

Lenzing Investor Presentation

Results 01-03/2023 – May 03, 2023

Advancing Circularity

Lenzing

Innovative by nature

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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 in the section "Investors".

The targeted comeback year 2023 started as expected

Key developments & strategic highlights

- First signs of demand recovery accompanied by raw material and energy cost decreases
- EUR > 70 mn cost reduction program remains well on track
- Successful production start of TENCEL™ Modal fibers in Lenzing's Chinese production site end of Q1 2023
- Acquisition of biomass plant for energy supply of lyocell production site Heiligenkreuz in April 2023
- Managing Board member Robert van de Kerkhof decided to not extend his contract going forward

01-03/2023 financial results

- First recovery in volumes in line with market environment, prices remain under pressure, however, positive impact of cost decreases and valuation/accruals benefiting EBITDA
 - Revenue slightly increased to EUR 623 mn (vs. EUR 615 mn in pre crisis Q1/2022)
 - EBITDA reached EUR 30 mn (vs. EUR 88 mn in pre crisis Q1/2022)
 - Net result after minorities and hybrid bond was negative at EUR -80 mn (vs. EUR 23 mn in pre crisis Q1/2022)
 - Liquidity cushion of EUR 640 mn remains stable

Assuming a continued market recovery in the current financial year, the Lenzing Group confirms expectation of EBITDA in 2023 to be in a range of EUR 320 mn to EUR 420 mn¹

New lyocell plant and DWP mill strengthen Lenzing's foundation

Fully invested and up- and running capacity expansions

100 kt lyocell plant in Thailand



- On track to contribute to 2023 results ✓



500 kt single line DWP mill in Brazil¹

LENZING™

- On track to contribute to 2023 results ✓



1) JV with Dexco

Lenzing now offers locally produced TENCEL™ branded modal fibers to Chinese customers for the first time

Nanjing (China)

- Conversion of a production line from generic viscose to TENCEL™ branded modal fibers for textiles and clothing successfully completed in March 2023
- Lenzing now offers its Chinese customers locally produced TENCEL™ fibers for the first time and meets structural growth in demand more quickly
- The production line has a nameplate capacity of 35,000 tonnes per year
- The commercial ramp-up is on track
- The fiber portfolio of the Chinese production site now solely consists of eco-friendly specialty fibers



Launch new production line has been celebrated in an event with ~ 200 customers and partners

Lenzing speeds up energy transition at its site in Heiligenkreuz, supporting its overall sustainability strategy

Heiligenkreuz (Austria)

- Lenzing **acquires biomass plant** for **energy supply** of lyocell production site Heiligenkreuz in April 2023
- Dependence of **fossil energy** expected to **significantly decrease**
- About **50 % of gas** currently used planned to be replaced by **renewable energy**
- Backward integration into energy planned to lead to **cost savings** and **strengthening** of the **eco-responsible specialty fiber** portfolio
- **Closing** of the transaction expected within **Q2 2023**



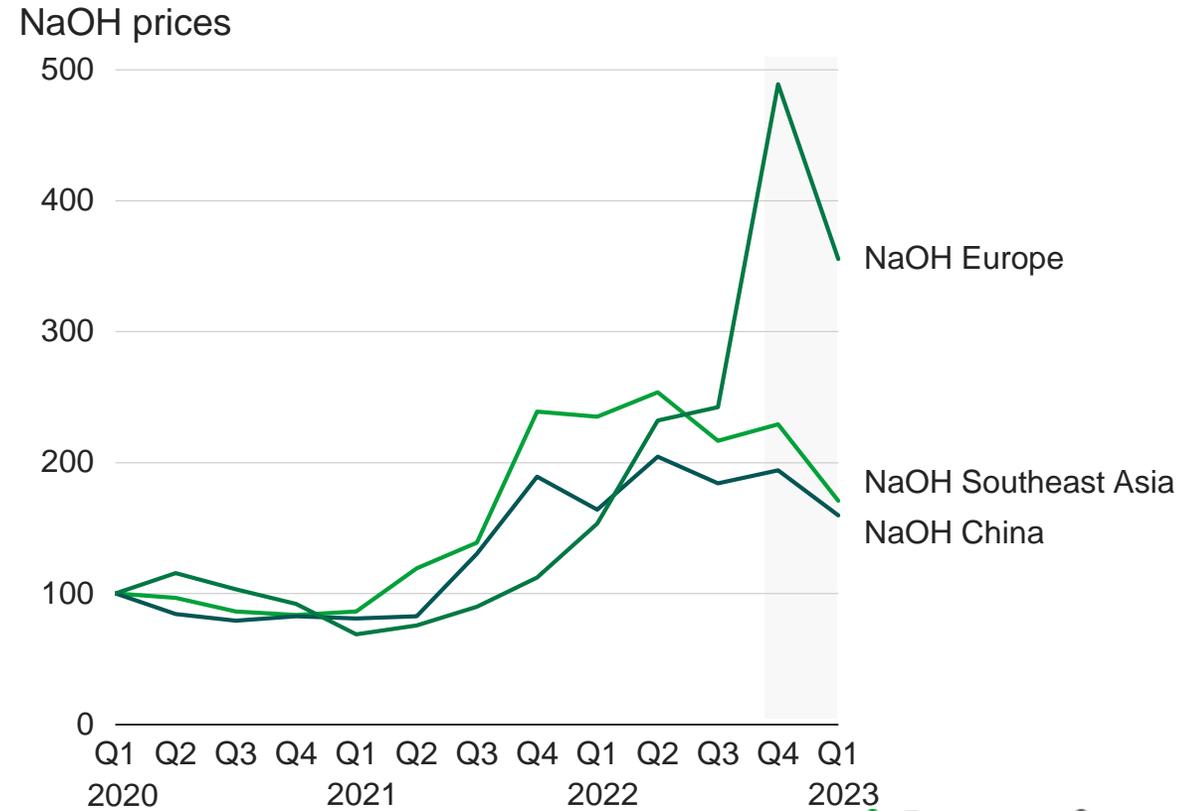
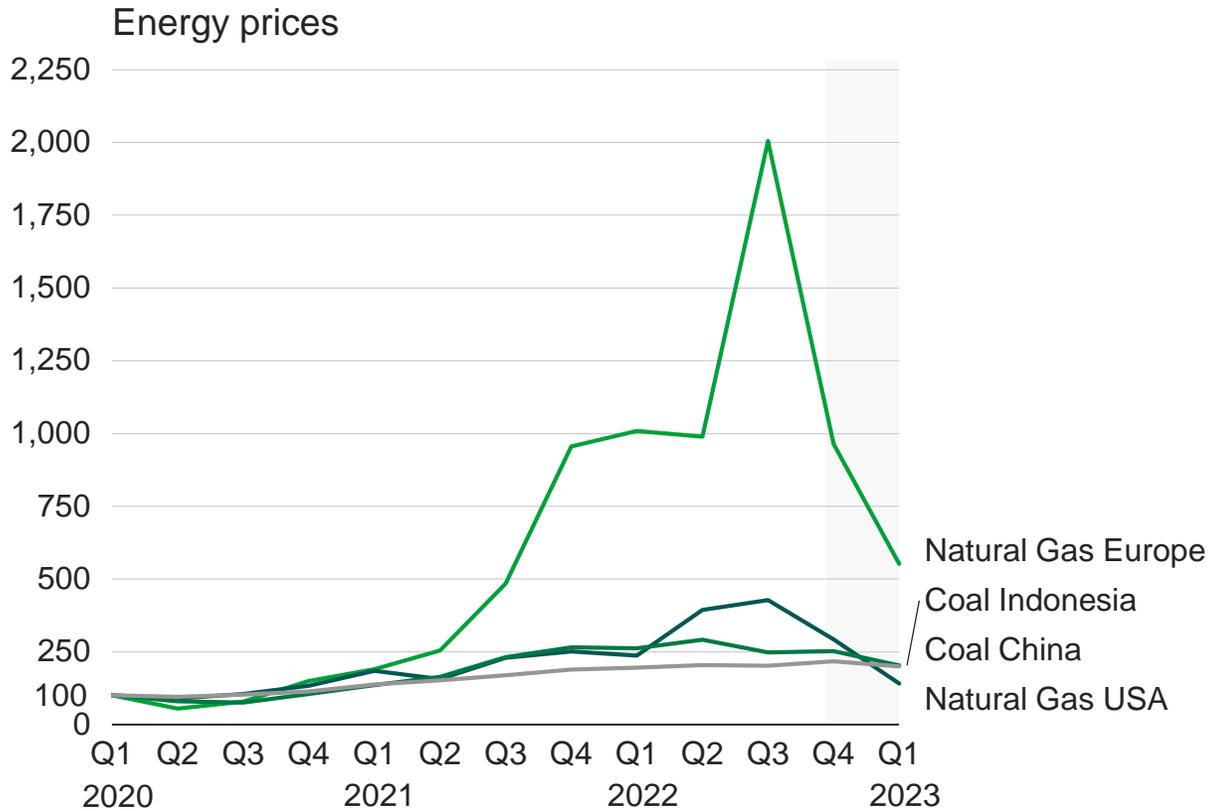
Market update



