

# Leading Fiber Innovation



LENZING INVESTOR PRESENTATION – HALF YEAR RESULTS 2013  
August 21, 2013

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# Highlights Q2/2013

## Guidance delivered

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### ■ Delivered on Q2/2013 guidance

- **Record sales volume** of **222 kto** (Guidance: “more than 221 kto”)
- **EBITDA** (before Plastics) of **EUR 70.4 mn** (Guidance: “EUR 65 – 70 mn”)
- **Average fiber price** of **EUR 1.75** (Guidance: “approx. on Q1 level” = EUR 1.77)
- **excelLENZ continues to support profitability** despite poor pricing environment

### ■ Successful sale of 85% of Business Unit Plastics

- Enterprise value of approx. 8x 2012 EBITDA (100%: **EUR 90 mn**)
- Equity value of **EUR 69 mn (100%)**
- Cash received: **EUR 62 mn** (after re-purchasing 15%)

### ■ 75th anniversary celebrated in June

# Difficult environment here to stay

Low visibility: macro-economy, fiber market, MMC<sup>1</sup> prices

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## ■ Difficult environment throughout H1/2013

- Q1 and Q2 did not produce catalysts for macro-economic development in the future (Asia, especially China and India; Europe)
- Distorted supply-demand dynamics

## ■ Worldwide fiber market continues to grow

- Cotton continues to set the price point for all fibers (MMC, synthetics)
- 3<sup>rd</sup> season of cotton production surplus (above consumption)

## ■ Viscose spot prices in China stable but on low level

- Chinese viscose industry is still loss making but struggles to service debt from past expansions projects and is desperate for cash

1) Man-Made Cellulosics

# Cotton market dynamics

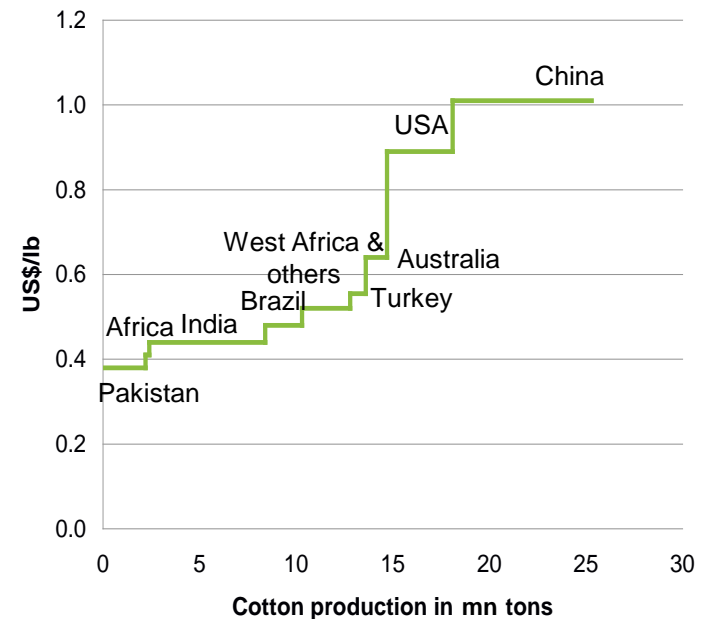
## ■ Short-term

- Potential price pressure due to significant cotton stock levels (depending on Chinese cotton reserve policy)
- The cotton stock-to-use ratio is expected to return to normal levels (approx. 50%) only over 1.5 – 2.5 years on a worldwide basis

## ■ Long-term

- Trend to higher cotton prices driven by worldwide rising cotton production costs
- Competition with other crops and reduction of arable land (urbanization, climate change) might put further upward pressure on cotton prices

Production costs of cotton 2010/2011



# Short-term pain...

Adjusting our cash outflows to reduced cash inflow levels

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- **New investments under scrutiny** (minimum return requirements to be achieved)
  - Ongoing investment into jumbo TENCEL<sup>®</sup> line in Lenzing **NOT** affected
  - **Prioritization of projects and focus on projects with productivity improvements**
- **Lenzing is comfortable with self-financing capability**
  - approx. EUR **100 mn p.a.** required for substitution and maintenance capex
  - approx. EUR **100 mn p.a.** on top required for interests, taxes and dividends
- **excellENZ program to be continued**
  - low hanging fruits harvested in 2013
  - **process/structural improvements** take longer and may require some upfront investment/cost

# ...long-term gain

A compelling growth story for MMC – no change

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- The global fiber growth is driven by **population** growth and increasing **prosperity** (Asia)
- **Market opportunities for MMC**
  - Inherent advantages vs. cotton due to scalability and environmental efficiency (water, pesticides, insecticides, land)
  - The total share of cellulosics (cotton, MMC) may even stay stable at approx. 36% (till 2020), the MMC share is going to increase by 2020<sup>1</sup> due to structural limitations in cotton supply
  - Growth expected to accelerate after 2015 (with cotton gap kicking in)
- ➔ **MMC is sensitive to small percentage changes in cotton supply and share of synthetics but even cautious market scenarios see MMC growth (3 – 13% p.a.) well above GDP growth**

1) client survey, including 30 brands

# Future potentials – by fiber

## TENCEL® with strongest upside for Lenzing

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### ■ Viscose

- Structural dynamics of a commodity (China)
- Exploit potential for further differentiation
- Overcapacities might continue in the future
- **Long-term perspective:** Largest growth opportunities in absolute terms (+4.6 mt till 2020<sup>1,2</sup>) but at volatile profitability levels

### ■ Modal

- Niche product, growth opportunities in very selected textile applications
- Customers are willing to pay premium over viscose for best Lenzing quality
- Capital intense production and lower production speed (50% of viscose output)
- **Long-term perspective:** Even with competition adding capacity, Modal is going to stay a niche product

### ■ TENCEL®

- Only substitution for broad range and large volume cotton applications (denim, shirts, home textiles, etc.)
- Lenzing will benefit from the first mover advantage and build the market
- **Long-term perspective:** Strong growth potential (+400.000 tons till 2020<sup>1</sup>) with +15% p.a. growth rates due to superior product characteristics and environmental aspects

1) global demand

2) excl. cigarette filters, acetate tow and viscose filaments



# Long-term fiber strategy

Focus on TENCEL®

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## **Viscose – Differentiated commodity strategy**

- Find markets with above average growth and/or profitability
- Best in class cost base key for success

## **Modal – Niche strategy**

- Premium price strategy in selected textile applications
- Hold premium by further specializing (MicroModal®, ProModal®, etc.)

## **TENCEL® – Scale strategy**

- Scale up Textile and Nonwoven applications to foster growth
- Benefits from first mover advantage – superior product/production characteristics

# 5 key strategic imperatives

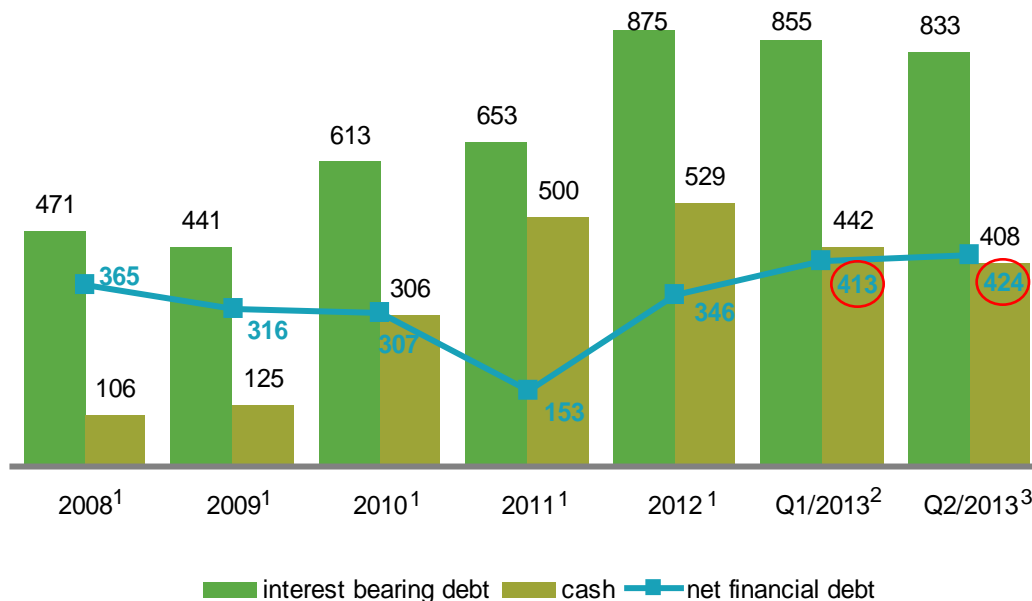
Lenzing is determined to capitalize its strengths

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- **Focus on customers**
- **Focus on Asia**
- **Focus on TENCEL®**
- **Focus on innovation and applications**
- **Focus on profitable growth**

# Back to Q2/2013 financials

## Net debt almost stable

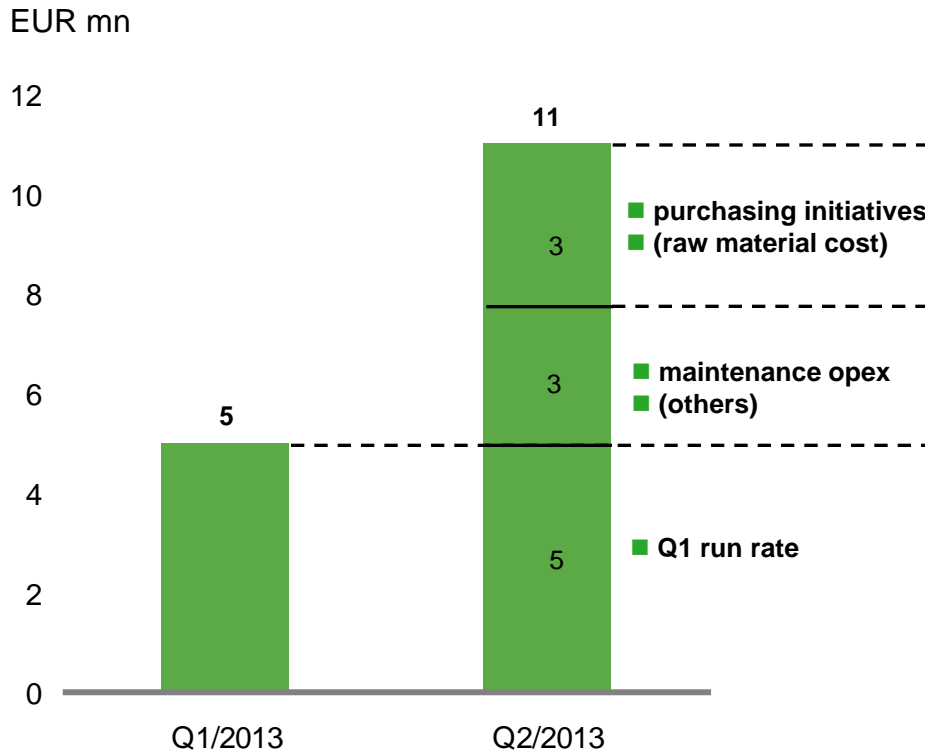


- **Net debt increase of EUR 11 mn** thereof<sup>4</sup>:
  - Net effect Plastics sale: **EUR +62 mn**
  - Dividend payment: **EUR -53 mn**
  - Cash taxes: **EUR -11 mn**
  - Net interest: **EUR -5 mn**
  - Change in working capital: **EUR -5 mn**
- **Total liquidity cushion of EUR 610 mn**
  - EUR 408 mn cash
  - EUR 201 mn of unused credit lines
- **Adjusted equity of EUR 1,155 mn**
  - 45.2% equity ratio (Q1/2013: 45.1%)
  - Net gearing of 36.8% (Q1/2013: 35.2%)

1) as of December 31  
 2) as of March 31, 2013  
 3) as of June 30, 2013  
 4) major influencing factors

# excellENZ: EUR 16 mn cost savings in H1

## Ramp-up on track for H2



\* excluding Plastics effect

- Q2/2013 EBITDA effect of 2 cent lower average fiber price (EUR -4 mn) almost offset by contribution margin of additional 6,000 tons sales volume (222 kto vs. 216 kto)
- **EUR 6 mn** of additional excellENZ cost savings (Q2 vs. Q1) with direct effect on Q2 EBITDA
- Q2/2013 EBITDA\*: EUR 70.4 mn  
Q1/2013 EBITDA : EUR 64.5 mn  
Difference: **EUR 5.9 mn**
- While H1 capex was on the same level as last year, excellENZ will lead to **FY 2013 capex of EUR 260 mn** (FY 2012: EUR 346 mn)

# Outlook: Full Year 2013

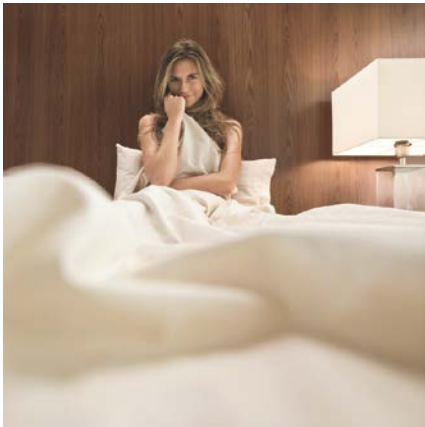
Including effects of the sale of 85% of Plastics business

