

Demand increases in all leading markets

Portucel Soporcel group raises UWF paper prices in Europe

- **Increase of 3% to 5% for April**
- **Growing pressure from the industry's cost structure and historically low prices lead to plant closures in the US and in Europe**

The Portucel Soporcel group, Portugal's second leading exporter, is set to increase the prices for its UWF (uncoated woodfree) paper products across all European markets, as from the beginning of April, mirroring the two increases already implemented by the Group this year, with complete success, in the US, Middle East, African and Asian markets and an increase in Latin America.

The strong pressure on the industry's cost structure, which has undermined profitability and led to the closure of several plants in the US and Europe, has made this price review inevitable, together with the fact that prices dropped by around 3% throughout 2013 alone, according to relevant benchmark indicators in Europe. It is necessary to go back three and a half years, to summer 2010, to find prices lower than they are at present, it is also worth to underline that in more than three decades only during six periods of time real prices were actually lower than they are today.

European leader in the production of UWF paper, the Portucel Soporcel group will raise its prices in the European market for all its products by 3% to 5%, corresponding to the signs of growing demand detected in the early months of 2014. Since the start of the year, demand has consistently increased, and order books at all the Group's mills are at their highest level ever for this time of the year.

The Portucel Soporcel group markets products to 118 countries under its own paper brands with a strong reputation for superior quality - Navigator, Pioneer, Inacopia, Explorer, Target, Discovery and Multioffice. The Navigator brand, in particular, is the world's best-selling office paper in the premium segment.

About the Portucel Soporcel group

The Portucel Soporcel group is Portugal's second 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 2013, the Portucel Soporcel group attained new record levels for paper sales and output, consolidating its position as Europe's leading manufacturer of uncoated woodfree (UWF) printing and writing paper. The Group exported products worth €1 215 million and its turnover rose to €1 530.6 million.

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.

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 120 hectares of woodlands 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.

Thanks to recent investment in doubling the production capacity of its nurseries, the Group now operates one of Europe's largest nurseries for forestry plants, with annual production capacity of approximately 12 million certified plants of various species, ready for use in renewing Portugal's woodlands.

The Group has successfully pursued a strategy of innovation and development of its own brands, which today account for more than 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's sales are made to 118 countries over five continents, with Europe and the United States as the two main destinations.

Its position as an international frontrunner in its sector, its contribution to the Portuguese economy and the strategy of growth and innovation it has pursued, together with its credentials for business ethics and sustainability, led to the Group being named, in 2013, as European Business of the Year, in the European Business Awards.

The Portucel Group is also a leading force in this sector and the country's top producer of "green energy" from biomass, accounting for more than 50% of the power generated from this source in Portugal.

In keeping with its strategy of international expansion, the Group is currently investing in a major vertically integrated forestry project in Mozambique, set to culminate in the construction of a cellulose pulp mill, a capital project worth 2.3 billion dollars.

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