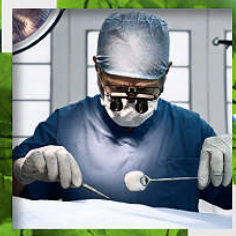


# Leading Fiber Innovation



LENZING INVESTOR PRESENTATION – FULL YEAR RESULTS  
March 22, 2013

# Disclaimer

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# Key highlights FY 2012

Second best year in company history

	2012	2011	Change in %
Sales volume	810 k tons	712 k tons	13.8
Average fiber price	1.96 per kg	2.22 per kg	(11.7)
Sales	2,090 mn	2,140 mn	(2.3)
EBITDA <sup>1</sup>	359 mn	480 mn	(25.3)
EBITDA margin	17.2%	22.4%	-
EBIT <sup>1</sup>	255 mn	364 mn	(29.9)

- **Delivering half-year guidance**
- **All time high sales volume** of 810,000 tons
- **Decline of cotton prices puts pressure** on our and all other fiber prices
- **Volume increase compensated by price decrease** (as a negative EUR 50 mn effect from Paskov's switch to internal sales must be considered in 2012)
- **Suggested dividend for FY 2012: EUR 2.00** (EUR 1.75 + 0.25 EUR for 75-year anniversary)

1) before one-off effects of EPG (= European Precursor GmbH) wind-up

# Key highlights Q4/2012

As expected

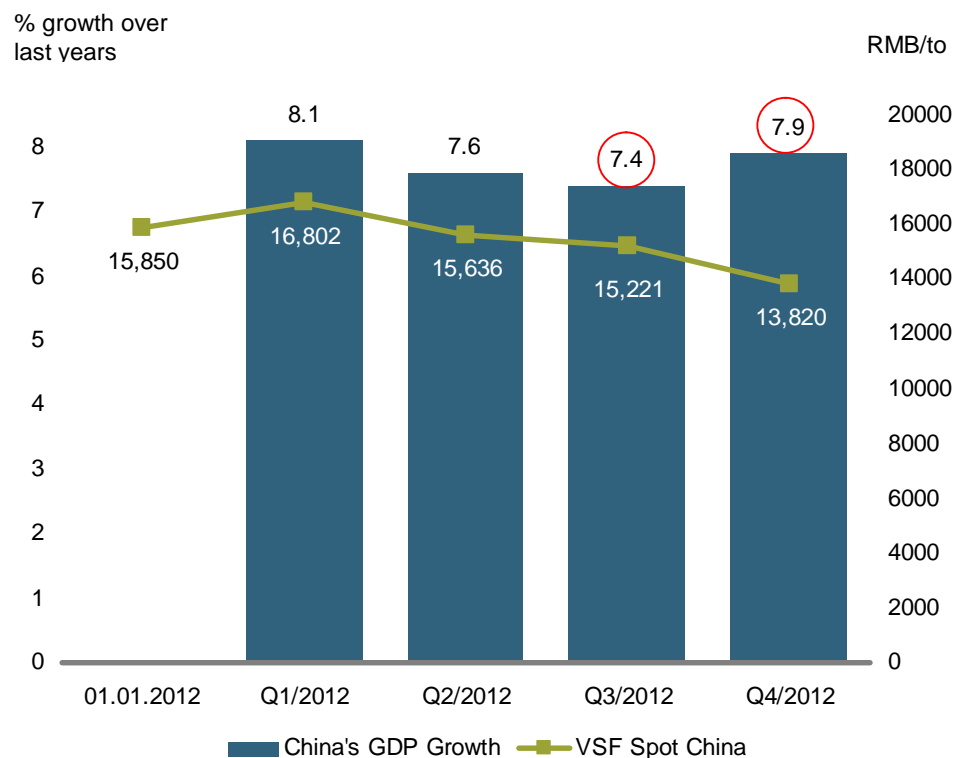
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- **Record sales volume of 220.5 k tons**
- **Average fiber price further decreased by 6% to EUR 1.83 per kg (Q3: EUR 1.95 per kg)**
  - Cotton price relatively flat at 82.1cents/lbs
  - Chinese VSF-Spot price reached low at 13.820 RMB (December 31, 2012)
  - Specialties prices under pressure but still with a significant premium
- **Sales EUR 523 mn**
- **EBITDA EUR 77 mn (14.7% margin)**
  - Positive year-end closing effects included

# Market environment 2012

## China: Is the worst over?

### China's GDP growth/VSF Spot China



Source: CCFEI

1) Viscose Staple Fibers (Chinese spot market prices)

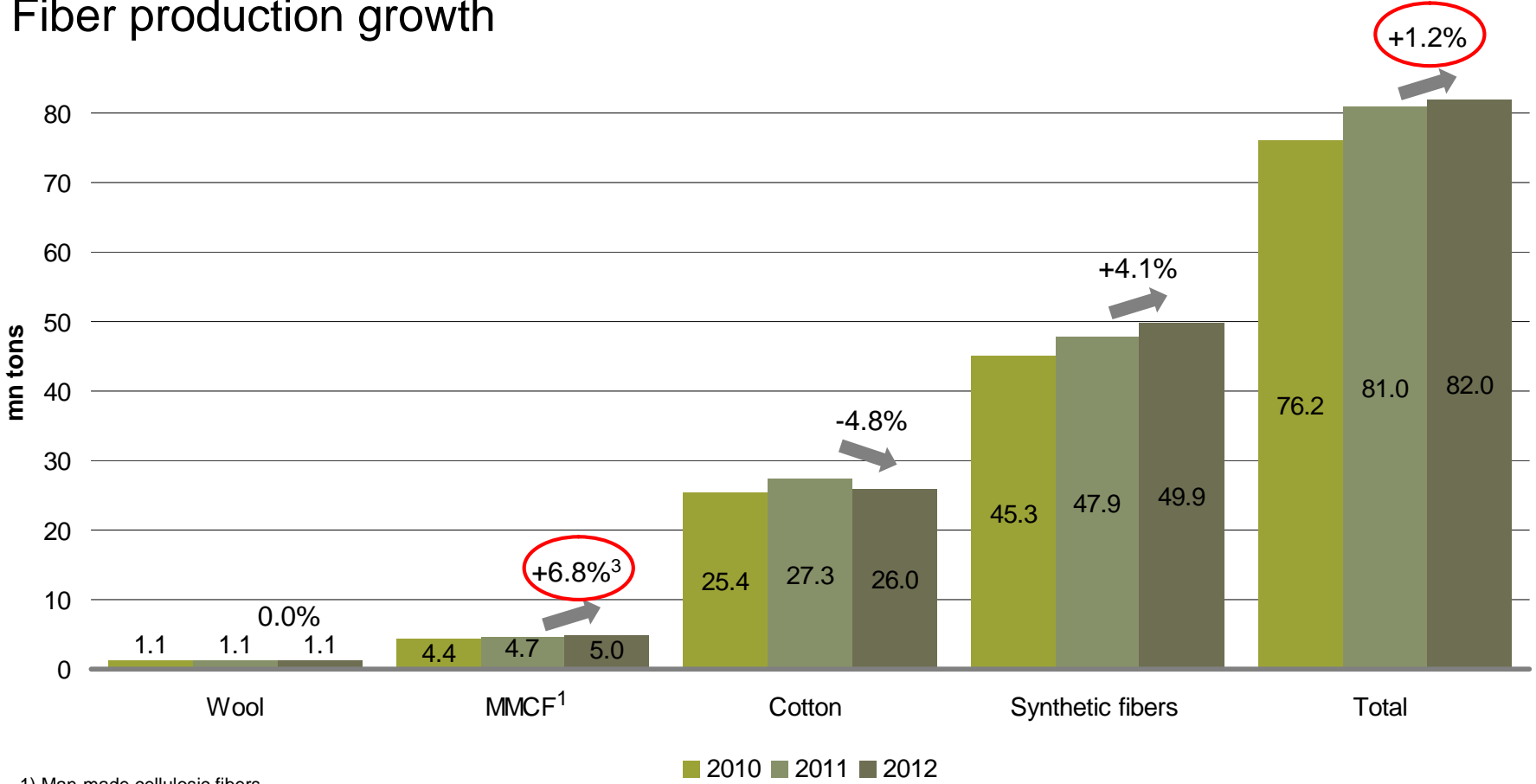
2) China National Textile and Apparel Council

- **First recovery in Q4** after seven consecutive quarters of decrease in growth
- **No positive impulse on VSF<sup>1</sup> prices in Q4**
- **Textile exports at second-lowest growth rate in 20 years (+2.8%, USD 254 bn<sup>2</sup>)**
  - Slow demand in US and Europe
  - Rising production costs
- **Tight credit conditions continue**

# Fiber market environment 2012

MMCF<sup>1</sup> with new production record while total fiber market increased only by 1.2% after a year of strong growth<sup>2</sup>

## Fiber production growth



1) Man-made cellulosic fibers

2) sources: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing estimates. Percentage increases based on exact figures

3) thereof Cellulosic Staple Fibers 3.7 mn tons (+9.2%)



# Competitive Environment 2012

## Cutting production and projects

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- Price decline led to cuts in production and capacity utilization rates estimated at 65% – 70% on average with Chinese competition
- Majority of Chinese competitors estimated to have made losses in 2012
- Cancellation of various announced expansion projects (fiber and pulp), slower ramp up of new capacities
- A South European competitor closed down production at beginning of 2013

# Looking ahead into 2013

## Key market assumptions

---

### ■ Economic outlook

- No solution of the issues in **Europe** (sovereign debt) and the **US** (fiscal cliff)
- Only moderate recovery of **China's GDP** growth rate

### ■ Cotton: China's huge stock causes uncertainty for fiber prices

- **Best case:** China uses cotton stock as a strategic reserve and stabilizes the cotton prices above 100 cent/lbs
- **Base case:** China will make controlled cotton sales to the market and cotton trades within a range of 80 – 90 cents/lbs
- **Worst case:** China is over-burdening the market with cotton, cotton prices drop to below 80 cents/lbs

### ■ MMC: Raw material costs

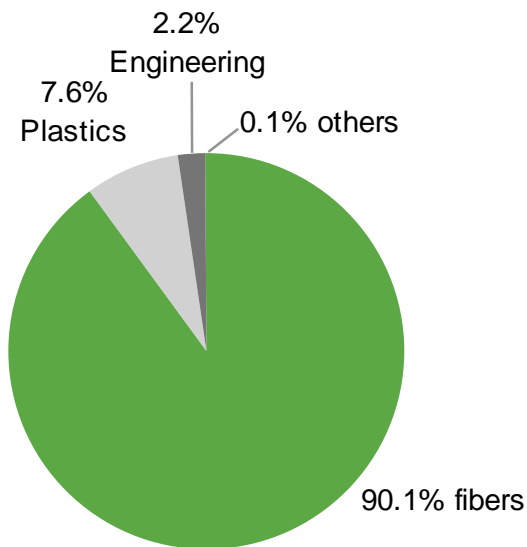
- There is **enough pulp on the market**, prices with only limited upside. Unclear on utilization rates in China
- **Key chemicals** - with the exception of CS2 (going up) – stay flat on a high level
- **Energy** prices stay flat on a moderate level



# TENCEL® drives sales in 2012

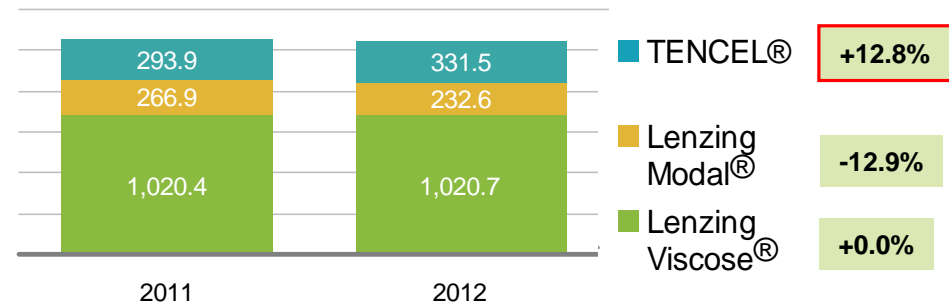
## Increase in Nonwovens

Sales by segments 2012 (%)

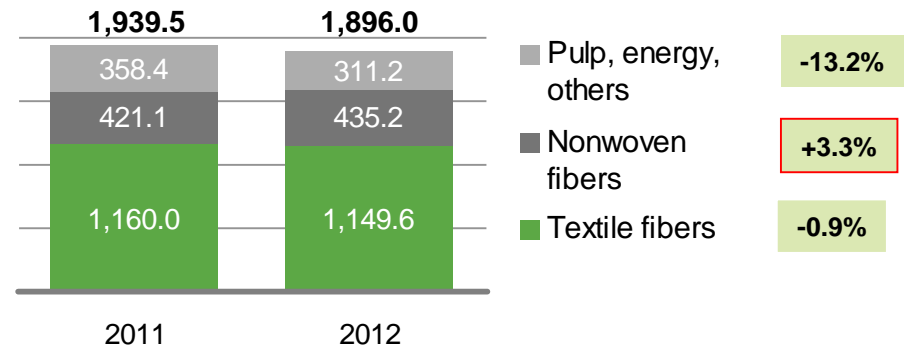


Total 2012:  
EUR 2,090 mn

Sales by fiber type (EUR mn)



Sales by segment fibers (EUR mn)

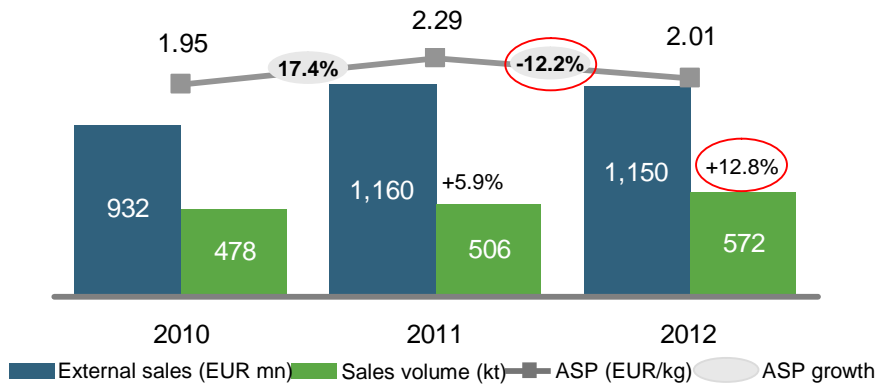


# 2012: Solid volume growth

## Textile segment sales more affected by price volatility

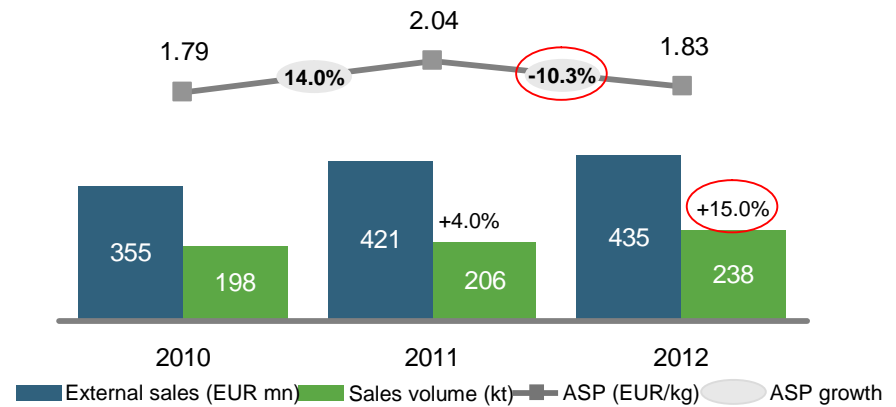
### Textile fibers<sup>1</sup>

External Sales (EUR mn)



### Nonwoven fibers<sup>1</sup>

External Sales (EUR mn)

