

EUWID

Special: Wood-Based Panels



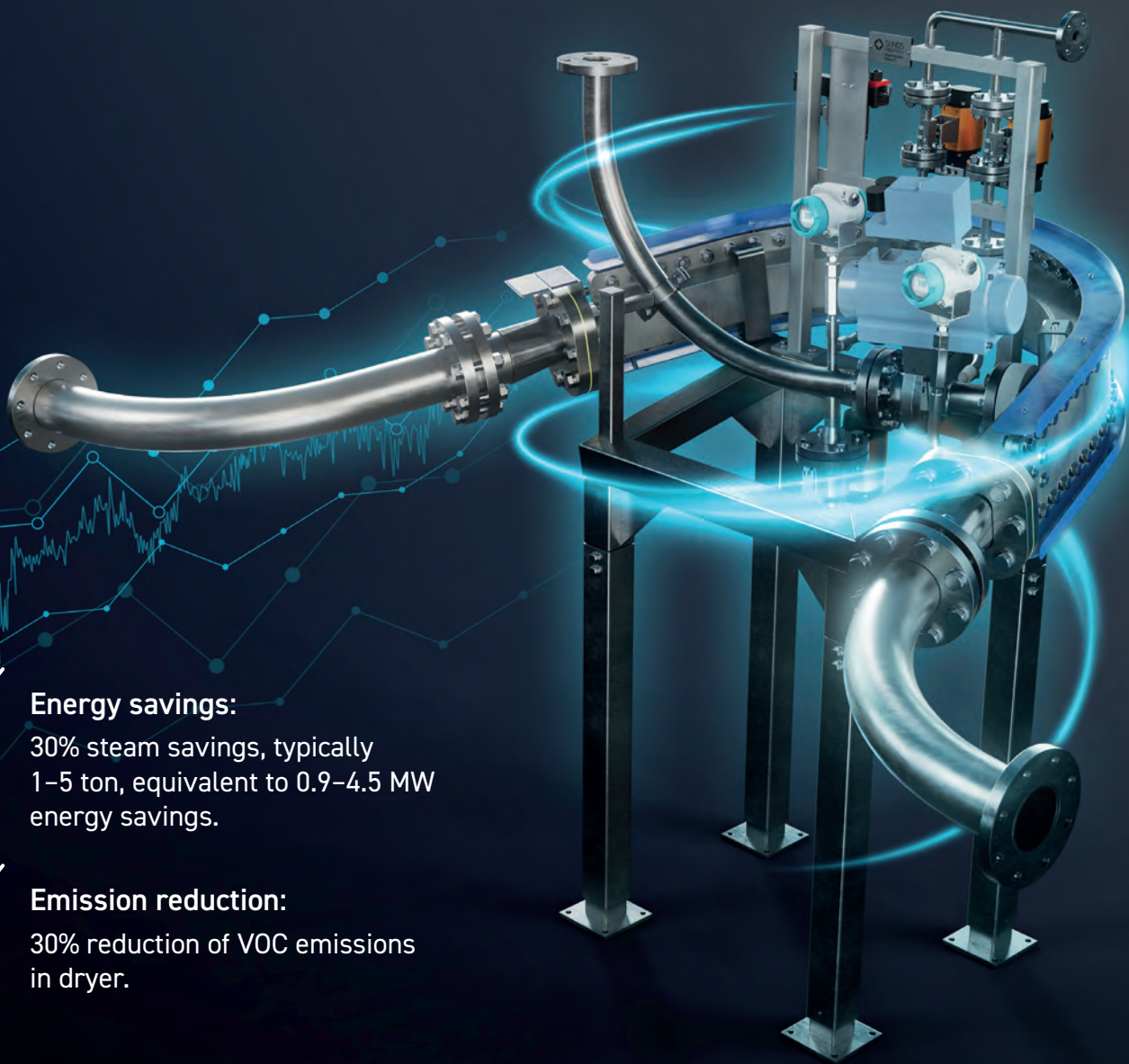
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Things can get worse

A pandemic that has lasted for two and a half years. Eighteen months of logistical problems. Energy costs rising at a pace that was already severe last autumn but has now reached unprecedented levels since the outbreak of the war in Ukraine. The wood-based panel, surfaces, furniture and building part industry managed to cope with this multitude of problems to a certain degree until the second quarter of 2022. Markets that had performed better and better since the second half of 2020 have paved the way for several price hikes in many areas throughout 2021 and the first few months of 2022, which initially offset rising upstream product, energy and logistics costs. A few segments even improved their margins in this period.

However, demand has now collapsed in many markets. The economic slump is being exacerbated by ongoing inventory reductions along the entire supply chain, which has worsened capacity utilisation markedly as a result. A few areas held the first market-related stoppages before the summer. Holiday stoppages were often extended. Several companies have already taken the next steps to adjust output in September, with repeated downtime scheduled to occur until the year's end in some instances.

Nonetheless, costs continue to spiral higher, primarily for energy. The trend in raw material and energy prices has become

decoupled from markets. Stoppages are also increasing fixed costs. Most companies are trying to maintain prices as far as possible despite the present supply surplus. In several instances, additional price hikes have even been announced after the holidays. One challenge is that suppliers from other regions can charge less because energy costs are not rising as much there. These international variations in costs are leading to resurgent imports in a few segments, especially from Asia, even though many companies actually wanted to scale back purchasing in far-away regions after last year's logistics troubles.

As usual, this new issue of EUWID Special: Wood-Based Panels gives an overview of the latest situation in the wood-based panel and furniture industry. It also delves into changes at different companies. All in all, the special issue presents a cross-section of ongoing reporting in our weekly newsletter EUWID Wood Products and Panels.

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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*Uniboard Canada is preparing the third phase of the "Renaissance" modernisation project at the Val-d'Or particleboard plant in Québec.
(Photo credit: Uniboard)*

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Andreas Ruf

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Andritz to supply refiner system to Kim Tin Group



Andritz refiner

(Photo credit: Andritz)

Kim Tin Group of Ho Chi Minh City, Vietnam, has placed an order with Andritz AG for a fibre preparation system and a pressurised refining system for the MDF project planned through Kim Tin MDF Chon Thanh Corp. The plant geared to an output of 48 t/hr is to process mainly rubber-tree wood. The start-up is scheduled for the third quarter of 2023.

It had become known in the fourth quarter of 2021 that Kim Tin Group intends to build two MDF/HDF plants over the next two years. The annual production capacity of the two plants of largely identical design is said to amount to 430,000 m³ each. The primary plant supplier is Dieffenbacher GmbH Maschinen- und Anlagenbau. The orders were placed in the first quarter. B. Maier Zerkleinerungstechnik GmbH will deliver the chipper for both orders. A ClassiScreen wood chip screen from Dieffenbacher Panelboard Oy will also be used. Other parts of the order include the fibre dryer, Z sifter, ProJET gluing system, forming and press line with an 8 ft x 48 m CPS+ press and a daily capacity of 1,300 m³, press exhaust air treatment systems, raw board transportation and storage and automation including its Evoris package.

The first line is to be installed in Chon Thanh, Binh Phuoc Province, starting in November 2022, with commissioning scheduled for May 2023. The second line in Dau Giay, Dong Nai Province, is to get up and running in February 2024. According to Dieffenbacher, Kim Tin Group is already exploring making additional investments in MDF/HDF manufacturing in central and northern Vietnam by 2025. □

Büttner to add belt dryers to its portfolio

Büttner Energie- und Trocknungstechnik GmbH, which until now has specialised in drum dryers and flash tube dryers for the wood-based panel industry, wants to sell belt drying systems in the future, too. To this end, Büttner forged a sales partnership with NEW eco-tec Verfahrenstechnik GmbH, a compact belt dryer headquartered in Mühldorf am Inn, Germany, in October 2021. As a first step, Büttner will also offer belt dryers developed by NEW eco-tec to its customers from the wood-based panel industry and other sectors. This widening of its product range is also intended to facilitate Büttner's entry into new industries. In return, NEW eco-tec can use smaller Büttner drum dryers in its own projects. Both companies also want to work together to develop belt dryer concepts for the wood-based panel industry.

Büttner's previous incarnation, Babcock-BSH AG had also supplied belt dryers until the 1990s. Its reference list back then included around 100 items but no projects in the wood or wood-based panel industry. It focused on serving the che-

mical and food industries. Starting in the late 2000s, Büttner developed a new belt dryer concept but was unable to establish it on the market due to entry barriers. The company subsequently looked for possible partners to compete against the leading belt dryer manufacturers in the wood sector, Stela Laxhuber GmbH, headquartered in Massing, Germany, and Imal-Pal s.r.l., based in San Damaso, Italy. Talks with NEW eco-tec commenced in the first half of 2021. After putting pen to paper, the two companies have already started working on projects; a first order is expected to be completed over the next few months.

Founded in 2008, NEW eco-tec has developed a belt dryer concept based on commercially available 40 ft containers, which can be expanded by stringing together individual containers in a modular system. These NEWtainer belt dryers are sold to various industries; in the wood sector, the focus is on the pellet industry. NEWtainers are also used for drying agricultural products, food, compost, digestate, sludge and waste/recycling material. □

Valmet supplying two refiners for Steico project

The insulating-board and LVL manufacturer Steico Sp.zo.o. of Czarnków, Poland, belonging to Steico SE of Feldkirchen, Germany, had already placed orders with Valmet for two EVO 46 refiners for the greenfield project in Gromadka, Poland, i MDF project planned through Kim Tin MDF Chon Thanh Corp. The plant geared to an output of 48 t/hr is to process mainly rubber-tree wood. The start-up is scheduled for the third quarter of 2023.

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Dieffenbacher: two more orders from Italy

Dieffenbacher Maschinenfabrik GmbH, based in Zaisenhausen, has concluded two further orders for short-cycle presses in Italy over the last few months. In December 2021, Fantoni S.p.A. of Osoppo placed a follow-up order with Dieffenbacher. With dimensions of 2,350 x 8,000mm, a press pressure of 6.0 N/mm² and 225 cycles/hour, the newly ordered system's key data are similar to those of the short-cycle press ordered in the first quarter of 2021. This press, which is designed for fast format and product changes, was installed during the first quarter; coating of the first board is scheduled to take place in July. The short-cycle press now on order is to be delivered in the fourth quarter of 2022 and commissioned at the beginning of 2023. The order also includes a fully automated raw board storage system as well as

a packaging line with a strapping system and systems for squared timber handling.

This was followed at the beginning of January by an order from Kastamonu Italia s.r.l. in Pomposa di Codigoro, which belongs to Turkish wood-based panels manufacturer, Kastamonu Entegre Agac San. ve Tic. A.S. of Istanbul. In the run-up to the summer 2018 re-commissioning of the particleboard plant taken over from Gruppo Trombini in spring 2017, the company had initially installed a new short-cycle press from Wemhöner Surface Technologies GmbH & Co. KG, which had originally been intended for the Romanian Kastamonu plant in Reghin, but was then used to expand coating capacities at the new Italian location. In the course of 2019, Kastamonu also set up a second-hand system in Pomposa di

Codigoro that was acquired in July 2017 from the Swiss Krono Group's plant in Depalor, France, and had originally been supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. Apparently, the system now ordered from Dieffenbacher is to achieve up to 240 cycles/hour in two-board operation with dimensions of 2,300 x 5,800 mm and a press pressure of 6.5 N/mm². Delivery is scheduled for the beginning of 2023.

As early as October, Dieffenbacher is to supply a short-cycle press to the Turkish wood-based panels manufacturer Camsan Ordu Agac Sanayi ve Ticaret A.S. in Ordu. The 2,550 x 5,800 mm system, designed for a press pressure of 7 N/mm² and 200 cycles/hour in two-board operation, had already been ordered in the first quarter of 2021. However, Camsan then postponed the delivery, which had actually been planned to take place earlier. □

Jagenberg acquires majority stake in Elrond



Lacquering line (Photo credit: Jagenberg Elrond)

Jagenberg Converting Solutions GmbH has concluded the acquisition of a majority stake in Elrond GmbH, based in Schloss Holte-Stukenbrock, with effect from 9 March 2022. Elrond, a printing press manufacturer, was founded at the beginning of 2021. The acquisition means Jagenberg Converting Solutions now holds 75% of all Elrond shares. The other 25% remain with the five founding shareholders, who previously each held a 20% stake in the company.

