75 YEARS OF INNOVATION

QUARTERLY REPORT 01-09/2013
LENZING GROUP

LENZING
LEADING FIBER INNOVATION

www.lenzing.com

75 YEARS OF INNOVATION

The history of Lenzing AG encompasses many innovation milestones. Pioneering achievements in pulp bleaching and environmentally compatible technologies or the development of the revolutionary lyocell fiber TENCEL® fill us Lenzingers with pride. We are celebrating our 75th anniversary in 2013 with the knowledge that Lenzing's innovative spirit will remain the driver of success over the next 75 years.

Selected Key Figures

Selected key figures

		30/09/2013	31/12/2012
Adjusted equity[1]	EUR mn	1,163.4	1,153.1
Adjusted equity[1]	%	46.2	43.8
Net financial debt	EUR mn	461.2	346.3
Net debt[2]	EUR mn	557.2	445.5
Net gearing	%	39.6	30.0
Open credit facilities	EUR mn	186.0	211.2
Liquid assets[3]	EUR mn	343.7	528.8
Number of employees at end of period[4]	(Headcount)	6,772	7,033
		1-9/2013	**1-9/2012**
CAPEX (incl. BU Plastics)	EUR mn	180.6	213.7

Selected income statement items (before/after restructuring)

		1-9/2013	1-9/2012
Sales	EUR mn	1,447.0	1,567.5
EBITDA before restructuring	**EUR mn**	**196.0**	**281.5**
EBITDA margin before restructuring	%	13.5	18.0
EBITDA after restructuring	EUR mn	223.8	281.5
EBITDA margin after restructuring	%	15.5	18.0
EBIT before restructuring	**EUR mn**	**111.5**	**203.4**
EBIT margin before restructuring	%	7.7	13.0
EBIT after restructuring	EUR mn	136.4	203.4
EBIT margin after restructuring	%	9.4	13.0

1) Equity including investment grants less pro rata deferred taxes (after restructuring)
2) Including obligations for pensions and severance payments
3) Comprising cash and cash equivalents, liquid investments and liquid bills of exchange
4) 30/09/2013: after the disposal of BU Plastics

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General Market Environment

Global economy[1]

The International Monetary Fund (IMF) once again revised its global economic growth forecasts slightly downwards for the entire year 2013. The IMF now expects the global economy to expand by 2.9% in 2013, compared to the original 3.1% growth rate predicted in the middle of the year. According to the IMF, the downward risks dominate the current economic forecasts. The basis for this assessment is mainly the considerably weaker economic expansion on the part of the developing and emerging markets. The reasons vary depending on the specific country. The influencing factors range from declining raw material prices and the accompanying reduction in income from this sector to the more stringent granting of loans and the related slowdown in private consumption.

The IMF anticipates GDP growth of 1.2% for the industrialized countries in 2013. The American economy is predicted to expand by 1.6% this year. According to the IMF, the eurozone is on a path to recovery, and should only report a 0.4% decline in economic output in 2013.

The growth forecasts for the emerging markets in 2013 were revised significantly downwards. Generally speaking, these economies should expand by 4.5% in 2013, thus growing at a significantly slower pace than in the past. The IMF predicts that China will post GDP growth of 7.6% for the entire year 2013. In the first nine months of the year, the Chinese economy expanded by 7.7% according to the National Bureau of Statistics in China[2]. This development is in line with the economic planning carried out by the People's Republic of China, which foresees more moderate but more sustainable growth in the future.

World fiber market

As expected, the third quarter did not bring about any change in the current difficult market environment faced by the global fiber industry. Against the backdrop of stable volume demand, selling prices for all man-made fibers continued to be uneven and moving slightly lower. The ongoing weak global economy does not provide any perceptible impetus at the present time for the value chain of the textile and nonwoven industries. China is continuing to pursue a restrictive monetary policy, and inventories in the textile chain are being held to a minimum.

In the third quarter there was a perceptible dampening of demand in Europe throughout the summer months.

Cotton prices remained at an unchanged level in the third quarter of the year. Following the price hikes at the beginning of the year, the "Cotton A" index hovered at about 90 US cents/lb in the third quarter, similar to the second-quarter price development. China continued its policy of stockpiling cotton, and once again emerged as buyers on the global market. By the end of the current season (end of July 2014), cotton inventories in China will amount to an estimated level of 11.4 mn tons (global inventories: approximately 20.8 mn tons), which would comprise a global stock-to-use ratio of 87.7%[3].

[1)] International Monetary Fund, World Economic Outlook, October 7, 2013 [2)] National Bureau of Statistics of China: "Overall Economic Development Enjoyed Momentum of Steady Growth in the First Three Quarters of 2013", October 18, 2013 [3)] Source: ICAC Press Release, 1. November 2013

Price and volume demand for all other fibers was recently stagnant or declined slightly. Polyester prices were largely unchanged at the end of the third quarter at about USD 1.45 per kilogram at the end of the third quarter of 2013, compared to USD 1.42 per kilogram at the end of June 2013.[1]

In China, which is by far the world's largest viscose fiber production and sales market, viscose spot prices decreased once again to CNY 12,800 per ton at the end of September, down from CNY 13,360 per ton in the middle of 2013 and CNY 14,000 per ton at the beginning of the year. Thus in contrast to the long-term trend, viscose selling prices in China are considerably below the comparable price for cotton. Surplus production capacities and the necessity on the part of Chinese viscose fiber producers to keep capacity utilization as high as possible in order to generate cash lead to an excess supply and price pressure. In addition, this development stimulates Chinese fiber exports to neighboring Asian countries, especially to Indonesia. Chinese viscose fibers are also already being offered on the Turkish market.

Moreover, the currently low viscose fiber selling prices in China are based on the similarly low selling prices for dissolving pulp, the most important raw material used in manufacturing viscose. Due to excess production capacities in the pulp industry, the spot market price for dissolving pulp, which is the crucial factor for Chinese producers, has remained at about USD 880 per ton for many months. As a consequence, dissolving pulp currently costs almost the same as paper pulp, although the production process is considerably more complicated and cost-intensive.

China continues to set its domestic selling price for cotton at a rate which is approximately 20-25% higher than the global market price. For this reason, China continues to import cotton yarns heavily. Spinning mills around the world are achieving higher margins with cotton than with viscose fibers at the present time, which serves as an obstacle to the use of viscose fibers, also in fiber blends.

On balance, uncertainty with respect to China's future cotton policy has led to considerable restraint on the global fiber market.

Development of the Lenzing Group[2]

The Lenzing Group was not immune to the weak market situation and the current development of viscose selling prices in the first nine months of 2013. Lenzing strove to counteract this by determinedly promoting its fiber specialties Lenzing Modal® and TENCEL® as well as the nonwovens segment, which is less sensitive to cyclical fluctuations. However, the unfavorable price development could only be partially compensated by the significant rise in production and shipment volumes.

Consolidated sales amounted to EUR 1,447.0 mn in the first nine months of 2013, a decrease of 7.7% from EUR 1,567.5 mn in the prior-year period. The underlying reasons for the sales decline were the lower average fiber selling prices of the Lenzing Group during the reporting period, which fell by about 14% from the previous year to EUR 1.73 per kilogram, as well as the loss of external sales to the amount of EUR 58.4 mn as a consequence of the conversion and expansion of the Paskov pulp plant from paper to dissolving pulp.

1) Source: PCI Fibres 2) All earnings figures are provided after restructuring, except where explicitly stated otherwise.

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The cost of material and other purchased services in the first nine months of 2013 decreased by 5.8%, from EUR 966.4 mn in Q1-3 2012 to EUR 910.5 mn in the period under review. In spite of the increased production volumes, the reduced costs mainly reflect the lower raw material prices for pulp and chemicals in a year-on-year comparison. Personnel expenditures were up 3.5% to EUR 240.4 mn from the prior-year level of EUR 232.3 mn. The amortization of intangible assets and depreciation of property, plant and equipment totaled EUR 86.5 mn, a rise of 7.2% from EUR 80.7 mn in the previous year, which can be attributed to the Lenzing Group's investment activity. Other operating expenses climbed by 5.8% to EUR 167.2 mn (Q1-3 2012: EUR 158.0 mn).

Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) amounting to EUR 223.8 mn in the first nine months of 2013, a drop of 20.5% from EUR 281.5 mn in the previous year, mainly reflected the lower revenue derived from fiber sales as a consequence of the prevailing fiber prices. This corresponded to an EBITDA margin of 15.5% (Q1-3 2012: 18.0%). Earnings before interest and tax (EBIT) fell by 33.0% to EUR 136.4 mn, down from EUR 203.4 mn. This comprised an EBIT margin of 9.4% in the first nine months of 2013 (Q1-3 2012: 13.0%). The earnings figures include the one-off revenue from restructuring of EUR 24.8 mn, which primarily related to the disposal of the Business Unit Plastics.

The financial result amounted to minus EUR 19.1 mn in the first three quarters of 2013 (Q1-3 2012; minus EUR 7.4 mn). This deterioration was amongst other reasons due to the lower income from investments in associates. Accordingly, earnings before tax (EBT) were EUR 118.6 mn, a drop of 40.6% from EUR 199.8 mn in the previous year. After deducting the income tax of EUR 32.0 mn (Q1-3 2012: EUR 44.6 mn), the profit for the period amounted to EUR 86.6 mn, a decrease of 44.2% from the comparable figure of EUR 155.1 mn in the first three quarters of 2012.

