

2021 Linear to Circular



Lenzing Investor Presentation

Full Year Results 2021
March 10, 2022

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

Recent events

Stephan Sielaff appointed as new Chief Executive Officer of Lenzing AG – changes in the Managing Board and the Supervisory Board

- Stephan Sielaff replaces interim CEO Cord Prinzhorn
- Chief Financial Officer Thomas Obendrauf will not extend his contract
- Chairman of the Supervisory Board Peter Edelmann will no longer be available as Chairman at the end of the Annual Shareholders' Meeting
- Cord Prinzhorn returns to Supervisory Board and will take over as Chairman

At a glance

2021 financial results

- Revenue of EUR 2,195 mn (EUR 1,633 mn in 2020)
- EBITDA of EUR 363 mn (EUR 192 mn in 2020)
- Net result after minorities of EUR 110 mn (EUR 6 mn in 2020)
- Proposal for dividend of EUR 4.35 per share¹

Outlook and guidance 2022

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

Key developments & strategic highlights

- Successful start of production of 100 kt lyocell plant in Thailand
- 500 kt DWP³ mill in Brazil on schedule to start in H1-2022
- Lenzing named as one of the most sustainable companies worldwide by CDP and was recognized with a triple “A”

2024 targets confirmed

- EBITDA of EUR 800 mn
- ROCE² > 10 %
- Financial leverage < 2.5x
- Specialty share > 75 % of fiber revenue
- Backward integration > 75 % in DWP³
- CO₂ emission reduction⁴ > 40 %

Highlights



Lenzing is well recognized as a sustainability leader and has received three upgrades in its ratings in 2021

ESG Ratings



Upgrade 2021

Lenzing was only first-time discloser recognized with **double “A”** score for global climate and forests stewardship by CDP and is now **one of only 14 companies** with a **triple “A”**



Upgrade 2021

Lenzing ranks among **the world’s top 6 percent** in the industry after receiving an **“AA” rating** – an **upgrade** from its previous “A” rating



Upgrade 2021

Lenzing has been awarded **Platinum status** in EcoVadis’ CSR rating and thereby ranks among the **world’s top one percent** – an **upgrade** from its previous “Gold” rating

Lenzing has successfully started production in its new 100 kt Lyocell plant in Thailand

Opening of new 100 kt Lyocell plant in Thailand

- Project delivered **on schedule** and **at budget** after two and a half years of construction despite challenges arising from a global pandemic
- New state-of-the-art lyocell plant with a **capacity** of **100,000 tons** will help serve the growing demand for sustainably produced fibers
- Important **milestone** towards a **carbon-free future** has been set



Lenzing's largest DWP mill to start production in H1-2022

New 500 kt DWP mill in Brazil

- 500 kt single line DWP mill - **largest of its kind**
- USD 1.38 bn industrial capex
- Absolute **cost leader**
- Long-term average DWP price: USD ~ 900/mt
- **On schedule to start in H1-2022** – almost full run rate expected end of 2022



- JV LD Celulose (LDC): Lenzing holds 51%, Dexco¹ 49%
- JV **fully consolidated** by Lenzing

Lenzing joins forces with Södra to further address textile waste challenges - biodegradability of LENZING™ fibers confirmed by scientific study

Lenzing and Södra are joining forces in textile recycling



- Cooperation to address the enormous textile waste challenges of the industry and the society
- Transfer of know-how between the two companies
- Joint process development followed by a capacity expansion for pulp from post-consumer waste
- Goal to recycle ~25,000 tons of textile waste per year by 2025

Biodegradability of LENZING™ fibers confirmed



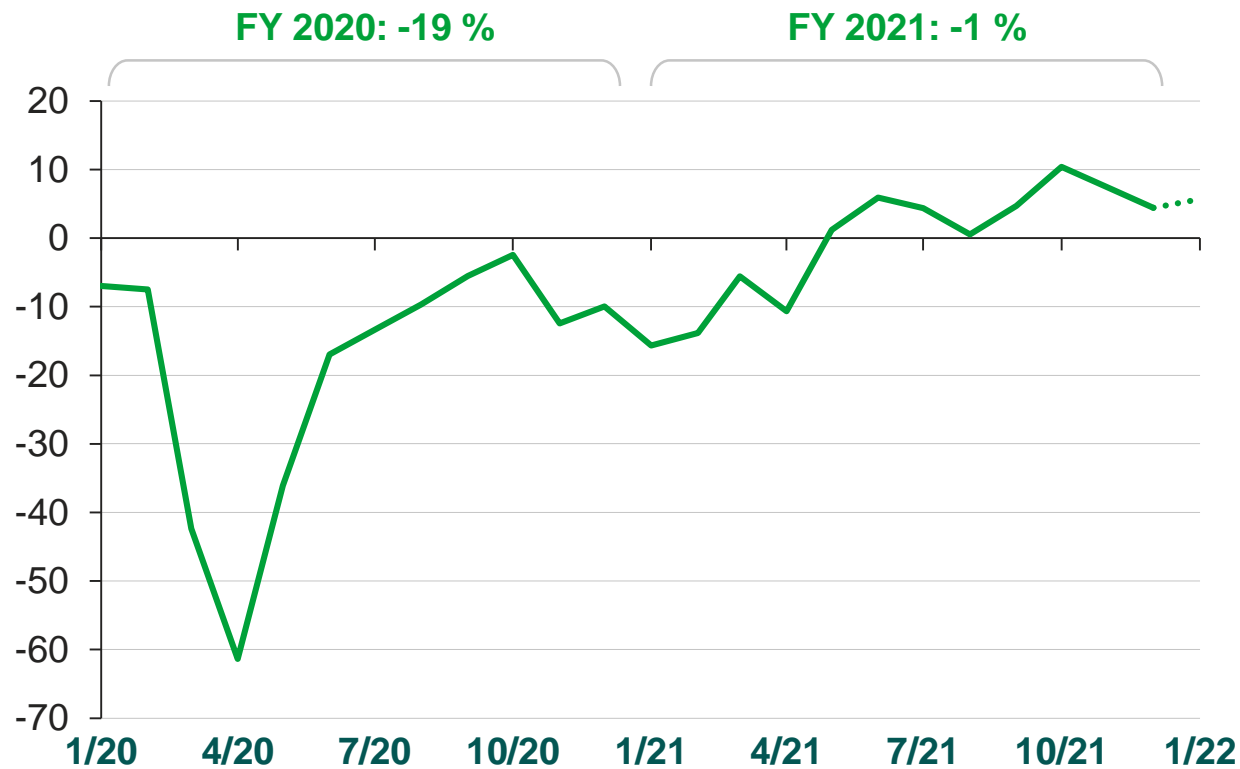
- Experiments conducted by the University of California's Scripps Institution of Oceanography
- Provide further scientific support that LENZING™ fibers biodegrade in marine conditions within 30 days
- Fossil-based fibers tested such as polyester were practically unchanged after more than 200 days

Market and branding update

Global textile demand is back to pre-pandemic level, further development depends less on Covid but more on geopolitics

Monthly global apparel retail sales¹

Percent of 2019



Large **regional differences** with very positive development in the US, China suffering under zero-Covid policy, European and Japanese demand recovery lagging behind



Covid restrictions now are generally not as prohibitive as in 2020, e.g., capacity limits and mandatory mask-wearing in shops, but no full closure of non-essential retail; therefore demand has at least partially **decoupled from rising Covid cases**