Jagenberg Converting Solutions and Elrond had initially come into contact over the course of the past year by way of collaboration on individual projects. These instances of contact had led to negotiations in the

third quarter concerning a participation in the company. A letter of intent was signed at the end of October. The closing, which at that time had been scheduled to take place before the end of the year, was delayed until the first quarter; the purchase agreement was signed on 3 February.

Through its participation in Elrond, Jagenberg Converting Solutions intends to further expand its business with new facilities and conversions for the decor printing and packaging industry. The company was established in October 2020 with the purpose of consolidating the activities with printing and coating equipment that had previously been spread across several companies in the Jagenberg Group. The 70% stake in WDB Systemtechnik GmbH, based in Enger, acquired by Jagenberg Converting on 1 September 2021 gave the company access to its own mechanical production in the decor printing/packaging sector.

Over the course of the past year, Elrond has focused primarily on project planning concerning machines and aggregates for

decor printing. In October, the first printing/coating plant was delivered to decor printer and finish foil manufacturer Likora GmbH of Horn-Bad Meinberg. Likora then placed a follow-up order with Elrond for another line as early as December. Commissioning is scheduled for the fourth quarter of 2022. Both systems are largely identical in design, with 910 mm working widths, four printing units and a UV coating unit.

Jagenberg Converting Solutions was also awarded its first major contract from the decor printing sector in the third quarter of 2021. The company will modernise five printing presses at Lamigraf S.A., headquartered in L'Ametlla del Vallès, Spain by the end of 2023. The presses were originally supplied by Cerutti S.p.A. Jagenberg Converting Solutions had already refurbished one of two Cerutti presses at Lamigraf's site in Bönen during the first half of 2021. The new order relates to the second Cerutti press in Bönen as well as four systems at Lamigraf's Spanish headquarters. Jagenberg Converting Solutions is also to deliver a new four-colour printing press with a working width of 2,250 mm to one of Lamigraf's two European sites later this year. □

Production did not increase quite as much as expected in 2021

Woodworking machinery producers enjoyed additional growth until spring

The war in Ukraine and sanctions since imposed on Russia and Belarus have had little impact on business for German companies making woodworking machinery and plants in the first three months of 2022.

Order intake leapt by 53% compared with the same period last year, according to internal surveys conducted by the Wood-

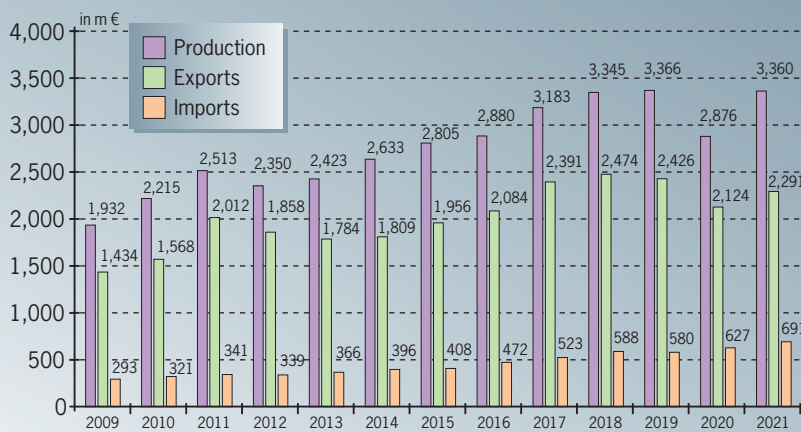
working Machinery Trade Association within the German Engineering Federation (VDMA). A minor slowdown emerged during the course of the quarter: after experiencing stronger growth in January and February, companies still landed more orders than the previous year in March.

Echoing developments in 2021 as a whole, the primary woodworking business fared

better than secondary woodworking. Last year, the difference was chiefly connected to an underlying effect as the large plant business suffered much more than sales of standard machines in 2020 when the Covid-19 pandemic broke out. In recent months, wood-based panel and sawmilling machinery producers again managed to secure a large number of big orders, meaning that they even surpassed the good start seen in 2021. The overall growth in business was solely underpinned by exports. Order volumes soared by 79% on international markets, while domestic orders were down 13%. The changes in order intake identified by the VDMA are adjusted for inflation. Some of the increase is also connected to higher prices imposed to offset spiralling costs in recent months.

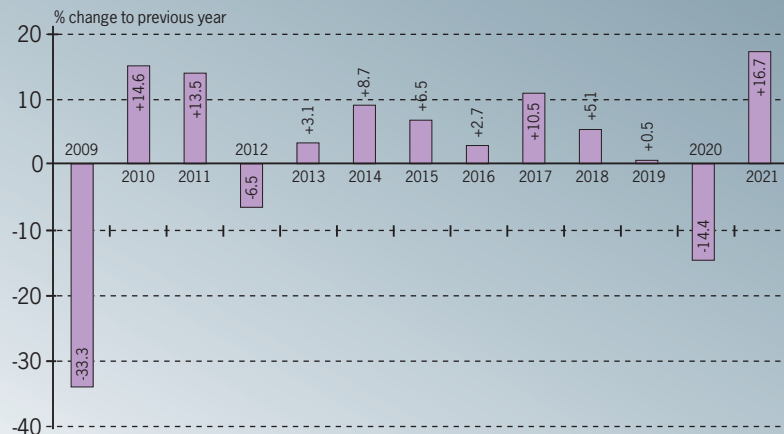
According to figures that have since been updated, German machinery and plant producers boosted their order intake by 59% in a year-on-year comparison during 2021. German order intake jumped by 47%, while companies landed 63% more orders from abroad. Total order intake had surged by as much as 76% by the end of November. December was then unexpectedly weak. The turnaround that a few companies had feared at that time did not come to pass after all: order intake rose by more than half in a year-on-year comparison during the first quarter. Woodworking machines were thus by far the strongest segment within German machinery and plant construction again, according to the VDMA association. Order intake was up 7% across all plant and machinery segments. Unlike in the woodworking machinery segment, German business (+9%) fared a little better than incoming orders from export markets (+7%). The slowdown during the course of the quarter was also more pronounced throughout the entire machinery and plant business: March was 4% weaker than the same month last year. The VDMA believes that this slump is also partly due to

Germany: Woodworking machinery



Source: VDMA-Fachverband Holzbearbeitungsmaschinen

Germany: Production of woodworking machinery



Source: VDMA-Fachverband Holzbearbeitungsmaschinen

high order intake in March 2021; the first project delays and order cancellations because of the crisis in Ukraine have likely also left their mark.

Last year's delays in wrapping up projects tended to intensify in the first quarter, according to the VDMA. The main reason for this is mounting supply chain disruption. There are no signs of things easing at the moment. Ongoing supply constraints for upstream products, components and building parts mean that orders cannot be completed on time. Logistical problems are further delaying deliveries of machinery and plants. Machinery and plant manufacturers are also battling constraints with assembly and commissioning capacity. This means that orders are being handed over and invoiced late, which also leads to delays in revenues. In recent months, the gap between orders being landed and invoiced has tended to widen. First-quarter revenues for woodworking machinery and plants increased by just 4% in a year-on-year comparison despite the robust state of the economy.

Delays in undertaking, delivering and invoicing projects meant that the sector was just shy of its full-year production forecast for 2021, which was upgraded again in October 2021, after all. In November 2020, the association within the VDMA set a goal of raising revenues by 3% to €2.95bn. This forecast was confirmed again in February 2021. Following a strong performance in the first quarter, the association had felt that a 15% upturn in output to about €3.3bn was feasible; starting in October, the association even projected a 20% growth to €3.45bn. Final figures now available from the German Federal Statistical Office in Wiesbaden show that production ultimately rose by 16.8% to €3.360bn. Similar growth rates were recorded in all four quarters (Q1: +15.2%, Q2: +13.9%, Q3: +18.5%, Q4: +18.2%). The VDMA sector association issued a rather cautious forecast for this year of +5% to €3.620bn in November 2021. By way of explanation, the association pointed to problems already evident at that time, such as issues with supplier

parts, production facilities running at high workloads and the growing shortage of skilled workers. The war in Ukraine has tended to raise this uncertainty. However, the VDMA association is sticking to its predicted growth rate of 5% for now; the lower underlying figure would mean that production ended up at around €3.524bn, the association anticipated.

Exports did not increase quite as much in 2021, with a 7.9% rise to €2.291bn (2.124bn). The export rate fell by six percentage points to 68 (74) %; it is thus well below the long-term average of around 72%. Strong demand from within Germany helped German woodworking machinery manufacturers' domestic order intake to top €1bn for the first time; order intake increased by 41.6% to €1.069bn (752m). Imports climbed by 10.2% to €691m (627m), meaning that the export surplus reached €1.600bn (1.497bn). Apparent consumption in the German market, a figure made up of production, import and export statistics, climbed by 27.4% to €1.760bn (1.379bn). □

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2019's and 2020's downturns in output and exports erased after just two years

Italian woodworking machinery industry sets new records in 2021

Italian woodworking machinery manufacturers hoisted their output and exports to new record highs in the 2021 financial year.

Imports and domestic business also showed substantial year-on-year growth, while apparent consumption increased by more than half as a result. The export surplus did not grow as much, as imports increased almost twice as much as exports.

According to final figures compiled by Acimall, Italian manufacturers of wood processing and manufacturing machinery and plants turned in production revenues of €2.530bn (2020: 1.848bn) last year. This figure was 36.9% higher than in 2020, which suffered an 18.4% downturn due to the effects of the Covid-19 pandemic. Production revenues were also 11.6% above 2019's total of €2.266bn. Other key parameters were also stronger than in 2019 and 2020. The growth between 2020 and 2021 was roughly three times higher than between 2019 and 2021. In other words, companies have clearly overcompensated for the dent recorded in 2020.

Italian woodworking machinery exports jumped by 30.8% to €1.740bn (1.330bn)

last year. A 10.1% growth was booked compared with 2019. Nine of the ten largest export markets experienced significant year-on-year growth, with only shipments to China dropping (-19.0% to €60.1m). This development pushed China back to eighth place on the list of the biggest export markets. The US maintained its place at the top with a 13.9% upturn to €164.2m, followed by France (+10.3% to €118.2m) and Poland (+34.0% to €110.6m). Exports to Germany were 11.0% higher at €106.3m. The UK (+56.0% to €81.3m), Spain (+62.3% to €76.2m) and Russia (+102.4% to €67.3m) took the next three places with much higher growth rates. China was followed by Belgium (+18.4% to €56.6m) and Austria (+36.6% to €54.5m). Almost all countries also recorded higher export volumes than in 2019, with only the US (-17.1%) and China (-0.3%) faring worse than two years ago.

The production and export figures translated into domestic revenues of €790m (518m) for Italian companies. Domestic business again outperformed exports for Italian machinery manufacturers with a 52.5% improvement compared with 2020 and a 15.1% increase compared with 2019. One key factor is state-backed depreciation options for new investments. The associ-

ation reported similar growth in imports which had climbed by 59.4% compared with 2020 and 21.4% compared with 2019 to land at €244m (153m). The stronger growth in imports boosted the export surplus by 27.1% to €1.496bn (1.177bn). Apparent consumption improved by 54.1% to €1.034bn (671m), putting it above the €1bn mark for the second time after 2018.

