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Stable at a low level

Wood-based panel and surface markets now seem to be stabilising at a low level following a sharp downswing in the second half of 2018 and in the first quarter of 2019. Demand has not deteriorated any further in recent weeks, but things have not improved in most cases, either. Businesses in many areas have not yet completely finished depleting inventories built up in 2017 and in the first half of 2018; the pipeline effect thus continues to linger.

Business will likely slow again over the summer. A large number of companies will extend their planned production curtailments in response to the subdued state of the market. Long-lasting efforts to restore supply and demand to a state of balance should then bear fruit during the second half of the year. The wood-based panel and surface industry is expected to enjoy a recovery in autumn, if not sooner.

The economic slump that has emerged in almost all product areas and regions since the middle of 2018 has left its mark in the machinery segment. Order intake has cooled in recent months, as long lead times previously seen in some segments have become noticeably shorter. At the same time, modernisation projects, steps to enhance efficiency and the development

of new technologies have become more important again.

The slowdown on wood-based panel and surface markets is still having an impact on raw materials, too. The supply situation has returned to normal after being challenging up until the middle of 2018. Raw material costs have fallen further in many segments. The resulting leeway has combined with surplus supply in a variety of areas has sent wood-based panel and surface prices lower again.

This sixth special edition of EUWID Special: Wood-Based Panels provides an overview of developments in the machinery, chemicals, structural panels, composite panels, surfaces and furniture and flooring markets. It also describes the latest changes in different sectors. The next issue of EUWID Special will be published in mid-October in the run-up to the GreCon wood-based panel symposium.

I look forward to your feedback and suggestions. You can contact me by emailing aruf@euwid.de.

Yours sincerely
Andreas Ruf
Publisher

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Schattdecor commissioned its new printing location in Quzhou in China's Zhejiang Province on 13 May 2019.
(Photo credit: Schattdecor)

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Krefeld pilot plant nears completion



Old pilot plant

(Photo credit: Siempelkamp)

Siempelkamp Maschinen- und Anlagenbau GmbH, based in Krefeld, Germany, will complete work to install a new pilot plant at its Krefeld headquarters over the coming weeks. The new version of its ContiRoll Generation 9 Neo press was installed for the first time with this project. This 4 ft x 17 m press is to be used for production tests starting in the third quarter. One of the first test series will be conducted for a company that potentially wants to order a straw board line from Siempelkamp. The old pilot plant - which also had a 4ft-wide but just 4 m long continuous press - was dismantled during the second half of 2018. Under plans at that time, the new plant was supposed to be ready to manufacture at the end of 2018.

The ContiRoll Generation 9 Neo, which differs from ContiRoll Generation 9 by virtue of its extended press infeed (new entry option), has now been sold twice. The Brazilian wood-based panel manufacturer Berneck S.A. Painéis e Serrados, based in Araucária, Paraná, placed the first external order in the fourth quarter of 2018. The customer for the second press has not been announced to date.

Siempelkamp had unveiled its "ContiRoll Generation 9" and "ContiRoll Generation 9 Neo" presses simultaneously at Ligna 2017. ContiRoll Generation 9 has since been sold a total of 20 times. Siempelkamp equipped the new press concept with the Ecodrive drive, which has been available since 2015, as standard. The new high-performance chain (HPC) 40 has also been used since September 2017. This was specifically designed for higher production speeds of up to 2,500 mm/s.

Other new features included the central unit for hydraulics serving the pre-press, compactor and ContiRoll as well as freely selectable positioning of the hydraulic function on the press.

Siempelkamp reported having sold ten partial or complete wood-based panel lines in the 2018 financial year. Some 18 lines have made their first board, and 16 have been handed over. Five orders have been secured so far in 2019 that have not been fixed to date because down-payments have not been received yet. Siempelkamp has yet to publish information about individual orders. □

Baumer forges partnership with EWS in North America

The German surface inspection system manufacturer Baumer Inspection GmbH has been working together with Electric Wood Systems (EWS) North America LLC, headquartered in Beaverton, Oregon, since January 2019. EWS North America has since handled US, Canadian and Mexican distribution of optical inspection systems made by Baumer for quality assurance purposes.

These systems can be used in wood-based panel manufacturing to inspect raw and laminated MDF/HDF. Special technology for use in the flooring and furniture industry and for HPL, CPL, decor paper, film and digital printing is also available. Baumer recently developed a quality assurance system for the production of furniture board with synchronised pores, which identifies an exact match between design and texture after the short-cycle press.

This Colour Brain brand technology can be deployed for both dedicated quality control and for automated optimisation of manufacturing processes. EWS North America feels that this area in particular offers growing demand from companies in North America. The company said that its partnership with Baumer closes a gap in its portfolio. EWS North America's current portfolio of products for the wood-based panel industry includes systems detecting impurities as well as technology to identify gaps, measure

thickness, humidity and surface weight as well as contactless board scales and spark detection systems. The Siempelkamp subsidiary ATR Industrie-Elektronik GmbH has owned a minority stake in its parent firm Electronic Wood Systems GmbH (EWS) since November 2012. □

Kadant's Wood division: Slump in order intake

The US engineered systems manufacturer Kadant Inc., based in Westford, has announced that its Wood Processing Systems division landed orders with a total value of US\$34.9m (52.7m) in the first quarter of 2019. This slump of more than a third compared with the same period last year was mainly connected to last year's extremely high level. Yet, orders were also higher than between January and March 2019 in the remaining quarters of last year (Q2: US\$44.4m, Q3: US\$36.1m, Q4: US\$39.0m).

Kadant's CEO Jonathan Painter said that this turn of events was due in part to comparatively weak new systems business in North America after many manufacturers based there carried out upgrade and modernisation work in the previous year. By contrast, European order intake increased by about a quarter in a year-on-year comparison. Orders for five debarkers with a total value of US\$2.6m placed by customers in Eastern Europe's woodworking industry played a key role.

The rest of the division's headline earnings figures fared little better in the first quarter. Revenues had also dropped by a double-digit percentage of 13% to US\$34.0m (39.1m). However, operating income came close to the previous year's level at US\$7.3m (7.4m), but was 5% lower when adjusted for exceptional factors.



(Photo credit: Kadant Carmanab)

On a group-wide scale, order intake improved 1% to US\$183.6m (181.9m) thanks to its early January acquisition of Syntro Material Handling LLC, based in Tupelo, Mississippi. Group revenues climbed 15% to US\$171.3m (149.2m). Spare part and wear-and-tear part business showed disproportionately strong growth, contributing almost a third of total order intake and group revenues. □

Administrator closes down Binos's activities



(Photo credit: Binos)

A short time after being appointed, provisional insolvency administrator Stephan Höltershinken closed down all operations at the machine and plant manufacturer Binos GmbH, based in Springe, Germany, on 24 April. The HAZ newspaper reported that the available funds could no longer cover costs. Its compensation for lost wages also expired at the end of April.

Back in late February, Binos filed an application for opening self-administered insolvency proceedings. Mr Höltershinken was subsequently appointed as trustee by the Hameln District Court on 4 March. At the start of April, commercial director Achim Hackspiel left the company after seven years and Tom Greten became sole managing director. However, the District Court lifted self-administered proceedings and imposed provisional insolvency proceedings overseen by Höltershinken on 24 April. On the same day, he informed the remaining 62 employees of this decision after eight employees had left the company in previous weeks. Insolvency proceedings for Binos's assets opened on 1 May.

According to its last consolidated financial statements to be published in the

German Federal Gazette, Binos saw revenues dive by around 40% to €13.3m (2016: 22.5m) in the 2017 financial year. EBITDA had decreased similarly to €553,000 (854,000), while EBIT plunged 71% to €141,000 (489,000). The company still booked a full-year net profit of €148,000 (25,000), only because of a €520,000 profit distribution by a participating company.

Binos reported that delays to a major order for a complete cement-bound particleboard mill had caused this unfavourable trend in revenues and earnings. The Russian firm LLC SteMal, based in Barnaul, placed the order at the end of 2014, and then signed the paperwork at the start of 2015. However, financing for the €35m project was not secured until the end of 2017. The main engineering for the plant, which had been delivered back in June 2016, was invoiced in December 2017. In the 2016 financial year, Binos reported having decided not to adjust its workforce in the expectation that this project would get underway soon. □

Valmet acquires refiner segment manufacturer

The Finnish company Valmet Oyj has expanded its spare part and services business for refiners with the 1 May acquisition of the US firm J&L Fiber Services Inc., headquartered in Waukesha, Wisconsin. J&L Fiber Services makes refiner plates for low-consistency refiners in the pulp and paper industry and for high-consistency refiners for use in manufacturing TMP and HDF/MDF. The transaction was based on an enterprise value of €51m on a cash and debt-free basis, subject to ordinary post-closing adjustments. According to Valmet, J&L Fiber Services had a staff of 100 workers and generated revenues of US\$30m in the past 12 months. Its EBITDA margin was put at 15%. The company sells its products around the globe, with roughly three-quarters of its total revenues booked in North America. It will be part of Valmet's Services division and be known as Waukesha Service Center in the future. □

Raute faces significant downturn in order intake



(Photo credit: Raute)

Raute Oyj landed orders valued at €32m (Jan.-March 2018: 68m) in the first three months of 2019. As in the fourth quarter, order intake was more than half of the previous year's level. The biggest downturn was connected to high figures one year earlier. The fourth quarter of 2017's sum of €60m included a major order valued at €21m. In the first quarter of 2018, Raute landed two orders for complete LVL lines valued at €43m, resulting in order intake of €68m. This level was no longer reached in subsequent quarters (Q2: €28m, Q3: €42m, Q4: €28m).

Raute's total order intake includes €18m (53m) for new technology and €14m (15m) for technology services. Technology services' share of revenues doubled compared with the same quarter last year to 44 (22) % and was also much higher than 2018's figure of 37%. The order backlog tumbled 41% to €84m (142m) at the end of the quarter. The order cushion has constantly dwindled since peaking at the end of March 2018. Revenues improved by €41.3m (35.3m) in a year-on-year comparison, but were lower than in the three previous quarters (Q2: €43.7m, Q3: €47.9m, Q4: €54.2m). In terms of the different sales regions, 45 (54) % of total revenues was booked in Europe and 16 (16) % in North America. The other regions experienced growth. While business with Russia increased to 25 (22) %, South America and the Asia-Pacific region's slices of the pie swelled to 7 (5) % and 7 (3) % respectively.

Raute's interim report for the first quarter, which was published on 3 May, revealed a decline in earnings. Operating income fell 6% to €2.6m (2.8m), while pre-tax profits were also 6% lower at €2.7m (2.9m). Net profits slid 5% to €2.1m (2.3m). □

IMA Schelling boosted group revenues by 6%

IMA Schelling Group registered group revenues of €279m in the 2018 financial year. According to figures released on 27 February, revenues were 6% higher than in 2017. According to consolidated financial statements published for the parent firm SAB Holding GmbH, based in Schwarzach, in the German Federal Gazette on 11 February, revenues reached €263.6m (2016: 231.0m) in the 2017 financial year. This figure in turn was 14% higher than in 2016.

As in the previous year, the IMA group contributed almost two thirds to 2018 revenues, with the other third coming from the Schelling group. In terms of the different sales markets, North America once again fared well. IMA Schelling feels that there is future potential for fully automated manufacturing lines and plant automation. Favourable trends were also encountered in southern Europe, above all in Italy. Stable growth was also delivered in Spain based on a lower level in recent years.

Brisker demand for services also played a part in the growth in revenues last year. IMA Schelling has set itself a goal of generating a higher proportion of overall revenues in this area in the future. Some services, for instance, should be upgraded in the future by adding maintenance partnerships and evolve into a comprehensive service partnership with the end customer. In this vein, potential customers have received assistance with investment planning through the Industrial Consulting business in the past two years.

IMA Schelling Group has been made up of IMA Group and Schelling Group with the parent companies IMA Klessmann GmbH Holzbearbeitungssysteme and Schelling Anlagenbau GmbH since September 2015. According to annual financial statements published in the German Federal Gazette on 14 February, IMA Klessmann recorded turnover of €151.9m (132.4m) in 2017. This level was 15% higher than in 2016. Its share of group revenues increased to 58 (57) % due to this slightly above-average growth.

All units apart from drilling machines fuelled this growth. In terms of the different sales regions, America's contribution to revenues almost doubled to €21.0m (10.9m). Asian revenues soared to €16.0m (2.5m) from a low underlying level. On the other hand, European revenues fell 3% to €115.5m (119.2m) because of an unfavourable development in Germany (-11% to €36.4m) and the rest of the EU (-1% to €72.7m). □

Biesse's sales revenue up by 7 % to 740m € in 2018



(Photo credit: Biesse)

According to the provisional figures published at the end of February 2019, the Italian machine-engineering company Biesse S.p.A. generated consolidated sales revenue of €740m (2017: 690.3m) in its business year 2018. This exceeded the previous year's figure by 7%. As in the previous year, "Wood", by far the biggest division, did not perform quite as well as the company as a whole with an increase of 3 % in sales revenue to €484m (478m). At +24% to €8.3m (6.7m), growth was considerably more pronounced in the "Structural Wood" subdivision, for which Biesse gave separate figures for the first time. This unit was developed by Biesse after the company had acquired all the shares in Uniteam S.p.A. of Thiene in May 2015. Biesse is striving to achieve a compound average growth rate (CAGR) of more than 10% in the Structural Wood segment in future, too, whereas the wood division is to grow at a comparatively moderate rate of 3% per year.

As regards the company's machine activities, Biesse's receipts of orders increased 3.7% in its last business year to €619m (597m). After growth of low to mid-range single-figure percentages

had been achieved in the first (+5% to €146m) and second quarters (+2% to €171m), the best development was registered in the third quarter at +10% to €140m (127m). The figure for the fourth quarter, however, fell slightly short of a year earlier €162m (163m). At the same time, the backlog of orders rose continuously until the end of September to €257m. Although the figure fell to the lowest level of the year at €225m (215m) at the end of December, this was still 5% higher than the previous year's figure.

EBITDA rose by 3.4% to €92m (89.0m), but the corresponding margin fell by half a percentage point to 12.5% (13.0%) due to the disproportionately low improvement in the result. Adjusted EBIT was on par with a year earlier at €84m (83.5m).

As announced at the presentation of the nine-month figures at the end of October, the sales revenue and result targets given in February 2018 were not met. In its three-year plan for 2018-2020, Biesse had set its sights on sales revenue of €760m and EBITDA of €102m for 2018. Due above all to the adverse development in business in the third quarter, however, the forecasted sales revenue was subsequently reduced to €730-740m and EBITDA was to be in the region of €92-95m for the year as a whole.

In the latest three-year plan published for 2019-2021, Biesse has also made a downward adjustment in the medium-term sales revenue and results targets because the development in 2018 fell short of the expectations. For sales revenue, last year's development has been carried over into the next three years. With a CAGR of 6%, the group's sales revenue is to rise to €882m by 2021. An improvement to €14m is being striven for in EBITDA, which is then expected to restore the corresponding margin to 13%. In the previous three-year plan, Biesse had set its sights on a CAGR of 9.5% in sales revenue and growth in sales revenue to €907m by 2020. Parallel to this, EBITDA and the margin calculated from it were to rise to €127.2m and 14.0%, respectively. □

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More projects for wood-based panel manufacturing lines finalised so far this year

Large-scale plant suppliers set to face slight reduction in order intake

Slow sales of partial and complete lines for wood-based panel manufacturing during the second half of 2018 have given way to a slight recovery over the past few months.

Nonetheless, the total number of orders is still much lower than last year's relatively good level. Both Siempelkamp Maschinen- und Anlagenbau GmbH and Dieffenbacher GmbH Maschinen- und Anlagenbau landed a relatively large number of new orders in the first half of 2018. Order intake then started to drop off sharply from the middle of 2018; just a few new projects were wrapped up in the second half of the year. Both companies secured more orders again in the first five months of 2019, although they could not be booked yet because several down-payments had not been made. Most plant manufacturers thus think that order intake will fall short of the relatively good level seen in recent years in 2019.

Siempelkamp reported having won five orders for partial or complete lines in

the first five months. However, the company has yet to publish more detailed information because financing issues are still in the process of being resolved. Siempelkamp sold a total of ten lines in the 2018 financial year. The first board was made by 18 newly installed lines, and 16 lines were handed over. The Dieffenbacher group has recorded a total of 16 orders for partial or complete lines in the twelve months since May 2018. Ten of them were handled by its Eppingen headquarters and six by Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), the Shanghai-based firm in which it holds a majority stake. A total of 14 production lines were sold in the 2017 financial year, nine of them via Eppingen and five via SWPM. Dieffenbacher has yet to provide any separate order figures for the 2018 financial year or for the first five months of 2019.

A variety of machinery and plant manufacturers report that most sales markets have slowed considerably. Just a few new projects are under way in Europe. In recent years, replacement

projects had been the focus. The OSB producers Smartply Europe DAC (Waterford, Ireland), Norbord Europe Ltd. (Inverness, Scotland) and Kronospan Luxembourg S.A. (Sanem, Luxembourg) replaced their multi-opening lines with continuous production lines. Similar MDF/HDF projects were undertaken by Fantoni S.p.A., based in Osoppo, Italy, and at the mill in Mangualde, Portugal run by Sonae Arauco S.A., based in Madrid. Swiss Krono AG, headquartered in Menznau, Switzerland, replaced an older continuous production line with a new one.

The next start-ups will happen in the second half of this year. The installation of a continuous line at the Spanish firm Tableros Hispanos S.L.U., headquartered in Nadela, Lugo Province, is largely completed. The first board is to be made in the third quarter. A project planned by Sonae Arauco at its Beeskov particleboard mill is currently running around two months behind the original schedule. Start-up is now set to happen towards the year's end. Conversely, Sonae Arauco has sold a particleboard line from the Horn-Bad Meinberg plant that it closed in the first quarter of 2014 to a buyer in the Baltics. In South-Eastern Europe, the Turkish firm Kastamonu Entegre Agac San. ve Tic. A.S., based in Istanbul, is currently preparing for a replacement project at its particleboard mill in Gorno Sahrane, Bulgaria, which does business as Kastamonu Bulgaria A.D. The project uses a forming and press line acquired from the insolvency assets of



Start-up of Forte's new production line in Suwałki was one of the few greenfield investments in the European particleboard industry. (Photo credit: Siempelkamp)

the French particleboard manufacturer Darbo S.A.S., based in Linxe.

Greenfield investments have only occurred in Eastern Europe in the recent past. The Polish furniture manufacturer Fabryki Mebli Forte S.A., based in Ostrów Mazowiecka, entered the particleboard manufacturing business in the first quarter of 2018 when it started up a new plant in Suwałki. Egger, headquartered in St. Johann, Austria, largely completed work to build a new particleboard mill in Biskupiec, Poland, by the fourth quarter of 2018 and made the first board in mid-November; regular production has not commenced because it has not yet received its IPPC permit. An MDF/HDF and laminate flooring mill built in Pitesti, Romania by the Turkish firm Yildiz Entegre Ağaç San. ve Tic. A.S., headquartered in Kocaeli, has been up and running since April 2018. Kronospan expanded its mill in Smorgon, Belarus by adding a thin MDF/HDF line. New projects in Europe can mainly be found in the OSB business. Norbord and Smartply are carrying out front-end upgrade projects at the moment. Kronospan's longstanding plans to install an OSB line in Chirk, Wales are currently in the permit process. Kronospan also intends to start making OSB at its site in Novovolynsk, Ukraine. Unconfirmed reports suggest that this project will use the multi-opening line dismantled in Sanem.

Little activity is afoot on the Russian market. Capacity building projects pushed mainly by foreign companies in recent years and sustained financing issues mean that the Russian wood-



Kastamonu used the press line from Darbo in Bulgaria.

(Photo credit: Darbo)

based panel industry is pursuing hardly any new projects at the moment. The last major project was an MDF/HDF mill that Pavlovskiy DOK carried out in Pavlovsk, which made its first board in spring and is currently ramping up operations. Kronospan is preparing for an MDF/HDF project at its site in Kaluga, which will use a continuous press from the Chinese plant manufacturer Dunhua Yalian Machine Co. Ltd., headquartered in Jilin. Yildiz Entegre wants to potentially revive an MDF/HDF project in Vladimir that it shelved at the end of 2015. A new OSB mill is also being built by the plywood and particleboard manufacturer ZAO Murom, based in Murom, Vladimir Oblast. Swiss Krono Group will carry out its next OSB project in Sharya. Project planning is under way, with contracts to be awarded in the second half of the

year. Swiss Krono is to increase its OSB capacity in Wittstock-Heiligengrabe before the year's end.

In Turkey, a new particleboard line run by Starwood Orman Ürünleri A.S., based in İnegöl, and a second MDF/HDF line at AGT Ağaç Sanayi ve Ticaret A.S., based in Antalya, will be commissioned in the third quarter. Camsan Ordu Ağaç Sanayi ve Ticaret A.S., headquartered in Ordu, ordered the main technology for a new MDF/HDF line during the first quarter. Commissioning is slated for the end of 2020. Despite the challenging framework conditions, investment plans are still being pursued in Turkey, primarily for particleboard. By contrast, investment activity in Iran has virtually ground to a standstill because of US sanctions. Existing orders cannot be fulfilled. Projects already

6. GreCon Wood Based Panel Symposium in Hotel nhow Berlin

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- Technical and economical trends in the wood based panel industry
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Installation work in Grayling

(Photo credit: SGS)

approved by Iranian wood-based panel manufacturers are not moving forward at the moment. The Arian Saeed Industrial Group, based in Tehran, was among the companies that had recently fleshed out several new projects, which had to be put on ice because of the sanctions.

Project activity in Asia had been relatively good for a long time in the past, but slowed in the past year. The Chinese market has picked up again over the past few months. While companies had previously invested a bit more heavily in particleboard lines, demand for MDF/HDF lines is now strengthening again. Moreover, additional OSB projects are currently in progress in China. Additional investment plans are currently being pursued in South-East Asia despite strong capacity building in recent years. In Thailand, Siam Riso Wood Products Co. Ltd., based in Surat Thani, recently ordered an MDF line. Projects are also in progress in Vietnam and Indonesia. In Australia, Borg Group Holdings Pty Ltd., headquartered in Somersby, New South Wales, has apparently planned another particleboard line. The Chinese wood-based panel manufacturer Guangxi Fenglin Wood Industry Group Co. Ltd., based in Nanning, Guangxi, has long been making preparations for a particleboard project in Kawerau, New Zealand, which has recently been firmed up a

little. On the other hand, the African market remains hard for wood-based panel builders to gauge. Just a few projects in South Africa and Algeria have been implemented in recent years. In Algeria, a few laminating firms are in initial deliberations about possibly starting to make raw board too.

Ongoing projects will bring about a significant increase in North American capacity, as well. Arauco North America, based in Atlanta, Georgia, started regular deliveries from its new particleboard mill in Grayling, Michigan in the second quarter. The Kronospan group intends to commission a particleboard line installed in Eastaboga, Alabama in the third quarter. Egger will start work to assemble a new particleboard mill in Lexington, North Carolina in July; commissioning is set for the second half of 2020. Significant delays have emerged in Swiss Krono Group's project to install an MDF/HDF line in Barnwell, South Carolina. The project is now almost six months behind schedule. The first board is to be made mid-year. An MDF line installed by CalPlant I LLC in Willows, California, which will use rice straw as feedstock, is to get up and running by the year's end. Even though this capacity upgrade is taking place amid rather subdued sales markets, machinery and plant manufacturers think

that there is a chance that additional projects will come to fruition in North America. Preliminary plans for projects to replace particleboard capacity are in the works, including at Uniboard Canada Inc., based in Laval, Quebec. Similar projects are in the pipeline for MDF/HDF. Egger is apparently also planning an MDF/HDF line in Lexington in the next investment phase. OSB businesses are also pursuing investment plans. Norbord Inc., based in Toronto, Ontario, has been preparing to restart a mill in Chambord, Quebec for some time. The firm is simultaneously exploring adding a second line to an existing site. Kronospan is also poised to start making OSB in Eastaboga in the medium term.

South American markets have been rather subdued of late, too. Investment activity is being curbed by persistently difficult conditions in a number of markets. The recovery actually expected in Brazil after elections has so far failed to materialise. During the past year, three MDF/HDF lines started operating in Brazil in rapid succession. Berneck S.A. Painéis e Serrados, based in Araucária, Paraná, placed the main orders for an MDF/HDF line at a new site in Lages, Santa Catarina in the fourth quarter of 2018. No additional firm orders seem to be on the horizon at the moment, especially as discussions about further consolidation within the Brazilian wood-based panel industry have been around for a while. Unconfirmed reports suggest that the owners of Fibraplac Chapas de MDF Ltda., based in Porto Alegre, Rio Grande do Sul, are looking for investors. Just a few projects are also under way in other South American countries. Novopan del Ecuador S.A., headquartered in Quito, will commission a new particleboard line over the summer. Unconfirmed reports indicate that another order from Ecuador had been placed so far this year. Aglomerados Cotopaxi S.A. (Acosa), based in Quito, has reportedly ordered the main components for a new particleboard line. On the whole, machinery and plant manufacturers feel that the Central and South American market has the potential for two or three new lines in the next two years. □

Three identical presses to be delivered to Algerian laminators by middle of 2020

Dieffenbacher Zaisenhausen: Short-cycle press in Sully-sur-Loire is up and running

The Swiss Krono Group subsidiary Swiss Krono S.A.S., based in Sully-sur-Loire, commissioned a short-cycle press delivered by Dieffenbacher Maschinenfabrik GmbH, headquartered in Zaisenhausen, Germany, towards the middle of May 2019.

The press can reach 225 cycles per hour with its 2,200 x 5,800 mm format and a specific pressure of 6 N/mm²; it can also make EIR surfaces on one side. Dieffenbacher Zaisenhausen will also deliver a short-cycle press to one of Swiss Krono's Ukrainian mills at the end of the year. With the same 2,200 x 5,800 mm format, this press is designed to have a somewhat higher pressure of 7 N and can press 211 cycles using two-board operations. Over the coming weeks, the company will install a short-cycle press at a plant in White River, South Africa run by Sonae Arauco S.A., based in Madrid, which will also have a pressure of 5.5 N and can reach around 220 cycles with a 1,900 x 5,500 mm

format also with two-board operations. Sonae Arauco's contract also includes two warehouse systems for raw board and melamine film.

Dieffenbacher Zaisenhausen had wrapped up three orders in spring and summer 2018 – the first time in a long while that it had sold short-cycle presses to major wood-based panel manufacturers again. In recent years, the company had primarily served smaller wood-based panel manufacturers in more remote markets. This category also includes three more short-cycle press orders that Dieffenbacher Zaisenhausen received from three Algerian timber merchants in recent weeks.

The three machines are largely identical with a 2,200 x 3,800 mm format, a pressure of 4 N and roughly 180 cycles. A press for EURL Ghamoud, based in El Eulma-Sétif, will be delivered in June, while short-cycle presses will be installed at Aggoun S.à.r.l., headquartered in Sétif, and at Cogepan in March and

May 2020. Until now, these merchants have imported laminated board and sold it on the Algerian market. Under a new law, companies may no longer import laminated wood-based panels.

Dieffenbacher Zaisenhausen is presently handling six short-cycle press projects with the three orders from major wood-based panel groups and the three Algerian projects. The company is thus in line with recent years on average when it made and delivered around five or six short-cycle presses. Besides delivering new technology, Dieffenbacher Zaisenhausen also rebuilds short-cycle presses. The focus is on conveying and emptying systems, paper lay-up and edge cleaning machines. In some cases, the firm also modifies other suppliers' presses, as it did last year when it worked on a short-cycle press that Siempelkamp Maschinen- und Anlagenbau GmbH, originally delivered to Pfeleiderer Leutkirch GmbH, headquartered in Leutkirch, Germany.

Besides offering short-cycle presses for direct lamination of wood-based panels, Dieffenbacher Zaisenhausen also has a plant concept for making HPL in its portfolio. The first unit was delivered two years ago to an unnamed laminate producer; the company is currently in talks about other orders. HPL presses mainly make small order volumes and large formats with matching decors and structure into direct-laminated board with a pressure of up to 10 N and formats of up to 2,100 x 5,600 mm. As an option, an additional cooling press can be installed after the HPL press.

Dieffenbacher Zaisenhausen generates around 80% of its revenues from delivering and rebuilding short-cycle presses. In recent years, its revenues have mostly been in the region of €23m-25m. □



(Photo credit: Dieffenbacher Zaisenhausen)

Printing and coating machine production to be concentrated at new site in Changzhou

Wemhöner Surface Technologies will deliver single-pass printers in future

Wemhöner Surface Technologies GmbH & Co. KG, a company based in Herford, Germany, that has so far specialised in multi-pass digital printing machines, unveiled a single-pass digital printer for the first time at the Ligna trade fair.

The machine showcased at the fair can print sheet-like materials with a working width of 220 mm and would thus be suitable for printing edgebanding as well. In principle, the digital printer developed by Wemhöner can print directly on the board, too. The first machines are to have narrower working widths. In the medium term, Wemhöner also wants to build single-pass digital printers that are up to 7ft wide. Production of the single-pass digital printers will initially take place at Wemhöner (Changzhou) Machinery Manufacturing Co. Ltd., based in Changzhou in Jiangsu Province, a Chinese subsidiary that was founded in 2006. The first machines are to be made in close cooperation with the German headquarters. In the medium term, the company will pool production

of digital printers, printing/coating and liquid coating machines at a new facility doing business as Wemhöner Changzhou Technologies Co. Ltd. Upon receipt of the outstanding building permit, construction of this plant is to get going during the summer. Start-up is scheduled for summer 2020.

The new plant's portfolio will also include technology for high-gloss and matt surfaces, for instance, based on the HotCoating method used by Klebchemie M.G. Becker GmbH & Co. KG (Kleiberit), Weingarten, Germany. Wemhöner sold its first HotCoating machine to a Chinese customer in the first quarter. Wemhöner had already modified the HotCoating machine installed at Kleiberit's production firm dekoraPUR GmbH, based in Barsinghausen, during 2017. The company had subsequently also bid on the machine planned by Pfeleiderer Leutkirch GmbH.

Wemhöner's digital printing portfolio has so far focused on multi-pass machines and primarily water-based inks, large

formats and high printing quality. A pilot plant was unveiled in 2007; the first production machine was made a short time later. Wemhöner has since delivered four multi-pass digital printing machines. One machine went to a door producer, while another is used for printing advertising on plastic foils. The company has two references in the wood-based panel and surface industries.

Swiss Krono Tex GmbH & Co. KG, based in Wittstock-Heiligengrabe, Germany, uses a multi-pass machine delivered by Wemhöner for printing on laminate flooring. Wemhöner also commissioned a 2,200 mm-wide multi-pass digital printer at the treater operator Dekor Kunststoffe GmbH (DKB), based in Erndtebrück, Germany, in the first quarter of 2015. When DKB was sold to BMK GmbH, based in Gaildorf-Bröckingen, Germany, in September 2015, this machine stayed with DKB's old owner Metall-Chemie Holding GmbH, based in Hamburg, Germany. It dismantled the machine a short time later. Wemhöner will scale back its multi-pass activities in connection with its plans to get more involved in the single-pass technology business. Wemhöner will continue to market digital printing technology under the MasterDigital name. Original printing/coating machines are sold under the MasterPrinter name, while its coating machines are known as MasterCoater.

In the 2018 financial year Wemhöner delivered a growth in consolidated group revenues to almost €140m. This represents an increase of about 16% compared with 2017's total of approximately €120m. It was also higher than the spring forecast of €130m-135m. The holding firm in Herford booked revenues of over €100m for the first time in 2018, a rise of 10% compared with the previous year. The Chinese subsidiary reached €36m. □



New Wemhöner building in Herford

(Photo credit: EUWID)

Forte cancelled €60m order for new furniture plant in Suwalki in the course of 2018

Homag Group's order intake settles at level of preceding quarters

In the first quarter of 2019, the "Woodworking Machinery and Systems" division of Dürr AG of Bietigheim-Bissingen, Germany, recorded receipt of orders worth €334.6m.

This equates to a reduction of 19.4% against the €415.2m reported for the same period of last year. This amount, however, included a major order from the furniture manufacturer Fabryki Mebli Forte S.A. of Ostrów Mazowiecka, Poland, for the new works planned in Suwalki. Homag Group AG of Schopfloch, Germany, was to supply several manufacturing lines with roughly 20 production cells and more than 80 individual machines for the investment project approved in October 2015. The full plant, which had been geared to a combination of series production and batch size of 1 on the basis of a concept jointly developed by Forte and Homag, was to be set up in three stages. The start-up of the first stage was scheduled for the second quarter of 2019. The new works was planned for completion by 2021.

According to the Dürr quarterly report published in mid-May, Forte cancelled this order later on in the year. Forte itself has not yet commented on the progress of the investment project. The company recently signalled to Polish financial media, however, that the existing production capacity is adequate for the time being and that an improvement in the debt situation is to be achieved by means of a more sedate pace of investment activity.

