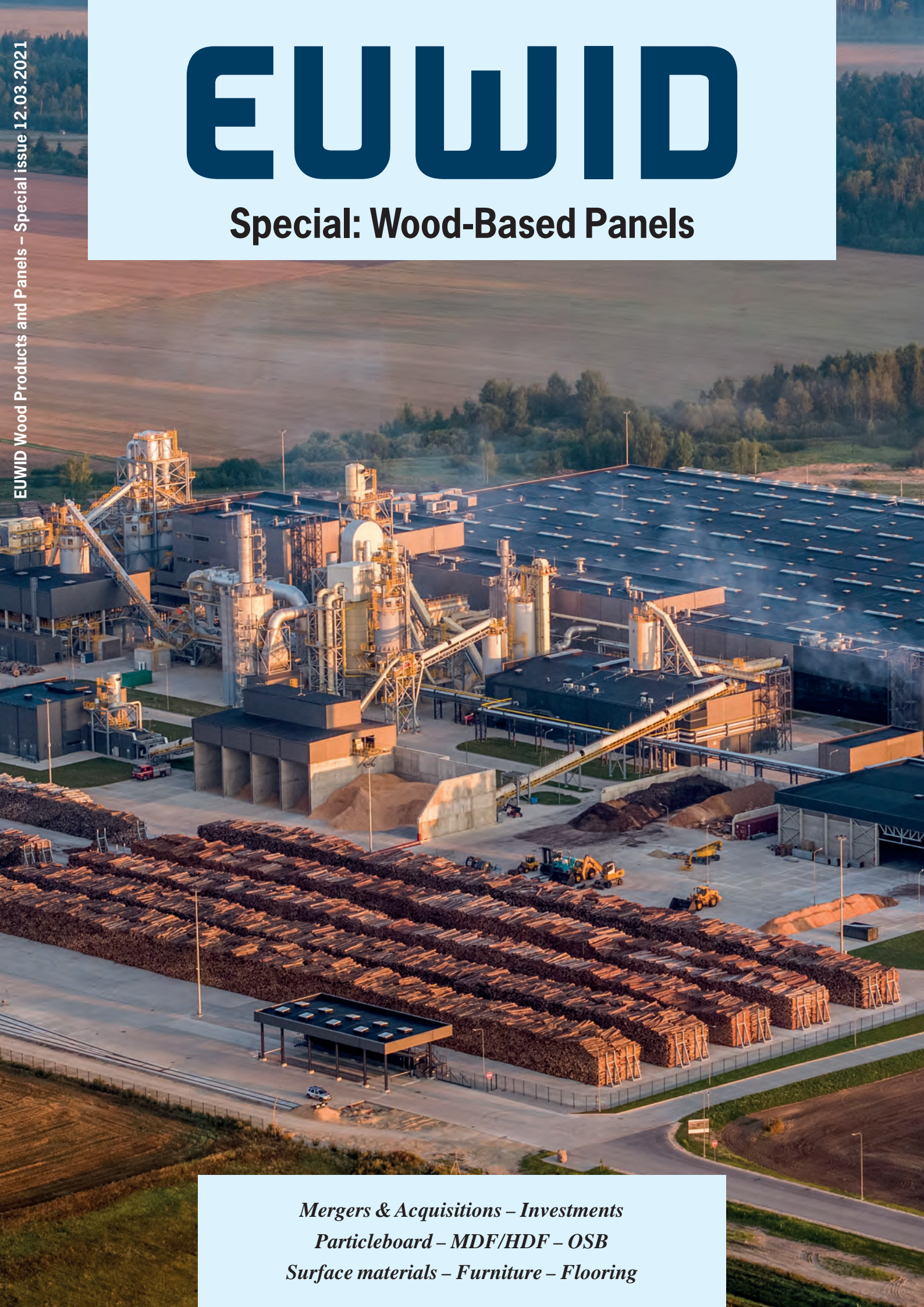


EUWID

Special: Wood-Based Panels

EUWID Wood Products and Panels – Special issue 12.03.2021



Mergers & Acquisitions – Investments
Particleboard – MDF/HDF – OSB
Surface materials – Furniture – Flooring

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Technologies



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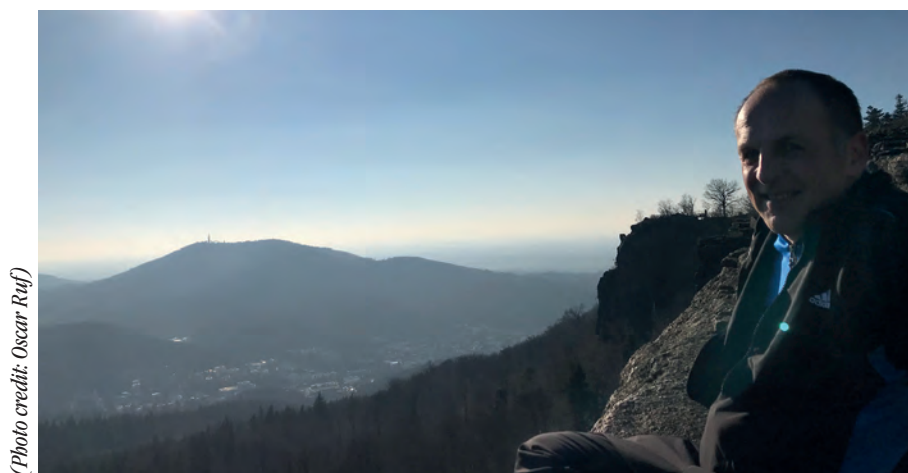


I4F licenses the world's most advanced digital printing technologies delivering results so close to the real thing it's almost impossible to tell the difference. Cutting-edge technologies available from I4F enable the creation of unique designs and avoid unnecessary inventory on pre-printed materials.

I4F's strong digital printing portfolio now also includes exclusive access to all **Hymmen** digital printing technologies, including its award-winning Digital Lacquer Embossing (DLE) technology offering unbelievably real optics and haptics.



PATENTS & TECHNOLOGIES



(Photo credit: Oscar Ruf)

Changes in the long term

The economic recovery that surfaced in many parts of the wood and furniture sector after the end of the first lockdown is sticking around much longer than affected companies had initially expected. Mounting restrictions that many countries have reimposed since October because of the second wave of the coronavirus have so far done little to slow the exceptional boom in the furnishing sector and, in particular, for companies supplying these businesses. The greatest effects are currently evident in the German furniture industry, which is having to adjust its manufacturing levels to reflect much weaker order intake since January at times. However, most companies are hoping for a swift recovery once furniture shops reopen their doors, something that is expected to happen in the coming weeks. In light of this situation, businesses have generally continued purchasing upstream products without constraints. Companies have built up inventories to ensure that production can be ramped up without difficulties.

This trend has exacerbated an already strained supply situation on upstream

product markets. Demand for both chemical raw materials and surface materials is currently exceeding supply, something that is reflected in longer lead times. A similar situation is playing out in the wood-based panel sector. Particleboard and MDF/HDF supply is no longer fully ensured since demand has been brisk for several months. At the moment, there is hardly any free amounts of a few grades throughout Europe. The situation is even more critical for structural panels. More dramatic supply shortages have emerged for both OSB and softwood plywood in the past few weeks, and will likely not evaporate any time soon.

The challenging state of affairs on the upstream product and wood-based panel markets is now also reflected in substantial price increases. An upward trend evident in many sectors in the second half of the year has intensified so far in the first quarter. The intervals between price hikes have become shorter and shorter. At the same time, mark-ups are becoming larger and larger. This overheated situation is raising the risk that the market climate will reverse course soon if the framework conditions change. Most companies currently believe that a sudden collapse will not occur, at least not in the first half of the year, because of the lead times that have now built up.

However, things will almost inevitably head in the opposite direction in the long term. A shift in consumer spending towards the furnishing sector in the past few months will likely at least partly reverse course after the coronavirus crisis ends. Moreover, the Covid-19 pandemic might also lead to structural changes within the wood-based panel, surfaces, furniture and building element sector. This issue of EUWID Special: Wood-Based Panels provides an overview of these topics again. The next special edition in September 2021 will give another update.

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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*The Lithuanian company UAB Vakarų Medienos Grupe (VMG) completed handover tests for a Siempelkamp particleboard line delivered to its Akmenė site in January 2021.
(Photo credit: Siempelkamp)*

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Andreas Ruf

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Wemhöner commissions new production facility

Wemhöner Surface Technologies GmbH & Co. KG completed work to build a second factory in Changzhou in China's Jiangsu Province via Wemhöner Changzhou Technologies Co. Ltd. in August 2020. Manufacturing commenced in September. The new factory will make lacquering systems for the Chinese market. It will also produce components to make short-cycle and membrane presses at an existing factory run by Wemhöner (Changzhou) Machinery Manufacturing Co. Ltd that is around 2.5 km away. In the past few months, Wemhöner has delivered and commissioned the first lacquering technology to Chinese customers from this location. The start-up of production at the new factory will further expand these operations.

The first factory in Changzhou had been offline for around four weeks in the first quarter of 2020. Following a scheduled one-week stoppage for Chinese New Year, the restart process was delayed for another three weeks because of restrictions related to the coronavirus pandemic. The situation on the Chinese market then returned to normal fairly quickly again starting in April. As a result, Wemhöner's Chinese entity largely made up for the losses in revenues booked in the first quarter later on in the year. At the firm's Herford headquarters, the Covid-19 pandemic also culminated in a significant slump in order intake and sometimes also in a shift to projects already under way in the second quarter. These projects were reactivated more quickly than expected starting in July. At the same time, order intake for short-cycle and membrane presses delivered from Herford picked up sharply; the full year thus ended up being stronger than in 2019. Much stronger business again in the second half of the year meant that Wemhöner booked revenues of just over €100m from its Herford site for the third time in a row. However, group revenues dipped slightly because of somewhat weaker business with China over the past two years. Revenues had first passed the €140m mark in 2018 before softening to around €135m in 2019 and more than €130m in 2020 based on preliminary figures. □

Siempelkamp settled on redundancy package



Siempelkamp's headquarters (Photo credit: EUWID)

G. Siempelkamp GmbH & Co. KG has brokered an agreement in negotiations under way since the end of August 2020 about plans to shed almost 260 jobs at Siempelkamp Maschinen- und Anlagenbau GmbH and Siempelkamp Maschinenfabrik GmbH.

Siempelkamp's management team, which has been led by Dr Martin Stark since the end of June, chief negotiator Stefan Ziemes and the works council reached a settlement of interests for affected workers on 23 November. This package covers a total of 136 jobs: 56 at Siempelkamp Maschinen und Anlagenbau GmbH and 80 at Siempelkamp Maschinenfabrik GmbH. Siempelkamp said that mandatory redundancies and early retirements were needed to reduce its workforce. A number of jobs not specified by Siempelkamp have already been eliminated via other measures over the past few months. A total of 214 jobs are to be shed, 46 fewer than originally envisaged. Siempelkamp had launched the restructuring programme in August due to the economic slowdown since mid-2018 that has been intensified by the coronavirus crisis. □

Dieffenbacher opens a new branch in Turkey

Dieffenbacher GmbH Maschinen- und Anlagenbau opened a new office in Turkey back on 1 September 2020. Isik Zorcu, who previously worked for Kastamonu Entegre Agac San. ve Tic. A.S., headquartered in Istanbul, and AGT Agac San. ve Tic. A.S., based in Antalya, will mainly oversee ongoing projects in Turkey and

expand its modernisation and spare parts business as project manager. Dieffenbacher is currently installing a new MDF/HDF line at Camsan Ordu Agaç Sanayi ve Ticaret A.S., based in Ordu. This line is slated for commissioning in the first quarter of 2021. Its sales partner Hanex Orman Ürünleri San. ve Tic. Ltd. Sti., which is managed by Dr Cihan Ayla and based in Istanbul-Maltepe, will continue to handle the new technology business.

Dieffenbacher has sold several wood-based panel lines to customers in Turkey in the past few years. Kastamonu Entegre commissioned a Dieffenbacher MDF/HDF line at its new site in Adana in 2012. Starwood Orman Ürünleri A.S., headquartered in Inegöl, started up a Dieffenbacher particleboard line in the third quarter of 2019. Kastamonu Entegre also operates continuous production lines delivered by Dieffenbacher at several international locations. □

Andritz landed nine orders for refiners last year

After getting off to a rather slow start in the first half of the year Andritz AG won several orders for refiners from the wood-based panel industry in the final months of 2020. At the end of the year, the Turkish wood-based panel manufacturer Starwood Orman Ürünleri Sanayi A.S., headquartered in Inegöl, ordered a 60" refiner for a thin MDF/HDF project in Inegöl that was announced in early November. The order also included a disk chipper and wood chip washing station.

Andritz's Panelboard unit, which is part of the Paper, Fiber and Recycling division, sold a total of nine refiners to make MDF/HDF in 2020 as a whole. As in previous years, the majority of orders came from China. The first order of 2020 was for an S 2064M for the MDF mill in Wuzhou, Guangxi Province, run by Guangxi Guoxu Group Co. Ltd., the biggest refiner sold to China to date by Andritz. Andritz Panelboard also finished starting up of six refiners during the course of the year. □

2022

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HOMANIT:

MES

*2022 LITHUANIA AND HOMANIT:
WE ARE GROWING TOGETHER.

AUGAME

KARTU.*

DISCOVER
WHAT'S
BEHIND

Raute records losses in 2020 for first time in ten years



(Photo credit: Raute)

After significant losses in the preceding quarters, Raute Oyj generated sales revenues of €38.9m (Oct.-Dec. 2019: 39.3m) in the fourth quarter of 2020. The operating result was 53 % lower than in the previous year at €0.8m (1.8m).

Owing to the distinctly negative development in the first half-year, Raute also had to record a negative operating result for the year as a whole at -€1.9m (2019: +8.5m). An operating loss had last arisen in the business year 2011 at -€1.1m. Sales revenue fell 24 % in the last business year to €115.0m (151.3m). Business in new systems was better at -13 % to €75m (86m) than in the Technology Services segment (-39 % to €40m). Here, the new systems business comprised almost entirely deliveries to plywood manufacturers. Customers in the LVL industry only accounted for a 0.3 (15) % share of sales revenue last year.

The losses in sales revenue are chiefly attributable to the assembly, commissioning, and maintenance operations rendered more difficult by the travel restrictions. In North America, the production adjustments implemented in order to contain the coronavirus had to be maintained over several weeks in the fourth quarter, too. Orders have been put on hold as well during the course of the corona crisis, but the number of cancellations has been low.

The hesitant realisation of investment projects in 2020 was also reflected in 20 % lower receipts of orders at €119m (148m). Owing to the undiminished high order backlog of €94m (88m) and in anticipation of decreasing restrictions due to the corona crisis, Raute is expecting a growth in sales revenue and an improvement in the operating result for the business year 2021. □

Guangxi Lelin orders 74" refiner from Andritz

The Chinese wood-based panel manufacturer Guangxi Lelin Forestry Development Co. Ltd., based in Nanning, Guangxi Province, has ordered the biggest single-stage pressurised refining system ever installed in an MDF/HDF project that it is planning in Chongzhuo, Guangxi Province. This move comes after it ordered the longest continuous press to date for wood-based panel manufacturing. Placed by Guangxi Chongzuo Lelin Forestry Development Co. Ltd., the contract awarded to Andritz AG includes a wood chip washing system, a chip bin discharger suitable for high-capacity discharge rates, a 28" plug screw feeder for dewatering, an 84" digester, a C-feeder and an S2074M-refiner. The entire line is designed to have an hourly capacity of around 80 t. In July 2020, Dieffenbacher GmbH Maschinen- und Anlagenbau won the contract to deliver components downstream of the refiner, including an 80 m-long CPS+ press. Dieffenbacher has previously said that installation should get going in the second quarter, with commissioning scheduled for autumn 2021. □

Leonhardt now called Xylo Machinery DE

The wood yard and shredding technology specialist Leonhardt Holzmaschinen GmbH has been doing business as Xylo Machinery DE GmbH since September 2020. This change highlights its affiliation with Kronospan's mechanical engineering unit. Previously one of Leonhardt's main customers, Kronospan purchased a stake in the firm in early 2017. Heinz Leonhardt stayed on the management team during a transition period but exited the firm in spring 2020. The company has since been managed by Tim Schäfer who joined Leonhardt on the management board in September 2019. Schäfer had previously worked for HFHN Wood Engineering GmbH (Illingen, Germany), Laminate Park GmbH & Co. KG (Eiweiler, Germany) and Schaeffler Technologies AG & Co. KG (Herzogenaurach, Germany).

Xylo Machinery DE is part of Xylo Machinery CZ s.r.o., based in Jihlava, Czech Republic, which was created when Kronomech spol. s.r.o. was renamed. Within Kronospan, Kronomech specialised in manufacturing transport and conveyor systems and rebuilding and transfer projects. Shares in Xylo Machinery DE are held by companies including the Kronospan investment firm Jacatin Finance Ltd., based in Nicosia, Cyprus. Leonhardt Holzmaschinen supplied Kronospan with stranders for several projects to invest in new OSB technology and replacement projects in recent years. □

Kronospan bought a stake in Tocchio back in July 2019

Tocchio International s.r.l., an Italian machinery and plant manufacturer specialising in treating lines based in Vigevano, changed ownership again in late July 2019. Kronospan Holdings S.à.r.l., headquartered in Sanem, Luxembourg, became a new shareholder at that time. Tocchio had undergone several structural changes in previous years. Its previous incarnation Tocchio s.r.l. had been embroiled in insolvency proceedings under Italian law ("Concordato preventivo") starting in June 2014. In September 2015, its assets were transferred to a new company Tocchio International s.r.l. At that time, Alnic s.r.l., based in Busto Arsizio, had owned 51% of the shares, with the other 49% in the hands of the Tocchio family.

Tocchio offers four different types of treater lines. Its Smart line includes simple machines with working widths of up to 1,400 mm and production speeds of up to 30 m/min. The Combi line can treat melamine films to make HPL and CPL and laminate wood-based panels. Up to 2,300 mm wide, its lines can operate at up to 100 m/min. Tocchio also builds high-performance lines to make melamine films (up to 2,300 mm wide, speed of up to 120 m/min) and phenol film (1,400-3,200 mm wide, speed of up to 330 m/min). Upon request, Tocchio can also deliver lines in wider working widths, the firm said. Tocchio's portfolio also includes machines to make masking tape and filter paper. □

Cerutti activities will operate as a new entity



(Photo credit: Cerutti)

Former Cerutti activities have been operated by a new company, Gruppo Cerutti s.r.l. since the end of August 2020. The Italian printing machinery manufacturer had been insolvent since January 2020. After the Commercial Court in Vercelli gave the green light, assets from the affiliates Officine Meccaniche G. Cerutti S.p.A. and Cerutti Packaging Equipment S.p.A. were transferred to the new firm. These assets include patents and design drawings. Gruppo Cerutti subsequently planned to re-enter the printing machinery and packaging technology business with 134 workers at its site in Casale Monferrato. Its two previous incarnations had filed an application for the opening of insolvency proceedings under Italian law ("Concordato preventivo") in mid-January 2020. Cerutti's portfolio includes printing machines for industrial decor printing. □

I4F Licensing to issue Hymmen licences



(Photo credit: EUWID)

The intellectual property firm I4F Licensing N.V., based in Hamont, Belgium, and the machinery and plant manufacturer Hymmen GmbH Maschinen- und Anlagenbau have agreed on a partnership for digital printing patents. This partnership also covers the digital lacquer embossing (DLE)

technology developed by Hymmen. In the future, I4F will be the exclusive distributor of licences for patents held by Hymmen. I4F will also support Hymmen in defending its patents. By way of example, the parties named a patent infringement case brought before the Düsseldorf District Court against the Spanish machinery and plant producer Barberán S.A. in spring 2020.

The new partnership will allow I4F to significantly expand its portfolio of digital printing patents. Until now, the company has been able to award licences in this area for patents to Classen Group (Kaisersesch, Germany), Kronospan and Benchwick Construction Products Ltd. (Changzhou, Jiangsu Province). Hymmen has delivered most of its digital printing technology to flooring companies. I4F reports that more than 80% of digitally printed flooring made around the world is manufactured using Hymmen machines. □

Homag Group expands buildings in Schopfloch

Homag Group AG intends to expand the existing production and storage buildings at its headquarters in Schopfloch with a 6,700 m² extension by the beginning of 2022. This extension is to be built on an area that in the past has served various purposes. Construction is to commence in April 2021; completion is scheduled for the beginning of 2022 at the latest. The extension is to facilitate the relocation of assembly capacities and storage areas, which have previously been transferred to external locations, back to the main facility. The move is scheduled to be completed during the first half of 2022. The new extension will be used primarily for the areas of assembly and shipping. The resulting reorganisation of the space in Schopfloch is intended to optimise processes and material flows.

In parallel to the building expansion, Homag GmbH is planning the modernisation of production machines. The investment volume for the planned measures is said to amount to a total of €12m; the majority of this sum is apparently intended for the building construction. □

GreCon hands 75% stake in IPAC back to Harald Jordan

Fagus GreCon Greten GmbH & Co. KG has handed over a 75% stake in Improve Process Analytics and Control GmbH (Ipac), headquartered in Villach, Austria, that it acquired in September 2016 to its joint venture partner Harald Jordan with effect from 31 October 2020. Jordan thus now owns all shares in the firm, which chiefly develops and markets colour measurement systems. Before GreCon acquired a shareholding, Jordan had owned a 51% stake, with the other 49% in the hands of White Pearl Investment S.A.

Ipac and GreCon want to continue working together on sales and service after the change in shareholder relationships. During the four years together, the two companies refined the offline advanced colour measurement system (ACMS) previously brought to market by Ipac and expanded its portfolio to include an inline advanced colour measurement system (ICMS). The latest innovations are the ACMS zero and ICMS zero systems. □

Italy: machinery producers enjoy first growth in a while

Italian woodworking machinery manufacturers reversed a downward trend in order intake that lasted almost three years by delivering year-on-year growth in the final quarter of 2020. Statistics from the industry association Acimall had last shown an increase in the first quarter of 2018. Order intake had since declined relatively consistently. The biggest losses compared with the previous three-month stretch had been booked in the first quarter of 2020. The second quarter was even worse in a year-on-year comparison with a 39.2% reduction. Exports came close to the previous year's level in the third quarter, while business within Italy tumbled by another 32.3%. Acimall reported growth both in Italy (+7.3%) and on the export market (+3.0%) in the last three months of 2020. □

Production value and exports both down by around 15% in 2020

Woodworking machinery production poised to grow by 3% this year

The German Woodworking Machinery Manufacturers' Association within the VDMA expects this year to bring a reversal in fortunes.

This comes after production and exports dropped in 2020, mainly because of the Covid-19 pandemic. According to a forecast provided on 12 February, woodworking machinery production is set to rise by around 3% to €2.95bn. The figures available to date indicate that the value of woodworking machinery fell by 15% to €2.86bn (2019: 3.37bn) in 2020. This was largely consistent with the VDMA's forecast of a 15% slump last updated in October. With this update, the association had adjusted a projection made in September 2019 and confirmed in early 2020 of a -10% slump by another five percentage points. The first lockdown to combat the spread of the pandemic in the second quarter had led the association to fear an even bigger slump of up to 20% in 2020.

The losses run up in the first half of the year were partly erased by growth in the fourth quarter. Woodworking machinery

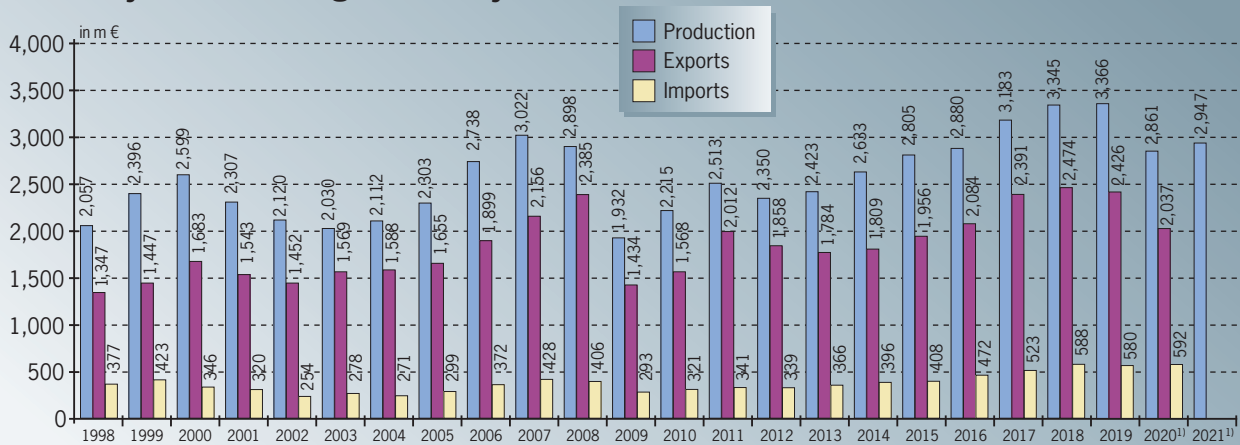
production had already fallen by 9.4% in the first quarter, before tumbling by 19.6% in the second quarter. Production had thus deteriorated by 14.7% in the first six months combined. The downward spiral had continued at first in the third quarter. Data from the German Federal Statistical Office in Wiesbaden analysed by the VDMA indicate another 19.6% decline for the third quarter. German woodworking machinery output was thus 16.7% lower than the previous year after nine months.

This marked slump meant that the tide has turned on Germany's woodworking machinery industry, which has been growing since 2012. The value of production had risen consistently from 2003 (€2.03bn) to 2007 (€3.02bn). The global economic crisis had initially prompted a small decrease to €2.90bn in 2008 and then a collapse to €1.93bn in 2009. After two years of stronger growth rates again, production dipped again to €2.35bn in 2012. The consistent improvement seen over the next seven years translates into a compound annual growth rate (CAGR) of 5.7% for the period from 2009 to 2019. Last year's correction and the slight recovery

that the VDMA is forecasting for 2021 will likely result in a CAGR of 3.6% for the 12 years from 2009 to 2021. Just three years in this period had ended with a downswing (2009: -33.3%, 2012: -6.5%, 2020 forecast: -15.0%). The other nine years encountered varying growth rates, with double-digit percentage upswings recorded in 2010 (+14.6%), 2011 (+13.5%) and 2017 (+10.5%). Increases in the upper single-digit percentage range were booked in 2014 (+8.7%), 2015 (+6.5%) and 2018 (+5.1%); output was slightly higher in a year-on-year comparison in the other years (2013: +3.1%, 2016: +2.7%, 2019: +0.6%).

Statistics available for January to November reveal that German woodworking machinery manufacturers' exports dropped by 14.7% to €1.88bn (Jan.-Nov. 2019: 2.21bn). Exports have been on the increase again since the third quarter after stronger downturns in the first half of the year. The woodworking machinery association still expects the full year to close with a bigger drop than in the eleven-month period with a 16.0% downward slide to almost €2.04bn (2019: 2.43bn). Wood-

Germany: Woodworking machinery



1) forecast

Source: EUWID, according to data provided by VDMA

working machinery imports into Germany edged 1% higher to €541m (Jan.-Nov. 2019: 536m) in the first eleven months. The woodworking machinery association extrapolated full-year imports of €592m (2019: 580m) on this basis.

Few countries imported more machinery in 2020

Just three of the 15 largest export markets for German woodworking machinery manufacturers were faring better than the previous year at the end of November 2020. Foreign trade statistics compiled by VDMA reveal that shipments to Austria climbed by 14% to €120m (Jan.-Nov. 2019: 105m) compared to the corresponding period of the preceding year. This jump was mainly fuelled by a larger number of sawmill and cross-laminated timber projects.

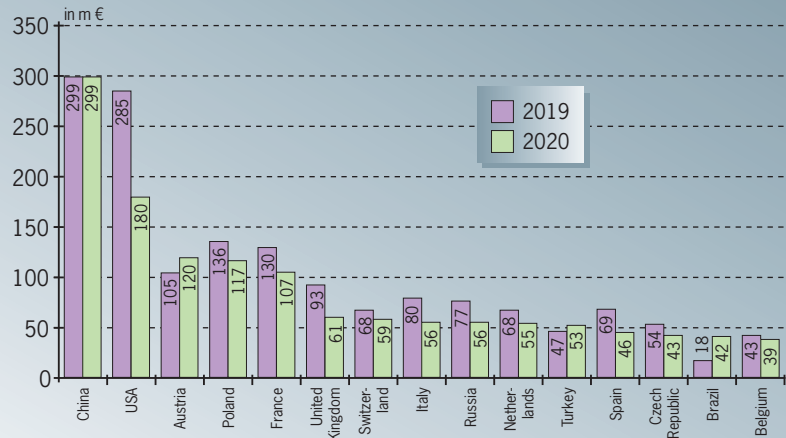
Stronger investment activity in the wood-based panel business boosted exports by another 14% to €53m (47m). Exports to Brazil more than doubled to €42m (18m) due to the conclusion of a few big projects.

China/Hong Kong were back at the previous year's level at €299m; the losses recorded in the first half of the year had been outweighed in the second half. Double-digit decreases were booked almost across the board in other markets. The three largest sales markets accounted for 32% of total exports between January and November (China: 15.9%, US: 9.6%, Austria: 6.3%). The 15 largest markets were responsible for 72% of sales.

Rising imports up until the end of November were primarily driven by a sharp growth in shipments from China. All told, Germany imported woodworking machinery with a total value of €175.1m (144.0m) from China in the eleven-month period.

However, the next three largest suppliers shipped slightly less to Germany than in the corresponding period of the preceding year. Imports from Poland were 6.3% lower at €68.4m (73.0m). Austria sent 15.3% less woodworking machinery to Germany with €53.2m (62.8m). Italy verged on the previous year's level with €51.2m (52.3m).

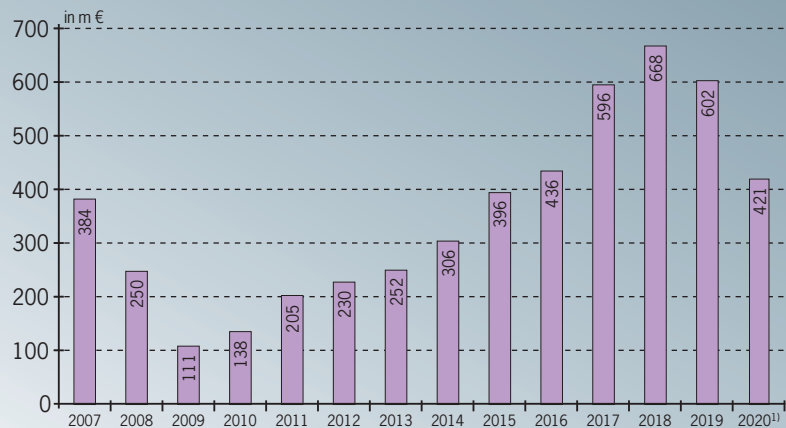
Germany: Export of woodworking machinery¹⁾



1) Jan-Nov

Source: VDMA, according to information provided by Federal Statistical Office

EU-27: Export of woodworking machinery to the USA



1) forecast

Source: VDMA, based on data provided by the Federal Statistical Office

Imports from the Czech Republic were up 10.1% at €46.7m (42.4m).

Exports from the EU decline by 15.9% overall

Last year, according to the figures currently available, exports of wood processing machines from the EU 27 decreased by a total of 15.9% in the period from January to October 2020. Germany developed along somewhat better lines during this period, recording a decline of 15.6%. Italian exports dropped by 18.8%. A decline of 17% was recorded for Austria whilst exports from the Czech Republic were down 19.6%. Polish exports, in contrast, were at almost the same level as the previous year; according

to the export trade statistics analysed by the VDMA they declined by only 1.9%.

With regard to exports from the EU 27 to China, the significant drop recorded in the first quarter was almost completely offset by the increases achieved in the following months. According to the VDMA statistics, as of the end of October the decline amounted to only 2.9%. Deliveries from Germany decreased by 6% over the first ten months, whilst exports from Italy and Austria rose by 11% and 71% respectively.

The decline in exports to the USA already observed in 2019, however, intensified last year. For the entire period of the year the VDMA anticipates a decline of 30%. □

Several companies in other areas want to enter new machinery business

Shifts among printing and lacquering machine makers

A slump in the number of rotogravure printing projects in recent years, longstanding efforts to increase the use of digital printing and a wider portfolio of products offered by surface manufacturers have trickled down to suppliers of décor printing and finish foil machines.

A few firms that used to be more prominent have pulled back or exited the décor business altogether. Cases in point include Maschinenbau Wilhelm Kochsiek GmbH (Leopoldshöhe) along with its successor companies and Cerutti S.p.A. (Casale Monferrato, Italy). Other firms have entered the fray, positioning themselves as suppliers to the surfaces sector with varying levels of success. The rotogravure printing machine business was redistributed after the sale of Kochsiek. Founded in 2002, Rotodecor GmbH Maschinen- und Anlagenbau (Lage) landed more and more orders in subsequent years. However, Wematech AG (Wangenried, Switzerland) could not survive after some initial success. A few orders for lacquering systems for making finish foils went to the company then known as Vits Systems GmbH (Langenfeld) and to Rotodecor starting in the middle of the 2000s. Rotodecor had also gained a foothold in this segment; Vits had not moved ahead with these activities. Wifag-Polytype Holding AG (Fribourg, Switzerland) had also been given the nod for subsequent projects.

