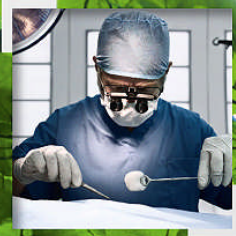


# Leading Fiber Innovation



LENZING INVESTOR PRESENTATION – Q3/2013 RESULTS  
November 14, 2013

# Disclaimer

---

- The information contained in this document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this information or opinions contained herein.
- Certain statements contained in this document may be statements of future expectations and other forward looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.
- None of Lenzing AG or any of its affiliates, advisors or representatives shall have any liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.
- Certain figures in this presentation have been rounded in accordance with commercial principals and practice. Such figures that have been rounded in various tables may not necessarily add up to the exact total given in the respective table.

# Executive summary

## Lenzing revises guidance for FY 2013

---

- 9-months 2013 EBITDA<sup>1</sup> of EUR 196.0 mn in line with expectations but below previous year (9-months 2012: EUR 281.5 mn)
- Significantly higher sales volume of 660 kto (+12.0%) but average fiber price decrease of 14% to 1.73 EUR per kg y-o-y
- Revised guidance for 2013 due to estimated weak Q4/2013
  - EBITDA EUR 220 – 230 mn (previous EUR 280 mn)
  - Sales EUR 1.9 bn (previous EUR 2.0 bn)
- Initiative of 'excelLENZ 2.0', an all-inclusive Group wide cost optimization program of EUR 120 mn p.a. to safeguard Lenzing's cost leadership

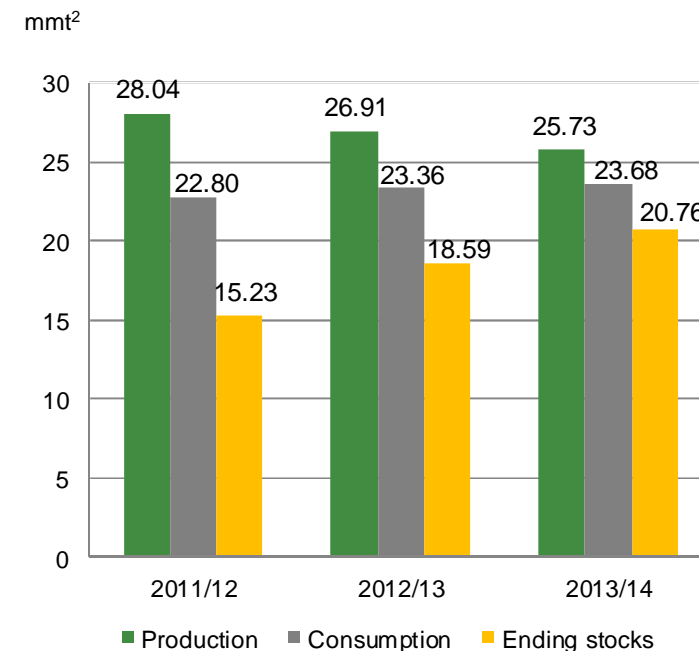
1) before restructuring

# Continuing volatile cotton market development

## Further increase of cotton stock

- Cellulose fiber market remains rather difficult
  - No positive influence from better global economic environment (Europe, USA, China)
  - New ICAC forecast sees global cotton production 2013/2014 by ~2 mmt<sup>2</sup> above global demand
    - Increase in production larger than estimated because of better harvest
    - Consumption stays flat
    - No change in Chinese cotton stock policy
      - Chinese reserves to increase to 11.4 mmt<sup>2</sup> (55% of world stocks) in 2013/2014
    - Stock-to-use-ratio<sup>1</sup> 2013/14 at nearly 88% of world mill use
      - China 142%
      - ROW 59%

Cotton market<sup>1</sup>



Source:

1) ICAC, November 2013

2) million metric tons

# Competitive viscose environment

Cellulose fiber market remains under price pressure

---

- Global viscose market in a limbo
  - Stable cotton prices while VSF spot prices on lower levels (12.800 RMB at the end of Q3/2013 vs. 13.180 RMB at end of H1/2013) and with negative premiums to cotton
- Estimated new effective MMC capacities of 5.7 mmt<sup>1</sup> in 2013e
  - Chinese competitors are still cash driven at higher utilization rates
  - Chinese cotton and viscose spinners complain about tight credit control
- Chinese DWP anti-dumping regulation from November 6, 2013 under evaluation

1) million metric tons

# At a glance: Q3/2013

EBITDA in line with expectations

---

- EBITDA<sup>1</sup> of EUR 61.1 mn
- Significantly higher sales volume of 221.5 kto y-o-y (+11.1%) vs. Q3/2012
  - No further effects of Plastics sale in Q3/2013
  - excellENZ program continued to help partially compensating poor pricing
- Average fiber price decrease of another 8 cents to EUR 1.67 per kg vs. Q2/2013
- New initiatives to market TENCEL<sup>®</sup> (retail cooperation, branding)
- New organizational structure to better meet market challenges in Viscose, Modal, TENCEL<sup>®</sup>
  - Focus on market segmentation and TENCEL<sup>®</sup> ramp-up
  - Focus on cost and quality leadership
  - Four Board members (new marketing/sales Board member)

1) before restructuring

# Lenzing can not decouple itself from market development

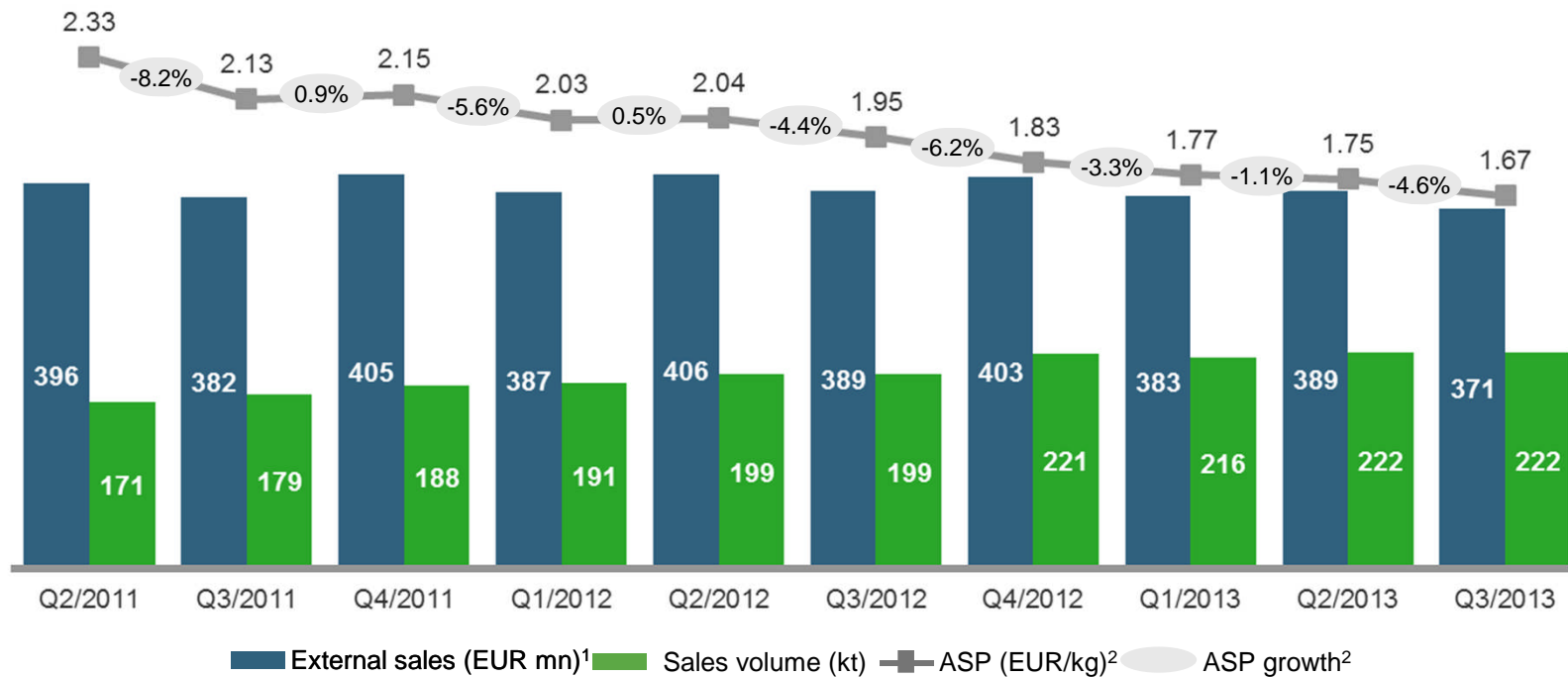
## Specialties progressing

---

- Lenzing Viscose®
  - Further decrease in VSF spot prices results in cost and margin pressure
  - Strategy: Improve cost situation; find markets outside China to reduce price pressure
  
- Lenzing Modal®
  - Successful stable premium pricing strategy
  - New Modal types like MicroModal® and Modal®Color offer further potential
  
- TENCEL®
  - Construction of TENCEL® jumbo site in Lenzing on track, production to start in H2/2014
  - Additional market initiatives in Textile and Nonwoven

# Q3/2013: Volume remained on record level

## Downward price trend effected sales

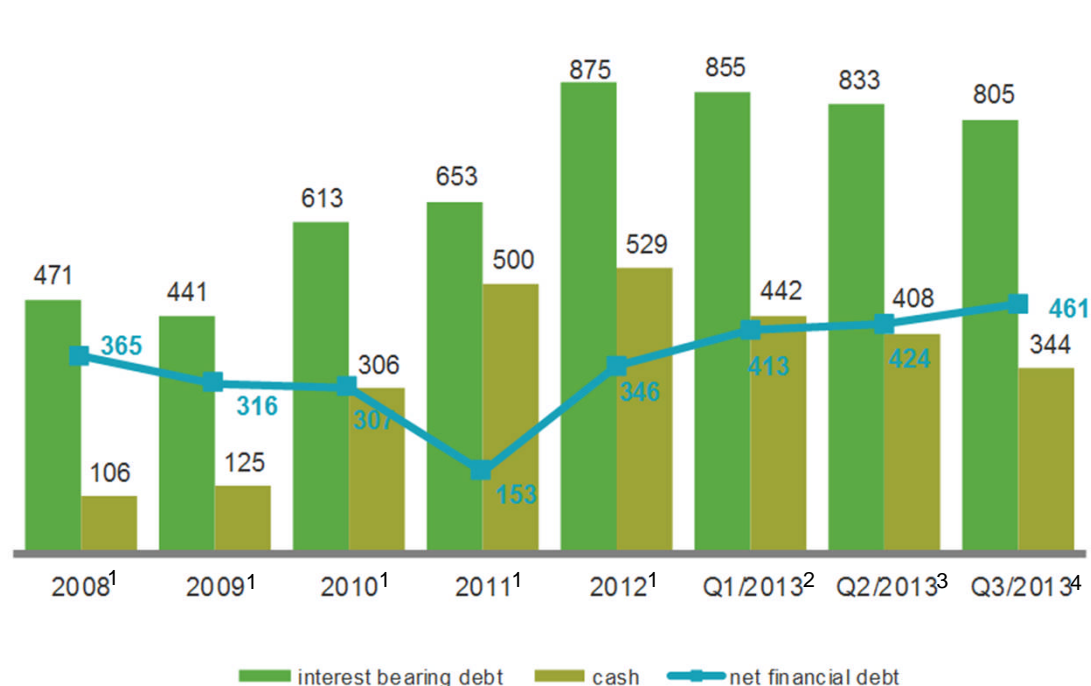


1) core fiber segment sales, excluding sales of co-products and external sales of pulp, wood and energy  
 2) based on rounded figures



# Q3/2013 financials

## Increase in net financial debt due to investments



■ **Net financial debt increase of EUR 37 mn thereof<sup>5</sup>:**

- Cash taxes: **EUR -10.6 mn**
- Net interest: **EUR -6.6 mn**
- Change in working capital: **EUR -43.9 mn**

■ **Total liquidity cushion of EUR 530 mn**

- EUR 344 mn cash
- EUR 186 mn of unused credit lines

■ **Adjusted equity of EUR 1,163 mn**

- 46.2 % equity ratio (Q2/2013: 45.2%)
- Net gearing of 39.6% (Q2/2013: 36.8%)

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

# Consequences on Lenzing's business

## Restructure and safeguard cost leadership

---

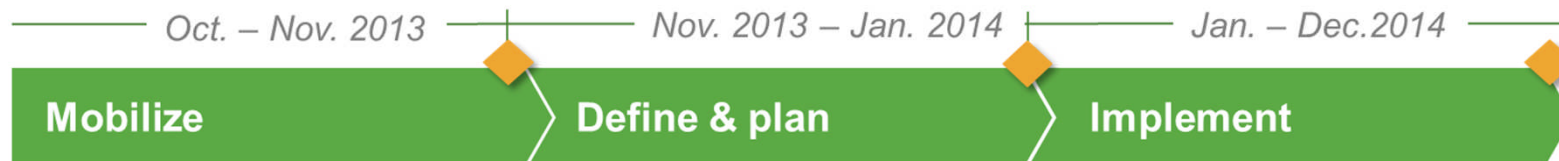
- Focusing on profitable growth and cost leadership
  - Market focused organization to react quickly to market development
  - Stronger Asian focus
  - Attention on production with focus on cost
  - Push specialties
  - More innovation initiatives
  
- Financial targets
  - Cash generation is key for further growth – cash flow optimization
  - exelLENZ 2.0 – improve “go to market excellence”, cost efficiency, people excellence, capital excellence
  - Net debt/EBITDA mid-term <2.5x
  - Cash dividend at EUR 1.75 per share

# exceLENZ 2.0

Clearly identified target: Structural cost savings of EUR 120 mn p.a.