In Q1 2023 energy and NaOH cost came further down but remain elevated vs. 2022 especially in Europe

Development of selected energy and NaOH market prices, 2020-Q1/2023

Indexed, Q1 2020 = 100

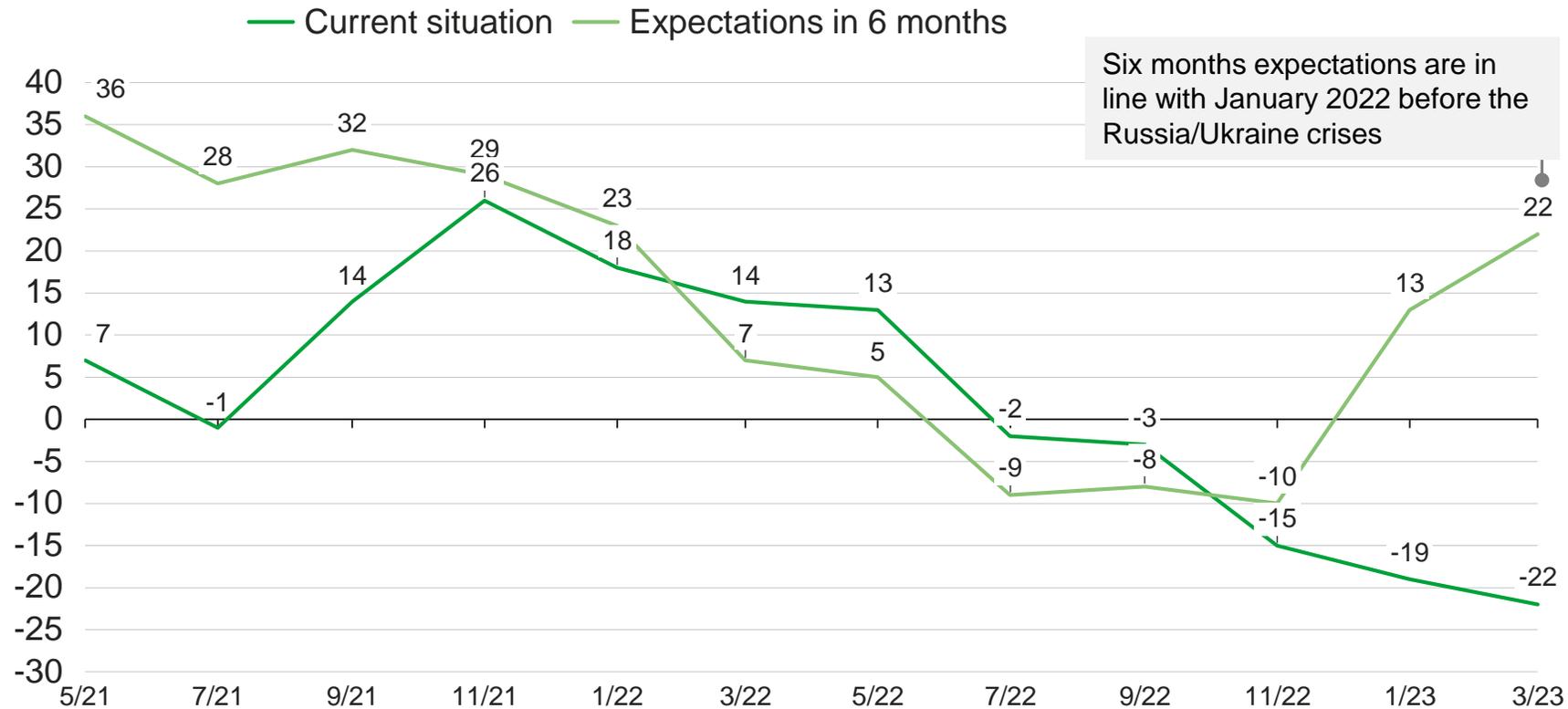


NOTE: All prices indexed based on reported currency
 SOURCE: IHS Markit; CCFG; Argus; ICE; NYMEX
www.lenzing.com

Six-months expectations in the textile industry are positive and in line with January 2022 sentiment

TX industry sentiment by survey date, balance index

Percent of respondents, balance between good vs. poor



SOURCE: 19th ITMF Global Textile Industry Survey (Mar 2023)

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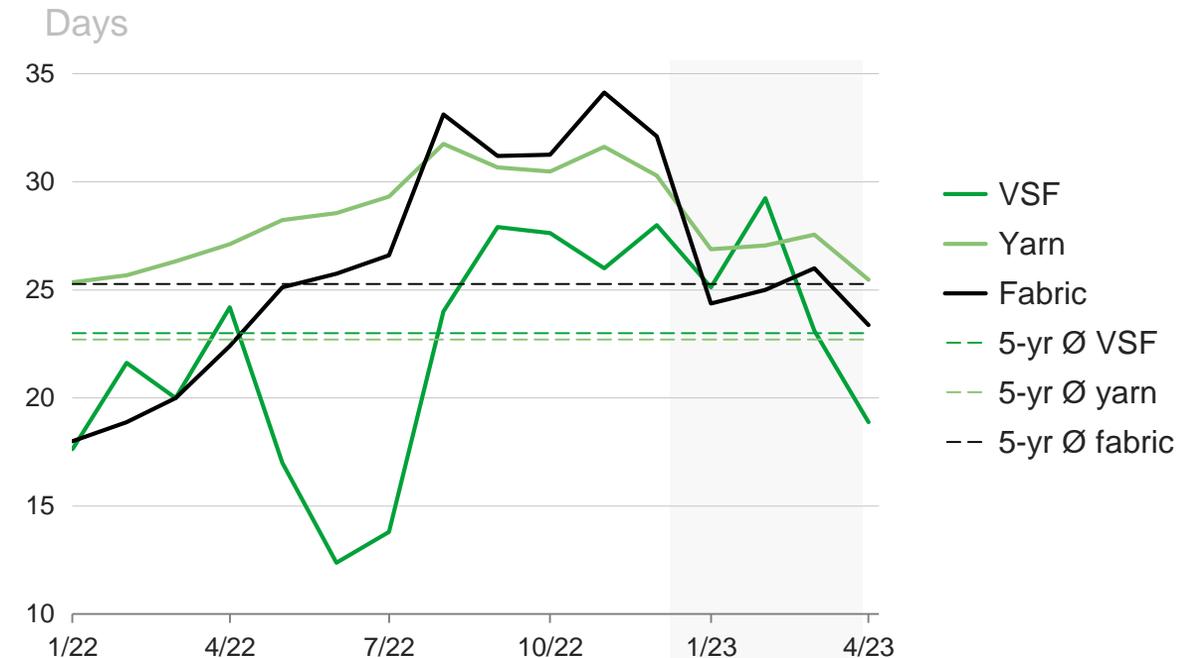
Chinese VSF production normalized, inventories along the VSF value chain came down to – or even below – long-term averages

Operating rates VSF China



- Industry and customers are ordering again
- Normalizations of operating rates indicate re-stocking trends, pick-up in demand similar to Q1 2022

Viscose chain inventories¹ in China



- Large VSF inventories piled up during Chinese New Year (CNY) were digested recently indicating need for re-stocking
- Inventories also reduced on yarn and fabric level

1) Monthly averages of physical inventory. VSF at VSF mills, rayon yarn at rayon yarn mills, rayon greige fabric at rayon greige fabric plants

