

FOCUS ON VALUE



ANNUAL FINANCIAL REPORT 2014

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General Market Environment

Global economy¹

The global economy never really picked up momentum in 2014. The International Monetary Fund (IMF) recently projected average global economic growth of 3.3% for the entire year under review, the same as the 3.3% figure for 2013. The global economic upturn continues to be overshadowed by the after-effects of the financial crisis and increasing geopolitical tensions.

However, an uneven development was perceptible among the various regions of the world. The US economy expanded more strongly than expected, whereas growth in most other Western industrialized countries turned out to be disappointing. The eurozone was able to put the recession behind it in 2014, but its economic development still remained unsatisfactory and even led to a decline in economic output in several eurozone peripheral countries. Against this backdrop, the developing and emerging markets did not succeed in generating any perceptible economic impetus for the global economy.

The latest IMF forecasts for the industrialized countries expect GDP to expand by 1.8% in 2014 (2013: 1.3%). According to the IMF, the economy of the eurozone will expand by 0.8% (2013: minus 0.5%). The 2.4% growth in the USA was higher than the prior-year level of 2.2%, whereas growth of the emerging market economies at 4.4% comprised a slight decline from 4.7% in 2013.

According to the most recent IMF forecasts, economic growth in China, the largest sales market for the global fiber industry, slowed down to 7.4% in 2014 compared to 7.8% in the previous year. The prevailing trend towards falling economic growth rates which has affected China for several years continued during the year under review. The world's second largest economy has been in the midst of a transition from a strongly export-oriented economy marked by a high consumption of natural resources and still relatively favorable wage costs to a more sustainable growth model featuring growing domestic consumption and rising wages. As a result, China's central authorities are trying to reduce the strong growth in loans and investments dominating the economy in the past, and pursued a very restrictive monetary policy in 2014.

Global fiber market²

Largely constant growth of global fiber production

Growth of world fiber production in 2014 largely remained at the prior-year level, and was thus below the long-term average. The fiber market was oversupplied throughout the entire year, even if private consumption rose somewhat in the industrialized countries and hovered at a high level in the emerging Asian markets. Similar to the previous year, considerable surplus production capacities and record high cotton inventories, especially in China, dominated the global fiber market in 2014.

¹ International Monetary Fund, World Economic Outlook Update, January 20, 2015 ² All production figures in this section were updated to the currently accepted values in comparison to the initial estimates published in Lenzing's Annual Report 2013. Refer to the International Cotton Advisory Committee (ICAC), International Monetary Fund, Cotton Outlook, CCF Group (China Chemical Fibers and Textiles Consulting).

According to initial estimates, world fiber production rose by 1.9% in the year under review less pronounced than the 3.6% increase in 2013, with total volume increasing from 87.7 mn tons to 89.4 mn tons.

Preliminary figures show a 2.9% increase in global fiber consumption from 84.9 mn tons in 2013 to 87.4 mn tons in 2014, somewhat higher than the related rise in fiber production.

As in previous years, production growth was almost exclusively due to the higher production volumes of chemical fibers, for the most part in China. The Chinese chemical fiber industry was once again on a clear growth path in 2014, as in the years before, with production expanding by 7.2%. As a consequence, Chinese producers further expanded both their dominant position on the world market as well as their excess capacities. In spite of partially negative profit margins, investments were made in polyester production facilities as well as in viscose fiber capacities. Accordingly, an excess supply is likely to continue shaping the fiber market in the foreseeable future.

Fibers on the world market

Fibers					
Natural fibers		Man-made fibers			
		From natural polymers		From synthetic polymers	From anorganic substances
Protein-based	Cellulose-based	Cellulose-based	Protein-based		
Wool Silk Angora Cashmere etc.	Cotton Flax Hemp Jute etc.	Viscose Modal Lyocell Cupro Acetate etc.	Casein Collagen Ardein Zein	Polyester Polyamide Polypropylene Polyurethane (Elastan) Acrylic Polytetrafluoroethylene	Carbon Ceramics Glass Metal

Cotton inventories remain at historically high levels³

Cotton production in 2014 stagnated at the prior-year level of 26.3 mn tons. Although cotton consumption increased by 3.4% year-on-year to 24.3 mn tons, the growth in consumption was not sufficient enough to reduce the historically high global cotton inventories. On the contrary, it is expected that cotton stocks will climb to a new all-time high level of 21.5 mn tons after the

³ Source: ICAC February 2015

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end of the current 2014/15 cotton harvest in August 2015, representing an increase of 10% from the 2013/14 harvest. The increase in cotton inventories even totals 151% compared to the 15-year all-time low of 2009/10. The global stock-to-use ratio in the 2014/15 cotton harvest season is estimated at 89%. As a consequence of this high level, a recovery of fiber selling prices is very improbable in the foreseeable future.

The lion's share of cotton stocks are in China, as a result of a state-controlled cotton stock-piling policy pursued over a period of several years. Up until now, this has only had adverse effects on the entire cotton textile industry in China.

Wool production remained largely unchanged at about 1.1 mn tons, similar to 2013.

Significantly weaker growth of chemical fiber production

Chemical fiber production grew steadily in 2014, but at a significantly lower rate than in 2013, which is due to cyclical reasons. According to preliminary figures, global chemical fiber production showed a rise of 2.8%, driven by increased activity in China, and reached a new all-time high production level of 62.0 mn tons (2013: 60.3 mn tons, 6.1% growth).

The synthetic fiber polyester, whose sales are expected to rise 3.4% from the comparable level of 2013, accounts for approximately three quarters of chemical fiber production. The production of polyamide fibers and polypropylene remained virtually unchanged, whereas the production volume of acrylic fibers declined.

Once again China generated the biggest rise in 2014, with production up 7.2% (2013: 8.5%) to 42.8 mn tons. As a consequence, the country's share of total global chemical fiber production climbed to almost 70% in 2014. Chemical fiber production volumes also increased in the USA, Indonesia and Turkey, but at a much lower level. In contrast, chemical fiber production reportedly declined in Western and Eastern Europe, Japan, Brazil and India.

First-time consolidation trend for man-made cellulose fibers

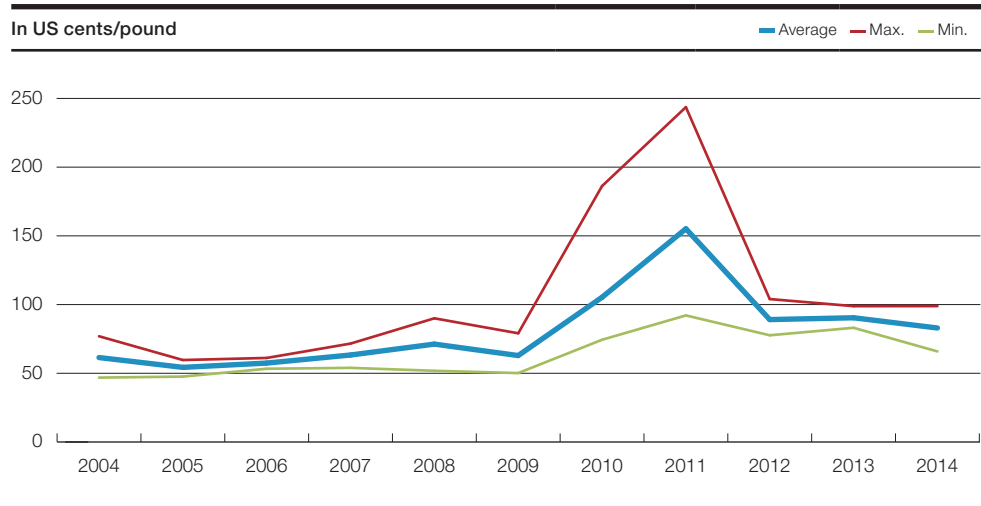
Production figures for the man-made cellulose fiber industry showed clear signs of consolidation for the first time in 2014 after many years of dynamic increases featuring double-digit growth rates. Preliminary figures indicate a rise of 2.0% in the global production of man-made cellulose fibers in 2014 (2013: 9.3%), from 5.9 mn tons to 6.0 mn tons, expanding at a somewhat lower rate than overall chemical fiber production. The underlying reason was the delay in capacity expansion projects in China and Turkey as a consequence of the downward trend in selling prices. Nevertheless, other expansion projects implemented in China, India and Austria along with the globally high level of capacity utilization served as the basis of a slight rise in production volume despite the difficult fiber year 2014. In a long-term comparison between the years 2000 and 2014, the man-made cellulose fiber industry more than doubled total production, growing at a faster rate than the synthetic fiber industry. Good demand for man-made cellulose fibers is also expected in the future.

Renewed turmoil on the cotton market

In terms of total volume, cotton remains the most important fiber for the clothing industry. The cotton price is considered to be a benchmark for the entire fiber industry. The average on the Cotton A Index in the 2014 financial year was 83.0 US cents per pound, substantially below the average of 90.4 US cents per pound in 2013.

The long-term development (in US cents/pound) is shown by the following chart:

Development of the cotton price



Source: Cotton Outlook

Following the record prices paid for cotton in the years 2010/11 driven by the shortage of cotton, annual price margins perceptibly declined. It became easier again for cotton processors to calculate the cotton price. However, as a result of the sharp decline in cotton selling prices which set in starting in the middle of 2014 (minus 30%), there was a much bigger gap once again between the minimum and maximum value.

The Cotton A Index started the calendar year 2014 at 89.7 US cents per pound, climbed to 98.1 US cents per pound at the end of March 2014 and subsequently dropped to 89.3 US cents per pound at the end of June 2014. New lows of 66 US cents per pound were tested from the onset of the new cotton harvest season at the beginning of August until the end of 2014. This level was last reached in 2009. The Cotton A Index closed the year 2014 at 70.0 US cents per pound.

One reason for this dramatic downward development was a change in the cotton stockpiling policy of the People's Republic of China. Cotton import quotas were reduced to only 900,000 tons p.a., leading to sales difficulties for export-oriented cotton producing countries such as the USA and India. This was complemented by irregular changes and adaptations of China's

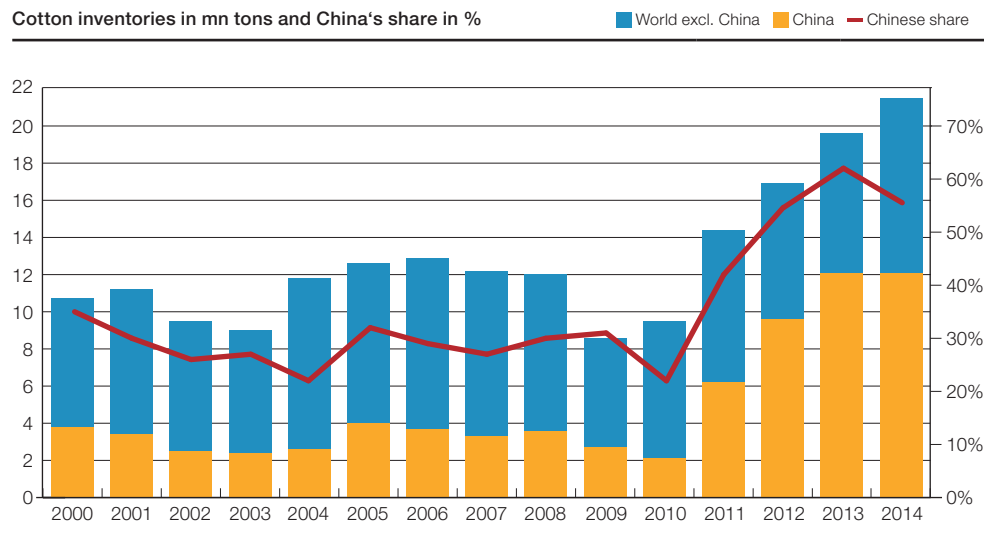
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subsidy policies for cotton which were incomprehensible to outside observers. The current policy is no longer designed to regulate market prices but to directly prop up the income of cotton farmers, especially in troubled Xinjiang province. In turn, this will result in an ongoing excess supply of cotton, according to market analysts. The price decline triggered by all these developments and uncertainties was aggravated even more by expectations of a higher cotton harvest in 2014/15.

Ongoing high cotton stockpiles in China

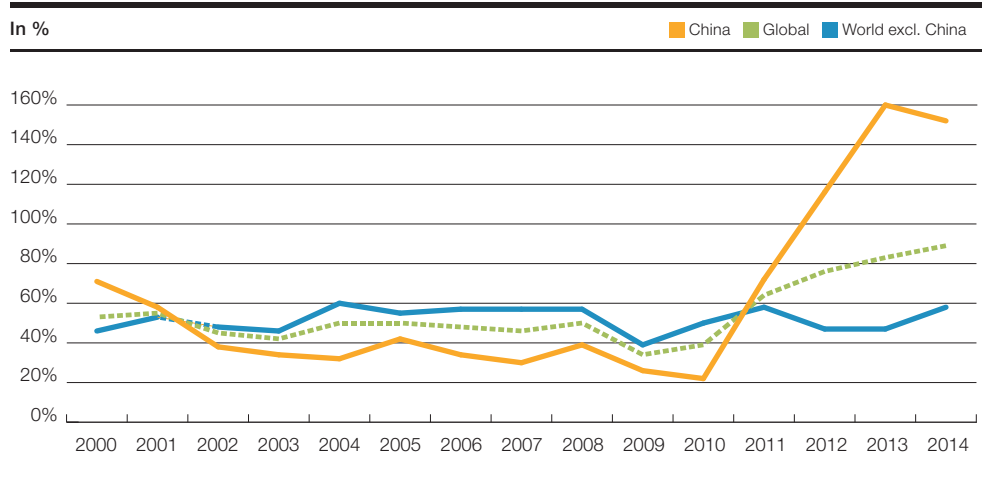
In the absence of US-American and Indian cotton exports to China, Chinese cotton inventories stagnated at a high level. However, international stocks of cotton continued to increase. China accounts for considerably more than half of the world's cotton inventories.

Continuing major importance of China



Source: ICAC

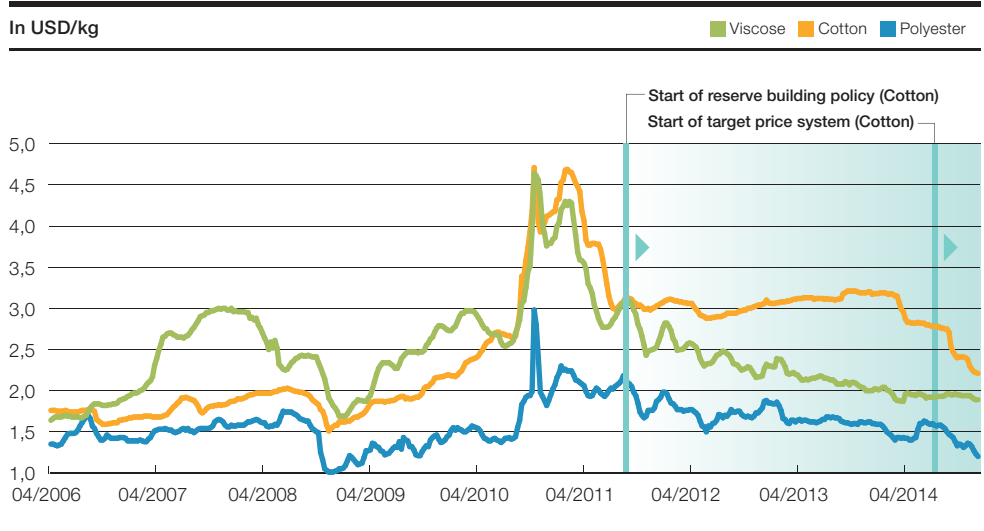
Stock-to-use ratio for cotton



Source: ICAC

The stock-to-use ratio for cotton in China was down slightly in 2014, but still is higher than total world consumption for about one and a half years.

Staple fiber prices – development in China



Source: CCFG, Cotton Outlook

Cotton selling prices in China, the world's most important fiber market, fell sharply starting in the middle of the year. Viscose fiber prices also declined but to a much lesser extent. The drop in selling prices was due to the change in the previous cotton stockpiling and subsidy policies of the Chinese Government.

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Viscose fiber prices largely stable at a low level

Global viscose staple fiber prices stayed at a largely stable but low level throughout the entire year 2014. At the beginning of the year selling prices were at CNY 12,280 per ton, and hovered at a level of about CNY 12,000 in the entire first half of 2014. A perceptible upward trend at the beginning of the second quarter ended up not having a lasting effect. Starting in the third quarter, spot market prices once again fell slightly, decreasing to CNY 11,550 per ton by the end of 2014.

Whereas a price discount of viscose vis-à-vis cotton could be observed in the first half of the year, the decline in cotton prices in the second half of 2014 restored the longstanding 5-10% price premium for viscose fibers. However, there were substantial price decreases for viscose fibers at the end of the fourth quarter, which can be attributed to the massive drop in polyester prices. In turn, this resulted in a reduction of the price premium for viscose compared to cotton.

Surplus production capacities, which were built up and debt-financed during the past high-price phase, continue to shape developments on the Chinese viscose fiber market. This leads to strong pressure to keep capacity utilization as high as possible, even if the manufactured fibers are sold at marginal cost, in order to generate sufficient cash to pay back loans. This trend is further aggravated by low dissolving pulp selling prices caused by global surplus pulp production capacities. Price pressure is expected to continue as long as these excess capacities in China are not absorbed by growing demand.

During the course of the year, viscose fiber prices remained largely stable on a low level on most of the sales markets outside of China. However, Chinese manufacturers generated strong price pressure both on their own domestic market and on Asian export markets.

Free fall of polyester fiber prices

The drastic decline in crude oil prices which started in the second half of 2014, consequently led to an acceleration of the drop in polyester fiber selling prices which was already perceptible during the course of the year. At the beginning of the year, spot market prices for polyester in Asia equaled about USD 1.38 per kilogram, subsequently falling to between USD 1.05 and USD 1.15 per kilogram by the end of 2014.

Development of the Lenzing Group⁴

In the 2014 financial year, the Lenzing Group profited from ongoing good volume demand in its core business of producing man-made cellulose fibers, serving as the basis for achieving an all-time high sales volume. All fiber production facilities were operating at full capacity throughout the entire year. This gratifying volume development in the first half-year was in contrast to the renewed downward trend in average fiber selling prices. In the course of the second half of 2014, Lenzing managed to stabilize its fiber selling prices, though at an unsatisfactory level. This situation, comprehensive cost savings measures within the context of the excellENZ initiative, the good ramp-up of the new TENCEL[®] fiber production plant at the Lenzing site and the new record sales volume enabled the Lenzing Group to generate a significant improvement in its operating results compared to the 2013 financial year in spite of facing a difficult market environment. However, adjustments to goodwill, other intangible assets and property, plant and equipment to the amount of minus EUR 94.0 mn resulted in a net loss of minus EUR 14.2 mn in the 2014 financial year.

In the 2014 financial year, consolidated revenue fell slightly by 2.3% to EUR 1.86 bn from EUR 1.91 bn in the previous year (including EUR 49.9 mn from discontinued operations) despite the higher fiber sales volumes. The main reasons for this development were the sale of the Business Unit Plastics (discontinued operations) in the course of 2013 as well as the average fiber selling prices of the Lenzing Group, which once again fell by about 8% during the year under review to EUR 1.57 per kilogram.

On a like-for-like basis of continuing operations, consolidated revenue rose 0.3% from EUR 1,859.0 mn to 1,864.2 mn.

Total fiber sales volumes climbed by around 8% from approx. 890,000 tons in 2013 to about 960,000 tons in 2014.

The core Segment Fibers accounted for 94.2% of consolidated revenue, whereas the Segment Lenzing Technik generated 2.3% and the Segment Other contributed 3.5% to consolidated revenue (only external sales).

Other operating income rose to EUR 48.5 mn in a like-for-like comparison from the prior-year level of EUR 36.6 mn. This increase was mainly due to payments for green electricity as well as currency translation effects.

EBITDA⁵ (earnings before interest, taxes, depreciation and amortization) of the Lenzing Group of EUR 240.3 mn was up 24.0% (2013: EUR 193.9 mn from continuing operations). The EBITDA margin improved to 12.9% (2013: 10.4% on a like-for-like basis). The ratio of net financial debt to EBITDA⁶ also improved to 1.9 (2013: 2.6 from continuing operations). Thus this important performance indicator was clearly below the maximum of 2.5 defined by the Lenzing Group.

In spite of a 7% rise in fiber production volumes, Lenzing succeeded in reducing the cost of material and other purchased services by 2.0% to EUR 1.20 bn (2013: EUR 1.22 from continuing operations). This can be attributed, among other things, to better procurement terms and

⁴ The definition of financial indicators can be found in the glossary ⁵ All of the following comparative figures for 2013 refer to continuing operations (like-for-like).
⁶ In relation to the Group

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conditions as a result of the excellENZ cost reduction drive, the further drop in pulp prices compared to 2013 as well as more favorable purchase prices for chemicals.

The cost savings effects in operating costs such as logistics and raw material purchases generated in 2013 by the excellENZ cost savings program were further improved in the 2014 financial year. Wood prices at the Lenzing and Paskov pulp production sites hovered at a high level due to the ongoing strong demand for wood utilized to generate energy.

On balance, the cost of material and other purchased services comprised 64.3% of consolidated revenue in the 2014 financial year (2013: 65.8% from continuing operations).

Personnel expenses were down from EUR 326.0 mn in 2013 (from continuing operations) to EUR 292.0 mn in 2014, a drop of 10.4%. This decrease reflects the cost savings achieved from the new organizational structure, which impacted personnel expenses, especially starting in the second half of 2014. This more than compensated for the hiring of an additional 140 employees required to fully operate the new TENCEL® fiber production plant at the Lenzing site, increases mandated by the collective wage agreement in Austria and the sharp rise in personnel expenses at the production sites in China and Indonesia.

Personnel expenses in the 2014 financial year dropped to 15.7% of consolidated revenue, a decline in comparison to the previous year's figure of 17.5% (from continuing operations).

Despite the substantial rise in production and sales volumes, other operating expenses could be reduced by 1.6% on a like-for-like basis to EUR 213.3 mn. In particular, this can be attributed to further cost optimization measures implemented as part of the excellENZ program.

The depreciation of property, plant and equipment and the amortization of intangible assets climbed 60.2% to EUR 221.5 mn (2013: EUR 138.3 mn from continuing operations). Due to the changed medium-term viscose fiber selling price expectations, medium-term planning for the subsidiaries PT. South Pacific Viscose (Indonesia) and Lenzing Nanjing Fibers (China) was adjusted to reflect the new market conditions. This led to a downward adjustment in the valuation of goodwill, property, plant and equipment and other intangible assets recognized in the consolidated financial statements of 2014 to the amount of EUR 94.0 mn (refer to Notes 19 and 20 in the consolidated financial statements of the Lenzing Group as at December 31, 2014). These are non-cash measures and do not negatively impact the liquidity and net financial debt of the Group.

For this reason, earnings before interest and taxes (EBIT) of the Lenzing Group fell to EUR 21.9 mn from the prior-year EBIT from continuing operations of EUR 58.6 mn. The EBIT margin was 1.2% (2013: 3.2%).

The financial result of minus EUR 23.4 mn was better than the comparable financial result of minus EUR 26.7 mn in the previous year. This is primarily due to positive currency translation effects. The average interest rate on financial liabilities in the 2014 financial year remained unchanged at 2.8%.

Accordingly, earnings before taxes (EBT) of the Lenzing Group totaled EUR 7.3 mn (2013: EUR 41.0 mn from continuing operations).

The income tax expense amounted to EUR 21.5 mn (2013: EUR 10.3 mn from continuing operations). This resulted in a loss for the year of minus EUR 14.2 mn in the 2014 financial year, compared to a profit for the year of EUR 30.6 mn from continuing operations in 2013. Earnings per share were at minus EUR 0.51 (2013: EUR 1.16 from continuing operations).

Stable equity ratio

In the year under review, the balance sheet total of the Lenzing Group declined slightly to EUR 2.38 bn from EUR 2.44 bn in 2013. Adjusted equity⁷ of the Lenzing Group fell from EUR 1.11 bn to EUR 1.07 bn. As a result, the adjusted equity ratio deteriorated slightly from 45.5% to 44.9% of the balance sheet total.

Net financial debt of the Lenzing Group fell to EUR 449.5 mn from EUR 504.7 mn at the end of 2013 due to the company's active working capital management. As a consequence, net gearing improved to 42.2% from the prior-year level of 45.5%.

The liquid assets⁸ of the Lenzing Group declined slightly as planned to EUR 280.3 mn from EUR 296.0 mn in 2013, which is mainly due to the fact that payments related to completion of the TENCEL[®] fiber production plant in Lenzing were largely concluded by the end of 2014. In addition, the company had sufficient unused lines of credit available for its use in 2014 to the amount of EUR 198.5 mn (2013: EUR 296.2 mn).

Investments in intangible assets, property, plant and equipment (cash CAPEX) were significantly cut back in the 2014 financial year to EUR 104.3 mn (2013: EUR 248.7 mn incl. Business Unit Plastics). The focal point of the investment activity was completion of the TENCEL[®] fiber production plant including adjacent buildings at the Lenzing site as well as efficiency and modernization investments in the fields of energy and fiber production.

excellENZ cost savings program

The cost reductions initiated in the 2013 financial year within the context of the excellENZ cost savings initiative were intensified in 2014 and the original measures were further sharpened due to the ongoing difficult price situation in the fiber business. The original targeted savings of about EUR 60 mn in 2014 could be increased to far more than EUR 100 mn and were actually achieved. About one quarter of the cost reductions involved personnel expenses, with remaining cost decreases equally relating to reductions in material costs and operating efficiency improvements as well as cost reductions in general administrative expenses.

The specific measures implemented include delays in maintenance investments, optimization of purchasing and a stop to capacity expansion measures in fiber production with the exception of the successful completion of the TENCEL[®] fiber production facility in Lenzing in the

⁷ Equity including government grants less proportionate deferred taxes ⁸ Incl. current and liquid securities, cash and cash equivalents

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summer of 2014. Investments designed to maintain quality and safety were not impacted by the cost savings.

On balance, the number of employees working for the Lenzing Group was reduced by about 650 full-time equivalents (FTE's) within the context of this cost-cutting drive, of which 123 FTE apply to the 2013 financial year. These staff reductions took place without any legal conflicts. In Lenzing, the company's largest site, a large number of creative solutions implemented as part of the redundancy program⁹ ("social plan") agreed upon with employee representatives helped to completely avoid any layoffs.

Moreover, the management of the Lenzing Group resolved to increase the original savings to be generated by the year 2016 from EUR 120 mn to EUR 160 mn, and to achieve these savings earlier than planned on the basis of further structural measures and a series of one-off effects. For this purpose the Lenzing Group had allocated provisions of EUR 11.2 mn at the end of 2014.

Successful implementation of a functional organizational structure

The organizational structure of the Lenzing Group was realigned at the beginning of the year 2014 in response to changed global conditions in the fiber industry. The former divisional segmentation in the Business Unit Textile Fibers and Business Unit Nonwoven Fibers was terminated and replaced by a functional Group organization. In contrast to the former organizational structure, a functional orientation has the advantage of more quickly driving business development across all segments, generating additional synergies and avoiding unnecessary duplication.

Within the context of this strategic realignment, two new globally operating areas were established, i.e. Sales and Business Development. Furthermore, it was decided to even more resolutely implement Lenzing's specialty strategy. This took place in the light of the coming on stream of the TENCEL® fiber production plant at the Lenzing site, which has been operating at full capacity since September 2014.

As a result of the reorganization and the resignation of Friedrich Weninger from the Management Board, the responsibilities of Management Board members were redefined starting January 2015 as follows.

⁹ For details refer to the section on "Human Resources".



Peter Untersperger (CEO) is responsible for the following areas:

- Global Strategy
- Global Human Resources
- Corporate Communications
- Investor Relations
- Internal Audit
- Legal Management & Compliance
- Wood Purchasing
- Global Pulp & Fiber Operations



Robert van de Kerkhof (CCO) has management responsibility for:

- Global Sales, Marketing & Business Development
- Technical Customer Service & Quality Management
- Innovation & Strategic R&D
- Corporate Sustainability
- Global Safety, Health & Environment (SHE)
- Global Logistics



Thomas Riegler (CFO) is in charge of:

- Global Finance & Controlling
- Global Purchasing
- Pulp Trading
- Global IT
- Global Risk Management

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Segment Fibers

General development

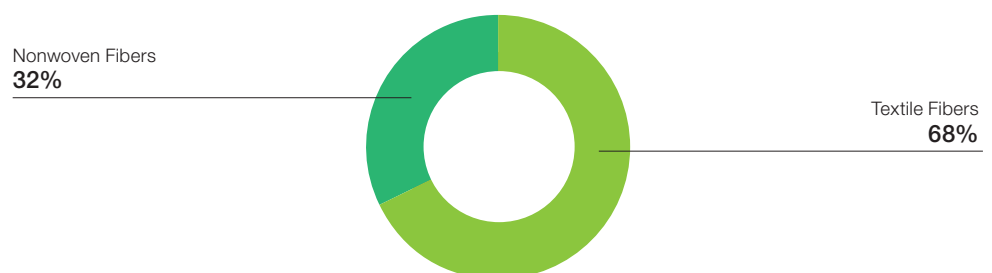
Very good volume demand for all Lenzing fiber products against the backdrop of unsatisfactory prices characterized the business development of the Segment Fibers in 2014. The first half-year was shaped by the continuing decline of average Lenzing fiber selling prices. Starting in the middle of 2014, average fiber prices could be stabilized for the first time in more than two years in spite of ongoing difficult market conditions.

Lenzing generated record sales volumes of 960,000 tons (2013: 890,000), with all fiber production plants operating at full capacity. All-time high sales volumes were achieved in both the textile fiber segment, at 664,000 tons (2013: 621,000) and 297,000 tons of nonwovens (2013: 269,000). The volume increases can not only be attributed to the very good volume development at the viscose fiber production sites, but also to the successfully coming on stream of the new TENCEL® fiber plant at the Lenzing site in Upper Austria, which positively impacted the specialty fiber business. This was complemented by higher production and sales volumes for Lenzing Modal® and Lenzing FR®. In contrast, production volumes at the viscose fiber production site in Nanjing, China were lower than planned due to an officially decreed reduction of industrial production during the duration of the Nanjing 2014 Youth Olympic Games in the summer of 2014. Fiber inventories of the Lenzing Group were at an average level in 2014.

The new sales record was even more gratifying in light of the high surplus production capacities dominating the market, particularly in China. This was accompanied by the ongoing low selling prices for pulp which burdened price levels. In the second half of the year cotton prices declined sharply as a result of the change in China's cotton policy, putting additional pressure on the global fiber market. Polyester selling prices also suffered from a massive decline as a consequence of slumping oil prices, which in turn also negatively impacted fiber prices.

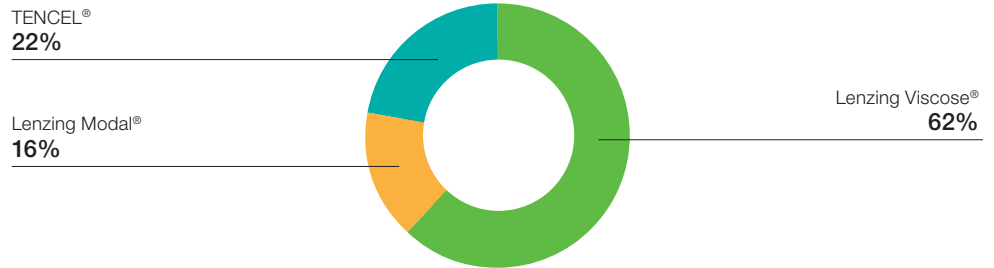
Fiber sales

By area in %



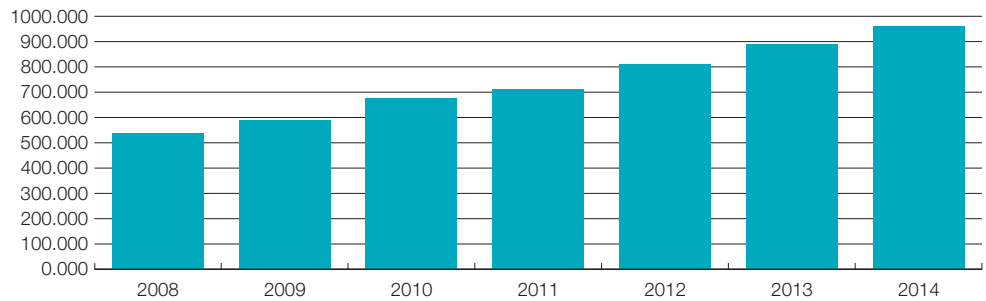
Fiber sales

By product group in %



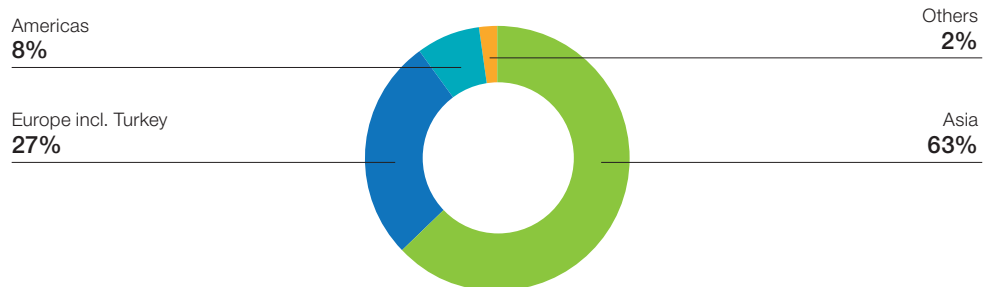
Fiber sales volumes

In tons



Fiber sales volumes by key market

In % (basis: 960.8 kilotons)



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Revenue and earnings development

Thanks to all-time high sales volumes, segment reporting of the Segment Fibers rose slightly in 2014 to EUR 1,755.6 mn (2013: EUR 1,754.5 mn) due to the lower fiber selling prices. Segment EBITDA climbed to EUR 223.2 mn (2013: EUR 205.7 mn). The EBITDA margin of the Segment Fibers ended up to be 12.7% (2013: 11.6%).

Lenzing fiber selling prices decreased further in the first half of 2014 in comparison to the end of 2013, both in the textile fiber and nonwoven fiber segments. However, selling prices in both areas could be clearly stabilized in the third quarter of the year. The improved product mix resulting from the ramp-up of the new TENCEL® fiber production plant in Lenzing was reflected in slightly improved Lenzing fiber selling prices for the first time again in the fourth quarter of 2014 compared to previous quarterly periods for both textile and nonwoven fibers. The volatility prevailing during the year was considerably higher for cyclically-sensitive textile fibers than for nonwovens. Towards the end of 2014, the average Lenzing selling prices for its textile fibers came closer to price levels for its nonwoven fibers, which had clearly been higher in the previous months.

Lenzing decided to refrain from constructing a new viscose fiber plant in India due to the changed medium-term market expectations. The previously acquired facilities or those under construction were already written down in the consolidated financial statements for 2013. Lower selling price expectations for viscose fibers led to adjustments in the valuation of goodwill, property, plant and equipment and other intangible assets of the subsidiaries PT. South Pacific Viscose, Indonesia and Lenzing Nanjing Fibers, China (also refer to the section *Development of the Lenzing Group* and Notes 19 and 20 in the consolidated financial statements of the Lenzing Group as at December 31, 2014).

Successful start-up of the TENCEL® fiber plant in Lenzing

Production was successfully initiated at the new TENCEL® jumbo production facility located in Lenzing, Upper Austria in the 2014 financial year. Construction lasted for two years as scheduled. The production process was stable from the very beginning, and the first sales volumes were sold at the beginning of the second half of the year.

With the new Lenzing plant it is the first time that a single production line with an annual nominal capacity of 67,000 tons was installed. Previous TENCEL® production lines were usually only half as large, featuring annual capacity of 30,000 tons. The new plant design incorporates lessons learned from the long-standing experience of three existing Lenzing Group TENCEL® production plants located in Austria, USA and Great Britain. As a consequence, the new TENCEL® plant in Lenzing represents the second generation of TENCEL® technology. The new design of the jumbo production line enabled investment costs to be maintained at a very competitive level of approximately EUR 150 mn (about EUR 2,200 per ton of capacity). Compared to first generation TENCEL® fiber production plants, this technological leap reduces the specific investment costs for the new Lenzing TENCEL® technology by two-thirds. The successful start-up of production once again underscores Lenzing's global leadership in the plant design of lyocell fiber plants.

The TENCEL® fiber production in Lenzing already secures 140 high quality jobs at the Lenzing site.

Thanks to the new plant, annual nominal TENCEL® production capacity of the Lenzing Group will rise from 155,000 tons p.a. to about 220,000 tons. In this way Lenzing will further expand upon its undisputed global market leadership for lyocell fibers.

Business Development

The Business Development unit spanning the entire Lenzing Group was newly created at the beginning of 2014 as part of the company's reorientation towards a functional organizational structure. Business Development has a staff of about 60 employees and is divided into four sub-segments, namely Apparel, Home Textiles, Nonwovens and New Business Development & Technical. The interim manager is Management Board member Robert van de Kerkhof (CCO).

The new structure of the organization has two strategic objectives in mind. First, on an internal level the Business Development team should work more closely linked with the Sales and Research and Development areas. Second, targeted marketing strategies should be developed for the individual segments in order to more effectively implement the overall strategy and thus be able to more efficiently operate on the marketplace.

The following four core tasks were defined for Business Development:

- Increase the market share with existing customers.
- Further develop the market for existing products ("market development"), for example by opening up new sales markets and countries or new applications for the fibers.
- Sell new products to existing customers ("product development"), for example target customers who have processed only Lenzing Modal® but not yet MicroModal® or Lenzing Modal® COLOR. Other examples of product developments are mattress foam made of TENCEL® powder, TENCEL® short-cut fibers for moist toilet paper or vegetable packaging nets from Lenzing Modal® COLOR.
- Launch new products on the market together with new customers ("diversification").

The Lenzing Group already has a strong market position today for its specialty fibers TENCEL® and Lenzing Modal®. Thanks to new product developments, Lenzing can optimally offer products in line with the fashion trend towards enhanced "softness". In addition to denim and knitwear applications, another development focus in 2014 was on combining TENCEL® A100 with wool for sportswear and integrating MicroModal® in air-jet technology applications.

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New Business Development & Technical

The New Business Development (NBD) business area was also set up to systematically identify and cultivate market niches with attractive margins.

Based on its pronounced technical competence, application innovations are developed with TENCEL® and Lenzing Modal®. From a market perspective, fiber-related “value propositions” are defined and implemented in cooperation with Research & Development and Sales. NBD has been assigned a broad range of areas to focus on e.g. technical coating fabrics, TENCEL® in shoes (project “shoe complete”) and sustainable twines for the agricultural sector. The market entry for biodegradable fruit and vegetable packaging nets was successfully carried out, with the Lenzing Group winning various innovation awards.

TENCEL® short-cut fibers are successfully positioned in various applications. The fibrillated fibers are excellently suited for filtration and for electric separation papers. Stable, attractive market niches were established for the short-cut fibers produced in Grimsby, featuring a cut length of 6-10 millimeters. These short-cut fibers are mostly processed on special machines in the so-called wet-laid nonwoven process.

Demand for inherently flame-resistant Lenzing FR® fibers perceptibly rose in the second half of the year. In addition to public sector users such as the police force and military, interest in the fiber for industrial protective clothing also increased significantly. Fiber innovations such as the new range of spun-dyed Lenzing FR® contributed to the positive overall image of the fiber.

Specialty applications such as TENCEL® flock fibers for packaging surfaces and textiles with a velvety look and TENCEL® reinforcement fibers for thermoplastics will be launched on the European market for the time being in the course of 2015.

Textile Fibers

The weak price trend prevailing in the previous year continued to impact the sales market for standard viscose fibers in the textile fibers segment. As a matter of fact, price pressure actually increased in 2014 as a consequence of the ongoing excess production capacity in China and what turned out to be a weak global economic upturn. However, volume demand remained strong and continued to grow in 2014.

In the Apparel business area, the Lenzing Group counteracted the ongoing drop in selling prices for standard fibers by opening up and developing new markets and intensifying sales activities for specialty fibers.

Marketing focus on TENCEL®

Among Lenzing’s portfolio of specialty fibers, TENCEL® sales volumes for apparel developed particularly gratifyingly, with sales up 30% from 2013. This development is in line with the suc-

successful coming on stream of the new TENCEL® fiber plant at the Lenzing site. The “Natural Connection” program was intensified in the apparel segment in order to market the additional TENCEL® production volumes. “Natural Connection” aims to promote the blends of cotton and TENCEL®, for example in denim fabrics or shirts. The use of TENCEL® in denim applications developed very positively in 2014. Two thirds of all the companies exhibiting at PV Denim, the leading denim trade show, already used TENCEL® in their collections.

In 2013, the combination of TENCEL® and the INVISTA technology LYCRA® with dualFX® already led to the development of a unique solution to improve the form stability of denim fabrics. In the 2014 financial year, the INVISTA brand COOLMAX® was combined with TENCEL®, thus implementing a further cooperation with respect to denim fabrics in sportswear.

Furthermore, one of the marketing priorities was to promote the use of TENCEL® in knitwear and industrial laundry. Lenzing also successfully positioned itself in the activewear segment with its non-fibrillating fiber TENCEL® A100. On balance, the 2014 financial year once again showed that the unique features of TENCEL® fibers enable the sustainable expansion of applications for this specialty fiber.

The price premium for TENCEL® vis-à-vis standard viscose fibers was gratifying throughout the entire year, although a slight decline was reported in the second half of the year due to sampling and the opening up of new market segments.

Significant growth for MicroModal®

The specialty fiber Lenzing Modal® also registered a rise in sales volumes, achieving a new sales record in 2014. In particular, sales of MicroModal® could be increased in 2014 thanks to intensified sales and marketing activities. Demand for the spun-dyed modal fiber Lenzing Modal® COLOR also developed positively.

Sales of the flame-resistant specialty fiber Lenzing FR® also turned out to be gratifying in 2014, clearly surpassing the prior-year sales figures. Lenzing FR® was particularly successful in the growth segment of industrial protective clothing. Modal fibers comprise the basis for Lenzing FR®. Most recently a spun-dyed version of Lenzing FR® is also available with TENCEL® fibers under the brand name Lenzing FR® COLOR.

In 2014, the main sales market for TENCEL® and Lenzing Modal® in the apparel segment was Asia. In particular, there was a strong rise in business generated in Turkey.

Home & Interiors

The bed linen segment makes up about 75% of the entire Home & Interiors business area at Lenzing. Marketing activities in the linen segment were further expanded during the year under review. The focus was on TENCEL® and its use in different bed-related applications, from mattresses and mattress beds to bedspreads and bed linens. The broad global customer segment shows that end consumers highly value the advantages of TENCEL® bed linens and

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that its use can be expanded. More than 100 producers already include TENCEL® bed linens in their product line, and are certified according to Lenzing quality criteria. The lion's share or 70% of the manufacturers come from Asia and 30% are based in Europe and Turkey. China was an important marketing priority in 2014, and the company's efforts have borne fruit. In the meantime, home textiles made of TENCEL® or Lenzing Modal® are now on the shelves of ten of the most important Chinese home retail brands.

The "Natural Connection" marketing concept for blends of cotton and TENCEL® are not only found in the Apparel area but have been very well received in the Home & Interiors business. The combination of the two cellulose fibers opens up many possibilities to integrate TENCEL® in relevant products and thus continue with the expansion of TENCEL®.

Accordingly, there were corresponding successes in bed & bath applications in 2014, especially in the USA. A major TENCEL® terry cloth range of products was launched at Target USA. The patented "towel fiber" Lenzing Modal® Loft could be placed at Walmart.

Nonwoven Fibers

In 2014, the Nonwoven fiber market was also characterized by attractive growth rates, as in the previous financial year, and clearly surpassed the average growth for the fiber market.

As in previous years, the market for wipes accounted for the largest share of Lenzing's sales in the nonwovens sector in 2014. The market in North America and Europe continued to be strong. In particular, sales in the USA further increased. The upward trend continued in Asia in 2014, underscoring the crucial importance of this market for Lenzing. Rising prosperity in the developing and emerging markets enabled above-average growth rates.

TENCEL® also successful in the nonwovens segment

The global market leadership of TENCEL® is also reflected in the nonwovens segment. In the 2014 financial year, TENCEL® wipes were launched on the European market for the first time under the brand name "Sweeps". Moreover, an innovative product for cosmetic facial masks with TENCEL® Skin was offered, which triggered strong demand, especially on the Asian market. At the INDEX™ trade show in Geneva, Lenzing received an award from EDANA, the international association serving the nonwovens industry for having the most original marketing campaign, namely for TENCEL® Skin.

Using TENCEL® as a short-cut type of fiber, Lenzing is addressing the issue of "flushability" i.e. the problem-free disposal of nonwovens products in the sewage system, which is becoming increasingly important in the nonwovens industry. Consumers dispose of many wipes and care cloths in their toilets, which could lead to clogging problems in municipal sewage systems. As a consequence, the "flushable" function of short-cut TENCEL® fibers comprises a significant added value.

In the field of hygiene products, TENCEL® BIOSOFT has established itself as a hydrophobic lyocell fiber for use in incontinence products. In 2014 the superiority of this fiber compared to polypropylene products was confirmed in a scientific study carried out by the Austrian research institute Joanneum Research ForschungsGmbH.

Pulp Operations (pulp and wood)

The “Pulp Operations“ functional area ensures the reliable supply of suitable dissolving wood pulp qualities to the production sites of the Lenzing Group. Dissolving wood pulp is the most important raw material used in the production of man-made cellulose fibers, and is derived from the renewable raw material wood. The Lenzing Group operates its own pulp production plants at the Lenzing site in Austria and in Paskov, Czech Republic. In addition, Lenzing also procures pulp from external suppliers on the basis of long-term delivery contracts. Lenzing’s own pulp and the pulp it procures externally take account of clearly-defined economic criteria as well as ecological and life cycle considerations.

During the reporting year, the price erosion on the global market for dissolving wood pulp continued. Following the dramatic decline in prices in the years 2012 and 2013, the average selling prices for dissolving pulp declined by a further 6% in 2014 to USD 840 per ton of air-dried pulp (2013: USD 892, 2012: USD 1,060). For the time being, no sustainable increase in dissolving pulp prices is expected because of the current excess capacities on the global market.

The Lenzing Group produced a total of 554,000 tons of pulp in 2014 (2013: about 523,000 tons). As a result, Lenzing was able to slightly increase its level of self-sufficiency with pulp to 52%. The remaining required pulp was almost exclusively provided by existing long-term supply contracts.

Pulp production in Lenzing (Austria) and Paskov (Czech Republic)

The annual production volume of 296,000 tons of dissolving pulp¹⁰ at the Lenzing site during the year under review comprise of 1.1% rise in a year-on-year comparison. The fully integrated pulp was processed for the fiber production at Lenzing. Small amounts of pulp were sold outside of the Lenzing Group.

Pulp output at the Paskov plant was further increased by 10% in 2014 to 258,000 tons. In 2013 production was completely converted to dissolving wood pulp for the primary purpose of covering the Lenzing Group’s own needs. Operational processes were optimized during the year under review, enabling a further significant improvement in the use of energy and raw materials. Great progress was made on the production of high quality TENCEL® pulp.

¹⁰ Air-dried

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Wood

In 2014, the wood supply for the two Lenzing pulp facilities in Lenzing, Austria and Paskov, Czech Republic was once again secured by a corresponding supply chain management.

The tense supply situation prevailing at the beginning of the year was alleviated by the mild winter with little snowfall. Wood could be uninterruptedly harvested at almost all altitudes throughout Central Europe. Weather-related damage affecting forestry operations took place south of the Alps at the beginning of February 2014, and in May 2014 storm damage caused a perceptible increase in wood quantities available on the market in Slovakia and the Czech Republic. In April 2014, an explosion occurred at an Austrian pulp mill, leading to a substantial decline in pulp production and demand for wood. Accordingly, the reduced wood consumption corresponded to about 8% of the annual volume of wood used by the entire Austrian pulp, paper and chipboard industries.

The good supply situation served as the basis for stable procurement costs in Austria. As a result, timber warehouses were well filled until the end of 2014.

Most of the pulp purchased by Lenzing is certified in accordance with PEFC and FSC standards. Those sources which do not take part in these systems are continually evaluated by wood purchasers or contracted third parties. In this way, it is ensured that all wood suppliers fulfill the strict principles guiding the Lenzing Group's procurement policy.

Chemicals

The 2014 financial year showed mixed results with regard to the purchase of chemicals. Due to economic developments in Europe and Asia, Lenzing was confronted with market distortions and structural changes affecting suppliers. Nevertheless, Global Purchasing exploited the full potential of global cooperation and succeeded in counteracting market movements. In particular, procurement timing (time of buy) represents an important factor in the purchase of chemicals.

Caustic soda

Caustic soda (sodium hydroxide) is an important primary product for the production of viscose fibers, and arises as a by-product from chlorine production. Chlorine is used in manufacturing PVC plastic mainly used in the construction industry. For this reason, the development of the construction industry has a major effect on the demand for and price of caustic soda.

The price of caustic soda slightly declined in Europe in 2014. European producers reported a robust level of incoming orders for chlorine. However, demand for the by-product of caustic soda was lower.

The situation in Asia showed a mixed picture. In spite of price increases for energy in China, prices for caustic soda remained constant due to strong competitive pressure on the local market. In Indonesia, the price rose due to the monopolistic market situation and state-decreed energy price increases.

Sulfur

For the Lenzing Group, sulfur is a key basic product underlying the company's own production of carbon disulfide and sulfuric acid. Sulfur arises as a by-product from oil refining. The higher the quality of the crude oil, the lower is the corresponding share of the extracted sulfur.

The sulfur price continually climbed starting in the second half of 2014 for the first time since the middle of 2012. The price driver was the global fertilizer industry which expanded in 2014. The price of carbon disulfide showed a sideward movement in 2014.

Energy

The Energy business area is responsible for ensuring the optimal availability of electricity, process water, steam and cooling energy to all global production sites of the Lenzing Group. The prudent use of energy has a long tradition in the Lenzing Group for both economic and ecological reasons. Due to the fact that pulp and fiber production are extremely energy-intensive processes, the Energy business area plays a very important role with respect to optimizing costs and ensuring sufficient energy production.

In the year 2014, the European electricity market was characterized by declining spot and forward market prices. In some cases there were considerable price reductions in spot prices for natural gas in Europe during the year under review as a result of the warm winter months in 2013/14. The lion's share of the energy required by the Lenzing Group is procured on the basis of base contract deliveries, which is why the company is largely unaffected by developments on spot markets.

The energy production facilities of the Lenzing Group operated normally for the most part in 2014, with only short downtimes.

Lenzing, Upper Austria

Projects designed to further improve the energy supply at the Lenzing site were continuously implemented in 2014. The coming on stream of the new TENCEL® production plant led to a massive rise of energy consumption. However, these additional expenses could be kept below planned levels thanks to the efficient deployment of energy and the increased use of residual materials and solid fuels (coal). The installation of a new steam turbine designed to safeguard the site's own electricity generation capabilities was successfully concluded during the year under review.

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Fuel mix at the Lenzing Site*

Annual fuel input (2014): 13,636,150 GJ

Biogenic fuels and residual substances (CO₂ neutral)
82.5%

Fossil fuels
17.5%

Residual substances/Sludge
24.9%

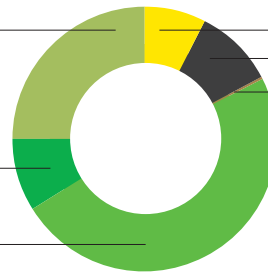
Natural gas
7.6%

Bark/Sawdust
8.8%

Coal
9.7%

Liquor
48.8%

Oil
0.2%



* incl. RVL

Heiligenkreuz, Burgenland

In 2014, the Heiligenkreuz site successfully launched the participation of its two gas turbines in the electricity balancing market in cooperation with an Austrian utility company. The energy plant in Heiligenkreuz is the first industrial facility taking part in the Austrian secondary energy balancing market. The facility not only makes a contribution to the stability of the Austrian electricity network, but enabled Lenzing to generate additional income.

Paskov, Czech Republic

New energy equipment at the Paskov site was already put into operation in 2013. This served as the basis for more efficient plant operations during the year under review, keeping electricity generation at a high level. For example, the consumption of natural gas in the soda liquor boiler was cut in half thanks to the implementation of optimization measures.

Purwakarta, Indonesia

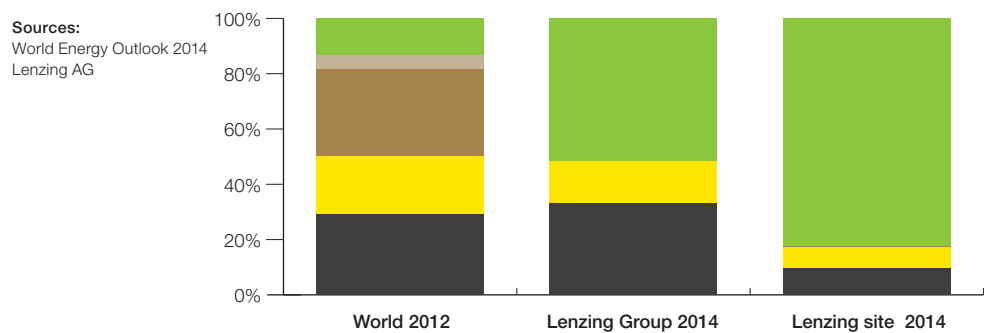
In 2014 electricity prices were significantly increased at the Purwakarta site in several stages. The underlying reason for the price hikes was the reduction in subsidies for the state-affiliated utility company. Measures were initiated to raise the share of own power generation and thus counteract the higher electricity prices. Further optimization measures are planned for the 2015 financial year.

Nanjing, China

Adaptation work was successfully carried out on a steam turbine at the Nanjing site during the year under review, increasing the level of self-sufficiency for electricity generation.

Comparison of energy sources

Global, Lenzing Group and Lenzing Site*



Energy Source	World 2012	Lenzing Group 2014	Lenzing site 2014
Biogenic	13.5%	51.8%	82.5%
Nuclear	4.8%	0.0%	0.0%
Oil	31.4%	0.1%	0.1%
Gas	21.3%	14.9%	7.6%
Coal	29.0%	33.2%	9.7%

*) incl. RVL

Operational Excellence (OPEX): Lenzing expands its technological leadership

The Lenzing Group launched a Group-wide program entitled “Operational Excellence” (OPEX) in 2014 to ensure the ongoing optimization of internal operating processes. The objective of the program is to transform the company into a sustainable self-learning and optimizing company embedding all employees in the program. All production areas and interfaces in related departments are involved.

The program is based on three pillars:

- Working according to universally valid principles
- Application of “World Class Operations Management” (WCOM), a management tool to implement continuous improvement processes at all levels of the company
- Group-wide sharing of the best available technologies

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OPEX will not only create a close connection among the various sites in the future, but also serve as an interface to the technology departments. This is designed to ensure quick know-how transfer, taking into account the importance of protecting the proprietary production know-how within the Lenzing Group.

The OPEX organization consists of a global team coordinating the work of small but very efficient local OPEX units at the production sites. In turn, these units are in close contact with the local staff (from workers to the management) and local consultants.

The program was already launched at the Asian production sites in Nanjing, China and Purwakarta, Indonesia as well as in Heiligenkreuz, Austria and Grimsby, Great Britain. The initial results of these activities can already be demonstrated thanks to the generated savings and implemented quality improvements.

Procurement

The supply of wood and pulp of a specified quality and quantity to all of the Group's pulp and fiber production sites is an important part of the Lenzing Group's core business. The Lenzing Group has developed a clearly-defined, Group-wide "Policy for wood and pulp" updated during the year under review, enabling Lenzing to also operate in accordance with sustainability principles when it comes to the procurement process.

The Lenzing Group's "Policy for wood and pulp" aims to ensure that wood and pulp are exclusively sourced from non-controversial sources. Moreover, suppliers participating in credible forest certification programs are preferred.

Controversial sources include wood

- which has been illegally harvested
- from forests of high conservation value, including ancient and endangered forests, and endangered species habitats
- from plantations established after 1994 through significant conversion of natural forests or converted to non-forest use
- from forests or plantations growing genetically modified trees
- which has been harvested in violation of traditional, community and/or civil rights
- which has been harvested in violation of any of the ILO Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work.

Regular risk-assessments, audits and on-site visits as well as independent third-party certification of the sustainable forest management programs help to ensure compliance with the policy.

If Lenzing finds out that the origin of the wood or pulp is from controversial sources, the supplier is eliminated from the supply chain with a reasonable lead time.

Lenzing strives to establish long-term partnerships with its wood and pulp suppliers and seeks to do business personally and directly with forest owners and pulp mills.

Measures within the context of excelLENZ

A variety of cost reduction and optimization measures were successfully implemented within the context of the excelLENZ cost savings program.

In particular, the exchange of local market information, the bundling of procurement volumes and monitoring of raw material correlations helped generate significant savings and make a substantial contribution to improving the earnings situation of the Lenzing Group.

Outlook Segment Fibers

The OPEX program launched in 2014 will be intensified in 2015 and fully rolled out to all production sites within the Lenzing Group. In this way Lenzing will optimize its competence to systematically improve processes in order to optimally fulfill the growing demands of its customers.

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Segment Lenzing Technik

The Segment Engineering mainly encompasses Lenzing Technik GmbH and its subsidiaries Lenzing Engineering & Technical Services (Nanjing) Co., Ltd. and LENO Electronics GmbH. Lenzing Technik offers services, implements projects and delivers equipment around the world in the fields of engineering and contracting, mechanical construction and industrial services as well as automation and mechatronics.

In the year 2014 Lenzing Technik suffered from a perceptible decline in revenue and earnings. This was due to the level of investment activity within the Lenzing Group, which was reduced to reflect the current market situation.

In 2014 the Segment Lenzing Technik generated a total revenue of EUR 90.8 mn, compared to EUR 125.1 mn in the previous year. Of this amount, approximately EUR 43.6 mn can be attributed to customers outside the Lenzing Group (2013: EUR 49.5 mn). EBITDA of the Segment Lenzing Technik in line with segment reporting amounted to EUR 3.1 mn, down from the prior-year level of EUR 9.1 mn. A total of 646 people (including trainees) were employed by the Segment Lenzing Technik as at December 31, 2014, lower than the comparable figure of 712 employees at the end of 2013. This reduction can be attributed to the decline in business volume. Moreover, the deployment of temporary staff was cut back more drastically in 2014.

Engineering and Contracting

In the Engineering and Contracting business area, Lenzing Technik offers engineering and project services as well as mechanical and special machine construction for industrial customers. The business area encompasses the fields of viscose and fiber technology, environmental technology, pulp technology as well as filtration and separation technology.

The Pulp Technology division carries out consulting and engineering projects for the pulp industry on a global basis and implements projects for the Group's own pulp plants in Lenzing and Paskov.

The Viscose and Fiber Technology business area designs and builds the Lenzing Group's fiber production plants, and thus makes an important contribution to safeguarding the innovation and market leadership enjoyed by the Lenzing Group.

The Environmental Technology product group focuses on various technologies designed to reduce and eliminate waste gas emissions and wastewater in industrial and municipal applications.

The Filtration and Separation Technology division was able to further consolidate its strong global market position in the year under review, and successfully expanded its worldwide sales network. New applications for the products in this area, for example by the sugar industry, offer attractive future potential to expand the business.

The Engineering and Contracting business area reported a decline in business due to the lack of Group projects in 2014. However, Lenzing Technik succeeded in acquiring larger projects from external customers and slightly expanding its business on the external market. However, it was not able to fully compensate for the reduced investment activity on the part of the Lenzing Group.

Mechanical Construction and Industrial Services

The Mechanical Construction and Industrial Services business area of the Segment Lenzing Technik is positioned as a contract manufacturer for sophisticated applications. In the 2014 financial year, the sales focus was on growing the business with external customers. The mechanical construction segment and, in particular, the field of industrial services profited from the strong demand on the part of external customers. Within the Lenzing Group, this business area made a major contribution to the successful construction and completion of the new TENCEL® fiber production plant at the Lenzing site.

In spite of a difficult market environment, the Sheet Metal Technology division came close to maintaining its external market position. The decrease in internal business was also the consequence of reduced investment activity at the Lenzing site.

Automation and Mechatronics

In its Automation and Mechatronics business area, Lenzing Technik is positioned as the specialist for producer-independent automation solutions for the processing and manufacturing industry as well as the assembly of mechatronics devices and production of electronic components.

Sales with external customers in the process automation segment rose in 2014, and earnings could be significantly improved once again. On balance, revenue declined due to the reduced investments made by the Lenzing Group.

Outlook Lenzing Technik

The focus of the Segment Lenzing Technik in the current 2015 financial year is on optimizing the earnings side of its business with external customers. The volume of business generated within the Lenzing Group will further decline as a result of the ongoing cost reduction program. Innovative products and solutions as well as intensified sales activities targeting external customers should partly offset the drop in incoming orders from the Lenzing Group.

Reorganization of technical units

In March 2015, the Supervisory Board approved the realignment of the technical functions of Lenzing AG and the repositioning of the subsidiary Lenzing Technik originally announced

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in November 2014. This is designed to adapt internal structures to the decline in investment activity on the part of the Lenzing Group and the external market.

In the future, the new Technical Services unit of the Lenzing Group will encompass four departments: Central Fiber Maintenance including planning and workshops, Global Automation, Global Engineering and Lenzing Technik GmbH. Lenzing Technik will be managed in a market-oriented manner within Technical Services, and will focus on Production & Industrial Services, Filtration & Separation and Pulp Engineering. The Management Board was authorized by the Supervisory Board to explore potentially new ownership structures for all other technical units which do not belong to Lenzing Technik's core business.

Lenzing is striving to generate further cost savings and productivity increases of about 15% on the basis of all these measures.

Risk Report

Current risk environment

Refer to section *Global fiber market* for a more detailed analysis of the latest developments on the world fiber market and the related risks for the Lenzing Group. Measures designed to reduce substitution risks for Lenzing are presented in section *Market/Substitution risk*.

During the period under review, pulp selling prices moved downwards again to a price level of about 840 USD per ton. This development diminished the competitive advantages of pulp integration and long-term supply contracts concluded by Lenzing (the level of self-sufficiency for pulp including long-term supply contracts is about 90%). The pulp supply for Lenzing's fiber production facilities is considered to be well secured for the year 2015. Expected import duties in China could negatively impact the cost situation of the Nanjing (China) production plant.

Raw material prices for chemicals and energy further declined slightly in 2014 due to the cyclically weak demand. Risks relating to a sharp increase in prices are not anticipated in the short term. In spite of the very low oil price, no significant cost reductions were achieved in the energy segment for 2015. Rising electricity prices in Indonesia as a consequence of the abolishment of state subsidies could lead to higher prices for caustic soda.

In terms of foreign currencies, Lenzing is profiting from a rise in the value of the dollar compared to the euro. In contrast, a further weakening of the Czech koruna could have a negative effect. Liquidity risks in 2015 are considered to be low, due to cutbacks in Lenzing's investment activity, amongst other reasons.

Operational risks as well as environmental damage and product liability risks continue to be potential causes of extensive damage to the Group and are thus classified as high risk factors. There were no significant incidents of damage in the 2014 financial year.

All major large projects including the new large-scale TENCEL® fiber production plant at the Lenzing site were completed on schedule during the year under review.

Risk management

The Management Board of Lenzing AG and the corporate centers assigned to it carry out extensive coordination and controlling operations in collaboration with the heads of these departments. This is done within the framework of a comprehensive integrated internal control system covering all sites. In 2014 Lenzing established a functional organizational structure, in particular to be better positioned in the future to master the challenge of growing competition in Asia. The timely identification, evaluation and response to strategic and operational risks are essential components of the management activities. A unified, Group-wide reporting system functioning on a monthly basis and ongoing monitoring of strategic and operational plans comprise the basis of this approach.

Lenzing also operates a Group-wide risk management system which is responsible for the central coordination and monitoring of risk management processes throughout the Group. The central risk management team identifies and analyzes the main risks in cooperation with the operating units and directly conveys its findings to the Management Board and the top management. This includes anticipatory analyses of potential events or near-misses as well. Another task is to actively work to mitigate risks and to implement appropriate countermeasures in cooperation with the affected business entities, or to purchase additional external coverage on the insurance market as required.

Risk management strategy

As part of its risk management strategy, Lenzing pursues a four-step approach in dealing with risks:

Risk analysis (pursuant to the COSO^{®11} framework)

Central risk management regularly conducts risk assessments at all of Lenzing's production sites. In this case, the risks are evaluated according to the likelihood of occurrence and financial impact pursuant to the international COSO[®] standards. In this regard the financial impact of potential damage to EBITDA is taken into account.

Risk mitigation

An attempt is made to minimize, avoid or intentionally accept risks in certain cases on the basis of appropriate measures, depending on the potential impact of the identified risk.

¹¹⁾ The Committee of Sponsoring Organizations of the Treadway Commission

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Determining responsibility

The assignment of responsibility for dealing with a particular risk is carried out on the basis of the existing organization.

Risk monitoring and control

During the year under review Deloitte Austria was contracted for the third time to evaluate the effectiveness of Lenzing AG's risk management system within the framework of an audit in accordance with Rule 83 of the Austrian Corporate Governance Code. The corresponding confirmation is available on the Website of Lenzing AG at <http://www.lenzing.com/nc/konzern/investor-center/corporate-governance.html>.

Management holds regular meetings with the risk management team to discuss the development of the respective risk categories. The main risks are evaluated every six months and the findings are integrated in the reporting process.

In addition to fulfilling legal requirements, the main objective of the Group-wide risk management system is to increase the overall awareness of risk and to integrate subsequent findings into everyday business operations and strategic corporate development. The risk management system only presents major risks which are not included in regular financial accounting (e.g. statement of financial position, income statement).

Strategic market risks are assessed on the basis of market reports and internal market analyses. The risks are evaluated jointly with the internal market research department at monthly sales meetings. On balance, Lenzing's risk management identified a total of 29 risks and bundled them in five main areas, as described below.

Market environment risks

Market/Substitution risk

The globally operating Lenzing Group is exposed to a multitude of general macroeconomic risks. Price and volume developments for textile fibers are cyclically dependent for textile fibers and to a lesser extent for nonwoven fibers. In turn, this is related to economic conditions on both a global and regional basis. Lenzing fibers compete with cotton and synthetics on some markets. Their price development thus affects Lenzing's fiber sales revenues and volumes.

A huge surplus of cotton inventories and excess production capacities for viscose fibers still prevail on the global fiber market. As a consequence, strong price pressure is expected to continue impacting the entire fiber industry in 2015.

Lenzing counteracts this risk by its high share of specialty fibers in its global product portfolio. This share was increased on the basis of the further expansion of TENCEL® fiber production. High-quality standards combined with value-added services in the standard viscose fiber business are also designed to safeguard Lenzing's market leadership.

In addition, Lenzing relies on a strong international market presence, especially in Asia, combined with a top-notch regional customer service and support network as well as a high level of customer-oriented product diversification.

Substitution risk for cellulose fibers is counteracted due to Lenzing's long-term technological competence and a solid sales basis in its various market segments.

Sales risk

Lenzing derives about half of its fiber revenue from a comparatively small number of major customers. Sales losses caused by major clients or the loss of one or more major customers combined with the failure to attract new customers constitute a risk which Lenzing counteracts by way of its global presence and the continuous broadening of its client base and sales segments. The probability of default on trade receivables has increased as a consequence of the difficult market environment.

Innovation risk and competition risk

As the world's leading manufacturer of man-made cellulose fibers and the global technology leader, Lenzing is exposed to the risk of losing its position on the fiber market due to increasing competition or new technologies developed by competitors. The loss of its market position could especially take place if Lenzing is no longer capable of offering its products at competitive prices, if the products do not fulfill customer specifications or quality standards, or if its customer service fails to meet customer expectations.

Lenzing counteracts this risk by carrying out research and development activities surpassing the average in the man-made cellulose fiber industry as well as a high level of product innovation and active technology screening. The Lenzing Group and other producers of man-made cellulose fibers face the risk that acceptable or even superior alternative products may become available and obtainable at more favorable prices than man-made cellulose fibers. The Lenzing Group counteracts this risk by continually increasing its share of specialty products (viscose specialties, more Lenzing Modal® and TENCEL® fibers) in its global product portfolio.

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Laws and regulations

Lenzing is confronted with different legal systems and regulations in its global markets. A change in laws or other regulations, such as import duties, more stringent environmental requirements etc. as well as a stricter interpretation of existing laws could lead to considerable additional costs or competitive disadvantages. Lenzing has its own Legal Management and Compliance Department which carries out corresponding consulting services and risk assessments pertaining to the legal situation.

Operational risks

Procurement risk (incl. pulp supply)

Lenzing purchases large amounts of raw materials (wood, pulp, chemicals) and energy in order to manufacture man-made cellulose fibers. Fiber production and its margins are subject to risks related to raw material availability and the price development of these resources, which can fluctuate to the detriment of the Lenzing Group. Lenzing counteracts these risks by carefully selecting its suppliers according to specified criteria such as price, reliability and quality, but also focuses on establishing longstanding, stable supplier-customer partnerships, in some cases with supply agreements over a period of several years. Lenzing has also established long-term contractual relationships with several raw material suppliers and service partners (but with only a few customers). These agreements require Lenzing to purchase specified quantities of raw materials at standardized terms and conditions, which may also include price adjustment clauses. As a consequence, Lenzing may not be able to change prices, quantities purchased or other contractual terms in the short term as a means of appropriately responding to changed economic conditions. This risk is aggravated by the fact that the lion's share of Group revenue is derived from short-term contractual relationships with customers.

Lenzing's pulp and energy strategy focuses on maintaining a maximum degree of self-sufficiency. The level of self-sufficiency for pulp including long-term delivery contracts is about 90%. Lenzing also compensates for price fluctuations by concluding long-term supply contracts, including gas forward delivery contracts.

Operating risk and environmental risk (incl. fire damage and natural catastrophes)

The production of man-made cellulose fibers requires a complex series of chemical and physical processes which entail certain environmental risks. These risks are well managed thanks to special, proactive and sustainable environmental management efforts, closed production cycles and the continuous monitoring of emissions on the basis of state-of-the-art production and environmental technologies. For decades the Lenzing Group has operated production facilities for industrial purposes at several locations. For this reason, risks related to environmental damage caused in the past cannot be fully excluded. Although the Lenzing Group sets high internal technological and safety standards in the construction, operation and maintenance of its production sites, the

risk of breakdowns, disruptions and accidents cannot be fully excluded. In particular, such difficulties can be caused by external factors over which the Lenzing Group has no control. There are no direct means of safeguarding against certain natural dangers (e.g. cyclones, earthquakes, floods). In addition, there is the risk of personal injury, material and environmental damage which could result in considerable claims for damages and even criminal liability. The Lenzing Group has concentrated its production operations at just a small number of sites. Any disruption at one of these facilities, for example in Lenzing, Austria or in Indonesia, the two sites with the largest production capacities, would impact a substantial part of the company's business operations.

Product liability risk

Lenzing markets and sells its products and services to customers throughout the world. In this regard, customers could potentially suffer from damage attributable to the delivery of a defective product from Lenzing or one of its subsidiaries. Lenzing is subject to the prevailing local laws in the countries in which it delivers the products, and is exposed to a high level of liability risk in particular in the USA. Lenzing counteracts this risk with a special department exclusively focusing on problems experienced by customers in processing Lenzing products and on dealing with complaints. Liability claims caused by Lenzing are insured within the context of a separate liability insurance program.

Finance risks

Exchange rate risk

The international business relationships of the subsidiaries of the Lenzing Group expose it to currency risks. In particular, transaction and exchange rate risks exist with respect to the USD, CNY, JPY and CZK (refer to section *Use of financial instruments*). This risk is reduced by a hedging strategy authorized by the Management Board. The objective is to limit existing currency risks arising from already concluded or planned sales transactions. These derivatives are recognized as hedging instruments in hedge accounting on the basis of hedged transactions.

Counterparty risk

The Lenzing Group concludes transactions with a variety of banks to invest its liquid funds. The risk of a counterparty defaulting and the related negative effects are counteracted by an annually accepted investment limit for each counterparty (counterparty risk limit) which is specified by the Management Board. The investment limits set for each counterparty are based on its probability of default. The limits are determined by taking the respective ratings into account as well as the publicized "credit default swap" spreads and can be correspondingly adjusted during the year if changes in creditworthiness occur.

The potential default on accounts receivable is counteracted by a strict receivables management and covered by a global credit insurance policy.

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Tax risk

Lenzing's production facilities are subject to local tax regulations in the respective countries, and are required to pay both income taxes as well as other taxes. Changes in tax laws or differing interpretations of prevailing regulations could lead to subsequent tax liabilities.

Compliance

The ongoing tightening of international codes of conduct and legal regulations increase the demands imposed upon Lenzing to comply with and monitor compliance to these regulations. Insufficient controls in business processes or a lack of adequate documentation could potentially result in violations of relevant statutory provisions. Lenzing addresses this risk through its global compliance organization and a code of conduct which is binding throughout the Group.

Personnel risks

Succession planning/Qualified employees

Personnel risks may arise as a consequence of the fluctuation of employees serving in key positions, as well as recruiting of new staff at all global sites. Lenzing operates a Corporate Center Global Human Resources which continuously coordinates personnel planning with the respective sites, and centrally manages and monitors all personnel-related issues. This includes global management and training programs for potential executives which are organized by the Corporate Center Global Human Resources.

Other risks

Risks relating to the expansion of production capacity

The new jumbo TENCEL® production plant at the Lenzing site was successfully put into operation during the year under review. The Lenzing Group could be confronted with the risk that customer demand may prove to be insufficient in order to enable the full utilization of the increased production capacities. Furthermore, the Lenzing Group derives large quantities of pulp from its two own pulp production sites. Developing and maintaining operations at a production site in the man-made cellulose fiber industry require considerable investments.

Use of financial instruments

Clearly-defined, written guidelines exist for the treatment of financial risks, and are being continually monitored and evaluated by the Management Board and the Corporate Center Treasury. Lenzing AG exclusively makes use of foreign currency forward contracts to protect itself against exchange rate risks associated with business operations, mainly resulting from sales

in USD, CNY, JPY and CZK. The objective of exchange rate risk management is to protect payment flows from business operations against adverse exchange rate fluctuations. Hedging activity as well as the correlation between risk and hedging instruments are continuously monitored and reported. Corresponding hedging transactions ensure that exchange rate changes do not influence payment flows. In principle currency translation risks are not hedged but are monitored on an ongoing basis. There is an active exchange of information between management and the treasury.

The risk of loss with regard to these derivative financial instruments is monitored on a regular basis and is rated as relatively small, taking into account the good creditworthiness of the contractual partners.

Allowances are made for the identifiable risk of loss related to primary financial instruments, such as loans, securities, receivables and cash held at banks. The carrying amounts of these financial instruments recognized in the consolidated statement of financial position represent the maximum risk entailed. In addition, Lenzing AG has accepted liability for other companies. The risk of subsidiary liability is considered to be small as the concerned companies can be expected to meet their payment obligations.

The risk of changes in the market value of primary financial instruments and their derivatives is rated as relatively small. No increased volatility until maturity is expected for short-term financial instruments. 47.06% of the company's long-term liabilities are linked to variable interest rates.

Liquidity risk, namely the risk of insufficient funds to meet obligations resulting from primary financial instruments and their derivatives, does not exist. The derivative financial instruments are exclusively employed for hedging. The resulting obligations are accordingly covered by the hedged business operations. Obligations resulting from primary financial instruments are covered by available liquid funds and if needed by internal financing.

Cash flow risks related to financial instruments arise from fluctuations in their respective payment flows. These cash flow risks are essentially limited to variable interest rate liabilities.

Financing risk

The Lenzing Group requires financial resources to implement its business plan and strategy. Tighter credit markets and the resulting difficulty in obtaining credit could adversely affect the availability, terms and conditions and costs of procuring capital. In addition, declining demand or a fall in selling prices could also negatively impact business operations and thus the financial situation and earnings of the Lenzing Group.

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Report on Essential Elements of the Internal Control System (Section 243a para 2 of the Austrian Stock Corporation Act)

The internal control system of the Lenzing Group is designed to ensure the reliability of financial reporting, compliance with legal regulations and internal guidelines and the presentation of off-balance sheet and income statement risks.

The organizational structure and process organization of the Lenzing Group comprise the main basis for the overall control environment and the internal control system of the company.

With respect to the organizational structure, competencies and responsibilities are clearly assigned to the different management levels and hierarchies of the Group, encompassing its Austrian sites and all international subsidiaries. Essential corporate functions are centralized in corporate centers, which reflect the Lenzing Group's global market presence as well as its decentralized business and site organization. The respective management is responsible for coordinating and monitoring business operations on a national level.

The process organization of the company is characterized by a clearly-defined and comprehensive set of guidelines which provide an appropriate basis for a strong control environment and control system. The "Lenzing Group Mandates" define essential Group-wide approval processes and competencies. The management of the respective business unit or corporate center is responsible for monitoring compliance with the respective regulations and controls.

Financial reporting

The Corporate Center Global Finance is centrally responsible for financial reporting, thus ensuring a clearly-defined structure and designated responsibilities for this area. A comprehensive set of regulations and guidelines detailing the way control functions are exercised has been developed and implemented.

Lenzing has an internal control and risk management system for the accounting process aiming to ensure the uniform implementation of legal standards, generally accepted accounting principles, the accounting principles contained in the Austrian Commercial Code and for Group accounting purposes, the accounting principles laid out in the International Financial Reporting Standards (IFRS) as well as internal Group accounting guidelines, especially the accounting handbook and timetable applicable throughout the entire Group.

