

3 November 2022

**Lenzing**

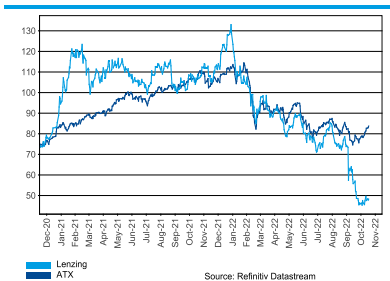
Austria

**Chemicals**

Reuters: LENV.VI Bloomberg: LNZ AV

**Buy**

Closing price as of 02-Nov-22	EUR 48.25
<b>Target price</b>	<b>EUR 73.00</b>
High/Low (12M)	EUR 133.00/45.35
Market cap.	EUR mn 1,281
Enterprise value	EUR mn 3,003
Free float	50.0%
Avg. daily turnover	EUR mn 2.94

**Price relative to Index**

Performance (%)	1M	3M	6M
Absolute	-13.5	-38.9	-44.0
rel. Austrian Traded Index	-23.9	-38.1	-35.8
rel. STOXX Europe 600	-20.1	-33.7	-37.2
rel. SXXP Chemicals	-21.2	-36.3	-35.0

**Analyst:****Markus Mayer**

+49 89 5150 1818

markus.mayer@baaderbank.de

**3Q22 EBITDA as feared – 2022 consensus fine for Lenzing; Cost savings program of EUR 70mn announced; EUR 1bn 2027 EBITDA target reiterated****Our conclusion**

- Lenzing's 3Q22 numbers are as feared but the confirmation of the company that consensus has revised down enough for 2022 might calm the market today. We see Lenzing's long-term story unchanged despite the current difficult market environment. If the 2027 targets are reached, the stock should at least quadruple until 2027. Consequently, we reiterate our bullish long-term view on Lenzing.

**Facts & Analysis**

- 3Q22 at a glance:** **1)** 3Q22 sales at EUR 676.5mn (up 3% yoy and flat qoq but 2%), **2)** 3Q22 EBITDA as bad as expected (up 14% yoy but down 26% qoq), **3)** 3Q22 net income better than feared (-75% yoy and -95% qoq), **4)** 9M22 FCF down 56% yoy and therefore worse than expected at EUR minus 495.8mn due to high capex and high NWC, **5)** EUR 70mn cost savings target announced (fully implemented by end of 2023).

**3Q22 numbers at a glance**

EUR mn	3Q22	3Q22E Baader	Dev. (%)	2Q22	qoq (%)	3Q21	yoy (%)
Sales	676.5	689.2	-2	678.6	0	655.5	3
EBITDA	74.2	74.1	0	100.8	-26	65.3	14
EBITDA margin (%)	11.0	10.8	n.m.	14.9	n.m.	10.0	n.m.
Net income	2.6	-22.2	>100	57.5	-95	10.3	-75

Source: Company data, Baader Helvea Equity Research

- Energy independence enhanced:** In order to become less dependent on global energy markets and to further reduce carbon emissions in-line with its strategic targets, Lenzing is also focusing to an even greater extent on electricity generated from renewable energies in Austria. During the reporting period, Lenzing constructed several photovoltaic plants at the Lenzing site in Upper Austria together with Austrian energy utility VERBUND. With a capacity of 5.6 MW p.a., the ground-mounted plant is the largest of its kind in this entire federal state. The output of the three roof systems amounts to 1.5 MW p.a. Lenzing also announced the signing of a long-term electricity supply agreement with green power producer Energy and Energie Steiermark. Once commissioned, the photovoltaic plant that has thereby been financed will supply the fiber and pulp plant at the Lenzing site with further green electricity from the fourth quarter of 2023. The plant's output will amount to 5.5 MW p.a.
- 2022 earnings expected to be in-line with consensus forecasts:** According to Lenzing, a deterioration in the market environment for Lenzing's relevant industries lead to a worsening of business prospects for Lenzing in 3Q22. Given this deterioration in the market environment, Lenzing suspended its earnings guidance for the 2022 financial year on 19 September 2022. The Lenzing Group anticipates earnings in the 2022 financial year in-line with current market expectations.

