

Lenzing

Innovative by nature

Stand up for future generations

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Lenzing Investor Presentation

Results 01-09/2021
November 3, 2021



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- Certain figures in this presentation have been rounded in accordance with commercial principles 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.
- 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".

At a glance

01-09/2021 financial results

- Revenue of EUR 1,589 mn (EUR 1,195 mn in 01-09/2020)
 - Specialty share¹ at 73 % (73 % in 01-09/2020)
- EBITDA of EUR 298 mn (EUR 139 mn in 01-09/2020)
 - EBITDA more than doubled due to positive market developments
- Net result after minorities of EUR 100 mn (EUR -3 mn in 01-09/2020)
 - EPS of EUR 3.77 (EUR -0.10 in 01-09/2020)

Key developments & strategic highlights

- Largest expansion program in corporate history on track despite challenging COVID-19 situation
 - 100 kt lyocell plant in Thailand with commissioning by end of the year and start of production in Q1 2022
 - 500 kt DWP³ mill in Brazil on schedule to start in H1-2022
- Cord Prinzhorn has been appointed interim CEO after Stefan Doboczky stepped down at the end of Q3 2021

Outlook and guidance 2021

- Positive market environment remains characterized by high level of uncertainty as well as high raw material, energy, and logistic costs
- Taking into account the above factors and due to the positive development of the first nine months of the year, the Lenzing Group continues to expect EBITDA in 2021 to reach at least a level of EUR 360 mn

2024 targets confirmed

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

1) In % of fiber revenue

2) Adjusted for plants under construction

3) DWP = Dissolving wood pulp

4) Per sold ton of DWP and fiber

Introduction of new CEO: Cord Prinzhorn

Highlights and market update

Lenzing further strengthens its TENCEL™ fiber portfolio – VEOCEL™ with double digit growth in Asia

New denim offering

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



Carbon-zero TENCEL™ fibers with REFIBRA™ technology

- Expansion of **carbon-zero TENCEL™** branded fibers to REFIBRA™ technology
- Addressing **market needs** for circular economy
- **Gain momentum** from mill partners around the world to further **innovate raw material usage**



VEOCEL™ growth in Asia

- Lenzing's VEOCEL™ brand achieves **double-digit growth** in Asia through innovative nonwovens applications
- Increased **environmental consciousness** in younger consumers drives strong market growth
- VEOCEL™ brand expects further **growth potential** in the **personal hygiene** segment whilst demand for beauty care products remains strong



Biodegradability of LENZING™ fibers confirmed by scientific study



Results of experiments conducted by the University of California's Scripps Institution of Oceanography provide further scientific support that **LENZING™ fibers biodegrade in marine conditions while fossil-based fibers do not**



About Scripps Institution of Oceanography

- One of the most important centers for global earth science research and education in the world
- Scripps scientists work to understand and protect the planet by investigating our oceans, Earth, and atmosphere to find solutions to our greatest environmental challenges



Comparison of the degradation processes¹

100 %
Biodegradable
within 30 days

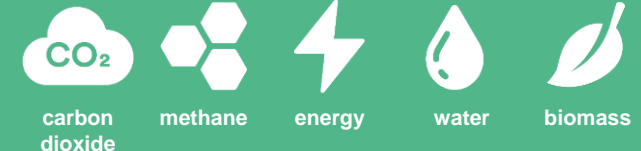
LENZING™ fibers

Practically unchanged
after more than 200 days

Fossil-based fibers²

What is biodegradability?

Biodegradability is a process that breaks down a material by naturally occurring micro-organisms such as bacteria and fungi into its natural components:



Lenzing rated “sustainability champion” by MSCI ESG with upgrade to AA rating

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

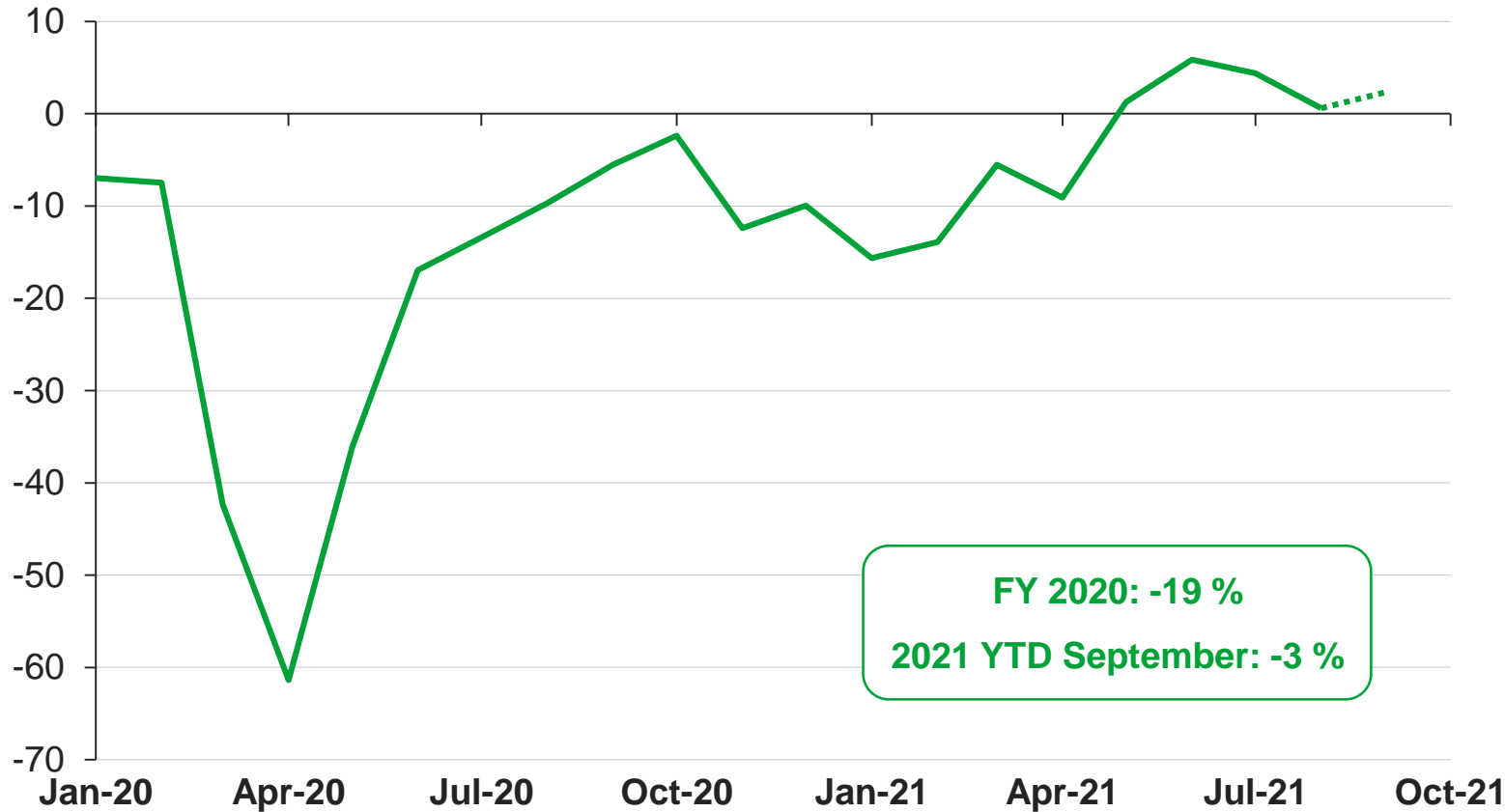
- The prestigious rating agency MSCI has **upgraded its rating** for the Lenzing Group from “A” to “AA” as at September 2021
- Lenzing now ranks among the world’s **top 6 percent** in the industry - this classification is a further testimony to Lenzing’s leading role in sustainability
- The upgrade to the MSCI ESG rating will also **lead to a reduction in Lenzing’s interest expense** as it placed a bonded loan worth EUR 500 mn in November 2019, which is linked to its sustainability performance
- In accordance with its commitment under the bonded loan placement, the company will **donate the full amount of the interest expense saved** thanks to the rating revision to a project it supports



