

## EANS-News: Lenzing AG / Lenzing: Further capacity expansion in China and Austria

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### Company Information

#### Lenzing (euro adhoc) - Further capacity expansion in China and Austria

The Lenzing Group, world market leader in cellulose fibers, will invest considerable capital in the capacity expansion and modification of its sites in Lenzing (Austria) and Nanjing (China). The production capacity of fiber site Nanjing will be more than doubled to 140,000 tons per year with an investment of EUR 55 mill. at a scheduled construction period of 18 months two years. The Lenzing site will switch production from standard viscose fibers to modal fibers within the next fifteen months at an investment of EUR 23 mill.

Peter Untersperger, chairman of the Lenzing management board, comments on the latest decisions: "The investment is a continuation of our consistent expansion policy: The value of the Lenzing site as the world's biggest producer of special cellulose fibers will grow - and doubled capacity at the Nanjing site will meet the fast-growing demand for standard cellulose fibers in Asia.

The new program complements the current fiber capacity expansion program with a total investment of EUR 120 mill. launched in December 2009. The expansion in China and the full operation and subsequent debottlenecking of the fourth line at the Indonesian subsidiary PT. South Pacific Viscose (SPV) scheduled for May 2010 will raise the Asian production capacity of the Lenzing Group to 378,000 tons per year, equivalent to half of Lenzing's global fiber production capacity. As a consequence the new investment program will increase Lenzing fiber production to about 770.000 tons per year. Moreover, a further viscose fiber production site is being planned in India.

There are numerous reasons for expanding modal capacity and downsizing viscose capacity at the Lenzing site. Friedrich Weninger, responsible management board member for the fiber business: "Modal has very much turned out to be a global export success over the past years, particularly in Asia. The project will develop and secure our special fiber strategy for the Lenzing site. Integrated pulp production there enables optimized and decisive control of the production quality parameters from beech to fiber required for special fibers and the site's expertise in modal production spans decades. Moreover, remodeling will be comparatively fast and cost-efficient."

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#### Further inquiry note:

Lenzing AG  
Mag. Angelika Guldts  
Tel.: +43 (0) 7672-701-2713  
Fax: +43 (0) 07672-96301  
mailto:a.guldt@lenzing.com

Branche: Chemicals  
ISIN: AT0000644505  
WKN: 852927  
Index: WBI  
Börsen: Berlin / free trade  
Wien / official dealing