

By Patrícia Capó

AN EVEN BIGGER HORIZON FOR FIBRIA

Technological advantages of packages contracted by the company for **Project Horizonte 2** will add another 200 thousand tons to the already announced 1.75 million-ton capacity projected for Fibria's second production line at Três Lagoas-MS

Fibria surprised the market by announcing, on May 31, that it will be adding another 200 thousand tons to the annual production capacity of Project Horizonte 2, currently being built in Três Lagoas-MS, maintaining the same initial investment of R\$ 8.7 billion. The projected production capacity is now 1.95 million tons/year of pulp.

"To do more with less", as emphasized by Fibria's CEO, Marcelo Castelli, during the event that announced the feat, "means gaining competitiveness". (See box about the event ceremony) In practice, Horizonte 2, which was the **Cover Story of O Papel's January edition**, will provide a faster return on investment to Fibria shareholders, as well as other productivity advantages, in partnership with its suppliers.

Kicked off in June 2015, the project is underway as projected, with 32.5% of installation work concluded. "Our goal is to produce the first bales of pulp in October 2017," said Castelli, demonstrating all the effort and care that Fibria, partners and authorities are investing in the development of Project Horizonte 2 in Mato Grosso do Sul and also socio environmental programs near production units.

"For us, we are really proud to see works underway, jobs being generated, quality of life improving and also the development of Três Lagoas, Mato Grosso do Sul state and Brazil," said Fibria's CEO. He also mentioned the company's practicing of inclusive economy for developing local communities, which carries a different corporate vision: a business organization where everyone wins. "We create value and share value with all links in the production chain."

During the same ceremony to celebrate Project Horizonte 2's first anniversary and the announcement of the 200 thousand ton increase in annual pulp production, Fibria also divulged its Basic Environmental Program, in which it will invest another R\$ 6.2 million in Três Lagoas in the purchase of equipment for municipal departments and refurbish four municipal schools, one dental clinic and one orthopedic clinic.

Other entities are also being contemplated, such as the Fire Department, Military Police, Civil Police, Centro Salesiano and APAE, as well as the municipalities of Brasilândia and Selvíria, which will also benefit from an investment of more than R\$ 1.9 million in the refurbishment of a municipal school and hospital. In turn, the government of Mato Grosso do Sul received R\$ 34 million in environmental compensation, totaling R\$ 41.5 million in investments in the state and local communities.

Besides social actions, a total of 40 thousand direct and indirect jobs will be created during the two years of construction of Horizonte 2 and, at the end, when it begins operating, Fibria's new pulp production line will have three thousand direct and indirect job positions. "In the last quarter, Três Lagoas was the municipality that created the most jobs in



Logistics and Procurement Director of Project Horizonte 2, Wellington Angelo Loureiro Giacomin, shows details of the project to Fibria's CEO, Marcelo Castelli (front), and Mauricio Miranda (next to Castelli), Engineering General Manager of Project Horizonte 2

Brazil, and the state of Mato Grosso do Sul will be the first to balance carbon emissions and sequestration, achieving carbon neutrality, becoming national reference in carbon neutral in the country. These achievements make us very proud considering our country's reality," said Reinaldo Azambuja, governor of Mato Grosso do Sul.

For Azambuja, Fibria is an example of success and the importance of public-private partnerships. "It's impossible for a government to do everything on its own, but it's indispensable to have very good planning to achieve results throughout the entire project. "Who seconded the governor's words was the mayor of Três Lagoas, Márcia Moura, when talking about the need for public administration efficiency when dealing with private capital in investment partnerships. "There's the responsibility for Três Lagoas to grow together with the companies installed in the city and, for such, there needs to be competence in state administration," she said.

Horizonte 2 highlights

Energy efficiency and improved environmental performance are the main highlights of Project Horizonte 2. In terms of the energy generated by Fibria Três Lagoas-MS, Mauricio Miranda, Engineering general manager of Project Horizonte 2, points out that it's 100% from renewable sources, generated at the unit through biomass of eucalyptus bark and liquid biomass resulting from the industrial process.

"At present, in addition to being responsible for generating all energy consumed, we supply an average of 50 MWh to the energy grid. In the future, once Horizonte 2 is concluded, we will be able to offer 130 MWh of excess energy to the country's grid," said Miranda.

Fibria's forestry performance in Três Lagoas-MS is another

See the time-lapse video **FIBRIA'S PROJECT HORIZONTE 2** in www.revistaopapeldigital.org.br



Fibria CEO and governor of Mato Grosso do Sul announce production capacity increase for **Project Horizonte 2** in Três Lagoas



Fibria CEO, Marcelo Castelli, next to Márcia Moura, mayor of Três Lagoas, and Reinaldo Azambuja, state governor of Mato Grosso do Sul, announces the 200 thousand t/year production-capacity increase of Project Horizonte 2. Next to governor is Júlio César Rodrigues da Cunha, Engineering and Project Manager, and Paulo Silveira (first on left), Industry and Engineering Executive Director of Fibria

The secret of state efficiency...

"The most important for results management is planning and also to establish goals. We have goals established for all of our secretaries and chairmen of foundations through 2018. In 2015, 72% of our goals were met. We didn't reach 100% in many cases because we depended on cash that was not available at the time to invest. Therefore, it is fundamental for government administration to work with goals and requires results. Additionally, a lot of the success stems from the streamlining of government size; that is, we need to be more economical inside the government to be able to invest outside it. An example of this result is that Mato Grosso do Sul will soon announce highway infrastructure investments of more than R\$ 2 billion with funds from the state government of Mato Grosso do Sul. We are not talking about any external investment. And the result of this and other internal projects is planning, goals and team competence, because nobody can do everything on its own. We have a team that has been performing very well." **(Reinaldo Azambuja, state governor of Mato Grosso do Sul)**

competitive advantage of the company. It involves, among other factors, a shorter average distance between forests and local production lines and the cost of wood practiced by the company, which is one of the lowest in the world thanks to the flat topography and availability of land in the region. At present, the company possesses a total area of 342 thousand hectares: eucalyptus plantations (120 thousand hectares) and native forests (222 thousand hectares).

For Horizonte 2, Fibria is already investing in the development and expansion of its forest base in the region, since it will need 187 thousand hectares of forests planted on company land, as well as leases and partnerships to be established by Fibria with regional producers. In all, in order to satisfy both Horizonte 1 and Horizonte 2, Fibria will have 307 thousand hectares of planted forests within an average radius of less than 100 kilometers from the two production lines.

Combining the mill's current line in operation, the Três Lagoas-MS unit will increase its production capacity by 150%, surpassing 3.2 million tons of pulp capacity per year. With this, Fibria's total production capacity, considering all its units in Brazil, will jump from the current 5.3 million tons to 7.25 million tons of pulp/year. ■

Note: Inside Horizonte 2: Follow Project Horizonte 2 at: www.fibria.com.br/projetohorizonte2

Learning from those who have something to teach

"There is always something to learn," said Marcelo Castelli, Fibria's CEO.

For him, being open to learning is one of the factors that propels people further. "Especially because when we learn all the answers, the questions change." Additionally, says Castelli, business dynamics are increasingly faster and, many times, a company will build strength over many years only to see it be lost in a matter of months. "Space in the market will always be for the most competitive." Project Horizonte 2 provided the Fibria team a series of lessons, as have other projects that the company has executed over the years. In the specific case of Horizonte 2, the main challenge in this first year was labor, as it required intense professional qualification the entire period, in addition to having to count on extremely specialized professionals who could not even be trained in Brazil in order to maintain the rhythm of activities pursuant to the time-sensitive demands of the project.