

# 2021 Linear to Circular



Lenzing Investor Presentation

Results 01-03/2022  
May 4, 2022

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- Definition and further details on the calculation of financial key indicators can be derived from the Half-Year Report and the Annual Report. These reports are also available online on the website of the Lenzing Group [www.lenzing.com](http://www.lenzing.com) in the section "Investors".

# At a glance

## Q1-2022 financial results

- Revenue of EUR 615 mn (EUR 489 mn in Q1-2021)
- EBITDA of EUR 88 mn (EUR 95 mn in Q1-2021)
- Net result after minorities and hybrid bond of EUR 23 mn (EUR 28 mn in Q1-2021)
- EPS of EUR 0.87 (EUR 1.06 in Q1-2021)

## Outlook and guidance 2022

- **Positive market environment** remains characterized by high level of **uncertainty, high raw material and energy costs** as well as **supply chain disturbances**
- Taking into account the above factors and due to first margin contributions from its two new production sites, the Lenzing Group continues to expect **EBITDA in 2022 significantly above 2021 levels**

## Key developments & strategic highlights

- Ramp-up phase of Lenzing's new 100 kt Lyocell plant ongoing
- Successful startup of 500 kt DWP<sup>2</sup> mill in Brazil fully on schedule
- Stephan Sielaff took over as CEO as of April 1, 2022 and Christian Skilich with early extension of his contract for three more years

## 2024 targets confirmed

- EBITDA of EUR 800 mn
- ROCE<sup>1</sup> > 10 %
- Financial leverage < 2.5x
- Specialty share > 75 % of fiber revenue
- Backward integration > 75 % in DWP<sup>2</sup>
- CO<sub>2</sub> emission reduction<sup>3</sup> > 40 %

# Highlights



# Stephan Sielaff started as new CEO of Lenzing AG

## Composition of the Management Board of Lenzing AG as of April 1, 2022

### Chief Executive Officer

Stephan  
Sielaff



### Chief Financial Officer

Thomas  
Obendrauf



### Chief Commercial Officer Fiber

Robert  
van de Kerkhof



### Chief Pulp Officer

Christian  
Skilich



- Stephan Sielaff - previously member of the Management Board as CTO - was appointed CEO as of April 1, 2022
- In connection with the reduction in the size of the Management Board, some of the responsibilities were newly assigned
- Thomas Obendrauf will not renew his contract, which expires in June 2022 - search for replacement underway
- Christian Skilich with early extension of his contract for three more years
- Cord Prinzhorn took over as chairman of the Supervisory Board
- The AGM decided on April 26<sup>th</sup> to link long-term incentives of the Management Board to ESG criteria

# Successful startup of Lenzing's new DWP mill in Brazil fully on schedule and in budget

## New 500 kt DWP mill in Brazil

- 500 kt single line DWP mill - **largest of its kind**
- USD 1.38 bn industrial capex
- Absolute **cost leader**
- Long-term average DWP price: USD ~ 900/mt
- **Successful startup** - almost full run rate expected end of 2022



- JV LD Celulose (LDC): Lenzing holds 51%, Dexco<sup>1</sup> 49%
- JV **fully consolidated** by Lenzing



# Ramp-up phase of Lenzing's new 100 kt Lyocell plant successfully ongoing

## Lenzing's new 100 kt Lyocell plant in Thailand

- Project delivered **on schedule** and **at budget** after two and a half years of construction despite challenges arising from a global pandemic
- New plant will help serve the **growing demand** for **sustainably produced fibers** and will significantly contribute to overachieve Lenzing's **specialty share target** of 75 % by 2023
- The plant in Thailand is being operated **CO<sub>2</sub>-neutral** – and is therefore an important **milestone** towards a **carbon-free future**