Global apparel retail sales still at 2019 levels, but outlook for the next months highly uncertain

Monthly global apparel retail sales¹

Percent of 2019



FY 2020: -19 %
2021 YTD September: -3 %



Outlook still **highly uncertain** and dependent on further spread of Covid-19 (new virus variants, vaccine rollout, and government policies)

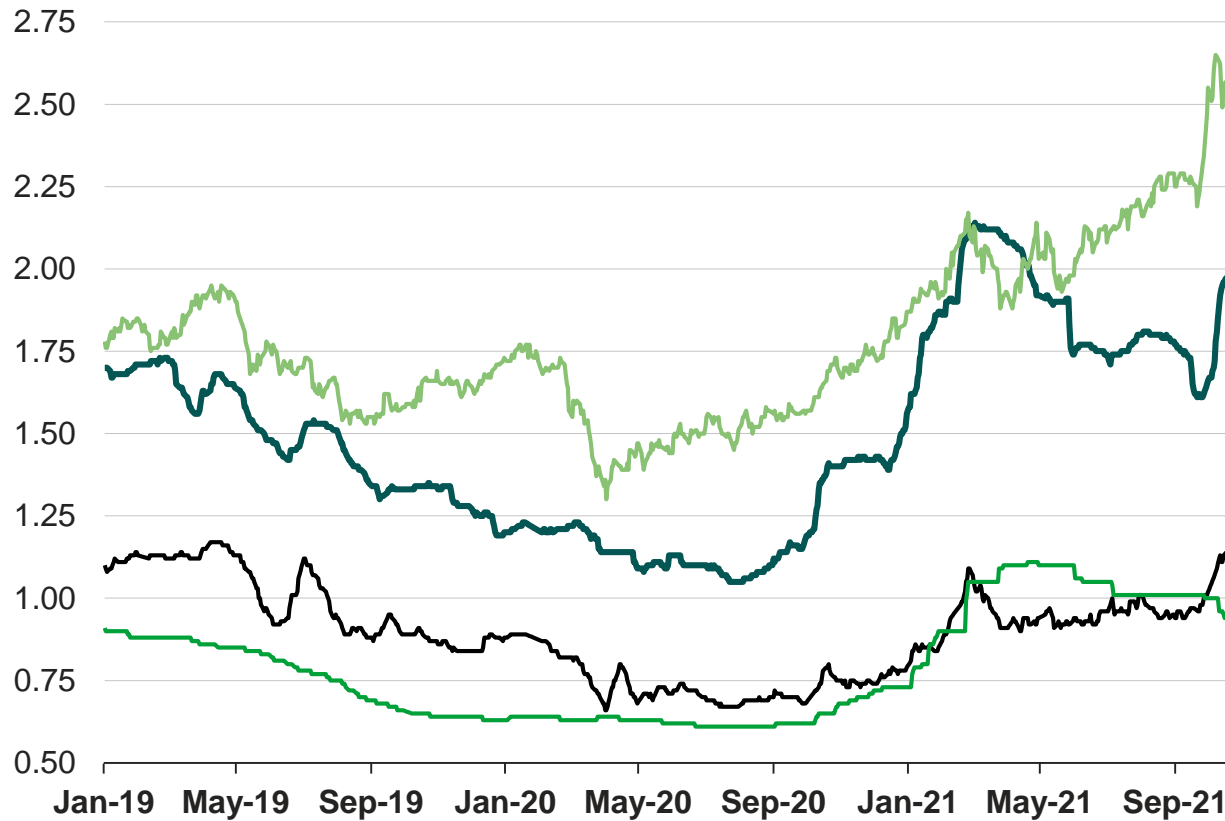
¹ Estimated based on 42 countries accounting for 84 % of global 2019 apparel retail sales. For some countries (e.g., US, EU) excluding online retail sales. Number for September is a first estimate based on only 17 countries accounting for 64 % of global sales

Viscose prices recovered to levels of USD ~ 2.00

Fiber prices in China

USD/kg, excl. VAT

— Viscose — Polyester
— Cotton FE — Dissolving hardwood pulp



Cotton

- The recent cotton price rally was supported by good fundamentals and firm production and logistic costs; but also speculative buying by some traders played an important role; USc/lb 117.40 (USD/kg 2.54) on Oct 25, 2021 (Cotton A Index)

Viscose

- The Chinese energy restrictions forced several VSF producers to reduce production; in combination with high raw material prices, this led to an increase of VSF prices; RMB/ton 14,300 (USD/kg 1.98) on Oct 25, 2021
- Operating rates in the Chinese VSF industry currently at ~56% (5y avg. 80%)
- Inventories are melting, however still well above the long-term average; ~27 days (5y avg. 19 days)

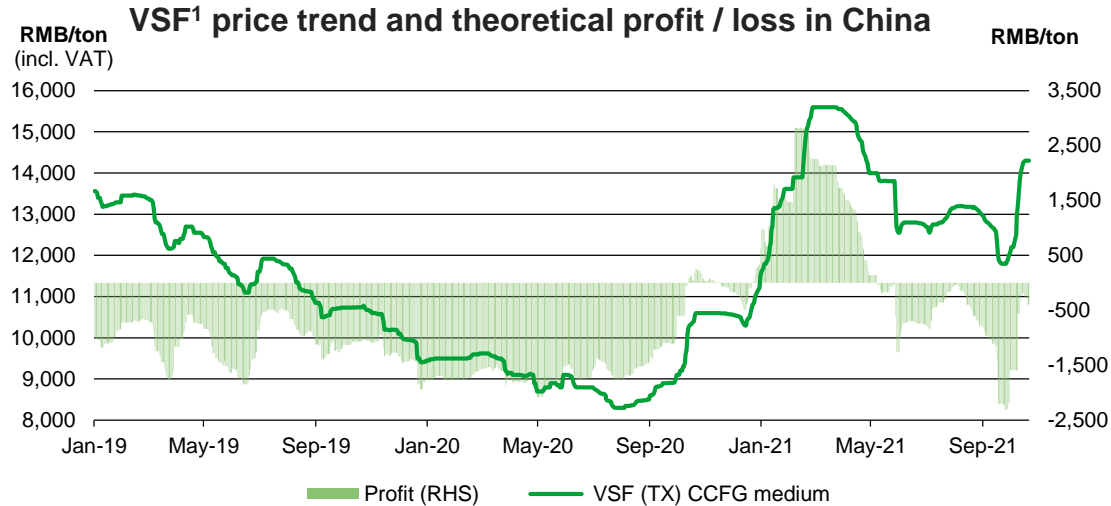
Dissolving hardwood pulp

- Lower VSF production results in a weaker demand for Dissolving wood pulp, Pulp price witnessed some adjustments in recent weeks; USD/ton 940 for dissolving hardwood pulp on Oct 25, 2021

Polyester

- Polyester prices were mostly driven by hiking feedstock costs; RMB/ton ~7,900 (USD/kg ~1.09) on Oct 25, 2021

Profit situation of Chinese VSF plants improved recently, reflecting higher viscose and falling pulp prices