Italian woodworking machinery manufacturers have already erased the downturns recorded in the two previous years with last year's growth. In 2019, the economic slowdown in a few markets had already culminated in slight downturns that intensified markedly during 2020 because of the Covid-19 pandemic. In 2019, Italian woodworking machinery manufacturers suffered a downturn in all relevant headline figures after persistent growth lasting more than the five previous years. Woodworking machinery and tool production fell 9.9% to €2.266bn, putting it roughly in line with 2017's level again. Exports did not fall quite as much, slipping 8.2% to €1.580bn. Imports were 16.9% lower at €201m. In 2020, production tumbled by 18.4% to €1.848bn last year. Exports dropped by 15.8% to €1.330bn, while imports fell 23.9% to €153m. □

Italy: Development of the woodworking machinery industry ¹⁾

in m €	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021/2020 in %	2021/2019 in %
Production	1,699	1,571	1,537	1,669	1,864	2,057	2,272	2,514	2,266	1,848	2,530	+ 36.9	+ 11.6
Exports	1,278	1,231	1,187	1,255	1,414	1,495	1,591	1,721	1,580	1,330	1,740	+ 30.8	+ 10.1
Imports	145	130	143	124	152	181	187	242	201	153	244	+ 59.4	+ 21.4
Domestic sales ²⁾	421	340	350	414	450	562	681	793	686	518	790	+ 52.5	+ 15.1
Apparent consumption	566	488	493	538	602	743	868	1,035	887	671	1,034	+ 54.1	+ 16.5
Foreign trade balance	1,133	1,101	1,044	1,131	1,262	1,314	1,402	1,479	1,379	1,177	1,496	+ 27.1	+ 8.5
Export share ³⁾	75.2 %	78.4 %	77.2 %	75.2 %	75.9 %	72.7 %	70.0 %	68.5 %	69.7 %	72.0 %	68.8 %		
Import share ⁴⁾	25.6 %	26.6 %	29.0 %	23.0 %	25.2 %	24.4 %	21.5 %	23.4 %	22.7 %	22.8 %	23.6 %		

1) including tools; 2) Domestic sales of Italian producers;

3) Share of exports in production; 4) Share of imports in apparent consumption

Source: Acimall



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22 orders received from the wood/wood-based panel industry since start of 2020

Vyncke recently experienced further extensions in order backlog

The sharply increasing demand for biomass-fired power plants as a result of the energy crisis in various sectors has led to a further extension in delivery periods at the power-plant manufacturer Vyncke Energietechnik N.V. of Harelbeke, Belgium.

The "Engineering" and "Project management" divisions are currently working at full capacity. New projects cannot be handled until the beginning of 2023 onwards. The main driving forces are the further intensified efforts in recent months to substitute fossil fuels. A marked increase has also occurred in demand for plants for firing alternative fuels. Vyncke made its debut in this sector in 2015. Both factors had already led to constantly increasing receipts of orders at Vyncke during the course of 2021. Receipts of orders have risen further still this year.

At the same time, a slight shift has occurred in projects in the wood and wood-based panel sector. Roughly 30% of the bio-mass projects handled by Vyncke used to come

in from the wood-based panel industry. Last year and this year, the share has increased to 40-45%. Besides the wood and wood-based panel industries, Vyncke is predominantly active in the Agro & Food and the Renewable Energies sectors. Until recently, both sectors, like the wood and wood-based panel industries, had each contributed around 30% to the projects handled by Vyncke; the share is currently a little lower due to the high level of investment activity in the wood sector.

By region, new enquiries are currently coming in mainly from Europe. Project activity in eastern Europe and particularly in Russia, on the other hand, has slowed considerably due to the war in Ukraine. Vyncke says it was not very strongly represented in Russia and has not accepted any new projects in Russia in the last few months. Overseas, Vyncke has recently been registering growing demand in Asia in particular. North America business is also going well; here, however, the orders are being received mainly from sectors outside the wood and wood-based panel industries.

Vyncke has received a total of 22 orders from the wood and wood-based panel industries since the beginning of 2020. Six of them were received in 2020, and nine in 2021. Seven orders have come in from the wood and wood-based panel industries so far this year. The latest order is a power plant for the MDF site taken over by Unilin bvba of Wielsbeke, Belgium, from Panneaux de Corrèze S.A.S. of Ussel, France, in November 2021. Two other orders have been received from France; the first, a joint project between Swiss Krono S.A.S. of Sully-sur-Loire and Dalkia S.A. of Saint-André-Lez-Lille, and the second from the flax particleboard manufacturer De Sutter Frères of Biville La Rivière. The hardboard manufacturer Betanzos HB S.L. of Infesta-Betanzos, Spain, ordered a Vyncke power plant. Kastamonu Entegre Agac San. ve Tic. A.S. of Istanbul, Turkey, placed two orders for power plants at the Kastamonu-City and Balıkesir facilities. Another order came in from the Latvian CLT producer Gaujas Koks of Vangazi, which aims to start producing OSB by 2025. Vyncke has built up a relatively good position for itself in business with insulation-panel manufacturers in recent years. Power plants have been set up at Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG (Waldshut-Tiengen, Germany), at Biopower SKW GmbH belonging to Holzwerk Gebr. Schneider GmbH (both of Eberhardzell, Germany), and at Steico Sp. z o.o. (Czarnków, Poland). Vyncke is also supplying a power plant for the greenfield investment project planned by Gutex in Eschbach.

In Brazil, Vyncke is currently setting up a power plant at the MDF/HDF works in Caçador, Santa Catarina, of Indústria de Compensados Guararapes Ltda. of Palmas, Paraná. In Asia, Vyncke will be supplying a power plant to each of the Vietnamese MDF/HDF manufacturers MDF VRG Dongwha JSC and Kim Tin Group of Ho-Chi-Minh City in the next two years. □



New energy plant for Kastamonu Balıkesir

(Photo credit: Vyncke)

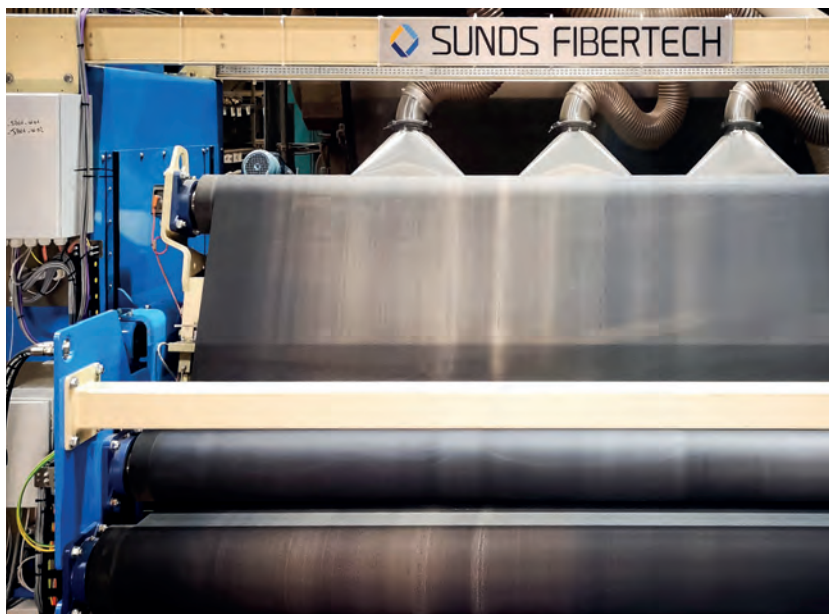
Annual turnover growth of around 30% has been achieved since the company started

Sunds Fibertech sold 35 PressBooster and 40 EVOfuge systems so far

Sunds Fibertech AB of Timrå, Sweden, a company formed at the beginning of 2016 as a result of the divestment of Sunds MDF Technologies AB of Sundsvall from Dieffenbacher GmbH Maschinen- und Anlagenbau, has achieved average annual turnover growth of around 30% in the six years since its foundation.

In the 2021 financial year, approximately €22m were generated. Of this figure, some 55% were attributable to deliveries of new machines as well as plant optimisations; the remaining 45% came from the spare parts and service business. Despite the currently more difficult general conditions prevailing with regard to construction of wood-based panel plants, Sunds Fibertech intends to achieve growth at a similar rate in the coming years. Kenth Eklund, whose responsibilities at Sunds Fibertech include sales, justifies this objective primarily with the product range, which is geared towards process optimisation, capacity increases and energy saving and which should facilitate relatively rapid amortisation. Due to the current increase in costs for energy and upstream products, amortisation periods could be reduced even further.

Further expansion of international sales activities, through which direct contact with the company's approximately 300 customers worldwide is to be intensified, should also contribute to the planned increase in turnover. In addition to the existing three foreign companies in Germany, China and Chile, Sunds Fibertech plans to open another two branches by the end of the year, one in Atlanta in the US state of Georgia and the other in Kuala Lumpur. The Atlanta location will serve the North American market in future, while the Kuala Lumpur location is to improve access to Southeast Asian markets. With these new branches, the number of employees will increase to a total of around 60.



Press Booster for a Chinese MDF plant

(Photo credit: Sunds Fibertech)

Sunds Fibertech operates as a technology developer and engineering company; production takes place at contract manufacturers in Sweden as well as the rest of Europe, North America and China. In addition, spare parts for continuous presses are manufactured at the company's site in Willich. Sunds Fibertech thus offers a relatively broad service for continuous presses produced by former companies Küsters Maschinenfabrik GmbH & Co. KG and Metso Panelboard. According to Sunds Fibertech, there are still 64 Küsterspress and Metso Contipress machines in operation globally, with approximately one-third each in Europe, North/South America and Asia.

Sunds Fibertech's own product range is primarily focused on fiberline in MDF/HDF and fibreboard plants. According to the company's estimates, the greatest potential for savings lies in the steps between refining and the forming station in-feed. In this area, Sunds Fibertech supplies systems for steam recovery (EVOfuge), adhesion (SundsResin), fibre drying (Sunds-

Dryer), emission control (AirCleanMAX), sifting (SundsZifter) and more. Regarding downstream forming and press lines, the company offers forming stations (Pendistor) and steam-heated mat pre-heaters (PressBooster). The Sunds Fibertech product range furthermore includes conversion and modernisation projects for fibre dryers as well as the multi-daylight presses still used in the North American MDF industry and for hardboard, for example.

Sunds Fibertech's best-selling individual machines are currently the EVOfuge steam recovery system and the PressBooster pre-heater. For the PressBooster, there are some 35 references to date; these are distributed relatively evenly among particleboard, MDF/HDF and OSB plants. Regionally, the focus of sales has recently been on China. With the PressBooster, capacity increases averaging 20% can be achieved, depending on product and board thickness; in individual cases, increases of up to 30% are possible. For steam recovery following the refiner, Sunds Fibertech has sold about 40 EVOfuge units so far. □

A total of ten stranders was sold to North American OSB producers during last year

In the first months of 2022, Kadant received six strander orders from China

The "Wood processing equipment" subdivision of the US plant manufacturer Kadant Inc. of Westford, Massachusetts, has registered heavy demand from China for OSB stranders in the last few months.

From the start of the year to the end of April 2022, Chinese customers ordered a total of six plants. The company says negotiations are also underway for several other projects. As such, after a quieter phase since the beginning of the corona pandemic, China business has been picking up quickly again recently.

Kadant had registered extraordinarily heavy demand for OSB stranders in North America in its last business year. Now that the ten OSB stranders sold in the frame of new and replacement investment projects have been put into service, however, the company's project business is meanwhile beginning to return to normal.

Due to the continuing high utilisation of capacities in the North American OSB industry, business with spare and wear parts had already picked up significantly in the second half of 2020. In 2021, the positive development was intensified above all by the expansion and modernisation measures initiated by the North American OSB industry.

Out of the total of ten stranders sold in 2021, six will be used in new OSB plants. Each of these is a SmartRing 32/88 strander, which is designed for an average throughput of 32.5 t a. d. per hour. The six stranders are to be spread over three orders, each comprising two machines. In November, Wawa OSB Inc. of Wawa, Ontario, ordered two stranders including batch feeders; the feeders are each designed to process roundwood in lengths of 5 m. The company intends to reactivate the OSB plant that was shut down by Weyerhaeuser Co. in December 2007. Rentech Inc. had



Carmanah strander

(Photo credit: Imal-Pal)

started using the site for pellet production from August 2014. As the new equipment installed for this purpose could not be run up to regular operation, however, Rentech had shut down the pellet plant again in February 2017. The Carmanah stranders are scheduled to be delivered to Wawa in October 2022 and commissioning is planned for spring 2023.

Batch feeders are also part of the scope of delivery for the order placed in October by Huber Engineered Woods LLC (HEW), Charlotte, North Carolina, although these are designed for roundwood in lengths of 3 m. Huber has additionally ordered two Fuji King KD6-60DT debarking systems, each designed for a throughput of 100 m³ per hour, for the greenfield project planned at the site in Cohasset, Minnesota. The delivery of both systems is scheduled for January 2023. Huber expects all systems to be commissioned during the course of 2024. On the other hand, the stranders ordered by Corrigan OSB LLC in February 2021 will be delivered without batch feeders. To enable

the processing of whole logs, feeding will take place via separately purchased chain conveyors. The stranders are to be delivered to the construction site of the new plant in Corrigan, Texas, this month. The date of commissioning was originally set for autumn; when the project was announced, however, Corrigan OSB parent company Roy O. Martin Lumber Management Co. LLC, based in Alexandria, Louisiana, had assumed that production would start during the course of 2023.