# Market update

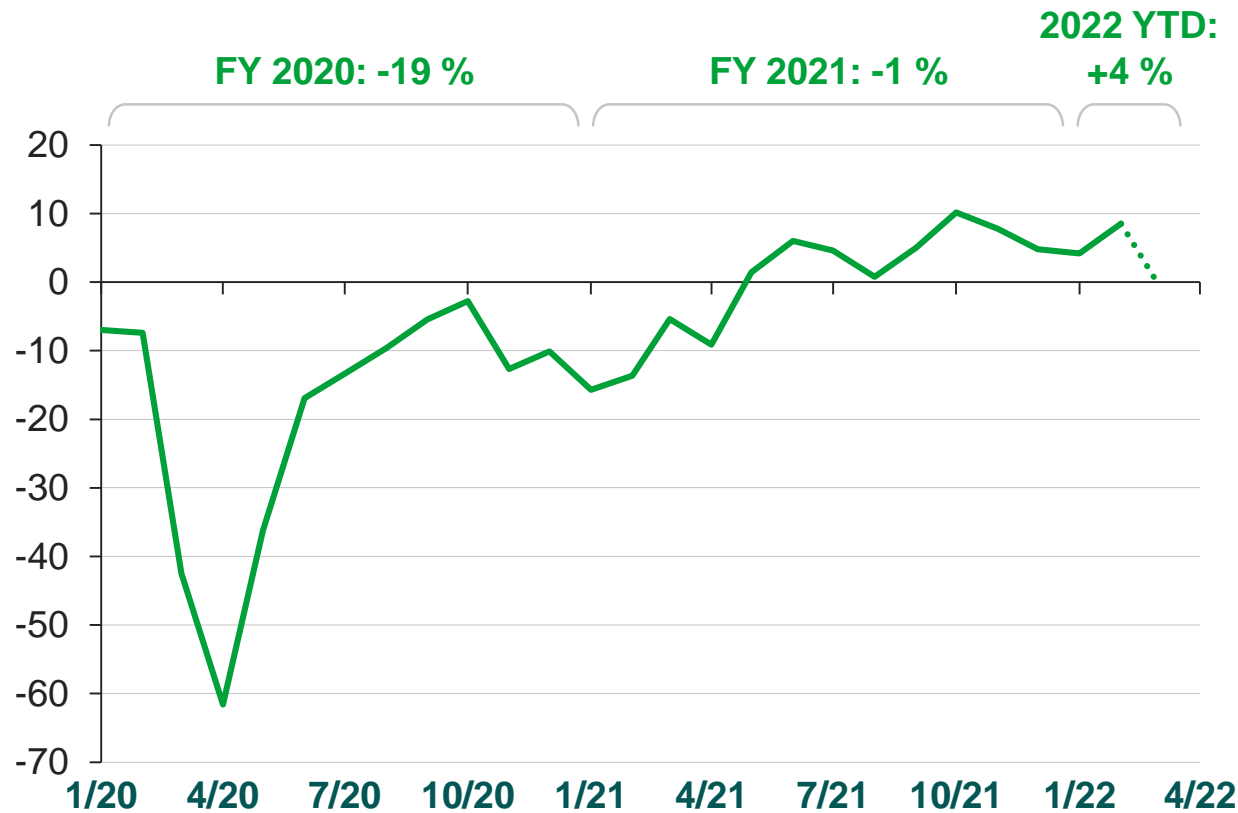




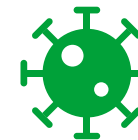
# Global textile demand on pre-pandemic level, drop in March mainly caused by Covid outbreak in China

## Monthly global apparel retail sales<sup>1</sup>

Percent of 2019



Large regional differences in demand development



Demand partially decoupled from high Covid cases, except for China



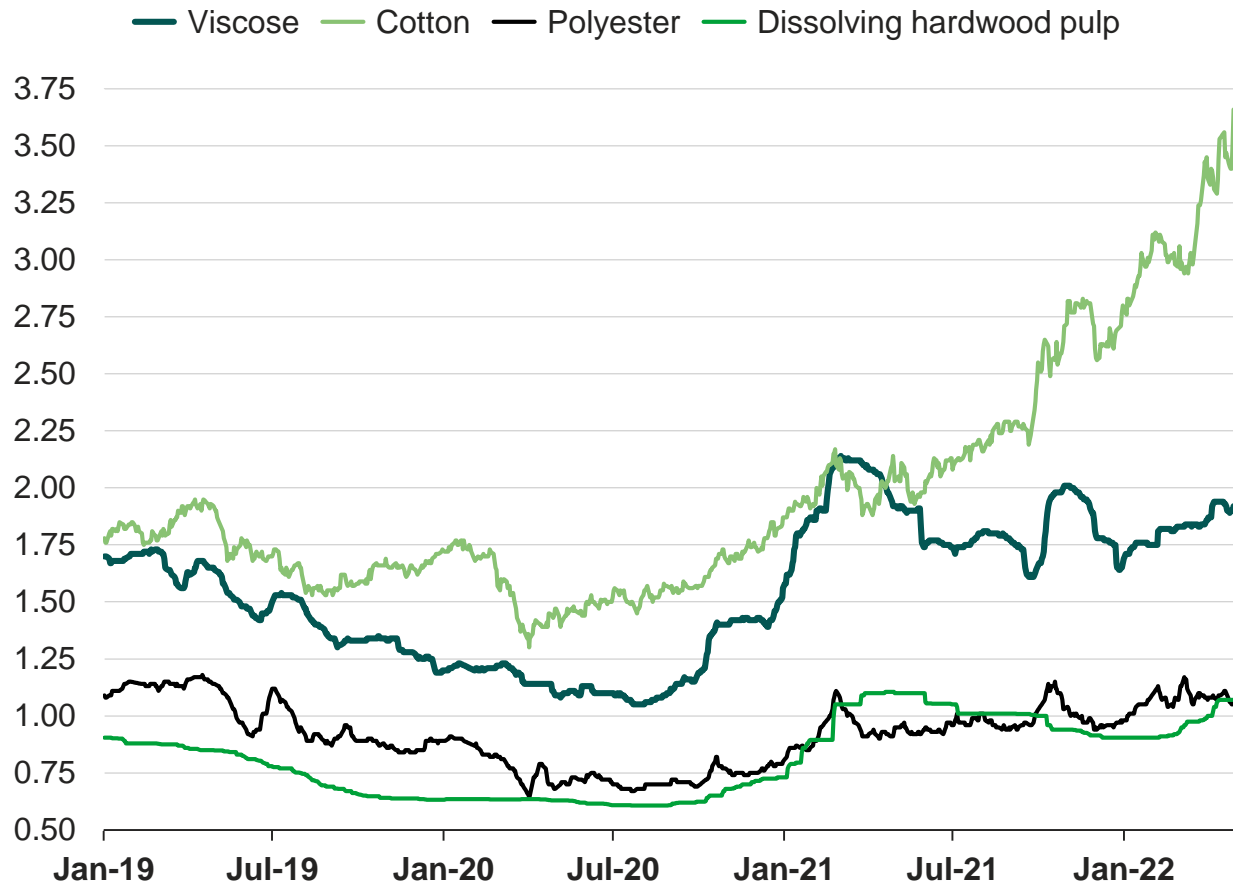
High uncertainty from geopolitical situation, European consumer confidence on record low

