

Stand  
up!

Against business  
as usual

**Lenzing Investor Presentation**  
January 2021



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- Definition and further details on the calculation of financial key indicators can be derived from the Half-Year Report and the Annual Report. These reports are also available online on the website of the Lenzing Group [www.lenzing.com](http://www.lenzing.com) in the section "Investors".

# At a glance: Key investment highlights

**Lenzing**

Innovative by nature

1

**Sustainability trailblazer with strong ESG credentials**

- First fiber producer targeting carbon neutrality by 2050 (-50% by 2030), with validated Science Based Target
- Strong focus on transparency and traceability, with physical and blockchain-based identification system for specialty fiber portfolio
- Double A-listing by CDP for global climate and forests stewardship – ranked in sector top decile by MSCI, ISS-ESG, EcoVadis

2

**Leadership in Sustainable Wood-Based Cellulosic Fiber (WBCF) Solutions**

- Global leader in WBCF covering all three man-made cellulose fiber generations (viscose, modal and Lyocell)
- Structurally growing global demand, eco-conscious consumers and penetration of disposable products
- Sustainability, R&D and innovation leadership as the key success factors for growth and premium pricing

3

**High Focus on Specialty Products in Resilient, Structurally Growing Markets**

- Specialty fibers TENCEL™ Lyocell, TENCEL™ Modal and ECOVERO™ are key pillar of group's success
- Specialities account for >50% of group revenues and will improve further with lyocell project in Thailand (>75% by 2024)
- Selling solutions to resilient, structurally growing end markets (i.e. sportswear, home textiles, hygiene products and baby wipes)

4

**Low Cost Positioning Through Vertical Integration Strategy**

- A cost leader through its integrated business model, unique bio-refineries concept and economies of scale
- >75% backward integration into dissolving pulp and structural cost improvement upon completion of unique Brazil project
- Innovative REFIBRA™ recycling technology turns consumer textile waste into pulp

5

**High Barriers to Entry for New Entrants**

- Significant investment required to match production scale, supply reliability and product compliance
- Decades-long manufacturing know-how building on circular technology
- Pioneering R&D platform with promising pipeline, which cannot be easily duplicated
- Leading brand portfolio which creates a “demand pull”

6

**Cash generative business model and track record of prudent financial policy**

- Robust over-the-cycle EBITDA and cash generation profile
- EUR800mn EBITDA target for 2024 amid cyclical earnings recovery and highly margin accretive organic growth projects
- Healthy balance sheet and secured liquidity through current expansion phase

**Lenzing**

Innovative by nature

# COVID is NO excuse to back off from sustainability



Global apparel and footwear industry is responsible for **10%** of the **global carbon emissions...**

Source: UNE Environment



...and produces **20%** of **global waste water**

Source: UNE Environment



The global fashion waste in 2030 is anticipated to reach

**148 million tons**

Source: Global Fashion Agenda & BCC Inc. - Pulse of the Fashion Industry

**And there is the human cost:**

Textile workers are often paid derisory wages and forced to work long hours under appalling conditions

Source: Global Fashion Agenda & BCC Inc. - Pulse of the Fashion Industry



# Lenzing's business model addresses global challenges

9 bn people by 2050

Climate change

Arable land

Marine pollution



Water scarcity

Deforestation

Circular economy

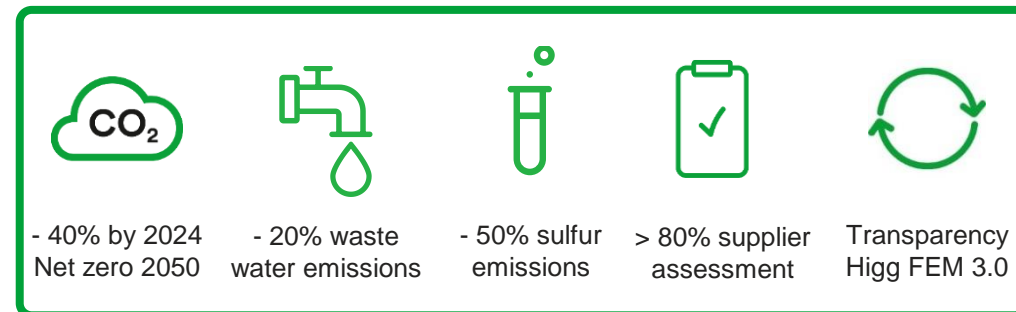
# Lenzing is well recognized as a sustainability leader

## Strong ESG credentials



- Lenzing recognized by CDP for global climate and forests stewardship, with prestigious double A-Listing
- Lenzing also ranked in top decile by MSCI (A rating), ISS-oekom (Prime) and EcoVadis (Gold)
- Lenzing again top ranked in Canopy's Hot Button Report
- Among the first companies globally to place ESG-linked bonded loan (EUR 500 mn)

## Ambitious sustainability targets

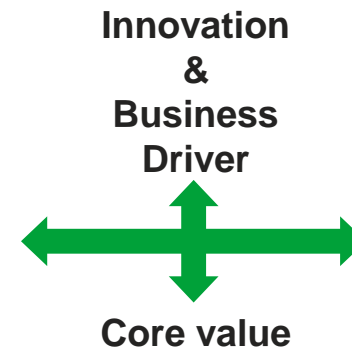
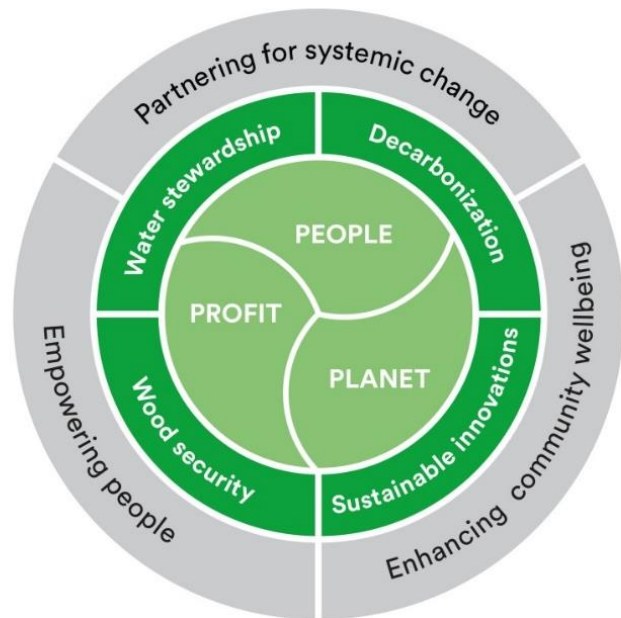


- Lenzing fully committed to transparency and traceability with physical and blockchain-based identification system for specialty fiber portfolio
- Lenzing the first industry player targeting carbon neutrality by 2050

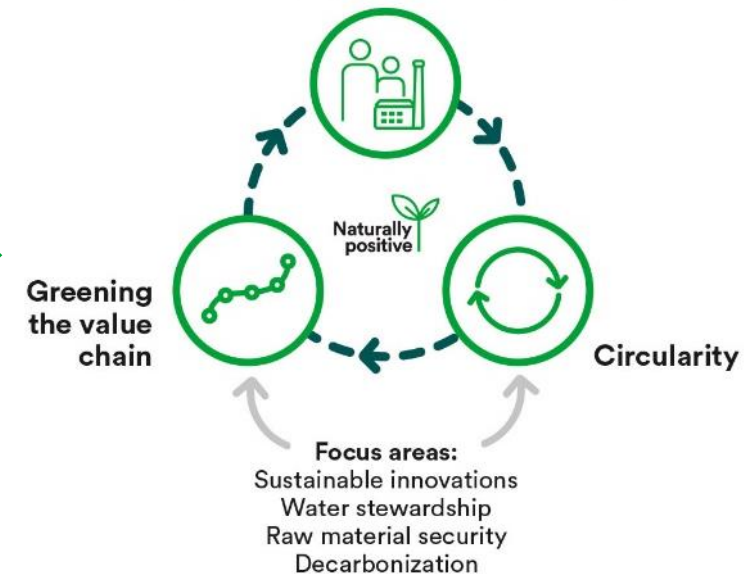


# Lenzing pursues profitable purpose-led growth

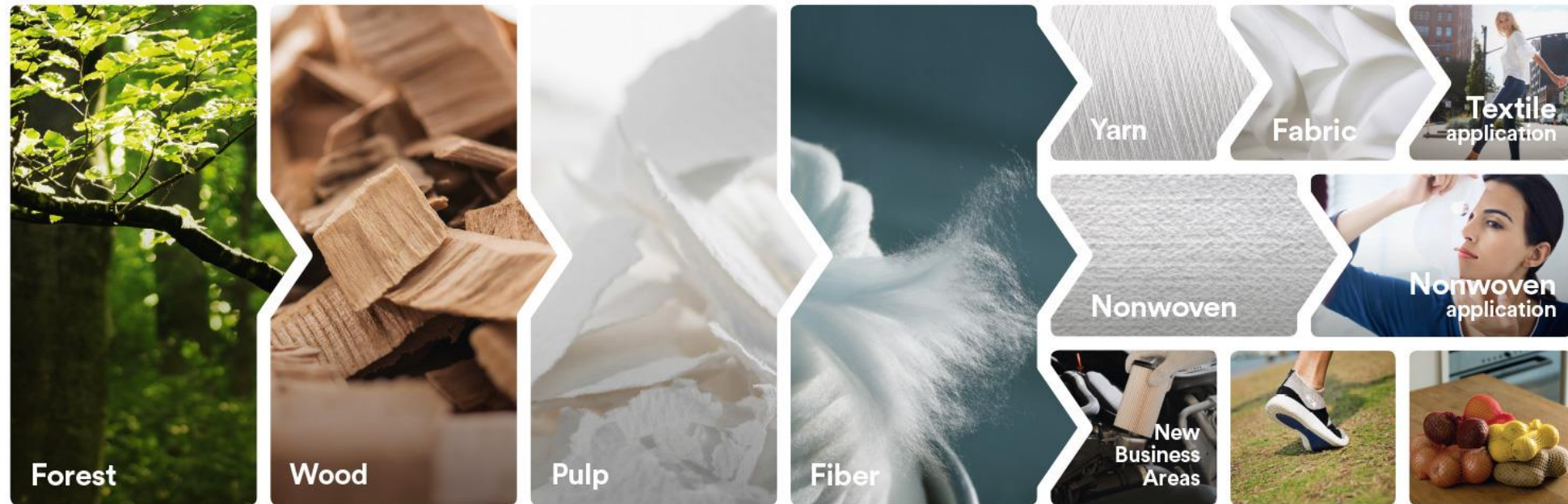
Naturally positive for People – Planet – Profit



Partnering for change  
Focus areas:  
Partnering for systemic change,  
Empowering people, Community wellbeing



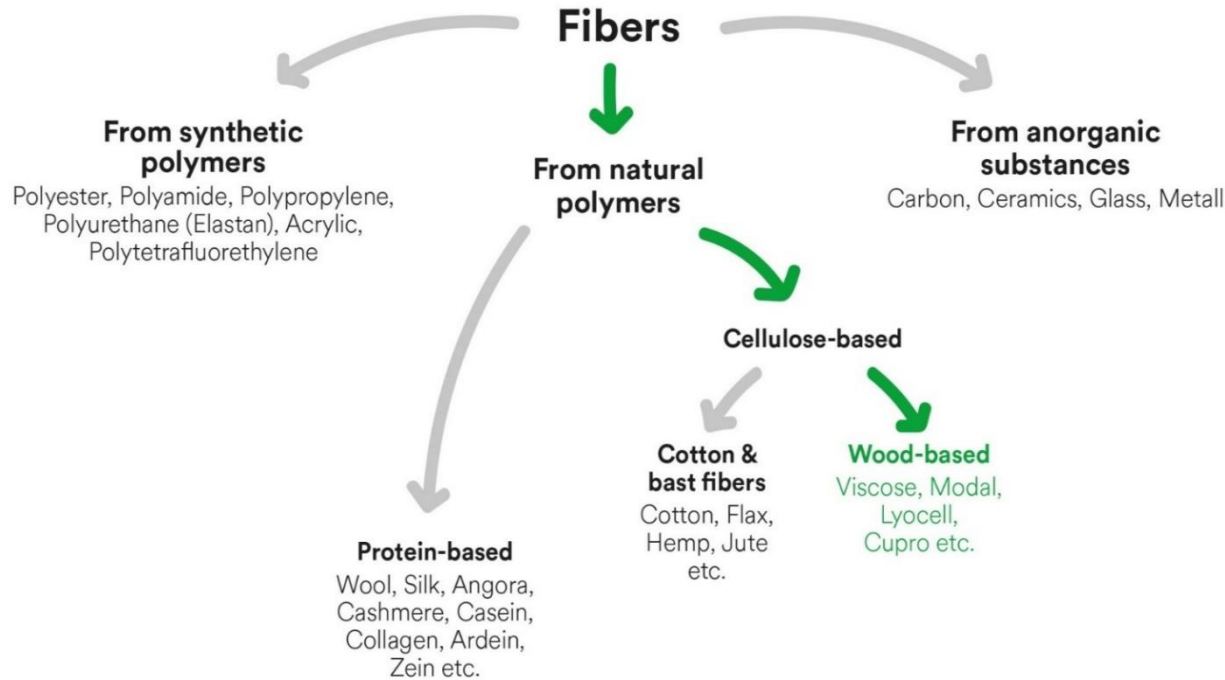
# Lenzing is a sustainable solutions company that turns CO<sub>2</sub> and sunlight into highly functional, emotional and aesthetic products



