

# Leadership and Competitiveness

## Solenis is investing in new equipment to maintain its leadership in the paper / pulp industry and to expand its share in other markets

Announcing new investments, Solenis is celebrating the results it achieved in 2014, with even more positive expectations for the coming years. "The good performance by our business is due to the recent change at the company, announced in August this year," said John Panichella, CEO and president of Solenis, at a meeting held with journalists last November during his visit to Brazil.

Panichella was referring to the sale of the Water Technologies division at Ashland, which is now called Solenis, to the US investment fund Clayton, Dubilier & Rice (CDR). The transformation included, with the name, a new philosophy for the company, starting with the concepts intrinsic to Solenis, a word formed from 'solutions' and 'genesis.'

"We want our customers to know that our mission is to be the go-to company for the solutions they need," said the CEO. The process of change kept on the infrastructure from what was then a unit of Ashland and its intellectual capital, with gains in relation to investment policy, which was strengthened." In other words, the group allowed the division to become a company and, so, to have more opportunities to explore its potential markets," explained Panichella.

To sustain this growth, Wanderley Flosi Filho, Vice President of Solenis, who also attended the meeting with the press, pointed out the economies of scale the company has been pursuing to further leverage its competitiveness. New investments, therefore, will produce better products with a high added value, such as the new reactors for the production of wet and dry strength additives to be produced at the Paulinia units as of 2015, as well as the recent modernization of the Leme plant, both in the state of São Paulo.

Now the technology is up to speed with competitiveness in Brazil, the only question remaining is how to grow in a weak local economy. For Panichella, the answer lies in increased consumption by the middle class and, consequently, in tissue



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and packaging paper, contributing to the growth of the sector.

Although Panichella did not quote any figures, Flosi Filho revealed that the company has won a contract for the latest projects in the sector and that growth in Latin America has surpassed all expectations held by the investor group. "The same is happening in other emerging countries," he added.

A leader in chemical processes and water treatment for the pulp and paper market in Brazil, Solenis is now seeking the same position in other markets, such as the mining, refining and chemical industries, among others, in which it is already among the three leaders in the country. Although the Solenis brand is new to Brazil, the water technology was improved for nearly a century by Ashland, which, in the past, incorporated Drew, the benchmark company in the market.

Another factor that explains the interest Solenis has in expanding the water treatment area is the very fact that the pulp and paper sector is a major consumer of water, but increasingly dependent on technologies for biological, deposit and corrosion control. "We are recognized and have know-how in specialty chemicals and, because of this image, we have secured the brand's presence with the major players in they market, offering complete solutions that achieve effective

results for them,” said Panichella, pointing to improved performance, reduced costs and maintenance as the main benefits.

It should be stressed that Solenis earmarks about 2.5% of turnover for research and development, centralized in the United States and Europe, allowing it to offer a renewed portfolio of products that are less than five years old and a period of development in new technologies which usually takes 18 months to get products to market. “This is possible when you are close to the customers to develop technologies that are compatible with their needs,” said the CEO, optimistic as he is about the business’s growth in Latin America.