<sup>1</sup> Estimated based on 42 countries accounting for 84 % of global 2019 apparel retail sales. For some countries (e.g., US, EU) excluding online retail sales. Number for March is a first estimate based on only 14 countries accounting for 63 % of global sales

# Cotton prices have risen to USD/kg ~3.65 and viscose is back to levels above USD/kg 1.90

## Fiber prices in China

USD/kg, excl. VAT



### Viscose

- Prices are pushed by climbing pulp and processing costs
- Operating rates in Chinese VSF industry currently at ~79%
- Inventories of ~22 days in line with long-term average

### Cotton

- Current price level last seen 2011
- Price rally supported by good fundamentals, but also driven by competition for acreage with certain crops such as corn and soy

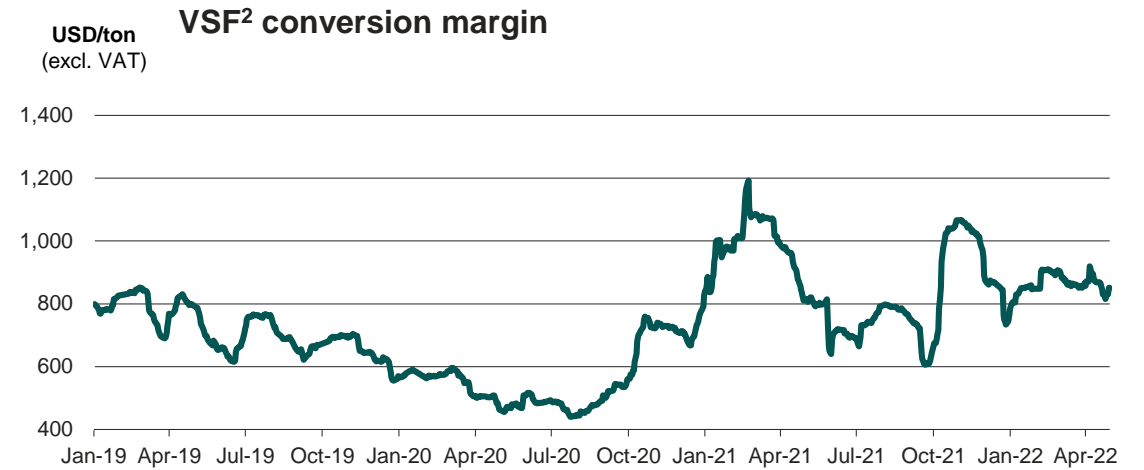
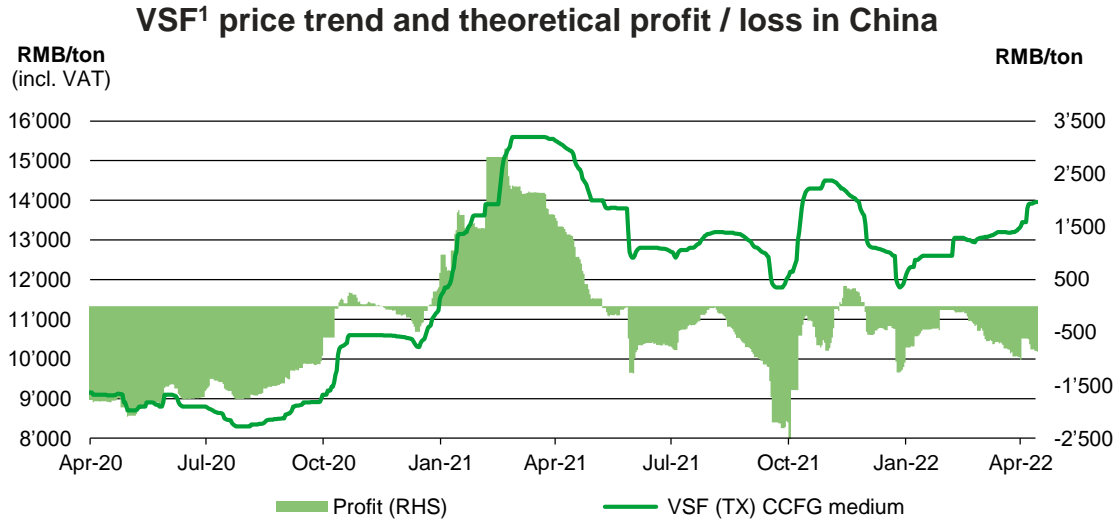
### Polyester

- Prices stayed firm over a fall in production levels in China, in line with Covid-19 related restrictions

### Dissolving hardwood pulp

- Prices reflect the tight supply situation in China, in line with paper pulp, and amplified by natural disaster impacting South African mill