---

- “Must-win” areas
  - Operational excellence + procurement (lean operations and cost effective supply base)
  - Capital excellence (review CAPEX and optimize NWC<sup>1</sup>)
  - Effective organization (lean, clear tasks and responsibilities)/ people excellence
  - Commercial excellence (improve sales and pricing)



1) Net working capital

# Revised outlook: Full Year 2013

Several effects lead to adjusted guidance

---

- Changes in market environment
  - Ongoing average fiber price decrease (28 cents Q3/2013 vs. Q3/2012)
- Production losses
  - Fire in Heiligenkreuz and SPV
  - Waste-water-pipe breakage in Nanjing
  - Tight credit controls in Asia
- Restructuring charges
- One off effects
  - Adjustments of assets
  - Write-down charges
- FX-driven adjustments

# Revised outlook: Full Year 2013

## Adjusted figures

		(OLD)
Sales	approx. <b>EUR 1.9 bn</b>	(2.0)
EBITDA	<b>approx. EUR 220 – 230 mn</b>	<b>(280)</b>
EBIT	approx. <b>EUR 75 – 85 mn</b>	(160)
Average fiber price	approx. <b>EUR 1.70 per kg</b>	(1.72)
Sales volume	approx. <b>890 kto</b>	(910)
CAPEX	approx. <b>EUR 260 mn</b>	(260)
Dividend	<b>EUR 1.75 per share</b>	(1.75)
Tax rate	approx. <b>26 – 28%</b>	(26 – 28)

### ■ EBITDA

- Includes positive **net EUR 20 mn** Plastics effect
- excelLENZ compensated only partially for price decrease
- Effected by restructuring charges and other one-offs

### ■ Sales volume effected by

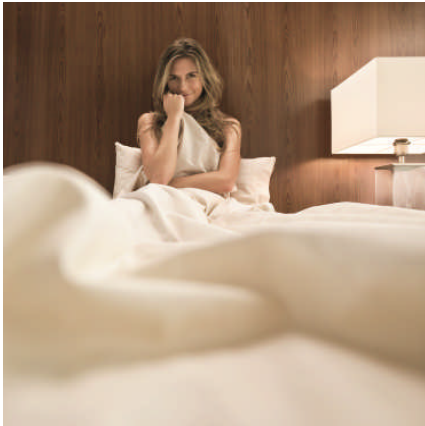
- Production losses
- Tight credit controls in Asia

### ■ Sales

- Affected by lower average fiber prices and sales volume
- Deconsolidation effect of Plastics (approx. EUR 60 mn in H2)

# Q3/2013 – Financial information

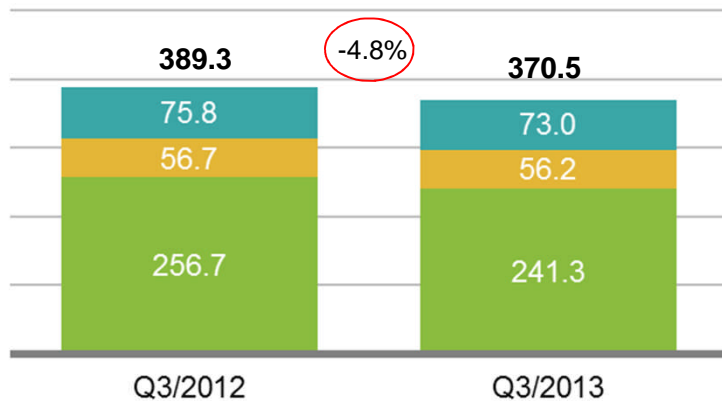
---



# Q3/2013: Sales affected by price pressure

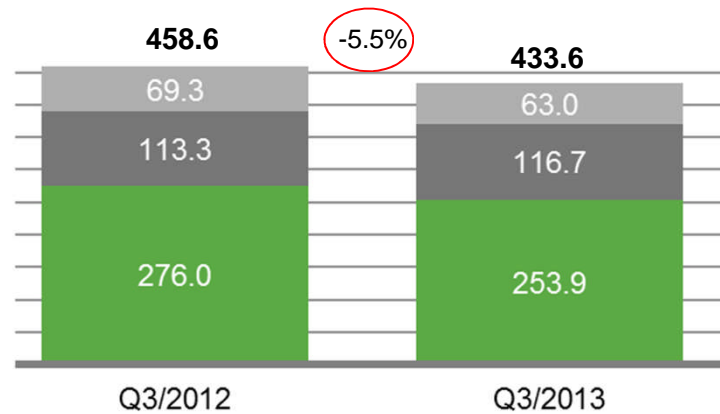
Continuous success in Nonwoven

Sales by fiber type  
(EUR mn)



TENCEL®	-3.7%
Lenzing Modal®	-0.9%
Lenzing Viscose®	-6.0%

Sales by segment fibers  
(EUR mn)



Pulp, energy, others	-9.1%
Nonwoven fibers	+3.0%
Textile fibers	-8.0%

# Q3/2013: Broadly as expected

EBITDA in line with guidance

(EUR mn)	Q3/2013	Q3/2012	Change y-o-y (%)	Q3/2013 continuing operations	Q3/2012 continuing operations	Q3/2013 discontinued operations	Q3/2012 discontinued operations
Sales volume man-made cellulose fibers (kto)	221.5	199.4	11.1	221.5	199.4	0	0
<b>Total external sales</b>	<b>457.1</b>	<b>505.7</b>	<b>(9.6)</b>	<b>457.1</b>	<b>477.9</b>	<b>0.0</b>	<b>27.8</b>
Inventory change/work in progress	18.9	11.6	62.9	18.9	12.2	0.0	(0.6)
Work performed by the group and capitalized	13.5	12.6	7.1	13.5	12.6	0.0	0.0
Cost of material and purchased services	(303.4)	(321.9)	(5.8)	(303.4)	(304.0)	0.0	(17.9)
Personnel & other operating expenses/income	(124.2)	(119.2)	4.2	(124.2)	(112.6)	0.0	6.4
Depreciation & Amortization	(29.1)	(26.5)	9.8	(29.1)	(25.2)	0.0	(1.2)
<b>EBIT (before restructuring)</b>	<b>32.7</b>	<b>62.4</b>	<b>(47.6)</b>	<b>32.7</b>	<b>60.8</b>	<b>0.0</b>	<b>1.5</b>
<b>EBITDA<sup>1</sup> (before restructuring)</b>	<b>61.1</b>	<b>87.9</b>	<b>(30.5)</b>	<b>61.1</b>	<b>85.1</b>	<b>0.0</b>	<b>2.8</b>
<b>EBIT (after restructuring)</b>	<b>33.4</b>	<b>62.4</b>	<b>(46.5)</b>	<b>32.7</b>	<b>60.8</b>	<b>0.6</b>	<b>1.5</b>
<b>EBITDA (after restructuring)</b>	<b>61.7</b>	<b>87.9</b>	<b>(29.8)</b>	<b>61.1</b>	<b>85.1</b>	<b>0.6</b>	<b>2.8</b>
<b>Net income</b>	<b>21.3</b>	<b>55.1</b>	<b>(61.3)</b>	<b>20.5</b>	<b>53.7</b>	<b>0.8</b>	<b>1.4</b>
<b>Net income after minorities</b>	<b>21.1</b>	<b>53.4</b>	<b>(60.4)</b>	<b>20.3</b>	<b>52.0</b>	<b>0.8</b>	<b>1.4</b>
<i>EBITDA (before restructuring) margin (%)</i>	13.4	17.4	-	13.4	17.8	-	-
<i>EBITDA (after restructuring) margin (%)</i>	13.5	17.4	-	13.4	17.8	-	-
<i>EBIT (before restructuring) margin (%)</i>	7.2	12.3	-	7.2	12.7	-	-
<i>EBIT (after restructuring) margin (%)</i>	7.3	12.3	-	7.2	12.7	-	-

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





# Q3/2013: Topline breakdown

## Successful Nonwoven business

(EUR mn)	Q3/2013	Q3/2012	Change y-o-y (%)
<b>Breakdown of fibers segment sales</b>			
Textile fibers	253.9	276.0	(8.0)
Nonwoven fibers	116.7	113.3	3.0
Others <sup>1</sup>	13.5	12.4	8.9
<b>Total fibers only sales</b>	<b>384.1</b>	<b>401.7</b>	<b>(4.4)</b>
Other fibers segment sales <sup>2</sup>	49.5	56.9	(13.0)
<b>Total fibers segment sales</b>	<b>433.6</b>	<b>458.6</b>	<b>(5.5)</b>
Segment Engineering	31.8	31.0	2.6
BU Plastics and EPG (discontinued operations)	0.0	29.6	n.m.
Others <sup>3</sup> and consolidation	(8.2)	(13.3)	(38.3)
<b>Total external group sales</b>	<b>457.1</b>	<b>505.7</b>	<b>(9.6)</b>

1) includes sales of sodium sulfate and black liquor

2) includes external sales of pulp, wood and energy

3) includes Dolan and BZL (Bildungszentrum Lenzing)



# Q3/2013: Cost of material down 5.7%

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

(EUR mn)	Q3/2013	Q3/2012	Change y-o-y (%)
Dissolving wood pulp <sup>1</sup>	(147.5)	(134.4)	9.7
as % of total cost of material and purchased services	48.6	41.8	-
Key chemicals	(46.7)	(45.9)	1.7
as % of total cost of material and purchased services	15.4	14.3	-
Energy	(40.7)	(38.2)	6.5
as % of total cost of material and purchased services	13.4	11.9	-
Other <sup>2</sup>	(68.5)	(103.5)	(33.8)
as % of total cost of material and purchased services	22.6	32.2	-
<b>Total cost of material and purchased services</b>	<b>(303.4)</b>	<b>(321.9)</b>	<b>(5.7)</b>
as % of external sales	66.4	63.7	-
<b>Total external sales</b>	<b>457.1</b>	<b>505.7</b>	<b>(9.6)</b>
<b>Total fibers only sales</b>	<b>384.1</b>	<b>401.7</b>	<b>(4.4)</b>
<b>Total Opex<sup>3</sup></b>	<b>(434.0)</b>	<b>449.9</b>	<b>(3.5)</b>
Cost of material as % of total Opex	69.9	71.6	-

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

# Q3/2013: Total Remaining Opex

Representing stable 30% of total Opex

(EUR mn)	Q3/2013	Q3/2012	Change y-o-y (%)
<b>Total personnel expenses</b>	<b>(77.2)</b>	<b>(80.6)</b>	<b>(4.1)</b>
as % of external sales	16.9	15.9	-
<b>Other operating expenses</b>			
Freight outward	(19.8)	(18.9)	4.8
Commissions and advertising costs	(5.2)	(6.3)	(17.5)
Service and maintenance and other purchased services	(4.5)	(9.2)	(51.1)
Other	(23.8)	(12.9)	84.5
<b>Total other operating expenses</b>	<b>(53.3)</b>	<b>(47.3)</b>	<b>12.7</b>
as % of external sales	11.7	9.4	-
<b>Total remaining Opex</b>	<b>(130.5)</b>	<b>(127.9)</b>	<b>2.0</b>
as % of external sales	28.6	25.3	-
<b>Total external sales</b>	<b>457.1</b>	<b>505.7</b>	<b>(9.6)</b>
<b>Total Opex<sup>1</sup></b>	<b>(434.0)</b>	<b>(449.9)</b>	<b>(3.5)</b>
Total remaining Opex as % of total Opex	30.1	28.4	-