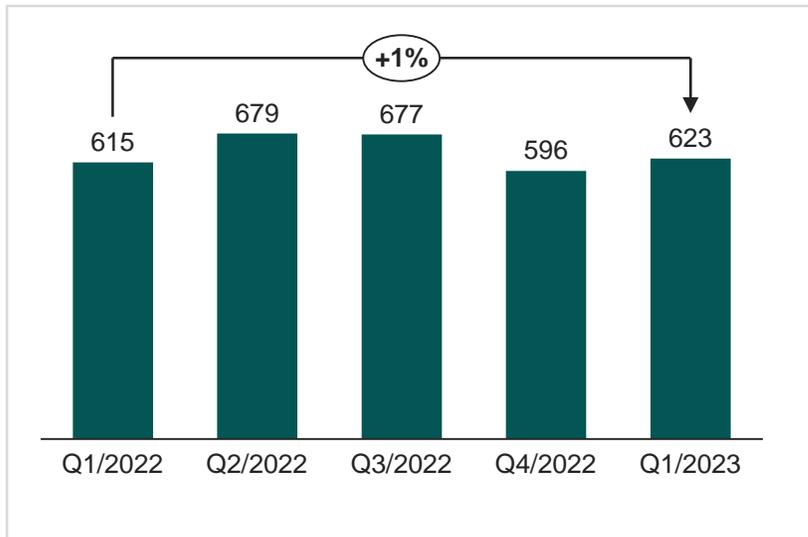
SOURCE: CCFG

Financials

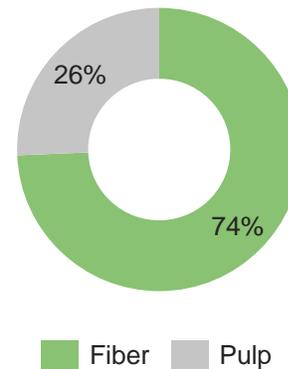


Revenue increased to EUR 623 mn and EBITDA reached EUR 30 mn

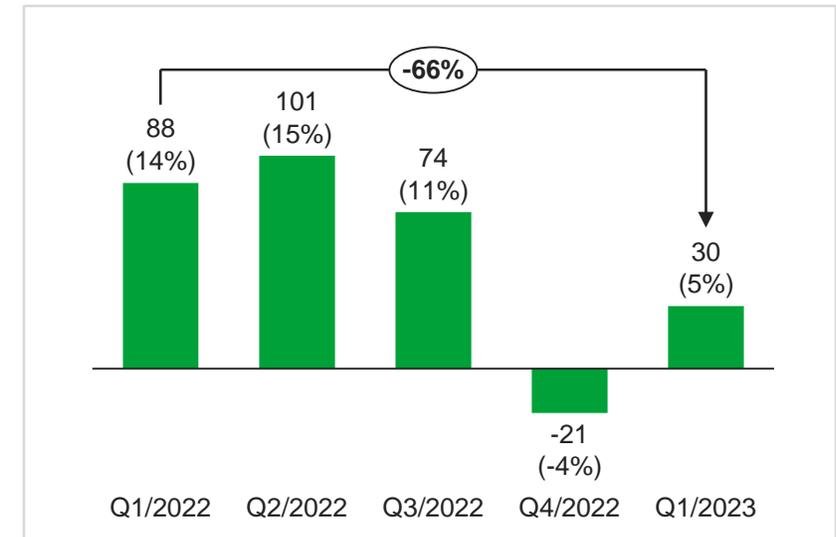
Group revenue in EUR mn



Revenue split Q1/2023

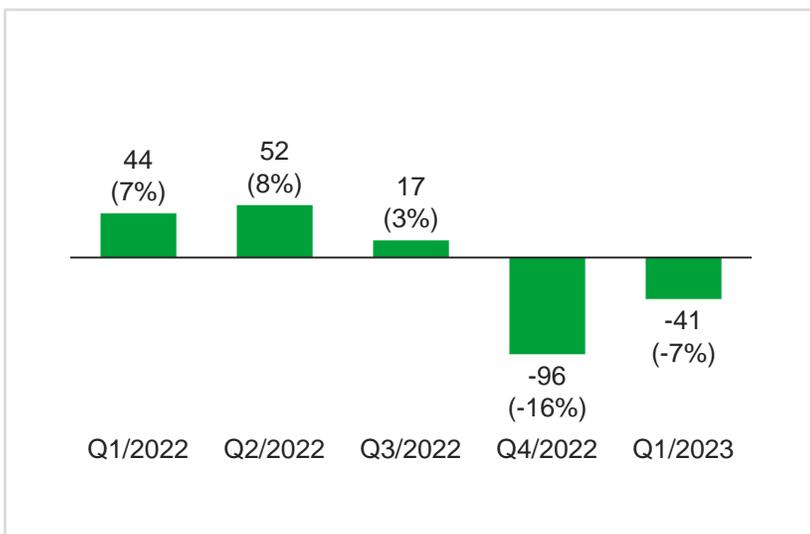


EBITDA in EUR mn

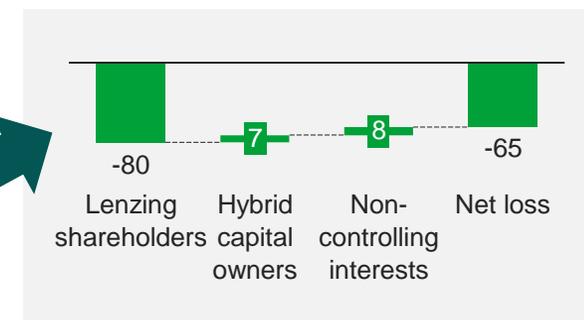
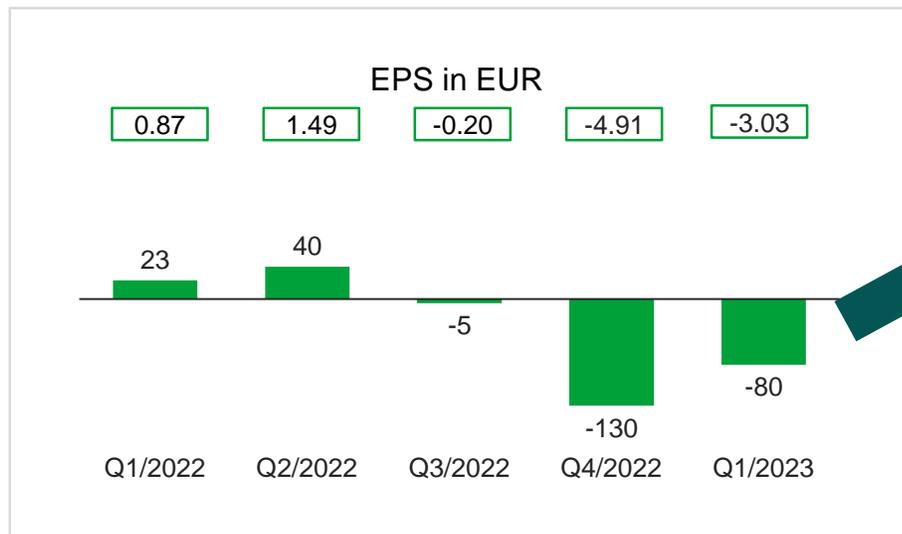


