

Lenzing Investor Presentation

Results 01-09/2023 – November 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".

Today's agenda

Topic	Presenter
1 Executive Summary	<ul style="list-style-type: none">• Stephan Sielaff, CEO
2 Market update	<ul style="list-style-type: none">• Christian Skilich, CPO• Stephan Sielaff, CEO
3 Financials	<ul style="list-style-type: none">• Nico Reiner, CFO
4 Performance program	<ul style="list-style-type: none">• Stephan Sielaff, CEO
5 Fully invested operations	<ul style="list-style-type: none">• Stephan Sielaff, CEO
6 Outlook	<ul style="list-style-type: none">• Stephan Sielaff, CEO
7 Q&A	<ul style="list-style-type: none">• Stephan Sielaff, CEO• Nico Reiner, CFO• Christian Skilich, CPO

Lenzing with positive FCF in Q3 – holistic performance program initiated to be prepared for continued weak market environment

Key developments & strategic highlights

- Continued weak markets relevant to Lenzing keep demand under pressure, whilst raw material and energy costs remain volatile on elevated levels
- New holistic performance program initiated to increase resilience by strengthening the top line, enhancing cost excellence as well as full focus on FCF generation
- Strategic investment project in Indonesia successfully completed as Lenzing receives EU Ecolabel for environmentally friendly fiber production – all fiber sites now 100 % converted to specialty fiber production

01-09/2023 financial results

- Revenue decreased to EUR 1,866 mn (vs. EUR 1,970 mn in 01-09/2022)
- EBITDA reached EUR 219¹ mn (vs. EUR 263 mn in 01-09/2022)
- Net result after minorities and hybrid bond was negative at EUR -149 mn (vs. EUR 57 mn in 01-09/2022)
- FCF significantly increased in Q3/2023 to EUR 27 mn (vs. EUR -33 mn in Q2/2023 and EUR -132 mn in Q1/2023)

The Lenzing Group confirms that it expects EBITDA in 2023 to be in a range of EUR 270 mn to EUR 330 mn²

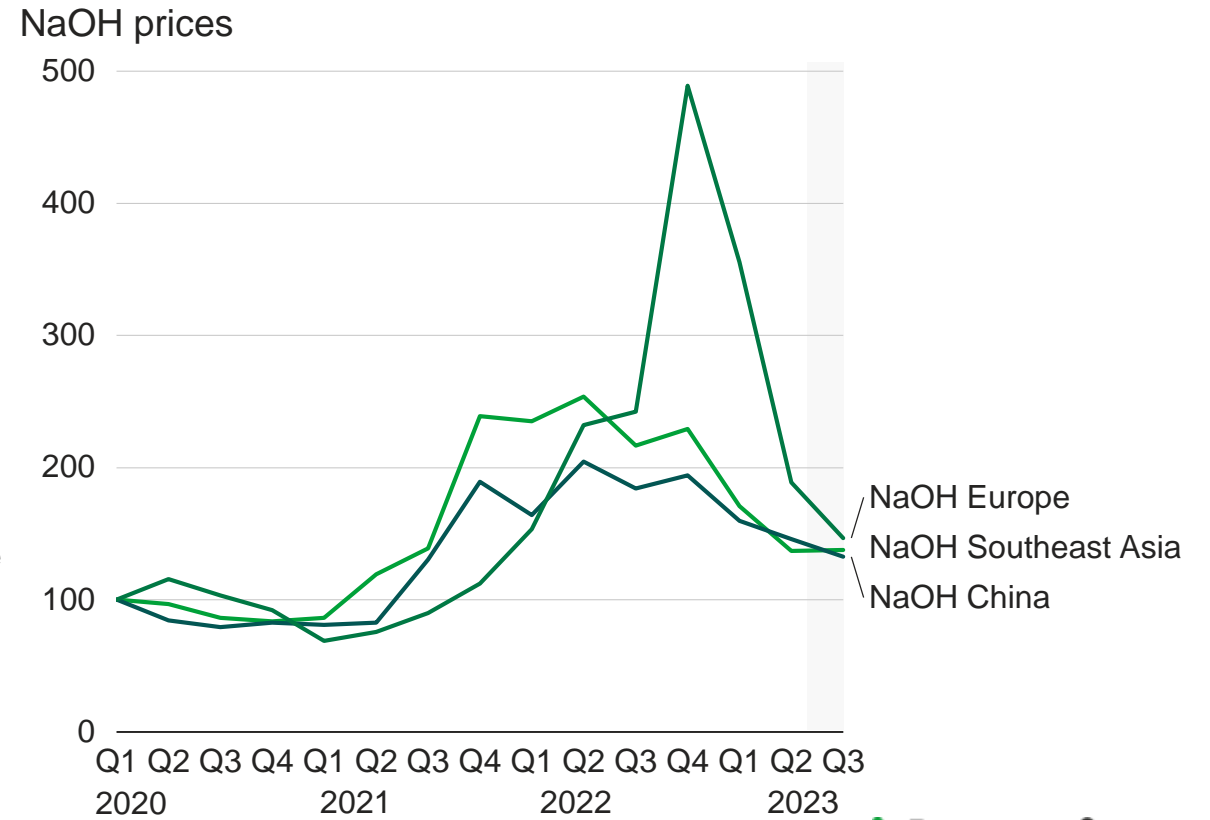
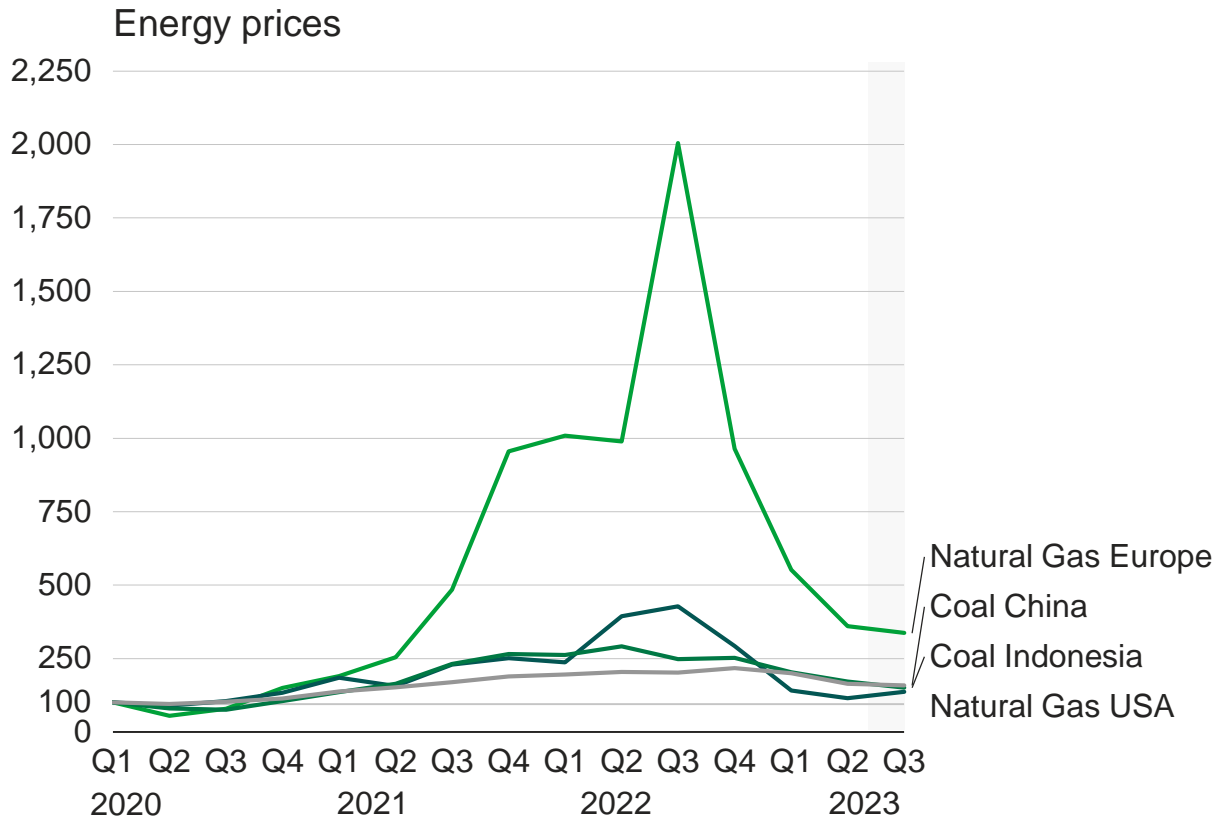
Market update



Energy and NaOH prices normalized further, but remain elevated

Development of selected energy and NaOH market prices, 2020-Q3/2023

Indexed, Q1 2020 = 100



NOTE: All prices indexed based on reported currency

SOURCE: IHS Markit; CCFG; Argus; ICE; NYMEX

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Economic uncertainty and cost pressure on consumers resulted in softening apparel demand in key markets such as Europe and China

