FAE CASE WRITING AWARD

The internationalisation of Sonae Indústria

This case was written by Ricardo Morais (Católica Porto Business School). The case was written to be used as basis for classroom discussions and it does not reflect any situation of best or worst management practices. The case was written in collaboration with Sonae Indústria.

Abstract

This case describes the internationalisation of Sonae Indústria from initial exports in the 1970s to its current position as the world's fifth largest wood based panels producer. In between these milestones, the company grew through acquisitions to become the Iberian leader in 1996 and the world leader in 1998. It achieved record results in 2007, but since then it has been downsizing. Its strategic performance has been cyclical, including a turnaround in 1995 and another in 2004. In particular, the company had to manage processes of post-acquisition and multinational integration. In addition, it had to cope with the international concentration of its industry and unprecedented economic recession. The case thus illustrates the strategic challenges of transforming a Portuguese company into a multinational corporation. For the current management team the main priority is to achieve the third turnaround of the company since 1991, following a negative cycle since 2008.

Keywords: Internationalisation, Multinational Corporation, Corporate Strategy, Wood Based Panels, Sonae Indústria.

Introduction

On the 15th of February, 2013, Rui Correia replaced Belmiro de Azevedo as CEO of Sonae Indústria (Exhibit 1), a subsidiary of Efanor Group (Exhibit 2). In his first annual report, Rui Correia stated that his team was "fully committed to finalise the turnaround of the company" (Annual Report 2012, p. 9). Sonae Indústria had grown since its foundation in 1959 to become the world's largest wood-based panels producer in 1998. From 2008 to 2013, however, the company accumulated losses of 476 million Euros (Exhibit 3). During this period, the turnover, employees and net assets were downsized by around 40%. In the words of the Board of Directors: "After 2007, driven by the macroeconomic crisis, we were forced to step back, close plants that were unsustainable, divest if better owners were found for specific assets and become a more efficient and leaner company than before" (Annual Report 2013, p. 6). On the 6th of May, 2014, the Board of Directors announced a share capital increase, in a maximum amount of 150 million Euros. For Rui Correia this was probably the most challenging period of his tenure as CEO.

Wood based panels industry

Wood based panels are a growing alternative to solid wood, especially in the furniture and building industries (Exhibit 4). Their advantages include less expensive raw material consumption as well as flexibility in terms of customized size. In addition, wood based panels are more environmentally friendly than other materials in the building industry such as steel and concrete. In particular, they are more energy efficient, reduce more carbon emissions, and are more recyclable.

In the wood based panels industry, it is common to distinguish between raw products and value added products. Raw products include plywood, particleboard (PB), hardboard (HB), medium-density fibreboard (MDF), and oriented strand board (OSB). Plywood is a composite material which binds resin and wood fibre sheets.

PB, also known as chipboard, is cheaper, denser, and more uniform than solid wood and plywood. It is manufactured from wood chips, sawmill shavings, or even sawdust, and a synthetic resin. PB is the second lightest type of fibreboard, after insulation board. It subdivides into raw PB and surfaced improved PB. The most common type of the latter is melamine faced PB.

HB, also known as high density fibreboard (HDF), is denser, stronger, and harder than PB. Although resin is often added, the bonding of the wood fibres requires no additional materials because it is made of highly compressed wood fibres.

MDF is much denser than PB and generally denser than plywood. It is, however, less dense, strong and hard than HB. MDF is made of wood fibres, wax and a resin binder. Similarly to PB, it subdivides into raw MDF and surface improved MDF with either melamine or other coverings.

OSB, also known as smartply, is made of adhesives and compressed layers of wood strands in specific orientations. It has similar properties to plywood, but it is more uniform and cheaper. OSB subdivides into OSB/2 suitable for structural and non-structural use in dry conditions; load-bearing OSB/3 suitable for structural use in humid conditions; and heavy duty load-bearing OSB/4 suitable for heavy duty structural use in dry and humid conditions.

As mentioned above, raw products can be transformed into value added products such as melamine faced board, laminates, flooring and acoustic boards. Value added products have several applications such as furniture, shelving, doors, interior decoration, packaging, and kitchen as well as gardening utensils.

In 2011, the European PB installed capacity decreased to 40.3 million m^3 (Exhibit 5). The respective production also contracted, amounting to 30.2 million m^3, well below the record 37.8 million m^3 in 2007. Germany, France, Italy, Poland, and United Kingdom were the main producers, accounting for 59% of the total EU-EFTA production. Raw PB accounted for 41% of the production, whereas melamine faced and other PB such as fire retardant and moisture resistant panels accounted for 50% and 9%, respectively. European PB consumption amounted to 28.3 million m^3. Germany, Poland, Italy, France, and United Kingdom were the main markets. The main end users continued to be the furniture and building industries with 68% and 23%, respectively. Other applications such as packaging consumed the remaining 9%.

In the same year, European MDF installed capacity stabilised at 15.4 million m^3. The respective production reached 11.7 million m^3, below the record 13.3 million m^3 in 2007. Germany, Poland, Spain, Italy and France were the main producers, accounting for 68% of the overall European MDF production. Raw boards accounted for 56% of total MDF production, while melamine faced boards and other coverings accounted for 32% and 12%, respectively. European MDF consumption amounted to 10.7 million m^3.

Germany, United Kingdom, Poland, Belgium, and Luxembourg were the main markets. The main MDF applications were furniture (46%), laminate flooring (37%), building (7%), moulding applications and interior finishing (7%) as well as garden furniture, other DIY applications, outside panelling, small cabinets for home entertainment, frames, games and toys (3%).

European OSB installed capacity, on the other hand, was almost 5 million m³ in 2011. The respective production amounted to 3.6 million m³ close to record 3.7 million m³ in 2007. Germany and Poland were the main producers. OSB/3, OSB/4 and OSB/2 accounted for 85%, 8%, and 2% of production, respectively. The remaining 5% were special OSB. The main buyers were the building industry (50%), the flooring industry (15%), the DIY sector (11%), and packaging applications (6%).

In Portugal, installed capacity in 2011 stabilised at around 1 million m³ for PB and 645,000 m³ for MDF (Exhibit 6). The country had four industrial plants producing PB and three industrial plants producing MDF, being a net exporter of both. PB producers in Portugal included Finsa with industrial plants in Matosinhos and Nelas as well as Sonae Indústria and Cidesa with one industrial plant in Oliveira do Hospital and Fundão, respectively. MDF producers included Finsa, Sonae Indústria, and Valbopan, with one industrial plant in Nelas, Mangualde, and Nazaré, respectively.

In 2013, Sonae Indústria's installed capacity in Portugal and abroad totalled 6.6 million m³, below the record 10.1 million m³ in 2007 (Exhibit 7). Such evolution reflected the company's history of investments and divestments (Exhibit 8). By June 2014, Sonae Indústria had 21 industrial plants in Canada, France, Germany, Portugal, South Africa, and Spain (Exhibit 9). The company was the world's fifth largest wood based panels producer, after Kronospan and Egger from Austria, Swiss Krono Group from Switzerland, and Arauco & Flakeboard from Chile and Canada (Exhibit 10).

Overview of Sonae Indústria

Sonae Indústria, initially named Sonae - Sociedade Nacional de Aglomerados e Estratificados, was founded in 1959, by a group of ten shareholders in Porto, Portugal. Shortly after inception, the company signed a contract with the Municipality of Maia, in the northern periphery of Porto, to install its first industrial plant and its current headquarters. The initial business idea was to produce high pressure decorative laminates from vine, but the company did not succeed. In 1965, bank creditors searched for a new leader for the project. In the same year, CEO António Correia da Silva recruited Belmiro de Azevedo, a recent graduate in Chemical Engineering, who had two years' work experience in Efanor – Empresa Fabril do Norte. Belmiro de Azevedo begun as a researcher in 1965 and joined the Board of Directors of Sonae Indústria in 1968. In the following years, he completed, among others, a MBA at Harvard University and a Financial Management Program at Stanford University.

In 1971, Sonae Indústria acquired Novopan, a PB company, located in Paredes, Portugal. In addition, the company installed a melamine surfacing production line and began producing components for the furniture and interior decoration industries. In 1975, Sonae Indústria began producing chemicals, namely melamine and phenolic resins. By producing chemicals, the company was able to supply itself the resins that were needed in the production of PB.