Our core competence are  
wood-based cellulosic fibers (WBCF)  
→ viscose, modal & lyocell fibers ←

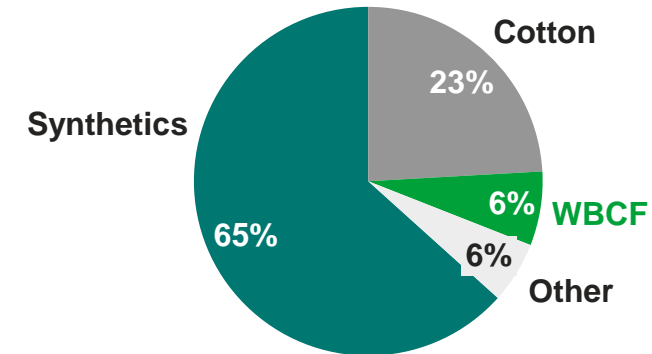
# Viscose, modal and lyocell are the three main fiber types in the WBCF market – a niche of the global fiber market

Global fiber market



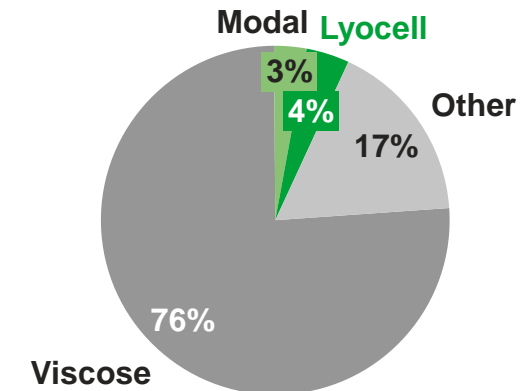
Global fiber market by type (2019, %)

Total market ~113mn tons



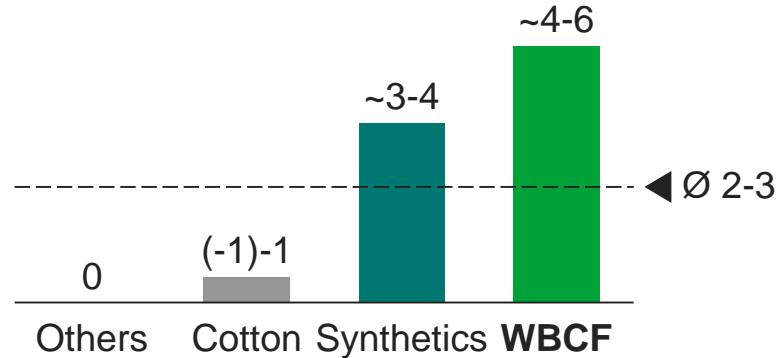
Global WBCF market by type (2019, %)

Total WBCF market ~7.2mn tons

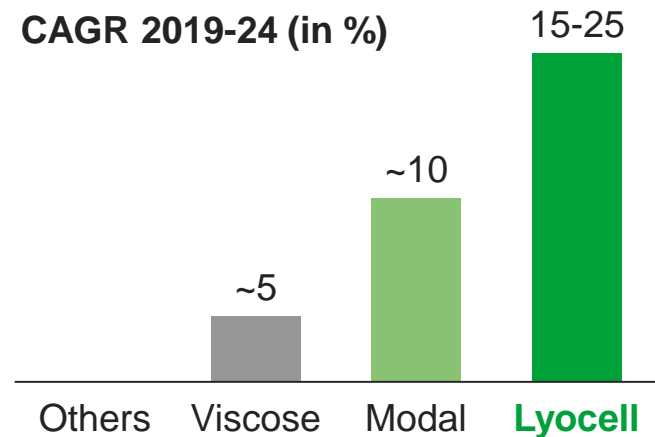


# Cotton and synthetics face structural issues, providing growth opportunities for WBCF, especially lyocell fibers

Growth by fiber type (CAGR %, 2019-2024)



CAGR 2019-24 (in %)



## Cotton – limited growth potential

- Cotton competes with food crops for arable land
- Requires high amounts of water and pesticides

## Synthetics – sustainability headwinds

- Low cost but biodegradability issues
- Further increasing (regulatory) pressure due to microplastics pollution and marine littering

- EU single-use plastics directive

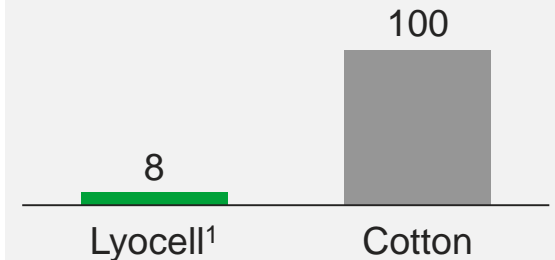
## Viscose – some sustainability concerns

- Viscose with broad application range, but some Asian VSF producers with negative environmental impact

Sustainability as one of the global mega trends

## Lyocell

### Water consumption, %



### Wood as key raw material

- Wood is 100% natural and Lenzing's cellulose fibers are 100% biodegradable
- In maritime environment fully dissolved within 35 days<sup>2</sup>.

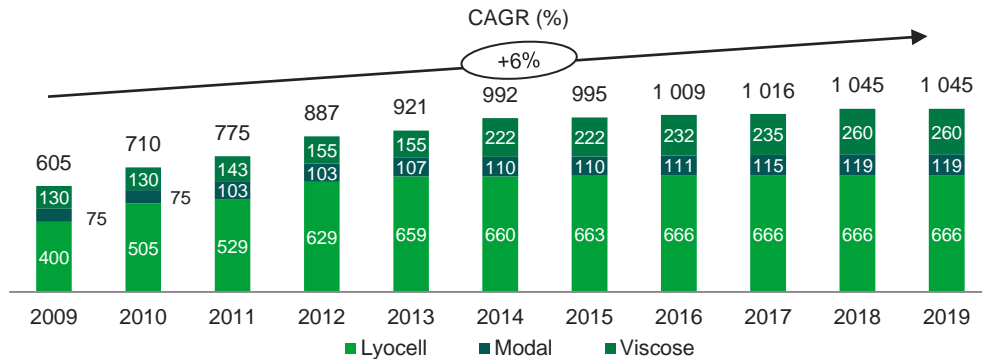
### Use of chemicals

- Only in closed-loop with almost 100% recovery

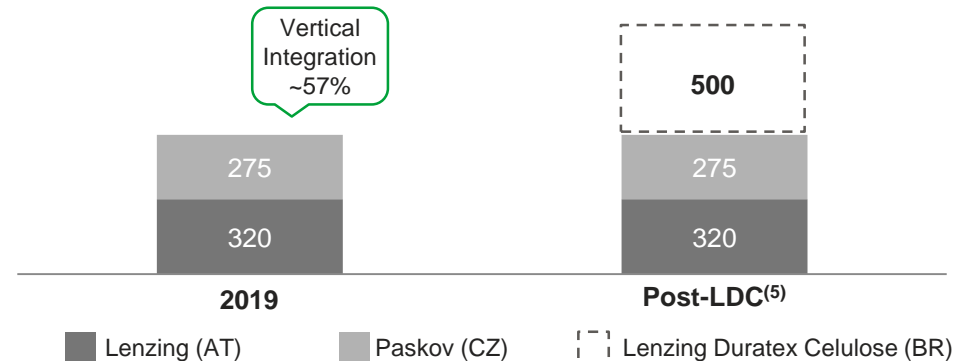
Source: Lenzing estimates, industry data; data pre-Covid; 1) Lyocell fiber made in Lenzing; 2) Scripps Institution of Oceanography University of California San Diego, USA

# Lenzing is the only western producer of all three WBCF generations benefiting from a high backward integration

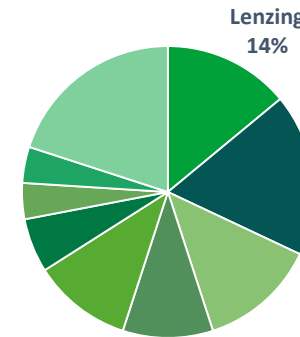
## Lenzing Fiber production capacities (kt)



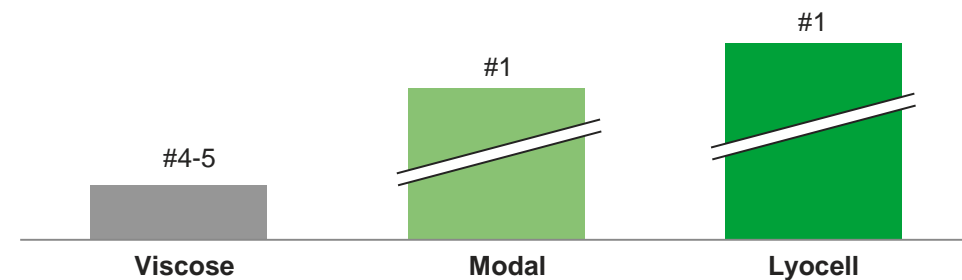
## Lenzing dissolving wood pulp (DWP) capacity (kt)<sup>(4)</sup>



## Global WBCF industry by installed capacity <sup>(1,2)</sup>



## Lenzing leading in WBCF specialties<sup>(3)</sup>



Source: CIRFS, Trade statistics, Company estimates

1) Cellulosic staple fibers (including Modal and Lyocell fibers)

2) Lenzing Capacity Database as of year end 2019 - based on available company information from company websites and annual/interim reports

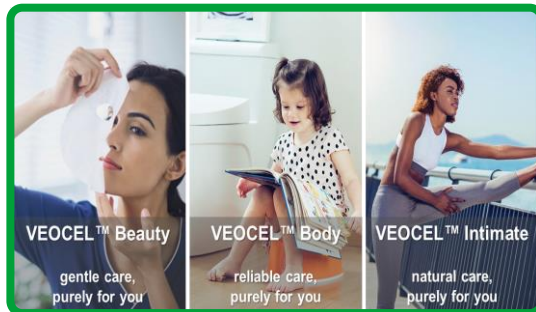
3) Lenzing indicative market share and position

4) 1 ton of wood-based cellulosic fiber output requires ~ 1 ton of DWP

5) LDC – Lenzing Duratex Celulose S.A

# Strong brands drive growth in eco-friendly specialty fibers for apparel, home textiles, hygiene and industrial uses

For Nonwovens  
B2C Specialties



[www.veocel.com](http://www.veocel.com)

For Textile  
B2C Specialties



[www.tencel.com](http://www.tencel.com)

For Industrial & Textile  
B2B

**LENZING™**



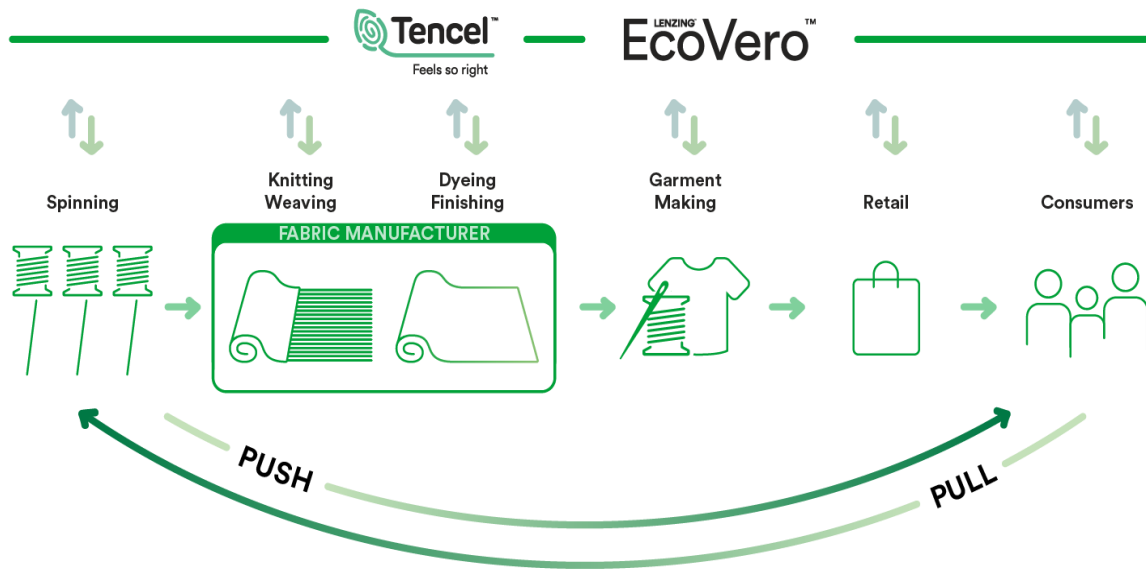
[www.lenzingindustrial.com](http://www.lenzingindustrial.com)