Specialising in the décor business is becoming increasingly challenging due to a smaller number of investment projects than in the 1990s or 2000s. Machinery and plant manufacturers that have specialised in décor printing and lacquering technology to date are now thus trying to land orders from other sectors, too, such as the packaging printing and the wallpaper industry. Conversely, machinery and plant manufacturers that have so far tended to focus on adjacent sectors are also trying to gain a foothold in the



Kochsiek printing machine

(Photo credit: EUWID)

surfaces business. One first step might be modernising or rebuilding projects. In the 2000s, for instance, LSF Maschinen- und Anlagenbau GmbH & Co. KG (Laußig) carried out a major décor printing project. This firm, which was acquired by Kampf Schneid- und Wickeltechnik GmbH & Co. KG (Wiehl) in 2014, had recently tended to focus on delivering components. Lebbing Engineering & Consulting GmbH (Bocholt) and, like Kampf, is owned by Jagenberg AG, wants to pursue more décor and packaging printing projects in the future via a branch in Enger set up at the start of 2021. The creation of Jagenberg Converting Solutions GmbH (Krefeld) in October 2020 also laid the groundwork for complete systems projects. Elrond GmbH (Schloss Holte-Stukenbrock), a new company founded at the start of 2021, landed its first order for printing machinery just a few weeks after its creation.

The spectrum of companies supplying lacquering lines for making finish foils has become even wider in recent years. Along with Rotodecor, Kroenert GmbH & Co. KG

(Hamburg), Polytype Converting GmbH (Hamburg) and the US group Faustel Inc. (Germantown, Wisconsin) landed orders from décor printers or finish foil manufacturers. The latest finish foil projects increasingly also featured excimer or EBC machines. These units are sourced from a variety of suppliers, such as IOT GmbH (Leipzig) and PCT Ebeam and Integration LLC (Davenport, Iowa).

Echoing what has happened in other areas, business within Asia has shifted to local suppliers, at least in some instances, especially those from China and South Korea. A few of these companies have previously undertaken projects in other regions. For instance, Sung An Machinery Co. Ltd. (SAM, Hwaseong, South Korea) has landed the contract for a finish foil project in North America. Rotodecor's Chinese entity and the Chinese printing machinery manufacturer Weinan Dadong Printing & Packaging Machinery Co. Ltd. (Weinan, Shaanxi) have also carried out several décor printing machine projects in Asia over the past few years. □

More orders from Turkey, South America and Eastern Europe again

Wemhöner experiences strong growth in order intake for short-cycle presses

Wemhöner Surface Technologies GmbH & Co. KG has enjoyed a substantial recovery in its order intake for short-cycle presses since last summer after the economy led to a downturn in 2019 and the Covid-19 pandemic left its mark in the first few months of 2020.

Lead times had lengthened to up to two years at times in 2017 and 2018 before returning to normal relatively quickly in 2019 as the order cushion declined. They are now back over 18 months again. This revival was fuelled particularly by several orders placed in rapid succession by customers in Eastern Europe, Turkey and South America. Wemhöner has also won a few orders for sites in Central, Western and Southern Europe. Business with North America is a little more subdued after the completion of major investments carried out mainly by European companies in the past two years.

Wemhöner is generally rather reluctant to provide information about new, ongoing or

recently completed projects. Nonetheless, information about a few projects has been disclosed by sources in the wood-based panel industry. Wemhöner has recently provided the Kronospan Group with short-cycle presses for new mills under construction in Kaluga, Russia and Rivne, Ukraine. Unconfirmed reports suggest that Wemhöner has also won the contract to provide two short-cycle presses for a new laminating plant at Kronospan's site in Steinheim-Sandebeck, Germany.

Wemhöner delivered three new short-cycle presses to the Egger Group last year. The particleboard mill in Biskupiec has commissioned a third press. The new particleboard mill in Lexington, North Carolina, started operations last autumn with two new Wemhöner presses. In December, Gruppo Mauro Saviola s.r.l., based in Viadana, Italy, laminated the first piece of board using a short-cycle press that Wemhöner delivered to the Mortara particleboard mill in August. Unilin bvba, based in Wielsbeke, Belgium, ordered two more short-cycle presses from Wemhöner in

December 2019. This technology is to be installed at the Spano particleboard mill in Oostrozebeke, Belgium, and a US laminate flooring mill in Thomasville, North Carolina. The press in Oostrozebeke is already being installed, and the order for the US has just been shipped.

Wemhöner sold several short-cycle presses to Turkey via GIM Export GmbH & Co. KG during the second half of 2020 and in the first quarter of 2021. Kastamonu Entegre Agac San. ve Tic. A.S., headquartered in Istanbul, had ordered two presses to ramp up laminating capacity as part of a replacement project that is now nearing completion at its Samsun site. At the same time, this customer placed an order for its Gebze mill. Two more short-cycle presses for the Balıkesir particleboard mill and Adana MDF/HDF mill have apparently now been added. Starwood Orman Ürünleri Sanayi A.S., based in Inegöl, has ordered six short-cycle presses from Wemhöner (Changzhou) Machinery Manufacturing Co. Ltd. in several contracts awarded since the middle of 2020.

In South America, Wemhöner installed and commissioned short-cycle presses at Novopan del Ecuador S.A. of Quito and the Colombian Grupo Sanford subsidiary PrimaDera S.A., based in Gachancipá, last year. The group is in the process of installing a press delivered back in April 2020 to a plant in Curitiba run by Berneck S.A. Painéis e Serrados, based in Araucária, Paraná. Wemhöner also received new orders from Duratex S.A., headquartered in São Paulo, and Floraplast Industrial MDF Ltda., based in Paragominas, Pará. Orders from the two Brazilian plywood and MDF manufacturers Indústria de Compensados Guararapes Ltda. and Indústria de Compensados Sudati Ltda., both headquartered in Palmas, Paraná, and from the Ecuadorian particleboard producer Aglomerados Cotopaxi S.A. (Acosa), based in Quito, are also on the verge of being awarded. □



Wemhöner's new production hall in Herford

(Photo credit: EUWID)

Revenues from environmental technology unit to double in medium term

Deurotech expanded air treatment operations with another acquisition

Deurotech Group GmbH (DTG), headquartered in Langenfeld, Germany, has ramped up its exhaust air treatment and environmental technology activities by acquiring Eisenmann Environmental Technology GmbH, based in Böblingen, Germany, with effect from 11 November 2020.

Until then, these activities had been handled by Wessel-Umwelttechnik GmbH, based in Hamburg, which was acquired in 2014 and Airprotech s.r.l., headquartered in Magenta, Italy, in which it purchased a majority stake in early 2018. Back in mid-2018, Deurotech announced plans to expand its exhaust air treatment business by making additional acquisitions.

Along with exhaust air treatment and heat recovery technology, Eisenmann Environmental Technology's portfolio also includes water and wastewater treatment technology, thermal waste treatment and recycling, ammunition disposal and chemical weapons destruc-

tion. Deurotech Group wants to maintain all of these operations, and thus expand its portfolio to include new areas. Like Airprotech, Eisenmann's exhaust air treatment operations focus on thermal processes, such as regenerative thermal oxidation (RTO), while Wessel's speciality is biological and chemical scrubbers. Eisenmann primarily delivers special solutions, such as technology for highly corrosive or high-temperature applications that Airprotech has not provided to date. Moreover, Eisenmann has sales markets in other areas, notably speciality chemicals, petrochemicals and recycling.

Eisenmann Environmental Technology was one of seven divisions within the insolvent company Eisenmann SE, based in Böblingen, Germany, which were originally supposed to be sold as a group to an investor. Takeover agreements negotiated in February 2020 could not be inked because of uncertainty about future market sales of coating technology for the automotive industry associated

with the Covid-19 pandemic. Insolvency administrator Joachim Exner has since been working to sell off the different areas separately since July. Investors have so far been found for six divisions; the process of selling the Application Technology division is still in progress.

Deurotech had entered into negotiations about acquiring Eisenmann Environmental Technology starting in September. Deurotech took over 39 members of the engineering, product management and process technology staff upon closing when the contracts were signed on 11 November. Technology has been manufactured externally since the firm shut down production in Böblingen; other Deurotech companies might also handle the manufacturing of some parts in the future. Previously listed at up to €80m, Eisenmann Environmental Technology's revenues had tumbled to below €25m by 2019. They were poised to fall again in 2020 because of insolvency proceedings and the knock-on effects of the Covid-19 pandemic. Deurotech plans to return revenues close to €30-40m in the medium term, more than doubling total revenues from environmental technology activities handled by Wessel and Airprotech that had last climbed to about €40m.

Along with Wessel, Airprotech and Eisenmann Environmental Technology, the Deurotech Group includes Vits Technology GmbH (Langenfeld, Germany), IFA Technology GmbH (Rain am Lech, Germany) and the US sales and service entity Deurotech America Inc. (Charlotte, North Carolina). The latest available figures show that group revenues jumped by 34% to €81.2m (2018: 60.6m) in the 2019 financial year. The company expects revenues to fall by about 20% in 2020 because of the coronavirus, which is to be offset in 2021 by relatively good order intake over the past few months. □



Eisenmann supplies exhaust air purification plants.

(Photo credit: Deurotech)

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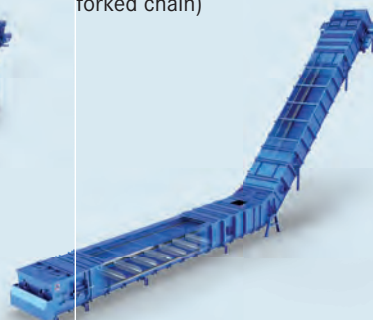
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Firm wants to provide complete construction element mills, initial focus is on CLT

Homag integrating System TM into Construction Elements Solutions unit

Homag Group AG, based in Schopfloch, Germany, is planning to ramp up its wood construction elements operations by buying a majority stake in the Danish woodworking machinery producer System TM A/S, headquartered in Odder, and creating a new business area called Construction Elements Solutions.

The business area will pool its 80% stake in System TM, its shareholding in Weinmann Holzbausystemtechnik GmbH, which is based in St. Johann-Lonsingen and has been a wholly owned subsidiary since June 2020, and the current range of solid timber processing machinery offered by Homag Group. The company will also maintain a partnership with the timber framing system manufacturer Hans Hundegger AG, based in Hawangen, Germany, which it forged in the first quarter of 2019.

Negotiations about purchasing a stake in System TM had commenced in the year 2019, but final closing was delayed by a few months because of the Covid-19 pandemic. The takeover agreements were inked on 5 October. The transaction closed

at the end of October. The companies had previously received the go-ahead from competition authorities.

According to Dürr AG the purchase price for the 80% shareholding is in the low tens of millions of euros. Most of the shares that Homag acquired came from founders Poul and Ingrid Thøgersen who stepped back from the company with this divestment. The other 20% remained in the hands of System TM's management team, which is led by CEO Jan Jensen Samuelsen. System TM will continue to be run by its existing management team and operate under the same name. No fundamental changes to its product portfolio and distribution strategy are planned, either. The company specialises in automated systems for secondary solid timber processing. Its main products are optimising cross-cut saws ("Opti-Kap"), finger-joining units ("Opti-Joint"), automated feeding machines ("Opti-Feed"), automated stacking systems ("Opti-Stack") and customised material handling solutions ("Opti-Solution").

The company primarily targets manufacturers of wooden construction elements

and upstream products, window and door producers, parquet manufacturers, the furniture industry and its suppliers and packaging companies. According to Dürr, System TM generated full-year revenues of approximately €30m and employed about 130 workers in 2019. North America is the single-largest market with a 20% share of revenues. System TM has been represented by Homag Group's sales and service entity Stiles Machinery Inc., headquartered in Grand Rapids, Michigan, there for around ten years.

The integration of System TM is poised to boost Homag Group's revenues from solid timber processing from tens of millions of euros to a figure in the low hundreds of millions of euros range. Homag also plans to act as a system provider in the construction elements business and deliver machinery for the entire process chain with its new Construction Elements Solutions business unit. The goal is to deliver complete plants either by working together with suppliers or as a general contractor. The initial focus is to be on cross-laminated timber (CLT).

*System TM headquarters in Odder
(Photo credit: System TM)*



According to Homag, total contract volumes for CLT plants are in the region of €20m-80m. The company believes that it will initially be able to secure one or two orders of this kind each year. Their respective order value will depend on the scope of the project. If Homag delivers the entire plant as a general contractor, machinery, and plants that it buys externally, such as the adhesive application systems and presses, also count towards revenues. The sum will be lower if Homag only delivers products within its own range. In a first such step, Homag Group believes that these kinds of CLT projects might generate additional revenues in the region of €40m-50m each year.

Homag Group and System TM have already undertaken their first CLT projects in North America via Stiles Machinery. Minda Industrieanlagen GmbH, based in Minden, Germany, and Microtec s.r.l., headquartered in Brixen, Italy, which have also been represented by Stiles Machinery until now, and other partners are also involved in these projects. However, Minda will serve the North American market directly in the future after its late September complete acquisition of Deal Metal Fabrication LLC, headquartered in Granite Falls, North Carolina, and the related establishment of Minda North America LLC.

The single-largest project landed by Homag to date with partners in North America came from Structurlam Mass Timber Corp., headquartered in Penticton, British Columbia, which plans to invest US\$90m in a glulam timber and CLT plant in Conway, Arkansas. The technology was fabricated in autumn and delivered before the year's end. In the next step, Homag Group intends to land big CLT orders in Europe, too. Talks to this effect are already in progress.

Homag Group will be able to contribute the project management experience that it has gained in the furniture sector when working on these complete system projects. Weinmann and Hundegger deliver downstream processing technology. The acquisition of System TM means that it will now cover timber optimisation systems too. Homag Group will continue working together with



Headquarters of Homag Group

(Photo credit: EUWID)

partners such as Oest GmbH & Co. Maschinenbau KG, based in Freudenstadt, Germany, the Minda Group and the Danish press manufacturer Kallesoe Machinery A/S, headquartered in Lem, to deliver adhesive application technology and presses for CLT projects. With its focus on CNC-controlled multi-functional bridges for fully or partially automated production of wall, ceiling, and roofing elements, Weinmann primarily serves downstream processing areas. After entering into the partnership with Hundegger, Weinmann will no longer develop its own timber framing system technology. The partnership mainly covers joint work on distribution and exchanging information on technology, such as making mutual modifications to control software and the development of milling heads by the Homag subsidiary Benz GmbH, based in Haslach, Germany. Homag next wants to consider involving other partners in the new business area, such as Anthon GmbH Maschinen- und Anlagenbau, headquartered in Flensburg, Germany, in the material handling business.

The Construction Elements Solutions business area commenced operations with effect from 1 January 2021. It will initially be led by Dr Markus Vöge who has been in charge of Homag Group's worldwide sales since March 2019 as Executive Vice President Global Sales & Marketing. The business unit's management team

will be made up of Weinmann and System TM's management boards. Homag Group's other business areas will not face any changes. The Systems business unit, which focuses on project business, will work together with the new business unit in some areas.

Homag Group's solid timber processing machinery activities had long only comprised its stake in Weinmann and CNC machinery, particularly for making windows and doors, and double-end profilers for parquet manufacturing. In October 1998, Homag had acquired a 51% stake in the firm then known as Weinmann+Partner Maschinenbau GmbH and boosted this stake to 75.9% at the start of 2014. Its early 2020 acquisition of the remaining 24.1% closed in June. Homag Group also entered the planing machinery business in the first half of 2017 by forging a partnership with Leadermac Machinery Co. Ltd., based in Taichung City, Taiwan. Its Mouldteq planing machines are manufactured by Leadermac according to Homag specifications and with Homag control systems. Leadermac already supplies Stiles Machinery with a variety of product lines for North America under the Kentwood brand. Homag Group made a strategic decision to expand its wood construction activities during 2017, which first culminated in the partnership with Hundegger and now the deal with System TM. □

Chemical group Borealis to divest melamine activities



(Photo credit: Borealis)

The chemicals group Borealis AG, headquartered in Vienna, has launched the process of selling its nitrogen business in February 2021. The Austrian firm OMV AG owns 75% of the shares in Borealis, with the other 25% in the hands of Mubadala Investment Co., based in Abu Dhabi, UAE. Along with nitrogen fertiliser and technical nitrogen products, the nitrogen unit comprises its melamine business with an annual capacity of around 130,000 t. Roughly 80% of this melamine is used in the wood-based panel and surfaces industry.

Borealis Agrolinz Melamine GmbH, based in Linz, Austria, still has capacity of around 50,000 t following the closure of two low-pressure plants in January 2010 and June 2011. Borealis Agrolinz Melamine Deutschland GmbH, based in Wittenberg-Piesteritz, Germany, can make around 80,000 t. Plans for another plant in Hadjar Soud, Algeria, that were unveiled in 2016, did not move forward. This plant was supposed to be built in a joint venture with EPE Asmidal S.p.A., based in Annaba, and to have an annual capacity of some 50,000 t.

Borealis said that its annual fertiliser sales stood at around 5m t marketed via its own distribution channels. Borealis' shares in two fertiliser plants in the Netherlands and Belgium are not part of the sales process. By spinning off its nitrogen operations, Borealis wants to focus on its polyolefin and base chemical activities. Based on preliminary information, the group employed 7,500 workers, generated revenues of €6.8bn and booked a net profit of €589m in the 2020 financial year. □

OCI's melamine sales declined in fourth quarter

OCI Nitrogen B.V., based in Geleen, the Netherlands, experienced a decline in its melamine sales in the final quarter of last year. This slump came on the heels of strong growth in the third quarter of 2020. Fourth-quarter sales were 6% lower than in the prior-year period and 23% lower than the third quarter's sum of 47,900 t at 37,000 (Oct.-Dec. 2019: 39,200) t. Melamine sales had soared by 68% compared with a weak underlying level in the third quarter. On the other hand, deliveries had dropped by 13% to 30,500 t in the first quarter and by 11% to 29,300 t in the second quarter. The full year thus ended with a 6% improvement in sales to 144,600 (2019: 135,800) t.



(Photo credit: OCI)

Melamine prices reversed course in the fourth quarter of 2020. Benchmark prices had softened by 5% compared with the previous three-month stretch to €1,330 per t in the third quarter. Contract prices then rebounded by 5% to €1,390 in the fourth quarter, but were still lower than in the third quarter (-11%) and fourth quarter (-4%). According to OCI's quarterly report, the full year ended with a 9% downturn in average melamine prices to €1,380 (1,510) per t. □

Methanex idles two more of its methanol facilities

The Canadian methanol manufacturer Methanex Corp., headquartered in Vancouver, British Columbia, has temporarily closed its plant in Waitara Valley, New Zealand, and its Chile IV facility in Cabo Negro near Punta Arenas. At the start of January 2021, Methanex announced that it would not restart its Titan plant in Trini-

dad and Tobago, which idled operations temporarily in mid-March 2020, for the time being, either. Production will thus be concentrated at the Atlas joint venture facility until further notice.

Methanex decided to extend the Titan stoppage because of natural gas supply shortages and ongoing uncertainty about how the market will evolve in the future. Natural gas supply to the Atlas plant, in which Methanex holds a 63.1% stake, is guaranteed by a supply agreement running until 2024. With a designed annual capacity of 875,000 t, the Titan plant is to be kept in a production-ready state during the stoppage. Methanex's CEO John Floren said that he was confident that a new long-term natural gas supply agreement could be reached for this plant too in the coming years.

According to the company's interim report for the fourth quarter of 2020, which was published on 27 January, the plant in New Zealand was also closed because of a significant reduction in deliveries from an offshore gas field, which partly supplies the three locations in New Zealand. The shutdown of the Waitara Valley facility, which has an installed annual capacity of 530,000 t, will allow natural gas deliveries to be concentrated at its two larger plants in Montunui, which have a combined annual capacity of 1.7m t.

Chile IV was idled back in December because of lower natural gas shipments from Argentina. This plant had taken downtime on 1 April because of the pandemic, but had resumed operations for a time in the third quarter. The company said that it was unclear how much longer these restrictions would last. Methanex will continue only operating Chile I in the interim. Both units have a combined annual capacity of 1.7m t. □



Methanol plant in Cabo Negro (Photo credit: Methanex)

Hexion spins off European resin operations

The US resin manufacturer Hexion Inc., based in Columbus, Ohio, has consolidated its European forest products resins activities and its phenolic specialty resins (PSR) and Hexamine assets under discontinued operations in its financial report for the third quarter of 2020. This move comes after the company reached an agreement to sell these assets to Black Diamond Capital Management LLC, based in Greenwich, Connecticut, on 27 September. These activities saw revenues fall to US\$120m (July-Sept. 2019: 149m) in the third quarter. Impairment charges of US\$75m resulted in an operating loss of -US\$74m (+2m); the total loss was put at -US\$76m (+1m).

The company adjusted its revenue and earnings figures from continuing operations accordingly for the latest period

and for the prior-year period in its interim report published on 9 November. The Adhesives division, which was created at the start of 2020 as part of a restructuring process and which pools North American resin operations and global formaldehyde activities, suffered a 19% fall in third-quarter revenues to US\$293m (361m). Lower volumes (-8%), price effects caused mainly by a drop in raw material costs (-8%), and currency effects (-3%) both played a part. This division's EBITDA was down 25% at US\$58m (77m).

By contrast, the Coatings and Composites division delivered a growth in revenues (+3% to US\$341m) and EBITDA (+14% to US\$50m). Negative price/product mix effects (-12%) were erased by higher sales (+13%) and positive currency effects (+2%). □

Hexion restarts Montenegro adhesive resin facility



Resin plant in Montenegro (Photo credit: Hexion)

The US resin manufacturer Hexion Inc., based in Columbus, Ohio, has resumed production at its site in Montenegro, Rio Grande do Sul. This formaldehyde and adhesive resin plant had temporarily closed in May 2020. According to a press release issued in early February 2021, the firm restarted this plant in response to a recent improvement in market conditions and stronger demand from customers in the region. These buyers will be served from Montenegro again in the future. Hexion said that this decision did not influence activities at its second Brazilian location located around 650 km to the North in Curitiba, Paraná. Production will also continue without restrictions in Tacuarembó, Uruguay.

Hexion said that its location in Montenegro in Southern Brazil is in a strategically favourable location to supply urea-formaldehyde (UF) resin to major customers in the region. Along with particleboard and MDF/HDF producers, the company said that its customers also include plywood producers.

Hexion had previously said that the Montenegro location has an annual capacity of 150,000 t of formaldehyde and 450,000 t of urea-formaldehyde resin. Since undergoing an expansion completed in September 2015, the Curitiba plant has had an annual formaldehyde capacity of 350,000 t and a capacity of 300,000 t resin. According to its 2019 annual report, Hexion runs other major Forest Products Resins sites in North America. Its US locations are in the states of Louisiana (Luling, Geismar and Gonzales), Arkansas (Hope) and Oregon (Springfield). It also has two plants in Canada at Edmonton, Alberta, and St. Romuald, Québec. By contrast, the Forest Products Resins facility in Kitee, Finland, is part of a divestment agreed with Black Diamond Capital Management LLC for its Phenolic Specialty Resins (PSR) and Hexamine units. □

Greenplac adds formaldehyde plant

The Brazilian conglomerate Asperbras Brazil S.A., based in São Paulo, started making formaldehyde in Água Clara, Mato Grosso do Sul, by the end of 2020. The new plant at the site of the MDF/HDF mill, which does business as Greenplac, will mainly meet in-house needs. It also intends to sell free formaldehyde on the Brazilian domestic market. Asperbras had first added an adhesive resin plant to an MDF/HDF mill commissioned at the start of 2018 in the first phase. According to the firm, this plant ramped up operations as planned by mid-year after commissioning in the first quarter. The MDF/HDF line delivered by Siempelkamp Maschinen- und Anlagenbau GmbH to Água Clara is equipped with a 9 ft x 27.1 m ContiRoll with an annual capacity of 250,000 m³. Roundwood supply is guaranteed thanks to eucalyptus plantations covering a total area of around 17,000 ha, which Asperbras has set up since 2011. □

PPG wins out over Akzo in battle for Tikkurila

AkzoNobel N.V. has left the bidding war for the acquisition of the Finnish paint manufacturer Tikkurila Oyj, headquartered in Vantaa. According to a press release issued on 8 February 2021, the company took this step in response to an improved offer from PPG Industries Inc., based in Pittsburgh, Pennsylvania. The US group is offering Tikkurila shareholders a cash price of €34.00 per share. With a total of around 44.1m outstanding shares and including the planned acquisition of liabilities and cash, the transaction had a total volume of €1.52bn, according to PPG.

Tikkurila and PPG had announced a combination agreement at a price of €25.00 per share on 18 December. After Tikkurila received a competing offer, PPG raised its offer price to €27.75 on 5 January. AkzoNobel initially entered the bidding with a non-binding public cash offer of €31.25 per share on 18 January. □

Oral hearing on formaldehyde testing methodology in Germany will be the next step

German Ministry and Fantoni submit comments on formaldehyde testing

Over the past few months, both the petitioner Fantoni S.p.A., based in Osoppo, Italy, and the respondent, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, have submitted their own comments in proceedings under way at the Cologne Administrative Court since the end of May 2020.

This case relates to a switch in formaldehyde testing methodology in Germany that took effect on 1 January 2020. In a statement provided in October, the Environment Ministry pointed out that the change had not taken the form of a new rule of law, but an amendment to the German Chemicals Prohibition Ordinance.

Fantoni submitted its comments to the Cologne Administrative Court in mid-December. In this statement, the wood-based panel manufacturer emphasised the legal aspects and technical issues, particularly related to introducing DIN EN 16516 as the new method of reference for determining formaldehyde emissions

from wood-based panels. Fantoni commissioned an expert report to evaluate these technical issues, which was enclosed with the statement. As noted in the original complaint, Fantoni stated that introducing a new method of reference that only applied to the German market ran contrary to the goal of European harmonisation of product specifications.

The Environment Ministry now has the opportunity to respond to the arguments raised by Fantoni by submitting additional comments. An oral hearing before the Cologne Administrative Court will likely then be held by the middle of 2021. At this hearing, an initial assessment might be made after a renewed exchange of arguments. However, it is considered likely that the Administrative Court will commission its own report after the first oral hearing. A court report is expected to need three to six months to complete. The report would then be the subject of a second oral hearing, which would involve questioning the expert. The parties to the proceedings might then submit comments once again, which might

lead to a first instance ruling during the first half of 2022. It is entirely feasible that the Administrative Court might forward the case to the European Court of Justice because of aspects related to European law. The case might come to an early end, though, if the Administrative Court sides with Fantoni in the first oral hearing and the Environment Ministry backs down.

The petitioners now want to call Tapani Mikkeli as a witness in the case. As head of sector at the European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), Mikkeli is responsible for sustainable industry and mobility and the circular economy and construction. In a recent statement on the status of the proceedings, the petitioners also noted that the EU Commissioner Thierry Breton who is responsible for the internal market had already deemed the new rules to be an infringement of EU law in a response written to 34 MEPs dated 20 May.

Fantoni filed this case in May 2020. Fantoni is being supported in this case by the Italian association Federlegno Arredo s.r.l., based in Milan, and six other companies from Italy and Belgium. According to the petitioners, the introduction of a new method of reference only for the German market and stricter emission rules as a result contravened the goal of harmonising product specifications. The switch in the formaldehyde testing methodology hence infringed European law, notably the Construction Products Regulation, and European Court of Justice (ECJ) jurisprudence. The import restrictions caused by the new rules for products with CE labelling was thus unlawful. The petitioners note that the method of reference introduced in Germany is also not suitable for measuring formaldehyde emissions from wood-based panels. Based on these assessments, the petitioners called for standard EU-wide emission rules. □



Formaldehyde testing

(Photo credit: Fantoni)

In Baden-Württemberg und Thuringia, annex 8 has to be removed from administrative act

Two courts declare VOC rules for OSB and particleboard inadmissible

In principle proceedings, the Baden-Württemberg Higher Administrative Court (VGH) in Mannheim, has found that the additional requirements for VOC emissions from OSB and particleboard outlined in the Baden-Württemberg Administrative Act on Technical Building Regulations (VwV-TB) are inadmissible.

Issued in an oral hearing on 7 October 2020, the ruling was sent to the parties of the proceedings in late October. The petitioner Swiss Krono Group is represented by the law firm Kopp-Assemacher & Nusser, based in Berlin. The Baden-Württemberg Ministry of Environment, Climate, Energy, is responsible for introducing the VwV-TB. An appeal was not permitted. However, the parties had the possibility to contest the non-admission of an appeal within one month.

The decision of VGH took effect in late November. This step happened after both the petitioner Swiss Krono Group and the State of Baden-Württemberg decided not to appeal the denial of leave to appeal. The VOC requirements listed under point 2.2.1.1 in Annex 8 to the VwV-TB were thus declared invalid and do not have to be observed in Baden-Württemberg. Specifically, these provisions relate to the total specific VOC (TVOCspec), total VOC concentration (TVOC), the (total) R value based on an evaluation of individual substances and limitation on non-assessable VOC. However, other sections of the Administrative Regulation can remain in effect.

In January 2021, the Thuringian Ministry of Infrastructure and Agriculture in Erfurt has also repealed VOC requirements for OSB and particleboard set forth in the State Administrative Regulation for the Introduction of Technical Building Regulations (Thür-VwTB). This step, which was published on 1 February and came into force one day later, implemented a judgement made by



(Photo credit: EUWID)

the Thuringian Higher Administrative Court in Weimar at the beginning of December 2020. Without a separate hearing, the Court ruled that VOC requirements for OSB and particleboard were inadmissible. This judgement, which was made on the basis of the case file, is connected to the ruling in Baden-Württemberg.

With its ruling in the principal proceedings, the VGH Baden-Württemberg followed a decision issued in previous temporary injunction proceedings on 10 July 2019. In this first ruling, the VOC requirements set out for OSB and particleboard in Annex 8 were ruled inadmissible and the corresponding provisions in the administrative regulation were provisionally suspended until a ruling was issued in the principal proceedings. This ruling became legally binding upon publication and could not be appealed. After the VGH's judgement about the temporary injunction, the principal proceedings continued.

The Baden-Württemberg administrative act was issued by the Ministry of the

Environment, Climate Protection and the Energy Sector in coordination with the Ministry of Economic Affairs, Labour and Housing Construction in December 2017 and was supposed to take effect on 1 October 2019. However, on 12 December 2018, the Ministry of the Environment initially suspended the VOC requirements for OSB and particleboard set out in the administrative rules until 30 September 2019. Following the administrative court ruling in the temporary injunction proceedings, this suspension was extended beyond 30 September until further notice towards the middle of August 2019.

The principal proceedings originated after Swiss Krono Group filed a complaint with the Baden-Württemberg VGH in mid-December 2018. At the same time, the company filed an emergency motion for the issuing of a temporary injunction, which aimed to prevent the additional VOC requirements from entering into force until a judgement was issued in the principal proceedings. □

Covid-19 pandemic slammed the brakes on investment and acquisition plans

Few changes in the wood-based panel and surfaces sector in 2020 and 2021

In 2020 and in the first months of 2021, the coronavirus crisis has culminated in fewer changes in the wood-based panel and surfaces sector than in years past.

Many sectors saw a further downswing in investment activity, which had already weakened in 2019. Ongoing projects were often only completed after delays. New plans have been shelved or ditched altogether. Activity did not pick up a little until the second half of the year. Acquisitions and the purchase of stakes in companies have also been put on hold compared with years past. Echoing what happened to investments, efforts to cut costs and safeguard liquidity triggered by the coronavirus pandemic have limited the amount of funding that companies have on hand for these kinds of expansions. Negotiations that are still ongoing were hampered by travel restrictions and social distancing rules put in place to stem the spread of the virus. However, sources believe that consolidation within the wood-based panel and surfaces sector and

adjacent segments will pick up the pace a little in 2021.

Just one major consolidation project occurred within Europe's wood-based panel sector in 2020. In June, the Italian firm Saviola Holding s.r.l., headquartered in Viadana, purchased a 50% stake in Nolte Holzwerkstoff GmbH & Co. KG, which is based in Gernersheim, Germany, and has since been renamed Rheinspan. The process of Pfeiderer Group B.V. & Co. KG, based in Neumarkt, Germany, selling its Polish activities might be wrapped up in the foreseeable future.

The ramp-up of manufacturing capacity in the European wood-based panel industry continued to slow. Sonae Arauco Deutschland GmbH, based in Meppen, Germany, commissioned a continuous production line in Beeskow. On the other hand, the French firm Compagnie Française du Panneau (CFP), headquartered in Corbenay, shut down its multi-opening line in Saint-Loup-sur-Semouse. An MDF mill belonging to Finsa France S.A.S. in Morcenx, South-

Western France closed its doors towards the end of October.

