

EUWID

Special: Wood-Based Panels

EUWID Wood Products and Panels – Special issue 13.03.2020

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Stabilisation on shaky ground

Growing uncertainty surrounding the spread of coronavirus is raising questions about the stabilisation that emerged in different segments within the wood-based panel and surfaces industry in the first quarter of 2020. Some companies with locations in or business ties to China have already adjusted their full-year plans for 2019 since it will be hard for them to make up for production stoppages and delivery cancellations often lasting several weeks. Production resumed, albeit to a limited degree, in most Chinese provinces by the second half of February.

That being said, transportation within China is still limited. The problems that have emerged in sea and air freight transportation will likely last for longer. These restrictions are having a growing impact on the exchange of goods between China and Europe and North America. Insiders now think that this supply chain disruption, which also affects the furniture and DIY sectors, will persist at least into the second quarter.

Most market players in the machinery and plant construction business are still confident that coronavirus will only lead to a temporary slowdown in order intake. Customers plan to make up for delayed orders at a later date. No major order cancellations have been announced to

date. All told, the machinery and plant business has recently rebounded a little after a fairly weak period in the second half of 2018 and during 2019.

The first quarter was a little stronger for most parts of Europe's wood-based panel and surfaces industry than had been anticipated at the end of 2019. Order books, which had experienced gaps at least for a time last year, have improved and falling prices in almost all segments have largely ground to a halt. The first price hikes are now looming large again in some segments too.

This issue of EUWID Special: Wood-Based Panels provides an overview of the latest developments in the wood-based panel and surface industry as well as in neighbouring segments. It also addresses ongoing consolidation in a few sectors. Two more issues of EUWID Special are planned for later on this year and slated for publication in June and September.

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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Precautionary measures to stem the spread of coronavirus limited industrial production and logistics in China in February and March. (Photo credit: EUWID)

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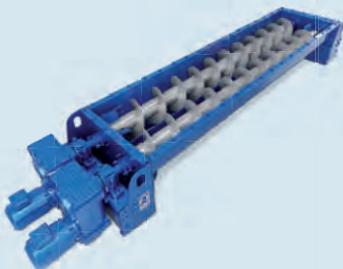
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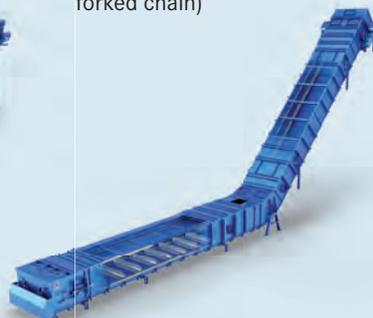
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CONVEYORS
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Siempelkamp wins contract from Japan

Siempelkamp Maschinen- und Anlagenbau GmbH sold a complete particleboard line to ENboard Co. Ltd., a new Japanese joint venture founded in the second quarter of 2019. The partners in the joint venture are the particleboard producer Japan Novopan Industrial Company Ltd., headquartered in Osaka, and Eidai Co. Ltd., a furniture manufacturer also based in Osaka that operates several particleboard lines at other locations. The contract includes all key components from wood preparation to final production. The 7 ft-wide and 48 m-long ContiRoll Generation 9 will be equipped with a PMDI package. The line, which will be installed at a new site in the prefecture of Shizuoka, will mainly process recycled timber.

Büttner Energie- und Trocknungstechnik GmbH got the contract to supply two dryers and an energy plant with a thermal

oil heater and steam generator. Each new indirect dryer, one single bundle dryer type RmB and one double-bundle dryer type DRmB, will have tube bundles installed that are 3.6 m in diameter and 12 m in length. The steam needed for drying will be generated in an 18.5 MW energy plant and will also supply thermal oil for the ContiRoll.

The Japanese firm Novopan had last ordered a continuous particleboard line from Siempelkamp in the fourth quarter of 2006. Led by CEO Taku, the company claims to be Japan's largest particleboard producer with two mills in Osaka-Sakai and Tsukuba. A line delivered by Siempelkamp started operating in March 2008. The company has run a continuous line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau in Tsukuba since October 1997. □

Metro-Ply orders first MDF line from Siempelkamp

The Thai Metro-Ply Group, based in Nonthaburi, is set to replace an existing MDF line at its Kanchanburi facility delivered by Eduard Küsters Maschinenfabrik GmbH & Co. KG with a new forming and press line from Siempelkamp Maschinen- und Anlagenbau GmbH. The 8 ft-wide ContiRoll Generation 9 NEO was ordered at the end of October 2019. In a press release published on 4 December, Siempelkamp said that the press will make thin MDF with a production speed of up to 2,000 mm/s. The press will be equipped with a thin and lightboard package and also have a retrofit option for a compactor used to protect steel belts.

The new order marks the first time that Metro-Ply had ordered an MDF line from Siempelkamp. The group had previously sourced two particleboard lines for the Nonthaburi site. A continuous forming and press line was first commissioned there in 2004. A complete line delivered by Siempelkamp had made its first board in January 2011. Its 8 ft x 40.4 m Conti-

Roll press can make particleboard 6-40 mm thick at speeds of up to 950 mm/s. According to Siempelkamp, the commissioning of this line more than doubled Metro-Ply Group's particleboard capacity by 500,000 m³ to 850,000 m³ per year.

As part of Metro-Ply's efforts to boost its wood-based panel capacity in Thailand, the firm then installed two Dieffenbacher lines with CPS+ continuous presses. The particleboard line installed in Prachinburi was commissioned at the end of March 2017, with a THDF line at Advance Fiber's Kanchanburi location starting operations in June 2017. Büttner Energie- und Trocknungstechnik GmbH delivered an energy plant for the THDF line run by the Metro-Ply subsidiary Advance Fiber Co. Ltd. With a 60 m² grate and granulate and dust burners, it had a total combustion capacity of 60 MW. In addition to supplying flue gas for the fibre dryer, it also provides the heat needed to heat up thermal oil for the press and to deliver steam for the defibration process. Advance Fiber had previously ordered an MDF line with a 28 m-long continuous press from Metso Panelboard Oy in 2005. □

Dongwha orders MDF plant from Siempelkamp



VRG Dongwha MDF factory (Photo credit: Dongwha)

The South Korean wood-based panel manufacturer Dongwha Holdings Group of Seoul is building an MDF plant of its own in northern Vietnam. The company has placed the order for forming and press line with an 8 ft x 47.1 m ContiRoll Generation 9 Neo with Siempelkamp Maschinen- und Anlagenbau GmbH. Siempelkamp will also be supplying the glue kitchen and the panel handling.

Fibre dryer and energy plant has been ordered from Büttner Energie- und Trocknungstechnik. According to Büttner, the energy plant will come with a grate and additional dust burners and granulate injections, allowing it to reach an overall firing capacity of 75 MW. It will supply flue gas to the dryer, which will be designed to have a fibre throughput of 45 t/h. The project also includes a thermal oil heater, which will produce process heat for the ContiRoll. A Büttner indirect steam generator, the second consumer of thermal oil, will also produce the steam needed for the refiner, EcoResinator and glue factory.

Following the laying of the foundation stone for the new plant geared to processing acacia wood in December, assembly of the plant is expected to begin in the third quarter of 2020. The start-up is currently scheduled for late summer 2021.

Dongwha is currently represented in Vietnam through the joint venture MDF VRG Dongwha JSC of Minh Hung with the state-owned Vietnam Rubber Group (VRG) of Ho Chi Minh City. MDF VRG Dongwha had put a first MDF plant into operation in Minh Hung, Binh Phuoc, in Greater Saigon at the beginning of 2012. This works is equipped with an 8 ft x 47.1 m Conti-

Roll with an annual capacity of around 400,000 m³ supplied by Siempelkamp. A thin-board plant capable of an annual output of around 230,000 m³ with an 8 ft x 25.5 m ContiRoll was then added to the works in the first half of 2017. With its own investment project now taking concrete shape, Dongwha wants to start producing MDF in the greater area of Hanoi.

Independently of the joint venture, VRG has also realised its own MDF projects in recent years. Orders for continuous production lines had been placed with the Siempelkamp group and the Italian company Imal-Pal s.r.l. of San Damaso in April 2014. The complete plant supplied by Siempelkamp, geared to an annual capacity of around 100,000 m³ with a 4 ft x 33.8 m "Dragonpress", was subsequently put into operation in Chau Thanh, Kien Giang province, in April 2016.

The full plant supplied by Imal-Pal to MDF VRG Quang Tri of Dong Ha, Quang Tri province, has a guaranteed production capacity of around 400 m³ per day or roughly 120,000 m³ per year with a 9 ft x 21 m continuous "Dynasteampress". According to information from Imal-Pal, all the main machines are geared to an annual output of 180,000 m³, however. □

Siempelkamp sells second plant for rice-straw MDF

The Egyptian company Wood Technology Co. (Wotech) has placed an order with Siempelkamp Maschinen- und Anlagenbau GmbH for producing MDF from rice straw. What Siempelkamp says is the third biggest individual order in the history of the company was signed in December 2019. The greenfield project set to cost a total of around €210m had first been announced previously by the ministry of mineral oil and natural resources in October. Once completed, the plant situated at a location in the northwest region of the Nile delta is projected to produce some 205,000 m³ of MDF per year. In a release published by the oil ministry, the plant's total annual rice-straw requirement is given as 245,000 t.

The purpose of the project is to create a sustainable as well as eco-friendly and resource-saving means for recycling the waste product arising from the rice harvest. According to information from the ministry, the incineration of large volumes of agricultural waste such as rice straw has led to considerable environmental pressure in Egypt in recent years due to the accompanying CO₂ and fine particulate emissions. Siempelkamp says the newly developed technology also provides a solution for regions that do not have a sufficient supply of wood for industrial use. In comparison to conventional production lines, it is mainly the front end that has to be adapted. For this section, Siempelkamp has developed a cleansing unit, for example, for removing silicate from the straw. In the forming and pressing line, on the other hand, the production process is comparable with a classic MDF line. According to the oil ministry, the rice-straw MDF is to be marketed to sectors such as the Egyptian furniture and construction industry in future.

The construction of the works and installation of the plant and machinery will be handled by the construction group The Petroleum Projects & Technical Consultations Co. (Petrojet) of Cairo, which also hold shares in the new operating company established in October. The Egyptian Petrochemicals Holding Co. and Egyptian General Petroleum Corp. controlled through the oil ministry also have stakes in Wotech.

This is Siempelkamp's second order for a rice straw plant. The project of the US company CalPlant I LLC in Willows, California, was announced in the second quarter of 2017, followed by the signing of the supply contract in mid-June. Equipped with a ninth-generation 10 ft x 35.4 m ContiRoll, the works is said to achieve an annual capacity of around 140m sqft (¾" basis) or 250,000 m³. The start-up was originally planned for the end of 2018, but the project has meanwhile been delayed on multiple occasions. According to the latest information, the first panel is scheduled for production in February, and the start of commercial production after that but before the end of the first quarter. □

Swiss Krono orders OSB line from Dieffenbacher

Swiss Krono Group has ordered the forming and press line for an OSB mill that it is planning in Sharya, Russia, from Dieffenbacher GmbH Maschinen- und Anlagenbau. The order includes a 65 m-long CPS+ press; no further details have been released to date. Swiss Krono Group had unveiled plans to boost its OSB capacity in summer 2018. The final investment decision was made in December 2018.

At that time, the company had indicated that orders for the production line, which would have a designed capacity of about 600,000 m³, would be placed by the end of 2019 once project planning work was completed. The first board is now slated to be made some time in 2022.

Including the Swiss Krono contract, the Dieffenbacher group said that it had landed a total of 18 orders for partial or complete wood-based panel lines by the end of November. Twelve of them were booked by its main plant Eppingen, while six were received by its Chinese majority shareholding Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), headquartered in Shanghai. Until now, Dieffenbacher has only released in-depth information about a few orders. Examples include two more straw board lines for Wanhua Ecoboard Co. Ltd., an MDF/HDF line for the Turkish MDF/HDF and laminate flooring manufacturer Camsan Ordu Agaç Sanayi ve Ticaret A.S., based in Ordu, and an MDF/HDF line for Siam Riso Wood Products Co. Ltd., headquartered in Surat Thani, Thailand.

One of Asia's largest particleboard lines is headed to a site in China's Guangxi Province. The company also landed an order in China for one of the world's biggest complete plants for manufacturing fine surface OSB. This order also includes a 65 m-long CPS+. Unconfirmed reports suggest that most of the other orders were also placed by customers in China.

In addition to Wanhua Ecoboard, Guangxi Fenglin Wood Industry Group Co. Ltd., headquartered in Nanning, Guangxi, has ordered a particleboard line. □

Decline registered in Raute's incoming orders

The plant and machine engineering company Raute Oyj posted orders worth a total of €17m in the fourth quarter of 2019 (Oct.-Dec. 2018: €28m), 39% short of the previous year's figure. Owing to absent modernisation projects, orders received by the "Technology Services" division were 32% down at €13m (19m). Development in new installations business was even poorer with a reduction of 56% to €4m (€9m).

Over the year as a whole, the value of Raute's incoming orders fell by 11 % to €148m (2018: €167m), €98m (€106m) of which was accounted for by new installations, and €50m (€61m) by technology services. After a sharp reduction in the first half of the year (Q1: -53% to €32m, Q2: -7 % to €26m), the major order from the Russian Segheza Group boosted the growth in orders by 74% to €73m. Without taking account of the biggest individual order in the company's history at a total of €58m, receipts of orders in the period of July to September only amounted to €15m. The backlog of orders at the end of the year was also 7% down at €88m (€95m).

In terms of the individual sales markets, the share of the new orders accounted for by Russia more than doubled to 60 (32) %. Europe and North America loss shares at 14 (46) % and 12 (15) %, respectively. In contrast, a minor degree of growth was also registered in South America to 8 (7) %. Although the share accounted for by the "Asia-Pacific" region fell to 6 (14) %, this development was significantly influenced by a major order concluded at the beginning of 2018. Only 1-5% of the new orders had come from this region in each of the preceding three years.

The development observed last year is expected to continue for a number of years to come. Raute is only anticipating moderate growth for the existing main sales regions. For the emerging markets, on the other hand, he is working from the assumption of persistently heavy demand for plywood and LVL. This development had already been reflected in Raute's orders from new customers in 2019. Owing to the different needs as regards technologies, grades, and range of services compared

with those of existing customers, Raute wants to undertake extensive investment in product development and the appropriate sales and distribution measures. The costs associated with this will further weaken profitability in the current year.

Customers' reluctance to invest had already been reflected in the development of Raute's sales revenue and results in the company's last business year. Initially, growth of 17% was achieved in sales revenue in the first quarter at €41.3m (€35.3m), but the reference figures for the year before then remained unmatched in each of the following quarters (Q2: -15% to €37,0m, Q3: -30% auf €33,7m, Q4: -28% auf €39,3m). This caused sales revenue for the year as a whole to fall by 16% to €151.3m (€181.0m€).

The reductions in the financial results turned out to be even more pronounced. At €8.5m, the operating result was 43% lower than the figure for a year earlier. Pre-tax and net profit fell by 38% and 35%, respectively, to €9.3m (€14.9m) and €7.7m (€11.8m). At the same time, the key performance figures for the fourth quarter improved against the respective figure for a year earlier for the first time for more than a year. They had previously fallen by double-figure percentages four times in succession.

With regard to the individual sales regions, reductions were registered in all of the relevant markets in the year as a whole. Sales revenue generated in Europe fell by 34% to €51.2m (€77.0m) and development in the Asia-Pacific region was just as poor at minus 31% to €12.6m (€18.4m). Whereas revenue from sales in North America was also down sharply at -17% to €26.9m (€32.2m), the previous year's figure was only narrowly missed in Russia (-1% to €47.1m). From a comparatively low baseline, an increase in sales revenue was only recorded for South America at 140% to €13.6m (€5.7m). A similarly high figure was last achieved in this region in 2014 (€12.7m). After a reduction to €8.9m in the following year, sales revenue has always been somewhere between €3.8m and €6.2m since then. □

Berneck orders Andritz refiner for Lages

After two Metso refiners for the MDF/HDF works in Araucária, Paraná, and in Curitiba, Santa Caterina, the Brazilian wood-based panel manufacturer Berneck S.A. Painéis e Serrados of Araucária, Paraná, will be using a pressurised refining system from Andritz AG for its latest MDF/HDF project at the new Lages facility in Santa Catarina. The order, placed in the first quarter of 2019, covers an S2064M refiner geared to a daily capacity of 1,150 t. Berneck had already awarded the contract for the forming and press line with a 9 ft x 48.8 m ContiRoll as well as various other upstream and downstream systems to Siempelkamp Maschinen- und Anlagenbau GmbH in the fourth quarter of 2018.

The MDF/HDF plant put into operation at Berneck's headquarters in Araucária in 2008 is equipped with an EVO56 refiner with an output of 34.5 tph. The Curitiba works uses an EVO64 refiner with an output of 40 tph. The EVO systems were supplied by Metso Corp., which has meanwhile been renamed Valmet Oyj.

The Berneck order further strengthens Andritz' position in the Brazilian MDF/HDF industry. 18 refiners have been delivered to Brazil to date. The company says it has submitted the winning bid in the majority of the last MDF/HDF projects. Examples are the MDF/HDF works that were put into operation in 2018 at Asperbras Brazil S.A. (São Paulo) in Água Clara, Mato Grosso do Sul, Placas do Brasil S.A. (Pinheiros, Espírito Santo), and at Florapac Industrial MDF Ltda. (Paragominas, Pará).

In the last two years, Andritz' refiner business has shifted even more heavily towards China. The company sold eleven refiners worldwide in 2018. Ten of them have been or are being installed in China; the only contract outside China was from the Turkish MDF/HDF manufacturer AGT Agac San. ve Tic. A.S. of Antalya. Last year, Andritz has received three orders from outside China. The machinery is earmarked for Berneck, the Thai MDF/HDF manufacturer Siam Riso Wood Products Co. Ltd. of Surat Thani, and for an undisclosed company. China brought over ten orders in 2019. □

Dieffenbacher participating in APPbyYOU start-up

Dieffenbacher GmbH Maschinen- und Anlagenbau has developed the ticket and messenger app "MyMessenger" jointly with APPbyYOU GmbH of Balgheim. The application was presented at the Ligna trade fair in Hannover at the end of May 2019 and was implemented by eight wood-based panel and composite manufacturers by the end of the year. The customers in the wood-based panel sector include the Turkish company Starwood Orman Ürünleri Sanayi A.S., which put a continuous particleboard plant supplied by Dieffenbacher into operation at its headquarters in Inegöl, Bursa province, at the end of the third quarter. Starwood's personnel can communicate with each other via MyMessenger. If a fault occurs, a service message can be sent to Dieffenbacher. The information exchange takes place in the native language at each end of communication link as the app also offers a translation function.

The APPbyYOU start-up was founded by CEO Thomas Teufel and CTO Willi Pasternak in 2012 and has gathered funding of around €2m in several stages. Dieffenbacher has been working with the company since the middle of 2018. According to a release published on 17 February, Dieffenbacher is meanwhile participating financially in APPbyYOU. After the development of MyMessenger, other digital solutions are to be devised for Dieffenbacher customers in future. □

Büttner started up ten dryers worldwide in 2019

Büttner Energie- und Trocknungstechnik GmbH completed ten start-ups in the 2019 financial year. According to a press release issued on 17 December, five contracts included an energy plant with grate firing. By contrast, five dryers will be supplied with the process heat needed by Büttner burners or existing machinery.

In the MDF/HDF business, Büttner commissioned fibre dryers, including energy plants, at the Turkish wood-based panel manufacturer AGT Agac San. ve Tic. A.S. at its Antalya headquarters, at a site in Barnwell in the US state of South Carolina run by Swiss Krono Group and at the first MDF/HDF mill operated by the Russian group Altailes, based in Barnaul, at its Pavlovsk location. Another Büttner fibre dryer was delivered for a thin MDF/HDF line installed at the Chinese group Yekalon-Jiufangyuan Panels Inc., based in Huanggang, Hubei, which made its first board at the start of February.

Last year, the Egger Group, based in St. Johann, Austria, commissioned its new particleboard mill in Biskupiec, Poland, which has a drum dryer including a Büttner energy plant. At the start of the year, Egger had also placed an order to modernise an existing dryer in Rambervillers, France. □

Toward the year's end, another drum dryer, including energy plant, ultimately started operating at a new particleboard mill run in Trang Province by the Thai company Green River Holding (GRH), based in Hat Yai.

Büttner announced five other orders for six dryers during 2019. According to a press release issued in January, the Brazilian wood-based panel manufacturer Berneck S.A. Painéis e Serrados, based in Araucária, Paraná, has placed its first order with Büttner. The flash tube dryer, which will be heated indirectly, is to be used in a new MDF/HDF mill in Lages, Santa Catarina.

The other four orders each involve an energy plant. The Canadian firm Norbord Inc., based in Toronto, Ontario, had first ordered a second drying line for an OSB mill in Morayhill near Inverness, Scotland, in the first quarter. Two indirectly heated particleboard dryers will go to ENboard Co. Ltd, a Japanese joint venture that was founded in the second quarter. In early November, Büttner then announced the Seoul-based South Korean Dongwha Holdings Group's order for a dryer for the new MDF plant planned in North Vietnam.

The South African wood-based panel manufacturer PG Bison Ltd., based in Johannesburg, ordered a dryer for a project to expand a particleboard mill in Piet Retief, Mpumalanga in the fourth quarter. □

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Büttner delivering energy plant and dryer to PG Bison

The South African wood-based panel manufacturer PG Bison Ltd., headquartered in Johannesburg, has awarded Büttner Energie- und Trocknungstechnik GmbH a contract to supply an energy plant and a dryer as part of a project to expand a particleboard mill in Piet Retief, Mpumalanga. This order comprises a 6.5 x 32 R chip dryer with a flash tube pre-dryer and an energy plant with a combustion capacity of 43 MW.

In a first stage of the investment process, PG Bison had installed a forming and press line delivered by Siempelkamp Maschinen- und Anlagenbau GmbH in Piet Retief, which it commissioned in May 2017. This replacement project boosted the mill's capacity from 180,000 m³ to about 340,000 m³ per year. Another short-cycle press started operating at the site in August. □

Büttner delivering 85 t dryer to Saib facility in Italy

The Italian particleboard manufacturer Società Agglomerati Industriali Bosi S.p.A. (Saib), based in Fossadello di Caorso, ordered a new Type R drum dryer from Büttner Energie- und Trocknungstechnik GmbH at the end of 2019 or start of 2020. With a designed particle throughput of 85 t per hour, the dryer will mainly dry waste wood chips.

A special combustion and settlement chamber and a Type BCB multi-fuel burner for dust and gas are also part of the order to meet specifications for protection against wear, presence of impurities and emissions.

Saib runs two Siempelkamp continuous production lines in Fossadello di Caorso. The first line was delivered in 1998 and extended in 2000. Commissioned in April 2016, the forming and press line replaced an existing multi-opening press. The installation of the new dryer is the next step in the investment project. □

25 % fewer orders taken by Kadant's wood division

The "Wood Processing Systems" division of the US plant manufacturer Kadant Inc. received orders worth US\$129.9m (2018: US\$172.2m) in its business year 2019, a quarter less than the figure for the previous year. Double-figure percentage reductions were registered in all of the individual quarters (Q1: -34% to US\$34.9m, Q2: -18% to US\$36.6m, Q3: -24% to US\$27.5m, Q4: -21% to US\$30.9m). This led to a 28% reduction in the backlog of orders to US\$32.7m (US\$45.4m) at the end of the year.

Down 5% to US\$143.2m (US\$151.4m), the losses in sales revenue turned out to be less pronounced. From the basis of a comparatively low initial value, the previous year's figure was only exceeded in the second quarter (+14% to US\$37.9m). In the first (-13% to US\$34.0m) and third quarters (-12% to US\$32.7m), on the other hand, sales revenue decreased sharply. Development was slightly better again in the fourth quarter with a reduction of 8% to US\$38.5m (US\$42.0m).

The key performance figures also fell in the business year 2019. Adjusted EBITDA was 3% down at US\$40.3m (US\$41.6m). Owing to the disproportionately small reduction, the margin calculated on this basis rose to 28.1 (27.5)%. The operating result was 10% lower than the figure for the year before at US\$28.2m (US\$31.2m). The results situation deteriorated particularly in the second half of the year. The continuing decline in sales revenue and results in business with timber-harvesting machines necessitated a value adjustment of US\$2.3m in the fourth quarter. Owing to the restructuring of the activities that were integrated into the division following the acquisition of the Canadian company Nicholson Manufacturing Ltd of Sidney, British Columbia, additional costs arose to the tune of US\$0.2m. On an adjusted basis, the operating result in the year as a whole fell by 3% to US\$30.7m (US\$31.5m). □

Valmet receives orders from China and Turkey

The MDF/HDF and laminate-flooring manufacturer Çamsan Ordu Ağaç Sanayi Ve Ticaret A.Ş. of Ordu, Turkey, has placed an order with Valmet Oyi for an EVO 64 refiner with a production capacity of up to 35 t bone dry/hour. The order also covers the dosing vessel, the stuffing screw, the woodchip preheater, and a steam separator.

Valmet is also responsible for the plant automation. The refiner will be part of a continuous MDF/HDF line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau of Eppingen, Germany, which is scheduled for commissioning at the end of 2020.

Under this order, Valmet will be delivering a steam separator to Turkey for the first time. According to information from the company, the system enables a large proportion of the steam created in the defibration process to be removed from the fibre flow in the downstream blowline and then to be used for woodchip conditioning. Energy savings are possible by reducing the required volume of fresh steam. A system of this kind delivered to the Beeskow works of Sonae Arauco Deutschland GmbH of Meppen in January 2015 was the first one to be supplied to the MDF/HDF industry.

The Chinese MDF manufacturer Qinzhou Luyuan Wood Co., Ltd. has also placed an order with Valmet for a defibrator system with a downstream steam separator. This order, however, involves a smaller EVO 56 refiner. The start-up is also scheduled for the first half of 2020. Qinzhou Luyuan Wood belongs to Luyuan Group, which has ordered a refiner from Valmet for the first time. According to Valmet, the group operates four MDF/HDF with a combined annual capacity of 750,000 m³. In the past, Siempelkamp Maschinen- und Anlagenbau GmbH had supplied three 8 ft-wide thin-board line and a 4 ft standard panel plant. The last plant, ordered in February 2014, was geared to a daily capacity of 700 m³ with an 8 ft x 25.5 m continuous press. The refiner for this plant was supplied by Andritz AG, which had already supplied six refiners to Luyuan Group previously. □

IMA and Schelling under a single name

IMA Schelling Group has completed the process of integrating both entities by renaming group companies. The company formerly operating as IMA Klessmann GmbH Holzbearbeitungssysteme, based in Lübbecke, Germany, is now known as IMA Schelling Deutschland GmbH. This entry was made in the commercial register on 12 September after a shareholder meeting on 28 August approved the name change. The Austrian firm Schelling Anlagenbau GmbH, headquartered in Schwarzach, will now do business as IMA Schelling Austria GmbH.

IMA Schelling Group was founded in 2015. Schelling Anlagenbau Verwaltungs GmbH (SAB), based in Schwarzach, Austria, had acquired 61% of shares in the IMA Group from Industrieholding Adcuram Group AG,

based in Munich, with effect from 1 September. SAB had previously purchased a 71% stake in Schelling Anlagenbau. IMA Klessmann and Schelling Anlagenbau had already worked together closely before the merger. IMA Schelling Group generated group revenues of €279m in 2018. The former IMA Group had contributed almost two-thirds of total revenues, with one-third coming from Schelling.

IMA Schelling Deutschland is continuing to upgrade its Lübbecke site with plans announced on 14 October to expand its warehouse. The new logistics centre is to have space for 5,000 pallets in an area of around 4,000 m². In addition to housing small parts and machinery components, the warehouse will also have space for complete construction groups for manu-

facturing in the future. As part of this construction work, the old office building will be torn down starting in mid-October. Work to install the new warehouse should then get going in March, with opening slated for August 2020. Renovation and clean-up work will also be performed in two existing halls between now and then; they will gain new common rooms and offices.

A 4,200 m² hall and a three-floor office building with a usable area of 750 m² were last built in Lübbecke by the middle of 2018. The company had previously completed a 3,328 m² hall to assemble and commission customised plants in the middle of 2017. A new technical centre with a total area of 470 m² opened in the fourth quarter of 2017. IMA Schelling Austria had recently invested €9m in a new office building with 2,700 m² of office space in Schwarzach. □

Biesse reduces targets for three-year plan



(Photo credit: Biesse)

According to provisional figures published on 21 February 2020 for the business year 2019, the plant and machine engineering company Biesse S.p.A. of Pesaro, Italy, generated consolidated sales revenue of €706m (2018: €740.2m). Down 5% against the previous year, this was the first time a reduction had to be recorded again since 2013. From the basis of the €378m achieved at that time, the sales revenue had been raised to €690m in 2018 with a compound annual growth rate (CAGR) of 14.4%. At the same time, EBITDA was improved from €34m to €92m. Here, too, a reduction (-17.2% to €77m) had to be recorded again last year for the first time in the company's recent history. Owing to the disproportional reductions in these results, the EBITDA margin also fell to 10.9 (12.5) %.

As the development failed to meet the expectations in 2019 too, Biesse has made another downward adjustment in the medium-term sales revenue and results targets for its current three-year plan for 2020-2022. With a CAGR of 3.2%, the group's sales revenue is to be brought up to €776m organically by 2022. Sights have been set on an improvement in EBITDA to €103m (CAGR: 10.2%) and a margin of 13.2%. Biesse is aiming to achieve the greatest growth in EBIT adjusted for extraordinary factors (CAGR: +17.7%) and its net result (CAGR: +51.5%). On the basis of the €39,5m and €13m, respectively, given provisionally for 2019, these key performance figures are to be improved to €64m and €40m.

As a result of the divestments at the Chinese facility in Dongguan announced at the beginning of December, Biesse is anticipating a positive non-recurring effect of €6m in 2022. Conversely, the investment planning published in the current three-year plan shows that the Indian works in Bangalore, Karnataka, is to be extended. Biesse intends to invest a total of around €116m throughout the group by 2022 (2020: €39m, 2021: €46m, 2022: €31m).

In the two preceding three-year plans, Biesse had still been holding out the prospect of more pronounced growth with regard to sales revenue and EBITDA. According to the publication from February 2019, the group's sales revenue is to be raised by an average of 6% annually to €882m by 2021. An improvement to €114m was targeted for EBITDA along with an EBITDA margin of 13%. In the first quarter of 2018, Biesse had still been hoping to achieve sales revenue of €907m by 2020 with a CAGR of 9.5%. Parallel to this, EBITDA and the margin derived from it were to be improved to €127.2m and 14.0%, respectively.

In its latest three-year plan, too, Biesse is striving to achieve average annual growth of 3% in sales revenue generated by its "Wood" division. The targeted growth has been retained from the last year. At the beginning of 2018, the company had still been aiming for a CAGR of 4%. In contrast to this, Biesse increased the sales target formulated for the "Structural Wood" subdivision, for the first time a year earlier (CAGR: +10%). In the coming three years, this is expected to grow by an average of 15% per year and reach sales revenue of €18m in 2022. The subsector had achieved disproportionately high growth of 24% to €8.3m (2017: €6.7m) in 2018. □

Woodworking machinery exports rose 11.7% to €1.532bn / Imports reached €658.7m

China: Woodworking machinery export surplus neared €880m in 2018

Precautionary measures put in place by Chinese authorities to stem the spread of the coronavirus will likely result in a slowdown in the woodworking machinery and plant business this year, as well.

It is already evident that the growth rates recorded in recent years will not be maintained given production stoppages of varying durations in different provinces and logistical restrictions that will likely last longer.

According to foreign trade statistics compiled by the Italian association Acimall, headquartered in Assago, from a variety of sources, China was the only country to book a double-digit growth in woodworking machinery exports, which were up 11.7% at the equivalent of €1.532bn in 2018. This jump was twice as big as the increase in overall exports, which were 5.6% higher at €9.422bn around the globe. Germany accounted for 26.0% (+2.7% to €2.453bn) and Italy for 17.1% (+7.7% to €1.611bn) of this sum.

China was just behind it with a 16.2% share. Taking account of imports into China, which had dropped 3.8% in a year-on-year comparison to €658.7m in 2018, this country had a 23.2% share of the global trade in woodworking machinery and plants with a total of €2.190bn.

According to Acimall statistics, exports from Taiwan displayed a 4.9% fall to €586.5m in 2018. The upward trend in exports to Austria intensified considerably by 7.6% to €504.1m. US exports fell 2.8% to €303.8m last year. According to the Acimall data, the six biggest suppliers had combined exports of about €6.990bn.

Almost half of China's woodworking machinery exports were destined for the three largest sales markets in 2018: the US, Vietnam and Germany. Shipments to Vietnam rose by more than half to €202.3m in the wake of brisker investment activity by Chinese furniture and building element manufacturers. Like most other countries, deliveries to Germany climbed by a double-digit percentage. The UK was the only one of the top ten sales markets to face a downturn. Germany dominated woodworking machinery imports into China in 2018 and was responsible for almost half of deliveries with €323.6m. China had a 13.2% share of total German exports. The share reached just 4.7% in Italy, while Taiwan sent 15.6% of its exports to China.

Slowing investment activity in China also tended to pave the way for dwindling imports last year. Four of the five largest suppliers for which Acimall evaluated data for the period from January to October turned in weaker performances than the prior-year period; three countries saw their deliveries tumble by large double-digit percentages. Germany was the only country to see a small year-on-year improvement. □

China: Export of woodworking machinery 2018

	m €	% Change 2018/2017	Share in %
USA	372.9	+ 1.2	24.3
Vietnam	202.3	+ 53.7	13.2
Germany	153.8	+ 17.0	10.0
Russia	66.7	+ 11.9	4.4
Canada	54.8	+ 9.8	3.6
India	44.9	+ 24.4	2.9
Australia	43.6	+ 14.4	2.8
United Kingdom	43.0	- 16.3	2.8
Indonesia	41.8	+ 61.4	2.7
Malaysia	26.8	- 2.5	1.7
Total	1,531.6	+ 11.7	100

Source: Acimall (according to Intracen)

China: Import of woodworking machinery 2018/2019

m €	2018	% Change 2018/2017	Jan - Oct 2019	% Change 2019/2018
Germany	323.6	+ 12.0	266.2	+ 1.1
Taiwan	91.6	- 15.2	50.6	- 37.0
Italy	75.8	+ 10.1	51.4	- 6.7
USA	12.3	- 57.4	3.6	- 67.6
Austria	9.0	+ 26.8	5.5	- 35.3
Total	658.7	- 3.8		

Source: Acimall (according to Intracen)



BÜTTNER

BURNER

Both companies have already handled multiple decor paper projects

Paper machinery manufacturer Papcel renamed Bellmer Czech

Bellmer GmbH, a company headquartered in Niefern-Öschelbronn, Germany, that makes machinery and plants for speciality paper, intends to primarily strengthen its position in Eastern Europe with its 25 November acquisition of the Czech paper machinery manufacturer Papcel a.s., based in Litovel.