Following the Forte withdrawal, Homag Group back posted half the total order value of around €60m to each of the second and third quarters. This resulted in receipts of orders worth €286.1m for the second quarter. In the fourth quarter, the value of the orders amounted to €295.9m. The third quarter turned out to be a little better at €339.6m. Adjusted for



Homag headquarters in Schopfloch

(Photo credit: EUWID)

the Forte order, Homag Group acquired orders worth a total of €1.337bn, giving a quarterly average of €334.2m. The receipts of orders now reported for the first quarter exactly matches this average figure even though the calming that had already occurred in the market in China was still apparent in the early months of this year. According to the Homag Group, the economic slowdown has led to customer restraint in other markets too. Business was better in the USA, several European countries, and in Asia. As such, Homag Group had a total backlog of orders worth roughly €622m (31 March 2018: 676m) at the end of the first quarter.

Sales revenue was boosted by 8.3% in the first quarter to €319.2m (Jan.-March 2018: 294.6m). Homag Group's growth in sales revenue had been more pronounced in each quarter of last year. €311.1m was recorded in the second quarter, €331.6m in the third, and €361.0m in the fourth. The group generated sales revenue of €1.298bn in 2018 as a whole. At €324.5m, the quarterly average

was slightly higher than the figure now achieved in the first quarter.

Development in the key performance figures in the first quarter was not as robust in sales revenue. EBITDA was slightly higher than a year earlier at €29.8m (29.7m) whereas EBIT fell by 6.9% to €18.4m (19.7m), reducing the EBIT margin to 5.8% (6.7%). Last year, EBITDA and EBIT had both decreased slightly from the first to second quarter. A gradual improvement was then achieved as the year progressed, ending, like sales revenue, with a peak figure in the fourth quarter (EBITDA €37.7m, EBIT €27.6m). As such, Homag Group recorded EBITDA of €125.5m and EBIT of €86.2m for the year as a whole. Accordingly, the EBIT margin was 6.6%. This year, in spite of the rather sluggish start compared to the preceding quarters, Homag Group intends to achieve an EBIT margin to the tune of 6.7-7.5%. Receipts of orders are expected to lie in the range of €1.250-1.450bn; sights have been set on sales revenue of €1.280-1.380bn. □

WKI has installed ten more large test chambers



(Photo credit: WKI)

Over the past twelve months, the Fraunhofer Institute for Wood Research, Wilhelm-Klauditz-Institut (WKI), Braunschweig, has doubled the number of its large emission test chambers. The WKI had previously operated a total of ten test chambers with a volume of between 3 m³ and 48 m³. Like the new systems, these have a sufficiently high air volume flow, so that direct odour evaluations according to DIN EN ISO 16000-28, among others, are also possible.

As part of the current expansion, ten further emission test chambers were installed in four different sizes (1x 30 m³, 2x 17.5 m³, 3x 6 m³, 4x 4 m³). The first two test chambers had already been put into operation in March 2018. By February 2019, six further systems had followed step by step. The commissioning of the last test chambers finally took place at the end of March, and regular test operations have also been running on these since April. In addition to the meanwhile 20 large emission test chambers, the WKI currently has more than 100 small test chambers with a volume of less than 3 m³ at its disposal.

In the course of the now completed expansion, an existing hall with a floor area of around 200 m² was gutted and then the infrastructure for the process media required for the air-conditioning of the test chambers, such as cooling water and compressed air, was installed. According to the WKI, a considerable investment was required both for this and for the actual emission test chambers, but no precise information was provided on the total volume.

The WKI is currently testing wood-based materials and furniture in the newly ins-

talled emission test chambers; the majority of tests are expected to be carried out in this area in the current year. In the large chambers, emission tests can be carried out from complete components to complete living room or kitchen equipment. In addition to emissions from the various individual components, interactions between these individual emissions and possible influences of climatic influences such as light and heat or harmful gases on total emissions can also be investigated. □

Delay in construction of Accsys's Tricoya works

The start-up of the world's first Tricoya plant for producing acetylated woodchips in Hull, England, will probably not occur until the beginning of 2020. According to a release published by the chemical-technology company Accsys Technologies plc of Windsor, UK, on 25 March 2019, this means that commercial production will probably not commence until the beginning of the business year 2020/2021 (31 March). Accsys had last been striving to complete the construction works by the middle of this year. When construction work began in July 2017, however, the company had still been working from the assumption of a start-up in early 2019.

According to information from Accsys, the commissioned EPC contractor (engineering, procurement, construction) Engie Fabricom of Grimsby is responsible for the latest delay, their tasks including strengthening the foundations and the steel structure of the main production building. In its release, the company emphasises expressly that the acetylation technology being used for woodchips at the works for the first time has not played any part in the delay. Accsys is therefore sticking to the long-term profitability forecast, even though the key performance figures will initially be impaired by the delayed completion. On the basis of earlier information, the works, geared to an annual capacity of 30,000 t, is to be run up to speed within three years once it has opened for business and then reach the profit

threshold on an EBITDA basis with a capacity-utilisation rate of 40%.

According to Accsys, the third reactor for producing acetylated solid wood of the "Accoya" brand put into operation at the currently only production facility in Arnhem in mid-2018 has reached full capacity utilisation as per the original plans. The sales volume is now to be raised in the current business year by 15% against last year to approximately 49,500 m³ (2017/2018: 42,676 m³) and a positive consolidated EBITDA achieved in conjunction with the price increases pushed through at the start of the year. In the first half of the business year, EBITDA adjusted for non-recurring items was still negative at -€1.4m.

Accsys says that because the existing demand for Accoya is still unable to be satisfied with the existing annual production capacity of 60,000 m³, the company is currently planning the installation of a fourth reactor. The final decision to build the plant geared to an annual capacity of 20,000 m³ is to be taken in mid-2019. □

Restructuring burdens profits of Akzo Nobel

In the first quarter of 2019 Dutch chemical group Akzo Nobel N.V. (Amsterdam) generated turnover to the amount of €2.185bn (Jan.-March 2018: 2.176bn), which is similar to the figure achieved in the comparative period last year. Without taking exchange rate effects into consideration, turnover increased by 1%. In this context a negative effect (-7%) resulting from a drop in overall sales could be compensated, in particular by price increases as well as a more favourable product mix (+6%). Acquisitions as well as other effects each created a 1% increase in turnover. Operating profit, which was again burdened by costs in connection with restructuring of the company which has been underway since the first quarter of 2017, increased by 5% to €113m (108m). Adjusted to account for extraordinary factors, it improved by 9% to €163m (149m). The profit margin calculated on this basis increased to 7.5 (6.8) %.

Profit development in the first quarter was restricted due to an increase in raw material costs vis à vis the comparable period of the preceding year. The variable costs, which were €77m higher could, however, be offset by cost-saving measures implemented within the scope of the current restructuring process. By 2020 Akzo Nobel aims to have reduced costs by €220m.

The decorative paints business division, in which Akzo Nobel focusses on the manufacture and sales of paints, varnishes and glazes for final consumers, generated virtually the same level of turnover at €844m (846m). The adjusted operating profit, by contrast, improved by 7% to €60m (56m).

Adjusted to account for extraordinary factors, in the performance coatings business division - which includes activities with industrial varnishes, paints and coatings systems, for example, for the wood and furniture industry - turnover increased by 3% to €138m (133m). Here also turnover, at €1.339bn (1.342bn), was at approximately the same level as the comparative quarter last year. □

Akzo expanding wood coatings business

The Dutch chemicals group Akzo Nobel N.V., based in Amsterdam, is set to upgrade its US site in High Point, North Carolina, which specialises in wood coatings. In the upgrade project, productivity will be enhanced by installing automatic dosing unit technology and by reorganising manufacturing processes. A new raw materials warehouse will also be added. The site will also gain a research laboratory and technical application centre. Construction is set to begin in April 2019, with rolling measures in the upgrade project, which Akzo Nobel said entailed an investment of several million dollars, to be completed in 2020.

Akzo Nobel presently employs about 250 people in High Point. The High Point facility covers 30 acres (around 12 hectares) and makes UV, solvent-based and water-based wood coatings. Its portfolio also includes

paints and stains. Akzo Nobel's CEO Thierry Vanlancker said that the upgrade project aimed to improve its supply capabilities in North America. In addition to the ability to process enquiries more quickly, small batch sizes and a higher number of water-based products will be able to be delivered in the future.

The Performance Coatings division, which comprises the company's industrial lacquer, paint and coating systems for the wood and furniture industry, generated revenues of €5.587bn (2017: 5.775bn) in the 2018 financial year. This was a 3% decrease compared with the previous year. Excluding currency effects (-4%), Akzo Nobel would have reported a 1% improvement in revenues.

A negative impact caused by lower overall sales (-6%) was erased by price hikes and a more favourable product mix (+7%). Operating profits tumbled 14% to €577m (668m) in the wake of higher raw material costs. The third quarter was the only quarter to deliver a stronger year-on-year performance with a 12% growth to €164m. The other three quarters ended with sometimes significant slumps (Q1: -35% to €121m, Q2: -20% to €162m, Q4: -2% to €130m).

The second division, Decorative Paints, which pools manufacturing and distribution of Akzo Nobel's paints, coatings and glazes to end customers, experienced similar fortunes last year. Revenues took a bigger turn for the worse than Performance Coatings with a 5% decline to €3.699bn (3.898bn), but improved 1% when adjusted for currency effects (-6%). This division also saw a reduction in revenues caused by lower sales (-3%) more than wiped out by higher prices and shifts in the product mix (+4%). The division's operating profits fell 8% to €308m (334m).

Group revenues slipped 4% to €9.256bn (9.612bn) last year, while operating profits tumbled 27% to €605m (825m). Adjusted for extraordinary costs connected in part to restructuring under way since the first quarter of 2017, the company booked a 12% slide in earnings to €798m (905m). On 1 October 2018, Akzo Nobel had closed the sale of its speciality chemical

unit to the US investment company The Carlyle Group L.P. and the Government of Singapore Investment Corporation as part of this reorganisation. The resulting post-tax profit of €5.814bn paved the way for a net profit of €6.674bn (832m). Some €455m (511m) of this sum could be traced back to continuing operations. □

OCI's melamine sales almost match year before



(Photo credit: OCI Nitrogen)

Having achieved a sharp increase in the fourth quarter of 2018, OCI Nitrogen B.V. of Geleen, Netherlands, restored the volume of its melamine sales in the year as a whole almost to the previous year's level. At 42,700 t (Oct.-Dec. 2017: 33,600 t), the figure was 27% higher than the relatively low level of a year earlier caused by technical problems and maintenance work. According to OCI Nitrogen, the benchmark price rose by 3% in the same period to 1,625 €/t (1,575 €/t). Performance losses and maintenance work on the two raw-melamine plants in Geleen had resulted in relatively low sales volumes in the first two quarters as well.

Deliveries in the first quarter were down by 10.7% against a year earlier to 34,400 t, and in the second by 21.5% to 35,400 t. Maintenance work carried out on one of the two ammonia plants in Geleen from the beginning of May to the end of July was reflected in further restrictions in output in the third quarter. At 36,900 t (+4%), the volume of melamine sales was raised above the relatively low figure of the previous year, nonetheless. As such, OCI Nitrogen deliveries of melamine fell by 2% in the year as a whole to 149,300 t (2017: 152,699 t). The average benchmark price was 8% higher than a year earlier at 1,640 €/t (1,513 €/t). □

OCI receives offer for worldwide methanol assets

According to a release published on 4 March 2019, OCI N.V. of Amsterdam, Netherlands, has received an offer for its worldwide methanol assets, which include a works in Beaumont, Texas, a joint venture at the same location, and BioMCN B.V. of Delfzijl, Netherlands. According to unconfirmed information from the chemicals industry, the bidder is apparently Saudi Basic Industries Corp. (SABIC) of Riyadh, Saudi Arabia. OCI has not yet commented on the offer but intends to take a decision soon on how it will proceed from here.

OCI's aim behind the new and expansion investment measures implemented at the Beaumont facility and bringing the BioMCN plant up to speed is to enlarge its methanol capacity to 2.960m t in its business year 2019 and thereby become one of the world's biggest methanol manufacturers. The capacity of the joint-venture works Natgasoline LLC is included in this calculation accordingly at 50%. OCI's total annual capacity for natural-gas based fertilised and industrial chemicals is given as approximately 10m t.

Building work for the Natgasoline works was completed in April 2018; the start-up took place at the end of the second quarter, almost a year later than scheduled. At the start of the project, the annual capacity was put at 1.75m t; OCI meanwhile quotes the capacity as 1.83m t. Consolidated Energy (CEL) Ltd. has had a 50 % share in the joint venture since April 2016. The capacity of the works in Beaumont, taken over by OCI in two stages in 2011 and meanwhile wholly owned by the group, had been raised from 730,000 t per year to 915,000 t by means of debottlenecking measures in the first quarter of 2015. Another 125,000 t is to be added to this by summer this year upon completion of an ongoing expansion project. At BioMCN, owned by OCI since the middle of 2015, OCI is preparing to resume operation of the second production line, which is expected to double the works' total capacity to 991,000 t.

Figures published on 25 February 2019 show that OCI sold a total of 1.416m t (1.286m t) of methanol from its own works and from the pro rata share of the Natgasoline joint venture in its business year 2018; this exceeded the previous year's figure by 10%. By running the Natgasoline works up to speed and in spite of the downtime in production at BioMCN over several months, even sharper growth of 18% was achieved in the fourth quarter at 421,900 t, as opposed to 357,100 t in the same period of last year. OCI also began trading in methanol during the course of last year. OCI sold another 85,700 t of methanol in the fourth quarter as a result of trading; 252,000 t of methanol purchased from external sources was resold in 2018 as a whole. □

Methanex reports slide in revenues and earnings



Geismar site

(Photo credit: Methanex)

The Canadian methanol manufacturer Methanex Corp., based in Vancouver, British Columbia, saw its revenues tumble by around a quarter to US\$733m (Jan.-March 2018: 962m) in the first three months of 2019. This slump was not erased by lower cash costs for methanol made by Methanex and purchased from other suppliers. Adjusted EBITDA thus fell 36.6% to US\$194m (306m). Adjusted net earnings dived by as much as roughly two-thirds to US\$56m (171m).

Methanex said that an unfavourable trend in sales prices had made a US\$169m dent into earnings. The average posted price across North America, Europe and Asia-Pacific was 17.5% lower than last year at US\$392 (475) per tonne, while the average sales price encountered a

similar downturn to US\$331 (402) per tonne. Consequently, methanol prices were lower than one year earlier for the first time since the third quarter of 2016. The average sales price has since risen consistently from US\$236 per tonne at that time. Methanex has booked double-digit percentage growth rates since registering only a minor year-on-year improvement in the fourth quarter of 2016.

Methanol shipments fell 3.4% to 2.723m (2.818m) t in the first quarter. This downturn was exclusively driven by a 22.8% reduction in shipment of methanol bought from other companies to 473,000 (613,000) t. By contrast, deliveries of its own methanol were 2.0% higher at 1.921m (1.884m) t and commission sales rose 2.5% to 329,000 (321,000) t.

Production was 6.9% lower at 1.808m (1.943m) t in the first three months of the year. Following the start-up of the Chile IV plant one quarter earlier, Chilean output rose by almost half to 241,000 (166,000) t. However, production was lower than the total annual capacity of 430,000 t listed by Methanex for both plants due to technical difficulties with ramping up the plant. Its Canadian facility in Medicine Hat, Alberta - which has a designed capacity of 150,000 t - again ran at full steam with output of 155,000 t. The company faced gas supply restrictions in New Zealand (production: 437,000 t, capacity: 608,000 t).

By contrast, scheduled stoppages led to lower production in Trinidad & Tobago (production: 429,000 t, capacity: 500,000 t) and in Geismar in the US (production: 405,000 t, capacity: 500,000 t). Methanex took the first steps towards debottlenecking during maintenance work at the Geismar 1 facility. This project aims to boost the plant's capacity by 10% in the future. Its joint venture plant in Damiatta, Egypt (production: 141,000 t, capacity: 158,000 t) experienced a decline in production because of technical troubles. Towards the start of April, the plant had to suspend operations for repair work after another incident. □

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European Court of Justice confirms harmonisation of standards

In a judgement issued on 10 April 2019, the General Court within the European Court of Justice (ECJ) has described additional national requirements for products governed by harmonised European standards as not admissible.

This ruling dismissed a case filed by the Federal Republic of Germany against two decisions made by the European Commission on 19 April 2017. In 2015, Germany had raised objections to six building product standards, which it felt were not fully harmonised. The country claimed that these standards jeopardised structural safety and certain requirements to protect the environment and human health. The European Commission had dismissed two of the six complaints on 25 January 2017. Additional quality characteristics and product requirements governed at the national level in European standards were described as illegal. Therefore, references to supplementary rules applying at national level were removed from the standards. The standards in question are

EN 14 342 "Wood Flooring" and EN 14 904 "Surfaces for sports areas".

For its part, Germany had asserted that reviewing VOC emissions from wooden flooring, parquet and sports surfaces was not possible when using these harmonised EU standards without additional stipulations. At the same time, flooring producers would no longer be required to demonstrate VOC emissions from their products. From a German perspective, excessive pollutant concentrations could ensue. In the case submitted to the ECJ, Germany called for the European Commission's decisions and subsequent publications in the EU Official Journal to be annulled, making national supplementary rules possible as a legally binding option.

In its decision, the ECJ confirmed that an EU member state must not stipulate one-sided national requirements, even if there are gaps or errors in harmonised standards, since this raised questions about the effectiveness of harmonised

standards and would hinder the free movement of goods. EU member states must ensure structural safety and rules to protect the environment and human health. However, this must take place through the usual method to review harmonised standards. The ECJ has thus confirmed the full harmonisation of European standards.

A few wood-based panel producers and the German Wood-Based Panel Industry Association (VHI), based in Berlin, feel that the recent ruling sends a message for other similar standardisation cases. Examples include actions taken by the German Federal Environment Agency (UBA) to change over measuring methodologies to identify formaldehyde emissions from wood-based panels and the implementation of technical building rules (MVV TB) in Germany. UBA's proposal was approved by the German federal/regional working committee for chemical safety (BLAC – Bund/Länder-Arbeitsgemeinschaft Chemikaliensicherheit) in late September 2018. As a result of this BLAC decision, DIN EN 16516 was set as the new reference method for determining formaldehyde emissions from wood-based panels in a testing chamber with publication in the German Federal Gazette on 26 November. This new standard shall replace EN 717-1, which has until now been the reference method used throughout Europe, in Germany by the end of 2019. Published by the German Institute for Building Technology (DIBt) on 31 August 2017, the MVV TB rules contains the lowest concentration of interest (LCI) values for 195 substances in 12 substance classes, including for VOCs and formaldehyde. The wood-based panel industry also views these rules as one country going it alone in a step that creates special rules for Germany and thus counteracts the goals of the EU Internal Market. □



(Photo credit: ECJ)

ECHA proposes to eliminate emission class E2 and to limit emissions to 0.1 ppm

Public consultation on formaldehyde emissions from consumer products

The European Chemicals Agency (ECHA), based in Brussels, launched a public consultation on further restricting formaldehyde emissions from consumer products, including wood-based panels, building elements and furniture, on 20 March 2019.

Comments on the ECHA proposal can be submitted until 20 September. In the proposal, entitled "Restriction on formaldehyde, released from articles", which stipulates a limit of 0.124 mg/m³ ascertained in a testing chamber used in accordance with EN 717-1, the ECHA said that it had been guided by the WHO recommendation of 0.1 mg/m³ below which adverse health effects can be ruled out according to the WHO. The ECHA's Committee for Risk Assessment (RAC) and the Committee for Socio-Economic Analysis (SEAC) will be involved in screening and analysing the comments submitted during the consultation. These two committees are slated to provide final assessments by March 2020. The ECHA will then forward the joint assessment of the two committees to the European Commission, which will then make a decision about whether to add this limit to Annex XV of the REACH Regulation.

The proposal now put up for discussion by the ECHA originates in efforts made by the European Commission, which had asked the authority to prepare a restriction dossier in accordance with Annex XV on 20 December 2017. The ECHA had previously presented an initial investigation report on formaldehyde and formaldehyde emissions in March 2017. The ECHA proposal of 0.124 mg or 0.1 ppm corresponds to emission class E1, which has long been required in several European countries, including Austria, Germany, Italy and Sweden. The ECHA hopes that the proposal will definitively ban manufacturing and marketing of emission class E2 wood-based panels, which is still permitted in other countries. The EU Construction Products

Directive, which has been in force since 1 July 2013, also still allows for class E2. Moreover, the ECHA believes that its proposal will work towards EU-wide harmonisation of different formaldehyde rules that apply in each country. In the view of the ECHA, the voluntary commitment launched by the wood-based panel industry among others is not the right way forward.

The 77-page Annex XV restriction report published by the ECHA on 20 March describes the current situation, evaluates the potential impact on formaldehyde emissions, outlines the risk factors and then draws conclusions. An 85-page annex provides additional background information. In drawing up its analysis, the ECHA focused on the prevailing use of formaldehyde and formaldehyde resins in wood-based panels, construction products and other sectors of industry, such as vehicle and aeroplane construction. Formaldehyde applications in biocide and cosmetic applications, which are already regulated by the Biocide Products Regulation (BPR) EU 528/2012 and the Cosmetic Products Regulation EU 1223/2009, were not taken into consideration. The ECHA noted that these applications account for just a small share of formaldehyde consumption within the EU.

The Annex XV restriction report also details formaldehyde production and consumption in the EU. The ECHA looked at 73 production facilities in 21 EU member states for the year 2015. Twelve of these plants were located in Germany, ten in Italy, six each in Poland and Spain, five each in Belgium and the UK and four in the Netherlands. Fourteen other countries had between one and three facilities each. All of these formaldehyde sites have integrated downstream converting capabilities, generally to make resin. Another eleven formaldehyde production sites have integrated industrial-scale plants to make methylene diphenyl diisocyanate (MDI) or polyol. Formaldehyde

production in the EU-28 and in Norway and Switzerland was listed at 3.2 million tonnes on a 100% basis and at 8.6 million tonnes as a 37% solution in 2015. When compiling these figures, the ECHA used data from the Formacare Sector Group within the European Chemical Industry Council (Cefic).

According to the ECHA, some 41% of this total ends up in the production of urea-formaldehyde (UF) resins, 95% of which is then used in the wood-based panel industry. The manufacturing of phenol formaldehyde (PF) resins accounts for roughly 9% of European formaldehyde consumption. About 60% of these PF resins is used to make wood-based panels, insulating materials and laminates. Some 7% of European formaldehyde is turned into melamine formaldehyde (MF) resin. The main area of application for MF resins is melamine film for laminating wood-based panels. Altogether 95% of MF resins made in Europe end up in the wood-based panel industry.

Consequently, almost 60% of European formaldehyde is used in UF, PF and MF resins, which are principally used to make wood-based panels and construction products. Polyols, MDI, polyoxymethylene/polyacetal (POM) and other applications make up the other 40% or so.

Polyols' share of total consumption is listed at 11%, while MDI accounts for 8%, POM for 7% and other applications for 17%. Formaldehyde imports into the EU from third countries play virtually no role. At 20,000-30,000 tonnes per year, they did not even reach 1% of total consumption between 2015 and 2017. □

Background

Documents on ECHA's restriction report

<https://download.euwid-holz.de/191401.html>



EN 717-1 to remain the reference method for measuring formaldehyde

EPF plans to introduce voluntary emission class for formaldehyde

The European Panel Federation (EPF), headquartered in Brussels, Belgium, has now also fleshed out its position in the face of growing discussions about lowering formaldehyde emissions from wood-based panels over the past few months.

The federation is still calling for emission class E1 to be binding throughout Europe. Emission class E2, which remains permitted in a few countries is to be eliminated once and for all. The EPF had outlined these goals in its Compulsory E1 initiative, which was launched back in 2015. Alongside class E1, which stipulates an underlying limit value of 0.1 ppm or 0.124 mg/m³, the EPF also intends to introduce a voluntary class (E1/2) with a limit of 0.05 ppm or 0.062 mg/m³. This limit is to apply to all types of wood-based panels. Laminated board must use a substrate that is at least E1 to comply with rules contained in the additional E1/2 class. Moreover, the testing chamber method described in EN 717-1 should still be used to measure formaldehyde emissions.

The technical aspects of the additional E1/2 class put forward by the EPF had been developed during the second half of 2018. Additional requirements were formulated in subsequent months with the involvement of different EPF bodies, including the Formaldehyde/VOC task force. At its quarterly meeting on 2 April, the EPF Managing Board merged the technical aspects for class E1/2 that were adopted back in November with these requirements to create a position that was approved at its general meeting on 3 April without any opposing votes. The EPF's position was first communicated externally in a statement published on 7 May.

In this statement, the EPF renewed its call for European harmonisation of formaldehyde rules. This harmonisation should ensure uniform rules throughout Europe.



(Photo credit: EUWID)

A change in the measuring methodology for formaldehyde emissions from wood-based panels slated to take effect in Germany on 1 January 2020, which would in effect halve the E1 limit contained in the German Banned Chemicals Ordinance (ChemVerbotsVO) from 0.1 ppm to 0.05 ppm, is described by the EPF as one country going it alone. This approach created special rules for Germany, thus contravening the goals of the EU Internal Market. In this vein, the EPF also made reference to a judgement issued by the Court of the European Union on 10 April 2019, which described supplementary national requirements for products governed by harmonised European standards as not allowed in a case looking at standards for wooden flooring and sports flooring.

Other associations have adopted a similar position. They include the German wood-based panel federation VHI (Berlin), the European Furniture Industries Confederation (EFIC, Brussels) and the German wood industry association HDH (Bad Honnef, Germany). All four associations are critical

of the variations within the EU caused by Germany changing its measuring methodology and call for uniform rules throughout Europe. To this end, the possibility of introducing a new harmonised emission class for formaldehyde should be reviewed in consultation with the European Commission. However, a clear line has not yet emerged in terms of the exact process. In an internal position paper drawn up in mid-March, the EFIC and the HDH advocated the mandatory introduction of an emission class below E1 that would be valid throughout Europe. In this vein, they raised the possibility of the new E1/2 emission class with a limit of 0.05 ppm, determined in accordance with EN 717-1. The EPF and VHI tend to support voluntary rules. These two wood-based panel associations feel that the mandatory introduction of a new emission class would take a relatively long time because of the required CEN standardisation process, mentioning a timeframe of at least two to three years. By contrast, an additional voluntary class might be established on the market much more quickly in the view of the EPF. □

Demand has remained relatively stable in Europe and North America

European methanol contract price left unchanged in second quarter

Manufacturers and converters ultimately ended up agreeing to leave the European methanol contract price untouched after all at the end of the final week in March.

This came after talks had gradually firmed up since the middle of March 2019. Consequently, the first quarter's price of €350/t FOB Rotterdam, which was set on 21 December 2018 with a €78 reduction, was carried forward into the second quarter, as well. A slight price cut that converters had considered possible in January and the first half of February was hardly on the table any more as talks got under way since the Chinese market has stabilised in March. Instead, a rollover or slight hike of up to €15 was anticipated. Methanex Corp., based in Vancouver, British Columbia, posted its EPCP at €360/t FOB Rotterdam in the first quarter, €10 higher than the contract price. This price will be charged in the second quarter, too.

With Methanex's EPCP and the European contract price being left untouched at the first quarter's level, both manufacturers and converters have come to believe

in recent weeks that global methanol markets will continue to stabilise in the second quarter despite production restrictions emerging in several regions. In China, this stabilisation had surfaced in early February after Chinese New Year. Chinese MTO manufacturers have experienced a marked improvement in their earnings again on the back of slightly higher crude oil prices, resurgent olefin prices after a fourth-quarter slump and falling methanol prices in the fourth and first quarters. New capacity will be added in the coming months after no new MTO plants came online during 2018 and in the first quarter of this year. Demand for methanol is expected to remain relatively stable in Europe and North America during the second quarter. A somewhat weaker performance by the wood-based panel industry means that demand from the formaldehyde business is slightly lower than last year. By contrast, other sales segments have enjoyed growth.

On the supply side, both scheduled and unscheduled downtime has taken place in Europe, South America, the Middle East and Asia in recent months. These stop-

pages were largely offset by redirecting methanol elsewhere and thus had only a brief impact on the market climate in most cases. In Europe, the methanol plant in Tjeldbergodden run by the Norwegian company Equinor ASA, headquartered in Stavanger, resumed operations in late January after having to close temporarily because of a blaze on 19 December. A methanol plant run by Shell Deutschland Oil GmbH in Wesseling also shut down for a short time in late December and has undergone maintenance work lasting four weeks in early spring. BioMCN B.V., based in Delfzijl, the Netherlands, has restarted a methanol plant that it idled in June 2018 for a maintenance project slated to last four weeks after several delays.

In South America, political and economic problems in Venezuela starting in February have led to growing restrictions on methanol manufacturing and export. The methanol joint ventures Metanol de Oriente S.A. (Metor) and SuperMetanol S.A., which are both based in Puerto Jose and have a combined annual capacity of roughly 2.5 million tonnes, had to temporarily cease production after electricity blackouts. Exports to its main sales market, the US, are largely banned after the US imposed sanctions on the state-run oil group Petr leos de Venezuela S.A. (PDVSA) in January. The methanol available as a result has been largely diverted to Asia. Economic sanctions that the US imposed on Iran last year have affected methanol manufacturers there even more. Additional delays have emerged in the start-up of new plants. Existing facilities are having a hard time procuring spare parts, resulting in repeated production stoppages. First-quarter methanol supply in South-East Asia was trimmed markedly by several manufacturers holding downtime for maintenance in rapid succession. Methanex is unable to run at full speed in New Zealand at the moment because of natural gas supply problems. □

Europe: Development of methanol prices



Production range extended to include melamine resin and paraformaldehyde

Prefere Resins to buy Melamine and Paraform divisions from Ineos group

Ineos Enterprises AG of Rolle, Switzerland, part of the Ineos group, is planning to sell the Ineos Melamine and Ineos Paraform divisions to Prefere Resins Holding GmbH of Erkner, Germany, which has so far been mainly active in the phenolic-resin segment.

Both companies signed a corresponding purchase contract in mid-April 2019. According to Ineos Enterprises, the transaction is to be completed even before the end of the second quarter once the conditions precedent, though particularly the regulatory clearance, have been met. Prefere Resins registered the planned takeover with the Federal Cartel Office for approval on 8 May. The purchase price has not been disclosed.

Prefere Resins' intention behind the acquisition is to add melamine resins and paraformaldehyde to its range of products, which is currently geared above all to phenolic and amino resins for the construction, insulation, and industrial

sales sectors. In addition, the production basis, currently limited to Europe, is to be extended towards North America and Asia as well. Ineos Melamines operates two production facilities of its own at Ineos Melamines GmbH of Frankfurt, Germany, and Ineos Melamines LLC of Springfield in Massachusetts, USA. The company also has access to a works in Surabaya, Indonesia, via a tolling agreement. The resins produced in Surabaya are sold through Ineos Melamines Pte. Ltd. of Singapore, founded in 2012. Ineos Melamines' range of products covers melamine resins and additives for various areas of application, including production of melamine films for use in the laminating and laminate-flooring industry. The annual capacity is given as approximately 110,000 t. A major proportion of the raw melamine used for producing melamine resin is obtained from companies of OCI N.V. of Amsterdam, Netherlands, on the basis of a worldwide supply contract. Ineos Melamines has a total of some 150 employees and says it generates annual sales revenue of around €130m.

Ineos Paraform produces formaldehyde at its Mainz facility, along with a variety of formaldehyde derivatives, particularly paraformaldehyde. The company believes it is the second-biggest manufacturer in Europe in this segment. The total production capacity amounts to around 125,000 t. With roughly 120 employees, Ineos Paraform generates annual sales revenue of around €60m. The superordinate company Ineos Enterprises has a total of around 2,000 employees at facilities in Switzerland, Germany, the UK, Sweden, Canada, and the USA. Total sales revenue is given as approximately €2.0bn. The company manufactures a wide range of chemicals. With the takeover of the Ashtabula works in Ohio from Tronox Inc. of Stamford in Connecticut, USA, Ineos Enterprises also made its debut in producing titanium dioxide.

Prefere Resins currently operates seven production facilities in six European countries (Germany, France, the UK, Finland, Poland, and Romania) as well as three research and development facilities (Germany, Austria, and Finland). The company says it meanwhile achieves an output of around 350,000 t with roughly 350 employees. According to the latest business report, Prefere Resins produced a total of 323,011 t (2016: 305,700 t) in 2017 and generated consolidated sales revenue of €231.8m (€201.7m) with 321 (315) employees. In doing so, the pre-tax result and the profit for the year were put back into the black at €7.0m (-€1.3m) and €5.0m (-€2.5m), respectively.