EBIT at EUR -41 mn

EBIT in EUR mn

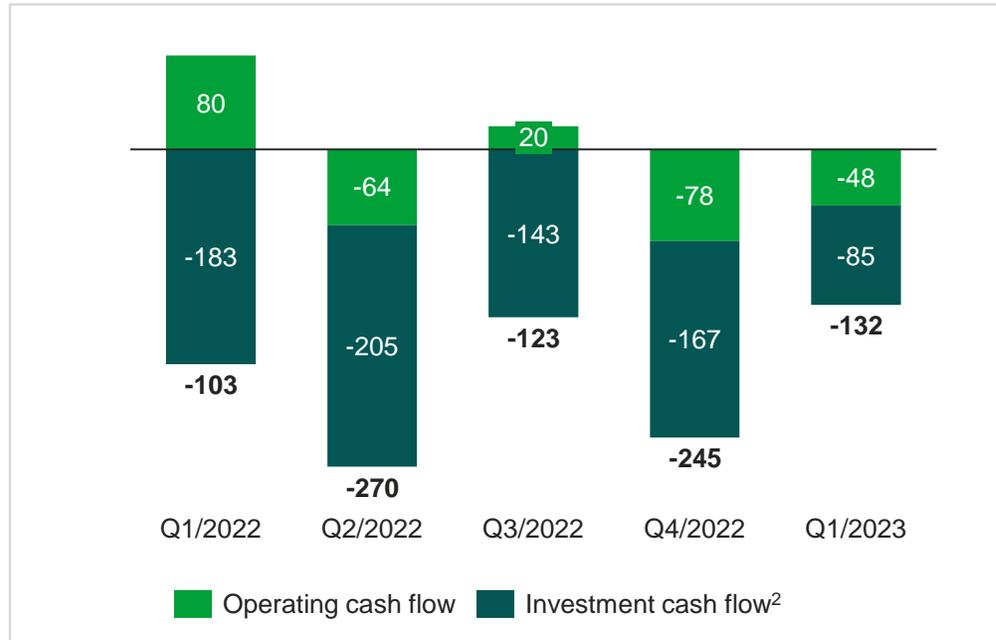


Group net profit after minorities and hybrid bond, in EUR mn



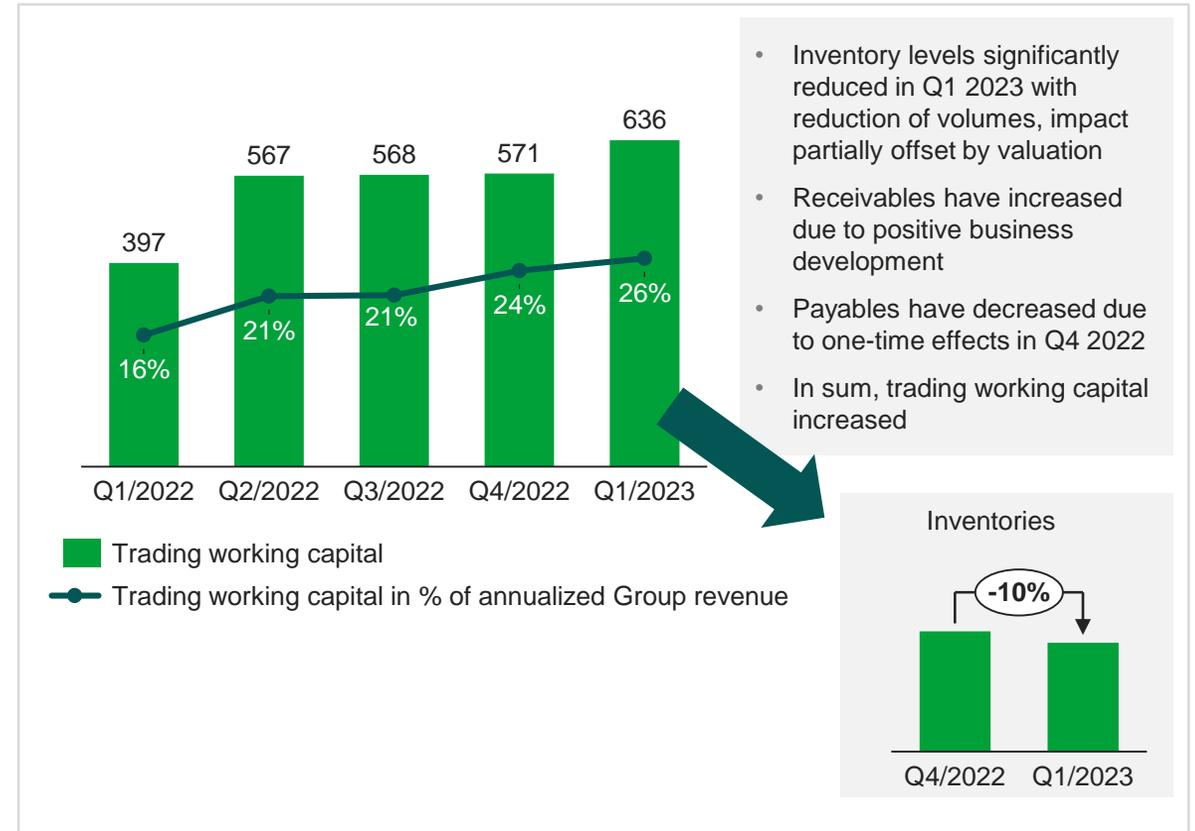
Capex in Q1 2023 down to EUR 85 mn after finalization of plants in Thailand and Brazil in 2022

Free cash flow¹, in EUR mn



- Investment cash flows with first signs of normalization which will further continue in Q2-Q4 2023

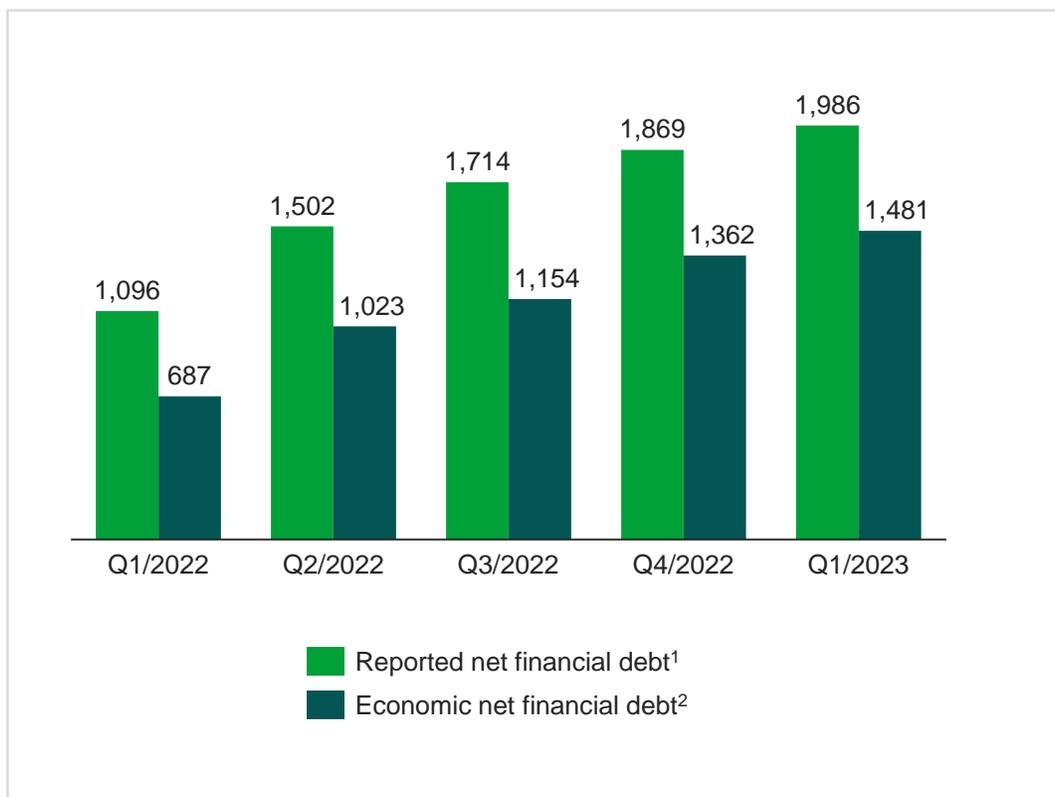
Trading working capital³, in EUR mn



1) Cash flow from operating activities + investment cash flow 2) CAPEX less proceeds from the sale of intangible assets, property, plant and equipment and biological assets; 3) Inventories + trade receivables – trade payables

Liquidity cushion remains stable at EUR 640 mn

Net financial debt, in EUR mn



- 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

Balance sheet metrics

According to IFRS (EUR mn)	31 Mar. 2023	31 Dec. 2022	Change in %
Total assets	5,492.0	5,525.0	(0.6)
Liquid assets³	441.7	453.3	(2.5)
Total liabilities	3,547.8	3,499.1	1.4
thereof financial liabilities	2,427.9	2,322.2	4.6
Adjusted equity⁴	2,035.4	2,088.6	(2.5)
Adjusted equity ratio (%)	37.1	37.8	-
Net gearing (%)	97.6	89.5	-
Net financial debt	1,986.2	1,869.0	6.3

According to IFRS (EUR mn)	31 Mar. 2023	31 Dec. 2022	Change in %
Total liquidity cushion	639.5	685.5	(6.7)
thereof liquid assets³	441.7	453.3	(2.5)
thereof unused credit facilities	197.8	232.3	(14.8)

Measures started 2022 to further reduce costs and secure liquidity are well on track

Global program to define and implement cost reduction measures well under way

Cash effective savings

- Reorganization and cost savings program with annualized and recurring impact of EUR > 70 mn on track
- Full impact targeted by the end of 2023

