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How Lenzing commits to future generations

Interim Report 01-09/2020 | **Lenzing Group**

Selected Indicators of the Lenzing Group

Key earnings and profitability figures

EUR mn	01-09/2020	01-09/2019	Change
Revenue	1,194.9	1,617.9	(26.1)%
EBITDA (earnings before interest, tax, depreciation and amortization)	140.4	266.9	(47.4)%
EBITDA margin	11.7%	16.5%	
EBIT (earnings before interest and tax)	22.1	153.5	(85.6)%
EBIT margin	1.8%	9.5%	
EBT (earnings before tax)	9.8	151.9	(93.6)%
Net profit/loss for the year (/the period)	(23.3)	112.9	n/a
Earnings per share in EUR	(0.10)	4.41	n/a

Key cash flow figures

EUR mn	01-09/2020	01-09/2019	Change
Gross cash flow	83.3	242.5	(65.6)%
Cash flow from operating activities	(14.0)	171.0	n/a
Free cash flow	(460.8)	11.4	n/a
CAPEX	449.8	159.7	181.7%
EUR mn	**30/09/2020**	**31/12/2019**	**Change**
Liquid assets	563.7	581.0	(3.0)%
Unused credit facilities	1,043.1	266.6	291.3%

Key balance sheet figures

EUR mn	30/09/2020	31/12/2019	Change
Total assets	3,478.4	3,121.1	11.5%
Adjusted equity	1,393.4	1,559.3	(10.6)%
Adjusted equity ratio	40.1%	50.0%	
Net financial debt	823.3	400.6	105.5%
Net debt	929.7	511.4	81.8%
Net gearing	59.1%	25.7%	
Trading working capital	438.7	403.5	8.7%
Trading working capital to annualized group revenue	28.5%	20.7%	

Key stock market figures

EUR	30/09/2020	31/12/2019	Change
Market capitalization in mn	1,247.9	2,198.3	(43.2)%
Share price	47.00	82.80	(43.2)%

Employees	30/09/2020	31/12/2019	Change
Number (headcount)	7,241	7,036	2.9%

The above key financial figures are derived primarily from the condensed consolidated interim financial statements and the consolidated financial statements of the previous year of the Lenzing Group. Additional details are provided in "Notes on the Financial Performance Indicators of the Lenzing Group", available at the following link https://www.lenzing.com/Notes-Financial-Performance-Indicators-Lenzing-Group-2020-Q3, and in the condensed consolidated interim financial statements, resp. the consolidated financial statements of the previous year of the Lenzing Group. Rounding differences can occur in the presentation of rounded amounts and percentage rates.

Management Report 01-09/2020

The COVID-19 pandemic and the restrictions imposed on large parts of public and economic life have pushed the global economy[1] into a deep recession in 2020. Although the International Monetary Fund revised its forecast slightly upwards in October, it still expects a decline in global economic performance by 4.4 percent in 2020. In 2021, the global economy is expected to grow by 5.2 percent. However, economic recovery is subject to risks and depends largely on the further development of the pandemic.

The COVID-19 crisis had a very negative impact on the entire textile and apparel industry in the reporting period, and therefore also on the global fiber market[2]. The closure of retail stores caused a strong decline in demand for textiles and apparel around the world during the reporting period. In the USA and major European markets, revenues in brick-and-mortar stores partly dropped by more than 80 percent. The gradual easing of measures and opening of shops starting at the end of the second quarter caused demand for textiles and apparel to return, initially in China and later in virtually all markets. The recovery of the fiber market set in with a delay at the end of the usual seasonal fluctuations in demand during the summer months for nearly all product groups and caused inventory levels to decline from August onwards.

At the same time, the high demand for medical and hygiene products caused the price of nonwoven fibers to temporarily increase to RMB 12,550 per ton during the reporting period. As COVID-19 measures were eased step by step, prices gradually fell to a pre-crisis level and amounted to RMB 9,850 per ton as at September 30.