**LENZING™ EcoVero™**

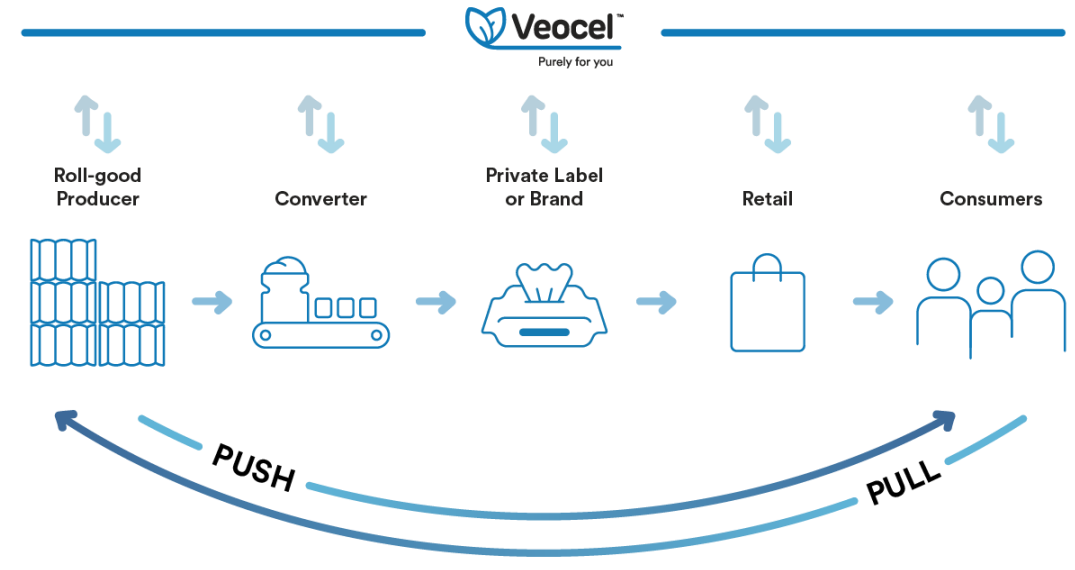
[www.ecovero.com](http://www.ecovero.com)

# Lenzing engages with partners in the textile and nonwovens value chain to create “demand pull” for its products

Textile value chain



Nonwovens value chain



# TENCEL™ and LENZING™ ECOVERO™ brands: strong improvement across KPIs

	2018 Full Year	2019 Full Year	2020 Full Year	
Fabric certification application in the new e-branding system <sup>1</sup>	6,870	10,553	14,345	↗
License applications in the new e-branding system <sup>1</sup>	4,054	7,502	13,292	↗
Branded textile products at consumer level	91 mn	173 mn	201 mn	↗
Co-branding programs	3	109	168	↗
Website page views on <a href="http://www.tencel.com">www.tencel.com</a>	421 k	888 k	1,319 k	↗
Aided brand awareness of TENCEL™ in apparel and home textiles	25 %	27 %	30 %	↗

1) TENCEL™ incl. Lenzing ECOVERO™

# Lenzing is the industry's R&D and innovation leader, driving the development of lyocell fibers globally

## R&D is a core competence and strategic pillar

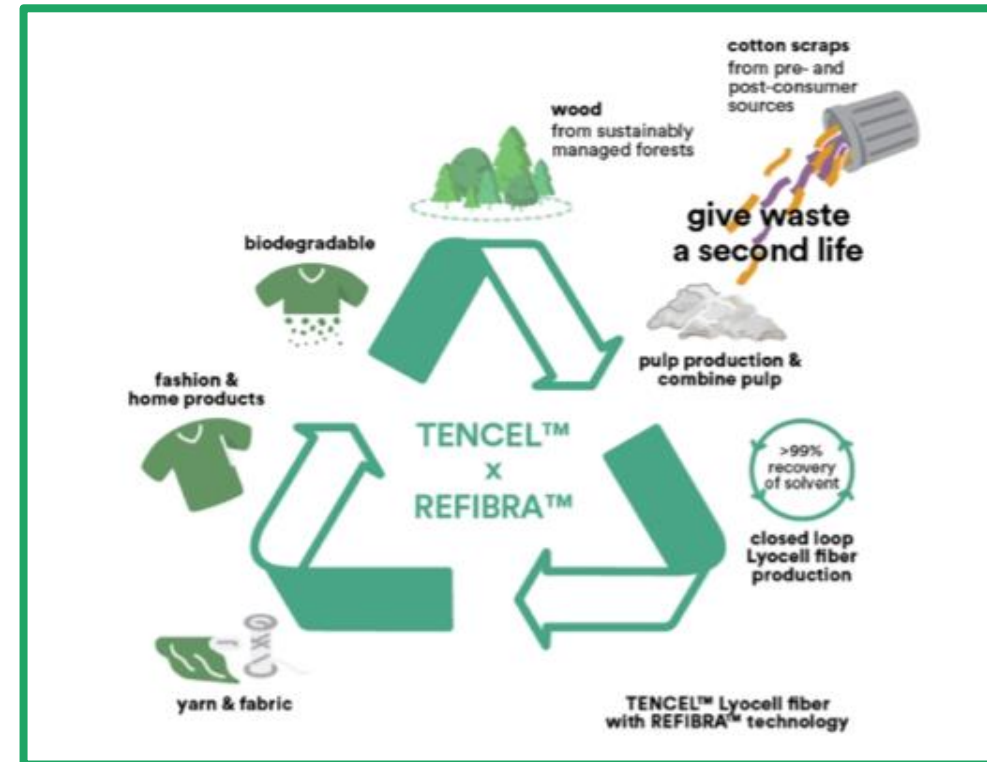
- Lenzing has been the innovator and developer of lyocell fibers globally
- Industry-leading investments in R&D (~2.5% of revenue) for:
  - Fiber process innovation, dissolving pulp integration and bio-refinery concept
  - Product and application developments for more sustainable value-chains

→ Well-filled R&D pipeline ←

## Recent highlights: REFIBRA™, TENCEL™ Luxe, LENZING™ Web

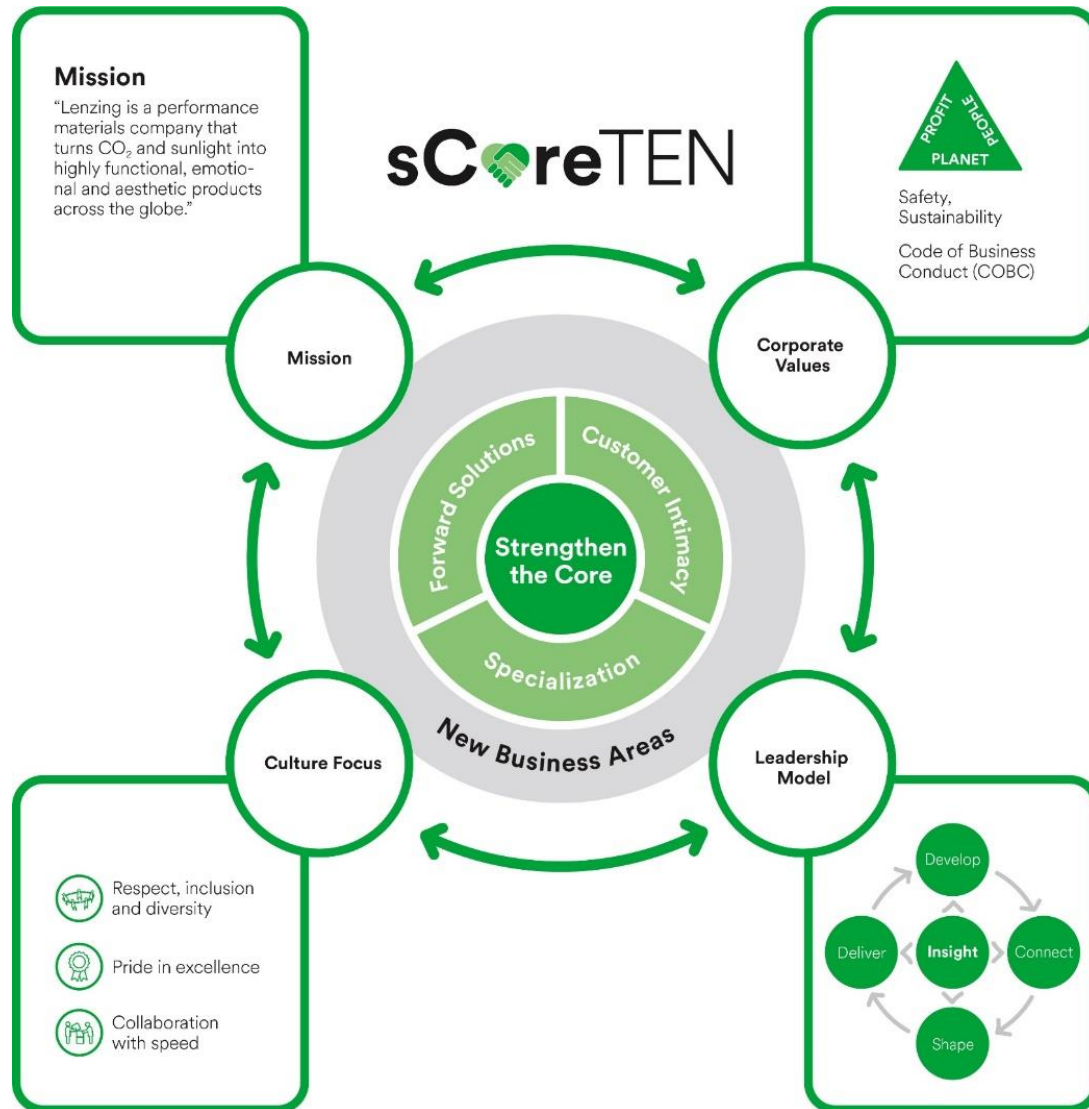
- Successful specialty fiber production with pulp from recycled textile waste based on **innovative REFIBRA™ technology**
- Start-up of second **TENCEL™ Luxe** pilot plant, which enables expansion into lyocell filament and fine yarns (e.g. silk). Creates significant long-term growth opportunity in highly profitable business area
- Award-winning **LENZING™ Web technology** that produces a nonwoven fabric made of 100% continuous lyocell filament.

## TENCEL™ x REFIBRA™: a second life for consumer textile waste



As of December 2019, Lenzing owned 1,302 patent applications and patents in 52 countries belonging to 216 patent families

# Strategic focus on increasing backward integration and specialization, while becoming carbon neutral

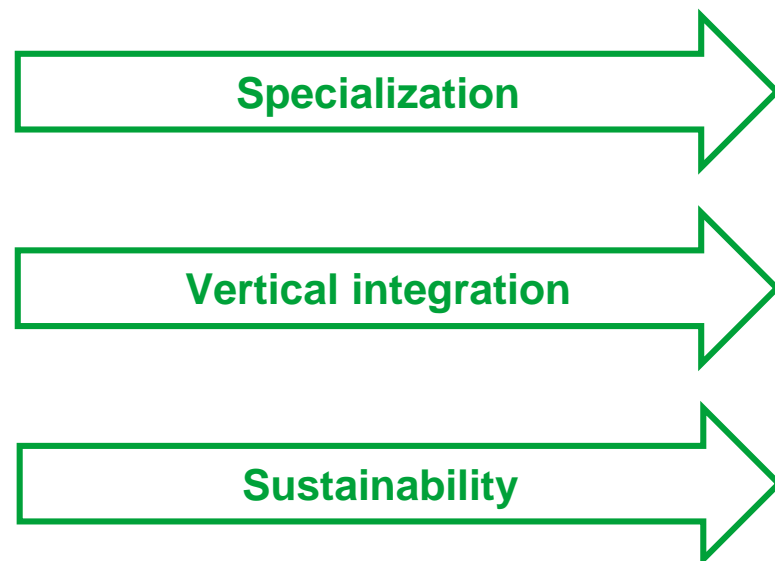


## Key focus areas

- **Increase backward integration in DWP**
  - 500kt greenfield project in Brazil
  - Absolute cost leader, start up in Q2-2022
- **Further specialization of portfolio**
  - State-of-the-art 100kt lyocell plant in Thailand
  - Start-up in Q4-2021
  - Conversion of existing commodity to specialty sites
- **Branding**
  - Ongoing push to boost brand awareness
- **Sustainability**
  - De-carbonization, recycling and transparency

# sCore TEN targets 2024

## sCore TEN value drivers



## 2024 targets

### Financial targets

EBITDA (EUR mn)	800
ROCE <sup>1</sup>	> 10 %
Leverage	< 2.5x

### Strategic targets

Specialty share <sup>2</sup>	> 75 %
DWP integration	> 75 %
CO <sub>2</sub> emission reduction <sup>3</sup>	> 40 %

1) Adjusted for plants under construction

2) In % of fiber revenue

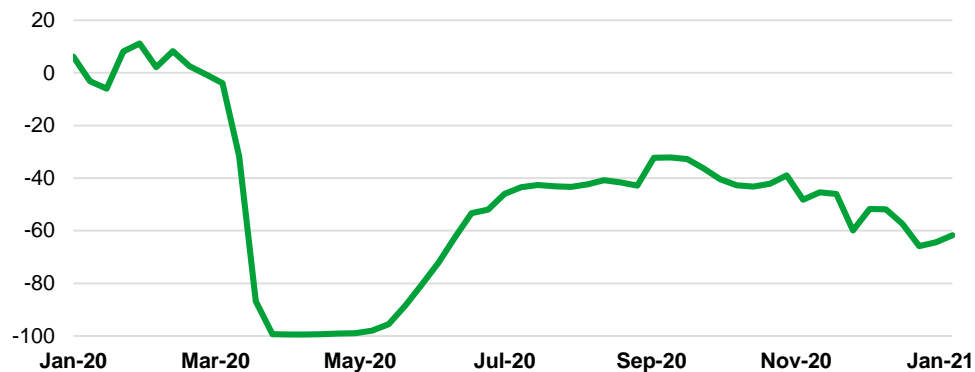
3) Per sold ton of DWP and fiber

# Market update



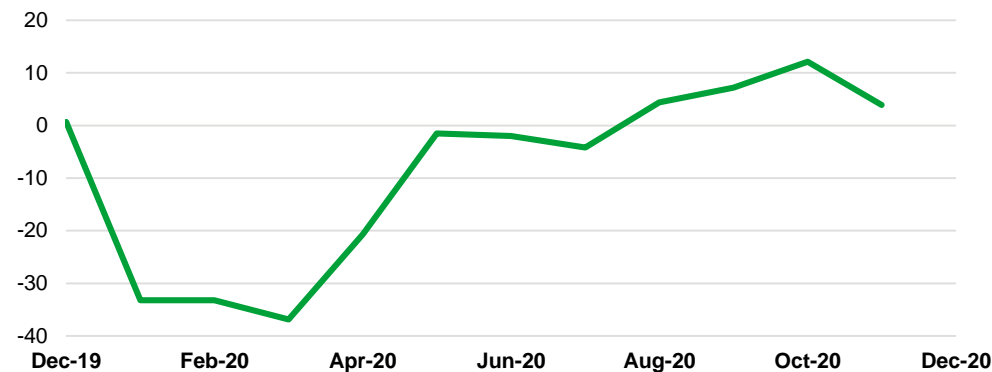
# Lockdowns weigh globally, China back above 2019 levels