Earnings per share, calculated on the basis of Lenzing shares outstanding, were EUR 3.21 in the first nine months, down from EUR 5.67 in the first three quarters of 2012.

Investments in intangible assets and property, plant and equipment (CAPEX) totaled EUR 180.6 mn in the first nine months of 2013, below the prior-year level of EUR 213.7 mn. The focal point of the investment activity on the part of the Lenzing Group was construction of the new large-scale TENCEL® production plant at the Lenzing site, completion of the conversion and refitting work at the Paskov pulp plant as well as infrastructure investments. Adjusted Group equity as of the end of Septemebr 2013 rose slightly to EUR 1,163.4 mn, up 0.9% from the comparable figure of EUR 1,153.1 mn at the end of 2012. This corresponded to an adjusted equity ratio of 46.2% of total assets (December 31, 2012: 43.8%). Due to the investment activity of the Lenzing Group, net financial debt increased to EUR 461.2 mn in the first nine months of 2013 (December 31, 2012: EUR 346.3 mn). Accordingly, net gearing was 39.6% (December 31, 2012: 30.0%).

As of September 30, 2013, Lenzing had liquid funds of EUR 343.7 mn at its disposal (December 31, 2012: EUR 528.8 mn). In addition, Lenzing had unused lines of credit available for its use to the amount of EUR 186.0 mn (December 31, 2012: EUR 211.2 mn).

The number of employees in the Lenzing Group as at September 30, 2013 totaled 6,772 people, down from 7,033 at the end of 2012 and 6,958 at the end of the third quarter of 2012.

Investments

Construction of the TENCEL® jumbo production facility at the Lenzing site continued on schedule. Following completion of the foundation and structural work, the façade work, piping and installation of the machines have begun. Project costs are expected to total EUR 150 mn due to short-term planning changes designed to increase efficiency and production volumes, improve plant safety and the engineering mechanics (statics). The new plant is expected to commence operations in the second quarter of 2014 as originally planned, thus raising total TENCEL® production capacity by about 40% to 220,000 tons annually. In this manner Lenzing is rapidly expanding its leading position on the global market for this future-oriented type of fiber generation.

The conversion of the Biocel Paskov pulp plant from a paper to a swing capacity paper pulp and dissolving pulp facility was successfully concluded in the course of 2013. The annual nominal production capacity amounts to 240,000 tons of high quality dissolving pulp, which will be further increased to 260,000 tons in 2014. Today Paskov rates as the most modern and energy-efficient pulp plant in Europe.

The “excelLENZ” cost savings program

Considerable savings amounting to approximately EUR 50 mn (Savings incl. planned investments) were generated during the first nine months of 2013 within the context of the “excelLENZ” cost savings initiative. The cost savings were achieved by postponing replacement and maintenance investments as well as optimizing Group Purchasing. In addition, a series of originally planned investments will not be carried out for the time being. No capacity expansion projects are underway in the Lenzing Group at the present time without the exception of the TENCEL® plant in Lenzing.

Strategic decision on a new organizational structure

At the beginning of October 2013, the Management Board of Lenzing AG defined the main features of an internal reorganization of the company. Production operations as well as marketing and sales will be upgraded as a consequence of the changed market environment. In the future the Management Board of Lenzing AG will consist of four members instead of three. Chief Executive Officer Peter Untersperger will not only be supported by a Chief Financial officer and a Chief Operating Officer for Production but also by a Chief Sales and Marketing Officer.

As a response to the changed global market environment, Lenzing has decided to even more rigorously implement its specialty strategy. Friedrich Weninger will focus more intensively on Lenzing’s core activity of fiber production effective immediately. This step is particularly necessary as a result of the upcoming coming on stream of the new TENCEL® production plant currently under construction at the Lenzing site. The future Chief Sales and Marketing Officer will be responsible for optimally marketing the additional production volumes.

In particular, the sales and marketing organization will be strengthened as part of the current reorganization project. The entire organization will sharpen its focus to more strongly orient its activities to the important fiber markets of Asia and Turkey. Sales efforts in China especially will be expanded on the basis of additional technical experts and market development capabilities.

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Segment Reporting

Segment Fibers

In spite of the weak market situation, Lenzing succeeded in operating all its fiber production facilities at full capacity in the first nine months of 2013, achieving a new record sales volume of approximately 660,000 tons, a rise of 12% from 590,000 tons in Q1-3 2012. However, sales were slightly below expectation, which is related to a production interruption at the Heiligenkreuz site in the second quarter as well as the ongoing volatile energy supply at the facility in Nanjing, China. As of September 30, 2013, inventories of the Lenzing Group amounted to about 20 production days.

Sales of the Segment Fibers totaled EUR 1,326.5 mn in the first nine months of 2013, compared to the prior-year level of EUR 1,414.3 mn. Segment EBITDA was EUR 184.1 mn (Q1-3 2012: EUR 262.1 mn), and segment EBIT amounted to EUR 100.1 mn (Q1-3 2012: EUR 187.3 mn).

Specialty fibers accounted for about 35% of the company's fiber sales revenue.

In the **Business Unit Textile Fibers**, the global business was impacted by ongoing price pressure caused by low-price offers made by Chinese manufacturers. In the meantime, all regional markets, including those outside of Asia, are affected by this development. Although Lenzing still manages to achieve a price premium for its viscose fibers in comparison to competitive products, selling prices recently fell to a four-year low.

Lenzing Modal® benefited from increasing demand in the first nine months, and a continually high price premium vis-a-vis standard viscose fibers. Production plants operated at full capacity. Demand from Asian countries for Lenzing MicroModal® was particularly strong.

The specialty fiber TENCEL® developed just as encouragingly. New applications in the jeans segment (soft denim) provided a positive impetus to sales. A series of new customers for TENCEL® were won in Asia. The price premium of TENCEL® vis-a-vis standard viscose fibers remained high.

Despite the attractive price premiums, selling prices for Lenzing Modal® and TENCEL® were below the comparable levels in the first nine months of 2012, which can be attributed to the generally lower fiber selling prices.

In the **Business Unit Nonwoven Fibers**, the stable market environment resulted in constant selling prices in the first half of 2013. However, declining viscose fiber prices in the textile segment also negatively affected the nonwovens sector starting in the middle of the year. TENCEL® nonwoven prices were hardly affected by this development.

The wipes segment continues to dominate Lenzing's nonwovens business, ensuring ongoing high volume demand. Business proceeded very gratifyingly in the hygiene segment, where the range of applications for Lenzing fibers is being continually expanded. New developments in technical applications have aroused substantial interest on the marketplace.

The **Business Unit Pulp** continued to develop in a stable manner during the first nine months of 2013 against the backdrop of a gratifyingly high level of production. Throughout 2013 the

Paskov pulp plant has been almost exclusively producing dissolving pulp for internal use by the Lenzing Group.

The **Business Unit Energy** further improved the energy efficiency of the Lenzing site by putting a new soda boiler into operation. Savings in fixed costs were also achieved.

Outlook Segment Fibers

From today's perspective the current unsatisfactory market situation is unlikely to change in the fourth quarter of 2013. In the textile fibers business, price pressure on standard viscose fiber selling prices will continue due to the unchanged market environment, with volume demand expected to remain stable. Lenzing will counteract this development by focusing on its specialty fibers Lenzing Modal® and TENCEL®. In the nonwovens sector, Lenzing anticipates unabated strong demand and a largely stable price situation compared to the third quarter of the year.

The imposition in China of anti-dumping import duties on dissolving pulp from several producing countries has not led to any substantial changes on the viscose fiber market up until now. The supply of pulp to Lenzing's Chinese production site in Nanjing is secured. A stable development is expected in the Business Unit Energy during the rest of the year.

Lenzing will continue to invest, particularly in developing TENCEL® for high quality textile applications and sustainable nonwoven applications. Demand for Lenzing Modal® remains strong.

Segment Engineering

The **Segment Engineering** got off to a good start, but suffered from a perceptible weakening of demand in the course of 2013. The volume of contract orders is still at a satisfactory level although the investment climate in the fiber and pulp industries is restrained or stagnant at the present time. Segment sales amounted to EUR 97.8 mn in the first nine months of 2013 compared to EUR 89.3 mn in the prior-year period. EBITDA totaled EUR 6.0 mn (Q1-3 2012: EUR 6.1 mn), and EBIT amounted to EUR 4.6 mn (Q1-3 2012: EUR 4.8 mn).

A further investment slowdown on the part of those industrial segments which are relevant to Lenzing's Segment Engineering is expected in the coming months.

Segments Discontinued Operations and Other

The disposal of the Business Unit Plastics (then Lenzing Plastics GmbH) was finalized effective June 27, 2013. The sale was for strategic purposes, as reported. The remaining production activities carried out by Dolan are proceeding satisfactorily.

Sales of the Segment Other amounted to EUR 41.9 mn in the first nine months of 2013 (Q1-3 2012: EUR 39.0 mn). Segment EBITDA during the reporting period amounted to EUR 5.5 mn (Q1-3 2012: EUR 2.4 mn), and segment EBIT totaled EUR 4.8 mn compared to EUR 1.8 mn in the prior-year period.

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Lenzing Share

The Lenzing share concluded the third quarter of trading on September 30, 2013 at a price of EUR 54.90 per share, which comprises a drop of 21.1% since the beginning of the year (EUR 69.60 on January 2, 2013). The share price decline reflects the current situation in the world-wide fiber industry. This year's Capital Markets Day for institutional investors took place on September 18-19, 2013. The Management Board and Heads of the Business Units explained the current market situation and adaptations made to the fiber strategy of the Lenzing Group in detail.