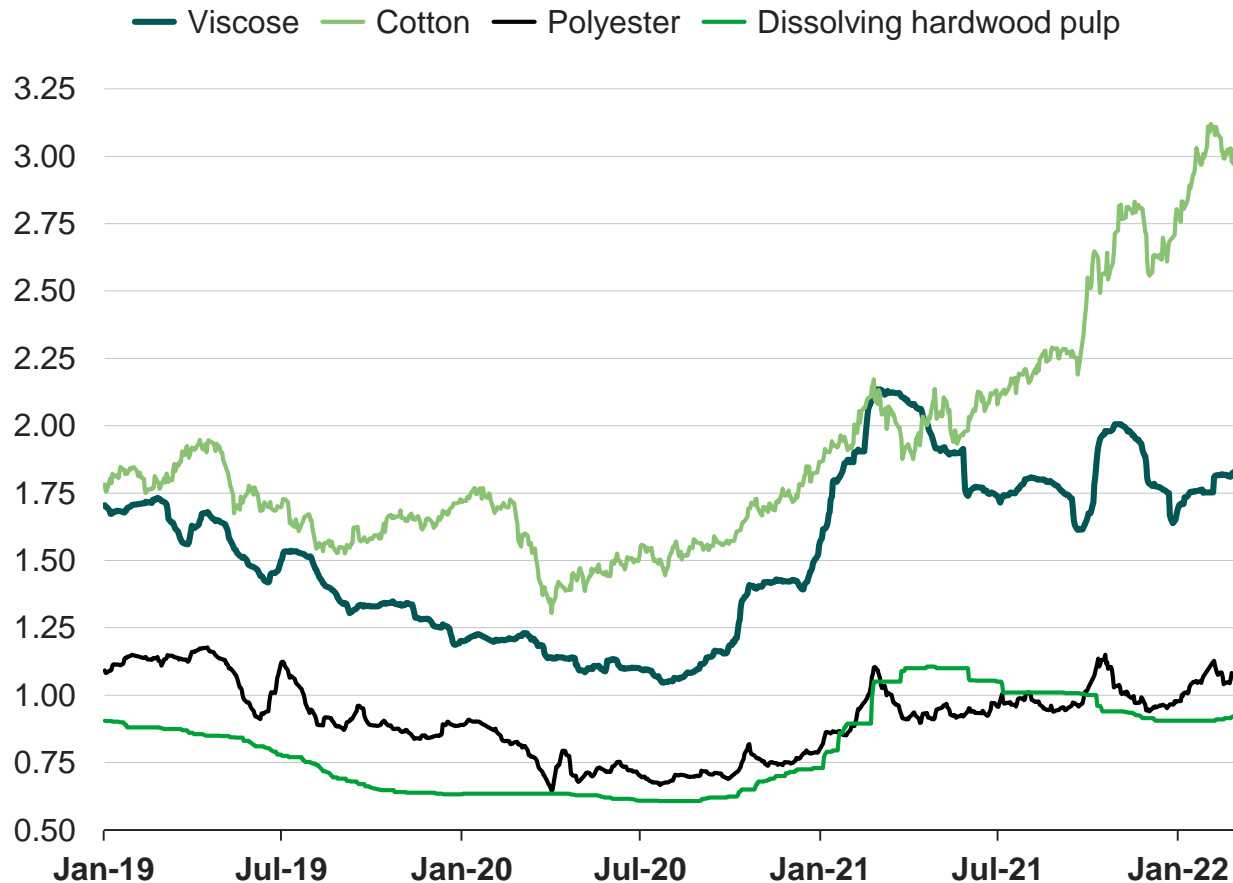
High uncertainty from **geopolitical situation**, which could influence consumer demand, but also supply chains

¹ Estimated based on 42 countries accounting for 84 % of global 2019 apparel retail sales. For some countries (e.g., US, EU) excluding online retail sales. Number for January is a first estimate based on only 14 countries accounting for 39 % of global sales

Cotton prices have risen to USD/kg ~3.00 and viscose is back to levels above USD/kg 1.80

Fiber prices in China

USD/kg, excl. VAT



Viscose

- Prices benefit from low stocks and reflect rising costs for energy and raw materials
- Operating rates in Chinese VSF industry currently at ~84%
- Inventories of ~19 days in line with long-term average

Cotton

- Price rally supported by general commodity price development and good fundamentals, but also pushed from high logistic costs

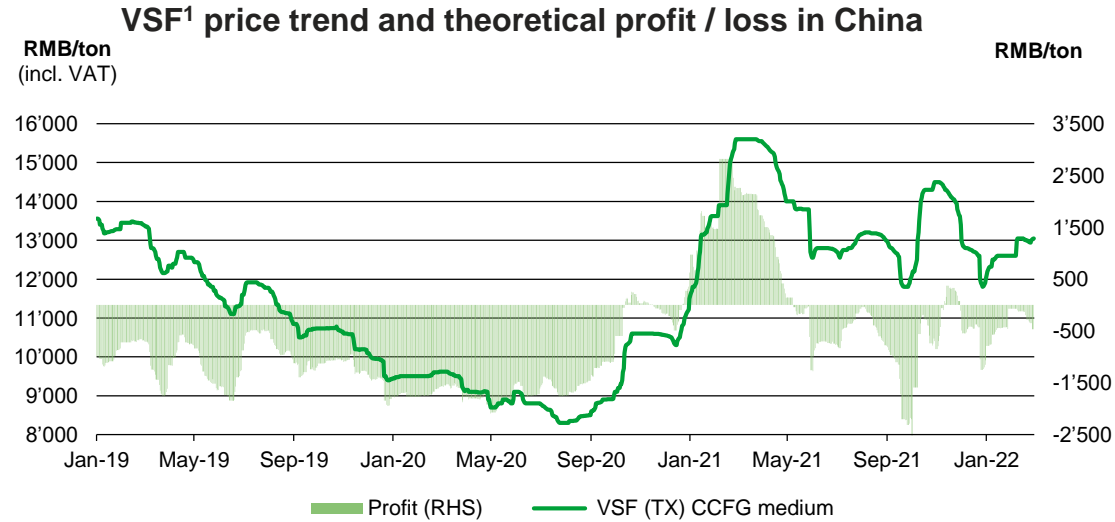
Polyester

- Prices follow crude oil prices on their upward trajectory

Dissolving hardwood pulp

- Prices proved to be quite resistant against volatile downstream market and are currently bolstered by stable demand and narrowing gap to paper pulp prices

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



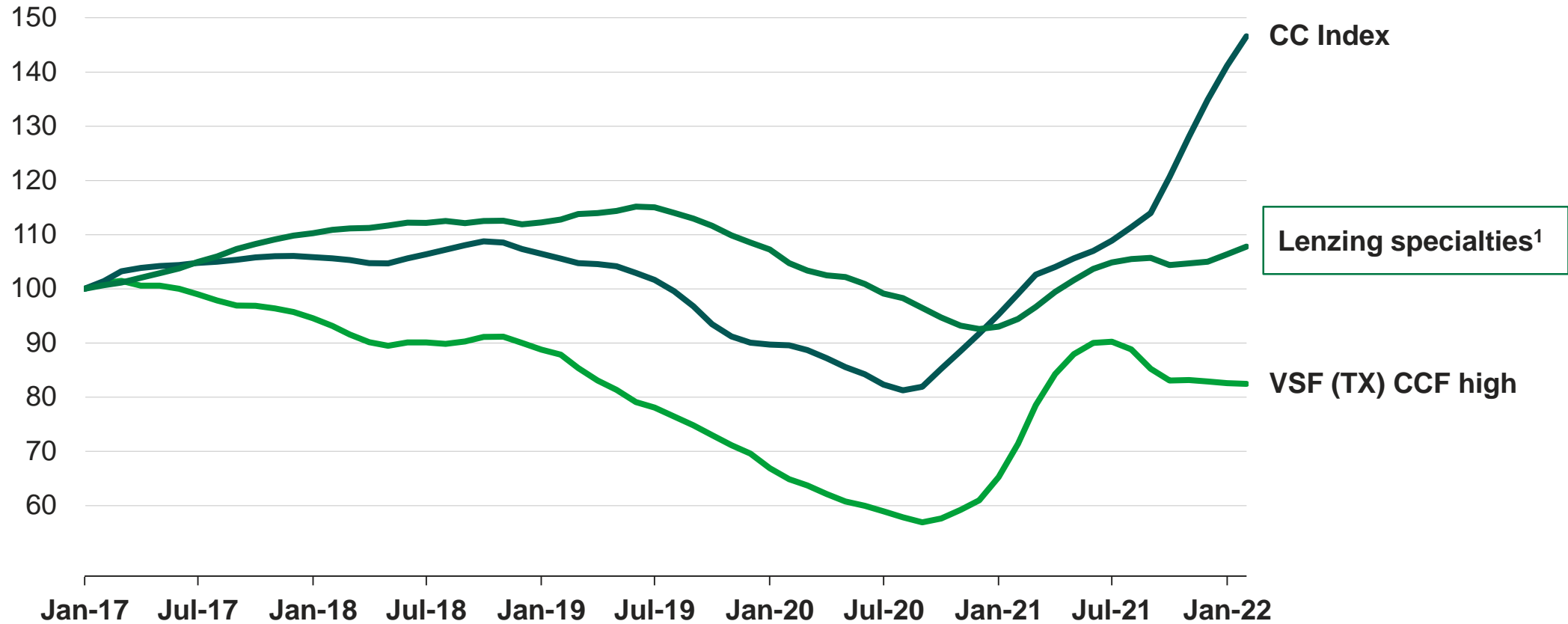
1 Standard viscose staple fibers, price development until February 28th, 2022

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

Lenzing specialties again on upward trajectory

Cellulosic fiber prices in China

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



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

New products are constantly added to Lenzing's portfolio in order to push premiumization further ahead – seven new introductions in 2021 alone

Newly announced product innovations in 2021

Lenzing unveils pioneering TENCEL™ Modal fiber with Indigo Color technology

Lenzing introduces the first carbon neutral VEOCEL™ lyocell fiber for the nonwovens industry

Lenzing collaborates with Orange Fiber as part of new TENCEL™ Limited Edition initiative

Lenzing expands fiber identification technology to TENCEL™ branded fibers

Lenzing diversifies denim offering with launch of new matte TENCEL™ branded lyocell fibers

