



Innovative by nature

Lenzing Investor Presentation

Results 01-03/2024
May 8, 2024



Master
the crisis



Strengthen
the core



Shaping the
future



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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".

Agenda

- | | | |
|----------|----------------------------|-----------------|
| 1 | Executive Summary | Stephan Sielaff |
| 2 | Market update | Stephan Sielaff |
| 3 | Financials | Nico Reiner |
| 4 | Performance program | Stephan Sielaff |
| 5 | Outlook | Stephan Sielaff |
| 6 | Q&A | All |

Lenzing continues to improve its top- and bottom-line performance in a still weak market environment

Key developments

Recovery of generic markets still lacking; positive impact from performance program

- No sustainable recovery of generic markets - prices remain under pressure
- Good progress of holistic performance program:
 - Cost: Savings ahead of plan
 - Topline: Fiber sales volumes further increased
- Chief Transformation Officer to further advance and accelerate performance program

Q1 2024 financial results

Increase in sales and earnings due to performance program

- Revenue up by 6% vs. Q1 2023 to EUR 658 mn
- EBITDA increased by EUR 42 mn vs. Q1 2023 to EUR 71 mn
- Net result¹ improved to EUR -32 mn (vs. EUR -80 mn in Q1 2023)
- Strong FCF of EUR 87 mn positive for third time in a row, EUR > 200 mn higher vs. Q1 2023

2024 outlook

Laser focus on exploiting full potential of the performance program

- Q1 2024 delivered better than expected for Lenzing
- Cautious outlook on generic fiber market development in 2024
- Well on track performance program and strengthening orderbook expected to further improve operational results in Q2 to Q4 2024 compared to Q1 2024
- Lenzing Group therefore confirms that it expects EBITDA for the 2024 financial year to be higher than in the previous year

NOTES: 1) Net result after minorities and hybrid bond

Market update



Global demand for apparel started slightly negative

Q1 2024 QoQ

Q1 2024 apparel retail sales¹ breakdown by region

in %, Q1 2024 vs. Q4 2023, inflation-adjusted, seasonally adjusted



United States



+ 4 %



Europe



- 4 %



China



+ 1 %

World

→ - 1 %



Key challenges and influencing factors Q1 2024

- Consumer confidence
- Inflationary pressure
- Ongoing discounts
- Supply chain challenges
- Uncertainty
- Weather

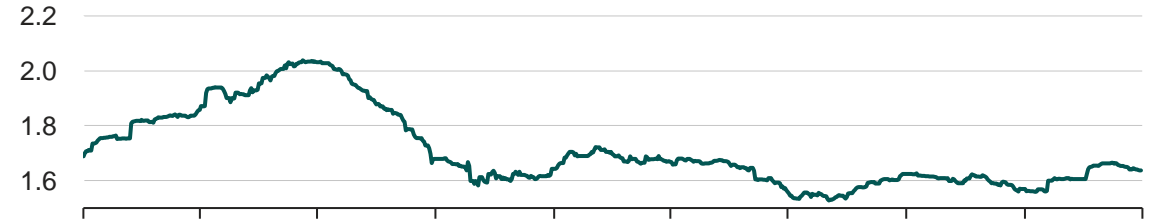
NOTES: 1 Global estimate based on 42 countries accounting for 84 % of global 2019 apparel sales. Where available incl. online (China), otherwise excl. online. Europe estimate based on weighted average of 20 countries. All data in local currency, partly adjusted for FX
SOURCE: US Census Bureau; Eurostat; China National Bureau of Statistics; team analysis (accessed April 30, 2024)

Generic viscose prices with no sustainable relief yet

Fiber and DWP market prices in China, Q1/2022-Q1/2024, USD/kg (excl. VAT)

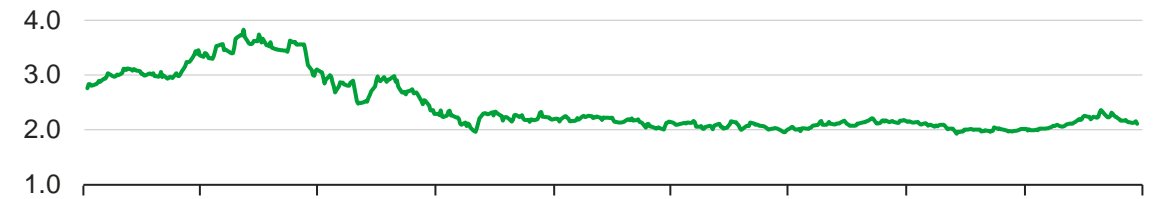
Viscose

Viscose prices stepped up in Q1/2024 due to good demand before Chinese New Year holidays, but then started to soften again



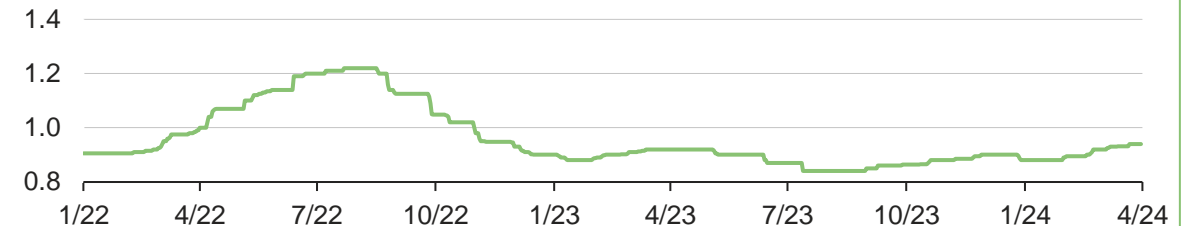
Cotton

International cotton prices rallied in February rather pushed by speculation than based on market fundamentals. Since then, prices normalized



Dissolving hardwood pulp (DWP)

DWP prices increased throughout the first quarter supported by both tight supply and favorable demand from stable downstream operation