The majority in Prefere Resins was taken over by the British private-equity company Silverfleet Capital Partners LLP in mid-2018. The company had signed an appropriate agreement with the former majority owner Capiton AG of Berlin and the similarly participating Intermediate Capital Group plc (ICG) of London at the beginning of May 2018. □



Prefere Resin's site in Erkner

(Photo credit: Prefere Resins)

Reorganisation proceedings are not directly affecting activities outside North America

Hexion wants to end Chapter 11 for US companies in summer

The US resin manufacturer Hexion Inc. of Columbus, Ohio, is striving to conclude before the end of this summer the reorganisation proceedings in accordance with Chapter 11 of the US Bankruptcy Code. This reorganisation was filed before the US Bankruptcy Court of the district of Delaware on 1 April 2019.

The court had initially approved on 15 May the Restructuring Support Agreement (RSA) agreed with the holders of various bonds maturing in the years 2020 to 2023, which is aimed at improving Hexion's financial structure. Specifically, the measures planned are a reduction in the debt level by up to US\$2bn, provision of roughly US\$300m in additional equity capital by issuing subscription rights, further loan assurances for US\$1.6bn as well as the complete fulfilment of all financial obligations to suppliers, employees, and unsecured creditors. Hexion had presented its creditors with the revised plans for the reorganisation of the companies subject to the Chapter 11 proceedings on 29 May. The confirmation hearing before the Bankruptcy Court required for this is to take place on 24 June.

Hexion filed for Chapter 11 reorganisation before the US Bankruptcy Court of the district of Delaware on 1 April. According to a release published on the same day, this filing applies for all of the company's US subsidiaries as well as a non-operative company in Nova Scotia, Canada. The activities outside North America are not directly affected, however. According to Hexion, operative business is to continue as normal during the Chapter 11 proceedings. The funding is secured through existing debtor-in-possession (DIP) assurances to the total amount of around US\$700m. With the approval received from the Bankruptcy Court on 2 April, Hexion can access US\$600m from the DIP assurances.



Hexion plant in Edmonton/Alberta

(Photo credit: Hexion)

US\$50m of this US\$600m is to be used for financing the activities outside North America. In addition to this, the international Hexion companies also have unrestricted access to their own lines of credit.

The Hexion group, split into the two divisions "Forest Products Resins" and "Epoxy, Phenolic and Coating Systems", had to post a distinctly negative net result again in its business year 2018. With 6% higher sales revenue of US\$3.797bn (3.591bn), the operating result was more than doubled against the previous year to US\$227m (100m) but interest costs of US\$365m (329m) led to a pre-tax loss again at -US\$126m (-220m). The net result was also well into the red at -US\$162m (-234m). Although the key performance figures for the business year 2017 were improved upon by 43% and 31%, the losses increased again sharply in the fourth quarter. In the nine-month period to the end of September, the pre-tax and net result were still at -US\$37m and -US\$52m, respectively.

Hexion last recorded a net profit in its business year 2012 at US\$324m. A pre-tax loss of -US\$60m had first arisen at that time due to high interest costs, though this was compensated for by a tax allowance of US\$365m. From a baseline of US\$263m in 2012, the net interest paid has risen further by 39% since then. Indebtedness rose in the same period from US\$3.495bn to US\$3.815bn (+9%) at the end of December 2018.

As a total of US\$2.5bn of the total liabilities become due in April (US\$1.9bn) and November (US\$0.6bn), the company says its survival is not assured at present. To reduce its high degree of indebtedness, Hexion had examined a variety of divestment measures. In connection with this, a lender presentation published on 8 April shows that the company was valued at a total amount of US\$3.1bn to US\$3.3bn. A corporate value of US\$3.1bn was therefore taken as a basis in the restructuring support agreement (RSA) agreed at the end of March, by means of which a comprehensive restructuring of the balance sheet was to be achieved instead. □

Stronger growth in the first half of 2018 was dampened by slower business in the latter half

EPF: European wood-based panel production rose to 59.5 million m³

European wood-based panel production increased 1.9% to 59.5m (2017: 58.3m) m³ in 2018 as a whole, according to preliminary figures from the European Panel Federation (EPF), based in Brussels.

Stronger growth in the first half of the year was dampened by somewhat slower business in many markets in the latter half of the year. The EPF raised 2017's total slightly compared with the figure of 57.6m m³ reported in the middle of 2018 at the presentation of its preliminary figures. By comparison, a total of 55.9m m³ had been made in Europe in 2016. The revised figure means that 2017 ended with a 4.3% increase in production rather than the originally assumed 3.0% growth.

This correction primarily related to OSB and plywood. OSB production was retroactively raised from 5.6m m³ to 6.3m m³ for 2017, while plywood output was trimmed from 3.2m m³ to 3.1m m³. On the other hand, the latest manufacturing statistics confirm the previously published 2017 figures for particleboard (31.2m m³), MDF/HDF (12.3m m³),

insulating panels (4.9m m³) and rigid fibreboard (0.5m m³).

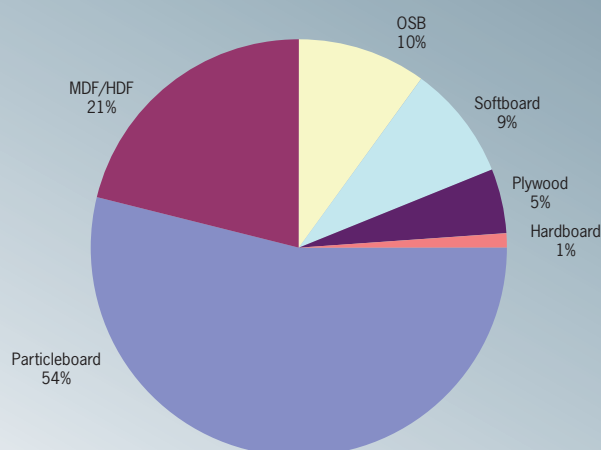
The EPF has so far only partly itemised 2018 output into the different product groups. Detailed production figures for particleboard, MDF/HDF and OSB will be published in its next annual report. This annual report will be presented at the EPF annual general meeting, which will take place in Dunblane, Scotland from 26 to 28 June. Particleboard and MDF/HDF both increased slightly, while OSB production, which had surged in previous years, has softened a little even though sales markets continue to perform well. Potential reasons include problems sourcing PMDI that emerged in the first half of the year and manufacturing troubles experienced by a few OSB mills. However, the EPF has not released specific production figures for other product groups.

Insulated panel production increased by 5.9% to 5.2m m³. Fibreboard output improved 1.0% to 0.53m m³, while plywood production was 1.7% higher than the previous year at 3.2m m³. Preliminary

production figures compiled by the EPF reveal that particleboard accounted for 54% of total European wood-based panel production, with MDF/HDF making up 21%. OSB's share of output was listed at 10%. Insulated panels contributed 9%, plywood 5% and fibreboard 1%. The plywood figures only covered manufacturers from the EU-28. Statistics for all other product groups encompassed output in the EU-28 and EFTA countries.

2018 saw a bigger increase in manufacturing capacity in the leading product groups than in previous years. According to the EPF, particleboard capacity increased 3.1% to 37.8m m³. This additional 1.1m m³ includes replacement and upgrade projects in Spain and Portugal (150,000 m³), one mill restarting in Italy (480,000 m³) and a new mill in Poland (500,000 m³). Capacity had increased by just 0.4% in 2017. MDF/HDF capacity swelled 2.7% to 15.1m m³, primarily because of a new mill in Romania (400,000 m³). A replacement project in Luxembourg (200,000 m³) boosted OSB capacity by 3.0% to 6.9m m³. The EPF listed insulated panel capacity in the EU-28 at 5.8m m³ (+1.8%), while fibreboard capacity was virtually unchanged at 0.7m m³.

Europe: Wood-based panel production ¹⁾



1) EU-28 and EFTA

Source: EPF

The EPF presently has 12 national wood-based panel associations as its members (Fachverband Holzindustrie, Austria, Fedustria, Belgium, UIPC, France, UIPP, France, VHI, Germany, VHD, Germany, FederlegnoArredo, Italy, BNL, Norway, SPPDwP, Poland, AEFCON, Spain, ANFTA, Spain and WPIF, UK and Ireland). It also has 24 direct members. These members are either major companies or wood-based panel manufacturers from countries without a national association. The number of associate members, which are primarily upstream product suppliers and machinery and plant producers, is put at over 50. □

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Metsä LVL line to reach full capacity by 2021



(Photo credit: Metsä Wood)

The Metsä Wood division within the Finnish company Metsä Group, based in Espoo, started regular production using a laminated veneer lumber (LVL) line installed in Punkaharju in April 2019 following completion of test operations that started in March. The line was officially commissioned on 28 April. Metsä feels that the line will reach its full capacity of 65,000 m³ per year by the second quarter of 2021. The Punkaharju mill currently has a total LVL capacity of about 125,000 m³ using two lines. This capacity will rise by around 50% to 190,000 m³ per year. When running at full speed, the new line needs about 160,000 m³ of wood and solely converts spruce. All told, Metsä Wood has invested roughly €52m in boosting LVL production in Punkaharju. □

Finnish production only slightly lower in Q1

Finnish plywood production softened slightly at the start of this year after being relatively constant during the course of 2018. The Finnish Forest Industries Federation (FFIF) reported a 3.5% decrease in manufacturing to 300,000 (Jan.-March 2018: 310,000) m³ between January and March. Output had stood at 310,000 m³ in the first, second and fourth quarters. Just the third quarter was a little weaker with 290,000 m³ produced. The FFIF data shows that manufacturing dipped 0.9% to 1.230m (2017: 1.240m) m³ in 2018 as a whole. The production volumes listed in the FFIF statistics are based on estimates. Not all Finnish plywood manufacturers belong to the FFIF. According to an overview published at the end of 2018, the association's members include

seven wood-based panel companies that operate 12 sites making plywood, LVL and CLT, three veneer plants, one particle-board mill and one rigid fibreboard plant.

Statistics from the Natural Resources Institute Finland (Luke) broke down Finnish plywood production into softwood and hardwood plywood, as well. Luke also listed total production at 1.230m (1.241m) m³ last year. Softwood plywood production stayed the same at 840,000 (840,000) m³, while hardwood plywood production dipped to 390,000 (401,000) m³. Since collapsing in 2009, Finnish plywood production has increased in six years and fallen slightly in three years. Altogether, output has jumped 53.8% in the nine years to 2018. Hardwood plywood production soared 62.5% in this period, while hardwood plywood output leapt 50.0%. □

Russia: 10 % increase in birch plywood exports

After a somewhat slower start in the first quarter of 2018, Russian exports of birch plywood rose at low double-figure growth rates in each of the following quarters. After the peak figure reached in the second quarter, however, the export volumes fell again slightly over the rest of the year. The foreign trade statistics from the Russian customs authority, adjusted several times since the first publication, had recorded an increase of 7% to 619,569 m³ for the first quarter. In the second quarter, an increase of 11% occurred to 672,597 m³. The volume of 630,231 m³ given for the third quarter was 12% higher than a year earlier. In the fourth quarter, the exports were 10% higher than the previous year at 625,153 m³. The USA was the biggest sales market in all four quarters. In the first (100,103 m³), second (106,752 m³), and fourth quarter (107,469 m³) the exported volumes were into six figures whilst the volume exported to the USA in the third was 97,630 m³. Egypt (Q1: 66,633 m³, Q2: 89,114 m³, Q3: 93,133 m³, Q4: 60,901 m³), and Germany (Q1: 50,209 m³, Q2: 61,409 m³, Q3: 55,665 m³, Q4: 54,092 m³) also maintained their positions over the whole year. Shifts occurred in the lower places

in the second half of the year, however. Deliveries to Latvia fell sharply in the third and fourth quarters whereas Poland took delivery of a higher volume again in the fourth quarter. Exports to the UK in the second and third quarters turned out to be considerably higher than in the first and final quarters.

In the year as a whole, Russian exports of birch plywood increased 10% to 2.548m (2017: 2.318m) m³. Deliveries to the three biggest sales markets, USA (+22% to 411,953 m³), Egypt (+13% to 309,782 m³) and Germany (+25% to 221,373 m³), increased even more sharply. These three markets combined accounted for 37% of the total Russian birch plywood exports. Reductions were registered by the countries following at the next two places, Latvia (-23% to 110,407 m³) and Poland (-10% to 99,908 m³), however. Finland fell 4% short of the figure for a year earlier at 90,442 m³, causing the UK to take a place ahead of Finland with an increase of 5% to 96,583 m³. Growth was registered for all the other relevant export markets as well. The greatest percentage increases were recorded for Estonia (+31% to 82,364 m³), the Netherlands (+31% to 70,258 m³), and China (+42% to 45,246 m³).

Russian exports of softwood plywood continued to decline in the fourth quarter. In the first quarter, the exports had fallen by 10% to 30,267 m³, and in the second by 13% to 29,844 m³. The weakest individual quarter was the third with a reduction of 7% to 25,899 m³. At 40,195 m³, considerably more softwood plywood was exported than in the three preceding ones; this still fell 19% short of the even higher figure recorded for the previous year, however. In the year as a whole, Russian softwood plywood exports thus fell by 13% to 126,204 (145,114) m³. Deliveries to Denmark rose by 4% to 29,596 m³; the double-digit reductions in the first two quarters were more than compensated for by even greater growth in the third and fourth quarters. A reduction of 10% to 18,202 m³ was recorded for Belgium. Development in exports to Germany was even poorer at minus 17% to 14,211 m³. □

Chile increases plywood exports by 24.3% in 2018

In 2018 Chile exported a total volume of 515,653 t (2017: 414,782 t) radiata pine plywood. The 24.3% increase vis à vis the preceding year was primarily achieved on account of the extremely positive development in the second half of the year. According to the Instituto Forestal (Infor), Santiago de Chile, exports in the first quarter had declined by 5.0%. Following a 9.3% increase in the second quarter, export deliveries accumulated over the first half of the year were 1.9% above the previous year's figure. In the second half of the year the comparative figures of the preceding year were exceeded in all individual months. The increase rates in the third (+26.3%) and fourth quarters (+73.9%) thus improved significantly.

This positive development is also attributed to the opposing trend recorded in 2017. Chilean exports had only increased by 3% in the first quarter of 2017, in

the subsequent quarters decreases were recorded (Q2: -16.8%, Q3: -9.8%, Q4: -29.4%). Accumulated over the entire year, export deliveries thus decreased by 13.9%.

Prior to this, by contrast, double-digit rates of increase had been achieved. Calculated on the basis of the volume of 283,056 t exported in 2013, Chilean plywood exports increased by 27.4% to 360,719 t in 2014. 2015 was concluded with an increase of 20.9% to 436,154 t. In 2016 the development slackened off slightly with a 10.4% rise to 481,668 t. Despite the decline in 2017, export deliveries have therefore virtually doubled over the past five years.

In 2018 the USA was once again by far the most important sales market following a slightly above-average increase in volume of 25.1% to 218,457 t (174,597 t). In terms of volume, deliveries to the US therefore achieved a proportion of 42.4% (42.1%) of total

exports. With regard to export value, deliveries developed along slightly over-proportional lines at an increase of 41.4% to US\$190.1m (134.5m). A volume of 68,521 t (55,627 t) Chilean radiata pine plywood, at a value of US\$54.2m (37.8m), was delivered to Mexico. Following the significant declines in the preceding year, exports once again fell short of the level achieved in 2016 (98,343 t at a value of US\$62.1m). The Netherlands, following an 18.9% increase in volume to 35,326 t (29,707 t) and a 38.8% increase in value to US\$29.1m (21.0m), remained the most important purchaser in Europe. Italy followed in fourth position after purchasing virtually double the volume of plywood at 26,742 t (14,165 t). In terms of value, the deliveries increased by as much as 125.1% to US\$21.7m (9.7m). Italy - in terms of volume - therefore surpassed Great Britain (+21.0% to 23,315 t) and Australia (+8.8% to 21,912 t). The value of the deliveries to these two countries was not provided by Infor. □

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Japan's 2018 plywood imports increased slightly

Owing to a comparatively strong fourth quarter, Japan's plywood imports in 2018 as a whole only reached a 0.7% higher level than a year earlier at approximately 2.923m m³ (2017: 2.904m m³); a reduction of 0.6% had been recorded for the nine-month period in the foreign trade statistics published in Japan Lumber Journal. After the brief low in 2016 (2.771m m³), the minor growth achieved in Japanese plywood imports last year was the second increase in succession.

Imports from Malaysia, which had risen by 10.7% in 2017, fell again last year by 10.8% to 1.062m m³ (1.191m m³). Malaysia's share of Japan's total plywood imports fell accordingly by almost five percentage points to 36.3% (41.0%). Conversely, Japan increased its imports from Indonesia by 11.5% to 977,557 m³ (876,782 m³), raising Indonesia's share of Japan's total imports by almost three percentage points to 33.4% (30.2%). After the increase of 6.5% recorded in imports from China in 2017, the figure for 2018 fell again by 2.2% to 642,008 m³ (656,568 m³). China's share of the total imports fell slightly to 21.7% (22.2%). A total of 91.7% (93.8%) of Japan's total plywood imports in 2018 were accounted for by the three biggest supplier countries of Malaysia, Indonesia, and China. With a combined volume of 12,876 m³ (17,466 m³) and a share of the total Japanese imports not even amounting to 0.5%, the imports from New Zealand and Taiwan, currently still recorded separately by Japan Lumber Journal, have no longer played any significant role for years now.

In terms of the individual quarters, the figures for Japan's plywood imports displayed varying development during the course of the year. A sharp reduction in the first quarter (-8.2%) against the same quarter of the year before was followed by just as sharp an increase in the second quarter (+9.2%). In the second half of the year, a reduction of 2.2% was then recorded for the third quarter. Mainly responsible for the increase of 4.2% in the fourth quarter to 775,204 m³ (Oct.-Dec 2017: 742,948 m³) was the growth in imports from Indo-

nesia, which were 17.4% higher than the figure for the previous year at 258,016 m³ (219,826 m³). A higher rate of growth had only been achieved in the second quarter at +21.0%. Imports from Malaysia, on the other hand, show reductions for all four quarters against the figures for 2017 (Q1: -18.2%, Q2: -1.5%, Q3: -15.2%, and Q4: -7.0%). The same applies for the imports from China (-5.9%, -1.1%, -1.3%, and -5.0%). □

Decision on OSB line in Chirk pushed back



(Photo credit: Webbaviation)

The Wrexham CBC Planning Committee postponed a ruling on a project planned by Kronospan to add an OSB line to its particleboard and MDF/HDF mill in Chirk, Wales at its meeting on 4 March 2019. By way of explanation, the committee pointed to a lack of clarity about the increase in heavy goods traffic and emissions. At the meeting, objections were raised that heavy goods traffic might lead to an increase of more than 20% in the already heavily trafficked streets near the Kronospan mill. Prior to a final decision being issued, potential alternatives to site access should be considered. Kronospan's managing director Mike McKenna also raised the possibility of moving more traffic to the railway during the meeting.

Last summer, Kronospan Ltd. had filed an application to expand its existing environmental permit for the Chirk plant with the authority Natural Resources Wales (NRW) in preparation for a long-reviewed OSB project in Chirk. This application also includes a variety of changes to existing plants. The NRW permit process had begun on 5 September. At that time, NRW had said that the permit process might be completed by the end of 2018. □

EBRD supports Kronospan's OSB project in Ukraine

The European Bank for Reconstruction and Development (EBRD) is currently considering granting another loan to the Kronospan group. The project summary document (PSD) was published on 22 March 2019. A decision was taken by 25 April. The EBRD will be the lender of the record for the amount of €116m, while €50m out of the total will be syndicated to commercial banks Raiffeisen Bank International AG and Raiffeisenlandesbank Oberösterreich under an A/B loan structure.

Kronospan wants to use this loan to add an OSB plant to the ongoing expansion of the particleboard works in Novovolynsk, Ukraine, trading under the name of Kronospan UA LLC. Besides the particleboard works, the aim is to create the prerequisites for a furniture cluster as well. Further investment measures are construction of a new biomass-fired boiler, installation of a wet electro-filter, and fitting a new transformer station.

The EBRD gives the total cost of the project as €168m, €116m of which is to come from the EBRD loan and €52m from Kronospan's own resources. The loan of €116m is split between €75m for building the OSB plant and €41m for improving the balance-sheet structure of the executive company Kronospan UA, which is assigned to Kronospan Holdings plc of Nicosia, Cyprus. On the basis of the total project cost of €168m, deducting the €41m gives a cost of €127m for the plant investment.

According to the EBRD project report, Kronospan wants to use a multi-opening press for building the OSB plant in Novovolynsk. The plant is expected to achieve an annual capacity of around 280,000 m³. The strands are to be dried using a directly heated dryer, which is heated with a 45 MW biomass-fired power station. This power station is to provide the thermal oil for the press as well. The purpose of the wet electro-filter is to reduce the emissions of the strand dryer. □

Norbord orders OSB dryer for Inverness from Büttner



(Photo credit: Norbord)

The Canadian company Norbord Inc., headquartered in Toronto, Ontario, ordered a dryer for its Scottish OSB mill in Morayhill, Inverness, from Büttner Energie- und Trocknungstechnik GmbH during the first quarter of 2019. The single-pass drum dryer with a capacity of 6.5 x 36 R is designed to have a throughput of 45 t/h dry strands and will be delivered including a 500 m³ dosing bunker. Büttner will also deliver the power plant including brick lining, which will generate 41 MW of flue gas to heat the dryer. The contract also includes the fuel store with a sliding floor and the associated mechanical conveyor systems. Büttner said that delivery of the technology is to be completed by year's end.

The contract awarded to Büttner is part and parcel of a follow-on investment project in Inverness, in which Norbord intends to raise its annual capacity from around 720m sqft (3/8" basis) or around 635,000 m³ at the moment to around 945m sqft or 835,000 m³. A second strander line is also to be installed. In January 2019, the Board of Directors approved the £35m or US\$46m in funding required for this project.

Büttner had previously delivered a single-pass drum dryer with a capacity of 6.5 x 36 R to Inverness in 2017. This dryer was installed together with a power plant with a designed total combustion capacity of 55 MW during the first half of 2017 and started operations in September 2017. In the first phase of the project, Norbord had replaced two multi-opening lines with a continuous production line and modernised the majority of its upstream technology at the same time. □

Chile Panel to commission its new OSB line soon

The new company Chile Panel S.A. is set to start making OSB over the summer using a former MDF mill at its site in La Union, Chile. The first components have already been commissioned over the past 12 months; a strander delivered by the Wood Processing Systems division of Kadant Inc., headquartered in Westford, Massachusetts, made the first strands in April. The first board is to be made in the coming weeks. The annual capacity is to stand at around 150,000 m³.

Founded by Chilean entrepreneur and politician Gabriel Ruiz Tagle to make OSB, Chile Panels had acquired the MDF mill closed a few years ago by Polincay Ltd. and retrofitted it to make OSB over the past few months. Polincay Ltd., which previously worked in the moulding business and specialised in US exports with these products, entered the MDF production business at the start of 2008 to safeguard its supply of upstream materials. The company had mainly used Chinese technology, including a multi-opening line from Shanghai Jiecheng Baihe Woodworking Machinery Co. Ltd. with a designed capacity of about 150,000 m³ as well as two short-cycle presses. The mill had battled emission problems several times in the next few years. □

UPM commissions technology in Chudovo

The Finnish forestry group UPM-Kymmene Corp., based in Helsinki, has largely completed work that it began in autumn 2017 to expand its birch plywood mill in Chudovo, Russia. The first test runs on newly installed lines have already been carried out. In a statement published on 9 April, the company said that the first batches are already on their way to customers in Europe and Africa. The official inauguration is slated to take place in early September. When the investment was announced on 24 October 2017, UPM had anticipated that the project would likely be completed at the end of 2019. □

The €50m investment project entailed installing new machinery, which will boost annual production capacity in Chudovo by 45,000 m³ from about 110,000 m³ plywood at the moment to 155,000 m³. In addition to raising capacity, UPM has also widened its portfolio of products with this project. The new products include WISA-Birch LG (long grained) plywood. Until now, UPM has primarily focused on making cross-grained (CG) birch plywood. The mill in Jyväskylä, Finland, alone has so far made small amounts of LG plywood. By expanding its portfolio, UPM intends to seek growth in certain markets, such as South Korea, the UK and the Benelux region. Both LG and CG raw plywood is used in interior building, for instance. Besides making these grades, Chudovo will also manufacture laminated birch plywood panels for use in the transport industry and concrete forming as well as speciality plywood for use in liquefied natural gas (LNG) tankers.

The majority of the new machinery has been delivered by the Finnish firm Raute Oyi. The machinery firm supplied veneer peeling and drying technology, composing and patching technology, presses and laminating lines and scanner and moisture measuring lines. Besides expanding the site's manufacturing capabilities, the firm installed a new biomass power plant with a capacity of 19 MW, which will use manufacturing residues from plywood production as a source of energy. Chudovo's future annual roundwood consumption will increase from about 300,000 to about 400,000 m³.

Chudovo is one of UPM's nine plywood and veneer mills, which have a total capacity of about 1m m³ of plywood/veneers. Outside Finland, the company also has a birch plywood mill in Otepää, Estonia. The company runs six softwood and birch plywood mills and one veneer plant in Finland. The group sold a total of 791,000 (2017: 811,000) m³ of plywood via its UPM Plywood division in the 2018 financial year. The division's revenues slipped 0.8% to €480m (484m), with external revenues accounting for €458m (463m) of this sum. □

Marked erosion in North American manufacturers' sales revenue and earnings

Price decay in OSB reflected in business figures of North American producers

The sluggish development on the North American OSB markets and the price decay that set in in the second half-year 2018 have led to considerable erosion in North American OSB manufacturers' sales revenue and earnings.

In the business year 2018, the companies that publish business figures had still shown differing development. Whereas the "North America" division of Norbord Inc. of Toronto, Ontario, had been able to boost its sales revenue again to US\$1.907bn (2017: 1.747bn), the "OSB" division of Louisiana-Pacific Corp. of Nashville, Tennessee, was only slightly higher than the previous year's figure at US\$1.305bn (1.303bn). The shipments of the North American OSB mills of Norbord was 7 % up at 6.484bn sqft (2017: 6.066bn sqft). At Louisiana-Pacific, the volume of OSB sales had stagnated at 4.458bn sqft (4.550bn sqft). In its "Wood Products" division, Weyerhaeuser Co. of Seattle, Washington, had already had to put up with a slight reduction in sales revenue to US\$891m (904m) with a 5 % reduction in its OSB shipments to 2.827m sqft (2.971m sqft). For all three companies, the price reduction in the second half-year and the cost increases that occurred in various areas at the same time caused the performance figures to fall short of the development in sales revenue. Although Norbord's North America division succeeded in raising adjusted EBITDA for

the year as a whole by 2 % to US\$652m (638m), total EBITDA remained 9 % short of the previous year's figure at US\$570m (627m). Louisiana-Pacific's OSB division's operating result fell by 7 % to US\$396m (427m).

The sales revenue generated by all three companies in the first quarter of 2019 remained well behind those of a year earlier; some of the results even turned out to be negative. In spite of 3.2 % higher shipments at 1.569bn (Jan.-March 2018: 1.521bn) sqft, Norbord had to record a 26 % reduction in sales revenue to US\$330m (448m). Adjusted EBITDA sank to US\$23m (156m). Louisiana-Pacific's revenue from OSB sales fell by 34 % to US\$208m (313m); this gave rise to an operating loss of -US\$8m (+89m). Whereas the volume of OSB standard board sales fell by 7 % to 571m sqft (616m sqft), shipments of higher quality assortments were raised slightly to 390m sqft (383m sqft). Weyerhaeuser's OSB shipments fell by 3 % in the first quarter to 717m sqft (739m sqft); sales revenue fell by 31 % to US\$160m (232m).

Whilst shipment figures have tended to fall in the last few months, the North American output of OSB has continued to grow. According to the production statistics of APA-The Engineered Wood Association of Tacoma, Washington, 2018 as a whole closed with an increase of 4 % to 20.937m m³ (2017: 20.296m m³). In the first quarter, the

output rose by another 3 % to 5.123m m³ (Jan.-March 2018: 4.988m m³). The weather-related reductions in the north of the USA (-7 % to 605,000 m³) and in Canada (-2 % to 1.802m m³) were compensated for by the growth of 8 % achieved in the south/southeast of the USA to 2.716m m³. Coupled with the slack demand, the resultant increase in total output caused prices to remain under pressure.

In the first half-year 2018, the price established by Random Lengths on a weekly basis for the benchmark grade of OSB North Central 7/16" had been rising gradually, reaching the highest level of last year in mid-May at US\$445/1,000 sqft. This level was then maintained until the beginning of July. The benchmark price subsequently fell at an increasing rate, more than halving by December to US\$205. According to Random Lengths, the downhill trend was reversed slightly for the first time in January. The benchmark price was US\$210 in the second half of January, followed by US\$215 in February and the first half of March. Under the influence of inadequate demand in spite of the emerging building season, OSB prices fell again from March. The US\$200 mark was undercut at the beginning of April, followed by a temporary low in mid-April at US\$182. The prices recovered again slightly in the weeks that followed. Random Lengths says the benchmark price was US\$187 in the first half of May; US\$190 was given for the second half of May. □

North America: Turnover in OSB business

in m US\$	2015	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	Q4 18	2018	Q1 19
Norbord ¹⁾	1,055	1,361	367	431	464	485	1,747	448	577	508	374	1,907	330
Louisiana-Pacific ²⁾	808	1,028	268	325	351	358	1,303	313	387	349	255	1,305	208
Weyerhaeuser ³⁾	595	707	203	225	243	233	904	232	277	215	167	891	160

1) North America 2) OSB 3) OSB

Source: EUWID, according to company information

In the first quarter of 2019, most Asian export markets faced decreases

Since 2013 Canadian OSB exports have doubled to 7.654m m³ in 2018

In 2018 Canadian OSB exports increased even more significantly than in previous years. According to Statistics Canada, Ottawa, Ontario, a volume of 7.654m m³ (2017: 5.937m m³) was exported. This corresponds to an increase of 29%.

The export value only rose by 13% to Can\$2.252bn (1.997bn), however, which reflects the price decreases on the North American OSB markets in the second half of 2018. The significant increase in volume means the upward trend in Canadian exports further intensified; the export volume virtually doubled compared to 2013. At that time the Canadian OSB industry had exported 3.892m m³. In 2014 the exported volume amounted to 4.403m m³ (+13%). For 2015 a volume of 4.790m m³ (+9%) was recorded and for 2016 5.438m m³ (+14%). In 2017 the export volume had increased by 9%.

The majority of Canadian OSB exports are delivered to the USA. In 2018 deliveries to the USA, at an increase of 32% to 7.269m m³ (5.504m m³), improved at a slightly more significant rate than total

exports. The export value rose by almost 14% to Can\$2.122bn (1.866bn). In 2015 the USA had imported 4.479m m³ OSB from Canada, and 5.061m m³ in 2016.

Japan, at a volume of 191,960m³ (191,650m³), which is virtually the same as the preceding year, maintained its position as the second largest export market for Canadian OSB. The export value nevertheless rose by 14% to €66.9m (58.6m). In 2015 a volume of 159,653m³ was exported to Japan, and 180,304m³ in 2016.

Exports to China decreased again to 64,487m³ (92,264m³) after nearly doubling in 2017 (2015: 47,152m³, 2016: 49,540m³). Vietnam therefore surpassed China for the first time. At +10% to 64,728m³ (58,615m³), however, exports to Vietnam did not increase as significantly as in previous years (2015: 5,888m³, 2016: 30,389m³). South Korea remained 5% below the preceding year's figure at 39,779m³ (41,755m³) (2015: 51,383m³, 2016: 62,428m³). A volume of 13,053m³ (20,223m³) was exported to Taiwan, which represents the lowest figure recorded over the past four years

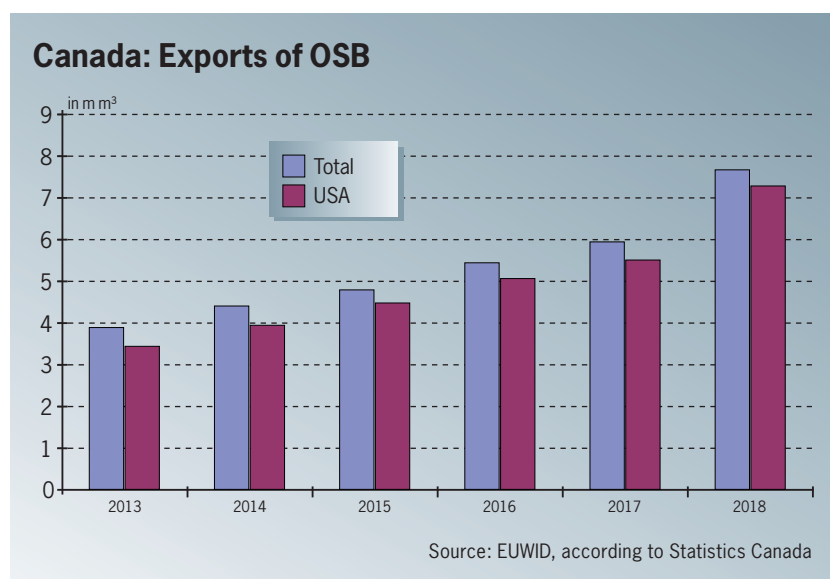
(2015: 21,996m³, 2016: 14,509m³). Chile, which imported 16,794m³ OSB from Canada in 2017, completely dropped out of the export statistics again in 2018.