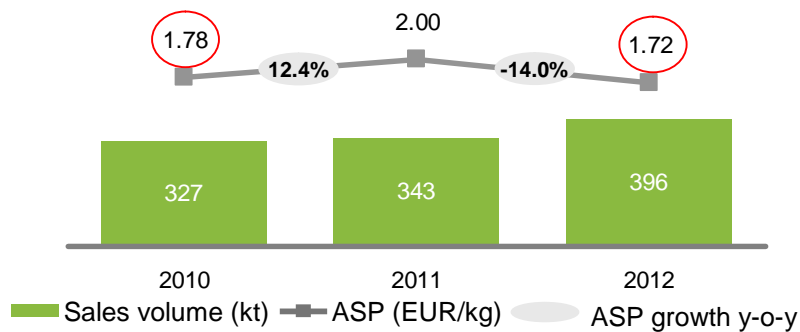


1) excluding sales of co-products and external sales of pulp, wood and energy

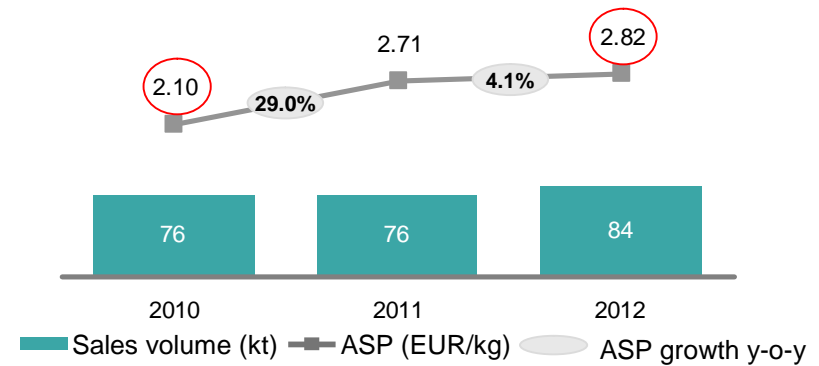
# 2012: Textile fibers

Viscose and Modal back to 2010 levels, TENCEL® with some way to go

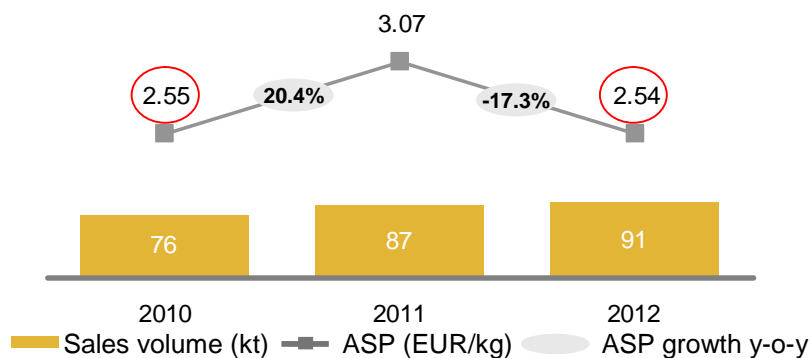
## Lenzing Viscose®<sup>1</sup>



## TENCEL®<sup>1</sup>



## Lenzing Modal®<sup>1</sup>



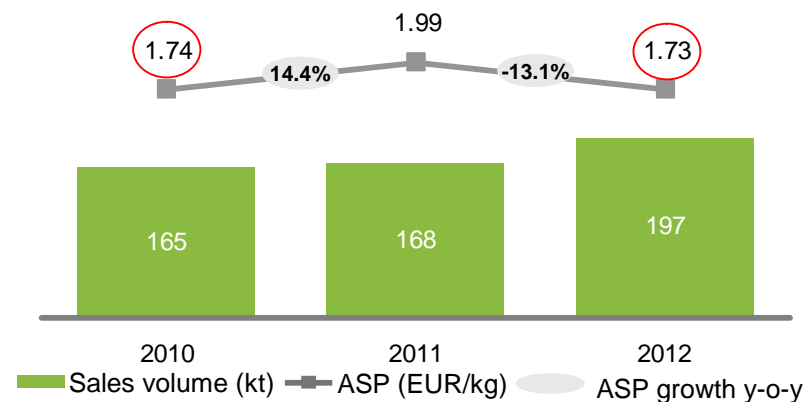
- Lenzing Viscose® price decreased by 14% in line with low price level of Chinese viscose spot prices
- Lenzing Modal® adjusted exaggerated 2011 premium
- TENCEL® in retrospect: Over-stretching the premium?

1) excluding sales of co-products and external sales of pulp, wood and energy

# 2012: Nonwoven fibers

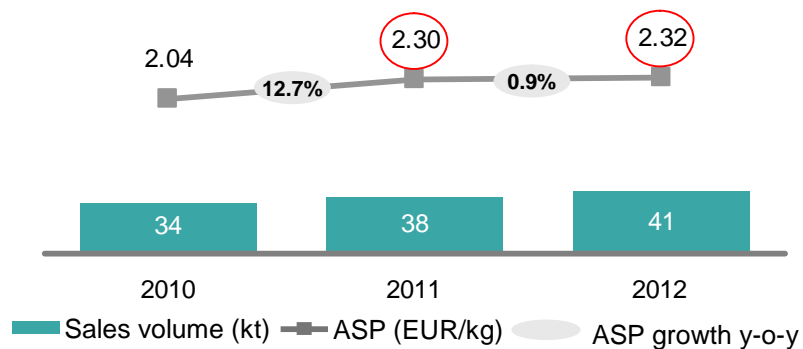
TENCEL® significantly below Textile

## Lenzing Viscose®<sup>1</sup>



- Lenzing Viscose®: Nonwoven in line with Textile over a longer period of time
- TENCEL® Nonwoven behind Textile – with less need for adjustment

## TENCEL®<sup>1</sup>



1) excluding sales of co-products and external sales of pulp, wood and energy

# Relative pricing

Continued higher TENCEL<sup>®</sup> premium than Modal

- Modal: Premium over viscose in the historic 40-50% range
- TENCEL<sup>®</sup> premium came down but is still looking high on a historical perspective

## Textile fibers

Relative price (viscose = 100%)

(%)	FY 2010	FY 2011	Q1/2012	Q2/2012	Q3/2012	Q4/2012	FY 2012
Lenzing Viscose <sup>®</sup>	100	100	100	100	100	100	100
Lenzing Modal <sup>®</sup> (inc. FR)	144	154	159	146	144	145	148
TENCEL <sup>®</sup>	118	136	168	174	163	154	164

## Nonwoven fibers

Relative price (viscose = 100%)

(%)	FY 2010	FY 2011	Q1/2012	Q2/2012	Q3/2012	Q4/2012	FY 2012
Lenzing Viscose <sup>®</sup>	100	100	100	100	100	100	100
TENCEL <sup>®</sup>	117	116	137	137	135	129	134

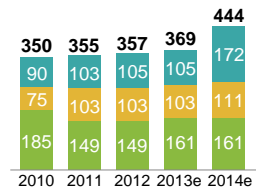


# Capacity expansion to 2014 – 1 mn tons

## What we have in the pipeline today

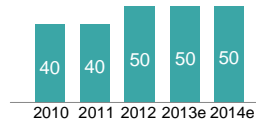
### Europe<sup>1</sup>

CAGR 6.1%



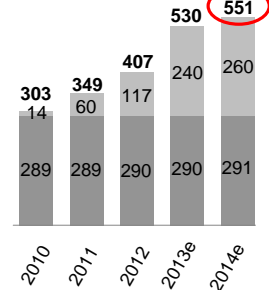
### USA

CAGR 5.7%



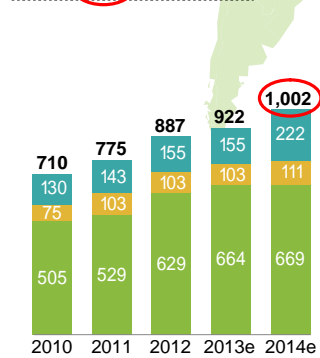
### Total pulp capacity

CAGR 16.1%



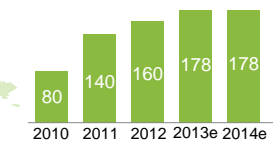
### Total capacity at year end

CAGR 9.0%



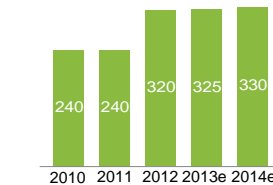
### China

CAGR 22.1%

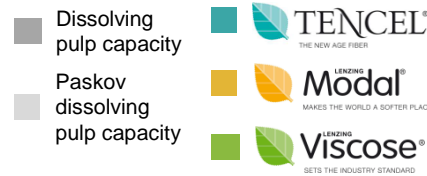


### Indonesia

CAGR 8.3%



### Annual capacity in '000 metric tons



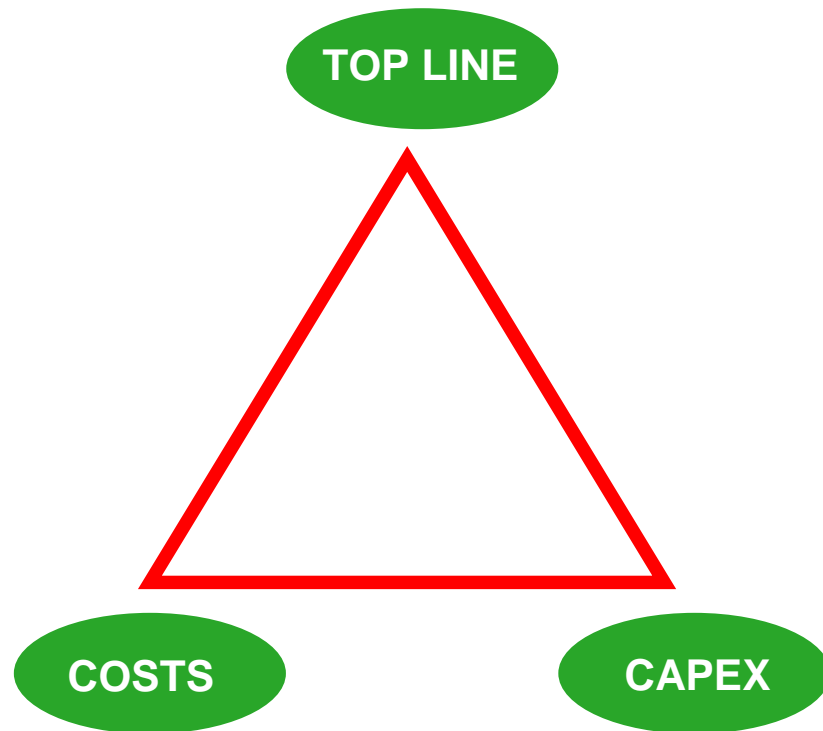
1) includes Lenzing (A), Heiligenkreuz (A) and Grimsby (UK)



# exceLENZ program

Adjusting speed due to the low visibility market environment

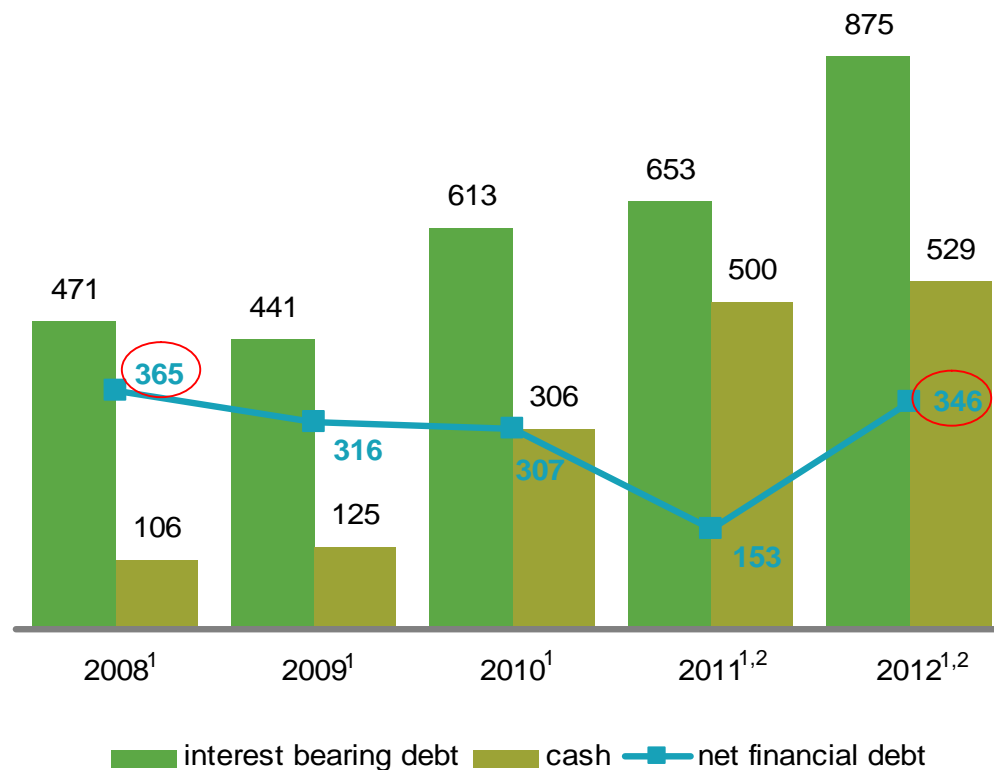
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- **3 dimensional program** started with 3 goals
  - **Top line** – optimize product mix / increase volumes
  - **Capex** – re-evaluate projects, which have not been started / scrutinize maintenance capex
  - **Costs** – save opex / re-negotiate suppliers
- **Focus on cash**
  - **Balancing spendings and earnings profile** over the mid-term
- **Long-term megatrends still in place**, timing delayed

# 2012: A solid base

1x net debt/EBITDA, high equity and healthy liquidity



- **Net debt to EBITDA: 1.0x**
- **Adjusted equity of EUR 1,153 mn**
  - 43.8% equity ratio
  - Net gearing of 30.0%
- **Total liquidity cushion of EUR 740 mn** consisting of
  - EUR 529 mn cash
  - plus EUR 211 mn of unused credit lines

1) as of December 31

2) as of December 31, 2012, in addition to cash and cash equivalents and marketable securities, the liquidity position also now encompasses liquid bank drafts. For this reason, the previous year's figure for the liquidity reserve (December 31, 2011: 493,800 EUR) was increased by 5,764 EUR and the level of net financial debt was adapted accordingly.



# Outlook: Full Year 2013

## A year of transition

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Sales approx. EUR 2.15 – 2.25 bn

EBITDA approx. EUR 260 – 290 mn

EBIT approx. EUR 140 – 170 mn

Average fiber price approx. EUR 1.80 – 1.90 per kg

Sales volume approx. 920 k tons (+13.5%)

CAPEX approx. EUR 260 mn

Dividend policy minimum EUR 1.75 per share

Tax rate approx. 24 – 26%

- Reduction of sales by further **EUR 50 mn due to complete switch from external to internal sales** in Czech pulp mill
- **EBITDA margin of approximately 12% – 13%** EBIT margin of approximately 6% – 8%
- **Lower fiber prices with almost direct effect on Lenzing's earnings**
- **Record sales volume** but margin contribution **strongly influenced by cost increases** (personnel, CS2 and selected other input cost factors) and **cost savings potential**
- **Lower CAPEX** to reflect lower visibility and focus on managing cash flow
- **Minimum dividend** to compensate for fiber market volatility and support an adequate shareholder return
- **Higher tax rate** based on lower positive effect from "B&C Tax Group" (EUR 1.5 mn compared with EUR 10.5 mn in 2012)

# Outlook Q1/2013

Almost a mirror image of Q4/2012

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Sales volume	approx. on Q4/12 level
EBITDA	approx. EUR 60 mn
Average fiber price	approx. EUR 1.75 – 1.80 per kg

- **No sales volume increase over Q4/2012**

- Chinese New Year effect
- Maintenance shut downs and “short February”

- **EBITDA with below Q4/2012 average fiber price** and no positive year-end closing effects

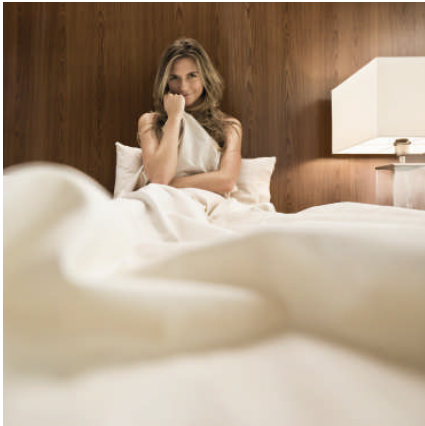
- **Tax pre-payment in Austria of EUR 29 mn**, based on 2012 profitability and payable in Q1/2013 (net-debt impact)

- **Evaluating all options** regarding the future of the **Business Unit Plastics** (including change of ownership)

- 100% Lenzing owned Business Unit Plastics is part of the Segment Plastics Products (together with Business Unit Filaments)