		(OLD)
Sales	approx. EUR <b>2.0</b> bn	( <b>2.15</b> – 2.25)
EBITDA	approx. EUR <b>280</b> mn	( <b>260</b> – 290)
EBIT	approx. EUR <b>160</b> mn	( <b>140</b> – 170)
Average fiber price	approx. EUR <b>1.72</b> per kg	( <b>1.80</b> – 1.90)
Sales volume	approx. <b>910</b> k tons	(920)
CAPEX	approx. EUR <b>260</b> mn	(260)
Dividend	EUR <b>1.75</b> per share	(1.75)
Tax rate	approx. <b>26 – 28%</b>	(24 – 26)

- **Sales: EUR -150 mn** consist of deconsolidation of approx. EUR 60 mn in H2 Plastics sales and a lower average fiber price and sales volume compared with the old outlook
- **EBITDA:** Includes **net EUR 20 mn** Plastics effect (EUR +26 mn of Plastics sales effect offset by EUR -6mn of H2 deconsolidation effect)
- **Average fiber price** consists of H1/2013 EUR **1.76 per kg** and expected H2/2013 of EUR **1.70 per kg**
- **Sales volume of 910 k tons** reflects fire in Heiligenkreuz and waste-water-pipe breakage in Nanjing and is subject to no further loss of production in H2/2013
- **Tax rate** is driven up by sale of Plastics business (EUR -8 mn in taxes)

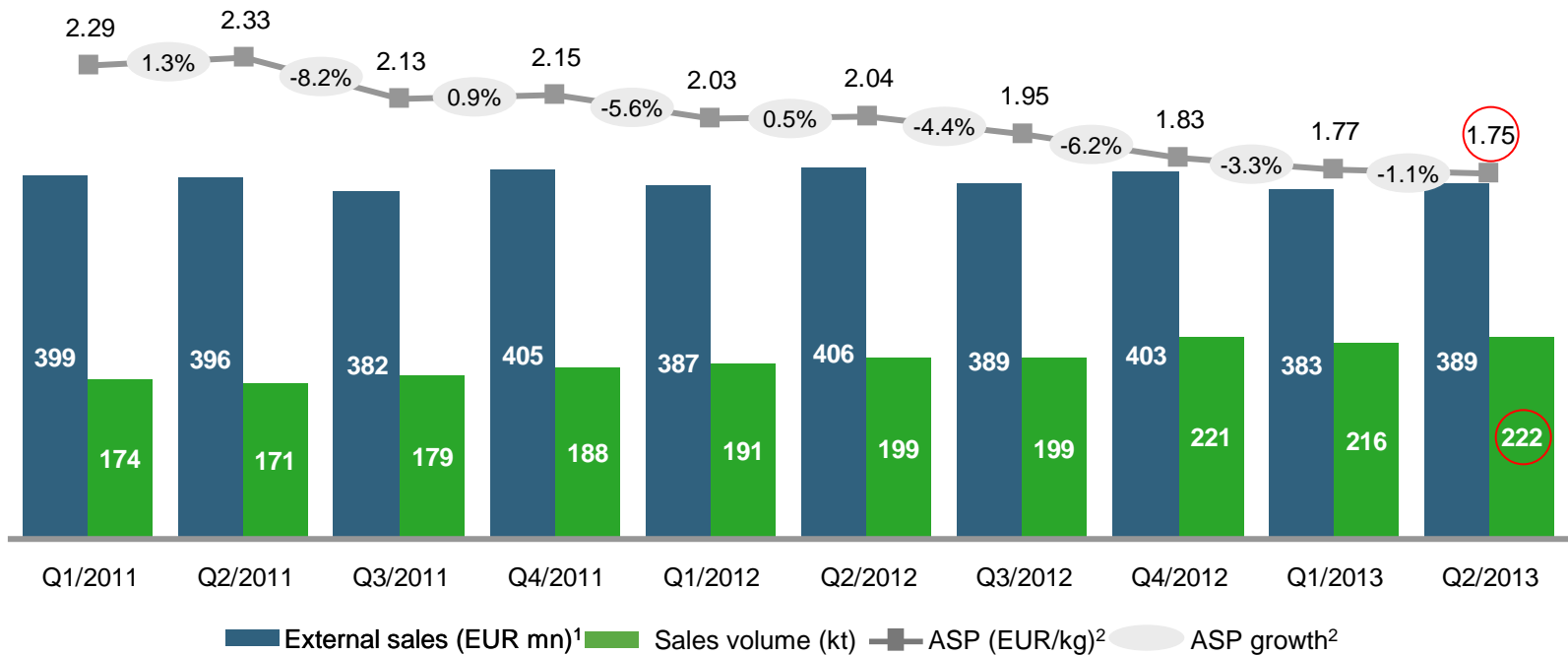
# Q2/2013 – Financial information

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# Q2/2013: Volume and prices as guided

Downward price trend continues despite sales volume record



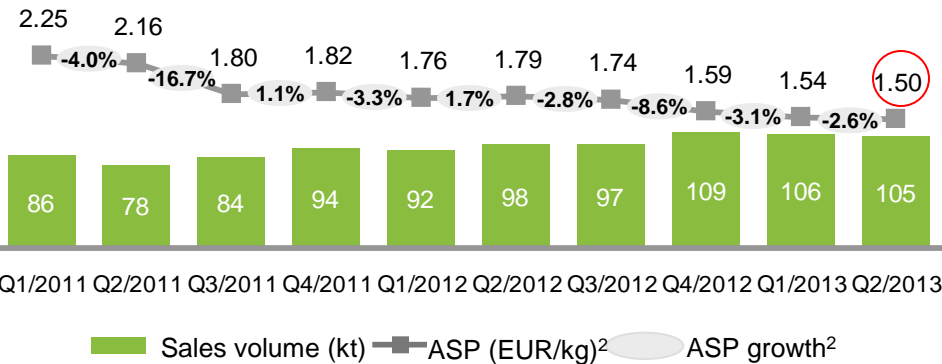
1) core fiber segment sales, excluding sales of co-products and external sales of pulp, wood and energy

2) based on rounded figures

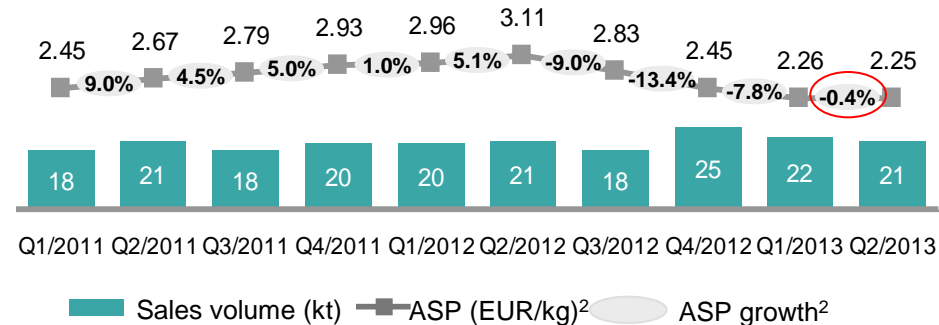
# Q2/2013: Textile fibers

Viscose prices remain under pressure, Modal sales volume record

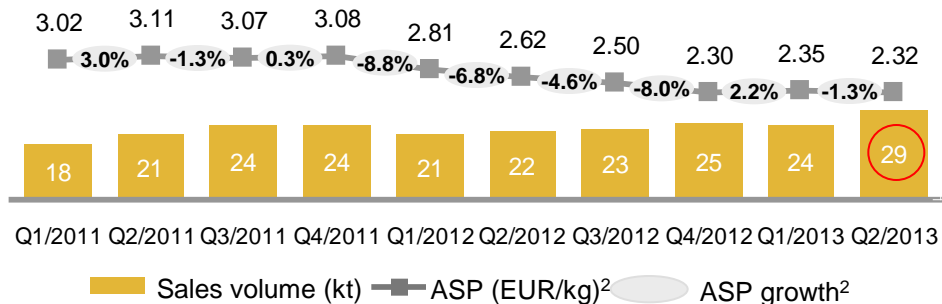
## Lenzing Viscose®



## TENCEL®



## Lenzing Modal®<sup>1</sup>



- Lenzing Viscose® has reached lowest price level in the last 4 years in June
- Lenzing Modal® with record in sales volumes
- TENCEL® price adjustment decelerated

1) including Lenzing FR®  
2) based on rounded figures

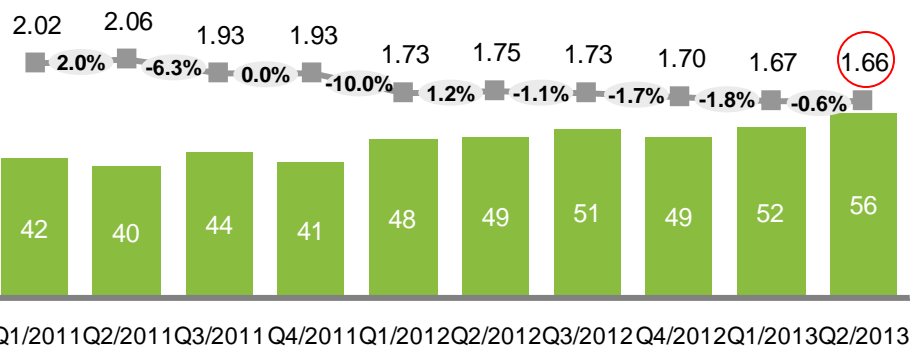


# Q2/2013: Nonwoven fibers

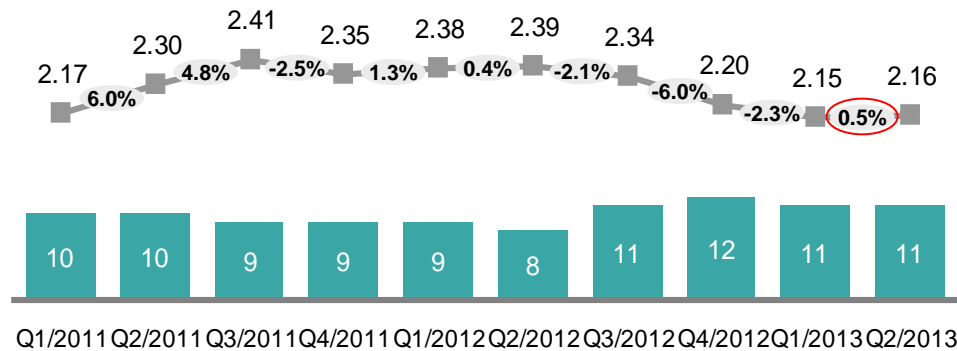
## A stabilizing factor (again)

- Lenzing Viscose®: Another record in sales volume with 10% higher price level than Textile (EUR 1.50)
- TENCEL®: Stable volumes and stable prices

### Lenzing Viscose®



### TENCEL®



■ Sales volume (kt) ■ ASP (EUR/kg)<sup>1</sup> ○ ASP growth<sup>1</sup>

■ Sales volume (kt) ■ ASP (EUR/kg)<sup>1</sup> ○ ASP growth<sup>1</sup>

1) based on rounded figures

# Q2/2013: Relative pricing

Low viscose price level preserves high Modal and TENCEL® premiums

- Modal: Premium over viscose above historic 40 – 50% range
- Steady TENCEL® premiums at high level

## Textile fibers

Relative price (viscose = 100%)

(%)	FY 2010	FY 2011	Q1/2012	Q2/2012	Q3/2012	Q4/2012	FY 2012	Q1/2013	Q2/2013
Lenzing Viscose®	100	100	100	100	100	100	100	100	100
Lenzing Modal® (inc. FR)	144	154	159	146	144	145	148	152	155
TENCEL®	118	136	168	174	163	154	164	147	150