In the first quarter of 2019, most Asian export markets faced decreases. Shipments to Japan were 9% lower in a year-on-year comparison at 37,688 (Jan.-March 2018: 41,525) m³. The downward trend seen in previous quarters has continued (Q2 2018: 58,949 m³, Q3 2018: 50,563 m³, Q4 2018: 40,923 m³). China procured just a fifth of the amount it had in the same stretch in 2018 with 5,258 (29,819) m³. However, shipments have increased compared with the second half of the year (Q2: 29,531 m³, Q3: 2,762 m³, Q4: 2,375 m³).

Exports to Vietnam tumbled 22% to 16,289 (21,032) m³, but were higher than the average of previous quarters (Q2: 13,645 m³, Q3: 13,418 m³, Q4: 16,633 m³). Shipments to South Korea continued to recover from a period of weakness last year with a 167% surge to 16,021 (6,048) m³ (Q2: 6,590 m³, Q3: 11,819 m³, Q4: 15,322 m³).

Statistics Canada reported a 15% increase in first-quarter shipments to the US to 1.718m (1.488m) m³ compared to the corresponding period in the preceding year. However, the value of these exports dived 25% to Can\$338.7m (448.8m) because prices have fallen sharply. Canadian OSB exports to the US have gradually decreased in recent quarters, though: Canada had shipped 2.122m m³ to the US in the second quarter of 2018, 2.030m m³ in the third quarter and 1.910m m³ in the fourth quarter.

All told, Canadian OSB exports jumped 13% to 1.804m (1.592m) m³ in the first quarter. However, the value of these exports slipped 24% to Can\$367.1m (481.2m). □



China was the biggest export market for German OSB in the fourth quarter

Slight increase in German exports thanks to a better second half of 2018

China was the biggest foreign sales market for Germany's OSB industry in the fourth quarter of 2018 amidst total exports that were marginally higher than the previous year.

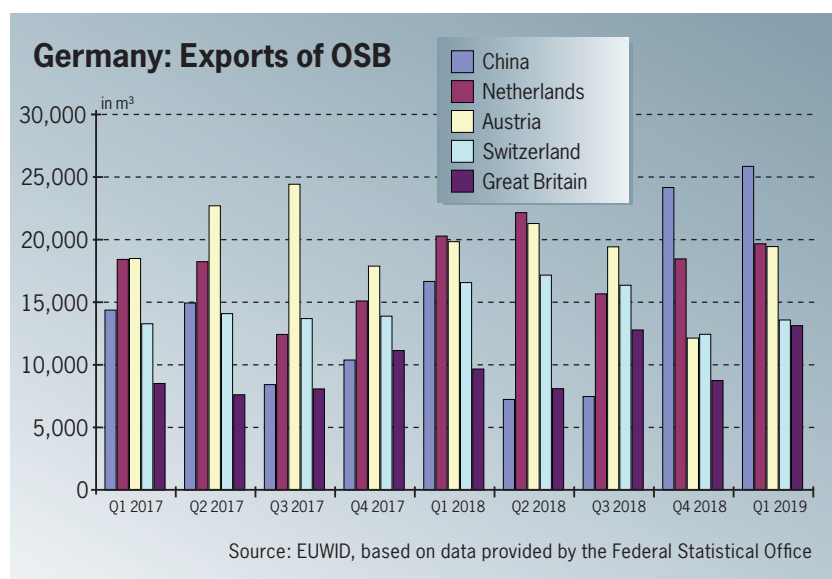
According to preliminary statistics from the German Federal Statistical Office, Germany had delivered 24,131 (Oct.-Dec. 2017: 10,432) m³ to China in the final three months of last year, a 131% jump compared with the prior-year period. China had sourced 16,645 m³ in Germany in the first quarter, before receiving much smaller amounts of 7,323 m³ in the second quarter and 7,553 m³ in the third quarter. With an 8% growth to 7,236 m³, Japan imported roughly the average of the three previous quarters from Germany between October and December (Q1: 6.205 m³, Q2: 5.307 m³, Q3: 8.332 m³). Significant fourth-quarter growth was also booked for shipments to the Netherlands (+22%) and, albeit from a low underlying level, to Poland (+57%) and Belgium (+152%). By contrast, all other relevant export markets experienced double-digit slumps in a year-on-year comparison (Switzerland -10%, Austria -32%, Sweden -19%, UK -21%).

All told, Germany's OSB exports improved 1% in a year-on-year comparison to 127,621 (125,433) m³ in the fourth quarter of last year. According to figures that have since been revised slightly, exports had stagnated at 134,705 m³ in the first quarter. The second quarter ended with a 10% dive to 127,410 m³. A 3% recovery to 122,551 m³ then surfaced in the third quarter. This level was exceeded in the fourth quarter, even with unfavourable shipping dates in the second half of December.

Mixed performances in the four quarters sent Germany's OSB exports 1% lower to 512,287 (2017: 519,608) m³ in 2018 as a whole. All major export markets displayed double-digit changes, albeit in different directions. Austria (-13%), Sweden (-11%) and Japan (-26%) received less from Germany. The biggest improvement was recorded in shipments to the Czech Republic (+34%). The Netherlands overtook Austria with a 19% growth, making it the largest export market. Growth rates ranging between 11% and 15% were recorded for Switzerland, China, the UK and Australia.

While German OSB exports did not quite reach the previous year's level, Germany did import 10% more OSB last year with 837,753 (762,152) m³. Imports from Poland (+172%) and Romania (+151%) more than doubled compared with the previous year. Germany's two biggest suppliers, the Czech Republic (+15% to 405,781 m³) and the UK (+12% to 167,294 m³), achieved double-digit increases in their OSB shipments to Germany. On the other hand, imports from Luxembourg (-15%), Latvia (-19%) and Belgium (-34%) were lower than in 2017.

The Czech Republic was Germany's biggest foreign supplier of OSB by quite some margin again in all four quarters. This country had shipped more than 100,000 m³ to Germany in each of the first three quarters (Q1: +15% to 101,809 m³, Q2: +12% to 107,373 m³, Q3: +51% to 105,255 m³). Imports fell 7% to 91,344 (Oct.-Dec. 2017: 97,793) m³ in the fourth quarter. The UK took second place in all four quarters. Relatively stable deliveries in the first three quarters gave way to a small fourth-quarter decrease in imports from the UK (Q1: +26% to 42,646 m³, Q2: -4% to 42,044 m³, Q3: +33% to 46,330 m³, Q4: -3% to 36,274 m³). Germany's imports from Luxembourg had been 34% higher in the first three months. However, double-digit decreases occurred across the board in the next three quarters. The German office also reported significant decreases in imports from Latvia and Belgium in the second half of the year. Imports from Poland had risen five-fold in the first quarter. They more than tripled in the first and second quarters, before a 23% upswing between October and December. Romania played hardly any role in the first three quarters, but was the fourth-largest supplier in the fourth quarter with deliveries of 15,019 m³. □



Reductions in fibreboard and I-joists compensated for in business year 2018

Steico's LVL output stepped up to over 100,000 m³ for the first time

The output by the insulating board and LVL manufacturer Steico SE of Feldkirchen, Germany, increased in all product groups in its business year 2018.

The highest growth was achieved in LVL as well as in wood fibres and flexible dry-laid insulating mats. The second plant run up to speed after being put into service in the fourth quarter of 2017 enabled the output of LVL to be raised above 100,000 m³ for the first time. The production was 42.4% higher than a year earlier at 112,967 m³ (2017: 79,306 m³). An even greater increase was prevented by delays in the first few months of the start-up phase. The new production line is to run at full capacity this year, however, to bring the output on the two machines as close as possible to the technical capacity of 160,000 m³ per year.

Steico meanwhile uses twelve plants for producing wood-fibre insulating boards. Seven of them are geared to producing rigid wet-laid insulating boards. Four and two plants are in operation at the Polish facilities in Czarńków and Czarna Woda, respectively. The seventh machine was moved from Casteljalous, France, to Czarna Woda during the course of last year and is to be put into service there before the end of the second quarter. A total of 165,313 t (164,375 t) was produced last year on the six wet-laid machines for rigid insulating boards. The output of the two dry-laid production lines for rigid insulation installed at Czarńków was raised by 3.4% to 54,793 t (52,999 t). In Czarńków, Steico also operates three dry-laid systems for rigid insulating mats as well as wood-fibre blow-in insulation. Another machine is operated in Casteljalous. Cellulose blow-in insulation is produced on two machines in Czarńków. The total output of flexible insulating mats and blow-in insulation was raised by 35.1% last year to 69,139 t



Czarna Woda site

(Photo credit: Steico)

(51,179 t). As such, Steico produced a total of 294,365 t (270,650 t) of insulation across its whole range of products last year, 9.6% more than a year earlier.

Last year, Steico also succeeded in slightly increasing the output of fibreboard and I-joists again, which had fallen in its business year 2017. 36,623 t (34,086 t) was produced on the two hardboard lines in Czarna Woda, exceeding the previous year's figure by 7.4%. The output of hardboard is used increasingly in the company's I-joist production; this further reduced the use of externally purchased OSB as a joist material. As the internal processing operations have increased, Steico has reduced its external sales of hardboard, which partly reflected in the regressive sales revenue. Steico produces I-joists on a production line at the Czarńków works whose output increased 7.5% last year to 9.685m m (9.007m m).

According to the final figures for the 2018 financial year, revenues increased by 9.4% to €252.0m (230.3m). Almost all sales

markets played a part in last year's growth in revenues. Steico only faced a downturn in revenues in the UK, which were 7.4% lower than the previous year, and in Scandinavia. Steico enjoyed a double-digit growth in revenues in its two biggest sales markets Germany (+13.2% to €87.5m) and France (+17.6% to €36.9m).

The different product groups showed even bigger variations than the different regions. Insulating material revenues were up 10.6% at €156.6m (141.7m). Revenues from LVL (+46.3% to €28.3m) and other products (+19.6% to €6.5m) increased even more. I-joist revenues improved by 3.2% to €33.0m (32.0m). All other product groups were weaker than one year earlier. Insulating materials accounted for 62.2 (61.5) % of total revenues. I-joists' share slipped to 13.1 (13.9) %, while LVL's slice of the pie dwindled to 11.2 (8.4) %. Specialty products accounted for 5.5% of revenues, with timber wholesale adding 3.2%, other products 2.6% and the fibreboard business 2.2%. □

IPPC approval outstanding for Biskupiec

Further delays have arisen in the authorisation procedure for the particleboard mill set up by the Egger group of St. Johann, Austria, in Biskupiec in northern Poland. Processing the comments received in the course of the public hearing took longer than expected but has been largely completed in the meantime. The Egger group believes the approval in accordance with the Industry Emissions Directive 2010/75/EU ("Integrated Pollution Prevention and Control IPPC") required for operating the mill could still be issued before the end of the second quarter. Production of raw and laminated particleboard is subsequently to be run up to speed as quickly as possible. Installation of the plant and machinery was concluded quite some time ago and the first board was produced in November. According to the original plans, the plant was to start up by the end of 2018. Regular production then had to be postponed on repeated occasions due to the absent approval.

The raw particleboard plant supplied by Siempelkamp Maschinen- und Anlagenbau GmbH is geared to an annual production capacity of approximately 650,000 m³ with a 2,80 x 38,4 m continuous press. In an initial step, two short-cycle presses made by Wemhöner Surface Technologies GmbH & Co. KG were set up for downstream-processing

operations. The installation of a worktop plant is currently underway, the start-up is planned for September. The supplier of the bonding line is Hymmen GmbH Maschinen- und Anlagenbau. The post-forming plant was supplied by Homag GmbH, Germany. In contrast to worktop production at the headquarters in St. Johann, which is geared relatively flexibly to supplying industrial customers and trading companies, the new plant in Biskupiec is to produce mainly large batch sizes for the kitchen furniture industry.

Following the start up at the particleboard works trading under the name of Egger Biskupiec Sp. z o.o., the plant is to process an annual volume of around 470,000-500,000 t bone dry of industrial wood. 20-30% of this is to be covered by sawmill residues, 30-40% by industrial forest wood, and roughly 30% by recovered wood. The sawmill residues are to be supplied by wood-working businesses in the surrounding area. The industrial forest wood is being supplied partly by the Polish national forest administration and partly by the countries along Poland's eastern border. The supply of recovered wood is based on volumes supplied from northeast Poland and from major Polish cities but from Warsaw and Gdansk in particular. □



Biskupiec particleboard mill

(Photo credit: Egger)

Camsan Ordu orders MDF line from Dieffenbacher

The Turkish MDF/HDF and laminate flooring manufacturer Camsan Ordu Ağaç Sanayi ve Ticaret A.Ş., headquartered in Ordu, ordered key technology for a long-planned new production line during the first quarter of 2019. The dryer, forming/press line and final assembly systems were ordered from Dieffenbacher GmbH Maschinen- und Anlagenbau. An 8ft x 38 m CPS+ will serve as the continuous press. Valmet Oyj landed the order to deliver an EVO 64 refiner. The sander is to come from Imeas. The technology is to be delivered next year and be commissioned at the end of 2020.

Camsan Ordu presently operates two MDF lines with a total capacity of about 200,000 m³ in Ordu. The line delivered in 1982 by Siempelkamp Maschinen- und Anlagenbau GmbH with a ten-opening 3,660 x 2,140 mm press was the first MDF line in Turkey. In 1996, the firm also commissioned a continuous production line. This 7 ft x 23 m press came from the firm then known as Eduard Küsters Maschinenfabrik GmbH & Co. KG. In the first quarter of 2013, Camsan Ordu replaced five old boilers with a 42.5 MW power plant delivered by Büttner Energie- und Trocknungstechnik GmbH. At the same time, the firm retrofitted two fibre dryers previously heated indirectly to direct drying. Three short-cycle presses commissioned in 1993, 1998 and 2013 are used to process raw board downstream. In 1997, the firm also started making laminate flooring. Camsan Ordu has made melamine film since 1999. Its current annual treating capacity is listed at 28m². Formaldehyde and adhesive-impregnating resin production commenced in 2000.

Camsan Ordu, which was created some time ago when Camsan Poyraz Ağaç Sanayi ve Ticaret A.Ş. was renamed, was originally tied to Camsan Entegre Ağaç Sanayi ve Ticaret A.Ş., which is active in the MDF/HDF and laminate flooring business. This firm operates two continuous MDF/HDF production lines and a variety of downstream refining lines in Hendek-Sakarya, Adapazari. The two companies were separated in March 2011 and have since operated independently. □

CF2P plans to invest in new cut-to-size line in Lure



(Photo credit: IKEA Industry)

The particleboard manufacturer CF2P S.A.S., which is based in Lure and part of the French group P3G Industries S.A.S., wants to install a separate cut-to-size line during 2020. The final investment decision is to be made in June 2019. Until now, raw board has only been split using an online saw. Additional investment plans provide for the installation of a second short-cycle press. The existing short-cycle press was delivered by Dieffenbacher Maschinenfabrik GmbH. The new cut-to-size saw and planned short-cycle press form part of P3G's plans to increase downstream refining capabilities at the mill, which has so far focused on making raw particleboard. It also aims to land additional customers outside the Ikea supply chain. At the same time, the company intends to boost its exports to Germany, thus implementing goals that P3G set when acquiring the mill from Ikea Industry AB at the start of January 2019. P3G had already raised the prospect of investing €12m when it unveiled the take-over plans.

P3G, which also owns the furniture producer Parisot S.A.S., more than doubled its particleboard capacity by acquiring the Lure mill. Compagnie Francaise de Panneau (CFP) can produce around 430,000 m³ per year using a multi-opening line located in Saint-Loup-sur-Semouse, about 30 km away from Lure. A short-cycle press and a laminating line coats about three-quarters of the raw board made by CFP. Commissioned in 2001, the continuous production line at the Lure mill, which was renamed CF2P with effect from 1 May, has a designed annual capacity of approximately 500,000 m³. The Lure mill has already set a monthly production record twice in the five months since the acquisition. □

Kronospan installing two short-cycle presses

Alongside efforts to assemble a new particleboard line, the Kronospan subsidiary Kronospan LLC is in the process of installing two short-cycle presses in Eastaboga, Alabama. These presses will mainly laminate thermally fused laminate (TFL). The two 5 x 20 ft presses are to be commissioned a few months apart in summer and autumn. Production will then largely run in two-board operations, with different lengths that are 5 ft and 4 ft wide able to be combined. The order for the two short-cycle presses and related intralogistics went to Siempelkamp Maschinen- und Anlagenbau GmbH.

Siempelkamp had delivered intralogistics for the laminate flooring mill built in Shippensburg, Pennsylvania, for the firm then known as Clarion Laminates LLC in 2006. This mill was acquired by Kronospan in December 2015. The strategy implemented at Clarion Laminates with two short-cycle presses delivered by Wemhöner Surface Technologies GmbH & Co. KG and Siempelkamp intralogistics was replicated later on in 2016 when building a laminate flooring mill in Eastaboga.

Melamine film used to coat the laminate flooring carrier plates is made using two treating lines, which Vits Technology GmbH had delivered to Eastaboga

during the course of 2016. Kronospan installed two more Vits treating lines in Eastaboga as part of plans to increase its laminating capacity. Altogether, the Eastaboga treating area, which also supplies melamine film to the Clarion laminate flooring mill, has space for six treating lines. After undergoing treating, melamine film is stored in a high-bay warehouse. In the future, this high-bay warehouse will also supply melamine film to Siempelkamp short-cycle presses located on the other side.

Work to install the new particleboard line in Eastaboga is now largely done and dusted; the first board is to be made in August or September. Imal-Pal s.r.l., Dieffenbacher GmbH Maschinen- und Anlagenbau and Siempelkamp were the main technology providers. Screening, sifting and glueing technology was provided via Imal-Pal. Dieffenbacher provided the dryer. Siempelkamp supplied the forming and press line with a 10ft x 44m ContiRoll and final assembly systems. Technology orders were placed via GIM Export Group GmbH & Co. KG, headquartered in Göttingen, Germany, in the fourth quarter of 2017 and the first quarter of 2018. GIM also landed the order to provide project financing. Technology assembly work was handled by SGS Industrial Services GmbH, based in Dorf an der Pram, Austria. □



MDF/HDF mill in Eastaboga

(Photo credit: Kronospan)

Yildiz Sunta terminated production

The wood-based panel and laminate-flooring manufacturer Yildiz Sunta Orman Ürünleri Sanayi Tesisleri İth. İhr. ve Tic. A.Ş. of Izmit, Turkey, discontinued all production activities in January 2019 in the course of bankruptcy proceedings. In the months that followed, the company's owner, Ahmet Yildiz, tried to acquire new funds for resuming business, partly through talks with the Turkish government. These efforts finally failed at the beginning of May. The 570 or so employees who, according to reports in Turkish newspapers, had already received no wages for several months, have consequently been permanently dismissed. Yildiz Sunta's plant and machinery is meanwhile up for sale.

At the Kocaeli facility, which opened in the mid-90s, the equipment operated by Yildiz Sunta included three continuous production lines for MDF/HDF and particleboard, a glue/impregnating resin production plant, four impregnation channels, seven short-cycle presses, and three laminate-flooring units. The company last gave the production capacity of the three wood-based panel plants as approximately 1.1m m³. All three plants were supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. The 8 ft x 23.5 m continuous press put into operation in the first MDF/HDF plant in 1996 was the first ContiRoll for MDF that Siempelkamp had supplied to Turkey. The second MDF/HDF plant with a 7 ft x 55.3 m

ContiRoll followed in spring 2006. At the time the plant was put into service, the annual production capacity was given as around 330,000 m³. In 2009, Yildiz Sunta also made its debut in particleboard production. With a 7 ft x 42.1 m continuous press, the plant was geared to an annual output of approximately 600,000 m³. In particleboard production, however, Yildiz Sunta had had to struggle with wood-supply problems almost from the outset. This was due in part to the competition in purchasing with the surrounding MDF/HDF works, and partly to the inadequate supply of suitable assortments of industrial wood. Later efforts to set up a recovery system for recycled wood were also unsuccessful in the end. Owing to the ensuing economic problems, Yildiz Sunta had discontinued particleboard production indefinitely in 2017.

For its impregnating operations, Yildiz Sunta used three treaters made by Vits Technology GmbH as well as a align from Tocchio International. The short-cycle presses were supplied by Wemhöner Surface Technologies GmbH & Co. KG, the laminate-flooring equipment by Homag GmbH. Yildiz Sunta had begun producing laminate flooring in 2003. In a company presentation, Yildiz Sunta gave its annual laminate-flooring capacity at approximately 20m m²; the laminating capacity used to be around 50m m². □



Production site in Kocaeli

(Photo credit: Yildiz Sunta)

Wanhua Ecoboard orders more straw board lines

Wanhua Ecoboard Co. Ltd. has ordered two more continuous lines to make straw board from Dieffenbacher GmbH Maschinen- und Anlagenbau over the past few months. These orders will expand its portfolio, which has so far encompassed particleboard, to include fine OSB and MDF. Both lines will use a CPS+ from Dieffenbacher's Eppingen headquarters as their continuous press. Start-up is scheduled to happen in the first half of 2020 in both instances.

Four of the six straw particleboard lines sold to Wanhua are now up and running. Three lines have already been handed over, with the fourth currently in the start-up phase. The fifth and sixth lines are now being installed and are set to make their first board before the year's end. These plants traditionally use both straw and wood. In principle, the particleboard lines can make board completely out of straw, something that Dieffenbacher also has to prove at purchase. The production line now ordered to make fine OSB will only use straw in the outer face. However, the core will feature strands made out of wood.

Wanhua Ecoboard has ordered eight production lines from Dieffenbacher within four years with the two new orders. The five latest orders each use a CPS+ press. Two lines are equipped with a CPS. Wanhua Ecoboard also uses a 4ft-wide ContiPlus press. Ordered in spring 2015, the first line was equipped with a 9ft x 23.4m CPS. It was installed in Xinyang, Henan Province, and started operating in summer 2017. A follow-up contract placed with Dieffenbacher's subsidiary Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM) was for a 4ft x 23.6m ContiPlus press. A line with an 8.5ft x 28m CPS ordered in the first half of 2017 was installed in Jingmen, Hubei Province. Wanhua Ecoboard ordered a line with an 8.5ft x 28m CPS+ for a greenfield project in Tonglin, Anhui Province, at the end of 2017. This was the first time that Dieffenbacher had first sold a CPS+ to China. Dieffenbacher won two more orders for production lines with CPS+ from Wanhua Ecoboard in the first half of 2018. □

Arauco opens Grayling particleboard mill



New CPS+ line in Grayling

(Photo credit: Arauco North America)

On 16 April 2019, Arauco North America of Atlanta, Georgia, officially opened the particleboard mill built in Grayling, Michigan. The first regular delivery left the facility on the same day; the buyer was the RTA-furniture manufacturer Sauder Woodworking Co. of Archbold, Ohio. According to a report by the US newsletter UpNorthLive, Sauder and Ikea Industry Danville LLC of Ringgold, Virginia, are also the new plant's main customers.

Three years have passed since the announcement of the investment project in September 2015. Preparatory construction work began in the second half-year 2016. Arauco North America had begun assembling the plant and machinery in April 2017. The start-up, planned for the third quarter of 2018 at that time, was first postponed to the end of 2018 due to the delays encountered during the course of the assembly work and then again to the beginning of 2019. In the last few months, problems had arisen in setting up the power supply, for example, causing the electrical installations to take longer than anticipated. The first board was produced in the first half of February. The plant produces particleboard in thicknesses of 6-45 mm, widths of 4 ft, 5 ft, and 6ft, and standard lengths of 6-12 ft; the annual production capacity is given at roughly 800,000 m³.

The particleboard mill has been built on a site of 160 acres or almost 330 ha, a total of 820,000 sqft or roughly 75,000 m² has actually been built on. The main plant supplier was Dieffenbacher GmbH Maschinen- und Anlagenbau. The supply contract, agreed at the end of 2016, included

two drum dryers and the appropriate power plant, the woodchip dosing silos, the glue kitchen as well as an EVOjet P glue-application system, the forming and pressing line with a CPS+ measuring 10 ft x 52.5 m, and the finishing line with a raw board conveyor system, a sanding line, and "Lukki" storage system. The sizing saw was supplied by Anthon GmbH and the sanding line by Imeas. The order for key components of the plant assembly had been placed with the US subsidiary of SGS Industrial Services GmbH in August 2017.

Two 5 x 20 ft short-cycle presses supplied by Wemhöner Surface Technologies GmbH & Co. KG have been installed for further processing the output of raw boards, one of which can also produce double-faced EIR boards. The laminated boards subsequently undergo a "Colour Brain" surface inspection system made by Baumer Inspection GmbH. Arauco North America says it wants to invest in a third short-cycle press relatively soon. The installation of an impregnation system, which had originally been planned as part of first phase as well, has been postponed to a later date, however; in the initial phase, the melamine films required in Grayling will be obtained from external suppliers and from the Albany laminating facility Oregon, which had been taken over in July 2018.

The total cost of the investment in the new particleboard mill, originally given as roughly US\$400m, had risen to around US\$450m by the completion of the project. The facility, run by plant manager Matt Gibbon, currently has approximately 200 employees. □

Fibreboard production plant shut down by Arauco

The wood and pulp group Celulosa Arauco y Constitución S.A. of Santiago de Chile, Chile, has withdrawn from fibreboard production. According to consistent reports in Chilean media in mid-April 2019, the company has closed down the group's only production plant, in Cholguán in the Bio region. The main reason given for the decision is the higher competitive pressure particularly from thin MDF in the last few years. Arauco also operates an MDF mill in Cholguán where the majority of employees affected by the divestment are to be kept on. The plant has an annual capacity of 550,000 m³ with two production lines. Some of the raw boards are processed into MDF mouldings. The facility also has laminating and coating capacity.

Arauco had taken over the Cholguán facility in 2000. Maderas Prensadas Cholguán S.A. had commenced fibreboard production there on a 12-opening press from Siempelkamp Maschinen- und Anlagenbau GmbH in 1957. A 16-opening press made by Motala Verkstad AB was installed there in 1966. In the same year, the plant was taken over by Grupo Angelini, which had already been indirectly involved with Arauco through Empresas Copec S.A. since 1986. The Motala press was later extended to 30 openings in two investment projects in 1977 and 1995. Arauco had last given the annual fibreboard capacity in Cholguán as 60,000 m³.

Maderas Prensadas Cholguán had also begun MDF production in 1988 through a joint venture with Carter Holt Harvey Ltd. (CHH) of Auckland, New Zealand. The 24 x 5 ft 10-opening plant supplied by Washington Iron Works (WIW) of Portland, Oregon, was initially geared to an annual capacity of 103,000 m³. After the takeover by Arauco, a second production line was added to the MDF works. With a 2.44 x 34.5 m continuous press from Metso Panelboard it originally had an annual output of 240,000 m³. By means of various optimisation and expansion measures, the annual capacity of the two production lines operating under the name of "Trupan" has been enlarged to what was last 165,000 m³ and 350,000 m³, respectively. □

CHH exits particleboard manufacturing

Carter Holt Harvey Pinepanels Pty. Ltd., based in St. Leonards, New South Wales, ceased production at its particleboard mill in Tumut, New South Wales, on 25 February 2019. The mill closed its doors altogether at the end of the month. With a recent staff of 88 workers, the mill had made raw and laminated particleboard for use in the furniture industry. In a notice to suppliers, its parent company Carter Holt Harvey Ltd (CHH), based in Auckland, New Zealand, said that it had shut down operations in Tumut because of a scarcity of timber in the region. The Tumut and Adelong Times reported that high costs involved in maintaining machinery, some of which was over 30 years old, had made it increasingly difficult to run the site in a cost-efficient manner. This was also the reason why the company had been unable to find a buyer for the mill. Its particleboard mill in Gympie, Queensland, closed in April. Around 60 people working at the location have been informed of the closure plans. CHH said that it was divesting this mill because of a sharp slump in demand for particleboard flooring, which made up about 80% of the site's output. Earlier reports indicated that the Gympie and Tumut mills each had an annual capacity of about 100,000 m³.

At the start of 2018, CHH sold two particleboard mills in Mount Gambier, South Australia, and Oberon, New South Wales, to Borg Group Holdings Pty Ltd., based in Somersby, New South Wales. In October,

the Australian Competition & Consumer Commission (ACCC) approved this deal brokered in mid-2017. Borg had also acquired rights to the STRUCTAflor particleboard flooring brand together with the two sites making raw particleboard and particleboard flooring. Borg Group had entered the wood-based panel manufacturing business by acquiring an MDF mill in Oberon from CHH in March 2010. This Borg Panels Pty. Ltd. mill gained a new particleboard line in the past two years. The two MDF lines acquired from CHH were modernised at the same time. Borg also operates an adhesive resin plant in Oberon.

Alongside its withdrawal from the particleboard manufacturing business, CHH also divested sawmilling assets last year. OneFortyOne Plantations Pty Ltd. (OFO), based in Melbourne, Victoria, purchased CHH's sawmill in Mount Gambier and wood chip export activities operated via the port of Portland in early 2018. At the end of October, the group completed its sale of lumber activities in the state of New South Wales to Associated Kiln Driers Pty. Ltd. (AKD), based in Colac, Victoria. These assets include a sawmill in Tumut (cutting capacity: 565,000 m³ per year) and downstream processing capabilities in nearby Gilmore as well as a distribution centre in Berkeley Vale and a 50% stake in the joint venture Highland Pine Products (HPP), which runs a sawmill with a cutting capacity of 600,000 m³ per year in Oberon. □

Laminex to continue to run CHH particleboard works

The Australian wood-based panel manufacturer Laminex Group Pty. Ltd. of Doncaster, Victoria, belonging to the building-products group Fletcher Building Ltd. of Auckland, New Zealand, is going to continue to operate the particleboard plant in Gympie in Queensland, Australia, formerly owned by Carter Holt Harvey Pinepanels Pty. Ltd. of St. Leonards, New South Wales. CHH Pinepanels closed the plant geared mainly to producing particleboard flooring in April. Laminex Australia wanted to resume operation at the facility as a soon as possible and re-employ 42 former CHH employees for this purpose.

To get the particleboard plant up and running again, the company is cooperating with Corbet's Group of Gympie, which has taken over the works including the surrounding land and has leased it to Laminex. Originally active in the sawmill sector, Corbet's Group meanwhile offers nationwide transport of heavy goods and bulk goods as well as renting out construction machinery and cranes. The company also performs land-clearing work and also sells products such as woodchips, sawdust, mulch, and bark for applications in landscaping and agriculture.

Laminex currently operates facilities such as a particleboard plant in Dardanup, West Australia. According to earlier information, this achieves an annual production capacity of 270,000 m³ with a multiple-opening press supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. Laminex is also already represented with production facilities for MDF where the CHH Pinepanels plant used to be. With two production lines with 2.55 x 21 m and 2.55 x 23.5 m continuous presses also supplied by Siempelkamp, the Gympie MDF works achieves an annual capacity of 230,000 m³.

Like the existing Laminex facility in Dardanup, the newly acquired particleboard mill located roughly 30 km from the MDF plant also has a multi-opening plant from Siempelkamp. According to earlier information, this facility has an annual production capacity of approximately 100,000 m³. □



Gympie plant

(Photo credit: Laminex)

Double-digit growth in Medite Smartply's sales

In spite of a 3% reduction in the sold volume, sales revenue generated by the "Medite Smartply" division of the Irish national forest office Coillte Teoranta of Newtonmountkenedy rose by 12% in its business year 2018 to €211.3m (2017: 188.4m). According to Coillte, this is attributable to the considerably higher average selling prices than a year earlier. MDF prices increased 11%, and those for OSB even rose 27% above the previous year's level. The higher proportion of higher-quality assortments contributed to the growth in OSB prices.

Of the individual sales markets, the best development was registered in the UK. Sales revenue generated there increased 18% to €128.8m (109.6m). Growth of 7% to €36.6m (34.1m) was achieved in Ireland. Revenue generated from sales in the "Rest of the World" sales region was 3% higher than the year before at €45.9m (44.7m).

The "Forest" division also profited from higher selling prices in 2018. Although the volume of log sales was down 7% against a year earlier at 1.52m m³ (1.64m m³), leaving the company's internal deliveries worth €33.4m aside, the revenue generated from sales to external buyers still rose by 8% to €115.2m (107.1m). Coillte supplied roundwood worth a total of €132.9m (127.9m) to Irish customers including Medite Smartply (+4%). Exports to the UK were increased 8% to €13.5m (12.5m).

