

A man in a dark blue shirt and light-colored jeans stands in a lush green forest, looking upwards. Sunlight filters through the trees, creating a bright, hazy atmosphere. The text "Leading Fiber Innovation" is overlaid in white.

# Leading Fiber Innovation

LENZING INVESTOR PRESENTATION – Q1/2015 RESULTS

May 18, 2015

LEADING FIBER INNOVATION



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# Q1/2015: Executive summary

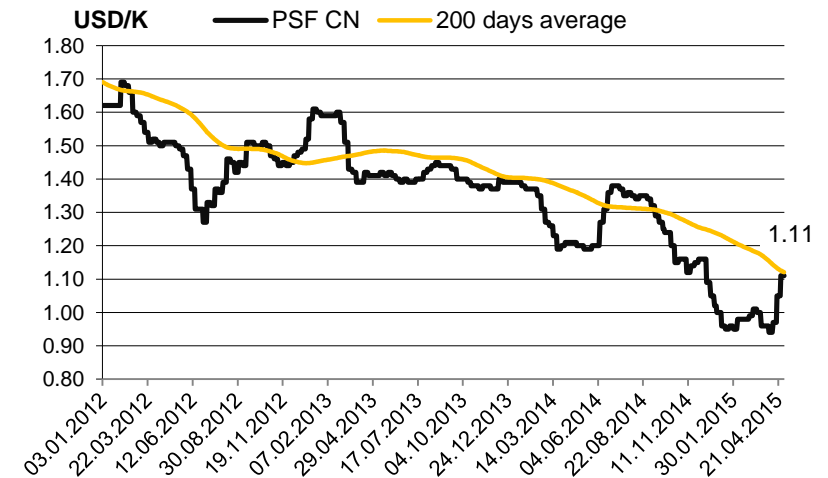
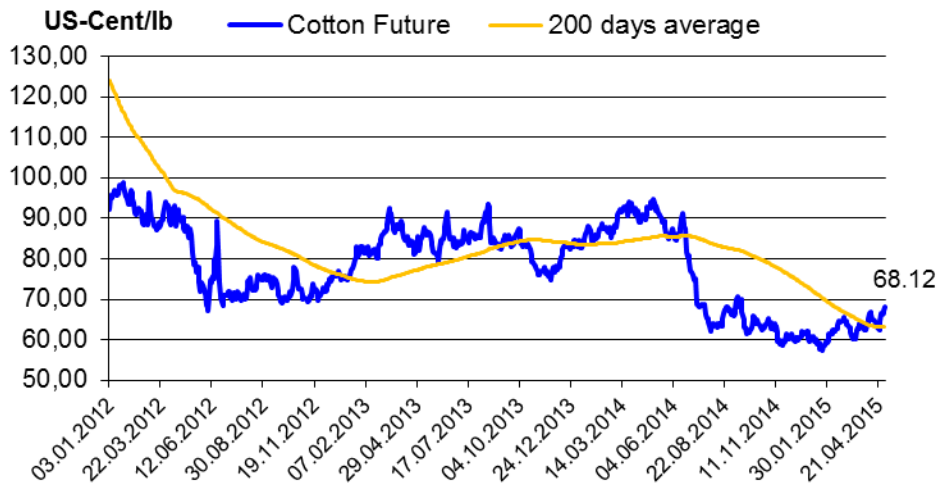
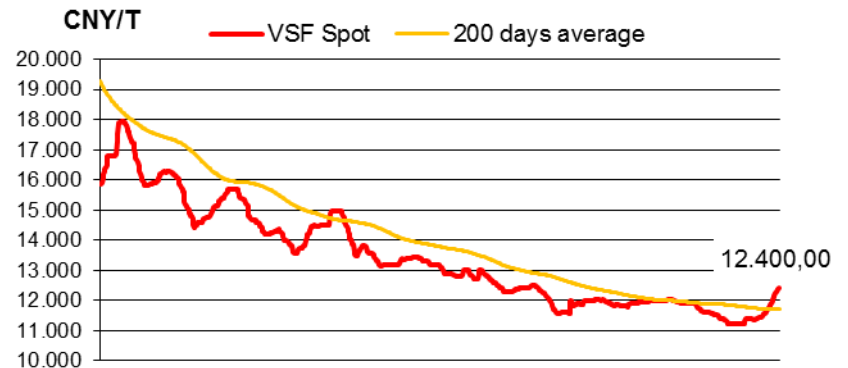
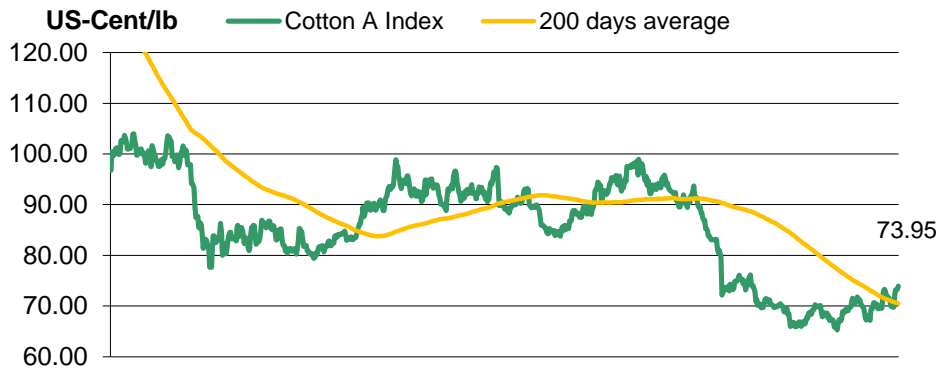
## Strong earnings improvement

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- Group revenue with 5.1% significantly higher y-o-y (EUR 474.6 mn vs. EUR 451.7 mn)
  - Better product mix and slightly higher sales volume of 238.4 k tons y-o-y (Q1/2014: 235 k tons) driving up fiber revenue by 9.3%
  - Average fiber price per kg before/after revenue related hedging
    - Q1/2015: EUR 1.68/ EUR 1.58; Q1/2014: EUR 1.56/EUR 1.56
  - Lenzing TENCEL® fiber site with 67 k tons produces excellent quality in line with the market
- Strong earnings improvement
  - EBITDA +28.7% to EUR 59.6 mn (Q1/2014: EUR 46.3 mn)
  - EBIT +61.3% to EUR 27.0 mn (Q1/2014: EUR 16.7 mn)
  - EPS EUR 0.66 per share (Q1/2014: EUR 0.28 per share)
  - Successful excellENZ program
- Strong free cash flow improvement to EUR 26.5 mn (Q1/2014: EUR 6.3 mn)
- Annual General Meeting approved dividend of EUR 1.00 per share (April 22, 2015)
- Stefan Doboczky succeeds Peter Untersperger as new CEO from June 1, 2015

# Q1/2015: Fiber price development

3-year average until April 30, 2015

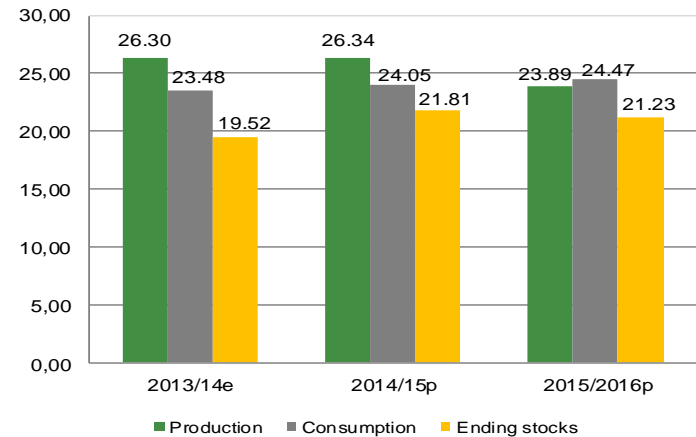


# Q1/2015: High cotton stocks likely to keep international cotton prices down<sup>1</sup>

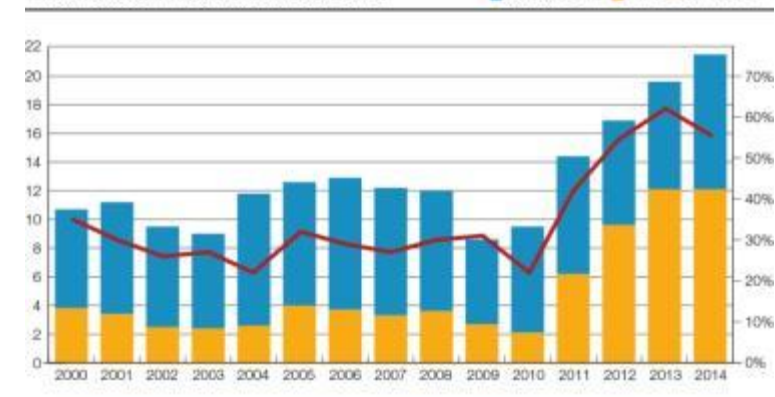
## Price pressure to remain on total fiber market

- Cotton prices on a low level after sharp drop in July 2014
  - Average Cotton A Index currently around 70 USct/lbs
- China ended its reserve policy in 2014
  - Cotton imports limited to the volume required under its WTO obligations (894 k tons)
  - Chinese cotton prices have fallen but still higher compared to international prices
  - Chinese stocks still on high level
  - Date of start of 2015 sales from reserve still not announced
- Cotton oversupply to stay
  - Cotton production to decrease only in 2015/2016
  - Cotton consumption to increase already in current season because of moderate economic growth and increasing population
  - But record stock to remain (China: 11.8 mmt in 2015/16)
  - Stock-to-use-ratio 2015/16e<sup>1</sup>
    - China 153%
    - ROW 56%

Cotton market<sup>1</sup> (in mmt<sup>2</sup>)



Cotton inventories in mn tons and China's share in %



Source: ICAC

1) Source: ICAC, May 1, 2015

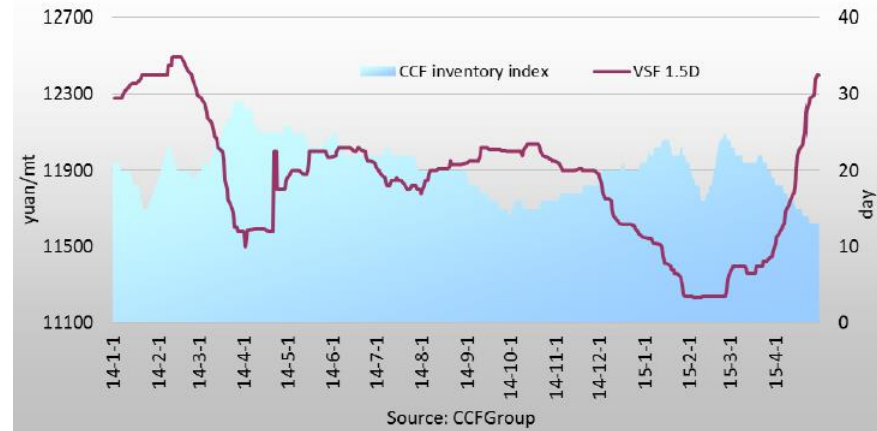
2) Million metric tons

# Q1/2015: Competitive viscose environment

## Will increase in viscose prices be sustainable?

- No change in Q1/2015 vs. Q4/2014
  - Good volume demand considering Chinese New Year in February
  - Fiber price increases after end of reporting period but questionable if sustainable, currently no price increase of yarns
- Still overcapacities
  - but new capacities are postponed because of stricter credit control in China
  - Risk that capacities which were closed because of environmental reasons might come back
- DWP<sup>1</sup> prices remain on low level
  - 800 USD/t on March 31, 2015 (865 USD/t on March 31, 2014), currently only slight increase to around 815 USD/t despite anti-dumping
  - Still no decision to second-phase DWP<sup>1</sup> anti-dumping regulation in China (Europe, South Africa)

VSF price trend and inventory of China



\* Information published by CCFGroup

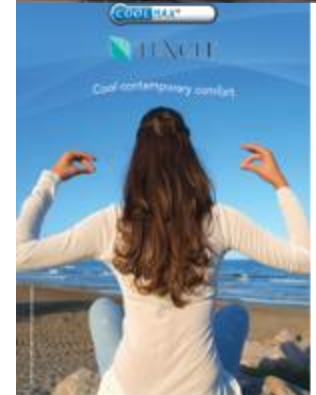
1) Dissolving wood pulp

# Q1/2015: Lenzing's action plan

Pushing TENCEL® and Lenzing Modal® with several marketing campaigns

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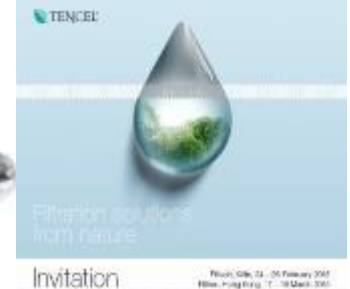
- TENCEL® lyocell fiber promotion at all customer events
  - Start in September 2014, end in January 2015 at Heimtextil
- Push in TENCEL® Denim
  - More than 50% of exhibitors use TENCEL® fibers in denim fabrics (KingPins, New York and Amsterdam)
- Heimtextil 2015
  - Most important home textile fair in the world. 127 exhibitors use Lenzing fibers in their collection
- Focus Turkey
  - Opening of an office for technical customer service, special workshops for textile chain.
- Brand co-operation with INVISTA in the denim segment



# Q1/2015: Lenzing's action plan

Pushing TENCEL® and Lenzing Modal® with several marketing campaigns

- TENCEL® in knits
  - Start of promotion for fashion knits, pushing the fibers TENCEL® A100 and TENCEL® LF
- TENCEL® MICRO A100 presented to the trade
  - Fiber innovation was introduced
- TENCEL® Filtration
  - New promotion for filtration in Germany and Hongkong
- Technical textiles – botanic shoe concept, first presented at Techtexsil in Frankfurt
- Promotion of TENCEL® A100 MICRO; Intertextile; Shanghai
- Brand Co-operations
  - Lidl ProModal® -1.5 mn pieces (under wear)
  - EU Sweeps TENCEL® - wipes, NL