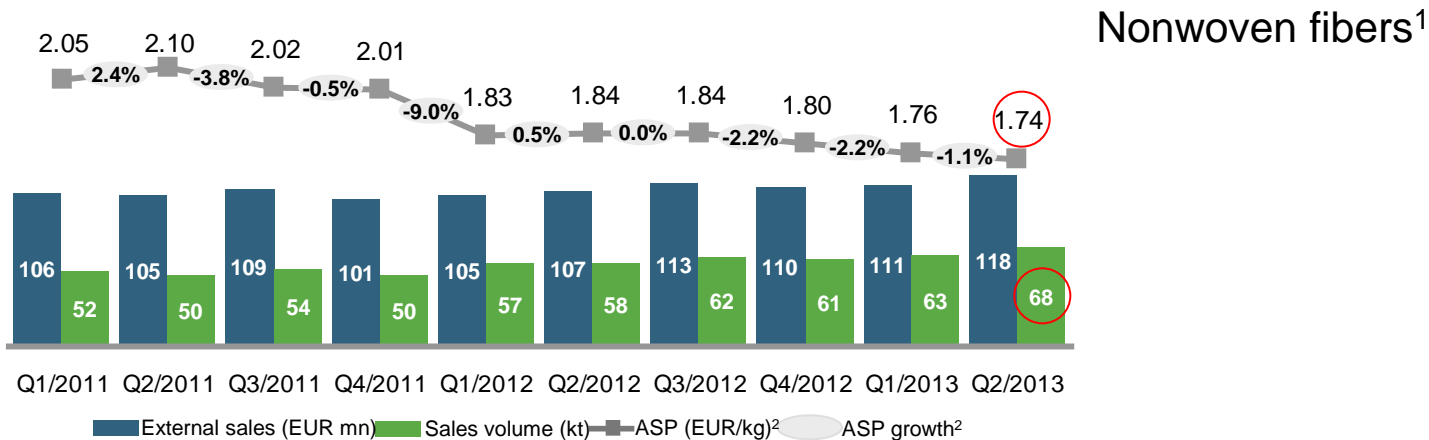
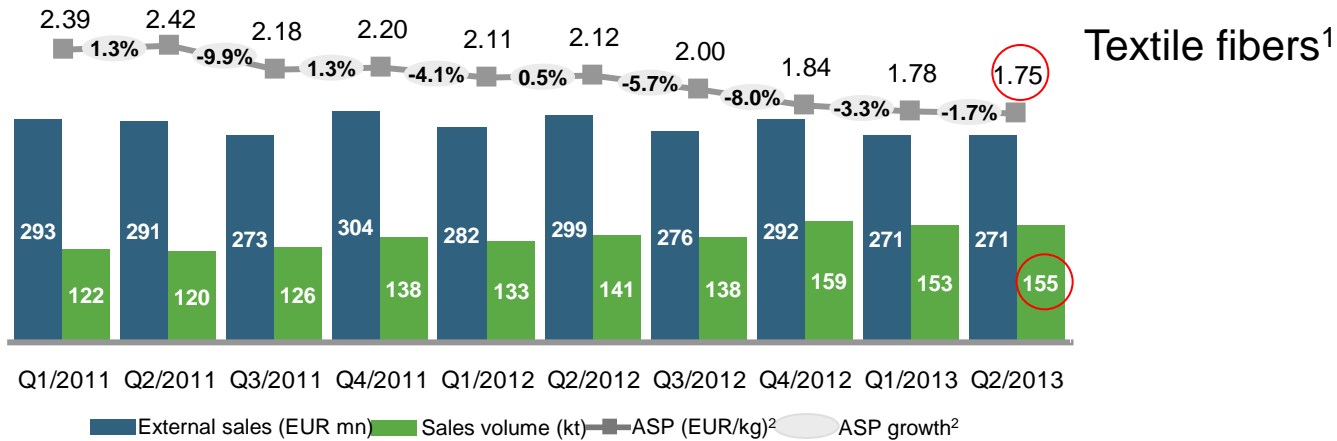
## Nonwoven fibers

Relative price (viscose = 100%)

(%)	FY 2010	FY 2011	Q1/2012	Q2/2012	Q3/2012	Q4/2012	FY 2012	Q1/2013	Q2/2013
Lenzing Viscose®	100	100	100	100	100	100	100	100	100
TENCEL®	117	116	137	137	135	129	134	129	130

# Q2/2013: Increased volumes at lower prices

## Textile and nonwoven fiber sales volumes

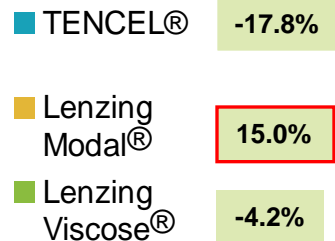
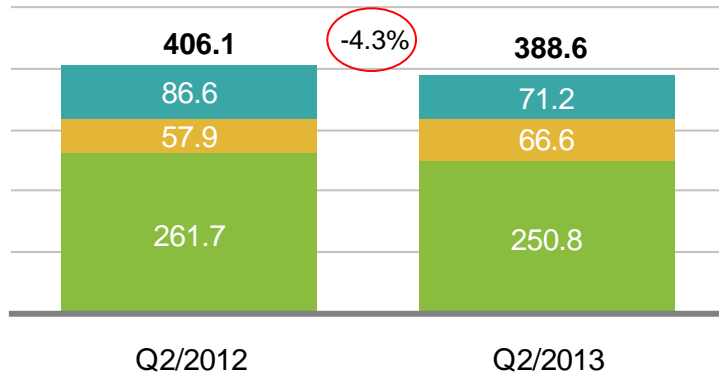


# Q2/2013: Sales affected by price pressure

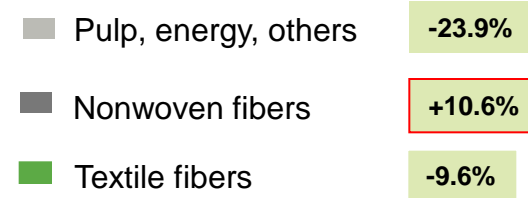
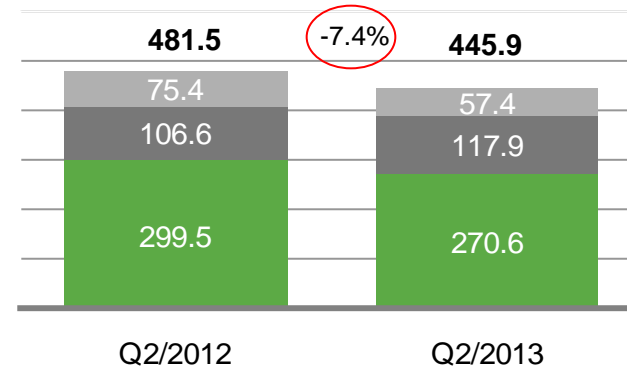
Modal with higher sales due to volume increase and stable prices.

Continuous success in Nonwoven

Sales by fiber type  
(EUR mn)



Sales by segment fibers  
(EUR mn)



# Q2/2013: As expected

## EBITDA slightly above high-end of Guidance

(EUR mn)	Q2/2013	Q2/2012	Change y-o-y (%)	Q2/2013 continuing operations	Q2/2012 continuing operations	Q2/2013 discontinued operations	Q2/2012 discontinued operations
Sales volume man-made cellulose fibers (kt)	222.3	199.4	11.5	222.3	199.4	0	0
<b>Total external sales</b>	<b>493.3</b>	<b>533.6</b>	<b>(7.6)</b>	<b>467.7</b>	<b>500.8</b>	<b>25.6</b>	<b>32.9</b>
Inventory change/work in progress	(9.2)	(0.7)	n.m.	(8.4)	(1.1)	(0.9)	(0.4)
Work performed by the group and capitalized	14.1	14.5	(2.9)	14.1	14.5	0.0	0.0
Cost of material and purchased services	(297.4)	(326.2)	(8.8)	(282.2)	(303.1)	(15.2)	(23.0)
Personnel & other operating expenses/income	(129.8)	(119.8)	8.3	(123.1)	(113.1)	(6.8)	(6.8)
Depreciation & Amortization	(28.5)	(27.5)	8.8	(28.5)	(26.3)	(0.0)	(1.3)
<b>EBIT (before restructuring)</b>	<b>42.6</b>	<b>73.9</b>	<b>(42.4)</b>	<b>39.7</b>	<b>71.7</b>	<b>2.9</b>	<b>2.1</b>
<b>EBITDA<sup>1</sup> (before restructuring)</b>	<b>70.4</b>	<b>100.6</b>	<b>(30.0)</b>	<b>67.5</b>	<b>97.2</b>	<b>28.2</b>	<b>3.4</b>
<b>EBIT (after restructuring)</b>	<b>67.9</b>	<b>73.9</b>	<b>(8.1)</b>	<b>39.7</b>	<b>71.7</b>	<b>2.9</b>	<b>2.1</b>
<b>EBITDA (after restructuring)</b>	<b>95.7</b>	<b>100.6</b>	<b>(4.9)</b>	<b>67.5</b>	<b>97.2</b>	<b>28.2</b>	<b>3.4</b>
<b>Net income</b>	<b>44.4</b>	<b>51.7</b>	<b>(14.1)</b>	<b>24.4</b>	<b>50.1</b>	<b>20.0</b>	<b>1.6</b>
<b>Net income after minorities</b>	<b>44.0</b>	<b>50.0</b>	<b>(12.0)</b>	<b>23.9</b>	<b>48.5</b>	<b>20.0</b>	<b>1.6</b>
<i>EBITDA (before restructuring) margin (%)</i>	14.3	18.8	-	14.4	19.4	-	-
<i>EBITDA (after restructuring) margin (%)</i>	19.4	18.8	-	14.4	19.4	-	-
<i>EBIT (before restructuring) margin (%)</i>	8.6	13.8	-	8.5	14.3	-	-
<i>EBIT (after restructuring) margin (%)</i>	13.8	13.8	-	8.5	14.3	-	-

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

# Q2/2013: Topline breakdown

Textile fiber sales: Volume increase could not compensate price decrease

(EUR mn)	Q2/2013	Q2/2012	Change y-o-y (%)
<b>Breakdown of fibers segment sales</b>			
Textile fibers	270.6	299.5	(9.6)
Nonwoven fibers	117.9	106.6	10.6
Others <sup>1</sup>	13.8	12.2	12.9
<b>Total fibers only sales</b>	<b>402.4</b>	<b>418.3</b>	<b>(3.8)</b>
Other fibers segment sales <sup>2</sup>	43.5	63.1	(31.1)
<b>Total fibers segment sales</b>	<b>445.9</b>	<b>481.5</b>	<b>(7.4)</b>
Segment Engineering	30.7	28.3	8.6
BU Plastics and EPG (discontinued operations)	27.7	32.6	(15.0)
Others <sup>3</sup> and consolidation	(11.0)	(8.8)	24.6
<b>Total external group sales</b>	<b>493.3</b>	<b>533.6</b>	<b>(7.5)</b>

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

3) includes Dolan and BLZ (Bildungszentrum Lenzing)

# Q2/2013: Cost of material down 8.8%

Cost switch Paskov (other/DWP) and further effects from excelLenz

(EUR mn)	Q2/2013	Q2/2012	Change y-o-y (%)
Dissolving wood pulp <sup>1</sup>	(137.7)	(129.6)	6.3
as % of total cost of material and purchased services	46.3	39.7	-
Key chemicals	(46.1)	(44.7)	3.1
as % of total cost of material and purchased services	15.5	13.7	-
Energy	(38.5)	(36.6)	5.2
as % of total cost of material and purchased services	12.9	11.2	-
Other <sup>2</sup>	(75.1)	(115.3)	(34.9)
as % of total cost of material and purchased services	25.3	35.3	-
<b>Total cost of material and purchased services</b>	<b>(297.4)</b>	<b>(326.2)</b>	<b>(8.8)</b>
as % of external sales	60.3	61.1	-
<b>Total external sales</b>	<b>493.3</b>	<b>533.6</b>	<b>(7.5)</b>
<b>Total fibers only sales</b>	<b>402.4</b>	<b>418.3</b>	<b>(3.8)</b>
<b>Total Opex<sup>3</sup></b>	<b>(435.4)</b>	<b>(454.8)</b>	<b>(4.3)</b>
Cost of material as % of total Opex	68.3	71.7	-

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

# Q2/2013: Total Remaining Opex

Representing approx. 32% of total Opex and fairly stable

(EUR mn)	Q2/2013	Q2/2012	Change y-o-y (%)
<b>Total personnel expenses</b>	<b>(81.1)</b>	<b>(76.3)</b>	<b>6.3</b>
as % of external sales	16.4	14.3	-
<b>Other operating expenses</b>			
Freight outward	(22.4)	(20.5)	9.3
Commissions and advertising costs	(5.1)	(8.5)	(40.0)
Service and maintenance and other purchased services	(8.7)	(2.0)	n.m.
Other	(20.8)	(21.3)	(2.4)
<b>Total other operating expenses</b>	<b>(56.9)</b>	<b>(52.3)</b>	<b>8.8</b>
as % of external sales	11.5	9.8	-
<b>Total remaining Opex</b>	<b>(138.0)</b>	<b>(128.7)</b>	<b>7.3</b>
as % of external sales	28.0	24.1	-
<b>Total external sales</b>	<b>493.3</b>	<b>533.7</b>	<b>(7.6)</b>
<b>Total Opex<sup>1</sup></b>	<b>(435.4)</b>	<b>(454.8)</b>	<b>(4.3)</b>
Total remaining Opex as % of total Opex	31.7	28.3	-

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



# Q2/2013: Cash flow by quarter

(EUR mn)	Q2/2013	Q2/2012 <sup>1</sup>	Change y-o-y (%)
Gross CF (before taxes and interest)	69.9	91.6	(23.7)
Taxes and interest	(16.1)	(56.6)	(71.6)
<b>Gross CF (after taxes and interest)</b>	<b>53.8</b>	<b>35.0</b>	<b>53.7</b>
Change in total working capital <sup>2</sup>	(5.7)	(30.6)	(81.4)
CF from discontinued operations	0.6	1.9	(68.4)
<b>Operating Cash flow</b>	<b>48.7</b>	<b>6.3</b>	<b>n.m.</b>
Investment Cash flow <sup>3</sup>	(4.5) <sup>4</sup>	(71.0)	(93.7)
- of which acquisition of non current assets	(75.2)	(76.6)	(5.7)
- of which from discontinued operations	61.3	(0.5)	n.m.
- of which others	9.3	6.2	50.0
<b>Free Cash flow</b>	<b>44.2</b>	<b>(64.7)</b>	<b>n.m.</b>

1) cash flow adjusted to discontinued operations for a like-for-like comparison

2) including trade and other working capital

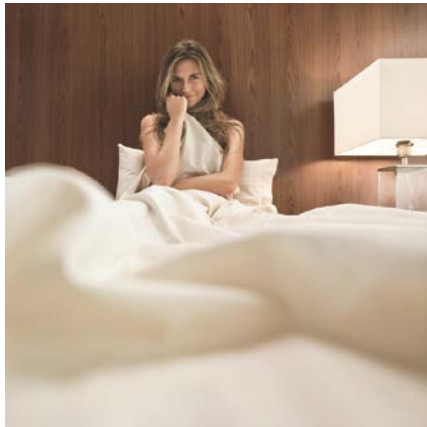
3) including investment in financial assets and disposal proceeds

