

DOUBLE INAUGURATIONS

Expansion of the Industrial complex of Cacia
New Tissue-Paper Factory, Vila Velha de Ródão

October 13, 2015

grupo Portucel Soporcel

Press Release – 13 October 2015

Total investment of € 95.3 million

Portucel officially opens two production units at the Cacia and Vila Velha de Ródão complexes

- **Plans announced for further investment of €120 million through to 2017, in Cacia, in a new tissue paper production line**

The Portucel Soporcel group, Portugal's third largest exporter and the leading European manufacturer of uncoated woodfree (UWF) printing and writing paper, today officially opened two of its latest capital projects at its industrial complexes in Cacia and Vila Velha de Ródão, representing total investment of € 95.3 million, and also announced plans to invest a further € 120 million through to 2017, in Cacia, on a new tissue paper production line.

This array of projects - joined by others, such as the vertically integrated forestry project in Mozambique, with a value of € 2.1 billion euros, and the construction of a pellets factory in the US, representing around € 100 million - is part of plans drawn up by the Portucel Soporcel group to expand and diversify its business over the next few years, in pursuit of the goal of sustained growth for this increasingly important multinational with its roots in Portugal.

20% more pulp in Cacia

This morning, the Cacia industrial complex officially opened the extension to its pulp mill, the result of an investment project worth € 56.3 million which is set to boost the Group's annual exports to more than 120 countries by a further € 30 million.

This capital project has increased the production capacity at the mill by 20%, from 294 to 353 thousand tons of paper pulp per annum, accompanied by an increase in production of renewable energy of around 9%, to a total of 336.7 MW/year.

The new extension to the mill has created a further fifteen direct jobs, and potentially generated around 290 indirect jobs, in particular in the forestry industry and in port logistics and road haulage sectors. As many as 1520 external workers were recruited during the construction period.

Significantly, the changes at the Cacia mill have incorporated the latest industrial and environmental technology, and innovative measures have been adopted to improve

DOUBLE INAUGURATIONS

Expansion of the Industrial complex of Cacia
New Tissue-Paper Factory, Vila Velha de Ródão

October 13, 2015

grupo Portucel Soporcel

environmental performance, including the collection, processing and incineration of malodorous gases (17 km of piping are used to collect and treat these gases), as well as the fitting of a new burner in the existing lime kiln, the installation of an electrofilter for the new lime kiln and partial substitution of the use of fuel oil by natural gas in the lime kilns. In terms of specific achievements, the project has cut atmospheric emissions of malodorous gases from the production process and allowed water from the production process to be reused, thanks to a new cooling tower, resulting in a significant reduction in consumption.

The work on building the new facilities and installing the new equipment all took place with the Cacia mill in full operation, except for the months from January to June this year, when work had to be carried out on the existing equipment, and to integrate the new equipment into the existing system.

This project has made it possible to optimise performance at the Cacia mill, helping to improve reliability in the mill facilities and to eliminate bottlenecks in certain production areas.

AMS doubles output

In the afternoon, AMS officially opened its new tissue paper production line at its plant in Vila Velha de Ródão, which was taken over by the Portucel Soporcel group at the start of this year. This expansion project involved investment of € 39 million and has created 70 new direct jobs, doubling the production capacity of the plant, which is now set to increase exports by around 40% and EBITDA by 72%.

Purchasing around 40% its supplies from local companies, the new mill has increased its factory floor space from 40,000 m² to 70,000 m² and is fitted with the latest environmental technologies which will allow it to cut CO₂ emissions by 22,000 tons/year.

With this new production line in Vila Velha de Ródão, the Portucel Soporcel group can now assert itself as one of Europe's most competitive manufacturers in the tissue market, a position it intends to improve further through its plans (as mentioned above) for investing a further € 120 million in a new production unit in Cacia, due to start up in 2017, which will have rated annual capacity of 70 thousand tons, incorporating equivalent finishing capacity.

About the Portucel Soporcel group

The Portucel Soporcel group is Portugal's third leading exporter, and the exporter generating the highest level of national value added. The Group accounts for approximately 1% of Portugal's GDP, around 3% of the country's total exports of goods, close to 8% of all containerized cargo and 7% of all containerized and conventional cargo exported through Portuguese ports.

In 2014, the Portucel Soporcel group set a new record for paper output, increasing the sales volume by

DOUBLE INAUGURATIONS

Expansion of the Industrial complex of Cacia
New Tissue-Paper Factory, Vila Velha de Ródão

October 13, 2015

grupo Portucel Soporcel

3% to over 1,564 thousand tons, allowing the Group to achieve growth in turnover to € 1,542.3 million.

Having consolidated its position as the leading European manufacturer, and the sixth largest in the world, of uncoated woodfree (UWF) printing and writing paper, the Group is also Europe's top producer of BEKP (Bleached Eucalyptus Kraft Pulp), and the fifth largest in the world.

The Group has successfully pursued a strategy of innovation and development of its own brands, which today account for 62% of sales of manufactured products. Special mention should be made of the Navigator brand, the world's best-selling product in the premium office paper segment.

The Group sells its products to 127 countries over five continents, with a special focus on Europe and the US, giving it the largest export base of any Portuguese company.

As a vertically integrated forestry group with its own forestry research institute, it leads the world in the genetic improvement of the *Eucalyptus globulus*. It manages vast tracts of forest in Portugal certified under the FSC® and PEFC™ systems (FSC license C010852 and PEFC license 13-23-001), and boasts annual production capacity for 1.6 million tons of paper, 1.4 million tons of pulp (of which 1.1 million is integrated into paper) and power generation of 2.5 TWh, adding up to annual turnover approximately of approximately 1.5 billion euros.

The Group operates one of Europe's largest nurseries for forestry plants, with annual production capacity of approximately 12 million certified plants of various species, destined for use in renewing Portugal's woodlands.

As part of its strategy for international expansion, the Group recently acquired a tissue paper manufacturer - AMS - and is implementing a major vertically integrated forestry project in Mozambique, as well as a new pellets factory in the US.

www.portucelsoporcel.com

For further press information, please contact:

Lift Consulting – 21 466 65 00

Sofia Lareiro | Sofia.lareiro@lift.com.pt | 934 847 492

Joana Branquinho | joana.branquinho@lift.com.pt | 913 184 302