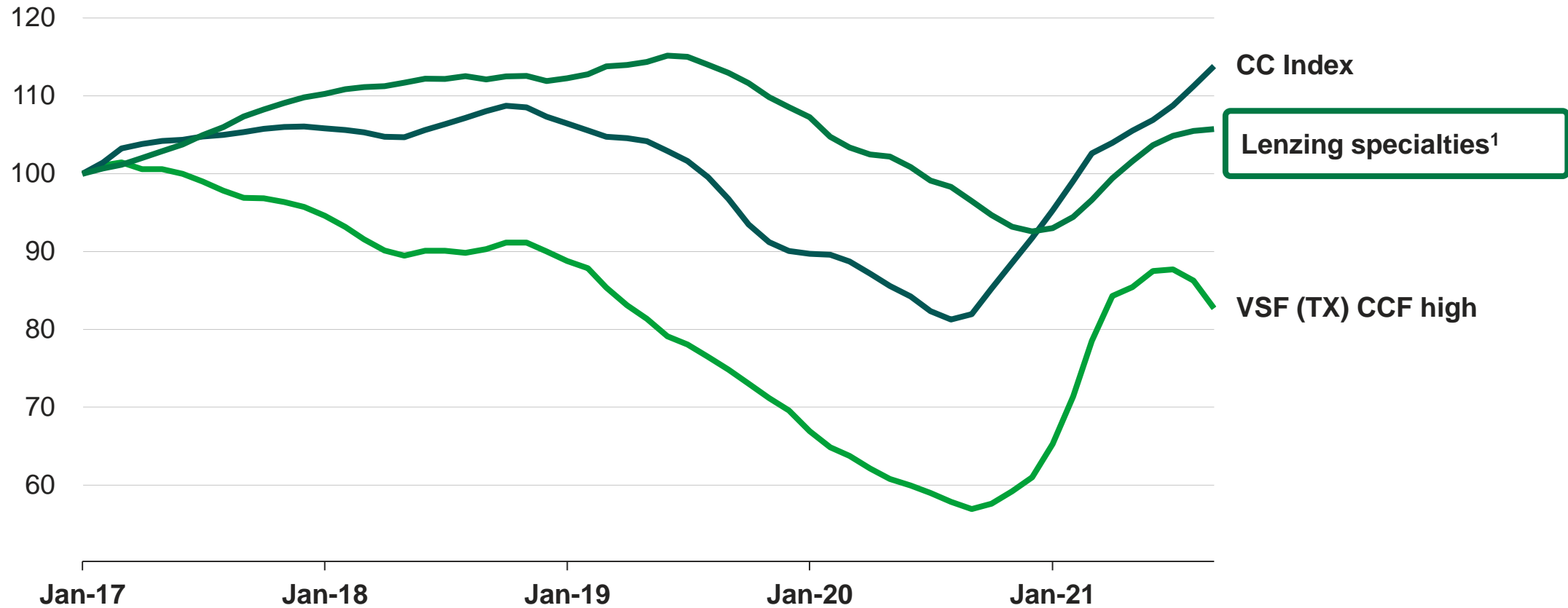
1 Standard viscose staple fibers, price development until October 21st, 2021

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

Cotton and Lenzing specialties remain on an upward trajectory

Cellulosic fiber prices in China¹

6-months average², percent from 1/17, converted at constant FX rates



¹ Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose ² Monthly average prices up to September 2021

Expansion projects

DWP mill in Brazil remains on time and in budget

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

Key facts:

- 500 kt single line DWP mill
→ **Largest of its kind**
- USD 1.38 bn industrial capex
(USD 704 mn Lenzing's economic share)
→ **Absolute cost leader**
- Long-term average DWP price: ~USD 900/mt
- Expected ramp-up in H1/2022
→ **Almost full run rate expected end of 2022**



Lyocell expansion project in Thailand (T3) with commissioning by end of the year and start of production in Q1 2022

Key facts:

- 100 kt lyocell fiber plant
- ➔ **Largest of its kind**
- ➔ **Strong boost to specialty exposure**
- ~ EUR 400 mn industrial capex
- ➔ **Commissioning by end of the year and start of production in Q1 2022**
- ➔ **Fully ramped-up by H2-2022**
- Bioenergy secured, carbon-neutral site

