

By Caroline Martin
Special for *O Papel*

FIBRIA DISCLOSURE



FIBRIA STANDS OUT FOR OPERATIONAL EXCELLENCE AND RISING PRODUCTIVITY INDICES

As the world leader in eucalyptus pulp production, Fibria possesses an annual production capacity of 5.3 million tons of pulp, which sum results from its production units located in Três Lagoas (MS), Aracruz (ES), Jacareí (SP) and Eunápolis (BA), where it runs Veracel in a joint venture with Stora Enso. "Fibria is recognized for the excellence of its routine management, but we know that this alone is not sufficient. It is necessary to create other forms of contribution, including the practical application of the adaptive innovation concept, which is practiced by professionals who work alongside equipment," says Paulo Silveira, who heads the Industry and Engineering Executive Management.

In this position for almost 2 years, Silveira remembers that the initial transition phase, when substituting the seasoned veteran Francisco Valério, brought important reflections to his career. "I had to analyze what my role would be from then on. I came to the conclusion that my goal would be to, besides continue the good work that was being doing, lead Fibria to another level of industrial performance." The goal is slowly being achieved and can be easily perceived by the exemplary productivity rate posted by the company. "The continuous boosting of productivity involves a fundamental pillar: greater people engagement in this crusade and top management's involvement, which mission is to take on this responsibility, create opportunities in all operational levels and create an environment for participation in modernization projects," he said, revealing one of the foundations of success.

In this month's Interview to *O Papel*, Silveira also talks about the strategies for commanding mills with different technological levels, benchmarking practices used to achieve improvements and addresses plans for the next months, which includes installation of the first plant in partnership with Ensyn and construction start-up of the second line at the Três Lagoas Unit.

O Papel – What are the technological ages of Fibria's mills and what are the technical peculiarities of each one? Does the company invest in technological improvements to maintain all units at the same level?

Paulo Silveira – The technological age of our mills ranges between 10 and 11 years. And, yes, this translates the technological updating policy we've adopted. We have some extremely new mills, such as Três Lagoas, almost six years old, but we also have units that started up in 1978, like Aracruz, which, by the way, is a good example of how the modernization process is done. We recently substituted two of Plant A's original bleaching lines for a new state-of-the-art line. To give you a more precise idea of what this represents in terms of equipment, we substituted 10 filters for three presses. Considering that there are five of them in each line, this is an excellent example of how much this evolution represents in practice. In a nutshell, it represents an increase in energy efficiency, a reduction in environmental impact and also a lower maintenance cost. There is a permanent concern and dedication to maintain our plants in their best state of technological updatedness.

O Papel – How does the company measure the productivity of each mill and define improvement targets?

Silveira – We utilize a concept, a market benchmark developed by Pöyry, which translates the capacity use of mills. This index also shows how consistent and stable productions are at mills. Conceptually, the indicator is based on the confidence we can pass on to our customers in relation to predictability of our deliveries. There is an international benchmark that informs that, when measured by this indicator, a mill is considered to have operational excellence when it shows over the 90%. Last year, and so far this year, Fibria's index is at 92.5%, and headed towards 93% in this indicator. This shows that the company has operational excellence in all its mills and is being able to improve in all of them.

O Papel – Does one mill end up becoming a benchmark for another or should all of them have the same productivity levels?

Silveira – Fibria has a privileged condition with regards to benchmarking, since its three mills comprise six production lines (three in Aracruz, two in Jacareí and one in Três Lagoas), besides Veracel, the company's joint venture with Stora Enso. The sharing of best practices within the company is a process that generates a permanent synergy. We also have committees for the main lines, including maintenance, recovery and utilities, and pulp committees, with the goal of identifying best practices and making them circulate as soon as possible in all units, so that learning is quickly incorporated. It is through these committees that benchmarking between units occurs. In addition to following up and analyzing indicators to check performance, our committees have another major purpose: to verify which new contributions they can offer. There is an annual agenda for presenting the portfolio of new actions, so that these additional contributions can occur. In summary, these committees are one of the sources of contribution that makes Fibria's cost, since its very beginning, to be consistently below the inflation rate. In other words, it's these actions that bring all the modernization projects and contributions necessary for the company to stay below the inflation rate.

