

## EANS-Adhoc: Lenzing AG / Lenzing decides on capacity expansion program

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### Lenzing decides on capacity expansion program

The Lenzing Group, world market leader in cellulose fibers, will continue to expand production capacity in 2010 by investing a scheduled EUR 120 mill. in its European and Asian sites. The projects will be realized over the next two years. The key elements are the further extension of pulp production at the Lenzing site (Upper Austria) and a further extension of fiber production at Heiligenkreuz (Burgenland, Austria) as well as remodeling the TENCEL® site at Grimsby (UK).

Peter Untersperger, chairman of the Lenzing management board, comments on these latest strategic decisions: "We are expecting continuing strong demand for Lenzing fibers over the coming years. By these projects we as the world market leader intend to secure and enhance our lead in terms of quantity as well as quality. And the message is clear: the Lenzing Group is going to shape fiber future jointly with its customers".

In a couple of weeks the fourth production line of the Indonesian subsidiary PT. South Pacific Viscose (SPV) will go operational. After two years of construction activity and a total investment of about USD 150 mill. fiber production capacity will be increased from about 160,000 to 220,000 tons per year. But Friedrich Weninger, management board member in charge of fiber production, notes: "Already today we expect that demand will exceed Indonesian production capacity. We will therefore begin with debottlenecking production right after start-up, with the aim to increase SPV production capacity by another 18,000 tons to 238,000 tons per year".

In the special fibers sector Lenzing plans to expand production at the TENCEL® site at Heiligenkreuz (Austria) by 10,000 tons to 60,000 tons per year. Friedrich Weninger: "The market has fully come to realize the superior quality of our TENCEL® special fiber for lingerie as well as for home textile applications. Exports of TENCEL® fibers from Heiligenkreuz to China, South Korea and India just keep on growing." Moreover, the TENCEL® site Grimsby will be remodeled to produce a novel TENCEL® special fiber.

And lastly, the site for the production of special fibers at Lenzing, the biggest fiber producer of the Lenzing Group, will be enhanced by an eco-friendly ozone bleach facility for pulp production in 2010 as part of its continuous expansion, thereby maintaining the current degree of self supply despite increasing fiber production. In addition, pulp production will be increased to an annual capacity of 260,000 tons.

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