Eastern Europe is still the main venue for new projects. Kronospan is building new locations in Gorodok, in Ukraine's Rivne region and Lyudinovo in Russia's Kaluga Oblast. Homann Holzwerkstoffe GmbH has fleshed out plans to invest in a new thin MDF/HDF mill on a new site near the Lithuanian capital Vilnius. The Turkish group Starwood Orman Ürünleri Sanayi A.S., headquartered in İnegöl, also wants to build another thin MDF/HDF mill. Diverging trends are evident in the insulating board and plywood sectors. While a few companies are boosting their capacity through greenfield projects, others are tending to dial back their activities. New investment projects in the insulating board sector have been announced by companies Gutex Holz-faserplattenwerk H. Henselmann GmbH & Co. KG (Waldshut-Tiengen), Steico SE (Feldkirchen) and Holzwerk Gebr. Schneider GmbH (Eberhardzell).

The hot topics in the décor paper industry are the spin-off of the Decor unit within Ahlstrom-Munksjö Oyj, based in Helsinki, which has been delayed again, and Kronospan's plans to install one or two paper machines in Kaluga. Surteco Group SE, headquartered in Bittenwiesen, Germany, faced additional changes among its shareholders with the withdrawal of Klöpfer & Königer Management GmbH (Garching, Germany), the exit of Rudolf Ostermann Stiftung (Bocholt) and the increase of the shareholdings of Schürfeld Group and Banasino Investments Ltd. in early 2021. Impress commissioned a new printing machine in April at its site in Yaroslavl, Russia. Interprint GmbH, based in Arnsberg, is planning to start up a third digital printing machine. Schattdecor, Interprint and Impress announced plans to raise their treating capacity in Brazil in the fourth quarter. Schattdecor also plans to install two more coating lines. □



Particleboard line in Grajewo

(Photo credit: Pfeiderer)



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Schneider planning new insulating board plant



(Photo credit: Bestwood Schneider)

Holzwerk Gebr. Schneider GmbH of Eberhardzell possibly wants to build the planned wood-fibre insulating-board plant in Hermagor, Carinthia. In the last few months, the company has examined two locations in Germany and Austria for the project. The search for a site has meanwhile been narrowed down to Hermagor. A final decision on the investment project, which Schneider says has a total budget of approximately €60m, is to be taken in the next few weeks. This might then make a start-up possible during the course of 2022. Under the previous plans, Schneider had been working from the assumption of starting production in 2023. The company has been examining the possibility of enlarging its insulating-board capacity for some considerable time. The initial idea of setting up a second plant at the Eberhardzell headquarters was abandoned due to lack of space. Strategic factors played a part as well.

The investment plan in Hermagor envisages a total of four hall areas with a total area of around 17,000 m². The actual production hall with energy plant, refiner and insulation-panel line is adjacent to the incoming goods area. A high-bay warehouse and a loading hall are to be built parallel to the production hall. The supply of wood is to be assured in part by a cooperative arrangement with the sawmill Hasslacher Hermagor GmbH.

Schneider entered insulating-board production when it opened a plant at its headquarters in April 2011. The dry-process plant that can produce both pressure-resistant and flexible insulating mats, is geared to an annual capacity of roughly 250,000 m³. □

Steico planning site in Gromadka, Poland

The insulation board and LVL manufacturer Steico SE, based in Feldkirchen, Germany, is poised to build a new facility in Gromadka, Poland, around 70 km East of the border with Germany, over the next two years. At the start of November 2020, the firm spent €1.2m on a 16.5 ha plot of land at a former airport, which is currently being converted into an industrial area. Steico first plans to install two product lines using dry technology there. One line will make pressure-resistant insulation board, with the other producing flexible insulation mats. In both instances, new technology will be combined with second-hand units. Along with the production machinery itself, the project also entails building the required production halls and warehouses, the related infrastructure, the lumberyard, a biomass boiler, shredding and drying sections. According to Steico, the project will involve a €60m-70m investment. Construction work is set to begin in mid-2021, with commissioning slated for the end of 2022.

Steico currently operates three production facilities in Czarńków, Czarna Woda (both in Poland) and Casteljalous (France). Czarńków is about 50 km North of Poznań, while Czarna Woda is roughly 70 km South-East of Gdansk. It is around 240 km from

Czarńków to Gromadka; the Czarńków and Czarna Woda plants are around 170 km apart. Steico makes insulation board in Czarńków using four wet lines for pressure-resistant board and five production lines using the dry process. Two of the dry lines also make pressure-resistant board, with the three others producing flexible insulation mats and wood-fibre blow-in insulation. The Czarna Woda site presently operates three wet lines, with a fourth one in the process of being installed. Steico now operates two dry lines for flexible insulation mats in Casteljalous; another dry line for pressure-resistant insulation panel will be installed by next year. The expansion projects currently in progress in Czarna Woda and Casteljalous are also using both new and second-hand components.

The industrial area currently being created at the former airport in Gromadka has a total area of around 250 ha, about 130 ha of which can be used by industrial and service companies in a first phase. The investors, which an overview from the local authority indicates also include the door and gate manufacturer Hörmann KG, based in Steinhagen, Germany, will be exempt from property tax for 12 years under regional state aid. □

Steico expects revenues to rise by more than 10%

The insulating board and LVL manufacturer Steico SE, headquartered in Feldkirchen, Germany, issued its first revenue and earnings preforecast for 2021 when it published its preliminary financials for 2020 on 1 February. The company expects its revenues to climb by more than 10% provided that the economy does not take another turn for the worse because of another deterioration in the coronavirus pandemic. The EBIT margin based on total operating revenue is projected to be in the region of 11-12%.

Preliminary figures show that revenues increased by 9.9% to €308.8m (2019: 281.0m) in the 2020 financial year. EBIT-DA was marginally lower than in 2019

at €56.6m (56.7m). EBIT improved by 2.4% to €33.3m (32.5m); the EBIT margin worsened to 10.9 (11.3) % because of a much sharper increase in total operating revenues. Pre-tax profits swelled to €32.1m (31.2m).

Full-year revenues increased much more than had been last predicted after the forecast had been upgraded again in mid-October. At that time, the firm had projected a 5.0-7.0% growth and a 10.5% to 11.5% rise in the EBIT margin. The fourth quarter then encountered even bigger improvements in revenues and earnings. Fourth-quarter revenues climbed by 24.2% to €81.6m (Oct.-Dec. 2019: 65.7m). EBIT-DA was 28.9% higher at €15.2m (11.8m). EBIT increased by more than half to €8.8m (5.7m), while pre-tax profits soared to €8.5m (5.2m). □

Gutex submits application for new plant near Freiburg



Piece of land for Gutex (Photo credit: City of Neuenburg)

On 9 November 2020, insulation board manufacturer Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG of Waldshut-Tiengen submitted an application to Freiburg Regional Council for immission control approval concerning the new plant planned at Breisgau industrial park. The key data of the basic planning have meanwhile been announced. In order to be able to adhere to the commissioning date scheduled for the beginning of 2023, the company has additionally submitted an application for an early start to construction work in April 2021.

According to the application documents, the new plant will produce pressure-resistant insulation boards with raw densities of 80-190kg/m³. Production capacity is stated at a maximum of 4,800m³/day. Based on 330 working days, this would correspond to an annual capacity of 1.5m m³. The required wood fibres are to be obtained from roundwood or wood chips. The refiner planned for this purpose is designed for a capacity of 20 t per hour. A flash-tube dryer is to be installed for drying. After the dryer and two high-performance cyclones, the fibres go through the glue-preparation system; PMDI is used as a binder. Then follow the spreader, pre-press, calibrating and curing unit, cross-cut/edging saws, splitting unit, tongue-and-groove system and packaging. The calibrating and curing unit is referred to as ContiTherm in the application documents, which indicates Siempelkamp Maschinen- und Anlagenbau GmbH as a possible supplier of the equipment.

The biomass plant will be designed with a rated thermal input of 27MW. The will consist of residues, bark and wood chips. □

Finsa to enter CLT production in Coirós

The Spanish wood-based panel producer Financiera Maderera S.A. (Finsa), headquartered in Santiago de Compostela, is set to add cross-laminated timber (CLT) to its portfolio of wood-based panel products for use in construction at the beginning of 2021. The company has built a new facility in Coirós, Galicia, which is about 30 km South-West of La Coruña, together with the sawmill operator Maderas Goiriz S.L., which is also part of the same group and based in Vilalba. Identical reports in Spanish newspapers indicated that some €15m had been invested in building the hall and installing the automated production line. □

European OSB capacity continues to grow

OSB capacity is poised to swell significantly in Europe. This growth will be fuelled by investments that the Kronospan Group has made in replacing technology and expanding the capacity of its sites in Sanem (Luxembourg), Jihlava (Czech Republic), Riga (Latvia) and Strzelce Opolskie (Poland) over the past two years, a project that was largely completed in the first quarter of 2020 to transfer a multi-opening line from Sanem to Kronospan's Ukrainian site in Novovolynsk, the expansion of an OSB line run by Swiss Krono GmbH, headquartered in Wittstock-Heiligengrabe, Germany, in several phases and an investment project to install a new OSB line at its mill in Sharya in the Russian region of Kostroma that Swiss Krono Group is currently preparing. Other projects, such as Kronospan's plans to add an OSB line to its Chirk mill, have faltered a little in the recent past.

Altogether, Europe (excluding Russia) is home to 21 mills making OSB at the moment. Three of these are located in Germany and two each in Poland, Romania and the Ukraine. Belarus, Belgium, Bulgaria, the Czech Republic, France, Hungary, Ireland, Italy, Latvia, Luxembourg, Turkey and the UK each have a single site making OSB. Russia presently operates four larger facilities. □

Siempelkamp sells hybrid OSB plant to China

The Chinese wood-based panel manufacturer Guangxi Xiangsheng Household Materials Technology Co. Ltd. had placed an order with Siempelkamp Maschinen- und Anlagenbau GmbH for a complete plant on which various types of OSB are to be manufactured from the second half-year 2021. The contract, which not only involved the purchaser and Siempelkamp but also Jiangsu Shuntian International Group Machinery Import and Export Co. engaged as an intermediary import agent by the customer, was signed on 16 September 2020. The order covers the engineering and delivery of the whole plant that Siempelkamp says is geared to a capacity of around 1,500m³ per day or up to 450,000 m³ per year. The main components are a universal knife arbor flaker, a strand flaker, dryer, a drum sifter, hammer mill, an oscillating screen, a glue blender, a forming and pressing line with five scatterers and an 8.5 ft-wide and 40.4 m-long ContiRoll as well as trimming and diagonal saws. The purpose of the universal knife arbor flaker is to allow smaller roundwood diameters of less than 80 mm and more basic grades of wood to be processed as well that cannot be used in the conventional two-stage process with a knife ring flaker. The supply of wood is to be assured partly from plantations that Guangxi Xiangsheng's majority owner Paiyangshan Forest Farm has set up near the city of Chongzuo near the Chinese-Vietnamese border. Guangxi Xiangsheng intends to manufacture products such as standard OSB, lightweight OSB, OSB with a surface layer of fine particles, and special OSB on the planned plant. Production of the first panel is scheduled for September 2021. The panels produced on the new plant are to be used mainly for furniture manufacturing and interior finishing.

The Guangxi Xiangsheng group entered wood-based panel production in 2012 with a particleboard line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau to Guangxi Xiangsheng Wood Industry Co. Ltd. of Chongzuo City, Guangxi. The plant ordered in 2010 was geared to an annual capacity of around 220,000 m³ with an 8 ft x 20.5 m continuous press. □

Norbord: Total production was down 6%

The Canadian company Norbord Inc., headquartered in Toronto, Ontario, manufactured 7.594bn (2019: 8.057bn) sqft or roughly 6.721m (7.130m) m³ of wood-based panels in 2020, 5.7% less than in 2019. European mills boosted their output by 1.7% to 1.890bn (1.858bn) sqft or 1.673m (1.644m) m³. Additional output at its two OSB mills in Inverness, Scotland, and Genk, Belgium, offset lower particle-board and MDF manufacturing caused by short-lived Covid-related downtime in the second quarter.

On the other hand, North American OSB production softened by 8.0% to 5.704bn (6.199bn) sqft or 5.048m (5.486m) m³. There are two reasons for this downturn.

Norbord had temporarily idled its 100 Mile House mill in British Columbia first and then one of two production lines in Cordele, Georgia, during the second half of 2019 because of weak demand at that time. The 100 Mile House mill permanently ceased operations at the start of November 2020, while the plant in Cordele has operated at reduced capacity since August 2020. Norbord also scaled back manufacturing at its North American mills after the outbreak of the Covid-19 pandemic. However, the situation on North American OSB markets has reversed course during the past few months. Towards the middle of December, the company announced plans to restart its closed mill in Chambord, Québec, in spring. □

Norbord to bring Chambord into operation



Chambord site

(Photo credit: Norbord)

Canadian OSB manufacturer Norbord Inc., based in Toronto, Ontario, plans to recommission the OSB plant in Chambord, Québec, in spring 2021. The plant was shut down in the third quarter of 2008. According to a statement published on 14 December 2020, based on current forecasts of demand development in North America as well as relevant customer feedback, the company assumes that it will no longer be able to meet the expected high OSB demand in the foreseeable future from the currently operating plants. After the recommissioning of Chambord, customers in Eastern Canada and the North-East of the USA are to be supplied more effectively.

Line 1 at the plant in Cordele, Georgia, which was shut down indefinitely in November 2019, had been recommissioned as far back as August due to the increase

in demand. In return, however, the plant in 100 Mile House, British Columbia, where production was stopped for an indefinite period in August 2019 due to an insufficient supply of timber, was shut down permanently at the beginning of November. Norbord presently has twelve OSB plants in the USA and Canada with a total capacity of 7.360bn sqft (basis 3/8"), equivalent to approximately 6.513m m³.

Before the restart in Chambord, however, Norbord must still complete the installations of equipment within the scope of a modernisation project that has been under way for some time now. The measures introduced to reduce bottlenecks in the areas of drying and finishing will increase the annual capacity from the previous 470m sqft to 550m sqft. According to Norbord, following ramping-up of the modernised facility Chambord will be one of the most cost-effective locations in the entire group.

Chambord's roundwood supply is to be secured principally via a wood allocation implemented by the responsible Ministère des Forêts, de la Faune et des Parcs (MFFP) of the province of Québec. A preliminary agreement on the provision of 419,200 m³ from state forests was reached as long ago as June 2017. □

Forex to enlarge capacity at Amos OSB works



(Photo credit: Forex)

Groupe Forex Inc. of Montréal, Québec, wants to enlarge the annual capacity of the Amos OSB works in Québec by roughly 50,000 m³ to a total of 400,000 m³. According to information from the company, this is expected to increase its annual roundwood requirement to 600,000 m³. In the framework of the environmental impact assessment for the expansion project, a public consultation procedure was launched at the beginning of October 2020.

Forex had taken over the Amos LVL works at the beginning of 2015, resuming operations there in September 2015. A production line for OSB was subsequently added to the facility. A multi-opening press was used that Forex had purchased in 2014. The plant, with an annual capacity of 410,000 m³, had originally been delivered to Venezuela by Dieffenbacher GmbH Maschinen- und Anlagenbau in 2001, but, due to a lack of funds, the project was abandoned before the plant was put into operation. The two OSB stranders came from the Wawa plant in Ontario of Weyerhaeuser Co. of Federal Way, Washington, which had been closed down in December 2007. Forex added new equipment to some of used plant and machinery. Büttner Energie- und Trocknungstechnik GmbH, for example, supplied a drum drier for core-layer strands and one top-layer strands.

The new OSB plant produced its first board in April 2018. According to a recent company presentation, the plant has meanwhile transitioned to continuous production operation. LVL production, temporarily discontinued at the beginning of 2019 due to seasonally slacker customer demand, has not been resumed since then. The stoppage was originally intended to last three months. □

Canfor sold PolarBoard plant in Fort Nelson



(Photo credit: Canfor)

The Canadian forestry group Canfor Corp., based in Vancouver, British Columbia, sold the assets of an OSB mill in Fort Nelson, British Columbia, to the new firm Peak Renewables, headquartered in Cranbrook, British Columbia, during the third quarter of 2020. The mill had been mothballed in June 2008 and had not resumed operations since. Canfor had been looking for a buyer for the mill, which did business as PolarBoard until its closure, for a long time. The transaction entered into with Peak Renewables also includes machinery from the Tackama plywood mill, which also closed down in October 2008. The purchase price for both mills' assets was listed at around CAD10m.

In a separate deal, Canfor and Peak Investment agreed to transfer forestry assets located in the vicinity of the two mills. The start-up Peak Renewables is planning to build a pellet plant with an

annual capacity of around 600,000 t in the region. Canfor pointed out that the PolarBoard plant would not resume operations at the existing site but instead be relocated. A ten-opening line commissioned by Slocan Forest Products Ltd., that Canfor integrated in April 2004, was expanded in 2000 by installing two additional openings to reach an annual capacity of about 650m sqft (3/8" basis). The Tackama plywood mill located next to the OSB mill, whose capacity was listed at around 270m sqft at the time when it closed, has also been owned by Canfor since Slocan's integration. The closed plywood mill suffered significant damage in a fire in March 2020.

Following the shutdown of the PolarBoard mill, Canfor's OSB operations had included a shareholding in the Peace Valley OSB mill in Fort St. John, British Columbia. In May 2013, Canfor sold this stake to its then joint venture partner Louisiana-Pacific Corp., headquartered in Nashville, Tennessee. Louisiana-Pacific closed the Peace Valley mill indefinitely at the start of the third quarter of 2019. Louisiana-Pacific has meanwhile commenced preparations for resuming operations at the Peace Valley mill. With a production capacity of 800m sqft, Peace Valley is Louisiana-Pacific's biggest OSB plant. □

LP examining strategic alternatives for EWP

The US company Louisiana-Pacific Corp. of Nashville, Tennessee, will be withdrawing from laminated strand lumber (LSL) production by switching its Houlton, Maine, facility to "SmartSide" strand sidings. The Houlton plant can currently manufacture roughly 5.5m ft³ of LSL, the production of which is to be phased out in the coming months. The company has planned a budget of US\$80-85m for transforming the facility in its business year 2021, with production scheduled to resume in early 2022.

Along with its withdrawal from LSL production, Louisiana-Pacific will also be examining strategic alternatives for the remaining

engineered wood products (EWP) activities. Under consideration here, says the company, is a sale of the activities in full or just certain sections. Besides the Houlton LSL plant, the LVL and I-joist businesses are also part of the "EWP" division. In Wilmington, North Carolina, (annual capacity 4.6m ft³) and in Golden in British Columbia, Canada, (4.0m ft³), Louisiana-Pacific operates two LVL works with a combined capacity of 8.6m ft³. The company's own I-joist production is concentrated on the works in Red Bluff, California, (80m ft). Another 140m ft of I-joists can be produced via a 50/50 joint venture with Resolute Forest Products Inc. of Montréal, Québec, in St. Prime, Québec, and in La Rouché, Québec. Plywood is also sold as a by-product of LVL production. □

Sveza Group records slight turnover growth in 2020

According to preliminary figures, in 2020 Russian plywood and particleboard manufacturer Sveza Group of Moscow generated turnover of approximately RUB36bn (equivalent to some €395m). Slight growth was thus achieved in comparison to the preceding year, when turnover had amounted to around RUB35bn. The company partly attributes the increase to intensified sales activities in various core markets. For example, deliveries to Asia were considerably expanded, while exports to Europe faltered in some cases. Sveza also tapped into new markets such as Algeria, Brazil, Republic of Côte d'Ivoire and Turkmenistan, meaning the company now sells its products in 90 different countries. A total of 150 new customers were acquired last year. The direct supply of the retail trade was expanded through a cooperation with DIY chain Leroy Merlin, which is owned by French Groupe Adéo S.A. of Ronchin. The proportion accounted for by direct sales thus increased to 30%. According to the company, the market launch of new products such as Sveza Flex, a flexible plywood panel for construction purposes, also contributed to the increase in turnover.

According to Sveza's assessment, the overall market for birch plywood, the company's main product, developed along negative lines last year. This was also reflected in the company's production volumes, which decreased by around 7% in 2020. However, demand for special products such as plywood for LNG tankers increased, which also improved the product mix.

Sveza invested a total of approximately RUB4bn (equivalent to around €44m) during 2020, staying roughly RUB2bn under budget. One focus was the ongoing modernisation and expansion measures at the two mills in Novator and Uralskiy. Additionally, Sveza further expanded its activities in the area of roundwood harvesting, which started in 2019. To this end, the company concluded long-term lease agreements for three additional forest areas covering 184,000 ha. □

Plitwood orders new birch plywood line

OOO Plitwood intends to build a new birch plywood mill at its main site in Vologda, Russia. This company was established in 2017 by the Vologodskiye Lesopromyshlenniki group, headquartered in Vologda, and the wood-based panel manufacturer ZAO Cherepovets FMK, based in Cherepovets. Plitwood has awarded the Finnish machinery and plant manufacturer Raute Oy, headquartered in Nastola, a contract to supply the whole plant for the greenfield project, which was placed on the list of the highest priority investment projects for the forestry sector by order of the Russian Trade and Industry Minister Denis Manturov.

According to a statement published by Raute on 16 October, the latest order, worth €55m, is one of the single-largest contracts in its history. It will be handled by Raute's sites in the Finnish towns of Nastola and Kajaani and by its Chinese subsidiary in Shanghai. The contract encompasses all of the production machinery needed to operate the plywood mill, which Raute said will have an annual capacity of 180,000 m³. Delivery of the ordered machinery and plants is set to commence at the end of 2021, with the commissioning of the plywood mill slated to happen one year later.

Raute said that the contract also includes installation, commissioning and ramp-up of the production machinery.

The forestry and wood industry holding firm Vologodskiye Lesopromyshlenniki owns the forestry firms OOO Verhovazhyeles, ZAO Vozhega-Les, ZAO Onegalesprom and OOO Lomovatka-Les, which can harvest 1.5m m³ of roundwood each year. The two sawmills OOO Kharovsklesprom (capacity: 495,000 m³) and OOO LDK 2 (capacity: 325,000 m³) can make a total of 820,000 m³ sawnwood each year.

Cherepovets FMK also operates a sawmill with an annual capacity of 40,000 m³, but its activities focus on wood-based panels. Cherepovets FMK reported that a continuous particleboard line delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau can make a total of 520,000 m³ of particleboard each year. The firm has a listed coating capacity of 323,000 m³ per year. Along with a birch plywood mill with an annual capacity of 150,000 m³, the company also operates a line making wood cement board (annual capacity: 100,000 m³). □

HMRC investigating British import quota

The UK Government's HM Revenue & Customs (HMRC) has launched an investigation into the duty-free quota for softwood plywood imports into Great Britain and Northern Ireland. The Timber Trade Federation (TTF) had filed an application to this effect with the Tariff Management Team on 11 February 2021. This step was motivated by the inexplicably quick depletion of the quota in February. According to HMRC's tracking system, a total of around 80,000 m³ had been imported duty-free in January. Close to another 83,000 m³ had been allocated this status by 10 February. The remainder of close to 4,500 m³ or so had been split among the following days. According to the tracking system, the British quota of 167,352 m³ agreed as part of Brexit was filled on 19 February. The

TTF had expressed its view that an error must have occurred in counting shipments towards the quota back in the first half of February after receiving tips from its members, and thus lodged a request for an investigation.

The duty-free quota for the EU-27, which was set at 482,648 m³, was slow to be depleted in February. The quota statistics show that 277,647 m³ had been left as of 1 March. This means that some 205,001 m³ or about 42% of the 482,648 m³ quota had been used up since the start of the year. Around 144,000 m³ had been allocated in January and about 61,000 m³ in February.

A combination of the figures reported for the EU-27 and Great Britain/Northern Ireland indicates that almost 372,000 m³ had been imported against the quota by end of February. □

Double-digit decline for plywood imports

The downward trend of Japanese plywood imports continued up to the end of 2020. According to trade statistics imports dropped in the fourth quarter by 21.0% compared to 2019 to 511,606m³ (Oct.-Dec. 2019: 647,559m³). In the first quarter Japanese plywood imports had initially decreased relatively moderately by 7.5% to 633,271m³. In the second quarter (+0.3% to 615,608m³), the preceding year's figure had been surpassed for the first time since the fourth quarter of 2018. This development, however, was already reversed again in the following quarter, the decrease of 22.9% to 454,530m³ represented the most significant decline of the entire year. Over the entire period of 2020 imports thus decreased by 12.6% to 2.215m m³ (2019: 2.535m m³), in 2019 (-13.3%) similar rates of decline had been recorded. □

US softwood plywood imports up by 12%

In the fourth quarter of 2020, US softwood plywood imports rose by 55% to 599,725m³ (Oct.-Dec. 2019: 387,063m³). In the preceding quarter (+21% to 589,841m³), the comparative figure had already been surpassed for the first time in two years. As a result of the positive development in the second half of the year, softwood plywood imports over the entire period of 2020, at 1.989m m³ (2019: 1.782m m³), were 12% higher. The rise is largely due to an increase in deliveries from South America. Imports from Brazil, on account of significantly over-proportional increases in the third (+52%) and fourth (+79%) quarters, improved by 22% to 952,691m³ (782,504m³). The volume imported from Uruguay amounted to 82,555m³ (61,221m³), representing an increase of 35%. All other relevant regions of origin supplied lower volumes of softwood plywood to the USA. Following significant declines in the first quarter (-48% to 39,343m³), volumes imported from China increased continually over the further course of the year. □

Canadian OSB exports decline further

Despite the recovery achieved during the fourth quarter, Canadian OSB exports for the entire period of 2020 declined further. The increase in North American OSB prices during recent months, nevertheless, has led to a strong surge in export value, despite the lower volume. According to figures from Statistics Canada, the volume exported decreased by 7.8 % to 5.251m (2019: 5.698m) m³. Following the serious decline in 2009 to a volume of 2.696m m³, Canadian exports then picked up over subsequent years. In 2018, a volume of 6.053m m³ was exported. Statistics Canada had initially reported considerably higher figures for both 2018 and 2019. These higher figures, however, evidently contained a major error concerning deliveries to the USA. The adjustments made since mean that the volumes originally reported, overall as well as specifically for the USA, have been reduced significantly.

Over the course of 2020, Canadian exports of OSB in the first three quarters remained

below the preceding year's figures in each case. In the first and second quarters, export volumes reached a similar level, at 1.292m (2019: 1.411m) m³ and 1.291m (1.647m) m³ respectively. The export volume of 1.361m (1.433m) m³ recorded in the third quarter came somewhat closer to the comparative figure of the preceding year. In the fourth quarter, at 1.307m (1.196m) m³, Canadian OSB exports exceeded the preceding year's figure for the first time.

With the adjustment, Statistics Canada reduced the recorded export volumes to the USA to 5.668m m³ for 2018 and to 5.371m m³ for 2019. Last year Canada exported 4.952m m³ to the USA. This total volume was split relatively evenly across the four quarters (Q1: 1.205m m³, Q2: 1.203m m³, Q3: 1.302m m³, Q4: 1.252m m³). Concerning deliveries to the largest overseas export markets (Japan, China, Vietnam, South Korea), much stronger fluctuations were recorded between the individual quarters. □

US imports of OSB from the EU doubled in 2020

The EU-27/UK shipped 96,048 (2019: 44,650) m³ of OSB to the USA in 2020 as a whole, 115% more than in 2019. Latvia shipped 146% more to the US with a total of 66,567 (27,009) m³. Imports from Romania increased more than five-fold to 17,284 (3,013) m³, but were still lower than in 2017 (56,016 m³) and 2018 (28,921 m³). After making a strong improvement between the first and second quarters, OSB imports from the EU-27 and the UK receded as the year went on in a quarter-on-quarter comparison. Nonetheless, deliveries were still much higher than the previous year in all four quarters. The EU-27 and the UK shipped 4,659 m³ of OSB to the US in the first quarter. Deliveries stood at 38,262 m³ in the second quarter and 29,648 m³ in the third quarter. The final three months of 2020 produced another fall in shipments to 23,479 (Oct.-Dec. 2019: 9,300) m³, although deliveries were still 152% higher than in the same stretch in 2019. □



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Increase in second half year offsets decline recorded up to end of June

North America: OSB production reached the same level as 2019

North American OSB manufacturers have been able to compensate the production declines which were recorded predominantly in the second quarter of 2020 with the increases in volume achieved during the second half of the year.

Over the entire period of 2020 OSB production in North America, at 20.457m (2019: 20.457m) m³, was at exactly the same level as in 2019. For the first quarter, APA-The Engineered Wood Association from Tacoma, Washington, recorded a slight decrease of 1% to 5.105m (2019: 5.167m) m³. The second quarter developed along considerably weaker lines with an 8% decline to 4.789m (5.225m) m³. In the third quarter, production increased by 3% vis à vis the preceding year to 5.408m (5.233m) m³; the fourth quarter concluded with a 7% rise to 5.155m (4.832m) m³.

Differences between the individual regions recorded in the first and second quarters were also offset over the course of the year. Canadian OSB production declined by a total of 12% to 3.187m (3.603m) m³

in the first half year, in this connection production also decreased from the first to the second quarter (Q1: -10% to 1.634m m³, Q2: -14% to 1.553m m³). This decline was even more significant in the Northern area of the USA. Following a slight decrease in the first quarter (-2% to 631,000 m³), production in the second quarter plummeted by 15% vis à vis 2019 to 524,000 m³. During the entire first half year production decreased by 9% to 1.155m (1.264m) m³. In the South/South East of the USA, in contrast, OSB production increased by 5% to 2.840m m³ in the first quarter; in the second quarter only a slight 3% decrease to 2.712m m³ was recorded. Due to this contrasting development, the half-year volume at 5.552m (5.525m) m³ slightly surpassed the preceding year's figure.

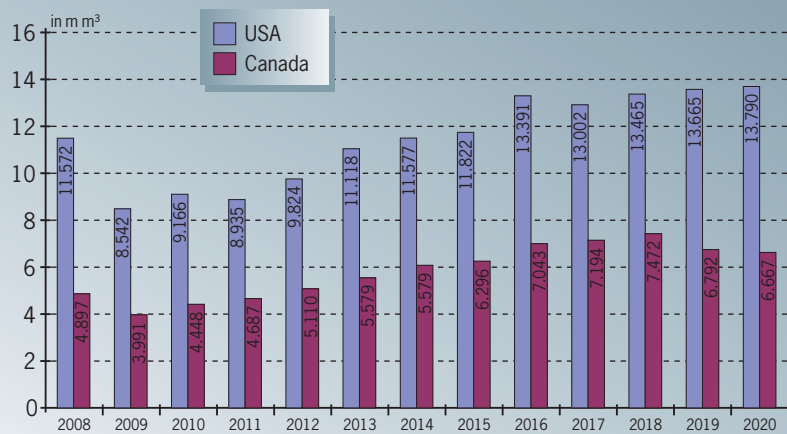
In the third and fourth quarters, the production volume increased vis à vis 2019 in all three regions. At a 9% increase to 646,000 m³, the North of the USA developed along the most positive lines in the third quarter. The increases recorded in the South/South East of the USA (+3% to 3.031m

m³) as well as in Canada (+3% to 1.731m m³) were at a similar level. In the fourth quarter Canadian OSB manufacturers increased production by 16% to 1.749m m³. In the North of the USA production rose by 6% to 598,000 m³ and in the South/South East by 2% to 2.808m m³. Accumulated over the second half of the year, a volume of 5.839m (5.718m) m³ was produced in the South/South East of the USA, 1.244m (1.158m) m³ in the North and 3.480m (3.189m) m³ in Canada.

With regard to the entire period of 2020 Canada, at 6.667m (6.792m) m³, was 2% down on the preceding year's figure, whilst in the north of the USA a slight decrease of 1% to 2.399m (2.422m) m³ was recorded. The production declines in these two regions were compensated by the 1% increase to 11.391m (11.243m) m³ achieved in the South/South East of the USA. One of the reasons for this increase was the recommissioning of line 1 at the Cordele, Georgia, plant owned by Norbord Inc., based in Toronto, Ontario. This line had been shut down for an indefinite period in November 2019. Over the course of 2019 a number of OSB plants had been closed both in the USA and Canada due to weak market development at that time. The ensuing reductions in production last year were generally compensated by improved capacity utilisation in the remaining plants.

