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EANS-News: Lenzing AG / Capacity Expansion in Heiligenkreuz starts with Ground-Breaking Ceremony

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Company Information

- Expansion of capacities for premium specialty fibers by 25,000 tons
- Investments of about EUR 70 mn over the next twelve months
- Project highlights strategic importance of Heiligenkreuz for TENCEL® premium fibers

Heiligenkreuz - The Lenzing Group is expanding production capacities for its specialty fiber TENCEL® at its site in Heiligenkreuz, Burgenland. After obtaining all required approvals and permits, the expansion project was initiated today, Tuesday, March 21, 2017. The ground-breaking ceremony was attended by Lenzing CEO Stefan Doboczky, along with Bernd Zauner and Dieter Eichinger, the two managing directors of Lenzing Fibers, Burgenland's Provincial Governor Hans Niesl and Alexander Petschnig, the Regional Minister for Economic Affairs.

"We will invest about EUR 70 mn over the coming twelve-month period to expand production capacities for our high-quality botanic specialty fibers", Doboczky says. "With this investment we are responding to strong global demand for new types of TENCEL® premium fibers such as the Refibra™ fiber, using cotton scraps from the manufacturing of cotton garments and wood as raw materials. This fiber makes a widely-recognized contribution to the circular economy in the textile industry. The fiber was very successfully launched on the market in February by our strategic partner Inditex in its Zara stores", he adds.

Annual production capacities for fibers will be increased by about 25,000 tons as a result of the investment. The fibers will be available to customers starting at the end of the first quarter of 2018. "We launched the production of lyocell fibers in Heiligenkreuz 20 years ago, and have expanded the site to make it to one of the largest industrial employer in Southern Burgenland. The new investments comprise a further important milestone in our success story, and will provide added impetus to growth in a structurally weak region", states Zauner.

Lenzing put its first industrial-scale lyocell fiber production facility into operation 20 years ago. Today the fibers are sold under the TENCEL® brand name. A recent study carried out under the scientific supervision of Friedrich Schneider, Professor at Johannes Kepler University in Linz, concluded that the Lenzing plant in Heiligenkreuz generates considerable regional economic effects. In addition to the approximately 230 jobs at Lenzing Fibers itself, around 940 additional jobs are secured on a long-term basis thanks to the company's economic activities in the region. The additional value creation equals about EUR 102 mn per year.

In its 20-year history, the Heiligenkreuz plant has sold close to 700,000 tons of fibers and exported the majority across the globe, as far away as China, Korea and Japan. The factory in Heiligenkreuz has been continuously expanded due to rapidly growing demand. Up until now, Lenzing has invested a total of roughly EUR 750 mn to build and extend production capacities for TENCEL® fibers. In addition to the Heiligenkreuz facility, these specialty fibers are also manufactured at the Lenzing site, in Mobile (USA) and Grimsby (Great Britain).

The lyocell technology applied in Heiligenkreuz is characterized by a very good environmental performance. The cellulose fibers are derived from the renewable

raw material wood in a closed-loop process, resulting in a minimal amount of environmentally harmful emissions. Due to their outstanding properties, TENCEL® fibers boast a particularly broad range of applications, both in the world of fashion as well as technical areas and nonwovens. Lenzing is the leading producer of lyocell fibers by far, and is continually upgrading and refining this technology.

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Further inquiry note:

Lenzing AG

Mag. Waltraud Kaserer

Vice President Corporate Communications & Investor Relations

Tel.: +43 (0) 7672 701-2713

mailto:w.kaserer@lenzing.com

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company: Lenzing AG

A-A-4860 Lenzing

phone: +43 7672-701-0

FAX: +43 7672-96301

mail: office@lenzing.com

WWW: <http://www.lenzing.com>

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