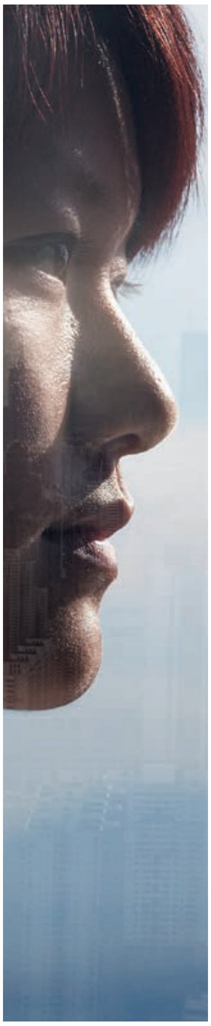
Q1
2014

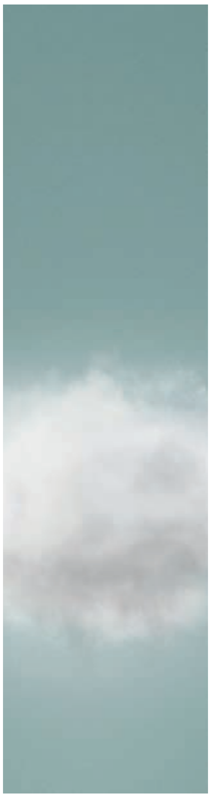
PROMISING
PERSPECTIVES



NATURE

TRUST

THINKING AHEAD



RESPONSIBILITY

THE SOURCES
OF OUR STRENGTH

Quarterly Report 01-03/2014 . **LENZING GROUP**

LENZING
LEADING FIBER INNOVATION

THE SOURCES **OF OUR STRENGTH**

Business is like natural life, marked by continuing growth but also consistently recurring ups and downs. At present the market environment in our industry is difficult. Whoever knows us can rest assured that Lenzing will continue to keep pace with future challenges – as we did in the past. Lenzing has always been able to rely on its sources of strength. They are what we draw upon, enabling us to proactively shape the future.

SELECTED
KEY FIGURES

Selected key figures

		31/03/2014	31/12/2013
Adjusted equity[1]	EUR mn	1,118.2	1,109.6
Adjusted equity in %[2]	%	46.6	45.5
Net financial debt[3]	EUR mn	500.4	504.7
Net debt[4]	EUR mn	579.0	582.0
Net gearing[5]	%	44.8	45.5
Open credit facilities	EUR mn	275.5	296.2
Liquid assets[6]	EUR mn	271.0	296.0
Number of employees at end of period	(Headcount)	6,479	6,675
		01-03/2014	01-03/2013
CAPEX[7]	EUR mn	36.6	57.2

Selected income statement items (before/after restructuring)

		01-03/2014	01-03/2013
Sales	EUR mn	451.7	496.5
EBITDA (after restructuring)	EUR mn	46.3	66.3
EBITDA margin (after restructuring)	%	10.2	13.4
EBITDA before restructuring[8]	EUR mn	45.2	64.5
EBITDA margin before restructuring	%	10.0	13.0
EBIT (after restructuring)	EUR mn	16.7	35.1
EBIT margin (after restructuring)	%	3.7	7.1
EBIT before restructuring[8]	EUR mn	15.7	36.2
EBIT margin before restructuring	%	3.5	7.3

1) = Equity including government grants less proportionate deferred taxes.
2) = Adjusted equity in relation to total assets.
3) = Interest-bearing financial liabilities (=current and non-current financial liabilities) less liquid assets.
4) = Interest-bearing financial liabilities (=current and non-current financial liabilties) less liquid assets plus provisions for pensions and severance payments.
5) = Net financial debt in relation to adjusted equity.
6) = Cash and cash equivalents, liquid securities and liquid bills of exchange.
7) = Comprising investments in intangible assets, property, plant and equipment and investments in non-controlling interests. 01-03/2013 incl. BU Plastics.
8) = Earnings before interest and taxes (EBIT) and accordingly earnings before interest, taxes, depreciation and amortization (EBITDA) before result from restructuring.

Further details of computation of the selected key figures presented above can be seen in the notes to the condensed consolidated interim financial statements and in the consolidated financial statements of the previous year, respectively.

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MANAGEMENT REPORT 01-03/2014

General Market Environment

Global economy[1]

The global economy is experiencing a slight recovery. Economists at the International Monetary Fund (IMF) expect global economic growth to reach a level of 3.6% in 2014 compared to 3% in the previous year. However, the data shows a mixed picture around the world. The situation in the eurozone, the biggest economic problem child in recent years, improved perceptibly. This was also reflected in the markedly increased value of the euro against the US dollar. According to the IMF, the industrialized nations should once again provide the impetus to growth of the global economy in the future. Nevertheless, geopolitical risks have clearly increased, and the developing and emerging markets featuring diminished opportunities for growth now pose the greatest threat to the world economy.

The IMF anticipates GDP growth of 2.2% for the industrialized countries in 2014, compared to 1.3% in 2013. The eurozone should once again return to a clear growth path with an expected 1.2% increase in economic output in 2014, up from the prior-year level of -0.5%. The IMF predicts that the American economy will expand by at least 2.8% in 2014 following 1.9% GDP growth in 2013.

According to the calculations of the IMF, the economies of the developing and emerging markets are expected to expand by 4.9% this year. The IMF predicts that China will once again boast GDP growth of 7.5%. However, this comprises a new low in growth in comparison with the long-term trend. China is in the midst of a transition from a strongly export-driven economy to a more sustainable growth model with higher domestic consumption. This transformation is being accompanied by lower GDP growth rates than in the past. However, this transition period is likely to last for several years.

World fiber market

The development of the world fiber market in the first quarter of 2014 was characterized by restrained growth, similar to the situation in previous quarters. Volume demand on the fiber market was good just like in 2013, and the market was sufficiently supplied.

Global cotton prices largely hovered at the same price level as in the middle of 2013. The "Cotton A" index was at 89.7 US cents/lb at the beginning of 2014 and closed the first quarter at 98.1 US cents/lb at the end of March 2014. The high for the year of 98.9 US cents/lb was reached on March 26, 2014, but prices began falling once again to about 92 US cents/lb in April. In comparison, the "Cotton A" index showed a price of about 95 US cents/lb at the end of March 2013.

The quoted cotton prices in China continued to range at a level which was about 40% higher than world market prices. This development recently forced a substantial number of cotton processors along the textile chain in China to shut down. At the end of the first quarter of 2014,

[1] International Monetary Fund, World Economic Outlook, April 2014

cotton inventories in China amounted to an estimated 11.5 mn tons or 57% of total global stockpiles[2]. The entire global fiber market continues to be burdened by the uncertainty relating to what China will actually do with its cotton inventories as well as its future cotton pricing policy. Recently there were downward price adjustments in selling prices at cotton auctions in China. Because of the prevailing uncertainty concerning future measures to be taken by the Chinese Government, it is not possible to make more detailed forecasts.

In the first quarter of 2014, prices for polyester fibers in Asia were at an average level of USD 1.37/kg.

Viscose fiber spot market prices in China, the world's largest and most important sales market for viscose fibers, continued to decline as expected. At the end of the first quarter, viscose fiber selling prices were at CNY 11,580 per ton, more than a third below the comparable cotton prices (CNY 19,409). This meant a further decrease of 5.7% in the first quarter of 2014 alone, and a drop of 16.4% compared to the end of March 2013.

This situation is unique and historically unparalleled due to the fact that viscose fibers used to be generally sold at a price premium of about 10% compared to cotton just on the basis of their superior technical properties. The surplus production capacities in China continue to comprise the primary reason underlying the weak viscose fiber prices. This is accompanied by the pressure from Chinese viscose fiber manufacturers, which keep capacity utilization as high as possible in order to generate cash to repay loans. This situation has also led to ongoing price pressure on other markets.

Development of the Lenzing Group[3]

The Lenzing Group registered continuing strong volume demand against the backdrop of a further drop in selling prices in its core business of man-made cellulose fibers. The Lenzing Group is doing its best to counteract the difficult market conditions thanks to a new record volume of fiber sales and the speedy implementation of the cost optimization program excelLENZ. Nevertheless, these measures were not sufficient to prevent a considerable decline in sales and earnings.

Consolidated sales amounted to EUR 451.7 mn in the first three months of the year, comprising a drop of 9.0% from EUR 496.5 mn in the first quarter of 2013. The main reasons for the sales decrease were the loss of sales caused by the divestment of the Business Unit Plastics and the significantly lower average fiber selling prices compared to the same quarter of the previous year. Adjusted to take account of discontinued operations, consolidated sales in the prior-year quarter were EUR 472.2 mn. The consolidated sales of EUR 451.7 mn reported for the first quarter of 2013 were about 4.3% below this figure.

The cost of material and other purchased services in the first quarter of 2014 decreased by 2.6% year-on-year, from EUR 309.8 mn to EUR 301.7 mn. In spite of the increased fiber production volumes, the reduced expenses already largely reflected the impact of the cost optimiza-

[2] ICAC, "Negative Impact Expected from Chinese Policy and Polyester", April 1, 2014
[3] The previous year's figures were adjusted due to reporting changes (see Note 2 to the consolidated interim financial statements).