The remaining four stranders were ordered by two other companies. Georgia-Pacific LLC of Atlanta, Georgia, intends to install a third strander at Clarendon OSB. Another manufacturer, the name of which has not been specified, also ordered three stranders from Carmanah in 2021. These will be integrated into existing OSB plants, too. Two of these are 28/75 Advantage SmartRing stranders and the other is a 32/88 SmartRing strander. Each was scheduled for delivery in mid-2022 and commissioning is to take place in autumn. □

Two short-cycle presses to be delivered to France and Portugal in 2023

Pagnoni installing multi-daylight press for HPL production in Uzbekistan

With the installation of a multi-daylight press for HPL in Uzbekistan, delivery of two short-cycle presses to France and Portugal, and conversion of a cement particleboard plant in Germany, Italian machine and industrial equipment manufacturer Pagnoni Impianti s.r.l. of Aicurzio is currently involved in several projects in the wood-based panels and surfaces sector.

Construction of the HPL plant has already reached a fairly advanced stage; commissioning is expected to be completed by the end of the year. In addition to a ten-daylight press in 1,300 x 2,800 mm format, Pagnoni has also supplied the finishing line with edging and grinding machine as well as an energy system for supplying the hydraulic oil.

The two short-cycle presses are to be installed in the course of the coming year at the particleboard and MDF plant of Luso-Finsa Indústria e Comércio de Madeiras S.A. in Nelas, Portugal, and at French particleboard manufacturer Séripanèaux

S.A., based in Saint Vincent de Tyrosse. The order for the Portuguese plant includes a press in 2,100 x 5,600 mm format, which is to achieve 150 press cycles/hour with press pressure of 70 kg/cm². Pagnoni will also deliver the film supply system to be installed before the press. Systems for positioning after the press will initially consist of used equipment to be replaced by new machinery at a later point. The 2,100 x 4,300 mm short-cycle press intended for Séripanèaux is designed for pressure of 40 kg/cm² and 120 cycles. In addition to these new plant projects, Pagnoni has been commissioned by Kastamonu Italia s.r.l. to modernise one of the three short-cycle presses operated at the Pomposa di Codigoro particleboard plant. Pagnoni delivered the 2,100 x 13,000 mm press to the then owner Gruppo Trombini in 2001. Within the scope of the modernisation, the press infeed is to be renewed in the 2022/2023 new year period, and the speed increased to 120 cycles/hour. In addition to the Pagnoni system, Kastamonu Italia is using a press that was newly supplied by Wemhöner

Surface Technologies GmbH & Co. KG in 2017, as well as a used press transferred from the Swiss Krono Group's plant in Phalsbourg, France. At the beginning of January 2022, the company also ordered a short-cycle press from Dieffenbacher Maschinenfabrik GmbH.

At cement particleboard manufacturer Amroc Baustoffe GmbH of Magdeburg, Pagnoni is currently replacing the press in a plant delivered in the mid-1980s. Commissioning is scheduled for the third quarter. Pagnoni is currently also delivering a processing plant to a transformer board manufacturer; two similar plants had previously been delivered to another site of the company.

According to Pagnoni, negotiations are currently underway with other companies in the wood-based panels and surface industries concerning delivery of laminating or coating plants. Enquiries for HPL plants have recently come from the European and Russian laminate industries. While a larger European manufacturer plans to make a decision on the project soon, talks with Russian companies have had to be suspended because of the sanctions now in place. These sanctions have also slowed down Pagnoni's business with multi-daylight lines for film-coating of plywood, in which the company has become involved during the last few years.

Concerning melamine coating, for several years now Pagnoni has also been able to supply an embossed-in-register (EIR) concept. In 2014, the company had converted an existing short-cycle press at the Mortara plant of Gruppo Mauro Saviola s.r.l. of Viadana to EIR technology. Directly adjacent to this line, Pagnoni installed a new EIR line in 2018, with a format of 2,100 x 5,600 mm and reaching up to 160 press cycles. In the area of HPL, Pagnoni has so far implemented a single-opening press with an EIR option at a Russian manufacturer. □



Short-cycle press for EIR surfaces

(Photo credit: Pagnoni)

Resin producer declared force majeure



Damages at the plant (Photo credit: Fire Department)

A severe explosion and subsequent fire caused extensive damage to production machinery at a plant run by the Slovenian melamine resin manufacturer Melamin kemična tovarna d.d., based in Kočevje, on the morning of 12 May 2022. The company said that an explosion occurred during the unloading of raw materials; the ensuing fire took four hours to extinguish. Large swaths of the complex have been damaged. Along with storage containers and pipelines in the area of the explosion itself, production buildings were also affected. The pressure wave caused by the explosion also damaged numerous windows near the plant. Identical media reports indicate that 20 people were injured. Five missing workers were found dead on the evening of 12 May, and another employee died in hospital.

Around 150 firefighters worked to put out the blaze. Slovenian military specialists

were deployed to check if pollutants needed to be decontamination. However, no major environmental damage occurred.

On 13 May, the company declared force majeure for its entire portfolio of products. According to the letter, the severe nature of the damage meant that the company had to halt all production activities in Kočevje. Repairing the damage will take a long time.

Melamin's portfolio chiefly encompasses melamine resin for a variety of applications, such as the wood-based panel and the furniture industry, the paper industry, and paint and lacquer manufacturers. The company delivers "Meldur" melamine-urea-formaldehyde (MUF) and melamine-formaldehyde (MF) resins to wood-based panel manufacturers. Melamin also uses two treating lines to produce "Melafilm" melamine film for use by short-cycle presses and in HPL/CPL machines. "Meldur" adhesives and "Melamid" flame retardants are its other products for the wood and furniture segment. In September 2018, Melamin also started making melamine non-wovens at its Kočevje headquarters through the smartMelamine d.o.o. joint venture forged with the Thuringia Institute for Textile and Plastic Research (TITK) in Rudolstadt in 2016. □

Cornerstone declared force majeure again

The US melamine manufacturer Cornerstone Chemical Co., based in Waggaman, Louisiana, again declared force majeure for melamine deliveries from its plant in Avondale-Fortier, Louisiana, on 2 June 2022, citing technical difficulties. According to Cornerstone, repair work is expected to last until the end of June. Deliveries can only be expected to return to normal after that. In the latest press release, the company also cited the after-effects of damage caused by Hurricane Ida, which has still not been completely repaired. At that time, disrupted power supply had led to a short-lived production stoppage. The force majeure situation declared on 29 August 2021 had lasted for a long period of time. □

Borealis reported slight fall in melamine sales

Vienna-based Borealis AG sold 143,000 t of melamine through Borealis Agrolinz Melamine GmbH in Linz, Austria, and Borealis Agrolinz Melamine Deutschland GmbH in Wittenberg-Piesteritz, in the 2021 financial year. This figure was just shy of 2020's total of 147,000 t.

The two melamine sites, together with its plant nutrient and technical nitrogen operations, make up the Borealis Nitro business area, which the group put up for sale in February 2021. These activities were discontinued at the end of 2021 and have since been recognised in its consolidated financial statements as "assets held for sale". □

OCI achieved melamine sales of only 30,100 t

Melamine sales of Dutch OCI Nitrogen B.V. based in Geleen which had been impacted among others by maintenance measures and unplanned technical downtime in the preceding quarters, has still not seen any signs of recovery in the second quarter of 2022. At 30,100 t (April-June 2021: 32,800 t), sales remained 8% below the prior year's figure; the 31,000 t of melamine sold in the first quarter were not achieved either. For the first half-year as a whole a decline of 9% to 61,100 t was recorded.

In the first quarter, short-lived production disruptions again put the dampers on melamine sales. The recommissioning of two melamine plants after a third-quarter maintenance stoppage had taken longer than expected, so the firm was unable to operate at full capacity in the fourth quarter. Melamine production had to shut down again at the end of December following additional technical troubles. Buyers report that production did not resume until the second half of January. OCI Nitrogen had sold 31,000 t of melamine by the end of March (Jan.-March 2021: 34,200 t), according to the quarterly report from its parent company OCI N.V., headquartered in Amsterdam, published in mid-May. This was 9% less than in the same stretch last year. Sales volumes were also lower than in the second (32,800 t) and fourth quarters of 2021 (35,200 t) but slightly higher than the third quarter's level of 29,700 t. The difference between the first half of the year when Covid-19 hit operations (Q1: 30,500 t, Q2: 29,300 t) and the stronger second half of the year (Q3: 47,900 t, Q4: 37,000 t) was even more pronounced in 2020. OCI Nitrogen had thus sold a total of 144,600 t of melamine in 2020. Sales declined by 9% to 131,900 t last year.

Following the previous major hike, melamine prices stated on a benchmark basis in OCI's quarterly financial reports declined for the first time in the second quarter. Citing ICIS, OCI indicated a contract price of €3,765/t, down from €3,965 in the first quarter. For the first half of the year OCI calculated an average price of €3,865/t, corresponding to a year-on-year increase of 117 %. □

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We create chemistry

Several European melamine plants have now shut down altogether

Chemical companies cutting production more due to rising prices for natural gas

The European chemical industry is curbing its output more and more in the wake of the upturn in natural gas prices, which has accelerated even more since the end of June 2022.

Cutbacks in the fertiliser sector are especially severe at the moment, as manufacturers have failed to secure higher prices based on spiralling costs for some time. The industrial chemicals business is now heading in the same direction. Demand has fallen sharply in many areas. No changes are expected in the coming months. In July and August, many companies dialled back production of ammonia, urea, fertilisers made from these items and other downstream products more and more, even temporarily closing plants in several cases.

The Norwegian firm Yara International ASA has been operating its European ammonia plants at just 35% of their capacity since the end of August. Similar adjustments were made for urea and other downstream products. The Dutch group OCI N.V. has

reduced capacity utilisation at its ammonia plants in Geleen to around 40%. Imports have already made up for dwindling output for some time. British ammonia plants operated by CF Industries Holding Inc. were shut down at least temporarily. BASF SE has also slashed ammonia and urea production at its Ludwigshafen and Antwerp network plants. Stickstoffwerke Piesteritz GmbH (SKW) of Wittenberg-Piesteritz already idled one ammonia plant in June; the second is said to have shut down in August. Even more severe production cutbacks are evident in Eastern Europe. Ammonia and urea production at S.C. Azomures S.A., headquartered in Targu Mures, Romania, has been offline since the end of June. The Lithuanian ammonia and urea producer AB Achema, based in Jonavos is to embark on a similar move in September. The Polish firm Grupa Azoty Zakłady Azotowe Pulawy S.A. has trimmed its ammonia production to 10% of capacity, according to an announcement published on 22 August. Several plants making downstream products have been completely shut down. In Croatia, a urea

manufacturing facility run by Petrokemija d.d., based in Kutina, is offline.

The cutbacks in ammonia and urea manufacturing are having an impact on industrial downstream products, as well. Melamine is most severely affected at the moment. Most European plants are likely only running at low capacity utilisation or have shut down altogether. Azomures is said to have already suspended melamine production for several months. Grupa Azoty Puławy stopped making melamine production completely on 11 August, having already reduced output to around 20% of its capacity in the first half of July. BASF and OCI Nitrogen B.V. in Geleen are also said to have recently ceased melamine production. Borealis Agrolinz Melamine Deutschland GmbH in Piesteritz is likely lacking urea after the shutdown at SKW, while Borealis Agrolinz Melamine GmbH in Linz is still running at significantly reduced capacity. The information available to date suggests that all melamine producers are trying to meet their delivery obligations from their stocks on hand for the time being.

Producers report that manufacturing in Europe is hardly cost-effective at the moment. Prices that reflect spiralling gas and urea costs cannot be charged because of softer demand and higher imports from China. Melamine production in China is based on completely different prices since its raw material supply is much less critical. Chinese manufacturers have been supplying ever larger quantities to the global market since the beginning of 2022 after local demand crashed. In addition, delayed deliveries from older contracts with Chinese suppliers have arrived in Europe in recent months, exacerbating the supply surplus.

