



PRESS RELEASE

Multi-million investment at paper manufacturer Parenco in Renkum

Newspaper printing machine converted to produce packaging paper

Renkum, June 4th, 2015 – Graphic paper manufacturer Parenco invests approximately one hundred million euros with its owner H2 Equity Partners in the conversion of its paper machine 2 (PM2). This machine was idled in 2009 by its then owner due to the declining demand of newsprint paper. After the conversion, PM2 will produce about 385,000 tons of packaging paper from mid-2016, intended for the production of corrugated board. With this investment, Parenco creates approximately sixty new jobs.

The conversion of PM2 is a next step in the investment program at Parenco that started two years ago when investment firm H2 Equity Partners acquired all shares. At the time of the acquisition, Parenco was on the verge of closing its doors for good. In the past two years, paper machine 1 (PM1) has successfully resumed producing graphic paper for leaflets, flyers, and magazines.

Geert Wassens, Managing Director at Parenco, explains: “Globally, the demand for graphic paper is declining in principle and there is sufficient capacity. Restarting PM2 with this type of product was therefore not an option. The market for packaging paper has been growing for years however and it is expected to continue doing so. Extensive research showed that investing in a conversion to the production of packaging paper was the right step to guarantee long term growth and continuity for our company.

Restarting PM2 means an enormous investment in human capital after years of downsizing. “We will recruit over sixty new employees in the coming months for all kinds of operational and administrative positions. A challenge, as we will also extensively train a large part of these people. Paper making is and will remain to be a specialized job’, says Wassens.

The PM2 proved to be a highly suitable candidate for the conversion to packaging paper: with a width of 8.4 meters, the machine is optimally able to provide modern corrugators with paper. In addition, the machine is designed to produce lower grammages and that also fits perfectly with the trends in the packaging industry.

Wassens stresses that the conversion does not mean that Parenco is turning its back on the graphic market. “Absolutely not: with the products of the PM1 we have a strong position on the European graphic market, in which we will continue to invest. With the conversion we intend to broaden our activities.”

The contract with machinery manufacturer Voith Paper GmbH & CO KG has been signed in the meantime. It is the intention to sign a contract with Valmet Technologies, Inc. for the construction of a new winder behind PM2. ABN AMRO signed for the financing by means of an asset based solution, while Nielen Schuman advised the company in the financing process. The preparatory activities can start at the site in Renkum. Voith will work on the pulp line, the paper machine, and the starch preparation. They will also account for the integration of the installation in the existing factory. In August 2016 the first paper will roll off the PM2 and will find its way to cardboard manufacturers in Europe.

No more gas

The conversion of PM2 is by far the biggest project that Parenco has done in the past years. But since the take-over by H2, much more has been done to secure the future of the paper producer from Renkum. The emphasis herein lies on sustainability. Wassens names a number of examples: "we recycle, we make paper out of waste paper. We carry all sustainability certificates: FSC, PEFC, Blauer Engel, and Ecolabel. This also goes for the paper that will be produced on the PM2. In early 2015 sister company Reparco, specialized in waste paper, therefor made a sizeable investment in a new sorting installation with 4 lines on the Parenco site. An important step, because hereby we secure the long term supply of raw materials for both machines. In addition, investments were made to make the company's energy supply more sustainable; now nearly 100% of the required heat is generated by bio-mass, almost causing us not having to burn gas any more. Part of the investment to convert the PM2 is the fermentation of waste stream, by which approximately 6 million m³ of biogas is obtained which will be used for the production of steam for PM2.

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