MANAGEMENT REPORT 01-03/2014

tion program excelLENZ. The drop in personnel expenses of 9.5% from EUR 82.5 mn to EUR 74.6 mn was even more pronounced. This also shows the initial positive effects of the excelLENZ cost-cutting drive although Lenzing recruited 140 employees for its new TENCEL® plant.

Despite the higher fiber sales volumes, other operating expenses at EUR 54.3 mn (Q1 2013: EUR 58.8 mn) remained at a low level, which can also be attributed to the generated savings. As a result, consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 46.3 mn in the first quarter of 2014, down 30.2% from the EUR 66.3 million in the previous year which was good in a long-term comparison. This corresponded to an EBITDA margin of 10.2% in the first quarter of 2014 (Q1 2013: 13.4%).

The amortization of intangible assets and depreciation of property, plant and equipment in the first quarter of 2014 totaled EUR 30.3 mn, slightly below EUR 32.0 mn in the previous year. Earnings before interest and tax (EBIT) fell 52.3% to EUR 16.7 mn, down the good prior-year level of EUR 35.1 mn in the first quarter of 2013. This comprised an EBIT margin of 3.7% (Q1 2013: 7.1%). The financial result of minus EUR 6.3 mn was at the same level as in the previous year (Q1 2013: minus EUR 6.3 mn). Accordingly, first-quarter earnings before tax totaled EUR 11.2 mn, down from EUR 28.9 mn in the prior-year period. After deducting the income tax of EUR 3.5 mn (Q1 2013: EUR 8.0 mn), the profit for the period amounted to EUR 7.7 mn, a decrease of 63.1% from the comparable figure of EUR 20.9 mn in the first quarter of 2013. As a consequence, earnings per share were EUR 0.28 (Q1 2013: EUR 0.76).

Adjusted Group equity as of the end of March 2014 rose to EUR 1,118.2 mn, up 0.8% from EUR 1,109.6 mn at the end of 2013. This corresponded to an adjusted equity ratio of 46.6% of total assets (December 31, 2013: 45.5%). Net financial debt at EUR 500.4 mn could be slightly reduced in the first three months of 2014 from EUR 504.7 mn as of the end of 2013 as a result of cash optimization measures. Accordingly, net gearing fell to 44.8% (December 31, 2013: 45.5%).

As of March 31, 2014, Lenzing had liquid assets (including securities) of EUR 271.0 mn at its disposal (December 31, 2013: EUR 296.0 mn). At the present time, the Lenzing Group has lines of credit for its use to the amount of EUR 275.5 mn (December 31, 2013: EUR 296.2 mn).

The number of employees as at March 31, 2014 totaled 6,479 people, down from 6,675 at the end of 2013 and 7,033 at the end of 2012.

Cash flow and investments

In the previous year, Lenzing also revised its business strategy to focus on cash optimization as a consequence of the ongoing difficult market situation. As a result of these measures, its gross cash flow in the first quarter of 2014 could be improved by about 26% from the prior-year quarter to EUR 33.0 mn (Q1 2013: EUR 26.1 mn). The negative cash flow from operating activities of minus EUR 1.9 mn was turned into a positive figure of EUR 42.8 mn.

Investments in intangible assets and property, plant and equipment (CAPEX) totaled EUR 36.6 mn in the first quarter of 2014, below the comparable figure of EUR 56.5 mn in the prior-year quarter[4].

[4] EUR 0.7 mn were invested in discontinued operations in the period January to March 2013.

As in previous quarters, the focal point of the investment activity was the construction of the new large-scale TENCEL® production plant in Lenzing which is now entering its final phase of construction as well as urgently needed modernization projects in the Group's fiber production facilities.

In spite of the current TENCEL® investments, the drop in investment expenditures was also one consequence of the excelLENZ initiative. As a result of this cost optimization program, the majority of investments were delayed provided that they were not absolutely essential to ensure plant safety and product quality. Lenzing will not make any further investments to increase viscose production capacities as long as the situation on the global fiber market does not improve.

As scheduled, the TENCEL® jumbo production facility at the Lenzing site entered its final construction phase at the end of the first quarter of 2014. The technical approval and inspections of the new machinery were already successfully concluded. Trial runs in the fiber production process were carried out, and the first TENCEL® fibers were shipped as ramp-up quantities. From today's perspective, the first marketable fibers from the new TENCEL® plant should leave the production lines around the middle of 2014 as planned.

Cost optimization program excelLENZ

The cost optimization program excelLENZ exceeded the targets in the first quarter of 2014. Cost savings of well over EUR 60 mn are budgeted for the entire year 2014. The measures already became fully effective in the course of the first quarter. In spite of the latest round of wage and salary increases, personal expenses could be pruned by 9.5% in the first three months of the year. The redundancy program (social plan) remained unchanged as of the end of March 2014.

Material costs were reduced on the basis of process optimization steps and the success in renegotiating prices with key suppliers. With respect to the selling, general and administrative expenses (SGA)[5], the reorganization of the company positively affected expenditures for the Lenzing Group's global logistics operations.

Segment Fibers

As expected, the continuing erosion of selling prices for man-made cellulose fibers continued to shape the business development of the segment against the backdrop of ongoing good volume demand. Lenzing succeeded in operating all its fiber production facilities at full capacity, achieving a new quarterly record sales volume of 235,000 tons in the first three months of 2014. The sales volume showed a substantial increase, rising 9% from the comparable figure of 216,000 tons in the first quarter of 2013 and thus matching the considerable growth achieved in previous quarters. Inventories were largely unchanged at about the same level as in the fourth quarter of 2013.

5) SGA: Selling, General and Administrative Expenses

MANAGEMENT REPORT 01-03/2014

Average fiber selling prices in the first quarter of 2014 equaled EUR 1.56 per kilogram, almost 12% lower than the comparable level of EUR 1.77 per kilogram in Q1 2013. This downward price development could at least partially be offset by the high fiber sales volume as well as the Group-wide cost savings achieved within the context of excelLENZ.

Sales of the Segment Fibers in the first quarter of 2014 totaled EUR 430.0 mn, compared to sales of EUR 447.1 mn in the prior-year period. Segment EBITDA amounted to EUR 48.4 mn (Q1 2013: 58.9 mn), and segment EBIT was EUR 18.8 mn (Q1 2013: EUR 31.3 mn).

Specialty fibers accounted for about 34.9% of total fiber sales.

The counter-strategy initiated by Lenzing in the previous year, featuring a greater focus on specialty fibers, proved to be successful. In the first quarter of 2014, Lenzing generated very good sales volumes for its specialty fiber Lenzing Modal® and an ongoing attractive price premium compared to standard viscose fibers which surpassed the average for 2013. A stable price premium at the same level as in 2013 was also achieved for TENCEL®.

In particular, standard viscose fibers in the **Textile Fibers** business were negatively impacted by the unfavorable price development for man-made cellulose fibers, which was hardly the case for nonwovens.

Implementation of the new TENCEL® concept for cotton/TENCEL® blends called “Natural Connection” initiated in the autumn of last year continued in the first quarter of 2014 for the areas of denim, bed linen, shirts and blouses.

Accordingly, in January 2014 the future expansion of the bed linen segment was launched with a global promotion drive. The already existing broad-based global customer segment indicates that the advantages of bed linens made of TENCEL® are appreciated by end consumers.

The marketing of the fiber’s ability to be optimally blended with cotton should increase the market share of TENCEL®. In particular, consumers in Asia high value the silky properties of the fiber.

In the shirt segment, the blending of TENCEL® with traditional shirt materials was presented to a broad public. Cotton and TENCEL® are ideal partners. Both fibers go together perfectly and enhance each other with their properties. As a result of the properties displayed by TENCEL® fibers, the moisture management and skin sensory characteristics of shirts are improved.

The **Nonwovens** business developed in a more stable manner than the textile sector, although it was necessary to make selling price concessions on a regional basis compared to the prior-year quarter due to the generally lower viscose price levels. Sales volumes of nonwoven fibers were considerably higher than the average in previous quarters, which is primarily attributable to the debottlenecking measures carried out at the production site in Nanjing, China.

With TENCEL® as a type of short cut fiber for wipes, Lenzing presented a biodegradable fiber which still boasts outstanding tenacity and is also “flushable“. Many wipes are disposed of in toilets, which could lead to clogging of municipal sewage systems if the wipes are not suitable for this purpose. Lenzing offers an ideal solution with TENCEL®.

Moreover, a new brand called Eurocel™ was introduced in the first quarter of 2014. It is based on the idea of offering European consumers a high quality product made in Europe. The cellulose fibers in use are manufactured in Austria in an environmentally compatible manner.

