

EUWID

Special: Wood-Based Panels

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(Photo credit: Oscar Ruf)

Keep on rowing

Just a short time after the outbreak of the Covid-19 pandemic, it became clear that protective and precautionary measures put in place around the globe to stem the spread of the virus would have far-reaching and long-lasting effects on economic and business trends. Restrictions on brick-and-mortar shops that many countries imposed in the second half of March and in April curbed industrial production substantially just a short time later. Initial hopes that a recovery would be relatively quick to come were dashed fairly quickly in the wood and furniture industry, too. Many areas suffered considerable falls in sales and revenues in April and May.

The gradual easing of measures affecting the trade in furniture, construction and interior remodelling products from the end of April meant that business stabilising for the first time during May in a trend that was consolidated in June. The situation returned to normal relatively quickly in some areas, such as flat-pack furniture. Pent-up demand from the lockdown and a shift in consumer spending towards home furnishings paved the way for a boom in some segments of the wood and furniture sector, allowing businesses to make up for the slump in revenues recorded in the second quarter. Some companies are even already surpassing last year's level.

This recovery in the trade segment and among furniture and building element

manufacturers is now leaving its mark on their suppliers, too. A few areas whose fortunes are tied relatively close to developments in the furniture industry already registered positive effects in June. Other segments saw their workloads improve markedly in July and August. Supply problems have already emerged in some cases as a result, which are increasingly affecting prices too. A downward spiral in prices for a variety of products that surfaced during 2019 has already ground to a standstill in many instances. Much better workloads are opening the door for a reversal in the recent downward trend in prices. Price hikes might materialise as a result in the fourth quarter, at least for a few product areas. Trends of this kind are already emerging for chemical raw materials, particleboard and MDF/HDF. OSB prices had already edged higher in the second and third quarters since demand had been uninterrupted even during the lockdown.

However, a variety of companies feel that better business at the moment in many areas of the wood and furniture industry is on shaky ground. As things currently stand, September, October and possibly even November are expected to be relatively good. There are still big question marks about what the first quarter and the entirety of 2021 will have in store after the projected usual year-end

slowdown in December. Insiders are not ruling out the possibility of a downswing after pent-up demand has been filled and end consumer spending has shifted. This downturn might be compounded by increasingly negative employment effects on the labour market next year.

Many companies in the wood-based panel, surfaces, furniture and building elements industry are still tending to take a cautious approach as a result. Most of the measures launched in recent months to safeguard liquidity and cut costs are continuing despite the improved market climate. The coronavirus crisis will thus likely prompt longer-lasting changes on the strategic and operational fronts.

Like the last two editions, this issue of EUWID Special: Wood-Based Panels provides in-depth coverage of the effects of the coronavirus pandemic on different segments of the wood-based panel and furniture industries. The volatile climate means that the situation will have likely changed again by the time that the next special issue is published in March 2021.

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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Saviola Holding bought a 50% stake in the particleboard producer Nolte Holzwerkstoff GmbH & Co. KG in June. Nolte Holzwerkstoff has been renamed Rheinspan GmbH & Co. KG as part of the transaction. Rheinspan will install a second short-cycle press at its Gernersheim site during 2021. (Photo credit: Rheinspan)

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Büttner sold dryer and energy plant to Smartply



Press installation in Waterford (Photo credit: Smartply)

The OSB manufacturer Smartply Europe DAC, based in Waterford, ordered a 7.0 x 38 OSB dryer from Büttner Energie- und Trocknungstechnik GmbH in July 2020. The contract includes the energy generation system with a grate firing system and a thermal oil boiler, which supplies both the continuous press and other users. Büttner will also deliver several wet material conveyors and a wet material bunker installed above the drum. Delivery is scheduled to commence at the start of 2021, with the modernisation project slated for completion during 2022.

According to Büttner, this is the biggest contract in its history. Smartply is set to invest €44.4m in this project. Along with four existing OSB dryers, the dryer dust suspension burners and biomass furnace will also be replaced. By contrast, the existing exhaust-air purification system will continue to operate after the new dryer is installed.

In the first phase, Smartply had replaced a 14-opening press from Washington Iron Works (WIW) that was commissioned in 1996. Siempelkamp Maschinen- und Anlagenbau GmbH had delivered conveying systems downstream of the gluing station, as well as the forming station, a continuous press in dimensions of 9 ft x 44.5 m, cooling and stacking technology, a large stack storage system, the cut-to-size unit and a packaging line. The April 2016 start-up of the new production line had boosted the site's OSB capacity from 350,000 m³ to 500,000 m³ per year. At that time, the firm already had plans to modernise drying and energy generation systems using new technology delivered by Büttner in a second phase. □

Guangxi Lelin orders press from Dieffenbacher

The Chinese wood-based panel manufacturer Guangxi Lelin Forestry Development Co. Ltd., based in Nanning, Guangxi Province, placed a follow-up order for an MDF line with Dieffenbacher GmbH Maschinen- und Anlagenbau in July 2020. The order includes all major components from the fibre sifter to the storage system, including an 80 m-long CPS+ press. According to Dieffenbacher, the new contract will be the longest continuous press used to make wood-based panels to date. The line is to be installed in Chongzhuo in Guangxi Province starting in the second quarter of 2021 and begin operating in autumn 2021.

Guangxi Lelin had previously ordered a THDF line from Dieffenbacher in June 2018; no information on the capacity of the plant was provided at that time. This line, which can make MDF/HDF panels up to 1 mm thick, was installed at the Nanning headquarters and started operating in October 2019. The Chongzuo site, where the new MDF line is to be installed, is around 100 km west of Nanning, halfway to the Chinese/Vietnamese border. It is around 100 km from Nanning and Chongzuo to the coast of the South China Sea. □

Kurt Schuhmacher: Order from sawmilling industry

Kurt Schuhmacher Industriemontagen GmbH & Co. KG of Neukirchen-Vluyn, Germany, whose activities in the wood sector are currently geared to assembly and conversion projects at wood-based panel manufacturers, wants to expand its operations into the sawmilling and pellet industry. The first assembly contract in the sawmilling industry was concluded at the beginning of June 2020. Kurt Schuhmacher Industriemontagen will be assembling the log yard supplied by Holtec GmbH & Co. KG for the sawmill of Säge Handlos Summerau GmbH, a subsidiary of the Austrian gluelam manufacturer Herbert Handlos GmbH of Tragwein, planned for the facility in Rainbach-Summerau.

In contrast to the wood-based panel segment, Kurt Schuhmacher Industriemontagen is currently registering brisk project activity in both the sawmilling and pellet industry. In both segments, talks are being conducted with plant and machinery suppliers as well as with potential customers from the sawmilling industry. The company is working from the assumption that further assembly contracts will be able to be concluded by the end of this year. Owing to the large number of forthcoming projects, the activities are to be stepped up further in 2021. With regards to the existing travel restrictions, too, the focus is currently being placed on the company's core markets of Germany and Austria. The activities are to be successively expanded into other sales markets as well in future. Initial contact has already been established in places such as the USA.

The new field of business is currently assigned to the "Wood-based panel industry" division. Depending on the future development, the activities might be transferred to a business unit of their own. Following some initial contracts in power-plant renaturation, Kurt Schuhmacher Industriemontagen also sees growth potential in the "Energy" division. Owing to maintenance contracts in parcel-distribution centres, the "Logistics" division created after the takeover of FMT Instandhaltung GmbH of Meerbusch, Germany, has already showed positive development in the past. □

Patent Makina finishes installation at Big Star

The Turkish machinery builder and assembly firm Patent Mühendislik Makina Ins. San. Tic. Ltd. Sti., based in Gebze, wrapped up mechanical installation work on an MDF line planned by the Algerian group Bigstar towards the end of July 2020. The first board is to be manufactured once electrical installation and installation of the control system has been completed. The project is thus running around 18 months behind schedule. Commissioning had been slated for the end of 2018 when the machinery was ordered.

Bigstar's subsidiary Panneaux d'Algérie S.à.r.l., based in El Tarf, Algeria, had ordered a complete MDF line for the project from the Dieffenbacher subsidiary Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM) in June 2017. This order included a 6 ft-wide and 14.5 m long CPS+ press delivered from Dieffenbacher's headquarters in Eppingen. Patent Makina won the contract to assemble this technology as a general contractor. □

CalPlant: Assembly work halted

The Covid-19 pandemic has further delayed the installation and commissioning of a straw-based MDF line planned by CalPlant I LLC in Willows, California. The assembly of a Siempelkamp continuous production line by KS Industrial Corp., based in Alpharetta, Georgia, was largely wrapped up by the first quarter of 2020. Functional tests have also already been performed in most areas of the mill.

Commissioning staff had to be withdrawn in mid-March because of restrictions put in place to stem the spread of the coronavirus. US partners have since performed additional functional tests to a lesser degree.

For instance, final assembly processes have been optimised using MDF purchased from other companies. The construction site is currently quiet apart from this limited work. It will likely take around five weeks from commissioning resuming until the first piece of straw-based MDF can be made.

CalPlant has already been forced to push back the timetable for the greenfield project several times. When the final investment decision was taken in June 2017, the company had set its sights on starting up production by the end of 2018. This date was then first pushed back to summer 2019 and then to November. In late November, CalPlant had raised the prospect of making the first piece of board and starting commercial production in the first quarter. The company has not provided any additional information since then. □

Dürr mainly invested in Homag once again

Dürr AG has dialled back its investments substantially in response to a sharp downturn in revenues and earnings caused by the coronavirus pandemic. On a group-wide level, Dürr invested 21.6% less, just €37.2m (Jan.-June 2019: 47.5m) in the first half without acquisitions. Homag Group AG had secured a disproportionately large share of these investments. The parent group invested a total of €17.7m (24.1m) in Homag in the first half combined: €8.3m (Jan.-March 2019: 11.6m) in the first quarter and €9.4m (April-June 2019: 12.5m) in the second quarter. Acquisition of stock in Homag Group added up to €8.9m in the first half of the year. It also spent €4.6m on the June 2020 purchase of the remaining 24.1% shareholding in Weinmann Holzbausystemtechnik GmbH. The purchase of additional shares in Homag via a previously tendered settlement offer to other Homag shareholders cost another €4.3m: €2.0m in the first quarter and €2.3m in the second quarter. Homag Group's complete acquisition of the sales and service entity Homag China Golden Field Ltd. (HCGF), based in Hong Kong, and the production firm Homag Machinery (Shanghai) Co. Ltd. in a deal inked in late April is set to close in September. A purchase price has not been booked yet for this transaction as a result. According to Dürr, the purchase price will be a maximum of €30m paid over several years.

As Dürr announced when it released preliminary figures on 29 July, the Woodworking Machinery and Systems division experienced a sharp decline in its order intake and revenues in both the second quarter and the entire first half. Order intake fell by 25.3% to €191.5m (April-June 2019: 256.2m), while revenues were down 17.5% at €261.9m (317.5m) in the second quarter. EBITDA was still in positive territory at €3.7m (28.8m); the EBITDA margin worsened to 1.4 (9.1) %. EBIT was well in the red at -€9.0m (+16.7m), with an EBIT loss of -€5.4m (+18.8m) recorded when adjusted for special effects.

Looking at the first six months combined, order intake was 16.5% worse at €493.2m (Jan.-June 2019: 590.8m), while revenues were 13.4% lower at €551.5m (636.8m). Orders dropped more in the project business than for individual machinery. Order intake from China strengthened by 13.3% in the first half after tending to weaken in 2018 and 2019. Homag Group believes that Chinese furniture manufacturers are increasingly planning bigger system projects again. First-half EBITDA was cut in half to €29.2m (58.6m), resulting in a margin of 5.3 (9.2) %. EBIT was just one tenth of last year's level at €3.5m (35.0m). EBIT before special items plunged by 72.8% to €10.7m (39.4m). □



Homag's headquarter in Schopfloch

(Photo credit: EUWID)

Biesse suffers a further slump in order intake



Pesaro site

(Photo credit: Biesse)

The global pandemic led the Italian plant and machinery manufacturer Biesse S.p.A. to shutter its production facilities for around five weeks. According to the company, its locations in Italy and its facility in Bangalore, India, were equally affected by the stoppages.

A slump in ordering witnessed since the end of 2018 gradually intensified during the first half of 2020. Order intake had declined by a comparatively modest percentage of 17.0% to €507m in 2019 as a whole. The decreases were then bigger in the first quarter (-24.7% to €101m) and second quarter (-46.5% to €71m). Order intake thus tumbled by 35.5% to €172m (Jan.-June 2019: 268m) in the entire first half, while the backlog of orders was down 8.3% at €180m (225m) as of the end of June.

The Wood division fared worse than the company as a whole when it comes to these indicators. This division booked a 40.8% fall in incoming orders between January and June, with the backlog of orders down 13.4% compared with the same time last year. The division's revenues dropped 23.6% in a year-on-year comparison to €184.0m (241.1m). Unlike order intake and the order cushion, consolidated revenues fell more on a group-wide basis (-25.4% to €256.7m).

In terms of the different sales markets, the biggest slump in revenues occurred in Western Europe (-26.6% to €116.2m) and the Rest of the World (-27.6% to €9.7m). Somewhat smaller decreases in revenues were recorded in the Asia-Pacific region (-24.3% to €40.7m), North America (-24.9% to €56.4m) and Eastern Europe (-22.8% to €33.8m).

Biesse's earnings were lower in a year-on-year comparison, as well. EBITDA dived by 42.4% to €22.5m (39.1m), while adjusted EBIT (-78.4% to €4.4m) decreased almost twice as much in the first half of the year. Biesse booked an operating loss of €1.0m for the second quarter, something that it attributed to higher reserves. □

Giardina Group acquires De Stefani Valerio

The coating and drying technology specialist Giardina Group has widened its spectrum of products to include edging and profile grinding machinery for the woodworking industry by acquiring De Stefani Valerio & C. S.n.c., based in Birone di Giussano, Italy.

Giardina Group was created at the end of 2017 when the Italian machinery and plant producer Mauri Macchine s.r.l., headquartered in Cermenate, merged with Giardina Finishing s.r.l., based in Figino Serenza. While Mauri Macchine mainly supplies laminating and drying solutions for the woodworking industry, Giardina Finishing previously widened its portfolio to include additional applications for laminating units, for instance in the metal and plastic sector and solutions for the glass industry.

According to a press release issued on 1 June, the acquisition is part of the Giardina Group 2030 project, which sets out the group's strategy to diversify its offerings. De Stefano Valerio will continue to operate at its Giussano headquarters and be managed by Sara and Alessio De Stefani. Mauro Macchine and Giardina Finishing's production activities have been pooled in Figino Serenza since January 2018. □

Homag entering into another IT partnership

Homag Group AG signed a partnership agreement with DAU S.p.A., an Italian software firm based in Pieve di Soligo

that specialises in CAD solutions for the furniture, kitchen and bathroom industry, in May 2020. DAU develops and sells 3D product configurators and webshop links for the furniture sector under the 3CAD DAU brand. This data can be processed in Homag production planning systems. Customer projects are to be handled jointly as part of the strategic partnership. Homag and DAU also want to work together on developing new solutions.

DAU has been a part of the Norwegian firm Compusoft Group, based in Sarpsborg, since December 2018. Compusoft has widened its product portfolio, which used to focus on CAD planning software for kitchen and bathroom merchants to include end-to-end solutions for furniture manufacturers as a result of the acquisition. According to Compusoft, 3CAD applications allow for central management of the entire order process from the original customer design to CNC manufacturing using a web-based 3D configurator.

DAU reported that more than 600 furniture industry customers all over the world now use this software. They include the German firm Bulthaup GmbH & Co. KG (Bodenkirchen-Aich), the French kitchen, living room and bathroom furniture producer Schmidt Groupe S.A.S. (Lièpvre) and the Cassina, Cappellini and Poltrona Frau brands owned by the US group Haworth Inc. (Holland, Michigan).

Homag had already expanded its existing partnership with 3Tec automation GmbH & Co. KG, which specialises in software solutions for manufacturing execution system (MES), and the software firm imos AG, both based in Herford, Germany, in the first quarter. By working with 3Tec, Homag wants to enhance software integration with machinery from different manufacturers via an overarching production management system. The Homag iX 2019 software was unveiled in early April as a result of the partnership with imos. This technology covers all order processing stages from planning and presentation to construction and manufacturing. □

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- › Wood-based panels
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Downward trend lasting since 2018 has been exacerbated by Corona pandemic

Woodworking machinery exports plummeted in the first five months

Germany exported 22.4% less stationary woodworking machinery in the first five months of this year than in the same stretch last year, according to the figures available to date.

Exports reached a total of €742.4m. Shipments to other EU member states (EU-27) were a little weaker between January and May with a 25.4% slump to €307.6m, according to foreign trade statistics drawn up by the Woodworking Machinery Association within the German Engineering Association (VDMA), based in Frankfurt. A 30.8% downturn to €109.8m was even booked for the rest of Europe. Exports to North America plunged by 42.8% from a relatively high level one year earlier to land at €85.4m.

Most other overseas regions had slightly better fortunes, although underlying effects like those seen in North America have to be taken into account: Far East -16.1% to €135.2m, South America +61.5% to €29.6m, South-East Asia +21.4% to €21.6m, North Africa +298.7% to €14.5m, the Middle East +413.8% to €14.5m, Australia/Oceania

-20.1% to €10.6m and Central America +10.0% to €6.4m.

All of the single-largest markets saw their deliveries fall by double-digit percentages. The VDMA statistics only revealed growth in South Korea, which is in 12th place (+86.8% to €16.5m), and Brazil in 14th place (+160.3% to €16.0m) thanks to a few major projects. The US, which had been just barely ahead of China (€136.5m) in the prior-year period with exports of €137.0m, slipped back into second place in the first five months with a 44.6% dive to €75.9m. On the other hand, shipments to China were just 25.0% lower at €102.4m. Poland (-18.0% to €54.6m), Austria (-5.6% to €46.0m), France (-27.2% to €39.7m), Russia (-3.7% to €31.3m) and Switzerland (-8.1% to €25.7m) took the next places. Exports to the UK more than halved with a 51.2% dive to €20.9m.

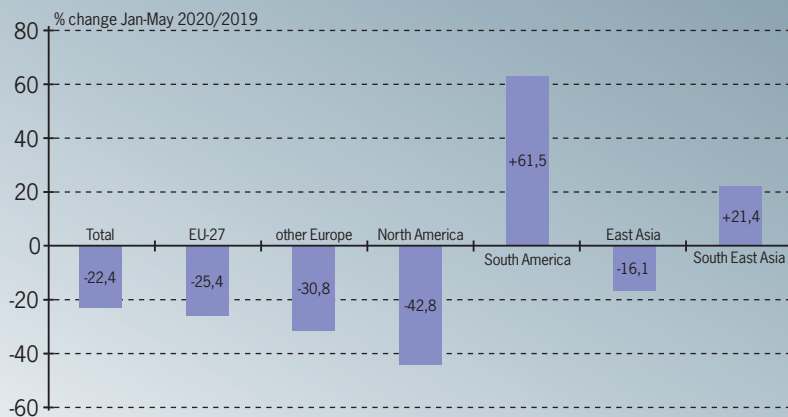
German woodworking machinery exports decreased across the board in each month compared with last year. According to VDMA data, January ended with a single-digit decrease (-9%). Exports

had already dropped by 19% in February. The downward trend intensified in the next three months in the wake of the pandemic. Similar dives were recorded when compared with the same months last year (March: -26% to €168.4m, April: -28% to €141.8m, May: -26% to €140.4m). Looking at the three-month period combined, woodworking machinery exports were down 26.9% at a monthly average of €150.2m.

German woodworking machinery manufacturers also suffered a significant downswing in their order intake and revenues in recent months. The association does not publish order intake figures gathered for the first half of the year. According to the VDMA association, the woodworking machinery sector did not shape up as well as the German engineering business as a whole. According to the VDMA, the entire engineering sector saw first-quarter order intake dip by just 1% in a year-on-year comparison. A 29% dive followed in the second quarter. The first six months combined ended with a 15% decline. By contrast, the woodworking machinery sector had already registered appreciable losses in the first quarter. The downward trend intensified in the second quarter. The information available to date indicated that secondary woodworking firms encountered a 21% drop in incoming orders between January and May; primary woodworking had to cope with even bigger falls. The engineering sector as a whole recorded a 13% reduction in order intake in the same period.

The VDMA has yet to issue forecasts for full-year revenues in 2020 for the sector as a whole or for individual segments because of uncertainty associated with the coronavirus pandemic. No specific projects have been made since the outbreak began. The association believes that business might fall by 15% to 25% in the engineering sector as a whole. □

Germany: Woodworking machinery exports



Source: VDMA Woodworking Machinery Association

Wood-based panel projects experiencing assembly delays in many markets

Number of orders for partial and complete lines has fallen sharply

The Covid-19 pandemic has led to significant reductions in the wood-based panel technology business in terms of both order intake and the processing of ongoing projects.

Complete system providers have so far secured just a few orders for partial or complete lines used to make wood-based panels so far this year. At the end of 2019, Siempelkamp Maschinen- und Anlagenbau GmbH sold a forming and press line to Kastamonu Entegre Agac San. ve Tic. A.S., headquartered in Istanbul, Turkey, for a replacement project at the Samsun particleboard mill. Unconfirmed reports suggest that Siempelkamp was also awarded the contract for a long-negotiated particleboard project by Aglomerados Cotopaxi S.A. (Acosa), based in Quito, Ecuador, at the start of July. This order cannot be finalised until financing has been secured. Siempelkamp itself has not commented yet on this project. No information has been published to date about possible additional orders during the course of this year, either.

Dieffenbacher GmbH Maschinen- und Anlagenbau is so far known to have landed five orders. The company is supplying a forming and press line with a single-opening press for a replacement project planned by the Italian particleboard manufacturer Lombardo S.p.A., headquartered in Mortegliano. In China, Dieffenbacher won a contract from Guangxi Guoxu Dongteng Wood-based panel Co. Ltd. to supply an 8 ft-wide MDF/HDF line with a CPS+ press. After a hiatus caused mainly by the coronavirus pandemic in the spring, Dieffenbacher has received three more orders for partial or complete lines in the third quarter. Two of these three new orders also came from Chinese wood-based panel manufacturers. Guangxi Fenglin Wood Industry Group Co. Ltd. set in stone an order placed during the fourth quarter of 2019 for a continuous line to make particleboard with long core layer particles. The pandemic delayed



(Photo credit: Dieffenbacher)

the finalisation of this contract for a few months. Guangxi Lelin Forestry Development Co. Ltd. ordered an MDF line from Dieffenbacher. The order includes all key areas of the plant downstream of the drying technology. The planned CPS+ is 80 m long and designed to have an annual capacity of around 650,000 m³. Nile Wood SAE, which is owned by Egyptian Kuwaiti Holding (EKH), will receive a complete MDF line with a CPS+ press from Dieffenbacher. An engineering contract placed in 2018 was converted into a fixed order in the third quarter.

Plant and machinery manufacturers report that they are still landing enough projects despite more challenging underlying conditions in a variety of regions. Negotiations and the finalisation of new orders are being rendered more difficult by restrictions associated with the pandemic, growing uncertainty about the future market development and more and more complex project financing. In addition, the much worse economic climate will likely lead to stronger consolidation within the global

wood-based panel industry, which might also have impacts on investment planning in the form of companies being sold or closed technology being moved.

Central European complete system manufacturers can still draw on a backlog of orders that stretches into 2021 in some instances. However, capacity utilisation issues could emerge in the coming months if current projects are postponed or new orders fail to materialise.

Along with the more challenging economic environment, restrictions put in place because of the coronavirus crisis are making it more difficult to process ongoing projects. Ongoing travel bans and quarantine measures now imposed mainly in several countries outside Europe, such as the US, Brazil and China, have already resulted in major assembly delays. Technology deliveries also had to be spread out over longer periods as a result. One or two projects have been put on hold completely. There are no signs of any fundamental improvement in the situation yet. □

Corporate structure at two subsidiaries is to be adjusted to market realities

Siempelkamp to reach agreement about shedding 260 jobs in autumn

The Siempelkamp Group is set to put the finishing touches to talks that began in the second half of August 2020 about shedding almost 260 jobs at Siempelkamp Maschinen- und Anlagenbau GmbH and Siempelkamp Maschinenfabrik GmbH over the next two to three months.

According to Dr Martin Stark, who became CEO at G. Siempelkamp GmbH & Co. on 30 June, a relatively wide-ranging restructuring programme has been put in place for these two subsidiaries due to the economic downswing that has lasted since mid-2018 and that has been compounded by the Corona pandemic. This step aims to avoid later readjustments. According to a press release issued by Siempelkamp on 24 August, the planned restructuring programme includes organisational and process optimisation, new sales and digitalisation approaches and a reduction in production capacity. At the same date, Siempelkamp's management team informed the works council for the two subsidiaries about the job cuts.

The restructuring program is aimed to strengthen the company's competitiveness in a difficult global market environment. According to Stark, Siempelkamp expects a lower order volume in the USA and Europe in the current fiscal year. In addition, the core markets have been shifting towards the Asian market in the past and coming years. Due to the current global development in the context of the Corona pandemic, the company does not see a quick recovery. The planned restructuring shall bring the staffing structure of the two subsidiaries into line with the decreasing world market for wood-based panel plants.

In part, the company is continuing actions that it had already launched and implemented in the past few years. Starting in 2016, for instance, Siempelkamp had reorganised its production network. The site in Blatnice pod Svatym Antoninkem, Czech Republic, doing business as Siempelkamp CZ s.r.o. and the plant commissioned in October 2015 run by Siempelkamp (Qingdao) Machinery

Co. Ltd., headquartered in Qingdao, Shandong Province, had taken on more tasks in the process. Additional shifts had occurred as part of the integration of Pallmann Maschinenfabrik GmbH & Co. KG, after Siempelkamp took over the remaining shares with effect from 1 April 2017. By contrast, the measures now planned at Siempelkamp Maschinenfabrik GmbH mainly aim to adjust capacity. Both companies should also advance the adjustment in cost structures carried out for quite some time in response to pressure on prices for wood-based panel technology. On the distribution front, Siempelkamp wants to focus more on price quality in future projects. Additional development projects in the areas of technology, automation, management and digitalisation will supplement the portfolio of Siempelkamp's machine and plant engineering division. At the same time, the firm plans to further expand its service operations.

These latest actions are concentrated in Krefeld and on Siempelkamp Maschinen- und Anlagenbau GmbH and Siempelkamp Maschinenfabrik GmbH. As things currently stand, no major restructuring work is planned for its other activities in Krefeld or at other Siempelkamp sites.

The Siempelkamp Group had last shed a large number of jobs in Germany in 2016. The restructuring project carried out at that time affected all three divisions and the majority of its German locations. At the end of 2016, the group had slashed its number of employees by 10.1% to 2,637 (31 Dec. 2015: 2,932). The Machinery and Plant Engineering division had still employed 1,844 (1,952) people at that time, with Casting Technology having a staff of 433 (513) and Engineering and Service having 355 (462) workers. The number of people employed group-wide subsequently increased to 3,058 (31 Dec. 2017: 2,985) by the end of 2018. □



(Photo credit: EUWID)

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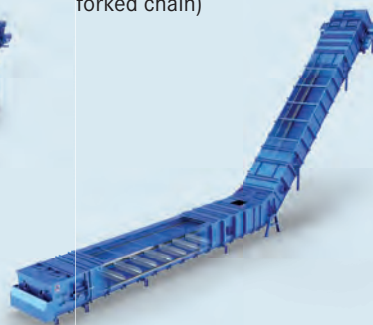
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Kastamonu, Yildiz Entegre and Starwood have been the biggest clients so far

28 ContiRoll and 70 short-cycle presses sold by GIM to Turkey

Since the beginning of the 1990s, GIM Export Group GmbH & Co. KG of Göttingen, Germany, has sold a total of 70 short-cycle presses made by Wemhöner Surface Technologies GmbH & Co. KG of Herford, Germany, to Turkish wood-based panel manufacturers.

The majority of these plants have been installed at locations in Turkey. Individual projects have been carried out at the works built by several companies abroad, particularly in the last few years. The projects at non-Turkish plants include the short-cycle presses set up by Kastamonu Entegre Ağaç San. ve Tic. A.Ş. of Istanbul in Alabuga in Tatarstan, Reghin in Romania, Grabrovnitz in Bulgaria, and Pomposa di Codigoro in Italy. GIM supplied two plants to Yildiz Entegre Ağaç San. ve Tic. A.Ş. of Kocaeli for the Pitesti works in Romania, which was put into operation in April 2018. Yildiz Entegre commissioned another short-cycle press in 2018 for a facility located abroad but the company subsequently

shelved the plans it had been pursuing at that time.

Some of the short-cycle presses that GIM had delivered to Turkey in the 1990s have meanwhile been moved to other locations or sold to other companies. The first two short-cycle presses supplied to Starwood Orman Ürünleri Sanayi A.Ş. of İnegöl, for example, have been relocated to the Kocaeli works of Yildiz Sunta Orman Ürünleri Sanayi Tesisleri İth. İhr. ve Tic. A.Ş. of İzmit. The first plant set up at Yildiz Sunta has been running at the particleboard manufacturer Suntasan A.Ş. of Eskişehir, which belongs to the building-materials group Küpeliler Endüstri A.Ş. since 2006. Kastamonu has meanwhile moved a short-cycle press installed at the Gebze works in 1997 to the Reghin works in Romania. Before commencing its cooperation with GIM, Wemhöner had also delivered two short-cycle presses directly to Kastamonu's main works and to Düzsın A.Ş. of Düzce in the 1970s. The Kastamonu plant is meanwhile in operation at the Gorno Sahrane works in

Bulgaria; Düzsın's short-cycle press was later sold to Serdar Ağaç Sanayi A.Ş. of İnegöl. With these two direct deliveries and the 70 plants handled via GIM, the number of new Wemhöner short-cycle presses sold to Turkish wood-based panel manufacturers meanwhile amounts to 72. Besides these new plants, there is also a substantial number of used ones that the Turkish buyers purchased directly from the previous owners or from second-hand machine merchants and then put into operation again.

60 of the 70 Wemhöner short-cycle presses sold to a total of 14 Turkish buyers via GIM Export Group since 1990 have been rebuilt in Turkey. The plant moved by Kastamonu from Gebze to Reghin is one that is now running abroad. GIM has so far supplied nine short-cycle presses to the foreign facilities of Kastamonu, Yildiz Entegre, and Starwood. Three of them went to Russia, three to Romania, and one each to Bulgaria, Georgia, and Italy. Kastamonu is the biggest individual customer with 20 short-cycle presses to date; inclusion of the old plant moved to Bulgaria increases the company's total to 21 short-cycle presses. 15 plants are in operation at Yildiz Entegre. Starwood has received a total of 13 plants through GIM, though two of them have been passed on to Yildiz Sunta. There are five Wemhöner short-cycle presses supplied by GIM at the Yildiz Sunta works that has been standing still since January 2019. AGT Ağaç San. ve Tic. A.Ş. of Antalya and Camsan Entegre Ağaç Sanayi Ve Ticaret A.Ş. of Istanbul, with its Hendek-Sakarya/Adapazarı works, each operate four plants. İsik Ahsap Profil Lojistik San. Ve Tic. A.Ş. of Gaziantep uses two Wemhöner presses for lamination. Six other wood-based panel manufacturers received one plant each.

So far this year, GIM Export Group has received five orders from Turkish customers for Wemhöner short-cycle presses.



Short-cycle press in Alabuga

(Photo credit: Kastamonu)

Kastamonu has ordered another plant for the Gebze works and two for the Samsun works. Starwood will receive two short-cycle presses from Wemhöner (Changzhou) Machinery Manufacturing Co. Ltd. of Changzhou in Jiangsu province in China. The Chinese Wemhöner subsidiary had supplied the first two short-cycle presses to Starwood in 2017. Whereas these plants are geared to the double format of 7,600 x 2,200 mm, the two new ones will only laminate one 3,800 x 2,200 mm panel each. Most of the Wemhöner presses delivered by GIM to Turkish customers to date are 2,200 mm, 2,300 mm, or 2,350 mm wide; the predominant lengths are 7,600 mm. Longer presses are in operation at Starwood (three 3,660 mm panels = 11,400 mm) and at Kastamonu's Alabuga works (three 2,800 mm panels = 8,850 mm). Two narrower presses with a width of 1,950 mm have been set up at each of the Starwood and Yildiz Sunta works. The widest plant is running in Alabuga (2,550 mm).

15 of the total of 70 Wemhöner short-cycle presses supplied to Turkish customers since 1990 can press synchronous-pore panels, two of them even on both sides. The first synchronous-pore presses in Turkey were set up at Yildiz Sunta in 2007. The other plants are at Yildiz Entegre, Kastamonu, AGT, Camsan Entegre, and Isik Ahsap. Similar to short-cycle press projects in other regions, the maximum pressing force has also been constantly increased over the last few years. Several manufacturers meanwhile have plants that can laminate at 650 N/mm², 700 N/mm², and even 750 N/mm².

Next ContiRoll is shipped to Kastamonu's Samsun site

The forming and press line sold to Kastamonu Entegre Ağaç San. ve Tic. A.Ş. of Istanbul in December 2019 for the particleboard works in Samsun will be the meanwhile 28th ContiRoll press made by Siempelkamp Maschinen- und Anlagenbau GmbH of Krefeld, Germany, that GIM Export Group GmbH & Co. KG of Göttingen, Germany, has delivered to Turkish wood-based panel manufacturers. Shipment of this plant has been underway since mid-July. Assembly is scheduled



Foundation work at Kastamonu's Samsun site

(Photo credit: Siempelkamp)

for completion by the end of this year; the start-up is meanwhile planned for February 2021. The continuous press will replace a multi-tier system that has been in operation since 1990.