Lenzing's VEOCEL™ brand launches hydrophobic lyocell fibers with Dry technology

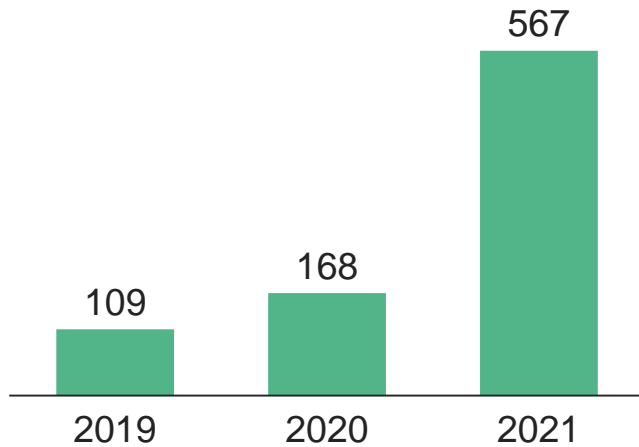
Lenzing announced the expansion of carbon-zero TENCEL™ branded fibers to REFIBRA™ technology



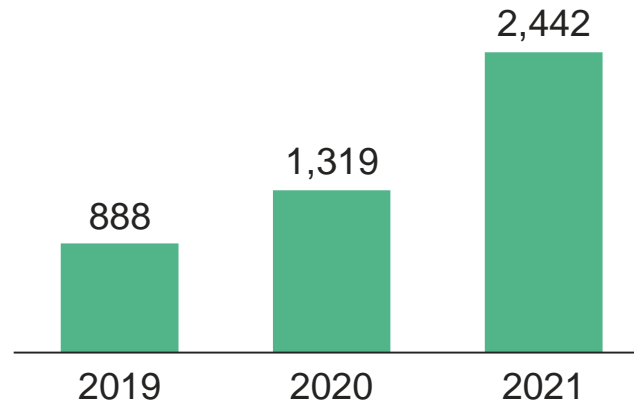
TENCEL™ with boost in new co-branding programs, brand awareness already at 35 %

TENCEL™ branding KPIs

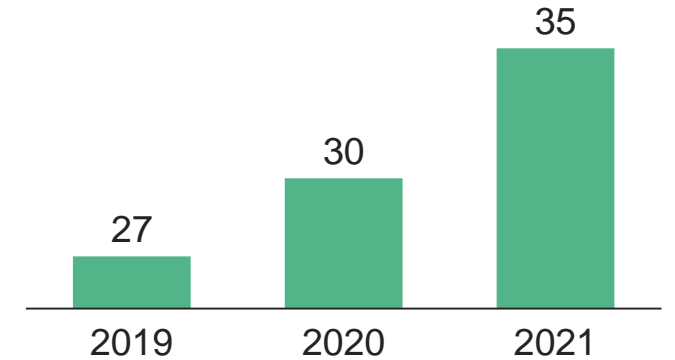
Co-branding programs



Website page views on www.tencel.com (in 1,000s)



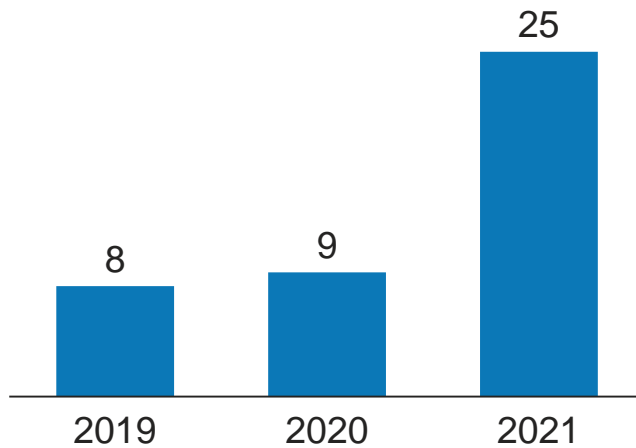
Aided brand awareness of TENCEL™ in apparel and home textiles (in %)



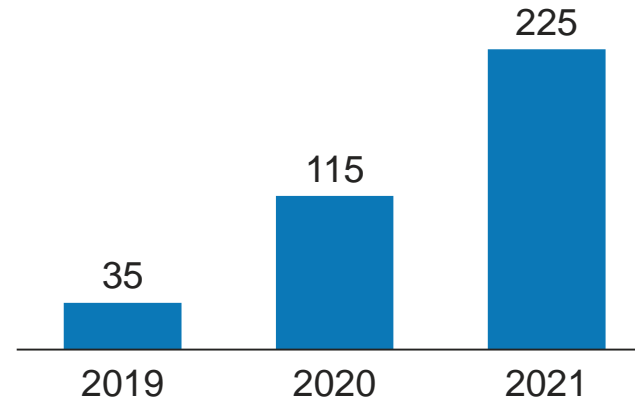
VEOCEL™ is still a very young brand – however, brand awareness already above 30 %

VEOCEL™ branding KPIs

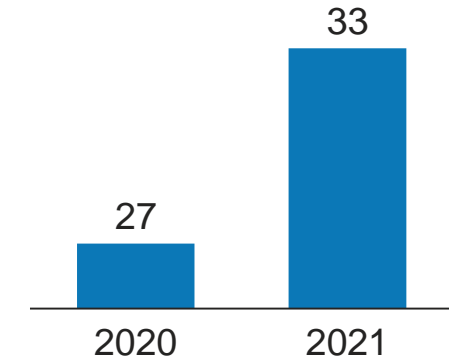
Co-branding programs



Website page views on www.veocel.com (in 1,000s)



Aided brand awareness of VEOCEL™ in nonwovens applications (in %)

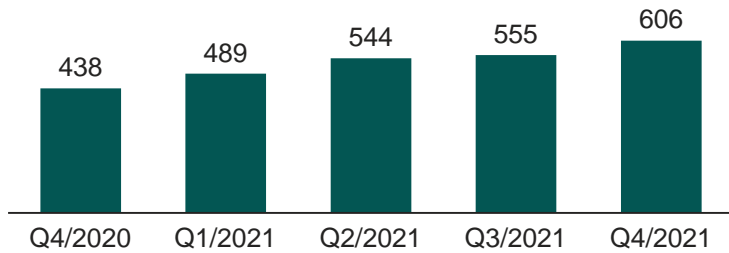


FY2021 Financials

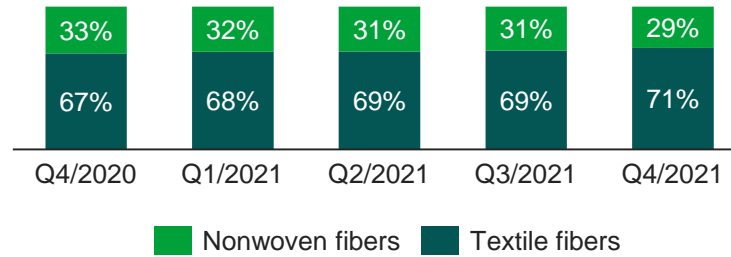


Group revenue increased by 34 %

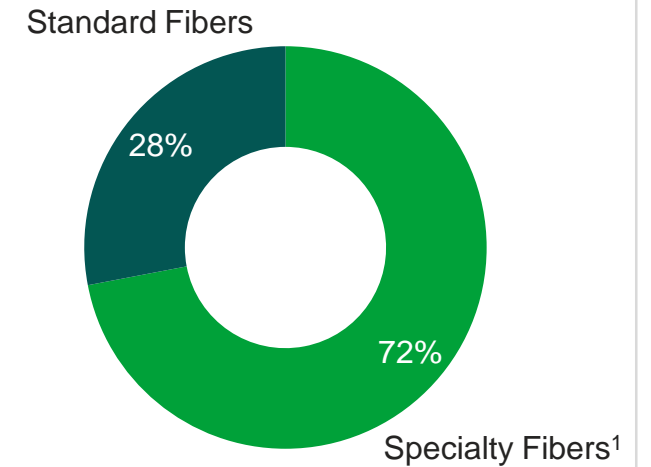
Group revenue in EUR mn



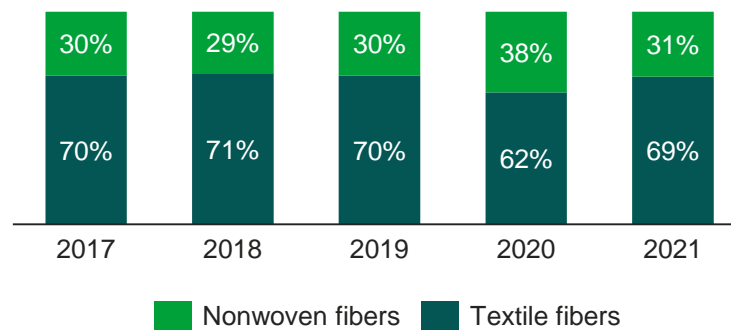
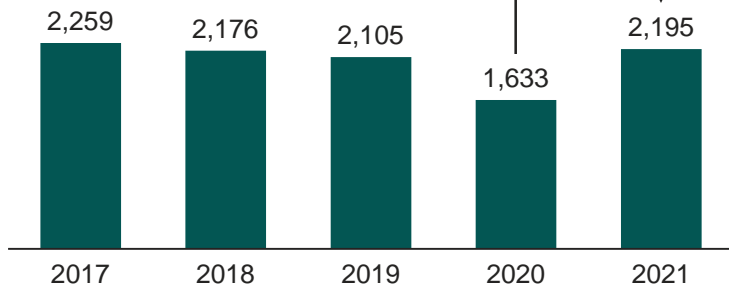
Fiber revenue by application, %