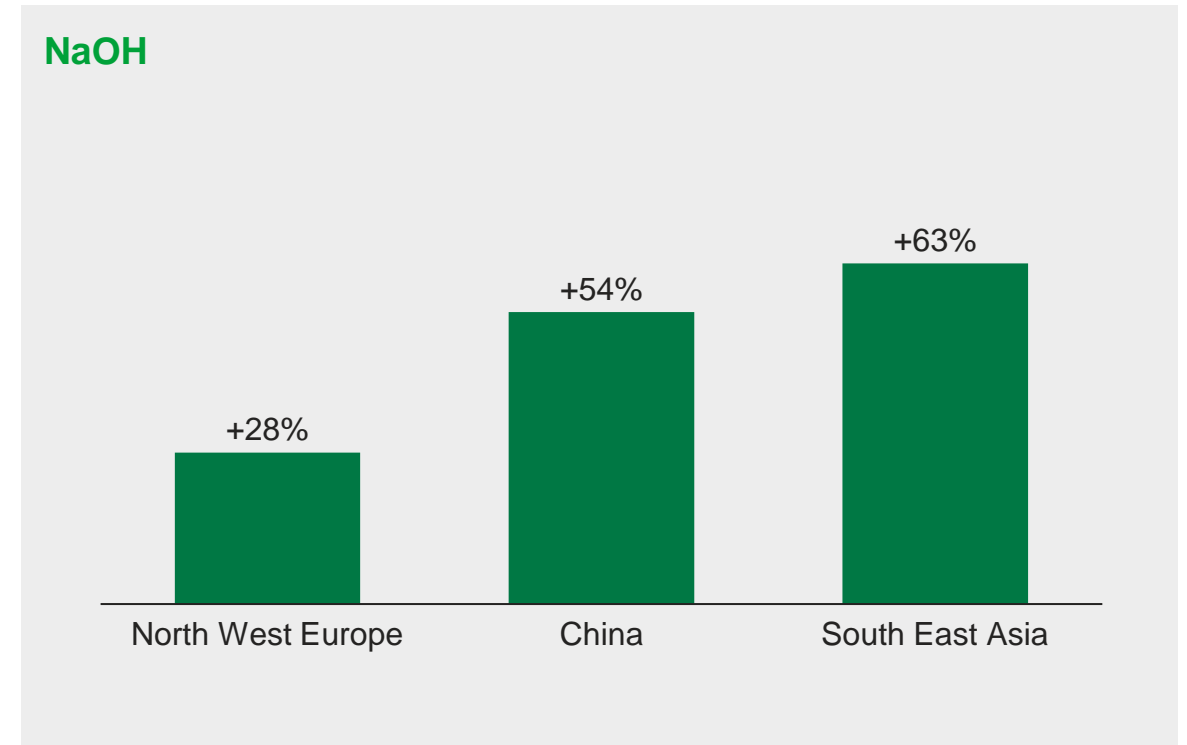
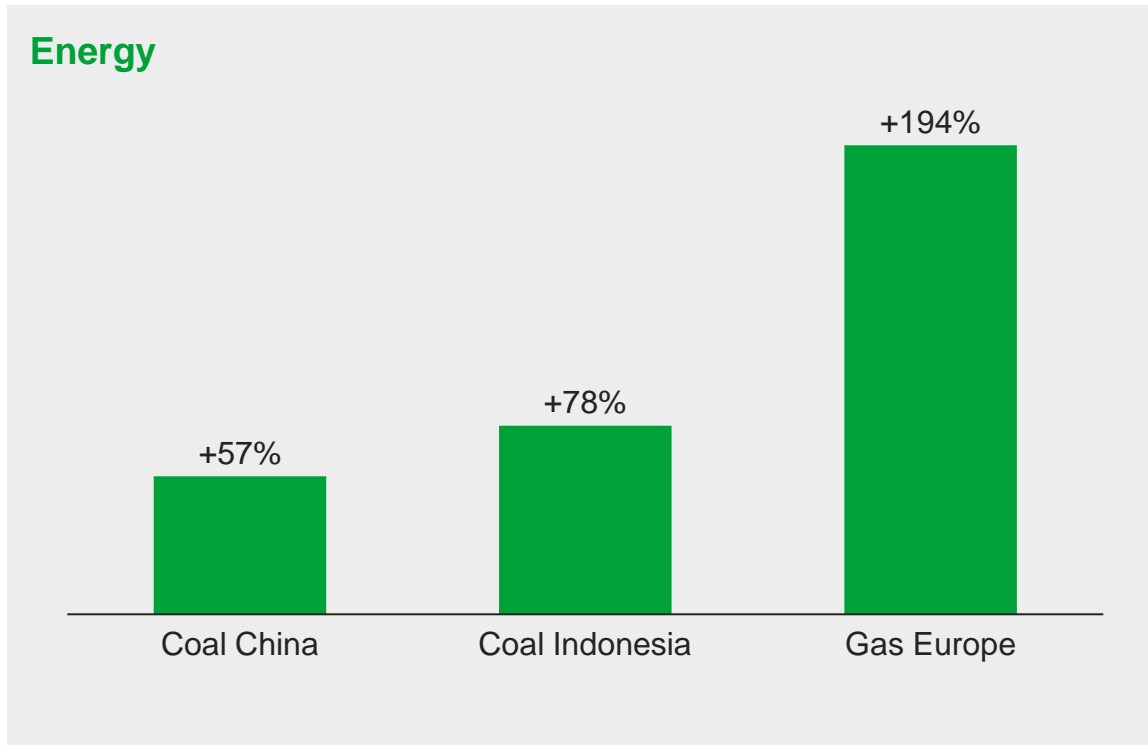


SOURCE: CCFG; Cotlook

Energy and NaOH market prices remain elevated

Comparison of selected energy and NaOH¹ market price levels

Change in Percentage Q1 2024 vs. 2020 (averages)



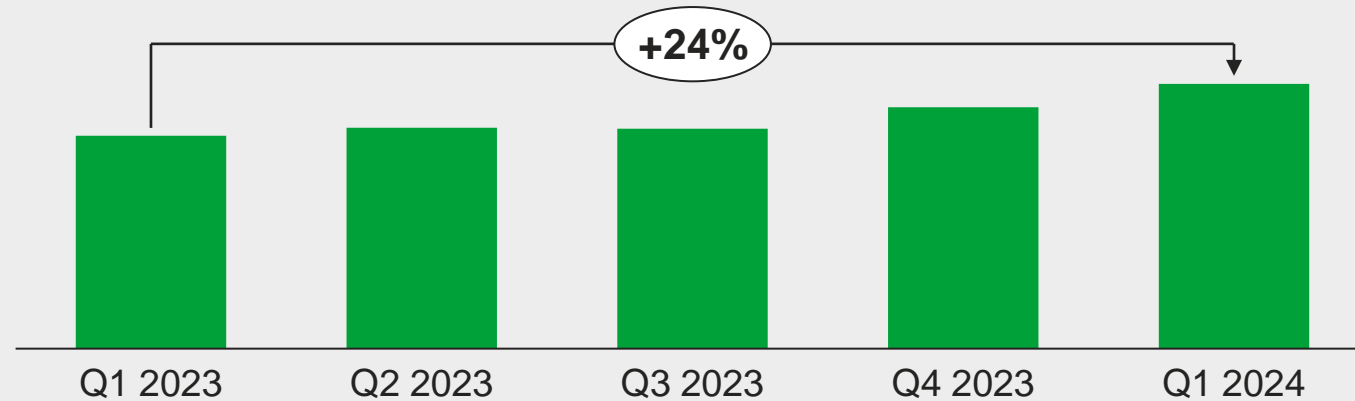
NOTE: All prices indexed based on reported currency
1) Caustic soda
SOURCE: IHS Markit; CCFG; Argus; ICE; NYMEX