# However, Chinese viscose plants are still suffering losses caused by firm pulp prices and high processing costs



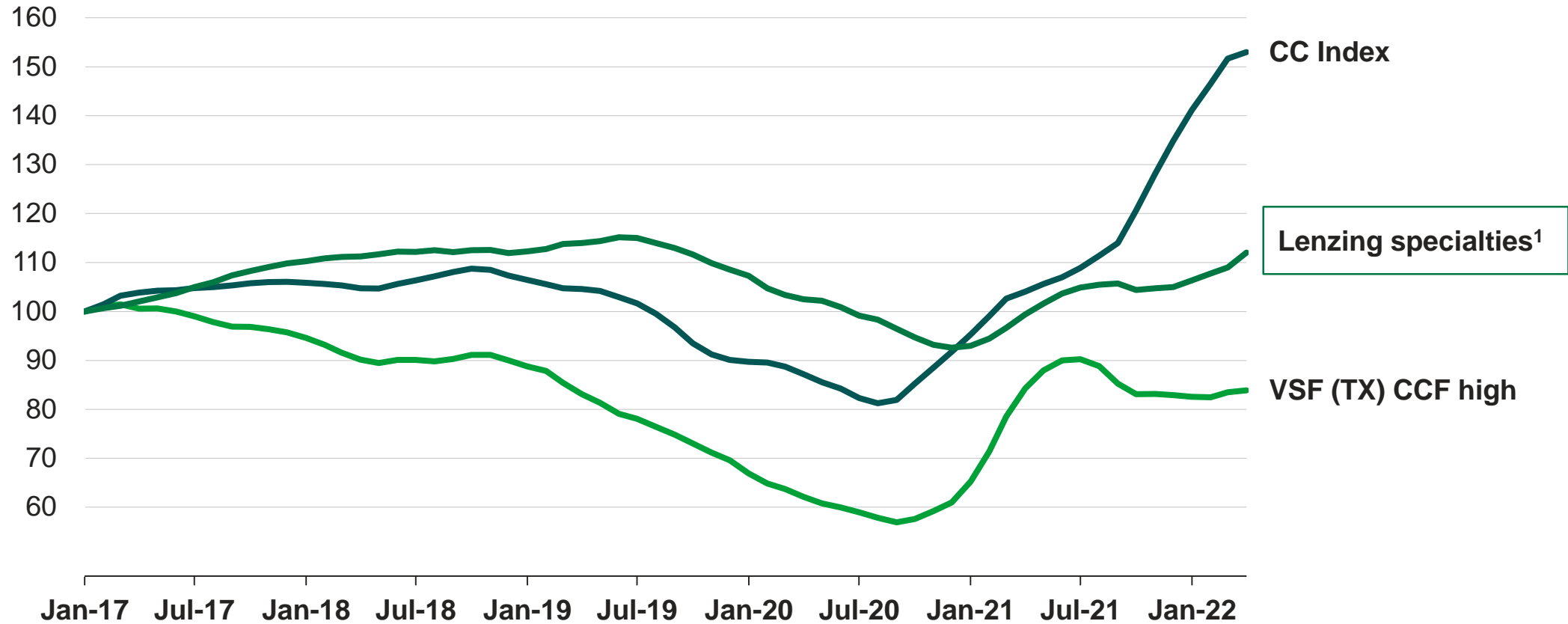
1 Standard viscose staple fibers, price development until April 30th, 2022

2 Conversion margin = VSF – imported hardwood dissolving pulp (DWP). DWP is key input material; 1 ton of fiber (VSF, modal, lyocell) requires ~1 ton of DWP

# Lenzing specialties extend their lead over viscose

## Cellulosic fiber prices in China

6-months average, percent from January 2017, converted at constant FX rates



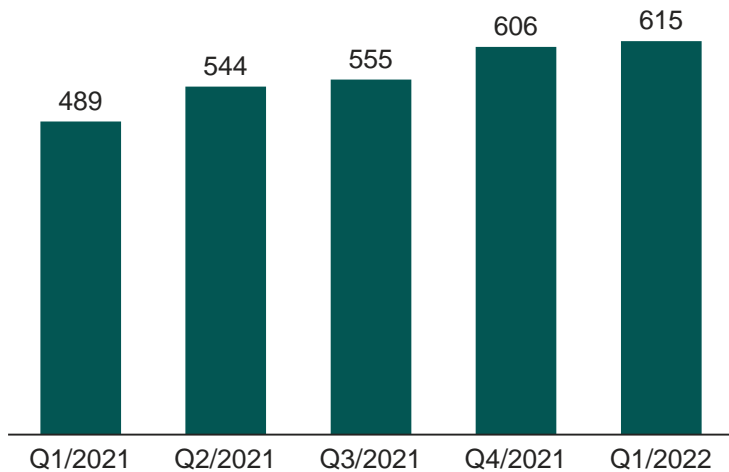
<sup>1</sup> Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