# Q1/2015: Financials

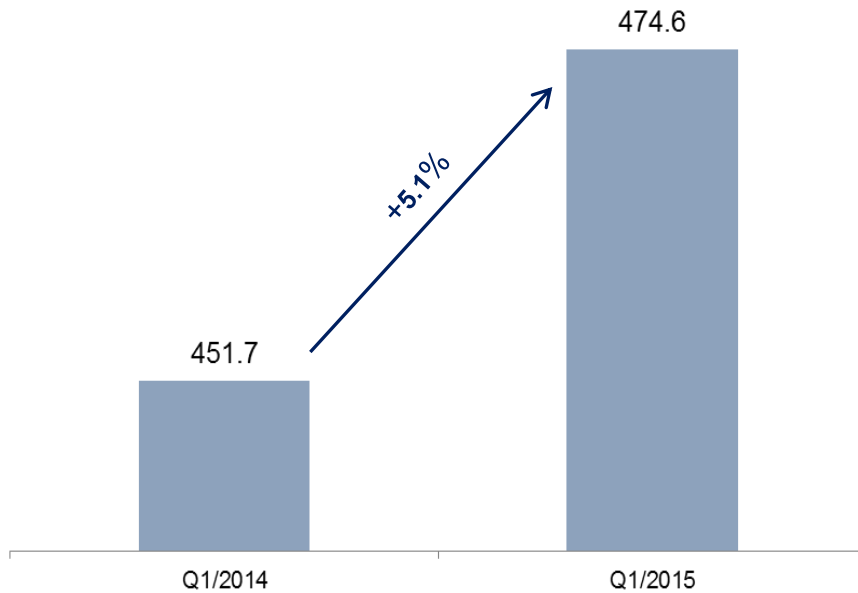
Revenue increase in a tough pricing environment – better product mix

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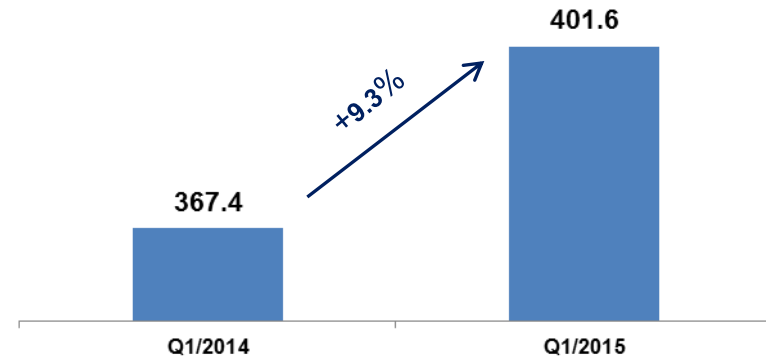
## Better product mix

% of fiber sales	Q1/2015	Q1/2014
TENCEL®	25%	19%
Lenzing Modal®	16%	16%
Lenzing Viscose	59%	65%

Group Revenue



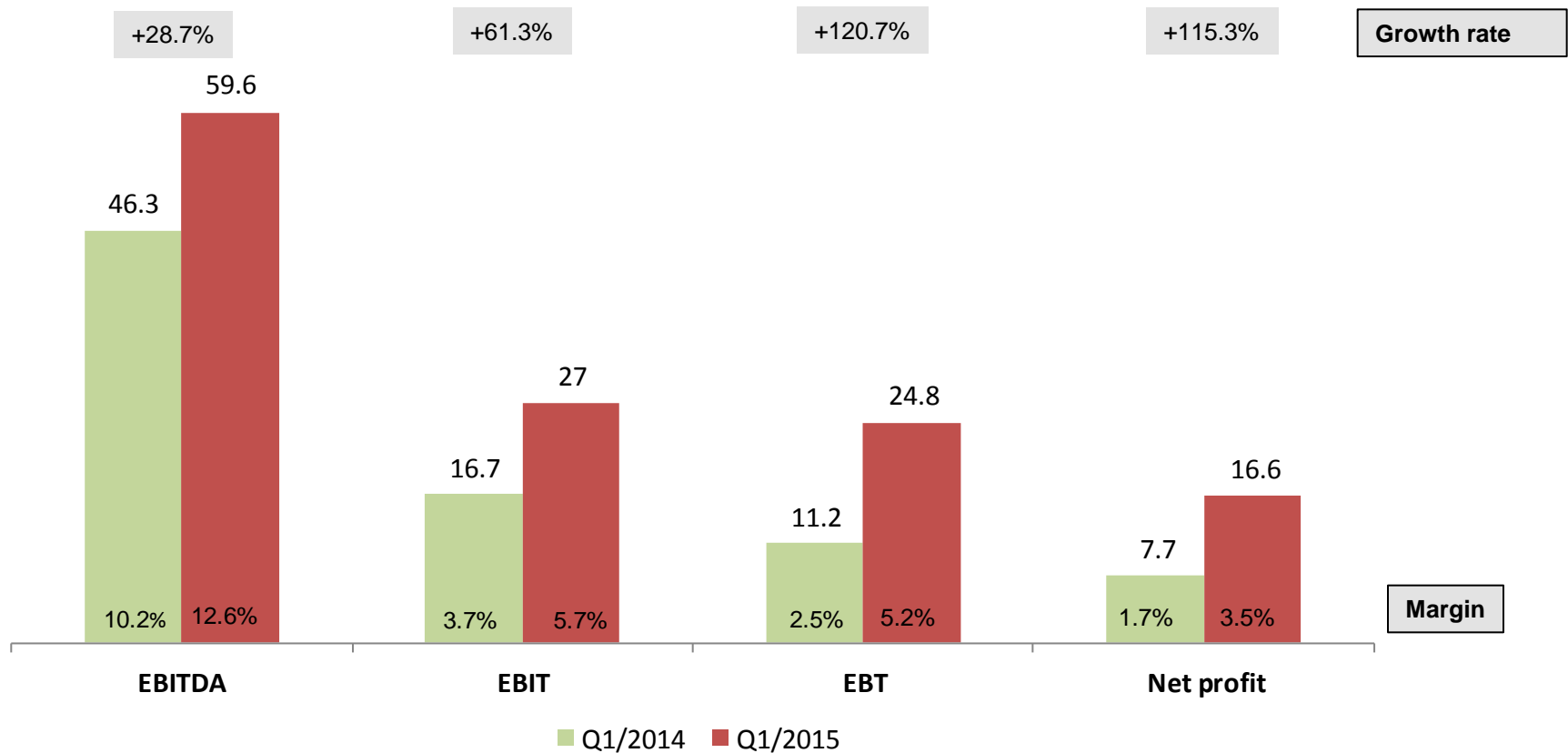
Fibers only Revenue



# Q1/2015: Financials

Strong earnings improvement – EPS at EUR 0.66 (Q1/2014: EUR 0.28)

EUR mn



# Q1/2015: Opex breakdown

Positive effects from excellENZ

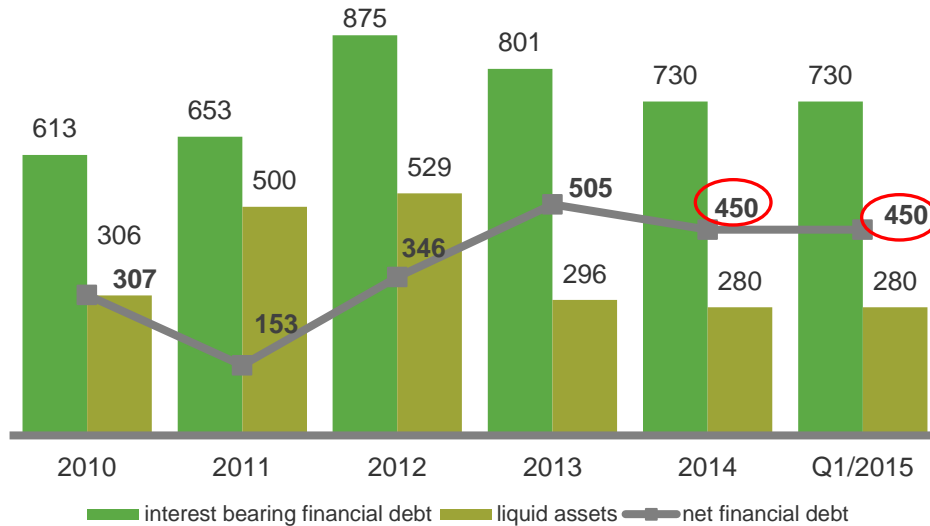
(EUR mn)	Q1/2015	Q4/2014	Q1/2014	Change Q1/Q4 (%)	Change y-o-y (%)
<b>Total revenue</b>	<b>474.6</b>	<b>506.5</b>	<b>451.7</b>	<b>(6.3)</b>	<b>5.1</b>
<b>Total Opex</b>	<b>(437.0)</b>	<b>(431.0)</b>	<b>(430.6)</b>	<b>1.4</b>	<b>1.5</b>
<b>Total costs of material and purchased services</b>	<b>(307.2)</b>	<b>(302.5)</b>	<b>(301.7)</b>	<b>1.6</b>	<b>1.8</b>
<i>as % of total revenue</i>	64.7	59.7	66.8		
Dissolving wood pulp <sup>1</sup>	(150.6)	(159.2)	(140.8)	(5.4)	7.0
<i>as % of total cost of material and purchased services</i>	49.0	52.6	46.7		
Key chemicals	(48.5)	(42.3)	(44.7)	14.7	8.5
<i>as % of total cost of material and purchased services</i>	15.8	14.0	14.8		
Energy	(37.0)	(36.8)	(37.8)	0.5	(2.1)
<i>as % of total cost of material and purchased services</i>	12.0	12.2	12.5		
Other <sup>2</sup>	(71.2)	(64.2)	(78.4)	10.9	(9.2)
<i>as % of total cost of material and purchased services</i>	23.2	21.2	26.0		
<b>Total personnel expenses</b>	<b>(76.3)</b>	<b>(66.2)</b>	<b>(74.6)</b>	<b>15.4</b>	<b>2.3</b>
<i>as % of total revenue</i>	16.1	13.1	16.5		
<b>Total other operating expenses</b>	<b>(53.5)</b>	<b>(62.3)</b>	<b>(54.3)</b>	<b>(14.1)</b>	<b>(1.3)</b>
<i>as % of total revenue</i>	11.3	12.3	12.0		

1) Including cost for wood

2) Other includes trading goods, other raw materials, packaging, auxiliary material

# Q1/2015: Financials<sup>1</sup>

Net debt frozen as announced



- **Stable net financial debt at EUR 450 mn**

- **Total liquidity cushion of EUR 489 mn**

- EUR 280 mn liquid assets<sup>2</sup>
- EUR 209 mn of open credit facilities

- **Adjusted equity of EUR 1,114 mn**

- 45.4 % equity ratio (FY/2014: 44.9%)
- Net gearing of 40.4% (FY/2014: 42.2%)

- **Cash flow situation**

- Cash flow from operating activities  
EUR 37.6 mn (Q1/2014: EUR 42.8 mn)
- Free cash flow<sup>3</sup> EUR 26.5 mn  
(Q1/2014: EUR 6.3 mn)

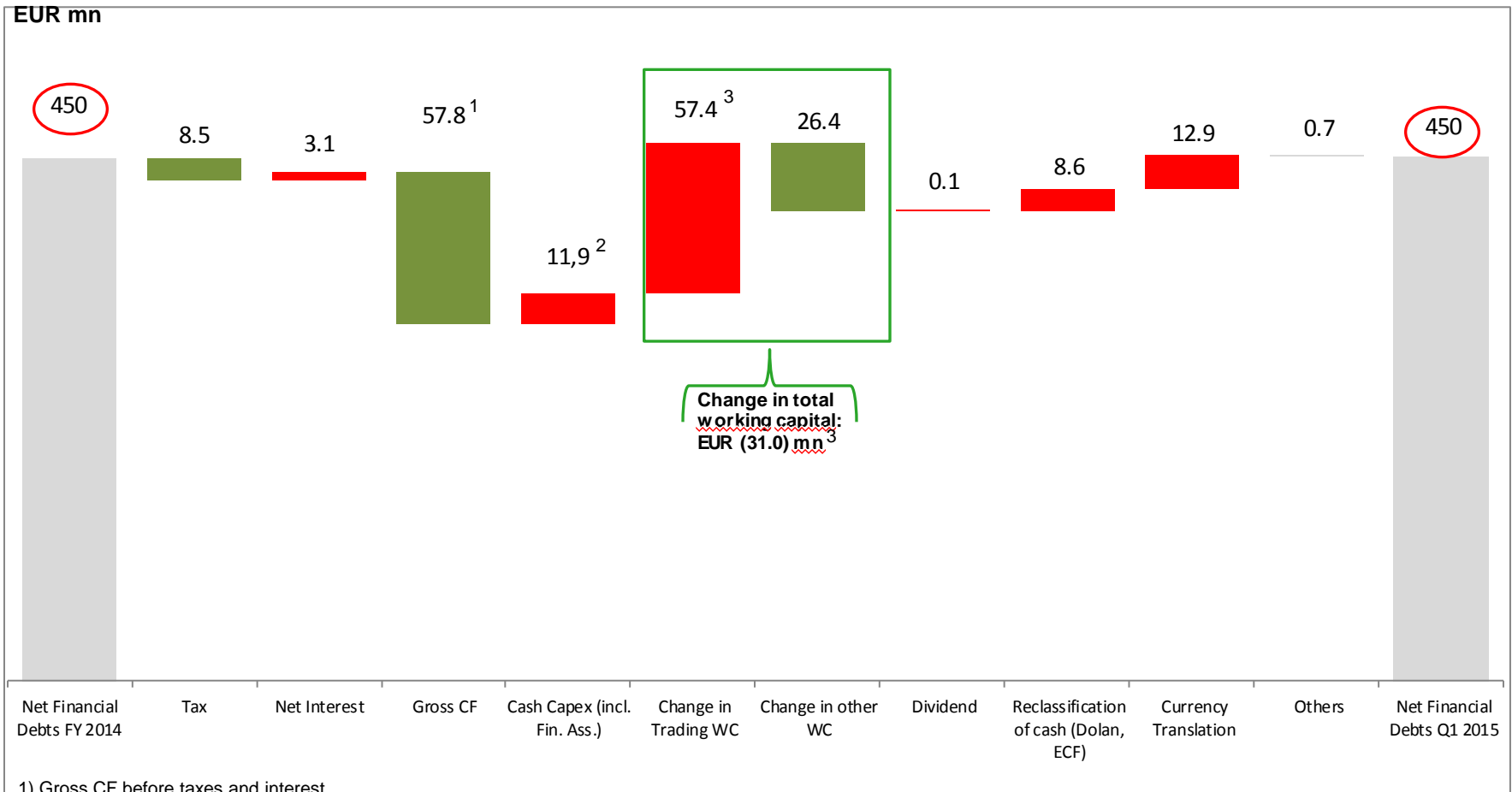
1) FY figures as at December 31

2) Including cash and cash equivalents (EUR 276.5 mn), liquid securities and liquid bills of exchange