In 1984, Sonae Indústria acquired Agloma and became the leading PB producer in Portugal. Agloma had one industrial plant in Oliveira do Hospital, Portugal. In 1987, Sonae Indústria acquired Siaf and Paivopan in Portugal, further strengthening its leadership in the country. Both companies had had one PB industrial plant in Mangualde and in Castelo de Paiva, respectively. In 1989, Sonae Indústria invested in a new MDF production plant in Magualde, Portugal. This greenfield investment was started up by Siaf, one of the two Portuguese companies acquired in 1987.

Sonae Indústria's success in the 1980s allowed the company to diversify into other sectors. It thus gave rise to Sonae Investimentos Group with the following sub-holdings: Sonae Comunicação e Tecnologias de Informação (information and communication technologies), Sonae Distribuição (distribution), Sonae Hotelaria e Turismo (hotels and tourism), Sonae Imobiliária (real estate), Sonae Indústria (wood based panels), and Sonae Transportes e Viagens (transportation and travel).

Today, Sonae Indústria is a subsidiary of Belmiro de Azevedo's Efanor Group (Exhibit 2), being dedicated to wood based businesses, including PB, MDF, chemicals, laminates, and components. A second subsidiary, Sonae, is dedicated to food retail, non-food retail, shopping centres, telecom, media and information systems and software, retail properties, and investment management. By 2010, Sonae Indústria had a turnover of 1,293 million Euros and employed 4789 people in 8 countries. Sonae had a turnover of 5,834 million Euros and employed 43,268 people in 41 countries, being the largest employer in Portugal.

From initial exports to the first international acquisition

In 1989, Sonae Indústria initiated a series of investments abroad, following its exporting activities since the 1970s. The company's first international investment was the acquisition of Spanboard, a PB producer in Northern Ireland. Spanboard had one industrial plant in Coleraine, Northern Ireland, allowing Sonae Indústria to increase sales in the United Kingdom.

In 1991, Chairman and CEO Jaime Teixeira (Exhibit 1) decided to intensify the internationalisation of Sonae Indústria, following the advice of an international consulting company. In the same year, 65% of PB sales were in the Iberian market, considered the natural market of the company. Meanwhile, Spanboard was responsible for sales in the United Kingdom, and Sonae Indústria exported to several countries, especially in Central Europe.

From the acquisition of Tafisa to Iberian leadership

In 1993, Carlos Moreira da Silva replaced Jaime Teixeira as Chairman and CEO of Sonae Indústria (Exhibit 1). In the same year, the company acquired 24.9% of Tafisa, the leading wood based panels producer in Spain, as well as Plamac, a components producer in Santarém, Portugal.

In 1994, Sonae Indústria and Tafisa merged their commercial activities in the markets they operated: Portugal, Spain, United Kingdom, and Benelux. According to CEO Carlos Moreira da Silva, the globalisation of Sonae Indústria was to be based on four strategic principles: a) international expansion based on synergies with Tafisa and relocation of production capacity nearer to end markets and raw material sources; b) organisational development and marketing strategy focused on customer satisfaction, industry globalisation and higher scale of operations; c) reengineering of operational processes from raw material sourcing to customer service; and d) development of human resources capable of operating in an international environment.

In 1995, Sonae Indústria completed the acquisition of Tafisa. In the same year, Sonae Indústria acquired Movelpartes, a components producer in Alcanede, Portugal, and closed its PB industrial plant in Castelo de Paiva, Portugal. According to CEO Carlos Moreira da Silva the international expansion of Sonae Indústria implied three strategic objectives: a) to accelerate the pace of international expansion by making the best use of synergies deriving from the control of Tafisa, particularly in North America; moving to regions of the world with dynamic growth prospects; and locating production units where wood was available at competitive prices; b) to focus on organisational development and strengthen the marketing strategy by creating a structure that enables the integrated management of Sonae Indústria and Tafisa as well as market leadership in the Iberian market and Southern France; c) to rationalise the basic operational process; d) to integrate environmental management; and e) to develop human resources and prepare the organisation for the challenge of globalisation.

In 1996, the global wood panel sector consolidated into fewer players located in several continents with large and technologically modern industrial plants. Such international competitors of Sonae Indústria, produced value added products and services, and benefited from international marketing strategies and networks. As a result, the global supply of MDF increased by 15% and OSB was increasingly present in Europe as a substitute for MDF. In the same year, Sonae Indústria produced PB in Canada, Portugal, Spain, and United Kingdom as well as MDF in Portugal and Spain. In addition, it had sales subsidiaries in Benelux, Brazil, Canada, Ireland, Portugal, Spain, South Africa, and United Kingdom.

Sonae Indústria was now the leader in Iberia, the fourth largest player in Europe and it aimed to be a major global player. For that purpose, the company searched for regions with potential growth and availability of wood raw material at competitive prices. South Africa and Brazil were identified as meeting such criteria while promising to be an excellent platform to supply Mercosur markets. In the same year, a new sales subsidiary was created in South Africa in order to market the full product range of Sonae Indústria. In addition, the company invested in a new PB, MDF, and flooring industrial plant in Piên, Brazil; and created a joint venture with Border Timber, a subsidiary of Anglo-American Zimbabwe to install the PB production line which had been dismantled one year earlier in Castelo de Paiva, Portugal.

From the acquisition of Glunz to world leadership

In 1997, Belmiro de Azevedo replaced Carlos Moreira da Silva as Chairman and CEO of Sonae Indústria (Exhibit 1). Meanwhile, the globalisation of the wood based panels sector continued. The financial crisis in Asia reduced demand in that region. The international prices of chemicals remained stable and the supply of wood raw materials was sufficient in Spain. In Portugal, however, Sonae Indústria had to import one quarter of its pine needs. Nevertheless, the company grew 20% driven by growing demand in Europe.

In 1998, global demand continued to grow, but Belmiro de Azevedo considered that each market should be differentiated according to product and local characteristics such as transportation costs. In particular, he differentiated between mature products such as PB and HB, and emergent products such as MDF and OSB. Belmiro de Azevedo thus closed Sonae Indústria’s PB industrial plant in Paredes, Portugal. Meanwhile, the shortage of wood supplies continued to be a problem in Portugal. Belmiro de Azevedo therefore created a sub-holding, Sonae Produtos e Derivados Florestais, to manage the procurement of wood raw material in Iberia, forest management, recycling, and sawmills.

In the same year, Tafisa acquired Glunz, the leading wood based panels producer in Europe. Glunz was a German company that owned the French company Isoroy as well as the British company CSC Forest Products. With this acquisition, Sonae Indústria became the world’s largest wood based panels producer, extending its product range to OSB and new value added products. The company also invested in two new PB production plants - Panbult, South Africa, and Knowsley, United Kingdom. By the end of 1998, Sonae Indústria had 42 industrial plants in Brazil, Canada, France, Germany, Portugal, South Africa, Spain, and United Kingdom, with a total installed capacity of 7 million m^3.

According to CEO Belmiro de Azevedo the globalisation strategy of Sonae Indústria was to be based on four strategic vectors: a) consolidation of leadership in Iberia; b) strengthening of global expansion; c) organisational development for new global and local challenges, based on competent human resources as well as information and management systems for excellent customer service, the management of a global organisation, and knowledge sharing; and d) integration of eco-efficiency as a factor of competitiveness.

From world leadership to the negative cycle of 2000-2003

In 1999, Sergio Andión replaced Belmiro de Azevedo as CEO of Sonae Indústria, the latter remaining as Chairman (Exhibit 1). Global demand for PB continued to follow local economic growth. HB was gradually replaced by MDF and OSB continued to grow in Europe. In the same year, Sonae Indústria invested in a new resins plant in Sines, Portugal. The new industrial plant made the company self-sufficient in terms of resins in Iberia, protecting the company from variations in oil prices and derivatives. In addition, Sonae Indústria invested in a new PB industrial plant in Linares, Spain; it acquired Ifloma, a sawmill in Mozambique; and it sold its 50% ownership of CSC Forest Products, for lack of strategic consensus with the joint owner, Nexfor Inc.

