

Towards Vision2020

Sappi unveils major plans to raise capacity in DWP production and speciality packaging

Sappi has announced plans for a swathe of expansion projects that will yield major increases in its dissolving wood pulp (DWP) capacity by 2020.

This includes preparatory work already under way for the projected expansion of its Saiccor mill, south of Durban. This will raise output by as much as 250,000 tonnes per annum (tpa) to a total of one million tpa in order to meet anticipated growth in demand.

In addition to current debottlenecking interventions intended to add an additional 10,000 tpa in output by 2018, work is under way to modernise the mill's wood yard to increase chipping capacity and reduce wood losses. Valmet will deliver and install the new high drop feed chipper and chip handling system at the end of the year for a January 2019 start-up.

Added to this is a new baling line with a capacity of 250 bales per hour to be supplied by Andritz, along with machines to connect two existing production lines, and bale tracking for the new and the two existing baling lines.

Mitigating impact, driving investment

Work is also in progress to establish and mitigate the peripheral consequences of this major expansion project and a preparatory study is being conducted prior to the initiation of the mandatory environmental impact assessment process. This will evaluate how the programme will affect local communities and their environment.

The project brings local investment and new job opportunities to KwaZulu-Natal, increases export revenues



and enhances South Africa's reputation within the global paper and pulp industry.

Additional capacity expansion exercises are currently under way at two other mills. Debottlenecking projects at Ngodwana are planned for completion by August 2018, and should raise DWP capacity by 50,000 tpa.

Further afield, at Cloquet mill in North America, a study into the feasibility of increasing DWP or kraft pulp production within existing permit limits will soon be completed. This could increase DWP production by as much as 30% from mid-2019.

Cham acquisition to strengthen Sappi's specialist packaging presence

Sappi has concluded an agreement to acquire the Cham Paper Group's (CPG) specialty paper business. The transaction, valued around US\$149 million, includes CPG's Carmignano and Condino Mills in Italy and its Swiss digital imaging business, brands and intellectual property.

The acquisition falls in line with the company's diversification strategy and 2020 vision for participation and growth in higher margin market segments. Major benefits will be the strengthening of its footprint in the speciality and packaging segment and new market opportunities, adding a considerable 160,000 tonnes of specialty paper to global sales and generating further economies of scale and potential future synergies.



◀ **LEFT:** Sappi's dissolving woodpulp capacity set to increase. **MIDDLE:** Cham Paper Group's Carmignano Mill; **RIGHT:** Cham Paper Group's Condino Mill

Unlocking the growth potential of Cham's specialty paper business includes involvement with high profile brand owners and providing a valuable platform for marketing, innovation and new product development.

Commenting on the conclusion of the agreement, Steve Binnie, Sappi CEO, notes, "I am very pleased that we have been able to finalise this acquisition so quickly. We are now able to move with speed to combine Cham's strong brands, employees and assets with Sappi's global presence. Our existing as well as new customers will benefit from a broader range of products coupled with our well-established excellent customer service. This transaction strengthens Sappi's specialities and packaging papers business both in Europe and globally, improves our profitability and is another significant milestone towards realising our Vision2020 goal." ■

About Cham Paper Group Holding AG (CPG)

CPG, a manufacturer of coated speciality papers, was founded in 1657. Following the divestment of the paper business, the company will focus on its real estate business and will operate under the name Cham Group.

Carmignano Mill is a non-integrated paper mill with two paper machines. The plant can produce 100,000 tonnes of paper and employs 223 people. Paper grades include C1S FlexPack, C1S label papers, wet glue and self-adhesive applications, base paper for metallisation.

Also a non-integrated paper mill, **Condino Mill** employs 127 employees and can produce 60,000 tonnes of paper per year on its one paper machine. Paper grades include glassine (silicone base paper) and super calendared, uncoated flexible packaging papers.

▼ **BELOW:** Valmet chipping line and chip system.