The accounting-related internal control system is designed to ensure the timely, uniform and accurate recording of information on all business processes and transactions in order to make reliable data and reports available with respect to the financial position and financial performance of the Lenzing Group.

The subsidiaries included in the consolidated financial statements of the Lenzing Group prepare individual financial statements and IFRS financial statements on a company level in a timely manner. They are responsible for ensuring the decentralized implementation of existing rules with the support of the Corporate Consolidation Department. The consolidated financial statements are prepared on the basis of the data supplied by the Group companies. Corporate Consolidation is responsible for consolidation entries, reconciliations and monitoring compliance with reporting guidelines with respect to contents and deadlines.

Due to its direct access to the company's assets, the Corporate Center Treasury and Payment is considered to be a highly sensitive area. Correspondingly, comprehensive regulations and instructions have been developed to take account of the enhanced need for security in the relevant processes.

These clear guidelines stipulate the strict application of the four-eyes principle for implementing transactions, as well as the close cooperation and ongoing reporting to the central Treasury and Payment department. The Corporate Center Internal Audit is responsible for monitoring the use of and compliance with controls.

A global Tax Management department is in charge of handling tax issues in the Group.

Compliance with legal regulations and internal guidelines

Lenzing's Corporate Center Legal Management & Group Compliance is responsible for dealing with legal issues. This centralized function is in charge of handling all legal issues within the Lenzing Group and in particular for those matters which go beyond standard business processes.

The Corporate Center Legal Management & Group Compliance is responsible for the further development of a compliance management system (CMS) for processes regulating compliance with statutory law and internal guidelines or preventing violations of the law or improper behavior. The Corporate Center Legal Management & Group Compliance reports directly to the Chief Executive Officer. The compliance management system is responsible for the following tasks: continually identifying compliance-relevant risks, taking measures to minimize risks, developing compliance-relevant guidelines, training employees, providing assistance on compliance issues, dealing with and correcting cases of improper behavior and preparing regular reports to the Management Board and Supervisory Board or to the Audit Committee.

The Lenzing Group has declared its commitment to adhering to the rules contained in the Austrian Code of Corporate Governance (ACCG), and prepares a corresponding public Corporate Governance Report within the context of Lenzing's Annual Report. The Corporate Governance Report requires the participation of the Supervisory Board, which for this purpose delegates responsibility to the Audit Committee for monitoring compliance with the obligations stipulated in the report.

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The Corporate Center Internal Audit is independent of organizational units and business processes and reports directly to the Chief Executive Officer. Internal Audit evaluates whether the deployed resources are used legally, sparingly, economically and properly in the spirit of sustainable development. Internal Audit orients its activities to the international standards laid down by the Institute of Internal Auditors (IIA). Regular reporting to the Management Board and the Audit Committee ensure the proper functioning of the internal control system.

Recognition of off-balance sheet and income statement risks

The Corporate Center Risk Management identifies and presents risks outside of the statement of financial position and income statement by preparing a semi-annual Risk Report. The main risks contained in the Risk Report are also mentioned in the Annual Report. The Risk Report is prepared according to the internationally recognized standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO®).

Balance Sheet Structure and Liquidity

The Lenzing Group meets its payment obligations in a timely manner. The companies boast a solid liquidity and equity basis as well as a sound balance sheet structure. Moreover, sufficient lines of credit which can be used for financing at any time have already been granted by various banks.

On balance, the Management Board of Lenzing AG in its capacity as the management of the Lenzing Group is not aware of any risks as at the reporting date of December 31, 2014 that could endanger the continued existence of the company in the 2015 financial year.

Research and Development

The claim of being the innovation leader in the industry is a key aspect of Lenzing's identity. Lenzing has been a global technological pioneer for ecologically responsible and profitable cellulose fiber production for decades.

Many innovations are developed in collaboration with customers but also with partners from external research facilities and university institutes. The Lenzing Group currently has about 1,400 patent applications and approved patents belonging to 248 patent families in 63 countries. The majority pertain to the lyocell fiber TENCEL® and involve both technology and application patents.

An internationally recognized team of about 160 experts is conducting research on the latest advances in the field of fibers at the facility in Lenzing. In the 2014 financial year, research and development expenditures (calculated according to the Frascati method) amounted to

EUR 20.6 mn (2013: EUR 31.1 mn). This decline is due to efficiency enhancement measures, reduced investments and a stronger focus on value aspects. In this way, savings could be realized without reducing the performance of the R&D team. Investments in R&D comprise a peak value compared with the rest of the industry, both as a percentage of revenue and in absolute terms. Lenzing has set itself the goal of investing about 1.5% of its revenue in research and development in order to retain its innovation leadership in the man-made cellulose fiber industry in the long term.

Realignment of R&D as part of the reorganization

The development departments of the business units were bundled to create a central research unit within the context of the reorganization of the Lenzing Group. The new Innovation and Strategic R&D department reports directly to the Board and is divided into two large groups, Process Technology & Chemistry and Product R&D. Moreover, the entire R&D infrastructure (pilot facilities, technical equipment and laboratories) are now encompassed in a separate group. Research activities are complemented by a newly created Project Management Office.

This office is also responsible for the implementation and support of the newly created innovation processes. At the beginning there is an idea which the employees enter into the system. This idea is evaluated (taking technological and economic aspects into account) and a feasibility phase (limited in scope) is launched if applicable. On the basis of the findings, a decision is made if a "full-scale" project is initiated or not, also considering the available resources. The newly-established Project Management Office has a tool at its disposal to prioritize projects (on the basis of pre-defined criteria). In the course of the project, the particular departments with responsibility for translating the findings into reality (Production, Business Development, Sales etc.) are integrated in the project to ensure an efficient transfer and implementation.

Research projects can now be very efficiently processed thanks to the new project management system designed to support project managers in implementing ongoing projects and the bundling of research competencies in one department. In addition, interfaces to other departments were defined to integrate them in the development work and promote an exchange of know-how.

Partnerships

Alongside this internal cooperation, Lenzing has established a series of partnerships with external partners. This collaboration involves companies as well as research institutes and universities. A long-term cooperation has existed with many partners. A significant share of R&D is carried out within the context of projects funded by the public sector (for example the Austrian Research Promotion Agency FFG or EU programs). The funds granted comprise an important pillar of Lenzing AG's research work.

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Priorities in the year under review

One focal point in 2014 was research carried out as the basis for the putting into operation of the new 67kt TENCEL® fiber production plant at the Lenzing site. The successful development of this plant is ultimately based on decades of further developing the lyocell technology by Lenzing's R&D team, which also provided support for the start-up of the new facility.

In addition, Lenzing's R&D also demonstrated its competence by upgrading pulp production at the Paskov plant. In addition to an ongoing qualitative improvement, a further focus was on optimizing production cycles and ensuring closed loop manufacturing.

In terms of product development, the greater wearing comfort of hygiene products made of TENCEL® fibers (instead of synthetic fibers) was demonstrated by a study on test persons. This study had to be carefully planned, support provided in the implementation phase and subsequently evaluated in order to arrive at statistically significant results.

Another highlight was the market launch of the new flame-resistant fiber TENCEL® R100. Accordingly, an inherently flame-resistant fiber on the basis of the TENCEL® technology is commercially available for the first time.

Environment and Sustainability

Sustainability in the Lenzing Group

The renewable raw material wood serves as the starting point for the Lenzing Group's products, namely man-made cellulose fibers. The principles of sustainable business development are embedded at Lenzing due to this raw material basis, and are thus consistently practiced on all levels throughout the entire Lenzing Group.

The Lenzing Group has been committed to the fundamental principles of sustainable development for many years. For Lenzing, operating profitably is equally important to achieving a social balance and safeguarding the ecological basis of life. The cornerstones of sustainable business development are the long-term, competitive creation of value in production as well as the most prudent use of resources.

The sustainability model of the Lenzing Group



Many consumers and thus partners along the textile value chain and the brands and retail sector are increasingly interested in knowing exactly what materials comprise the products they buy. They want to be able to use the products with a good conscience, and demand high standards. For this reason, sustainability is an important issue, and of increasing importance for its further corporate development.

The steadily growing importance of the issue of sustainability is reflected in the setting up of a new Corporate Center called "Corporate Sustainability", which reports directly to the Management Board (Chief Commercial Officer). The internal sustainability network was further expanded and developed in the 2014 financial year. It provides the Corporate Center Corporate Sustainability with a great deal of information spanning all corporate functions. The internal network partners come from various areas which are of relevance to the issue of sustainability, from Production, Safety, Health & Environment to Human Resources, Corporate Communications, the various

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product managers and team members responsible for innovation in the Lenzing Group.

In order to more deeply embed sustainability in Lenzing and enable a broader-based discussion, the first global Sustainability Day of the Lenzing Group was held in October 2014, attended by 80 top Lenzing managers and international experts.



First Lenzing Sustainability Day: speakers from industry, global trade, the academic and financial worlds and the non-profit organization "Plant for the Planet" discussed the wide-ranging significance of sustainability with Lenzing's top management.



Peter Untersperger, CEO of Lenzing AG, supports the action-oriented slogan of Plant for the Planet: "Stop talking, start planting!"

Responsibility for the people

The Lenzing Group operates globally but embodies values which are deeply rooted in European culture and practices them at all its global sites. Principles such as tolerance, openness and respect for all people are applied equally by Lenzing regardless of the particular region in which the company operates. Social awareness and commitment has continuously been an integrated aspect of its business activities. Lenzing has proven this for decades in its role as an Austrian globalization pioneer on Asian markets. It is an integral part of the company's identity and philosophy to consistently pursue a dialogue with employees in a fair and just manner even in difficult times.

The recent difficult developments on the global fiber market and the related necessary massive cost savings program posed particularly serious challenges to the Lenzing Group in the 2014 financial year. One-third of the cost reductions clearly surpassing the level of EUR 100 mn were achieved by cutting personnel expenses.

The Human Resources team of the Lenzing Group accepted its responsibility by developing a concept enabling the different sites to take customized approaches. A large number of individual solutions were developed by taking account of the respective cultural background. Reductions in the number of employees could be carried out without resorting to legal conflicts. In Lenzing (Upper Austria), the largest production facility, the redundancy program implemented by the company along with a series of individually adapted measures and an intensive cooperation with the Works Council helped the company avoid any layoffs. In this way, the job cuts at the Lenzing site in Upper Austria did not have any sustainably negative effects on the employment figures and social situation in the Vöcklabruck area.

Responsibility for the environment

Each and every day Lenzing fibers make an important contribution to making life better and more comfortable for many people, whether they are used for clothing, home textiles, in health-care or in the hygiene and body care segments. Lenzing products are often an indispensable part of our modern industrial society. Lenzing's objective is to manufacture these consumer goods with a minimal environmental impact. In the past the viscose fiber industry was considered to pollute the environment and operated in a resource-intensive manner. For more than a quarter of a century, Lenzing has set international standards for the environmentally-compatible production of man-made cellulose fibers by making steady process improvements, closing its chemical cycles and introducing state-of-the-art exhaust air and wastewater treatment systems. In addition, Lenzing pursues a strict wood and pulp policy to ensure that no wood from controversial sources is used to manufacture pulp and fibers.

By defining valid Group-wide environment standards, Lenzing has voluntarily committed itself to complying with specified environmental criteria. The basis for Lenzing's commitment is its orientation to strict benchmarks stipulated in various international standards such as the EU Ecolabel.

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EU Ecolabel

In 2002, Lenzing became the first fiber producer in the world to be awarded the EU Ecolabel. The EU Ecolabel has been an important benchmark for the Lenzing Group ever since due to the strict criteria for awarding it and the high level of public recognition it enjoys.

New and even stricter criteria for textile products were defined in June 2014. The Lenzing Group is striving to be granted re-certification in the year 2015.

ECOCERT for TENCEL® fibers from Heiligenkreuz and Mobile

ECOCERT's Ecological & Recycled Textile Standard (ERTS) stands for environmentally compatible production processes and high social standards in manufacturing. Products marked with the ECOCERT logo show that they consistently fulfill these strict requirements, from the raw materials, production process, distribution and sales to the end of the product life cycle.

This ECOCERT standard offers Lenzing customers the possibility to stand out even more from their competitors, especially in the field of hygiene products such as cosmetic wipes.

At the **Lenzing site** a new wastewater purification system designed particularly for the new TENCEL® fiber plant was put into operation in March 2014. The facility was successfully ramped up in compliance with regulatory requirements. It contains a buffer tank, a specific biology for the generated wastewater with two sludge tanks and a secondary clarification tank. After treatment of the wastewater arising in the TENCEL® production process in the biological wastewater pre-treatment facility developed especially for the TENCEL® process, it is further purified in the biological central wastewater treatment plant owned by the Wasserreinhaltungsverband Lenzing. In this way the additional wastewater from the new TENCEL® fiber production facility can maintain the previously agreed-upon limits for the water discharged in the Ager River. The process exhaust air from TENCEL® fiber production is purified in a two-phase exhaust air scrubber system.

Energy efficiency was increased at the Lenzing site by putting a new turbine into operation.

A project to minimize odor emissions implemented by Reststoffverwertung Lenzing (RVL GmbH) was positively concluded during the year under review.

The accredited Lenzing Testing Laboratory for Ecological Analysis (UAL) once again demonstrated its high standards in laboratory services for wastewater and waste analysis and ecotoxicological tests. The annual environmental monitoring audit carried out by external experts on behalf of the accreditation body, the Federal Ministry of Science, Research and Economy was successfully concluded in January 2015.

Work was started on the expansion of the industrial wastewater facility at the **TENCEL® fiber production plant in Heiligenkreuz** (Burgenland, Austria). The project is scheduled to be completed in April/May 2015. Energy efficiency could be improved on the basis of modifications and improvements on the existing facility.

Chlorinated bleaching chemicals are no longer in use at the **Paskov pulp plant** (Czech Republic) since the middle of January 2014. The plant in Paskov now only supplies sustainable totally chlorine-free (TCF) pulp. Coal combustion was terminated at the beginning of the year, which led to a considerable improvement in the air quality thanks to the reduction of particulate matter emissions.

Responsibility for the economy

With its successful implementation of the excelLENZ cost savings program, the Lenzing Group proved its ability to quickly and vigorously counteract market challenges. Respectable operating results could be achieved under the given, ongoing difficult market conditions thanks to the efforts of all employees. This success was made possible by the timely and effective reaction of the company accompanied by measures designed to secure Lenzing's long-term corporate success in the future.

Long-term thinking has always been part and parcel of Lenzing's corporate culture. Trustful and long-term mutually beneficial relationships characterize the partnerships Lenzing has built up with its customers, suppliers and other stakeholders.

These Lenzing principles were severely tested in the past challenging year. In the light of massive market upheavals and internal reorganization and cost savings measures, it was important for Lenzing to fairly and openly deal with employees affected by the job cuts and remain a reliable partner for customers. Despite the comprehensive internal reorganization, the company succeeded in increasing sales volumes, safeguarding its sales markets and opening up new ones.

In spite of the far-reaching cost savings measures, the innovation activities of the Lenzing Group remain unchanged, because they comprise the basis of the company's future. Research in the field of lyocell technology, alternative raw materials and recycling are issues which are given undivided attention in the spirit of ensuring the future viability of the company, the responsible use of raw materials and the sustainable production of fibers.

Stakeholder dialogue

The international textile and nonwovens industry is faced with major challenges with respect to the sustainability of its products and production processes. In the globalized economy of today, this also means assuming responsibility along the entire value chain.

In order to shoulder this responsibility, the Lenzing Group in its role as an industry leader very closely orients its operations to customer requirements, and intensively works together with all partners along the entire value chain within the context of its push-pull market strategy. As a result, many fiber and product innovations are developed jointly with customers and partners from external research facilities and university institutes, and commercialized in close collaboration with the value chain.

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The textile and nonwovens industry is convinced that the ecological and social challenges along its global value chains can only be solved together and not by individual companies. For this reason, Lenzing is strongly involved in the development of global sustainability standards in cooperation with different interest groups representing industry, non-profit organizations and initiatives of the European Union. Within the context of activities carried out by the Sustainable Apparel Coalition (SAC) with the aim of creating a more sustainable textile industry, Lenzing is actively involved in the development of the global standard Higg Index 2.0 and in projects such as the development of recycling technologies for garments. At present some 140 of the leading retail chains, brand-name and textile companies accounting for about one-third of total global sales in the clothing industry have joined forces in the SAC to develop a global standard enabling an assessment of the entire production process, from the raw material to the finished garment. The objective is to realize the vision of an industry which does not cause any unnecessary environmental damage along its entire value chain, and whose activities have a positive impact on the people and communities involved.

As a leading company in the fields of pulp and man-made cellulose fibers, Lenzing assumes a particular responsibility in procuring wood and pulp which comprise the basis for Lenzing products. Joint work is being done on a process entitled "Viscose Solution's Pathway" in cooperation with the non-profit Canadian organization Canopy and a working group called "Fashion and Textile Leaders for Forest Conservation" consisting of leading brands and retailers. This is designed to ensure that no apparel made of man-made cellulose fibers will be sold in their shops in the future if the entire value chain is not transparent and the fibers are potentially produced from wood or pulp from endangered forests or critical suppliers.

Ratings

VÖNIX – Sustainability index of the Vienna Stock Exchange

Since the year 2005, about 60 publicly traded Austrian companies are evaluated on the basis of about 100 environmental and social criteria. The best companies are accepted for listing in the VÖNIX index (VBV Austrian Sustainability Index) for a period of one year. Lenzing once again achieved very good results in the evaluation carried out in 2014, when it was accepted for listing in this index for the ninth straight year.

Oekom Research assessment

The Lenzing Group was given a C+ rating by oekom research. According to this assessment, the company is classified as “Prime” according to the rating method of this rating agency. This means that Lenzing shares qualify as an investment from an ecological and social point of view. Companies classified as “Prime” are entitled to display the oekom Prime logo. This logo represents a seal of quality attesting to the social and ecological achievements of the company.

Certifications

Certifications provide important information about the status of an organization with respect to its systems and products. Accordingly, business partners and customers can be sure that the corresponding quality, environmental and safety standards are adhered to.

Certification status in the Lenzing Group

	ISO 9001	ISO 14001	OHSAS 18001
Lenzing (Austria)	✓	✓	✓
Heiligenkreuz (Austria)	✓	✓	✓
Grimsby (UK)	✓	✓	✓
Mobile (USA)	✓	✓	✓
Purwakarta (Indonesia)	✓	✓	✓
Nanjing (China)	✓	✓	✓
Paskov (Czech Republic)	✓	✓	✓

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Human Resources

The most valuable asset of a performance-driven, competitive organization is its committed, motivated and highly qualified employees. The professional development of employees plays a key role in safeguarding the company's sustainable competitiveness, especially in times characterized by a challenging market environment and tougher competition.

With this in mind, the Lenzing Group promotes the ongoing enhancement of employee qualifications through a broad spectrum of global and regional personnel development offerings. A separate subsidiary, the Lenzing Training Center (Bildungszentrum Lenzing) organizes a large share of the continuing education and professional development measures at the Lenzing site whereas the Corporate Center Global Human Resources works together with the Global Learning & Development department to coordinate Lenzing's global human resources strategy.

The excelLENZ project

A key focus of the work carried out by Human Resources in 2014 related to the excelLENZ cost savings program, which is explained in detail in section *Development of the Lenzing Group/ excelLENZ cost savings program*.

At the Lenzing site, revisions made to the existing salary agreement in consensus with the Lenzing Works Council changed the former terms and conditions for bonuses to create a much more earnings-oriented bonus payment. The new agreement took effect in 2015.

Global further education and professional development

During the year under review the top priority of the Global Learning & Development department was the Group-wide further education and professional development of executives and future high potentials within the context of a talent management program.

In 2014, the newly-launched initiative "Top Management Time Out" offered members of the Management Board and top management the opportunity to jointly deal with current issues concerning vision, strategy, organizational efficiency and leadership in a moderated setting. These workshops took place three times, offering a platform for a mutual exchange of ideas and personal development with a high caliber group of participants. The events will be continued in 2015.

The new generation of the Lenzing Global Management Development Program - CU 2012, which stands for "Create & Unfold your Management Capabilities" - was successfully concluded in the spring of 2014. The focus of this top executive program was on Asia and global culture, with a new perspective put on strategy and leadership issues. This international executive learning program, whose five modules extend over a period of 17 months, brought forth 30 graduates from Europe and Asia in March 2014. CU 2012 made a valuable contribution to international cooperation and enabled Lenzing Group executives to even more professionally fulfill the tasks assigned to them.

However, employees at the top management levels were not the only ones whose qualifications were promoted. “Springboard” was the name of a comprehensive talent management program launched for middle management in June 2014. The Springboard initiative targets motivated employees who display a high level of performance in their current jobs and have the potential to work in more demanding management and specialist positions in the future. The two-year development program is based on an application process, which selected 15 “springboarders” from Europe, 13 from Asia and two from the USA in June 2014 to begin their professional development journey. Springboard boasts a specific learning architecture, which aims to intensify the practical experience of the participants as well as their behavioral repertoire, conceptual thinking and understanding of evidence-based management and leadership issues. Starting in the fall of 2014, the program was expanded to include a practice-oriented project and a group of senior managers in the role of mentors. The program will continue for another 16 months before ending in the spring of 2016. This program will also be renewed next year.



Talent management program „Springboard“

The program “Coaching Skills for Executives” launched two years ago continued to enjoy great popularity during the year under review. In 2014, additional executives completed the six-month program, so that the total number of graduates in Austria alone increased to 112. Two other groups consisting of 19 people began the program in the fall of 2014.

The activities carried out by Global Human Resources in Asia in 2014 were particularly successful. The foundation was laid for rolling out the coaching program in China and Indonesia on the basis of two pilot programs. At the same time, executives concluded the 18-month “Supportive Leadership Program” in 2014, which consists of six modules and equips executives with modern methods and approaches for coaching, conflict management and change management. Moreover, with more than 30 graduates in the meantime, the program serves as an excellent platform for the participants to apply what they learned on the basis of practical, real-life examples and in mentoring.

MANAGEMENT REPORT 2014

A competence model provides the foundation for every type of human resources work. The Lenzing principles introduced in 2007 were the basis for revising the behavioral standards of the Lenzing Group. Starting in 2015, a new and expanded version will serve as an orientation framework for employees.

In 2014, important changes were made in order to roll out a more global process for performance and succession management. In the future, performance targets will not only be defined within the context of the performance review, but personnel development requirements will also be more visibly documented to enable more effective human resources development work to be carried out. Performance management in the Lenzing Group will be more precisely documented to ensure greater transparency in more structured succession planning and in the selection of high performers.

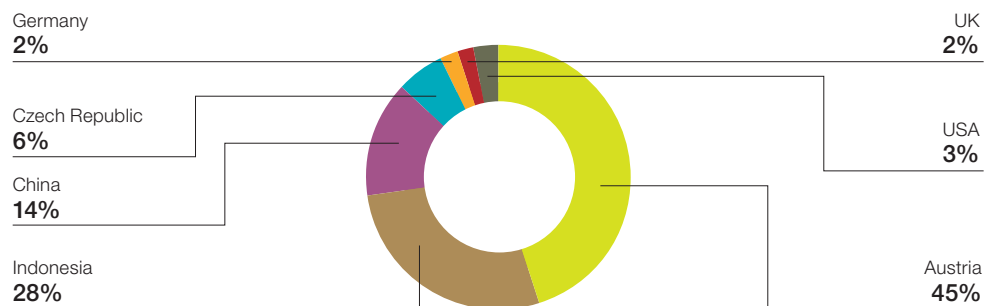
In addition, work is being done to more firmly embed a feedback culture in the company. The global rollout is planned for 2015.

At the reporting date of December 31, 2014, the total number of employees working for the Lenzing Group comprised 6,356 people around the world (December 31, 2013: 6,675), thereof 186 trainees. This 4.8% reduction of the Lenzing staff was the result of the excellENZing program and is designed to more effectively meet future market requirements and to regain relative competitive strength.

A total of 2,739 employees¹² were working at the corporate headquarters in Lenzing, Austria at the reporting date of December 31, 2014, working for the companies Lenzing AG, Lenzing Technik GmbH, LENO Electronics GmbH and BZL – Bildungszentrum Lenzing GmbH (December 31, 2013: 2,796). Of these, 173 were trainees (December 31, 2013: 171). In addition, 13 trainees received vocational instruction and training at the Lenzing sites in Heiligenkreuz, Austria and Grimsby, Great Britain.

Staff members by country

Number of Lenzing Group employees as at December 31, 2014: 6,170*



*¹⁾ Headcount excl. trainees and leased labor

¹²⁾ Incl. trainees, excl. leased labor

Occupational safety and health

The Corporate Center Global Safety, Health and Environment (SHE) is responsible for overseeing the Lenzing Group's efforts with respect to occupational safety and health as well as environmental protection issues on a Group level. During the 2014 financial year, the vision, mission and strategy of SHE were also updated in order to reflect the organizational reorientation of the Lenzing Group.

Safety

During the year under review, the top priorities of Global SHE were the further improvement of fire safety, the issuing of handbooks on relevant safety issues and the training of employees and executives.

In order to increase fire safety at the Lenzing Group, fire protection audits were carried out in the past financial year. The fire protection systems as well as the firefighting and fire prevention capabilities were examined at the Nanjing, Purwakarta, Paskov and Heiligenkreuz plants and appropriate improvements were made if necessary. The Grimsby production site established a new position of "fire prevention officer".

Furthermore, an online permit procedure was implemented for defined dangerous activities at the Nanjing and Purwakarta sites. The launch was accompanied by extensive theoretical and practical training measures for the affected executives.

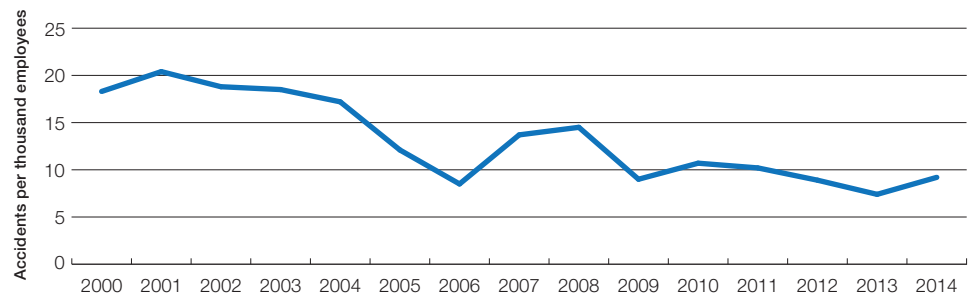
All Lenzing Group production facilities are certified according to OHSAS 18001 (refer to section *Environment and Sustainability/Certifications*).

Due to the higher accident rate in the 2014 financial year, Group management has already initiated appropriate countermeasures.

MANAGEMENT REPORT 2014

Development of accident rates

Lenzing Group



Health

The Lenzing Group has established health care standards at all its sites such as regular health checks for all employees, a strict ban on alcohol and regularly held trainings in how to properly deal with chemicals. In addition, various health promotion programs are implemented at the production facilities of the Lenzing Group. The offering ranges from health recommendations, cost-free vaccinations and smoking cessation programs to balanced nutrition in the company canteens and sporting events.

The two-year health promotion program “BFG” at the Heiligenkreuz plant was successfully concluded during the year under review. New healthcare initiatives were launched at the Mobile and Purwakarta sites.

At the Mobile, Alabama plant in the USA, the existing health promotion efforts were expanded in 2014 to encompass the “iHealthy Wellness” healthcare program. This initiative focuses on prevention, and includes annual health checks, amongst other measures, aiming to identify existing health risks at an early stage and prevent potential risks from arising by promoting a healthier life style.

A core aspect of the program are quarterly seminars led by professional health coaches, calling attention to health problems which were frequently identified within the context of the previously implemented health check. The offering is rounded off by regular one-on-one meetings with the coaches as well as an online portal providing counseling to employees.

A five-shift work schedule was introduced in Lenzing and Heiligenkreuz in 2014. As a result, the recreational options for employees were increased from two to four days. This also made additional days available for employees to take advantage of training and educational programs.

Corporate Communications

The Corporate Center Corporate Communications is responsible for coordinating and implementing all communications processes on a Group level. The objective is to ensure high quality public relations work and optimal internal communications within the context of a functional organization. The close cooperation with Investor Relations ensures a holistic approach to communications.

Transparent and open communications are essential pre-requisites for a successful, globally operating and publicly listed company such as the Lenzing Group. For this reason, the right communications with all external stakeholders as well as with employees comprise permanent features of Lenzing's corporate culture and an important factor of Lenzing's positioning with all interested public.

Public relations

In the past financial year, the Lenzing Group once again provided comprehensive and timely information about its ongoing development to the public and to employees. In this regard, Lenzing made use of a variety of different information channels. Information for external stakeholders was disseminated by means of regular press releases, media events and a large number of individual talks with journalists. This took place with the personal involvement of the Management Board and appropriate preparatory work, as well as via the Corporate Center Corporate Communications.

The Website www.lenzing.com is the calling card of the company. A relaunch of the company's Internet presence was developed and prepared during the year under review. The newly designed Website will go online in the first half of 2015.

An extensive online platform for the correct use of Lenzing's corporate design both internally and outside of the company was created to strengthen the company's corporate identity and ensure a unified appearance to external stakeholders. Workshops and trainings on the issue of corporate design were held at various company sites.

The Intranet of the Lenzing Group (Group Portal) was adapted to reflect the reorganization process and was developed on an ongoing basis.

One important means of communications is offering plant tours at the Lenzing site for international customers, suppliers, business partners, schools in the region along with interested universities and universities of applied sciences. In the 2014 financial year, some 3,700 people were given a tour of the factory grounds, and thus familiarized with the achievements of the Lenzing Group.

Employee and customer magazines, digital newsletters and Lenzing's own TV format represent other key information channels. Employee magazines with a local focus regularly inform the staff about the latest news from the world of Lenzing. Local publications in Lenzing, Purwakarta and Paskov regularly provided locally relevant information in the respective na-

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tional languages. The “Lenzinger“, the employee magazine for all Austrian facilities, has been published in an online format since the autumn of 2014.

The newly-designed online magazine “Lenzing Life” was published for the first time in December 2014 as the successor to the previous magazine “Lenzing Inside” which was issued in printed form. Thanks to the online format, employees of the Lenzing Group, customers and other stakeholders are given timely information about the latest news about Lenzing. All articles are now complemented by in-depth information, videos and picture galleries. “Lenzing Life” comprises the successful development of an up-to-date and modern multimedia product opening up an attractive window onto the world of Lenzing. This new magazine is distributed worldwide and thus appears in two languages. It can also be accessed by any interested person at www.lenzinglife.com.

For years “Lenzing TV” has proven to be a tried and tested special interest TV magazine. It is produced in cooperation with the Upper Austrian regional TV station BTV and broadcast via cable network in the Greater Upper Austrian region. Moreover, these broadcasts can also be received via satellite. “Lenzing TV” is synchronized in English and made available on the Lenzing Group Intranet to all employees around the world. Selected reports are also published on the online magazine “Lenzing Life”.

One focal point of the Corporate Center Corporate Communications in 2014 was on further expanding internal communications on a global basis.

The info screens installed at highly frequented locations at the Lenzing site have proven their value, and will now be used throughout the entire year to provide information on current topics to employees. This tool can be rolled out to all sites at any time. During the reporting period a pilot project was also launched on the use of social media tools for internal collaboration and communication spanning sites and hierarchies.

The most important priority was implementing communication measures to support the reorganization of the company and the excelLENZ program. In times of extensive change, Lenzing considers a reliable and sound information policy, both internally and externally, to be absolutely essential.

Investor Relations

The Lenzing share

The Lenzing share is publicly traded on the Prime Market of the Vienna Stock Exchange, and in its role as one of the 20 largest listed companies is also traded on the benchmark ATX index (Austrian Traded Index).

In 2014 average daily turnover of the Lenzing share amounted to EUR 2.5 mn. On balance, 13.2 mn shares were traded in 2014. This corresponds to a total turnover of EUR 615,892,097.00. The market capitalization of the Lenzing share at the end of 2014 (December 30, 2014) was EUR 1,400,247,000.

In addition, the Lenzing share is listed on the Vienna Stock Exchange index WBI and on VÖNIX, the VBV Austrian Sustainability Index. Approximately 60 of the largest Austrian companies listed on the Vienna Stock Exchange were analyzed to compile the sustainability index, and evaluated on the basis of 100 different environmental and social criteria. 21 of these firms have been accepted for listing in the current VÖNIX Index. The Lenzing share has been listed uninterruptedly in the VÖNIX Index since the year 2005.

Share information

ISIN	AT 0000644505
Ticker symbol	LNZ
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Listing	Vienna Stock Exchange
Initial listing	September 19, 1985
Indices	ATX Prime, VÖNIX, WBI
Type of share	No-par-value shares
Number of shares	26,550,000
Nominal capital	EUR 27,574,071.43
Financial year	Jan. 1 to Dec. 31

Key indicators 2014

Trading volume	13.2 mn
Average daily turnover	EUR 2.5 mn
Total turnover	EUR 615,892,097.00
Year's high	EUR 55.43
Year's low	EUR 39.99
Closing price Dec. 30	EUR 52.74
Annual performance	+26.67%
Market capitalization Dec. 30	EUR 1,400,247,000
Ranking stock exchange turnover	18
Ranking market capitalization	21

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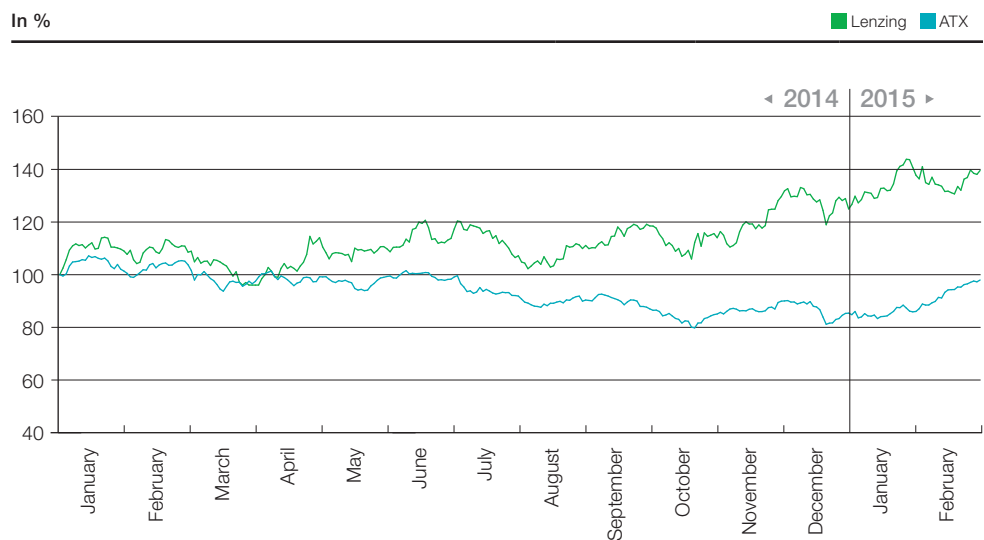
Share performance

Global stock markets continued to develop positively in 2014 due to the relaxed monetary policy pursued by the central banks, but not as dynamically as in the previous year.

In 2014 the Vienna benchmark index ATX was once again not able to keep pace with developments on international stock exchanges in spite of an approximately 23% rise in trading volume. In particular, it came under severe pressure in the second half of the year due to the Russia-Ukraine crisis and the decline in oil prices. Following a good start, the ATX index closed the year at 2,160.08 points, a decrease of minus 15.18%.

The capital market reacted positively to the package of measures implemented by Lenzing AG in 2013/14. Following a very weak trading year in 2013, the Lenzing share was one of the top five companies on the ATX index in terms of share performance, with the Lenzing share increasing 26.67% in value in 2014. The Lenzing share closed at EUR 52.74 on December 30, 2014. The year's low of EUR 39.99 was reached in March 2014, whereas the highest share price of EUR 55.43 was recorded in December 2014.

The Lenzing share price



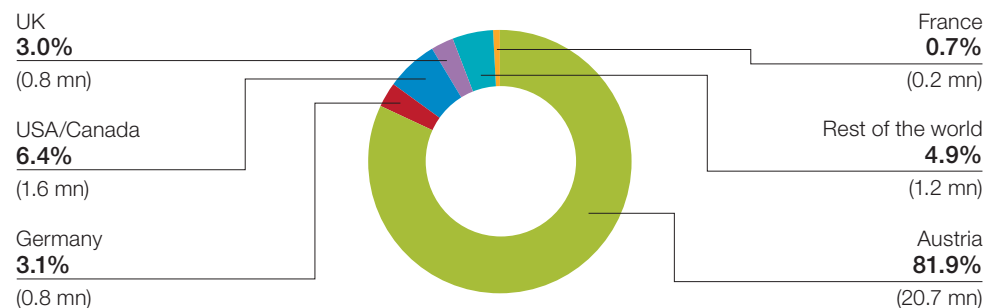
Nominal capital and shareholder structure

The nominal capital of Lenzing AG amounts to EUR 27,574,071.43 and is divided into 26,550,000 individual shares. The majority owner is the B&C Group, which holds a 67.6% stake of the voting rights. Another 5% of the voting rights are held by Oberbank AG, a leading Austrian regional bank. The remaining 27.4% of the shares are in free float with international and Austrian investors. The company does not have any treasury stock.

The geographical breakdown of the identifiable share ownership as per December 31, 2014 is as follows:

Share ownership by country

In % and millions of shares as at Dec. 31, 2014 (25,324,998 shares identified)



Position of shareholders

Each no-par value share grants the shareholder one vote at the Lenzing AG Annual Shareholders' Meeting. Unless mandatory provisions of the Stock Corporation Act provide otherwise, the Annual Shareholders' Meeting passes resolutions by a simple majority of the votes cast and – if a majority of the nominal capital is required – by a simple majority of the nominal capital represented at the Annual Shareholders' Meeting.

There are no shares that confer special rights to control. The authorization to buy back treasury shares was not exercised during the year under review.

There are no provisions other than those stipulated by law with respect to the appointment or dismissal of members of the Management Board and Supervisory Board.

Annual Shareholders' Meeting 2014 and dividend policy

The Annual Shareholders' Meeting resolving upon the 2013 financial year approved the distribution of a dividend amounting to EUR 1.75 per no-par-value share. This corresponded to a total dividend payout of EUR 46,462,500.00 for the 26,550,000 no-par-value shares. The dividend payout ratio was 30.7% in relation to the accumulated profits of EUR 151,216,955.03 reported for Lenzing AG.

For the 2014 financial year, the Management Board will propose to the 71st Annual Shareholders' Meeting scheduled for April 22, 2015 that a dividend of EUR 1.00 per share be distributed to shareholders.

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Further disclosures pursuant to Section 243a UGB (Austrian Commercial Code)

There are no provisions other than those stipulated by law with respect to the appointment or dismissal of members of the Management Board and Supervisory Board or amendments to the Articles of Association. There are no significant contractual agreements to which the company is a party, which would take effect, cause major changes or expire in the event of a change in ownership resulting from a takeover bid. No compensation agreements exist between the members of the Management Board and Supervisory Board or with employees in case of a public takeover offer.

Outlook Lenzing Group 2015

The difficult economic environment hardly changed in the first weeks of 2015 compared to the third and fourth quarters of the year under review.

Even if the dramatic decline in oil prices in Europe in the second half of 2014 and especially in the fourth quarter comprises a welcome economic turbocharger, it has a negative effect on Lenzing's business. The current oil price led to massive price pressure on global polyester prices, which already fell by 25-30% depending on the region in the fourth quarter of 2014 and during the first weeks of 2015.

For this reason, depending on the further development of the oil price, high price volatility on the fiber market is expected to continue in 2015.

Cotton farmers have also begun to react to internationally low cotton prices. Areas of cultivation for the 2015/16 harvest were significantly reduced in the important cotton-growing countries of China and the USA. This could lead to an initial stabilization of prices in the 2015/16 season, but only if there are signs of reductions in cotton inventories and thus a greater demand for cotton.

As a consequence, 2015 will once again be a challenging year for the man-made cellulose fiber industry and thus for the Lenzing Group. The aim will be to successively make up for price reductions in recent months during the course of 2015.

A variety of sales activities to further improve the product mix in the textile segment, such as increasing sales of Lenzing Modal® and particularly the TENCEL® segment strategies, will be at the heart of Lenzing's efforts. The company started the new financial year registering dynamic demand for TENCEL®. Demand for nonwoven fibers is expected to remain strong in 2015. Lenzing is also striving to achieve improvements in its product mix in this area and carry out value-enhancing activities to improve customer benefits.

From a regional perspective, a constant rise in sales volumes on China's domestic market can be expected as a result of moderate growth rates in China, especially in its export business.

Lenzing sees further sales priorities for specialty fibers in the textile segment, above all in Turkey. The USA and Europe will continue to be the main sales areas for nonwovens.

In addition, Lenzing is striving to generate further cost savings by resolutely continuing its excelLENZ program in 2015, which should amount to about EUR 130 mn on an annualized and full-year basis. Taking the cost improvements realized in 2013, the structural savings achieved will rise to approximately EUR 160 mn p.a. starting in the 2016 financial year. This will comprise a further contribution towards reinforcing the competitive strength of the Lenzing Group.

In the medium term, the Lenzing Group also plans to increase its share of specialty fibers in Asia in the field of viscose fibers. This will make it necessary to upgrade, modify and selectively expand existing facilities. Additional investments and programs will also have to be implemented to further optimize the cost position. This will particularly entail measures to reduce material costs and other production costs (e.g. on the basis of targeted dissolving pulp investments or facilities to produce chemicals and energy). Lenzing will continue its focus on sustainability and environmental protection. The successful development of the Lenzing Group should be secured in the medium term with innovations for product applications and intensified sales and marketing activities.

To summarize, the cornerstones of the Lenzing Group's efforts to successfully counteract ongoing difficult market conditions are the following:

- The excelLENZ cost reduction program focusing on structural savings
- Further improvements in Lenzing's market presence by optimizing sales and marketing and intensifying the cooperation with its customers
- The sustainable full utilization of the new TENCEL® fiber production plant at the Lenzing site
- The speedy restructuring of the technical units.

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Events after the Reporting Period

In the first quarter of 2015, concrete negotiations took place with respect to a potential sale of Dolan GmbH and European Carbon Fiber GmbH. These two Group companies in the Segment Other had assets of TEUR 30,768 and liabilities of TEUR 13,482 as at December 31, 2014. The disposal could take place within the next twelve months.

The Lenzing Group has not been made aware of any further events significant to it after December 31, 2014 that would have resulted in a different presentation of the financial position and financial performance.

Lenzing, March 12, 2015

Lenzing Aktiengesellschaft

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the
Management Board

Thomas Riegler
Chief Financial Officer
Member of the
Management Board

Robert van de Kerkhof
Chief Commercial Officer
Member of the
Management Board

CORPORATE GOVERNANCE REPORT 2014

The Austrian Code of Corporate Governance (ACCG) provides Austrian stock corporations with a framework for the management and supervision of companies. This framework includes internationally recognized standards for good corporate governance as well as relevant regulations of Austrian stock corporation law.

The code aims to ensure a responsible management and control of companies and corporate groups oriented towards the sustainable and long-term value creation. It is intended to create a high degree of transparency for all stakeholders of the company.

Declaration of Commitment

Lenzing AG respects the Austrian Code of Corporate Governance. For the first time, the company committed itself in 2010 to complying with the stipulations contained in the code. The Supervisory Board also unanimously resolved to fully adhere to the ACCG. The code is available on the Internet at www.corporate-governance.at in the currently valid version (January 2015). Lenzing AG is required to prepare and publish a Corporate Governance Report in accordance with L-Rule 60 ACCG.

This Corporate Governance Report is publicly available on the Website of Lenzing AG (C-Rule 61 ACCG).

Corporate Bodies of Lenzing AG

The division of responsibilities of the members of Lenzing's Management Board during the 2014 financial year was as follows:

1) Management Board

Peter Untersperger (born 1960)

Chairman of the Management Board

First appointed: January 1, 1999

Current mandate expires: March 31, 2016

Responsibilities: Global Strategy, Global Human Resources, Innovation & Strategic R&D, Risk Management & Internal Audit, Corporate Communications, Wood Purchasing, Lenzing Technik

Supervisory Board mandates in other companies: none

Friedrich Weninger (born 1957)

Member of the Management Board

First appointed: January 1, 2009

Current mandate expires: December 31, 2014

Responsibilities: TENCEL® Operations, Viscose/Modal Operations, Pulp Operations, Global

CORPORATE GOVERNANCE REPORT 2014

Fiber Engineering, Operational Excellence, Global Safety, Health & Environment (SHE), Site Service Management Lenzing, Operations Controlling

Supervisory Board mandates in other companies: none

Mr. Weninger resigned from his position on the Supervisory Board effective December 31, 2014.

Robert van de Kerkhof (born 1964)

Member of the Management Board

First appointed: May 1, 2014

Current mandate expires: April 30, 2017

Responsibilities: Global Sales, Business Development Apparel, Business Development Hygiene & Technical, Technical Customer & Quality Management, Product Management Viscose/Modal, Market Intelligence, Marketing Communication, Global Logistics, Marketing & Sales Controlling Service

Supervisory Board mandates in other companies: none

Thomas Riegler (born 1970)

Member of the Management Board

First appointed: June 1, 2014

Current mandate expires: May 31, 2017

Responsibilities: Global Finance, Pulp Trading, Global Purchasing, Global IT, Legal Management & Compliance, Investor Relations, Filaments

Supervisory Board mandates in other companies: none

The Management Board manages the business operations of Lenzing Aktiengesellschaft in accordance with prevailing legal regulations, the Articles of Association and the internal rules of procedure applying to the Management Board. The distribution of responsibilities among the members of the Management Board is determined based upon the organizational plan stipulated in the internal rules of procedure, which also regulates the mode of cooperation among the Management Board members. Furthermore, the Management Board is required to fully comply with the rules stipulated in the Austrian Code of Corporate Governance.

2) Supervisory Board

2.1. Composition

Michael Junghans (born 1967)

Since March 29, 2011: Chairman (up to March 29, 2011: Deputy Chairman)

First appointed: April 30, 2010

In a letter dated March 10, 2015, Michael Junghans announced his resignation from the Supervisory Board effective April 22, 2015.

Supervisory Board mandates in other companies: Semperit AG Holding

Veit Sorger (born 1942)

Since March 29, 2011: Deputy Chairman

First appointed: June 4, 2004

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2014 financial year.

Supervisory Board mandates in other companies: Mondi AG (Chairman), Semperit AG Holding (Chairman), Constantia Industries AG (Chairman), Binder+Co AG, GrECo International Holding AG

Hanno M. Bästlein (born 1963)

First appointed: April 28, 2014: First Deputy Chairman

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2016 financial year.

Supervisory Board mandates in other companies: Duropack GmbH (Chairman), AMAG Austria Metall AG, VA Intertrading AG (Chairman)

Helmut Bernkopf (born 1967)

First appointed: April 23, 2009

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2014 financial year.

Supervisory Board mandates in other companies: CA Immobilien Anlagen AG (up to October 28, 2014), Schöllerbank AG, Österreichische Kontrollbank AG, Card Complete Service Bank AG (Chairman), Bausparkasse Wüstenrot AG, BWA Beteiligungs- und Verwaltungs-Aktiengesellschaft

Franz Gasselsberger (born 1959)

First appointed: April 24, 2013

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2015 financial year.

Supervisory Board mandates in other companies: Bank für Tirol und Vorarlberg AG (Chairman), BKS Bank AG, Voestalpine AG, AMAG Austria Metall AG

Josef Krenner (born 1952)

First appointed: April 23, 2009

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2014 financial year.

Supervisory Board mandates in other companies: Flughafen Linz GmbH, B&C Industrieholding GmbH, AMAG Austria Metall AG (Chairman)

Martin Payer (born 1978)

First appointed: June 15, 2007

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2014 financial year.

Supervisory Board mandates in other companies: none

Martin Payer resigned from his position on the Supervisory Board on April 28, 2014 at his own request.

Patrick Prügger (born 1975)

First appointed: March 29, 2011

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2015 financial year.

Supervisory Board mandates in other companies: Semperit AG Holding, AMAG Austria Metall AG

CORPORATE GOVERNANCE REPORT 2014

Andreas Schmidradner (born 1961)

First appointed: June 12, 2008

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2016 financial year.

Supervisory Board mandates in other companies: Semperit AG Holding, VAMED AG

Astrid Skala-Kuhmann (born 1953)

First appointed: April 19, 2012

Current mandate expires at the Annual Shareholders' Meeting resolving upon the 2014 financial year.

Supervisory Board mandates in other companies: Semperit AG Holding

Supervisory Board members designated by the Works Council:

Rudolf Baldinger (born 1954)

First appointed 1998

Georg Liftinger (born 1961)

First appointed 2008

Daniela Födinger (born 1964)

First appointed 2014

Johann Schernberger (born 1964)

First appointed 2001

Franz Berlanda (born 1961)

First appointed 2014

2.2. Independence (C-Rules 53 and 54 ACCG)

The Supervisory Board has adopted the guidelines relating to the independence of its members pursuant to Appendix 1 of the Austrian Code of Corporate Governance.

All members of the Supervisory Board have declared themselves to be independent from the company and the Management Board.

Pursuant to C-Rule 54 of the ACCG, the Supervisory Board members Veit Sorger, Helmut Bernkopf, Franz Gasselsberger, Astrid Skala-Kuhmann and Josef Krenner declared in the 2014 financial year that they were neither shareholders with a stake of more than 10% in the company nor did they represent such a shareholder's interests.

2.3. Mode of operation of the Supervisory Board

To fulfill its responsibility of overseeing the work of the Management Board, the Supervisory Board of Lenzing AG convenes at least once every quarterly period for a meeting. A total of six Supervisory Board meetings took place during the year under review (C-Rule 36 ACCG).

In the 2014 financial year the Supervisory Board of Lenzing AG constituted six committees consisting of its own members (C-Rules 34 and 39 ACCG):

2.3.1. Audit Committee

The Audit Committee carries out the responsibilities assigned to it pursuant to Section 92 para 4a Austrian Stock Corporation Act. This stipulates that these responsibilities are primarily in auditing and preparing the adoption of the annual financial statements and the evaluation of the proposal made by the Management Board on the distribution of profits as well as the Management Report. The Audit Committee also examines the consolidated financial statements of the Group and the Group Management Report and makes a recommendation for the selection of the auditors. Furthermore, the Audit Committee examines the effectiveness of the internal control system (ICS), internal auditing and the risk management system of the company. The committee is required to report to the Supervisory Board about its activities. In the 2014 financial year the Audit Committee convened three times.

Members: Hanno M. Bästlein (Chairman as of the Annual Shareholders' Meeting on April 28, 2014), Michael Junghans, Veit Sorger (up until Annual Shareholders' Meeting on April 28, 2014), Patrick Prügger, Andreas Schmidradner, Rudolf Baldinger, Georg Liftinger

2.3.2. Nomination Committee

The Supervisory Board has established a Nomination Committee which makes recommendations to the Supervisory Board on filling new or vacant positions on the Management Board, and also deals with issues relating to succession planning. Moreover, the committee makes proposals to the Annual Shareholders' Meeting for filling vacant positions on the Supervisory Board. No meetings of the Nomination Committee were held in the course of the 2014 financial year.

Members: Hanno M. Bästlein (Chairman as of the Annual Shareholders' Meeting on April 28, 2014), Michael Junghans, Veit Sorger, Rudolf Baldinger, Georg Liftinger

2.3.3. Remuneration Committee

The Supervisory Board has set up a Remuneration Committee which deals with the terms and conditions of employment contracts with Management Board members, ensures compliance with C-Rules 27, 27a and 28 ACCG and also assesses the remuneration policy with respect to Management Board members in regular intervals. The Remuneration Committee convened twice during the 2014 financial year, focusing in particular with evaluating the performance of the Management Board in the 2013 financial year and performance targets for 2014, as well as general remuneration issues relating to the Management Board.

Members: Hanno M. Bästlein (Chairman as of the Annual Shareholders' Meeting on April 28, 2014), Michael Junghans, Veit Sorger

2.3.4. Strategy Committee

The Supervisory Board established a Strategy Committee concerning itself with evaluating the strategic positioning of the company and monitoring the implementation of the business strategy. In 2014 the Management Board developed strategic options for the Lenzing Group on the basis of a market and competition analysis with the support of external consultants,

CORPORATE GOVERNANCE REPORT 2014

which was discussed with the Strategy Committee. Four meetings of the Strategy Committee were held in the 2014 financial year.

Members: Hanno M. Bästlein (Chairman as of the Annual Shareholders' Meeting on April 28, 2014), Michael Junghans, Astrid Skala-Kuhmann, Veit Sorger, Rudolf Baldinger, Georg Liftingner

2.3.5. excelLENZ Committee

The excelLENZ Committee deals with the ongoing monitoring and control of operational measures of the global cost savings and improvement program "excelLENZ 2.0". The focal points include savings designed to improve margins, reduce costs and optimize cash flow. The excelLENZ Committee convened three times in the course of the 2014 financial year.

Members: Michael Junghans (Chairman), Hanno M. Bästlein, Veit Sorger, Andreas Schmidradner, Rudolf Baldinger, Georg Liftingner

2.3.6. Share Buyback Committee

The committee was established in order to be able to make quick decisions in the case of share buyback activities. No meetings of the committee were held during the 2014 financial year.

Members: Hanno M. Bästlein (Chairman), Michael Junghans, Patrick Prügger, Franz Gasselsberger, Rudolf Baldinger, Georg Liftingner

2.4. Cooperation of the Management Board and Supervisory Board

The Management Board reports to the Supervisory Board on fundamental issues relating to the future business policies of the company and the Group, as well as the future development of the financial position and financial performance of the Lenzing Group. In addition, the Management Board regularly informs the Supervisory Board about business developments and the current situation of the company and the Group in comparison to forecasts, taking the future development into account. The Management Board and Supervisory Board also discuss the long-term growth objectives of the Lenzing Group in a separate strategy meeting.

2.5. Self-evaluation of the Supervisory Board

The Supervisory Board carried out a self-evaluation in the 2014 financial year in accordance with C-Rule 36 ACCG in the form of a questionnaire which focused on issues such as the controlling function of the Supervisory Board with respect to the Management Board as well as the compliance with the Management Board's obligations to provide information to the Supervisory Board. The results of the self-evaluation show that the activities of the Supervisory Board of Lenzing AG are given an overall rating of good. The Supervisory Board decided to follow up on several suggestions which were made during the self-evaluation process. Fur-

thermore, a list of measures designed to enhance the efficiency of the Supervisory Board's work was prepared.

3) Principles of Management Board and Supervisory Board Remuneration (C-Rule 30 ACCG)

The remuneration models for the Management Board employment contracts were harmonized over the last two years, and the variable salary components in these contracts were expanded. The remuneration of all four Management Board members in the 2014 financial year consists of a fixed and a variable performance-oriented salary component. In addition, the Management Board is given a long-term bonus bank model. The maximum bonus is limited to 133% of the fixed annual salary (Untersperger) and 88% (van de Kerkhof, Riegler). A stock option program or a program for the beneficial transfer of shares does not exist.

- The short-term profit sharing scheme for the Management Board is primarily determined by the by the criteria of EBITDA, Group net profit for the year and ROCE as well as individual qualitative goals.
- With respect to the 2014 financial year, the targets used to determine the long-term bonus bank model are as follows: 2/3 of the bonus bank model for Mr. Untersperger and Mr. Weninger and 50% for Mr. Riegler and Mr. van de Kerkhof will be calculated on the basis of performance criteria of the Lenzing Group (sales, EBIT margin, total shareholder return) evaluated over a period of several years and compared to a peer group, and 1/3 and 50% respectively will consist of the achievement of qualitative targets. Payment will be distributed over a three-year period.
- Furthermore, the Management Board is also entitled to the company making contributions to a pension fund. This amounted to EUR 118 thousand in the 2014 financial year (2013: EUR 108 thousand).
- Company pension benefits as well as severance payments and entitlements to benefits in case an employment contract of a board member is terminated are determined by valid federal regulations (Company Employee Pension Act).
- In the case of the premature termination of a Management Board contract, the conditions stipulated in C-Rule 27a ACCG are adequately taken into account.
- The company has taken out a Directors and Officers Liability Insurance (D & O) policy as well as legal protection insurance for the Management Board members.

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Amount expensed for active salaries of the Management Board members of Lenzing AG:

Fixed and variable current remuneration and termination pay for active members of the Management Board (expensed)

EUR '000

	Peter Untersperger		Thomas Riegler		Robert van de Kerkhof		Friedrich Weninger ¹		Thomas Winkler ²		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fixed current remuneration	585	566	259	0	292	0	435	434	0	435	1,571	1,434
Variable current remuneration	190	318	116	0	133	0	315	352	0	39	754	708
Termination pay	0	0	0	0	0	0	0	0	0	1,620	0	1,620
Total	774	884	376	0	425	0	750	785	0	2,094	2,325	3,763

The amounts reported for Mr. Untersperger and Mr. Weninger in 2014 include variable salary components which were substantiated in previous years and recognized as an expense once the last condition was met in 2014. An additional EUR 171 thousand (2013: EUR 0 thousand) was also recognized as an expense to cover the payments to which Mr. Weninger was entitled.

In addition, entitlements derived from long-term bonus bank models (other long-term employee benefits) fell by EUR 47 thousand in the 2014 financial year (2013: increase of EUR 300 thousand). Remuneration for former members of the Lenzing Management Board or their surviving dependants amounted to EUR 952 thousand in 2014 (2013: EUR 927 thousand).

Members of the Management Board of Lenzing AG received a total of EUR 102 thousand in remuneration in the 2014 financial year for consulting services rendered before their Management Board mandates (2013: EUR 0 thousand).

The principles underlying the remuneration paid to members of the Supervisory Board are laid down in the Articles of Association of Lenzing AG (Section 13), which are published on the Website of the company. In accordance with the Articles of Association, the members of the Supervisory Board are granted an annual remuneration corresponding to their responsibilities as well as the overall situation and financial position of the company.

The remuneration of the Supervisory Board members for the 2013 financial year as resolved upon by the Annual Shareholders' Meeting of Lenzing AG held on April 28, 2014 amounted to the following:

- EUR 30,000 for the Chairman of the Supervisory Board
- EUR 25,000 for the Deputy Chairman of the Supervisory Board
- EUR 20,000 for each other member of the Supervisory Board
- EUR 5,000 for the Chairman of the Audit Committee and Strategy Committee as well as for financial experts
- EUR 2,500 for the Chairman of the Nomination Committee and Remuneration Committee and for each member of a Supervisory Board committee

¹⁾ Member of the Management Board until December 31, 2014. ²⁾ Member of the Management Board until December 31, 2013.

In addition, each Supervisory Board member receives an attendance fee for each Supervisory Board meeting amounting to EUR 1,000 and each member of a Supervisory Board committee is granted an attendance fee of EUR 500 for each committee meeting attended.

Accordingly, the total remuneration paid to the members of the Supervisory Board amounted to EUR 294,450. The remuneration paid during the 2014 financial year to the individual members is listed below:

Michael Junghans	EUR 55,000
Veit Sorger	EUR 45,000
Helmut Bernkopf	EUR 26,000
Josef Krenner	EUR 26,000
Martin Payer	EUR 26,000
Patrick Prügger	EUR 32,000
Andreas Schmidradner	EUR 31,000
Astrid Skala-Kuhmann	EUR 28,250
Franz Gasselsberger	EUR 18,750
Rudolf Baldinger	EUR 1,650
Georg Liftinger	EUR 1,950
Gerhard Ratzesberger	EUR 150
Johann Schernberger	EUR 1,050
Daniela Födinger	EUR 1,050
Franz Berlanda	EUR 600

4) Promoting the career advancement of women on the Management Board, Supervisory Board and executive positions (L-Rule 60 ACCG)

Lenzing AG observes a strict equal opportunity policy and actively promotes the career development of women in management positions in all business areas.

In recent years, the percentage of women holding qualified positions in the company has steadily increased. This includes Ms. Astrid Skala-Kuhmann, who has served on the Supervisory Board since 2012 and Daniela Födinger, also a Supervisory Board member since 2014. Moreover, inasmuch as it is made possible by the respective position, the company promotes the compatibility of career and family life on the basis of flexible working time models and the possibility to work at home.

5) Compliance

After establishing a separate staff unit, the "Group Compliance Office", and developing a Code of Conduct in 2012, the code was adopted as binding rules of behavior by all operating units and subsidiaries. Furthermore, the Issuers' Compliance Directive was revised and published. A Group-wide compliance management system (CMS) was further developed, communicated and implemented within the context of the Lenzing Group Portal (Intranet). In addition to a

CORPORATE GOVERNANCE REPORT 2014

help platform and various information systems, employees also have the opportunity to report suspected violations of compliance rules. More than 250 employees have been given relevant training since the staff unit was set up. The focus of the classroom-based instruction was CMS as well as anti-corruption issues and competition law. A series of guidelines were issued, including procedural instructions related to house searches. A report on compliance activities at Lenzing AG is submitted once a year to the Audit Committee according to C-Rule 18a ACCG.

6) Directors' Dealings

The disclosure of share purchases and sales by members of the Management Board and Supervisory Board is carried out in accordance with valid provisions contained in the Austrian Stock Exchange Act. A link to the Website of the Financial Market Authority can be found on the Website of Lenzing AG.

7) Risk management and internal auditing

The effectiveness of Lenzing's risk management system was evaluated by the auditor Deloitte Audit in accordance with C-Rule 83 ACCG and issued an unqualified opinion. The Management Board was informed about the results. Furthermore, the Head of Risk Management annually reports about current risks during a meeting of the Audit Committee.

The Internal Audit Department reports directly to the Management Board. The annual auditing plan is determined in close collaboration with the Management Board and the Audit Committee. Similarly, the Head of Internal Audit reports to the Audit Committee about the key audit findings.

8) External evaluation

In accordance with C-Rule 62 ACCG, Lenzing submits to an external evaluation of its compliance with the C-Rules and R-Rules of the Austrian Code of Corporate Governance on a regular basis, but at least every third year. Lenzing contracted PwC Upper Austria to evaluate its Corporate Governance Reports 2014. The external evaluation concluded in both cases that the declaration provided by Lenzing AG committing the company to complying with the Austrian Code of Corporate Governance (July 2012 version) gives a true and fair view of the actual situation. All external evaluation reports can be viewed on the company's Website at www.lenzing.com.

Lenzing Aktiengesellschaft
Lenzing, March 12, 2015

The Management Board

Peter Untersperger

Thomas Riegler

Robert van de Kerkhof



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Lenzing AG

Consolidated Income Statement

for the period January 1 to December 31, 2014

EUR '000

		Group	Group	Continued operations	Discontinued operations ¹
	Note	2014	2013	2013	2013
Revenue	(7)	1,864,222	1,908,869	1,858,971	49,898
Changes in inventories of finished goods and work in progress		(2,561)	11,532	12,286	(753)
Work performed by the Group and capitalized		34,631	52,223	52,087	136
Other operating income	(8)	48,530	68,090	36,642	31,448 ²
Cost of material and other purchased services	(9)	(1,199,241)	(1,253,434)	(1,223,413)	(30,022)
Personnel expenses	(10)	(292,000)	(337,034)	(325,985)	(11,049)
Other operating expenses	(12)	(213,279)	(224,835)	(216,734)	(8,101)
Earnings before interest, taxes, depreciation and amortization (EBITDA)⁵		240,302	225,411	193,854	31,557²
Amortization of intangible assets and depreciation of property, plant and equipment	(11)	(221,546)	(142,103)	(138,297)	(3,805)
Income from the release of investment grants		3,170	3,100	3,091	9
Earnings before interest and taxes (EBIT)⁵		21,926	86,409	58,648	27,761²
Income from investments accounted for using the equity method	(14)	(541)	3,831	3,831	0
Income from non-current and current financial assets	(15)	4,519	714	700	13
Financing costs	(16)	(27,416)	(31,269)	(31,265)	(4)
Financial result		(23,439)	(26,725)	(26,734)	9
Allocation of profit or loss to puttable non-controlling interests	(34)	8,818	8,430	9,049	(619)
Earnings before taxes (EBT)⁵		7,305	68,113	40,962	27,151²
Income tax expense	(17)	(21,466)	(18,079)	(10,332)	(7,747) ³
Profit/loss for the year		(14,160)	50,034	30,630	19,404⁴
Profit/loss for the year attributable to shareholders of Lenzing AG		(13,478)	50,113	30,709	19,404 ⁴
Attributable to non-controlling interests		(682)	(79)	(79)	0
Earnings per share	(18)	EUR	EUR	EUR	EUR
Diluted = undiluted		(0.51)	1.89	1.16	0.73

¹⁾ For details to column "Discontinued operations" see Note 5.

²⁾ Incl. gain on disposal before taxes of EUR 25,865 thousand relating to the sale of BU Plastics (see Note 5).

³⁾ Incl. income taxes of EUR 7,689 thousand relating to the sale of BU Plastics (see Note 5).

⁴⁾ Incl. gain on disposal after taxes of EUR 18,176 thousand relating to the sale of BU Plastics (see Note 5).

⁵⁾ EBITDA: Operating result before depreciation and amortization or accordingly earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets and before income from the release of investment grants.

EBIT: Operating result or accordingly earnings before interest and taxes.

EBT: Earnings before taxes.

CONSOLIDATED FINANCIAL STATEMENTS 2014

Lenzing AG

Consolidated Statement of Comprehensive Income

for the period January 1 to December 31, 2014

EUR '000

	Note	2014	2013
Profit/loss for the period as per consolidated income statement		(14,160)	50,034
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability (thereof from investments accounted for using the equity method: 2014: EUR -718 thousand, 2013: EUR -25 thousand)	(33)	(14,614)	(1,394)
Income tax relating to these components of other comprehensive	(29)	3,496	367
		(11,118)	(1,027)
Items that may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences arising during the reporting period (thereof from investments accounted for using the equity method: 2014: EUR 178 thousand, 2013: EUR -443 thousand)	(29)	48,618	(31,895)
Foreign operations – reclassification of foreign currency translation differences on loss of control		0	(580)
Available-for-sale financial assets – net fair value gains/losses on remeasurement recognized in the reporting period	(29)	790	(202)
Available-for-sale financial assets – reclassification of amounts relating to financial assets disposed of in the reporting period	(29)	0	(29)
Cash flow hedges – effective portion of changes in fair value recognized in the reporting period (thereof from investments accounted for using the equity method: 2014: EUR -23 thousand, 2013: EUR 0 thousand)	(29)	(35,107)	1,997
Cash flow hedges – reclassification to profit or loss (thereof from investments accounted for using the equity method: 2014: EUR 18 thousand, 2013: EUR 0 thousand)	(29)	7,653	(3,565)
Income tax relating to these components of other comprehensive income	(29)	6,057	787
		28,012	(33,486)
Other comprehensive income - net of tax		16,893	(34,513)
Total comprehensive income		2,733	15,521
Attributable to shareholders of Lenzing AG		602	16,499
Attributable to non-controlling interests		2,131	(979)

Lenzing AG

Consolidated Statement of Financial Position as at December 31, 2014

EUR '000

Assets	Note	31/12/2014	31/12/2013
Intangible assets	(19)	21,931	87,411
Property, plant and equipment	(20)	1,322,490	1,324,509
Investments accounted for using the equity method	(21)	37,956	39,083
Financial assets	(22)	23,194	23,176
Deferred tax assets	(32)	21,534	11,271
Current tax assets		6,865	17,595
Other non-current assets	(23)	9,003	5,173
Non-current assets		1,442,975	1,508,217
Inventories	(24)	344,092	311,483
Trade receivables	(25, 26)	232,769	258,841
Current tax assets		13,785	10,531
Other current assets	(27)	69,640	62,970
Cash and cash equivalents	(36)	271,791	287,882
Current assets		932,076	931,707
Total assets		2,375,051	2,439,924
Equity and liabilities	Note	31/12/2014	31/12/2013
Share capital		27,574	27,574
Capital reserves		133,919	133,919
Other reserves		(30,153)	(44,234)
Retained earnings		890,376	950,390
Equity attributable to shareholders of Lenzing AG		1,021,716	1,067,649
Non-controlling interests		23,919	21,813
Equity	(29)	1,045,634	1,089,462
Financial liabilities	(31)	537,033	609,605
Government grants	(30)	21,994	22,990
Deferred tax liabilities	(32)	44,830	41,797
Provisions	(33)	130,007	106,786
Puttable non-controlling interests	(34)	12,410	19,534
Other liabilities	(35)	7,640	2,302
Non-current liabilities		753,914	803,015
Financial liabilities	(31)	192,745	191,075
Trade payables	(35)	181,130	176,592
Government grants	(30)	4,565	3,035
Current tax liabilities		25,186	14,782
Provisions	(33)	81,382	126,423
Other liabilities	(35)	90,493	35,540
Current liabilities		575,502	547,447
Total assets		2,375,051	2,439,924

CONSOLIDATED FINANCIAL STATEMENTS 2014

Lenzing AG

Consolidated Statement of Changes in Equity

for the period January 1 to December 31, 2014

	Note	Share capital	Capital reserves	Foreign currency translation reserve
As at 01/01/2013		27,574	133,919	12,036
Profit/loss for the year according to consolidated income statement		0	0	0
Other comprehensive income – net of tax		0	0	(30,969)
Total comprehensive income		0	0	(30,969)
Acquisition of non-controlling interests and other changes in scope of consolidation	(4, 29)	0	0	0
Dividends		0	0	0
Reclassification due to settlement or disposal of defined benefit plans	(33)	0	0	0
As at 31/12/2013 = 01/01/2014		27,574	133,919	(18,932)
Profit/loss for the year according to consolidated income statement		0	0	0
Other comprehensive income – net of tax		0	0	45,842
Total comprehensive income		0	0	45,842
Acquisition of non-controlling interests and other changes in scope of consolidation	(4, 29)	0	0	0
Dividends		0	0	0
As at 31/12/2014		27,574	133,919	26,909

See in particular Note 29.

Other reserves

EUR '000

Available-for-sale financial assets	Hedging reserve	Actuarial gains/losses	Retained earnings	Equity attributable to shareholders of Lenzing AG	Non-controlling interests	Equity
1,013	1,605	(26,253)	953,262	1,103,156	27,544	1,130,700
0	0	0	50,113	50,113	(79)	50,034
(173)	(1,306)	(1,167)	0	(33,614)	(900)	(34,513)
(173)	(1,306)	(1,167)	50,113	16,499	(979)	15,521
0	0	0	1,094	1,094	(4,564)	(3,471)
0	0	0	(53,100)	(53,100)	(188)	(53,288)
0	0	979	(979)	0	0	0
840	299	(26,441)	950,390	1,067,649	21,813	1,089,462
0	0	0	(13,478)	(13,478)	(682)	(14,160)
589	(21,286)	(11,064)	0	14,080	2,813	16,893
589	(21,286)	(11,064)	(13,478)	602	2,131	2,733
0	0	0	(73)	(73)	75	2
0	0	0	(46,463)	(46,463)	(100)	(46,563)
1,429	(20,987)	(37,505)	890,376	1,021,716	23,919	1,045,634

CONSOLIDATED FINANCIAL STATEMENTS 2014

Lenzing AG

Consolidated Cash Flow Statement

for the period January 1 to December 31, 2014

EUR '000

	Note	2014	2013
Profit/loss for the year (of continued operations)		(14,160)	30,630
+ Profit/loss for the year of discontinued operations		0	19,404
+ Amortization of intangible assets and depreciation of property, plant and equipment	(11)	221,546	138,297
- Income from the release of investment grants		(3,170)	(3,091)
+/- Change in non-current provisions		531	(30,341)
- Income/+ expenses from deferred taxes		783	(1,940)
+/- Change in receivables and liabilities from current income tax		20,418	(42,304)
+/- Non-cash income from investments accounted for using the equity method		581	(3,790)
- Other non-cash income/+ expenses	(37)	4,277	307
Other non-cash income/expenses from discontinued operations	(5)	0	(12,621)
Gross cash flow		230,806	94,551
+/- Change in inventories		(18,435)	(38,443)
+/- Change in receivables		25,887	(3,991)
+/- Change in liabilities		(19,444)	28,818
Change in working capital		(11,992)	(13,615)
Change in working capital of discontinued operations		0	1,345
Cash flow from operating activities		218,814	82,281
- Acquisition of intangible assets, property, plant and equipment		(104,311)	(246,008) ¹
- Acquisition of financial assets		(2,307)	(8,318)
+ Proceeds from the sale of intangible assets, property, plant and equipment		337	936
+ Proceeds from the sale/repayment of financial assets		3,468	40,712
Net cash flows from discontinued operations	(5, 37)	0	60,528
Cash flow from investing activities		(102,812)	(152,151)
- Distribution to shareholders		(46,563)	(53,288)
- Acquisition of non-controlling interests		0	(3,471)
+ Sale of stakes to non-controlling shareholders	(4)	2	0
+ Investment grants		1,027	1,051
+/- Change in current financial liabilities		(3,487)	(38,650)
+ Inflows from private placements	(31)	0	29,000
+ Inflows from non-current financial liabilities		10,721	9,294
- Repayments on non-current financial liabilities		(100,493)	(73,090)
Net cash flows from discontinued operations	(5)	0	5,081
Cash flow from financing activities		(138,792)	(124,071)
Change in cash and cash equivalents before reclassification		(22,791)	(193,941)
+/- Reclassification of cash and cash equivalents from discontinued operations, assets held for sale and disposal groups		0	2,406
Total change in cash and cash equivalents		(22,791)	(191,535)
Cash and cash equivalents at beginning of the year		287,882	481,658
Currency translation adjustment relating to cash and cash equivalents		6,700	(2,242)
Cash and cash equivalents at the end of the year	(36)	271,791	287,882
Additional information on payments in cash flow from operating activities:			
Interest payments received		1,714	4,245
Interest payments made		23,805	23,183
Income taxes paid		370	59,137
Distributions received from investments accounted for using the equity method		40	40

¹) Excluding acquisition of intangible assets and property, plant and equipment of former BU Plastics (2013: EUR 2,671 thousand).

Lenzing AG

Notes to the Consolidated Financial Statements

as at December 31, 2014

General Information

NOTE 1 Fundamentals

Description of the company and its business activities

The Lenzing Group (the "Group") consists of Lenzing Aktiengesellschaft (Lenzing AG) and its consolidated companies. Lenzing AG is a listed stock corporation under Austrian law. It is entered in the Commercial Register of the Wels Commercial and Regional Court, Austria, under FN 96499 k. Its registered office is Werkstrasse 2, 4860 Lenzing, Austria. The shares of Lenzing AG are listed on the Prime Market (since April 18, 2011) and in the ATX benchmark index (since September 19, 2011) of the Vienna Stock Exchange in Vienna, Austria.

The main shareholder of Lenzing AG as at December 31, 2014 was the B&C Group, which directly and indirectly holds 67.60% of the share capital of Lenzing AG (December 31, 2013: 67.60%). The direct majority shareholder of Lenzing AG is B&C Lenzing Holding GmbH, Vienna. In addition, B&C Iota GmbH & Co. KG, Vienna, also holds shares in Lenzing AG. The indirect majority shareholder of Lenzing AG, which prepares and publishes consolidated financial statements including the Lenzing Group, is B&C Industrieholding GmbH, Vienna. The ultimate parent company of the B&C Group, and therefore also of Lenzing AG, is B&C Privatstiftung, Vienna.

The core business of the Lenzing Group is the production and marketing of man-made cellulose fibers. A significant portion of the pulp needed for production purposes is manufactured in the Group's own plants or partially bought in. The most important raw material for the manufacture of pulp is wood, which is bought in. The Lenzing Group also operates in mechanical and plant engineering and offers engineering services. Specialty products made of plastic polymers are also produced. The Lenzing Group has production locations in Austria (Lenzing and Heiligenkreuz), Germany (Kelheim), the Czech Republic (Paskov), the UK (Grimsby), the United States (Mobile), Indonesia (Purwakarta) and China (Nanjing). The sales network comprises sales companies in China (Hong Kong and Shanghai) and sales offices in Indonesia (Jakarta), India (Coimbatore) and the United States (New York).

Presentation of the consolidated financial statements

The consolidated financial statements for the period from January 1 to December 31, 2014 were prepared in accordance with all International Financial Reporting Standards (IFRSs) and interpretations effective as at the end of the reporting period, as endorsed in the EU. The additional requirements of section 245a para 1 of the Austrian Commercial Code (österreichisches Unternehmensgesetzbuch – öUGB) were also fulfilled.

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The reporting currency is euro (EUR), which is also the functional currency of Lenzing AG and a majority of its subsidiaries. The figures shown in these consolidated financial statements and in the notes, unless stated otherwise, have been rounded up to the next thousand. Arithmetic differences due to rounding effects can occur when adding up rounded amounts and percentages using automatic tools.

The consolidated financial statements consist of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements.

Use of financial key figures

The financial key figures used in the consolidated financial statements that are not shown directly in the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement are defined and where necessary derived and explained further on their first mention in the notes to the consolidated financial statements. In the Lenzing Group's 2014 Annual Report, the financial key figures used are also collated and presented in the Glossary.