Specialties share of fiber sales in 2021

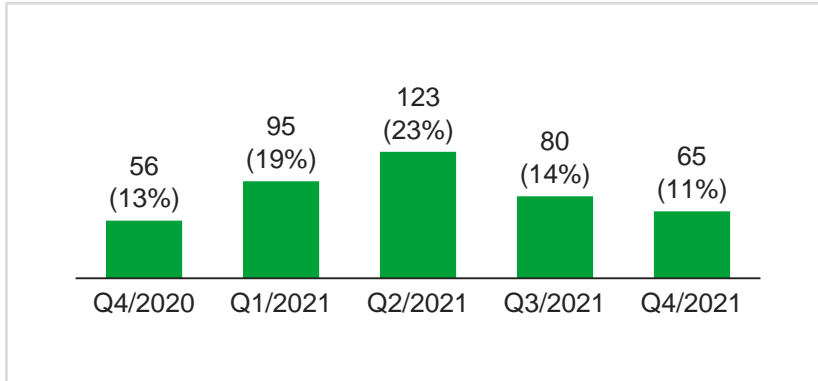


1) LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

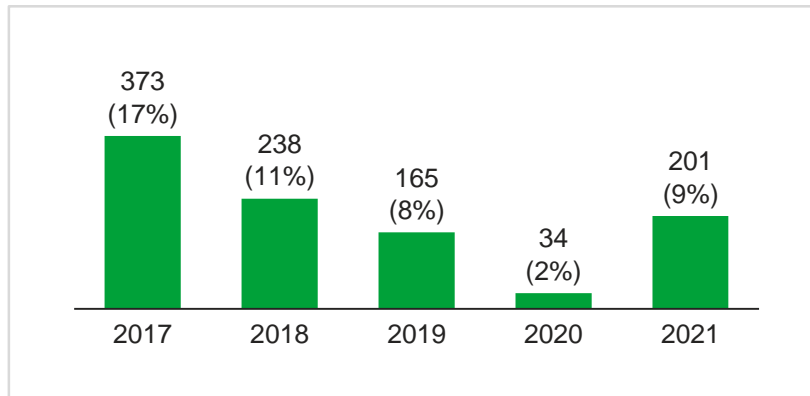
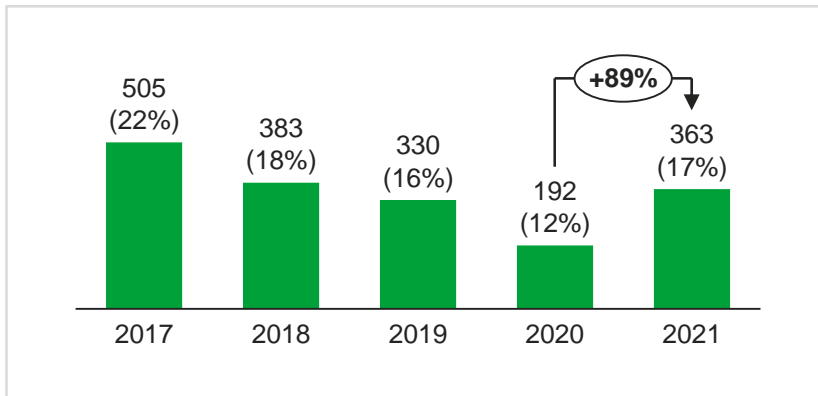
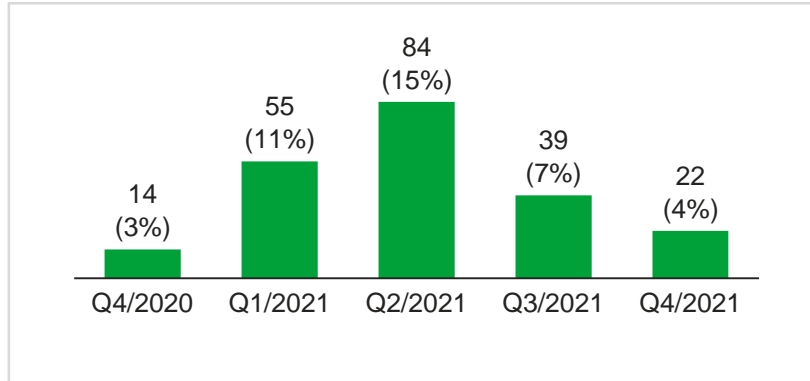


EBITDA increased by 89 %

EBITDA¹ in EUR mn

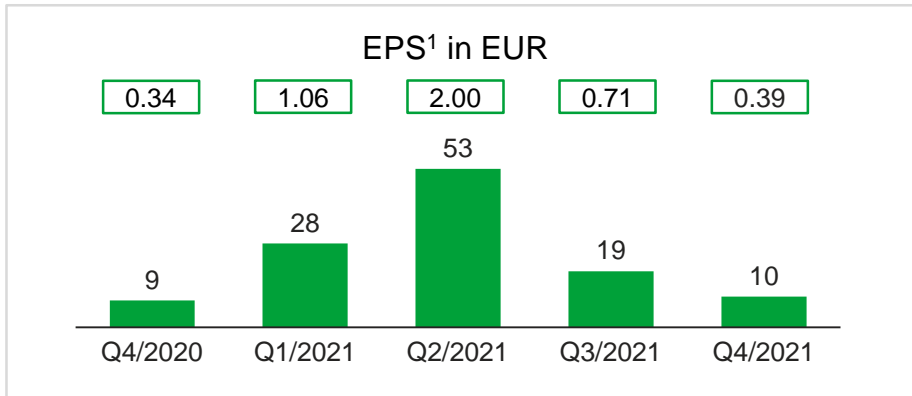


EBIT¹ in EUR mn

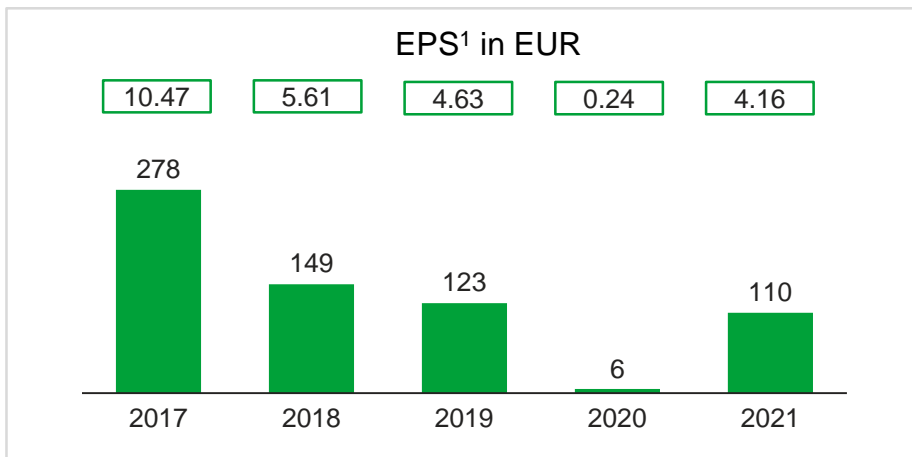
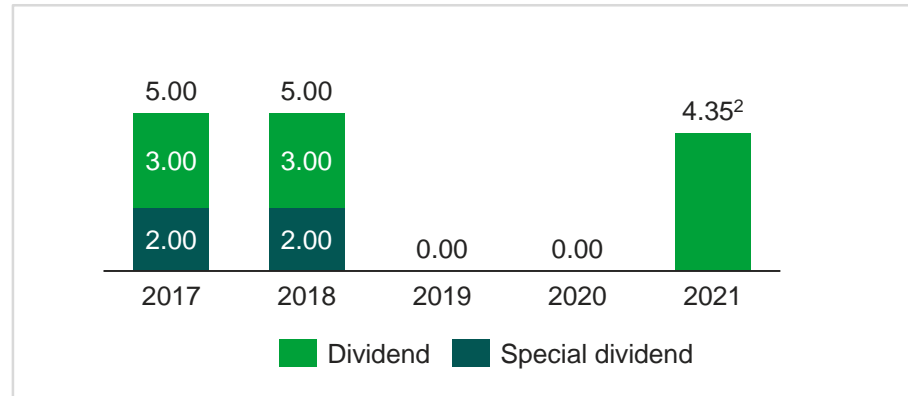