Financials



Further improvement in Lenzing fiber sales volumes in weak market

Development of fiber sales volumes for Lenzing 2023 - Q1 2024

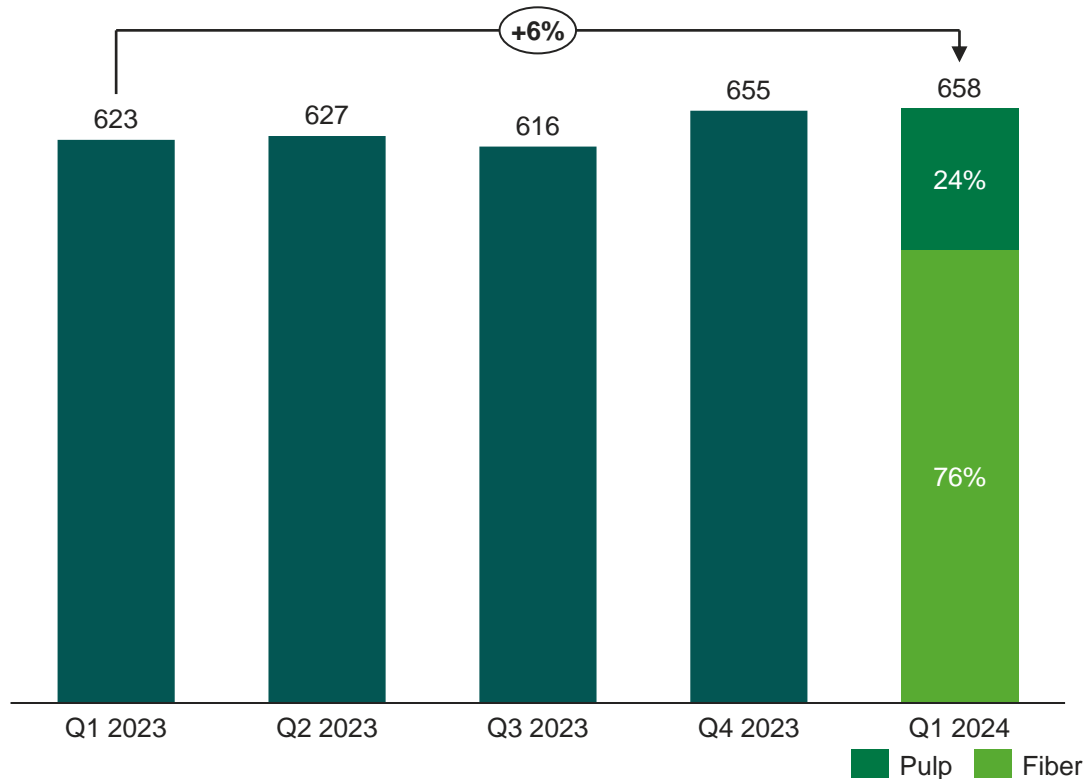


Holistic performance program drives sales volumes increase, e.g.:

- Outperformance of sustainable fibers such as LENZING™ ECOVERO™ with > 50 % growth since Q1 2023

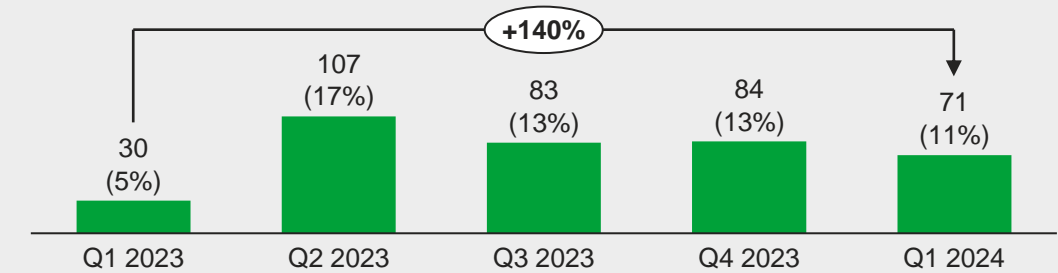
EBITDA increased by EUR 42 mn to EUR 71 mn

Group revenue in EUR mn

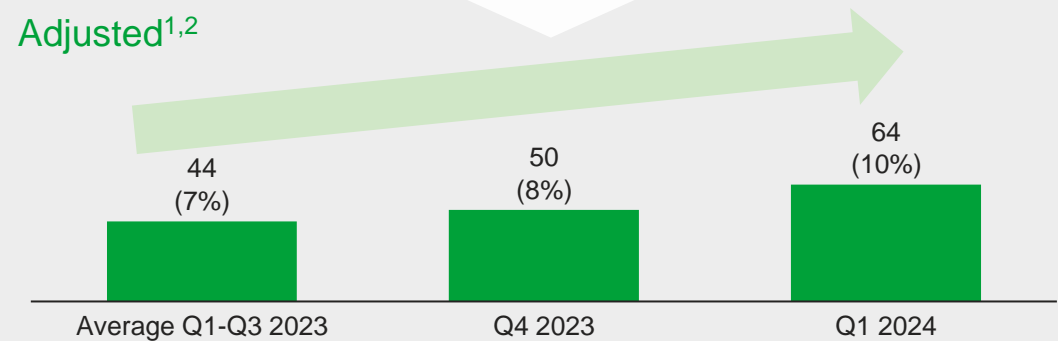


EBITDA in EUR mn

Reported



Adjusted^{1,2}

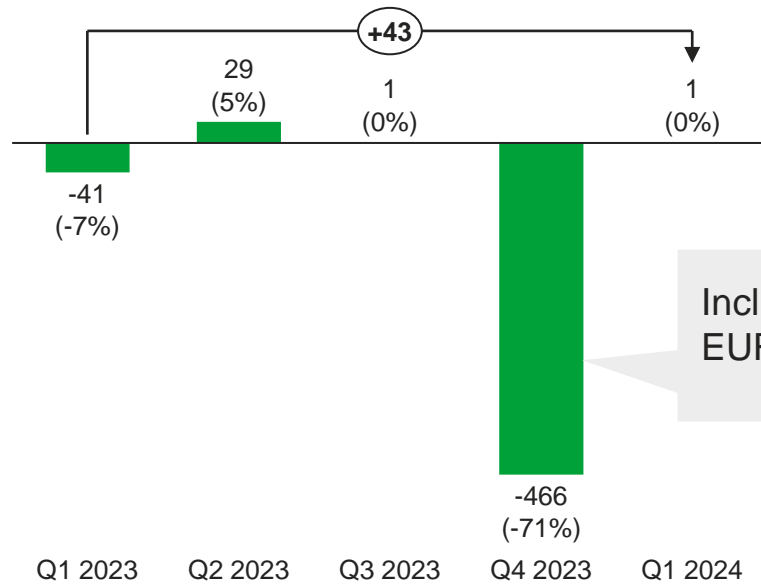


1) Excludes positive biological asset valuation impact of EUR 17.6 mn in Q1 2023, EUR 24.9 mn in Q2 2023, EUR 16.2 mn in Q3 2023, EUR 21.4 mn in Q4 2023, and EUR 7.1 mn in Q1 2024

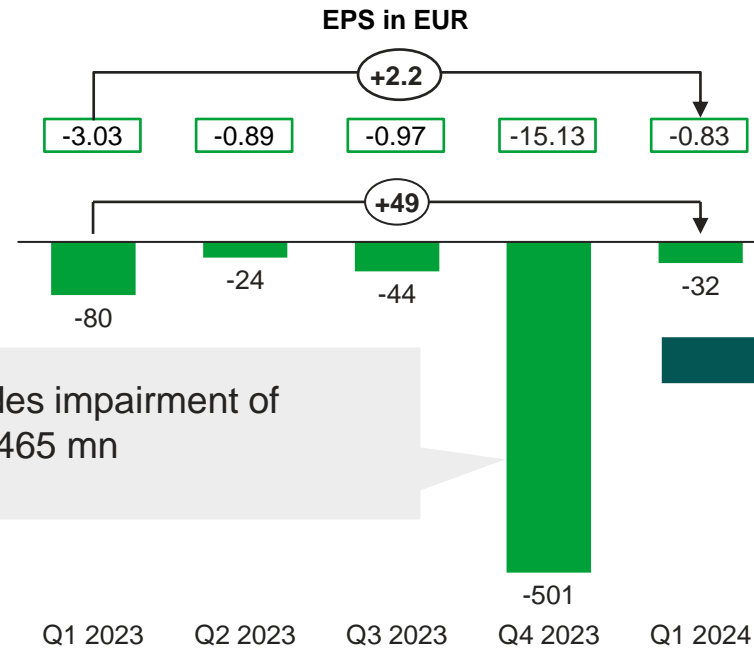
2) Excludes positive impact from sale of CO₂ certificates of EUR 28.6 mn in Q3 2023 and EUR 12.1 mn in Q4 2023