3) Free cash flow see page 21

# Q1/2015: Financials

## Net debt cascade



1) Gross CF before taxes and interest

2) Including CAPEX of EUR (11.2) mn and Financial assets of EUR (0.7) mn

3) Change in total working capital

EUR (25.6) mn (according to cash flow statement)

Adjustment change in liquid bills of exchange

EUR (5.4) mn

Total Change in working capital

EUR (31.0) mn (according to net debt)

# FX effects in Q1/2015

## On P+L and equity

(EUR mn)	Q1/2015	FX and hedging effects
<b>Revenue</b>	<b>474.6</b>	<b>(24.0)</b>
Inventory change/work in progress	(4.2)	
Work performed by the Group and capitalized	5.9	
Other operating income	20.5	10.1 <sup>1</sup>
Cost of material and purchased services	(307.2)	
Personnel expenses	(76.3)	
Other operating expenses	(53.5)	
<b>EBITDA</b>	<b>59.6</b>	<b>(13.9)</b>
Depreciation & Amortization	(33.3)	
Income from the release of investment grants	0.7	
<b>EBIT</b>	<b>27.0</b>	<b>(13.9)</b>
<b>Financial result</b>	<b>(3.1)</b>	<b>2.7</b>
Allocation of profit or loss to puttable non-controlling interests	1.0	
<b>EBT</b>	<b>24.8</b>	<b>(11.2)</b>
Income tax expense	(8.2)	
<b>Net income</b>	<b>16.6</b>	<b>(11.2)</b>

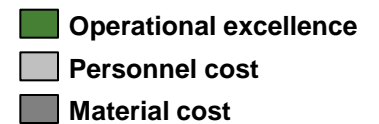
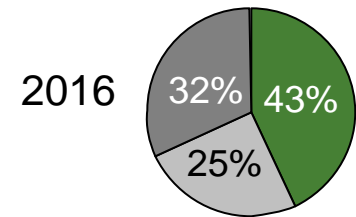
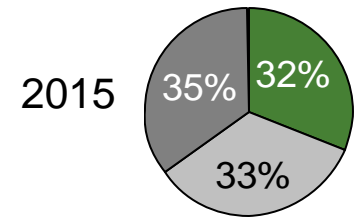
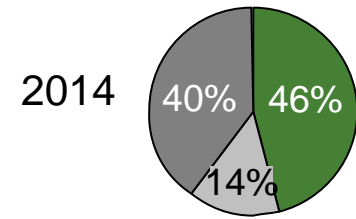
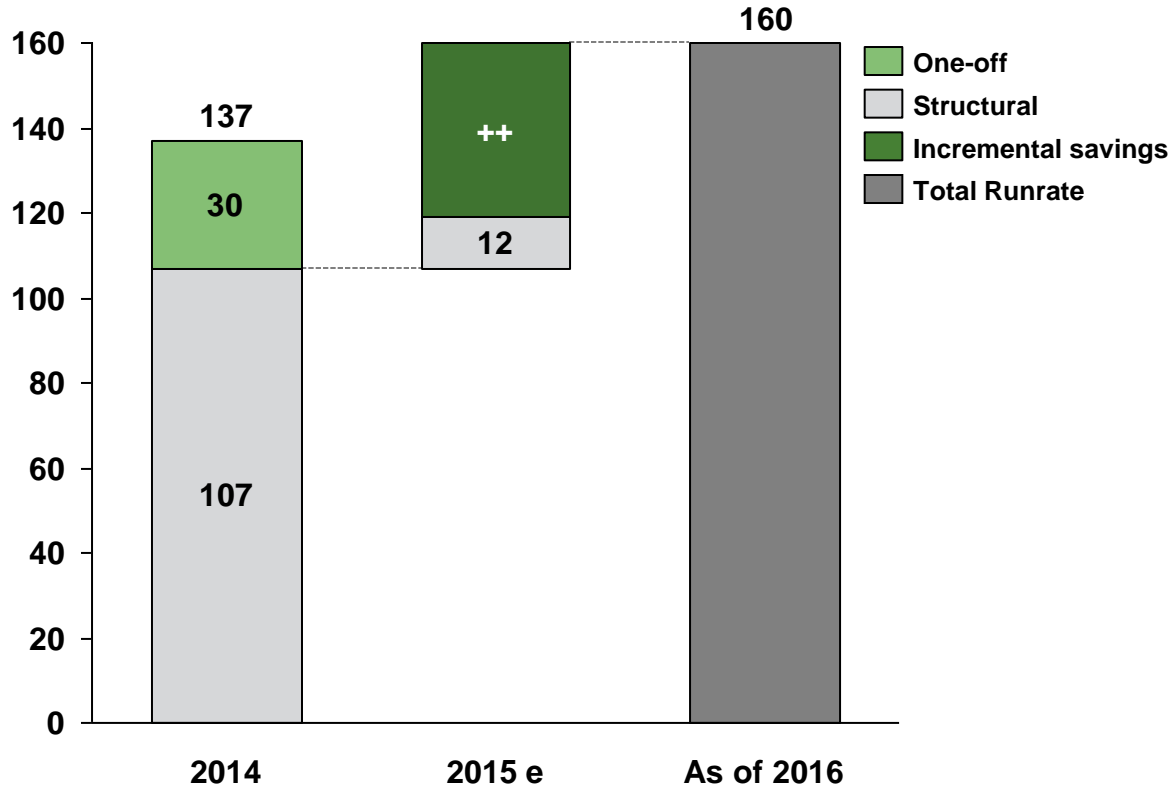
(EUR mn)	Q1/2015	FX and hedging effects
Change foreign currency translation reserve	43.7	43.7
Available-for-sale financial assets	0.3	0.0
Change hedging reserve <sup>2</sup>	(18.5)	(18.5)
Income tax relating to these components	3.9	4.0
<b>Other Comprehensive Income (OCI)</b>	<b>29.4</b>	<b>29.2</b>
<b>Total comprehensive income</b>	<b>46.0</b>	<b>18.0</b>

<sup>1</sup> EUR (4.2) mn FX losses, EUR 14.2 mn unrealized FX profits, EUR 0.103 mn FX differences

<sup>2</sup> EUR (42.9) mn CF hedges and EUR 24.4 mn reclassified to profit of amounts relating to cash flow hedges

# exceLENZ cost saving program

On track in 2015



# Outlook: Full Year 2015

## Further improvement of KPI in a tough pricing environment

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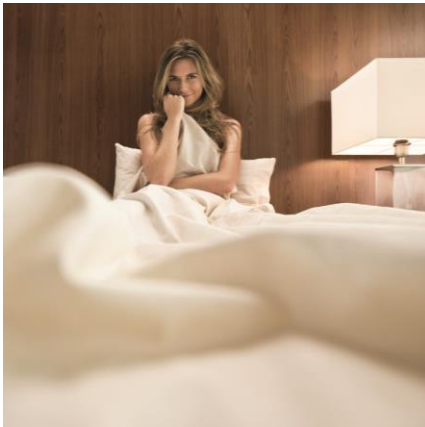
- No mid-term improvement of global fiber market
  - Volume demand to be continued but fiber price increase still questionable to be sustainable, Lenzing going for increased premiums
  - Long-term MMC market will stay attractive with estimated growth slightly above world GDP
- Value before volume
  - Production of high quality and specialty viscose fiber production in China and Indonesia
  - No volume growth of standard commodity type viscose fiber
  - R&D focussing on increasing pulp efficiency and new TENCEL® applications and products
  - Implementation of 'Go to market'-approach, additional topline initiatives with focus on specialties
- Financial targets 2015e:
  - Further improvement of KPI (Earnings, cash flow, ROCE)
  - Improve net financial debt level, CAPEX ~EUR 100 mn
  - excelLENZ program on track: structural cost savings of EUR 160 mn in 2016





# Q1/2015 – Financial information

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# Q1/2015: Consolidated Group P&L

(EUR mn)	Q1/2015	Q4/2014	Q1/2014
<b>Revenue</b>	<b>474.6</b>	<b>506.5</b>	<b>451.7</b>
Change in inventories of finished goods and work in progress	(4.2)	(16.8)	<b>(0.1)</b>
Work performed by the Group and capitalized	5.9	5.1	<b>12.6</b>
Other operating income	20.5	16.7	<b>12.5</b>
Cost of material and purchased services	(307.2)	(302.5)	<b>(301.7)</b>
Personnel expenses	(76.3)	(66.2)	<b>(74.6)</b>
Other operating expenses	(53.5)	(62.3)	<b>(54.3)</b>
<b>EBITDA/Margin</b>	<b>59.6/12.6%</b>	<b>80.5/15.9%</b>	<b>46.3/10.2%</b>
Depreciation & Amortization	(33.3)	(129.1)	<b>(30.3)</b>
Income from the release of investment grants	0.7	1.1	<b>0.7</b>
<b>EBIT/Margin</b>	<b>27.0/5.7%</b>	<b>(47.6)/(9.4%)</b>	<b>16.7/3.7%</b>
<b>Financial result</b>	<b>(3.1)</b>	<b>(7.2)</b>	<b>(6.3)</b>
Allocation of profit or loss to puttable non-controlling interests	1.0	5.9	<b>0.8</b>
<b>EBT/Margin</b>	<b>24.8/5.2%</b>	<b>(48.8)/(9.6%)</b>	<b>11.2/2.5%</b>
Income tax expense	(8.2)	(9.6)	<b>(3.5)</b>
Tax rate (%)	33.0	-	<b>31.3</b>
<b>Net income/Margin</b>	<b>16.6/3.5%</b>	<b>(58.5)/(11.5%)</b>	<b>7.7/1.7%</b>
<b>Net income after minorities/Margin</b>	<b>17.5/3.7%</b>	<b>(58.0)/(11.5%)</b>	<b>7.5/1.7%</b>
<b>EPS (in EUR)</b>	<b>0.66</b>	<b>(2.18)</b>	<b>0.28</b>

# Q1/2015: Topline breakdown

Textile fibers going up y-o-y, still strong Nonwoven business

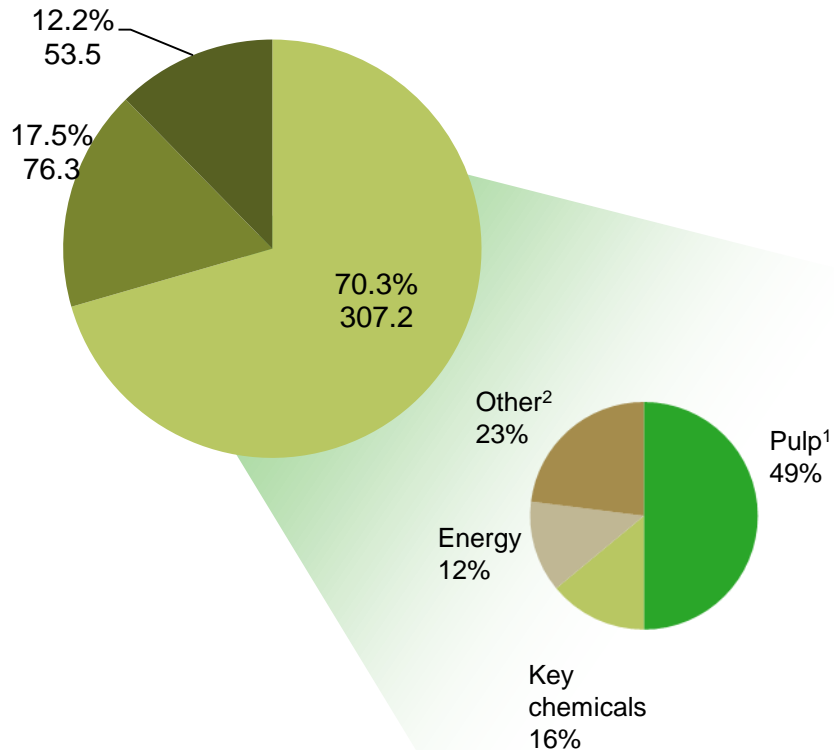
(EUR mn)	Q1/2015	Q4/2014	Change Q4/Q1 (%)	Q1/2014	Change y-o-y (%)
<b>Breakdown of fibers segment revenue</b>					
Textile fibers	269.4	286.0	(5.8)	247.5	8.8
Nonwoven fibers	132.2	123.1	7.4	119.9	10.3
<b>Fibers only</b>	<b>401.6</b>	<b>409.1</b>	<b>(1.8)</b>	<b>367.4</b>	<b>9.3</b>
Others <sup>1</sup>	67,6	70,7	(4.4)	61.3	(10.3)
Hedging	(23.7)	(1.2)	N/A	1.3	N/A
<b>Total segment fiber</b>	<b>445.5</b>	<b>478.6</b>	<b>3.6</b>	<b>430.0</b>	<b>3.6</b>
Total segment Lenzing Technik	21.8	22.4	(2.7)	23.4	(7.0)
Others and consolidation <sup>2</sup>	7.3	5.5	32.7	(17.5)	-
<b>Total Group revenue</b>	<b>474.6</b>	<b>506.5</b>	<b>(6.3)</b>	<b>451.7</b>	<b>5.1</b>

1) includes sales of sodium sulfate and black liquor, external sales of pulp, wood and energy and hedging

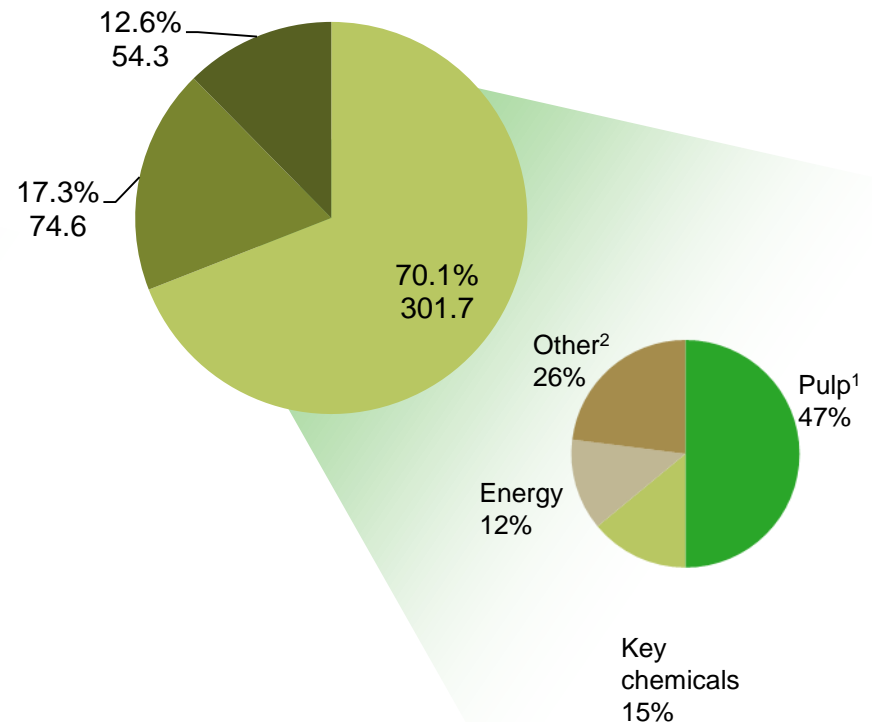
2) includes Dolan and BZL (Bildungszentrum Lenzing)