4) including cash from Plastics sale



# H1/2013 – Financial information

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# H1/2013: Broadly as expected

Lower average fiber price compensated by excellENZ savings

(EUR mn)	H1/2013	H1/2012	Change y-o-y (%)	H1/2013 continuing operations	H1/2012 continuing operations	H1/2013 discontinued operations	H1/2012 discontinued operations
Sales volume man-made cellulose fibers (kt)	438.4	390.0	12.4	438.4	390.0	0	0
<b>Total external sales</b>	<b>989.9</b>	<b>1,061.8</b>	<b>(6.8)</b>	<b>940.0</b>	<b>1,000.5</b>	<b>49.9</b>	<b>61.3</b>
Inventory change/work in progress	(15.3)	3.2	(576.6)	(14.5)	3.7	(0.8)	(0.5)
Work performed by the group and capitalized	29.6	17.7	67.7	29.5	17.6	0.1	0.1
Cost of material and purchased services	(607.0)	(644.5)	(5.8)	(577.2)	(603.9)	(29.8)	(40.6)
Personnel & other operating expenses/income	(260.9)	(242.9)	7.4	(247.2)	(229.0)	(13.7)	(13.8)
Depreciation & Amortization	(57.5)	(54.3)	5.8	(56.6)	(51.8)	(0.8)	(2.5)
<b>EBIT (before restructuring)</b>	<b>78.8</b>	<b>141.1</b>	<b>(34.6)</b>	<b>73.8</b>	<b>137.0</b>	<b>5.0</b>	<b>4.0</b>
<b>EBITDA<sup>1</sup> (before restructuring)</b>	<b>134.9</b>	<b>193.6</b>	<b>(30.3)</b>	<b>129.1</b>	<b>187.1</b>	<b>5.8</b>	<b>6.5</b>
<b>EBIT (after restructuring)</b>	<b>103.0</b>	<b>141.1</b>	<b>(27.0)</b>	<b>73.8</b>	<b>137.0</b>	<b>29.1</b>	<b>4.0</b>
<b>EBITDA (after restructuring)</b>	<b>162.0</b>	<b>193.6</b>	<b>(16.3)</b>	<b>129.1</b>	<b>187.1</b>	<b>32.9</b>	<b>6.5</b>
<b>Net income</b>	<b>65.3</b>	<b>100.1</b>	<b>(34.8)</b>	<b>45.2</b>	<b>97.2</b>	<b>20.2</b>	<b>2.9</b>
<b>Net income after minorities</b>	<b>64.1</b>	<b>97.1</b>	<b>(34.0)</b>	<b>43.9</b>	<b>94.2</b>	<b>20.2</b>	<b>2.9</b>
<i>EBITDA (before restructuring) margin (%)</i>	13.6	18.2	-	13.7	18.7	-	-
<i>EBITDA (after restructuring) margin (%)</i>	16.4	18.2	-	13.7	18.7	-	-
<i>EBIT (before restructuring) margin (%)</i>	8.0	13.3	-	7.8	13.7	-	-
<i>EBIT (after restructuring) margin (%)</i>	10.4	13.3	-	7.8	13.7	-	-

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

# H1/2013: Topline breakdown

## Nonwoven fibers a stabilizing factor

(EUR mn)	H1/2013	H1/2012	Change y-o-y (%)
<b>Breakdown of fibers segment sales</b>			
Textile fibers	541.9	581.2	(6.8)
Nonwoven fibers	229.2	211.5	8.4
Others <sup>1</sup>	26.7	24.5	9.0
<b>Total fibers only sales</b>	<b>797.8</b>	<b>817.2</b>	<b>(2.4)</b>
Other fibers segment sales <sup>2</sup>	95.1	138.7	(31.4)
<b>Total fibers segment sales</b>	<b>893.0</b>	<b>955.9</b>	<b>(6.6)</b>
Segment Engineering	66.0	58.3	13.2
BU Plastics and EPG (discontinued operations)	54.0	65.1	(17.1)
Others <sup>3</sup> and consolidation	(23.1)	(17.4)	32.5
<b>Total external group sales</b>	<b>989.9</b>	<b>1,061.8</b>	<b>(6.8)</b>

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

3) includes Dolan and BLZ (Bildungszentrum Lenzing)

# H1/2013: Cost of material down approx. 6%

## Cost switch Paskov (other/DWP) and effects from excelLenz

(EUR mn)	H1/2013	H1/2012	Change y-o-y (%)
Dissolving wood pulp <sup>1</sup>	(272.4)	(261.2)	4.3
as % of total cost of material and purchased services	44.9	40.5	-
Key chemicals	(91.6)	(86.4)	6.0
as % of total cost of material and purchased services	15.1	13.4	-
Energy	(77.6)	(72.2)	7.5
as % of total cost of material and purchased services	12.8	11.2	-
Other <sup>2</sup>	(165.4)	(224.7)	(26.4)
as % of total cost of material and purchased services	27.2	34.9	-
<b>Total cost of material and purchased services</b>	<b>(607.0)</b>	<b>(644.5)</b>	<b>(5.8)</b>
as % of external sales	61.3	60.7	-
<b>Total external sales</b>	<b>989.9</b>	<b>1,061.8</b>	<b>(6.8)</b>
<b>Total fibers only sales</b>	<b>797.8</b>	<b>817.2</b>	<b>(2.4)</b>
<b>Total Opex<sup>3</sup></b>	<b>(884.1)</b>	<b>(906.8)</b>	<b>(2.5)</b>
Cost of material as % of total Opex	68.7	71.1	-

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

# H1/2013: Total Remaining Opex

Representing slightly above 31% of total Opex and fairly stable

(EUR mn)	H1/2013	H1/2012	Change y-o-y (%)
<b>Total personnel expenses</b>	<b>(163.2)</b>	<b>(151.7)</b>	<b>7.6</b>
as % of external sales	16.5	14.3	-
<b>Other operating expenses</b>			
Freight outward	(44.4)	(38.9)	14.1
Commissions and advertising costs	(10.6)	(11.9)	(10.9)
Service and maintenance and other purchased services	(18.4)	(10.8)	70.4
Other	(40.5)	(49.0)	(17.4)
<b>Total other operating expenses</b>	<b>(113.9)</b>	<b>(110.6)</b>	<b>3.0</b>
as % of external sales	11.5	10.4	-
<b>Total remaining Opex</b>	<b>(277.1)</b>	<b>(262.3)</b>	<b>5.6</b>
as % of external sales	28.0	24.7	-
<b>Total external sales</b>	<b>989.9</b>	<b>1,061.8</b>	<b>(6.8)</b>
<b>Total Opex<sup>1</sup></b>	<b>(884.1)</b>	<b>(906.8)</b>	<b>(2.5)</b>
Total remaining Opex as % of total Opex	31.3	28.9	-

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

# H1/2013: Cash flow by quarter

(EUR mn)	H1/2013	H1/2012 <sup>1</sup>	Change y-o-y (%)
Gross CF (before taxes and interest)	136.0	177.1	(23.2)
Taxes and interest	(56.1)	(62.9)	(10.8)
<b>Gross CF (after taxes and interest)</b>	<b>79.9</b>	<b>114.2</b>	<b>(30.0)</b>
Change in total working capital <sup>2</sup>	(30.7)	(28.6)	7.3
CF from discontinued operations	(2.5)	6.1	n.m.
<b>Operating Cash flow</b>	<b>46.8</b>	<b>91.7</b>	<b>(49.0)</b>
Investment Cash flow <sup>3</sup>	(58.4) <sup>4</sup>	(93.5)	(37.5)
- of which acquisition of non current assets	(131.7)	(128.9)	2.2
- of which from discontinued operations	60.5	(1.0)	n.m.
- of which others	12.8	36.5	(64.9)
<b>Free Cash flow</b>	<b>(11.7)</b>	<b>(1.8)</b>	<b>n.m.</b>

1) cash flow adjusted to discontinued operations for a like-for-like comparison

2) including trade and other working capital

3) including investment in financial assets and disposal proceeds

4) including cash from Plastics sale

# Appendix – Equity story

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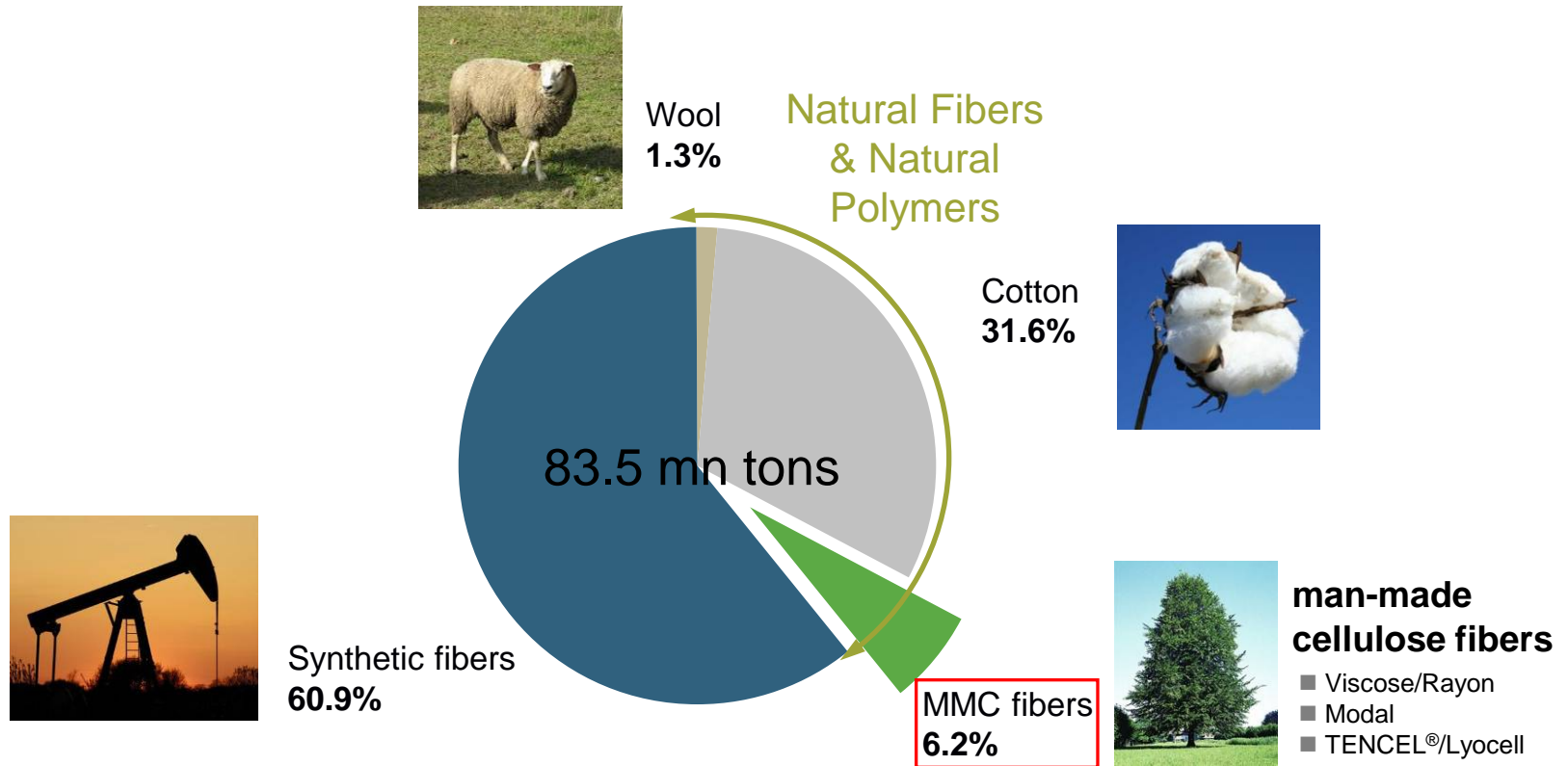