**Where do we differ from consensus?**

EUR mn	2021 Rep.	2022E			2023E			
		Guidance	Baader	Cons. Dev. (%)*	Baader	Cons. Dev. (%)*		
Revenues	2,194.6		2,468.9	2,486.0	-1	2,639.9	2,866.0	-8
EBITDA	362.9	New: in-line with consensus (prev. "significantly above 2021 level")	331.3	326.0	2	337.1	397.3	-15
EBITDA margin (%)	16.5		13.2	13.1	n.m.	12.6	13.9	n.m.
Net income	127.7		13.4	33.4	-60	-16.0	52.0	-131
Dividend (EUR)	4.35		2.60	2.7	-4	2.70	3.73	-28

\* Deviation Baader Helvea vs. consensus

Source: Company data, Refinitiv Datastream, Baader Helvea Equity Research

## Lenzing

## Key data

FY 31 Dec.	2019	2020	2021	2022E	2023E	2024E
<b>Share data</b>						
EPS reported (EUR)	4.63	0.24	4.16	0.51	-0.60	10.16
<b>EPS adjusted (EUR)</b>	<b>4.63</b>	<b>0.24</b>	<b>4.16</b>	<b>0.51</b>	<b>-0.60</b>	<b>10.16</b>
Dividend (EUR)	0.00	0.00	4.35	2.60	2.70	4.50
Book value (EUR)	57.92	70.86	78.04	75.30	73.20	81.76
Free cash flow (EUR)	-0.38	-24.23	-21.64	-11.87	0.00	0.00
Avg. no. of shares (mn)	26.6	26.6	26.6	26.6	26.6	26.6
Market cap. (avg./current; EUR mn)	2,416.1	1,482.6	2,887.3	1,281.0	1,281.0	1,281.0
Enterprise value (EUR mn)	2,979.9	2,233.9	4,185.9	3,003.1	3,183.0	3,199.9
<b>Valuation</b>						
<b>P/E adj. (x)</b>	<b>19.7</b>	<b>232.7</b>	<b>26.1</b>	<b>94.6</b>	<b>-</b>	<b>4.7</b>
P/BV (x)	1.6	0.8	1.4	0.6	0.7	0.6
FCF/EV (%)	-0.3	-28.8	-13.7	-10.5	0.0	0.0
FCF yield (%) (FCF/Mcap.)	-0.4	-43.4	-19.9	-24.6	0.0	0.0
Dividend yield (%)	0.0	0.0	4.0	5.4	5.6	9.3
EV/Sales (x)	1.4	1.4	1.9	1.2	1.2	1.1
EV/EBITDA adj. (x)	9.1	11.4	11.5	9.1	9.4	4.5
EV/EBIT adj. (x)	18.4	58.6	20.9	37.4	61.1	7.4
EV/CE (x)	1.4	0.9	1.2	0.8	0.8	0.8
ROCE/WACC adj. (x)	0.8	0.1	0.6	0.2	0.1	1.0
<b>Key company data</b>						
Sales growth (%)	-3.3	-22.4	34.4	12.5	6.8	14.5
EBITDA adj. growth (%)	-14.4	-39.9	84.6	-8.7	1.8	113.1
EBITDA adj. margin (%)	15.5	12.0	16.5	13.4	12.8	23.8
<b>EBIT adj. margin (%)</b>	<b>7.7</b>	<b>2.3</b>	<b>9.1</b>	<b>3.3</b>	<b>2.0</b>	<b>14.3</b>