These differences in the basis used for calculations have also culminated in considerable variations in pricing in recent months. While European melamine produ-



BioMCN stopped methanol production already in mid 2021

(Photo credit: BioMCN)

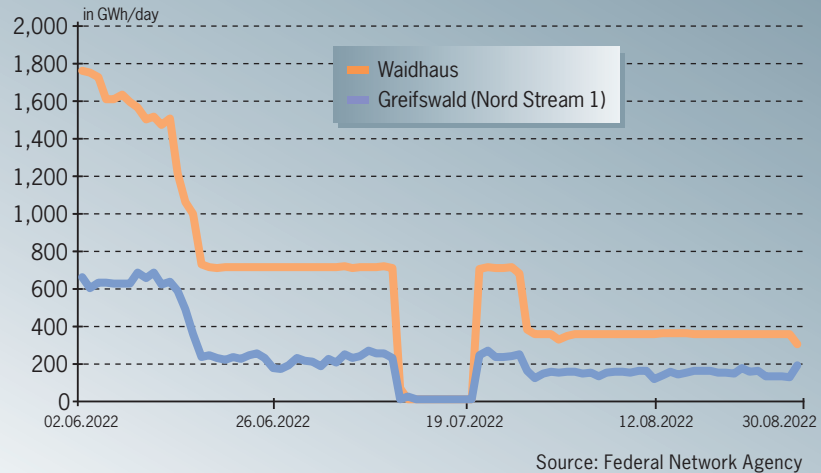
cers are increasingly upping their asking prices due to spiralling urea costs, import prices from China have tended to recede in recent months. A similar development is now evident for urea. European manufacturers' production costs have almost doubled again since the end of June amidst rising natural gas costs, after gradually increasing in the preceding months. In contrast, prices for imports from North Africa and the Middle East have altered little in the recent past after these shipments climbed more and more in recent months.

The ongoing surge in European natural gas prices has exacerbated the imbalance that has existed on markets for upstream products used to make resin and for adhesive/impregnating resins since the end of the second quarter. European urea and melamine producers have raised their asking prices even more in recent weeks than they had in June and July due to natural gas costs. In September, suppliers already charged €1,900-2,000 for urea made in Europe, and even more than €2,000 in some cases. The highest melamine prices have topped the €4,000/t mark.

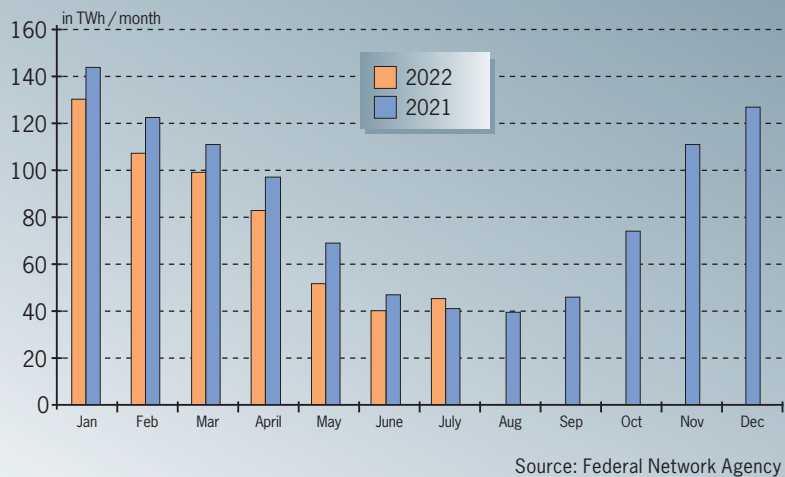
European producers' higher asking prices has further widened the gap to prices for urea and melamine imports. In July, urea made in North Africa or the Middle East arrived in Europe at prices averaging €800/t. According to statements made by a variety of converters, imported urea is now becoming slightly more expensive, too, with sources mentioning a range of €800-900 in the first half of September. Prices for melamine imports from China have also increased slightly in recent weeks. Import prices had fallen to around €2,000/t, by July. In the first half of September, most sources quoted a price range of €2,000-2,300.

Methanol prices have become decoupled from the trend in urea and melamine prices in the past few months. The different commodity basis is the main reason. Most European manufacturers produce methanol as a by-product, so the trend in natural gas prices is less relevant for them. The few European producers that rely on natural gas as feedstock have already cut back or stopped production altogether in the past year. □

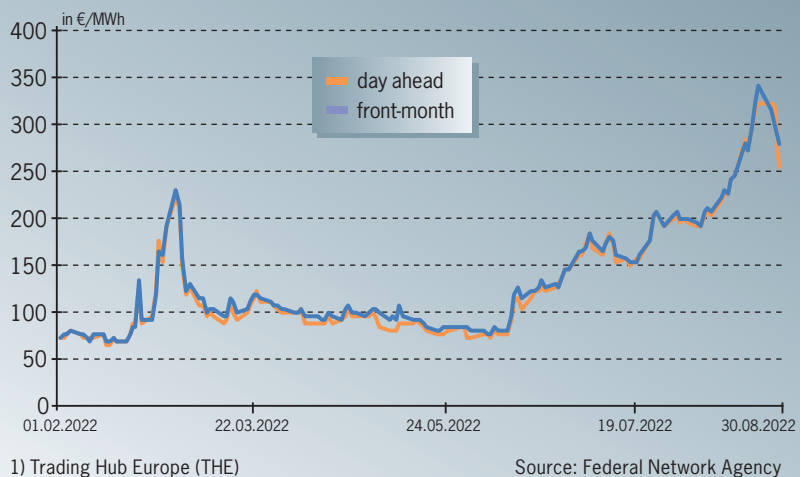
Germany: Gas supplies from Russia



Germany: Monthly natural gas consumption



Germany: Development of gas prices¹⁾



Review is to be completed by June 2023, last possible date in September 2023

Commission reviewing anti-dumping duties on melamine imports from China

The European Commission's Directorate-General for Trade has launched an expiry review of anti-dumping measures that have applied to melamine imports from China since 1 July 2017, following a request lodged by three European melamine producers.

The decision was published in the EU Official Journal on 1 July 2022. The measures, which were originally due to expire on 2 July, had also been imposed following a review request and an expiry review launched in mid-May 2016. Melamine shipments from China to the EU have since been subject to a fixed anti-dumping duty of €415/t under Implementing Regulation 2017/1171, which was published on 30 June 2017. The three companies Sichuan Golden-Elephant Sincerity Chemical Co., Holitech Technology Co. Ltd. and Henan Junhua Development Company Ltd. co-operated with the European Commission during the investigation and are therefore exempt from the duties. The EU had fixed a minimum import price of €1,153/t for these three producers. Their imports are

not subject to restrictions as long as the net, duty unpaid, EU border price is above this minimum level.

In a statement published in the EU Official Journal on 30 September 2021, the European Commission announced that these anti-dumping measures were set to expire. The three companies that had initiated the previous expiry review, Borealis Agrolinz Melamine GmbH (Linz, Austria), OCI Nitrogen B.V. (Geleen, the Netherlands) and Grupa Azoty Zakłady Azotowe Pulawy S.A. (Pulawy, Poland), submitted a new request on 31 March 2022, one day before the deadline. By way of justification, they claimed that the expiry of these measures would again lead to the market being distorted by melamine imports from China. The petitioners also called for costs and prices in China, which were used as a basis for assessing the previous measures, to be replaced by a normal value based on a variety of factors, including melamine prices in Turkey. The European Commission agreed in principle to this line of argument. The investigation period was set as 1 July

2021 to 30 June 2022. Interested parties were asked to submit comments until 6 August. The Commission then started a survey among Chinese manufacturers, European importers and European producers in a sampling procedure. The review is to be completed by the end of June 2023, with the last possible date listed as the end of September 2023.

Borealis Agrolinz Melamine, OCI Nitrogen and Grupa Azoty Zakłady Azotowe Pulawy had also filed the original application for an anti-dumping probe into raw melamine imports on 4 January 2010. The European Commission's Directorate General for Trade had then imposed definitive anti-dumping duties on raw melamine imports from China in implementing regulation 457/2011. Provisional anti-dumping rules adopted on 16 November 2010 that applied until 16 May imposed duties as a percentage of the net CIF Union frontier price, duty unpaid ranging from 44.9% to 65.2%. By contrast, the definitive rules were based on a minimum import price or absolute punitive duty calculated in €/t. The final regulation was adopted on 10 May and published in the EU Official Journal on 13 May. These measures took effect on 14 May and initially lasted for five years until 13 May 2016.

The European Commission had underscored the expiry of anti-dumping measures, which was due to happen almost one year later, on 25 May 2015. The deadline for an application for review was set as 14 February 2016. Shortly before the deadline, again the three melamine producers sought an expiry review on 10 February. The European Commission subsequently launched an expiry review on 11 May 2016. The extension of these anti-dumping measures was announced with Implementing Regulation 2017/1171 on introducing a definitive anti-dumping duty on melamine imports from China, which took effect on 1 July. □



Melamine plant

(Photo credit: AMI)

SASOL WAX BECOMES HYWAX



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Agrofert's subsidiary SKW supplies urea to Wittenberg-Piesteritz melamine plant

Czech conglomerate Agrofert bids €810m for Borealis' nitrogen business

In early June, Borealis AG, based in Vienna, received a new, binding offer for its nitrogen business (Borealis Nitro), which it put up for sale in February 2021.

Borealis said that the Czech conglomerate Agrofert a.s., based in Prague, intends to pay around €810m for Borealis Nitro. Agrofert holds all shares in the ammonia and urea producer Stickstoffwerke Piesteritz GmbH (SKW), headquartered in Wittenberg-Piesteritz, Germany, along with several other interests. Its offer is almost twice as high as the €455m bid by the Swiss firm EuroChem Group AG, Zug, at the beginning of February. Borealis had rejected EuroChem's offer on 10 March, citing Russia's invasion of Ukraine and EuroChem's links to Russian oligarchs. The European Commission put Andrei Melnichenko, then EuroChem's main shareholder, on the sanctions list on 9 March, and took similar steps against Vladimir Rashevskiy, then EuroChem's CEO, on 15 March.

Borealis expects to close the transaction with Agrofert during the second half of 2022. A similar timetable was used as the basis for the negotiations with EuroChem, and closing conditions are also the same. The mandatory information and consultation process with employee representatives started during summer. The transaction will affect a total of about 2,000 employees, of whom about 700 are employed at the main site in Linz. The deal still has to be cleared by competition authorities, as well.

Borealis intends to focus on its core activities in polyolefins and base chemicals by selling its nitrogen business, which is divided into the fertiliser, melamine and technical nitrogen products segments. The former Borealis Nitro division, which sold 3.9m t of nitrogen products and generated total revenues of €908m in the 2020 financial year, was discontinued at the end of 2021 as part of the divestment process. The activities have since been listed in its consolidated financial statements as assets held for sale. Borealis

Nitro owns five plants in Austria, Germany and France. Its melamine unit has an annual capacity of around 130,000 t at two sites. According to previous information, Borealis Agrolinz Melamine GmbH, based in Linz, Austria, has a capacity of around 50,000 t. Borealis Agrolinz Melamine Deutschland GmbH, headquartered in Wittenberg-Piesteritz, Germany, was designed to make around 80,000 t.

Founded by former Czech Prime Minister Andrej Babiš, Agrofert has operations in various sectors, primarily chemicals, agriculture/forestry and food production. Last year the company generated consolidated revenues equalling around €7.5bn and employed about 31,000 workers in more than 200 entities. The group has owned its stake in SKW since mid-2002 when Agrofert acquired a majority shareholding in SKW from Degussa AG. The remaining shares were bought at a later date. The latest financials show that SKW sold 2.4m t of nitrogen products in the 2020 financial year, generating revenues of €503.6m (2019: €559.2m). The Industrial Chemicals unit accounted for sales of 1.4m t and revenues of €278.1m (320.4m), while the Agrochemicals unit contributed 1.0m t and €196.7m (209.1m).