The division's EBITDA rose at a rate similar to sales revenue by 8% to €71.9m (66.5m) and the operating cashflow rose by almost half to €36.8m (25.7m). These results are the highest ever reached by the two performance figures in the history of the company. □



(Photo credit: Medite Smartply)

Homann's growth in sales revenue halved



Krosno site

(Photo credit: Homanit)

The growth in sales revenue generated by Homann Holzwerkstoffe GmbH of Herzberg, Germany, slowed considerably as the state of the market became more difficult in the second half of 2018. After an increase of 13.9% in 2017 as a whole and the growth of 10.7% recorded for the first half-year, consolidated sales revenue in the second half-year remained 1.1% short of the previous year's figure at €126.0m (July-Sept. 2017: 127.4m). This was 12.1% short of the €143.3m generated in the first half year.

Besides the rather regressive development in sales volumes and prices in MDF/HDF business, this reduction was also contributed to by the discontinuation of the insulation activities at the end of the year. Homanit Building Materials GmbH & Co. KG, founded for this segment in March 2017 after the acquisition of these activities, was deconsolidated again on 1 July 2018.

Conversely, Homanit International GmbH was included in the consolidated financial statement for the first time. As such, besides Homann Holzwerkstoffe GmbH, a total of ten companies were consolidated in 2018. The average number of employees decreased to 1,498 (1,537) partly as a result of the withdrawal from the insulation business.

Following the differing development in the two halves of the year, Homann still achieved an increase of 4.8% in sales revenue to €269.3m (2017: 256.9m) in 2018 as a whole. Higher sales volumes, the price increases pushed through in the first half-year, and the continued shift towards refined products contributed to this growth. Here, domestic sales revenue

was raised by double figures again by 12.3% to €62.6m (55.7m) compared to the preceding year. In doing so, the upward trend of the preceding years was perpetuated at a similar rate. On the basis of the €43.6m recorded for 2015, domestic sales revenue increased 14.2% in 2016 to €49.8m; it had risen by 11.8% in 2017. This gives a cumulated increase of 43.6% for the period of 2015 to 2018.

Sales revenue generated in the rest of the EU had also risen considerably in the previous years. Homann had generated sales revenue of €146.9m in these markets in 2015. 2016 was closed with an increase of 10.5% to €162.3m compared to the preceding year; this was followed by further growth of 11.6% in 2017 to €181.2m. Last year, sales revenue generated in the rest of Europe only rose by 1.8% to €184.4m, however. Cumulated over the period of 2015 to 2018, Homann registered growth of 25.5% in this region.

Sales revenue generated in other countries increased 11.4% last year to €22.3m (20.0m). Sales revenue generated abroad rose by a total of 2.7%. The significantly lower growth rate compared to domestic business left the foreign share 0.6 percentage points down against a year earlier at 76.7% (78.3%).

The key performance figures developed in different directions last year. At plus 9.1% to €39.4m (36.1m), the growth in the operating EBITDA adjusted for exchange-rate and non-recurring effects was almost twice as high as the increase in sales revenue whereas total EBITDA fell by 6.4% to €35.3m compared to the previous year.

The subsequent performance figures were down as well, which Homann says was due above all to the closure of the insulation-board plant in Berga. Profit for the year thus fell to €7.9m (9.1m); adjusted for extraordinary items, however, profit was almost a third up at €16.8m (11.8m). □

Sonae Arauco shut down Panbult particleboard

The joint venture Sonae Arauco S.A. shut down the Panbult particleboard works in Mpumalanga, South Africa, indefinitely in November 2018. The plant is being kept in a condition ready for production, however, in order for operation to be resumed at a later date. By closing this facility, Sonae Arauco is concentrating its production activities in South Africa on the White River plant, which is geared to an annual capacity of 320,000 m³ of particleboard and 84,000 m³ of MDF with two continuous production lines. Part of the raw boards produced in White River are laminated on a short-cycle press supplied by Wemhöner Surface Technologies GmbH & Co. KG and put into service in mid-2008. A second short-cycle press is being installed at the White River plant in the next few months. The order for this 1.950 x 5.700 mm plant, which is geared to a specific pressing force 5.5 N/mm², was placed with Dieffenbacher Maschinenfabrik GmbH in spring 2018. It is scheduled to be put into operation by the end of the third quarter. Afterwards, Sonae Arauco will laminate particleboard on a short-cycle press and MDF on the second unit.

The Panbult plant was set up at the end of the 90s. Roughly 140,000 m³ could be produced per year on a single-opening line there. Sonae Arauco's medium-term investment planning had actually provided for replacing this line with a continuous production line but this project has meanwhile been deferred. □

Sonae Industria's net result positive again in Q1 2019

In spite of the continuing difficulties with its own business activities, Sonae Industria SGPS S.A. of Maia, Portugal, succeeded in getting its results back into the black in the first quarter of 2019. In the fourth quarter of last year, the company had had to post a pre-tax loss of -€8.2m and a net loss of -€11.6m due above all to production problems at the Canadian particleboard mill in Lac-Mégantic, Québec,

and the valuation adjustments formed for the planned closure of the MDF/HDF and laminate-flooring joint venture Laminate Park GmbH & Co. KG of Heusweiler-Eiweiler, Germany. In North America, Sonae Industria had had to struggle with higher wood, energy, and maintenance costs in the first quarter as well. In January and February, particleboard production was also hampered by the extremely low temperatures. The sales volume was raised above the level of the poor fourth quarter, nevertheless, with a further shift towards high-quality products. In the "Laminates & Components" division, on the other hand, the delivery figures continued to decline but sales revenue was still higher than a year earlier.

Sonae Industria's total sales revenue was 4.5% higher than last year at €56.8m (Jan.-March 2018: 54.3m). Roughly €1.5m of the growth of €2.5m was attributable to favourable exchange rate effects arising from the stringer Canadian dollar. EBITDA, however, fell by 19.9% to €4.6m (5.7m), and the recurrent EBITDA by 17.7% to €4.8m (5.8m). EBIT even fell by 73.2% to €0.7m (2.6m). The joint venture's markedly negative income contribution of -€9.5m in the fourth quarter of 2018 turned out to be positive again at €3.4m (4.7m), though it also failed to match the figure for a year earlier. Pre-tax profit and net profit were both €1.2m.

The joint venture Sonae Arauco S.A. of Madrid boosted its sales revenue in the first quarter, mainly as a result of higher sales volumes. The persisting stiff competition on the Iberian Peninsula and the slack demand in South Africa were compensated for by better development in other markets. The earnings position also showed an improvement against the two preceding quarters.

After the regressive development in 2018 as a whole, the proportional sales revenue given by Sonae Industria on a pro-forma basis, in which its own sales revenue was taken into account in full and those of the joint venture according to the shareholding, was lifted again in the first quarter to around €159m (153m). €2.5m of the increase of around €6.5m was contributed by Sonae Industria's own activities, and

€4.0m by Sonae Arauco. Sonae Arauco's total sales revenue calculated from the proportional figure was thus €8.0m higher than last year's figure. The proportional recurrent EBITDA, on the other hand, fell to €15.9m (18.8m), causing the margin to deteriorate to 10.0% (12.3%). This reduction in the result was contributed to by Sonae Industria's own activities as well as those of Sonae Arauco. □

GHP planning to end production in Horn



Horn power plant

(Photo credit: Sonae Arauco)

Glunz Holzwerkstoffproduktions-GmbH (GHP), which is part of the Sonae Arauco group and headquartered in Horn-Bad Meinberg, Germany, is set to cease laminate and element production in Horn-Bad Meinberg and operation of the neighbouring biomass power plant by the end of 2020. The economic committee, works council and 106 affected workers were informed of this decision on 6 July 2019. Consultations about a redundancy package and settlement of interests are to commence soon. GHP currently operates a multi-opening HPL press, two continuous CPL lines and two worktop lines in Horn-Bad Meinberg. The firm ended particleboard manufacturing in the first quarter of 2014. GHP said that several factors had played into the decision to close the remainder of its operations in Horn-Bad Meinberg. Persistent competition in the laminate and element business has long resulted in very low capacity utilisation. The company said that the site cannot achieve lasting profitability. Additionally, GHP is unable to continue operating the biomass power plant beyond 2020 in conformity with its permit, since it has lost its main buyer of heat, Stadtwerke Detmold.

GHP will cease its final manufacturing operations in Horn-Bad Meinberg with the plans to end laminate and element production. The company has been working for some time to sell land that it no longer uses at the former Hornitex site. According to a recent exposé, approximately 300,000 m² of industrial land is available. About 30,000 m² of new halls can be built alongside the existing 40,000 m² of hall space. Furthermore, another two production areas could be used once they have been cleared with the closed particleboard line and laminate/element production facility.

Laminate and element operations in Horn-Bad Meinberg are assigned to the joint venture partner Sonae Industria SGPS S.A., based in Maia, Portugal. Production is handled by GHP as a manufacturing service provider. Distribution is carried out by both Sonae Industria and Sonae Arauco. Sonae Arauco will continue to deliver laminates and elements after manufacturing ceases in Horn-Bad Meinberg; procurement of these products will be reorganised by next year. Sonae Arauco's administrative department located in Horn-Bad Meinberg, which employs some 80 workers, is not affected by the current divestment decision, either. □

Beeskow project running a bit behind schedule

The replacement project that Sonae Arauco S.A., based in Madrid, is carrying out at its Beeskow particleboard mill is currently running nearly two months behind schedule. The main reason is delays to preparatory construction work. The press foundations were concreted in the past few weeks. The launch of assembly work will likely drag on until the start of the third quarter. Commissioning thus cannot take place until the end of 2019 at the earliest. Plant assembly work was originally slated to begin in May, with commissioning scheduled for October. As part of the Beeskow 50+ project, Sonae Arauco will replace two single-opening presses with a forming and press line delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau, based in Eppingen, Germany, featuring

a 9ft x 42 m CPS+. Dieffenbacher will also install a new final assembly system. Glueing technology will come from Imal-Pal s.r.l., based in San Damaso/Italy. Just a few replacements will affect its particle unit: two knife-ring flakers from the Horn-Bad Meinberg particleboard mill closed at the start of 2014 should be transferred to Beeskow. An increase in its particle preparation unit to its ultimate capacity of around 600,000 m³ will not happen until the second phase. No plans to invest in downstream processing are afoot at the moment. The site also plans to continue using the existing short-cycle press to coat raw board. □

Production discontinued at Fantoni's Novolegno mill

At the end of February 2019, the Italian wood-based panel manufacturer Fantoni S.p.A. terminated MDF production at the Avelino facility trading under the name of Novolegno S.p.A. and thereby concentrated its production activities in Italy on the headquarters in Osoppo. The decision to shut down the mill was taken in February and then implemented relatively quickly. The reason given for the action was the sharp reduction in demand for thin MDF boards for producing fruit boxes. Novolegno had mainly supplied this market segment with two calendering plants and a multiple-opening line. Over the last few years, however, fruit-box manufacturers have increasingly switched from hardboard boards or thin MDF to plastic and cardboard.

The multiple-opening plant and the newer of the two Mende calendering plants had been supplied with fibres via a mutual frontend to the extent that the two plants could only be operated in alternation. The multiple-opening line started up in 1982 and was geared to an annual production capacity of around 120,000 m³ with a four-opening press supplied by Pagnoni Impianti s.r.l. of Aicurzio, Italy. The two calendering were each able to produce approximately 100,000 m³. The first plant was put into service in 1989, the second has been operating since 1998. Two refiners made by Metso Panelboard of

Helsinki, Finland, were used for producing fibres. The two kilns were also supplied by Metso Panelboard. The power plant was supplied by ITI Engineering s.r.l. of Cremona, Italy. Only a cut-to-size station was available at the facility for adding value to the raw panels.

In the last few years, Fantoni had only produced thin panels on a basis of recovered wood at the Novolegno mill. By alternately operating the two lines linked via a shared frontend and the separate calendering line, the company had reached an annual output of around 180,000 m³. The Avellino mill's production machinery are being sold; a corresponding order has already been given to a used-machine dealer. Once the machinery had been dismantled, the land is to be sold as well. □

Fire at Kastamonu site extinguished after 12 days



(Photo credit: Vigili del Fuoco)

A blaze that broke out on the early morning of 28 March 2019 at the lumber yard of the old Annovati particleboard mill in Frossasco, Italy, was only extinguished after 12 days. The lumber yard had stored large quantities of waste wood, which were largely destroyed by the fire. The fire brigade was able to prevent the fire from spreading to the neighbouring production building. Identical newspaper reports indicate that the fire appears to have been caused by arson.

The Frossasco particleboard mill had been closed by its former owner Gruppo Trombini in September 2012. The Turkish wood-based panel manufacturer Kastamonu Entegre Agac San. ve Tic. A.S., based in Istanbul, had acquired Trombini's two particleboard mills in Frossasco and

Pomposa di Codigoro in spring 2017 during a subsequent insolvency and liquidation process for Gruppo Trombini. The two mills subsequently became part of Kastamonu Italia s.r.l. at the time of the acquisition. At the same time, the headquarters of the company, which was originally established to distribute wood-based panels in Italy, moved to Pomposa di Codigoro.

The old Falco particleboard mill in Pomposa di Codigoro resumed operations in summer 2018 after extensive modernisation work. However, the ramp-up of the machinery had been delayed by a fire that broke out in the lumber yard on 14 July, which destroyed large amounts of waste wood as has now happened in Frossasco. The Frossasco plant was supposed to resume operations too under the original plans, although no firm date has been announced yet. □

Thanh Thành Dat has started MDF production

Vietnamese conglomerate Thanh Thành Dat Co. Ltd. (Vinh, Nghe An province) inaugurated its first MDF plant on 21 April 2019. The plant is located at Son Tho in the province of Ha Tinh. The production line was supplied by Italian machine and industrial equipment manufacturer Imal-Pal s.r.l. and, equipped with a Dynasteampress, initially has a capacity of 120,000 m³ per annum. It is planned to sell approximately 60% of overall production on export markets.

Thanh Thành Dat claims to have invested a total of VND1.440bn, equivalent to US\$61.8m in the construction of the plant. Construction work on the 16 ha plot of land commenced in February 2017. At the time the company intended to start production towards the end of 2018. In a second investment step, the plant is to be expanded in the medium-term to a capacity of 160,000 m³ per annum. According to Thanh Thành Dat, at the Tri Le location, in the province of Nghe An, construction of a second MDF plant is already underway. The company reports that total capacity of the two locations will amount to 500,000 m³ per annum.

In addition Thanh Thành Dat plans to become involved in OSB production. Corresponding plans were presented by the subsidiary company OKAL Quảng Bình Wood JSC, which was founded in June 2017 specifically for this purpose, to representatives of the people's committee of Quảng Bình province, as well as other persons, in December 2017. According to the plans being followed at that time, the OSB plant with a capacity of 180,000 m³ per annum was to be constructed at the Phú Thủy location. OKAL Quảng Bình Wood had envisaged a 26 ha industrial site for this purpose. Total volume of the investment, which was to create 150 new jobs, was said to be VND2.300bn. At that time the production line was to be commissioned in the fourth quarter of 2020. A further location mentioned as a possibility for an OSB plant is reported by Thanh Thành Dat to be Ky Anh in the province of Hà Tĩnh. There is also to be established a production plant for OSB, with a capacity of 180,000 m³ per annum.

Thanh Thành Dat was founded in January 2002, initially as a transport business. Subsequently, in 2005 a first production plant for wood chips was set up at the location of Quỳnh Thiên in the province of Nghệ An. According to the company, Thanh Thành Dat currently has more than 20 production sites where hardwood wood chips are produced from plantation timber, for example for the pulp, paper and wood-based panels industry. A large proportion of the wood chips produced are shipped to customers abroad from ports in the northern part of central Vietnam.

For sea transport the company has its own fleet of twelve ships, fit for the high seas, and with a tonnage range of between 2,000 BRT and 25,000 BRT. In this connection Thanh Thành Dat is currently also developing a port project in Hoang Ma in the province of Nghệ An. The original transport business meanwhile has almost 200 trucks, covering all size classes. In addition to tankers and heavy trucks, the company also has dump trucks and concrete mixer vehicles, which are used by group companies involved in road construction and the structural engineering sector. The

company is currently expanding its offer in the construction area by setting up a steel construction business. Furthermore, Thanh Thành Dat also reports that it has its own tree nursery in which resilient trees are to be researched and cultivated, and it is also involved in property development. □

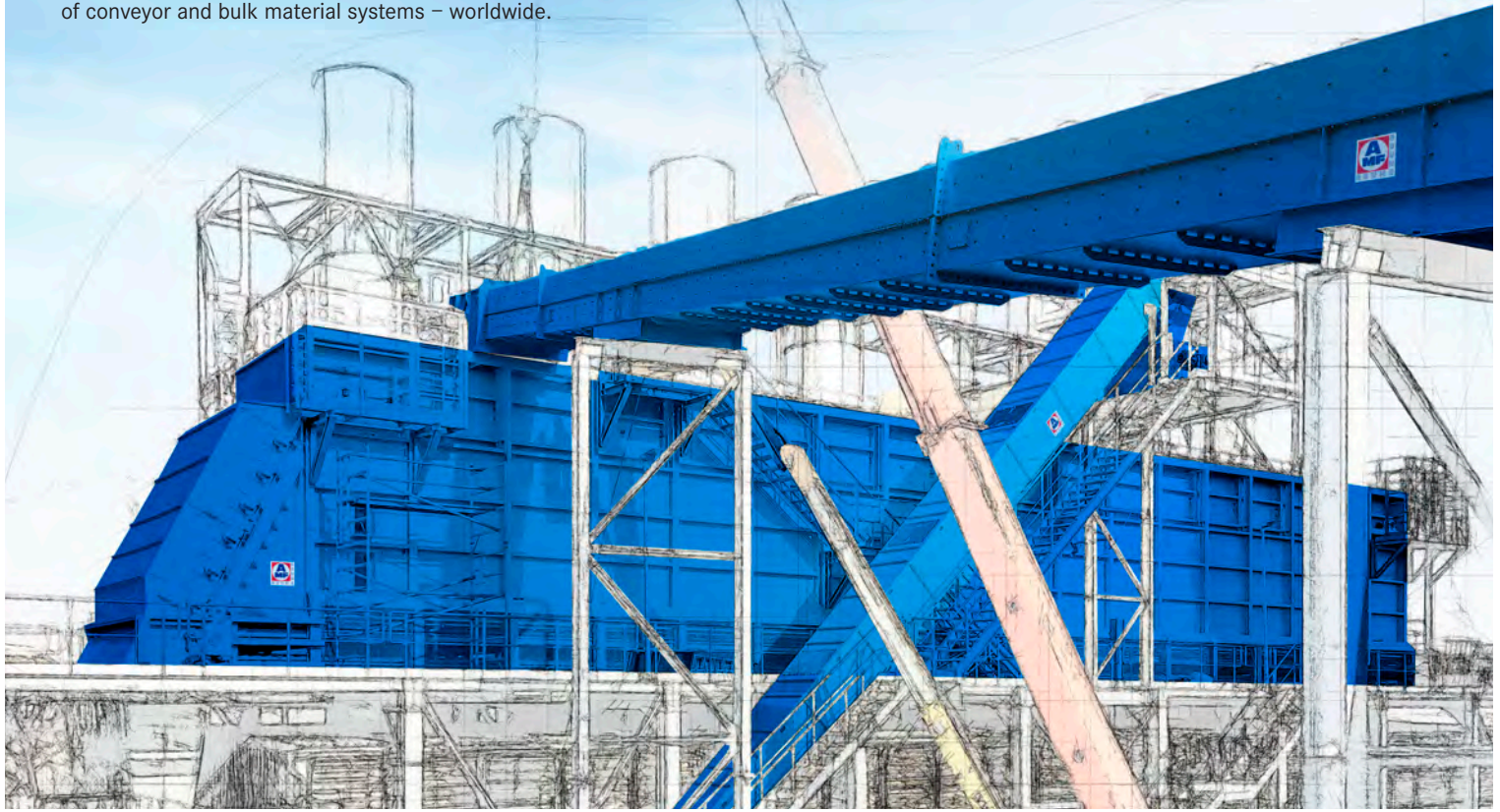
MDF Recovery cooperating with Kronospan

The technology company MDF Recovery Ltd. of Beaumaris, UK, is aiming to bring its internally developed MDF-waste recycling process to a marketable stage in cooperation with Kronospan Ltd. of Chirk, UK. With their project entitled "Closing the Loop in the MDF Supply Chain", both companies successfully took part in a competition for funding initiated by Innovate UK. In the result of the competition published on the British government's website, the project costs were given as £440,199, £162,837 of which was covered by MDF Recovery and £277,362 by Kronospan. Of the promised funding totalling £252,667, £113,986 goes to MDF Recovery and £138,681 to Kronospan. According to a recent overview of the projects subsidised by Innovate UK, the companies have meanwhile received a binding promise of funds in an offer letter. The official launch of the project, the duration of which is given as 6-18 months, has not taken place yet, however.

MDF Recovery says the currently missing technical and financial preconditions are to be created by the project in order to translate the process developed in 2009 into an industrial scale for the first time since the company was founded. Since 2016, the company has been operating a pilot plant, partly for demonstration purposes, in Chesterfield, England, with which 100 kg of wood fibres per hour can be recovered from MDF waste in a continuous process. When the pilot plant was put into operation, MDF Recovery had set its sights on utilising the technology commercially in 2018. The company is meanwhile working from the assumption it will not be able to reach this target until 2021 or 2022. □

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More new investments and replacements in pipeline despite surplus capacity

Situation for Turkey's wood-based panel industry has taken a turn for the worse

The Turkish wood-based panel industry's financial situation has deteriorated significantly amidst a collapse in the domestic market and disappearance of key export markets that combined with financing problems associated with the weaker Turkish lira.

Manufacturers believe that Turkish wood-based panel sales have plunged by more than 30% within a year. However, the market now looks to be stabilising at a lower level. Exports to Iran have almost ground to a standstill because of US sanctions. Turkish manufacturers are competing with Asian suppliers in other countries in the Middle East and the Arab world. The downturns caused by weak business in Turkey and sales problems in the Middle East can be only partly offset by shipping more to other export markets.

Over the past few months, a variety of Turkish manufacturers have mainly boosted their shipments to South-East Europe and Italy. Kastamonu Entegre Ağaç San. ve Tic. A.Ş., based in Istanbul, and Yildiz Entegre Ağaç San. ve Tic. A.Ş., headquartered in Kocaeli, are already represented in these regions with their own production facilities.

In April 2018, Yildiz Entegre commissioned an MDF/HDF and laminate flooring plant in Pitesti, Romania. Kastamonu has long operated two South-East European wood-based panel sites in Reghin, Romania, and Gorno Sahrane, Bulgaria. These sites are currently undergoing modernisation and expansion work. Kastamonu has now started manufacturing in Italy too by restarting the Falco particleboard mill in Pomposa di Codigoro during the third quarter of 2018. Its laminating capacity, which had been increased considerably during previous modernisation work, will be supplied in part with raw board from Kastamonu's Turkish production sites. Turkish wood-based panel manufacturers have also become more visible in North Africa over the past year. Companies can make use of state subsidies for Turkish exports to the region, which subsidise transport costs, among other items. Several Turkish wood-based panel manufacturers are also trying to boost their longstanding business overseas. Until now, they have focused their efforts on the North American market, which is primarily receiving speciality or refined products. Over the past few months, businesses have also forged contacts with Asia, especially China.

Falling sales during the past year have meant that Turkish MDF/HDF and particleboard mills have experienced a considerable deterioration in their workloads. Plants have repeatedly taken downtime as a result, sometimes lasting weeks or months at a time. These longer stoppages primarily affected sites with several production lines. Some lines only run in alternation. MDF/HDF mills appear to be facing bigger capacity utilisation problems than particleboard mills due to shifts in the types of wood-based panels used by the Turkish furniture industry. MDF/HDF and particleboard manufacturers are also operating at varying workloads. Businesses with more internal downstream processing capabilities and a high export rate are less affected. These companies can also fend off the effects of the devaluation of the Turkish lira over several years because they have a higher export rate, which exceeds 50% in a few instances.

Combined with significant slumps in revenues and already limited liquidity at many Turkish wood-based panels manufacturers resulting from lengthy payment periods this currency devaluation has caused earnings and financing problems. Significant increases in capacity over the past few years were financed by dollar or euro loans in many instances. Besides technology investments, a larger proportion of upstream product purchases are invoiced in foreign currencies. In addition to buying raw materials for adhesive/impregnating resin production and laminating materials, companies also purchase a portion of the timber they need outside Turkey. A few producers are also using more wood chips imported from North America and South America. Additional problems might surface after the Turkish competition authority (Rekabet Kurumu) launched an investigation into 12 wood-based panel manufacturers and the Turkish wood-based panel association (MDF ve Yonga Levha Sanayicileri Derne-



Signing of the second line for AGT

(Photo credit: Siempelkamp)

gi) at the end of November 2018. These companies are accused of colluding on particleboard and MDF prices, primarily during last year. However, any results of the investigation have yet to be made public.

The more adverse economic climate has already had more dramatic consequences for Yildiz Sunta Orman Ürünleri Sanayi Tesisleri İth. İhr. ve Tic. A.Ş., based in İzmit, Turkey. The company had battled hikes in timber and staffing costs for several years, and was forced to cease all production activities after filing for bankruptcy in January 2019. A buyer is now being sought for Yildiz Sunta's activities, which are concentrated in Kocaeli; the sale of its machinery and technology is being readied as an alternative.

The Turkish wood-based panel industry is still carrying out investment projects in spite of the challenging economic situation as a whole, project financing problems caused by currency devaluations and surplus capacity resulting from falling sales. Two lines will get up and running over the summer. The main technology for another MDF/HDF project was ordered in the first quarter. Moreover, at least preliminary talks are under way for two or three projects investing in new capacity or raising existing capacity. These projects tend to be focusing on particleboard. Unconfirmed reports suggest that AGT Ağaç Sanayi ve Ticaret A.Ş., headquartered in Antalya, plans to start making particleboard too after commissioning a second MDF/HDF line.

Equipped with a 7 ft x 55.3 m continuous press with a capacity of around 1,200 m³ per day or almost 400,000 m³ per year, AGT's new MDF/HDF line is to start operating by August, as planned. The main technology provider was Siempelkamp Maschinen- und Anlagenbau GmbH. Starwood Orman Ürünleri A.Ş., headquartered in İnegöl, also intends to start making the first board using the new particleboard line during the third quarter. The line will primarily make 6-8 mm-thick board and have an annual capacity of approximately 460,000 m³ using a CPS+ in dimensions of 7 ft x 35 m delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau. A new MDF/HDF line planned by Camsan Ordu Ağaç Sanayi ve Ticaret A.Ş., headquartered in



Camsan Ordu's site in Ordu

(Photo credit: Camsan Ordu)

Ordu, is to be commissioned at the end of 2020. Dieffenbacher will deliver the dryer, forming/press line with a CPS+ in dimensions of 8 ft x 38 m and final assembly systems. Besides these major projects, replacement and upgrade projects are also under way in Turkey's wood-based panel industry. Unconfirmed reports suggest that the Kronospan subsidiary SFC Entegre Orman Ürünleri Sanayi ve Ticaret A.Ş., based in Kastamonu, is planning to extend the older of two MDF/HDF lines, for instance.

Alongside boosting wood-based panel capacity in Turkey, several wood-based panel manufacturers have also created or expanded sites outside the country in recent years. Kastamonu and Yildiz Entegre have undertaken the biggest projects. Other companies have invested in downstream refining systems in other countries, such as AGT with a laminating site in Iran. Over the past two years, several projects outside Turkey have been delayed or postponed amidst more challenging framework conditions. However, a few projects look set to be resuming soon. Unconfirmed reports indicate that Yildiz Entegre has revived plans for an MDF/HDF and laminate flooring mill planned in Vladimir, Russia. The permit process is currently being prepared. Unveiled in summer 2015, the project entailed installing a particleboard line and an adhesive resin

plant in the second investment phase. However, it was shelved in the second half of 2015 as Russia imposed sanctions on Turkish companies. In December 2017, Yildiz Entegre had also acquired the assets of the Slovenian particleboard manufacturer Lesna Tip Otiski Vrh d.d., based in Sentianz pri Drawograd, and subsequently prepared to restart the existing site. There is no movement in this project at the moment.

Kastamonu is concentrating efforts to expand its foreign activities at two South-East European particleboard mills. In Gorno Sahrane, an existing multi-opening line is being replaced by a continuous forming and press line, which was acquired out of the insolvency assets of the French particleboard manufacturer Darbo S.A.S., based in Linxe, in March 2017. The company is also raising its laminating capacity in Reghin by adding a second-hand short-cycle press. However, plans to build a second production site in Russia have been shelved for the time being because of the Russian sanctions. The restart of the Anovati mill in Frossasco, Italy, which was originally planned, is off the table at the moment. Kastamonu had acquired mills in Pomposa di Codigoro and Frossasco from the insolvent company Gruppo Trombini in spring 2017. At the time of the acquisition, Kastamonu had set its sights on restarting both mills during 2018. □

Composite panel production to be concentrated in Diboll and Mount Jewett

Georgia-Pacific to close particleboard mills in Hope, Monroeville, Thomson

Georgia-Pacific LLC, based in Atlanta, Georgia, plans to part ways with three of its four particleboard mills. The closure of the three mills, each of which employs around 100 people, was announced on 4 June.

Its mills in Hope, Arkansas, and Monroeville, Alabama, are to close in the coming months. Its mill in Thomson, Georgia, which suffered severe damage in a blaze that broke out in its chip warehouse on 29 May 2019, will not be rebuilt. Georgia-Pacific said that it had made the decision to close these mills because of weak demand for particleboard and continued capacity building in the US particleboard industry. Therefore, Georgia-Pacific thinks that there is hardly any way to run its mills, which are already relatively old and only make raw particleboard, in a financially viable manner.

Georgia-Pacific will concentrate its particleboard production in Diboll, Texas, with its plans to abandon the three mills. All four mills were integrated into Georgia-

Pacific's Building Products' division as part of its July 2013 acquisition of the Temple-Inland Building Products division from International Paper Co., headquartered in Memphis, Tennessee. Its particleboard is sold under the TemStock name. Previous reports suggest that the Diboll, Monroeville and Thomson mills each have a capacity of about 270,000 m³ per year using 4 x 24 ft Washington Iron Works (WIW) multi-opening presses. The Hope mill can make about 350,000 m³ per year using a 9 x 25 ft WIW multi-opening press. Following the divestments, the Building Products division's composite panel assets will solely comprise the Diboll particleboard mill and an MDF mill in Mt. Jewett, Pennsylvania. With an eight-opening press, the MDF mill has a designed annual capacity of about 250,000 m³. Its MDF products are sold under the UltraStock name. The divestments will shift the Building Products division's focus more on building products. Its portfolio primarily comprises plywood, OSB, lumber, gypsum board and wall and ceiling cladding board.

Georgia-Pacific had largely withdrawn from the composite panels business in September 2006 when it agreed to sell its particleboard and MDF mills to Roseburg Forest Products Inc., based in Roseburg, Oregon. Broken down into two steps, the transaction comprised four particleboard mills in Louisville, Taylorsville, both in Mississippi, Russellville, South Carolina, and Vienna, Georgia, an MDF mill in Holy Hill, South Carolina, a laminating mill in Oxford, Mississippi, and a custom-cutting plant in Eupora, Mississippi. Roseburg had closed most of these mills between 2008 and 2011. The thin MDF mill in Monticello, Georgia, which is equipped with a calendar plant with an annual capacity of some 65,000 m³, remained with Georgia-Pacific, but shut its doors in the third quarter of 2018. Georgia-Pacific had also withdrawn from the fibreboard manufacturing business in several increments. Its mills in North Little Rock, Arkansas, Superior, Wisconsin, and Catawba, South Carolina, closed in 2000, 2003 and 2006. Production ceased in Duluth, Minnesota, towards the end of August 2012; a mill in Jarratt, Virginia, shut its doors in November 2013. Georgia-Pacific had closed its last fibreboard mill in Phillips, Wisconsin, in October 2015.

Georgia-Pacific had returned to the composite panels business by acquiring the Temple-Inland Building Products division from International Paper in a deal that closed in mid-July 2013. This transaction gained access to Georgia-Pacific 15 mills in eight states (Alabama, Arkansas, Georgia, Louisiana, Oklahoma, Pennsylvania, Tennessee and Texas), including four particleboard mills in Diboll, Monroeville, Thomson and Hope, and an MDF mill in Mount Jewett. Temple-Inland Building Products' 50% stake in the MDF joint venture Del-Tin Fiber LLC in El Dorado, Arkansas, was not acquired but sold to the former joint venture partner Deltic Timber Corp., based in El Dorado, Arkansas, for US\$20m in mid-February 2013. □



Hope particleboard mill

(Photo credit: Georgia-Pacific)

Fibre dryer in Mont-Laurier, dry chip preparation in Val-d'Or, short-cycle press in Sayabec

Uniboard continues modernisation of its production sites in Québec

Canadian wood-based panels manufacturer Uniboard Canada Inc., based in Laval, Québec, is continuing the modernisation scheme for its production sites by making further investments in the Mont-Laurier, Québec, MDF/HDF plant.