# Global fiber market at a glance

2012 preliminary production numbers

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# Lenzing at a glance

Global market leader in a growing niche

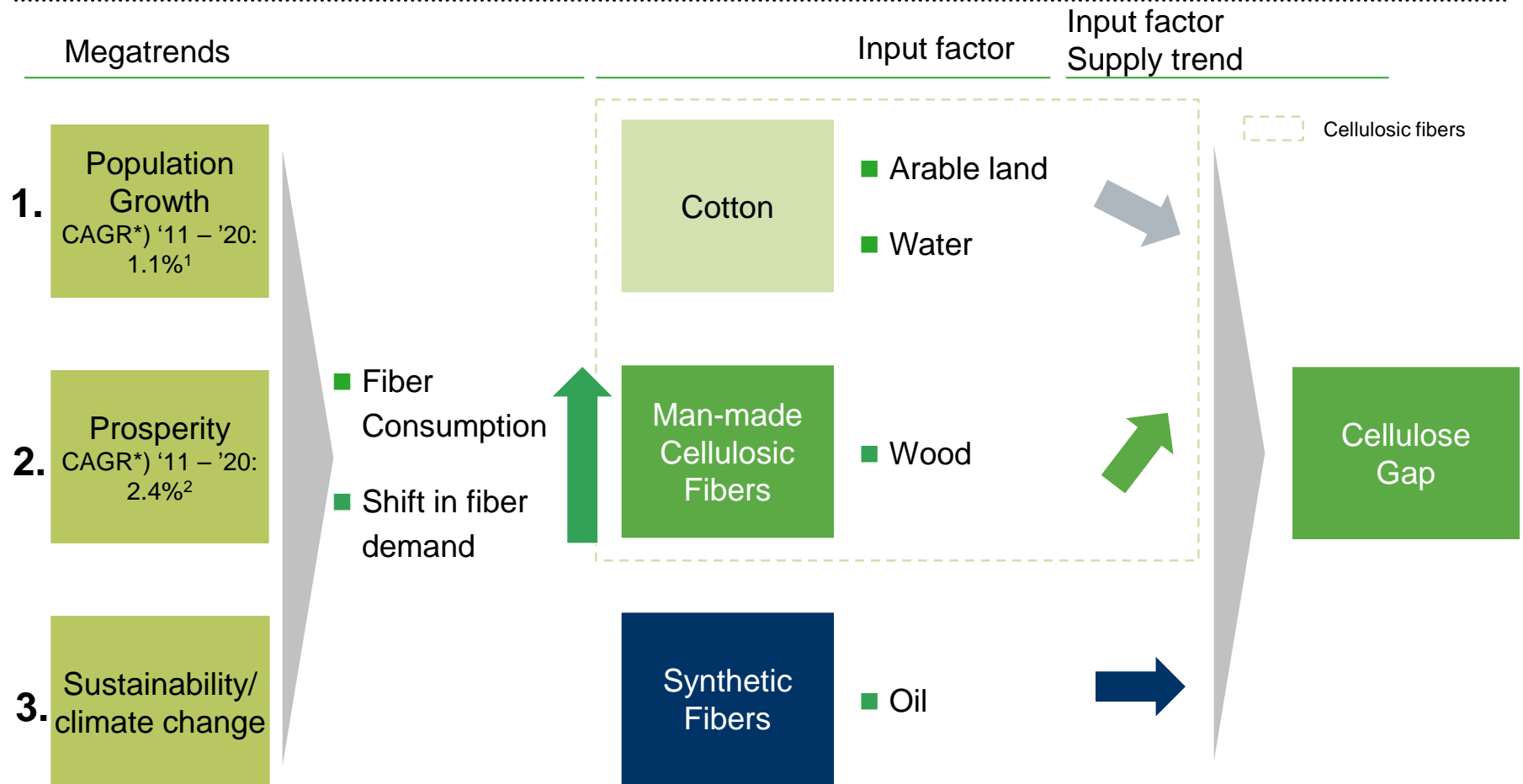
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- **Structural growth opportunity through 3 megatrends leading to a cellulose gap**
- **Global market leader in producing man-made cellulosic fibers (MMCF)**
  - 21% market share (of world wide production)
  - Innovation, technology and quality leader
  - Cost leader
  - Only MMCF producer with global presence (production/sales/marketing)
- **Solid financials**
  - Equity ratio<sup>1</sup>: 45.2%
  - Net gearing<sup>1</sup>: 36.8%
  - Total liquidity cushion<sup>1</sup>: EUR 610 mn

1) as at June 30, 2013

# Cellulose Gap: A growth opportunity

MMC: Strong fiber demand through three megatrends



\*) 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

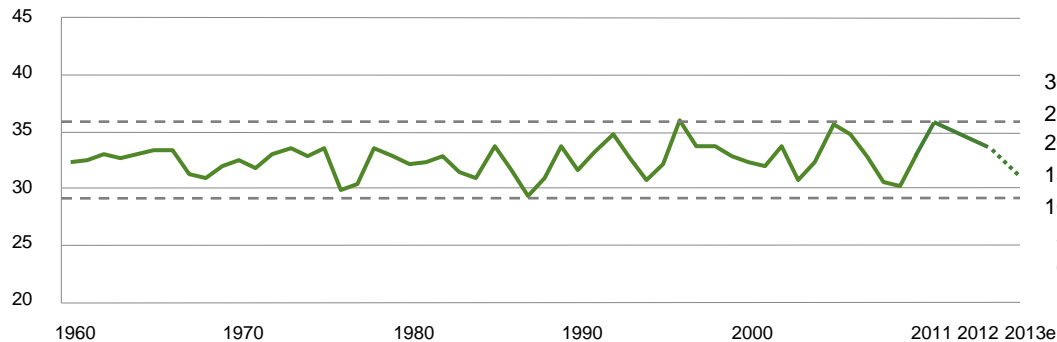
Limited potential to increase cotton supply increases demand for MMC fibers

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

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Million hectares

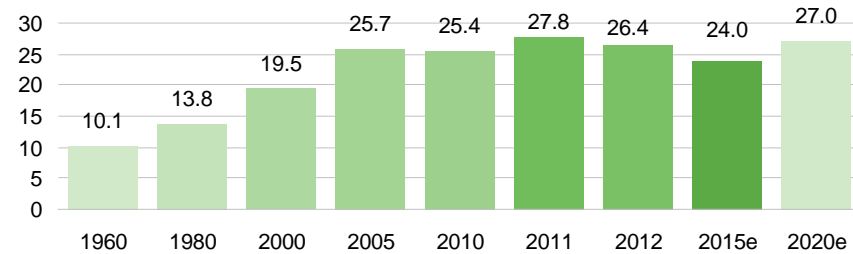


Source: U.S. Department of Agriculture  
ICAC, February 1, 2013

Structural limitations in cotton production: effects from yield expansion leveling out

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Million metric tones



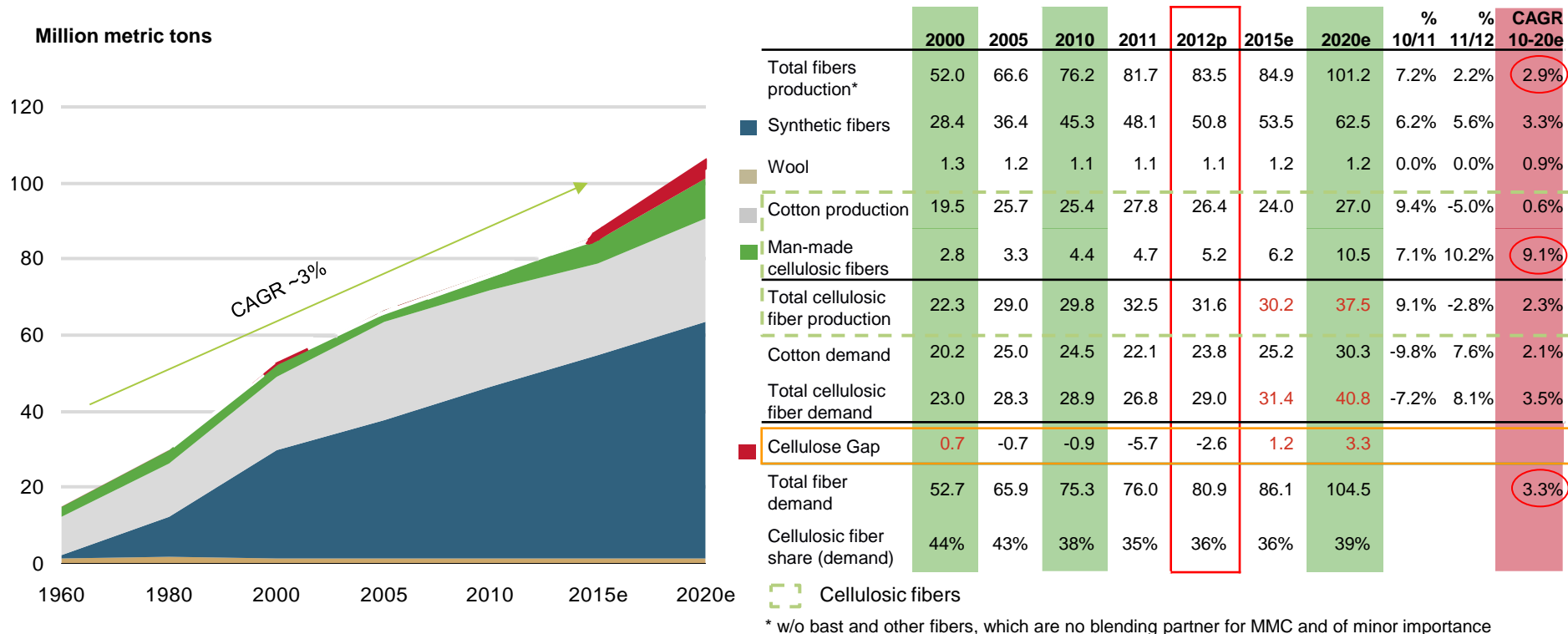
Source: International Cotton Advisory Committee, July, 2013

# Cellulose Gap: A growth opportunity

9% p.a. forecast for MMC 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)



Sources: ICAC, CIRFS, Fiber Economics Bureau, National Statistics, The Fiber Year, Lenzing estimates – all based on latest available data per June 30, 2013. Percentage increases based on exact figures

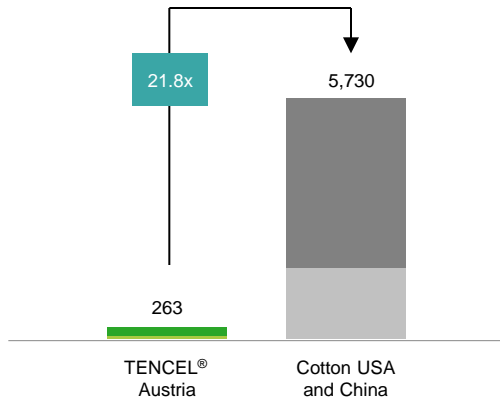
# Mega-trend: Sustainability

## Green footprint of MMC: 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%

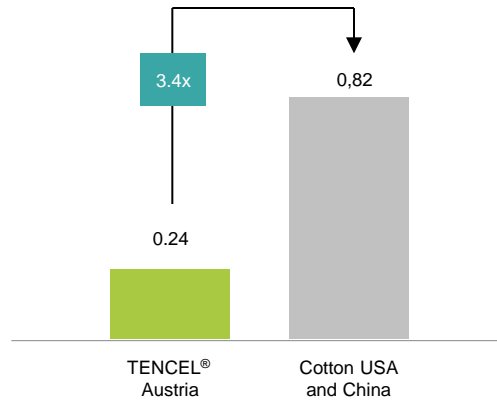
### Water consumption

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



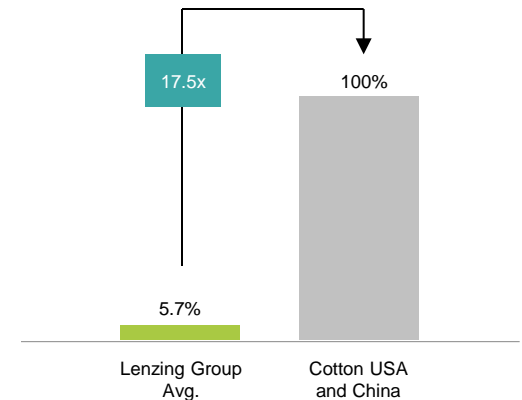
### Required acreage for production of one metric ton of fiber

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

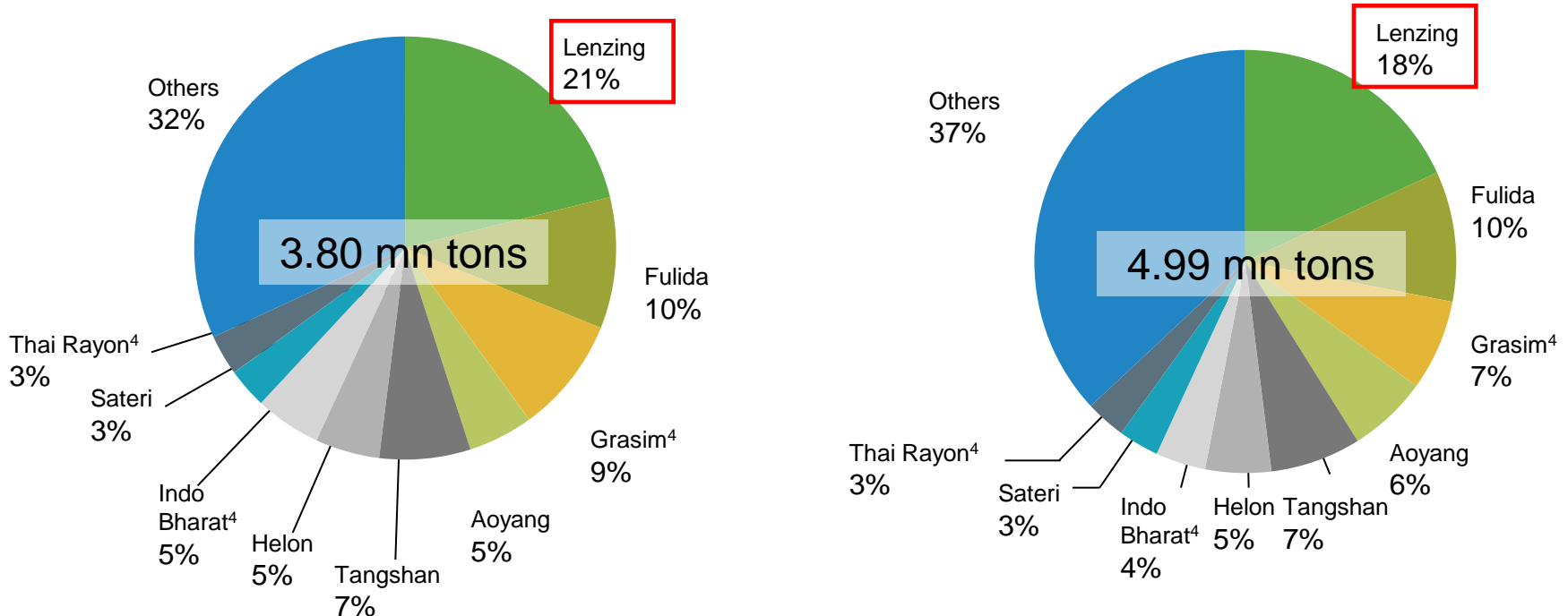
Source: "Life Cycle Assessment of man-made Cellulose fibers"; Li Shen, Martin Patel; 2007