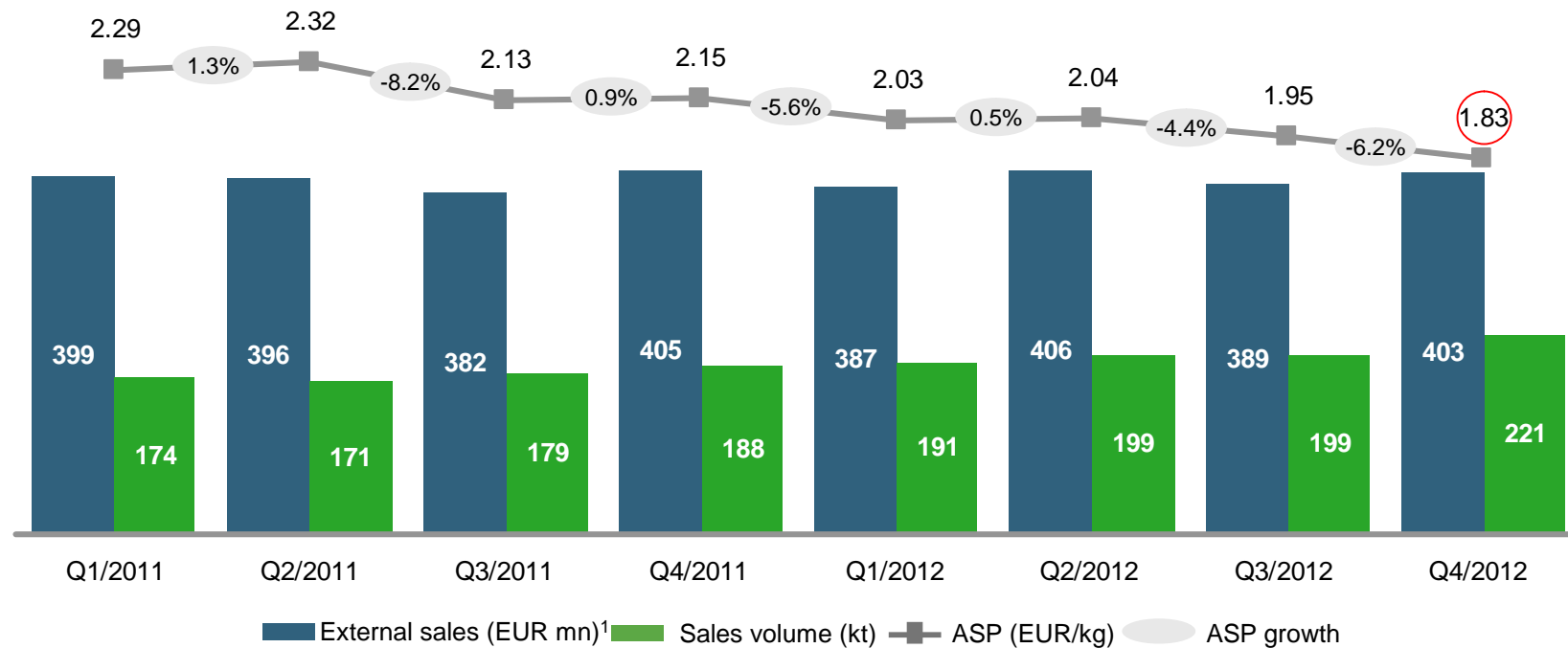
# Q4/2012 – Financial information

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# 2012: Sales volume on record level

Sales volume increase of 14.0% to 810 k tons while average price decreased by 12.0% compared to 2011

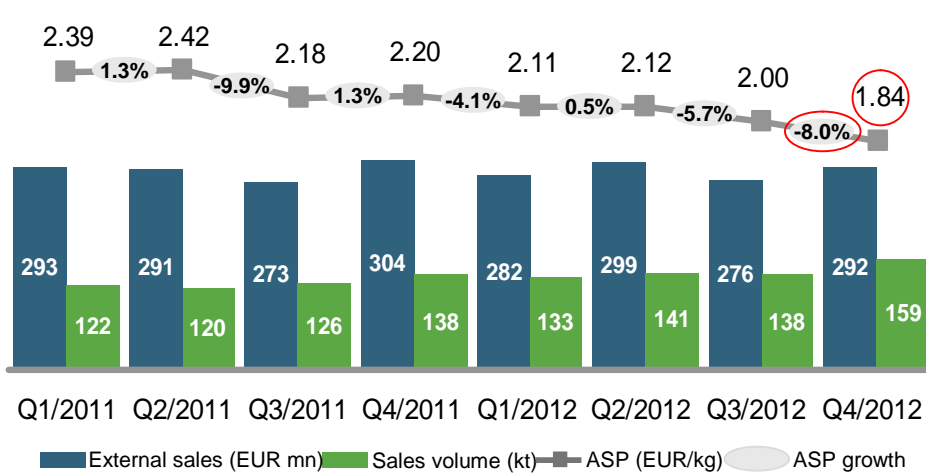


1) core fiber segment sales, excluding sales of co-products and external sales of pulp, wood and energy

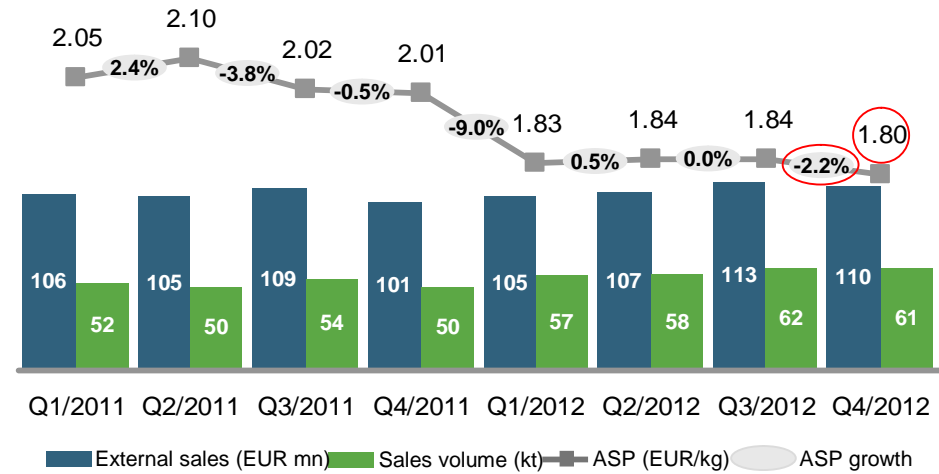
# Textile and nonwoven fibers

Q4 with sales record in a difficult environment

## Textile fibers<sup>1</sup>



## Nonwoven fibers<sup>1</sup>



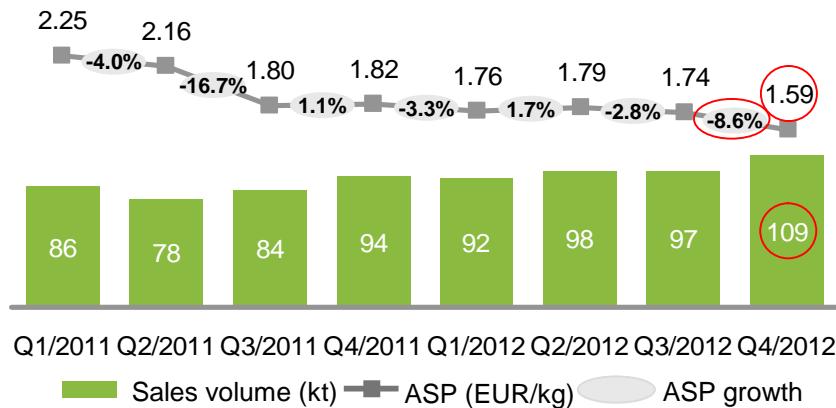
1) core fiber segment sales, excluding sales of co-products and external sales of pulp, wood and energy



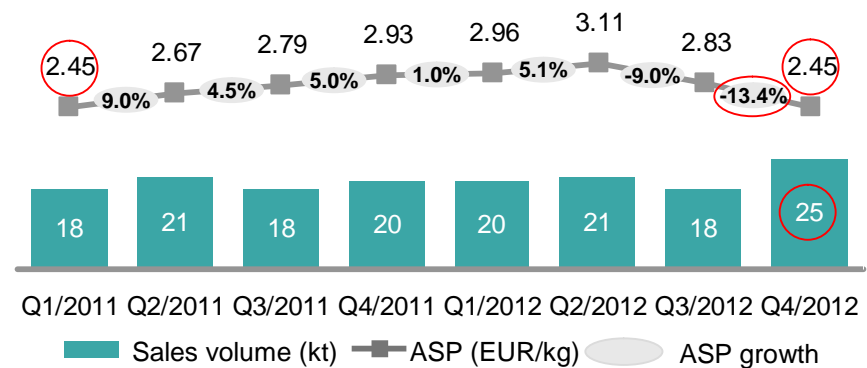
# Textile fibers

Very strong volumes but at low prices in Q4/2012

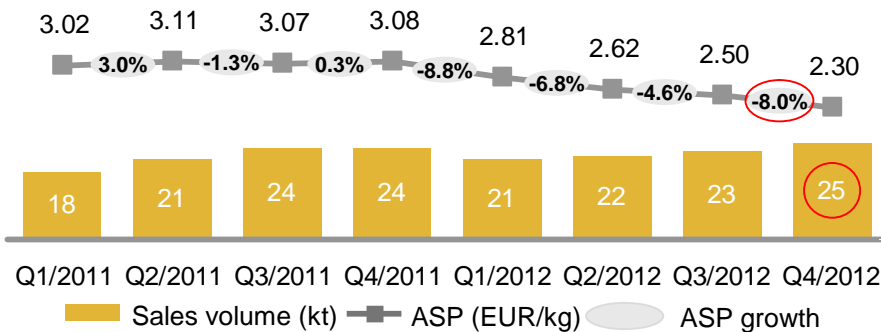
## Lenzing Viscose®



## TENCEL®



## Lenzing Modal®<sup>1</sup>



1) including Lenzing FR®

- Lenzing Viscose®: Price decrease in Q4 after three fairly stable quarters
- Lenzing Modal® prices follow Lenzing Viscose® prices (finding the adequate premium)
- TENCEL® still with the highest premium but back on Q1/2011 level

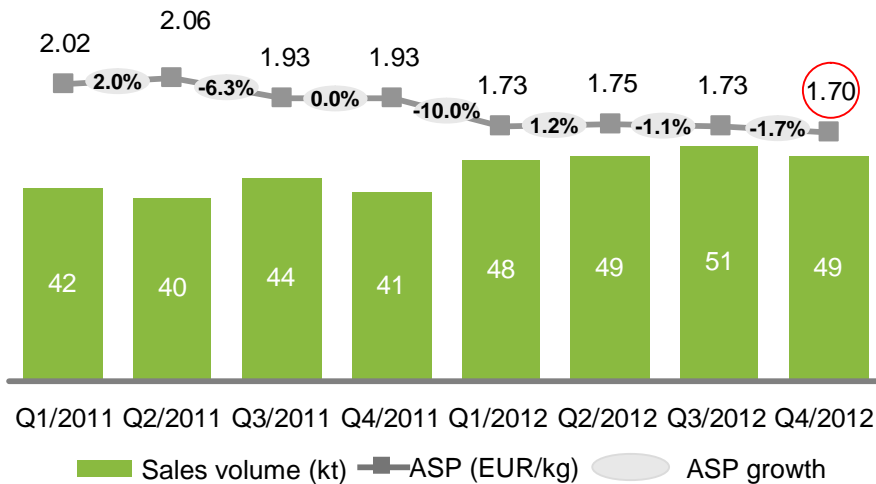


# Nonwoven fibers

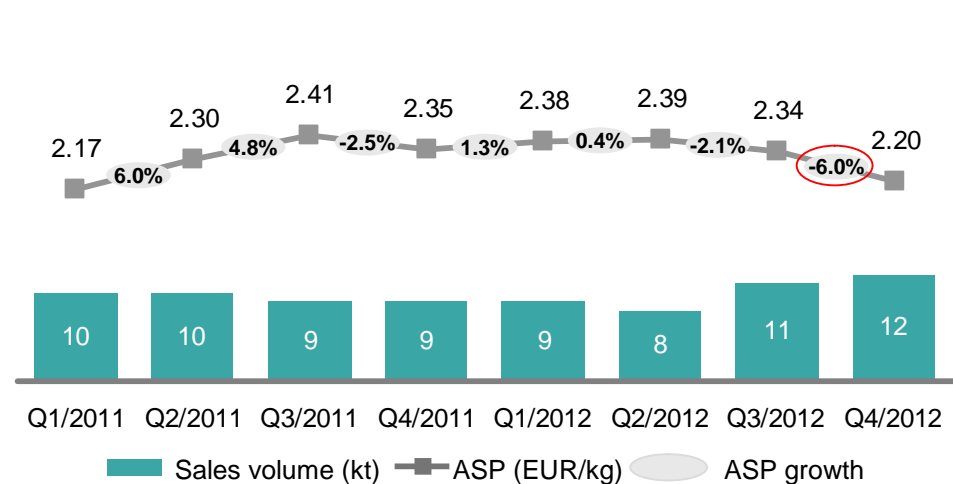
2012 with new sales record

- Lenzing Viscose®: Nonwoven above textile and a stabilizing factor
- Increase in TENCEL® volume driven by expansion in USA in H2/2012

Lenzing Viscose®



TENCEL®



# Q4: Broadly as expected

Record sales volume, EBITDA slightly better than expected

(EUR mn)	Q4/2012 <sup>2</sup>	Q3/2012	Change Q4/Q3 (%)	Q2/2012	Q1/2012
Sales volume man-made cellulose fibers (kt)	221	199	10.6	199	191
<b>Total external sales</b>	<b>522.9</b>	<b>505.7</b>	<b>3.4</b>	<b>533.6</b>	<b>528.2</b>
Inventory change/work in progress	(6.6)	11.6	n.a.	(0.7)	3.9
Work performed by the group and capitalized	27.5	12.6	118.5	14.5	3.1
Cost of material and purchased services	(336.8)	(321.9)	4.6	(326.2)	(318.3)
Personnel & other operation expenses/income	(128.9)	(119.1)	8.2	(119.9)	(123.0)
Depreciation & Amortization	(26.5)	(26.5)	0.2	(27.5)	(26.7)
<b>EBITDA<sup>1</sup></b>	<b>77.1</b>	<b>87.9</b>	<b>(12.3)</b>	<b>100.6</b>	<b>93.1</b>
<b>EBIT</b>	<b>51.6</b>	<b>62.4</b>	<b>(17.3)</b>	<b>73.9</b>	<b>67.2</b>
<b>Net income</b>	<b>36.8</b>	<b>55.1</b>	<b>(33.2)</b>	<b>51.7</b>	<b>48.4</b>
<b>Net income after minorities</b>	<b>36.1</b>	<b>53.4</b>	<b>(32.5)</b>	<b>50.0</b>	<b>47.1</b>
<i>EBITDA margin (%)</i>	14.7	17.4	-	18.8	17.6
<i>EBIT margin (%)</i>	9.9	12.3	-	13.8	12.7

1) EBITDA defined as EBIT + depreciation - reversal of government grants

2) before restructuring



# Topline breakdown

Strong Q4 mainly due to increased textile fiber sales

(EUR mn)	Q4/2012	Q3/2012	Change Q4/Q3 (%)	Q2/2012	Q1/2012
<b>Breakdown of fibers segment sales</b>					
Textile fibers	292.4	276.0	6.0	299.5	281.7
Nonwoven fibers	110.4	113.3	(2.5)	106.6	104.9
Others <sup>1</sup>	12.5	12.4	0.8	12.2	12.3
<b>Total fibers only sales</b>	<b>415.3</b>	<b>401.6</b>	<b>3.4</b>	<b>418.3</b>	<b>398.9</b>
Other fibers segment sales <sup>2</sup>	66.3	56.8	16.7	63.2	75.5
<b>Total fibers segment sales</b>	<b>481.7</b>	<b>458.4</b>	<b>5.1</b>	<b>481.5</b>	<b>474.4</b>
Plastics Products	34.0	39.1	(13.1)	43.5	43.4
Engineering	32.4	31.0	4.5	28.3	30.0
Consolidation and others	(25.3)	(22.8)	10.7	(19.6)	(19.7)
<b>Total external group sales</b>	<b>522.9</b>	<b>505.7</b>	<b>3.4</b>	<b>533.6</b>	<b>528.2</b>

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

# Q4: Increase of costs due to record sales volume

## Relative increase of Key Chemicals Costs

(EUR mn)	Q4/2012	Q3/2012	Change Q4/Q3 (%)	Q2/2012	Q1/2012
Dissolving pulp <sup>1</sup>	134.1	134.4	(0.2)	129.6	131.6
as % of total cost of material and purchased services	39.8	41.7	-	39.7	41.3
Key chemicals	48.8	45.9	6.3	44.7	41.7
as % of total cost of material and purchased services	14.5	14.3	-	13.7	13.1
Energy	36.6	38.2	(4.2)	36.6	35.6
as % of total cost of material and purchased services	10.9	11.8	-	11.2	11.2
Other <sup>2</sup>	117.2	103.5	13.2	115.3	109.5
as % of total cost of material and purchased services	34.8	32.2	-	35.3	34.4
<b>Total cost of material and purchased services</b>	<b>336.8</b>	<b>321.9</b>	<b>4.6</b>	<b>326.2</b>	<b>318.3</b>
as % of external sales	64.4	63.7	-	61.1	60.3
<b>Total external sales</b>	<b>522.9</b>	<b>505.7</b>	<b>3.4</b>	<b>533.6</b>	<b>528.2</b>
<b>Total fibers only sales</b>	<b>415.2</b>	<b>401.7</b>	<b>3.4</b>	<b>418.3</b>	<b>398.9</b>
<b>Total Opex<sup>3</sup></b>	<b>482.8</b>	<b>449.9</b>	<b>7.3</b>	<b>454.8</b>	<b>451.9</b>
Material cost as % of total Opex	69.7	71.6	-	71.7	70.4

1) including cost for wood

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

3) includes cost of material and purchased services, personnel expenses and other operating expenses