In the early 1990s, before GIM began working with Siempelkamp, the company had supplied three continuous presses made by Eduard Küsters Maschinenfabrik GmbH & Co. KG of Krefeld, Germany, to Turkish wood-based panel manufacturers. These machines were set up at Kastamonu's Gebze facility, at Camsan A.Ş. of Ordu, and at Serdar Ağaç Sanayi A.Ş. of İnegöl. GIM had sold its first ContiRoll to Starwood Orman Ürünleri Sanayi A.Ş. of İnegöl in 1994. The 8 ft x 23.5 m press was geared to particleboard production. The first MDF/HDF ContiRoll supplied by GIM to Yildiz Sunta Orman Ürünleri Sanayi Tesisleri İth. İhr. ve Tic. A.Ş. of İzmit in 1996 had the same dimensions. The first order for a 55.3 m-long press for MDF/HDF production was received from Yildiz Entegre Ağaç San. ve Tic. A.Ş. of Kocaeli in 2001. This has since been followed by a further ten orders for 55.3 m long presses, all of which have been used for MDF/HDF production. Seven of this total of eleven long presses are 7 ft in width, three are 8 ft wide, and one is 9 ft. 7 ft is also the predominant width overall too at 20 out of the total of 28 plants. GIM also supplied six 8 ft plants as well as

one with a width of 6 ft and one with 9 ft. Nine of the total of 28 presses are shorter than 30 m, three are between 30 m and 40 m, five are between 40 m and 50 m, and eleven are more than 50 m long. The cumulated press length for all 28 orders is 1,170.2 m, which equates to an average of 41.8 m.

MDF/HDF is produced on 19 of the 28 ContiRoll presses delivered by GIM Export Group to Turkish customers. Besides plants with a relatively broad spectrum of thicknesses, the company has also supplied Starwood and Turanlar Group of Samsun with two thinboard plants. The remaining nine plants are used for producing particleboard. 26 plants have been set up at locations in Turkey. The first of two MDF/HDF lines at the Alabuga, Tatarstan, facility of Kastamonu Entegre Ağaç San. ve Tic. A.Ş. of Istanbul and the MDF/HDF plant at the Yildiz Entegre works in Romania are the only two rough-panel projects that GIM has handled for Turkish customers outside Turkey.

The ContiRoll orders handled by GIM Export Group for Turkish customers went to ten different companies. The biggest individual customers are Yildiz Entegre with seven plants, and Kastamonu with six. Starwood has received four plants through GIM, and three have been set up at Yildiz Sunta. □

Discord among shareholders led to changes in management of GreCon

Positive financial performance at GreCon in recent years

Kai Greten handed over his shares in Fagus GreCon Greten GmbH & Co. KG, based in Alfeld, Germany, to Ernst Greten at the start of May.

This move came after differences of opinion emerged among shareholders in the company at the end of 2019 and culminated in Kai Greten's dismissal as managing director on 8 January. The parties involved said that the conditions of the sale had been reached by mutual agreement. Until now, Kai Greten had been the majority shareholder in Ernst Greten Holding GmbH, headquartered in Alfeld, and had held 28% of the shares in GreCon directly and indirectly as a result of this position. The shares owned by the family of Ernst Greten are also held by Ernst Greten Holding. The remaining shares in GreCon remain in the hands of Gerd Greten Holding GmbH, based in Alfeld, and a silent partner based in Switzerland.

This silent partner bought shares in GreCon in the 1980s by injecting a significant amount of capital and has not made an

appearance since. Unconfirmed reports suggest that the silent partner is Fintimber AG, based in Zug, Switzerland. In connection with disputes among GreCon shareholders in recent months, Ernst and Gerd Greten were reported as the beneficial owner behind Fintimber AG in a statement in the transparency register. Fintimber lists its purpose as acquiring, managing and divesting interests and carrying out financial transactions, especially in the wood industry.

Kai Greten's departure as managing director was mainly preceded by differing opinions about the company's management. His rather cooperative management style could no longer be reconciled with other shareholders' ideas. Family issues had also played a role to a lesser degree. Kai Greten's dismissal meant that Ernst Greten, who had withdrawn from operating business with effect from 1 December 2014, returned to the management team. He is thus also responsible for the technology area, which had recently been managed by Kai Greten. Commercial and distribution

activities have been overseen by Uwe Kahmann since September 2007. Ernst Greten wants to return to the role of shareholder after a new second managing director is appointed. A selection process has been under way for several months.

The shareholder disputes materialised against a backdrop of a fairly positive financial performance by GreCon in recent years. The group set a new revenue record in the 2019 financial year. Its earnings also continued to climb, although specific figures were not published. The first three months of this year were fairly normal until order intake plunged starting in April because of the coronavirus. Business has been growing slightly since the beginning of June. Demand from Asia had first rebounded, in particular. GreCon has now been able to land several orders in Europe again. Securing large projects remains rather challenging because of cautious investing at the moment. Business has thus tended to shift towards maintenance contracts and modernisation projects. Moreover, digitalisation is becoming more of an issue, for instance entailing setting up a remote service.

According to the latest figures published in the German Federal Gazette, GreCon boosted its order intake by 21.3% to €90.9m (2017: 74.9m) in 2018. This growth was primarily driven by the GreCon division with its measuring, inspection and spark extinguishing systems (+23.2%). Order intake in the shoe last business, which does business as Fagus, was 1.1% higher than the previous year. On the whole, the order backlog doubled in a year-on-year comparison to €16.9m (2017: 8.5m). Group revenues jumped 7.6% to €82.5m (76.7m) in 2018. The GreCon division booked a 5.9% upswing to €73.4m (69.4m). Fagus' revenues improved by 19.8% to €7.2m (6.0m). Other revenues soared 39.3% to €2.0m (1.4m). Group net profits reached €3.0m (3.3m). □



(Photo credit: GreCon)

Revenues poised to double between 2018 and 2020 to roughly €50m

Kablitz delivers another power system to Kronospan group

Richard Kablitz GmbH, based in Lau-da-Königshofen, Germany, supplied the energy generation system for an MDF/HDF mill that Kronospan is planning in the Russian special economic zone of Lyudinovo in Kaluga oblast at the start of 2020.

Placed via GIM Export Group GmbH & Co. KG, this order includes a thermal oil plant running on biomass with a capacity of 27 MW, which can generate up to 40 t per hour of saturated steam. It also comprises a steam boiler running on natural gas with an hourly capacity of 20 tonnes and a thermal oil plant running on natural gas with a capacity of 10 MW, which is to serve as a standby or peak load boiler. Kablitz staff initially deployed to assemble the technology had to leave Russia in late February due to restrictions associated with the coronavirus. Kronospan and Russian subcontractors subsequently continued assembly work. Kablitz monitored assembly work using video conferences and drones. Once the work is completed, Kablitz is to perform on-site testing. Commissioning is slated to happen by the year's end.

With around 25 energy generation systems delivered, Kronospan is Kablitz's largest customer in the wood-based panel business. The first order for a post-combustion chamber at a new MDF/HDF and OSB mill in Sanem, Luxembourg, was placed in 1995. Additional technology was installed in the next few years at mills in Salzburg-Wals, Austria (1999), Lampertswalde, Germany (2001), Chirk, UK (2002), Sanem (2009), Jihlava, Czech Republic (2014), Brasov, Romania (2015), Burgos, Spain (2015), Mielec, Poland (2016), Riga, Latvia (2018) and Smorgon, Belarus (2019). Kronospan transferred a power system that Kablitz had delivered to Bau- und Holztechnik Thüringen GmbH (BHT), headquartered in Ebersdorf-Friesau, Germany, in 1999 to Smorgon in 2012.



(Photo credit: Kablitz)

Kablitz originally mainly delivered components for energy generation systems and entered the total system business starting in 1990. Kablitz had completed its first major project in the wood-based panel industry when it supplied an energy generation system for a new thin MDF/HDF plant run by Homanit GmbH & Co. KG in Niederlosheim, Germany. The company said that it has since landed approximately 80 orders from the wood-based panel industry. In addition to Kronospan, Kablitz has landed several orders from Swiss Krono Group, Norbord Europe Ltd. (Cowie, UK), Maderas y Sinteticos S.A. (Masisa) and Paneles Arauco S.A. (both based in Santiago de Chile). Other orders from the wood-based panel industry were placed by companies including Steico S.A., based in Czarna Woda, Poland, and the South Korean firm Sunchang Co. Ltd., headquartered in Incheon, in the past few years. Kablitz delivered its biggest energy generation system to the wood-based panel industry to date in 2008 which it installed at an MDF mill built by the Russian firm OOO Partner-Tomsk. In the plywood sector, Kablitz is

currently handling a major project for the Russian firm Segheza Group, based in Moscow. The company is also in final talks with another Russian plywood producer from the Perm region.

Kablitz's portfolio comprises energy generation systems with a thermal capacity of 6-150 MW. The average investment volume stands at around €20m, with the biggest projects costing up to €50m. Its main customer segments are the wood/wood-based panel industry, waste-to-energy and renewables areas. Its offerings in the waste-to-energy segment include energy generation systems for the pulp and paper industry that incinerate production residues. Kablitz recently delivered a third renewable energy plant to Koehler Renewable Energy GmbH, based in Oberkirch, Germany.

Kablitz has increased its revenues significantly in the past few years from €22.9m in 2018 to around €35m last year. With a staff of around 100 workers, the company aims to generate revenues of roughly €50m this year. □

US methanol facilities forced to shut down



(Photo credit: Natgasoline)

A number of methanol plants in the US state of Texas had to shut down operations for safety reasons on 26 August 2020, a short time before Hurricane Laura hit. A plant in Beaumont owned by OCI N.V., based in Amsterdam, and the two joint venture facilities Natgasoline LLC, headquartered in Beaumont, and Fairway Methanol LLC, based in Clear Lake, were affected. These three locations, which account for almost 50% of North America's total methanol capacity of almost 8.5m t with a combined amount of around 4m t, also took a variety of measures to protect their production and logistical infrastructure. However, the hurricane took a path closer to Lake Charles, around 60 km east of Beaumont and roughly 100 km away from Clear Lake. It did not reach the feared maximum speeds, either, meaning that the plants in question did not suffer major damage. Fairway Methanol started to resume operations on 28 August. The two sites in Beaumont were offline for a little longer. Natgasoline is presently ramping up operations. Even though the hurricane restricted production activity at methanol converters, too, the temporary shutdown of the three facilities meant that the supply situation took a turn for the worse in North America. Methanol is to be imported from Europe in September to make up for this shortfall.

Temporary production stoppages in Central and South America over the past few months have also created an imbalance between supply and demand, which has to be offset by importing methanol from North America and Europe. The Canadian firm Methanex Corp., based in Vancouver, British Columbia, had taken the Titan plant in Point Lisas, Trinidad & Tobago

and the Chile IV facility in Cabo Negro near Punta Arenas out of service in the spring. In Trinidad & Tobago, Methanol Holdings Trinidad Ltd. (MHTL), based in Point Lisas, idled its M2 and M3 units for a longer period of time. Its M5 facility, which has a designed annual capacity of around 2m t, was also offline from the end of July to the start of August. Stoppages lasting several weeks also occurred again in Venezuela in July and August at the joint ventures Metanol de Oriente S.A. (Metor) and Supermetanol CA, which are both based in Anzoategui. Production at the Argentinean methanol joint venture Repsol YPF S.A., headquartered in Plaza Huincul, Neuquén Province, has also been suspended. The Argentinian market is currently being served by imports from Europe, among other sources. □

Methanex revenues at lowest level in four years



(Photo credit: Methanex)

Methanol producer Methanex Corp., based in Vancouver, British Columbia, faced a 40% decrease in total second-quarter revenues in a year-on-year comparison to US\$512m (April-June 2019: 848m). Adjusted revenues slipped to the lowest level since the first quarter of 2016 with a 42% dive to US\$453m (April-June 2019: 777m). As in previous quarters, these decreases were mainly fuelled by a longstanding downturn in methanol prices. The average non-discounted sales price across the North America, Europe and the Asia-Pacific regions (posted price) was 33% lower at US\$263 (391) per t in the second quarter. Methanex's average methanol price fell even more, decreasing by 35% to US\$211 (326) per t.

Lower sales volumes also played their part in falling revenues in the second

quarter. Total sales were 7% lower at 2.406m (2.601m) t in the second quarter. This slump is solely due to a sharp decline in the amount of methanol sold that had been purchased from other companies (-42% to 418,000 t). These losses were only partly erased by a 3% increase in deliveries of methanol made in-house to 1.717m (1.669m) t and higher volumes of commission sales (+25% to 271,000 t). Methanex said that these falling sales and prices had US\$20m and US\$243m impacts on earnings respectively. Lower cash costs had a positive effect on earnings again (+US\$149m). Adjusted EBITDA plummeted 78% compared with the prior-year period to US\$32m (146m), while the group booked an adjusted net loss of -US\$64m (26m).

Similar decreases in revenues (-33%) and earnings (EBITDA: -77%) were booked compared with the first three months of this year. According to Methanex's CEO John Floren, demand for methanol had only improved in China (+4%) and had tumbled by 19% compared with the previous quarter in all other sales regions. In mid-March, Methanex had responded to a forecast slump in demand by temporarily idling its Titan plant in Point Lisas, Trinidad & Tobago. Its Chile IV facility in Cabo Negro near Punta Arenas was taken out of service on 1 April. These stoppages slashed production in these two countries where Methanex also runs another methanol line each. Output was down 37% at 241,000 (364,000) t in Trinidad & Tobago, while Chilean production did not drop as much (-30% to 204,000 t). Planned stoppages for maintenance on its two lines meant that its US location in Geismar, Louisiana, also faced a 17% double-digit drop in output to 441,000 (530,000) t. Its plant in Medicine Hat, Canada, saw its manufacturing decline 6% to 145,000 (155,000) t due to limited gas supply. On the other hand, its site in Waitara Valley, New Zealand, delivered a marginal improvement in output to 450,000 (446,000) t. The joint venture facility in Damietta, Egypt (production: 147,000 t, share of capacity: 158,000 t), which had made just 15,000 t in the same quarter last year because of technical troubles, ran largely at capacity again in the second quarter. □

Hexion reports another sharp fall in revenues

The US resin producer Hexion Inc., based in Columbus, Ohio, ended the second quarter of 2020 with group revenues of US\$628m (April-June 2019: 892m). This 30% drop compared with the prior-year period is due to factors including a slump in demand in the North American resin business associated with the Covid-19 pandemic. The downturn in sales made a US\$206m dent into revenues. As in the first quarter, unfavourable currency effects (-US\$17m) and the transfer of lower raw material costs under contractual arrangements (-US\$41m) trimmed its revenues.

The Adhesives division, which has pooled global adhesive activities and its formaldehyde business since the start of the year, faced lower sales volumes, which cut revenues by 26%. Taking account of currency effects (-3%) and changes in prices and the product mix (-4%), revenues were 33% lower at US\$346m (517m) in the second quarter. The division's EBITDA faced a similar drop (-30% to US\$51m). According to Hexion, all sales markets played a part in this downward slide in revenues. The Asia-Pacific region was the only region to face a similar decrease in the second quarter (-25% to US\$30m) to the first three months (-21% to US\$33m). North American revenues decreased by 31% to US\$224m (326m), while European revenues tumbled by 33% to US\$69m (103m). The rate of decline had thus tripled compared with the first quarter (-11%). Latin American revenues were around half of where they stood in the same quarter last year at US\$23m (48m).

Hexion's second division, Coating and Composites, encountered a much larger drop in earnings (-50% to US\$26m) than in revenues (-25% to US\$282m). The company said that the trend in earnings was hit by charges of US\$8m connected to a production stoppage at its Dutch plant in Pernis near Rotterdam. Segment EBITDA adjusted for extraordinary effects dropped by 42% to US\$65m (112m). □

OCI saw quarterly melamine sales drop



(Photo credit: OCI)

A longstanding downward trend in melamine operations at OCI Nitrogen B.V., based in Geleen, the Netherlands, was compounded by the effects of the Covid-19 pandemic in the second quarter of 2020. Sales declined by 11% in a year-on-year comparison to 29,300 (April-June 2019: 32,100) t; this figure was also 4% lower than the first quarter's sum of 30,500 t.

OCI Nitrogen's melamine sales were below the 30,000 t mark in the third quarter of 2019, as well, at 28,500 t. The company had sold 35,200 t in the first quarter and 32,900 t in the second quarter. The final quarter of last year

had been much stronger with sales of 39,200 t.

Similar decreases in the first quarter (-13%) and second quarter (-11%) meant that the first six months ended with a 12% decrease in sales to 59,800 (Jan.-June 2019: 68,100) t. A rather unsatisfactory performance in the past few months is now giving way to a recovery in demand on European melamine markets, OCI said. The benchmark price for melamine had dropped by 11% in a year-on-year comparison to €1,405 (Q1 2019: 1,575) per t in the first quarter. The second quarter produced a 9% decrease to €1,393 (1,525) per t. The benchmark price was thus 10% lower at €1,399 (1,550) in the first half as a whole.

OCI sold 9% less melamine in 2019 with a total of 135,800 (2018: 149,300) t. This downturn was even stronger than the slump recorded in 2018 (-2%). Melamine sales had reached 152,699 t in 2017. All told, OCI has a total melamine capacity of 219,000 t per year or almost 55,000 t per quarter. □

Huntsman selling stake in Venator to SK Capital

The US chemicals firm Huntsman Corp. (The Woodlands, Texas) intends to sell 52 million shares in Venator Materials plc (Wynyard, UK) to investment funds run by K Capital Partners LP (New York) over the next two-and-a-half years. In doing so, the company will complete its long-planned exit from the titanium dioxide manufacturer, which was spun off in an initial public offering (IPO) at the start of August 2017.

SK Capital first plans to buy approximately 42.5 million shares in Venator. This number of shares translates into a stake of almost 40%. The cash payment stands at around US\$100m or US\$2.35 per share. The transaction is to close before the year's end after the necessary anti-trust approvals have been secured. The two companies have also agreed on a 30-month option to sell another

9.5 million shares. The purchase price stands at US\$2.15 per share, putting the value of the transaction at around US\$20.5m.

Venator's share price started out at US\$20.63 at the IPO on 3 August 2017. The price briefly jumped to more than US\$25 by the end of October 2017 before spiralling lower. After bottoming out at US\$3.65 in mid-December 2018, the share price bounced back to US\$7.00 by the middle of April 2019 and has since receded after a short-lived improvement in November and December 2019. It reached a preliminary low of US\$1.16 in late April, but rose again to US\$2.56 at the start of June. After declining again by mid-July, Venator's share price has since been on the increase again. The closing price on 8 September was US\$2.22. Based on a total of 106.5 million shares, it has a market cap of roughly US\$236m. □

Chemours books a 20% fall in titanium dioxide sales

The US chemicals group Chemours Co., based in Wilmington, Delaware, has announced that its Titanium Technologies division suffered a bigger downswing in the second quarter. This came on the heels of a better performance for a time in the first quarter of 2020, which culminated in a 19% growth in sales volumes compared with last year. The Covid-19 pandemic severely affected almost all sales segments, with only the building paint business managing to stay somewhat constant.

Chemours booked a 20% downturn in total titanium dioxide sales compared with the first quarter and a 9% fall in a year-on-year comparison. Chemours reported lower sales in Europe, Latin America and Asia in particular. By contrast, demand in North America was still fairly stable due to relatively strong DIY business in paints and coatings despite the pandemic. Prices have not altered between the first and second quarters, Chemours' interim report for the second quarter revealed. Prices did decline by 5% in a year-on-year comparison. The product mix and currency effects did not have an impact on revenues compared with both the first quarter of 2020 and the second quarter of 2019.

Therefore, the division registered revenues of US\$488m (April-June 2019: 567m) in the second quarter. This figure was 20% below the first quarter's sum of US\$613m. Sales volume and price effects meant that revenues were 14% lower in a year-on-year comparison. Adjusted EBITDA was down 26% at US\$94m (127m). An even larger 32% dive was recorded compared with the first quarter (US\$138m). The margin fell to 19 (22) %, down from 23% in the first quarter.

Between January and June combined, the Titanium Technologies division generated revenues of US\$1.100bn (Jan.-June 2019: 1.122bn) and adjusted EBITDA of US\$232m (253m). 2019 ended with a 26% drop in revenues to US\$2.345bn (2018: 3.174bn) and adjusted EBITDA of US\$505m (US\$1.055bn). □

Accsys fleshes out plans for Accoya plant in the US

The British chemical technology firm Accsys Technologies plc, headquartered in London, has founded the joint venture Accoya USA LLC together with the US chemicals group Eastman Chemical Co., based in Kingsport, Tennessee. This joint venture is to build and operate a US plant set up to make acetylated Accoya solid timber, which will serve the North American sales market. Accsys had announced these plans in mid-2018 and first named Eastman Chemical as a potential project partner in November 2019. The chemical company claims to be the world's leading manufacturer of acetic anhydride, which is used in Accoya's manufacturing operations.

Accoya USA will handle front end engineering and design (FEED) for the plant, which will initially have a designed annual capacity of 40,000 m³. Accsys noted that possible future plans to expand the plant will be taken into account during the process.

As announced in mid-June 2020 when it presented its preliminary figures for the 2019/2020 financial year, Accsys estimates its share of FEED costs at €1.5m. The outcome is to be decided in the first quarter of 2021, with a decision about the next steps in the process made based on the outcome. □

30% dive possible for wood and furniture coatings

German demand for coatings and inks will likely plummet this year following a rather satisfactory 2019 as a whole, which initially continued into the first quarter of 2020. The Association of the German Coating and Printing Ink Industry (VDL), based in Frankfurt, thinks that year-on-year slumps between 6.7% and 12.8% are possible, depending on how the economy continues to evolve. Based on a study commissioned from the market research firm Chem Research, the VDL currently believes that 2020 as a whole will end with a 10% drop.

In the view of the association, there are still relatively sizeable variations from one segment to another both in terms of their performance over time and on the whole. For instance, the architectural paint segment observed a growth in demand in the first four months on the back of comparatively good DIY business, while the industrial coatings segment has already seen substantial losses. Demand for car series paint has plunged by up to 90% because of relatively far-reaching production stoppages in the automotive industry in March and April. When it came to printing ink, a growth in packaging printing was nowhere near strong enough to offset a slump in the publication printing sector. The association believes that industrial coatings will stage a minor recovery in the second half of the year.

However, the downward trend in the architectural paint business will likely emerge after a delay. Thanks to first-half growth, architectural paint might still deliver a small 1.2% rise in sales in a best-case scenario. In a worst-case scenario, sales might fall by 3.4%, according to the Chem Research study. Architectural paint sales had subsided by 1.1% in 2019 as a whole. The wood and furniture coatings segments were down by 2.1% in 2019. This year, the forecasts range between a best-case scenario of -14.8% to a worst-case scenario of -27.1%. The outlook is even worse for car series paint (2019: -9.0%, best-case scenario for 2020: -30.5%, worst-case scenario for 2020: -35.4%). Coating and ink sales in the other industry segment (2019: -1.5%, best case: -16.8%, worst case: -25.5%) are expected to see similar trends to wood and furniture coatings. Car repair coatings might fare a little better (2019: -0.5%, best case: -10.9%, worst case: -16.1%).

Looking ahead to 2021, the VDL believes that a slow recovery at best will be possible, although business will probably not return to pre-crisis levels. A further slump in the architectural paint business will likely offset a potentially better performance for industrial coatings and exports. □

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Higher prices looming for urea, methanol and melamine

Tide turned on markets for chemical raw materials in the third quarter

Prices for the chemical raw materials used by the wood-based panel and surfaces industry have stabilised during the third quarter of 2020.

This development comes on the heels of a downward spiral that had sometimes lasted for a long time due to an economic downswing that was exacerbated by the pandemic and surplus supply as a result. Small price hikes have already emerged in many cases. Urea prices had headed lower over the course of several months before rising at least slightly in July and more in August. Methanol prices have stabilised again in almost all relevant sales regions since the end of June. Prices in monthly contracts and for spot lots have already edged higher in recent weeks. Quarterly negotiations under way since mid-September to thrash out the European contract price are also expected to result in higher prices. Tangible results should be available by the end of September. A similar situation is playing out for melamine. Both manufacturers and buyers expect melamine contract prices to increase for the first time in a while in the fourth quarter given the rather strained supply situation in recent weeks.

Stable prices for many types of chemical raw materials are a knock-on effect of supply and demand becoming balanced in recent months after the lockdown. The previous downturn in sales prices and plunge in demand caused by the coronavirus crisis had led to production curtailments and temporary downtime in almost all product areas. Plants having a hard time sourcing raw materials and thus with an unfavourable cost structure were mainly affected. Scattered supply as a result was increasingly compounded by unscheduled stoppages, most of which were caused by technical troubles. Additional restrictions because of Hurricane Laura occurred in the south of the US in late August and early September.



Methanol markets have stabilised in almost all relevant sales regions. (Photo credit: Methanex)

By contrast, demand has gradually improved in many sales segments since mid-June and is now almost back to normal in some areas. Delayed or shorter stoppages for maintenance that were actually scheduled to take place over the summer holidays meant that demand was already brisker than last year in August in a few cases. Insiders think that this trend will continue in September or October at a minimum.

The fact that demand already exceeded supply in recent weeks has meant that inventories of different chemical raw materials that were built up in months past have been scaled back and have created a more challenging supply climate. Shortages of PMDI adhesive and melamine, in particular, materialised during the third quarter. PMDI supply was hit by scheduled and unscheduled production curtailments at several European manufacturers in the third quarter. One company invoked force majeure from the end of July to the end of August after facing technical troubles. Another manufacturer held a stoppage

for maintenance lasting several weeks from the start of August. Two other producers had to reduce their output because of testing and inspections and technical issues. The availability of PMDI adhesives for the wood-based panel industry was also trimmed as sales segments that were more lucrative for PMDI producers were performing much better again. On the whole, demand for PMDI, which had cooled substantially in a variety of sales segments in the second quarter because of the pandemic, has gradually recovered since June. Availability problems caused by supply and demand heading in opposite directions have now paved the way for PMDI manufacturers to institute several price hikes. The first mark-ups in July gave way to larger price increases in August and September. Prices have thus jumped by around 50% on average compared with June. The supply situation on melamine markets was recently mainly impaired by production issues at a plant in Russia in the second half of August and stoppages for inspections and testing at several European melamine producers. □

The transaction also includes BP's stake in Tricoya joint venture

Ineos group intends to acquire BP's petrochemical activities

Ineos Group Holdings S.A. has reached a deal with the British oil and gas company BP plc to acquire its global aromatics and acetyls business.

Under the terms of the agreement signed at the end of June 2020, the transaction is to close by the year's end. The purchase price, which is broken into six instalments, was set at around US\$5bn. Ineos Group intends to undertake the transaction via Ineos Styrolution Group GmbH, headquartered in Frankfurt, which specialises in styrene polymers. Ineos Styrolution has already taken out a US\$400m short-term loan to fund the upfront payment. The US\$3.6bn due on closing is to be financed through additional lending. Once the transaction is completed, the BP activities that it is acquiring will be combined with Ineos Styrolution and the vinyl polymer specialist Ineos Inovyn to create a new unit.

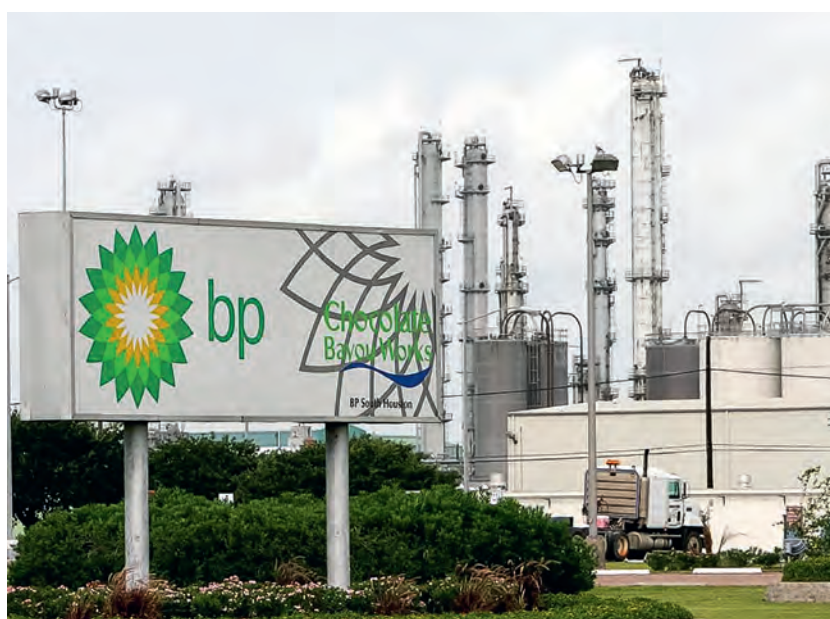
The activities put up for sale by BP comprise 15 sites with a total annual capacity of 9.7m t. Eight of them are located in Asia, two in Europe and five in the US. The

acetyls product area mainly includes acetic acid and a variety of derivatives, such as acetic anhydride. Its acetic acid locations in Texas City (US), Hull (UK), Chongqing, Nanjing (both in China), Ulsan (South Korea), Mai Liao (Taiwan) and Kertih (Malaysia) make BP one of the largest methanol converters in its respective markets. The aromatics location makes primary products for polyester plastic at locations in China, the US and Belgium.

Within the parameters of the transaction, Ineos Group will also acquire ten BP joint ventures, including a 36.9% stake in the methanol manufacturer Atlas Methanol (Point Lisas, Trinidad & Tobago) and BP's interests in Tricoya Technologies Ltd. (TTL) and Tricoya Ventures UK Ltd. (TVUK), which are building an acetylation facility for wood chips to use in MDF/HDF production at the site of the BP acetic acid plant in Hull. Its stake in the Atlas Methanol site, which has a designed annual capacity of 1.7m t, is held by BP Trinidad & Tobago (BP TT), headquartered in Port of Spain. The remaining 63.1% is in the hands of the Canadian

group Methanex Corp., which operates its Titan methanol plant with an annual capacity of 875,000 t in direct proximity. However, this facility idled operations indefinitely with effect from 16 March 2020. Ineos Inovyn, which was founded in May 2015 through a partnership with Solvay S.A., headquartered in Brussels, also wants to become involved in the methanol business. On 7 May 2020, the firm announced plans to buy a stake in the Power to Methanol project to install a demonstration plant for making methanol out of CO₂. With a designed annual capacity of 8,000 t, this plant is to be built at Ineos Inovyn's Lillo site in the port of Antwerp.

Its joint venture partners in the intellectual property group Tricoya Technologies Ltd. (TTL) are Accsys Technologies plc (London) with a 77.8% stake, the Irish MDF/HDF manufacturer Medite Europe DAC (Clonmel) with 10.2%, BP Ventures with 8.6% and BGF/Lombard Odier Volantis with 3.4%. TTL holds patent and licencing rights to Tricoya technology, which acetylates wood chips for use in MDF/HDF production. Tricoya Ventures UK Ltd. (TVUK) was founded in the first quarter of 2017 to build and operate the Tricoya facility. These shares are in the hands of TTL (62.9%), Medite Europe (6.2%) and BP Chemicals Ltd. (30.9%). Based on information published at that time, BP Ventures and BP Chemicals had provided around US\$25m for the involvement in Tricoya. Multiple delays have now emerged in building the plant. Originally slated for the start of 2019, production will not begin until the first half of 2021. Due to the British authorities' changes to the working guidelines aimed at containing the coronavirus, significant stages of the construction work had to be suspended for more than two months from the end of March 2020. According to information from Accsys, workers have meanwhile been able to return to the building site but adhering to the new work protocols will probably lead to further delays. □



(Photo credit: BP)

Significant decreases for hardboard, insulation board and plywood

Wood-based panel production declined again for first time

Following six years of continuous growth, in 2019 European production of wood-based panels declined again for the first time vis à vis the preceding year.

The higher level of development which had still prevailed in the first half year was completely cancelled out by the considerable deterioration which followed for the rest of the year. According to the annual report of the European Panel Federation (EPF), Brussels, which was published on 25 June 2020, overall production declined by 1.8% to 59.2m m³.

Particleboard was the only product group for which a slight increase of 0.5% to 32.1m m³ was recorded. In all other product groups the production volume was lower than in the year before. The most significant declines were recorded for insulation board (-8.6% to 4.7m m³), plywood (-7.8% to 3.0m m³) and hardboard (-7.3% to 0.5m m³). MDF/HDF production decreased by 3.7% to 12.1m m³. In the case of OSB, however, the decline (-0.8% to 6.8m m³) was only minimal. In 2018

OSB, according to the figures meanwhile slightly adjusted by the EPF, had been the only product group for which production declined (-1.1%), all other product groups recorded increases at the time (particleboard +1.9%, MDF/HDF +0.3%, hardboard +0.8%, insulation board +5.9%, plywood +1.8%). With regard to plywood, the data recorded by the EPF includes the 27 EU states and Great Britain. For all other product groups production volumes from the EFTA region are also included.