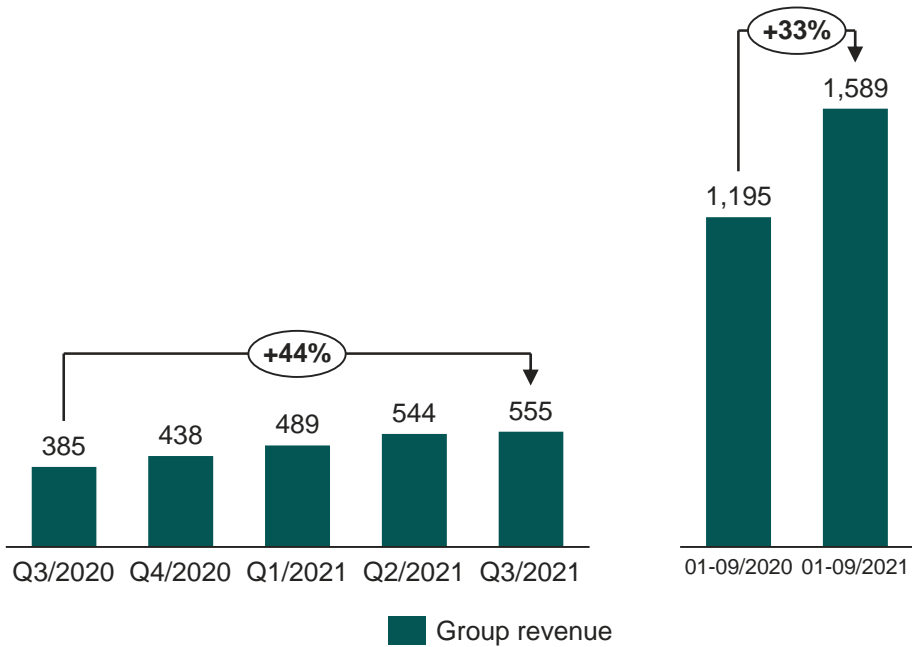


Financials

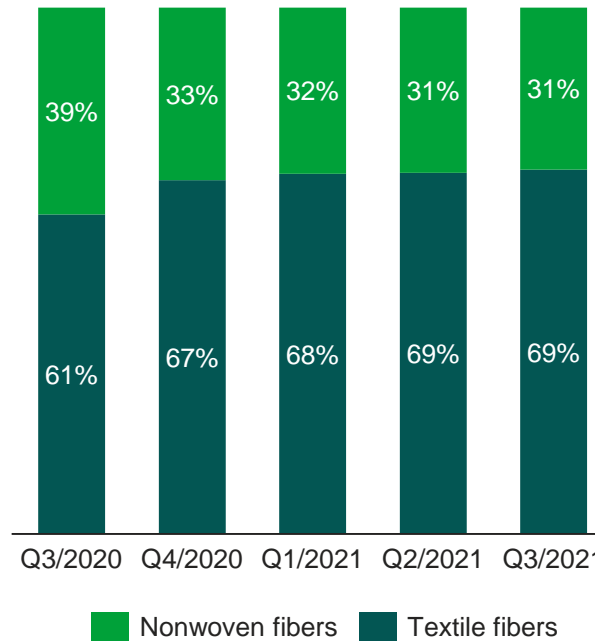


P&L – Revenue

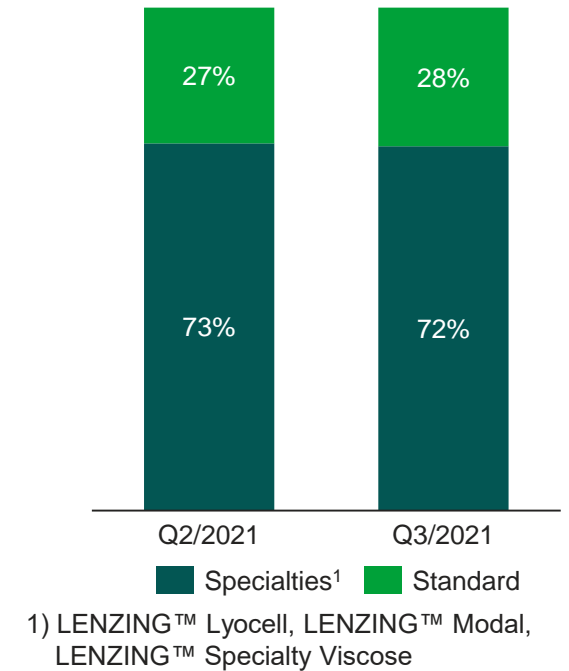
Group revenue (EUR mn)



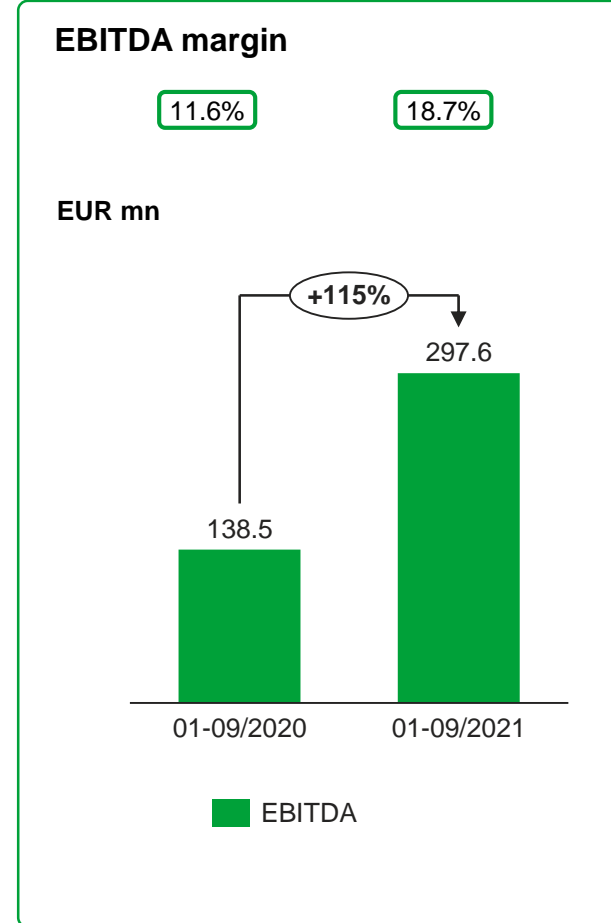
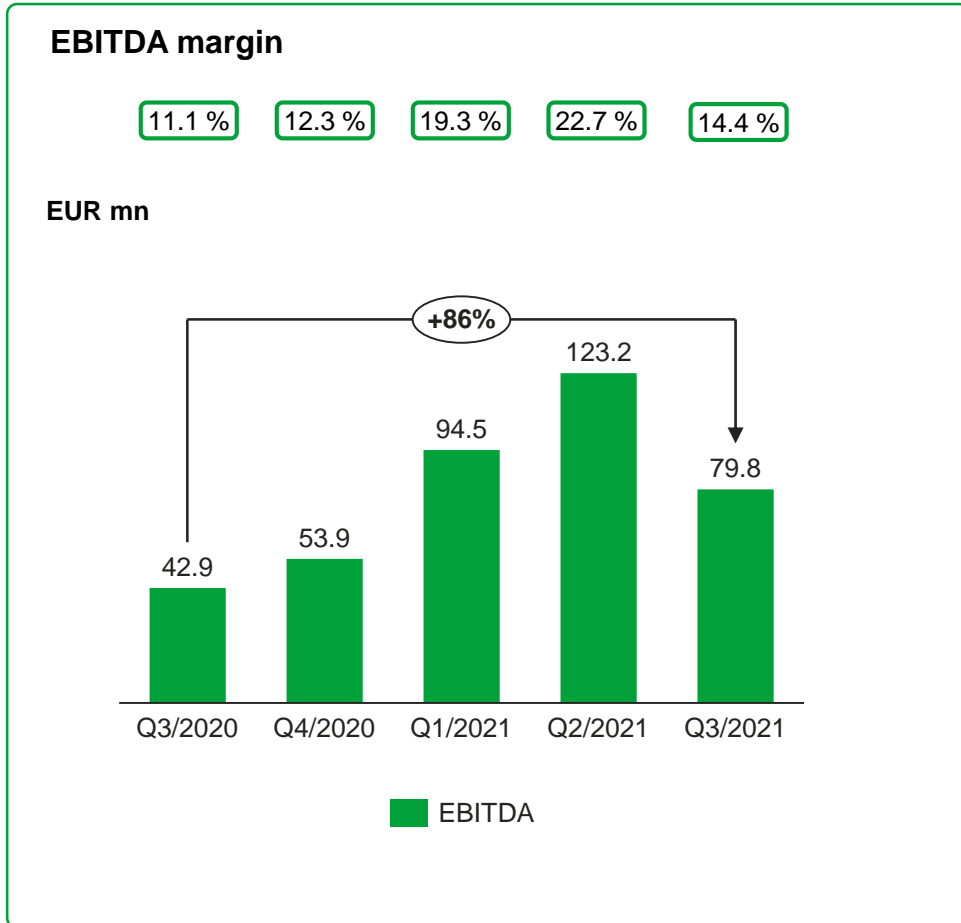
Fiber revenue by application