# Q1/2015 Total Opex structure

**Q1/2015**  
(Total Opex EUR 437.0 mn)



**Q1/2014**  
(Total Opex EUR 430.6 mn)



■ Material cost   
 ■ Personal cost   
 ■ Other cost

1) Including wood

2) Other includes trading goods, other raw materials, packaging, auxiliary material

# Q1/2015: Cash flow by quarter

## Improved free cash flow

(EUR mn)	Q1/2015	Q4/2014	Q1/2014	Change Q1/Q4 (%)	Change y-o-y (%)
Gross CF (before taxes and interest)	57.8	95.8	42.2	(39.7)	37.1
Taxes and interest	5.4	(4.6)	(9.2)	-	-
<b>Gross CF (after taxes and interest)</b>	<b>63.2</b>	<b>91.2</b>	<b>33.0</b>	<b>(30.7)</b>	<b>91.8</b>
Change in total working capital <sup>1</sup>	(25.6)	(31.5)	9.8	(18.8)	-
<b>Operating Cash flow</b>	<b>37.6</b>	<b>59.7</b>	<b>42.8</b>	<b>(37.0)</b>	<b>(12.1)</b>
Investment cash flow <sup>2</sup>	(11.7)	(18.7)	(36.5)	(37.6)	(68.0)
<b>Free cash flow</b>	<b>25.9</b>	<b>41.0</b>	<b>(6.3)</b>	<b>(36.7)</b>	<b>-</b>
Net inflow from sale of subsidiary	0.0	0.0	0.0	-	-
Acquisition of other financial assets	0.7	1.8	0.2	(61.4)	202.3
Proceeds/repayments of other financial assets	(0.2)	(2.5)	(0.2)	(92.1)	(16.7)
<b>Free cash flow adj.</b>	<b>26.5</b>	<b>40.3</b>	<b>6.3</b>	<b>(34.4)</b>	<b>317.6</b>

1) including trade and other working capital

2) including investment in financial assets and disposal proceeds

# FY 2014 – Financial information

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# FY 2014: Consolidated Group P&L

(EUR mn)	2014 excl. imp.	2014 incl. imp.	2013 <sup>1</sup>	2013
<b>Total sales</b>	<b>1,864.2</b>	<b>1,864.2</b>	<b>1,859.0</b>	<b>1,908.9</b>
Inventory change/work in progress	(2.6)	(2.6)	12.3	11.5
Work performed by the group and capitalized	34.6	34.6	52.0	52.2
Other operating income	48.5	48.5	36.6	68.1
Cost of material and purchased services	(1,199.2)	(1,199.2)	(1,223.4)	(1,253.4)
Personnel	(292.0)	(292.0)	(326.0)	(337.0)
Other operating expenses	(213.3)	(213.3)	(216.7)	(224.8)
<b>EBITDA/Margin</b>	<b>240.3/12.9%</b>	<b>240.3/12.9%</b>	<b>193.9/10.4%</b>	<b>225.4/11.8%</b>
Depreciation & Amortization	(127.6)	(221.5)	(138.3)	(142.1)
Income from resolution of investment benefits	3.2	3.2	3.1	3.1
<b>EBIT/Margin</b>	<b>115.9/6.2%</b>	<b>21.9/1.2%</b>	<b>58.6/3.2%</b>	<b>86.4/4.5%</b>
<b>Financial result</b>	<b>(23.4)</b>	<b>(23.4)</b>	<b>(26.7)</b>	<b>(26.7)</b>
Results from terminable non-controlling interest	4.0	8.8	9.0	8.4
<b>EBT/Margin</b>	<b>96.5/5.2%</b>	<b>7.3/0.4%</b>	<b>41.0/2.2%</b>	<b>68.1/3.6%</b>
Tax	(26.8)	(21.5)	(10.3)	(18.1)
<i>Tax rate</i>	27.8%	-	25.2%	26.5%
<b>Net income/Margin</b>	<b>69.6/3.7%</b>	<b>(14.2)/(0.8%)</b>	<b>30.6/1.6%</b>	<b>50.0/2.6%</b>
<b>Net income after minorities/Margin</b>	<b>70.3/3.8%</b>	<b>(13.5)/(0.7%)</b>	<b>30.7/1.6%</b>	<b>50.1/2.6%</b>
<b>EPS (in EUR)</b>	<b>2.65</b>	<b>(0.51)</b>	<b>1.16</b>	<b>1.89</b>

1) Continued business

# FY 2014: Topline breakdown

Affected by Nonwoven business (+), low pricing (-), discontinued operations (-)

(EUR mn)	2014	2013	Change y-o-y (%)	2013 <sup>4</sup>	Change y-o-y (%)
<b>Breakdown of fibers segment sales</b>					
Textile fibers	1,028.3	1,048.7	(1.9)	1,048.7	(1.9)
Nonwoven fibers	475.9	463.6	2.6	463.6	2.6
Others <sup>1</sup>	54.0	54.0	0.0	54.0	0.0
<b>Total fibers only sales</b>	<b>1,558.2</b>	<b>1,566.3</b>	<b>(0.5)</b>	<b>1,566.3</b>	<b>(0.5)</b>
Other fibers segment sales <sup>2</sup>	205.8	199.6	3.1	199.6	3.1
<b>Total fibers segment sales</b>	<b>1,764.0</b>	<b>1,765.9</b>	<b>(0.1)</b>	<b>1,765.9</b>	<b>(0.1)</b>
Segment Lenzing Technik	90.8	125.1	(27.5)	125.1	(27.5)
BU Plastics and EPG (discontinued operations)	0.0	54.0	-	0.0	-
Others <sup>3</sup> and consolidation	9.4	(36.1)	-	(32.0)	-
<b>Total sales</b>	<b>1,864.2</b>	<b>1,908.9</b>	<b>(2.3)</b>	<b>1,859.0</b>	<b>0.3</b>

1) Includes sales of sodium sulfate and black liquor

2) Includes external sales of pulp, wood and energy

3) Includes Dolan, ECG (European Carbon Fiber) and BZL (Bildungszentrum Lenzing)

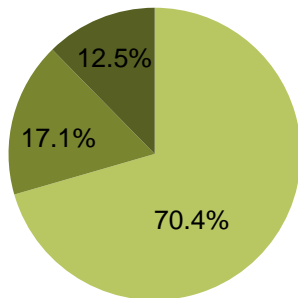
4) Continued Business





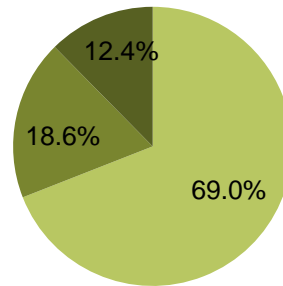
# FY 2014: Total Opex

2014 (Total Opex EUR 1,704.5 mn)



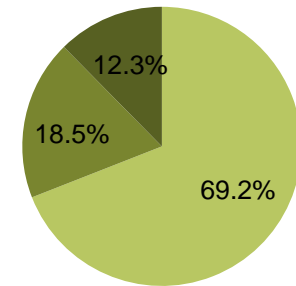
- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

2013 (Total Opex EUR 1,815.3 mn)



- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

2013<sup>1</sup> (Total Opex EUR 1,766.1 mn)



- Cost of material and purchased services
- Personnel expenses
- Other operating expenses

1) Continued business

# FY 2014: Opex as of total sales

(EUR mn)	2014	2013	Change y-o-y (%)	2013 <sup>2</sup>	Change y-o-y (%)
<b>Total sales</b>	<b>1,864.2</b>	<b>1,908.9</b>	<b>(2.3)</b>	<b>1,859.0</b>	<b>0.3</b>
<b>Total Opex<sup>1</sup></b>	<b>(1,704.5)</b>	<b>(1,815.3)</b>	<b>(6.1)</b>	<b>(1,766.1)</b>	<b>(3.5)</b>
<b>Total cost of material and purchased services</b>	<b>(1,199.2)</b>	<b>(1,253.4)</b>	<b>(4.3)</b>	<b>(1,223.4)</b>	<b>(2.0)</b>
as % of total sales	64.3	65.7	-	65.8	-
<b>Total personnel expenses</b>	<b>(292.0)</b>	<b>(337.0)</b>	<b>(13.4)</b>	<b>(326.0)</b>	<b>(10.4)</b>
as % of total sales	15.7	17.7	-	17.5	-
<b>Total other operating expenses</b>	<b>(213.3)</b>	<b>(224.8)</b>	<b>(5.1)</b>	<b>216.7</b>	<b>(1.6)</b>
as % of total sales	11.4	11.8	-	11.7	-

1) Includes cost of material and purchased services, personnel expenses and other operating expenses

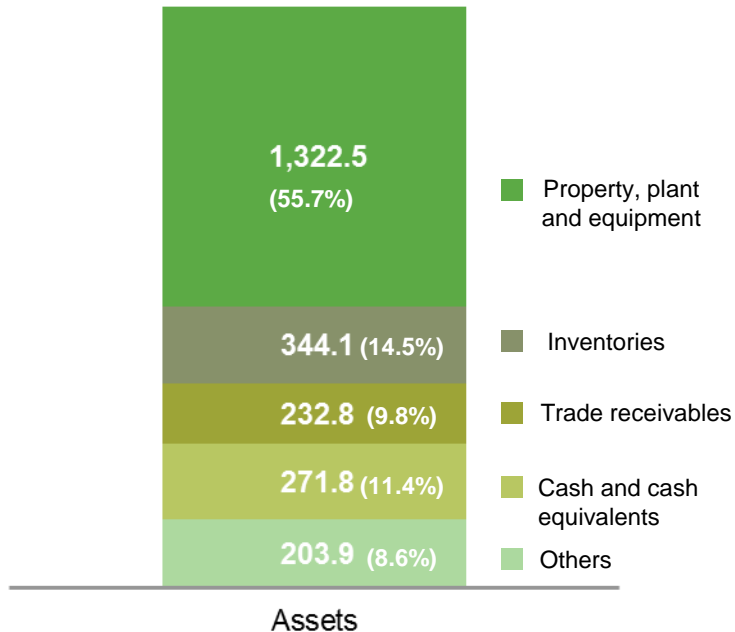
2) Continued business

# FY 2014: Solid balance sheet

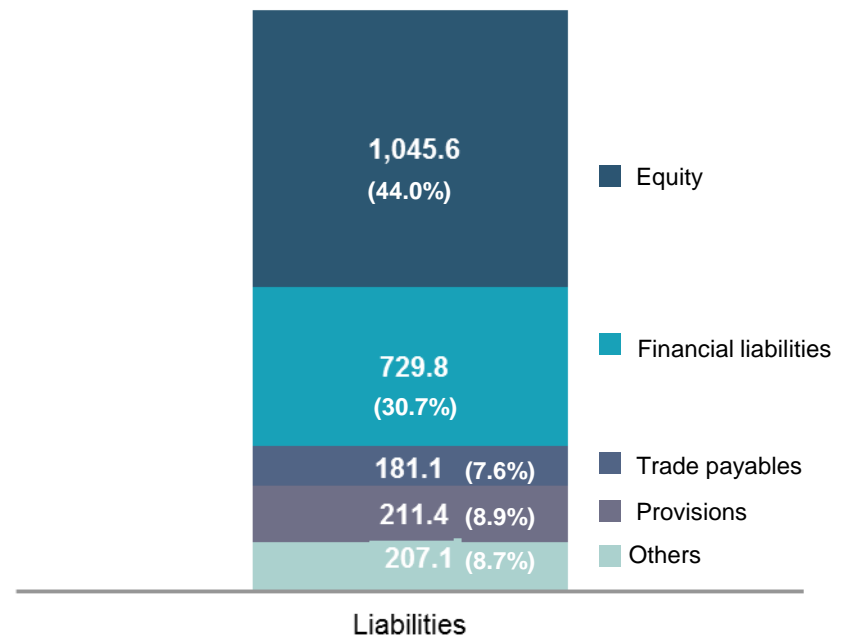
As of December 31, 2014

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Σ 2,375.1 EUR mn



Σ 2,375.1 EUR mn



# FY 2014: Cash flow

Considerably improved cash flows

(EUR mn)	2014	2013	Change y-o-y (%)
Gross CF (before taxes and interest)	253.3	172.6	46.7
Taxes and interest	(22.5)	(78.1)	(71.2)
<b>Gross CF (after taxes and interest)</b>	<b>230.8</b>	<b>94.6</b>	<b>144.1</b>
Change in total working capital <sup>1</sup>	(12.0)	(13.6)	(11.9)
CF from discontinued operations	0.0	1.3	(100.0)
<b>Operating cash flow</b>	<b>218.8</b>	<b>82.3</b>	<b>165.9</b>
<b>Investment cash flow<sup>2 3</sup></b>	<b>(102.8)</b>	<b>(152.2)</b>	<b>(32.4)</b>
<b>Free cash flow</b>	<b>116.0</b>	<b>(69.9)</b>	<b>-</b>
Net inflow from sale of subsidiary	0.0	(61.7)	(100.0)
Acquisition of other financial assets	2.3	8.3	(72.3)
Proceeds/repayments of other financial assets	(3.5)	(40.7)	(91.5)
<b>Free cash flow adj.</b>	<b>114.8</b>	<b>(163.9)</b>	<b>-</b>

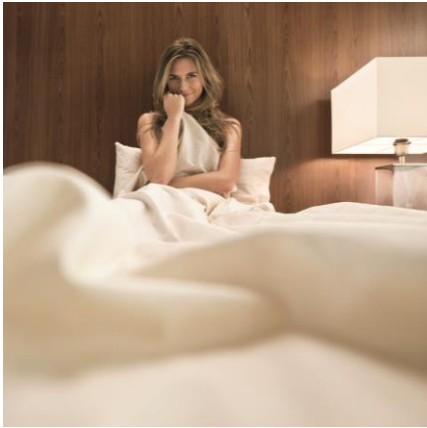
1) Including trade and other working capital