With a staff of around 80 workers, Papcel is to be renamed Bellmer Czech s.r.o. as part of the transaction. David Dostal became managing director, having managed the company since the end of the 1990s and handed over the CEO role to Petr Domin with effect from 1 March 2019. Mr Dostal had taken over the reins as chairman of the board of directors in return. This managerial change was preceded by shifts among Papcel shareholders. At the end of February 2019, Vega-HSH s.r.o., headquartered in Litovel, had purchased a 50% stake held by BHM Group a.s., based in Prague, becoming Papcel's sole owner.

BHM Group, which was Bohemia Industry a.s. in an earlier incarnation, had become a Papcel shareholder during 2016. The machinery and plant producer subsequently carried out a number of international acquisitions. Towards the end of 2016, it acquired Iconé s.r.l., which was formerly part of GapCon Tissue s.r.l and based in Brembate, Italy; its purchase of PMT s.r.l., headquartered in Pinerolo, Italy, followed in April 2017. PMT was completely transferred to BHM Group as part of the shareholder changes that took place at Papcel in the first quarter. At that point in time, Papcel had raised the prospect of generating revenues of about CZK660m or €25m in the 2019 financial year.

Until now, the Bellmer group has been made up of the management firm Bellmer GmbH and ten manufacturing and distribution entities. Managed by Martin, Philipp and Erich Kollmar, the group employs approximately 600 people around the globe and generated revenues of €147.1m (2016: 144.6m)

in 2017 based on its latest financial report. German operations accounted for €26.7m of this sum, with EU activities contributing €40.5m and other markets €79.8m. The firm's operating income rose to €14.4m (12.2m) and its net profits climbed to €9.9m (9.0m).

Both Bellmer and Papcel have repeatedly delivered machinery and components for the decor paper industry in the past. Bellmer had expanded its speciality paper machinery operations in 1995 when it acquired Maschinenfabrik Bruderhaus, which had several references in the decor paper industry. Bellmer has wrapped up several decor paper projects at the Chinese joint venture Kingdecor Co. Ltd. (Quzhou, Zhejiang Province), the Decor division of Ahlstrom-Munksjö Oyj (Helsinki) and Gebr. Hoffsummer Spezialpapier GmbH & Co. KG (Düren, Germany) in the past few years.

Papcel has supplied decor paper manufacturing machinery to customers including Kronospan's Polish subsidiaries Malta-Decor S.A. (Poznan) and Rudawadecor S.A. (Rudawa), Kingdecor, the Chinese decor paper producer Zibo Oumu Special Paper Co. Ltd. (Zibo, Shandong Province), Zavod Gazetnoy Bumagi (Shklov) and the joint venture OOO Mayak-Technocell (MTC; Penza, Russia). Papcel also worked with Bellmer to build PM 6 for Mayak-Technocell. MTC had awarded Papcel a contract to supply a complete line in the second quarter of 2016. Like Voith Holding GmbH & Co. KG (Heidenheim, Germany) and UMV Coating Systems AB (Säffle, Sweden), Bellmer supplied individual components. The 2.30 m-wide paper machine started making decor paper during the third quarter of 2018 and has also manufactured coated non-woven paper for the wallpaper industry since the fourth quarter of 2018. □



Papcel site in Litovel

(Photo credit: Bellmer)

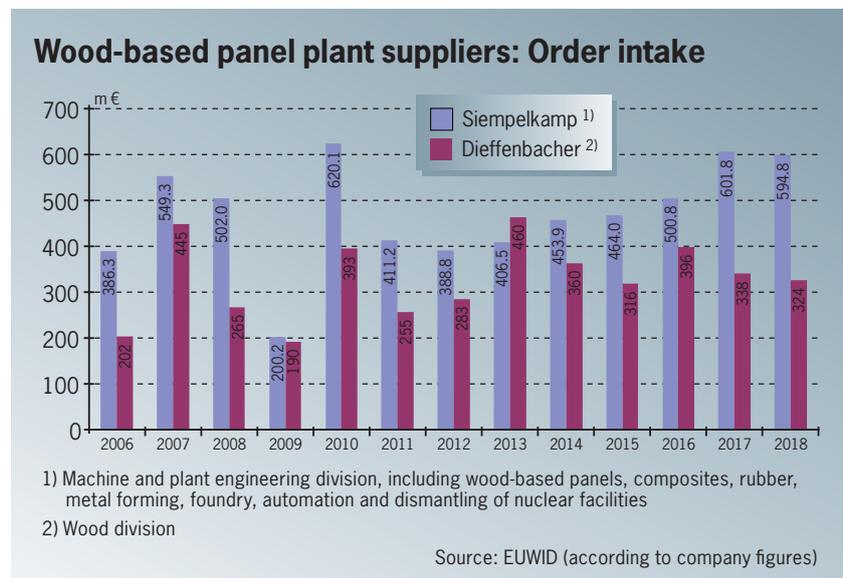
Revenues from wood-based panel lines decreased slightly

Siempelkamp and Dieffenbacher booked EBITDA margins of about 5% in 2018

Siempelkamp Maschinen- und Anlagenbau GmbH, based in Krefeld, Germany, and Dieffenbacher Holding GmbH & Co. KG, headquartered in Eppingen, Germany, improved their earnings in the 2018 financial year amidst a small downturn in revenues from wood-based panel technology. Annual financial statements added to the German Federal Gazette in mid-January 2020 largely confirmed figures published by the two companies in summer 2019.

According to its annual report published on 20 January, Siempelkamp Maschinen- und Anlagenbau GmbH saw its group revenues rise by 8.1% to €612.0m (2017: 566.1m) in 2018. However, this growth was mainly underpinned by the first-time consolidation of its 'dismantling' activities and the sharp growth in other revenues. The dismantling unit, which includes Siempelkamp NIS Ingenieurgesellschaft mbH, based in Alzenau, Germany, and its French subsidiary Siempelkamp MSDG S.A.S., headquartered in Sarreguemines, contributed €37.4m (0) to revenues, while other revenues almost doubled to €138.4m (79.5m). Revenues from services and spare part jumped 17.9% to €119.3m (101.2m). The Automation unit registered roughly unchanged revenues of €26.5m (26.7m). On the other hand, revenues from wood-based panel lines fell by 16.6% to €280.1m (335.9m). Metal forming activities saw their revenues cut more than in half to €10.3m (22.8m). Some €89.2m (95.9m) or 14.6 (16.9) % of group revenues were booked in Germany. The rest of Europe contributed €172.4m (136.7m), with the US adding €138.2m (120.3m) and other markets €212.2m (213.1m).

Including an increase in inventory to €24.1m (1.2m), total turnover and operating revenue from Siempelkamp's Machine and Plant Engineering division



increased to €638.4m (569.0m). Earnings improved even more: Operating profits jumped to €21.7m (13.4m) and pre-tax profits to €17.7m (11.1m); net profits more than doubled to €16.0m (7.5m). Siempelkamp listed the EBITDA margin at 5.8%.

Siempelkamp Maschinen- und Anlagenbau GmbH's order intake swelled to €594.8m (601.8m) in the 2018 financial year. The order backlog was thus slightly better at €617.3m (614.5m) at year's end. The average number of people working for its 40 consolidated entities increased to 2,567 (2,298), mainly due to changes in the scope of consolidation.

Dieffenbacher Holding, whose 16 consolidated entities employed an average of 1,608 (1,603) workers in the 2018 financial year, boosted its order intake slightly to approximately €365m (360m). This figure includes €324m (338m) from the Wood division, €29m (15m) from Composites and €12m (7m) from other activities. Group revenues slipped 11.7% to €368.5m (417.3m) in 2018 because a number of projects were pushed back

into 2019. With a 10.0% downturn to €348.5m (387.3m), the Wood division fared a little better than the Composites unit, which saw its revenues fall by almost a third to €19.7m (28.8m). Other revenues were more than halved to €0.4m (1.1m). Dieffenbacher's total revenues included €23.0m (32.0m) from Germany and €345.5m (385.3m) from other countries. Including inventories that dropped to €16.5m (34.4m), Dieffenbacher booked total turnover and operating revenue of €352.0m (382.9m) in 2018. In its annual report published on 16 January, Dieffenbacher mainly blamed this decrease in revenues and total turnover and operating revenue on smaller project volumes. Conversely, the firm reported having boosted its value-added share, which resulted in its plants running at better capacity utilisation.

Dieffenbacher Holding's earning figures were all slightly higher than the previous year in 2018. EBITDA was listed at €17.1m (16.0m), translating into a 4.6% margin. Pre-tax profits increased to €8.8m (7.8m) and net profits to €6.6m (6.1m). □

Orders from wood-based panel industry have recently been shifting towards OSB

Holtec now getting more orders from sawmilling industry

The plant and machine engineering company Holtec GmbH & Co. KG of Hellenthal, Germany, geared above all to woodyard equipment, has been able to compensate for the slowing investment activity in the wood-based panel industry since the middle of 2018 with a significant number of orders from the sawmilling industry.

Due in part to the improved development in results arising from the reduction in roundwood prices, the relatively low number of projects amongst Central European sawmilling companies only a few years ago has meanwhile increased quite sharply. Holtec believes it has been able to secure a growing proportion of these orders. In Austria in particular, the company has been awarded contracts more often than in the past. The most recent contracts concluded in Austria were the new roundwood sorting system for the expansion of the Preding sawmill of the Hasslach group of Hermagor and the roundwood feeder for a new line at the Frankenmarkt sawmill of Stallinger Holding GmbH of St. Georgen. In mid-2020,

Holtec will be supplying a new roundwood sorting system to the Mayr Melnhof Holz AG (MM-Holz) sawmill at its headquarters in Leoben. Säge Handlos Summerau GmbH of Tragwein has commissioned Holtec to supply the log yard for the new sawmill planned in Rainbach-Summerau, Upper Austria.

In the wood-based panel segment, the orders for Holtec have recently been shifting even further towards OSB. Only scattered projects exist in the MDF/HDF industry at present. The last major project was the woodyard for the new MDF/HDF works put into operation by the Russian company Pavlovskiy DOK at its Pavlovsk facility at the beginning of April 2019. In December 2019, Holtec received the order from Homanit GmbH & Co. KG of Losheim for replacing its existing woodyard.

In the OSB segment, in the last two years Holtec's deliveries have included the woodyard equipment for the modernisation of the Inverness site of Norbord Europe Ltd. of Cowie, UK, and for the Kronospan mills in

Sanem, Luxembourg, and in Novovolynsk, Ukraine. Holtec had already installed the first section of the line in Inverness in 2017. On the basis of an order placed in the first quarter of 2019, a second section comprising the debarker and chain conveyors has been set up over the last few months. The strander was supplied by Kadant Inc. of Westford, Massachusetts. Holtec had installed a Vario-Barker debarking line in Sanem in 2018. The continuous press built in Sanem replaced a multi-opening unit that Kronospan has meanwhile relocated to the Novovolynsk facility in the Ukraine. In the reconstruction process, a new, single-line Holtec preparation system was added to the plant. The debarker and the strander were supplied by Leonhardt GmbH of Losheim. Similar cooperation exists for the "Obariv" or "Oris II" OSB project planned by the Kronospan group at the new Rivne facility in the Ukraine. Holtec is supplying the dual line strand preparation unit; Leonhardt is contributing two debarkers and two stranders. For the new softwood plywood works set up by the Kronospan group in Smorgon, Belarus, Holtec delivered its first "SmartCon" roundwood conditioning unit for plywood production last year.

Swiss Krono Group has so far awarded engineering contracts to a variety of plant manufacturers for the new OSB works planned in Scharija, Russia. The contract negotiations are currently underway; finalisation is scheduled for some time in the third quarter. Holtec is earmarked as the supplier for the dual line strand preparation system including debarker and SmartCon conditioner. The two stranders will be supplied by Pallmann Maschinenfabrik GmbH & Co. KG. At a cost of over €10m, the Swiss Krono project would be the biggest order in Holtec's history. Holtec had secured an order of a similar value for the OSB works put into operation in Torzhok, Tver oblast, by Modern Lumber Technologies LLC (MLT) of St. Petersburg, Russia, in July 2016. □



Debarker at the Pavlovskiy MDF mill

(Photo credit: Holtec)

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Order intake fell more than revenues in 2019 / Margin was more than halved

Homag Group restructuring initiatives running as planned

Dürr AG, headquartered in Bietigheim-Bissingen, Germany, has said that measures announced on 6 November 2019 to enhance the efficiency of its Woodworking Machinery and Systems division are running on schedule.

Production at a site in Hemmoor, which is part of Homag Automation GmbH, will cease by 31 December 2020. The Automation business unit will merge with the Systems business unit. The company's manufacturing organisations will see the reorganisation of cooperation among the different Homag mills, the introduction of a new production system, the overhaul of order processing, greater standardisation and the introduction of modular components. Lead times are to be reduced by an average of 7% as a result. Within its distribution network, double structures within Homag Group are to be eliminated by taking steps including reorganising its sales units and centralising spare part logistics. The planned measures will shed about 350 of 4,100 jobs in Germany. The entire Homag Group had a work-

force of 6,569 employees at the end of 2019, down from 6,615 at the end of September and 6,593 at the end of 2018, according to preliminary figures published on 27 February.

Plans unveiled in November indicated the ongoing restructuring should incur one-off charges of roughly €40m, €37m of which was to be booked in the fourth quarter. The firm came close to reaching this goal with an actual figure of €36.6m. As in each quarter, the firm also adjusted about €2.2m for purchase price allocation. All told, this figure totalled €38.8m. Together with the €2.2m purchase price allocation recorded in each of the first three quarters, Homag Group posted extraordinary charges of €45.3m in the full year. On a group-wide scale, Dürr registered total extraordinary expenses of €49.8m in the fourth quarter and €67.2m (2018: 41.4m) in the full year. The purchase price allocation accounted for €19.5m (15.4m) of this sum. In 2020, Dürr expects to record extraordinary charges of about €40m, including €17m for purchase

price allocation, which will recede in the medium term, and €23m for other optimisations.

Dürr believes that restructuring measures at Homag Group in the process of implementing will have an impact more quickly than planned. When these actions were announced, the group had set a goal of making annual cost savings of about €15m in 2021. The company now thinks that a figure of about €20m will be feasible. According to Dürr's CEO Ralf Dieter, some of these measures will not show effects for two to three years. Over this period, he indicates that the Woodworking Machinery and Systems division, made up of Homag Group, will have the biggest potential for improved earnings within the entire Dürr group. Homag Group's operating EBIT margin is to rise to over 9% by 2023. The EBIT margin is expected to return to 2018's level in the current 2020 financial year at 6.2-6.7%. Homag expects to record a figure of 7.0-7.5% in 2021.

Homag Group's EBIT tumbled 56.6% to €37.4m (2018: 86.2m) in the full year 2019 due to one-off expenses associated with the restructuring programme. The margin was more than halved to 2.9 (6.6)%. When adjusted for these one-off expenses, operating EBIT fell by 12.8% to €82.7m (94.9m) and a margin of 6.5 (7.3)%. As after nine months, Dürr blamed this slump on the downward trend in revenues, the resulting deterioration in workloads and shifts in its product mix.

At 2.9%, the total EBIT margin was towards the upper end of the forecast range, which was revised downward from 5.5-6.3% to 2.5-3.0% in November. The group ended up towards the upper half of the forecast ranges for order intake (€1.1bn-1.3bn) and revenues (€1.2bn-1.3bn). Revenues dipped 1.5% to €1.279bn (1.298bn). Order intake



Homag headquarters in Schopfloch

(Photo credit: EUWID)

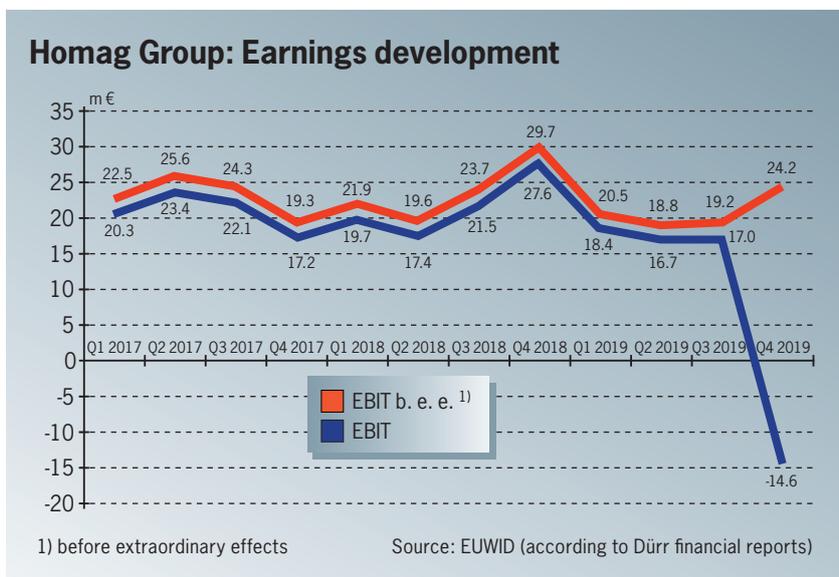
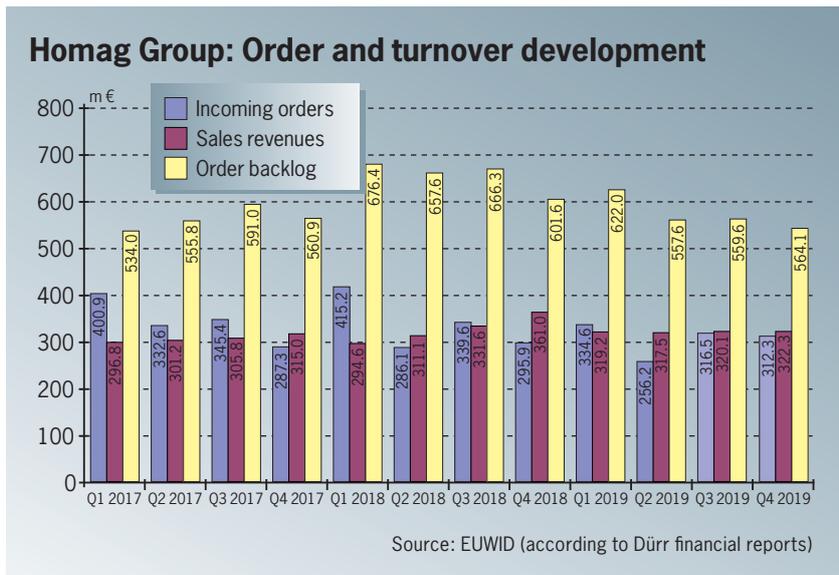
was 8.8% lower at €1.220bn (1.337bn), creating an order cushion of €546.1m (601.6m) at the end of last year. Order intake had tumbled 15.8% to €590.8m in the first half of the year, and was 12.8% lower at €907.3m after nine months. According to Homag's CEO Pekka Paasivaara, these decreases were mainly due to the strong expansion of its system business with complete production lines for the furniture industry between 2016 and 2018. In Germany, in particular, order intake had fallen sharply after sizeable investments in years past.

According to Dürr, Homag's order intake gradually improved in the second half of the year. Incoming orders even rose 5.6% in a year-on-year comparison to €312.3m (Oct.-Dec. 2018: 295.9m) in the fourth quarter. Business with China, which had previously decreased sharply for several quarters, has picked up even more. A big order booked in the third quarter meant that order intake from China was around 19% higher than the previous year in 2019 as a whole. However, Homag's revenues were much weaker than order intake in the fourth quarter, slipping 10.7% to €322.3m (361.0m). EBIT was well in negative territory at -€14.6m (+27.6m), with a margin of -4.5 (+7.6) %.

Homag to raise global market share to 40%

Homag Group intends to improve its competitive position significantly with steps to optimise production that are the focus of ongoing restructuring measures. The company plans to boost its global market share, currently estimated at 31%, to over 40% in the medium term as a result. Dieter made these comments on 27 February 2020 at the presentation of the firm's preliminary figures for the 2019 financial year. Greater standardisation by deploying uniform machine platforms and technologies should help to cut production costs and lead times. At the same time, Homag also wants to advance its digitalisation efforts.

Manufacturing at its location in Shanghai, which does business as Homag Machinery Shanghai Co. Ltd., is to be expanded and focused even more on meeting the



needs of the local market. Another focus is on expanding its service and spare parts business, which contributed just 22% of Homag's group revenues in 2019. On a group-wide scale, Dürr already generated 28.5 (2018: 26.8) % of revenues in this area.

Business with China, which is key for Homag Group, will roughly reach last year's level in 2020, provided that market distortion connected to precautionary measures to halt the spread of the coronavirus subside by spring. Demand from the Chinese furniture industry had not yet been negatively affected, Dieter stated. Ongoing negotiations are continuing by

phone at the moment and no orders have been cancelled to date. Dieter believes that current delays in business may be largely caught up in the second half of the year if the situation returns to normal in March or April. On a group-wide scale, these delays will trim Dürr's first-quarter revenues by €50m-70m and EBIT by about €10m, based on initial assessments. Production at Dürr and Homag's mills in China resumed by mid-February in most cases. Since just 50-60% of employees have so far returned to their workplace, plants are so far unable to run at maximum capacity. Dieter believes that the production situation will largely return to normal in March. □

Several MEPs submitted questions on E05 and MVV TB to the European Commission

EU criticises special national arrangements relating to CPR

Thierry Breton, the EU Commissioner for the Internal Market, has described special national arrangements relating to the EU Construction Products Regulation as illegal in a response to a written question submitted by MEP Elena Lizzi.

The European Commission is thus in talks with member states that had enacted national regulations of this kind, including Germany. The Commission has also informed industry stakeholders about the possibility to challenge such practices in national courts and committed to assist in such judicial procedures. In his answer, Breton makes explicit mention of the Model Administrative Rules on Technical Building Regulations (MVV TB) submitted by Germany, which most German federal states have now transformed into state construction regulations. In September 2019, the European Commission issued a detailed opinion on the draft MVV TB. In this opinion, the institution urged Germany to adjust the MVV TB to reflect the rules of the

EU Construction Products Regulation. Lizzi had submitted the question on 6 November 2019; Breton's answer was published on 6 February.

On 11 February, a total of 34 MEPs from Italy, Spain, Portugal, Belgium and Poland sent Breton a letter criticising the switch in formaldehyde testing methodology that took effect in Germany on 1 January 2020 and the resulting variations in emission class E1. Lizzi is one of the signatories. The MEPs believe that the new rules prepared by the German Federal Environment Agency (UBA), based in Dessau-Roßlau, and adopted by the Joint Federal/State Working Committee on Chemical Safety (BLAC) in late September 2018 break European law. By way of explanation, the MEPs note that formaldehyde emissions from wood-based panels are regulated at EU level by the European Construction Products Regulation. The relevant harmonised standard, EN 13986, details two emission classes (E1 and E2) and determines formaldehyde emissions in accordance

with EN 717-1. Manufacturers complying with the rules are able to mark their products with the CE label.

The new formaldehyde testing methodology introduced in Germany on 1 January and resulting reinterpretation

Background

Inquiry and answer of the EU Commission on MVV TB



<https://download.euwid-holz.de/200801.html>

Background

Letter from EU parliamentarians to EU Commissioner Breton



<https://download.euwid-holz.de/200804.pdf>

of emission class E1, which the wood-based panel industry now characterises as E05 in most cases, is not envisaged in EN 13986 and thus not harmonised. In the view of the MEPs, the rules that have applied in Germany since 1 January represent illegal special national arrangements. Unlike with the MVV TB, Germany had also failed to notify the introduction of the new formaldehyde testing methodology using the Technical Regulation Information System (TRIS). Citing the European Commission's request that Germany amend the MVV TB, the MEPs call for similar steps to change the formaldehyde testing methodology in their letter. The resulting restrictions in free market access should be lifted and an open internal market restored by adjusting the new rules introduced in Germany to comply with EU law.

Several comments in MVV TB notification

In the notification process for the draft MVV TB, which was revised by the German Institute for Building Technology (DIBt) in May 2019, several comments



VOC emissions from OSB are still under discussion.

(Photo credit: EUWID)

and detailed opinions have been received during the second half of 2019. This process has been under way at the Directorate General for Internal Market, Industry, Entrepreneurship and SMEs (DG Grow) since 24 June 2019. Following the submission of an initial comment by the UK, the European Commission had extended the standstill period, which originally supposed to run until 25 September, for another three months to 27 December. The European Commission itself and Spain also submitted detailed opinions during September. Belgium and Portugal made their views known in October. The Directorate General has also received two comments from the European Commission and Finland. In its opinion, the European Commission repeatedly pointed out that the notified draft is not compatible with EU law in several aspects and also must not be adopted during the standstill period. The rules contained in the draft thus cannot enter into force before 27 December, according to the European Commission.

DG Grow does not publish the contents of opinions and comments submitted using the TRIS System as they are labelled "limited" access. The two-and-a-half-page detailed opinion submitted by the European Commission and signed by EU Commissioner Elzbieta Bienkowska first examined the history of the current notification process before delving into the contradictions between the MVV TB and the CPR. The CPR sets forth harmonised conditions for marketing construction products in the EU that must not be watered down by national rules. In this vein, the European Commission also made reference to several rulings by the European Court of Justice and the Court of the European Union in similar cases. Moreover, the Commission criticised the fact that Germany has not taken account of objections raised regarding previous notifications. Specific reference was made here to notifications of the Model Building Code (MBO) and the first version of the draft Technical Building Rules (VV TB), which were launched in 2016. Based on these points of criticism, the European Commission urged Germany to adjust the new draft to reflect the provisions of the CPR and to

notify these amendments. The European Commission reserved the right to take legal action in the event that Germany sticks to implementing MVV TB in its current form.

The European Commission's detailed opinion was followed by a separate note on the VOC rules for OSB and resin-bonded particleboard envisaged in Annex A 3.2/4 of the notified draft. According to the draft, these rules were supposed to take effect as early as 1 October 2019. In this vein, the European Commission pointed out again that a notified draft must not be adopted until after the standstill period has ended if a detailed opinion is received. The European Commission thus believed that entry into force of the VOC rules on 1 October, as has happened in the states of Hesse and Saxony for instance, is not allowed.

UBA published FAQ document

On 19 November, the German Federal Environment Agency (UBA) presented implementation instructions in a document entitled FAQ on Rules Governing Formaldehyde in Wood-Based Panels and Furniture. This document was developed in partnership with the Joint Federal/State Working Group on Chemical Safety (BLAC). Its publication, which was originally slated for October after several associations submitted requests for information, had been delayed several times.



The FAQ document, which was also published on the UBA's website, features 14 questions on formaldehyde, the testing methods permitted under the German Chemical Prohibition Ordinance (ChemVerbotsVO) and practical implementation of the new rules. The ChemVerbotsVO still applies in the revised version published at the start of 2017; the provisions it contains on wood-based panels and

furniture have not been amended. However, new rules published by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety in the Federal Gazette on 26 November 2018 did alter the testing method. Under the ChemVerbotsVO, this testing method must be used for "laminated and unlaminated wood-based panels (particleboard, blockboard, veneered board, fibreboard)". However, these requirements do not apply to wood-based panels "that are solely placed on the market for the purpose of proper lamination, provided that they will meet the required levels after lamination."

The interpretation instructions contained in the FAQ document relate to the sell-off of stocks, the term "placing on the market", ramifications for substrate for lamination, changes for furniture, the transit and import of wood-based panels, monitoring the rules and the impact on labelling. The term "placing on the market" is understood to mean provision for third parties that can also take the form of storage. At any rate, this provision is associated with a sales transaction. When selling raw board to laminating companies, no additional testing is needed as long as raw board complies with the amendments arising from the ChemVerbotsVO. If the board does not meet these requirements, the use of suitable lamination can ensure compliance. In this instance, the laminating firm has to ensure compliance through steps including testing. Furniture manufacturers do not face any changes as a result of the new rules if they solely use wood-based panels complying with the rules. Yet, furniture containing wood-based panels that do not comply with the rules must prove that the entire piece of furniture complies with the formaldehyde rules through fully-body testing. Imported wood-based panels and furniture are subject to the same rules as products made in Germany. However, wood-based panels in transit are not considered to have been placed on the market. Federal states are responsible for monitoring. Labelling obligations will not change with the introduction of the new testing methodology. □

New investments and expansion projects have been scaled back

Panel and surfaces industry back in a phase of consolidation

The economic downswing that emerged in the wood-based panel and surfaces industry since the middle of 2018 is now also leaving its mark on developments in the affected segments.

Marginally lower production and rising imports in Central Europe have combined with slower demand in many areas to create surplus supply. The resulting pressure on prices was intensified by dwindling raw material costs. Lower revenues and earnings ensued. Many businesses thus had to scale back forecasts issued at the start of the year. In some instances, several corrections were required. The downward trend decelerated a little in the second half of the year, although a noticeable improvement has still not materialised.

The more challenging market climate has now also led companies to shift their priorities. New investments and expansion projects have been side-lined. Projects that are already in progress have been

delayed; new plans have been shelved or abandoned altogether. This considerable slowdown in investment activity has left its mark on machinery and plant manufacturers' business levels over the past few months, as well. Lead times were relatively lengthy into the first half of 2019, but have receded within a few short months. Most machinery and plant manufacturers are now able to deliver at short notice again. Several firms are already battling capacity utilisation problems, and some of them have already removed capacity.

A growing number of production curtailments and restructuring projects are also under way in the wood-based panel and surfaces industry. A rising number of performance audits have led companies to bid farewell to unprofitable areas. Complete sites were also closed in a few instances. These investments mean that consolidation has picked up the pace again in most segments. The biggest issue within the Central European wood-based panel industry has been the

potential sale of Pfeleiderer Group S.A., based in Wroclaw, Poland, which has been deliberated for almost two years. These reflections have increasingly focused on Polish sites over the past few months. At the same time, the hedge fund Strategic Value Partners LLC (SVP), which is based in Wilmington, Delaware and which has held shares in Pfeleiderer since 2012, has created better conditions for the planned divestment with its squeeze-out in autumn. In January, P3G Industries S.A.S., headquartered in Saint-Loup-sur-Semouse, France, acquired a particleboard mill in Lure doing business as Ikea Industry France S.A.S. from Ikea Industry AB.

In February, the joint venture Laminate Park GmbH & Co. KG, which was created in 2006, announced plans to shut its MDF/HDF and laminate flooring plant in Heusweiler-Eiweiler at the year's end. In late February, the Italian wood-based panel manufacturer Fantoni S.p.A. stopped making MDF at a site in Avellino that does business as Novolegno S.p.A., thus pooling Italian manufacturing activities at its Osoppo headquarters. In January, the Turkish wood-based panel and laminate flooring manufacturer Yildiz Sunta Orman Ürünleri Sanayi Tesisleri İth. İhr. ve Tic. A.S., based in İzmit, had to shut down all manufacturing activities due to bankruptcy proceedings. At the end of August, Kronospan unveiled plans to close part of its Bischweiler particleboard mill and dismantle its raw particleboard line; work to disassemble the technology commenced in October.

Within the insulating panel business, Pavatex S.A., which is based in Fribourg and which has been owned by the French firm Soprema S.A.S in Strasbourg since May 2016, has closed its insulating panel plant in Cham, Switzerland. By contrast, Steico SE, headquartered in Feldkirchen, Germany, installed and commissioned



Laminate Park stopped production in November.

(Photo credit: EUWID)

more machinery at its Polish production sites in Czarnków and Czarna Woda. One of two lines at an insulating panel plant that Homanit Building Materials GmbH & Co. KG, headquartered in Berga, Germany, closed at the end of 2018 will be transferred to the US start-up GO Lab LLC, based in Belfast, Maine, in the coming months.

Consolidation has occurred within the wood-based panel industry in other regions, too. The joint venture Sonae Arauco S.A., based in Madrid, idled a particleboard mill in Panbult, South Africa indefinitely back in November 2018. Carter Holt Harvey Pinepanels Pty. Ltd., based in St. Leonards, New South Wales, announced the closure of two particleboard mills in Tumut, New South Wales and Gympie, Queensland at the end of February. The Gympie location will now continue to be operated by the Fletcher Building subsidiary Laminex Group Pty. Ltd., based in Doncaster, Victoria.

In North America, Georgia-Pacific LLC, based in Atlanta, Georgia, has parted ways with three particleboard mills in Thomson (Georgia), Hope (Arkansas) and Monroeville (Alabama). Arauco North America, headquartered in Atlanta, Georgia, will stop making particleboard in St. Stephen in New Brunswick, Canada at the end of this year. However, Roseburg Forest Products Inc., based in Roseburg, Oregon, has added a third site making MDF/HDF by acquiring an MDF mill in El Dorado, Arkansas doing business as Del-Tin Fiber LLC. Celulosa Arauco y Constitución S.A. continued its expansion in the wood-based panel business with its late January purchase of Mexican wood-based panel sites from Maderas y Sintéticos S.A. (Masisa), both based in Santiago de Chile. Surplus supply and price pressure on North American OSB markets have culminated in longer production curtailments over the past few months. Norbord Inc. (Toronto, Ontario), Louisiana-Pacific Corp. (Nashville, Tennessee) and Georgia-Pacific LLC (Atlanta, Georgia) have idled several OSB mills indefinitely.

Following a long phase of relative calm, the machinery and plant construction



Laminex took over CHH's Gympie mill.

(Photo credit: Empire Engineering)

business experienced several changes during the course of 2019. A variety of companies have responded to slowing order intake. Dürr AG, based in Bietenheim-Bissingen, Germany, announced multiple actions to enhance efficiency within its Woodworking Machinery and Systems division at the publication of its interim report for the first nine months. Homag Automation GmbH site will cease manufacturing in Hemmoor by the end of 2020. The Automation division is to be combined with Systems business unit, which focuses on plant operations and is disproportionately strongly affected by the current slump in ordering. IMA Schelling Group has completed its integration process by renaming group companies. IMA Klessmann GmbH Holzbearbeitungssysteme, based in Lübbecke, Germany, was renamed IMA Schelling Deutschland GmbH, while the Austrian firm Schelling Anlagenbau GmbH, headquartered in Schwarzach, is now known as IMA Schelling Austria GmbH.