# Q4: Total Remaining Opex

Representing approx. 30% of total Opex and fairly stable

(EUR mn)	Q4/2012	Q3/2012	Change Q4/Q3 (%)	Q2/2012	Q1/2012
<b>Total personnel expenses</b>	<b>75.5</b>	<b>80.6</b>	<b>(6.3)</b>	<b>76.3</b>	<b>75.4</b>
as % of external sales	14.4	15.9	-	14.3	14.3
<b>Other operating expenses</b>					
Freight outward	21.2	18.9	12.2	20.5	18.4
Commissions and advertising costs	8.7	6.3	38.1	8.5	3.4
Service and maintenance and other purchased services	15.3	9.2	68.1	2.0	8.9
Other	25.4	13.0	95.4	21.3	27.5
<b>Total other operating expenses</b>	<b>70.6</b>	<b>47.4</b>	<b>49.0</b>	<b>52.3</b>	<b>58.2</b>
as % of external sales	13.5	9.4	-	9.8	11.0
<b>Total remaining Opex</b>	<b>146.1</b>	<b>127.9</b>	<b>14.2</b>	<b>128.7</b>	<b>133.6</b>
as % of external sales	27.9	25.3	-	24.1	25.3
<b>Total external sales</b>	<b>522.9</b>	<b>505.7</b>	<b>3.4</b>	<b>533.6</b>	<b>528.2</b>
<b>Total Opex<sup>1</sup></b>	<b>482.8</b>	<b>449.9</b>	<b>7.3</b>	<b>454.8</b>	<b>451.9</b>
Total remaining Opex as % of total Opex	30.3	28.4	-	28.3	29.6

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

# Cash flow by quarter

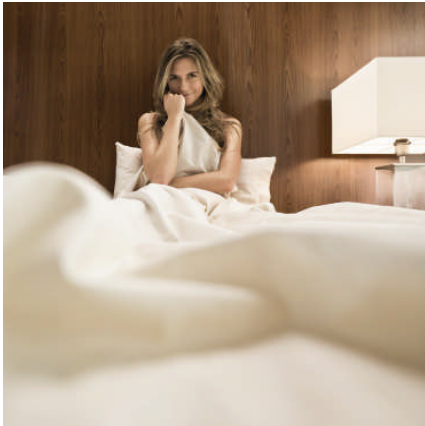
(EUR mn)	Q4/2012	Q3/2012	Change Q4/Q3 (%)	Q2/2012	Q1/2012
<b>Gross CF</b>	<b>49.5</b>	<b>83.2</b>	<b>(40.5)</b>	<b>36.0</b>	<b>79.2</b>
Change in total working capital <sup>1</sup>	15.9	(30.9)	-	(29.7)	6.2
<b>Operating Cash flow</b>	<b>65.4</b>	<b>52.3</b>	<b>25.2</b>	<b>6.3</b>	<b>85.4</b>
Investment Cash flow <sup>2</sup>	(131.5)	(83.3)	57.9	(71.0)	(22.6)
<b>Free Cash flow</b>	<b>(66.1)</b>	<b>(31.0)</b>	<b>113.1</b>	<b>(64.7)</b>	<b>62.9</b>

1) including trade and other working capital

2) including investment in financial assets and disposal proceeds

# FY 2012 – Financial information

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# 2012: Relative pricing

TENCEL<sup>®</sup> premium on a very high level in the textile segment

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## Textile fibers

Relative price (viscose = 100%)

(%)	2010	2011	2012
Lenzing Viscose <sup>®</sup>	100	100	100
Lenzing Modal <sup>®</sup> (incl. FR)	144	154	148
TENCEL <sup>®</sup>	118	136	164

## Nonwoven fibers

Relative price (viscose = 100%)

(%)	2010	2011	2012
Lenzing Viscose <sup>®</sup>	100	100	100
TENCEL <sup>®</sup>	117	116	134

# Impact of EPG wind-up on 2012 P&L

## Summary of restructuring effects

---

(EUR mn)	before EPG	after EPG	Difference
EBITDA	358.7	352.4	6.3
EBIT	255.0	231.5	23.5
EBT	246.4	236.0	10.4
Net profit (before minorities)	191.9	180.9	11.0
Net profit (after minorities)	186.6	175.6	11.0

# Consolidated Group P&L<sup>1</sup>

(EUR mn)	2012	2011
<b>Total external sales</b>	<b>2,090.4</b>	<b>2,140.0</b>
Cost of material and purchased services	(1,303.2)	(1,275.7)
Personnel	(307.8)	(287.1)
<b>EBITDA</b>	<b>358.7</b>	<b>480.3</b>
<i>Margin (%)</i>	17.2	22.4
Depreciation & Amortization	(107.3)	(120.6)
Other operating expenses	(228.6)	(204.6)
Other operating income and other <sup>2</sup>	111.4	111.9
<b>EBIT</b>	<b>255.0</b>	<b>364.0</b>
<i>Margin (%)</i>	12.2	17.0
Income from invest. in associates & other income	10.5	12.0
Finance cost	(23.3)	(23.9)
Result from terminable non-controlling interest	3.4	(0.2)
Tax	54.5	(84.6)
Tax rate (%)	22.1	24.0
Income from discontinued operations	-	-
<b>Net income</b>	<b>191.9</b>	<b>267.4</b>
<i>Margin (%)</i>	9.2	12.5
<b>Net income after minorities</b>	<b>186.6</b>	<b>258.7</b>
<i>Margin (%)</i>	8.9	12.1
<b>EPS<sup>3</sup> (in EUR)</b>	<b>7.03</b>	<b>9.74</b>

1) before restructuring

2) other = work performed by group, changes in inventory & cost of material purchased

3) weighted average number of shares 26,550,000

32 LEADING FIBER INNOVATION





# Material cost: Pulp decreases, Key Chemicals increase

(EUR mn)	2012	2011	Change in %
Dissolving wood pulp <sup>1</sup>	529.7	564.9	(6.2)
as % of total cost of material and purchased services	40.7	44.3	-
Key chemicals	181.1	139.1	30.2
as % of total cost of material and purchased services	13.8	11.0	-
Energy	146.9	128.8	14.1
as % of total cost of material and purchased services	11.3	10.1	-
Other <sup>2</sup>	445.5	442.9	0.6
as % of total cost of material and purchased services	34.2	34.7	-
<b>Total cost of material and purchased services</b>	<b>1,303.2</b>	<b>1,275.7</b>	<b>2.2</b>
as % of external sales	62.3	59.6	-
<b>Total external sales</b>	<b>2,090.4</b>	<b>2,140.0</b>	<b>(2.3)</b>
<b>Total fibers only sales</b>	<b>1,584.8</b>	<b>1,581.1</b>	<b>0.2</b>
<b>Total Opex<sup>3</sup></b>	<b>1,839.5</b>	<b>1,767.4</b>	<b>4.1</b>
Material cost as % of total Opex	70.8	72.2	-

1) including cost for wood

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

3) includes cost of material and purchased services, personnel expenses and other operating expenses

# Remaining Opex: Freight and Other growing over-proportionally

Representing approx. 29% of total Opex on a full year basis

(EUR mn)	2012	2011	Change in %
<b>Total personnel expenses</b>	<b>307.8</b>	<b>287.1</b>	<b>7.2</b>
as % of external sales	14.7	13.4	-
<b>Other operating expenses</b>			
Freight outward	79.0	67.8	16.6
Commissions and advertising costs	26.9	28.5	(5.8)
Service and maintenance and other purchased services	35.3	33.3	6.2
Other	87.3	75.1	16.3
<b>Total other operating expenses</b>	<b>228.6</b>	<b>204.6</b>	<b>11.7</b>
as % of external sales	10.9	9.6	-
<b>Total remaining Opex</b>	<b>536.3</b>	<b>491.7</b>	<b>9.1</b>
as % of external sales	25.7	23.0	-
<b>Total external sales</b>	<b>2,090.4</b>	<b>2,140.0</b>	<b>(2.3)</b>
<b>Total Opex<sup>1</sup></b>	<b>1,839.5</b>	<b>1,767.4</b>	<b>4.1</b>
Total remaining Opex as % of total Opex	29.2	27.8	-

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

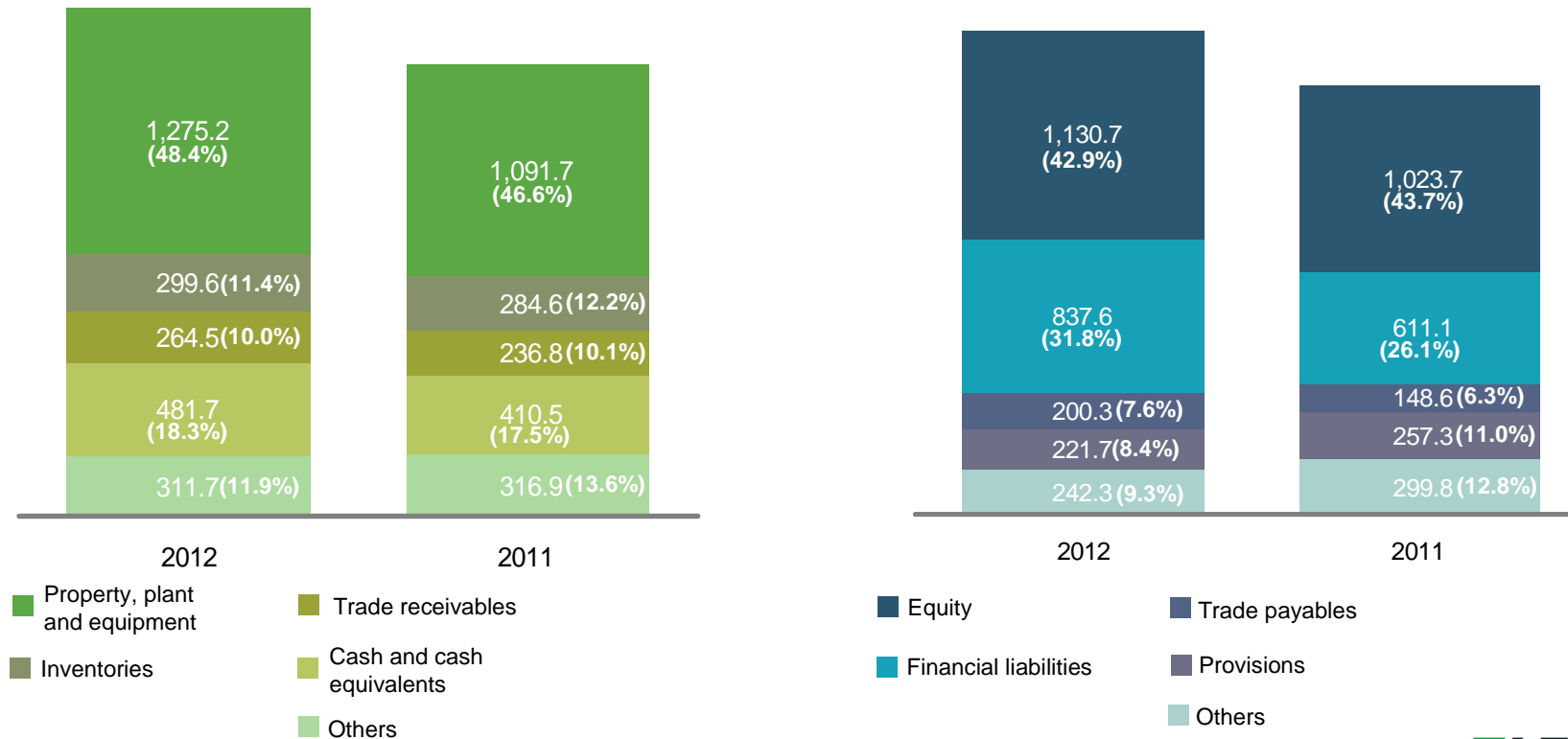
# Balance sheet as of December 31, 2012

Σ 2,632.7 EUR mn

Σ 2,340.5 EUR mn

Σ 2,632.7 EUR mn

Σ 2,340.5 EUR mn



# Full year Cash flow

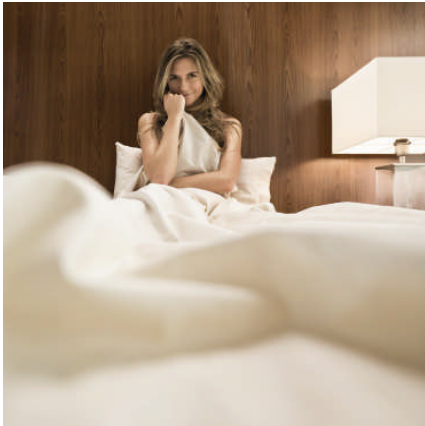
(EUR mn)	2012	2011	Change in %
<b>Gross CF</b>	<b>248.0</b>	<b>435.3</b>	<b>(43.0)</b>
Change in total working capital <sup>1</sup>	(38.6)	(125.6)	(69.3)
<b>Operating Cash flow</b>	<b>209.4</b>	<b>309.7</b>	<b>(32.4)</b>
Investment Cash flow <sup>2</sup>	(308.4)	(216.2)	42.7
<b>Free Cash flow</b>	<b>(98.9)</b>	<b>93.5</b>	<b>42.7</b>

1) including trade and other working capital

2) including investment in financial assets and disposal proceeds

# Appendix – Company information

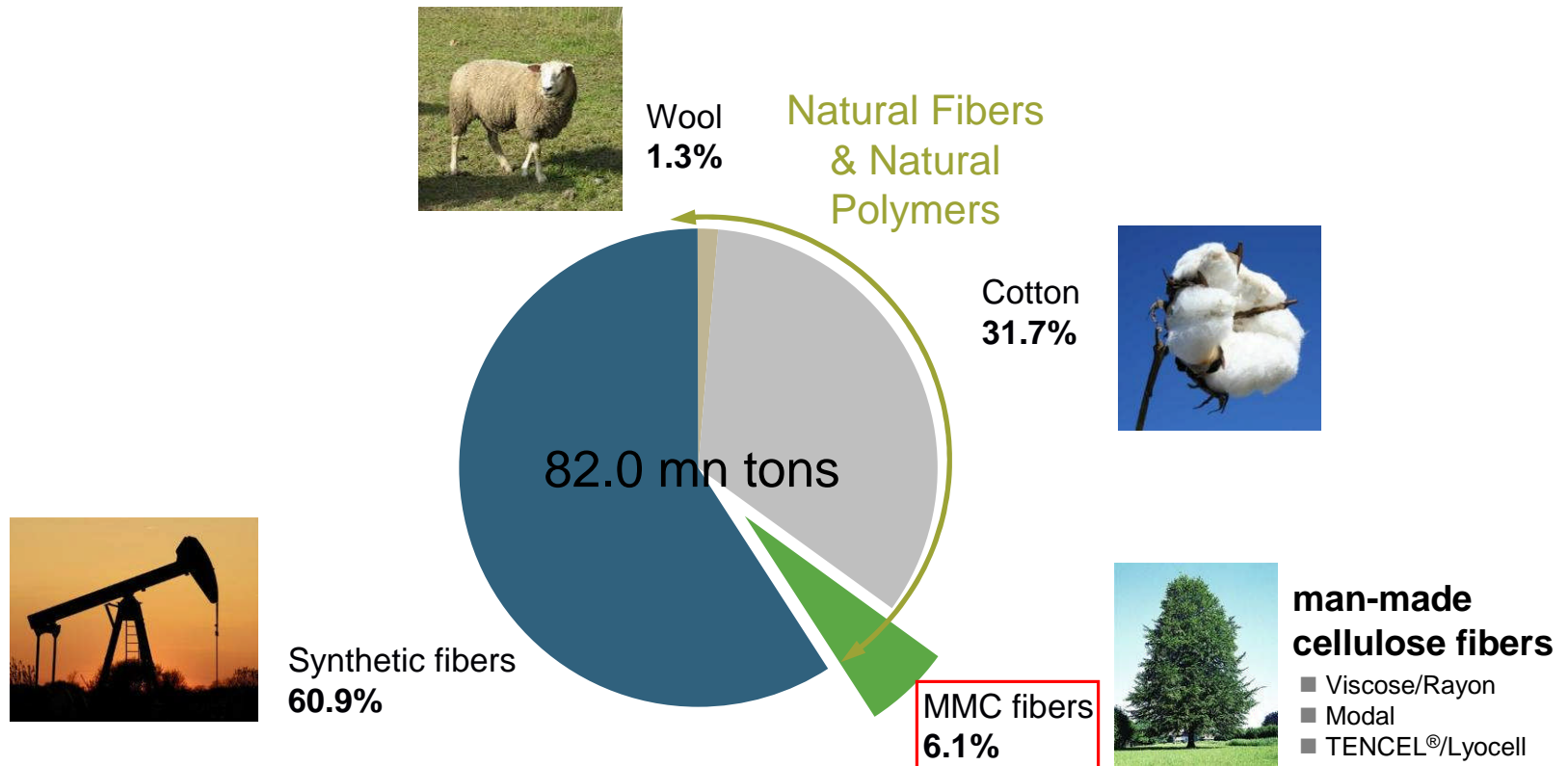
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# Global fiber market at a glance