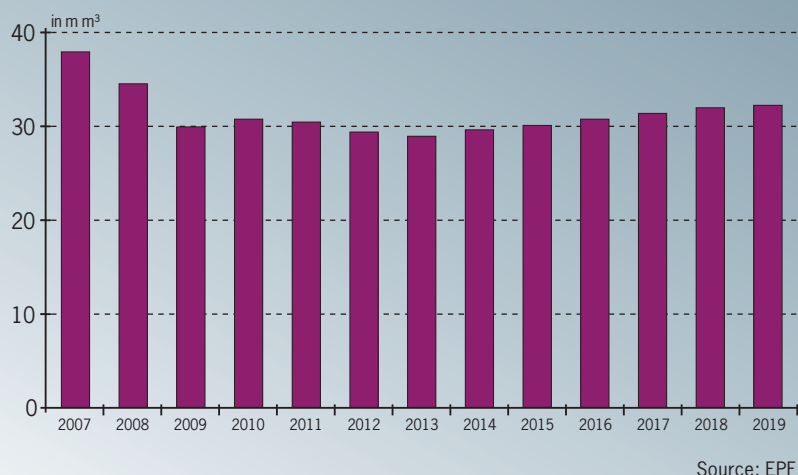
According to the EPF figures, the last time a decrease in European wood-based panel production had been recorded was in 2012. In the following years, the production volume had risen at an increasingly fast rate, which continued until 2018 when it began to slow down slightly (+1.5% to 60.3m m³).

Development within the individual product groups varied considerably over recent years, however. European particleboard production, measured against the peak figure of 37.8m m³ achieved in 2007, slackened off considerably over

the following two years and in 2009 dropped below the 30m m³ mark. After a temporary increase in 2010 and 2011, figures again fell short of this mark between 2012 and 2014.

The production volume has risen continually ever since, although the increase rates have slackened off recently. Last year the EPF recorded production increases particularly for Poland (+11.5% to 3.6m m³) as well as the regions of Belgium/Great Britain (+5.4% to 3.2m m³) and Spain/Portugal/South-East Europe (+1.5% to 5.4m m³). In the East/Central Europe region (-0.5% to 6.6m m³), Germany (-0.7% to 5.7m m³), Scandinavia (-4.1% to 1.3m m³), France (-4.8% to 3.3m m³) and Italy (-5.3% to 2.9m m³), by contrast, particleboard production declined. The largest production countries were thus Germany (17.8%), Poland (11.2%) and France (10.4%). As a result of commissioning two new plants in 2018 and 2019, Poland surpassed France for the first time. Italy, at a proportion of 9.2%, remained in fourth position. Together, these four countries contributed 48.6% to total European production last year.

Europe: Production of particleboard



In 2019, overall European particleboard capacity increased by 0.7% or 265,000 m³ to 37.9m (37.6m) m³. New capacity came online in Poland (Egger Biskupiec Sp. z o.o., +650,000 m³), while capacity expansions took place in Portugal (+165,000 m³) and Bulgaria (+100,000 m³). These projects offset the announced permanent closure in Germany (Kronospan GmbH, Bischweiler, -650,000 m³).

After the declines recorded in 2008 and 2009 MDF/HDF production, which in 2007 had risen to more than 13m m³, also increased again in 2010 and 2011. Following another decline in 2012, an upward trend began again

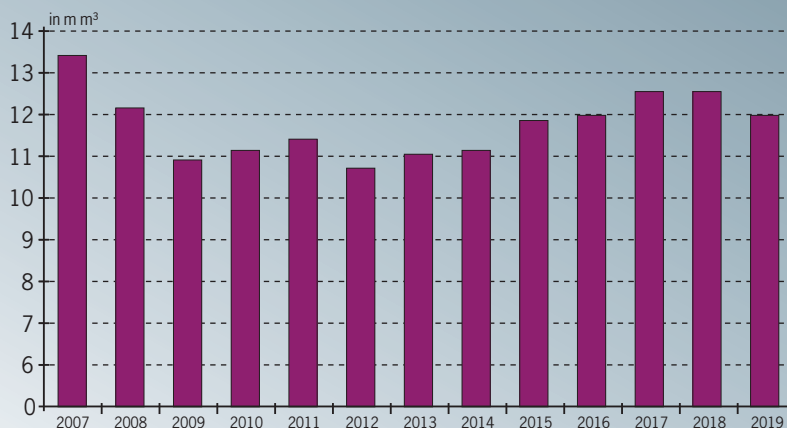
in 2013. After increases at varying rates in the following years, in 2018 a slight increase of 0.3% to 12.6 m³ had still been recorded. For 2019 the EPF annual report only indicates a separate production volume in the case of Germany; at a decline of 3.7% to 3.5 m³, production in this country thus decreased at a similar rate to Europe overall. The proportion of Germany in relation to European production overall therefore remained unchanged at 26%. The proportion contributed by Poland amounted to 20%; Spain, at 9%, was ahead of Italy for the first time. Great Britain followed in fifth position. These five countries together covered 71% of total European MDF/HDF production. Considerable shifts were recorded with regard to the different panel thicknesses produced. The proportion of thin board with thicknesses under 5mm increased to 11% (9%). Panels in thicknesses between 5mm and 9mm contributed 24% (18%) to overall production. Thicknesses over 9mm, in contrast, only contributed 65% (73%). 69% of the MDF/HDF produced was delivered as raw boards, a proportion of 31% had a coated or lacquered surface.

After two years of increases, the European capacity for MDF/HDF declined in 2019 by 430,000 m³, mainly as a result of announced closures in Germany (Laminate Park GmbH & Co. KG, Heusweiler-Eiweiler) and Italy (Novolegno S.p.A., Avelino). The total capacity amounted to approximately 14.7m (15.1m) m³ in 2019.

Slight decline in OSB production

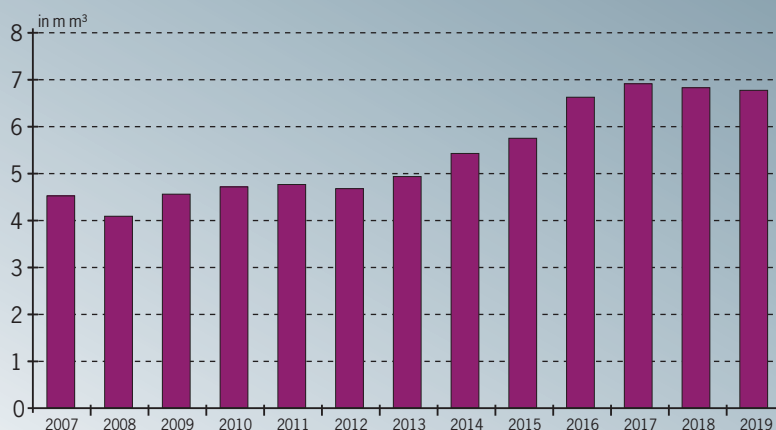
In 2019 the European OSB industry was faced with a slight decline in production figures for the second consecutive time. The preceding significantly upward trend was interrupted only briefly in 2008 and 2012. Over the entire period between 2008 and 2019, the OSB production volume thus increased by almost two thirds. Germany (18%) and Romania (14%) maintained their positions as the largest production countries. Poland, at 12%, has meanwhile moved forward to third position.

Europe: Production of MDF/HDF



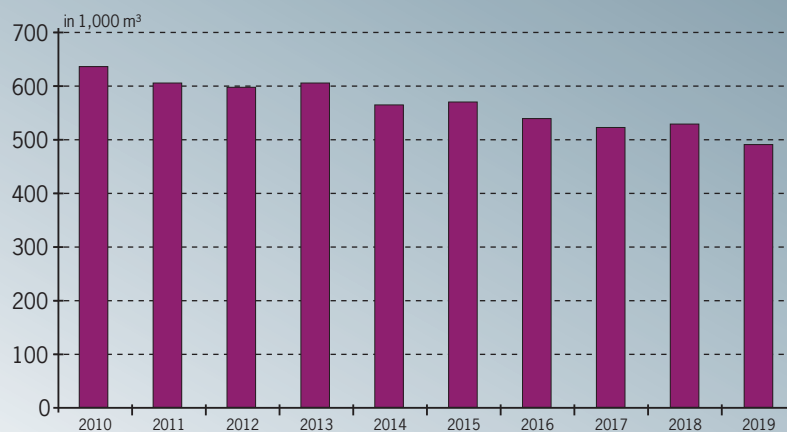
Source: EPF

Europe: Production of OSB



Source: EPF

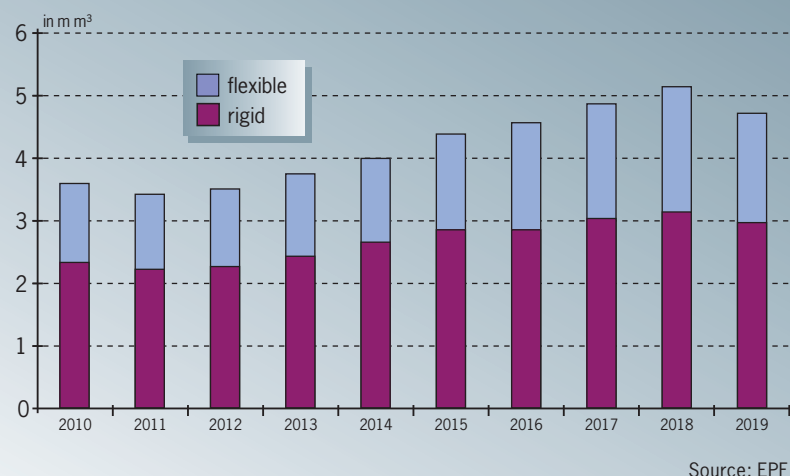
Europe: Production of hardboard ¹⁾



1) excluding Russia

Source: EPF

Europe: Production of insulation boards



With regard to hardboard, however, production volumes have declined almost consistently over recent years. 2018 was the only time slightly positive development of 0.8% had been recorded. The significant decline recorded in 2019 means that hardboard production dropped again below the level of 2017. Production volumes of Russian plants have not been included in these figures. At a proportion of 44% of overall production, however, Russia is the largest production country by far, followed by Poland (10%) and Bulgaria (7%).

Since the last weak phase in 2011, production of insulation board has risen at increasing impressive rates over the following years. EPF attributes the significant decline recorded last year

mainly to plant closures in Germany and Switzerland. By contrast, however, capacities in Poland and Norway increased. Due to these contrasting developments, Poland has now also become the largest production country for flexible insulation mats with a proportion of 30%, followed by Norway (28%) and France (24%). With regard to rigid fibreboard, the proportion contributed by Poland amounts to 51%, followed by Germany (23%) and France (19%).

Europe's annual production capacity for rigid insulation board softened slightly to 3.410m (2018: 3.500m) m³ last year. By contrast, flexible insulation mat capacity has gradually increased in recent years and reached 2.520 (2.300) m m³, according to the EPF.

In the case of plywood, production has developed in a similar way to insulation board over recent years. A slight decline in 2012 was followed by several years in which increases, some of which were considerable, were recorded. In 2018 the upward trend slackened off (+1.8%) before a more significant adjustment was recorded for the first time again last year.

Production adjustments in Poland and Finland

With the exception of the Baltic states (+3.5% to 408,800 m³), all countries included in the EPF statistics experienced this decline in production. The most significant adjustments were recorded in Poland (-19% to 244,500 m³). At 11.4% to 1.090m m³ (1.240m m³), a double-digit rate of decline was also recorded in Finland. In the next positions followed Spain (-6.8% to 403,300 m³), Italy (-6.3% to 300,000 m³) and France (-2.3% to 252,900 m³). In other EU countries, according to EPF estimates, a total volume of 254,900 (267,800) m³ plywood was produced. Outside the EU the most important production countries were Russia (+1.1% to 4.062m m³), Belarus (+0.3% to 298,300 m³), Ukraine (-5.9% to 177,400 m³) and Turkey (-1.8% to 110,000 m³). The volume indicated for the remaining European countries was 64,800 m³. This means that total plywood production in the EU and Eastern Europe (including Russia) declined by 2.8% vis à vis the preceding year to 7.667m (7.884m) m³. □

Europe: Wood-based panel production ¹⁾

1,000 m³	2014	2015	2016	2017	2018	2019	2019/2018 in %	2018/2017 in %
Particleboard	29,514	30,188	30,559	31,334	31,939	32,095	+ 0.5	+ 1.9
MDF/HDF	11,520	12,027	12,140	12,564	12,604	12,136	- 3.7	+ 0.3
OSB	5,426	5,731	6,625	6,903	6,828	6,771	- 0.8	- 1.1
Hardboard	570	574	542	526	530	491	- 7.3	+ 0.8
Insulation boards	4,003	4,403	4,579	4,895	5,184	4,738	- 8.6	+ 5.9
Plywood	2,792	2,816	2,926	3,149	3,206	2,954	- 7.8	+ 1.8
Total	53,825	55,739	57,371	59,369	60,290	59,185	- 1.8	+ 1.5

1) for plywood EU-27/UK, for all other product groups EU-27/UK and EFTA

Source: EPF



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Net imports have risen more and more in the past two years

European wood-based panel consumption headed lower in 2019

Echoing the trend in production, consumption of wood-based panels slipped slightly on European sales markets in 2019 after several years of growth.

While total output of particleboard, MDF/HDF, OSB, fibreboard, softboard and plywood dipped 1.8% to 59.185m (60.290m) m³ last year, consumption was down just 0.7% compared with the prior-year period at 60.983m (2018: 61.397m) m³.

In its annual report, the European Panel Federation (EPF) said that these mixed trends are connected to a growing import surplus. 2015 was the last year with an export surplus (157,000 m³). The net import surplus had first surpassed the 1m m³ mark in 2018, but already reached 1.797m (2018: 1.108m) m³ last year. The EPF said that this sharp rise in net imports could mainly be traced back to the plywood market. In 2019, more than 60% of apparent plywood consumption was met by imports from non-EU countries. However, an export surplus still exists in other product groups.

The EPF annual report lists information about consumption and foreign trade for the different product groups in varying detail. Moreover, the federation analyses the market as a whole in terms of intended uses. This data shows that 49% of the wood-based panels made in Europe last year were turned into furniture. Across all

product groups, construction applications' share of the total increased by four percentage points in the same period to 38 (34) %. The highest construction rates were recorded for OSB (82%) and softboard (80%). Plywood was just above the average at 40%, while MDF/HDF (31%) and particleboard (26%) were slightly below. Some 3% of total European wood-based panel production ended up in packaging. The remaining 10% was split among other applications, a category that also includes exports to non-EU markets.

The EPF annual report traditionally covers the particleboard market in much greater detail than other product groups. While these other product groups all saw decreases in output last year, the upward trend in particleboard seen in years past continued last year with a 0.5% growth to 32.095m (31.939m) m³. Particleboard imports into the EU-28 and EFTA area decreased 2.2% to 9.535m (9.750m) m³; exports fell almost half as much, dwindling 1.1% to 10.433m (10.550m) m³. Net exports leapt 16.6% to 942,000 (874,000) m³ as a result. Based on these manufacturing, import and export figures, the EPF reported a 0.2% year-on-year increase in apparent particleboard consumption to 31.196m (31.139m) m³.

MDF/HDF and OSB production and consumption all headed in opposite directions last year; the discrepancies were even more apparent for MDF/HDF than for OSB.

While MDF/HDF output was 3.7% lower in a year-on-year comparison at 12.136m (12.604m) m³, consumption rose 2.1% to 11.826m (11.583m) m³. Following strong growth in years past, European OSB output softened for the second time in a row, dipping 0.8% to 6.771m (6.828m) m³. Apparent consumption, which also headed lower in 2018, actually increased by 2.2% to 5.881m (5.753m) m³ last year. This trend is connected to factors including a decrease in net exports that has lasted for several years now. Net exports had amounted to 1.339m m³ in 2014 but slipped below the 1m m³ mark to 890,000 m³ last year (2018: 1.075m m³). Total OSB exports fell 3.3% to 4.697m (4.857m) m³, while imports increased by 0.7% to 3.807m (3.782m) m³.

The EPF annual report only looks at foreign trade and the breakdown of different uses for hardboard and softboard. It does not detail consumption levels. Last year, the leading uses for hardboard were packaging with 26 (26) % and the DIY sector with 23 (26) %. Some 15% ended up in furniture production, 8% in construction, 5% in automotive and 23 (17) % in other applications. Softboard uses in 2019 included 40 (44) % rigid building shells, 40 (31) % flexible building shells, 13 (9) % rigid underlays, 6% other rigid standard board and 1% bituminised board.

Plywood production fell 7.8% to 2.954m (3.206m) m³ in the EU-28 last year; this figure includes 60 (59) % hardwood plywood, 34 (35) % softwood plywood and 6 (6) % tropical plywood. Consumption was 5.0% lower at 6.851 (7.209) m m³. Construction applications accounted for 40%, furniture production for 30%, transport uses for 13% and packaging for 9%. Other applications made up the remaining 8%. Plywood exports were down 2.6% at 3.448m (3.539m) m³, while imports into the EU-28 showed a similar 2.6% decrease to 7.344m (7.541m) m³. □

Europe: Production/consumption of wood-based panels ¹⁾

1,000 m ³	2014	2015	2016	2017	2018	2019
Production	53,825	55,739	57,371	59,369	60,290	59,185
Net imports	174	-157	340	246	1,108	1,797
Apparent consumption	53,999	55,582	57,711	59,615	61,397	60,983

1) Particleboard, MDF/HDF, OSB, Hardboard, Insulation board, Plywood

Source: EPF

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Decorative Products

Roundwood mainly used to make MDF/HDF and OSB

Particleboard: Recycled wood use reached almost 43% in 2019

The European particleboard industry raised the proportion of recycled wood that it used as feedstock by three percentage points to nearly 43% last year, according to the latest annual report from the European Panel Federation (EPF), which was released on 25 June.

Roundwood accounted for around 24% of wood input, with sawmilling residues reaching close to 33%. The recycled wood utilisation rate had been listed at 40% in 2018. That being said, there are still major variations from one country to another. Italian particleboard mills had a 96% recycled wood rate last year. The EPF reported a 69% rate for Belgium, the UK and Denmark combined. Recycled wood made up 50% of the wood used on the Iberian Peninsula. Germany (48%), the "Central Europe" region of Austria, Switzerland and the Czech Republic (44%) and France (42%) all recorded similar rates.

Recycled wood currently plays less of a role in Poland (20%), the South-Eastern Europe region comprising Romania, Hun-

gary, Bulgaria, Greece (11%) and the Eastern Europe region of Slovakia and the Baltic countries (8%). According to the EPF, the Scandinavian particleboard industry still almost exclusively uses fresh wood, more than two thirds of it in the form of roundwood. In years past, the EPF published overviews detailing how wood use was broken down. However, there are discrepancies in the information contained in successive annual reports, making it hard to compare years with one another.

Based on the EPF's estimates, European particleboard mills used a total of 20.6m (2018: 20.9m) bone-dry t of logs with bark in 2019. When converted from the utilisation rates provided by the EPF, the total quantity breaks down into almost 8.8m t of recycled wood, around 6.7m t of sawmilling residues and around 4.9m t of roundwood.

While the use of recycled wood is most advanced in Italy and Belgium, mills in Eastern Europe and South-Eastern Europe continue to use large amounts of roundwood in particleboard manu-

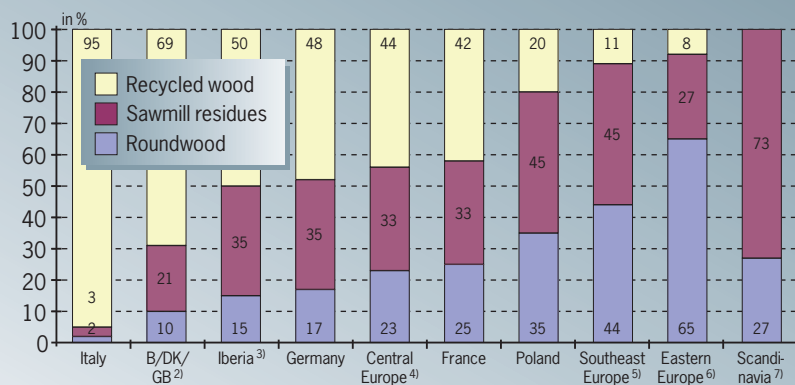
facturing. Processing sawmilling residues plays a major role particularly in Scandinavia and South-Eastern Europe.

The EPF annual report also presents some key data on the use of wood in MDF/HDF and OSB manufacturing. However, these figures only refer to the EPF region, which comprises the EU-27, the UK and the EFTA region. The report does not break down this data by country or region. In 2019, the MDF/HDF industry used 3.7% less wood with 9.466m (2018: 9.831m) bone-dry t of logs with bark. Some 59 (58) % of this amount was roundwood, 33 (37) % was wood chips from the sawmill industry, 5 (4) % was sawdust and 3 (1) % was other types of wood, notably forest material. According to the EPF estimates, recycled wood plays virtually no role in European MDF/HDF manufacturing.

European OSB mills used a total of 5.760m bone-dry t of wood last year. The latest EPF report does not list a comparative figure for 2018. Roundwood is exclusively used in OSB production. Pine is still the primary type of wood used with a 51% share, followed by spruce with 32%. The remaining 17% is split between other types of hardwood and softwood, mainly poplar. Pine and spruce make up 75% of the roundwood used in both particleboard and MDF/HDF production; other types of wood thus have a share of 25% in each instance.

As in years past, the EPF annual report also analyses average transport distances for wood procurement. The report lists a figure of 145 (2018: 161) km for the particleboard industry and 167 (188) km for the OSB industry. On average, the MDF/HDF industry has to drive 178 (187) km to source wood. □

Europe: Wood use in the particleboard industry 2019¹⁾



1) EU-27/UK and EFTA

2) Belgium, Denmark, UK

3) Spain, Portugal

4) Austria, Switzerland, Czech Republic

5) Romania, Hungary, Bulgaria, Greece

6) Slovakia, Baltic States

7) Sweden, Finland, Norway

Source: EPF

Covid-19: wood-based panel and surfaces industry back at normal workloads

Furniture industry and DIY shops benefit from pent-up demand

Furniture manufacturers and merchants have made it through the coronavirus crisis in much better shape than other sectors over the summer months.

In addition, the negative projections about the economic outlook in the second half of the year made back in April and May 2020 have not materialised after all. A similar turn of events has been encountered by retail segments geared towards home construction and renovation, such as DIY shops. The shutdown of brick-and-mortar shops in most European countries from the middle of March onwards had prompted relatively sizeable decreases in revenues, but this had now been offset by an unexpectedly strong recovery after the lockdown was lifted in many cases. Markets for furniture and interior remodelling materials are currently performing better than expected. Some segments are already faring better than last year in the year to date.

The varying rates of Covid-19 infection, which led to substantial discrepancies in the duration and scale of counter-measures taken by authorities in different European countries, meant that business in Germany was affected less than exports within the furniture and interior remodelling segment, as well. According to industry statistics published to date, merchants made it through the crisis in better shape than manufacturers. This turn of events was spurred by factors including many merchants having expanded their online operations significantly. Another factor was the special rules granted for some retail sectors. For instance, after initial closures, DIY shops were able to reopen their doors relatively quickly. Consequently, gross revenues generated by German DIY shops and garden centres increased by 15.6% (like for like: +16.0%) in a year-on-year comparison to €11.82bn in the first half of 2020, according to statistics published by the industry association BHB



Furniture production has recovered since May.

(Photo credit: EUWID)

in mid-August. The "Timber" (+29.1%) and "Garden Furniture" (+24.1%) categories registered disproportionately strong growth. The German timber trade also fared better than last year in the first six months, according to a benchmarking review presented by the German Timber Trade Federation (GD Holz) in mid-August. However, this growth was much smaller than the DIY business with a 3.7% increase. The downturn during the somewhat longer lockdown faced by specialist merchants was erased by a 17.0% rise in revenues in June.

In the German furniture industry, significant decreases in revenues emerged in April (-28.7%) and May (-23.3%). The association Verband der Deutschen Möbelindustrie (VDM) reported a 2.2% growth to €1.406bn for June. The German furniture industry thus suffered a 9.8% reduction in first-half revenues to €8.083bn (Germany: -8.2% to €5.563bn, exports: -13.2% to €2.520bn).

Stronger business in buyer sectors since June has also resulted in much better workloads in the wood-based panel and

surfaces industry. Many particleboard and MDF/HDF manufacturers are able to run their mills at full capacity. In the surfaces segment, pre-impregnated and finish foil sales have picked up again since mid-June. Other product areas are now close to running at normal rates again. However, most companies anticipate that this boom will not last forever. Present order intake suggests that business will be relatively healthy at least in September and October. Most sources also think that November will tend to be positive. Business will weaken in December as the end of the year draws now. Many companies are rather sceptical about the economic outlook in the first half of 2021. Pent-up demand from the lockdown in the second quarter will only play a role for a short time. Shifting consumer spending in the home furnishings segment will not stick around indefinitely either, many companies believe. What is more, negative employment effects, for instance from longer furlough arrangements with lower salaries or from rising unemployment rates might become more significant next year. □

Finnish plywood industry expects a further slump



(Photo credit: Metsä Wood)

Finnish mills saw their plywood production decline again in the second quarter of 2020, according to provisional information from the Finnish Forest Industries Federation (FFIF), based in Helsinki. However, this slump was not as strong as in the first quarter with a 6.3% drop to about 270,000 (April-June 2019: 290,000) m³. The first three months of the year ended with a 35.1% drop in output to approximately 200,000 (Jan.-March 2019: 300,000) m³ after production was halted by strikes in January. Plywood production was thus 20.9% lower at around 470,000 (Jan.-June 2019: 590,000) m³ in the first six months combined.

Manufacturing of other products decreased in both the second quarter and the entire first half. Pulp production softened by 8.5% between January and June. Like plywood, softwood lumber (-15.2%) and paper (-25.6%) production fell by double-digit percentages. Cartonboard was the only product whose manufacturing came close to last year's level (-0.7%). □

Russian plywood exports sharply higher in Q1

Russian birch plywood exports increased by 10% to 691,969 (Jan.-March 2019: 630,972) m³ in the first three months of this year. Softwood plywood exports actually leapt by as much as 34% to 36,219 (26,941) m³. Russia exported more birch plywood and softwood plywood than in the final quarter of 2019. According to figures from customs authorities, Russia had shipped 647,627 m³ of birch plywood (+4%) and 32,986 m³ (-2%) of softwood plywood abroad bet-

ween October and December of last year. The full year had ended with a small 3% growth in birch plywood deliveries to 2.631m m³, while softwood plywood exports fell 7% to 110,852 m³ compared to the preceding year.

The value of exports did not grow as much as deliveries in both 2019 as a whole and the first quarter of 2020. Birch plywood exports had fallen 15% in value terms to US\$1.104bn last year, while softwood plywood shipments were 24% lower at US\$33.4m. The value of birch plywood deliveries was 6% lower at US\$272.3m (290.5m) in the first three months, while softwood plywood exports increased 21% in value to US\$10.8m (8.9m) on the back of the big jump in volumes. □

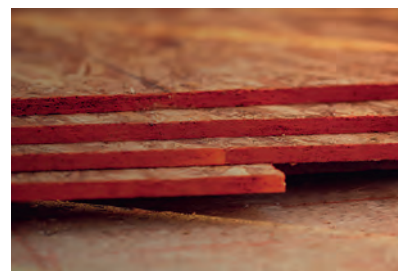
Romania and Ireland ship OSB to the US again

The EU-27 and the UK shipped almost four times more OSB to the US in the second quarter of 2020 than they had in the same stretch in 2019. These deliveries had already more than doubled in the first three months of 2020. Along with Latvia, Romania and Ireland delivered relevant amounts again. Foreign trade statistics from the US Department of Agriculture's Foreign Agriculture Service (FAS) in Washington DC show that the US imported 38,262 (April-June 2019: 10,576) m³ of OSB from the EU in the second quarter. Some 22,514 (2,967) m³ of this amount came from Latvia, 8,380 (0) m³ from Romania and 7,264 (7,397) m³ from Ireland. The US imported 4,360 (Jan.-March 2019: 0) m³ from Latvia between January and March; total imports from the EU had thus reached 4,659 (2,135) m³. Latvia accounted for 26,874 (Jan.-June 2019: 2,967) m³ during the entire six-month period, almost the same amount as it had delivered in all of 2019 (27,009 m³). Romania delivered 8,380 (2,114) m³, more than in all of 2019 (3,013 m³). However, Romania had shipped much larger amounts to the US in 2017 (56,016 m³) and 2018 (28,921 m³). FAS data shows that first-half imports from Ireland were consistent with the second quarter's total of 7,264 (7,397) m³.

All told, the EU delivered 49,921 (12,711) m³ of OSB to the US in the first half of the year.

Altogether, the US imported 34% less OSB in the first half with a total of 2.453m (3.733m) m³. This figure breaks down into 1.210m m³ in the first quarter and 1.243m m³ in the second quarter. However, the value of these imports actually rose by 11% to US\$600.5m (540.6m) in the first half thanks to significant price hikes in recent months. Shipments from Canada fell a little more than overall imports with a 35% dive to 2.409m (3.720m) m³. □

Canada's OSB exports declined in April



(Photo credit: Louisiana-Pacific)

Canadian OSB exports plummeted again in April after edging higher in the first quarter of 2020. Updated figures from Statistics Canada, based in Ottawa, reveal that Canada had exported 414,130 m³ in January. The authority reported shipments of 408,933 m³ for February and 468,917 m³ for March. Canada shipped just 381,205 m³ of OSB abroad in April. With exports of 463,778 m³, May almost replicated the best month to date March. Statistics Canada reported OSB shipments of 447,372 m³ in June.

Shipments to Canada's main sales market, the US, tracked in line with overall exports in each month of the second quarter. A relatively weak April (360,500 m³) gave way to higher exports in May (428,891 m³) and June (414,785 m³). By contrast, the country's second-largest sales market Japan suffered a sharp fall in deliveries in June. Shipments were much lower than in April (15,216 m³) and May (20,985 m³) at 11,050 m³.

During the entire second quarter, Canada exported a total of 1.292m (April-June 2019: 2.093m) m³ of OSB, a 38.3% dive. The value of these exports still increased slightly to CAD444.1m (422.0m) thanks to price increases in the past few months, Statistics Canada said. Foreign shipments hardly altered compared with the first quarter (1.292m m³). Shipments to the US tumbled 39.9% in a year-on-year comparison to 1.204m (2.003m) m³, putting them roughly in line with the first quarter (1.205m m³). However, Statistics Canada reported growth in deliveries to Japan and South Korea both in a year-on-year comparison and compared with the first quarter. Japan was the destination for 47,251 (45,774) m³; the first quarter had been much weaker with deliveries of 32,869 m³. South Korea sourced 15,173 (13,361) m³ of OSB in Canada, up from just 11,388 m³ in the first three months. China ended up receiving slightly more than in the first quarter (16,318 m³) with deliveries of 17,686 (9,044) m³. Canadian exports to Vietnam dropped to 6,722 (8,898) m³. Vietnam (21,684 m³) had been well ahead of South Korea and China in the first three months. □

Germany imported more OSB in the second quarter

Altogether Germany imported 232,383 (April-June 2019: 209,523) m³ of OSB in the second quarter of 2020, 11% more than in the same stretch last year. According to preliminary foreign trade statistics from the German Federal Statistical Office, this was the first time since the third quarter of 2018 that year-on-year growth had been recorded (+21% to 210,459 m³).

2018 ended with an 11% growth to 848,346 m³ despite a small decrease in imports in the final three months (-2% to 190,706 m³). In 2019, each quarter ended with a downward slide in German OSB imports, leading to a 7% decline to 786,008 m³ for all 12 months. According to the revised figures, this trend initially continued to play out in the first three months of this year (-8% to 190,135 m³).

According to preliminary data, the second quarter's upturn was fuelled by higher shipments from almost all countries of origin. As in the first quarter, imports from the UK (-23% to 34,472 m³) alone were lower in a year-on-year comparison. The statistical authority reported appreciable growth in deliveries from Luxembourg (+51% to 36,803 m³) and Poland (+99% to 31,576 m³). Shipments from the Czech Republic (+15% to 110,265 m³) - Germany's largest supplier by some margin - did not increase as much. OSB imports from Hungary soared to 5,561 (193) m³ in the second quarter from a low underlying level.

Germany exported 11% less OSB than in the prior-year period with 115,632 (129,393) m³ sent abroad between April and June, according to preliminary figures. This decline has intensified again compared with previous quarters (Q4: -5% to 121,446 m³, Q1: -8% to 136,452 m³). Exports had edged 2% higher to 524,685 m³ in 2019 thanks to growth in the first three quarters.

The downturn recorded between April and June is once again primarily due to lower shipments to China (-45% to 10,659 m³). Exports to the UK (-83% to 1,409 m³) plummeted even more compared to the corresponding period in the preceding year. Germany's OSB industry also shipped less to the Netherlands (-8% to 16,133 m³) and Austria (-16% to 15,806 m³). Switzerland (+33% to 15,502 m³), Sweden (+50% to 14,462 m³), Poland (+35% to 10,182 m³) and Japan (+20% to 9,336 m³) sourced more German OSB during the reporting period. □

Louisiana-Pacific able to better utilise capacities

Louisiana-Pacific Corp., based in Nashville, Tennessee, has gradually increased capacity utilisation at its OSB and siding plants following significant production cutbacks in April. At the end of the second quarter, according to in-company information, the facilities have been running virtually at the ultimate

limits of their capacity, in July the OSB plants were utilising around 90% of their capacity.

