

PRIVILEGED INFORMATION
Intention to cease activities in Horn (Germany)

Sonae Indústria, SGPS, SA (“Sonae Indústria”) informs that GHP Glunz Holzwerkstoffproduktions - GmbH (“GHP”) has announced today its intention to cease all operations at its Horn Bad Meinberg site (Germany) by the end of 2020. GHP is a subsidiary of Sonae Arauco, the joint venture between Sonae Indústria and Arauco, and has 106 employees. GHP’s main businesses are the production and sales of Laminates, the production of worktops and the operation of a Powerplant. The Economic Committee and Works Council of GHP have been informed. It is intended to start formal negotiations with the Works Council as soon as possible.

According with the agreement entered into with Arauco in relation to Sonae Arauco, the Laminates and worktops business are the responsibility of Sonae Indústria.

GHP’s powerplant together with the laminates and worktops operations, are the last remaining industrial activities on this large site in Horn whose main activities were closed down in 2014. As stand alone operations and with old and inefficient equipment, the laminates activities at the Horn site are not viable. These activities have operated at very low levels of capacity utilization and suffered from a high fixed cost structure making them uncompetitive in what is today a very competitive market environment for laminates and worktops businesses in Europe as a whole.

The intention to cease these activities has resulted from the consequential poor financial performance of the laminates and worktops operations that have generated negative EBITDA and cash flow over recent years, leaving them with no reasonable prospects for a material recovery in their financial profitability in the medium term.

The commencement of formal discussions with the Works Council for the laminates activities in the Horn site is an isolated decision and does not involve the remaining Sonae Indústria laminates business, whose main manufacturing site is in Maia (Portugal).

Sonae Indústria laminates business is being further developed and strengthened as part of our innovative value added decorative laminates strategy currently being implemented in the European and North American markets which should provide the base for recovery of the profitability of this business.

Maia, 6 June 2019

The Representative for Relations with Capital Markets and CMVM,
(Christopher Lawrie)