In 2000, global consumption of wood based panels increased 4%, especially in Europe, South America, and Asia Pacific, following the same product-by-product growth patterns. In the same year, Sonae Indústria acquired Gescartão, a paper, paperboard, and packaging producer in Portugal, in a joint venture with Spanish company, Europac. Gescartão, the largest brown sector company in the pulp and paper industry in Portugal, controlled two industrial plants: Portucel Viana in Viana do Castelo, Portugal, and Portucel Embalagem, in Albarraque, Portugal. In the same year, Sonae Indústria acquired two PB and MDF plants in South Africa, to Sappi Novoboard, becoming the largest PB supplier in South Africa. In addition, it invested in a new PB and OSB industrial plant in Nettgau, Germany, as well as in a new sawmill in Cuellar, Spain; and it closed a plywood industrial plant in Rochefort, France. In Iberia, Sonae Indústria internalised key points of the supply chain, both upstream and downstream of wood based panels. On the one hand, it invested in chemical production and sawmills, including the start-up of the largest sawmill in Souselas, Portugal. Among all countries where Sonae Indústria operated, Portugal was then the country with higher price of wood. On the other hand, Sonae Indústria invested in value added products closer to end customers, especially decorative components and laminate flooring.

In 2001, Chairman Belmiro de Azevedo replaced Sergio Andión as the executive leader of Sonae Indústria (Exhibit 1). In the same year, Sonae Indústria closed its industrial plants in Peterlee, United Kingdom, Labruguière, France, Sassenburg, Germany, and Valencia, Spain. In Portugal, Belmiro de Azevedo created a Shared Service Centre for the finance and accounting services of France, Germany, Portugal, South Africa, Spain, and United Kingdom. In addition, he launched an internal eco-efficiency network and promoted information systems integration as well as e-business initiatives. By now Sonae Indústria had multiplied its net assets more than ten times, from 239 million Euros in 1991 to 2,584 million Euros in 2001. The number of employees had multiplied more than six times, from 1620 people in 1991 to

9933 people in 2001. Turnover had multiplied more than 14 times, from 102 million Euros in 1991 to 1502 million Euros in 2001. The company was, however, accumulating losses since 2000 and the equity ratio fell to 20% in 2001 (Exhibit 3).

In 2002, the unfavourable economic environment in industrialised countries accelerated the consolidation process within the wood based panels sector. Companies focused on their core businesses and divested non relevant assets either by selling them to competitors or by management buy outs. Such trends pressured prices further down. The recession in the building sector, which accounted for 11% of EU GDP on average and a record 18% of GDP in Portugal, was a major contributor to such a slowdown. Meanwhile, Belmiro de Azevedo reiterated that such a global market for wood based panels was also local due to differences in transportation costs, wood raw material availability and variety, as well as industry and environmental practices. In the same year, Sonae Indústria closed its industrial units in S. Pierre-sur-Dives, France, and Göttingen, Germany, and sold his share of Ifloma, in Mozambique. Given the increased competitive environment, Belmiro de Azevedo focused on key points of the value chain, mainly on intangible assets management such as procurement, information systems, and technical rationalisation. The human resources strategy focused on restructuring, re-deployment and productivity as well as on corporate human resources processes, including a corporate compensation policy addressed to managers, and training. Sonae Indústria continued, however, to accumulate losses since 2000 and the equity ratio decreased further to 17%.

From the negative cycle of 2000-2003 to the turnaround in 2004

In 2003, Carlos Moreira da Silva replaced Belmiro de Azevedo as the executive leader of Sonae Indústria, the latter remaining as Chairman (Exhibit 1). The weak economic outlook in furniture and building industries, together with growing competitive pressure, led to further consolidation in the wood based panels sector in Europe and in North America. In the same year, Sonae Indústria invested in a new flooring industrial plant in Ponte Caldelas, Spain; closed its industrial plant in Pontevedra, Spain; and sold its industrial plants in Lisieux, Fonteney, and Épernay, France. The company's EBITDA margin decreased from 12% to 10% of the turnover, reflecting the pressure on prices of both competition and recession. In addition, margins were affected by chemical and transportation costs. The latter increased with the need of Sonae Indústria to sell further away its increased use of production capacity. The accumulated losses since

2000 thus climbed to circa 250 million Euros.

Given the difficult situation, CEO Carlos Moreira da Silva implemented a new strategy: he focused on prices and margins management rather than on conquering market share in terms of volume. The new strategy followed the optimisation of installed capacity between 1999 and 2001. According to CEO Carlos Moreira da Silva, such strategic changes should be based on three pillars: a) organisational development, by changing the Board of Directors composition with new, independent, non-executive directors, and by creating board committees – Audit and Finance, Social Responsibility and Environment, and Remuneration and Nomination – to ensure compliance with best practices of corporate governance, as well as by decentralising operational decision-making power in each country; b) improvement of operating performance by maintaining acceptable capacity use and increasing prices with enhanced product mix rather than market share, as well as by reducing operational costs in terms of logistics, forest resource procurement including residues, and productivity in corporate functions; and c) financial restructuring, by improving EBITDA, rescheduling long-term debt, increasing share capital, and optimising capital employed to compensate losses accumulated in previous years.

In 2004, prices increased due to higher demand, but profitability was affected by the cost of raw materials such as resins and energy. The restructuring of the European wood based panels sector continued with concentration of capacity through international take overs. Asian countries, by contrast, invested in new industrial plants. In the same year, CEO Carlos Moreira da Silva completed the turnaround of the company with a 10% increase in turnover, a 52% increase in EBITDA, whose margin climbed to 14% of the turnover, and the first net profit since 1999. The equity ratio rose to 25%. In the words of Chairman Belmiro de Azevedo (Annual Report 2004, p. 2):

> In 1993, Sonae Indústria bought a 24.9% shareholding in Tafisa, and we started the expansion process moving from a regional player to become the worldwide leader of the wood-based panels industry that we are today. At that time we were not fully aware of the dimension and difficulty of such an undertaking, in particular, the additional challenges resulting from the acquisition of Glunz – Isoroy. When in 2001, after a significant financial and human effort, Sonae Indústria concluded the restructuring of its industrial assets our industrial sector went into strong recession. This, associated with delays in the ramp-up of some plants, led to the most difficult period in the history of the company. Looking back, it is true to say that we were not fully prepared either financially or in terms of human resources, for such a challenge. But every business activity involves risks and, decisions cannot always be taken on a purely rational basis.

In Sonae's culture, reason without emotion removes an important part of what differentiates us from other businesses and decreases ambition. Today, we can safely say that the worst days are over, but a comfortable future is not yet guaranteed."

From the turnaround in 2004 to the best year ever in 2007

In 2005, Carlos Bianchi de Aguiar[i] replaced Carlos Moreira da Silva as CEO of Sonae Indústria (Exhibit 1). He had been CFO of Sonae Indústria since 2002, being replaced by Rui Correia, who had been head of the Finance Department of Sonae since 2000 (Exhibit 2). In the same year, demand decreased due to weak performance of building and furniture industries, pressuring prices down. In addition, record oil prices affected the cost of energy, resins and transport. Wood costs also increased due to demand from the bio-energy sector. Sonae Indústria was, nevertheless, able to increase prices in all markets with the exception of Germany. Excluding Gescartão, in Portugal, which was sold by the end of 2004, Sonae Indústria's turnover, EBITDA and net results grew 4%, 1%, and 67%, respectively. In the same year, the company invested in a new laminate flooring production line in Eiweiler, Germany, through a joint venture with Tarkett, Sweden.

In 2006, the Executive Committee of Sonae Indústria remained unchanged (Exhibit 1). According to Chairman Belmiro de Azevedo, the company distinguished three main guidelines, one for each region: a) to protect market share and profitability in Iberia; b) to increase profitability and play an active role in sector consolidation in Central Europe (Germany, France, and UK); and to expand in more profitable markets (Canada, Brazil, and South Africa). In the same year, global demand increased but a harsh winter in Central Europe reduced wood supplies. Higher costs of wood, energy and resins diluted the benefits of increased demand. In the same year, Sonae Indústria acquired a PB and MDF producer in Germany, Hornitex, as well as a PB producer in France, Darbo. The company's turnover and EBITDA grew 16% and 13%, respectively, in a third consecutive year of positive net results.