The global market in the **Pulp** business was characterized by ongoing uncertainty about anti-dumping duties for dissolving pulp exported to China. These measures took effect at the beginning of April, imposing punitive import duties on pulp originating in the USA, Canada and Brazil to the amount of up to 33.5%. Due to the fact that these measures had been expected, the affected Chinese fiber producers massively expanded their inventories in a timely manner. As a result, no direct effects on global pulp prices were discernible. However, how this situation develops remains to be seen.

The Lenzing Group with its plant located in Nanjing, China is not affected by the anti-dumping duties because the pulp used is derived from other countries.

The Pulp business area of the Lenzing Group developed satisfactorily in the first quarter of 2014, featuring a good production performance at both the Lenzing and Paskov sites. The price of wood hovered at a high level.

Outlook Segment Fibers

The difficult market situation shaped by the current Chinese cotton stockpiling and pricing policies as well as excess viscose production capacities in China will continue in the second quarter of 2014. For this reason, a reduction and thus further weakening of global viscose fiber selling prices is anticipated. With respect to raw material prices, it is not possible at present to reliably predict the medium-term or long-term effects of the anti-dumping import duties in China on the dissolving pulp market. A decline in the already very low world market prices for pulp cannot be excluded. In terms of the chemicals needed in the fiber production process, prices for the required sodium hydroxide should remain at a high level. Recently there were indications of a drop in prices for other chemicals, but these decreases will be unable to compensate for the latest round of price rises for sulphur.

From today's perspective, the supply and price situation for energy should remain stable for the rest of the year.

Generally, with regard to individual fibers, good volume demand for Lenzing fibers is expected to continue. There is very strong demand for Lenzing nonwoven fibers, especially in the USA, which can be attributed to the recently implemented marketing measures. In the Textile Fibers business demand for Lenzing Modal® remains good. Lenzing will continue to focus on the market launch of the additional volumes of TENCEL® fibers from the new TENCEL® production plant in Lenzing which will be available in the future.

MANAGEMENT REPORT 01-03/2014

Segment Lenzing Technik

The Segment Lenzing Technik was confronted with a decline in incoming orders during the first quarter of 2014 as expected. The main reasons for this development were completion of construction work on the new TENCEL® plant at the Lenzing site as well as the restrictive investment policy pursued by the Lenzing Group at present. The lower order intake could not be compensated by orders placed by external customers, particularly in light of the generally restrained level of investments on the part of the pulp and fiber industries. This led to corresponding pressure on costs and margins. Capacities at Lenzing Technik were adjusted to reflect the current market and earnings situation.

Segment sales in the first three months of 2014 amounted to EUR 23.4 mn (Q1 2013: EUR 35.3 mn). EBITDA of the Segment Lenzing Technik totaled EUR 0.4 mn (Q1 2013: EUR 2.2 mn), whereas segment EBIT was minus EUR 0.1 mn (Q1 2013: EUR 1.8 mn).

No change in the current market situation impacting the business development of Lenzing Technik is expected. For this reason, further capacity adjustments will be necessary.

Management Changes

Robert van de Kerkhof (49) was named to serve as a member of the Management Board for a period of three years as of May 1, 2014. A native of the Netherlands, Robert van de Kerkhof will have management responsibility for marketing and sales in his capacity as Chief Commercial Officer. He has worked for close to 25 years in the fiber business in various international positions, focusing on the fields of marketing and sales, product development, innovations and the ongoing optimization of the value chain.

Thomas Riegler (44) was appointed to be the company's new Chief Financial Officer for a period of three years effective June 1, 2014. A graduate in the field of business administration, he has accumulated more than 20 years of professional experience in the field of financial management and can contribute his capital market expertise along with experience with companies undergoing a phase of transformation, operational and strategic reorientation or restructuring.

Ordinary Shareholders' Meeting 2014

The 70th Ordinary Shareholders' Meeting of Lenzing AG resolved to distribute a dividend of EUR 1.75 per share for the 2013 financial year (compared to EUR 2.00 per share for the previous year).

It also adopted a resolution discharging the members of the Management Board and Supervisory Board for the 2013 financial year.

Furthermore, Hanno Bästlein was elected to the Supervisory Board at the Ordinary Shareholders' Meeting for the first time. The Supervisory Board mandate of Andreas Schmidradner was extended, and Martin Payer resigned from his position on the Supervisory Board at his own request at the end of the Ordinary Shareholders' Meeting. Accordingly, the Supervisory Board of Lenzing AG now consists of Michael Junghans, Hanno Bästlein, Helmut Bernkopf, Franz Gasselsberger, Josef Krenner, Patrick Prügger, Andreas Schmidradner, Astrid Skala-Kuhmann and Veit Sorger.

In addition the Management Board was authorized, contingent upon the formal approval of the Supervisory Board, to purchase own shares amounting to up to 10% of the company's share capital. Moreover, the Ordinary Shareholders' Meeting also resolved that the Supervisory Board will be allowed to elect several deputy chairpersons in the future instead of only one as in the past.

Outlook Lenzing Group

For the time being, no fundamental change in the current situation on the man-made cellulose fiber market is expected in the upcoming months of 2014. No major impetus to demand can also be anticipated from the global economy. The historically high cotton inventories in China and the unclear Chinese cotton policy have led to considerable uncertainties on the fiber market. It is likely to take several quarters until the existing surplus production capacities for viscose fibers are reduced by growing volume demand.

In the light of these difficult conditions, Lenzing is pursuing a strategy of resolutely marketing its specialty fibers Lenzing Modal® and TENCEL®, ensuring cash optimization and strictly implementing the cost reduction and efficiency enhancement program excelLENZ.

After its success in cutting costs by about EUR 40 in the year 2013, Lenzing is striving to generate additional cost savings well above EUR 60 mn in 2014. Some of these cost reductions will already take effect in the first half of the current financial year. About one-third will be derived from savings in material costs, one-third from SGA expenses and the remaining third from reducing personnel expenses. After implementing this program encompassing a large number of organizational and operational improvements as well as efficiency increases, Lenzing will be more streamlined and in a position to act more quickly and react more effectively to market developments, and thus be positioned as a considerably more cost-optimized company. From today's perspective, the targeted cost savings from the excelLENZ program of EUR 160 mn in the years 2013, 2014 and 2015 seem to be realistic. For the most part, these cost reductions are of a structural and thus sustainable nature and should continue generating comparable annual savings beyond the year 2015.

Lenzing will inform you in greater detail about the specific further development of the Lenzing Group on the occasion of presenting its business results for the first half year of 2014 (August 21, 2014).

MANAGEMENT REPORT 01-03/2014

Risk Report

Basic economic conditions and the development of the global fiber market were presented in detail in previous sections of the Management Report.

The evaluation of the main risks facing the Lenzing Group in the current financial year has not changed since the last Risk Report was published in December 2013 (also refer to the Outlook Lenzing Group).

Risks such as natural catastrophes, fire hazards or the risk of explosions, environmental damage and product liability continue to represent a very high loss potential for the Lenzing Group, but remain broadly unchanged compared with the last report.

Major Related Party Transactions

In this regard refer to Note 10 of the Consolidated Financial Statements.

Significant Events after the End of the Interim Reporting Period

There were no significant events for the Lenzing Group emerging after the reporting date of March 31, 2014 which would have a material impact on the presentation of the financial position and financial performance of the Group and hence require disclosure.

Lenzing, May 12, 2014

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the Management Board

Friedrich Weninger
Chief Operating Officer
Member of the Management Board

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **AS AT MARCH 31, 2014**

Lenzing AG

Consolidated Income Statement

for the period January 1 to March 31, 2014

EUR mn

	Note	Group 01-03/2014	Group 01-03/2013	Thereof continued operations 01-03/2013	Thereof discontinued operations[1] 01-03/2013
Sales	(3,5)	451.7	496.5	472.2	24.3
Changes in inventories of finished goods and work in progress		(0.1)	(6.1)	(6.2)	0.1
Work performed by the Group and capitalized		12.6	15.5	15.4	0.1
Other operating income		12.5	11.4[2]	7.3[2]	4.2[2]
Cost of material and other purchased services	(5)	(301.7)	(309.8)[2]	(295.0)	(14.8)[2]
Personnel expenses	(5)	(74.6)	(82.5)[2]	(76.9)	(5.5)[2]
Other operating expenses	(5)	(54.3)	(58.8)[2]	(55.2)	(3.6)[2]
Earnings before interest, taxes, depreciation and amortization (EBITDA)[3]		**46.3**	**66.3[2]**	**61.6[2]**	**4.7[2]**
Amortization of intangible assets and depreciation of property, plant and equipment	(5)	(30.3)	(32.0)[2]	(28.2)	(3.8)[2]
Income from the release of investment grants		0.7	0.7[2]	0.7[2]	0.0[2]
Earnings before interest and taxes (EBIT)[3]		**16.7**	**35.1[2]**	**34.1[2]**	**0.9[2]**
Share of profit/loss of investments accounted for using the equity method		(0.6)	0.5	0.5	0.0
Income from non-current and current financial assets		0.0	1.6	1.6	0.0
Financing costs	(5)	(5.7)	(8.4)	(8.2)	(0.2)
Financial result		**(6.3)**	**(6.3)**	**(6.1)**	**(0.2)**
Allocation of profit or loss to puttable non-controlling interests		0.8	0.2	0.3	(0.1)
Earnings before taxes (EBT)[3]		**11.2**	**28.9**	**28.3**	**0.7**
Income tax expense	(5)	(3.5)	(8.0)	(7.5)	(0.5)
Profit for the period		**7.7**	**20.9**	**20.7**	**0.2**
Attributable to shareholders of Lenzing AG		7.5	20.1	19.9	0.2
Attributable to non-controlling interests		0.2	0.8	0.8	0.0
Earnings per share		**EUR**	**EUR**	**EUR**	**EUR**
Diluted = undiluted		0.28	0.76	0.75	0.01

1) For details to column „Thereof discontinued operations“ see Note 4.