Use of estimates, assumptions and judgments

In preparing the IFRS consolidated financial statements, the Management Board of Lenzing AG uses estimates, assumptions and judgments. These estimates, assumptions and judgments are based on the circumstances assumed as at the end of the reporting period and can have a significant effect on the presentation of the financial position and financial performance of the Group. They concern the recognition and value of assets and liabilities, contingent assets and liabilities, the reporting of cash flows and income and expenses (including other comprehensive income) and the presentation of disclosures in the notes to the consolidated financial statements.

In the case of the following assumptions about the future and other major sources of estimation uncertainty on the reporting date, there is a considerable risk in the Lenzing Group that they could lead to a material adjustment of the financial position and financial performance – in particular the carrying amounts of assets and liabilities – in the subsequent reporting period:

- The assessment of the recoverability of intangible assets – especially goodwill – and property, plant and equipment – especially at the level of cash-generating units – in impairment tests is based on assumptions about the future. Several assumptions are applied when determining the recoverable amounts in impairment tests. Future cash flows and the discount rate (WACC) play a significant role here. Other assumptions are also included in the assessment (such as in connection with perpetuities). Goodwill and property, plant and equipment at the level of cash-generating units react particularly sensitively to changes in these assumptions because of the large number of estimation parameters. Further detailed information is given in Notes 19, 20 and 3 (under "Impairments").

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- When measuring existing defined benefit pension plans and similar obligations – “old severance payment” system and similar systems (e.g. jubilee benefits) – assumptions are made with regard to the actuarial, demographic and financial parameters. In particular, these include the discount rate and future increases in salaries and pensions. Other assumptions are also included in the assessment (such as staff turnover deductions and biometric data). Because of the complexity of the assessment and its longterm nature, these obligations are sensitive to changes in these assumptions. Further detailed information is given in Notes 33 and 3 (under “Obligations from pensions and severance payments” and “Obligations from jubilee benefits”).
 - The recognition of deferred tax assets under the line item “Deferred tax assets” – provided that there are insufficient taxable temporary differences - is based on the assumption that sufficient taxable income will be generated in the future to utilize existing unused tax loss carryforwards, unused tax credits or other deductible temporary differences. The recognition of deferred tax assets requires a significant estimate regarding the expected date and amount of the future tax results. Further detailed information is given in Notes 32 and 3 (under “Current taxes and deferred taxes [deferred tax assets and liabilities]”).
 - The recognition of (other) provisions is based on estimates concerning the probability of the future outflow of benefits. In measuring these items, assumptions are also made with regard to the expected amount required to settle the obligations. These uncertainties relate in particular to provisions for restructuring measures – especially severance payments and settlements due to the headcount reduction (such as the number of jobs to be cut in the future and costs to be incurred), provisions for guarantees and warranties (such as when the risks for which provisions have been made will take effect and their amount), provisions for anticipated losses and other risks (such as the future volume of sales or procurement and future prices or costs) and other provisions for legal disputes, which depend largely on the estimate of the outcome of the process and the costs then incurred. Further detailed information is given in Notes 33 and 3 (under “Provisions”).

Assumptions and estimates are based on experience and other considerations that the Management Board considers appropriate. However, the amounts that ultimately arise can deviate from these assumptions and estimates if the general conditions assumed develop differently from expectations as at the end of the reporting period. Changes are taken into account when better information is learned and the assumptions are adjusted accordingly.

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When applying the accounting policies, the following significant judgments were made in the Lenzing Group that had a material influence on the amounts in the consolidated financial statements:

- For the derecognition of receivables in connection with factoring agreements, judgment is used concerning the fulfillment of derecognition requirements as defined by IAS 39. Further detailed information is given in Notes 39 (under “Transfer of financial assets [sale of receivables/factoring]”) and 3 (under “Financial instruments”).
- For the inclusion of Group companies in the scope of consolidation, judgments are made about the nature or method of consolidation, specifically about the existence of control, significant influence or a joint venture, etc., as per IFRS 10, IFRS 11 and IAS 28. Further detailed information is given in Notes 1 (under “Scope of consolidation”), 47 (under “Comments” in connection with the table “Group companies”) and 3 (under “Principles of consolidation for subsidiaries” and “Investments accounted for using the equity method”).

Scope of consolidation

The consolidated financial statements of the Lenzing Group include Lenzing AG as the parent company and its subsidiaries, each on the basis of financial statements as at December 31, 2014. If the financial years of consolidated subsidiaries do not end on the reporting date for Lenzing AG on December 31, interim financial statements are prepared for the purposes of consolidation. This is the case for one subsidiary (December 31, 2013: one subsidiary), which has a different reporting date due to local legal requirements (see Note 47).

Investments in associates and joint ventures are accounted for using the equity method.

The number of companies included in the consolidated financial statements developed as follows:

Development in number of companies included in consolidation	2014		2013	
	Full consolidation	Equity consolidation	Full consolidation	Equity consolidation
As at 01/01	31	8	35	8
Included in consolidation for the first time in reporting period	1	0	0	0
Deconsolidated in reporting period	0	0	(4)	0
As at 31/12	32	8	31	8
Thereof in Austria	14	4	14	4
Thereof abroad	18	4	17	4

Changes in the scope of consolidation are described in Note 4. A list of all Group companies as at December 31, 2014 can be found in Note 47. The main Group companies operate in the production and marketing of man-made cellulose fibers and, in some cases, of pulp (Segment Fibers).

On the basis of its comprehensive co-determination rights, Lenzing AG controls assets in the wholesale fund GF 82, a special fund under section 20a of the Austrian Investment Fund Act (österreichisches Investmentfondsgesetz – öInvFG). The fund is therefore classified as a structured entity and – as in previous periods – fully consolidated. The securities held in the fund serve to fulfill the fiscal securities coverage of the pension provisions from Austrian pension plans as required under section 14 of the Austrian Income Tax Act (österreichisches Einkommensteuergesetz – öEStG). The material, unchanged risks of the fund are traditional investment risks (especially default and market price risks). At present, the Lenzing Group does not intend to grant the fund financial or other aid or to assist in the procurement of financial aid.

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NOTE 2 Changes in accounting policies

Overview

In financial year 2014, the Lenzing Group maintained the accounting policies applied in the previous financial year, with the exception of the changes described in this section. The accounting policies are described in detail in Note 3.

Mandatory changes in accounting policies

Standards and interpretations applicable from financial year 2014

The following new and amended standards and interpretations were adopted into EU law and became mandatory for the Lenzing Group for the first time in financial year 2014:

Standards/interpretations	Publication by the IASB	Mandatory application according to IASB for financial years from	Adoption by the EU as at 31/12/2014
IFRS 10 Consolidated Financial Statements (mandatory application according to the European Commission from January 1, 2014)	12/05/2011	01/01/2013	Yes
IFRS 11 Joint Arrangements (mandatory application according to the European Commission from January 1, 2014)	12/05/2011	01/01/2013	Yes
IFRS 12 Disclosure of Interests in Other Entities (mandatory application according to the European Commission from January 1, 2014)	12/05/2011	01/01/2013	Yes
IFRS 10, 11, 12 Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12 - mandatory application according to the European Commission from January 1, 2014)	28/06/2012	01/01/2013	Yes
IAS 27 Separate Financial Statements (mandatory application according to the European Commission from January 1, 2014)	12/05/2011	01/01/2013	Yes
IAS 28 Investments in Associates and Joint Ventures (mandatory application according to the European Commission from January 1, 2014)	12/05/2011	01/01/2013	Yes
IAS 32 Offsetting Financial Assets and Financial Liabilities	16/12/2011	01/01/2014	Yes
IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	29/05/2013	01/01/2014	Yes
IFRS 10, 12, IAS 27 Investment Entities	31/10/2012	01/01/2014	Yes
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	27/06/2013	01/01/2014	Yes

The new and amended standards and interpretations shown above have the following effects on the financial position and financial performance of the Lenzing Group as at December 31, 2014:

Three new IFRSs (10, 11 and 12) were published in May 2011 in connection with the presentation of IFRS consolidated financial statements and IFRS separate financial statements. IFRS 10 introduces a uniform control model for determining whether an investee should be consolidated. It specifies that an investor controls an investee when the investor is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This new definition does not result in any changes in the type of consolidation for the consolidated companies of the Lenzing Group and therefore also does not result in any changes in the current accounting treatment of these consolidated companies. Neither has the scope of consolidation changed.

Under IFRS 11, the structure of the joint arrangement, while still representing an important aid to decision-making, is no longer the main factor for determining the type of joint arrangement and thus for the subsequent accounting treatment. The Group's interest in a joint operation that constitutes an arrangement whereby the parties have rights to the assets and obligations for the liabilities is accounted for on the basis of the Group's interest in these assets and liabilities. All of the Group's shares in a joint venture that constitutes an arrangement whereby the parties have rights to the net assets are accounted for using the equity method according to IAS 28. As the Lenzing Group already used the equity method for its joint ventures and no other material changes occurred, this has no effect.

IFRS 12 combines all disclosure requirements for an entity's interests in subsidiaries, joint arrangements (joint operations and joint ventures), associates and unconsolidated structured entities in one standard. It gives rise to changes for the Lenzing Group, including with regard to disclosures on companies accounted for using the equity method, on underlying judgments, and on the assumptions for control, significant influence or a joint arrangement. In addition, the disclosures on material non-controlling interests were expanded (see in particular Notes 3, 21, 29 and 47).

The amendments to IAS 36 (Recoverable Amount Disclosures for Non-Financial Assets) were voluntarily adopted early as at December 31, 2013. The amendments to IAS 36 resulted in extended disclosures in the notes on non-financial assets for which an impairment loss or a reversal of an impairment loss was recognized (see Notes 19 and 20 in particular).

The other new or amended standards and interpretations that are applicable from January 1, 2014 do not result in any significant changes in the financial statements of the Lenzing Group. The accounting policies and measurement and presentation methods applied in the consolidated financial statements therefore remained largely unchanged in comparison to the last consolidated annual financial statements of the Lenzing Group as at December 31, 2013.

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Standards and interpretations that are already published but not mandatory until subsequent financial years

The following new and amended standards and interpretations that had already been published by the IASB when the consolidated financial statements were prepared were not yet mandatory for the Lenzing Group for financial years beginning on or before January 1, 2014:

Standards/interpretations	Publication by the IASB	Mandatory application according to IASB for financial years from	Adoption by the EU as at 31/12/2014
IFRIC 21 Levies (mandatory application according to the European Commission from June 17, 2014)	20/05/2013	01/01/2014	Yes
IAS 19 Defined Benefit Plans: Employee Contributions (mandatory application according to the European Commission from February 1, 2015)	21/11/2013	01/07/2014	Yes
Various Amendment of a number of IFRSs as a result of the 2010-2012 improvement process (mandatory application according to the European Commission from February 1, 2015)	12/12/2013	01/07/2014	Yes
Various Amendment of a number of IFRSs as a result of the 2011-2013 improvement process (mandatory application according to the European Commission from January 1, 2015)	12/12/2013	01/07/2014	Yes
IFRS 14 Regulatory Deferral Accounts	30/01/2014	01/01/2016	No
IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	06/05/2014	01/01/2016	No
IAS 16, 38 Property, Plant and Equipment, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization	12/05/2014	01/01/2016	No
IFRS 15 Revenue from Contracts with Customers	28/05/2014	01/01/2017	No
IAS 16, 41 Property, Plant and Equipment, Agriculture: Bearer Plants	30/06/2014	01/01/2016	No
IFRS 9 Financial Instruments	24/07/2014	01/01/2018	No
IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements	12/08/2014	01/01/2016	No
IFRS 10, IAS 28 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11/09/2014	01/01/2016	No
Various Amendment of a number of IFRSs as a result of the 2012-2014 improvement process	25/09/2014	01/01/2016	No
IFRS 10, 12, IAS 28 Investment Entities: Application of the Investment Entities Exceptions	18/12/2014	01/01/2016	No
IAS 1 Disclosure Initiative	18/12/2014	01/01/2016	No

The new and amended standards and interpretations shown above were not adopted early by the Lenzing Group; they are expected to have the following effects on the financial position and financial performance of the Lenzing Group in future financial years:

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- **IFRS 9 and IFRS 7:** IFRS 9 (Financial Instruments) stipulates changes with regard to the categorization and measurement of financial instruments, impairment of financial assets and regulations for hedge accounting. As things stand, the Lenzing Group expects the application of IFRS 9 to mainly affect financial assets (especially their categorization and in isolated cases their measurement). Due to the conversion to the uniform expected credit loss model, bad debt provisions for financial instruments (especially for trade receivables) will tend to be recognized earlier in future. Simplifications in hedge accounting are also expected. IFRS 7 (Financial Instruments: Disclosures), revised in the course of the release of IFRS 9, will result in changed or expanded disclosures in the notes, specifically regarding defaults of receivables, hedge accounting, and the presentation of financial instrument categories.
 - **IFRS 15:** IFRS 15 (Revenue from Contracts with Customers) stipulates, according to a principle-based model, when and what amount of revenue must be recognized and requires disclosures in the notes on revenue obtained from contracts with customers. The Lenzing Group is currently analyzing whether this will result in changes. As things stand, the Lenzing Group does not expect the adoption of IFRS 15 to result in any significant changes to accounting policies concerning the date and amount of the recognition of revenue from customer contracts. In particular, changed or expanded disclosures in the notes concerning revenue will be required.
 - **Others:** There are a number of other standards, amendments and interpretations that either are not relevant to the Lenzing Group or do not have any significant impact on its earnings, assets, liabilities or cash flows.

The application of these standards and interpretations is planned following their endorsement by the EU in each case.

Voluntary changes in accounting policies

Segment Engineering was renamed to Segment Lenzing Technik (see Note 6). There were no other voluntary changes to accounting policies.

NOTE 3 Accounting policies

Presentation

The consolidated statement of financial position differentiates between current and non-current assets and liabilities based on their maturities. Deferred tax assets and liabilities are shown as non-current assets and liabilities. The consolidated income statement is structured in accordance with the nature of expense method. The consolidated cash flow statement is prepared using the indirect method. In the consolidated cash flow statement, interest paid and received, income taxes paid and dividends received are allocated to cash flow from operating activities. Dividends paid are reported in the cash flow from financing activities.

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Measurement

In the case of intangible assets, property, plant and equipment, loans granted, inventories, receivables and liabilities, historical cost represents the fundamental basis for measurement.

In the case of available-for-sale financial assets and derivative financial instruments, the basis for measurement is the fair value as at the reporting date. Plan assets in the context of defined benefit pension obligations are also measured at fair value as at the reporting date. Assets and liabilities from company acquisitions are measured at fair value as at the acquisition date. Assets classified as held for sale are measured at the lower of their carrying amount and their fair value less costs of disposal.

Principles of consolidation for subsidiaries

Subsidiaries are companies under the control of the parent company. An investee (including structured entities) is controlled when the parent company:

- can exercise power over the investee,
- is exposed to or has rights to variable returns from its involvement in the investee and
- has the ability to affect the amount of those returns through its power over the investee.

Control is generally assumed when Lenzing AG holds more than 50% of the voting rights and there are no indications to the contrary. Subsidiaries are included in the consolidated financial statements by way of full consolidation. The inclusion begins when control is obtained and ends when it is lost.

The acquisition of subsidiaries is accounted for using the acquisition method. Under this method, the assets acquired and the liabilities assumed (including contingent liabilities) are recognized at fair value as at the acquisition date. Goodwill corresponds to the surplus of the sum of the consideration transferred, the amount of non-controlling interests in the acquiree and, if applicable, the fair value of the equity interest previously held in the acquiree by the Lenzing Group, over the net assets as at the acquisition date. For every acquisition, the Lenzing Group makes an individual decision as to whether the non-controlling interests in the acquiree shall be recognized at fair value or on the basis of the proportionate share in the net assets of the acquired subsidiary. Any negative goodwill that arises is recognized as income after a reassessment of the measurement of net assets. Incidental acquisition costs are recognized in profit or loss in the period in which they arise.

On addition, non-controlling interests are measured either at fair value or at the corresponding share of the recognized carrying amounts of net assets. They are reported in equity and in income as "Non-controlling interests".

The capital shares attributable to the non-controlling shareholders of certain companies (currently Lenzing (Nanjing) Fibres Co., Ltd.) are reported outside equity. Owing to the limitation of the companies under company law, these capital shares do not constitute equity under IFRS. Initial measurement is at fair value, which generally corresponds to the fair value of

the non-controlling shareholder's contribution at the time of the contribution. In subsequent measurement, the amount recognized in liabilities on initial measurement is increased by the gain accrued/reduced by the loss incurred up to the measurement date. In the statement of financial position, these third-party capital shares are reported in the "Puttable non-controlling interests" item under liabilities or in the "Other current assets" item under assets. The change in net assets attributable to those non-controlling interests that is recognized in profit or loss is reported in the item "Allocation of profit or loss to puttable non-controlling interests" in the income statement. In addition, any amounts recognized directly in equity are included in the measurement of the liability/receivable. Distributions of profits to non-controlling shareholders reduce the liability/increase the receivable.

Changes in shares in subsidiaries already controlled are treated as transactions between owners. The difference between the consideration and the pro rata carrying amount of non-controlling interests is recognized directly in retained earnings.

If control over a subsidiary is lost, the remaining interest in the former subsidiary is measured at fair value through profit or loss.

In the case of an acquisition achieved in stages that results in control being obtained, the difference between the carrying amount and the fair value as at the date of initial full consolidation is recognized in profit or loss.

Material assets and liabilities and expenses and income resulting from transactions between consolidated companies are eliminated on consolidation. Material intra-group profits resulting from trade relationships between consolidated companies are eliminated if the assets concerned are still on stock as at the reporting date.

Currency translation

The reporting currency of Lenzing AG and the Lenzing Group is the euro. The subsidiaries prepare their annual financial statements in their respective functional currency. The functional currency is the main currency for the economic activity of the company in question. Except for PT. South Pacific Viscose, the functional currency is the currency of the country or region where the respective subsidiary is based. The functional currency for PT. South Pacific Viscose is the US dollar.

Exchange rate gains or losses from transactions by consolidated companies in a currency other than the functional currency are recognized in profit or loss. Monetary items of consolidated companies that are not denominated in the functional currency are converted using the closing rate on the reporting date.

In the course of consolidation, the assets and liabilities of subsidiaries are converted from the functional currency to the reporting currency (euro) using the closing rate on the reporting date. Revenue and other income and expenses are converted at the average rate for the month in which the income and expenses arise. Exchange differences resulting from the use of different exchange rates are recognized as a separate item in other comprehensive income. This item also includes exchange differences on receivables that represent a part of the net investment in a foreign operation.

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In the case of company acquisitions, the carrying amounts of the assets acquired and the liabilities assumed are adjusted to their fair values as at the acquisition date. These adjustments and the goodwill from company acquisitions are treated as assets/liabilities of the acquired subsidiary and are thus subject to currency translation as part of consolidation.

The following key exchange rates were used for currency translation into the reporting currency (euro):

Exchange rates for key currencies		2014		2013	
Unit	Currency	Average	Reporting date	Average	Reporting date
1 EUR	USD US Dollar	1.2160	1.3285	1.3783	1.3281
1 EUR	GBP British Pound	0.7823	0.8061	0.8364	0.8493
1 EUR	CZK Czech Koruna	27.7280	27.5360	27.4800	25.9800
1 EUR	CNY Renminbi Yuan	7.5442	8.1857	8.3555	8.1646
1 EUR	HKD Hong Kong Dollar	9.4340	10.3025	10.6886	10.3016
1 EUR	INR Indian Rupee	77.1686	81.0406	85.3040	77.9300

Non-current assets and liabilities held for sale and disposal groups

An entity shall classify a non-current asset (or disposal group and directly associated liabilities) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before their classification as held for sale, the assets (or parts of a disposal group and directly associated liabilities) are measured in accordance with the Group's accounting policies. After the reclassification, non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses from the initial classification as held for sale and subsequent increases and decreases in value in the context of measurement are recognized in profit or loss. Intangible assets and property, plant and equipment classified as held for sale are no longer amortized/depreciated on a systematic basis.

Discontinued operations

Discontinued operations are parts of a company that represent a separate major operation or geographic area of operations and that have been sold or are held for sale, or subsidiaries that are acquired solely for the purpose of resale. Operations are classified as discontinued operations on disposal or at an earlier date if they fulfill the criteria for discontinued operations. If operations are classified as discontinued operations, then the statement of comprehensive income and the statement of cash flows must be presented as if these operations had been classified as discontinued operations since the beginning of the comparative period.

Intangible assets

Acquired intangible assets are reported at cost less accumulated amortization as at the reporting date if they have a limited useful life. The option to apply the revaluation model is not exercised. The cost of production comprises all costs attributable to the production process (direct costs and overheads), as well as pro rata borrowing costs in the case of qualifying assets. Amortization, depreciation, impairment, and reversals of impairment losses attributable to the financial year are reported under the item "Amortization of intangible assets and depreciation of property, plant and equipment" in the income statement.

Development costs from internally generated intangible assets are capitalized if they fulfill the criteria of IAS 38. Otherwise, the development costs concerned are recognized as an expense. Research costs are generally recognized as an expense.

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Depreciation is calculated using the straight-line method on the basis of the estimated useful lives. The estimated useful lives of the most important assets are as follows:

Useful lives for intangible assets

	Years
Software/computer programs	3 to 4
Licenses and other intangible assets	
Purchased	4 to 20
Developed internally	5 to 15

Assets acquired second-hand are depreciated over their remaining useful lives. Goodwill, trademark rights and other intangible assets with indefinite useful lives are amortized only if they are impaired.

Property, plant and equipment

Property, plant and equipment is reported at cost less accumulated depreciation as at the reporting date. The option to apply the revaluation model is not exercised. The cost of production comprises all costs attributable to the production process (direct costs and overheads), as well as pro rata borrowing costs in the case of qualifying assets.

Amortization, depreciation, impairment, and reversals of impairment losses attributable to the financial year are reported under the item "Amortization of intangible assets and depreciation of property, plant and equipment" in the income statement.

Depreciation is calculated using the straight-line method on the basis of the estimated useful lives. The estimated useful lives of the most important assets are as follows:

Useful lives for property, plant and equipment

	Years
Land use rights	30 to 99
Buildings	10 to 50
Fiber production lines	10 to 15
Energy production facilities	10 to 25
Other mechanical equipment	4 to 20
Vehicles	4 to 20
Office equipment and other fixtures and fittings	4 to 15
IT hardware	3 to 10

Assets acquired second-hand are depreciated over their remaining useful lives. Land is depreciated only if it is impaired. Major conversions are capitalized, whereas regular maintenance work, repairs and minor conversions are recognized as expenses at the time they are incurred.

Leases

If all material risks and rewards associated with ownership of a leased asset are transferred to the lessee, then the lease involved is a finance lease. All other leases are classified as operating leases.

In the case of finance leases in which the Lenzing Group is the lessee, the leased assets are capitalized at the fair value of the asset or, if lower, the present value of the future minimum lease payments. Depreciation is recognized over the economic life of the relevant item of property, plant and equipment or over the term of the lease if this is shorter. The assets resulting from the leases are capitalized under property, plant and equipment, while the payment obligations are recognized in liabilities to other lenders under non-current and current financial liabilities. Each lease installment is split into an interest component and a repayment component in order to keep the interest charged on the liability at a constant level. The interest component is recognized in profit or loss.

The Lenzing Group does not currently recognize any finance leases as a lessor.

In the case of operating leases, the agreed lease payments are recognized on a straight-line basis over the lease term as expenses (if the Lenzing Group is the lessee) or income (if the Lenzing Group is the lessor) in the income statement.

Impairments for intangible assets, property, plant and equipment, investments accounted for using the equity method and cash-generating units

Cash-generating units to which goodwill is allocated and intangible assets with indefinite useful lives are tested for impairment at least once a year, or more frequently if appropriate. The annual impairment tests are performed in the fourth quarter of each financial year. All other intangible assets, property, plant and equipment and investments accounted for using the equity method are tested for impairment if there is evidence to suggest that they are impaired.

An asset or cash-generating unit is impaired if its recoverable amount is lower than its carrying amount. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. The value in use corresponds to the present value of estimated future cash flows assuming a market interest rate that is adjusted for the specific risks of the asset. The cash flows are derived from current planning. To determine the fair value less costs of disposal, any recent market transactions are taken into account. If no such transactions can be identified, a suitable measurement model is applied.

When determining the recoverable amount, assumptions about future developments are made, particularly with regard to the development of production and sales volumes, which

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may not actually materialize. Furthermore, estimates are made with regard to the conditions of a potential sale of these assets on the market.

If the recoverable amount for an asset cannot be determined, the asset is included in a cash-generating unit. Cash-generating units are the groups of assets at the lowest level that generate cash flows independently of other assets. Goodwill and trademark rights with indefinite useful lives are allocated to the cash-generating units that are expected to benefit from synergies resulting from the relevant company acquisition and that represent the lowest level of management control of cash flows within the Group. In the Lenzing Group, these are individual production sites in particular.

In the case of cash-generating units to which goodwill has been allocated and cash-generating units with trademark rights that have an indefinite useful life, the Lenzing Group initially calculates the recoverable amount on the basis of fair value less costs of disposal. The fair value less costs of disposal of cash-generating units to which goodwill has been allocated and cash-generating units with trademark rights that have an indefinite useful life is derived based on budgets and cash flow projections approved by the Management Board for the next four years on a post-tax basis. In justified exceptions, the cash flow projections are extended to up to five years (2013: up to six years). This is the case for cash-generating units where there are plans for increased capital investments whose cash flow potential will not be fully reflected in the cash flows and who therefore will not reach the "steady state" until after four years. Based on the assumptions of the past year, perpetuums taking account of a sustainable long-term growth rate of 0.7% to 1.1% (December 31, 2013: 0.9% to 1.3%) are anticipated after the detailed planning period. The estimate used for the sustainable long-term growth rate is half of the inflation rate for the next few years in the relevant country that is expected by an international economic research center. This value usually tends to offset general inflation. The planned/projected cash flows are discounted to their present value using a discounted cash flow method. Fair value measurement is classified in full in Level 3 of the fair value hierarchy, since key input factors (particularly cash flows) cannot be observed on the market. The discount rate used is a composite rate (weighted average cost of capital – WACC) combining the average interest rate for debt capital and the anticipated return on the equity employed and calculated on an individual basis using the capital asset pricing model (CAPM). This discount rate reflects current market assessments and the risks specific to the cash-generating units concerned. For the 4th quarter 2014 WACCs after taxes between 7.0% and 10.4% were used (as at December 31, 2013: between 7.6% and 11.7%).

The WACCs were mainly determined based on externally available capital market data from comparable companies (particularly for determining the risk premium). Planning and projections of free cash flows (freely available cash flows) are based in particular on internal assumptions with regard to anticipated future sales prices and volumes (revenue development) and the costs required for this (particularly commodities and energy, as well as labor and taxes), taking into account the expected market environment and market positioning. In addition, anticipated investments and the changes in working capital (inventories plus operating receivables less operating liabilities) also play a role. These internal assumptions are based on past experience, current operating results and the assessment of future developments. They are supplemented by external market assumptions such as sector-specific market studies and economic outlooks.

If the recoverable amount of the asset or cash-generating unit is lower than its carrying amount, an impairment loss is recognized in profit or loss in the amount of the difference. Impairment

losses are recognized in the income statement under the item “Amortization of intangible assets and depreciation of property, plant and equipment”.

Impairment losses on cash-generating units to which goodwill is allocated firstly reduce the carrying amount of goodwill. Any further impairment losses reduce the carrying amounts of the cash-generating unit’s assets.

If the impairment ceases to apply, it is reversed (written up) to fair value but at most to the value derived by applying the amortization/depreciation schedule to the original cost. Reversals of impairment losses are recognized in the income statement under the item “Amortization of intangible assets and depreciation of property, plant and equipment”. Impairment losses on goodwill are not reversed again.

Investments accounted for using the equity method

Investments accounted for using the equity method relate to investments in associates and joint ventures. Investments in associates relate to shares in companies at which the Lenzing Group can exert significant influence over financial and operating policies. Significant influence is assumed when the share of capital is between 20% and 50%. Joint ventures are joint arrangements managed by the Lenzing Group together with one or more partners whereby the Lenzing Group has rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method. Under this method, acquired investments are initially recognized at cost. The measurement of the equity holding is then increased/decreased by pro rata changes in equity. The goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortized on a systematic basis.

Otherwise, similar principles of consolidation apply as for subsidiaries.

Financial assets and securities

The securities mainly consist of bonds, but also include equity shares and investment funds. The fair values of bonds are derived from their current quoted prices and change in particular according to changes in market interest rates and the credit rating of the bond’s debtors. The fair values of shares are derived from the current quoted prices. The fair values of investment funds are derived from their current notional values. All securities are assigned to the “available-for-sale financial assets” category. The change in unrealized fair value measurement, less deferred taxes, can therefore be seen in other comprehensive income. Non-current securities are not intended to be sold within one year.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is objective evidence of impairment. Any existing impairment is recognized in profit or loss. Reversals of impairment losses are recognized in other comprehensive income for equity instruments and in profit or loss for debt instruments.

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If there is no market price on an active market and their market price cannot be measured reliably due in particular to a lack of reliable future cash flows or is of minor importance, investments in unconsolidated affiliated companies, other equity investments and related derivative financial instruments are measured at the lower of cost and cost less impairment.

Loans are recognized at amortized cost or, if they are impaired, at their lower fair value.

Current taxes and deferred taxes (deferred tax assets and liabilities)

Current taxes and deferred tax assets and liabilities relate to income taxes.

Current taxes are the expected tax liabilities or tax receivables on the taxable income of Group companies for the financial year on the basis of the applicable tax rates in the relevant country and all adjustments of tax liabilities for earlier years.

Deferred tax assets and liabilities are calculated for the respective assets and liabilities on the basis of temporary differences between the values in the consolidated financial statements and the values used for calculating tax. In addition, the tax benefit from tax loss carryforwards and unused tax credits must be taken into account in the context of deferred taxes if it is likely to be used. This is done on the basis of the tax rates that will be applicable in the year in which the differences are expected to reverse, according to the legal situation as at the reporting date. If it is likely that deferred tax assets – particularly on loss carryforwards – will be recovered, the values are maintained; otherwise they are written down. No deferred taxes are accrued on permanent differences. Deferred taxes are accrued in the case of elimination of intra-group profits.

Deferred tax assets and liabilities are reported on a net basis in the Group if there is a right to offset the taxes and the taxes relate to taxable entities within the same tax group.

Lenzing AG and the subsidiaries included in the tax group agreement are members of the tax group concluded on September 25, 2009 between B&C Industrieholding GmbH as the group parent and Lenzing AG and other subsidiaries of Lenzing AG as group members in accordance with section 9 of the Austrian Corporation Tax Act (österreichisches Körperschaftsteuergesetz – öKStG).

As part of group taxation, tax gains and losses are offset between group members. Due to their joint tax assessment, deferred tax assets and liabilities of group members are offset. Future tax liabilities from offsetting losses of foreign subsidiaries are recognized in the consolidated financial statements without being discounted.

The group and tax equalization agreement requires Lenzing AG to pay a tax allocation in the amount of the corporation tax attributable to the taxable profit of the company and the subsidiaries included in the tax group.

Any domestic and foreign withholding taxes deductible from the overall group result at the group parent and minimum corporation taxes passed on reduce the tax allocation to be paid by Lenzing AG.

If current losses/loss carryforwards caused by the group parent B&C Industrieholding GmbH itself can be offset against positive earnings of Lenzing AG's tax group in the year of assessment, then the tax allocation to be paid by Lenzing AG is reduced. The reduction of the tax allocation is equivalent to 50% of the applicable corporation tax rate (therefore currently 12.5%) for the group parent's own current losses/loss carryforwards offset against positive earnings in a year of assessment of B&C Industrieholding GmbH.

Tax losses of Lenzing AG including the subsidiaries involved are kept on record and offset against future tax gains. An equalization payment is agreed for losses that are not offset on termination of the contract.

The Lenzing Group includes the effects of uncertain tax positions in the calculation of current and deferred taxes. Affected tax claims are recognized at the expected amount of reimbursement in cases in which the claim is sufficiently certain. The tax returns of the Lenzing Group companies are regularly reviewed by the tax authorities. Taking account of a number of factors, including interpretations, commentaries and legal decisions relating to the respective tax jurisdiction as well as past experience, appropriate provisions have been recognized for possible future tax obligations as far as can be seen. Uncertain tax positions are assessed on the basis of estimates and assumptions of future events. In future, new information can become available that causes the Group to change its assumptions regarding the appropriateness of the tax positions. Such changes will affect tax expense in the period in which they are determined.

Trade receivables and other assets

With the exception of derivative financial instruments, which are accounted for at market value, trade receivables and other assets are measured at amortized cost. Non-interest-bearing non-current receivables are discounted using the effective interest method. Bad debt provisions are recognized for those items likely to be deemed uncollectible or only partly collectible. Receivables denominated in a foreign currency are converted using the closing rate. All trade receivables are classified as current assets.

Construction contracts

If the result of a construction contract can be reliably estimated, the revenue and costs are recognized in line with the stage of completion on the reporting date (percentage-of-completion method). The stage of completion is calculated on an input-oriented basis from the ratio of the contract costs incurred to date to the estimated total contract costs (cost-to-cost method). The progress of projects is monitored on an ongoing basis. Deviations of any kind in the overall contract are taken into account in measurement.

If the result of a construction contract cannot be reliably estimated, contract revenue is recognized only in the amount of the contract costs incurred that are likely to be collectible. Contract costs are recognized as an expense in the period in which they are incurred.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

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Receivables from contract customers from construction contracts are reported under "Trade receivables". Contract revenue impacting income on a pro rata basis is accounted for as revenue. If an excess of advance payments arises, this is reported under other liabilities.

Inventories

Inventories are measured at the lower of cost and net realizable value at the reporting date. The cost of production comprises all costs attributable to the production process (direct costs and overheads). Net realizable value corresponds to the expected selling price less attributable costs to sell incurred prior to the sale, plus any costs of completion yet to be incurred. When the reasons for a write-down have ceased to exist, the write-down is reversed accordingly.

The cost of raw materials and supplies is calculated using the weighted average cost method. The change in inventories of finished goods and work in progress is shown in the item of the same name in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, amounts payable on demand, checks and short-term time deposits with banks. They are measured at their nominal amounts. Besides cash and cash equivalents, the liquid funds item relevant to the cash flow statement only includes liquid marketable securities with a remaining term of less than three months that are subject to minor fluctuations in value.

Equity instruments issued

Financial instruments issued by the Lenzing Group are classified as financial liabilities or as equity depending on the economic substance of the contractual agreement. The equity item subsumes the equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting the liabilities. This relates to funds provided to the entity by the owners.

Issue costs are those costs that would not have been incurred if the equity instrument had not been issued. Gains and losses from the issue, sale, repurchase or cancellation of equity instruments are recognized directly in equity less any tax effects.

Emission certificates

Emission certificates are capitalized at fair value as at the date when they are allocated. The difference between the fair value and the amount spent by the company to acquire the emission certificates is reported in the "Government grants" item. At each reporting date, a provision is recognized for the certificates used up until this date. If the used certificates are covered by the certificates held by the company as at this reporting date, the provision is measured at the asset value recognized for these certificates. If the used certificates exceed the certificates held, the provision is measured at the fair value of the certificates (to be purchased

subsequently) as at the relevant reporting date. The deferred income item attributable to the certificates used up until this reporting date is reversed in profit or loss.

Government grants

Investment grants are reported as liability items and recognized in profit or loss as income from the release of investment grants, distributed on a straight-line basis in line with the useful lives of the subsidized investments. The recognition and measurement of grants relating to emission certificates are described in the section “Emission certificates”.

Government grants for reimbursements are recognized as other income in the period in which the relevant costs are incurred, except if the inflow of the grant depends on conditions that are not yet sufficiently likely to occur.

Obligations from pensions and severance payments

Obligations from employee pensions and severance payments – “old severance payment” system and similar systems – are considered post-employment benefits under IFRS. A distinction is made between defined benefit plans and defined contribution plans.

Under defined benefit plans, the Lenzing Group’s obligation is to provide the agreed benefits. In this case, actuarial risk and investment risk are chiefly assumed by the Lenzing Group. Obligations from defined benefit plans are calculated using the projected unit credit method. An actuarial valuation is performed at each reporting date, with the anticipated benefits distributed over the entire period of employment. Future increases in salaries and pensions are taken into account. Remeasurements of the net liability (actuarial gains and losses) are recognized in full in other comprehensive income in the period in which they arise. Past service cost is recognized immediately in profit or loss.

The obligations from defined benefit plans recognized in the consolidated statement of financial position represent the present value of the defined benefit obligation. The fair value of existing plan assets is deducted from this. The remaining obligations after deducting plan assets are reported under provisions. Net interest expense from defined benefit plans (expenses from the interest accruing on the obligations and the return on plan assets) is recognized under personnel expenses. All other gains and losses, with the exception of remeasurements of the net liability, are also recognized in personnel expenses. Remeasurements of the net liability (relating to actuarial gains and losses and the return on plan assets not included in net interest expense, excluding amounts included in interest income) are included in other comprehensive income.

The main obligations from defined benefit plans consist of obligations for pensions and severance payments at Austrian companies of the Lenzing Group. A discount rate derived from high-quality fixed-income corporate bonds with at least an AA rating according to the standard of an international actuary was used for these obligations. Bonds with significantly higher or lower interest rates than the other bonds in their risk class (“statistical outliers”) were not included here. The currency and terms of the bonds from which the rate is derived are based on the currency and expected terms of the obligations to be settled. The estimated salary and pension increases that are also considered realistic for the future were derived from an examination of the averages over

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the past years. Rates of employee turnover were recognized for each company depending on the composition of the workforce and employees' length of service. The retirement age used for the calculation is based on the respective legal provisions. In the other countries, country-specific assumptions are used in determining the discount rate, salary increases, employee turnover rates and the retirement age.

Under defined contribution plans, the Lenzing Group's obligation is only to pay agreed contributions into a fund. In this case, actuarial risk and investment risk are chiefly assumed by the employee. Therefore, no provisions or other accruals are recognized after the agreed contributions have been paid.

Obligations from jubilee benefits

Obligations from jubilee benefits for employees (long-service bonuses) are considered other long-term employee benefits under IFRS. Obligations from jubilee benefits are calculated using the projected unit credit method, with the anticipated benefits distributed over the entire period of employment. Future salary increases are taken into account. Remeasurements of the net liability (actuarial gains and losses) and past service cost are recognized immediately in profit or loss.

The obligations from jubilee benefits recognized in the consolidated statement of financial position represent the present value of the obligation and are reported under provisions. Net interest expense from jubilee benefits (expenses from the interest accruing on the obligations) is recognized under personnel expenses. All other gains and losses, including remeasurements of the net liability (relating to actuarial gains and losses), are also recognized in personnel expenses.

The main obligations from jubilee benefits are at Austrian companies of the Lenzing Group. A discount rate derived from high-quality fixed-income corporate bonds with an AA rating according to the standard of an international actuary was used for these obligations. Bonds with significantly higher or lower interest rates than the other bonds in their risk class ("statistical outliers") were not included here. The currency and terms of the bonds from which the rate is derived are based on the currency and expected terms of the obligations to be settled. The estimated salary increases that are also considered realistic for the future were derived from an examination of the averages over the past years. Rates of employee turnover were recognized for each company depending on the composition of the workforce and employees' length of service. In the other countries, country-specific assumptions are used in determining the discount rate, employee turnover rates and salary increases.

Provisions

Provisions are recognized if there are legal or constructive obligations to third parties that are based on past business transactions or events and are likely to result in an outflow of cash or other assets that can be reliably determined. They are stated at the anticipated settlement amount with due regard to all identifiable risks attached. The amount of a provision corresponds to the best estimate of the settlement amount of the present obligation as at the reporting date. The measurement of provisions is based on historical data, current cost and price information, and estimates/appraisals by internal and external experts.

Restructuring provisions are recognized if there is a detailed formal restructuring plan and a valid expectation that the restructuring will be implemented has been raised in those affected.

The assumptions on which the provisions are based are reviewed on an ongoing basis. The actual values may deviate from the assumptions made if the general conditions develop differently from expectations as at the end of the reporting period. Changes are taken into account in profit or loss when better information is learned and the premises are adjusted accordingly. Reversals of provisions are reported as income in the expense items that were originally debited when the provision was recognized.

Long-term provisions are discounted if the effect of discounting is material and the discounting period can be reliably estimated.

The provisions item also includes accruals. Compared to provisions in a narrower sense, accruals are generally certain in terms of their existence and involve only an insignificant level of risk with regard to the amount and timing. Accruals are reported separately in the development of provisions. If they constitute financial instruments, they are treated as financial liabilities accounted for at amortized cost.

Liabilities

With the exception of derivative financial instruments, which are accounted for at market value, liabilities are measured at amortized cost. Liabilities denominated in a foreign currency are converted using the closing rate.

Non-current liabilities with non-market interest rates are discounted using the effective interest method.

Contingent liabilities

Contingent liabilities are possible obligations or present obligations that arise from past events for which an outflow of resources is not considered probable. If, in extremely rare cases, an existing liability cannot be recognized as a provision in the consolidated statement of financial position because a reliable estimate of the liability is not possible, this also constitutes a contingent liability. Contingent liabilities are not recognized in the consolidated statement of financial position, but are disclosed in the notes to the consolidated financial statements.

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Sales and revenue recognition and causation of expenses

Revenue comprises all income resulting from the typical business activities of the Lenzing Group. This includes income from product sales (particularly sales of man-made cellulose fibers in the Segment Fibers) and services provided (particularly from mechanical and plant engineering in Segment Engineering), less trade discounts granted or expected and other sales deductions not including sales tax. Any other operating revenue is recognized as other operating income.

Income is recognized when ownership of the products has been transferred to the customer (thus including transfer of risks) or the service has been provided, the amount of the income/ the associated costs can be reliably determined and it is probable that the economic benefits from the transaction will arise.

The Segment Fibers mainly sells man-made cellulose fibers, as well as products such as sodium sulfate, black liquor and pulp. Income is recognized when ownership of the products has been transferred to the customer (thus including transfer of risks), the amount of the income/ the associated costs can be reliably determined and it is probable that the economic benefits from the transaction will arise.

Segment Lenzing Technik operates in the field of mechanical and plant engineering and performs engineering services. A significant portion of its income results from construction contracts. Income from construction contracts is recognized based on the stage of completion in line with the cost-to-cost method (see the section "Construction contracts" above).

The change in inventories of finished goods and work in progress serves to neutralize expenses for goods that were still held in inventory as at the reporting date. Work performed by the Group and capitalized serves to neutralize expenses to be capitalized as part of the cost of non-current assets.

Operating expenses are recognized at the time when the related service is utilized or when they are caused.

Dividends are generally taken into account once the legal claim to payment has arisen. Interest and other financial expenses and income are recognized as income or expenses on an accrual basis using the effective interest method.

Earnings figures

EBITDA (earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets and before income from the release of investment grants or “earnings before interest, taxes, depreciation and amortization”) and, particularly, EBITDA before restructuring are important key figures for measuring performance in the Lenzing Group. One-off effects from restructuring are significant income or expenses that do not regularly recur in terms of their type or amount, particularly in connection with business combinations, impairments and restructuring and similar measures. EBITDA (after restructuring) is reported separately in the consolidated income statement and therefore defined and calculated in detail there. EBITDA before restructuring is used as the segment result in the context of segment reporting (see Note 6). In addition, EBIT (earnings before interest and taxes) is also of particular interest. EBIT (after restructuring) is reported separately in the consolidated income statement and therefore defined and calculated in detail there.

The financial result is the total of income from investments accounted for using the equity method and income from non-current and current financial assets plus financing costs. EBT (earnings before taxes) is profit/loss for the year before income tax expense. Profit/loss for the year corresponds to profit after taxes or net profit/loss. The precise definition and calculation of these key figures can be found in the consolidated income statement.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost. The Lenzing Group defines qualifying assets as construction projects or other assets that require at least twelve months to be ready for their intended use or sale. They are capitalized in the item “Work performed by the Group and capitalized” and the associated asset investment account, and are written down in the item “Amortization of intangible assets and depreciation of property, plant and equipment”.

All other borrowing costs are recognized in the financial result in the period in which they are incurred.

Earnings per share

Earnings per share are calculated by dividing the profit/loss for the year attributable to ordinary shareholders (profit/loss for the year attributable to shareholders of Lenzing AG) by the average number of ordinary shares outstanding during the financial year (see Note 18 for more detail).

Financial instruments

Financial instruments comprise financial assets and financial liabilities. Initial recognition of a financial asset is at fair value taking into account transaction costs incurred. Initial recognition of a financial liability is at fair value less transaction costs incurred. Transaction costs incurred in the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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Depending on their classification/measurement category, financial instruments are recognized either at (amortized) cost or at fair value on subsequent measurement.

The Lenzing Group uses the measurement categories “Loans and receivables”, “Available-for-sale financial assets” and “Financial liabilities at amortized cost”. The category of “Financial instruments at fair value through profit or loss” is only used for trading derivatives. The fair value option is not currently exercised. The Lenzing Group does not have any held-to-maturity investments. The item measured is the relevant individual financial instrument.

If there is evidence to suggest impairment (particularly significant financial difficulties of the debtor, default or delay in making payments, an increased probability that the debtor will become bankrupt), non-collateralized financial assets are written down in profit or loss. Impairment losses are recognized via an allowance account. Financial assets are derecognized directly only if the contractual rights to payments from the financial assets conclusively no longer exist (particularly in the event of bankruptcy). If the reasons for the impairment loss cease to apply, it is reversed up to cost.

Financial assets and liabilities are recognized in the consolidated statement of financial position when the Group becomes a contractual party to a financial instrument. Financial assets are derecognized when the contractual rights to payments from the financial assets no longer exist or the financial assets are transferred together with all material risks and rewards. Financial liabilities are derecognized when the contractual obligations are settled, canceled or have expired. Financial instruments are recognized/derecognized as at the settlement date for all transactions.

Derivative financial instruments and hedges

The Lenzing Group uses derivative financial instruments to hedge against currency risks from operating business and to manage commodity price risks. These derivative financial instruments serve to compensate for the variability of cash flows from future transactions. Hedges are determined in advance on the basis of the expected revenue and planned consumption of commodities in the relevant foreign currency.

The Lenzing Group applies the hedge accounting regulations under IAS 39 with respect to these derivative financial instruments. The use of hedge accounting is subject to the requirements that the hedging relationship must be documented and the effectiveness of the hedge must be measured on a regular basis and must be between 80% and 125%. Effective offsetting between unrealized losses and gains is demonstrated by means of effectiveness tests. In measuring effectiveness, the hedged items and the hedging instruments are grouped together in at least quarterly maturity ranges for each hedged risk. The prospective hedging effect of the hedges is demonstrated by comparing the main conditions. The planned hedged items are compared against the hedging instruments concluded. The retrospective hedging effect is assessed using the dollar-offset method, which compares periodic changes in the fair value of the hedged items with periodic changes in the fair value of the hedges in line with the compensation method.

If the criteria for using hedge accounting are fulfilled, the profit or loss from changes in the fair value of the derivative financial instruments is recognized either in profit or loss or in other

comprehensive income, depending on whether the hedge is a fair value hedge or a cash flow hedge. In the case of fair value hedges, the results of the fair value measurement of the hedges and of the related hedged items are offset in profit or loss. Unrealized gains and losses from changes in the fair value of cash flow hedges are initially reported in other comprehensive income and do not impact profit or loss until the underlying hedged items are implemented. In hedging future cash flows in foreign currencies (cash flow hedges), the Lenzing Group typically hedges the risk until the time that the payment in the foreign currency is made. Reclassification from other comprehensive income to profit or loss takes place when the foreign-currency sales are generated or when the foreign-currency cost of materials is incurred. From the point in time when foreign-currency receivables and payables are recognized, changes in the fair value of the derivatives are recognized in profit or loss. From this point on, changes in fair value are shown alongside the foreign currency valuation of the foreign-currency trade receivables/payables as at the reporting date. Ineffective portions of changes in the fair values of cash flow hedges and the measurement of derivatives for which no hedging relationship can be established (trading derivatives) are recognized immediately in the income statement.

Derivatives embedded in other financial instruments or other host contracts are treated as stand-alone derivatives if their economic characteristics and risks are not closely related to the host contract and the entire contract is not measured at fair value through profit or loss.

Derivatives are measured at fair value. Their fair value is equal to their market value, if available, or calculated using standard methods on the basis of the market data available on the measurement date (particularly exchange rates, commodity prices and interest rates). The fair value of derivatives reflects the estimated value that would be payable or receivable by the Lenzing Group if the deal were closed on the reporting date. Currency and commodity forwards are measured using the respective forward rate or price at the end of the reporting period. The forward rates or prices are based on the spot rates or prices taking into account forward premiums and discounts. Valuations by banks and other parties are used in addition to the Group's own models to estimate measurement.

In measuring derivatives, the contractant risk (credit risk/counterparty risk/non-performance risk) that a market participant would recognize when setting prices is also taken into account in the form of discounts from the fair value. Framework netting agreements are not taken into account here. The future exposure is considered to be constant and the creditworthiness of the counterparty and of the company itself are derived from historical probabilities of default. This is mainly done on the basis of externally available capital market data. Due to the counterparties' consistently good creditworthiness on the basis of experience, the company's own good creditworthiness and the predominantly short remaining terms of the derivatives, the given nominal values were only subject to low levels of discounts.

Contracts that are entered into and continue to be held for the purpose of the receipt or delivery of non-financial items in accordance with the expected purchase, sale or usage requirements (internal consumption contracts) are not accounted for as derivative financial instruments, but rather as open transactions.

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NOTE 4 Changes in entities included in consolidation and business combinations

In April 2013, the Lenzing Group reached an agreement with a minority shareholder for the acquisition of a further 2.29% of shares in the already fully consolidated PT. South Pacific Viscose, Purwakarta, Indonesia, for a sum equivalent to around EUR 3,471 thousand. The closing of the acquisition and the payment of the purchase price took place in July 2013. Thus, the Lenzing Group's interest in this company increased from 90.56% to 92.85%. As a result of this transaction, non-controlling interests declined by EUR 4,564 thousand. The difference from this transaction of EUR 1,094 thousand was offset against retained earnings.

The sale of the former Business Unit Plastics was closed in June 2013. The closing led to the loss of control over and deconsolidation of Lenzing Plastics GmbH or rather Lenzing Plastics GmbH & Co KG, Lenzing, which was previously fully consolidated. Details of this can be found in Note 5.

The previously fully consolidated companies Lyocell Holding Ltd., Manchester, UK, and Tencel Holding Overseas Ltd., St. Helier, Jersey, were deconsolidated in June 2013 as their liquidation had been largely completed from an economic perspective. A gain of EUR 580 thousand was recognized in other operating income as a result of the loss of control. There were no notable cash flows or disposals of cash and cash equivalents, other assets or liabilities and no consideration received.

The acquisition of a further 44% of shares in the previously already fully consolidated European Precursor GmbH, Kelheim, Germany, by the Lenzing Group was completed in October 2013. The company was also deconsolidated in October 2013, as its liquidation was largely completed from an economic perspective. Details of this can be found in Note 5.

In March 2014, a non-proportional capital increase in the amount of EUR 72 thousand was carried out at Lenzing Modi Fibers India Private Limited, with the result that the Lenzing Group's equity interest rose from 96.31% to 96.33%. As a result of this transaction, non-controlling interests increased by EUR 2 thousand. The difference offset against retained earnings amounted to EUR 2 thousand.

In April 2014, Lenzing Land Holding LLC, Dover, USA, was founded. The Lenzing Group's share in this company is 100%. The company was included in the group of fully consolidated subsidiaries of the Lenzing Group.

In June 2014, another non-proportional capital increase in the amount of EUR 185 thousand was carried out at Lenzing Modi Fibers India Private Limited, with the result that the Lenzing Group's equity interest rose from 96.33% to 96.37%. As a result of this transaction, non-controlling interests increased by EUR 3 thousand. The difference offset against retained earnings amounted to EUR 3 thousand.

In October 2014, shares in European Carbon Fiber GmbH, Kelheim, Germany were sold for EUR 2 thousand, with the result that the Lenzing Group's equity interest in this company fell from 100% to 91.07%. As a result of this transaction, non-controlling interests increased by EUR 68 thousand. The difference offset against retained earnings amounted to EUR 66 thousand.

In December 2014, another non-proportional capital increase in the amount of EUR 128 thousand was carried out at Lenzing Modi Fibers India Private Limited, with the result that the Lenzing Group's equity interest rose from 96.37% to 96.41%. As a result of this transaction, non-controlling interests increased by EUR 2 thousand. The difference offset against retained earnings amounted to EUR 2 thousand.

Otherwise there were no business combinations or changes in the entities included in consolidation.

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NOTE 5

Non-current assets and liabilities held for sale, disposal groups and discontinued operations

2013 financial year

BU Plastics

Lenzing Plastics GmbH, Lenzing, which was the Business Unit (BU) Plastics, was a fully consolidated company of the Lenzing Group. In April 2013, as part of its ongoing concentration on its core business of fibers, the Lenzing Group reached an agreement on the sale of shares in the former Business Unit Plastics (i.e. in Lenzing Plastics GmbH) to an Austrian syndicate of bidders led by Invest AG. The deal was closed in June 2013 following the approval of the antitrust authorities, as a result of which the Lenzing Group also lost control over the business unit. This led to its deconsolidation. As part of the transaction, Lenzing Plastics GmbH was transformed into the limited commercial partnership Lenzing Plastics GmbH & Co KG, Lenzing, and a previously non-operational shell company was acquired to serve as the general partner to that limited commercial partnership and subsequently renamed Lenzing Plastics GmbH, Lenzing. Both entities were acquired by LP Beteiligungs & Management GmbH, Linz.

The following net assets were deconsolidated as a result of the loss of control:

Deconsolidated net assets	EUR '000
Intangible assets and property, plant and equipment (incl. EUR 1,600 thousand for licenses)	26,279
Financial assets and other non-current assets	350
Other current assets	31,166
Cash and cash equivalents	6,995
Deconsolidated assets	64,790
Financial liabilities and other non-current liabilities	177
Provisions (incl. deferred and current tax liabilities)	14,093
Other current liabilities	7,348
Deconsolidated liabilities	21,617
Deconsolidated net assets	43,173

The consideration received for the sale for 100% of shares amounted to EUR 69,037 thousand in total. There was a gain on disposal before taxes of EUR 25,865 thousand. Income taxes of EUR 7,689 thousand (including deferred taxes) relate to the gain on disposal.

The net cash inflow from the disposal is presented under net cash flows from discontinued operations in the cash flow from investing activities and breaks down as follows:

Net inflow from the sale of subsidiaries	EUR '000
	2013
Consideration received (cash and cash equivalents)	68,647
- Holdings of cash and cash equivalents sold	(6,995)
Net inflow from the sale of subsidiaries	61,652

Following the complete sale of the former Business Unit Plastics, the Lenzing Group acquired a 15% interest in LP Beteiligungs & Management GmbH, Linz, for EUR 1,050 thousand. This stake is reported in the consolidated financial statements of the Lenzing Group under financial assets in the category "available-for-sale financial assets (measured at cost)".

EPG

European Precursor GmbH (EPG), Kelheim, Germany, was a fully consolidated company of the Lenzing Group. In December 2012 the Management Board of Lenzing AG resolved to liquidate EPG. The liquidation was initiated after the Shareholders' Meeting of EPG held in January 2013. The closing of the acquisition of a further 44% of shares in EPG by the Lenzing Group was completed in October 2013. Thus, the Lenzing Group's interest in this company increased from 51% to 95%. The claim vis-à-vis puttable non-controlling interests was settled by means of this transaction in the amount of the equity interest. The transaction did not result in any difference to be offset against equity.

The company was also deconsolidated in October 2013, as its liquidation was largely completed from an economic perspective. The deconsolidation resulted in a loss of EUR 2 thousand that was recognized in other operating expenses. There were no notable cash flows or disposals of cash and cash equivalents, other assets or liabilities and no consideration received.

In the context of the liquidation of EPG, impairment on property, plant and equipment of EUR 3,000 thousand from fair value measurement less costs of disposal (measurement of non-current assets held for sale and discontinued operations) was recognized in the 2013 financial year under "Amortization of intangible assets and depreciation of property, plant and equipment". Income taxes of EUR 0 thousand were incurred on the impairment losses. The impairments mainly related to technical equipment and machinery. The fair value less costs of disposal amounted to EUR 0 thousand as at December 31, 2013. The fair value in 2013 was derived from a transaction on a market that is not active and was therefore completely allocated to Level 2 of the fair value hierarchy. In the course of the measurement process the observable market data needed were collected and the input factors not observable on the market were tested against internally available information and updated if necessary.

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Common disclosures for both discontinued operations

In the 2013 financial year, both discontinued operations – the former Business Unit Plastics and EPG – were presented in the consolidated income statement, in the consolidated cash flow statement and in segment reporting (see Note 6) under discontinued operations.

The profit for the period from discontinued operations broke down as follows in the 2013 financial year:

Profit for the period from discontinued operations	EUR '000
	2013
Revenues	55,640
Expenses	(50,735)
Allocation of profit or loss to puttable non-controlling interests	(619)
Earnings before taxes from operating activities	4,286
Current income taxes from operating activities	(58)
Earnings after taxes from operating activities	4,228
Gain from the sale of discontinued operations	25,865
Taxes on the gain from the sale (or abandonment) of discontinued operations	(7,689)
Measurement at fair value less costs of disposal	(3,000)
Taxes due to fair value measurement less costs of disposal (or abandon)	0
Profit for the period from discontinued operations	19,404

Other comprehensive income from discontinued operations amounted to EUR -13 thousand in the 2013 financial year. Total comprehensive income from discontinued operations is fully attributable to the shareholders of the parent company.

The net cash flows from discontinued operations broke down as follows in the 2013 financial year:

Net cash flows from discontinued operations	EUR '000
	2013
In cash flow from operating activities	8,128
In cash flow from investing activities	60,528
In cash flow from financing activities	5,081

2014 financial year

Because of the above deconsolidations in 2013, the presentation of non-current assets and liabilities held for sale, disposal groups and discontinued operations is omitted for 2014.

In the 2014 financial year, expenses in the amount of EUR 878 thousand before income tax in connection with the discontinued operations were recognized due to the resolution of uncertainties or changes in estimates. The income tax expense from these amendments amounts to EUR 220 thousand; earnings after taxes therefore amount to EUR -659 thousand.

Of these amendments, expenses of EUR 1,430 thousand resulted from adjustments of the purchase price receivables (reported under income from non-current and current financial assets), income of EUR 721 thousand resulted from the adjustment of assumption of obligations (reported under other operating income and other operating expenses), and expenses of EUR 170 thousand resulted from the interest impact of non-current provisions (reported under financing costs).

The amounts are entirely attributable to the shareholders of the parent company. All amounts mentioned above did not affect cashflows in the 2014 financial year.

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NOTE 6

Segment reporting

Information on business segments

In the Lenzing Group the segments are classified according to the differences between their products and services; they require different technologies and market strategies. Each segment is managed separately based on the responsibilities of the different members of the Management Board. The chief operating decision maker relevant to segment reporting is the Management Board of Lenzing AG as a whole. The following segments are presented separately in the internal reporting of the Lenzing Group to the Management Board:

Segment Fibers:

The Segment Fibers manufactures man-made cellulose fibers and markets them under the umbrella brands Lenzing Viscose®, Lenzing Modal® (including Lenzing FR®) and TENCEL®. A significant portion of the pulp needed for production purposes is manufactured in the Group's own plants or partially bought in. The most important raw material for the manufacture of pulp is wood, which is bought in. The Segment Fibers represents the core business of the Lenzing Group.

The Segment Fibers comprises the business areas Textile Fibers (fibers for textiles), Nonwoven Fibers (fibers for nonwoven fabrics) and Pulp (pulp and wood), as these are comparable with regard to the key business characteristics of the cellulose fiber industry (products, production process, customers and distribution methods). These business units are part of an integrated value chain (from the raw material wood via the pre-product pulp to the finished product fiber) with comparable risks and opportunities. Moreover, the Business area Energy is assigned to the Segment Fibers as the Segment Fibers has by far the highest energy requirements in the Lenzing Group on account of the energy-intensive nature of the fiber and pulp production process.

Segment Lenzing Technik:

The Segment Lenzing Technik (formerly Segment Engineering) operates in the field of mechanical and plant engineering and offers engineering services. It comprises the Business area Lenzing Technik.

Business Unit (BU) Plastics and European Precursor GmbH (EPG) (discontinued operations):

The BU Plastics (formerly Lenzing Plastics GmbH or rather Lenzing Plastics GmbH & Co KG, Lenzing) and European Precursor GmbH, Kelheim, Germany were presented as discontinued operations as at December 31, 2013 and in the period from January to December 2013, respectively, and shown separately in segment reporting. Due to the deconsolidation of both companies in 2013 this segment does not contain any values as at December 31, 2014 and in the period from January to December 2014 respectively and will be omitted in the future (see also Note 5).

Other:

The residual Segment Other essentially comprises the business activities of Dolan GmbH, Kelheim, Germany. This company manufactures specialty products from plastic polymers (particularly acrylic fibers). It also includes the business activities of BZL-Bildungszentrum Lenzing GmbH, Lenzing (training and personnel development) and European Carbon Fiber GmbH, Kelheim, Germany (production of precursor for carbon fibers).

The residual Segment Other does not contain any business segments that would exceed the quantitative thresholds for reportable segments.

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Information on business segments

1-12/2014 and 31/12/2014	Fibers	Lenzing Technik
Revenue from external customers	1,755,599	43,565
Inter-segment revenue	8,414	47,218
Total revenue	1,764,014	90,782
EBITDA (segment result)	223,153	3,083
EBIT	98,499	1,248
Amortization of intangible assets and depreciation of property, plant and equipment	127,820	1,839
Thereof impairment	608	0
Share of income from investments accounted for using the equity method	(580)	0
Other material non-cash income and expenses	40,930	11,479
Investments in intangible assets and property, plant and equipment	102,954	778
EBITDA margin¹	12.7%	3.4%
EBIT margin²	5.6%	1.4%
Segment assets	1,966,051	39,152
Segment liabilities	462,390	35,428
Investments accounted for using the equity method	36,078	0

Information on business segments (previous year)

1-12/2013 and 31/12/2013	Fibers	Lenzing Technik
Revenue from external customers	1,754,524	49,486
Inter-segment revenue	11,325	75,649
Total revenue	1,765,849	125,135
EBITDA (segment result)	205,661	9,058
EBIT	91,179	7,264
Amortization of intangible assets and depreciation of property, plant and equipment	117,569	1,799
Thereof impairment	116	0
Share of income from investments accounted for using the equity method	3,788	0
Other material non-cash income and expenses	70,154	11,350
Investments in intangible assets and property, plant and equipment	249,992	3,119
EBITDA margin¹	11.6%	7.2%
EBIT margin²	5.2%	5.8%
Segment assets	2,015,868	44,790
Segment liabilities	430,842	34,493
Investments accounted for using the equity method	37,203	0

¹ EBITDA margin = EBITDA (operating result before depreciation and amortization) in relation to total revenue (here: according to segment reporting).

² EBIT margin = EBIT (operating result) in relation to total revenue (here: according to segment reporting).

EUR '000

BU Plastics and EPG (discontinued operations)	Other	Segment total	Reconciliation	Group
0	65,058	1,864,222	0	1,864,222
0	1,783	57,415	(57,415)	0
0	66,841	1,921,638	(57,415)	1,864,222
0	12,487	238,724	1,578	240,302
0	11,542	111,289	(89,363)	21,926
0	946	130,605	90,941	221,546
0	0	608	93,956	94,564
0	39	(541)	0	(541)
0	1,748	54,157	(1,280)	52,877
0	578	104,311	0	104,311
-	18.7%	12.4%		12.9%
-	17.3%	5.8%		1.2%
0	27,210	2,032,413	342,638	2,375,051
0	11,758	509,576	819,841	1,329,417
0	1,878	37,956	0	37,956

EUR '000

BU Plastics and EPG (discontinued operations)	Other	Segment total	Reconciliation	Group
53,218	51,641	1,908,869	0	1,908,869
776	1,734	89,483	(89,483)	0
53,994	53,375	1,998,352	(89,483)	1,908,869
5,754	6,233	226,706	(1,295)	225,411
4,953	5,325	108,720	(22,311)	86,409
810	908	121,086	21,017	142,103
0	0	116	26,104	26,220
0	42	3,831	0	3,831
(8,852)	3,811	76,463	0	76,463
2,671	989	256,771	(8,092)	248,679
10.7%	11.7%	11.3%		11.8%
9.2%	10.0%	5.4%		4.5%
0	22,743	2,083,401	356,523	2,439,924
0	10,256	475,591	874,871	1,350,462
0	1,880	39,083	0	39,083

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Other material non-cash income and expenses relate to non-cash measurement effects from provisions and accruals.

Segment Engineering was renamed to Segment Lenzing Technik. Otherwise, the same principles were applied in the presentation of segment reporting as in the consolidated financial statements as at December 31, 2013.

The performance of the segments is measured using EBITDA before restructuring (earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets and before the income from the release of investment grants and before restructuring). The reconciliation of segment earnings to operating result (EBIT) to income before tax (EBT) is as follows:

Reconciliation of segment result (EBITDA) to the earnings before taxes (EBT) EUR '000

	2014	2013
Segment result (EBITDA)	238,724	226,706
Consolidation	(452)	(7,351)
Restructuring	2,030	6,056
Group result (EBITDA)	240,302	225,411
Segment amortization of intangible assets and depreciation of property, plant and equipment	(130,605)	(121,086)
Consolidation	3,015	5,087
Income from the release of investment grants	3,170	3,100
Impairment of intangible assets and property, plant and equipment	(93,956)	(26,104)
Earnings before interest and taxes (EBIT)	21,926	86,409
Financial result	(23,439)	(26,725)
Allocation of profit or loss to puttable non-controlling interests	8,818	8,430
Earnings before taxes (EBT)	7,305	68,113

The reconciliation from earnings before taxes (EBT) to profit/loss for the year (profit/loss after taxes; net profit/loss) can be viewed in the consolidated income statement. The line "Restructuring" shown above relates to personnel expenses in the amount of EUR -1,174 thousand and other operating expenses in the amount of EUR -135 due to restructuring measures in 2014. In connection with the liquidation of EPG other operating income in the amount of EUR 921 thousand and other operating expenses in the amount of EUR 200 thousand were incurred (in 2013 this mainly related to other operating income from the disposal of BU Plastics of EUR 25,865 thousand, personnel expenses of EUR 18,427 thousand and other operating expenses of EUR 1,320 thousand from restructuring measures, and other operating income of EUR 5,596 thousand, cost of material and other purchased services of EUR 174 thousand, personnel expenses of EUR 751 thousand and other operating expenses of EUR 4,733 thousand in connection with the liquidation of EPG). In 2014, the line "Impairment of intangible assets and property, plant and equipment" of EUR 93,956 thousand shown above relates to the impairment of goodwill, other intangible assets and property, plant and equipment. In 2013 this line

relates to an impairment loss of EUR 3,000 thousand recognized in the course of the liquidation of EPG and impairment on other intangible assets and property, plant and equipment of EUR 23,104 thousand.

The reconciliation of segment EBIT to operating result (EBIT) after restructuring is as follows:

Reconciliation of segment EBIT to earnings before interest and taxes (EBIT) EUR '000

	2014	2013
Segment EBIT	111,289	108,720
Result from restructuring and impairment	(91,926)	(20,048)
Consolidation	2,563	(2,264)
Earnings before interest and taxes (EBIT)	21,926	86,409

The reconciliation of segment amortization and depreciation to consolidated amortization and depreciation is as follows:

Reconciliation of segment amortization and depreciation to consolidated amortization and depreciation EUR '000

	2014	2013
Segment amortization of intangible assets and depreciation of property, plant and equipment	130,605	121,086
Consolidation	(3,015)	(5,087)
Amortization of intangible assets and depreciation of property, plant and equipment	127,590	115,999
Impairment of intangible assets and property, plant and equipment	93,956	26,104
Consolidated amortization and depreciation	221,546	142,103

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Segment assets chiefly consist of intangible assets and property, plant and equipment, inventories, trade receivables and other receivables, except for income tax receivables. The reconciliation of segment assets to consolidated assets (corresponding to total assets, i.e. the total of non-current and current assets or the total of equity and non-current and current liabilities) is as follows:

Reconciliation of segment assets to consolidated assets	EUR '000	
	31/12/2014	31/12/2013
Segment assets	2,032,413	2,083,401
Investments accounted for using the equity method	37,956	39,083
Assets not allocated to the segments		
Securities and other financial assets	23,194	23,176
Deferred tax assets and current tax receivables	42,184	39,396
Cash and cash equivalents	271,791	287,882
Consolidation	(32,488)	(33,014)
Consolidated assets	2,375,051	2,439,924

Segment liabilities chiefly relate to trade payables, provisions and other liabilities, except for current tax liabilities. The reconciliation of segment liabilities to consolidated liabilities is as follows:

Reconciliation of segment liabilities to consolidated liabilities	EUR '000	
	31/12/2014	31/12/2013
Segment liabilities	509,576	475,591
Liabilities not allocated to the segments		
Financial liabilities	729,778	800,680
Deferred tax liabilities and current tax liabilities	70,017	56,578
Government grants	26,559	26,025
Consolidation	(6,514)	(8,413)
Consolidated liabilities	1,329,417	1,350,462

The reconciliations of segment items to consolidated items that are not described in more detail above (revenue and investments) comprise consolidation effects only.

The valuations for segment reporting are in line with the accounting policies applied to the IFRS consolidated financial statements.

Information about products and services

Revenue from external customers breaks down by products and services as follows:

Revenue from external customers by product and service

	2014	2013
Man-made cellulose fibers	1,504,174	1,512,281
Sodium sulfate and black liquor	54,002	54,012
Pulp, wood, energy and other	205,838	199,556
Segment Fibers	1,764,014	1,765,849
Mechanical and plant engineering and engineering services - Segment Lenzing Technik	90,782	125,135
Specialty products from plastic polymers	63,037	103,870
Other and consolidation	(53,611)	(85,985)
Revenue according to consolidated income statement	1,864,222	1,908,869

There is no single external customer that accounts for more than 10% of external revenue.

Information about geographic regions

Revenue from external customers by sales market and total assets, non-current assets (not including financial instruments and tax assets; reconciled to consolidated figures for total non-current assets) and investments in intangible assets and property, plant and equipment break down by geographic areas as follows:

Information about geographic regions

EUR '000

	Revenue		Non-current assets		Total assets		Investments	
	2014	2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	2014	2013
Austria	143,264	176,136	782,941	772,828	982,951	987,720	78,504	156,249
Europe (without Austria including Turkey)	551,208	609,448	208,996	219,833	292,545	296,608	16,911	53,851
Asia	961,751	931,393	347,405	419,529	691,711	732,893	7,366	37,155
America	173,525	158,950	43,399	39,243	65,205	66,180	1,530	1,424
Rest of the world	34,474	32,942	0	0	0	0	0	0
Subtotal	1,864,222	1,908,869	1,382,742	1,451,433	2,032,413	2,083,401	104,311	248,679
Reconciliation to consolidated figures	0	0	60,233	56,784	342,638	356,523	0	0
Consolidated total	1,864,222	1,908,869	1,442,975	1,508,217	2,375,051	2,439,924	104,311	248,679

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Revenue is allocated based on the geographic region of the customer, while assets and investments are allocated depending on the geographic location of the asset.

The figures above comprise all segments of the Lenzing Group.

The production sites in the Segment Fibers are located in Austria, including the main plant in Lenzing, which manufactures both standard viscose fibers and specialty fibers, such as Lenzing Modal® (including Lenzing FR®) and TENCEL®, and the TENCEL® production site in Heiligenkreuz. There are additional TENCEL® production sites in the UK (Grimsby) and in the USA (Mobile). The Group also has two standard viscose fiber production sites in Asia: Indonesia (Purwakarta) and China (Nanjing). The pulp plants are located in Austria (Lenzing) and in the Czech Republic (Paskov). The sales network in the Segment Fibers comprises sales companies in China (Hong Kong and Shanghai) and sales offices in Indonesia (Jakarta), India (Coimbatore) and the United States (New York).

The production sites of the Segment Lenzing Technik are located in Austria (Lenzing) and in China (Nanjing).

Further information on the segments can be found in the management report of the Lenzing Group as at December 31, 2014.

Notes on the Consolidated Income Statement

NOTE 7

Revenue

Revenue breaks down as follows:

Revenue	EUR '000	
	2014	2013
Revenue from the sale of man-made cellulose fibers	1,504,174	1,512,281
Revenue from the sale of other products and services	336,389	373,263
Revenue invoiced	1,840,563	1,885,544
Revenue from long-term construction contracts	23,660	23,325
Total	1,864,222	1,908,869

Further breakdowns of revenue are shown in the segment report (see Note 6, particularly the information about products and services and about geographic areas).

NOTE 8 Other operating income

Other operating income breaks down as follows:

Other operating income	EUR '000	
	2014	2013
Income from internal cost allocation, other products and energy	30,575	20,021
Income from the release of the deferred income item for emission certificates and from subsidies	6,490	6,512
Gain on disposal from the sale of subsidiaries	0	25,865
Various other income	11,465	15,691
Total	48,530	68,090

Income from energy includes income from remuneration for green electricity in the amount of EUR 17,837 thousand (2013: EUR 9,659 thousand).

The gain on disposal from the sale of subsidiaries in 2013 entirely relates to the sale of Lenzing Plastics GmbH (or rather Lenzing Plastics GmbH & Co. KG, see Note 5) and is reported under discontinued operations.

Miscellaneous other income includes rental income of EUR 3,698 thousand (2013: EUR 3,364 thousand), income from the disposal of fixed assets in the amount of EUR 91 thousand (2013: EUR 917 thousand), insurance compensation from third parties for property, plant and equipment in the amount of EUR 206 thousand (2013: EUR 3,600 thousand) and exchange rate gains of EUR 4,676 thousand (2013: EUR 0 thousand).

NOTE 9 Cost of material and other purchased services

The cost of material and other purchased services breaks down as follows:

Cost of material and other purchased services	EUR '000	
	2014	2013
Material	1,040,050	1,090,503
Other purchased services	159,191	162,931
Total	1,199,241	1,253,434

The cost of material primarily relates to the input factors consumed, namely pulp (and wood for internal production of pulp), key chemicals (sodium hydroxide, carbon disulfide and sulfuric acid), and merchandise. The cost of other purchased services mainly relates to energy consumed.

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NOTE 10

Personnel expenses

Personnel expenses break down as follows:

Personnel expenses	EUR '000	
	2014	2013
Wages and salaries	223,120	244,744
Severance payment expenses	4,689	24,695
Retirement benefit expenses	6,026	5,545
Statutory social security expenses	54,080	57,298
Other social costs	4,085	4,753
Total	292,000	337,034

The increase in the collective wage agreement at the Austrian sites as of May 1, 2014 was 2.5%. Comparable agreements at the subsidiaries led to increases of 3.2% in the UK, 2.5% in the Czech Republic and 8.4% in Indonesia in the 2014 financial year. There were no comparable, generally binding agreements in the other countries. The increase in the collective wage agreement at the Austrian sites as of May 3, 2013 was between 3.2% and 3.3%. Comparable agreements at the subsidiaries led to increases of 3.84% in the UK, 4.0% in the Czech Republic and 4.3% in Indonesia in the 2013 financial year. There were no comparable, generally binding agreements in the other countries.

Severance payment expenses chiefly include expenses for the statutory obligations of Lenzing AG and its Austrian subsidiaries towards their employees, as well as voluntary severance payments and severance pay in the course of restructuring (see Note 33).

The number of employees in the Lenzing Group breaks down as follows:

Number of employees

	2014	2013
Average	6,516	6,854
As at December 31	6,356	6,675

The number of employees at Lenzing AG and the Austrian subsidiaries of the Lenzing Group breaks down as follows:

Average number of employees in Austria

	2014	2013
Hourly workers	1,790	1,813
Salaried employees	1,138	1,187
Total	2,928	3,000

NOTE 11

Amortization of intangible assets and depreciation of property, plant and equipment

The item for amortization of intangible assets and depreciation of property, plant and equipment breaks down as follows:

Amortization of intangible assets and depreciation of property, plant and equipment EUR '000

	2014	2013
Depreciation	126,982	115,883
Impairment	94,564	26,220
Total	221,546	142,103

In financial year 2014, impairment contains EUR 0 thousand (2013: EUR 3,000 thousand) from fair value measurement of non-current assets held for sale less costs of disposal (see Note 5). The other impairments and reversals of impairment losses are explained in Notes 19 and 20.

NOTE 12

Other operating expenses

Other operating expenses break down as follows:

Other operating expenses EUR '000

	2014	2013
Costs to sell	100,320	103,563
Expenses for maintenance, repairs and other third-party services	39,325	24,558
Legal, consulting and audit expenses	12,288	12,377
Insurance expenses	9,378	10,410
Travel expenses	5,958	9,135
Waste disposal expenses	6,861	11,833
Other	39,148	52,959
Total	213,279	224,835

Costs to sell include expenses for outgoing freight in the amount of EUR 83,357 thousand (2013: EUR 81,850 thousand) and for commissions and advertising in the amount of EUR 16,964 thousand (2013: EUR 21,714 thousand).

