



**Fiber Processing Unit FPU - Opening ceremony speech by:
Dr. Martin Folini, Senior VP RIETER AG - Head Spun Yarn Systems**

Ladies and Gentlemen, distinguished guests of the inauguration of the South Pacific Fiber Processing Unit (FPU).

It's a great honor and a privilege for me to deliver here at the occasion of the inauguration of the new South Pacific Fiber Processing Unit the wishes and regards of my company.

Rieter Spun Yarn System is extremely proud of having been able to contribute to the planning and the realization of this future oriented achievement. We are convinced the Cooperation between South Pacific, the leading supplier of viscose fibers and Rieter as the innovative supplier of complete spinning systems, will lead to further improvements and innovations in the processing of Viscose short staple fibres. This Fiber Processing Unit will henceforth be instrumental to the mutual benefit of the two partners.

The first outlines of a possible common endeavor were put on table back in early 2003. At that time each side decided to appoint a project leader who were given the task of scrutinizing the pro's and con's of such a project. It soon became clear that a full-fledged spinning plant would be the ideal tool for answering all requirements that were brought up by the various parties involved.

Please allow me to take this opportunity here to express the thanks of my company to all people who worked together and showed such a distinct dedication to the initial idea of setting up a common spinning facility.

The collaborative initiative entails joint trials in which Rieter's technological components will be tested to fit perfectly with South Pacific's range of viscose fiber. The trials will give South Pacific an opportunity to change the fiber properties if required and an advanced running performance on Rieter machinery.

A major step towards fulfilling the needs of the worldwide customers is the installation of an additional Rieter showroom -process line at the South Pacific base in Purwakarta. Exactly the same trials can be run here as in Switzerland. Customers will largely benefit from this move as new manmade fibers will be perfectly adapted to the needs of the various spinning processes, being rotor spun, ring spun standard and compacted, combed and carded. Likewise the fine tuning of the spinning processes, with regard to choice of spinning components, machine settings and definition of spinning schedule will henceforth be much more target oriented.

Cotton has been Rieter's focus point for over 200 years. J. J. Rieter, the founder in 1795 was a Swiss cotton trader. As the cotton trade grew, he set up his first spinning mill. His amazing skills at designing spare parts finally led to manufacturing machinery for yarn spinning - Rieter machine Works in Winterthur was born.

Today Rieter comprises of two major divisions: Rieter Textile Systems and Rieter Automotive Systems. Rieter Textile Systems is the leading supplier of systems to produce yarns from cotton, synthetic fibers and blends as well as Non-wovens for all textile and non-textile applications. Rieter Automotive Systems is the leading supplier of acoustic and heat management products to the Automotive Industry. In 2004 Rieter totaled sales of approximately 2.7 Billion US Dollars.

But with the phenomenal growth in the Man Made fibre consumption in Asia, especially in the last 10 years, Rieter's R & D efforts are now more focused on developing state-of-the-art spinning machinery for smooth running of man made fibres. The Lenzing Group including South Pacific Viscose, being the Leader in Cellulose Fiber Technology and Producer of all three generations of manmade cellulosic Fibers, turned out to be a preferred partner for Rieter. Rieter and the Lenzing Group, are both globally operating, technology driven companies, focused towards maximum customer satisfaction.

The partnership gives Lenzing and South Pacific the opportunity to test the performance of the newly developed fibers on Rieter machines before introducing them to the customers. Any changes in the property of the fibers or the modification of the machinery can be made in advance. The ideas being that the customers get their products right at the first instance. The South Pacific -Rieter partnership is an attempt at looking at the customer's problem as "one". It is a win-win situation for all, especially the customers, who can now look forward to enhanced performance of South Pacific fibers on Rieter

machines. The joint efforts by the two companies will undoubtedly go a long way in improving the operational efficiency of spinners.

Rieter offers not only machines but also the requisite service and knowledge, based on 200 years of experience in building machinery and spinning of yarn. This results in highly economical installations as well as new technologies and innovations to support its customers in differentiating from their competitors.

Success in a competitive market can be achieved by adopting different strategies. One way is to make the production cost effective and economical such that the yarn price becomes a unique selling proposition. Not only the machines have to be highly productive but also the degree of automation has to be adapted to the local needs. Depreciation for investment has to be calculated against savings in manual work. Rieter has long experience in facility studies and return of investment calculations to serve the planning of the customers.

The customer can also achieve differentiation by going in for compact spinning technology. Rieter has developed new technology, which allows spinning yarn that is both stronger and smoother. Economical advantages are combined with the chance of new yarns for new applications. Therefore, the customer owns an innovative potential giving more possibilities than simply the price. New yarns are also demanding for all process steps. Therefore Rieter does research also in downstream processes and end products as well as the use of different raw materials to support the customers. This is for Rieter one of the main reasons to co-operate with successful raw material suppliers. We appreciate very much that the Lenzing Group, incl. South Pacific cooperates with Rieter because this is an ideal fit. We will be able to speed up our endeavour in adapting Rieter's offerings to the specific needs of our customers world wide. And we are quite sure, that also the Lenzing Group as a whole ~~South Pacific~~ will benefit from tight co-operation in the field of spinning technology.

Ladies and Gentlemen, it's an extraordinary day for Rieter to participate here at the inauguration of the new Spin Centre.

I wish to reiterate the thanks of Rieter to South Pacific for the spirit that made this happen and would like to offer this symbol to the spin centre of south pacific. It is a stone, a special stone, it is a crystal. A symbol for Switzerland and its mountains, but also for purity, structure and sustainability. A symbol for perfection stemming out of passion, of time and partnership. May it also be a symbol for our cooperation and partnership, leading both companies to perfection and leadership.

Thank you very much