUR 0.2 mn).

The Lenzing Group bears obligations for severance payments and jubilee benefits for former employees of certain sold equity investments up to the amount of the notional claims as at the date of the sale. Provisions have been recognized for these obligations as at the end of the reporting period in the amount of the present value according to actuarial principles and presented according to their maturity.

As at June 30, 2015, obligations from outstanding orders of property, plant and equipment amounted to EUR 12.1 mn (December 31, 2014: EUR 10.4 mn).

In addition, Lenzing AG in particular has assumed contingent liabilities to secure third-party claims against fully consolidated companies that are considered unlikely to become effective.

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.

As an international group, the Lenzing Group is exposed to a variety of legal and other risks. In particular, these include risks in the areas of product defects, competition and antitrust law, patent law, tax law, employees and environmental protection. The Lenzing site has been used for industrial purposes for decades and therefore carries an inherent risk of environmental damage. In 1990, Lenzing AG was informed that there is an area of potential pollution here that was previously used as a sedimentation pond and could therefore be contaminated. The company sealed off the area to prevent contamination of the groundwater. The outcomes of currently pending proceedings or future proceedings cannot be predicted, hence expenses that are not fully covered by insurance and that can have a material impact on the future financial position and financial performance of the Group can arise as a result of court or official rulings or settlement agreements. Further information can be found in the risk report of the group management report of the Lenzing Group as at June 30, 2015.

There are legal disputes pending in the Group as a result of its operating activities, particularly in the area of patent law. The Management Board is assuming at this time that the currently known proceedings will not have a significant impact on the current financial position and financial performance of the Group, or it has provided sufficiently for the corresponding risks. Regardless of this careful assessment, residual risks still remain.

NOTE 13 Seasonal and economic influences on intra-year business activities

The business performance of the Lenzing Group is not generally affected by significant seasonal effects.

The development of the economy and the indicators for procurement, production and demand significant to the Lenzing Group are monitored by management on an ongoing basis. In particular, the quantities and prices for the sale of fibers and for the procurement of pulp (and other central materials) are crucial to the business performance of the Lenzing Group. The cost/revenue items mainly affected by this ("Revenue" and "Cost of material") are described in Note 5. Further information can be found in Notes 6 and 7 and in the interim group management report.

NOTE 14 Significant events after the end of the reporting period

The closing and thus the loss of control over the Mechatronics business area (incl. the fully consolidated subsidiary LENO Electronics GmbH, Schörfling) and the Automation/Robotics unit of Segment Lenzing Technik took place in July 2015. This will not have any material impact on earnings due to the remeasurement of these disposal groups as at June 30, 2015 (see Note 4).

The Lenzing Group is not aware of any other events significant to it after the reporting date June 30, 2015 that would have resulted in a different presentation of the financial position and financial performance.

Lenzing, August 17, 2015
Lenzing Aktiengesellschaft

The Management Board

Stefan Doboczky	**Thomas Riegler**	**Robert van de Kerkhof**
Chief Executive Officer Chairman of the Management Board	Chief Financial Officer Member of the Management Board	Chief Commercial Officer Member of the Management Board

DECLARATION
OF THE MANAGEMENT BOARD

Declaration of the Management Board pursuant to Section 87 Para 1 No. 3 of the Stock Exchange Act

We confirm to the best of our knowledge that the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Lenzing Group as required by the applicable accounting standards and that the interim group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Lenzing, August 17, 2015
Lenzing Aktiengesellschaft

The Management Board

Stefan Doboczky
Chief Executive Officer
Chairman of the
Management Board

Thomas Riegler
Chief Financial Officer
Member of the
Management Board

Robert van de Kerkhof
Chief Commercial Officer
Member of the
Management Board

AUDITOR'S REPORT

Report on the Review of the Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Lenzing Aktiengesellschaft, Lenzing, for the period from January 1, 2015 to June 30, 2015 including the consolidated statement of financial position as of June 30, 2015, the related consolidated income statement, the consolidated statement of other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the period from January 1, 2015 to June 30, 2015, as well as selected explanatory notes.

Management is responsible for the preparation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) applicable on interim financial reporting as adopted by the European Union.

Our responsibility is to issue a report on the condensed consolidated interim financial statements based on our review.

Under reference to section 87 (3) of the Austrian Stock Exchange Act (Börsegesetz, BörseG) in conjunction with section 275 (2) of the Austrian Commercial Code (Unternehmensgesetzbuch, UGB), our liability for negligence is limited to EUR 12 mn.

Scope of review

We conducted our review in accordance with applicable Austrian laws and professional standards (e.g. KFS/PG 11) as well as the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Lenzing Aktiengesellschaft are not prepared, in all material respects, in accordance with IFRS applicable on interim financial reporting as adopted by the European Union.

Statement on the condensed interim group management report and on the responsibility statement of the legal representatives according to section 87 of the Austrian Stock Exchange Act

We have read the accompanying condensed interim group management report of Lenzing Aktiengesellschaft as of June 30, 2015 and assessed whether it contains any obvious contradictions to the condensed consolidated interim financial statements. Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim group management report contains obvious contradictions to the condensed consolidated interim financial statements.

The interim financial report includes the responsibility statement of the legal representatives as required by Section 87 (1) (3) of the Austrian Stock Exchange Act (Börsegesetz, BörseG).

Vienna, August 17, 2015

Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller	Ulrich Dollinger
(Austrian) Certified Public Accountant	(Austrian) Certified Public Accountant

This English translation of the review report and the statement was prepared for the client's convenience only. It is no legally relevant translation of the German review report.