Outlook Lenzing Group

No imminent change in the difficult business environment can be expected on the global fiber market, in particular concerning the situation at the cotton market which is relevant for all fibers.

The International Cotton Advisory Committee (ICAC) expects cotton production in the 2013/14 cotton year to decline to 25.5 mn tons (previous year: 26.8 mn tons). Consumption should remain unchanged at a level of 23.5 mn tons, which should ultimately lead to an increase in cotton inventories of up to two million tons. The ICAC also foresees a further rise in China's strategic cotton reserves to 11.4 mn tons, which would correspond to about 60% of global cotton inventories totaling 20.4 mn tons.

The continuing high level of cotton inventories has unfavorable effects on the entire fiber industry. For this reason, Lenzing has initiated or is in the midst of implementing a large number of countermeasures. This encompasses the "excelLENZ 2.0" program as well as the optimization of the internal organization and a series of marketing initiatives.

Lenzing expects price pressure to remain strong in the fourth quarter of 2013. For this reason, Lenzing has revised its guidance for the entire year 2013. Accordingly, consolidated sales are expected to total about EUR 1.9 mn for 2013 as a whole (last guidance: EUR 2.0 bn). EBITDA will likely amount to between EUR 220 – 230 mn due to restructuring costs for operational restructuring measures (last guidance: EUR 280 mn), whereas EBIT will amount to between EUR 75 – 85 mn (last guidance: EUR 160 mn), which can be attributed to one-off costs for write-downs.

We will inform you in greater detail about the further development of the Lenzing Group on the occasion of the annual results for 2013.

Risk Report

In spite of a slightly improved economic climate, the short-term business environment for the fiber market continued to be difficult, especially in the USA and Europe. Chinese spot market prices for viscose fibers fell to CNY 12,800 per ton by the end of the third quarter of 2013 due to the high cotton inventories and surplus viscose production capacities. For the time being, no recovery is expected in the months ahead, and thus no corresponding change in the risk profile.

On the raw material side, the burden on producers was not alleviated in the third quarter in 2013, especially in the standard viscose fiber segment. The price of dissolving pulp continued to stagnate at a low level of USD 880 per ton.

Following a period in which the price situation eased somewhat, prices for the most important chemicals are moving upwards again, so that additional cost pressure could arise. Energy prices were hovering at low levels. For example, oil prices (Brent) fluctuated at about USD 110 per barrel during the period under review. For this reason, from today's perspective, the Lenzing Group does not expect increased energy costs in the short-term.

Other risks such as natural catastrophes, fire hazards or the risk of explosion, environmental damage and product liability continue to represent a very high loss potential for the Lenzing Group, but remain broadly unchanged compared with the last report.

There is no change in the long-term risk outlook of the Lenzing Group with respect to its strategic objectives.

Major Related Party Transactions

In this regard we refer to Note 10.

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Significant Events after the End of the Interim Reporting Period

The expanded cost optimization program "excelLENZ 2.0" launched in October 2013 is a further and even more far-reaching restructuring program designed to optimize internal processes and all production, marketing and sales activities. It comprises a further, comprehensive step to sustainably safeguard earnings and future investment projects. Improvement potential for all cost modules encompassing all operating units has been defined over the past weeks. The measures to be implemented on this basis will not only result in savings in material costs but also massive reductions in operating expenses and overhead, extensive increases in operating efficiency as well as a reduction in the total number of employees. All global sites will be affected. The staff at the Group's largest production site in Lenzing, Upper Austria, will likely be downsized by up to 15% from the current level of about 2,600 employees (including retiring employees and unfilled vacancies). On balance, up to 600 jobs around the world will be cut or vacant positions not filled.

The individual measures will be quickly carried out in the coming months, and thus already partially impact earnings in 2014. Lenzing expects one-off expenses related to the implementation of the "excelLENZ 2.0" drive in the mid double-digit euro range.

Lenzing, November 13, 2013

Lenzing Aktiengesellschaft

The Management Board

Peter Untersperger

Friedrich Weninger

Thomas G. Winkler

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 01-09/2013

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Condensed Interim Consolidated Financial Statements 01-09/2013

Lenzing AG

Consolidated Income Statement

for the period January 1, to September 30, 2013

		Group	Thereof continued operations	Thereof discontinued operations
	Note	**7-9/2013**	**7-9/2013**	**7-9/2013**
Sales	(3,5)	457.1	457.1	0.0
Changes in inventories of finished goods and work in progress		18.9	18.9	0.0
Work performed by the Group and capitalized		13.5	13.5	0.0
Other operating income		6.3	6.3	0.0
Cost of material and other purchased services	(5)	(303.4)	(303.4)	0.0
Personnel expenses	(5)	(77.2)	(77.2)	0.0
Amortization of intangible assets and depreciation of property, plant and equipment	(5)	(29.1)	(29.1)	0.0
Other operating expenses	(5)	(53.3)	(53.3)	0.0
Earnings before interest and taxes (EBIT) before restructuring		**32.7**	**32.7**	**0.0**
Result from restructuring	(5)	0.6	0.0	0.6
Earnings before interest and taxes (EBIT) after restructuring		**33.4**	**32.7**	**0.6**
Income from investments in associates		0.6	0.6	0.0
Income from non-current and current financial assets		(1.1)	(1.1)	0.0
Financing costs	(5)	(5.3)	(5.6)	0.3
Financial result		**(5.8)**	**(6.1)**	**0.3**
Allocation of profit or loss to puttable non-controlling interests		0.6	1.3	(0.7)
Earnings before taxes (EBT)		**28.2**	**28.0**	**0.2**
Income tax expense	(5)	(6.9)	(7.5)	0.6
Profit for the period		**21.3**	**20.5**	**0.8**
Attributable to shareholders of Lenzing AG		21.1	20.3	0.8
Attributable to non-controlling interests		0.1	0.1	0.0
Earnings per share		**EUR**	**EUR**	**EUR**
Diluted = undiluted		0.80	0.77	0.03

		EUR mn						EUR mn
Group	Thereof continued operations	Thereof discontinued operations	Group	Thereof continued operations	Thereof discontinued operations	Group	Thereof continued operations	Thereof discontinued operations
7-9/2012	7-9/2012	7-9/2012	1-9/2013	1-9/2013	1-9/2013	1-9/2012	1-9/2012	1-9/2012
505.7	477.9	27.8	1,447.0	1,397.1	49.9	1,567.5	1,478.4	89.1
11.6	12.2	(0.6)	3.6	4.3	(0.8)	14.8	15.9	(1.0)
12.6	12.6	0.0	43.1	43.0	0.1	30.2	30.2	0.1
8.8	8.4	0.4	22.4	22.4	0.0	28.3	27.2	1.1
(321.9)	(304.0)	(17.9)	(910.5)	(880.7)	(29.8)	(966.4)	(907.9)	(58.5)
(80.6)	(75.0)	(5.5)	(240.4)	(230.1)	(10.3)	(232.3)	(215.2)	(17.1)
(26.5)	(25.2)	(1.2)	(86.5)	(85.7)	(0.8)	(80.7)	(77.0)	(3.7)
(47.4)	(46.0)	(1.3)	(167.2)	(163.8)	(3.4)	(158.0)	(153.6)	(4.3)
62.4	**60.8**	**1.5**	**111.5**	**106.6**	**5.0**	**203.4**	**197.9**	**5.6**
0.0	0.0	0.0	24.8	0.0	24.8	0.0	0.0	0.0
62.4	**60.8**	**1.5**	**136.4**	**106.6**	**29.8**	**203.4**	**197.9**	**5.6**
1.0	1.0	0.0	1.3	1.3	0.0	3.8	3.8	0.0
0.3	0.3	0.0	0.4	0.4	0.0	3.7	3.7	0.0
(3.8)	(3.7)	0.0	(20.9)	(20.8)	0.0	(14.9)	(14.5)	(0.4)
(2.4)	**(2.4)**	**0.0**	**(19.1)**	**(19.1)**	**0.0**	**(7.4)**	**(7.0)**	**(0.4)**
1.6	1.2	0.5	1.4	2.0	(0.6)	3.7	3.0	0.7
61.6	**59.6**	**2.0**	**118.6**	**89.4**	**29.2**	**199.8**	**193.9**	**5.8**
(6.5)	(5.9)	(0.6)	(32.0)	(23.8)	(8.3)	(44.6)	(43.1)	(1.5)
55.1	**53.7**	**1.4**	**86.6**	**65.7**	**21.0**	**155.1**	**150.8**	**4.3**
53.4	52.0	1.4	85.2	64.2	21.0	150.6	146.2	4.3
1.6	1.6	0.0	1.4	1.4	0.0	4.6	4.6	0.0
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
2.01	1.96	0.05	3.21	2.42	0.79	5.67	5.51	0.16