EBIT increased to EUR 1.5 mn, net result improved by EUR 49 mn

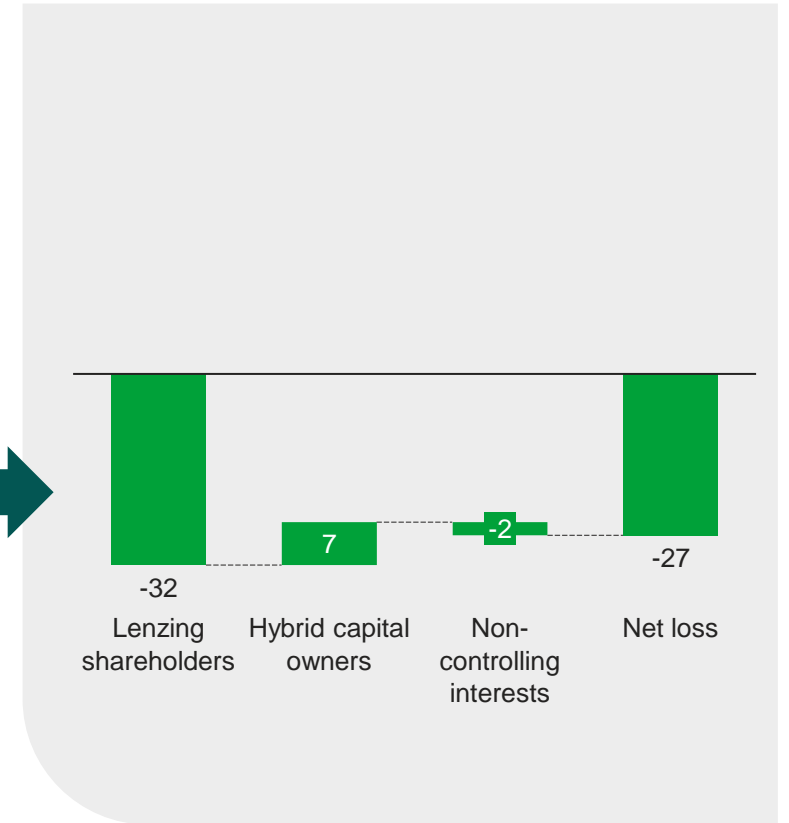
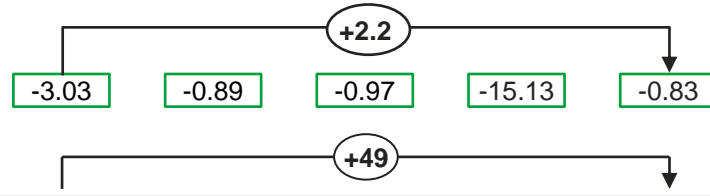
EBIT in EUR mn



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

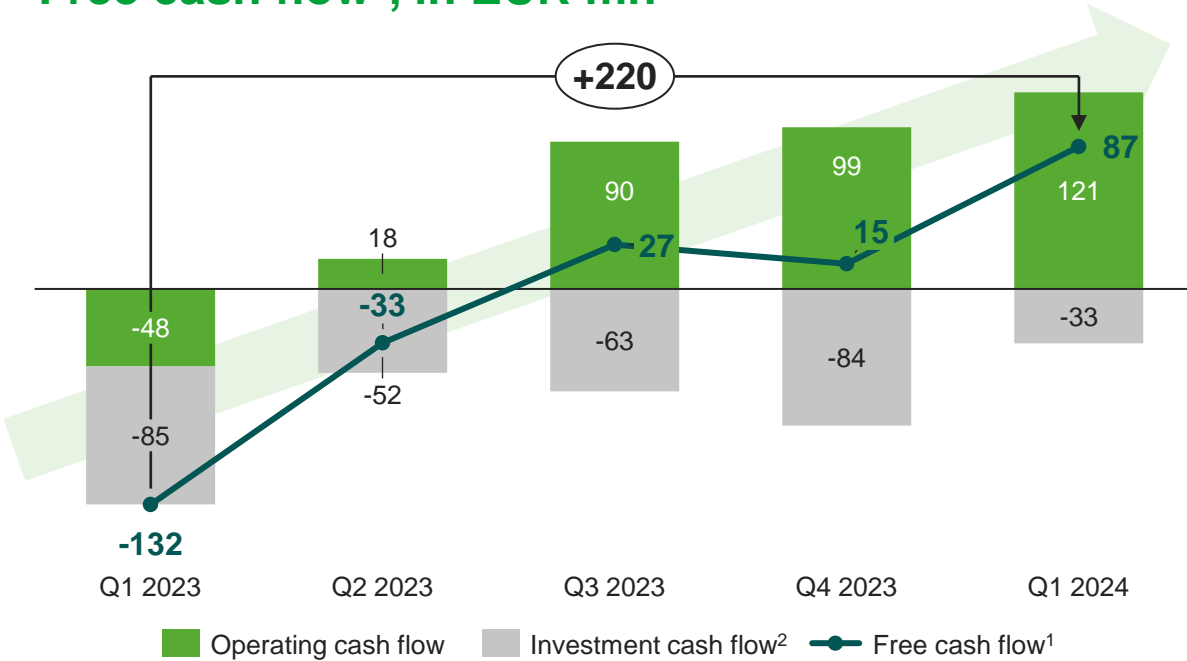


EPS in EUR



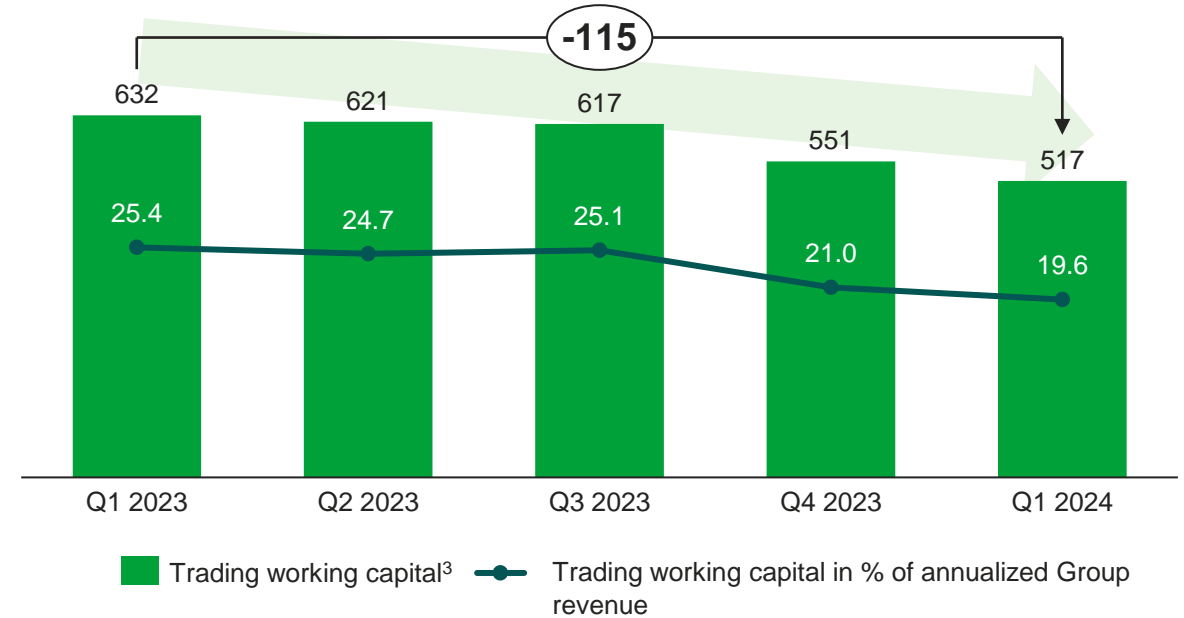
Free cash flow at EUR 87 mn - positive for three quarters in a row