Q3 2023 apparel retail sales¹ by region

Percent, Q3 '23 vs. Q2 '23, inflation adjusted, seasonally adjusted



Global

↓ **-3 %**
Q3 2023 QoQ



United States

→ **1 %**
Q3 2023 QoQ



Europe

↓ **-5 %**
Q3 2023 QoQ



China

↓ **-3 %**
Q3 2023 QoQ

Reasons for weaker demand

- **Spending intentions dropped.** Consumer confidence remained at a very low level in Q3
- **Disposable income down.** Consumers continued to redirect their limited discretionary budgets towards services rather than goods
- **Unusually hot weather** in Q3 delayed consumer appetite for autumn/winter collections
- **Uncertain outlook.** No turnaround in sight, with geopolitical conflicts adding further uncertainty

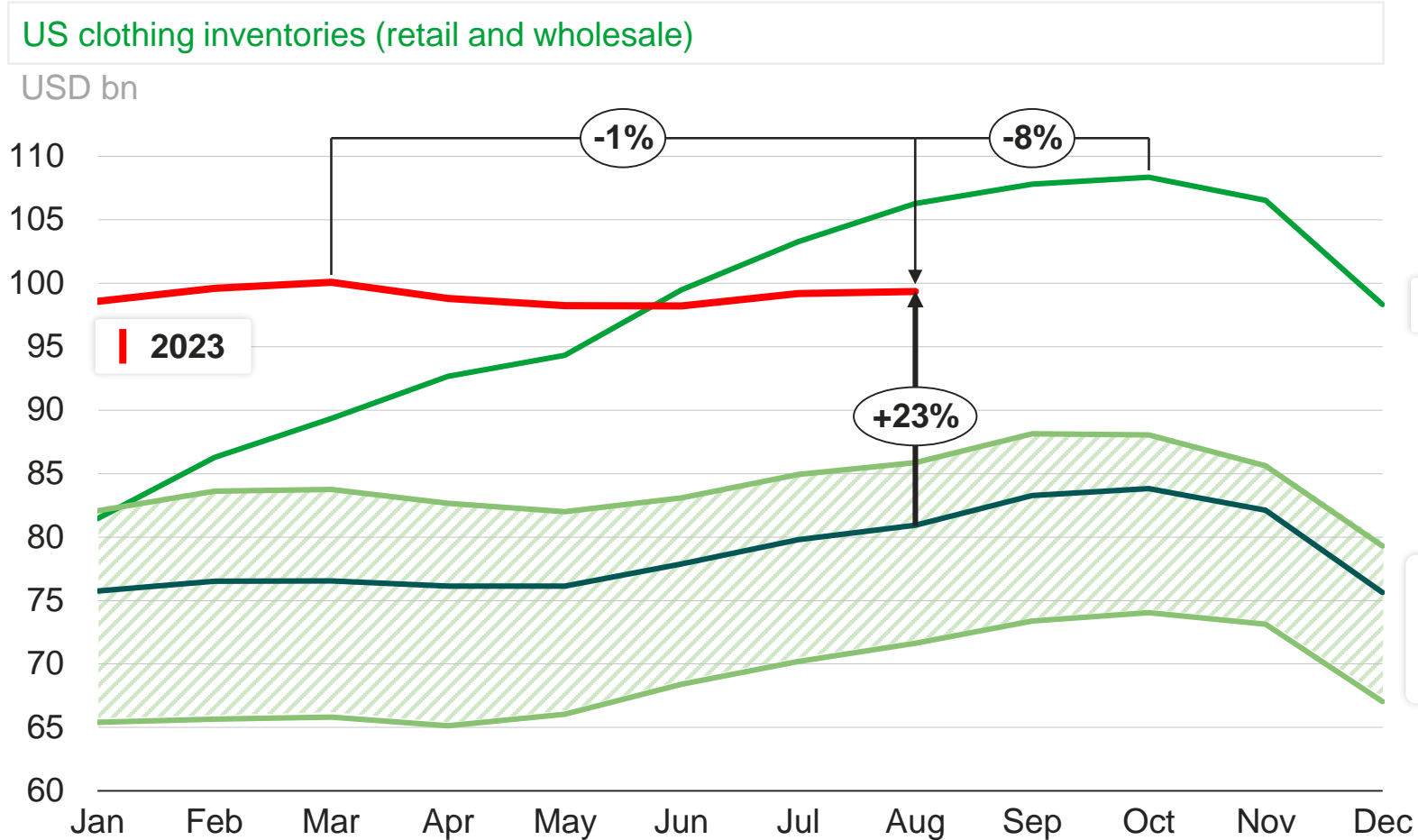
1 Global estimate based on 42 countries accounting for 84 % of global 2019 apparel sales. Where available incl. online (China), otherwise excl. online. Europe estimate based on weighted average of 20 countries. All data in local currency, partly adjusted for FX

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SOURCE: US Census Bureau; Eurostat; China National Bureau of Statistics; company analysis

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Apparel inventory levels remain elevated but relatively stable against the typical seasonal trend



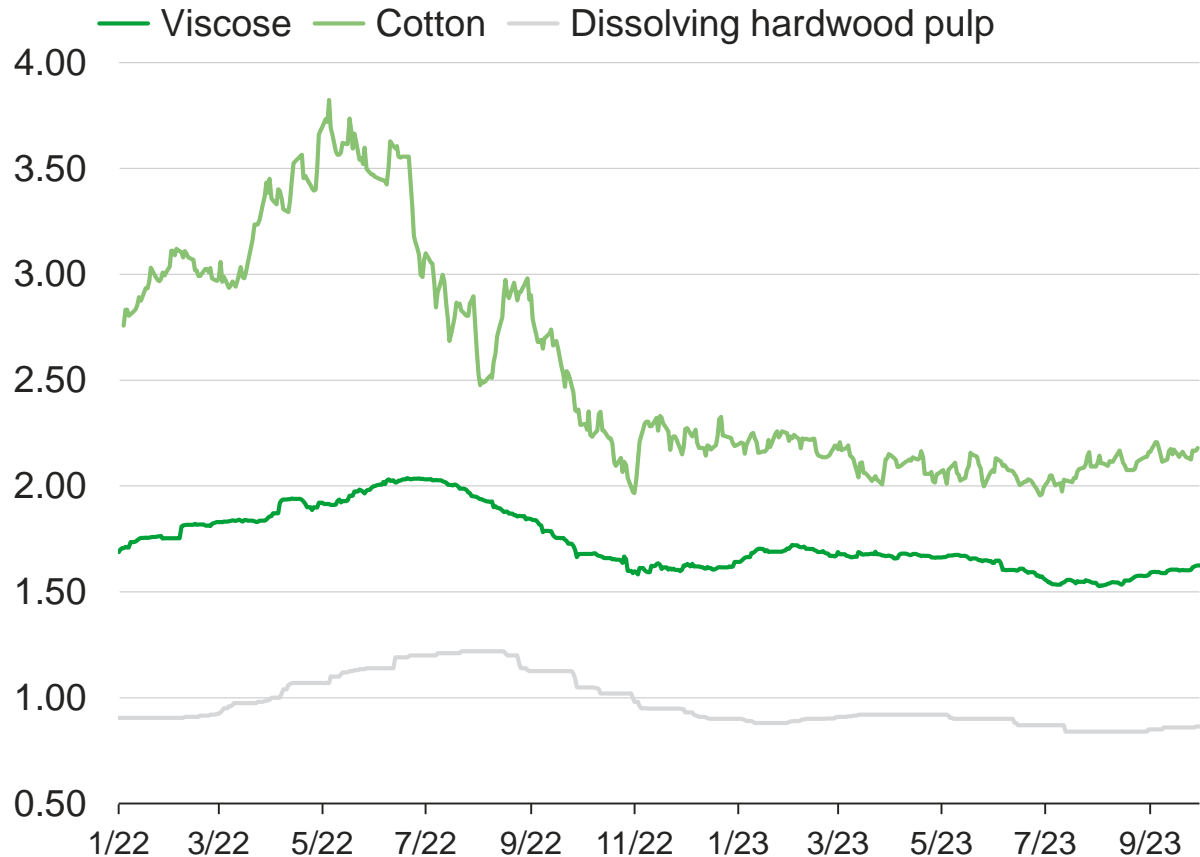
EXAMPLE: US

NOTE: Including inventories in both retail and wholesale. Retail inventories for NAICS 448 (Clothing and clothing access. Stores), wholesale inventories for NAICS 4243 (Wholesale of Apparel, Piece Goods & Notions). Not adjusted for seasonal variation and trading-day differences. In current prices

Fiber market prices remain on low levels

Fiber market prices in China

USD/kg, excl. VAT



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

Viscose

- Chinese VSF market prices have improved somewhat since August, due to peak season and cost increases

Cotton

- Despite adverse impacts from climate change on key cotton growing countries, sufficient supply expected for the current season