In addition to these internal restructuring projects, several companies have also been sold. The Swiss private equity group CGS Management AG (Pfäffikon) acquired a majority stake in the printing machinery manufacturer Rotodecor GmbH Maschinen- und Anlagenbau (Lage) and the digital printing joint venture Padaluma Ink-Jet Solutions GmbH (Palis;

Markt Erlbach, Germany) in late summer. The speciality paper machinery and plant specialist Bellmer GmbH, based in Niefern-Öschelbronn, Germany, is mainly expanding its position in Eastern Europe with the November acquisition of the Czech paper machinery manufacturer Papcel a.s., headquartered in Litovel.

In February, Kurt Schuhmacher Industriemontagen GmbH & Co. KG, a company specialising in assembling and rebuilding wood-based panel technology headquartered in Neukirchen-Vluyn, Germany, acquired the assets of FMT Instandhaltung GmbH, based in Meerbusch, Germany, in an asset deal. A solution to secure the solution of Binos GmbH, headquartered in Springe, Germany, could not be found, though. The company had to cease all operations a short time after entering administration. The majority of its assets were sold over the coming months. The next major insolvency filing happened in July at Heinrich Kuper GmbH & Co. KG, based in Rietberg, Germany. The subsequent insolvency proceedings should be completed with a transferred restructuring in the coming weeks.

The biggest transactions in areas of the chemical industry relevant for the wood-based panel and surfaces sector were the insolvency and subsequent restructuring of the US resin producer Hexion Inc.



The sale of Interprint was closed in November.

(Photo credit: Interprint)

(Columbus, Ohio), the sale of the Ineos Enterprises AG (Rolle, Switzerland) units Ineos Melamine and Ineos Paraform to Prefere Resins Holding GmbH (Erkner) and the US titanium dioxide producer Tronox Inc. (Stamford, Connecticut) buying titanium dioxide activities from Cristal Global (Jeddah, Saudi-Arabia) after a process lasting two years.

Growing competition from China is one of the factors driving change within the decor paper industry. Felix Schoeller Holding GmbH & Co. KG, headquartered in Osnabrück, Germany, had purchased a majority stake in the decor paper producer Zhejiang Grandrich Paper Co. Ltd. via the joint venture Winbon Schoeller New Materials Co. Ltd. (WSNM), based in Longyou, Zhejiang Province, back in early 2018. This year, the site gradually ramped up decor paper production. In November, Ahlstrom-Munksjö Oyj, headquartered in Helsinki, signed a non-binding letter of intent with majority shareholders in the Chinese group Hebei Minglian New Materials Technology Co. Ltd. to acquire this decor paper producer, which was founded in September 2016. This transaction is part and parcel of further plans to spin off its Decor division.

Supply issues were in the spotlight in the kraft paper business during the

course of the year. The Finnish firm Kotkamills had to cease manufacturing using PM 7 at the Tainionkoski Mill in Imatra after a leasing agreement expired in January. In September, WestRock Co. (Atlanta, Georgia), a paper and packaging group created when MeadWestvaco Corp. (Richmond, Virginia) and RockTenn Co. (Norcross, Georgia) merged, announced plans to close one of three paper machines in North Charleston, South Carolina after purchasing KapStone Paper and Packaging Corp. (Northbrook, Illinois) in November 2018. By contrast, the wood-based panel and laminate manufacturer FunderMax GmbH, headquartered in St. Veit, Austria, started making core paper production itself with its January takeover of the Norwegian kraft paper manufacturer Ranheim Paper & Board AS, based in Trondheim-Ranheim.

Even bigger changes have occurred in the laminate industry. At the start of June, Broadview Holding B.V. (s'Hertogenbosch, the Netherlands) purchased Formica Corp. (Cincinnati, Ohio) from the New Zealand building products group Fletcher Building Ltd. (Auckland). Broadview has long controlled Trespa International B.V. (Weert, the Netherlands) and Arpa Industriale S.p.A. (Bra, Italy) and acquired a majority stake in Westag & Getalit AG

(Rheda-Wiedenbrück, Germany) in August 2018. The US company Wilsonart International Holding LLC, based in Temple, Texas, divested its Asian activities to the Japanese chemical and building product group Aico Kogyo Co. Ltd., headquartered in Nagoya, in the fourth quarter.

In early May, Dekodur GmbH & Co. KG, a laminate manufacturer based in Hirschhorn, Germany, that has been insolvent since December 2018, was acquired by the private investor Rolf van den Berg and Sagacious Beteiligungs GmbH, based in Langen, Germany, in a transferred restructuring. For its part, Sonae Arauco S.A. subsidiary Glunz Holzwerkstoffproduktions-GmbH (GHP), headquartered in Horn-Bad Meinberg, Germany, has announced plans to stop making laminates and elements in Horn-Bad Meinberg by the end of 2020. Westag & Getalit sold a 49% stake that it has held in the worktop customising firm AKP Carat-Arbeitsplatten GmbH, based in Meiningen, Germany, since the start of 2006 back to the company in the fourth quarter.

The early November divestment of the Interprint group to the Japanese printing firm Toppan Printing Co. Ltd., headquartered in Tokyo, was the biggest transaction in the decor printing sector. In July, Surteco Group SE, headquartered in Buttenwiesen, Germany, sold a treating site in East Longmeadow in the US state of Massachusetts to the North American resin producer and treating firm Arclin Inc., based in Roswell, Georgia, in an asset deal. The British speciality chemicals group Synthomer plc, headquartered in Harlow, Essex, intends to become the sole owner of the conglomerate Omnova Solutions Inc., based in Beachwood, Ohio, which has surface materials operations. Schattdecor AG, based in Thansau, has strengthened its position through several acquisitions and investments. In the first quarter, the US finish foil producer US Coating Co., based in Lexington, South Carolina, and the Malaysian impregnating firm Vasatech Sdn. Bhd., headquartered in Bestari Jaya. A new printing site in Quzhou in China's Zhejiang Province followed in May. □



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Growing logistical problems hampering efforts to ramp up production

China: Delays in supply chains set to intensify in the coming weeks

The coronavirus outbreak in the Chinese province of Hubei and precautionary measures subsequently put in place by Chinese authorities and governments in many other countries have had adverse effects in the wood-based panel, surfaces, building product and furniture segments in February and March, as well.

Industrial production has decreased in China following production shutdowns ordered after Chinese New Year festivities. Manufacturing resumed in most provinces by mid-February. Companies based there were able to restart production, at least to a limited degree, after receiving approval from authorities. For this to happen, businesses had to put in place individual protective measures, such as providing employees with face masks, disinfecting production, office and break rooms and checking people for fever as they enter the complex.

Among companies making machines and plants for the wood-based panel and

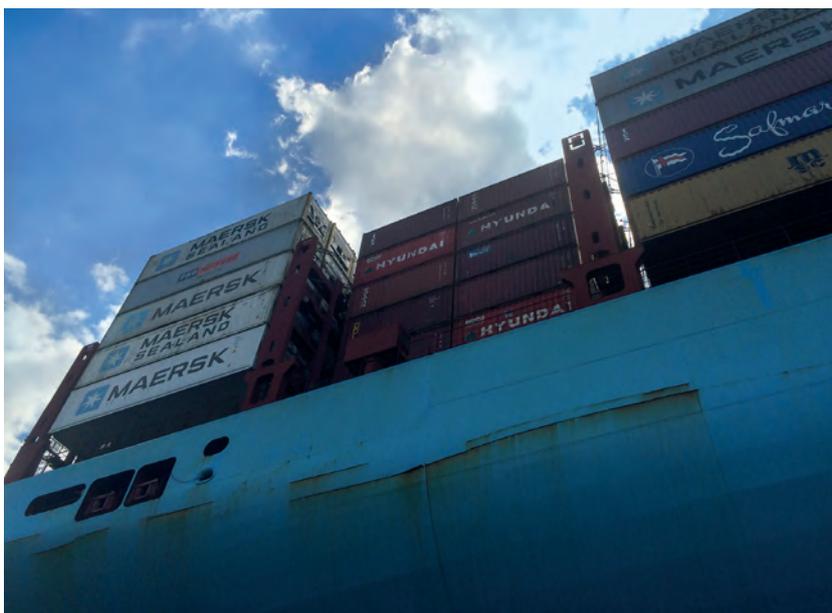
furniture industry, the Homag Group AG subsidiary Homag Machinery Shanghai Co. Ltd. and Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), which is part of Dieffenbacher GmbH Maschinen- und Anlagenbau, restarted production in the Shanghai metropolitan area on 13 February 2020. These companies originally wanted to get back up and running again on 3 February following Chinese New Year festivities. Authorities had initially decreed that plants should stay closed until 10 February, before pushing back the date once again.

In the surfaces segment, Schattdecor AG, based in Thansau, Germany, reopened its decor printers in Shanghai and Quzhou on 10 and 17 February respectively. However, the treating joint venture Huanggang Saintdecor Co. Ltd., which is located near Wuhan in Hubei Province, is still offline. The region around Wuhan, which has been sealed off for quarantine reasons since 23 January, is also home to several wood-based panel and furniture companies that are also unable to manufacture at the moment. In Huanggang, for instance, Yekalon-Jiufangyuan Panels

Co. Ltd. commissioned a new thin MDF/HDF line at the start of February 2019. The Chinese furniture producer operates a relatively large furniture plant in Huanggang whose products are sold under the Sofia brand.

Although the situation in the region surrounding Wuhan remains challenging, signs of stabilisation are at least emerging in most other Chinese provinces. According to a variety of economic research institutes, more than 80% of Chinese industrial companies were manufacturing again by the end of February. Since not all employees have so far managed to return from their home provinces to their place of work due to travel restrictions, capacity utilisation is reaching a maximum of 60-70% on average. Production and logistical restrictions will likely soon result in liquidity problems in the Chinese industry if the current situation lasts even longer.

While China's industry is gradually ramping up manufacturing, transportation within China and the international movement of goods are still subject to growing restrictions. Supply chains to and from China, which have not been as heavily affected to date, have been hit harder as a result. Ships that departed Chinese ports before Chinese New Year largely arrived in Europe and North America by the end of February as planned due to lead times lasting several weeks for sea freight. Replenishments have now ground to a halt due to blank sailings since the start of February. Inventories that have to be kept because of the usual practice of shipping in containers are still high enough to ensure deliveries of upstream products, building materials and finished products to European converters and merchants for the time being. Most buyers have also been trying to build up additional buffers for some time now by ordering extra amounts in China and looking for alternative sources. Additional procurement capacity was also being pro-



Chinese terminals report high to full yard density for empties.

(Photo credit: EUWID)

vided to this end, especially in the retail segment, for instance by making changes to procurement organisations. However, growing restrictions will likely emerge in the weeks ahead since delays in supply chains will last for some time to come.

Chinese seaports are back up and running again with just a few exceptions. According to Kühne+Nagel International AG, based in Schindellegi, Switzerland, its loading and discharging operations have been overloaded for quite some time because of delays lasting for several weeks. The situation has been described as especially strained in the ports of Shanghai, Tianjin and Ningbo. Containers have to be diverted to other ports or unloaded off schedule because of a scarcity of floor space. This factor, combined with blank sailings and continued changes to sea freight transport schedules, is now leading to a shortage of empty containers around the world, which is also sending freight costs higher. Restrictions in aviation traffic have also increased in recent weeks. With more and more flight connections being cancelled, export and import processes are suffering delays. There is only limited capacity available for alternative transport options, especially involving rail transport to Europe. Transport restrictions and a shortage of lorry drivers are still hampering logistics within China. According to A.P. Moller-Maersk Group, based in Copenhagen, just about 60% of Chinese lorry capacity can be used at the moment, which is delaying transport within China and shuttle transports to ports. The situation is a little less strained in the south of China than in other regions.

Chinese authorities in a variety of provinces have also restricted or cancelled large events to slow the further spread of coronavirus. These decisions also affect a number of trade fairs. After the Department of Commerce of Guangdong Province and Guangzhou Municipal Commerce Bureau put rules to this effect in place, China Foreign Trade Guangzhou-Exhibition General Corp. delayed the China International Furniture Fair (CIFF) – which was broken down into two parts – to a later date on 31 January. CIFF Phase 1 was supposed to take place from 18 to 21 March 2020, with CIFF Phase 2 set to run from 29 to 31 March. Interzum Guangzhou, which is joint-



Production in China remained suspended after Chinese New Year.

(Photo credit: EUWID)

ly organised by Koelnmesse (Beijing) Co. Ltd., was supposed to be held alongside CIFF Phase 2. The venue for both events was supposed to be the China Import and Export Fair Complex (Pazhou Complex) in Guangzhou, Guangdong Province. New dates are to be announced as soon as possible.

The R+T Asia and Domotex Asia/Chinafloor fairs, which were due to take place at Shanghai New International Expo Center (SNIEC) at the end of February and end of March respectively, have also been cancelled. R+T Asia, which is jointly organised by Landesmesse Stuttgart GmbH and covers roller shutters, doors/gates, windows and sun protection systems, was supposed to be held from 24 to 26 February. Domotex Asia/Chinafloor was slated for 24 to 26 March. According to a statement published by the organisers VNU Exhibitions Asia and Hannover Milano Fairs Shanghai Ltd. on 28 February, Domotex Asia/Chinafloor (DACF) will now be staged from 31 August to 2 September. The change in timing means that the fair, which was supposed to be held in the Shanghai New International Expo Center (SNIEC) in Shanghai-Pudong, will move to the National Exhibition and Convention Center (NECC) in Shanghai-Hongqiao.

European events have also encountered more delays since the end of February.

The machinery and supplier fair Fimma/Maderalia, which was scheduled to take place in Valencia, Spain, from 10 to 13 March, has been postponed to 2 to 5 June. According to a decision announced on 25 February by the organisers Cosmit S.p.A. and Federlegno Arredo Eventi S.p.A., the Milan furniture fair Salone del Mobile will be pushed back for almost two months from 21-26 April to 16-21 June. However, a decision has yet to be made about the machinery fair Xylexpo, which is also slated to happen at the Milan fairgrounds Rho Fiera from 26 to 29 May. The organiser Cepra s.r.l., based in Assago, is waiting to see what happens.

Originally slated to run from 18 to 21 March, the Holz-Handwerk and Fensterbau Frontale twin trade fair was cancelled on 28 February; Nürnberg Messe GmbH is currently exploring an alternative date later this year. The International Hardware Fair in Cologne (1-4 March 2020) and the International Craft Trade Fair in Munich (11-15 March 2020) have been delayed by a year. The next hardware fair is slated for 21 to 24 February 2021. The Asia-Pacific Sourcing event scheduled to happen in March 2021 will be integrated into the event. The new date for the craft trade fair will be 11 to 14 March 2021. The Light+Building in Frankfurt will be pushed back six months from 8 to 13 March to 27 September to 2 October. □

Roseburg puts new LVL plant into operation in Chester

The US wood-based panel manufacturer Roseburg Forest Products Inc. of Roseburg, Oregon, officially opened its new LVL works in Chester, South Carolina on 28 October 2019. The first board had already been produced on 19 September. According to earlier information, the plant is expected to achieve an annual production capacity of approximately 285,000 m³ when operating at full capacity on a total area of roughly 450,000 sqft (roughly equivalent to 41,800 m²) with a total of 148 employees.

Roseburg had announced the US\$200m greenfield project at the beginning of 2017. The purchase of the land was then concluded at the beginning of the second half-year. Roseburg placed the orders for the first items of equipment at the same time. The Finnish plant and machinery manufacturer Raute Oyj supplied a high-performance veneer layup line. Dieffenbacher GmbH Maschinen- und Anlagenbau supplied components such as the 4 ft x 65 m continuous press. The scope of the delivery also covered the 660 kW microwave preheating unit and the stacking station. According to Dieffenbacher, the company has meanwhile supplied eight continuous LVL presses to customers worldwide. □

Maibec taking over siding works of Louisiana-Pacific

Louisiana-Pacific Corp. of Nashville, Tennessee, is withdrawing from the production of hardwood-based fibre sidings of the "CanExel" brand. The East River facility in Nova Scotia geared to producing them with a capacity of 55m sqft (3/8" basis) is being sold to the Canadian company Maibec Inc. of Lévis, Quebec. Maibec is also buying all the rights to the CanExel brand. The deal is scheduled to be closed upon fulfilment of the customary closing conditions in the second quarter of 2020.

Louisiana-Pacific will hence be focussing on the production of "Smart Side" strand sidings in future. The company had already announced the conversion of the only fibre sidings works in Roaring River, North Carolina, in the fourth quarter, the annual capacity of which was last given as 275m sqft. Coating equipment is also being installed at the facility.

The coating capacity had been enlarged beforehand by means of acquisitions. According to information from Louisiana-Pacific, these are to be used to increase the activities with ready-to-install sidings. The company had presented the "Expert Finish" product line for this segment in January. □

Louisiana-Pacific raises pre-finishing capacity

Louisiana-Pacific Corp., based in Nashville, Tennessee, has acquired pre-finishing technology from the building product distributor BlueLinx Holdings Inc., headquartered in Marietta, Georgia. The company is expanding its capacity in this area by buying assets in Granite City, Illinois. Before completing its acquisition of Prefinished Staining Products Inc. (PSPi), based in Green Bay, Wisconsin, in the second quarter of 2019, Louisiana-Pacific had only made its CanExel coated hardwood sidings in East River in the Canadian province of Nova Scotia.

While steps to expand its pre-finishing activities have primarily taken the form of acquisitions to date, Louisiana-Pacific is now planning to install pre-finishing capabilities at its US siding facility Roaring River, North Carolina. This site can presently make 275m sqft or roughly 243,000 m³ of SmartSide strand siding each year. □

Huber investing US\$30m in treating location

Huber Engineered Woods LLC, based in Charlotte, North Carolina, is poised to build a new treating location in Dillon, South Carolina, by the end of 2020. With a staff of 30 people, the plant will manufacture phenolic film for its ZIP-System OSB product line used as wall and ceiling cladding. The group said that it would invest about US\$30m in the new site.

Huber's ZIP-System consists of OSB laminated with a breathable moisture barrier. In combination with an acrylic adhesive tape to seal panel joints, the ZIP-System has been sold as a time-saving and cost-saving alternative to traditional board materials coupled with house-wrap and façade sheeting since its launch in 2006. A partnership with Roseburg Forest Products Inc., based in Roseburg, Oregon, has allowed the company to market ZIP-System products with a plywood core as well since February 2019. □



Grand opening of the Chester LVL plant

(Photo credit: Dieffenbacher)

Low-temperature belt dryer for drying of wood flakes or OSB strands

Paged Plywood: Slight decline in turnover

Polish Paged Group, which has been re-organised over the last two years and has been merged into the new holding company, Thumos Capital Ltd. of Nikosia, Cyprus, generated turnover with its plywood operations in 2019 to an amount of PLN504.2m (2018: 591.5m), representing an equivalent value of c. €118.3m. The decline is due principally to closure of the Elk production location in Poland. As recently as 2018 this location had contributed an amount of some PLN75m to total group turnover.

Already in 2018, however, Paged had been confronted by turnover declines in the plywood sector. Here the turnover figure of PLN591.5m (2017: 607.6m) reflected a decline of 2.6% compared to turnover achieved in the preceding year. Prior to this turnover figures had increased consistently on an annual basis. 2011 was the first year in which Polish state-owned Sklejka Pisz S.A. (Pisz), which had been acquired by Paged Sklejka S.A. (Morag), had been completely consolidated. This had resulted in turnover increasing to an amount of PLN308.6m. In 2012 turnover had increased to PLN335.9m, and this development continued in the ensuing years with turnover figures of PLN365.9m in 2013, PLN405.5m in 2014, PLN445.1m in 2015, PLN520.1m in 2016 and PLN607.6m in 2017. Plywood turnover consequently increased by as much as two thirds in the period between 2011 and 2019.

The turnover figures indicated refer to the plywood operations at the locations of Morag, Pisz and Elk in Poland. In 2018 and 2019, furthermore, turnover of the Valmos OÜ veneer plant in Pärnu (Estonia) was included. This plant had been acquired by the Paged Group in autumn 2018. Not included in the figures is turnover of trade association Paged Trade, which sells wooden panels at 13 locations in Poland and in 2019 generated turnover of PLN43.2m (2018: 41.4m). In 2011 the trade division, which at that time still had 14 branches, generated turnover of PLN72.8m. In

subsequent years trade turnover had deteriorated consistently and reached its lowest level to date in 2018. In other publications the turnover figures of the Paged Plywood Group also include the turnover of Paged Trade. The location of Bartoszyce, where core layers for blockboards are produced, is in fact assigned to the Paged Plywood Group, however it also does not feature in the turnover figures.

Within the scope of the re-organisation the production companies in Morag and Pisz were also re-named. The former Paged Sklejka S.A. in Morag now trades under the name Paged Morag S.A., and Sklejka-Pisz Paged S.A. has meanwhile been re-named Paged Pisz Sp. z o.o. In Morag coated and uncoated birch and pine plywood is produced. Production capacity most recently amounted to c.130,000m³ plywood. In October 2015 a new production line for softwood plywood was commissioned in Morag. Since this point in time softwood veneers in a thickness of 2.5mm have also been processed here, in addition to the conventional 1.5mm veneers.

At the company domiciled in Pisz birch and pine plywood ranges in different standard formats are produced, as well as beech plywood. Production capacity at Pisz amounts to some 100,000m³ per annum. The company offers cut timber and/or CNC-machined products at both locations. Last year 550 persons were employed at the Morag location and 650 at the facilities in Pisz. Production in Elk primarily involves medium-format and large-format birch plywood panels (5x8ft and 5x10ft). With approximately 220 employees and an annual capacity of approximately 25,000m³, Elk was the smallest plywood plant within the group. Following closure of the Elk plant, a large proportion of the equipment installed there was moved to Morag and Pisz up to the end of 2019. At Valmos in Estonia production consists predominantly of high-quality birch veneer. Production capacity here most recently amounted to c. 30,000m³ per annum. □



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Germany only ranked fifth amongst the biggest sales markets last year

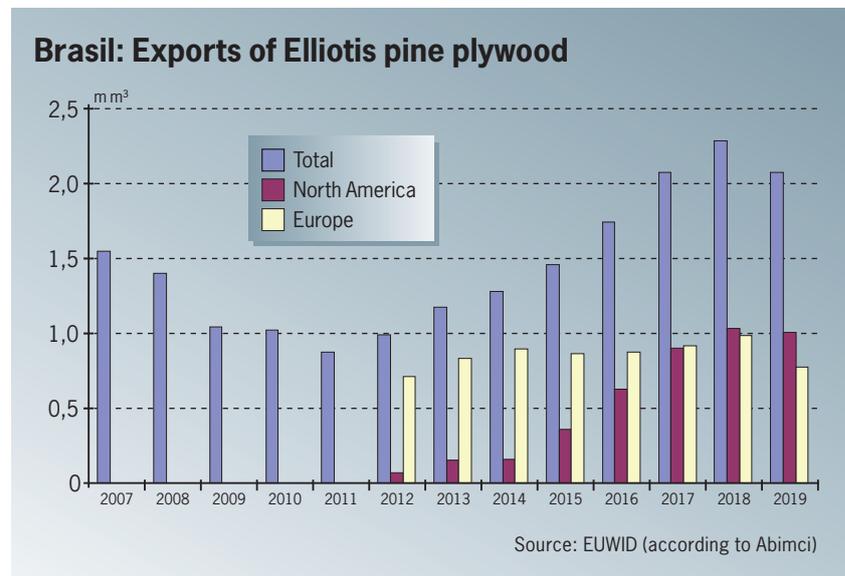
Brazilian exports of Elliotis pine plywood reduced to 2017 level

The growth in Brazilian exports of Elliotis pine plywood since 2012 came to an end last year. These exports have fallen again for the first time in seven years, back to the level of 2017.

The foreign trade statistics from Associação Brasileira da Indústria de Madeira Processada Mecanicamente (Abimci) of Curitiba, Paraná, gives a reduction of 9% to 2.063m (2018: 2.272m) m³ for 2019. The figure for the first quarter fell slightly short of the previous year's volume at 581,216 (Jan.-March 2018: 582,292) m³. The second quarter ended with a minor reduction of a good 4% to 520,230 (April-June 2018: 544,146) m³. Abimci then established double-figure losses for the third and fourth quarters. In the third quarter, the exports fell by almost 17% to 455,582 (July-Sept. 2018: 547,790) m³; the fourth quarter turned out to be only a little better with a reduction of almost 16% to 505,380 (Oct.-Dec. 2018: 597,839) m³.

The development in the year as a whole was contributed to mainly by the larger regions and sales markets. Exports to North America were 3% down to below 1m m³ again. The USA went against the trend with an increase of 4% to 774,607 (2018: 746,128) m³. Deliveries to Mexico, on the other hand, fell by 14% to 166,622 (193,509) m³. Europa took delivery of 21% less than a year earlier. At 230,782 (232,785) m³, the UK almost matched the previous year's figure. A reduction of 6% was recorded for Belgium to 172,425 (184,207) m³. Exports to Germany, which had still been the second-biggest sales market behind the USA in 2018, almost halved against the year before at 148,197 (274,555) m³.

Italy (-22% to 93,123 m³) and Denmark (-53% to 22,796 m³) also remained well below the figures of a



year earlier. In contrast, considerable growth was recorded in deliveries to Sweden (+353% to 42,805 m³), the Netherlands (+45% to 38,790 m³), and Spain (+68% to 20,811 m³). In the other regions, South Africa developed best (+61% to 58,151 m³); sharp reductions, however, had to be put up with by Jamaica (-28% to 33,306 m³), Puerto Rico (-47% to 30,900 m³), Dominican Republic (-40% to 20,278 m³), and Australia (-40% to 16,330 m³).

As such, six of the ten biggest export markets failed to match the reference figures of the year before. The 23 markets given separately in the adjacent table comprise 8 with increases and 15 with reductions.

Brazil exported more tropical plywood again

After the slightly regressive development in 2017 (-1.5% to 61,875 m³) and 2018 (-1.4% to 61,017 m³), Brazilian exports of tropical plywood rose by almost half last year. The 89,120 m³ given in the statistics of Abimci are 46.1% higher than a year earlier. A higher export volume was

last achieved in 2009 (97,260 m³). On the basis of the 326,803 m³ recorded for 2007, the exports had fallen at an ever faster rate in the years that followed. In 2008 they had fallen by 37.4% to 204,525 m³; in 2009, the Brazilian manufacturers of tropical plywood did not even reach half the previous year's volume. Double-figure reductions occurred in the years that followed. Rock-bottom was reached in 2014 at 26,696 m³. The exports then increased by roughly half in each of the years 2015 and 2016.

Of the total of 89,120 m³ exported in 2019, 66,916 (2018: 32,987) m³ or 75.1 (54.1) % was exported to North America. 14,640 (15,659) m³ or 16.4 (25.7) % went to Europe. Each of the other regions only took delivery of minor volumes. The main sales market was the USA with an export volume more than twice as high as a year earlier at 58,820 (27,118) m³. This was followed by Ireland at 5,702 (3,039) m³, the UK at 5,330 (5,613) m³, and Mexico at 4,506 (3,375) m³. The next biggest exports mostly failed to match the previous year's figures, such as Italy, Belgium, Germany, Egypt, and Argentina. □

Export value decreased much further due to deterioration of average sales prices

OSB exports from Canada and the US both declined during 2019

Following a continuous increase ever since 2009, Canadian exports of OSB experienced a decline for the first time last year. At 6.646m (2018: 7.654m) m³, the volume was down 13% on the preceding year.

In terms of value, Statistics Canada (Ottawa, Ontario) records a decline of more than double this rate (-32%), to Can\$1.538bn (2.252bn). Prior to this, Canadian OSB manufacturers had increased exports for nine consecutive years. Starting with an export volume of 3.892m m³ in 2013, the figure virtually doubled within five years up to 2018. In the period from 2009 (2.696 m³) to 2018, exports virtually trebled (+184%). The export value did not increase with the same consistency, however. In 2011 and 2014 it remained below the figure of the respective preceding year, despite the increase in volume. Accumulated over the period from 2009 to 2018, the export value more than quadrupled. From 2013 to 2018, at +77%, the export value increased at a less significant rate than the volume.

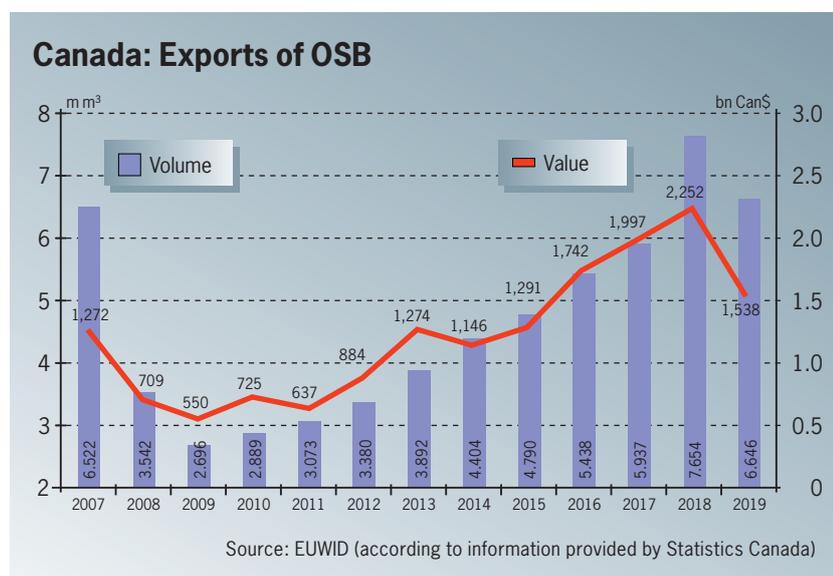
The decline in volume experienced last year was spread across virtually all relevant sales markets. Exports to the main export market of the USA decreased in volume by 13% to 6.319m (7.269m) m³ whilst the export value declined by 33% to Can\$1.432bn (2.122bn). In 2016 Canada delivered a volume of 5.061m m³, at a value of Can\$1.632bn, to the USA and in 2017 an export volume of 5.505m m³ and export value of Can\$1.866bn was recorded.

Last year a volume of 156,949 (191,960) m³ at a value of Can\$56.8m (66.9m) was exported to Japan. China was in third position, despite a 15% decline in volume to 55,104 (64,487) m³. Exports to Vietnam, following a significant rise over preceding years, deteriorated by 38% to 30,036 (64,728) m³ in 2019. With an increase of 8% to 42,966 (39,779) m³, South Korea therefore also surpassed Vietnam again. Over previous years, by contrast, exports to South Korea had developed along negative lines. In 2016 South Korea acquired 62,428 m³ from Canada, but in 2017 the volume dropped to 41,755 m³.

Taiwan has decreased in significance as a sales market for Canadian OSB over the past two years (2016: 14,504 m³, 2017: 20,223 m³, 2018: 13,053 m³, 2019: 4,715 m³). Exports to Vietnam had increased significantly up to 2018 (2016: 30,389 m³, 2017: 58,615 m³). In China the peak level was reached one year earlier (2016: 49,540 m³, 2017: 92,264 m³). Exports to Japan, in contrast, were also significantly higher in 2016 (180,304 m³) and 2017 (191,650 m³) than in 2019. In South America, Chile now features once again. In 2016 (28,033 m³) and 2017 (16,794 m³) Canada delivered relevant volumes to Chile.

Over the course of 2019 Canadian OSB exports decreased at an increasingly significant rate. Vis à vis the relatively weak comparative period of the preceding year, in the first quarter the export volume rose by 13% to 1.803m (Jan.-March 2018: 1.592m) m³. In the second quarter a minimal decrease of 1% to 2.093m (April-June 2018: 2.122m) m³ was recorded. The third quarter concluded with a significant double-digit decline of 23% to 1.554m (July-Sept. 2018: 2.030m) m³. In the fourth quarter, according to Statistics Canada, exports fell by 37% by comparison with the previous year to 1.196m (Oct.-Dec. 2018: 1.910m) m³. These figures raise some questions, however, as the value of exports dropped by only 25% to Can\$350.9m (465.4m) in the same period, despite only a slight improvement in the price situation.

Deliveries to the main sales market of the USA show a comparable development over the individual quarters. In the fourth quarter there was also a decline in this connection to 1.137m (1.831m) m³ whereas the preceding three quarters had developed along better lines (Q1: 1.717m m³, Q2: 2.003m m³, Q3:



1.463m m³). In Asia, the Chinese market recovered in the second half of 2019 following a weak phase from the third quarter of 2018 through to the second quarter of 2019. In the third and fourth quarters volumes of 21,259 m³ and 19,543 (2,375) m³ respectively were delivered to China. The first (5,258 m³) and second quarters (9,044 m³) improved only very slightly against the even weaker second half of 2018. Exports to Japan declined in the fourth quarter to 31,930 (40,923) m³. The preceding quarters fared slightly better (Q1: 37,688 m³, Q2: 45,774 m³, Q3: 41,557 m³). Vietnam and South Korea, at 2,768 (16,633) m³ and 2,749 (15,322) m³ respectively, in each case remained considerably below the figures of the preceding year and the preceding quarter.

USA again exported lower volume of OSB

US OSB exports declined once again in 2019 following a temporary increase in 2018. According to export statistics of the US Department of Agriculture, Foreign Agriculture Service (FAS), Washington D.C., the export volume has wavered around the level of approximately 180,000 m³ for the past

three years. Starting from a volume of 276,105 m³ in 2014, exports decreased to 216,367 m³ in 2015. With a volume of 216,415 m³, it was possible to maintain this level in 2016. In 2017 exports dropped again to 176,036 m³. According to figures adjusted retrospectively by FAS, in 2018 there was a slight increase again to 184,331 m³. Following a 3% decline, the export volume last year, at a figure of 179,028 m³, remained between the delivery volumes of the two preceding years. The export value consequently decreased by 8% to US\$59.7m (2018: 65.1m).

Over the past two years exports to the two neighbouring countries developed against the overall trend. In 2016 Canada and Mexico had acquired a total of 160,230 m³ OSB from the USA. In 2017 and 2018 deliveries decreased to 157,897 m³ and 148,376 m³ respectively. For 2019 the FAS recorded an increase of 6% to 157,662 m³. Exports to South America increased by as much as 64% to 6,637 m³, but still remain far below the level recorded in 2014 (45,597 m³), 2015 (33,481 m³) and 2016 (17,016 m³).

All other sales markets diminished in significance in 2019. Exports to Asia

decreased by approximately half vis à vis the preceding year. A volume of 5,583 (11,606) m³ was delivered to South-East Asia, where Vietnam was the only sales market. East Asia only acquired 5,284 (15,175) m³; in 2014 the figure had been as much as 47,869 m³, and in 2015 and 2016 the figure had been more than 30,000 m³ in each case. The EU-28 remained insignificant as a sales market. With a further decline rate of 6% to 1,410 (1,504) m³, the downward trend of recent years continued. As in the preceding year, these deliveries were mainly to Denmark and Great Britain, and consisted of 711 (816) m³ and 545(434) m³ respectively.