In this exceptional market environment, the cotton market was characterized by low demand and initially recorded a further increase in inventories and a sharp decline in prices. Cotton prices dropped to about 60 US cents per pound in the first quarter according to the Cotlook-A Index – the lowest value in more than 10 years. The recovery of the Chinese economy and the Chinese imports from the USA had a stabilizing effect on the cotton price from the third quarter onwards. Lower harvest projections for the coming season also had an impact. The cotton price amounted to 71 US cents per pound at the end of September. This corresponds to a decline by 9.1 percent compared with the beginning of the year. On average, the Cotlook-A Index was 11.4 percent lower in the reporting period than in the comparative period of the previous year.

As a result of the lockdown in spring 2020, demand also held off in the polyester market. The strong decline in raw material prices put additional pressure on prices during the reporting period. As at September 30, the polyester price in China amounted to RMB 5,250 per ton, down 23.9 percent on the beginning of the year, thus marking a new historic low. The average price in the reporting period was 27.3 percent lower than in the prior-year period.

The prices for standard viscose, as well as for polyester, were at a historic low as at the end of December 2019 due to surplus capacity. The large-scale lockdown, falling raw material prices and the usual seasonal volatility in demand during the summer months led to a new all-time low of RMB 8,300 per ton at the end of July. The beginning recovery in the third quarter with increasing revenue and decreasing inventory levels finally also led to a recovery of the price development from August onwards. At September 30, the price for standard viscose in China amounted to RMB 9,200 per ton, down 2.6 percent on the beginning of the year. However, on average the price for standard viscose was still 24.8 percent lower than in the comparative period of the previous year.

The general slump in demand on the fiber market, coupled with a significant price gap to other fiber types, also had a negative effect on the prices of wood-based specialty fibers during the reporting period. A significant increase in demand led to a gradual recovery of prices towards the end of the third quarter.

The prices for dissolving wood pulp, the main raw material for the production of wood-based cellulosic fibers, recorded a development similar to that of standard viscose during the reporting period. The price for hard wood-based dissolving wood pulp continued to drop in China in the first two quarters and marked a new historic low of USD 607 per ton in June. The price recovered in the third quarter and at USD 624 per ton as at September 30 was nearly back at the level of the beginning of the year.

The Lenzing Group successfully responded to this extremely difficult market environment by implementing a broad package of measures and remains fully on track in terms of strategy. Lenzing intensified its cooperation with partners along the value chains and was flexible and agile in adjusting production volume to demand. By increasing inventory levels as planned and expanding logistics solutions, Lenzing was able to serve its customers quickly at any time and at the usual level of delivery service, in particular when demand started to recover in the third quarter. In order to mitigate the effect of the pressure on fiber prices and demand for fibers, Lenzing intensified measures for structural earnings improvement in the reporting period, reducing its operating costs significantly as a result.

The immediate effects of the COVID-19 crisis increased price pressure on textile fibers, in particular in the first two quarters of 2020. The increase in demand in the third quarter, especially for wood-based specialty fibers such as TENCEL™ Modal and LENZING™ ECOVERO™, had a positive impact on the revenue and earnings development in the reporting period, but was still below the level

[1] Source: IMF, World Economic Outlook, October 2020
[2] All production figures in this section have been updated from the first estimates given in the Annual Report 2019.
Sources: International Cotton Advisory Committee (ICAC), IMF, Cotton Outlook, CCF Group (China Chemical Fibers and Textiles Consulting), Food and Agriculture Organization (FAO)

of the previous year. As a result, revenue declined by 26.1 percent from EUR 1.62 bn to EUR 1.19 bn in the first three quarters of 2020. The share of specialty fibers increased from 49.8 percent in the first three quarters of the previous year to 60.6 percent.

The earnings development essentially reflects the decline in revenue. The implementation of measures for structural earnings improvements in all regions mitigated this negative effect. EBITDA (earnings before interest, tax, depreciation and amortization) fell by 47.4 percent to EUR 140.4 mn in the reporting period. The EBITDA margin decreased from 16.5 percent to 11.7 percent. EBIT (earnings before interest and tax) dropped 85.6 percent to EUR 22.1 mn and the EBIT margin fell from 9.5 percent to 1.8 percent. EBT (earnings before tax) decreased by 93.6 percent to EUR 9.8 mn. Net loss for the period amounted to EUR minus 23.3 mn (01-09/2019: EUR 112.9 mn) and earnings per share to EUR minus 0.10 (01-09/2019: EUR 4.41).