1) including freshwater ecotoxicity, terrestrial ecotoxicity and others

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

(2012p)

Lenzing with 21% share of production<sup>2</sup> Lenzing with 18% share of capacities<sup>3</sup>



Source: CIRFS, FEB, Trade statistics, Company estimates; as of June 30, 2013

1) Viscose Stable Fibers (including Modal and Tencel), excluding Viscose filaments, acetate tow, cigarette filters

2) Production China: based on 73% utilization

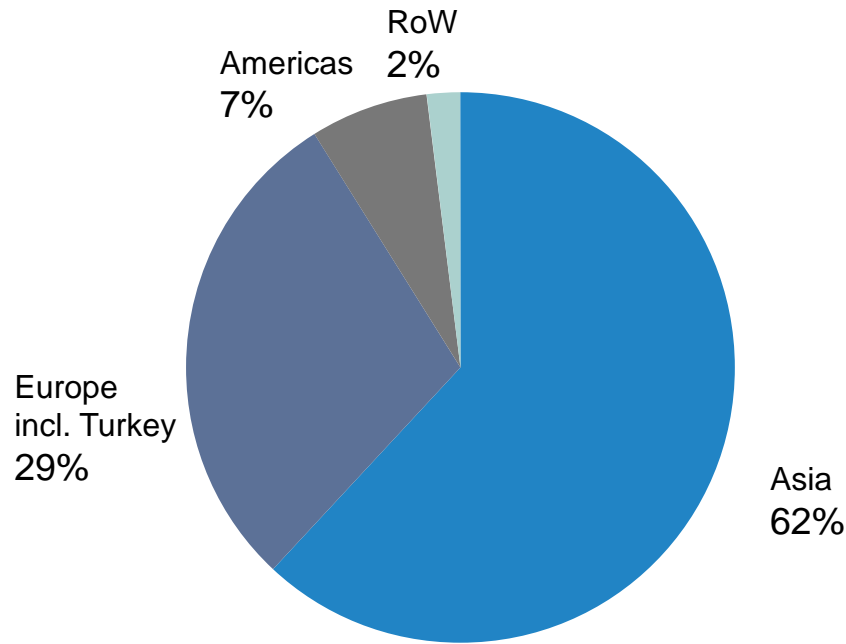
3) based on latest available company information from company websites and annual/interim reports

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

# Lenzing: Only global player

Sales volume by region<sup>1</sup> – focus on Asia

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Source: Company information

1) fiber sales by volume in metric tons, as at June 30, 2013



# Lenzing: Technology leadership secures leading market shares

	Market Position and Market Share in H1/2013 <sup>1</sup>	Unique Selling Proposition	Key End Markets	% of Fiber Sales Q2/2013 <sup>2</sup>
 Innovation drives specialities	<b># 1</b>  <b>99%</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>Jeans, bed linen, underwear</li> <li>Special technical applications</li> </ul>	<b>18.4%</b>
	<b># 1</b>  <b>75%</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>Textile applications only</li> <li>High performance apparel (high-end underwear)</li> </ul>	<b>17.1%<sup>3</sup></b>
 Sets Industry standard	<b># 2</b>  <b>17%</b>	<b>...sets the 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>	<b>64.5%</b>

Source: Lenzing

1) by production capacity

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

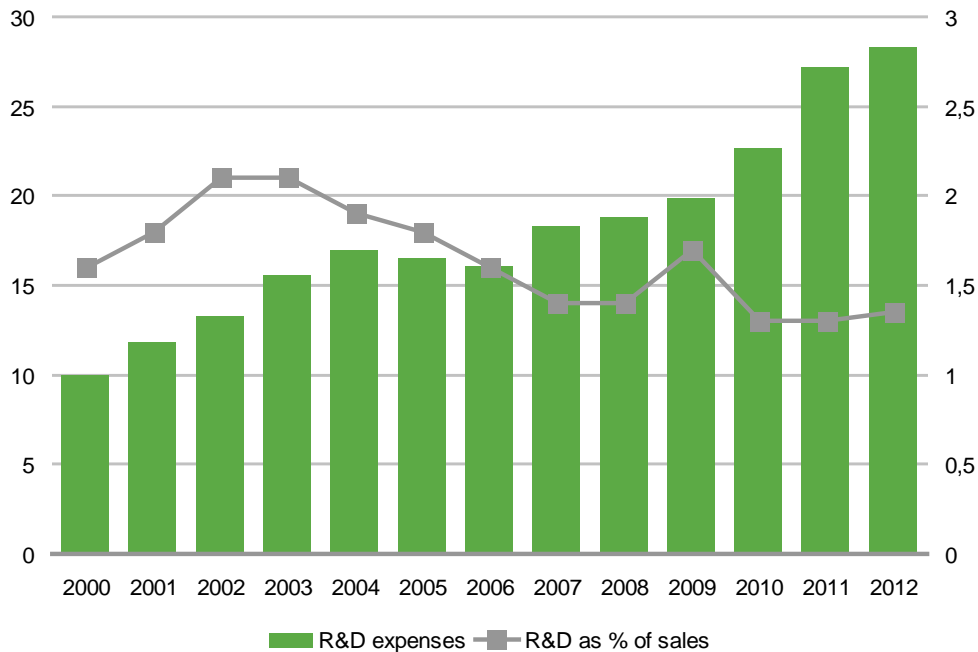
3) including Lenzing FR<sup>®</sup>

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, as at December 31, 2012

## 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

# Lenzing: Unique innovation model

## Strong R&D organization

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### Organization structure

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

### Dedicated resources and investments in R&D

	<b>105 FTEs</b>
	■ Lyocell process innovation
	■ Fiber development (Viscose, Lenzing Modal®, TENCEL®)
Textile innovation	■ 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**

### 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

Source: LAG, as at December 31, 2012

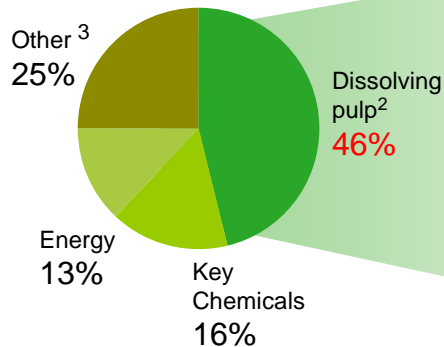
FTEs refers to full time employees

# Lenzing is the cost leader

Through pulp integration and long-term pulp supply contract

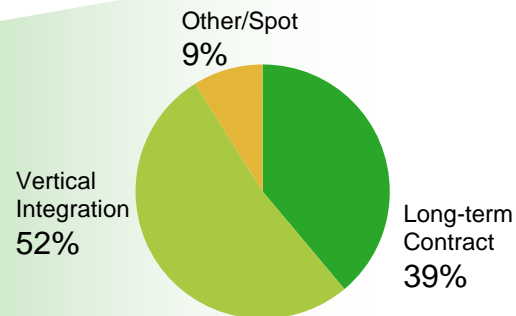
- Pulp is the key cost driver with **46% share of total costs of material and purchased services**
- 90+% of long-term pulp supply secured through own production (vertical integration) and long-term supply contracts
- Long-term contract **linked to paper pulp index** (not to spot price of dissolving pulp)

Cost structure Lenzing Group (Q2/2013)<sup>1</sup>



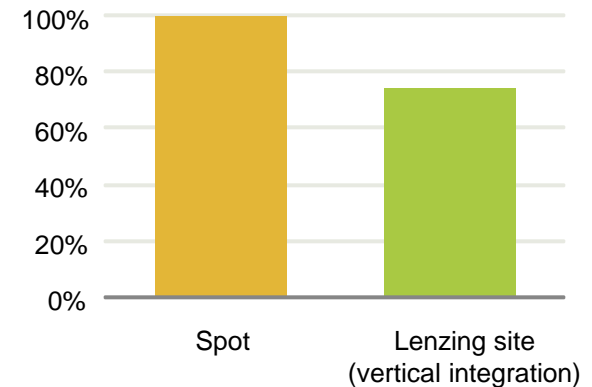
Source: Lenzing

Lenzing Group pulp sourcing (Q2/2013)<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 297.4 EUR mn in Q2/2013

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

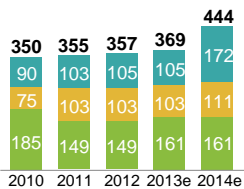
5) assuming spot price of \$885 per metric ton

# Capacity expansion to 2014<sup>1</sup> – 1 mn tons

What is there (or under construction) today

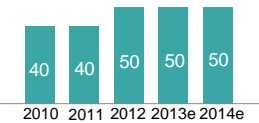
## Europe<sup>2</sup>

CAGR 6.1%



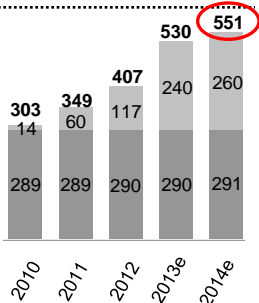
## USA

CAGR 5.7%



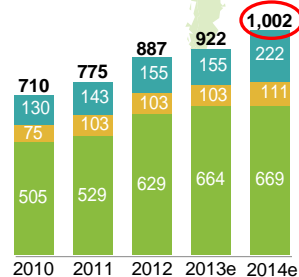
## Total pulp capacity

CAGR 16.1%



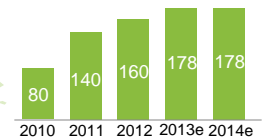
## Total capacity at year end

CAGR 9.0%



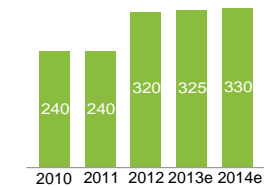
## China

CAGR 22.1%



## Indonesia

CAGR 8.3%



## Annual capacity in '000 metric tons



1) figures are shown in mn tons

2) includes Lenzing (A), Heiligenkreuz (A) and Grimsby (UK), does not include Kelheim capacity

# Capacities by site and year

Result of significant investments over the past years

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>



# Double-digit growth profile

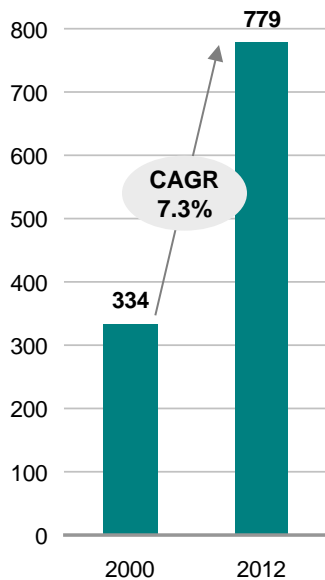
Lenzing has managed growth successfully in the past

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

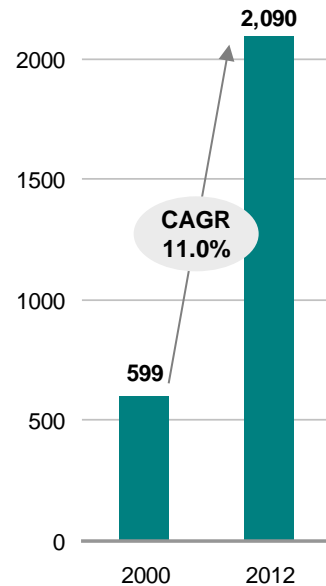
### Fiber production<sup>1</sup>

(1,000's metric tons)



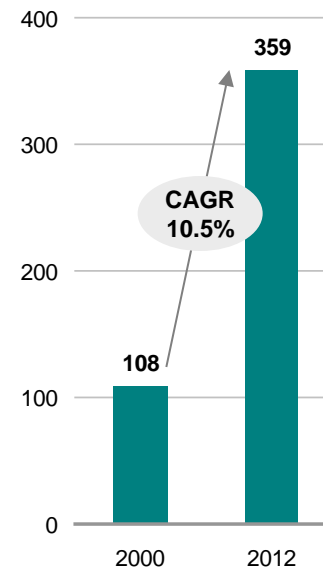
### Total external sales<sup>2</sup>

(EUR mn)



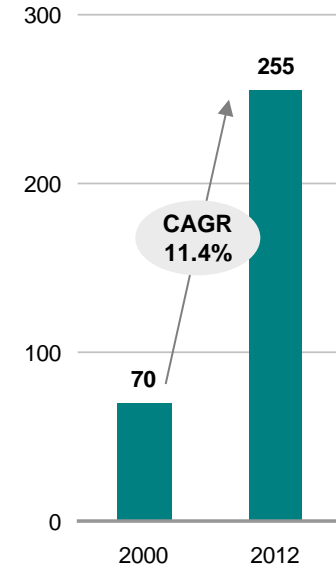
### EBITDA<sup>2,3</sup>

(EUR mn)



### EBIT<sup>2,3</sup>

(EUR mn)