Condensed Interim Consolidated Financial Statements 01-09/2013

Lenzing AG

Consolidated Statement of Comprehensive Income

for the period January 1, to September 30, 2013

EUR mn

	Note	7-9/2013	7-9/2012	1-9/2013	1-9/2012
Profit for the period		**21.3**	**55.1**	**86.6**	**155.1**
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(0.8)	0.0	0.0	0.0
Investees accounted for using the equity method – Remeasurement of defined benefit liability		0.0	0.0	0.0	0.0
Income tax relating to these components of other comprehensive income		0.8	0.0	(0.1)	0.0
		0.0	**0.0**	**(0.1)**	**0.0**
Items that may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences arising during the reporting period	(6)	(12.7)	(6.8)	(16.2)	5.6
Foreign operations – reclassification of foreign currency translation differences on loss of control		0.0	0.0	(0.6)	0.0
Available-for-sale financial assets – net fair value gains/losses on remeasurement recognized in the reoprting period		(0.1)	0.1	(0.2)	0.2
Available-for-sale financial assets – reclassification of amounts relating to financial assets disposed of in the reporting period		0.1	0.2	(0.1)	0.2
Cash flow hedges – effective portion of changes in fair value recognized in the reporting period	(6)	5.9	3.5	1.2	4.3
Cash flow hedges – reclassification to profit or loss		(0.6)	7.2	(2.1)	14.3
Income tax relating to these components of other comprehensive income		(1.2)	(2.6)	0.3	(4.5)
		(8.6)	**1.5**	**(17.7)**	**20.0**
Other comprehensive income – net of tax		**(8.6)**	**1.5**	**(17.7)**	**20.0**
Total comprehensive income for the period		**12.7**	**56.5**	**68.9**	**175.2**
Attributable to shareholders of Lenzing AG		13.4	54.4	68.1	169.0
Attributable to non-controlling interests		(0.7)	2.1	0.8	6.2

Lenzing AG

Consolidated Statement of Financial Position as of September 30, 2013

EUR mn

Assets	**Note**	**30/09/2013**	**31/12/2012**
Intangible assets	(6)	88.8	91.0
Property, plant and equipment	(6)	1,337.0	1,275.2
Investments in associates		35.6	34.6
Financial assets	(6)	34.5	56.1
Deferred tax assets		7.4	6.4
Other non-current assets		21.6	17.2
Non-current assets		**1,524.9**	**1,480.5**
Inventories	(6)	314.6	299.6
Trade receivables	(6)	262.6	264.5
Current taxes		8.4	11.8
Other current assets		82.9	88.9
Cash and cash equivalents	(7)	323.9	481.7
		992.4	**1,146.5**
Non-current assets held for sale, disposal groups and discontinued operations	(4)	1.0	5.6
Current assets		**993.4**	**1,152.1**
Total assets		**2,518.3**	**2,632.7**

Equity and Liabilities	**Note**	**30/09/2013**	**31/12/2012**
Share Capital		27.6	27.6
Capital reserves		133.9	133.9
Other reserves		(27.7)	(11.6)
Retained earnings		985.5	953.3
Equity attributable to shareholders of Lenzing AG		**1,119.3**	**1,103.2**
Non-controlling interests		23.6	27.5
Equity	**(6)**	**1,142.9**	**1,130.7**
Financial liabilities	(6)	597.5	701.6
Government grants		23.1	24.5
Deferred taxes liabilities		48.0	41.0
Provisions	(6)	138.4	140.0
Puttable non-controlling interests		26.8	29.0
Other liabilities		1.4	1.7
Non-current liabilities		**835.3**	**937.7**
Financial liabilities	(6)	207.4	173.6
Trade payables		170.3	200.3
Government grants		3.4	4.5
Income tax liabilities		21.2	43.7
Provisions	(6)	89.4	81.6
Other liabilities		35.9	41.9
		527.6	**545.5**
Non-current liabilities held for sale, disposal groups and discontinued operations	(4)	12.5	18.7
Current liabilities		**540.1**	**564.2**
Total equity and liabilities		**2,518.3**	**2,632.7**

Condensed Interim Consolidated Financial Statements 01-09/2013

Lenzing AG

Consolidated Statement of Changes in Equity

for the period January 1, to September 30, 2013

	Share capital	Capital reserves	Foreign currency translation reserve
As of January 1, 2012	27.6	133.9	16.3
Profit for the period	0	0	0
Other comprehensive income – net of tax	0	0	4.9
Total comprehensive income for the period	**0.0**	**0.0**	**4.9**
Aquisition of non-controlling interests and other changes in scope of consolidation	0	0	0
Dividends	0	0	0
As of September 30, 2012	**27.6**	**133.9**	**21.3**
As of January 1, 2013	**27.6**	**133.9**	**12.0**
Profit for the period	0	0	0
Other comprehensive income – net of tax	0	0	(16.1)
Total comprehensive income for the period	**0**	**0**	**(16.1)**
Aquisition of non-controlling interests and other changes in scope of consolidation	0	0	0
Dividends	0	0	0
Reclassification due to settlement or disposal of defined benefit plans	0	0	0
As of September 30, 2013	**27.6**	**133.9**	**(4.1)**

See in particular note 6.

Other reserves						EUR mn
Available-for-sale financial assets	Hedging reserve	Actuarial gains/ (losses) on benefit plans	Retained earnings	Equity attributable to shareholders of Lenzing AG	Non-controlling Interests	Equity
0.6	(16.4)	(15.3)	842.9	989.7	34.0	1,023.7
0	0	0	150.6	150.6	4.6	155.1
0.3	13.2	0.0	0	18.5	1.6	20.0
0.3	**13.2**	**0.0**	**150.6**	**169.0**	**6.2**	**175.2**
0	0	0	0	0.0	0.0	0.0
0	0	0	(66.4)	(66.4)	(3.9)	(70.3)
0.9	**(3.1)**	**(15.3)**	**927.1**	**1,092.3**	**36.2**	**1,128.6**
1.0	**1.6**	**(26.3)**	**953.3**	**1,103.2**	**27.5**	**1,130.7**
0	0	0	85.2	85.2	1.4	86.6
(0.2)	(0.7)	0.0	0	(17.1)	(0.6)	(17.7)
(0.2)	**(0.7)**	**0.0**	**85.2**	**68.1**	**0.8**	**68.9**
0	0	0	1.1	1.1	(4.6)	(3.5)
0	0	0	(53.1)	(53.1)	(0.2)	(53.3)
0	0	1.0	(1.0)	0.0	0	0.0
0.8	**0.9**	**(25.3)**	**985.5**	**1,119.3**	**23.6**	**1,142.9**

Condensed Interim Consolidated Financial Statements 01-09/2013

Lenzing AG

Consolidated Cash Flow Statement (Condensed)

for the period January 1, to September 30, 2013

EUR mn

	Note	1-9/2013	1-9/2012
Gross cash flow			
From continuing operations		119.3	189.6
From discontinued operations		9.9	8.9
	(7)	**129.2**	**198.5**
+/- Change in working capital		(68.1)	(62.3)
Net cash flows from discontinued operations		(3.8)	7.8
Cash flow from operating activities		**57.3**	**144.0**
- Acquisition of intangible assets, property, plant and equipment*		(177.9)	(211.8)
- Acquisition of non-controlling interests	(2)	(3.5)	0.0
- Acquisition of other financial assets		(8.0)	(0.6)
+ Proceeds from the sale of intangible assets, property, plant and equipment		0.2	0.5
+ Proceeds from the sale/repayment of other financial assets		28.0	36.6
Net cash flows from discontinued operations	(4)	60.5	(1.6)
Cash flow from investing activities	**(7)**	**(100.7)**	**(176.8)**
- Distribution to shareholders		(53.3)	(70.3)
+ Investment grants		0.8	0.8
+ Inflows from financing activities/-repayment of financial liabilities		(67.4)	3.9
Net cash flows from discontinued operations		5.5	(9.5)
Cash flow from financing activities	**(7)**	**(114.3)**	**(75.2)**
Change in cash and cash equivalents		**(157.7)**	**(108.0)**
+/- Reclassification of cash and cash equivalents from discontinued operations, non-current assets held for sale and disposal groups		1.5	0.0
Total change in cash and cash equivalents		**(156.3)**	**(108.0)**
Cash and cash equivalents at beginning of the year		481.7	417.3
Currency translation adjustment relating to cash and cash equivalents		(1.5)	2.0
Cash and cash equivalents at the end of the reporting period		**323.9**	**311.3**

*) Excluding aquisition of intangible assets and property, plant and equipment of former BU Plastics (EUR 2.7 mn in 1-9/2013).

Lenzing AG

Notes to the Consolidated Financial Statements: Selected Notes

on the condensed interim consolidated financial statements as of September 30, 2013

General information

Note 1

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 and in the ATX benchmark index of the Vienna Stock Exchange in Vienna, Austria.

The main shareholder of Lenzing AG as of September 30, 2013 is the B & C Group, which directly or indirectly held 67.6% of the share capital of Lenzing AG (December 31, 2012: 67.6%). The consolidated financial statements for the largest group of companies that are publicly available, and in which the company and its subsidiaries are included, are prepared by B & C Industrieholding GmbH, Vienna. The ultimate parent company of B & C Industrieholding GmbH, and therefore of the company, 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. 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 production site in India (Mumbai) is under construction. 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).

Condensed Interim Consolidated Financial Statements 01-09/2013

Note 2

Accounting principles and methods of the consolidated interim financial statements

Presentation of the consolidated interim financial statements

The consolidated interim financial statements for the period from January 1 to September 30, 2013 were prepared in accordance with all International Financial Reporting Standards (IFRS) and interpretations effective as of the end of the reporting period, as endorsed in the EU.

In particular, IAS 34 Interim Financial Reporting and its conveniences for condensed consolidated interim financial statements were applied. In accordance with IAS 34, consolidated interim financial statements can be presented in condensed form and thereby not contain all the information required of complete consolidated financial statements in accordance with IAS 1 Presentation of Financial Statements. The consolidated financial statements of the Lenzing Group as of December 31, 2012 form the basis for these consolidated interim financial statements as of September 30, 2013 and should therefore always be read in conjunction with these statements.