Imports from the EU rose significantly

According to the FAS statistics, OSB imports from the EU-28 increased significantly again, by contrast, in 2019. They could not, however, quite make up for the decline of the previous year. In 2017, 56,921 m³ was sent to the USA by the EU-28. Imports had decreased by 42% to 33,197 m³ in 2018. This level was surpassed again in 2019, by 35% to 44,650 m³. The import value, however, decreased by 18% to US\$9.1m (11.0m). Significant shifts were recorded in supplier countries. A volume of 27,909 (0) m³ was supplied from Latvia, and 14,356 (1,870) m³ from Ireland. Imports from Romania, at 3,013 (28,921) m³, only reached one tenth of the volume of the preceding year whilst a comparable rate of decline to 215 (2,347) m³ was recorded for Germany.

At 3,513 (3,313) m³, imports from CIS states were 6% above the figure of the previous year. There was, however, a change in the supplier countries. In 2018 the entire volume came from Russia. In 2019 the entire volume was supplied by Belarus. Imports from Canada declined by 13% to 6.320m (7.269m) m³ in 2019. Total imports consequently also decreased by 13% to 6.368m (7.313m) m³ whilst the import value decreased by 34% to US\$1.069bn (1.630bn). □

USA: Exports of OSB

m ³	2019	2018	2017	2019/18 in %	2018/17 in %
North America	157,662	148,376	157,897	+ 6	- 6
Canada	100,405	98,358	114,887	+ 2	- 14
Mexico	57,257	50,018	42,609	+ 14	+ 17
South America	6,637	4,039	59	+ 64	+ 6.746
Chile	6,598	4,008	0	+ 65	n.a.
Southeast Asia	5,583	11,606	8	- 52	n.a.
Vietnam	5,583	11,604	0	- 52	n.a.
East Asia	5,284	15,175	12,333	- 65	+ 23
South Korea	3,545	14,113	11,491	- 75	+ 23
EU-28	1,410	1,504	1,909	- 6	- 21
Oceania	1,239	1,638	1,340	- 24	+ 22
Central America	979	1,551	1,721	- 37	- 10
Total	179,028	184,331	176,036	- 3	+ 5

The differences to the intermediate sums and the total sum derive from data for those countries which are not listed separately.

Source: EUWID (according to data provided by US Department of Agriculture FAS)

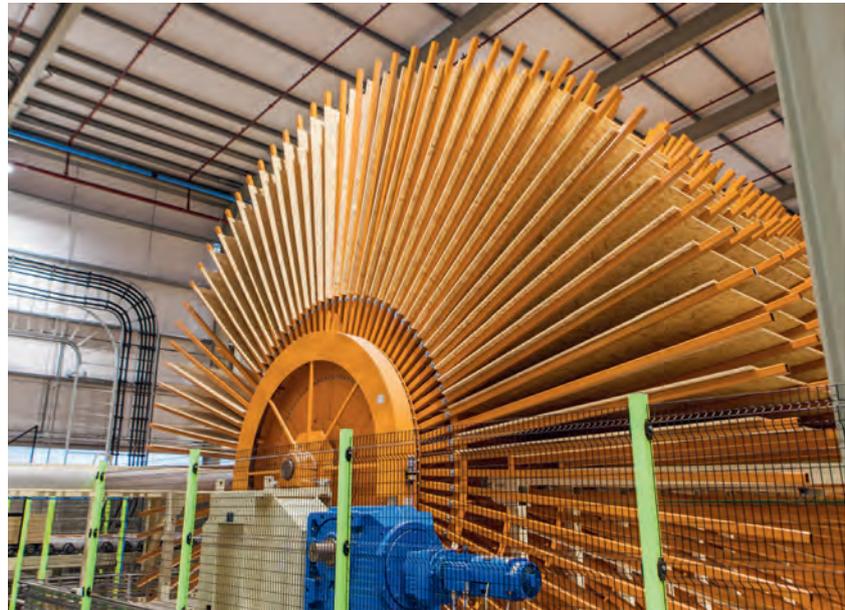
Lower sales volumes in North America / European mills kept output and sales the same

Norbord: Reduction of revenues by 30% led to an operating loss

Lower sales volumes and falling prices in North America and decreases in the price of OSB in Europe have slashed the trend in revenues and earnings booked by Norbord Inc., headquartered in Toronto, Ontario, in 2019.

North American OSB sales fell 5.2% to 6.145bn (2018: 6.484bn) sqft (3/8" basis) or 5.438m (5.738m) m³. The dive was much stronger towards the year's end in the wake of divestments carried out mainly starting in the third quarter. Fourth-quarter sales slipped 17% in a year-on-year comparison and as much as 19% compared with the previous three-month period. Norbord's European mills saw their sales end up marginally higher than in 2018 last year at 1.831bn (1.825bn) sqft or 1.620m (1.615m) m³. The company attributed this improvement to factors including shifts in its product mix. Benchmark prices listed in Norbord's financial report, which was released on 5 February 2020, plunged to an average of US\$210 (351) per 1,000 sqft in the North Central region. The South East and Western Canada regions suffered similar decreases to US\$187 (315) and US\$166 (307) respectively. European OSB prices declined to €274 (294) per m³, Norbord said.

North American revenues tumbled as much as 35.1% to US\$1.237bn (1.907bn). Adjusted EBITDA was put at US\$85m (652m) and total EBITDA at US\$70m (570m). European revenues reached US\$494m (517m). EBITDA stood at US\$64m (86m) on an adjusted and unadjusted basis. Group revenues thus deteriorated by 28.6% to US\$1.731bn (2.424bn). Adjusted EBITDA, which reached a record high of US\$724m in 2018, plummeted to US\$138m. The corresponding margin deteriorated to 8.0 (30.0) %. The group even booked an operating loss of -US\$16m (504m).



OSB production in Inverness

(Photo credit: Norbord)

This figure includes a value adjustment of US\$10m for the mid-November shutdown of line 1 at its OSB mill in Cordele, Georgia. The previous year's figure included an US\$80m value adjustment for its mill in 100 Mile House, British Columbia, which scaled back operations at that time and closed indefinitely in August 2019. The group also slipped into negative territory with a net loss of -US\$42m (+371m); an adjusted net loss of -US\$30m (+412m) was also reported.

Norbord's total production was 2.8% lower at 8.057bn (8.288bn) sqft or 7.130m (7.335m) m³ as a result of these stoppages and scaled back production curtailments at its remaining lower-cost North American mills. This downturn was solely posted in North America where output dropped to 6.199bn (6.430bn) sqft or 5.300m (5.691m) m³. Its mills in High Level, Alberta and Nacogdoches, Texas set new production records. European output was roughly the same as in 2018 at 1.858bn (1.858bn) sqft or 1.589m m³. Its two OSB mills in Genk, Belgium, and

Inverness, Scotland, also reached new production records.

When all was said and done, Norbord's European mills operated at normal rates, with the exception of scheduled stoppages for maintenance and holidays, keeping capacity utilisation stable at 88 (88) %. However, North American mills saw their workloads dwindle to 85 (95) %. At the end of the year, Norbord's 17 mills had a combined capacity of 9.915bn sqft or 8.775m m³, including 7.800bn sqft or 6.903m m³ at its 13 North American OSB mills and 2.115bn sqft at its four mills in Europe. In turn, its European capacity included 1.170bn sqft or 1.035m m³ of OSB, 565m sqft or 500,000 m³ of particleboard and 380m sqft or 336,000 m³ of MDF/HDF. The total capacity figure also encompasses two OSB mills that have been idled indefinitely in Chambord, Québec (550m sqft), 100 Mile House (440m sqft) and line 1 in Cordele (440m sqft), which also stands idle. The divestments in 100 Mile House and Cordele trimmed Norbord's nominal North American capacity by 12%. □

CalPlant: Construction of MDF mill delayed again



Willows site

(Photo credit: CalPlant)

The start-up of an MDF mill to make no-added-formaldehyde rice-straw MDF that is now being built by CalPlant I LLC in Willows, California, was set to take place at the end of January 2020. Commercial production is slated to begin during the first quarter of 2020. The timetable for the greenfield project has thus been delayed once again. When the project was given the go-ahead in June 2017, commissioning at the end of 2018 was the goal. In mid-2018, the company then said that it aimed to make the first piece of MDF in summer 2019. Since assembly work was not 80% completed until the end of July, start-up had to be pushed back from the start of August to November.

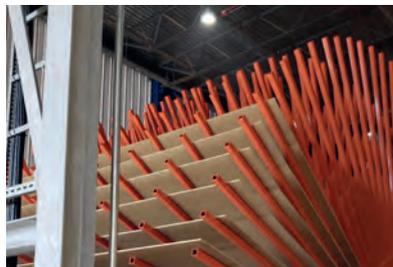
According to a statement published by CalPlant at the end of November, work to install the production line is now largely finished. At the same time, the company has raised the quantity of rice straw that it had on stock from 200,000 t mid-year to around 350,000 t of late. This is more than the estimated annual demand of 300,000 t needed to operate the continuous production line. Its 115 workers are to make roughly 140 million sqft (3/4" basis) or 250,000 m³ MDF each year. In earlier publications, CalPlant had put its demand for rice straw at 275,000 t per year.

CalPlant issued a second bond with a total volume of US\$80m via the California Pollution Control Finance Agency (CPCFA) in mid-2019. About US\$225m of the total listed investment of US\$315m had been provided through the first bond issued in spring 2017. The remaining US\$90m was supposed to be financed using capital provided CalPlant's share-

holders, according to information provided at that time. All shares in CalPlant were transferred to CalPlant I Holdco LLC with the issue of the first bond. Back then, CalPlant I Holdco's shareholders were Occator Agricultural Properties LLC (32.95%), CalAg (27.92%), Columbia Forest Products Inc. (CFP) (18.53%), Siempelkamp Maschinen- und Anlagenbau GmbH (4.12%) and other investors (16.47%).

According to documents published by CPCFA in connection with the issue of the second bond, shareholder relationships have shifted since then. Siempelkamp and CFP have 2.30% and 15.77% shares respectively. Occator Agricultural Properties LLC (32.25%), CalAg (21.38%), ZC CalAg LLC (25.67%), CalAg Preferred Investor LLC (1.65%) and Not Wood LLC (0.10%) also held stakes in CalPlant I Holdco. □

First board for Kronospan's Eastaboga chipboard mill



First board in Eastaboga

(Photo credit: Kronospan)

The Kronospan group produced the first piece of board at a new chipboard line installed in Eastaboga, Alabama, on 9 October 2019. Assembly work had been largely completed by the start of September 2019. A commissioning date subsequently scheduled for mid-September was then pushed back one more time. Imal-Pal s.r.l., Dieffenbacher GmbH Maschinen- und Anlagenbau and Siempelkamp Maschinen- und Anlagenbau GmbH were the main providers of technology for the new particleboard line. Imal-Pal provided sifting, screening and gluing systems. Dieffenbacher provided the dryer. Siempelkamp delivered the forming and press line with a 10 ft x 44 m ContiRoll and final assembly

systems. The entire fire protection system including its assembly came from Fagus GreCon Greten GmbH & Co. KG.

Besides installing the raw particleboard line, Kronospan also installed two 5 x 20 ft Siempelkamp short-cycle presses in Eastaboga. Most technology orders were placed via GIM Export Group GmbH & Co. KG, based in Göttingen, in the fourth quarter of 2017 and the first quarter of 2018. GIM was also awarded the contract to provide project funding. Assembly services were handled by SGS Industrial Services GmbH, headquartered in Dorf an der Pram, Austria.

Now that the new particleboard line is up and running, the Kronospan LLC mill in Eastaboga is North America's most integrated wood-based panel site. Besides raw and laminated particleboard, its portfolio includes raw and laminated MDF/HDF, adhesive and impregnating resins, melamine films and laminate flooring. In the first phase, MDF/HDF production commenced in March 2008.

The site later added its own adhesive resin production capabilities. Kronospan had started up a laminating plant and laminate flooring mills with two treating lines, two short-cycle presses and two profiling lines at the site in the first half of 2017. Resin production was also expanded in preparation for the particleboard project. □

PG Bison wants to boost particleboard capacity

The intention behind the expansion investment measures at the works in Ugie, Eastern Cape, and Piet Retief, Mpumalanga, of the South African conglomerate KAP Industrial Holdings Ltd. of Stellenbosch, belonging to PG Bison Ltd. of Johannesburg, planned for the first quarter of 2020, is to raise their production capacity by roughly 8%. According to earlier information, the two works can currently each produce roughly 1,000 m³ per day or 340,000 m³ per year. The absolute annual capacity



Particleboard plant in Ugie (Photo credit: PG Bison)

enlargement derived from these figures is almost 55,000 m³. The project in Ugie is scheduled for completion in February; in Piet Retief, completion is scheduled for March. The inspection work originally planned for the second half-year 2018 has meanwhile been rescheduled for the downtime for the refits. PG Bison's laminating capacity had already been enlarged in August by putting a new short-cycle press into operation in Piet Retief. KAP Industrial Holdings is investing approximately ZAR200m or roughly €13m for the three individual projects. A total of ZAR77m (2017/2018: 105m) was spent in its last business year 2018/2019 that ended in June.

PG Bison is assigned to KAP's "Integrated Timber" subdivision, which, combined with the "Integrated Bedding" and "Automotive Components" segments, forms the "Diversified Industrial" division. The Integrated Timber segment boosted sales revenue in its last business year by 12% to ZAR4.031bn (3.612bn). The core operating profit (operating result adjusted for financial items) was able to be held almost steady at the previous year's figure at ZAR806m (809m) in spite of the burdens from the fires in June 2017 and November 2018. The operating margin deteriorated to 20.0% (22.4%).

At the beginning of the business year 2018/2019, the resin production and impregnation activities that had formerly been consolidated in the "Diversified Chemicals" division were assigned to the Integrated Timber division; the previous year's figures were adjusted accordingly. According to KAP's business report, 95,000 t of resins and 49m² of melamine film was produced in the business year as a whole. □

KAP facing cartel penalty of 10% of annual revenues

A cartel case launched against the wood-based panel manufacturers PG Bison Ltd., based in Johannesburg, and Sonae Arauco South Africa (Pty) Ltd., headquartered in Sandton in Gauteng Province, on 13 March 2016 has moved into the next phase: the Competition Commission of South Africa announced plans to seek a cartel fine of 10% of annual revenues generated by PG Bison and its parent firm KAP Diversified Industrial (Pty) Ltd. and Steinhoff International Holdings (Pty) Ltd. The Commission forwarded a proposal of this kind to the Competition Tribunal in early November. The Tribunal will have to make a decision about the actual fine. However, the Commission is not seeking a penalty against Sonae Arauco South Africa since this company admitted liability and agreed to pay a ZAR46.9m or €2.75m penalty at the start of June. Sonae Arauco South Africa had also agreed to testify against KAP Diversified as part of the settlement. The Competition Tribunal signed off on the settlement with Sonae Arauco South Africa on 6 November.

KAP Industrial Holdings Ltd., based in Stellenbosch, which includes the Diversified Industrial division and PG Bison Ltd as part of the Integrated Timber unit, requested a review of decisions made by the competition authority to date in a filing with the Supreme Court in Johannesburg on 7 November. In the filing, KAP noted that PG Bison had cooperated with the commission since the beginning of cartel investigations. KAP had learned on 12 November, that the Competition Commission of South Africa had forwarded a complaint against PG Bison to the Competition Tribunal.

According to a statement published on 15 November, the Competition Commission now accuses South Africa's only two wood-based panel manufacturers of having met frequently from 2009 to 2016 to discuss and agree on the percentage amount and timing of the price increases. In earlier statements, the authority had believed that these meetings took place between 2012 and 2016. The two companies had also allegedly agreed on the prices that they charged their biggest customers.

The investigations followed an anonymous tip-off and led to a raid conducted at both companies on 31 March 2016. During the period of the cartel conduct and at the time of the investigation, KAP Diversified was under the control of Steinhoff International Holdings N.V., headquartered in Amsterdam, the Netherlands. Steinhoff has since sold all of its shares in KAP through two transactions in March 2018 and March 2019 and used the proceeds of €251m and €293m to pay off debts. □

Swiss Krono ramping up be.yond production

Over the past few months, Swiss Krono Group has gradually ramped up manufacturing of no-added formaldehyde (NAF) particleboard that commenced at a mill in Menznau, Switzerland, run by Swiss Krono AG in October 2018. The site now makes roughly 1,500 m³ each month, primarily for delivery to merchants and smaller industrial converters. The company next plans to supply its be.yond (Swisspan P2 NAF) particleboard to major furniture manufacturers, especially kitchen furniture makers. From a regional standpoint, be.yond particleboard sales have so far focused on Switzerland and Germany.

Therefore, the Menznau site is the only location making be.yond particleboard at the moment. However, a mill in Zary, Poland, doing business as Swiss Krono Sp.zo.o. has also been qualified to manufacture be.yond. The portfolio comprises 8-40 mm-thick P2 particleboard for furniture and interior remodelling projects in dimensions of 2,800 x 2,070 mm and 5,600 x 2,070 mm. This product uses DuraBind resins developed using biopolymer by the Canadian chemicals group EcoSynthetix Inc., based in Burlington, Ontario, as a binding agent. This product has formaldehyde emissions below 0.01 ppm. Chamber testing carried out in accordance with DIN EN 717-1 by the Fraunhofer Institute for Wood Research's Wilhelm-Klauditz Institute (WKI), based in Braunschweig, Germany, in May found formaldehyde concentrations of less than 0.006 mg/m³, according to the test report drawn up on 7 June. This translates into emissions below 0.005 ppm. The WKI will

also provide external monitoring services for beyond manufacturing.

The 0.01 ppm level that Swiss Krono Group assures for beyond board is well below current emission limits for particleboard. The F**** rules that apply in Japan stipulate a level of 0.03 ppm. In Germany, raw particleboard will have to comply with the E05 level of 0.05 ppm from 1 January onwards; the testing methods used to date for E1 stipulate a 0.1 ppm limit. CARB 2 and TSCA Title VI rules stipulate 0.065 ppm. □

AGT commissions second ContiRoll in Antalya

The Turkish wood-based panel manufacturer AGT Agac San. ve Tic. A.S. made the first board using a new continuous MDF/HDF line installed at its Antalya headquarters on 19 September 2019. The contract for the forming and press line was awarded to Siempelkamp Maschinen- und Anlagenbau GmbH via GIM Export Group GmbH & Co. KG, based in Göttingen, Germany, in the first quarter of 2018. GIM Export Group had then expanded this contract to include gluing, an Eco-Sifter and final production components. Büttner Energie- und Trocknungstechnik GmbH provided the fibre dryer and energy plant.

The ninth-generation ContiRoll, which has dimensions of 7 ft x 55.3 m, will allow the MDF/HDF line to manufacture 1,200 m³ per day or almost 400,000 m³ per year, which will mainly be sold on export markets. The first line, also supplied by Siempelkamp, recently made 500,000 m³ of MDF/HDF per year using an 8 ft x 55.3 m continuous press, some of which is processed at a laminate flooring mill that was also opened in 2014. □



First board on the second line (Photo credit: Siempelkamp)

Progress in dismantling continues in Bischweier



Dismantling in Bischweier (Photo credit: EUWID)

In October 2019, the Kronospan group began dismantling raw particleboard plant in the Bischweier particleboard works that has been closed down since the beginning of 2011. The work has so far been concentrated on the plant components located outdoors. Disassembly of the dryer and the related exhaust-air purification systems is already relatively well-advanced. The dryer drum was exposed last week.

Kronospan had notified the responsible approving authority, Karlsruhe regional council, about the planned partial closure of the Bischweier particleboard works and the dismantling of the raw particleboard plant at the end of August. According to the submitted documents, the outdoor production facilities for chip preparation, drying, and sorting as well as the related storage and conveying equipment are being completely dismantled. This dismantling process also includes the demolition of the woodchip and sawdust storage silos as well as the removal of all the foundations.

The gluing, forming, and press line as well as the finishing section accommodated in production halls are being disassembled as well. The hall with the laminating presses and the panel saw located at the centre of the works complex as well as the big warehouse alongside it, however, are to remain as they are for the time being. The timeline for the dismantling process is not described in further detail in the official information.

The particleboard line being dismantled in Bischweier will probably be moved to a Kronospan facility in eastern Europe. □

Here, the plans have focussed in on the Ukraine. One option is to replace the multi-tier plant in operation at Kronospan UA of Novovolynsk in the Volyn region. The Bischweier plant might also be used for the new works in Gorodok in the Rivne region that have been taking more concrete shape in the last few months. A final decision has evidently not been taken yet. □

Sonae Arauco finishes assembling press

The next step in a project to install a new continuous particleboard line in Beeskow, Germany, at a plant run by Sonae Arauco Deutschland GmbH, based in Meppen, Germany, was largely completed in mid-January 2020: the mechanical assembly of the forming and press line delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau. Electrical assembly was set to begin in the second half of January. Installation work in the front end and final assembly area is running a little behind schedule. The concrete foundations for the gluing technology and star coolers first had to be poured. Manufacturing of the first panel will thus not happen until spring. Start-up was originally supposed to happen in October 2019. Last summer, the end of 2019 was listed as the target date.

The new particleboard line is to replace two single-opening lines. Sonae Arauco S.A., headquartered in Madrid, had approved the project during the second quarter of 2018. A short time later, Dieffenbacher was awarded the contract to deliver the forming and press line with a CPS+ press in dimensions of 9 ft x 42 m and final assembly services. ImalPal s.r.l. won the contract to provide gluing technology. Just a few upgrade investments are planned at first in the particle preparation area. This technology included machinery transferred to Beeskow from a particleboard mill in Horn-Bad Meinberg that closed in early 2014. Assembly services are being handled by SGS Industrial Services GmbH. □

B+T wants to keep power station running

On 1 January 2020, B+T Group of Alsfeld, which emerged from the waste-disposal contractor Umweltdienste Bohn GmbH, took over the Horn-Bad Meinberg biomass-fired power station of Glunz Holzwerkstoff-produktions-GmbH (GHP), which belongs to Sonae Arauco S.A. of Madrid. Sonae Arauco and GHP had recently been working from the assumption that continued operation of the power station in accordance with the conditions of its licence would no longer be possible following the discontinuation of the remaining production activities in Horn Bad-Meinberg at the end of 2020 that had been announced at the beginning of June. Nevertheless, a potential buyer in the form of B+T Group was found for the power station when early autumn came around. The subsequent negotiations were able to be brought to a conclusion within the space of three months, with the signing of the agreement on 4 December. According to a release published by B+T Group on 9 December, the company is taking over the assets, the existing contracts, and keeping on the 25 employees. The GHP power station, put into service in 2000 and geared to a rated thermal input of 102 MW, will continue to be operated by the newly founded company B+T Horn Energie GmbH following the conclusion of the deal. The company will operate the biomass-fired power station and the upstream preparation plant in the coming year in

accordance with the German Renewable Energy Act (EEG). At the same time, various investments are to be implemented for increasing performance, heat utilisation, and for preparing alternative fuels in order to enable the power station to be operated outside the EEG from 2021.

The GHP predecessor company Hornitex-Werke Gebr. Künnemeyer GmbH & Co. KG had built the biomass-fired power station in the second half of the 90s in order to supply electricity and steam to the particleboard plant and processing facilities that had existed at that time. Glunz AG of Meppen had permanently shut down particleboard production in the first quarter of 2014, however. The continued production of laminates and elements through GHP is to be phased out by the end 2020 at the latest. In June, GHP had announced this as the date for the closure of the biomass-fired power station as well. As Stadtwerke Detmold, formerly the main customer for heat, has invested in its own power station and in view of the final discontinuation of the production activities by the end of 2020, there is practically no longer any use for heat generated at the GHP power station. B+T Group's intention behind the planned investment measures is to acquire additional customers for the heat. An agreement on further heat deliveries in 2020 and beyond has already been made with Stadtwerke Detmold. □



Energy plant in Horn-Bad Meinberg

(Photo credit: EUWID)

Saviola given go-ahead to buy stake in Nolte HWS

The German Federal Cartel Office gave the green light to plans by Saviola Holding s.r.l., based in Viadana, Italy, to acquire a 50% stake in the particleboard manufacturer Nolte Holzwerkstoff GmbH & Co. KG, headquartered in Germersheim, Germany, on 11 February 2020. The review had been underway since 24 January. The Austrian Federal Competition Authority (BWB), based in Vienna, gave the go-ahead on 21 February after a filing was received on 27 January. The deal will likely close in April. This date has been pushed back a little due to some outstanding issues. The two companies had previously set their sights on a closing date in the first quarter.

According to takeover contracts signed in Frankfurt on 27 December, Gruppo Mauro Saviola s.r.l.'s holding firm Saviola Holding will purchase 50% of the 94.8% shareholding that Echo Büromöbel Vertrieb GmbH & Co. KG, based in Germersheim, currently holds in Nolte Holzwerkstoff GmbH & Co. KG and its general partner Nolte Span Geschäftsführungsgesellschaft mbH. Echo Büromöbel's stake will thus fall to 44.8%. The other 5.2% will stay in the hands of the furniture producer Nolte GmbH & Co. KGaA, based in Germersheim. Even after the transfer, Nolte Holzwerkstoff will remain a joint venture within the existing structures.

Since putting pen to paper, Nolte Holzwerkstoff and Gruppo Mauro Saviola have moved forward with preparations for future coordination of activities and jointly planned investments. In its operational business, they plan to manufacture laminated board currently produced at Saviola's Italian particleboard mills and delivered to Germany in Germersheim in the future. To create the necessary capacity, a second short-cycle press is to be installed in a new hall by mid-2021. In addition to investments in a third short-cycle press planned in the medium term, the extension of the continuous press is to be completed. In its current configuration, the press has already manufactured up to 530,000 m³ per year at its peak. Its annual output mostly stood at about 500,000 m³ in the recent past. About 30% of its production is laminated at the moment. □

Westag & Getalit sold stake in AKP Carat

Westag & Getalit AG of Rheda-Wiedenbrück sold the 49% share it has held in the worktop manufacturer AKP Carat-Arbeitsplatten GmbH of Meiningen since the beginning of 2006 back to the company. The deal closed upon payment of the purchase price set at €7.3m. In Westag & Getalit's balance sheet, the share was valued at around €1.2m at the end of 2018 in accordance with HGB criteria and at roughly €4.0m at the end of June 2019 pursuant to IFRS requirements. In connection with the return of the shares, Westag & Getalit and AKP have signed a five-year supply contract for extruded worktops and solid surface materials.

By selling the stake in AKP, Westag & Getalit is redirecting the focus of its attention in the laminates and elements business to the production of laminates, solid surface materials, extruded worktops, and fabrication of worktops for sale to specialist retailers and the DIY sector. Worktops to order are also supplied to the kitchen furniture industry to a lesser extent. The production of worktops and assembly for the trade are located at the Wadersloh works. Westag & Getalit had moved, modernised, and extended the worktop fabrication operations there to a new hall in connection with the construction of the new solid-surface materials production by the first quarter of 2008. The fabrication processes have been further automated with further investment over the last few years. A new sorting storage system from Systraplan GmbH of Herford, for example, was installed in the first half of 2017.

AKP is specialised in fabricating worktops. Besides laminates and solid-surface materials, natural stone, solid wood, and glass are processed as well. AKP's principle sales channel is through kitchen studios and specialist kitchen retailers. In its business year 2018 and with roughly 170 employees, the company generated sales revenue of €20.0m (2017: 20.5m) including the subsidiaries WAV Carat-Arbeitsplatten GmbH of Holm and masline GmbH of Meiningen that were merged into AKP during the course of the year. This was the first time the figure was slightly lower than a year earlier. □

Egger puts new worktop plant into operation

By putting the new worktop plant into operation, the Egger group of St. Johann, Austria, is currently implementing the next stage of expansion at the new facility in Biskupiec, Poland. The raw particleboard plant was started up at the end of July 2019. Egger had then begun lamination on the two short-cycle presses during the course of July. Production was able to be run up to speed relatively quickly in both instances.

The worktop plant is to run in a single shift to start with and thereby achieve an output similar to the plant operating four shifts at the main works in St. Johann. The laminating plant in Biskupiec was supplied by Hymmen GmbH Maschinen- und Anlagenbau (HMA). The postforming line is from Homag GmbH.

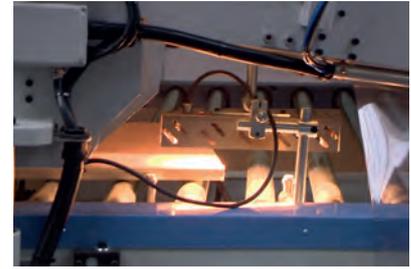
The first deliveries to buyers are expected in the next weeks. Worktop production in Biskupiec is then to be ramped up gradually during the course of 2020. In Biskupiec, Egger will be mainly producing extruded worktops in large batches for sale to trade and industry. Worktop production in St. Johann, on the other hand, is geared more heavily to specialities. The raw particleboards are produced on location in each case whereas the laminates are supplied from the Gifhorn works.

Egger's current supply programme covers postforming worktops and worktops with matching 1.5 mm ABS edging. The worktops are produced as standard in a thickness of 38, a length of 4,100 mm, and in widths of 600 mm and 920 mm. Special widths of 650 mm and 1,200 mm are also available. □



Worktop production in St. Johann (Photo credit: EUWID)

Worktop producer Topline taken over by Dekker



(Photo credit: Dekker Groep)

Dekker Groep B.V. of Zevenhuizen, Netherlands, has taken over the worktop manufacturer Topline Maatwerkbladen B.V. of 's-Heerenberg that arose from the amalgamation of Royal Stone Nederland B.V. and Marco Werkbladen B.V. on 1 January 2015. The transaction, agreed in the course of a successor solution with the managing partner of Topline, Herman Brans, was concluded at the beginning of 2020. The company, geared to ready-made countertops for the kitchen and bathroom segment, is to continue to be run independently under the management of Brans.

The range of products includes countertops made of "RoyalStone" engineered stone, "Cosmolite" composite material, granite, ceramics, "GetaCore" engineered stone, "Sima Core" compact boards, laminates, stainless steel, glass, and solid wood. In the engineered stone segment, Topline had initially processed the "Hi-Macs" product line of LG Hausys Ltd. of Seoul, South Korea. In this segment, the company has also been using the GetaCore engineered stone of Westag & Getalit AG of Rheda-Wiedenbrück since spring 2019. Topline work/countertops are sold exclusively through partner companies and kitchen studios in the Netherlands and Germany. The sales and distribution activities in Germany were set up in 2014 and 2015 in course of the reorientation process.

Topline operates a total of three works. Royal Stone contributed the 's-Heerenberg facility, built in 2001 and extended in 2005, and the works in de Heurne, which was opened in 2009. The two works have a combined area of some 10,000 m². Marco Werkbladen had mer-

ged the Millingen and Leuth facilities in 2007 to form a new, approximately 8,000 m² works in Beuningen. The production operations of Uniblad B.V. of Sprang-Capelle were also integrated into the Beuningen works in 2013.

The takeover further expands Dekker Groep's worktop/countertop business. In this segment, the company also processes "TopLaminaat" and "DecorTop" laminates, "TopCore" compact boards, the "Fenix", "Evora Quartz", and "Lapitec" product lines, "GreenPanel" lightweight panels, as well as granite, ceramics, stainless steel, glass, and solid wood. Besides Dekker Zevenhuizen B.V. (Zevenhuizen), Dekker Groep currently comprises Erbi B.V. (Alphen aan den Rijn) taken over at the beginning of 2013, Dekker Nordic AB (Töckfors, Sweden), and Ourea Kitchenware bvba (Gooik, Belgium), which operates in the wholesale sector with accessories for the kitchen and bathroom segment. Taking Topline into account, the company generated consolidated sales revenue of around €140m in 2019. Its sights are set on achieving growth of 7% to €150m in 2020. □

India exploring duties on MDF/HDF imports

The Indian Government launched a review into whether to impose countervailing duties on MDF/HDF imports from Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam through the Ministry of Commerce and Industry's Department of Commerce at the start of November. With the process launched on 5 November under reference 6/17//2019-DGTR (Case No. 01 (CVD) - 6/2019), the Directorate General of Trade Remedies (DGTR) took action after Greenply Industries Ltd. and Greenpanel Industries Ltd. (both based in Tinsukia, Assam), Century Plyboards Ltd. (Centuryply; Kolkata, West Bengal) and Rushil Decor Ltd. (Ahmedabad, Gujarat) filed a petition.

According to the petitioners, manufacturers and exporters from the aforementioned countries had improperly benefited

from subsidies in a way that harmed Indian manufacturers. In this vein, the filing listed a variety of actions taken by local authorities in these countries, such as tax breaks, export subsidies and customs exemptions including for raw material imports. Before opening official proceedings, the DGTR first contacted the governments of the countries in question and held talks with officials from Malaysia, Indonesia and Vietnam from 9 to 11 October. Thai authorities did not engage in talks with the DGTR.

According to initial DGTR analysis, there is prima facie evidence that the Indian MDF/HDF industry has suffered considerable harm because of volume and price effects associated with imports subsidised in the countries of origin. The current proceedings had thus been launched in a process that also seeks to determine the magnitude of potential countervailing duties. The case covers imports of laminated and unlaminated MDF/HDF under commodity tariff numbers 4411 12, 4411 13, 4411 14, 4411 92, 4411 93 and 4411 94. The investigation encompasses the period from April 2018 to March 2019, with the three previous twelve-month periods starting in April 2015 also taken into account for the purposes of assessing damages.

In a first step, the DGTR sent questionnaires to Indian importers and to authorities and exporters in the countries in question on 11 November. A 40-day period was given to answer the questions sent to these addresses and all other separately informed stakeholders.

India has previously taken action on MDF imports from other Asian countries. India had first imposed anti-dumping duties on imports of raw MDF 6 mm and thicker from China, Malaysia, Thailand and Sri Lanka from October 2009 onwards. In October 2015, new punitive duties were imposed for another five years after a sunset review carried out by the Directorate General of Anti Dumping & Allied Duties (DGAD). India has also levied anti-dumping duties on MDF imports from Vietnam and Indonesia since May 2016. □

Centuryply: Permit for new mill under review



(Photo credit: Centuryply)

The Indian wood-based panel and laminate manufacturer Century Plyboards Ltd. (Centuryply), based in Kolkata, West Bengal, has completed detailed engineering for a particleboard and MDF mill planned in the Northern Indian state of Uttar Pradesh. The hunt for a new site was also narrowed down. Following public interest litigation (PIL) filed by non-governmental organisations with the National Green Tribunal (NGT), all permits issued by authorities for the mill's construction are currently under review again. The group thinks that this process can be completed quickly and then construction can get going.