According to an announcement made in April 2019, the company intends to invest some Can\$18m in replacing the existing fibre dryer and the successive sifter. Orders for supplying the equipment have been placed with Dieffenbacher GmbH Maschinen- und Anlagenbau. Within the scope of the entire project, which is scheduled for completion by the end of 2020, the dryer control system is also to be replaced. Furthermore, the oxidative post-combustion system, which was installed in the former dryer between 2005 and 2010, is to be transferred to the new system. The procedure, which has been patented by Uniboard, involves the used air from the dryer being passed through the hot gas production again. The post-combustion achieved as a result of this process reduces the volume of the used air.

The fibre drying, according to Uniboard, currently constitutes the bottleneck in the MDF/HDF plant in Mont-Laurier, which started operations in 1987. Using a press measuring 9ft x 21m supplied by Siempelkamp Maschinen- und Anlagenbau GmbH, an annual capacity of 175,000m³ is meanwhile achieved. Actual production in recent years was usually about 160,000m³. Commissioning of the new dryer will make it possible to increase the annual capacity by 8-10%, depending on the product mix. As at the other sites, Uniboard aims to modernise the Mont-Laurier location according to a step-by-step plan. The last sizeable project was the installation of a microwave preheating system supplied by Dieffenbacher during the course of 2016. Following replace-



Sayabec mill

(Photo credit: Uniboard)

ment of the fibre dryer, the next stage under consideration concerns expansion of the finishing facilities.

Over the course of last year Uniboard had announced two sizeable investment projects in the particleboard plants at Sayabec and Val-d'Or. In Val-d'Or the dry chip preparation station is now to be modernised at a cost of Can\$38.5m. Besides the installation of new sieving, sifting, and shredding systems, dry-chip silos are planned as well. The new machinery is currently being assembled and is due to be commissioned in the autumn. Once these specific measures have been completed, the multi-opening production line and the finishing section renewed in a later step. In a first step of the modernization project in Val-d'Or, Uniboard had invested a total of Can\$53m in 2015 to 2017 on renewing the wet chip preparation and replacing the five older dryers with a new dryer supplied by Büttner Energie- und Trocknungstechnik GmbH.

In the Sayabec plant a further short-cycle press is being installed for a sum of Can\$17m, roughly Can\$8m of which is to be financed by loans and subsidies. The new press, called TFL 7, will cover a similar production programme like the TFL 6 press at the plant which was commissioned in July 2016. The new press supplied by Wemhöner Surface Technologies GmbH & Co. KG is identical in design to TFL 6 and will mainly laminate furniture panels synchronised two-sided structures as well as panels with deep embossed structures. On account of the delivery periods of Wemhöner Surface Technologies, the original scheduling had to be postponed somewhat. Meanwhile production is planned to start in spring 2020. The additional equipment will subsequently enable Uniboard to use six short-cycle presses for TFL production in Sayabec.

The Sayabec particleboard plant has a single-opening and a continuous production line with an annual capacity of 660,000 m³. The multi-opening line in Val-d'Or can produce 360,000 m³ per year. □

Stabilized volumes and increased prices delivered a 5.6% improvement in group revenues

Pfleiderer: Barely any change in production and shipment volumes

Pfleiderer Group S.A., headquartered in Wrocław, Poland, booked barely any improvement in its output and sales in the 2018 financial year after somewhat stronger growth in the two previous years.

Raw particleboard and laminated board volumes even fell slightly. Total raw particleboard production was marginally lower than the previous year's level at 3.287m (2017: 3.292m) m³, according to its annual report, which was published on 10 April. Production at its German mills in Neumarkt, Gütersloh and Leutkirch was roughly in line with the previous year's level at 1.939m (1.937m) m³, while its Polish mills in Grajewo and Wieruszów dipped slightly to 1.339m (1.355m) m³ after a stronger growth last year.

Raw MDF/HDF production had climbed 5.0% in 2017, before edging another 3.8% higher to 595,000 (573,000) m³ last year. Once again, the thin MDF/HDF mill in Grajewo made a somewhat

bigger contribution with an upswing to 230,000 (216,000) m³ than the Baruth facility with 365,000 (356,000) m³. On the other hand, group-wide laminated board production dipped 1.0% to 107.0m (108.1m) m², after growing 4.2% in 2016 and 1.9% in 2017. Its German mills laminated 66.4m (67.1m) m², while Polish facilities laminated 40.6m (41.0m) m².

When it came to shipments, a downturn in raw and laminated particleboard and laminated MDF/HDF contrasted with a slight improvement in raw MDF/HDF and HPL/CPL. Raw MDF/HDF sales increased 6.1% to 411,218 (387,694) m³. Laminate sales edged 2.2% higher to 11.9m (11.7m) m². Raw particleboard sales dropped 3.2% to 1.089m (1.125m) m³ and laminated particleboard sales slipped 1.9% to 99.5m (101.5m) m². Laminated MDF/HDF sales declined by a double-digit percentage of 14.8% to 2.8m (3.2m) m². In spite of sometimes dwindling sales, revenues increased across all product groups in

a year-on-year comparison thanks to price hikes carried out to offset spiralling costs.

Stabilized shipments and increased prices delivered a 5.6% improvement in group revenues to €1.063bn (2017: 1.006bn). Some €1.045bn (990.0m) of this sum was generated by selling products. The biggest product groups were coated board with €463.0m, raw particleboard with €195.0m and MDF/HDF with €114.7m. Germany was the single-largest market with revenues of €462.8m (423.3m), followed by Poland with €253.0m (241.1m), the UK with €59.0m (62.5m), the Netherlands with €41.1m (40.5m), France with €37.3m (35.3m), Italy with €25.9m (24.1m) and Switzerland with €21.3m (21.6m).

Spiralling raw material costs that emerged over the past two years were passed on to sales prices after initial delays. Together with ongoing efforts to improve productivity, operating profits increased even more than revenues. Adjusted EBITDA shot up 12.0% in a year-on-year comparison to €141.9m, boosting the resulting margin by 0.8 percentage points to 13.4%. Total EBITDA jumped 11.5% to €133.8m (120.0m).

Earnings before interest and tax (EBIT) leapt as much as 18.9% to €54.8m (46.1m). However, net financial expenditure, which had doubled compared with the previous year to €30.6m (15.7m) mainly thanks to negative currency effects, paved the way for a decrease in pre-tax profits to €24.2m (30.4m). Negative currency effects were mainly caused by the fact that internal group loans originally issued in euros had to be revalued in Polish zloty. Net profits reached just one third of the previous year's level at €5.9m (17.1m), something that is also due to higher taxes. □



Neumarkt particleboard mill

(Photo credit: EUWID)

Value adjustments for Horn-Bad Meinberg and Eiweiler, cartel reserves in South Africa

Sonae Arauco net result in 2018 slightly short of a year earlier

The sales-revenue and key performance figures of the joint venture Sonae Arauco S.A. of Madrid developed in opposite directions in its business year 2018.

The business report published at the beginning of May by Sonae Industria SGPS S.A. of Maia, Portugal, which holds a 50 % in Sonae Arauco, shows that the consolidated sales revenue rose by 3.4 % to €875.1m (2017: 846.7m). The operating expenses increased less sharply at plus 1.4 % to €764.3m (754.1m). Depreciation and amortisation were given as €44.1m (43.6m). Net interest payments amounted to €7.5m (7.3m), and tax payments totalled €6.4m (8.7m). This gave rise to a net result of €24.0m (25.6m) for the continued operations, slightly less than a year earlier. This enabled each of the two joint-venture partners, Sonae Industria and Arauco Internacional Ltda., which belongs to Celulosa Arauco y Constitución S.A. of Santiago de Chile, Chile, to post a €12.5m (12.8m) contribution in proportion to their shareholding.

According to the Sonae Industria business report, the net profit of the continued activities contains three major non-recurring items. A valuation adjustment of €5.0m was made on the assets of the Horn-Bad Meinberg power plant. Given the discontinuation of production at the MDF/HDF and laminate-flooring joint venture Laminate Park GmbH & Co. KG of Eiweiler, Germany, announced in mid-February 2019, Sonae Arauco adjusted the shareholding and a partner loan with a combined €15.9m in the fourth quarter. Reserves of €2.7m were also formed for ongoing legal proceedings by the South African competition authority against Sonae Arauco South Africa (Pty).

In the Sonae Arauco balance sheet, the long-term assets rose to €517.8m (486.5m), and the medium/short-term



Particleboard and OSB mill in Nettgau

(Photo credit: Sonae Arauco)

assets to €217.6m (203.3m), whereas the liquidity fell to €20.2m (26.7m). As regards financing, the long-term financial liabilities increased to €234.0m (181.8m); other long-term liabilities decreased to €73.2m (82.3m). The medium/short-term financial liabilities fell to €17.2m (28.0m). Other medium/short-term liabilities were slightly higher than a year earlier at €176.4m (173.3m).

Besides the parent company, the scope of Sonae Arauco's consolidation covered a total of 27 companies last year. Sonae Arauco held all of the shares in 25 companies. In addition, the two joint ventures Laminate Park und Tecmasa Recicladados de Andalucía S.L. of Madrid, Spain, in each of which Sonae Arauco holds 50 % of the shares, were consolidated using the equity method. Of the total of 27 companies, three companies were ejected from the scope of the consolidation, due either to liquidation or merger. Conversely, the new company Sonae Arauco Maroc S.à.r.l. of Casablanca, Morocco, was founded with effect from 7 February 2018.

Sonae Arauco operates a total of twelve works in Spain, Portugal, Germany, and South Africa. Wood-based panels are produced at nine new facilities, the combined annual production capacity of which is given as 4.040m m³. 2.290m m³ of this is accounted for by the German works in Meppen, Nettgau, Beeskow, and Eiweiler, 1.380m m³ by the Linares and Valladolid works in Spain along with Oliveira do Hospital and Mangualde in Portugal, and 370,000 m³ by the White River works in South Africa. There are also three other facilities where intermediate products are produced (resin production and impregnations in Sines, Portugal, impregnation in Kaisersesch, Germany, and veneer production in Castelo de Paiva, Portugal). The replacement investment project completed at the Mangualde MDF works in September 2018 was Sonae Arauco's biggest single investment last year. A continuous production line is also being set up at the Beeskow works at the moment as a replacement for the two single-opening lines. A short-cycle press is being installed at the White River works. □

KBA and Durst: Digital printing joint venture

Koenig & Bauer Durst GmbH, a joint venture based in Würzburg, Germany, has now started operations after putting pen to paper on 10 April and receiving approval from competition authorities at the start of May. The printing machine manufacturer Koenig & Bauer AG (KBA), headquartered in Würzburg, Germany, and Durst Phototechnik AG, a firm based in Brixen, Italy, that currently specialises in ceramic and textile printing, each owns a 50% stake in the joint venture. Its goal is to develop and sell single-pass digital printing machines for the folding box and corrugated board industry. The joint venture's portfolio will initially comprise KBA's CorruJET 170 and the Durst SPC 130, including all services and ink business. A digital printer for printing on folding boxes, the VariJET, is to be made by the middle of 2020.

KBA sold two production machines for digital packaging printing last year. The Tetra Pak group, based in Pully, Switzerland, ordered a 1,680 mm-wide RotaJET 168 for full-colour printing on beverage cartons. This machine will be installed at Tetra Pak's production facility in Denton, Texas over the coming months. This machine will hold production tests with North American buyers starting in 2020. The CorruJET ordered by Hans Kolb Wellpappe GmbH & Co. KG, based in Memmingen, Germany, has now been installed in a new facility in Memmingen-Amendingen, which is part of the Kolb Digital Solutions division created for its digital printing activities. With a capacity of 6,000 sheets per hour, the machine designed for digital printing directly on corrugated board can print in sizes of up to 1,300 x 1,700 mm.

In its annual report for 2018, KBA pointed out that the RotaJET digital printer incurred high development costs. However, digital printing technology for decor and packaging printing had now matured. Besides landing additional orders from decor printers, the greater use of RotaJET digital printers in flexible packaging printer should help to pay off these development costs. KBA feels that packaging printing offers greater growth opportunities too since this market is delivering

annual growth rates of up to 10% with the more intense upswing in packaging consumption caused by long-term trends like online shopping, more sophisticated packaging and smaller packaging units.

The RotaJET product line is actually mainly used for digital decor printing. KBA's subsidiary KBA-Digital & Web Solutions AG & Co. KG sold its first machine for digital decor printing, which has a working width of 1,680 mm, five years ago to Interprint GmbH & Co. KG, based in Arnsberg, Germany. This machine was installed in a distinct area of a hall at the Arnsberg plant in November 2014 and started operating in the first quarter of 2015. During 2015 and 2016, the company focused on refining and optimising printing technology. Production has been gradually ramped up since 2017. Last year, the firm undertook digital printing of approximately 2 million m². Interprint ordered a 1,380 mm-wide machine from KBA in the first quarter of 2019.

During the same period, KBA landed a contract from another company for a 2,250 mm-wide RotaJET for decor printing. Unconfirmed reports suggest that a Central European wood-based panel manufacturer placed this order. In autumn 2016, KBA installed a 2,250 mm-wide RotaJET at Impress' facility in St. Veit, Austria. Commissioned in December 2016, this machine was taken out of service in early 2018.

KBA plans to expand its RotaJET plant business for digital printing in the years ahead. The company feels that the trend towards individualisation with small batch orders also offers opportunities for substituting rotogravure technology, which has been prevalent in this segment to date. Additional benefits also lie in the greater format flexibility offered by digital printing technology, both in terms of the working width and decor lengths (rapport). According to KBA, the substitution of printing processes used to date might accelerate if the furniture and flooring industry gets more involved in decor printing in the future. Initial approaches are already evident in some segments. □

Interprint to set up second digital printer



(Photo credit: KBA)

The Interprint group is planning to put a second digital printer into operation at its headquarters in Arnsberg by the end of 2019. For the purposes of this investment project, the company has placed an order for another "RotaJET" digital printer from KBA-Digital & Web Solutions AG & Co. KG. This system is to be installed directly adjacent to the RotaJET 168 that KBA had delivered to Interprint in 2014. With a working width of 1,680 mm and a production speed of up to 150 m/min, this system is geared above all to printing decors for laminate/worktop production. According to KBA, the new unit can achieve an optimum colour and repetition accuracy by means of a central cylinder and the design of the printing array. The paper is supplied via a "Pastomat" reel splicer with a "Patras M" reel loader. A special paper guide and an NIR high-performance dryer geared to the machine enable a high printing speed to be achieved with good print quality.

The first KBA digital printer in Arnsberg marked Interprint's debut in industrial digital printing. Regular production began in the first quarter of 2015 and was gradually run up to speed thereafter. The printing inks used in the digital-printing system are supplied predominantly by Arcolor AG of Waldstatt, Switzerland. Arcolor belongs to Arcolor Holding AG, in which Wrede Beteiligungsgesellschaft mbH, superordinate to Interprint, holds a 49.2% share.

The last major investment in machinery for the Arnsberg works was the start-up of a new gravure printing press completed in summer 2017. Over the last few years, the company has set up further gravure printing presses at facilities in Pittsfield in Massachusetts, USA, in Egorievsk, Russia, and in Changzhou-Wujin, China. □

Wrede planning to jettison its other shareholdings too

Parallel to the sale process initiated for the Interprint group in December 2018, Wrede Industrieholding GmbH & Co. KG of Arnsberg, Germany, is also looking for a buyer for the plastics processing company Keeeper GmbH of Stenwedde and for the 49.2% stake held in Arcolor Holding AG of Waldstatt, Switzerland, through Wrede Beteiligungsgesellschaft mbH. The 50% share previously held in the gravure joint venture Asia Pacific Engravers Malaysia Sdn. Bhd. (APE) of Nilai, however, has meanwhile been sold to the joint-venture partner Janoschka Holding GmbH of Kippenheim, Germany. Following the full takeover, Janoschka renamed the company Janoschka Malaysia Sdn. Bhd., which can produce roughly 12,000 gravure cylinders (10% of which are laser cylinders), 2,000 reproductions, and 10,000 colour separations with 150 employees.

Wrede Industrieholding's intention behind transferring the APE share to Janoschka and the ongoing sale processes for Interprint, Keeeper, and Arcolor is to part with all of the shareholdings. In the release relating to the sales plans for the Interprint group published on 4 December 2018, this decision was attributed to successor considerations within the Wrede family. The sale process for Interprint coordinated through the Frankfurt office of the corporate consultants Roland Berger Holding GmbH has been gradually pushed forward since then. According to unconfirmed information, a decision is to be taken before the end of the second quarter. The sale process for Keeeper GmbH, which emerged from the former OKT group, is said to be at a relatively advanced stage as well. Concrete negotiations are also being conducted for the stake in Arcolor Holding. The company holds all the shares in the printing-inks manufacturer Arcolor AG; the partner in the joint venture is Schattdecor AG of Thansau.

The Interprint group forms Wrede Industrieholding's "Decorative Surfaces" division. The "Household products" division comprises Keeeper GmbH. The group has abandoned the plans it had pursued for quite some time for setting up a third division. □

Renolit finds a furniture foils joint venture in China

On 1 April 2019, the foil manufacturer Renolit SE, based in Worms, Germany, started making 2D and 3D foils for furniture and interior manufacturing in China's Guangdong Province via its joint venture Guangdong Renolit Citiking, which was founded at the end of March. The joint venture partners are Renolit, Renolit's Chinese distribution partner Citiking Trade Co. Ltd., based in Shanghai, and its previous owner Dongtang. Renolit holds the majority stake. The plant that Dongtang contributed to the joint venture is equipped with three printing machines and three embossing machines; altogether, it employs some 60 workers. Besides making standard foils, these machines can also produce high-gloss and super matte surfaces. At Renolit, the joint venture will be part of the Renolit Design business unit, which specialises in plastic foils for furniture and interior design and is managed by Karsten Jänicke. Citiking has until now been Renolit Design's main distribution partner in China.

Until now, Renolit has delivered 2D and 3D foils to customers in the Chinese furniture and interior door industry via the Guangzhou plant. The group operates four more production sites for other applications in China. Altogether, Renolit employs about 1,000 people in China. The Renolit group generated revenues of €1.031bn (2017: 1.016bn) at 30 production and distribution sites employing some 4,700 people in more than 20 countries in the 2018 financial year. □

FiliGrade and Schattdecor looking for more licensees

FiliGrade Printed Watermarks B.V., a company specialising in developing and using smartphone-enabled watermarks based in Twello, the Netherlands, and Schattdecor AG, headquartered in Thansau, Germany, want to land more licensees for its copy protection for printed decors unveiled at the Interzum fair in Cologne. The technology developed jointly by the two companies should, therefore, gain a foothold as an industry solution. Surteco

GmbH, headquartered in Bittenwiesen-Pfaffenhofen, Germany, had been the first company to get on board a while ago. Its presentation at Interzum aimed to target other companies active in decor development and printed decors. At the same time, the technology's technical options were presented, which can also be used for proof of decor copies that will stand up in court. With this proof, Schattdecor also intends to take action against companies that copy decors or market semi-finished or finished products with copied decors in the future.

The technology developed by FiliGrade and Schattdecor consists of an app, which can identify each decor and its printer using an integrated decor scanner and downstream server. Identification takes place using a technical characteristic stored in the printing and/or engraving file. The app and an associated website will then list information about the decor and printer. This key data can still be combined with additional information that can also be used for distribution purposes. A direct determination of whether the item is a copy cannot be made, but can be achieved by providing additional technical details.

Back in 2012, Schattdecor had started work to develop a decor identification app. Since 2015, the company has been working together with FiliGrade in this area. Development approaches pursued by Schattdecor have been combined with FiliGrade technology. Schattdecor had unveiled a decor identification system on this basis at Interzum 2017. Surteco's subsidiary Surteco art GmbH, based in Willich, Germany, started equipping its developed decors with FiliGrade watermarks in April 2018. □

Schattdecor setting up fourth treater in Brazil

Following the optimisation of the infrastructure completed at the São José dos Pinhais impregnating facility in Paraná, Brazil, at the end of May 2018, Schattdecor AG of Thansau, Germany, is also going to continue to enlarge the

production capacity. In addition to the three existing treaters, a new impregnating channel is going to be installed during the course of the next few months, which is then scheduled to start up by the beginning of 2020. At the plant taken over from Coveright Surfaces Holding GmbH of Mülheim an der Ruhr, Germany, in January 2013, Schattdecor had last put a 2,800 mm-wide impregnating channel into operation in March 2015, replacing an existing treater. In preparation for the now concretised expansion investment, Schattdecor had set up facilities such as a new production hall and warehouse at the impregnating plant as well as an impregnating-resin production of its own. In its business year 2018, Schattdecor produced roughly 70m m² of melamine film with the currently three impregnating channels in São José dos Pinhais. □

Lamigraf and BMK planning cooperation

The decor printer Lamigraf S.A. of L'Amettla del Vallès, Spain, and the impregnator BMK GmbH of Gaildorf-Bröckingen, Germany, have come to an agreement on closer cooperation in sales. Both companies signed a corresponding memorandum of understanding at the end of April 2019. Lamigraf will have its printed decors impregnated by BMK in future and become co-distributor of melamine films. In return, BMK will sell Lamigraf decors in certain markets. This will enable the two companies to offer their customers a combination of printed decors and impregnation in future. In addition, the cooperative venture is also intended to extend sales operations into markets that have not yet been worked as intensively as others. BMK is also hoping that its alliance with Lamigraf will help to improve its market position in countries such as Brazil. The alliance does not affect BMK's existing cooperation with other printers or Lamigraf's with other impregnators and will remain unchanged in their present form.

BMK operates two sites in Germany, one facility in the USA, and meanwhile 17

impregnating channels at a joint venture in Russia. Lamigraf produces its decors on eleven printing machines at three sites in Spain, Germany, and Brazil. □

Third BMK treater in Welcome to start up



(Photo credit: BMK)

The impregnator BMK GmbH of Gaildorf-Bröckingen, Germany, has completed the mechanical installation of the third impregnation channel at the facility in Welcome, North Carolina, trading under the name of BMK Americas LLC. The start-up has been scheduled for the end of May or the early June. The additional channel is to be used above all for impregnating decor paper in small batches and special products, such as melamine films for deep grains, in future. BMK had purchased the impregnation channel as a used machine from the former Faus Group Inc. of Dalton, Georgia, in September 2017. In the course of the relocation, the working width was increased from 4 ft to 5 ft along with the installation of an anilox-roller application unit. BMK had engaged Imaco Technology Development Co. Ltd. of Suzhou in Jiangsu province, China, for the conversion work on the channel that had been supplied by the former Vits Systems GmbH of Langenfeld, Germany, to Faus Group in 2006. Parallel to the channel refit, BMK also installed a new resin mixing/dosing plant at the Welcome facility.

At the Welcome impregnating plant taken over from Shaw Industries Inc. of Dalton, Georgia, on 1 October 2017, BMK currently operates two 9 ft-wide impregnating channels that had been delivered by the former Vits Maschinenbau GmbH of Langenfeld to the previous owner Dynea Overlays Inc. of Tacoma,

Washington, in 2000. According to BMK, both lines, which produce flooring films and commodities for the laminating industry (white and solid-colour films), have been running at normal capacity utilisation for quite some time. Specialties are currently still supplied from the Erndtebrück-Schameder facility trading under the name of Dekor-Kunststoffe GmbH (DKB). Following the start-up of the third channel, these exports are to be redirected to other overseas markets, particularly South America.

The BMK group currently operates a total of 16 impregnating channels at the facilities in Gaildorf-Bröckingen, Erndtebrück-Schameder, Welcome, and at the joint venture OOO Interprint Samara of Samara, Russia. Of these, three of the older plants are only operated sporadically, however. □

CDG reports a downturn in revenues

The decor paper manufacturer Cartiere de Guarcino S.p.A. (CDG), which is based in Guarcino, Italy, and owned by the Neodecortech group, encountered a decrease in its revenues in the 2018 financial year. According to Neodecortech's annual report, which was published on 15 April, CDG's total revenues were 2.9% lower than the previous year at €65.4m (2017: 67.4m). While revenues from printing base paper increased slightly to €25.8m (25.2m) on the back of higher internal deliveries to Neodecortech's printing plant, its biggest product category Unicours suffered a downturn in revenues to €29.2m (34.1m). Backer paper revenues increased to €8.0m (6.5m). Revenues from underlay paper reached €0.6m (0.5m); its new kraft paper business added €446,000. Services' contribution improved to €1.4m (1.0m). Increased internal deliveries sent Italian revenues higher to €26.4m (20.7m). Revenues reached €32.7m (38.8m) in the rest of Europe, €3.8m (4.6m) in the Americas and €2.5m (3.3m) in Asia.

Adjusted for internal deliveries, CDG booked total revenues of €50.8m

(56.5m), making 2018 the weakest year since CDG merged with Confalonieri. In 2015, the company booked external revenues of €55.5m, a figure that fell to €52.5m in 2016.

CDG also booked lower raw material costs last year with the downward trend in revenues and falling prices in the second half of the year. These costs decreased 8.9% compared with 2017 to €41.2m (45.2m). This relief on the cost front, which exceeded the slump in revenues, allowed CDG to improve its earnings quite a bit. Adjusted EBITDA jumped 18.4% to €6.1m (5.1m), improving the EBITDA margin to 9.3 (7.6) %, as well.

While CDG comprises Neodecortech's Carta division, the Carta Decorativa division, which is made up of the company formerly known as Confalonieri S.p.A., based in Filago, pools its decor printing, treating and thermoplastic film operations. This division's total revenues edged 16.1% higher to €50.9m (43.8m) last year. While decor printing revenues improved 12.6% to €27.3m (24.3m), revenues from melamine film dropped 12.9% to €9.4m (10.8m). Revenues from thermoplastic film for use in LVT production (plastic printed film or PPF) soared 44.2% to €5.2m (3.6m) thanks to its 31 August 2018 acquisition of a division from Corbetta Fia s.r.l., headquartered in Carugo, Italy. The new Laminati division generated revenues of €2.6m, while services contributed €5.4m (5.2m). The Carta Decorativa division delivered a growth in revenues to €21.5m (16.4m) in Italy and €24.2m (20.7m) in the rest of Europe. By contrast, revenues slipped outside Europe to €2.2m (2.3m) in Asia, €1.4m (2.2m) in the Americas and €1.8m (2.2m) in other regions.

The Carta Decorativa division saw its raw material costs jump 17.0% to €27.5m (23.5m) due to factors including higher decor paper prices. Notwithstanding this fact, earnings showed a strong upswing with better margins than CDG. Adjusted EBITDA rose 17.9% to €6.7m (5.6m), translating into a 13.1 (12.9) % margin. □

Decline in Ahlstrom Munksjö Decor's margin

The continuing decline in buyers' stocks, the persisting slack demand in several markets, and the ensuing stiff competition led to further erosion in the earnings of the "Decor" division of Ahlstrom-Munksjö Oyj of Helsinki, Finland, in the first quarter of 2019. The reduction in sales volumes below the level of the same period of last year was compensated for by the higher prices than at that time. As such, sales revenue remained more or less at the pro forma level of the first quarter of 2018 at €113.3m whereas adjusted EBITDA fell by 15.7% to €7.0m. The EBITDA margin calculated from the pro-forma figures thus fell by a good percentage point to 6.2% (Jan.-March 2018: 7.3%).

The sales revenue and income contributions generated by the Caieras mill of MD Papéis of São Paulo, Brazil, purchased by Ahlstrom-Munksjö in mid-October 2018 are included in the pro-forma figures. The acquired decor-paper activities of MD Papéis had reached sales revenue of €13.2m and adjusted EBITDA of €2.0m in the first quar-

ter of 2018. Sales revenue of the previous Decor division was given as €98.7m in the first quarter of 2018; adjusted EBITDA had amounted to €6.3m. Bringing these figures together gives a pro-forma sales revenue of €112.9m for the same period of a year earlier and adjusted EBITDA of €8.3m. Ahlstrom-Munksjö had achieved even higher pro-forma sales revenue in the second (€14.7m) and fourth (€115.1m) quarters of 2018; the third quarter, on the other hand, turned out to be weaker at €109.1m. Comparable development occurred in adjusted EBITDA (Q2: €10.2m, Q3: €7.0m, Q4: €11.5m) and therefore in the margin as well (Q2: 8.9%, Q3: 6.5%, Q4: 10.0%).

Ahlstrom-Munksjö registered differing trends in raw-material and energy costs in the first quarter. According to the presentation of the quarterly figures published by the company, the average market prices for titanium dioxide were 9% lower than in the first quarter of 2018; the prices for hardwood pulp were 1% below the figure for last year. In contrast, further cost increases to the tune of 8% occurred in softwood pulp. □

Kingdecor raises output to roughly 235,000 tonnes



(Photo credit: Kingdecor)

The Chinese decor paper joint venture Kingdecor Co. Ltd., based in Quzhou, Zhejiang Province, made some 235,000 tonnes of decor paper using its five paper machines in the 2018 financial year. PM 4, which was commissioned in autumn 2018, played a part in this growth. Like PM 3, which has been up and running since February 2015, PM4 has a working width of 3,900 mm. Consequently, the popular 4ft sizes in China can be made in triple widths. Double widths are also feasible for other sizes.

By way of comparison, Kingdecor made 135,000 tonnes in the 2014 financial year. Production swelled to 177,000 tonnes in 2015 with the start-up of PM 3. Kingdecor reported output of 191,000 tonnes for 2016 and 209,000 tonnes for 2017.

The new paper machine brings the total number operated by Kingdecor at the site, which was built starting in 2008, to four. PM 1 was commissioned in September 2009, with PM 2 following in June 2011. The facility, which is run by its joint venture partner Zhejiang Xian He Special Paper Co., still uses PM 13 to make decor paper. Established in September 2004, the joint venture entered the decor paper manufacturing business with this machine in January 2006. The joint venture partners considered switching to making other paper grades or relocating in recent years, but have not moved forward with these deliberations to date. PM 13 and the two first paper machines at the site are each 2,800 mm wide. □

Production site in Ashtabula, Ohio, has been transferred to Ineos Enterprises

Titanium dioxide producer Tronox wraps up acquisition of Cristal Global

After more than two years, the US titanium dioxide manufacturer Tronox Inc., based in Stamford, Connecticut, completed its purchase of titanium dioxide activities from The National Titanium Dioxide Company Ltd. (Cristal Global), headquartered in Jeddah, Saudi-Arabia, on 10 April 2019.

Both companies had already signed a contractual agreement in February 2017, setting their sights on closing the deal before the end of the first quarter of 2018 at that time. The transaction was subsequently approved by the competition authorities in Australia, China, New Zealand, Turkey, South Korea, Columbia, and Saudi Arabia. The European Commission had conditionally approved the takeover in August 2018. The US Federal Trade Commission (FTC), which had long stood in the way of the transaction, gave its blessing a short time before the deal closed. For the deal to pass, Cristal had to spin off its plant in Ashtabula, Ohio. Tronox actually wanted to sell this facility to Venator Materials plc, based in Wynyrd in the UK. Both compa-

nies had agreed on an appropriate right of first refusal for Venator in mid-July. The exclusivity for 75 days agreed with Venator in the memorandum of understanding expired at the beginning of October, however. Then, at the beginning of December, Tronox had presented an agreement with Ineos Enterprises AG of Rolle, Switzerland. The Ashtabula facility changed hands on 1 May for a purchase price of US\$690m. Taking over the Ashtabula works marks Ineos Enterprises' debut in the titanium-dioxide business. A condition imposed by the European Commission that Tronox hand over its European paper industry business to Venator was met at the end of April.

As originally agreed, Tronox paid US\$1.673bn in cash to acquire Cristal's assets. Cristal's previous owners are also receiving a 24% stake in Tronox, which was valued at US\$526m on the closing date. The total purchase price and simultaneous restructuring of existing loans and liabilities will require Tronox to drum up US\$2.322bn in total financing, of which

US\$1.456bn is to be financed through existing liquidity.

The takeover of Cristal will roughly double Tronox's revenues from titanium dioxide operations. Tronox's TiO₂ division generated revenues of US\$1.265bn last year, comprising 42% in North America, 5% in Latin America, 25% in the Asia-Pacific region, 23% in Europe and 5% in the Middle East/Africa region. Excluding the Ashtabula plant, Cristal recorded revenues of US\$1.272bn. Europe and Asia-Pacific were its two main markets, each accounting for 35% of total revenues. The Middle East/Africa region contributed 18%. Latin American activities made up 11% of Cristal's revenues. Adjusted for the Ashtabula site, North America played hardly any role with a 1% share. The new Tronox group thus generated pro forma revenues of US\$2.537bn in the 2018 financial year, including 21% in North America, 8% in Latin America, 30% in Asia-Pacific, 29% in Europe and 11% in the Middle East/Africa.