In the OSB business division, under consideration of planned plant downtimes, a volume of around 900m sqft (basis 3/8") OSB is to be produced and sold in the current quarter. With reference to sales volume, the preceding year's figure of 984m sqft is expected to be missed by 8% according to Louisiana-Pacific. The comparative figure, however, also includes quantities of the Canadian OSB plant at Fort St. John, British Columbia (annual capacity: 800m sqft). This plant was closed down temporarily in August 2019. The plant operating under the name of Peace Valley produces 18% of the total capacity of all eight North American OSB sites, which is indicated at 4.515bn sqft. □

Latvijas Finieris increases use of lignin-based glues



(Photo credit: Latvijas Finieris)

Birch plywood manufacturer Latvijas Finieris AS, Riga, Latvia, intends to make around a quarter of its total production using lignin-based glues. Using the RIGA ECOlogical adhesive system, almost 50% of the phenol normally used can be replaced by lignin. According to Latvijas Finieris, birch plywood produced using RIGA ECOlogical has the same mechanical properties as conventionally glued products. Production commenced in summer 2019. The adhesive system will be used exclusively by Latvijas Finieris and, in future, will also not be available on the open market. The proportion of lignin is to be further increased in future; the long-term goal is to produce birch plywood without using fossil-based raw materials.

Latvijas Finieris has developed RIGA ECOlogical jointly with Stora Enso Oyj, Helsinki, Finland, since 2017. Industrial scale production trials began in early 2018, and the first test deliveries of birch plywood were made to plywood customers at the end of the year. RIGA ECOlogical is based on lignin products manufactured by Stora Enso and sold under the brand name Lineo. At the beginning of 2015, the company completed the installation of a lignoboost system at the pulp plant in Sunila, to recover lignin from the black liquor that accumulates during pulp production. Initially, the recovered lignin was primarily used for energy production in the company's own plant. After this, Stora Enso also began marketing lignin as raw material for various applications. The company indicated at that time that a possible application of Lineo - available in the qualities Lineo Prime and Lineo Classic, each as free-flowing powder and in block form - could be in the replacement of phenol in glues used to produce plywood, OSB and LVL. Stora Enso is currently investing around €10m in the construction of a pilot system, in which the dried lignin is to be further processed into carbon-based anode materials for the production of lithium-ion batteries. The commissioning of this system is currently planned for early 2021. □

Lumin aiming to enlarge capacity in Tacuarembó



(Photo credit: Lumin)

The plywood manufacturer Uruply S.A. – Lumin of Montevideo, Uruguay, wants to invest a total of around US\$30m in extending its Tacuarembó plant. A new production line is to be installed at the company's only production facility by the end of this year. The start-up planned for the first quarter of 2021 will raise the

works annual current capacity given as 270,000 m³ by 34,000-36,000 m³. The plywood assortment currently comprising six grades in thicknesses of 12, 15, and 18 mm and aimed primarily at the construction and packaging sector is to be widened at the same time. According to information from the company, the products made on the new plant in future will include higher-quality eucalyptus plywood in thicknesses of 5.5, 6, and 9 mm for applications in furniture production. The target markets include Europe in particular, where the products are to be marketed as a sustainable alternative to tropical plywood (tropical replacement panel).

Preparatory measures for installing the new equipment are currently underway in Tacuarembó. A new production hall has been built and the machine foundations completed. The first machinery deliveries are to arrive at the building site before the end of the current quarter. The company had placed the appropriate orders in autumn 2019. The suppliers of the main items of plant and machinery include the Finnish machine-engineering company, whose areas of responsibility include veneer production, drying, and placing. In contrast to the existing production line, which is geared to veneer thicknesses of 3.2-3.8 mm, thin veneers with thicknesses of 1.3-1.5 mm can be manufactured on the veneer peeling plants supplied by Raute.

According to Lumin, the Tacuarembó plywood works had last been producing around 250,000 m³ per year on a plant supplied by the former COE Newnes McGehee Inc. (CNMI) of Salmon Arm, British Columbia, and put into service in 2006. Roughly 95 % of this output is sold on export markets. Lumin also exports around 180,000 m³ of roundwood annually. The roundwood is supplied from the company's own plantation forest on a total area of 65,000 ha. When the new facilities are up and running, the company intends to start exporting veneers to regions such as the USA and Asia. From what the company says, another 34,000-36,000 m³/year is available for this in addition to the volumes required for producing plywood. □

CHH taking more restructuring measures



Marsden LVL plant

(Photo credit: ABB)

The forest group Carter Holt Harvey Ltd. (CHH) of Auckland, New Zealand, wants to considerably downscale the activities at its only LVL plant at the Marsden Point facility. According to consistent media reports, the measures announced on 18 May 2020 include cutting roughly half of the existing 325 jobs. The E tu union says the number of production personnel will even be reduced by around two thirds to 77. The appropriate talks with employees and unions are already underway. At the same time, the company is saying it cannot rule out a total closure of the facility.

Owing to the unprofitable export activities, the LVL business is to be oriented towards the domestic market in future. At present, approximately 70 % of the total output is shipped abroad, the main sales market being Australia. Besides the consistently strong New Zealand dollar in comparison to the Australian dollar, the LVL business has also been impaired by high raw-material cost in the past.

CHH has already implemented a variety of restructuring measures in the last few months. Most recently, the decision to close the Whangarei sawmill was made on 10 February following the announcement in mid-January. CHH permanently withdrew from particleboard production in April 2019 when it closed the Australian facility in Gympie, Queensland. Production at the Tumut works in New South Wales had already been discontinued at the end of February. The two particleboard works Mount Gambier in South Australia and Oberon in New South Wales had been sold to Borg Group Holdings Pty Ltd. of Somersby, New South Wales, previously at the beginning of 2018. □

Swiss Krono switching to masterboard

In the course of the expansion investment projects planned parallel to the ongoing business operations until the middle of 2021, Swiss Krono GmbH of Wittstock-Heiligengrabe, Germany, will be switching the continuous OSB plant originally put into operation in March 2001 to the production of large-format masterboards. After the continuous press, these masterboards will be transported as a large stack to a buffer storage depot from where they will be conveyed into a separate panel-sizing station in future. This machine will cut the large panels into the individual formats such as the timber-construction format 2.50 x 1.25 m or into source panels for profiling on the downstream tongue-and-groove units. This panel-sizing plant is to be set up over the summer months. The foundations are currently being cast in concrete and the roller tracks installed. The conversion from the current practice of cutting to size after the press to

producing masterboards is scheduled for a period of several days of standstill at the beginning of October 2020. Swiss Krono Group has so far been implementing the masterboard concept at the OSB works in Vásárosnamény, Hungary, that was opened in June 2016.

The switch to masterboard production is part of a larger conversion and expansion project decided on in December 2018 and designed to enlarge the annual capacity of the OSB plant in Wittstock by 150,000 m³ with a variety of individual measures from the present 450,000 m³ or so to approximately 600,000 m³. The measures are concentrated on the frontend and the sections upstream and downstream of the press. The frontend is among others to be equipped with a third strander. Swiss Krono has so far been using two stranders for OSB production in Wittstock-Heiligengrabe, both of which were

originally supplied by Pallmann Maschinenfabrik GmbH & Co. KG of Zweibrücken. There are no plans, however, for an extension of the 9 ft x 43.7m ContiRoll supplied by Siempelkamp Maschinen- und Anlagenbau GmbH of Krefeld, Germany, that had been designed for a capacity of around 400,000 m³ at the time it was put into service. The whole project is scheduled for completion by the middle of 2021.

Swiss Krono Group currently operates five OSB works in Wittstock-Heiligengrabe in Germany, Zary in Poland, Sully-sur-Loire in France, Vásárosnamény in Hungary, and Kamjanka-Buska in the Ukraine. An OSB plant is also to be added to the Russian facility in Scharija in the Kostroma region within the next two years. Over the last two months, Swiss Krono Group has placed the orders for the main components of the OSB plant geared to an annual capacity of around 600,000 m³. The start-up is meanwhile planned for 2022. □



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A few producers adding capacity – Others scaling back operations

Disparities within the insulation board industry have intensified

European wood-fibre insulation board manufacturers have experienced considerable changes in their positions over the past four years as a few producers were acquired by major building materials groups, several divestments took place in rapid succession, second-hand machinery was transferred to different locations and plans were drawn up to install additional production lines at existing or new locations.

A few companies have boosted their manufacturing capacity substantially by investing in new technology and/or replacing existing systems. In the recent past, these investments have almost exclusively taken place at manufacturers' present locations. Preliminary planning work is currently under way for at least three new insulation board sites. Conversely, several insulation board producers have scaled back their activities or have discontinued operations altogether. The vast majority of the lines that have been closed were acquired by other companies and used to raise capacity at their locations.

Steico SE, based in Feldkirchen, Germany, in particular, has acquired numerous second-hand lines, mainly moving them to its two Polish plants in Czarńków and

Czarń Woda. A flex line from a complex in Berga that Homanit Building Materials GmbH & Co. KG (HBM) shut down at the end of 2018 is currently being installed in Casteljalous, France. In a next step, Steico will install an LDF line in Casteljalous by the second half of 2021, which will combine used components with new technology. Another wet line for rigid insulation board will be installed in Czarń Woda next year. Steico purchased this line from a plant in Cham that Pavatex S.A., based in Fribourg, Switzerland, shut down at the end of May 2019. Steico had previously transferred two second-hand lines from France to Poland in 2018 and 2019. In Czarńków, the company commissioned a dry line to make flexible insulation mats in spring 2018, which was built using a variety of components purchased from the insolvency assets of Homatherm France S.A.S., headquartered in Chamouilly, St. Dizier. Steico had started up a wet line relocated from its own site in Casteljalous in Czarń Woda in the second quarter of 2019. Steico is mulling over whether to undertake its next expansion steps at a new site in Europe. An investment decision is to be taken before the year's end. In a first such step, the Kronotherm insulation mat line and a flex line purchased from Actis S.A., based in Limoux, France, might be used at this site.

Plans drawn up by Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG, based in Waldshut-Tiengen, Germany, to create a new insulation board facility in the Breisgau industrial park around 20 km south-west of Freiburg are at a more advanced stage. The company has bought a piece of land around 80,000 m² in size there and has applied for permits for the new plant. Construction work is slated to get under way before the year's end, with commissioning scheduled for some time in 2022. Holzwerk Gebr. Schneider GmbH, headquartered in Eberhardzell, Germany, is also on the hunt for a new site where it can install a new insulation board line after plans to expand its headquarters were dashed. Two locations in Central Europe are now on the short list, one of them in Austria. If all goes as planned, a new facility making both pressure-resilient board and flexible mats in the medium term could start operating during 2023. The Norwegian firm Hunton Fiber AS, based in Gjøvik, commissioned a new line to make flexible insulation mats around 5 km away from its current insulation board plant during 2018.

However, several divestments have also happened in Europe's insulation board industry in recent years. Suomen Kuitulevy Oy or Finnish Fibreboard Ltd. (Pihlava, Finland), Smrecina Hofatex a.s. (Banská Bystrica, Slovakia) and Actis had ceased operations in 2013 and 2014. HBM had abandoned its plant in St. Dizier, France in June 2015 and its headquarters in Berga at the end of 2018. Pavatex had closed its Swiss facilities in Fribourg and Cham in December 2014 and May 2019, respectively. Owned by the French group Soprema S.A.S., headquartered in Strasbourg, since May 2016, the firm now only operates a plant in Golbey, France that was commissioned in April 2013. At the end of 2019, Swiss Krono Group shut down the Kronotherm insulation mat production facility in Wittstock-Heiligengrabe, which had been active since the first half of 2005. □

Europe: Production capacities for insulation board

1,000 m ³ /year	2017	Rigid 2018	2019	2017	Flex 2018	2019
Germany	1,010	1,010	770	950	950	450
Estonia	110	110	110	0	0	0
France	640	640	640	500	600	600
Norway	150	150	150	0	0	720
Poland	1,300	1,300	1,740	750	750	750
Switzerland	290	290	0	0	0	0
Total	3,500	3,500	3,410	2,200	2,300	2,520

Source: EPF



ENERGY

New insulation mat line in Casteljalous will increase capacity to 900,000 m³

Steico to install two more insulation panel lines in Poland and France

The insulation panel and LVL manufacturer Steico SE, based in Feldkirchen, Germany, is set to install two new lines to make pressure-resistant wood-fibre insulation panels at its locations in Czarna Woda (Poland) and Casteljalous (France) in the coming year.

Steico will in part use second-hand technology in the two projects. The Czarna Woda facility will gain a wet line that Steico acquired from a plant in Cham run by Pavatex S.A., based in Fribourg, Switzerland, at the end of May 2019. Dismantling work has already begun in Cham. As part of the transfer process, its spectrum of product thicknesses will narrow from 8 mm to 3 mm. With an annual capacity of about 135,000 m³, the line is slated for commissioning at the start of 2022.

On the other hand, the insulation panel line in Casteljalous will be designed as an LDF line. Second-hand components will be used for shredding and drying. The site still has a refiner, which was placed upstream of the wet line transferred to Czarna Woda

in 2018. The flash tube dryer will be taken from an insulation mat line that Steico bought from Swiss Krono GmbH, headquartered in Wittstock-Heiligengrabe, Germany, at the end of 2019. Steico will build the calibrating unit itself. Commissioning is set to happen in the second half of 2021. The subsequent ramp-up period will boost capacity to around 200,000 m³.

Steico has also installed a second line to make flexible insulation mats in Casteljalous over the past few months. The project, which was approved by Steico's administrative board in mid-March 2019, involved a line acquired from Homanit Building Materials GmbH & Co. KG (HBM), based in Berga, in summer 2019 and modernised as part of the transfer process. For instance, the existing heat system involving heat exchangers will switch to direct heating. Along with the flex line, Steico also purchased the refiner and dryer from HBM. These two pieces of technology are to be transferred to the Polish facility in Czarnków where they will be used in a separate production line for wood-fibre blow-in insulation. This cavity

insulation has so far been made using two flex lines in Czarnków.

The old Homatherm line is roughly twice as wide as the existing flex production line in Casteljalous, which currently has an annual output of 25,000 t or about 450,000 m³. Originally slated to happen in the second quarter, the commissioning of the new line has been delayed by the pandemic. Steico presently thinks that it will be able to start manufacturing until autumn. The two flex lines in Casteljalous are initially supplied using a refiner and a flash-tube dryer each via a joint front end. The site will be able to produce up to 46,000 t or 900,000 m³ of flexible insulation mats each year as a result. The installation of a second refiner and dryer at a later date is to boost capacity again in the medium term.

Since completing the process of transferring the wet line from Casteljalous in the second quarter of 2019, Steico runs three wet lines for making insulation panels in Czarna Woda. The Czarnków site has four wet lines for stable insulation panels and five lines using the dry process. Two of the dry lines make stable insulation panels, with the three others producing flexible insulation mats and wood-fibre blow-in insulation. At the moment, Steico only operates a dry line for flexible insulation mats in Casteljalous.

Even after wrapping up the replacement projects now planned in Castaljalous and Czarna Woda, Steico will have additional pieces of second-hand technology left for future projects that it acquired after other insulation panel manufacturers went out of business. The Kronotherm insulation mat line and a flex line purchased from Actis S.A., based in Limoux, France, might be installed at a new location in Europe. An investment decision of this kind is to be made before the end of 2020. Steico has also been exploring opportunities to expand the Czarnków plant by adding an LVL line. □



Steico is relocating the Pavatex line from Cham to Czarna Woda.

(Photo credit: Pavatex)

Land purchased on Breisgau commercial estate / Production to start in 2022

Gutex wants to invest in second facility near Freiburg

The insulation-panel manufacturer Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG of Waldshut-Tiengen, Germany, is planning to build a second plant roughly 20 km southwest of Freiburg.

For the project, the company has purchased a roughly 80,000 m² plot of land on the Breisgau commercial estate near Eschbach that emerged from the former Bremgarten military airport. The applications for planning permission for the new insulation-board works have meanwhile been submitted as well. Construction work is expected to begin before the end of this year. This would enable the facility to open for business during the course of 2022. Part of Gutex' intention behind the investment on the Breisgau commercial estate is to work the French market more intensively. In the last few years, the company had repeatedly sounded out the options for setting up a second facility. Preliminary talks on taking over the Nidda MDF/HDF works, closed down only a few months earlier, were conducted with the former Pfleiderer AG of Neumarkt in connection with this in autumn 2011.

Gutex currently only produces at its headquarters in Waldshut-Tiengen. The new and expansion investment measures carried out over the last few years have completely exhausted the useable areas at this location, however. The wet plant was built in 1994 and then enlarged in 2000 by extending the dryer. Gutex had put a dry-process production line for pressure-resistant insulation panels into operation in February 2006. The plant supplied by Siempelkamp Maschinen- und Anlagenbau GmbH and the affiliated company Büttner Energie- und Trocknungstechnik GmbH was geared to a production capacity of around 1,320 m³/day or approximately 430,000 m³/year at that time. This was followed in 2016 by investment in a pro-



Production site in Waldshut-Tiengen

(Photo credit: Gutex)

duction line for flexible insulation mats that had formerly been obtained from another manufacturer as merchandise.

This makes the company the only Western European insulation-panel manufacturer to produce wet-laid insulation panels as well as pressure-resistant panels and dry-laid flexible mats at a single facility. The total of three production lines meanwhile enable Gutex to achieve an annual production volume of approximately 700,000 m³. The number of employees is given as around 200. Pressure-resistant panels are available under brand names such as "Multitherm", "Ultratherm", "Thermowall", "Thermosafe", "Thermoroom" and "Thermofloor". The flexible insulation mats are marketed under the name of "Thermoflex". The most recent business figures were published for 2016. According to information from the Federal Gazette, the company had generated sales revenue of €54.4m (52.6m) with 161 (2015: 150) employees at that time; profit for the year was increased by more than half to €3.5m (2.3m).

Gutex' planned construction of the new insulation-panel works is one of the last big projects on the Breisgau commercial estate where a total of around 210 companies with more than 2,700 employees have settled since the end of the 90s. A number of smaller-scale companies in the wood sector have also invested there, such as JEP Hardwood Flooring GmbH, Hamann Holzbau GmbH, Steko Holz Bausysteme GmbH, and Fenster Breisgau GmbH, founded in 2012 as a subsidiary of Fenster Fabrik Albisrieden AG of Zürich, Switzerland.

Breisgau commercial estate, covering a total of 150 ha, says its characteristic features are its location in the centre of Europe and good traffic links. The Hartheim/Heitersheim/Gewerbepark Breisgau exit of the A5 motorway is only a few kilometres away. Breisgau commercial estate has its own rail link; transport by inland waterway vessel is possible via the Rhine port of Breisach. A major logistics group in the form of Dachser SE has also settled over the last year. □

Tafisa Canada modernising press



(Photo credit: Tafisa Canada)

The Canadian particleboard producer Tafisa Canada Inc., a subsidiary of Sonae Industria SGPS S.A., based in Maia, Portugal, completely modernised the continuous press at line 1 at its Lac-Mégantic mill in Québec during a stoppage lasting around two months. The rebuilding project carried out by Siempelkamp Logistics & Service GmbH, based in Bad Kreuznach, Germany, launched in February 2020. The line managed to resume operations in mid-April in spite of restrictions associated with the Covid-19 pandemic. The company installed a new press in-feed and new heating plates during the rebuilding project. Its hydraulics and a majority of the electrical and mechanical components were also replaced. The only component to be retained was the press frame from the press commissioned in 1992. Before rebuilding the press, Tafisa had already installed new separators and additional extraction systems in the front end of line 1. These steps aim to improve board quality and increase the plant's capacity. According to Tafisa Canada, a total of CAD23m or €19.4m has been invested in modernising line 1.

Its parent firm Sonae Industria listed its first-half investments in Lac-Mégantic at €14.2m in its interim report for the first six months of 2020, which was published at the end of July. Besides modernising the press, this figure also includes the first investments in ongoing work to install a new high-gloss system that is to be commissioned during the second half of the year. In previous financial years, Sonae Industria had already made the majority of its investments in the Canadian particleboard mill. In 2019, Sonae Industria invested a total of €17.3m, €16.5m of it in Lac-Mégantic. Total annual investments

stood at approximately €10m from 2015 to 2018. Some €9.5m of the €10.6m spent in 2018 went on the Canadian mill. Investments in Lac-Mégantic were not listed separately between 2015 and 2017; total investments stood at €9.9m in 2015, €8.3m in 2016 and €11.3m in 2017.

With two production lines, the Lac-Mégantic particleboard mill currently has an annual capacity of some 900,000 m³. Five short-cycle presses laminate raw board there. The new line commissioned in May 2016 can also press board with synchronised pores on both sides. Since the end of August 2018, Tafisa Canada has also sold HPL with matching decors and grain, which are sourced by Sonae Industria's subsidiary Sonae Industria de Revestimentos S.A. (SIR), based in Maia. □

Duratex reports outperforming the market



(Photo credit: Duratex)

The Brazilian firm Duratex S.A., headquartered in São Paulo, believes that its Wood division fared a little better than the market as a whole in the second quarter of 2020. Wood-based panel sales slipped by 18.0% to 499,831 (April-June 2019: 609,652) m³. Raw board sales dropped by 17.2% to 301,829 (364,714) m³, and did not suffer quite as much as laminated board sales, which were 19.2% lower at 198,002 (244,938) m³.

Duratex's average sales prices declined by 3.5% to BRL1,111 (1,151) per m³. This factor, combined with much weaker sales and slight shifts in its product mix, paved the way for a 20.9% reduction in revenues to BRL555.3m (701.8m). Brazilian business was down 17.5% at

BRL423.5m (513.0m). By contrast, foreign activities saw revenues subside a little more, diving by 30.2% to BRL131.8m (188.8m). An upturn in exports to North America and Asia was nowhere near enough to make up for lower deliveries within Latin America as a result of the pandemic.

The shutdown of all production activities in April fostered a 3.2% growth in cash costs to BRL752 (728) per m³. Conversely, distribution costs fell by 6.3% to BRL91.1m (97.3m). Nevertheless, earnings decreased much more than revenues. Adjusted EBITDA tumbled by 49.4% to BRL70.3m (138.9m), resulting in a 12.7 (19.8) % margin. Operating profits plummeted by 77.1% to BRL24.0m (104.4m). □

Rushil Décor: Launch of new MDF plant delayed

The effects of the corona crisis have to date prevented the launch of the new MDF plant of Rushil Décor Ltd., Ahmedabad, Gujarat, originally planned for April 2020. Installation of the complete plant, supplied by Siempelkamp Maschinen- und Anlagenbau GmbH and designed to have an annual capacity of 240,000m³, was interrupted by the lockdown ordered by the Indian authorities on 25 March. Although the lockdown was extended until the end of June, the installers were able to return to the construction site from mid-April. Since then, the installation work has continued on a restricted basis in compliance with the work regulations issued to contain the virus. However, a strict entry ban is still in force for India. Since the technicians required to launch the plant are currently unable to acquire visas, Rushil Décor has postponed commencement of commercial production indefinitely.

Production at the existing MDF site in Chikkamagaluru (Karnataka) and in the three laminate plants in the state of Gujarat is also running to a limited extent only. As with the construction of the new MDF plant, all facilities were temporarily closed on 23 March. From

mid-April to the beginning of May, they were gradually made operational again. With a reduced workforce, however, production has so far been significantly below normal levels in each case. The MDF plant is designed for an annual production capacity of 90,000m³. The laminate plants have a total annual capacity of 3.5m panels. Rushil Décor assumes that laminate sales, which came to a complete standstill in April, will only begin to normalise again over the next three months. □

Centuryply postpones wood-based panels project



(Photo credit: Centuryply)

Indian National Green Tribunal (NGT) has revoked all provisional licences for timber processing businesses issued by the state of Uttar Pradesh in recent months. Also affected by this decision was the green field project of the wood-based panels and laminate manufacturer Century Plyboards Ltd. (Centuryply), Kolkata, West Bengal. Centuryply intends to build a particleboard and MDF plant in the Northern Indian state which, according to current plans, is designed with a daily production capacity of 900m³ particleboard and 600m³ MDF. Following the decision of the NGT, however, the investment project has been provisionally suspended.

NGT's reason for the decision, which was published in mid-February, was an insufficient availability of roundwood for the ongoing projects of the timber processing industry in Uttar Pradesh. The state government had announced licences for up to 1,350 new businesses in March 2019. By December, 1,215 projects had been submitted to the NGT, the majority of which involved sawmills

and plywood plants. In addition, a total of three particleboard plants and six integrated particleboard and MDF/HDF sites were to be established. In this connection, the NGT requested a detailed survey of roundwood volumes available for industrial production in the individual districts of the state, as well as the capacities of all 6,686 timber processing businesses planned or already existing in 2019. The available data based on estimates were rejected as unrealistic. □

New lines in Turkey will start in February

Two new lines to make wood-based panels are currently being installed in Turkey. Both of them are set to make their first piece of board in February 2021. Camsan Ordu Ağaç Sanayi ve Ticaret A.Ş., based in Ordu, is installing a new MDF/HDF line at its Ordu headquarters. The main machinery orders had already been placed in the first quarter of 2019. Dieffenbacher GmbH Maschinen- und Anlagenbau delivered the dryer, the forming and press line with a CPS+ in dimensions of 8 ft x 38 m and final assembly systems. The EVO 64 refiner is being provided by Valmet Oyj, while Imeas S.p.A. is delivering the sander.

Kastamonu Entegre Ağaç San. ve Tic. A.Ş., headquartered in Istanbul, has been assembling a continuous forming and press line with a 7 ft x 37.1 m ContiRoll delivered by Siempelkamp Maschinen- und Anlagenbau GmbH at a plant in Samsun since the end of July. The new technology is replacing an existing multi-opening press. At the same time, some areas of the front end and downstream processing systems are being expanded. The Belgian firm Vyncke Energietechnik N.V. is supplying the energy generation system. Kontra Anlagentechnik GmbH is delivering the panel storage system and sanding line. The sanding machine is being made available by Steinemann Technology AG. A short-cycle press from Wemhöner Surface Technologies GmbH & Co. KG is also planned. □

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Kastamonu performing modernisation project



(Photo credit: Kastamonu)

The Turkish wood-based panel and building product manufacturer Kastamonu Entegre Agac San. ve Tic. A.S., based in Istanbul, awarded the Siempelkamp subsidiary Siempelkamp Logistics & Service GmbH (SLS) a contract to modernise its MDF/HDF line in Kastamonu in July 2020. Starting at the end of 2020, a 7 ft x 55.3 m continuous press with a designed annual capacity of 360,000 m³ that Siempelkamp Maschinen- und Anlagenbau GmbH delivered in 2007 will gain a light board package. This will allow the customer to manufacture lightweight MDF with raw densities as low as 500 kg/m³.

According to a press release issued by Siempelkamp on 17 August, the ContiRoll press in the calibration area will also gain an additional cylinder track with track control for individual cylinders. In combination with the Sico Master Gauge measuring frame, also installed in the calibration area of the press, this upgrade will minimise raw board tolerances and thus further reduce sand-off in raw board production as well as raw material use and costs. The measuring frame, which encloses the two hot platens, will be installed on the foundation so that the lower and upper hot platen positions can be measured at the same time regardless of any mechanical expansion within the frame, Siempelkamp noted.

Since the end of July, Siempelkamp has also been assembling a forming and press line delivered to Kastamonu's particleboard mill in Samsun as part of a replacement project. This technology is slated for commissioning at the start of 2021. In addition to cooling and stacking technology, five knife-ring flakers from Pallmann Maschinenfabrik GmbH & Co.

KG will also be delivered by Siempelkamp, according to the recent press release. One knife-ring flaker will be used for dry particle preparation, with two MicroFlakers and MacroFlakers each used in the wet particle area. Pallmann will also deliver an automatic setting and knife-ring grinding robot from Pallmann to sharpen blunt knives.

The old particleboard line in Kastamonu was originally supposed to be modernised alongside the replacement project in Samsun. Equipped with a seven-opening press and delivered by Siempelkamp in 1975, this line has a capacity of roughly 220,000 m³. Kastamonu ultimately decided not to pursue both projects at the same time during preparatory planning work. The MDF/HDF line in Kastamonu is now being modernised instead. □

Medite Smartply reports drop in revenues

The Irish public forestry authority Coillte Teoranta, based in Newtonmountkenedy, has announced that its Medite Smartply division generated revenues of €207.4m (2018: 211.3m) last year. This 2% decrease compared with 2018 marked the first time since 2009 (-19% to €116.6m) that the company suffered a downturn in revenues. In 2010, revenues initially rose by 25%. The next few years then brought growth in the low to middle single-digit percentage range. 2018 ended with another double-digit percentage increase (+12%) on the back of higher average prices for MDF (+11%) and OSB (+27%). However, falling prices, especially in the second half of the year, made a dent into revenues in 2019. By the end of the year, MDF and OSB prices had tumbled by 15-20% compared with the peak seen in the first quarter.

In terms of the different sales markets, British operations had to contend with an 8% reduction in revenues to €127.8m (139.7m), primarily because of uncertainty surrounding Brexit. A similar downturn was reported for Ireland (-6% to €26.1m). Coillte also adjusted the previous year's figures compared with what was originally

reported. In this vein, British revenues were €9.9m higher than initially reported for 2018. Conversely, Irish revenues for 2018 were trimmed by the same amount. The losses on these two sales markets were only partly erased by a 17% growth in revenues to €53.5m (45.9m) in the rest of the world region in the 2019 financial year.

Coillte's total revenues dipped 1% to €327.4m (330.4m) last year. Although EBITDA declined by 11% to €102.8m (115.0m), it was still above the €100m mark that had been passed for the first time in the previous year. □

Kronospan group suing NGO Ecoclub for libel

The investment project for building a new particleboard and OSB works at the Ukrainian Gorodok facility in the Rivne region announced by the Kronospan group in July 2019 has sparked relatively heated public debate. Recently, one of the main bones of contention has been the environmental impact assessment (EIA) produced by Kronospan in the second half of 2019 and which has meanwhile been approved by the local authorities. Over the last few months, the NGO Ecoclub has repeatedly raised objections to the Kronospan project and the environmental impact assessment. According to Kronospan, the NGO partly misconstrued the argument and repeatedly rejected offers of talks from Kronospan. Owing to the partly incorrect allegations maintained nonetheless, Technoprivod Invest Group LLC (TIG), founded by Kronospan specifically for the project, sued the NGO Ecoclub for libel in February 2020, partly to get the NGO to refrain from public attacks on the plant based on unproven allegations. Several delays arose in the further course of the proceedings, however, such as scheduled hearings having to be postponed due to restrictions imposed by the corona crisis.

In a statement on the action given in April, Kronospan described the chronological sequence of the EIA proceedings, listing the offers of talks made to Ecoclub and other interested parties. At the end of

September 2019, TIG had organised a guided tour in the Novovolynsk works that had had an OSB plant added to it a year earlier. This was followed by a tour of the Polish Kronospan works in Szczecinek and Mielec on 10 February. Ecoclub declined the invitation on both occasions.

Over the next three years and at an investment cost equivalent to approximately 200m €, TIG wants to set up a particleboard and OSB works on an existing industrial site in Gorodok that used to accommodate a foundry and a tractor factory. Production facilities from the Bischweier works, disassembled during the last few months, are to be included in the facilities installed at the particleboard works. Kronospan had commenced initial talks for the Gorodok project with the Ukrainian investment agency InvestInRivne in February 2018, which were then concluded with the signing of a letter of intent at the beginning of 2019. According to a release issued at that time, production is scheduled to begin during the course of 2021. □

Kronospan Sanem intends to become CO₂ neutral



PV system in Sanem

(Photo credit: Kronospan)

The Kronospan Group will install a photovoltaic system with a total area of approximately 30,000m² on the building roofs of the MDF/HDF and OSB (oriented strand board) plant in Sanem, Luxembourg, which operates under the name Kronospan Luxembourg S.A. thereby producing electricity for more than 1,100 households. The system, designed to have a maximum output of 5,000kWp, is expected to be operational by the beginning of 2021 and achieve an electrical output of 4,550 MWh/year. Kronospan

participated in the 2019/2020 Luxembourg tender for solar energy and was awarded the contract for the project. Meanwhile, Kronospan has given the contract for development of the photovoltaic system to Avantag Energy S.à.r.l., Merttert, Luxembourg, who will cooperate on the project with Siemens AG.

With the installation of the photovoltaic system, Kronospan wants the Sanem plant to also be CO₂ neutral in the electrical energy sector. This goal was already achieved in the thermal energy sector with the development of two biomass power stations commissioned in April 2017 and June 2019. The first cogeneration plant built under the project title Ecogen is designed to have a total output capacity of 40 MW, divided into 8 MW electrical and 32 MW thermal. The second biomass power station is triple the size with a total output capacity of 125 MW. Of that, 20 MW is used for power production and 105 MW for heat production. The thermal energy produced in the cogeneration plants is used, for example, to operate the belt dryers installed as part of the replacement of the former OSB multi-opening press line with a continuous press line, completed in November 2018.