2) Including investment in financial assets and disposal proceeds

3) Including cash from Plastics sale

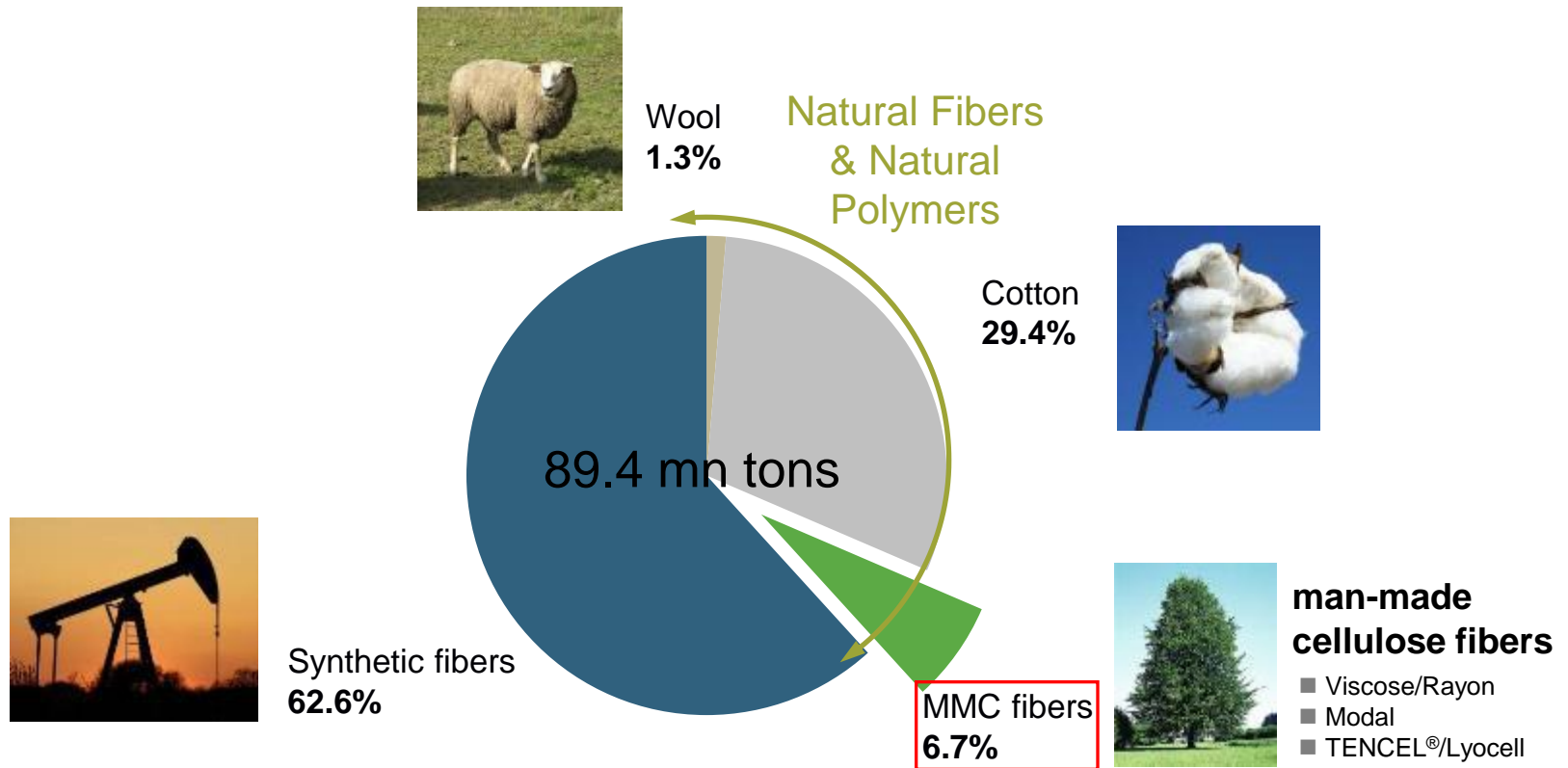
# Appendix – Equity story

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# Global fiber market at a glance







2014e production numbers



Source: CIRFS, The Fiber Year, The Fiber Organon, Lenzing estimates

# USP: Only producer of three fiber generations

Strong market position of TENCEL® and Lenzing Modal®

		Market Position and Market Share in Q1/2015 <sup>1</sup>	Unique Selling Proposition	Key End Markets	% of Fiber Sales Q1/2015 <sup>2</sup>
	Innovation drives specialities	# 1  97%	<b>...the new age fiber – outstanding sustainability</b> <ul style="list-style-type: none"> <li>Environmentally friendly process</li> <li>Breathable, next to skin characteristics</li> <li>Can be blended with cotton</li> <li>Strength (wash ability, denim process)</li> </ul>	<ul style="list-style-type: none"> <li>Jeans, bed linen, underwear</li> <li>Special technical applications</li> </ul>	25.0%
			# 1  82%	<b>...makes the world a softer place</b> <ul style="list-style-type: none"> <li>Natural softener for fabrics</li> <li>Next to skin characteristics</li> <li>Can be blended with cotton</li> </ul>	<ul style="list-style-type: none"> <li>Textile applications only</li> <li>High performance apparel (high-end underwear)</li> </ul>
	Sets industry standard	# 2  16%	<b>...sets the industry standard</b> <ul style="list-style-type: none"> <li>Superior quality allows for use of high-end textile machinery<sup>4</sup></li> <li>Consistent in dyeing and finishing</li> <li>Global service package</li> </ul>	<ul style="list-style-type: none"> <li>Consumer applications</li> <li>Technical applications</li> </ul>	59.0%

Source: Lenzing, CCFG, CCFEI

1) by production

2) Excluding sales of fiber by-products, external sales of pulp, wood, energy

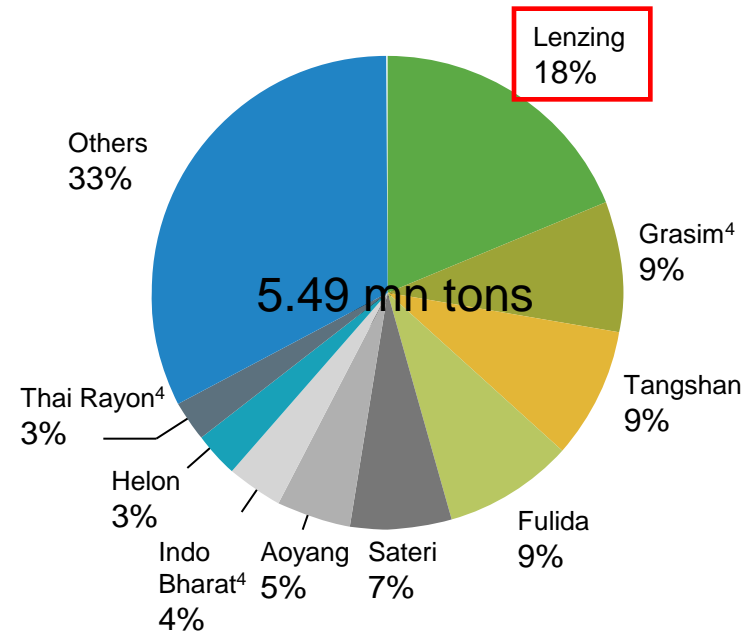
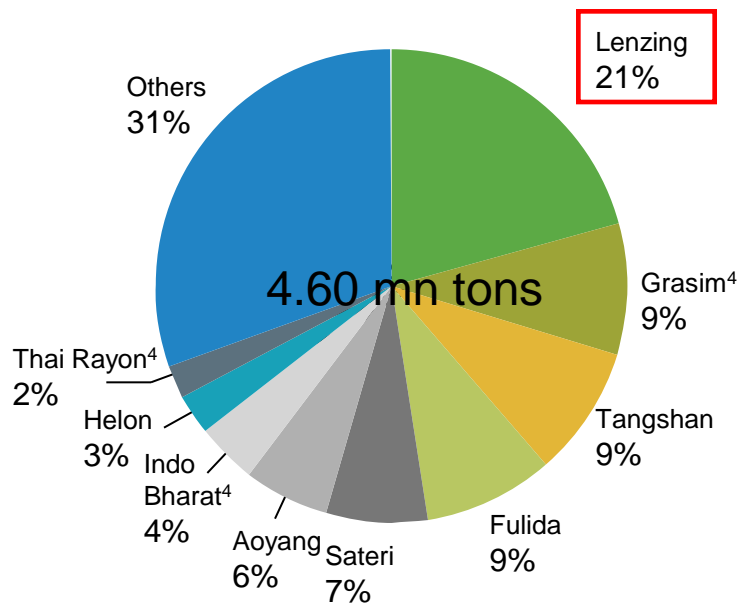
3) Including Lenzing FR®

4) e.g. airjet spinning machine allowing for 420 m/min compared to 25 m/min on regular (ring spinning) textile machines



# Lenzing: Global market leader in VSF<sup>1</sup> (2014e)

Lenzing with 21% share of production<sup>2</sup> Lenzing with 18% share of capacities<sup>3</sup>



Source: CIRFS, FEB, Trade statistics, Company estimates

1) Viscose Stable Fibers (including Modal and Tencel), excluding Viscose filaments, acetate tow, cigarette filters

2) Production China: based on 84.6% utilization

3) Based on latest available company information from company websites and annual/interim reports

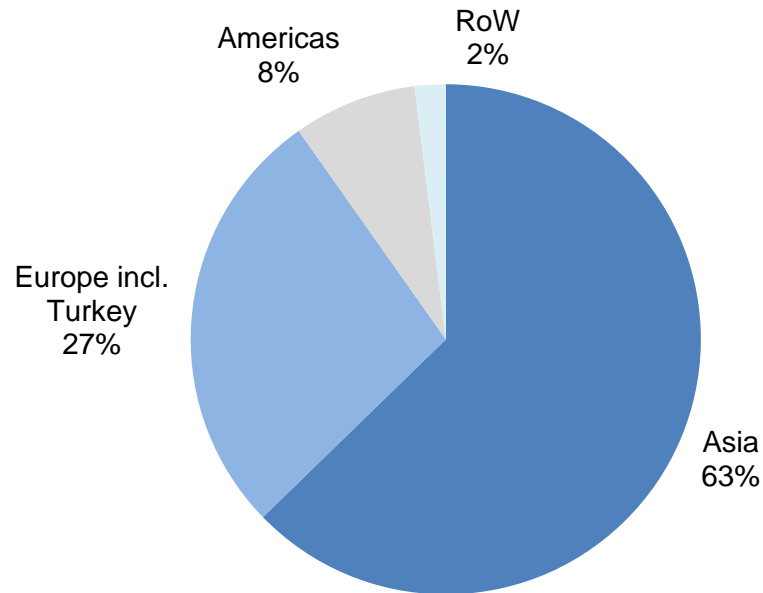
4) Direct or indirect non-controlling shareholdings by private Indian conglomerate Aditya Birla; marketing of viscose stable fibers under the "Birla" umbrella brand



# Lenzing: Only global player

Sales volume by region<sup>1</sup> – higher footprint in Asia (Q1/2014: 61%)

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Source: Company information

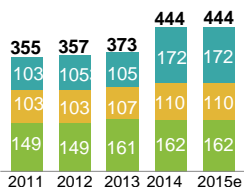
1) fiber sales by volume in metric tons, Q1/2015

# Capacity 2015<sup>1</sup> – a global footprint

TENCEL<sup>®</sup> plant with full 67 k tons capacity

## Europe<sup>2</sup>

CAGR 5.8%



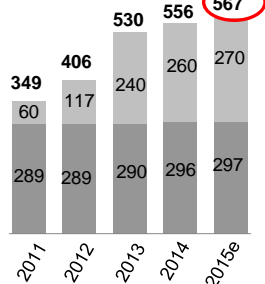
## USA

CAGR 5.7%



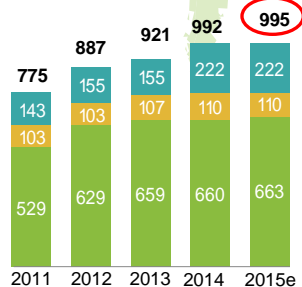
## Total pulp capacity

CAGR<sup>3</sup> 12.4%



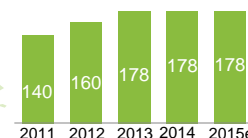
## Total capacity at year end

CAGR<sup>3</sup> 6.4%



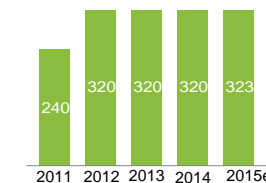
## China

CAGR 6.2%



## Indonesia

CAGR 7.7%



## Annual capacity in '000 metric tons



- 1) Figures are shown in k tons
- 2) Includes Lenzing (A), Heiligenkreuz (A) and Grimsby (UK), does not include Kelheim capacity
- 3) CAGR 2011-2015



# Capacities by site and year

Investment in TENCEL® jumbo line – full production in 2015

Plant location	Capacity – YE 2012 (metric tons)	Capacity – YE 2013 <sup>1</sup> (metric tons)	Capacity – YE 2014 (metric tons)	Planned capacity – YE 2015 (metric tons)
<b>Lenzing / Austria</b>	<b>252,000</b>	<b>268,000</b>	<b>339,000</b>	<b>339,000</b>
Lenzing Viscose®	149,000	161,000	162,000	162,000
Lenzing Modal®	103,000	107,000	110,000	110,000
TENCEL®	-	-	67,000	67,000
<b>Heiligenkreuz / Austria, TENCEL®</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Purwakarta / Indonesia, Lenzing Viscose®</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>323,000</b>
<b>Nanjing / China, Lenzing Viscose®</b>	<b>160,000</b>	<b>178,000</b>	<b>178,000</b>	<b>178,000</b>
<b>Grimsby / UK, TENCEL®</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Mobile / USA, TENCEL®</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Total fibers</b>	<b>887,000</b>	<b>921,000</b>	<b>992,000</b>	<b>995,000</b>
<b>Lenzing / Austria (pulp)</b>	<b>290,000</b>	<b>293,000</b>	<b>296,000</b>	<b>297,000</b>
<b>Paskov / Czech Republic (pulp)</b>	<b>117,000</b>	<b>240,000</b>	<b>260,000</b>	<b>270,000</b>