# Financials

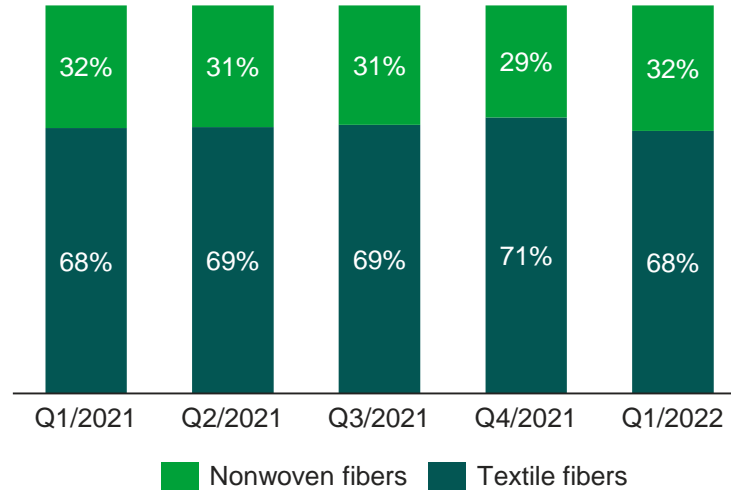


# Group revenue reached EUR 615 mn

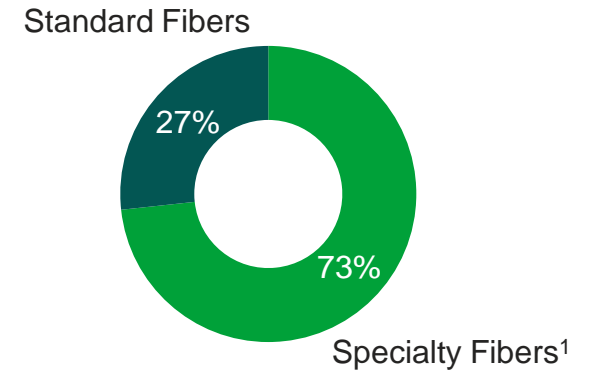
Group revenue in EUR mn



Fiber revenue by application, %



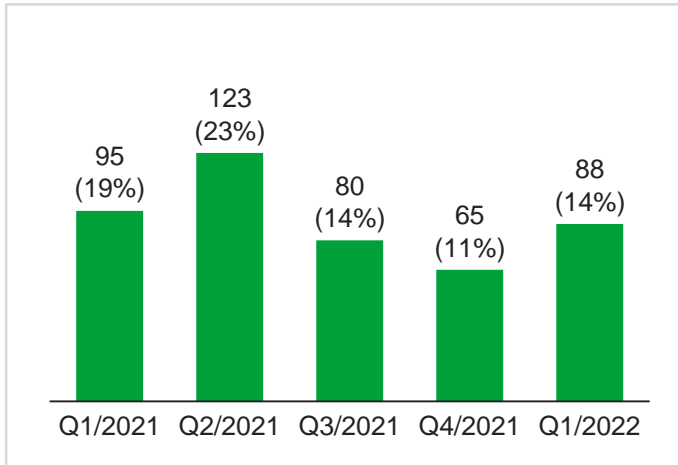
Specialties share of fiber sales in Q1/2022



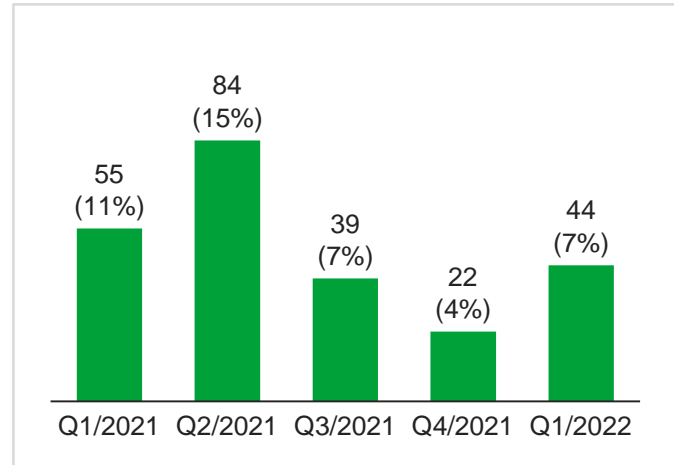
1) LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