Miscellaneous other operating expenses include rental and lease expenses of EUR 7,513 thousand (2013: EUR 9,474 thousand), exchange rate losses of EUR 0 thousand (2013: EUR 8,775 thousand), property tax and similar taxes of EUR 4,455 thousand (2013: EUR 4,552 thousand), loss on receivables of EUR 4,000 thousand (2013: TEUR 170), expenses for patents and trademarks of EUR 2,736 thousand (2013: EUR 3,516 thousand), expenses for food and drink of EUR 2,546 thousand (2013: EUR 2,964 thousand) and expenses from emission certificates in

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the amount of EUR 1,590 thousand (2013: EUR 1,947 thousand). In addition, the item comprises losses on the disposal of fixed assets in the amount of EUR 123 thousand (2013: EUR 58 thousand).

NOTE 13 Auditors' fees

The fees expended for services of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and Deloitte Tax Wirtschaftsprüfungs GmbH, Vienna, break down as follows:

Auditors' fees expended EUR '000

2014	Lenzing AG	Austrian group companies	Total
Audit of the annual financial statements (incl. consolidated financial statements)	259	0	259
Other assurance services	42	61	103
Other services	10	0	10
Tax advice	294	39	332
Total	604	99	704

Auditors' fees expended (prior year) EUR '000

2013	Lenzing AG	Austrian group companies	Total
Audit of the annual financial statements (incl. consolidated financial statements)	261	0	261
Other assurance services	46	58	103
Other services	0	0	0
Tax advice	146	24	170
Total	453	82	535

Fees for other assurance services chiefly consist of fees for the review of the consolidated half-year financial statements and the audit of the annual financial statements of Lenzing Group subsidiaries.

NOTE 14 Income from investments accounted for using the equity method

The result of EUR -541 thousand (2013: EUR 3,831 thousand) results from the Group's share in the current earnings of associates and joint ventures.

NOTE 15 **Income from non-current and current financial assets**

Income from non-current and current financial assets breaks down as follows:

Income from non-current and current financial assets	EUR ,000	
	2014	2013
Income from non-current and current financial assets		
Interest income from bank balances, loans, receivables and income from available-for-sale securities	1,924	2,735
Net foreign currency gains from financial assets	4,077	0
	6,001	2,735
Expenses from non-current and current financial assets		
Measurement of loans	(10)	(9)
Measurement of long-term financial assets	(1,430)	0
Loss on the disposal of available-for-sale securities	(43)	0
Net foreign currency losses from financial assets	0	(2,012)
	(1,482)	(2,022)
Total	4,519	714

NOTE 16 **Financing costs**

Financing costs break down as follows:

Financing costs	EUR '000	
	2014	2013
Net foreign currency gains/losses from financial liabilities	(1,556)	(5,170)
Interest expense from bonds and private placements	(5,892)	(5,905)
Interest expense from bank loans, other interest and similar expenses	(19,969)	(20,194)
Total	(27,416)	(31,269)

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NOTE 17 Income tax expense

Current income tax expense and income/expense from deferred taxes (changes in deferred tax assets and liabilities) of the companies included in the consolidated financial statements are reported as income tax expense.

Income tax expense breaks down as follows:

Income tax expense by source	EUR '000	
	2014	2013
Current income tax expense		
Austria	16,276	20,344
Abroad	4,407	403
	20,683	20,747
Income/expense from deferred taxes	783	(2,668)
Total	21,466	18,079

Income tax expense by cause	EUR '000	
	2014	2013
Current income tax expense		
Current tax expense for current year	23,612	19,976
Reduction due to use of tax losses	(369)	(698)
Adjustment for prior-period income tax	(2,560)	1,469
	20,683	20,747
Income/expense from deferred taxes		
Formation and reversal of temporary differences	(1,326)	9,173
Effects of changes in tax rates	(1)	(200)
Change in capitalized loss carryforwards	(496)	(5,984)
Effects of previously unrecognized temporary differences from prior periods	(137)	(4,416)
Changes in valuation adjustments relating to temporary differences (without loss carry forwards)	2,742	(1,241)
	783	(2,668)
Total	21,466	18,079

The reconciliation from the calculated income tax expense in line with the Austrian corporation tax rate of 25% (December 31, 2013: 25%) to the effective income tax expense is as follows:

Tax reconciliation	EUR '000	
	2014	2013
Earnings before tax	7,305	68,113
Calculated income tax expense (25% of earnings before tax)	1,826	17,028
Tax-free income and tax allowances (particularly research allowance)	(1,056)	(1,033)
Impairment of goodwill	18,116	0
Non-deductible expenses and withholding taxes	1,533	3,234
Income from investments accounted for using the equity method	135	(958)
Effect of different tax rates	(354)	389
Changes of tax rates	(1)	(202)
Tax income from prior periods	(2,697)	(2,947)
Exchange rate differences due to the translation of deferred tax items from local into functional currency	2,066	8,816
Change in unrecognized deferred tax assets from loss carryforwards and other temporary differences	3,974	(4,195)
Tax portion of puttable non-controlling interests	(2,204)	(2,107)
Other	127	53
Income tax expense	21,466	18,079

The item "Tax income from prior periods" includes a tax credit of EUR 3,000 thousand (2013: EUR 1,773 thousand) from the tax group with B&C Industrieholding GmbH (see also Note 44). The item "Impairment of goodwill" comprises the impairment loss on CGU Fiber Site Indonesia in financial year 2014 (see note 19).

Lenzing AG and the Austrian subsidiaries of the Lenzing Group are subject to an income tax rate of 25% (December 31, 2013: 25%). The income tax rates applied for foreign companies range between 16.5% and 36.08% (December 31, 2013: between 16.5% and 34.0%).

In comparison to the previous financial year, there was a change in the applicable tax rate in the UK from 23% to 21% in 2014. As of April 1, 2015, a tax rate of 20% is applicable there and was already applied for deferred taxes as at December 31, 2014.

NOTE 18 Earnings per share

Earnings per share are calculated as follows:

Earnings per share	EUR '000	
	2014	2013
Profit/loss for the year attributable to shareholders of Lenzing AG used in the calculation of earnings per share	(13,478)	50,113
Weighted average number of shares	26,550,000	26,550,000
	EUR	EUR
Diluted = undiluted	(0.51)	1.89

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Notes on the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity

NOTE 19 Intangible assets

Development

Intangible assets developed as follows:

Development of intangible assets EUR '000

2014	Goodwill	Concessions. industrial property rights. licenses and similar rights	Internally generated intangible assets	Total
Cost				
As at 01/01/2014	78,255	17,898	13,854	110,007
Currency translation adjustment	8,673	51	0	8,725
Additions	0	709	604	1,313
Disposals	0	(18)	0	(18)
As at 31/12/2014	86,929	18,640	14,458	120,027
Accumulated amortization				
As at 01/01/2014	(208)	(12,535)	(9,853)	(22,597)
Currency translation adjustment	(814)	(38)	0	(852)
Amortization	0	(818)	(622)	(1,440)
Impairment	(72,574)	(29)	(608)	(73,212)
Disposals	0	5	0	5
As at 31/12/2014	(73,597)	(13,415)	(11,083)	(98,095)
Carrying amount 01/01/2014	78,047	5,362	4,001	87,411
Carrying amount 31/12/2014	13,332	5,225	3,375	21,931

Development of intangible assets (previous year)

EUR '000

2013	Goodwill	Concessions, industrial property rights, licenses and similar rights	Internally generated intangible assets	Total
Cost				
As at 01/01/2013	82,091	17,709	14,396	114,196
Currency translation adjustment	(3,836)	(38)	0	(3,873)
Changes in scope of consolidation ¹	0	(81)	(946)	(1,027)
Additions	0	780	713	1,492
Disposals	0	(472)	(308)	(780)
Reclassifications	0	0	0	0
Reclassification to assets held for sale and disposal groups	0	0	0	0
As at 31/12/2013	78,255	17,898	13,854	110,007
Accumulated amortization				
As at 01/01/2013	(124)	(12,357)	(10,736)	(23,218)
Currency translation adjustment	(84)	15	0	(68)
Changes in scope of consolidation ¹	0	79	934	1,013
Amortization	0	(708)	(359)	(1,067)
Impairment	0	(36)	0	(36)
Reclassifications	0	0	0	0
Reclassification to assets held for sale and disposal groups	0	0	0	0
Disposals	0	472	308	780
Reversals of impairment losses	0	0	0	0
As at 31/12/2013	(208)	(12,535)	(9,853)	(22,597)
Carrying amount 01/01/2013	81,967	5,351	3,660	90,978
Carrying amount 31/12/2013	78,047	5,362	4,001	87,411

The additions to internally generated intangible assets shown above in the amount of EUR 604 thousand (2013: EUR 713 thousand) relate to additions from internal development. All other additions relate to additions from separate acquisition.

Research and development expenses

Research and development expenses totaling EUR 18,776 thousand (2013: EUR 24,866 thousand) were incurred in the Lenzing Group in financial year 2014. These research and development expenses are calculated according to IFRS criteria. They comprise costs incurred in connection with the targeted search for new knowledge regarding the development and significant improvement of products, services or processes and in the context of research activities. They do not include investments subject to mandatory capitalization but do include income from reimbursements (particularly subsidies). Research and development expenses are recognized in income from operations (EBIT).

¹ The changes in scope of consolidation relate to disposals of the deconsolidated companies.

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Impairment losses and reversals of impairment losses

Based on the impairment tests performed, impairment losses relating to intangible assets in the amount of EUR 73,212 thousand are recognized in the 2014 financial year (2013: EUR 36 thousand) under „Amortization of intangible assets and depreciation of property, plant and equipment” and in the fixed assets schedule above.

In financial year 2014, the impairment of goodwill in the amount of EUR 72,574 thousand relates to an Indonesian production site (a fiber production plant) of the Indonesia Fiber Site CGU in the Segment Fibers. The impairment losses are required as a result of reduced economic performance due to altered expectations in the fiber market and altered medium-term price expectations in particular. More details can be seen further down (see section „Goodwill and trademark rights with indefinite useful lives”).

Under concessions, industrial property rights, licenses and similar rights, there were impairment losses of EUR 29 thousand (2013: EUR 36 thousand) in the 2014 financial year. The impairment losses relate to a Chinese production site in the Segment Fibers (see Note 20 for details). The impairment tests performed did not show any need for impairment of trademark rights with indefinite useful lives in either of the periods presented.

Under internally generated intangible assets, there were impairment losses of EUR 608 thousand on development costs in the Segment Fibers in the 2014 financial year (2013: EUR 0 thousand). They were required due to a lack of technical and commercial usability.

There were no reversals of impairment losses in either of the periods presented.

Goodwill and trademark rights with indefinite useful lives

Goodwill and trademark rights with indefinite useful lives are allocated to the following segments/cash-generating units (CGUs) as at the reporting date:

Goodwill and trademark rights with indefinite useful lives by segment/CGU

	EUR '000	
	31/12/2014	31/12/2013
Segment Fibers		
CGU Fiber Site Indonesia	0	64,931
CGU Pulp Site Czech Republic	9,525	9,611
Other	3,585	3,283
	13,109	77,825
Segment Other	3,313	3,313
Total	16,422	81,137

In the table above, the Segment Other includes trademark rights with indefinite useful lives in the amount of EUR 3,090 thousand as at the reporting date (December 31, 2013: EUR 3,090

thousand). No changes in the value of these trademark rights have been recognized, meaning that their carrying amount corresponds to cost. These trademark rights are classified as having indefinite useful lives because there is currently no foreseeable end to their economic use. The other amounts relate entirely to goodwill.

The recoverable amount (before consideration of net financial debt) of the Indonesia Fiber Site CGU that was impaired in the 2014 financial year is EUR 313,517 thousand as at December 31, 2014 (December 31, 2013: EUR 402,742 thousand). The recoverable amount for the – prior to the impairments of the 2014 financial year – largest CGUs to which goodwill has been allocated – the Indonesia Fiber Site CGU and the Czech Republic Pulp Site CGU – is determined on the basis of the fair value less costs of disposal using a discounted cash flow method. Fair value measurement is classified in full in Level 3 of the fair value hierarchy, since key input factors (particularly cash flows) cannot be observed on the market. The fundamental methods and assumptions used for this are described in Note 3 in the section on “Impairments”. The following individual assumptions from the most recent impairment tests are also relevant to the Indonesia Fiber Site CGU and the Czech Republic Pulp Site CGU; the amounts assigned to the significant assumptions represent the assessment of the future development by the Management Board:

Assumptions for impairment test of the largest CGUs to which goodwill has been allocated

	2014 financial year	2013 financial year
CGU Fiber Site Indonesia		
Average operating margin in planning period p.a.	6.5%	8.1%
Average free cash flow growth in planning period p.a. ¹⁾	10.2%	13.1%
Long-term growth rate of perpetuials	1.0%	1.1%
Discount rate (WACC) after taxes	10.0%	11.7%
CGU Pulp Site Czech Republic		
Average operating margin in planning period p.a.	13.8%	11.5%
Average free cash flow growth in planning period p.a. ¹⁾	(11.4%)	20.9%
Long-term growth rate of perpetuials	0.9%	1.0%
Discount rate (WACC) after taxes	7.9%	9.1%

Planning and projections of free cash flows of the Indonesia Fiber Site CGU are based in particular on internal assumptions with regard to anticipated future sales prices and volumes as well as fiber production volumes and the costs required for this (particularly for pulp and energy), taking into account the expected market environment and market positioning. The planning period is 5 years (2013 financial year: 6 years). Average revenue growth in the planning period is 2,2% p.a. (2013: 3.3% p.a.).

Planning and projections of free cash flows of the Czech Republic Pulp Site CGU are based in particular on internal assumptions with regard to anticipated future sales prices and volumes as well as pulp production volumes and the costs required for this (particularly for wood and energy), taking into account the expected market environment and market positioning. The planning period is 4 years (2013 financial year: 4 years). Average revenue growth in the planning period is -1.4% p.a. (2013: 1.4% p.a.).

¹⁾ The computation of the average free cash flow growth in planning period p.a. corresponds to an annual growth rate (Compound Annual Growth Rate).

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The estimates made for the fair value less costs of disposal of the Indonesia Fiber Site CGU exceed its carrying amount by EUR 40,276 thousand in the 2013 financial year. In the 2014 financial year the goodwill of this CGU was impaired; as a result its fair value less costs of disposal now matches the carrying amount. The estimates made for the fair value less costs of disposal of the Czech Republic Pulp Site CGU exceed its carrying amount by EUR 57,373 thousand (2013 financial year: EUR 17,139 thousand). The estimates are considered appropriate. However, corrections may be required in the event of changes in assumptions or circumstances. As part of a sensitivity analysis, the following table shows hypothetical scenarios for key assumptions and the possible changes in value as at the reporting date for which, if they occurred, the recoverable amount would be equal to the carrying amount of the CGU plus goodwill.

Sensitivity analysis of assumptions for impairment test of the largest CGUs to which goodwill has been allocated

	Values relating to key assumptions	Change in values relating to key assumptions for which the recoverable amount would be equal to the carrying amount
CGU Pulp Site Czech Republic		
Operating margin	100%	minus 20.2%
Free cash flow	100%	minus 21.9%
Long-term growth rate of perpetuals	0.9%	minus 3.0 percentage points
Discount rate (WACC) after taxes	7.9%	plus 2.2 percentage points

Sensitivity analysis of assumptions for impairment test of the largest CGUs to which goodwill has been allocated (previous year)

	Values relating to key assumptions	Change in values relating to key assumptions for which the recoverable amount would be equal to the carrying amount
CGU Fiber Site Indonesia		
Operating margin	100%	minus 12.2%
Free cash flow	100%	minus 10.1%
Long-term growth rate of perpetuals	1.1%	minus 2.4 percentage points
Discount rate (WACC) after taxes	11.7%	plus 1.2 percentage points
CGU Pulp Site Czech Republic		
Operating margin	100%	minus 8.1%
Free cash flow	100%	minus 7.6%
Long-term growth rate of perpetuals	1.0%	minus 1.0 percentage points
Discount rate (WACC) after taxes	9.1%	plus 0.8 percentage points

NOTE 20 Property, plant and equipment

Development

Property, plant and equipment developed as follows:

Development of property, plant and equipment EUR '000

2014	Land and buildings	Technical equipment and machinery, factory and office equipment	Down payments and assets under construction	Total
Cost				
As at 01/01/2014	428,337	2,071,477	214,455	2,714,269
Currency translation adjustment	15,936	64,308	1,319	81,563
Additions	14,559	70,588	13,023	98,169
Disposals	(92)	(21,902)	0	(21,994)
Reclassifications	44,791	153,432	(198,223)	0
As at 31/12/2014	503,530	2,337,904	30,573	2,872,007
Accumulated depreciation				
As at 01/01/2014	(197,430)	(1,189,078)	(3,251)	(1,389,760)
Currency translation adjustment	(4,546)	(29,689)	(266)	(34,501)
Depreciation	(14,714)	(110,828)	0	(125,542)
Impairment	(5,625)	(15,728)	0	(21,353)
Disposals	16	21,623	0	21,639
As at 31/12/2014	(222,300)	(1,323,699)	(3,518)	(1,549,517)
Carrying amount 01/01/2014	230,906	882,399	211,204	1,324,509
Carrying amount 31/12/2014	281,230	1,014,205	27,056	1,322,490

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Development of property, plant and equipment (previous year) EUR '000

2013	Land and buildings	Technical equipment and machinery, factory and office equipment	Down payments and assets under construction	Total
Cost				
As at 01/01/2013	395,566	2,005,323	197,046	2,597,935
Currency translation adjustment	(9,583)	(27,057)	(8,205)	(44,844)
Changes in scope of consolidation ¹	0	(65,660)	(243)	(65,903)
Additions	15,603	91,716	137,713	245,032
Disposals	(884)	(16,867)	(200)	(17,951)
Reclassifications	27,634	84,022	(111,656)	0
Reclassification to assets held for sale and disposal groups	0	0	0	0
As at 31/12/2013	428,337	2,071,477	214,455	2,714,269
Accumulated depreciation				
As at 01/01/2013	(181,468)	(1,141,311)	13	(1,322,766)
Currency translation adjustment	1,674	10,261	(30)	11,904
Changes in scope of consolidation ¹	0	41,239	0	41,239
Depreciation	(13,087)	(101,729)	0	(114,815)
Impairment	(5,413)	(14,336)	(3,435)	(23,184)
Reclassifications	0	0	0	0
Reclassification to assets held for sale and disposal groups	0	0	0	0
Disposals	863	16,798	200	17,862
Reversals of impairment losses	0	0	0	0
As at 31/12/2013	(197,430)	(1,189,078)	(3,251)	(1,389,760)
Carrying amount 01/01/2013	214,098	864,012	197,059	1,275,169
Carrying amount 31/12/2013	230,906	882,399	211,204	1,324,509

Pledges of property, plant and equipment and other physical security or restrictions on title encumbering property, plant and equipment

Property, plant and equipment also includes assets from finance leases (see Note 42).

In addition, there is physical security in the form of property, plant and equipment for loans borrowed by the Group. Please refer to the information in Note 31. The carrying amount of property, plant and equipment pledged to secure financial liabilities is EUR 268,178 thousand (December 31, 2013: EUR 253,664 thousand).

¹ The changes in scope of consolidation relate to disposals of the deconsolidated companies.

Capitalization of borrowing costs

In financial year 2014, borrowing costs for property, plant and equipment were capitalized in the amount of EUR 3,025 thousand (2013: EUR 4,941 thousand), using a borrowing cost rate of 2.8% to 3.0% (2013: 2.6% to 3.0%).

Impairment losses and reversals of impairment losses

Based on the impairment tests performed, impairment losses relating to property, plant and equipment in the amount of EUR 21,353 thousand (2013: EUR 23,184 thousand) are recognized under "Amortization of intangible assets and depreciation of property, plant and equipment" and in the fixed assets schedule above for financial year 2014.

In financial year 2014, EUR 21,353 thousand (2013: EUR 19,633 thousand) of the impairment of property, plant and equipment related to a Chinese production site (a fiber production plant) in the Segment Fibers with EUR 5,625 thousand (2013: EUR 5,413 thousand) of this impairment relating to land and buildings and EUR 15,728 thousand (2013: EUR 14,220 thousand) relating to technical equipment and machinery (particularly fiber production facilities) as well as factory and office equipment. The impairment losses are required as a result of reduced economic performance due to altered expectations in the fiber market, thereof altered medium-term price expectations in particular; and due to altered expectations with regard to the usage of the production site.

The recoverable amount (before consideration of net financial debt) of the Chinese production site is EUR 105,839 thousand (December 31, 2013: EUR 131,594 thousand). The recoverable amount is determined on the basis of the fair value less costs of disposal using a discounted cash flow method. Fair value measurement is classified in full in Level 3 of the fair value hierarchy, since key input factors (particularly cash flows) cannot be observed on the market. The fundamental methods and assumptions used for this correspond analogously to those used to determine the fair value less costs of disposal of cash-generating units to which goodwill has been allocated, and are described in Note 3 in the section on "Impairments". The following individual assumptions are also relevant to this Chinese production site; the amounts assigned to the significant assumptions represent the assessment of the future development by the Management Board:

Assumptions for impairment test of the Chinese production site

	2014 financial year	2013 financial year
Average operating margin in planning period p.a.	0.7%	0.5%
Average free cash flow growth in planning period p.a. ¹⁾	11.6%	4.6%
Long-term growth rate of perpetuials	1.4%	1.9%
Discount rate (WACC) after taxes	8.6%	10.8%

¹⁾ The computation of the average free cash flow growth in planning period p.a. corresponds to an annual growth rate (Compound Annual Growth Rate).

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Planning and projections of free cash flows of the Chinese production site are based in particular on internal assumptions with regard to anticipated future sales prices and volumes as well as fiber production volumes and the costs required for this (particularly for pulp and energy), taking into account the expected market environment and market positioning. The planning period is 5 years (2013 financial year: 6 years). Average revenue growth in the planning period is 3.5% p.a. (2013: 4.6% p.a.).

Other impairment of property, plant and equipment in financial year 2013 primarily consists of impairment of EUR 3,435 thousand on assets under construction at an Indian site in the Segment Fibers. The impairment losses are required due to further delay of the investments originally planned. The recoverable amount (before consideration of net financial debt) is EUR 6,966 thousand as at December 31, 2013 and is estimated by internal experts based on fair value less costs of disposal for the individual assets from estimated disposal possibilities that are, to some extent, not observable on the market. Fair value measurement is therefore classified in full in Level 3 of the fair value hierarchy.

In addition, there were impairment losses of another EUR 116 thousand on machinery in the Segment Fibers in financial year 2013. These were required due to technical and commercial obsolescence.

There were no reversals of impairment losses in either of the periods presented.

NOTE 21

Investments accounted for using the equity method

Investments accounted for using the equity method relate to investments in associates and joint ventures, especially in EQUI-Fibres Beteiligungsgesellschaft mbH (EFB), Kelheim, Germany, which is assigned to the Segment Fibers.

Investments accounted for using the equity method break down as follows:

Carrying amounts of investments accounted for using the equity method		EUR '000	
	31/12/2014	31/12/2013	
Associates			
EQUI-Fibres Beteiligungsgesellschaft mbH (EFB)	32,470	33,755	
Other associates	5,422	5,266	
Joint ventures	65	62	
Total	37,956	39,083	

Investments accounted for using the equity method developed as follows:

Development of the carrying amounts of investments accounted for using the equity method

EUR '000

2014	EFB	Other associates	Joint ventures	Total
As at 01/01	33,755	5,266	62	39,083
Income from investments accounted for using the equity method	(562)	18	3	(541)
Other comprehensive income - remeasurement of defined benefit liability and other	(723)	0	0	(723)
Other comprehensive income – foreign currency translation differences arising during the reporting period	0	178	0	178
Total comprehensive income	(1,285)	197	3	(1,086)
Distributions	0	(40)	0	(40)
As at 31/12	32,470	5,422	65	37,956

Development of the carrying amounts of investments accounted for using the equity method (previous year)

EUR '000

2013	EFB	Other associates	Joint ventures	Total
As at 01/01	30,188	5,510	63	35,761
Income from investments accounted for using the equity method	3,592	237	1	3,831
Other comprehensive income - remeasurement of defined benefit liability and other	(25)	0	0	(25)
Other comprehensive income – foreign currency translation differences arising during the reporting period	0	(441)	(2)	(443)
Total comprehensive income	3,567	(204)	(1)	3,362
Distributions	0	(40)	0	(40)
As at 31/12	33,755	5,266	62	39,083

The above total comprehensive income figures result only from continued operations.

As at December 31, 2014, the Lenzing Group held 45% (December 31, 2013: 45%) of the capital and the voting rights of EFB, which is not listed on the stock exchange. The core business of EFB is the production and sale of man-made cellulose fibers. The Lenzing Group's relations with this company are described in Note 44.

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The table below summarizes EFB's financial information in accordance with IFRS (100% in each case, i.e. not adapted to the stake held by the Lenzing Group and before intra-Group eliminations or adjustments):

Summarized financial information of EFB		EUR '000	
	31/12/2014	31/12/2013	
Non-current assets	80,307	78,267	
Current assets	56,433	57,368	
Equity	71,893	72,862	
Non-current liabilities	21,982	20,905	
Current liabilities	42,865	41,868	
	2014	2013	
Revenue	163,236	180,231	
Earnings before taxes (EBT)	(184)	9,508	
Total comprehensive income	(968)	6,039	
Thereof profit for the year (of continued operations)	638	6,095	
Thereof other comprehensive income (of continued operations)	(1,607)	(56)	

The reconciliation of equity to the carrying amount of the investment in EFB is as follows:

Reconciliation of equity to carrying amount of the investment in EFB		EUR '000	
	31/12/2014	31/12/2013	
Equity	71,893	72,862	
Thereof:			
Group's stake (45%; previous year: 45%)	32,352	32,788	
Consolidation and other effects	118	967	
Carrying amount	32,470	33,755	

NOTE 22 Financial assets

Financial assets break down as follows:

Financial assets	EUR '000	
	31/12/2014	31/12/2013
Non-current securities	14,369	14,632
Other equity investments	1,564	1,064
Loans	7,261	7,480
Total	23,194	23,176

Non-current securities are measured at their current quoted prices or other market prices (particularly notional values for investment funds) and break down as follows:

Non-current securities by asset class		EUR '000	
2014	Market value 31/12	Average effective yield in %	Income for the financial year
Government bonds	5,944		
Bonds from other issuers	100		
Other securities and book-entry securities	8,325		
Total	14,369	6.61	235

Non-current securities by asset class (previous year)		EUR '000	
2013	Market value 31/12	Average effective yield in %	Income for the financial year
Government bonds	6,563		
Bonds from other issuers	100		
Other securities and book-entry securities	7,969		
Total	14,632	0.94	556

Government bonds mainly comprise bonds issued by the Federal Republic of Germany in the amount of EUR 2,683 thousand (December 31, 2013: EUR 2,386 thousand), by the Republic of France in the amount of EUR 837 thousand (December 31, 2013: EUR 1,864 thousand), and bonds issued by the Republic of Austria in the amount of EUR 358 thousand (December 31, 2013: EUR 1 thousand). Under bonds from other issuers, EUR 100 thousand (December 31, 2013: EUR 100 thousand) relates to bank bonds. Other securities and book-entry securities chiefly relate to shares.

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Other investments as at December 31, 2014 mainly include the investment in LP Beteiligungs & Management GmbH, Linz, in the amount of EUR 1,050 thousand (December 31, 2013: EUR 1,050 thousand).

Loans totaling EUR 7,261 thousand (December 31, 2013: EUR 7,480 thousand) relate entirely to loans to third parties.

NOTE 23 Other non-current assets

Other non-current assets break down as follows:

Other non-current assets	EUR '000	
	31/12/2014	31/12/2013
Other non-current financial assets		
Derivatives not yet settled (open positions)	71	231
Non-current receivables	7,112	3,612
	7,183	3,843
Other non-current assets (non-financial)		
Receivables from other taxes	1,457	900
Prepaid expenses	363	430
	1,820	1,330
Total	9,003	5,173

NOTE 24 Inventories

Inventories break down as follows:

Inventories	EUR '000	
	31/12/2014	31/12/2013
Raw materials and supplies	224,756	199,996
Work in progress	3,756	4,591
Finished goods and merchandise	109,101	103,525
Advance payments	6,478	3,371
Total	344,092	311,483

Raw materials and supplies primarily include beechwood for pulp production, pulp and chemicals for cellulose fiber production and various incidentals.

Finished goods and work in progress include Lenzing Viscose®, Lenzing Modal® (including Lenzing FR®) and TENCEL® cellulose fibers, sodium sulfate, acetic acid, furfural and plastic products, as well as products of the Segment Lenzing Technik.

In financial year 2014, write-downs of inventories were recognized in profit or loss in the amount of EUR 9,880 thousand (2013: EUR 8,959 thousand). The carrying amount of inventories carried at net realizable value is EUR 180,112 thousand (December 31, 2013: EUR 215,417 thousand). Expenses for inventories are mainly recognized in cost of material. Inventories recognized as cost of material in the reporting period amount to EUR 1,040,050 thousand (2013: EUR 1,090,503 thousand).

The carrying amount of inventories pledged to secure financial liabilities is EUR 93,509 thousand (December 31, 2013: EUR 78,279 thousand).

Of the inventories, EUR 19,073 thousand (2013: EUR 16,574 thousand) is expected to be held for longer than one year.

NOTE 25 Trade receivables

Trade receivables break down as follows:

Trade receivables	EUR '000	
	31/12/2014	31/12/2013
Trade receivables (gross)	243,270	266,395
Bad debt provisions	(10,501)	(7,554)
Total	232,769	258,841

The carrying amount of receivables pledged to secure financial liabilities or assigned as collateral is EUR 0 thousand (December 31, 2013: EUR 0 thousand).

Further information on trade receivables can be found in Notes 39 and 41 (under "Factoring" and "Credit risk").

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NOTE 26 Construction contracts

Construction contracts	EUR '000	
	31/12/2014	31/12/2013
Contract costs incurred by the reporting date	3,189	1,954
Profits accrued by the reporting date	287	175
Losses incurred by the reporting date	(164)	(30)
Balance from contract manufacturing (gross)	3,313	2,099
Less advance payments received (total)	(3,217)	(1,058)
Balance from contract manufacturing (net)	96	1,042
Thereof gross amount due from customers for contract work (trade receivables)	2,032	1,809
Thereof gross amount due to customers for contract work (other current liabilities)	(1,936)	(767)
Retentions included therein	0	0
Provisions for expected losses from construction contracts	13	0

Revenue of EUR 23,660 thousand (2013: EUR 23,325 thousand) was generated from construction contracts in financial year 2014.

NOTE 27 Other current assets

Other current assets break down as follows:

Other current assets	EUR '000	
	31/12/2014	31/12/2013
Other current financial assets		
Derivatives not yet settled (open positions)	453	6,068
Creditors with debit balances	1,845	2,155
Offset maintenance	4,390	3,200
Other	14,690	7,696
Carrying amount as at 31/12	21,377	19,119
Other current assets (non-financial)		
Receivables from other taxes	37,444	36,447
Advance payments	1,869	2,954
Emission certificates	5,280	1,624
Prepaid expenses	3,544	2,760
Other	126	66
Carrying amount as at 31/12	48,262	43,851
Total	69,640	62,970

NOTE 28 **Current securities**

There were no current securities on both reporting dates presented in these financial statements.

NOTE 29 **Equity**

Consolidated statement of changes in equity

The amount of and changes in Group equity are presented in the consolidated statement of changes in equity.

Share capital and capital reserves

The share capital of Lenzing AG amounts to EUR 27,574,071.43 as at December 31, 2014 (December 31, 2013: EUR 27,574,071.43) and is divided into 26,550,000 no-par-value shares (December 31, 2013: 26,550,000). The proportion of the share capital attributable to one share amounts to roughly EUR 1.04. Each ordinary share represents an equal interest in the capital and conveys the same rights and obligations, particularly the right to a resolved dividend and the right to vote at the Shareholders' Meeting. The issuing amount of the shares is fully paid up. No other classes of shares have been issued.

By resolution of the Shareholders' Meeting on December 10, 2010, the Management Board was authorized, subject to the approval of the Supervisory Board, to increase the share capital by a maximum of EUR 13,358,625.00 (equivalent to 12,862,500 shares or 50% of the share capital as at December 31, 2010) within five years – possibly in tranches – in exchange for cash contributions and contributions in kind (“authorized capital”).

Effective June 17, 2011 (the first trading day of the new shares), Lenzing AG implemented a capital increase as authorized in the extraordinary Shareholders' Meeting on December 10, 2010. A total of 825,000 new shares were issued. The share capital was fully paid up.

In addition, the Management Board was authorized by resolution of the Shareholders' Meeting on December 10, 2010, subject to the approval of the Supervisory Board, to issue convertible bonds granting a subscription right or specifying a conversion obligation for up to 12,862,500 ordinary shares (equivalent to 50% of the share capital as at December 31, 2010) by no later than December 9, 2015 (“contingent capital”).

After the implementation of the capital increase in financial year 2011, the number of new shares to be issued and convertible bonds decreased to 12,037,500.

By resolution of the Shareholders' Meeting on April 28, 2014, the Management Board was authorized to purchase via the stock exchange, with the consent by the Supervisory Board, own shares of up to 10% of the company's share capital during a period of 30 months from April 28, 2014, with the lowest equivalent of not more than 20% below and the highest equivalent of not more than 10% above the average closing price of the last three stock exchange days prior

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to the purchase of the shares. The purchase must not be for the purpose of trading in own shares. The authorization may be exercised in whole or in part or in several partial amounts and in pursuit of one or several purposes by the company, by a subsidiary (section 228 para 3 of the Austrian Commercial Code [UGB]) or by third parties for the company's account. In addition, the Management Board was also authorized to reduce the share capital, if necessary, by redeeming such own shares without any further resolution by the Shareholders' Meeting. The Supervisory Board was authorized to adopt any amendments to the articles of association resulting from the redemption of shares.

The Management Board did not exercise the authorizations in place on December 31, 2014 to increase the share capital, issue convertible bonds and repurchase own shares in the reporting period.

The capital reserves constitute restricted reserves of Lenzing AG that may only be used to offset an accumulated loss of Lenzing AG. They were recognized based on the inflow of funds that Lenzing AG received from the shareholders above and beyond the share capital.

Other reserves

Other reserves include all accumulated other comprehensive income and consist of the foreign currency translation reserve, the reserve for available-for-sale financial assets, the hedging reserve and actuarial gains/losses. The foreign currency translation reserve comprises all exchange rate differences resulting from the translation of annual financial statements of consolidated subsidiaries prepared in foreign currencies into the group currency (euro). The reserve for available-for-sale financial assets consists of measurements recognized directly in equity from the assets concerned, less deferred taxes. The hedging reserve comprises the effective portion of cash flow hedges until the hedged items are recognized in profit or loss, less deferred taxes. Actuarial gains/losses comprise the effects recognized directly in equity from the measurement of pensions and similar obligations, less deferred taxes.

The amounts attributable to components of other comprehensive income for the financial year break down as follows:

Other comprehensive income **EUR '000**

	2014			2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Fully consolidated subsidiaries	48,440	87	48,527	(32,029)	467	(31,561)
Investments accounted for using the equity method	178	0	178	(447)	0	(447)
Foreign currency translation reserve	48,618	87	48,705	(32,475)	467	(32,008)
Available-for-sale financial assets	790	(198)	593	(230)	58	(173)
Fully consolidated subsidiaries	(27,449)	6,168	(21,281)	(1,568)	262	(1,306)
Investments accounted for using the equity method	(5)	0	(5)	0	0	0
Hedging reserve	(27,454)	6,168	(21,286)	(1,568)	262	(1,306)
Fully consolidated subsidiaries	(13,896)	3,496	(10,400)	(1,369)	367	(1,002)
Investments accounted for using the equity method	(718)	0	(718)	(25)	0	(25)
Actuarial gains/losses	(14,614)	3,496	(11,118)	(1,394)	367	(1,027)
Summe	7,341	9,553	16,893	(35,668)	1,154	(34,513)

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The reserve for hedging cash flows (hedging reserve) developed as follows:

Changes in the hedging reserve	EUR '000	
	2014	2013
Gains/losses recognized in the reporting period from the valuation of cash flow hedges		
From gas swaps	(3,548)	1,191
From forward foreign exchange contracts	(31,537)	806
From other derivatives	(23)	0
	(35,107)	1,997
Reclassification to profit or loss of amounts relating to cash flow hedges		
From gas swaps	2,558	(545)
From forward foreign exchange contracts	4,892	(3,206)
From other derivatives	203	185
	7,653	(3,565)
Total	(27,454)	(1,568)

The above amounts from the reclassification to profit or loss of cash flow hedges from gas swaps are reported under cost of material. The above amounts from the reclassification to profit or loss of cash flow hedges from forward foreign exchange contracts are mainly reported under revenue in earnings before interest and taxes (EBIT). The above amounts from the reclassification to profit or loss of cash flow hedges from other derivatives are reported in the financial result.

Retained earnings

Retained earnings break down as follows:

Retained earnings	EUR '000	
	31/12/2014	31/12/2013
Unappropriated revenue reserves of Lenzing AG	380,441	257,447
Accumulated profits of Lenzing AG under Austrian law (Austrian Commercial Code - öUGB)	26,550	151,217
Retained earnings of the subsidiaries including the effect of adjusting the financial statements of Lenzing AG and its subsidiaries from local regulations to IFRS	483,385	541,726
Total (not including other reserves)	890,376	950,390

The unappropriated revenue reserves of Lenzing AG can be released at any time and distributed to the shareholders as part of the accumulated profits.

Under Austrian law, dividends can only be distributed from the accumulated profits according to the approved annual financial statements of the parent company pursuant to the Austrian Commercial Code (öUGB).

The following dividends were resolved and paid out to the shareholders of Lenzing AG:

Dividends of Lenzing AG resolved and paid	Total	Number of shares	Dividend per share
	EUR '000		EUR
Dividend for the financial year 2013 resolved at the Ordinary Shareholders' Meeting on April 28, 2014 (payment April 30, 2014)	46,463	26,550,000	1.75
Dividend for the financial year 2012 resolved at the Ordinary Shareholders' Meeting on April 24, 2013 (payment April 30, 2013)	53,100	26,550,000	2.00

The Management Board makes the following proposal for the appropriation of the accumulated profits for 2014 in the annual financial statements of Lenzing AG pursuant to the öUGB:

Proposal on the appropriation of the accumulated profits for 2014	EUR '000
Lenzing AG closed financial year 2014 with a profit under Austrian law (öUGB) of	44,790
Allocation to (unappropriated) revenue reserves of	(122,994)
and adding the profit carried forward from 2013 of	104,754
results in accumulated profits of	26,550
The Management Board proposes the following appropriation of the accumulated profits:	
Distribution of a dividend in line with an amount of EUR 1,00 per share for the share capital entitled to dividend payments of EUR 27,574,071.43 or 26,550,000 shares	26,550
Amount carried forward to new account	0

The dividend from the above proposal is subject to approval by the shareholders at the Shareholders' Meeting and is therefore recognized in equity as at the reporting date.

The dividends are subject to a capital gains tax deduction of 25% (see the table above for the amounts). In the case of individuals with unlimited tax liability, the income tax in Austria is thereby settled (final taxation). Corporations with unlimited tax liability that hold at least 10% of the share capital are exempt from capital gains tax in Austria. Non-distributed profits are not taxed for shareholders in Austria. In the case of entities with limited tax liability, the relevant double taxation agreements must also be taken into account.

There are no income tax consequences for Lenzing AG arising from the dividend payments to its shareholders.

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Non-controlling interests

Non-controlling interests comprise the shareholdings of third parties in fully consolidated Group companies (non-controlling interests or shareholders). Companies with non-controlling interests are shown in Note 47 under "Fully consolidated companies" and there comprise those companies in which the Lenzing Group holds a share less than 100% and that are not reported under puttable non-controlling interests (the latter relates to Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China, which is assigned to the Segment Fibers).

As at December 31, 2014, non-controlling interests in equity amounted to EUR 23,291 thousand (December 31, 2013: EUR 21,406 thousand), in particular in PT. South Pacific Viscose (SPV), Purwakata, Indonesia, which is assigned to the Segment Fibers. As at December 31, 2014, the non-controlling shareholders held 11.92% (December 31, 2013: 11.92%) of the capital and voting rights of SPV, which is not listed on the stock exchange. The core business of SPV is the production and sale of man-made cellulose fibers.

The table below summarizes SPV's financial information in accordance with IFRS (100% in each case, i.e. not adapted to the stake held by the Lenzing Group and before intra-Group eliminations or adjustments):

Summarized financial information of SPV	EUR '000	
	31/12/2014	31/12/2013
Non-current assets	266,892	263,194
Current assets	166,412	143,947
Equity	195,395	179,577
Thereof equity attributable to shareholders of Lenzing AG	172,104	158,172
Thereof equity attributable to non-controlling interests	23,291	21,406
Non-current liabilities	106,207	116,463
Current liabilities	131,702	111,100
	2014	2013
Revenue	416,692	440,090
Earnings before taxes (EBT)	(6,660)	8,192
Total comprehensive income	15,818	(9,232)
Thereof profit for the year (of continued operations)	(7,607)	(1,976)
Profit for the year attributable to shareholders of Lenzing AG	(6,700)	(1,944)
Profit for the year attributable to non-controlling interests	(907)	(32)
Thereof other comprehensive income (of continued operations)	23,425	(7,256)
Other comprehensive income attributable to shareholders of Lenzing AG	20,633	(6,429)
Other comprehensive income attributable to non-controlling interests	2,792	(828)
Cash flow from operating activities	41,859	23,418
Cash flow from investing activities	(4,649)	(27,417)
Cash flow from financing activities	(36,535)	(36,698)
Change in cash and cash equivalents	676	(40,696)
Dividends paid to non-controlling interests	0	0

Changes in non-controlling interests in subsidiaries already controlled due to changes in ownership interests as a result of the Lenzing Group acquiring or selling shares without losing control are reported in the consolidated statement of changes in equity and had the following effects on non-controlling interests:

Effects of the acquisition and disposal of further shares in subsidiaries already controlled

EUR '000

	2014	2013
European Carbon Fiber GmbH (2014: - 8.93%, 2013: n.a.)	68	0
Lenzing Modi Fibers India Private Limited (2014: + 0.1%, 2013: n.a.)	7	0
PT. South Pacific Viscose (2014: n.a., 2013: + 2.29%)	0	(4,564)
Decrease (+)/increase (-) of non-controlling interests in equity	75	(4,564)

In total, the following shares of other comprehensive income are attributable to non-controlling interests of subsidiaries of Lenzing AG:

Other comprehensive income attributable to non-controlling interests

EUR '000

	2014	2013
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability	(72)	197
Income tax relating to these components of other comprehensive income	18	(57)
Items that may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences arising during the reporting period	2,863	(1,039)
Net fair value gains/losses on remeasurement of available-for-sale financial assets recognized in the reporting period	5	0
Income tax relating to these components of other comprehensive income	(1)	0
Other comprehensive income – net of tax	2,813	(900)

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NOTE 30

Government grants

The amount accrued in this item primarily results from grants provided for promoting investments in economically underdeveloped regions and investments in environmental protection and from grants provided for promoting investments in general.

In the reporting period, government grants amounting to EUR 5,599 thousand (2013: EUR 5,053 thousand), mainly resulting from the promotion of research activities, were recognized in profit or loss.

Any conditions attached to these grants were fulfilled, meaning that it is considered unlikely that they will have to be repaid, even just in part.

Government grants also include emission certificates as at December 31, 2014 in the amount of EUR 3,749 thousand (December 31, 2013: EUR 286 thousand). Based on Directive 2003/87/EC of the European Parliament and the European Council on a system for trading greenhouse gas emission certificates, a total of 812,851 emission certificates were allocated free of charge to the relevant companies in the Lenzing Group for 2014 through national allocation plans (2013: 55,633 emission certificates). Emission certificates developed as follows:

Development of emission certificates	Number	
	2014	2013
As at 01/01	313,948	541,842
Allocation for the year	812,851	55,633
Returned for actual emissions in the previous year	(266,261)	(297,207)
Net purchases and sales during the year	(13,115)	13,680
As at 31/12	847,423	313,948

As at December 31, 2014, a provision of EUR 168 thousand (December 31, 2013: EUR 144 thousand) was set aside to cover the shortfall of emission certificates.

NOTE 31 Financial liabilities

As at December 31, financial liabilities break down as follows:

Financial liabilities				EUR '000
31/12/2014	Currency	Nominal value	Carrying amount	Average effective yield in %
Bond				
Fixed interest	EUR	120,000	119,713	3.91
			119,713	
Private placements				
Fixed interest	EUR	139,500	139,128	2.99
Floating-rate interest	EUR	89,500	89,341	1.91
			228,468	
Liabilities to banks				
Loans:				
Fixed interest	EUR	44,668	44,668	3.17
Floating-rate interest	EUR	122,474	122,147	1.80
Floating-rate interest	USD	113,333	92,150	2.38
Floating-rate interest	CNY	50,480	6,691	6.29
Operating loans¹⁾:				
Floating-rate interest	USD	26,577	21,612	3.37
Floating-rate interest	CNY	400,000	53,021	6.06
Floating-rate interest	EUR	6,500	6,500	0.93
			346,790	
Lease liabilities				
Fixed interest	EUR	1,938	1,938	4.00
Floating-rate interest	EUR	2,544	2,544	2.25
			4,482	
Liabilities to other lenders (miscellaneous)				
Fixed interest	EUR	6,149	6,149	1.34
Fixed and floating-rate interest	EUR	21,983	21,983	1.17
Floating-rate interest	USD	2,668	2,194	3.63
			30,326	
Total			729,778	
Thereof current			192,745	
Thereof non-current			537,033	

¹⁾ Revolving loan agreements and checking accounts.

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Financial liabilities (previous year)

EUR '000

31/12/2013	Currency	Nominal value	Carrying amount	Average effective yield in %
Bond				
Fixed interest	EUR	120,000	119,609	3.91
			119,609	
Private placements				
Fixed interest	EUR	139,500	139,049	3.07
Floating-rate interest	EUR	89,500	89,287	1.87
			228,335	
Liabilities to banks				
Loans:				
Fixed interest	EUR	71,073	71,073	3.09
Floating-rate interest	EUR	149,038	148,618	1.40
Floating-rate interest	USD	163,333	117,020	2.54
Floating-rate interest	CNY	110,480	13,222	6.53
Operating loans¹⁾:				
Floating-rate interest	USD	19,168	14,090	2.57
Floating-rate interest	CNY	455,000	54,455	6.21
			418,478	
Lease liabilities				
Fixed interest	EUR	1,882	1,882	4.00
			1,882	
Liabilities to other lenders (miscellaneous)				
Fixed interest	EUR	5,075	5,075	1.60
Fixed and floating-rate interest	EUR	25,416	25,416	1.52
Floating-rate interest	USD	2,598	1,885	3.63
			32,376	
Total			800,680	
Thereof current			191,074	
Thereof non-current			609,605	

¹⁾ Revolving loan agreements and checking accounts.

In financial year 2010, the Lenzing Group issued a seven-year bond with a fixed interest rate of 3.875% and a nominal value of EUR 120,000 thousand. It matures on September 27, 2017.

In financial year 2012, the Lenzing Group issued a private placement. The issue volume amounts to EUR 200,000 thousand. Terms of four and seven years with fixed and floating-rate interest respectively and a term of ten years with fixed interest only were agreed. The average term is around six years. In financial year 2013, the Lenzing Group issued another private placement. The issue volume amounts to EUR 29,000 thousand. A term of five years with fixed interest was agreed. The average effective interest rates of all private placements are shown in the table above.

The next interest rate adjustment for the floating-rate loans and partially fixed-rate loans will take place within the next six months, depending on the loan agreement.

The conditions for loans that can be utilized multiple times (revolving loans) are fixed for a certain period and bear floating-rate interest.

Others loans primarily relate to obligations to the Forschungsförderungsfonds der gewerblichen Wirtschaft (Austrian fund for the promotion of research in industry) and the ERP fund and loans from non-controlling shareholders.

Of the reported financial liabilities, EUR 105,452 thousand (December 31, 2013: EUR 130,003 thousand) is collateralized with land charges and other physical security and EUR 0 thousand (December 31, 2013: EUR 0 thousand) is collateralized with receivables. Shares in Biocel Pas-kov a.s. were pledged to finance the purchase price for the interest in this company.

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NOTE 32

Deferred taxes (deferred tax assets and liabilities)

Deferred tax assets and liabilities relate to the following items of the statement of financial position:

Deferred tax assets	EUR '000	
	31/12/2014	31/12/2013
Intangible assets	19	12
Property, plant and equipment	10,749	5,427
Financial assets	7,692	10,276
Other assets	6,455	4,028
Provisions	17,784	14,124
Investment grants	176	175
Other liabilities	9,934	645
Tax loss carryforwards and tax credits (thereof tax credits: EUR 0 thousand; 2013: EUR 133 thousand)	18,605	15,730
Gross deferred tax assets - before valuation adjustment	71,413	50,418
Valuation adjustment on deferred tax assets	(10,025)	(5,254)
Thereof relating to tax loss carryforwards	(6,835)	(5,236)
Gross deferred tax assets	61,388	45,164
Offsettable against deferred tax liabilities	(39,855)	(33,893)
Net deferred tax assets	21,534	11,271

Deferred tax liabilities	EUR '000	
	31/12/2014	31/12/2013
Intangible assets	1,400	1,550
Property, plant and equipment	68,830	60,844
Financial assets	842	677
Other assets	4,609	2,852
Special depreciation/amortization for tax purposes	6,004	6,087
Provisions	216	401
Investment grants	321	256
Other liabilities	2,463	3,024
Gross deferred tax liabilities	84,685	75,690
Offsettable against deferred tax assets	(39,855)	(33,893)
Net deferred tax liabilities	44,830	41,797

Of the gross deferred tax assets, EUR 21,742 thousand (December 31, 2013: EUR 11,976 thousand) is due within one year. Of the gross deferred tax liabilities, EUR 4,390 thousand (December 31, 2013: EUR 2,760 thousand) is due within one year. The remaining amounts are due in more than one year.

Deferred taxes developed as follows:

Development of deferred taxes

EUR '000

	As at 01/01/2013	Recognized in profit or loss	Recognized in other comprehensive income	Changes in scope of consolidation and other reclassifications	Currency translation adjustment	As at 31/12/2013 = 01/01/2014	Recognized in profit or loss	Recognized in other comprehensive income	Currency translation adjustment	As at 31/12/2014
Intangible assets	(1,500)	(44)	0	5	2	(1,537)	155	0	1	(1,382)
Property, plant and equipment	(52,213)	(7,867)	0	1,948	2,715	(55,417)	213	0	(2,877)	(58,081)
Financial assets	3,608	8,153	58	(2,219)	0	9,599	(2,552)	(198)	0	6,850
Other assets	6,169	(5,067)	176	(1)	(101)	1,176	(491)	960	201	1,846
Special depreciation/ amortization for tax purposes	(4,782)	100	0	(1,405)	0	(6,087)	83	0	0	(6,004)
Provisions	14,093	(3)	368	(514)	(220)	13,724	(63)	3,496	411	17,568
Investment grants	(1,903)	(79)	0	1,910	(9)	(81)	(86)	0	22	(145)
Other liabilities	(2,431)	4	85	0	(37)	(2,379)	4,514	5,208	127	7,471
Tax loss carryforwards and tax credits	8,673	8,598	0	0	(1,542)	15,730	1,571	0	1,304	18,605
Valuation allowances	(4,224)	(1,128)	0	0	98	(5,254)	(4,127)	0	(644)	(10,025)
Total	(34,510)	2,668	687	(277)	907	(30,526)	(783)	9,466	(1,454)	(23,297)

As at December 31, 2014, there were tax loss carryforwards of EUR 80,199 thousand in the Group (December 31, 2013: EUR 71,792 thousand). The existing tax loss carryforwards can be utilized as follows:

Loss carryforwards (measurement basis)

EUR '000

	31/12/2014	31/12/2013
Total	80,199	71,792
Thereof capitalized loss carryforwards	49,895	48,032
Thereof non-capitalized loss carryforwards	30,304	23,760
Possible expiration of non-capitalized loss carryforwards		
Within 1 year	36	0
Within 2 years	35	37
Within 3 years	9,525	35
Within 4 years	4,805	8,370
Within 5 years	2,336	2,290
Can be carried forward without restrictions	13,567	13,029

The recoverability of deferred tax assets is assessed – after deducting the negative temporary differences – on the basis of the future positive tax results according to the planning approved by the Management Board. This planning is also used in the impairment tests (see in particular Note 3 under "Impairments" for details). The assessment of unused tax loss carryforwards and tax credits also takes utilization requirements into account.

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As at December 31, 2014, deferred tax receivable surpluses totaling EUR 21,534 thousand (December 31, 2013: EUR 11,271 thousand) were capitalized, thereof mostly at Group entities that generated losses in the past year or in the previous year at EUR 21,512 thousand (December 31, 2013: EUR 11,257 thousand). In turn, these related mainly to a Chinese production site at EUR 15,877 thousand (December 31, 2013: EUR 8,108 thousand) and a Chinese sales location at EUR 5,154 thousand (December 31, 2013: EUR 2,929 thousand). At the Chinese production site, there are tax receivable surpluses totaling EUR 23,162 thousand (December 31, 2013: EUR 10,753 thousand) that have only partially been capitalized. In the past, there was a disadvantageous local cost structure and pricing policy that caused losses. The planning assumes an improvement in the market environment and market positioning (in particular an improvement of the cost structures on the basis of the cost optimization program and reorganization and of the sales prices; see Note 20 for further details of the planning assumptions). In the carryforward period of five years (December 31, 2013: five years), the expected positive tax results lead to a utilization of loss carryforwards in the amount of the capitalized amounts. The excess deferred tax assets are written down. The conditions at the Chinese sales location are somewhat similar. In addition, business development there was influenced by non-recurring bad debt provisions for inventories and receivables. The planning assumes full utilization of tax loss carryforwards. Therefore, the loss carryforwards were capitalized in their entirety.

There are restrictions with regard to the utilization of the non-capitalized loss carryforwards. If it had been possible to utilize all tax loss carryforwards in full, the deferred tax assets from loss carryforwards would have amounted to EUR 18,605 thousand (December 31, 2013: EUR 15,597 thousand) instead of EUR 11,769 thousand (December 31, 2013: EUR 10,361 thousand).

Under deferred tax assets, the financial assets item includes amounts for outstanding sevenths from tax write-downs on investments in accordance with section 12 para 3 no. 2 of the Austrian Corporation Tax Act (österreichisches Körperschaftsteuergesetz – öKStG) totaling EUR 30,781 thousand (December 31, 2013: EUR 34,225 thousand). Sevenths from write-downs were recognized in the amount of EUR 2,722 thousand in the current year (2013: EUR 2,727 thousand).

No deferred tax liabilities were recognized for temporary differences from investments in subsidiaries, joint ventures and associates held by Group companies in the amount of EUR 135,509 thousand (December 31, 2013: EUR 148,344 thousand), as the temporary differences probably will not reverse in the foreseeable future.

NOTE 33 Provisions

The provisions item of the Lenzing Group breaks down as follows:

Provisions **EUR ,000**

	Total		Thereof current		Thereof non-current	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Provisions for pensions and similar obligations						
Pensions and severance payments	102,944	77,364	4,472	4,424	98,473	72,940
Jubilee benefits	13,858	13,320	871	1,139	12,987	12,181
	116,802	90,684	5,342	5,563	111,460	85,121
Other provisions						
Restructuring measures	11,243	37,211	11,243	37,211	0	0
Guarantees and warranties	2,808	4,266	1,208	1,766	1,600	2,500
Anticipated losses and other risks	15,384	25,262	4,437	12,096	10,947	13,166
Emission certificates	1,698	1,754	1,698	1,754	0	0
Other	6,056	8,846	56	2,846	6,000	6,000
	37,189	77,338	18,642	55,673	18,547	21,666
Accruals						
Staff costs (non-financial)	34,715	37,115	34,715	37,115	0	0
Other (financial)	22,682	28,073	22,682	28,073	0	0
	57,397	65,187	57,397	65,187	0	0
Total	211,389	233,210	81,382	126,423	130,007	106,786

Provisions for pensions and similar obligations (incl. restructuring measures)**Pensions and severance payments**

The Lenzing Group has entered into obligations for pensions and severance payments from defined benefit plans, which are reported under provisions for pensions and severance payments, and from defined contribution plans.

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Defined benefit plans (for pensions and severance payments)

In the case of defined benefit plans for pensions and severance payments, the benefits are based on the final salary and length of service. They do not require any contributions by the employees.

The defined benefit pension plans are based on contractual obligations.

The Lenzing Group's most significant defined benefit pension plan is in Austria. This defined benefit pension plan applies to employees who joined the Group before January 1, 2000 and decided to remain in the plan. The claims generally arose after a vesting period of at least 10 or 15 years of service. A retirement age of 58 to 63 years is assumed for the beneficiaries, depending on their gender. At present, the plan mainly covers employees who have already retired. In some cases, there are qualifying insurance policies recognized as plan assets and part of obligations are covered by securities that do not qualify as plan assets.

There are also pension plans in Hong Kong and Germany. The defined benefit pension plan in Hong Kong applies to employees who joined the Group before January 1, 2000 and decided to remain in the plan. It is chiefly financed by employer contributions to an external pension fund. The level of the employer contributions is redefined every three years after an evaluation of the plan's financial position. The claims are settled with a lump sum payment immediately on occurrence of the insured event. The defined benefit pension plan in Germany applies to employees who joined the Group before June 1, 2005 and whose pensionable income exceeds the contribution assessment ceiling for statutory pension insurance. The claims arise after a vesting period of five years. There are no assets covering the defined benefit pension plans in Germany; they are financed entirely with provisions.

The defined benefit severance plans are based on statutory obligations and obligations under collective agreements.

The Lenzing Group's most significant defined benefit severance plan is in Austria. Under this plan, employees whose employment relationships are subject to Austrian law and started before January 1, 2003 are legally entitled to a severance payment in specific cases, in particular when they reach the statutory retirement age and in the event of termination by the employer ("old severance payment system"). The amount of the severance payment depends on the amount of the employee's salary at the time the employment relationship is terminated and on the length of the employment relationship.

There are also significant similar defined benefit severance plans in Indonesia and the Czech Republic. Here they apply to all employees irrespective of when they joined the Group. There are no assets covering the defined benefit severance plans; they are financed entirely with provisions.

The defined benefit pension and severance plans primarily involve the following risks that influence the amount of the obligations to be recognized:

-
- **Investment risk:** The present value of the obligations and plan assets is calculated using a discount rate derived from high-quality fixed-income corporate bonds (see Note 3). If the return on plan assets falls short of this rate, this will result in a plan deficit and an increase in the obligations.
 - **Interest rate risk:** A decrease in the discount rate due to lower bond interest rates on the capital market will result in an increase in the obligations.
 - **Salary and pension trend:** The obligations are measured based on assumed future salary and pension trends. If the actual development is higher than the currently assumed trend, this will result in an increase in the obligations.
 - **Personnel turnover and departure risk:** In measuring the obligations, probabilities of departure depending on the length of service are calculated for each country. A decrease in the anticipated personnel turnover rates will result in an increase in the obligations.
 - **Longevity risk:** The obligations are calculated taking account of the average life expectancy on the basis of country-specific biometric data. A rise in the life expectancy of the beneficiaries will result in an increase in the obligations.

The Lenzing Group is also exposed to currency risks in connection with these plans.

The Lenzing Group takes various measures to reduce the risks from defined benefit plans. These include in particular financing the defined benefit plans externally with plan assets or covering the obligations with securities that do not qualify as plan assets, and settling existing defined benefit plans with installments. In addition, new defined benefit plans are now only concluded in the form of defined contribution commitments, where possible and legally permissible.

The objectives of the investment policy are to create an optimized composition of the plan assets and ensure that they cover the existing claims of the employees concerned. The investment strategies (asset allocations) for the plan assets are contractually regulated. A reinsurance policy has been concluded for part of the claims from the Austrian pension plan and is shown under plan assets. This policy is a conventional life insurance policy that chiefly invests in debt instruments in line with the maturity profile of the underlying claims with the aim of high investment security. To a lesser extent, the insurance policy's premium reserve fund also includes real property assets and equity instruments. The policy offers a guaranteed minimum return. The Lenzing Group no longer pays contributions to the insurance. The pension fund for covering the defined benefit plans as plan assets in Hong Kong invests with the goal of a medium-term to long-term performance that exceeds the inflation rate. To achieve this goal, it primarily invests in equity instruments. Details of the breakdown of plan assets as at the reporting date can be found in the table further below.

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The main actuarial parameters applied for defined benefit pension and severance plans are as follows:

Actuarial assumptions for defined benefit pension and severance plans

Discount rate p.a. in %	31/12/2014	31/12/2013
Austria - pensions	1.7	3.0
Austria - severance payments	1.8	3.3
Other countries:		
Germany	2.5	4.0
Indonesia	7.8	9.0
Hong Kong	1.8	2.3
Czech Republic	1.2	3.0
Salary increases p.a. in %		
Austria - pensions	3.0	3.0
Austria - severance payments	3.0	3.0
Other countries:		
Germany	2.3	2.5
Indonesia	8.0	8.0
Hong Kong	4.5	5.0
Czech Republic	2.5	3.0
Pension increases p.a. in %		
Austria - pensions	0.0-3.0	0.0-3.0
Austria - severance payments	N/A	N/A
Other countries:		
Germany	1.8	2.0
Indonesia	N/A	N/A
Hong Kong	N/A	N/A
Czech Republic	N/A	N/A
Staff turnover deductions p.a. in %		
Austria - pensions	0.0	0.0
Austria - severance payments	0.0-4.4	0.0-4.2
Other countries:		
Germany	0.0-12.5	0.0-12.5
Indonesia	2.0-10.0	2.0-10.0
Hong Kong	0.0	0.0
Czech Republic	1.0	0.0

In both financial years, the defined benefit pension plans in Austria were calculated using the biometric data from Pagler & Pagler AVÖ 2008 P – bases for calculating pension insurance for salaried employees. The defined benefit severance plans in Austria were calculated in both financial years using a personnel turnover rate that includes all reasons for departure without entitlement to severance payments.

In the other countries, the following biometric data and assumptions are used:

- **Indonesia:** Indonesia mortality table (Tabel Mortalita Indonesia TMI 2011)
- **Germany:** 2005 G actuarial tables (Heubeck)
- **Czech Republic:** AVÖ 2008-P (Pagler & Pagler)
- **Others:** Due to the low number of beneficiaries, no biometric assumptions were made.

The obligations (carrying amounts) from defined benefit pension and severance plans (incl. restructuring measures) reported in the consolidated statement of financial position break down as follows:

Carrying amounts from defined benefit pension and severance plans (incl. restructuring measures)

EUR '000

31/12/2014	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Present value of obligations covered by plan assets (DBO) - gross	29,156	0	1,469	30,625
Fair value of plan assets	(3,531)	0	(1,243)	(4,774)
Present value of obligations covered by plan assets (DBO) - net	25,626	0	225	25,851
Present value of obligations not covered by plan assets (DBO)	0	68,197	11,595	79,792
Amounts recognized in statement of financial position¹	25,626	68,197	11,821	105,643
Thereof reported under:				
Pensions and severance payments - non-current	23,556	63,588	11,328	98,473
Pensions and severance payments - current	2,070	1,910	492	4,472
Restructuring measures - current	0	2,699	0	2,699
Total	25,626	68,197	11,821	105,643

Carrying amounts from defined benefit pension and severance plans (incl. restructuring measures) (previous year)

EUR '000

31/12/2013	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Present value of obligations covered by plan assets (DBO) - gross	27,197	0	1,206	28,403
Fair value of plan assets	(3,648)	0	(1,036)	(4,684)
Present value of obligations covered by plan assets (DBO) - net	23,549	0	170	23,719
Present value of obligations not covered by plan assets (DBO)	0	61,196	9,921	71,117
Amounts recognized in statement of financial position²	23,549	61,196	10,091	94,836
Thereof reported under:				
Pensions and severance payments - non-current	21,486	42,378	9,076	72,940
Pensions and severance payments - current	2,063	2,263	98	4,424
Restructuring measures - current	0	16,555	917	17,472
Total	23,549	61,196	10,091	94,836

¹ Incl. other provisions for restructuring measures EUR 2,699 thousand. ² Incl. other provisions for restructuring measures EUR 17,472 thousand.

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The net liability (provision) for defined benefit pension and severance plans (incl. restructuring measures) developed as follows:

Net liability (provision) for defined benefit pension and severance plans (incl. restructuring measures) EUR '000

2014	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Net liability (provision) as at 01/01¹	23,549	61,196	10,091	94,836
Expense for the period (profit or loss):				
Current service cost	9	2,528	748	3,285
Past service cost	0	0	422	422
Expense from settlement of plans ²	0	1,073	290	1,363
Net interest	679	1,968	780	3,427
Administrative and other costs	0	0	1	1
Remeasurement of period (other comprehensive income)	3,260	9,936	700	13,896
Cash flows	(1,871)	(8,505)	(2,031)	(12,407)
Currency translation adjustment	0	0	820	820
Net liability (provision) as at 31/12³	25,626	68,197	11,821	105,643
Thereof pensions and severance payments	25,626	65,498	11,821	102,944
Thereof restructuring measures	0	2,699	0	2,699

Net liability (provision) for defined benefit pension and severance plans (incl. restructuring measures) (previous year) EUR '000

2013	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Net liability (provision) as at 01/01	22,456	63,025	13,747	99,228
Expense for the period (profit or loss):				
Current service cost	8	2,504	903	3,415
Past service cost	0	0	33	33
Net interest	755	2,094	673	3,521
Administrative and other costs	0	0	1	1
Remeasurement of period (other comprehensive income)	2,233	1,092	(1,957)	1,369
Changes in scope of consolidation	0	(3,593)	0	(3,593)
Obligations assumed	0	0	3	3
Cash flows	(1,903)	(3,926)	(872)	(6,701)
Currency translation adjustment	0	0	(2,440)	(2,440)
Net liability (provision) as at 31/12¹	23,549	61,196	10,091	94,836
Thereof pensions and severance payments	23,549	44,641	9,174	77,364
Thereof restructuring measures	0	16,555	917	17,472

¹ Incl. other provisions for restructuring measures EUR 17,472 thousand. ² The expense from settlement of plans was already recognized in profit or loss in connection with the other provision for restructuring measures in the previous year, so does not affect income in the 2014 financial year. ³ Incl. other provisions for restructuring measures EUR 2,699 thousand.

Plan settlements in the 2014 financial year are linked to the group-wide headcount reductions and the resulting payments (refer to the notes on other provisions for restructuring measures further down in this chapter).

The net liability (provision) of the defined benefit pension and severance plans shown above comprises the present value of the pension and severance payment obligation (incl. restructuring measures) (defined benefit obligation/DBO) less the fair value of the plan assets. These two components of the net liability developed as follows:

**Present value of the pension and severance payment obligation
(incl. restructuring measures)** EUR '000

2014	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Present value of obligation (DBO) as at 01/01¹	27,197	61,196	11,127	99,520
Service cost (profit or loss):				
Current service cost	9	2,528	748	3,285
Past service cost	0	0	422	422
Expense from settlement of plans ²	0	1,073	290	1,363
Interest expense (profit or loss)	784	1,968	805	3,557
Cash flows:				
Payments made from the plan	(280)	0	0	(280)
Direct payments of employer	(1,871)	(1,736)	(804)	(4,411)
Settlement payments	0	(6,769)	(1,185)	(7,953)
Remeasurement of period (other comprehensive income):				
On the basis of demographic assumptions	0	0	(158)	(158)
On the basis of financial assumptions	3,338	10,213	1,359	14,910
Due to experience adjustments	(20)	(277)	(504)	(801)
Currency translation adjustment	0	0	964	964
Present value of obligation (DBO) as at 31/12³	29,156	68,197	13,064	110,417
Thereof pensions and severance payments	29,156	65,498	13,064	107,718
Thereof restructuring measures	0	2,699	0	2,699

¹ Incl. other provisions for restructuring measures EUR 17,472 thousand. ² The expense from settlement of plans was already recognized in profit or loss in connection with the other provision for restructuring measures in the previous year, so does not affect income in the 2014 financial year. ³ Incl. other provisions for restructuring measures EUR 2,699 thousand.

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Present value of the pension and severance payment obligation (incl. restructuring measures) (previous year)

EUR '000

2013	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Present value of obligation (DBO) as at 01/01	26,219	63,025	14,692	103,936
Changes in scope of consolidation	0	(3,593)	0	(3,593)
Obligations assumed	0	0	3	3
Service cost (profit or loss):				
Current service cost	8	2,504	903	3,415
Past service cost	0	0	33	33
Interest expense (profit or loss)	882	2,094	679	3,654
Cash flows:				
Payments made from the plan	(279)	0	0	(279)
Direct payments of employer	(1,903)	(3,926)	(832)	(6,661)
Remeasurement of period (other comprehensive income):				
On the basis of financial assumptions	1,207	1,251	(2,165)	293
Due to experience adjustments	1,064	(159)	295	1,200
Currency translation adjustment	0	0	(2,480)	(2,480)
Present value of obligation (DBO) as at 31/12¹	27,197	61,196	11,127	99,520
Thereof pensions and severance payments	27,197	44,641	10,210	82,048
Thereof restructuring measures	0	16,555	917	17,472

Fair value of plan assets

EUR '000

2014	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Fair value of plan assets as at 01/01	3,648	0	1,036	4,684
Interest income (profit or loss)	105	0	25	130
Cash flows:				
Payments made to the plan (employer contributions)	0	0	42	42
Payments made from the plan	(280)	0	0	(280)
Administrative and other costs	0	0	(1)	(1)
Remeasurement of period on the basis of return on plan assets excluding amounts included in interest income (other comprehensive income)	58	0	(3)	55
Currency translation adjustment	0	0	144	144
Fair value of plan assets as at 31/12	3,531	0	1,243	4,774

¹ Incl. other provisions for restructuring measures EUR 17,472 thousand.

Fair value of plan assets (previous year)

EUR '000

2013	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Fair value of plan assets as at 01/01	3,763	0	945	4,708
Interest income (profit or loss)	127	0	6	132
Cash flows:				
Payments made to the plan (employer contributions)	0	0	40	40
Payments made from the plan	(279)	0	0	(279)
Administrative and other costs	0	0	(1)	(1)
Remeasurement of period on the basis of return on plan assets excluding amounts included in interest income (other comprehensive income)	37	0	90	127
Currency translation adjustment	0	0	(43)	(43)
Fair value of plan assets as at 31/12	3,648	0	1,036	4,684

The plan assets break down by asset class as follows:

Breakdown of plan assets

EUR '000

31/12/2014	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Cash and cash equivalents	0	0	98	98
Equity instruments	0	0	920	920
Debt instruments	0	0	225	225
Insurance policies qualifying as plan assets	3,531	0	0	3,531
Balance	3,531	0	1,243	4,774

Breakdown of plan assets (previous year)

EUR '000

31/12/2013	Pensions in Austria	Severance payments in Austria	Pensions and severance payments in other countries	Total
Cash and cash equivalents	0	0	21	21
Equity instruments	0	0	816	816
Debt instruments	0	0	200	200
Insurance policies qualifying as plan assets	3,648	0	0	3,648
Balance	3,648	0	1,036	4,684

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The fair values of the equity and debt instruments shown above are determined based on price quotations on an active market. The fair value of the insurance policy is not determined on an active market; it corresponds to the cover funds reported in the statement of financial position of the insurance company. The insurance company chiefly invests in debt instruments and, to a lesser extent, in real property assets and equity instruments. The plan assets do not include any financial instruments issued by or assets used by the Lenzing Group. The fair value of cash and cash equivalents corresponds to the nominal value as at the reporting date.

The actual return on plan assets amounts to EUR 186 thousand (return in 2013: EUR 259 thousand).

Sensitivity analyses are performed for the risk of changes in actuarial parameters for measuring the present value of the obligations from defined benefit plans. The sensitivity analyses show the effects on the present value of the obligations from hypothetical changes in key parameters that could reasonably have changed on the reporting date. This relates to the parameters of discount rates, salary increases and pension increases. In each case, one parameter was changed while the other parameters were kept constant. The sensitivity analyses are performed based on the present values of the obligations as at the reporting date before deducting plan assets (defined benefit obligation/DBO) and before reclassification to other provisions for restructuring measures. The sensitivities of the parameters are as follows as at the reporting dates:

Sensitivity analysis of the defined benefit pension and severance payment obligations

31/12/2014	Change in parameters (percentage points)	Decrease in parameter/change in present value of obligation in EUR '000	Increase in parameter/change in present value of obligation in EUR '000
Discount rate	1.0	12,669	(10,756)
Salary increase	1.0	(7,747)	8,917
Pension increase	1.0	(2,759)	3,169

Sensitivity analysis of the defined benefit pension and severance payment obligations (previous year)

31/12/2013	Change in parameters (percentage points)	Decrease in parameter/change in present value of obligation in EUR '000	Increase in parameter/change in present value of obligation in EUR '000
Discount rate	1.0	10,733	(9,176)
Salary increase	1.0	(6,676)	7,647
Pension increase	1.0	(2,387)	2,732

The sensitivity analyses shown above represent hypothetical changes based on the assumptions made. Actual deviations from the assumptions will result in other effects. In particular, the parameters altered on an isolated basis above may correlate with one another in reality. The deduction of plan assets will lead to a further reduction of the effects.

The weighted average terms (durations) of the defined benefit pension and severance payment obligations in years are as follows:

Weighted average durations of the defined benefit pension and severance payment obligations in years Years

	31/12/2014	31/12/2013
Austria - pensions	10	10
Austria - severance payments	11-16	10-14
Other countries		
Germany	21	20
Indonesia	8	15
Hong Kong	9	12
Czech Republic	10	9

The Lenzing Group expects contributions for the pension and severance plans to amount to EUR 44 thousand in the coming year (2013: EUR 42 thousand).

Defined contribution plans (for pensions and severance payments)

The Lenzing Group makes payments to pension funds and similar external funds for defined contribution pension and severance plans.

The Lenzing Group's most significant defined contribution pension and severance plans are in Austria. The defined contribution pension plan in Austria is based on contractual obligations. It applies to all employees who joined the Group after December 31, 1999, with the exception of apprentices, and to employees who joined before this date and decided to change from the defined benefit pension plan to this plan. Starting from the beginning of the employment relationship or from a certain length of service, a certain percentage that depends on the beneficiary's salary is paid into an external pension fund by the employer. Each beneficiary is entitled to make their own contribution, the maximum amount of which is equivalent to the amount that the employer makes for the beneficiary. The claims generally become vested five years after the employer begins paying contributions.

The defined contribution severance plan in Austria is based on statutory obligations ("new severance payment system"). Under this plan, the Lenzing Group must pay 1.53% of the gross salary into an employee provision fund in the case of employees whose employment relationships are subject to Austrian law and started after December 31, 2002.

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Most of the Lenzing Group's foreign locations also offer defined contribution pension plans, the majority of which are based on contractual obligations and cover almost all employees at the respective locations. Depending on the contractual arrangement, a certain percentage of the beneficiaries' remuneration is paid to an external fund or insurance company. The claims either become vested immediately or have a vesting period of up to several years, depending on the contract.

Under defined contribution plans, the Lenzing Group's obligation is only to pay agreed contributions into a fund. In this case, actuarial risk and investment risk are assumed by the employee. Therefore, no provisions or other accruals are recognized after the agreed contributions have been paid.

Expenses for defined contribution plans break down as follows:

Expenses for defined contribution plans	EUR '000	
	2014	2013
Austria - pensions	1,420	1,304
Austria - severance payments	1,134	1,113
Other countries	2,174	1,934
Total	4,728	4,350

Provisions for jubilee benefits

On the basis of collective agreement regulations, Lenzing AG and a number of subsidiaries, particularly Austrian, German and Czech subsidiaries, are required to pay jubilee benefits to employees who have been with the company for a certain length of time. These payments are based on the amount of the salary at the time of the relevant employee anniversary and are payable as at the employee anniversary. No assets have been eliminated from the company and no contributions have been made to a pension fund or any other external fund to cover these obligations. They do not require any contributions by the employees.

The main actuarial parameters applied for obligations for jubilee benefits are as follows:

Actuarial assumptions for the obligations for jubilee benefits

Discount rate p.a. in %	31/12/2014	31/12/2013
Austria	1.7	3.1
Germany	1.8	3.0
Czech Republic	0.6	3.0
Salary increases p.a. in %		
Austria	3.0	3.0
Germany	2.3	2.5
Czech Republic	N/A	N/A
Staff turnover deductions p.a. in %		
Austria	1.2-7.5	1.3-7.0
Germany	0.0-12.5	0.0-12.5
Czech Republic	1.0	N/A

In both financial years, the obligations for jubilee benefits in Austria were calculated using a personnel turnover rate that depends on the length of service and includes all reasons for departure. In the other countries, there are country-specific assumptions regarding personnel turnover probabilities and biometric data.