2) The prior-year figures have been restated due to changes in presentation (see Note 2).

3) EBITDA: operating result before depreciation or accordingly earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets taking into account the release of investment grants.
EBIT: operating result or accordingly earnings before interest and taxes.
EBT: Earnings before taxes.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Lenzing AG

Consolidated Statement of Comprehensive Income

for the period January 1 to March 31, 2014

EUR mn

	Note	01-03/2014	01-03/2013
Profit for the period		**7.7**	**20.9**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability (thereof from investments accounted for using the equity method: EUR 0.0 mn, 1-3/2013: EUR 0.0 mn)		0.0	0.0
Income tax relating to these components of other comprehensive income		0.0	0.0
		0.0	**0.0**
Items that may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences arising during the reporting period (thereof from investments accounted for using the equity method: EUR 0.1 mn, 1-3/2013: EUR 0.0 mn)	(6)	0.8	7.0
Foreign operations – reclassification of foreign currency translation differences on loss of control		0.0	0.0
Available-for-sale financial assets – net fair value gains/losses on remeasurement recognized in the reporting period		0.3	(0.1)
Available-for-sale financial assets – reclassification of amounts relating to financial assets disposed of in the reporting period		0.0	0.0
Cash flow hedges – effective portion of changes in fair value recognized in the reporting period	(6)	(2.0)	(7.7)
Cash flow hedges – reclassification to profit or loss		(0.6)	(1.2)
Income tax relating to these components of other comprehensive income		0.5	2.0
		(1.0)	**0.1**
Other comprehensive income – net of tax		**(1.0)**	**0.0**
Total comprehensive income for the period		**6.7**	**20.9**
Attributable to shareholders of Lenzing AG		6.4	19.3
Attributable to non-controlling interests		0.2	1.6

Lenzing AG

Consolidated Statement of Financial Position as of March 31, 2014

EUR mn

Assets	**Note**	**31/03/2014**	**31/12/2013**
Intangible assets	(6)	87.3	87.4
Property, plant and equipment	(6)	1,324.9	1,324.5
Investments accounted for using the equity method		38.6	39.1
Financial assets	(6)	23.6	23.2
Deferred tax assets		12.0	11.3
Current tax assets		20.2	17.6
Other non-current assets		5.2	5.2
Non-current assets		**1,511.8**	**1,508.2**
Inventories	(6)	315.6	311.5
Trade receivables	(6)	222.5	258.8
Current tax assets		9.9	10.5
Current securities		2.9	0.0
Other current assets		72.7	63.0
Cash and cash equivalents	(7)	262.9	287.9
Current assets		**886.6**	**931.7**
Total assets		2,398.4	2,439.9

Equity and Liabilities		**31/03/2014**	**31/12/2013**
Share Capital		27.6	27.6
Capital reserves		133.9	133.9
Other reserves		(45.3)	(44.2)
Retained earnings		957.9	950.4
Equity attributable to shareholders of Lenzing AG		**1,074.1**	**1,067.6**
Non-controlling interests		22.0	21.8
Equity	**(6)**	**1,096.1**	**1,089.5**
Financial liabilities	(6)	596.2	609.6
Government grants		25.2	23.0
Deferred tax liabilities		41.7	41.8
Provisions	(6)	108.0	106.8
Puttable non-controlling interests		18.3	19.5
Other liabilities		2.0	2.3
Non-current liabilities		**791.4**	**803.0**
Financial liabilities	(6)	175.2	191.1
Trade payables		149.1	176.6
Government grants		3.5	3.0
Current tax liabilities		12.6	14.8
Provisions	(6)	124.8	126.4
Other liabilities		45.8	35.5
Current liabilities		**510.9**	**547.4**
Total equity and liabilities		2,398.4	2,439.9

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Lenzing AG

Consolidated Statement of Changes in Equity

for the period January 1 to March 31, 2014

	Note	Share capital	Capital reserves	Foreign currency translation reserve
As of January 1, 2013		27.6	133.9	12.0
Profit for the period according to consolidated income statement		0.0	0.0	0.0
Other comprehensive income - net of tax		0.0	0.0	6.2
Total comprehensive income for the period		**0.0**	**0.0**	**6.2**
Acquisition of non-controlling interests and and other changes in scope of consolidation		0.0	0.0	0.0
Dividends		0.0	0.0	0.0
As of March 31, 2013		**27.6**	**133.9**	**18.2**
As of January 1, 2014		**27.6**	**133.9**	**(18.9)**
Profit for the period according to consolidated income statement		0.0	0.0	0.0
Other comprehensive income - net of tax		0.0	0.0	0.8
Total comprehensive income for the period		**0.0**	**0.0**	**0.8**
Acquisition of non-controlling interests and and other changes in scope of consolidation		0.0	0.0	0.0
Dividends		0.0	0.0	0.0
As of March 31, 2014		**27.6**	**133.9**	**(18.2)**

See in particular Note 6.

Other reserves						EUR mn
Available-for-sale financial assets	Hedging reserve	Actuarial gains/ (losses) on defined benefit plans	Retained earnings	Equity attributable to shareholders of Lenzing AG	Non-controlling Interests	Equity
1.0	1.6	(26.3)	953.3	1,103.2	27.5	1,130.7
0.0	0.0	0.0	20.1	20.1	0.8	20.9
0.0	(6.9)	0.0	0.0	(0.8)	0.8	0.0
0.0	(6.9)	0.0	20.1	19.3	1.6	20.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)
1.0	(5.3)	(26.3)	973.4	1,122.5	28.9	1,151.4
0.8	0.3	(26.4)	950.4	1,067.6	21.8	1,089.5
0.0	0.0	0.0	7.5	7.5	0.2	7.7
0.2	(2.1)	0.0	0.0	(1.1)	0.0	(1.0)
0.2	(2.1)	0.0	7.5	6.4	0.2	6.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)
1.1	(1.8)	(26.4)	957.9	1,074.1	22.0	1,096.1

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Lenzing AG

Consolidated Cash Flow Statement (Condensed)

for the period January 1 to March 31, 2014

EUR mn

	Note	01-03/2014	01-03/2013
Gross cash flow			
From continued operations		33.0	19.9
From discontinued operations		0.0	6.2
	(7)	**33.0**	**26.1**
+/- Change in working capital		9.8	(25.0)
Net cash flows from discontinued operations		0.0	(3.1)
Cash flow from operating activities		**42.8**	**(1.9)**
- Acquisition of intangible assets, property, plant and equipment		(36.6)	(56.5)
- Acquisition of financial assets		(0.2)	(0.9)
+ Proceeds from the sale of intangible assets, property, plant and equipment		0.1	0.0
+ Proceeds from the sale/repayment of financial assets		0.2	4.2
Net cash flows from discontinued operations		0.0	(0.7)
Cash flow from investing activities	**(7)**	**(36.5)**	**(53.9)**
- Distribution to shareholders		(0.1)	(0.2)
+ Inflows from financing activities/-repayment of financial liabilities		(28.2)	(29.4)
Net cash flows from discontinued operations		0.0	5.7
Cash flow from financing activities	**(7)**	**(28.3)**	**(24.0)**
Change in cash and cash equivalents before reclassification		**(22.0)**	**(79.8)**
+/- Reclassification of cash and cash equivalents from discontinued operations, assets held for sale and disposal groups		0.0	(3.1)
Total change in cash and cash equivalents		**(22.0)**	**(82.9)**
Cash and cash equivalents at beginning of the year		287.9	481.7
Currency translation adjustment relating to cash and cash equivalents		(0.1)	0.9
Cash and cash equivalents at the end of the reporting period		**265.8**	**399.7**

Lenzing AG

Notes to the Consolidated Financial Statements: Selected Notes

on the condensed consolidated interim financial statements as of March 31, 2014

General Information

NOTE 1 Description of the company and its business activities

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

The main shareholder of Lenzing AG as of March 31, 2014 was the B & C Group, which directly and indirectly held 67.60% of the share capital of Lenzing AG (December 31, 2013: 67.60%). The direct majority shareholder of Lenzing AG is B & C Lenzing Holding GmbH, Vienna. In addition, B & C Iota GmbH & Co. KG, Vienna, also holds shares in Lenzing AG. The indirect majority shareholder of Lenzing AG, which prepares and publishes consolidated financial statements including the Lenzing Group, is B & C Industrieholding GmbH, Vienna. The ultimate parent company of the B & C Group, and therefore also of Lenzing AG, is B & C Privatstiftung, Vienna.