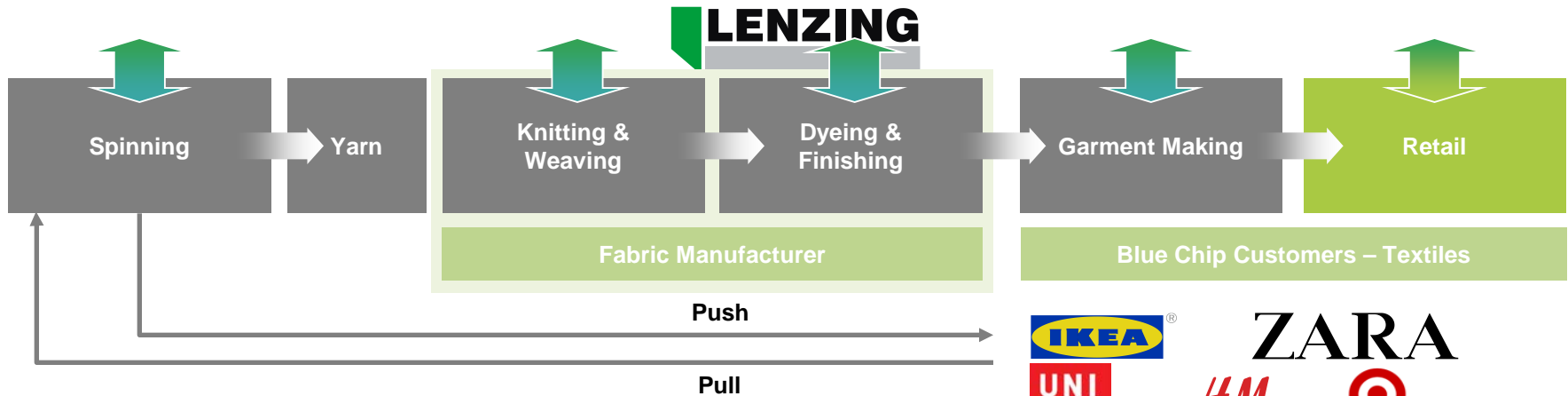
1) excludes Kelheim

2) 2000 based on US GAAP; 2012 based on IFRS

3) before restructuring

# Building barriers to entry

Global branded supplier to blue chip customer base



- **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**



Blue Chip Customers – Nonwoven

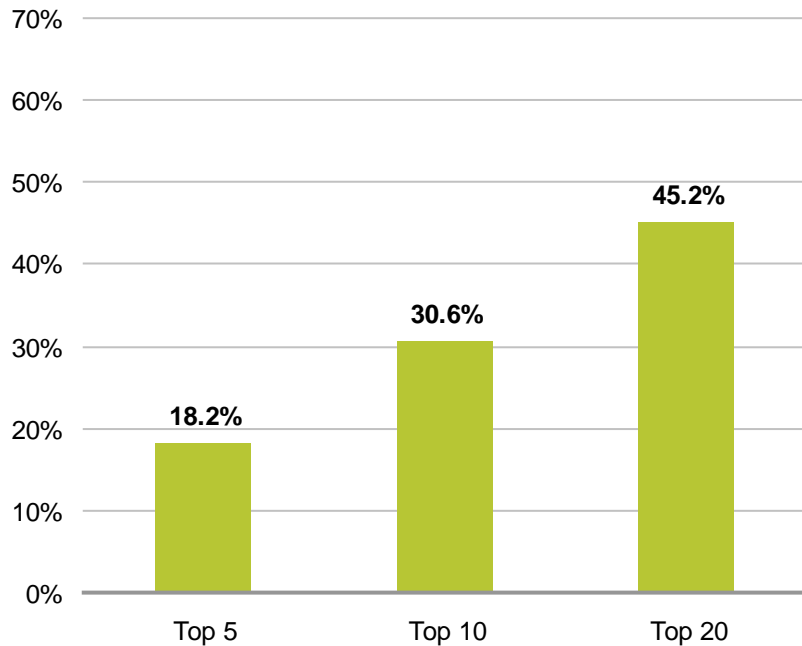


# Sales and marketing

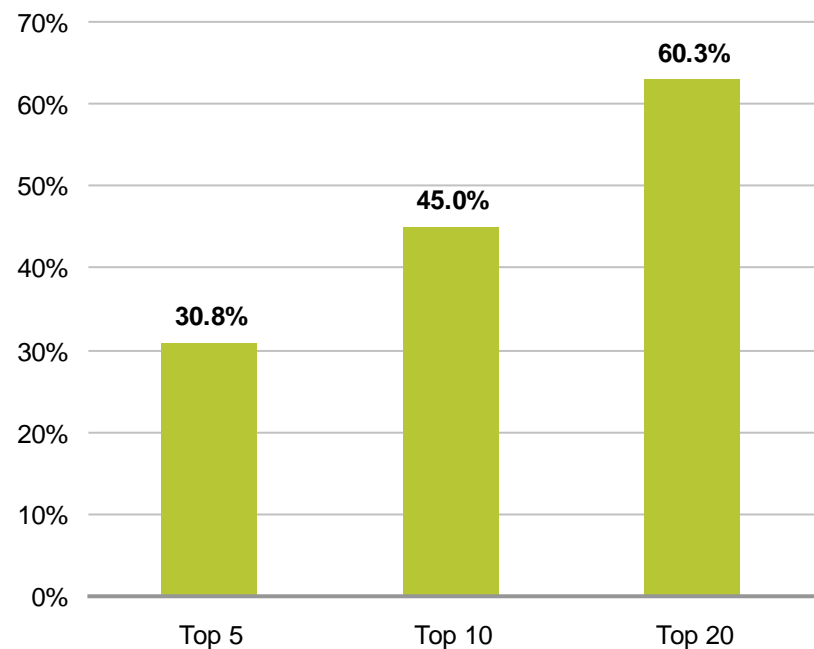
## Customer concentration

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Textiles – % of sales by customers  
(H1/2013)



Nonwoven – % of sales by customers  
(H1/2013)



Source: LAG

# Sales and marketing

Blue chip companies drive demand in specialties –  
TENCEL<sup>®</sup>, Lenzing Modal<sup>®</sup>

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- 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



# 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

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



# Where our fibers end up

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

---

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

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

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



HELMUT LANG



MANGO  
WOMEN COLLECTION

# 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

# Nonwovens applications

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- **Wipes**

Sustainable convenience

- **Medical**

Naturally pure

- **Hygiene**

Safety in sensitive areas

- **Technical**

Leading fiber innovation





# Our production sites

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**Lenzing AG –  
Austria (Fiber and pulp)**



**PT. South Pacific Viscose –  
Indonesia (Viscose)**



**Biocel Paskov a.s. –  
Czech Republic (Pulp)**



**Grimsby –  
Great Britain (TENCEL®)**



**Heiligenkreuz –  
Austria (TENCEL®)**



**Mobile –  
USA (TENCEL®)**



**Lenzing (Nanjing) Fibers  
Co. Ltd. – China (Viscose)**



# Lenzing Management Board and shareholder structure

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Peter Untersperger/CEO

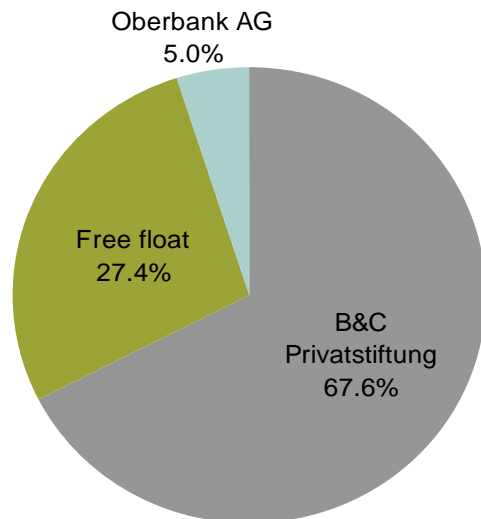


Friedrich Weninger/COO



Thomas G. Winkler/CFO

## Lenzing AG shareholder structure



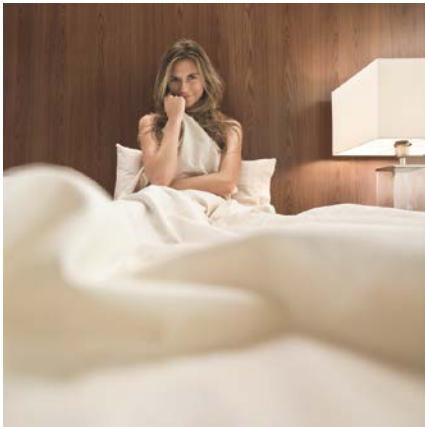
### Overview of B & C Privatstiftung<sup>1</sup>

- 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 with 3 representatives on Lenzing's Supervisory Board.
- As the core shareholder, B & C takes a long-term view and supports the strategy of Lenzing Group.

1) Link to B & C Privatstiftung homepage: <http://www.bcprivatstiftung.at/bc-privatstiftung/die-privatstiftung/> (only in German)

# Back-up

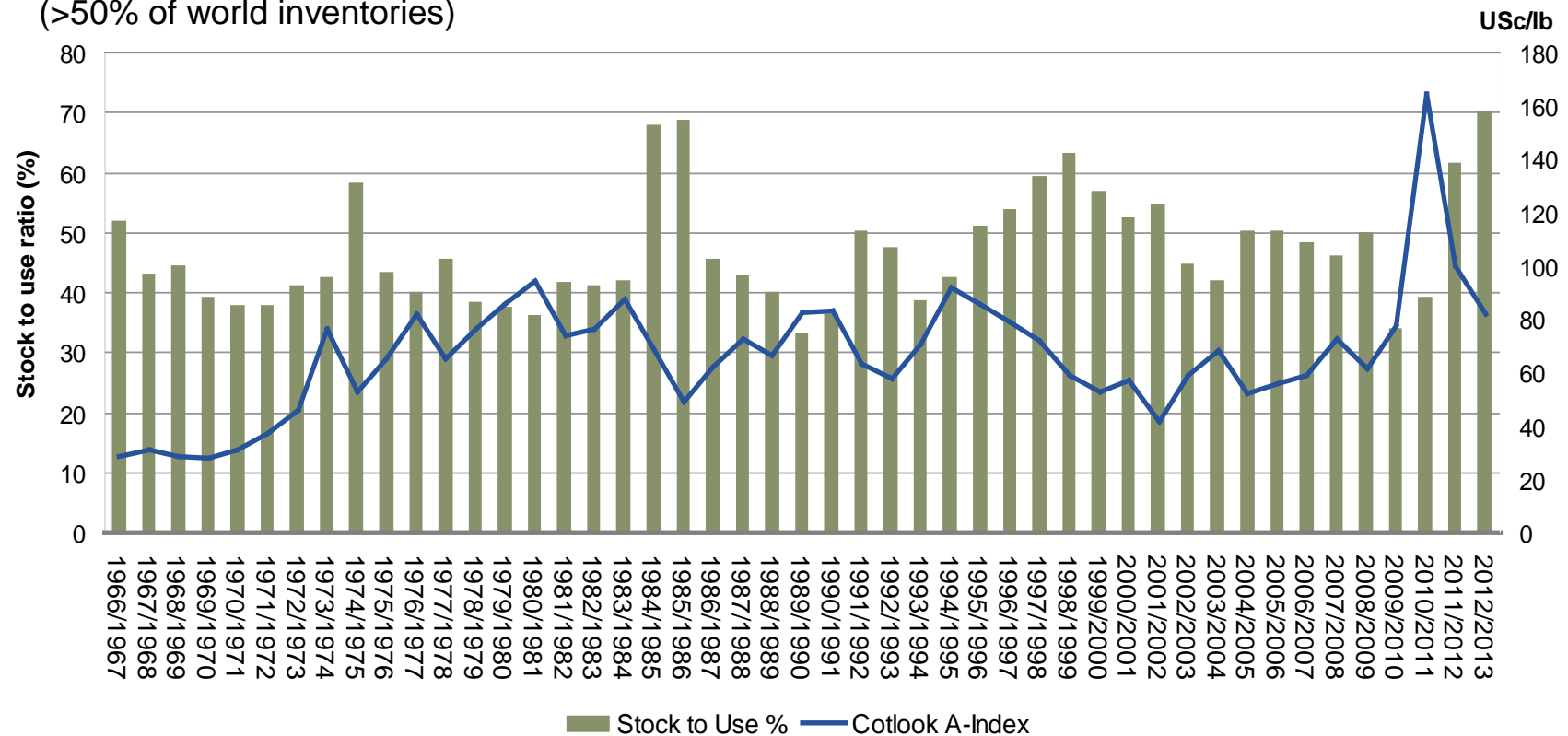
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# Fiber market environment

Highest-stock-to-use-ratio ever at approx. 73% (2012/2013)

- World cotton production of 26.4 mn tons, consumption of 23.5 mn tons and ending stocks of 18.2 mn tons
- Massive increase of Chinese national cotton reserve of estimated 9.4 mn tons (>50% of world inventories)