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



# Q3/2013: Cash flow by quarter

(EUR mn)	Q3/2013	Q3/2012 <sup>1</sup>	Change y-o-y (%)
Gross CF (before taxes and interest)	66.5	106.2	(37.4)
Taxes and interest	(17.2)	(21.9)	(21.5)
<b>Gross CF (after taxes and interest)</b>	<b>49.3</b>	<b>84.3</b>	<b>(41.5)</b>
Change in total working capital <sup>2</sup>	(37.4)	(33.7)	11.0
CF from discontinued operations	(1.4)	1.8	n.m.
<b>Operating Cash flow</b>	<b>10.5</b>	<b>52.3</b>	<b>(80.0)</b>
Investment Cash flow <sup>3</sup>	(42.3) <sup>4</sup>	(83.3)	(49.2)
- of which acquisition of non current assets	(46.2)	(82.9)	(44.3)
- of which from discontinued operations	0.0	(0.6)	n.m.
- of which others	3.9	0.1	n.m.
<b>Free Cash flow</b>	<b>(31.8)</b>	<b>(31.0)</b>	<b>2.6</b>

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

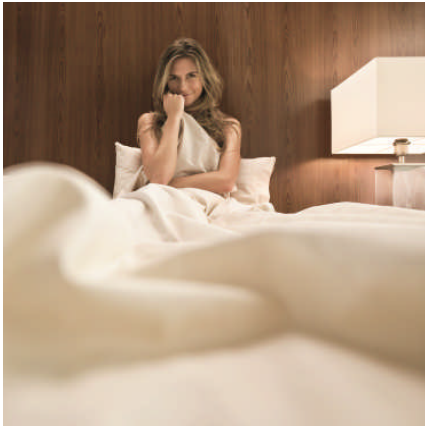
2) including trade and other working capital

3) including investment in financial assets and disposal proceeds

4) including cash from Plastics sale

# 9-months 2013 – Financial information

---



# 9-months 2013: Broadly as expected

## Earnings in line

(EUR mn)	9-months 2013	9-months 2012	Change y-o-y (%)	9-months 2013 continuing operations	9-months 2012 continuing operations	9-months 2013 discontinued operations	9-months 2012 discontinued operations
Sales volume man-made cellulose fibers (kto)	659.9	589.4	12.0	659.9	589.4	0	0
<b>Total external sales</b>	<b>1,447.0</b>	<b>1,567.5</b>	<b>(7.7)</b>	<b>1,397.1</b>	<b>1,478.4</b>	<b>49.9</b>	<b>89.1</b>
Inventory change/work in progress	3.6	14.8	(75.7)	4.3	15.9	(0.8)	(1.0)
Work performed by the group and capitalized	43.1	30.2	42.7	43.0	30.2	0.1	0.1
Cost of material and purchased services	(910.5)	(966.4)	(5.8)	(880.7)	(907.9)	(29.8)	(58.5)
Personnel & other operating expenses/income	(385.2)	(362.0)	6.4	(371.5)	(341.6)	(13.7)	(20.3)
Depreciation & Amortization	(86.5)	(80.7)	7.2	(85.7)	(77.0)	(0.8)	(3.7)
<b>EBIT (before restructuring)</b>	<b>111.5</b>	<b>203.4</b>	<b>(45.2)</b>	<b>106.6</b>	<b>197.9</b>	<b>5.0</b>	<b>5.6</b>
<b>EBITDA<sup>1</sup> (before restructuring)</b>	<b>196.0</b>	<b>281.5</b>	<b>(30.4)</b>	<b>190.2</b>	<b>272.2</b>	<b>5.8</b>	<b>9.3</b>
<b>EBIT (after restructuring)</b>	<b>136.4</b>	<b>203.4</b>	<b>(32.9)</b>	<b>106.6</b>	<b>197.9</b>	<b>29.8</b>	<b>5.6</b>
<b>EBITDA (after restructuring)</b>	<b>223.8</b>	<b>281.5</b>	<b>(20.5)</b>	<b>190.2</b>	<b>272.2</b>	<b>33.6</b>	<b>9.3</b>
<b>Net income</b>	<b>86.6</b>	<b>155.1</b>	<b>(44.2)</b>	<b>65.7</b>	<b>150.8</b>	<b>21.0</b>	<b>4.3</b>
<b>Net income after minorities</b>	<b>85.2</b>	<b>150.6</b>	<b>(43.4)</b>	<b>64.2</b>	<b>146.2</b>	<b>21.0</b>	<b>4.3</b>
<i>EBITDA (before restructuring) margin (%)</i>	13.5	18.0	-	13.6	18.4	-	-
<i>EBITDA (after restructuring) margin (%)</i>	15.5	18.0	-	13.6	18.4	-	-
<i>EBIT (before restructuring) margin (%)</i>	7.7	13.0	-	7.6	13.4	-	-
<i>EBIT (after restructuring) margin (%)</i>	9.4	13.0	-	7.6	13.4	-	-

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



# 9-months 2013: Topline breakdown

## Nonwoven fibers a stabilizing factor

(EUR mn)	9-months 2013	9-months 2012	Change y-o-y (%)
<b>Breakdown of fibers segment sales</b>			
Textile fibers	795.8	857.1	(7.2)
Nonwoven fibers	345.9	324.8	6.5
Others <sup>1</sup>	40.2	37.0	8.6
<b>Total fibers only sales</b>	<b>1,181.9</b>	<b>1,218.9</b>	<b>(3.0)</b>
Other fibers segment sales <sup>2</sup>	144.6	195.3	(26.0)
<b>Total fibers segment sales</b>	<b>1,326.5</b>	<b>1,414.2</b>	<b>(6.2)</b>
Segment Engineering	97.8	89.3	9.5
BU Plastics <sup>4</sup> and EPG (discontinued operations)	54.0	94.7	(43.0)
Others <sup>3</sup> and consolidation	(31.3)	(30.7)	2.0
<b>Total external group sales</b>	<b>1,447.0</b>	<b>1,567.5</b>	<b>(7.7)</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)

4) end consolidation as at June 30, 2013



# 9-months 2013: Cost of material down approx. 6%

Cost switch Paskov (other/DWP) and effects from excellenz

(EUR mn)	9-months 2013	9-months 2012	Change y-o-y (%)
Dissolving wood pulp <sup>1</sup>	(419.9)	(395.6)	6.1
as % of total cost of material and purchased services	46.1	40.9	-
Key chemicals	(138.3)	(132.3)	4.5
as % of total cost of material and purchased services	15.2	13.7	-
Energy	(118.2)	(110.3)	7.2
as % of total cost of material and purchased services	13.0	11.4	-
Other <sup>2</sup>	(234.1)	(328.2)	(28.7)
as % of total cost of material and purchased services	25.7	34.0	-
<b>Total cost of material and purchased services</b>	<b>(910.5)</b>	<b>(966.4)</b>	<b>(5.8)</b>
as % of external sales	62.9	61.7	-
<b>Total external sales</b>	<b>1,447.0</b>	<b>1,567.5</b>	<b>(7.7)</b>
<b>Total fibers only sales</b>	<b>1,181.9</b>	<b>1,218.9</b>	<b>(3.0)</b>
<b>Total Opex<sup>3</sup></b>	<b>(1,318.1)</b>	<b>(1,356.7)</b>	<b>(2.8)</b>
Cost of material as % of total Opex	69.1	71.2	-

1) including cost for wood

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

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





# 9-months 2013: Total Remaining Opex

Representing approx. 31% of total Opex and fairly stable

(EUR mn)	9-months 2013	9-months 2012	Change y-o-y (%)
<b>Total personnel expenses</b>	<b>(240.4)</b>	<b>(232.3)</b>	<b>3.5</b>
as % of external sales	16.6	14.8	-
<b>Other operating expenses</b>			
Freight outward	(64.2)	(57.8)	11.1
Commissions and advertising costs	(15.8)	(18.2)	(13.2)
Service and maintenance and other purchased services	(22.7)	(20.1)	12.9
Other	(64.3)	(61.9)	3.9
<b>Total other operating expenses</b>	<b>(167.2)</b>	<b>(158.0)</b>	<b>5.8</b>
as % of external sales	11.6	10.1	-
<b>Total remaining Opex</b>	<b>(407.6)</b>	<b>(390.3)</b>	<b>4.4</b>
as % of external sales	28.2	24.9	-
<b>Total external sales</b>	<b>1,447.0</b>	<b>1,567.5</b>	<b>(7.7)</b>
<b>Total Opex<sup>1</sup></b>	<b>(1,318.1)</b>	<b>(1,356.7)</b>	<b>(2.9)</b>
Total remaining Opex as % of total Opex	30.9	28.8	-

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



# 9-months 2013: Cash flow

(EUR mn)	9-months 2013	9-months 2012 <sup>1</sup>	Change y-o-y (%)
Gross CF (before taxes and interest)	202.5	283.3	(28.5)
Taxes and interest	(73.3)	(84.8)	(13.6)
<b>Gross CF (after taxes and interest)</b>	<b>129.2</b>	<b>198.5</b>	<b>(34.9)</b>
Change in total working capital <sup>2</sup>	(68.1)	(62.3)	9.3
CF from discontinued operations	(3.8)	7.8	n.m.
<b>Operating Cash flow</b>	<b>57.3</b>	<b>144.0</b>	<b>(60.2)</b>
Investment Cash flow <sup>3</sup>	(100.7) <sup>4</sup>	(176.8)	(43.0)
- of which acquisition of non current assets	(177.9)	(211.8)	(16.0)
- of which from discontinued operations	60.5	(1.6)	n.m.
- of which others	16.7	36.6	(54.4)
<b>Free Cash flow</b>	<b>(43.4)</b>	<b>(32.8)</b>	<b>32.3</b>

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

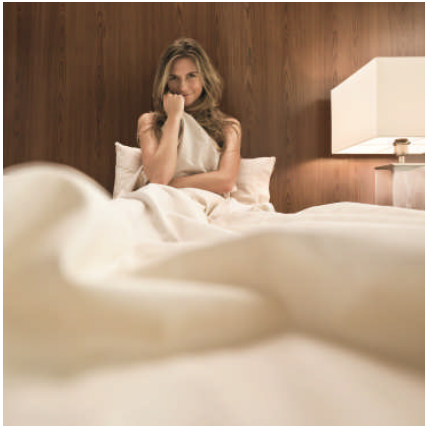
2) including trade and other working capital