The integration of Cristal's locations means that Tronox will have a total annual titanium dioxide capacity of 1.078m t in the future. Current Tronox sites account for 465,000 t: Hamilton, Mississippi (225,000 t), Kwinana, Australia (150,000 t) and Botlek, the Netherlands (90,000 t). Cristal has a combined capacity of 613,000 t with locations in Yanbu, Saudi-Arabia (200,000 t), Stallingborough, UK (165,000 t), Thann, France (32,000 t), Salvador, Brazil (60,000 t), Fuzhou, China (46,000 t) and Bunbury, Australia (110,000 t). The Ashtabula plant can make 245,000 t using two production lines. Under original plans, which included the Ashtabula facility, Tronox intended to become the world's biggest titanium dioxide manufacturer with a capacity of 1.323m t and a 15% share of global capacity by acquiring Cristal, ahead of Chemours Co., based in Wilmington, Delaware. The spin-off of Ashtabula leaves the company in second place. □



(Photo credit: Tronox)



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Group boosts investments for 2017-2019 to €220m, revenues increased to €750m in 2018

Schattdecor commissions its new printing site in Quzhou, China

Schattdecor AG, based in Thansau, Germany, commissioned its new printing location in Quzhou in China's Zhejiang Province on 13 May 2019.

The first phase entailed commencing production at two printing machines with working widths of 4 ft that Rotodecor GmbH Maschinen- und Anlagenbau, headquartered in Lage, Germany, delivered from its plant in Taicang in China's Jiangsu Province. Two more Rotodecor printing machines, also 4ft wide, are to be added by the end of 2019. Schattdecor listed the investment involved in setting up the new site, building halls and installing four printing machines at roughly €36m. This makes the new facility in Quzhou one of the biggest initial investments in a new location in Schattdecor's history.

All told, the 25,000 m² hall built on a piece of land roughly 100,000 m² in size offers space for ten 4ft-wide machines and six 7ft wide machines. Schattdecor is also poised to start making finish foils at the new complex over the coming year. A

planned separate coating plant is currently being configured. The decision to invest in building a second printing site in China was taken in summer 2017. This plan was connected to the inability to expand its site in Shanghai, which has existed since 2002. This site's manufacturing area is full with four 7ft-wide and four 4ft-wide printing machines. Even though reserved area is still available, no additional investments are feasible for permit-related reasons.

The last investments in upgrading existing printing locations took place when the firm commissioned one 7ft-wide Rotodecor printing machine in Maryland Heights near St. Louis, Missouri in November 2017 and another in Gebze, Turkey in April 2018. The machine installed at the US facility was designed in such a way that a coating station could be added to it at a later point in time. Installing a separate coating line was also considered as an alternative. However, the company shelved plans to start making finish foils in Maryland Heights for the time being

after acquiring all shares in the US finish foil producer US Coating Co., based in Lexington, South Carolina, in December 2018. US Coating solely makes single-colour finish foils, primarily in black and white, using a 5ft-wide coating line with two EBC units. Production is to be expanded to include decor finish foils over the coming months. Printed paper will then be delivered from Maryland Heights and coated in Lexington.

No firm investment projects are currently in progress in the rotogravure segment. However, Schattdecor has now taken the fundamental decision to invest in installing a second wide digital printing line at its Thansau headquarters. It is still unclear when the line will be installed and commissioned. The second line is to be delivered by PadaLuma Ink-Jet Solutions GmbH & Co. KG (Palis), based in Markt Erlbach, Germany. Palis had installed the first digital printing line, which mainly prints small batches, new decors and speciality digital printing decors and formats, in Thansau in partnership with Rotodecor and commis-



In the first phase Schattdecor installed two 4 ft-wide printing machines in Quzhou.

(Photo credit: Schattdecor)

Schattdecor has now taken the fundamental decision to invest in a second digital printing line at its Thansau headquarters. (Photo credit: EUWID)

sioned it in September 2016. Mechanical handover was completed in 2017, with typographical handover taking longer. During optimisation work lasting more than two years, Schattdecor worked together with technology providers to undertake more radical modifications, which are to be taken into consideration when planning the next line too. Schattdecor will initially concentrate digital printing in Thansau due to the continued need for development. However, future machines are to be installed at international locations.



The group increased its treating capacity by acquiring all shares in Malaysian treater operator Vasatech Sdn. Bhd., based in Bestari Jaya, at the end of February, expanding its site in Chekhov, Russia by adding a treating line and installing additional treaters at its existing locations. Its decor paper joint venture Kingdecor Co. Ltd., based in Quzhou, added another paper machine in autumn 2018.

Schattdecor has expanded a programme of investments announced in spring 2017 again with the extra projects adopted over the past few months and these two acquisitions. The group originally planned to invest approximately €120m in boosting its manufacturing capacity in 2017 and 2018. It made another €40m available for the new projects announced in the second half of 2017 and the first half of 2018. The total investment in the two-year period thus increased to €160m, comprising €90m in 2017 and €70m in 2018. Its investment budget for this year was set at €60m, resulting in a total investment of €220m for the three-year period from 2017 to 2019.

According to preliminary figures published in May, the Schattdecor group generated revenues of some €750m (2017: 710.4m) in its 2018 financial year, almost 6% more than in 2017. Almost all production areas contributed to this upswing. However, its printing output

rose only slightly to 115,300 (114,444) t; other product areas delivered stronger performances. Melamine film and finish foil production (pre/post-impregnates) climbed to 620m (572m) m² after dipping in 2017. Somewhat weaker finish foil business was more than erased by a significant upturn in the melamine film output.

Schattdecor's printing output had passed the 100,000 t mark for the first time in 2014. Output had edged 5.6% higher from 2013's total of 96,377 t to reach 101,733 t. Schattdecor had printed 102,186 t in 2015, before recording a bigger jump to 112,066 t in 2016. Melamine film and finish foil production had reached 482 million m² in 2013. Deliveries had stood at 519 million m² in 2014, rising to 540 million m² in 2015 before jumping a bit more to 574 million m² in 2016.

According to the consolidated financial statements for Schatt Holding GmbH published in the German Federal Gazette in February 2019, group revenues had improved 6.9% to €710.4m (2016: 664.8m) in the 2017 financial year. German revenues had been trimmed 6.2% to €75.7m (80.6m), while foreign markets had enjoyed growth almost across the board. Revenues only stagnated in South America with €59.3m (59.8m) and Africa with €3.4m (3.5m). In the rest of the EU,

revenues stood at €194.8m (188.0m), but had risen even more by 13.0% to €142.0m (125.7m) in the rest of Europe. North American revenues jumped by a quarter to €26.1m (20.9m). Asian revenues improved by 10.2% to €172.3m (156.4m). The Middle East was responsible for €34.1m (27.8m) and Australia for €2.7m (2.0m). This meant that 89.3 (87.9) % of revenues were generated outside Germany.

Consolidated financial statements for 2017 consolidated three German and 13 international companies. Its decor paper joint venture Kingdecor Co. Ltd., based in Quzhou, Zhejiang Province, was booked in keeping with its 50% stake. In its 2017 consolidated financial statements, the company listed separate revenue figures for its Glucholazy location (€98.5m) - which is pooled in Schattdecor Sp. z o.o., based in Tarnowo-Podgorne, Poland and specialises in making finish foils - and for its sites in Chekhov (€36.4m) and Tyumen (€15.7m), which are pooled in OOO Schattdecor, based in Shatura, Russia.

Despite a renewed growth in revenues, Schattdecor reported a downturn in earnings in 2017, something that it mainly blamed on hikes in decor paper purchasing costs that were passed on to sales prices only with a delay. Other cost factors have also increased more sharply. □

Chekhov site will add its own resin production plant in the next phase

Schattdecor forges ahead with expansion of treating activities

Schattdecor AG, based in Thansau, Germany, is set to boost its treating capacity to more than 400 million m² by integrating the Malaysian firm Vasatech Sdn. Bhd., based in Bestari Jaya, adding a new treating line to its site in Chekhov, Russia, and installing more treating lines at its existing locations.

The Vasatech facility and its site in São José dos Pinhais, Brazil, will each gain an additional treating line over the coming months. Two more treating lines will be commissioned in Chekhov in addition to the new line that started operating at the end of March 2019. These lines are being transferred from mills in Shatura, Russia, and Shanghai. Once these projects have been completed, Schattdecor will run a total of 19 treating lines at six locations. Five lines are currently in operation in Rosate, Italy. The newest line started operating in the third quarter of 2018. The company also has an option for a sixth treater. The new line will bring Schattdecor's number in São José dos Pinhais to four

in the future. Its locations in Chekhov and Bestari Jaya will each have three lines once the investment projects have been completed. Two lines each treat surfaces in Tyumen, Russia, and at its joint venture Saintdecor, based in Wuhan, China.

Saintdecor's two lines are 4ft wide. The supplier was Imaco Technology Development Co. Ltd., headquartered in Suzhou, Jiangsu Province. In the next phase, the impregnating joint venture founded in March 2017 can receive an 8ft-wide treater. Most other lines with working widths between 6ft and 9ft were delivered by Vits Technology GmbH, headquartered in Langenfeld, Germany. In recent years, Schattdecor has also awarded several contracts to Rotodecor GmbH Maschinen- und Anlagenbau, headquartered in Lage, and to Tocchio International s.r.l., based in Vigevano, Italy. Its portfolio mainly encompasses melamine film for coating furniture and flooring board. Two treaters in Rosate and the line transferred from Shanghai to Chekhov also make

post-impregnated products. However, the company no longer makes melamine edging in Shatura.

All treating sites are to be equipped with their own resin production capabilities in the medium term. At present, Schattdecor can make impregnating resins in Tyumen, São José dos Pinhais, Wuhan and Bestari Jaya. Impregnating resin production will be carried out in Chekhov in the next phase. Technology contracts have already been awarded, with commissioning to take place during 2020. A similar project is being explored for Rosate, with a final decision to be made once an environmental permit has been granted. Schattdecor is currently installing a scrubber in Rosate. This technology, delivered by Wessel Umwelttechnik GmbH, based in Hamburg, should clean exhaust air from treating lines in order to reduce formaldehyde emissions.

An agreement to acquire all shares in Vasatech after lengthy negotiations that was inked in the first quarter of 2019 closed at the end of February. The first talks began at the start of 2018. In September, Schattdecor and Vasatech's owners signed a letter of intent. The parties agreed on the terms of the transaction in February 2019. Schattdecor assumed operational management on 1 March. Until now, Vasatech has run two treating lines that have widths of 6 ft and 8 ft. The installation of a third line, which is planned for the year's end, is to boost capacity from about 50 million m² to 70-80 million m². Schattdecor will use a 7ft-wide second-hand line for this



*Commissioning of the fourth treating line in São José dos Pinhais is set to happen in the first quarter of 2020.
(Photo credit: Schattdecor)*

investment project, which it is buying from an unnamed company.

In Chekhov, Schattdecor will install three treating lines in a new 10,700 m² hall by the end of this year. Commissioning of the new line delivered by Rotodecor, which was originally supposed to happen in the third quarter of 2018, dragged on until the end of March. Schattdecor said that this line, PMI 15, faced delays in the delivery of components, some of which were ordered from China. In the next phase, a 7ft-wide Vits line delivered to the Shatura plant in 2008 will move to Chekhov and become PMI 5. Using an ERP coating machine, it can make both laminating and flooring film. However, the relocation should not start until the 7 ft-wide new line has been qualified to make the products manufactured in Shatura to date. Two Vits/Babcock lines are currently operating in Shatura, although they are to be scrapped apart from a few components that can still be sold. Once planned work has been com-

pleted, Schattdecor will hand back the land rented since its 2000 acquisition of treating activities from the furniture collective combine AO MK Schatura by the end of 2019.

In addition to the two treating lines, Schattdecor will also install an impregnating/lacquering line in Chekhov. The company will use a 7ft-wide lacquering line from the Shanghai plant that has no longer been used in recent years in this project. As part of the relocation process, it will add another treating section, several dryers and a screen roller coating machine. Rotodecor and Vits delivered this line to the Chinese facility as PML 4 in 2006. It mainly produced melamine edging and, to a lesser extent, post-impregnated finish foils, until it was mothballed. In 2006, both companies had also installed a largely identical lacquering line at the Brazilian Schattdecor plant, which is still operating until today. Rotodecor started manufacturing lacquering lines with these two projects. Vits had delivered the dryers

for both projects. Following rebuilding and relocation to Chekhov, the treating and lacquering line running as PMI 18 should be used alternately to make finish foils out of pre-impregnated materials and melamine films. Schattdecor lists the total annual capacity of the three treaters envisaged for Chekhov at about 80 million m².

Schattdecor will invest in a fourth treating line in São José dos Pinhais. Like the treater commissioned in March 2015, this line will have a working width of 9 ft. Schattdecor ordered the new line from Vits at the start of May. Commissioning is set to happen in the first quarter of 2020. Schattdecor will have a treating capacity of about 100 million m² in Brazil in the future with its four lines. Alongside work to raise its treating capacity, the company will install a second resin reactor in São José dos Pinhais. In preparation for this project, Schattdecor built a new production hall/warehouse and optimised infrastructure at its treating site during the past year. □

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Growth in sales revenue only achieved with full-year Probos consolidation

Contrasting development in Surteco's business units Paper and Plastic

Sales revenue generated by the "Paper" strategic business unit (SBU) of Surteco Group SE of Bittenwiesen rose by 4.5% last year to €351.6m (2017: 368.0m).

Reductions were recorded for printed decors (-3%), impregnates (-13%), pre-impregnated finish foils (-3%), and melamine edgebanding (-5%). Revenue generated from sales of post impregnates was on par with the previous year's level; business in release paper was boosted by 13%. The SBU Paper's domestic sales revenue fell by 6%. The previous year's figures also went unmatched in the rest of Europe (-1%) and North America (-14%). From a basis of low reference figures, growth was achieved in South America (+12%), Asia (+23%), and Australia (+3%).

The Paper unit's EBIT halved to €13.3m (26.9m). The further growth in raw-material prices was difficult to offload onto the selling prices due to the slackening demand. Additional impairments arose

from reserves formed for the restructuring measures (€3.4m) announced in October and from a negative arbitration-court ruling (€1.5m) subsequent to the sale of Süddekor.

In the "Plastic" SBU, sales revenue increased 8.1% to €347.7m (321.7m), mainly from the integration of Probos Plasticos S.A. of Mindelo, Portugal, taken over with effect from 1 July 2017. The full-year consolidation of Probos had an impact on sales revenue to the tune of roughly €35m. In contrast, the previous year's sales revenue had included €2.5m from the stake in Canplast Sud S.A. of Santiago de Chile, Chile, sold at the end of 2017. The SBU Plastic thus had to put up with a reduction in sales revenue as well in organic terms. Disproportionate growth was registered in revenue generated from sales of plastic edgebanding (+11%) and plastic foils (+10%). Growth was also recorded in revenue from sales of skirting boards and similar products (+5%) as well as technical mouldings (+2%). Sales revenue from roller-

blind systems, on the other hand, fell by 17%.

Sales revenue generated by the SBU Plastic in Germany remained at the previous year's level. The full-year consolidation of Probos was the main reason behind the growth achieved in the rest of Europe (+9%) and South America (+58%). Sales revenue generated in North America and Austria remained practically unchanged at the level of a year earlier; adjusted for exchange rates, however, the SBU Plastic achieved growth in both regions. Growth was also achieved in Asia overall at +8%. The segment's EBIT was impaired by higher costs for raw materials. Reserves of €2.7m also had to be formed for the restructuring measures. At €25.5m (24.5m), the segment's EBIT was 4.1% higher than the year before, nonetheless.

After the growth of 10.0% to €186.7m achieved in consolidated sales revenue in the first quarter, the development became regressive as the year progressed (Q2: +8.6% to €178.5m, Q3: -7.3% to €169.0m, Q4: -4.9% to €164.8m). Sales revenue increased 1.3% to €699.0m (€689.7m) in the year as a whole and was therefore higher than the forecast that had been reduced to €685-695m in October. Domestic sales revenue fell by 3.2% to €170.0m (175.7m) whereas foreign sales revenue was improved by 2.9% to €529.0m (514.0m), thus raising the foreign share to 75.7% (74.5%).

As all cost items increased more sharply than sales revenue, EBITDA fell by 12.4% to €72.8m (€83.1m), giving rise to an EBITDA margin of 10.4% (12.0%). EBIT even fell by 28.0% to €32.2m (44.7m). Adjusting for the reserves of €6.1m formed for the restructuring measures, at €38.3m, EBIT lay within the range of the adjusted forecast of €37-39m. □



(Photo credit: Surteco)



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Further improvement in turnover and result in the first half of 2018/2019

Broadview closed acquisition of Formica at the start of June

At the start of June, Broadview Holding B.V. (s'Hertogenbosch, the Netherlands) completed its acquisition of Formica Corp. (Cincinnati, Ohio) from Fletcher Building Ltd. (Auckland, New Zealand) after signing a sale purchase agreement (SPA) in mid-December 2018.

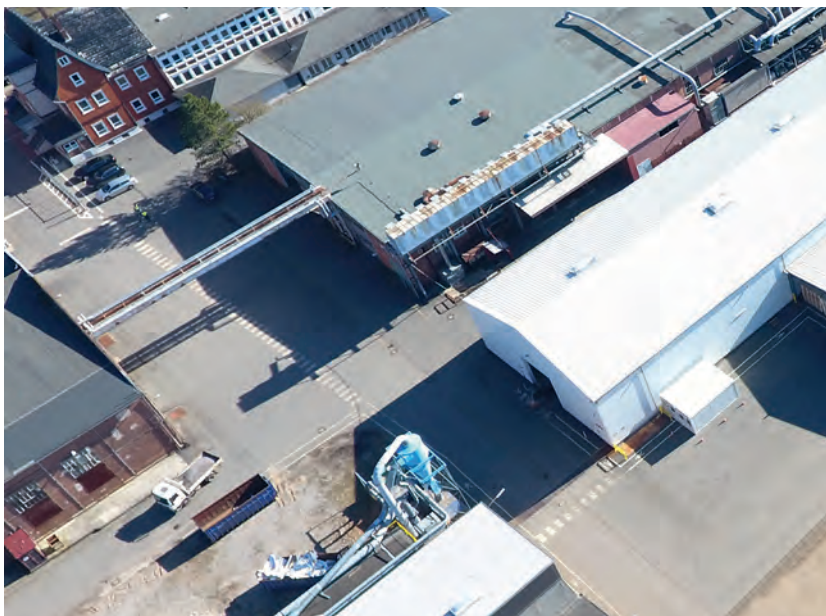
The final approvals from competition authorities had been received a short time earlier. The British Competition and Markets Authority (CMA), based in London, gave the green light on 17 May. Its review of the deal had begun on 27 March. In other countries, the procedure was finalised during the first quarter. The German Federal Cartel Office authorised the deal without conditions on 5 February. The deadline for submitting opinions on the deal to the Austrian Federal Competition Authority (BWB) passed on 8 February. The US Federal Trade Commission (FTC) had issued an early termination notice on 31 January, which revoked the deadlines required under the Hart-Scott-Rodino Act for acquisitions.

The purchase price for Formica Group was set at US\$840m minus transaction costs and working capital adjustments. Fletcher Building estimates these adjustments about a US\$45m, meaning that proceeds will add up to roughly US\$795m. The company intends to provide more details about how it will use the proceeds at its Investor Day on 26 June. Fletcher Building had invested about US\$700m to acquire Formica at the start of July 2007. The sellers were the investment firms Cerberus Capital Management LP and Oaktree Capital Management LLC.

According to Fletcher Building's CEO Russ Taylor, the divestment of Formica Group is the biggest step within a strategic reorganisation announced in spring 2018. The company intends to concentrate its activities in Australia and New Zealand with this initiative. The Roof Tile Group (RTG) was sold to IKO Group, based in Brampton, Canada, with effect from 1 November 2018. The purchase price was fixed at NZ\$66m and the net proceeds at NZ\$59m. The Formica divestment

was originally supposed to close by the end of the 2018/2019 financial year (30 June). The wood-based panel manufacturer Laminex Group Pty. Ltd., based in Doncaster, Victoria, which was originally also part of the old International division, will stay part of the group.

Formica Group will be consolidated for only 11 months as the deal closed at the start of June. Based on guidance to date, the Formica/The Roof Tile Group area, which was spun off from the old International division with effect from 1 July 2018, would have contributed about NZ\$110m to forecast adjusted group EBIT of NZ\$650-700m in the full financial year. The Formica/The Roof Tile Group unit will likely reach EBIT of just about NZ\$80m in the full financial year since June will no longer be included, which is normally a relatively strong month, and given a somewhat weaker performance in North America and Europe of late. Fletcher Building has also revised downward its EBIT forecast for the group as a whole to NZ\$620-650m because of this NZ\$30m reduction.



Homapal's Herzberg site

(Photo credit: Homapal)

In the first half of its business year 2018/2019 Formica increased its sales revenue by 7%. An absolute figure was not given in the Fletcher Building half-year report published on 20 February. EBIT recorded before extraordinary items was even improved by 12% to NZ\$37m (July-Dec. 2017: 33m). The main factors contributing to this increase were the activities in North America and Asia; there were positive exchange-rate effects as well. In 2017/2018 as a whole, Formica's sales revenue rose by 8% to NZ\$1.030bn; operating EBIT remained more or less on par with a year earlier at NZ\$75m. In the presentation for the half-year figures, Fletcher Building gave the Formica group's sales revenue for the last twelve months to December 2018 as NZ\$1.096bn. NZ\$467m of this were accounted for by North America, NZ\$328m by Asia, and NZ\$301m by Europe. □

Dekodur last booked full-year revenues of around €12m, export rate about 70%

Transferred restructuring for specialty laminate producer Dekodur

Dekodur GmbH & Co. KG, a laminate manufacturer that has been insolvent since December 2018 and is based in Hirschhorn, Germany, has been acquired by the private investor Rolf van den Berg and Sagacious Beteiligungs GmbH, headquartered in Langen, Germany, in a transferred restructuring.

These assets became part of a new firm, DI Dekodur International GmbH & Co. KG, with effect from 1 May. Van den Berg owns a 70% stake in this company, with Sagacious holding the other 30%. The new company will retain Dekodur's 65 workers. Van den Berg will manage the new company as managing partner. Holger Obländer, who had previously been in charge of commercial operations, will also be appointed to the management team.

Sagacious is backed by managing partner Dr Frank-Jürgen Weise, who headed the Federal Labour Office from 2004 to March 2017 and also the Federal Agency of Migration and Refugees from 2015 to the end of 2017. Van den Berg and Weise had previously invested together, including in Microlog Logistics AG, based in Heppenheim, Germany, which was founded in 1997. This company, which had coordinated in-house logistics for companies in the aluminium, paper and laminate industry, held an initial public offering in 2000. In 2002, Microlog Logistics was acquired by Delton Logistics S.à.r.l., a firm based in Grevenmacher, Luxembourg, that is controlled by Stefan Quandt, and later integrated into Logwin AG, which is majority-owned by Delton.

Dekodur GmbH & Co. KG had filed an application for the opening of insolvency proceedings with the Darmstadt District Court via André Verwaltungsgesellschaft mbH in mid-December. The firm had long battled earnings and liquidity pro-



(Photo credit: Dekodur)

blems. The insolvency filing was actually prompted by an unexpectedly big plunge in revenues in the fourth quarter of 2018. Dekodur was managed by partners Volkmar André, who had only joined the management team in November, and Obländer until the insolvency filing. The Court ordered preliminary insolvency proceedings on 19 December and named lawyer Henrik Schmoll from Wellensiek Rechtsanwälte Partnergesellschaft in Heidelberg as the provisional administrator.

Schmoll had then stabilised operations and launched a divestment process for Dekodur assets, which involved several potential investors. Van den Berg and Sagacious received the go-ahead to acquire Dekodur in accordance with terms of a bid submitted by mid-April, which provided for production to continue at the existing site and all employees to be retained. Insolvency proceedings for Dekodur opened on 1 March. Dekodur's creditors had until 14 May to lodge their claims. The first creditors' meeting is

scheduled for 25 June as a reporting and examination date.

According to a statement published by the insolvency administrator and investors to mark the asset deal, Dekodur last booked full-year revenues of around €12m. The export rate, which had stood at around 50% a few years ago, has now increased to about 70% because of weaker business in Germany and growth in other countries. Dekodur's product range includes real metal laminates with aluminium, stainless steel, copper and tin surfaces (Dekorior), magnetic HPL (Dekopin), standard HPL (Dekoplus), non-flammable HPL (FireSafe), a variety of speciality products, such as Eco-HPL and the Re-y-Stone product line, as well as complementary products, such as composite elements, foils, films and edging (Dekortech). Some products, such as real metal laminates, are delivered to other laminate producers, as well. The biggest customer in this area is Wilsonart International Holding LLC, based in Temple, Texas. □

Schmidt Groupe increases production turnover by 4%



(Photo credit: EUWID)

In the 2018 financial year French Schmidt Groupe S.A.S., based in Lièpvre, which includes Schmidt Küchen GmbH & Co. KG with production facilities in Türkismühle, generated production turnover to a value of €563m (2017: 534m). This represents an increase of 4% vis à vis the preceding year, according to in-company information. The rate of growth therefore continued to slacken off. Following the double-digit increase of 14% in 2016, the increase rate subsequently halved to 6.8% in 2017.

Specialised trade turnover, including integrated electrical appliances supplied via the group, increased by 2% to €1.629bn (1.605bn) in year 2018. In 2017 and 2016 increases of 5.1% and 9% respectively had been recorded in this category. In addition to the core business segment of kitchens, the living areas and bathroom business segments also made significant contributions last year. The annual increase rates in these categories averaged 20-25%. The Schmidt Groupe entered the living room furniture segment in 2004; the company has been active in the bathroom segment since 1992. Partner companies specialised exclusively on the living room furniture segment already exist in France. In addition to dining room and living room furniture, this segment also includes furniture for bedrooms, cloakrooms and offices.

The Schmidt Groupe currently sells its products via 728 exclusive dealers around the world as well as 44 German partner companies. The company is meanwhile represented in a total of 30 countries. In addition to the Schmidt brand, the group is also involved with the Cuisinella brand in France and Belgium.

Aside from the plant in Türkismühle and the factory at company headquarters in Lièpvre, there are currently a further three production locations in Sélestat as well as a logistics centre in Bergheim, France. The total area for production, which is orientated towards the batch size 1-principle, amounts to some 223,000 m². Recently, in 2017, the so-called U3 plant was commissioned in Sélestat for production of wardrobes. A total of €50m was invested at this location, according to earlier information. □

The Schmidt Groupe also commenced construction work on a further plant for kitchen furniture production at the Sélestat location in 2018. This information ensues from a report in French newspaper *Les Échos* at the beginning of June. In future 250-300 kitchens per day are to be produced at the new factory, and some 200 people will be employed. According to the report, the total investment volume amounts to €70m. The start of production in the additional plant is expected to commence before the end of 2019. □

Nobilia starts construction on Saarlouis plant



(Photo credit: Nobilia)

Kitchen furniture manufacturer Nobilia-Werke J. Stickling GmbH & Co. KG, based in Verl, has commenced expansion and construction work for plant V, which is planned in Saarlouis. The ground-breaking ceremony took place on 4 May 2019. Nobilia announced the decision to construct the new plant at the end of February 2018. The plant is to supply products to the largest export market of France, for example, as well as other countries in western and southern Europe. At the beginning of March 2018 premises covering 29 ha were purchased at the Lisdorfer

Berg industrial park. Building permission was applied for in the fourth quarter and granted at the end of February. Construction of the new plant is to be implemented gradually over the course of the coming years. In the final expansion stage over 1,000 people are to be employed at the production site, which covers an area of up to 120,000 m². □

Nobia organic turnover decreased by 1%

In the first quarter of 2019 Swedish kitchen furniture manufacturer Nobia AB, based in Stockholm, generated turnover of SEK3.469bn (Jan.-March 2018: 3.173bn). This increase of 9% vis à vis the previous year is attributed to currency effects to the amount of SEK136m as well as the takeover of Dutch kitchen furniture manufacturer Bribus Holding B.V. of Dinxperlo. Since 1 July 2018 Bribus has been part of the group consolidated companies and contributed SEK177m to turnover in the first quarter. Organic turnover of Nobia, in contrast, declined by 1%. The company attributes this decrease to lower turnover in the low price segment in Austria as well as transformation of Norwegian Norema stores into franchise businesses.

Organically, a turnover increase could not be achieved in any of the three sales regions. In Great Britain turnover, at SEK1.448bn (1.367bn), stagnated at virtually the same level as last year in organic terms. Whilst activities in areas such as the DIY division developed along positive lines in Great Britain, declines were recorded for project business. In northern Europe turnover of SEK1.724bn (1.682bn) was generated; this corresponds to a decline of 1% in organic terms. Decreases in consumer business in Sweden and Finland contrasted with increases in Denmark and Norway. Project business particularly improved in Denmark, but increases were also achieved in Finland and Norway. It was only in Sweden that turnover generated with project business declined. 5% of total turnover is generated from Swedish project business. Nobia expects more

significant decreases in the second and third quarters, followed by a stabilisation in the fourth quarter. In central Europe Nobia generated SEK297m (124m) in the first quarter, corresponding to a 7% decline in organic terms. Since the sale of subsidiary Poggenpohl Möbelwerke GmbH, based in Herford, at the end of 2017, this region only includes activities in Austria with the ewe, fm and Intuo brands apart from Bribus.

Operating profit of the group overall increased by 2% in the first quarter to SEK260m (255m). Positive currency effects to the amount of some SEK5m also had a favourable impact in this case, however. Profit after financial items as well as profit after tax declined, in contrast, by 4% to SEK236m (247m) and 5% to SEK183m (193m) respectively. □

Snaidero founded joint venture in China

Italian kitchen manufacturer Snaidero Rino S.p.A. (Majano) and Chinese retail company Hi-Season Trading co. Ltd. (Beijing) have founded a joint venture. According to a statement issued on 22 March 2019, Snaidero China Ltd., headquartered in Beijing, will take over exclusive sales of Snaidero kitchens in Chinese retail and commercial business in future. Initially, four Snaidero flagship stores are to be opened in Beijing, Shanghai, Shenzhen and Chengdu. The opening of the first store in Beijing will take place as early as June; the other three locations are also to open over the course of 2019. After this, further stores are to be opened which will be operated together with local partners and subcontractors. The Snaidero kitchens sold on the Chinese market are to be produced exclusively at the company headquarters in Majano, Italy.

The Snaidero Group currently sells its kitchens via 330 stores in Italy and a further 530 sales locations in 86 countries. The network includes single brand stores as well as locations which also sell other kitchen furniture brands. The group, in addition to the brand of the

same name in Italy, also includes French brands Arthur Bonnet and Comera as well as Rational Einbauküchen GmbH (Melle) and its Austrian subsidiary Regina GmbH (Bad Fischau). According to earlier information, in addition to China, the company sees further growth potential particularly in Great Britain, North America and Asia. In the 2018 financial year the Snaidero Group generated turnover of €124m (2017: 114m). This represents an increase of almost 9%. □

Hi-Season Trading specialises in direct sales of domestic appliances which are imported from Italy, Germany and France, and operates some 250 stores in over 70 cities in China. □

Subsidy fraud in Poland: furniture firms suspected

The Polish anti-corruption authority (Centralne Biuro Antykorupcyjne, CBA) in Gdansk has arrested a total of 17 persons throughout Poland on suspicion of subsidy fraud. Among them are employees of companies from the furniture industry and woodworking machine manufacturers in Poland. The furniture companies are some of the largest in the country. According to the CBA, both Polish and international subsidiaries are involved in the case. According to a CBA report dated 5 June 2019, the premises of a total of 20 company headquarters were searched. The search was based on the suspicion that between 2013 and 2015 the companies had received illegal EU subsidies totalling Zloty27m (equivalent to around €6m) as part of the "Innovative Economy for 2009-2013" economic development programme of the Polish Agency for Enterprise Development (PARP). The programme is aimed at small and medium-sized enterprises and is intended to support them in introducing innovative technologies and organisational structures.