O Papel – In addition to technological improvements, what aspects comprise Fibria's competitiveness in the current context, in which we hear a lot of talk about horizontalization of the curve?

Silveira – We include this issue of competitiveness within a broader concept, which translates into an industrial master plan, with medium and long-term visions. Competitiveness is one of the pillars we have in this plan and, in this work, we have different forms of approach. One of them is the evolution of process control systems and an expanded pursuit of good productivity benchmarks in other industrial sectors. Many times, we tend to only look at our own sector

Silveira: "Over the last two years, our task was to conclude the debt adjustment cycle to prepare the company for a new growth cycle"

“In analyzing all mills, the Três Lagoas unit stands out the most in terms of energy surplus. The unit produces the greatest amount of excess energy when compared to other company mills”

when in fact there are a series of other initiatives that can be useful in our process. Another way of boosting competitiveness is to have more people involved in projects and initiatives that seek new contributions. Fibria focuses on ‘democratizing’ opportunities, so that more people can participate in these improvement projects. To mention an example, this year, we will train more than 100 technical operators under the White Belt concept, which tool is used to produce more optimized processes in the operational level. With this, our intention is to broaden our process intelligence in different fronts.

O Papel – Talking about the current risk of energy shortage, in what way does the energy crisis impact the operational day-to-day of Fibria’s units? Are they all energy self-sufficient?

Silveira – For starters, it is important to point out that Fibria’s energy grid is clean, since the origin of energy is mostly green. In analyzing all mills, the Três Lagoas unit stands out the most in terms of energy surplus. The unit produces the greatest amount of excess energy when compared to other company mills. The unit also stands out for the significant increase in energy generation we achieved last year, producing roughly 25% of additional energy. And it is also at this mill that we obtained a recent authorization to operate with another 10 MW/hour in the existing system. The Aracruz Unit also produces excess energy and supplies it to the market, although in a lesser amount than the Três Lagoas Unit. In Jacareí, we did a lot of work last year for the unit to stop being an energy buyer. Today, we practically no longer purchase energy for the unit, thanks to the investment allocation and prioritization work we did to boost the plant’s energy efficiency.

O Papel – Since consolidating the partnership with Ensyn, were any changes made to the units in order for the research and experiments to be put into practice? Were investments made in this particular area?

Silveira – The partnership with Ensyn refers to a company strategy of looking at the potential

of its forestry area. What we have basically done is to approximate Fibria’s engineering team with Ensyn’s team, with the objective of obtaining more technical and detailed knowledge about the subject matter so that studies could begin and allow for the installation of an initial plant. We are currently in this studies phase. But the idea is that by the middle of this year we are in conditions to make a decision regarding the installation of this plant, initially projected for the Aracruz Unit, where there will be a synergy between the existing installations and future services executed at the site.

O Papel – In the event the project to expand production capacity at the Três Lagoas Unit is approved by the Board of Directors this year and starts up within the next few months, how does the company intend to undergo this construction period without impacting production of line one?

Silveira – Fibria has significant experience in processes of this sort. After starting up plant A in Aracruz, we installed plants B and C. The same occurred in Jacareí, with the installation of the second line. We already have this particular experience of installing additional lines after the first line, without impacting current installations. The main contributing factor to this process is planning quality, so that these projects be executed without impacting lines in operation. Doing a greenfield project has all the challenges related to installing a new site, including infrastructure and logistics details. However, in a brownfield project, in spite of all the already existing infrastructure and physical structure, there exists the challenge of executing the project in a seamless manner without impacting the plant’s ongoing operation. We have expertise in this type of project. Over the last two years, our task was to conclude the debt adjustment cycle to prepare the company for a new growth cycle. Today, we already have the license for the new project and all the engineering work concluded. We are just awaiting the Board’s decision. ■