Dividend of EUR 4.35 proposed

Group net profit after minorities and hybrid bond¹, in EUR mn

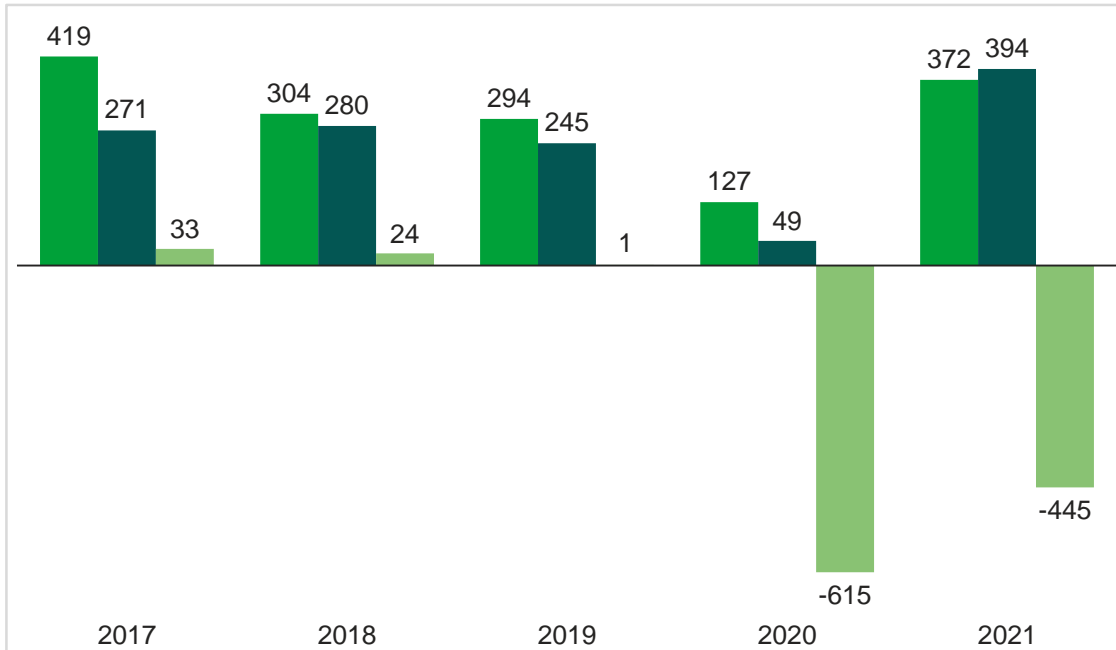


DPS in EUR



Operating cash flows reached almost EUR 400 mn in 2021

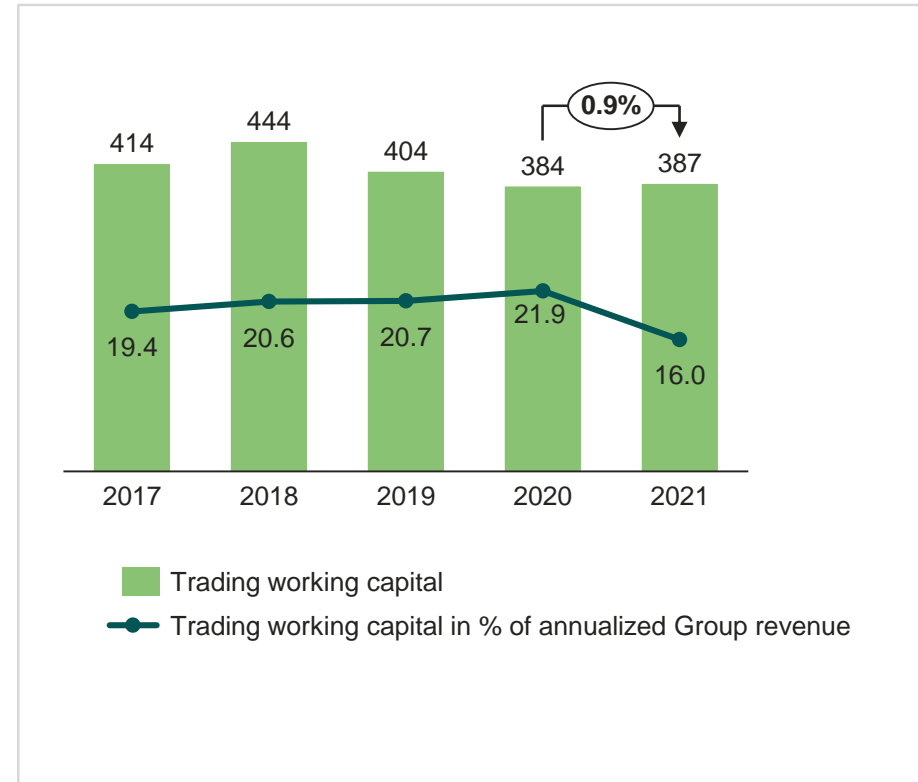
Cash flows, in EUR mn



■ Gross cash flow ■ Operating cash flow ■ Free cash flow adj.

Capex 239 258 244 669 844

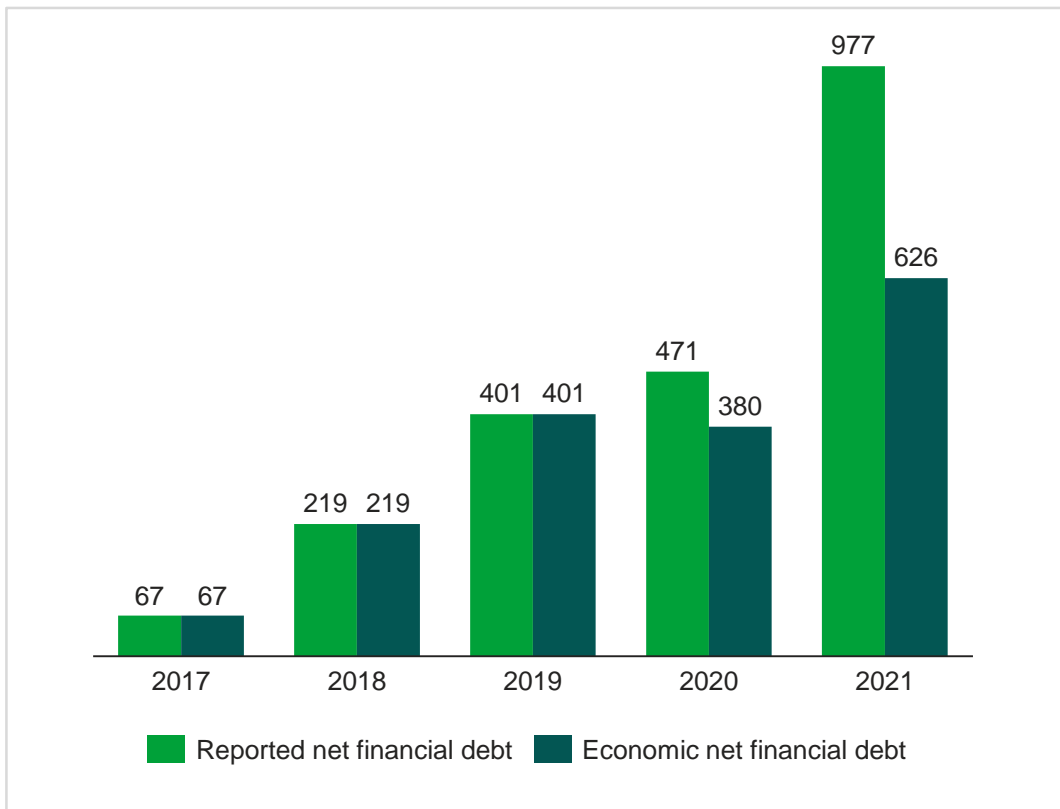
Trade working capital, in EUR mn



■ Trading working capital
● Trading working capital in % of annualized Group revenue

Liquidity cushion of EUR 1.6 bn

Net financial debt, in EUR mn



Balance sheet metrics

According to IFRS (EUR mn)	31 Dec. 2021 ³	31 Dec. 2020 ³	Change in %
Total assets	5,322.8	4,163.0	27.9
Liquid assets¹	1,124.1	1,081.1	4.0
Total liabilities	3,250.7	2,281.6	42.5
thereof financial liabilities	2,101.2	1,552.5	35.3
Adjusted equity²	2,115.7	1,907.0	10.9
Adjusted equity ratio (%)	39.7	45.8	-
Net gearing (%)	46.2	24.7	-
Net financial debt	977.0	471.4	107.3
Net financial debt / EBITDA	2.7	2.5	-
ROCE (%)	5.4	(0.5)	-

According to IFRS (EUR mn)	31 Dec. 2021 ³	31 Dec. 2020 ³	Change in %
Total liquidity cushion	1,578.6	2,112.5	(25.3)
thereof liquid assets¹	1,124.1	1,081.1	4.0
thereof unused credit facilities	454.5	1,031.4	(55.9)

- 1) Including cash and cash equivalents, liquid securities and liquid bills of exchange
- 2) Including government grants less proportional share of deferred taxes on government grants
- 3) Including hybrid capital

Outlook



Lenzing expects EBITDA 2022 significantly above 2021 levels

2022 guidance: EBITDA significantly above 2021 levels

- Lenzing expects a continued **increase in demand** for **sustainably produced fibers** for the textile and apparel industry as well as for the hygiene and medical industry
- **Market environment** continues to be characterized by **high level of uncertainty** regarding the COVID-19 pandemic, as well as political conflicts, **high raw material, energy, and logistic costs** – visibility therefore remains limited
- Launch of the **two new production sites** in Thailand and Brazil with **first margin contributions**
- Operational focal points: commercialize **new capacities, branding, continuous improvement, operational excellence** and **cost management**