Free cash flow¹, in EUR mn



FCF significantly increased in Q1 2024 and was positive for third time in a row as a result of the holistic performance program

Trading working capital³, in EUR mn



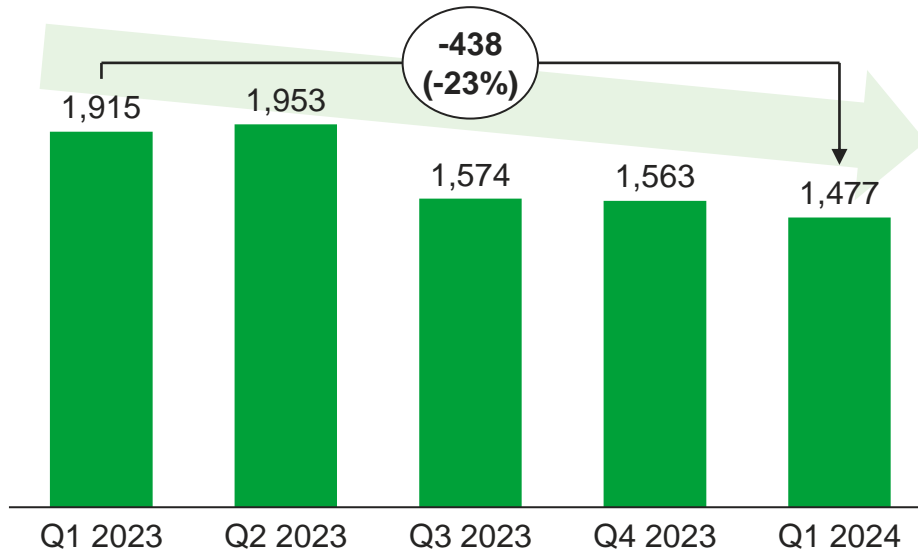
Trading Working Capital reduced as a result of stringent trading working capital management

1) Cash flow from operating activities + investment cash flow 2) CAPEX less proceeds from the sale of intangible assets, property, plant and equipment and biological assets; 3) Inventories + trade receivables – trade payables

Net debt below EUR 1.5 bn, Liquidity cushion above EUR 1 bn

Net financial debt^{1,2}

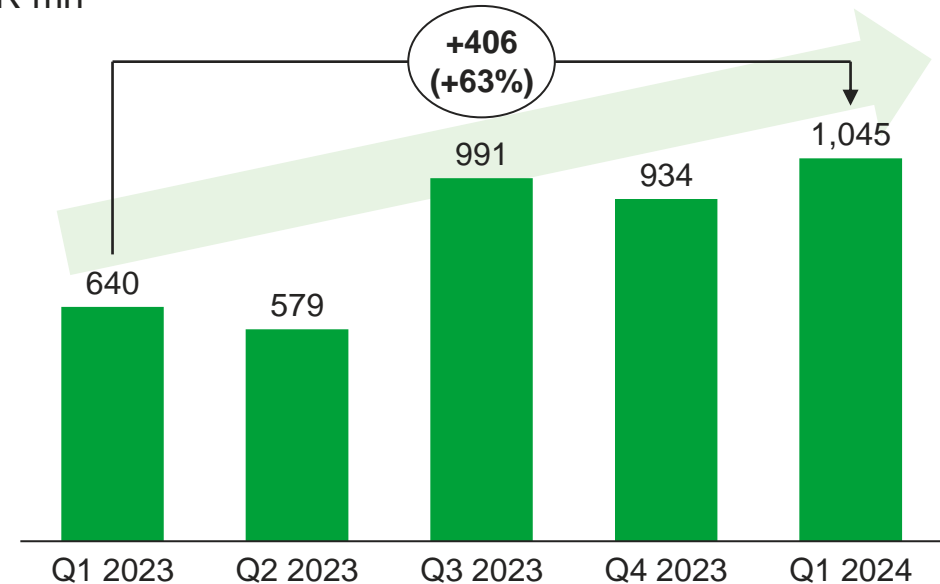
in EUR mn



Net financial debt position further improved to EUR 1,477 mn due to positive free cash flow

Liquidity cushion³

in EUR mn



Liquidity cushion increased due to capital raise as well as positive free cash flow in the last three quarters

1) Net financial debt excluding lease liabilities.

2) Fully consolidated Brazil JV debt included

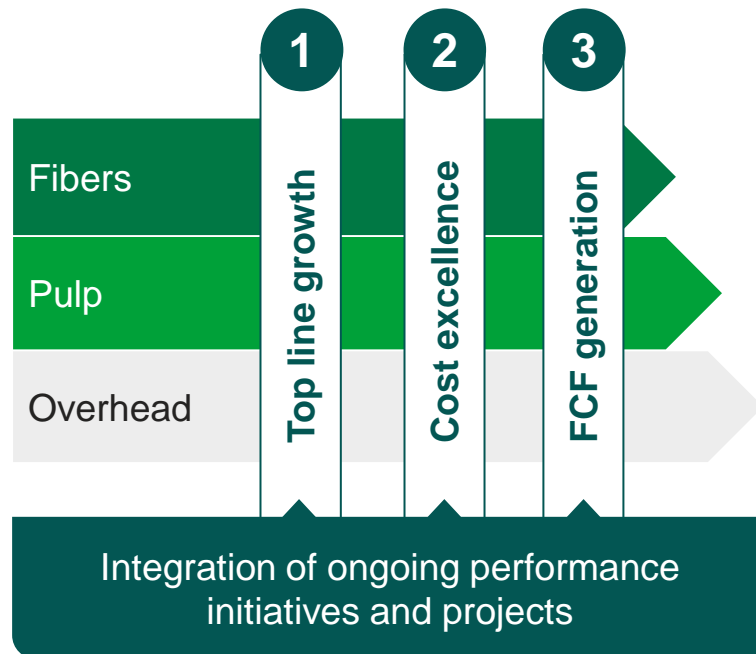
3) Including cash and cash equivalents, liquid securities and liquid bills of exchange as well as unused credit facilities

Performance program



Performance program aims at generating FCF & improving EBITDA through increased sales and margin growth as well as sustainable cost excellence

Lenzing's holistic performance program launched in Q3 2023



- 1 Strengthening top line growth with defined sales initiatives in push and pull**
 - Dedicated sales initiatives and strengthened sales organization & processes to fully leverage potential of Lenzing's products - also in demanding market conditions
- 2 Enhanced cost excellence leading to sustainable profitability levels across pulp and fiber operations**
 - Processual/ consumption cost reduction
 - Optimization of direct and indirect spend
 - Leaner overhead structure
- 3 Full focus on cash flow generation**
 - Stringent supply chain and tight working capital management
 - Restriction on capex based on fully invested asset base, with clear focus on license to operate and maintenance
 - **Overall program impact should result in significant positive FCF**