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

Audit and review

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

Use of estimates, assumptions and other judgments

In preparing the IFRS consolidated interim financial statements, the Management Board of Lenzing AG uses estimates and other judgments, including in particular assumptions about future developments. These estimates, assumptions and judgments are based on the circumstances assumed as of 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.

The estimates and judgments for which there is a not inconsiderable risk in the Lenzing Group that they could lead to a material adjustment of the financial position and financial performance in a subsequent reporting period are explained in detail in the consolidated financial statements of the Lenzing Group as of December 31, 2012.

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

Principles of consolidation, accounting standards and accounting policies

The Lenzing Group implemented all accounting standards endorsed by the EU and effective from January 1, 2013. The accounting standards effective for the first time from January 1, 2013 and relevant to the Lenzing Group had the following effect on the presentation of the financial position and financial performance of the Lenzing Group as of September 30, 2013:

- **Amendments to IAS 19 Employee Benefits:** The Lenzing Group is not affected by the first-time adoption of the abolition of the corridor method and the requirement to recognize actuarial gains and losses of defined benefit plans in other comprehensive income, as all actuarial gains and losses occurring in a period were already recognized in full in other comprehensive income in the period in which they arose. In calculating the net interest expense, the same interest rate must be used to calculate the expected return on plan assets as is used for the discounting of the defined benefit obligation. Changes also arise for the Lenzing Group from the treatment of past service cost. The obligation must now be recognized in the group statement of financial position in full and regardless of when it becomes vested. Expenses and income must be recognized immediately in the group profit or loss. The effects are immaterial to the Lenzing Group, hence the prior-year figures have not been restated. Amended or extended disclosure requirements will have to be satisfied in the group financial statements.

- **IFRS 13 Fair value measurement:** IFRS 13 compiles the requirements for the calculation of fair value, thereby replacing the regulations formulated in the individual IFRSs. Barring few exceptions, IFRS 13 must be applied if fair value measurement or fair value disclosures are required or permissible under another standard. In the interim reporting period, the first-time adoption of IFRS 13 resulted in amended or extended disclosures in the notes on financial instruments, in particular relating to their fair values (see note 9). Amended or extended disclosure requirements will have to be satisfied in the group financial statements.

For the consolidated interim financial statements, income tax expense is calculated in accordance with IAS 34 based on the estimated average annual tax rate expected for the fiscal year as a whole.

Condensed Interim Consolidated Financial Statements 01-09/2013

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

Exchange rates for key currencies

Unit	Currency	2013 Reporting date September 30	2013 Average Jan.-Sep.	2012 Reporting date December 31	2012 Average Jan.-Sep.
1 EUR	USD US-Dollar	1.3537	1.3172	1.3190	1.2856
1 EUR	GBP British Pound	0.8400	0.8522	0.8159	0.7982
1 EUR	CZK Czech Koruna	25.6900	25.7484	25.1450	24.7516
1 EUR	CNY Renminbi Yuan	8.2827	8.1240	8.2172	8.1273
1 EUR	HKD Hong Kong Dollar	10.4975	10.2181	10.2221	9.9686
1 EUR	INR India Rupee	84.6030	75.6926	72.4075	70.0452

Changes in segment reporting are explained in note 3.

Otherwise, the same principles of consolidation, accounting standards and accounting policies were used as in the consolidated financial statements as of December 31, 2012.

Scope of consolidation, changes in entities included in consolidation and business combinations

The number of companies included in the consolidated financial statements of Lenzing AG as the parent company developed as follows:

Development in number of companies included in consolidation

	2013 Full-consolidation	2013 At equity-consolidation	2012 Full-consolidation	2012 At equity-consolidation
As at January 1	**35**	**7**	**34**	**7**
Included in consolidation for the first time in reporting period	0	0	1	0
Deconsolidated in reporting period	(3)	0	0	0
As at September 30	**32**	**7**	**35**	**7**
Thereof in Austria	14	3	15	3
Thereof abroad	18	4	20	4

Closing for the sale of the Business Unit Plastics took place in June 2013. The closing led to the loss of control over and deconsolidation of Lenzing Plastics GmbH or rather its successor Lenzing Plastics GmbH & Co KG, Lenzing, which was previously fully consolidated. Details of this can be found in note 4.

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 a business perspective. A gain of EUR 0.6 mn 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.

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 around EUR 3.5 mn converted. 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 4.6 mn. The difference from this transaction of EUR 1.1 mn was offset against retained earnings.

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. Thus, the Lenzing Group's interest in this company increased from 51% to 95%. This acquisition is expected to have only an insignificant effect on the results and equity of the Lenzing Group.

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

Note 3

Segment reporting

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 and markets 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 Segment Fibers represents the core business of the Lenzing Group.

The Segment Fibers comprises the Business Units Textile Fibers, Nonwoven Fibers and Pulp as these have similar key business characteristics. These business units are part of an integrated value chain with comparable risks and opportunities. Moreover, the Business Unit 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.

Condensed Interim Consolidated Financial Statements 01-09/2013

Segment Engineering:

The Segment Engineering operates in the field of mechanical and plant engineering and offers engineering services. It comprises the Business Unit Engineering.

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

As of December 31, 2012, the Segment Plastics Products was a separate segment in segment reporting. The Segment Plastics Products produced specialty products from plastic polymers. It comprised the Business Units Plastics (formerly Lenzing Plastics GmbH, Lenzing) and Filaments (essentially the business activities of Dolan GmbH, Kelheim, Germany, and European Precursor GmbH (EPG), Kelheim, Germany).

As of September 30, 2013, the Business Unit Plastics and EPG are reported under discontinued operations and – with the comparative prior-year figures – shown separately in segment

Information on business segments

1-9/2013 and 30/09/2013	Fibers	Engineering
Sales to external customers	1,317.4	35.7
Inter-segment sales	9.0	62.1
Total sales	**1,326.5**	**97.8**
EBITDA (Segment result)	184.1	6.0
EBIT	100.1	4.6
EBITDA margin	**13.9%**	**6.1%**
EBIT margin	**7.5%**	**4.7%**
Segment assets	2,051.6	52.2
Segment liabilities	427.5	36.9

Information on business segments (prior year)

1-9/2012 and 31/12/2012	Fibers	Engineering
Sales to external customers	1,404.8	36.5
Inter-segment sales	9.4	52.8
Total sales	**1,414.3**	**89.3**
EBITDA (Segment result)	262.1	6.1
EBIT	187.3	4.8
EBITDA margin	**18.5%**	**6.8%**
EBIT margin	**13.2%**	**5.4%**
Segment assets	1,945.4	46.8
Segment liabilities	450.3	41.8

reporting (see also note 4). The rest of the Business Unit Filaments (essentially Dolan GmbH), including its comparative prior-year figures, is shown in the residual Segment Other for reasons of materiality as of September 30, 2013. The comparative prior-year figures have been shown as if the operations discontinued in the current year had already been discontinued at the start of the previous year.

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 staff development).

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

EUR mn

BU Plastics and EPG (discontinued operations)	Other	Segment total	Reconciliation	Group
53.2	40.7	1,447.0	0.0	1,447.0
0.8	1.2	73.1	(73.1)	0.0
54.0	**41.9**	**1,520.2**	**(73.1)**	**1,447.0**
5.8	5.5	201.3	22.5	223.8
5.0	4.8	114.6	21.8	136.4
10.7%	**13.1%**	**13.2%**		**15.5%**
9.2%	**11.5%**	**7.5%**		**9.4%**
12.0	22.4	2,138.3	380.0	2,518.3
0.0	10.5	474.8	900.6	1,375.4

EUR mn

BU Plastics and EPG (discontinued operations)	Other	Segment total	Reconciliation	Group
93.5	32.6	1,567.5	0.0	1,567.5
1.1	6.4	69.7	(69.7)	0.0
94.7	**39.0**	**1,637.3**	**(69.7)**	**1,567.5**
9.3	2.4	279.9	1.6	281.5
5.6	1.8	199.5	3.9	203.4
9.8%	**6.3%**	**17.1%**		**18.0%**
5.9%	**4.5%**	**12.2%**		**13.0%**
74.3	21.5	2,088.0	544.7	2,632.7
16.5	9.6	518.2	983.7	1,502.0

Condensed Interim Consolidated Financial Statements 01-09/2013

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 taking into account the release of investment grants and before restructuring). Otherwise, with the exception of the change in the presentation of the former Segment Plastics Products described above, the same principles were applied in the presentation of segment reporting as in the consolidated financial statements as of December 31, 2012. The reconciliation of segment earnings before interest and taxes (EBIT) to earnings before taxes (EBT) is as follows:

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

EUR mn

	1-9/2013	1-9/2012
Segment result (EBITDA)	201.3	279.9
Consolidation	(5.3)	1.6
Group result (EBITDA) before restructuring	**196.0**	**281.5**
Gain on disposal before taxes (other operating income)	25.9	0.0
Adjustment of provisions due to settlement of payment obligations on liquidation (incl. consolidation)	2.0	0.0
Group result (EBITDA) after restructuring	**223.8**	**281.5**
Segment amortization of intangible assets and depreciation of property, plant and equipment	(88.8)	(83.0)
Consolidation	2.3	2.3
Income from the release of investment grants	2.1	2.7
Impairment of property, plant and equipment due to fair value measurement less costs to sell (incl. in the result from restructuring)	(3.0)	0.0
Earnings before interest and taxes (EBIT) after restructuring	**136.4**	**203.4**
Financial result	(19.1)	(7.4)
Allocation of profit or loss to puttable non-controlling interests	1.4	3.7
Earnings before taxes (EBT)	**118.6**	**199.8**

The reconciliation from earnings before taxes (EBT) to net profit for the period can be derived from the consolidated income statement.