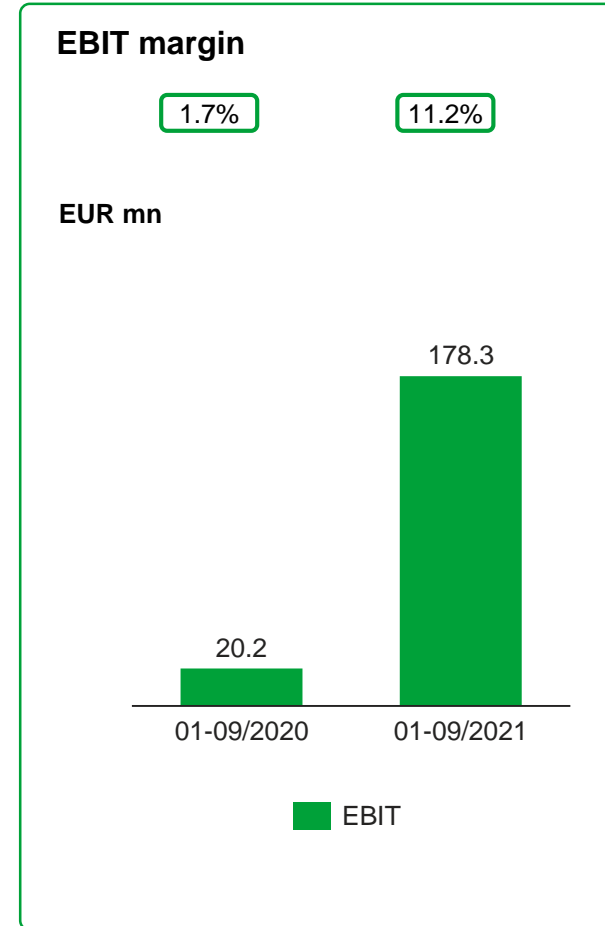
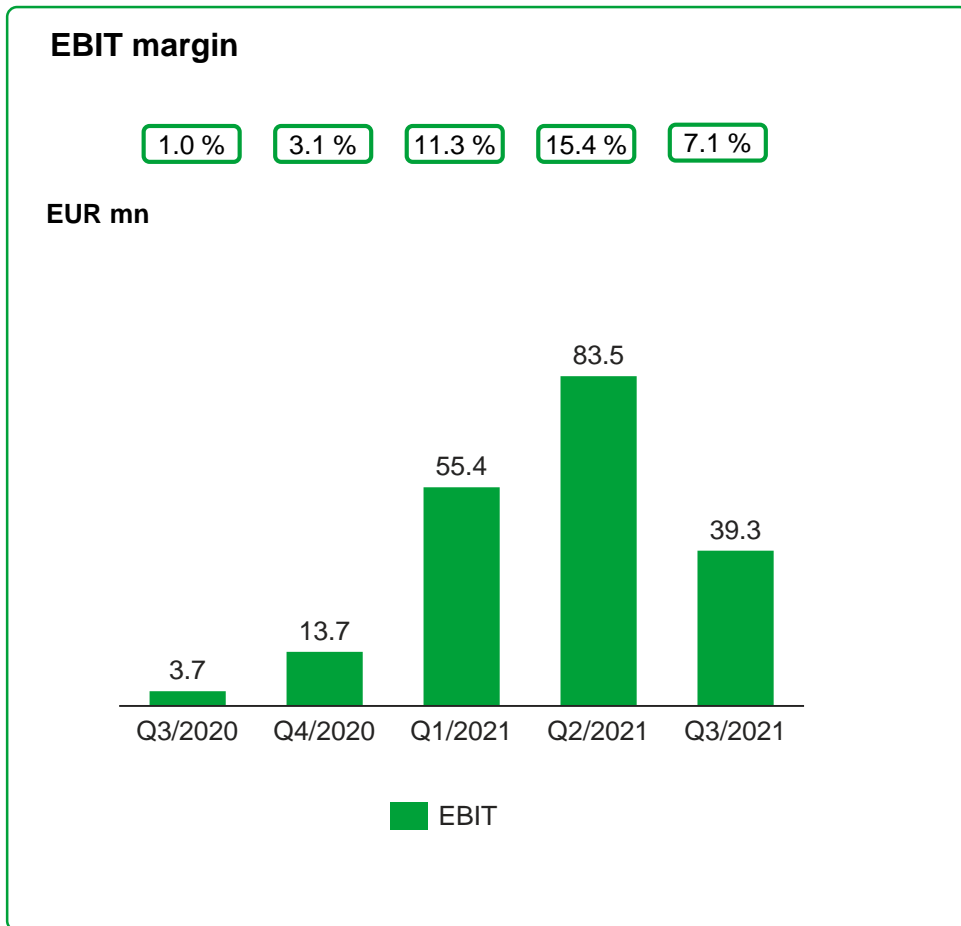
Specialties share of fiber sales



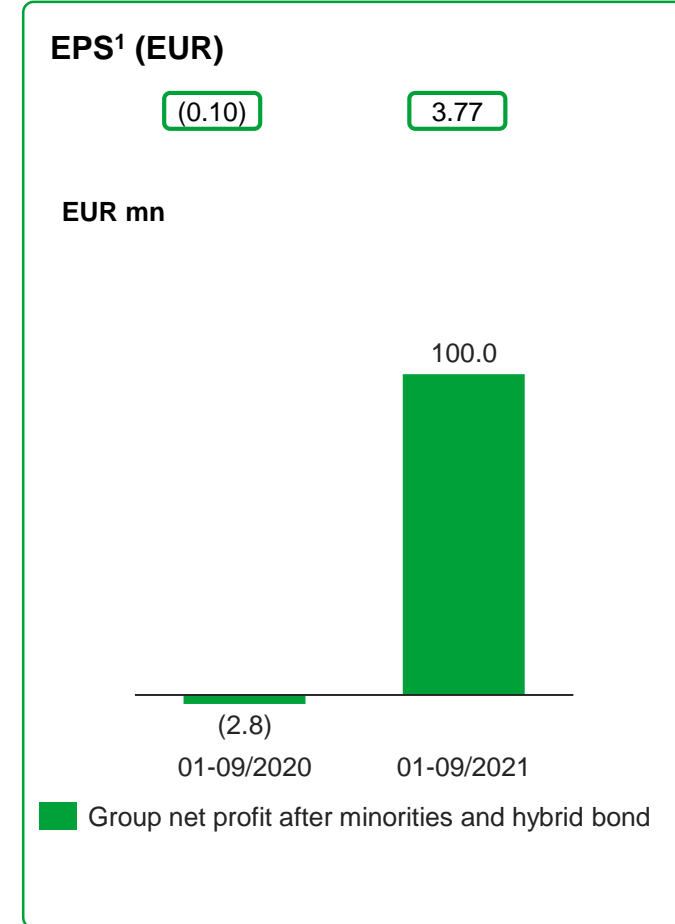
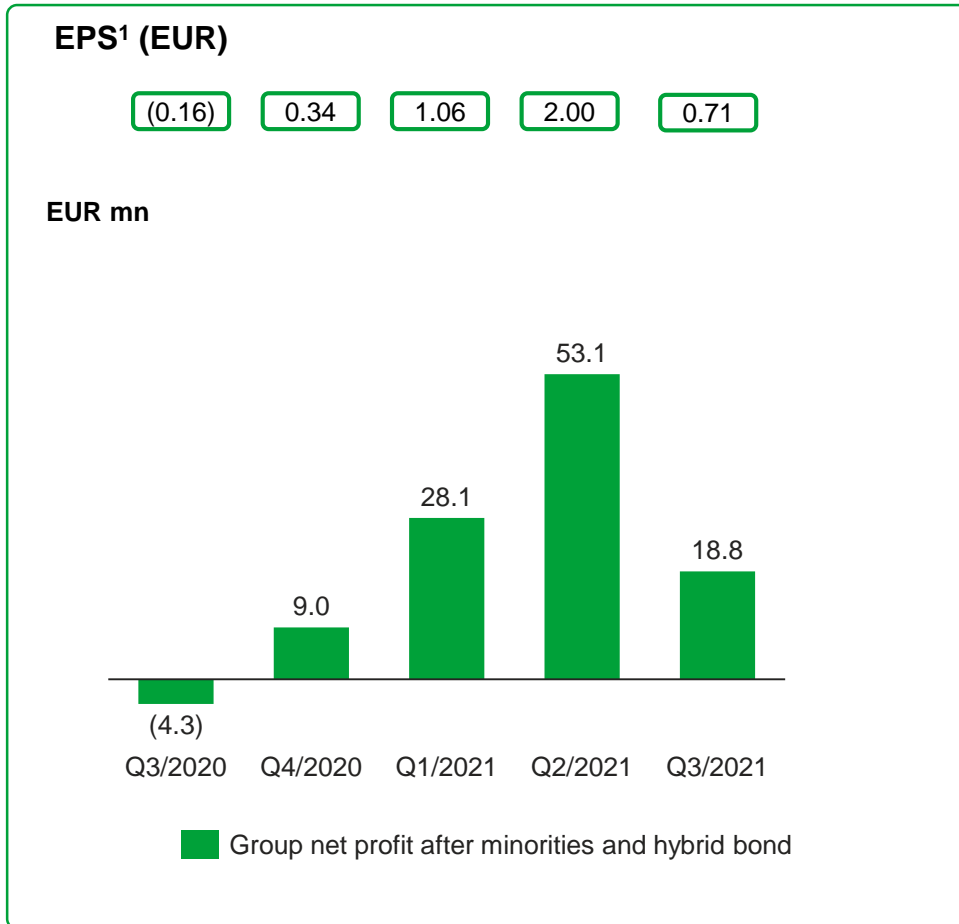
P&L - EBITDA