In 2007, Christian Schwarz, COO for Germany, France, and UK resigned from the Executive Committee[ii], being replaced by Christophe Chambonnet as COO for France. In addition, the COOs for Iberia and Canada were no longer responsible for Brazil and South Africa, respectively (Exhibit 1). In the same year, Sonae Indústria had its best performance ever. Turnover, EBITDA and net results grew 22%, 43%, and 146%, respectively. Compared with 2001, the record year for net assets and number of employees, the company was now able to sell 37% more with an EBITDA 120% higher, in spite of less 16% net assets and 30% employees. EBITDA margin was now 16% of the turnover and the equity ratio 29% (Exhibit 3). According to CEO Carlos Bianchi de Aguiar, such a success was due to Sonae Indústria's ability to offset higher wood, chemicals, and energy costs through market positioning and operational efficiency. He was cautious, however, about the future (Annual Report 2007, p. 5):

> "In the immediate future, I expect us to face further complex challenges. The US and European economies are slowing down on the back of the lack of confidence that has prevailed within the financial markets and some residential real estate markets, mainly driven by the so called 'subprime crisis'. For this reason, I believe that we may face some weakness in demand."

From the best year ever in 2007 to the worst cycle ever

From 2008 to 2013, Sonae Indústria accumulated losses of 476 million Euros, losing 80% of its equity (Exhibit 3). In 2011, Chairman Belmiro de Azevedo described events as follows (Annual Report 2011, p. 13): "The world and particularly Europe, has been facing a financial crisis very different from all previous crises and with repercussions that we have never imagined or experienced before".

In December 2008, Jose Comesaña, COO for Iberia, resigned from the Executive Committee[iii] (Exhibit 1). In the same year, European wood based panels demand declined sharply due to a slowdown in the building and furniture industries. Sonae Indústria's turnover and EBITDA dropped 14% and 59%, respectively, with EBITDA margin falling to 8% of the turnover. Just one year after record sales, EBITDA and net results, the company registered its higher net loss ever, 108 million Euros, with equity ratio down again to 20%.

In 2009, Louis Brassard, COO for Canada, left the Executive Committee[iv] (Exhibit 1). The remaining three members of the Executive Committee shared both functional and geographic responsibilities. In the same year, Sonae Indústria closed its plants in Coleraine, United Kingdom, in George, South Africa, in St. Dizier and in Châtellerault, France, and in Kaisersesch, Germany. In addition, the company sold its plant in Piên, Brazil. Such measures did not prevent, however, a further decrease of 27% and 25% in turnover and EBITDA, respectively, accumulating losses of 167 million Euros since 2008.

In 2010, Chairman Belmiro de Azevedo (Annual Report 2010, p. 9) announced a new organisation as follows:

> Over the last two years, Sonae Indústria has undergone an extensive company restructuring process which involved the closure of 6 plants, the sale of our business in Brazil as well as a plant in France. (…) Following this restructuring, we decided to adopt a matrix organisation by creating two new functional roles within the Executive Committee: CMSO – Chief Marketing and Sales Officer and CITO – Chief Industrial and Technology Officer. This new organisation aims to put more emphasis on performance, capturing synergies and sharing knowledge, with a view to a continuous improvement.

CEO Carlos Bianchi de Aguiar added that: "The changes implemented at the top level, with the appointment of a new Board Member, Mr. João Paulo Pinto, as CITO and the repositioning of Mr. Christophe Chambonnet to take on the role of CMSO, also implied adjustments to the management teams in Iberia and France. In the case of Germany, we completed the restructuring of the management team, with the recruitment of a new CMSO and a new COO." In the same year, Sonae Indústria closed its industrial plant in Duisburg, Germany, and sold its industrial plant in Lure, France. Nevertheless, EBITDA margin fell to a record low 4% of the turnover and the company accumulated a loss of 242 million Euros since 2008 (Exhibit 3).

In July 2011, Carlos Bianchi de Aguiar resigned as CEO of Sonae Indústria. The Board of Directors decided to implement an interim management model with two CEOs, jointly responsible for the leadership and management of the company: Rui Correia as Chairman of the Executive Committee and João Paulo Pinto as Vice-Chairman, in addition to their CFO and CITO responsibilities, respectively (Exhibit 1).

In the annual report of 2011, Chairman Belmiro de Azevedo announced four strategic directions for a new cycle in the history of Sonae Indústria: a) to build a high quality team with talented, skilled and fully engaged people; b) to create a high performance culture fostering operational excellence and innovation; c) to become a market focused company with a reliable integrated offer; and d) to develop competitive integrated sites with secure wood supply. In spite of improvements in the turnover and EBITDA, the company accumulated losses of 299 million Euros since 2008 and the equity ratio was now 16%.

In March 2012, Belmiro de Azevedo accumulated the role of Chairman and

CEO of Sonae Indústria. In April, he hired Edite Barbosa as Global Human Resources Director, in line with the first strategic direction announced one year earlier. In the Executive Committee, Jan Bergmann replaced João Paulo Pinto as CITO, while the latter replaced Christophe Chambonnet as CMSO (Exhibit 1). In the annual report of 2012, Belmiro de Azevedo stated that the ultimate goals of the four strategic directions were: a) to reach 10% of EBIT ROCE (percentage of return on capital employed); and b) to strengthen the balance sheet by refinancing the debt in the long term. In the same year, Sonae Indústria closed its industrial plants in Knowsley, United Kingdom, and in Solsona, Spain. Nevertheless, the company lost another 99 million Euros and the equity ratio decreased to 11% (Exhibit 3).

On the 15th of February, 2013, Rui Correia replaced Belmiro de Azevedo as CEO of Sonae Indústria (Exhibit 1), who had joined the company in 1965, announced his retirement from executive functions as follows (Annual Report 2012, p. 8):

> Having prepared the organisation and the long term strategy of the company to make it sustainable, and as I promised, that I would leave executive functions when completing 75 years, I resigned as CEO of Sonae Indústria, returning to the previous position as Active Chairman of the Board of Directors. As previously announced, on February 15, my successor will be Rui Correia, whom I fully trust to master this challenge.

Strategic challenges of Sonae Indústria

In 2013, Sonae Indústria announced the lowest turnover since the acquisition of Glunz in 1998, 40% below the record level in 2007. EBITDA margin was 5% of the turnover. The accumulated losses of 476 million since 2008, compared with losses of circa 250 million Euros between 2000 and 2003, intermediated by accumulated profits of 176 million Euros profits between 2004 and 2007. The equity ratio was now a record low 10%, in spite of 51% less assets and 58% less employees than their record levels in 2001 (Exhibit 3).

Chairman Belmiro de Azevedo analysed the situation of the company as follows (Annual Report 2013, p. 3):

> Notwithstanding the challenging environment, important organizational changes and business initiatives were achieved in 2013, which, together with other important measures that we will seek to implement during the course of the current year, reinforce my confidence in the capacity of the company to improve its profitability over time, leveraging on its stronger and most competitive assets and distinctive competences. A new Executive Committee was appointed on February 2013, with a clear mandate to execute the defined strategic plan, which foresees a reduced but more competitive industrial footprint, the building of a high quality, skillful and engaged team, the fostering of a culture that promotes operational excellence and innovation and the transformation of the company into a market focused operation, recognized by its target customers for its reliable and integrated offer.

In the Executive Committee, Christopher Lawrie replaced Rui Correia as CFO in April, 2013, while João Paulo Pinto resigned from his CMSO position in October, 2013 (Exhibit 1). CEO Rui Correia commented on the future challenges of Sonae Indústria as follows (Annual Report 2013, p. 4):

> The prevailing macroeconomic challenges in Europe continued to translate into low levels of consumer and business confidence, especially in the periphery countries and has led to constrained demand from the industries which we supply our products, namely construction and furniture industries in Southern Europe. However, the improved operational and financial performance of our North American and South African operations, despite the negative impact of weakening local currencies during the year, has contributed to partly mitigate the negative backdrop in Europe. (…) We are still far from the desired levels of consolidated profitability and industrial efficiency that we have set ourselves although progress has been made and, as such, I am confident we will achieve our objectives. In this context we have been implementing additional restructuring measures, including the decision to enter into negotiations with the employees' representatives in relation to the stoppage of our raw particleboard production in Horn (Germany) and the process for the potential sale of two plants in France. These measures, together with the on-going initiatives to improve our product mix and streamline our cost structure, are important steps to strengthen our market position and our financial health, while positioning the company for future growth.