North America Apparel Weekly Retail Traffic (% YOY)



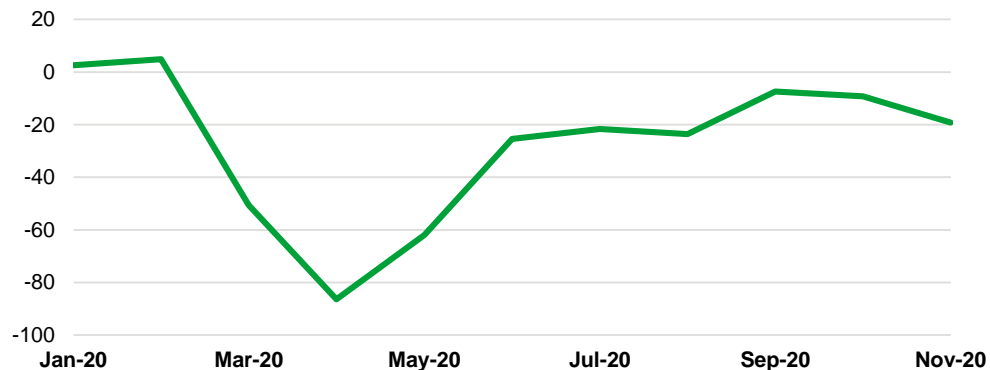
Source: Bloomberg

Retail Sales Garments China (% YOY)



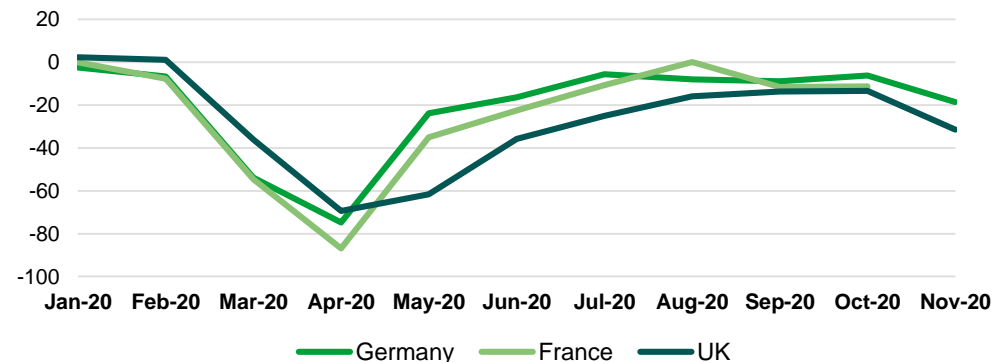
Source: National Bureau of Statistics of China (incl. online retail)

Retail Sales Clothing US (% YOY)



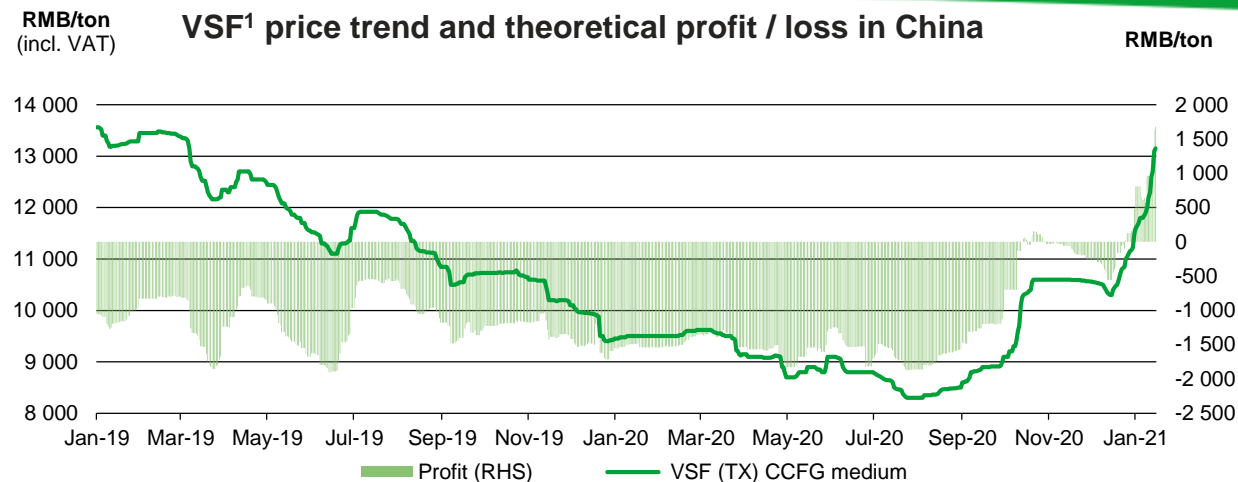
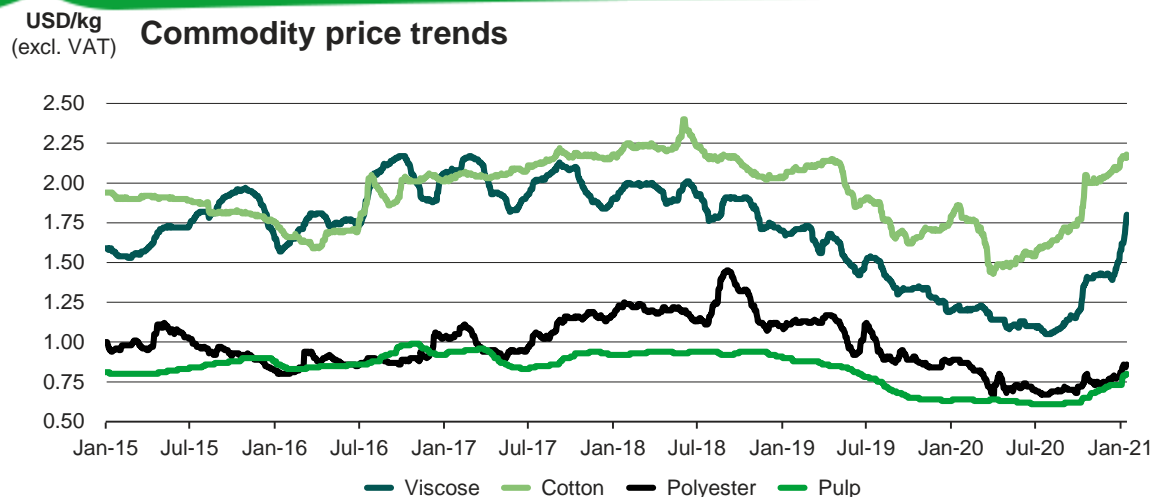
Source: US Census Bureau (without online retail)

Retail Sales Textiles Europe (% YOY)



Source: Eurostat (without online retail)

# Strong improvement in commodity prices in recent weeks

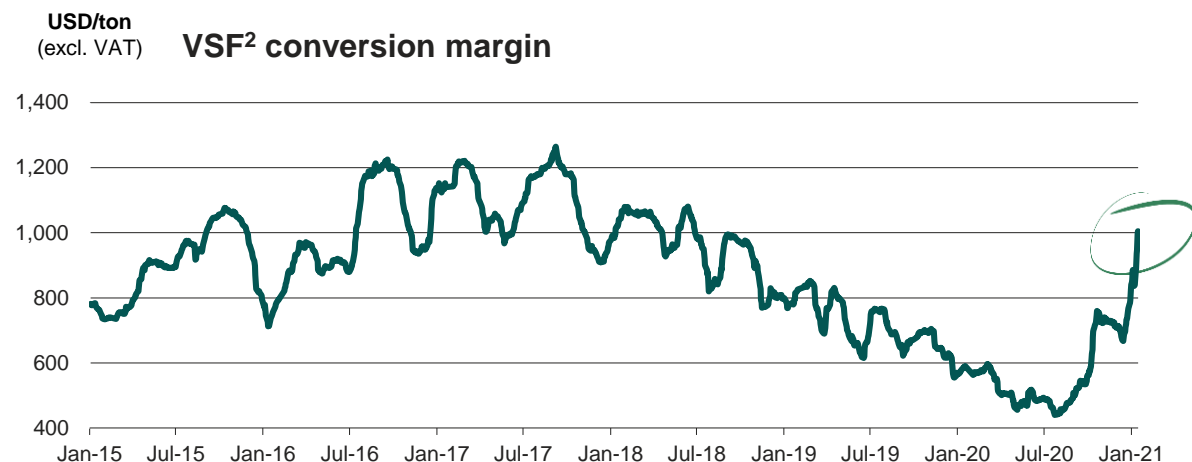


## Viscose

- Textile VSF prices climbed to ~CNY13,700/ton; pushed by increased demand and limited supply due to low operating rates of VSF plants
- Nonwoven viscose ~CNY13,950/ton;
- Operating rates in the VSF industry up to ~83% (5y avg. 82%)
- Inventory levels with 9 days well below long-term average (17 days)
- Dissolving wood pulp prices at USD880/t

## Competing fibers

- Cotton:** Prices benefited from reduced production due to harvest shortfalls and improved demand forecast; Usc 87.4/lbs (Cotton A Index)
- Polyester:** Prices were supported by the rising intermediate prices and increased to ~CNY6,250/ton



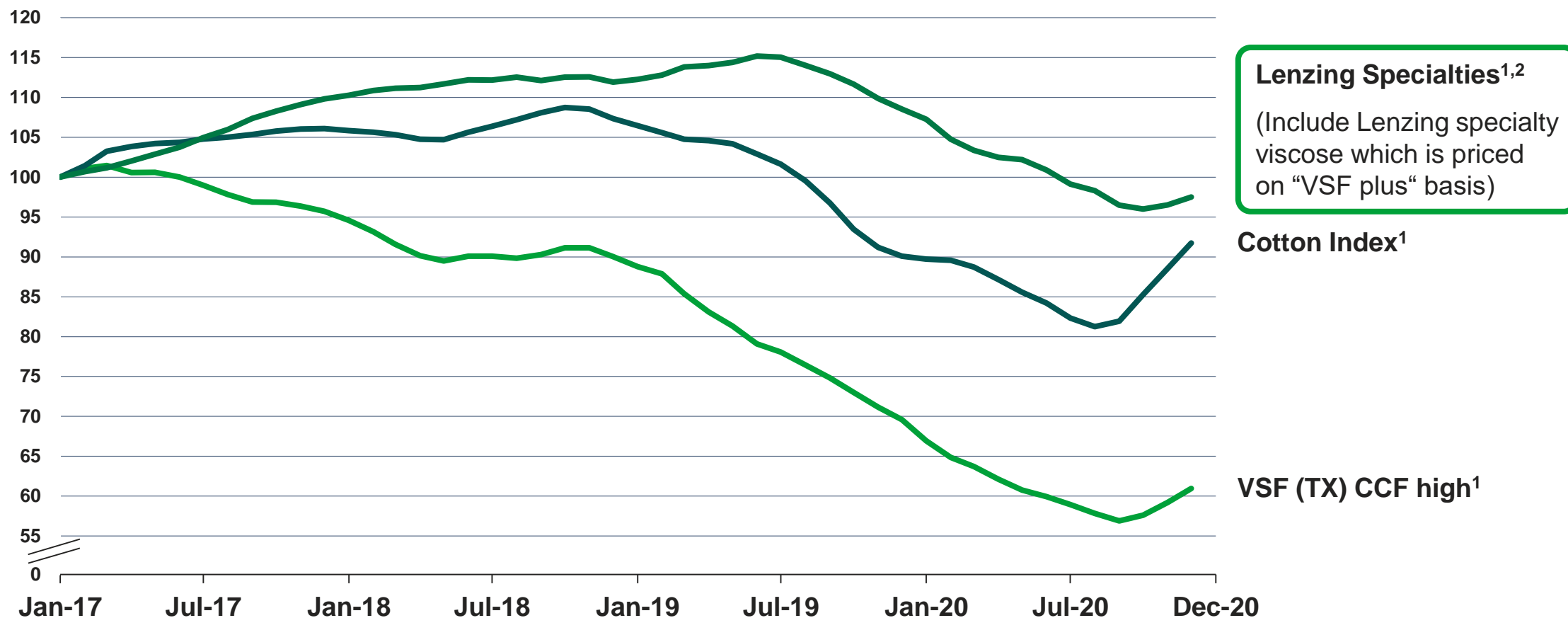
Source: China Chemical Fiber Group, CCA, CCFEI

1) Standard viscose staple fibers, price development until January 6<sup>th</sup>, 2021

2) Conversion margin = VSF – imported hardwood dissolving pulp (DWP)

3) DWP is key input material; 1 ton of fiber (VSF, modal, lyocell) requires ~1 ton of DWP