The core business of the Lenzing Group is the production and marketing of man-made cellulose fibers. A significant portion of the pulp needed for production purposes is manufactured in the Group's own plants or partially bought in. The most important raw material for the manufacture of pulp is wood, which is bought in. The Lenzing Group also operates in mechanical and plant engineering and offers engineering services. Specialty products made of plastic polymers are also produced. The Lenzing Group has production locations in Austria (Lenzing and Heiligenkreuz), Germany (Kelheim), the Czech Republic (Paskov), the UK (Grimsby), the United States (Mobile), Indonesia (Purwakarta) and China (Nanjing). The sales network comprises sales companies in China (Hong Kong and Shanghai) and sales offices in Indonesia (Jakarta), India (Coimbatore) and the United States (New York).

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

Presentation of the consolidated interim financial statements

The consolidated interim financial statements for the period from January 1 to March 31, 2014 were prepared in accordance with all International Financial Reporting Standards (IFRSs) and interpretations effective as of the end of the reporting period, as endorsed in the EU.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

In particular, IAS 34 Interim Financial Reporting and its conveniences for condensed consolidated interim financial statements were applied. In accordance with IAS 34, consolidated interim financial statements can be presented in condensed form and thereby not contain all the information required of complete consolidated financial statements in accordance with IAS 1 Presentation of Financial Statements. The consolidated interim financial statements of the Lenzing Group as of March 31, 2014 are based on the consolidated financial statements as of December 31, 2013 and should therefore always be read in conjunction with these statements.

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

Audit and review

These condensed consolidated interim financial statements of the Lenzing Group have undergone neither a full audit nor a review by an auditor.

Use of estimates, assumptions and other judgments

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

The estimates and judgments for which there is a not inconsiderable risk in the Lenzing Group that they could lead to material adjustment of the financial position and financial performance in a subsequent reporting period are explained in detail in the consolidated financial statements of the Lenzing Group as of December 31, 2013 (Note 1).

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

Principles of consolidation, accounting standards and accounting policies

The Lenzing Group implemented all accounting standards endorsed by the EU that are mandatory and effective from January 1, 2014. The accounting standards effective for the first time from January 1, 2014 and relevant to the Lenzing Group had the following effect on the presentation of the financial position and the financial performance of the Lenzing Group as of March 31, 2014:

- **IFRS 10, 11 and 12, IAS 28:** Three new IFRSs (10, 11 and 12) were published in May 2011 in connection with the presentation of IFRS consolidated financial statements and IFRS separate financial statements. IFRS 10 introduces a uniform control model for determining whether an investee should be consolidated. It specifies that an investor controls an investee when the investor is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This new definition does not result in any changes in the type of consolidation for the consolidated companies of the Lenzing Group and therefore also does not result in any changes in the current accounting treatment of these consolidated companies.

  Under IFRS 11, the structure of the joint arrangement, while still representing an important aid to decision-making, is no longer the main factor for determining the type of joint arrangement and thus for the subsequent accounting treatment. The Group‘s interest in a joint operation that constitutes an arrangement whereby the parties have rights to the assets and obligations for the liabilities is accounted for on the basis of the Group‘s interest in these assets and liabilities. The Group‘s interest in a joint venture that constitutes an arrangement whereby the parties have rights to the net assets is accounted for using the equity method according to IAS 28. As the Lenzing Group already uses the equity method for its joint ventures, this does not result in any changes.

  IFRS 12 combines all disclosure requirements for an entity‘s interests in subsidiaries, joint arrangements (joint operations and joint ventures), associates and unconsolidated structured entities in one standard. It gives rise to changes for the Lenzing Group, including with regard to disclosures on companies accounted for using the equity method, on underlying judgments, and on the assumptions for control, significant influence or a joint arrangement. Amended or extended disclosures are required in the notes to the annual financial statements as of December 31, 2014.

- **Other:** The other new or amended standards and interpretations that are applicable from January 1, 2014 do not result in any significant changes in the interim financial statements of the Lenzing Group.

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

The special effects from restructuring that affect the operating result/EBIT (earnings before interest and taxes) were previously presented as a separate line item termed “Result from restructuring” in the consolidated income statement. To improve the comparability with the consolidated financial statements of other companies, this line item was dissolved and the revenues and expenses previously included in this item were allocated, depending on their nature, to the general items of the consolidated income statement. The line items “Earnings before interest and taxes (EBIT) before restructuring” and “Earnings before interest and taxes (EBIT) after restructuring” were eliminated from the consolidated income statement. In addition the operating result before depreciation/EBITDA (earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets taking into account the release of investment grants) was introduced to the consolidated income statement as an additional subtotal. To achieve this, the new line item "Income from the release of investment grants" was added and its contents taken out of "Other operating income". The changes in presentation are applied retrospectively by restating all comparative information shown. They have the following effects on the consolidated interim financial statements:

Changes in presentation in the consolidated income statement — EUR mn

	Previously 1-3/2013	Restatement 1-3/2013	Restated 1-3/2013
Sales	496.5	0.0	496.5
Changes in inventories of finished goods and work in progress	(6.1)	0.0	(6.1)
Work performed by the Group and capitalized	15.5	0.0	15.5
Other operating income	7.9	3.5	11.4
Cost of material and other purchased services	(309.7)	(0.2)	(309.8)
Personnel expenses	(82.1)	(0.3)	(82.5)
Other operating expenses	(56.9)	(1.9)	(58.8)
Amortization of intangible assets and depreciation of property, plant and equipment	(29.0)	(3.0)	(32.0)
Income from the release of investment grants	0.0	0.7	0.7
Earnings before interest and taxes (EBIT) before restructuring	**36.2**	**(1.2)**	**35.1**
Result from restructuring	(1.2)	1.2	0.0
Earnings before interest and taxes (EBIT) after restructuring	**35.1**	**0.0**	**35.1**

The earnings before interest, taxes, depreciation and amortization (EBITDA) before and after restructuring can be seen in Note 5 for both periods. The change in presentation does not result in any differences in measurement. The earnings per share are not affected either. The prior-year figures were adjusted accordingly for each period presented in the consolidated financial statements. The previous result from restructuring and the earnings before interest and taxes (EBIT) before restructuring as well as the detailed break-down and the reconciliation to the earnings before interest and taxes (EBIT) after restructuring (being the EBIT according to the consolidated income statement) can still be seen in Note 5. The term "Earnings before interest and taxes (EBIT)" always refers to the previous term "Earnings before interest and taxes (EBIT) after restructuring" unless stated otherwise.

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

Exchange rates for key currencies

		2014		2013	
Unit	**Currency**	**Reporting date 31/03**	**Average 1-3**	**Reporting date 31/12**	**Average 1-3**
1 EUR	USD US Dollar	1.3759	1.3697	1.3783	1.2964
1 EUR	GBP British Pound	0.8272	0.8278	0.8364	0.8600
1 EUR	CZK Czech Koruna	27.4230	27.4413	27.4800	25.6588
1 EUR	CNY Renminbi Yuan	8.5474	8.3587	8.3555	8.0599
1 EUR	HKD Hong Kong Dollar	10.6741	10.6294	10.6886	10.0588
1 EUR	INR Indian Rupee	82.9736	84.5864	85.3040	70.5579

Changes in segment reporting are explained in Note 3.

Otherwise, the same principles of consolidation, accounting standards and accounting policies were used as in the consolidated financial statements as of December 31, 2013.

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

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

Development in number of companies included in consolidation

	2014		2013	
	Full-consolidation	**Equity-consolidation**	**Full-consolidation**	**Equity-consolidation**
As at 1/1	**31**	**8**	**35**	**8***
Included in consolidation for the first time in reporting period	0	0	0	0
Deconsolidated in reporting period	0	0	0	0
As at 31/03	**31**	**8**	**35**	**8***
Thereof in Austria	14	4	15	4*
Thereof abroad	17	4	20	4

In March 2014, a non-proportional capital increase in the amount of EUR 0.1 mn was carried out at Lenzing Modi Fibers India Private Limited. Thus, the Lenzing Group's interest in this company rose from 96.31% (as of December 31, 2013) to 96.33% (as of March 31, 2014). As a result of this transaction, non-controlling interests declined by EUR 0.0 mn.

*) The prior-year figures have been restated due to changes in presentation (reclassification of an investment in a company from other non-current assets to investments accounted for using the equity method, see in particular Note 2 in the consolidated financial statements as at December 31, 2013).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Otherwise there were no business combinations or changes in the entities included in consolidation since December 31, 2013.

NOTE 3 Segment reporting

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

Segment Fibers:

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

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

Segment Lenzing Technik:

The Lenzing Technik segment (formerly Segment Engineering) operates in the field of mechanical and plant engineering and offers engineering services. It comprises the sector Lenzing Technik.