GLOSSARY

Adjusted equity
Equity including government grants less proportionate deferred taxes on government grants; the precise derivation can be found in Note 8 in the notes to the consolidated financial statements.

Adjusted equity ratio
Ratio of adjusted equity to total assets as a percentage; the precise derivation can be found in Note 8 in the notes to the consolidated financial statements.

CAPEX
Capital expenditures; comprising investments in intangible assets, property, plant and equipment.

Co-products
By-products recovered during pulp and fiber production.

Earnings per share
Ratio of Lenzing AG shareholders' share in the profit/loss for the year (/the period) to the weighted average number of shares issued as a percentage, calculated according to IFRS.

EBITDA (earnings before interest, taxes, depreciation and amortization)
Operating result before depreciation and amortization or earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets and before income from the release of investment grants; the precise derivation can be found in the consolidated income statement.

EBITDA margin
Ratio of EBITDA to revenue as a percentage.

EBIT (earnings before interest and taxes)
Earnings before interest and taxes or operating result; the precise derivation can be found in the consolidated income statement.

EBIT margin
Ratio of EBIT to revenue as a percentage.

EBT (earnings before taxes)
Earnings before taxes; profit/loss for the year (/the period) before income tax expense; the precise derivation can be found in the consolidated income statement.

Equity
The equity item pools the equity instruments according to IFRS. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting the liabilities. This relates to funds provided to the entity by the owners.

Financial result
Total of income from investments accounted for using the equity method and income from non-current and current financial assets and financing costs; the precise derivation can be found in the consolidated income statement.

Free cash flow
Cash flow from operating activities less cash flow from investing activities less net cash inflow from the disposal of subsidiaries plus acquisition of financial assets less proceeds from the disposal or redemption of financial assets. Free cash flow corresponds to the readily available cash flow.

Gross cash flow
Gross cash flow equals cash flow from operating activities before change in working capital; the precise derivation can be found in the consolidated cash flow statement.

IAS
Abbreviation for International Accounting Standard(s); these are internationally recognized accounting rules.

IFRS
Abbreviation for International Financial Reporting Standard(s); these are internationally recognized accounting rules.

Liabilities (excl. post-employment benefits)
Total assets less adjusted equity less post-employment benefits.

Liquid assets
Cash and cash equivalents plus liquid securities and liquid bills of exchange; the precise derivation can be found in Note 8 in the notes to the consolidated financial statements.

Market capitalization
Weighted average number of shares multiplied by the share price as at the reference date.

Net debt
Interest-bearing financial liabilities (=current and non-current financial liabilities) less liquid assets plus provisions for pensions and severance payments.

Net financial debt
Interest-bearing financial liabilities (= non-current and current financial liabilities) less liquid assets; the precise derivation can be found in Note 8 in the notes to the consolidated financial statements.

Net gearing
Ratio of net financial debt to adjusted equity as a percentage.

PEFC
The Program for the Endorsement of Forest Certification Schemes (PEFC) is an international non-profit organization for wood certification.
www.pefc.org

Post-employment benefits
Provisions for pensions and severance payments.

Profit/loss for the year (/the period)
Profit/loss after taxes; net profit/loss; the precise derivation can be found in the consolidated income statement.

Total assets
Total of non-current and current assets or the total of equity and non-current and current liabilities; the precise derivation can be found in the consolidated statement of financial position.

Trading working capital
Inventories plus trade receivables less trade payables.

Trading working capital to annualized group revenue ratio
Ratio of trading working capital to the last available quarter revenue x 4 as a percentage.

Working capital
Inventories plus trade receivables plus other non-current and current assets less current provisions less trade payables less other non-current and current liabilities.

Note:
The English translation of this interim report was prepared for the company's convenience only. It is a non-binding translation of the German interim report. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This interim group report also contains forward-looking statements based on current assessment and assumptions made by Lenzing AG to the best of its knowledge. Statements using the words "should", "may", "will", "expected", "intended", "assume", "suppose", "estimate", "plan", "anticipate", "is of the opinion", "to my knowledge", "in my estimation" or similar formulations indicate such forward-looking statements. The forecasts relating to the future development of Lenzing AG are estimates based on the information available at the time of this group management report going to print.

If the assumptions on which the forecasts are based do not occur or risks arise at a level that was not anticipated, actual results may deviate from forecasts.

Rounding differences can occur when adding up rounded amounts and percentages. The group management report was prepared with the utmost care to ensure the accuracy and completeness of information in all sections. Nonetheless, errors due to rounding, typesetting and printing cannot be completely ruled out.

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Lenzing Aktiengesellschaft
4860 Lenzing, Austria
www.lenzing.com

EDITED BY
Lenzing Aktiengesellschaft
Corporate Communications
Angelika Guldt
Phone: +43 (0) 76 72 701-21 27
Fax: +43 (0) 76 72 918-21 27
E-mail: a.guldt@lenzing.com

Metrum Communications GmbH, Vienna

IDEA AND DESIGN BY
ElectricArts GmbH

PHOTOGRAPHY BY
Günther Gröger (grox press Pressefotoagentur)
Roger Cremers

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LEADING FIBER INNOVATION

Lenzing Aktiengesellschaft · 4860 Lenzing, Austria · Phone: +43 (0) 76 72 701-0
Fax: +43 (0) 76 72 701-38 80 · E-Mail: office@lenzing.com · www.lenzing.com