



## ArborGen expands internal eucalyptus production in Brazil

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ArborGen Holdings Limited (NZX: ARB) advises it has acquired a eucalyptus seedlings nursery operation in Brazil located in the town of Erval Grande in Rio Grande do Sul State, referred to as ArborGen Erval Grande. The key terms of the acquisition include a purchase price of Brazilian Real \$15 million (approximately NZ\$5 million, US\$3 million) for the nursery business financed by the sellers, and a ten-year initial lease for the land with no payment for the first seven years. ArborGen will assume control of the operations on 2 October 2023.

ArborGen Erval Grande currently has capacity to produce 15 million eucalyptus seedlings per annum, with the opportunity to expand by a further 5 million seedlings. The acquisition increases ArborGen's internal production capacity to approximately 80 million seedlings per annum, comprising 70 million eucalyptus and 10 million pine seedlings. ArborGen Brazil's internal production is also supported by supply from contract growers who grow a further 50 million seedlings for ArborGen.

ArborGen has grown to become one of the largest commercial suppliers of eucalyptus and pine seedlings in the Brazilian market, replicating its US strategy to convert the market to products with superior genetics in Brazil. Following this latest expansion, ArborGen will operate six eucalyptus nurseries and one pine nursery in Brazil complemented by a network of contract producers that allow it to address all of the major pine and eucalyptus markets in the country. ArborGen's eucalyptus products are available in all of the primary eucalyptus growing regions in Brazil including the states of Minas Gerais, Mato Grosso, Mato Grosso do Sul, São Paulo and Paraná.

Chief Executive Officer of ArborGen, Justin Birch, said "The agreement to acquire Erval Grande will allow ArborGen to increase the proportion of its internally produced eucalyptus seedlings to approximately 60% of our total requirements currently. This provides us greater control of eucalyptus production in a very high demand environment. Additionally, expanding in-house eucalyptus production will help ArborGen accelerate customer conversion to advanced genetics eucalyptus clones. ArborGen has exclusive licence agreements, as well as its own pipeline of advanced products which are already available to customers on a limited basis. These products offer growers higher yields and higher wood density than standard market clones, improved disease and insect resistance and good drought tolerance which is an increasingly important trait as eucalyptus plantings in Brazil expands into dryer regions and as rainfall patterns change as a result of global climate change".

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To: NZX

From: Sharon Ludher-Chandra

Further information on ArborGen Holdings Limited can be viewed at our web site <http://www.arborgenholdings.com>.

### ArborGen

*ArborGen is the largest commercial global seedling supplier and a leading provider of advanced genetics, for the forest industry. Employing state-of-the-art technology, ArborGen is developing high-value products that significantly improve the productivity of a given acre of land by enabling our customers to grow trees that yield more wood per acre with greater consistency and quality in a shorter period of time. For more information, please visit ArborGen's website at [www.arborgen.com](http://www.arborgen.com).*