BU Plastics and European Precursor GmbH (EPG) (discontinued operations):

The BU Plastics (formerly Lenzing Plastics GmbH or rather Lenzing Plastics GmbH & Co KG, Lenzing) and European Precursor GmbH, Kelheim, Germany were presented as discontinued operations as of March 31, 2013 and in period 1-3/2013, respectively, and shown separately in segment reporting. Due to the deconsolidation of both companies in 2013 this segment does not contain any values as of March 31, 2014 and in period 1-3/2014, respectively and will be omitted in the future (for full account see Notes 5 and 6 in the consolidated financial statements as of December 31, 2013).

Other:

The residual Other segment essentially comprises the business activities of Dolan GmbH, Kelheim, Germany. This company manufactures specialty products from plastic polymers (particularly acrylic fibers). It also includes the business activities of BZL-Bildungszentrum Lenzing GmbH, Lenzing (training and personnel development).

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Information on business segments

1-3/2014 and 31/03/2014	Fibers	Lenzing Technik
Sales to external customers	428.2	8.0
Inter-segment sales	1.7	15.4
Total sales	**430.0**	**23.4**
EBITDA (Segment result)	48.4	0.4
EBIT	18.8	(0.1)
EBITDA margin[1]	**11.3%**	**1.8%**
EBIT margin[2]	**4.4%**	**-0.2%**
Segment assets	1,998.3	45.1
Segment liabilities	408.3	34.3

Information on business segments (prior year)

1-3/2013 bzw. 31/12/2013	Fibers	Lenzing Technik
Sales to external customers	443.6	14.1
Inter-segment sales	3.5	21.1
Total sales	**447.1**	**35.3**
EBITDA (Segment result)	58.9	2.2
EBIT	31.3	1.8
EBITDA margin[1]	**13.2%**	**6.3%**
EBIT margin[2]	**7.0%**	**5.0%**
Segment assets	2,015.9	44.8
Segment liabilities	430.8	34.5

Segment Engineering was renamed to Segment Lenzing Technik. Otherwise, the same principles were applied in the presentation of segment reporting as in the consolidated financial statements as of December 31, 2013.

1) EBITDA margin = EBITDA (operating result before depreciation) in relation to total sales
2) EBIT margin = EBIT (operating result) in relation to total sales

EUR mn

BU Plastics and EPG (discontinued operations)	Other	Segment total	Reconciliation	Group
-	15.5	451.7	0.0	451.7
-	0.4	17.5	(17.5)	0.0
-	**15.9**	**469.3**	**(17.5)**	**451.7**
-	1.5	50.3	(4.0)	46.3
-	1.3	20.0	(3.3)	16.7
-	**9.5%**	**10.7%**		**10.2%**
-	**8.0%**	**4.3%**		**3.7%**
-	23.6	2,067.0	331.4	2,398.4
-	12.0	454.6	847.7	1,302.3

EUR mn

BU Plastics and EPG (discontinued operations)	Other	Segment total	Reconciliation	Group
25.9	12.9	496.5	0.0	496.5
0.4	0.4	25.4	(25.4)	0.0
26.3	**13.3**	**521.9**	**(25.4)**	**496.5**
2.9	0.6	64.7	1.7	66.3
2.1	0.4	35.6	(0.5)	35.1
11.0%	**4.8%**	**12.4%**		**13.4%**
8.0%	**3.1%**	**6.8%**		**7.1%**
0.0	22.7	2,083.4	356.5	2,439.9
0.0	10.3	475.6	874.9	1,350.5

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

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

EUR mn

	1-3/2014	1-3/2013
Segment result (EBITDA)	50.3	64.7
Consolidation	(5.1)	(0.2)
Restructuring (see Note 5)	1.1	1.8
Group result (EBITDA)	**46.3**	**66.3**
Segment amortization of intangible assets and depreciation of property, plant and equipment	(31.0)	(29.8)
Consolidation	0.7	0.8
Income from the release of investment grants	0.7	0.7
Impairment of intangible assets and property, plant and equipment (from restructuring - see Note 5)	0.0	(3.0)
Earnings before interest and taxes (EBIT)	**16.7**	**35.1**
Financial result	(6.3)	(6.3)
Allocation of profit or loss to puttable non-controlling interests	0.8	0.2
Earnings before taxes (EBT)	**11.2**	**28.9**

The reconciliation of earnings before taxes (EBT) to profit for the period can be viewed in the consolidated income statement. The result from restructuring is explained in detail in Note 5.

Further information on the segments can be derived from the management report of the Lenzing Group as of March 31, 2014.

NOTE 4

Non-current assets and liabilities held for sale, disposal groups and discontinued operations

Lenzing Plastics GmbH or rather Lenzing Plastics GmbH & Co KG, Lenzing, which was the BU Plastics, was a fully consolidated company of the Lenzing Group. In April 2013 the Lenzing Group reached an agreement on the sale of this company. The deal was closed in June 2013 as a result of which the Lenzing Group also lost control over the company. This led to its deconsolidation.

European Precursor GmbH (EPG), Kelheim, Germany, was a fully consolidated company of the Lenzing Group. In December 2012 the Management Board of Lenzing AG resolved to liquidate EPG. The liquidation was initiated after the Shareholders' Meeting of EPG held in January 2013 and was largely completed from an economic perspective in October 2013. This led to its deconsolidation.

In the context of the liquidation of EPG, impairment on intangible assets and property, plant and equipment of EUR 3.0 mn from fair value measurement less costs to sell was recognized in the interim reporting period 1-3/2013 under "amortization of intangible assets and depreciation of property, plant and equipment". No income taxes were incurred on impairment losses.

The values of the BU Plastics and EPG were presented under non-current assets and liabilities held for sale, disposal groups and discontinued operations as of March 31, 2013 and 1-3/2013, respectively. Due to the deconsolidation in 2013 as mentioned above, the presentation of assets and liabilities held for sale, disposal groups and discontinued operations will be omitted for 2014.

Notes on the Individual Components of the Consolidated Financial Statements

NOTE 5 Notes on the consolidated income statement

Sales

At EUR 451.7 mn sales declined by 9.0% as against the same period of the previous year (1-3/2013: EUR 496.5 mn).

Cost of material and other purchased services

The cost of material and other purchased services are EUR 301.7 mn (1-3/2013 adjusted: EUR 309.8 mn) in the interim reporting period. This marks a decline of 2.6% compared to the same period of the previous year.

Personnel expenses

The personnel expenses of EUR 74.6 mn have declined by 9.5% compared to the first three months of the prior-year period (1-3/2013 adjusted: EUR 82.5 mn).

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

Amortization of intangible assets and depreciation of property, plant and equipment amount to EUR 30.3 mn (1-3/2013 adjusted: EUR 32.0 mn). In the interim reporting period no major impairment losses or reversals of impairment losses on fixed assets were recognized.

Other operating expenses

Other operating expenses in the amount of EUR 54.3 mn (1-3/2013 adjusted: EUR 58.8 mn) particularly include selling expenses and expenses for maintenance, repair and other third-party services. These declined by 7.7% as against the same period of the previous year.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Result from restructuring and adjusted consolidated earnings

The result from restructuring and the adjusted consolidated earnings (EBITDA and EBIT before restructuring) break down as follows

Adjusted consolidated earnings — EUR mn

1-3/2014	EBITDA	EBITDA-margin[1]	EBIT	EBIT-margin[2]
Group result after restructuring	**46.3**	**10.2%**	**16.7**	**3.7%**
Adjustment for restructuring in Fibers and Lenzing Technik				
Restructuring measures				
Headcount reduction and other reorganization (particularly personnel expenses)	(1.1)	(0.2%)	(1.1)	(0.2%)
Impairment of fixed assets (depreciation)	0.0	0.0%	0.0	0.0%
Result from restructuring	**(1.1)**	**(0.2%)**	**(1.1)**	**(0.2%)**
Group result before restructuring	**45.2**	**10.0%**	**15.7**	**3.5%**

Adjusted consolidated earnings (prior year) — EUR mn

1-3/2013	EBITDA	EBITDA-margin[1]	EBIT	EBIT-margin[2]
Group result after restructuring	**66.3**	**13.4%**	**35.1**	**7.1%**
Adjustment for restructuring in Discontinued Operations				
Disposal effects of BU Plastics				
Gain on disposal before taxes (other operating income)	0.0	0.0%	0.0	0.0%
Liquidation effects of EPG				
Adjustment of provisions due to settlement of payment obligations on liquidation (other operating income/expenses)	(1.8)	(0.4%)	(1.8)	(0.4%)
Impairment of fixed assets due to fair value measurement less costs to sell (depreciation)	0.0	0.0%	3.0	0.6%
Result from restructuring	**(1.8)**	**(0.4%)**	**1.2**	**0.2%**
Group result before restructuring	**64.5**	**13.0%**	**36.2**	**7.3%**

The consolidated results before restructuring presented above are adjusted performance measures (pro forma figures) that are published voluntarily and are not regulated by the IFRS accounting rules. One-off effects from restructuring are significant one-time effects that do not regularly recur in terms of their type or amount, particularly in connection with business combinations, impairments and restructuring and similar measures. The presentation of EBITDA/EBIT before restructuring is intended to provide internal and external users with a picture of the Lenzing Group's financial performance that is more accurate and allows for a better comparison over time than the presentation of these two key figures after restructuring.