North American production of softwood plywood decreased by 3% to 9.088m (9.326m) m³ in 2020. Consequently, a total of 29.545m (29.783m) m³ structural panels were produced in North America last year. The proportion of OSB rose to 69.2 (68.7) %. In Canada, OSB and softwood plywood production developed along parallel lines over the course of the year, the proportion of OSB thus remains unchanged at 79.9%. In the USA this figure increased to 65.1 (64.2) %. □

North America: Production of OSB



Source: EUWID, according to APA-The Engineered Wood Association

Major producers reported strong increases in sales and earnings for the full year of 2020

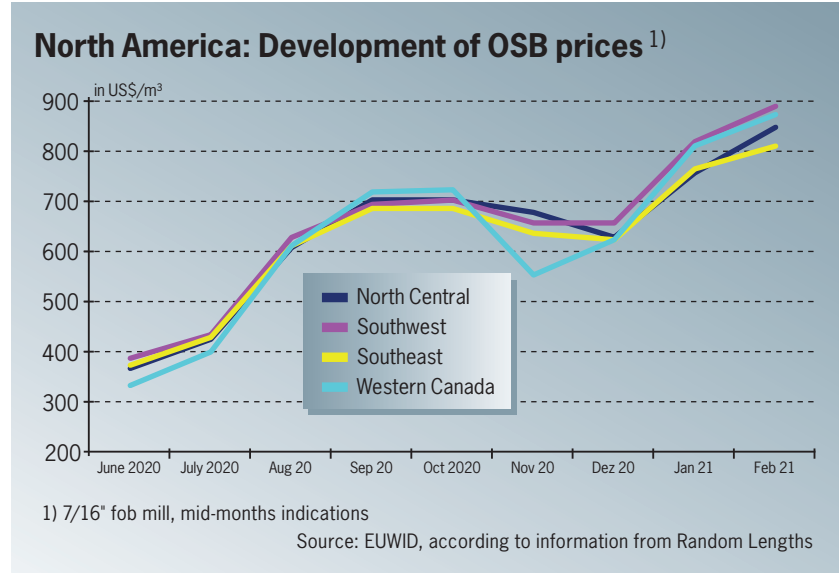
North America: increase in OSB prices has continued into the first quarter

Due to the ongoing shortage in supply and unchanged high level of demand, the increase in North American OSB prices continued in February 2021.

In all four regions, prices for the 7/16" benchmark grade have meanwhile surpassed the mark of US\$800 per thousand sqft fob mill (basis 3/8"). On 24 February, according to Random Lengths, the average price in the North Central regional already reached a level of US\$865/1,000 sqft, or US\$837/m³. With regard to Western Canada and the South West region (plants in Texas, Louisiana, Arkansas, Oklahoma), the information service indicated prices as high as US\$890/1,000 sqft (862/m³) and US\$910/1,000 sqft (881/m³). In the South East region (plants in Georgia, Alabama, Mississippi) prices were at US\$815/1,000 sqft (789/m³).

Following the significant decline in the second half of 2018, which continued at a slightly reduced pace during the course of 2019, a price of US\$220/1,000 sqft was still being quoted for the 7/16" range in the North Central region at the beginning of 2020. After considerable increases in January and February and a subsequent decline in March, a price of US\$260 was reached as of the end of the first quarter. The price receded further in April before increasing again in May and June. Random Lengths indicated a price of US\$355 for the end of June.

With continued strong demand on North American markets for structural panels, OSB prices nearly doubled during the third quarter. According to Random Lengths, a price level of US\$690/1,000 sqft was reached in the North Central region in mid-September for the 7/16" benchmark grade. The prices had then stabilised at this level, before slipping to



US\$660/1,000 sqft by mid-November and US\$600/1,000 sqft or US\$581/m³ in the first half of December. At the start of 2021, prices for the benchmark grade, 7/16", climbed above US\$700/m³ in all regions. A price of US\$725/1,000 sqft or US\$702/m³ was quoted for the North Central region in the first week of January.

In its 2020 business report published on 11 February, OSB manufacturer Norbord Inc. from Toronto, Ontario, analysed the price development in the individual quarters as well as the year as a whole. According to the report, average prices in the fourth quarter approximately tripled by comparison with the preceding year. In the North Central region, prices for 7/16" were recorded at an average of US\$666 (preceding year: 223) per 1,000 sqft, in South East US\$644 (199) and in Western Canada US\$643 (190). In the third quarter, prices in the three regions had been at an average of US\$578, US\$572 and US\$579 respectively. Calculated for the entire period of 2020, average prices more than doubled vis à

vis the preceding year: North Central US\$443/1,000 sqft (2019: 210), South East US\$429 (187), Western Canada US\$422 (186).

The strong increase of North American OSB prices over the last nine months left its marks in sales and earnings figures, reported by major producers. In the full year of 2020, turnover generated in Norbord's "North America" business division rose by 57% to US\$1.937bn (1.237bn). EBITDA increased more than tenfold to US\$805m (70m). Annual sales of the "OSB" division of Louisiana-Pacific Corp. of Nashville, Tennessee, were 57% higher at US\$1.220bn (777m). Adjusted EBITDA reached US\$519m (10m). The "Wood products" business division of Weyerhaeuser Co., based in Seattle, Washington, reported total turnover of US\$5.790bn (2019: 4.623bn). The preceding year's figure was exceeded by around one-fourth. Adjusted EBITDA more than trebled to US\$1.527bn (476m). The strong increase of turnover and profit was mainly due to price increases in the areas of lumber and OSB. □

New company set to generate US\$6bn in revenues / Norbord operating as West Fraser

West Fraser Timber entered the OSB business by merging with Norbord

The Canadian company West Fraser Timber Co. Ltd., headquartered in Vancouver, British Columbia, put the finishing touches to a deal struck in mid-November 2020 to acquire all shares in Norbord Inc., based in Toronto, Ontario, on 1 February 2021 after receiving all necessary approvals.

Both companies announced their intention to integrate Norbord into West Fraser on 19 November 2020. In the following weeks, authorisation under the Canadian Competition Act, the US Hart-Scott-Rodino Antitrust Improvement Act and approval from the Ontario Superior Court of Justice were reached.

In January, Norbord and West Fraser shareholders gave the green light to the transaction at separate extraordinary shareholder meetings. Following the share swap, West Fraser's former shareholders own around 56% of the shares in the new company, with Norbord shareholders having 44%. Shareholders

from the Ketcham family hold 11% and Brookfield Asset Management 19%. Institutional investors have a stake of roughly 45%, leaving a free float of about 25%.

Upon closing, Norbord's activities were integrated into West Fraser's new Engineered Wood division, which includes West Fraser's two Canadian MDF mills. The Norbord name will vanish, with the old Norbord entities and sites operating as West Fraser in the future. The different national subsidiaries' websites have already been changed to West Fraser. Existing product names, such as the Sterling OSB, CaberFloor, CaberFix and CaberWood MDF brands used by Norbord Europe, will be retained.

Both companies complement one another in terms of their portfolios and geographic focuses. West Fraser is primarily active in the softwood lumber business, operating 33 sawmills in Canada and the US. The current overall capacity is given with 6.735 bdf/year. Its Panels division also includes two MDF mills in Quesnel, British

Columbia ("WestPine"), and Whitecourt, Alberta ("Ranger Board"), with a capacity of together 250m sqft (basis 3/4") and three plywood mills with a capacity of 860m sqft (basis 3/8"). In addition, the company operates an LVL mill with an annual capacity of 2.6m ft³. The Pulp & Paper division has five locations. After the final closure of the plant 100 Mile House/British Columbia at the beginning of November, Norbord operates a total of 12 OSB mills in the US and Canada with an overall capacity of 7.360bn sqft (basis 3/8"). However, its mill in Chambord, Québec, is idled since 2008. Towards the middle of December, the company announced plans to restart the mill in spring. Norbord's European division comprises two OSB mills in Inverness (UK) and Genk (Belgium), a particleboard and MDF mill in Cowie (UK) and a particleboard and furniture part plant in South Molton (UK). The current OSB capacity of 1.170bn sqft will increase by 225m sqft after the upcoming completion of the second investment phase in Inverness. According to Norbord the two particleboard plants have a capacity of 565m sqft; the MDF mill has a capacity of 380m sqft (basis 3/8" each).

The new company created by the merger operates 24 wood-based panel sites in Canada, the US, the UK and Belgium (14 OSB, 3 plywood, 1 LVL, 3 MDF/HDF, 2 particleboard, 1 furniture parts), 33 sawmills in the US and Canada, along with five pulp and paper mills and six biomass power plants in North America. Like most of its wood-based panel sites, its North American sawmills are primarily located in the West of Canada and the South/South-East of the US; these regional overlaps should unlock synergies on wood procurement and distribution. Norbord's four sites in Ontario, Québec and Minnesota and its European activities build upon West Fraser's current areas of activity. The new group employs a total of around 10,000 workers. □



West Fraser is primarily active in the softwood lumber business.

(Photo credit: West Fraser)

In the second half of 2020, all months had been well above the 200,000 m³ threshold

Elliotis pine plywood exports shifting towards North and South America

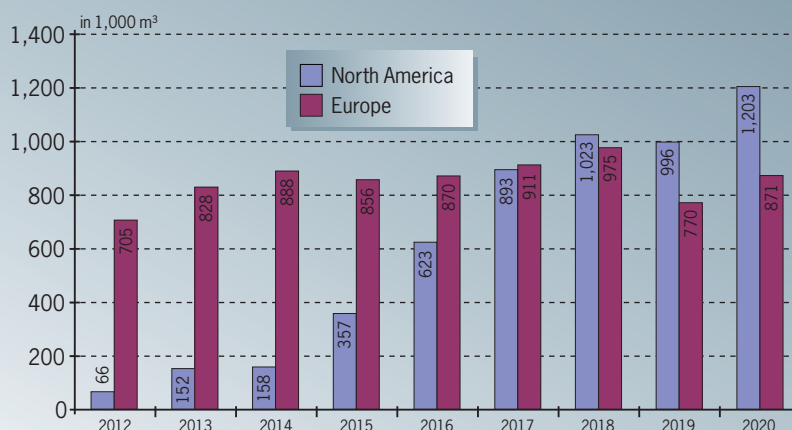
Brazilian elliotis pine plywood exports edged higher in January despite production curtailments in recent weeks in a trend that has continued to play out since mid-2020.

According to the Associação Brasileira da Indústria de Madeira Processada Mecanicamente (Abimci), some 181,371 (Jan. 2019: 128,814) m³ was exported in January, 41% more than in the same month last year. Similarly high growth rates had been recorded in October (+38%), November (+40%) and December (+41%). Brazilian plywood producers had started off the year with shipments this high just once in the past decade: the South American country had exported 182,915 m³ in January 2018.

The shifts among the different sales regions over the past few months have also persisted. A larger and larger proportion of shipments are headed to markets in North, Central and South America. These destinations accounted for almost two thirds of the total in January. North America took delivery of 85,452 (54,214) m³ or 47.1% of the total. Deliveries within South America skyrocketed to 24,693 (2,774) m³, while exports to Central America slipped to 9,794 (10,767) m³. Exports to Europe were just shy of last January's level at 55,962 (56,302) m³, trimming the region's share of total exports to 30.9%.

Abimci reported the strongest growth in shipments to the US and Chile. Exports to the US almost doubled in a year-on-year comparison to 66,678 (35,583) m³. Deliveries to Chile did not get going until July but then grew more and more during the second half of the year. Shipments to this country already reached 17,876 m³ in November and 26,210 m³ in December. January was roughly halfway between the two previous months' levels at 22,542 (0) m³. Mexico was the third-largest destination despite a slump to 16,985 (18,588) m³.

Brazil: Export of Elliotis pine plywood



Source: EUWID, according to Abimci

Last year, Brazilian elliotis pine plywood exports returned to the growth rates recorded in 2016 and 2017 after a downturn in 2019. In the years 2016 and 2017, exports climbed by 19.4% to 1.730m m³ or by 19.1% to 2.060m m³. Abimci reported a 10.3% upturn in shipments to 2.272m m³ in 2018. Brazil exported 9.2% less in 2019 with a total of 2.063m m³, returning to 2017's level. Brazilian elliotis pine plywood shipments rose by 19.5% to 2.466m m³ last year, according to Abimci export statistics.

A downward spiral in the first half of the year was more than erased by substantial growth in the second half of the year. January was the weakest month by quite some margin at 128,814 m³; Brazil exported twice as much in September (252,764 m³). April (211,001 m³) was the only month in the first half to surpass the 200,000 m³ mark. Starting in July, all other months had been well above that threshold. Looking at the year as a whole, the monthly average stood at 205,459 m³.

All regions apart from Africa contributed to the growth in exports booked in 2020 as a

whole. The strongest upturn was recorded in South America (+104% to 90,133 m³) and Central America (+61% to 216,528) m³. Exports to North America leapt by 21% to 1.203m (996,277) m³. European sales markets did not fare quite as well with a 13% improvement to 871,187 (769,973) m³. Oceania was 44% higher than the previous year at 26,142 (18,102) m³, while shipments to Asia were up 39% at 11,910 (8,579) m³. Exports to Africa were almost cut in half to 47,020 (91,050) m³.

The two biggest sales markets, the US (+28% to 988,704 m³) and the UK (+27% to 292,459 m³), experienced similar growth last year. The US's share of total exports increased to 40.1 (37.6) %, while the UK accounted for 11.9 (11.2) %. Mexico moved up to third place with a 21% increase to 200,893 m³ or an almost unchanged share of 8.1%. Exports to Germany edged 10% higher to 167,992 m³, while Belgium (-4% to 165,784 m³) and Italy (-4% to 89,460 m³) received less. Germany's share of total exports decreased to 6.8 (7.1) %; Belgium was still responsible for 6.7 (8.4) % and Italy for 3.6 (4.5) %.

Tariffs on birch plywood not to be rated until mid-May / Final decision in December

EU Commission launches anti-dumping investigation into Russian birch plywood

Further adjustments have been made to the basic schedule concerning the anti-dumping proceedings against birch plywood imports from Russia, initiated by the EU Commission in autumn 2020.

Accordingly, a preliminary assessment regarding dumping allegations and possible punitive tariff duties will not be presented by the EU Commission until 14 May 2021. The original deadline had been 14 April. The subsequent deadlines have also each been postponed by one month. According to the current schedule, if the allegations are substantiated, the Commission will impose provisional measures by 14 June. The subsequent deadline for comments pertaining to the provisional measures is 28 June. An additional deadline for comments from companies involved is set for 6 September. The Commission will then make its final decision on 11 December and not on 12 November as initially planned.

The EU Commission, which launched its anti-dumping investigation into imports of

birch plywood from Russia on 14 October (case number: 2020 C 342/02), had already granted a first deadline extension in December due to a formal error. This deadline also concerned a period set for comments or statements from interested parties and had been postponed from mid-November to 18 January. According to various importers, the on-site investigations of Russian factories that were to be conducted from 4 January to 12 February could also not yet be completed as planned. Due to the corona crisis, the Commission has apparently decided against physical visits to the factories, instead opting to examine companies' documents in an online procedure.

The application to initiate the anti-dumping proceedings had been filed on 31 August 2020 by the so-called Woodstock Consortium. The consortium is backed by two unnamed European birch plywood manufacturers that accounted for more than 25% of total EU production in 2019. Five other producers supported

the complaint. The seven manufacturers, which include the Latvian group Latvijas Finieris AS (Riga), the Polish manufacturers Paged Group (Warsaw), Bydgoskie Zakłady Sklejek S.A. (Sklejka Multi, Bydgoszcz), Piotrkowskie Zakłady Przemysłu Sklejek Sp. z o.o. (Piotrków Trybunalski), Sklejka Orzechowo S.A. (Orzechowo), Zakłady Przemysłu Sklejek S.A. (Biaform, Białystok) and another unnamed firm, claim to represent 59% of EU birch plywood production. In the documents submitted to the European Commission, the consortium accuses Russian suppliers of carrying out price dumping ranging from 23% to 84%. According to a list contained in the complaint, a total of 55 Russian plywood mills are involved in this dumping, including six mills run by the market leader Svezha Group (St. Petersburg), six mills operated by Starwood Group (Nizhny Novgorod), two mills run by Segheza Group (Moscow), two mills belonging to United Panel Group (UPG, Moscow) and Syktyvkar Plywood Mill Ltd. (Syktyvkar). One site run by an EU manufacturer, a facility in Chudovo run by UPM-Kymmene Corp., based in Helsinki, is also on the list.

According to companies involved in the Woodstock Consortium, Russian birch plywood exports to the EU have increased more and more in recent years and reached record highs in 2019. However, export prices decreased more and more in the same period. The supply and price pressure caused by these deliveries have led EU manufacturers to book significant decreases in earnings. According to the Woodstock Consortium, subsequent restructuring measures have led to around 1,400 job losses since 2017. The anti-dumping duties sought by the petitioners should offset the price variations that have emerged in recent years and create a level playing field. □



(Photo credit: Woodstock consortium)

Lead times for many grades already stretch into Q2 / Shortage on OSB markets

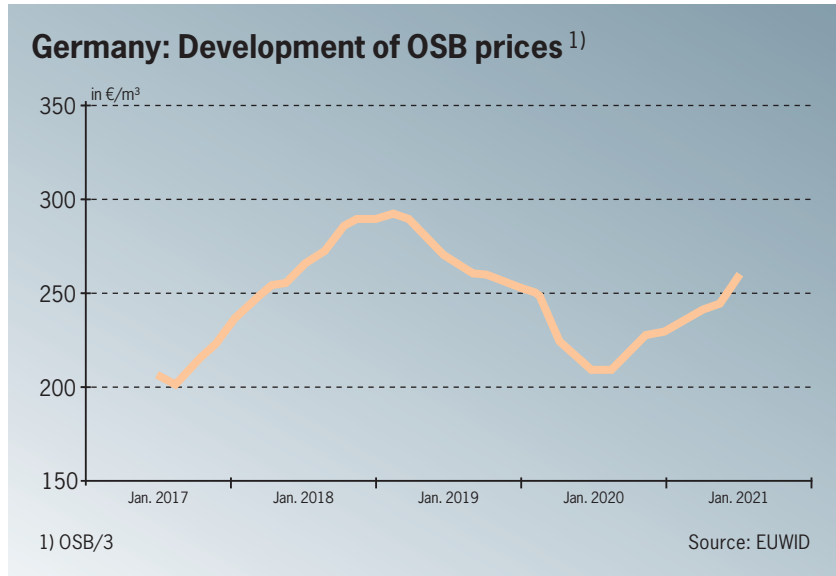
European buyers of structural panels are battling supply issues

The availability of wood-based panels for construction purposes is strained in Europe at the moment amidst limited output at several OSB manufacturers, longstanding inadequate supply of raw particleboard and delivery delays for different types of softwood plywood.

Production stoppages and curtailments at several Central European OSB mills in rapid succession had mainly prompted this turn of events. The supply of construction particleboard has been constrained since the third quarter. Persistently strong demand for raw particleboard from the furniture industry is stopping companies from providing additional amounts to the construction sector. Within the softwood plywood sector, relatively cautious buying activity by importers over the past few months has resulted in inadequate access. Lively demand evident on a few international markets, especially the US, is not expected to change any time soon.

Limited by a variety of factors, supply is no longer ample enough to meet rising demand in most European markets, as well. On the one hand, the upswing in demand can be traced back to the relatively stable construction sector and resurgent business in wood packaging. On the other hand, many buyers from the trade, construction and packaging sectors have placed additional orders to safeguard supply. Longer and longer lead times for many grades have now resulted in supply gaps, which can hardly be closed in the current conditions. This issue is being compounded by more and more OSB and plywood suppliers curbing the amounts agreed in existing contracts and introducing rationing when inking new contracts.

The upward trend in OSB contract prices that has now lasted since spring 2020



has intensified since the start of 2021. Most price increases had taken effect quarterly, but the intervals are now becoming shorter and shorter. A few manufacturers want to hoist their prices possibly even monthly from March onwards. Their asking prices heading into negotiations will likely be much more ambitious than in the past. In addition, lower prices charged in a few segments, such as the packaging and DIY businesses, because their contracts had run for a longer amount of time in the past will increase by a disproportionately large amount.

Sparser supply of a few types of plywood for quite some time now has resulted in higher and higher asking prices for these grades, as well. Prices for Brazilian elliotis pine plywood have risen almost without interruption over the past few months. This upward spiral has even intensified since November amidst much stronger demand from the US. As a result, European importers have been rather cautious when placing orders in Brazil over the past few months, which has progressively depleted stocks at European port warehouses. Gaps have already emerged

for a few grades during the fourth quarter, which cannot be offset because follow-up deliveries are not big enough.

Limited availability of elliotis pine plywood and rising prices as a result are now influencing the market climate for other types of softwood plywood, too. French maritime pine plywood manufacturers have experienced a strong uptick in demand from the packaging sector since November. Similar tendencies are evident for Eastern European and Scandinavian plywood.

OSB and softwood plywood buyers had mainly battled rising lead times up until the end of last year, but the rationing and curbed deliveries that have become more commonplace are now amplifying supply gaps. Therefore, buyers have little way of avoiding paying manufacturers' asking prices. The situation is not expected to improve at least in the weeks ahead, either, with limited supply still evident and order cushions swelling. Some manufacturers have responded to this turn of events by stopping taking orders. □

Second Siempelkamp line handed over to AGT

The Turkish wood-based panel, laminate flooring and profile manufacturer AGT Agac San. ve Tic. A.S. took formal receipt of a second MDF/HDF line at its Antalya headquarters towards the end of February 2021. The company had made the first piece of board using a continuous line equipped with a 7 ft x 55.3 m ContiRoll delivered by Siempelkamp Maschinen- und Anlagenbau GmbH back in mid-September 2019. AGT continued manufacturing almost continually after ramping up operations, meaning that the brief downtime scheduled for further optimisation work had to be postponed time and again. The subsequent installation of additional components, such as a filter, had also delayed acceptance runs.

AGT had specialised in moulding and profile production and melamine laminating before entering the MDF/HDF production business in March 2014 when it commissioned the first continuous production line, also delivered by Siempelkamp. The company started making laminate flooring at the same time. With an 8 ft x 55.3 m ContiRoll, the first MDF/HDF line was initially designed to have an annual capacity of about 430,000 m³. The second line, which is just 7 ft wide, started operating with a capacity of around 400,000 m³. With the two production lines, the company said that it now has a total annual MDF/HDF capacity of around 1m m³. After commissioning a fourth short-cycle press during

2019, AGT can laminate approximately 16m m² per year. The company uses three profiling lines with a combined capacity of around 40m m² to make laminate flooring. Its moulding/profile capacity is listed at around 30m running metres. AGT also has a polymer board production plant with an annual capacity of about 8.5m m².

These different investment projects were all undertaken with the same technology providers. The forming and press lines came from the Siempelkamp Group, which was also involved in providing upstream and downstream systems. AGT had ordered the refiners from Andritz AG. Downstream refining technology includes short-cycle presses from Wemhöner Surface Technologies GmbH & Co. KG and laminate flooring lines from Homag GmbH. GIM Export Group GmbH & Co. KG handled purchasing of key production machinery and project financing.

As part of the process of installing the second MDF/HDF line, AGT had expanded its Antalya complex, which was originally 25 ha in size, to around 45 ha in two phases. The next expansion work is to take place at a new site in Denizli. AGT has acquired two larger pieces of land there, which have space for up to three wood-based panel lines. The site already has a railway connection, which can be used for receiving raw materials and loading finished products. □



Antalya site with two MDF lines

(Photo credit: AGT)

Kastamonu Entegre makes first piece of particleboard



New line in Samsun

(Photo credit: Kastamonu)

Kastamonu Entegre Agac San. ve Tic. A.S. made the first piece of particleboard using a continuous production line installed at its Samsun mill on 27 February 2021. The timetable outlined when technology orders were finalised in December 2019 was thus met almost to the day. The new line replaced an existing multi-opening press. A new forming and press line with a ContiRoll in a format of 7 ft x 37.1 m was installed as part of this project. At the same time, sections of the front end and downstream refining systems were expanded. Two MicroFlakers, two MacroFlakers and a knife-ring flaker were added for preparing dried chips. The forming and press line was delivered by Siempelkamp Maschinen- und Anlagenbau GmbH and the flakers by Pallmann Maschinenfabrik GmbH & Co. KG. The Belgian firm Vyncke Energietechnik N.V. supplied the energy plant. The board storage system and sanding line came from Kontra Anlagentechnik GmbH with the sanding machine delivered by Steinemann Technology AG. Two short-cycle presses from Wemhöner Surface Technologies GmbH & Co. KG were also installed as part of the overall project. The first press started operating even before the raw particleboard line was commissioned. The second is to follow in its footsteps in the coming weeks. GIM Export Group GmbH & Co. KG awarded contracts, arranged project funding and coordinated this work.

In July 2020, Kastamonu awarded the Siempelkamp subsidiary Siempelkamp Logistics & Service GmbH (SLS), based in Bad Kreuznach, a contract to modernise its MDF/HDF line in Kastamonu City. The 7 ft x 55.3 m continuous press, which started production in 2007, will gain a light board package. □

Uvadrev orders another line from Siempelkamp

The Russian company Uvadrev-Holding OAO, headquartered in Uva, has ordered another complete line from Siempelkamp Maschinen- und Anlagenbau GmbH after wrapping up an order for a continuous particleboard line in 2013 and 2014. Envisaged as a replacement for an older production line, the new particleboard line is to be equipped with a ninth-generation ContiRoll in dimensions of 9 ft x 32.1 m and reach an annual capacity of 500,000 m³. The new line will first and foremost manufacture finished products in dimensions of 1,830 x 2,750 mm and 2,070 x 2,800 mm for use in the furniture industry, thus widening the spectrum of products from its current limit of 6 ft. Büttner Energie- und Trocknungstechnik GmbH will supply a 6.0 x 30 R chip dryer with a flash tube pre-dryer. The flue gas needed for drying will be generated by a BCB multi-fuel burner with a firing capacity of 45 MW. The new technology will replace an older line delivered by the company formerly known as Bison-Werke GmbH & Co. KG. Its capacity was previously put at 200,000 m³ per year. Technology deliveries are to begin before the year's end, meaning that assembly work can get under way in early 2022.

The first line, which was designed to have an annual capacity of around 300,000 m³ with a ContiRoll in dimensions of 6 ft x 30.4 m, started operating in December 2014. A ContiBooster mat pre-warmer was added to the line in 2017. Raw particleboard can be laminated using three short-cycle presses delivered by Dieffenbacher Maschinenfabrik GmbH. Uvadrev said that its upstream product activities include a resin production plant and five treating lines supplied by Vits Technology GmbH, which have a listed annual capacity of 120m m². □



Particleboard site in Uva (Photo credit: Siempelkamp)

Siempelkamp hands over particleboard line to VMG

The Lithuanian company UAB Vakarų Medienos Grupe (VMG), based in Klaipėda, completed handover tests for a Siempelkamp particleboard line delivered to its Akmene site in January 2021. The tests were on particleboard in the contractually agreed thickness of 4-30 mm, which mainly comprises low-formaldehyde and no formaldehyde board and, a daily capacity of 2,000 m³. In the future, the line will also make particleboard 3 mm thick. VMG awarded Siempelkamp a contract to deliver the complete line in the second quarter of 2018. A variety of Siempelkamp entities delivered the different components, including a 9th generation ContiRoll press in dimensions of 8 ft x 45.4 m. The first piece of particleboard was made on 31 July 2020. VMG said that it had invested around €146m in the greenfield project in the Akmene special economic zone.

VMG is also building a furniture factory in the Akmene special economic zone at the moment. Commissioning was originally slated to take place in 2021, but will now drag on into 2022. The project was initially said to entail a €60m investment, but this figure has now been bumped up to about €76m. Following commissioning, the new furniture factory should employ about 500 workers. The particleboard mill created 146 jobs.

VMG has been managed by the Limassol-based management firm VMG Holdings Ltd. since making the decision in 2009 to invest in the construction of several mills in Belarus. In October 2020, the group's management was transferred to a new entity headquartered in Vilnius. The group, which is currently structured into six divisions, plans to invest around €700m in expanding its activities by 2027. The next major project entails the construction of a plant for wood timber elements, which is set to happen this year. The VMG group currently comprises about 25 companies in Lithuania, Belarus and Cyprus with a total of approximately 4,500 workers. Group revenues increased by 13% to €394m in the 2019 financial year. VMG plans to generate revenues of around €1bn in the medium term. □

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Kronospan Group boosting its laminating capacity



(Photo credit: Kronospan)

The Kronospan Group is set to build a second laminating unit at its particleboard and MDF/HDF mill in Steinheim-Sandebeck, Germany, by the middle of 2022. Two new short-cycle presses are being installed in a new hall. Both presses have already been ordered. The first press is to start operating by the end of 2021, with the second following around six months later. Kronospan hopes that the two new presses will help to make production more flexible, allowing special product versions and smaller batch sizes to be laminated too. Additionally, its laminating share, which currently stands at around 60%, is to climb to 80-90%. The laminating unit, which has been in existence since 2000, currently has three laminating presses that were delivered by Siempelkamp Maschinen- und Anlagenbau GmbH. Unconfirmed reports suggest that Wemhöner Surface Technologies GmbH & Co. KG has won the contract to provide the two new short-cycle presses.

Along with increasing its laminating capacity in Sandebeck, Kronospan will also replace sanding machinery at its particleboard line in the coming months. All told, Kronospan intends to invest around €80m-100m in this work, €50m-70m this year and another €30m in 2022. Kronospan has invested a total of around €250m in Sandebeck since acquiring the former Heidapal site in 1982. □

Kronospan investing €44m in Burgos

Kronospan is currently performing a variety of optimisation and expansion projects at Kronospan S.L. in Burgos, Spain, with funding from the Industrial Plan set up by the

government of the autonomous province of Castilla y León. A wood recycling line was installed at the particleboard mill and has already been commissioned. A new short-cycle press was to go online by the end of January 2021.

Construction work on a new high-bay warehouse is to be completed in March. The mill will also be connected to the railway and this link will be up and running during the third quarter. The different projects were unveiled back in mid-February 2020. According to the provincial government, the coronavirus pandemic has led to slight delays in carrying out work. The total investment will reach approximately €44m. The province's environmental authority is jointly funding the railway connection with an injection of around €7m.

Kronospan's mill in Burgos became part of the company when it purchased the Spanish group Interbon in September 2012. Its affiliate Kronospan MDF S.L., headquartered in Salas de los Infantes, makes MDF and HDF. □

Swiss Krono Group: 4% drop in 2019/2020

Swiss Krono Group managed to almost make up for falling revenues in April (-30%) and May (-20%) caused by a coronavirus-related slump in demand over subsequent months. Gross group revenues slipped by just 4% to CHF1.82bn or its equivalent of €1.7bn (2018/2019: 1.8bn) in the 2019/2020 financial year (ended 30 September). Its Flooring division improved revenues slightly compared with last year to CHF768m or €715m. However, the Building Materials division suffered a 5% decrease in revenues to CHF557m or €518m; higher OSB sales were more than erased by a downward trend in prices that lasted into the first quarter of 2020. Within the Interiors division, coronavirus-related production stoppages in the furniture industry led to a 13% drop in revenues to CHF421m or €391m. In other words, almost 40% of group revenues came from Flooring, almost 29% from Building Materials and around 22% from Interiors. □

Egger invests in second PerfectSense line

The Egger Group has been installing a second line to make PerfectSense board with matte or high-gloss surfaces at its particleboard and MDF/HDF mill in Brilon since October 2020. The new line, around 160 m in length, was installed alongside an existing line in free space earmarked for an expansion project of this kind. The first test runs were performed at the first line in February 2015 and series production commenced in September 2015. PerfectSense board was mainly sold via merchants at first. In the past few years, the company has also significantly expanded its deliveries to industrial customers. Egger has thus delivered substantial double-digit growth in sales in every year since starting production. Production almost doubled from a relatively low underlying level between 2016 and 2017 (+91%). Sales had leapt by around two-thirds in 2018 (+65%). Both 2019 and 2020 ended with 19% growth rates. Egger wants to create the conditions for further increasing its sales by installing this second line, which required an investment of around €6.5m. At the same time, the product portfolio is to undergo a significant expansion.

The technology used in the first production line was optimised and refined as part of work to plan the new line. These refinements also have an impact on the plant's design. While parts from an earlier production line were mainly used for direct-laminated flooring and combined with a calendar coating inert (CCI) unit from Hymmen GmbH Maschinen- und Anlagenbau, the new line's components come from several suppliers. Assembly work has now been completed and the commissioning process has begun. Industrial production is to reach stable levels before the end of the first quarter. The two lines process half-sized melamine-faced board in a 2,800 x 2,070 mm format. The first production line has an annual capacity of 5m to 6m m², depending on its product range. The new line will ultimately be able to make 13m m² per year. □

Egger acquiring a minority shareholding in Cleaf

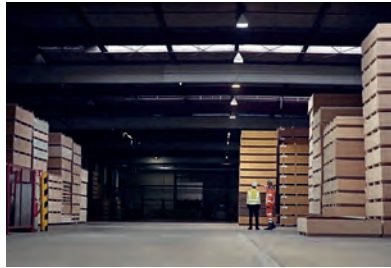
The Egger Group purchased a 27.5% stake in the Italian laminating firm Cleaf S.p.A., based in Lissone. The purchase agreement was signed on 9 September 2020; the deal closed in November. The remaining 72.5% stay in the hands of the Caspani family, which will retain a majority stake in the future. According to a statement issued on 28 September, Egger does not plan to increase its stake any further. By acquiring a shareholding, Egger will also receive voting rights at the ownership level. By contrast, Egger has no intention to step into Cleaf's management.