Further information on the segments can be found in the management report of the Lenzing Group as of September 30, 2013.

Note 4

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

Lenzing Plastics GmbH, Lenzing, which was the Business Unit 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

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 mn

	30/09/2013
Intangible assets and property, plant and equipment	26.3
Financial assets and other non-current assets	0.3
Other current assets	31.2
Cash and cash equivalents	7.0
Deconsolidated assets	**64.8**
Financial liabilities and other non-current liabilities	0.2
Provisions	14.1
Other current liabilties	7.3
Deconsolidated liabilities	**21.6**
Deconsolidated net assets	**43.2**

The consideration received for the sale for 100% of shares amounted to EUR 69.0 mn in total. There was a gain on disposal before taxes of EUR 25.9 mn. Income taxes of EUR 7.7 mn relate to the gain on disposal (incl. deferred taxes).

The net cash inflow from the disposal is reported 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 subsidiary — EUR mn

	1-9/2013
Consideration included in cash and cash equivalents	68.6
- Holdings of cash and cash equivalents sold (Presented within „non-current assets held for sale, disposal groups and discontinued operations“)	(7.0)
Net inflow from the sale of subsidiary	**61.7**

Condensed Interim Consolidated Financial Statements 01-09/2013

Following the complete sale of the Business Unit Plastics, the Lenzing Group acquired a 15% interest in LP Beteiligungs & Management GmbH, Linz, for EUR 1.1 mn. This stake is reported in the consolidated financial statements of the Lenzing Group as a capital share in non-consolidated companies in the category “available-for-sale financial assets (measured at cost)”.

European Precursor GmbH (EPG), Kelheim, Germany, is 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. Liquidation is expected to be essentially concluded within the subsequent twelve months.

The assets and liabilities of EPG as of December 31, 2012 and September 30, 2013 are shown in separate line items on the respective sides of the statement of financial position. These items break down as follows:

Assets and liabilities of discontinued operations — EUR mn

	30/09/2013	31/12/2012
Intangible assets and property, plant and equipment	0.0	3.0
Financial assets	0.0	0.0
Other current assets	0.0	0.2
Cash and cash equivalents	1.0	2.5
Assets of discontinued operations	**1.0**	**5.6**
Current financial liabilities	12.4	9.7
Provisions	0.1	8.3
Other current liabilties	0.0	0.7
Liabilities of discontinued operations	**12.5**	**18.7**
Assets and liabilities offset within the Group	13.0	12.7
Net assets of discontinued operations	**(24.6)**	**(25.7)**

The Business Unit Plastics and EPG were part of the Segment Plastics Products as of December 31, 2012. As of September 30, 2013, they are shown in the consolidated income statement, the consolidated statement of cash flows and in segment reporting (see note 3) – including the comparative prior-year figures – under discontinued operations. The comparative prior-year figures have been shown as if the operations discontinued in the current year had already been discontinued at the start of the previous year.

In fiscal year 2013, the earnings before interest and taxes (EBIT) of the Lenzing Group include the disposal effects of the Business Unit Plastics (including the gain on disposal before taxes of EUR 25.9 mn) and the liquidation effects of EPG (including the impairment of fixed assets due to value measurement less costs to sell of EUR 3.0 mn) which are included in the income from restructuring (from discontinued operations) (see note 5). No income taxes were incurred on impairment losses on fixed assets from fair value measurement less costs to sell.

The EBITDA of discontinued operations before restructuring is as follows:

EBITDA of discontinued operations (before restructuring) EUR mn

	1-9/2013	1-9/2012
Earnings before interst and taxes (EBIT) before restructuring	5.0	5.6
Amortization of intangible assets and depreciation of property, plant and equipment (+)	0.8	3.7
Income from the reversal of investment grants (-)	0.0	0.0
EBITDA	**5.8**	**9.3**

Other comprehensive income of EUR 0.0 mn is allocated to discontinued operations (1-9/2012: EUR 0.0 mn).

Notes on the individual components of the consolidated financial statements

Note 5

Notes on the consolidated income statement

Sales

At EUR 1,447.0 mn, sales declined by 7.7% as against the same period of the previous year (1-9/2012: EUR 1,567.5 mn).

Due to the conversion and expansion of the Paskov pulp plant leading to a swing in production from paper pulp to dissolving pulp a bigger quantity of dissolving pulp was produced for group internal use. Compared to last year this resulted in a loss of sales to third parties of EUR 58.4 mn in the first nine month.

Cost of materials and other purchased services

The cost of materials and other purchased services are EUR 910.5 mn (1-9/2012: EUR 966.4 mn) in the interim reporting period. This marks a decline of 5.8% relative to the same period of the previous year.

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Personnel expenses

EUR 10.0 mn (1-9/2012: EUR 10.8 mn) of the personnel expenses of EUR 240.4 mn (1-9/2012: EUR 232.3 mn) relate to expenses for pensions and severance payments

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

Amortization of intangible assets and depreciation of property, plant and equipment amount to EUR 86.5 mn (1-9/2012: EUR 80.7 mn). In the interim reporting period no major impairment losses or reversals of impairment losses for property, plant and equipment were recognized under this item.

Other operating expenses

In particular, other operating expenses include selling expenses and expenses for maintenance, repairs and other third-party services. These rose by 5.8% as against the same period of the previous year.

Result from restructuring and adjusted consolidated earnings

In the first nine months of 2013, the disposal effects of the Business Unit Plastics and the liquidation effects of EPG are presented as result from restructuring within the earnings before interest and taxes (EBIT) (see also note 4). There was no restructuring in the first nine months 2012.

The result from restructuring (in earnings before interest and taxes/EBIT) breaks down as follows (- = expense, + = income):

Result from restructuring (in earnings before interest and taxes/EBIT) **EUR mn**

	7-9/2013		1-9/2013	
In Segment Discontinued Operations*				
Disposal effect of Business Unit Plastics				
Gain on disposal before taxes (other operating income)		0.0		25.9
Liquidation effects of EPG				
Impairment of fixed assets due to fair value measurement less cost to sell				
Property, plant and equipment		0.0		(3.0)
Adjustment of provisions due to settlement of payment obligations on liquidation				
Other operating income	0.8		5.4	
Cost of material	0.0		(0.2)	
Personnel expenses	(0.1)		(0.8)	
Other operating expenses	(0.1)	0.6	(2.5)	2.0
Total		**0.6**		**24.8**

*) Operated as separate Segment Plastics Products until March 31, 2013.

EBITDA after restructuring (earnings before interest, taxes, depreciation on property, plant and equipment and amortization of intangible assets taking into account the release of investment grants and after restructuring) consists of the following:

EBITDA after restructuring EUR mn

	7-9/2013	1-9/2013
Earnings before interest and taxes (EBIT) after restructuring	33.4	136.4
Amortization of intangible assets and depreciation of property, plant and equipment (+)	29.1	86.5
Impairment of fixed assets due to fair value measurement less cost to sell (in result from restructuring)	0.0	3.0
Income from the reversal of investment grants (-)	(0.7)	(2.1)
Total	**61.7**	**223.8**

Group results before and after restructuring are as follows:

Adjusted group results EUR mn

7-9/2013	EBITDA	EBITDA-margin	EBIT	EBIT-margin
Group result after restructuring	**61.7**	**13.5%**	**33.4**	**7.3%**
Adjustment for restructuring in Segment Discontinued Operations*				
Disposal effects of Business Unit Plastics				
Gain on disposal before taxes (other operating income)	0.0	0.0%	0.0	0.0%
Liquidation effects of EPG				
Adjustment of provisions due to settlement of payment obligations on liquidation	(0.6)	(0.1%)	(0.6)	(0.1%)
Impairment of fixed assets due to fair value measurement less cost to sell	0.0	0.0%	0.0	0.0%
Total	**(0.6)**	**(0.1%)**	**(0.6)**	**(0.1%)**
Group result before restructuring	**61.1**	**13.4%**	**32.7**	**7.2%**

Adjusted group results EUR mn

1-9/2013	EBITDA	EBITDA-margin	EBIT	EBIT-margin
Group result after restructuring	**223.8**	**15.5%**	**136.4**	**9.4%**
Adjustment for restructuring in Segment Discontinued Operations*				
Disposal effects of Business Unit Plastics				
Gain on disposal before taxes (other operating income)	(25.9)	(1.8%)	(25.9)	(1.8%)
Liquidation effects of EPG				
Adjustment of provisions due to settlement of payment obligations on liquidation	(2.0)	(0.1%)	(2.0)	(0.1%)
Impairment of fixed assets due to fair value measurement less cost to sell	0.0	0.0%	3.0	0.2%
Total	**(27.8)**	**(1.9%)**	**(24.8)**	**(1.7%)**
Group result before restructuring	**196.0**	**13.6%**	**111.5**	**7.7%**

*) Operated as separate Segment Plastics Products until March 31, 2013.