The following table shows the development of the obligation (provision) for jubilee benefits:

Development of the obligation (provision) for jubilee benefits	EUR '000	
	2014	2013
Present value of obligation (DBO) as at 01/01	13,320	13,774
Changes in scope of consolidation	0	(929)
Current service cost (profit or loss)	666	674
Past service cost (profit or loss)	15	0
Interest expense (profit or loss)	394	447
Remeasurement of period (profit or loss):		
On the basis of demographic assumptions	(2)	0
On the basis of financial assumptions	1,774	487
Due to experience adjustments	(1,246)	148
Direct payments of employer	(1,062)	(1,274)
Currency translation adjustment	(1)	(7)
Present value of obligation (DBO) as at 31/12	13,858	13,320

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Other provisions and accruals

Other provisions and accruals developed as follows:

Development of other provisions and accruals

2014	As at 01/01	Currency translation adjustment	Changes in scope of consolidation	Reclassification to liabilities held for sale, disposal groups and other reclassifications
Other provisions				
Restructuring measures	37,211	220	0	(8,556)
Guarantees and warranties	4,266	0	0	0
Anticipated losses and other risks	25,262	130	0	0
Emission certificates	1,754	0	0	0
Other	8,846	81	0	0
	77,338	430	0	(8,556)
Accruals				
Staff costs (non-financial)	37,115	469	0	0
Other (financial)	28,073	1,393	0	0
	65,187	1,863	0	0
Total	142,526	2,293	0	(8,556)

Development of other provisions and accruals (previous year)

2013	As at 01/01	Currency translation adjustment	Changes in scope of consolidation	Reclassification to liabilities held for sale, disposal groups and other reclassifications
Other provisions				
Restructuring measures	0	(8)	0	17,472
Guarantees and warranties	12,294	(1)	(2,187)	0
Anticipated losses and other risks	7,918	(9)	0	0
Emission certificates	2,757	(52)	0	0
Other	21,212	(93)	(953)	0
	44,181	(164)	(3,140)	17,472
Accruals				
Staff costs (non-financial)	37,709	(349)	(2,068)	0
Other (financial)	26,798	(385)	(917)	0
	64,507	(734)	(2,985)	0
Total	108,688	(898)	(6,125)	17,472

¹⁾ The utilization of the provision for restructuring measures includes the statutory severance payment of EUR 6,769 thousand. ²⁾ Incl. reclassification from severance or pension provisions EUR 2,699 thousand. ³⁾ Incl. reclassification from severance or pension provisions EUR 17,472 thousand.

EUR '000

Utilization	Reversal	Additions	Accrued interest	As at 31/12	Thereof current	Thereof non-current
(16,322) ¹	(5,891)	4,582	0	11,243 ²	11,243	0
(267)	(1,774)	583	0	2,808	1,208	1,600
(7,249)	(4,148)	550	839	15,384	4,437	10,947
(1,612)	0	1,557	0	1,698	1,698	0
(1,544)	(1,327)	0	0	6,056	56	6,000
(26,993)	(13,140)	7,271	839	37,189	18,642	18,547
(34,085)	(1,182)	32,398	0	34,715	34,715	0
(20,265)	(6,270)	19,750	0	22,682	22,682	0
(54,349)	(7,452)	52,148	0	57,397	57,397	0
(81,342)	(20,592)	59,419	839	94,587	76,040	18,547

EUR '000

Utilization	Reversal	Additions	Accrued interest	As at 31/12	Thereof current	Thereof non-current
0	0	19,747	0	37,211 ³	37,211	0
(268)	(6,245)	673	0	4,266	1,766	2,500
(1,890)	(868)	19,218	893	25,262	12,096	13,166
(2,708)	0	1,757	0	1,754	1,754	0
(2,060)	(12,400)	3,140	0	8,846	2,846	6,000
(6,926)	(19,514)	44,536	893	77,338	55,673	21,666
(31,213)	(789)	33,825	0	37,115	37,115	0
(18,830)	(5,120)	26,526	0	28,073	28,073	0
(50,043)	(5,908)	60,351	0	65,187	65,187	0
(56,969)	(25,422)	104,887	893	142,526	120,860	21,666

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Other provisions for restructuring measures particularly relate to provisioning due to the head-count reduction as part of the reorganization and the cost optimization program “excelLENZ” in the 2013 financial year. These measures were extended in the engineering and maintenance areas and Lenzing Technik in the 2014 financial year. As a result of the reorganization, the entire Lenzing Group was realigned in organizational terms, with the production operations as well as the sales and marketing organization being strengthened in particular. In addition, the focus of the organization was geared even more strongly towards the most important fiber markets, Asia and Turkey. The engineering and maintenance areas and Lenzing Technik were reorganized. Restructuring measures are continuously implemented and new measures to support the realignment of the technical functions and the other areas are evaluated. As part of the accompanying cost optimization program, savings in material costs, operating expenses, overheads and personnel costs and increases in operating efficiency were planned or already implemented. Provisions have been recognized particularly for the resulting severance payments and settlements. Provisions in the amount of EUR 17,472 thousand that had already been set aside in the 2013 financial year (particularly from the regular severance payment provision; see section on “Defined benefit plans” above) were used for this and are reported in provisions for restructuring measures as at December 31, 2013. An amount not used of EUR 8,556 thousand was reclassified to the severance payment provision in the 2014 financial year. The top-up for the necessary provisions was recognized (2013: EUR 19,747 thousand) or released (2014: EUR 1,309 thousand net; each adjusted for minor currency translation differences) in personnel expenses and other operating expenses.

Other provisions for guarantees and warranties mainly include provisions for warranty risks from the sale of defective products and guaranteed obligations for the benefit of third parties. Other provisions for anticipated losses and other risks mainly include provisions for obligations from infrastructure services to be performed and provisions for additional claims from procurement contracts and other onerous contracts. Other provisions for emission certificates comprise the equivalent value of the emission certificates used.

Miscellaneous other provisions primarily relate to obligations for legal disputes of EUR 6,000 thousand (December 31, 2013: EUR 6,000 thousand) as well as mandatory maintenance expenses. Legal disputes particularly include the provision for legal proceedings in which the Lenzing Group is taking action against patent infringements. Mandatory maintenance expenses relate to expenses for the maintenance of assets for which there is a legal or constructive obligation.

Accruals for personnel costs primarily include liabilities for short-term claims of existing and former employees (particularly for vacation and comp time not yet taken, overtime and performance bonuses).

Other accruals chiefly comprise anticipated losses of income from revenue reductions/increases in expenses from transactions with customers and suppliers (particularly discounts and rebates) and liabilities for goods deliveries and services already performed by third parties but not yet invoiced.

In the case of other short-term provisions and accruals, it is considered likely that the outflow of funds will take place within the next 12 months. In the case of the long-term portion of other provisions, the outflow of funds depends on various different factors (particularly guarantee and warranty periods, contract terms and other events):

- In the case of other provisions for guarantees and warranties, the outflow of funds is expected by December 31, 2020 at the latest (December 31, 2013: by December 31, 2020 at the latest).
- In the case of other provisions for anticipated losses and other risks, the outflow of funds is expected by:

Expected outflow of funds in the case of other provisions for anticipated losses and other risks (estimated as of the reporting date)

EUR '000

	31/12/2014	31/12/2013
In the 2nd year	2,876	5,885
In the 3rd to 5th year	5,226	3,990
In the 6th to 10th year	1,685	2,184
Thereafter	1,161	1,106
Total	10,947	13,166

In the case of miscellaneous other provisions (the legal disputes), the exact timing of the outflow of funds is currently uncertain; previous developments indicate that the outflow of funds is probably not to be expected within the next 12 months.

NOTE 34

Puttable non-controlling interests

Puttable non-controlling interests developed as follows:

Development of the carrying amounts of puttable non-controlling interests

EUR '000

	2014	2013
Carrying amount as at 01/01	19,534	16,373
Changes in scope of consolidation	0	11,973
Share of annual result	(8,818)	(8,430)
Share of other comprehensive income	0	8
Currency translation adjustment	1,693	(391)
Carrying amount as at 31/12	12,410	19,534
Thereof recognized under:		
Non-current liabilities	12,410	19,534

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NOTE 35 Other liabilities and trade payables

Other liabilities break down as follows:

Other liabilities	EUR '000	
	31/12/2014	31/12/2013
Other non-current financial liabilities		
Derivatives not yet settled (open positions)	4,494	645
Deferred interest and other	807	4
	5,301	649
Other non-current liabilities (non-financial)		
Partial retirement	2,240	1,596
Deferred income	100	57
	2,339	1,653
Total other non-current liabilities	7,640	2,302
Other current financial liabilities		
Derivatives not yet settled (open positions)	29,514	3,111
Customer payments from factoring not yet forwarded	17,211	0
Liabilities from recourse on bills of exchange	11,802	0
Debtors with credit balances	1,350	1,458
Other	4,404	4,430
	64,282	8,999
Other current liabilities (non-financial)		
Liabilities from other taxes	3,773	3,974
Wage and salary liabilities	6,070	5,274
Social security liabilities	4,743	4,751
Partial retirement	1,738	1,017
Advance payments received	9,799	11,468
Deferred income	88	57
	26,212	26,541
Total other current liabilities	90,493	35,540

A supplier of the Lenzing Group finances its trade receivables from the Lenzing Group with a reverse factoring agreement. From the Lenzing Group's perspective, this agreement does not result in a reclassification of the affected trade payables to another kind of liability according either to civil law or IFRS regulations. As at December 31, 2014, this affected trade payables totaling EUR 67,389 thousand (December 31, 2013: EUR 49,065 thousand).

Notes on the Consolidated Cash Flow Statement

NOTE 36 Liquid funds

The cash flow statement shows how liquid funds changed during the year under review as a result of cash inflows and outflows. Liquid funds break down as follows:

Liquid funds	EUR '000	
	31/12/2014	31/12/2013
Cash and cash equivalents	271.791	287.882
Total	271.791	287.882

NOTE 37 Other disclosures on the consolidated cash flow statement

Gross cash flow equals cash flow from operating activities before change in working capital. Working capital comprises inventories, trade receivables, other non-current and current assets, current provisions, trade payables, and other non-current and current liabilities.

Other non-cash income/expenses mainly include the allocation of profit or loss to puttable non-controlling interests of EUR -8,818 thousand (2013: EUR -9,049 thousand) and the impairment of financial assets and other non-current financial assets of EUR 1,440 thousand (2013: EUR 9 thousand). In addition, other non-cash income/expenses contain unrealized net exchange rate gains/losses and measurement effects from receivables and inventories.

In the sale of stakes to non-controlling shareholders payments of EUR 2 thousand were made to the Lenzing Group in 2014 (see also Note 4).

In the acquisition of non-controlling interests by the Lenzing Group, payments of EUR 3,471 thousand were made to the shareholders of the non-controlling interests in 2014 (see also Note 4).

The net cash flows from discontinued operations in 2013 include, in particular, the net inflow from the disposal of subsidiaries of EUR 61,652 thousand (see also Note 5) and payments for the acquisition of intangible assets and property, plant and equipment of the former Business Unit Plastics in the amount of EUR -2,671 thousand.

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Notes on Capital Risk Management and Financial Instruments

NOTE 38 Capital risk management

Fundamentals

The Lenzing Group manages its equity and debt capital with the clear objective of optimizing the income, costs and assets of the individual operations/business units and of the Group as a whole so as to achieve a sustainably high economic performance and a sound balance sheet structure. Important factors here include financial leverage capacity, sufficient liquidity at all times and a clear focus on cash-related key figures and performance indicators in view of the Group's strategic course and long-term goals.

This ensures that the Group companies can operate on a going concern basis. In addition, the authorized capital and the contingent capital contribute to enabling Lenzing AG to raise additional equity flexibly in order to take advantage of market opportunities that arise in the future.

Lenzing AG is subject to the minimum capital requirements of Austrian company law. There are no minimum capital requirements stipulated in the Articles of Association. The Lenzing Group's equity management strategy is aimed at ensuring that Lenzing AG and the other Group companies have capital resources that fulfill the local requirements. Some loan agreements with banks also include financial covenants, particularly in relation to the amount of equity, the ratio of net financial debt to EBITDA (see below for definition and calculation) and other key financial ratios or financial criteria of the Group or individual, sometimes amalgamated Group companies. This relates in particular to Lenzing AG, PT. South Pacific Viscose, Purwakarta, Indonesia, Pulp Trading GmbH, Lenzing, Austria, and Biocel Paskov a.s., Paskov, Czech Republic. If these financial covenants are breached, the banks can demand early repayment of the financial liabilities in some cases. Depending on the volume of the financial liabilities concerned and the refinancing options prevalent on the market at that time, this could lead to a refinancing risk and thus a liquidity risk for the Lenzing Group. In addition, future interest expenses could also increase because of higher credit risk spreads to be paid. For this reason, the financial covenants are monitored by the Treasury department on an ongoing basis and are taken into account when assessing distributions of the relevant Group companies, because they limit or can limit potential distributions significantly.

In the year under review, all related capital requirements were fulfilled.

The management uses an adjusted equity ratio internally for control purposes. Adjusted equity is calculated in accordance with IFRS. In addition to equity, it also includes investment grants less the associated deferred taxes. The adjusted equity ratio (= adjusted equity in relation to total assets) was 44.9% as at December 31, 2014 (December 31, 2013: 45.5%).

Adjusted equity is as follows:

Adjusted equity	EUR '000	
	31/12/2014	31/12/2013
Equity	1,045,634	1,089,462
Government grants (+)	26,559	26,025
Proportionate deferred taxes on government grants (-)	(6,133)	(5,871)
Total	1,066,061	1,109,616

The dividend policy of Lenzing AG as the parent company of the Lenzing Group is based on the principles of continuity and a long-term focus with the aim of promoting the future development of the company, distributing dividends to the shareholders in line with the company's opportunity and risk situation, and also taking account appropriately of the interests of all other stakeholders crucial to the company's success. It is based on the Lenzing Group's net profit.

Net financial debt

Together with the Supervisory Board, the Management Board of Lenzing AG regularly reviews the development of the capital structure and the performance indicators, key figures and influencing factors behind this development. In connection with this review, various risk profiles/sensitivities are taken into account and calculated for all investments in intangible assets and property, plant and equipment, as well as for specific projects and acquisitions. Depending on country risks and micro risks, differently weighted discount factors (WACCs) for the cash flows to be expected in the coming years are applied for the projects/investments. These procedures are subject to regular review, modification and coordination with the Management Board. Developments in the competition and market parameters/elasticity play an important role here.

Particular emphasis is placed on the development of net financial debt, as the two key figures of net financial debt and EBITDA have become extremely important key performance indicators in recent years, both in the Group's management and on the part of the financing banks. The continued optimal development of the Lenzing Group is only possible with very strong self-financing capacity as the basis for increased debt capacity.

The interest-bearing financial liabilities break down as follows:

Interest bearing financial debt	EUR '000	
	31/12/2014	31/12/2013
Non-current financial liabilities	537,033	609,605
Current financial liabilities	192,745	191,075
Total	729,778	800,680

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Liquid assets consist of the following:

Liquid assets	EUR '000	
	31/12/2014	31/12/2013
Cash and cash equivalents	271,791	287,882
Liquid bills of exchange (in trade receivables)	8,470	8,147
Total	280,261	296,029

The financial instruments under liquid assets are payable on demand or have a term of less than one year.

Net financial debt in absolute terms and in relation to EBITDA (after restructuring/according to the consolidated income statement and before restructuring) is as follows:

Net financial debt (absolute)	EUR '000	
	31/12/2014	31/12/2013
Interest bearing financial debt	729,778	800,680
Liquid assets (-)	(280,261)	(296,029)
Total	449,517	504,651

Net financial debt in relation to EBITDA	EUR '000	
	31/12/2014	31/12/2013
EBITDA (after restructuring and according to the consolidated income statement)	240,302	225,411
Restructuring (see Note 6)	(2,030)	(6,056)
EBITDA (before restructuring)	238,272	219,355
Net financial debt/EBITDA (after restructuring and according to the consolidated income statement)	1.87	2.24
Net financial debt/EBITDA (before restructuring)	1.89	2.30

NOTE 39 Classes and categories of financial instruments

Carrying amounts and measurement categories

The carrying amounts and measurement categories of financial assets (asset financial instruments) broke down by class as follows as at December 31, 2014 and December 31, 2013:

Carrying amounts and measurement categories by classes of financial assets

EUR '000

	Carrying amount		Valuation pursuant to IAS 39			
	31/12/2014	31/12/2013	At amortized cost	At cost	At fair value through profit or loss	At fair value directly in equity
Cash and cash equivalents (see Note 36)	271,791	287,882	✓			
Trade receivables (see Note 25)	232,769	258,841	✓			
Financial assets – loans (see Note 22)	7,261	7,480	✓			
Other non-current financial assets – non-current receivables (see Note 23)	7,112	3,612	✓			
Other current financial assets (not including derivatives – open positions) (see Note 27)	20,925	13,052	✓			
Loans and receivables	539,858	570,866				
Financial assets – non-current securities (see Note 22)	14,369	14,632				✓
Financial assets – other equity investments (see Note 22)	1,564	1,064		✓		
Available-for-sale financial assets	15,933	15,696				
Other financial assets – derivative financial instruments at positive fair value (trading) (see Notes 23, 27)	0	124			✓	
Financial assets at fair value through profit or loss	0	124				
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges) (see Notes 23, 27)	317	4,563				✓
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges with the underlying already recognized in profit or loss) (see Notes 23, 27)	207	1,612			✓	
Other	524	6,175				
Total	556,315	592,861				
Thereof:						
At amortized cost	539,858	570,866				
At cost	1,564	1,064				
At fair value through profit or loss	207	1,735				
At fair value directly in equity	14,686	19,196				
Total	556,315	592,861				

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The carrying amounts and measurement categories of financial liabilities (liability financial instruments) broke down by class as follows as at December 31, 2014 and December 31, 2013:

Carrying amounts and measurement categories by classes of financial liabilities

EUR '000

	Carrying amount		Valuation pursuant to IAS 39				
	31/12/2014	31/12/2013	At amortized cost	At cost	At fair value through profit or loss	At fair value directly in equity	Valuation pursuant to IAS 17
Financial liabilities - bond (see Note 31)	119,713	119,609	✓				
Financial liabilities - private placements (see Note 31)	228,468	228,335	✓				
Financial liabilities - liabilities to banks (see Note 31)	346,790	418,477	✓				
Financial liabilities - liabilities to other lenders (miscellaneous) (see Note 31)	30,326	32,376	✓				
Trade payables	181,130	176,592	✓				
Other non-current financial liabilities (see Note 35)	807	4	✓				
Other current financial liabilities (not including derivatives - open positions and financial guarantee contracts) (see Notes 35, 46)	34,609	5,888	✓				
Provisions - accruals - other (financial) (see Note 33)	22,682	28,073	✓				
Financial liabilities at amortized cost	964,524	1,009,354					
Financial liabilities - lease liabilities (see Note 31)	4,482	1,882					✓
Other financial liabilities - derivative financial instruments at negative fair value (cash flow hedges) (see Note 35)	26,522	3,061					✓
Other financial liabilities - derivative financial instruments at negative fair value (cash flow hedges with the underlying already recognized in profit or loss) (see Note 35)	7,485	695			✓		
Other current financial liabilities (financial guarantee contracts) (see Note 46)	159	0					
Puttable non-controlling interests (see Note 34)	12,410	19,534					
Other	51,059	25,173					
Total	1,015,583	1,034,527					
Thereof:							
At amortized cost	964,524	1,009,354					
At fair value through profit or loss	7,485	695			✓		
At fair value directly in equity	26,522	3,061				✓	
Valuation pursuant to IAS 17	4,482	1,882					✓
Non-allocable	12,569	19,534					
Total	1,015,583	1,034,526					

Fair value hierarchy

The following breakdowns analyze the financial instruments according to the type of measurement method in the consolidated statement of financial position/in the notes. The item measured is the relevant individual financial instrument. Three levels of measurement methods have been defined:

Level 1: Prices for identical assets or liabilities on an active market (used without adjustment)

Level 2: Input factors that can be directly (e.g. as prices) or indirectly (e.g. derived from prices) observed for assets or liabilities and that do not fall under level 1

Level 3: Input factors for assets or liabilities that are not data observable on the market

The following table shows the carrying amounts and fair values of financial assets and liabilities whose fair value is measured on a recurring basis in the consolidated statement of financial position by class of financial instrument and by the level of the fair value hierarchy to which the fair value measurement is to be allocated, as at December 31, 2014 and December 31, 2013:

Carrying amounts, fair values and fair value hierarchy of financial instruments (recurring measurement in statement of financial position)

EUR '000

	31/12/2014			31/12/2013		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Financial assets - non-current securities (see Note 22)	14,369	14,369	Level 1	14,632	14,632	Level 1
Available-for-sale financial assets	14,369	14,369		14,632	14,632	
Other financial assets - derivative financial instruments at positive fair value (trading) (see Notes 23, 27)	0	0		124	124	Level 2
Financial assets at fair value through profit or loss	0	0		124	124	
Other financial assets - derivative financial instruments at positive fair value (cash flow hedges) (see Notes 23, 27)	317	317	Level 2	4,563	4,563	Level 2
Other financial assets - derivative financial instruments at positive fair value (cash flow hedges with the underlying already recognized in profit or loss) (see Notes 23, 27)	207	207	Level 2	1,612	1,612	Level 2
Other	524	524		6,175	6,175	
Total	14,893	14,893		20,931	20,931	
Financial liabilities						
Other financial liabilities - derivative financial instruments at negative fair value (cash flow hedges) (see Note 35)	26,522	26,522	Level 2	3,061	3,061	Level 2
Other financial liabilities - derivative financial instruments at negative fair value (cash flow hedges with the underlying already recognized in profit or loss) (see Note 35)	7,485	7,485	Level 2	695	695	Level 2
Other	34,008	34,008		3,756	3,756	
Total	34,008	34,008		3,756	3,756	

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The Lenzing Group accounts for transfers in the fair value hierarchy at the end of the reporting period in which they occur. There were no transfers between the different levels of the fair value hierarchy of financial instruments that were already held on December 31, 2014.

The following table shows the carrying amounts and fair values of financial assets and liabilities whose fair value is measured for disclosure in the notes only by class of financial instrument and by the level of the fair value hierarchy to which the fair value measurement is to be allocated, as at December 31, 2014 and December 31, 2013:

Carrying amounts, fair values and fair value hierarchy of financial instruments (measurement for disclosures in the notes only)

EUR '000

	31/12/2014			31/12/2013		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial liabilities						
Financial liabilities - bond (see Note 31)	119,713	126,780	Level 1	119,609	126,029	Level 1
Financial liabilities - private placements (see Note 31)	228,468	234,249	Level 3	228,335	226,929	Level 3
Financial liabilities - liabilities to banks (see Note 31)	346,790	347,496	Level 3	418,477	420,216	Level 3
Financial liabilities - liabilities to other lenders (miscellaneous) (see Note 31)	30,326	29,964	Level 3	32,376	31,900	Level 3
Other current financial liabilities (financial guarantee contracts) (see Note 46)	159	159	Level 3	0	0	Level 3
Total	725,456	738,648		798,797	805,074	

For the following reasons, the management assumes that, with the exception of the fair values shown above, the carrying amount of the financial assets and financial liabilities represents a reasonable approximation of their fair value:

- The fair value of cash and cash equivalents, trade receivables and other current financial assets corresponds to the carrying amount, as the short remaining term means that no significant difference between the carrying amount and the fair value is to be expected and credit risk is taken into account by recognizing bad debt provisions.
- The carrying amount of loans and non-current financial receivables is roughly equivalent to the fair value, as due to the amount of existing receivables no significant difference between the fair value and the carrying amount is to be expected and credit risk is taken into account by recognizing bad debt provisions.
- Owing to their short-term nature, the fair values of the accruals, trade payables and other current financial liabilities correspond to their carrying amounts.
- In the case of other non-current financial liabilities, it is assumed that due to the low carrying amount there is no significant difference between the carrying amount and the fair value.

Fair value measurement methods

In the Lenzing Group, the following financial instruments in particular are measured at fair value in the consolidated statement of financial position:

- Current and non-current securities (level 1 of the fair value hierarchy)
- Currency and commodity futures (level 2 of the fair value hierarchy)

The fair value measurement methods are described in Note 3 for securities (section on “Financial assets and securities”) and currency and commodity futures (section on “Derivative financial instruments and hedges”).

The majority of equity investments and related derivative financial instruments measured at cost (see Note 3, section on “Financial assets and securities”) – EUR 1,050 thousand (December 31, 2013: EUR 1,050 thousand) – relates to the equity investment in LP Beteiligungs & Management GmbH, Linz, an option that requires the Lenzing Group to sell this equity investment and an option that entitles the Lenzing Group to sell this equity investment. LP Beteiligungs & Management GmbH, Linz, is a medium-sized Austrian corporation. A fair value cannot be reliably determined due to an insufficient planning base. The Lenzing Group does not currently intend to sell these equity investments. No holdings were derecognized and no gains or losses on remeasurement were recognized for these equity investments in the reporting period.

In the Lenzing Group, fair value is calculated only for disclosure in the notes for the following financial instruments in particular:

- Issued bond (level 1 of the fair value hierarchy)
- Other financial liabilities and financial guarantee contracts (level 3 of the fair value hierarchy)

The fair value of the issued bond is derived from its current quoted price and changes in particular according to changes in market interest rates and the credit rating of Lenzing AG.

The fair values of the other financial liabilities are determined using generally accepted valuation methods based on the discounted cash flow method. The main input factor here is the discount rate, which takes account of the available market data (risk-free interest rates) and the credit quality of the Lenzing Group that is not observable on the market. The fair values of the financial guarantee contracts equal the estimated expected default arising from the maximum possible payment obligation and the expected loss.

In light of varying influencing factors, the fair values presented can only be considered as indicators of the values that could actually be generated on the market.

Offsetting financial assets and liabilities

The Lenzing Group concludes framework netting agreements (in particular master netting arrangements) in the form of International Swaps and Derivatives Association (ISDA) and local master agreements. The amounts owed according to such agreements by each counterparty in the same currency on a single day with regard to all outstanding transactions are collated into a single net amount to be paid by one party to the other. In certain cases – for instance in

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the case of default – all outstanding transactions are terminated under the agreement, the value on termination is calculated, and only one net amount must be paid to settle all transactions. No netting is shown in the Lenzing Group's statement of financial position, because such master agreements do not usually result in net settlements of several transactions.

The following tables contain information on offsetting financial assets and liabilities in the consolidated statement of financial position on the basis of framework netting agreements. The "Effect of framework netting agreements" column shows the amounts that are the subject of an agreement of this type but do not fulfill the criteria for offsetting in the IFRS consolidated statement of financial position.

Offsetting financial assets and liabilities

EUR '000

Financial assets as at 31/12/2014	Financial assets (gross)	Offset amounts recognized (gross)	Recognized financial assets (net)	Effect of framework netting agreements	Net amounts
Cash and cash equivalents	271,827	(36)	271,791	0	271,791
Other financial assets - derivative financial instruments at positive fair value					
Forward foreign exchange contracts	524	0	524	(524)	0
Total	272,351	(36)	272,315	(524)	271,791

EUR '000

Financial liabilities as at 31/12/2014	Financial assets (gross)	Offset amounts recognized (gross)	Recognized financial liabilities (net)	Effect of framework netting agreements	Net amounts
Liabilities to banks	346,826	(36)	346,790	0	346,790
Other financial liabilities - derivative financial instruments at negative fair value					
Forward foreign exchange contracts	32,431	0	32,431	(524)	31,907
Gas swaps	1,576	0	1,576	0	1,576
Total	380,834	(36)	380,798	(524)	380,274

Offsetting financial assets and liabilities (previous year)

EUR '000

Financial assets as at 31/12/2013	Financial assets (gross)	Offset amounts recognized (gross)	Recognized financial assets (net)	Effect of framework netting agreements	Net amounts
Cash and cash equivalents	288,705	(823)	287,882	0	287,882
Other financial assets - derivative financial instruments at positive fair value					
Forward foreign exchange contracts	6,151	0	6,151	(2,506)	2,645
Gas swaps	148	0	148	(121)	27
Total	295,004	(823)	294,181	(2,627)	291,553

EUR '000

Financial liabilities as at 31/12/2013	Financial liabilities (gross)	Offset amounts recognized (gross)	Recognized financial liabilities (net)	Effect of framework netting agreements	Net amounts
Liabilities to banks	419,300	(823)	418,477	0	418,477
Other financial liabilities - derivative financial instruments at negative fair value					
Forward foreign exchange contracts	3,147	0	3,147	(2,506)	640
Gas swaps	610	0	610	(121)	489
Total	423,057	(823)	422,234	(2,627)	419,606

Transfer of financial assets (sale of receivables/factoring)

Since the 2014 financial year, factoring agreements have been in place that oblige banks to purchase certain trade receivables from the Lenzing Group for a revolving monthly nominal amount. The Lenzing Group is entitled to sell these receivables. The agreements have indefinite terms; each party has the right to cancel the agreements with notice and then allow them to expire. The receivables sold are current receivables due within a year.

The risks involved in the sold receivables that are relevant for risk assessment are credit default risk, currency risk in the case of receivables in foreign currencies and the risk of delayed payments. Credit-risk defaults and, in the case of receivables in foreign currencies, exchange rate fluctuations are the major opportunities and risks associated with these receivables. The risk of delayed payments is borne by the Lenzing Group for all factoring agreements and is considered minor.

In the case of an agreement for the sale of receivables in the reporting currency (hereafter referred to as "Tranche 1"), the bank bears the entire credit default risk. This means that all opportunities and risks were largely transferred to the bank.

In the case of the other agreements (hereafter referred to as "Tranche 2"), the Lenzing Group assumes liability of 10% for each payment default. This amount, which cannot be reimbursed by another party, is not advanced by the bank. The remaining credit default risk (90% per payment default) and – in the case of receivables not in the reporting currency – the currency risk are assumed by the bank. The significant opportunities and risks were thereby shared between the Lenzing Group and the bank; however, the authority to dispose of the receivables was transferred to the bank. The Lenzing Group committed itself to concluding credit insurance for the sold receivables and to taking on accounts receivable management. In the event of a legal dispute, the participating banks have the right to return overdue receivables to the Lenzing Group for procedural reasons. However, this does not return the credit default risk to the Lenzing Group, and there are no effects on the liquidity of the Lenzing Group.

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As at December 31, 2014, the factoring agreements had a maximum usable nominal volume totaling EUR 86,936 thousand. EUR 2,600 thousand of this related to Tranche 1 and EUR 84,336 thousand to Tranche 2.

As at December 31, 2014, receivables totaling EUR 78,272 thousand were sold on the basis of the factoring agreements and derecognized in the Lenzing Group's consolidated statement of financial position. EUR 1,636 thousand of this related to Tranche 1 and EUR 76,636 thousand to Tranche 2. The amount of Tranche 2 that was not advanced is presented as other current assets (financial) at EUR 7,664 thousand (prior to foreign currency valuation) as at December 31, 2014. The fair values equal the indicated carrying amounts, in particular because the remaining terms of the relevant receivables are short. The Lenzing Group received the majority of the advances from the factoring agreements in March and May 2014 when the transactions began.

From the Lenzing Group's perspective, the above-mentioned amount of Tranche 2 that was not advanced corresponds to the theoretical maximum loss due to credit risk for the assumption of liability in the case of default. As at December 31, 2014, the fair value of this liability amounted to EUR 159 thousand (see also Note 46). As at December 31, 2014, other current liabilities (financial) were recognized at EUR 316 thousand for the assumed obligations and risks from the factoring agreements. In the 2014 financial year (and cumulatively since the start of the agreements), a total of EUR 316 thousand was therefore recognized in profit or loss. On the date of the transfer of the receivables in 2014, a total of EUR 315 thousand was recognized in profit or loss.

Payments that were received from customers in the period between the last advance made by the bank and December 31, are accrued in other current liabilities (financial)

The banks have the right to sell receivables back to the Lenzing Group at nominal value. Such repurchases would have no effect on the allocation of credit-risk defaults, as the default risk is not re-transferred. The cash outflows resulting from the repurchases would follow quickly, i.e. in 2015, if at all. Any utilization of the payment default guarantee would also follow quickly, i.e. in 2015. No utilization is expected for the receivables sold as at the reporting date.

NOTE 40

**Net interest and net result from financial instruments
and net foreign currency profit/loss**
Net interest and net result

Net interest and net result from financial instruments by class/measurement category in accordance with IAS 39 breaks down as follows:

Net interest and net result from financial instruments
EUR '000

2014	From interest income	From interest expense	Net interest	From subsequent measurement at fair value through profit or loss	From subsequent measurement at fair value directly in equity	From impairment	From result on disposal	Net result (total)
Loans and receivables	1,691	0	1,691	0	0	(4,699) ¹	0	(3,008)
Available-for-sale financial assets	233	0	233	0	790	0	(43)	980
Financial instruments measured at fair value through profit or loss	0	0	0	(124)	0	0	0	(124)
Financial liabilities measured at amortized cost	0	(25,861)	(25,861)	0	0	0	0	(25,861)
Total	1,924	(25,861)	(23,937)	(124)	790	(4,699)	(43)	(28,012)

Net interest and net result from financial instruments (previous year)
EUR '000

2013	From interest income	From interest expense	Net interest	From subsequent measurement at fair value through profit or loss	From subsequent measurement at fair value directly in equity	From impairment	From result on disposal	Net result (total)
Loans and receivables	2,402	0	2,402	0	0	(2,355) ¹	0	47
Available-for-sale financial assets	277	0	277	0	(202)	0	33	108
Financial instruments measured at fair value through profit or loss	0	0	0	330	0	0	0	330
Financial liabilities measured at amortized cost	0	(26,099)	(26,099)	0	0	0	0	(26,099)
Total	2,679	(26,099)	(23,420)	330	(202)	(2,355)	33	(25,613)

¹⁾ Incl. valuation of non-current financial assets

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Net result from financial instruments comprises net interest (current interest income and expenses including amortization of premiums and discounts and dividends of companies that are not accounted for using the equity method), gains/losses on remeasurement from fair value measurement in profit or loss and in equity, and the result from impairments (recognition and reversal of bad debt provisions/valuation adjustments) and disposals. Income from available-for-sale financial assets includes gains/losses from remeasurement and from the reclassification of the remeasurement gains/losses to profit or loss. Net result from financial instruments does not include exchange rate gains/losses (with the exception of financial instruments at fair value through profit or loss) or gains/losses from hedging instruments (cash flow hedges).

The change in bad debt provisions for "Receivables measured at amortized cost" is reported in "Other operating expenses". The portion recognized directly in equity from the subsequent measurement of available-for-sale financial assets at fair value is reported in the "Reserve for available-for-sale financial assets". The remaining components of net result are included in "Income from non-current and current financial assets" and in "Financing costs".

In the current financial year, expenses totaling EUR 2,306 thousand (2013: EUR 1,605 thousand) were recognized for the provision of loans.

Net foreign currency result

Net foreign currency gains/losses are included in other operating income/expenses in the amount of EUR +4,676 thousand (2013: EUR -8,755 thousand), in income from non-current and current financial assets in the amount of EUR +4,077 thousand (2013: EUR -2,012 thousand) and in financing costs in the amount of EUR -1,556 thousand (2013: EUR -5,170 thousand).

NOTE 41

Management of financial risks and derivative financial instruments

Fundamentals

As an international company, the Group is exposed to financial risks and other market risks. Potential risks are identified and assessed at an early stage using a company-wide risk management system that is regulated comprehensively in guidelines. This aims to achieve maximum risk transparency and quality of information by quantifying all risk categories, with particular regard to risk concentration. The efficiency of group-wide risk management is evaluated and monitored on an ongoing basis by both the internal control system (ICS) and the internal audit department.

Financial risks from financial instruments – credit risk, liquidity risk, currency risk (particularly USD and CNY), commodity price risk and interest rate risk – are classified as relevant risks for the Lenzing Group. Corresponding hedging measures are used to attempt to minimize these risks. Shares acquired in external companies are classified as long-term investments and therefore are not seen as a relevant market price risk in the short to medium term.

Credit risk

Credit risk refers to the risk of losses of assets that may occur as a result of individual business partners failing to meet their contractual obligations. In the case of delivery transactions (particularly trade receivables), the credit risk inherent in the underlying transaction is secured against to a large extent by notable credit insurance and bankable security (guarantees, letters of credit, bills of exchange etc.). Accounts receivable and customer limits are monitored on an ongoing basis. The credit risk at banks from investments (particularly cash and cash equivalents) and derivatives with positive fair values is reduced by concluding transactions only with counterparties with a good credit rating.

Receivables are measured individually. Individual bad debt provisions are recognized for receivables if they are not expected to be fully collectible. This applies in particular if there are significant financial difficulties of the debtor, default or delay in making payments or an increased probability that the debtor will become bankrupt and the receivable concerned is not sufficiently collateralized. The historical default rates for receivables are low due to the Lenzing Group's comprehensive accounts receivable management (extensive collateralization with credit insurance and bankable security and ongoing monitoring of accounts receivable and customer limits). Group (collective) bad debt provisions therefore are not recognized.

The Group tends to rate the risk concentration with regard to trade receivables as low, as its customers are based in various countries, belong to various sectors and are active on largely independent markets. In addition, a rather small amount of the receivables is overdue and not impaired (see table under "Ageing of receivables").

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The bad debt provisions developed as follows:

Development of bad debt provisions		EUR '000		
	Loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)	
Bad debt provisions as at 01/01/2013	2,275	7,857	1,174	
Changes in scope of consolidation	(11)	(97)	0	
Utilization	0	(197)	0	
Reversal	(4)	(536)	0	
Addition	0	488	2,406 ¹	
Currency translation adjustment	11	37	0	
Bad debt provisions as at 31/12/2013 = 01/01/2014	2,271	7,554	3,580	
Changes in scope of consolidation	0	0	0	
Utilization	0	(557)	(930)	
Reversal	(6)	(124)	0	
Addition	10	3,389	1,430 ¹	
Currency translation adjustment	(22)	238	0	
Bad debt provisions as at 31/12/2014	2,253	10,501	4,080	

Bad debt provisions for trade receivables include bad debt provisions relating to companies accounted for using the equity method in the amount of EUR 2,134 thousand (2013: EUR 2,110 thousand).

Bad debt provisions for trade receivables mainly relate to bad debt provisions for past due, uninsured receivables.

The carrying amount of the impaired receivables is as follows:

Carrying amount of impaired receivables as at December 31, 2014		EUR '000		
	Loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)	
Before bad debt provision	2,416	20,369	5,765	
After bad debt provision	163	9,868	1,686	

¹) Incl. valuation of non-current financial assets

Carrying amount of impaired receivables as at December 31, 2013 (previous year)

EUR '000

	Loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Before bad debt provision	2,415	10,947	6,695
After bad debt provision	144	3,392	3,115

The ageing of the financial receivables breaks down as follows:

Ageing of receivables

EUR '000

	Loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Carrying amount as at 31/12/2014	7,261	232,769	28,560
Thereof not impaired at the reporting date and:			
Not overdue	7,098	205,089	26,874
Overdue up to 30 days	0	13,939	0
Overdue for 31 to 90 days	0	1,761	0
Overdue for 91 to 365 days	0	2,099	0
Overdue for more than one year	0	12	0
Thereof impaired	163	9,868	1,686

Ageing of receivables (previous year)

EUR '000

	Loans (non-current and current)	Trade receivables	Other financial receivables (non-current and current)
Carrying amount as at 31/12/2013	7,480	258,841	22,963
Thereof not impaired at the reporting date and:			
Not overdue	7,336	235,848	19,848
Overdue up to 30 days	0	18,451	0
Overdue for 31 to 90 days	0	1,122	0
Overdue for 91 to 365 days	0	0	0
Overdue for more than one year	0	28	0
Thereof impaired	144	3,392	3,115

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The maximum exposure to credit risk from financial assets recognized is as follows:

Maximum exposure to credit risk from financial assets recognized	EUR '000	
	31/12/2014	31/12/2013
Carrying amount of asset financial instruments (see Note 39)	556,315	592,861
Less risk reduction in relation to receivables due to		
Credit insurance received (not including deductibles)	(133,629)	(117,314)
Guarantees received	(3,436)	(3,356)
Total	419,250	472,192

The maximum exposure to credit risk from financial guarantee contracts and contingent liabilities is shown in Note 46.

From a current point of view, there are no doubts regarding the collectability of financial assets that are neither past due nor impaired.

There are no significant concentrations of risk from the investment of financial assets with only one business partner.

Liquidity risk

Liquidity risk refers to the risk of not being able to obtain funds at all times to settle the liabilities incurred. Management of liquidity risk is given high priority in the Lenzing Group. The company guidelines stipulate uniform, forward-looking liquidity planning and medium-term planning throughout the Group. The risk of a possible liquidity shortage is monitored continuously in the Lenzing Group.

The Lenzing Group has liquid assets totaling EUR 280,261 thousand (December 31, 2013: EUR 296,029 thousand) in the form of cash and cash equivalents, liquid securities and liquid bills of exchange (see Note 38). To finance necessary operating resources and to cover any deficits caused by economic cycles, there were free credit facilities committed in writing in the amount of EUR 198,509 thousand as at December 31, 2014 (December 31, 2013: EUR 296,169 thousand). In the medium and long term, the Lenzing Group is financed with equity and financial liabilities, particularly bonds, private placements and bank loans. Current financial liabilities can regularly be extended or refinanced with other lenders. For this reason, the Group tends to rate the risk concentration with regard to sufficient sources of financing as low.

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The contractually agreed (undiscounted) interest and principal payments for primary financial liabilities (including financial guarantee contracts) break down as follows:

Maturity analysis of non-derivative financial liabilities

	Measurement category pursuant to IAS 39	31/12/2014	
		Carrying amount	
Bond	Financial liabilities at amortized cost (FLAC)	119,713	
Private placements	Financial liabilities at amortized cost (FLAC)	228,468	
Liabilities to banks	Financial liabilities at amortized cost (FLAC)	346,790	
Liabilities to other lenders	Financial liabilities at amortized cost (FLAC)	30,326	
Trade payables	Financial liabilities at amortized cost (FLAC)	181,130	
Puttable non-controlling interests	Financial liabilities at amortized cost (FLAC)	12,410	
Other liabilities - other financial liabilities (not including financial guarantee contracts)	Financial liabilities at amortized cost (FLAC)	35,415	
Other current financial liabilities (financial guarantee contracts) ¹	n/a (other)	159	
Accruals - other (financial)	Financial liabilities at amortized cost (FLAC)	22,682	
Finance lease liabilities	n/a (IAS 17)	4,482	
Total		981,575	

Maturity analysis of non-derivative financial liabilities (previous year)

	Measurement category pursuant to IAS 39	31/12/2013	
		Carrying amount	
Bond	Financial liabilities at amortized cost (FLAC)	119,609	
Private placements	Financial liabilities at amortized cost (FLAC)	228,335	
Liabilities to banks	Financial liabilities at amortized cost (FLAC)	418,477	
Liabilities to other lenders	Financial liabilities at amortized cost (FLAC)	32,376	
Trade payables	Financial liabilities at amortized cost (FLAC)	176,592	
Puttable non-controlling interests	Financial liabilities at amortized cost (FLAC)	19,534	
Other liabilities - other financial liabilities (not including financial guarantee contracts)	Financial liabilities at amortized cost (FLAC)	5,892	
Other current financial liabilities (financial guarantee contracts)	n/a (other)	0	
Accruals - other (financial)	Financial liabilities at amortized cost (FLAC)	28,073	
Finance lease liabilities	n/a (IAS 17)	1,882	
Total		1,030,771	

The tables above include all primary financial liabilities held on the reporting date. They do not include planned figures for future liabilities. Amounts in foreign currency were translated at the spot exchange rate as at the reporting date. Floating-rate interest payments were calculated based on the last interest rates set before the reporting date. Financial liabilities that are repayable at any time are always assigned to the earliest time period.

¹ The maximum possible payment obligations from financial guarantee contracts granted are shown. The amounts are assumed to be due in the first year.

EUR '000

Cash flows 2015				Cash flows 2016 to 2019				Cash flows from 2020			
Fixed interest	Fixed and floating-rate interest	Float-ing-rate interest	Repay-ment	Fixed interest	Fixed and floating-rate interest	Float-ing-rate interest	Repay-ment	Fixed interest	Fixed and floating-rate interest	Float-ing-rate interest	Repay-ment
4,650	0	0	0	9,300	0	0	120,000	0	0	0	0
4,184	0	1,630	0	13,241	0	3,213	193,000	4,324	0	0	36,000
699	0	7,722	185,117	27	0	5,831	161,673	0	0	0	0
71	171	81	7,184	64	302	81	22,107	1	4	0	1,035
0	0	0	181,130	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	12,410
0	0	0	34,609	0	0	0	807	0	0	0	0
0	0	0	159	0	0	0	0	0	0	0	0
0	0	0	22,682	0	0	0	0	0	0	0	0
23	0	0	389	60	0	0	2,115	4,623	0	0	1,978
9,628	171	9,432	431,269	22,692	302	9,125	499,702	8,948	4	0	51,423

EUR '000

Cash flows 2014				Cash flows 2015 to 2018				Cash flows from 2019			
Fixed interest	Fixed and floating-rate interest	Float-ing-rate interest	Repay-ment	Fixed interest	Fixed and floating-rate interest	Float-ing-rate interest	Repay-ment	Fixed interest	Fixed and floating-rate interest	Float-ing-rate interest	Repay-ment
4,650	0	0	0	13,950	0	0	120,000	0	0	0	0
4,166	0	1,810	0	14,911	0	5,898	132,000	6,840	0	1,155	97,000
1,709	0	8,900	181,841	566	0	10,404	236,636	0	0	0	0
67	281	69	9,213	99	328	69	22,413	0	3	0	750
0	0	0	176,592	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	19,534
0	0	0	5,888	0	0	0	4	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	28,073	0	0	0	0	0	0	0	0
1	0	0	19	10	0	0	69	4,699	0	0	1,794
10,592	281	10,780	401,627	29,536	328	16,371	511,122	11,539	3	1,155	119,079

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The contractually agreed (undiscounted) interest and principal payments for derivative financial instruments break down as follows:

Maturity analysis of derivative financial instruments

	Measurement category pursuant to IAS 39	31/12/2014	
		Carrying amount	
Currency derivatives			
Cash flow hedges	n/a	317	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	207	
Trading	At fair value through profit or loss (trading)	0	
Positive fair value		524	
Cash flow hedges	n/a	(24,946)	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	(7,485)	
Trading	At fair value through profit or loss (trading)	0	
Negative fair value		(32,431)	
Total currency derivatives		(31,907)	
Gas derivatives			
Cash flow hedges	n/a	0	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	0	
Trading	At fair value through profit or loss (trading)	0	
Positive fair value		0	
Cash flow hedges	n/a	(1,576)	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	0	
Trading	At fair value through profit or loss (trading)	0	
Negative fair value		(1,576)	
Total gas derivatives		(1,576)	
Total		(33,484)	

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

EUR '000

Cash flows 2015				Cash flows 2016 to 2019				Cash flows from 2020			
Fixed interest	Fixed and floating-rate interest	Floating-rate interest	Repayment	Fixed interest	Fixed and floating-rate interest	Floating-rate interest	Repayment	Fixed interest	Fixed and floating-rate interest	Floating-rate interest	Repayment
0	0	0	246	0	0	0	71				
			207				0				
			0				0				
0	0	0	453	0	0	0	71	0	0	0	0
			(21,103)				(3,843)				
			(7,485)				0				
			0				0				
0	0	0	(28,588)	0	0	0	(3,843)	0	0	0	0
0	0	0	(28,135)	0	0	0	(3,772)	0	0	0	0
			0				0				
			0				0				
			0				0				
0	0	0	0	0	0	0	0	0	0	0	0
			(926)				(651)				
			0				0				
			0				0				
0	0	0	(926)	0	0	0	(651)	0	0	0	0
0	0	0	(926)	0	0	0	(651)	0	0	0	0
0	0	0	(29,061)	0	0	0	(4,423)	0	0	0	0

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Maturity analysis of derivative financial instruments (previous year)

	Measurement category pursuant to IAS 39	31/12/2013	
		Carrying amount	
Currency derivatives			
Cash flow hedges	n/a	4,416	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	1,612	
Trading	At fair value through profit or loss (trading)	124	
Positive fair value		6,151	
Cash flow hedges	n/a	(2,451)	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	(695)	
Trading	At fair value through profit or loss (trading)	0	
Negative fair value		(3,147)	
Total currency derivatives		3,004	
Gas derivatives			
Cash flow hedges	n/a	148	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	0	
Trading	At fair value through profit or loss (trading)	0	
Positive fair value		148	
Cash flow hedges	n/a	(610)	
Cash flow hedges with the underlying already recognized in profit or loss	n/a	0	
Trading	At fair value through profit or loss (trading)	0	
Negative fair value		(610)	
Total gas derivatives		(462)	
Total		2,542	

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

EUR '000

Cash flows 2014				Cash flows 2015 to 2018				Cash flows from 2019			
Fixed interest	Fixed and floating-rate interest	Floating-rate interest	Repayment	Fixed interest	Fixed and floating-rate interest	Floating-rate interest	Repayment	Fixed interest	Fixed and floating-rate interest	Floating-rate interest	Repayment
0	0	0	4,250	0	0	0	166				
			1,612				0				
			124				0				
0	0	0	5,986	0	0	0	166	0	0	0	0
			(2,228)				(224)				
			(695)				0				
			0				0				
0	0	0	(2,923)	0	0	0	(224)	0	0	0	0
0	0	0	3,062	0	0	0	(58)	0	0	0	0
			83				65				
			0				0				
			0				0				
0	0	0	83	0	0	0	65	0	0	0	0
			(188)				(422)				
			0				0				
			0				0				
0	0	0	(188)	0	0	0	(422)	0	0	0	0
0	0	0	(105)	0	0	0	(357)	0	0	0	0
0	0	0	2,957	0	0	0	(414)	0	0	0	0

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Currency risk

The companies of the Lenzing Group are exposed to currency risks as a result of cash flows from capital expenditures and from operating business as well as from investments and financing in foreign currencies. Risks from foreign currencies are hedged as far as possible if they influence the Group's cash flows. In operating business, the individual Group companies are exposed to currency risk in connection with planned incoming and outgoing payments in currencies other than their functional currency. The exchange rate risk arising from foreign-currency items from anticipated future transactions by Group companies in foreign currencies is hedged with forward foreign exchange contracts, which are recognized at fair value.

For companies with the same functional currency, the respective net exposures in foreign currency are calculated for the following sales year as part of budgeting. Purchases in a particular foreign currency and sales in a particular foreign currency are each aggregated into groups. As at December 31, 2014, approximately 59% (December 31, 2013: approximately 61%) of the budgeted net exposure for the following financial year for the dominant currency pair in the Lenzing Group, EUR/USD, was hedged. In addition the CNY plays an important role. The level of the resulting risk concentration as at the reporting date can be seen in the tables below (especially the "Sensitivity analysis and risk exposure for foreign currency risks" tables).

At Group level, translation risk is also regularly assessed and monitored. Translation risk refers to the risk that arises as a result of the consolidation of foreign investments whose functional currency is not the euro. The greatest risk exposure here is in relation to the USD.

Instruments for hedging against currency risk

Cash flow hedges are allocated to sales from operating business in the subsequent financial years in the respective hedged currency. The resulting cash flows are planned on a monthly basis. The sum of incoming and outgoing payments for each month is balanced as at the end of the respective month. Cash flow hedges with the underlying already recognized in profit or loss are used to hedge foreign-currency receivables/liabilities that are already recognized as at the reporting date but do not impact cash until after the reporting date. In some cases, Group companies use derivatives for hedging against currency risks to which no hedged items are allocated in accounting terms (trading derivatives), but which are used to hedge against currency risks in economic terms. For this reason, hedge accounting is not used for these derivatives.

The ineffective portion of the cash flow hedges amounted to EUR 43 thousand in the financial year (2013: EUR 41 thousand).

Cash flow hedges for currency risks

The nominal values and fair values of the cash flow hedges are as follows as at the reporting dates:

Nominal value, fair value and hedging period of cash flow hedge derivatives for currency risks

EUR '000

	31/12/2014					31/12/2013				
	Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until	Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until
Forward for- eign exchange contracts										
CNY/CNH-buy / EUR-sale	CNY/CNH 0	0	0	0	n/a	CNY/CNH 525	0	(1)	(1)	01/2014
CNY/CNH-sale / EUR-buy	CNY/CNH 1,231,000	0	(6,293)	(6,293)	06/2016	CNY/CNH 456,000	74	(161)	(86)	06/2015
CNY/CNH-sale / GBP-buy	CNY/CNH 123,200	0	(445)	(445)	06/2016	CNY/CNH 0	0	0	0	n/a
CZK-buy / EUR-sale	CZK 202,000	0	(91)	(91)	01/2016	CZK 225,000	0	(489)	(489)	01/2015
EUR-buy / CZK-sale	EUR 0	0	0	0	n/a	EUR 1,598	1	0	1	12/2014
JPY-sale / EUR-buy	JPY 0	0	0	0	n/a	JPY 31,500	17	0	17	02/2015
JPY-sale / GBP-buy	JPY 261,000	106	0	106	01/2016	JPY 84,152	69	0	69	02/2015
USD-buy / EUR-sale	USD 5,000	210	0	210	02/2016	USD 0	0	0	0	n/a
USD-sale / CZK-buy	USD 81,600	0	(5,451)	(5,451)	01/2016	USD 81,300	33	(1,785)	(1,752)	01/2015
USD-sale / EUR-buy	USD 213,600	0	(12,088)	(12,088)	01/2016	USD 197,700	3,711	(16)	3,695	02/2015
USD-sale / GBP-buy	USD 9,700	0	(577)	(577)	08/2015	USD 25,069	510	0	510	02/2015
Total		317	(24,946)	(24,629)			4,416	(2,451)	1,964	

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

The hedging period stated is equivalent to the period of the expected cash flows and their recognition in profit or loss.

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Cash flow hedges for currency risks with the underlying already recognized in profit or loss

The nominal values and fair values of cash flow hedges with the underlying already recognized in profit or loss are as follows as at the reporting dates:

Nominal value and fair value of cash flow hedge derivatives for currency risks with the underlying already recognized in profit or loss

EUR '000

	31/12/2014				31/12/2013			
	Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Nominal value in '000	Positive fair value	Negative fair value	Net fair value
Forward foreign exchange contracts								
JPY-sales / EUR-buy	JPY 3,500	2	0	2	JPY 0	0	0	0
USD buy / EUR sale	USD 2,143	171	0	171	USD 0	0	0	0
CNY/CNH-sale / EUR-buy	CNY/CNH 420,050	0	(4,520)	(4,520)	CNY/CNH 465,250	381	(496)	(114)
JPY-sale / GBP-buy	JPY 49,500	34	0	34	JPY 58,348	64	0	64
USD-sale / CZK-buy	USD 6,900	0	(801)	(801)	USD 6,300	0	(200)	(200)
USD-sale / EUR-buy	USD 22,818	0	(1,938)	(1,938)	USD 28,100	606	0	606
USD-sale / GBP-buy	USD 5,500	0	(227)	(227)	USD 18,531	561	0	561
Total		207	(7,485)	(7,278)		1,612	(695)	916

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

Trading derivatives for currency risks

The nominal values and fair values of the trading derivatives are as follows as at the reporting dates:

Nominal value and fair value of trading derivatives for currency risks

EUR '000

	31/12/2014				31/12/2013			
	Nominal value in '000	Positive fair value	Negative fair value	Net fair value	Nominal value in '000	Positive fair value	Negative fair value	Net fair value
Forward foreign exchange contracts								
EUR-buy / USD-sale	EUR 0	0	0	0	EUR 27,600	124	0	124
Total		0	0	0		124	0	124

Fair value: + = receivable, - = liability from the Lenzing Group's perspective

Sensitivity analysis and exposure for currency risks

Sensitivity analyses are performed for currency risks. They show the effects of hypothetical changes in exchange rates on profit or loss/other comprehensive income/equity.

The Lenzing Group uses the following assumptions in its analysis:

- As a basis for the sensitivity of profit or loss, the Group uses receivables and liabilities of Group companies that are denominated in a currency other than the functional currency of the relevant company, open derivatives from cash flow hedges for currency risks with the underlying already recognized in profit or loss, and trading derivatives for currency risks as at the reporting date. The carrying amounts of the receivables and liabilities and the nominal values of the derivatives correspond to the exposure. For the aggregation to Group exposure, the individual exposures are presented consistently in relation to the currencies USD/EUR.
- Open derivatives from cash flow hedges for currency risks with the underlying not yet recognized in profit or loss are used as the basis for the sensitivity of other comprehensive income as at the reporting date. The nominal value of the open derivatives corresponds to the exposure.

The sensitivities and exposure for currency risk are as follows as at the reporting dates:

Sensitivity analysis and risk exposure for foreign currency risks (EUR)

EUR '000

	31/12/2014			31/12/2013		
	Group exposure in relation to EUR	Sensitivity in the event of 10% devaluation of the EUR	Sensitivity in the event of 10% revaluation of the EUR	Group exposure in relation to EUR	Sensitivity in the event of 10% devaluation of the EUR	Sensitivity in the event of 10% revaluation of the EUR
EUR-USD	74,379	8,264	(6,762)	52,419	5,824	(4,765)
EUR-GBP	(2,674)	(297)	243	(3,268)	(363)	297
EUR-CNY/CNH	50,407	5,601	(4,582)	33,067	3,674	(3,006)
EUR-CZK	90,955	10,106	(8,269)	105,249	11,694	(9,568)
Sensitivity of profit or loss (due to receivables and liabilities)		23,674	(19,370)		20,830	(17,042)
Sensitivity of other comprehensive income (due to cash flow hedge derivatives)		(35,857)	31,473		(20,670)	17,730
Sensitivity of equity		(12,183)	12,103		160	688

Group exposure: + receivable, - liability; sensitivity: + increase in profit/in other comprehensive income, - decrease in profit/in other comprehensive income

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Sensitivity analysis and risk exposure for foreign currency risks (USD)

EUR '000

	31/12/2014			31/12/2013		
	Group exposure in relation to USD	Sensitivity in the event of 10% devaluation of the USD	Sensitivity in the event of 10% revaluation of the USD	Group exposure in relation to USD	Sensitivity in the event of 10% devaluation of the USD	Sensitivity in the event of 10% revaluation of the USD
USD-IDR	3,328	370	(303)	1,920	213	(175)
USD-GBP	(6,019)	(669)	547	7	1	(1)
USD-HKD	47	5	(4)	(34)	(4)	3
USD-CNY/CNH	30,933	3,437	(2,812)	35,836	3,982	(3,258)
USD-CZK	(2,463)	(274)	224	(4,436)	(493)	403
Sensitivity of profit or loss (due to receivables and liabilities)		2,870	(2,348)		3,699	(3,027)
Sensitivity of other comprehensive income (due to cash flow hedge derivatives)		12,495	(15,271)		12,852	(12,351)
Sensitivity of equity		15,364	(17,619)		16,551	(15,378)

Group exposure: + receivable, - liability; sensitivity: + increase in profit/in other comprehensive income, - decrease in profit/in other comprehensive income

Commodity price risk

As part of the optimization of energy costs, gas purchasing in the Lenzing Group was largely centralized. The Group uses OTC gas swaps as cash flow hedges to manage gas price risks. The hedging strategies are determined based on the planned gas consumption figures in the relevant currency and are compared with the current market prices on a monthly basis ("market to market" assessment). The Lenzing Group is exposed to accounting-related price risks as a result of the gas swaps. These risks particularly relate to the possibility that fair value measurement of the gas swaps may result in a negative impact on other comprehensive income/equity in the event of an adverse change in market prices.

Other than this, the Group is subject to the usual market price risks in connection with its business activities (particularly for wood, pulp and energy), which are not hedged with derivatives or financial instruments, but instead with other safeguarding measures (particularly long-term and short-term supply contracts with various suppliers).

Instruments for hedging against commodity price risks – cash flow hedges

The nominal values and fair values of the cash flow hedges are as follows as at the reporting dates:

Contract value, nominal value and hedging period of cash flow hedge derivatives for commodity price risks

EUR '000

	31/12/2014					31/12/2013				
	Contract value ¹ in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until	Contract value ¹ in '000	Positive fair value	Negative fair value	Net fair value	Hedging period until
Gas swaps										
	USD 0	0	0	0	n/a	USD 3,262	8	(195)	(187)	12/2015
	GBP 5,767	0	(1,576)	(1,576)	03/2016	GBP 9,715	140	(415)	(275)	03/2016
Total		0	(1,576)	(1,576)			148	(610)	(462)	

Fair value: + = receivable, - = liability from the Lenzing Group's perspective (each shown as net position)

The hedging period stated is equivalent to the period of the expected cash flows and their recognition in profit or loss.

Sensitivity analysis and exposure for commodity price risks

Sensitivity analyses are performed for the price change risk from gas swaps. They show the effects of hypothetical changes in gas prices on profit or loss/other comprehensive income/equity.

The Lenzing Group uses the following assumptions in its analysis:

- Open derivatives from cash flow hedges as at the reporting date are used as the basis for the sensitivity.
- The exposure corresponds to the nominal values of the derivatives (not including the hedged items). In economic terms, the derivatives are used to hedge physical hedged items that will impact profit or loss in subsequent periods, meaning that from an economic perspective there is no risk exposure in combination with the hedged items.

If the market price level for gas had been 10% higher/lower as at December 31, 2014, this would have changed other comprehensive income/equity before tax by +/- EUR 581 thousand (December 31, 2013: +/- EUR 1,369 thousand).

Interest rate risk

The Lenzing Group is exposed to interest rate risk as a result of its business-related financing and investment activities. Interest rate risks arise as a result of potential changes in the market interest rate. They can lead to a change in fair value in the case of fixed-rate financial instruments and to fluctuations in the cash flows from interest payments in the case of floating-rate financial instruments. Interest rate risks and the resulting risk concentrations are managed by monitoring and adjusting the composition of fixed-rate and floating-rate primary financial instruments on an ongoing basis and occasionally by using derivative financial instruments. The level of the resulting risk concentration as at the reporting date can be seen in the "Risk exposure for interest

¹⁾ Corresponds to the exposure

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rate risks" table below. The decisive factor for management is the effect of the interest rate risk on earnings. There were no outstanding interest rate derivatives as at the reporting dates.

Sensitivity analysis and exposure for interest rate risks

As at the reporting dates, the exposure for interest rate risks in the form of the carrying amounts of interest-bearing primary financial instruments is as follows:

Risk exposure for interest rate risks

EUR '000

31/12/2014					
	Fixed interest	Fixed and floating-rate interest	Floating-rate interest	No interest	Total
Cash and cash equivalents	0	0	271,791	0	271,791
Financial assets ¹	3,754	0	1,815	17,626	23,194
Financial liabilities	(311,595)	(21,983)	(396,200)	0	(729,778)
Total	(307,841)	(21,983)	(122,594)	17,626	(434,793)

Risk exposure for interest rate risks (previous year)

EUR '000

31/12/2013					
	Fixed interest	Fixed and floating-rate interest	Floating-rate interest	No interest	Total
Cash and cash equivalents	0	0	287,882	0	287,882
Financial assets ¹	3,755	0	1,701	17,720	23,176
Financial liabilities	(336,687)	(25,416)	(438,576)	0	(800,680)
Total	(332,933)	(25,416)	(148,993)	17,720	(489,622)

+ receivables, - liabilities

Sensitivity analyses are performed for interest rate risks from floating-rate financial instruments. They show the effects of hypothetical changes in interest rates on profit or loss/other comprehensive income/equity.

The Lenzing Group uses the following assumptions in its analysis:

- All floating-rate primary financial instruments as at the reporting date are used as the basis for the sensitivity.
- The exposure corresponds to the carrying amount of the floating-rate financial instruments.

¹⁾ Includes the wholesale fund GF82, whose income is distributed or reinvested.

The sensitivities and exposure for interest rate risks from floating-rate financial instruments are as follows as at the reporting dates:

Sensitivity analysis for interest rate risks from floating-rate financial instruments

EUR '000

31/12/2014	Exposure with floating-rate interest	Sensitivity in the event of 100 bp increase in interest rate level	Sensitivity in the event of 100 bp decrease in interest rate level
Cash and cash equivalents	271,791	2,718	(2,718)
Financial assets	1,815	18	(18)
Financial liabilities	(396,200)	(3,962)	3,962
Sensitivity of profit or loss/ of equity	(122,594)	(1,226)	1,226

Sensitivity analysis for interest rate risks from floating-rate financial instruments (previous year)

EUR '000

31/12/2013	Exposure with floating-rate interest	Sensitivity in the event of 100 bp increase in interest rate level	Sensitivity in the event of 100 bp decrease in interest rate level
Cash and cash equivalents	287,882	2,879	(2,879)
Financial assets	1,701	17	(17)
Financial liabilities	(438,576)	(4,386)	4,386
Sensitivity of profit or loss/ of equity	(148,993)	(1,490)	1,490

Further information on financial risk management and financial instruments can be found in the risk report of the Lenzing Group management report as at December 31, 2014 (particularly in the section on "Use of financial instruments").

Notes on Leases

NOTE 42 Finance leases

Property, plant and equipment includes development rights and other assets from finance leases in which the Lenzing Group is the lessee.

The finance lease for development rights relates to land handed over to Lenzing AG for use in exchange for an index-linked lease payment. After the end of the lease, Lenzing AG has the right to acquire the land at its market value. The lease has a term of 99 years.

The other finance leases include agreements on the modernization of small hydro power plants, in which the lessor undertakes to construct, operate and maintain power plants as part of the revitalization. All of the energy generated is purchased by Lenzing AG for a contractu-

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ally agreed fee, part of which serves to cover the investment costs and which is considered a contingent lease payment. After the agreements expire, ownership of the power plants will be transferred to Lenzing AG in exchange for payment of a transfer fee. The lease has a term of 25 years. In addition, there are finance leases concerning agreements on an industrial primary clarifier and related expansion investments. After the agreements expire, the ownership of the plant including the land can be transferred to Lenzing AG in exchange for payment of a transfer fee. The lease has a term of 16 years.

The carrying amount of the leased assets is as follows:

Carrying amount of leased assets EUR '000

2014	Land and buildings	Technical equipment and machinery, factory and office equipment	Down payments and assets under construction	Total
Cost	668	2,145	1,404	4,217
Accumulated depreciation	(78)	(339)	0	(418)
Carrying amount 31/12/2014	589	1,805	1,404	3,799

Carrying amount of leased assets (previous year) EUR '000

2013	Land and buildings	Technical equipment and machinery, factory and office equipment	Down payments and assets under construction	Total
Cost	660	848	0	1,508
Accumulated depreciation	(72)	(163)	0	(235)
Carrying amount 31/12/2013	588	686	0	1,274

The present value of minimum lease payments breaks down as follows:

Minimum lease payments as lessee (finance leases) EUR '000

	31/12/2014				31/12/2013			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Total future minimum lease payments	412	2,176	6,601	9,188	20	79	6,493	6,592
Thereof interest component	(23)	(60)	(4,623)	(4,707)	(1)	(10)	(4,699)	(4,710)
Total	389	2,115	1,978	4,482	19	69	1,794	1,882

Finance lease obligations are included under "Financial liabilities" in the consolidated statement of financial position (see Note 31).

In financial year 2014, contingent lease payments of EUR 404 thousand (2013: EUR 601 thousand) were recognized. They relate to the maintenance fee for the power plants.

In addition, interest expense of EUR 82 thousand (2013: EUR 71 thousand) from finance leases was recognized.

NOTE 43 Operating leases

The Lenzing Group as lessee

There are obligations from rental and lease agreements for property, plant and equipment that is not reported in the consolidated statement of financial position. Earnings before interest and taxes in 2014 include expenses from rental and lease agreements amounting to EUR 7,513 thousand (2013: EUR 9,474 thousand). They chiefly consist of minimum lease payments.

The future minimum lease payments during the non-cancellable term of these lease agreements relating to IT equipment, vehicles, rail cars and office and storage premises break down as follows, classified by year:

Minimum lease payments as lessee (operating leases)	EUR '000	
	31/12/2014	31/12/2013
In subsequent year	5,704	5,994
In the following 2-5 years	12,337	12,546
Thereafter	1,507	176
Total	19,548	18,716

The conditions of the main operating leases can be summarized as follows:

- **IT equipment:** The lease agreements have a term of up to three years. There are no price adjustment clauses.
- **Vehicles:** The lease agreements have a term of up to five years. These agreements do not provide for any possibility to acquire the vehicles at the end of the contractual term and there are no price adjustment clauses.
- **Rail cars:** The lease agreements have a term of up to 13 years. The agreements can be canceled after a minimum term. There are price adjustment clauses in some cases.

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- Office and storage premises:** The lease agreements have a term of up to five years. These agreements do not provide for any possibility to acquire the office and storage premises at the end of the contractual term. There are extension options and price adjustment clauses in some cases.

The Lenzing Group as lessor

The future minimum lease payments during the non-cancellable term of the lease agreements mainly relate to land and buildings and break down as follows, classified by year:

Minimum lease payments as lessor (operating leases)	EUR '000	
	31/12/2014	31/12/2013
In subsequent year	2,842	2,471
In the following 2-5 years	4,640	4,590
Thereafter	10,989	11,965
Total	18,471	19,026

The most significant lease agreement relates to land where the recycling plant is operated by RVL Reststoffverwertung Lenzing GmbH. The lease payments are index-linked. The lease was concluded for an indefinite term and can be canceled at the earliest as at December 31, 2029, subject to a notice period of six years.

Notes on Related Parties and Corporate Bodies

NOTE 44

Related party disclosures

Overview

Related parties are companies and individuals who are related to the Lenzing Group according to the IFRS definition. Related parties of the Lenzing Group particularly include B&C Lenzing Holding GmbH, B&C Iota GmbH & Co. KG, B&C Industrieholding GmbH and B&C Privatstiftung and their subsidiaries, joint ventures and associates. They also include the members of the corporate bodies (Management Board/Management and Supervisory Board, if any) of Lenzing AG, B&C Lenzing Holding GmbH, B&C Iota GmbH & Co KG, B&C Industrieholding GmbH and B&C Privatstiftung, their close family members and companies under their influence.

The fundamental relationships (ownership structures) between the Lenzing Group and the B&C Group are described in Note 1 (section on "Description of the company and its business activities"). The corporate bodies of Lenzing AG are listed in Note 45.

B&C Privatstiftung is managed by a Board of Trustees. No member of the Lenzing AG Management Board is a member of the Board of Trustees or of the management/Management Boards of subsidiaries of B&C Privatstiftung, with the exception of subsidiaries of the Lenzing Group. The Lenzing Group has no influence on the business activities of B&C Privatstiftung.

The amounts and transactions between Lenzing AG and its fully consolidated subsidiaries are eliminated on consolidation and are not discussed any further here.

In some cases, the members of the corporate bodies of Lenzing AG and the entities mentioned above are also members of corporate bodies or shareholders of other companies with which Lenzing AG maintains ordinary business relationships.

There are ordinary business relationships with banks, including in the areas of financing, investment and derivatives.

Relationships with related companies

Lenzing AG and the subsidiaries included in the tax group agreement are members of the tax group concluded on September 25, 2009 between B&C Industrieholding GmbH as the group parent and Lenzing AG and other subsidiaries of Lenzing AG as group members in accordance with section 9 of the Austrian Corporation Tax Act (österreichisches Körperschaftsteuergesetz – öKStG) (for more information, see the section on “Current taxes and deferred taxes” under Accounting Policies, Note 3).

The Lenzing Group recognized a tax credit from the tax group of EUR 3,000 thousand in income in the 2014 financial year (2013: EUR 1,773 thousand). In accordance with the contractual obligation, advances on the tax allocation were paid to B&C Industrieholding GmbH in the amount of EUR 9,605 thousand in 2014 (2013: EUR 44,000 thousand).

As at December 31, 2014, the Lenzing Group recognized a liability of EUR 16,591 thousand (December 31, 2013: EUR 8,195 thousand) to B&C Industrieholding GmbH from the tax allocation after deduction of the advances. This is reported in the “Current tax liabilities” item of the statement of financial position. In 2014, income tax expense of EUR 15,852 thousand (2013: EUR 13,957 thousand) was recognized as a result of the tax allocation to B&C Industrieholding GmbH.

In addition, B&C Industrieholding GmbH charged costs of EUR 172 thousand (2013: EUR 0 thousand) to Lenzing AG.

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Relationships with companies accounted for using the equity method and their material subsidiaries

Transactions with companies accounted for using the equity method and their material subsidiaries mainly relate to:

EQUI-Fibres Beteiligungsgesellschaft mbH and its subsidiaries (EFB):	<ul style="list-style-type: none"> ■ Distribution of fibers ■ Delivery of pulp and of machinery and equipment ■ Procurement of infrastructure, installation and administrative services ■ Purchase of textile material
Lenzing Papier GmbH (LPP):	<ul style="list-style-type: none"> ■ Provision of infrastructure and administrative services
RVL Reststoffverwertung Lenzing GmbH (RVL):	<ul style="list-style-type: none"> ■ Operation of a recycling plant and purchase of the steam generated; rent of a plot of land
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck (GSG):	<ul style="list-style-type: none"> ■ Provision of infrastructure and administrative services
PT. Pura Golden Lion (PGL):	<ul style="list-style-type: none"> ■ Loans payable
Wood Paskov s.r.o. (LWP):	<ul style="list-style-type: none"> ■ Purchase of wood

The extent of material transactions and the amounts of outstanding balances with companies accounted for using the equity method and their material subsidiaries were as follows:

Relationships with companies accounted for using the equity method and their material subsidiaries

EUR '000

	EFB	LPP	GSG	PGL	Total associates	RVL	LWP	Total joint ventures
2014								
Revenue	51.164	11.377	70	0	62.610	11.017	0	11.017
Other operating income	1.074	216	74	0	1.364	0	29	29
Cost of material	(44.300)	(3)	0	0	(44.303)	0	(154)	(154)
Purchased services	(12.497)	1	0	0	(12.496)	(11.017)	0	(11.017)
Other operating expenses	(167)	(45)	(68)	0	(280)	(15)	0	(15)
Interest expense	0	0	0	(67)	(67)	0	0	0
Interest income	0	0	0	0	0	0	0	0
31/12/2014								
Trade receivables	4.835	4.953	8	0	9.796	0	6	6
Trade payables	4.064	6	0	0	4.070	0	28	28
Loan liabilities	0	0	0	2.194	2.194	0	0	0
Other liabilities	0	40	0	0	40	0	0	0

Relationships with companies accounted for using the equity method and their material subsidiaries (previous year)

EUR '000

	EFB	LPP	GSG	PGL	Total associates	RVL	LWP	Total joint ventures
2013								
Revenue	57.584	11.255	83	0	68.922	11.223	0	11.223
Other operating income	1.139	4	70	0	1.213	0	19	19
Cost of material	(79.778)	(5)	0	0	(79.783)	0	(143)	(143)
Purchased services	(10.278)	(1)	0	0	(10.279)	(11.223)	0	(11.223)
Other operating expenses	(75)	247	(69)	0	104	(46)	(1)	(48)
Interest expense	0	0	0	(61)	(61)	0	0	0
Interest income	0	0	4	0	4	0	0	0
31/12/2013								
Trade receivables	7.449	3.446	0	0	10.896	0	6	6
Trade payables	9.208	6	0	0	9.214	1	0	1
Loan liabilities	0	0	0	1.885	1.885	0	0	0
Other liabilities	0	10	0	0	10	0	0	0

Bad debt provisions for trade receivables from companies accounted for using the equity method in the amount of EUR 24 thousand were recognized in profit or loss as an expense (2013: income of EUR 255 thousand).

There were no material transactions with non-consolidated subsidiaries in either of the two financial years.

Relationships with members of the Management Board and of the Supervisory Board of Lenzing AG

The fixed and variable current remuneration and termination pay expensed by Lenzing AG for the active members of the Management Board break down as follows:

Fixed and variable current remuneration and termination pay for active members of the Management Board (expensed)

EUR '000

	Peter Untersperger		Thomas Riegler		Robert van de Kerkhof		Friedrich Weninger ¹		Thomas Winkler ²		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fixed current remuneration	585	566	259	0	292	0	435	434	0	435	1,571	1,434
Variable current remuneration	190	318	116	0	133	0	315	352	0	39	754	708
Termination pay	0	0	0	0	0	0	0	0	0	1,620	0	1,620
Total	774	884	376	0	425	0	750	785	0	2,094	2,325	3,763

¹⁾ Member of the Management Board until December 31, 2014. ²⁾ Member of the Management Board until December 31, 2013.

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Of the amounts presented above totaling EUR 2,325 thousand in financial year 2014 (2013: EUR 3,763 thousand), EUR 2,325 thousand in total (fixed and variable current remuneration; 2013: EUR 2,142 thousand) relates to short-term employee benefits and EUR 0 thousand in total (termination pay; 2013: EUR 1,620 thousand) relates to termination benefits. In addition, provisions for entitlements of active Management Board members derived from long-term bonus bank models (other long-term employee benefits) decreased by EUR 47 thousand in the 2014 financial year (2013: increase of EUR 300 thousand); another EUR 309 thousand (2013: EUR 0 thousand) was expensed for the settlement of entitlements. In addition, EUR 138 thousand was released to profit or loss for vacation compensation (short-term employee benefits), taking into account the amounts previously provided for (2013: EUR 0 thousand). Moreover, the active members of the Management Board were granted post-employment benefits in the amount of EUR 295 thousand (2013: EUR 245 thousand) by providing for company pension and severance plans in the income statement and in other comprehensive income. The expenses for the active Supervisory Board members (short-term employee benefits in the form of remuneration for the Supervisory Board members including attendance fees) amounted to EUR 436 thousand for the 2014 financial year (2013: EUR 291 thousand). Hence, remuneration expensed for key management personnel, which comprises active members of the Management Board and of the Supervisory Board of Lenzing AG, in line with their functions, is summarized below:

Remuneration for key management personnel (expensed)

	2014	2013
Remuneration for the Management Board		
Short-term employee benefits	2,186	2,143
Other long-term employee benefits	262	300
Termination benefits	0	1,620
Post-employment benefits	295	245
Share-based remuneration	0	0
	2,743	4,308
Remuneration for the Supervisory Board (short-term employee benefits)	436	291
Total	3,180	4,599

In the 2014 financial year, prior to their engagement to the board, members of the Management Board provided services to the Lenzing Group in the amount of EUR 102 thousand (2013: EUR 0 thousand).