Borealis Agrolinz Melamine site in Linz

(Photo credit: Borealis)

The Borealis Agrolinz plant in Piesteritz was built in autumn 2002 through a joint venture founded in mid-2001 between SKW and Agrolinz Melamine International GmbH (AMI), based in Linz, which Borealis acquired in August 2007. The plant has been up and running since September 2004. In July 2005, AMI purchased SKW's 25% stake and has held all shares since then. The neighbouring SKW facility continues to deliver the urea needed to make melamine. Other industrial applications for the urea made by SKW include amino resins for wood-based panel production and treating, formaldehyde scavengers for use in the wood-based material industry and AdBlue for the fuel sector. □

Sales process started in October 2021, binding agreement was signed mid-April

Silverfleet closed sale of Prefere Resins to One Rock Capital at the end of July

Four years after getting on board, the private-equity company Silverfleet Capital Partners LLP of London, UK, sold its majority holding in Prefere Resins Holding GmbH of Erkner, Germany, to an investment company of One Rock Capital Partners LLC, USA.

The two companies signed a binding sale agreement on 11 April 2022. After the conditions, which include regulatory clearance, have been met, the transaction was completed on July 25. Prefere Resins is active in the phenolic resin, melamine resin, and paraformaldehyde business.

Silverfleet had purchased the Prefere Resins shares from Capiton AG of Berlin, Germany, and Intermediate Capital Group plc (ICG) of London, UK, in mid-June 2018 through Prime MidCo GmbH of Munich, Germany, which was founded specially for this transaction. The remaining shares remained in the hands of the members of the Prefere Resins management.

Prefere Resins Holding, which had previously operated mainly in the phenolic-resins segment, had extended the scope of its activities to include melamine resins and formaldehyde products when it concluded its acquisition of "Ineos Melamine" and "Ineos Paraform" divisions from Ineos Enterprises AG of Rolle, Switzerland, through Prime MidCo at the end of June 2019. The purchase prices for the two transactions can be derived from the business reports published by Prime MidCo. Less cash, €182.0m was paid for the acquisition of Prefere Resins; the Ineos activities were purchased for €44.4m. These amounts payable by contract were altered slightly by later adjustments. Prime MidCo GmbH is controlled by the intermediate holding companies



Prefere Resins site in Erkner

(Photo credit: Prefere)

Prefere Luxembourg I s.à.r.l. and Prefere Luxembourg II s.à r.l.

Silverfleet's sale of Prefere Resins is driven by the private-equity investor's strategic reorientation towards the midcap segment. It became known in mid-2021 that the company no longer wanted to set up any new funds and intended instead to concentrate on the management of its existing portfolio. The company has sold several holdings since then. The sale plans for Prefere Resins had leaked out in October 2021 after Silverfleet had engaged the European branch of the investment bank Houlihan Lokey Capital Inc. of Los Angeles, California, to perform a sale procedure.

Prefere Resins operates a total of seven production facilities in its "Prefere Phenolics" division in Erkner, Germany, in Krems, Austria, in Hamina, Finland, in Newton Aycliffe, UK, in Brebières, France, in Trzemeszno, Poland, and

in Rasnov, Romania. The melamine-resin sites in Frankfurt and Springfield, Massachusetts, and the Mainz facility geared to formaldehyde products were added to these by the acquisition of the Ineos activities. These activities are now covered by the new "Prefere Melamines" and "Prefere Paraform" divisions.

According to the last business report published by Prime MidCo, Prefere Resins' total sales volume fell to 463,793 t (2019: 489,580 t) in 2020 despite the melamine and paraform activities being consolidated over the whole period. Sales revenue was raised to €355.9m (€322.1m), nonetheless. Before consolidation, €210.3m of this was accounted for by Prefere Phenolics, €101.3m by Prefere Melamines, and €49.0m by Prefere Paraform. Adjusted EBITDA was given as €37.8m (€32.7m) and the operating result as €15.4m (€10.8m). This gave rise to a post-tax loss of -€4.9m (-€1.1m). □

More problems on raw material markets / demand is slowing

Outlook for the wood-based panel industry has deteriorated in 2022

The European wood-based panel industry faces quite sizeable challenges in the months ahead amidst problems on energy and raw materials markets caused or exacerbated by the war in Ukraine, economic sanctions against Russia and Belarus and shifts in the global logistics chains.

These challenges were repeatedly raised at the Annual General Meeting of the European Panel Federation (EPF), based in Brussels, which took place in Ghent, Belgium, from 29 June to 1 July 2022.

The sharp rise in natural gas prices since the middle of 2021 has pushed the procurement costs for urea, methanol, melamine and adhesive and impregnating resins made using these products to heights never seen before or not seen for a long time. Price corrections that emerged for all three upstream products for resin production have only slightly alleviated cost pressure from the chemical sector. The renewed cut-back in natural gas deliveries from Russia since mid-June and ensuing price increases

might turn the tide, though. On 23 June, the Federal Ministry of Economics and Climate Protection (BMWK) declared the "alert level" set out in an Emergency Gas Plan developed under EU Regulation 2017/1938. Should the gas supply situation worsen, the "emergency level" will be announced as the third stage. In this scenario, the Federal Network Agency will work as a federal load distributor, regulating the distribution of gas in coordination with gas network operators. The associated rationing of natural gas deliveries would likely severely limit supplies to industrial undertakings.

The resin and wood-based panel sectors would have to wait for private energy production and critical segments of industry to be served before taking their turn. It can be assumed that many companies will have to scale back or, in extreme cases, temporarily idle resin and wood-based panel production altogether. The wood-based panel industry is increasingly facing the indirect effects of the energy crunch, as well. With energy prices continuing to spiral higher, purchasing competition from

biomass power plants, conventional power plants with co-firing capabilities and pellet manufacturers has increased significantly on the industrial timber, sawmill residue and recycled wood markets. Users in the energy sector can pay higher and higher timber prices. Prices for the various wood grades have thus risen more and more, with no end in sight to this upward trend. The cascading use approach for wood, which the wood-based panel industry has been urging for many years and which has recently been practised at least in rudimentary form, has now largely ended. Wood-based panel manufacturers are experiencing mounting supply problems as a result; in recent months, for example, several mills in Italy and South-Eastern Europe have already shut down for days or weeks at a time. Central Europe has encountered rather short-term restrictions to date. The regional differences that still exist will probably gradually disappear as buyers widen the area where they buy wood. Conversely, longer transport distances will cause additional logistical troubles.

The negative effect on earnings caused by the situation on raw material markets will be compounded by the slump in demand expected in the second half of the year. The OSB business has already cooled noticeably in the spring. Particleboard and MDF/HDF manufacturers have also seen their order intake worsen, at least in a few sales segments. Prices had risen sharply until April but increasingly stabilised in May and June. Some of the latest transactions reflect another change in direction. Worsening capacity utilisation in a variety of customer industries during the second quarter will further curb demand for wood-based panels. The furniture industry is increasingly curtailing its output; laminate flooring manufacturers have also seen a deterioration in their workloads. Supply and financing problems are adversely affecting construction activity. Merchants and the woodworking trade are holding back on



(Photo credit: EUWID)

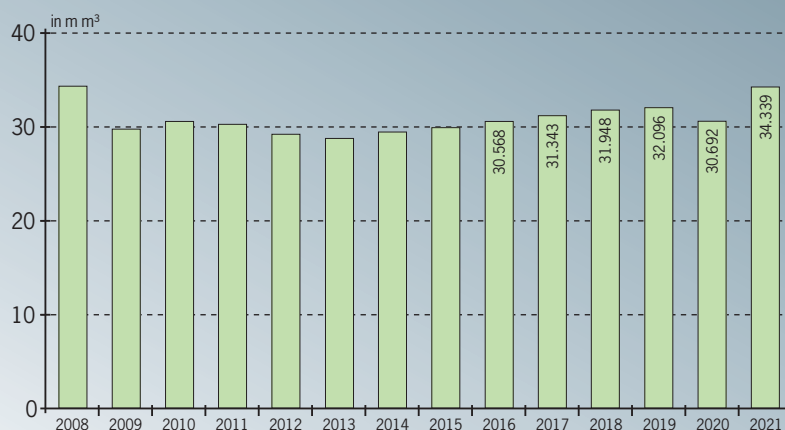
placing new orders. Slower demand in almost all sectors is being exacerbated by many customers running down the stocks that they had kept until recently to safeguard supply. A much better supply situation for OSB, particleboard and MDF/HDF has given customers leeway to take these steps.

This slowdown in the European wood-based panel markets will probably send down production volumes in the full year of 2022. After the continued upward trend until May or June, more and more companies adjusted output to the reduced demand during summer and also in September. Last year, the European wood-based panel industry manufactured 63.733m (2020: 58.051m) m³, 5.682m m³ or 9.8% more than in 2020. Output had declined by 2.0% in 2020, as the Covid-19 pandemic led to a slump, especially in the second quarter of that year. European wood-based panel manufacturers increased their output again relatively strongly in the second quarter of 2021 from the previous year's much lower underlying level. The differences to the last year's levels were not quite as pronounced in the other three quarters.

According to the annual report of the EPF, which was also unveiled at the meeting in Ghent, particleboard output leapt by 11.9% in a year-on-year comparison to land at 34.339m (30.692m) m³. This more than made up for 2020's downturn of 4.4%. HDF/MDF manufacturing improved by 7.6% to 12.885m (11.980m) m³ after dwindling by 1.8% in 2020. OSB manufacturing had risen more in 2020 (+4.2%) and edged 2.0% higher to 7.166m (7.026m) m³ in 2021. Hardboard production increased by 2.4% to reach 526,000 (513,000) m³, while softboard manufacturing was up 12.6% at 5.639m (5.008m) m³. Plywood saw a similar growth of 12.2% to 3.178m (2.832m) m³.

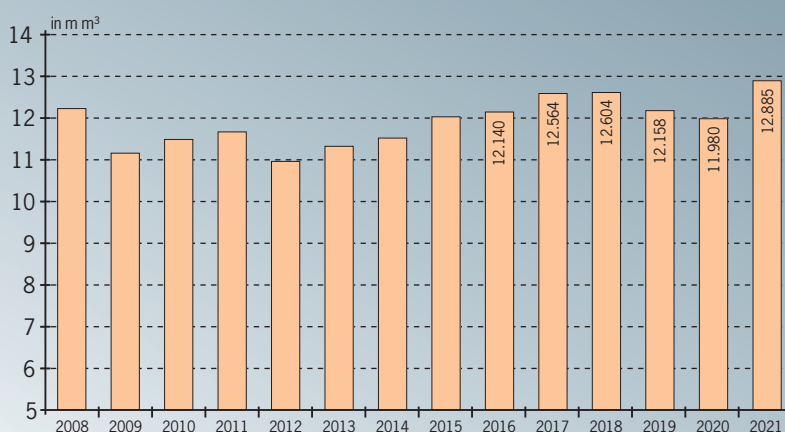
Last year's European wood-based panel production was 4.509m m³ or 7.6% higher than 2019's total of 59.224m m³. All product groups covered separately by the EPF played their part. Particleboard production was 7.0% higher compared with two years earlier. MDF/HDF output rose by 6.0% and OSB production by 6.3%. □

Europe: Production of particleboard



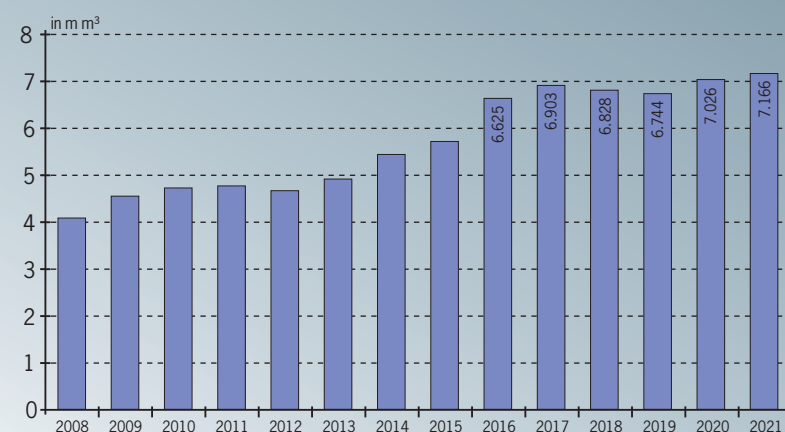
Source: EPF

Europe: Production of MDF/HDF



Source: EPF

Europe: Production of OSB



Source: EPF

Chinese melamine and decor paper manufacturers exporting more to Europe

Rising raw material and energy costs may lead to changes in supply flows

Mixed trends in energy costs in Europe, North America and Asia are now culminating in ever-greater variations in the prices of several upstream products used by the wood-based panel and surface industry.