A production line making both particleboard and MDF should subsequently be installed during a period of 15 to 16 months. Greenpanel had originally put the daily capacity of both product segments at 500 m³. According to the firm, the line should now have a designed daily capacity of 900 m³ of particleboard and 600 m³ of MDF.

With the new plans, Centuryply has extended the scope of the greenfield project it had announced in May 2019 to include MDF. Originally, the intention had been to only build a particleboard plant at the facility in Sitapur. The enlargement of the MDF capacity was planned to be achieved by installing a thinboard line with a daily capacity of 400 m³ or an annual capacity of 120,000 m³ at the Hoshiarpur MDF works. Like the continuous production line put into operation in July 2017 (annual capacity 200,000 m³), the thinboard plant was to be supplied by the Chinese company Dunhua Yalian Machine Co. Ltd. of Jilin. Owing to an inadequate supply of wood to the facility, however, this project has meanwhile been put on hold. □

Shutdowns will reduce capacity to 1.316m m³ MDF/HDF and 1.842m m³ particleboard

Arauco North America is stopping lines in St. Stephen, Moncure and Eugene

The North American wood-based panel producer Arauco North America, based in Atlanta, Georgia, is set to close its MDF mill in Eugene, Oregon, with effect from 1 May 2020.

The company made this announcement using the Worker Adjustment and Retraining Notification (WARN) system of the US state of Oregon on 11 February. According to this statement, the closure will affect 84 workers. Arauco North America said that it had decided to make this divestment due to an imbalance on North American MDF/HDF markets. Following this closure, other Arauco mills will take over processing the orders currently handled by its Eugene plant, which has a designed annual capacity of 154,000 m³. The shutdown will reduce Arauco North America's total MDF/HDF capacity from 1.470m m³ to 1.316m m³ (Malvern, Arkansas: 310,000 m³, Bennettsville, South Carolina: 251,000 m³, Moncure, North Carolina: 285,000 m³, St. Stephen, New Brunswick: 160,000 m³,

Sault Ste. Marie, Ontario: 310,000 m³). Willamette Industries Inc., based in Portland, Oregon, built the MDF mill in Eugene starting in the mid-1990s and commissioned it in the first quarter of 1996. This investment replaced a particleboard mill previously operated at the site. The main technology providers for the MDF line were Andritz AG (refiner), Westec America LLC (fibre dryer), Metso Panelboard (pre-press) and Washington Iron Works (4 ft-wide 14-opening press). Dieffenbacher GmbH Maschinen- und Anlagenbau had installed an EVOjet dry adhesive application unit at the line in December 2008.

Willamette became part of Weyerhaeuser Co., headquartered in Seattle, Washington, in early 2002, which in turn sold all composite panel activities to the Canadian particleboard and MDF/HDF producer Flakeboard Co. Ltd., based in Markham, Ontario, in July 2006. The former Weyerhaeuser mills were then transferred to Flakeboard America Ltd., based in Fort Mill, South Carolina, a

new company founded for this purpose. In September 2012, Flakeboard was acquired by the Chilean firm Celulosa Arauco y Constitución, based in Santiago de Chile, and integrated into Arauco North America.

The closure of the Eugene MDF mill is Arauco North America's third divestment within just a few months. Towards the end of January, the company also unveiled plans to cease particleboard production in Moncure in April. The site

Background

WARN notice from Arauco on the closure of the Eugene plant



<https://download.euwid-holz.de/200805.pdf>

in Moncure was acquired from Uniboard Canada Inc., based in Laval, Quebec, in January 2012. Pablo Franzini, Arauco North America's President since 1 August 2019, said that the decision was connected to mounting competition on North American particleboard markets that required the group to concentrate on more modern platforms. Following the February 2019 start-up of the Grayling, Michigan particleboard mill, which has an annual capacity of roughly 800,000 m³ with a 10 ft x 52.5 m continuous press, the closure is the second particleboard divestment for Arauco North America. The company stopped making particleboard in St. Stephen at the end of 2019. Featuring a HydroDyn press delivered by Bison Werke GmbH & Co. KG this particleboard line last had an annual capacity of 216,000 m³. However, the company continues to make MDF/HDF using a calendar line and a HydroDyn press that have an annual capacity of approximately 160,000 m³.

According to Arauco North America, the particleboard line in Moncure can



Arauco stopped particleboard production in St. Stephen. (Photo credit: Arauco North America)

manufacture 262,000 m³ per year using a 9 x 24 ft seven-opening press. This line had been built in the late 1980s in a 50/50 joint venture between Pfleiderer AG, based in Neumarkt, Germany, and Weyerhaeuser. However, the joint venture, which was supposed to pave the way for Pfleiderer to enter the North American market, was dissolved before production even started due to differences of opinion among shareholders. Weyerhaeuser subsequently bought all shares in the site. In May 1999, Weyerhaeuser sold its mills in Moncure, Springfield (Oregon) and Adel (Georgia) to Sierra Pine Ltd., based in Roseville (California) marking its exit from the composite panels business. Sierra Pine then sold the Moncure site to Aconcagua Timber Corporation in December 2004 in an asset deal.

ATC Panels Inc., the next incarnation of Aconcagua Timber Corporation and based in Franklin, Virginia, had added a laminating unit to the site during 2006. It then sold it to Pfleiderer AG in an asset

deal that closed on 1 August 2008. Pfleiderer had previously acquired all locations of Uniboard Canada Inc., based in Laval/Québec, by integrating wood-based panel activities from Kunz-Holding GmbH & Co. KG, headquartered in Unterensingen, Germany, in late November 2005. In the next two years, Pfleiderer transferred an MDF/HDF line closed indefinitely in January 2008 from Uniboard's La Baie mill in Quebec to Moncure and resumed operations in February 2010 after delays.

Like St. Stephen, the Moncure site will also focus on manufacturing MDF/HDF and refined products after ceasing particleboard production. The MDF/HDF line in Moncure can manufacture 285,000 m³ per year using a 10 ft x 38 m continuous press from Dieffenbacher. Downstream converting activities at the site are to be upgraded by adding a moulding line. Arauco North America had last expanded this product area by acquiring Prime-Line Inc., based in Malvern, Arkansas, at the start of

September 2019. This company has operated three profiling lines with a converting capacity of about 135,000 m³ per year in direct proximity to Arauco North America's Malvern MDF/HDF mill since 2014.

After shutting down particleboard production in Moncure, Arauco North America will still operate four particleboard mills with a combined annual capacity of 1.842m³ (Albany, Oregon: 442,000 m³, Bennettville: 600,000 m³, Grayling).

Wood Products revenues unchanged in 2019

Arauco's Wood Products division generated revenues of US\$2.821bn (2018: 2.796bn) in the 2019 financial year, a 0.9% year-on-year improvement. An unfavourable performance by its Chilean mills (-15% to US\$1.125bn) was the main factor curbing growth. International subsidiaries fared much better with a 15% jump in revenues to US\$1.696bn (1.476bn). □



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Egger Decorative Collection 2020 – 22

Fennella Nkansah
Designer

Stefania Chalakatevaki
Architect

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Source of supplies to facility close to coast to include imports

Fenglin orders production line for Super Strand particleboard

In the fourth quarter of 2019, Guangxi Fenglin Wood Industry Group Co., Ltd. of Nanning in Guangxi, China, placed an order with Dieffenbacher GmbH Maschinen- und Anlagenbau for a continuous production line for particleboard with long core layer particles.

The order is for a complete plant, covering the whole spectrum of key components from the woodyard to the finishing section. As such, Dieffenbacher's delivery will include the chipper, strand flaker, a drum dryer, the gluing system, the forming station, a CPS+ continuous press, and the raw-board storage system. Dieffenbacher has not yet disclosed the dimensions of the press.

According to the market information published by Fenglin Group about the new company Guangxi Fangchenggang Fenglin Wood Industry Co. Ltd. founded for this purpose, the new particleboard works being planned as a greenfield project is to be built in Fangchenggang in the autonomous region of Guangxi Zhuang. Fenglin Group signed an investment agreement with the Fangchenggang Municipal People's Government at the end of November 2019. The Fangchenggang Market Supervision and Administration Bureau issued the required commercial licence in mid-December. In the documentation presented by Fenglin Group, the cost of the investment project is given as around RMB700m, roughly equivalent to €91m. The new plant geared to an annual capacity of around 500,000 m³ is to be built on an area of approximately 160 ha and commence operation at the end of 2021. The location close to the coast also enables wood supplies to be obtained through imports from other Asian countries and from New Zealand.

The name the Fenglin Group has come up with for the production concept planned for the new works is "Super-Strand Particleboard". Dieffenbacher had first presented



Fenglin's first Super PB-line in Nanning.

(Photo credit: Dieffenbacher)

this concept, developed in cooperation with B. Maier Zerleinerungstechnik GmbH of Bielefeld belonging to the group since September 2009 and oriented above all to the Chinese market, under the name "Super Particleboard" or "Super PB" in 2016. Slender core-layer flakes with a length of 30-50 mm and a thickness of 0.7 mm will be produced by the MSF Strand Flaker made by Maier. This enables greater stability and lower raw density to be achieved. The first flakers of this kind were installed at the Fenglin particleboard works in Huizhou and at the Zhejiang Liren Group.

Fenglin Group, founded in 2000 and listed on the Shanghai stock exchange since 2011, currently operates two particleboard and two MDF/HDF plants in the Chinese provinces of Guangxi and Guangdong. The MDF plants set up at the Nanning headquarters in the mid-90s were replaced by a continuous particleboard line supplied by Dieffenbacher in 2017/2018 in which the Super-Strand concept was implemented as well. The contract awarded to Dieffenbacher had included the woodyard, chip pre-

paration, dryer, forming/pressing line with a 9 ft x 32.4 m continuous CPS press, and the finishing section. The plant, geared to a production capacity of 1,063 m³ per day or 350,000 m³ with panel thicknesses of 6-35 mm and widths of 2,440-2,800 mm, had produced its first panel in March 2018. Fenglin Group had made its debut in particleboard production in 2013 by taking over the Huizhou works in Guangdong province, geared to an annual capacity of roughly 200,000 m³, from Asia Dekor Holdings Ltd. of Singapore. The group had put two MDF/HDF plants into operation in Baise and Mingyang in the province of Guangxi in 2006 and 2014. The plant in Baise achieves an annual capacity of around 230,000 m³ with an 8.5 ft x 37.1 m ContiRoll press supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. The works in Mingyang is equipped with a 4 ft wide and 48.8 m long ContiPlus press made by Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM); the annual production capacity is given as 200,000 m³. With these four plants at present, Fenglin Group has a total annual capacity of around 980,000 m³. □

Continuous production line to replace multi-opening press at Oberon mill

Borg giving another boost to WBP capacity with MDF replacement

Borg Manufacturing Pty. Ltd., a furniture supplier and laminating company belonging to the Australian firm Borg Group Holdings Pty Ltd. and based in Somersby, New South Wales, has gradually increased its wood-based panel capacity in recent years through several acquisitions and investments in building new plants and expanding its existing locations. At the same time, the company has also invested in downstream refining capabilities for wood-based panels.

Borg entered the wood-based panel manufacturing business as recently as March 2010 by purchasing an MDF/HDF mill in Oberon from Carter Holt Harvey Woodproducts Australia Pty. Ltd., based in St. Leonards, New South Wales. Borg has also made particleboard since acquiring a CHH particleboard mill in Mount Gambier, South Australia in early 2018 and the particleboard flooring plant in Oberon. At the time of the acquisition, CHH made raw particleboard using four production lines in Mount Gambier. Some of this particleboard

is turned into particleboard flooring at the mill itself and in Oberon.

Borg also commissioned a new particleboard line in Oberon at the end of 2018; handover took place at the end of May 2019. Borg had ordered a forming and press line and final assembly systems from Siempelkamp Maschinen- und Anlagenbau GmbH for this project in the second quarter of 2016. Other suppliers provided the front end and the dryer. The 8 ft x 40.5 m ContiRoll press is initially set up to have a daily production capacity of about 1,500 m³; the line's capacity will rise to 2,000 m³ at a later date. One of the two continuous MDF lines in Oberon was modernised alongside the installation of the particleboard line.

Another MDF line in Oberon that was idled a long time ago is set to be reactivated during the next year. Borg ordered a forming and press line from Siempelkamp for this project in the third quarter of 2019. In addition to the forming station and an 8 ft x 18.8 m ContiRoll press, the order

includes a compactor and connection to the existing high-bay warehouse. The new line is to replace a multi-opening press originally delivered by Washington Iron Works (WIW). The fibre preparation system with the refiner, dryer and energy plant will be retained and modernised as part of the overall project.

The new line is to be delivered in the third quarter of 2020. Start-up is slated for the second half of 2021. Borg mainly wants to use the new production line, which Siempelkamp said is equipped with a lightboard package, to make speciality products, especially thin board, lightweight board and MDF for special applications. It will be able to make products 1-25 mm thick and have a daily production capacity of about 400 m³. The portfolio of products made by the two continuous MDF/HDF lines running at the site should focus even more on standard products as a result. Metso Panelboard and Siempelkamp delivered key components for the two lines commissioned in 1987 and 1996, which have a total capacity of roughly 260,000 m³ per year. The older line is equipped with a 2.55 x 21 m continuous press, while the second line has a 2.44 x 35 m continuous press.

Borg had also acquired rights to STRUCTAflor particleboard flooring from CHH together with the two sites making raw particleboard and particleboard flooring. The TERMIfloor and R-floor lines will supplement its range of particleboard flooring. Borg sells raw and laminated MDF under the CUSTOMwood brand. The company also makes ULTRAprime mouldings and sells raw and laminated particleboard under the CUSTOMpine name. Borg also produces a hardboard underlay and Readicote door skins in Oberon. Besides the MDF and particleboard mill, Borg also operates an adhesive resin plant in Oberon that used to be operated by the company formerly known as Woodchem Australia Pty. Ltd. □



Borg site in Oberon

(Photo credit: Visitoberon)

Siempelkamp supplying new forming and press line via GIM Export Group

Kastamonu replacing particleboard line at former Yontas site in Samsun

The Turkish wood-based panel and building element manufacturer Kastamonu Entegre Agac San. ve Tic. A.S., based in Istanbul, is set to replace a particleboard line in Samsun with a continuous forming and press line by the start of 2021.

The company acquired the line in June 2009 as part of a bidding process for Yontas Yonga Levha San. ve Tic. A.S., headquartered in Siteler-Ankara, Turkey. Additional machinery will also be added to the front end. Downstream converting capacity is also poised to increase. The first machinery orders were placed in mid-December 2019. Additional orders were wrapped up in recent weeks in a process that is being handled by GIM Export Group GmbH & Co. KG, which has also taken over financing the entire project.

Siempelkamp Maschinen- und Anlagenbau GmbH will deliver a forming and press line with a 7 ft x 37.1 m ContiRoll press, along with cooling and stacking technology. The panel storage system and

sanding line were ordered from Kontra Anlagentechnik GmbH, Steinemann Technology AG will deliver sanding machinery. The Belgian firm Vyncke Energietechnik N.V. will supply the power plant. In early February, Kastamonu also ordered one short-cycle press in the Turkish double format 2,100 x 3,660 mm from Wemhöner Surface Technologies GmbH & Co. KG via GIM. This press is to be delivered to Samsun and installed between June and November. Commissioning is scheduled for spring 2021.

Kastamonu has been making preparations for this replacement project in Samsun for some time. With a ten-opening press delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau in 1990 and modernised in 2001, the mill had a designed annual capacity of about 180,000 m³. Previous information suggests that the mill also has a Wemhöner short-cycle press and a treating line from Vits Technology GmbH.

Kastamonu currently runs eight particleboard lines in Turkey, Romania, Bulgaria

and Italy. It also has another multi-opening press in Tarsus, Mersin; a nine-opening press commissioned by Pagnoni Impianti s.r.l., based in Aicurzio, Italy, in 1997 can manufacture approximately 180,000 m³ per year. The group operates continuous lines in Balikesir (Siempelkamp ContiRoll 7 ft x 42.1 m, commissioning date: 2005, annual capacity: 560,000 m³) and Gebze, Kocaeli (Siempelkamp-ContiRoll 37.1 m x 7 ft, commissioning date: 2010, annual capacity: 500,000 m³). A particleboard line in Reghin, Romania has a designed annual capacity of 565,000 m³ and features a 7 ft x 39.1 m CPS press delivered by Dieffenbacher in 2012. Last year, a Dieffenbacher six-opening press that had been installed in Gorno Sahrane, Bulgaria in 2001 was replaced with a forming and press line that Kastamonu acquired from the insolvency estate of the French particleboard manufacturer Darbo S.A.S., headquartered in Linxe, in March 2017. At Darbo, this line last reached an annual capacity of about 580,000 m³ with a press in dimensions of 7 ft x 42.1 m that was commissioned 1996 and extended in 2000.

In Italy, Kastamonu restarted the old Falco particleboard mill in Pomposa di Codigoro, which it purchased from Gruppo Trombini's insolvency estate, during the third quarter of 2018. The group had previously modernised this continuous production line, which has a ContiRoll in dimensions of 7 ft x 43.7 m and an annual capacity of some 480,000 m³. It had bought the continuous line from Trombini in 2004 to replace two single-opening lines after they were idled indefinitely during insolvency proceedings in January 2014. In addition to the Falco particleboard, Kastamonu had also acquired the Annovati particleboard mill in Frossasco in May 2017. Under plans at that time, the company was also supposed to resume operations in the medium term, although the plans have not been firmed up to date. □



Kastamonu is going to replace the production line in Samsun.

(Photo credit: Kastamonu)

Adhesive resin capacity in Gent doubled to 250,000 t by October 2019

Unilin Group installing two more short-cycle presses for lamination

Unilin bvba, headquartered in Wielsbeke, Belgium, has ordered two short-cycle presses from Wemhöner Surface Technologies GmbH & Co. KG.

One press is to be used to further increase laminating capacity at its US laminate flooring mill in Thomasville, North Carolina. The second press will be installed at Spano's particleboard mill in Oostrozebeke, Belgium. In addition to the two continuous particleboard lines, Unilin operates a short-cycle press in Oostrozebeke that was transferred from its location in Wielsbeke-Ooigem as a second-hand press in summer 2016. Slated for early 2021, the start-up of the new Wemhöner press is to more than double laminating capacity at the site. Conversely, Unilin will permanently close the Tivapan mill in Izegem where it still operates one unit. The Panels division also has two short-cycle presses available at the Bospan particleboard mill in Wielsbeke, which were transferred there from the laminating and laminate flooring facility in Wielsbeke in summer 2013 and summer 2014 respectively as part of a project to reorganise its laminating capacity. The installation of the new press in Oostrozebeke and the closure of the Tivapan mill means that Unilin Panels will have two integrated particleboard sites, each with two short-cycle presses, in the future.

Unilin Panels has now completed several investment projects at its wood-based panel locations as part of efforts to reorganise, consolidate and expand its production activities, which have been under way for some time now. The drying section at the Spano mill has been modernised, with a dryer from the Wielsbeke particleboard mill, which closed in late 2015, being transferred to Oostrozebeke. An adhesive resin plant in Gent that has been owned by Unilin since it acquired Spano Group N.V. had doubled its production capacity



Unilin will install a second short-cycle press at the Spano mill.

(Photo credit: Foroa)

to about 250,000 t per year by October 2019. This capacity increase means that Unilin is largely able to make the adhesive resin that its wood-based panels sites need in-house. It can also produce a smaller amount of impregnating resin in Gent. The impregnating resin production unit at the Wielsbeke laminate flooring mill means that Unilin is also largely self-sufficient in this area. In addition to the Bospan particleboard mill, Unilin has built a new biomass power plant in the past year, which like the existing power plant in Oostrozebeke is to be operated via a joint venture with the energy group Aspiravi N.V., headquartered in Harelbeke, Belgium.

Unilin recently installed a total of three new short-cycle presses at its laminate flooring mills in Thomasville (North Carolina), Wielsbeke and Dzerzhinsk, Russia. These presses were also supplied by Wemhöner and commissioned in rapid succession in the second half of 2017 and the first half of 2018. The short-cycle press at the US laminate flooring mill in Thomasville started in September 2017. In December 2017 an

identical press at the Wielsbeke laminate flooring mill laminated its first board. The new laminating line at the Russian laminate flooring mill in Dzerzhinsk, Nizhny Novgorod, was commissioned during the first quarter of 2018. Unlike the two other large-sized short-cycle presses, this latter press was designed as a half-size press like its existing unit in Russia.

The two large-sized short-cycle presses in Thomasville and Wielsbeke achieve an annual capacity of up to 10m² even when making speciality products.

After the start up of the new lines Unilin runs five short-cycle presses to laminate substrate for laminate flooring at its Wielsbeke laminate flooring facility. The Thomasville complex, which was commissioned in summer 2005 and expanded in 2008, runs three short-cycle presses as well as two treating lines. The Russian plant was commissioned in September 2011. It first installed a half-sized short-cycle press from a mill in Mouscron, Belgium that closed in June 2009. □

Shift in revenues from industry to trade and DIY shops has continued

Egger invested almost €300m by the end of October 2019

The Egger Group, based in St. Johann, Austria, invested a total of €297.4m (May-Oct. 2018: 242.9m) in the first half of its 2019/2020 financial year, which runs until the end of April.

This growth was fuelled by both maintenance and growth investments. Maintenance investments rose by more than half to €68.1m (40.4m). Growth investments were up 13.2% at €229.3m (202.5m). The single-largest projects were the completion of the particleboard mill in Biskupiec, Poland that started operating in late June and construction work on a new particleboard line in Lexington, North Carolina that is supposed to get up and running during the second half of the year. Already in March, two short-cycle presses will be commissioned at the Lexington site.

Investments in the "Decorative Products Americas" division swelled to €158.7m (23.4m) as a result. The completion of the project in Biskupiec trimmed the amount invested in the "Decorative Products East" division to €53.0m (138.3m). The "Decorative Products Central" division booked roughly unchanged investments of €39.0m (38.8m), while the "Decorative Products West" division saw a slight increase to €27.0m (23.5m). The group invested €12.8m (17.2m) in the "Flooring Products" division and €6.9m (1.7m) in the Others area.

All told, the Egger Group again invested more than in the same period one year earlier. The group invested a total of €264.4m in upgrading and modernising production capacity in the first half of the 2017/2018 financial year. This figure breaks down into €36.3m on maintenance investments and €228.1m on growth investments. Based on earlier information, the Egger Group intends to invest more than €450m in the full

2019/2020 financial year, thus wrapping up a three-year investment programme that entailed major projects in Concordia, Argentina, Biskupiec and Lexington.

Egger Group books growth in most key financials

The Egger Group saw its financials live up to expectations in the first half of the 2019/2020 financial year, according to information from the company. Group revenues improved 3.4% compared with the same stretch one year earlier to €1.481bn (May-Oct. 2018: 1.432bn). All five divisions played a part in this upswing, with only the Other unit recording a small decrease in revenues. Adjusted EBITDA and total EBITDA decreased by 4.9% and 12.2% respectively. The EBITDA margin thus reached 14.9%, down from 16.2% on an adjusted basis and 17.5% unadjusted one year earlier.

Other earnings figures increased across the board. EBIT jumped 17.9% to

€119.7m (101.5m), verging on the level of €126.8m recorded in the first half of 2017/2018. Pre-tax profits were stronger than in the two previous comparison periods at €110.2m (90.3m); post-tax profits reached €79.7m, in between the figures registered in the first halves of 2017/2018 (€84.3m) and 2018/2019 (€58.1m).

In terms of the different sales avenues, the shift in revenues towards the trade has continued. Some 52.2 (50.9) % of group revenues were generated in business with traders in the first half of the year. The proportion of revenues from doing business with DIY shops rose to 8.2 (7.2) %. Industry's share thus fell by 2.3 percentage points to 39.6 (41.9) %. Its launch of the new Egger Dekorativ collection on 1 February 2020 will likely prompt a continued shift in revenues in the second half of the financial year, as well.

Broken down by sales region, North-West Europe barely managed to hold



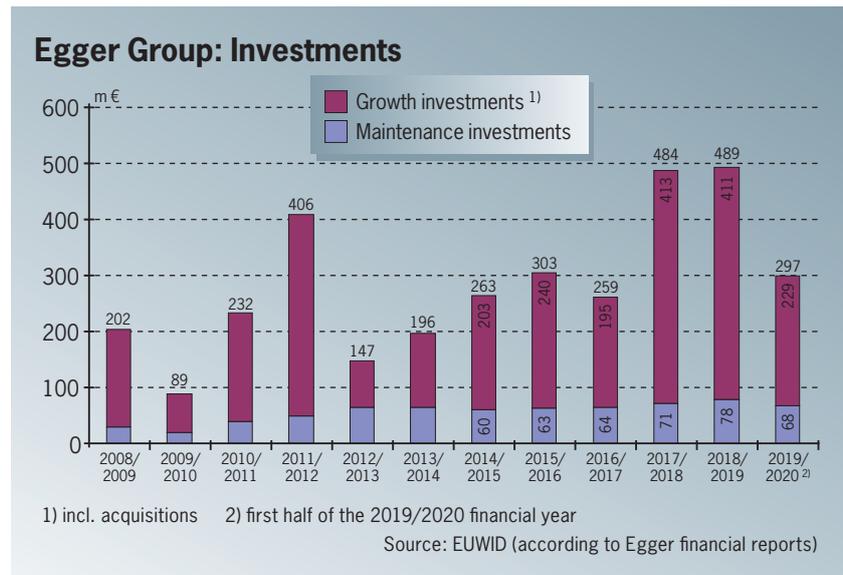
End of June 2019, Egger produced the first board in Biskupiec.

(Photo credit: Egger)

on to its leading position with a 23.7 (25.4) % share of the total. Central and Eastern Europe moved closer to the top slot with a slightly smaller slice of 23.1 (23.3) %. The shares held by the next-largest regions, the UK and Ireland and South-West Europe, also decreased to 14.3 (15.0) % and 11.7 (11.8) % respectively. The Central-South Europe region accounted for 6.2 (7.1) % of group turnover. The overseas region (7.9% up from 6.0%), Russia (7.8% up from 6.3%) and America (5.4% up from 5.1%) gained in significance. All told, the Egger Group generated €826.4m or 55.8% of group revenues in Western Europe. Eastern Europe and Russia were responsible for €457.8m or 30.9%. Activities in North and South America and the rest of overseas operations contributed €196.4m or 13.3% of group revenues.

The Decorative Products America division, which was reported on separately for the first time, booked the largest growth in revenues with a 27.1% upswing to €68.8m (54.2m). Revenues from Decorative Products East were 6.4% higher at €455.6m (428.2m). The other three divisions recorded a similar growth in revenues: Decorative Products Central +2.2% to €447.0m (437.4m), Decorative Products West +2.2% to €364.7m (357.0m), Flooring Products +2.6% to €231.2m (225.3m). Revenues from the Other category, which includes its lumber business after the spin-off of Decorative Products Americas, decreased 9.1% to €88.1m (96.9m) mainly because of falling sales prices.

Altogether, 80.7% of group revenues were booked in the furniture and interior remodelling (decorative wood-based panel) product category. Strong growth in the US, Russia, Poland and the Baltic region were the main factors behind a 4.7% rise in turnover in this category. The start-up of the new particleboard mill in Biskupiec was the primary contributor to the upswing in Poland and the Baltic region, while efforts to advance its foray in the market were the main factor affecting business in the US. In Western Europe, Egger grew in Italy, Spain and the UK, but turned in a weak



ker performance in Germany, Austria and France.

The Flooring product category saw dwindling sales and revenues in Germany, the Benelux region, the UK and Italy wiped out by sometimes substantial growth in Russia, Ukraine, France and China. All told, flooring revenues increased by 2.6%. In the building product category, OSB revenues decreased 6.3% despite a 4.6% improvement in sales volumes. Bigger decreases were primarily registered in Turkey, Italy and Ukraine. Lumber sales were roughly in line with the previous year, although revenues decreased because of falling sales prices.

Investment costs and start-up losses

Egger said that EBITDA had declined mainly because of investment costs and start-up losses in Poland and the US. However, an improvement in EBIT was predominantly connected to impairment charges one year earlier for a particleboard and MDF mill in Concordia, Argentina that it acquired in September 2017. Goodwill, which was previously listed at €53.4m, was completely written down due to high inflation in Argentina and the weaker Argentinean peso.

Adjusted EBITDA from Decorative Products Americas slipped into negative

territory in the first half of the financial year at -€2.4m (+1.5m) owing to continued economic challenges in Argentina and start-up costs in the US. The Decorative Products West (-8.7% to €50.7m), Decorative Products East (-8.3% to €79.0m) and Flooring Products (-8.2% to €18.9m) divisions faced similar decreases in adjusted EBITDA.

The Decorative Products unit mainly incurred charges due to rising raw material costs at mills in the UK and in Radauti, Romania, as well as start-up losses in Biskupiec. Flooring Products saw its margins eroded by a shift in revenues away from high-margin business in Western Europe towards lower-margin activities in Russia and China as well as a smaller proportion of Egger collection products. In the Other category, the EBITDA loss intensified by 10.4% to -€14.1m (-12.8m), mainly due to higher costs for group functions. The Decorative Products Central division alone posted a 9.4% improvement in adjusted EBITDA to €88.0m (80.4m). This growth was primarily booked at its St. Johann headquarters and at German locations.

Financing results improved to -€9.5m (-11.2m) thanks to the early October repayment of a €150m 2012-2019 bond issued in October 2012. Expenses for income tax also dwindled to €30.5m (32.1m). □

Glatfelter moving headquarters to Charlotte



(Photo credit: EUWID)

The US speciality paper producer P.H. Glatfelter Co. intends to move its headquarters from York, Pennsylvania, to Charlotte, North Carolina, starting in mid-2020. The move is to take place in several phases over a two to three-year period and cost approximately US\$6m. During the transition period, the firm will keep a variety of administrative functions in York and continue employing about half of its recent workforce of 70 people there. Glatfelter said that it is making this decision because North Carolina had better transport ties, was near other non-woven manufacturers and had better opportunities for recruiting employees. The company has no longer had a manufacturing site in Pennsylvania since selling its Speciality Paper business unit at the end of October 2019.

This divestment made a significant dent into last year's earnings due to special effects, especially extraordinary charges of US\$75.3m for the settlement of pension liabilities. All told, extraordinary charges reached US\$89.4m (2018: 14.7m). Even though revenues increased to US\$927.7m (866.3m) and operating profits doubled to US\$54.9m (21.9m), a loss of US\$25.2m (-0.5m) was booked from continuing operations. Earnings from discontinued activities were even back in positive territory at US\$3.7m (-177.2m). The group as a whole posted a net loss of -US\$21.5m (-177.6m). Restructuring measures announced at the start of January 2020 for its Composite Fibers business unit (CFBU), which included concentrating metallised paper production at its location in Caerphilly, Wales, shedding about 100 jobs at its site in Gernsbach, Germany, and eliminating a shift at its facility in Dresden, Germany, which specialises in making wallpaper, will also incur exceptional charges this year. □

New shareholder structure for Renolit and RKW

The Fischer and Lang/Helms families have acquired all shares in JM Holding and thus also in Renolit SE as part of a July 2019 agreement to reorganise the shareholder structure at JM Holding GmbH & Co. KGaA, based in Worms, Germany. Shares in RKW SE were transferred to the Müller and de Alvear families. This step separated Renolit and RKW, which until now have been placed below JM Holding, under company law. The former affiliates will operate independently of one another in the future. An agreement in principle to reorganise the shareholder structure was reached back in March, with the parties putting pen to paper in July. Closing took place once anti-trust authorities had signed off on the deal. The details of the transaction, notably regarding compensation, have not been announced.

The Renolit group makes plastic foils for decorative applications in furniture and interior remodelling. The company had 30 branches in more than 20 countries and employed approximately 4,700 people in the 2018 financial year. Its annual revenues reached €1.031bn (2017: 1.016bn). RKW's portfolio includes packaging foils for different areas of industry, together with hygiene and agricultural film. With 3,000 employees working at 20 sites around the globe, RKW booked revenues of €878m in 2018. □

Neodecortech registers slump in earnings

The Italian decor paper and surfaces manufacturer Neodecortech S.p.A., based in Filago, raised its consolidated revenues by 1.7% to €135.8m (2018: 133.5m) in the 2019 financial year, according to preliminary results published on 1 February. The production value, which includes €1.4m (0.3m) in inventory changes, was 2.5% higher than the previous year at €137.2m (133.8m). Much stronger growth in revenues at Neodecortech S.p.A., which specialises in decor printing and treating, made up for a three-week stoppage in February 2019

due to inclement weather and a slide in sales prices at Cartiere de Guarcino S.p.A. (CDG), a decor paper producer owned by Neodecortech that is based in Guarcino. Neodecortech's revenues were 10.9% higher than in 2018 at €56.5m (50.9m). CDG had previously had to idle two paper machines for around 10 days after inclement weather at the end of October 2018.

Even though revenues increased, earnings were lower than in 2018 on a group-wide level and at the individual company level. Neodecortech alone recorded EBIT of €2.6m (4.3m), pre-tax profits of €4.5m (6.8m) and net profits of €4.0m (6.0m); EBITDA was not reported. On a group-wide scale, adjusted EBITDA decreased 5.9% to €17.9m (19.0m); this excluded €1.5m in extraordinary expenses for stock market transactions. Total EBITDA slipped 10.2% to €15.9m (17.7m), with the related margin falling to 11.7 (13.2)%. EBIT even tumbled by a third to €7.1m (10.6m). Neodecortech said that the deterioration in operating earnings was connected to factors including higher personnel costs and increased fuel costs for the biomass power plant next to the decor paper mill Bio Energia Guarcino s.r.l. (BEG), headquartered in Guarcino.

Earnings further down the balance sheet also suffered more of a decline. Pre-tax profits plunged 31.7% to €5.2m (7.6m). Adjusted net profits were 22.3% lower than in 2018 at €5.7m (7.3m). Net profits took a 34.3% tumble to €4.0m (6.0m). Despite dwindling earnings and investments of €10.0m, the group trimmed its net financial liabilities to €40.5m (44.0m) at the end of the year. Conversely, equity rose 4.6% to €61.3m (58.6m). With the balance sheet total dipping 0.8% in a year-on-year comparison, the equity rate stood at 60.2 (57.1) %.