Working capital

- Working capital improvement measures on track
- Inventory levels reduced in Q1 2023

Capex

- Reducing / efficiently managing capex well under way
- Capex in Q1 2023 about 50 % down from Q4 2022

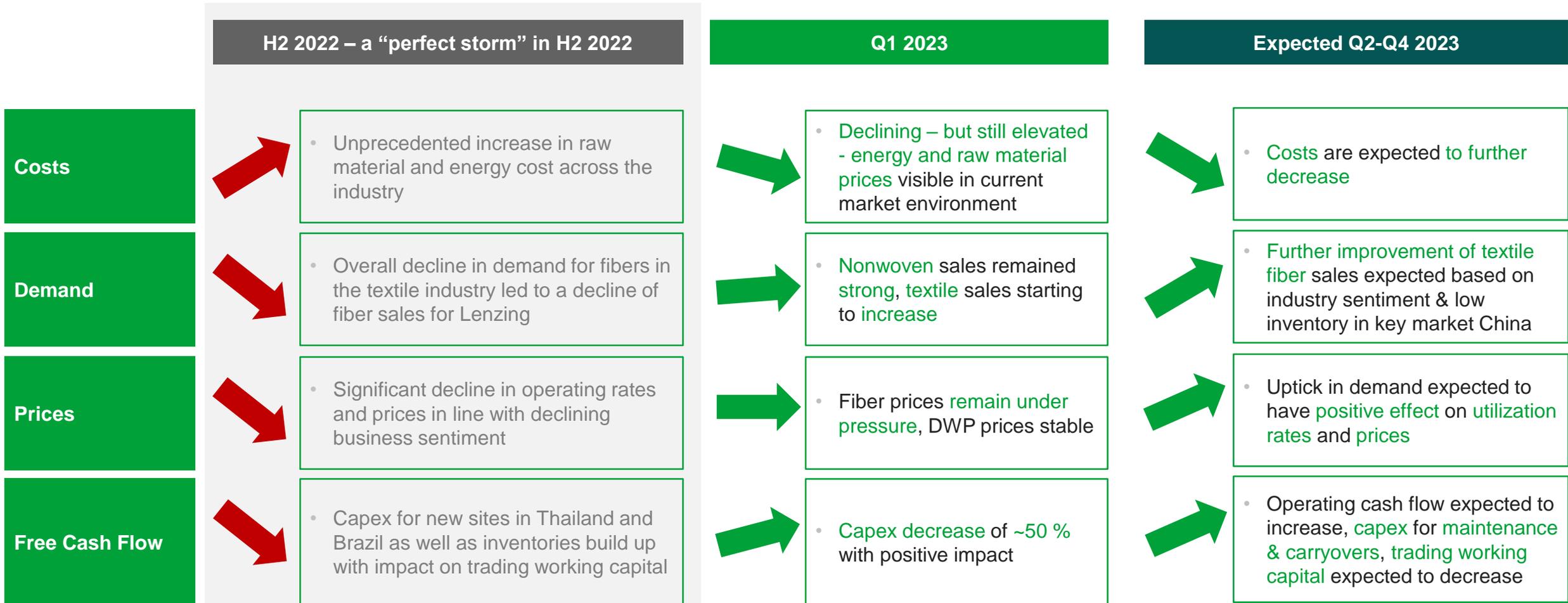
Risk management

- Energy hedging strategy in place
- Majority of energy cost for 2023 locked-in

Outlook



After the “perfect storm” built up in H2 2022, first signs of recovery in Q1 2023, further improvements in Q2-Q4 expected



Apparel brands confirm positive expectations with regards to market recovery in 2023

Quotes from selected apparel brands

Company	Date	Quotes on 2023 outlook
H&M Group	March 30, 2023	"We definitely see a good tendency when it comes to how the spring collections are received. February and March are quite volatile depending on the weather. This quarter gives even more reassurance, that we will see a recovery during this year and towards end of this year. "
Levi Strauss & Co.	April 6, 2023	"Even though we exceeded expectations in Q1, given it is early in the year and the macro uncertainty, we are maintaining a cautious stand. We continue to expect '23 to be a tale of two halves, with the first half weaker and the second half considerably stronger. "

NOTE: H&M Q1 2023 (Dec 2022 to Feb 2023), Levi Strauss & Co Q1 2023 (ending Feb 26, 2023)

SOURCE: Earnings calls

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Lenzing confirms expectation of EBITDA in 2023 to be in the range of EUR 320 mn - 420 mn

Lenzing expects improving operating performance leading to increased EBITDA for Q2-Q4 2023

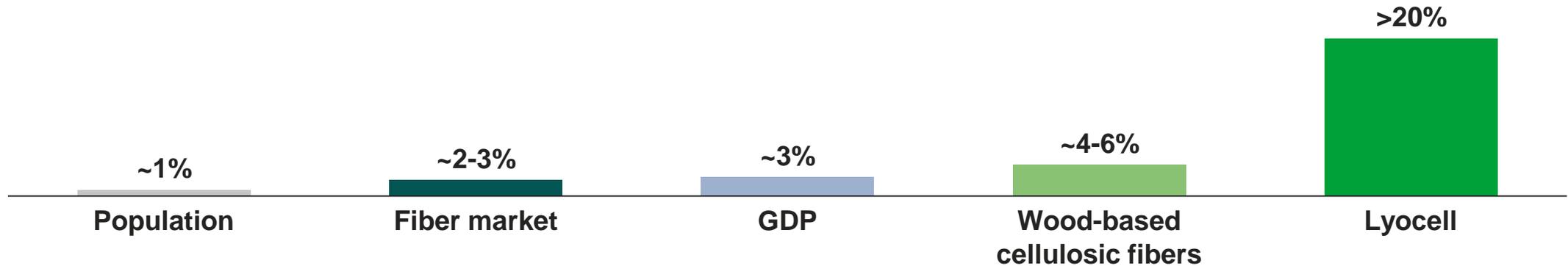
- First signs of demand recovery accompanied by raw material and energy cost decreases in Q1 2023
- Whilst visibility remains restricted, significant upside is expected in Q2-Q4 2023 compared to Q1 2023:
 - Recently completed expansion projects expected to significantly contribute
 - EUR > 70 mn global cost reduction program with increasing positive impact
 - Further decrease of energy and chemical costs expected
 - Increase in fiber revenue due to expected positive price and volume development as well as changes in the product mix
 - Operating rates for both fiber and pulp are expected to further increase based on positive development of operational efficiency

Assuming a continued market recovery in the current financial year, the Lenzing Group confirms expectation of EBITDA in 2023 to be in a range of EUR 320 mn to EUR 420 mn

Positive prospects ahead

Cellulose gap and sustainable fiber gap expected to remain unchanged key drivers for the future