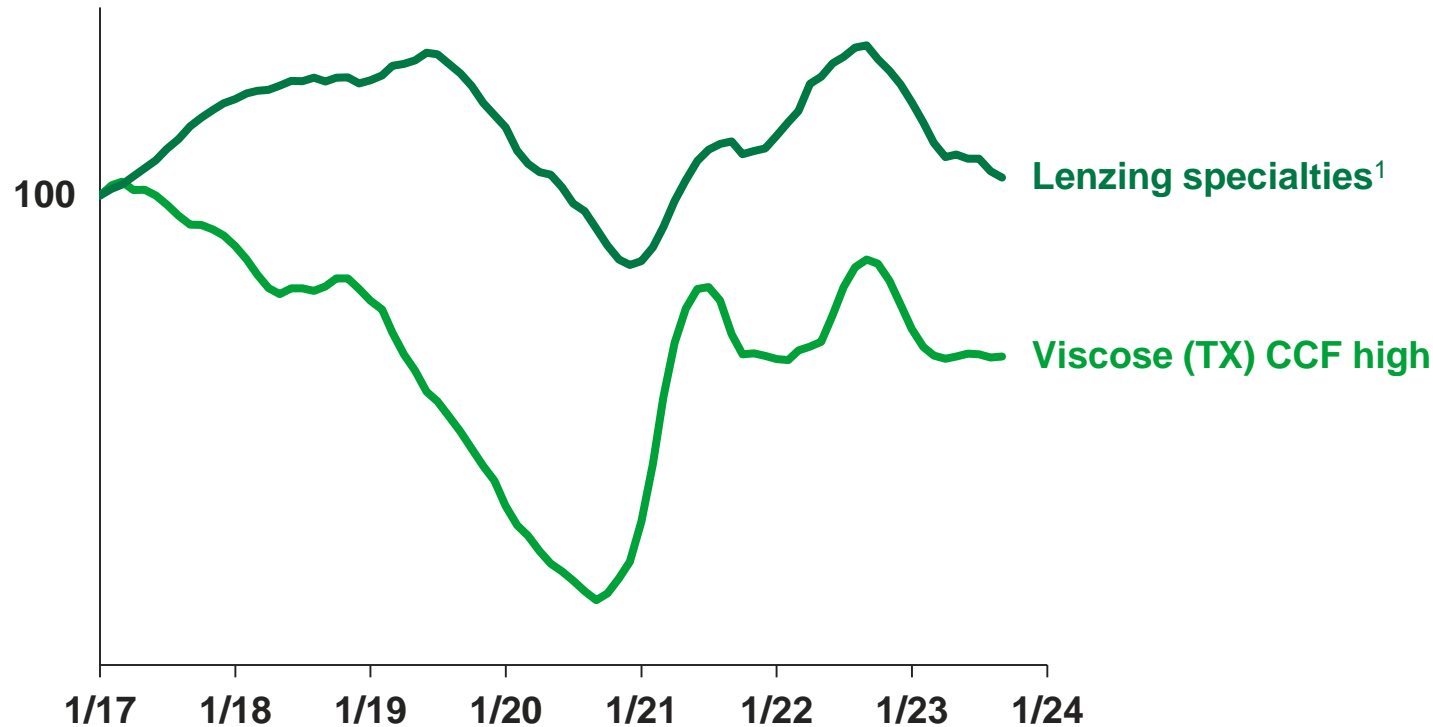
Dissolving hardwood pulp

- DWP prices stabilized bolstered by supply outages and good demand

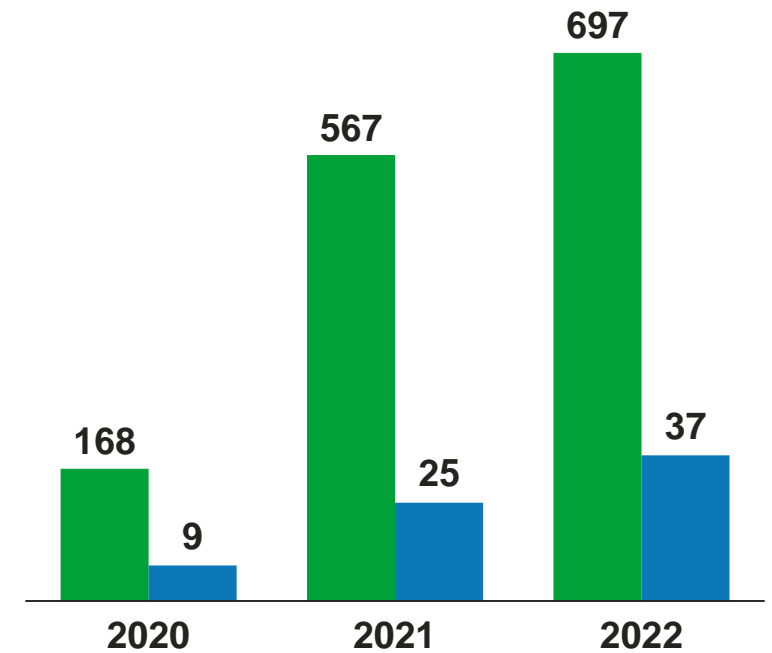
Lenzing's specialty fibers increased premium until 2019 and maintained it at solid level since, supported by strong branding

Cellulosic fiber prices in China

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



Overview of co-branding programs,



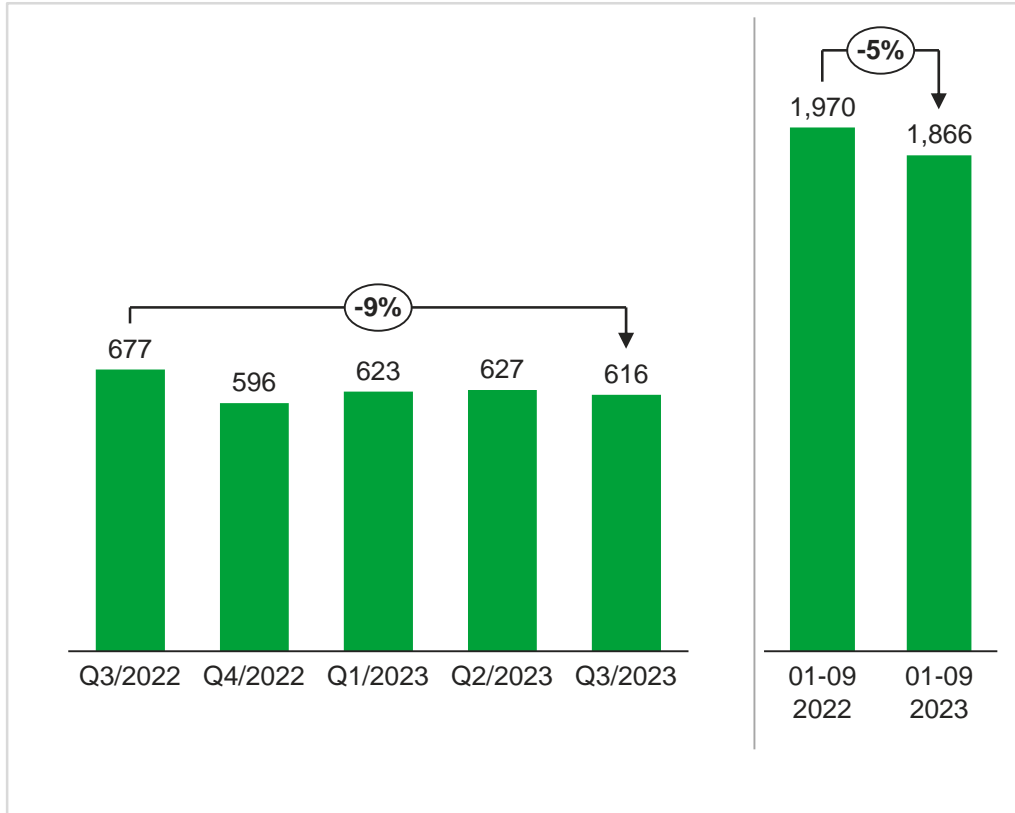
1) Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose
 SOURCE: CCFG; CCA; Lenzing
www.lenzing.com