In keeping with a dividend policy drawn up for 2020-2022 stipulating that at least 40% of net profits are to be distributed, the Board of Directors proposed a dividend of €0.145 per share, representing a pay-out of €1.9m. This pay-out is to be made in mid-March. Based on the closing price on 31 January, this translates into a dividend yield of 4.4%. □

Valentini sells 1.2 million shares in Neodecortech

The investment holding Finanziaria Valentini S.p.A., headquartered in Rimini, Italy, sold 1.2 million shares in the Italian decor paper and surfaces manufacturer Neodecortech S.p.A., based in Filago, on 1 November 2019 through an accelerated book-building process launched just three days earlier. The purchase price of €3.40 per share puts the value of the transaction at close to €4.1m. The purchase price was 14% lower than the average weighted price over previous months.

The shares that have been sold represent a 9.16% shareholding. The sale reduced Finanziaria Valentini's stake from 72.70% to 63.55%. Conversely, the free float including shares held by Neodecortech itself swelled to 36.14%. AZ Fund Management S.A. (Azimut), headquartered in Luxembourg, is now the single-largest shareholder, having boosted its stake to over 5% on 30 October and now owning 5.20%.

Neodecortech S.p.A. was created when Cartiere de Guarcino S.p.A. (CDG), based in Guarcino, merged with Confalonieri S.p.A., headquartered in Filago, and has been listed on the Milan stock exchange since September 2017. Prior to the IPO, Finanziaria Valentini S.p.A. had owned 95.25% of the shares in the firm, with 3.85% in the hands of Luigi Valentini and 0.9% held by Valfina S.p.A. The IPO placed 3.564 million shares or 27.2% of share capital on the market at a price of €4.00 per share.

Neodecortech holds all shares in CDG, which in turn owns CDG International Corp., which is based in Las Vegas, Nevada, and which was founded in 2015, and the energy group Bio Energia Guarcino s.r.l. (BEG), headquartered in Guarcino, as wholly owned subsidiaries. However, CDG International Corp., which had recently been inactive, was transferred by CDG to Finanziaria Valentini at the end of October; the purchase price was put at €2.5m.

Changes in its share ownership are connected to plans to list Neodecortech shares on the STAR segment of the Milan stock exchange, which has been in preparation since mid-October. □

Westag & Getalit focusing distribution efforts



(Photo credit: Westag & Getalit)

The Board of Directors of Westag & Getalit AG, based in Rheda-Wiedenbrück, Germany, approved a strategic reorganisation that has been in preparation in recent months and that the supervisory board rubber-stamped on 19 February 2020. Under the plans, its Surfaces/Elements division will concentrate distribution of Getalit laminates, GetaCore mineral materials and worktops/elements in Germany, Austria and Switzerland. In other markets, however, Westag & Getalit products will mainly be distributed using the sales networks of other subsidiaries of Broadview Holding B.V., based in s'Hertogenbosch, the Netherlands: the composite panel and laminate producer Trespa International B.V. of Weert, the Netherlands, and Arpa Industriale S.p.A. of Bra, Italy. Westag & Getalit, Trespa and Arpa will primarily be involved in this partnership. Formica Corp., based in Cincinnati, Ohio, which Broadview Holding acquired in early June 2019, will continue

to operate independently using its current sales structure.

With this strategic reorganisation, Westag & Getalit aims to boost its revenues to roughly €300m and record an EBITDA margin of 10-12% in the medium term. According to preliminary figures released on 7 February, the company generated revenues of €230.7m in the 2019 financial year. EBITDA has not been disclosed to date. Westag & Getalit's plywood product unit, which mainly specialises in formwork products and which external estimates suggest books revenues of about €30m, is only indirectly affected by the current strategic reorganisation. It is not one of the core business areas of Broadview Holding, which generates pro forma revenues of approximately €1.3bn with Trespa, Arpa, a majority stake in Westag & Getalit that it acquired in August 2018 and the Formica deal. Broadview Holding booked revenues of €552m during 2018 based on the structure at that time. Westag & Getalit's revenues were taken into account for four-and-a-half months from the date of its involvement. Therefore, €82.3m of the €233.2m in revenues booked by Westag & Getalit in 2018 was included. Formica Group generated revenues of about NZD1.026bn or about €595m in the 2018/2019 financial year (ended 30 June). □

Greenlam continues its laminate capacity growth

The Indian laminates manufacturer Greenlam Industries Ltd. of New Delhi wants to build a laminates works with an annual production capacity of 1.5m panels of Naidupeta in Andhra Pradesh through its subsidiary Greenlam South Ltd. The board of directors approved the required investment funds of INR1.750bn (roughly equivalent to US\$24.5m) on 31 January 2020. On the basis of the present plans, the greenfield project is due to be completed within the next two years. The Andhra Pradesh Industrial Infrastructure Corporation (APIIC) has already provisionally allocated an industrial site with a

total area of 65 acres or approximately 26 ha to the company.

Greenlam currently has a total annual capacity of 15.62m laminate panels at the Northern Indian facilities in Nalagarh, Himachal Pradesh (annual capacity: 10.28m panels), and in Behror, Rajasthan (annual capacity: 5.34m panels). This capacity was able to be utilised at 96 % in the first nine months of the current business year 2019/2020. The company had only recently completed the extension of the Nalagarh works by 1.6m panels per year in the second quarter after two production lines had previously been put into operation there in September 2015 and at the beginning of June 2017. □

Titanium dioxide prices trimmed slightly once again in the first quarter 2020

Three titanium dioxide producers reach capacities of more than 1m t

The Chinese titanium dioxide producer Lomon Billions Group Co. Ltd. (Jiaozuo, Henan Province) has caught up to the two leading manufacturers Chemours Co. (Wilmington, Delaware) and Tronox Inc. (Stamford, Connecticut) by commissioning two chloride plants at the end of 2019.

According to an overview published by Tronox back on 22 November in an investor presentation, there are now three manufacturers in the world that have an annual capacity of more than 1m t. With facilities in the US, Mexico and Taiwan, Chemours has a total capacity of 1.250m t per year. The company solely makes titanium dioxide using the chloride process. Tronox saw its capacity climb to 1.078m t with its April 2019 acquisition of titanium dioxide activities from The National Titanium Dioxide Company Ltd. ("Cristal Global"), based in Jeddah, Saudi Arabia, and the required spin-off of Cristal's plant in Ashtabula, Ohio. Some

87% of this amount is made using the chloride process and 13% using the sulphate process. Its facilities are located in the US, Brazil, UK, the Netherlands, France, Saudi Arabia, China and Australia. Like all Chinese producers, Lomon Billions specialises in the sulphate process with its old capacity of 825,000 t. The new chloride plants have a capacity of 200,000 t, boosting its total capacity to 1.025m t.

The next spots are occupied by Kronos Inc., based in Dallas, Texas, and Venator Materials plc, headquartered in Wynyard in the UK. Kronos can make a total of 565,000 t of titanium dioxide at its locations in Germany, Belgium, Norway, Canada and the US. Some 74% of this figure is chloride grades and 26% sulphate grades. Venator is more focused on sulphate grades with a 65% share of its total annual capacity of 652,000 t; its chloride share is much lower than other western producers at 35%.

These five titanium dioxide manufacturers are involved in mineral extraction to varying degrees. Tronox and Lomon Billions source the majority of the ore they need from their own mines. Chemours and Kronos also have their own capacity, but Venator has to buy in the ore it uses.

The overview drawn up by Tronox also compares key financial benchmarks based on the last twelve months (LTM). The comparison only looked at figures from Chemours's Titanium Technologies division and Venator's Titanium Dioxide division. Tronox used its own pro forma figures with the full-year consolidation of Cristal. The firms posted revenues between US\$1.5bn and US\$3bn. Even larger brackets of US\$212m-743m for EBITDA and 12-37% for the related margin were listed.

TiO₂ prices trimmed slightly once again

Contract prices for titanium dioxide headed lower again in the first quarter of 2020. Prices fell by €50-100/t across all grades and qualities. The decor paper industry hardly managed to institute the bigger markdowns sought primarily for simple grades for use in paint and coating manufacturing. On average, prices for the chloride pigments used to make decor paper decreased by just €30-50/t. Fourth-quarter contracts featuring low underlying prices were also left untouched in a few instances. Insiders think that the future direction in prices will hinge on factors including the impact of expanded precautionary measures in China to stem the spread of coronavirus on global titanium dioxide supply.

In the light of this situation, Venator became the first major titanium dioxide manufacturer to announce price hikes on 10 February after a downward slump lasted several quarters. Titanium dioxide prices in the EMEA region are poised to climb by €100 or US\$120/t with effect from 1 April. □

Overview of the five largest titanium dioxide producers

	Tronox ³⁾	Chemours	Lomon Billions	Kronos	Venator
Stock exchange	NYSE (TROX)	NYSE (CC)	SHE (002601)	NYSE (KRO)	NYSE (VNTR)
Headquarter	Stamford	Wilmington	Jiaozuo	Dallas	Wynyard
Location	USA	USA	China	USA	UK
Market Cap.	1.6 bn US\$	3.2 bn US\$	3.6 bn US\$	1.7 bn US\$	0.4 bn US\$
Enterprise Value	4.6 bn US\$	6.6 bn US\$	4.2 bn US\$	1.9 bn US\$	1.3 bn US\$
Net Leverage ¹⁾	3.8x	3.1x	1.3x	0.3x	3.3x
Sales ¹⁾	3.0 bn US\$	2.4 bn US\$	1.5 bn US\$	1.7 bn US\$	1.6 bn US\$
Adjusted EBITDA ¹⁾	743 m US\$	589 m US\$	544 m US\$	212 m US\$	219 m US\$
EBITDA margin ¹⁾	24%	24%	37%	12%	13%
TiO ₂ capacity ²⁾	1,078,000	1,250,000	1,025,000	565,000	652,000
Chloride	87%	100%	15%	74%	35%
Sulphate	13%	0%	85%	26%	65%

1) Last twelve months (LTM) until 30 Sept. 2019, for Lomon Billions until 30 June 2019 or until 31 December 2018

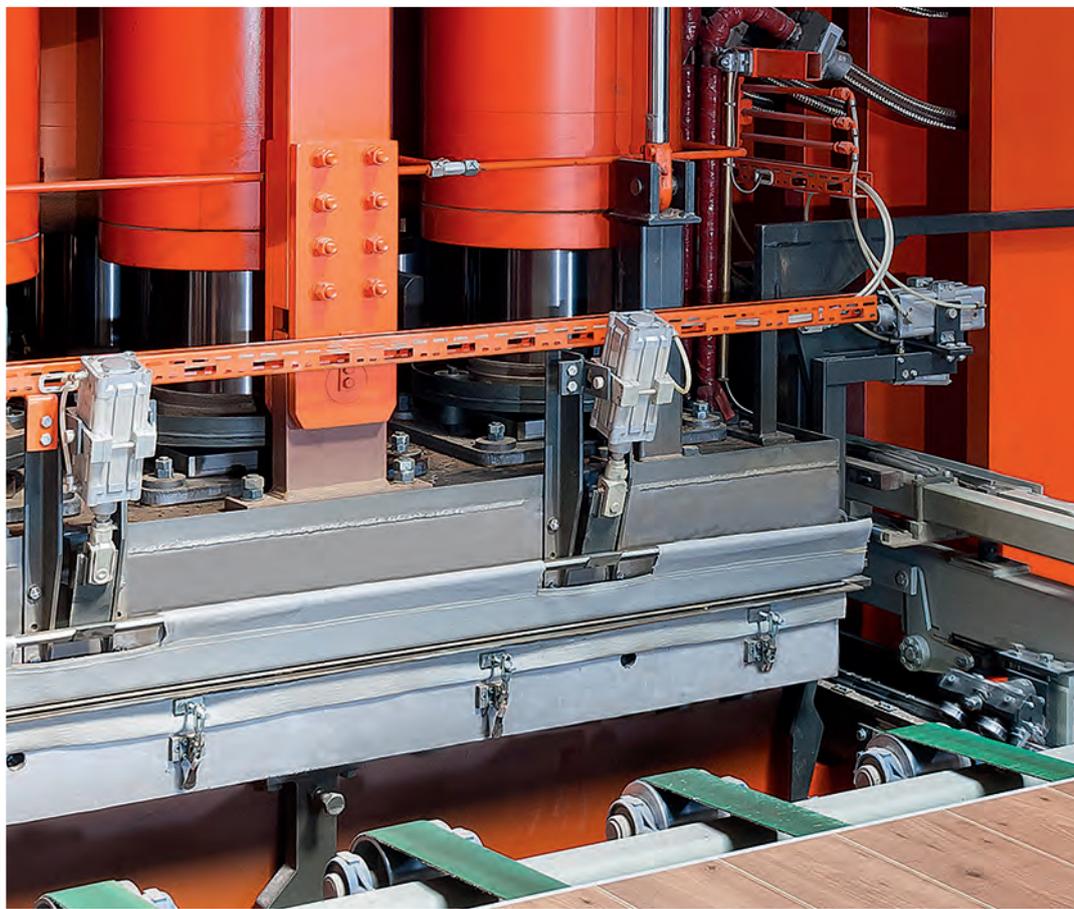
2) in t/year, data for 2018, for Lomon Billions including new investment

3) including Cristal

Source: Tronox investor presentation Nov. 2019

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Sites in Caieiras and Arches reclassified within the group / Acquisition in China

Ahlstrom-Munksjö Decor enjoyed a recovery of demand towards year end

Ahlstrom-Munksjö Oyj, based in Helsinki, has announced that its Decor division experienced a recovery in demand for decor paper in the fourth quarter of 2019 following a longer downturn caused by the economic downswing and inventory reductions along the entire value chain.

However, this recovery has yet to be reflected in its financials. The division's revenues dropped 9.6% compared with the previous year's relatively good level to €104.1m (Oct.-Dec. 2018: 115.1m) in the fourth quarter. Revenues thus ended up roughly the same as in the second quarter (€104.8m) but were just shy of the €100m mark in the third quarter at €99.9m. The first quarter had been much stronger with revenues of €113.3m. Ahlstrom-Munksjö continues to blame a slump in sales volumes and prices for the downward trend in revenues that emerged during the course of the year.

Adjusted EBITDA tumbled even more than revenues, diving 27.0% to €8.4m (11.5m) in the fourth quarter and trim-

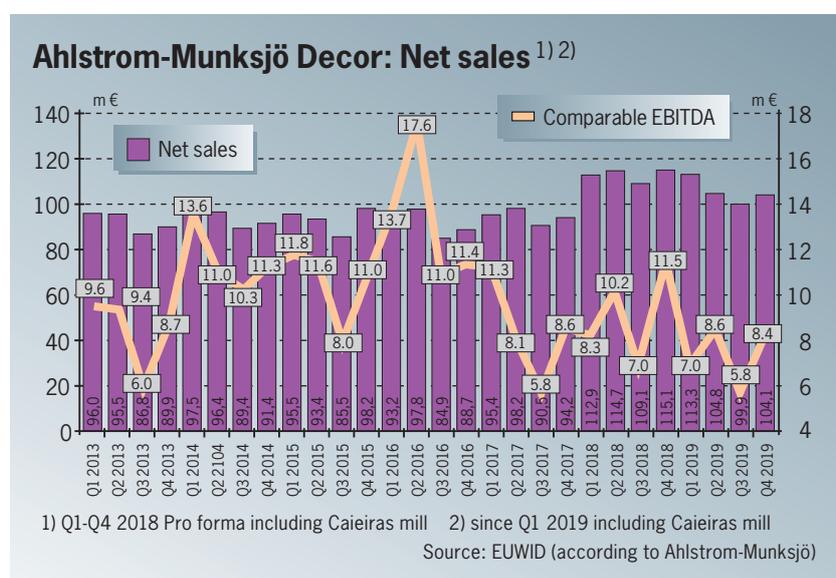
ing the margin to 8.0 (10.0) %. Adjusted EBITDA and the resulting margin had been even worse in the first (€7.0m, 6.2%) and third (€5.8m, 5.9%) quarters. The slight improvement compared with previous quarters is connected to sustained pressure on prices being offset by continued relief on the raw material front. The second quarter was the best quarter of last year with EBITDA of €8.6m and an 8.2% margin, but was still much weaker than in the fourth quarter of 2018 when the group booked pro forma figures of €11.5m and a margin of 10.0%. According to Ahlstrom-Munksjö, slow demand for a long time, a slump in titanium dioxide and pulp costs during the course of the year, predatory competition caused by both European and Chinese decor paper manufacturers and pressure on prices caused by these factors all played a part in the unsatisfactory trend in earnings last year.

The Decor division experienced a 6.6% decline in revenues to €422.1m (2018: 451.9m) in the 2019 financial year. Adjusted EBITDA worsened to €29.9m (37.1m), with the margin deteriorating

to 7.1 (8.2) %. One of the main reasons was an increase in fixed costs caused by lower sales and output, which more than made up for relief from dwindling raw material costs. Comparative figures for the fourth quarter and for 2018 as a whole were pro forma numbers that took account of the full-year impact on revenues and earnings from the MD Papeis mill in Caieiras (São Paulo, Brazil), which it acquired with effect from 17 October 2018. On a pro forma basis, 2019 also ended with a small reduction in group-wide revenues to €2.916bn (2.997bn). In addition to the Caieiras mill, the pro forma figures also consolidated the US speciality paper producer Expera Specialty Solutions LLC, based in Kaukauna, Wisconsin, which it acquired in October 2018, for the entire year. Group EBITDA decreased to an adjusted figure of €312.9m (329.9m) and a total of €279.4m (290.3m); net profits were almost halved to €32.8m (63.2m). Earnings fared much better on a group-wide level than in the Decor division alone; nonetheless, CEO Hans Sohlström still described these earnings as unsatisfactory.

The purchase prices and goodwill for the Caieiras mill in Brazil (purchase price: €96.7m, goodwill: €32.8m) and Expera's North American activities (purchase price: €524.9m, goodwill: €171.7m) were set in stone during 2019. Both transactions had already surpassed the anticipated synergy effects in the first year. The Caieiras mill contributed €10m rather than the original target of €6m; Expera brought in €12m instead of the €8m budget.

Ahlstrom-Munksjö has launched additional strategic steps with the 25 April adoption of a new organisational structure that took effect on 1 January 2020, the reorganisation of the Decor division announced on 17 September and several



acquisitions and divestments that were agreed in the fourth quarter. The sale of its glass fibre reinforcement business in Mikkeli, Finland, to Vitruvan Composites Oy, a company that is part of Adcuram Group AG, closed at the end of last year. In mid-December, the firm acquired filter converting capacity in China and the US for a debt-free purchase price of €9.6m. Agreed in late October, the sale of its art paper business to the Italian firm Fabbrica Italiana Lapis ed Affini S.p.A. (F.I.L.A.) is expected to close in the first quarter. The purchase price was fixed at €44m.

The strategic reorganisation of its Decor division provides for the acquisition of the Chinese decor paper manufacturer Hebei Minglian New Materials Technology Co. Ltd., based in Xingtai, Hebei Province, the involvement of an external investor and subsequent spin-off. Ahlstrom-Munksjö signed a non-binding letter of intent for the acquisition on 27 November, which listed a purchase price of €60m on a debt-free basis. The coronavirus outbreak has delayed subsequent due diligence work and signature of the final takeover agreement, but is slated to happen before the end of the first quarter. The company has thus focused more on negotiations with potential investors.

Hebei Minglian New Materials Technology, which was founded in September 2016, operates a paper machine commissioned as recently as the end of 2018 in Xingtai, Hebei Province. The machine has an annual capacity of some 50,000 t. The company entered the decor paper manufacturing business with this greenfield investment. The different components were provided by European and North American machinery and plant producers. The Voith Paper division of Voith Holding GmbH & Co. KG, based in Heidenheim, Germany, supplied a MasterJet headbox. Hebei Minglian New Materials Technology reported having invested roughly RMB1.05bn or roughly €135m in building the new 20 ha site and installing the paper machine. The company has RMB100m or €13m in registered capital and employs about 120 workers at the moment.

Ahlstrom-Munksjö Decor: Financial results ¹⁾



1) until 2016 Munksjö 2) Pro forma including Caieiras mill 3) including Caieiras mill
Source: EUWID (according to Ahlstrom-Munksjö)

The planned acquisition is part and parcel of a strategic reorganisation that Ahlstrom-Munksjö announced for its Decor division in mid-September. This reorganisation provides for a merger with a Chinese decor paper producer and the subsequent spin-off of the division into a separate company. These deliberations are connected to plans afoot for some time now to expand to China. The planned merger with a Chinese manufacturer aims to strengthen Ahlstrom-Munksjö Decor's position on the Chinese market, which has taken a turn for the worse in recent years. By strengthening its foothold in both China and Western markets, the new company intends to set itself apart from the competition.

External investors are to help to finance the required transactions. Ahlstrom-Munksjö wanted to target potential investors with the announcement of plans for its decor paper business. It was primarily targeting financial investors, although the involvement of a strategic investor from the paper or wood-based panel industry was also considered conceivable in principle.

The mill in Caieiras, Brazil, became part of the Decor division with effect from 1 January. Two of the four paper machines at the site make decor paper. The two other machines were leased by Filtration & Performance Solutions, a new division founded at the start of the year, as part

of the reorganisation. Conversely, its plant in Arches, France, was added to the Industrial Solutions division. The Decor division has since used PMs 23 and 27, which specialise in making coloured decor paper, under leasing agreements. PM 27, which used to make larger quantities of decor paper, now primarily manufactures abrasive raw paper. The majority of the decor paper previously produced by this machine was transferred to the Unterkochen mill during the past year. PM 27 thus only makes small amounts of coloured decor paper.

Ahlstrom-Munksjö Decor is currently Europe's second-largest decor paper manufacturer behind Felix Schoeller Holding GmbH & Co. KG, headquartered in Osnabrück, Germany. The firm believes that it is the number four worldwide. In addition to Felix Schoeller Group, the Chinese firm Quifeng New Material Ltd., based in Zibo, Shandong Province, and the joint venture Kingdecor Co. Ltd., based in Quzhou, Zhejiang Province, have even higher capacity. The Decor division currently has a total decor paper capacity of approximately 250,000 t per year at five production sites in Unterkochen and Dettingen (Germany), Arches (France), Tolosa (Spain) and Caieiras. While its locations in Germany and Spain mainly or exclusively specialise in decor paper, the sites in Arches and Caieiras also make other types of speciality paper. □

Slump in decor printing volumes was more than erased by growth in other areas

Schattdecor boosted revenues by 5% to €780m in the financial year 2019

According to preliminary figures published at the beginning of February, Schattdecor AG, based in Thansau, Germany, generated group revenues of roughly €780m in the 2019 financial year, surpassing the previous year's level of €742.4m by 5%.

A slump in decor printing volumes was more than erased by growth in other areas, the first-time consolidation of US Coating Co., based in Lexington, South Carolina, at the end of 2018 and Vasatech Sdn. Bhd., headquartered in Bestari Jaya, Malaysia, in the first quarter of 2019 along with the mid-May start-up of a new printing site in Quzhou in China's Zhejiang Province. Schattdecor had even briefly thought that raising revenues to about €800m for 2019 was possible after experiencing a weak start in the first quarter, which led the company to file for short work at its Thansau headquarters in February, but then a recovery starting in the second quarter. However, the firm was ultimately unable to reach this goal after all due to a slowdown in some segments, including at the decor paper joint venture Kingdecor Co. Ltd.,

based in Quzhou, towards the end of the year.

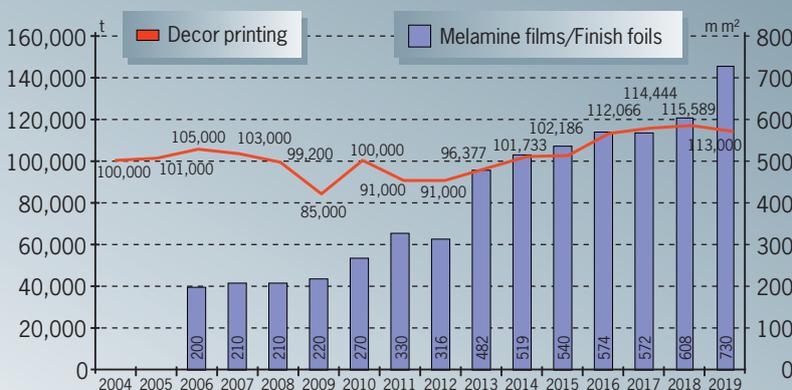
It appears that it will be hard for Schattdecor to reach its target of passing the €800m mark this year, as well, due to the coronavirus outbreak in China and knock-on effects of precautionary measures now put in place. Full-year planning for its locations in China already had to be scaled back. Schattdecor now thinks that production restrictions of varying durations mandated by authorities in different provinces and logistical restrictions that will last for quite some time even after production resumes will severely limit activities in China for about two months. An impregnating joint venture founded in late March 2017, Huanggang Saintdecor Co. Ltd., is around 75 km east of Wuhan, Hubei Province and thus the region sealed off for quarantine since 23 January. Production is offline. The latest information from the provincial government suggests that manufacturing will not be able to resume until the end of February at the soonest. Kingdecor in Quzhou is continuing to make decor paper at reduced output. Schattdecor Shanghai Co. Ltd. resumed manufacturing on 10

February, while Schattdecor Zhejiang Co. Ltd. has been up and running again in Quzhou since 17 February.

The Schattdecor group now operates 18 production sites around the globe with the new printing site in Quzhou and the integration of the two new acquisitions. Five of the sites are in Europe (Thansau, Waldstatt in Switzerland, Rosate in Italy, Tarnowo Podgórne and Gluchołazy in Poland), one in Turkey (Gebze-Kocaeli), three in Russia (Chekhov, Shatura, Tyumen), four in China (Shanghai, two in Quzhou, Huanggang), one in Malaysia and two each in the US (Maryland Heights, Missouri and Lexington) and in Brazil (two in São José dos Pinhais). However, the facility in Shatura is set to close its doors sometime in 2020. Production areas covered there to date have gradually moved to Chekhov over the past year. The different product areas turned in mixed performances last year. Despite the addition of another site in Quzhou, printing output decreased to about 113,000 (115,589) t. Its 43 printing machines printed an area of around 1.7bn m². Schattdecor printed more in China and the US. However, decreases of varying magnitudes were recorded in Germany, Poland and Turkey. Russian printing production stayed at the previous year's level. Russian printing output rose 9% in the 2018 financial year. Decor printers in Shanghai (+13%) and Maryland Heights (+24%) were already performing better at that time.

Last year, Schattdecor increased its melamine film and finish foil output (pre-impregnated and post-impregnated material) from 608m² in 2018 to approximately 730m² last year. An upward trend already seen in these product areas in previous years has intensified with the integration of the stake in US Coating held by GSB Group Inc. and Vasatech as well as investments made in impregnating and coating lines made at

Schattdecor: Development of production volumes ¹⁾



1) until 2012 and 2019 according to publications by Schattdecor, 2013 to 2018 as published in Schatt Holding annual report

Source: EUWID (according to information from Schattdecor and Schatt Holding)

various sites. Melamine film and finish foil output had jumped by almost 40m m² in 2018 and leapt by roughly 110m m² in 2019. Schattdecor currently operates 19 treating lines in Rosate, Chekhov, Tyumen, Huanggang, Bestari Jaya and São José dos Pinhais. The company has eight film coating lines in Glucholazy, Tarnowo Podgórne, Rosate, Shatura, Lexington and São José dos Pinhais. The line in Tarnowo Podgórne is a combined printing and coating machine. Another five treating lines in Rosate manufacture both melamine film and post-impregnated products.

Kingdecor raised its output by 6% to 250,000 (2018: 235,000) t in 2019. This growth was spurred by factors including the ramp-up of PM 4, which was commissioned in autumn 2018. Kingdecor expects production volumes to decrease slightly this year due to unchanged capacity and the coronavirus issue.

Schattdecor intends to install three more treating and coating lines this year and next year in Rosate, Chekhov, Huanggang, Lexington and São José dos Pinhais with the investment programme now in progress. In some cases, this will wrap up previously announced projects. The group is installing three more resin production units in São José dos Pinhais, Chekhov and Rosate. The only project planned in the printing sector is the installation of a second digital printing line at Schattdecor's Thansau headquarters. The fundamental investment decision was made during spring 2019. Once ongoing configuration work has been completed, including a decision about printing head technology, this machinery is to be ordered by the middle of 2020. Start-up is scheduled for some time in 2021. Schattdecor will also add a new office building in Thansau over the next two years. With four floors, it will provide an additional 2,700 m² of office space. Construction is slated to begin in early 2021, with a move-in date in spring 2022. In addition to the new building, Schattdecor is also planning to modernise and enlarge its showroom in Thansau.

Retis Holding acquired all shares in Arcolor

In October 2019, Retis Holding GmbH of Thansau acquired a 49.2% stake in Arco-

Schattdecor: Net sales by geographical markets

m €	2013	2014	2015	2016	2017	2018
Total	575.0	591.0	620.0	664.8	710.4	742.4
Germany	67.7	69.8	68.9	80.7	75.7	69.6
other EU	181.5	189.1	177.4	188.0	194.8	196.2
other Europe	113.4	106.2	114.9	125.7	142.0	150.3
North America	11.6	13.5	15.7	20.9	26.1	28.4
South America	64.2	60.0	58.0	59.8	59.3	63.6
Africa	3.3	4.4	5.6	3.5	3.4	4.3
Middle East	17.0	28.4	29.7	27.8	34.1	42.8
Far East	114.0	117.0	147.7	156.4	172.3	183.1
Australia	2.3	2.7	2.0	2.0	2.7	4.1

1) Net sales incl. reduction in earnings

Source: EUWID (according to information from Schatt Holding)

lor Holding AG of Waldstatt, Switzerland, from Wrede Beteiligungsgesellschaft mbh, Arnsberg, Wrede sold this stake as part of a programme of divestments, which was announced by Wrede Industrieholding GmbH & Co. KG at the end of 2018.

Retis Holding, created in August 2019 when Schatt Holding GmbH was renamed, had previously owned a 50.8% shareholding in Arcolor Holding via Schattdecor AG, based in Thansau. In turn, Arcolor Holding is the sole owner of Arcolor AG, a printing ink manufacturer founded by Schattdecor AG and Wrede in 1996, Arcolor GmbH, headquartered in Dornbirn, Austria, and the Chinese distribution firm Arcolor Trading (Shanghai) Co. Ltd., based in Shanghai.

Retis Holding also purchased the shares previously held by Schattdecor AG as part of the process of it acquiring sole ownership of Arcolor Holding. All shares are thus directly held by Retis Holding. At the same time, corporate and organisational ties between Schattdecor and Arcolor were dissolved. Schattdecor's chief technical officer Roland Heeger left Arcolor's supervisory board at the end of December 2019. The printing ink manufacturer is thus able to operate independently of Schattdecor in the future, which will make it easier for it to serve other decor printing businesses. Interprint GmbH, headquartered in Arnsberg, Germany, which Wrede Industrieholding sold to the Japanese printing company

Toppan Printing Co. Ltd, based in Tokyo, at the start of November 2019, continues to source the printing ink it needs from Arcolor. In the past few years, Arcolor has widened its portfolio to include printing inks for packaging, wallpaper and digital printing inks.

There have been no changes to Arcolor's operating business. Over the past two years, the company has spent CHF18m on doubling the area of premises that it moved into in 2006. The group is presently moving into this additional space for manufacturing, storage, laboratories and offices. In the production category, investments are to raise capacity and also expand its production capabilities. Arcolor primarily intends to expand its packaging printing and inkjet printing operations in the process. Following the expansion, its workforce will climb from 80 at the moment towards 100 in the coming years.

Based on previous information, Arcolor manufactured roughly 17,000 t of water-based printing ink in the 2017 financial year. According to Wrede Industrieholding's financial report, the group generated revenues of CHF54.7m (2016: 55.2m). Arcolor thus contributed €4.9m (8.8m) to Wrede's earnings as an associate company valued at equity, in keeping with its stake at that time. Arcolor had posted revenues of CHF50.3m for the 2015 financial year. □

Transaction includes Wilsonart's two laminate plants in Asia and Kara Board

Wilsonart sold Asian operations to Japanese company Aica Kogyo

The Japanese chemical and building products group Aica Kogyo Co. Ltd., based in Nagoya, is poised to significantly expand its laminate business by acquiring Asian operations from the US firm Wilsonart International Holding LLC, headquartered in Temple, Texas.

The two companies signed an agreement to this effect towards the end of October 2019. Aica Kogyo was supported by a co-investor, Development Bank of Japan Inc. in Tokyo, in conducting the planned acquisition. The purchase price was fixed at US\$150m. The transaction includes Wilsonart's two laminate plants in Samut Sakhon, Thailand and Shanghai, China as well as Kara Board Pty. Ltd., a laminating company with a site in the Australian town of Somerton that Wilsonart acquired at the end of July 2016.

The Wilsonart Asia unit was created when Illinois Tool Works (ITW), its sole owner at that time based in Glenview, Illinois, reorganised its operations in 2000, splitting the Wilsonart group into three regional divisions Wilsonart North America, Wil-

sonart Europe and Wilsonart Asia and the separate unit Wilsonart Flooring. In the same year, the company commissioned a laminate plant in China via a new subsidiary Wilsonart Shanghai Co. Ltd. Wilsonart Thailand Co. Ltd. has operated a plant around 30 km south-west of Bangkok since 1998. Wilsonart entered the Asian market directly in 1996 when it opened sales offices in Singapore, Seoul and Shanghai. Alongside its Asian expansion, Wilsonart also entered the European market through several acquisitions in the second half of the 1990s. The biggest step was its November 1997 purchase of Resopal GmbH, based in Groß-Umstadt, Germany. The agreement now reached to spin off Wilsonart Asia is connected to a sale process for Wilsonart launched by Wilsonart's owners Clayton, Dubilier & Rice (CD&R) and ITW in mid-2018, which unconfirmed reports suggest initially focused on the entire group.