In a first step, the two companies had forged a sales partnership for six countries (Germany, Austria, Switzerland, Poland, the Czech Republic and Slovakia) towards the middle of September 2019. Egger began marketing 27 Cleaf products in three categories (laminated board with special structures, laminates and edge-banding) under the "Cleaf presented by Egger" name with the launch of the Egger Decorative Collection in February 2020. Egger serves as an agent, with invoicing handled by Cleaf. In other export markets, Cleaf works similarly with a variety of commercial enterprises. □

Grajewo particleboard line idled for modernisation

Pfleiderer Polska Sp. z o.o., headquartered in Grajewo, Poland, started rebuilding work on its particleboard line that has been planned for several months on 2 February 2021. This company is part of the new Panel East division within Pfleiderer Group B.V. & Co. KG, based in Neumarkt, Germany. During a stoppage lasting around three weeks, the mechanical surface layer forming process has been replaced with a wind forming system delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau with the goal of improving surface quality. Its listed annual production capacity of around 650,000 m³ stays the same. Restart of particleboard manufacturing was scheduled for 22 February. □

New forming and press line in Beeskow ramps up



(Photo credit: Sonae Arauco)

A new particleboard line installed by Sonae Arauco Deutschland GmbH, based in Meppen, Germany, at its mill in Beeskow commenced normal operations during the fourth quarter of 2020. The first piece of particleboard was made on 7 July. Optimisation work since under way had to be suspended in late July or early August for a long-scheduled inspection and testing stoppage lasting around two weeks. Work on the power plant performed during this period meant that the firm had to temporarily idle the existing MDF/HDF line and the new particleboard line. After completing maintenance work, Sonae Arauco ramped up the MDF/HDF line as scheduled. The particleboard mill has continued work to optimise technology. The first deliveries to customers took place in September. The old technology in Beeskow idled operations in April. Two single-opening presses dating from the 1970s will be dismantled and scrapped once the new production line is completely up and running.

Altogether, the Beeskow replacement project has been running around a year behind the original schedule. When the project was announced in spring 2018, Sonae Arauco had set its sights on a commissioning date in autumn 2019. However, multiple construction delays subsequently occurred. Coronavirus-related restrictions, such as the withdrawal of assembly staff from other countries, temporarily suspended relatively advanced technology installation work in the second quarter. The project boosted particleboard capacity in Beeskow from 312,000 m³ to about 375,000 m³. The second investment phase, which entails expanding the front end and drying stations, will boost capacity to around 600,000 m³ at a later date. □

Laminate Park site to become battery factory

The Chinese firm Svolt Energy Technology Co. Ltd., based in Changzhou, Jiangsu Province, intends to invest €2bn in building a battery factory for electric vehicles at two sites in Saarland, Germany, by 2023. The new Linslerfeld industrial area near Überherrn is to be home to a factory that will make battery cells on an area of almost 85 ha. The cell factory will start operating with an annual manufacturing capacity of about 6 GWh and then increase to 24 GWh in several phases of 6 GWh each. A packaging and distribution centre will be created on a total area of 50,000 m² at the site of an MDF/HDF and laminate flooring mill that the joint venture Laminate Park GmbH & Co. KG closed in Heusweiler-Eiweiler at the end of 2019.

The production halls that Laminate Park used for laminating and flooring production and the existing high-bay warehouse should be utilised for this module and pack assembly unit. With an area of around 25,000 m², these buildings will occupy roughly half the area of the old mill. The other half currently houses the MDF/HDF production line with the upstream areas of the lumber yard, debarking and drying.

This machinery and the related buildings should be disassembled or dismantled as part of the overall project. The space that will be freed up will be used for office buildings and logistical systems. Working on behalf of Svolt, the Strukturholding Saar GmbH (SHS) will build the cell factory and rebuild the Laminate Park site into a module and pack facility. The module and pack assembly plant will start operating in the middle of 2022 and the cell factory in the middle of 2023. □



(Photo credit: Imago Images)

Guararapes and Sudati to invest in MDF

The Brazilian plywood and MDF manufacturers Indústria de Compensados Guararapes Ltda. and Indústria de Compensados Sudati Ltda., both headquartered in Palmas, Paraná, are poised to boost their MDF capacity. The two companies are each planning to add another production line and have at least entered into an agreement in principle to order the main technology. Financing negotiations are currently under way, with the two sides putting pen to paper once these talks had been wrapped up. Unconfirmed reports indicate that Guararapes has ordered the forming and press line from Siempelkamp Maschinen- und Anlagenbau GmbH. By contrast, Sudati has held talks with Dieffenbacher GmbH Maschinen- und Anlagenbau about delivering a continuous press.

Guararapes presently operates two MDF lines at its site in Caçador, Santa Catarina. This firm started making MDF in 2009 using a multi-opening line delivered by Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM). A Siempelkamp continuous line was commissioned in April 2016. Andritz AG delivered the refiner for both lines. At the end of 2008, Sudati also started operating an SWPM multi-opening line in Otacílio Costa, Paraná. Andritz provided the refiner for this project too.

The investment projects now envisaged by Guararapes and Sudati will significantly accelerate the expansion of Brazilian MDF/HDF capacity, which had been proceeding at a subdued pace in the past two years. The last major project, an MDF/HDF mill planned by Berneck S.A. Painéis e Serrados, headquartered in Araucária, Paraná, at a new location in Lages, Santa Catarina, had been shelved because of the coronavirus pandemic after technology deliveries were largely wrapped up in the first half of 2020. Assembly work is to resume shortly, with the first piece of MDF possibly made before the year's end.

Along with increasing their raw board capacity, several Brazilian MDF/HDF manufacturers are also set to invest in laminating operations. Wemhöner had previously delivered a short-cycle press to Berneck's facility in Curitiba in April 2020 under the terms of an older contract. Assembly work has now restarted after being delayed by the pandemic. Besides Guararapes and Sudati, Florapac Industrial MDF Ltda., based in Paragominas, Pará, has also ordered a short-cycle press. Another press is to be delivered to a particleboard and MDF/HDF mill in Itapetininga, São Paulo run by Duratex S.A., headquartered in São Paulo. □



Guararapes' MDF site in Caçador

(Photo credit: Guararapes)

Nile Wood specifies orders for MDF plant



(Photo credit: Dieffenbacher)

By placing orders for plant and machinery, Egypt Kuwait Holding (EKH) of Gizeh, Egypt, involved mainly in areas of natural gas and fertilisers, has given more concrete shape to the MDF project planned via the new company Nile Wood SAE founded specifically for this purpose. An engineering contract awarded to Dieffenbacher GmbH Maschinen- und Anlagenbau in autumn 2018 became a firm order in September 2020. The order covers a complete MDF line from the wood yard to the finishing section, including components such as the chipper line, dryers and sifters, gluing station, forming station and a forming line with an 8 ft x 32.4 m CPS+ continuous, the finishing section, and the rough-panel warehouse as well as the sanding and sawing line. The fibre preparation technology was ordered from Andritz AG during the second half of 2020. This contract includes the wood chip washing station and a 54-1 CP refiner with a designed hourly capacity of up to 20 t. The plant, initially geared to an annual capacity of around 200,000 m³, is scheduled for commissioning at the end of 2021.

Nile Wood had originally planned Beni Suef, on the banks of the Nile roughly 100 km South of Cairo, as the site of the MDF project. In the course of the concretisation over the last few months, however, the location was changed to Sadat City, roughly 50 km North-West of Cairo. The change of location was due in part to a change in the raw-material base. The planned MDF works in its latest form is to use mainly Sesbania wood from the company's own plantations. These plantations will be set up with short rotation periods of two years. Treated municipal wastewater will be used for irrigation. □

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Brazilian particleboard and MDF/HDF sales increased by 6.5% in full year 2020

Decline in the first half of the year was followed by a strong increase

Brazilian particleboard and MDF/HDF manufacturers enjoyed a bigger upturn in both domestic and export sales in the final quarter of 2020 than they had in the previous three months.

Total sales were 23.4% higher at 2.414m (Oct.-Dec. 2019: 1.956m) m³. According to industry figures compiled by Duratex S.A., based in São Paulo, in its quarterly presentation, Brazilian domestic sales rose by 23.5% to 2.113m (1.711m) m³. This uptick was slightly stronger than the rise in exports, which were up 22.9% at 301,000 (245,000) m³. Some 852,000 (722,000) m³ of particleboard had been sold in Brazil, 18.0% more than in the prior-year period. Duratex reported a 27.5% leap in domestic MDF/HDF sales to 1.261m (989,000) m³, citing figures compiled by the association Indústria brasileira de árvores (IBÁ), headquartered in Brasília and São Paulo.

This significant double-digit growth in the third and fourth quarter boosted particleboard and MDF/HDF sales by 6.5% to 8.223m (2019: 7.720m) m³ in the

full year. This figure was also well above 2018's total of 7.988m m³. Domestic sales edged 6.6% higher to 7.138m (6.695m) m³ last year, including 2.881m (2.802m) m³ of particleboard (+2.8%) and 4.257m (3.893m) m³ of MDF/HDF (+9.3%). Export sales for both product groups increased by 5.9% to 1.085m (1.025m) m³.

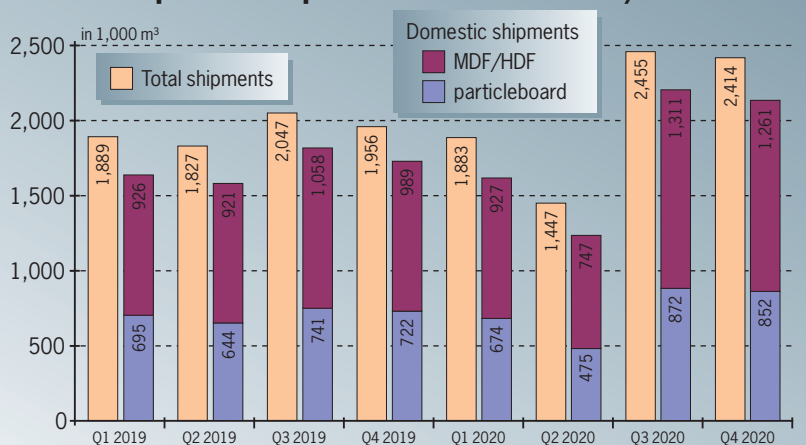
According to Duratex' reports, the sales situation in Brazil's wood-based panel industry levelled off in the first quarter of 2020 after worsening in 2019. Domestic sales decreased only by 1.2% to 1.601m (Jan.-March 2019: 1.621m) m³. Conversely, exports improved by 5.2% to 282,000 (268,000) m³. Adding up shipments in Brazil and in export markets, the Brazilian wood-based panel industry's total sales of 1.883m (1.889m) m³ were hardly changed compared to the year before. Duratex broke down Brazilian sales into particleboard (MDP) and MDF/HDF. According to this report, particleboard sales were 3.0% lower at 674,000 (695,000) m³, while MDF/HDF sales were slightly higher than the previous year at 927,000 (926,000) m³.

In the second quarter, the Brazilian wood-based panel industry experienced a significant deterioration in its sales situation due to the coronavirus crisis. Production stoppages sometimes lasting several weeks were cited as main reason. Particleboard and MDF/HDF manufacturers sold a total of 1.447m (April-June 2019: 1.827m) m³, 20.8% less than in the same period last year. Domestic sales were 21.9% lower at 1.222m (1.565m) m³. Sales staged a strong recovery in May and June after plummeting by more than 50% in April. The IBÁ reported a 20% year-on-year growth in June, but did not release absolute figures. Looking at the second quarter as a whole, the particleboard business fared even worse than the MDF/HDF sector with a 26.8% reduction to 475,000 (644,000) m³. MDF/HDF sales had dropped by 18.5% to 747,000 (921,000) m³. According to Duratex, particleboard and MDF/HDF exports fell by 14.1% to 225,000 (262,000) m³.

Brazil's wood-based panel manufacturers enjoyed a sharp uptick in sales during the third quarter of 2020. Domestic sales leapt 21.4% compared with the prior-year period to 2.184m (July-Sept. 2019: 1.799m) m³. Particleboard manufacturers boosted their domestic sales by 17.7% to 872,000 (741,000) m³. MDF/HDF shipments increased by as much as 23.9% to 1.311m (1.058m) m³. With an increase of 9.4% to 271,000 (248,000) m³, total exports did not catch up with the domestic market.

In 2019, the upward trend since 2016 had reversed course. The growth recorded in the first and second quarters of 2019 was more than erased by downswings in the second half of the year. The fourth quarter turned in an even weaker performance than the third quarter. According to data compiled by Duratex, total sales went down by 3.4% in 2019 compared to the year before. □

Brazil: Shipments of particleboard and MDF/HDF



Source: EUWID, according to data provided by IBÁ and Duratex



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No relief on the supply front for composite panels / First imports from overseas

Panel manufacturers cite higher raw material costs in efforts to charge more

Central European particleboard and MDF manufacturers are increasingly underscoring rising raw material and logistical costs in current talks to settle on terms for deliveries from April 2021 onwards.

Spiralling costs for purchasing resins and melamine films in the past few weeks, coupled with higher transport

costs, had significantly eroded producers' margins when doing business with industrial customers and merchants. In actual fact, costs for adhesive and impregnating resins and the resin upstream products of urea, methanol and melamine rose sharply in the first quarter compared with previous contracts. Even larger mark-ups surfaced for additives used in treating operations, especially

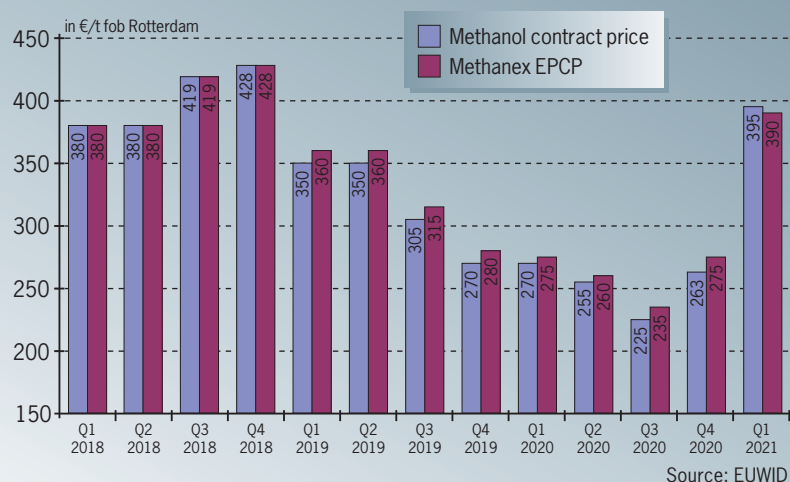
diethylene glycol (DEG). Methanol and melamine prices had set out on an upward trajectory as early as the third quarter in a trend that accelerated with new contracts. However, contract prices had previously decreased for a longer period of time, reaching a very low level by the middle of 2020. Urea prices had edged slightly higher from a relatively low level in July and August before receding between September and December. Prices then climbed noticeably in January and the first half of February after all.

An upturn in impregnating resin prices rooted in much larger spikes in melamine and additives costs already meant that melamine films have become more expensive. When buying décor paper, wood-based panel manufacturers will also likely have to swallow cost hikes in the next round of negotiations after a long-lasting downward trend. First-quarter titanium dioxide prices have climbed almost twice as much as suppliers initially announced in December in the wake of a more challenging supply situation.

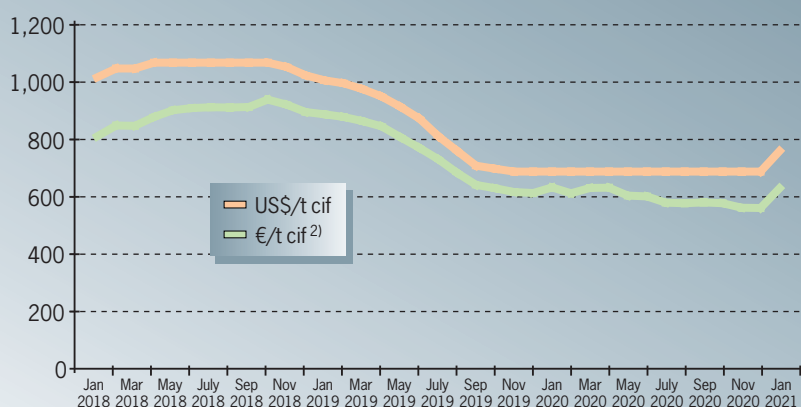
Customers had already been notified of additional mark-ups of a similar magnitude for the second quarter. More robust demand worldwide, a slump in inventories and price hikes already instituted in North America and China meant that contract prices for South American bleached eucalyptus kraft (BEK) pulp increased for the first time in a while in January. These prices had previously been left untouched since November 2019. Pulp producers have already unveiled the next announcements for the coming months.

Logistical costs have increased due to factors including the introduction of a CO2 tax at the start of the year, freight capacity bottlenecks mainly for

Europe: Development of methanol prices



Europe: Development of BEKP prices ¹⁾



1) Eucalyptus pulp from South America

2) Conversion in each case at the current exchange rates

Source: EUWID

shipments from Eastern Europe and coronavirus-related delays to cross-border shipments. For example, stricter rules governing imports from Tyrol and the Czech Republic into Germany have caused some short-lived delays in the movement of goods during February and March. Laborious checks performed resulted in longer traffic jams at border crossings. Especially just in time deliveries to industrial customers or for cross-docking with cooperation/DIY central warehouses have been affected.

Substantial regional variations are evident when it comes to wood costs. Prices in Germany, Austria and Switzerland had fallen sharply last year for the types of pulpwood used in wood-based panel production. The trend has now reversed course. Wood suppliers have instituted price increases of varying magnitudes again for individual grades since the start of the year. Pulpwood prices have been on the rise for a longer time in Eastern Europe.

When analysing the trend in raw material buying costs, it should be noted that cost hikes over the past few months had almost always followed a downturn that had lasted for a long time. Prices for both chemical raw materials and pulp had soared in 2017 and 2018 before falling, sometimes even more strongly, in 2019 and 2020. Consequently, cost hikes are nowhere near as strong as in a short-term assessment when compared with the first quarter of 2020 and especially compared with the first quarter of 2019. Moreover, some exaggerations are apparent in descriptions of the short-term trend. In a recent letter about price hikes planned in April, for instance, one wood-based panel manufacturer claimed that methanol prices had doubled in January. In actual fact, the European methanol contract price leapt by 53% compared with the fourth quarter and 46% compared with the same stretch last year.

All in all, the persistently challenging supply situation is still the main factor fuelling the growth in particleboard and MDF/HDF prices. Producers are running their mills at maximum capacity and

have been operating at full speed for several months now. The best way for manufacturers to increase their output considerably is to shorten or postpone stoppages for maintenance since continuous operations are customary in the wood-based panel industry. However, longer intervals between maintenance work raise the risk of production disruptions.

In response to a strong leap in demand since the summer, many buyers, especially those in the furniture industry, have actually ramped up production, for instance by adding more shifts or manufacturing on weekends. This extra demand as a result could no longer be met by ongoing output in the wood-based panel industry, which led to increased depletion of inventories at particleboard and MDF/HDF mills and at buyers and to a consistent uptick in order backlogs and lead times in the autumn.

Businesses could only offset this effect to a limited degree by making purchases in other European countries at times since demand was picking up there too. In the fourth quarter, deliveries had initially continued from Spain and Portugal to Central Europe, principally in the case of MDF/HDF. Contacts with Italy, Turkey and Russia were subsequently activated. At first, companies were also mainly sourcing MDF/HDF from these countries, although insiders are now talking about importing particleboard, as well.

In a few instances, MDF/HDF and particleboard have reportedly already been imported from North and South America. These kinds of long-distance orders are really only an option in the case of supply bottlenecks because of extremely high freight rates in some instances. The supply situation for both particleboard and MDF/HDF remains very strained, even though the furniture industry has been scaling back production again since the start of February due to much weaker order intake in most areas because of the extended lockdown. Even though they have curbed their output, converters are still taking full delivery of the amounts agreed under contract. □



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Two MDF lines and three particleboard lines have been shut down in 2019 and 2020

Divestments in North America sent Arauco's capacity below 10m m³

Total capacity for wood-based panels at Paneles Arauco S.A. has fallen below 10m m³ as a result of the divestments made during the course of the last year, particularly in North America.

According to an investor presentation of Celulosa Arauco y Constitución S.A. published in autumn 2020, the company has a total capacity of 9.916m m³ across its 30 locations in North and South America, Europe and South Africa. Capacities of the ten plants belonging to joint venture Sonae Arauco S.A., headquartered in Madrid, have been taken into account according to the 50% ownership stake. The divestments already implemented or announced have not yet been fully reflected in the capacity overview, which is regularly updated in Arauco's investor presentations. Total capacity, consequently, will be reduced even further in the coming months.

Arauco North America Inc., based in Atlanta, Georgia, shut down its MDF plant in Eugene, Oregon (annual capacity:

154,000 m³) in May and, shortly afterwards, also terminated MDF production at the location in Bennettsville, South Carolina (251,000 m³). Particleboard production had ceased at the plant in St. Stephens, New Brunswick (216,000 m³) by the end of 2019. This was followed in April by the shutdown of the particleboard facility in Moncure, North Carolina (262,000 m³). According to the investor presentation, Arauco North America recently shut down a third particleboard facility; more exact information is not yet available. In addition to the particleboard plant brought into operation in Grayling, Michigan (800,000 m³) in February 2019, Arauco North America has two other particleboard locations (Albany, Oregon: 442,000 m³, Bennettsville: 600,000 m³).

Sonae Arauco had already shut down the particleboard plant at its South African site in Panbult, Mpumalanga, in November 2018 for an indefinite period of time, thereby concentrating its production activities in South Africa on the White River site. The facility in Panbult will remain in a

production-ready condition, however, so that it may be brought back into operation at a later date.

According to a detailed capacity overview included in the presentation, Paneles Arauco's eight plants in the USA have a total annual capacity of 3.104m m³, of which 2.104m m³ is attributable to particleboard and 1.000m m³ to MDF. There are two MDF plants in Canada, designed for an annual production capacity of 470,000 m³. The capacity of the two mills in Mexico, which Arauco acquired from Maderas y Sintéticos S.A. (Masisa) at the end of January 2019, has been put at 339,000 m³ particleboard and 250,000 m³ MDF/HDF.

Arauco's wood-based panel activities in South America comprise four mills in Brazil (1.530m m³ MDF, 720,000 m³ particleboard), three mills in Chile (515,000 m³ MDF, 340,000 m³ particleboard) and two mills in Argentina (300,000 m³ MDF, 260,000 m³ particleboard).

Sonae Arauco has two locations in Portugal (MDF: 372,000 m³, particleboard: 456,000m³), two in Spain (MDF: 140,000m³, particleboard: 428,000 m³) and two in South Africa (MDF: 84,000 m³, particleboard: 472,000 m³). With four plants in Germany (MDF: 886,000 m³, particleboard: 974,000 m³, OSB: 516,000 m³), total capacity for the joint venture thus amounts to a volume of 4.328m m³ (MDF: 1.482m m³, particleboard: 2.330m m³, OSB: 516,000 m³). During 2020, Sonae Arauco replaced two single-opening lines with a new continuous line at its Beeskow site.

Taking into account the ownership stake in Sonae Arauco, the individual capacities for Paneles Arauco indicated in the detailed overview result in a total annual capacity for wood-based panels of 9.653m m³, split between 4.806m m³ MDF, 4.589m m³ particleboard and 258,000 m³ OSB. □



Particleboard plant in Grayling

(Photo credit: Arauco North America)

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New dryer to help boost particleboard line's capacity to 1,000 m³

South African PG Bison to add MDF line to Piet Retief site by 2023

The wood-based panel manufacturer PG Bison Ltd., with head office in Johannesburg, unveiled a ZAR2bn (equalling roughly €110m) programme of investments at the South Africa Investment Conference on 17 November 2020.

Owned by the South African conglomerate KAP Industrial Holdings Ltd., headquartered in Stellenbosch, PG Bison said that the investments involved installing a new front end, screens, gluing, blending and dryer at its particleboard mill in Mkhondo (Piet Retief), Mpumalanga, that had already been modernised in several phases in the past few years and the installation of a new MDF line at the same location. KAP's Board of Directors has already approved both projects, which are self funded. Funding has already been secured. Downstream processing capacity will also be increased again following the completion of the two projects. Additional investments to the tune of around ZAR400m are envisaged for the projects between now

and 2025, which include installing a seventh short-cycle press and a second HotCoating line.

PG Bison will install a new 6.5 x 32 R chip dryer with a flash tube pre-dryer and an energy plant with a thermal capacity of 43 MW in Mkhondo over the next year. The orders for the main components had been placed with Büttner Energie- und Trocknungstechnik GmbH in the fourth quarter of 2019. Other areas, such as the steel structure, flash dryer and cyclones, will be handled by PG Bison's inhouse engineering department. Fabrication of these parts is already well under way. The first construction work started in February 2020. However, these efforts were suspended for several months because of the Covid-19 hard lockdown in South Africa. Foundation work begun in autumn. The new dryer and energy plant are to be installed starting in summer 2021, with commissioning slated for the second half of December. The resulting debottlenecking is to remedy a shortage of drying

capacity. The Mkhondo particleboard mill currently operates two dryers. The first dryer was commissioned with the 1984 start-up of a two-opening line, which originally had a designed daily capacity of 260 m³. PG Bison had raised its capacity to approximately 700 m³ by adding a third opening and installing a second dryer in 2005. After replacing the multi-opening line with a continuous forming and press line in the second quarter of 2017, the Mkhondo site now makes up to 700 m³. The new dryer will allow PG Bison to run its forming and press line, which has a designed average daily capacity of some 1,000 m³, at full steam. PG Bison had spent approximately ZAR600m on replacing the multi-opening press. The new dryer and energy plant will require an investment of around ZAR560m or €30m.

The MDF line that the firm is planning to add in Mkhondo is to be built on a plot of open land next door to the existing facility. The required land purchases are on the brink of completion. At the same time, the company launched the necessary permit processes. The required infrastructure work will commence over the next year. The technology orders for the main production machinery are to be placed in the second half of 2021. PG Bison has already entered into initial talks with potential suppliers. Work to install the MDF line should then commence in 2022, with commissioning scheduled for the middle of 2023. Based on current project planning, the line will have an average daily production capacity of 800 m³. PG Bison presently has an MDF capacity of around 400 m³ per day at its location in Boksburg, Gauteng, meaning that the new line will triple its overall capacity to roughly 1,200 m³. Along with the installation of the new MDF line, PG Bison also intends to boost resin production in Mkhondo, which is handled by Woodchem S.A. PG Bison put



Particleboard plant in Mkhondo

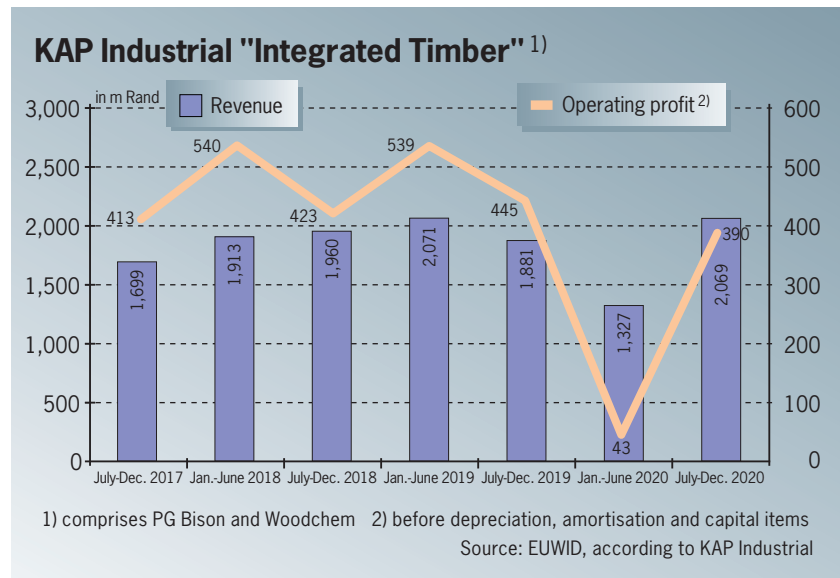
(Photo credit: PG Bison)

its total investment in the MDF line and increase in resin production at around ZAR1.420bn or almost €80m.

The company already operates three continuous production lines at particleboard mills in Mkhondo and Ugie, Eastern Cape, and at the MDF mill in Boksburg. All of these lines were delivered by Siempelkamp Maschinen- und Anlagenbau GmbH. The company presently uses six short-cycle presses for laminating purposes, three of them in Mkhondo, two in Ugie and one in Boksburg. The last two presses were commissioned in spring 2017 and August 2019 respectively. PG Bison had modernised and largely automated two second-hand presses acquired from MeisterWerke Schulte GmbH, headquartered in Rütten-Meiste, Germany, for these two projects. The melamine film needed for laminating operations is impregnated at two treating lines delivered to Woodchem by Vits Technology GmbH in the past three years. The Boksburg site had commissioned a HotCoating machine delivered by Barberán S.A. in June 2016. By February 2020, this machine added units to make high gloss and matte surfaces. PG Bison also operates a worktop production facility in Ugie. Founded in 2002, its 50/50 joint venture PG Bison Kenya Ltd., which is headquartered in Nairobi, Kenya, and owned by PG Bison and a local partner, makes furniture parts and flat-pack furniture for the Kenyan market. The wood-based panels it needs are imported from PG Bison's South African mills.

Covid-19 lead to a slump at KAP Industrial

Tiered measures put in place by the South African Government to combat the spread of the coronavirus have culminated in a sizeable decrease in revenues and earnings for all segments within the conglomerate KAP Industrial Holdings over the last four months of the 2019/2020 financial year (30 June). These difficulties meant that the Diversified Industrial and Diversified Chemical divisions experienced significant double-digit percentage decreases in full-year revenues. All three areas (Integrated



Timber, which includes PG Bison and Woodchem, -20%, Automotive Components -22%, Integrated Bedding -17%) made similar contributions to the 20% drop in the Diversified Industrial unit. The Diversified Chemical division with its sole unit, Polymers, encountered a 16% year-on-year dive. Revenues from the Diversified Logistics division suffered a drop of just 5%. The Industrial (-56%) and Chemical (-79%) divisions suffered sharp declines in operating profits (Integrated Timber -60%, Automotive Components -67%, Integrated Bedding -28%, Polymers -79%), while Logistics held up better with an 8% reduction.

The 20% dive in revenues from the Integrated Timber division to ZAR3.208bn (2018/2019: 4.031bn) was spurred by factors including production stoppages lasting several weeks at PG Bison. This downtime was the result of a government-imposed lockdown at the end of March, which meant that large swaths of industrial production had to be suspended until the end of May. A sawmill in Southern Cape that was classified as essential owing to its packaging material production capabilities resumed operations on 20 April. Special arrangements were also in place for the Boksburg MDF mill, due to its production of upstream products for casket manufacturing. Following its restart on 1 May, MDF output there briefly shut down again in mid-May. Its two particleboard mills in

Ugie and Mkhondo restarted production on 25 May and 10 June respectively. At first, all sites only gradually ramped up capacity. Demand for lumber and wood-based panels from South Africa and neighbouring markets has picked up more and more since July after the financial year ended. All mills have run at maximum capacity since then. Demand currently sometimes exceeds supply.

PG Bison completed a project to expand its two particleboard mills in Ugie and Mkhondo in the first quarter of 2020. Refining activities were expanded during the financial year, including start-up of the short-cycle press in Mkhondo and expansion of the HotCoating unit operating at its Boksburg mill. These investments helped to raise refined products' share of total revenues from the Integrated Timber unit to 61 (58) %. However, this positive impact on earnings was overshadowed by charges associated with the coronavirus crisis. EBITDA was halved to ZAR488m (962m). The EBITDA margin worsened to 15.2 (23.9) %. The company plans to deliver a better trend in revenues and earnings during the 2020/2021 financial year since its machines have been running at full capacity for several months, it has made investments in optimising its sawmilling operations and launched new products, such as melamine-faced board with an anti-bacterial surface or coated board with a super-matte surface. □

Siempelkamp to supply dryer and press line, refiner has been awarded to Andritz

Starwood puts pen to paper on agreement for thin MDF line

The Turkish wood-based panel manufacturer Starwood Orman Ürünleri Sanayi A.S., headquartered in Inegöl, inked an agreement with Siempelkamp Maschinen- und Anlagenbau GmbH for a thin MDF/HDF line planned at its second location in Inegöl in January 2021.

After making the decision to invest in this project in autumn, the company awarded GIM Export Group GmbH & Co. KG a contract to order technology at the beginning of November. GIM Export Group will also be responsible for financing the project.

The contract now signed with Siempelkamp includes a fibre dryer, glue-dosing system with Ecoresinator, a Starformer spreading system optimised for making thin MDF/HDF, a ContiRoll in dimensions of 8 ft x 28.8 m and final assembly systems designed for masterboard production. With speeds of up to 2,000 mm per second, the line will mainly make thin 2.7-3.0 mm board and have a daily capacity of around 1,000 m³ for boards

this thick. All told, the line is set up to make products 1.5-6 mm thick, although its design means that it can be used to make furniture MDF up to 22 mm thick. The technology to make wood chips and fibres had been ordered from Andritz AG. This contract includes a disc chipper, chip washing station and a pressurised refining system with a 60" refiner that has an hourly capacity of 32 t. Andritz will also deliver another chip washing station for the older of two of Starwood's existing MDF lines.