# Specialty price momentum has recently improved



1) In China; 6M average in % from 01/2017 converted at constant FX rates

2) Lenzing's specialties: LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

# Expansion projects

# LDC at a glance: pulp expansion project in Brazil

- JV LD Celulose (LDC): Lenzing holds 51%, Duratex 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)
  - ~USD 950 mn remaining
  - 28% of project complete
- Cash costs of ~USD 300 per mt  
→ **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**

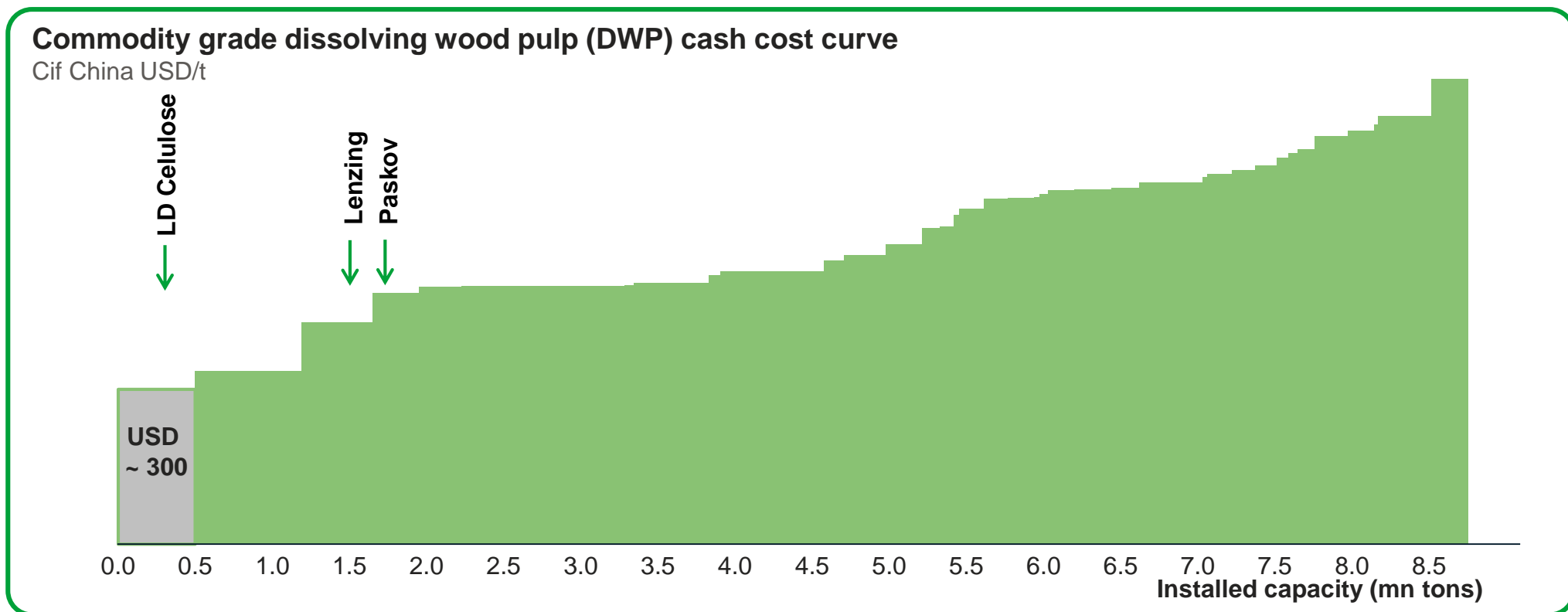
## Financing details:

- JV financing structure: 37% equity, 63% debt  
**Fully committed debt financing: ~USD 1.15 bn**
- USD 500 mn tranche A by IFC and IDB
- USD 500 mn tranche B by commercial banks
- USD 147 mn by Finnvera
- **Debt guaranteed on pro-rata basis**  
→ **Lenzing's economic share of debt only 51%**  
→ **Favorable covenant structure**  
→ **Repayments starting in Dec 2023**



# LDC: cost leadership creates highly profitable venture

- Long-term average DWP price: **USD 900/mt**
- LDC capacity: **500kt**; LDC cash cost: **< USD 300/mt**; LDC ramp-up: Q2-2022; **almost fully ramped by Q4-2022**
- 1 ton of DWP yields ~1 ton of fiber (viscose, modal, lyocell)



# LDC: construction diary



Fiberline



White liquor plant



Workshop and Warehouse



Turbogenerators Building



**Pipe line**  
**Total: 46,6 km**  
Plan: 35,2 km  
Act: 43,4 km



**Piling**  
**Total: 10.811 un**  
Plan: 10.490 un  
Act: 10.701 un



**Concrete**  
**Total: 102.407 m<sup>3</sup>**  
Plan: 62.585 m<sup>3</sup>  
Act: 67,676 m<sup>3</sup>



**Precast**  
**Total: 4.607 pc**  
Plan: 2.424 pc  
Act: 1.837 pc

# LDC: construction diary



Pulp dryer



Recovery and biomass boilers



Wood handling



Water intake

# LDC: on track and in budget

- Covid-19 with no significant negative impact on project
- Milestone achieved: critical piling works and preparation of infrastructure completed
- **Start of erection phase ahead of rainy season**
- **Overall project progress: 28%** (end of Q3-20)
  - Engineering: 70% completed
  - Procurement: 32% completed
  - Civil Construction: 38% completed
  - Erection: 5% completed
  - Commissioning: 2% completed
- First debt disbursement (EUR 72 mn) in Q3-2020
- **All EPC and EPCM supply contracts in place**
- ~ 90% of CAPEX committed

2020

- USD 520 mn capex
- USD 325 mn debt draw down
  - *USD 166 mn Lenzing econ. share*

2021<sup>1)</sup>

- USD 600 mn capex
- USD 540 mn debt draw down
  - *USD 275 mn Lenzing econ. share*

2022<sup>1)</sup>

- USD 260 mn capex
- USD 285 mn debt draw down
  - *USD 145 mn Lenzing econ. share*

1) 2021 and 2022 are management estimates based on existing financing agreements

# LDC: financing details

<b>Financing size &amp; structure</b>	<ul style="list-style-type: none"><li>• 37% equity / 63% debt</li><li>• Lenzing: ~80% (USD 250 mn) of committed equity already injected</li><li>• IFC/IDB financing, supported by ECA (Finnvera)</li><li>• USD 1.15 bn of debt fully committed (includes contingency)</li></ul>
<b>Parent guarantee</b>	<ul style="list-style-type: none"><li>• Debt guaranteed on a pro-rata basis by Lenzing (51%) and Duratex (49%)</li></ul>
<b>Currency</b>	<ul style="list-style-type: none"><li>• USD</li><li>• FX hedging for construction phase (BRL/USD)</li></ul>
<b>Interest &amp; amortization</b>	<ul style="list-style-type: none"><li>• Interest payments pre-funded</li><li>• Semi-annual repayments starting Dec 2023</li></ul>
<b>Maturities</b>	<ul style="list-style-type: none"><li>• USD 500mn in 2029, USD 500mn in 2031, remainder in 2033</li></ul>
<b>Covenants</b>	<ul style="list-style-type: none"><li>• No affirmative - only negative covenants:<ul style="list-style-type: none"><li>• Debt stopper with baskets changes after full ramp up of capacity</li><li>• Restriction on e.g. dividend payments or share buyback</li><li>• Until start-up additional CapEx restrictions with baskets for T3, LDC, refinancing and general basket</li></ul></li></ul>
<b>Cross-default</b>	<ul style="list-style-type: none"><li>• Applicable for e.g. non-payment of interest and principal when due with a certain basket and cure period</li></ul>

# Lyocell expansion project in Thailand (T3) fully on track

## Key facts:

- 100 kt lyocell fiber plant
  - **Largest of its kind**
  - **Strong boost to specialty exposure**
- ~EUR 400 mn industrial capex
  - EUR 250 mn remaining (of which ~EUR 70 mn in Q4-2020)
- Financing: ~25% equity, ~75% debt
  - Debt financing fully committed
  - First debt repayments from mid-2023
- **Project fully on track**
  - Engineering (~98%), Construction (~35%)
  - Ramp-up expected end of 2021
    - **Fully ramped by H2-2022**
  - Bioenergy secured, carbon-neutral site
  - Attractive tax incentive scheme

2020<sup>1)</sup>

- USD 230 mn capex
- USD 210 mn debt draw down

2021<sup>1)</sup>

- USD 250 mn capex
- USD 160 mn debt draw down

1) 2020/21 are management estimates based on existing financing agreements

# T3: construction diary



# Expansion projects with strong financial merits

## Strong FCF generation from 2022 onwards

- Strong, immediate FCF generation from both expansion projects from 2022
- **T3 (Lyocell) full run-rate expected by H2-2022 – LDC (pulp) by Q4-2022**
- Group margin expansion due to backward integration and higher specialty share

## Economic leverage impact

- Consolidated balance sheet to reflect full size of LDC pulp investment
- **Lenzing with 51% “economic share” of LDC debt** – 49% of debt guaranteed by Duratex
- **Lenzing to report economic net debt to provide better transparency**

## Temporary increase in group leverage with fast deleveraging upon ramp-up

- FCF from projects as well as post-Covid recovery to support **speedy deleveraging**
- **Mid-term leverage target of < 2.5x**

## Strong liquidity position

- **Comfortable cash position** and committed financing (project and flexible lines) with favorable covenant structure and attractive tenure

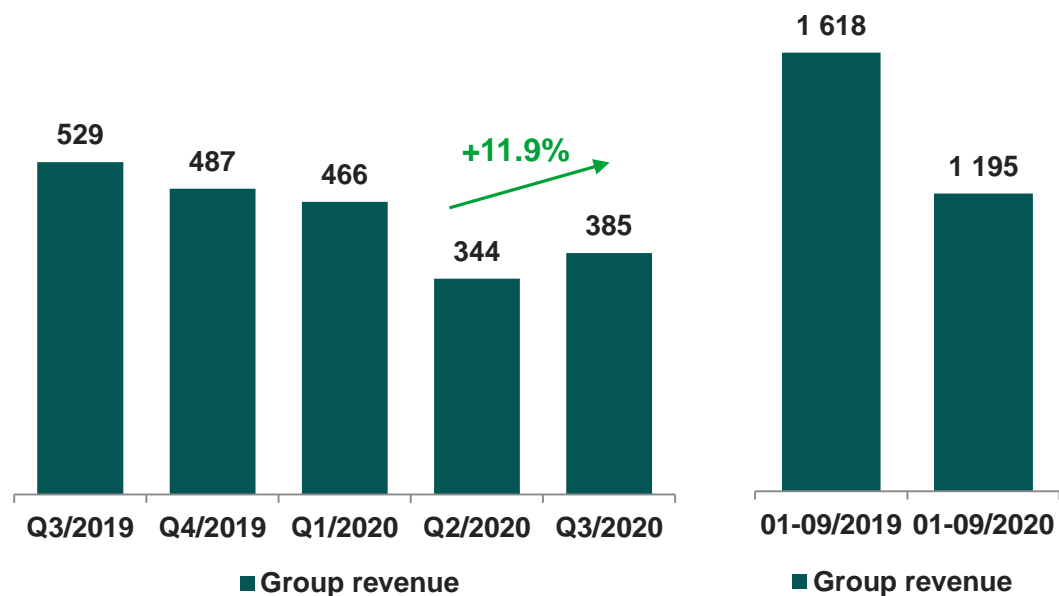
Unique, transformative projects for Lenzing that will set the course for years to come and will structurally improve the group's margin profile

# **Q3-2020 Highlights**

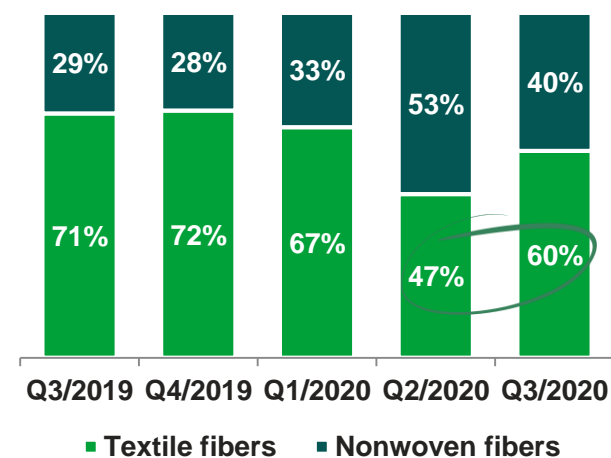


# P&L – Revenue

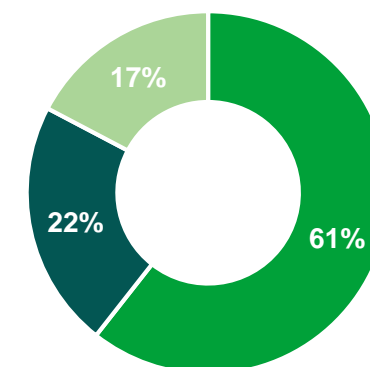
EUR mn



Group revenue by application



Group revenue by type  
01-09/2020



- Specialty fibers<sup>1</sup>
- Standard fibers
- Other business areas

1) LENZING™ Lyocell, LENZING™ Modal, LENZING™ Specialty Viscose

# Focus on cost efficiency in 2020, more to come in 2021/22

## Focus on cost efficiency in 2020:

In Q4-2019, launch of **Heartbeat for Endurance (HB4E) Efficiency** program

→ High double-digit EUR mn cost savings<sup>1</sup> in 2020

## Key achievements so far:

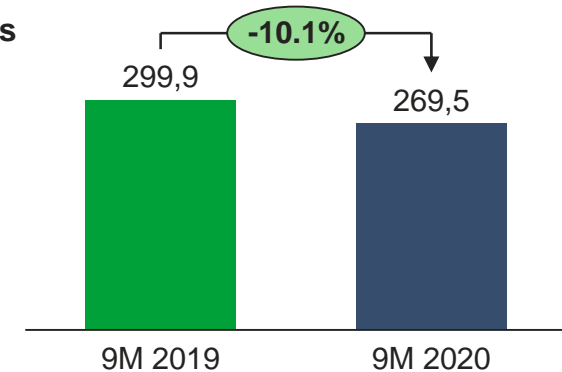
- **Personnel costs reduced by ~EUR30mn (-10% YOY)** due to selective hiring (personnel increases only for strategic projects), impacts from short-time work and reduction of overtime.
- **Other operating costs reduced by ~EUR20mn (-10% YOY)** due to optimized R&M activities, reduced marketing, consultancy and other discretionary spending.