2012 estimated production numbers

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Source: Lenzing estimates

# Lenzing at a glance

Global market leader in a growth market

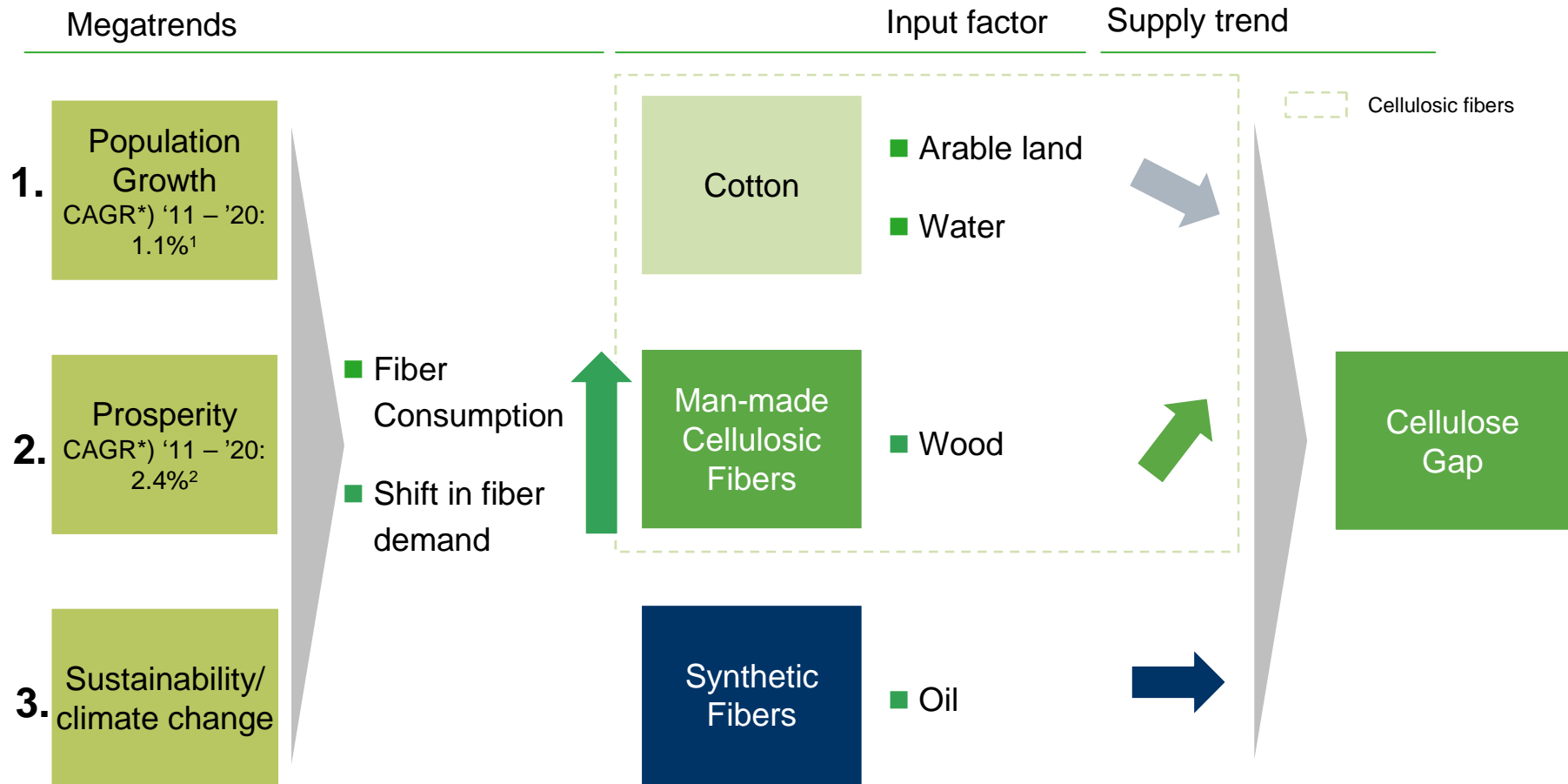
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- **Growth opportunity through 3 mega-trends leading to the cellulose gap**
- **Global market leader in producing man-made cellulosic fibers (MMCF)**
  - 22% market share (of world wide production)
  - Innovation, technology and quality leader
  - Cost leader
  - Double digit growth profile over last 12 years
  - Global presence (production/sales/marketing) and expansion
- **Solid financials**
  - Equity ratio<sup>1</sup>: 43.8%
  - Net gearing<sup>1</sup>: 30.0%
  - Total liquidity cushion<sup>1</sup>: EUR 740 mn

1) as at December 31, 2012

# Growth opportunity: cellulose Gap

MMCF: Strong demand and limitations on cotton supply



\*) compound annual growth rate

1) forecasted growth from UN Population Division

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



# Cellulose Gap: A growth opportunity

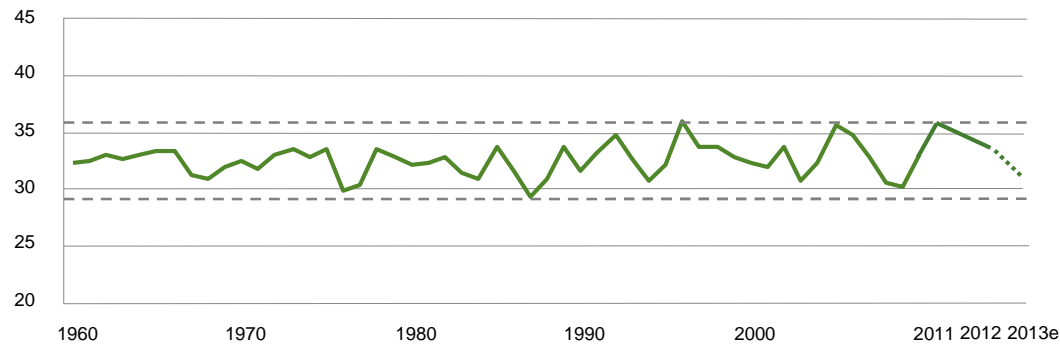
Limited potential to increase cotton supply increases demand for MMC fibers

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Cotton planted area expected to remain stable within narrow band (1960-2012)

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Million hectares

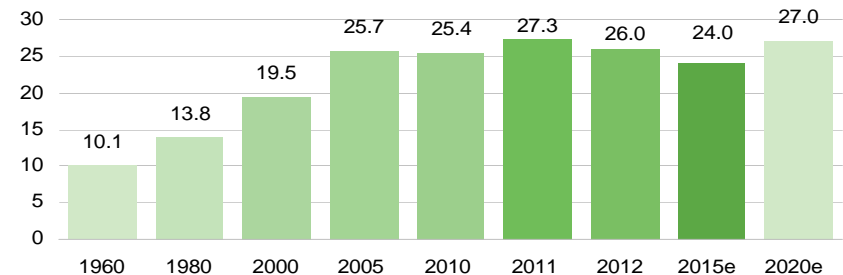


Source: U.S. Department of Agriculture  
ICAC, February 1, 2013

Limited growth in cotton production: effects from yield expansion leveling out

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Million metric tonnes



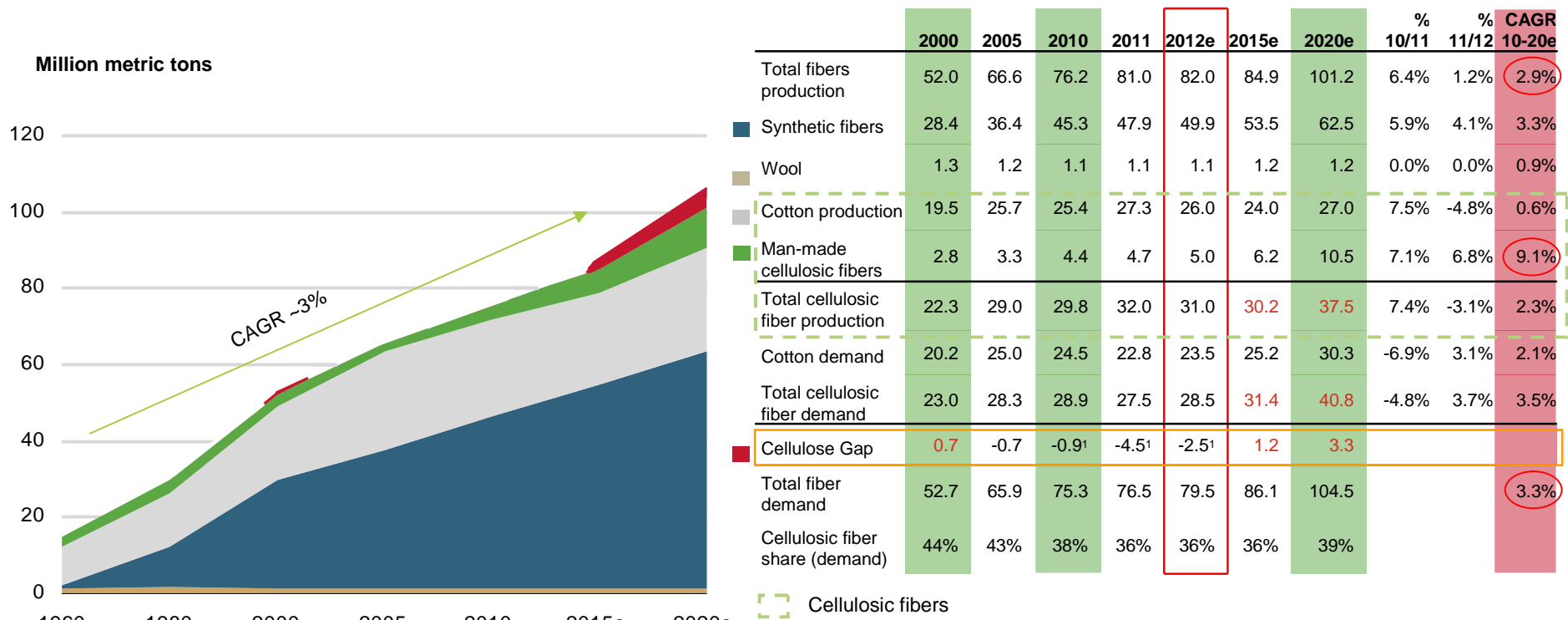
Source: International Cotton Advisory Committee, January, 2013

# Cellulose Gap: A growth opportunity

9% p.a. forecast for MMCF over current decade

➔ The demand gap of cellulosic fibers opening due to limited cotton supply can best be filled by MMC fibers as substitute

## Fiber market growth by type of fiber (1960-2020e)



1) cotton shortage in prior years has led to cotton prices rising to > \$ 2.20/lb distorting the market (lowering of demand, increase of production)

Sources: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing estimates. Percentage increases based on exact figures

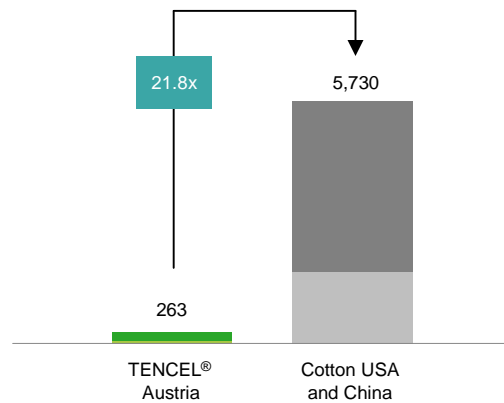
# Mega-trend: Sustainability

Green footprint: Significantly more environmentally friendly than cotton

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

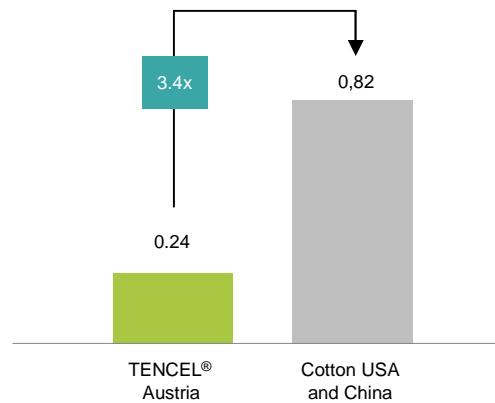
## Water consumption

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



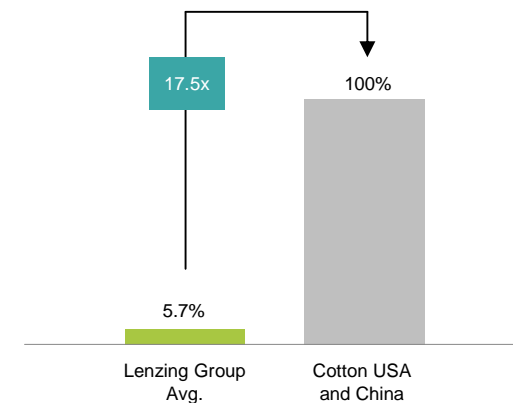
## Required acreage for production of one metric ton of fiber

Hectares per metric ton and year



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

Relative to cotton



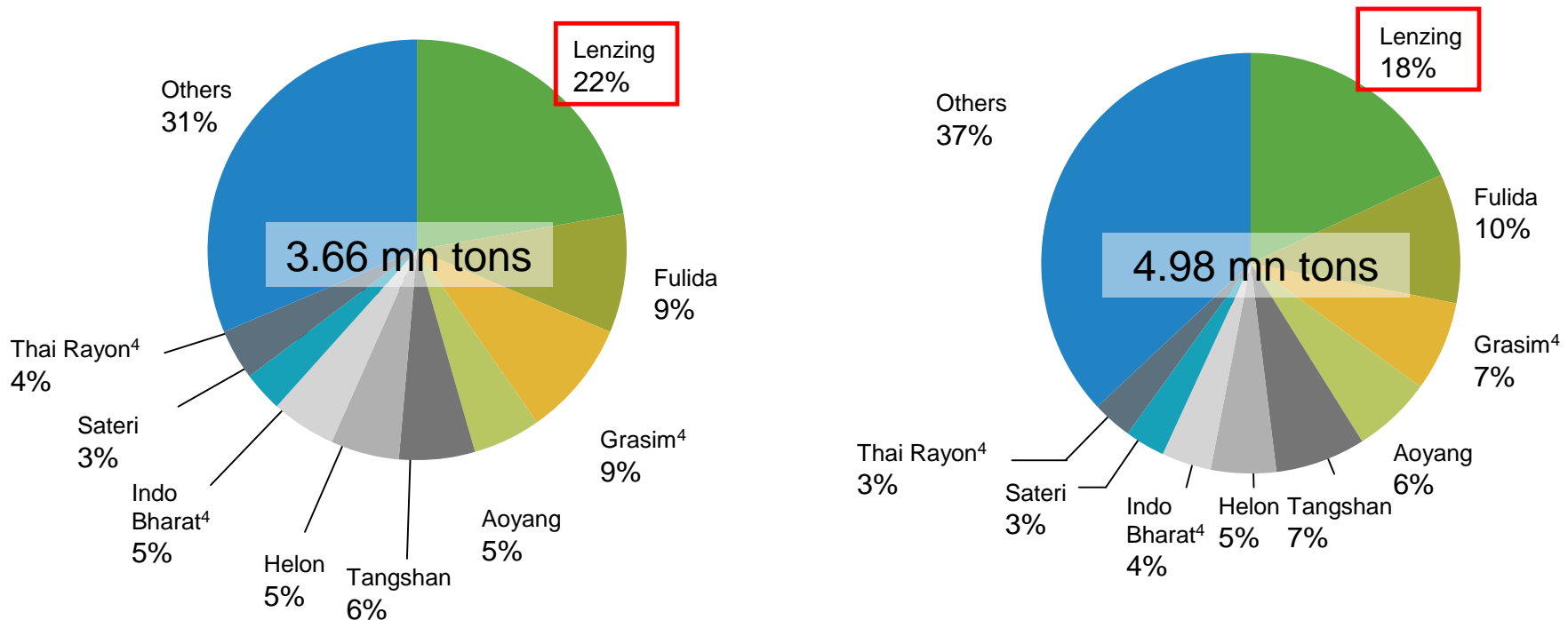
■ Process water ■ Cooling water ■ Groundwater irrigation ■ Surface water irrigation

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

1) including freshwater ecotoxicity, terrestrial ecotoxicity and others

# Global market leader in VSF<sup>1</sup>

Lenzing with 22% share of production<sup>2</sup> Lenzing with 18% share of capacities<sup>3</sup>



Source: CIRFS, FEB, Trade statistics, Company estimates

1) Viscose Stable Fibers (including Modal and Tencel)

2) Production China: based on 68% utilization (CCFA)

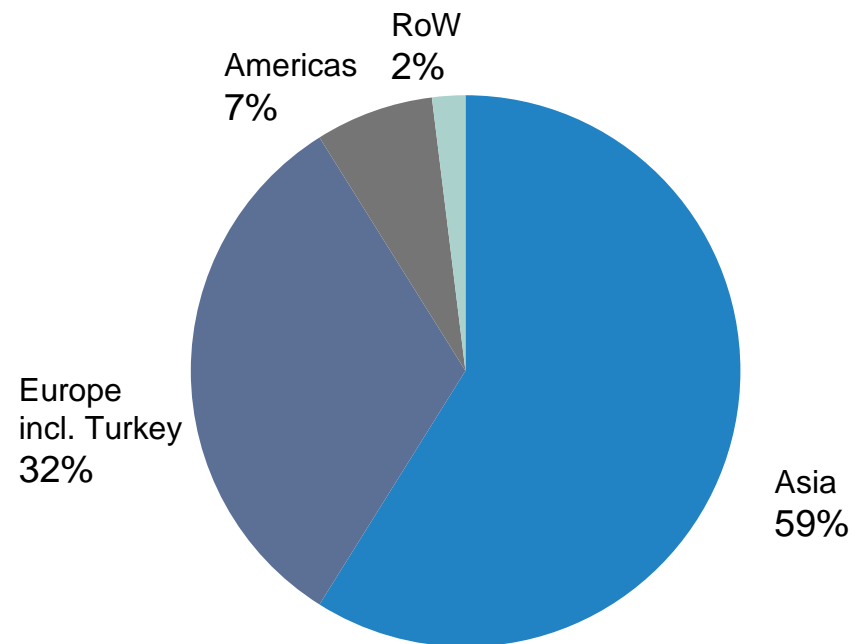
3) based on latest available company information from company websites and annual/interim reports