Net adj. margin (%)	5.8	0.4	5.0	0.5	-0.6	8.9
Free cash flow margin (%)	-0.5	-39.4	-26.2	-12.8	0.0	0.0
Payout ratio (%)	0.0	0.0	104.7	513.5	-449.2	44.3
Gearing (%) (net debt/equity)	26.7	25.6	47.7	70.4	81.6	73.7
Net debt/EBITDA (x)	1.3	2.5	2.7	4.3	4.7	2.2
Equity ratio (x) (equity/total assets)	49.3	45.2	38.9	37.2	35.6	37.4
Capital employed (EUR mn)	2,058.1	2,594.9	3,421.6	3,774.4	3,900.5	4,146.7
ROCE adj. (%)	5.9	1.1	4.4	1.6	1.0	7.8
<b>Income statement (EUR mn)</b>						
Turnover	2,105.2	1,632.6	2,194.6	2,468.9	2,636.9	3,019.4
EBITDA	326.9	196.6	362.9	331.3	337.1	718.2
EBITDA adj.	326.9	196.6	362.9	331.3	337.1	718.2
EBIT	162.3	38.1	200.6	80.3	52.1	433.2
EBIT adj.	162.3	38.1	200.6	80.3	52.1	433.2
EBT	163.8	22.3	182.9	56.3	17.1	398.2
Net profit after minorities	122.8	6.3	110.3	13.4	-16.0	269.9
Net profit adj.	122.8	6.3	110.3	13.4	-16.0	269.9
<b>Balance sheet (EUR mn)</b>						
Non-current assets	1,784	2,361	3,205	3,561	3,691	3,941
thereof goodwill	14	13	14	14	14	14
Current assets	1,337	1,802	2,118	1,818	1,762	1,869
<b>Total assets</b>	<b>3,121</b>	<b>4,163</b>	<b>5,323</b>	<b>5,379</b>	<b>5,453</b>	<b>5,811</b>
Shareholders' equity	1,538	1,881	2,072	1,999	1,943	2,171
<b>Total equity and liabilities</b>	<b>3,121</b>	<b>4,163</b>	<b>5,323</b>	<b>5,379</b>	<b>5,453</b>	<b>5,811</b>
Net debt	410	482	988	1,408	1,585	1,599
<b>Cash flow (EUR mn)</b>						
Cash flow from operations	244.6	23.0	310.4	301.4	0.0	0.0
of which change in working capital	-49.3	-78.5	11.0	5.2	0.0	0.0
Cash flow from investments	-254.7	-666.2	-885.0	-616.6	0.0	0.0
of which investment in fixed assets	-259.6	-702.1	-847.0	-606.7	0.0	0.0
<b>Free cash flow</b>	<b>-10.1</b>	<b>-643.3</b>	<b>-574.6</b>	<b>-315.1</b>	<b>0.0</b>	<b>0.0</b>
Dividends paid	-132.8	0.0	0.0	-115.5	0.0	0.0
Cash flow from financing activities	333.3	1,212.4	611.6	-39.1	0.0	0.0
<b>Change in cash position</b>	<b>323.2</b>	<b>569.2</b>	<b>37.0</b>	<b>-354.3</b>	<b>0.0</b>	<b>0.0</b>