## Focal points in 2021 & 2022:

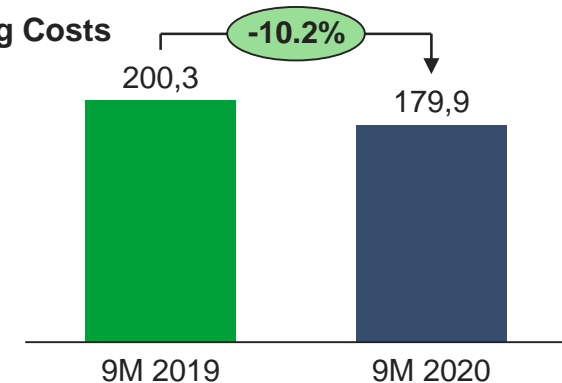
- Operational excellence and continuous improvement
- Target: EUR50mn EBITDA impact by 2022

## Opex Development [in EUR mn]

### Personnel Costs

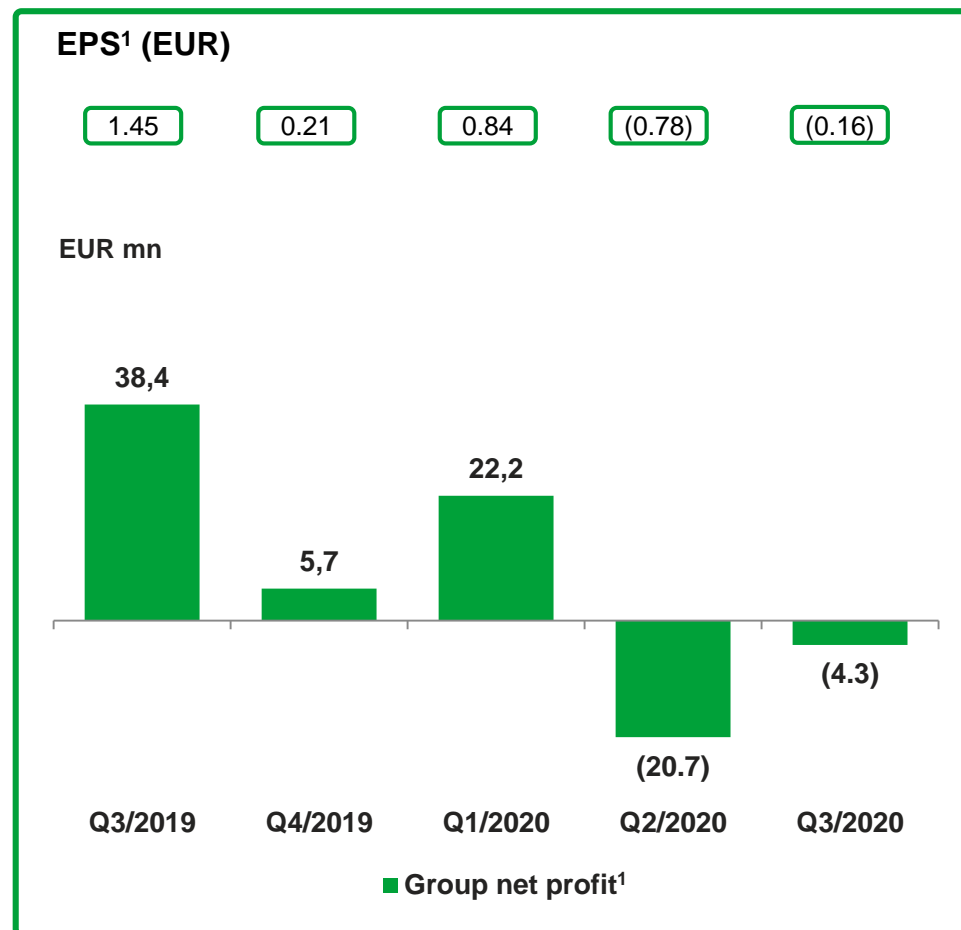
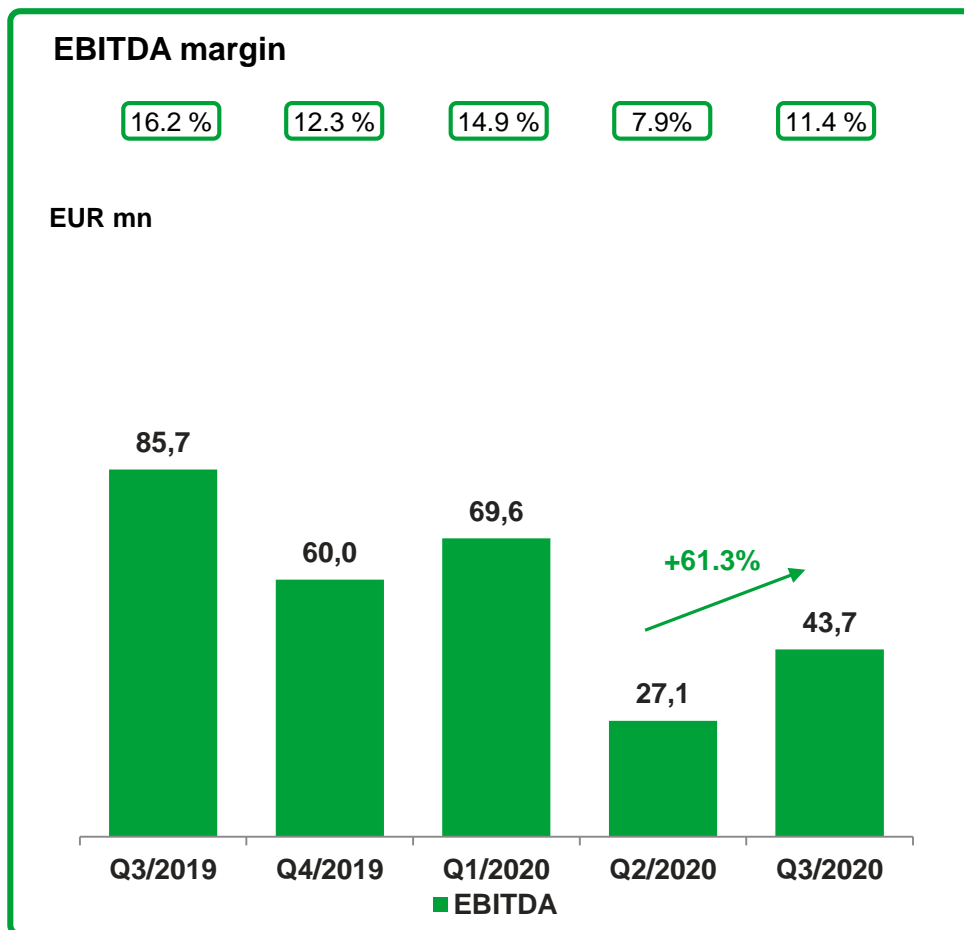


### Other Operating Costs



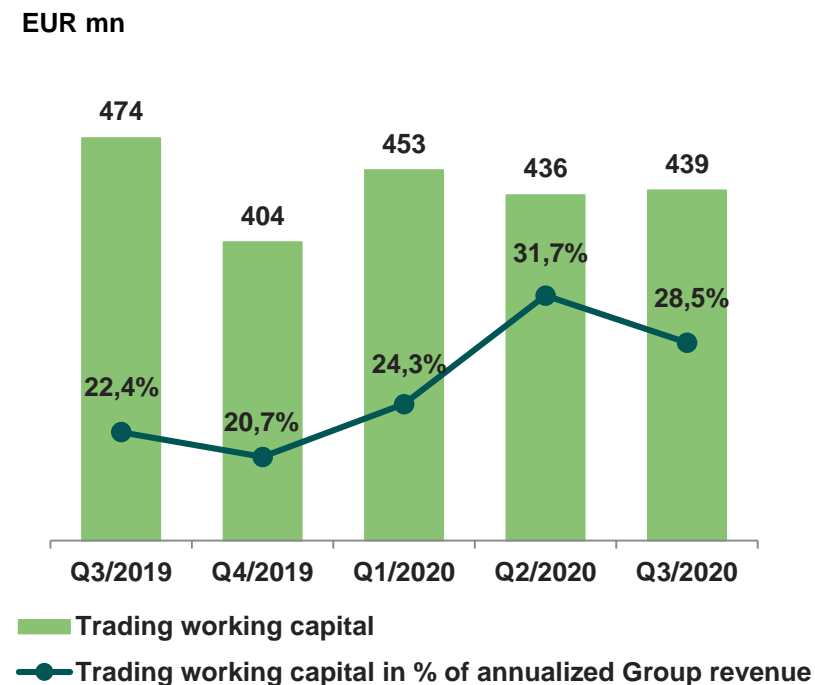
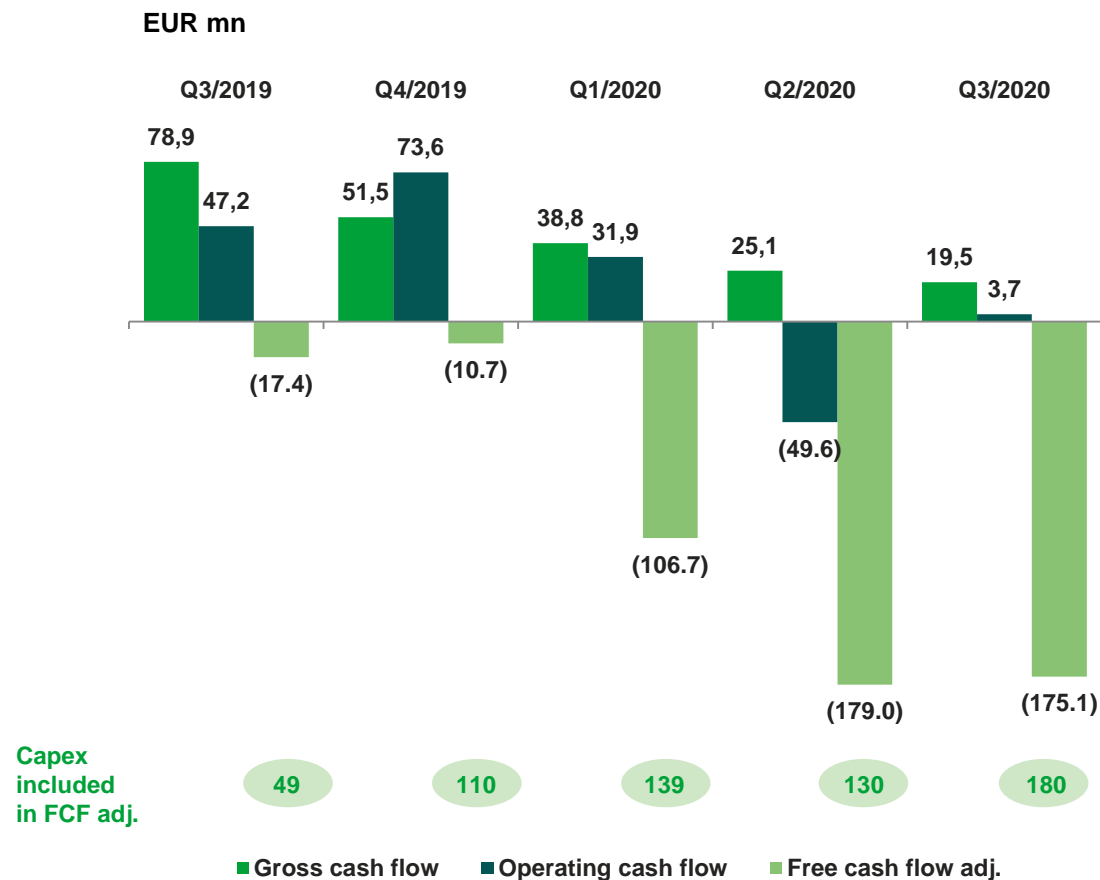
1) excluding volume and price effects