Thank You

**for your
attention!**

Back-up



FY2021: Group P&L¹

(EUR mn)	2021	2020	Change y-o-y (%)
Revenue	2,194.6	1,632.6	34.4
Cost of sales	(1,692.8)	(1,386.4)	22.1
Gross profit	501.9	246.2	103.8
Other operating income	78.0	59.1	31.9
Selling expenses	(234.0)	(156.9)	49.1
Administrative expenses	(117.5)	(88.2)	33.2
Research and development expenses	(24.0)	(16.2)	48.3
Other operating expenses	(3.8)	(10.1)	(63.0)
EBIT/Margin	200.6/9.1%	33.9/2.1%	492.5
Financial result	(17.7)	(11.6)	52.4
EBT/Margin	182.9/8.3%	22.3/1.4%	722.1
Income tax expense	(55.2)	(32.8)	68.1
Tax rate (%)	30.2	147.6	-
Net profit/loss/Margin	127.7/5.8%	(10.6)/(0.6)%	-
Net profit/loss attributable to shareholders of Lenzing AG/Margin	110.3/5.0%	6.3/0.4%	1,658.1
Net profit/loss attributable to non-controlling interests	(11.4)	(18.8)	(39.3)
Net profit/loss attributable to hybrid owners	28.8	1.9	1,420.8
EPS (in EUR)	4.16	0.24	1,658.1

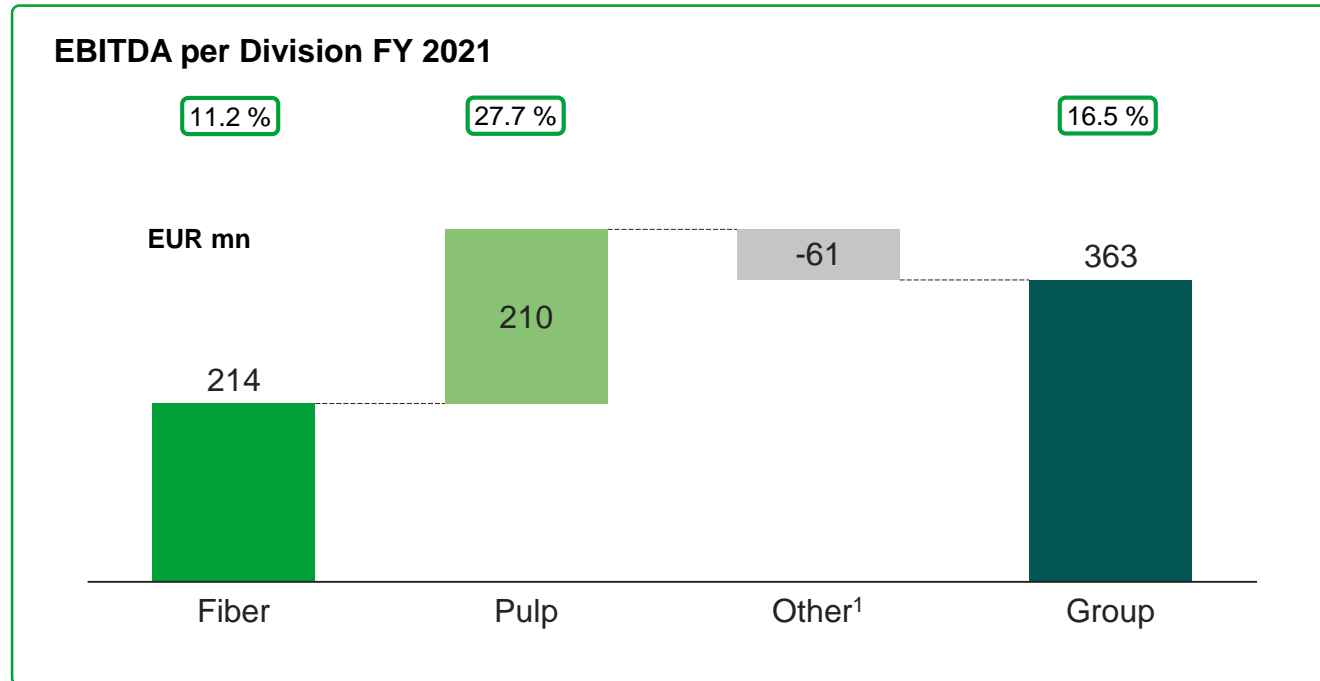
1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2021).

Quarterly P&L development¹

(EUR mn)	Q1/2021	Q2/2021	Q3/2021	Q4/2021	Change Q4/Q3 (%)	Q4/2020	Change Q4/Q4 (%)
Revenue	489.3	544.0	555.2	606.1	9.2	437.7	38.5
Cost of sales	(368.8)	(389.7)	(433.6)	(500.7)	15.5	(366.5)	36.6
Gross profit	120.6	154.3	121.6	105.5	(13.3)	71.2	48.1
Other operating income	15.5	24.5	15.1	22.9	51.2	11.4	100.9
Selling expenses	(49.0)	(55.2)	(58.5)	(71.4)	22.1	(43.2)	65.0
Administrative expenses	(26.3)	(34.1)	(32.5)	(24.7)	(24.0)	(18.5)	33.2
Research and development expenses	(5.4)	(5.9)	(6.1)	(6.6)	7.7	(4.6)	43.0
Other operating expenses	0.0	0.0	(0.4)	(3.4)	856.5	(2.6)	30.9
EBIT/Margin	55.4/11.3%	83.5/15.4%	39.3/7.1%	22.4/3.7%	(43.1)	13.7/3.1%	63.4
Financial result	(10.3)	(4.8)	(3.5)	0.9	-	(1.2)	-
EBT/Margin	45.1/9.2%	78.7/14.5%	35.9/6.5%	23.3/3.8%	(35.0)	12.5/2.9%	86.6
Income tax expense	(15.2)	(12.4)	(18.6)	(9.0)	(51.5)	0.2	-
Tax rate (%)	33.7	15.8	51.8	38.6	-	(1.6)	-
Net profit/loss/Margin	29.9/6.1%	66.3/12.2%	17.3/3.1%	14.3/2.4%	(17.3)	12.7/2.9%	12.7
Net profit/loss attributable to shareholders of Lenzing AG/Margin	28.1/5.7%	53.1/9.8%	18.8/3.4%	10.3/1.7%	(45.1)	9.0/2.1%	14.2
Net profit/loss attributable to non-controlling interests	(5.4)	5.9	(8.7)	(3.2)	(63.2)	1.8	-
Net profit/loss attributable to hybrid owners	7.2	7.2	7.2	7.2	0.0	1.9	280.2
EPS (in EUR)	1.06	2.00	0.71	0.39	(45.1)	0.34	14.2

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see note 2 of the consolidated financial statements as at December 31, 2021).

P&L - Divisions



- Management and control of Lenzing's activities has been updated and organized into new divisions: Pulp, Fiber and Other

FY 2021: Topline breakdown

(EUR mn)	H1 2021	FY 2021
Wood-based cellulosic fibers	880.8	1,833.6
Co-products of fiber production	25.1	52.8
Mechanical and plant engineering, engineering services and others	5.6	17.9
Division Fiber	911.5	1,904.3
Pulp	65.8	162.2
Biorefinery-products and energy	36.3	94.4
Wood and other	17.1	27.6
Division Pulp	119.2	284.2
Others	2.6	6.1
Total Group revenue	1,033.3	2,194.6