1) Adjusted

# Capacity by site 2015

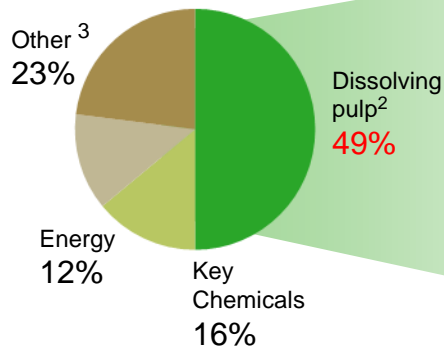
(metric tons)	Capacity per March 31, 2015	Capacity per June 30, 2015	Capacity per September 30, 2015	Capacity per December 31, 2015
Lenzing	339,000	339,000	339,000	339,000
Indonesia	320,000	320,000	320,000	323,000
Nanjing	178,000	178,000	178,000	178,000
Heiligenkreuz	65,000	65,000	65,000	65,000
Grimsby	40,000	40,000	40,000	40,000
Mobile	50,000	50,000	50,000	50,000
<b>Total</b>	<b>992,000</b>	<b>992,000</b>	<b>992,000</b>	<b>995,000</b>

# Lenzing has cost advantages

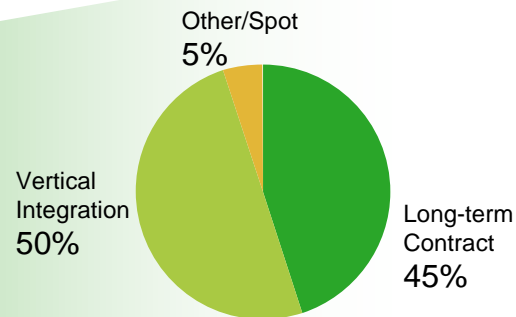
Through pulp integration and long-term pulp supply contract

- Pulp is the main input factor with **49% share of total costs of material and purchased services**
- 90+% of long-term pulp supply secured through own production (vertical integration) and long-term supply contracts
- Long-term contract **linked to paper pulp index** (not to spot price of dissolving pulp)

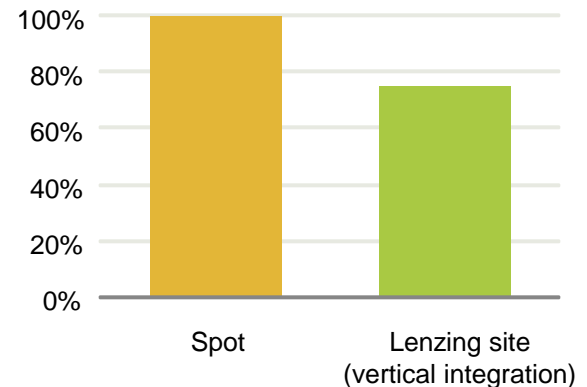
Cost structure Lenzing Group (Q1/2015)<sup>1</sup>



Lenzing Group pulp sourcing (Q1/2015)<sup>4</sup>



Indicative spot pulp procurement cost vs. vertical integration<sup>5</sup>



Source: Lenzing

Source: Lenzing

1) Cost structure based on cost of materials and purchased services amounting to EUR 307.2 mn in Q1/2015

2) Including wood

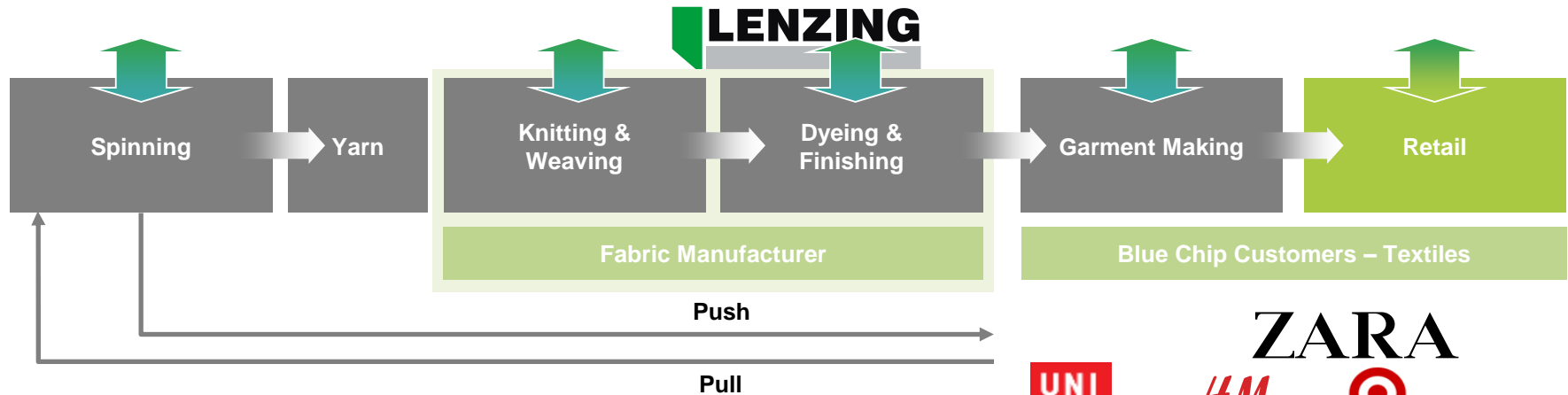
3) Other includes trading goods, other raw materials, packaging, auxiliary material

4) Data refers to pulp sourced in a quarter

5) Assuming spot price of \$ 800 per metric ton

# Textile: Building barriers to entry

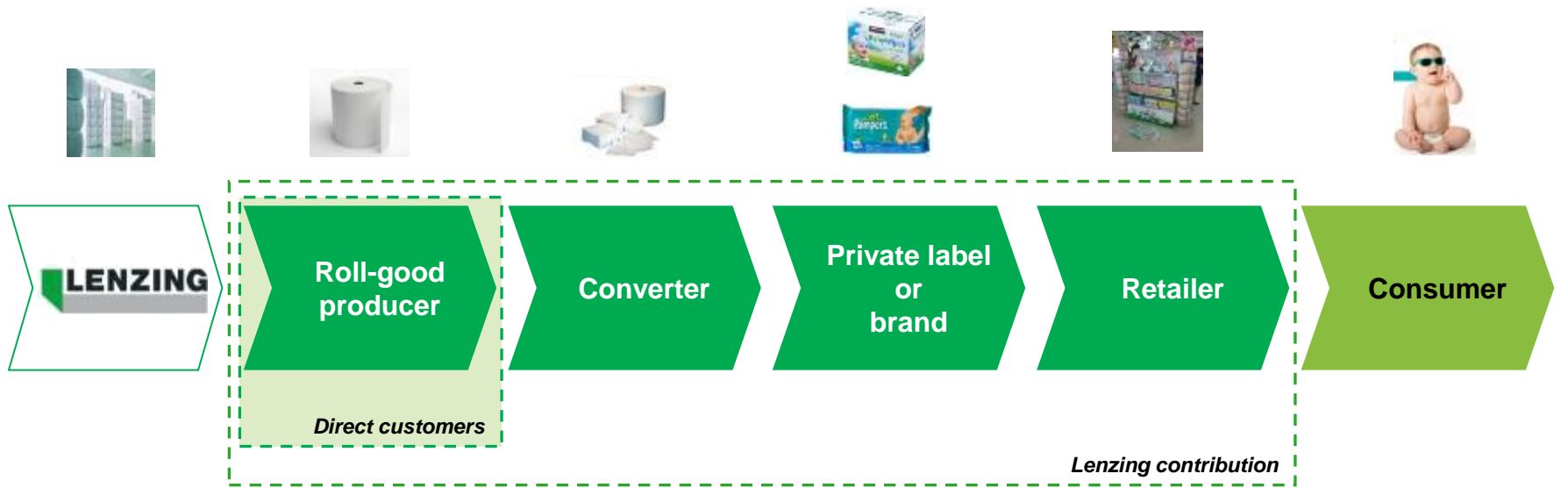
Global branded supplier to blue chip customer base



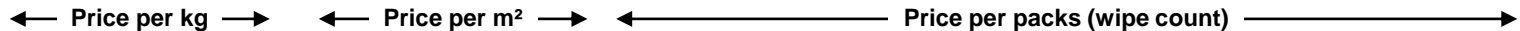
- **Trusted, long-term partner** for global consumer brands
- **Global integrated marketing and sales network**
- **Branded supplier** with involvement in value chain decision process of customers
  - ➔ **Push:** Close collaboration with manufacturers of spinning machinery
  - ➔ **Pull:** Marketing through tailored and innovative branded products unique to Lenzing
- **Customer stickiness**



# Nonwoven value chain



Price reference:



➔ Lenzing is very close to the customer due to short value chain and significant certification requirements

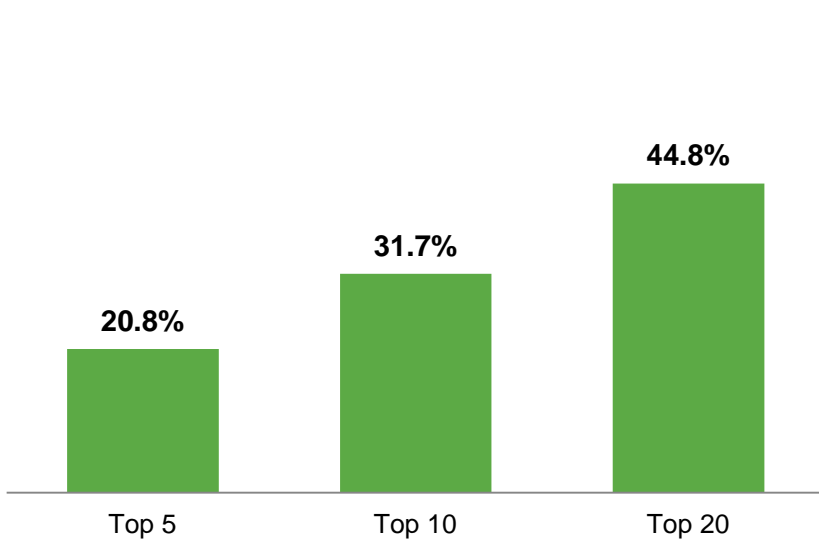


# Sales and marketing

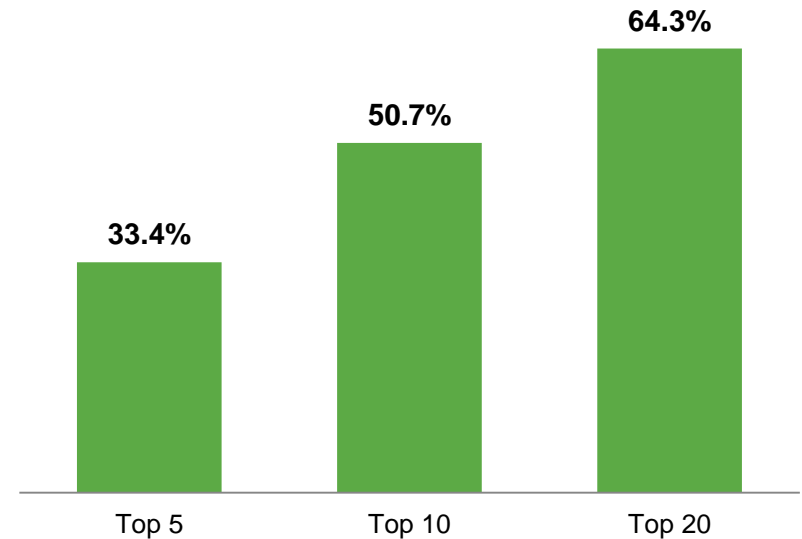
## Customer concentration

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Textiles – % of sales by customers  
(Q1/2015<sup>1</sup>)



Nonwoven – % of sales by customers  
(Q1/2015<sup>1</sup>)



Source: LAG

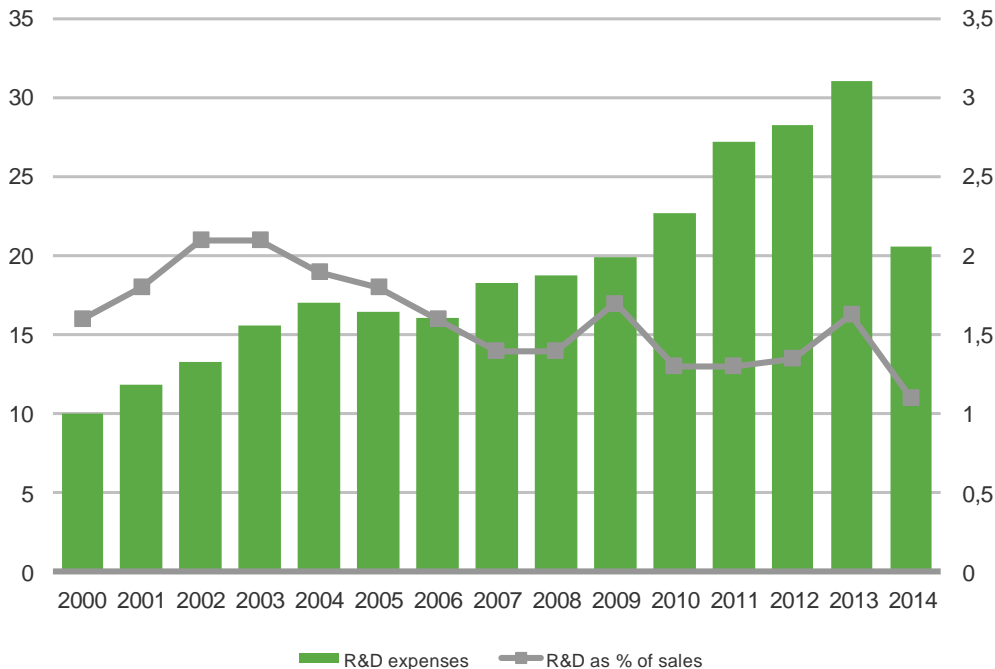
1) Due to a new clustering in 2015, the figures cannot be compared to previous years



# Lenzing is the innovation leader

Industry leading R&D spend (EUR 20.6<sup>1</sup> mn in 2014)