[1] EBITDA margin = EBITDA (operating result before depreciation) in relation to total sales
[2] EBIT margin = EBIT (operating result) in relation to total sales

Financing costs

Financing costs of EUR 5.7 mn (1-3/2013: EUR 8.4 mn) declined by 31.4% compared to the first quarter of 2013.

Income tax expense

The tax rate (= income tax expense in relation to earnings before taxes/EBT) was 31.3% in the interim reporting period (1-3/2013: 27.7%).

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

Intangible assets and property, plant and equipment

In the interim reporting period the Lenzing Group made cash disbursements for intangible assets and property, plant and equipment of EUR 36.6 mn (1-3/2013: EUR 56.5 mn), which primarily related to the creation of new production lines or the conversion of existing ones. This corresponds to a decline of 35.2% as compared to the first quarter 2013. In discontinued operations EUR 0.7 mn were invested in periods 1-3/2013.

Financial assets

As against December 31, 2013, financial assets rose by EUR 0.4 mn to EUR 23.6 mn as of March 31, 2014 (December 31, 2013: EUR 23.2 mn).

Inventories

As of March 31, 2014, inventories (EUR 315.6 mn) increased by 1.3% as against December 31, 2013 (EUR 311.5 mn). In the interim reporting period write-downs to net realizable value in the amount of EUR 2.3 mn were recognized in profit or loss.

Trade receivables

Trade receivables at EUR 222.5 mn decreased as against December 31, 2013 (December 31, 2013: EUR 258.8 mn). As of March 31, 2014, trade receivables in the amount of EUR 53,5 mn were sold due to factoring agreements and derecognized in the consolidated statement of financial position. The amount that was not advanced of EUR 5.1 mn is presented as other current asset as of March 31, 2014. In the interim reporting period valuation allowances on receivables were recognized in profit or loss in the amount of EUR 2.1 mn.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Equity and dividends

The amount of share capital and the number of no-par-value shares did not change in the interim reporting period. No shares were bought back. The Management Board did not exercise the authorizations in place on December 31, 2013 to increase share capital or issue convertible bonds in the interim reporting period.

By resolution of the Ordinary Shareholders' Meeting on April 28, 2014, the Management Board was authorized to purchase via the stock exchange, with the consent by the Supervisory Board, own shares of up to 10% of the company's share capital during a period of 30 months from 28 April 2014, with the lowest equivalent of not more than 20% below and the highest equivalent of not more than 10% above the average closing price of the last three stock exchange days prior to the purchase of the shares. The purchase may not be for the purpose of trading in own shares. The authorization may be exercised in whole or in part or in several partial amounts and in pursuit of one or several purposes by the company, by a subsidiary (section 228 para 3 of the Austrian Commercial Code [UGB]) or by third parties for the company's account. In addition, the Management Board was also authorized to reduce the share capital, if necessary, by redeeming such own shares without any further resolution by the shareholders' meeting. The Supervisory Board was authorized to adopt any amendments to the articles of association resulting from the redemption of shares

The dividend to the shareholders of Lenzing AG was as follows:

Dividends of Lenzing AG resolved and paid	Total	Number of shares	Dividend per share
	EUR mn		EUR
Dividend for the financial year 2013 resolved at the Ordinary Shareholders' Meeting on April 28, 2014 (payment April 30, 2014)	46.5	26,550,000	1.75
Dividend for the financial year 2012 resolved at the Ordinary Shareholders' Meeting on April 24, 2013 (payment April 30, 2013)	53.1	26,550,000	2.00

The dividend for the financial year 2013 is recognized in equity as of the reporting date March 31, 2014.

Subsidiaries distributed EUR 0.1 mn (1-3/2013: EUR 0.2 mn) to non-controlling interests in the interim reporting period.

The foreign currency translation reserve increased by EUR 0.8 mn as against December 31, 2013. The change in the hedging reserve lead to a decrease of equity by EUR 2.1 mn (after income taxes) as against December 31, 2013.

Financial liabilities

As against December 31, 2013, non-current financial liabilities declined by EUR 13.4 mn to EUR 596.2 mn (December 31, 2013: EUR 609.6 mn)

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

Provisions

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

As of December 31, 2013 other provisions for restructuring measures amounted to EUR 37.2 mn and particularly relate to provisioning due to the headcount reduction as part of the reorganization and the cost optimization program “excelLenz 2.0”. Restructuring measures are continuously implemented. In the first quarter 2014, provisions in the amount of EUR 4.7 mn were utilized for that purpose. In addition, provisions in the amount of EUR 1.1 mn were released to profit or loss in the first quarter 2014 as, from a current perspective, the costs incurred or estimated were or will be lower than originally planned. The restructuring measures will lead to cost savings and to operational improvements in efficiency.

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

In the first three months of 2014, the gross cash flow increased year-on-year to EUR 33.0 mn (1-3/2013: EUR 26.1 mn). The cash flow from operating activities was EUR 42.8 mn in the interim reporting period (1-3/2013: EUR -1.9 mn).

In the interim reporting period, the cash flow from investing activities of continued operations particularly included payments for the acquisition of intangible assets and property, plant and equipment in the amount of EUR -36.6 mn (1-3/2013 of continued operations: EUR -56.5 mn) and the sale/repayment of financial assets in the amount of EUR 0.2 mn (1-3/2013 of continued operations: EUR 4.2 mn).

The cash flow from financing activities during the interim period of EUR –28.3 mn (1-3/2013: EUR -24.0 mn) essentially included the borrowing/repayment of financing.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

Notes on Capital Risk Management and Financial Instruments

NOTE 8 Capital risk management

The key figures for capital risk management are as follows:

Interest bearing financial liabilities — EUR mn

	31/03/2014	31/12/2013
Non-current financial liabilities	596.2	609.6
Current financial liabilities	175.2	191.1
Total	**771.4**	**800.7**

Liquid assets — EUR mn

	31/03/2014	31/12/2013
Cash and cash equivalents	262.9	287.9
Current securities	2.9	0.0
Liquid bills of exchange (in trade receivables)	5.1	8.1
Total	**271.0**	**296.0**

Net financial debt — EUR mn

	31/03/2014	31/12/2013
Interest bearing financial debt	771.4	800.7
Liquid assets (-)	(271.0)	(296.0)
Total	**500.4**	**504.7**

The adjusted equity is as follows:

Adjusted equity — EUR mn

	31/03/2014	31/12/2013
Equity	1,096.1	1,089.5
Government grants (+)	28.7	26.0
Proportionate deferred taxes on government grants (-)	(6.6)	(5.9)
Total	**1,118.2**	**1,109.6**

The adjusted equity ratio (= adjusted equity in relation to total assets) was 46.6% as of March 31, 2014 (December 31, 2013: 45.5%).

All significant capital requirements were satisfied in the interim reporting period.

In addition to the liquid assets, free credit facilities committed in writing in the amount of EUR 275.5 mn were available for possible future financing requirements as of March 31, 2014 (December 31, 2013: EUR 296.2 mn).

NOTE 9 Financial instruments

Carrying amounts and fair values by class

The carrying amounts and fair values of financial assets (asset financial instruments) broke down by class as follows as of March 31, 2014 and December 31, 2013:

Carrying amounts and fair values by classes of financial assets* EUR mn

	31/03/2014		31/12/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	262.9	262.9	287.9	287.9
Trade receivables	222.5	222.5	258.8	258.8
Financial assets – loans	7.5	7.5	7.5	7.5
Other non-current financial assets – non-current receivables	3.7	3.7	3.6	3.6
Other current financial assets (not including derivatives - open positions)	16.0	16.0	13.1	13.1
Loans and receivables	**512.7**	**512.7**	**570.9**	**570.9**
Financial assets - non-current securities	14.9	14.9	14.6	14.6
Financial assets - other equity investments	1.1	1.1	1.1	1.1
Current securities	2.9	2.9	0.0	0.0
Available-for-sale financial assets	**18.9**	**18.9**	**15.7**	**15.7**
Other financial assets – derivative financial instruments at positive fair value (trading)	0.1	0.1	0.1	0.1
Financial assets at fair value through profit or loss	**0.1**	**0.1**	**0.1**	**0.1**
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges)	2.5	2.5	4.6	4.6
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	3.8	3.8	1.6	1.6
Puttable non-controlling interests	0.0	0.0	0.0	0.0
Other	**6.3**	**6.3**	**6.2**	**6.2**
Total	**538.0**	**538.0**	**592.9**	**592.9**
Thereof:				
Measured at cost	1.1	1.1	1.1	1.1

*) The difference between the carrying amounts presented in this table and the balance sheet items concerns only non-financial assets. The reconciliation as of December 31, 2013 can be seen in the consolidated financial statements as of December 31, 2013.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