Financials

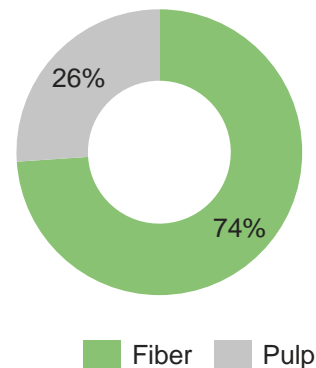


Revenues decreased slightly, EBITDA at EUR 83 mn

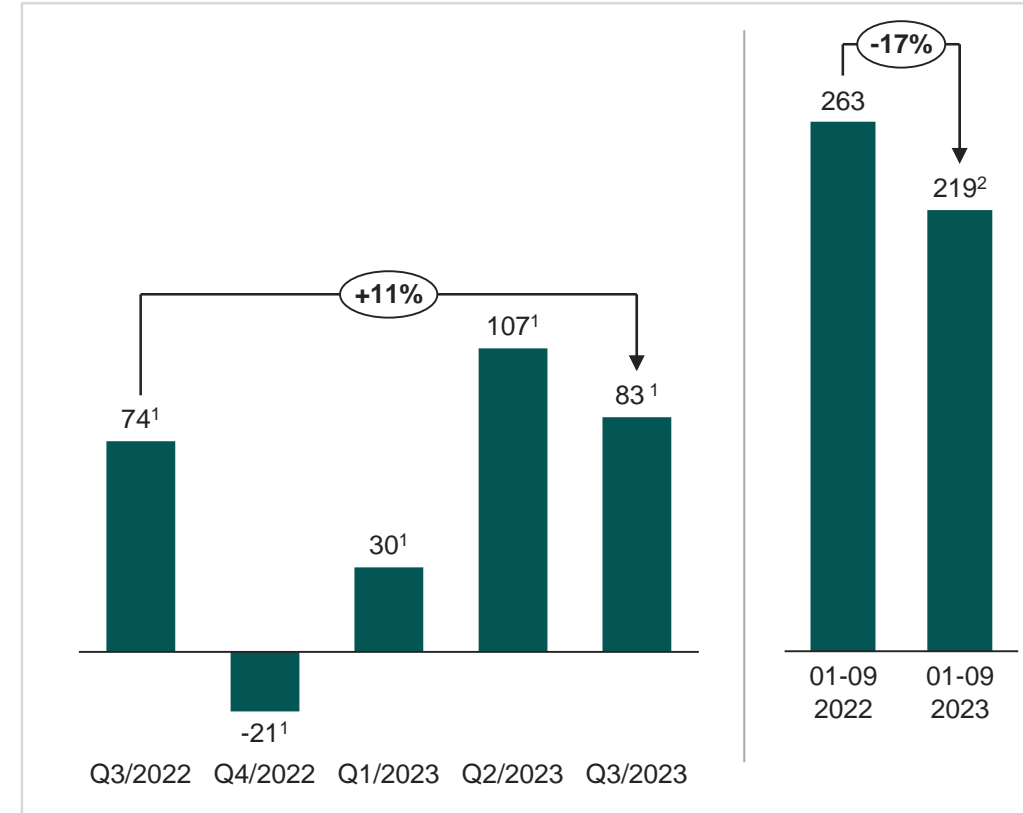
Group revenue in EUR mn



Revenue split 01-09/2023



EBITDA in EUR mn

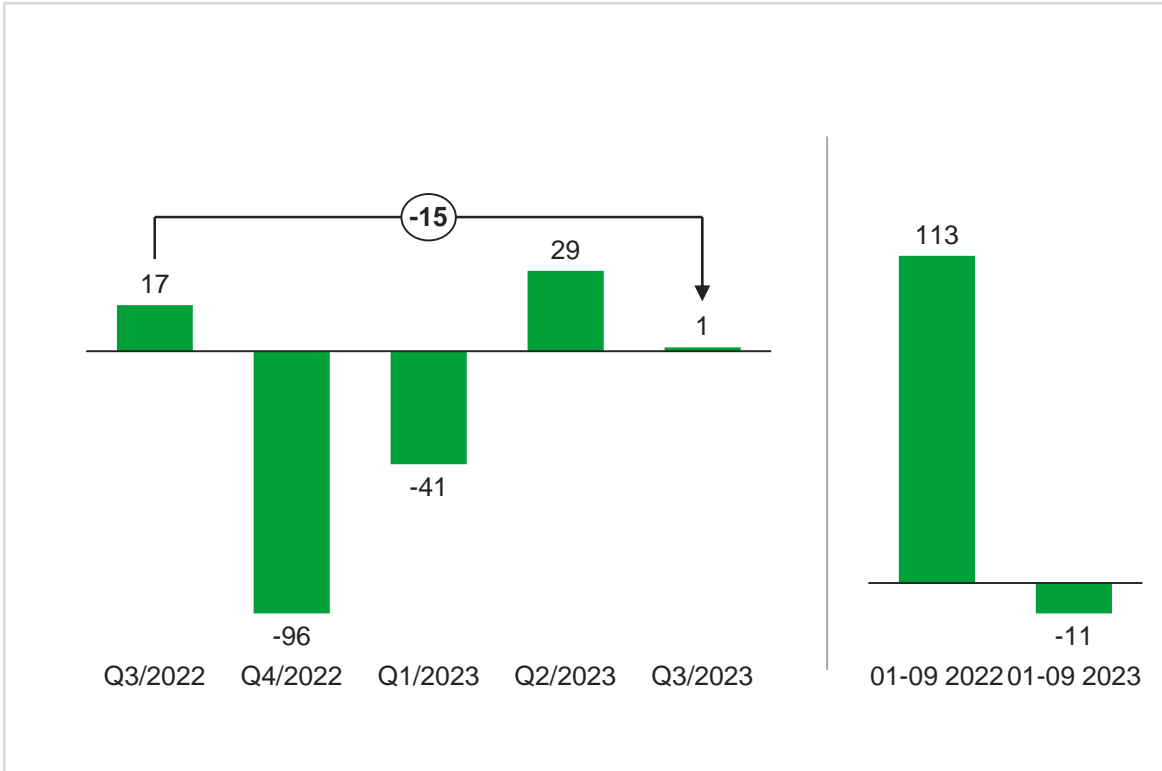


1) Includes positive biological asset valuation impact of EUR 17 mn in 2022, EUR 17.6 mn in Q1/2023, EUR 24.9 mn in Q2/2023 and EUR 16.2 mn in Q3/2023

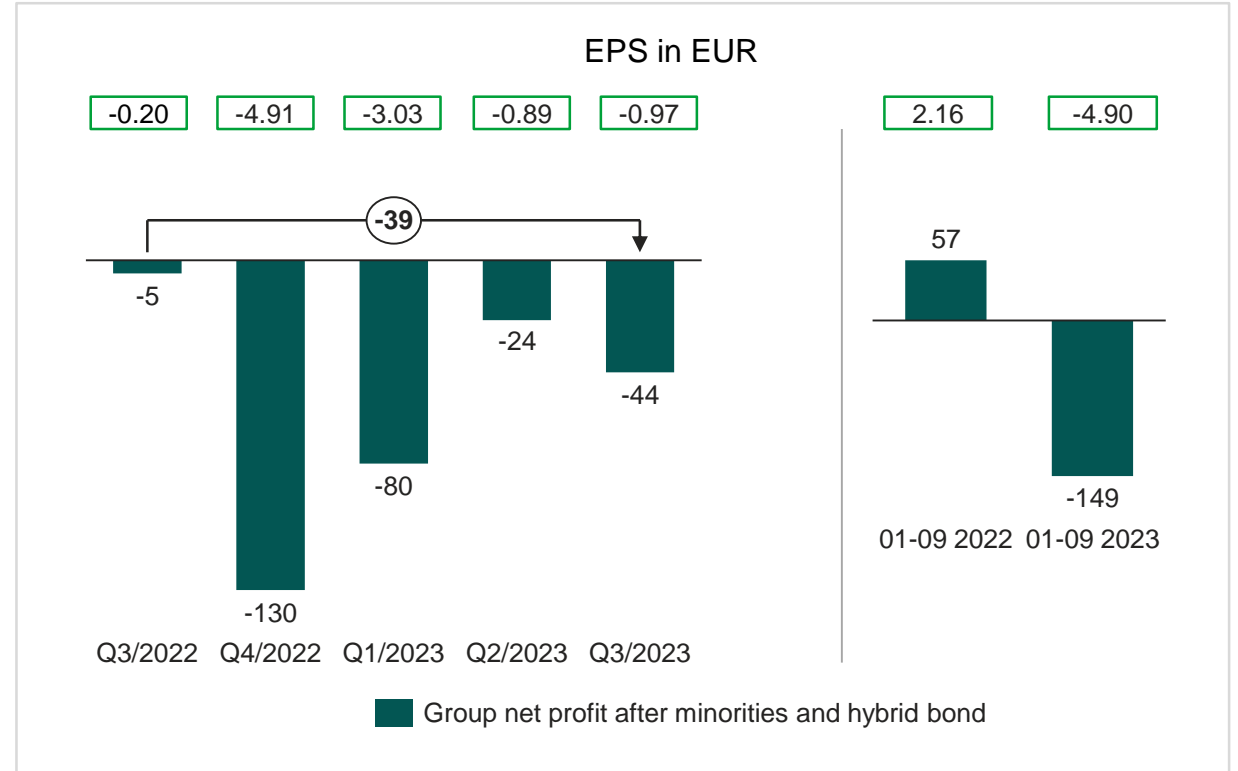
2) Includes positive biological asset valuation impact of EUR 58.7 mn