The cost of material and other purchased services declined by 32.7 percent to EUR 656.4 mn in the first three quarters of 2020. In relation to revenue, the cost of material and other purchased services amounted to 54.9 percent in the reporting period (01-09/2019: 60.2 percent). This was attributable to targeted cost reduction measures on the one hand and to lower production volumes and declining market prices, in particular for wood, pulp, caustic soda and energy on the other. Personnel expenses declined by 10.1 percent to EUR 269.5 mn due to a hiring stop and utilization of the short-time work model at the Austrian locations. In relation to the Lenzing Group's revenue, personnel expenses amounted to 22.6 percent (01-09/2019: 18.5 percent). Other operating expenses were also reduced significantly by 10.2 percent to EUR 179.9 mn compared with the prior-year period.

Income tax expense of EUR 33 mn (01-09/2019: EUR 39 mn.) is primarily influenced by currency effects and the impairment of deferred tax assets recognized on loss carryforwards of individual group companies.

Gross cash flow in the third quarters of 2020 fell by 65.6 percent to EUR 83.3 mn compared to the first three quarters of the previous year. This decrease was above all due to the earnings development. Cash flow from operating activities dropped to EUR minus 14 mn (01-09/2019: EUR 171 mn). Free cash flow amounted to EUR minus 460.8 mn (01-09/2019: EUR 11.4 mn) due to investment activities related to the projects in Thailand and Brazil. CAPEX (expenditures for intangible assets, property, plant and equipment and biological assets) roughly tripled to EUR 449.8 mn in the first three quarters of 2020.

Liquid assets were almost stable compared with the end of 2019 and amounted to EUR 563.7 mn as at September 30, 2020. The Lenzing Group also had unused credit lines totaling EUR 1.04 bn at its disposal at the end of the reporting period (December 31, 2019: EUR 266.6 mn).

The Lenzing Group's total assets rose by 11.5 percent compared to December 31, 2019 and amounted to EUR 3.48 bn as of September 30, 2020. The main changes are related to an increase in property, plant and equipment due to increased investment activities and the inclusion of biological assets in the form of trees used as a raw material for pulp production in Brazil.

Adjusted equity decreased by 10.6 percent in the first three quarters of 2020 primarily due to measurement effects from hedging against currency risks related to the investment projects in Thailand und Brazil and amounted to EUR 1.39 bn as at September 30, 2020. Accordingly, the adjusted equity ratio declined from 50 percent to 40.1 percent. Net financial debt roughly doubled to EUR 823.3 mn during the reporting period.

The Lenzing Group's investment activities continued to focus on expanding the internal production of pulp, increasing the share of specialty fibers and implementing the climate targets in line with the sCore TEN corporate strategy in the first three quarters of 2020.

The construction of the dissolving wood pulp plant in Brazil is still proceeding according to plan. After the final investment decision in December 2019, the Duratex Group acquired a 49 percent share in the in the joint venture LD Celulose in the first quarter of 2020 as agreed. Lenzing holds 51 percent of the shares in this fully consolidated subsidiary. The expected Industrial CAPEX will be USD 1.38 bn. The project is predominantly financed through equity and long-term debt. The corresponding financing contracts were concluded in the second quarter of 2020 as planned. IFC, a member of the World Bank Group, and IDB Invest, a member of the IDB Group, support the investment program of the joint venture LD Celulose. The export credit agency Finnvera and seven commercial banks are also participating in the financing in the amount of USD approx. 1.1 bn. The commissioning of the pulp plant is still scheduled for the first half of 2022.

In the second quarter of 2020, the expansion project was completed and the new production capacities were started up at the Paskov plant. As a result, Lenzing increased the local pulp capacity from 270,000 tons to 285,000 tons per year.

Specialty fibers are Lenzing's great strength. The strategic target to generate roughly 50 percent of revenue with specialty fibers in 2020 has already been met. Lenzing aims for further organic growth in this area in order to be even more resilient to volatile markets in the future. The focus of the coming years will clearly be on the construction of the new, state-of-the-art lyocell plant in Thailand, with the objective to increase the share of specialty fibers in the revenue generated by the Segment Fibers to more than 75 percent by 2024. The investment for the new plant with a capacity of 100,000 tons amounts to roughly EUR 400 mn. Construction work started in the second half of 2019 and went according to plan during the reporting period. Production is expected to be launched at the end of 2021.