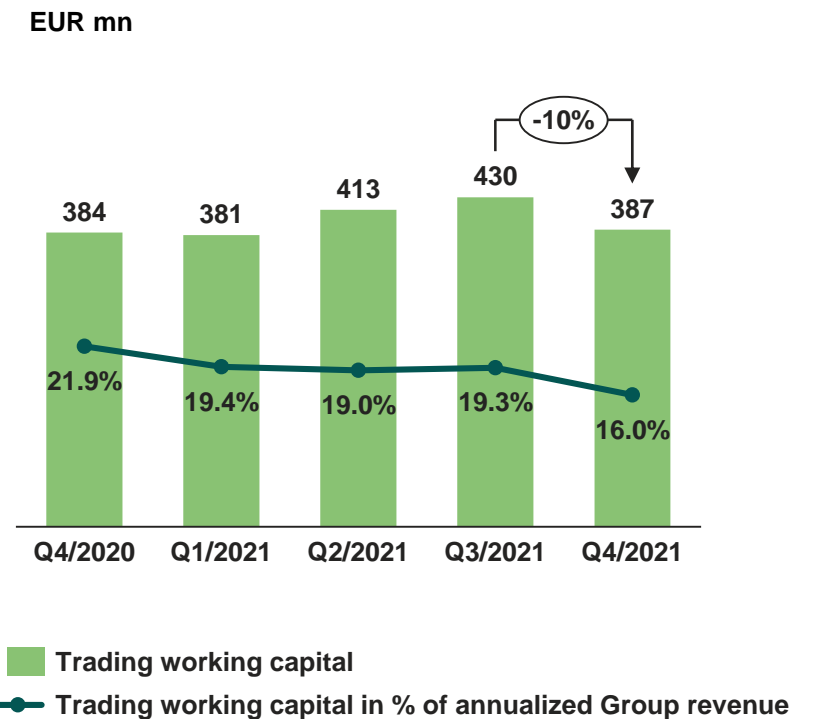
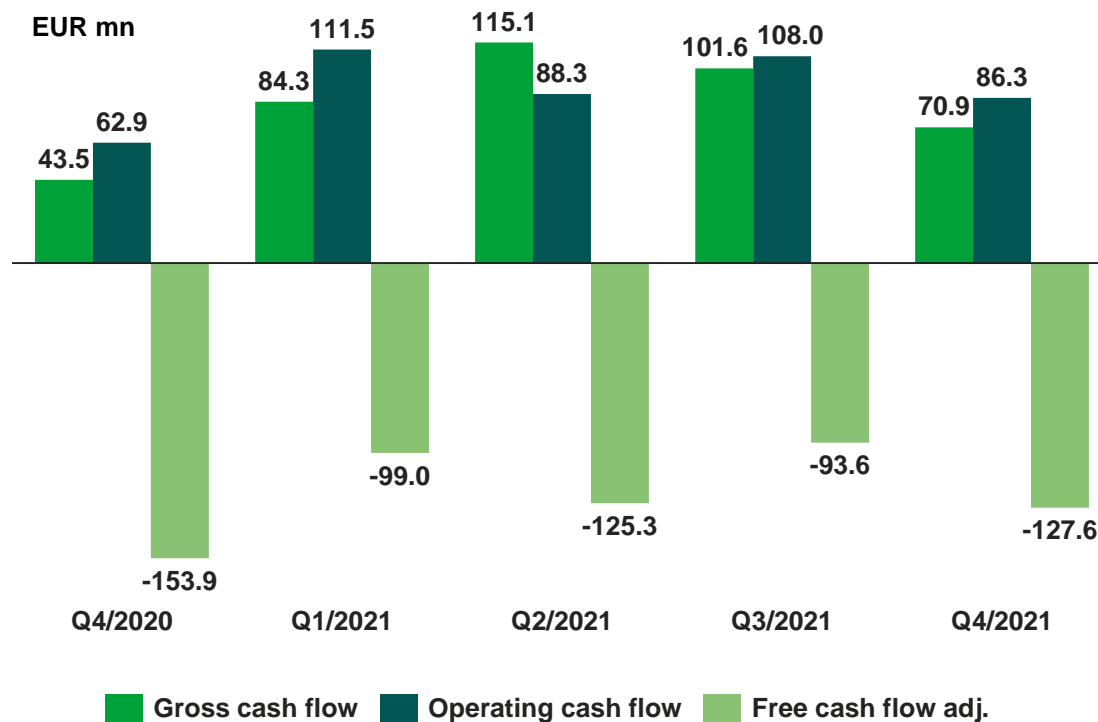
FY2021: Quarterly cash flow development

(EUR mn)	Q4/2021	Q3/2021	Change Q4/Q3 (%)	Q4/2020	Change Q4/Q4 (%)	01-12/2021	01-12/2020	Change y-o-y (%)
Gross cash flow (before taxes and interest)	76.1	100.4	(24.2)	61.7	23.3	411.4	178.1	131.1
Taxes and interest	(5.2)	1.2	-	(18.2)	(71.3)	(39.4)	(51.2)	(23.0)
Gross cash flow (after taxes and interest)	70.9	101.6	(30.2)	43.5	63.0	372.0	126.8	193.3
Change in total working capital ¹	15.4	6.3	142.2	19.4	(20.9)	22.0	(77.9)	-
Operating cash flow	86.3	108.0	(20.1)	62.9	37.1	394.0	48.9	705.0
Investment cash flow ²	(214.1)	(201.7)	6.1	(218.5)	(2.0)	(841.3)	(666.2)	26.3
Free cash flow unadj.	(127.8)	(93.7)	36.3	(155.6)	(17.9)	(447.3)	(617.3)	(27.5)
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-	0.0	0.0	-
Acquisition of other financial assets	0.5	0.3	81.6	1.9	(74.4)	7.3	4.1	80.9
Proceeds/repayments of other financial assets	(0.3)	(0.1)	85.3	(0.2)	44.1	(5.6)	(1.5)	260.2
Free cash flow adj.	(127.6)	(93.6)	36.3	(153.9)	(17.1)	(445.5)	(614.8)	(27.5)

1) Including trade and other working capital

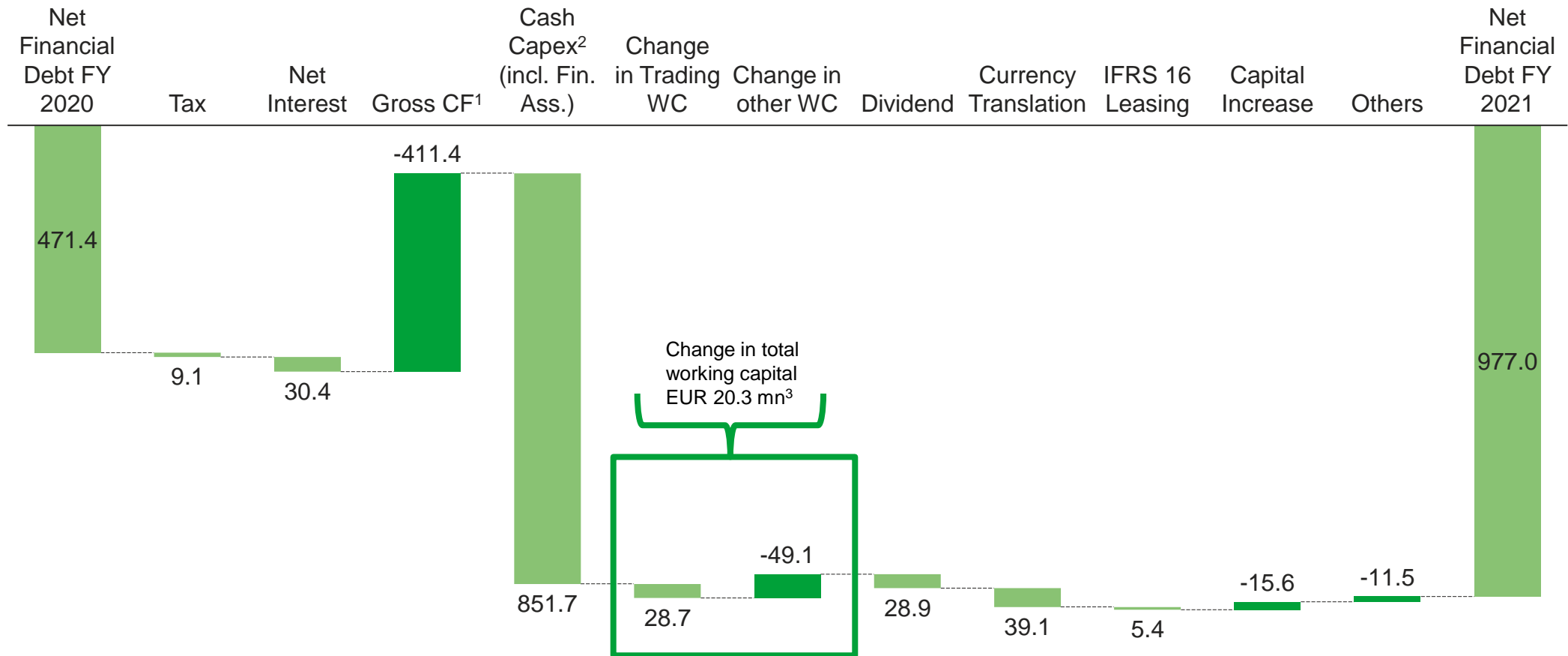
2) Including investment in and proceeds from disposal of financial assets