The Kronospan Group intends to further expand its activities in the regenerative energy sector in the coming years. So far the company has two wind parks, in Scotland and Germany. There is already a photovoltaic system at the Italian laminating site San Vito al Tagliamento. The installation of comparable systems in other Kronospan plants, such as Lampertswalde, is currently being considered. □

Potential investor found for Kronospan site

An investor has apparently signalled its interest in a site around 20 ha in size where the Kronospan particleboard mill in Bischweier used to stand in a bidding process handled by the Munich branch of the property services provider Jones Lang LaSalle Inc., based in Chicago, Illinois. According to the regional newspaper

BNN, this potential investor and Kronospan are set to present their plan at a non-public meeting of the Bischweier local council. The interested party does not want to come forward before then. At a meeting on 18 June, the local council had adopted a development plan for a new land-use plan that is to determine arrangements for potential subsequent uses.

Kronospan had shut its particleboard mill in Bischweier indefinitely in the first quarter of 2011. During the stoppage, its environmental permit was extended twice. When the final extension lapsed, this permit expired on 28 February 2020. At the start of June 2014, Kronospan had also asked the Karlsruhe Regional Council to change its environmental permit to allow the particleboard mill to add a waste wood recycling line ('green efficiency project'). At the end of August 2019, the group had informed the Karlsruhe Regional Council of plans to shut down part of the Bischweier particleboard mill and dismantle the raw particleboard line. The machinery was then dismantled between October and the end of April. □

Sharp decline registered in Sonae Arauco's results

In its business year 2019, sales revenue and the key performance figures of the wood-based panel joint venture Sonae Arauco S.A. of Madrid, Spain, were all lower than those for the previous year. According to the Sonae Arauco business figures summarised in the annual report of the joint-venture partner Sonae Industria SGPS S.A. of Maia, Portugal, published at the end of April, sales revenue was 4.4% down at €758.7m (2018: 793.3m). Due in part to lower raw-material costs, the cost of sales was reduced by 11.1% to €362.0m (407.0m). Personnel costs, however, increased slightly to €133.1m (129.4m); depreciation and amortisation were also higher than a year earlier at €49.1m (44.1m). The value adjustments, on the other hand, were reduced to €3.5m (9.0m) even though further reserves had to be formed for the final termination of production at the Horn-Bad Meinberg facility scheduled by the end of 2020.

In spite of the overall reduction achieved in costs, the key performance fell considerably more sharply than sales revenue. The operating result dropped by 72.0% to €18.7m (66.7m). Net financial expenses were reduced to €18.4m (22.1m); the result contributions from joint ventures were just about back into the black at €24,391 (-17.5m). The net result from continued activities only amounted to a fraction of the previous year's figure at €2.6m (30.4m). The total net result fell even more heavily to €1.0m (25.0m).

The pronounced decline in the results is mainly attributable to the considerably lower other income at €28.0m (75.9m). This item primarily includes the insurance payments for the damage from forest fires and production interruptions that occurred at the Mangualde and Oliveira works in Portugal in autumn 2017. Sonae Industria's business report show that these insurance benefits paid out until last year amounted to €76.4m, €16.9m of which was posted in 2017, €56.1m in 2018, and €3.4m last year. □

Sonae Arauco makes first board at Beeskow mill



Beeskow plant

(Photo credit: Sonae Arauco)

Sonae Arauco Deutschland GmbH, based in Meppen, Germany, made the first piece of particleboard using a new line at its Beeskow mill on 7 July. Subsequent work to optimise the different areas will continue throughout the third quarter. Regular production is to get under way during August. The project will thus be wrapped up around one year later than originally planned. When the project was announced in spring 2018, Sonae Arauco had set its sights on commissioning in autumn 2019. However, delays in construction work subsequently materialised. Mechanical

installation of the forming and press line delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau was largely completed by the middle of January 2020. Subsequent work to install front end and final assembly technology and electrical system assembly was hampered by restrictions on using assembly staff from other countries associated with the pandemic. The new continuous production line will replace two single-opening presses that Sonae Arauco idled at the end of April. Orders previously handled in Beeskow were subsequently processed using the Nettgau particleboard mill. Capacity utilisation in Nettgau has improved in recent weeks as a result of this transfer, allowing the mill to operate without major stoppages in May and June, too.

Sonae Arauco S.A., based in Madrid, had authorised the replacement project in Beeskow during the second quarter of 2018. The forming and press line with a 9 ft x 42 m CPS+ and final assembly systems were ordered from Dieffenbacher a short time later. Imal-Pal s.r.l. had received the contract for the gluing systems. Just a few upgrades were initially planned to its particle preparation systems. SGS Industrial Services GmbH performed assembly work. The project, which Sonae Arauco earlier said had entailed a €53m investment, will boost particleboard capacity in Beeskow from 312,000 m³ to roughly 375,000 m³ per year. A second phase of the investment project, which involves upgrading the front end and drying systems, is to increase capacity to around 600,000 m³ at a later date. □

Efanor planning to boost its stake in Sonae Industria

Efanor Investimentos SGPS S.A., an investment firm controlled by the Azevedo family, made a voluntary takeover offer for all outstanding shares in Sonae Industria SGPS S.A., based in Maia, Portugal, on 31 July. With 31.150m shares in Sonae Industria, Efanor currently has a 68.61% stake; the other 31.39% is in free float. Efanor Investimentos has also been involved in refinancing Sonae Industria's debts on multiple occasions.

By making the takeover offer, Efanor Investimentos hopes to boost its shareholding to over 90% and subsequently delist Sonae Industria from the stock exchange. This goal is to be reached by offering substantial premiums over the current share price and the average of the past six months. The offered price of €1.14 per share is 77.0% higher than the closing price on 30 July (€0.64). Efanor is offering a premium of 68.4% over the €0.68 average share price over the past six months.

The Covid-19 pandemic elicited a substantial drop in Sonae Industria's second-quarter revenues compared with the first three months of 2020 and the prior-year period. Consolidated revenues were €19.0m or 31.8% lower in a year-on-year comparison at €40.6m (April-June 2019: 59.6m). April was the worst month with a 44% decrease; May (-34%) was only slightly better. All of the markets served by Sonae Industria showed slight signs of recovering in June, but revenues were still 16% lower than in the second quarter of last year. Revenues were €13.7m or 25.2% lower than the first quarter's sum of €54.3m.

Earnings fared even worse. EBITDA was 37.6% lower in a year-on-year comparison at €4.9m (7.9m); Recurrent EBITDA tumbled by 39.7% to €5.0m (8.3m), translating into a 12.3 (13.9) % margin. Operating profits were just barely in the black at €0.4m (4.0m). The joint venture Sonae Arauco S.A., in which Sonae Industria owns a 50% stake, turned in an even weaker performance in the second quarter. Consequently, Sonae Industria booked a clearly negative contribution to earnings from joint ventures at -€3.4m (+1.9m). As a result, the group posted a pre-tax loss of -€5.5m (+3.0m) and a net loss of -€6.0m (+1.2m). Its operating results had been a little better in the first quarter than in the next three months. Total EBITDA and recurrent EBITDA both stood at €5.3m. At 9.8%, the margin was just barely in the single digits because revenues were still higher at that time. Sonae Industria had recorded an operating profit of €1.3m, but a pre-tax loss of €1.3m and a net loss of €1.2m in the first three months. □



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Group revenues held steady at €917m last year / Investments increased to €123m

Finsa set to close MDF mill in French town of Morcenx by the end of 2020

On 22 July, the Spanish wood-based panel manufacturer Financiera Maderera S.A. (Finsa), based in Santiago de Compostela, informed staff at its MDF mill in the South-Western French town of Morcenx that it is planning to cease production there by the end of 2020.

At the same time, the company entered into the required consultations with trade union representatives to negotiate a redundancy package and settlement of interests for the 70 or so directly affected workers.

The firm said that it is planning to close the mill, which is already more than 30 years old, because it is not competitive enough. With a multi-opening press, it has a designed annual capacity of roughly 150,000 m³, although it was no longer running at full steam in recent years. Along with outdated technology, excessively high wood costs in the Landes department/Nouvelle-Aquitaine region played a part in its profitability issues. These problems have been exacerbated by the coronavirus crisis in recent months.

Finsa still plans to retain the site in Morcenx, which is part of Finsa France S.A.S., even after it stops making MDF. One option might involve building a distribution warehouse for the French market, although no firm decisions have been made to date. Buyers currently served from Morcenx are to receive deliveries from Finsa mills in Spain and Portugal after its closure; strategies for this approach are currently being drafted.

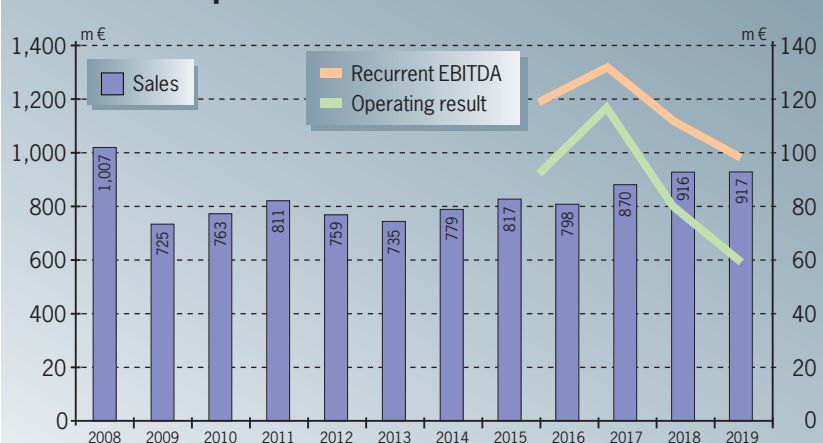
The Morcenx mill solely makes raw MDF using a 16-opening press in a 2,200 x 4,400 mm format that was originally delivered by Pagnoni Impianti s.r.l., based in Aicurzio, Italy. It primarily makes standard medium-density board sold mainly to retail customers in France and Italy under the Mediland brand. Distribution partly takes place using Finsa's sales office in Saint-Avertin near Tours. Unlike other Finsa distribution entities, this office does not have its own warehouse. To a lesser degree, Morcenx also makes speciality MDF products sold throughout Europe by Finsa's sales network.

Built in 1989 by the company then known as MDF Aquitaine S.A., the Morcenx mill was acquired by the US firm Willamette Industries Inc. based in Portland, Oregon, in March 1998. In June 1999, Willamette also acquired the particle-board producer Darbo S.A.S., based in Linxe, which is located just 50 km away. After Willamette was integrated into Weyerhaeuser Co., headquartered in Federal Way, Washington, at the start of 2002, the two mills were sold to Finsa in the fourth quarter of 2005. Finsa subsequently sold on the particle-board mill, which changed its name from Weyerhaeuser Darbo S.A.S. to Darbo S.A.S., to Sonae Industria SGPS S.A., headquartered in Maia, Portugal, at the end of September 2006. However, the company formerly known as Weyerhaeuser Mediland S.A.S. continued to operate via Finsa France.

According to its latest annual report, Finsa France S.A.S., which is based at the site of the MDF mill, generated revenues of €62.4m (2018: 71.2m) in the 2019 financial year, an 11.1% downturn compared with 2018. Total revenues comprised 75.8% from France, 14.3% from Italy, 7.6% from Spain and 2.3% from other markets. Some €34.0m (39.1m) or 13.0% less was generated by selling MDF made in Morcenx, making a contribution to profits of €20.0m (23.1m). Revenues from selling commodities, principally wood-based panels delivered from other Finsa mills, fell 9.0% to €28.3m (31.1m) last year. Since internal transfer prices of €35.6m (37.2m) were booked for these products, according to the annual report, its trading business booked a negative margin of -€7.3m (-6.1m).

After barely booking a total operating profit in 2018, the company recorded a total operating loss of €2.0m (+0.6m) in 2019; its financial loss was listed at

Finsa: Development of financial results



Source: EUWID, according to information from Finsa

-€0.4m (-0.5m). Consequently, Finsa France booked a net loss of -€1.7m (+0.3m) last year. Finsa France S.A.S., which is managed by Thierry Sanguina and consolidated in Finsa's consolidated financial statements via Finsa France Holding S.A.S., employed 101 people in the 2019 financial year.

The Finsa group will have just one production facility left in France, an adhesive resin plant in Ambarès-et-Lagrave doing business as Foresa France S.A.S., following the planned closure of the Morcenx MDF mill. This mill makes products for both Finsa and external buyers. The Foresa unit, which specialises in making formaldehyde and resin, has two other plants: Foresa Indústrias Químicas del Noroeste S.A.U. in Caldas de Reis, Spain and Foresa Bresfor Indústria do Formol S.A. in Gafanha da Nazaré, Portugal.

Its parent group Financiera Maderera S.A. still operates five wood-based panel mills at its Santiago de Compostela headquarters and in Teruel-Cella (Finsa Cella), Rábade (Finsa Fibranor), Ourense (Finsa Orember) and Padrón (Finsa Padrón). Portuguese wood-based panel production has been concentrated at Luso Finsa Indústria e Comercio de Madeiras S.A., headquartered in Nelas, in recent years.

Finsa also still holds a 40% stake in the decor printer Decotec Printing S.A.U., based in Tordera; a majority stake was handed over to the Japanese printing group Toppan Printing Co. Ltd., based in Tokyo, in the middle of 2017. Finsa also runs its own sales branches in several countries, such as the Netherlands (Finsa B.V., Vlissingen), the UK (Finsa UK Ltd., Merseyside), Ireland (Finsa Forest Products Co. Ltd., Scarriff), Italy (Finsa Italia s.r.l., Monticello d'Alba), Poland (Finsa Polska Sp. z o.o., Gdansk), the United Arab Emirates (Finsa Middle East FZE, Dubai) and Panama (Finsa Latinoamericana S.A., Panama-City).

Finsa has also owned a minority shareholding in the Mexican firm Proteak Uno S.A.P.I.B. de C.V., based in Polanco, which operates an MDF mill in Huiman-

guillo, Tabasco via Pro MDF S.A.P.I.B. de C.V., since 2015.

According to financials published in mid-July, the Finsa Group generated slightly higher revenues of €917m (2018: 916m) in the 2019 financial year. The group reported a small growth in the wood-based panel and refined product business to €739m, while other areas fared worse than the previous year. Group revenues had climbed in 2017 (+9.0% to €870m) and 2018 (+5.3%) after standing at €798m in 2016.

Operating earnings had also edged higher up until 2017, but have since subsided. Finsa booked recurrent EBITDA adjusted for exceptional items of €131.7m (2016: 119.2m) and operating profits of €116.6m (91.7m) for the 2017 financial year. Recurrent EBITDA had fallen to €111.7m and operating profits to €78.7m in 2018. Last year, both figures were a little lower at €98.1m and €58.3m respectively. By way of explanation, the firm listed cost hikes, lower average sales prices and value adjustments carried out during the course of the year. The recurrent EBITDA margin slipped to 10.7 (12.2) % last year. The company had still registered a 15.1% margin in 2017.

This downturn in earnings was also partly connected to the company stepping up its investment activity. Finsa had reportedly invested €123m in modernising and expanding its existing mills last year; this represented a 43% increase compared with 2018. One of its investment priorities was the Teruel-Cella site, which is split into two mills and which added capacity for waste wood processing and furniture part manufacturing. Investment volumes had already risen more and more in previous years. While investments were relatively small at about €9m each in 2012 and 2013, they had more than tripled to €29m in 2014. Finsa invested €53m in 2015 (+83%); the growth rates were then a little smaller in 2016 (+8% to €57m), 2017 (+33% to €76m) and 2018 (+13% to €86m). Finsa employed a total of 3,300 (3,347) employees in 2019. □

Short Cycle Presses



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2018/2019's performance was replicated in the 2019/2020 financial year

Egger Group invested more than €1.5bn over the past three years

Egger Group, headquartered in St. Johann, Austria, wrapped up a three-year programme of investments with the end of its 2019/2020 financial year on 30 April.

The group invested a total of €483.8m in the 2017/2018 financial year, €413.3m of which was allocated to growth investments including acquisitions and €70.5m to maintenance investments. Investments reached €489.1m in 2018/2019, comprising €411.0m for growth investments and €78.1m for maintenance investments. The latest financial year brought another increase of 8.6% to €531.4m. Growth investments were roughly in line with the two previous years at €415.7m, while Egger spent another €91.2m on maintaining its plants. The group also invested €24.5m on rights of use from leasing agreements as it switched to IFRS 16 accounting principles for the first time. These leasing agreements primarily cover its fleet of vehicles. Egger has thus invested a total of €1.504bn in the past three financial years, an average

of €501m per year. In the decade since 2010/2011, the group has made combined investments of €3.310bn, an annual average of €331m.

Two major projects in Poland and the US recently had a relatively sizeable impact on the breakdown of investments by region. The company invested €175.4m in 2017/2018 and €233.4m in 2018/2019 in the Central and Eastern Europe region, which includes Russia. This region accounted for just €79.9m of investments last year thanks to the completion of a new particleboard mill in Biskupiec, Poland. The acquisition of the Concordia particleboard and MDF mill in Argentina sent investments in the North and South America region rising to €146.8m in 2017/2018. This region attracted investments of €110.6m in the 2018/2019 financial year. Investments increased to €291.1m last year with the construction of a particleboard mill in Lexington, North Carolina. By contrast, investment activity in Western Europe has been relatively consistent. The company invested €161.7m

in 2017/2018, €145.0m in 2018/2019 and €160.4m in 2019/2020.

Egger will scale back its investments dramatically in 2020/2021 now that it has mostly completed the two green-field projects in Biskupiec and Lexington. The firm currently expects to invest less than €200m, including around €50m on maintenance work. Investment volumes will then level off a little lower than the long-term average in the years ahead. Total investments are poised to be in the region of €200m-300m each year, including €60m-80m for maintenance projects.

Egger said that it has invested almost €450m in building each of the two new mills. The Polish site was commissioned in late June 2019 and manufactured roughly 450,000 m³ in its first year. Some 80% of this amount was sold in Poland, with roughly 20% exported. Worktop production commenced in October 2019; series production has been running in continuous operations there five days per week since January. A third short-cycle press was commissioned in May; this press can also laminate products with synchronised pores on both sides. The first wagon delivery from Egger's adhesive resin plant in Wismar arrived in Biskupiec at the beginning of July; these internal resin deliveries are to gradually rise with the planned capacity upgrade in Wismar.

According to Egger, work that began in spring 2019 to assemble the new particleboard mill in Lexington is now almost complete; the next step will involve performing functional tests on the different components. In mid-July, the firm said that it had received a special permit from the Trump administration to allow commissioning staff to enter the country. As things currently stand, the first of two short-cycle presses is to



New particleboard plant in Lexington

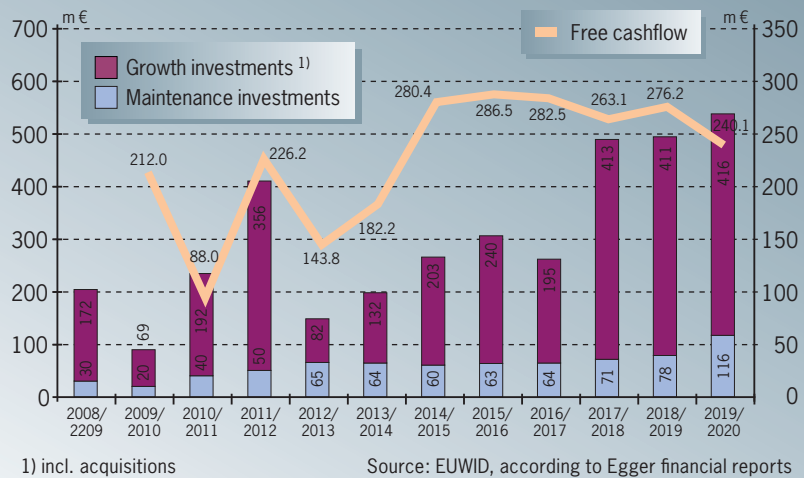
(Photo credit: Egger)

be commissioned in August. This line is set up to make American sizes. The raw particleboard line will follow in September, and the second short-cycle press, which will laminate larger formats, in October.

The group made a variety of investments in replacing technology and expanding its capabilities last year. Highlights included the addition of another short-cycle press each at particleboard mills in St. Johann and Rambersvillers, France, the installation of a fully automated machining centre for free-form parts at the finished furniture plant in St. Johann and the early July 2020 start-up of a new profiling line at its Wismar flooring plant. The firm also invested €5.8m in a new office building with an Egger forum at its Unterradlberg site; this complex also opened in July. Beyond its ongoing projects, such as expanding the adhesive and impregnating resin facility in Wismar, the company has no major investment plans at the moment. Egger will instead focus on consolidating its activities in the years ahead.

Over the past three years, investments were also much higher than free cash flow, which is comprised of cash flow from ongoing business minus cash flow from investment activity plus growth investments. Last year, free cash flow fell by 13.1% to €240.1m (2018/2019: 276.2m) after previously being in the region of €260m-290m for five years. Free cash flow should be back above investments, which will be much lower, in the coming years. Egger intends to stabilise or increase cash flow from current business by utilising its new capacity. Last year, cash flow from current business fell by 2.5% to €329.5m (338.0m) but was still much higher than in 2017/2018 (€289.0m). Cash flow from investment activity, which had gradually spiralled higher in recent years (2017/2018: -€439.3m, 2018/2019: -€472.8m, 2019/2020: -€505.0m) will fall sharply with the end of major projects. The last major payments for the Biskupiec mill were made in the past financial year, primarily to install the worktop production facility and increase laminating capacity. Final payments for the Lexington mill are set to be made this year. Cash flow from financing activity was slashed to €14.9m

Egger Group: Investments



in the past financial year from the relatively high levels recorded in recent years (2017/2018: €158.9m, 2018/2019: €368.8m). High liquidity at the end of 2018/2019 was set aside for repaying the Egger 2012-2019 bond in October 2019. Egger had previously issued a €150m hybrid bond at the start of March 2018. Egger mainly intends to leverage its expected higher cash inflow in the next few years to reduce its net liabilities, which have risen more and more in the recent past.

Slightly higher output despite stoppages

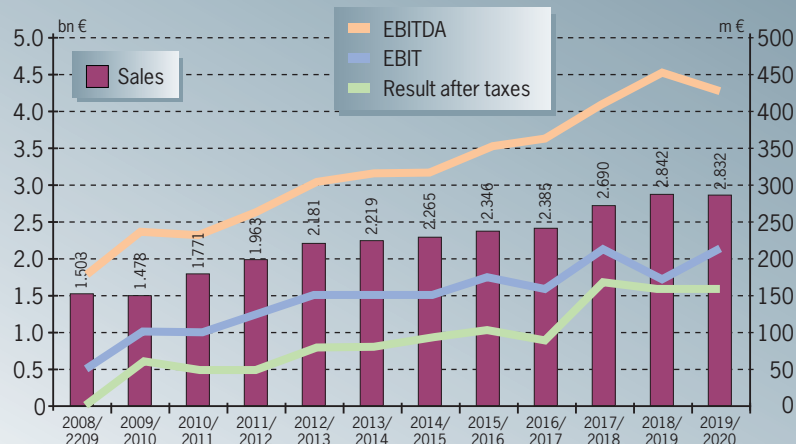
Egger Group saw its output flatten out a little in the 2019/2020 financial year after several years of significant growth in some cases. While capacity utilisation had mostly been good in the first ten months of the year, stoppages at a number of mills to halt the spread of Covid-19 had an impact in the second half of March and in April. There were varying regions for this downtime. Argentinean mills production was suspended for a short time as early as late March after authorities ordered this shutdown. However, the fact that exports from the Concordia mill were classified as essential meant that it could resume operations relatively quickly. For their part, shutdowns at Egger's French mills in Rambersvillers and Rion-de-Landes from 25 March to the middle of April were mainly connected to trade

union activity. Even longer downtime was taken in the UK. Its raw particleboard mill in Barony, Scotland, idled operations on 25 March, while its plant in Hexham went offline starting on 6 April after the government ordered a lockdown and demand plummeted as a result. Both mills did not ramp up operations again until May. Egger's locations in Russia and Romania halted operations for days at a time. All other Egger mills largely operated without a break apart from for scheduled technical work.

Egger found that the ramp-up of a new particleboard mill in Biskupiec, Poland, more than erased slightly lower manufacturing of raw board (including lumber) from its existing mills; total production increased by 1.1% to 8.9m (2018/2019: 8.8m) m³ as a result. Production of impregnated products edged 2.1% higher to 981.4m (961.0m) m², while CPL laminate output rose 4.7% to 39.6m (37.8m) m². However, the downward trend in adhesive and impregnating resin manufacturing has persisted: output was 5.6% lower than in the prior-year period at 528,100 (559,100) t.

Egger's value adding operations recorded broadly stable output at the previous year's level. Manufacturing of laminated board improved by another 0.8% to 310.5m (308.0m) m². Its flooring activities found that a temporary decline in volumes from its Wismar plant was

Egger Group: Development of turnover/results



Source: EUWID, according to Egger financial reports

offset by a growth in output at its Gagarin laminate flooring mill. All told, flooring production was steady at 58.2m (58.2m) m². Furniture finished part and worktop production fell slightly to 35.2m (35.3m) m² despite the start-up of a new worktop line in Biskupiec.

Four of six divisions improved EBITDA

In the 2019/2020 financial year consolidated revenues of the Egger Group dipped by just 0.4% to €2.832bn (2018/2019: 2.842bn), even though the final six weeks were hampered by the pandemic. The resulting plunge in demand was in fact reflected in its performance in the two halves of the financial year. The first half ended with a 3.4% growth in revenues to €1.481bn (May-Oct. 2018: 1.432bn), but the second half produced a 4.2% decline in revenues to €1.351bn (Nov. 2018-April 2019: 1.410bn).

This downturn occurred in three of the six divisions; the three other divisions raised their revenues in the second half of the year, as well. The Decorative Products West division had registered a 2.2% growth in first-half revenues to €364.7m (2018/2019: 357.0m). However, production stoppages in France and the UK paved the way for a second-half decrease of 16.4% to €298.5m (357.0m). The full year thus ended with a 7.1% downswing in revenues to €663.2m

(714.0m). Egger's Flooring Products division saw a 2.6% first-half growth to €231.2m (225.3m) give way to a 5.4% drop to €209.8m (221.7m) in the second half of the year. Full-year revenues thus softened by 1.3% to €441.0m (447.0m). A slump mainly recorded in the UK and France was not fully erased by growth in Russia and Ukraine. The Other unit, which is only made up of its lumber operations, smaller independent activities and group functions after the spin-off of the Decorative Products Americas division, fared worse than the previous year in both halves of the year. Similar downturns were reported in each half of the year. A 9.1% fall to €88.1m (96.9m) in the first half was followed by an 11.7% decrease to €85.6m (96.7m) in the second half of the year. This also led to a 10.2% decline to €173.7m (193.5m) in the full year, something that Egger mainly blamed on dwindling lumber sales prices because of falling sawlog prices.

The other three divisions delivered growth in both halves of the year. The Decorative Products Centre division booked a 2.2% rise in first-half revenues to €447.0m (437.4m); the second half was even stronger with a 3.4% increase to €439.6m (425.0m). All told, this division's revenues edged 2.8% higher to €886.6m (862.4m). The Decorative Products East division almost caught up to its biggest division with a 5.8% upswing to €886.5m (837.7m); lower revenues from its East-

ern European OSB business were offset by the ramp-up of a new particleboard mill in Biskupiec, Poland. Egger achieved a 6.4% growth in first-half revenues to €455.6m (428.2m) there, with a slightly more subdued second half producing a 5.2% increase in revenues to €430.9m (409.5m). Decorative Products Americas, a new division created at the start of the last financial year, kicked off the first half in strong form with a 27.1% leap in revenues to €68.8m (54.2m). Revenues edged just 3.8% higher in the second half to €68.5m (66.0m). The entire 12-month period still ended with a 14.2% jump to €137.3m (120.2m).

These diverging trends mean that the Decorative Products Centre and Decorative Products East divisions' shares of group revenues both improved to 27.8%. One year earlier, Decorative Products Centre had accounted for 27.2% and East for 26.5%. Decorative Products West's share dwindled to 20.8 (22.5)%. Decorative Products Americas contributed 4.3 (3.8)%, Flooring Products 13.8 (14.1) % and Other 5.4 (6.1) %.

Western Europe – the largest market which includes the sales regions of North-West Europe, the UK/Ireland, Southwestern Europe and Central-South Europe – saw its slice of revenues subside to 55.7 (58.9) % mainly owing to a weaker performance in France and the UK. Eastern Europe – comprising the Central-East Europe and Russia regions – generated 31.4 (29.5) % of group revenues. North and South America added 5.6 (5.3) % and other overseas markets 7.3 (6.3) %.

Earnings evolved in varying directions. Total EBITDA decreased by 5.8% to €424.4m (450.6m), representing a 15.0 (15.9) % margin. Adjusted EBITDA was roughly in line with the previous year at €424.4m (425.0m), as well. Total EBIT jumped 25.9% to €212.4m (168.7m) since the previous year's figure was mainly hit by value adjustments for its mill in Concordia, Argentina. Adjusted for this effect, EBIT was 9.0% lower at €212.4m (233.4m). Pre-tax profits jumped by 23.3% to €193.1m (156.7m), while post-tax profits were stable at €156.7m (156.6m). □

Installation of the new short-cycle press scheduled to begin in April 2021

Nolte Holzwerkstoff renamed after Saviola Holding acquired a 50% stake

A deal that saw Saviola Holding s.r.l., headquartered in Viadana, Italy, buy a 50% stake in the particleboard producer Nolte Holzwerkstoff GmbH & Co. KG, based in Germersheim, Germany, closed on 10 June.

The German Federal Cartel Office in Bonn had given the green light to the deal on 11 February 2020, with the Austrian Federal Competition Authority (BWB) in Vienna following in its footsteps on 21 February, clearing the way for the transaction to close. The completion of this transaction, which was inked on 27 December 2019, had been expected to happen in the first quarter and then in April after approval was received, has been delayed by a few weeks. This delay had initially been blamed on the need to resolve a few unresolved issues. Final talks were hindered by restrictions imposed due to the coronavirus crisis from mid-March onwards. Now that the deal has closed, Saviola Holding has acquired 50% of the 94.8% stake that Echo Büromöbel Vertrieb GmbH & Co. KG, headquartered in Germersheim, Germany,

used to hold in Nolte Holzwerkstoff GmbH & Co. KG and its general partner Nolte Span Geschäftsführungsgesellschaft mbH. Echo Büromöbel's stake has thus fallen to 44.8%. The other 5.2% shareholding remains in the hands of the furniture manufacturer Nolte GmbH & Co. KGaA, based in Germersheim. There will be no changes to shareholder relationships for the time being. Saviola Holding intends to exercise an option to buy additional shares in Nolte Holzwerkstoff at a later date.

Nolte Holzwerkstoff has been renamed Rheinspan GmbH & Co. KG as part of the transaction. The renaming process was entered into the commercial registry by the end of June. No organisational changes happened, at least for the time being. On the sales front, Rheinspan will work with Gruppo Mauro Saviola's export network. This sales partnership will see the manufacturing of laminated board previously shipped to Germany from Saviola's Italian particleboard mills, which include the "ArtWood" and "ArtStone" collections developed jointly with Nolte Küchen GmbH

& Co., headquartered in Löhne, Germany, move to Germersheim in the future.

Rheinspan will install a second short-cycle press during 2021 to provide the necessary capacity. The investment project, which has been planned for some time, has been fleshed out over the past few months. In the first step, a new hall will be built alongside the existing laminating hall. At a later date, it can be expanded to increase laminating capacity. Rheinspan has already agreed on a purchase option with Wemhöner Surface Technologies GmbH & Co. KG, for the delivery of the short-cycle press. At the same time, Gruppo Mauro Saviola has ordered a short-cycle press from Wemhöner that is identical in construction to the new press planned by Rheinspan. This technology has been delivered to the Italian particleboard mill in Mortara during the third quarter of 2020.

With a designed pressing pressure of 7 N/mm² and set up to make synchronous pores on both sides, the press will laminate board up to 2,250 x 5,600 mm in size at Rheinspan. The focus will be on panels 2,070 mm to 2,200 mm wide; in principle, the press will also be able to laminate panels 1,860 mm wide and 4,100 mm to 5,600 mm long. The existing short-cycle press, which was also supplied by Wemhöner and commissioned in June 1999, has a 2,550 x 6,700 mm format. This press has a pressing pressure of 3.5 N/mm². The new unit is to be delivered in the second quarter of 2021 and start operating in the summer. The ramp-up of the new press is to raise Rheinspan's laminating rate from around 30% to about 50%. Raw particleboard production has averaged approximately 500,000 m³ in the past few years. The mill can make up to 530,000 m³ in its current configuration. In the medium term, the company will be able to raise its capacity again by extending the continuous press, an option that already exists thanks to the current foundations. □



Particleboard plant in Germersheim

(Photo credit: Rheinspan)

Deterioration in earnings and slight decrease in revenues in the 2019 financial year

Pfleiderer Group to become GmbH again / Silekol transferred to PCF

The acquisition of all the shares by Strategic Value Partners LLC (SVP) of Wilmington, Delaware, in several stages in the second half-year 2019 and the subsequent withdrawal from the stock exchange entails further changes at Pfleiderer Group S.A. of Wrocław, Poland.