In January 2014, Sonae Indústria announced an offer by Kronospan, the world's largest wood based panels producer (Exhibit 10), to acquire two plants in France, Auxerre and Le Creusot. In May 2014, the company announced the closure of its plant in Ponte Caldelas, Spain, further reducing its installed capacity to 5.8 million m^3 (Exhibits 7 and 10). In the same month, Sonae Indústria announced a share capital increase as the fifth largest wood based panel producer in the world (Exhibit 10). In November 2014, Carlos Moreira da Silva, who was the CEO of Sonae Indústria in the only two turnarounds of the company since 1991 – in 1995 and in 2004 – was co-opted by the Board of Directors as a non-executive member (Exhibits 1 and 3). Chairman Belmiro de Azevedo and CEO Rui Correia were certainly hoping that he could help turnaround Sonae Indústria once again. Especially because in 2014, the company reported a record loss of 116 million Euros, offsetting a share capital increase of 112 million Euros and bringing the equity ratio back to 10% (Exhibit 3).

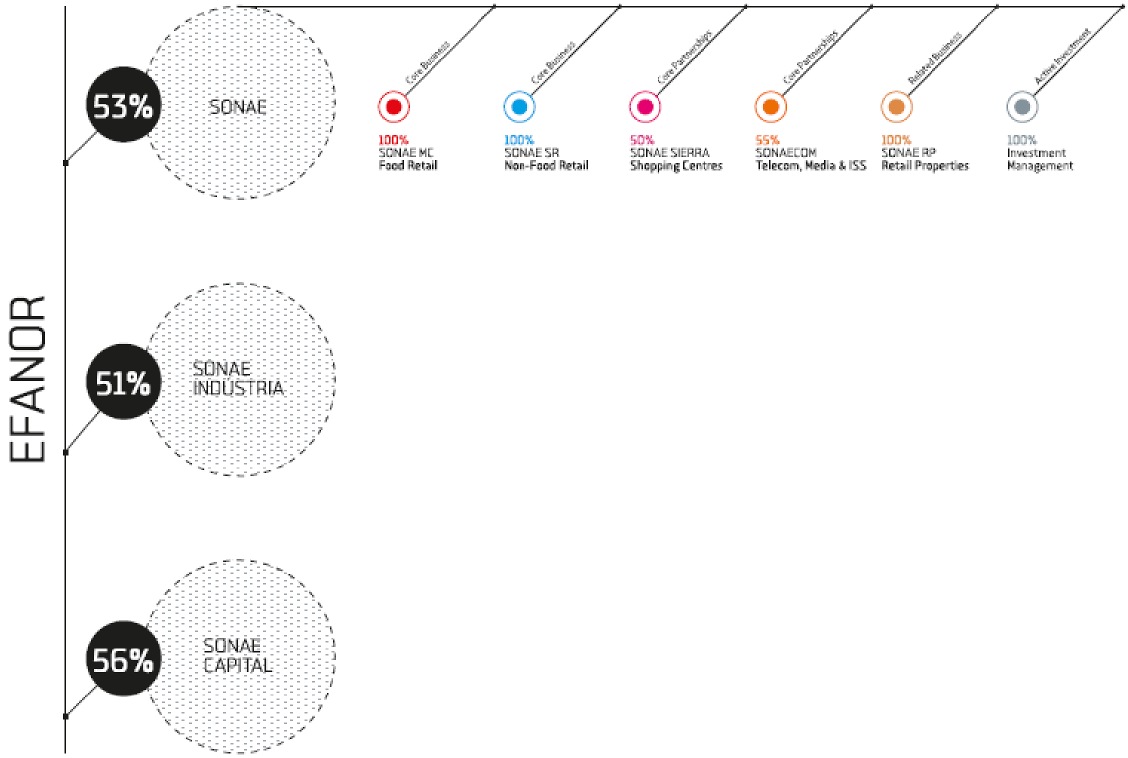
On the 9th of March, 2015, Chairman Belmiro de Azevedo announced his retirement from all functions in Efanor Group (Exhibit 2), 50 years after joining Sonae Indústria. For CEO Rui Correia this was probably the best reason of all to finalise the turnaround of the company.

Exhibit 1. Sonae Indústria's management teams

Year	Board of Directors	Executive Committee
1991	Jaime Teixeira (Chairman and CEO), António Teixeira, José Silva	
1992	Jaime Teixeira (Chairman and CEO), Carlos Moreira da Silva, José Silva	
1993	Carlos Moreira da Silva (Chairman and CEO), Fernando Carvalho, José Silva	
1994	Carlos Moreira da Silva (Chairman and CEO), Fernando Carvalho, José Silva	
1995	Carlos Moreira da Silva (Chairman), António Teixeira, Fernando Carvalho	Carlos Moreira da Silva (CEO), Armando Azevedo, Carlos Bianchi de Aguiar, Fernando Carvalho, J. Coutinho Ribeiro, J. Rocha Martins, Valentim Costa
1996	Carlos Moreira da Silva (Chairman), António Teixeira, Fernando Carvalho	Carlos Moreira da Silva (CEO), Carlos Bianchi de Aguiar, Javier Alvarez, José Comesaña, Valentim Costa
1997	Belmiro de Azevedo (Chairman and CEO), António Teixeira, Fernando Carvalho, Jaime Teixeira, Sérgio Andión	
1998	Belmiro de Azevedo (Chairman and CEO), David Bain, Fernando Carvalho, Jaime Teixeira, Sérgio Andión	
1999	Belmiro de Azevedo (Chairman), Fernando Carvalho, José Comesaña, José Silva, Sérgio Andión	Sérgio Andión (CEO), Fernando Carvalho, José Comesaña, José Silva
2000	Belmiro de Azevedo (Chairman), Fernando Carvalho, José Comesaña, José Silva, Sérgio Andión	Sérgio Andión (CEO), Fernando Carvalho, José Comesaña, José Silva
2001	Belmiro de Azevedo (Chairman and CEO), Fernando Carvalho, José Comesaña, José Silva, Manuel Costa, Paulo Azevedo, Sérgio Andión	
2002	Belmiro de Azevedo (Chairman and CEO), Ângelo Paupério, Carlos Bianchi de Aguiar, José Comesaña, Nuno Azevedo, Paulo Azevedo	
2003	Belmiro de Azevedo (Chairman), Ángel Altozano, Carlos Moreira da Silva, Carlos Bianchi de Aguiar, Christian Schwarz, Diogo Silveira, Hans-Georg Brodach, José Comesaña, José Garcia, Nuno Azevedo, Paulo Azevedo, Stefan Collignon	Carlos Moreira da Silva (CEO), Carlos Bianchi de Aguiar, Christian Schwarz, Diogo Silveira, José Comesaña
2004	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Ángel Altozano, Carlos Moreira da Silva, Carlos Bianchi de Aguiar, Christian Schwarz, Diogo Silveira, Hans-Georg Brodach, José Comesaña, Paulo Azevedo, Per Knuts, Stefan Collignon, Thomas Nystén	Carlos Moreira da Silva (CEO), Carlos Bianchi de Aguiar, Christian Schwarz, Diogo Silveira, José Comesaña
2005	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Ángel Altozano, Carlos Bianchi de Aguiar, Christian Schwarz, José Comesaña, Louis Brassard, Paulo Azevedo, Per Knuts, Rui Correia, Thomas Nystén	Carlos Bianchi de Aguiar (CEO), Christian Schwarz (COO Germany, France, and UK), José Comesaña (COO Iberia and Brazil), Louis Brassard (COO Canada and South Africa), Rui Correia (CFO)
2006	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Ángel Altozano, Carlos Bianchi de Aguiar, Christian Schwarz, José Comesaña, Louis Brassard, Paulo Azevedo, Per Knuts, Rui Correia, Thomas Nystén	Carlos Bianchi de Aguiar (CEO), Christian Schwarz (COO Germany, France, and UK), José Comesaña (COO Iberia and Brazil), Louis Brassard (COO Canada and South Africa), Rui Correia (CFO)
2007	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Carlos Bianchi de Aguiar, Christophe Chambonnet, José Comesaña, Louis	Carlos Bianchi de Aguiar (CEO), Christophe Chambonnet (COO France), José Comesaña (COO Iberia), Louis Brassard (COO Canada),