3) including investment in financial assets and disposal proceeds

4) including cash from Plastics sale

# Appendix – Equity story

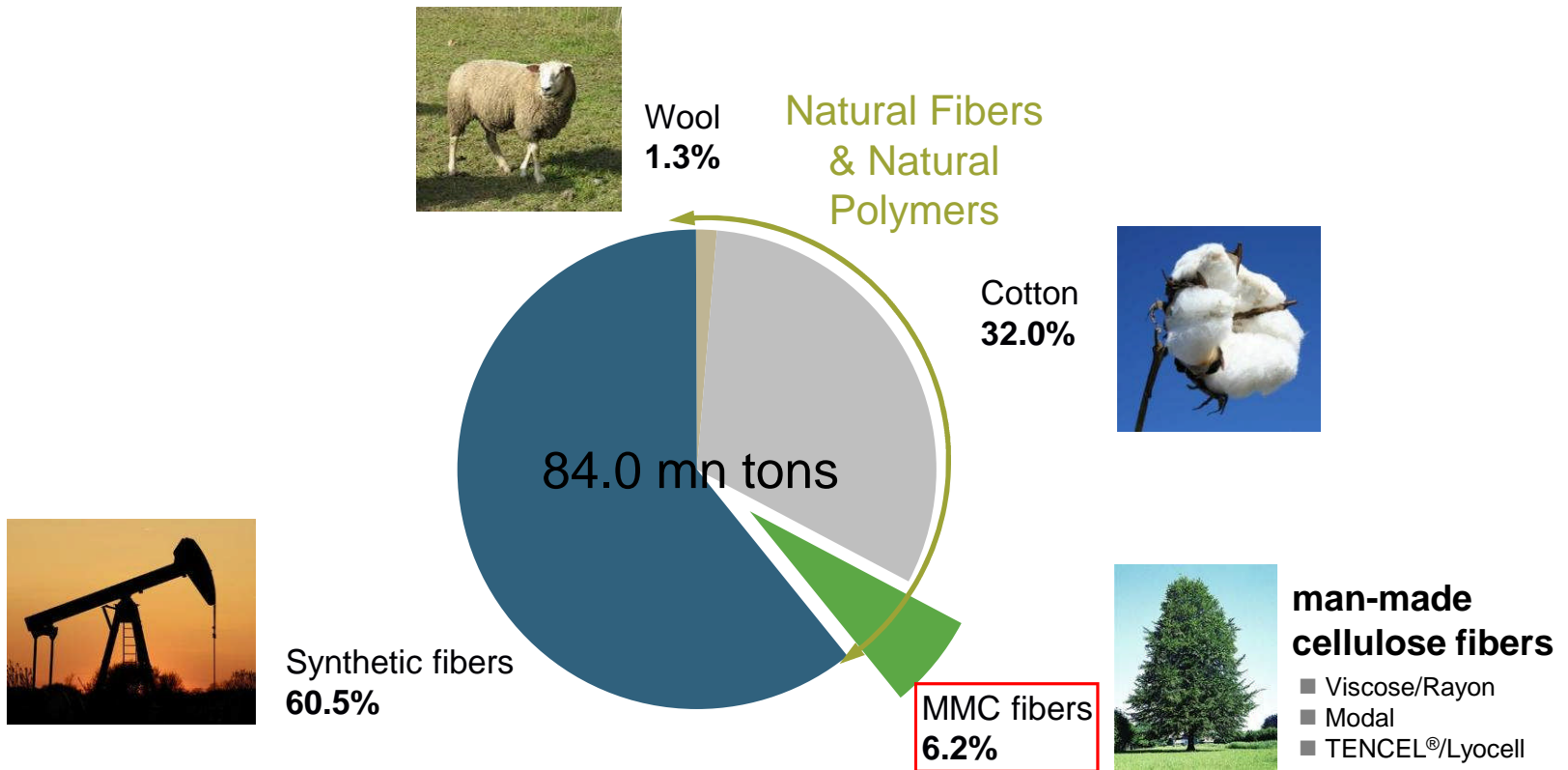
---



# Global fiber market at a glance

2012 preliminary production numbers




---



Source: Lenzing estimates

# Lenzing: 75 years of innovation

Only producer of three fiber generations

		Market Position and Market Share in Q3/2013 <sup>1</sup>	Unique Selling Proposition	Key End Markets	% of Fiber Sales Q3/2013 <sup>2</sup>
	Innovation drives specialties	# 1  99%	<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>	19.7%
		# 1  75%	<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>	15.2% <sup>3</sup>
	Sets industry standard	# 2  17%	<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>	65.0%

Source: Lenzing

1) by production capacity

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

3) including Lenzing FR®

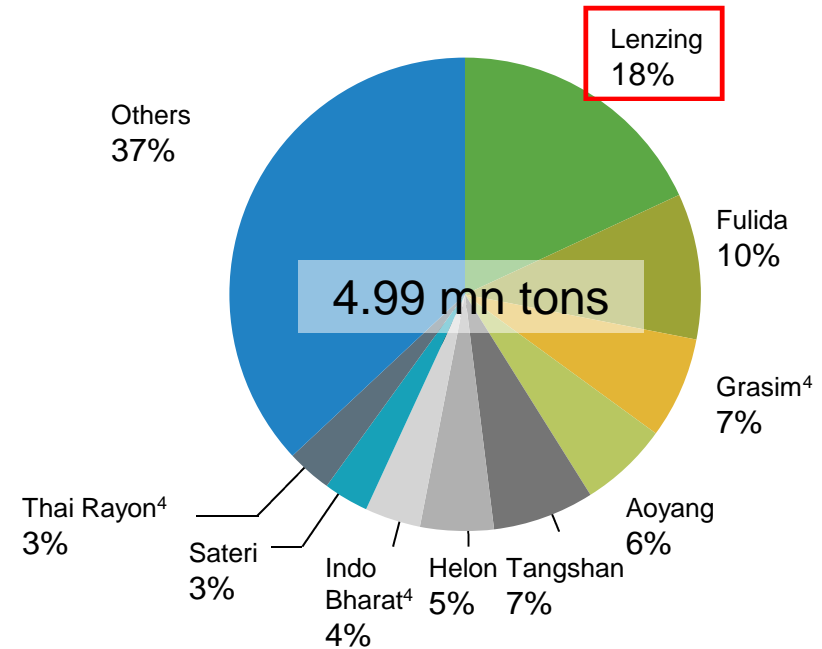
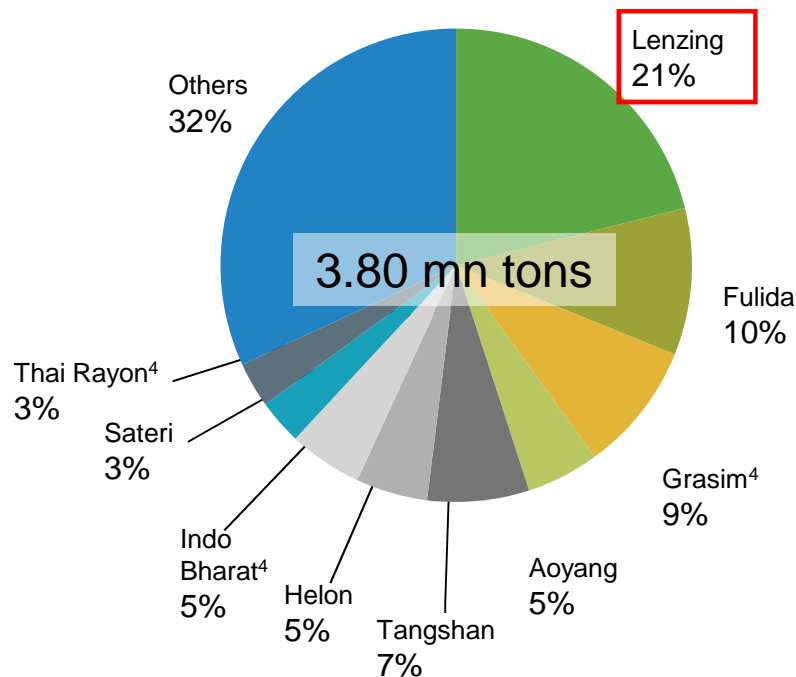
4) e.g. airjet spinning machine allowing for 420 m/min compared to 25 m/min on regular (ring spinning) textile machines



# 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

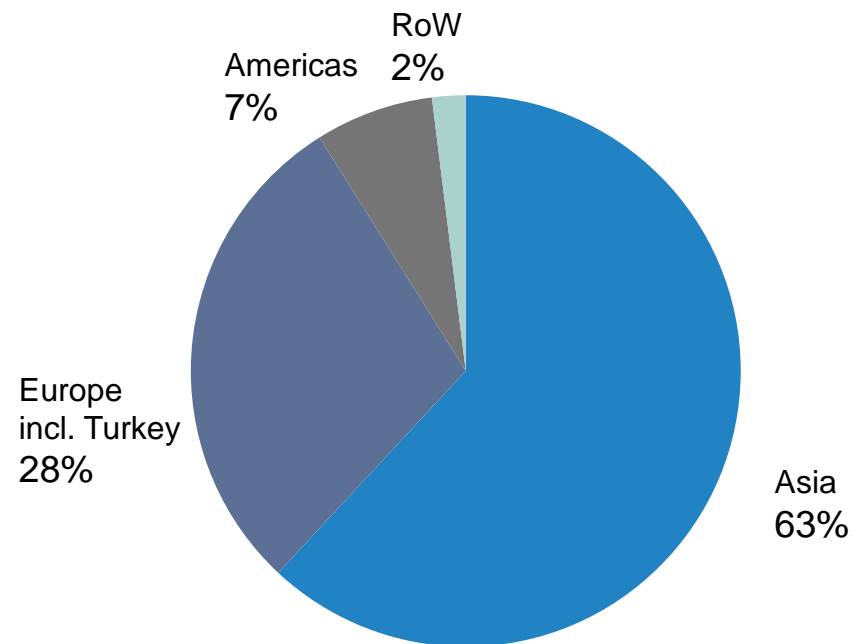
3) based on latest available company information from company websites and annual/interim reports

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

# Lenzing: Only global player

Sales volume by region<sup>1</sup> – strong footprint in Asia

---

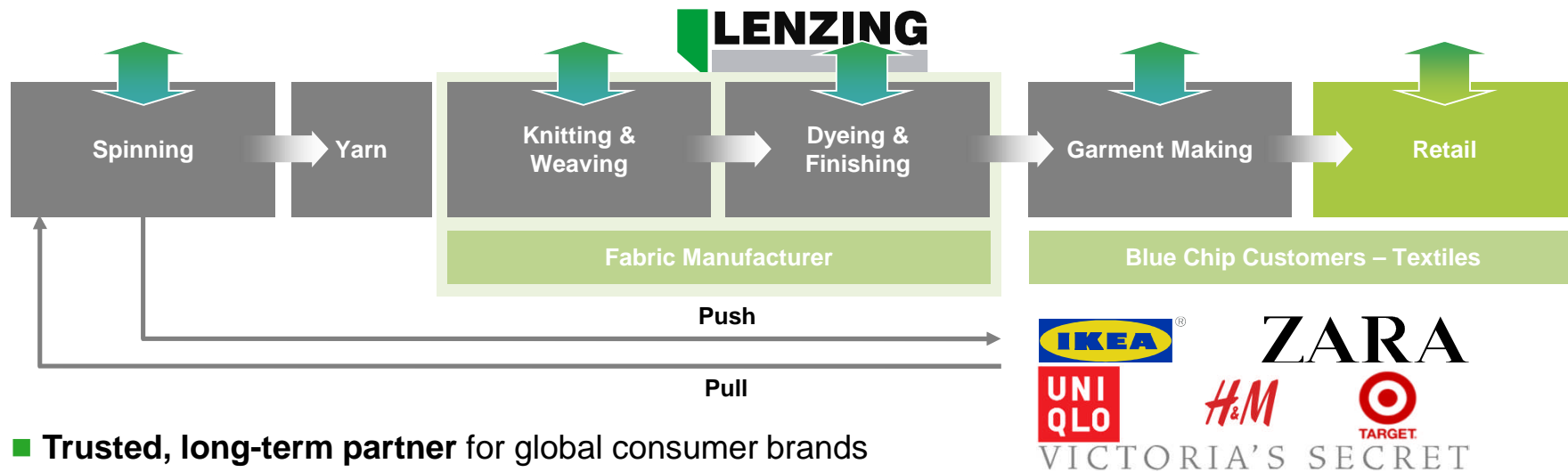


Source: Company information

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

# Textile: Building barriers to entry

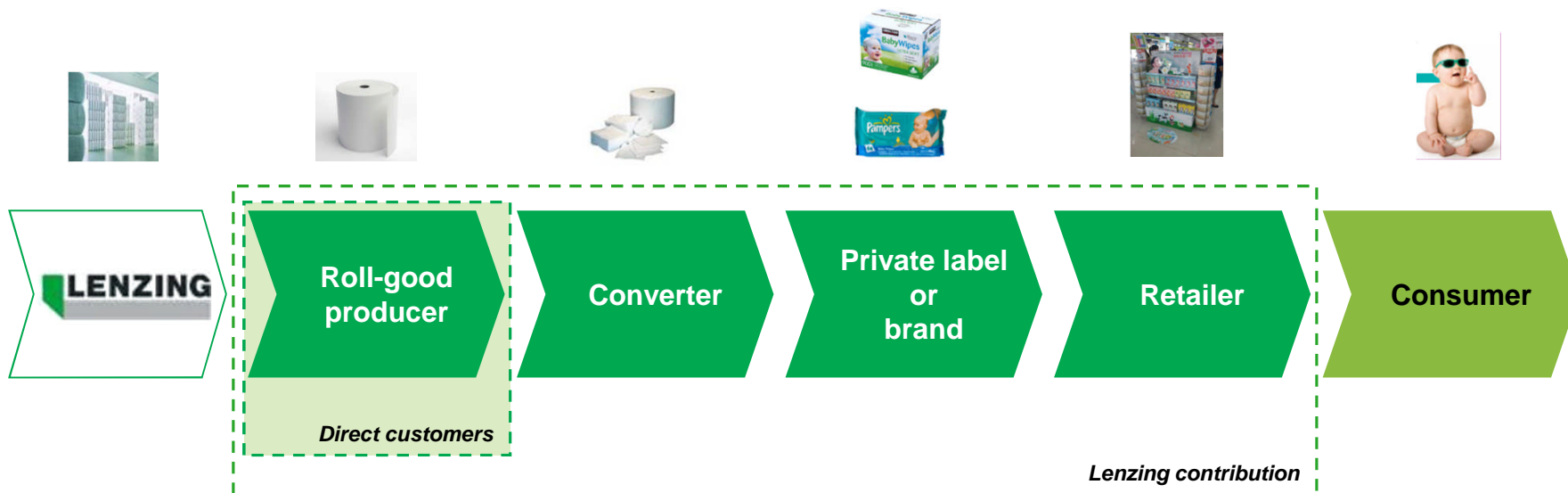
Global branded supplier to blue chip customer base



- **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**



# Nonwoven value chain



Price reference:      ← Price per kg      ← Price per m<sup>2</sup>      ← Price per packs (wipe count)      →

➔ Lenzing is very close to the customer due to short value chain and significant certification requirements

Blue Chip Customers – Nonwoven

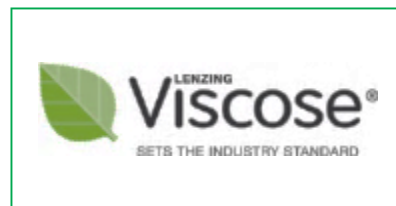
# Fiber strategy recalibrated

Focus on TENCEL®

---

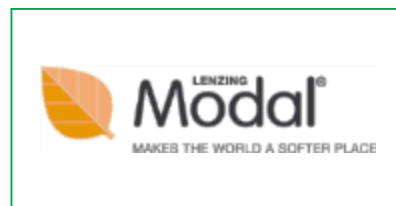
## Strategic measures

## Strategic direction



- Focus on differentiation
- Investments in selected markets with above industry returns

**Differentiated commodity**



- Expansion of selected high end target markets / applications
- Hold premium by further specializing (MicroModal®, ProModal®, etc.)