The results of the investigation now indicate that after the signing of a subsidy agreement with the PARP, representatives of Polish companies from the furniture and woodworking machinery industry

agreed on prices for ordered equipment. The price was therefore overcharged in order to obtain correspondingly higher subsidies. In addition, a company was allegedly set up specifically to procure EU subsidies. The company had received illegal subsidies in the millions. Four of the arrested persons are to be reported for participation in an organised criminal organisation, subsidy fraud, deception as well as criminal offences and tax offences. Two suspects will also be charged with money laundering and the others will be charged with tax offences and fraud. According to the CBA, the investigations are still ongoing. □

Freda invests €42m in new factory in Kaunas

On 20 March 2019 Lithuanian furniture manufacturer AB Freda (Kaunas) opened a cabinet furniture factory, including a warehouse, in the FEZ Kaunas special economic zone. Lacquered flatpack furniture such as cupboards and chests of drawers are produced at the location which covers an area of 35,600 m². All products manufactured at the new factory are intended for export. Freda's main customer is Swedish Ikea Group. Construction work for the factory commenced approximately one year ago. A total of €42m has been invested in Kaunas so far. A further €12m is to be invested at the location within the scope of a second development stage. Freda expects that the final development stage of the new factory will be completed in three to four years and a production value of some €250m will consequently be achieved. A total of 240 new jobs are to be created at the location. Freda currently employs some 550 people.

Freda is the third furniture manufacturer in the FEZ Kaunas special economic zone. Lithuanian bathroom furniture manufacturer Raguvos Baldai (Raguva) as well as Lithuanian company Fitsout (Vilnius, Karmelava), which has recently started manufacturing furniture and furnishing solutions for the commercial sector in Kaunas, are already domiciled within the cluster. □

Industry turnover decreased by 1.2%, revenue from kitchen furniture sales down 3.8%

Kitchen industry surpasses €11bn mark for the fourth consecutive time

In 2018 the German kitchen industry including domestic appliances, sinks and accessories achieved turnover of €11.43bn (2017: 11.57bn). The €11bn mark was therefore surpassed for the fourth consecutive time.

Vis à vis the previous year, however, turnover decreased by 1.2%. For the first time since data was first collected in 2009, domestic as well as export turnover declined. Whereas a decline of 0.6% to €5.0bn (5.03bn) was recorded in exports, domestic turnover decreased by 1.7% to €6.43bn (6.54bn). In 2017 turnover achieved in Germany had already decreased by 2.0%; export turnover at that time, in contrast, increased by 2.6%.

Domestic turnover nevertheless remained at a high level in 2018. Higher figures had only been recorded in the three preceding years 2017 (€6.54bn), 2016 (€6.68bn) and 2015 (€6.44bn). Export turnover in 2018 also remained virtually at the record level of 2017 (€5.03bn). As a result of the lower rate of decrease in export business, the proportion of exports in 2018 increased slightly to 43.7% (43.5%).

Over the past nine years since 2009, total turnover of the German kitchen industry has increased by 31.7%. Domestic turnover in the accumulated period rose by 27.6%; export turnover improved even more significantly by 37.6%. The highest growth rates concerning total turnover were achieved in 2011 at 6.3% and 2015 at 7.0%. Higher growth rates in export (+3.8%) than domestic business (+1.9%) were recorded for the first time in 2014. In 2015 export turnover, at +10.2%, a double-digit increase was even recorded. Domestic turnover increased by 4.9%. In 2016 the increase of 6.8% in exports contrasted with an increase of 3.7% in domestic business.

Figures presented by the Arbeitsgemeinschaft die Moderne Küche (AMK, Mannheim) in Cologne on 13 May 2019 were compiled from the market survey conducted on an annual basis in collaboration with several associations. In addition to the AMK, the Verband der Deutschen Küchenmöbelindustrie (VdDK, Herford), the Zentralverband Elektrotechnik- und Elektronikindustrie (ZVEI, Frankfurt/Main) as well as the market research institute

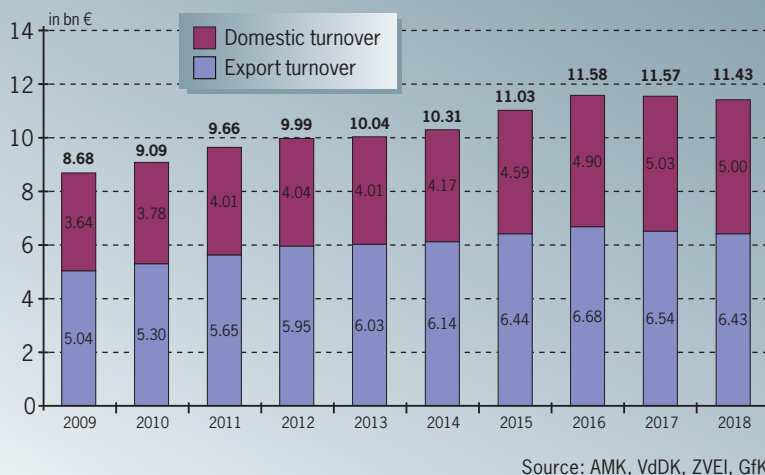
GfK SE (Nuremberg) are involved in the survey. Turnover information refers in each case to the selling prices of the industry, VAT is not included in the figures.

In 2018, according to AMK, factors such as the delivery times of kitchen furniture manufacturers especially during the first half of the year, which were very long in some cases, due to the discontinuation of the Alno Group as well as the hot summer negatively impacted on turnover development of the German kitchen industry. AMK sees growth potential in the increasing demand for Western-standard kitchens in China as well as in the comparatively high number of kitchens in Germany, at 15m, which are older than 15 years.

According to another market survey performed by GfK and AMK, the revenue (including VAT) generated from sales of kitchen furniture in the German retail market in 2018 was 3.8% lower than the year before at €9.323bn (2017: €9.691bn). This was the first decline since gathering the data began in 2009. The number of kitchens sold in the "GfK-Panelmarkt Deutschland" fell even more sharply by 6.9% last year to 1.309m (1.405m) units. In the fourth quarter, however, an upward trend was established in sales revenue again as well as in the number of sold kitchens. The volume sold in the final quarter, for example, rose by 0.8% whereas the sales revenue increased 3%. The positive development continued in the first two months of this year as well. For 2019 as a whole, GfK is working from the assumption of a stabilisation or minor growth in sales revenue.

The average order value (including VAT) of a kitchen sold in the German retail trade continued to rise in 2018 by 3.3% to €7,125 (€6,897). The average price has risen by almost 23% in the last six years: the value had still been €5,800 in 2012.

Germany: Turnover of the kitchen industry



With €2.0bn, exports of kitchen furniture were 5.5% above the preceding year's level

German furniture exports reached a new record level of €10.9bn in 2018

In 2018 German furniture exports increased by 2.2% vis à vis the previous year to €10.919bn (2017: 10.686bn). According to the Association of the Verband der Deutschen Möbelindustrie (VDM), Bad Honnef, this is the highest export value ever recorded.

The export rate, at 32.4% (32.4%), remained stable at the previous year's level. Within Europe, it was possible to increase deliveries to France in particular by 6.6% to €1.500bn (1.407bn) compared to the preceding year. Exports also increased to the Netherlands (+4.4% to €891.3m), Belgium (+4.2% to €548.1m), Poland (+5.0% to €520.4m), the Czech Republic (+2.9% to €446.3m) and Spain (+5.7% to €382.2m). Declines in exports, by contrast, were recorded for Switzerland (-2.2% to €1.096bn) and Great Britain (-5.3% to €700.0m). Exports to Austria, at a value of €1.040bn (1.038bn), stagnated at virtually the same level as the preceding year. Outside Europe, the USA remains the most important export market with an export value of €513.2m (510.5m), 0.5% higher than in 2017. A significantly greater incre-

ase compared to the preceding year was achieved in China, in contrast, at +14.7% to €336.7m (293.6m). The majority of German furniture exports were delivered to the EU (70.3%), followed by the remaining European countries at a proportion of 13.3%, Asia at 8.3% and North America at 5.3%.

At a figure of €12.662bn (12.756bn), German furniture imports were down 0.7% on the previous year's figure. Within the ten most important supplier countries, increases were recorded in Poland (+2.2% to €3.353bn), Turkey (+0.9% to €327.6m) and France (+6.8% to €309.1m). Imports from Italy, at a value of €799.1m (798.8m), stagnated at the previous year's level. Decreases were recorded for all other top 10 import markets. The highest decrease rate of -12.7% to €266.4m (305.0m) was recorded for imports from Austria.

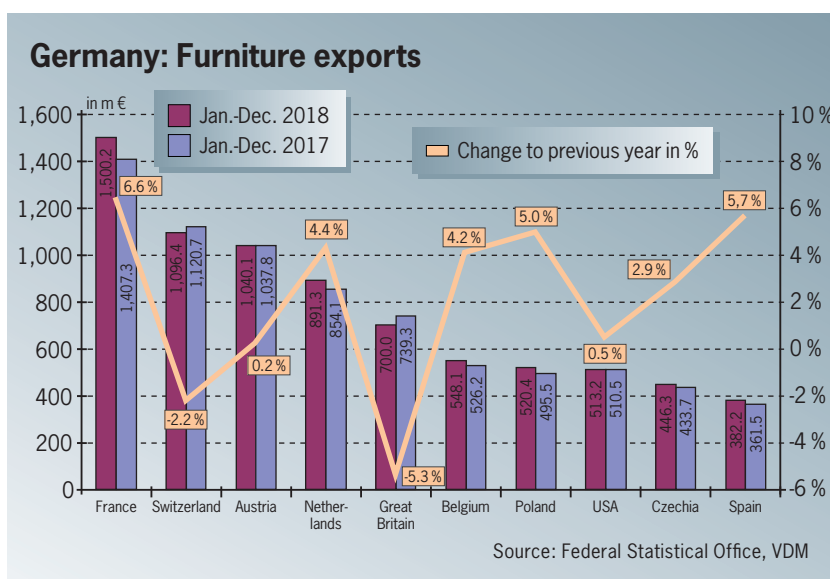
German exports of kitchen furniture continued to develop along positive lines over the entire period of 2018 and were 5.5% above the preceding year's level at a total value of €2.044bn (2017: 1.937bn).

According to the statistics compiled by Verband der Deutschen Küchenmöbelindustrie (VdDK), Herford, the growth rate accelerated within the first six months of the year and subsequently remained virtually stable.

Over the entire year kitchen exports to the four most important export markets increased. In the case of exports to France, an increase of 9.3% to €514.3m (470.3m) was recorded. Deliveries to the Netherlands increased by 2.7% to €288.2m (280.6m). Exports to Austria increased significantly by 20% to €198.9m (165.8m). In Belgium an increase of 3.5% to €185.1m (178.8m) was achieved. Declines in kitchen furniture exports were recorded, in contrast, for Switzerland (-2.6% to €177.0m), Luxembourg (-5.9% to €26.9m), China and the USA. At €83.8m (91.7m), deliveries to China were 8.6% below the figure of the previous year. Deliveries to the USA declined by 12.7% to €35.6m (40.8m).

In contrast to exports, German imports of kitchen furniture decreased by 11.3% to €94.6m (106.7m) and thus remained below the threshold of €100m. The negative development intensified over the course of the year. In the first quarter imports declined by 7.7%, and by the end of June were down by 8.7% and by 9.8% over the nine-month period.

Significant declines were recorded in 2018 for Italy (-31.4% to €19.4m), France (-40.9% to €6.7m) and to a comparatively low level for Spain (-54.7% to €1.5m). Imports from Austria also decreased by 6.7% to €10.4m (11.1m). These decreases contrasted with a significant increase of 22.1% to €14.9m (12.2m) for kitchens from Poland, however. Increases were also recorded for imports from Hungary (+7.6% to €5.2m), China (+16.1% to €3.8m) and Ukraine (+6.7% to €1.8m).



Preliminary countervailing duties to be set at the start of August

DoC postpones ruling on US kitchen furniture imports

The US Department of Commerce (DoC) has delayed a preliminary decision that it had planned to make on 30 May 2019 about whether to impose countervailing duties (CVD) on imports of kitchen furniture and furniture parts from China until 5 August.

The American Kitchen Cabinet Alliance (AKCA), based in Reston, Virginia, had filed a petition to this effect on 2 May. Explaining the move, the AKCA pointed out that the DoC needed more time to send out and evaluate questionnaires, select additional companies and secure additional information because of the complex nature of the matter. The DoC had approved the AKCA's petition with the decision on 9 May. This decision was published in the Federal Register on 17 May.

The normal procedure with CVD cases is that the DoC publishes a preliminary decision about countervailing duties within 65 days of launching an investigation. After the AKCA filed the petition on 6 March, the DoC launched the CVD investigation into imports of kitchen furniture and furniture parts from China on 26 March. At the same time, an anti-dumping investigation

was begun. Therefore, the preliminary CVD decision was supposed to have been made by 30 May. However, the petitioner has the option of seeking an extension within 25 days before the deadline for the preliminary decision. The review period doubles to 130 days upon approval from the DoC. Consequently, 3 August will be the new date for a decision. Since 3 August is a Saturday, the deadline has been extended to the following Monday, 5 August. Once the preliminary decision has been published, the DoC has another 75 days to reach a final verdict.

The AD/CVD investigation sought by the AKCA on 6 March has already passed through several stages in the past few months. The DoC requested additional information from the AKCA between 11 and 20 March, which it then received between 12 and 22 March. The two cases 701-TA-620 and 731-TA-1445 were opened on 27 March. On the same day, the International Trade Commission (ITC), which is part of the DoC, held a hearing on this issue. Its contents were summarised in a 224-page transcript. In a decision issued on 19 April, the ITC found that there was enough evidence to prove that subsidised imports from China harm the US kitchen furniture industry and has advocated continuing the AD/CVD investigation as a result. ITC report no. 4891 "Wooden cabinets and vanities from China" summarised the background to this decision. The 187-page report was published on its website on 20 May. It also contains information about the US kitchen furniture and cabinet market, producers and importers based in the US and price trends.

The investigation concerns kitchen furniture, kitchen cupboards and corresponding furniture parts which have been produced from solid wood or wood-based panels and are a firmly fitted component of the finished kitchen. Ready to assemble

Background

ITC report on the investigation on kitchen furniture from China



<https://download.euwid-holz.de/192401.pdf>

Background

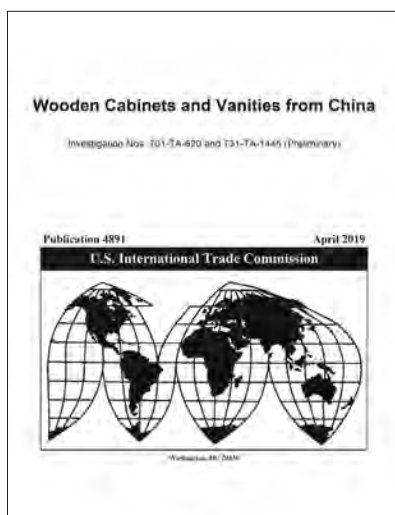
Documents for the AD/CVD investigation on imported kitchen furniture from China



<https://download.euwid-holz.de/192402.html>

RTA or flat-pack furniture is also included. Products affected are therefore face-frame cupboards, frameless cupboards, cupboard elements such as fronts, drawers, rear panels, worktops and tables. According to the DoC, these products are all listed in classes 9403.40.9060, 9403.60.8081 and 9403.90.7080 of the Harmonized Tariff Schedule of the US (HTSUS). Not included are parts which are not firmly fitted, only serve as decoration or are made of other materials. The investigated products are imports from China. Also considered in this context are imports which were produced in China but were then further processed in a third country.

One of the issues brought by the AKCA in its action against China, concerns the state support for manufacturers of kitchen and bathroom furniture, for example by providing cheaper production areas, electricity, raw materials, credit facilities and by subsidising export deliveries. According to the AKCA, the price dumping on international markets made possible by such subsidies has meant that imports to the USA of kitchen and bathroom cupboards from China has increased significantly over recent years. The import pressure is intensified further by the fact that meanwhile facilities have also been established in the USA specifically for the assembly of cupboards which have been prefabricated in China. □



Von Tippelskirch becomes chairman of the EPLF's board, new deputy chairman Desmet

Feriel Saouli is new managing director of EPLF and MMFA

Feriel Saouli, the COO of the Brussels-based lobby and consulting firm Cambre Associates, will take over managing the associations European Producers of Laminate Flooring (EPLF) and Multilayer Modular Flooring Association (MMFA) from Peter H. Meyer in September 2019.

Over the next three months, Meyer and Saouli will manage the two associations together. Following the handover, Meyer will depart for good at the Domotex 2020. This change will also mean that the two associations will move their main offices from Bielefeld to the headquarters of Cambre Associates in Brussels, Belgium. The move to Brussels is to forge closer contacts with EU institutions and allow the groups to work together more with other construction and flooring associations, including European Floorcovering Association (EuFCA), a new umbrella association that was founded in January 2019. The move also has tax benefits. Cambre Associates has specialised in carrying out management and consulting duties

for associations. As an association management company, the firm currently has mandates to manage five associations in other industries. It also advises 30 other associations on strategic and PR issues.

Following another round of interviews on 16 May in Brussels, the boards of directors of EPLF and MMFA opted for Cambre Associates and Saouli as managing director. The selection processes had initially been launched separately in mid-2018. At that time, both associations had thought that they would abandon their joint management, which has existed since the MMFA was founded, when the new appointments were made.

The MMFA officially advertised the management position in July 2018. The EPLF's former chairman of the management board, Paul de Cock, proposed moving the association to Brussels during the third quarter of 2018 and also presented a staffing solution. This proposal was then dropped because of Mr de Cock's departure. Towards mid-

November 2018, Mr de Cock took over managing the Flooring North America division for Mohawk Industries Inc., based in Calhoun, Georgia, so he handed off his duties as head of the EPLF.

The first round of the MMFA's search also went nowhere. Several candidates were selected from the applications submitted during the third quarter. These candidates interviewed with the MMFA board during its meeting in Cologne, Germany on 19 and 20 November. A decision about the new management, which had been set to happen by the Domotex trade fair, was then scuppered. A trend keeping the joint management approach then emerged within both the EPLF and MMFA. Meetings with candidates held in the first quarter also failed to reach a solution. Therefore, new candidates from the world of association management were then contacted for the joint round of interviews in May.

The EPLF also encountered changes in its board of directors at the start of June. Since de Cock's departure, the association has been temporarily managed by two other board members, Max von Tippelskirch (Swiss Krono Group) and Eberhard Herrmann (Classen). Von Tippelskirch was unanimously elected as new chairman at the meeting of EPLF members held in Antwerp, Belgium on 6 June. Herrmann will stay on the board. Its new deputy chairman is Ruben Desmet from Unilin bvba, headquartered in Wielsbeke, Belgium, who took over the position freed up by de Cock's move to North America in November. Georg Kruse (Windmüller GmbH, Augustdorf) was re-elected as treasurer. On the day before the meeting, the EPLF working groups for Technology, and Markets and Image selected their new heads. The Technology working group will still be led by Herrmann. Von Tippelskirch handed over management of the Markets and Image working group to Desmet. □



Management and board of EPLF.

(Photo credit: EUWID)

Ten biggest manufacturers responsible for a good two-thirds of total output

Laminate flooring production fell slightly in all regions last year

Worldwide laminate flooring production dipped slightly for the first time in a while in 2018 after growth lasting several years in a row.

Output was 3.4% lower than in the previous year at 985 million (2017: 1.020 billion) m². All relevant production regions played a part in this downturn. European laminate flooring production slipped 4.7% to 605 (2017: 635) million m². The drops were not quite as pronounced in the Americas and Asia. Asian laminate flooring production was down 1.7% at 281 (285) million m². North and South American production was 1.0% lower at 99 (100) million m². Consequently, Europe was responsible for 61% of global laminate flooring manufacturing last year. Another 29% came from Asia and 10% from North and South America. The biggest producer countries were China with a 26% share of global production, followed by Germany (23%), Russia and Turkey (9% each), the US (8%), Poland, Belgium and Austria (4% each).

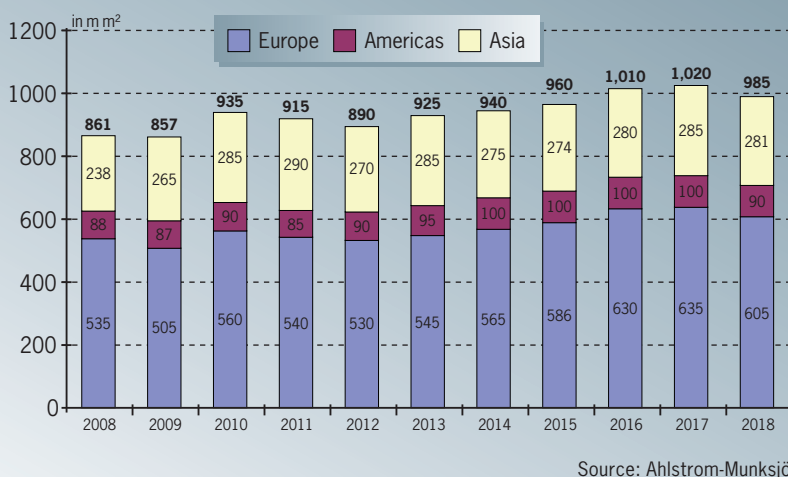
The ten biggest laminate flooring manufacturers accounted for roughly 67% of global laminate flooring production with a

total of 660 million m² made. Kronospan is the biggest manufacturer by some margin, followed by Swiss Krono Group and Mohawk Industries Inc., based in Calhoun, Georgia. Kronospan's figures also include output from its affiliate Kaindl Flooring GmbH, based in Wals, Austria. Classen (Kaisersesch, Germany), Egger (St. Johann, Austria), and Kastamonu Entegre Ağaç San. ve Tic. A.Ş., Istanbul hold the next places. The Chinese manufacturers Power Dekor Group Co. Ltd., headquartered in Shanghai, and Nature Home Holding Co. Ltd., based in Foshan, Guangdong Province, take seventh and eighth spots. Two Turkish firms follow them: Yıldız Entegre Ağaç San. ve Tic. A.Ş., headquartered in Kocaeli, and AGT Ağaç Sanayi ve Ticaret A.Ş., based in Antalya. Ahlstrom-Munksjö Germany Holding GmbH, headquartered in Aalen, Germany, reaches this conclusion in its latest analysis of the global laminate flooring market, which Vice President Sales Decor Dr Matthias Krull presented at the annual general assembly of the association European Producers of Laminate Flooring (EPLF), Bielefeld, in Antwerp on 5 and 6 June 2019.

Following a continuous upward spiral lasting until 2007, worldwide laminate flooring production initially softened slightly in 2008 (861 million m²) and 2009 (857 million m²). Production rose sharply to 935 million m² in 2010, but receded again in 2011 (915 million m²) and 2012 (890 million m²). Ahlstrom-Munksjö identified a slight increase in production across the board between 2013 and 2017. A similar trend was seen in Europe over the past ten years: decreases in 2008, 2009, 2011 and 2012 were followed by an upward trend. Asian laminate flooring production increased to 290 million m² by 2011, before dipping in 2012, 2014 and 2015. North and South American output has not altered much in recent years. Total production was in the region of 100 million m² for several years after a minor upswing between 2012 and 2014.

A compound annual growth rate (CAGR) of 0.6% was recorded across all regions from 2010 to 2018. Much larger growth rates had been registered in previous periods. Ahlstrom-Munksjö reported a CAGR of 43.9% for the period from 1994 to 2002; from 2002 to 2010 the average growth rate stood at 7.3%. Ahlstrom-Munksjö based these figures on output of around 10 million m² in 1990. This total reached approximately 55 million m² in 1995 around the world. Almost all of the 365 million m² made in 2000 was produced in Europe. In subsequent years, a laminate flooring industry emerged in North America and above all in Asia, as well. Therefore, 528 million m² or 65% of the 815 million m² of laminate flooring made around the globe in 2005 was produced in Europe, another 215 million m² or 26% in Asia and 72 million m² or 9% in the Americas. Europe's share declined slightly in the next few years. In 2010, some 935 million m² was made around the globe. Approximately 560 million m² or 60% was produced in Europe, 285 million m² or 30% in Asia and 90 million m²

World: Development of laminate flooring production

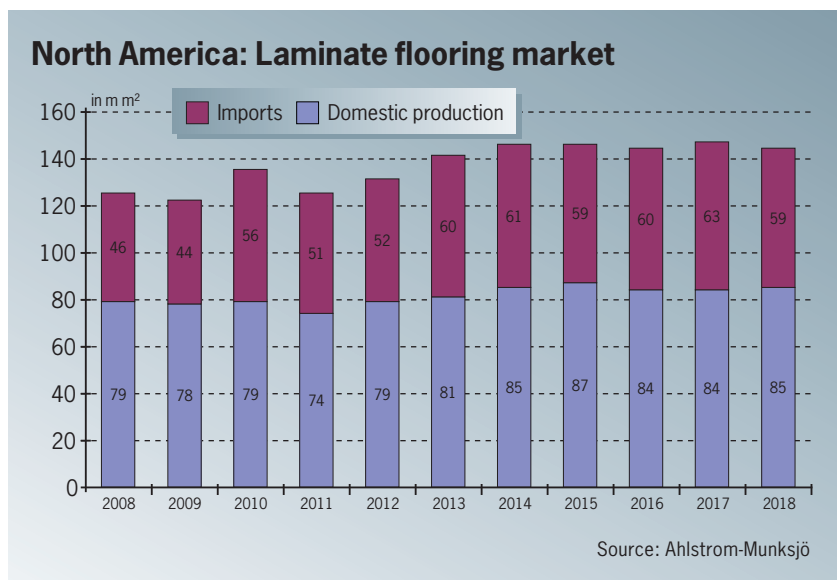
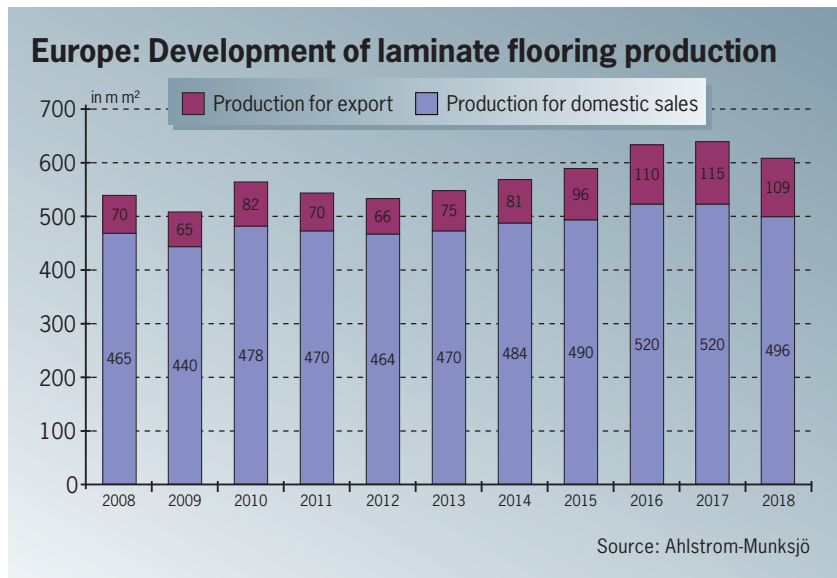


or 10% in the Americas. This breakdown hardly altered over the next few years.

Europe's laminate flooring industry continues to focus on supplying local markets and exporting to other regions. The share of these exports to non-European destinations has risen slightly in recent years. Ahlstrom-Munksjö estimates indicate that 478 million m² or 85% of 2010's total output of 560 million m² was sold on European markets and 82 million m² or 15% exported to other regions. A similar breakdown was recorded for 2015 with a total output of 586 million m² breaking down into 490 million m² or 84% in Europe and 96 million m² or 16% exported. Some 109 million m² or 18% of the 605 million m² made last year was sold in markets outside Europe.

On the other hand, the North American laminate flooring market continue to be served by imports to a relatively strong degree. Ahlstrom-Munksjö's analysis shows little change in local production, imports and thus the total market volume in recent years. Some 85 million m² of the 144 million m² sold in North America in 2018 was made in the US or Canada and 59 million m² was imported. The Asian market, which was mainly served by shipments from Europe up until the start of the 2000s, showed a slight export surplus up until 2016, according to data from Ahlstrom-Munksjö. However, it has become a net importer again in the past two years. Local mills were responsible for roughly 281 million m² of the 285 million m² market last year. Asia, especially China, exported about 30 million m² to non-Asian markets. Conversely, other regions delivered 34 million m² to Asia.

Ahlstrom-Munksjö also analysed volume streams from one region to another based on this trend in manufacturing and sales. Therefore, around 300 million m² of the 454 million m² made in Western Europe (including Turkey) were sold in the region in 2018, with net exports of 154 million m². Roughly 45 million m² of this sum ended up in North America, 35 million m² in Eastern Europe, 19 million m² in South America and 9 million m² in China. The remaining 44 million m² were delivered to the Middle East, Asia and Oceania. Eastern Europe



made 151 million m² and imported 45 million m² net, translating into sales of 196 million m². North American production stood at 85 million m², net imports at 59 million m² and sales at 144 million m². South American production was listed at 14 million m², with net imports reaching 23 million m² and sales 37 million m². By contrast, China was a net exporter with 27 million m²; production amounted to 254 million m² and sales to 227 million m². However, the other regions were mainly served by imports (production: 28 million m², net imports: 52 million m², sales: 80 million m²).

According to Ahlstrom-Munksjö's analysis, production capacity far exceeds sales

volumes in all regions. Total worldwide capacity is estimated at roughly 1.870 billion m² based on an assumption of continuous operations. However, many mills only operate using a reduced shift model.

With a total output of 985 million m², the theoretical plant capacity utilisation reached just 53% on average last year. Western Europe (theoretical capacity: 757 million m², capacity utilisation: 60%) and Eastern Europe (theoretical capacity: 273 million m², capacity utilisation: 55%) performed better than other regions (China: 550 million m² / 46%, North America: 161 million m² / 53%, South America: 35 million m² / 42%, other regions: 93 million m² / 30%). □

Disputes with intellectual property firm Innovations4Flooring enter the next stage

Unilin group files ITC case against 45 flooring manufacturers and distributors

The US International Trade Commission (ITC) at the US Department of Commerce voted to launch an investigation into imports of unlicensed vinyl flooring products into the US on 9 May 2019.

This investigation is to take place under Section 337 of the US Tariff Act, which provides for a general exclusion order for imports of products infringing patents. A petition to this effect was filed by the intellectual property firm Flooring Industries Ltd. S.à.r.l., which is based in Bertrange, Luxembourg, and part of Unilin's Technologies Division, on 25 March. Innovations4Flooring N.V. (I4F), headquartered in Willemstad, Curaçao, then filed an appeal against Flooring Industries' petition with the ITC on 10 April.

The case filed by Flooring Industries was joined by Unilin's parent company Mohawk Industries Inc., headquartered in Calhoun, Georgia, and another Mohawk subsidiary IVC US Inc., based in Dalton, Georgia. In the case, the three companies are seeking

a general exclusion order for vinyl flooring, LVT, SPC and WPC products made by the respondents, imported into the US and sold there that infringe upon Flooring Industries' patents for locking systems. According to a market analysis carried out by Unilin, shipments of these products from China to the US have soared in recent months. Flooring Industries also noted that a significant proportion of these disputed products was manufactured under a licence from Innovations4Flooring. According to Flooring Industries, I4F wrongly believes that products manufactured under I4F licences do not contravene Unilin's patents. Should the ITC decide to impose a general exclusion, US customs authorities can block imports of all products that infringe the patents. Flooring Industries thinks that the ITC may issue a ruling in the case within 12 to 18 months.

Flooring Industries based the case on a total of 59 claims contained in three patents: US 9.200.460, US 10.208.490 and US 10.233.655. These patents relate to an angled fold-down locking system for

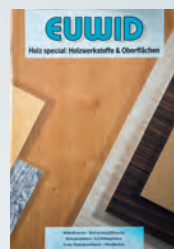
resilient flooring and to glue-less multi-layer vinyl flooring. The company noted that these three patents represent just a small part of its own portfolio of patents for resilient flooring. Flooring Industries claims to hold another 130 granted US patents and another 40 US patent applications. These patents and patent applications cover a variety of areas.

The respondents are 45 manufacturers and exporters based in China and North American importers and distributors. One of North America's biggest vinyl flooring and design flooring importers and distributors is also affected, Metroflor Corp., based in Norwalk, Connecticut, and its affiliates Halstead New England and Aspecta North America. These companies are among I4F's first licensees and had been embroiled in patent infringement cases in recent years.

In a statement published on 26 March, I4F described the case that Unilin filed with the ITC as "scaremongering". The filing just before the Domotex Asia/China-floor (DACF) trade fair, which took place in Shanghai from 26 to 28 March, aimed to rattle Chinese flooring manufacturers and North American importers. Moreover, I4F raised questions about the validity of the patents on which the case is based. In a press release also published on 26 March, Välinge Innovation stressed that its licensees are not affected by the general exclusion sought by Unilin, provided that they have signed up for extended patent protection (EPP) for LVT, SPC and WPC flooring on offer since January 2016 and pay the associated licence fees. Licences issued by Välinge Innovation also cover patent claims held by Unilin, the Classen group (Kaisersesch, Germany) and US Floors LLC (Dalton, Georgia) under the terms of cross-licences based on the EPP. In return, Välinge Innovation can also award exemptions for patents held by other companies when issuing its own licences. □



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