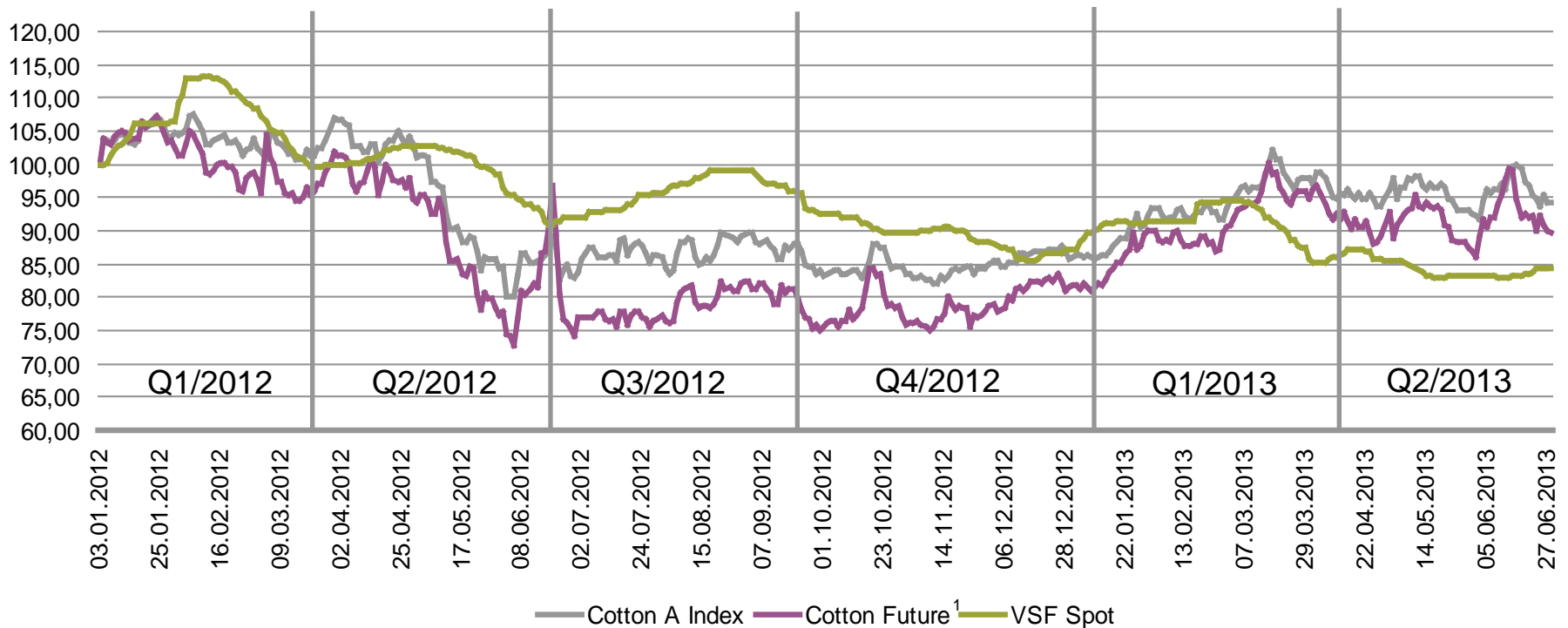


Source: ICAC, August 1, 2013

Cotlook A Index 2012/2013: Average for the first five months of 2012/2013 (August to December 2012)

# Viscose spot prices China below cotton prices since March 2013

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

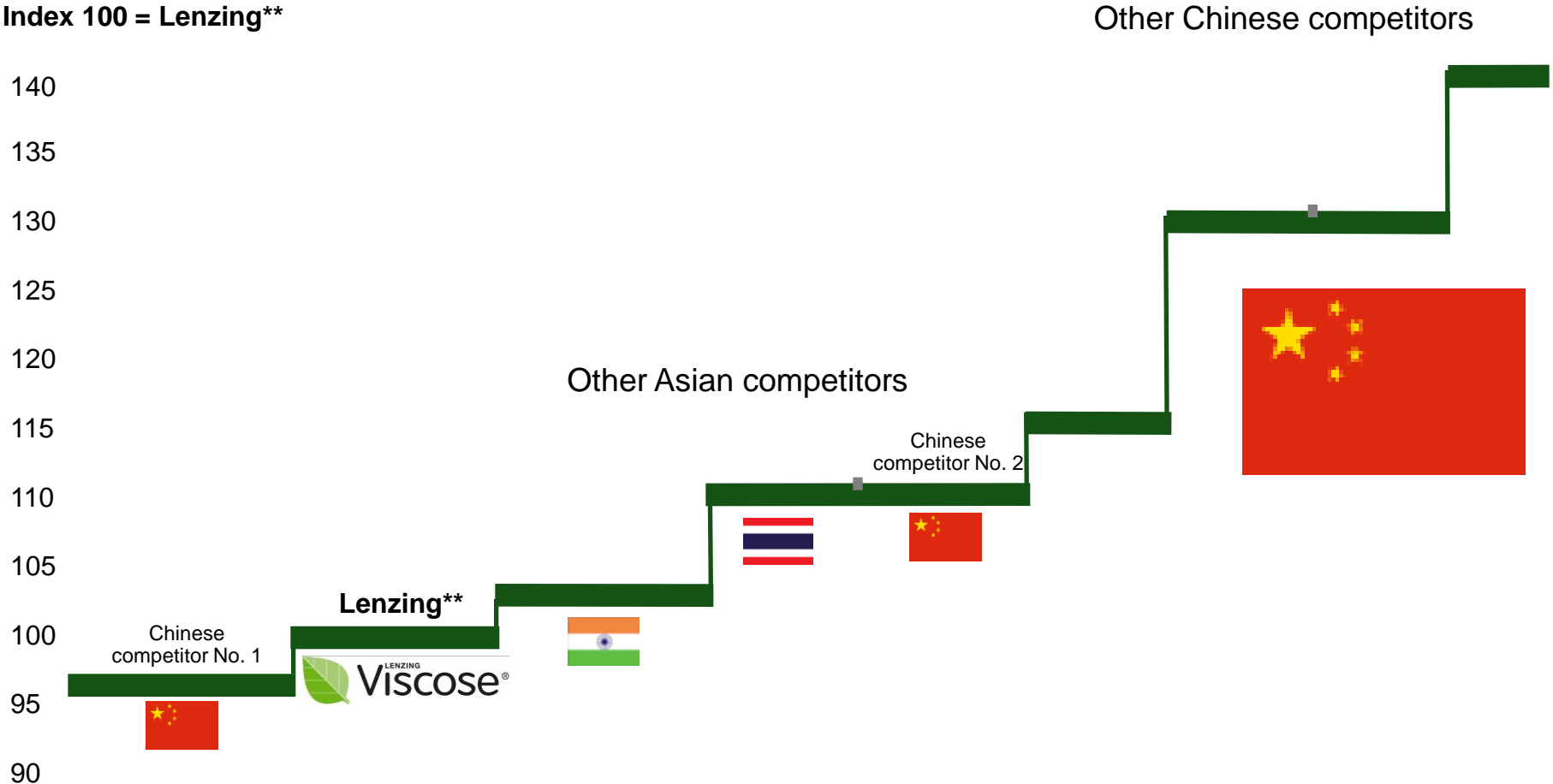


1) Cotton Future calculated on the basis of the most liquid next future compared with the actual Cotton A Index data

# Viscose fiber industry cost curve

Lenzing placed in an excellent position\*

Index 100 = Lenzing\*\*



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

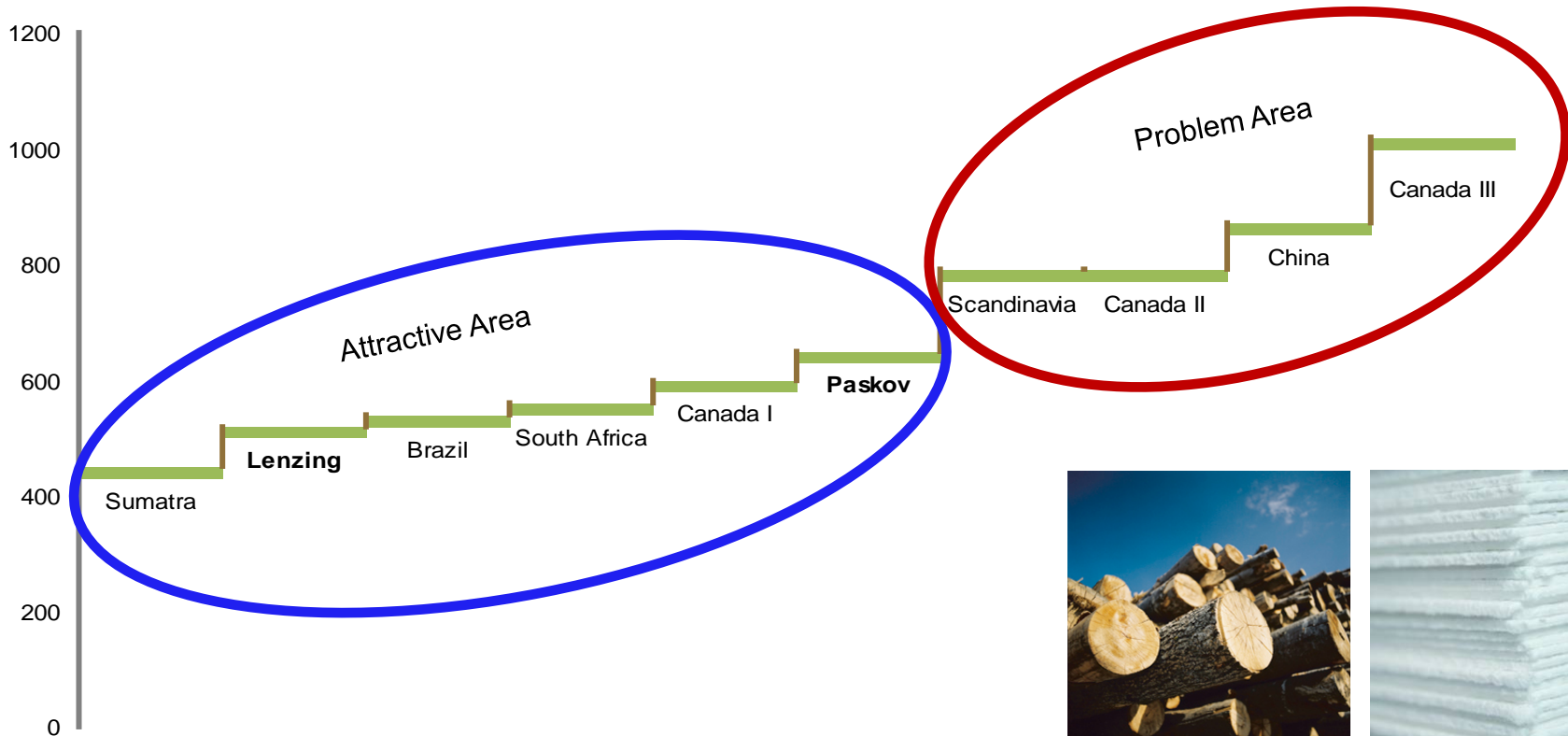
\*\* Average of Lenzing Viscose sites (incl. Indonesia, Austria and China)

# 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)

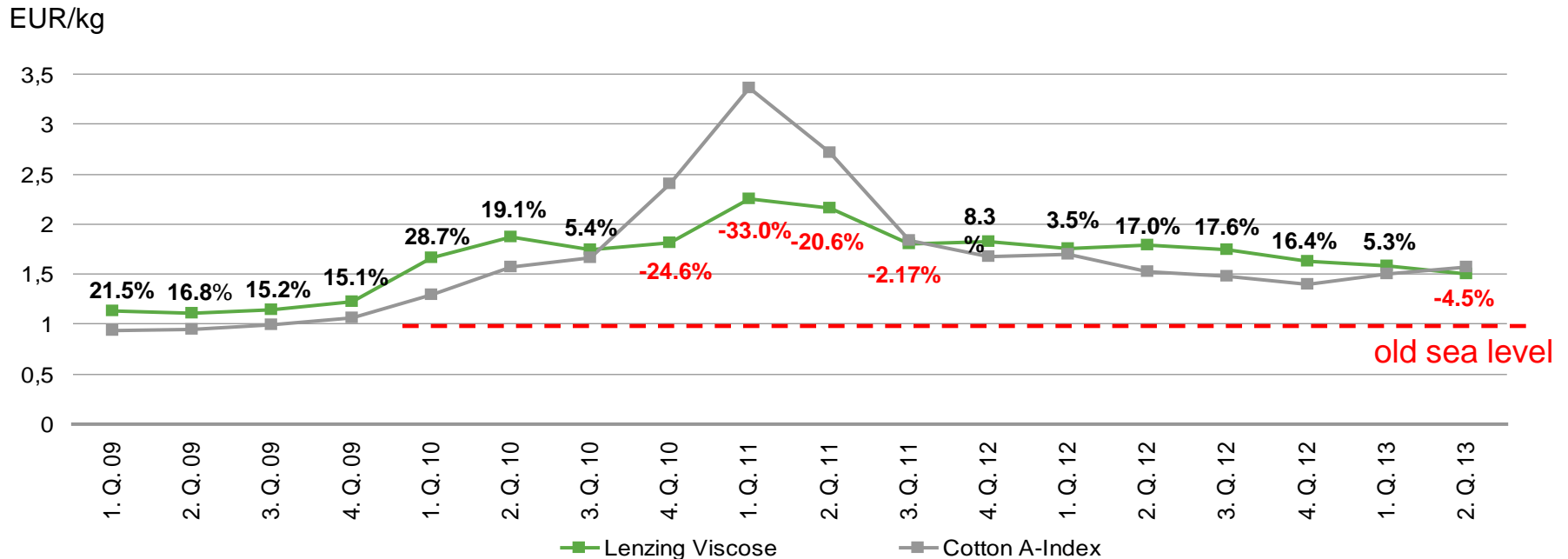
1) Incl. projects until 2015



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

VSF-price lower than cotton price after end of reporting period

- Even with a 20% reduction in cotton prices and an inventory level of >75% , there is no return to historic cotton prices of < 70 cents/lbs



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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## ➔ Visit our IR website:

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

## ➔ Visit our sustainability site:

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

## ■ 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