**Niche**



- Priority focus area of Lenzing's growth strategy
- Gain market share in applications/regions by scaling up Textile and Nonwoven applications
- Exploit first mover advantage

**Scale**

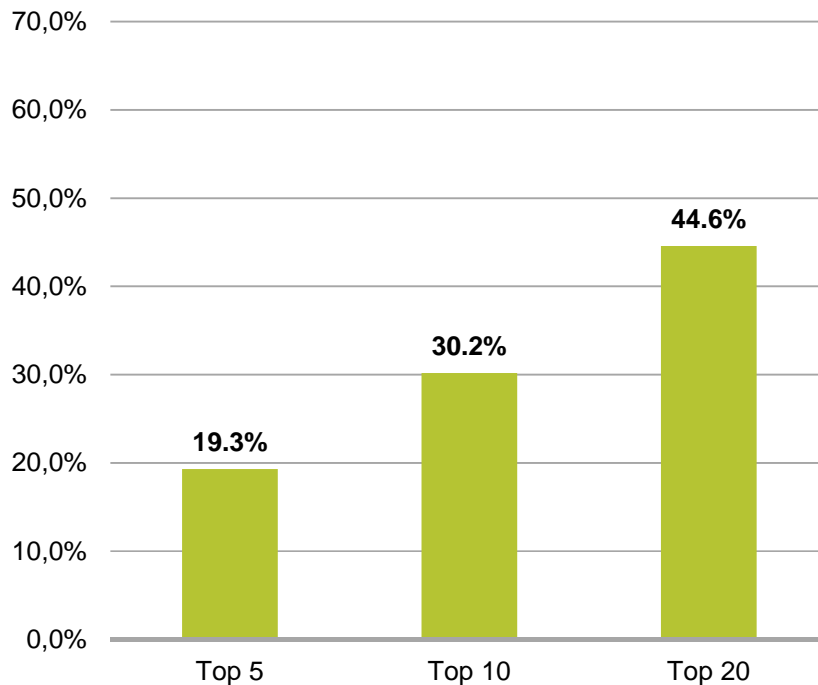


# Sales and marketing

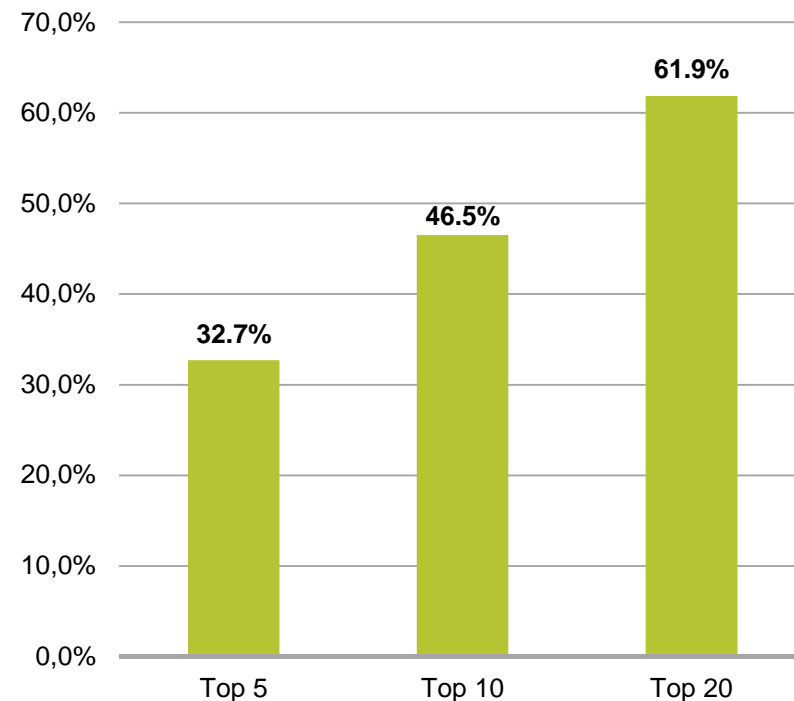
## Customer concentration

---

Textiles – % of sales by customers  
(Q3/2013)



Nonwoven – % of sales by customers  
(Q3/2013)



Source: LAG

# Sales and marketing

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

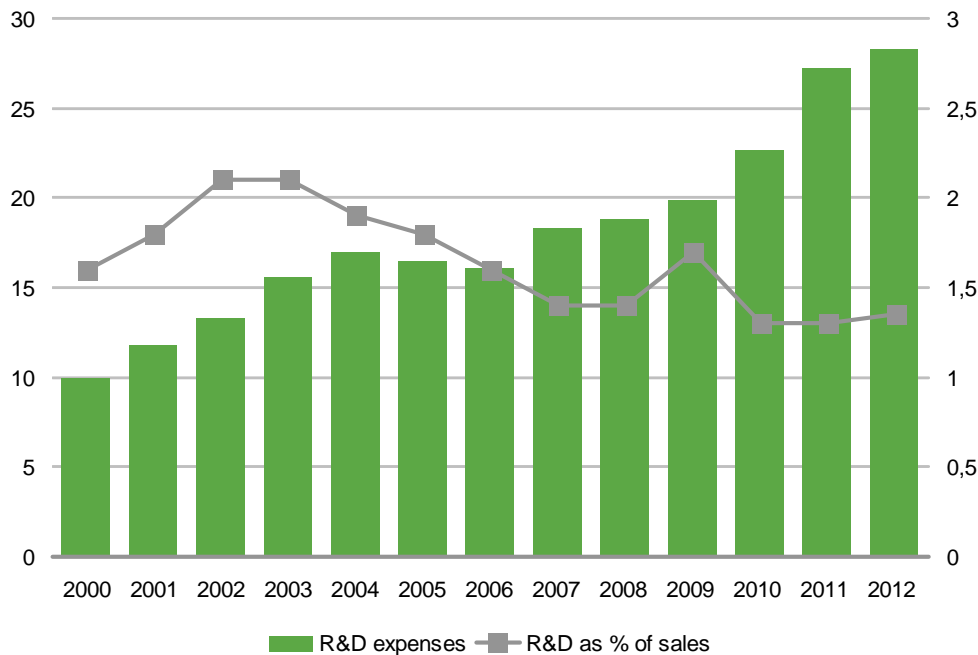
- Lenzing is a trusted, long-term partner for global consumer brands
  - Approx. 45% of textile and approx. 60% of nonwoven sales for specialty fibers (TENCEL<sup>®</sup>, Lenzing Modal<sup>®</sup>) can be attributed to key account customers
- Company acts as a **branded supplier** with involvement in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



# 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

---

### Organization structure

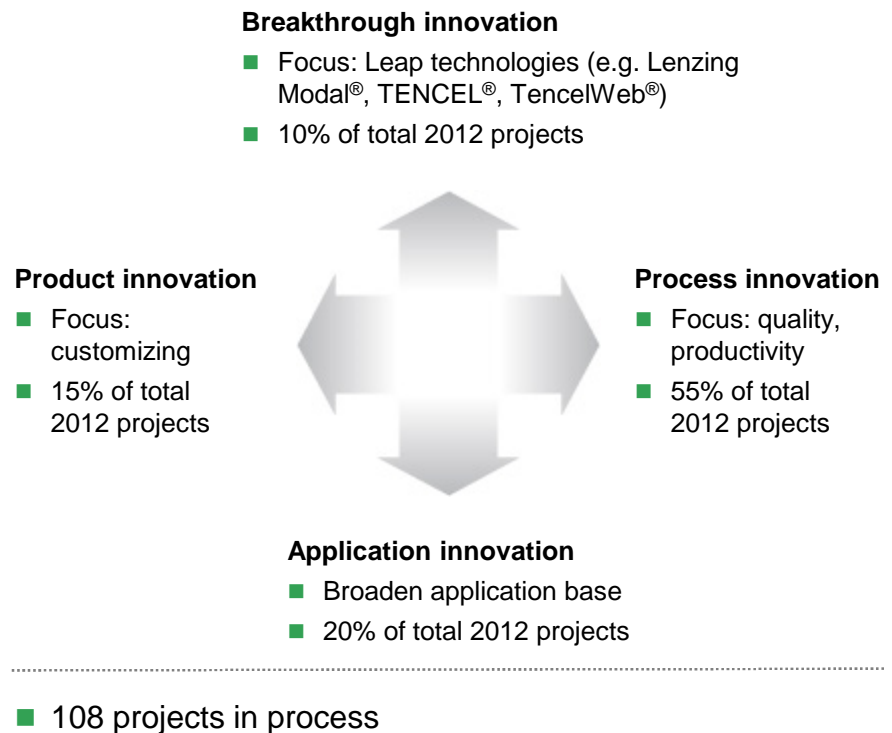
- Integration into business units
- Close collaboration with sales & marketing to develop applications for customers

### Dedicated resources and investments in R&D

	<b>105 FTEs</b>		<b>Total R&amp;D FTEs: 168 researchers and laboratory assistants</b>
Textile innovation	■ Lyocell process innovation		
	■ Fiber development (Viscose, Lenzing Modal®, TENCEL®)		
	■ Application development		
Nonwoven innovation	<b>22 FTEs</b>	■ Application development	
Process innovation	<b>41 FTEs</b>	■ Pulp process innovation	
	■ Viscose process innovation		

Source: LAG, as at December 31, 2012  
FTEs refers to full time employees

### Unique innovation model

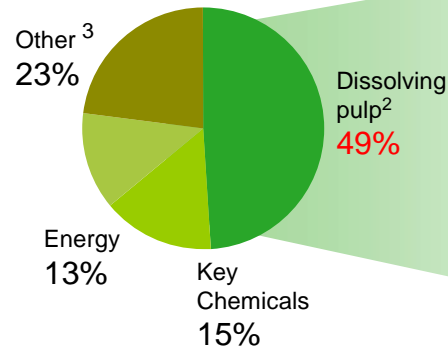


# Lenzing is the cost leader

Through pulp integration and long-term pulp supply contract

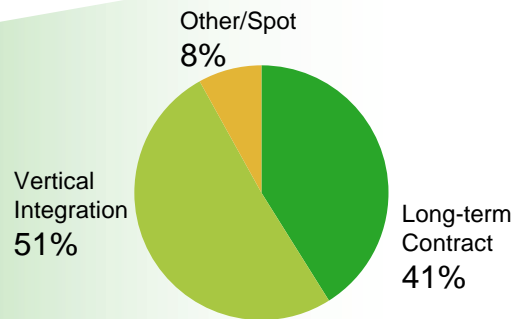
- Pulp is the key cost driver with **49% share of total costs of material and purchased services**
- 90+% of long-term pulp supply secured through own production (vertical integration) and long-term supply contracts
- Long-term contract **linked to paper pulp index** (not to spot price of dissolving pulp)

Cost structure Lenzing Group (Q3/2013)<sup>1</sup>



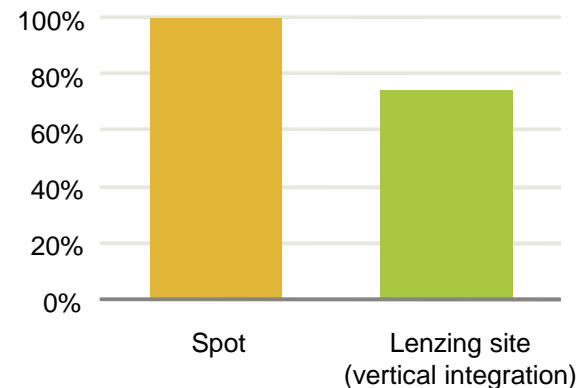
Source: Lenzing

Lenzing Group pulp sourcing (Q3/2013)<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 EUR 303.4 mn in Q3/2013

