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## **Lenzing and Duratex plan to build 450,000 t dissolving wood pulp plant in Brazil**

- Lenzing will hold 51 percent in a future joint venture
- Largest single line dissolving wood pulp plant in the world
- Basic engineering and permitting process to be kicked off
- 43,000 hectares FSC® certified plantation secured
- Final investment decision subject to outcome of basic engineering expected in 2019

Lenzing – Lenzing Group, world market leader in specialty cellulosic fibers and Duratex, the largest producer of industrialized wood panels of the Southern Hemisphere, announce that they agreed on the terms and conditions to form a joint venture to investigate building the largest single line dissolving wood pulp (DWP) plant in the state of Minas Gerais, close to Sao Paulo, Brazil. This decision supports the backward integration and the growth in specialty fibers, defined in Lenzing's corporate strategy sCore TEN.

The joint venture will investigate the construction of a 450,000 t DWP plant, which is expected to become the largest and most competitive single line DWP plant in the world. Dissolving wood pulp is the key raw material for the production of Lenzing's bio-based fibers. For the future operation, the two companies have secured a plantation of 43,000 hectares that will provide the FSC® certified biomass. The plantation is fully in line with Lenzing's wood and pulp sourcing policy. The basic engineering and the application for required permits and merger clearances will now be started.

Lenzing will hold 51 percent of the joint venture which will operate the mill, while Duratex's share will be 49 percent. The estimated cash investment by the joint venture for the construction of the DWP mill is expected to be somewhat above USD 1 bn (based on current FX rates, net of generic tax refunds and the outcome of the basic engineering study). The joint venture will supply the entire volume of dissolving wood pulp to the Lenzing Group. This step is an essential milestone in the group's ambition to grow its specialty fibers business.

“Specialty cellulosic fibers are an important contribution to make the global textile industry more sustainable. In line with our corporate strategy sCore TEN we are committed to strong organic growth in this field. We are pleased that with Duratex, a recognized leader in sustainable forestry management, we have a strong partner in this joint venture. Together we will create a very sustainable and competitive raw material base for Lenzing’s global expansion plans”, says Stefan Doboczky, Chief Executive Officer of Lenzing Group.

“Projects of this nature are the result of our strategic plan and of our team’s effort towards drawing Duratex’s future. The Company is known for its financial solidity, high quality, innovation and sustainability; the results of a history spanning over six decades. The partnership with Lenzing for the construction of the largest single line dissolving wood pulp plant in the world is an honor for Duratex. Working with Lenzing, a global benchmark in technology, high quality and corporate governance makes us very proud. We are sure that this joint venture is going to be successful”, affirms Duratex’s Chief Executive Officer Antonio Joaquim de Oliveira.

The final investment decision to build the dissolving wood pulp plant is subject to the outcome of the basic engineering studies and the approval by the respective supervisory boards.

**Photo download:**

<https://mediadb.lenzing.com/pinaccess/showpin.do?pinCode=yNJBUIoHFLCi>

PIN: yNJBUIoHFLCi

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### **The Lenzing Group**

The Lenzing Group is an international company that produces high-quality fibers from the renewable raw material wood with environmentally friendly and innovative technologies. These fibers form the basis for a wide range of textile and nonwoven applications, and are also used in work and protective wear and in industrial applications.

Lenzing's quality and innovative strength set global standards for wood-based cellulose fibers. With 80 years of experience, the Lenzing Group is the only company in the world which produces significant volumes of all three wood-based cellulose fiber generations. Its products are marketed under the following brands: TENCEL™ for textile applications, VEOCEL™ for nonwovens and LENZING™ for special fiber applications in other areas and other products. Innovations like REFIBRA™ recycling technology, the identifiable LENZING™ ECOVERO™ branded fibers and TENCEL™ Luxe branded lyocell filament yarn make Lenzing a global innovation leader.

The Lenzing Group's success is based on consistent customer orientation combined with innovation, technology and quality leadership. Lenzing is committed to the principles of sustainable management with very high environmental standards and can underscore this commitment with numerous international sustainability certifications for its business processes as the most sustainable company in the sector. In addition to fibers, which form the core business, the Lenzing Group is also active in the fields of engineering and plant construction – mostly for its own locations, but also for external customers.

### **Key Facts & Figures 2017**

Revenue: EUR 2.26 bn

Nameplate capacities as at December 31: 1,009,000 t fibers p.a.

Employees: 6,488

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