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

# Only true global player

Sales by region<sup>1</sup>

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Source: Company information

1) fiber sales by volume in metric tons FY 2012

# Technology leadership secures leading market shares



	Market Position and Market Share in 2012 <sup>1</sup>	Unique Selling Proposition	Key End Markets	% of Fiber Sales 2012 <sup>2</sup>
Innovation drives specialities	<b># 1 – Quantum leap technology</b> 	<b>...the new age fiber</b> <ul style="list-style-type: none"> <li>Environmentally friendly process</li> <li>Breathable, next to skin characteristics</li> <li>Can be blended with cotton</li> <li>Strength (wash ability, denim process)</li> </ul>	<ul style="list-style-type: none"> <li>High-end consumer applications</li> <li>Special technical applications</li> </ul>	20.9%
	<b># 1</b> 	<b>...makes the world a softer place</b> <ul style="list-style-type: none"> <li>Natural softener for fabrics</li> <li>Next to skin characteristics</li> <li>Can be blended with cotton</li> </ul>	<ul style="list-style-type: none"> <li>Consumer applications</li> <li>High performance apparel</li> </ul>	14.7% <sup>3</sup>
Sets Industry standard	<b># 2</b> 	<b>...sets industry standard</b> <ul style="list-style-type: none"> <li>Superior quality allows for use of high-end textile machinery<sup>4</sup></li> <li>Consistent in dyeing and finishing</li> <li>Global service package</li> </ul>	<ul style="list-style-type: none"> <li>Consumer applications</li> <li>Technical applications</li> </ul>	64.4%



Source: Lenzing

1) by production capacity

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

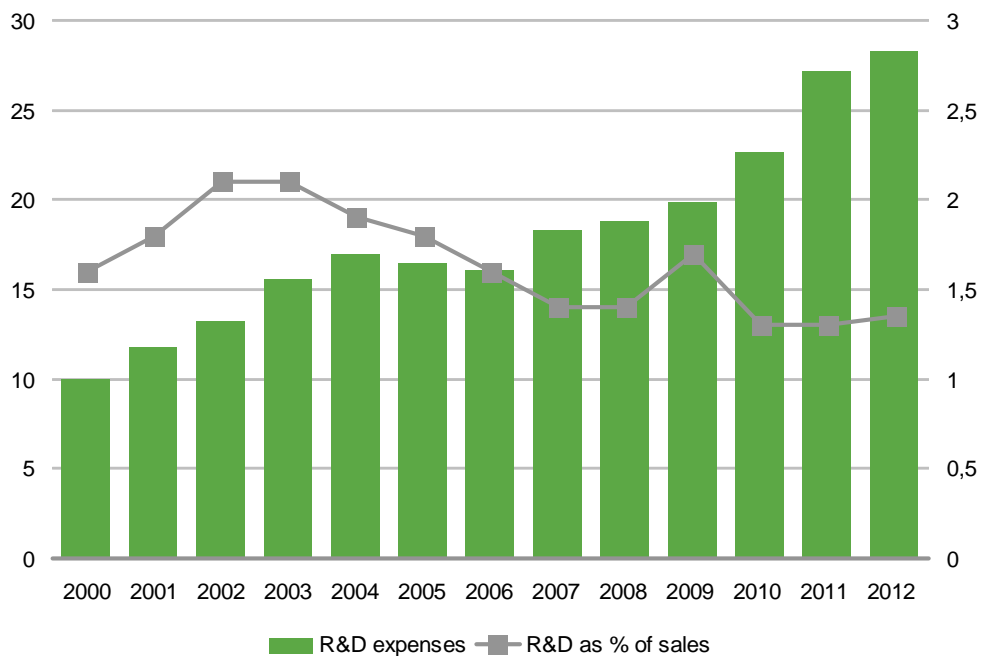
3) including Lenzing FR<sup>®</sup>

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

# Lenzing is the innovation leader

Industry leading R&D spend (EUR 28.3 mn in 2012)

## R&D expenses (2000-2012)



Source: LAG

## Intellectual property

- As of December 2012, Lenzing owned approx. 1,380 patent applications and patents in 57 countries belonging to 226 patent families
- All significant patents are filed and maintained in Asia, the European Union and the Americas
- The majority of the patent portfolio focuses on lyocell technology (TENCEL®)
- As of December 2012, Lenzing owned approx. 1,500 trademark applications and trademarks in 95 countries belonging to 123 trademark families

# Innovation

## R&D organization and unique innovation model

---

### Organization structure

- Integration into business units
- Close collaboration with sales & marketing to develop applications for customers

### Dedicated resources and investments in R&D

Textile innovation	<b>105 FTEs</b>
	■ Lyocell process innovation
	■ Fiber development (Viscose, Lenzing Modal®, TENCEL®)
	■ Application development
<hr/>	
Nonwoven innovation	<b>22 FTEs</b>
	■ Application development
<hr/>	
Process innovation	<b>41 FTEs</b>
	■ Pulp process innovation
	■ Viscose process innovation

**Total R&D FTEs:  
168 researchers  
and laboratory  
assistants**

Source: LAG  
FTEs refers to full time employees

### Unique innovation model

#### Breakthrough innovation

- Focus: Leap technologies (e.g. Lenzing Modal®, TENCEL®, TencelWeb®)
- 10% of total 2012 projects

#### Product innovation

- Focus: customizing
- 15% of total 2012 projects



#### Process innovation

- Focus: quality, productivity
- 55% of total 2012 projects

#### Application innovation

- Broaden application base
- 20% of total 2012 projects

- 
- 108 projects in process

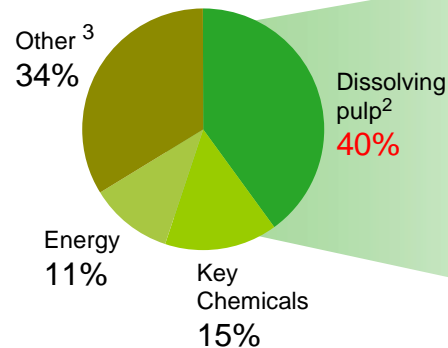


# Lenzing is the cost leader

Through pulp integration and long-term pulp supply contract

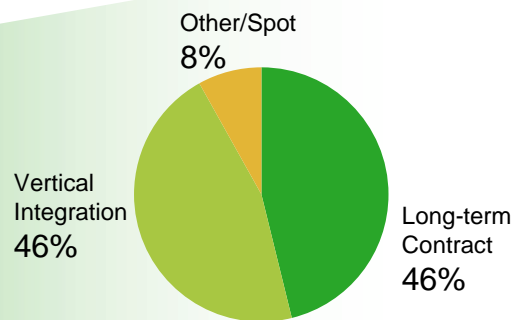
- Pulp is the key cost driver with **40% share of total costs of material and purchased services**
- 90+% of long-term pulp supply secured through own production (vertical integration) and long-term supply contracts
- Long-term contract **linked to paper pulp index** (not to spot price of dissolving pulp) plus applicable premium

Cost structure Lenzing Group (Q4/2012)<sup>1</sup>



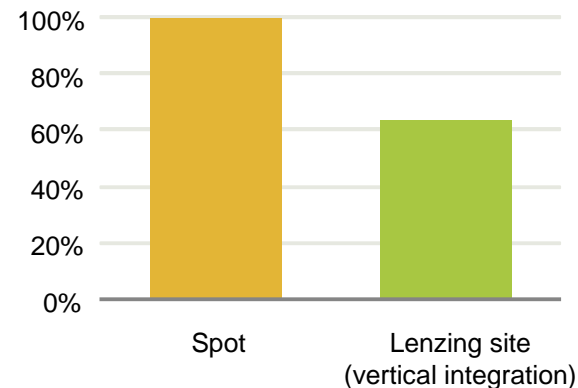
Source: Lenzing

Lenzing Group pulp sourcing (Q4/2012)<sup>4</sup>



Source: Lenzing

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



1) cost structure based on cost of materials and purchased services amounting to 336.8 EUR mn in Q4/2012

2) including wood

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

4) data refers to sourcing of pulp used in a quarter, including inventory build-up. Paskov volumes included under vertical integration

5) assuming spot price of \$1,000 per metric ton

# Cost leadership

Through economies of scale

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➔ Lenzing is the only company to operate production lines with an annual capacity of 80,000 metric tons

## Biggest MMC fiber plants worldwide<sup>1</sup>

	<u>Company</u>	<u>Site</u>	<u>Production</u>
#1	 <b>LENZING</b>	Lenzing, Austria	260k to
#2	 <b>LENZING</b>	Purwakarta, Indonesia	250k to
#3	Fulida Xinjiang	Kuerle, China	205k to

## Benefits from scale

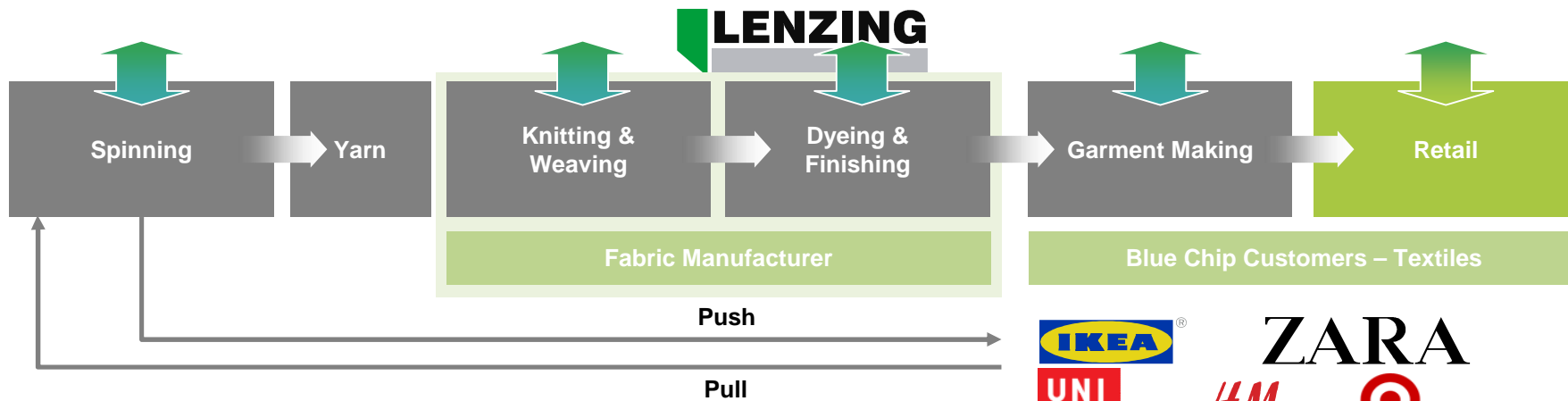
- ✓ 10-15% lower Capex requirements compared to smaller plants operated by competitors
- ✓ Larger production lines driving operating economies of scale (approx. 10% lower Opex compared to smaller lines operated by competitors)

1) based on December 31, 2012 estimated productions

Source: Lenzing

# High barriers to entry

Global branded supplier to blue chip customer base



Blue Chip Customers – Nonwoven



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

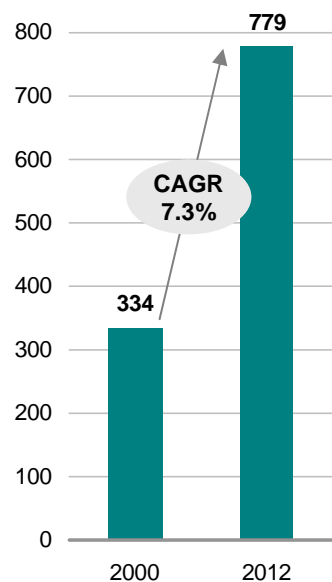


# Double-digit growth profile

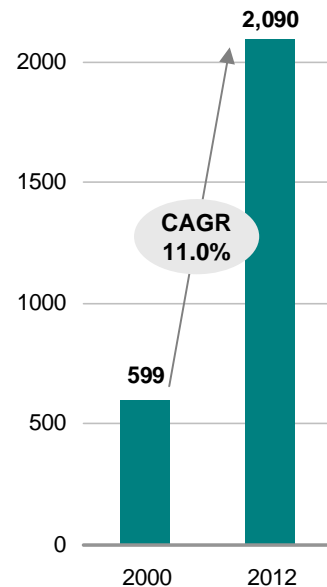
Lenzing has managed growth successfully in the past

## ■ Double-digit growth p.a. over last 12 years

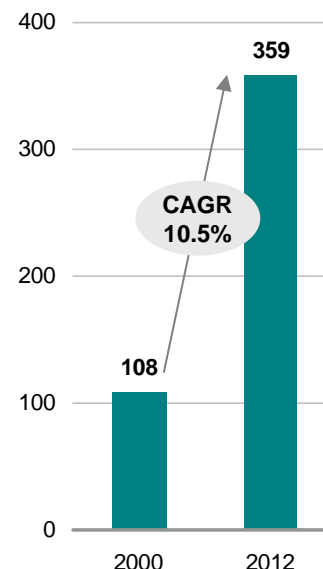
Fiber production  
(1,000's metric tons)



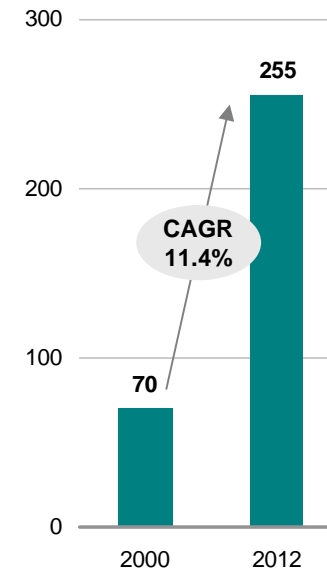
Total external sales<sup>1</sup>  
(EUR mn)



EBITDA<sup>1,2</sup>  
(EUR mn)



EBIT<sup>1,2</sup>  
(EUR mn)



1) 2000 based on US GAAP; 2012 based on IFRS

2) before restructuring

# Expansion program

Significant investments envisaged to support growth strategy

Plant location	Capacity – YE 2011 (metric tons)	Capacity – YE 2012 (metric tons)	Planned capacity – YE 2013 (metric tons)	Planned capacity – YE 2014 (metric tons)
<b>Lenzing / Austria</b>	<b>252,000</b>	<b>252,000</b>	<b>264,000</b>	<b>339,000</b>
Lenzing Viscose®	149,000	149,000	161,000	161,000
Lenzing Modal®	103,000	103,000	103,000	111,000
TENCEL®	-	-	-	67,000
<b>Purwakarta / Indonesia, Lenzing Viscose®</b>	<b>240,000</b>	<b>320,000</b>	<b>325,000</b>	<b>330,000</b>
Nanjing / China, Lenzing Viscose®	140,000	160,000	178,000	178,000
Heiligenkreuz / Austria, TENCEL®	63,000	65,000	65,000	65,000
Grimsby / UK, TENCEL®	40,000	40,000	40,000	40,000
Mobile / USA, TENCEL®	40,000	50,000	50,000	50,000
India, Lenzing Viscose®	-	-	-	-
<b>Total fibers</b>	<b>775,000</b>	<b>887,000</b>	<b>922,000</b>	<b>1,002,000</b>
Lenzing / Austria	289,000	290,000	290,000	291,000
Paskov / Czech Republic	60,000 <sup>1</sup>	117,000	240,000	260,000
New pulp plant	-	-	-	-

1) adjusted



# Capacity by site 2012 - 2013

(metric tons)	Capacity per March 31, 2012	Capacity per June 30, 2012	Capacity per September 30, 2012	Capacity per December 31, 2012	Capacity per March 31, 2013	Capacity per June 30, 2013	Capacity per September 30, 2013	Capacity per December 31, 2013
Lenzing	260,000	260,000	260,000	252,000	264,000	264,000	264,000	264,000
Indonesia	240,000	240,000	240,000	320,000	320,000	320,000	320,000	325,000
Nanjing	140,000	160,000	160,000	160,000	160,000	178,000	178,000	178,000
India	-	-	-	-	-	-	-	-
Heiligenkreuz	63,000	63,000	63,000	65,000	65,000	65,000	65,000	65,000
Grimsby	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Mobile	40,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Total</b>	<b>783,000</b>	<b>813,000</b>	<b>813,000</b>	<b>887,000</b>	<b>899,000</b>	<b>917,000</b>	<b>917,000</b>	<b>922,000</b>

# Capacity by site 2014

(metric tons)	Capacity per March 31, 2014	Capacity per June 30, 2014	Capacity per September 30, 2014	Capacity per December 31, 2014
Lenzing	264,000	331,000	331,000	339,000
Indonesia	325,000	325,000	325,000	330,000
Nanjing	178,000	178,000	178,000	178,000
India	-	-	-	-
Heiligenkreuz	65,000	65,000	65,000	65,000
Grimsby	40,000	40,000	40,000	40,000
Mobile	50,000	50,000	50,000	50,000
<b>Total</b>	<b>922,000</b>	<b>989,000</b>	<b>989,000</b>	<b>1,002,000</b>

# Our production sites

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Lenzing AG –  
Austria (fiber and pulp)



PT. South Pacific Viscose –  
Indonesia





# Our production sites

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Lenzing (Nanjing) Fibers Co. Ltd. –  
China



Heiligenkreuz –  
Austria



# Our production sites

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Grimsby –  
Great Britain



Mobile –  
USA



Biocel Paskov a.s. –  
Czech Republic (pulp)



# Where our fibers end up

Ladies wear – close to skin

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- Cowl neck tee
- USD 39.50
- TENCEL® / Spandex



VICTORIA'S SECRET

- Lightly padded bra top maxi dress
- USD 79.50
- Ecosil® Lenzing Modal® / Spandex



VICTORIA'S SECRET

# Where our fibers end up

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- Sequined knit cardigan
- USD 88.00
- 58% Viscose / 42% TENCEL®



**AX** ARMANI EXCHANGE

- Denim shirt Nixon
- EUR 39.95
- 100% TENCEL®



**MANGO**  
WOMEN COLLECTION

**LENZING**

# Where our fibers end up

Soft denim – can be sold in retail with a high premium

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- Vintage flare jeans
- USD 98.00
- 100% TENCEL®



- Five pocket skinny jeans
- USD 240.00
- Lenzing Modal® / TENCEL® / Cotton / Elastane



HELMUT LANG



# Where our fibers end up

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- The super skinny legging
- USD 215.00
- 45% TENCEL® / 55% Cotton / 3% Polyurethane



**AG** ADRIANO GOLDSCHMIED

- The legging ankle- graphic floral tobasco
- USD 225.00
- 42% TENCEL® / 55% Cotton / 3% Polyurethane



**AG** ADRIANO GOLDSCHMIED **LENZING**

# Where our fibers end up

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- USD 33.00 (tank top),  
USD 38.00 (V-neck)
- MicroModal® / Spandex



NORDSTROM

- Armani collezioni sportcoat
- USD 645.00
- TENCEL®



NORDSTROM

# Where our fibers end up

USA's leading baby wipe – TENCEL® inside



ALL NEW!