Over 500 new leads and >600 initiatives optimize Lenzing globally

Integration of ongoing performance initiatives and projects

1 Top line growth

> 500
leads¹

- Top line measures progressing according to plan. For example:
- Textiles strengthened with new customers and new markets such as South America
- Optimized Pricing processes and harmonization in nonwoven expected to lead to significant impact on average price levels

Selected examples

2 Cost excellence

Processual cost

~ 375
initiatives

- Energy consumption improvements impacting earlier & above plan e.g. saving on heavy fuel oil consumption in Brazil by up to EUR 5 mn annualized
- Optimization in repair & maintenance costs, e.g. EUR 5 mn in Indonesia

Selected examples

Direct / indirect spend

~ 200
initiatives

- Continuous chemicals purchasing efforts beyond market dynamics leading to significantly better sourcing conditions, e.g. NaOH
- Comprehensive logistic tenders leading to improved pricing conditions

Selected examples

3 FCF generation

~ 80
initiative buckets

- State of the art supply chain process leading to 30 % less days on hand
- Strong inventory release since project start in 2023: EUR 130 mn
- Capex excellence to lead to 10 % reduction of engineering cost for projects

Selected examples

1) Potential sales contact that expresses a buying interest

New sales approach strengthens top line development

Global program to strengthen sales growth with ~150 employees across all locations and functions

New sales approach
Push & Pull

- Transparent sales pipeline
- Increased development of new markets

Performance culture
& Organisation

- Increase pay variabilization with new sales incentives
- Re-organization/bundling of all business development & key account activities
- Strengthened textile leadership team and frontline:
 - New leadership in two out of three regions
 - Additional sales experts in key markets (e.g. Turkey, China)

Sales management
& Tools

- Sales cockpits and sales funnel in realtime
- Comprehensive roll-out of CRM

Pricing & Mix

- New pricing process for all products and regions
- Optimized product mix to increase margins

Innovation engine

- Lenzing as an innovation engine with at least one new innovation every quarter



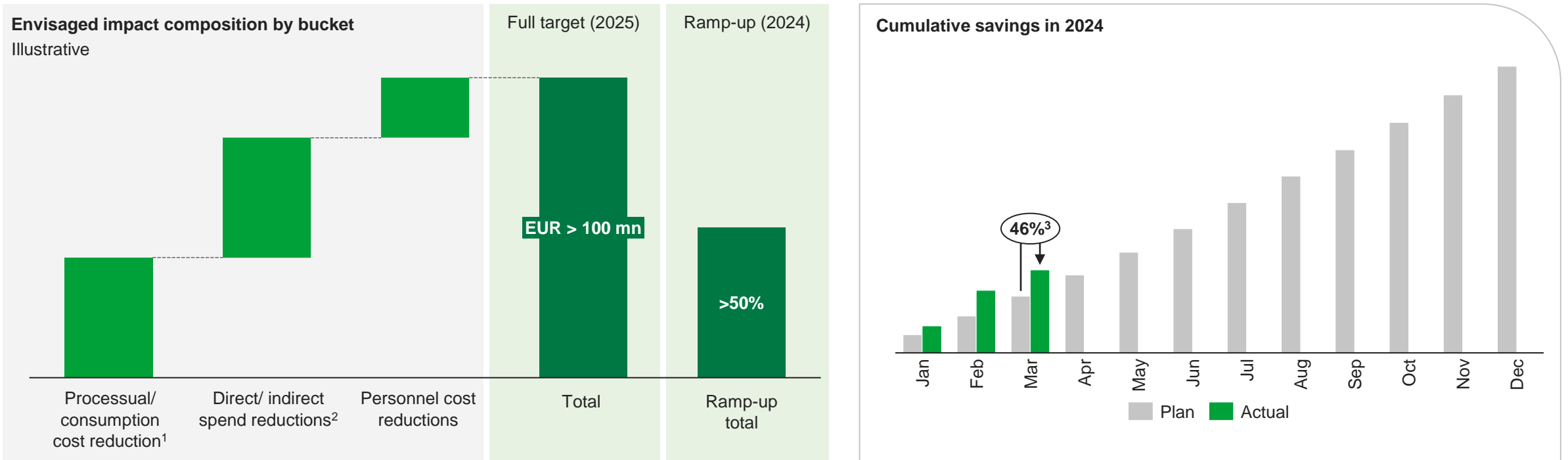
Leads identified as of March 2024

Push » 337

Pull » 177

Reaching sustainable cost excellence is well under way

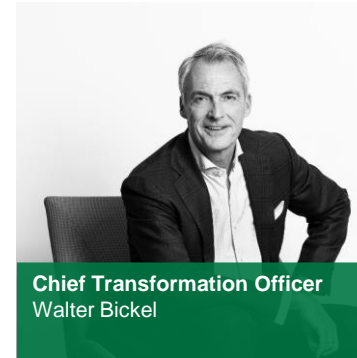
Cost excellence



Implementation with target cost savings of at least EUR 100 mn p.a. (run-rate 2025; > 50% in 2024) with strong start

1) Consumption only 2) Excluding market effects, 3) Driven by among others on an accelerated ramp-up of the program; additional savings exist and are tracked but not realized in P&L yet

Chief Transformation Officer strengthens Managing Board



Walter Bickel

Appointed as new board member from April 15, 2024 to December 31, 2025 with focus on implementation and further development of the performance program

- 1 The performance program is essential for overcoming the current crisis and Lenzing's financial recovery; the performance increase comes from cost excellence measures and topline growth
- 2 The Chief Transformation Officer has been appointed temporarily to work with the existing board to leverage the already identified and new potential even more quickly
- 3 The Chief Transformation Officer frees up the other board members for their core tasks, particularly sales growth and strategic direction

**ONE TEAM
ONE TARGET**

Significant increase
of performance



Outlook



Apparel brands remain cautious for the first half of this year, but more optimistic for the longer term

Examples

Company | Date

Quotes from recent trading update

adidas

April 30
2024



"We think that **this year is about building a solid growth**, building a quality growth, **making sure** that we and our retail partners **don't need to discount** and then I think we can be more, what should I say, **optimistic** about what the **results are in 2025 and beyond.**"

CEO Adidas

 **Columbia**
Sportswear Company

April 25
2024



"In this **challenging environment**, we **continue to take a disciplined approach** to expense management and our commercial teams are working to maximize sales across all channels. We're **encouraged by fall '24 orders** and the **potential to return to growth** in the second half of the year."

CEO Columbia

LEVI STRAUSS & CO.

April 3
2024



"We're feeling better about the consumer than we did three to six months ago. We're seeing lots of evidence of that. Both in terms of our overall category, the denim space and the stabilization. **We're seeing positive wholesale pre-book orders in H2** of the year."

CEO Levi Strauss & Co

SOURCE: Company filings, Seeking Alpha, The Motley Fool, (accessed April 2024)

Laser focus on exploiting full potential of the performance program

- 2024 started better than expected for Lenzing
- Stable demand in pulp assumed and cautious outlook on generic fiber market development in 2024
- Energy and raw material costs assumed to remain on elevated levels
- Well on track performance program and strengthening orderbook expected to further improve operational results in Q2 to Q4 2024 compared to Q1 2024:
 - Further improvement of positive top-line impact assumed
 - Ramping up impact of cost excellence in the course of 2024 expected

Lenzing Group confirms that it expects EBITDA for the 2024 financial year to be higher than in the previous year



Emerging stronger from the crisis and fit for the future





Ready to join?