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

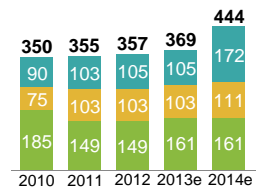
5) assuming spot price of \$880 per metric ton

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

What is there (or under construction) today

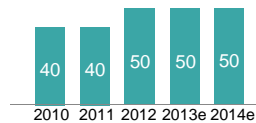
## Europe<sup>2</sup>

CAGR 6.1%



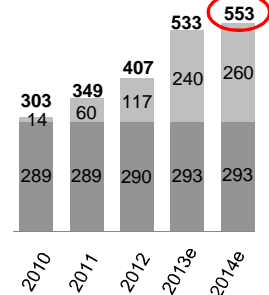
## USA

CAGR 5.7%



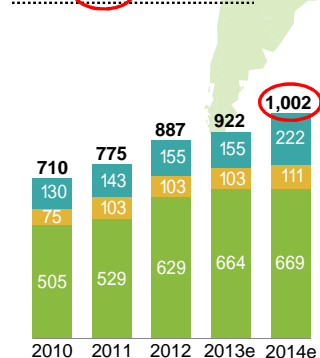
## Total pulp capacity

CAGR 16.2%



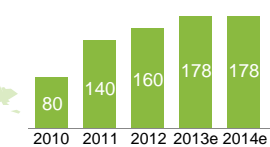
## Total capacity at year end

CAGR 9.0%



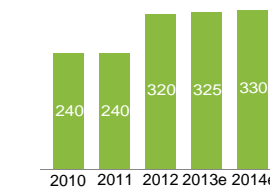
## China

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



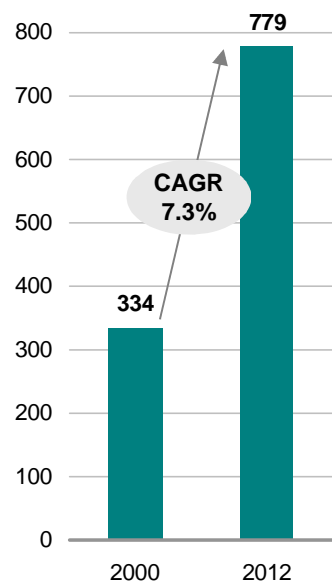


# Double-digit growth profile

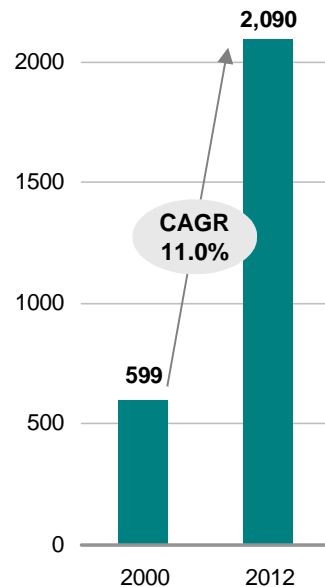
Lenzing has managed growth successfully in the past

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

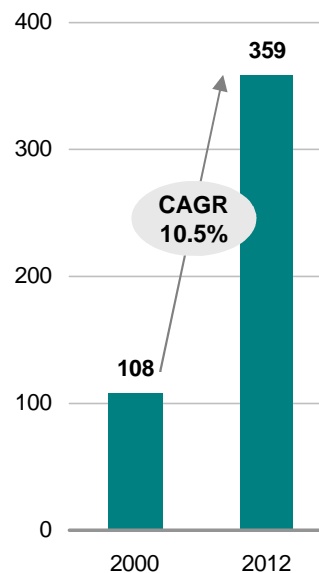
Fiber production<sup>1</sup>  
(1,000's metric tons)



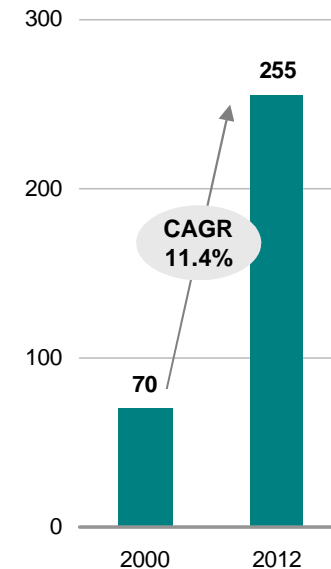
Total external sales<sup>2</sup>  
(EUR mn)



EBITDA<sup>2,3</sup>  
(EUR mn)



EBIT<sup>2,3</sup>  
(EUR mn)



1) excludes Kelheim

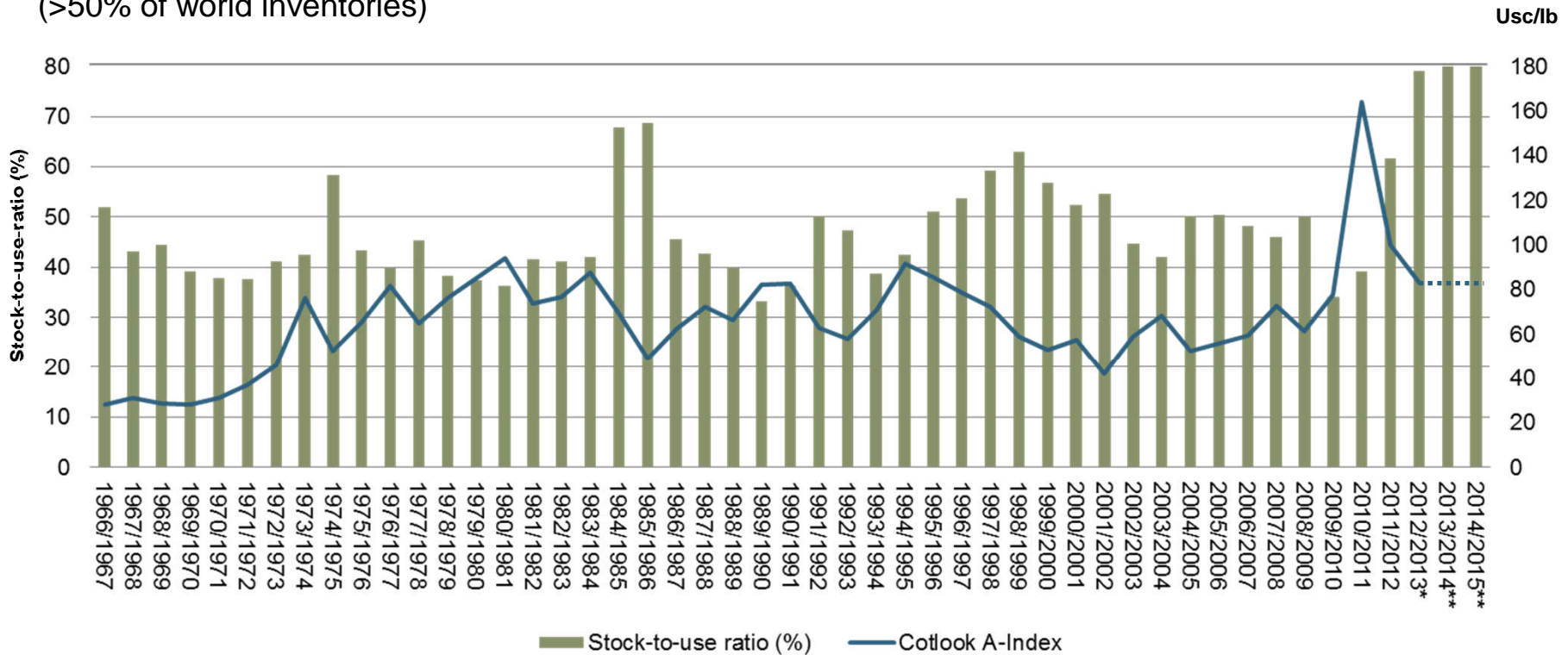
2) 2000 based on US GAAP; 2012 based on IFRS

3) before restructuring

# Fiber market environment

Highest-stock-to-use-ratio ever at approx. 80% (2012/2013)

- World cotton production of 26.9 mn tons, consumption of 23.4 mn tons and ending stocks of 18.6 mn tons
- Massive increase of Chinese national cotton reserve of estimated 9.6 mn tons (>50% of world inventories)



Source: ICAC, November 1, 2013

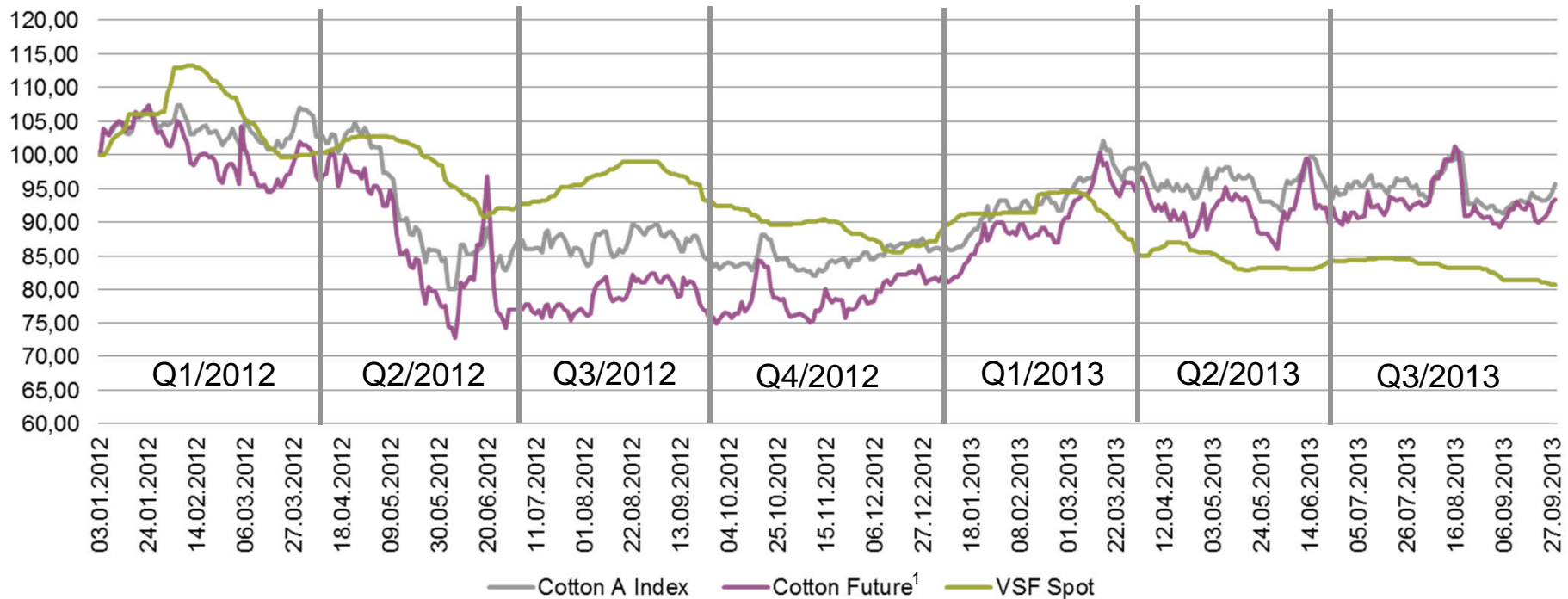
Cotlook A Index 2012/2013: Average for the first five months of 2012/2013 (August to December 2012)

\* estimated

\*\* proj.

