

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

KPMG study of performance in 2014 shows that

Three Portucel Soporcel group plants generate more than 30 thousand jobs in Portugal

- **The three industrial units – Cacia, Figueira da Foz and Setúbal – contribute directly and indirectly with more than 2,600 million euros to Portugal's GDP.**
- **For each euro spent by the three plants, 2.87 euros are generated in the economy of the three surrounding regions and 3,0 euros in the national economy as a whole.**
- **Purchases from Portuguese suppliers account for 80% of total spending at the Setúbal plant, 75% in Cacia and 70% in Figueira da Foz, clearly illustrating the extremely high level of locally sourced goods in the Group's output.**
- **The research, conducted in 2014, leaves out the data for the AMS tissue plant in Vila Velha de Ródão and for the new extension to the Cacia industrial complex, meaning that reality now is even more impressive than these figures show.**

The Portucel Soporcel group's plants in Setúbal, Figueira da Foz and Cacia employ a direct workforce of more than 2000 employees, and indirectly generate around 9000 jobs in the surrounding regions, and more than 30,000 in the country as a whole, according to figures from a study which looked into the Group's economic, environmental and social contribution to the country and to the regions where its industrial units are located.

For each job at the three plants, a further 4.4 jobs are generated indirectly in the surrounding regions and 15 jobs nationwide. The industries in which most jobs are created in the country as a whole are led by Wood (29%), followed by Power and Natural Gas (14%) and Maritime Freight (5%).

The research, conducted by the consultancy firm KPMG and looking at the Group's performance over the course of 2014, leaves out the data for the AMS tissue plant in Vila Velha de Ródão and for the new extension to the Cacia industrial complex, meaning that reality now is even more impressive than these figures show. In any case, the report concludes that the direct and indirect contribution to Portuguese GDP from the Group's other three plants is in

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excess of 2,600 million euros, and more than 500 million euros to GDP in the three sites mentioned, corresponding to approximately 2% of GDP in these regions. This means that for each euro spent by the three plants, 2.8 euros are generated in the economy of the three surrounding regions and 3.0 euros in the national economy as a whole.

The sector in which the most value is generated in the country as a whole is the Power and Natural Gas industry, with 33%, followed by Wood (21%) and Chemicals (8%). If we look at the value generated in the three regions where the plants are located, the Wood sector leads the way (23%), followed by Chemicals (22%) and Repair Services (11%).

"This study has put precise figures on a phenomenon we were already aware of: the Portucel Soporcel group is structurally crucial to the industry and to the Portuguese economy, and is a driving force for development in its local regions and in the country as a whole", explained the Group's CEO, Diogo da Silva, who went on to draw attention to the significant figures also revealed for the Group's performance in relation to the environment and social responsibility.

Another important finding is the large percentage of spending by the plants which goes to Portuguese suppliers, accounting for 80% of total spending at the Setúbal plant, 75% in Cacia and 70% in Figueira da Foz, clearly illustrating the extremely high level of locally sourced goods in the Group's output.

Attention should also be drawn to the total taxes paid by the three plants in 2014, which amounted to approximately 72.8 million euros, including € 6.2 million in municipal taxes and charges, notably environmental and port charges.

Focus on minimising environmental impact

Based on an analysis of the individual performance of the three plants, the report also provides a snapshot of their contribution to their local regions, in economic, environmental and social terms.

The Cacia Plant, producing pulp and power, can be seen to generate a highly significant economic impact on the Baixo Vouga region, clearly visible in figures showing that it accounts for 18% of conventional cargo exports at the Port of Aveiro, approximately 1,700 direct and indirect jobs in the region, € 107 million in exports accounting for 2% of GDP and 3% of exports for the region, as well as 288 GWh in renewable power, representing around 12% of Portugal's output of biomass.

This industrial unit has also played a fundamental role in fields such as social responsibility and minimising the environmental impact of its operations, illustrated by reductions of 67% in CO₂ emissions per output unit since 2002, and of 11% in energy consumption per output unit since 2007, as well as a reduction of 25% in the frequency rate for accidents at work over the last

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three years.

The Figueira da Foz plant, producing pulp, paper and power, also has a major economic impact on the Baixo Mondego region, starting with approximately 2500 direct and indirect jobs created in the region, and around 10,600 around the country. Equally significant are the € 541 million in exports, accounting 9% of the region's GDP and 39% of exports, as well as for almost 100% of containerised cargo exports from the Port of Figueira da Foz. The report shows that this plant makes a direct and indirect contribution to the GDP of Baixo Mondego of € 135 million, and of € 1000 million to the GDP of Portugal as a whole.

Efforts to minimise the environmental impact of this industrial unit have resulted in achievements such as improvement in the quality of liquid effluents, due to a 62% decrease in the concentration of BOD5 (Biological Oxygen Demand) since 2007, a reduction of 51% in CO2 per output unit since 2002, as well as investment of € 3.5 million in environmental projects over the past five years.

For its part, the Setúbal Plant, producing pulp, paper and power, is obviously a leading contributor to the region's economy. This is reflected first of all in around 2,600 direct and indirect jobs generated on the Setúbal Peninsula and around 15,000 nationwide, as well as in exports worth € 555 million (6% of the region's GDP and 14% of its exports), as well accounting for close to half (around 44%) of containerised cargo exports at the Port of Setúbal.

This sophisticated industrial unit also makes a direct and indirect contribution to the region's GDP of € 99 million, as well as 1.3 billion to the GDP of Portugal as a whole, in addition to its outstanding performance in environmental indicators and social responsibility.

In these areas we may point, for example, to reductions of 62% in energy consumption per output unit since 2007, 77% in particles concentration in liquid effluents per output unit and of 29% in the frequency rate for accidents at work over the past three years.

This picture of the Portucel Soporcel group's core business and the associated facts and figures provide an excellent tool for planning further improvements and identifying new issues to be addressed as the Group currently implements its plans for expansion at home and abroad, set to carry it to a new level over the next few years.

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.

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

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