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Financing costs

Financing costs include interest expenses of EUR 18.8 mn (1-9/2012: EUR 16.3 mn) and net foreign currency losses from financial liabilities of EUR 0.9 mn (1-9/2012: gains of EUR 1.4 mn).

Income tax expense

The tax rate was 27.0% in the interim reporting period (1-9/2012: 22.3%).

Note 6

Notes on the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated statement of changes in equity

Intangible assets and property, plant and equipment

In the interim reporting period, the continuing operations of the Lenzing Group made cash disbursements for intangible assets and property, plant and equipment of EUR 177.9 mn (1-9/2012: EUR 211.8 mn), which primarily related to the creation of new production lines or the conversion of existing ones. A further EUR 2.7 mn were invested in discontinued operations (1-9/2012: EUR 1.8 mn).

As of September 30, 2013, obligations for outstanding orders for property, plant and equipment amounted to EUR 80.4 mn (December 31, 2012: EUR 120.0 mn).

Financial assets

As against December 31, 2012, financial assets declined by EUR 21.6 mn to EUR 34.5 mn as of September 30, 2013 (December 31, 2012: EUR 56.1 mn).

Inventories

As of September 30, 2013, inventories (EUR 314.6 mn) increased by 5.0% as against December 31, 2012 (EUR 299.6 mn). There were no notable write-downs to net realizable value.

Trade receivables

Trade receivables at EUR 262.6 mn were virtually unchanged as against December 31, 2012 (December 31, 2012: EUR 264.5 mn).

Equity and dividends

The amount of share capital and the number of shares did not change in the interim reporting period. No shares were bought back. The Management Board did not exercise the authorizations in place on December 31, 2012 to increase share capital or issue convertible bonds in the interim reporting period.

The dividend to the shareholders of Lenzing AG was as follows:

Dividends of Lenzing AG resolved and paid	Total	Number of shares	Dividend per share
	EUR mn		EUR
Dividend for the financial year 2012 resolved at the Annual General Meeting on April 24, 2013 (payment April 30, 2013)	53.1	26,550,000	2.00
Dividend for the financial year 2011 resolved at the Annual General Meeting on April 19, 2012 (payment April 25, 2012)	66.4	26,550,000	2.50

The dividend for fiscal year 2012 was distributed in the interim reporting period.

Subsidiaries distributed EUR 0.2 mn (1-9/2012: EUR 3.9 mn) to non-controlling interests in the interim reporting period.

The foreign currency translation reserve declined by EUR 16.1 mn as against December 31, 2012. The change in the hedging reserve lead to a decrease of equity by EUR 0.7 mn (after income taxes) as against December 31, 2012.

Financial liabilities

As against December 31, 2012, non-current financial liabilities declined by EUR 104.1 mn to EUR 597.5 mn (December 31, 2012: EUR 701.6 mn).

The seven-year bond with a nominal of EUR 120.0 mn matures in 2017. The coupon of EUR 4.7 mn p.a. (3.875% of the nominal) is due as of September 17 of each year and is accrued accordingly over the fiscal year. There were no notable issues, repurchases or repayments of bonds in the interim reporting period.

Provisions

The provisions include provisions for pensions and similar obligations (severance payments), jubilee benefits, other provisions and accruals.

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Note 7

Notes on the consolidated statement of cash flows (condensed)

In the first nine months of 2013, the gross cash flow decreased year-on-year to EUR 129.2 mn (1-9/2012: EUR 198.5 mn). This decline is due to operational reasons in particular. The cash flow from operating activities was EUR 57.3 mn in the interim reporting period (1-9/2012: EUR 144.0 mn).

In the interim reporting period, the cash flow from the investing activities of continuing operations included in particular payments for the acquisition of intangible assets and property, plant and equipment in the amount of EUR -177.9 mn (1-9/2012: EUR -211.8 mn) and the sale/repayment of financial assets in the amount of EUR 28.0 mn (1-9/2012: EUR 36.6 mn). The net cash flows from discontinued operations include, in particular, the net inflow from the disposal of subsidiaries of EUR 61.7 mn (1-9/2012: EUR 0.0 mn; see also note 4) and payments for the acquisition of intangible assets and property, plant and equipment in the amount of EUR -2.7 mn (1-9/2012: EUR -1.8 mn).

In the interim reporting period, the cash used in financing activities in the amount of EUR -114.3 mn (1-9/2012: EUR -75.2 mn) essentially included the borrowing/repayment of financing and distributions to shareholders.

Notes on capital risk management and financial instruments

Note 8

Capital risk management

The key figures for capital risk management are as follows:

The interest-bearing financial liabilities break down as follows:

Interest bearing financial liabilities EUR mn

	30/09/2013	31/12/2012
Non-current financial liabilities	597.5	701.6
Current financial liabilities	207.4	173.6
Total	**804.9**	**875.1**

Liquid assets consist of the following:

Liquid assets

EUR mn

	30/09/2013	31/12/2012
Cash and cash equivalents	323.9	481.7
Liquid investments (in financial assets)	12.0	38.6
Liquid bills of exchange (in trade receivables)	7.8	8.5
Total	**343.7**	**528.8**

The net financial debt and EBITDA before restructuring are as follows:

Net financial debt

EUR mn

	30/09/2013	31/12/2012
Interest bearing financial debt	804.9	875.1
Liquid assets (-)	(343.7)	(528.8)
Total	**461.2**	**346.3**

EBITDA before restructuring

EUR mn

	1-9/2013	1-9/2012
Earnings before interest and taxes (EBIT) before restructuring	111.5	203.4
Amortization of intangible assets and depreciation of property, plant and equipment (+)	86.5	80.7
Income from the release of investment grants (-)	(2.1)	(2.7)
Total	**196.0**	**281.5**

The adjusted equity ratio (equity in accordance with IFRS plus government grants less proportionate deferred taxes) was 46.2% as of September 30, 2013 (December 31, 2012: 43.8%).

All significant capital requirements were satisfied in the interim reporting period.

In addition to the liquid assets, free credit facilities committed in writing in the amount of EUR 186.0 mn were available for possible future financing requirements as of September 30, 2013 (December 31, 2012: EUR 211.2 mn).

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Note 9

Financial instruments

Carrying amounts and fair values by class

The carrying amounts and fair values of financial assets (asset financial instruments) broke down by class as follows as of September 30, 2013 and December 31, 2012:

Carrying amounts and fair values by classes of financial assets*

EUR mn

	30/09/2013		31/12/2012	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Loans and receivables:				
Cash and cash equivalents	323.9	323.9	481.7	481.7
Trade receivables	262.6	262.6	264.5	264.5
Financial assets – non-current loans to third parties	8.1	8.1	2.2	2.2
Puttable non-controlling interests	12.0	12.0	12.6	12.6
Other non-current financial assets – non-current receivables	5.5	5.5	1.7	1.7
Other current financial assets (not including derivatives – open position and puttable non-controlling interests)	21.4	21.4	14.9	14.9
Available-for-sale financial assets:				
Financial assets – non-current securities	26.4	26.4	53.8	53.8
Other non-current financial assets – capital share in non-consolidated companies (measured at cost)	2.2	2.2	1.2	1.2
Financial assets – other investments	0.0	0.0	0.0	0.0
Financial assets at fair value throug profit or loss:				
Other financial assets – derivative financial instruments at positive fair value (trading)	0.0	0.0	0.0	0.0
Other:				
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges)	3.5	3.5	5.3	5.3
Other financial assets – derivative financial instruments at positive fair value (cash flow hedges, underlying already realized in profit or loss)	1.8	1.8	0.3	0.3
Total	**667.4**	**667.4**	**838.3**	**838.3**
thereof:				
Measured at cost	2.2	2.2	1.2	1.2

*) The difference between the carrying amounts presented in this table and the balance sheet items concerns only non financial assets. The reconciliation as of December 31, 2012 can be seen from the consolidated financial statements 2012.

The carrying amounts and fair values of financial liabilities (liability financial instruments) broke down by class as follows as of September 30, 2013 and December 31, 2012:

Carrying amounts and fair values by classes of financial liability*

EUR mn

	30/09/2013		31/12/2012	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liabilities at amortized cost:				
Financial liabilities – bond	119.6	126.2	119.5	128.4
Financial liabilities – german private placement	199.3	201.2	199.2	200.3
Financial liabilities – amounts due to banks	451.7	454.1	518.9	522.6
Financial liabilities – liabilities to other lenders (miscellaneous)	32.5	32.2	35.7	35.6
Trade payables	170.3	170.3	200.3	200.3
Puttable non-controlling interests	26.8	26.8	29.0	29.0
Other non-current financial liabilities	0.0	0.0	0.0	0.0
Other current financial liabilities (not including derivatives – open positions)	3.8	3.8	9.5	9.5
Provisions – accruals – other (financial)	27.2	27.2	26.8	26.8
Financial liabilities at fair value through profit or loss:				
Other financial liabilities – derivative financial instruments at negative fair value (trading)	1.1	1.1	0.2	0.2
Other:				
Financial liabilities – lease payables	1.8	1.8	1.8	1.8
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	1.2	1.2	2.0	2.0
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges, underlying already realized in profit or losst)	0.6	0.6	1.8	1.8
Total	**1,036.0**	**1,046.6**	**1,144.8**	**1,158.3**

Fair value hierarchy

The following breakdown analyzes the financial instruments measured at fair value by type of measurement method. Three levels of measurement methods have been defined:

Level 1: Prices for identical assets or liabilities on an active market (used without adjustment): In the Lenzing Group these are securities (measured at listed prices and other market prices, particularly notional values for investment funds).