# Viscose spot prices China below cotton prices since March 2013

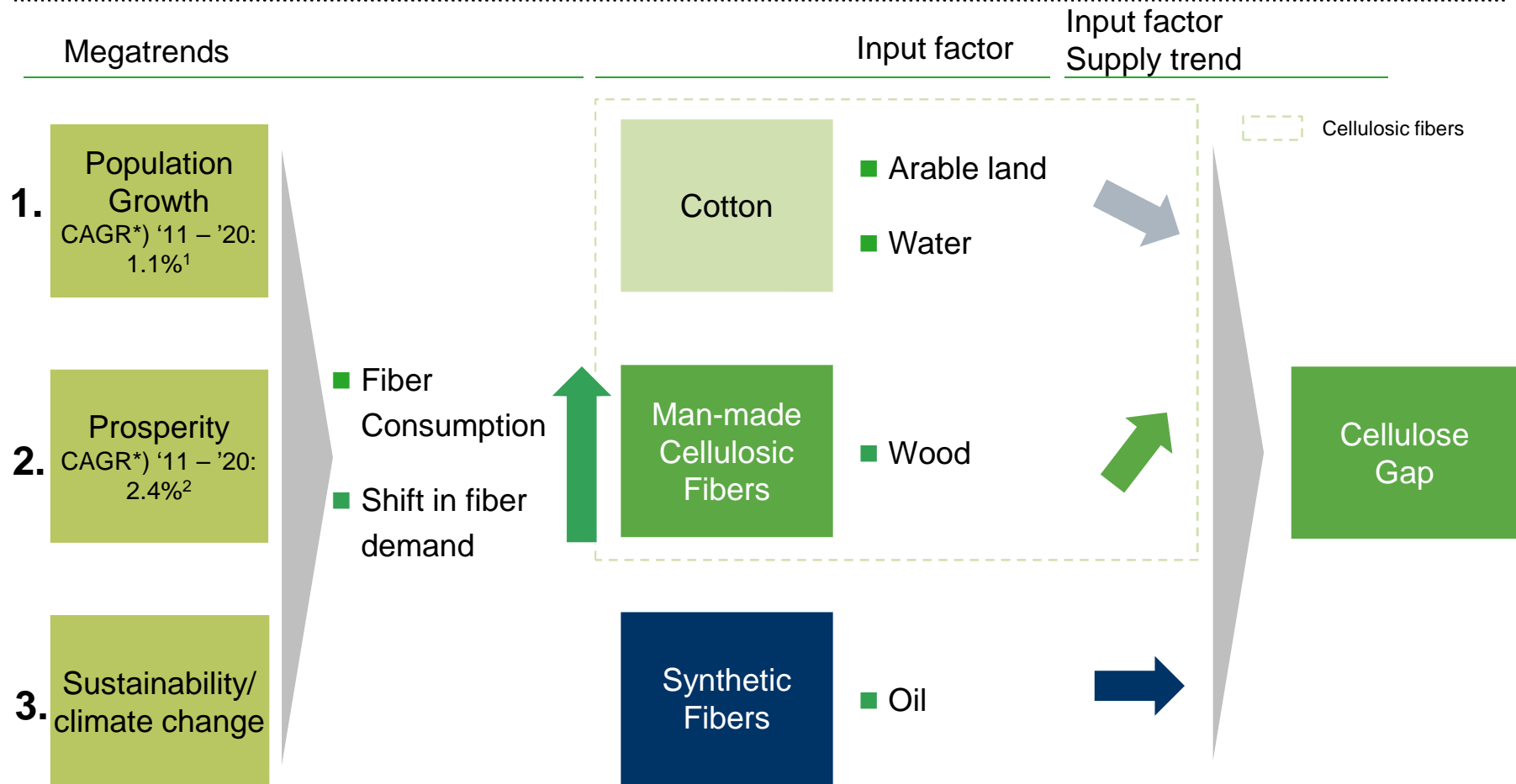
**VSF spot China and cotton price development** (in cents/lbs)



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

# 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

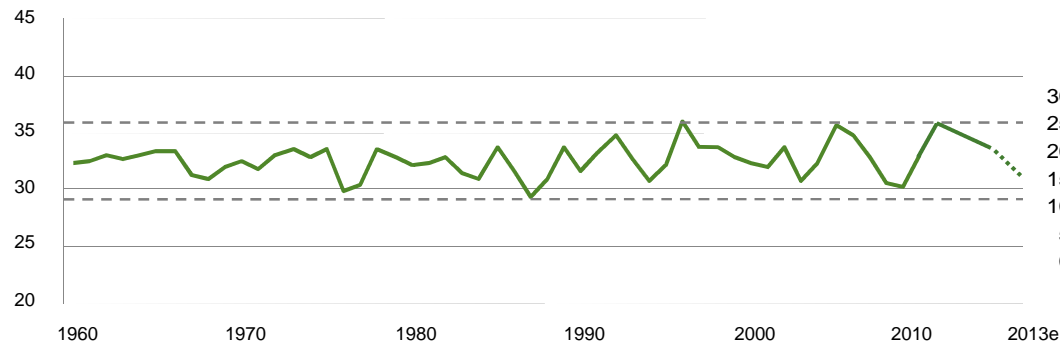
Limited potential to increase cotton supply increases demand for MMC fibers

---

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

---

Million hectares

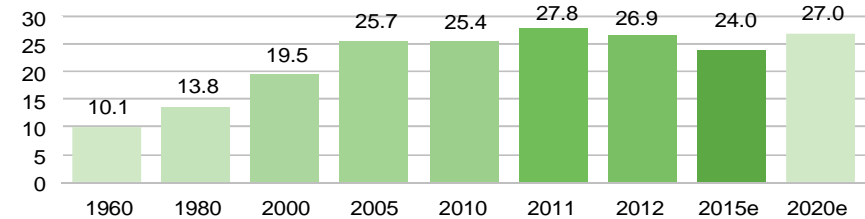


Source: U.S. Department of Agriculture  
ICAC, February 1, 2013

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

---

Million metric tonnes



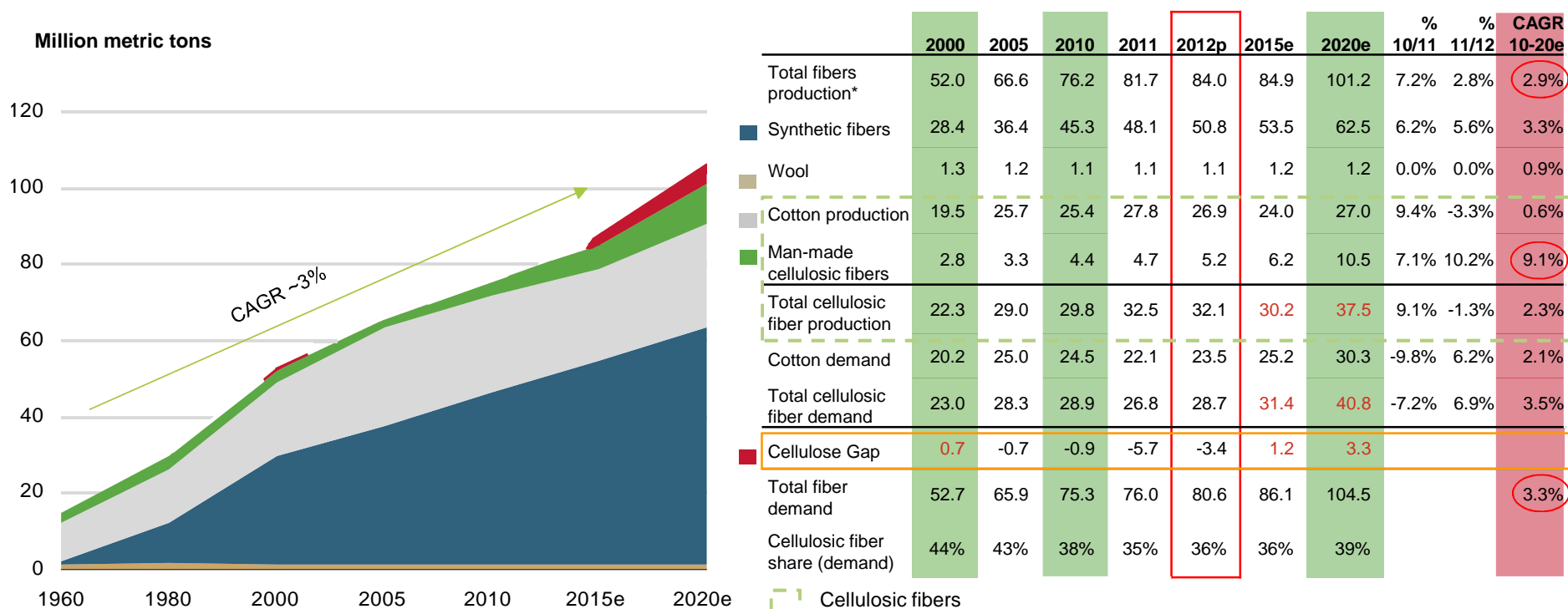
Source: International Cotton Advisory Committee, July, 2013

# 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)



\* w/o bast and other fibers, which are no blending partner for MMC and of minor importance

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



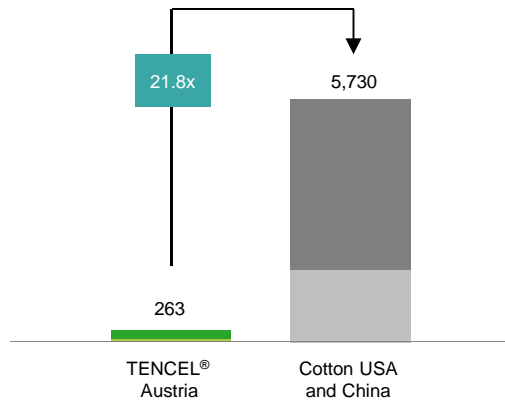
# Mega-trend: Sustainability

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%

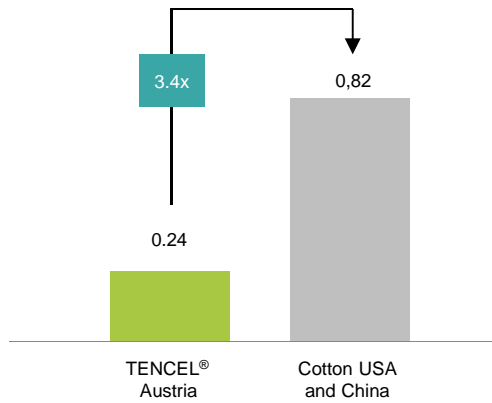
## Water consumption

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



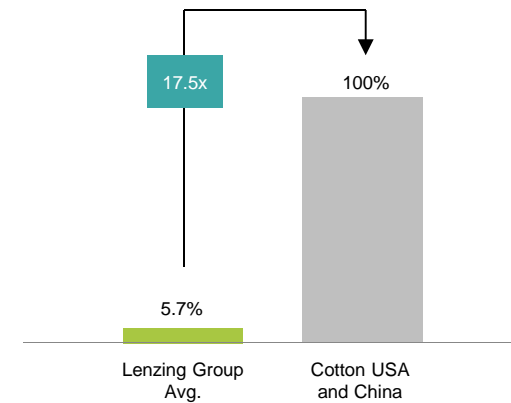
## Required acreage for production of one metric ton of fiber

Hectares per metric ton and year



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

Relative to cotton

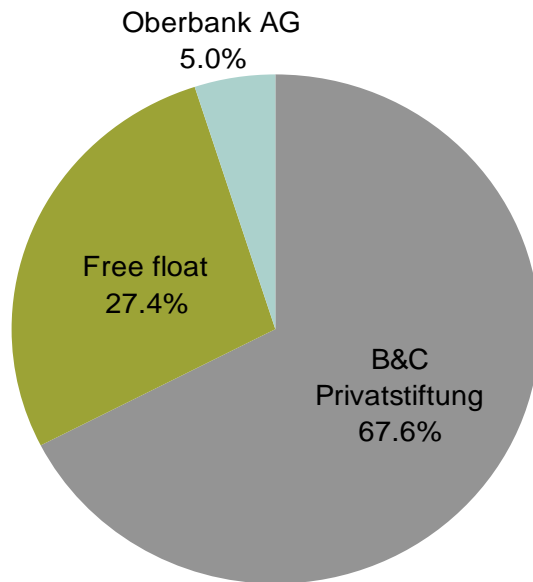


■ Process water ■ Cooling water ■ Groundwater irrigation ■ Surface water irrigation

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

1) including freshwater ecotoxicity, terrestrial ecotoxicity and others

# Lenzing share information



ISIN	LNZ / AT0000644505
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Indices	ATX Prime, ATX Global Players, VÖNIX Sustainability Index
Number of shares	26,550,000 mn
Share price September 30, 2013	EUR 54.90
Market capitalization September 30, 2013	1,457.6 mn

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

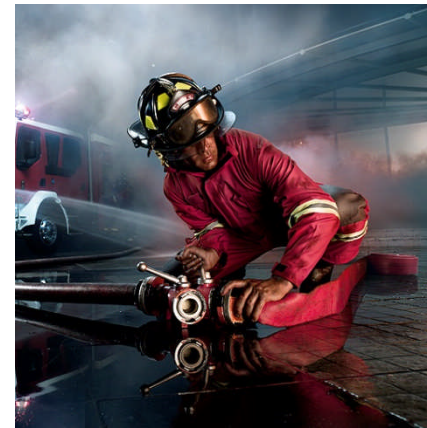
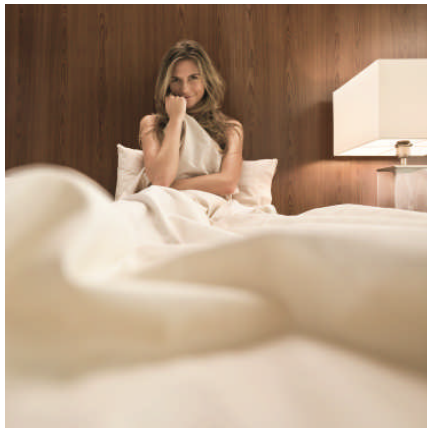
- 67.6% owner of Lenzing is B & C Privatstiftung (B & C Private Foundation). Its purpose is the promotion of Austrian entrepreneurship.
- B & C Industrieholding GmbH is the management holding of B & C Foundation with 3 representatives on Lenzing's Supervisory Board.
- As the core shareholder, B & C takes 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