## R&D expenses (2000-2014)



Source: LAG, as at December 31, 2014

1) Pursuant Frascati

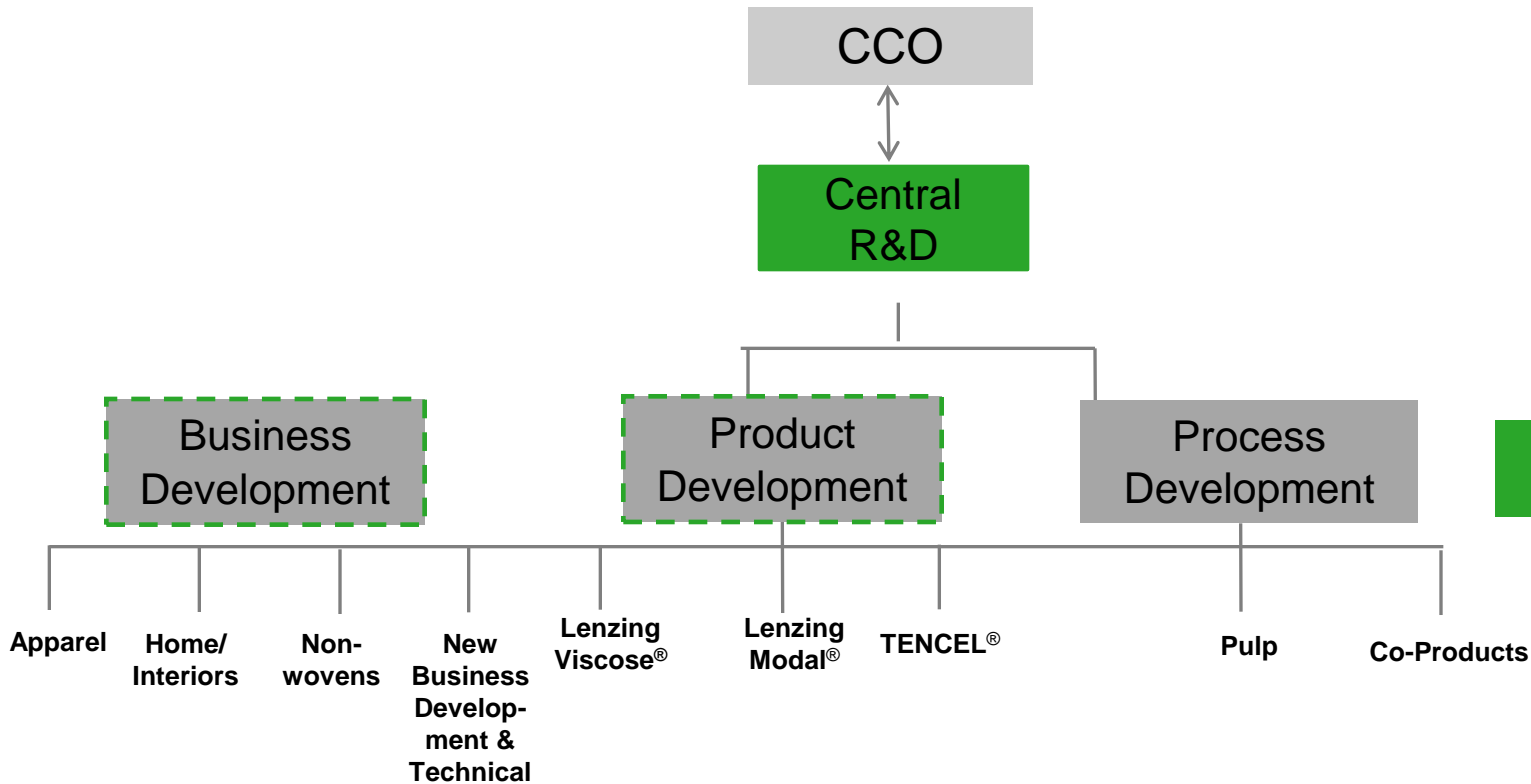
## Intellectual property

- As of December 2014, Lenzing owned approx. 1,500 patent applications and patents in 63 countries belonging to 250 patent families
- All significant patents are filed and maintained in Asia, the European Union and the Americas
- The majority of the patent portfolio focuses on lyocell technology (TENCEL®)
- As of December 2014, Lenzing owned approx. 1,680 trademark applications and trademarks in 93 countries belonging to 110 trademark families

# Innovation process adapted to new functional organization



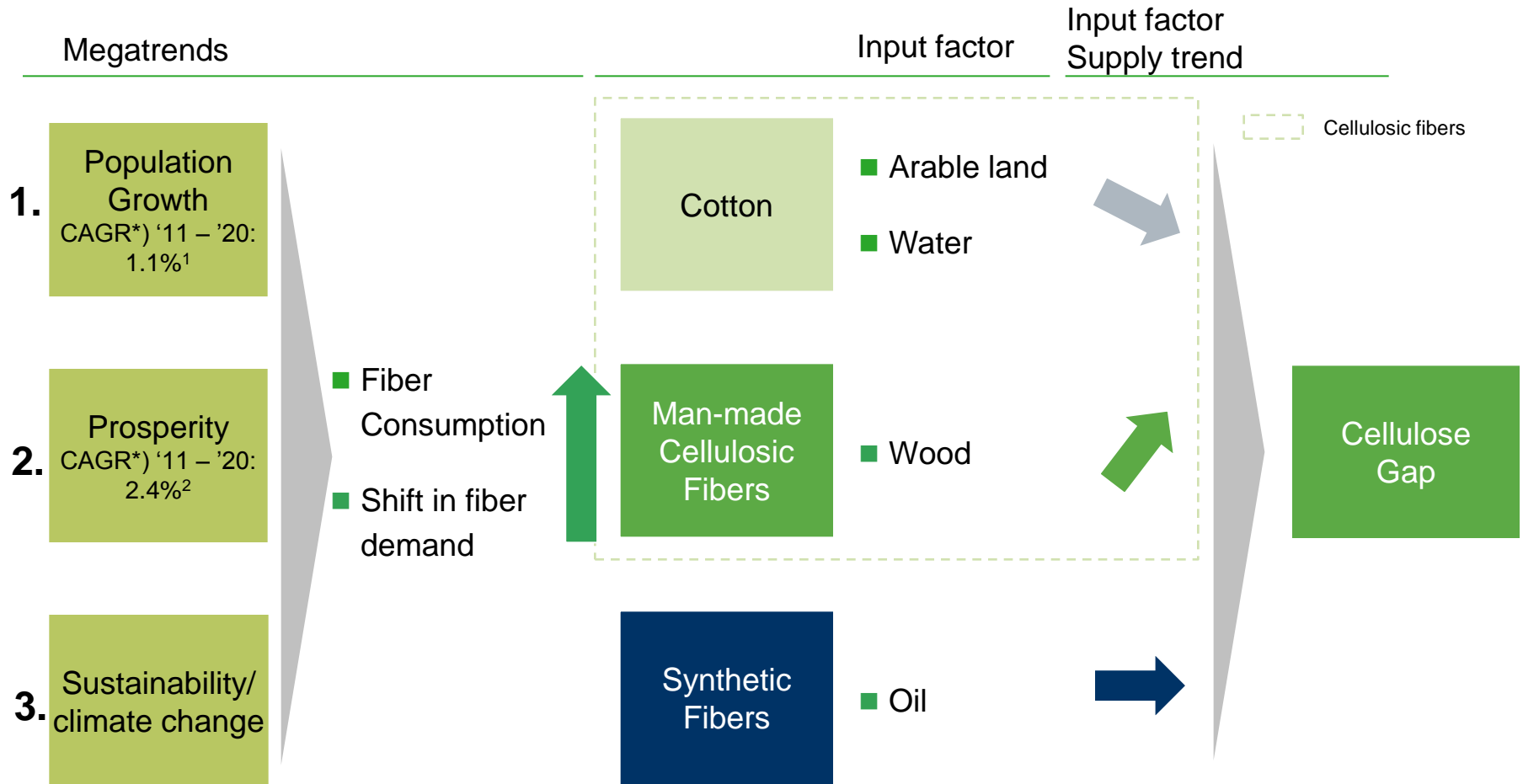
New innovation process „PRO”



New R&D organization

# Growth drivers for the MMC market

## Three megatrends



\*) compound annual growth rate

1) forecasted growth from UN Population Division

2) forecasted growth of global real GDP per capita by Global Insight

# Cellulose Gap

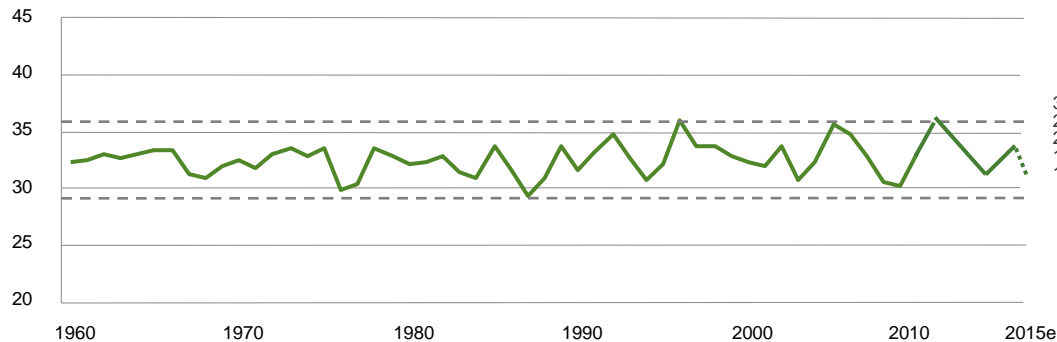
Limited potential to increase cotton supply increases demand for MMC fibers

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Cotton planted area expected to remain within historical narrow band (1960-2015e)

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Million hectares

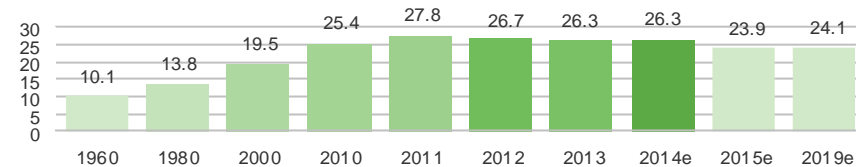


Source: U.S. Department of Agriculture  
ICAC, May 1, 2015

Structural limitations in cotton production: effects from yield expansion leveling out

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Million metric tonnes



Source: ICAC, May 1, 2015

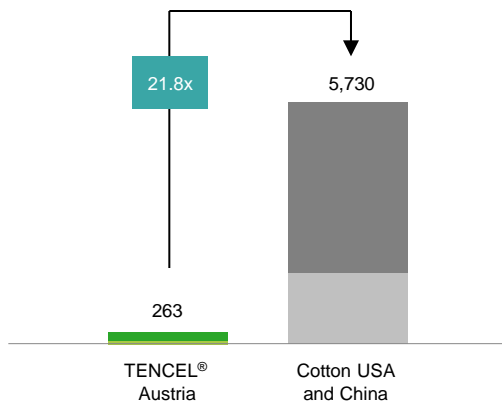
# Mega-trend: Sustainability

## Green footprint of MMC: Significantly more environmentally friendly than cotton

- More than 50% of Lenzing's fuel consumption sourced from renewable resources
- Lenzing Group environmental impact of production relative to cotton only approx. 5.7%

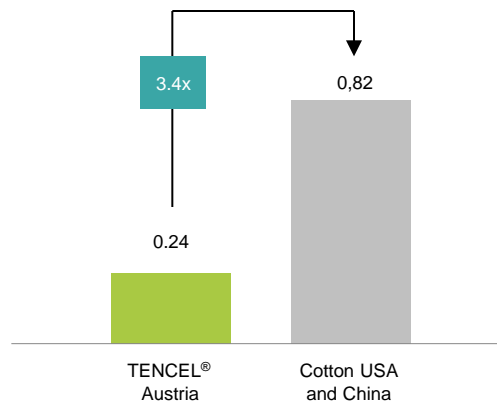
### Water consumption

m<sup>3</sup> per metric ton of fiber



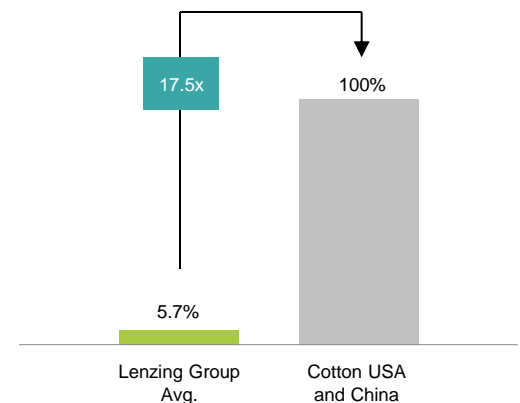
### Required acreage for production of one metric ton of fiber

Hectares per metric ton and year



### Environmental impact of production<sup>1</sup>

Relative to cotton

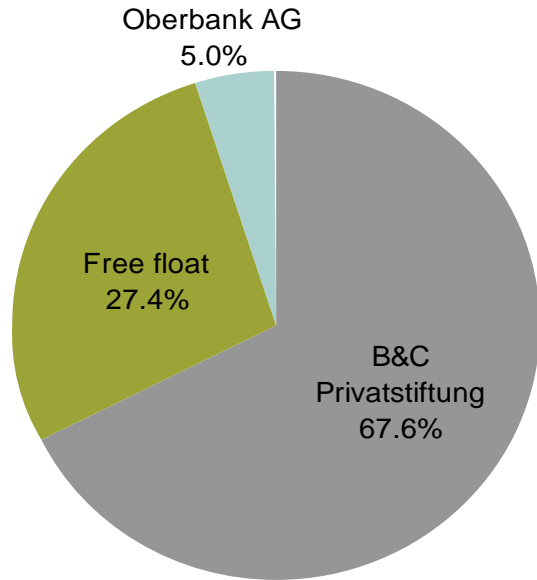


■ Process water ■ Cooling water ■ Groundwater irrigation ■ Surface water irrigation

Source: "Life Cycle Assessment of man-made Cellulose fibers"; Li Shen, Martin Patel; 2007

1) Including freshwater ecotoxicity, terrestrial ecotoxicity and others

# Lenzing share information



## Overview of B & C Privatstiftung<sup>1</sup>

- 67.6% owner of Lenzing is B & C Privatstiftung (B & C Private Foundation). Its purpose is the promotion of Austrian entrepreneurship.
- B & C Industrieholding GmbH is the management holding of B & C Foundation with 3 representatives on Lenzing's Supervisory Board.
- As the core shareholder, B & C takes a long-term view and supports the strategy of Lenzing Group.