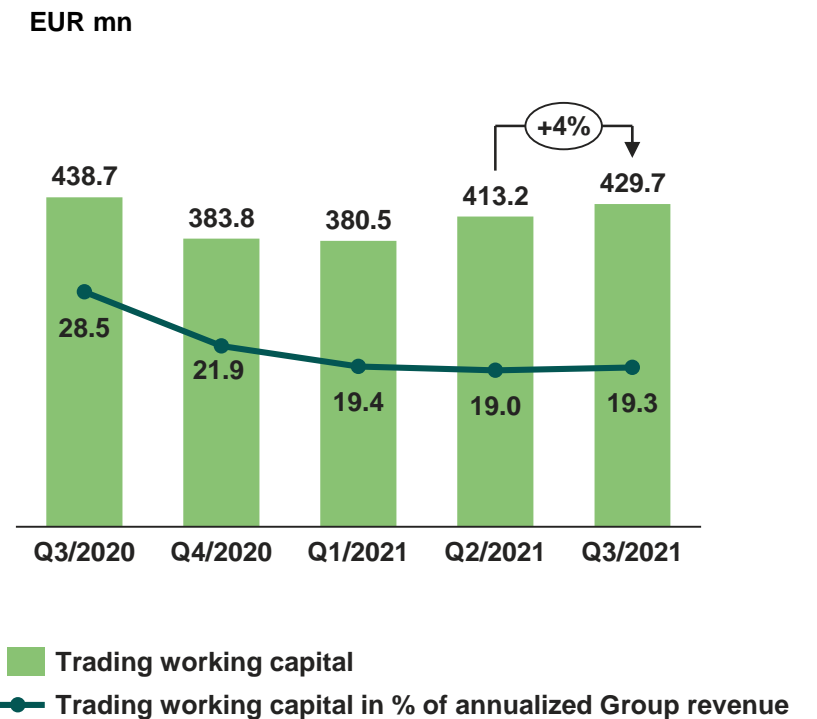
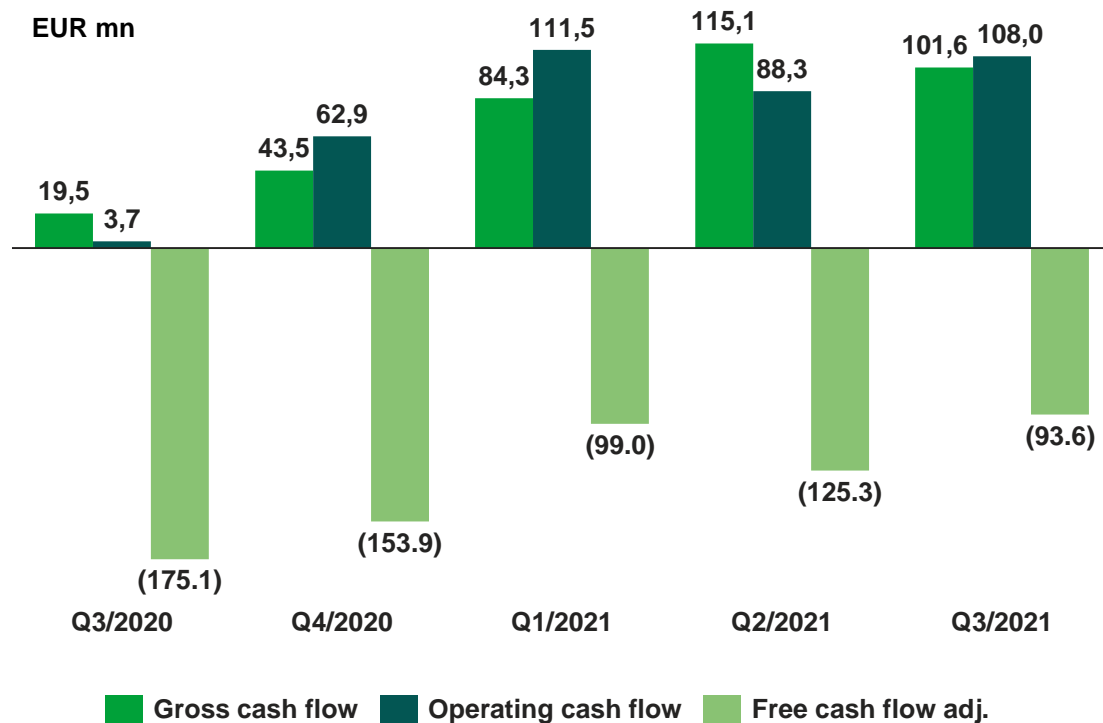
P&L - EBIT



P&L – Net profit and earnings per share



Cash flow and trading working capital development



Capex

181

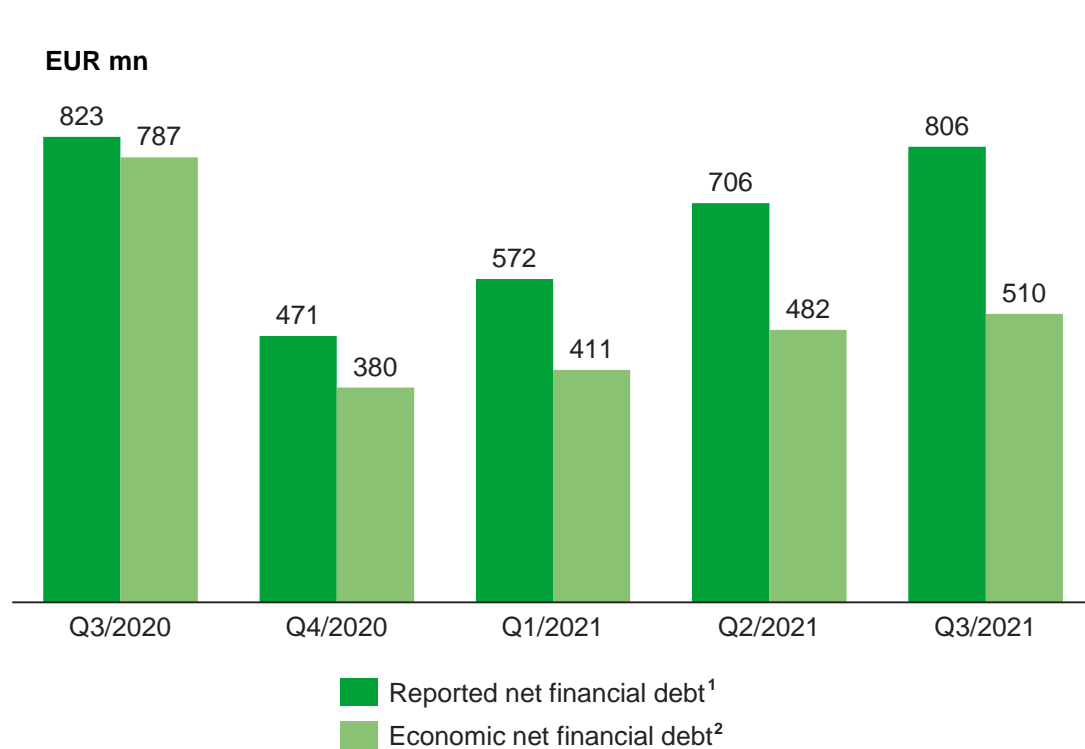
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211