Source: Company data, Baader Helvea Equity Research

**Lenzing****Disclaimer**

**Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim, Germany**  
**Baader Helvea AG, Talstrasse 9, 8001 Zurich, Switzerland**  
**Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom**

Baader Bank AG is the parent company of Baader Helvea AG and/or Baader Helvea Limited. Baader Bank AG, Baader Helvea AG and Baader Helvea Limited are collectively referred to as “**Baader Helvea Group Europe Companies**” below, and each of them is referred to separately as a “**Baader Helvea Group Europe Company**”. Baader Bank AG and its subsidiaries and affiliates, including Baader Helvea AG and Baader Helvea Limited, are collectively referred to below as the “**Group Companies**”.

The information set forth in this document has been diligently compiled by Baader Bank AG and is partially based on publicly available sources and data supplied by third parties (including data supplied by AlphaValue S.A., a cooperation partner of Baader Bank AG) believed to be reliable. Baader Bank AG does not warrant the accuracy or completeness of such information.

All estimates and opinions included herein represent the independent judgment of the analyst(s) named in the Research Document as of the date of publication of this Research Document.

This Research Document was completed at 08:32 AM (CET) on 03-11-2022.

The relevant Baader Helvea Group Europe Company reserves the right to modify the views expressed herein at any time without notice and the right not to update this information and to discontinue coverage of the company that is the subject of this Research Document without notice. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. Neither the Group Companies, any of their authorized representatives or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this Research Document or its contents or otherwise arising in connection therewith.

Please note the information on the preparation of this document, the important notice, the advice regarding possible conflicts of interests, and the mandatory information required by Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 and other applicable rules under [http://www.baaderbank.de/disclaimer\\_research.html](http://www.baaderbank.de/disclaimer_research.html).

Baader Bank AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany with its principal place of business in Unterschleissheim. It is registered with the District Court (*Amtsgericht*) in Munich under No. HRB 121537 and supervised by the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main and Graurheindorfer Strasse 108, 53117 Bonn. The value added tax identification number of Baader Bank AG is DE 114123893.

A list of all of our Research Documents on any financial instrument or issuer that were disseminated during the preceding 12-month period is available to our clients under [http://www.baaderbank.de/disclaimer\\_research.html](http://www.baaderbank.de/disclaimer_research.html).

Research Documents with recommendation changes (rating or target price) published in the twelve months prior to the publication of this Research Document covering the same financial instruments or issuers.

Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
Lenzing	18-Oct-22	Buy	EUR	73.00	46.30 17-Oct-22	Markus Mayer

## Lenzing

## Contacts

**Markus Mayer**

Head of Research  
+49 89 5150 1818  
markus.mayer@baaderbank.de

**EQUITY RESEARCH****Capital Goods**

Capital Goods (Switzerland)	Emrah Basic, CFA	+41 43 388 9250	ebasic@helvea.com
Capital Goods (Switzerland)	Michael Roost	+41 43 388 9261	mroost@helvea.com
Capital Goods	Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
Capital Goods (Germany)	Peter Rothenaicher	+49 89 5150 1817	peter.rothenaicher@baaderbank.de

**Chemicals**

Markus Mayer	+49 89 5150 1818	markus.mayer@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com

**Consumer**

Consumer Durables / Food Retail / Non-Food Retail Food & Beverages	Volker Bosse, CEFA Co-Head Equity Research Andreas von Arx	+49 89 5150 1815  +41 43 388 9257	volker.bosse@baaderbank.de  avonarx@helvea.com
--	--	---	--

**Financial Services**

Gerhard Schwarz, CEFA Andreas von Arx	+49 89 5150 1812 +41 43 388 9257	gerhard.schwarz@baaderbank.de avonarx@helvea.com
--	-------------------------------------	---

**Metals & Mining**

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

**Pharma**

Leonildo Delgado, PhD Konstantin Wiechert	+41 43 388 9226 +41 43 388 9213	ldelgado@helvea.com kwiechert@helvea.com
--	------------------------------------	---

**Real Estate**

Andre Remke, CFA Co-Head Equity Research Andreas von Arx	+49 89 5150 1816 +41 43 388 9257	andre.remke@baaderbank.de avonarx@helvea.com
--	-------------------------------------	---

**Technology**

Software / IT Services / Support Services	Knut Woller, CEFA	+49 89 5150 1807	knut.woller@baaderbank.de
---	-------------------	------------------	---------------------------

**Transport**

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

**EQUITY STRATEGY**

Gerhard Schwarz, CEFA Head of Equity Strategy	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
--	------------------	-------------------------------

**EQUITY SALES**

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200

**DERIVATIVES SALES**

Munich	+49 89 5150 1990
--------	------------------

**EQUITY SALES TRADING**

Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1870
New York	+1 212 935 5150
Zurich	+41 43 388 9200

**For North American clients:**

New York	+1 212 935 5150
----------	-----------------

**PUBLICATION ADDRESSES**

**Baader Bank AG**  
**Equity Research**  
Weihestephaner Strasse 4  
85716 Unterschleissheim, Germany

T +49 89 5150 1810

**Baader Helvea AG**  
**Equity Research**  
Talstrasse 9  
8001 Zurich, Switzerland

T +41 43 388 9250