With the implementation of the two key projects in Brazil and Thailand, Lenzing is also achieving an important milestone in its carbon neutrality strategy. Both projects are designed as CO_2 neutral plants. In addition, the pulp plant in Brazil will be one of the world's most productive and most efficient plants and feed more than 40 percent of the electricity generated into the public grid as "green energy". In 2019, Lenzing committed to reducing its greenhouse gas emissions per ton of product by 50 percent by 2030 (baseline: 2017) and to become climate neutral by 2050.

In its Sustainability Report 2019, which was presented in March, Lenzing sets out in detail how it is actively dealing with the global challenges and contributing to mastering the problems caused by climate change. Lenzing also uses a cooperative approach in the form of strategic partnerships as part of its sustainability strategy. In line with this strategy, Lenzing supports the newly founded Renewable Carbon Initiative and its aim to speed up the transition from fossil carbon to renewable carbon for all organic chemicals and materials. Lenzing and ten other leading companies from six countries founded this initiative in September 2020 under the leadership of nova-Institute (Germany).

Lenzing is also systematically developing its product range in order to drive decarbonization in its own value chain and the entire textile supply chain. In the third quarter, Lenzing launched the first carbon-zero fibers. Following the guidelines of the "CarbonNeutral Protocol", the new fibers, which are sold under the TENCEL™ brand, are certified as CarbonNeutral® products for the textile industry. As part of the "True Carbon Zero" campaign, Lenzing and its premium brand in the textile segment work closely with different partners including fashion brands, designers and non-governmental organizations to achieve the common goal of carbon neutrality.

In addition to environmental protection, transparency along the value chain also represents a great challenge for the textile industry. In cooperation with TextileGenesis™, Lenzing offers an innovative solution based on the blockchain technology to overcome this challenge. In the third quarter Lenzing and the fashion brands Schneider and Armedangels presented another pilot project aiming to increase the level of traceability. The project uses the Fibercoin™ technology as a special feature, which allows tracing the raw material used back to its origin, thus preventing counterfeiting.

ISS ESG, one of the most recognized rating agencies in the field of sustainability, acknowledged this performance in its latest report and raised Lenzing's sustainability rating from "C+" to "B-", the highest rating in the category "Paper & Forest Products", positioning the Lenzing Group among the top 10 percent of rated companies. The "Prime Status" of the Lenzing Group has also been confirmed.

Lenzing is currently testing shifting more freight traffic to rail in order to optimize its own logistics processes with a view to achieving its climate targets and to further improve the delivery service level. In the third quarter, Lenzing was the first Austrian company to send goods 100 percent "Made in Austria" by train directly to China. The train, which departed from the Vienna South Terminal, passed a total of 10,460 km during its 16-day journey and transported 41 containers with TENCEL™ branded lyocell and modal fibers and a total value of EUR 1.8 mn. The transport by rail is roughly twice as fast as the usual sea freight, which takes several weeks.

The award of the Austrian State Prize for Innovation further underlines Lenzing's achievements and the strategy to grow exclusively on the basis of sustainable innovation. Lenzing convinced the jury with its LENZING™ Web Technology. The novel process is a true pioneering achievement and combines fiber and nonwovens production in only one step, setting new standards in terms of efficiency, circularity and ecological sustainability.

Lenzing proved that it looks beyond fibers and meets the needs of its customers and partners as well as consumers when the company founded Hygiene Austria LP GmbH in the second quarter of 2020 to meet the population's increased demand for high-quality hygiene and protective equipment. The new company, in which Lenzing holds 50.1 percent and Palmers 49.9 percent, started producing and selling mouth-nose and FFP2 masks from May 2020. In a next step, the product range was extended to include masks for children. Hygiene Austria LP GmbH launched an online shop (www.hygiene-austria.at), thus making another contribution to the security of Austrian supply. Since the third quarter, the high-quality protective masks for children and adults have also been available at Spar, Hofer and the retailers of REWE Group in Austria. Based on its current production infrastructure, the company can produce up to 12 million protective masks for the population and the medical sector. The monthly capacity for CE-certified FFP2 masks currently amounts to up to 5 million pieces.