215

205

Balance sheet metrics



- 1) Fully consolidated Brazil JV debt included
- 2) Reflects 51% economic share of Brazil JV debt
- 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
- 5) Including hybrid capital

According to IFRS (EUR mn)	30 Sep 2021 ⁵	31 Dec 2020 ⁵	Change in %
Total assets	5,101.2	4,163.0	22.5
Liquid assets³	1,249.5	1,081.1	15.6
Total liabilities	3,003.8	2,281.6	31.7
thereof financial liabilities	2,055.8	1,552.5	32.4
Adjusted equity⁴	2,124.6	1,907.0	11.4
Adjusted equity ratio (%)	41.6	45.8	
Net gearing (%)	38.0	24.7	
Net financial debt	806.3	471.4	71.1

According to IFRS (EUR mn)	30 Sep 2021	31 Dec 2020	Change in %
Total liquidity cushion	1,728.2	2,112.5	(18.2)
thereof liquid assets³	1,249.5	1,081.1	15.6
thereof unused credit facilities	478.8	1,031.4	(53.6)

Outlook



Outlook

2021 guidance: Lenzing Group continues to expect EBITDA in 2021 to reach at least a level of EUR 360 mn

- Market environment characterized by high level of uncertainty regarding the COVID-19 pandemic as well as high raw material, energy, and logistic costs
- Commodity fiber pricing peaked mid March, thereafter phase with lower prices – currently back to higher levels
- DWP prices have declined but remain on high levels
- Lenzing expects a continued increase in demand for sustainably produced fibers for the textile and apparel industry as well as for the hygiene and medical industry
- Strategic focus on finalizing expansion projects in Thailand and Brazil
- Operational focal points: pull marketing, continuous improvement, operational excellence and cost management

2021 strategic milestones

Major decisions to be taken

**LENZING™ Modal
fibers expansion**



**Conversion of VSF
commodity into
LENZING™
ECOVERO™ fibers
expansion**



**Further steps to
decarbonize portfolio**

- Lenzing
- Nanjing
- Prachinburi



Project Finalization

**Commissioning of
lyocell fiber plant in
Thailand (T3)**



Thank You

**for your
attention!**

Appendix

Detailed financials

01-09/2021: Quarterly P&L development¹

(EUR mn)	Q3/2021	Q2/2021	Change Q3/Q2 (%)	Q3/2020	Change Q3/Q3 (%)	01-09/2021	01-09/2020	Change y-o-y (%)
Revenue	555.2	544.0	2.1	384.7	44.3	1,588.5	1,194.9	32.9
Cost of sales	(433.6)	(389.7)	11.3	(334.8)	29.5	(1,192.1)	(1,019.9)	16.9
Gross profit	121.6	154.3	(21.2)	49.9	143.6	396.4	175.0	126.6
Other operating income	15.1	24.5	(38.1)	16.6	(8.5)	55.1	47.7	15.5
Selling expenses	(58.5)	(55.2)	6.0	(35.4)	65.1	(162.6)	(113.7)	43.0
Administrative expenses	(32.5)	(34.1)	(4.7)	(20.2)	61.2	(92.8)	(69.7)	33.2
Research and development expenses	(6.1)	(5.9)	3.3	(2.8)	119.1	(17.4)	(11.6)	50.4
Other operating expenses	(0.4)	0.0	-	(4.4)	(92.0)	(0.4)	(7.6)	(94.8)
EBIT/Margin	39.3/7.1%	83.5/15.4%	(52.9)	3.7/1.0%	955.8	178.3/11.2%	20.2/1.7%	783.6
Financial result	(3.5)	(4.8)	(28.6)	(3.5)	(1.5)	(18.6)	(10.4)	78.9
EBT/Margin	35.9/6.5%	78.7/14.5%	(54.4)	0.2/0.1%	-	159.6/10.0%	9.8/0.8%	1,535.2
Income tax expense	(18.6)	(12.4)	49.3	(9.1)	104.5	(46.2)	(33.0)	39.8
Tax rate (%)	51.8	15.8	-	-	-	28.9	-	-
Net profit/loss/Margin	17.3/3.1%	66.3/12.2%	(73.9)	(8.9)/(2.3%)	-	113.4/7.1%	(23.3)/(1.9%)	-
Net profit/loss attributable to shareholders of Lenzing AG/Margin	18.8/3.4%	53.1/9.8%	(64.6)	(4.3)/(1.1%)	-	100.0/6.3%	(2.8)/(0.2%)	-
Net profit/loss attributable to non-controlling interests	(8.7)	5.9	-	(4.6)	89.7	(8.2)	(20.5)	(60.2)
Net profit/loss attributable to hybrid owners	7.2	7.2	0.0	0.0	-	21.6	0.0	-
EPS (in EUR)	0.71	2.00	(64.6)	(0.16)	-	3.77	(0.10)	-

1) Reclassification of capitalized borrowing costs, net interest from defined benefit plans and commitment fees from EBIT/EBITDA to the financial result (see footnote 1 of the consolidated income statement of the Group Interim Report H1/2021).

01-09/2021: Topline breakdown

(EUR mn)	01-09/2021
Wood-based cellulosic fibers	1,339.4
Co-products of fiber production	38.5
Mechanical and plant engineering, engineering services and others	7.9
Division Fiber	1,385.8
Pulp	112.4
Biorefinery-products and energy	60.5
Wood and other	25.8
Division Pulp	198.7
Others	3.9
Total Group revenue	1,588.5

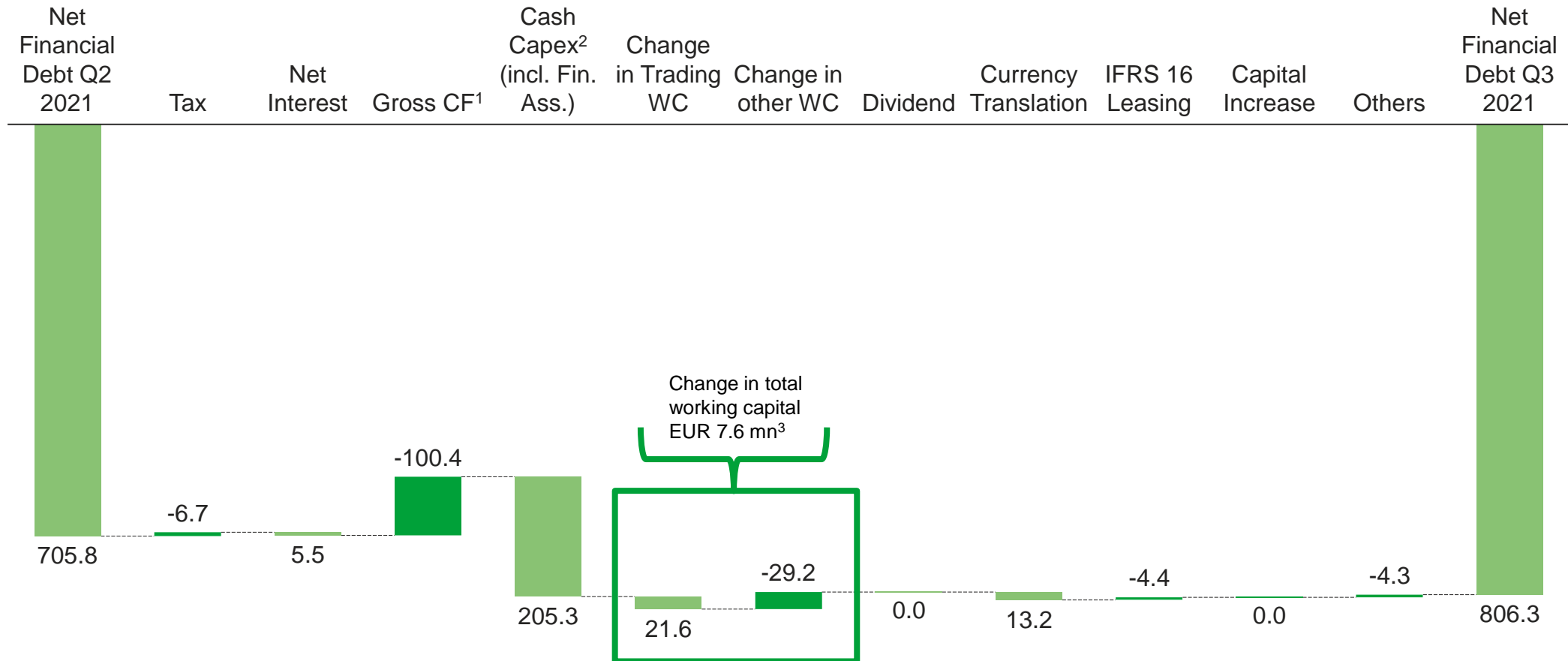
01-09/2021: Quarterly cash flow development