EBIT decreased to EUR 1 mn in Q3 2023

EBIT in EUR mn

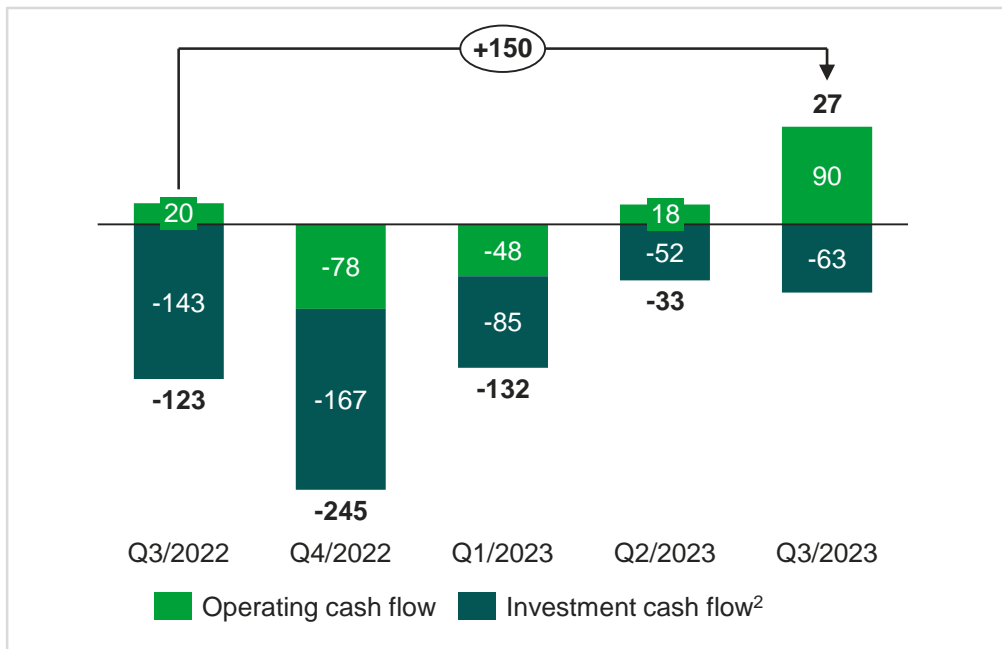


Group net profit after minorities and hybrid bond, in EUR mn



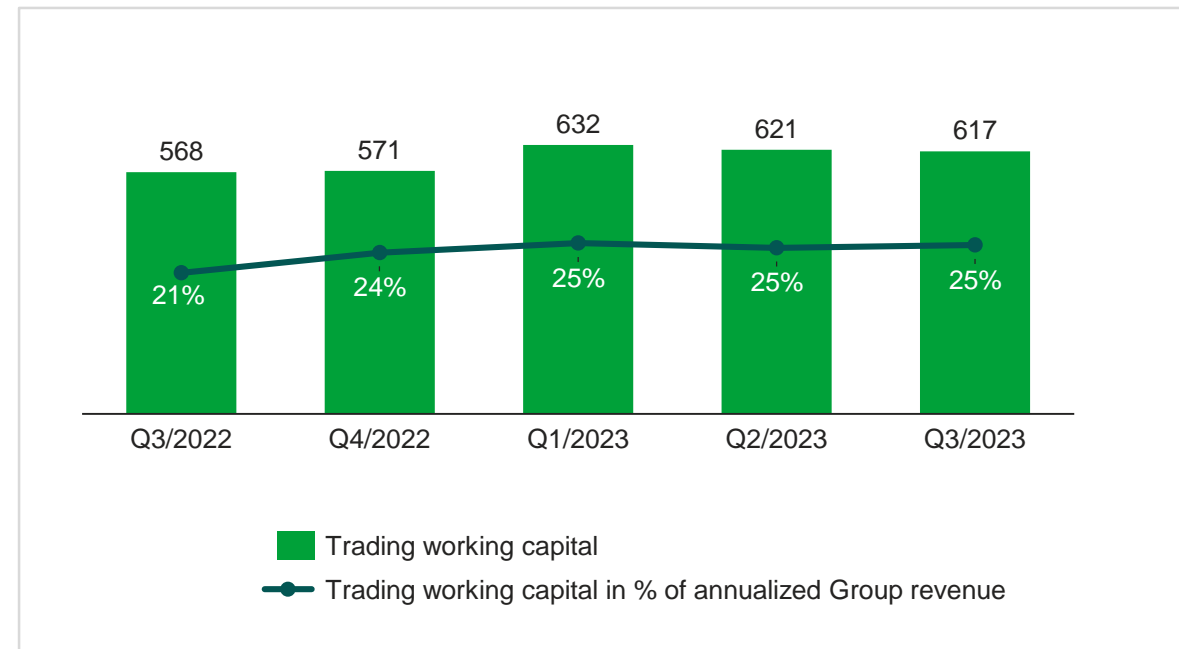
FCF steadily improved quarter to quarter to EUR 27 mn in Q3 2023

Free cash flow¹, in EUR mn



- Significant increase of operating cash flow to EUR 90 mn leads to positive free cash flow of EUR 27 mn

Trading working capital³, in EUR mn

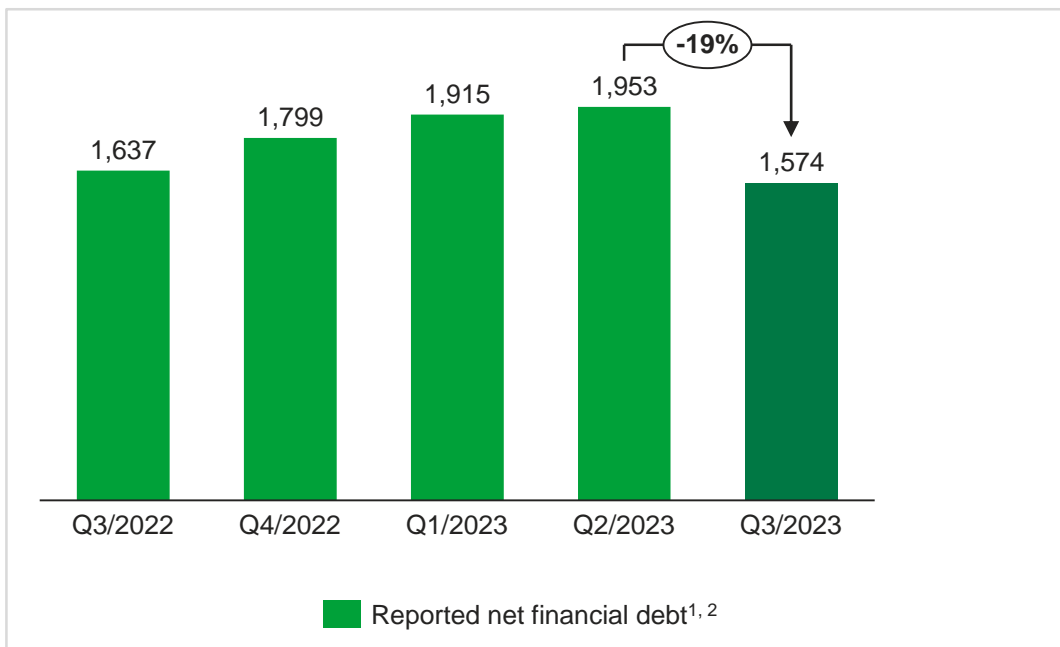


- Slight increase of trade receivables and decrease of trade payables in Q3/2023 vs. Q2/2023
- Inventories with decrease by EUR 42 mn in Q3/2023 vs. Q2/2023

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

Net financial debt at EUR 1.57 bn after capital increase, liquidity cushion at EUR 1 bn

Net financial debt^{1,2}, in EUR mn



- Net financial debt position materially improved to EUR 1,574 mn after net proceeds of EUR 392 mn from capital increase

- 1) Fully consolidated Brazil JV debt included
- 2) Net financial debt excluding lease liabilities
- 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)	30 Sep. 2023	31 Dec. 2022	Change in %
Total assets	5,891.9	5,525.0	6.6
Liquid assets³	754.6	453.3	66.5
Total liabilities	3,615.5	3,499.1	3.3
thereof financial liabilities	2,468.9	2,322.2	6.3
Adjusted equity⁴	2,354.1	2,088.6	12.7
Adjusted equity ratio (%)	40.0	37.8	-
Net gearing (%)²	66.9	86.2	-
Net financial debt²	1,574.1	1,799.4	(12.5)

According to IFRS (EUR mn)	30 Sep. 2023	31 Dec. 2022	Change in %
Total liquidity cushion	991.3	685.5	44.6
thereof liquid assets⁴	754.6	453.3	66.5
thereof unused credit facilities	236.7	232.3	1.9

Performance program

Rationale for new performance program: improve profitability and cash flow generation in a continued stagnant market environment

Market context

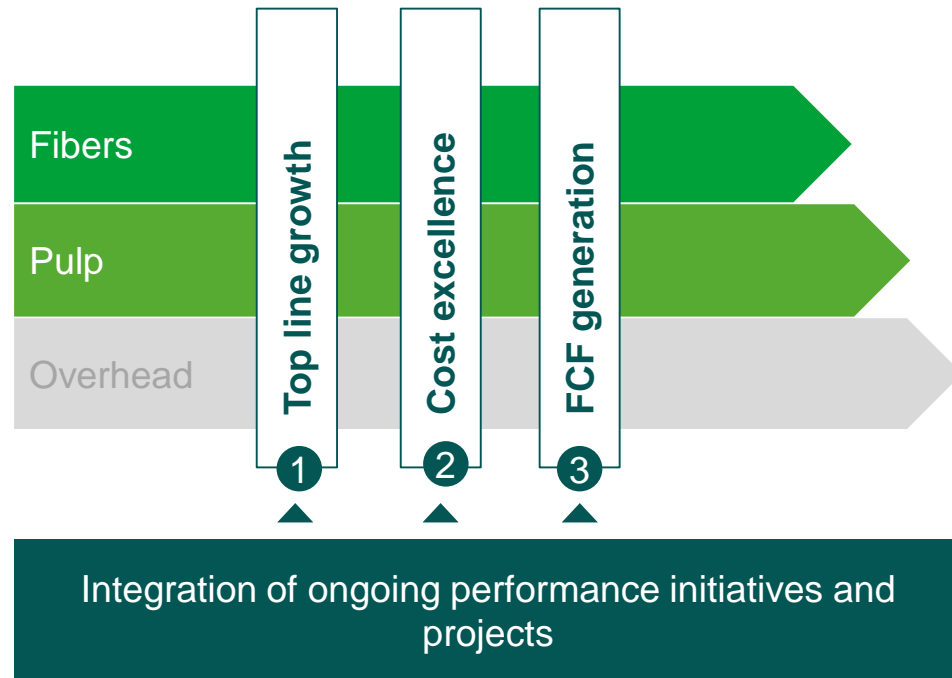
- Continued weak market environment during H2 2023
- Still low demand and pricing dynamics in global fiber markets
- Market recovery takes more time than initially expected by market observers