Outlook

The International Monetary Fund currently expects global economic output to decline by 4.4 percent in 2020, thus revising its forecast of June slightly upwards. The fiber market and the market for dissolving wood pulp came under considerable pressure in the first half of 2020, and especially in the second quarter of the year, as a result of the COVID-19 crisis. In the third quarter, the fiber markets recorded a noticeable improvement, which was associated with a positive development in demand and prices.

The further development will primarily depend on the impact of the COVID-19 pandemic on the global textile value chains and the effects on the consumer sentiment, as well as on the currency markets. From today's perspective, the Lenzing Group assumes that the positive trend will continue in the fourth quarter and the revenue generation and operating performance in the fourth quarter will exceed those of the third quarter of 2020. However, if the number of infections should continue to rise and trigger lockdowns in more countries and regions in the coming weeks and months, this could have a negative impact on the revenue and earnings development of the Lenzing Group.

The comparatively solid business development in the first three quarters of the year reassures the Lenzing Group in its chosen corporate strategy sCore TEN. Lenzing will continue to implement its strategy with great discipline with a particular focus on the strategic investment projects which both will yield a significant contribution to earnings starting already from 2022.

Lenzing, October 30, 2020
Lenzing Aktiengesellschaft

The Managing Board

Stefan Doboczky
Chief Executive Officer

Thomas Obendrauf
Chief Financial Officer

Robert van de Kerkhof
Member of the Managing Board

Stephan Sielaff
Member of the Managing Board

Christian Skilich
Member of the Managing Board

Consolidated Income Statement (condensed)

for the period from January 1 to September 30, 2020

EUR mn

	07-09/2020	07-09/2019	01-09/2020	01-09/2019
Revenue	384.7	529.4	1,194.9	1,617.9
Change in inventories of finished goods and work in progress	(36.0)	5.0	(28.3)	21.6
Own work capitalized	12.1	13.3	43.5	36.7
Other operating income	16.6	18.2	45.2	65.5
Gains or losses from the fair value measurement of biological assets[1]	0.1	0.0	(9.0)	0.0
Cost of material and other purchased services	(189.7)	(314.8)	(656.4)	(974.7)
Personnel expenses	(84.9)	(99.1)	(269.5)	(299.9)
Other operating expenses	(59.2)	(66.3)	(179.9)	(200.3)
Earnings before interest, tax, depreciation and amortization (EBITDA)[2]	**43.7**	**85.7**	**140.4**	**266.9**
Amortization of intangible assets and depreciation of property, plant and equipment and right-of-use assets and income from the release of investment grants	(39.2)	(37.8)	(118.3)	(113.4)
Earnings before interest and tax (EBIT)[2]	**4.5**	**47.9**	**22.1**	**153.5**
Financial result	(4.3)	1.4	(12.3)	(1.6)
Earnings before tax (EBT)[2]	**0.2**	**49.3**	**9.8**	**151.9**
Income tax expense	(9.1)	(13.2)	(33.0)	(39.0)
Net profit/loss for the period	**(8.9)**	**36.1**	**(23.3)**	**112.9**
Net profit/loss for the period attributable to shareholders of Lenzing AG	(4.3)	38.4	(2.8)	117.1
Attributable to non-controlling interests	(4.6)	(2.2)	(20.5)	(4.2)
Earnings per share	EUR	EUR	EUR	EUR
Diluted = basic	(0.16)	1.45	(0.10)	4.41

1) In January 2020 there was an addition of biological assets in the amount of EUR 103.1 mn. The biological assets comprise standing wood, which used as raw material in the pulp production. According to IAS 41 (Agriculture) biological assets are measured at fair value less costs to sell in the consolidated statement of financial position.
2) EBITDA: Operating result before depreciation and amortization, resp. earnings before interest, tax, depreciation on property, plant and equipment and right-of-use assets and amortization of intangible assets and before income from the release of investment grants.
EBIT: Operating result, resp. earnings before interest and tax.
EBT: Earnings before tax.