Starwood will install the new line at a second site, around 10 km away from its main location, which has so far mainly been used for wood processing. Technology deliveries are set to begin in mid-2021. Commissioning is scheduled for end of 2021. Starwood already operates five continuous production lines at its main location, three of them making particleboard and two making MDF/HDF. Four of the five lines were also delivered by Siempelkamp via GIM Export Group. However, Starwood had ordered the

newest particleboard line directly from Dieffenbacher GmbH Maschinen- und Anlagenbau in the second quarter of 2018. Mainly making thinner particleboard 6-8 mm thick and with an annual capacity of around 460,000 m³, this line started operating in July 2019 and was handed over in October 2019. The particleboard lines that started operating in 1995 and 2004 can make approximately 1m m³ per year. The company also started producing MDF in the second half of 2008 when it commissioned a thin MDF line. This line features a 28.8 m-long, just 7 ft-wide ContiRoll. In April 2016, the firm added an MDF line with a 55.3 m long, 7 ft-wide continuous press, specialising in furniture panels. Starwood put the two existing MDF/HDF lines' capacity at roughly 660,000 m³ per year.

The site envisaged for the new thin MDF/HDF line was built during 2015 when the firm invested in the second MDF line. At that time, Starwood had moved wood chip production for MDF/HDF manufacturing there from the main premises due to space constraints. In 2018, Starwood installed a profiling line for laminate flooring delivered by Homag GmbH in a new hall. However, the company dropped plans to enter the laminate flooring manufacturing business; the profiling line has since been sold. The space freed up should be used to increase its laminating capacity. Starwood also ordered four more short-cycle presses in different formats via GIM Export Group with Wemhöner Surface Technologies GmbH & Co. KG at the start of November. These short-cycle presses are to be gradually delivered starting in mid-2021 and installed in Inegöl. Starwood had ordered two presses for other locations from Wemhöner (Changzhou) Machinery Manufacturing Co. Ltd., based in Changzhou, Jiangsu Province, as recently as September. This means that the company will receive six more short-cycle presses in the next two years. □



Starwood operates five lines at its main location.

(Photo credit: Starwood)

Order for the THDF line has been placed with Dieffenbacher / Investment of €130m

Homann Holzwerkstoffe fleshes out plans for new MDF mill in Lithuania

Homann Holzwerkstoffe GmbH has moved ahead with preparations for a project to build a new MDF/HDF mill in Pagirai, Lithuania.

This move came after it wrapped up the purchase of a 77 ha plot of land near Vilnius in November 2020. Permit planning work is currently in progress. The first building work is set to commence in the second quarter, with commissioning slated for the second half of 2022. In total, Homann intends to invest about €130m in the project.

Dieffenbacher GmbH Maschinen- und Anlagenbau is set to deliver a complete THDF line for the new site. This order, which was placed by UAB Homanit Lietuva in late December, includes most of the key components from the lumberyard to final assembly. Dieffenbacher will provide a fibre dryer, a 50 MW energy plant, a PROjet gluing system and a forming and press line with a CPS+ press. The order for the refiner will be placed with Andritz AG directly. Designed to make board 1.5-22 mm thick, the line will have a capacity of around 950 m³ per day or 310,000 m³ per year. Dieffenbacher had previously delivered a thin board line for Homanit's mill in Karlino, Poland, which was commissioned in May 2008. By contrast, Homann used technology from Siempelkamp Maschinen- und Anlagenbau GmbH for an investment project in Krosno Odrzanskie, Poland, which was wrapped up in spring 2015.

The project in Lithuania was originally supposed to be implemented by acquiring the hard fibreboard producer UAB Grigeo Baltwood. A letter of intent signed with AB Grigeo, based in Grigiškes near Vilnius, in September 2017 was cancelled in early February 2018 since the Grigeo Baltwood mill's site and infrastructure were not sufficient for the plans to invest in a thin MDF/HDF mill.



Homanit's mill in Krosno

(Photo credit: Homanit)

Plans then switched to a greenfield project via a new firm Homanit Lietuva UAB, which was founded for this purpose.

Like Homann's mills in Losheim, Germany, and Karlino and Krosno Odrzanskie, the new site will mainly produce raw and refined thin MDF/HDF. Its manufacturing capacity will likely reach roughly 80m m². Along with the raw board line, Homann also wants to install significant downstream refining capacity.

The three existing mills have a combined annual capacity of around 255m m². The mill in Losheim, which does business as Homanit GmbH & Co. KG, makes board 3.0-10.0 mm thick. Commissioned in 1995, the mill now has a listed capacity of about 65m m². With a staff of 317 workers, its German manufacturing arm generated revenues of €77.5m in the 2019 financial year. Homanit Polska Sp.zo.o. can produce around 90m m² per year at the mill in Karlino, which can make board 2.0-6.0 mm thick. The facility of Homanit Krosno

Odranskie Sp.zo.o. is also designed to make board 2.0-6.0 mm thick and has a capacity of about 100m m². Homanit Polska employed about 580 workers in the 2019 financial year and booked revenues of €106.3m. The Krosno site had a staff of 499 people and generated revenues of €93.0m.

According to the half-year report published on 29 September 2020, the capacity utilisation of the three existing thin MDF/HDF plants of Homann Holzwerkstoffe gradually improved since June after the deterioration that occurred as a result of the corona crisis particularly in the months of April and May 2020. Both sales and earnings were already well above schedule in the second half of the year. At the publication of the report, the company was aiming to offset the lost first half-year sales at least partly by the end of the year. Even full compensation was being striven for with regard to earnings; the goal was to restore EBITDA to the 2019 level. □

Revenues and earnings headed in opposite directions in first half of 2020/2021

Egger scaled back investments after completion of several bigger projects

The Egger Group has slashed its expansion projects and maintenance work after largely completing a programme of investments carried out in recent years.

The firm invested €112.4m (May-Oct. 2019: 297.4m) in property, plant and equipment and intangible assets in the first half of its 2020/2021 financial year (ending 30 April). This figure comprises €32.8m (68.1m) in maintenance investments and €79.6m (229.3m) in growth investments, including acquisitions. Maintenance investments were more than halved in a year-on-year comparison, while growth investments tumbled to one third of the previous year's level. Egger had invested €242.9m in the first half of the 2018/2019 financial year, including €40.4m in maintenance work and €202.5m in growth investments.

Egger said that this cautious investing was connected to the completion of major projects and cost-cutting measures enacted in response to the Covid-19 pandemic. The new particleboard mill in Lexington, North

Carolina, made its first piece of particleboard in mid-September. The Decorative Products America division with the new US site swallowed up €54.1m (158.7m) or almost half of total investments in the first half of the financial year. The other divisions mainly carried out modernisation and optimisation work, mainly in production and logistics at its sites in Brilon, Wismar and Rambersvillers. All told, investments were much lower than the previous year across all divisions: Decorative Products Centre: €18.4m (39.0m), Decorative Products West: €11.5m (27.0m), Decorative Products East: €17.3m (53.0m), Flooring Products: €9.4m (12.8m), Other: €1.7m (6.9m).

In the first half of its 2020/2021 financial year, Egger's revenues and earnings headed in opposite directions. Group revenues dipped by 2.1% compared with the prior-year period to land at €1.449bn (May-Oct. 2019: 1.481bn). Restrictions imposed to combat the Covid-19 pandemic in the spring were largely offset by a significant recovery starting in the

summer. By contrast, EBITDA was one third higher than in the prior-year period at €293.9m (220.1m), something that Egger attributed to savings on raw material costs and lower fixed costs. The EBITDA margin swelled to 20.3 (14.9) % as a result. EBIT increased by more than half to €185.9m (119.7m).

Egger generated €815.2m or 56.2% of its group revenues in Western Europe. Eastern Europe/Russia accounted for €464.8m or 32.1% of group revenues. Egger booked revenues of €169.5m overseas, which represented a smaller share of 11.7%. The company also experienced shifts in its sales channels, which were primarily fuelled by the knock-on effects of the pandemic. Much lower revenues from trade fair and shop construction meant that the retail segment's share of group revenues slipped to 51.4 (52.9) %. Business with industry contributed 39.4 (38.4) %, with the DIY business adding 9.2 (8.7) %.

The Decorative Products West division, which includes Egger's mills in France and the UK, was hit hardest by the coronavirus crisis. Both countries had to scale back production, sometimes for several weeks, after their governments imposed lockdowns. These manufacturing stoppages trimmed revenues by 11.9%. The Decorative Products Centre division was only slightly weaker than in the first half of the previous year with a 0.9% reduction. All other divisions managed to improve their revenues (Decorative Products East: +3.0%, Decorative Products Americas: +2.1%, Egger Flooring Products: +6.2%, Other: +3.9%). All divisions played a part in this upturn in earnings. The Egger Flooring Products division almost doubled its EBITDA (+85.4%). The Decorative Products divisions experienced double-digit growth in the Centre (+13.0%), West (+18.2%) and East (+29.2%) units. The Decorative Products Americas and Other divisions chipped away at their EBITDA losses. □



Particleboard plant in St. Johann

(Photo credit: EUWID)



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Story 1/4

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Spa Holdings preparing for squeeze-out

Spa Holdings 3 Oy has raised its stake in Ahlstrom-Munksjö Oyj, based in Helsinki, to more than 90% following completing a second offer period. This consortium is made up of Bain Capital Private Equity (Europe) and existing shareholders Ahlstrom Invest B.V., Viknum AB and Belgrano Inversiones Oy. Spa Holdings had held an 81.0% shareholding after the first offer period, which ran until 14 January 2021. In the second offer period, which lasted from 20 January to 4 February, investors representing another 9.59% of shares handed over their stakes. Spa Holdings' shareholding rose to 90.59% as a result, according to the final outcome announced on 9 February.

On 11 February, Spa Holdings announced that the firm wants to make use of a squeeze-out option granted under Finnish stock company law for shareholdings of more than 90%. Outstanding shares should be redeemed for €17.84 per share, which is the same as the price contained in the takeover offer. Trading in Ahlstrom-Munksjö shares will cease once the squeeze-out has been completed. □

Glatfelter increased overlay paper sales in Q4

Glatfelter Corp., based in Charlotte, North Carolina, has reported that its Composite Fibers Business Unit (CFBU) sold much more overlay paper than it had one year earlier in the final quarter of 2020. This came after a downward trend was recorded in the second and third quarters of 2020. According to preliminary figures published on 4 February 2021, the Composite Laminates product area fared the best of all product groups with a 19% spike in sales. The company also reported double-digit growth from its Wallcover product area (+16%). Technical Specialties sales were 3% higher, while tea and coffee filter paper (Food & Beverage) showed at least a small improvement. On the other hand, production shifts in the second quarter led to a 40% dive in sales of metallised paper.

The CFBU's total sales were up 2.1% in a year-on-year comparison at 34,734 (Oct.-Dec. 2019: 34,027) t; however, they were still just shy of the third quarter's figure of 35,009 t. The business unit's revenues increased by 3.8% to US\$137.8m (132.7m) as a result; however, they were 1.4% lower than the previous year when adjusted for currency effects. The CFBU's earnings rose even more in a year-on-year comparison. A slump in sales prices was more than erased by lower raw material and energy costs and productivity gains. EBITDA swelled by 14.4% in a year-on-year comparison to US\$21.6m (18.9m), leading to an EBITDA margin of 15.6 (14.2) %. Operating profits jumped by as much as 21.1% to US\$15.0m (12.4m). □

Schattdecor supplies synchronised décor

The US wood-based panel manufacturer Roseburg Forest Products Inc., based in Roseburg, Oregon, has broadened its "Duramine" TFL collection by adding six new EIR wood décors. The Simsboro, Louisiana, and Missoula, Montana, particleboard mills can make melamine-faced board with one-sided and two-sided synchronised pores. The melamine films used in these products are supplied by Schattdecor AG, based in Thansau, Germany. This company sells décor films with synchronised pores under the "decoLay Real" brand.

Schattdecor has ramped up its treating activities more and more in recent years. The company currently operates 17 treating lines at six locations in Rosate (Italy), Chechov and Tyumen (Russia), São José dos Pinhais (Brazil), Bestari Jaya (Malaysia) and Wuhan (China). The installation of two new lines in Brazil and current transfer of a second-hand line to Malaysia means that Schattdecor will make melamine film using 20 lines in the future. The firm offers décor films as standard products ("decoLay Classic") and with synchronised pores (decoLay Real). Its tecLay technical films include overlay, backer and cleaning films. □

Lamigraf orders two machines from Rotodecor

The Spanish décor printer Lamigraf S.A., based in L'Ametlla del Vallès, ordered two 4 ft-wide printing machines for a new production facility planned in a greenfield investment in Changzhou in China's Jiangsu Province at the start of December 2020.

This technology will be delivered by Rotodecor GmbH Maschinen- und Anlagenbau in September 2021 via its Chinese entity in Taicang, Jiangsu Province. Commissioning is slated to happen by the fourth quarter. Lamigraf will mainly use the 5,000 t per year of capacity that it will then have to serve Chinese customers at first. Subsequent investments, which including installing printing machines with a width of 7 ft, will boost capacity to about 15,000 t and allow sales to expand to other markets in Asia.

Lamigraf has long had plans to have a direct presence on the Chinese market. Until now, the firm has been represented in China by a sales office and a showroom in Shanghai. The installation of its own printers will be coordinated by Lamigraf Changzhou Co. Ltd., which was founded during 2018 as a wholly owned subsidiary. In mid-October 2018, the company signed an investment agreement to this effect. Under the timetable at that time, construction work was supposed to commence in spring 2019, with commissioning slated for mid-2020. □

Lamigraf and Likora forge partnership

The Spanish décor printer Lamigraf S.A., headquartered in L'Ametlla del Vallès, and the finish foil manufacturer Likora GmbH, based in Horn-Bad Meinberg, Germany, entered into a strategic partnership towards the middle of December 2020. Lamigraf hopes that this move will expand its business with the furniture industry. For its part, Likora aims to expand its international distribution activities. Both companies will continue to operate independently, too.

Lamigraf had already forged a similar partnership with the treater operator BMK GmbH, headquartered in Gaildorf-Bröckingen, Germany, in spring 2019. Under this partnership, Lamigraf has had its printed decors treated at BMK locations, which can then be sold as melamine films. In return, BMK sells Lamigraf decors in certain markets. □

Westag & Getalit delivers growth in operating profits

Westag & Getalit AG almost erased a slump recorded in the first nine months by recording an improvement in fourth-quarter revenues to €57.8m (Oct.-Dec. 2019: 55.0m). According to preliminary figures published on 5 February, consolidated revenues were down just 0.7% in the full year at €229.1m (2019: 230.7m). A downturn in revenues from sales of its own products was almost dwarfed by an increase in marketing of products made by its affiliates Trespa International BV, based in Weert, the Netherlands, and Arpa Industriale S.p.A., headquartered in Bra, Italy. The group has yet to split down its revenues between its two units. In the nine-month period, the firm booked a 5.1% growth in revenues from Surfaces/Elements to €80.2m, but an 8.6% fall in revenues from Doors/Frames to €85.6m. All told, group revenues had dwindled by 2.5% to €171.3m.

By contrast, Westag & Getalit experienced an increase in full-year operating profits compared with 2019. Adjusted EBITDA based on IFRS principles rose by 12.9% to €17.5m (15.5m). By way of explanation, Westag & Getalit mainly listed additional cost-cutting measures and concentration on high-margin products as part of a new strategic direction. However, its pre-tax profit based on the German Commercial Code (HGB) fell to €3.8m (8.2m). However, the previous year's figure included a €6.1m book profit from the sale of shares in AKP Carat-Arbeitsplatten GmbH, based in Meiningen, Germany. Pre-tax profit also rose when adjusted for this item. □

Interprint sole owner of Russian joint venture

Interprint GmbH, headquartered in Arnsherg, Germany, acquired the shares that BMK Group used to hold in the Russian joint venture and treater operator OOO Interprint Samara, based in Samara, at the end of 2020. The company will now operate as a 100% subsidiary of the Interprint Group again. In July 2010, Interprint purchased all shares in the firm then doing business as OOO Coveright Rus from Coveright Surfaces Beteiligungsgesellschaft mbH and the Coveright partner Jacobs Trading Ltd., headquartered in Samara. BMK acquired a 26% stake in the Russian firm with effect from 1 January 2011. The other 74% has since been in the hands of Interprint.

OOO Interprint Samara runs four treating lines. The company set up its own impregnating resin production plant in 2015. When it was acquired by Interprint, this location had two 7 ft-wide lines delivered by Tocchio s.r.l. to OOO Coveright Rus and commissioned them in March 2005 and September 2006, respectively. BMK Group had contributed a 9 ft-wide Tocchio treating line to the joint venture. The fourth treating line had been installed and commissioned during 2017. The company, which employs almost 130 workers, has an annual capacity of roughly 120m m² with these four lines.

Following the termination of the joint venture, BMK and the Interprint Group, which has been owned by the Japanese printing group Toppan Printing Co. Ltd. since 1 November 2019, will focus on their own treating activities. Interprint had entered the treating business when it acquired Coveright's Russian subsidiary. The Brazilian subsidiary Interprint do Brasil Indústria de Papéis Decorativos Ltda., headquartered in São José dos Pinhais, Paraná, had commissioned a 9 ft-wide treating line in the first quarter of 2016. In autumn 2020, the company ordered another line from Vits Technology GmbH. The Spanish printer Decotec Printing S.A.U., headquartered in Tordera, which has been majority-owned by Toppan since mid-2017 and is now affiliated with Interprint, also received another treating line last year.

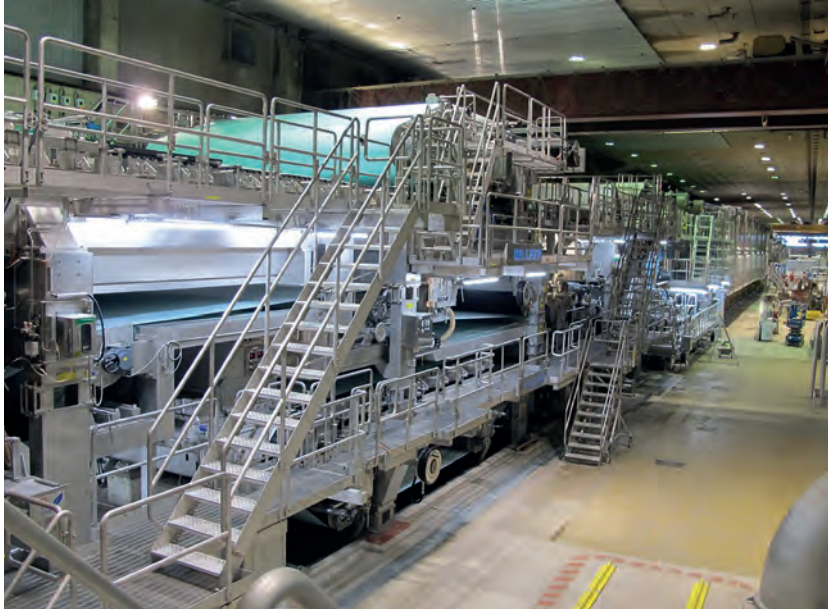
BMK Group has a total of 12 treating lines after selling its joint venture stake. BMK GmbH, headquartered in Gaildorf-Bröckingen, Germany, operates four lines; Dekor-Kunststoffe GmbH (DKB), which is based in Erndtebrück-Schameder, Germany, and which was acquired in September 2015, has four of its five lines up and running. BMK Americas LLC, headquartered in Welcome, North Carolina, commissioned its third treating line in the second quarter of 2019. □



(Photo credit: Interprint Samara)

Saturating base kraft set to become a new unit within MM Karton

Mayr-Melnhof to buy all shares in Kotkamills Group until mid 2021



Restarted board machine in Kotka

(Photo credit: Kotkamills)

The cartonboard and packaging specialist Mayr-Melnhof Karton AG, headquartered in Vienna, is planning to expand its portfolio to include saturating base kraft by acquiring Kotkamills Group Oyj, based in Kotka, Finland, in the first half of 2021.

However, the takeover will focus on virgin-fibre cartonboard (FBB) and food service board (FSB) activities that Kotkamills has built up in recent years. These operations will complement Mayr-Melnhof's activities, which have so far specialised in recycled cartonboard.

Both companies agreed on the basic parameters of the transaction in early December. Mayr-Melnhof will thus acquire all shares in Kotkamills from its present owner, the Finnish private equity company MB Rahastot Oy (MB Funds). The purchase price will be based on its enterprise value of about €425m, representing roughly 7.8 times Kotkamills' EBITDA over the last 12 months. Financing is to be guaranteed through committed credit lines. The trans-

saction still has to be approved by competition authorities; the deal is expected to close by the middle of 2021.

According to Mayr-Melnhof, Kotkamills generated revenues of about €380m in the last 12 months. Some 55% of this sum came from the Consumer Boards division and 45% from Industrial Products with the Absorbex saturating base kraft and softwood lumber products. Its EBITDA reached about €55m, translating into a margin of 14.5%. According to its latest financial report, Kotkamills faced a 3.0% decrease in revenues to €342.8m (2018: 353.3m) in the 2019 financial year compared to the preceding year. On the other hand, EBITDA improved by 13.8% to €26.4m (23.2m), boosting the margin to 7.7 (6.6) %. The company has not published any financials since completing the process of refinancing its €105m 2015/2020 senior secured bond in late February 2020.

Mayr-Melnhof posted group revenues of €2.524bn and EBITDA of approximately €400m in the last 12 months to the end

of September. The margin thus stood at 15.8%. With the integration of Kotkamills, Mayr-Melnhof will register pro forma revenues of about €2.900bn and EBITDA of €455m. Upon closing, all Kotkamills activities will be added to the MM Karton division, which will thus be responsible for 45% of pro forma revenues. MM Packaging's share of group-wide revenues will fall to 55%.

Kotkamills operates an integrated production facility at its site in Kotka. The complex features a board machine with an annual capacity of about 400,000 t, a machine making saturating base kraft with a capacity of 170,000 t, three fibre preparation lines, one sawmill and an energy plant. The company has also had access to free saturating base kraft capacity since the end of 2019 using a paper machine at the Tainionkoski Mill at a site in Imatra owned by Stora Enso Oyj. The underlying agreement was extended until the end of 2021 in the first quarter of 2020. The Industrial Products division originally included its phenol film business with the Imprex brand, which was divested in a two-step process in 2016 and 2017. Surfactor Germany GmbH, based in Essen, had acquired the Malaysian treater operator L.P. Pacific Films Sdn. Bhd., based in Pasir Gudang, in mid-November 2016. Imprex's Finnish activities were sold to the South Korean group Dongwha Enterprise Co. Ltd., headquartered in Seoul, with effect from 31 October 2017.

The company makes board using a machine, which manufactured magazine paper up until January 2016. The machine was rebuilt to produce packaging cartonboard and resumed operations in the third quarter of 2016. Kotkamills had invested about €180m for this project known as Flying Eagle; its original budget of €155m was overrun by 16%. According to Mayr-Melnhof, Kotkamills was set to manufacture roughly 260,000 t of packaging cartonboard in 2020. □

Brazil: Demand for melamine films has increased sharply over the last few months

Interprint, Schattdecor and Impress investing in treating lines in Brazil

Echoing what is happening in Europe, the South American wood-based panel industry can run its machines at relatively good capacity utilisation again after the lockdown caused by Covid-19 this spring.

Brazil, in particular, has seen much greater swings in both directions than Europe or North America. During the lockdown, Brazilian wood-based panel producers had slashed output or shut down a significant proportion of their machines for several weeks. The situation increasingly returned to normal in June and July. Most mills have been running at full steam again since August.

Over the past few months, both raw and laminated wood-based panel production has been much higher than in the same time last year. Wood-based panel manufacturers with integrated treating and laminating operations have not been able to meet their increased demand for melamine film because of this growth in output in-house and have substantially

increased external buying. Independent treater operators have been working at their capacity limits for quite some time as a result. Businesses with an European background have then unveiled plans to ramp up their treating capacity as quickly as possible.

Interprint GmbH, based in Arnsberg, wants to install a second treating line at a mill in the Brazilian city of São José dos Pinhais, Paraná, in the next year. The company again placed the order with Vits Technology GmbH. The new line, which like the existing line will have a working width of 9 ft, is to be delivered in mid-2021 and start operating in the fourth quarter.

Interprint is making this investment in response to stronger demand for melamine film over the past few months in Brazil, in particular, but also in other South American countries. The company can also be much more flexible in the future with two lines. Interprint had commissioned the mill in São José dos

Pinhais in the second half of 2015. In the first step, two printing machines started operating in rapid succession. The existing treating line followed suit in the first quarter of 2016.

Schattdecor AG, headquartered in Thansau, Germany, has revived a project to install a fourth treating line at the treating site in São José dos Pinhais during autumn. The addition of the treating line that Vits delivered to Brazil in the first quarter of 2020 had been delayed by a few months because of the pandemic. Assembly work began in early November. Commissioning is set to happen by the end of the first quarter of 2021.

Even before starting up the fourth line, the company ordered another treater from Vits. The fifth line would be installed starting in late 2021 and begin operating in spring 2022. During 2021, Schattdecor will also add a second reactor to the existing impregnating resin production site in São José dos Pinhais, meaning that the Brazilian plant will be able to meet its demand for impregnating resin in-house after the expansion.

Impress decor intends to boost treating capacity at its Brazilian plant in Araucária, Paraná, by around two-thirds with the installation of a third line by mid-2022. The new treating line is to be installed in an existing hall, which the firm said can house a total of four lines. Founded in 1999, Impress decor's Brazilian subsidiary entered the treating business in the middle of December 2012 when it started up a first line delivered by Vits. A second Vits line followed in December 2014. This investment doubled its treating capacity at the Brazilian plant. Since then, the capacity of the two 7 ft-wide treating lines gradually increased further thanks to optimisation work. □



Schattdecor is adding two treaters in São José dos Pinhais.

(Photo credit: Schattdecor)

All sites' lines running at full steam since September

Schattdecor planning to invest in two more lacquering lines

Schattdecor AG, headquartered in Thansau, Germany, is planning to carry out an increase in its lacquering capacity that has been in preparation for quite some time more quickly than planned.

This decision has been taken despite rather cautious investment activity because of the Covid-19 pandemic. Its site in Tarnowo Podgórne, Poland, which has so far specialised in printing décors, is to install its first separate coating line during this year. Schattdecor operates four décor printing machines and one printing/coating line in Tarnowo Podgórne at the moment. PMD 42, which initially started operating in May 2012 as a printing machine, added two lacquer application and electron beam curing units during the course of 2013. Consequently, it has been available for finish foil production since September 2014, as well.

A second coating line is to be added by the end of 2021 to the facility of

US Coatings Inc. in Lexington, South Carolina, that Schattdecor acquired in December 2018. After completion of configuration work for both lines, negotiations with potential technology providers led to the placement of two orders during the first quarter of 2021. The coating line envisaged for Tarnowo Podgórne will be 2,750 mm wide, like production lines PML 5, PML 6, PML 7 and PML 8 at the Glucholazy plant. The new line will thus be able to coat products up to 2,500 mm wide. PML 1 in Glucholazy has a working width of 2,200 mm. US Coating currently operates a 5 ft-wide coating line. The new line will have a comparable width.

Most ongoing investment projects of Schattdecor have been delayed a little by the pandemic, especially in the case of two treating projects in Malaysia and Brazil. A second-hand treating line acquired in the first half of 2019 was transferred to Vasatech Sdn. Bhd., based in Bestari Jaya, Malaysia, during

the first half of 2020 and reassembled. Start-up of this machinery, which was subsequently delayed until further notice, is to get going as quickly as possible. Delays lasting several months have also occurred in the expansion of the treating site in São Jose dos Pinhais, Paraná in Brazil, where Schattdecor is installing two more treaters. Commissioning of the fourth treater is set to happen by the end of the first quarter of 2021. The fifth line would be installed starting in late 2021 and begin operating in spring 2022.

The production situation at different Schattdecor locations has largely returned to normal since August after varying restrictions from February to July. All facilities have been running at full workloads again since September. Its three Chinese printing and impregnating sites held their first stoppages in February and March. Starting in April, the group also had to temporarily idle production in Germany, Poland, Italy and Russia. The final stoppages occurred in Thansau and Rosate in August. Its sites in Brazil and Malaysia were most severely affected. The company had to suspend production in both countries for around a month in the second quarter. By contrast, its sites in Turkey and the US managed to continue operating without much in the way of disruption.

Cooler demand for printed décor paper, finish foils and melamine films caused by the coronavirus pandemic persisted into July, Schattdecor noted. All product areas and markets have been staging a recovery since then. The finish foil business started to bounce back a little earlier than the markets for printed décors and melamine films. Brazil had shown the strongest performance of its different markets in the recent past. Business is now fairly good again in all other markets. □



Finish foil production in Glucholazy

(Photo credit: Schattdecor)

New group will be able to deliver wood-based panels, film and floor coatings

Coating manufacturers Oskar Nolte and Klumpp Coatings merged in November

Peter Möhrle Holding (PMH) of Hamburg expanded its wood and furniture coating activities by acquiring the Klumpp Group, headquartered in Stuttgart, Germany.

PMH had acquired the coating manufacturer Oskar Nolte GmbH, based in Kirchlingern, Germany, in May 2018 and coatings operations from AkzoNobel N.V. at the start of November 2019. In summer 2019, Klumpp's former owner had launched the hunt for a strategic partner in an effort to create the conditions for further expansion. Initial contact was made with Oskar Nolte and its parent group PMH at a relatively early stage, which culminated in concrete negotiations. The purchase agreement was inked on 24 November; the deal closed on 27 November.

All limited partner shares in the parent firm Friedrich Klumpp GmbH & Co. KG Woodcoatings were transferred to PMH upon closing. The transaction also included Klumpp Coatings GmbH and four companies in Asia and South America.

Klumpp Coatings GmbH, which specialises in coatings for flooring applications, operates five manufacturing sites in Stuttgart-Feuerbach, Wuppertal, Shanghai, Singapore and Curitiba directly or via affiliates. Its Stuttgart-Feuerbach headquarters is mainly set up to make small to medium-sized batches. Large batch production was pooled at the site in Wuppertal, which it acquired in 2006. The Shanghai facility started operating in 2003, with an identical plant in Singapore installed in 2004. This technology was moved to a larger site in 2006. In 2007, a coatings manufacturing site was also installed at a former distribution subsidiary in Brazil. The sales company in Semarang, Indonesia has been in existence since 2005. A sales branch in Bangkok, Thailand, was added in 2006. Another such entity was founded in Ho Chi Minh City in 2016. Klumpp Coatings Rus GmbH, a firm managed by an exclusive partner in Moscow, Russia, opened its doors in the same year.

Oskar Nolte GmbH makes almost all of its products at its Kirchlingern head-

quarters. Film coating production activities acquired from AkzoNobel have now been largely transferred to Kirchlingern. The company set up a development department with a technical centre for film coatings in Münster in mid-2020. Oskar Nolte GmbH has not published revenue figures for quite some time. PMH had acquired Oskar Nolte from the Italian private equity firm Ambiente SGR S.p.A., based in Milan, and the family shareholder Guido Pühse in May 2018. Under the new sole owner PMH, Oskar Nolte has expanded its product range, which previously focused on coating systems for wood-based panels, to include film coatings by acquiring the AkzoNobel activities in November 2019. AkzoNobel had acquired these film coating activities as recently as 2016 when it bought the industrial coatings unit of BASF Coatings GmbH and subsequently integrated them into the Industrial Coatings division. The coatings so far made in Münster are used to coat pre-impregnated products for use in the furniture and door industry.

By acquiring Klumpp Coatings, PMH has expanded its range of products to include flooring coatings, as well. Coating systems produced by Klumpp Coatings are mainly used for parquet, wooden flooring, directly printed flooring and design flooring. Within the design flooring area, coatings for digitally printed surfaces have gained in importance in recent years. Oskar Nolte and Klumpp Coatings serve similar customer groups, even though their product ranges have different focuses. The two companies also complement one another on the export front. There are also synergies in terms of their production technology. Both companies make water-based coatings and radiation-cured coatings, making it possible to swap products between the different manufacturing sites. Their six plants are to achieve joint annual sales in the region of 30,000-40,000 t in the future. □



Klumpp's main site in Stuttgart-Feuerbach

(Photo credit: Klumpp Coatings)

Start-up of the new laminating plant in Klamath Falls already scheduled for June

Wilsonart extending its laminating activities with a plant in Oregon

The laminate manufacturer Wilsonart International Holding LLC of Temple, Texas, will continue to invest in enlarging its direct-laminating capacity in North America.

In mid-October 2020, the company announced the construction of a new laminating plant in Klamath Falls, Oregon. In a first step, a short-cycle press is to be installed at the new plant. The start-up is already scheduled for June 2021. According to information from Klamath County Economic Development Association (KCEDA), Wilsonart has purchased an almost 8 ha site for the project on Wesgo industrial estate. A production building with a footprint of almost 9,000 m² is to be erected on the site. According to KCEDA, Wilsonart is planning to invest around US\$20m in an initial stage of the greenfield project and thereby create approximately 50 jobs.