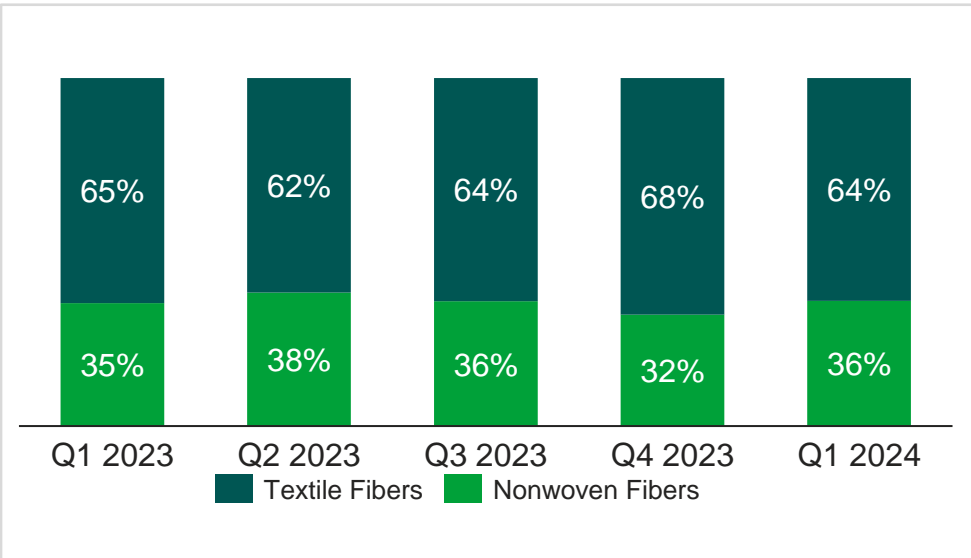
An invitation to positively change
the textile and nonwovens industry

Backup

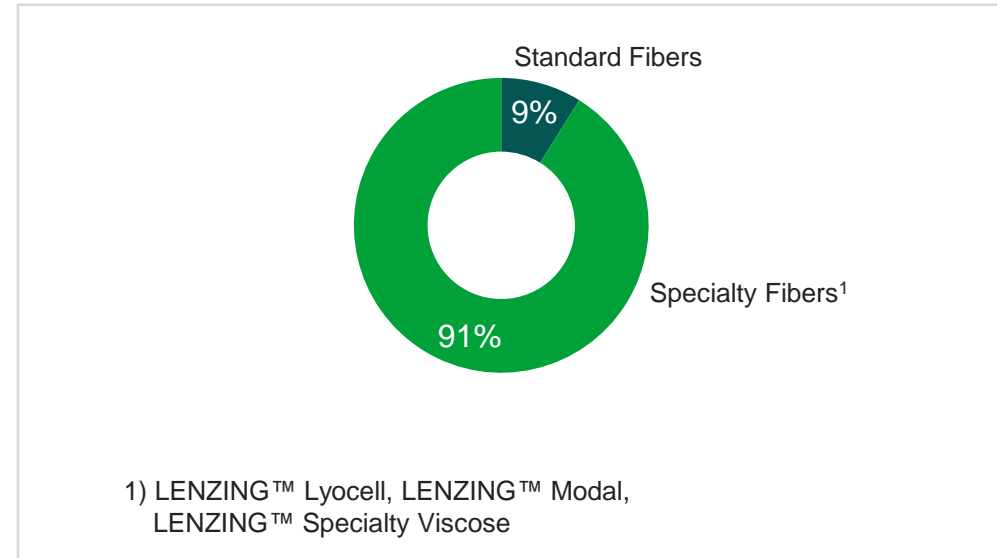


Group revenue breakdown

Fiber revenue by application, %



Specialties share of fiber sales in Q1 2024



Quarterly P&L development Q1 2024 vs Q1 2023

EUR mn	Q1 2024	Q1 2023	Delta Q1 YoY	Delta Q1% YoY
Revenues	658.4	623.1	35.3	5.7%
Cost of Sales	(555.7)	(562.0)	6.3	(1.1%)
<i>% of Revenue</i>	<i>(84.4%)</i>	<i>(90.2%)</i>	<i>5.8%pt</i>	
Gross Profit	102.7	61.1	41.5	68.0%
<i>% of Revenue</i>	<i>15.6%</i>	<i>9.8%</i>	<i>5.8%pt</i>	
Selling Expenses	(71.1)	(65.8)	(5.3)	8.0%
<i>% of Revenue</i>	<i>(10.8%)</i>	<i>(10.6%)</i>	<i>(0.2%pt)</i>	
Administrative Expenses	(32.1)	(34.4)	2.2	(6.5%)
<i>% of Revenue</i>	<i>(4.9%)</i>	<i>(5.5%)</i>	<i>0.6%pt</i>	
R&D Expenses	(7.2)	(4.1)	(3.1)	75.6%
<i>% of Revenue</i>	<i>(1.1%)</i>	<i>(0.7%)</i>	<i>(0.4%pt)</i>	
Other Operating Income	9.7	10.1	(0.5)	(4.7%)
Other Operating Expenses	(0.4)	(8.4)	7.9	(94.8%)
EBIT	1.5	(41.4)	42.8	< -100,0%
<i>% of Revenue</i>	<i>0.2%</i>	<i>(6.6%)</i>	<i>6.9%pt</i>	
Depreciation & Amortization	69.9	71.1	(1.2)	(1.7%)
EBITDA	71.4	29.7	41.6	> +100,0%
<i>% of Revenue</i>	<i>10.8%</i>	<i>4.8%</i>	<i>6.1%pt</i>	
Financial Result	(19.2)	(32.9)	13.6	(41.5%)
Income Taxes	(9.2)	9.3	(18.5)	< -100,0%
Net Income / Loss	(26.9)	(64.9)	38.0	(58.5%)
Attributable to:				
Shareholders of Lenzing AG	(32.0)	(80.5)	48.5	(60.3%)
Share planned for hybrid capital owners	7.2	7.2	-	-
Non-controlling interests	(2.2)	8.4	(10.5)	< -100,0%

Topline Breakdown Q1 2024 vs Q1 2023

EUR mn	Q1 2024	Q1 2023	Delta Q1 YoY	Delta Q1% YoY
Fiber	502.4	463.2	39.2	8.5%
Wood-based cellulosic fibers	486.0	440.0	46.0	10.5%
Co-Products Fibers ¹	14.6	14.1	0.5	3.7%
Engineering, services and others	1.5	9.1	(7.6)	(83.2%)
Pulp	155.1	159.1	(4.1)	(2.5%)
Pulp	120.8	126.4	(5.7)	(4.5%)
Biorefinery Products	25.5	30.3	(4.8)	(15.8%)
Wood and other	8.8	2.5	6.3	> +100,0%
Others (incl. Consolidation)	0.9	0.8	0.1	18.1%
Total Revenue	658.4	623.1	35.3	5.7%

¹ LENZING™ Sodium Sulphate, LENZING™ Sulphuric Acid, LENZING™ Hemilye, Powder SCP50