	Brassard, Paulo Azevedo, Per Knuts, Rui Correia, Thomas Nystén	Rui Correia (CFO)
2008	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Carlos Bianchi de Aguiar, Christophe Chambonnet, Louis Brassard, Paulo Azevedo, Per Knuts, Rui Correia, Thomas Nystén	Carlos Bianchi de Aguiar (CEO), Christophe Chambonnet (COO France), Louis Brassard (COO Canada), Rui Correia (CFO)
2009	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Carlos Bianchi de Aguiar, Christophe Chambonnet, Paulo Azevedo, Per Knuts, Rui Correia, Thomas Nystén	Carlos Bianchi de Aguiar (CEO), Christophe Chambonnet, Rui Correia (CFO)
2010	Belmiro de Azevedo (Chairman), Álvaro Cuervo, Carlos Bianchi de Aguiar, Christophe Chambonnet, João Pinto, Paulo Azevedo, Per Knuts, Rui Correia, Thomas Nystén	Carlos Bianchi de Aguiar (CEO), Christophe Chambonnet (CMSO), João Pinto (CITO), Rui Correia (CFO)
2011	Belmiro de Azevedo (Chairman), Albrecht Ehlers, Álvaro Cuervo, Christophe Chambonnet, João Pinto, Paulo Azevedo, Rui Correia	Rui Correia (Chairman since July and CFO), João Pinto (Vice-Chairman since July and CITO), Christophe Chambonnet (CMSO)
2012	Belmiro de Azevedo (Chairman), Albrecht Ehlers, Jan Bergmann, Javier Vega, João Pinto, Paulo Azevedo, Rui Correia	Belmiro de Azevedo (CEO since March), Jan Bergmann (CITO), João Pinto (Vice-CEO and CMSO), Rui Correia (Vice-CEO and CFO)
2013	Belmiro de Azevedo (Chairman), Albrecht Ehlers, Chris Lawrie, Jan Bergmann, Javier Vega, Paulo Azevedo, Rui Correia	Rui Correia (CEO since February), João Pinto (CMSO until October), Christopher Lawrie (CFO), Jan Bergmann (CITO)
2014	Belmiro de Azevedo (Chairman), Albrecht Ehlers, Carlos Moreira da Silva, Chris Lawrie, Jan Bergmann, Javier Vega, Paulo Azevedo, Rui Correia	Rui Correia, Christopher Lawrie (CFO), Jan Bergmann (CITO)

Exhibit 2. Efanor Group’s structure



Source: Sonae Around the World, 2011

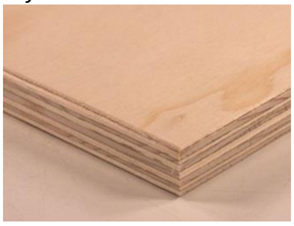
Exhibit 3. Sonae Indústria's key figures (million Euros)

Year	Turnover	EBITDA	Net Profit/(Loss)	Net Assets	Liabilities	Equity	Employees[1]
1991	102	5	(2)	239	131	107	1620
1992	133	14	(16)	222	146	76	1506
1993	136	14	(16)	243	150	93	1415
1994	167	18	(5)	281	156	125	1395
1995	320	51	5	450	253	196	2208
1996	321	49	2	472	278	194	2094
1997	387	67	9	701	349	352	2372
1998	425	79	20	1723	1235	488	2630
1999	1374	133	17	1706	1102	603	6962
2000	1294	138	(21)	2256	1664	592	8886
2001	1502	152	(70)	2584	2052	532	9933
2002	1479	173	(81)	2338	1935	403	8712
2003	1441	149	(78)	2053	1701	352	7046
2004	1580	227	29	1643	1196	446	5710
2005	1465	208	36	1802	1274	528	5438
2006	1698	234	32	2155	1607	548	6895
2007	2066	335	79	2617	1989	628	6944
2008	1769	136	(108)	1918	1518	400	6471
2009	1283	104	(59)	1602	1248	354	5368
2010	1293	53	(74)	1485	1187	298	4789
2011	1364	76	(58)	1431	1196	235	4712
2012	1321	97	(99)	1269	1134	135	4408
2013	1232	65	(78)	1246	1119	127	4170
2014	1015	90	(116)	1086	975	111	3596

[1] Absolute numbers

Exhibit 4. Wood based panels

Plywood



PB

HB

MDF

OSB

Exhibit 5. European PB, MDF, and OSB installed capacity evolution (1000 m³)

PB

	2007	2008	2009	2010	2011	11/10
Austria	2,590	2,620	2,430	2,430	2,355	-75
Belgium	2,150	1,850	1,680	1,580	1,480	-100
Bulgaria	500	500	500	495	523	28
Czech Republic	1,010	1,010	1,290	1,290	1,290	0
Denmark	350	350	350	375	375	0
Estonia	310	380	380	380	310	-70
Finland	515	515	515	515	120	-395
France	4,485	4,565	4,665	4,545	4,765	220
Germany	8,665	8,405	7,955	6,430	6,120	-310
Greece	780	780	780	750	750	0
Hungary	620	620	620	620	300	-320
Ireland	140	140	140	140	0	-140
Italy	4,542	4,642	4,630	4,567	4,787	220
Latvia	250	350	350	350	500	150
Lithuania	440	580	590	590	665	75
Norway	400	480	480	445	445	0
Poland	3,320	3,320	3,440	3,440	3,440	0
Portugal	1,050	1,050	1,050	1,050	1,050	0
Romania	930	1,530	1,530	1,530	2,040	510
Slovakia	680	800	895	895	895	0
Slovenia	300	300	300	300	300	0
Spain	4,090	3,910	3,750	3,750	3,750	0
Sweden	845	800	800	805	655	-150
Switzerland	580	580	580	580	580	0
United Kingdom	3,030	2,980	2,780	2,780	2,810	30
Total EPF	**42,572**	**43,057**	**42,480**	**40,632**	**40,305**	**-327**
EU-27	41,592	41,997	41,420	39,607	39,280	-327

MDF

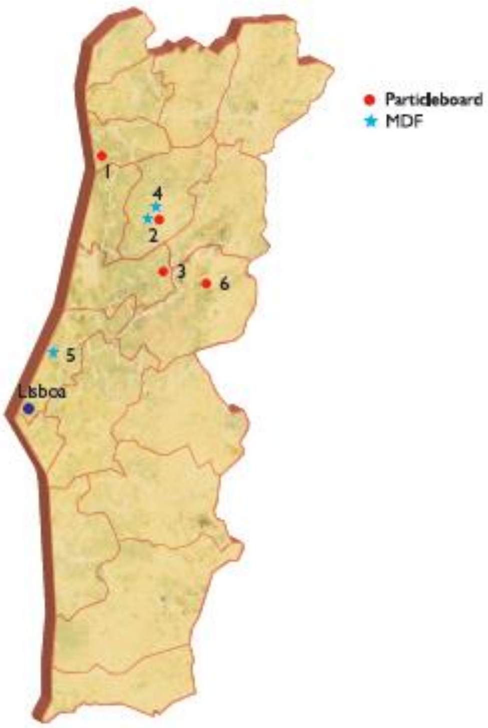
	2007	2008	2009	2010	2011
Austria	710	750	750	750	750
Belgium	280	280	280	280	280
Czech Republic	100	100	100	100	100
France	1,310	1,310	1,090	1,040	1,040
Germany	4,670	4,670	4,550	4,550	4,090
Greece	100	100	130	130	130
Hungary	210	210	210	210	210
Ireland	420	420	420	420	420
Italy	1,340	1,340	1,340	1,340	1,340
Luxembourg	270	270	270	270	270
Poland	1,550	1,850	1,850	2,150	2,610
Portugal	645	645	645	645	645
Romania	350	350	350	350	350
Slovenia	160	160	180	180	180
Spain	1,430	1,630	1,630	1,630	1,630
Sweden	110	110	110	110	110
Switzerland	280	280	280	280	280
United Kingdom	950	950	950	950	950
Total	**14,885**	**15,425**	**15,135**	**15,385**	**15,385**

OSB

	2007	2008	2009	2010	2011
Belgium	300	300	300	300	300
Bulgaria	240	240	240	240	240
Czech Republic	500	500	500	500	500
France	470	470	480	360	360
Germany	1,220	1,220	1,220	1,220	1,220
Ireland	350	350	320	320	350
Latvia	350	500	500	500	500
Luxembourg	200	200	200	200	200
Poland	400	400	95	400	400
Romania	0	0	500	500	500
UK	320	320	320	320	320
Total	**4,350**	**4,500**	**4,675**	**4,860**	**4,890**

Source: European Panel Federation Annual Report 2012

Exhibit 6. Portugal’s wood based panels industry in 2011



Particleboard:
1-2. FINSA
plant in: 1. 4450 Matosinhos
2. 3520 Nelas
3. Sonae Indústria
3401 Oliveira do Hospital Codex
6. CIDESA
6230-483 Fundão