**KIRKLAND Signature**

You've just purchased the most exciting breakthrough in premium-quality baby wipes.

Kirkland Signature™ All Natural Fiber Baby Wipes. The FIRST and ONLY baby wipe in the world, featuring the Tencel® brand.

Tencel® is the revolutionary fabric that begins where other fabrics end. You'll see and feel why it's ultra-soft the very first time you use it.

**BETTER FOR BABY**  
Tencel® is ultra-soft and absorbs faster and better than other wipes.

**BETTER FOR YOUR WORLD**  
Our wipes are made from 100% renewable resources.

\*100% derived from trees grown in an environmentally managed forest.

ALL NATURAL FIBER WIPES



More than ever, parents like you want products for their children that are naturally made from raw materials but are also safe for the environment.

That's why Tencel® is the ideal New Age material.

- Tencel® is made from trees. Actually, from the cellulose inside trees, which is naturally absorbent and renewable. The trees are grown on non-arable land without the need for pesticides or fertilizers.
- The innovative manufacturing process is environmentally responsible because it effectively uses, recaptures and reuses resources such as water.
- Even the wipes are biodegradable, which creates a natural, sustainable cycle.

Nature returning to Nature.



- Derived from natural resources
- 100% renewable
- Biodegradable
- In established international testing, Tencel's manufacturing process is rated more eco-friendly than other fibers. In addition, its carbon footprint is about 30% smaller than that of cotton manufacturing\*.

Tencel® is advanced care for your baby and for our earth.

Tencel® is a registered trademark of Lenzing A.G., \*LCA study 2008, University of Utrecht, Netherlands.

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# Lenzing Management Board team and shareholder structure

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Peter Untersperger/CEO

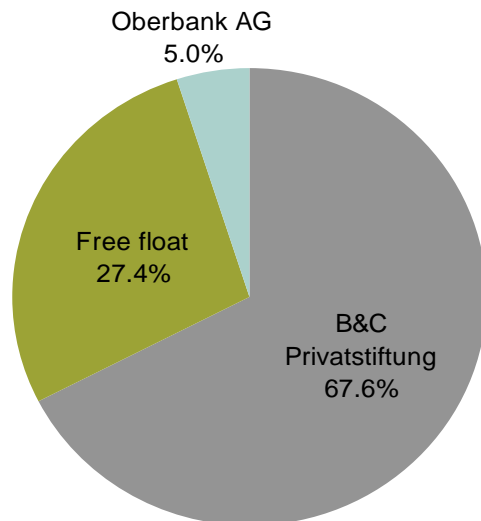


Friedrich Weninger/COO



Thomas G. Winkler/CFO

## Lenzing AG shareholder structure



### Overview of B & C Privatstiftung

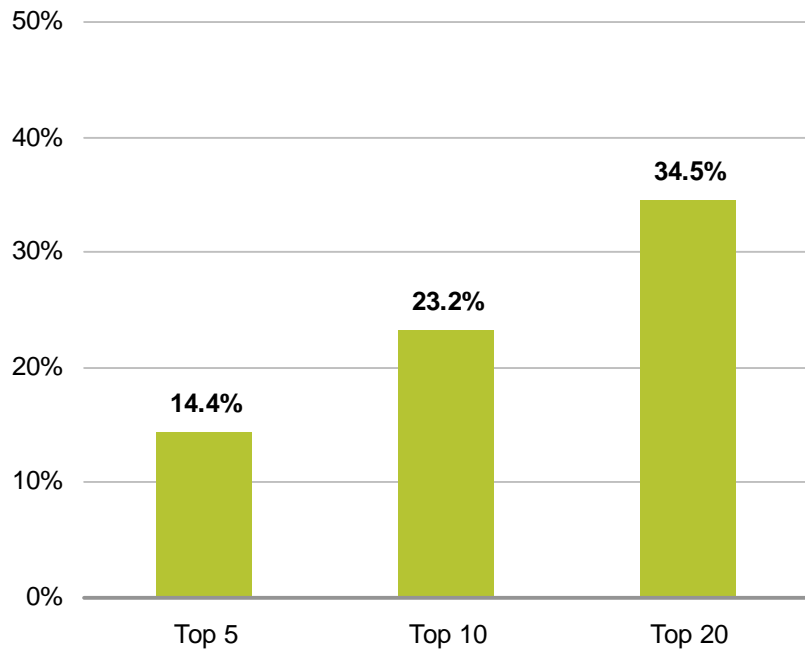
- 67.6% owner of Lenzing is B & C Privatstiftung (B & C Private Foundation). Its purpose is the promotion of Austrian entrepreneurship.
- B & C Industrieholding GmbH is the management holding of B & C Foundation.
- As the core shareholder, B & C promotes the dynamic growth of the portfolio companies and takes a long-term view.

# Sales and marketing

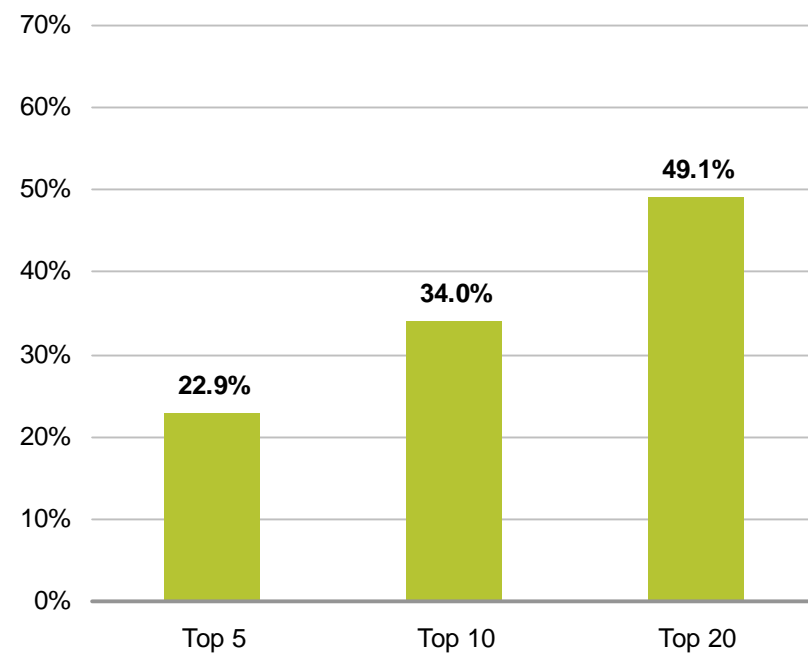
## Customer concentration

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Textiles – % of sales by customers (2012)



Nonwoven – % of sales by customers (2012)



Source: LAG

# Sales and marketing

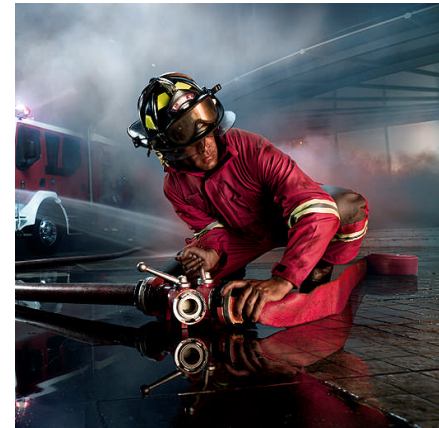
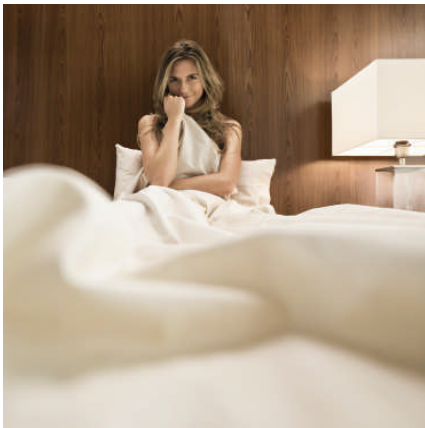
## Blue chip company's drive demand in specialties – TENCEL<sup>®</sup>, Lenzing Modal<sup>®</sup>

- Lenzing is a trusted, long-term partner for global consumer brands
  - Approx. 45% of textile and approx. 60% of nonwoven sales for specialty fibers (TENCEL<sup>®</sup>, Lenzing Modal<sup>®</sup>) can be attributed to key account customers
- Company acts as a **branded supplier** with involvement in the value chain decision process of customers
- Supply chain management is a strong differentiator for Lenzing



# Back-up

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# 2012/13: The perfect storm?

Short term pain, long term gain for Lenzing

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## Market

- Cotton stock/use ratio >65%
- Cotton price 80 – 85 cents/lb

## Macro

- Debt crisis in Europe (and USA)
- China: availability of capital is restricting factor

## Competitor

- Postponing pulp (up to 700 kto) and fiber (up to 400 kto) projects beyond 2013
- Steering by utilization

## Cost

- Pulp price (spot market) only goes down slowly from current low level
- Carbon-disulphide price increase, caustic soda/energy flat

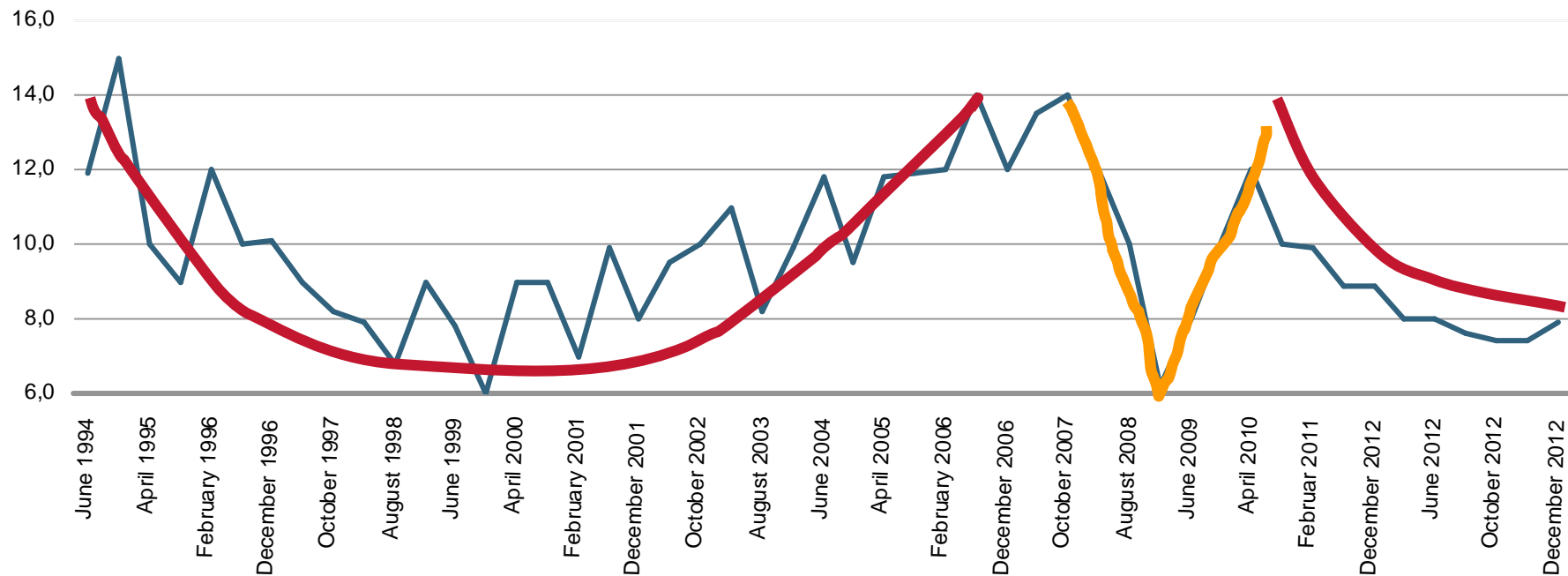
# Chinese economic development

No V-shaped recovery

- In Q4/2012 first increase of GDP after seven consecutive quarters since 2009
- GDP 2012e 7.7%

## GDP growth

(year-on-year in %)



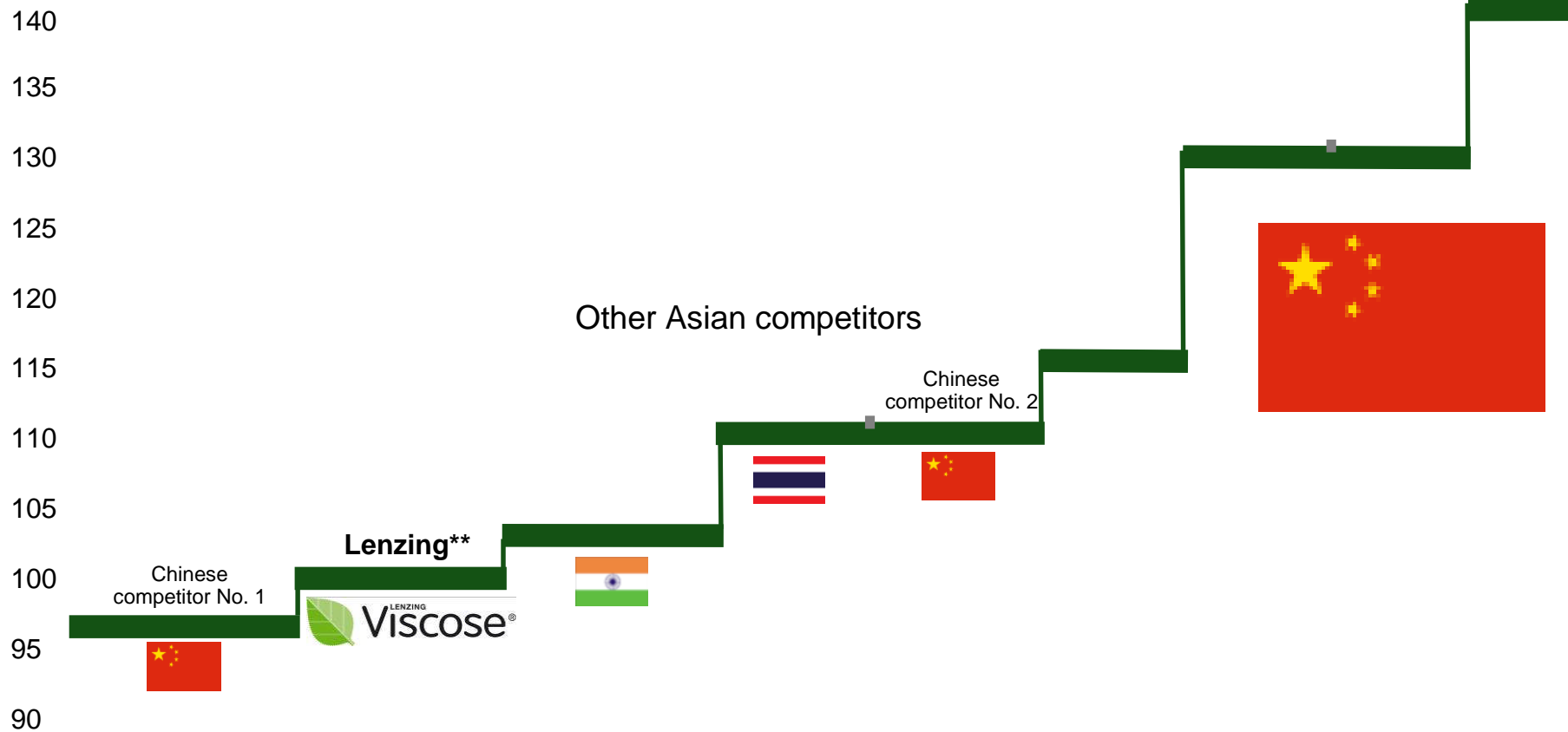
Source: Deutsche Bank; Asia Data Flash, January 18, 2013; February 8, 2013