# EBITDA back to close to EUR 90 mn

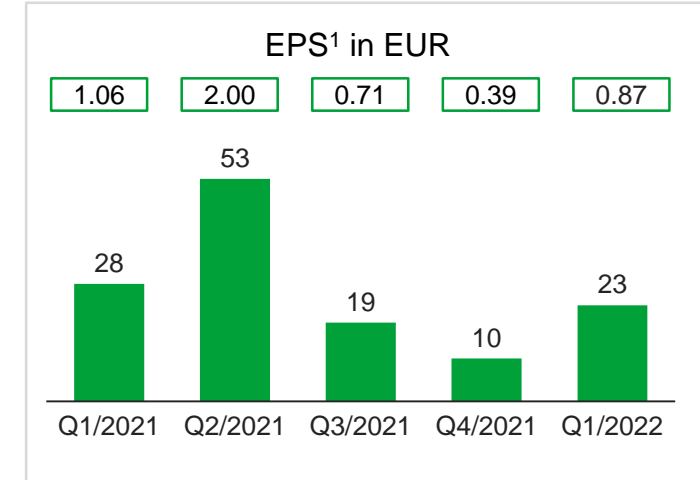
EBITDA in EUR mn



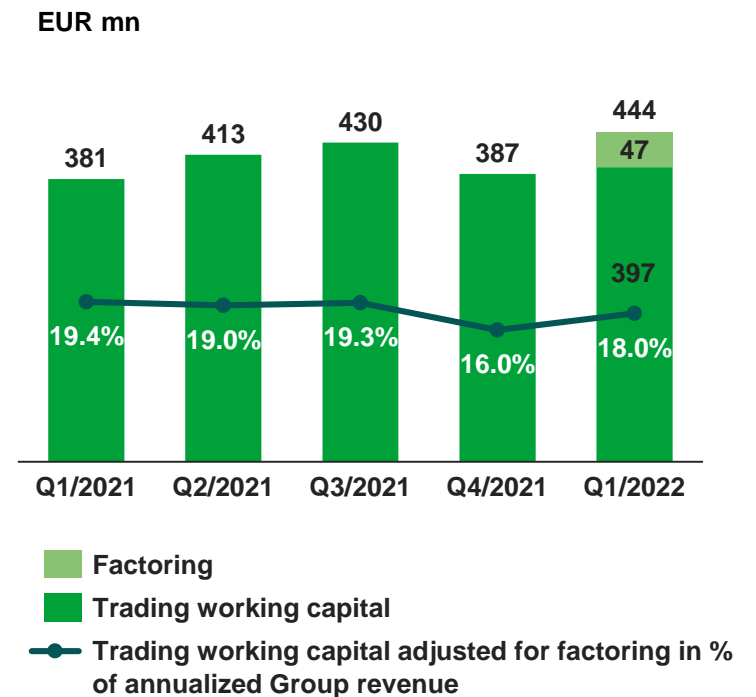
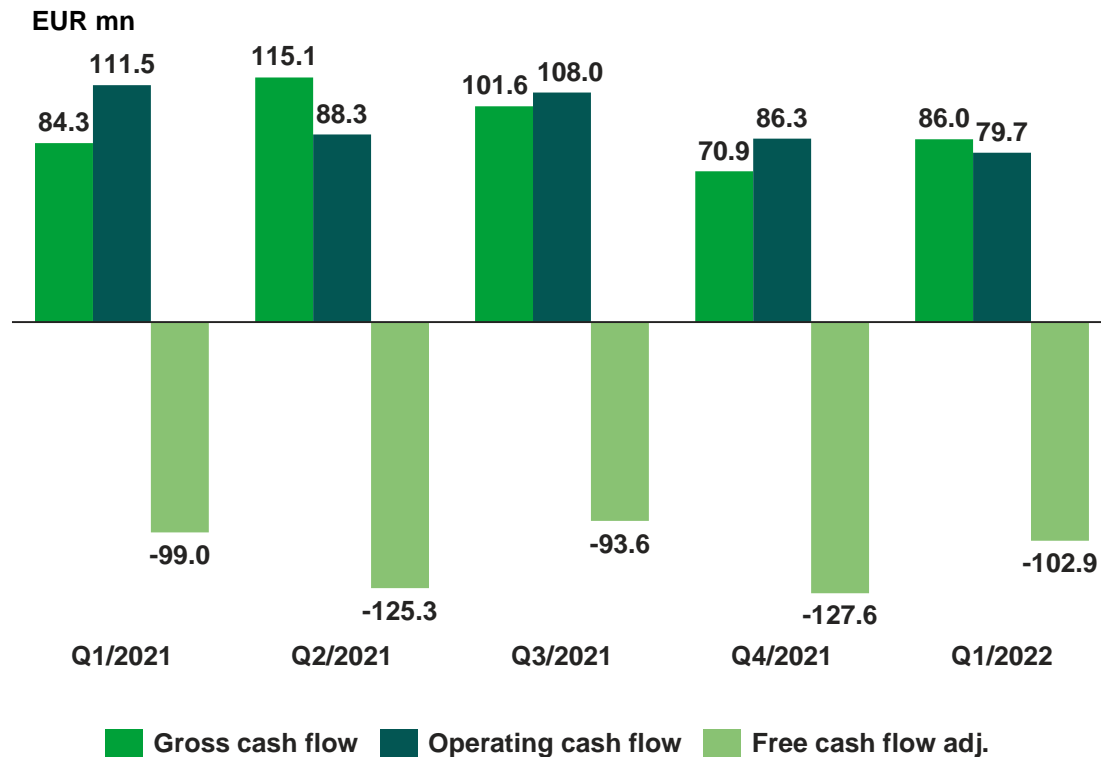
EBIT in EUR mn



Group net profit<sup>1</sup> after minorities and hybrid bond, in EUR mn



# Gross cash flow at EUR 86 mn



Capex

211

215

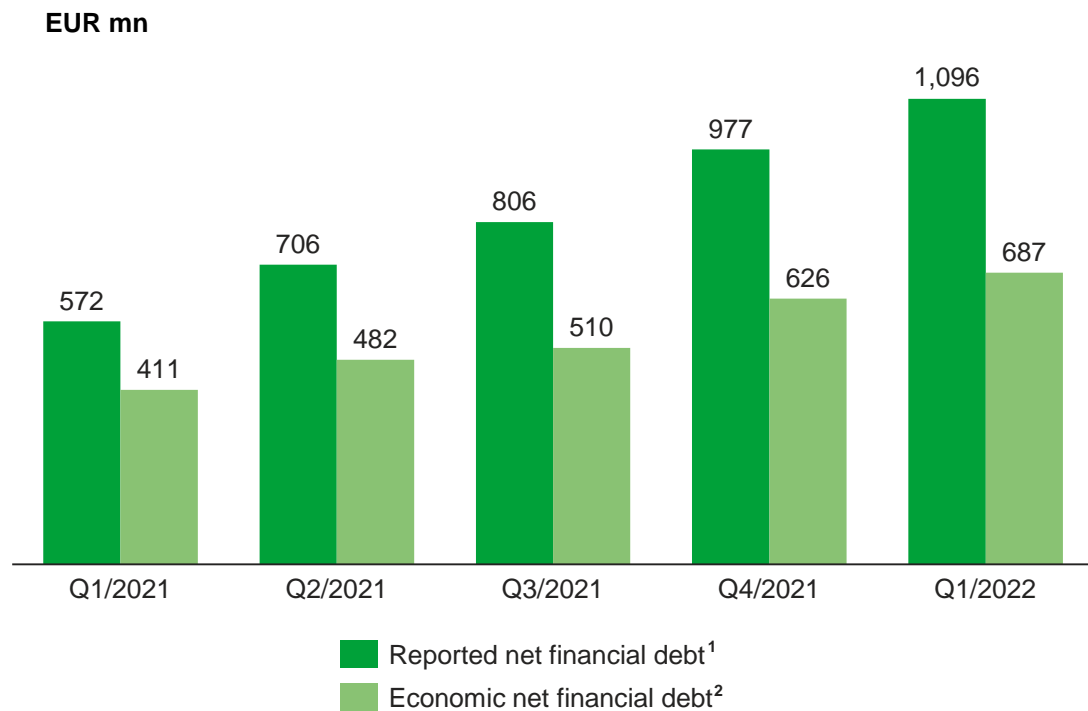
205

213

183



# Liquidity cushion of EUR 1.5 bn



- 1) Fully consolidated Brazil JV debt included
- 2) Reflects 51% economic share of Brazil JV debt
- 3) Including cash and cash equivalents, liquid securities and liquid bills of exchange
- 4) Including government grants less proportional share of deferred taxes on government grants
- 5) Including hybrid capital