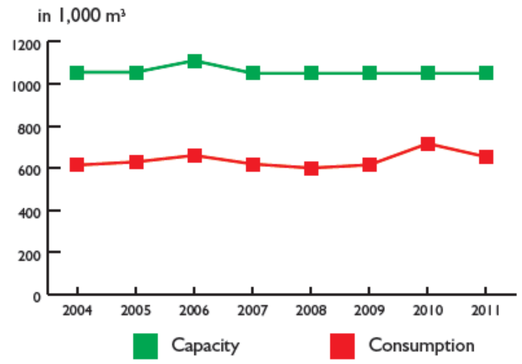
MDF:
2. FINSA
3520 Nelas
4. Sonae Indústria
3531 Mangualde
5. Valbopan SA
2450-027 Famalicão-Nazaré

Portugal 2011

Particleboard industry

Production capacity: 1,050,000 m^3
Consumption: 653,000 m^3

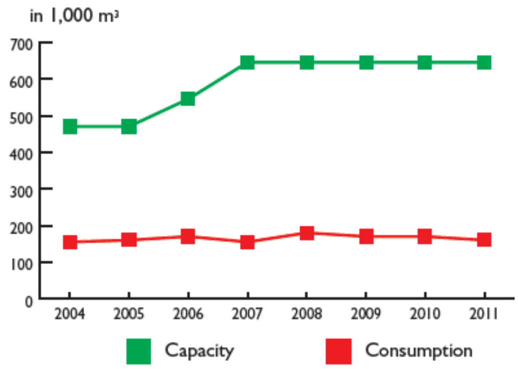
Evolution of particleboard capacity and consumption



MDF industry

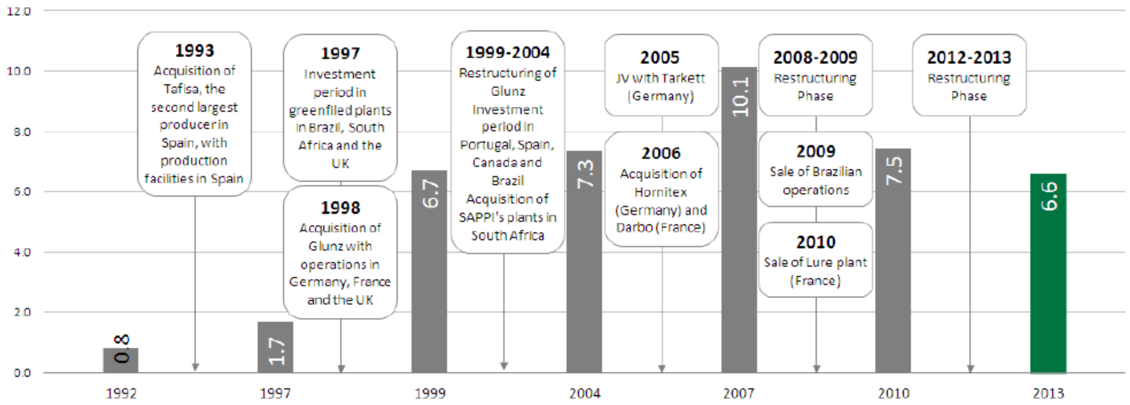
Production capacity: 645,000 m^3
Consumption: 160,000 m^3

Evolution of the MDF capacity and consumption



Source: European Panel Federation Annual Report 2012

Exhibit 7. Evolution of Sonae Indústria's installed capacity (million m³)



Source: Sonae Indústria Annual Report 2013

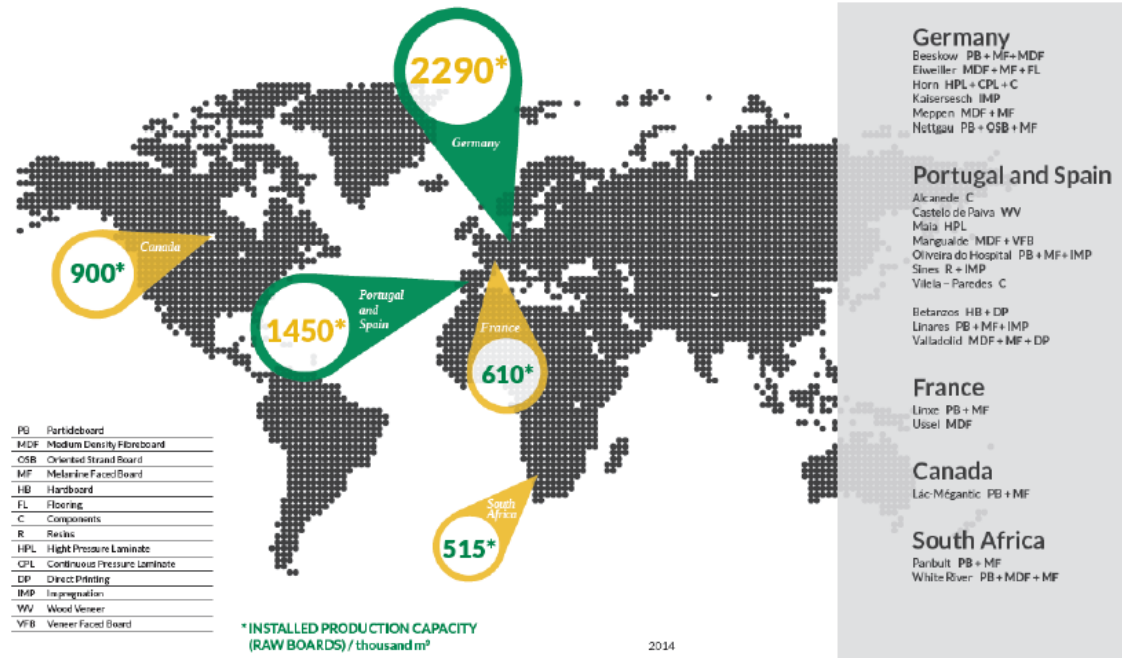
Exhibit 8. Sonae Indústria's investments and divestments

Year	Company	Industrial plants	Products	Episodes
1959	Sonae	Maia, Portugal	Decorative laminates	Greenfield investment
1971	Novopan	Paredes, Portugal	PB	Acquisition
1984	Agloma	Oliveira do Hospital, Portugal	PB	Acquisition
1987	Siaf	Mangualde, Portugal	PB	Acquisition
1987	Paivopan	Castelo de Paiva, Portugal	PB	Acquisition
1989	Spanboard	Coleraine, Ireland	PB	Acquisition
1990	Siaf	Mangualde, Portugal	MDF	Greenfield investment
1994	Plamac	Santarém, Portugal	Components	Acquisition
1995	Tafisa	Betanzos, Spain	HB	Acquisition
1995	Tafisa	Pontevedra, Spain	PB	Acquisition
1995	Tafisa	Solsona, Spain	PB	Acquisition
1995	Tafisa	Valencia, Spain	Chemicals	Acquisition
1995	Tafisa	Valladolid, Spain	PB	Acquisition
1995	Tafisa	Lac Mégantic, Canada	PB	Acquisition
1995	Movelpartes	Alcanede, Portugal	Components	Acquisition
1995	Sonae Indústria	Castelo de Paiva, Portugal	PB	Closure
1996	Sonae Indústria	Piên, Brazil	PB, MDF, Flooring	Greenfield investment
1998	Novopan	Paredes, Portugal	PB	Closure
1998	Glunz	Eiweller, Germany	MDF	Acquisition
1998	Glunz	Göttingen, Germany	PB	Acquisition
1998	Glunz	Kaisersesch, Germany	PB	Acquisition
1998	Glunz	Meppen, Germany	MDF	Acquisition
1998	Glunz	Sassenburg, Germany	PB	Acquisition
1998	Isoroy	Auxerre, France	PB	Acquisition
1998	Isoroy	Casteljaloux, France	PB	Acquisition
1998	Isoroy	Chatellerault, France	OSB	Acquisition
1998	Isoroy	Épernay, France	PB	Acquisition
1998	Isoroy	Fontenay, France	PB	Acquisition
1998	Isoroy	Honfleur, France	PB	Acquisition
1998	Isoroy	Labruguière, France	PB	Acquisition
1998	Isoroy	Le Creusot, France	MDF	Acquisition
1998	Isoroy	Lisieux, France	PB	Acquisition
1998	Isoroy	Lure, France	PB	Acquisition
1998	Isoroy	Saint-Dizier, France	MDF	Acquisition
1998	Isoroy	St. Pierre-sur-Dives, France	PB	Acquisition
1998	Isoroy	Rochefort, France	Plywood	Acquisition
1998	Isoroy	Ussel, France	MDF	Acquisition
1998	Isoroy	Libreville, Gabon	PB	Acquisition
1998	Isoroy	Peterlee, United Kingdom	Decorative panels	Acquisition
1998	CSC	Inverness, United Kingdom	PB, MDF, OSB	Acquisition
1998	CSC	Cowie, United Kingdom	PB, MDF, OSB	Acquisition
1998	CSC	South Moltoun, United Kingdom	PB, MDF, OSB	Acquisition
1998	CSC	South Shields, United Kingdom	PB, MDF, OSB	Acquisition
1998	Sonae Indústria	Panbult, South Africa	PB	Greenfield investment
1998	Sonae Indústria	Knowsley, United Kingdom	PB	Greenfield investment
1999	Sonae Indústria	Sines, Portugal	Resins	Greenfield investment
1999	Ifloma	Manica, Mozambique	Sawmill	Acquisition
1999	Sonae	Linares, Spain	PB	Greenfield investment