Consolidated Statement of Comprehensive Income (condensed)

for the period from January 1 to September 30, 2020

				EUR mn
	07-09/2020	07-09/2019	01-09/2020	01-09/2019
Net profit/loss for the period as per consolidated income statement	(8.9)	36.1	(23.3)	112.9
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	0.0	0.0	0.0	(6.7)
Financial assets measured at fair value through other comprehensive income	(1.2)	0.0	(2.1)	1.1
Income tax relating to these components of other comprehensive income	0.3	0.0	0.5	1.4
	(0.9)	0.0	(1.6)	(4.2)
Items that may be reclassified to profit or loss				
Foreign operations – foreign currency translation differences	(37.6)	14.2	(81.3)	21.9
Financial assets measured at fair value through other comprehensive income	0.0	0.0	(0.1)	(0.1)
Cash flow hedges	(6.4)	(5.1)	(151.9)	(0.1)
Income tax relating to these components of other comprehensive income	0.9	1.2	7.4	0.1
Investments accounted for using the equity method - share of other comprehensive income (net of tax)	(1.3)	(0.6)	(7.2)	(0.3)
	(44.4)	9.7	(233.0)	21.4
Other comprehensive income (net of tax)	(45.3)	9.7	(234.6)	17.3
Total comprehensive income	(54.2)	45.8	(257.8)	130.2
Total comprehensive income attributable to shareholders of Lenzing AG	(42.6)	46.9	(169.8)	133.0
Attributable to non-controlling interests	(11.5)	(1.1)	(88.0)	(2.8)

Consolidated Statement of Financial Position (condensed)

as at September 30, 2020

EUR mn

Assets	30/09/2020	31/12/2019
Intangible assets, property, plant and equipment, right-of-use assets and biological assets[1]	2,097.0	1,663.2
Investments accounted for using the equity method and financial assets	62.0	71.0
Deferred tax assets	4.9	7.0
Other non-current assets	38.4	42.7
Non-current assets	**2,202.3**	**1,783.9**
Inventories	354.8	395.7
Trade receivables	233.4	251.4
Other current assets	133.0	118.6
Cash and cash equivalents	554.9	571.5
Current assets	**1,276.2**	**1,337.2**
Total assets	**3,478.4**	**3,121.1**

Equity and liabilities	30/09/2020	31/12/2019
Equity attributable to shareholders of Lenzing AG	1,237.7	1,513.0
Non-controlling interests	129.3	24.9
Equity	**1,367.0**	**1,537.9**
Financial liabilities	1,178.9	852.0
Deferred tax liabilities	44.8	41.9
Provisions	123.6	128.8
Other non-current liabilities	167.5	20.4
Non-current liabilities	**1,514.9**	**1,043.0**
Financial liabilities	208.0	129.6
Trade payables	149.5	243.6
Provisions	95.6	87.4
Other current liabilities	143.4	79.6
Current liabilities	**596.6**	**540.2**
Total equity and liabilities	**3,478.4**	**3,121.1**

1) In January 2020 there was an addition of biological assets in the amount of EUR 103.1 mn. The biological assets comprise standing wood, which used as raw material in the pulp production. According to IAS 41 (Agriculture) biological assets are measured at fair value less costs to sell in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity (condensed)

for the period from January 1 to September 30, 2020

EUR mn

	Share capital	Capital reserves	Other reserves	Retained earnings	Equity attributable to share-holders of Lenzing AG	Non-controlling interests	Equity
As at 01/01/2019	27.6	133.9	7.5	1,332.8	1,501.7	32.2	1,533.9
Total comprehensive income	0.0	0.0	15.9	117.1	133.0	(2.8)	130.2
Acquisition/disposal of non-controlling interests and other changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	(132.8)	(132.8)	(0.1)	(132.9)
As at 30/09/2019	27.6	133.9	23.3	1,317.2	1,502.0	29.2	1,531.2
As at 01/01/2020	27.6	133.9	28.7	1,322.9	1,513.0	24.9	1,537.9
Total comprehensive income	0.0	0.0	(167.1)	(2.8)	(169.8)	(88.0)	(257.8)
Hedging gains and losses and costs of hedging transferred to the cost of property, plant and equipment and cost of inventory	0.0	0.0	8.2	0.0	8.2	4.6	12.8
Acquisition/disposal of non-controlling interests and other changes in the scope of consolidation	0.0	0.0	0.0	2.1	2.1	100.2	102.3
Increase in capital	0.0	0.0	0.0	0.0	0.0	87.8	87.8
Measurement of puttable non-controlling interest recognized directly in equity	0.0	0.0	0.0	(115.7)	(115.7)	0.0	(115.7)
Dividends paid	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)
As at 30/09/2020	**27.6**	**133.9**	**(130.3)**	**1,206.5**	**1,237.7**	**129.3**	**1,367.0**