According to IFRS (EUR mn)	31 Mar 2022 <sup>5</sup>	31 Dec 2021 <sup>5</sup>	Change in %
<b>Total assets</b>	5,620.4	5,322.8	5.6
<b>Liquid assets<sup>3</sup></b>	1,121.9	1,124.1	(0.2)
<b>Total liabilities</b>	3,455.1	3,250.7	6.3
<b>thereof financial liabilities</b>	2,218.1	2,101.2	5.6
<b>Adjusted equity<sup>4</sup></b>	2,228.9	2,115.7	5.3
<b>Adjusted equity ratio (%)</b>	39.7	39.7	
<b>Net gearing (%)</b>	49.2	46.2	
<b>Net financial debt</b>	1,096.1	977.0	12.2

According to IFRS (EUR mn)	31 Mar 2022	31 Dec 2021	Change in %
<b>Total liquidity cushion</b>	1,489.3	1,578.6	(5.7)
<b>thereof liquid assets<sup>3</sup></b>	1,121.9	1,124.1	(0.2)
<b>thereof unused credit facilities</b>	367.4	454.5	(19.2)

# Outlook



# Lenzing continues to expect EBITDA 2022 significantly above 2021 levels

## 2022 guidance: EBITDA significantly above 2021 levels

- Lenzing continues to expect an **increase in demand** for **sustainably produced fibers** for the textile and apparel industry as well as for the hygiene and medical industry
- **Cost developments** for **energy** and **raw materials** as well as **supply chain disturbances** lead to currently challenging market environment – visibility therefore remains limited
- **Two new production sites** in Thailand and Brazil with **first EBITDA contributions**
- Operational focal points: commercialize **new capacities**, **branding**, **continuous improvement**, **operational excellence** and **cost management**

Thank You

**for your  
attention!**

# Back-up



# Quarterly P&L development

(EUR mn)	Q2/2021	Q3/2021	Q4/2021	Q1/2022	Change Q1/Q4 (%)	Q1/2021	Change Q1/Q1 (%)
<b>Revenue</b>	<b>544.0</b>	<b>555.2</b>	<b>606.1</b>	<b>615.0</b>	<b>1.5</b>	<b>489.3</b>	<b>25.7</b>
Cost of sales	(389.7)	(433.6)	(500.7)	(486.1)	(2.9)	(368.8)	31.8
<b>Gross profit</b>	<b>154.3</b>	<b>121.6</b>	<b>105.5</b>	<b>128.9</b>	<b>22.3</b>	<b>120.6</b>	<b>6.9</b>
Other operating income	24.5	15.1	22.9	25.3	10.7	15.5	63.3
Selling expenses	(55.2)	(58.5)	(71.4)	(65.0)	(8.9)	(49.0)	32.7
Administrative expenses	(34.1)	(32.5)	(24.7)	(35.0)	41.6	(26.3)	33.1
Research and development expenses	(5.9)	(6.1)	(6.6)	(7.8)	18.2	(5.4)	43.2
Other operating expenses	0.0	(0.4)	(3.4)	(2.9)	(12.8)	0.0	-
<b>EBIT/Margin</b>	<b>83.5/15.4%</b>	<b>39.3/7.1%</b>	<b>22.4/3.7%</b>	<b>43.6/7.1%</b>	<b>95.0</b>	<b>55.4/11.3%</b>	<b>(21.3)</b>
Financial result	(4.8)	(3.5)	0.9	(2.1)	-	(10.3)	(79.5)
<b>EBT/Margin</b>	<b>78.7/14.5%</b>	<b>35.9/6.5%</b>	<b>23.3/3.8%</b>	<b>41.5/6.7%</b>	<b>78.0</b>	<b>45.1/9.2%</b>	<b>(7.9)</b>
Income tax expense	(12.4)	(18.6)	(9.0)	(7.4)	(18.2)	(15.2)	(51.5)
Tax rate (%)	15.8	51.8	38.6	17.8		33.7	
<b>Net profit/loss/Margin</b>	<b>66.3/12.2%</b>	<b>17.3/3.1%</b>	<b>14.3/2.4%</b>	<b>34.1/5.5%</b>	<b>138.6</b>	<b>29.9/6.1%</b>	<b>14.3</b>
<b>Net profit/loss attributable to shareholders of Lenzing AG/Margin</b>	<b>53.1/9.8%</b>	<b>18.8/3.4%</b>	<b>10.3/1.7%</b>	<b>23.0/3.7%</b>	<b>123.2</b>	<b>28.1/5.7%</b>	<b>(18.0)</b>
Net profit/loss attributable to non-controlling interests	5.9	(8.7)	(3.2)	3.9	-	(5.4)	-
Net profit/loss attributable to hybrid owners	7.2	7.2	7.2	7.2	0.0	7.2	0.0
<b>EPS (in EUR)</b>	<b>2.00</b>	<b>0.71</b>	<b>0.39</b>	<b>0.87</b>	<b>123.2</b>	<b>1.06</b>	<b>(18.0)</b>

# Q1/2022: Topline breakdown

in EUR mn	Q1/2022
Wood-based cellulosic fibers	513.5
Co-products of fiber production	14.8
Mechanical and plant engineering, engineering services and others	4.0
<b>Division Fiber</b>	<b>532.2</b>
Pulp	34.9
Biorefinery-products and energy	37.8
Wood and other	9.3
<b>Division Pulp</b>	<b>82.1</b>
<b>Others</b>	<b>0.7</b>
<b>Total Group revenue</b>	<b>615.0</b>