The present value of the provision for severance payments recognized for active members of the Management Board amounts to EUR 838 thousand as at December 31, 2014 (December 31, 2013: EUR 748 thousand).

In addition to the benefits above, the employee representatives on the Supervisory Board who were delegated by the Works Council are entitled to regular payment (wage or salary and severance and jubilee benefits) under their employment contracts. This payment represents appropriate remuneration for the role/activities performed in the company.

In line with usual market and corporate practice, Lenzing AG also grants additional benefits that are considered non-monetary benefits to the members of the Management Board, as well as some senior executives and Supervisory Board members. For example, insurance coverage (D&O, accident, legal protection etc.) is provided, with the costs borne by the Lenzing Group. Overall premium payments are made to the insurers, meaning that there is no specific allocation to the Management Board and the Supervisory Board. In addition, the members of the Management Board and some senior executives are provided with company vehicles for their use. Moreover, expenses, especially travel expenses, incurred by members of the Management Board and the Supervisory Board are reimbursed.

The principles of the remuneration system for the Management Board and the Supervisory Board are described in detail and published in the 2014 Corporate Governance Report of the Lenzing Group.

No advances, loans or guarantees have been granted to members of the Management Board and the Supervisory Board. The Lenzing Group has not entered into any contingencies for the benefit of the Management Board and the Supervisory Board. Directors' dealings reports regarding members of the Management Board and the Supervisory Board are published on the Austrian Financial Market Authority website (see <http://www.fma.gv.at>).

Post-employment benefits for former members of the Management Board of Lenzing AG (who left before January 1, 2013) or their surviving dependents in the amount of EUR 1,652 thousand (2013: EUR 240 thousand) were recognized in the form of expenses in the income statement and allocations in other comprehensive income. The present value of the pension provision recognized in this context after deduction of the fair value of plan assets (net obligation) amounts to EUR 7,921 thousand as at December 31, 2014 (December 31, 2013: EUR 6,941 thousand).

CONSOLIDATED FINANCIAL STATEMENTS 2014

NOTE 45

Corporate bodies of the company

Members of the Supervisory Board

Michael Junghans, Vienna

Chairman

Hanno Bästlein, Vienna

Vice-Chairman (since April 28, 2014)

Veit Sorger, Vienna

Vice-Chairman

Helmut Bernkopf, Vienna

Franz Gasselsberger, Linz

(since April 24, 2013)

Josef Krenner, Linz

Patrick Prügger, Vienna

Andreas Schmidradner, Vienna

Astrid Skala-Kuhmann, Icking (Germany)

Martin Payer, Leoben

(until April 28, 2014)

Members of the Management Board

Peter Untersperger, Linz

Chief Executive Officer (CEO)

Chairman of the Management Board

Thomas Riegler, Salzburg

Chief Financial Officer (CFO)

Member of the Management Board
(since June 1, 2014)

Robert van de Kerkhof, Mondsee

Chief Commercial Officer (CCO)

Member of the Management Board
(since May 1, 2014)

Friedrich Weninger, Mondsee

Chief Operating Officer (COO)

Member of the Management Board
(until December 31, 2014)

Thomas G. Winkler, Salzburg

Chief Financial Officer (CFO)

Member of the Management Board
(until December 31, 2013)

Designated by the Works Council

Rudolf Baldinger, Lenzing

Chairman of the Works Committee

Chairman of the Works Council for Waged Employees

Georg Liftinger, Weyregg am Attersee

Vice-Chairman of the Works Committee

Chairman of the Works Council for Salaried Employees

Daniela Födinger, Seewalchen am Attersee

Vice-Chairman of the Works Council for Salaried Employees

(since April 28, 2014)

Johann Schernberger, Regau

Vice-Chairman of the Works Council for Waged Employees

Franz Berlanda, Wolfsegg am Hausruck

Vice-Chairman of the Works Council for Waged Employees

(since April 28, 2014)

Gerhard Ratzesberger, Lenzing

Vice-Chairman of the Works Council for Salaried Employees

(until April 28, 2014)

Other Notes

NOTE 46

Financial guarantee contracts, contingent assets and liabilities, other financial obligations and legal risks

There are contingent liabilities, in particular to secure the claims of certain sold equity investments and suppliers, as well as for possible default of payment related to receivables sold (see also Note 39) and of third parties outside the Group in the amount of EUR 27,105 thousand (December 31, 2013: EUR 15,387 thousand) and, to a lesser extent, retentions granted, that have not yet been recognized as actual liabilities. The amounts shown represent the maximum financial risk to the Lenzing Group. The potential for recoveries exists to a limited extent only for the obligations and liabilities relating to the claims of certain sold equity investments. Of the amount mentioned above, EUR 10,322 thousand (December 31, 2013: EUR 0 thousand) relates to financial guarantee contracts. It is predominantly considered unlikely that the Group will be required to make payments under these financial guarantee contracts. Liabilities at the amount of the fair values of these financial guarantee contracts of EUR 159 thousand were recognized as at December 31, 2014 (December 31, 2013: EUR 0 thousand).

The Lenzing Group bears obligations for severance payments and jubilee benefits for former employees of certain sold equity investments up to the amount of the notional claims as at the date of the sale. Provisions have been recognized for these obligations as at the end of the reporting period in the amount of the present value according to actuarial principles and presented according to their maturity.

As at December 31, 2014, obligations for outstanding orders of intangible assets and property, plant and equipment amounted to EUR 10,361 thousand (December 31, 2013: EUR 34,321 thousand).

In addition, Lenzing AG in particular has assumed contingent liabilities to secure third-party claims against fully consolidated companies that are considered unlikely to become effective.

The Management Board is not aware of any other financial obligations with a significant impact on the financial position and financial performance of the Group.

As an international group, the Lenzing Group is exposed to a variety of legal and other risks. In particular, these include risks in the areas of product defects, competition and antitrust law, patent law, tax law, employees and environmental protection. The Lenzing site has been used for industrial purposes for decades and therefore carries an inherent risk of environmental damage. In 1990, Lenzing AG was informed that there is an area of potential pollution here that was previously used as a sedimentation pond and could therefore be contaminated. The company sealed off the area to prevent contamination of the groundwater. The outcomes of currently pending proceedings or future proceedings cannot be predicted, hence expenses that are not fully covered by insurance and that can have a material impact on the future financial position and financial performance of the Group can arise as a result of court or official rulings or settlement agreements. Further information can be found in the risk report of the Lenzing Group management report as at December 31, 2014.

CONSOLIDATED FINANCIAL STATEMENTS 2014

There are legal disputes pending in the Group as a result of its operating activities, particularly in the area of patent law. The Management Board is assuming at this time that the currently known proceedings will not have a significant impact on the current financial position and financial performance of the Group, or it has provided sufficiently for the corresponding risks. Regardless of this careful assessment, residual risks still remain.

NOTE 47 Group companies

In addition to Lenzing AG, the Lenzing Group includes the following Group companies (list of Group companies in accordance with section 245a para 1 in conjunction with section 265 para 2 of the Austrian Commercial Code (öUGB)):

Group companies	Currency	31/12/2014		31/12/2013	
		Share capital	Share in %	Share capital	Share in %
Fully consolidated companies:					
ASIA Fiber Engineering GmbH, Vienna, Austria	EUR	36.336	100,00	36.336	100,00
Avit Investments Limited, Providenciales, Turks and Caicos	USD	2.201.000	100,00	2.201.000	100,00
Beech Investment s.r.o., Zlaté Moravce, Slovakia	EUR	6.639	100,00	6.639	100,00
Biocel Paskov a.s., Paskov, Czech Republic	CZK	280.000.000	100,00	280.000.000	100,00
BZL - Bildungszentrum Lenzing GmbH, Lenzing, Austria	EUR	43.604	75,00	43.604	75,00
Cellulose Consulting GmbH, Vienna, Austria	EUR	36.336	100,00	36.336	100,00
Dolan GmbH, Kelheim, Germany	EUR	1.000.000	100,00	1.000.000	100,00
Energie- und Medienzentrale Heiligenkreuz GmbH, Heiligenkreuz, Austria	EUR	72.673	100,00	72.673	100,00
European Carbon Fiber GmbH, Kelheim, Germany	EUR	25.000	91,07	25.000	100,00
LENO Electronics GmbH, Lenzing, Austria	EUR	40.000	100,00	40.000	100,00
Lenzing Beteiligungs GmbH, Lenzing, Austria ¹	EUR	35.000	100,00	35.000	100,00
Lenzing Engineering and Technical Services (Nanjing) Co., Ltd., Nanjing, China	USD	2.100.000	100,00	2.100.000	100,00
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200.000	100,00	200.000	100,00
Lenzing Fibers GmbH, Heiligenkreuz, Austria	EUR	363.364	100,00	363.364	100,00
Lenzing Fibers Grimsby Limited, Grimsby, UK	GBP	1	100,00	1	100,00
Lenzing Fibers Holding GmbH, Lenzing, Austria	EUR	35.000	100,00	35.000	100,00
Lenzing Fibers (Hongkong) Ltd., Hong Kong, China	HKD	16.000.000	100,00	16.000.000	100,00
Lenzing Fibers Inc., Mobile, USA	USD	10	100,00	10	100,00
Lenzing Fibers Ltd., Manchester, UK	GBP	1	100,00	1	100,00
Lenzing Global Finance GmbH, Munich, Germany	EUR	25.000	100,00	25.000	100,00
Lenzing Holding GmbH, Lenzing, Austria	EUR	35.000	100,00	35.000	100,00
Lenzing Land Holding LLC., Dover, USA	USD	10.000	100,00	-	-
Lenzing Modi Fibers India Private Limited, Mumbai, India	INR	1.148.681.290	96,41	1.118.064.800	96,31
Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China	USD	64.440.000	70,00	64.440.000	70,00
LP Automotive GmbH, Lenzing, Austria	EUR	35.000	100,00	35.000	100,00
Lenzing Technik GmbH, Lenzing, Austria	EUR	35.000	100,00	35.000	100,00
Penique S.A., Panama, Panama	USD	5.000	100,00	5.000	100,00
PT. South Pacific Viscose, Purwakarta, Indonesia ²	IDR	72.500.000.000	92,85	72.500.000.000	92,85
Pulp Trading GmbH, Lenzing, Austria	EUR	40.000	100,00	40.000	100,00
Reality Paskov s.r.o., Paskov, Czech Republic	CZK	900.000	100,00	900.000	100,00
Tencel Holding Limited, Manchester, UK	GBP	1	100,00	1	100,00
Wasserreinhaltungsverband Lenzing – Lenzing AG, Lenzing, Austria ³	EUR	0	Member- ship	0	Member- ship

Group companies	31/12/2014		31/12/2013		
	Currency	Share capital	Share	Share capital	Share
Companies accounted for using the equity method:			in %		in %
Associates:					
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany ⁴	EUR	2.000.000	45,00	2.000.000	45,00
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing, Austria ⁵	EUR	1.155.336	99,90	1.155.336	99,90
Lenzing Papier GmbH, Lenzing, Austria	EUR	35.000	40,00	35.000	40,00
PT. Pura Golden Lion, Jakarta, Indonesia	IDR	2.500.000.000	40,00	2.500.000.000	40,00
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Vienna, Austria	EUR	36.336	25,00	36.336	25,00
Joint ventures:					
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Turkey	TRY	200.000	33,34	200.000	33,34
RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria	EUR	36.336	50,00	36.336	50,00
Wood Paskov s.r.o., Paskov, Czech Republic	CZK	2.000.000	50,00	2.000.000	50,00
Unconsolidated company:					
European Precursor GmbH, Kelheim, Germany ⁶	EUR	25.000	95,00	25.000	95,00

¹⁾ Reporting date is Sep. 30, interim financial statements are prepared as at Dec. 31.

²⁾ Share: The share held directly by the Lenzing Group is 88.08% (December 31, 2013: 88.08%). Another 11.92% of the shares are held indirectly via PT. Pura Golden Lion, Jakarta, Indonesia, an associate of the Lenzing Group. The total calculated share is therefore 92.85%.

³⁾ Explanation: The Lenzing Group participates in Wasserreinhaltsverband Lenzing – Lenzing AG, Lenzing, via a membership. It holds 50% of the voting rights and can appoint half of the Management Board members. Since under company law all assets are attributable to the respective landowner, the entity is notionally a separate company (what is known as a “silo structure”). Assets located on the Lenzing Group’s land are therefore included in consolidation. Costs incurred in the association are allocated to its members according to source.

⁴⁾ Explanation: The Lenzing Group has the right to acquire additional shares and voting rights in EQUI-Fibres Beteiligungsgesellschaft, Kelheim, Germany. This right is currently not considered substantial, because the Lenzing Group does not believe the exercisability of this right is sufficiently likely from a legal point of view. Therefore, the Lenzing Group does not control this company. However, the Lenzing Group exerts a significant influence over the financial and operating policies of this company. This means the company is an associate accounted for using the equity method.

⁵⁾ Explanation: The investment in Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing, is not included in the consolidated financial statements as a subsidiary, even though the Lenzing Group holds 99.9% of the voting rights in this company. According to the general circumstances, the Lenzing Group does not control this company because its power is limited and the returns hardly vary or can hardly be influenced by the Lenzing Group. In particular because of its representation in management bodies and its participation in decision-making processes, it exerts significant influence over the financial and operating policies of this company. This means the company is an associate accounted for using the equity method.

⁶⁾ Explanation: The company is in liquidation, which was largely completed from an economic perspective as at December 31, 2013. Under the German Commercial Code (dHGB), this company’s equity in the liquidation opening balance sheet amounted to EUR -21,056 thousand as at December 31, 2013 (EUR -25,624 thousand as at December 31, 2012; loss 2012: EUR 29,282 thousand). After the waiver of loans still to be formally executed by the shareholders, equity will approximate zero. The Lenzing Group does not expect any further material negative effects. On the basis of its immateriality from the Group perspective, it is not consolidated.

CONSOLIDATED FINANCIAL STATEMENTS 2014

NOTE 48

Significant events after the end of the reporting period

In the first quarter of 2015, concrete negotiations took place with respect to a potential sale of Dolan GmbH and European Carbon Fiber GmbH. These two Group companies in the Segment Other had assets of TEUR 30,768 and liabilities of TEUR 13,482 as at December 31, 2014. The disposal could take place within the next twelve months.

The Lenzing Group has not been made aware of any further events significant to it after December 31, 2014 that would have resulted in a different presentation of the financial position and financial performance.

NOTE 49

Authorization of the consolidated financial statements

These consolidated financial statements were approved by the Management Board on March 12, 2015 (December 31, 2013: March 4, 2014) for review by the Supervisory Board, presentation to the Shareholders' Meeting and subsequent publication. The Supervisory Board may have changes made to the consolidated financial statements as part of the review for which it is responsible.

Lenzing, March 12, 2015
Lenzing Aktiengesellschaft

The Management Board

Peter Untersperger
 Chief Executive Officer
 Chairman of the
 Management Board

Thomas Riegler
 Chief Financial Officer
 Member of the
 Management Board

Robert van de Kerkhof
 Chief Commercial Officer
 Member of the
 Management Board



AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, for the fiscal year from January 1, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2014, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 12, 2015

Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller
Certified Public Accountant

Ulrich Dollinger
Certified Public Accountant

The report is a translation from the original auditor's report in German, which is solely valid. Publishing or transmitting of the consolidated financial statements including our audit opinion may only take place in conformity with the audit version above. This auditors' report refers only to the complete German version of the consolidated financial statements complete with the management report. Section 281, paragraph 2 of the Austrian Commercial Code applies to any other versions.

REPORT OF THE SUPERVISORY BOARD OF LENZING AG

To the 71st Annual Shareholders' Meeting:

Dear shareholders!

At six meetings held during the 2014 financial year, the Supervisory Board of Lenzing AG was informed by the Management Board about the company's business development, discussed important business transactions and measures with the Management Board and passed the required resolutions. The Supervisory Board supported the strategy project initiated by the Management Board in June 2014, and the conclusion of the project in December 2014 laid the foundation for the strategic further development of the company. The far-reaching cost reduction program excelLENZ 2.0 imposed on the Lenzing Group by the Management Board in 2013 to safeguard Lenzing's competitiveness was another focal point of the Supervisory Board's work in 2014. The adjustments in the value of goodwill and property, plant and equipment recognized in the consolidated financial statements for 2014 as a result of the lower selling price expectations comprise non-recurring effects burdening the annual results of the company in 2014. These forward-looking measures are non-cash items and do not have any negative impact on the liquidity and net financial debt of the Group.

The Management Board submitted a detailed written report to the Supervisory Board at each meeting about all relevant issues relating to the business development, the financial position and financial performance of Lenzing AG and the Lenzing Group. In addition, the Chairman and Deputy Chairman of the Supervisory Board were provided with information on a regular basis by the Management Board.

The Audit Committee of the Supervisory Board convened three times, and in addition to examining and preparing the adoption of the annual and the consolidated financial statements, also fulfilled its duties and responsibilities as stipulated in Section 92 para 4a Austrian Stock Corporation Act. In particular, the Supervisory Board monitored the financial reporting processes as well as the effectiveness of the internal control, audit and risk management systems.

The Supervisory Board set up a Remuneration Committee which focuses on the employment contracts of Management Board members, ensures adherence to C-Rules 27, 27a and 28 and regularly reviews the remuneration policies for Management Board members. Two meetings of the Remuneration Committee took place during the 2014 financial year, particularly dealing with the evaluation of the Management Board with respect to the 2013 financial year, defining performance targets for 2014, discussing other general remuneration issues pertaining to the Management Board, and terminating the employment contract with Friedrich Weninger, who resigned from his position on the Management Board of Lenzing AG as of December 31, 2014.

The Supervisory Board established a Strategy Committee which deals with the business strategy of the company and monitors the strategic measures being implemented by the Management Board along with the relevant company-specific key performance indicators. In 2014 the Strategy Committee primarily dealt with the strategy project initiated by the Management Board. Four meetings of the Strategy Committee were held in 2014.

The new "excelLENZ Committee" set up by the Supervisory Board in April 2014 focused on the ongoing support and monitoring of operational measures implemented within the context

of the far-reaching cost reduction and efficiency enhancement program excellENZ 2.0. Three meetings of the committee took place in the 2014 financial year.

The Share Buyback Committee authorized by the Annual Shareholders' Meeting in April 2014 did not convene in the 2014 financial year.

Further information pertaining to the composition and mode of operation of the Supervisory Board and its remuneration are available in the Corporate Governance Report.

The annual financial statements including the Management Report and Corporate Governance Report of Lenzing AG as well as the consolidated financial statements and the Group Management Report of the Lenzing Group as at 31 December 2014 were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna and granted an unqualified auditor's opinion.

The Audit Committee of the Supervisory Board reviewed the annual and the consolidated financial statements, the Management Report and Group Management Report, the proposal of the Management Board for the appropriation of the accumulated profits along with the Corporate Governance Report. The Audit Committee also intensively focused on the auditor's reports and exhaustively discussed the results of the audit in detail with the auditor. On the basis of its own review, the Audit Committee concurred with the results of the auditor's report. The Audit Committee dutifully reported to the Supervisory Board on this matter and recommended that the Supervisory Board propose the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna again to the Shareholders' Meeting to serve as the auditors for the 2015 financial year.

Following its own detailed review, the Supervisory Board declared its formal approval of the Management Report and Corporate Governance Report, and thus hereby adopted the annual financial statements for 2014 pursuant to Section 96 para 4 Austrian Stock Corporation Act. Furthermore, it declared its approval of the consolidated financial statements and Group Management Report in accordance with Section 244 and Section 245a Austrian Commercial Code. The Supervisory Board concurred with the Management Board's proposal on the distribution of the accumulated profits of EUR 26,550,000 which is to be entirely distributed as a dividend. The dividend per no-par-value share is EUR 1.00.

The Supervisory Board agreed with the recommendation of the Audit Committee and will thus propose to the 71st Shareholders' Meeting to appoint Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna as the auditors for the annual financial statements of the 2015 financial year.

The Supervisory Board would like to thank the Management Board and all employees of the company for their commitment and the successfully implemented projects during the past financial year, creating the basis for the sustainably positive future development of the Lenzing Group.

Vienna, March 20, 2015

Michael Junghans
Chairman of the Supervisory Board

LENZING GROUP FIVE-YEAR OVERVIEW

Key earnings figures

EUR mn	2014	2013	2012	2011	2010
Revenue	1,864.2	1,908.9	2,090.4	2,140.0	1,766.3
Revenue outside of Austria (consolidated)/revenue	92.3%	90.8%	91.1%	91.5%	91.3%
EBITDA (earnings before interest, taxes, depreciation and amortization)	240.3	225.4	352.4	480.3	330.6
EBITDA margin	12.9%	11.8%	16.9%	22.4%	18.7%
Amortization of intangible assets and depreciation of property, plant and equipment	(221.5)	(142.1)	(124.5)	(120.6)	(102.5)
EBIT (earnings before interest and taxes)	21.9	86.4	231.5	364.0	231.9
EBIT margin	1.2%	4.5%	11.1%	17.0%	13.1%
Financial result	(23.4)	(26.7)	(12.8)	(10.9)	(12.9)
EBT (earnings before taxes)	7.3	68.1	236.0	351.9	216.9
Income tax expense	(21.5)	(18.1)	(55.1)	(84.6)	(40.2)
Profit/loss for the year	(14.2)	50.0	180.9	267.4	169.9
Profit/loss for the year attributable to shareholders of Lenzing AG	(13.5)	50.1	175.6	258.7	159.1
Earnings per share in EUR	(0.51)	1.89	6.61	9.88	6.19

Key cash flow figures

EUR mn	2014	2013	2012	2011	2010
Gross cash flow	230.8	94.6	248.0	435.3	282.3
Gross cash flow/revenue	12.4%	5.0%	11.9%	20.3%	16.0%
Cash flow from operating activities	218.8	82.3	209.4	309.7	294.0
Free cash flow	114.8	(163.9)	(109.1)	116.3	114.4
CAPEX	104.3	248.7	319.6	193.4	230.0

Key balance sheet figures

EUR mn as at 31/12	2014	2013	2012	2011	2010
Total assets	2,375.1	2,439.9	2,632.7	2,340.5	1,963.4
Non-current assets/total assets	60.8%	61.8%	56.2%	56.6%	60.9%
Current assets/total assets	39.2%	38.2%	43.8%	43.4%	39.1%
Adjusted equity	1,066.1	1,109.6	1,153.1	1,048.1	758.8
Adjusted equity ratio in %	44.9%	45.5%	43.8%	44.8%	38.6%
Liabilities (excl. post-employment benefits)/total assets	50.8%	51.4%	52.4%	51.5%	57.2%
Post-employment benefits/total assets	4.3%	3.1%	3.8%	3.7%	4.2%
ROCE (return on capital employed)	(0.1%)	3.7%	13.7%	23.3%	18.4%

Employees

Headcount	2014	2013	2012	2011	2010
Employees as at 31/12	6,356	6,675	7,033	6,444	6,143

The above key financial figures are largely derived from the Lenzing Group's consolidated financial statements according to IFRS. Further details on their calculation can be found in the Glossary of the Annual Report or the consolidated financial statements of the Lenzing Group. Rounding differences can occur when presenting rounded amounts and percentages.

To improve the informative value and clarity, the presentation of key figures was revised for this Annual Report.

Because accounting policies have changed over time, the comparability of some of the above key figures is limited.

FINANCIAL CALENDAR 2015

FINANCIAL CALENDAR

2015

Final results 2014	Tue, 24 March
71 st Shareholders' Meeting (in Lenzing)	Wed, 22 April
Quotation ex dividend	Mo, 27 April
Dividend distribution	Wed, 29 April
Results 1 st quarter	Mo, 18 May
Half-year results	Tue, 25 August
Results 3 rd quarter	Thu, 12 November

Notes:

This English translation of the financial statements was prepared for the company's convenience only. It is a non-binding translation of the German financial statements. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This annual report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing AG. Such forward-looking statements can be identified by the use of terms such as "should", "could", "will", "estimate", "expect", "assume", "predict", "intend", "believe" or similar items. The projections that are related to the future development of the Lenzing AG represent estimates that were made on the basis of the information available as at the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Calculation differences may arise when rounded amounts and percentages are summed. The annual report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

FOKUS MEHRWERT



GESCHÄFTSBERICHT 2014 LENZING AG

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1 Allgemeines Marktumfeld

1.1 Weltwirtschaft¹

Die Weltwirtschaft kam auch 2014 nicht richtig in Schwung. Für das Berichtsjahr ging der Internationale Währungsfonds (IWF) zuletzt von einem durchschnittlichen weltweiten Wachstum von 3,3% aus (nach ebenso 3,3% im Jahr 2013). Der globale konjunkturelle Aufschwung wurde weiter von den Nachwirkungen der Finanzkrise sowie von zunehmenden geopolitischen Spannungen überschattet.

Allerdings wurde eine ungleichmäßige Entwicklung zwischen den Weltregionen beobachtet. So legte die Wirtschaft in den USA wesentlich stärker als erwartet zu, während das Wachstum in den meisten anderen westlichen Industriestaaten enttäuschend ausfiel. Die Eurozone konnte 2014 insgesamt zwar die Rezession hinter sich lassen, die Konjunktorentwicklung war aber nach wie vor unbefriedigend und führte in einigen Euro-Peripherie-Ländern zu einem Rückgang der Wirtschaftsleistung. Die Entwicklungs- und Schwellenländer konnten in diesem Umfeld keinen spürbaren Rückenwind für die Weltwirtschaft erzeugen.

Der IWF bezifferte das BIP-Wachstum der Industriestaaten für 2014 zuletzt mit 1,8% (nach 1,3% 2013). Die Wirtschaft der Eurozone konnte demnach um 0,8% wachsen (nach minus 0,5% 2013). In den USA fiel das Wachstum mit 2,4% höher als im Vorjahreszeitraum (2,2%) aus, während es in den Entwicklungs- und Schwellenländern mit 4,4% leicht gegenüber 2013 nachgab (4,7%).

Im für die globale Faserindustrie größten Absatzmarkt China verlangsamte sich das Wirtschaftswachstum nach den jüngsten Schätzungen des IWF im Jahr 2014 auf 7,4% nach 7,8% im Vorjahreszeitraum. Damit setzte sich ein seit mehreren Jahren vorherrschender Trend zu fallenden chinesischen Wachstumsraten fort. Die zweitgrößte Volkswirtschaft der Welt steckt bereits seit einigen Jahren in einem Übergangprozess von einer stark exportgetriebenen Wirtschaft mit hohem Ressourcenverbrauch und noch günstigen Lohnkosten zu einem nachhaltigen Wachstumsmodell mit steigendem Binnenkonsum und steigenden Lohnkosten. Dementsprechend versuchen die chinesischen Zentralbehörden das in der Vergangenheit starke Kredit- und Investitionswachstum zu reduzieren und verfolgten daher auch 2014 eine sehr restriktive Geldpolitik.

1.2 Weltfasermarkt²

1.2.1 Weitgehend gleichbleibendes Wachstum der Welt-Faserproduktion

Das Wachstum der Welt-Faserproduktion bewegte sich im Geschäftsjahr 2014 weitgehend auf Vorjahresniveau und lag damit unter dem längerfristigen Durchschnitt. Auch wenn der private Konsum in den Industrieländern wieder etwas anzog und in den Schwellenländern Asiens auf hohem Niveau verharrte, war der Fasermarkt das gesamte Jahr hindurch

¹ Vgl. IMF, World Economic Outlook Update, 20. Jänner 2015

² Alle Produktionszahlen in diesem Kapitel wurden gegenüber den im Geschäftsbericht 2013 angeführten ersten Schätzungen aktualisiert. Vgl. International Cotton Advisory Committee (ICAC), Internationaler Währungsfonds, Cotton Outlook, CCF Group (China Chemical Fibers and Textiles Consulting).

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übersorgt. Wie im Jahr zuvor bestimmten beachtliche Überkapazitäten und historische Rekord-Baumwolllagerbestände, insbesondere in China, den globalen Fasermarkt 2014.

Der Anstieg der Welt-Faserproduktion betrug nach ersten Schätzungen im Berichtsjahr 1,9% (nach 3,6% im Jahr 2013) und erhöhte sich von 87,7 Mio Tonnen auf 89,4 Mio Tonnen.

Der vorläufige globale Faserverbrauch stieg mit einem Wachstum von 2,9% auf 87,4 Mio Tonnen (nach 84,9 Mio Tonnen Verbrauch 2013) etwas stärker an als die Produktion.

Das Produktionswachstum ging ähnlich wie in den Vorjahren ausschließlich auf den Anstieg bei Chemiefasern, schwerpunktmäßig in China, zurück. Die chinesische Chemiefaserindustrie zeigte sich auch 2014 wie schon in den Jahren zuvor mit einem Produktionszuwachs von 7,2% auf klarem Wachstumskurs und baute damit ihre beherrschende Weltvormachtstellung, aber auch ihre Überkapazitäten weiter aus. Trotz teilweise negativer Gewinnmargen wird sowohl in Polyester-Anlagen als auch weiter in Viscosefaserkapazitäten investiert. Damit ist auch in absehbarer Zukunft mit einem Angebotsüberschuss zu rechnen.

Überblick der Faserarten am Weltmarkt

Fasern					
Naturfasern		Chemiefasern (Man-made Fasern)			
		aus natürlichen Polymeren		aus synthetischen Polymeren	aus anorganischen Substanzen
aus Eiweiß	aus Cellulose	aus Cellulose	aus Eiweiß		
Wolle Seide Angora Kaschmir etc.	Baumwolle Leinen Hanf Jute etc.	Viscose Modal Lyocell Cupro Acetat etc.	Kasein Kollagen Ardein Zein	Polyester Polyamid Polypropylen Polyurethan (Elastan) Acryl Polytetrafluor-ethylen	Carbon Keramik Glas Metall

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1.2.2 Baumwoll-Lagerbestände weiter auf historisch hohem Niveau³

Die Baumwollproduktion stagnierte im Jahr 2014 auf Vorjahresniveau von 26,3 Mio Tonnen. Obwohl der Baumwollverbrauch um 3,4% gegenüber dem Jahr 2013 auf 24,3 Mio Tonnen anstieg, war das Verbrauchswachstum nicht hoch genug, um einen Abbau der historisch hohen Lagerbestände zu ermöglichen. Im Gegenteil - zum Ende des Baumwolljahres 2014/15 im August 2015 wird mit einem Anstieg der weltweiten Baumwolllagerstände auf einen neuen absoluten Rekordwert von 21,5 Mio Tonnen gerechnet, was einem Zuwachs von 10% gegenüber dem Erntejahr 2013/14 entspricht. Gegenüber dem 15-Jahres-Tiefstand von 2009/10 beträgt der Anstieg sogar 151%. Die globale Stock-to-Use-Ratio im Erntejahr 2014/15 wird auf 89% geschätzt. Dieser hohe Wert macht eine Preiserholung für absehbare Zeit sehr unwahrscheinlich.

Der Großteil der Baumwolllagerbestände befindet sich in China als Resultat einer bereits seit mehreren Jahren staatlich kontrollierten Bevorratungspolitik, die bislang nur nachteilige Wirkungen für die gesamte textile Baumwoll-Industrie in China zeitigte.

Die Produktion von Wolle lag 2014 weitgehend unverändert gegenüber 2013 bei rund 1,1 Mio Tonnen.

1.2.3 Deutlich schwächeres Wachstum der Chemiefaserproduktion

Die Chemiefaserproduktion wuchs 2014 stetig, aber konjunkturbedingt doch deutlich schwächer als im vorangegangenen Jahr 2013. Nach vorläufigen Zahlen stieg die Produktion, großteils bedingt durch die Steigerung in China, um 2,8% auf den Rekordwert von 62,0 Mio Tonnen (nach 6,1% Wachstum im Jahr 2013 auf 60,3 Mio Tonnen).

Rund drei Viertel der Chemiefaserproduktion entfielen auf die Synthefaser Polyester, die einen voraussichtlichen Zuwachs um 3,4% gegenüber dem Vorjahr erreichte. Polyamid- und Polypropylenfasern blieben auf nahezu unverändertem Niveau, die Produktion von Acrylfasern entwickelte sich rückläufig.

Die stärksten Produktionssteigerungsraten gab es neuerlich in China mit plus 7,2% (nach 8,5% im Jahr zuvor) auf nunmehr rund 42,8 Mio Tonnen. Der Anteil von China an der Welt-Chemiefaserproduktion stieg damit im Jahr 2014 auf fast 70%. Produktionszuwächse gab es zwar auch in Indonesien, den USA, Thailand und in der Türkei, allerdings auf einem wesentlich niedrigeren Niveau. Rückläufige Produktionszahlen vermeldeten West- und Osteuropa, Japan, Brasilien und Indien.

1.2.4 Erstmals Konsolidierungstendenzen bei man-made Cellulosefasern

Die Produktionszahlen für die man-made Cellulosefaserindustrie zeigten im Jahr 2014 nach vielen Jahren dynamischen Wachstums mit zweistelligen Prozent-Zuwachsraten erstmals klare Konsolidierungstendenzen. Nach vorläufigen Zahlen stieg die weltweite Produktion mit rund 2,0% (nach 9,3% im Jahr 2013) von 5,9 Mio Tonnen auf nunmehr 6,0 Mio Tonnen etwas langsamer als die Chemiefaserproduktion insgesamt. Der Grund dafür war die Aufschiebung von Kapazitätserweiterungen in China sowie in der Türkei aufgrund der stark gedrückten

³ Quelle: ICAC Februar 2015
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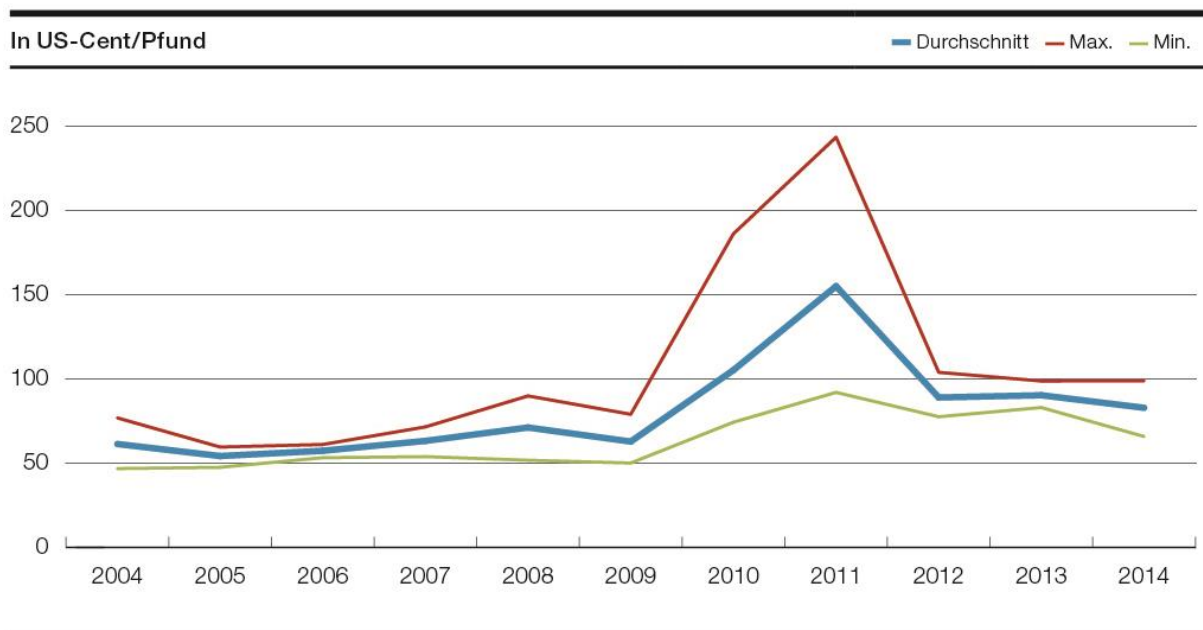
Preisentwicklung. Andere Ausbauprojekte in China, in Indien und Österreich sowie eine weltweit hohe Auslastung ermöglichten in dieser Industriesparte auch im schwierigen Faserjahr 2014 dennoch ein leichtes Produktionswachstum. Im Langfristvergleich zwischen dem Jahr 2000 und 2014 verzeichnete die man-made Cellulosefaserindustrie mehr als eine Verdoppelung ihrer Produktion und wuchs damit auch stärker als die Synthefaserindustrie. Wir erwarten auch für die Zukunft eine gute Nachfrage nach man-made Cellulosefasern.

1.2.5 Neuerliche Turbulenzen am Baumwollmarkt

Baumwolle ist nach wie vor für die Bekleidungsindustrie mengenmäßig die wichtigste Faser. Der Baumwollpreis gilt daher als Referenzwert für die gesamte Faserindustrie. Der durchschnittliche Cotton-„A“-Index belief sich im Geschäftsjahr 2014 auf 83,0 US-Cent/Pfund und lag damit deutlich unter dem Vorjahres-Durchschnittswert von 90,4 US-Cent/Pfund.

Die langfristige Entwicklung zeigt die nachfolgende Grafik (in US-Cent/Pfund):

Entwicklung des Baumwollpreises



Quelle: Cotton Outlook

Nach den durch die Baumwollknappheit ausgelösten Rekordpreisen in den Jahren 2010/11 verkleinerte sich zuletzt die jahresbezogene Preisspanne wahrnehmbar und die Kalkulierbarkeit der Preise stieg für die Baumwollverarbeiter wieder an. Durch den scharfen Preisrückgang ab Mitte des Kalenderjahres 2014 (minus 30%) klappte allerdings wieder eine größere Lücke zwischen Minimum- und Maximumwert.

Der Cotton-„A“-Index startete zu Jahresbeginn des Kalenderjahres 2014 bei 89,7 US-Cent/Pfund, kletterte bis Ende März 2014 auf 98,1 US-Cent/Pfund und brach schließlich per Ende Juni 2014 erneut auf 89,3 US-Cent/Pfund ein. Von Beginn der neuen Baumwollsaison Anfang August bis zum Jahresende 2014 wurden neue Tiefststände um 66 US-Cent/Pfund

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getestet - ein Niveau, das letztmals im Jahre 2009 zu beobachten war. Zu Ende des Kalenderjahres 2014 lag der Cotton-„A“-Index bei 70,0 US-Cent/Pfund.

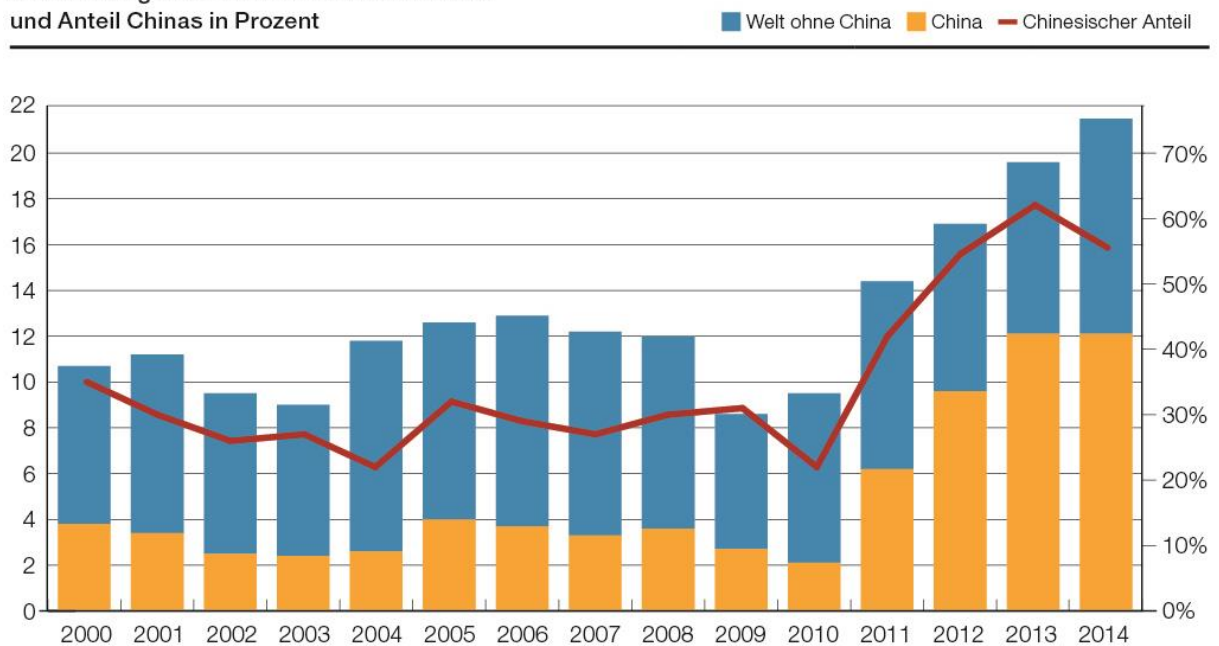
Ursache für diese dramatische Entwicklung war einerseits die Änderung der Baumwollpolitik der VR China. So wurden die Baumwoll-Einfuhrquoten auf nur mehr 900.000 Tonnen p.a. gesenkt. Dadurch kamen exportorientierte Produzentenländer wie die USA und Indien in Absatzschwierigkeiten. Hinzu kamen unregelmäßige und von außen nicht nachvollziehbare Änderungen und Anpassungen der chinesischen Subventionspolitik für Baumwolle. Sie zielt nun nicht mehr auf die Regulierung der Marktpreise ab, sondern stützt direkt die Einkommen der Baumwollfarmer, insbesondere in der Unruheprovinz Xinjiang. Dies führt nach Meinung von Marktanalysten weiterhin zu einem Baumwoll-Überangebot. Der durch all diese Fakten und Unwägbarkeiten ausgelöste Preisrückgang wurde durch die Erwartung einer hohen Baumwollernte im Baumwoll-Wirtschaftsjahr 2014/15 noch zusätzlich verstärkt.

1.2.6 Anhaltend hohe Baumwolllager in China

Aufgrund des Ausbleibens der US-amerikanischen und indischen Baumwollexporte nach China stagnieren die chinesischen Baumwolllager auf Höchstniveau. Die internationalen Baumwolllager sind aber weiter angestiegen. Deutlich mehr als die Hälfte der weltweiten Lagerbestände entfallen auf China.

Weiterhin große Bedeutung Chinas

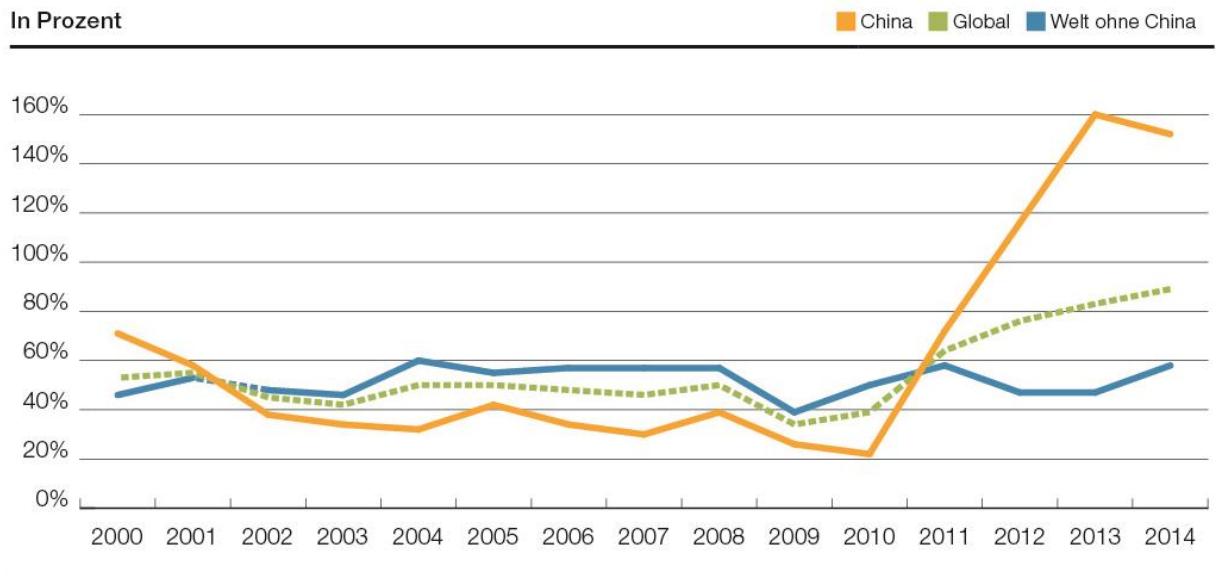
Baumwolllagerbestände in Millionen Tonnen und Anteil Chinas in Prozent



Quelle: ICAC

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Stock-to-Use-Ratio bei Baumwolle

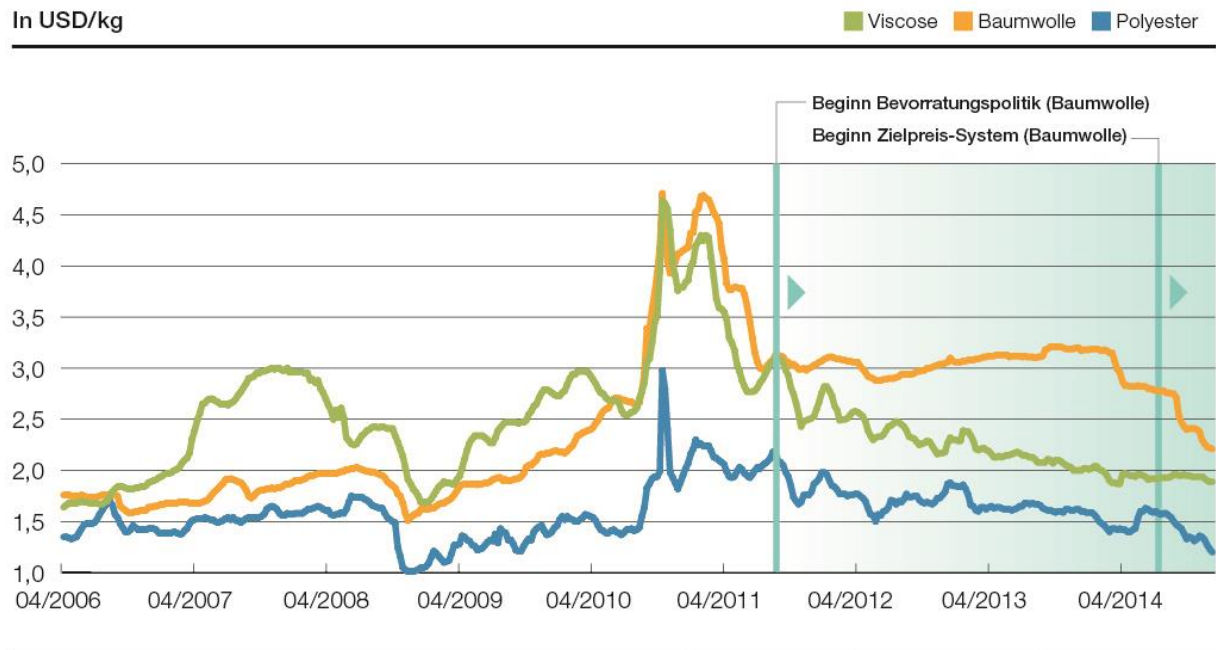


Quelle: ICAC

Die Stock-to-Use-Ratio bei Baumwolle in China war 2014 zwar leicht rückläufig, lag aber immer noch über dem Verbrauch von rund eineinhalb Jahren.

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Stapelfaserpreise – Entwicklung in China



Quelle: CCFG, Cotton Outlook

Am weltweit wichtigsten Fasermarkt in China entwickelten sich die Baumwollpreise ab Jahresmitte stark rückläufig, Viscosefasern gaben deutlich weniger nach. Ursache dafür war die Änderung der bisherigen Baumwoll-Bevorratungs- und Subventionspolitik der chinesischen Regierung.

1.2.7 Viscosefaserpreise weitgehend stabil auf tiefem Niveau

Die Viscosestapelfaserpreise verharrten das gesamte Jahr 2014 auf weitgehend stabilem, aber tiefem Niveau. Sie starteten zu Jahresbeginn bei CNY 12.280 je Tonne und bewegten sich im gesamten ersten Halbjahr um die Marke von rund CNY 12.000. Ein zu Beginn des zweiten Quartals spürbarer Aufwärtstrend erwies sich als nicht nachhaltig. Ab dem dritten Quartal gaben die Spotmarktpreise wieder leicht nach und lagen zu Jahresende 2014 bei CNY 11.550 je Tonne.

Während im ersten Halbjahr noch ein Preisabschlag gegenüber Baumwolle festzustellen war, führte der Baumwollpreistrückgang im zweiten Halbjahr zur Wiederherstellung der langjährigen Preisprämie für Viscosefaser in der Größenordnung von 5% bis 10%. Am Ende des vierten Quartals gab es aber bedingt durch den massiven Rückgang bei den Polyesterpreisen deutliche Preisrückgänge bei Viscosefaser, was wiederum zu einer Reduzierung des Premiums von Viscose gegenüber Baumwolle führte.

Nach wie vor prägen jene Überkapazitäten den chinesischen Viscosefasermarkt, die in der vergangenen Hochpreisphase kreditfinanziert aufgebaut wurden. Dies führt zu einem starken Druck, die Produktion selbst zu Grenzkosten möglichst hoch auszufahren, um die Kredite bedienen zu können. Dieser Trend wird durch niedrige Faserzellstoffpreise als Folge weltweiter Zellstoff-Überkapazitäten verstärkt. Solange diese Überkapazitäten in China nicht

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durch die wachsende Nachfrage aufgesogen sein werden, ist mit anhaltendem Preisdruck zu rechnen.

Auf den wichtigsten Absatzmärkten außerhalb Chinas waren die Viscosefaserpreise im Jahresverlauf weitgehend stabil auf niedrigem Niveau. Allerdings erzeugten chinesische Hersteller sowohl auf dem Heimmarkt als auch auf den asiatischen Exportmärkten starken Preisdruck.

1.2.8 Polyesterfaserpreise im Sinkflug

Der drastische Rückgang der Rohölpreise, der im zweiten Halbjahr 2014 einsetzte, führte konsequenterweise auch zu einer Beschleunigung des im Jahresverlauf 2014 bereits feststellbaren Rückganges der Polyesterfaserpreise. Zu Jahresbeginn betragen die Polyester-Spotmarktpreise in Asien rund USD 1,38 je kg, zu Jahresende 2014 waren es nur mehr USD 1,05 je kg bis 1,15 je kg.

2 Entwicklung der Lenzing AG*

Der Geschäftsverlauf der Lenzing AG war 2014 von sehr guter Mengennachfrage bei weiter sinkenden Durchschnittserlösen gekennzeichnet. Trotz einer neuen Rekordabsatzmenge verringerten sich die Umsatzerlöse 2014 von EUR 746,4 Mio im Geschäftsjahr 2013 um 2,3% auf EUR 729,0 Mio. Der Mengenzuwachs wurde vor allem im Spezialitätenbereich durch die erfolgreiche Inbetriebnahme des neuen TENCEL® Faserwerks und eine weitere Anhebung der Lenzing Modal® Faserproduktionsmenge erzielt. Dadurch wurde die schwache Preisentwicklung bei Standardfasern zumindest teilweise aufgefangen.

Die Aufwendungen für Material und sonstige bezogene Herstellungsleistungen sanken von EUR 430,6 Mio auf EUR 401,5 Mio. Dieser Rückgang reflektiert vor allem die Optimierungsmaßnahmen im Rahmen des 2013 gestarteten und 2014 massiv intensivierten Kosteneinsparungsprogramms excelLENZ, in dessen Rahmen substanzielle Einsparungen durch Verhandlungsoptimierungen im Einkauf und im operativen Bereich erreicht wurden. Die Marktpreise für Holz und Chemikalien blieben 2014 überwiegend stabil, aber auf sehr hohem Niveau. Darüber hinaus konnten ebenfalls dank excelLENZ die sonstigen betrieblichen Aufwendungen weiter gesenkt werden.

Der Personalaufwand verringerte sich von EUR 184,6 Mio um 5,6% auf EUR 174,3 Mio. Die Veränderung resultiert zum einen aus der Rückstellung für den Sozialplan im Jahr 2013 und zum anderen aus dem gesunkenen Zinsniveau zum 31. Dezember 2014, das erhöhte Aufwendungen für die regulären Abfertigungs-, Pensions- und Jubiläumsgeldrückstellungen verursacht hat.

Die beträchtlichen Kosteneinsparungen verbesserten das EBITDA* (Ergebnis vor Abschreibungen, Zinsen und Steuern) im Jahresvergleich von EUR 82,7 Mio um 42,7% auf EUR 118,0 Mio. Das entsprach einer EBITDA-Marge¹ von 16,2% (nach 11,1% im

* Die im Lagebericht verwendeten, nicht direkt im Jahresabschluss nach österreichischem Unternehmensgesetzbuch (UGB) dargestellten Finanzkennzahlen werden im Abschnitt 4.2 definiert und abgeleitet
Geschäftsbericht 2014 · Lenzing AG

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Geschäftsjahr 2013). Das EBIT* (Ergebnis vor Zinsen und Steuern) ging jedoch von EUR 76,8 Mio auf EUR 72,4 Mio zurück.

Das Finanzergebnis* sank nach plus EUR 38,2 Mio im Geschäftsjahr 2013 auf minus EUR 5,9 Mio. Dabei ist zu berücksichtigen, dass das Finanzergebnis* im Geschäftsjahr 2013 als Folge einer phasengleich vereinnahmten Gewinnausschüttung der Tochtergesellschaft Lenzing Fibers Holding GmbH in Höhe von EUR 50 Mio überdurchschnittlich hoch war. Die Abschreibungen für Finanzanlagen, die 2013 aufgrund von Sondereffekten belastet waren, sanken 2014 wieder deutlich.

Das Ergebnis der gewöhnlichen Geschäftstätigkeit betrug damit EUR 58,8 Mio (nach EUR 63,8 Mio im Jahr zuvor). Der Jahresüberschuss sank auf EUR 44,5 Mio nach EUR 56,9 Mio. Nach Auflösung unversteuerter Rücklagen und der Zuweisung zu Gewinnrücklagen sowie unter Hinzurechnung des Gewinnvortrages aus dem Vorjahr ergab sich ein Bilanzgewinn der Lenzing AG von EUR 26,6 Mio (nach EUR 151,2 Mio).

Die Investitionen in immaterielle Vermögensgegenstände und Sachanlagen gingen 2014 nach dem Rekordwert im Jahr zuvor von EUR 154,6 Mio auf EUR 70,6 Mio zurück. Dafür war insbesondere der im 3. Quartal 2014 abgeschlossene Bau der neuen TENCEL® Anlage ausschlaggebend.

3 Bilanzstruktur und Liquidität*

Das bereinigte Eigenkapital* der Lenzing AG blieb im Geschäftsjahr 2014 stabil und betrug zum Bilanzstichtag 31. Dezember 2014 EUR 590,8 Mio (nach EUR 590,5 Mio). Damit lag die bereinigte Eigenkapitalquote* zu Jahresende 2014 bei 45,6% (zuvor 45,0%) der Bilanzsumme*. Die Nettofinanzverschuldung* konnte auf EUR 297,8 Mio (nach 311,3 Mio Ende 2013) reduziert werden. Die Verbindlichkeiten gegenüber Kreditinstituten verringerten sich ebenfalls substanziell von EUR 90,2 Mio auf EUR 65,1 Mio.

Das Finanzanlagevermögen erhöhte sich von zuletzt EUR 361,4 Mio auf EUR 377,0 Mio Ende 2014. Dies lag vorwiegend an den gestiegenen Ausleihungen an verbundene Unternehmen infolge der Finanzierung von Konzern-Tochtergesellschaften über die Lenzing AG und dem Cash-Management.

Die Forderungen und sonstigen Vermögensgegenstände verringerten sich von EUR 247,3 Mio Ende 2013 auf EUR 173,3 Mio zum Bilanzstichtag 2014. Infolge eines proaktiven Cash-Managements, insbesondere durch Factoring und Reverse-Factoring, wurden die Forderungen aus Lieferungen und Leistungen von EUR 65,5 Mio auf EUR 31,3 Mio reduziert, während die liquiden Mittel* von EUR 137,2 Mio auf EUR 142,4 Mio stiegen.

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Die Lenzing AG kommt ihren Zahlungsverpflichtungen zeitgerecht nach. Die Gesellschaften verfügen über eine solide Liquiditäts- und Eigenkapitalbasis sowie eine ausgewogene Bilanzstruktur. Zusätzlich bestehen ausreichende Liquiditätslinien bei verschiedenen Banken, die jederzeit zur Finanzierung bereitstehen.

Insgesamt sind dem Vorstand der Lenzing AG zum Bilanzstichtag 31. Dezember 2014 keine Risiken bekannt, die den Bestand des Unternehmens im Geschäftsjahr 2015 gefährden könnten.

*Die im Lagebericht verwendeten, nicht direkt im Jahresabschluss nach österreichischem Unternehmensgesetzbuch (UGB) dargestellten Finanzkennzahlen werden im Abschnitt 4.2 definiert und abgeleitet.

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4 Kennzahlen der Lenzing AG*

4.1 Kennzahlen

Ergebnissituation	2014	2013	2012
	EUR Mio	EUR Mio	EUR Mio
Umsatzerlöse	729,0	746,4	766,1
EBITDA*	118,0	82,7	145,5
EBITDA-Marge* in %	16,2%	11,1%	19,0%
EBIT*	72,4	76,8	103,7
Ergebnis der gewöhnlichen Geschäftstätigkeit	58,8	63,8	92,6

Investitionskennzahlen

(Immaterielle Vermögensgegenstände und Sachanlagen)

	2014	2013	2012
	EUR Mio	EUR Mio	EUR Mio
Investitionen	70,6	154,6	125,0
Abschreibungen	53,8	57,7	56,2

Kapitalstruktur / Rentabilität

	2014	2013	2012
	EUR Mio	EUR Mio	EUR Mio
Fremdkapital (ohne Sozialkapital)* am Bilanzstichtag	609,7	646,2	684,0
Sozialkapital* am Bilanzstichtag	96,3	76,0	85,2
Bereinigtes Eigenkapital* am Bilanzstichtag	590,8	590,5	587,3
Bereinigte Eigenkapitalquote* in %	45,6%	45,0%	43,3%
ROE in %*	10,0%	10,8%	15,9%
ROI in %*	5,5%	5,8%	8,1%
Nettoumlaufvermögen* am Bilanzstichtag	202,0	244,1	314,7
Nettoverschuldung* am Bilanzstichtag	394,1	387,3	230,0
Nettoverschuldungsgrad* in % am Bilanzstichtag	66,7%	65,6%	39,2%
Nettofinanzverschuldung* am Bilanzstichtag	297,8	311,3	144,7

*Die im Lagebericht verwendeten, nicht direkt im Jahresabschluss nach österreichischem Unternehmensgesetzbuch (UGB) dargestellten Finanzkennzahlen werden im Abschnitt 4.2 definiert und abgeleitet.

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Cashflow	2014	2013	2012
	EUR Mio	EUR Mio	EUR Mio
Cashflow* aus der Betriebstätigkeit	144,2	44,8	94,3
Cashflow aus der Investitionstätigkeit	-68,7	-120,3	-104,4
Cashflow aus der Finanzierungstätigkeit	-70,2	-69,4	93,0
Veränderung der liquiden Mittel	5,2	-144,8	82,9
Anfangsbestand liquide Mittel	137,1	282,0	199,1
Endbestand liquide Mittel	142,4	137,1	282,0

Börsenkennzahlen	2014	2013	2012
	Grundkapital am Bilanzstichtag in EUR Mio	27,6	27,6
Anzahl der Aktien am Bilanzstichtag in Stk.	26.550.000	26.550.000	26.550.000
Börsenkapitalisierung* in EUR Mio	1.400,2	1.105,4	1.811,2
Aktienkurs am Bilanzstichtag in EUR	52,74	41,64	68,22

4.2 Definitionen der Finanzkennzahlen

Definition und Ableitung von im Lagebericht verwendeten Finanzkennzahlen, die nicht direkt im Jahresabschluss nach österreichischem Unternehmensgesetzbuch (UGB) dargestellt sind:

- **Bereinigtes Eigenkapital**
Eigenkapital + unversteuerte Rücklagen + Investitionszuschüsse - anteilige Ertragsteuern
- **Bereinigte Eigenkapitalquote**
Bereinigtes Eigenkapital / Bilanzsumme
- **Betriebsergebnis bzw. Ergebnis vor Zinsen**
Zwischensumme aus Ziffer 1 bis 8 lt. Gewinn- und Verlustrechnung
- **Bilanzsumme**
Summe aus Anlage- und Umlaufvermögen sowie Rechnungsabgrenzungsposten bzw. der Summe aus Eigenkapital, Zuschüsse der öffentlichen Hand, Unversteuerte Rücklagen, Rückstellungen und Verbindlichkeiten sowie Rechnungsabgrenzungsposten. Die genaue Ableitung ist aus der Bilanz ersichtlich
- **Börsenkapitalisierung bzw. Marktkapitalisierung**
Anzahl der Aktien multipliziert mit dem Aktienkurs zum Stichtag.
- **Cashflow**
Berechnung erfolgt auf Basis des Fachgutachtens der Kammer der Wirtschaftstreuhänder KFS/BW2 über die Geldflussrechnung als Ergänzung des Jahresabschlusses und Bestandteil des Konzernabschlusses

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- **Durchschnittliches bereinigtes Eigenkapital**
Durchschnitt des bereinigten Eigenkapitals zum 31.12.2014 und 31.12.2013
- **Durchschnittliches Gesamtkapital**
Durchschnitt des Gesamtkapitals (= Bilanzsumme) zum 31.12.2014 und 31.12.2013
- **EBIT**
Ergebnis der gewöhnlichen Geschäftstätigkeit + Zinsen und ähnliche Aufwendungen
- **EBITDA bzw. Ergebnis vor Abschreibung, Zinsen und Steuern**
Betriebsergebnis (Zwischensumme aus Ziffer 1 bis 8 lt. Gewinn- und Verlustrechnung) + Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen - Zuschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen - Auflösung Investitionszuschüsse der öffentlichen Hand
- **EBITDA-Marge**
EBITDA / Umsatzerlöse
- **Finanzergebnis**
Zwischensumme aus Ziffer 10 bis 15 lt. Gewinn- und Verlustrechnung
- **Fremdkapital (ohne Sozialkapital)**
Bilanzsumme abzüglich bereinigtes Eigenkapital und Sozialkapital
- **Liquide Mittel**
Kassenbestand und Guthaben bei Kreditinstituten
- **Nettofinanzverschuldung**
Verzinsliches Fremdkapital ohne Sozialkapital abzüglich Kassenbestand, Guthaben bei Kreditinstituten, Wertpapieren des Umlaufvermögens und des Anlagevermögens, soweit diese in Zusammenhang mit verzinslichem Fremdkapital stehen
- **Nettoumlaufvermögen**
Kurzfristiges Umlaufvermögen (Restlaufzeit unter 1 Jahr) abzüglich kurzfristiges Fremdkapital
- **Nettoverschuldung**
Verzinsliches Fremdkapital abzüglich Kassenbestand, Guthaben bei Kreditinstituten, Wertpapieren des Umlaufvermögens und des Anlagevermögens, soweit diese in Zusammenhang mit verzinslichem Fremdkapital stehen
- **Nettoverschuldungsgrad**
Nettoverschuldung / bereinigtes Eigenkapital
- **ROE (Eigenkapitalrentabilität)**
Ergebnis der gewöhnlichen Geschäftstätigkeit / durchschnittliches bereinigtes Eigenkapital
- **ROI (Gesamtkapitalrentabilität)**
EBIT / durchschnittliches Gesamtkapital

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■ Sozialkapital

Rückstellungen für Pensionen, Abfertigungen und Jubiläumsgelder

5 Die Lenzing Aktie

Die Lenzing Aktie notiert im Prime Market der Wiener Börse und ist als eines der zwanzig größten börsennotierten Unternehmen Österreichs im Leitindex ATX gelistet.

2014 lag der durchschnittliche Tagesumsatz bei 2,5 Mio EUR. Im Gesamtjahr wurden insgesamt 13,2 Mio Lenzing-Aktien gehandelt. Dies entspricht einem Geldumsatz von EUR 615.892.097,00. Die Marktkapitalisierung lag zum Jahresultimo (30.12.) bei EUR 1.400.247.000.

Lenzing ist außerdem unter anderem im Wiener Börsenindex WBI sowie im VÖNIX (VBV Österreichischer Nachhaltigkeitsindex) gelistet. Zur Erstellung dieses Nachhaltigkeitsindex wurden rund sechzig der größten österreichischen Unternehmen an der Wiener Börse analysiert und anhand von 100 einzelnen Umwelt- und Sozialkriterien beurteilt. 21 dieser Unternehmen gehören dem aktuellen VÖNIX an. Die Lenzing AG ist seit dem Jahr 2005 durchgehend im VÖNIX gelistet.

Aktieninformationen

ISIN	AT 0000644505
Börsenkürzel	LNZ
Bloomberg	LNZ:AV
Reuters	LNZNF.PK
Börsenzulassung	Wiener Börse
Erstnotiz	19.09.1985
Indizes	ATX Prime, VÖNIX, WBI
Aktiengattung	Stammaktien
Anzahl Aktien	26.550.000
Grundkapital	EUR 27.574.071,43
Geschäftsjahr	1.1. bis 31.12.

Kennzahlen 2014

Stückumsatz	13,2 Mio
Durchschnitt Tagesumsatz	EUR 2,5 Mio
Geldumsatz	EUR 615.892.097,00
Jahreshöchstkurs	EUR 55,43
Jahrestiefstkurs	EUR 39,99
Schlusskurs 30.12.	EUR 52,74
Jahresperformance	+26,67%
Marktkapitalisierung 30.12.	EUR 1.400.247.000
Rang Börsenumsatz	18
Rang Marktkapitalisierung	21

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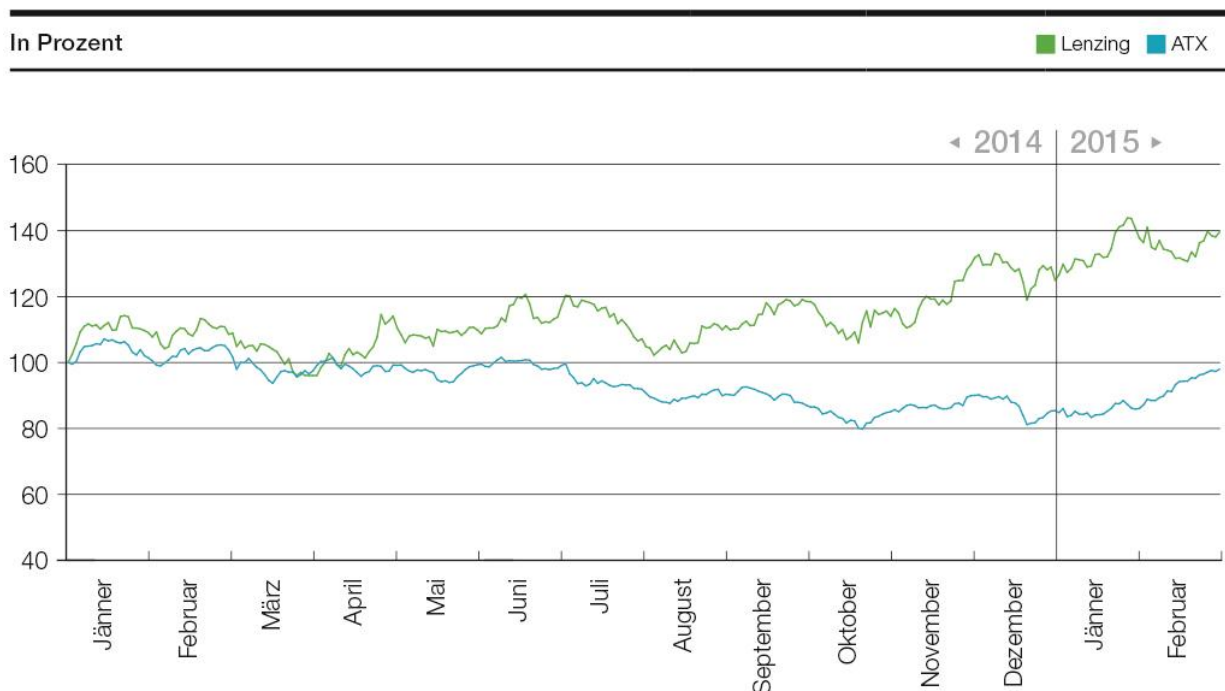
5.1 Aktien-Performance

Die Weltbörsen entwickelten sich 2014 aufgrund der nach wie vor lockeren Geldpolitik der Notenbanken zwar weiterhin positiv, jedoch insgesamt nicht mehr so dynamisch wie im Vorjahr.

Der Wiener Leitindex ATX konnte im Jahr 2014 trotz höherer Umsatzaktivität von rund 23% erneut nicht mit der internationalen Börsenentwicklung Schritt halten und geriet vor allem im zweiten Halbjahr aufgrund der Russland-Ukraine-Krise und dem Ölpreisverfall stark unter Druck. Nach einem freundlichen Jahresauftakt schloss der Index letztendlich mit einer Jahresperformance (Ultimo) von -15,18% bei 2.160,08 Punkten.

Der Kapitalmarkt reagierte positiv auf das von der Lenzing AG 2013/14 initiierte Maßnahmenpaket, sodass die Lenzing-Aktie nach einem sehr schwachen Börsenjahr 2013 im abgelaufenen Jahr mit einem Kursplus von +26,67% zu den Top-Five-Unternehmen mit der besten Aktienperformance im ATX gehörte. Der Jahresschlusskurs lag zum 30. Dezember 2014 bei EUR 52,74. Das Jahrestief lag im März bei EUR 39,99, das Jahreshoch im Dezember bei EUR 55,43.

Entwicklung der Lenzing Aktie



5.2 Grundkapital und Aktionärsstruktur

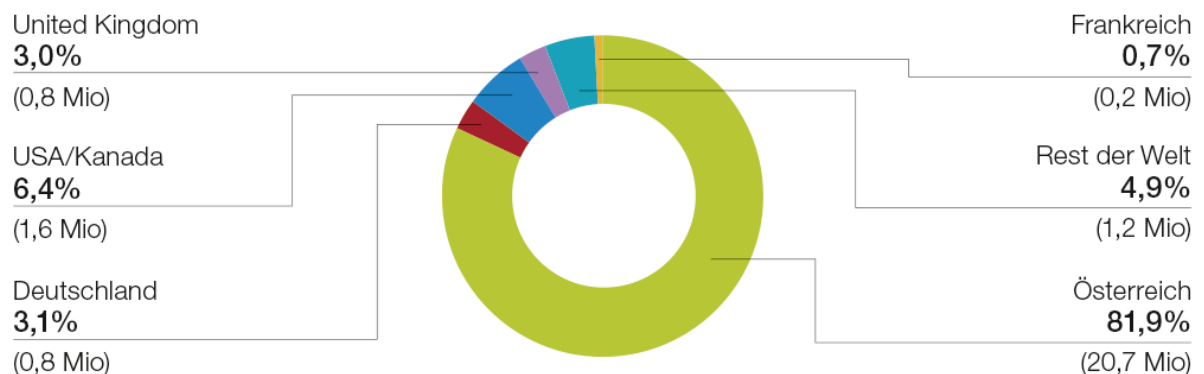
Das Grundkapital der Lenzing AG beträgt EUR 27.574.071,43 und ist eingeteilt in 26.550.000 Stückaktien. Die B&C Gruppe ist mit 67,6% der Stimmrechte Mehrheitseigentümer. Weitere rund 5% der Stimmrechte hält die Oberbank AG, eine führende österreichische Regionalbank. Die restlichen Anteile befinden sich zu 27,4% im Streubesitz bei internationalen und österreichischen Investoren. Die Lenzing Gruppe hält keine eigenen Aktien.

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Die geografische Aufteilung des identifizierten Aktienbesitzes gliedert sich folgendermaßen auf (Stand 31.12.2014):

Aktienbesitz nach Ländern

In Prozent und Mio Stück per 31.12.2014 (Identifiziert: 25.324.998 Mio Stück)



5.3 Stellung der Aktionäre

Jede Stückaktie gewährt den Aktionären in der Hauptversammlung der Lenzing AG eine Stimme. Die Beschlüsse der Hauptversammlungen werden, soweit nicht zwingende Vorschriften des Aktiengesetzes etwas Abweichendes bestimmen, mit einfacher Mehrheit der abgegebenen Stimmen und in Fällen, in denen Kapitalmehrheit erforderlich ist, mit einfacher Mehrheit des bei der Beschlussfassung vertretenen Grundkapitals gefasst.

Es gibt keine Aktien mit besonderen Kontrollrechten. Von der Möglichkeit eines Aktienrückkaufprogramms wurde im Berichtsjahr kein Gebrauch gemacht. Hinsichtlich der Mitglieder des Vorstandes und des Aufsichtsrates bestehen keine über das Gesetz hinausgehenden Bestimmungen betreffend deren Bestellung und Abberufung.

5.4 Hauptversammlung 2014 und Dividendenpolitik

Die Hauptversammlung beschloss für das Geschäftsjahr 2013 die Ausschüttung einer Dividende von EUR 1,75 je Stückaktie. Dies entsprach bei 26.550.000 Stückaktien insgesamt EUR 46.462.500,00. Die Ausschüttungsquote lag damit bezogen auf den im Einzelabschluss der Lenzing AG ausgewiesenen Bilanzgewinn von EUR 151.216.955,03 bei 30,7%.

Für das Geschäftsjahr 2014 schlägt der Vorstand der Lenzing AG der 71. ordentlichen Hauptversammlung am 22. April 2015 die Zahlung einer Dividende von EUR 1,00/Aktie vor.

5.5 Weitere Offenlegung gemäß § 243a UGB:

Es existieren keine sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstandes und des Aufsichtsrats und über

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die Änderung der Satzung der Gesellschaft. Die Gesellschaft ist keine bedeutenden Vereinbarungen eingegangen, die bei einem Kontrollwechsel der Gesellschaft infolge eines Übernahmeangebots wirksam, sich ändern oder enden würden. Es existieren keine Entschädigungsvereinbarungen zwischen der Gesellschaft und Mitgliedern des Vorstands und des Aufsichtsrates oder Arbeitnehmern im Falle eines öffentlichen Übernahmeangebots.

6 Risikobericht⁴

6.1 Aktuelles Risikoumfeld

Für eine ausführliche Bestandsaufnahme der jüngsten Entwicklungen am Welfasermarkt und die damit zusammenhängenden Risiken für den Lenzing Konzern siehe Abschnitt 1.2 Welfasermarkt. Eine Darstellung der Maßnahmen zur Reduktion des für Lenzing relevanten Substitutionsrisikos ist in Abschnitt 6.4.1 Substitutionsrisiko angeführt.

Der Zellstoffmarkt bewegte sich im Berichtsjahr weiter nach unten auf ein Preisniveau von ca. 840 USD pro Tonne. Dadurch reduzieren sich die Vorteile der Zellstoffintegration sowie der langfristigen Lieferantenverträge von Lenzing (der Eigenversorgungsanteil inkl. langfristiger Lieferverträge liegt bei ca. 90%). Die Zellstoffversorgung der Lenzing Faserproduktionsstandorte gilt für das Jahr 2015 als gesichert. Erwartete Importzölle in China können die Kostensituation für das Faserwerk in Nanjing (China) negativ beeinflussen.

Die Rohstoffpreise für Chemikalien und Energie haben sich 2014 aufgrund der konjunkturbedingten schwachen Nachfrage weiter leicht nach unten bewegt. Risiken in Folge von starken Preissteigerungen werden kurzfristig nicht erwartet. Im Energiesegment werden für 2015 trotz eines sehr niedrigen Ölpreises keine nennenswerten Kostensenkungen erzielt. In Indonesien können steigende Stromkosten aufgrund des Wegfalles staatlicher Stützungen zu höheren Preisen für Natronlauge führen.

Auf der Währungsseite profitiert Lenzing vom Anstieg des US-Dollars gegenüber dem Euro. Gegenläufig könnten sich weitere Abschwächungen der Tschechischen Krone auswirken. Liquiditätsrisiken werden für 2015 unter anderem aufgrund des reduzierten Investitionsprogrammes als gering eingestuft.

Betriebliche Risiken sowie Umwelt- und Haftungsrisiken stellen ein hohes Schadenspotenzial für die Gruppe dar und werden daher hoch eingestuft. Im Geschäftsjahr 2014 gab es keine wesentlichen Schadensfälle.

Sämtliche Großprojekte inklusive der neuen TENCEL® Fasergroßanlage am Standort Lenzing wurden im Berichtsjahr planmäßig abgeschlossen.

6.2 Risikomanagement

Der Vorstand der Lenzing AG und die ihm jeweils zugeordneten Einheiten übernehmen gemeinsam mit den Leitern dieser Abteilungen umfangreiche Steuerungs- und Controlling-Aufgaben im Rahmen eines internen, alle Standorte umfassenden integrierten

⁴ Die Lenzing AG zeigt im Einzelabschluss die gleichen Risiken wie im Gruppenbericht, da davon auszugehen ist, dass die jeweiligen Risiken auf die Muttergesellschaft zurückwirken.