New Performance Program

- Successfully executed cost reduction program of EUR 70 mn (launched in 2022) not sufficient to support adequate profitability and cash flow generation in current market environment
- Objective to increase resilience and competitive positioning of Lenzing in a continued stagnant market environment
- New performance program with relentless focus on profitability and cash flow generation
- Improve performance levels based on Lenzing's fully invested asset base

Performance program launched in Q3 2023 with three pillars: top line growth, cost excellence and cash flow generation

Lenzing's holistic performance program



1 Strengthening top line growth with defined sales initiatives in push and pull

2 Enhanced cost excellence leading to sustainable profitability levels across pulp and fiber operations

3 Full focus on cash flow generation

Holistic performance program drives positive FCF generation

1

Top line growth



- Enhancement of push (direct customers) and pull (global brands) sales organization
- Dedicated sales initiatives to grab growth opportunities in Lenzing relevant markets
- Higher share of wallet and strengthened collaborations with global brands
- Strengthened sales processes to fully leverage potential of Lenzing's products also in demanding market conditions

2

Cost excellence



- Operational improvements and process excellence with detailed initiatives per site
- Optimization of direct and indirect spend
- Leaner overhead structure further organized around delivering value to customers

3

FCF generation



- Stringent supply chain and tight working capital management
- Restriction on capex based on fully invested asset base, with clear focus on license to operate and maintenance

- Target cost savings of at least EUR 100 mn p.a. (run-rate 2025; 50% in 2024)
- Overall program impact should result in significant positive FCF in the subsequent quarters

Fully invested operations

Capacity expansions and site conversions are completed - all fiber sites are now 100 % converted for specialty fiber production

Fully invested capacity expansions

100 kt Lyocell plant in Thailand



2022



Thailand

500 kt single line DWP mill in Brazil¹

LENZING™

2022



Brazil

Site conversions completed

Upgrade and conversion of fiber sites in Nanjing, China and Purwakarta, Indonesia



2023



China



Indonesia

SPV Purwakarta, Indonesia

- EU Ecolabel certification for Lenzing's viscose fiber production in Indonesia
- Product portfolio to include specialty fibers of the Lenzing™ ECOVERO™ and VEOCEL™ brands
- Invested capex > EUR 100 mn enables to reduce emissions and allows for higher margin potential of specialty fibers

1) JV with Dexco

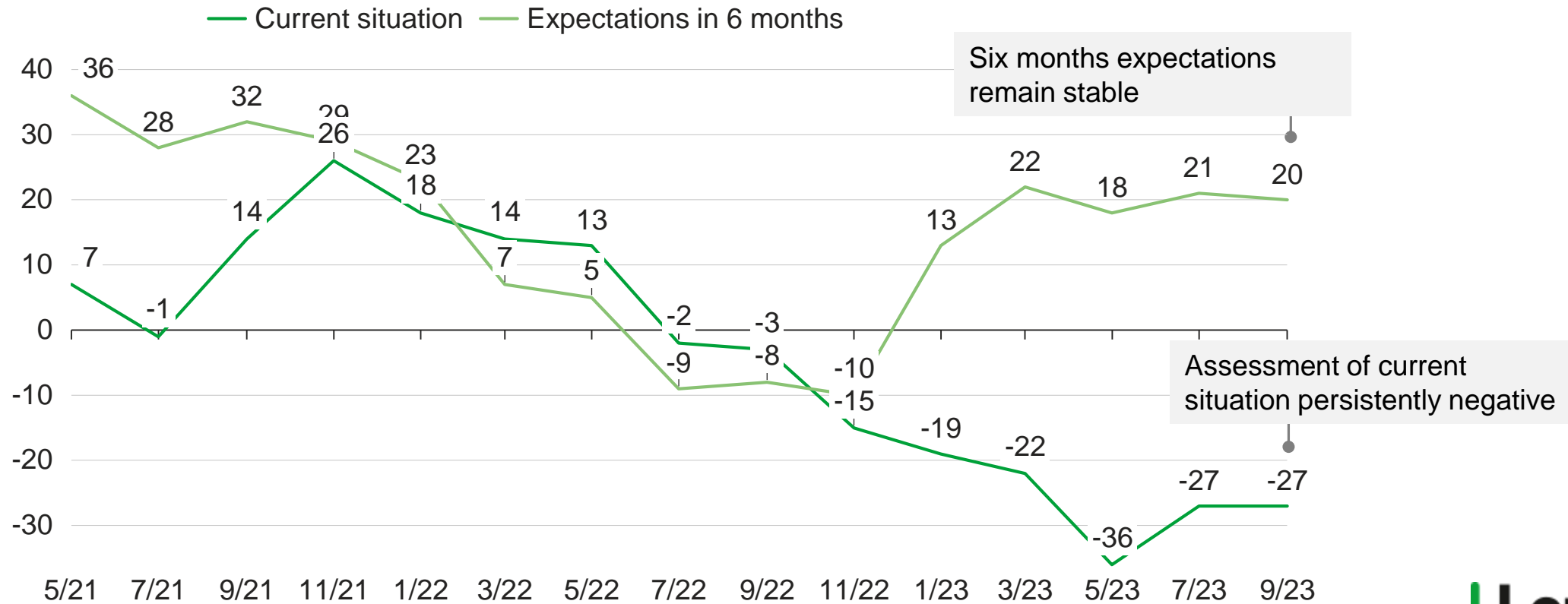
Outlook



Current situation in the TX industry remained nearly unchanged in negative territory

TX industry sentiment by survey date, balance index

Percent of respondents, balance between good vs. poor



SOURCE: 22nd ITMF Global Textile Industry Survey (September 2023)

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Lower demand and elevated inventories continue to weigh on apparel brands' performance; nonwovens more stable

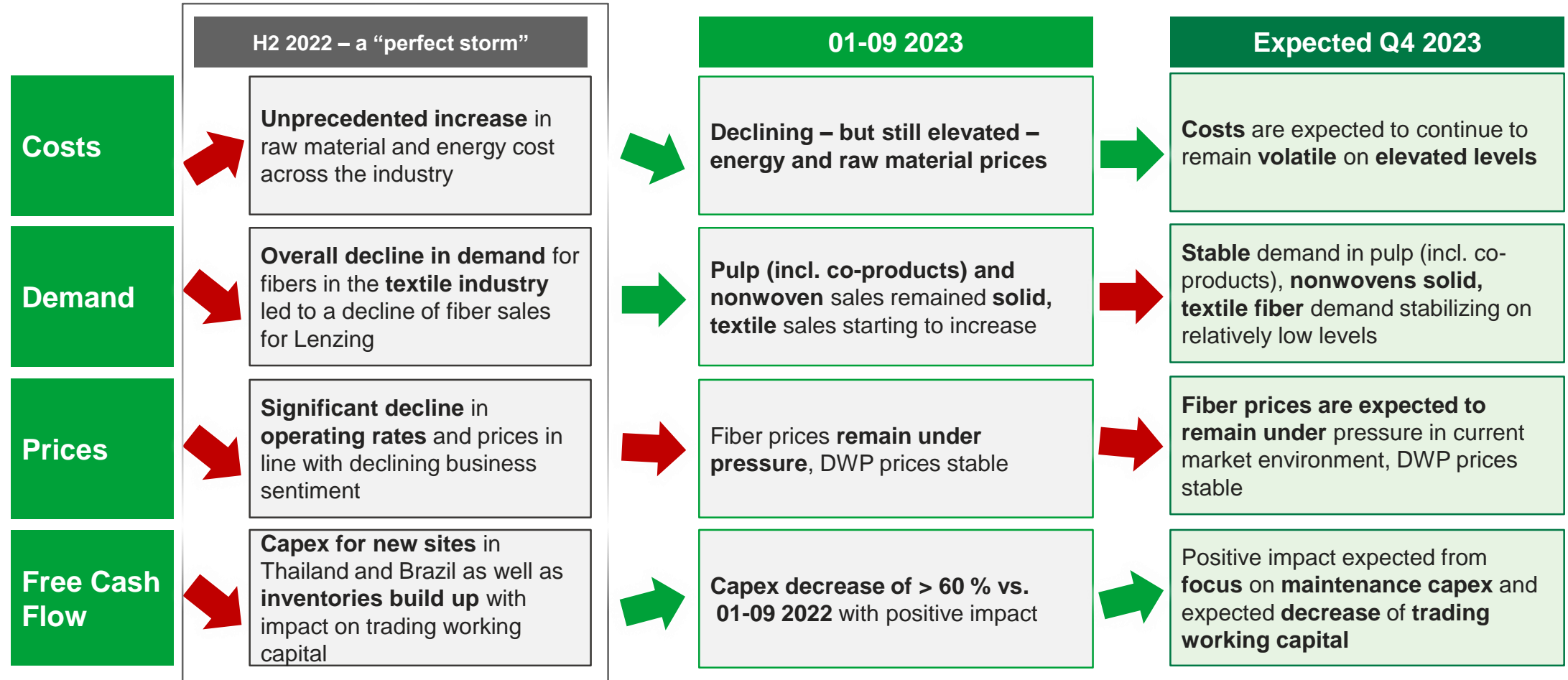


TEXTILES

NONWOVENS

Company	Date	Quotes recent trading updates
	Oct 26, 2023	"In the US , retailers continue to take a cautious approach to managing inventory levels and placing orders. Consumer demand for soft goods, including apparel, footwear, remains weak. " CEO Columbia
	Oct 24, 2023	" September has been softer because the traffic was down , because the consumer chose different leisure activities when it was very, very warm than going shopping. " CEO Puma
	Oct 5, 2023	"The consumer being pressured , the combination of that with the hot weather did have a negative impact . Given the ongoing uncertainty in the macro-environment, we are taking a cautious approach to our outlook for the fourth quarter." CFO Levi Strauss
	Oct 27, 2023	"Despite the challenging global economy, we see at the moment positive signs in our business environment in 2024." CEO Suominen
	Oct 19, 2023	"The consumer continues to be remarkably resilient . As we said in the US, the consumption levels are actually stable . (...) And that's true in Europe and in most parts of the world. " CFO P&G

