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Fajar Paper aims for 55% increase in capacity to 1.55 million tonnes/yr by end of 2013

SINGAPORE, Aug. 10, 2011 (Press Release) - Fajar Surya Wisesa (Fajar Paper) plans to increase 55% of its production capacity by the end of 2013 from the current capacity of 1 million tonnes/yr.

The increase in capacity will be coming from rebuilt of two existing paper machines, PM 2 and PM 7, as well as an installation of new paper machine, PM 6.

In September 2011, Fajar Paper plans to do a rebuilt on PM 2 for 21 days, by installing a new shoe press, additional drying cylinders, and new quality control system, hence increasing capacity by 50,000 tonnes/yr. PM 2 is a 4.3 m wide 3-layer machine producing linerboard.

Rebuilt of PM 7 will commence in January 2012 for two months. The rebuilt will include several brand new equipment installation, such as: two Voith Paper's shoe presses, stock preparation line, two head-boxes, film sizer, calender, pope-reel and slitter winder, and also rebuilding of part dryer section and wire section, including installation of a top wire. PM 7 capacity will increase by 150,000 tonnes/yr. PM 7 is a 6.6 m-wide fourdrinier machine producing linerboard.

In addition to the capacity increase, the steam and electricity consumption will be reduced by 10% on PM 2 and 20% on PM 7, making both paper machines more efficient in energy consumptions. Quality of the end-product will also improve after the refurbishments.

The PM 7 rebuild will cost an estimate of \$45 million, financed by Export Credit Agency (ECA) loan facilities. Earlier this year, Fajar Paper has secured term loan facility with a total of around \$31 million equivalent amount with OeKB (Austria's ECA) and Finnvera (Finland's ECA) to finance PM 7 rebuild. The loan has a tenor of 10 years with an attractive interest rate compared to traditional commercial rate.

Fajar Paper has recently purchased a 6.5 m-wide second-hand machine from Finland, which is currently being dismantled and plans to be shipped to Indonesia before the end of October 2011. This second-hand machine, combined with new parts and a new stock preparation plant, will form a new paper machine, PM 6. The construction of PM 6 is targeted to be complete by the end of 2013 with total cost estimated at around \$85

million. PM 6 will produce corrugated medium paper with a capacity of 350,000 tonnes/yr.

To support the increase in capacity, Fajar Paper is in the process of procuring a new power plant with a capacity of 30 MW and expected to be completed by 2013. The new power plant, together with the existing two power plants, will make total mill electricity supply to 100 MW. In June 2011, Fajar Paper has also finished constructing its second incinerator, with a capacity of 150 bone dry tonnes/day.

About PT Fajar Surya Wisesa Tbk

PT Fajar Surya Wisesa Tbk is the largest non-integrated packaging paper producer in Indonesia with the manufacturing facility in Cikarang Barat-West Java, Indonesia. Products manufactured include coated duplex board, linerboard and corrugated medium paper with current total installed capacity of 1,000,000 tones/yr using 100% recycled paper as its raw material. The company was established in 1988 and has been on the Indonesia stock exchange (FASW.JK) since 1994.

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