*) The difference between the carrying amounts presented in this table and the balance sheet items concerns only non financial liabilities. The reconciliation as of December 31, 2012 can be seen from the consolidated financial statements 2012.

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: In the Lenzing Group these are derivatives, namely currency forwards and gas swaps (measured using standard valuation methods on the basis of the market data available on the measurement date).

Level 3: Input factors for assets or liabilities that are not data observable on the market: There are currently no such financial instruments in the Lenzing Group.

Input factors for financial instruments EUR mn

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Securities, investments	26.4	0.0	0.0	26.4
Derivative financial instruments at positive fair value	0.0	5.2	0.0	5.2
Cash flow hedges	0.0	3.5	0.0	3.5
Cash flow hedges, underlying already realized in profit or loss	0.0	1.8	0.0	1.8
Trading	0.0	0.0	0.0	0.0
Derivative financial instruments at negative fair value	0.0	(2.9)	0.0	(2.9)
Cash flow hedges	0.0	(1.2)	0.0	(1.2)
Cash flow hedges, underlying already realized in profit or loss	0.0	(0.6)	0.0	(0.6)
Trading	0.0	(1.1)	0.0	(1.1)

Input factors for financial instruments (prior year) EUR mn

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Securities, investments	53.8	0.0	0.0	53.8
Derivative financial instruments at positive fair value	0.0	5.7	0.0	5.7
Cash flow hedges	0.0	5.3	0.0	5.3
Cash flow hedges, underlying already realized in profit or loss	0.0	0.3	0.0	0.3
Trading	0.0	0.0	0.0	0.0
Derivative financial instruments at negative fair value	0.0	(4.1)	0.0	(4.1)
Cash flow hedges	0.0	(2.0)	0.0	(2.0)
Cash flow hedges, underlying already realized in profit or loss	0.0	(1.8)	0.0	(1.8)
Trading	0.0	(0.2)	0.0	(0.2)

The Lenzing Group takes into account reclassifications in fair value hierarchy at the end of the reporting period in which they occur. In the interim reporting period, there were no shifts between the different levels of the fair value hierarchy by financial instruments that were already held on December 31, 2012. As of December 31, 2012, derivatives (gas swaps) with a market value of EUR 124 thousand and EUR -1,262 thousand were reclassified from level 1 to level 2 as there were no prices for these derivatives on an active market.

Accounting policies

In the Lenzing Group the following financial instruments are measured at fair value in particular:

- current and non-current securities (level 1 of the fair value hierarchy)
- currency and commodity futures (level 2 of the fair value hierarchy)

The securities essentially consist of bonds. Securities 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.

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. If the market value is positive, the credit rating of the counterparty is taken into account in measurement. Valuations by banks and other parties are used in addition to the Group's own models to estimate measurement.

If there is no market price on an active market and their market price cannot be measured reliably, or is from minor importance, investments in non-consolidated companies, other equity investments and related derivative financial instruments are measured at the lower of cost and cost less impairment. At EUR 1.1 mn (December 31, 2012: EUR 0.0 mn), this essentially 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, and at around EUR 1.2 mn (December 31, 2012: EUR 1.2 mn) the equity investment in Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck (GSG), Lenzing. LP Beteiligungs & Management GmbH, Linz, is a medium-sized Austrian corporation that manufactures specialty products from plastic polymers. GSG is a medium-sized Austrian corporation that builds, sells, leases and manages real estate at a regional level. 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 interim reporting period.

The accounting policies for financial instruments did not change in the interim reporting period. Further details can be found in the consolidated financial statements as of December 31, 2012.

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Disclosures on related parties and executive bodies

Note 10

Related party disclosures

The related parties of the Lenzing Group include all affiliated companies, companies accounted for using the equity method and the members of the executive bodies of Lenzing AG, B & C Industrieholding GmbH and B & C Privatstiftung. The affiliated companies also include B & C Industrieholding GmbH and its subsidiaries.

In the interim reporting period, the Lenzing Group recognized tax credit of EUR 1.3 mn from the tax group with B & C Industrieholding GmbH (1-9/2012: tax credit of EUR 10.1 mn). Furthermore, in accordance with the contractual obligation, advances on the tax allocation to B & C Industrieholding GmbH of EUR 40.3 mn were paid in the interim reporting period (previous year: EUR 42.5 mn). Moreover, the liability recognized as of December 31, 2012 for the tax allocation to B & C Industrieholding GmbH was essentially adjusted for the estimated income tax expense based on the results for the interim reporting period as of September 30, 2013.

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:

Relationship with companies accounted for using the equity method and their material subsidiaries EUR mn

	1-9/2013	1-9/2012
Sales	51.8	51.4
Cost of material and purchased services	69.6	65.8
	30/09/2013	**31/12/2012**
Trade receivables	8.4	13.0
Liabilities	14.0	13.7

Lenzing AG assumed proportionate liability for certain loans to a subsidiary of a company accounted for using the equity method (see note 12).

Note 11

Executive bodies of the company

Franz Gasselsberger was elected to the Supervisory Board for the first time at the Annual General Meeting on April 24, 2013. Otherwise, there were no changes in the members of the Management Board and the Supervisory Board as compared to December 31, 2012.

On October 4, 2013, Lenzing AG announced that Mr. Thomas G. Winkler will step down from the Management Board effective at the end of the year, and that the position of Chief Sales and Marketing Officer will be created within the Management Board, increasing the number of its members from three to four persons.

Other notes

Note 12

Financial guarantees, contingent assets and liabilities, other financial obligations and legal risks

As of September 30, 2013, the Group assumed EUR 0.3 mn (December 31, 2012: EUR 0.6 mn) in liability for a subsidiary of a company accounted for using the equity method. Furthermore, there are contingent liabilities, in particular to secure the claims of certain sold equity investments and suppliers, in the amount of EUR 5.2 mn (December 31, 2012: EUR 2.3 mn) and, to a lesser extent, retentions granted, that were not yet 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 liabilites relating to the claims of certain sold equity investments. It is considered unlikely that the Group will be required to make payments under these financial guarantees. A liability has not been recognized as the fair value was EUR 0.0 mn as of the end of the reporting period (December 31, 2012: EUR 0.0 mn).

The Lenzing Group has obligations for severance payments and jubilee benefits for former employees of certain sold equity investments up to the amount of the notional claims as of the date of the sale. Provisions have been recognized for these obligations as of the end of the reporting period in the amount of the present value according to actuarial principles.

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 risks. In particular, these include risks in the areas of product defects, competition and antitrust law, patent law, tax law, employee and environmental protection law. 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 Group management report of the Lenzing Group as of September 30, 2013.

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 13

Seasonal and economic influences on intra-year business activities

The business performance of the Lenzing Group is not generally affected by significant seasonal effects.

The development of the economy and the indicators for procurement, production and demand significant to the Lenzing Group are monitored by management on an ongoing basis. In particular, the quantities and prices for sales of fibers and for the procurement of pulp (and other central materials) are crucial to the business performance of the Lenzing Group. The cost/revenue items mainly affected by this (sales and cost of materials) are described in note 5. Further information can be found in notes 6 and 7 and the interim Group management report.

Note 14

Significant events after the end of the reporting period

The expanded cost optimization program "excelLENZ 2.0" launched in October 2013 is a further and even more far-reaching restructuring program designed to optimize internal processes and all production, marketing and sales activities. It comprises a further, comprehensive step to sustainably safeguard earnings and future investment projects. Improvement potential for all cost modules encompassing all operating units has been defined over the past weeks. The measures to be implemented on this basis will not only result in savings in material costs but also massive reductions in operating expenses and overhead, extensive increases in operating efficiency as well as a reduction in the total number of employees. All global sites will be affected. The staff at the Group's largest production site in Lenzing, Upper Austria, will likely be downsized by up to 15% from the current level of about 2,600 employees (including retiring employees and unfilled vacancies). On balance, up to 600 jobs around the world will be cut or vacant positions not filled.

The individual measures will be quickly carried out in the coming months, and thus already partially impact earnings in 2014. Lenzing expects one-off expenses related to the implementation of the "excelLENZ 2.0" drive in the mid double-digit euro range.

Lenzing, November 13, 2013

Lenzing Aktiengesellschaft

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the Management Board

Responsible for:

Business Unit Engineering
Corporate Communications
Global Human Resources
Internal Audit
Mergers & Acquisitions
Wood Purchasing

Friedrich Weninger
Chief Operating Officer
Member of the Management Board

Responsible for:

Business Unit Textile Fibers
Business Unit Nonwoven Fibers
Business Unit Pulp
Business Unit Energy
Business Unit Filaments
Global Safety, Health & Environment
Environment Lenzing Site
Infrastructure Lenzing Site
Business Planning

Thomas G. Winkler
Chief Financial Officer
Member of the Management Board

Responsible for:

Global Finance
Global Information Technology
Global Purchasing
Investor Relations
Legal Management
Risk Management
Group Compliance

Declaration of the Management Board

Declaration of the Management Board in accordance with section 87 (1) 3 Börsegesetz

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the financial position and financial performance of the Lenzing Group as required by the applicable accounting standards and that the interim Group management report gives a true and fair view of the financial position and financial performance of the Group in respect of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining three months of the financial year and of the major related party transactions to be disclosed.

Lenzing, November 13, 2013

Lenzing Aktiengesellschaft

The Management Board

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Note:

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

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

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

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

Press date: November 13, 2013

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