The holding company had already ceased its operative business activities on 31 October. The group's management relocated to Neumarkt on 1 November, which also switched Pfleiderer Group's tax domicile from Poland to Germany. Trading in Pfleiderer shares on the Warsaw stock exchange was permanently discontinued on 26 November. The extraordinary general meeting held subsequently on 27 November authorised measures including the change in the Pfleiderer Group's legal form from a Polish S.A. to a German GmbH. In accordance with a further decision, the 12.940m shares held by Pfleiderer Group itself were cancelled in mid-January 2020, reducing the total

number of shares from 64.701m to 51.761m and the share capital from 21.4m PLN previously to 17.1m PLN. SVP indirectly holds 38.8m shares (75 %) through Volantis Bidco B.V., and 12.9m shares (25 %) through Volantis Newco B.V. The other Pfleiderer shareholders exited by own sales during the course of 2019 or through the squeeze-out completed on 19 September. The still outstanding 7.80 % of the shares were transferred in this squeeze-out. The investment company Atlantik S.A. of Luxemburg had already come to a pooling agreement with Volantis Bidco for its block of shares at the end of August.

The transfer of all the shares in the Polish glue and impregnating-resin manufacturer Silekol Sp.ż.o.o. of Kedzierzyn-Kozle from Pfleiderer Polska Sp.ż.o.o. to Pfleiderer Group also led to further changes in the corporate structure in the first quarter of 2020. Pfleiderer Group subsequently relinquished the Silekol shares to PCF GmbH with effect from

6 March in order to fulfil payment obligations from a claim from PCF against Pfleiderer Group to the tune of 80m €.

Pfleiderer slipped into loss-making territory

In the 2019 financial year, Pfleiderer Group has announced a substantial deterioration in its earnings and a slight decrease in group revenues. According to consolidated financial statements drawn up on 31 March and published in the German Federal Gazette on 21 July, consolidated revenues were 4.0% lower in a year-on-year comparison at €1.019bn (2018: 1.062bn). The wood-based panel division, which comprises its activities in Western Europe, accounted for €711.1m (736.3m), 3.4% less than in the previous year. The Eastern Europe division encountered a 6.5% reduction in revenues to €245.1m (262.2m). The Silekol unit verged on 2018's performance with revenues of €62.7m (64.0m). Some €28.8m (34.3m) of this amount was generated in Germany and €25.4m (21.1m) in Poland. Silekol's next-largest sales markets were the Czech Republic with €3.4m (3.8m), Latvia with €2.3m (2.3m) and Italy with €1.1m. The wood-based panel division generated €416.9m (428.1m) or 58.6 (58.1) % of its total revenues in Germany. The next places were held by the UK with €57.5m (58.9m), the Netherlands with €39.5m (41.1m), France with €33.9m (37.3m), Italy with €26.8m (25.6m), Sweden with €20.3m (18.7m), Switzerland with €18.8m (19.7m) and Austria with €15.1m (19.3m). Poland was the single-largest market in Eastern Europe with €216.0m (230.5m) or 88.1 (87.9) % of total revenues, followed by Lithuania with €14.9m (15.6m). All other markets were of lesser importance, such as Russia with €4.0m (5.3m) and Estonia with €2.8m (3.8m).



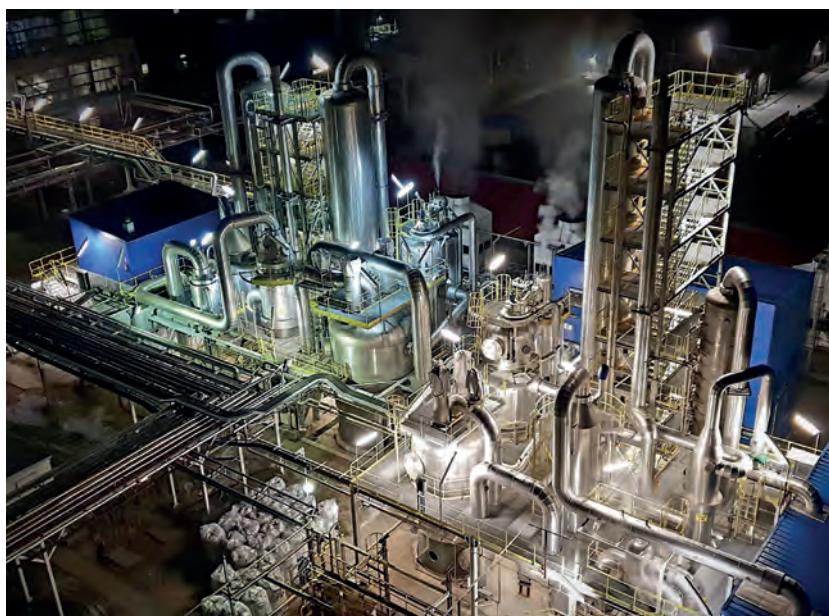
Pfleiderer site in Neumarkt

(Photo credit: EUWID)

Group revenues broke down into €998.0m (1.045bn) in revenues from products and €54.5m (52.4m) in "other revenues". Electricity was the largest line item with €35.8m (35.8m). Sales deductions (bonuses, discounts and refunds) totalled -€33.6m (-34.9m). Product revenues included €331.6m (368.0m) from raw board referred to as "base products", €596.5m (605.0m) from "value-added products", €60.3m (63.8m) from chemicals and €9.5m (8.1m) from products not assigned to a cluster. Within the wood-based panel division, product revenues fell to €697.7m (725.0m), including €230.5m (245.8m) from base products and €465.9m (478.0m) from value-added products. Eastern European revenues comprise €101.1m (122.2m) in revenues from base products, while value-added products hoisted their revenues to €130.6m (127.0m).

In the wake of dwindling raw material prices, material expenditure dropped twice as much as revenues with an 8.7% drop to €559.1m (612.1m). By contrast, personnel expenditure remained almost unchanged at €189.5m (189.9m). Total expenditure slipped by 2.0% to €985.2m (1.005bn), while investments were also lower than in 2018 at €73.4m (80.5m). That being said, other operating expenses more than tripled to €33.8m (10.3m), primarily because of an increase in consulting costs to €17.4m (5.5m) and restructuring costs of €7.6m (0m). Other operating income nearly doubled to €15.2m (7.5m). This line item includes €4.1m in insurance payments for a fire at its Baruth MDF/HDF mill in mid-January 2019. The balance of operating expenses and income was well in the red last year at -€18.5m (-2.8m).

Most of the group's earnings figures took a turn for the worse in the 2019 financial year on the back of falling revenues and gross profits and less favourable cost items than the previous year. Pfeiderer reported that adjusted EBITDA was almost unchanged at €141m (141.9m); lower revenues meant that the adjusted EBITDA margin improved to 13.8 (13.4) %. On the other hand, earnings before interest and tax (EBIT) were not even one third of the previous year's level at



Resin production at Silekol

(Photo credit: Silekol)

€15.2m (54.8m). The Eastern Europe division turned in an operating loss of -€12.6m (+2.6m). EBIT from the Western Europe division plummeted by 59.4% to €16.7m (41.1m). Silekol delivered almost unchanged EBIT of €10.6m (10.8m).

The consolidated financial loss worsened only slightly in a year-on-year comparison to -€31.7m (-30.6m). The group also posted a pre-tax loss of -€16.5m (+24.2m). Pfeiderer announced a net loss of -€22.8m (+5.9m) as a result. This net loss meant that its retained earnings were much worse than in 2018 at -€143.9m (-87.3m). Conversely, its statutory reserves increased to €113.3m (79.4m). Total equity fell to €106.2m (133.3m). At a slightly higher balance sheet total of €923.5m (914.5m), this translates into an equity ratio of 11.5 (14.6) %.

Non-current liabilities rose by 4.6% to €570.8m (545.8m). This figure includes financial liabilities of €453.2m (425.9m), including €445.2m (425.9m) from wood-based panels, €6.5m (0) from Eastern Europe and €1.4m (0) from Silekol. In turn, it comprises €429.3m (425.9m) in bank loans and €23.9m (0) in long-term leasing liabilities. Current liabilities of €11.9m (6.2m) primarily reflected leasing liabilities of €10.7m (0). On the assets side, the biggest change related to rights

of use under leasing agreements to the tune of €35.9m (0). The background to this was changes in the assessment of leasing agreements in accordance with IFRS 16 that took effect on 1 January 2019. All told, current liabilities reached €246.6m (235.4m); Pfeiderer's consolidated financial statements listed total liabilities of €817.3m (781.2m).

The consolidated financial statements for 2019 cover 27 entities that are wholly owned by Pfeiderer. The wood-based panel division included 19 entities, including the holding firms PCF GmbH and Pfeiderer Deutschland GmbH, production entities for five German mills and six international sales subsidiaries. The Eastern Europe division had owned seven companies; along with the holding firm Pfeiderer Polska Sp.zo.o., they include four production subsidiaries. Silekol was solely made up of Silekol Sp.zo.o., headquartered in Kedzierzyn-Kozle, an adhesive and impregnating resin producer that used to be known as Pfeiderer Silekol Sp.zo.o. The 2019 merger of Pfeiderer Vermögensverwaltung GmbH & Co. KG with PCF GmbH and the liquidation of Blitz 11-446 GmbH meant that two companies left the scope of consolidation at the year's end. On the other hand, PFL Recykling sp.zo.o., set up to handle waste wood procurement in Poland, was established in the third quarter. □

Ahlstrom-Munksjö books slide in revenues



(Photo credit: Ahlstrom-Munksjö)

A slump in demand caused by the coronavirus crisis and subsequent commercial downtime at a variety of locations took a large bite out of revenues and earnings from the Decor Solutions division at Ahlstrom-Munksjö Oyj, headquartered in Helsinki, in the second quarter of 2020. This division saw its revenues tumble by 37.6% to €65.0m (April-June 2019: 104.2m). EBITDA stayed barely in positive territory at €0.5m (7.1m). Exceptional effects did not play a role at -€0.1m (-2.1m), meaning that adjusted EBITDA was hardly any better at €0.6m (9.2m). The associated margin worsened to 0.9 (8.8) %. On a group-wide scale, Ahlstrom-

Munksjö fared much better with revenues falling by 16.6% to €621.5m (745.1m) and adjusted EBITDA of €74.0m (83.8m).

Ahlstrom-Munksjö Decor's revenues and EBITDA had headed in opposite directions in the first quarter of this year. An economic recovery compared with previous months had given a boost to sales, which was more than offset by the ongoing slump in average sales prices. Revenues had dropped by 5.3% to €106.2m. Lower raw material costs and restructuring work had paved the way for a significant improvement in total EBITDA to €12.2m, while adjusted EBITDA reached €12.7m.

During the first half as a whole, Ahlstrom-Munksjö Decor suffered a 20.8% dive in revenues to €171.3m (Jan.-June 2019: 216.4m). Nonetheless, total EBITDA increased to €12.7m (8.2m). Insignificant extraordinary effects of -€0.5m (-8.9m) trimmed adjusted EBITDA by 22.2% to €13.3m (17.1m). A comparable reduction in revenues and adjusted EBITDA me-

ant that the margin was almost the same at 7.7 (7.9) %. According to Ahlstrom-Munksjö, its decor paper business, which was hit hard by buyers conducting substantial production stoppages, additional inventory changes and the disappearance of key export markets during large parts of the second quarter, has been growing again since mid-June. Capacity utilisation has also improved slightly as a result.

Restrictions on contact and travel associated with the coronavirus pandemic have also further pushed back plans for the strategic reorganisation of Ahlstrom-Munksjö's decor paper activities. Towards the end of November 2019, the company signed a non-binding letter of intent to acquire the Chinese decor paper producer Hebei Minglian New Materials Technology Co. Ltd., headquartered in Xingtai, Hebei Province. The deal, which was originally slated to close in the first quarter of 2020, was extended into the second half of 2021 after the outbreak. Ahlstrom-Munksjö has now extended the exclusive period for carrying out outstanding due diligence and final negotiations until mid-2021. □

Koehler's revenues reached 2018's level

The Koehler Group, which is made up of Koehler Paper Group and Koehler Energy and headquartered in Oberkirch, Germany, generated roughly unchanged revenues of approximately €870m in 2019. This positive trend continued into the first quarter of 2020 when revenues rose slightly in a year-on-year comparison (€230m). However, a downturn in demand caused by the Corona pandemic, which prompted the group to take commercial downtime at a variety of Koehler Paper Group sites, will eat away at future revenues. The company has yet to issue a forecast for the full year.

Production and sales were slightly higher than in 2018 last year after 2017 ended with growth and the next year with a downturn. According to its latest end-of-year review, Koehler Paper Group made a total of 486,311 (2018: 485,009) t of fine paper, Euler paper, thermal paper,

carbonless paper, flexible packaging paper, decor paper, board and coasters last year, a 0.3% increase. Sales edged 0.5% higher at 494,505 (491,774) t. Koehler Energy Group fed 226,176 (228,559) MWh of electricity into the grid and delivered 127,454 t of steam to third parties last year.

Koehler Holding SE & Co. KG had raised its revenues by 10.9% to €868.8m (2017: 783.6m) in the 2018 financial year, according to consolidated financial statements published in the German Federal Gazette at the start of 2020. This growth in revenues was primarily delivered by raising prices amidst a 5.5% reduction in paper and board sales. Operating profits jumped by 17.3% to €99.5m (84.9m), while pre-tax profits improved by 18.1% to €86.7m (73.4m). The Koehler Group thus booked full-year net profits of €59.1m (54.4m) in the 2018 financial year.

Koehler Paper Group fared a little better than Koehler Energy Group in the 2018 financial year. Koehler Paper Group saw its revenues take a 11.3% leap to €828.0m (743.7m). Operating profits shot up by 20.6% to €90.5m (75.0m), while pre-tax profits leapt by 20.9% to €81.9m (67.7m). Net profits reached €55.5m (50.3m). Production and sales fell by 4.2% and 5.5% respectively in 2018 after growing in 2017 (production: +2.5% to 506,402 t, sales: +7.8% to 520,181 t). With a 13.1% downturn to 45,915 (52,852) t, decor paper sales fared much worse than other products in 2018. □



Koehler paper mill

(Photo credit: EUWID)

Glatfelter: Slight downturn in overlay paper



(Photo credit: EUWID)

P.H. Glatfelter Co., based in York, Pennsylvania, has reported a slump in sales and revenues from its Composite Fibres business unit (CFBU) in the second quarter of 2020. A collapse in the wallpaper base paper business and a slump in overlay paper operations could not be erased by growth in its teabag and coffee paper filter activities.

The Food & Beverage product area recorded a 12% year-on-year rise in sales, while wallcovering sales plunged by 49%. No rates of change were reported for other product areas. All told, the business unit's sales declined by 15.9% to 29,032 (April-June 2019: 34,523) t. Sales were also 19.3% lower than the first quarter's sum of 35,983 t.

The business unit registered a 7.9% fall in its revenues in a year-on-year comparison to US\$122.1m (132.6m). This figure breaks down into US\$68.8m (80.0m) from the EMEA region, US\$33.4m (34.0m) from the Americas and US\$20.0m (18.6m) from Asia-Pacific. The US\$10.5m reduction in revenues included US\$2.0m connected to lower average sales prices. Revenues were still 6.3% lower when adjusted for currency effects.

Revenues from its overlay paper operations, which are pooled in its Composite Laminates business unit, were 13.4% lower at US\$8.1m (previous year: US\$9.2m) in the second quarter. The first quarter produced a 15.2% growth to US\$9.8m (8.5m). Looking at the first half as a whole, Glatfelter generated revenues of US\$17.9m (17.7m) from overlay paper, 1.1% more than in the prior-year period. □

Kotkamills no longer publishing reports

Following the concluded refinancing of the senior secured bond 2015/2020 for €105m at the end of February 2020, Kotkamills Group Oyj of Kotka, Finland, ceased bond trading on 13 March. The bond amount and the still outstanding interest payable on it have been refinanced with a new senior facility agreement (SFA) with an undisclosed Scandinavian bank. The refinancing and the ensuing discontinuation in trading releases the company from its previous reporting obligations. In the last few years, a report on the development in sales revenue and results within the group and in the two "Industrial Products" and "Consumer Boards" divisions had been issued on a quarterly basis.

The last business report was published on 28 February. It showed that Kotkamills had generated consolidated group sales revenue of €84.0m (Oct.-Dec. 2018: 85.0m) in the fourth quarter of 2019. €37.5m (37.7m) of this was accounted for by Industrial Products, and €44.2m (44.6m) by Consumer Boards. The Industrial Products division, which covers business in saturating base kraft through Kotkamills Absorbex Oy and the sawn-softwood activities handled by Kotkamills Wood Oy, had generated sales revenue of €40.4m (Jan.-

March 2018: 44.4m) in the first quarter. €43.6m (46.0m) was recorded for the second quarter and €36.4m (34.2m) for the third. The group's EBITDA was increased to €8.4m (7.7m) in the fourth quarter due to lower pulp and power costs, which improved the margin to 10.0 (9.0%).

Kotkamills achieved group sales revenue of €342.8m (2018: 353.3m) in 2019 as a whole. The reduction of 3.0% was attributed above all to lower sales volumes of saturating base kraft and board as well as regressive development in selling prices for sawn softwood. EBITDA, on the other hand, was boosted by 13.8% as a result of better development in prices for the other products and lower operating costs to €26.4m (23.2m), improving the margin to 7.7 (6.6%).

Both divisions contributed to the regressive sales revenue. Industrial Products' sales revenue fell by 2.8% in 2019 to €157.8m (162.3m); the operating result was slightly lower than a year earlier at €14.0m (14.2m). The reduction in sales revenue in Consumer Boards was of a similar magnitude at 2.9% to €176.4m (181.7m). The operating loss was more than halved to -€2.7m (-6.2m). □

Matthews creates new brand Saueressig Group

Matthews International Corp. of Pittsburgh, Pennsylvania, has merged all of its activities in the packaging, surfaces, rollers, engineering, and elastomers segments in the new family brand "Saueressig Group" in the course of internal reorganisation measures. The previous fields of business will be run as sub-brands. In connection with this, the brands of the individual divisions have been adapted as well.

The activities in the surface-finishing segment hitherto performed under the name "Saueressig Ungricht" will be run as "Saueressig Surfaces" in future, entailing the abandonment of the "Ungricht" brand, which arose from the acquisition of the cylinder engravers A.+E. Ungricht GmbH

& Co. KG and Dornbusch Engraving GmbH concluded in December 2016. Dornbusch Engraving had already been merged into Ungricht GmbH & Co. KG on 1 October 2017. Saueressig Design Studio GmbH of Moenchengladbach was also integrated into Ungricht on 1 August 2018. The 30% stake of what used to be Surteco Decor GmbH of Bittenwiesen-Pfaffenhofen in Saueressig Design Studio GmbH since 2005 had already been returned to Saueressig GmbH & Co. KG of Vreden at the end of 2016. The target sectors of the new Saueressig Surfaces division are décor printing, wallpaper, leather, the car industry, the plastics processing industry, tissue and hygiene-paper manufacturers, and nonwovens production. Saueressig Surfaces is subdivided into "Home", "Metal+Tapete", "Tissue", "Automotive & Fashion", "Nonwovens" and "Coating". □

Delays to the start-up of RotaJET digital printers

The coronavirus pandemic has resulted in delays to the start-up of RotaJET machines for digital decor and beverage carton printing at the printing machinery manufacturer Koenig & Bauer AG (KBA). In its first-half report published on 29 July, the company did not state which projects were involved and how long the delays might last. Swiss Krono Group, the Spanish firm Grupo Losán, based in La Coruña, and the Interprint group have all ordered digital printers for industrial decor printing from KBA since last year. Interprint had placed an order for its third RotaJET machine for its Arnsberg plant in February 2020. Start-up is slated for the first half of 2021. A similar timetable has been outlined for the project planned by Grupo Losán. The digital printer is to be installed via a new subsidiary Mimmetec in Curtis, La Coruña where the firm currently operates a laminating plant. Planned by Swiss Krono Group, this machine is to be installed at Swiss Krono Tex GmbH & Co. KG, based in Wittstock-Heiligengrabe, Germany, and be commissioned in summer 2020 based on original plans. □

Impress decor management set to stay in Aschaffenburg



(Photo credit: EUWID)

The Impress group has put the finishing touches to negotiations about a redundancy package and a settlement of interests for its Aschaffenburg site, which is set to close by the end of 2020. At the same time, the group arranged the transfer of laboratory and testing facilities currently running in Aschaffenburg. Decor paper laboratory technology is to be clustered at a plant in Sant Pere

de Vilamajor, Spain, that does business as Impress diseño Iberia S.A. Two laboratory printing systems from the Aschaffenburg site will be installed there. Another system and the testing centre for foil production will be relocated to Impress decor Polska Sp. z o.o. in Elk, Poland, expanding its centre of expertise. However, group-wide decor management will stay in Aschaffenburg. Impress also noted that there will be no changes to the staff members responsible for sales and design in Germany, Austria and Switzerland.

Impress had announced plans to close its laboratories left in Aschaffenburg at the end of June. This reversed a process that began in 2010 to create a centre of expertise for decor development, during which one laboratory each moved to Aschaffenburg from its sites in Spain and Poland. Production activities in Aschaffenburg had already been discontinued in several stages over the last few years. Following the termination of décor printing, Impress had continued to production on an ESH coating plant at its headquarters until the beginning of 2017, which was then relocated to Elk in Poland later on in the year.

The main reason Impress gives for closing down business in Aschaffenburg is the required adaptation of the company structures to the increasingly difficult economic environment. The company is working from the assumption that the economic slowdown that has already occurred over the last year due to the corona crisis is going to become significantly more pronounced over a longer period of time. □

Surteco sells its stake in Mexican JV Canplast

Surteco Canada Ltd., which is based in Brampton, Ontario, and part of Surteco Group SE, divested its 50% stake in the Mexican distribution joint venture Canplast Mexiko S.A. de C.V., headquartered in Chihuahua, to its joint venture partner in late June 2020. In an ad-hoc statement issued on 30 June, the firm said that it

had decided to take this step to optimise its shareholder structure. Canplast Mexico, which was integrated into the Surteco Group and the Decoratives unit as a result of its October 2004 acquisition of the Canadian edgebanding producer Canplast Inc., based in Montreal, Québec, is one of just two companies within the group's entire scope of consolidation that is not fully owned by Surteco. Within its Profiles unit, Surteco Group has held an 85% stake in Nenplas Holdings Ltd., based in Ashbourne, UK, since 1 December 2016. However, the group plans to acquire the other 15% by exercising an option agreed last year. At the end of 2019, Surteco Group had shareholdings in 37 businesses (24 in the Decoratives unit, five in the Technicals unit, eight in the Profiles unit); Surteco owns all of the shares in 35 of these companies. The 50% shareholding in Canplast Mexico was the only entity only recognised at equity. The divestment will thus have no impact on its revenues.

Chapacinta S.A. de C.V., headquartered in San Pablo Tultitlán, will handle the Mexican market in the future. It is part of the Portuguese edgebanding manufacturer Probos Plásticos S.A., Mindelo, which Surteco acquired in July 2017. Probos is also represented in South America by the production and distribution entity Proadec Brasil Ltda., based in São José dos Pinhais, Paraná. Surteco's activities in Central and South America will thus only be handled by Probos entities in the future. Surteco used to have several subsidiaries in the region, but has gradually parted ways with them. Its sales entities Canplast do Brasil S/A, based in Curitiba, Paraná, and Canplast Centro America S.A., headquartered in Guatemala, were spun off a long time ago. Surteco had founded the joint venture Canplast Sud A.S., based in Santiago de Chile, via the company formerly known as Inversiones Doellken South America Ltd., headquartered in Santiago de Chile, in January 2008. This entity subsequently installed a manufacturing site to serve South American markets. At the end of 2017, Surteco Group had sold a 55% stake in Canplast Sud to the joint venture partner De Vicente Plásticos (DVP), based in Santiago de Chile. □

Egger Kunststoff also to produce laser edgings



(Photo credit: Egger)

Egger Kunststoffe GmbH & Co. KG, Brilon, which is part of the Egger Group and focused on production and sale of thermoplastic edgebandings, also plans to enter into production of laser edgings over the course of 2021. The company has already begun to run initial pre-series-production tests; development of its own laser edgings is to be completed within the next months. However, sales cannot commence prior to expiration of patent EP 1163864 B1 held by kitchen furniture manufacturer Bulthaup GmbH & Co. KG, Aich, which is anticipated for June 2021. The patent was applied for on 8 June 2001 and granted on 22 September 2004. Following expiry of the patent, sales of laser edgings from other manufacturers on the German market, which are currently heavily restricted, will be possible again.

The Egger Group became involved in production of PVC edgings when it acquired

a 71.5% shareholding in Romainvest Yatirim ve Ticaret A.S. and Roma Plastik Sanayi Ve Ticaret A.S., both Gebze, Turkey. This transaction was concluded in July 2010. The Gebze plant, which has been expanded several times since then, produces ABS, PVC and acrylic (PMMA) edgings. The Egger shareholding in the Turkish edgings manufacturer was further expanded in May 2013 and May 2015. At the end of the 2015/2016 financial year, Egger acquired the remaining shares in Romainvest and Roma Plastik. In the 2019/2020 financial year Romainvest was renamed Eggerinvest Yatirim ve Ticaret A.S.; Roma Plastik meanwhile operates on the market as Egger Dekor A.S.

In parallel to its activities in Turkey, Egger installed two calendaring plants for production of PP edgings at the Brilon location in the first half of 2016. The plants were commissioned in mid-May. A single-pass digital printer supplied by Hymmen GmbH Maschinen- und Anlagenbau commenced production in the first quarter of 2017, and expanded the production portfolio, which had initially been limited to uni edgings, to include décor edgings. In mid-2018 edgeband production in Brilon was expanded by a third calendaring plant as well as a second digital printer. At

the same time Egger also commenced production of ABS edgings in Brilon. In the current 2020/2021 financial year, however, production of ABS edgings in Brilon is to be terminated again and relocated to Gebze. The edgebanding plant in Brilon will therefore focus on PP edgings, which are supplied exclusively to industrial customers. PP edgings already account for some 95% of the production volume of 250m m/annum meanwhile achieved in Brilon. According to Egger, the capacities freed up by relocating production of ABS edgings to Gebze are needed for industrial business. Edgeband production in Brilon has already been operating at full capacity in continuous operation for some time now. A further expansion of capacity is planned but no specific details have been announced as yet. The last investment made in Brilon concerned the expansion of cutting capacities.

In Gebze Egger meanwhile operates about 80 extruders with an annual production volume of some 750m m. In the foreseeable future, Egger also plans to commence digital printing in Gebze, using the same technology as is already used in Brilon. Project planning is to be concluded before the end of the current 2020/2021 financial year; the project, however, will extend into the next year. □

Ostermann raised group revenues to €130m

The edgebanding and fittings specialist wholesaler Rudolf Ostermann GmbH, based in Bocholt, Germany, boosted its group revenues to roughly €130m in the 2019 financial year, based on preliminary information. This meant that the company reached the target set in its 2018 financial report, which was published in mid-January 2020. Group revenues were projected to rise to €130m based on the positive macroeconomic outlook at that time. The full-year net profit, which has not been disclosed yet, was supposed to be just shy of the previous year's level at €8m.

According to the annual report for Ostermann Daxenberger Stiftung & Co. KG, group revenues had increased by 4.8% to €123.0m (2017: 117.3m) in the 2018 financial year. In addition to Rudolf Ostermann GmbH, the scope of consolidation included seven international sales subsidiaries at that time. All sales markets played a part in this growth in revenues. German business accounted for 56% of group revenues. The remaining 44% came from export business, which is handled via its Bocholt headquarters and its international sales subsidiaries. The Netherlands was the single-largest market. Some 72% of group revenues came from edgebanding, a product that Ostermann sources from several European manufacturers. □

Multi-opening HPL line for sale by Linn Machinery

The used-machinery dealer Linn Machinery Ltd. of Folkestone, UK, has been engaged by a German laminates manufacturer to sell a multi-opening HPL press along with the up and downstream plant components. The plant is currently still in operation and is to be shut down by the end of 2020. The contracting company could be Glunz Holzwerkstoffproduktions-GmbH (GHP) of Horn-Bad Meinberg, but the sales brochure does not contain any information on this.

The multi-opening press, originally supplied by Becker van Hüllen AG (BvH), has 15 openings with a 3,100 x 2,150 mm pa-

nel format. The maximum pressing force is given as 90 bar; the cycle interval is 55 minutes. The sections upstream and downstream of the press include the press in-feed and out-feed systems, the press-plate heating system, and the storage and transport wagon for laminated panels. □

Wilsonart acquired US regional distributor

The US company Wilsonart International Holding LLC, based in Temple, Texas, expanded its sales network in the south-east of the US by acquiring its longstanding distributor Alpine Sales Inc., headquartered in Columbia, South Carolina, at the end of July 2020.

The transaction was set to close at the start of September. Alpine Sales serves customers in the states of South Carolina, North Carolina, Georgia and Tennessee from four locations in Columbia, North Charleston (South Carolina), Greenville (South Carolina) and Asheville (North Carolina). Its portfolio comprises decorative surfaces, worktops, edging materials, fittings, coatings and paint. Wilsonart was already Alpine Sales' main supplier with its Wilsonart Contract, Wilsonart Home, Wilsonart Quartz and Wilsonart Solid Surface collections. The firm works with around 50 suppliers altogether. In addition to Wilsonart, Arauco North America, based in Atlanta, Georgia, also delivers wood-based panels to Alpine Sales. □

Greenlam's greenfield project in India delayed

The Indian laminates manufacturer Greenlam Industries Ltd. of New Delhi has purchased a plot of industrial land through its subsidiary Greenlam South Ltd. for building the new laminates work planned for Naidupeta in Andhra Pradesh in Southern India. Due to the corona crisis, the approval procedure required for the greenfield project has not been able to be completed yet, however. Greenlam says this means it cannot stick to original schedule. The company is currently working from the assumption that the delays are going to become more pronounced in future. According to the latest information at hand, the start-up is therefore likely to be six to nine months later than originally planned. At the time approval was given by the board of directors at the end of January, Greenlam was assuming that the new laminates factory with an annual capacity of 1.5m sheets would be able to be completed within two years.

At that time, investment funds totaling INR1.750bn (roughly equivalent to US\$24.5m) were provided for the greenfield project, including the costs for land and infrastructure. Greenlam currently has an annual capacity of 15.62m laminate sheets at its Northern Indian facilities in Nalagarh, Himachal Pradesh (capacity: 10.28m sheets/year) and Behror, Rajasthan (5.34m sheets/year). The company had only completed another capacity enlargement to 1.6m sheets/year at the Nalagarh facility in

September 2019 after two production lines geared to an annual capacity of 2m sheets/year each had been put into operation there in September 2015 and early June 2017, respectively. Greenlam says the most recent enlargement also marks its debut in producing large-format laminate sheets with dimensions of 1,300 x 3,050 mm. □

Renolit Group divided into 13 market units

Renolit SE, based in Worms, Germany, has structured its activities into 13 market units as part of an organisational change that happened in early May 2020. Its operations providing thermoplastic films for interior and project business were pooled in the Interior Surfaces unit. Its portfolio in this area includes film for 2D applications (including Alkorcell, Alkorfol and PET Lacklaminat), film for 3D applications (including Thermolaminat, 3D-Lacklaminat), WPC surfaces for interior projects (Cork-Stock), film for flooring applications (Flooring Components), sandwich honeycomb panels (Gorcell) and large-area modernisation film. Materials for window profiles, door panels and garage doors are handled by the Exterior Solutions unit. The Composites unit supplies plastic composites, while the Façade unit makes materials for façade cladding (Reface, Compact and Bendit). Its Roofcare unit provides sealing materials for different construction applications. The other eight areas are active in other segments. □

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Market volume had already fallen in 2019 after stagnating in 2018

Covid-19 will provoke a slump in worldwide decor paper sales

Global decor paper sales (excluding China) will likely drop sharply this year in the wake of the coronavirus crisis.

This development comes on the heels of a period of growth that lasted several years, followed by stagnation in 2018 and the first decrease in a while in 2019. In its Decor Paper Market Research 2019 report completed in June 2020, Ahlstrom-Munksjö Germany Holding GmbH had anticipated that this year would end with a 12-16% drop amidst significant production curtailments in the wood-based panel, surface and furniture industry at that time. The company now thinks that things might be not quite as bad after business started to stabilise starting at the end of June, unexpectedly robust demand emerged in July and August and given the rather positive outlook for September and October. However, sales will probably still decrease by small double-digit percentages compared with last year.

The global decor paper market (excluding China) had contracted for the first time since 2012 last year after growing

for five years in a row and stagnating in 2018. According to the market research, total sales decreased by 3.0% in a year-on-year comparison to 742,000 (2018: 765,000) t. The downturn of 12-16% that Ahlstrom-Munksjö had forecast in June would mean that the global market, excluding China, would reach a volume of 625,000-655,000 t this year; decor paper sales would thus recede to the level recorded between 2010 and 2012. The tide should then turn next year. As things currently stand, Ahlstrom-Munksjö thinks that the market will grow by 13-16% to 705,000-725,000 t in 2021. The market volume would likely decrease again in 2022 with a range of -2 % to +1 % and a volume of 690,000-720,000 t. A 3-5% growth to 740,000-765,000 t in 2023 could then mark its return to 2019's level.