Central European manufacturers have to pass much higher natural gas, electricity and raw material costs onto their products but are facing mounting opposition when trying to raise prices. Following price hikes implemented over the past two years, some upstream product prices have already reached a level that makes it virtually impossible to manufacture wood-based panels, furniture and building parts cost-effectively. This issue is compounded by much more lacklustre demand in many product areas since the start of the third quarter. Capacity utilisation problems caused by dwindling demand have already occasionally manifested themselves in pressure on sales prices. So far, though, no significant price cuts have emerged. Most companies

are trying to counteract this effect by adjusting capacity and cutting costs.

These cost-saving measures are to take the form of switching to buying from suppliers with lower raw material and energy costs. Such changes were hardly an option into the first quarter of 2022 due to good business in almost all markets and logistical shortcomings. A slowdown in China that surfaced during the first quarter then created leeway, which has since gradually increased. The downturn in local demand means that Chinese manufacturers cannot run their machines at full steam anymore after having ramped up this capacity in recent years. These businesses are more and more present on international markets as a result. These export efforts were initially hampered by hefty logistics costs, which are still climbing in some instances. Over the past few months, though, a turnaround in fortunes has been witnessed on this front, too. Containers for shipping from China to Europe are more readily available, with

freight rates now more than half where they stood at their peak.

Energy costs have risen much less in China than in Europe over the past few months. Chinese manufacturers can sometimes reckon with lower raw material costs, as well. These cost benefits have combined with improvements on the logistical front to allow Chinese melamine manufacturers, for instance, to ramp up their exports to Europe, which had been somewhat irregular up until the start of 2022. Prices even tended to soften at first, and only increased slightly during the third quarter. European melamine converters are now largely meeting their reduced demand in China.

European manufacturers that have to pass higher raw material costs on to their sales prices have slashed their output or temporarily idled operations. Shifts might also occur for decor paper. European manufacturers are currently readying the next price hikes for paper made from October onwards. Major converters, in particular, are thinking about importing decor paper from China. Several wood-based panel manufacturers and printers have already qualified Chinese suppliers and even processed the first batches. The redirection of supply streams, which is already relatively advanced for melamine but only just starting for decor paper, also poses risks, the companies involved cautioned. In the event of a change in the market climate in China, supply might be limited reasonably quickly. Chinese melamine and decor paper manufacturers would then primarily serve buyers in Asia and scale back their overseas exports. Maintaining European production capacity is another challenge. Questions about maintaining individual sites will arise if margins remain a challenge in the long term and lead to production stoppages. □



(Photo credit: EUWID)



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More and more downtime in the wood-based panel and surface industry

Spiralling costs and dwindling demand raise questions about production

The persistent rise in energy prices is posing ever greater problems for wood-based panel and surface companies, as well.

Direct increases in the cost of buying natural gas, oil and electricity are already having a relatively significant impact in the decor paper industry. Natural gas is also a major cost factor for treater operators, decor printers and finish foil manufacturers, as newer lines usually have directly heated drying units. By contrast, the wood-based panel industry has more flexibility in terms of energy supply. Big mills, in particular, have their own biomass power plants that provide process steam, thermal oil and electricity. Such sites only need natural gas to cover peak loads. However, some wood-based panel mills are more dependent on natural gas. Contract durations are another factor determining the extent to which spiralling natural gas prices are coming into play. Problems are even more pronounced in areas that use a lot of electricity, such as MDF/HDF and decor paper production.

Extreme spikes in natural gas costs are dragging upstream product costs paid by the wood-based panel industry higher, as well. Natural gas prices are increasingly forcing European urea and melamine producers out of the market. These companies are no longer competitive at current production costs, as producers from other regions can charge much less due to their lower natural gas costs. European converters now mainly source urea in North Africa and the Middle East. Melamine comes primarily from China. European ammonia, urea and melamine manufacturers have now reduced their production more and more or shut it down completely for profitability reasons.

Variations in the cost situation might also prompt shifts in supply flows for other upstream products used to make wood-based panels. After making investments



Particleboard line

(Photo credit: EUWID)

in the last few years and seeing the local market collapse, Chinese decor paper manufacturers have enough capacity available to step up their exports to Central Europe as well. Measures to qualify these deliveries are already underway. Businesses are reviewing whether to import adhesive and impregnating resins from southern and southwestern Europe. Escalating energy costs are also causing turmoil on the wood purchasing front. Power plants and pellet manufacturers can pay higher and higher prices which are no longer profitable for the wood-based materials industry, especially given how demand is unfolding at the moment.

The diverging trend in costs and demand is now jeopardising production activity in the wood-based panel industry and its supplier and customer sectors, as well. Businesses managed to offset spiralling costs by raising prices, sometimes at increasingly shorter intervals, in an economic climate that remained good until the second quarter. Many companies have kept their earnings at good levels or even improved

them thanks to high capacity utilisation rates. Asking prices based on the latest cost hikes can hardly be instituted in increasingly weaker sales markets. Particleboard, MDF/HDF and OSB prices have already dipped slightly in recent months. By contrast, adhesive/impregnating resins and decor paper prices have continued to climb. The upward trend in wood prices has even intensified. Keeping production going will therefore trim earnings or even lead to losses. More and more companies are considering counteracting this effect by curbing output or taking downtime. A variety of wood-based panel manufacturers have already cut back their production again shortly after holiday-related shutdowns, and further adjustments are being prepared. Some companies are already thinking about shutting down for longer. Almost all resin manufacturers are only producing at reduced capacity. Decor paper manufacturers, printers, finish foil producers and treater operators are also shutting down for longer and longer periods. In many cases, firms have already applied for short-time work. □

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Capacity utilisation problems have given producers less leeway

Renewed cost increases still hard to pass on to wood-based panel prices

Central European particleboard, MDF/HDF and OSB manufacturers are expected to face major problems in the coming months as up-stream product, energy and logistics costs are forecast to remain on an upward trajectory.

Sales prices have risen significantly since the middle of 2020 but have come under pressure again since the end of the second quarter of 2022 amidst slower demand and associated capacity utilisation problems. Some corrections have already been made in most product areas and sales channels, which have varied depending on the underlying level, previous margins and supply pressure.

MDF/HDF prices have fallen the most of late, but they had also risen the most during 2021 and the first few months of 2022. The first slight adjustments had already been made in May. Since then, prices for the different types of MDF/HDF have declined even further. A few OSB manufacturers had instituted more

significant price hikes in the first three quarters of 2021 but had to cut their peak prices in late summer. Prices generally headed lower in the fourth quarter. After a weak fourth quarter, demand strengthened again from the end of 2021, which helped OSB manufacturers to raise prices again in the first quarter. Prices then came under pressure again from May onwards. Particleboard prices have so far not altered as much as those for MDF/HDF and OSB. The highest prices, which had previously been much higher than average prices in some cases, were initially capped in May and June. From the end of June onwards, particleboard prices also fell somewhat overall.

Price cuts across all three product groups have been fairly moderate to date. This is due to the significant slump in demand over the last three months, which has also culminated in major capacity utilisation problems and production cutbacks, especially over the summer. With costs still rising in a variety of areas, manufacturers are trying to maintain prices as far as

possible. A few companies have also announced markups for particleboard and OSB, in particular, in recent weeks. Some of these announcements have remained vague with regard to the planned surcharges and the timing. Their implementation, which was actually planned for the beginning or middle of September, has been delayed as a result. Many customers see little chance of higher prices taking hold, due to factors including persistently cool demand and the likely unproblematic supply situation, at least in the medium term.

For their part, manufacturers are underscoring the continued escalation in upstream product costs, which they feel is overshadowing the imbalance between supply and demand that has arisen in recent months. Manufacturing costs for the chemical raw materials used to make adhesive and impregnating resin climbed even more sharply in July and August in the wake of the latest spikes in natural gas prices. European producers are now finding it hard to enforce asking prices for urea and melamine, especially as cheaper imports from regions with much lower gas costs are pushing into Europe. More and more urea and melamine producers are scaling back their production as a result.

Most resin producers are trying to source urea, methanol and melamine from European producers and to arrange imports and using a mixed calculation model for pricing. This calculation is now resulting in higher asking prices for urea-formaldehyde resins (UF resins). Prices for melamine resins are still feeling the effects of cheaper melamine imports. A few decor paper manufacturers are also eyeing additional markups despite much weaker sales, which are already leading to production adjustments and shutdowns. Wood prices have risen even more sharply in recent weeks on the back of mounting purchasing competition from energy producers and pellet manufac-



(Photo credit: EUWID)

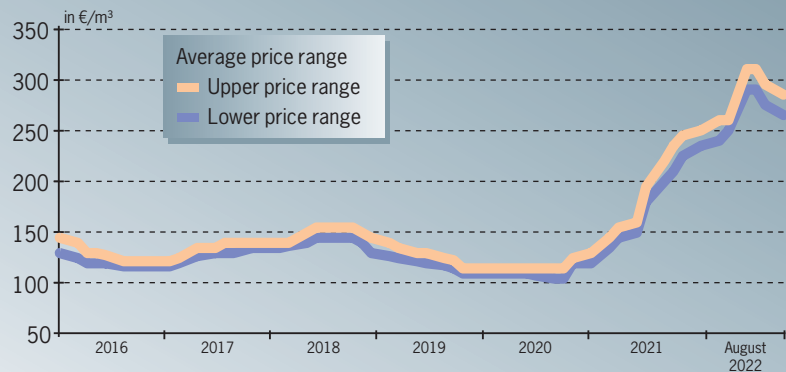
turers. The biggest changes have recently occurred for sawmilling residues, although industrial and recycled wood prices are clearly trending higher, as well.

With cost hikes tending to intensify, most wood-based panel manufacturers want to eliminate low prices as soon as possible. If costs remain on the same trajectory in the coming months, particleboard, MDF/HDF and OSB manufacturers will have to raise prices to offset this effect in a weakening market in a worst-case scenario. A few companies have already raised the prospect of higher prices. However, the demands were initially made rather as a defensive move. Some companies wanted to invoice the new prices as early as mid-August but then postponed their implementation. In other cases, the amount of the hike and the exact timing were left open for the time being. In some instances, the details are still pending.

Workloads have become much worse in many customer sectors since May. Some sources are already mentioning downturns of 20-40% compared to last year or the first months of this year. Destocking by converters and merchants has compounded the resulting slump in demand. Even though a variety of manufacturers have adjusted their output, especially in July and August, particleboard, MDF/HDF and OSB markets still tend to be under pressure. A fundamental improvement in the market situation is not on the horizon.