Expected long-term growth rates p.a., %

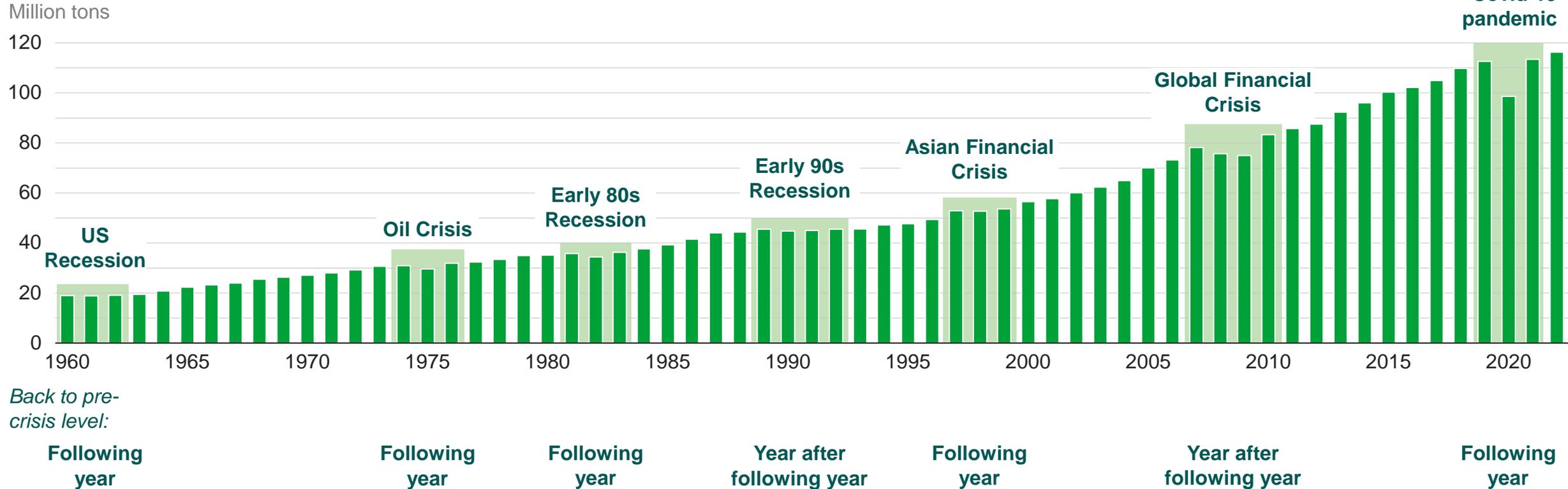


- Global **fiber demand** expected to continue its long-term growth trajectory at **~2-3 % p.a.**
- **Wood-based cellulosic fibers** (WBCF) forecasted to grow **~4-6 % p.a. due to cellulose gap**
- Highest growth expected in **Lyocell with > 20 % p.a.**
- Shift to **sustainable fibers** such as Lyocell (**sustainable fiber gap**) driven by growing **consumer demand**, criticism from **NGOs**, and anticipated **regulation** (e.g., EU Textile Strategy)
- Lenzing is in a **strong position** to tackle the **megatrend** of **sustainability** and to accelerate the **transformation** of the textile business from a linear to a **circular model**

History has shown that textiles market comes back stronger after crises

Setbacks of global fiber demand over the last 60 years

Global fiber demand, 1960-2022¹



1) Preliminary numbers for 2022
SOURCE: The Fiber Year; ICAC; Lenzing estimates

Conclusion: Positive prospects for Lenzing remain unchanged, 2023 targeted to be the comeback year

The comeback year 2023

- Demand recovery expected in the course of 2023
- Energy and chemical cost show signs of normalisation
- Global cost reduction program with positive impact on earnings
- Lenzing expects EBITDA in 2023 to be in the range of EUR 320 mn – 420 mn

Prospects remain positive 2024+

- Strong position to tackle megatrends of sustainability and circularity
- Specialty fibers forecasted with above average growth rates
- Innovation platform with unique technologies supports long-term prospects
- Strong ingredient brands (e.g. TENCEL™, VEOCEL™) further support margins and growth
- Lenzing's new and upgraded assets with boosting impact assuming full market recovery
- We remain committed to advancing circularity – e.g. through greater transparency, improved infrastructure and greener energy sources

Thank You

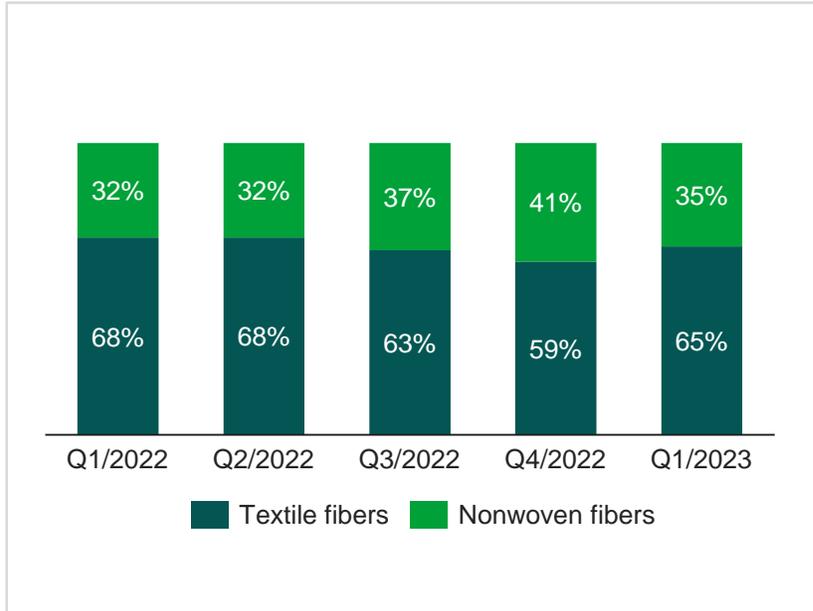
**for your
attention!**

Backup

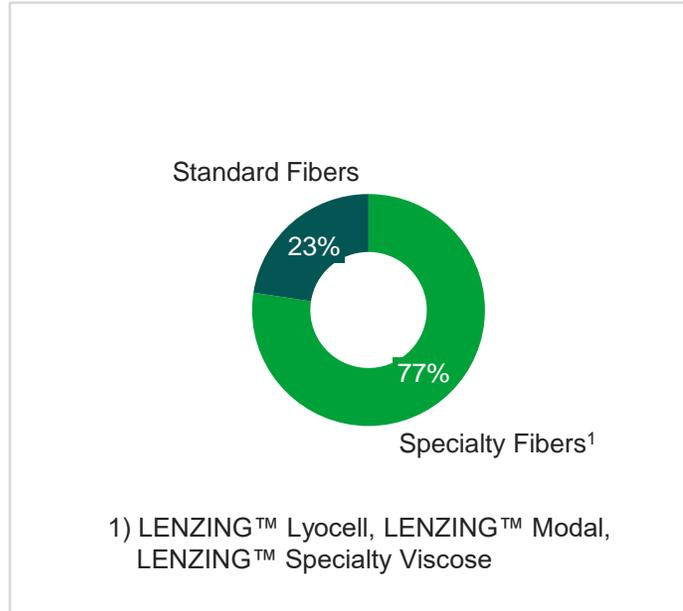


Group revenue breakdown

Fiber revenue by application, %



Specialties share of fiber sales in Q1 2023



Quarterly P&L development

MEUR	Q1 2023	Q1 2022	Delta Q1 YoY	Delta Q1 % YoY
Revenues	623,1	615,0	8,1	1,3%
Cost of Sales	-562,0	-486,1	-75,9	15,6%
<i>% of Revenue</i>	-90,2%	-79,0%		
Gross Profit	61,1	128,9	-67,8	-52,6%
<i>% of Revenue</i>	9,8%	21,0%		
Selling Expenses	-65,8	-65,0	-0,8	1,3%
<i>% of Revenue</i>	-10,6%	-10,6%		
Administrative Expenses	-34,4	-35,0	0,6	-1,7%
<i>% of Revenue</i>	-5,5%	-5,7%		
R&D Expenses	-4,1	-7,8	3,7	-47,3%
<i>% of Revenue</i>	-0,7%	-1,3%		
Other Operating Income	10,1	25,3	-15,2	-60,0%
Other Operating Expenses	-8,4	-2,9	-5,4	> +100,0%
EBIT	-41,4	43,6	-85,0	< -100,0%
<i>% of Revenue</i>	-6,6%	7,1%		
Depreciation & Amortization	71,1	44,4	26,8	60,4%
EBITDA	29,7	88,0	-58,2	-66,2%
<i>% of Revenue</i>	4,8%	14,3%		
Financial Result	-32,9	-2,1	-30,7	> +100,0%
Income Taxes	9,3	-7,4	16,7	< -100,0%
Net Income / Loss	-64,9	34,1	-99,1	< -100,0%
Attributable to:				
Shareholders of Lenzing AG	-80,5	23,0	-103,5	< -100,0%
Share planned for hybrid capital owners	7,2	7,2	0,0	0,0%
Non-controlling interests	8,4	3,9	4,5	> +100,0%

Topline Breakdown Q1 2023 vs Q1 2022

Revenue from external customers by products and services	EUR mn	
	01-03/2023	01-03/2022
Wood-based cellulosic fibers	440.0	513.5
Co-products of fiber production	14.1	14.8
Mechanical and plant engineering, engineering services and others	9.1	4.0
Division Fiber	463.2	532.2
Pulp	126.4	34.9
Biorefinery-products and energy	30.3	37.8
Wood and other	2.5	9.3
Division Pulp	159.1	82.1
Others	0.8	0.7
Revenue as per consolidated income statement	623.1	615.0