	Indústria			
1999	CSC	Inverness, United Kingdom	PB, MDF, OSB	Sale
1999	CSC	Cowie, United Kingdom	PB, MDF, OSB	Sale
1999	CSC	South Moltoun, United Kingdom	PB, MDF, OSB	Sale
1999	CSC	South Shields, United Kingdom	PB, MDF, OSB	Sale
2000	Gescartão	Viana do Castelo, Portugal	Paper, paperboard, packaging	Acquisition
2000	Gescartão	Albarraque, Portugal	Paper, paperboard, packaging	Acquisition
2000	Sappi Novoboard	White River, South Africa	PB, MDF	Acquisition
2000	Sappi Novoboard	George, South Africa	PB	Acquisition
2000	Sonae Indústria	Nettgau, Germany	PB, OSB	Greenfield investment
2000	Sonae Indústria	Cuellar, Spain	Sawmill	Greenfield investment
2000	Sonae Indústria	Rochefort, France	PB	Closure
2000	Sonae Indústria	Souselas, Portugal	Sawmill	Greenfield investment
2001	Sonae Indústria	Peterlee, United Kingdom	Decorative panels	Closure
2001	Sonae Indústria	Labruguière, France	HB	Sale
2001	Sonae Indústria	Sassenburg, Germany	PB	Closure
2001	Sonae Indústria	Valencia, Spain	Chemicals	Closure
2002	Sonae Indústria	St. Pierre-sur-Dives, France	PB	Closure
2002	Sonae Indústria	Göttingen, Germany	PB	Closure
2002	Ifloma	Manica, Mozambique	Sawmill	Sale
2003	Tafisa	Ponte Caldelas, Spain	Flooring	Greenfield investment
2003	Sonae Indústria	Pontevedra, Spain	PB	Closure
2003	Sonae Indústria	Lisieux, France	PB	Sale
2003	Sonae Indústria	Fontenay, France	PB	Sale
2003	Sonae Indústria	Épernay, France	PB	Sale
2004	Gescartão	Viana do Castelo, Portugal	Paper, paperboard, packaging	Sale
2004	Gescartão	Albarraque, Portugal	Paper, paperboard, packaging	Sale
2005	Sonae Indústria	Eiweller, Germany	Flooring	Joint Venture
2006	Hornitex	Horn-Bad Meinberg, Germany	PB	Acquisition
2006	Hornitex	Duisburg, Germany	PB	Acquisition
2006	Hornitex	Beeskow, Germany	PB, MDF	Acquisition
2006	Darbo	Linxe, France	PB	Acquisition
2009	Sonae Indústria	Coleraine, Ireland	PB	Closure
2009	Sonae Indústria	George, South Africa	PB	Closure
2009	Sonae Indústria	Saint-Dizier, France	MDF	Closure
2009	Sonae	Chatellerault, France	OSB	Closure

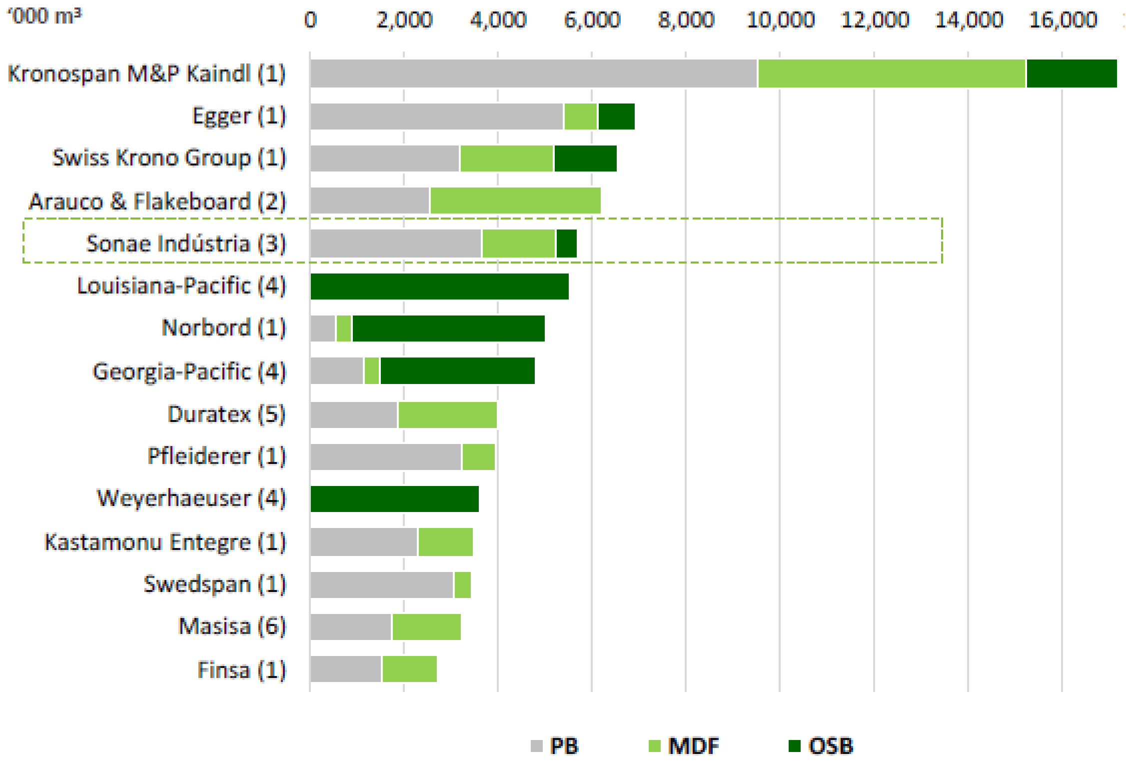
	Indústria			
2009	Sonae Indústria	Kaisersesch, Germany	PB	Closure
2009	Sonae Indústria	Piên, Brazil	PB, MDF, Flooring	Sale
2010	Sonae Indústria	Duisburg, Germany	PB	Closure
2010	Sonae Indústria	Lure, France	PB	Sale
2012	Sonae Indústria	Knowsley, United Kingdom	PB	Closure
2012	Sonae Indústria	Solsona, Spain	PB	Closure
2014	Sonae Indústria	Auxerre, France	PB	Sale
2014	Sonae Indústria	Le Creusot, France	MDF	Sale
2014	Sonae Indústria	Ponte Caldelas, Spain	Flooring	Closure

Exhibit 9. Installed capacity of Sonae Indústria by 2014



Source: Sonae Indústria Analysts Presentation, Strategy Update, 21st of July, 2014

Exhibit 10. Installed capacity of world's top 15 wood based panels producers by 2014



Source: Sonae Indústria Analysts Presentation, Strategy Update, 21st of July, 2014

[i] On the 28th of October, 2005, the author of this case presented a consultancy report to CEO Carlos Bianchi de Aguiar on the internationalisation of Sonae Indústria. The main recommendation was the replacement of the three regional COO positions in the Executive Committee by three new global positions - a COO, a CTO, and a CMO - to ensure the company's integration as a multinational.
[ii] This was one of the three regional COO positions recommended for replacement by a new global COO, CTO or CMO position in the consultancy report presented on the 28th of October, 2005.
[iii] Idem.
[iv] Idem.