Over the last few years, Wilsonart has set up and enlarged its own production facilities for direct-laminated wood-based

panels by means of several acquisitions and investment measures. Some of the major steps towards achieving this include the acquisition of the Australian laminating company Kara Board Pty. Ltd. of Somerton, Victoria, at the end of July 2016, the takeover of the Oxford laminating plant in Mississippi from Roseburg Forest Products Inc. of Roseburg, Oregon, in October 2017, and the purchase of the laminating company Kustom Material Laminators (KML) Corp. of Tacoma, Washington, in early September 2017.

Wilsonart made its debut in direct lamination in North America by resuming operations at the Oxford plant built by Georgia-Pacific LLC of Atlanta, Georgia, in 2001 and then mothballed indefinitely by the next owner Roseburg in December 2015. Roseburg had relocated one of the original three short-cycle presses from Oxford to the Simsboro particleboard in Louisiana in summer 2015. The two remaining plants are operated by Wilsonart. Several short-cycle presses are in operation at the two KML facilities; the

company also produces finished components for furniture. It currently remains to be seen if the investment in the new laminating works in Klamath Falls will have an impact on production capacity at the KML facilities also located in the West of the USA.

According to Ron Ubertini, vice president product management, Wilsonart's main intention behind the investment in Klamath Falls is to further improve the delivery service for the "Coordinated Surfaces" programme that was launched in 2014. The programme enables HPL laminates, direct-laminated wood-based panels with various core boards ("thermally-fused laminate TFL"), edgebanding, and meanwhile furniture fronts as well to be supplied with matching designs and textures. TFL is marketed under the "Wilsonart" and "KML" brands. The Coordinated Surfaces programme covers around 230 designs and eleven textures; these figures have not changed for several years.

Over the last two years, Wilsonart has completed several other acquisitions in product areas related to its core business of laminates and mineral-based materials. In Juli 2018, the company took over the Dallas, Texas, facility trading under the name of Laminate Works Dallas LLC of the large-scale project furniture manufacturer Laminate Works Inc. based in Lenexa, Kansas. With the acquisition of Technistone a.s. of Hradec Králové, Czech Republic, in the second half of 2019, Wilsonart made its debut in quartz material production in Europe too. Conversely, Wilsonart sold its Asian operations to the Japanese chemical and building products group Aica Kogyo Co. Ltd., Nagoya, at the end of 2019. The transaction included Wilsonart's two laminate plants in Samut Sakhon, Thailand and Shanghai, China as well as the Australian laminating company Kara Board Pty. Ltd., that Wilsonart acquired at the end of July 2016. □



Klamath County stakeholders and Wilsonart executives broke ground in October. (Photo credit: KCEDA)



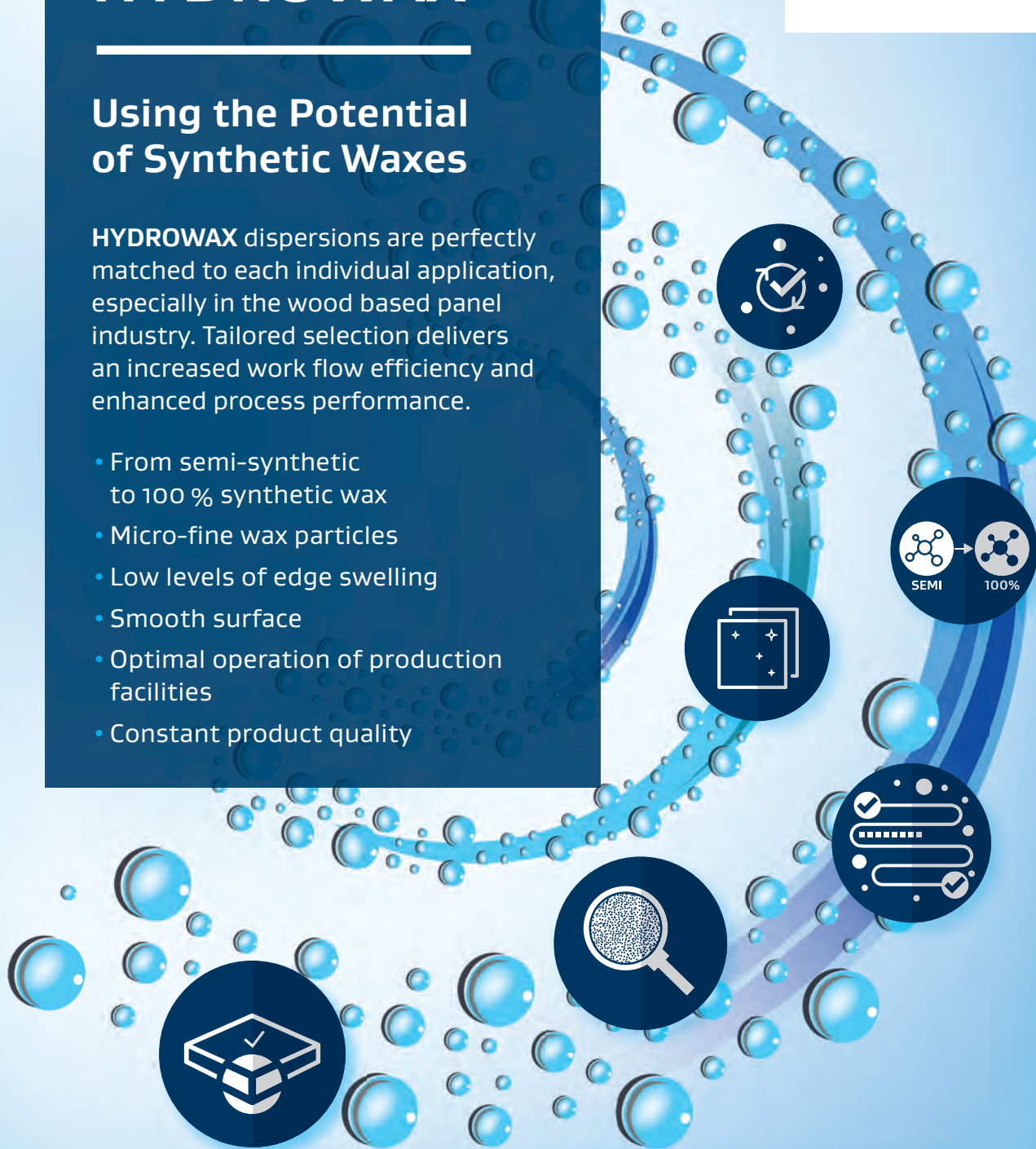
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Forte business figures continue to improve



(Photo credit: Forte)

Similar to the third quarter of 2020, during the fourth quarter Polish cabinet furniture manufacturer Fabryki Mebli Forte S.A. of Ostrów Mazowiecka managed to significantly increase its business figures vis à vis the comparative period of the preceding year. The results improvements were thus once again stronger than the increase in turnover. According to preliminary figures published on 27 January, turnover rose by 13% to PLN382m (Oct.-Dec. 2019: 337m). The total of PLN347m generated in the third quarter was exceeded by 11%. The EBITDA increased by 74% to PLN82m (47m), resulting in an EBITDA margin of 21.5% (13.9%). The EBIT more than doubled vis à vis the comparative period of the preceding year to PLN68m (33m).

With the significant increases in the third and fourth quarters, turnover for the entire year declined by just 1.4% to PLN1.159bn (2019: 1.177bn). The EBITDA, at PLN199m (141m), exceeded the preceding year's figure by 41%. The EBIT improved by as much as 70% to PLN143m (84m). The business report with the final figures for 2020 is to be published on 15 April.

With effect from 2 December 2020, Forte's shareholder MaForm Holding Luxembourg S.à.r.l. was taken over by MaForm Holding AG. MaForm Holding Luxembourg ceased its activities in conjunction with the transfer of assets, which essentially comprise the Forte investment that has meanwhile expanded to 41.87%. MaForm Holding AG did not previously hold any Forte shares. At the beginning of September, MaForm Holding Luxembourg had announced its intention to increase its stake in Forte, at that time reported to have been 32.44%, to 66% through further share purchases. □

MasterBrand Cabinets: new plant in Georgia

Kitchen furniture manufacturer MasterBrand Cabinets Inc., based in Jasper, Indiana, which belongs to US conglomerate Fortune Brands Home & Security Inc. of Deerfield, Illinois, is to build a new production and logistics centre at its Jackson location in the US state of Georgia, around 70 km South-East of Atlanta. The project is to be implemented on existing industrial premises with a total area of 820,000 sqft, or almost 8ha. This situation should facilitate the start of operations already within the course of the next few months. According to a statement published on 17 November 2020 by the Georgia Department of Economic Development, MasterBrand cabinets will create around 400 new jobs at the new location.

To date, MasterBrand Cabinets operates six locations in Arthur (Illinois), Mooresville and Charlotte (both North Carolina), Louisville (Kentucky), Waterloo (Indiana), and Riverside (California). Arthur is the largest location, with a production capacity of around 2,300 kitchen cabinets per day. As distributed assembly plants, the facilities in Louisville and Riverside are geared toward assembly. The kitchens produced by MasterBrand are sold under the brands Aristokraft, Homecrest, Diamond, Schrock, Kemper, KitchenCraft, Decora and Omega. Since the acquisition of WoodCrafters Home Products LLC (Weslaco, Texas)

concluded in May 2013, the company also produces bathroom furniture. MasterBrand's largest customers include DIY store chain Lowe's Companies Inc. of Mooresville, North Carolina, and The Home Depot Inc. of Atlanta, Georgia. In Mooresville, MasterBrand operates a dedicated service centre for Lowe's.

Since its acquisition by Fortune Brands in mid-2015, kitchen furniture manufacturer Norcraft Companies Inc., based in Eagan, Minnesota, has been managed in parallel with MasterBrand Cabinets. The company, which operates several production locations in the USA and Canada, is present on North American kitchen markets with the brands Norcraft, Mid Continent, UltraCraft, StarMark, Fieldstone, Europa, UrbanEffects and Vista.

MasterBrand Cabinets and Norcraft form the cabinets business division of Fortune Brands, which in the 2019 financial year generated turnover of US\$2.389bn (2018: 2.419bn) and operating profit of US\$178.3m (143.5m). In contrast, operating profit adjusted to account for special effects remained slightly below the preceding year's figure at US\$230.5m (232.3m). The cabinet division thus accounted for 41.5% of group turnover and 25.5% of operating profit. □

Steinhoff: court approves creditors' protection

Steinhoff International Holdings N.V., based in Amsterdam, plans to settle the legal disputes with its creditors via creditors' protection proceedings. As announced by the company on 15 February 2021, the district court in Amsterdam has approved the payment moratorium recently applied for in this connection, and has opened the proceedings. The creditor's meeting has been scheduled for 30 June. According to Steinhoff, operative business is not affected by the proceedings. In late July 2020 Stein-

hoff presented a settlement according to which shareholders and business partners affected by the balance sheet irregularities which became public in December 2017 were to receive compensation of approximately €860m. The financial obligations resulting from the settlement are to be fulfilled in the form of cash payments and as shares in South African retail chain Pepkor. According to Steinhoff, Deloitte Accountants B.V. and Deloitte & Touche South Africa have now offered to contribute up to €70m to the settlement. Deloitte, as Steinhoff's long-term auditor, had audited the manipulated balance sheets. □

Nobia secures financing for new plant in Jonköping

Swedish kitchen furniture manufacturer Nobia AB of Stockholm has meanwhile concluded the preparatory phase for construction of a new location in Jonköping, Sweden. As announced by the company at the end of December 2020, negotiations with the trade unions have been completed and the financing of the project is now secured. Nokia intends to use the highly automated kitchen furniture facilities to expand its capacities. In this connection, however, the existing location in Tidaholm is to be closed down. The new plant is expected to operate at full capacity by 2024. Investments in new machinery are anticipated to amount to some SEK2bn (equivalent to just under €200m). A further SEK1.5bn is to be invested in the building, which is to be sold and subsequently leased back again within the scope of a sale-and-lease-back agreement.

In addition to the Swedish plant in Tidaholm, and in some cases via local subsidiaries, Nobia also operates production sites in Denmark (Ølgod, Bjerringbo and Farsø), Norway (Eggedal), Finland (Nastola), the Netherlands (Dinxperlo), Great Britain (Darlington, Dewsbury, Grays, Halifax and Morley) and Austria (Wels and Freistadt).

Nobia closed the full year 2020 with a 9% decline in total turnover to SEK12.741bn (2019: 13.930bn). In the second quarter turnover plummeted by 27% due to the store closures that took place in various countries in spring. In the first and third quarters, turnover had fallen 1% and 5% short of the respective figures of the preceding year. The fourth quarter was closed with virtually stable turnover. Considered over the entire year, turnover in both the Nordic region and the Central Europe region slightly exceeded the level of the preceding year, with a value of SEK6.801bn (6.753bn) achieved in the Nordic region and SEK1.291bn (1.275bn) in Central Europe. For Great Britain, on the other hand, a decline of approximately one-fifth to SEK4.649bn (5.902bn) was recorded. □

Ingka Group: profit decreased in 2019/2020

In the 2019/2020 financial year (31 Aug.), the Ingka Group achieved turnover of €37.4bn (2018/2019: 39.2bn) across all three business divisions Ikea Retail, Ingka Investments and Ingka Centres. The decline of 4.6% compared to the preceding year was mainly due to the corona-related closure of Ikea's brick-and-mortar stores in various countries for several weeks during spring. According to the company, for certain periods 75% of all its furniture stores worldwide were closed. In the last financial year, Ingka Group's net profit fell by one-third to €1.2bn (1.8bn). The majority of Ingka Group's turnover, €35.2bn (36.7bn), is attributable to the Ikea Retail business division. The remaining €2.2bn (2.5bn) of Ingka Group's total turnover is split between investment company Ingka Investments and Ingka Centres. Ingka Centres operates 45 shopping centres in 15 different countries in Europe, China and Russia.

The Ingka Group, or rather Ikea Retail, is one of a total of twelve groups of companies to have concluded franchise agreements with Inter Ikea Systems B.V. of Delft, Netherlands. Taking into account all twelve franchisees, Ikea brick-and-mortar retail trade turnover in the 2019/2020 financial year amounted to €39.6bn (41.3bn). Thus, €4.4bn (4.6bn) was attributable to

the eleven other franchisees Al-Sulaiman, Al-Futtaim Group, Al-Homaizi Group, Mapa, House Market Group, Ikano Group, Northern Birch, Daily Farm Group, Sartori Group and Miklatorg, which cover a further 25 countries following Ikano Group's recent entry into the market in Mexico. Initially, the Ikea range will be available exclusively online for some months in Mexico. The first brick-and-mortar Ikea furniture store in Mexico is to open during the first quarter of 2021. Around three years ago, Inter Ikea Systems had commissioned the Ikano Group, which is controlled by the Kamprad family, to explore expansion possibilities in Mexico. The company already operates Ikea branches in Singapore, Malaysia and Thailand.

In spite of the continuing shift in sales revenue towards online business, IKEA group is planning to open roughly 50 facilities worldwide for the business year 2020/2021. Around 30 of them are to be accounted for by Ingka Group. The remaining 20 new stores are planned for superordinate group companies or the eleven external franchisees. A major share of the new facilities is planned in the form of the small-format concept developed over the last few years. Such stores are located predominantly in city centres or shopping centres. □



(Photo credit: EUWID)

Sharp decline in order intake since January / More and more effects on shipments

Retail closures leaving their mark on furniture industry output after all

German furniture manufacturers have ended up having to adjust their output, after all, to reflect reduced ordering in the wake of restrictions imposed on furniture shops.

A plunge in order intake of varying magnitudes since the beginning of January 2021 is having more and more of an impact on German furniture manufacturers' production levels. Estimates from the Association of the German Furniture Industry (VDM), based in Bad Honnef, and the Associations of the Wood and Furniture Industry in North Rhine-Westphalia (VHK), headquartered in Herford, indicate that around 50% of German furniture producers unveiled plans to furlough workers from beginning of February, although sizeable differences exist from one segment to another. In March, already two thirds of companies are already planning to institute short-time working arrangements.

The retail restrictions in Germany in effect since 16 December have had

varying impacts on furniture manufacturers' order intake, depending on the product range and sales avenues that they served. Businesses mainly catering to brick-and-mortar shops and large sales outlets posted losses of up to 80% already starting in early January. In other segments, business dropped off more and more over subsequent weeks. Offsetting this effect by selling more online or via click and collect is only possible to a limited degree since this avenue makes up just a modest amount of total revenues. However, reduced ordering in Germany can be partly offset by the export business, which is consistent or growing again in several countries.

Additional problems are being caused by delays mainly seen for flat-pack furniture deliveries to retailers. Most furniture merchants initially replenished inventories that fell sharply in the fourth quarter. Several businesses want to accept incoming deliveries without major restrictions in the weeks ahead, too. This is easier to achieve for customised

products delivered directly to end-users than for standard furniture. A few large sales outlets that have not been as heavily involved online to date thus curbed their incoming deliveries in the first half of January.

The slump in order intake and delays in retailers accepting furniture deliveries in some segments are having a mounting impact on furniture production. In the first phase, additional shifts laid on in several furniture industry sectors in January because of rising lead times in the fourth quarter have been cancelled; most companies thus first transitioned to normal operations. Companies took the first downtime starting in early February. These production cutbacks will likely be expanded in the coming weeks. Along with shift cancellations and a few days of downtime, some firms are already idling operations for weeks at a time.

Internal surveys carried out by the associations VDM and VHK indicate that more than 80% of German furniture manufacturers saw their order intake take a turn for the worse in February. About 30% of companies had already encountered a dive of more than 70% in their incoming orders compared with the same month last year.

The loss of orders and ensuing production curtailments are much more pronounced in the upholstered furniture and bedroom and living room furniture sectors than in the kitchen furniture industry. Brand-name kitchen producers are still able to manufacture at relatively normal rates in most instances on the back of order cushions built up in the second half of 2020. However, at least a few companies have scheduled stoppages lasting up to a week starting in late March. Manufacturers of kitchens in the entry-level price bracket, who had already encountered a sharp drop in or-



Empty parking spaces at furniture outlets

(Photo credit: EUWID)

der intake starting in January, will adjust their output during March by cancelling shifts or shutting down on a daily basis.

Longer stoppages already occurred in other segments in February. In a few instances, production was suspended altogether for two to three weeks. Other companies have stopped manufacturing for two or three days each week. This trend will likely intensify with the expansion of short-time working slated for March. In many instances, production is to be idled for a week every fortnight to guarantee that deliveries can be made and so that companies can respond swiftly to changes in order intake.

That being said, some bedroom and living room producers did operate without constraints in February and want to continue manufacturing without any stoppages in March too. This is especially true for Ikea suppliers. Sources in the furniture industry and trade said that demand from Ikea had held up at a relatively high level in recent weeks despite the lockdown in Germany and a few neighbouring markets. Consequently, the availability of raw particleboard tends to be the issue determining suppliers' production levels.

Conference opts for staggered reopening

The furniture industry is curbing output and furloughing workers in response to the closure of brick-and-mortar shops in Germany since 16 December. This shutdown was initially supposed to last until 31 January and was then extended until 14 February. A conference of the federal government and states held on 10 February decided to extend the retail restrictions until 7 March. The potential easing of measures after this date was also contingent on seven-day infection rates falling below 35 cases per 100,000 residents and reducing the number of visitors allowed to one customer per 20 m². The federal-state conference held on 3 March 2021 has fundamentally decided in favour of a further extension of the lockdown until 28 March. Depending on regional development of incidence figures, the first



Retail closures are more and more affecting the supply chain.

(Photo credit: EUWID)

opening stages should nevertheless already be possible before this date. In this connection, a gradual approach has been agreed, with a so-called emergency brake. Should the easing of restrictions in any given region lead to a renewed increase in the number of infections, this easing will automatically be cancelled.

The first opening stage had already been implemented prior to the federal-state conference, with the opening of schools and hairdressers on 1 March. In the second stage, garden centres and garden departments of DIY stores are among the businesses permitted to reopen with immediate effect across the country. Several states had already passed regulations in this respect prior to the meeting. Compliance with hygiene concepts and limiting the number of customers are prerequisites for opening. For sales areas up to 800m², one customer per 10m² is allowed. For larger areas, the rule is one customer per 20m². If a stable seven-day incidence of fewer than 50 new infections per 100,000 inhabitants is reached in a state or region, the retail trade may then also generally open in the third opening stage, with the above-mentioned customer number limitations. With an incidence of between 50 and 100, only appointment-based shopping arrangements (Click & Meet) are possible in

the retail trade. In this connection, one customer per 40m² of sales area or part thereof is admitted for a limited period of time; booking an appointment in advance and documentation for contact tracking are prerequisites. If incidence rises above 100 for three consecutive days, the restrictions in force until 7 March will come into effect again two working days later. The fourth opening stage does not include regulations pertaining to the retail trade. If, after this fourth stage, the incidence of infection remains stable for 14 days, in a fifth stage the retail trade can reopen with the aforementioned limitation concerning the number of customers as with a stable incidence below 100. Assuming everything goes according to plan, this would be the case from 5 April. With the new incidence limit values of 50 and 100, the reduction to 35 infections per 100,000 inhabitants which had been decided on at the last federal-state conference has been lifted.

Individual federal states had already examined, and in some cases implemented, their own concepts for Click & Meet regulations prior to the federal-state conference. Rhineland-Palatinate and Saarland had already approved this concept subject to certain conditions on 1 March. Baden-Württemberg, Saxony and Schleswig-Holstein have considered similar regulations. □

Exports lag considerably behind domestic business over entire year

German furniture industry: turnover well up at end of year

Already observable since the third quarter of 2020, the strong growth in incoming orders within the German furniture industry became increasingly evident in the turnover figures towards the end of the year.

After the increases already achieved in October and November, industry turnover rose even more strongly in December. The upward trend in domestic business continued, whereas it slackened off again in the case of export business. According to figures compiled by the Association of the German Furniture Industry (VDM), Bad Honnef, total turnover increased by 8.8% to €1.405bn. The last time a similarly high level was achieved in the month of December was in 2016 (€1.408bn).

Domestic turnover, at a value of €991.8m, exceeded the preceding year's figure by 14.3%; export turnover, in contrast, declined by 2.5% to €414m. Both import (+6.6% to €1.193bn) and export (+1.5% to €538m) business contributed to the

turnover growth recorded in November. October, on the other hand, concluded with contrasting turnover development in domestic (+4.9% to €1.158bn) and export (-2.8% to €536m) business, as had been the case in August and September. Overall, this resulted in turnover growth of 2.3% to €1.695bn.

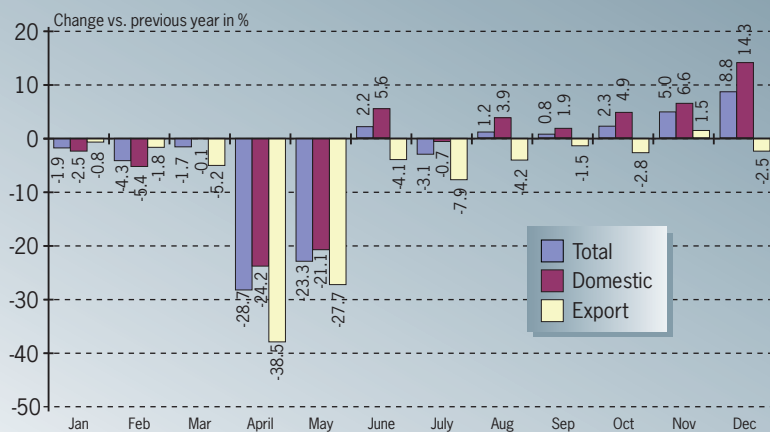
During the course of the year, a decline was recorded in total turnover of the German furniture industry in six of the twelve months. Following slight declines in the first quarter, significant slumps were then recorded from mid-March due to the corona-related closures of the brick-and-mortar furniture trade, and also in April and May because of the subsequent production adjustments in the furniture industry. The easing that took place from May onwards then facilitated slight turnover growth for the German furniture industry again in June. In July, another slight decline in industry turnover was recorded. From August onwards, figures consistently exceeded those recorded in the respective months of the preceding year. Declines in dome-

stic turnover were recorded during the same months as for total turnover. Only in January and February were domestic turnover declines more severe than those recorded for total turnover; in March, April, May and July, domestic business fared better. With the exception of November, export turnover fell short of the preceding year's figures in all months.

With the significantly improved development in the second half of the year, turnover of the German furniture industry for the year as a whole declined by just 3.7% to €17.2bn (2019: 17.9bn). The first quarter, which was only impacted to a small extent by the corona crisis, had concluded with a relatively modest decrease of 2.6% to €4.4bn. The collapse in April and May coupled with the only slight recovery recorded in June meant that an almost double-digit percentage rate decline of 9.8% to €8.1bn was recorded for the first half of the year. For the nine-month period, the VDM reported a decrease of 6.7% to €12.4bn. By the end of the year, this decline was almost halved thanks to the growth achieved during the fourth quarter.

In the first quarter, domestic business (-2.6% to €3.0bn) and export turnover (-2.7% to €1.4bn) had still developed almost in parallel. By the end of June, a decline of 8.2% to €5.6bn had been recorded in domestic business; in the same period, export business fell by 13.2% to €2.5bn. As of the end of September, at €8.5bn, domestic turnover remained 5.0% below the level of the preceding year; a decline more than twice as severe was recorded for export business, down 10.3% to €3.9bn. By the end of the year, the turnover decline in domestic business could be reduced to -1.6% to €11.9bn. A decline of 7.9% to €5.4bn remained for export business.

Germany: Turnover in the furniture industry 2020



Source: EUWID, according to information from HDH/VDM

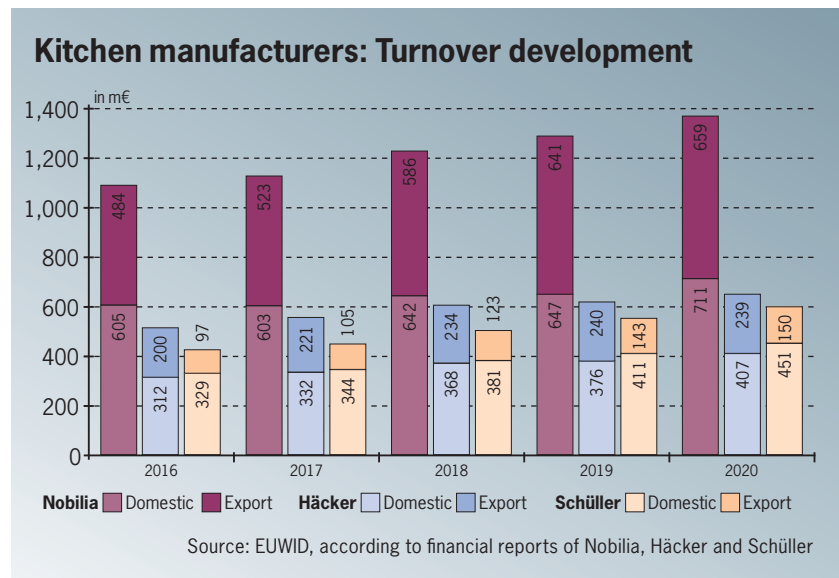
Nobilia, Häcker and Schüller developed along better lines than the industry

Kitchen furniture manufacturers did better on the domestic market

In the 2020 financial year, the three large kitchen furniture manufacturers Nobilia-Werke J. Stickling GmbH & Co. KG (Verl), Häcker Küchen GmbH & Co. KG (Rödinghausen) and Schüller Möbelwerk KG (Herrieden) again developed along better lines than the industry as a whole.

For all three companies, domestic business developed significantly more favourably than exports. In previous years, by contrast, higher rates of increase had been achieved predominantly in the export sector. This reversal achieved last year is attributed mainly to the fact that most export markets were more strongly affected by the lockdown in spring than the German market. Furthermore, in Germany the subsequent economic upturn began earlier than in other countries. As a result, all three companies accumulated considerable order volumes by the end of the year, which at least so far have ensured full capacity utilisation in the current second lockdown.

Nobilia's total turnover improved by 6.4% to €1.370bn (2019: 1.288bn) last year. On the domestic market an almost double-digit increase rate of 9.9% to €710.9m was achieved; export business improved by 2.8% to €658.9m. The export rate thus declined by 1.7 percentage points to 48.1%. In 2019 the situation had still been the other way round. Export turnover had increased by 9.5% to €641.1m, whilst domestic business, at €646.7m, only surpassed the preceding year's figure by 0.7%. The ensuing overall increase amounted to 4.9%. The fact that domestic and export turnover had been similar led to an export rate of 49.8%. In the 2018 financial year, Nobilia generated turnover of €642.0m (+6.6%) on the domestic market, €585.5m (+12.0%) in exports and €1.228bn (+9.1%) overall; the export rate was indicated at 47.7%.



In the case of Häcker, the differences between domestic and export business were less significant in all three years. Last year the company achieved a 4.9% increase in total turnover to €646m. In this context, domestic turnover rose by 8.2% to €407m, whilst export turnover declined by 0.4% to €239m. The export rate thus decreased to 37% (39%). 2019 had been more restrained for Häcker, after increases in the high single-digit percentage range had been recorded in the preceding years. Total turnover, at €616m, was 2.3% above the previous year's figure. Domestic (+2.2% to €376m) and export (+2.6% to €240m) business had developed along similar lines. This resulted in an export ratio of 39%. In the 2018 financial year, domestic turnover had increased by 11% to €368m and export turnover by 7% to €234m. Total turnover had been indicated at €602m (+9%). The export rate had declined by one percentage point to 39%. 2017 (+8.0%) and 2015 (+9.9%), increase rates high in the single-digit percentage range had been achieved. In 2016, with growth of 15% recorded, the increase had even been in the double-digit percentage

range. Over the past five years since 2015, turnover has risen by €180m or almost 40%.

Concerning Schüller, growth recorded on the domestic market (+9.8% to €451.3m) was more than twice as high as in export business (+4.6% to €149.5m). Total turnover thus increased by 8.4% to €600.8m in 2020; the export rate dropped to 24.9%. In the 2019 financial year, by contrast, turnover growth in exports (+16.3% to €143m) had been twice as high as on the domestic market (+8.0% to €411m). This led to a 9.9% increase in total turnover to €554.4m. The export quota amounted to 25.8%. In 2018, export business at Schüller had also developed along significantly better lines than domestic business. At that time, export turnover rose by 17.1% to €123m, turnover generated on the domestic market increased at a low double-digit rate of 10.7% to €381m. Total turnover had risen by 12.2% to €504m; the export rate had reached 24.4%. Based on the figure of €394m recorded for 2015, Schüller increased its turnover by approximately 50%. □

Growth accelerated slightly again in fourth quarter of 2020

Online turnover from furnishings increased by 16.1% in full year

In the entire year of 2020, gross e-commerce turnover in the furnishing product group cluster increased by 16.1% to €12.676bn (2019: 10.923bn).

According to data collected by the Bundesverband E-Commerce und Versandhandel Deutschland (bevh) in cooperation with Beyondata GmbH, the value has thus more than doubled in the past five years. In 2015, just €5.849bn was generated online with home furnishings. Since then, however, growth rates in the double-digit percentage range have been achieved across the board. The highest percentage increases over the past five years were recorded in 2016 and 2017, at 21.6% and 20.3% respectively. Growth then slowed somewhat in 2018 and 2019 but remained in the double-digit range, at 12.5% and 13.5% respectively.

Within the furnishing cluster, the household goods/appliances product group (+16.9% to €5.799bn) developed most positively last year, followed by soft furnishings/home textiles (+16.5% to €1.453bn). However, furniture/lamps/decorative goods

also exceeded the previous year's level by a double-digit rate of 15.0% to €5.425bn (4.717bn).

The growth recorded in all three product groups was thus somewhat higher than the increase of 14.6% to €83.245bn (72.639bn) achieved in total e-commerce turnover with goods in Germany. The forecast issued at the beginning of 2020 predicting total turnover of +10% to approximately €80bn was nevertheless exceeded. Following virtually stable development in the first quarter, the corona pandemic accelerated the trend towards more e-commerce as the year progressed. In the last three years, the increase in total online turnover generated with goods averaged 11.3%.

