

Sappi and Boregaard expands capacity at lignin joint venture

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Borregaard and Sappi will increase the lignin production capacity by 20,000 tonnes at LignoTech South Africa. The added volume will be marketed to the joint venture company's existing applications and geographical markets. The investment by LignoTech is estimated at R105m (approx. US\$ 8.5 million), and the project is expected to be completed in 2017.

Commenting on the decision, Per Arthur Sørli, President and CEO of Borregaard, said, "It is a strategic priority for Borregaard to grow our lignin business. This investment will strengthen LignoTech South Africa's competitive position, and improve our offering to key markets in Asia, The Middle East and Africa."

Steve Binnie, CEO of Sappi Limited, said "Looking to the future, Sappi will target strong growth from new business opportunities related to energy, nanocellulose and bioproducts including lignin and sugars. This expansion is an important vote of confidence in our joint venture with Borregaard and the global competitiveness of South Africa-based LignoTech."

LignoTech South Africa is a joint venture for the manufacture of lignin products owned by Borregaard (50%) and Sappi (50%). The plant was established in 1997 in KwaZulu-Natal and the capacity has been gradually expanded over time. The new investment will increase the installed capacity to approximately 180,000 metric tonnes dry substance per year. Borregaard provides the joint venture with sales and marketing functions in overseas export markets, in addition to technology, research and development functions. Sappi supplies lignin raw material and utilities from Sappi's Saiccor Mill.

The products from LignoTech South Africa are used in a wide range of applications such as industrial dust control, concrete admixtures, animal feed and agrochemicals.

Borregaard (BRG Oslo) operates the world's most advanced biorefinery. By using natural, sustainable raw materials, Borregaard produces advanced and environmentally friendly biochemicals, biomaterials and bioethanol that replaces oil-based products. The Borregaard Group has 1,080 employees in 16 countries and a turnover in 2014 of approx. NOK 4 billion (US\$500 million) with sales to close to 100 countries worldwide. The lignin business constitutes close to 50% of the Group's turnover with manufacturing plants in seven countries.

Sappi Limited (SAP Johannesburg) is a global company focused on dissolving wood pulp used in the manufacture of viscose staple fibre, pharmaceutical and household products, paper-based solutions for printing, packaging and speciality uses as well as business opportunities in adjacent fields. Headquartered in Johannesburg, South Africa, with over 13,000 employees worldwide and manufacturing operations on three continents in seven countries, it serves a direct and indirect customer base in 161 countries and has group sales of US\$6 billion.

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Sappi works closely with customer, both direct and indirect, in over 100 countries to provide them with the relevant and sustainable paper, paper-pulp and dissolving wood pulp products and related services and innovations.

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