(EUR mn)	Q3/2021	Q2/2021	Change Q3/Q2 (%)	Q3/2020	Change Q3/Q3 (%)	01-09/2021	01-09/2020	Change y-o-y (%)
Gross cash flow (before taxes and interest)	100.4	139.9	(28.2)	34.0	195.5	335.3	116.3	188.3
Taxes and interest	1.2	(24.7)	-	(14.5)	-	(34.2)	(33.0)	3.7
Gross cash flow (after taxes and interest)	101.6	115.1	(11.7)	19.5	422.4	301.1	83.3	261.3
Change in total working capital ¹	6.3	(26.8)	-	(15.7)	-	6.7	(97.3)	-
Operating cash flow	108.0	88.3	22.2	3.7	2,789.2	307.8	(14.0)	-
Investment cash flow ²	(201.7)	(220.0)	(8.3)	(179.8)	12.2	(627.2)	(447.7)	40.1
Free cash flow unadj.	(93.7)	(131.6)	(28.8)	(176.0)	(46.7)	(319.5)	(461.7)	(30.8)
Net inflow from sale of subsidiary	0.0	0.0	-	0.0	-	0.0	0.0	-
Acquisition of other financial assets	0.3	6.5	(96.0)	1.1	(75.3)	6.9	2.2	212.0
Proceeds/repayments of other financial assets	(0.1)	(0.2)	(18.1)	(0.1)	6.4	(5.3)	(1.4)	290.4
Free cash flow adj.	(93.6)	(125.3)	(25.2)	(175.1)	(46.5)	(317.9)	(460.8)	(31.0)

1) Including trade and other working capital

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

Q3-2021: Net debt bridge



1) Gross cash flow before taxes and interest

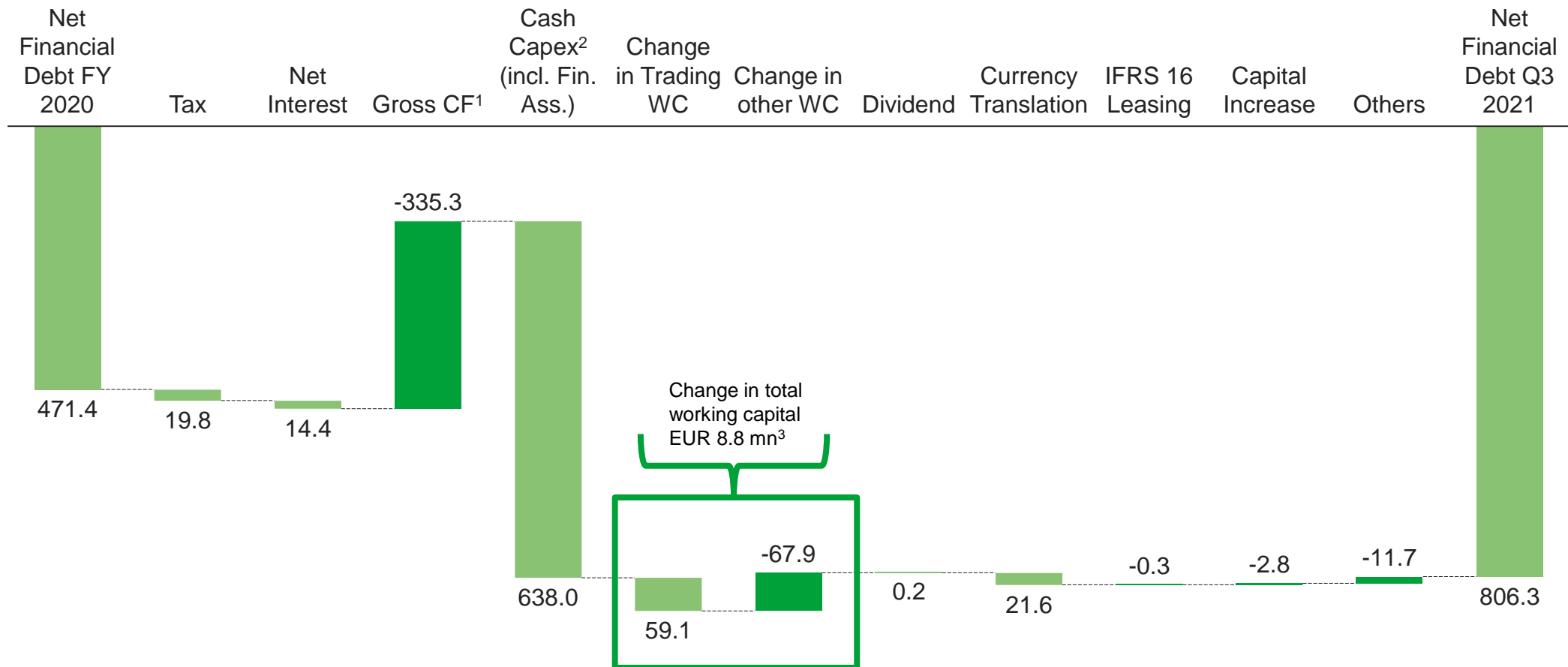
2) Including CAPEX of EUR (205.1) mn and financial assets of EUR (0.3) mn

3) Change in total working capital EUR 6.3 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR 1.2 mn

Change in total working capital adj. EUR 7.6 mn (according to net debt)

01-09/2021: Net debt bridge



1) Gross cash flow before taxes and interest

2) Including CAPEX of EUR (631.1) mn and financial assets of EUR (6.9) mn

3) Change in total working capital EUR 6.7 mn (according to cash flow statement)

Adjustment change in liquid bills of exchange EUR 2.2 mn

Change in total working capital adj. EUR 8.8 mn (according to net debt)

Contact and financial calendar

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Visit our SRI sites

<https://www.lenzing.com/en/sustainability>

<https://www.lenzing.com/en/sustainability-reports>

Financial calendar

Annual results 2020	March 11, 2021
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77 th Annual General Meeting	April 14, 2021
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Results 01-03/2021	May 5, 2021
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Half-year results 2021	August 4, 2021
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Results 01-09/2021	November 3, 2021
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Annual results 2021	March 10, 2022
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