ISIN	LNZ / AT0000644505
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Indices	ATX Prime, ATX Global Players, VÖNIX Sustainability Index
Number of shares	26,550,000 mn
Share price March 31, 2015	62.62 EUR
Market capitalization March 31, 2015	1,662.6 mn

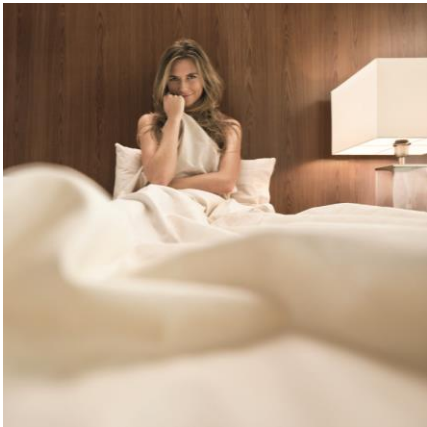
## Coverage as of May 18, 2015:

Baader Bank	Sell
Bank of America Merrill Lynch	Underperform
Berenberg Bank	Hold
Citi Group	Sell
Deutsche Bank	Hold
Erste Group	Hold
Kepler Cheuvreux	Buy
Raiffeisen Centrobank AG	Buy

1) Link to B & C Privatstiftung homepage: <http://www.bcprivatstiftung.at/bc-privatstiftung/die-privatstiftung/> (only in German)

# Back-up

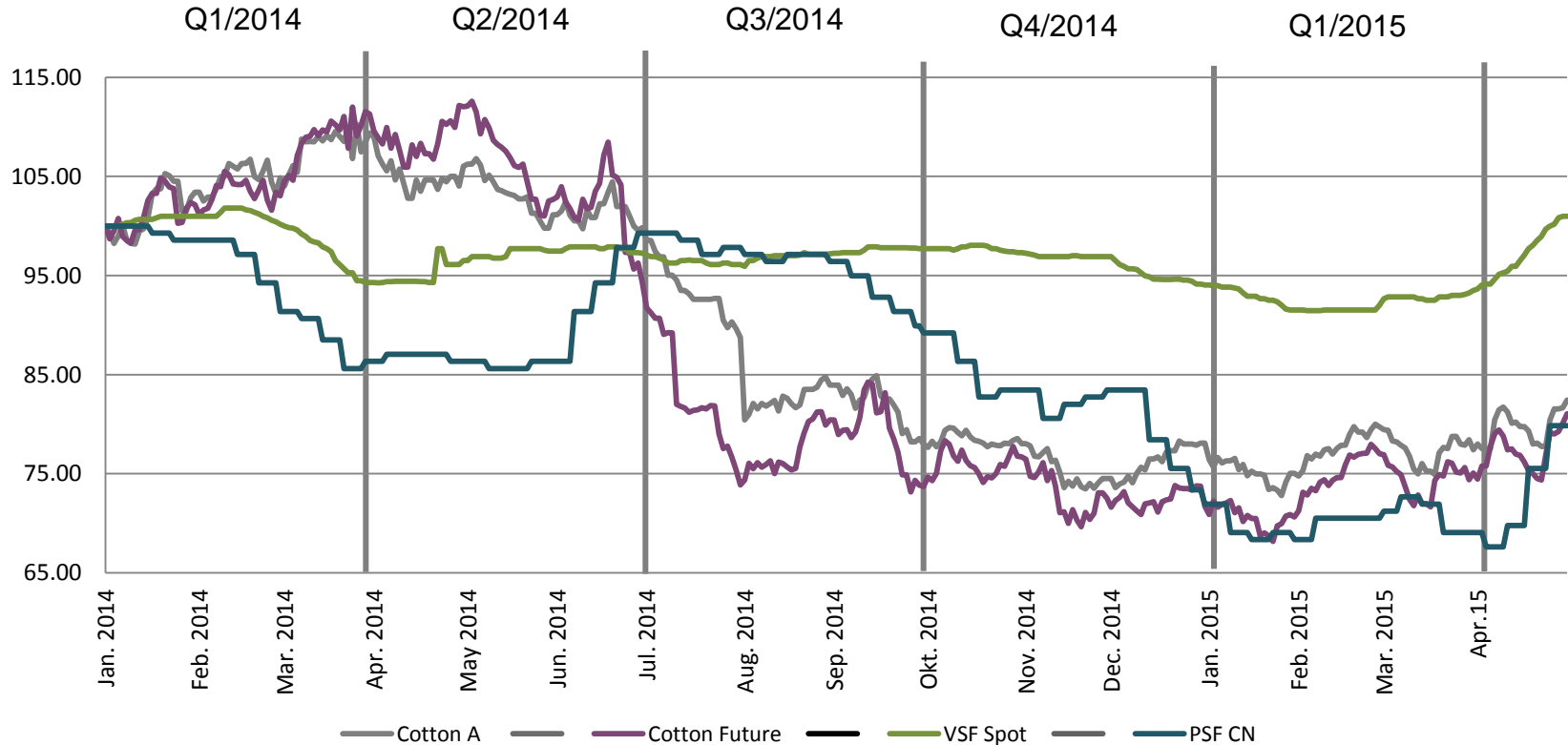
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# Q1/2015: Low pricing level remains<sup>1</sup>

But VSF prices have increased by 9% to ~12.500 RMB<sup>2</sup> since January

(Index: Base = January 2, 2014)

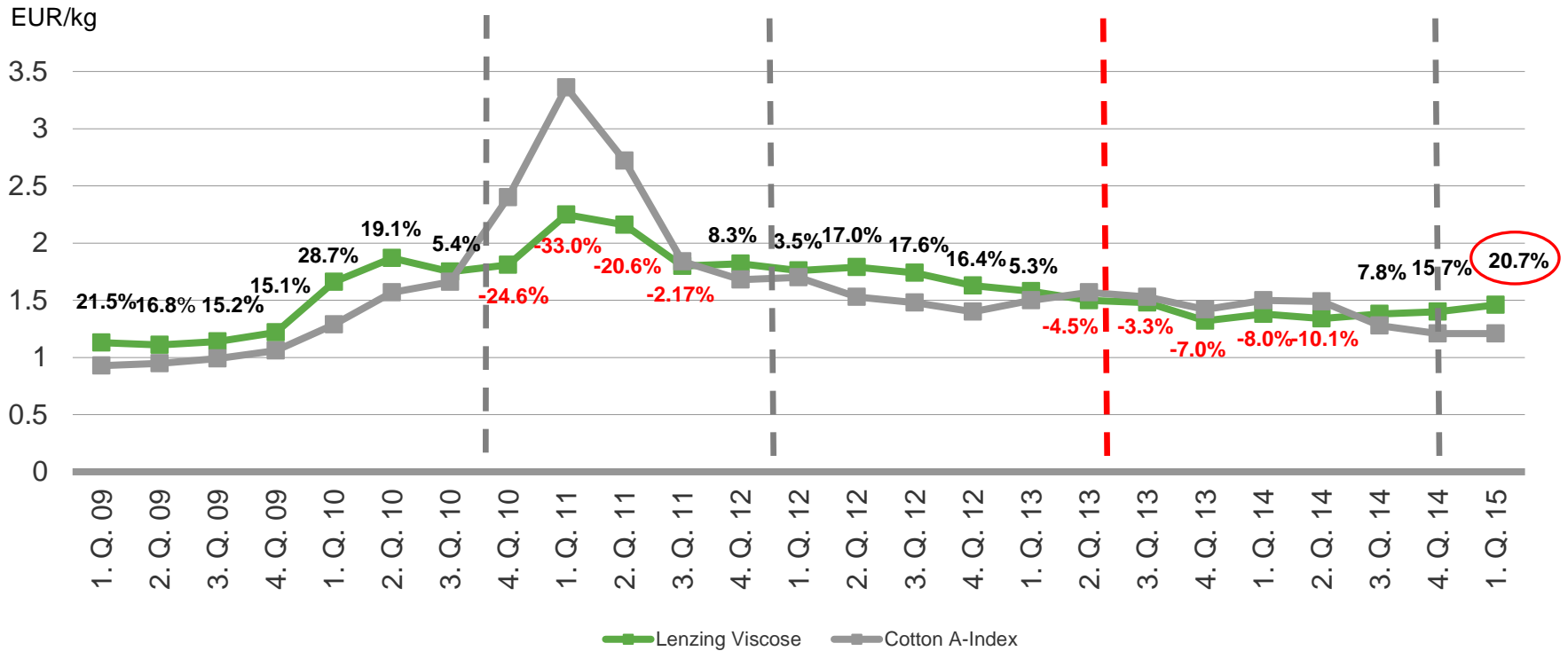


- 1) VSF = Viscose fiber spot market price 2) Cotton A index as of January 2, 2014 at 70.1 USct/lbs; Cotton Future calculated on the basis of the most liquid next future compared with the actual Cotton A Index data
- 2) As at May 8, 2015



# Lenzing Viscose<sup>®</sup> textile prices compared to cotton price development

VSF prices increasing premium over cotton<sup>1</sup>

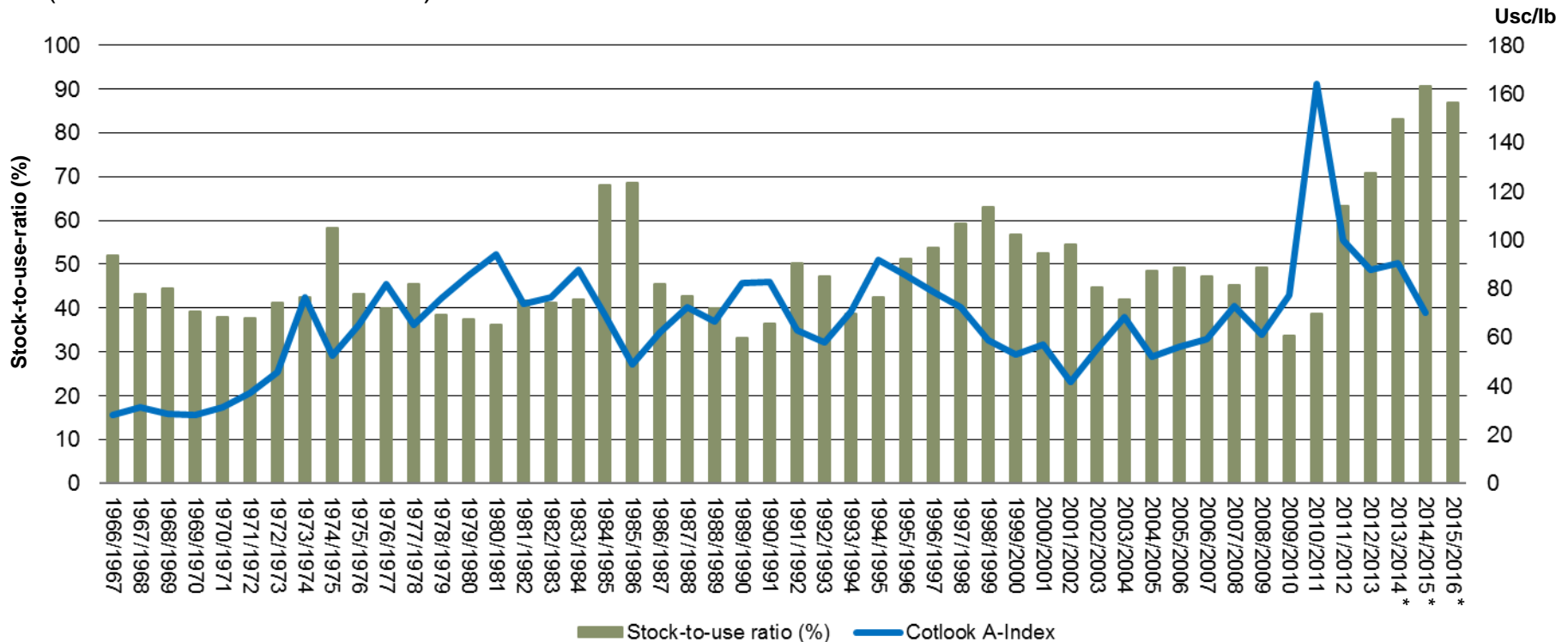


1) Historically, standard viscose fibers traded with a 15-20% premium over cotton. (based on Cotton A-Index spot in EUR/kg ; Bloomberg: Cotlook A; Reuters COT-INDX-FE)

# Fiber market environment

Highest stock-to-use-ratio ever at approx. 90.7% (2014/2015\*)

- World cotton production of 26.34 mn tons, consumption of 24.05 mn tons and ending stocks of 21.81 mn tons
- Huge Chinese national cotton reserve of estimated 12.45 mmt<sup>1</sup> tons (>57% of world inventories)



Source: ICAC, May 1, 2015

\* estimated

<sup>1</sup>) million metric tons

# Our production sites

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**Lenzing AG –  
Austria (Fiber and pulp)**



**PT. South Pacific Viscose –  
Indonesia (Viscose)**



**Biocel Paskov a.s. –  
Czech Republic (Pulp)**



**Grimsby –  
Great Britain (TENCEL®)**



**Heiligenkreuz –  
Austria (TENCEL®)**



**Mobile –  
USA (TENCEL®)**



**Lenzing (Nanjing) Fibers  
Co. Ltd. – China (Viscose)**



# Where our fibers end up

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# Where our fibers end up

## Apparel - Ladies' wear – close to skin

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- 100% TENCEL®



- Jacket: 35% TENCEL® / 18% Ramie / 47% Organic cotton, Jumpsuit: 100% TENCEL®



- Asymmetric Hem Dress
- 100% TENCEL®



- 100% TENCEL®
- 65% TENCEL® / 35% Cotton



# Where our fibers end up

## Home and Interiors

- 100% TENCEL®  
bedlinen  
duvets  
mattresses

- Lenzing Modal®  
towels  
bathrobes  
....



*Sleepcool*

...bringt Ihnen einen besonderen Schlaf

Schlafkomfort der Extraklasse

Erlauben Sie sich den perfekten Schlaf. Sleepcool ist die Antwort für einen erholsamen Schlaf. Wir bieten eine Menge, aber innovativer Ansätze an Lenzing-Modalen Funktionsprodukten für Ihre Bettwaren, die sich Ihrem Wärmebedürfnis anpassen. Ganz individuell. Ganz einfach.

Umso viel Sie schwitzen weniger und schlafen besser

Holen auch Sie sich den neuen Klimakomfort ins Bett!



# Where our fibers end up

## Nonwovens

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- TENCEL® wash cloth



- TENCEL® face masks



- TENCEL® hygiene articles



# Where our fibers end up

## New Business Development & Technical

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- TENCEL®  
car seats  
tires  
injection moldings  
...



- Lenzing Modal® COLOR  
vegetable and fruit nets  
eg. at REWE Austria



- TENCEL®  
laces  
soles  
outer/inner layer





# Contacts and financial calendar

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## ■ Financial calendar

Financial calendar 2015

Full year results	March 24, 2015
70th Annual General Meeting	April 22, 2015
Results 1st quarter	May 18, 2015
Half year results	August 25, 2015
Results 3rd quarter	November 12, 2015

### ➔ Visit our IR website:

<http://www.lenzing.com/en/investors/financial-publicationsad-hoc.html>

### ➔ Visit our SRI sites:

<http://www.lenzing.com/en/responsibility/our-approach.html>

<http://www.lenzing.com/en/press/publications/sustainability-reports.html>