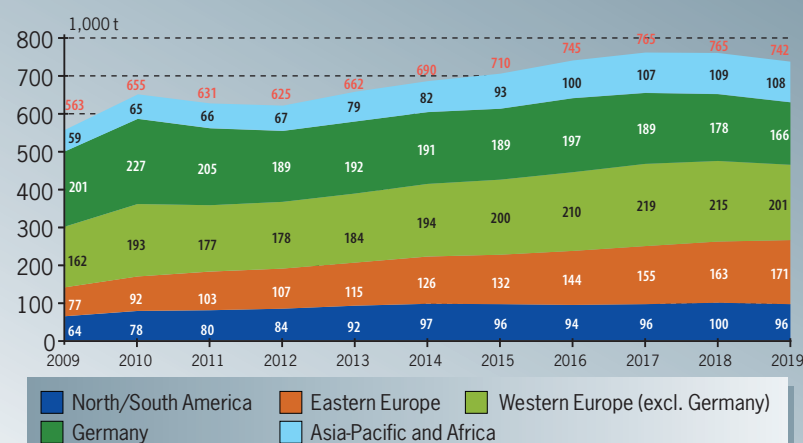
Almost all regions played a part in the downward slide in sales recorded around the globe (excluding China) last year. Eastern Europe and Asia-Pacific registered at least small growth. As the single-largest market, Germany registered its third downturn in a row with a 5.3% reduction to 166,500 (178,300) t. German sales

had last increased in 2016 (+3.9%). 2017 ended with a 3.8% drop and 2018 with a 5.8% dive. Growth had occurred in the rest of Western Europe (including Turkey) in 2016 (+4.9%) and 2017 (+4.0%). Sales had decreased by 1.9% in 2018; In 2019, Western Europe (-6.5% to 200,600 (214,500) t) fared even worse than Germany. By contrast, Eastern Europe has shown consistent growth in recent years, albeit at smaller and smaller growth rates. The Eastern European market had swelled by 9.0% in 2016, before rising by 7.9% in 2017 and 5.0% in 2018. Ahlstrom-Munksjö had booked a 3.1% improvement to 170,600 (163,000) t for 2019. Europe as a whole thus saw a 3.3% decline in sales to 537,700 (555,800) t last year.

Markets in the Americas, which had strengthened by 3.6% in 2018, receded by 4.2% to 96,200 (100,400) t last year. North America (-4.0% to 45,200 t) and South America (-4.3% to 51,000 t) made similar contributions to this downward spiral. South America (2017: +5.4%, 2018: +5.1%) had outperformed North America (2017: -2.7%, 2018: +1.9%) in the two previous years. The Asia-Pacific region (excluding China) booked a small growth to 92,400 (91,600) t last year, while sales in the Middle East and other regions dwindled by 8.7% to 15,700 (17,200) t.

Consequently, Europe was responsible for 72.5 (72.7) % of worldwide decor paper sales (excluding China) last year. Germany's (22.4%) and Western Europe's (27.0%) slices of the pie both dwindled by around one percentage point compared with the previous year. Eastern Europe accounted for 23.0 (21.3) %, allowing it to overtake the biggest non-Chinese market, Germany. The Americas were the destination for 13.0 (13.1) % of worldwide sales (excluding China), with 12.5 (11.8%) headed to the Asia-Pacific and 2.1 (2.2) % to the Middle East/other regions. □

Market development of decor paper 2009-2019¹⁾



1) without China

Source: Ahlstrom-Munksjö Germany Holding GmbH

Worldwide decor paper market dipped by 0.5% to 1.557m t in 2019

China's share of global decor paper output rises to 58%

China's decor paper industry boosted its share of global output to 58 (2018: 56) % last year amidst growth in its production that is continuing, albeit at a slower pace.

At the same time, worldwide decor paper production decreased by 0.5% to 1.557m (1.565m) t. The rest of Asia contributed 1 (1) %. Germany still provided 23 (25) %, with the rest of Europe adding 15 (15) %. All told, Europe's share of production dwindled to 38 (40) %. The remaining 3 (3) % was made in North and South America. In 2014, some 47% of the 1.265m t of decor paper made around the globe had been manufactured in Europe (Germany: 29%, rest of Europe 18%), 49% in Asia (China: 48%, rest of Asia: 1%) and 4% in the Americas. In 2013, Europe's share of production had stood at 50% (Germany: 31%, rest of Europe: 19%).

In its Decor Paper Market Research 2019 report, which was completed in

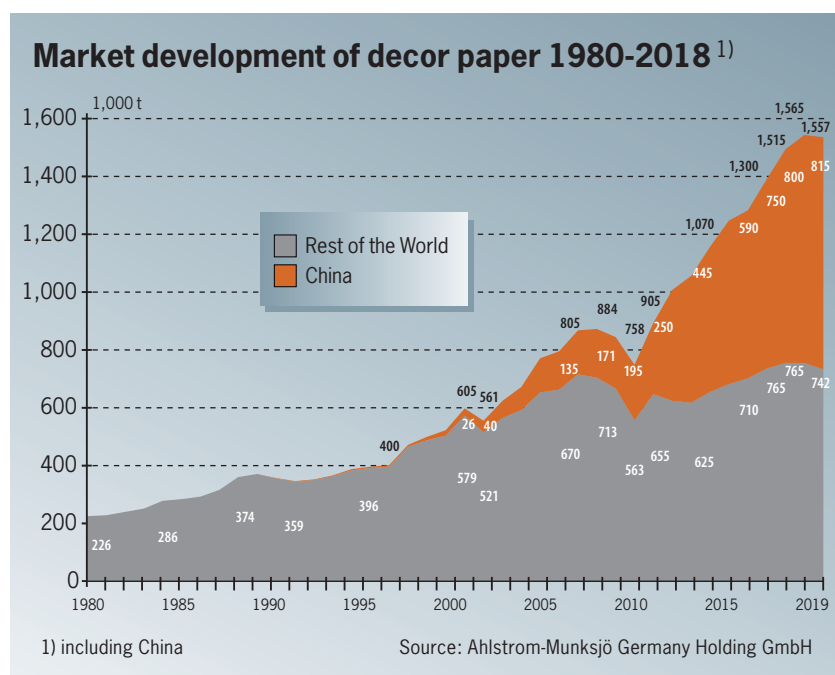
June 2020, Ahlstrom-Munksjö Germany Holding GmbH also delved into production and sales in China. The growth rates there, which had been in double-digit percentages in 2013 (+17.8% to 655,000 t), 2014 (+16.9% to 766,000 t), 2016 (+15.7% to about 900,000 t) and 2017 (+13.5% to more than 1m t), have fallen sharply in the past two years. A short-lived period of weakness had last occurred in 2015 (+1.6% to 778,000 t). In 2018, Chinese decor paper production had climbed by 7.4% to approximately 1.1m t, according to the China National Forest Products Industry Association (CNFPIA). The association reported that output had increased by 2.5% to more than 1.1m t last year; total output was not broken down into greater detail. Unlike other regions where a shift away from printing base paper and towards white or single-shade paper has been seen for several years, China's growth is still mainly underpinned by printing base paper.

In the view of Ahlstrom-Munksjö, the data collected by CNFPIA also covers quite simple grades that are not comparable with European decor paper. Ahlstrom-Munksjö still estimates these simple grades' share of total Chinese manufacturing at about 20%. Last year thus ended with relevant output of around 900,000 t in China that was processed by decor printers, treater operating and coating firms. This figure was 2.9% higher than the previous year. Much higher growth rates had been booked in prior years, echoing the trend in total output (2015: +4.1% to 635,000 t, 2016: +12.6% to 715,000 t, 2017: +13.3% to 810,000 t, 2018: +8.0% to 875,000 t).

The upturn in Chinese decor paper exports also slowed a little last year. Ahlstrom-Munksjö estimated that net exports to other markets, primarily within Asia, reached 85,000 (75,000) t. This total was around 13% higher than in 2018. China had exported 35,000 t in 2014 and 45,000 t in 2015. Following a somewhat smaller rise to 50,000 t in 2016, exports grew at faster rates in 2017 (60,000 t) and 2018 (75,000 t).

Based on output of 900,000 (875,000) t and net exports, Ahlstrom-Munksjö calculated that Chinese decor paper sales improved by 1.9% to land at 815,000 (800,000) t last year, including 793,000 (776,000) t of melamine paper, 18,000 (19,000) t of backer paper, 3,000 (3,000) t of edging paper and 1,000 (2,000) t of pre-impregnated paper. Chinese sales had risen at stronger rates in 2016 (+12.7%), 2017 (+12.8%) and 2018 (+8.6%).

Decor paper sales dipped 3% to 742,000 (2018: 765,000) t in regions outside China last year, according to Ahlstrom-Munksjö (see separate report). When including the small growth



in China, the global market contracted by 0.5% in a year-on-year comparison to 1.557m (1.565m) t. Diverging trends in the different regions meant that China accounted for 52.3 (51.1) % of global decor paper sales last year. Other regions contributed the other 47.7 (48.9) %.

According to Ahlstrom-Munksjö's market research, last year's global market volume of 1.557m t broke down into 1.407m (1.412m) t of melamine paper, 64,000 (67,500) t of backer paper, 14,500 (15,000) t of edging paper and 71,500 (70,500) t of pre-impregnated paper. The report thus only showed a growth in pre-impregnated paper sales, while only melamine paper sales had increased in the previous year.

Some 888,700 (853,500) t were delivered to decor printers last year. This 4.1% increase in a year-on-year comparison includes 826,100 t of melamine paper, 54,200 t of pre-impregnated paper and 8,400 t of edging paper. Deliveries to treater operators weakened by 3.9% to 129,200 (134,500) t, comprising 96,500 t of melamine paper, 17,100 t of pre-impregnated paper, 9,900 t of backer paper and 5,700 t of edging paper.

Even larger slumps were recorded in global shipments to LPL producers; deliveries were down 7.8% in a year-on-year comparison at 448,700 (486,800) t. Melamine paper was the dominant product with 394,400 t, followed by backer paper with 53,700 t. Edging paper (400 t) and pre-impregnated paper (200 t) barely played a role. Sales to HPL/CPL manufacturers were almost unchanged at 90,400 (90,200) t. Along with 90,000 t of melamine paper, producers also delivered 400 t of backer paper.

From this first processing stage, Ahlstrom-Munksjö also mapped downstream delivery flows in its research. Out of the 888,700 t delivered to decor printers, 693,000 (683,000) t were sold to coating firms (LPL, HPL/CPL) after printing. Some 142,000 (116,000) t went to treater operators

and 54,000 (54,000) t directly to finished product manufacturers (including furniture, interior remodelling, laminate flooring) after printing. Treater operators thus received 129,200 t from the decor paper industry and 142,000 t from printers. The remaining sum of 271,000 (251,000) t included 246,000 (227,000) t processed for coating companies and 25,000 (24,000) t for finished product manufacturers. In turn, coating companies sourced 539,000 (577,000) t directly from the decor paper industry, 693,000 (683,000) t from printers and 246,000 (227,000) t from treater operators. This meant that 1.478m (1.487m) t was processed into laminated board and laminates.

The Decor Paper Market Research also details production levels, the import-export balance and the total market volume based on these two figures for each region. This information shows that Western European production fell again to 451,000 (493,000) t last year. Net exports amounted to 84,000 (100,000) t, resulting in a 6.6% decrease in the total market volume in a year-on-year comparison to 367,000 (393,000) t. Eastern European output rebounded to 138,000 (131,000) t after falling slightly in 2018. Net imports also rose to 33,000 (32,000) t. The market volume swelled to 171,000 (163,000) t as a result.

Decor paper shipments from other regions also partly shored up market supply in North and South America last year. Some 35,000 (32,000) t was made, 10,000 (15,000) t imported and 45,000 (47,000) t sold in North America. By contrast, South American production decreased to 20,000 (22,000) t, while net imports stayed the same at 31,000 (31,000) t. This market had a volume of 51,000 (53,000) t as a result. The Asia-Pacific region (excluding China) manufactured 12,000 (12,000) t and imported a net amount of 80,000 (80,000) t last year; total sales were also unchanged at 92,000 (92,000) t. No decor paper was made in the Middle East and other regions. Demand in these areas, which softened to 16,000 (17,000) t, was entirely met by imports. □



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Slumps of varying magnitude reported in other product areas

Small growth in pre-impregnated paper sales in full year 2019

As in previous studies, Ahlstrom-Munksjö Germany Holding GmbH analysed global decor paper sales by grades, product groups, buyer segments and sales channels in its Decor Paper Market Research 2019, which was completed in June 2020.

In terms of the different grades, pre-impregnated paper was the only type to show growth, rising 2.9% to 70,500 (68,500) t. All other grades faced downturns: melamine paper -3.5% to 614,000 (636,000) t, backer paper -5.2% to 46,000 (48,500) t and edging paper -4.2% to 11,500 (12,000) t.

Total sales (excluding China) of 742,000 t comprised 337,600 t or 45.4% white and uni-colour LPL paper (including backer paper), 265,500 t or 35.8% printing base paper, 70,500 t or 9.6% pre-impregnated paper and 68,400 t or 9.2% white or uni-colour HPL/CPL paper. The shift away from printing base paper towards white or uni-colour paper seen for several years continues to play out. Some 341,000 t or

47.1% of the 724,000 t sold around the globe in 2006 was printing base paper. At that time, Ahlstrom-Munksjö had thought that LPL paper accounted for 280,500 t or 38.7% of sales, pre-impregnated paper for 54,500 t or 7.5% and HPL/CPL paper for 48,000 t or 6.6%. Printing base paper sales have thus tumbled by 36,800 t between 2006 and 2019, whereas other product groups experienced growth (LPL paper: +86,100 t, HPL/CPL paper: +19,700 t, pre-impregnated paper: +18,000 t).

These shifts within different product groups have also gone hand in hand with a slump in deliveries for decor printing. A 2.5% decrease in 2018 gave way to a 3.9% reduction in sales to decor printers to 318,700 (331,500) t last year. An increase in pre-impregnated paper deliveries to 53,200 (51,300) t was unable to offset falls in melamine paper sales to 260,100 (274,300) t and edging paper sales to 5,400 (5,900) t.

Direct decor paper shipments to treater operators and coating companies verged

on 2018's level at 91,200 (91,500) t (-0.3%) after rising by 6.8% in 2018. This figure includes 61,500 (60,300) t of melamine paper, 17,100 (16,900) t of pre-impregnated paper, 6,900 (8,600) t of backer paper and 5,700 (5,700) t of edging paper. Customers in the HPL/CPL business received 68,400 (67,200) t (+1.8%). This figure was made up of 68,000 (66,700) t of melamine paper and 400 (500) t of backer paper. Direct deliveries to buyers in the LPL coating segment fell by 4.0% to 263,700 (274,800) t last year. This total broke down into 224,400 (234,700) t of melamine paper, 38,700 (39,400) t of backer paper, 400 (400) t of edging paper and 200 (300) t of pre-impregnated paper.

In analysing the different sales channels, Ahlstrom-Munksjö tracked the decor paper industry's deliveries to the first stage of processing and then followed those volumes to the next stage in the processing chain. Reject rates were not taken into account. Decor printers, which had sourced 318,700 t of decor paper, delivered 205,000 (215,000) t to LPL and HPL/CPL manufacturers, 61,000 (63,000) t to treater operators and 53,000 (53,000) t to finished product manufacturers, principally the furniture and laminate flooring industry. Treater operators received 91,000 (92,000) t directly from the decor paper industry and 61,000 (63,000) t from printers. Out of the 152,000 (155,000) t that they processed, 127,000 (131,000) t ended up at LPL and HPL/CPL manufacturers and 25,000 (24,000) t at furniture and laminate flooring companies. The decor paper used by LPL and HPL/CPL manufacturers consisted of 332,000 (342,000) t from the decor paper industry, 205,000 (215,000) t from printers and 127,000 (131,000) t from treater operators. All of the 664,000 (688,000) t processed by these companies was subsequently delivered to finished product manufacturers. □



Production of pre-impregnated paper

(Photo credit: EUWID)



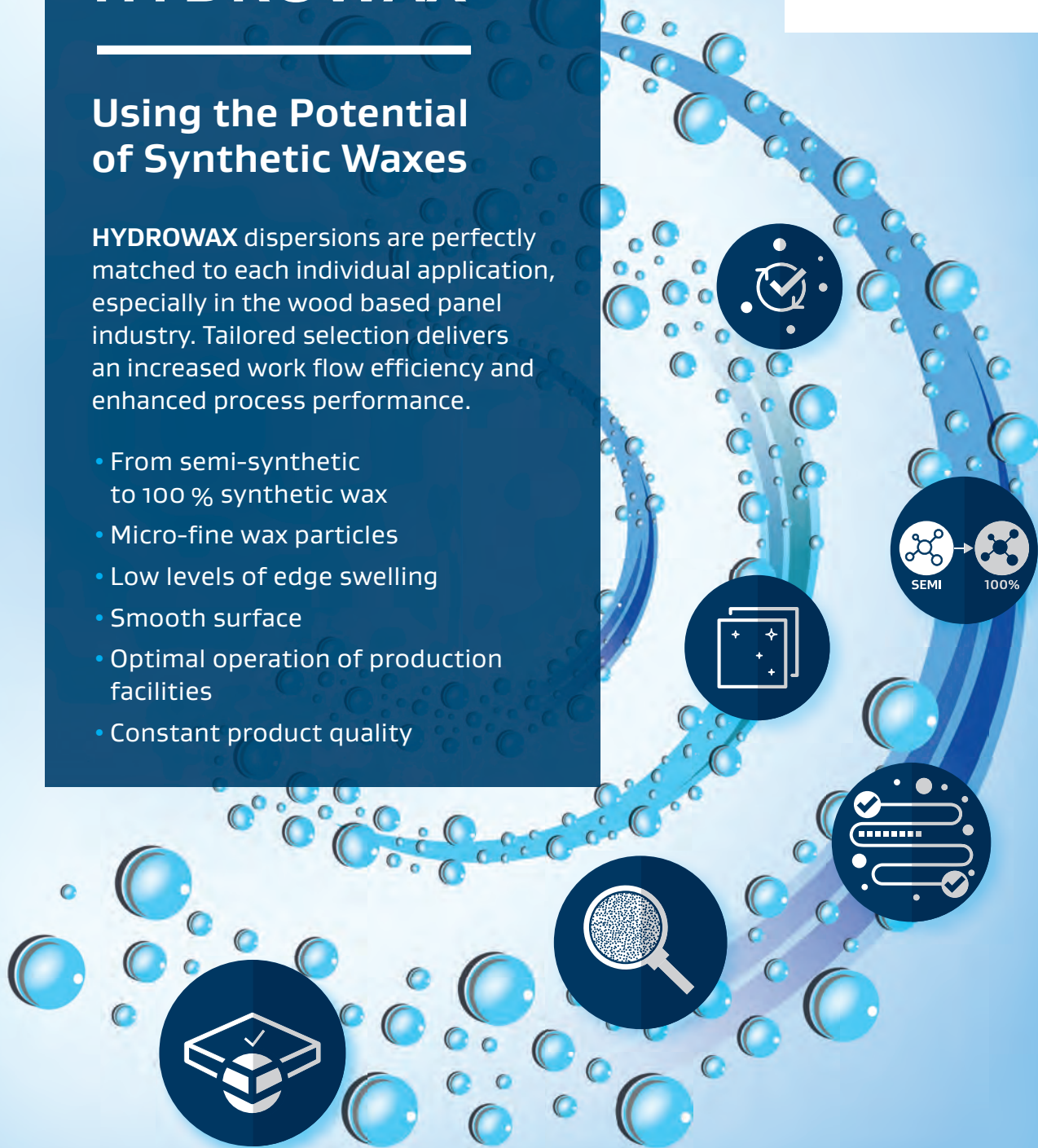
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Revenues in the first half of 2020 were lower when adjusted for Formica acquisition

Broadview Holding acquires worktop merchant in the UK

Broadview Holding B.V., based in s'Hertogenbosch, the Netherlands, and mainly active in the laminates business with stakes in Trespa International B.V. (Weert, Netherlands), Arpa Industriale S.p.A. (Bra, Italy), Westag & Getalit AG (Rheda-Wiedenbrück, Germany) and Formica Corp. (Cincinnati, Ohio), acquired the British worktop merchant Direct Online Services Holdings Ltd. (DOS), headquartered in Quedgeley, Gloucestershire, at the start of May 2020.

Founded in 2009, the British firm mainly sells its portfolio of solid timber, HPL and solid surface worktops under the Worktop Express and WEXtrade brands online. It also has eight showrooms at its headquarters and in Redhill (Surrey), Camden (Greater London), Harlow (Essex), Smeethwick (Birmingham), Chesterfield (Derbyshire), Warrington (Cheshire) and Glasgow (Scotland). In addition to its worktop business, DOS also delivers solid wood kitchens and fronts in the UK under the Solid Wood Kitchen Cabinets brand; the company is also active in the accessories

business with its The Chippy Shop and Kitchen surplus brands. DOS founded a German branch, Worktop Express GmbH, based in Viernheim, Germany, in spring 2014. A showroom set up there in November 2017 is closed at the moment.

With a staff of around 270 workers, DOS generated revenues of £37m or €44.5m in the 2019 financial year. Broadview reported that DOS booked revenues of €24.4m and operating profits of €3.3m for the first half of 2020. Since the deal closed on 4 May, Broadview had consolidated roughly €8.8m or €1.7m. According to Broadview, the purchase price for DOS was split into a cash payment of €44.2m and the assumption of €5.0m in liabilities. Including an asset evaluation of €19.8m, Broadview had goodwill of €29.4m when the transaction closed.

DOS was established by Martyn and Will Rees in 2008. In October 2016, the London-based Business Growth Fund (BGF) purchased a £3m stake in the firm. DOS subsequently expanded its distribution network as well as its portfolio and advanced

its expansion on the German market. In November 2017, Jon Shepherd was named as its new CEO. Shepherd is to continue managing the company after its acquisition by Broadview. The purchase by Broadview means that BGF has parted ways with DOS again. DOS raised its revenues from £22m to about £39m during the three years when it owned a stake. Broadview wants to continue operating DOS as an independent entity after the transaction.

Broadview is part of the Unquoted subsidiaries division at the Dutch investment group Hal Holding N.V., headquartered in Curaçao in the Dutch Antilles. In the first half of 2020, this division recorded total revenues of €1.476bn (Jan.-June 2019: 1.341bn). This figure comprises €1.337bn (1.161bn) in product sales and €137.5m (161.9m) in services. This 10.1% growth in revenues was solely spurred by its June 2019 acquisition of Formica. Adjusted for this takeover, the division's revenues would have dropped by 7.2%. Broadview and the office furniture producer Koninklijke Ahrend N.V., based in St. Oedenrode, faced a significant deterioration in revenues because of the coronavirus crisis. By contrast, Timber and Building Supplies Holland N.V. (TABS Holland), headquartered in Zaandam, delivered growth. The division's operating profits tumbled by 25.9% to €80m (108m) in the first six months, predominantly because of falling earnings at Broadview.

Hal Holding owned a 97.4% stake in Broadview and a 96.0% shareholding in Ahrend at the end of the first half of the year. Its stake in TABS Holland increased again during the first half of the year and now stands at 93.1%. Hal Holding also completed a deal signed on 3 June to buy all shares in the construction project developer Van Wijnen Holding N.V., based in Utrecht, with effect from 20 August. The company posted revenues of around €962m and had around 1,800 employees in 2019. □



(Photo credit: DOS)

Demand bounced back strongly in July and August

Production stoppages trimmed Neodecortech's revenues

Production stoppages held by the Italian decor paper and surfaces manufacturer Neodecortech S.p.A. at its Filago headquarters and other sites in Casoli d'Atri and Guarcino in response to the Covid-19 pandemic paved the way for the expected slump in revenues in the first half of 2020.

The Filago location, which specialises in printed decors, printed plastic foils and melamine film and generated around 36% of group revenues in 2019, was offline from 23 March to 20 April. The Casoli d'Atri site, which accounted for about 6% of revenues in 2019, suspended operations from 25 March to 27 April. Neodecortech operated these two locations at around 50% of their respective capacity in May and June. Lower internal demand and much lower external demand meant that decor paper production at Cartiere di Guarcino S.p.A., based in Guarcino, which had initially continued, had to halt from 14 April to 4 May. The decor paper mill took downtime again from 31 May to 13 June. A biomass power plant in Guarcino doing business as Bio Energia Guarcino s.r.l. (BEG) operated continuously in the second quarter.

These stoppages meant that the Filago facility contributed 33% of group revenues in the first half of the year. Casoli d'Atri's share of revenues was unchanged at 6%. Altogether, revenues generated from selling products and services were 17.8% lower than in the prior-year period at €54.5m (Jan.-June 2019: 66.4m). Including other revenues, which doubled to €4.6m (2.3m) and are made up of insurance payments and stock market transactions, Neodecortech's first-half revenues fell by 13.9% to €59.1m (68.7m).

According to its first-half report, which was published on 7 September, earnings decreased even more. Group EBITDA was 20.3% lower at €5.6m (7.1m), translating into a 10.3 (10.6) % margin. Adjusted



(Photo credit: Neodecortech)

EBITDA tumbled as much as 33.3% to €5.6m (8.5m) due to special effects in the prior-year period. EBIT was more than halved to €1.2m (2.9m). The company thus booked a small profit for the period of €194,000 (1.1m). Adjusted for special effects, Neodecortech would have booked net income of €250,000 (2.3m). The group anticipates that the downturn in revenues and earnings recorded in the first half of the year will be at least partly erased by a forecast better performance in the second half of the year given a strong recovery in demand in July and August.

Its consolidated sales and services revenues of €54.5m (66.4m) include €21.5m (27.3m) or 39 (41) % from the Printed Decorative Paper division, representing a 21.3% drop. Its decor paper and backer paper operations pooled in the Decorative Paper division reported a dive of as much as 27.8% in revenues to €17.7m (24.6m); group revenues' share has decreased to 33 (37) % as a result. On the other hand, the Energy division's share of revenues swelled to 28 (22) % thanks to a 5.6%

growth in revenues to €15.3m (14.5m). In terms of the different sales markets, Italy turned in the best performance; a 7.1% decline resulted in revenues of €29.8m (32.1m). All other markets posted double-digit percentage losses: the rest of Europe: -27.0% to €21.6m (29.5m), the Americas -11.9% to €1.4m (1.6m), the Middle East: -59.1% to €633,000 (1.5m), Africa -31.0% to €602,000 (872,000) and Asia -27.3% to €571,000 (786,000). The export rate thus weakened to 45.4 (51.7) %.

Including internal deliveries, the Decorative Paper division booked unconsolidated revenues of €24.2m (31.5m). The Energy division had listed revenues of €16.2m (15.6m). Printed decorative paper activities did not book internal revenues. This area booked much weaker earnings than the two other divisions. All performance indicators have decreased sharply, with EBIT even in negative territory. For their part, the Decorative Paper and Energy divisions improved their earnings in a year-on-year comparison. □

Strong order intake will likely result in longer lead times

VDM now expects furniture revenues to subside by 5% at most this year

The German furniture industry now thinks that revenues will end up falling by a maximum of just 5% this year compared with 2019.

At the beginning of July, the Association of the German Furniture Industry (VDM), based in Bad Honnef, had still projected that the full year would witness a downswing of up to 10% in revenues. When the coronavirus crisis began in April, the association had even anticipated a plunge of around 20%. According to the association, the situation has gradually improved since the lockdown was lifted. For instance, a recent internal survey found that 42% of responding furniture manufacturers expect 2020 to be a year without a reduction in revenues, compared with 4% at the end of April.

German furniture producers booked a 9.8% year-on-year fall in revenues to €8.083bn (Jan.-June 2019: 8.960bn) in the first six months of this year. According to VDM statistics drawn up based on data from the German Federal Statistical Office, domestic revenues was 8.2% lower at €5.563bn (6.057bn). Export revenues were down 13.2% at €2.520bn (2.903bn) due to the

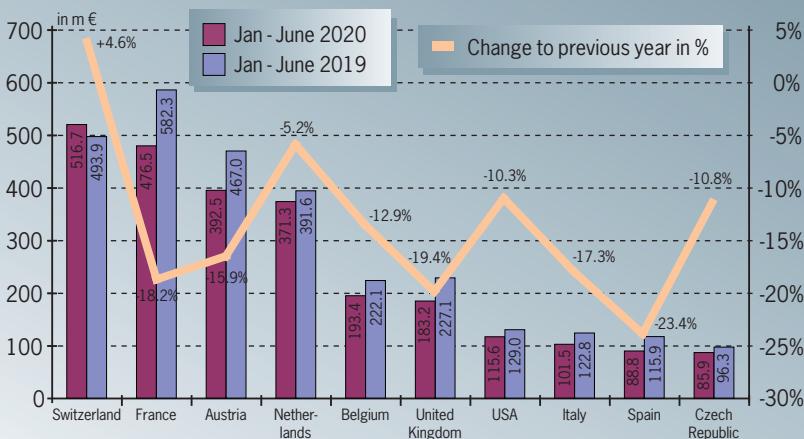
negative effects of coronavirus crisis. The export rate worsened to 31.2 (32.4) % at the end of June because of the larger decreases recorded outside Germany. Looking at the different segments, kitchen furniture manufacturers faced a comparatively modest decrease in revenues of 2.3% to €2.476bn. Shop/commercial furniture (-10.1% to €831.1m), office furniture (-11.0% to €983.8m), upholstered furniture (-11.2% to €418.6m), mattresses (-11.8% to €348.8m) and other home furnishings (-14.3% to €3.025bn) all posted double-digit percentage decreases.

According to the VDM, the negative trend seen so far this year was halted for the first time in June when revenues rose by 2.2% to €1.406bn. However, this growth was solely underpinned by a positive trend within Germany (+5.6% to €942.8m), which offset a downturn in the export business (-4.1% to €463.0m). In terms of the different segments, June's improvement was mainly fuelled by kitchen furniture (+12.8% to €455.5m) and mattresses (+19.4% to €60.2m). Upholstered furniture manufacturers delivered a slightly stronger performance with a 0.7% upturn to €66.6m.

Revenues from shop/commercial furniture were steady at €162.7m. On the other hand, office furniture (-12.1% to €151.0m) and other furniture (-2.2% to €509.8m) experienced downswings again in June. A collapse in revenues recorded after furniture shops shut down in April (-28.7%) and May (-23.3%) meant that the entire second quarter closed with a 17.2% dive. Lower revenues had also been reported for January (-1.9%), February (-4.3%) and March (-1.7%). Revenues were thus 2.6% lower in the first three months combined.

The VDM believes that current signs of the furniture industry staging a recovery are primarily connected to catch-up effects, more consumers choosing to spend their money on furniture rather than other purchases and lower VAT rates until the end of this year. The VDM anticipates that the second half will be a period of growth, especially given robust demand within Germany. An upward trend in order intake since May would likely culminate in much stronger growth in revenues in the third quarter. The VDM anticipates more modest growth rates in the final quarter of 2020 due to high underlying figures in the same stretch last year.

Germany: Furniture exports



Source: EUWID, based on data provided by the Federal Statistical Office and VDM

In the view of the VDM, current order books also bear out this optimistic assessment. According to internal order statistics from the Association of the German Domestic Furniture Industry (VdDW), based in Herford, Germany, order intake soared 55.6% in July alone. The first seven months combined saw a 4.5% improvement (Germany: +6.3%; exports: +0.3%). The Association of the German Kitchen Furniture Industry (VdDK), also headquartered in Herford, reported a 26.0% hike for July and a 4.8% climb for the seven-month period (Germany: +6.7%; exports +2.1%). An internal panel drawn up by the Association of the German Upholstered Furniture Industry (VdDP), based in Herford, showed an improvement of more than 50% in July

order intake; however, the upholstered furniture business ended the first seven months with a 4.1% decrease (Germany: -2.8%; exports: -8.6%). It should be noted, however, that these industry associations' internal order statistics also include foreign production sites run by German manufacturers and foreign companies' German distribution entities. By contrast, the German Federal Statistical Office's figures solely reflect companies with German production facilities employing 50 or more workers.

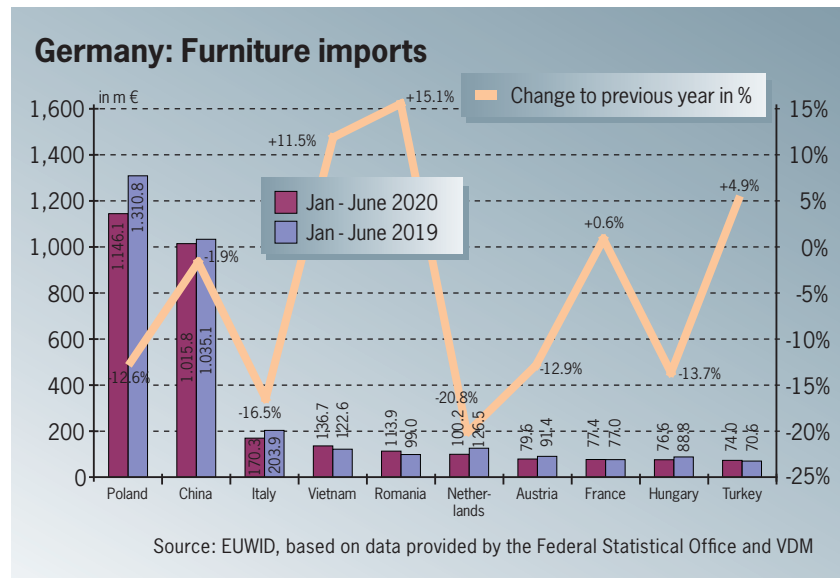
While around 80% of German furniture producers had introduced short-time work in April, this practice had already dropped off sharply in May and largely came to an end in June. Kurth believes that just about 3-4% of businesses are still making use of this option. The furniture industry has so far not shed a significant number of jobs because of the coronavirus pandemic. According to the VDM, 469 businesses employed 83,051 workers in the first half of this year. The number of companies is thus 1.6% lower and the number of employees 1.9% lower than in the prior-year period.