After the “perfect storm” built up in H2 2022, recovery is taking time



Massively depressed market environment maintained; guidance 2023 confirmed

Lenzing expects weak market conditions to continue weighing on EBITDA

- Demand is expected to remain on low levels due to the continued weak markets relevant to Lenzing in Q4 2023
- Prices are expected to remain under pressure
- Costs are expected to continue to remain volatile on elevated levels
- Holistic performance program is being implemented, initial impact as of Q4 2023

The Lenzing Group confirms that it expects EBITDA in 2023 to be in a range of EUR 270 mn to EUR 330 mn

Lenzing is uniquely positioned to take full advantage of market rebound

Best positioned in terms of megatrends

- Benefitting from increased sustainability awareness
- Growing demand for WBCF¹ due to the widening of the cellulosic gap driven by cotton supply constraints

Fast growing market demand after market recovery

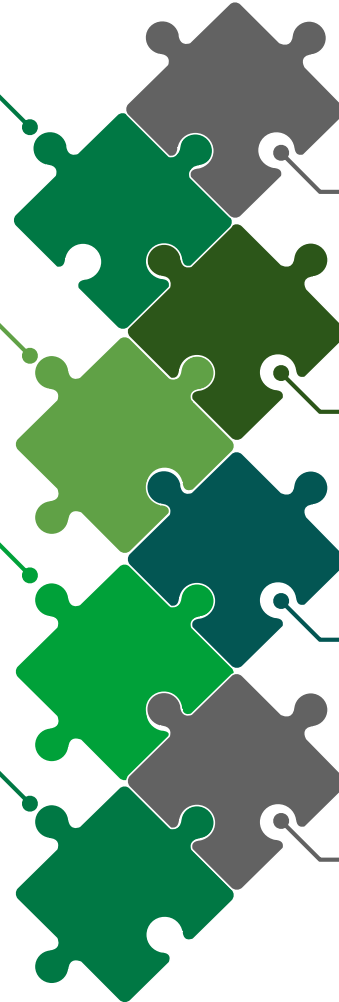
- Demand for WBCF¹ expected to grow at ~4-6% p.a.
- Lyocell market forecast growth at >20% p.a.

Shifting portfolio further towards specialty

- All fiber sites are 100 % converted for specialty fiber production
- Strong demand for LENZING™ ECOVERO™ and TENCEL™ branded modal fibers

Backward integration

- ~95%² backward integrated in dissolving wood pulp following the completion of the DWP plant in Brazil



Strong brand portfolio

- High brand awareness driven by the right mix of well-known premium brands and customer centric approach

Operational and sustainable improvements

- Performance program launched with three pillars: top line growth, cost excellence and cash flow generation

Enhance Lyocell capacity after market recovery

- Fully participating in growth of the most attractive segment of WBCF¹ market with the new Lyocell plant in Thailand

Two new plants completed and ramped-up

- Two new plants being fully invested in 2022 and ramped up and two plants fully converted in 2023

Source: Company information
¹ Wood-based cellulosic fibers;
² As of 2022A, nominal capacity

Thank You

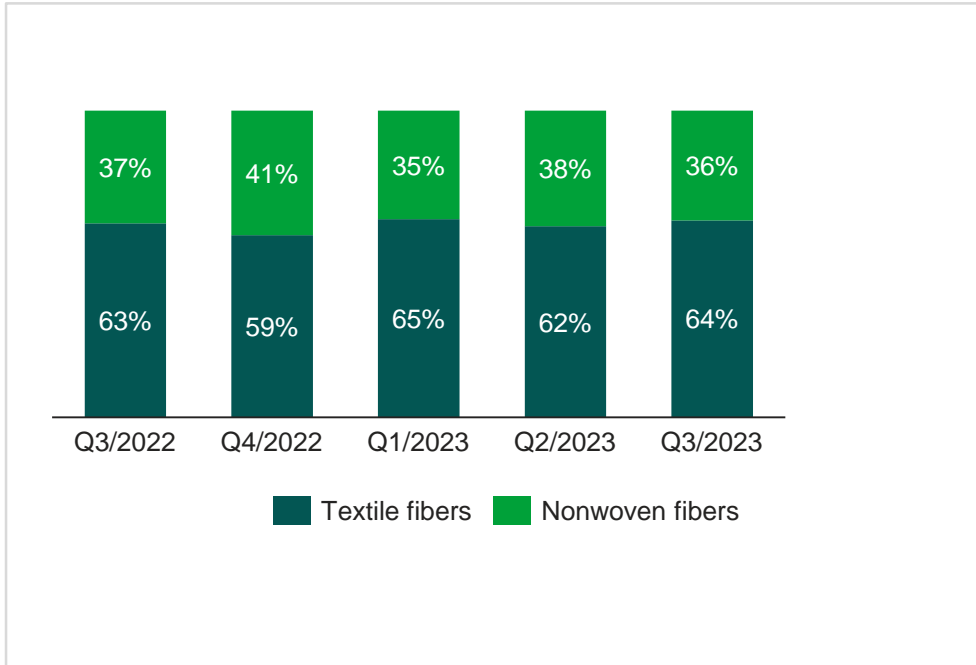
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attention!**

Backup

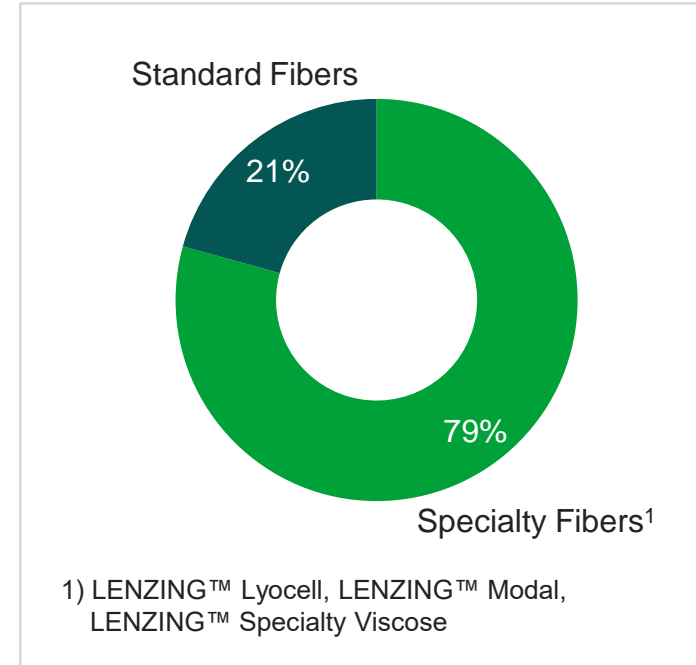


Fiber revenue breakdown

Fiber revenue by application, %



Specialties share of fiber sales in Q3-2023



Quarterly P&L development

EUR mn	Q3 2023	Q2 2023	Q1 2023	Q3 2022	Delta Q3 YoY	Delta Q3 % YoY
Revenues	615,5	627,1	623,1	676,5	-61,0	-9,0%
Cost of Sales	-561,0	-502,4	-562,0	-583,3	22,3	-3,8%
<i>% of Revenue</i>	-91,1%	-80,1%	-90,2%	-86,2%		
Gross Profit	54,6	124,7	61,1	93,2	-38,7	-41,5%
<i>% of Revenue</i>	8,9%	19,9%	9,8%	13,8%		
Selling Expenses	-68,8	-67,2	-65,8	-78,8	10,0	-12,7%
<i>% of Revenue</i>	-11,2%	-10,7%	-10,6%	-11,6%		
Administrative Expenses	-31,9	-29,1	-34,4	-29,3	-2,7	9,1%
<i>% of Revenue</i>	-5,2%	-4,6%	-5,5%	-4,3%		
R&D Expenses	-6,7	-6,2	-4,1	-4,9	-1,8	36,4%
<i>% of Revenue</i>	-1,1%	-1,0%	-0,7%	-0,7%		
Other Operating Income	54,4	14,8	10,1	37,2	17,2	46,2%
Other Operating Expenses	-0,1	-7,6	-8,4	-0,6	0,5	-84,5%
EBIT	1,5	29,4	-41,4	16,9	-15,5	-91,4%
<i>% of Revenue</i>	0,2%	4,7%	-6,6%	2,5%		
Depreciation & Amortization	81,1	77,4	71,1	57,1	24,0	42,0%
EBITDA	82,6	106,8	29,7	74,1	8,5	11,5%
<i>% of Revenue</i>	13,4%	17,0%	4,8%	10,9%		
Financial Result	-12,3	-31,2	-32,9	9,4	-21,8	< -100,0%
Income Taxes	-20,0	1,0	9,3	-23,8	3,7	-15,7%
Net Income / Loss	-30,9	-0,8	-64,9	2,6	-33,5	< -100,0%
Attributable to:						
Shareholders of Lenzing AG	-44,3	-23,7	-80,5	-5,3	-39,0	> +100,0%
Share planned for hybrid capital owners	7,2	7,2	7,2	7,2	0,0	0,0%
Non-controlling interests	6,3	15,7	8,4	-0,8	5,5	> +100,0%