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Kontrollsystems. Lenzing hat 2014 auf eine funktionale Organisation umgestellt, um vor allem für den steigenden Wettbewerb in Asien in Zukunft besser positioniert zu sein. Das rechtzeitige Erkennen, Evaluieren und Reagieren auf strategische und operative Risiken ist ein wesentlicher Bestandteil der Führungstätigkeit dieser Einheiten. Ein einheitliches und konzernweites, auf Monatsbasis aufgebautes Berichtswesen und eine laufende Überwachung der operativen und strategischen Pläne sind Grundlage dafür.

Lenzing betreibt ein unternehmensweites Risikomanagement-System, welches die zentrale Koordination und Überwachung des Risikomanagement-Prozesses für den gesamten Konzern innehat. Das zentrale Risikomanagement erfasst und bewertet gemeinsam mit den operativen Einheiten die wesentlichen Risiken und kommuniziert diese direkt dem Vorstand und dem Management. Eine präventive Analyse von potenziellen oder Beinahe-Ereignissen ist ebenso Ziel des Risikomanagements. Eine weitere Aufgabe ist es, bei der Abschwächung von Risiken aktiv mitzuarbeiten und entsprechende Maßnahmen mit den betroffenen Abteilungen umzusetzen oder extern am Versicherungsmarkt eine entsprechende Deckung zuzukaufen.

6.3 Risikomanagement-Strategie

Lenzing verfolgt bei seiner Risikomanagement-Strategie einen vierstufigen Ansatz:

6.3.1 Risikoanalyse (nach COSO®⁵ Framework)

Das zentrale Risikomanagement führt regelmäßig Risiko-Assessments in sämtlichen Produktionsstandorten durch. Die Risiken werden dabei gemäß den internationalen COSO®-Standards nach Eintrittswahrscheinlichkeit und finanzieller Auswirkung bewertet. Dabei wird die finanzielle Auswirkung eines möglichen Schadens auf das EBITDA berücksichtigt.

6.3.2 Risikominderung

Es wird versucht, je nach Auswirkung auf das Unternehmen, Risiken durch entsprechende Maßnahmen zu minimieren, zu vermeiden oder auch in bestimmten Fällen bewusst einzugehen.

6.3.3 Verantwortlichkeit

Die Zuordnung der Risiken ergibt sich aufgrund der bestehenden Organisation.

6.3.4 Risikoüberwachung/-kontrolle

Im Berichtsjahr wurde die Funktionsfähigkeit des Risikomanagementsystems (im Folgenden RMS) der Lenzing AG bereits zum dritten Mal von Deloitte Österreich gemäß Regel 83 ÖCGK im Rahmen einer sonstigen Prüfung beurteilt. Die entsprechende Bestätigung ist auf der Homepage der Lenzing AG, www.lenzing.com/nc/konzern/investor-center/corporate-governance.html, hinterlegt.

⁵ The Committee of Sponsoring Organizations of the Treadway Commission
Geschäftsbericht 2014 · Lenzing AG

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Das Management bespricht in regelmäßigen Sitzungen die Entwicklung der jeweiligen Risikokategorien mit dem Risikomanagement. Die wesentlichen Risiken werden halbjährlich neu bewertet und fließen in die Berichterstattung mit ein.

Hauptziel des unternehmensweiten Risikomanagements ist es, neben der Erfüllung der gesetzlichen Erfordernisse eine Steigerung des Risikobewusstseins zu bewirken und die Erkenntnisse, die sich daraus ergeben, in die operative Arbeit und strategische Unternehmensentwicklung zu integrieren. Im RMS stellt Lenzing nur solche wesentliche Risiken dar, welche im ordentlichen Rechnungslegungswerk (Bilanz, Gewinn- und Verlustrechnung) nicht abgebildet sind.

Strategische Marktrisiken werden auf Basis von Marktberichten sowie intern erstellter Marktanalysen in monatlich stattfindenden Verkaufsbesprechungen gemeinsam mit der internen Marktforschung bewertet.

Insgesamt wurden vom Risikomanagement 29 Risiken identifiziert und in 5 Hauptbereiche, wie in weiterer Folge ersichtlich, eingeteilt.

6.4 I. Marktumfeldrisiken

6.4.1 Markt-/Substitutionsrisiko

Als weltweit agierendes Unternehmen ist Lenzing einer Vielzahl von makroökonomischen Risiken ausgesetzt. Die Preis- und Mengenentwicklung ist bei textilen Fasern und in geringerem Maße auch bei Nonwovens-Fasern zyklisch, da sie von globalen und regionalen Konjunkturlagen abhängig ist. Auf vielen Teilmärkten konkurrieren Lenzing Fasern mit Baumwolle und Synthefasern. Deren Preisentwicklung beeinflusst somit auch die Erlöse und Mengenbewegungen von Lenzing Fasern.

Am Welfasermarkt herrschen nach wie vor ein hohes Überangebot an Baumwolllagerbeständen sowie Überkapazitäten bei Viscosefasern, welche eine Fortsetzung des starken Preisdrucks auf die gesamte Faserindustrie auch im Jahr 2015 erwarten lassen.

Diesem Risiko wirkt Lenzing durch einen hohen Spezialitätenanteil im globalen Produktportfolio entgegen, der durch den weiteren Ausbau der TENCEL® Faserproduktion weiter erhöht werden konnte. Hohe Qualitätsstandards in Verbindung mit dem Angebot von Mehrwertdiensten im Standardbereich Viscosefasern zielen ebenfalls auf die Sicherung der Marktführerschaft von Lenzing ab.

Lenzing setzt auf eine starke internationale Marktpräsenz, speziell in Asien, in Verbindung mit einem erstklassigen regionalen Betreuungsnetzwerk für die Kunden sowie einer hohen kundenorientierten Produkt-Diversifikation.

Dem Substitutionsrisiko für cellulosische Fasern wird durch Lenzings langfristige Technologiekompetenz und einer soliden Absatzbasis in den verschiedenen Marktsegmenten entgegengewirkt.

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6.4.2 Absatzrisiko

Lenzing erzielt ca. die Hälfte des Faserumsatzes mit einer vergleichsweise kleinen Anzahl an Großkunden. Abnahmeausfälle bei diesen Großkunden oder der gänzliche Verlust eines oder mehrerer Großkunden, ohne zeitgleich Ersatz zu finden, stellen gewisse Risiken dar, denen Lenzing durch globale Präsenz und die laufende Erweiterung des Kundenspektrums bzw. der Absatzsegmente entgegenwirkt. Die Ausfallwahrscheinlichkeit von Kundenforderungen hat sich im Zuge des schwierigen Marktumfeldes erhöht.

6.4.3 Innovationsrisiko und Wettbewerbsrisiko

Als weltweit führender Hersteller von industriell gefertigten (man-made) Cellulosefasern und Technologieführer ist Lenzing dem Risiko ausgesetzt, seine Position auf dem Fasermarkt durch steigenden Wettbewerb oder neue Technologien von Mitbewerbern zu verlieren. Der Verlust der Marktposition könnte insbesondere eintreten, wenn Lenzing nicht in der Lage wäre, seine Produkte zu wettbewerbsfähigen Preisen anzubieten, Produkte nicht den Vorgaben oder Qualitätsstandards der Kunden entsprächen oder die Kundenbetreuung hinter den Erwartungen der Kunden zurückbliebe.

Diesem Risiko steuert Lenzing durch eine für die Cellulosefaserindustrie überdurchschnittliche Forschungs- und Entwicklungstätigkeit, eine hohe Produkt-Innovationsrate sowie durch aktives Technologie-Screening entgegen. Die Lenzing Gruppe sieht sich – ebenso wie andere Hersteller von man-made Cellulosefasern – mit dem Risiko konfrontiert, dass annehmbare oder sogar überlegene Alternativprodukte verfügbar werden und zu günstigeren Preisen als man-made Cellulosefasern erhältlich werden könnten. Die Lenzing Gruppe begegnet diesem Risiko durch kontinuierliche Erhöhung des Spezialitätenanteils ihres globalen Produktportfolios (Viscosespezialitäten, mehr Lenzing Modal® und TENCEL® Faser).

6.4.4 Gesetze und Verordnungen

Lenzing ist auf den weltweiten Märkten mit unterschiedlichen Rechtssystemen und Verordnungen konfrontiert. Eine Änderung von Gesetzen oder sonstigen Bestimmungen, darunter fallen auch Importzölle, Umweltauflagen etc., sowie die strengere Auslegung von Gesetzen können zu erheblichen Mehrkosten oder Wettbewerbsnachteilen führen. Lenzing verfügt über eine eigene Abteilung Legal Management and Compliance, die eine entsprechende Beratungsleistung und Risikoeinschätzung durchführt.

6.5 II. Operative Risiken

6.5.1 Beschaffungsrisiko (inkl. Zellstoffversorgung)

Zur Herstellung von man-made Cellulosefasern kauft Lenzing große Mengen an Rohstoffen (Holz, Zellstoff, Chemikalien) und Energie zu. Die Faserproduktion und deren Margen sind Risiken bei der Verfügbarkeit und der Preisentwicklung dieser Rohstoffe unterworfen, die zum Nachteil der Lenzing Gruppe fluktuieren können. Diesen Risiken wirkt Lenzing durch eine sorgfältige Auswahl der Lieferanten nach den Kriterien Preis, Zuverlässigkeit und Qualität, aber auch durch langjährig ausgerichtete, stabile Lieferanten-Kunden-Beziehungen

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mit teilweise mehrjährigen Abnahmeverträgen entgegen. Lenzing ist mit einigen Rohstofflieferanten und Dienstleistungspartnern (aber mit nur wenigen Kunden) dauerhafte Vertragsbeziehungen eingegangen. Diese verpflichten Lenzing dazu, festgesetzte Mengen an Rohstoffen zu standardisierten Konditionen und mit möglichen Preisanpassungsklauseln abzunehmen. Daraus könnte für Lenzing resultieren, dass Preise, Abnahmemengen oder andere Vertragsbedingungen (kurzfristig) nicht angepasst werden können, um auf wirtschaftliche Änderungen adäquat zu reagieren. Dieses Risiko wird dadurch verschärft, dass dem überwiegenden Teil der Konzernumsätze kurzfristige Vertragsbeziehungen mit den Kunden zugrunde liegen.

Bei Zellstoff und Energie verfolgt Lenzing die Strategie, den Selbstversorgungsgrad möglichst hoch zu halten. Der Eigenversorgungsanteil inklusive langfristiger Lieferverträge liegt bei rund 90%. Preisschwankungen werden durch langfristige Verträge ausgeglichen, dazu gehören unter anderem auch Terminsicherungsgeschäfte für Gas.

6.5.2 Betriebliches Risiko und Umweltrisiko (inkl. Feuerschaden und Naturkatastrophen)

Zur Herstellung von man-made Cellulosefasern bedarf es komplexer chemischer und physikalischer Vorgänge, die gewisse Umweltrisiken bedingen. Durch spezielles, proaktives und nachhaltiges Umweltmanagement, geschlossene Produktionskreisläufe und laufendes Monitoring der Emissionen werden diese Risiken dank modernster Produktions- und Umwelteinrichtungen sehr gut beherrscht. Da die Lenzing Gruppe Produktionsstätten an mehreren Orten für industrielle Zwecke seit Jahrzehnten nutzt, können Risiken für Umweltschäden aus früheren Perioden nicht gänzlich ausgeschlossen werden. Obwohl die Lenzing Gruppe bei Bau, Betrieb und Erhaltung ihrer Produktionsstandorte sehr hohe, interne Standards im Bereich Technik und Sicherheit anlegt, kann das Risiko von Betriebsstörungen und -unfällen nicht gänzlich ausgeschlossen werden. Solche Störungen können insbesondere von äußeren Faktoren verursacht werden, die sich dem Einflussbereich der Lenzing Gruppe entziehen. Gegen Naturgefahren (Wirbelstürme, Erdbeben, Überflutungen etc.) ist keine unmittelbare Absicherung möglich. Zudem besteht das Risiko von Personen-, Sach- und Umweltschäden, welche zu beträchtlichen Schadenersatzforderungen und sogar strafrechtlicher Verantwortlichkeit führen können. Die Lenzing Gruppe hat einen beträchtlichen Teil ihrer Produktionstätigkeit auf einige wenige Betriebsstätten konzentriert. Jegliche Störung in einer dieser Betriebsstätten, zum Beispiel in Lenzing (Österreich) oder in Indonesien (die beiden Betriebsstätten mit der größten Produktionskapazität), würde einen wesentlichen Teil der Geschäftstätigkeit beeinträchtigen.

6.5.3 Produkthaftungsrisiko

Lenzing vertreibt seine Produkte und Leistungen weltweit. Dabei kann es zu Schäden beim Kunden kommen, welche durch die Auslieferung eines mangelhaften Produkts von Lenzing oder einem Tochterunternehmen verursacht werden. Lenzing unterliegt dabei auch den geltenden lokalen Gesetzen der jeweiligen Länder, in die die Produkte geliefert werden, und unterliegt, speziell in den USA, einem hohen Haftungsrisiko. Lenzing wirkt diesem Risiko durch eine eigene Abteilung entgegen, die sich ausschließlich mit Verarbeitungsproblemen unserer Produkte beim Kunden bzw. Reklamationen beschäftigt. Haftpflichtschäden, welche durch Lenzing verursacht werden, sind in einem eigenen Haftpflicht-Versicherungsprogramm versichert.

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6.6 III. Finanzrisiken

6.6.1 Währungsrisiko

Aufgrund internationaler Handelsbeziehungen der Konzerngesellschaften ist die Lenzing Gruppe Währungsrisiken ausgesetzt. Transaktionsrisiken und Wechselkursrisiken bestehen insbesondere mit Blick auf den USD, CNY, JPY und CZK (Verweis Abschnitt 6.9 Verwendung von Finanzinstrumenten). Dieses Risiko wird durch eine vom Vorstand jährlich genehmigte Absicherungsstrategie vermindert. Ziel ist es, bestehende Fremdwährungsrisiken aus bereits abgeschlossenen oder geplanten Umsatzgeschäften zu begrenzen. Diese Derivate werden bilanziell als Sicherungsinstrumente in Sicherungsbeziehungen mit abgesicherten Grundgeschäften dargestellt.

6.6.2 Kontrahentenrisiko

Die Lenzing Gruppe verteilt ihre liquiden Mittel aus Risikogründen auf eine Vielzahl von Banken. Das Risiko eines möglichen Ausfalles dieser Kontrahenten und deren negative Auswirkung wird durch ein vom Vorstand jährlich maximal akzeptiertes Kontrahentenrisikolimit begrenzt. Die Limitierung der Veranlagung bei jedem einzelnen Kontrahenten basiert auf dessen Ausfallwahrscheinlichkeit. Die Limits werden unter Berücksichtigung des jeweiligen Ratings und der publizierten „Corporate Default Swap“ Spreads festgelegt und auch unterjährig bei Veränderung der Bonität entsprechend angepasst.

Der mögliche Ausfall von Kundenforderungen wird durch ein strenges Forderungsmanagement und den Einsatz einer weltweiten Kreditversicherung abgedeckt.

6.6.3 Steuerrisiko

Lenzing Produktionsstätten sind in den jeweiligen Ländern lokalen Steuergesetzen unterworfen und müssen sowohl Ertragssteuern als auch andere Steuern bezahlen. Änderungen in der Steuergesetzgebung bzw. unterschiedliche Auslegungen der jeweils geltenden Bestimmungen können zu nachträglichen Steuerbelastungen führen.

6.6.4 Compliance

Die ständige Verschärfung von internationalen Verhaltensrichtlinien und Gesetzen erhöht für Lenzing die Anforderungen zur Einhaltung und Überwachung dieser Bestimmungen. Unzureichende Kontrollen in den Geschäftsprozessen oder mangelnde Dokumentation können zur Verletzung von geltenden Regeln führen. Lenzing begegnet diesem Risiko mit einer konzernweiten Compliance Organisation und einem gruppenweit gültigen Verhaltenskodex (Code of Conduct).

6.7 IV. Personelle Risiken

6.7.1 Nachfolgeplanung/qualifizierte Arbeitskräfte

Personalrisiken können sich aus der Fluktuation von Mitarbeitern/innen in Schlüsselpositionen sowie bei der Rekrutierung von neuen Mitarbeitern/innen an allen

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weltweiten Standorten ergeben. Lenzing hat eine global aufgestellte Personalabteilung, die sich laufend in Fragen der Personalplanung mit den jeweiligen Standorten abstimmt und sämtliche Personalthemen zentral steuert und kontrolliert. Dazu gehören unter anderem globale Management- und Ausbildungsprogramme für potenzielle Führungskräfte, die von der Personalabteilung organisiert werden.

6.8 V. Sonstige Risiken

6.8.1 Risiko durch Erweiterung der Produktionskapazität

Die neue TENCEL® Jumbo-Produktionsanlage am Standort Lenzing wurde im Berichtsjahr erfolgreich in Betrieb genommen. Die Lenzing Gruppe könnte mit dem Risiko konfrontiert werden, dass sich die Nachfrage auf Abnehmerseite als unzureichend erweist und eine volle Ausnutzung der Produktionskapazitäten nicht gewährleistet wäre. Überdies bezieht die Lenzing Gruppe große Mengen an Zellstoff von ihren beiden Zellstoffproduktionsstandorten. Aufbau und Aufrechterhaltung des Betriebs einer Produktionsstätte im Bereich der man-made Cellulosefaserindustrie erfordern einen beträchtlichen Investitionsaufwand.

6.9 Verwendung von Finanzinstrumenten

Für die Behandlung finanzieller Risiken bestehen klare, schriftliche Richtlinien, die vom Vorstand der Gesellschaft und vom Treasury laufend überwacht werden. Die Lenzing AG verwendet zur Absicherung von operativen Währungsrisiken – hauptsächlich aus Umsätzen in USD, CNY, JPY und CZK – ausschließlich Devisentermingeschäfte. Ziel des Fremdwährungs-Risikomanagements ist die Absicherung der operativen Zahlungsströme gegen Schwankungen der Wechselkurse. Sowohl das Sicherungsgeschäft als auch die Korrelation zwischen dem Risiko und dem Sicherungsinstrument werden laufend beobachtet und berichtet. Entsprechende Sicherungsgeschäfte bewirken, dass sich Wechselkursänderungen nicht auf die Zahlungsströme auswirken. Translationsrisiken werden grundsätzlich nicht abgesichert, jedoch laufend beobachtet. Es findet ein reger Austausch von Informationen zwischen Management und Treasury statt.

Das Ausfallrisiko in Bezug auf diese derivativen Finanzinstrumente ist im Hinblick auf die gute Bonität der Vertragspartner als relativ gering einzustufen und wird regelmäßig überprüft.

Ausfallrisiken in Bezug auf originäre Finanzinstrumente (nämlich Ausleihungen, Wertpapiere, Forderungen und Guthaben bei Kreditinstituten) werden, soweit solche erkennbar sind, durch Wertberichtigungen berücksichtigt. Das maximale Ausfallrisiko stellen grundsätzlich die in Bezug auf diese Finanzinstrumente in der Bilanz ausgewiesenen Buchwerte dar. Zusätzlich hat die Lenzing AG Haftungen für andere Unternehmen übernommen. Das Risiko subsidiär in Anspruch genommen zu werden, wird als gering eingestuft, da davon ausgegangen werden kann, dass die betroffenen Unternehmen ihren Verpflichtungen nachkommen werden.

Auch das Marktwertänderungsrisiko in Bezug auf originäre wie derivative Finanzinstrumente wird als relativ gering eingestuft. Bei kurzfristigen Finanzinstrumenten ist bis zur Fälligkeit mit keinen großen Schwankungen zu rechnen. Die langfristigen Verbindlichkeiten sind zu 47,06% variabel verzinst.

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Ein Liquiditätsrisiko, nämlich ein Risiko derart, dass die zur Erfüllung der aus den derivativen und den originären Finanzinstrumenten resultierenden Verpflichtungen erforderlichen Finanzmittel nicht zur Verfügung stehen, besteht nicht. Die derivativen Finanzinstrumente dienen ausschließlich Sicherungszwecken. Die resultierenden Verpflichtungen sind demgemäß durch die gesicherten Geschäfte gedeckt. Die Verpflichtungen aus originären Finanzinstrumenten können mit den vorhandenen liquiden Mitteln und allenfalls zusätzlichen Mitteln aus der Innenfinanzierung gedeckt werden.

Die aus Finanzinstrumenten resultierenden Zahlungsströme können Schwankungen unterliegen. Diese Cashflow-Risiken sind im Wesentlichen auf variabel verzinsten Verbindlichkeiten begrenzt.

6.9.1 Finanzierungsrisiko

Die Lenzing Gruppe benötigt finanzielle Mittel, um ihren Business-Plan und ihre Strategie umsetzen zu können. Ein erschwerter Zugang zu Kreditmärkten könnte Verfügbarkeit, Bedingungen und Kosten der Kapitalbeschaffung nachhaltig negativ beeinträchtigen. Nachteilige Auswirkungen auf die Geschäftstätigkeit und somit auf die finanzielle Lage und Ergebnisse der Lenzing Gruppe könnten zusätzlich aus einer geringeren Nachfrage oder einem Absinken der Preise resultieren.

7 Bericht über wesentliche Merkmale des Internen Kontrollsystems (§ 243a Abs. 2 AktG)

Das Interne Kontrollsystem der Lenzing Gruppe regelt die Sicherstellung der Zuverlässigkeit der Finanzberichterstattung, die Einhaltung gesetzlicher und unternehmensinterner Richtlinien sowie die Abbildung von Risiken außerhalb der Bilanz und GuV.

Die Aufbau- und Ablauforganisation der Lenzing Gruppe bilden die wesentliche Basis für das Kontrollumfeld und das Interne Kontrollsystem im Unternehmen.

Im Bereich der Aufbauorganisation bestehen eindeutige Kompetenz- und Verantwortungszuweisungen auf den unterschiedlichen Führungs- und Hierarchieebenen des Konzerns. Dies umfasst neben den österreichischen Standorten ebenso alle internationalen Tochtergesellschaften. Der globalen Präsenz der Lenzing Gruppe und damit der dezentralen Gesellschafts- und Standortstrukturen wird durch die Zentralisierung von wesentlichen Unternehmensfunktionen in Corporate Centers Rechnung getragen. Die Wahrnehmung und Steuerung der nationalen Geschäftstätigkeiten obliegt dem jeweiligen Management.

Die Ablauforganisation des Unternehmens ist durch ein stark ausgeprägtes und umfangreiches Regelwerk gekennzeichnet. Dies stellt eine angemessene Basis für ein starkes Kontrollumfeld und Kontrollsystem dar. Die wesentlichen Bereiche im Hinblick auf Freigaben und Kompetenzen für den Gesamtkonzern regeln die "Lenzing Group Mandates". Die Überwachung der Einhaltung der Regelungen und Kontrollen liegt in der Verantwortung des jeweils zuständigen Managements.

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7.1 Finanzberichterstattung

Mit der zentralen Zuständigkeit von Global Finance für den Bereich der Finanzberichterstattung ist eine klare Struktur und Verantwortlichkeit für diesen Bereich gesichert. Zur Ausübung der Kontrollfunktion in diesem Bereich wurden ein umfassendes Regelwerk und Richtlinien definiert und eingesetzt.

Lenzing verfügt über ein internes Kontroll- und Risikomanagement für den Rechnungslegungsprozess mit dem Ziel, die gesetzlichen Normen, die Grundsätze ordnungsgemäßer Buchführung sowie die Rechnungslegungsvorschriften des österreichischen Unternehmensgesetzbuches und für Zwecke der Konzernrechnungslegung die Rechnungslegungsvorschriften der Internationalen Financial Reporting Standards (IFRS) sowie der internen Konzernrichtlinien zur Rechnungslegung, insbesondere das konzernweit gültige Bilanzierungshandbuch und den Terminplan, einheitlich umzusetzen.

Das rechnungslegungsbezogene interne Kontrollsystem ist so konzipiert, dass eine zeitnahe, einheitliche und korrekte Erfassung aller geschäftlichen Prozesse und Transaktionen gewährleistet ist und somit zuverlässige Daten und Berichte über die Vermögens-, Finanz- und Ertragslage der Lenzing Gruppe vorliegen.

Die in den Konzernabschluss von Lenzing einbezogenen Unternehmen erstellen auf Gesellschaftsebene zeitgerecht lokale Abschlüsse bzw. IFRS-Abschlüsse und sind verantwortlich, dass die bestehenden Regeln dezentral umgesetzt werden. Sie werden dabei von der Abteilung Corporate Consolidation unterstützt. Auf Basis der Daten der Konzernunternehmen werden die konsolidierten Rechenwerke zentral erstellt. Die Konsolidierungsbuchungen, Abstimmarbeiten und die Überwachung der inhaltlichen und zeitlichen Vorgaben erfolgen in der Abteilung Corporate Consolidation.

Der Bereich Treasury und Zahlungsverkehr ist, aufgrund des direkten Zugriffs auf Vermögenswerte des Unternehmens, als besonders sensibel einzustufen. Dem erhöhten Sicherheitsbedürfnis wird durch umfassende Regelungen und Anweisungen im Bereich der einschlägigen Prozesse entsprechend Rechnung getragen.

Diese klaren Vorgaben sehen ein strenges Vier-Augen-Prinzip in der Abwicklung von Transaktionen sowie eine enge Zusammenarbeit und laufende Information der zentralen Treasury-Funktion vor. Die Überwachung der Anwendung und Einhaltung der Kontrollen im operativen Betrieb obliegt der Abteilung Internal Audit.

Ein globales Tax Management zeichnet für die Steuerthemen im Konzern verantwortlich.

7.2 Einhaltung gesetzlicher und unternehmensinterner Vorschriften

Das Rechtsmanagement der Lenzing AG wird von der Abteilung Legal Management & Group Compliance wahrgenommen. Diese zentrale Funktion ist für alle Rechtsangelegenheiten der Lenzing Gruppe zuständig und insbesondere mit allen Rechtsangelegenheiten betraut, die keine Standardabläufe darstellen.

Die Abteilung Legal Management & Group Compliance sorgt mit der Weiterentwicklung des Compliance Management Systems (CMS) für Prozesse, welche gruppenweit regeln, wie gesetzliche und unternehmensinterne Vorschriften einzuhalten sind und welche vorbeugen, dass keine gesetzes- oder regelwidrigen Handlungen begangen werden. Die Abteilung Legal

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Management & Group Compliance untersteht direkt dem CEO. Im Rahmen des CMS werden compliance-relevante Risiken erfasst und Maßnahmen zur Verminderung derselben getroffen. Des Weiteren werden compliance-relevante Richtlinien entwickelt und deren Einhaltung überprüft. Schließlich werden Mitarbeiter/innen geschult, Hilfestellung bei Compliance-Themen geleistet, Fehlverhalten adressiert und korrigiert sowie regelmäßig dem Vorstand und Aufsichtsrat bzw. dem Prüfungsausschuss berichtet.

Die Lenzing AG unterwirft sich den Vorschriften des österreichischen Corporate Governance Kodex (ÖCGK) und erstellt im Rahmen des Geschäftsberichtes einen entsprechenden öffentlichen Corporate Governance Bericht. Der Corporate Governance Bericht bedarf der Mitwirkung des Aufsichtsrates, der die Erfüllung der darin vorgeschriebenen Verpflichtungen an den Prüfungsausschuss delegiert.

Die Abteilung Internal Audit ist unabhängig von den Organisationseinheiten und Geschäftsprozessen, untersteht und berichtet direkt dem Vorstandsvorsitzenden. Internal Audit überprüft, ob die eingesetzten Ressourcen rechtmäßig, sparsam, wirtschaftlich und zweckmäßig im Sinne einer nachhaltigen Entwicklung verwendet werden. Dabei orientiert sich Internal Audit an den internationalen Standards IIA (Institute of Internal Auditors). Eine regelmäßige Berichterstattung an den Vorstand und den Prüfungsausschuss gewährleisten das Funktionieren des Internen Kontrollsystems.

7.3 Abbildung von Risiken außerhalb der Bilanz und GuV

Die Abteilung Risikomanagement bildet die Risiken außerhalb der Bilanz und GuV ab, indem ein halbjährlicher Risikobericht erstellt wird. Die wesentlichen Risiken des Risikoberichts sind auch im Geschäftsbericht erwähnt. Beim Risikobericht wird nach den international anerkannten Standards von COSO® (Committee of Sponsoring Organizations of the Treadway Commission) vorgegangen.

8 Forschung und Entwicklung

Im Geschäftsjahr 2014 investierte Lenzing EUR 20,0 Mio (2013: rund EUR 28,2 Mio) in Forschung und Entwicklung (berechnet nach Frascati). Der Rückgang ist auf Effizienzsteigerungen und einen stärkeren Fokus auf Value-Aspekte zurückzuführen.

8.1 Neuaufstellung im Rahmen der Umorganisation

Im Rahmen der Umorganisation der Lenzing Gruppe wurden auch die Entwicklungsabteilungen der Business Units mit Anfang 2014 wieder zu einer zentralen Forschung zusammengefasst, die nun direkt dem Vorstand unterstellt ist. Die Abteilung Innovation and Strategic R&D gliedert sich in die zwei großen Gruppen Process Technology & Chemistry und Product R&D, weiters ist die gesamte F&E Infrastruktur (Pilotanlagen, Technika und Labore) in einer eigenen Gruppe organisiert. Ergänzt wird die Forschung durch ein ebenfalls neu geschaffenes Project Management Office.

Dieses ist auch für die Implementierung und Betreuung des neu geschaffenen Innovationsprozesses zuständig. An dessen Anfang steht eine Idee, die von den Mitarbeiter/innen im System registriert wird. Diese wird bewertet (sowohl nach technologischen als auch nach wirtschaftlichen Aspekten) und gegebenenfalls eine Feasibility Phase gestartet (vom Umfang begrenzt). Auf Basis der hier erhaltenen

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Ergebnisse wird entschieden ob ein „vollständiges“ Projekt gestartet wird – auch nach Maßgabe der vorhandenen Ressourcen. Das neu etablierte Projektmanagement enthält hierfür auch ein Tool zur Priorisierung von Projekten (anhand von definierten Kennwerten). Im Laufe der Projektarbeit wird auch bereits jene Abteilung eingebunden, die die Ergebnisse umsetzen soll (Produktion, Business Development, Sales,...) um eine effiziente Übergabe, Integration und Umsetzung zu gewährleisten.

Durch das neue Projektmanagementsystem, das die Projektleiter/innen auch bei der Abwicklung der laufenden Projekte unterstützt sowie die Konzentration der F&E auf einen Bereich können Forschungsprojekte nun sehr effizient abgehandelt werden. Zusätzlich wurden Schnittstellen zu anderen Abteilungen definiert, um auch diese in die Entwicklungen einzubinden und entsprechenden Austausch zu fördern.

8.2 Kooperationen

Neben dieser internen Zusammenarbeit gibt es auch eine Reihe von Kooperationen mit externen Partnern. Dies umfasst sowohl Firmen als auch Forschungsinstitute und Universitäten, wobei mit vielen Partnern bereits langjährige Kooperationen bestehen. Ein bedeutender Anteil der F&E wird auch im Rahmen von geförderten Projekten (etwa durch die FFG oder auch im Rahmen von EU-Programmen) abgehandelt und die gewährten Förderungen stellen eine wichtige Stütze für die Forschung der Lenzing AG dar.

8.3 Schwerpunkte im Berichtsjahr

Ein Schwerpunkt 2014 war auch für die Forschung die Inbetriebnahme der neuen 67kt TENCEL® Faser-Anlage am Standort Lenzing. Diese Anlage fußt ja auf der jahrzehntelangen (Weiter)Entwicklung dieser Technologie durch die Lenzing F&E, die auch die Inbetriebnahme erfolgreich begleitet hat.

Einen ähnlichen Umfang hatten auch die Arbeiten zur weiteren Optimierung der Zellstoffproduktion im Werk Paskov. Neben einer kontinuierlichen Verbesserung der Qualität galt ein weiterer Fokus hier der Optimierung und Schließung von Kreisläufen.

Auf Seiten Produktentwicklung konnte der erhöhte Tragekomfort von Hygieneprodukten mit TENCEL® Fasern (anstatt synthetischen Fasern) im Rahmen einer Probandenstudie nachgewiesen werden. Diese Studie musste umfangreich vorgeplant, in der Durchführung betreut und abschließend ausgewertet werden um zu den erhaltenen signifikanten Ergebnissen zu kommen.

Ein weiteres Highlight ist die Markteinführung der neuen schwer entflammbaren Faser TENCEL® R100 – damit ist zum ersten Mal eine inhärent flammhemmende Faser auf Basis der TENCEL® Technologie kommerziell erhältlich.

9 Umwelt und Nachhaltigkeit

Der Umweltschutz war im Jahr 2014 wiederum durch den hohen Produktionsausstoß nach den Kapazitätserweiterungen der letzten Jahre gefordert. Durch den laufenden Ausbau der Umweltschutzanlagen und die Adaptierung der Umweltschutzleistungen konnte erneut die geringstmögliche Belastung der Umwelt sichergestellt werden.

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Parallel zum neu errichteten TENCEL® Faserwerk wurde im März 2014 eine eigens für diesen Standort neu konzipierte Abwasservorreinigungsanlage angefahren. Die Anlage ist seither unter Einhaltung der behördlichen Auflagen erfolgreich in Betrieb. Sie besteht aus einem Pufferbehälter, einer für die anfallenden Abwässer spezifischen Biologie mit zwei Belebungsbecken und einem Nachklärbecken. Die beim TENCEL® Produktionsprozess anfallenden Abwässer werden nach der Behandlung in dieser speziell für den TENCEL® Prozess entwickelten biologischen Abwasservorreinigungsanlage in der Verbandskläranlage biologisch weiter gereinigt. Dadurch kann selbst mit den zusätzlichen Abwässern aus der neuen TENCEL® Anlage der bisherige Einleitungskonsens in die Ager eingehalten werden. Die Prozessabluft der TENCEL® Faserproduktion wird über ein zweistufiges Abluftwäscherprinzip gereinigt.

Durch Inbetriebnahme einer neuen Turbine konnte am Standort Lenzing die Energieeffizienz gesteigert werden.

Ein Projekt zur Minderung der Geruchsimmission der Reststoffverwertung Lenzing (RVL GmbH) wurde im Berichtsjahr positiv abgeschlossen.

Die akkreditierte Prüfstelle Umweltanalytik Lenzing (UAL) stellte im Jahr 2014 erneut ihr hohes Niveau an Laborleistungen in den Bereichen Abwasser- und Abfallanalytik sowie ökotoxikologische Untersuchungen unter Beweis. Das jährliche Überwachungsaudit durch einen externen Gutachter im Auftrag der Akkreditierungsstelle, des Bundesministeriums für Wirtschaft, Familie und Jugend, wurde im Jänner 2015 erfolgreich absolviert.

10 Mitarbeiter/innen

Das wertvollste Kapital einer leistungs- und wettbewerbsfähigen Organisation sind engagierte, motivierte und hochqualifizierte Mitarbeiter/innen. Besonders in Zeiten eines herausfordernden Marktumfelds mit verschärften Wettbewerbsbedingungen kommt der Entwicklung unserer Mitarbeiter/innen eine zentrale Rolle in der Sicherung einer nachhaltigen Wettbewerbsfähigkeit zu. Deshalb bietet Lenzing laufend eine Vielzahl an Maßnahmen zur Förderung und Fortbildung, von fachlichen Seminaren bis zur Persönlichkeitsbildung, an. Am Standort Lenzing wickelt eine eigene Tochterfirma, das Bildungszentrum Lenzing, den Großteil der Aus- und Weiterbildungsmöglichkeiten ab.

Das 2014 neu eingeführte „Top Management Time Out“ bietet den Mitgliedern des Vorstands und Top Managements die Gelegenheit, gemeinsam im moderierten Rahmen aktuelle Themen rund um Vision, Strategie, Organisationseffizienz und Leadership zu behandeln. Diese Workshops fanden dreimal statt und bieten eine Plattform zum gemeinsamen Austausch in hochkarätig besetzter Runde.

Doch nicht nur in den höheren Führungsebenen wurden Mitarbeiter weiterentwickelt. Unter dem Titel Springboard (zu Deutsch „Sprungbrett“) startete im Juni 2014 neuerlich für das mittlere Management ein umfangreiches Talentmanagement-Programm. Springboard wendet sich an motivierte Mitarbeiter/innen, die hohe Leistungen in ihrer aktuellen Position erbringen sowie Potential für künftige, auch anspruchsvollere Management- oder Expertenrollen zeigen. Springboard besticht durch seine außergewöhnliche Lernarchitektur, die darauf abzielt die Praxiserfahrung der Teilnehmer sowie deren Verhaltensrepertoire, konzeptionelles

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Denken und Verständnis evidenzbasierter Management- und Führungsthemen zu vertiefen. Im Berichtsjahr nahmen rund 30 Mitarbeiter/innen an dem Programm teil, das mit externer Unterstützung abgewickelt wurde.

Das bereits vor zwei Jahren eingeführte Programm „Coachingskills für Führungskräfte“ erfreute sich auch im Berichtsjahr großer Beliebtheit. Im aktuellen Jahr schlossen weitere Führungskräfte das 6-monatige Programm ab.

10.1 Projekt excellENZ

Ein zentraler Schwerpunkt der Arbeit von Human Resources ergab sich im Berichtsjahr 2014 aus dem Kosteneinsparungsprogramm excellENZ. Insgesamt wurden in Rahmen dieses Programmes die konzernweiten Personalkapazitäten um rund 650 Vollzeit-Äquivalente (FTE's) reduziert, 123 FTE's davon wurden bereits im Geschäftsjahr 2013 abgebaut. Am Standort Lenzing wurden rund 300 FTE's abgebaut.

Der im Dezember 2013 verabschiedete Sozialplan ermöglichte, dass 56 vom Personalabbau betroffene Mitarbeiter/innen von der Arbeitsstiftung aufgenommen werden konnten. Dort wurden und werden die Lenzing Mitarbeiter/innen durch Trainings- und Schulungsmaßnahmen auf neue Berufe und Herausforderungen optimal vorbereitet. Die Angebotspalette reicht vom Lehrabschluss, der Absolvierung von Seminaren und Kursen über das Nachholen der Matura oder eines HTL-Abschlusses bis zum Universitäts- oder Fachhochschulstudium.)

Ziel war es, den notwendigen Personalabbau durch begleitende Maßnahmen, insbesondere durch breite Anwendung der im Sozialplan vorgesehenen Möglichkeiten entsprechend den Gegebenheiten maximal abzufedern.

Das Ziel, Kündigungen zu vermeiden, wurde zur Gänze erreicht. Fast alle Betroffenen haben zudem bereits einen neuen Arbeitsplatz außerhalb der Lenzing AG gefunden, sodass es durch das Programm zu keinen negativen sozialen Auswirkungen am Arbeitsmarkt im Bezirk Vöcklabruck (Standort Lenzing) kam.

Am Standort Lenzing wurde zudem im Zuge der Neuordnung der bestehenden Gehalts- und Lohnstruktur die bisherige Bonusvereinbarung zu Gunsten einer wesentlich stärker ergebnisorientierten Bonussysteme einvernehmlich mit der Belegschaftsvertretung abgeändert. Die Neuregelung trat 2015 in Kraft.

Per 31. Dezember 2014 beschäftigte die Lenzing AG 2.105 Mitarbeiter/innen (nach 2.092 zum Jahresende 2013), davon 129 (Ende 2013: 116) Lehrlinge.

11 Ausblick

Die schwierigen wirtschaftlichen Rahmenbedingungen haben sich in den ersten Wochen 2015 gegenüber dem dritten und vierten Quartal des Berichtsjahres kaum geändert.

Auch wenn die im zweiten Halbjahr 2014, insbesondere im vierten Quartal 2014, dramatisch gesunkenen Ölpreise für Europa ein wünschenswerter Konjunkturturbo sind, wirken sie sich für Lenzing negativ aus. Denn der aktuelle Ölpreis führte zu massivem Preisdruck auf die

Lagebericht 2014

globalen Polyesterfaserpreise, die im vierten Quartal 2014 und in den ersten Wochen 2015 je nach Region unterschiedlich bereits um 25 bis 30% gesunken sind.

Abhängig von der weiteren Entwicklung der Ölpreise in den nächsten Monaten muss daher 2015 mit einer weiterhin hohen Preisvolatilität am Fasermarkt gerechnet werden.

Auch Baumwollfarmer haben begonnen, auf die international niedrigen Baumwollpreise zu reagieren. In den wichtigen Baumwollländern China und USA wurden die Anbaugelände für die Ernte 2015/16 deutlich reduziert. Dies könnte im Erntejahr 2015/16 zu ersten Preisstabilisierungen führen – allerdings nur, wenn es auch erste Anzeichen einer Lagerreduktion bei Baumwolle geben sollte und damit mehr Baumwollnachfrage.

Für die man-made Cellulosefaserindustrie und damit für die Lenzing Gruppe wird somit auch 2015 wieder ein herausforderndes Jahr. Ziel wird es sein, die Preissenkungen der letzten Monate sukzessive im Verlauf des Jahres 2015 wieder aufzuholen.

Eine Vielzahl an Verkaufsaktivitäten zur weiteren Verbesserung des Produktmix im textilen Bereich, wie etwa zur Steigerung des Absatzes von Lenzing Modal® und TENCEL®, stehen im Mittelpunkt der Bemühungen. Lenzing startet mit einer starken Nachfrage nach TENCEL® ins neue Geschäftsjahr. Die Nachfrage nach Nonwovens-Fasern bleibt auch 2015 kräftig. Hier strebt Lenzing ebenfalls Verbesserungen im Produktmix und wertsteigernde Aktivitäten an, die zu einem verbesserten Kundennutzen führen werden.

In regionaler Hinsicht lassen die moderaten Wachstumsraten in China, insbesondere im Exportgeschäft, eine konstante Steigerung der Absatzmengen am chinesischen Heimatmarkt erwarten. Weitere Absatzschwerpunkte für Spezialfasern sieht Lenzing im textilen Bereich vor allem in der Türkei. Im Nonwovens-Sektor bleiben die USA und Europa die wichtigsten Absatzgebiete.

Zudem strebt Lenzing durch eine konsequente Fortsetzung des excellENZ-Programmes weitere Kosteneinsparungen im Jahr 2015 an, die annualisiert auf ganzjähriger Basis gerechnet bei rund EUR 130 Mio liegen werden. Unter Hinzurechnung der bereits im Jahr 2013 realisierten Kostenverbesserungen erhöht sich der strukturelle Einsparungsbeitrag damit auf rund EUR 160 Mio p.a. ab dem Geschäftsjahr 2016. Damit sollte ein weiterer Beitrag zur Festigung der Wettbewerbsstärke der Lenzing Gruppe erreicht werden.

Mittelfristig plant die Lenzing Gruppe auch in Asien eine Erhöhung des Spezialitätenanteils im Bereich Viscosefasern. Hierzu werden Aus- bzw. Umbauten und punktuelle Erweiterungen bei den bestehenden Anlagen notwendig. Zusätzliche Investitionen und Programme müssen auch zur weiteren Optimierung der Kostenposition in Betracht gezogen werden. Dies betrifft insbesondere solche Maßnahmen, die Materialkosten und andere Gestehungskosten verringern (zum Beispiel durch gezielte Faserzellstoffinvestitionen sowie eigene Anlagen zur Produktion von Chemikalien und Energie). Lenzing wird dabei weiterhin auf Nachhaltigkeit und Umweltschutz setzen. Mit Innovationen bei den Produktanwendungen sowie intensivierten Vertriebs- und Marketingaktivitäten soll die erfolgreiche Entwicklung der Lenzing Gruppe auch mittelfristig möglich sein.

Die Eckpunkte für das erfolgreiche Gegensteuern bei anhaltend schwierigen Marktbedingungen sind für die Lenzing Gruppe somit:

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- das excellENZ-Kostensparprogramm mit Fokus auf strukturellen Einsparungen
- weitere Verbesserungen des Marktauftrittes durch Optimierungen in Vertrieb und Marketing sowie die Intensivierung der Zusammenarbeit mit unseren Kunden
- die nachhaltige Vollausslastung der neuen TENCEL® Faserproduktion am Standort Lenzing
- die rasche Restrukturierung der technischen Bereiche.

12 Ereignisse nach dem Bilanzstichtag

Im ersten Quartal 2015 haben sich die Gespräche über einen möglichen Verkauf der Dolan GmbH und der European Carbon Fiber GmbH konkretisiert. In diesen beiden Konzernunternehmen im Segment Sonstige sind zum 31. Dezember 2014 Vermögenswerte in Höhe von TEUR 30.768 und Schulden in Höhe von TEUR 13.482 vorhanden. Der Verkauf könnte innerhalb der nächsten 12 Monate erfolgen.

Nach dem Bilanzstichtag 31. Dezember 2014 sind keine weiteren Vorgänge von wesentlicher Bedeutung für die Lenzing Gruppe bekannt geworden, die zu einer anderen Darstellung der Vermögens-, Finanz- und Ertragslage geführt hätten.

Lagebericht 2014

Lenzing, am 12. März 2015

Lenzing Aktiengesellschaft

Der Vorstand



**Mag. Dr.
Peter Untersperger**
Chief Executive Officer
Vorstandsvorsitzender



**Dr.
Thomas Riegler**
Chief Financial Officer
Mitglied des Vorstandes



Robert van de Kerkhof, MBA
Chief Commercial Officer
Mitglied des Vorstandes

Jahresabschluss 2014

Jahresabschluss der Lenzing Aktiengesellschaft nach österreichischem Unternehmensgesetzbuch (UGB)

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Lenzing AG

Bilanz zum 31. Dezember 2014

Aktiva	31.12.2014	31.12.2013
A. Anlagevermögen	EUR	TEUR
I. Immaterielle Vermögensgegenstände		
1. Rechte	1.200.064,49	1.114,5
2. Firmenwert	578.830,14	392,9
	1.778.894,63	1.507,4
II. Sachanlagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	124.256.339,33	81.175,9
2. Technische Anlagen und Maschinen	373.409.874,88	252.247,5
3. Andere Anlagen, Betriebs- und Geschäftsausstattung	12.560.568,73	12.543,8
4. Anlagen in Bau	13.072.532,96	159.052,0
5. Geleistete Anzahlungen	648.662,50	2.632,3
	523.947.978,40	507.651,4
III. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	254.812.115,90	254.422,3
2. Ausleihungen an verbundene Unternehmen	96.055.721,09	81.848,6
3. Beteiligungen	5.110.143,91	5.110,1
4. Wertpapiere (Wertrechte) des Anlagevermögens	18.627.672,44	17.812,4
5. Sonstige Ausleihungen	2.349.796,04	2.207,4
	376.955.449,38	361.400,9
	902.682.322,41	870.559,7
B. Umlaufvermögen		
I. Vorräte		
1. Roh-, Hilfs- und Betriebsstoffe	40.184.069,19	29.295,0
2. Unfertige Erzeugnisse	332.459,25	608,4
3. Fertige Erzeugnisse und Waren	35.993.544,47	26.187,2
4. Geleistete Anzahlungen	57.921,78	281,5
	76.567.994,69	56.372,1
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	31.302.817,02	65.508,2
2. Forderungen gegenüber verbundenen Unternehmen	98.197.784,56	150.188,5
3. Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	4.890.890,81	3.075,7
4. Sonstige Forderungen und Vermögensgegenstände	38.903.979,61	28.508,9
	173.295.472,00	247.281,3
III. Kassenbestand, Guthaben bei Kreditinstituten	142.381.811,08	137.150,0
	392.245.277,77	440.803,4
C. Rechnungsabgrenzungsposten	1.836.904,30	1.285,6
	1.296.764.504,48	1.312.648,7

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Passiva	31.12.2014	31.12.2013
A. Eigenkapital	EUR	TEUR
I. Grundkapital	27.574.071,43	27.574,1
II. Kapitalrücklagen		
Gebundene	138.642.770,74	138.642,8
III. Gewinnrücklagen		
Freie	380.440.666,66	257.446,7
IV. Bilanzgewinn, davon Gewinn- vortrag EUR 104.754.455,03 (31.12.2013: TEUR 94.011,3)	26.550.000,00	151.217,0
	573.207.508,83	574.880,5
B. Zuschüsse der öffentlichen Hand	7.351.604,67	4.406,7
C. Unversteuerte Rücklagen		
Bewertungsreserve aufgrund von Sonderabschreibungen gem. § 7a EStG bzw. § 8 EStG	16.076.096,07	16.392,0
D. Rückstellungen		
1. Rückstellungen für Abfertigungen	56.441.673,38	38.511,0
2. Rückstellungen für Pensionen	29.156.314,13	27.196,8
3. Steuerrückstellungen	4.753.114,94	3.969,4
4. Sonstige Rückstellungen	63.991.623,84	101.649,1
	154.342.726,29	171.326,2
E. Verbindlichkeiten		
1. Anleihen	120.000.000,00	120.000,0
2. Verbindlichkeiten aus Schuldscheindarlehen	213.500.000,00	213.500,0
3. Verbindlichkeiten gegenüber Kreditinstituten	65.104.499,02	90.158,3
4. Sonstige zinstragende Verbindlichkeiten	26.049.078,27	24.741,4
5. Erhaltene Anzahlungen auf Bestellungen	766.092,25	601,1
6. Verbindlichkeiten aus Lieferungen und Leistungen	45.960.159,32	49.883,5
7. Verbindlichkeiten gegenüber verbundenen Unternehmen	44.929.424,17	36.080,7
8. Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	0,00	0,9
9. Sonstige Verbindlichkeiten	29.280.477,54	10.554,3
davon aus Steuern EUR 275.628,53 (31.12.2013: TEUR 303,4)		
davon im Rahmen der sozialen Sicherheit EUR 3.154.399,25 (31.12.2013: TEUR 3.094,3)		
	545.589.730,57	545.520,3
F. Rechnungsabgrenzungsposten	196.838,05	123,0
	1.296.764.504,48	1.312.648,7
Haftungsverhältnisse	178.898.225,18	191.450,0

Jahresabschluss 2014

Lenzing AG

Gewinn- und Verlustrechnung für den Zeitraum 01.01.2014 bis 31.12.2014

	2014	2013
	EUR	TEUR
1. Umsatzerlöse	729.033.901,61	746.356,8
2. Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen	9.530.403,70	872,5
3. Andere aktivierte Eigenleistungen	13.570.486,54	2.279,7
4. Sonstige betriebliche Erträge:		
a) Erträge aus dem Abgang vom und der Zuschreibung zum Anlagevermögen mit Ausnahme der Finanzanlagen	7.756,33	111,6
b) Erträge aus der Auflösung von Rückstellungen	6.534.263,60	22.202,8
c) Übrige	44.269.156,20	48.178,7
	50.811.176,13	70.493,2
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Materialaufwand	-339.698.996,23	-371.633,6
b) Aufwendungen für bezogene Leistungen	-61.772.991,78	-58.996,1
	-401.471.988,01	-430.629,7
6. Personalaufwand:		
a) Löhne	-63.415.720,06	-62.473,7
b) Gehälter	-62.724.194,45	-65.182,0
c) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	-7.557.902,40	-17.485,7
d) Aufwendungen für Altersversorgung	-5.139.757,17	-4.036,2
e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	-33.078.314,10	-33.018,5
f) Sonstige Sozialaufwendungen	-2.351.044,91	-2.448,0
	-174.266.933,09	-184.644,0
7. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen		
a) Planmäßige Abschreibungen	-53.758.922,67	-57.560,9
b) Außerplanmäßige Abschreibungen	0,00	-110,0
c) Auflösung Investitionszuschüsse der öffentlichen Hand	566.293,51	571,6
	-53.192.629,16	-57.099,3
8. Sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Ziffer 18 fallen	-148.713,78	-147,7
b) Übrige	-109.086.078,67	-121.864,6
	-109.234.792,45	-122.012,3
9. Zwischensumme aus Ziffer 1 bis 8 (Übertrag)	64.779.625,27	25.616,8

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	2014	2013
	EUR	TEUR
9. Zwischensumme aus Ziffer 1 bis 8 (Übertrag)	64.779.625,27	25.616,8
10. Erträge aus Beteiligungen	344.985,80	61.872,5
davon aus verbundenen Unternehmen EUR 344.985,80 (2013: TEUR 61.872,5)		
11. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens	2.918.199,26	2.728,8
davon aus verbundenen Unternehmen EUR 2.535.072,39 (2013: TEUR 1.371,8)		
12. Sonstige Zinsen und ähnliche Erträge	1.339.518,09	4.019,2
davon aus verbundenen Unternehmen EUR 727.840,29 (2013: TEUR 3.262,0)		
13. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen	3.744.457,57	19,5
davon aus verbundenen Unternehmen EUR 3.282.879,26 (2013: TEUR 0,0)		
14. Aufwendungen aus Finanzanlagen	-760.527,83	-17.422,4
davon:		
a) Abschreibungen EUR 560.526,83 (2013: TEUR 14.548,3)		
b) Aufwendungen aus verbundenen Unternehmen EUR 751.006,85 (2013: TEUR 16.556,7)		
15. Zinsen und ähnliche Aufwendungen	-13.532.363,00	-13.009,1
davon betreffend verbundene Unternehmen EUR 298.492,70 (2013: TEUR 294,0)		
16. Zwischensumme aus Ziffer 10 bis 15	-5.945.730,11	38.208,5
17. Ergebnis der gewöhnlichen Geschäftstätigkeit	58.833.895,16	63.825,3
18. Steuern vom Einkommen und vom Ertrag	-14.360.225,82	-6.950,6
19. Jahresüberschuss	44.473.669,34	56.874,7
20. Auflösung unverteilter Rücklagen	315.854,47	331,0
21. Jahresgewinn	44.789.523,81	57.205,7
22. Zuweisung zu Gewinnrücklagen (freie)	-122.993.978,84	0,0
23. Gewinnvortrag aus dem Vorjahr	104.754.455,03	94.011,3
24. Bilanzgewinn	26.550.000,00	151.217,0

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Lenzing AG

Anhang zum Jahresabschluss für das Geschäftsjahr 2014

1

Anwendung der unternehmensrechtlichen Vorschriften und allgemeine Angaben

Die Lenzing Aktiengesellschaft (Lenzing AG) ist eine börsennotierte Aktiengesellschaft österreichischen Rechts. Sie ist im Firmenbuch beim Handels- als Landesgericht Wels, Österreich, unter der Nummer FN 96499 k eingetragen. Ihr Sitz ist in 4860 Lenzing, Werkstraße 2, Österreich. Die Aktien der Lenzing AG sind im Prime Market (seit 18. April 2011) und im Leitindex ATX (seit 19. September 2011) der Wiener Börse in Wien, Österreich, gelistet.

Das Kerngeschäft der Lenzing AG liegt in der Erzeugung und Vermarktung von industriell gefertigten („man-made“) Cellulosefasern. Der zur Erzeugung notwendige Zellstoff wird zu einem großen Teil im eigenen Zellstoffwerk hergestellt und teilweise zugekauft. Der wichtigste Rohstoff zur Zellstofferzeugung ist Holz, das zugekauft wird.

Der vorliegende Jahresabschluss zum 31. Dezember 2014 der Lenzing Aktiengesellschaft (Lenzing AG) wurde nach den Vorschriften des österreichischen Unternehmensgesetzbuches (UGB) in der aktuellen Fassung erstellt. Er umfasst das Geschäftsjahr vom 1. Jänner bis zum 31. Dezember 2014.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie unter Beachtung der Generalnorm des § 222 Abs. 2 UGB, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, erstellt.

Bei der Erstellung des Jahresabschlusses wurden die Grundsätze der Vollständigkeit und der ordnungsmäßigen Bilanzierung eingehalten. Bei der Bewertung wurde im Rahmen der Grundsätze ordnungsmäßiger Bewertung von der Fortführung des Unternehmens ausgegangen.

Bei Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewendet. Dem Vorsichtsprinzip wurde Rechnung getragen, indem insbesondere nur die bis zum Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Die Gliederungsvorschriften gem. §§ 224 und 231 Abs. 2 UGB wurden eingehalten. Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren aufgestellt.

Die bisher angewandten Bewertungsmethoden wurden bei der Erstellung des vorliegenden Jahresabschlusses beibehalten.

Bei der Gesellschaft handelt es sich um eine große Kapitalgesellschaft.

Die Zahlenangaben im vorliegenden Jahresabschluss und in den Erläuterungen werden auf die nächsten Tausend gerundet angegeben („TEUR“), sofern keine abweichende Angabe erfolgt. Bei Summierung von gerundeten Beträgen und Prozentangaben können durch Verwendung automatisierter Rechnungshilfen rundungsbedingte Rechendifferenzen auftreten.

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2

Bilanzierungs- und Bewertungsmethoden

Anlagevermögen

Erworbene **immaterielle Vermögensgegenstände** und **Sachanlagen** werden mit den Anschaffungs- bzw. Herstellungskosten, vermindert um die planmäßige, nach der linearen Methode vorgenommenen Abschreibung angesetzt.

Die Herstellungskosten von selbsterstellten Sachanlagen umfassen die Einzelkosten, angemessene Teile der Materialgemeinkosten und Fertigungsgemeinkosten sowie Aufwendungen für freiwillige soziale Leistungen, für betriebliche Altersversorgung und für Abfertigungen. Vom Wahlrecht der Aktivierung von Fremdkapitalzinsen wird nicht Gebrauch gemacht.

Der Rahmen der Nutzungsdauer beträgt für die einzelnen Anlagegruppen:

Nutzungsdauer in Jahren	von	bis
Immaterielle Vermögensgegenstände		
a) Lizenzen, Know-how und Mietrechte	5	20
b) Software	4	4
c) Firmenwert	15	15
Sachanlagen		
a) Grundstücksgleiche Rechte	99	99
b) Gebäude		
Wohngebäude	50	50
Geschäfts- und Fabriksgebäude	25	50
c) Technische Anlagen und Maschinen	10	25
d) Andere Anlagen, Betriebs- und Geschäftsausstattung	4	20

Über das Ausmaß der planmäßigen Abschreibung hinausgehende voraussichtlich dauernde Wertminderungen bei Anlagegegenständen werden durch außerplanmäßige Abschreibungen berücksichtigt.

Geringwertige Vermögensgegenstände bis zu einem Wert von EUR 400,00 werden im Zugangsjahr voll abgeschrieben.

Anteile an verbundenen Unternehmen und **Beteiligungen** werden mit den Anschaffungskosten oder, bei voraussichtlich dauernder Wertminderung, mit dem niedrigeren beizulegenden Wert zum Bilanzstichtag angesetzt.

Zur Beurteilung der Werthaltigkeit von Beteiligungen wird grundsätzlich das Discounted Cash-Flow-Verfahren gemäß dem Fachgutachten zur Unternehmensbewertung KFS/BW 1 der Kammer der

Jahresabschluss 2014

Wirtschaftstrehänder herangezogen. Der beizulegende Wert bzw. der Unternehmenswert wird aus den mit den gewichteten Kapitalkosten diskontierten geschätzten künftigen Cashflows abgeleitet.

Die Cashflows werden aus den Planungen bzw. Prognosen abgeleitet und beruhen auf zukunftsbezogenen Annahmen, im Unternehmensbereich Fasern insbesondere auf Preis- und Mengenentwicklungen beim Absatz, den Produktionsmengen sowie den dazu notwendigen Kosten speziell für Rohstoffe, Energie, Personal und Steuern. Diese Daten basieren insbesondere auf internen Annahmen unter Berücksichtigung des erwarteten Marktumfeldes und der Marktpositionierung sowie auf externen Marktannahmen aus Marktstudien oder Konjunkturaussichten. Nach dem Detailplanungszeitraum wird basierend auf den Annahmen des letzten Planjahres mit einer ewigen Rente unter Berücksichtigung einer nachhaltigen langfristigen Wachstumsrate gerechnet.

Als Abzinsungssatz wird ein individuell nach dem Capital Asset Pricing Model ermittelter Mischsatz aus der Fremdkapitalverzinsung und der Verzinsung des eingesetzten Eigenkapitals herangezogen (WACC). Dieser Abzinsungssatz spiegelt die gegenwärtigen Markteinschätzungen und die speziellen Risiken der betroffenen Beteiligungen wider.

Ausleihungen werden mit dem Nominalwert, bei Unverzinslichkeit mit dem Barwert bzw. bei voraussichtlich dauernder Wertminderung mit dem niedrigeren beizulegenden Wert zum Bilanzstichtag angesetzt.

Wertpapiere (Wertrechte) des Anlagevermögens werden mit den Anschaffungskosten oder dem niedrigeren Kurswert zum Bilanzstichtag bewertet.

In den Wertpapieren (Wertrechten) des Anlagevermögens sind auch Ansprüche aus einer Rückdeckungsversicherung für Pensionsverpflichtungen enthalten, die in Höhe des Deckungskapitals aktiviert werden. Die Erträge aus dieser Rückdeckungsversicherung werden in den Aufwendungen für Altersversorgung erfasst.

Umlaufvermögen

Roh-, Hilfs- und Betriebsstoffe werden mit den Anschaffungskosten nach dem gleitenden Durchschnittspreisverfahren unter Beachtung des strengen Niederstwertprinzips bewertet.

Unfertige Erzeugnisse und fertige Erzeugnisse sind zu Herstellungskosten (im Sinne des § 206 UGB), jedoch höchstens zum voraussichtlichen Verkaufserlös - abzüglich der bis zum Verkauf noch anfallenden Kosten - angesetzt. Die Herstellungskosten umfassen neben den Einzelkosten auch anteilige Material- und Fertigungsgemeinkosten auf Basis einer Normalauslastung sowie Aufwendungen für freiwillige soziale Leistungen, für betriebliche Altersversorgung und für Abfertigungen. Aufwendungen für Fremdkapitalzinsen sowie allgemeine Verwaltungs- und Vertriebskosten werden nicht aktiviert. Wirtschaftliche und technische Risiken werden durch Abschläge angemessen berücksichtigt.

Forderungen und sonstige Vermögensgegenstände werden gemäß dem strengen Niederstwertprinzip angesetzt. Forderungen werden einzeln bewertet. Falls Risiken hinsichtlich der Einbringlichkeit bestehen, werden Einzelwertberichtigungen gebildet. Bei der Ermittlung der Höhe der Einzelwertberichtigung werden erhaltene Sicherheiten, wie Bankgarantien und Kreditversicherungen, angemessen berücksichtigt. Ist eine Forderung gänzlich uneinbringlich, wird

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die Forderung mit 100% wertberichtigt (auf Basis des Nettobetrages). Pauschale Wertberichtigungen werden nicht gebildet.

Betreffend die Bewertung von Forderungen in Fremdwährungen verweisen wir auf den Punkt Fremdwährungsumrechnung.

Die gemäß Emissionszertifikatengesetz unentgeltlich zugeteilten Emissionszertifikate werden in der Bilanz entsprechend der AFRAC-Stellungnahme „Bilanzierung von CO₂-Emissionszertifikaten nach österreichischem HGB“ vom 22. Februar 2006 dargestellt. Im Geschäftsjahr 2014 wurden insgesamt 200.130 Stück (2013: 143.895 Stück) verbraucht und 743.627 Stück (2013: 0 Stück) Emissionszertifikate wurden unentgeltlich zugeteilt. Des Weiteren wurden 26.383 Stück (2013: 9.016 Stück) Emissionszertifikate erworben und 39.498 Stück (2013: 0 Stück) verkauft. Die aus dem aktuellen Geschäftsjahr und dem Vorjahr nicht verbrauchten Emissionszertifikate von insgesamt 558.538 Stück (31.12.2013: 35.400 Stück) hatten zum 31. Dezember 2014 einen Marktwert von TEUR 4.021,5 (31.12.2013: TEUR 131,4).

Betreffend die Bewertung von **Guthaben bei Kreditinstituten** in Fremdwährungen wird auf die unter dem Punkt Fremdwährungsumrechnung beschriebene Vorgehensweise verwiesen.

Vom Wahlrecht des bilanziellen Ansatzes des **gemäß § 198 Abs. 10 UGB aktivierbaren Betrages** für aktive Steuerabgrenzungen von TEUR 23.076,5 (31.12.2013: TEUR 20.015,4) wird nicht Gebrauch gemacht.

In die Steuerabgrenzung werden im Wesentlichen zeitliche Unterschiede zwischen dem unternehmensrechtlichen und dem steuerrechtlichen Wertansatz bei Rückstellungen für Sozialkapital (Abfertigungs-, Pensions-, Jubiläumsgeldrückstellung) sowie bei Sachanlagevermögen und Unterschiede bei den Wertansätzen von langfristigen Rückstellungen einbezogen. Die Steuerabgrenzung wird als langfristig eingestuft.

Temporäre Unterschiede aufgrund von steuerlichen Siebentelabschreibungen (§ 12 Abs. 3 Z 2 KStG) sind mit TEUR 6.496,9 (31.12.2013: TEUR 6.677,2) im aktivierbaren Betrag enthalten.

Rückstellungen

Rückstellungen für Pensionen, Abfertigungen und Jubiläumsgelder werden im Einklang mit den einschlägigen Fachgutachten der Kammer der Wirtschaftstreuhandler nach versicherungsmathematischen Grundsätzen entsprechend den Vorschriften des IAS 19 „Leistungen an Arbeitnehmer“, wie er in der EU anzuwenden ist, unter Anwendung der Projected-Unit-Credit-Method (laufendes Einmalprämienverfahren) berechnet. Dabei werden die erwarteten Versorgungsleistungen auf den gesamten Zeitraum der Beschäftigung verteilt. Zukünftige Gehalts- und Pensionssteigerungen sowie Fluktuationsabschläge werden berücksichtigt. Versicherungsmathematische Gewinne und Verluste werden zur Gänze in der Periode angesetzt, in der sie anfallen. Die in der Bilanz erfasste leistungsorientierte Verpflichtung aus einem Versorgungsplan stellt den Barwert der leistungsorientierten Verpflichtung dar.

Die Aufwendungen aus der Aufzinsung der oben genannten Personalarückstellungen sowie die Zahlungen für beitragsorientierte Verpflichtungen sind im Personalaufwand ausgewiesen.

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Sonstige Rückstellungen werden in jener Höhe angesetzt, die nach vernünftiger unternehmerischer Beurteilung notwendig ist. Bei der Bewertung werden Rückgriffsansprüche auf andere Parteien angemessen berücksichtigt.

Verbindlichkeiten

Verbindlichkeiten werden mit dem Rückzahlungsbetrag angesetzt. Die Bewertung von Verbindlichkeiten in Fremdwährungen wird unter dem Punkt Fremdwährungsumrechnung erläutert.

Fremdwährungsumrechnung

Bestehen Sicherungsgeschäfte in Bezug auf eine Währung, so werden auf diese Währung lautende monetäre Posten bis zum Nominale der Sicherungsgeschäfte mit einem Kurs umgerechnet, der dem gewogenen Durchschnitt aus den Terminkursen der Sicherungsgeschäfte entspricht.

Soweit das Nominale der monetären Posten über das Nominale der Sicherungsgeschäfte hinausgeht und sofern keine Sicherungsgeschäfte bestehen, so werden auf diese Währung lautende monetäre Posten entsprechend dem imparitätischen Realisationsprinzip mit dem Kurs zum Zeitpunkt der Ersterfassung, im Fall eines Kursverlustes aber mit dem Stichtagskurs umgerechnet.

Folgende wesentliche Kurse wurden für die Währungsumrechnung in Euro herangezogen:

Forderungen		31.12.2014	31.12.2013
Stichtagskurs	EUR/USD	1,21600	1,37830
Durchschnittlicher Sicherungskurs	EUR/USD	1,35794	1,34485
Verbindlichkeiten			
Stichtagskurs	EUR/USD	1,21600	1,37830

3

Erläuterungen zur Bilanz

AKTIVA

Anlagevermögen

Die Aufgliederung des **Anlagevermögens** und seine Entwicklung im Berichtsjahr sind im Anlagenspiegel angeführt.

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Immaterielle Vermögensgegenstände und Sachanlagen

Der Posten **Rechte** beinhaltet zum Großteil ein Mitbenützungsrecht an der Abwasserreinigungsanlage des Wasserreinigungsverbandes Lenzing-Lenzing AG sowie das Recht auf Energiebezug von der RVL Reststoffverwertung Lenzing GmbH, einer von der Gesellschaft gemeinsam mit der Energie AG Oberösterreich Umwelt Service GmbH (vormals: AVE Österreich GmbH) betriebenen Reststoffverwertungsanlage.

Im Geschäftsjahr 2014 wurden wie im Vorjahr keine immateriellen Vermögensgegenstände von verbundenen Unternehmen erworben.

In den immateriellen Vermögensgegenständen sind solche immateriellen Vermögensgegenstände, die von einem verbundenen Unternehmen erworben wurden, mit einem Buchwert von TEUR 11,7 (31.12.2013: TEUR 19,5) enthalten.

Im Geschäftsjahr 2014 ist der Bereich „Haustechnik der LTEA“ (2013: Bereich „Global Fiber Engineering“) von der Lenzing Technik GmbH zur Lenzing AG übergegangen. Der daraus resultierende **Firmenwert** in Höhe von TEUR 229,3 (2013: TEUR 420,9) wurde aktiviert und wird planmäßig, nach der linearen Methode über die Nutzungsdauer von 15 Jahren abgeschrieben. Die gewählte Nutzungsdauer orientiert sich an der durchschnittlichen Restlaufzeit der im Zuge der Übernahme übernommenen Verpflichtungen.

Im Berichtsjahr wurden TEUR 70.581,9 (2013: TEUR 154.609,2) in **immaterielle Vermögensgegenstände** sowie in **Sachanlagen** investiert.

Nach Unternehmensbereichen ergibt sich folgende Aufgliederung:

Unternehmensbereich	2014	2013
	TEUR	TEUR
Fasern	43.246,7	108.120,9
Zentralbereiche (Umwelt, Information & Kommunikation, Infrastruktur)	15.838,4	32.885,5
Energie	6.768,5	9.716,3
Zellstoff	3.092,1	3.224,8
Übrige	1.636,2	661,7
Gesamt	70.581,9	154.609,2

Die Abgänge von immateriellen Vermögensgegenständen und von Sachanlagen hatten Anschaffungs- und Herstellungskosten von TEUR 1.500,8 (2013: TEUR 1.278,6) und einen Buchwert von TEUR 254,9 (2013: TEUR 22,2).

Die grundstücksgleichen Rechte beinhalten im Wesentlichen ein erworbenes Baurecht mit einem Buchwert von TEUR 579,7 (31.12.2013: TEUR 586,4).

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Finanzanlagen

Die Zugänge bei den **Anteilen an verbundenen Unternehmen** betreffen im Wesentlichen Eigenkapitalzufuhren an die Lenzing Modi Fibers India Private Limited (TEUR 384,9) sowie die Gründung der Lenzing Land Holding LLC (TEUR 7,2). Im Vorjahr erfolgte im Wesentlichen der Erwerb von weiteren 2,29% der Anteile an der PT. South Pacific Viscose (TEUR 3.470,5) sowie der Erwerb von weiteren 44% der Anteile an der European Precursor GmbH (TEUR 0,0). Die abbeschriebenen Anteile an verbundenen Unternehmen wurden im Geschäftsjahr 2013 unter den Aufwendungen aus Finanzanlagen erläutert.

Der Vorstand der Lenzing AG hat im Dezember 2012 beschlossen, die European Precursor GmbH (EPG) zu liquidieren. Die Liquidation wurde nach der im Jänner 2013 stattgefundenen Gesellschafterversammlung der EPG eingeleitet und wirtschaftlich betrachtet im Jahr 2013 weitgehend abgeschlossen. Die Auswirkungen der Liquidation auf das Finanzergebnis im Geschäftsjahr 2014 bzw. 2013 sind unter dem Punkt Finanzergebnis erläutert.

Die Auflistung der **Beteiligungen** der Lenzing AG kann der am Ende dieses Anhangs angeschlossenen Übersicht entnommen werden.

Die **Ausleihungen** über insgesamt TEUR 98.405,5 (31.12.2013: TEUR 84.056,0) setzen sich wie folgt zusammen:

Ausleihungen	Bilanzwert	mit einer Restlaufzeit bis zu 1 Jahr	mit einer Restlaufzeit über 1 Jahr
	TEUR	TEUR	TEUR
Ausleihungen an verbundene Unternehmen	96.055,7	28.226,3	67.829,4
Vorjahr	81.848,6	5.592,7	76.255,8
Sonstige Ausleihungen	2.349,8	242,9	2.106,9
Vorjahr	2.207,4	170,4	2.037,0
Gesamt	98.405,5	28.469,2	69.936,3
Vorjahr	84.056,0	5.763,1	78.292,8

Die **Wertpapiere (Wertrechte) des Anlagevermögens** enthalten den Großanlegerfonds GF82 von TEUR 8.871,0 (31.12.2013: TEUR 8.438,9), der zur Deckung der Pensionsrückstellung dient. Dieser Fonds veranlagt nach den Vorschriften des Pensionskassengesetzes und ist per Jahresende im Wesentlichen in Euro-Anleihen veranlagt.

Ebenfalls beinhaltet dieser Posten Ansprüche aus Rückdeckungsversicherungen von TEUR 3.530,7 (31.12.2013: TEUR 3.647,6) betreffend Pensionsverpflichtungen und sonstige Wertpapiere (Wertrechte) des Anlagevermögens von TEUR 6.226,0 (31.12.2013: TEUR 5.726,0).

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Umlaufvermögen

Die **Roh-, Hilfs- und Betriebsstoffe** beinhalten im Wesentlichen Holz und Zellstoff für die Faserproduktion, Chemikalien für sämtliche Geschäftsbereiche sowie diverse Kleinmaterialien und Ersatzteile.

Die **Bestände an unfertigen und fertigen Erzeugnissen** betreffen im Wesentlichen Lenzing Viscose® Faser, TENCEL® Faser und Faserzellstoff.

Die **geleisteten Anzahlungen** betreffen Vorauszahlungen an Lieferanten für Roh-, Hilfs- und Betriebsstoffe.

Die **Forderungen und sonstigen Vermögensgegenstände** über insgesamt TEUR 173.295,5 (31.12.2013: TEUR 247.281,3) setzen sich wie folgt zusammen:

Forderungen	Bilanzwert	mit einer Restlaufzeit über 1 Jahr
	TEUR	TEUR
Forderungen aus Lieferungen und Leistungen	31.302,8	4.823,0
Vorjahr	65.508,2	0,0
Forderungen gegenüber verbundenen Unternehmen	98.197,8	4.308,3
Vorjahr	150.188,5	454,9
Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	4.890,9	0,0
Vorjahr	3.075,7	0,0
Sonstige Forderungen und Vermögensgegenstände	38.904,0	9,8
Vorjahr	28.508,9	0,0
Gesamt	173.295,5	9.141,1
Vorjahr	247.281,3	454,9

Von den **Forderungen aus Lieferungen und Leistungen** sind inklusive der im Rahmen des Factoring verkauften Forderungen TEUR 57.441,1 (31.12.2013: TEUR 53.304,6) nach Abzug von Selbstbehalten versichert und in Höhe von TEUR 3.436,0 (31.12.2013: TEUR 3.356,0) durch Garantien besichert. Wechselmäßige Verbriefungen liegen weder zum 31. Dezember 2014 noch zum 31. Dezember 2013 vor.

Forderungen gegenüber verbundenen Unternehmen resultieren aus Lieferungen und Leistungsverrechnungen in Höhe von TEUR 88.469,6 (31.12.2013: TEUR 82.949,0) sowie sonstigen Verrechnungen von TEUR 7,6 (31.12.2013: TEUR 158,9) und Forderungen aus Steuerumlagen in Höhe von TEUR 9.720,6 (31.12.2013: TEUR 17.080,6). Weiters war im Vorjahr eine Forderung gegenüber der Lenzing Fibers Holding GmbH aus der phasenkongruenten Gewinnerfassung in Höhe von TEUR 50.000,0 enthalten.

Soweit Forderungen und Verbindlichkeiten zwischen verbundenen Unternehmen in wirtschaftlicher Betrachtungsweise einander aufrechenbar gegenüberstehen, werden diese bei gleichem Gläubiger und Schuldner gegeneinander aufgerechnet.

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Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht, resultieren aus der Leistungsverrechnung an die Lenzing Papier GmbH.

Die **sonstigen Forderungen und Vermögensgegenstände** beinhalten:

Sonstige Forderungen und Vermögensgegenstände	31.12.2014	31.12.2013
	TEUR	TEUR
Guthaben aus der Verrechnung mit dem Finanzamt	20.094,1	18.299,3
Nicht bevorschusster Betrag aus verkauften Forderungen	5.998,7	0,0
Emissionszertifikate	4.671,0	1.071,1
Abgrenzung von Kostenersätzen	4.390,0	3.200,0
Steuerumlagen aus Vorjahren	1.398,7	2.717,2
An- und Vorauszahlungen	258,8	994,2
Übrige	2.092,7	2.227,1
Gesamt	38.904,0	28.508,9

Die Forderung aus Steuerumlagen betrifft Forderungen gegenüber einem im Geschäftsjahr 2013 ausgeschiedenen Gruppenmitglied aus Vorjahren.

In den sonstigen Forderungen und Vermögensgegenständen sind Erträge in Höhe von TEUR 26.693,6 (31.12.2013: TEUR 20.940,2) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

PASSIVA

Eigenkapital

Das **Grundkapital** der Lenzing AG zum 31. Dezember 2014 beträgt EUR 27.574.071,43 (31.12.2013: EUR 27.574.071,43) und ist in 26.550.000 Stückaktien (31.12.2013: 26.550.000) eingeteilt. Der auf eine Stückaktie entfallende Anteil am Grundkapital beträgt etwa EUR 1,04. Jede Stammaktie ist am Kapital im gleichen Ausmaß beteiligt und vermittelt die gleichen Rechte und Pflichten, insbesondere das Recht auf eine beschlossene Dividende und das Stimmrecht in der Hauptversammlung. Der Ausgabebetrag der Aktien ist voll einbezahlt. Andere Klassen von Anteilen sind nicht ausgegeben worden.