---



# Where our fibers end up

Ladies wear – close to skin

---

- 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



HELMUT LANG

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



MANGO  
WOMEN COLLECTION

# Where our fibers end up

---

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



NORDSTROM

- Armani collezioni sportcoat
- USD 645.00
- TENCEL®



NORDSTROM

# Nonwoven applications

---

- **Wipes**  
Sustainable convenience
- **Medical**  
Naturally pure
- **Hygiene**  
Safety in sensitive areas
- **Technical**  
Leading fiber innovation



# Our production sites

---

**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)**



# 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	293,000	293,000
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>



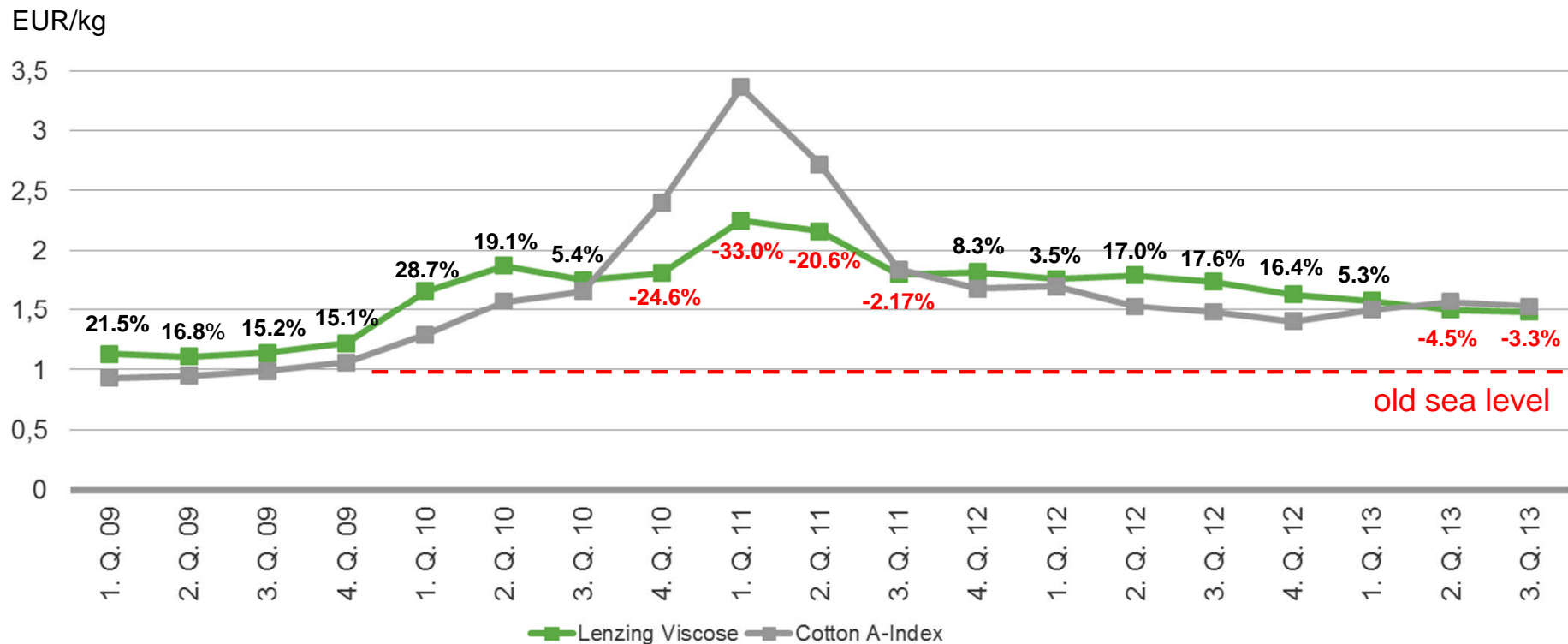
# Capacity by site 2014

(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>

# 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



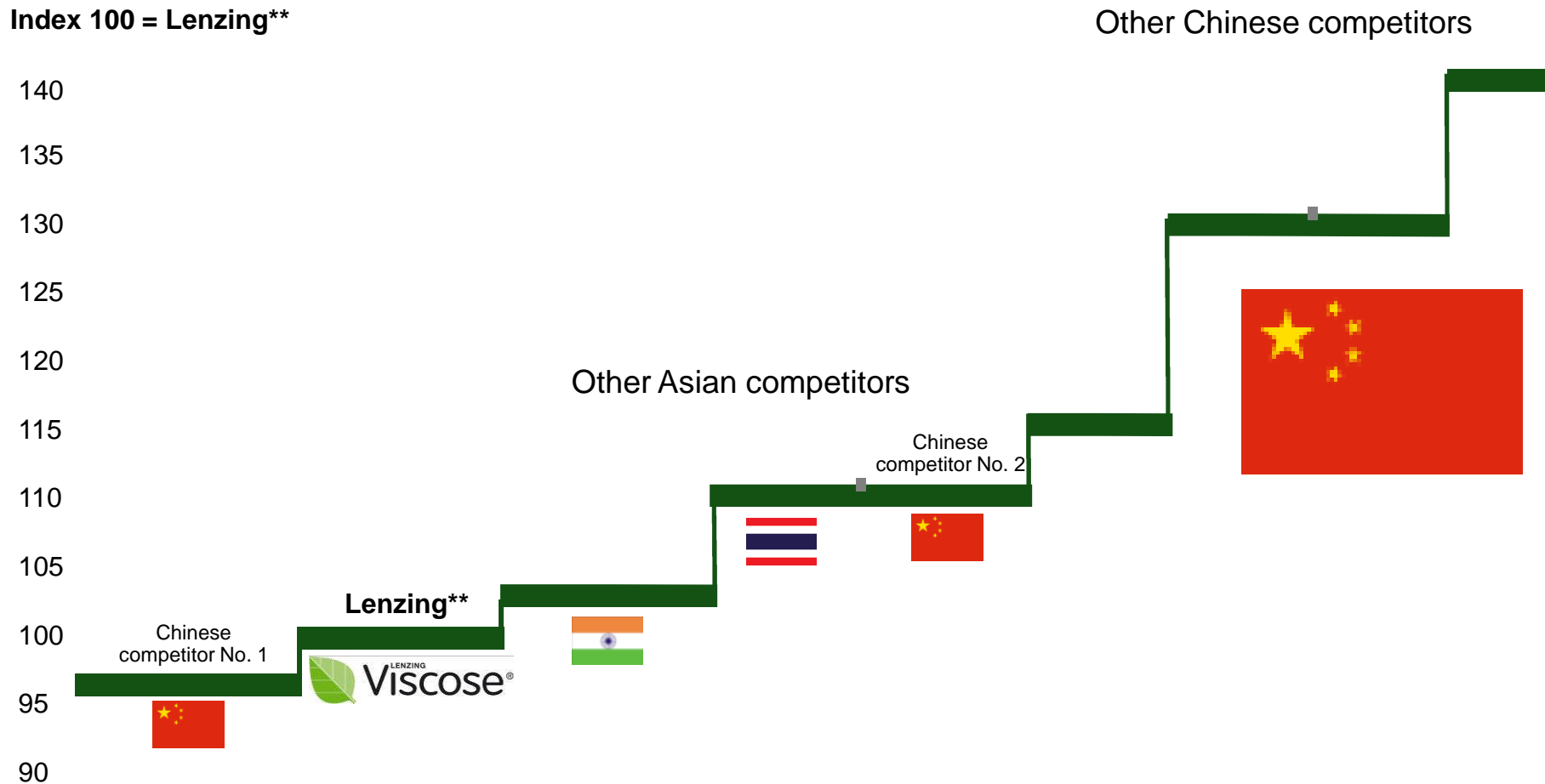
1) historically, standard viscose fibers traded with a 15-20% premium over cotton.  
(based on Cotton A-Index spot in EUR/kg ; Bloomberg: Cotlook A; Reuters COT-INDX-FE)



# 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)

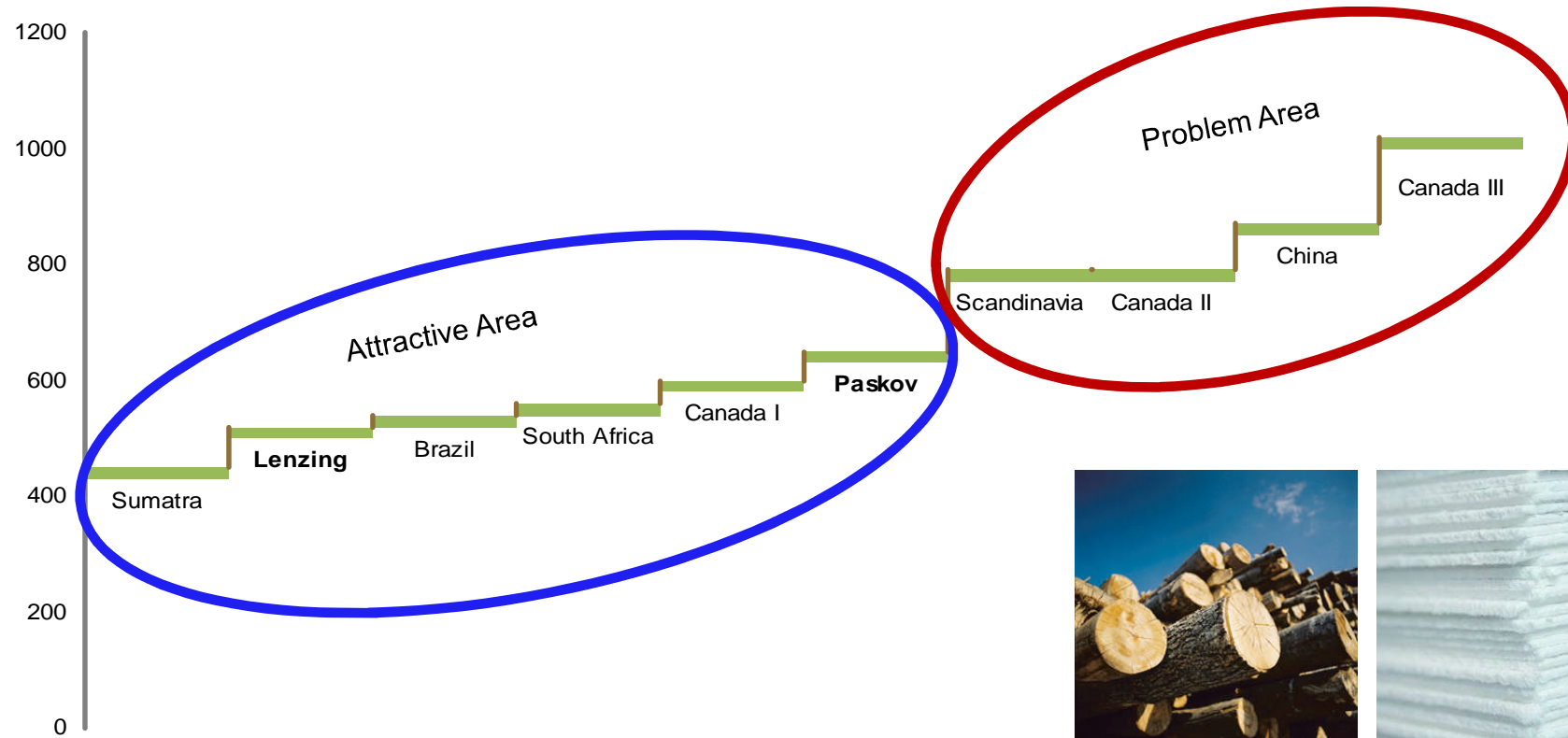


# DWP industry – cash cost curve\*

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



# Contacts and financial calendar

---

## ■ Investor Relations contact

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

## ■ Financial calendar

Financial calendar 2014

Full year results	March 21, 2014
70th Annual General Meeting	April 28, 2014
Results 1st quarter	May 15, 2014
Half year results	August 21, 2014
Results 3rd quarter	November 13, 2014

### ➔ 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>