Topline Breakdown 01-09 2023

EUR mn	Q3-c 2023
Wood-based cellulosic fibers	1 304,4
Co-Products Fibers	46,0
Mechanical and plan engineering, engineering	26,9
Fiber	1 377,4
Pulp	376,8
Biorefinery Products	85,6
Wood and other	23,0
Pulp	485,4
Others (incl. Consolidation)	3,0
Total Group Revenue	1 865,8

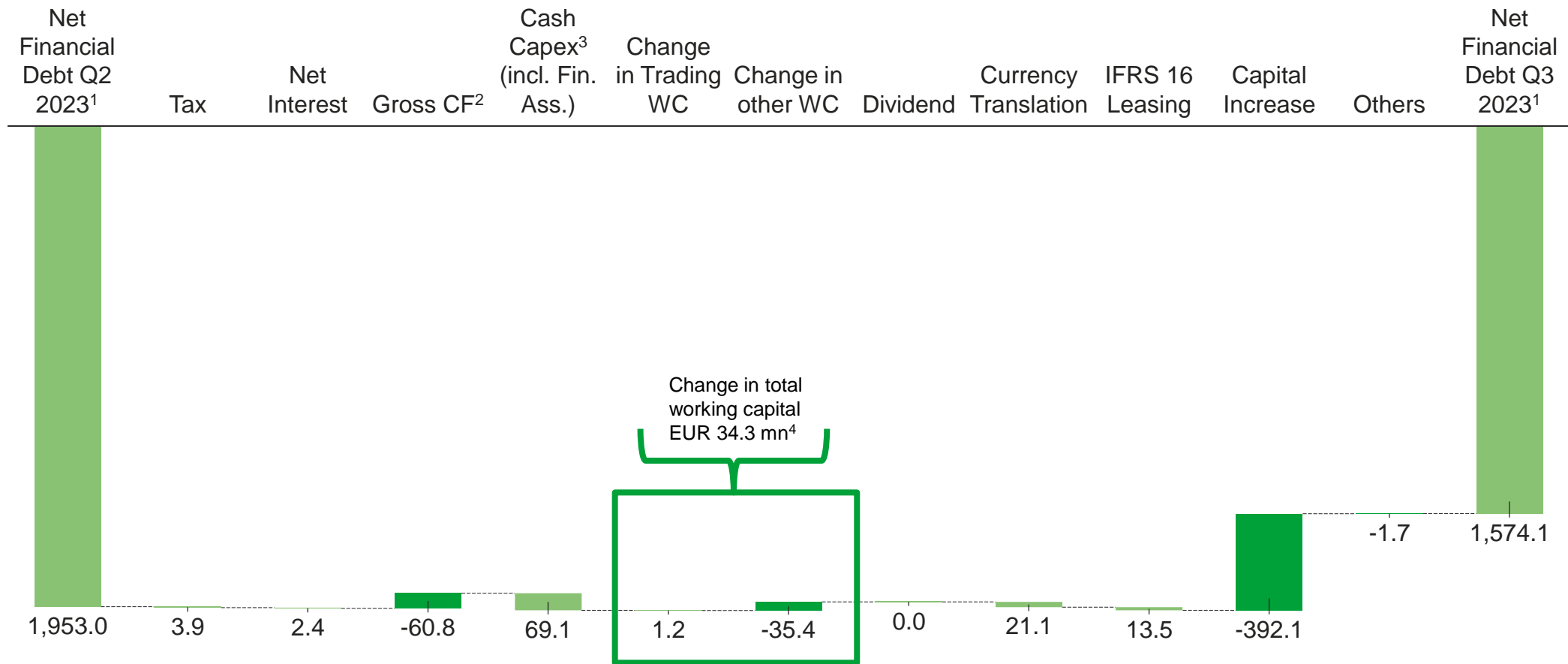
Quarterly cash flow development

(EUR mn)	Q3/2023	Q2/2023	Change Q3/Q2 (%)	Q3/2022	Change Q3/Q3 (%)
Gross cash flow (after taxes and interest)	54.5	36.5	49.5	78.5	(30.6)
Change in total working capital ¹	35.8	(18.0)	-	(58.9)	-
Operating cash flow	90.3	18.5	388.3	19.6	361.4
Investment cash flow ²	(63.0)	(51.6)	22.1	(142.7)	(55.8)
Free cash flow	27.3	(33.1)	-	(123.1)	-

1) Including trading and other working capital

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

Q3-2023: Net debt bridge



1) Net financial debt excluding lease liabilities

2) Gross cash flow before taxes and interest

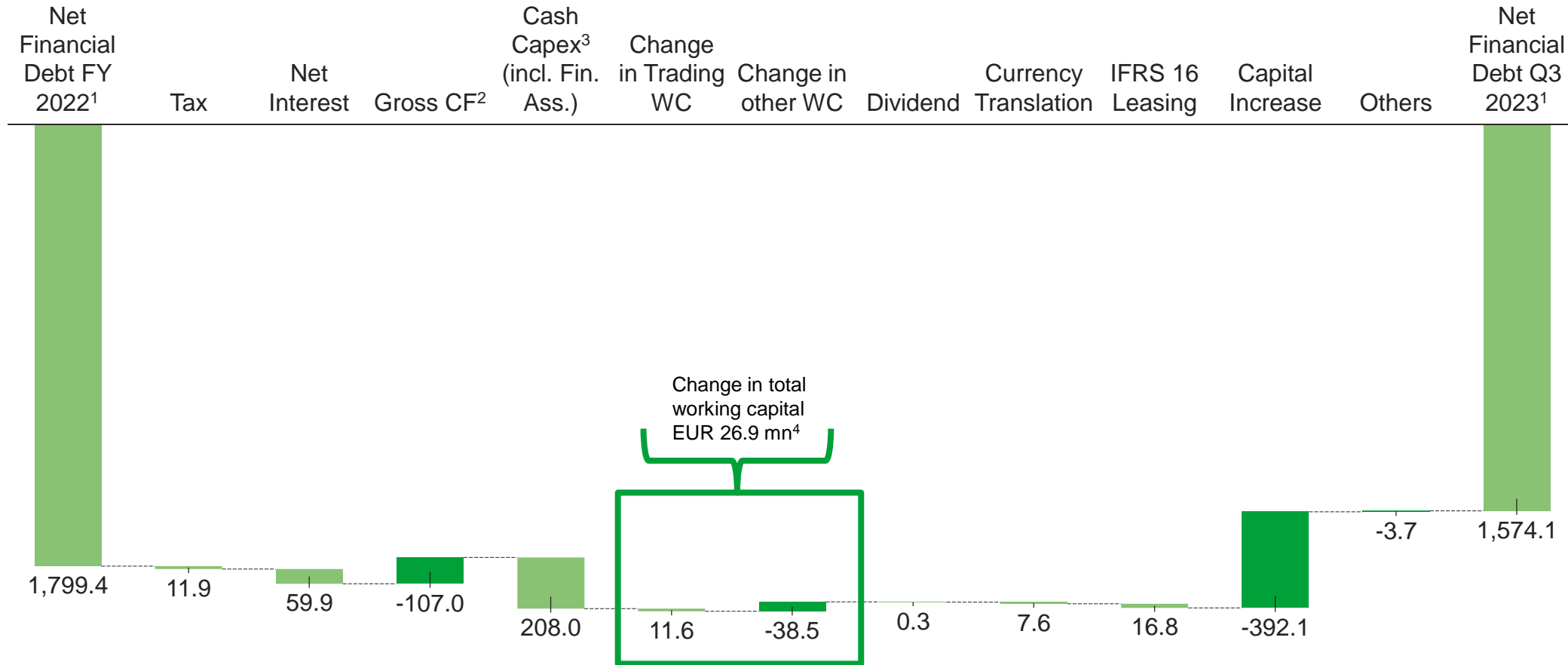
3) Including CAPEX of EUR (63.2) mn and financial assets of EUR (5.9) mn

4) Change in total working capital EUR 35.8 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR (1.5) mn

Change in total working capital adj. EUR 34.3 mn (according to net debt)

01-09/2023: Net debt bridge



1) Net financial debt excluding lease liabilities

2) Gross cash flow before taxes and interest

3) Including CAPEX of EUR (199.7) mn and financial assets of EUR (8.3) mn

4) Change in total working capital EUR 25.9 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR 1.1 mn

Change in total working capital adj. EUR 26.9 mn (according to net debt)

Contact and financial calendar

Investor contact

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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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