# P&L – Quarterly EBITDA & EPS



1) Attributable to Lenzing AG shareholders

# Quarterly cash flow and working capital development



# Economic net debt reflects underlying situation

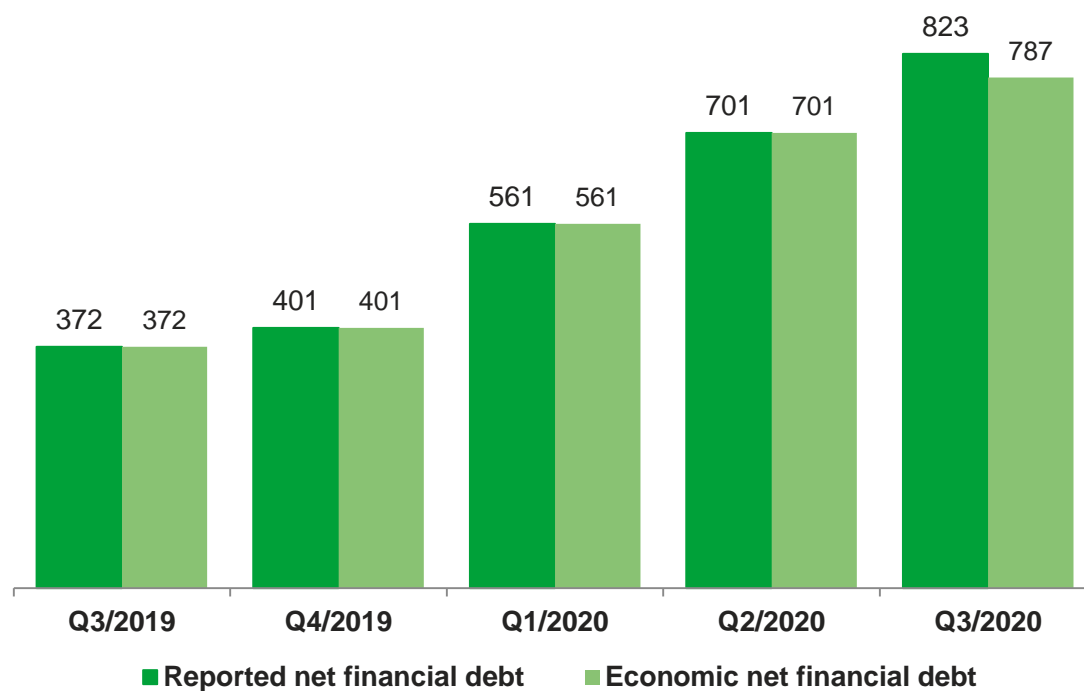
€ 787 mn

- **Economic** net debt per **Q3-20**
- Reflects **51% economic share** of **Brazil JV debt**

€ 823 mn

- **IFRS reported** net debt per **Q3-20**
- **Fully consolidated Brazil JV** debt included

# Balance sheet metrics



According to IFRS (EUR mn)	30 Sept. 2020	31 Dec. 2019	Change in %
Total assets	3,478.4	3,121.1	11.5
Liquid assets <sup>1</sup>	563.7	581.0	(3.0)
thereof liquid funds	554.9	571.5	(2.9)
Total liabilities	2,111.4	1,583.2	33.4
thereof financial liabilities	1,387.0	981.6	41.3
Adjusted equity <sup>2</sup>	1,393.4	1,559.3	(10.6)
Adjusted equity ratio (%)	40.1	50.0	-
Net gearing (%)	59.1	25.7	-
Net financial debt	823.3	400.6	105.5

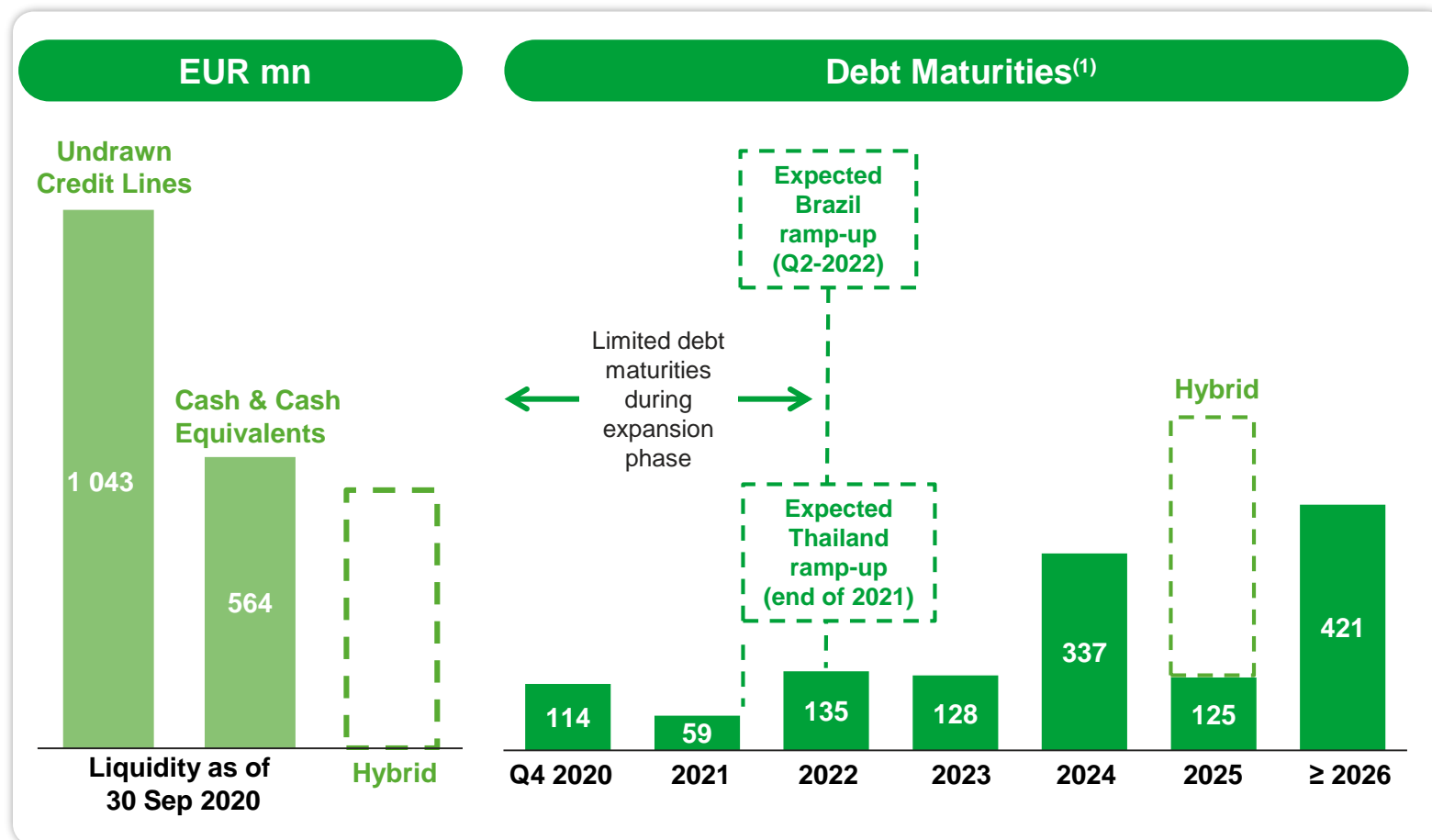
According to IFRS (EUR mn)	30 Sept. 2020	31 Dec. 2019	Change in %
Total liquidity cushion	1,606.8	847.6	89.6
thereof liquid assets <sup>1</sup>	563.7	581.0	(3.0)
thereof unused credit facilities	1,043.1	266.6	291.3

1) Including cash and cash equivalents, liquid securities and liquid bills of exchange

2) Including government grants less proportional share of deferred taxes on government grants

# Secured liquidity through the expansion phase

- Comfortable liquidity position and maturity profile
- Debt funding for expansion projects fully committed
- No affirmative financial covenants
- Significant further liquidity levers available (e.g. shift of discretionary capex, factoring) to provide additional flexibility if needed
- Repayments of all tranches of LDC financing are contractually agreed to start in 2023 with the first US\$500mn agreed to be repaid by 2029, another US\$500mn by 2031, and the remainder by 2033



1) Excluding lease liabilities of €68.2mn

# Hybrid bond – transaction summary

1

## Instrument

- Euro 500mn unrated hybrid bond
- Market-standard perpetual non-call 5yr, listed on the unregulated market of the Luxembourg Stock Exchange
- Fixed rate at 5.75% up to the First Reset Date
- Thereafter resets every 5yrs to 5y Mid Swaps + Initial Margin + relevant step-up (500bps)

2

## Rationale

- Maintain Lenzing's balance sheet flexibility and liquidity cushion
- Maintain a conservative financial policy by reinforcing the group's credit ratios due to 100% equity classification of the hybrid bond under IFRS
- Diversify the group's investor base after Lenzing's EUR/USD500mn Schuldschein transaction

# Appendix



# At a glance: Key investment highlights

**Lenzing**

Innovative by nature

1

**Sustainability trailblazer with strong ESG credentials**

- First fiber producer targeting carbon neutrality by 2050 (-50% by 2030), with validated Science Based Target
- Strong focus on transparency and traceability, with physical and blockchain-based identification system for specialty fiber portfolio
- Double A-listing by CDP for global climate and forests stewardship – ranked in sector top decile by MSCI, ISS-ESG, EcoVadis

2

**Leadership in Sustainable Wood-Based Cellulosic Fiber (WBCF) Solutions**

- Global leader in WBCF covering all three man-made cellulose fiber generations (viscose, modal and Lyocell)
- Beneficiary of structurally growing global demand, eco-conscious consumers and penetration in disposable products
- Sustainability, R&D and innovation leadership as key success factors for growth and “premiumization”

3

**High Focus on Specialty Products in Resilient, Structurally Growing Markets**

- Specialty fibers TENCEL™ Lyocell, TENCEL™ Modal, ECOVERO™ and VEOCEL™ are key pillar of group's success
- Specialities account for >50% of group revenues and will improve further with lyocell project in Thailand (>75% by 2024)
- Selling solutions to resilient end markets such as sportswear, home textiles, hygiene products and baby wipes

4

**Low Cost Positioning Through Vertical Integration Strategy**

- A cost leader through its integrated business model, unique bio-refineries concept and economies of scale
- >75% backward integration into dissolving pulp and structural cost improvement upon completion of unique Brazil project
- Innovative REFIBRA™ recycling technology turns consumer textile waste into pulp

5

**High Barriers to Entry for New Entrants**

- Significant investment required to match production scale, supply reliability and product compliance
- Decades-long manufacturing know-how building on circular technology
- Pioneering R&D platform with promising pipeline, which cannot be easily duplicated
- Leading brand portfolio with high brand awareness, which creates a “demand pull”

6

**Cash generative business model and track record of prudent financial policy**

- Robust over-the-cycle EBITDA and cash generation profile
- EUR800mn EBITDA target for 2024 amid cyclical earnings recovery and highly margin accretive organic growth projects
- Healthy balance sheet and secured liquidity through current expansion phase

# VEOCEL™ supports EU Single-Use Plastics Directive

Enhanced transparency and increased awareness in wipes and feminine hygiene products

## Requirements

**Clear and standardized labelling**

- Presence of plastics
- How to dispose
- Negative environmental impact

## Obligations

**Producers must help to cover costs**

- Of waste management and clean-up
- Awareness raising measures

## Incentives

**Industry incentives to develop less polluting alternatives**

## Opportunity

**100% cellulosic nonwoven solutions**



[www.veocel.com/en-us/wheretobuy](http://www.veocel.com/en-us/wheretobuy)

**2019**

**June**

Directive published

**2020**

**December**

Specifications for “plastic definition” and “marking requirements”

**2021**

**July**

Law becomes effective: Clear and standardized labelling is required

# Increasing exposure to specialty fibers drives transformation

## Key rationale for specialization

Increased margins with premium pricing

Reduced earnings volatility with lower exposure to cyclical commodity VSF

Increased capacity for product innovation and stronger technology leadership

Improved sustainability position and ecological footprint

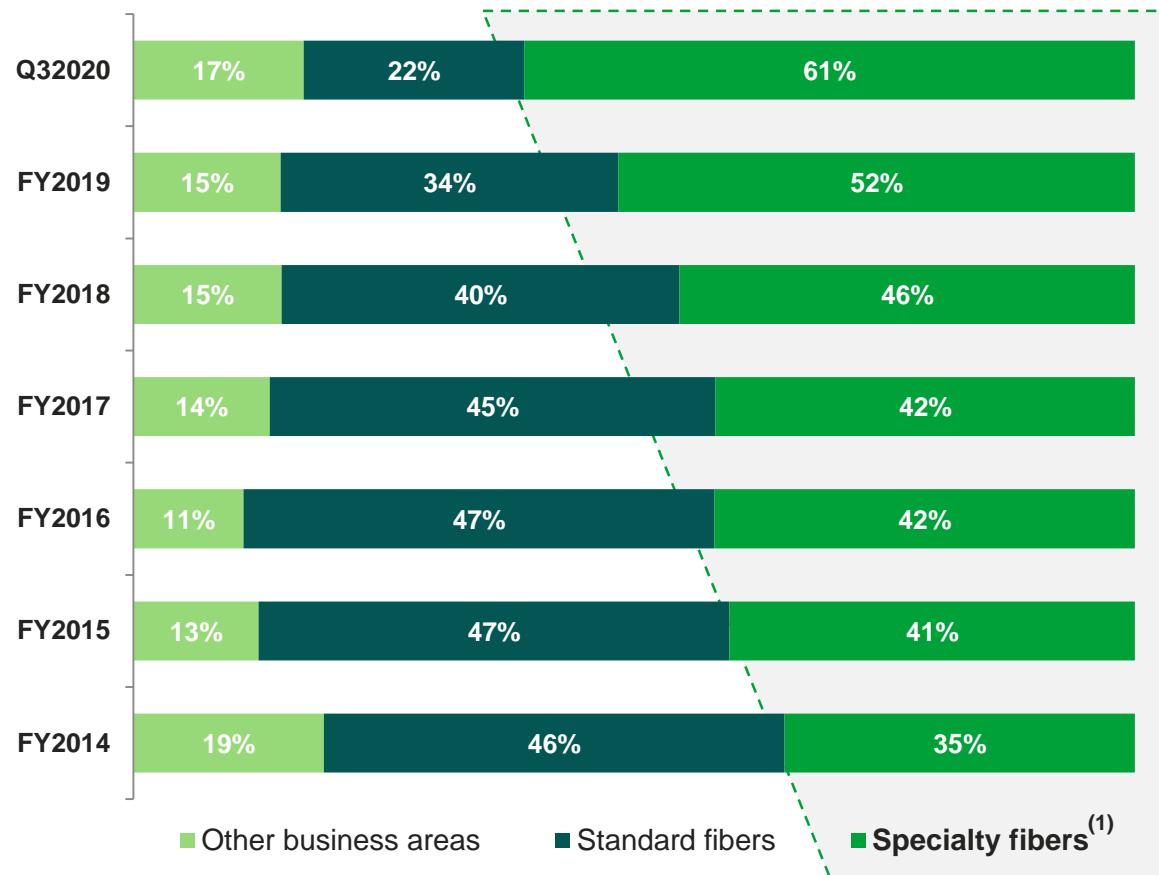
Supports brand penetration and customer awareness