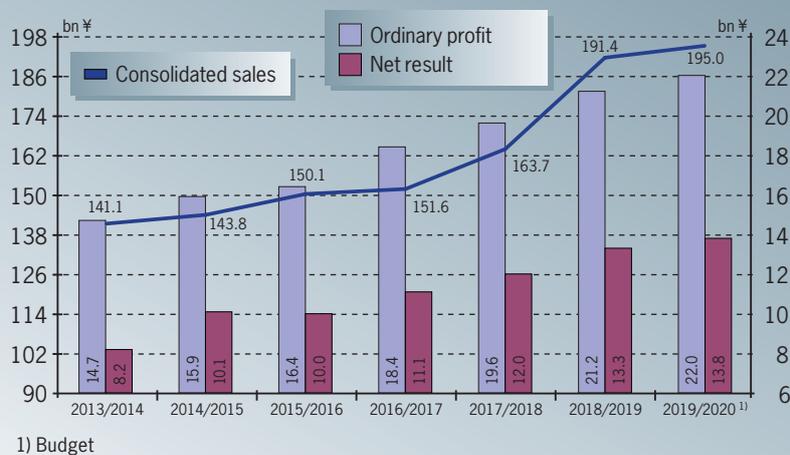
Aica Kogyo currently operates its own laminate plants in Japan, Malaysia (Mica Laminates Sdn. Bhd., Butterworth, Penang), Indonesia (PT Aica Indonesia, Bekasi), Vietnam (Aica Laminates Vietnam

Co. Ltd., Nhon Trach District, Dong Nai Province) and India (Aica Laminates Indi Pvt. Ltd., Rudrapur). Its last major expansion took place in May 2019 when it commissioned a location in Vietnam. Aica Kogyo's international laminate activities were pooled in a new company Aica Asia Laminates Holding (AALH), based in Bangkok, Thailand in January 2018. In addition to making laminates, AALH also produces polyester film, non-combustible melamine board, worktops and post-forming elements.

Laminate activities are part of Aica Kogyo's Construction Materials division, which was responsible for 43% of group revenues and 78% of operating income in its 2018/2019 financial year (ended 31 March). The Chemical Products division underwent a significant expansion in early 2013 when it acquired Asian activities pooled in Dynea Asia Pacific Holding Pte. Ltd. from the company then known as Dynea Chemicals Oy, based in Helsinki. The activities acquired from Dynea were subsequently transferred to Aica Asia Pacific Holding Pte. Ltd. (AAPH), headquartered in Singapore. AAPH now operates 17 production sites in China, Vietnam, Indonesia, Malaysia, Thailand, Pakistan and New Zealand. Its portfolio includes glues, adhesive/impregnating resins and phenolic films.

Aica Kogyo generated group revenues of ¥191.4bn (163.7bn) or US\$1.725bn (1.540bn) in the 2018/2019 financial year, surpassing the previous year's figure by 16.9% and slightly exceeding its target of ¥185bn. Its operating profits improved by 9.1% to ¥20.8bn (19.1bn) or US\$187.5m (179.7m). Net profits rose 11.0% to ¥13.3bn (12.0bn). HPL revenues reached ¥17.3bn (16.6bn) or US\$155.9m (156.2m) in the past financial year, while turnover from worktops and post-forming elements amounted to ¥16.4bn (15.6bn) or US\$147.8m (146.8m). □

Aica Kogyo: Sales/earnings development



Source: EUWID (according to information from Aica Kogyo annual reports)



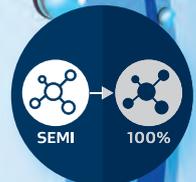
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Häcker Küchen to commission new plant



New building in Ostercappeln (Photo credit: Bremerbau)

In the 2019 financial year Häcker Küchen GmbH & Co. KG of Rödinghausen improved turnover by 2.3% to €616m (2018: 602m). Growth therefore slackened off by comparison with the past four years. In 2018 (+9.0%), 2017 (+8%) and 2015 (+9.9%) increase rates in the high single-digit percentage range had been achieved. In 2016 a higher growth rate of 15% was recorded. On the basis of the €406m achieved in 2014, turnover of the kitchen manufacturer increased by €210m, or some 50%, within the scope of the five-year comparison.

Domestic turnover improved by 2.2% vis à vis the preceding year to €376m

(368m). The increase in export turnover was similar at 2.6% to €240m (234m). Consequently, the proportion of exports in 2019 remained the same at 39% (39%). The number of cupboards produced amounted to 2.3m (2.3m) units and also remained stable at the same level as the preceding year. This corresponds to c. 950 kitchens per day. Häcker expects further growth during the current 2020 financial year.

As the company will reach the limits of its capacities at its headquarters in Rödinghausen in the foreseeable future, in September 2018 it commenced construction of a second production location at the Ostercappeln-Venne industrial park situated at a distance of some 30km from the company headquarters. The plant currently under construction there, with a total area of some 212,000m², is to be commissioned prior to this year's in-house exhibition in September. At 50,000m², almost half of the three-part building complex with a total covered area of approximately 100,000m² will be

allocated to the production area. Additionally there will be an area for receipt of goods covering 5,500m² and there will also be a 25,000m² dispatch building. Up to 5,000 kitchen cupboards per day are to be dispatched from here in future. In Venne, furthermore, a 30m-high high-bay warehouse, covering an area of 7,100m², will provide space for 57,621 pallets for parts such as built-in components, fronts and carcasses. In another section of the high-bay warehouse, covering an area of 3,000m², 2,442 spaces for the storage of worktops and half-sized worktops will be available. A total of 450 jobs are to be created in Ostercappeln-Venne. The number of employees at Häcker will therefore increase by one quarter compared with the 1,761 (1,738) persons currently employed by the company. The production area in Rödinghausen totals 113,800m². Expansion of production capacities, according to the company, is in response to growing domestic business as well as rising demand on the export market. The company sells its kitchens in a total of 67 countries, with core markets located in Europe. □

Schüller increases turnover by 9.9% in 2019

In the 2019 financial year kitchen furniture manufacturer Schüller Möbelwerk KG, based in Herrieden, again improved its turnover by 9.9% to €554m (2018: 504m). Export business, which increased by 16.3% to €143m (123m), provided a major contribution to turnover growth last year. The export rate increased to 25.8% (24.4%). Most of the growth was generated on the European export markets. Important markets in this connection are Austria, Switzerland, Great Britain, the Benelux region and France. On the domestic market, €411m (381m) was generated, representing a turnover increase of 8.0% vis à vis 2018. According to company information, the high-quality sector, which is covered by the Next125 brand, continued to increase in significance. In 2018 Schüller had already achieved a total turnover increase of 12.2% and thus reached the €500m mark for the first time. At the time the company benefited from shifts in

market shares ensuing from insolvencies of several kitchen furniture manufacturers that took place during the course of 2017. In 2017 turnover growth had been lower at +5.4%, in 2016 the increase rate was 8.1% and in 2015 it amounted to 10.2%.

In 2019 investments to the amount of €40.6m (26.8m) were made in buildings, machinery and equipment, IT as well as logistics and the transport fleet. The investment volume was thus 51.5% higher than in the previous year. In spring 2019, infrastructural preparations commenced in connection with the planned expansion of production at the company headquarters in Herrieden. This was followed by construction of a multi-storey employee car park with 1,870 places. Completion of this project is scheduled for May 2020. At the end of 2019/beginning of 2020, foundations for the new production buildings were laid. Conclusion of the first construction stage,

during which an additional production area of 60,000m² is to be created, is planned for mid-2021, and commissioning of machinery and equipment for late autumn 2021. By 2027 an additional production area of 33,000m² is to be added in a second construction stage.

In 2019 the number of employees increased by 11% to 1,838 (1,662) persons. This increase is due partly to preparations for commencement of production in the new buildings. Within the scope of doubling manufacturing capacity as planned by Schüller, the number of employees is to be increased to some 2,400 by 2027. Currently Schüller manufactures more than 130,000 kitchens per annum on an area of 110,000m². Since 2009, when Schüller manufactured some 80,000 kitchens, the production volume has increased by just under two thirds. In the same period, calculated on the basis of €235m recorded for 2009, total turnover more than doubled. □

Fournier shareholder acquires share in WM 88

FINALP Holding (Financière des Alpes), Grenoble, majority shareholder of French group of companies Fournier S.A. (Thônes), has acquired a 34.5% minority shareholding in kitchen and bathroom furniture manufacturer WM88 S.A.S. (Châtenois, France). In response to enquiries, WM88 president Dominique Weber has confirmed a corresponding report published in the *Courrier du Meuble* specialist magazine. In return, both companies have agreed that WM88 will relaunch the Hygena brand on the market. Under this brand WM88 plans to present a franchise concept for kitchen and bathroom furniture at the Franchise de Paris trade fair from 22 to 25 March 2020.

WM88 belongs to furniture manufacturer and dealer Weber Industries SAS (Mertzwiller, France) and manufactures flat-pack kitchen and bathroom furniture on an area of 54,000m² in Châtenois. In 2019 the company generated turnover of €45m with 130 employees. WM88 sells some 70,000 kitchens per annum. Sales take place via 600 locations in eight countries, operated by trade partners.

Fournier took over Hygena Cuisines SAS (Seclin) from Swedish kitchen furniture manufacturer Nobia AB (Stockholm) in March 2015. Subsequently Hygena was gradually integrated into Fournier's soCoo'c distribution channel. The brand itself was not continued separately. At the time Hygena production was relocated from Darlington (Great Britain) to Fournier headquarters in Thônes, and some of the former 125 Hygena retail branches were closed. In addition to SoCoo'c, the Fournier Group



(Photo credit: WM 88)

sells its kitchen furniture via the two other distribution channels Mobalpa and Pérène. According to the *societe.com* register of companies, in 2018 Fournier generated turnover of €309m. Fournier plans to invest a total of €233m into various projects by 2024. Of this figure, a sum of €184m is to be invested in machinery and buildings. According to a report in French newspaper *Le Dauphiné Libéré*, €65m is to be invested in a new plant at the Alex location in the Département Haute-Savoie. At this plant the entire customised production of the group is to be consolidated on a production area of 24,000m². Commissioning is scheduled for the fourth quarter of 2022. Fournier was granted building permission in December 2019.

Nobia had taken over Hygena from British 2006 MFI Furniture Group plc (London) in 2006. The development of Hygena, however, subsequently failed to meet expectations despite various investments and restructuring efforts. In 2014 turnover dropped to €120m although in 2013 €142m had still been generated. In 2013 operating profit, at €12.6m, was in the red. □

Wren Kitchens to begin manufacturing in the US

The British kitchen furniture producer Wren Kitchens Ltd., which is based in Barton-upon-Humber and was founded in 2009, is set to expand its manufacturing operations to the US. The company is to open a production facility with a total area of 252,000 sqft or roughly 23,500 sqm in the Hanover Industrial Estates business park near Wilkes Barre, Pennsylvania this spring. Wren Kitchens' US headquarters will be set up in Pennsylvania at a later date.

The company only has operations in the UK at the moment; its three locations in Barton-upon-Humber, Scunthorpe and Howden produce roughly 2,000 kitchens each week. These kitchens are delivered using its own fleet of hea-



(Photo credit: Wren Kitchens)

vy goods vehicles. The company now has 90 showrooms throughout the UK, the latest of which opened in Bradford towards the end of January.

The company plans to sell kitchens in the US using its own showrooms too. The first branch in Milford, Connecticut, is to open this summer. With a total area of 31,465 sqft, the showroom will display some 100 sample kitchens there in the future. According to Wren Kitchens, the location will become the largest US kitchen showroom. Others should open their doors in the north-east of the US before the year's end.

Last June, Wren Kitchens also unveiled plans to further its expansion in the UK. For instance, a fourth kitchen furniture factory with a total area of 910,000 sqft is planned at its Barton-upon-Humber headquarters, which has a total area of 180 acres or approximately 72 ha. Wren Kitchens plans to create up to 1,200 jobs through this £120m upgrade project. North Lincolnshire Council issued the necessary building permit at the start of October. At that time, the company was set to embark on construction before the end of last year.

Wren Kitchens generated revenues of £490.8m (406.7m) and employed 4,157 (2018: 3,943) workers in the 2018 financial year. Its revenues had improved by 21% between 2017 and 2018. A compound annual growth rate (CAGR) of 25.6% was booked in the four years after it recorded revenues of £197.1m in 2014. EBITDA skyrocketed from £5.2m to £62.4m (37.6m) in the same period. The company even delivered a 66% growth rate in 2018 alone. Its operating profits soared 124% compared with 2017 to £37.2m (16.6m). □

Chinese kitchen producer to construct plant in USA



Former Phillip Morris plant (Photo credit: Charlotteobserver)

Chinese kitchen manufacturer Xiamen GoldenHome Co. Ltd. of Xiamen, Fujian province, plans to establish kitchen furniture production on the premises of a Phillip Morris cigarette plant in Concord, North Carolina, which was decommissioned in 2010, and thus also start up its own production in North America. So far the company is represented there with sales companies GoldenHome Cabinetry USA LLC, based in East Windsor, New Jersey, and GoldenHome Cabinetry of Richmond, British Columbia, as well as eleven sales offices and more than 20 distribution centres, the majority of which has been established during the last three years.

According to the investment plans presented in mid-February 2020, GoldenHome intends to utilise 60 acres of the Phillip Morris premises, which cover a total area of 2,100 acres. Initially the production area is to cover approximately 70,000m², and some 250 jobs are to be created. In mid-February the Concord municipality granted the kitchen furniture manufacturer annual tax relief to the amount of US\$800,000 over a period of five years. □

Knoll to end furniture production in Grand Rapids

US office furniture manufacturer Knoll Inc., based in East Greenville, Pennsylvania, intends to close its plant in Grand Rapids, Michigan, by the end of the second quarter of 2020 and relocate production to other locations in North America. Within the scope of this measure all product lines manufactured

in Grand Rapids are to be continued. A total of 210 persons are affected by the discontinuation of production in Grand Rapids, 30 of whom are permanent employees. Some of these persons are to be offered a position at different Knoll locations. The rest are to receive severance pay. Production at two other US plants at company headquarters in East Greenville and Muskegon, Michigan, as well as in Toronto, Ontario, in Canada, are not directly affected by the company's consolidation measures.

The closure of the plant is part of the restructuring plan which has now been agreed, and by means of which Knoll intends to optimise North American production activities. The total restructuring process is to be concluded by the end of 2021. The company expects to make savings of US\$10-11m per annum as a result of the consolidation measures in the area of production. The costs for restructuring, on the other hand, are anticipated to reach a total of US\$18.2m. □

RTA manufacturer Bestar takes over Bush Industries



Bush plant in Jamestown (Photo credit: Bush Industries)

The flat-pack furniture manufacturer Bestar Inc. of Lac Mégantic, Québec, controlled by the Canadian private-equity company Investissements Novacap Inc. of Toronto, Ontario, and Brossard, Québec, has taken over the US furniture manufacturer Bush Industries Inc. of Jamestown, New York, which operates in similar market segments. According to information from Novacap, the company arising from the transaction will have approximately 600 employees, 200 of them working in Canada, and generate consolidated annual sales

revenue of around CAD260m, roughly equivalent to US\$200m. The headquarters of the new company Bestar-Bush will be located at the existing Bestar facility in Sherbrooke, Québec. CEO is Michael Evans, who had previously held the same post at Bush Industries. In the course of the transaction, the investment companies Desjardins Capital and Fonds de solidarité FTQ have also acquired stakes in Bestar-Bush as minority partners.

Bestar operates two production facilities in Sherbrooke and at the plant in Lac-Mégantic, which is also located in Québec. Since consolidating its production activities at the beginning of 2017, Bush Industries has only been producing at its present headquarters in Jamestown. There are two logistics facilities in Erie, Pennsylvania, and Reno, Nevada; the company is represented in China with a purchasing office. The furniture produced by Bush Industries is sold under the brands of "Bush Furniture", "Bush Business Furniture", "Office by Kathy Ireland", and "Kathy Ireland Home by Bush Furniture".

The company, which was also represented in Europe from the end of the 90s with Röhr-Bush GmbH & Co. of Rietberg, has gone through several changes of ownership in recent years. In the course of restructuring proceedings in accordance with Chapter 11 of the US Bankruptcy Code, the private-equity companies DDJ Capital Management LLC of Waltham, Massachusetts, and Silver Point Capital L.P. of Greenwich, Connecticut, purchased all the shares in Bush Industries in 2004. This was followed by a management buy-out in 2014; the German subsidiary was also hived off parallel to this with a separate MBO.

The private-equity company Lorraine Capital LLC of Buffalo, New York, joined Bush Industries in June 2018. The family office Landon Capital Partners LLC of Boston, Massachusetts, and Ironwood Capital LLC of Avon, Connecticut, a firm geared to entering companies in special circumstances, were also involved in this particular transaction. □

Forte postpones plans for new plant in Suwalki

Polish cabinet furniture manufacturer Fabryki Mebli Forte S.A. of Ostrów Mazowiecka has postponed construction of a further cabinet furniture plant in Suwalki for an indefinite period. In a statement published on 25 November 2019, the company explained its decision as being due to the difficult economic situation and cost increases which have arisen over the course of recent months. The €60m order placed with Homag Group AG in March 2018 for machinery and equipment for the project in Suwalki was cancelled by Forte in the further course of 2018. According to original plans, the complete plant - which was designed to combine series production and batch size 1 production, a concept developed jointly by Forte und Homag - was to be constructed in three stages. Commissioning of the first sections had been scheduled to take place over the course of the second quarter of 2019. Construction of the new cabinet furniture plant was originally intended to be completed by 2021.

According to the quarterly report, which was also published on 25 November, up to the end of September Forte's total turnover improved by 3.6% to PLN839.2m (Jan.-Sept. 2018: 809.8m), equivalent to €194.8m (190.4m). Of this sum, PLN319.5m was generated in the first quarter, PLN255.8m in the second and PLN263.9m in the third. Domestic turnover decreased by 13.0% to PLN127.5m (146.6m) during the nine-month period compared to the corresponding period in the preceding year, whereas export turnover improved by 7.3% to PLN711.7m (663.2m). The proportion of exports increased to 84.9% (81.9%). Approximately one half of total turnover was generated in the DACH region. 21.2% was generated in Western and Northern Europe, 15.9% in Poland, 12.8% in Central, Southern and Eastern Europe and 0.3% in markets outside Europe. Most of the key results figures deteriorated in the nine-month period compared to the previous year. A burden was imposed on these figures by factors such as cost increases in the energy and personnel areas, losses in external particleboard sales and the ongoing adjustment of the sales structure. □

Ingka Group improved net profit to €1.817bn

In the 2018/2019 financial year (31 August), the Ingka Group increased its net profit by 23.8% to €1.817bn (2017/2018: 1.468bn). This improvement is due to factors such as higher financial profit compared to last year. Operating profit, in contrast, declined by almost 10% to €2.027bn (2.251bn) compared to the preceding year as a result of the strategic reorientation of the group introduced over the past financial year as well as higher procurement costs. The Ingka Group, however, was able to offset the majority of costs for the reorientation, which is to be implemented within three years, by means of cost reduction measures not further specified. Total turnover of the Ingka Group, which includes Ikea's retail sales as well as turnover generated with services and rental income from the shopping centres operated by the Group, increased by 5.3% to €39.065bn (37.093bn) in the past financial year. This means that the increase rate is more than twice as high as in 2018 when a rise of 2.1% had been recorded.

Of Ingka's total turnover, €36.7bn (34.8bn, +5.0%) was generated in the retail trade, which is consolidated in the Ikea Retail division. At the end of the financial year, Ingka operated a total of 374 (367) furniture stores in 30 countries. Turnover generated with online trade improved by 46% and meanwhile represents a proportion of some 11% of Ikea's retail turnover. With regard to

the individual Ikea markets, Germany, at a proportion of 15 (15)% of retail trade turnover, remained the largest market, followed by the USA at a proportion of 13 (13)%, France at 8 (8)%, Great Britain at 7 (6)% and China at 6 (6)%. Information concerning rental income from the shopping centres has not been disclosed.

In Germany, Ikea generated turnover (excluding services) of €5.278bn (2017/2018: 5.003bn) in the 2018/2019 financial year. This represents an increase of 5.5% by comparison with the preceding year. Ikea therefore not only recorded a more significant growth rate than in the 2017/2018 financial year, but also surpassed its own turnover increase expectation of 3.4%. In the preceding year turnover had climbed by 2.8%. Growth in the current reporting period was achieved both in the 53 furniture stores across Germany as well as in its online shop. Turnover generated via brick-and-mortar stores amounted to €4.784bn (+3.3%). While the number of customers in Ikea stores declined by 5.1% to €50.3m, the average spent rose by 11.2% to €99.97. The average value of online purchases declined to €163.64 (-12.0%). As a result of the 51.3% increase in customers shopping online, however, Ikea's online-generated turnover improved by 33.2% to €494m (371m). Online sales therefore accounted for 9.4 (7.4)% of total turnover. □

Ingka Group: Sales and earnings development



1) as of business year 2015/2016 including rental income and sales from services, until 2014/15 including rental income and wholesale business

Source: Ingka Group

Final duties for kitchen furniture to be stipulated after ITC decision by mid-April

Punitive tariffs for imports of kitchen cabinets from China

In a decision pronounced on 24 February 2020 the US Department of Commerce (DoC), Washington D.C., has confirmed that the US kitchen furniture industry is suffering on account of imports of kitchen furniture and cabinets from China.

According to the ministry, Chinese manufacturers and exporters have delivered their products to the US at prices which are lower than the actual costs involved. The dumping margins, according to the DoC, range between 4.37% and 262.18%. The Chinese companies, furthermore, apparently received illegal state subsidies, the margins determined by the DoC range between 13.33% and 293.45%. On the basis of these dumping margins and subsidy rates, the DoC has determined anti-dumping and countervailing duties of different levels for which, until a final decision comes into force, relevant deposits have to be paid to the US customs authorities (US Customs and Border Protection CBP) when importing kitchen furniture and furniture parts to the US. These deposits are somewhat lower in the case of the dumping margins than the values determined, on account of the fact that export subsidies are deducted. As a next stage the International Trade Commission (ITC), Washington D.C., which is attached to the DoC, is to make a final decision by 6 April. If, in this context, the ITC pursues the argumentation of the DoC, the DoC is expected to publish a final regulation on levying of anti-dumping and countervailing duties (AD/CVD) on 13 April.

The dumping margins and subsidy rates now stipulated by the DoC differ

slightly in most cases from the preliminary margins published on 5 August and 3 October respectively. In most cases both rates and margins have been increased slightly, the general magnitude, however, has remained the same. For five companies individual subsidy rates have been determined. In the case of Ancientree Cabinet Co. Ltd. this rate is 13.33% (preliminary: 10.97%), in the case of Dalian Meisen Woodworking Co. Ltd. 18.27% (16.49%) and in the case of Rizhao Foremost Woodwork Manufacturing Co. Ltd. 31.18% (21.78%). In the case of Deway International Trade Co. Ltd. and Henan AiDiJia Furniture Co. Ltd., both of which refused to cooperate with the US authorities, the preliminary subsidy rate of 229.24% has been raised to 293.45%. For all other Chinese companies a subsidy rate of 20.93% (16.41%) applies.

Individual dumping margins have been determined for six individual companies as well as a larger group of cooperating companies. In the case of Ancientree the dumping margin is 4.37% (preliminary: 4.49%). Companies Rizhao Foremost Woodwork Manufacturing Co. Ltd., Henan AiDiJia Furniture Co. Ltd., Suzhou Weiye Furniture Co. Ltd. and Changsha Minwan Furniture Manufacturing Co. Ltd., which are affiliated to Foremost Worldwide Co. Ltd., were each verified at rate of 101.46%. In the case of Rizhao Foremost Woodwork Manufacturing Co. Ltd., the preliminary margin had been stipulated at only 80.96%. For a total of 307 companies which cooperated with the US authority, a dumping margin of 48.50% (39.25%) applies. This group includes, for example, large kitchen furniture manufacturers Boloni Home Decor (Beijing) Co. Ltd., Oppein Home Group Inc. and Yekalon Industry Inc.. In the case of Dalian Meisen Woodworking Co. Ltd. and all other companies, the preliminary dumping margin of 262.18% has been maintained. After deduction of export subsidies, a

deposit of 251.64% ensues for these companies. No deposit is required for imports of Ancientree Cabinet. The deposit determined for the four companies affiliated to Foremost Worldwide Co. Ltd. is 90.92%, the deposit for the more than 300 cooperating companies is 37.96%.

Background

Fact sheet on DoC's current AD/CVD decision



<https://download.euwid-holz.de/201001.pdf>

Background

Entry in the Federal Register on DoC's AD/CVD decision



<https://download.euwid-holz.de/201002.html>

When subsidy rates and dumping margins are combined, a total deposit of 58.89% ensues for the cooperating companies. Deposits determined on an individual basis for selected companies amount to 13.33% for Ancientree Cabinet, 111.85% for Foremost Worldwide companies, 269.91% for Dalian Meisen Woodworking, 384.37% for Henan AiDiJia Furniture and 545.09% for Deway International Trade. A deposit of 272.57% is to be paid for imports of all other companies.

The AD/CVD proceedings for the import of kitchen furniture and furniture parts from China is based on an application submitted by the American Kitchen Cabinet Alliance (AKCA), Reston, Virginia, on 6 March 2019. The AKCA was established by various US sector associations and kitchen furniture manufacturers for this purpose in the first quarter of 2019. The American Coalition of Cabinet Distributors (ACCD), Washington D.C., which was founded by kitchen furniture distributors over the course of 2019, has spoken out against continuing the investigation and stipulating AD/CVD duties. □

Background

AKCA/ACCD: Position papers from members of the US Congress



<https://download.euwid-holz.de/200803.pdf>

Sale of Masco Cabinetry to ACProducts (acpi) has been closed in mid-February

Kitchen furniture producer acpi to do business as Cabinetworks Group

The US kitchen and bathroom furniture producer ACProducts Inc. ("acpi"), based in The Colony, Texas, will operate as Cabinetworks Group in the future following the 18 February 2020 completion of its acquisition of the Cabinetry Products division from Masco Corp., based in Livonia, Michigan.

The company, which was created when the firm known as Armstrong World Industries Inc., headquartered in Lancaster, Pennsylvania, sold its Kitchens division to the private equity group American Industrial Partners (AIP), based in New York, in October 2012, claims to have now become North America's second-largest kitchen furniture manufacturer as a result of this and other transactions.

The integration of Masco's division has boosted the number of acpi production sites to 20. Six of them make components and 14 are assembly sites. Five of the component plants are located in the north-east (Sayre and Mifflinburg, Pennsylvania, Orwell and Middlefield, Ohio and Mount Jackson, Virginia) and one is in the south of the US

(Marshall, Texas). The assembly sites are located farther apart (Mount Union and Thompsettown, Pennsylvania, Middlefield, Ohio, Culpeper, Virginia, Mount Sterling, Kentucky, New Paris and Culver, Indiana, Waconia, Minnesota, Jefferson, Marshall and Duncanville, Texas, Aurora, Colorado, Norwalk, California and Independence, Oregon). The group also has three administrative sites at its headquarters in The Colony, Masco Cabinetry's former headquarters in Ann Arbor, Michigan, and in Waconia, together with two service centres in Las Vegas, Nevada and Denver, Colorado. Kitchen and bathroom furniture made by Cabinetworks Group is sold under a total of 19 brands. Masco Cabinetry contributed four brands ("Merillat", "KraftMaid", "Cardell" and "Quality Cabinets") to the merged group. acpi added "Advanta", "American Cabinetry Collection", "Cabinets 2000", "DesignCraft", "Echelon", "Master WoodCraft", "MasterCraft", "Medallion", "Medallion Cabinetry", "Modico", "Schuler", "Serenade", "Smart", "Studio Full Access" and "Yorktowne".

The latest published figures reveal that acpi generated revenues of roughly

US\$785m (2017: 770m) and employed some 4,000 workers in the 2018 financial year. Masco's former Cabinetry Products division registered revenues of about US\$950m and operating profits of US\$86m in 2018. The two companies together generated pro forma revenues of US\$1.735bn.

Following a review of strategic options that began in March 2019, Masco had put its two smallest divisions Cabinetry Products and Windows and Other Specialty Products up for sale in mid-June. The subsequent divestment processes involved Masco Cabinetry, US window and door activities belonging to Milgard Manufacturing Inc. (Tacoma, Washington) and the British company UK Window Group Ltd. (UKWVG, Caerphilly, Wales). In the first transaction in September, UKWVG was sold to UKWVG's management team and an external equity investor. Milgard Windows & Doors was taken over by MI Windows & Doors LLC, based in Gratz, Pennsylvania. The sale agreement was signed in late September and the deal closed on 7 November. □



Cabinetworks Group is selling under a total of 19 brands.

(Photo credit: acpi)

Investments increased again last year / Export rate reached almost 50%

Nobilium: Plants III and V to start manufacturing at end of this year

Nobilium-Werke J. Stickling GmbH & Co. KG, based in Verl, Germany, invested slightly more in 2019, spending a total of €131.5m (2018: 128.0m). This came after a significant rise in investments in 2017 and 2018. The group invested more than a hundred million euros for the first time in 2017 with a figure of €105.0m; investments had been only half of that in the three previous years (2014: €55.1m, 2015: €68.7m, 2016: €51.0m).

The single-largest projects last year were the construction of new production sites at Am Hüttenbrink in Gütersloh-Spexard (Plant III) and Lisdorfer Berg in Saarlouis (Plant V). Production halls are nearing completion at both sites and machinery and plants will be installed there in the months ahead. They are both slated for commissioning at the end of 2020. As in recent years, major investments were made in replacing and upgrading its two existing locations in Verl-Sürenheide (Plant I) and Verl-Kaunitz (Plant II) in 2019. In its offices, its en-

tire in-house sales team had their 400 work stations switched over to digital workflows. Its fleet of company vehicles gained 20 (40) trucks and 100 (75) trailers last year. Nobilia now has some 220 (198) trucks and about 800 (678) trailers.

Nobilium currently has a production area of some 250,000 m² with its existing locations in Sürenheide (110,000 m²) and Kaunitz (140,000 m²). As in 2018, its manufacturing capacity is listed at about 3,400 kitchens per day. Its latest annual report does not break down this figure into greater detail. In 2018, Plant I was said to have a capacity of 1,800 kitchens and Plant II 1,600 kitchens per day. Nobilia will initially be able to use a production area of 35,000 m² at the new Plant III; this location, which specialises in making special parts, will be expanded to approximately 65,000 m² with a second phase slated for a later date. Plant V in Saarlouis will ultimately cover an area of 120,000 m². Nobilia has not yet specified how much of this area will be used when production begins.

With a daily output of 34,200 cupboards and 3,400 kitchens, Nobilia reported having run its existing plants in Sürenheide and Kaunitz at full capacity last year. Altogether, the group made 753,000 (727,000) commissioned kitchens. Cupboard production increased by 3.6% to 7.53 (7.27) million units. Worktop production was only slightly higher than in 2018 at 1.70 (1.69) million units.

The number of commissioned kitchens manufactured at the two Nobilia plants had increased by 30,000 units in both 2015 and 2016, before rising by roughly 15,000 in 2017. Some 52,000 commissions were added in 2018; the growth was only half as big at 26,000 extra commissions last year. Production statistics for kitchen cupboards and worktops flattened out even more. In 2018, cupboard production rose by 520,000 units and worktop production was 130,000 units higher. Some 260,000 cupboards and just 10,000 worktops were added last year.

Growth in revenues nearly halved in 2019

The kitchen furniture manufacturer Nobilia-Werke J. Stickling GmbH & Co. KG, based in Verl, Germany, boosted its export revenues by €55.6m or 9.5% to €641.1m (2018: 585.5m) in the 2019 financial year. Almost all of the countries it served made similar contributions to this growth so there was little change in their shares of overall export revenues compared with 2018. Within Europe, slightly larger than average growth was



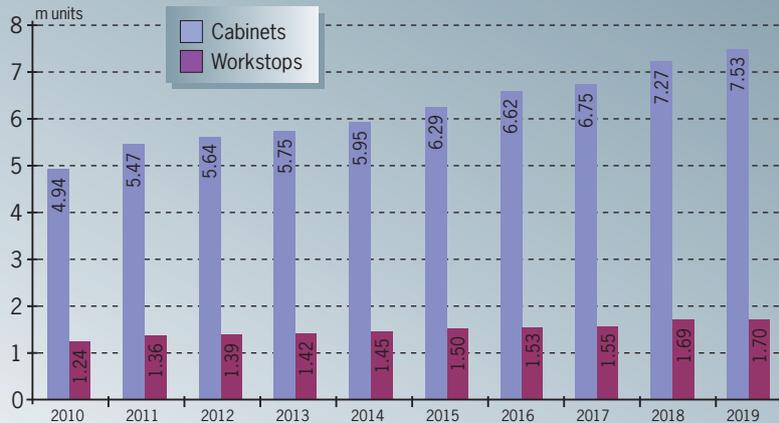
Nobilium is investing in three new sites: Plant III in Spexard, plant V in Saarlouis and a new logistics unit in Verl. (Photo credit: EUWID)

recorded in the single-largest market by some margin, France, and in Spain. Outside Europe, Saudi Arabia and China fared better than the average. Some 43 (41) % of export revenues were generated in France. The two next largest markets Belgium and Austria both saw their shares fall by about one percentage point to 11 (12) % and 8 (9) % respectively. There was little change in other countries: the Netherlands (6%), China (4%), UK, Denmark and Spain (all 3%), Switzerland, Italy, Czech Republic, Finland and Saudi Arabia (all 2%). Other markets accounted for 9%.

German operations turned in a much weaker performance than years past in revenue terms with a total of €646.7m (642.0m). Nobilia reported only a 0.7% year-on-year growth in German activities. The company identified two main reasons for this slowdown. Like other major German kitchen furniture manufacturers, the group had reaped the rewards of a shift in orders prompted by Alno Group filing for insolvency and gained market share in 2017 and 2018. This extraordinary effect had persisted until the start of 2019. German activities were subsequently hit hard by relatively strong pressure on prices last year. Some 43% of German revenues were generated from doing business with furniture shops last year. Deliveries to specialist kitchen companies contributed 42%. The two main sales avenues thus accounted for 85% combined. The self-service/discount channel added 9%. The remaining 6% came from other sales avenues, such as hybrid distribution options (combining over-the-counter with internet sales), project business or electrical and bathroom specialists.

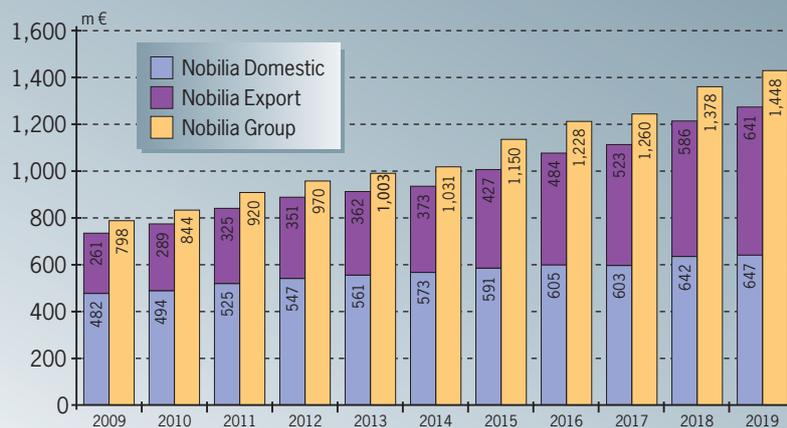
Nobilium-Werke enjoyed a €60.3m or 4.9% increase in total revenues to €1.288bn (1.228bn) last year as a result of the varying growth rates inside and outside Germany. The increase in revenues was almost half of where it stood in the previous year. A €102.0m or 9.1% uptick had been recorded in 2018. The company booked virtually the same revenues in Germany (€646.7m) and in other countries (€641.1m) last year; the export rate thus reached 49.8 (47.7) %.