Quarterly cash flow development

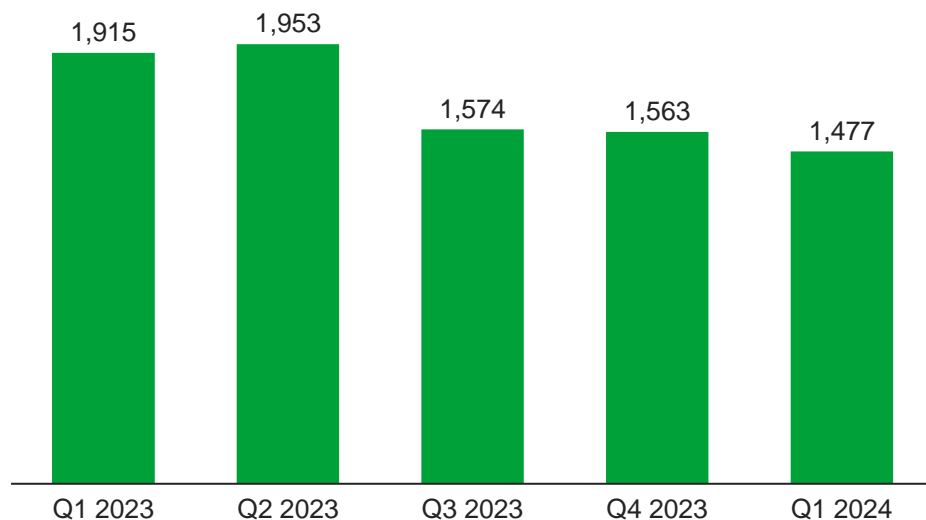
(EUR mn)	Q1 2024	Q4 2023	Change Q1/Q4 (%)	Q1 2023	Change Q1/Q1 (%)
Gross cash flow (after taxes and interest)	(6.0)	53.3	-	(55.8)	(89.3)
Change in total working capital ¹	126.6	45.9	175.5	8.1	-
Operating cash flow	120.7	99.2	21.6	(47.7)	-
Investment cash flow ²	(33.4)	(83.9)	(60.2)	(84.6)	(60.6)
Free cash flow	87.3	15.4	468.0	(132.3)	-

1) Including trading and other working capital

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

Liquidity cushion at EUR 1.05 bn

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



- Net financial debt position further improved to EUR 1,477 mn due to positive free cash flow

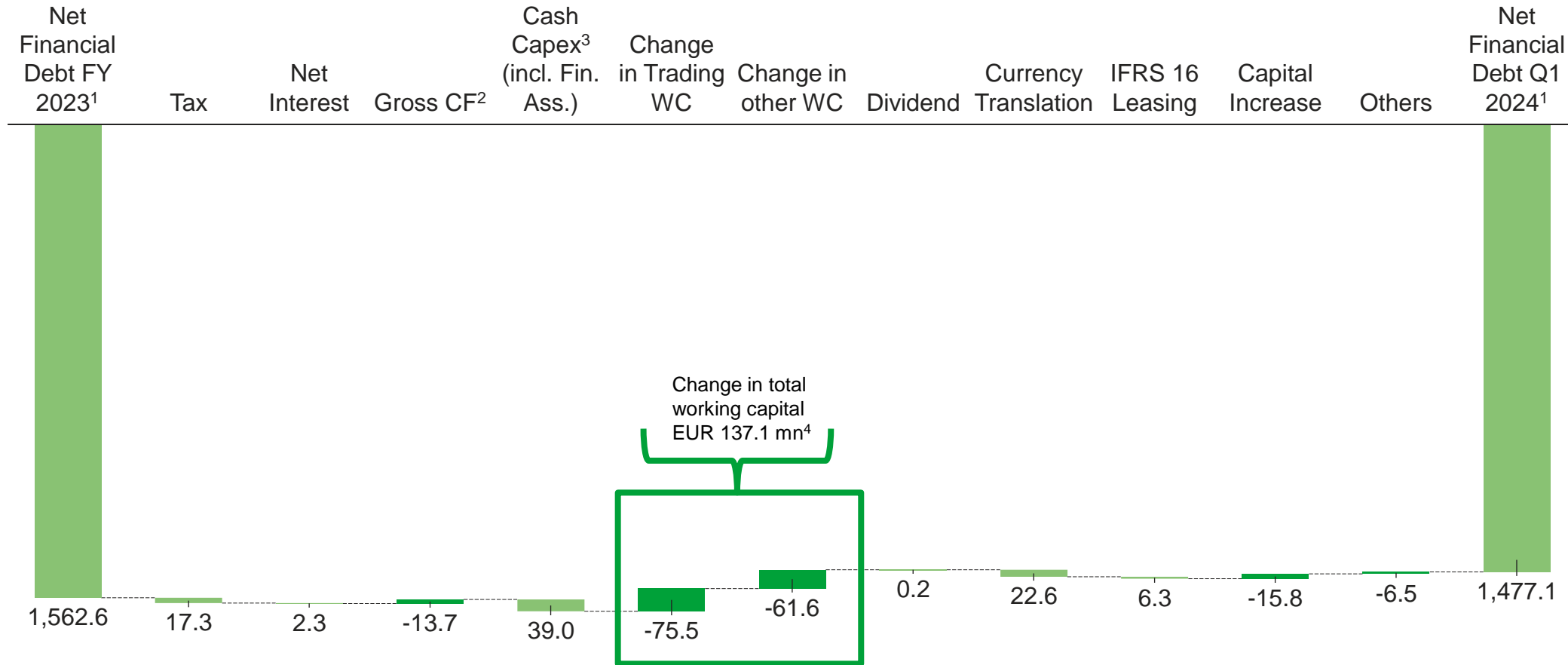
Balance sheet metrics

According to IFRS (EUR mn)	31 Mar. 2024	31 Dec. 2023	Change in %
Total assets	5,323.7	5,214.6	2.1
Liquid assets³	843.6	731.0	15.4
Total liabilities	3,635.2	3,472.4	4.7
thereof financial liabilities	2,462.6	2,435.7	1.1
Adjusted equity⁴	1,741.9	1,809.1	(3.7)
Adjusted equity ratio (%)	32.7	34.7	-
Net gearing (%)	84.8	86.4	-
Net financial debt	1,477.1	1,562.6	(5.5)

According to IFRS (EUR mn)	31 Mar. 2024	31 Dec. 2023	Change in %
Total liquidity cushion	1,045.3	934.0	11.9
thereof liquid assets³	843.6	731.0	15.4
thereof unused credit facilities	201.6	203.0	(0.7)

1) Net financial debt excluding lease liabilities.
 2) Fully consolidated Brazil JV debt included
 3) Including cash and cash equivalents, liquid securities and liquid bills of exchange
 4) Including government grants less proportional share of deferred taxes on government grants

Q1-2024: Net debt bridge



1) Net financial debt excluding lease liabilities

2) Gross cash flow before taxes and interest

3) Including CAPEX of EUR (33.4) mn and financial assets of EUR (5.6) mn

4) Change in total working capital EUR 126.6 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR 10.5 mn

Change in total working capital adj. EUR 137.1 mn (according to net debt)

Contact and financial calendar

Investor contact



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Financial calendar



Annual results 2023 March 15, 2024

80th Annual General Meeting April 18, 2024

Results 01-03/2024 May 8, 2024

Half-year results 2024 August 7, 2024

Results 01-09/2024 November 7, 2024



Only through this trifold approach can we achieve innovative solutions on the scale the world needs.
Are you ready to join? Find out more at reports.lenzing.com.