Atypically strong demand for the summer months, combined with company holidays taken by furniture producers in July and August, will likely make lead times longer. Moreover, the end of a cut in VAT rates at the end of this year was likely fuelling anticipatory effects. According to the VDM, this state of affairs requires flexible capacity management, transparent communication by manufacturers and merchants agreeing to forgo financial penalties in the case of delivery delays.

The VDM also called upon local authorities to make full use of the powers granted to them to allow furniture shops to open on Sundays. This step could also break up heavy customer traffic on weekends.

In the view of the VDM, the pandemic has accelerated the shift towards online shopping. Internal surveys revealed that around 40% of businesses had experienced an uptick in online business for a time. Around 20% of companies were still finding this to be the case.

In this vein, the VDM also refers to a 13.8% growth in online gross revenues from fur-



niture, lamps and decorative items registered by the German E-Commerce and Distance Selling Trade Association (Bevh), based in Berlin, in the second quarter. The VDM estimates that around 18% of furniture revenues are currently generated online. The association is sticking to its forecast that this level will increase to at least 25% in the next four years.

German furniture exports nearly 12% lower in H1

The value of German furniture exports declined by 11.9% to €3.304bn (Jan.-June 2019: 3.750bn) in the first six months of 2020. According to VDM figures, Germany shipped less furniture to almost all European export markets in the light of the coronavirus crisis. One of the few exceptions was shipments to Switzerland, which rose 4.6% in value terms to €516.7m (493.9m). The country thus replaced France as the leading export market. On the other hand, shipments to France were down 18.2% at €476.5m (582.3m). Exports to Austria, which took third place in the statistics, fell by 15.9% to €392.5m (467.0m). The same is true for German furniture deliveries to Belgium (-12.9% to €193.4m) and the UK (-19.4% to €183.2m). In the UK, the negative effects of Brexit on 31 January have already been having an impact for quite some time. German furniture exports to the UK had tumbled by roughly 11% between 2016 and 2019. According to the VDM, the coro-

navirus pandemic intensified a downward trend seen in the first six months of this year. The VDM does not expect a fundamental improvement in the near future, either, due to the lack of a consensus about future trading relationships between the EU and the UK.

The German furniture industry's three leading export markets outside Europe were heading in mixed directions at the end of June. While China has recovered from the coronavirus crisis fairly quickly and shipments to this country rose by 1.9% to €73.7m (72.3m), Russian deliveries were 9.4% lower at €38.9m (42.9m). The value of shipments to the US decreased even more with a 10.3% dive to €115.6m (129.0m).

German furniture imports slipped by 8.4% to €3.860bn (4.215bn) in the first half of the year. Much lower imports from Poland (-12.6% to €1.146bn) and Italy (-16.5% to €170.3m) coincided with higher shipments from Vietnam (+11.5% to €136.7m) and Romania (+15.1% to €113.9m).

At the start of this year, the VDM adjusted its collection methodology based on foreign trade statistics drawn up by the German Federal Statistical Office in Wiesbaden. For instance, parts for seating furniture and for automotive and aeroplane seats have no longer been included since the start of 2020, preventing distortions. □

In July, sales agreements for Conforama France and Conforama Suisse were signed
Steinhoff trimmed its furniture portfolio significantly with several divestments

Steinhoff International Holdings N.V., based in Amsterdam, has parted ways with a variety of furniture retail and manufacturing activities since accounting irregularities became public knowledge in December 2017.

Most of these divested subsidiaries are based in Europe. At the start of July, Steinhoff reached an agreement with Mobilux S.à.r.l. of Luxembourg to sell the French furniture retail chain Conforama France S.A., headquartered in Lognes. French competition authorities have yet to sign off on the deal. Mobilux is the owner of Conforama's competitor But International S.A.S., based in Émerainville, since 2016. The company is controlled by the Austrian firm XXXLutz, headquartered in Wels, and the US investment fund Clayton, Dubilier & Rice (CD&R) LLC, based in New York.

Conforama France generates annual turnover of about €2bn. The company operates 162 stores and employs 7,100 people. According to XXXLutz, But and Conforama are to be continued as separate companies

in future. But also generates turnover of some €2bn. Together with Conforama, the new group will likely overtake the current market leader in France, Ikea. In the 2018/2019 financial year, Ikea France achieved a turnover of some €3bn.

At the end of July, Steinhoff has found a new owner for Conforama Suisse S.A., based in Ecublens, Switzerland, too. The furniture merchant, which operates 22 branches in Switzerland and employs roughly 1,200 workers, will be sold to a group of Swiss investors led by Swiss entrepreneur Dan Mamane, who has been mainly active in the area of consumer electronics so far. In the 2019 financial year, Conforama Suisse generated group revenues of about CHF450m, a year-on-year upturn of some 2%.

Steinhoff's plans to divest Conforama activities in Spain and Portugal have not come to fruition. A sales agreement for Conforama Iberia brokered in February 2020 was not brought to a conclusion due to uncertainty connected to the coronavirus crisis.

Steinhoff already spun off a variety of furniture activities in the UK and Eastern Europe in 2019. Towards the middle of November, the group announced the acquisition of British retail and production pooled in Blue Group Hold Co Ltd., headquartered in Cheltenham, by the investment firm Alteri Investors, based in London. The transaction comprised the two retailers Bensons for Beds and Harveys Furniture as well as the bedding and bedroom furniture producers Relyon Limited (Wellington), Steinhoff UK Beds Ltd. (Huntingdon) and Formation Furniture Limited (Cheltenham). Moreover, the divestment process for the Polish home furnishing chain Abra S.A., headquartered in Krakow, was completed last October. In March, the sale of the Polish upholstered furniture manufacturer Steinpol Central Services Sp. z o.o., headquartered in Rzepin, to the Liechtenstein group Cotta Collection AG, headquartered in Barend, took place after receiving anti-trust approval. In January 2019, Steinhoff and Cotta had agreed on the final details of the transaction, which was announced in mid-September 2018.

2018 was characterised by the sale of different subsidiaries in Germany and Austria. At the start of December, the group completed the sale of its remaining 50% stake in Poco Einrichtungsmärkte GmbH, headquartered in Bergkamen, to XXXLutz. It also inked a contract with Signa Holding GmbH, based in Vienna, to acquire the Austrian group Kika/Leiner, based in St. Pölten, in June. Competition authorities approved the deal in early July. On the production side, Impuls Küchen GmbH and Puris Bad GmbH & Co. KG, both based in Brilon, were sold retroactively to 1 April 2018 to Brimax Beteiligungs GmbH, headquartered in Munich, and Impuls and Puris' managing director Georg Billert in September. A 50% shareholding in Habufa Meubelen B.V., headquartered in Hapert, was sold to its owners, the van den Bosch family, back in January. □



(Photo credit: Conforama)

Sale to British Lux Group and German family business announced mid-June failed

Chinese Jomoo Group has owned Poggenpohl since 1 September

The planned takeover of the insolvent kitchen manufacturer Poggenpohl Möbelwerke GmbH, based in Herford, Germany, by the German subsidiary of Jomoo Group, headquartered in Xiamen in China's Fujian Province, closed on 1 September 2020 after all contract conditions were met.

Ralf Marohn was appointed as the company's new managing director; he replaced Gernot Mang. Marohn has also served as managing director of RWK & Kuhlmann Küchen GmbH, based in Löhne, Germany, since 2014. In the same year, this firm was also bought out of insolvency by the Chinese group Boloni Home Decor (Beijing) Co. Ltd., headquartered in Beijing.

Poggenpohl is to continue manufacturing operations in Herford and to employ 250 of its remaining 270 workers. Its future focus will be on both expanding markets in Continental Europe and overseas markets such as the US, China, India and the Middle East. Moreover, the firm plans to advance the expansion of its retail network. Poggenpohl currently distributes kitchens via 32 of its own stores and around 300 independent retail studios.

On 24 April, Poggenpohl submitted an application for the opening of insolvency proceedings to the district court in Bielefeld. In a notification issued on 27 April, the company referred to the corona crisis as the reason for the considerable decline in orders and revenues. The shortages in liquidity directly ensuing from this crisis could not be compensated by the counter measures which have been introduced, such as short-time work and adjustments to production. On account of the restructuring programme under way at Poggenpohl, it was not possible for the company to benefit from the funds provided by the federal government in connection with the corona crisis support programme.



(Photo credit: Poggenpohl)

The sale of Poggenpohl to the British premium kitchen manufacturer Lux Group Holdings Ltd., based in Devizes, and the Wolf entrepreneurial family from Germany, which was announced in mid-June 2020, did in the end not materialise. The final contract here was originally expected to be signed by the end of June. Poggenpohl's insolvency administrator Manuel Sack from the law firm Brinkmann & Partner would not comment on the reasons for the failure of the transaction. Lux Group, which includes different brands such as "Smallbone", "Mark Wilkinson", "Brookmans" and "McCarron", had planned to acquire Poggenpohl within the frame of a so-called transferred restructuring. The Wolf family was supposed to provide support as a financial investor and to act as the German partner of Lux Group. At the beginning of June, Lux Group CEO Ron Shemesh said within the scope of an interview with the British magazine "kbbreview" that about 50 Mio € is to be invested into Poggenpohl and that his company was planning

further acquisitions despite the economic downturn due to the corona crisis.

In the 2019 financial year, turnover development at Poggenpohl had remained stable compared with the preceding year at €76m (2018: 76m). Poggenpohl has belonged to the Munich-based investment company Adcuram Group since the end of January 2017. Prior to this, the kitchen manufacturer was part of Swedish Nobia AB for around 16 years.

Jomoo Group specialises in making and selling kitchen and bathroom fittings and bathroom ceramic products and is 100% privately owned. The firm currently has 14,500 employees and generates annual revenues of some €1.7bn. The group has a network of around 5,000 merchants and 4,000 shops and exhibition rooms in China. Production is being carried out at sites in China. The German subsidiary Jomoo Kitchen & Bath Deutschland GmbH was founded in mid-2017 and is based in Munich. □

Group of investors acquires HDM activities

A group of investors has purchased the activities of the insolvent firm HDM GmbH, headquartered in Moers, Germany, in a transferred restructuring with effect from 1 September 2020. This acquisition was carried out via Holz Design Moers GmbH, a new company created during the second quarter. HDM's previous incarnation had filed for insolvency protection on 1 October 2018. Operations had been largely maintained at its headquarters with brief interruptions. By contrast, its subsidiary in Möckern, which specialises in making laminate flooring with Elesgo foil surfaces, was forced to close in August 2019. Insolvency proceedings for HDM opened at the start of January 2019. A hunt for investors launched by administrator Horst Piepenburg ended up taking much longer than planned. Piepenburg originally wanted to reach a deal by the first quarter of 2019. The new owners had indicated their interest at the end of 2019 but did not enter into firm talks until the first quarter of 2020. These talks had dragged on into the summer because of the pandemic. This asset deal was conducted via two shelf companies, which moved to Moers during the negotiations and were subsequently renamed Holz Design Moers GmbH and Advance Handelsprogramm GmbH. The transferred restructuring that closed on 1 September means that the new company also acquired 147 employees.

Holz Design Moers GmbH's fresh launch also went hand in hand with a restructuring of its portfolio of products. Wall and ceiling panels made in Möckern will be sold under the new Crossflex brand in the future. In the flooring segment, the company works together with two production partners, which make laminate flooring and design flooring developed by HDM on a contract basis. HDM delivers solid wood and wood-based panel mouldings, furniture board panels and shelves, as well. Like decorative panels, these products are made in Moers. The company plans to operate as a full-range provider for DIY chains, specialist building shops and specialist merchants. □

Unilin Flooring installing new laminate flooring line

Unilin bvba's Flooring division, based in Wielsbeke, Belgium, is set to take another step in the expansion of laminate flooring capacity at a site in Vielsalm, Belgium, that used to do business as Spanplux div. Balterio N.V. A sum of roughly €11m is to be invested in an additional profiling line. Start-up is slated for autumn 2021. The project means that Unilin is shifting the focus of its investment more towards profiling again. In the past three years, the company had mainly expanded its coating capacity for laminate flooring production. Unilin Flooring had commissioned three short-cycle presses in rapid succession at laminate flooring mills in Thomasville, Wielsbeke and Dzerzhinsk, Russia in the second half of 2017 and the first half of 2018. Another laminating plant for the Thomasville facility was ordered at the end of 2019. □

CFL aiming to set up flooring plant in Georgia

Creative Flooring Solutions Holdings Ltd. (CFL), which emerged in March 2016 from the renaming of the former Chinafloors Holdings Ltd. of Shanghai, wants to set up a production facility in North America in Calhoun (Gordon County, Georgia). The company will invest a total of US\$70m and thereby create roughly 300 jobs. A first step will involve building a roughly 252,000 sqft plant. The production area is to be doubled at a later date. CFL's intention is to produce mainly "engineered stone" flooring at the new facility, subsequently marketing them on the North American markets under the "Neptune Flooring" brand.

The purpose of CFL's investment in the USA is to shorten the transport distances to its North American customers and thereby achieve a marked improvement in its delivery service. The company had entered parquet and laminate-flooring production at the beginning of 2004 and had initially run its production operations at several rented facilities in Greater Shanghai. During the course of 2008, all of the production activities were brought together at a new plant built in Jiashan in Zhejiang province.

This facility was gradually extended over the following years. At the same time, the production emphasis was moved from parquet and laminate flooring to design flooring. CFL had opened two new production facilities in Taiwan and Vietnam in the first half-year 2019. Mainly SPC is produced in Taiwan whereas the Vietnamese plant is geared to laminate flooring. The plant and machinery were installed in the vicinity of a new MDF/HDF site put into service in Tân Lập, Bình Phước, in August 2018 by FSC Vietnam, belonging to Kim Tin Group.

Last year, CFL played through a variety of scenarios for the next stages in its expansion. Besides setting up a second works in Greater Shanghai, other investment options were also examined for other Asian countries, including Vietnam and Bangladesh. In view of the long-standing trade conflict between the USA and China, however, the decision was made to invest in the USA. □

Wellmade Flooring also aiming to invest in Georgia

Only two days after the Chinese company Creative Flooring Solutions Holdings Ltd. (CFL), the flooring importer and distributor Wellmade Performance Flooring Inc. based in Wilsonville, Oregon, also announced an investment project for building a plant in the US state of Georgia. The company, which currently obtains its products from a group company trading under the name of Wellmade Floor Industries Co. Ltd. near the Chinese city of Nanjing, Jiangsu province, wants to invest roughly US\$35m in building the new facility in Cartersville, Bartow County. In the first phase, roughly 240 jobs are to be created on the 328,000 sqft grounds.

Wellmade's range of products covers solid wood, bamboo, and vinyl coverings on a rigid-core basis sold under the brand name "HDPC". Customers the company supplies to in North America include the chains The Home Depot Inc. (Atlanta, Georgia), Floor & Décor Holdings Inc. (Smyrna, Georgia), and Costco Wholesale Corp. (Issaquah, Washington) as well as independent distributors. □

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Production now ramping up in all of the company's three divisions

Mohawk: Laminate flooring fared better than other flooring products

The Covid-19 pandemic culminated in a sharp decrease in second-quarter revenues and earnings at the US flooring group Mohawk Industries Inc., based in Calhoun, Georgia.

According to CEO Jeffrey Lorberbaum, all of its business and product areas and sales regions were affected by the downswing. Its laminate flooring business outperformed other product categories in both Europe and North America. In Europe, Mohawk benefited from the launch of new laminate flooring products, especially waterproof products, Lorberbaum noted. In North America, the group capitalised on good demand in the DIY segment during the lockdown. Its LVT business in Europe, which is now almost entirely served by its own mills, has improved since retailers reopened their doors. A new sheet vinyl plant in Russia also continued to ramp up operations.

Mohawk's Flooring Rest of the World division had somewhat better fortunes than its two other divisions in the second

quarter. Revenues decreased by 22.8% to US\$496.4m (April-June 2019: 643.0m); adjusted for currency effects, a 20% fall was recorded. Flooring RoW was the only division to book an operating profit, with a figure of US\$29.5m (100.1m). Adjusted for higher restructuring and integration costs of US\$29.6m (4.4m), Flooring RoW posted an adjusted operating profit of US\$59.1m (105.7m). The operating margin was eroded to 5.9 (15.6) % as a result; the adjusted margin was still in the double digits at 11.9%. Negative factors were stoppages at many facilities because of Covid-19, lower revenues as a result and an unfavourable trend in the product mix. Mohawk was able to partially offset these effects by introducing cost-cutting measures, especially to decrease its overheads, and by eliminating lower-volume SKUs. Mohawk also said that Flooring RoW had turned in a better performance than its two other divisions because of the residential and remodelling segments, which have fared better during the crisis, played a greater role there. Wood-based panel and insulation board activities, which had been

more severely restricted in April and sometimes in May, rebounded starting in June. According to Mohawk, markets in Australia and New Zealand were less affected by the Covid-19 crisis than European markets.

The Flooring North America division reported an 18.6% downturn in revenues to US\$800.1m (983.4m) and an operating loss of US\$45.5m (+62.0m). Adjusted for restructuring charges, the division booked an operating loss of US\$17.3m. Mohawk said that this loss was mainly due to widespread shutdowns because of the pandemic, which sent revenues plummeting in April in particular. Business recovered again slightly later on in the quarter. Mohawk has forged ahead with efforts to consolidate its North American production activities in response to the challenging market climate. A shift to cheaper products on the market as a whole has harmed the product mix and average sales prices.

The Global Ceramic division booked a 21.4% downswing in second-quarter revenues to US\$753.3m (958.0m) and an operating loss of US\$33.8m (+117.0m). Adjusted for restructuring costs, this division would have been barely in the black. Like Flooring North America, Mohawk is driving forward efforts to consolidate Global Ceramic's North American production sites, too. State-imposed lockdowns hampered manufacturing in all regions (US, Mexico, Brazil, Italy, Eastern Europe, Russia), but it is now ramping up again.

On a group-wide scale, Mohawk ended the second quarter with a 20.7% slide in revenues to US\$2.050bn (2.584bn) and an operating loss of US\$61.0m (+266.9m). The group also booked a net loss of US\$48.6m (+202.7m). Restructuring measures of varying degrees launched in all three divisions will drag on into next year and incur costs of around US\$170m. In the medium term, these steps are to yield annual savings of US\$110m-120m. □



(Photo credit: EUWID)

Revised data also indicates that slight growth happened in 2018

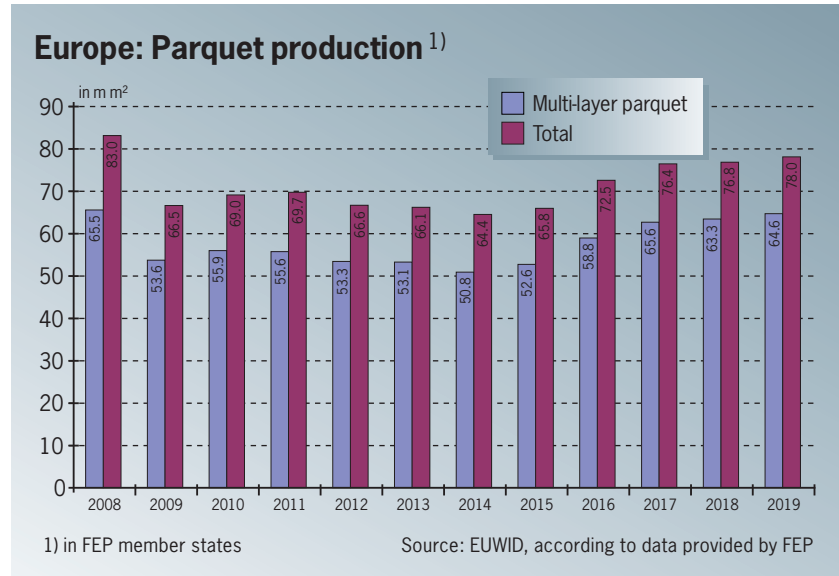
FEP members increased parquet output by 1.6% to roughly 78m m²

European parquet production rose again in 2019, according to information from the European Federation of the Parquet Industry (FEP), based in Brussels.

The federation recorded a 1.6% growth to 78.003m (2018: 76.759m) m² in output in FEP member countries compared to the preceding year. Other European countries not belonging to the FEP suffered a small decrease in output to 14.2m (14.8m) m², the association estimated. All told, parquet manufacturers made 0.7% more parquet in Europe with a total of 92.203m (91.559m) m².

The FEP notes that figures contained in its latest statistics are chiefly based on information from member countries and national associations and do not necessarily tally with official data from the countries in question. In 2018, the FEP and the German federation Verband der Deutschen Parkettindustrie (VDP), based in Bad Honnef, noticed significant inconsistencies with official figures for Germany. The associations had raised doubts about the 5.2% drop in output reported by the German Federal Statistical Office to 7.137m m². Following an internal review, the FEP revised the amount of parquet made in Germany in 2018 to 8.633m m². This correction meant that the total amount made within the FEP region was also higher than the previous year in 2018. By contrast, the FEP had reported a 1.3% decrease in production to 75.336m m² in its 2018 statistics. Parquet production has increased for five years in a row since 2015 now that the FEP has revised its 2018 figures. Yet, output will likely fall in 2020 due to actions taken to stem the spread of the coronavirus and the associated slump in demand.

Scandinavia, Hungary, Croatia and Estonia were the only regions to see a downturn in 2019. Swedish parquet production was



1.4% lower at 11.263m (11.420m) m². Nonetheless, Sweden remained the second-largest parquet producer in the FEP region with a 14.5% share of overall output. Production was down 8.9% at 2.093m (2.298m) m² in the combined region of Norway, Denmark and Finland. Croatian output was down 2% at 4.917m (5.023m) m², while producers in Hungary made 6.0% less with 1.969m (2.095m) m² and Estonian manufacturers faced a 22.0% slump to 312,000 (400,000) m² compared to the preceding year.

The other 13 FEP member countries reported higher production volumes. The leading manufacturer, Poland, only boosted its output slightly to 13.100m (13.050m) m². The same is true of Austria, the third-largest producer, with 9.669m (9.573m) m². German output edged 1.2% higher to 8.739m (8.633m) m² based on revised figures for 2018; about 11.3% of the parquet flooring made in the FEP region was thus produced by German manufacturers. Spanish output was up 0.9% at 4.488m (4.447m) m². Italy achieved a significant increase of 8.1% to 5.315m (4.914m) m². French

output also experienced a disproportionately large growth to 5.454m (5.286m) m². Belgium (+12.5%), the Netherlands (+14.7%) and Romania (+16.9%) even booked double-digit growth rates.

FEP members manufactured 64.578m (63.303m) m² of multi-layer parquet in 2019, a 2.0% increase. Their share of total output stood at 83%. Sweden was the largest multi-layer parquet manufacturer with 10.868m (11.000m) m², followed by Poland with 9.956m (9.859m) m², Germany with 8.470m (8.361m) m² and Austria with 7.542m (7.467m) m². Solid parquet production dipped 0.4% to 12.486m (12.541m) m². The leading solid parquet producers include Poland with 2.620m (2.676m) m², France with 2.619m (2.598m) m², Austria with 1.934m (1.915m) m² and Spain with 1.312m (1.305m) m². Mosaic parquet production improved by 2.6% to 939,325 (915,340) m². Poland was the leading producer in this segment too with output of 524,000 (515,000) m². Mosaic parquet output reached 193,375 (191,000) m² in Austria, 93,900 (89,900) m² in Portugal and 58,600 (57,500) m² in Germany. □

Association expects declining consumption volumes due to corona

Parquet consumption in FEP region rose slightly last year

Parquet consumption in member countries of the Federation of the European Parquet Industry (FEP), Brussels, rose last year by 1.2% to 81.767m m² compared to the preceding year.

With the exception of 2018, when there was a slight decline, parquet consumption has therefore increased continually since 2014. Against the background of the current corona pandemic, however, the association expects noticeable declines this year. In its current annual statistics the FEP has upwardly adjusted the figures for 2018, while the figures for 2017 have been adjusted slightly downwards. This represents a decrease of just under 1.0% for 2018. In the 2018 annual statistics, a decline of 2.3% to 79.854m m² was originally reported.

The growth achieved in 2019 was primarily driven by higher sales volumes in Germany, Poland, France and Italy. With an increase of 3.0% to 17.177m (16.677m) m², representing a 21.2% share of total consumption, Germany confirmed its position as largest sales market in the FEP region. Consumption increased in France by 2.5%

to 8.638m (8.429m) m² and Italy by 2.0% to 8.613m (8.445m) m². With a share of 10.6% each, both countries were in second place for most important sales markets. Consumption in Poland rose by 5.0% to 4.527m (4.311m) m² compared to the preceding year, representing a share of 5.6%. Further growth was also achieved in Austria (+1.0%), the Czech Republic (+2.0%), Spain (+1.5%) and, although from a comparatively low starting level, also in Estonia (+10.0%), Portugal (+11.9%), Romania (+3.0%) and Slovenia (+3.6%).

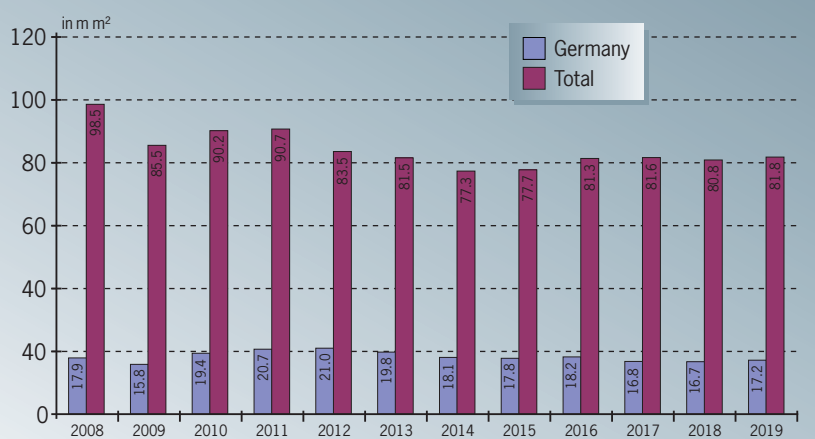
For the remaining nine of the total 20 FEP member countries, the statistics of the association show consumption declines. In the third-largest sales market Sweden, consumption volume fell by 1.0% to 8.207m (8.290m) m². In the three combined markets of Denmark/Finland/Norway, 5.873m (6.215m) m² of parquet was consumed, a decrease of 5.5% compared to the preceding year. Belgium, the Netherlands and Switzerland each showed declines of approximately 1.0%. In the comparatively small sales markets of Hungary and Croatia, consumption declines were in the mid single-digit percentage range.

Last year exports of parquet from the European Union increased by comparison with the 2018 figures. Concerning imports, however, only slight growth of 0.9% to 28.649m (2018: 28.393m) m² was recorded. In 2018, the volume had increased by 12.4% and in 2017 by 8.6%. Exports, by contrast, improved by 9.1% to 21.069m (19.303m) m² and thus almost offset the decrease recorded the preceding year. These figures from the current annual statistics of the FEP are based on data supplied by the EU statistics authority Eurostat. The 2018 figures were retrospectively adjusted slightly downwards by Eurostat.

In 2019 the total value of wooden flooring imported to the EU amounted to €518.2m (489.6m). In terms of value, imports were thus 5.8% above the preceding year's figure. The largest supplier of parquet flooring by far continues to be China. The volume of imports from this country declined by 4.0% to 16.268m (16.949m) m². The volume of parquet imported from Ukraine, the second-largest country of origin, amounted to 6.840m (6.201m) m², corresponding to a 10.3% increase. Switzerland supplied a volume of 982,094 (1.008m) m² and thus remained third in the ranking of the EU's most important parquet suppliers.

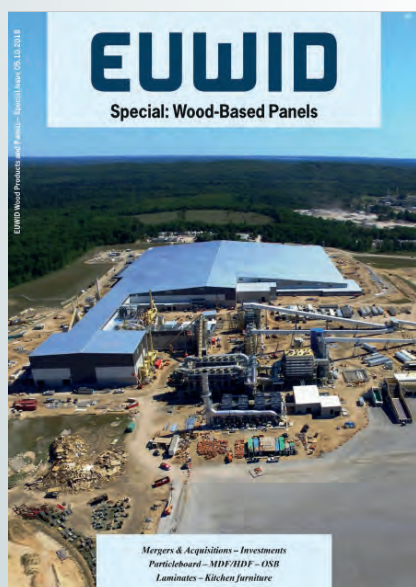
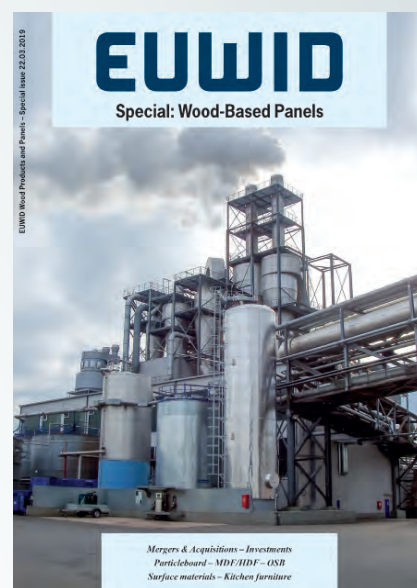
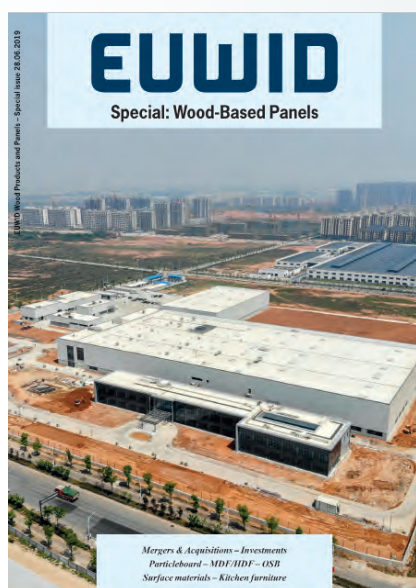
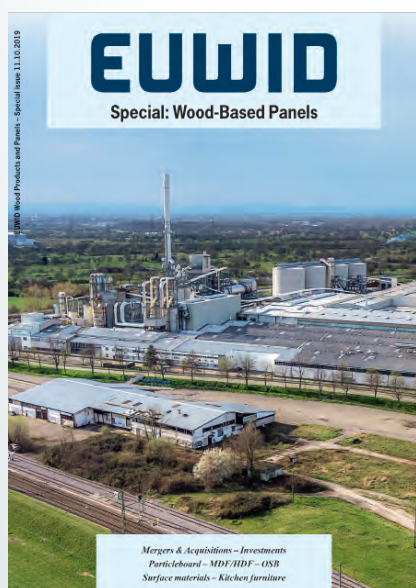
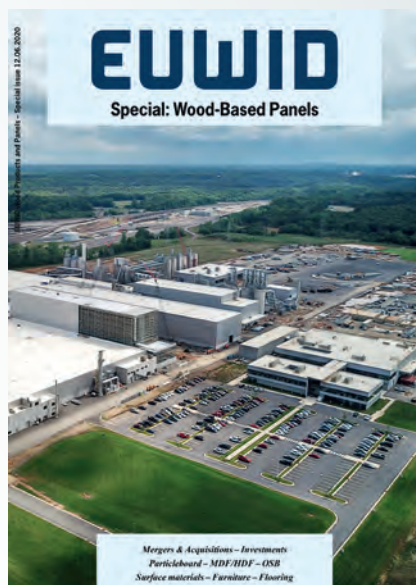
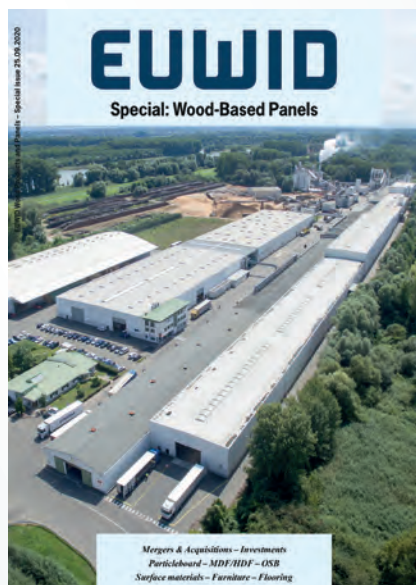
With regard to exports, Eurostat recorded a 4.7% increase in total value to €534.0m (509.9m). The most important sales market outside the EU domestic market was Switzerland. Exports to Switzerland, however, at 4.597m (4.953m) m², were 7.2% lower than in the previous year. Norway, the second largest export market, purchased a volume of 3.878m (4.338m) m². Vis à vis the preceding year, this represents a decline of 10.6%. Deliveries to the US, by contrast, improved by 52.4% to 3.574m (2.345m) m². At 2.295m (2.131m) m², China remains the EU's fourth most important sales market for parquet. □

Europe: Parquet consumption¹⁾



1) in FEP member states

Source: EUWID, according to data provided by FEP



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