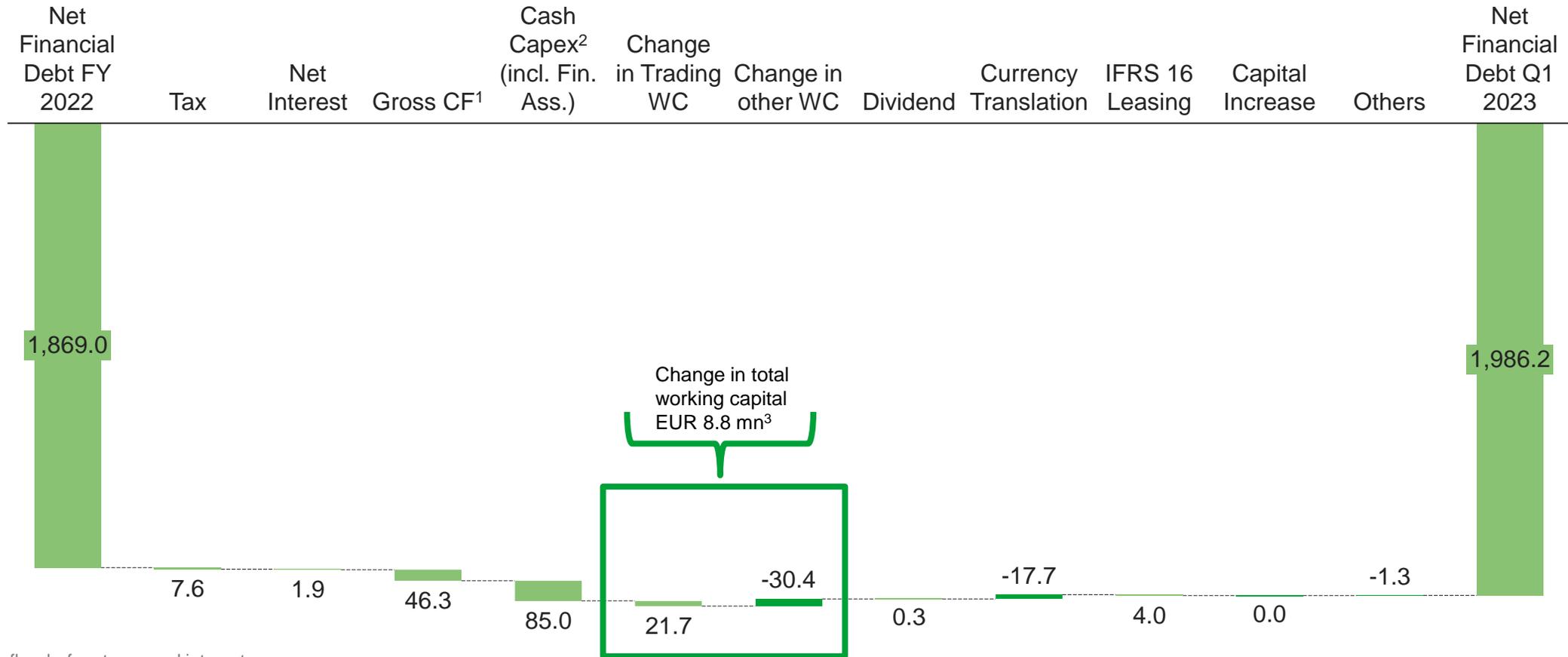
Quarterly cash flow development

(EUR mn)	Q1/2023	Q4/2022	Change Q1/Q4 (%)	Q1/2022	Change Q1/Q1 (%)
Gross cash flow (after taxes and interest)	(55.8)	(3.4)	-	86.0	-
Change in total working capital ¹	8.1	(74.6)	-	(6.3)	-
Operating cash flow	(47.7)	(78.0)	(38.9)	79.7	-
Investment cash flow ²	(84.6)	(166.9)	(49.3)	(182.6)	(53.6)
Free cash flow adj.	(132.3)	(244.9)	(46.0)	(102.9)	28.6

1) Including trading and other working capital

2) CAPEX less proceeds from the sale of intangible assets, property, plant and equipment and biological assets

Q1 2023: Net debt bridge



1) Gross cash flow before taxes and interest

2) Including CAPEX of

Change in total working capital

Adjustment change in liquid bills of exchange

Change in total working capital adj.

EUR (84.7) mn and financial assets of EUR (0.3) mn

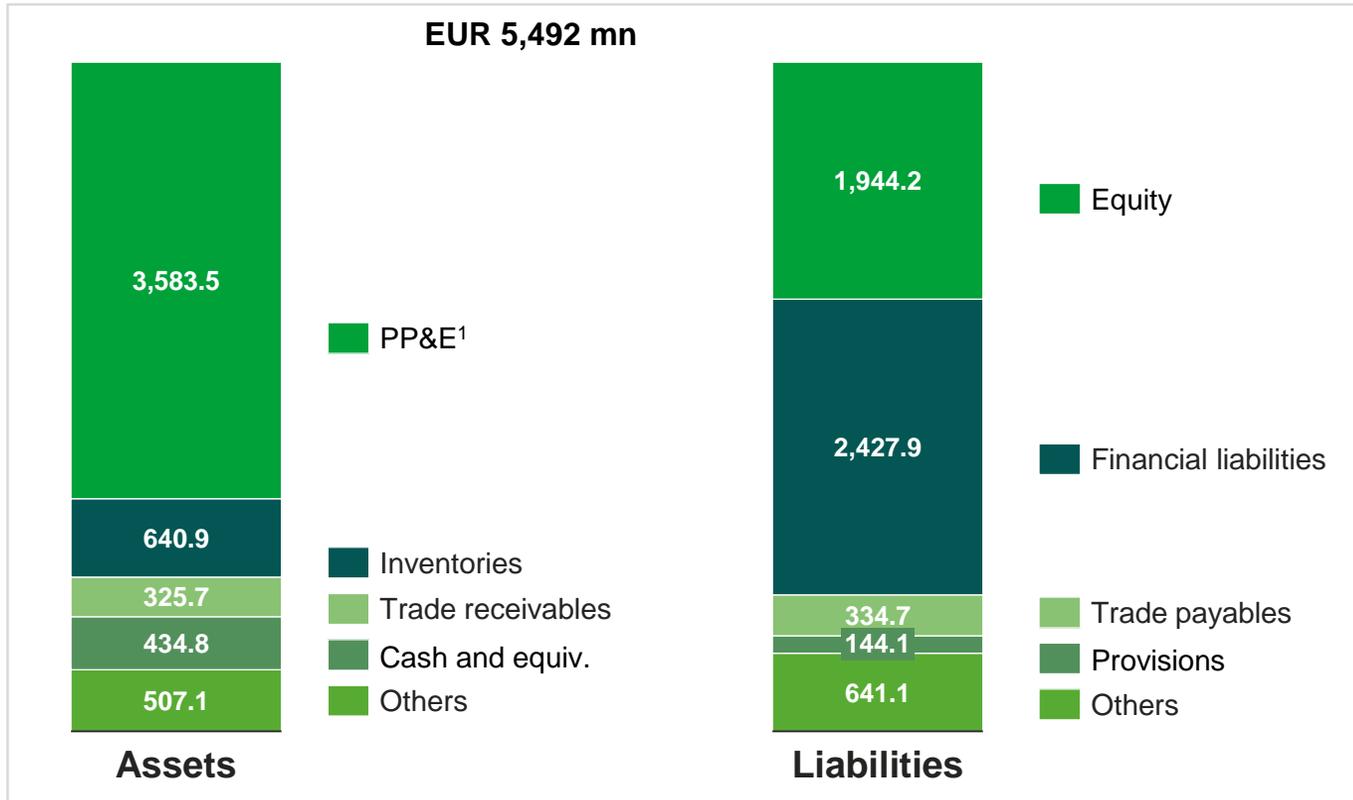
EUR 8.1 mn (according to cash flow statement)

EUR 0.7 mn

EUR 8.8 mn (according to net debt)