LENZING  
EcoVero™



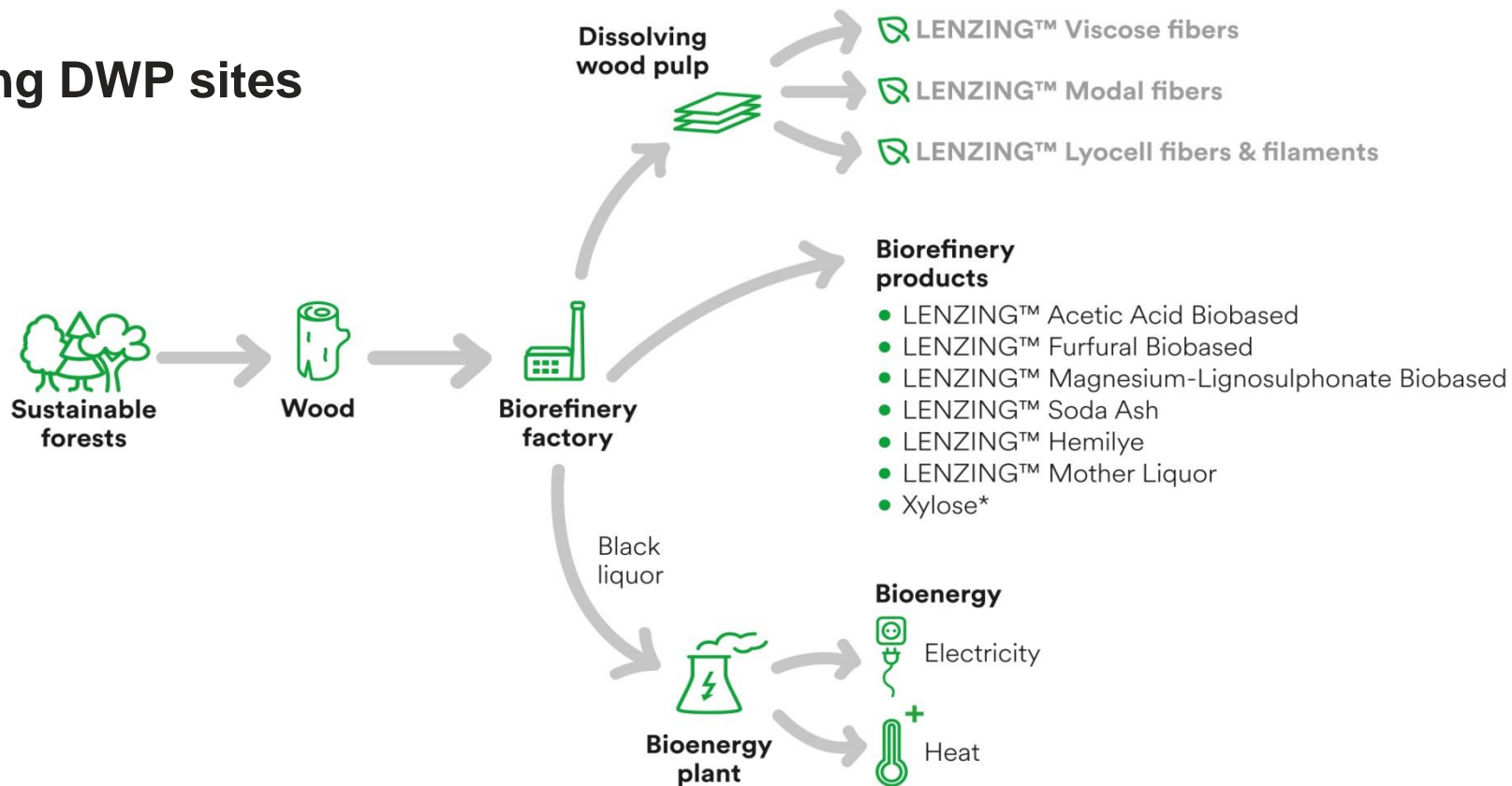
## Lenzing's group revenue composition by type



1) Lyocell expansion, modal conversion, TENCEL™ Luxe, filament, viscose premium fibers (e.g. Black, EcoVero™) and Veocel

# Unique bio-refineries concept

## Lenzing DWP sites



Unique circular manufacturing improves sustainability and cost footprint

# High vertical integration in pulp, the most important input material and cost driver

## Key benefits of higher backward integration

Improves margin and reduces overall earnings volatility with strongly reduced production costs

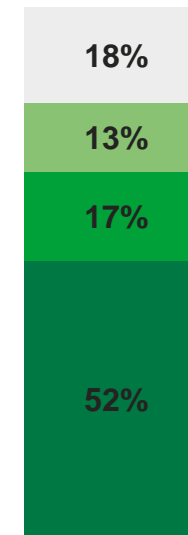
Enhances technological edge in lyocell fibers as innovations can be supported by tailored pulp grades

Reduces exposure to DWP merchant market that has limited liquidity and transparency

Further strengthens Lenzing's sustainability position by responsible wood sourcing

## Fiber production cost split (2019)

Other<sup>(2)</sup>  
Energy  
Chemicals  
Pulp<sup>(1)</sup>



Viscose

## Degree of DWP integration, %

LDC<sup>(3)</sup>  
Lenzing and Paskov mill

57%

2019

Post-LDC

Note: 1 ton of wood-based cellulosic fiber output requires ~ 1 ton of DWP

Low-cost DWP position coupled with a strong fiber technology platform are important drivers of profitability

1) Assuming market pulp cost incl. logistics, 2) other costs include personnel, 3) LDC – Lenzing Duratex Celulose S.A

# Lenzing benefits from high barriers to entry

## Unique Manufacturing Base

- Unique vertically-integrated model which is highly cost efficient
- Industrial scale bio-refineries offer highly sustainable manufacturing
- Hard to replicate Lenzing's scale, integration and operations

## Unique Capabilities and know-how

- Technological capability to produce all three generations of WBCF
- Innovative closed-loop production process with advanced recycling and recovery rates

## Innovation and R&D Leader

- Pioneer in manufacturing of Lyocell, Modal and other specialities
- Trusted partner for customers driving development of existing and new technologies
- 1,302 patent applications and patents in 52 countries belonging to 216 patent families

## Highly Visible Brands

- Highly recognized brands such as TENCEL™, ECOVERO™, VEOCEL™ and LENZING™
- Generates customer pull due to quality, sustainability and superior properties
- Addresses a core need in textile: transparency and traceability



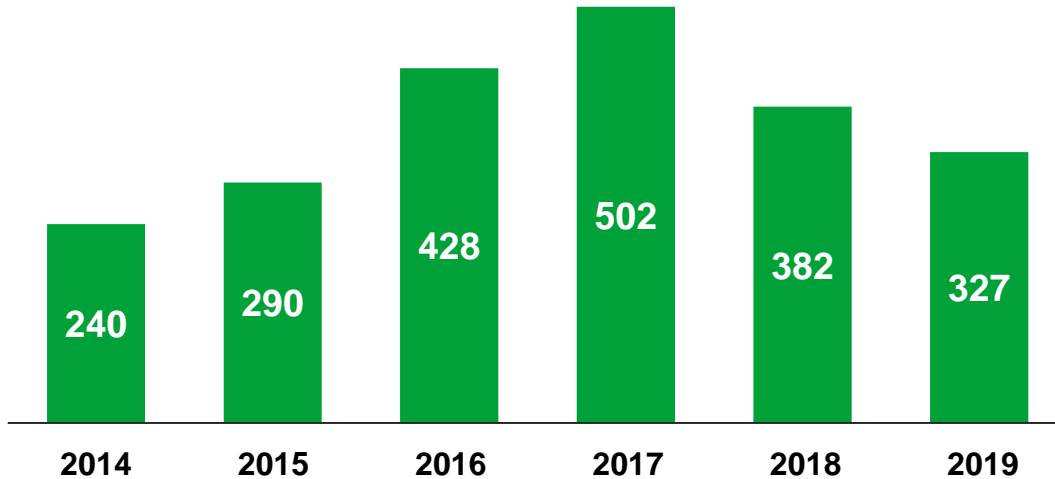
...and keeps its position as an industry leader

# Solid over the cycle EBITDA & cash flow generation

EBITDA Margin (%)

12.9 %   14.7 %   20.1 %   22.2 %   17.6 %   15.5 %

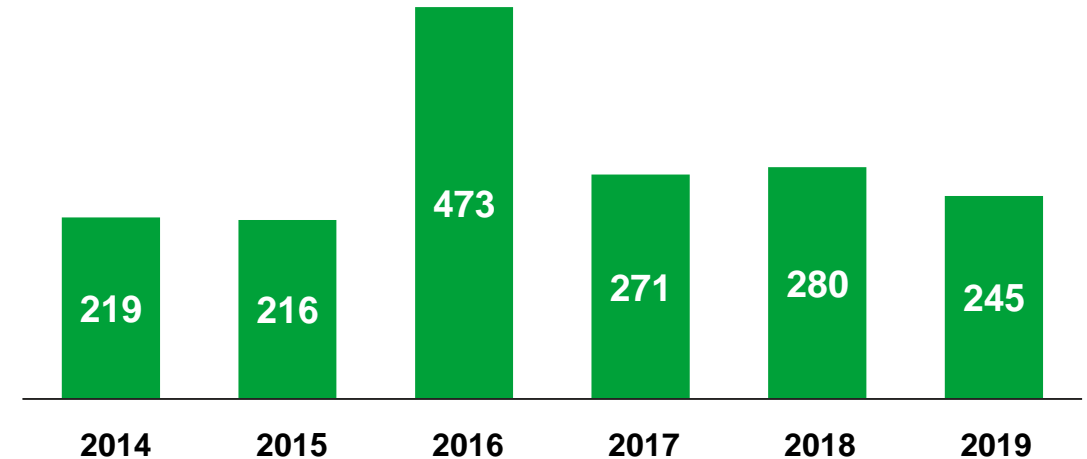
EBITDA (EUR mn)



Cash flow from Operations / EBITDA (%)

91 %   74 %   111 %   54 %   73 %   73 %

Cash flow from Operations (EUR mn)



# COVID-19: taking care of our people, partners and operations

## COVID-19 impact on business

- Global pandemic weighed on textile fiber demand, however, strong performance improvement observed over the course of Q3-2020
- Commodity fiber prices hit historical lows but since mid-August, viscose staple fiber (VSF) prices have strongly recovered
- Specialty fiber prices stood more resilient but affected by the drop in textile demand
- Nonwoven fibers benefited from increased hygiene awareness



## Measures taken to ensure operational flexibility

- Close interaction and cooperation with up and downstream value chain partners to enhance visibility and facilitate production flexibility
- Stringent cost management
- Short-term work, flexible working hours and hiring freeze
- High liquidity position
- Full commitment to expansion projects in Thailand and Brazil



## Protecting our people and business partners

- Close cooperation with authorities
- Home office rolled out globally, except for activities that require on-site presence
- Restricted business travel and face-to-face meetings
- Optional garden leave for risk group and psychological assistance for employees
- Temperature checks at gates and hygiene guidance for all



Non-exhaustive lists

# Hygiene Austria LP – status update

## At a glance:

- **Joint Venture:** Hygiene Austria LP GmbH  
Lenzing (50.1%) and Palmers (49.9%)
- **Scope:** Production and distribution of high-quality, certified hygiene & protective equipment in Austria and abroad
- **Main products include:**
  - Protective/surgical masks (Type I, II, IIR)<sup>1</sup>
  - Colorful masks for children
  - FFP2 masks<sup>2</sup>
  - Portfolio additions planned (i.e. disinfecting and cleaning wipes with VEOCEL™ fibers)
- **Installed production capacity:**
  - Surgical & children masks: >17mn units per month
  - FFP2 masks: >8mn units per month
- **Webshop:** <http://www.hygiene-austria.at>



**Surgical  
masks**



**Children  
masks**



**FFP2  
masks**

# Contact and financial calendar

## Investor contact

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Vice President Capital Markets

Phone: +43 7672 701 3416

E-mail: [s.trubrich@lenzing.com](mailto:s.trubrich@lenzing.com)

## Visit our IR website

<https://www.lenzing.com/investors/>

## 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
77 <sup>th</sup> Annual General Meeting	April 14, 2021
Results 01-03/2021	May 5, 2021
Half-year results 2021	August 4, 2021
Results 01-09/2021	November 3, 2021

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