# Quarterly cash flow development

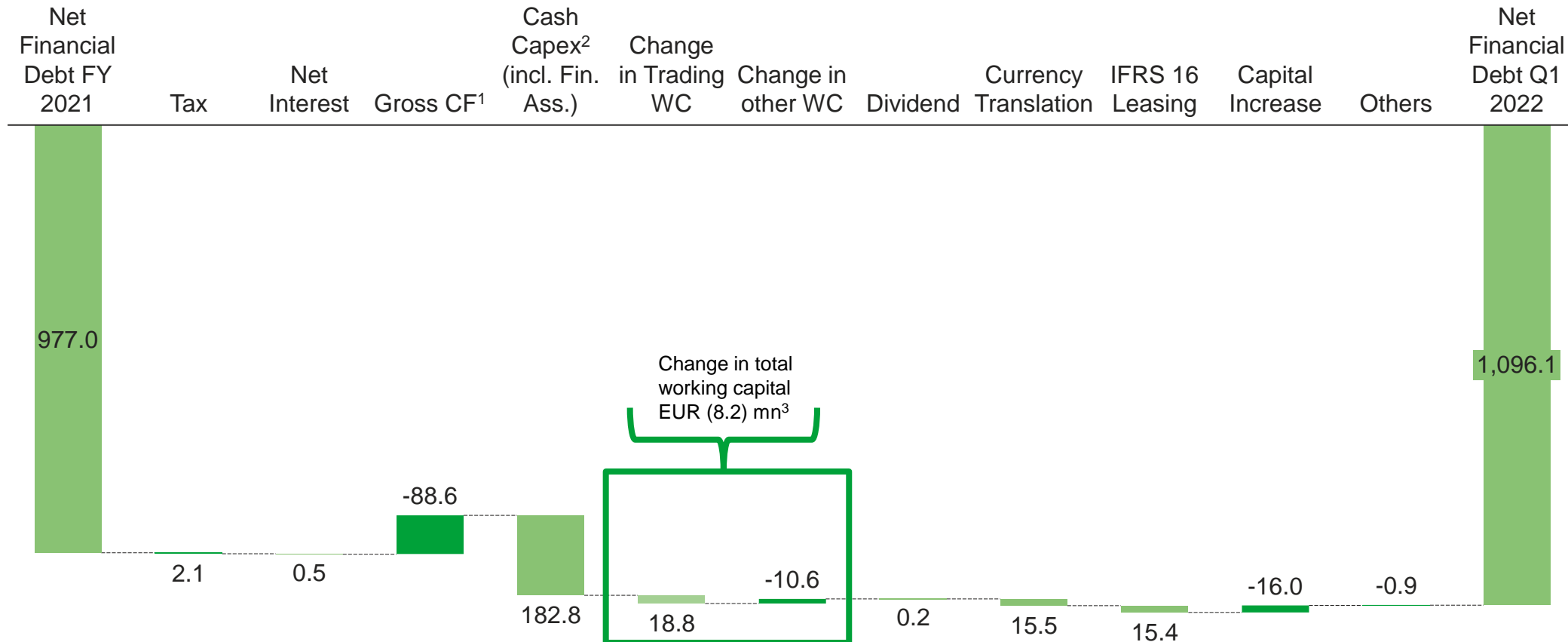
(EUR mn)	Q1/2022	Q4/2021	Change Q1/Q4 (%)	Q1/2021	Change Q1/Q1 (%)
Gross cash flow (before taxes and interest)	88.6	76.1	16.3	95.0	(6.8)
Taxes and interest	(2.6)	(5.2)	(51.2)	(10.7)	(76.0)
<b>Gross cash flow (after taxes and interest)</b>	<b>86.0</b>	<b>70.9</b>	<b>21.3</b>	<b>84.3</b>	<b>2.0</b>
Change in total working capital <sup>1</sup>	(6.3)	15.4	-	27.1	-
<b>Operating cash flow</b>	<b>79.7</b>	<b>86.3</b>	<b>(7.6)</b>	<b>111.5</b>	<b>(28.5)</b>
Investment cash flow <sup>2</sup>	(181.9)	(214.1)	(15.0)	(205.5)	(11.5)
<b>Free cash flow unadj.</b>	<b>(102.2)</b>	<b>(127.8)</b>	<b>(20.0)</b>	<b>(94.1)</b>	<b>8.6</b>
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-
Acquisition of other financial assets	0.1	0.5	(85.5)	0.0	38.3
Proceeds/repayments of other financial assets	(0.8)	(0.3)	181.2	(5.0)	(84.5)
<b>Free cash flow adj.</b>	<b>(102.9)</b>	<b>(127.6)</b>	<b>(19.3)</b>	<b>(99.0)</b>	<b>4.0</b>

1) Including trade and other working capital

2) Including investment in and proceeds from disposal of financial assets



# Q1 2022: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (182.7) mn and financial assets of EUR (0.1) mn
- 3) Change in total working capital
 

EUR	(6.3) mn	(according to cash flow statement)	
Adjustment change in liquid bills of exchange	EUR	(1.9) mn	
Change in total working capital adj.	EUR	(8.2) mn	(according to net debt)

# Contact and financial calendar

## Investor contact

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## Financial calendar

Annual results 2021	March 10, 2022
78 <sup>th</sup> Annual General Meeting	April 26, 2022
<b>Results 01-03/2022</b>	<b>May 4, 2022</b>
Half-year results 2022	August 3, 2022
Results 01-09/2022	November 3, 2022

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