Balance sheet structure and return on capital employed

Balance sheet positions, in EUR mn



1) Incl. right-of-use assets and biological assets

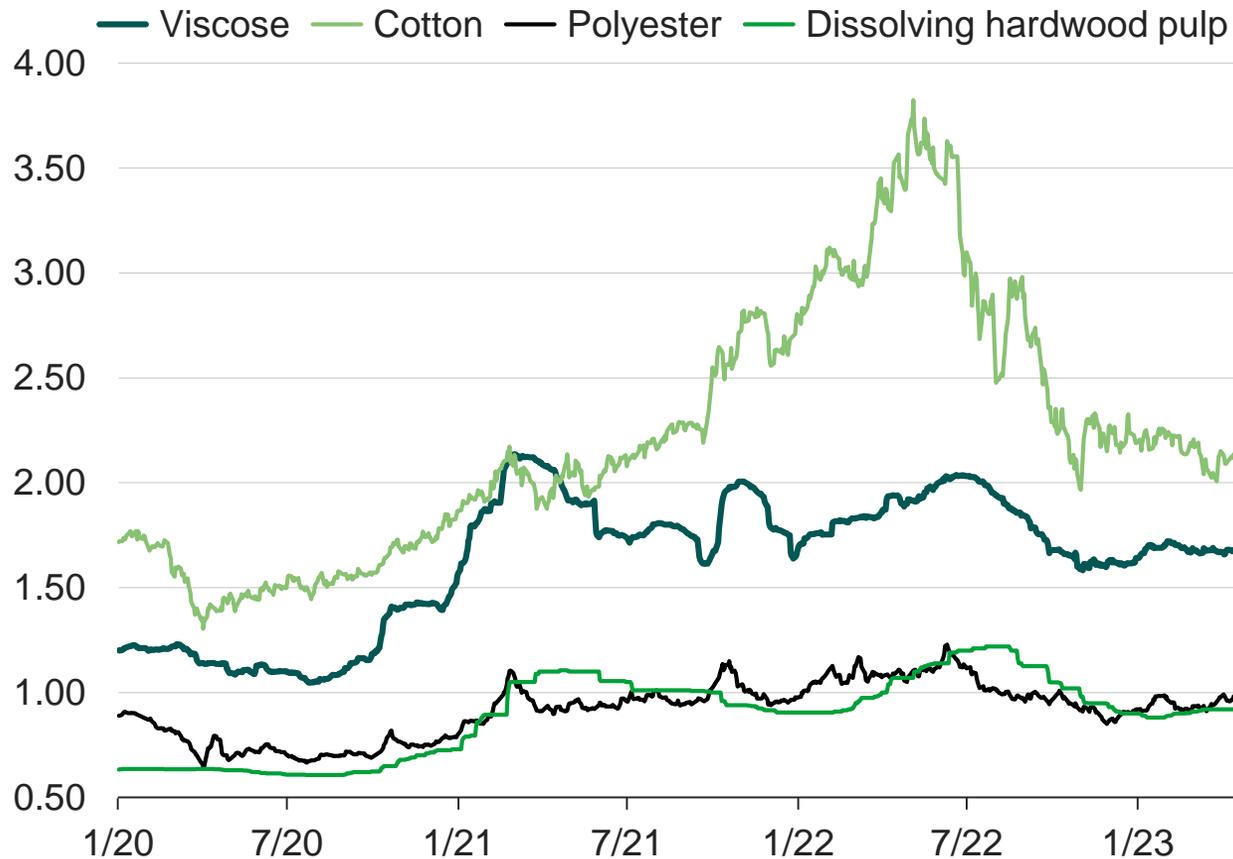
While starting from a low level, many macro indicators support further positive development

Macro growth		IMF adjusted its 2023 global GDP forecast to now +2.8 % YoY
Textile industry sentiment		In March survey, global textile industry business expectations further improved after turnaround in January 2023
Inventories		VSF inventories in China below long-term average mid-2022 level; US clothing inventories in December down -8 % from Sep/Oct peak
Fiber demand		Currently, the operating rate of Asian yarn spinners exceeded ~60 %, up from ~40 % at year-end and back to mid-2022 level
Consumer confidence		Consumer sentiment in most countries with positive trend, but from a low absolute level
Energy and chemicals cost		European natural gas (day-ahead) has already significantly decreased compared to Q4 2022 and caustic soda is also trending downwards

After heavy swings in the previous year, fiber and pulp prices oscillated in a narrower range

Fiber prices in China

USD/kg, excl. VAT



SOURCE: CCFG; Cotlook; ICAC
www.lenzing.com

Viscose

- Chinese VSF market focused on domestic demand due to the disappointing performance of foreign markets and the VSF price was largely stable
- Operating rates in Chinese VSF industry are currently fairly high and exceeded 80 % in March
- Discounts spurred sales and resulted in depleting inventories sufficient for ~ 18 days

Cotton

- The high price volatility as well as the stocks built up last year at high prices remain challenging for cotton buyers
- Cotton like other commodities reacted strongly to external events such as interest rate hikes and the banking crisis in March that caused uncertainties in the international banking system

Polyester

- Price development was mostly driven by feedstock cost

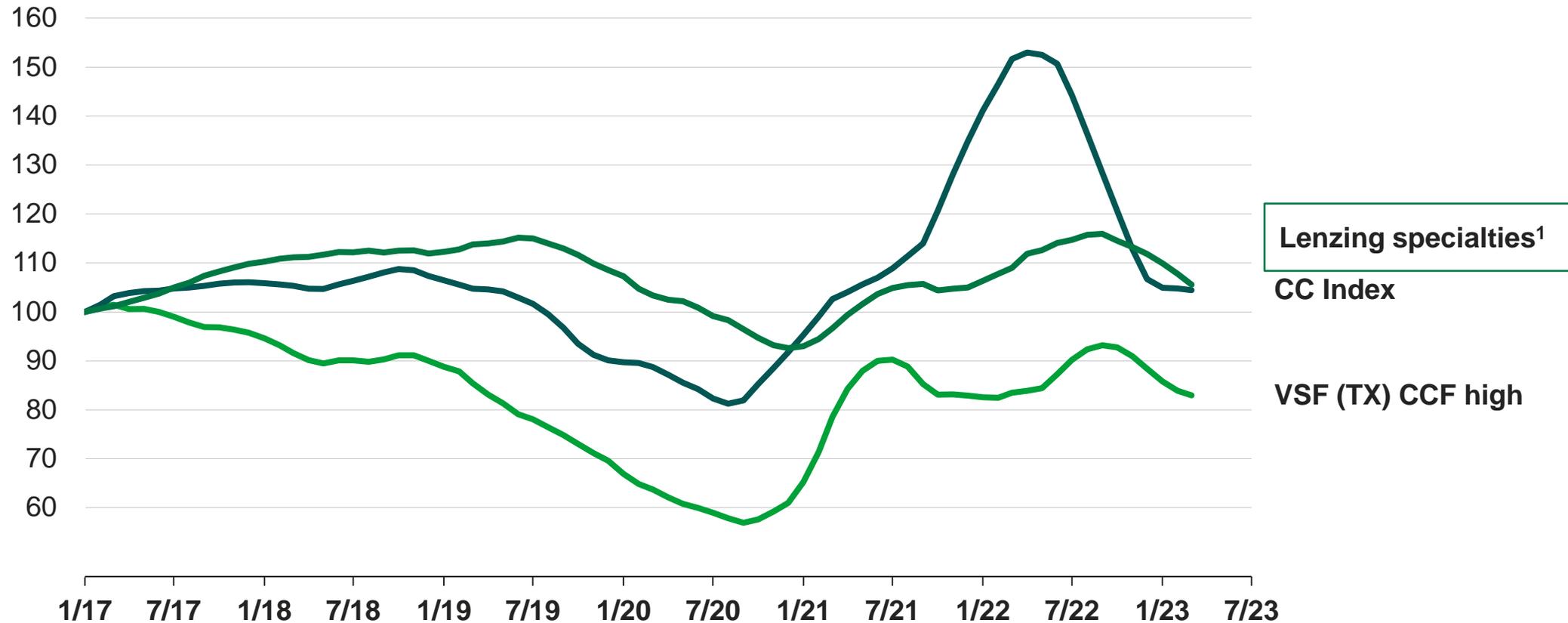
Dissolving hardwood pulp

- New capacities and low paper pulp prices weigh on DWP prices

Cotton price down after last year's spike, Lenzing specialties similar to other cellulose

Cellulosic fiber prices in China

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



1) Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

SOURCE: CCFG; CCA; Lenzing

Contact and financial calendar

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Visit our IR website

<https://www.lenzing.com/investors/>

Visit our SRI sites

<https://www.lenzing.com/sustainability>

Financial calendar

Annual results 2022	March 9, 2023
79 th Annual General Meeting	April 19, 2023
Results 01-03/2023	May 3, 2023
Half-year results 2023	August 2, 2023
Results 01-09/2023	November 3, 2023

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