Mit Hauptversammlungsbeschluss vom 10. Dezember 2010 wurde der Vorstand ermächtigt, mit der Zustimmung des Aufsichtsrats das Grundkapital innerhalb von 5 Jahren - allenfalls in Tranchen - gegen Bar- und Sacheinlagen um maximal EUR 13.358.625,00 (entspricht 12.862.500 Stammaktien oder 50% des Grundkapitals per 31. Dezember 2010) zu erhöhen ("genehmigtes Kapital").

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Mit Wirkung vom 17. Juni 2011 (erster Handelstag der neuen Aktien) führte die Lenzing AG eine in der außerordentlichen Hauptversammlung vom 10. Dezember 2010 genehmigte Kapitalerhöhung durch. Es wurden 825.000 Stück neue Aktien ausgegeben. Das Grundkapital wurde voll einbezahlt.

Darüber hinaus wurde der Vorstand mit Hauptversammlungsbeschluss vom 10. Dezember 2010 ermächtigt, bis spätestens 9. Dezember 2015 mit Zustimmung des Aufsichtsrats Wandelschuldverschreibungen auszugeben, die ein Bezugsrecht bzw. eine Umtauschpflicht auf bis zu 12.862.500 Stammaktien (entspricht 50% des Grundkapitals per 31. Dezember 2010) gewähren bzw. vorsehen ("bedingtes Kapital").

Nach Durchführung der Kapitalerhöhung im Geschäftsjahr 2011 wurde die Stückanzahl der auszugebenden Bezugsaktien und der Wandelschuldverschreibungen auf 12.037.500 Stück verringert.

Bei den **Kapitalrücklagen** handelt es sich um gebundene Rücklagen, die nur zum Ausgleich eines Bilanzverlustes verwendet werden dürfen. Sie wurden durch Zufuhr von Mitteln gebildet, welche von den Aktionären über das Grundkapital hinaus zugeflossen sind.

Die **freien Gewinnrücklagen** können jederzeit aufgelöst und als Teil des Bilanzgewinnes an die Aktionäre ausgeschüttet werden.

Zuschüsse der öffentlichen Hand

Die **Investitionszuschüsse der öffentlichen Hand** einschließlich der **Emissionszertifikate** werden, wie die un versteuerten Rücklagen, als gesonderter Hauptposten zwischen Eigenkapital und Fremdkapital ausgewiesen. Die Aufgliederung ist aus der Übersicht über die Entwicklung der Zuschüsse der öffentlichen Hand und der un versteuerten Rücklagen ersichtlich.

Die Auflösung der Investitionszuschüsse der öffentlichen Hand erfolgt entsprechend der Nutzungsdauer der geförderten Anlagen und wird offen mit den Abschreibungen saldiert. Der Zuschuss aus Emissionszertifikaten wurde dem Verbrauch entsprechend aufgelöst.

Unversteuerte Rücklagen

Die Aufgliederung der **un versteuerten Rücklagen** ist aus der Übersicht über die Entwicklung der Zuschüsse der öffentlichen Hand und der un versteuerten Rücklagen ersichtlich.

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Rückstellungen

Die **sonstigen Rückstellungen** entwickeln sich wie folgt:

2014 Rückstellungen für	Stand 01.01.2014	Verbrauch	Auf- lösung	Zugang	Um- gliederung	Stand 31.12.2014
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sozialplan	24.527,4	-10.527,5	-4.873,1	0,0	-7.594,4	1.532,4
Drohende Verluste	28.317,7	-7.256,9	-4.733,9	524,7	0,0	16.851,6
Schadensfälle	8.221,3	-894,6	-1.326,7	0,0	0,0	6.000,0
Noch nicht abgerechnete Lieferungen/Leistungen	4.815,1	-4.204,3	-591,8	3.499,8	0,0	3.518,7
Jubiläumsgelder	10.308,6	-925,2	0,0	1.334,6	0,0	10.718,0
Sonderzahlungen	12.102,8	-12.102,8	0,0	12.010,7	0,0	12.010,7
Resturlaube	6.470,3	-6.470,3	0,0	5.072,8	0,0	5.072,8
Sonstige Personalaufwendungen	3.239,0	-2.503,1	-147,2	4.057,0	0,0	4.645,7
Übrige	3.646,9	-2.906,3	-753,0	3.654,1	0,0	3.641,7
Gesamt	101.649,1	-47.791,0	-12.425,7	30.153,7	-7.594,4	63.991,6

2013 Rückstellungen für	Stand 01.01.2013	Verbrauch	Auf- lösung	Zugang	Um- gliederung	Stand 31.12.2013
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sozialplan	0,0	0,0	0,0	11.940,9	12.586,5	24.527,4
Drohende Verluste	19.325,7	4.822,1	6.522,8	20.336,9	0,0	28.317,7
Schadensfälle	19.325,2	348,3	12.476,8	1.721,2	0,0	8.221,3
Noch nicht abgerechnete Lieferungen/Leistungen	7.469,5	4.279,3	2.863,0	4.487,9	0,0	4.815,1
Jubiläumsgelder	9.748,0	921,4	0,0	1.482,0	0,0	10.308,6
Sonderzahlungen	10.564,3	10.564,3	0,0	12.102,8	0,0	12.102,8
Resturlaube	5.713,8	5.713,8	0,0	6.470,3	0,0	6.470,3
Sonstige Personalaufwendungen	3.406,6	3.033,5	48,8	2.914,7	0,0	3.239,0
Übrige	4.111,3	3.859,0	370,2	3.764,8	0,0	3.646,9
Gesamt	79.664,4	33.541,7	22.281,6	65.221,5	12.586,5	101.649,1

Die **Rückstellungen für den Sozialplan** betreffen Vorsorgen aufgrund des Personalabbaus im Rahmen der Reorganisation und des Kostenoptimierungsprogramms „excellENZ 2.0“ im Geschäftsjahr 2013. Diese Maßnahmen wurden bei den Bereichen Engineering und Instandhaltung im Geschäftsjahr 2014 erweitert. Die Rückstellung wurde insbesondere für aus dem Sozialplan resultierende Abfindungen und Abfertigungen gebildet. Dabei wurden bereits zuvor rückgestellte Vorsorgen verwendet und von der regulären Abfertigungsrückstellung in die Rückstellung für Sozialplan umgliedert bzw. im Zuge der Teilauflösung 2014 wieder zurückgliedert.

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Die **Rückstellungen für drohende Verluste** betreffen im Wesentlichen Vorsorgen für nachteilige Verträge, Haftungsübernahmen und Verpflichtungen aus zu erbringenden Infrastrukturleistungen.

Die **Rückstellungen für Schadensfälle** betreffen vor allem Verpflichtungen für Rechtsstreitigkeiten. Die Rechtsstreitigkeiten umfassen insbesondere die Vorsorge für ein juristisches Verfahren, bei dem die Lenzing Gruppe gegen Patentrechtsverletzungen vorgeht.

Die **übrigen Rückstellungen** betreffen vor allem Prüfungs- und Beratungskosten, Nachlässe und Rabatte, Provisionen sowie die verbrauchten Emissionszertifikate.

Die Entwicklung der **Rückstellung für Pensionen, Abfertigungen und Jubiläumsgelder** stellt sich wie folgt dar:

2014			
Rückstellungen für	Pensionen	Abfertigungen	Jubiläumsgelder
	TEUR	TEUR	TEUR
In der Bilanz erfasste Werte:			
Rückstellung zum 31.12.2013	27.196,8	38.511,0	10.308,6
Zugang aus Bereich Haustechnik	0,0	150,4	54,2
Periodenaufwand	4.110,8	11.659,5	1.190,8
Auszahlungen	-2.151,3	-1.473,6	-835,6
Umgliederung von Sozialplan	0,0	7.594,4	0,0
Rückstellung zum 31.12.2014	29.156,3	56.441,7	10.718,0
Wert nach § 14 EStG	16.811,5	32.332,3	6.283,7
Aufwand im Geschäftsjahr:			
Laufender Dienstzeitaufwand	8,5	1.839,3	494,9
Zinsaufwand	784,4	1.498,5	305,8
Realisierung versicherungs- mathematischer Verlust (+) /Gewinn (-)	3.317,9	8.321,7	390,1
Periodenaufwand	4.110,8	11.659,5	1.190,8
Annahmen zur Berechnung der erwarteten leistungsorientierten Ansprüche zum 31.12.2014:			
Diskontierungszinssatz	1,70%	1,75%	1,70%
Pensionssteigerung	0,00/2,50/3,00%	-	-
Gehaltssteigerung	3,00%	3,00%	3,00%
Pensionseintrittsalter			
Frauen/Männer/Schwerarbeiter	58/63/57 Jahre	58/63/57 Jahre	58/63/57 Jahre

Mit Wirkung vom 1. Jänner 2014 ist der Bereich „Haustechnik der LTEA“ von der Lenzing Technik GmbH zur Lenzing AG übergegangen. Dabei wurden Personalverpflichtungen für die betroffenen Mitarbeiter übernommen.

Im Zuge der Verwendung und Teilauflösung der Rückstellung für den Sozialplan wurden Abfertigungsrückstellungen aus der Rückstellung für den Sozialplan wieder in die Rückstellung für Abfertigungen umgegliedert.

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2013			
Rückstellungen für	Pensionen	Abfertigungen	Jubiläumsgelder
	TEUR	TEUR	TEUR
In der Bilanz erfasste Werte:			
Rückstellung zum 31.12.2012	26.218,5	49.256,1	9.748,0
Zugang aus Bereich Global Fiber Engineering	0,0	268,5	76,2
Periodenaufwand	3.160,0	4.766,2	1.405,8
Auszahlungen	-2.181,8	-3.193,4	-921,5
Umgliederung zu Sozialplan	0,0	-12.586,5	0,0
Rückstellung zum 31.12.2013	27.196,8	38.511,0	10.308,6
Wert nach § 14 EStG	17.516,6	25.555,4	6.877,9
Aufwand im Geschäftsjahr:			
Laufender Dienstzeitaufwand	8,1	1.831,6	445,9
Zinsaufwand	881,5	1.675,7	326,5
Realisierung versicherungs- mathematischer Verlust (+) /Gewinn (-)	2.270,4	1.259,0	633,4
Periodenaufwand	3.160,0	4.766,2	1.405,8
Annahmen zur Berechnung der erwarteten leistungsorientierten Ansprüche zum 31.12.2013:			
Diskontierungszinssatz	3,00%	3,30%	3,10%
Pensionssteigerung	0,00/2,50/3,00%	-	-
Gehaltssteigerung	3,00%	3,00%	3,00%
Pensionseintrittsalter Frauen/Männer/Schwerarbeiter	58/63/57 Jahre	58/63/57 Jahre	58/63/57 Jahre

Mit Wirkung vom 1. Jänner 2013 ist der Bereich „Global Fiber Engineering“ von der Lenzing Technik GmbH zur Lenzing AG übergegangen. Dabei wurden Personalverpflichtungen für die betroffenen Mitarbeiter übernommen.

Im Zuge der Dotierung der Rückstellung für den Sozialplan wurden bereits zuvor rückgestellte Abfertigungsrückstellungen verwendet und 2013 in der Rückstellung für den Sozialplan ausgewiesen.

Die Berechnung der Pensions-, Abfertigungs- und Jubiläumsgeldrückstellung erfolgt unter Berücksichtigung eines Fluktuationsabschlages. Dieser wird nach Dienstjahren gestaffelt und beruht auf den durchschnittlichen Austrittszahlen der letzten fünf Jahre.

In der Lenzing AG gibt es sowohl beitrags- als auch leistungsorientierte Pensionsvorsorgepläne. Im Geschäftsjahr 2000 wurde einem Großteil der Dienstnehmer der vertragliche Pensionsanspruch abgefunden und ein beitragsorientiertes Pensionskassensystem eingeführt. Bei beitragsorientierten Pensionszusagen treffen die Gesellschaft nach Zahlung der vereinbarten Prämien keine Verpflichtungen mehr. Eine Rückstellung wird daher nicht angesetzt.

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Den leistungsorientierten Pensionsverpflichtungen wird durch die Bildung von Pensionsrückstellungen Rechnung getragen. Das Risiko im Zusammenhang mit diesen leistungsorientierten Pensionsplänen verbleibt bei der Lenzing AG. Die Berechnung erfolgt nach versicherungsmathematischen Grundsätzen entsprechend den Vorschriften des IAS 19.

Mitarbeiter, deren Dienstverhältnisse österreichischem Recht unterliegen und nach dem 31. Dezember 2002 begonnen haben, erwerben keine Abfertigungsansprüche. Für sie sind Beiträge in Höhe von 1,53% des Lohnes bzw. Gehaltes an eine Mitarbeitervorsorgekasse zu zahlen.

Aufgrund kollektivvertraglicher Regelungen ist die Lenzing AG verpflichtet, Jubiläumsgeldzahlungen zu leisten, sofern ein Arbeitnehmer für eine bestimmte Dauer im Unternehmen beschäftigt war. Diese Zahlungen basieren auf der Höhe des Bezuges zum Zeitpunkt des betreffenden Dienstnehmerjubiläums. Die bei den betreffenden Jubiläen voraussichtlich zu zahlenden Beträge werden gleichmäßig auf die Dienstzeit bis zu den Jubiläen verteilt. Der Barwert des auf die Dienstzeit bis zum Bilanzstichtag entfallenden Betrages wird rückgestellt.

Die Verpflichtungen gegenüber ehemaligen Mitarbeitern des verkauften Geschäftsbereiches Kunststoffmaschinen (nunmehr SML Maschinengesellschaft mbH) sowie für ehemalige Mitarbeiter der ausgegliederten Bereiche Technik (nunmehr Lenzing Technik GmbH) und Folie (nunmehr Lenzing Plastics GmbH & Co KG), Bildungszentrum (nunmehr BZL-Bildungszentrum Lenzing GmbH) werden bis zur Höhe der fiktiven Ansprüche zum Zeitpunkt des Verkaufs bzw. der Ausgliederung weiterhin von der Gesellschaft getragen. Der Barwert zum Bilanzstichtag wird in Bezug auf diese Verpflichtungen rückgestellt, wobei für die Barwertermittlung angenommen wird, dass die Abfertigungen mit dem Übertritt der betreffenden Dienstnehmer in den Ruhestand fällig werden.

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Verbindlichkeiten

Die **Verbindlichkeiten** stellen sich zum Bilanzstichtag wie folgt dar:

Verbindlichkeiten	Bilanzwert	mit einer Restlaufzeit bis zu 1 Jahr	mit einer Restlaufzeit von 1 bis 5 Jahren	mit einer Restlaufzeit über 5 Jahren
	TEUR	TEUR	TEUR	TEUR
Anleihen	120.000,0	0,0	120.000,0	0,0
Vorjahr	120.000,0	0,0	120.000,0	0,0
Schuldscheindarlehen	213.500,0	0,0	178.500,0	35.000,0
Vorjahr	213.500,0	0,0	117.500,0	96.000,0
Verbindlichkeiten gegenüber Kreditinstituten	65.104,5	43.621,8	21.482,7	0,0
Vorjahr	90.158,3	42.166,8	47.991,5	0,0
Sonstige zinstragende Verbindlichkeiten	26.049,1	4.259,4	18.916,7	2.873,1
Vorjahr	24.741,4	5.482,1	16.725,7	2.533,6
Erhaltene Anzahlungen auf Bestellungen	766,1	766,1	0,0	0,0
Vorjahr	601,1	601,1	0,0	0,0
Verbindlichkeiten aus Lieferungen und Leistungen	45.960,2	45.871,1	89,0	0,0
Vorjahr	49.883,5	49.704,8	178,7	0,0
Verbindlichkeiten gegenüber verbundenen Unternehmen	44.929,4	25.121,1	18.808,3	1.000,0
Vorjahr	36.080,7	20.125,8	14.954,9	1.000,0
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	0,0	0,0	0,0	0,0
Vorjahr	0,9	0,9	0,0	0,0
Sonstige Verbindlichkeiten	29.280,5	26.848,4	2.432,1	0,0
Vorjahr	10.554,3	9.516,2	1.038,1	0,0
Gesamt	545.589,7	146.487,9	360.228,8	38.873,1
Vorjahr	545.520,3	127.597,8	318.388,9	99.533,6

In 2010 wurde eine 7-jährige **Anleihe** mit einem Fixzinssatz von 3,875% begeben.

Im Geschäftsjahr 2012 hat die Lenzing AG **Schuldscheine** in Höhe von TEUR 184.500,0 platziert. Die Schuldscheine wurden mit einer Laufzeit von 4 und 7 Jahren mit jeweils fixer und variabler Verzinsung und mit einer Laufzeit von 10 Jahren nur mit fixer Verzinsung abgeschlossen. Im Geschäftsjahr 2013 wurde ein weiteres Schuldscheindarlehen in Höhe von TEUR 29.000,0 mit einer Laufzeit von 5 Jahren und fixer Verzinsung aufgenommen.

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Die **sonstigen zinstragenden Verbindlichkeiten** enthalten ERP-Kredite, Forschungsförderungskredite und Verbindlichkeiten aus Finanzierungsleasing.

Von den **Verbindlichkeiten gegenüber Kreditinstituten und sonstigen zinstragenden Verbindlichkeiten** von TEUR 91.153,6 (31.12.2013: TEUR 114.899,7) sind wie im Vorjahr keine durch Grundpfandrechte und sonstige dingliche Sicherheiten besichert.

Von den **Verbindlichkeiten gegenüber verbundenen Unternehmen** betreffen TEUR 8.095,7 (31.12.2013: TEUR 10.509,4) Lieferungen und Leistungsverrechnungen, TEUR 65,1 (31.12.2013: TEUR 67,9) sonstige Verrechnungen sowie TEUR 21.268,7 (31.12.2013: TEUR 10.003,3) Verbindlichkeiten aus Steuerumlagen. Weiters bestehen Verbindlichkeiten aus Darlehen in Höhe von TEUR 15.500,0 (31.12.2013: TEUR 15.500,0) gegenüber der Lenzing Global Finance GmbH aus der Weiterverrechnung der vereinnahmten finanziellen Mittel aus den von der Lenzing Global Finance GmbH im Geschäftsjahr 2012 begebenen Schuldscheinen.

In den **sonstigen Verbindlichkeiten** sind Aufwendungen in Höhe von TEUR 12.627,1 (31.12.2013: TEUR 10.386,6) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden. Davon betreffen TEUR 2.786,0 (31.12.2013: TEUR 1.631,4) Verbindlichkeiten für das Altersteilzeitmodell gem. § 27 ALVG.

Rechnungsabgrenzungsposten

Die **passive Rechnungsabgrenzung** beinhaltet im Wesentlichen transitorisch abgegrenzte Zinsenzuschüsse des Umwelt- und des Forschungsförderungsfonds.

HAFTUNGSVERHÄLTNISSE

Haftungsverhältnisse liegen in folgendem Umfang vor:

Haftungsverhältnisse	31.12.2014	31.12.2013
	TEUR	TEUR
Bürgschafts- und Garantieerklärungen für den Wasserreinhaltungsverband Lenzing-Lenzing AG für den Bau der zweiten und dritten Ausbaustufe der Abwasserreinigungsanlage	4.715,3	6.462,8
Haftungsübernahmen für verbundene Unternehmen	158.571,3	176.387,2
Haftungsübernahmen gegenüber Dritten	15.611,5	8.600,0
Gesamt	178.898,2	191.450,0

Seit dem Geschäftsjahr 2014 bestehen Factoring-Vereinbarungen, welche im Punkt Angaben zu sonstigen finanziellen Verpflichtungen und außerbilanziellen Geschäften erläutert werden. Für den theoretischen kreditrisikobedingten Verlust für die Übernahme der Ausfallhaftung durch die Lenzing AG in Höhe von TEUR 6.111,6 wird eine Haftungsübernahme gegenüber Dritten ausgewiesen.

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Im Geschäftsjahr 2013 hat die Lenzing AG eine harte Patronatserklärung, die in ihrer Höhe unbestimmt ist, abgegeben. Die Lenzing AG verpflichtet sich darin, die Lenzing Fibers Grimsby Limited sowie die Lenzing Fibers Inc. mit ausreichenden Mitteln auszustatten, damit sie ihre finanziellen Verpflichtungen aus abgeschlossenen Gasabsicherungsgeschäften erfüllen können.

Im Geschäftsjahr 2012 hat die Lenzing AG eine harte Patronatserklärung, die in ihrer Höhe unbestimmt ist, abgegeben. Die Lenzing AG verpflichtet sich darin, die Lenzing Fibers Grimsby Limited mit ausreichenden Mitteln auszustatten, damit sie ihre finanziellen Verpflichtungen aus einem abgeschlossenen Energieliefervertrag erfüllen kann.

Des Weiteren besteht eine Garantieerklärung der Lenzing AG, die in ihrer Höhe unbestimmt ist, in der sie garantiert, dass die Pulp Trading GmbH ihre finanziellen Verpflichtungen aus einem abgeschlossenen Liefervertrag erfüllt.

Als international tätiges Unternehmen ist die Lenzing AG einer Vielzahl von rechtlichen und sonstigen Risiken ausgesetzt. Hierzu können insbesondere Risiken aus den Bereichen Produktmängel, Wettbewerbs- und Kartellrecht, Patentrecht, Steuerrecht, Arbeitnehmer und Umweltschutz gehören. Der Standort Lenzing wird schon seit Jahrzehnten für industrielle Zwecke genutzt und birgt daher das inhärente Risiko von Umweltschäden. 1990 wurde die Lenzing AG in Kenntnis gesetzt, dass sich hier eine Verdachtsfläche befindet, die früher als Klärteich benutzt wurde und daher belastet sein könnte. Die Gesellschaft hat die Fläche versiegelt, um eine Belastung des Grundwassers zu verhindern.

Die Ergebnisse von gegenwärtig anhängigen bzw. künftigen Verfahren sind nicht vorhersagbar, sodass aufgrund von gerichtlichen und behördlichen Entscheidungen oder der Vereinbarung von Vergleichen Aufwendungen entstehen können, die nicht in vollem Umfang durch Versicherungsleistungen abgedeckt sind und wesentliche Auswirkungen auf die künftige Vermögens-, Finanz- und Ertragslage der Lenzing AG haben können. Weitere Ausführungen sind dem Risikobericht im Lagebericht zu entnehmen.

Aus der gewöhnlichen Geschäftstätigkeit sind in der Lenzing AG Rechtsstreitigkeiten anhängig. Der Vorstand geht aktuell davon aus, dass die derzeit bekannten Verfahren keine wesentlichen Auswirkungen auf die derzeitige Vermögens-, Finanz- und Ertragslage der Lenzing AG haben bzw. eine entsprechende Risikovorsorge getroffen wurde. Unabhängig von dieser sorgfältig getroffenen Einschätzung verbleiben Restrisiken.

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Erläuterungen zur Gewinn- und Verlustrechnung

Umsatzerlöse

Im Berichtsjahr erzielte die Gesellschaft einen Umsatz von TEUR 729.033,9 (2013: TEUR 746.356,8), der sich wie folgt gliedert:

Umsatzerlöse nach Märkten	2014	2013
	TEUR	TEUR
Österreich	123.751,3	140.527,1
Europa inkl. Türkei ohne Österreich	351.556,0	362.436,9
Asien	195.903,5	186.387,2
Amerika	43.845,7	46.169,7
Sonstige	13.977,4	10.835,9
Gesamt	729.033,9	746.356,8

Umsatzerlöse nach Bereichen	2014	2013
	TEUR	TEUR
Fibers	603.106,6	612.428,5
Pulp, Energy, Sonstige	125.927,3	133.928,3
Gesamt	729.033,9	746.356,8

Sonstige betriebliche Erträge

Die übrigen sonstigen betrieblichen Erträge beinhalten:

Übrige sonstige betriebliche Erträge	2014	2013
	TEUR	TEUR
Leistungsverrechnungen und Kostenersätze	29.368,3	33.398,3
Mieteinnahmen	3.101,1	2.715,2
Forschungs-, Lehrlings- und Bildungsprämien	2.452,0	2.816,8
Beiträge des Österr. Forschungsförderungs fonds	1.926,5	1.376,0
Umsätze der werkseigenen Küche	1.702,5	1.807,9
Versicherungserträge	1.533,3	1.350,0
Auflösung von Zuschüssen (Emissionszertifikaten)	940,1	970,2
Lizenzgebühren	0,0	1.600,0
Übrige	3.245,4	2.144,3
Gesamt	44.269,2	48.178,7

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Personalaufwand

Die **Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen** (inkl. Rückstellungsdotierungen und -auflösungen der Rückstellung für Abfertigungen und den Sozialplan) setzen sich wie folgt zusammen:

Aufwendungen für	2014	2013
	TEUR	TEUR
Abfertigungen (inkl. freiwilligen Abfertigungen)	6.775,9	16.768,3
Leistungen an betriebliche Mitarbeitervorsorgekassen	782,0	717,4
Gesamt	7.557,9	17.485,7

Die Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen (inkl. Rückstellungsdotierungen und -auflösungen) verteilen sich wie folgt:

Aufwendungen für	2014	2013
	TEUR	TEUR
Mitglieder des Vorstandes		
Aktive Mitglieder	176,7	137,2
Leitende Arbeitnehmer	161,5	-177,1
Andere Arbeitnehmer	7.219,7	17.525,6
Gesamt	7.557,9	17.485,7

Die **Aufwendungen für Altersversorgung** (inkl. Rückstellungsdotierungen und -auflösungen) verteilen sich wie folgt:

Aufwendungen für	2014	2013
	TEUR	TEUR
Mitglieder des Vorstandes		
Aktive Mitglieder	118,3	108,3
Ehemalige Mitglieder und deren Hinterbliebene	1.651,9	240,5
Leitende Arbeitnehmer	94,2	109,1
Andere Arbeitnehmer	3.275,4	3.578,3
Gesamt	5.139,8	4.036,2

Die Lenzing AG hat eine Rückdeckungsversicherung für Pensionsansprüche abgeschlossen. Der Aufwand aus diesen Pensionszusagen (exkl. Rückstellungsdotierungen und -auflösungen) in Höhe von TEUR 601,5 (2013: TEUR 585,5) sowie der Ertrag aus der Rückdeckungsversicherung von TEUR 163,5 (2013: TEUR 163,8) sind im Posten Aufwendungen für Altersversorgung enthalten.

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Abschreibungen

Die **Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen** beinhalten die planmäßigen Abschreibungen in Höhe von TEUR 53.758,9 (2013: TEUR 57.560,9) und außerplanmäßige Abschreibungen von TEUR 0 (2013: TEUR 110,0).

Die Erträge aus der Auflösung der Investitionszuschüsse der öffentlichen Hand und der Investitionszuwachsprämie vermindern die Abschreibungen in folgender Höhe:

Auflösung der	2014	2013
	TEUR	TEUR
Investitionszuschüsse der öffentlichen Hand	566,3	571,0
Investitionszuwachsprämie	0,0	0,6
Gesamt	566,3	571,6

Sonstige betriebliche Aufwendungen

Die **übrigen sonstigen betrieblichen Aufwendungen** umfassen:

Übrige sonstige betriebliche Aufwendungen	2014	2013
	TEUR	TEUR
Vertriebsaufwendungen (inkl. Werbeaufwendungen)	44.572,9	45.134,5
Instandhaltungen und Fremdleistungen	16.080,0	15.774,8
Rechts-, Prüfungs- und Beratungsaufwendungen	9.825,3	9.428,7
Konzernleistungen	8.972,6	10.053,6
Abfallentsorgung	4.398,1	4.620,3
Versicherungsaufwendungen	3.498,5	4.250,6
Gebühren, Spesen und sonstige Beiträge	2.916,8	3.544,5
Reise- und Fahrtkosten	2.872,1	4.494,5
Schulung der Belegschaft	2.460,2	3.139,5
Sonstige Aufwendungen	13.489,7	21.423,6
Gesamt	109.086,1	121.864,6

In den sonstigen Aufwendungen sind vor allem Miet- und Leasingaufwendungen, Aufwendungen für den Verbrauch von Büromaterial, allgemeine Verwaltungskosten, der Verbrauch von Lebensmitteln der werkseigenen Küche sowie Wertberichtigungen und Risikovorsorgen enthalten.

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Finanzergebnis

Die **Erträge aus Beteiligungen** betreffen im Wesentlichen Dividenden der BZL-Bildungszentrum Lenzing GmbH in Höhe von TEUR 300,0 (2013: TEUR 562,5). Im Vorjahr waren weiters im Wesentlichen Dividenden der Lenzing Fibers Holding GmbH in Höhe von TEUR 58.280,0 (davon TEUR 50.000,0 phasenkongruent vereinnahmt) sowie der Lenzing Fibers (Hongkong) Ltd. von TEUR 2.988,2 enthalten.

In den **Erträgen aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens** sind Erträge aus Zinsforderungen an verbundene Unternehmen von TEUR 2.535,1 (2013: TEUR 1.371,8) erfasst.

Sonstige Zinsen und ähnliche Erträge resultieren im Wesentlichen aus der Aufzinsung von Ausleihungen in Höhe von TEUR 727,8 (2013: TEUR 2.786,2) und aus Guthaben bei Kreditinstituten von TEUR 339,5 (2013: TEUR 742,1).

Die **Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen** enthalten im Wesentlichen Fremdwährungskursgewinne aus Ausleihungen an verbundene Unternehmen.

Die **Aufwendungen aus Finanzanlagen** beinhalten im Wesentlichen Risikovorsorgen von TEUR 200,0 (2013: TEUR 1.178,2) im Zusammenhang mit der Liquidation der European Precursor GmbH sowie Aufwendungen aus der Abzinsung von Ausleihungen in Höhe von TEUR 551,0 (2013: TEUR 0,0). Im Vorjahr waren darüber hinaus im Wesentlichen Wertberichtigungen von Beteiligungen an der Lenzing Modi Fibers India Private Limited von TEUR 10.852,6 und an der Lenzing Fibers (Hongkong) Ltd. in Höhe von TEUR 2.615,0 enthalten.

Steuern vom Einkommen und vom Ertrag

Die **Steuern vom Einkommen und vom Ertrag** setzen sich wie folgt zusammen:

Steuern vom Einkommen und vom Ertrag	2014	2013
	TEUR	TEUR
Körperschaftsteuer aus der Gruppenbesteuerung	18.852,3	15.730,7
Steuergutschrift vom Gruppenträger B & C Industrieholding GmbH	-2.999,9	-1.773,3
Steuerumlagen der Gruppenmitglieder	-7.172,3	-12.646,4
Steuerumlagen an Gruppenmitglieder	4.753,6	1.811,0
Sonstige Steuern vom Einkommen und vom Ertrag	926,5	3.828,6
Gesamt	14.360,2	6.950,6

Die sonstigen Steuern vom Einkommen und vom Ertrag enthalten wie im Vorjahr im Wesentlichen Körperschaftsteuern aus Vorperioden.

Der Ertrag aus der **Auflösung unverteuerter Rücklagen** in der Höhe von TEUR 315,9 (2013: TEUR 331,0) ist in voller Höhe steuerpflichtig, sodass daraus eine Steuerbelastung von insgesamt TEUR 79,0 (2013: TEUR 82,7) resultiert.

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Sonstige Angaben

Angaben zu sonstigen finanziellen Verpflichtungen und außerbilanziellen Geschäften

Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen liegen aufgrund von Leasing-, Pacht- und Mietverträgen in folgendem Umfang vor:

Nutzungsverpflichtungen	31.12.2014	31.12.2013
	TEUR	TEUR
Im Folgejahr	3.014,4	3.462,4
In den folgenden fünf Jahren	8.913,3	10.608,2

Verpflichtungen aus offenen Bestellungen für die Lieferung von Sachanlagen liegen in folgender Höhe vor:

Bestellobligo	31.12.2014	31.12.2013
	TEUR	TEUR
Bestellobligo für Investitionsvorhaben	18.057,5	27.609,7
Davon gegenüber verbundenen Unternehmen	14.431,6	1.856,8

Aufgrund der Personalüberlassung von Mitarbeitern der Lenzing Services Ltd. (nunmehr Lenzing Fibers Grimsby Ltd.) an die Lenzing Fibers Inc. (Agreement of the Secondment of the Employees) hat sich die Lenzing AG verpflichtet, die Lenzing Fibers Grimsby Ltd. aus diesem Titel schad- und klaglos zu halten (Deed of Undertaking).

Im Übrigen gibt es rechtlich unverbindliche Erklärungen, Tochtergesellschaften mit ausreichend finanziellen Mitteln auszustatten („weiche Patronatserklärungen“), die sich nicht an bestimmte Personen richten.

Die Bankgarantien für Verbindlichkeiten aus laufenden Geschäftsbeziehungen betragen zum 31. Dezember 2014 TEUR 5.422,5 (31.12.2013: TEUR 2.831,6).

Verkauf von Forderungen / Factoring

Seit dem Geschäftsjahr 2014 bestehen Factoring-Vereinbarungen, aufgrund denen Banken zum Ankauf bestimmter Forderungen aus Lieferungen und Leistungen der Lenzing AG über ein monatlich revolvinges Nominalvolumen verpflichtet sind. Die Lenzing AG ist zum Verkauf dieser Forderungen berechtigt. Die Vereinbarungen haben eine unbestimmte Laufzeit; jede Partei hat das Recht, die Vereinbarungen mit einer Frist aufzukündigen und dann auslaufen zu lassen. Die verkauften Forderungen sind kurzfristig und innerhalb eines Jahres fällig.

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Die für die Risikobeurteilung relevanten Risiken der verkauften Forderungen sind das Kreditausfallsrisiko (Delkredererisiko), im Fall von Forderungen in Fremdwährung das Fremdwährungsrisiko und das Risiko verspäteter Zahlungen. Die kreditrisikobedingten Ausfälle und im Fall von Forderungen in Fremdwährung die Schwankungen der Wechselkurse stellen die wesentlichen mit diesen Forderungen verbundenen Chancen und Risiken dar. Das Risiko verspäteter Zahlungen wird bei allen Factoring-Vereinbarungen von der Lenzing AG getragen und als geringfügig eingeschätzt.

Bei einer Vereinbarung über den Verkauf von Forderungen in Berichtswährung (nachfolgend „Tranche 1“ genannt) wird das Kreditausfallsrisiko zur Gänze von der Bank übernommen. Damit wurden im Wesentlichen alle Chancen und Risiken an die Bank übertragen. Bei den übrigen Vereinbarungen (nachfolgend „Tranche 2“ genannt) übernimmt die Lenzing AG eine Ausfallhaftung von 10% pro Zahlungsausfall. Dieser nicht von einer anderen Partei erstattbare Betrag wird von der Bank nicht bevorschusst. Das verbleibende Kreditausfallsrisiko (90% pro Zahlungsausfall) und - im Fall von Forderungen, die nicht auf die Berichtswährung lauten - auch das Fremdwährungsrisiko übernimmt die Bank. Damit wurden die wesentlichen Chancen und Risiken zwischen der Lenzing AG und der Bank aufgeteilt; die Verfügungsmacht über die Forderungen ging allerdings auf die Bank über. Die Lenzing AG hat sich verpflichtet, Kreditversicherungen für die verkauften Forderungen abzuschließen und das Debitorenmanagement zu übernehmen. Die beteiligten Banken haben das Recht, überfällige Forderungen aus verfahrensrechtlichen Gründen im Fall eines Rechtsstreits an die Lenzing AG zurückzuübertragen. Dadurch wird jedoch das Kreditausfallsrisiko nicht an die Lenzing AG rückübertragen, und es ergeben sich auch keine Auswirkungen auf die Liquidität der Lenzing AG.

Die Factoring-Vereinbarungen haben per 31. Dezember 2014 ein maximal ausnutzbares Nominalvolumen von insgesamt TEUR 65.600,0. Davon betreffen TEUR 2.600,0 die Tranche 1 und TEUR 63.000,0 die Tranche 2.

Zum 31. Dezember 2014 waren aufgrund der Factoring-Vereinbarungen Forderungen in Höhe von insgesamt TEUR 62.119,6 verkauft und aus der Bilanz der Lenzing AG ausgebucht. Davon betreffen TEUR 1.636,2 die Tranche 1 und TEUR 60.483,4 die Tranche 2. Der nicht bevorschusste Betrag der Tranche 2 wird per 31. Dezember 2014 als sonstige Forderung in Höhe von TEUR 6.048,3 (vor Fremdwährungsbewertung) ausgewiesen. Die Zeitwerte entsprechen den angegebenen Buchwerten, da insbesondere auch die Restlaufzeiten der betroffenen Forderungen kurzfristig sind. Die wesentlichen Vorschüsse aus den Factoring-Vereinbarungen sind mit Transaktionsbeginn im März und Mai 2014 an die Lenzing AG geflossen; das Volumen unterliegt seither keinen wesentlichen Schwankungen.

Der oben angeführte nicht bevorschusste Betrag der Tranche 2 entspricht aus Sicht der Lenzing AG dem theoretischen kreditrisikobedingten Maximalverlust für die Übernahme der Ausfallhaftung. In Höhe des Zeitwertes dieser Ausfallhaftung per 31. Dezember 2014 von TEUR 124,7 wurde eine sonstige Rückstellung erfasst, der verbleibende Differenzbetrag in Höhe von TEUR 6.111,6 ist als Haftung gegenüber Dritten ausgewiesen.

Die von Kunden im Zeitraum zwischen der letzten Bevorschussung und dem 31. Dezember 2014 erhaltenen Zahlungen werden in den sonstigen Verbindlichkeiten abgegrenzt.

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Verwendung von derivativen Finanzinstrumenten

Die Lenzing AG setzt Devisentermingeschäfte als Sicherungsgeschäfte ein, um Währungsrisiken aus dem operativen Geschäft zu vermindern. Die Sicherungsgeschäfte werden jährlich im Vorhinein auf Basis der voraussichtlichen Umsatzerlöse bzw. Materialaufwendungen in der betreffenden Fremdwährung festgelegt. Darüber hinaus hatte die Lenzing AG im Geschäftsjahr 2013 für verbundene Unternehmen Devisentermingeschäfte mit externen Banken auf eigenen Namen und eigene Rechnung abgeschlossen.

Zum Bilanzstichtag bestanden folgende Devisentermingeschäfte:

Art der derivativen Finanzinstrumente	31.12.2014						
	Nominale ¹⁾	Sicherungszeitraum	Beizulegender Wert ²⁾		Buchwert	Bilanzposten	
			positiv	negativ			
	FW 1.000	bis	TEUR	TEUR	TEUR	TEUR	
Devisentermingeschäfte							
CZK-Kauf/EUR-Verkauf	CZK 202.000	01/2016	0,0	-90,5	0,0	-	
CNY/CNH-Verkauf/EUR-Kauf	CNY/CNH 1.334.050	06/2016	0,0	-8.358,6	0,0	-	
USD-Verkauf/EUR-Kauf	USD 146.676	01/2016	15,5	-8.483,9	0,0	-	
Summe			15,5	-16.933,0	0,0		
Nettoposition				-16.917,5			

¹⁾ Der Nominalwert wird als Bruttovolumen ausgewiesen

²⁾ beizulegender Wert: + = Forderung / - = Verbindlichkeit aus Sicht der Lenzing AG

Art der derivativen Finanzinstrumente	31.12.2013						
	Nominale ¹⁾	Sicherungszeitraum	Beizulegender Wert ²⁾		Buchwert	Bilanzposten	
			positiv	negativ			
	FW 1.000	bis	TEUR	TEUR	TEUR	TEUR	
Devisentermingeschäfte							
CZK-Kauf/EUR-Verkauf	CZK 225.000	01/2015	0,0	-489,0	0,0	-	
CNY/CNH-Verkauf/EUR-Kauf	CNY/CNH 743.000	06/2015	415,6	-564,4	0,0	-	
USD-Verkauf/EUR-Kauf	USD 128.700	02/2015	2.610,0	-3,1	0,0	-	
Summe			3.025,6	-1.056,5	0,0		
Nettoposition			1.969,1				

¹⁾ Der Nominalwert wird als Bruttovolumen ausgewiesen

²⁾ beizulegender Wert: + = Forderung / - = Verbindlichkeit aus Sicht der Lenzing AG

Die in den obigen Tabellen angegebenen beizulegenden Werte der derivativen Finanzinstrumente entsprechen den Marktwerten zum Bilanzstichtag. Sie wurden unter Anwendung anerkannter finanzmathematischer und ggf. statistischer Bewertungsmodelle und aktueller Marktparameter zum Bilanzstichtag durch Banken, andere externe Partner bzw. intern ermittelt.

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Bei den beizulegenden Werten der Sicherungsgeschäfte handelt es sich um unrealisierte Gewinne bzw. Verluste, die sich mit den gegenläufigen Verlusten bzw. Gewinnen aus den dazugehörigen Grundgeschäften (bestehende und künftige Fremdwährungsforderungen bzw. -verbindlichkeiten) ausgleichen.

Die Lenzing AG wendet die AFRAC-Stellungnahme "Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten" vom September 2014 an.

In Anwendung dieser Stellungnahme werden zum Bilanzstichtag dokumentierte Sicherungsbeziehungen (Bewertungseinheiten) zwischen Devisentermingeschäften, die als Sicherungsinstrumente dienen, und Grundgeschäften zur Absicherung von Fremdwährungsrisiken gebildet.

Liegt eine derartige Sicherungsbeziehung vor, ist ein Derivat am Bilanzstichtag nicht gesondert zu bewerten. Bewertungsobjekt ist vielmehr das bereits bilanzierte abgesicherte Grundgeschäft (Fremdwährungsforderung bzw. -verbindlichkeit) zusammen mit dem Sicherungsgeschäft (Devisentermingeschäft). Außerdem werden bei der Bemessung einer allfälligen Drohverlustrückstellung mit an Sicherheit grenzender Wahrscheinlichkeit eintretende gegenläufige, erfolgswirksame Zahlungsströme berücksichtigt (zukünftige Zahlungseingänge aus geplanten Umsatzerlösen bzw. Zahlungsausgänge aus geplanten Materialaufwendungen in Fremdwährung).

Zum 31. Dezember 2014 wurde insgesamt auf eine Drohverlustrückstellung aus Sicherungsbeziehungen zukünftiger Zahlungsströme in Höhe von TEUR 16.933,0 (31.12.2013: TEUR 1.056,5) verzichtet, da sich diese unrealisierten Verluste mit hoher Eintrittswahrscheinlichkeit mit den gegenläufigen unrealisierten Gewinnen aus den zukünftigen Zahlungseingängen bzw. Zahlungsausgängen in Fremdwährung ausgleichen werden.

Der wirksame Ausgleich zwischen unrealisierten Verlusten und Gewinnen wird durch Effektivitätstests nachgewiesen. Bei Fremdwährungsabsicherungen werden die Grundgeschäfte und die Sicherungsinstrumente für die Effektivitätsmessung je Währung in zumindest quartalsweisen Laufzeitbändern zusammengefasst. Die prospektive Sicherungswirkung der Sicherungsbeziehungen wird durch einen Vergleich der wesentlichsten Konditionen nachgewiesen. Dabei werden die geplanten Grundgeschäfte den abgeschlossenen Sicherungsinstrumenten gegenübergestellt. Die retrospektive Sicherungswirkung der Bewertungseinheiten wird durch Vergleich der seit Sicherungsbeginn tatsächlich erfolgten Zahlungsströme der Grundgeschäfte mit den tatsächlichen Zahlungsströmen der Sicherungsinstrumente nach der Kompensierungsmethode beurteilt. Aufgrund der identen, aber gegenläufigen Parameter kann von einer hoch wirksamen Sicherungsbeziehung ausgegangen werden.

Nach den obigen Grundsätzen werden auch Bewertungseinheiten zwischen den auf der einen Seite mit den Banken und den auf der anderen Seite mit den verbundenen Unternehmen abgeschlossenen Derivaten gebildet. Die beiden Seiten werden im Sinne der kompensatorischen Bewertung als Einheit gemeinsam bewertet.

An der Bonität der Kontrahenten, die an einer Bewertungseinheit beteiligt sind, bestehen zum Bilanzstichtag keinerlei Zweifel.

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Organe und Arbeitnehmer

Durchschnittliche Zahl der Mitarbeiter	2014	2013
Angestellte	791	824
Arbeiter	1.262	1.252
Gesamt	2.053	2.076

Beziehungen zu den Mitgliedern des Vorstandes und den Mitgliedern des Aufsichtsrates der Lenzing AG

Die seitens der Lenzing AG aufgewendeten laufenden Bezüge fix und variabel sowie die Abschlagszahlungen der aktiven Mitglieder des Vorstandes setzen sich wie folgt zusammen:

Laufende Bezüge fix und variabel sowie Abschlagszahlungen der aktiven Mitglieder des Vorstands (aufgewendet)

	Mag. Dr. Peter Untersperger		Dr. Thomas Riegler		Robert van de Kerkhof, MBA		Dipl.-Ing. Friedrich Weninger, MBA ¹⁾		Mag. Thomas Winkler, LL.M. ²⁾		Gesamt	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Laufende Bezüge fix	585	566	259	0	292	0	435	434	0	435	1.571	1.434
Laufende Bezüge variabel	190	318	116	0	133	0	315	352	0	39	754	708
Abschlagszahlungen	0	0	0	0	0	0	0	0	0	1.620	0	1.620
Gesamt	774	884	376	0	425	0	750	785	0	2.094	2.325	3.763

¹⁾ Mitglied des Vorstandes bis 31. Dezember 2014

²⁾ Mitglied des Vorstandes bis 31. Dezember 2013

Die oben dargestellten Beträge im Geschäftsjahr 2014 von insgesamt TEUR 2.325 (2013: TEUR 3.763) betreffen mit insgesamt TEUR 2.325 (laufende Bezüge fix und variabel; 2013: TEUR 2.142) kurzfristig fällige Leistungen und mit TEUR 0 (Abschlagszahlungen; 2013: TEUR 1.620) Leistungen aus Anlass der Beendigung eines Arbeitsverhältnisses. Darüber hinaus haben sich die Rückstellungen für Ansprüche der aktiven Mitglieder des Vorstandes aus langfristigen Bonusbankmodellen (andere langfristig fällige Leistungen) im Geschäftsjahr 2014 um TEUR 47 verringert (2013: um TEUR 300 erhöht); weitere TEUR 309 (2013: TEUR 0) wurden für die Abgeltung von Ansprüchen aufgewendet. Außerdem wurde für Urlaubssentschädigungen (kurzfristig fällige Leistungen) unter Berücksichtigung der dafür rückgestellten Beträge ein Betrag von TEUR 138 (2013: TEUR 0) ertragswirksam aufgelöst. Ferner wurden den aktiven Mitgliedern des Vorstandes Leistungen nach Beendigung des Arbeitsverhältnisses in Höhe von TEUR 295 (2013: TEUR 245) in Form von Aufwendungen in der Gewinn- und Verlustrechnung für die betriebliche Altersversorgung und Abfertigungsansprüche gewährt. Die Aufwendungen für die aktiven Mitglieder des Aufsichtsrates der Lenzing AG (kurzfristig fällige Leistungen in Form von Aufsichtsratsvergütungen inkl. Sitzungsgeldern) betragen 2014 TEUR 436 (2013: TEUR 291). Die aufgewendeten Vergütungen des Managements in Schlüsselpositionen im Rahmen ihrer Funktion, das sich aus den aktiven Mitgliedern des Vorstands und des Aufsichtsrats der Lenzing AG zusammensetzt, stellen sich zusammengefasst somit wie folgt dar:

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Vergütung des Managements in Schlüsselposition (aufgewendet)	2014	2013
Vergütung des Vorstands	TEUR	TEUR
Kurzfristig fällige Leistungen	2.186	2.143
Andere langfristig fällige Leistungen	262	300
Leistungen aus Anlass der Beendigung des Arbeitsverhältnisses	0	1.620
Leistungen nach Beendigung des Arbeitsverhältnisses	295	245
Anteilsbasierte Vergütungen	0	0
	2.743	4.308
Vergütung des Aufsichtsrats		
Kurzfristig fällige Leistungen	436	291
	436	291
Gesamt	3.180	4.599

Mitglieder des Vorstandes haben im Geschäftsjahr 2014 vor ihrer Vorstandstätigkeit Leistungen für die Lenzing Gruppe erbracht; dafür hat die Lenzing Gruppe TEUR 102 aufgewendet (2013: TEUR 0).

Der Barwert der für die aktiven Vorstände gebildeten Abfertigungsrückstellung beträgt zum 31. Dezember 2014 TEUR 838 (31. Dezember 2013: TEUR 748).

Den vom Betriebsrat delegierten Arbeitnehmervertretern im Aufsichtsrat steht neben den vorgenannten Leistungen eine reguläre Entlohnung (Lohn oder Gehalt und Abfertigungs- sowie Jubiläumsgeldzahlungen) im Rahmen ihres Dienstvertrags zu. Die Entlohnung entspricht einer angemessenen Vergütung für die ausgeübte Funktion bzw. Tätigkeit im Unternehmen.

In markt- und konzernüblicher Weise gewährt die Lenzing AG den Mitgliedern des Vorstandes, wie auch teilweise ihren leitenden Angestellten und dem Aufsichtsrat, weitere Leistungen, die als geldwerte Vorteile angesehen werden. So besteht Versicherungsschutz (D&O, Unfall, Rechtsschutz etc.), dessen Kosten von der Lenzing Gruppe getragen wird. Es erfolgen Gesamtprämienzahlungen an die Versicherer, sodass eine spezifische Zuordnung an den Vorstand und Aufsichtsrat nicht stattfindet. Außerdem werden den Mitgliedern des Vorstandes und teilweise den leitenden Angestellten Geschäftsfahrzeuge zur Nutzung überlassen. Daneben erhalten die Mitglieder des Vorstandes und des Aufsichtsrats Aufwändersatz für angefallene Kosten, insbesondere für Reisespesen.

Die Grundsätze des Vergütungssystems für Vorstand und Aufsichtsrat sind im Corporate Governance-Bericht 2014 der Lenzing Gruppe detailliert ausgeführt und veröffentlicht.

Mitgliedern des Vorstandes und des Aufsichtsrates wurden keine Vorschüsse, Kredite oder Haftungen gewährt. Die Lenzing Gruppe ist keine Haftungsverhältnisse zu Gunsten des Vorstandes und des Aufsichtsrates eingegangen. Directors' Dealings-Meldungen der Mitglieder des Vorstandes und des Aufsichtsrates werden auf der Website der Österreichischen Finanzmarktaufsichtsbehörde veröffentlicht (siehe <http://www.fma.gv.at>).

Für die ehemaligen Mitglieder des Vorstandes der Lenzing AG (mit Austritt vor dem 1. Jänner 2013) oder deren Hinterbliebene wurden Leistungen nach Beendigung des Arbeitsverhältnisses in Form von Aufwendungen in der Gewinn- und Verlustrechnung in Höhe von TEUR 1.652 (2013: TEUR 240) gewährt. Der Barwert der dafür gebildeten Pensionsrückstellung nach Abzug des beizulegenden Zeitwertes des Planvermögens (Nettoschuld) beträgt zum 31. Dezember 2014 TEUR 7.921 (31. Dezember 2013: TEUR 6.941).

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Aufwendungen für den Abschlussprüfer

Die Aufwendungen für den Abschlussprüfer setzen sich wie folgt zusammen:

Aufwendungen für den Abschlussprüfer	2014	2013
	TEUR	TEUR
Prüfung des Jahresabschlusses (inkl. Konzernabschluss)	258,7	261,5
Andere Bestätigungsleistungen	42,3	45,6
Sonstige Leistungen	9,8	0,0
Steuerberatung	293,7	146,0
Gesamt	604,5	453,1

Die obigen Aufwendungen betreffen die Dienstleistungen der Deloitte Audit Wirtschaftsprüfungs GmbH, Wien, und der Deloitte Tax Wirtschaftsprüfungs GmbH, Wien.

Konzernabschluss

Die Lenzing AG ist das Mutterunternehmen der Lenzing Gruppe und erstellt einen Konzernabschluss. Der Konzernabschluss der Lenzing AG ist beim Firmenbuch Wels hinterlegt, am Sitz der Gesellschaft in Lenzing erhältlich und auf der Homepage www.lenzing.com abrufbar.

Der Hauptaktionär der Lenzing AG zum 31. Dezember 2014 ist die B&C Gruppe, welche direkt oder indirekt mit 67,6% (31.12.2013: 67,6%) am Grundkapital der Lenzing AG beteiligt ist.

Der Konzernabschluss für den größten Kreis von Unternehmen, der öffentlich zugänglich ist und in den die Gesellschaft und ihre konsolidierten Unternehmen einbezogen sind, wird von der B&C Industrieholding GmbH, Wien aufgestellt und beim Firmenbuch Wien hinterlegt. Das oberste Mutterunternehmen der B&C Industrieholding GmbH, und somit der Gesellschaft, ist die B&C Privatstiftung, Wien.

Angaben zur Gruppenbesteuerung

Die Lenzing AG und die im Gruppenvertrag einbezogenen Tochtergesellschaften sind Gruppenmitglieder in der zwischen der B&C Industrieholding GmbH als Gruppenträger und der Lenzing AG sowie weiteren Tochtergesellschaften der Lenzing AG als Gruppenmitglieder am 25. September 2009 abgeschlossenen steuerlichen Unternehmensgruppe gemäß § 9 öKStG.

Im Zuge der Gruppenbesteuerung kommt es zwischen den einbezogenen Gruppenmitgliedern zu einer Aufrechnung von steuerlichen Gewinnen und Verlusten. Zukünftige Steuerverpflichtungen aus der Anrechnung von Verlusten ausländischer Tochtergesellschaften werden ohne Abzinsung im Jahresabschluss erfasst.

Der Gruppen- und Steuerausgleichsvertrag verpflichtet die Lenzing AG, eine Steuerumlage in Höhe der auf den steuerpflichtigen Gewinn der Gesellschaft und der in die Gruppe einbezogenen Tochtergesellschaften entfallenden Körperschaftsteuer zu entrichten.

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Allfällige beim Gruppenträger auf das gesamte Gruppenergebnis effektiv anrechenbare in- und ausländische Quellensteuern sowie weitergeleitete Mindestkörperschaftsteuern kürzen die von der Lenzing AG zu zahlende Steuerumlage.

Sofern im Veranlagungsjahr laufende Verluste bzw. Verlustvorträge, die von der B&C Industrieholding GmbH als Gruppenträger selbst verursacht wurden, gegen positive Ergebnisse der Steuergruppe der Lenzing AG verrechnet werden können, kommt es zu einer Reduktion der von der Lenzing AG zu leistenden Steuerumlage. Die Reduktion der Steuerumlage beträgt 50% des geltenden Körperschaftsteuersatzes (somit derzeit 12,5%) der in einem Veranlagungsjahr der B&C Industrieholding GmbH mit positiven Ergebnissen verrechneten gruppenträgereigenen laufenden Verluste bzw. Verlustvorträge.

Aus der steuerlichen Unternehmensgruppe hat die Lenzing AG im Geschäftsjahr 2014 eine Steuergutschrift von TEUR 2.999,9 (2013: TEUR 1.773,3) ertragswirksam verbucht. Im Jahr 2014 erfolgten gemäß der vertraglichen Verpflichtung die Zahlung bzw. Vorauszahlung der Steuerumlage an die B&C Industrieholding GmbH in Summe von TEUR 9.604,9 (2013: TEUR 44.000).

Zum 31. Dezember 2014 bilanziert die Lenzing AG aus der Steuerumlage nach Abzug der Vorauszahlung eine Verbindlichkeit in Höhe von TEUR 16.591,0 (31.12.2013: TEUR 8.194,9) gegenüber der B&C Industrieholding GmbH. Diese wird im Bilanzposten „Verbindlichkeiten gegenüber verbundenen Unternehmen“ ausgewiesen.

Ein steuerlicher Verlust der Lenzing AG inklusive der beteiligten Tochtergesellschaften wird evident gehalten und mit künftigen steuerlichen Gewinnen verrechnet. Für bei Beendigung des Vertrages nicht verrechnete Verluste ist eine Ausgleichszahlung vereinbart.

Mit den einbezogenen Tochtergesellschaften wurde ein Ergänzungsvertrag abgeschlossen. Dieser Vertrag verpflichtet das jeweilige österreichische Gruppenmitglied, eine Steuerumlage in Höhe der auf seinen steuerpflichtigen Gewinn entfallenden Körperschaftsteuer an die Lenzing AG zu entrichten. Die Lenzing AG ist verpflichtet, der jeweiligen Gesellschaft im Fall eines Verlustes eine Steuergutschrift in der Höhe der durch den Verlust bewirkten Steuerentlastung zu erteilen.

Das Fachgutachten KFS/RL 22 „Bilanzierung und Berichterstattung im unternehmensrechtlichen Jahresabschluss im Zusammenhang mit der Gruppenbesteuerung“ wurde beachtet.

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Direkte Beteiligungen zum 31.12.2014

Beteiligung	Währung	Stammkapital	Anteil in %	Eigenkapital 31.12.2014	Jahresüberschuss/-fehlbetrag 2014
				TEUR	TEUR
Unternehmensbereich Fasern					
Avit Investments Limited, Providenciales, Turks & Caicos	USD	2.201.000	100,00	87.837,5 ⁴	133,0 ⁴
Beech Investment s.r.o., Zlaté Moravce, Slowakei	EUR	6.639	100,00	125,7 ⁴	14,8 ⁴
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Deutschland	EUR	2.000.000	45,00	1.013,0 ³	- 216,3 ³
Lenzing Fibers Holding GmbH, Lenzing	EUR	35.000	100,00	102.542,5	30.410,2
Lenzing Fibers (Hongkong) Ltd., Hongkong, China	HKD	16.000.000	100,00	2.280,1 ⁴	0,1 ⁴
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200.000	100,00	-944,6 ⁴	-6.270,5 ⁴
Lenzing Global Finance GmbH, München, Deutschland	EUR	25.000	100,00	51,8 ³	11,6 ³
Lenzing Modi Fibers India Private Limited, Mumbai, Indien	INR 1.000	1.148.681	96,41	7.523,7 ⁴	-767,3 ⁴
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Türkei	TRY	200.000	33,34	94,0 ^{1,3}	8,7 ^{1,3}
Penique S.A., Panama, Panama	USD	5.000	100,00	28.167,4 ⁴	49,9 ⁴
PT. Pura Golden Lion, Jakarta, Indonesien	IDR 1.000	2.500.000	40,00	4.268,6 ^{3,5}	42,8 ^{3,5}
PT. South Pacific Viscose, Purwakarta, Indonesien	IDR 1.000	72.500.000	44,27 ²	195.395,1 ⁴	-7.607,0 ⁴
Sonstige Beteiligungen					
BZL-Bildungszentrum Lenzing GmbH, Lenzing	EUR	43.604	75,00	762,1	598,5
European Carbon Fiber GmbH, Kelheim, Deutschland	EUR	25.000	91,07	1.678,9 ⁴	1.654,3 ⁴
European Precursor GmbH, Kelheim, Deutschland	EUR	25.000	95,00	-21.056,2 ⁶	n.a. ⁶
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing	EUR	1.155.336	99,90	32.561,7 ¹	2.545,9 ¹
Lenzing Land Holding LLC., Dover, USA	USD	10.000	100,00	77,6 ⁴	69,3 ⁴
Lenzing Papier GmbH, Lenzing	EUR	35.000	40,00	5.127,4 ⁵	1.319,7 ⁵
Pulp Trading GmbH, Lenzing	EUR	40.000	100,00	117.992,1	6.322,6
RVL Reststoffverwertung Lenzing GmbH, Lenzing	EUR	36.336	50,00	76,1	1,8
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Wien	EUR	36.336	25,00	2.896,7	-6,6

¹ 2013

² Der direkt von der Lenzing AG gehaltene Anteil beträgt 44,27%, inkl. der indirekt gehaltenen Anteile beträgt der durchgerechnete Anteil 92,85%.

³ Eigenkapital und Ergebnis wurden nach lokalem Recht ermittelt.

⁴ Eigenkapital und Ergebnis wurden aus den zur Erstellung des Konzernabschlusses herangezogenen Abschlüssen, welche entsprechend IFRS aufgestellt wurden, entnommen.

⁵ Vorläufig

⁶ Die Gesellschaft befindet sich in Liquidation, Wert laut Liquidationseröffnungsbilanz vom 10. Dezember 2013.

Jahresabschluss 2014

Direkte Beteiligungen zum 31.12.2013

Beteiligung	Währung	Stammkapital	Anteil in %	Eigenkapital 31.12.2013	Jahresüberschuss/-fehlbetrag 2013
				TEUR	TEUR
Unternehmensbereich Fasern					
Avit Investments Limited, Providenciales, Turks & Caicos	USD	2.201.000	100,00	85.775,6 ⁴	121,1 ⁴
Beech Investment s.r.o., Zlaté Moravce, Slowakei	EUR	6.639	100,00	110,8 ⁴	19,6 ⁴
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Deutschland	EUR	2.000.000	45,00	1.229,2 ³	-107,0 ³
Lenzing Fibers Holding GmbH, Lenzing	EUR	35.000	100,00	122.132,3	24.081,7
Lenzing Fibers (Hongkong) Ltd., Hongkong, China	HKD	16.000.000	100,00	2.014,2 ⁴	-21,0 ⁴
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200.000	100,00	5.381,9 ⁴	-2.272,4 ⁴
Lenzing Global Finance GmbH, München, Deutschland	EUR	25.000	100,00	40,1 ³	3,6 ³
Lenzing Modi Fibers India Private Limited, Mumbai, Indien	INR 1.000	1.118.065	96,31	7.165,5 ⁴	-4.482,5 ⁴
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Türkei	TRY	200.000	33,34	106,5 ^{1,3}	-46,0 ^{1,3}
Penique S.A., Panama, Panama	USD	5.000	100,00	27.357,3 ⁴	44,6 ⁴
PT. Pura Golden Lion, Jakarta, Indonesien	IDR 1.000	2.500.000	40,00	3.874,1 ^{3,5}	705,5 ^{3,5}
PT. South Pacific Viscose, Purwakarta, Indonesien	IDR 1.000	72.500.000	44,27 ²	179.577,3 ⁴	-1.975,9 ⁴
Sonstige Beteiligungen					
BZL-Bildungszentrum Lenzing GmbH, Lenzing	EUR	43.604	75,00	563,6	480,1
European Carbon Fiber GmbH, Kelheim, Deutschland	EUR	25.000	100,00	24,6 ⁴	-0,3 ⁴
European Precursor GmbH, Kelheim, Deutschland	EUR	25.000	95,00	-21.056,2 ⁶	n.a. ⁶
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing	EUR	1.155.336	99,90	29.920,7 ¹	1.637,0 ¹
Lenzing Papier GmbH, Lenzing	EUR	35.000	40,00	3.807,7 ⁵	161,3 ⁵
Pulp Trading GmbH, Lenzing	EUR	40.000	100,00	111.669,5	53.188,0
RVL Reststoffverwertung Lenzing GmbH, Lenzing	EUR	36.336	50,00	74,3	0,8
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Wien	EUR	36.336	25,00	2.903,3	-7,7

1 2012

2 Der direkt von der Lenzing AG gehaltene Anteil beträgt 44,27%, inkl. der indirekt gehaltenen Anteile beträgt der durchgerechnete Anteil 92,85%.

3 Eigenkapital und Ergebnis wurden nach lokalem Recht ermittelt.

4 Eigenkapital und Ergebnis wurden aus den zur Erstellung des Konzernabschlusses herangezogenen Abschlüssen, welche entsprechend IFRS aufgestellt wurden, entnommen.

5 Vorläufig

6 Die Gesellschaft befindet sich in Liquidation, Wert laut Liquidationseröffnungsbilanz vom 10. Dezember 2013.

Jahresabschluss 2014

Gewinnverteilungsvorschlag für den Bilanzgewinn 2014

	EUR
Das Geschäftsjahr 2014 endet mit einem Jahresgewinn von	44.789.523,81
nach Zuweisung zu (freien) Gewinnrücklagen von	-122.993.978,84
und nach Hinzurechnung des Gewinnvortrages 2013 von	104.754.455,03
verbleibt ein Bilanzgewinn von	26.550.000,00
Der Vorstand schlägt folgende Verteilung des Bilanzgewinnes vor:	
Ausschüttung einer Dividende entsprechend einem Betrag von EUR 1,00 je Aktie auf das dividendenberechtigte Grundkapital von EUR 27.574.071,43 bzw. 26.550.000 Stückaktien	26.550.000,00
Auf neue Rechnung werden vorgetragen	0,00

Vorbehaltlich des Beschlusses der Hauptversammlung erfolgt auf je eine Aktie die Auszahlung einer Dividende in der oben angegebenen Höhe. Die Dividendenauszahlung erfolgt ab 29. April 2015 bei der

UniCredit Bank Austria AG
Schottengasse 6-8
1010 Wien

Die Aktien werden ab 27. April 2015 an der Wiener Börse ex Dividende gehandelt.

Jahresabschluss 2014

Organe der Gesellschaft

Mitglieder des Aufsichtsrates

MMag. Dr. Michael Junghans, Wien

Vorsitzender

Dr. Hanno Bästlein, Wien

Stellvertretender Vorsitzender (seit 28. April 2014)

Dr. Veit Sorger, Wien

Stellvertretender Vorsitzender

Mag. Helmut Bernkopf, Wien

KR Dr. Franz Gasselsberger, MBA, Linz (seit 24. April 2013)

Dr. Josef Krenner, Linz

Mag. Patrick Prügger, Wien

Mag. Andreas Schmidradner, Wien

Dr. Astrid Skala-Kuhmann, Icking (Deutschland)

Mag. Martin Payer, Leoben (bis 28. April 2014)

Jahresabschluss 2014

Vom Betriebsrat delegiert

Rudolf Baldinger, Lenzing

Vorsitzender des Betriebsausschusses

Vorsitzender des Arbeiterbetriebsrates

Georg Liftinger, Weyregg am Attersee

Stellvertretender Vorsitzender des Betriebsausschusses

Vorsitzender des Angestelltenbetriebsrates

Ing. Daniela Födinger, Seewalchen am Attersee

Stellvertretender Vorsitzender des Angestelltenbetriebsrates (seit 28. April 2014)

Johann Schernberger, Regau

Stellvertretender Vorsitzender des Arbeiterbetriebsrates

Franz Berlanda, Wolfsegg am Hausruck

Stellvertretender Vorsitzender des Arbeiterbetriebsrates (seit 28. April 2014)

Ing. Gerhard Ratzesberger, Lenzing

Stellvertretender Vorsitzender des Angestelltenbetriebsrates (bis 28. April 2014)

Jahresabschluss 2014

Mitglieder des Vorstandes

Mag. Dr. Peter Untersperger, Linz

Chief Executive Officer (CEO)

Vorstandsvorsitzender

Dr. Thomas Riegler, Salzburg

Chief Financial Officer (CFO)

Mitglied des Vorstandes (seit 1. Juni 2014)

Robert van de Kerkhof, MBA, Mondsee

Chief Commercial Officer (CCO)

Mitglied des Vorstandes (seit 1. Mai 2014)

Dipl.-Ing. Friedrich Weninger, MBA, Mondsee

Chief Operating Officer (COO)

Mitglied des Vorstandes (bis 31. Dezember 2014)

Mag. Thomas G. Winkler, LL.M., Salzburg

Chief Financial Officer (CFO)

Mitglied des Vorstandes (bis 31. Dezember 2013)

Jahresabschluss 2014

Lenzing, am 12. März 2015

Lenzing Aktiengesellschaft

Der Vorstand:



**Mag. Dr.
Peter Untersperger**
Chief Executive Officer
Vorstandsvorsitzender



**Dr.
Thomas Riegler**
Chief Financial Officer
Mitglied des Vorstandes



Robert van de Kerkhof, MBA
Chief Commercial Officer
Mitglied des Vorstandes

Lenzing AG Entwicklung des Anlagevermögens für den Zeitraum 01.01.2014 bis 31.12.2014

	Anschaffungs- bzw. Herstel- lungskosten	Zugänge	Abgänge
	01.01.2014	2014	2014
	EUR	EUR	EUR
I. Immaterielle Vermögensgegenstände			
1. Rechte	54.733.031,80	677.236,51	-4.820,04
2. Firmenwert	420.916,17	229.324,43	0,00
Summe Immaterielle Vermögensgegenstände	55.153.947,97	906.560,94	-4.820,04
II. Sachanlagen			
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund			
a) Wohngebäude			
Grundwert	917.567,93	0,00	0,00
Gebäudewert	1.569.434,92	0,00	0,00
b) Geschäfts- und Fabriksgebäude und andere Baulichkeiten			
Grundwert	1.683.122,57	0,00	0,00
Grundstücksgleiche Rechte	659.676,21	0,00	0,00
Gebäudewert	184.059.747,38	11.073.130,62	0,00
c) Unbebaute Grundstücke			
	1.700.182,85	0,00	0,00
	190.589.731,86	11.073.130,62	0,00
2. Technische Anlagen und Maschinen	1.071.427.235,09	45.500.867,29	-197.441,81
3. Andere Anlagen, Betriebs- und Geschäftsausstattung	54.843.349,86	2.795.557,80 ¹	-1.298.501,54 ¹
4. Anlagen in Bau	159.051.973,76	9.657.076,06	0,00
5. Geleistete Anzahlungen	2.632.252,81	648.662,50	0,00
Summe Sachanlagen	1.478.544.543,38	69.675.294,27	-1.495.943,35
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	414.026.615,04	392.083,07	-2.232,00
2. Ausleihungen an verbundene Unternehmen	87.206.136,86	159.471.084,43	-146.384.198,60
3. Beteiligungen	7.142.928,86	0,00	0,00
4. Wertpapiere (Wertrechte) des Anlagevermögens	38.721.773,44	500.000,00	-116.890,90
5. Sonstige Ausleihungen	4.480.897,03	263.780,72	-141.332,46
Summe Finanzanlagen	551.578.351,23	160.626.948,22	-146.644.653,96
	2.085.276.842,58	231.208.803,43	-148.145.417,35

¹ inklusive geringwertige Vermögensgegenstände in Höhe von EUR 510.841,54

Jahresabschluss 2014

Umbuchungen	Anschaffungs- bzw. Herstel- lungskosten	Abschreibungen kumuliert	Buchwert	Buchwert	Abschreibungen	Zuschreibungen
2014	31.12.2014	31.12.2014	31.12.2014	31.12.2013	2014	2014
EUR	EUR	EUR	EUR	EUR	EUR	EUR
9.799,58	55.415.247,85	54.215.183,36	1.200.064,49	1.114.525,86	601.497,46	0,00
0,00	650.240,60	71.410,46	578.830,14	392.855,09	43.349,38	0,00
9.799,58	56.065.488,45	54.286.593,82	1.778.894,63	1.507.380,95	644.846,84	0,00
0,00	917.567,93	0,04	917.567,89	917.567,89	0,00	0,00
0,00	1.569.434,92	926.225,62	643.209,30	670.908,43	27.699,13	0,00
0,00	1.683.122,57	0,00	1.683.122,57	1.683.122,57	0,00	0,00
0,00	659.676,21	79.960,80	579.715,41	586.378,81	6.663,40	0,00
36.818.887,48	231.951.765,48	113.219.224,17	118.732.541,31	75.617.762,22	4.777.239,01	0,00
0,00	1.700.182,85	0,00	1.700.182,85	1.700.182,85	0,00	0,00
36.818.887,48	238.481.749,96	114.225.410,63	124.256.339,33	81.175.922,77	4.811.601,54	0,00
119.446.207,97	1.236.176.868,54	862.766.993,66	373.409.874,88	252.247.511,23	43.784.711,61	0,00
1.993.874,64	58.334.280,76	45.773.712,03	12.560.568,73	12.543.768,65	4.517.762,68	0,00
-155.636.516,86	13.072.532,96	0,00	13.072.532,96	159.051.973,76	0,00	0,00
-2.632.252,81	648.662,50	0,00	648.662,50	2.632.252,81	0,00	0,00
-9.799,58	1.546.714.094,72	1.022.766.116,32	523.947.978,40	507.651.429,22	53.114.075,83	0,00
0,00	414.416.466,11	159.604.350,21	254.812.115,90	254.422.264,83	0,00	0,00
0,00	100.293.022,69	4.237.301,60	96.055.721,09	81.848.589,23	551.005,85	-1.671.251,88
0,00	7.142.928,86	2.032.784,95	5.110.143,91	5.110.143,91	0,00	0,00
0,00	39.104.882,54	20.477.210,10	18.627.672,44	17.812.449,94	0,00	-432.113,40
0,00	4.603.345,29	2.253.549,25	2.349.796,04	2.207.403,85	9.520,98	-29.464,91
0,00	565.560.645,49	188.605.196,11	376.955.449,38	361.400.851,76	560.526,83	-2.132.830,19
0,00	2.168.340.228,66	1.265.657.906,25	902.682.322,41	870.559.661,93	54.319.449,50	-2.132.830,19

Jahresabschluss 2014

Lenzing AG

Entwicklung der Zuschüsse der öffentlichen Hand und der un versteuerten Rücklagen

für den Zeitraum 01.01.2014 bis 31.12.2014

Zuschüsse der öffentlichen Hand	Stand am 01.01.2014	Zugang
A. Investitionszuschüsse	EUR	EUR
I. Investitionszuschüsse der öffentlichen Hand		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	1.681.431,26	0,00
2. Technische Anlagen und Maschinen	2.265.025,93	0,00
3. Andere Anlagen, Betriebs- und Geschäftsausstattung	330.709,10	0,00
	4.277.166,29	0,00
II. Emissionszertifikate	129.544,72	4.656.868,35
B. Investitionszuwachsprämie	0,00	0,00
	4.406.711,01	4.656.868,35
Unversteuerte Rücklagen		
Bewertungsreserve aufgrund von Sonderabschreibungen gemäß § 7a EStG bzw. § 8 EStG		
I. Sachanlagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	2.123.127,38	0,00
2. Technische Anlagen und Maschinen	12.281.446,05	0,00
3. Andere Anlagen, Betriebs- und Geschäftsausstattung	910.365,71	0,00
	15.314.939,14	0,00
II. Finanzanlagen		
Anteile an verbundenen Unternehmen	1.077.011,40	0,00
	16.391.950,54	0,00

Jahresabschluss 2014

Abgang	Auflösung	Umbuchung	Stand am 31.12.2014
EUR	EUR	EUR	EUR
0,00	-119.120,56	0,00	1.562.310,70
0,00	-405.487,67	0,00	1.859.538,26
0,00	-41.685,28	0,00	289.023,82
0,00	-566.293,51	0,00	3.710.872,78
-205.535,18	-940.146,00	0,00	3.640.731,89
0,00	0,00	0,00	0,00
-205.535,18	-1.506.439,51	0,00	7.351.604,67
0,00	-243.276,43	0,00	1.879.850,95
0,00	-2.125,81	0,00	12.279.320,24
-194,63	-70.257,60	0,00	839.913,48
-194,63	-315.659,84	0,00	14.999.084,67
0,00	0,00	0,00	1.077.011,40
-194,63	-315.659,84	0,00	16.076.096,07

Bestätigungsvermerk

Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der Lenzing Aktiengesellschaft, Lenzing, für das Geschäftsjahr vom 1. Jänner 2014 bis zum 31. Dezember 2014 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 31. Dezember 2014, die Gewinn- und Verlustrechnung für das am 31. Dezember 2014 endende Geschäftsjahr sowie den Anhang.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung und den Inhalt eines Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Bestätigungsvermerk

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Lenzing Aktiengesellschaft zum 31. Dezember 2014 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner 2014 bis zum 31. Dezember 2014 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

Aussagen zum Lagebericht

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, am 12. März 2015

Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH



Mag. Walter Müller
Wirtschaftsprüfer



Mag. Ulrich Dollinger
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

Notes:

This English translation of the financial statements was prepared for the company's convenience only. It is a non-binding translation of the German financial statements. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This annual report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing AG. Such forward-looking statements can be identified by the use of terms such as "should", "could", "will", "estimate", "expect", "assume", "predict", "intend", "believe" or similar items. The projections that are related to the future development of the Lenzing AG represent estimates that were made on the basis of the information available as at the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Calculation differences may arise when rounded amounts and percentages are summed. The annual report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

DECLARATION OF THE MANAGEMENT BOARD

Declaration of the Management Board pursuant to Section 82 para 4 no 3 of the Stock Exchange Act

We declare to the best of our knowledge that the consolidated financial statements of the Lenzing Group for the 2014 financial year ending on December 31, 2014, which were prepared in accordance with the applicable accounting standards pursuant to the International Financial Reporting Standards (IFRS) give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit or loss of the Lenzing Group. Furthermore, we declare to the best of our knowledge that the Group Management Report gives a true and fair view of the business development, earnings and position of the Lenzing Group, and that the Group Management Report also describes the most important risks and uncertainties facing the Lenzing Group.

In addition, we declare to the best of our knowledge that the annual financial statements of Lenzing AG Group for the 2014 financial year ending on December 31, 2014, which were prepared in accordance with the applicable accounting standards pursuant to the Austrian Commercial Code give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit or loss of Lenzing AG.

Furthermore, we declare to the best of our knowledge that the Management Report gives a true and fair view of the business development, earnings and position of Lenzing AG, and the Group Management Report also describes the most important risks and uncertainties facing Lenzing AG.

Lenzing, March 12, 2015

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the
Management Board

Thomas Riegler
Chief Financial Officer
Member of the
Management Board

Robert van de Kerkhof
Chief Commercial Officer
Member of the
Management Board

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