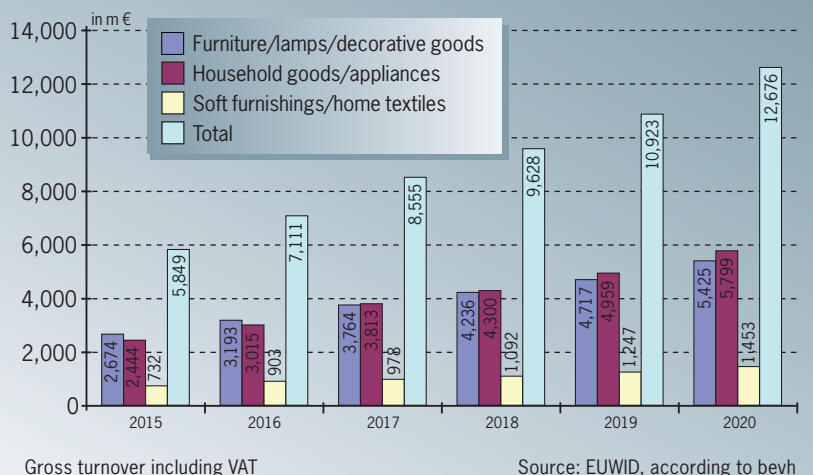
Taking into account the different types of sellers, the strongest growth was recorded for online marketplaces. Overall, turnover in this area rose by around one-fifth to €40.8bn (33.9bn). The second most important group of multichannel providers in terms of turnover volume recorded growth of 8.7% to €28.0bn (25.7bn) last year. Turnover of companies operating exclusively online increased by 11.2%

to €12.0bn (10.8bn). Producer-sellers and shopping clubs, starting from a much lower level, increased by 14.5% to €1.8bn (1.5bn) and 15.1% to €542m (471m) respectively. The distribution of proportions of total online turnover generated with goods among the types of sellers changed only slightly compared to 2019. At a turnover proportion of 49 (47) %, as before almost half of the total turnover was attributable to online marketplaces, followed by multichannel providers with 34 (35) % and exclusively e-commerce players with 14 (15) %. Producer-sellers, at 2.2 (2.2) %, and shopping clubs, at 0.7 (0.6) %, still accounted for comparatively low proportions.

In the fourth quarter, e-commerce turnover in the furnishing product group cluster increased by 21.3% to €3.808bn (Oct.-Dec. 2019: 3.139bn). At 27.7% to €1.612bn (1.262bn), the highest increase was recorded in furniture/lamps/decorative goods. Turnover generated with soft furnishings/home textiles rose by 22.1% to €521.0m (427.0m). Turnover generated with household goods/appliances amounted to €1.675bn (1.450bn), representing an increase of 15.5% vis à vis the comparative period of the preceding year. Overall, growth in the furnishing segment accelerated again slightly during the fourth quarter, after double-digit growth rates of 18.7% and 19.5% had already been recorded for the second and third quarters respectively. In the first quarter a comparatively low increase of 3.2% had been recorded. In the furniture/lamps/decorative goods product group, the 27.7% increase achieved in the fourth quarter contrasted with growth rates of 2.0%, 13.8% and 15.5% in the three preceding quarters.

For 2021, the bevh is forecasting growth of 12.5% in total turnover generated with goods in e-commerce, despite uncertainties in connection with further development of the corona crisis. □

Germany: Online trade with furnishings 2015-2020



Mohawk: increases in all business divisions

Following heterogeneous development in the preceding quarters, US flooring group Mohawk Industries Inc., based in Calhoun, Georgia, recorded growth in turnover and results figures across all three business divisions again in the fourth quarter of 2020. The flooring rest of the world division once again developed most positively. In comparison with the preceding year, business division turnover increased by 20.5% to US\$758.7m (Oct.-Dec. 2019: 629.8m); turnover was up by 11.4% vis à vis the third quarter (US\$681.3m). Adjusted to account for significantly positive exchange rate effects, flooring RoW achieved growth of 14.9% vis à vis the preceding year; when additionally adjusted to account for the greater number of days involving deliveries, turnover was still up by 13.2%. In comparison with the preceding year, operating profit rose by almost two-thirds to US\$132.5m (81.6m). According to Mohawk CEO Jeffrey Lorberbaum, almost all product categories and sales markets contributed to the increases in turnover and results. The plants have been utilising capacities almost fully; delays in deliveries have already been recorded in the wood-based panels sector. The cost increases recorded in the fourth quarter concerning the majority of upstream products are to be offset by price increases.

Turnover generated in the flooring North America division amounted to US\$963.4m (936.4m), exceeding the preceding year's figure by 2.9%; the US\$982.3m generated in the third quarter, however, was not reached. The slight increase came primarily from the residential sector. Commercial building orders remained below the level of the preceding year, even though slight recovery in comparison with the previous quarters was recorded. In the global ceramic business division, turnover rose by 7.2% to US\$919.7m (858.3m). Turnover growth of 8.9% to US\$2.642bn (2.425bn) was thus recorded for the group in the fourth quarter. Operating profit almost doubled to US\$282.7m (154.8m).

For the year as a whole, the flooring RoW business division developed contrarily to the general trend. Growth vis à vis the preceding year was recorded both in turnover (+1.2% to US\$2.525bn) and operating profit (+3.8% to US\$366.9m). Flooring RoW thus generated 26.4% (25.0%) of group turnover and 57.7% (42.8%) of total operating profit. Total annual turnover generated in the flooring NA division, by contrast, declined by 6.5%, with operating profit falling 16.7%. In the global ceramic division, turnover declined by 5.5% and operating profit reached just half of the previous year's figure. □

AHF Products buys assets from Parterre

The US flooring manufacturer AHF Products LLC of Mountville, Pennsylvania, has purchased the LVT supplier Parterre Flooring and Surfaces Systems LLC of Wilmington, Massachusetts, in an asset deal. Former Parterre CEO Ralph Grogan has switched to the AHF management team. The "Parterre" brand adds Luxury Vinyl Tiles (LVT) for applications in the commercial sector to AHF's range of products. AHF had already completed its entry into the resilient-flooring business in 2020. Initially, under the "Robbins" brand, a rigid-core line of flooring was put on the market in autumn under the name of Pro-Tekt, which is sold through the retail trade. AHF Products has

recently also been offering a line of resilient-flooring products geared to the commercial segment under the "Hartco" brand.

AHF Products emerged from the sale of the wooden-flooring activities of Armstrong Flooring Inc. (AFI) of Lancaster, Pennsylvania, that was completed at the end of 2018. In the course of this transaction, AHF acquired all the Armstrong Flooring brands for the wooden-flooring segment, amongst them "Bruce", "Homerwood", and "Robbins". AHF Products is represented in the USA with six production facilities in Warren, Arkansas, in Somerset, Kentucky, in West Plains, Missouri, in Titusville, Pennsylvania, in Oneida, Tennessee, and in Beverly, West Virginia. Another plant is operated in Sihanoukville, Cambodia. □

Bauwerk shareholders sign off on corporate changes

Shareholders in the Swiss firm Bauwerk Boen AG gave the green light to a name change proposed by its supervisory board at an extraordinary general meeting held on 3 December. The parquet manufacturer will do business as Bauwerk Group AG in the future. Shareholders also agreed to move the group's headquarters from Wallisellen in the canton of Zurich to Bauwerk's production site in St. Margrethen, St. Gallen. No changes occurred on the distribution front. Bauwerk Group will continue to sell its products under the Bauwerk and Boen brands, which specialised in different sales channels and geographical markets with the respective product range. The name change is an indirect consequence of changes in shareholder relationships in October 2019. At that time, the Norwegian company Johan G. Olsen Group (JGO), based in Tveit, had sold its 33.2% shareholding in Bauwerk Boen AG to the Ernst Göhner Foundation subsidiary and majority shareholder EGS Beteiligungen AG (EGSB), ending its involvement in the parquet business.

In the first half-year 2020, parquet sales of Bauwerk Group fell by 10% to 4.1m m² (Jan.-June 2019: 4.5m m²). The main reason given was the corona crisis, though the effects of it varied from one country to another. Germany, Austria, Switzerland and Scandinavia performed relatively well. In one or two markets, Bauwerk Group even managed to improve upon the same period of last year. In Western and Southern Europe, on the other hand, the sales figures were mostly down sharply due to several weeks of lockdown. Heavy reductions also occurred in Russia business as well as in overseas exports to North America and China. In the majority of markets, the private residential sector did better than large-scale commercial project business. In the residential sector, renovation business in particular has picked up quite considerably in the last few months. These variations in development caused Bauwerk Group's consolidated net sales revenue to fall by 12.3% in the first half-year to CHF128.3m (CHF146.2m). Adjusted for the negative currency effects, a reduction of 7.5% remains in sales revenue. □

MMFA statistics: SPC and LVT click sales fared better in North America than Europe

Rising sales of SPC flooring make up for downturns in other categories

The 26 ordinary members of the Multilayer Modular Flooring Association (MMFA), headquartered in Brussels, sold a total of 94.5m (2019: 89.8m) m² of multilayer modular flooring around the globe last year, 5.3% more than in 2019.

The association reported relatively strong variations from one product group to another. Sales in the polymer rigid SPC category leapt by more than a third to 37.7m (28.0m) m². The polymer LVT click category, which includes flexible LVT flooring with a click connection, faced a 14.8% slide to 36.7m (43.1m) m². Polymer rigid EPC sales declined again to 5.2m (6.1m) m². Sales of multilayer design flooring with a wood-based panel base ("wood" category), which primarily plays a role in Germany, Austria and Switzerland, rose by 18.8% to 15.0m (12.6m) m².

The trends witnessed in 2019 have thus intensified. In that year, growth had shifted more towards SPC products. Just small growth had been evident in LVT flooring sales, while EPC flooring sales declined. The shifts that emerged last year meant

that MMFA members sold more SPC and LVT flooring for the first time. SPC's share of total sales increased to 39.9 (31.1) %, while LVT's slice of the pie dwindled to 38.8 (48.1) %. EPC flooring lost more market share to 5.5 (6.8) %. The disproportionately strong growth in sales in the wood category meant that its share swelled to 15.9 (14.0) %.

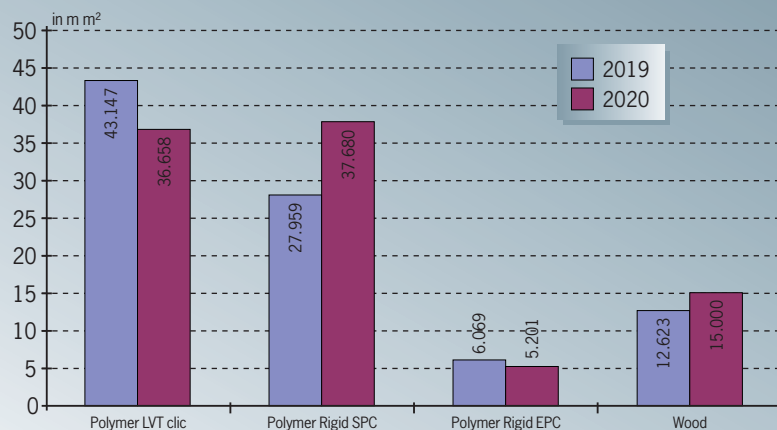
When publishing the latest sales statistics on 11 February, the MMFA also made slight revisions to the previous year's figures in all four categories. The association slightly lowered its 2019 sales data for the polymer LVT click, polymer rigid EPC and wood categories compared with the data released last year. The figures for polymer rigid SPC were raised slightly. The corrections were made to figures for the first and fourth quarters of 2019. However, the preliminary data for the second and third quarters was left largely untouched. The MMFA statistics also broke down sales of multilayer design flooring with a wood-based panel base into Germany, Austria and Switzerland on the one hand and other regions on the other hand. Germany, Austria and Switzerland achieved a

22.5% growth in sales to 12.2m (10.0m) m² in 2020, breaking down into 10.3m m² (+25.2%) in Germany and 1.4m m² (+9.2%) in Austria; just 0.5m m² was sold in Switzerland. In other regions, sales in the wood category increased by 4.9% to 2.8m (2.7m) m³. Some 1.8m m² was sold in the rest of Western Europe. Eastern Europe was the destination for 0.8m m²; the Czech Republic was the single-largest market with 0.4m m² (+10.0%). The other 0.2m m² was delivered to markets outside Europe. North America took receipt of 0.1m m², more than one a half times what the continent received in 2019. However, wood sales plunged in most other overseas markets in the wake of the pandemic. All four quarters contributed to the sharp upturn in full-year wood sales. The biggest sales volumes were booked in the first and fourth quarters. The year-on-year growth rates softened slightly compared with 2019 (Q1: +25.6%, Q2: +24.1%, Q3: +22.1%, Q4: +19.7%).

Mixed trends in the LVT, SPC and EPC categories meant that total polymer flooring sales edged 3.1% higher to 79.5m (77.2m) m² in 2020 as a whole. Sales had fallen by 23.7% to 14.2m (Q1 2019: 18.6m) m³ in the first quarter and by 17.9% to 16.1m (19.6m) m³ in the second quarter. The MMFA statistics showed inexplicably strong growth of 45.5% to 28.2m (19.4m) m² for the third quarter. Fourth-quarter sales were 7.5% higher than in the same stretch in 2019 at 21.0m (19.6m) m². Out of the polymer flooring sold in all four quarters, some 37.5m (40.2m) m² was marketed in Western Europe, 6.6% less than in the previous year. North American sales climbed by 17.5% to 35.1m (29.9m) m², while sales in other regions dipped by 3.3% to 6.9m (7.1m) m².

SPC flooring sales rose sharply in three of the four regions mapped separately in the MMFA sales statistics. Western European sales were up 28.8% at 15.7m (12.2m) m²,

MMFA: Sales of multilayer flooring



Source: EUWID, according to MMFA

while Eastern European sales increased by more than one and a half times to 2.0m m². Shipments to North America jumped by 37.4% to 19.2m (14.0m) m², while Latin American markets saw sales fall by 22.2% to 0.2m m². SPC sales followed a similar pattern to the previous year from one quarter to the next. After a slow start in the first quarter with 6.6m (5.7m) m², sales increased to 9.9m (7.4m) m² in the second quarter. The third quarter brought sales of 9.9m (6.9m) m². The fourth quarters of both 2019 and 2020 produced a substantial leap in sales to 11.3m (7.9m) m².

The downward trend in EPC flooring sales seen in 2019 (-16.7%) continued at a similar pace last year. All four quarters played a part in this 14.3% slump. The biggest cuts were seen in the second quarter (-26.9%), followed by the third (-17.8%) and fourth (-8.4%) quarters. EPC sales had fared the best in the first quarter with a 2.9% reduction. Similar downswings were booked in the different regions. North American EPC sales were 17.3% lower at 2.5m m². Some 2.2m m² was sold in Western Europe (-13.0%) and 0.2m m² (-19.3%) in Eastern Europe.

MMFA members sold 4.0% more polymer LVT click flooring in North America with 13.4m (12.9m) m². Eastern European sales dipped by 0.3% to 2.7m m², while Western European sales tumbled by 22.9% to 19.6m (25.4m) m². Across all regions, a slight downward trend in total LVT click sales seen in each quarter of 2019 intensified markedly in the first (-45.8% to 6.3m m²) and second



(Photo credit: EUWID)

quarters (-52.2% to 5.1m m²). The MMFA statistics indicate that third-quarter sales leapt by 56.0% to 17.0m (10.9m) m², although the association feels that this was possibly due to a reporting error chiefly for US exports. LVT click sales declined by 17.5% to 8.3m (10.0m) m² in the fourth quarter.

MMFA added seven new members during 2020

MMFA added seven new companies to its ranks by the end of 2020, raising its number of members to 60. The MMFA thus now has 26 multilayer modular flooring manufacturers as ordinary members. The number of associate members jumped

from 26 to 31 during 2020. There are three supporting members.

The MMFA has members in 12 European countries. Central, Western and Southern Europe is almost entirely covered. A total of 34 members (12 ordinary, 20 associate and two supporting members) are headquartered in Germany. Belgium took second place with seven companies (two ordinary members, four associate members and one supporting member). Three members each come from the Netherlands and Portugal and two each from France, Spain, Italy, Switzerland and Austria. The MMFA also has one member each in the UK, Sweden and Poland. Poland is also the only Eastern European country represented at the moment. □

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Second-half growth offsets slumps earlier in the year / Variations between the quarters

EPLF manage to sell more laminate flooring for the first time since 2016

In spite of the Covid-19 pandemic, companies belonging to the association European Producers of Laminate Flooring (EPLF), based in Brussels, posted their first small improvement in sales in a while in 2020.

This performance reversed a downward trend seen in the three previous years. Last year's 2.7% growth to 459.0m m² meant that EPLF members had sold more laminate flooring than in 2018 (453.5m m²) and 2019 (446.8m m²). A significant improvement was also recorded compared with 2015 (452.4m m²). By contrast, sales were again lower last year than in 2016 (477.5m m²) and 2017 (477.0m m²).

The variations between the different quarters were much more pronounced last year, as well. EPLF members sold significantly more laminate flooring than in the prior-year period between July and December 2020, which more than made up for a weaker performance in the first half of the year. European laminate flooring manufacturers had started off the year in slightly better shape than the prior-year period in the first quarter (+0.5%). Restrictions imposed in almost all countries a short time after the pandemic broke out, which included the closure of DIY shops to foot traffic, culminated in a 9.7% drop in second-quarter sales. By contrast, total sales improved substantially compared with

the previous year in the third (+9.1%) and fourth (+11.2%) quarters.

This growth was much more substantial in Western Europe than in other regions. According to sales statistics drawn up by the EPLF, its 15 ordinary members sold 54.4m (Q1 2019: 57.0m) m² in Western Europe between January and March, 4.5% less than in the same stretch in 2019. Second-quarter sales then tumbled 10.7% to 49.4m (55.3m) m². However, the third quarter ended with a 15.2% improvement in Western European sales to 61.8m (53.7m) m²; sales even jumped by 15.6% to 60.1m (52.0m) m² in the fourth quarter. 2020 as a whole encountered a 3.6% rise in Wes-

EPLF: Laminate Flooring Market ¹⁾

in m m ²	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ²⁾
Western Europe												
Germany	84.6	83.4	80.0	76.3	71.9	68.9	65.7	63.3	57.0	52.3	49.7	52.7
France	38.6	40.6	40.9	40.4	38.8	39.3	37.4	37.4	37.6	36.1	36.5	37.1
United Kingdom	32.5	28.6	30.2	29.0	29.1	31.6	30.6	33.0	33.8	29.8	32.6	37.1
Netherlands	21.4	21.1	20.8	18.6	19.2	17.6	19.1	19.3	19.7	18.3	18.6	21.1
Spain	19.3	18.2	17.9	14.9	14.1	14.7	15.3	16.7	16.8	16.5	16.7	14.6
Turkey	36.2	54.2	53.8	66.2	65.6	57.2	32.2	27.5	24.9	18.5	13.1	11.7
Eastern Europe												
Russia	17.7	24.7	25.5	23.7	19.8	28.5	28.9	33.8	35.5	39.3	43.7	46.2
Poland	29.3	28.9	25.6	24.0	24.8	26.3	28.1	30.6	30.4	29.4	31.1	29.0
Ukraine	4.7	5.8	8.3	8.2	9.5	7.5	4.8	6.2	7.4	7.6	10.3	10.4
Romania	12.5	13.4	9.2	9.8	10.1	11.5	11.2	13.6	13.2	11.1	10.1	9.6
Hungary	6.1	6.2	5.5	4.3	4.6	6.0	6.1	6.2	6.5	7.1	6.9	7.7
World												
Western Europe	284.7	301.6	299.4	297.7	290.1	282.3	254.1	250.2	243.0	223.3	218.0	225.7
Eastern Europe	97.5	108.7	103.5	98.9	103.4	110.4	111.2	126.0	128.4	128.0	135.1	134.8
North America	35.6	41.2	26.9	23.5	27.9	29.2	38.5	47.2	49.4	44.3	40.1	49.1
South/Central America	10.6	15.7	15.7	16.8	17.0	15.9	17.3	17.1	17.6	18.5	15.7	14.1
Asia	7.7	10.3	10.6	11.6	12.7	15.3	17.5	16.8	29.1	29.9	28.4	25.1
World	442.6	486.7	467.9	459.6	462.7	466.9	452.4	477.5	477.0	453.5	446.8	459.0

1) Sales volumes of EPLF members from European production 2) preliminary numbers

Source: EUWID, according to EPLF

tern European sales to 225.7m (218.0m) m². The German market delivered growth for the first time in a decade with a 6.1% upturn to 52.7m (49.7m) m². Germany last registered a significant upturn in 2006 when EPLF members' sales climbed to 97.9m m². 2009 had been a year of small growth to 84.6m m² in Germany despite the global economic crisis at that time. Sales had declined more and more since then.

The two next-largest markets, France and the UK, turned in much stronger performances during this period. French sales had dived in 2013 and 2015; in most other years, sales had stayed the same or improved slightly. However, last year saw just a minimal improvement of 1.6% to 37.1m (36.5m) m² in France. The latest EPLF sales statistics indicate that the UK also booked a 13.7% growth to 37.1m (32.6m) m² last year, meaning that the UK overtook France for the first time in a while. EPLF members increased their deliveries to the UK seven times in the past ten years, with year-on-year downturns only recorded in 2012, 2015 and 2018.

The Netherlands strengthened their position as the fourth-largest sales market with a 13.8% upturn to 21.1m (18.6m) m², especially as shipments to Spain dropped by 12.8% to 14.6m (16.7m) m² after not altering much between 2016 and 2019. Turkey, which the EPLF statistics classify as part of the Western Europe region, had been the second-largest sales market after Germany up until 2014 but has continued to become less important. The downward spiral, which was prompted by a weaker market trend and by Turkish laminate flooring manufacturers leaving the EPLF, slowed a little last year. Sales were 10.8% lower than the previous year at 11.7m (13.1m) m². The latest EPLF statistics had retroactively lowered the sum of 14.0m m² reported for 2019.

First-quarter Eastern European sales held up better than those in Western Europe with a 1.3% dip to 29.9m (30.3m) m². However, this region then faced a similar slump of 10.8% to 30.1m (33.7m) m² in the second quarter. Shipments to Eastern Europe edged 6.5% higher to 40.1m

(37.6m) m² in the third quarter. The fourth quarter was not quite as strong, with a 3.7% improvement to 34.8m (33.5m) m². Eastern European sales dipped by 0.2% to 134.8m (135.1m) m² in all 12 months of 2020. Higher shipments to Russia (+5.6% to 46.2m m²), Hungary (+11.7% to 7.7m m²), Ukraine (+1.1% to 10.4m m²) and the Baltic countries (Lithuania: +14.6%, Latvia: +4.0%, Estonia: +4.0%) almost outweighed lower sales in Poland (-6.6% to 29.0m m²), Romania (-4.9% to 9.6m m²) and most other Eastern European markets.

In overseas markets, EPLF members only sold more laminate flooring in North America. All other regions faced a reduction in their sales. Latin America, Asia and Australia/Oceania encountered similar decreases of around 10%, while Africa fared a little better with a 5.6% dive.

Exports to North America edged 22.4% higher to 49.1m (40.1m) m². With a 28.1% increase to 38.1m (29.7m) m², US sales were much better than shipments to Canada, which were up 6.1% at 11.0m (10.3m) m². On the other hand, exports to Latin America slipped by 10.1% to 14.1m (15.7m) m². Chile (-6.6% to 7.1m m²), Mexico (-16.5% to 3.2m m²) and Colombia (+5.3% to 1.1m m²) were the single-largest markets in the region.

Sales in Asia were 11.9% lower than in 2019 at 25.1m (28.4m) m². While China's sales fell markedly (-23.9% to 5.8m m²), the two next-largest markets - Kazakhstan (+8.9% to 4.4m m²) and Saudi-Arabia (+5.6% to 2.6m m²) - experienced growth. Azerbaijan stayed at the previous year's level at 2.0m m², overtaking Israel (-4.5% to 2.0m m²). Australia/Oceania was the destination for 3.2 (3.6)m m², which constituted 10.7% less laminate flooring. The only relevant markets in this region are Australia (-12.8% to 2.7m m²) and New Zealand (+5.5% to 0.4m m²).

The EPLF statistics also indicated a 5.6% decrease in African sales to 4.7m (5.0m) m². Egypt (-1.2% to 1.8m m²) surpassed South Africa (-9.4% to 1.8m m²) for the first time in a while. □



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Investment to cost €35m / Sales revenue boosted by 55 % since 2016

Neuhofer to extend works area in Zell am Moos by almost 15,000 m²

The Austrian profiles manufacturer Neuhofer Holz GmbH began the next extension phase at its headquarters in Zell am Moos in November 2020.

As such, the start of construction actually took place a few months earlier than the original plans for spring 2021. The investment project given the designation "Vision 2025" is expected to be finished by February 2022, almost three years ahead of schedule.

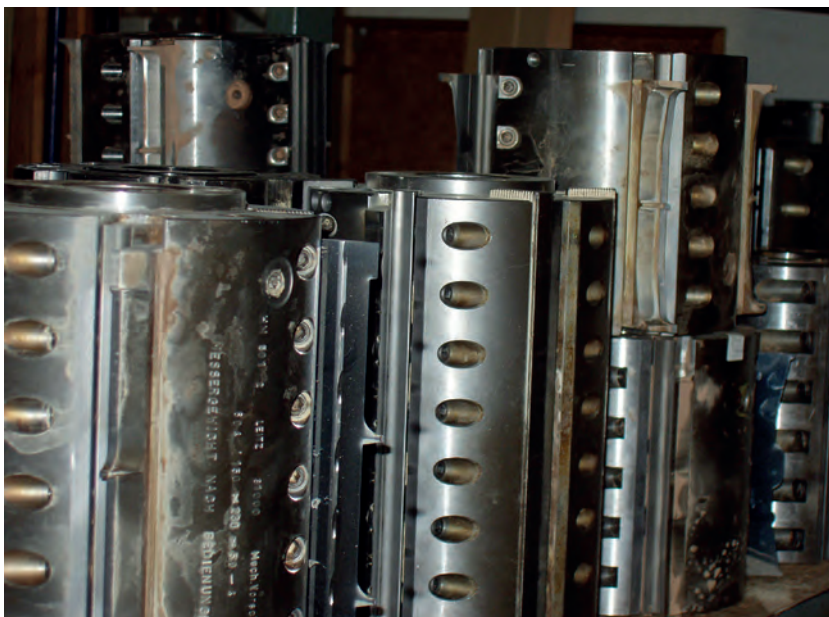
In the project as whole, roughly 14,550 m² of new areas are to be created at the profiles factory that has already been extended several times during the course of the last few years. 8,800 m² of this will be accounted by two new production halls, 1,050 m² by a new building for producing solid wood profiles, 2,750 m² by a three-storey office building, and 685 m² by a new showroom. The two production halls are scheduled to commence operation in September and October. The building for solid wood profiles is expected to be ready to move into in December. Completion

of the office building and the exhibition is planned for February 2022. This new round of extension measures utilises the remainder of the total usable area of approximately 100,000 m² available at the existing works. Future expansion investment projects are therefore to be realised on the opposite side of the road. Negotiations on the required property purchases are already underway. Plans have been made to consolidate logistics in particular on these development sites. A high-bay warehouse might be built in an initial step. The existing works, however, is geared to production.

Neuhofer's plans for the extension of the production areas have existed for some considerable time. The company had announced in mid-2015 its intention to build several halls and to invest in the construction of a high-bay warehouse. At that time, the plan was to complete the work by 2020 but the project was subsequently deferred. Instead, Neuhofer has created additional logistics areas over the last few years in order to meet customers' higher demands

on optimised deliveries with respect to deadlines and volumes.

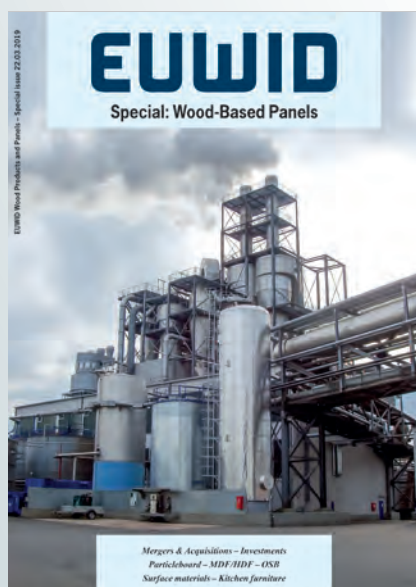
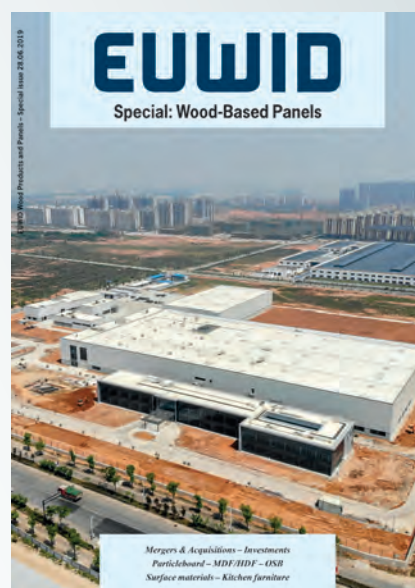
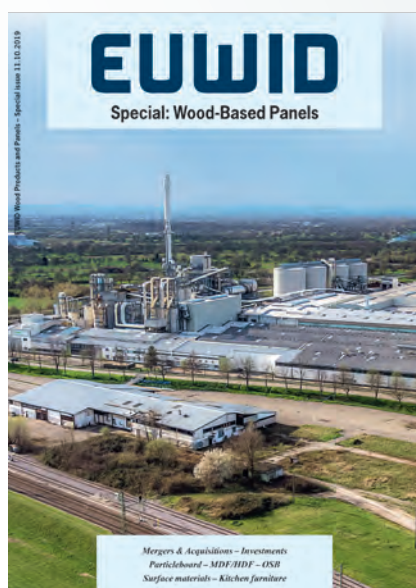
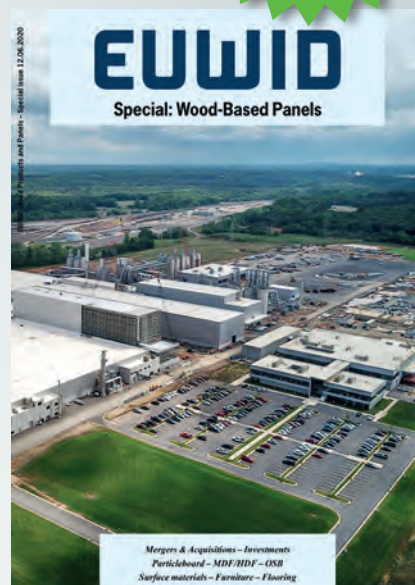
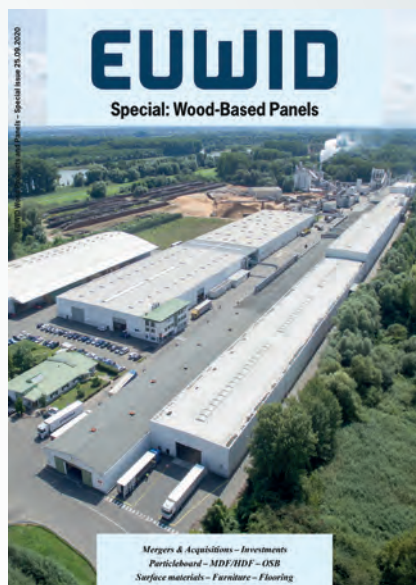
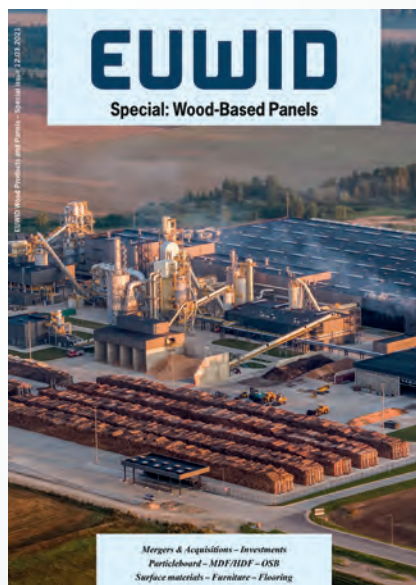
Several optimisation and expansion investment measures have also been implemented in the production segment during the course of the past year. The installation of a new plastics extraction system has significantly widened the scope of production possibilities for plastic profiles. These products have so far been manufactured on only a single line. Neuhofer can meanwhile use three lines for plastic profiles. Another "Powermat" planing system has been installed for solid wood profiles. A new lacquering line has been set up as well, along with a packaging line. Next in line in the investment agenda are the replacement of an existing lacquering line and another enlargement of the company's digital-printing capacity. Neuhofer currently operates two digital-printing units; the installation of a third system actually intended for 2019 has been shelved for the moment, though work on this particular project is to be resumed in the next few months.



Tools for profile production at Neuhofer's plant

(Photo credit: EUWID)

Neuhofer has achieved double-figure growth in sales revenue in three of the last four years. From the basis of the €47.7m generated in 2016, sales revenue rose by 13.2% in 2017 to €54.9m. Growth remained in single figures in 2018; at €59.7m, the previous year's figure was surpassed by 8.7%. Sales revenue increased again in 2019 by 13.3% to €65.8m. According to provisional figures, Neuhofer generated sales revenue of around €74m last year, which would equate to growth of 12.5%. Cumulated over the last four years, sales revenue has thus risen by around 55%. In doing so, hardly any change has occurred in the distribution between the individual sales channels. DIY business accounts for roughly 70% of total sales revenue. OEM deliveries to the flooring industry and to distributors/wholesalers each account for 15%. □



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