The carrying amounts and fair values of financial liabilities (liability financial instruments) broke down by class as follows as of March 31, 2014 and December 31, 2013:

Carrying amounts and fair values by classes of financial liabilities* EUR mn

	31/03/2014		31/12/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities – bond	119.6	125.8	119.6	126.0
Financial liabilities – private placements	228.4	230.2	228.3	226.9
Financial liabilities – liabilities to banks	388.5	389.6	418.5	420.2
Financial liabilities – liabilities to other lenders (miscellaneous)	33.0	32.6	32.4	31.9
Trade payables	149.1	149.1	176.6	176.6
Other non-current financial liabilities	0.0	0.0	0.0	0.0
Other current financial liabilities (not including derivatives - open positions)	4.8	4.8	5.9	5.9
Provisions – accruals – other (financial)	31.6	31.6	28.1	28.1
Financial liabilities at amortized cost	**955.0**	**963.6**	**1,009.4**	**1,015.6**
Other financial liabilities – derivative financial instruments at negative fair value (trading)	0.0	0.0	0.0	0.0
Financial liabilities at fair value through profit or loss	**0.0**	**0.0**	**0.0**	**0.0**
Financial liabilities – lease liabilities	1.9	1.9	1.9	1.9
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	3.7	3.7	3.1	3.1
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges with the underlying already recognized in profit or loss)	0.3	0.3	0.7	0.7
Puttable non-controlling interests	18.3	18.3	19.5	19.5
Other	**24.1**	**24.1**	**25.2**	**25.2**
Total	979.1	987.6	1,034.5	1,040.8

Fair value hierarchy

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

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

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

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

*) The difference between the carrying amounts presented in this table and the balance sheet items concerns only non-financial liabilities. The reconciliation as of December 31, 2013 can be seen in the consolidated financial statements as of December 31, 2013.

The following table shows the carrying amounts and fair values of financial assets and liabilities whose fair value is measured on a recurring basis in the consolidated statement of financial position by class of financial instrument and by the level of the fair value hierarchy to which the fair value measurement is to be allocated, as of March 31, 2014 and December 31, 2013:

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

EUR mn

	31/03/2014			31/12/2013		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Financial assets – non-current securities	14.9	14.9	Level 1	14.6	14.6	Level 1
Current securities	2.9	2.9	Level 1	0.0	0.0	Level 1
Available-for-sale financial assets	**17.9**	**17.9**		**14.6**	**14.6**	
Other financial assets – derivative financial instruments at positive fair value (trading)	0.1	0.1	Level 2	0.1	0.1	Level 2
Financial assets at fair value through profit or loss	**0.1**	**0.1**		**0.1**	**0.1**	
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges)	2.5	2.5	Level 2	4.6	4.6	Level 2
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges with the underlying already recognized in profit or loss)	3.8	3.8	Level 2	1.6	1.6	Level 2
Other	**6.3**	**6.3**		**6.2**	**6.2**	
Total	**24.3**	**24.3**		**20.9**	**20.9**	
Financial liabilities						
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	3.7	3.7	Level 2	3.1	3.1	Level 2
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges with the underlying already recognized in profit or loss)	0.3	0.3	Level 2	0.7	0.7	Level 2
Other	**3.9**	**3.9**		**3.8**	**3.8**	
Total	**3.9**	**3.9**		**3.8**	**3.8**	

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The Lenzing Group accounts for reclassifications in fair value hierarchy at the end of the reporting period in which they occur. In the interim reporting period, there were no transfers between the different levels of the fair value hierarchy of financial instruments that were already held on December 31, 2013.

Fair value measurement methods

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

- Current and non-current securities (level 1 of the fair value hierarchy)

- Currency and commodity futures (level 2 of the fair value hierarchy)

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

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

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

If there is no market price on an active market, and their market price cannot be measured reliably due to a lack of reliable future cash flows or is from minor importance, equity investments and derivative financial instruments related to equity instruments are measured at the lower of cost and cost less impairment. At EUR 1.1 mn (December 31, 2013: EUR 1.1 mn), this essentially relates to the equity investment in LP Beteiligungs & Management GmbH, Linz, an option that requires the Lenzing Group to sell this equity investment and an option that entitles the Lenzing Group to sell this equity investment. LP Beteiligungs & Management GmbH, Linz, is a medium-sized Austrian corporation. The Lenzing Group does not currently intend to sell these equity investments. No holdings were derecognized and no gains or losses on remeasurement were recognized for these equity investments in the interim reporting period.

The accounting policies for financial instruments did not change in the interim reporting period. Further details can be found in the consolidated financial statements as of December 31, 2013.

Disclosures on Related Parties and Executive Bodies

NOTE 10 Related party disclosures

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

In the interim reporting period, the Lenzing Group received a tax credit of EUR 0.0 mn from the tax group with B & C Industrieholding GmbH (1-3/2013: tax credit of EUR 0.4 mn). Furthermore, in accordance with the contractual obligation, advances on the tax allocation to B & C Industrieholding GmbH of EUR 3.8 mn were paid in the interim reporting period (previous year: EUR 29.0 mn). Moreover, the liability recognized as of December 31, 2013 for the tax allocation to B & C Industrieholding GmbH was essentially adjusted for the estimated income tax expense based on the results for the interim reporting period as of March 31, 2014.

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

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

	1-3/2014	1-3/2013
Sales	18.2	17.0
Cost of material and purchased services	21.8	23.4
	31/03/2014	**31/12/2013**
Trade receivables	9.2	10.9
Liabilities	11.8	11.1

NOTE 11 Corporate bodies of the company

There were no changes in the members of the Management Board and the Supervisory Board as at March 31, 2014 as compared to December 31, 2013.

Robert van de Kerkhof was appointed to serve as a Member of the Management Board and Chief Commercial Officer (CCO) for a period of three years starting on May 1, 2014. Thomas Riegler was appointed to serve as a Member of the Management Board and Chief Financial Officer (CFO) for a period of three years starting on June 1, 2014.

Hanno Bästlein was elected to the Supervisory Board for the first time at the Ordinary Shareholders' Meeting on April 28, 2014. Martin Payer resigned from his position on the Supervisory Board.

Other Notes

NOTE 12 Financial guarantees, contingent assets and liabilities, other financial obligations and legal risks

There are contingent liabilities, in particular to secure the claims of certain sold equity investments and suppliers, as well as for possible default of payment related to receivables sold in the amount of EUR 21.5 mn (December 31, 2013: EUR 15.4 mn) and, to a lesser extent, retentions granted, that were not yet recognized as actual liabilities. The amounts shown represent the maximum financial risk to the Lenzing Group. The potential for recoveries exists to a limited extent only for the obligations and liabilities relating to the claims of certain sold equity investments. It is predominantly considered unlikely that the Group will be required to make payments under financial guarantees. Liabilities at the amount of the fair values of these financial guarantees of EUR 0.1 mn were recognized as of March 31, 2014 (December 31, 2013: EUR 0.0 mn).

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

As of March 31, 2014, obligations for outstanding orders of property, plant and equipment amounted to EUR 28.8 mn (December 31, 2013: EUR 34.3 mn).

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

The Management Board is not aware of any other financial obligations with a significant impact on the financial position and financial performance of the Group.

As an international group, the Lenzing Group is exposed to a variety of legal risks. In particular, these include risks in the areas of product defects, competition and antitrust law, patent law, tax law, employee and environmental protection law. The Lenzing site has been used for industrial purposes for decades and therefore carries an inherent risk of environmental damage. In 1990, Lenzing AG was informed that there is an area of potential pollution here that was previously used as a sedimentation pond and could therefore be contaminated. The company sealed off the area to prevent contamination of the groundwater. The outcomes of currently pending proceedings or future proceedings cannot be predicted, hence expenses that are not fully covered by insurance and that can have a material impact on the future financial position and financial performance of the Group can arise as a result of court or official rulings or settlement agreements. Further information can be found in the risk report of the Group management report of the Lenzing Group as of March 31, 2014.

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

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

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

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2014

NOTE 14 Significant events after the end of the reporting period

The Lenzing Group has not been made aware of any events significant to it after the reporting date March 31, 2014 that would have resulted in a different presentation of the financial position and financial performance.

Lenzing, May 12, 2014
Lenzing Aktiengesellschaft

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the Management Board

Friedrich Weninger
Chief Operating Officer
Member of the Management Board

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

DECLARATION
OF THE MANAGEMENT BOARD

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

We declare to the best of our knowledge that the condensed consolidated interim financial statements that were prepared in accordance with the applicable accounting standards give a true and fair view of the financial position and financial performance of the Lenzing Group and that the interim Group management report gives a true and fair view of the financial position and financial performance of the Group in respect of important events that have occurred during the first three months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining nine months of the financial year and of the major related party transactions to be disclosed.

Lenzing, May 12, 2014
Lenzing Aktiengesellschaft

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the Management Board

Friedrich Weninger
Chief Operating Officer
Member of the Management Board

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

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

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

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

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

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