Consolidated Statement of Cash Flows (condensed)

for the period from January 1 to September 30, 2020

EUR mn

		01-09/2020	01-09/2019
Net profit/loss for the period		(23.3)	112.9
+	Amortization of intangible assets and depreciation of property, plant and equipment and right-of-use assets	119.7	115.2
–/+	Other non-cash income / expenses	(13.1)	14.3
Gross cash flow		**83.3**	**242.5**
+/–	Change in inventories	51.1	(34.7)
+/–	Change in receivables	(4.7)	(31.2)
+/–	Change in liabilities	(143.7)	(5.6)
Change in working capital		**(97.3)**	**(71.5)**
Cash flow from operating activities		**(14.0)**	**171.0**
–	Acquisition of intangible assets, property, plant and equipment and biological assets (CAPEX)	(449.8)	(159.7)
–	Acquisition of financial assets and investments accounted for using the equity method	(2.2)	(7.5)
+	Proceeds from the sale of intangible assets, property, plant and equipment	3.0	0.1
+	Proceeds from the sale/repayment of financial assets and the sale of investments accounted for using the equity method	1.4	3.8
Cash flow from investing activities		**(447.7)**	**(163.4)**
+	Capital increase	84.5	0.0
–	Dividends paid	(0.2)	(132.9)
+	Investment grants	(0.2)	1.8
+	Increase of bonds and private placements	83.8	0.0
+	Increase in other financial liabilities	386.5	207.4
–	Repayment of bonds and private placements	(37.5)	0.0
–	Repayment of other financial liabilities	(59.7)	(85.5)
Cash flow from financing activities		**457.2**	**(9.3)**
Total change in liquid funds		**(4.5)**	**(1.7)**
Liquid funds at the beginning of the year		571.5	243.9
Currency translation adjustment relating to liquid funds		(12.1)	3.8
Liquid funds at the end of the period		**554.9**	**246.0**
Additional information on payments in the cash flow from operating activities:			
Interest payments received		1.3	1.3
Interest payments made		8.8	4.4
Income taxes paid		25.4	45.2

The condensed consolidated interim financial statements as at September 30, 2020 were prepared based on IAS 34 (Interim Financial Reporting). They are based on the consolidated financial statements as at December 31, 2019 and should therefore always be read in conjunction with these statements.

The reporting currency is euro (EUR). The figures shown in these condensed consolidated interim financial statements and in the notes, unless stated otherwise, have been rounded up to the next million ("mn") to one decimal place. Arithmetic differences due to rounding effects can occur when adding up rounded amounts and percentages using automatic tools.

These condensed consolidated interim financial statements of the Lenzing Group have undergone neither a full audit nor a review by an auditor..

Innovative by nature

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Note:
This English translation of the condensed interim report was prepared for the company´s convenience only. It is a non-binding translation of the German condensed interim report. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This condensed interim group report also contains forward-looking statements based on current assessment and assumptions made by Lenzing Group to the best of its knowledge. Statements using the words “should”, “may”, “will”, “expected”, “intended”, “assume”, “suppose”, “estimate”, “plan”, “anticipate”, “is of the opinion”, “to my knowledge”, “in my estimation” or similar formulations indicate such forward-looking statements. The forecasts relating to the future development of the Lenzing Group are estimates based on the information available at the time of this condensed interim group report going to print.

If the assumptions on which the forecasts are based do not occur or risks arise at a level that was not anticipated, actual results may deviate from forecasts.

Rounding differences can occur when adding up rounded amounts and percentages. The condensed interim group report was prepared with the utmost care to ensure the accuracy and completeness of information in all sections. Nonetheless, errors due to rounding, typesetting and printing cannot be completely ruled out.