



VOITH PAPER DISCLOSURE



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## CAUTIOUS OPTIMISM AND POTENTIAL NEW PATHS IN 2018

2017 was a year full of events, transformations and uncertainties, particularly in the country's political-economic scenario.

Well, 2018 has arrived. And what now?

I believe that, like myself, many see a moment of "cautious optimism" today, envisioning positive perspectives in the horizon, but at the same time, weighing the important events that will occur throughout the year and their potential effects.

There are reasons for optimism and certainly opportunities for growth. We are kicking off the year in a better situation than we did 12 months ago. The behavior of indicators, such as level of unemployment, inflation and interest rates support this fact, albeit some have shown small improvements. Perhaps, what jeopardizes a stronger return of growth are the political uncertainties, especially in this election year.

Clearly, beyond immediate market conditions in Brazil and in the international scenario, the sustainable increase of our industry's competitiveness also calls for the highly necessary tax structure reform in Brazil, Social Security adjustments, infrastructure and logistics investments and access to lines of credit that allow investing in more modern equipment, among other factors.

While these bottlenecks are not tackled and resolved (and we need to be more involved in the discussions and initiatives related to these issues), there's a lot that we, as private initiative, can do, adopting a more proactive posture in leading the path of our industry and country.

Speaking specifically about our market, demand for pulp, tissue products and packaging experienced good growth last year, and the forecast is for another positive year. According to Ibá (Brazilian Tree Industry) data, from January to November 2017, pulp exports increased 14% while imports dropped almost 40% compared to last year, with production increasing roughly 3%. In the month of November, almost 1.7 million tons of pulp were produced in the country, a volume last seen in September 2016.

On the other hand, with operating costs increasing and uncertainty about the possibility of fully passing on such increases to the consumption chain, it's important to adopt measures that ensure a continuous increase in productivity and establish more efficient processes, supported by the use of systems and equipment that allow obtaining such gain in a consistent manner over time.

Within this context, the gathering, organization and intelligent crossing of data becomes essential for business growth, providing support for agile and assertive decision-making. Equipment that communicates with each other, promoting the interconnection and optimization of processes, monitoring operations, issuing alerts of sub-optimal situations and requesting maintenance. Sounds like the future, but it's already present (and a standard) in various industries. Many solutions even transcend internal company barriers, interconnecting with clients and suppliers, and building intelligence and value throughout the chain. There's a lot to be seen and done.

Additionally, besides incremental gains, these changes in internal structure and in the chain as a whole, as well as the efficient cross-referencing of reliable data in an environment of collaboration (and why not co-creation) among links in the industry, represent remarkable opportunities for the development of new products, offering the potential for transforming our industry, which renewable sources are very rich and still hold a lot of knowledge yet to be discovered and explored.

Perhaps, given the new dynamics and the constant acceleration process we live in today, there's no more time for the old credo that each company is "on its own against the world". And, of course, without people there are no companies. Today, just as important as adequately managing and allocating financial capital is the correct management of human capital, especially in an environment where new technologies and practices are introduced at a fast speed. This has proven a key factor of success in companies that stand out in their respective sectors.

The continuous training, attraction, development and promotion of talents, who provide new perspectives, ideas and energy, are fundamental for satisfying the demands of markets undergoing transformation.

Lastly, it's up to company managers in Brazil to execute the set of tasks they have already become exceptionally skilled at: to lead their companies through turbulent waters, to weather abrupt changes in climate conditions, balancing along all sorts of themes and challenges and, despite the circumstances, maintain a firm direction, with eyes on the future, with the flexibility, agility and optimism that are innate characteristics in us. An excellent 2018 to everyone! ■