# Viscose fiber industry cost curve

Lenzing placed in an excellent position\*

Index 100 = Lenzing\*\*

Other Chinese competitors



\* Based on publicly available information (Sales minus EBIT divided by Volume) or obtained information and estimates

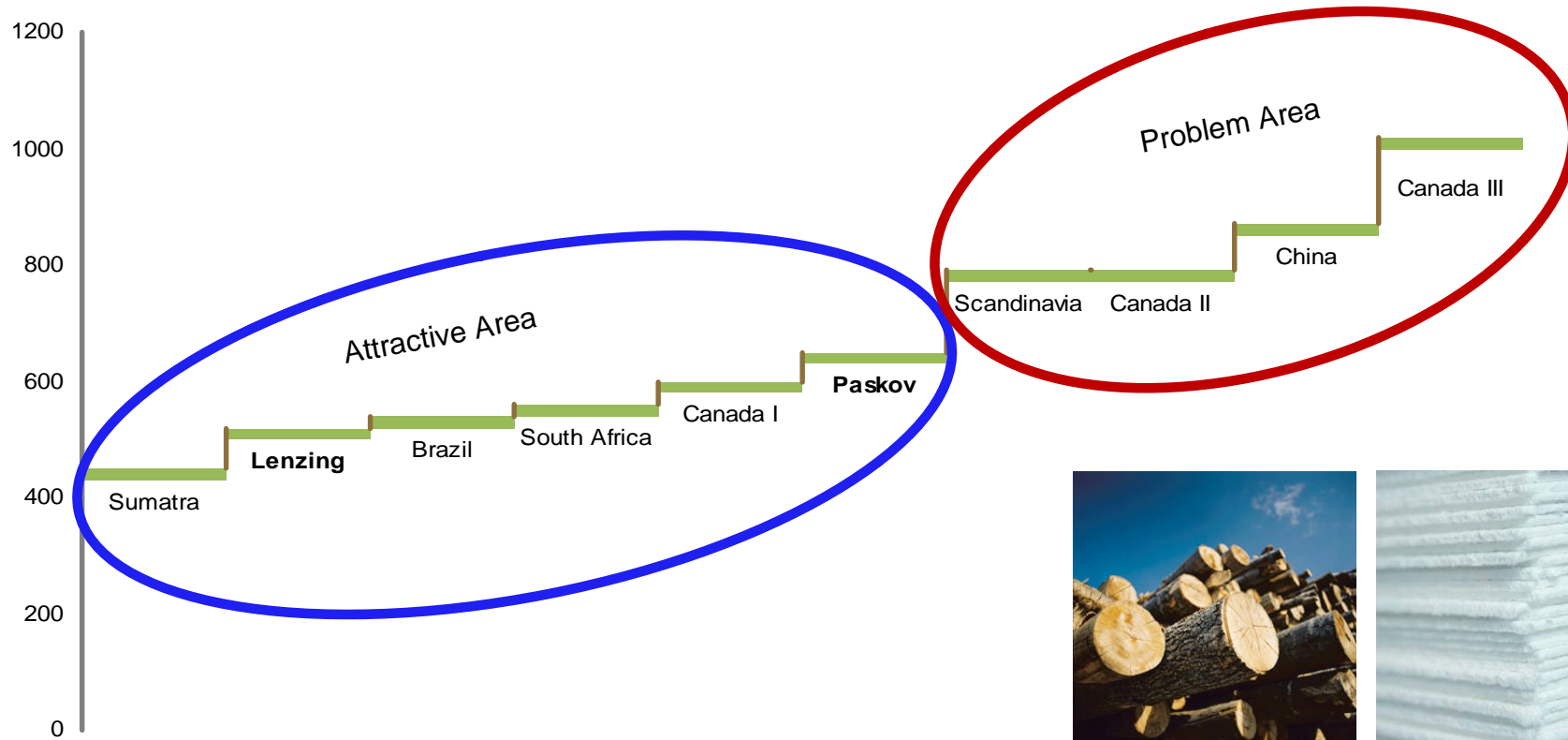
\*\* Average of Lenzing Viscose sites (incl. Indonesia, Austria and China)

# DWP industry – cash cost curve\*

A lot of new capacity added on the right side of the curve

## Cost Competitiveness<sup>1</sup>

USD/ton



\* Cash cost (excl. freight, interest, taxes)

1) Incl. projects until 2015

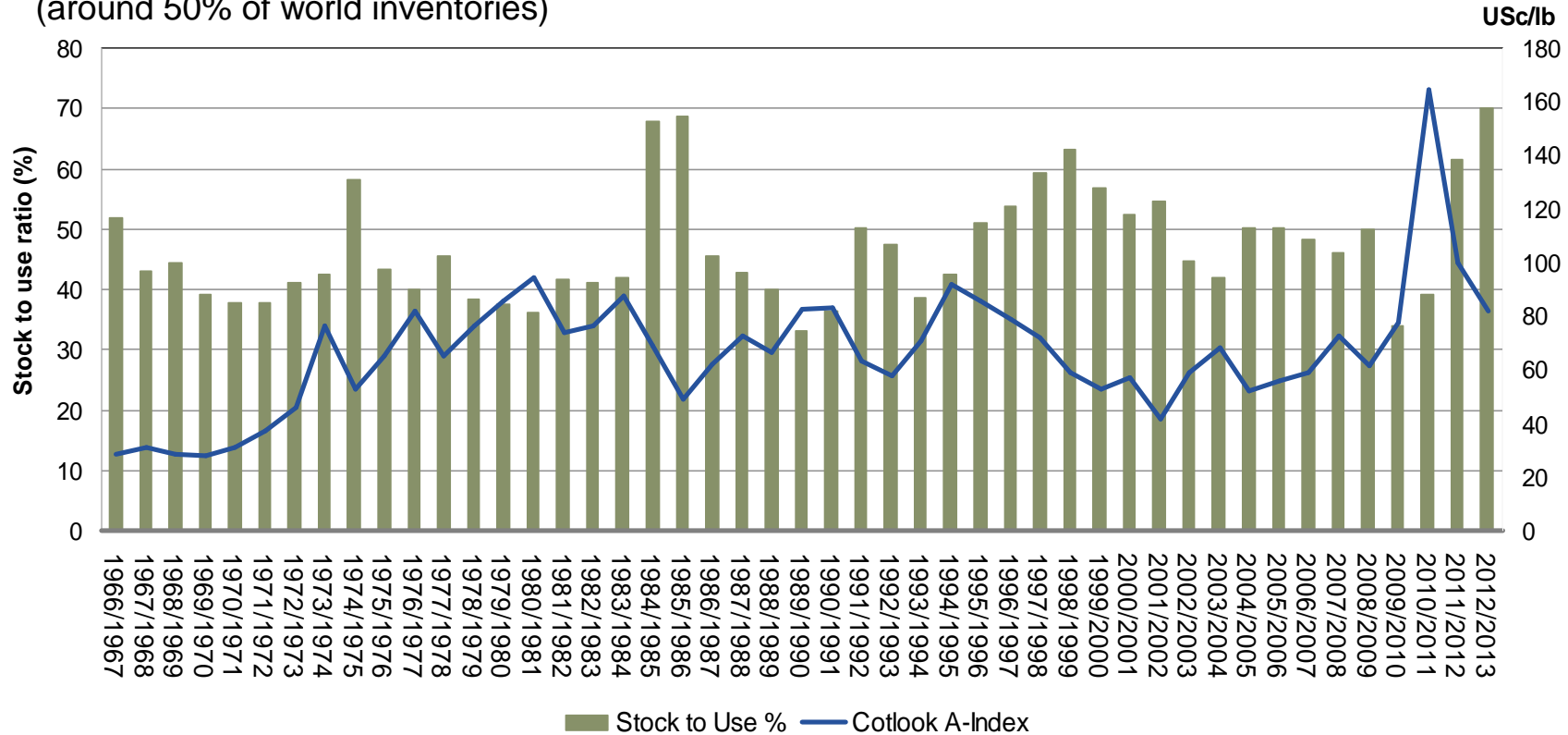




# Fiber market environment

Highest-stock-to-use-ratio ever at approx. 73%

- World cotton production of 26.3 mn tons, consumption of 23.3 mn tons and ending stocks of 17.0 mn tons
- Massive increase of Chinese national cotton reserve of estimated 8 mn tons (around 50% of world inventories)



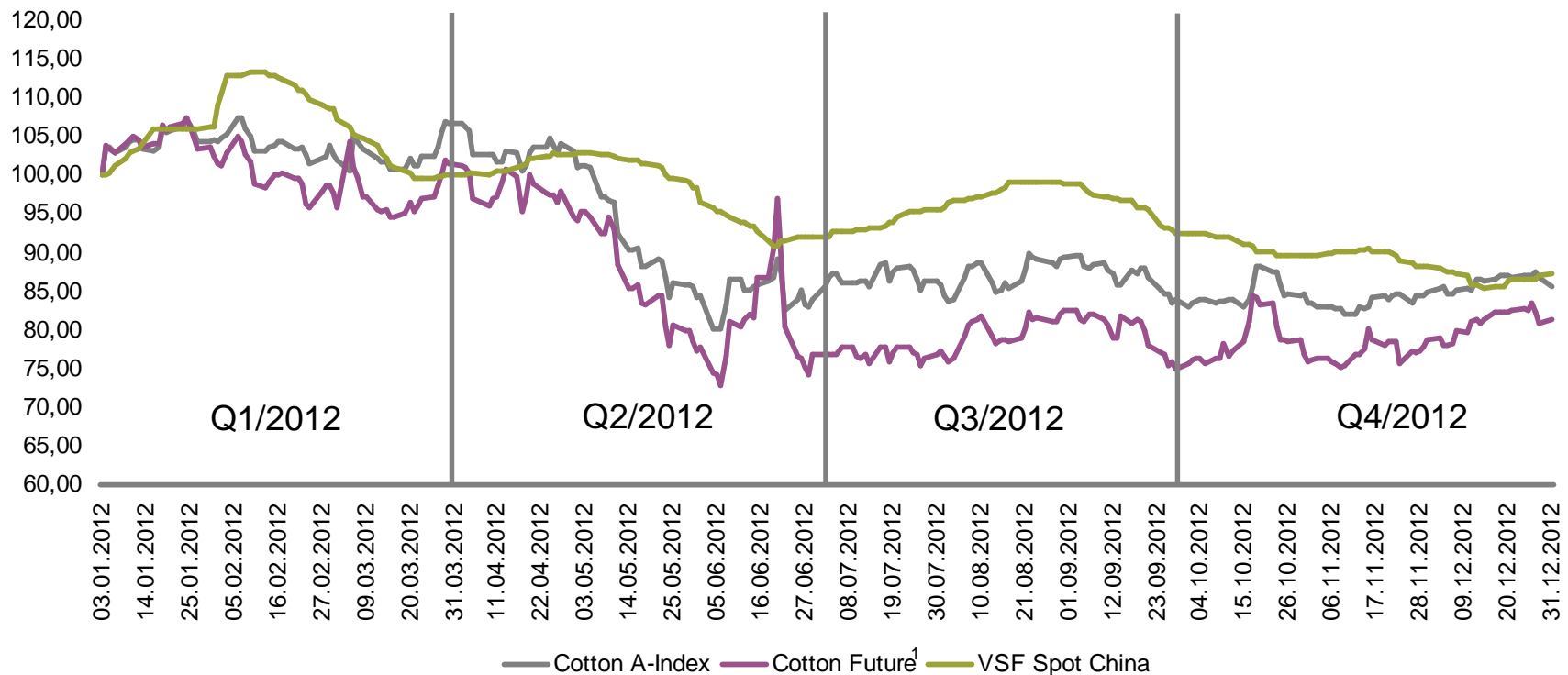
Source: ICAC, March 1, 2013  
 Cotlook A Index 2012/2013: Average for the first five months of 2012/2013 (August to December 2012)



# Viscose spot prices China trending down since September

Stock-to-use-ratio on a high level > 65%

**VSF spot China and cotton price development in 2012** (in cents/lbs)

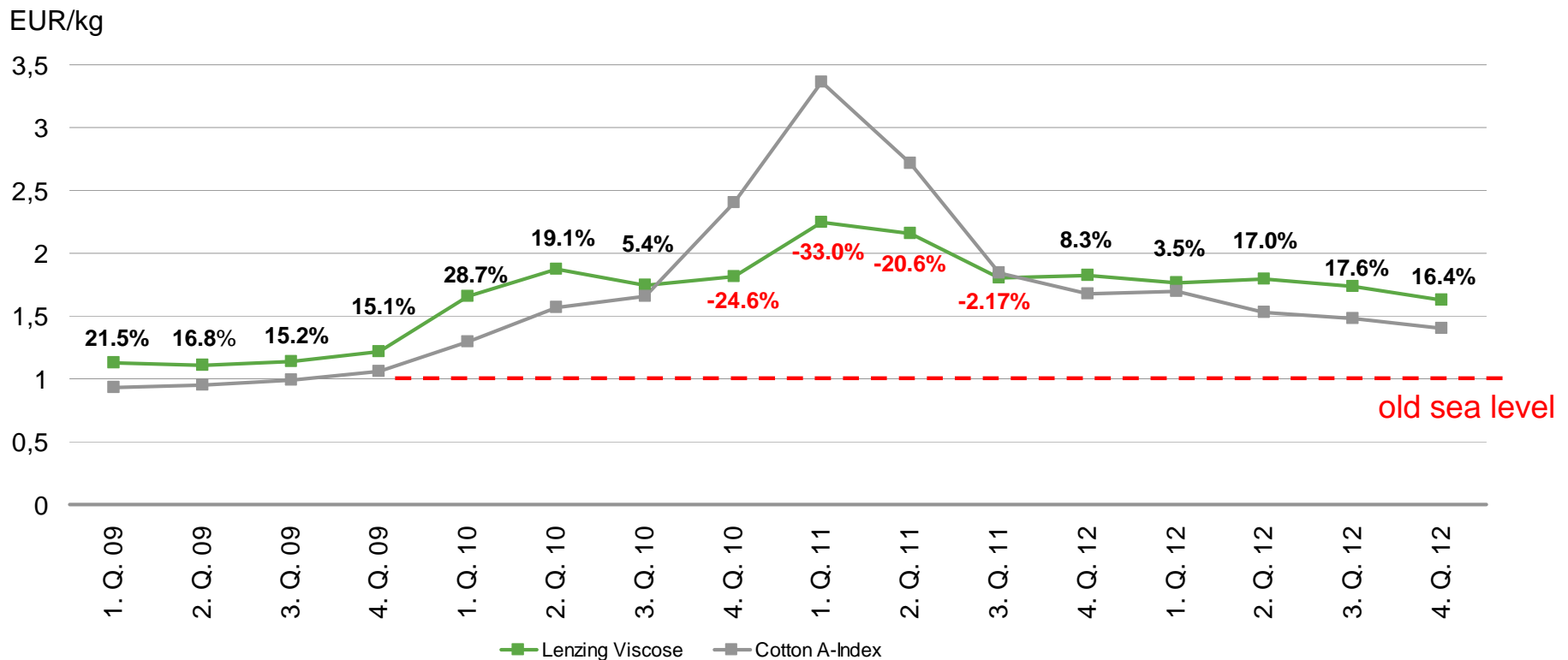


1) Cotton Future calculated on the basis of the most liquid next future compared with the actual Cotton A Index data

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

## Re-establishment of premium<sup>1</sup> to cotton in 2012

- Even with a 20% reduction in cotton prices and an inventory level of 70% , there was no return to historic cotton prices of < 70 cents/lbs in 2012



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

# Contacts and financial calendar

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Head of Investor Relations  
Phone: +43 7672 701 4032  
Fax: +43 7672 918 4032  
E-Mail: [s.kniep@lenzing.com](mailto:s.kniep@lenzing.com)

## ■ Financial calendar

### Financial calendar 2013

Full year results	March 22, 2013
69th Annual General Meeting	April 24, 2013
Results 1st quarter	May 8, 2013
Half year results	August 21, 2013
Capital Markets Day	September 19, 2013
Results 3rd quarter	November 14, 2013

➔ Visit our IR website:

<http://www.lenzing.com/en/concern/investor-center.html>

➔ Visit our sustainability site (new SRI report in March 2013)

<http://www.lenzing.com/en/concern/lenzing-group/sustainability.html>