Nobilium: Development of production volumes



Source: EUWID (according to information from Nobilia)

Nobilium: Development of sales



Source: EUWID (according to information from Nobilia)

As in previous years, Nobilia reported performing much better than the German kitchen furniture industry as a whole and when broken down between domestic and foreign activities last year. By way of comparison, Nobilia again cited data from the German kitchen furniture industry association Verband der deutschen Küchenmöbelindustrie (VdDK), headquartered in Herford, Germany, at a press briefing to discuss its annual results on 21 February. According to these statistics covering the period from January to November, which has been evaluated to date, the industry booked a 2.6 (2018: 6.3) % growth. A small rise of 0.3 (5.1) %

was posted within Germany. Foreign revenues were 5.9 (8.2) % higher. On an industry-wide scale, the export rate reached 41.9 (40.5) %.

The Nobilia Group, which counts consolidated revenues from Nobilia-Werke and revenues from foreign retail companies in keeping with its stakes, together with franchise fees from the French group Franchise Business Division Group (FBD), headquartered in Roissy, saw its external revenues climb by €70.1m or 5.1% to €1.448bn (1.378bn) last year. Group revenues had jumped by €118m or 9.4% in 2018. □

Total investment volume in Gügling amounts to approximately €90m

Leicht Küchen to commission new assembly plant in September 2020

Leicht Küchen AG, based in Waldstetten, is expected to officially commission its new assembly plant at Gügling industrial park in Schwäbisch Gmünd in September 2020.

Production will subsequently be started up gradually in the 40,000 m² building complex, which is located four kilometres from company headquarters, over a period extending to January 2021. The company is investing some €40m in the new building. Gügling will be Leicht Küchen's third production location. In future kitchen cupboards are to be produced at this site. The main facility in Waldstetten, by contrast, will focus on production of kitchen fronts. Due to the additional capacities in Gügling, the company plans to close approximately two thirds of a 30,000 m² production area in Waldstetten. The freed-up space is to be used for other purposes in future. Leicht Küchen also operates a further 10,000 m² production location in Kirchheim unter Teck. This is where the surface treatment facilities are based.

Building work for the new assembly plant in Gügling commenced on 17 September 2018. Handover of the new building took place in mid-November. The first machines have then been installed in the new building. In the course of 2020 the first equipment is to be transferred from Waldstetten to Gügling, and production is to be launched in parallel operation. Leicht Küchen is investing €50m in new machinery for the additional production location. In addition to other investments, the kitchen manufacturer has ordered a cutting and edging system from Homag Group AG and two assembly lines from Priess, Horstmann & Co. Maschinenbau GmbH & Co. KG as well as a robot gripping system from a French equipment manufacturer. The two new assembly lines can be adjusted for the production of base/tall units and wall units on an alternate basis. Production of base/tall units and wall units currently takes place on three separate lines. In the first development stage, and on the basis of regular working time of seven hours, production capacities at Leicht Küchen will increase by some 30% as a consequence

of the location in Gügling. Currently 150-160 kitchens per day are manufactured in Waldstetten.

The decision in favour of the new construction in Schwäbisch Gmünd was made against the background of growth surpassing expectations over recent years. In the 2018 financial year company turnover improved by 8% to €148m (2017: 137m). In 2017 and 2015 increases of 11% were achieved in each case. In 2016 turnover improved by 9%. Calculated on the basis of €99m generated in 2014, Leicht Küchen turnover has increased by almost 50% in the past four years alone. As no opportunities for further expansion exist at Waldstetten, the company had no option but to move to another location. The current production capacities enable the company to generate a maximum turnover volume of €150-155m. Six years ago the kitchen manufacturer had expected this level to be achieved in 2025 at the earliest. For the 2019 financial year, as well as for 2020, the company anticipates stable turnover development. The company exports some 60% of its output. Leicht Küchen is meanwhile active in 58 export markets. Important markets are the neighbouring countries of Switzerland, Austria, France and the Benelux region, but also Great Britain. Activities in Eastern Europe, Russia and especially the USA, in contrast, are developing along positive lines. Leicht Küchen has also been trying to become established in China for some time now.

In 2018, and also into the first quarter of 2019, delivery times at Leicht Küchen exceeded five months in some cases. This was partly due to the redistribution of capacities of Alno AG, based in Pfullendorf, which has been insolvent since mid-2017. In the course of 2019, delivery times have been reduced to four to six weeks. Leicht Küchen manufactures exclusively according to the batch size 1-principle. No products are kept in stock. □



Kitchen furniture production in Waldstetten

(Photo credit: EUWID)



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Agreements cover new material flooring products / Legal disputes have been terminated

I4F, Unilin and Välinge Innovation reach deals to end patent disputes

The intellectual property firm Innovations4Flooring N.V. (I4F), based in Willemstad, Curaçao, brokered two separate deals with the Unilin subsidiary Flooring Industries Ltd. S.à.r.l. (Bertrange, Luxembourg) and Välinge Innovation (Viken, Sweden) to end patent disputes for new material products towards the end of October 2019.

This new material products category includes a variety of types of plastic-based flooring, such as luxury vinyl tiles (LVT), PVC flooring, multi-layer flooring (MLF), waterproof polymer core (WPC), solid polymer composite (SPC), expanded polymer core (EPC), magnesium oxide (MgO) and flooring made out of polypropylene (PP) and polyurethane (PU). The three companies have put pen to paper on a non-assertion agreement for patents and licences relating to product structure and click or locking systems for glue-free installation. These deals include a mutual waiver of legal action against patents that have been applied for or issued and licence agreements based on these patents.

Moreover, ongoing legal disputes will be terminated. The necessary steps have already been launched. According to I4F, 28 cases have been in progress, roughly two-thirds of which seek to annul patents and one-third focusing on patent infringements. The vast majority of these cases are being heard in US courts, with the rest in front of courts in Europe. No legal disputes have been located in Asia. These cases only sometimes directly involved I4F, Unilin and Välinge Innovation. Some of these cases were also filed against licensees, including flooring manufacturers, importers and distributors.

Both settlements were preceded by talks lasting almost a year. The first exploratory contacts were made at the end of 2018.



New material flooring products

(Photo credit: EUWID)

These contacts were repeatedly broken off during the first half of last year as legal disputes moved forward with varying degrees of intensity before being revived. The companies involved said that a complaint that Flooring Industries filed with the US International Trade Commission (ITC) on 25 March had caused particular friction. This complaint had been directed against a total of 45 Chinese flooring manufacturers and US distributors, including several I4F licensees. Despite this short-lived friction, talks were gradually firmed up over the summer. Subsequent talks involving several law firms specialising in patent and licence law were wrapped up by mid-October.

Patent disputes between I4F, Unilin and Välinge Innovation had intensified over the past few years. The focus was on cases that I4F and Unilin brought against one another. Disputes between I4F and Välinge Innovation were not quite as heated. Court proceedings resulting from these cases have tied up more and more resources and incurred significant costs

given the large number of patents involved. At the same time, the large number and duration of these cases, most of which went through several phases, led to considerable uncertainty on the part of licensees. In most instances, it was considered rather unlikely that the cases would be resolved quickly. These elements had led the three companies to move closer to a deal at the end of 2018 despite their very different stances.

The settlement agreements only cover plastic-based flooring grouped under the "new material products" category and do not encompass patents and licences applying to wooden and laminate flooring or other applications, such as wall covering, and production technologies like digital printing. However, disputes had recently concentrated on the areas addressed by the agreements. These non-assertion agreements have no impact on the award of licences. The three companies will thus continue to licence their patents directly and act as competitors. There are no plans for sub-licencing. □

Total sales were down 1.5% / Eastern Europe only region to register growth

EPLF members saw laminate flooring sales stabilise a little last year

Companies belonging to the association European Producers of Laminate Flooring (EPLF), headquartered in Brussels, sold 446.6 (2018: 453.5) m² from their European mills around the globe in 2019.

This figure was 1.5% lower than in 2018, which in turn faced a much larger drop of 4.9%. The EPLF said that markets had thus stabilised again last year. The association also noted that the overall decrease in sales was primarily the result of bigger drops in a few major markets, primarily Turkey, Germany and Canada. These losses had tended to overshadow rather positive trends in other regions and countries. To a lesser degree, the transfer of laminate flooring to EPLF members' manufacturing sites outside Europe had to be taken into account; these products are not reflected in the EPLF data.

Eastern Europe was the only region of those covered by the EPLF statistics to see sales increase with a rise to 135.0 (127.8) m²; all other regions faced a downward trend compared with 2018. Western European laminate flooring sales

slipped 2.1% to 218.8 (223.3) m² last year. This downturn mainly occurred in Germany and Turkey. German sales fell 5.0% to 49.7 (52.3) m², while Turkish sales plunged another 25.0% to 14.0 (18.5) m². By contrast, growth was booked in other major markets. Sales in France were slightly higher than in 2018 at 36.5 (36.0) m². In the UK, 2018's downturn was almost erased by a 9.4% improvement to 32.6 (29.8) m². Slight growth was registered in the Netherlands to 18.6 (18.3) m² and in Spain to 16.7 (16.5) m². Belgian sales reached 8.8 (8.5) m², while 41.9 (43.3) m² was purchased in other Western European countries combined.

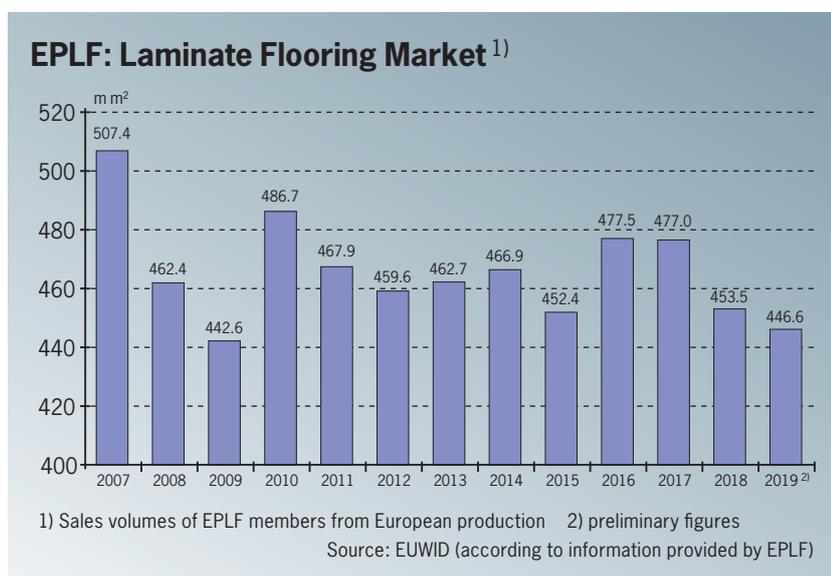
The improvement in Eastern Europe was mainly underpinned by growth in the largest markets. Russia strengthened its position as the single-largest market there with an 11.5% upswing to 43.8 (39.3) m². Sales in Poland were 6.1% higher at 31.2 (29.4) m², while shipments to Ukraine rose by nearly a third to 10.1 (7.6) m². Ukraine thus overtook Romania, where sales dipped to 10.0 (11.1) m². Sales volumes also fell slightly in the next-largest markets: Hungary 6.9 (7.1) m², Slovakia

4.6 (4.7) m², Bulgaria 3.7 (4.4) m² and the Czech Republic 3.4 (3.7) m². EPLF members sold a total of 21.3 (20.7) m² in all other Eastern European markets combined.

Shipments to North America decreased by 9.6% to 40.0 (44.3) m² last year. Once again, Canada, where sales fell by about a third to 10.3 (13.6) m², performed much worse than the US whose deliveries softened to 29.7 (30.7) million m². Asia was the destination for 28.2 (29.9) m², while 15.7 (18.5) m² ended up in Latin America and 9.0 (9.5) m² in other regions.

Therefore, Western Europe accounted for 49.0 (49.2) % of EPLF laminate flooring sales. Eastern Europe's share increased to 30.2 (28.2) %. Some 9.0 (9.8) % was shipped to North America, 6.3 (6.6) % to the Asia-Pacific region, 3.5 (4.1) % to Latin America and 2.0 (2.1) % to other regions. Despite a downward spiral that has lasted for more than a decade, Germany remained the biggest single market for EPLF sales with an 11.1% slice of the pie. Russia has held second place since 2018; EPLF members sent 9.8% of their total laminate flooring sales to this country last year. The next spots were occupied by France (8.2%), the UK (7.3%) and Poland (7.0%), which overtook the US (6.7%) as the largest market outside Western Europe.

At the presentation of these preliminary sales figures for 2019, the EPLF did not address a problem that has persisted for several years of two members not reporting sales by their Russian mills, meaning that the data for Russia is considered incomplete. These unreported numbers should actually count towards the statistics for the Russian market. Including this laminate flooring, Russia has been the largest sales market for EPLF members for a number of years. □



Just a small increase in LVT flooring – EPC flooring sales in decline

Growth in the design flooring market shifted towards SPC products in 2019

The 25 ordinary members now belonging to the Multilayer Modular Flooring Association (MMFA), headquartered in Brussels, increased their total sales to over 90 m m² in 2019.

Product groups covered by internal association statistics, which were revised at the start of the new year, delivered mixed performances. Sales in the Polymer Rigid SPC category more than doubled to 27.6 (2018: 11.7) m m². By contrast, the Polymer Rigid EPC category faced a 14.9% decrease to 6.2 (7.3) m m². Small growth was recorded in the Polymer LVT click and Wood categories. Sales of flexible LVT flooring with click connections climbed by 5.2% to 45.0 (42.8) m m². Sales of

multilayer design flooring with a wood-based panel substrate were 6.1% higher at 12.9 (12.1) m m².

Total sales in these four categories thus leapt 23.3% in a year-on-year comparison to 91.6 (73.8) m m². Polymer Rigid SPC's share of total sales nearly doubled to 30.1 (15.9)%. The Polymer LVT click category accounted for 49.1 (58.0)%. The Wood and Polymer Rigid EPC categories' sales decreased to 14.1 (16.4)% and 6.8 (9.9)% respectively.

MMFA members sold 41.1 (31.3) m m² of polymer flooring in Western Europe last year, a growth of almost one third compared with 2018. LVT flooring sales jumped

14.6% to 26.2 (22.9) m m². SPC flooring sales soared 123.2% to 12.0 (5.4) m m², while EPC flooring sales fell 7.7% to 2.8 (3.0) m m². MMFA members sold 14.8 (8.4) m m² of rigid flooring in Western Europe, an increase of 76.0%, amidst diverging trends in the two product versions.

In North America, even bigger variations existed between the different product categories. Resilient LVT flooring sales dropped 19.3% to 13.8 (17.1) m m². Similarly, EPC flooring sales were down 20.8% at 2.8 (3.5) m m². On the other hand, North American SPC flooring sales more than doubled to 13.9 (5.3) m m², faring better than Western European sales. Altogether, MMFA members boosted their total polymer flooring sales in North America by 17.4% to 30.5 (26.0) m m². Rigid flooring accounted for 16.7 (8.9) m m², a leap of 88.3%.

Other regions saw trends similar to Western Europe and North America in the different polymer categories. EPC flooring sales dropped 16.9% to 598,994 (721,058) m m². SPC flooring sales swelled 75.0% to 1.6 (0.9) m m². LVT flooring fared even better in other regions with a 79.1% hike to 4.9 (2.8) m m².

The MMFA statistics only break down sales in the Wood category into Germany/Austria/Switzerland and other regions. The Germany/Austria/Switzerland region continues to dominate this category and recorded a 5.2% rise to 10.1 (9.6) m m²; other regions fared even better with a 9.2% hike to 2.8 (2.6) m m².

Unlike the association European Producers of Laminate Flooring (EPLF), based in Brussels, the MMFA also publishes sales data for each quarter. Over the past two years, the highest sales figures in the three polymer categories were booked in the fourth quarter. The first quarter of both years was even better in the Wood category. □

MMFA: Development of sales of multilayer flooring

in m ²	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019 ¹⁾
Category: Polymer LVT clic ²⁾					
Western Europe	6,391,071	6,183,402	6,259,951	7,382,759	26,217,183
North America	3,225,476	3,330,865	3,369,525	3,890,763	13,816,628
Other regions	1,113,673	1,146,735	1,288,825	1,391,235	4,940,469
Total	10,730,220	10,661,002	10,918,301	12,664,757	44,974,280
Category: Polymer Rigid SPC ³⁾					
Western Europe	2,613,301	2,774,940	3,251,478	3,386,616	12,026,335
North America	2,512,418	4,335,619	3,144,330	3,916,829	13,909,195
Other regions	393,321	305,022	485,070	463,878	1,647,292
Total	5,519,040	7,415,581	6,880,878	7,767,323	27,582,822
Category: Polymer Rigid EPC ³⁾					
Western Europe	834,269	594,634	590,982	791,759	2,811,645
North America	347,492	789,878	862,092	783,753	2,783,215
Other regions	161,610	167,534	101,173	168,677	598,994
Total	1,343,371	1,552,046	1,554,247	1,744,189	6,193,854
Category: Wood ⁴⁾					
DACH	2,574,363	2,505,851	2,419,943	2,563,116	10,063,273
Other regions	714,993	708,606	654,966	709,550	2,788,115
Total	3,289,356	3,214,457	3,074,909	3,272,666	12,851,388

1) preliminary figures 2) until 2018 Class 2A 3) until 2018 Class 2B 4) until 2018 Class 1

Source: EUWID (according to information from MMFA)

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Previously separate cases for China and Germany were pooled in the sunset review

Turkey extends duties on laminate flooring from China and Germany

The Turkish Ministry of Economy has extended anti-dumping duties on laminate flooring imports from Germany and China for another five years to the start of 2025 with a publication in the country's official journal, the Resmî Gazete, on 4 January 2020.

The duties imposed in 2014 and 2015 will remain in place. In May 2014, a general anti-dumping duty of US\$2.40/m² was fixed for laminate flooring imports from China. Five manufacturers (Jiangsu Lodge Woods Industry Co. Ltd., Changzhou Lingdian Woods Co. Ltd., Changzhou Dongjia Decorative Materials Co. Ltd., Changzhou Ou Qiang Wood Industry Co. Ltd. and Jiangsu Zhongxin Desai Wood Product Co. Ltd.) are still subject to a reduced duty of US\$1.60/m².

Laminate flooring imports from Germany face a general anti-dumping duty of US\$1.05/m² under a ruling made in June 2015. Falqon GmbH, headquartered in Pritzwalk-Falkenhagen, Germany, does not have to pay the duties. Four German companies have to pay individual

duties: Swiss Krono Tex GmbH & Co. KG (Wittstock-Heiligengrabe; US\$0.30/m²), Classen Industries GmbH (Baruth; US\$0.31/m²), Egger Holzwerkstoffe Wismar GmbH & Co. KG (US\$0.33/m²) and MeisterWerke Schulte GmbH (Rüthen-Meiste; US\$0.53/m²).

The original anti-dumping investigation into laminate flooring imports from China was launched on 25 July 2013 (notification 2013/14); the resulting duties were determined on 3 May 2014 (2014/14). The investigation into laminate flooring imports from Germany began on 18 December 2013 (2013/30) and wrapped up on 13 June 2015 with these duties being set (2015/21). Both probes looked at HS Codes 4411.1390, 4411.1490, 4411.9290 and 4411.9390.

Shortly before the end of the five-year period, the Turkish Ministry of Economy launched a review of anti-dumping duties on laminate flooring imports from China and Germany on 12 April 2019 (notification 2019/12). The previously separate cases were pooled for this sun-

set review, which was sought by Turkish wood-based panel and laminate flooring manufacturers Kastamonu Entegre Ağaç San. ve Tic. A.Ş. (Istanbul), Yıldız Entegre Ağaç San. ve Tic. A.Ş. (Kocaeli) and Camsan Entegre Ağaç Sanayi Ve Ticaret A.Ş. (Istanbul). Turkish laminate flooring manufacturers, such as AGT Ağaç San. ve Tic. A.Ş. (Antalya), Isik Ahsap Profil

Background

Launch of the Sunset Review for imports from China and Germany



<https://download.euwid-holz.de/200601.html>

Background

Decision to extend the anti-dumping duties until 2025



<https://download.euwid-holz.de/200602.html>

Lojistik San. Ve Tic. A.Ş. (Gaziantep), the Turanlar Group (Samsun) subsidiary Vezirköprü Orman Ürünleri Ve Kağıt San. A.Ş. (Sefaköy-Küçükçekmece) and Starwood Orman Ürünleri Sanayi A.Ş. (İnegöl), lent their support to the cause. □

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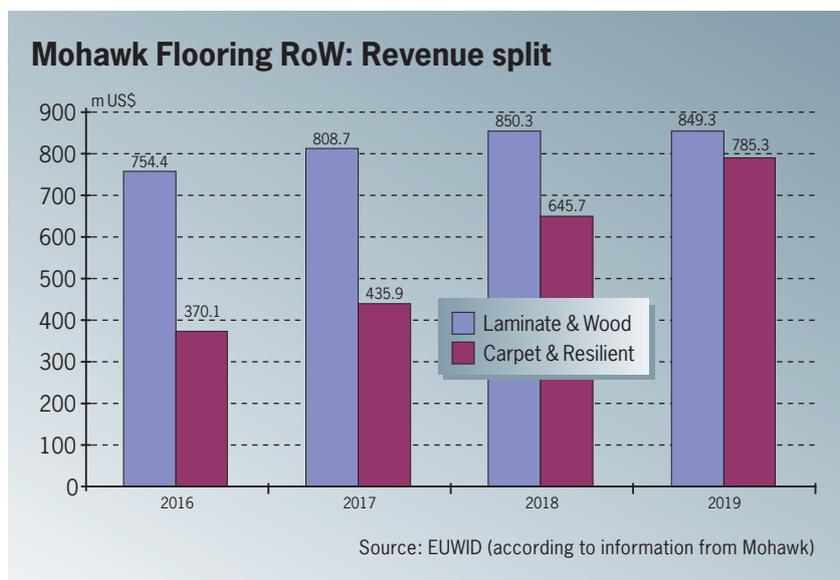
Production will be curbed in other areas as well to reflect weaker demand

Mohawk stopped making parquet at Magnum Parket at the end of February

Unilin bvba of Wielsbeke, Belgium, which is part of the US flooring group Mohawk Industries Inc. based in Calhoun, Georgia, shut down parquet production at Magnum Parket a.s. in Vyškov, Czech Republic, by the end of February 2020.

Unilin had acquired Magnum Parket in January 2014. The company said that it had made this decision towards the middle of November because Magnum Parket had not met its sales goals and thus faced an unsatisfactory trend in revenues and earnings. When it was acquired by Unilin, Magnum Parket had employed about 200 workers and booked revenues equalling approximately €15m. Unilin had subsequently modernised the parquet mill in Vyškov, which started operating in 1998 and had a designed annual capacity of about 1m m². At the same time, the group made the switch from the click connections previously manufactured by Magnum Parket under a licence from Välinge Innovation AB, based in Viken, Sweden, to Unilin's Uniclic and Multifit systems.

However, Unilin's European parquet business, which is served by the Magnum Parket mill in Vyškov and a manufacturing site in Sungai Petani, Kedah doing business as Unilin Malaysia Sdn. Bhd., has lagged farther and farther behind expectations in recent years and also performed worse than the laminate flooring and LVT business. Its two parquet mills, which have listed annual capacity of 3.5m m² per year, were unable to run at full workloads of late, which trimmed earnings. Employing 170 workers, the Vyškov site still made about 700,000 m² of parquet last year. Identical information reported by Czech local newspapers suggests that Magnum Parket's revenues fell to CZK497m (2017: 539m) or €19.6m (21.0m) in the 2018 financial year; its earnings were only just in positive territory.



In addition, delivering a similar portfolio of products from two different mills led to productivity losses and additional logistics costs. After ceasing production in Vyškov, Unilin will make all of the parquet grades distributed under the Quick-Step and Pergo brands at its Malaysian plant, which can make up to 2.5m m² per year. The necessary adjustments to production were finalised in recent months. Parquet grades manufactured in Malaysia will then be shipped to a distribution centre in Wielsbeke from where they will be shipped on commission together with laminate flooring and LVT flooring. The products made in Vyškov were also largely distributed via the Wielsbeke centre. Direct deliveries of entire lorry loads, which were less common, will end with the decision to cease manufacturing.

The Vyškov parquet mill is to be sold after manufacturing ends. Talks to this end are already in progress. According to Unilin, options include its complete sale and selling off the property and machinery separately. In the event of a complete sale, the buyer could continue manufacturing at the current location.

Mohawk also scaled back manufacturing and reduced inventories in other areas during the fourth quarter of 2019 in response to weak demand and fiercer competition caused by increased LVT sales. According to its fourth-quarter results released on 13 February, these actions mainly affected its US wooden flooring production and its carpet and tile activities beyond the steps taken to adjust its European parquet production. In the US, Mohawk signed a letter of intent to sell its solid wood flooring mill in Melbourne, Arkansas to Beasley Flooring Products Inc., headquartered in Macon, Georgia, at the end of November. At the same time, the two companies agreed to forge a sales partnership. Mohawk had bought the Melbourne plant together with four other Columbia Flooring sites making parquet and wood flooring from Columbia Forest Products Inc. (CFP), based in Portland, Oregon, in summer 2007.

Mohawk also closed three US carpet plants in the fourth quarter. The resulting savings are to have an impact starting in the third quarter. North American ceramic tile production was scaled back due to surplus capacity around the globe

Mohawk Flooring RoW: Net sales by product categories

m US\$	2016	2017	2018	2019
Laminate & Wood	754.4	808.7	850.3	849.3
Carpet & Resilient	370.1	435.9	645.7	785.3
Other ¹⁾	794.1	830.7	905.7	861.2
Total	1,918.6	2,075.5	2,401.6	2,495.8
USA	3.3	2.1	1.3	2.9
Europe	1,565.0	1,698.6	1,861.9	1,813.6
Russia	75.3	91.0	103.4	116.2
Other	275.0	283.7	435.1	563.2
Total	1,918.6	2,075.5	2,401.6	2,495.8

1) includes roofing elements, insulation boards, particleboard and IP contracts

Source: EUWID (according to information from Mohawk)

Mohawk: Net sales by product categories

m US\$	2015	2016	2017	2018	2019
Ceramic & Stone ¹⁾	3,094.4	3,258.1	3,845.2	3,621.2	3,686.6
Carpet & Resilient ²⁾	3,056.9	3,415.0	3,655.9	3,903.7	3,921.8
Laminate & Wood ³⁾	1,920.2	2,286.0	1,519.4	1,553.0	1,501.1
Other ⁴⁾			830.7	905.7	861.2
Total	8,071.6	8,959.1	9,491.3	9,983.6	9,970.7

1) until 2016 category "Soft surface" 2) until 2016 category "Tile"

3) until 2016 including other revenue

4) includes roofing elements, insulation boards, particleboard and IP contracts

Source: EUWID (according to information from Mohawk)

Mohawk: Net sales by segments

m US\$	2015	2016	2017	2018	2019
Flooring NA	3,602.1	3,865.7	4,010.9	4,029.1	3,843.7
Flooring RoW	1,456.9	1,918.6	2,075.5	2,401.6	2,495.8
Global Ceramic	3,012.9	3,174.7	3,405.1	3,552.9	3,631.1
Total	8,071.6	8,959.1	9,491.3	9,983.6	9,970.7

Source: EUWID (according to information from Mohawk)

Mohawk: Operating income by segments

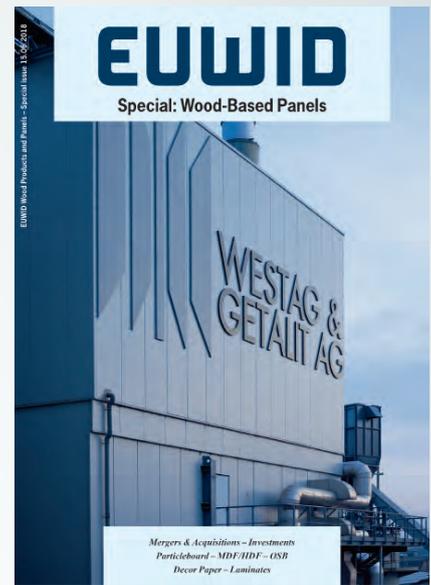
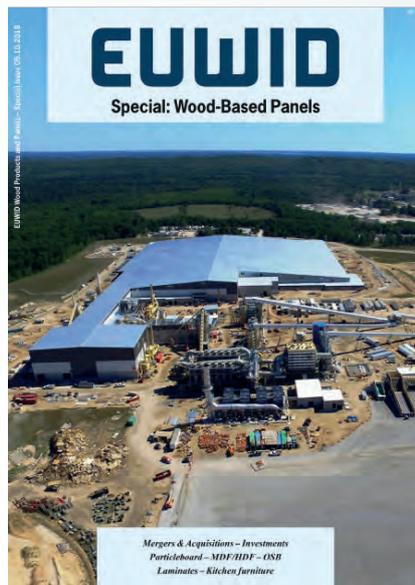
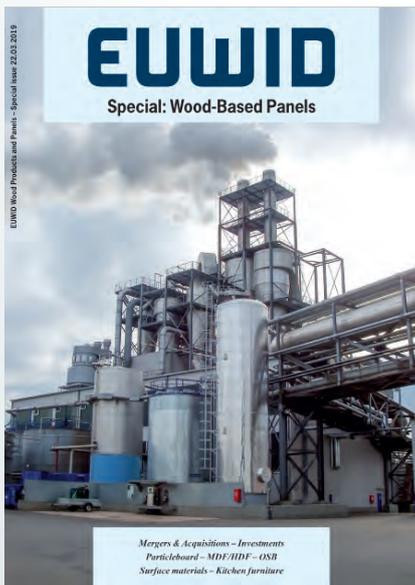
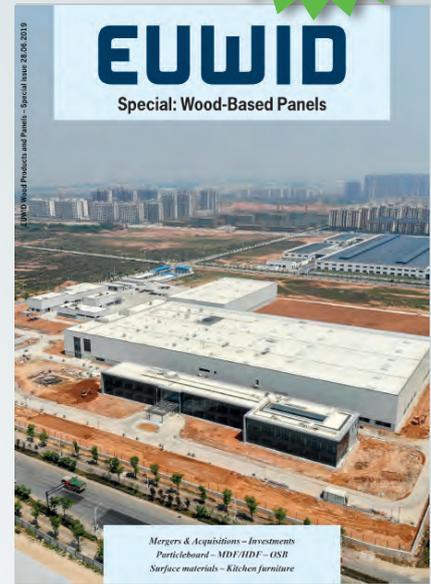
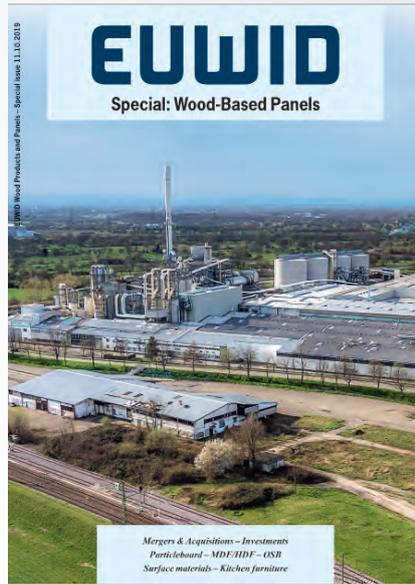
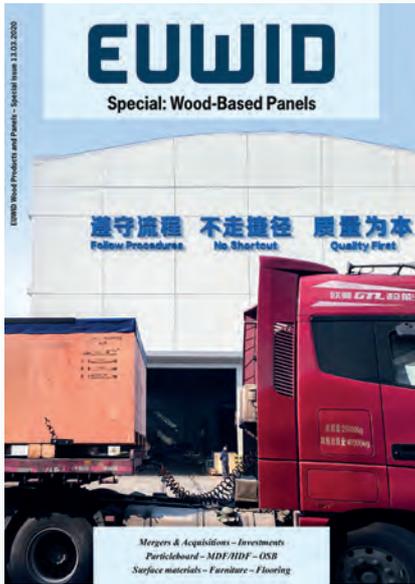
m US\$	2015	2016	2017	2018	2019
Flooring NA	264.3	505.1	540.3	347.9	167.4
Flooring RoW	203.4	333.1	329.1	345.8	359.4
Global Ceramic	414.2	478.4	525.4	442.9	340.1
Total	837.6	1,279.9	1,354.2	1,095.3	827.2

Source: EUWID (according to information from Mohawk)

and mounting substitution pressure from LVT flooring. Conversely, Mohawk has started to launch click tile. The group conducted further optimisation work at its LVT mill in Dalton in the US state of Georgia, meaning that it can now operate at similar speeds to its three mills in Europe. However, several exceptional items are hitting its North American LVT business hard at the moment. The withdrawal of US import duties on imports from China in the fourth quarter resulted in a rapid reduction in sales prices on the US market.

Mohawk intends to expand the share of special and higher-quality laminate flooring products in both North America and Europe. The company recently made a number of modifications to its MDF/HDF mill in Mount Gilead, North Carolina so that it can produce the required types of substrate. Mohawk and Unilin also intend to set themselves farther apart from the development of the laminate flooring market as a whole in Europe with this focus on higher-quality grades. Unilin plans to boost its sales of rigid LVT flooring. In the wood-based panel segment, Unilin is focusing on improving its competitive position. In this vein, the company is currently carrying out a variety of projects to cut costs, such as increasing the amount of recycled wood that it uses in particleboard production, installing a biomass power plant alongside the Wielsbeke particleboard mill and making efforts that have now been completed to increase adhesive resin production.

Despite these challenging conditions, Mohawk's Flooring Rest of the World division posted full-year revenues of US\$2.496bn (2018: 2.401bn) last year, a 4% upswing. Operating profits also rose 4% to US\$359.4m (345.8m). Its two other divisions did not fare as well (Global Ceramic: revenues of US\$3.631bn, operating profits of US\$340.1m; Flooring North America: revenues of US\$3.844bn, operating profits of US\$167.4m). Consequently, group revenues fell slightly to US\$9.971bn (9.984bn). Operating earnings decreased by almost a quarter to US\$827.2m (1.095bn). Pre-tax profits stood at US\$749.5m and net profits at US\$744.6m. □



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