Cash flow and trading working capital development



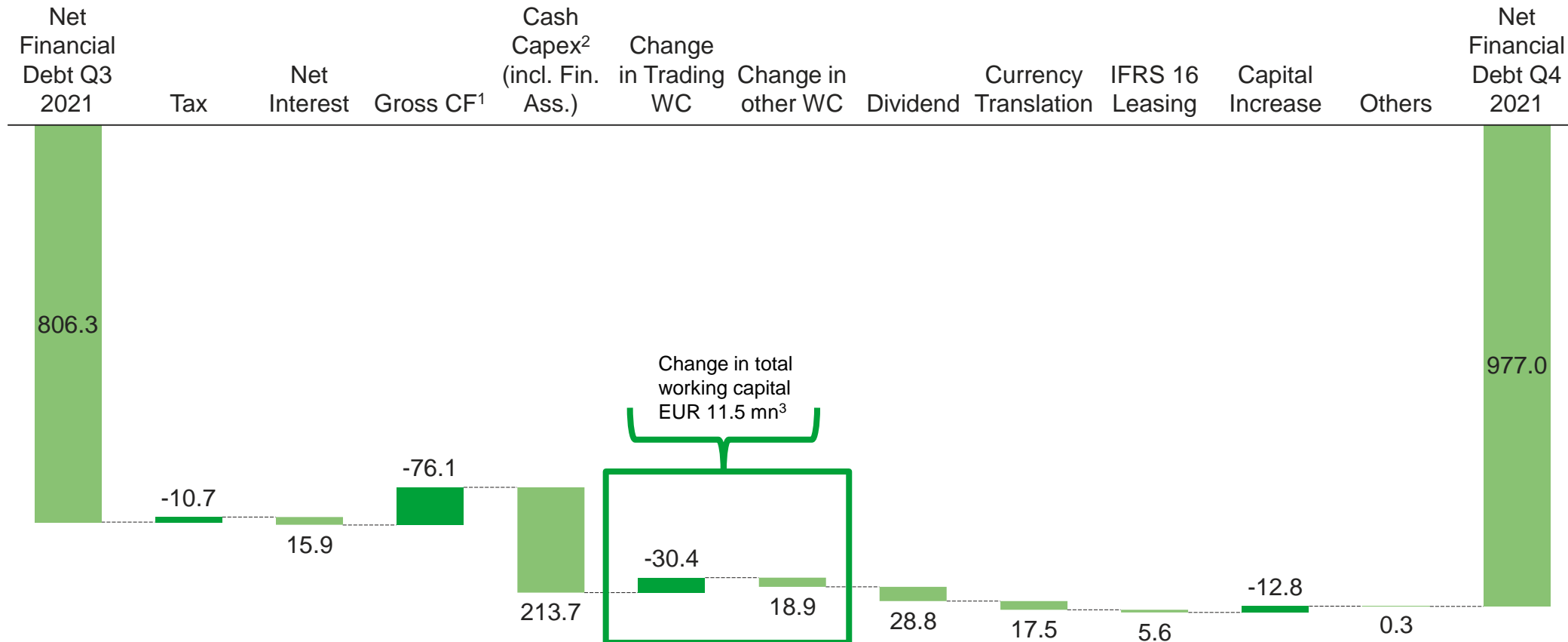
Capex 219 211 215 205 213

FY2021: Net debt bridge



- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (844.3) mn and financial assets of EUR (7.3) mn
- 3) Change in total working capital EUR 22.0 mn (according to cash flow statement)
 - Adjustment change in liquid bills of exchange EUR (1.7) mn
 - Change in total working capital adj. EUR 20.3 mn (according to net debt)

Q4 2021: Net debt bridge

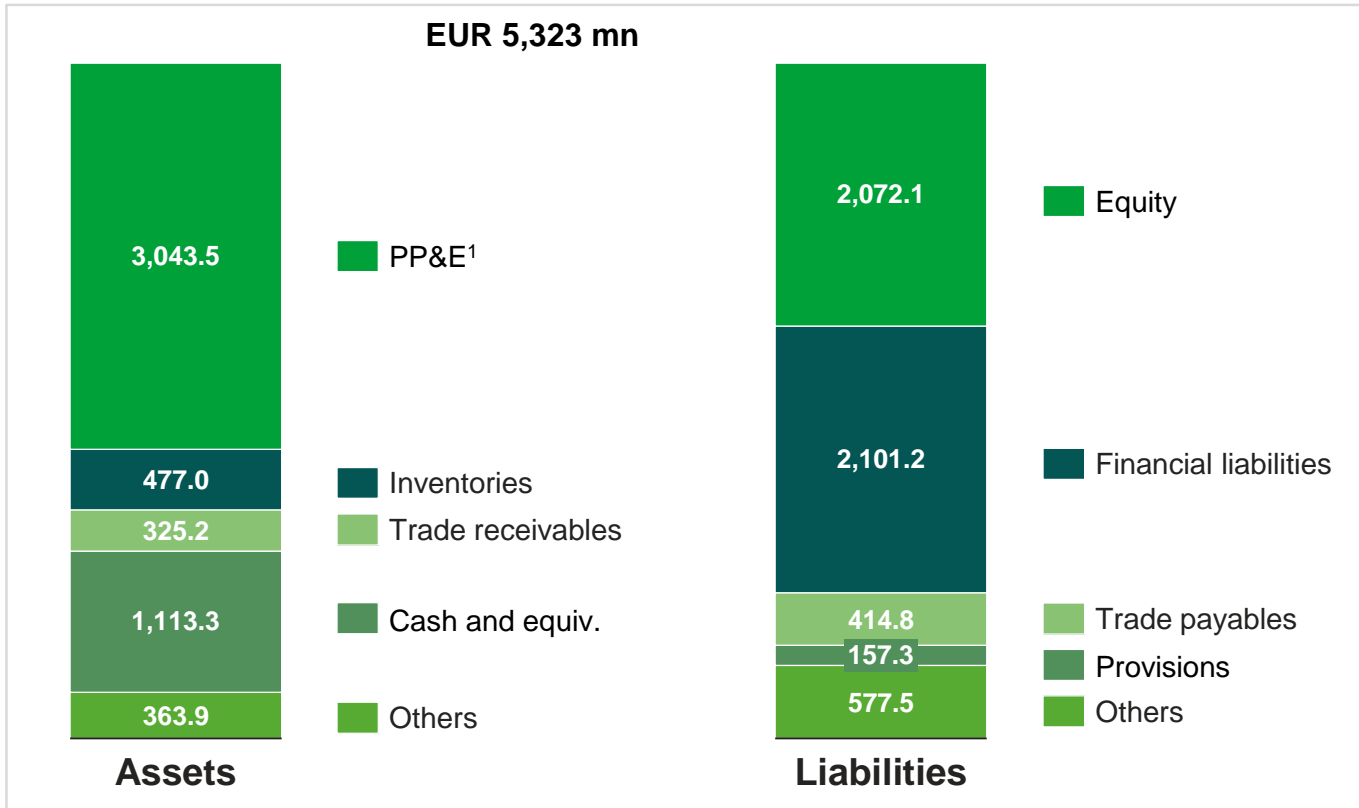


- 1) Gross cash flow before taxes and interest
- 2) Including CAPEX of EUR (213.2) mn and financial assets of EUR (0.5) mn
- 3) Change in total working capital

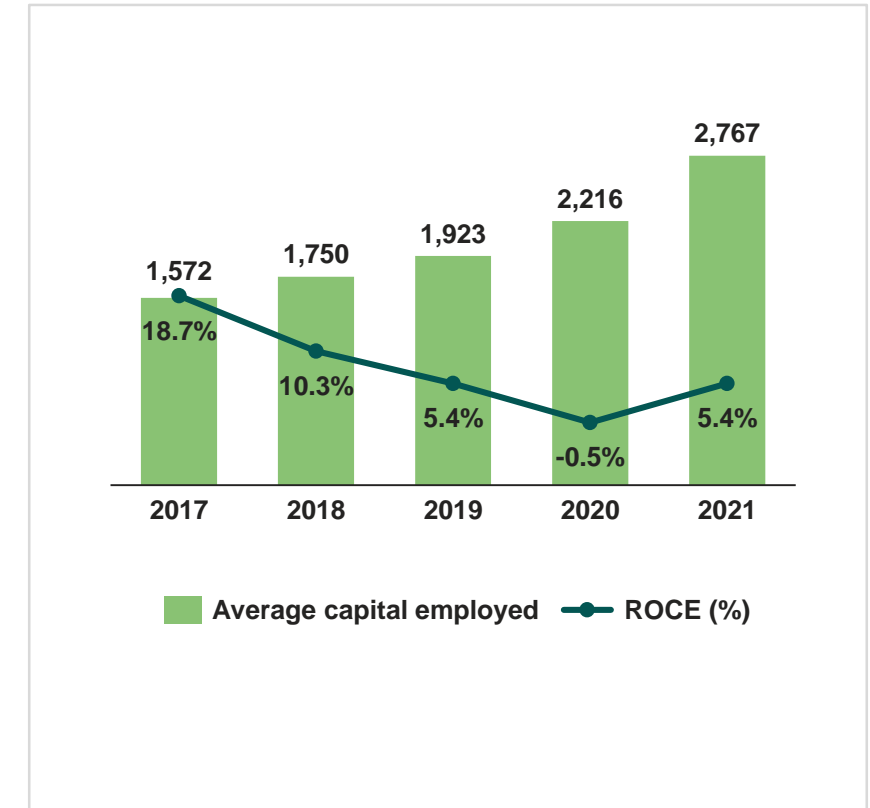
EUR	15.4 mn (according to cash flow statement)
Adjustment change in liquid bills of exchange	EUR (3.8) mn
Change in total working capital adj.	EUR 11.5 mn (according to net debt)

Balance sheet structure and return on capital employed

Balance sheet positions, in EUR mn



Capital employed, in EUR mn



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

Contact and financial calendar

Investor contact

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Financial calendar

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

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