Central European particleboard, MDF/HDF and OSB mills have seen their capacity utilisation become even worse with demand continuing to soften, at least until now. Mills have seen their inventories increase again as a result. After the first, typically shorter production curtailments in May and June, many mills have again held longer holiday-related shutdowns lasting an average of one to two weeks since the end of July. A few mills will also be offline for longer. Several companies in the wood-based panel have already scheduled additional downtime for the second half of the year. Such announcements are also an indication that earnings are continuing to worsen because of spiralling raw material, energy and logistics costs and price pressure exerted by customers. □

EUWID Price Watch: Particleboard Germany^{1) 2)}



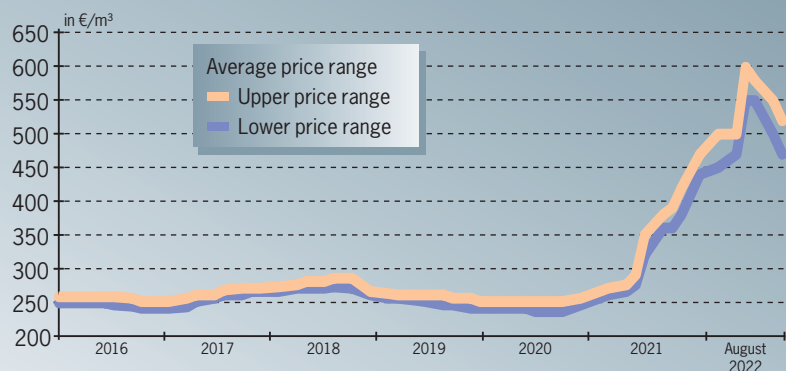
1) Average purchase prices for E05 particleboard 16-19 mm for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 33/2022 of 17 August 2022

EUWID assumes no liability for the accuracy of pricing information

Source: EUWID

EUWID Price Watch: HDF Germany^{1) 2)}



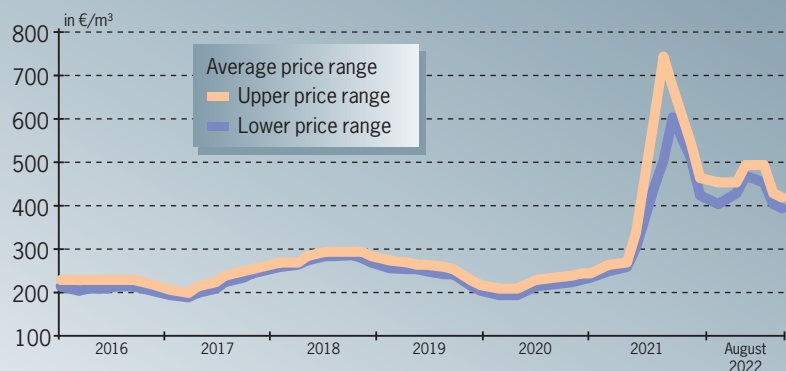
1) Average purchase prices for HDF E05 6.8 mm for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 35/2022 of 31 August 2022

EUWID assumes no liability for the accuracy of pricing information

Source: EUWID

EUWID Price Watch: OSB Germany^{1) 2)}



1) Average purchase prices for OSB/3 15-22 mm standard for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 35/2022 of 31 August 2022

EUWID assumes no liability for the accuracy of pricing information

Source: EUWID

Swiss Krono investing €100m in Sully-sur-Loire



(Photo credit: Swiss Krono)

The particleboard and OSB manufacturer Swiss Krono S.A.S. belonging to Swiss Krono Group has signed a cooperation agreement with Dalkia S.A. of Saint-André-Lez-Lille and Meridiam S.A.S. of Paris for the Green Energy project planned for the Sully-sur-Loire facility. The energy service provider Dalkia belonging to Electricité de France (EDF) will be participating in the planned construction of a biomass-fired power plant geared to an output of 64 MW. The Meridiam investment company specialised in financing infrastructure

projects is to provide long-term funding of €62m for the project; the company will also be responsible for building and operating the plant on the basis of a service contract concluded for a term of 20 years.

The total cost of the investment in the Green Energy project planned in three stages amounts to around €100m. Promises of subsidies have been received to the tune of €3.8m from the "Efficacité énergétique et décarbonation des procédés" project and €11.0m from the "Biomasse chaleur pour l'industrie" project. In an initial step, Swiss Krono France will install two low-temperature belt dryers. The second step will involve building the biomass-fired power plant, which will be fuelled with residues from particleboard and OSB production. Additions and extensions to the production facilities are planned in the third step. The whole project is to run for two years and reach completion in the second half-year 2024. □

Ziegler Group starts making insulating board

Ziegler Holding GmbH, based in Plöbberg, made the first piece of board at the new insulating board plant built in the Hütten-Nord business and industrial district in Grafenwöhr on 30 August 2022. The production line for pressure-resistant insulating board (Line 1) had been delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau. A line to make flexible insulating mats (Line 2) provided by Grenzbach BSH GmbH is to be commissioned by the end of October. Ziegler Group also plans to start making blow-in insulation (Line 3) during October. The required fibres will come from the front end upstream of the Dieffenbacher line. Andritz AG has delivered two pressurised refining systems for the two production lines. Besides the board line, Dieffenbacher also delivered the dryer for the mat line. The finishing technology came from Anthon GmbH Maschinen- und Anlagenbau in both cases. Anthon's partner Homag GmbH contributed a profiling line for pressure-resistant board. Urbas Maschinenfabrik Ges.m.b.H. (Völkermarkt, Austria), Willems Baling Equipment (Balert, the Netherlands)

and Schrader Apparatebau GmbH (Ennigerloh, Germany) were also involved in the overall project. Scantec Industrieanlagen GmbH, headquartered in Feldkirchen, coordinated the project. The 4 ft-wide line to make pressure-resistant insulating board has a designed maximum annual capacity of 500,000 m³. The 8 ft-wide insulating mat line will make up to 1.5 million m³ each year. According to Ziegler, the line to make blow-in insulation has a maximum annual capacity of about 20,000 tonnes.

The commissioning of the insulating board line took place in keeping with an ambitious timetable, which provided for production to begin in August 2022. Preparatory construction began on the 28 ha piece of land on 1 September 2021. Work to build the production hall and warehouses started at the year's end, with machinery assembly work under way since March. Naturheld GmbH, a new company founded by the insulating board project, plans to start selling insulating board in October once the commissioning phase and related optimisation work have been completed. The insulating mat and blow-in insulation business should start by the year's end. □

Soprema orders from Siempelkamp and Sunds

To proceed with the expansion of its insulating board capacities, planned in several steps, French company Soprema S.A. of Strasbourg has again ordered a production line for pressure-resistant boards from Siempelkamp Maschinen- und Anlagenbau GmbH. The basic parameters are largely comparable to the facility delivered to predecessor company Pavatex France S.A.S. in 2012, which was installed in Golbey and commissioned in April 2013. The new order includes various front-end equipment, a flash-tube dryer supplied by Büttner Energie- und Trocknungstechnik GmbH, a ContiTherm calibration press, a ProdlQ control system as well as engineering and assembly. The new facility will be built on a plot of land nearby the existing Golbey plant in the Chavelot commune. Assembly is scheduled to commence in the fourth quarter of 2023; commissioning is planned during 2024. According to Siempelkamp, the new facility has been designed for an annual capacity of around 55,000 t, which is to facilitate a doubling of the total capacity for pressure-resistant boards to some 110,000 t.

In a first investment step, before the end of the year Soprema plans to expand the Pavatex insulating board plant in Golbey to include a production line for flexible insulating mats. For this project, the company ordered a fibre dryer and associated cyclones from Swedish company Sunds Fibertech AB of Timrå in February 2022.

Soprema had entered the wood fibre insulation board business with the acquisition of Pavatex S.A. in May 2016. Production was concentrated at the Golbey site following closure of the Pavatex plant in Cham in May 2019. In spring 2020, Soprema resumed plans for a capacity expansion in Golbey that had already been in place for a considerable period. Preparatory construction work began over the course of last year both at the existing plant and on the new site. According to the schedule presented at that time, production on the Flex facility was set to commence as early as spring 2022. Commissioning of the new plant was scheduled for the second quarter of 2023. □

West Fraser accepts new dryer from Büttner

During the first quarter of 2022, Canadian West Fraser Timber Co. Ltd., headquartered in Vancouver/British Columbia, accepted the new OSB dryer installed within the scope of a replacement investment at the former Norbord site in Genk, Belgium.

The contract to supply the equipment had been awarded to Büttner Energie- und Trocknungstechnik GmbH at the beginning of 2021. In replacement of an existing 6.0 x 32 m drum dryer with eight cyclones, the company supplied a new 6.5 x 33 R type dryer with four ceramic-lined cyclones as well as new piping. In addition to the installation of the new equipment, Büttner's contract also covered disassembly of the old dryer.

According to West Fraser, this work was carried out in the fourth quarter, which was characterised by a seasonally typical lower level of demand on European OSB markets. The new equipment was then commissioned at the beginning of the current year.

The annual capacity of the OSB plant in Genk has thus increased from 450m sqft to 560m sqft (basis 3/8"), equivalent to approximately 495,000 m³. In the Europe EWP business division, which comprises the European activities, West Fraser also operates British OSB plant in Morayhill, Inverness. This plant was extensively modernised over the past years. In a first investment step, the company had replaced the two multi-daylight presses in operation there with a continuous production line and, in parallel, had also modernised a large proportion of the upstream facilities. With the September 2017 commissioning, OSB capacity at the plant had increased from 395m sqft (or around 350,000 m³) to 720m sqft (or around 640,000 m³). The annual capacity was then increased to 945m sqft (or around 835,000 m³) through the construction of a second strand and dryer line, which was completed in 2020. With the completion of the dryer modernisation in Genk, West Fraser's total OSB capacity in Europe now amounts to 1.505bn sqft or around 1.3m m³. □

Smartply puts dryer and sifter into operation

By putting the new drum dryer, the related power plant, and the new sifter into operation, the OSB manufacturer Smartply Europe DAC of Waterford, Ireland, has completed the modernisation project executed in two stages. The first stage involved replacing the previous multi-opening press with a continuous forming and pressing line supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. When the plant was started up in April 2016, the annual capacity was enlarged from 350,000 m³ to approximately 500,000 m³. In a second stage, four older drum dryers have been replaced by a new 7.0 x 38 OSB dryer supplied by Büttner Energie- und Trocknungstechnik GmbH. The contract awarded to Büttner in July 2020 also covered the met-material conveyor, a wet-material bunker installed above the dryer, a power plant with stoker-fired furnace, and a thermal oil heater. The equipment was supplied from early 2021 onwards. Installation was completed in March 2022. The old dryers were reconnected to the new plant within a few days in April. The dryer was accepted with full capacity on 12 May.

New dry-strand sifters were installed parallel to the modernisation of the dryer section. The facilities supplied by Imal-Pal s.r.l., are geared to an output of 35 t/hr. Smartply has invested a total of approximately €44m in updating the frontend split into drying and sifting stages. □

Latvijas Finieris to increase investments to €29m

Despite increasingly difficult general conditions, Latvian plywood manufacturer Latvijas Finieris AS of Riga plans to increase its investment volume by almost 50% in the current year. In 2021, the company invested a total of around €20m. For 2022, a sum of around €29m has been budgeted.

Plans in this connection include initiation of two investment projects running over several years, expansion of production capacities at the Rezekne site and construction of a new resin plant in Riga planned



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via the Viobond consortium. According to Latvijas Finieris, the total investment volume for these two projects will amount to more than €100m.

Turnover generated by Latvijas Finieris last year increased by 15% compared to the preceding year to around €257m (2020: 223.6m). EBITDA of €36.1m (33.4m) was achieved, representing an increase of 8% compared to the preceding year's figure. The EBITDA margin amounted to 14.0% (14.9%). On average, the company employed 2,424 (2,440) persons during the year, of whom 2,073 (2,062) worked at the Latvian sites. □

LP investing US\$194m in converting Sagola

The US company Louisiana-Pacific Corp., headquartered in Nashville, Tennessee, is planning to invest about US\$130m in converting its OSB mill in Sagola, Michigan, to strand siding in 2022. According to the company, this work is running on schedule so far, and the mill is still slated to resume operations towards the end of the first quarter of 2023. A notice released by the Michigan Economic Development Corporation (MEDC) on 10 August indicates that this project is expected to increase the number of employees from 151 to over 200. The announcement puts the total budget for the project, which is supported by the Michigan Strategic Fund (MSF), at US\$194m.

Louisiana-Pacific is also slated to spend US\$50m on a conversion project in Houlton, Maine, this year. The former laminated strand lumber (LSL) mill started making strand siding at the end of the first quarter. The company has still budgeted US\$200m-210m for boosting its siding capacity this year. The US\$20m-30m left after deducting the costs for Houlton and Sagola will be spent on machinery and equipment with long lead times for the next, as yet unspecified, conversion project. Including planned maintenance investments of US\$120m-130m and US\$80m-90m earmarked for strategic growth projects, the total investment budget amounts to US\$400m-430m. □

Wawa OSB to reactivate Weyerhaeuser plant

Canadian company Wawa OSB Inc., founded at the beginning of April 2021, intends to invest Can\$180m in the modernisation and re-commissioning of the former OSB plant in Wawa, Ontario. This plant was originally commissioned in 1995 by the Jager Strandboard Limited Partnership, a joint venture between H.J. Forest Products and MacMillan Bloedel Ltd. of Vancouver. At that time, with a 14-daylight press in the 8 x 24 ft format supplied by Siempelkamp Maschinen- und Anlagenbau GmbH, the plant had an annual capacity of 400m sqft (basis 3/8"), equivalent to approximately 370,000 m³.

MacMillan Bloedel had subsequently acquired all shares in Jager Strandboard at the end of 1996. In November 1999, MacMillan Bloedel was in turn acquired by Weyerhaeuser. Weyerhaeuser had ultimately shut down the OSB plant at the end of 2007. Starting from August 2014, Rentech Inc. had temporarily used the site for pellet production. As the new equipment installed for this purpose could not be run up to regular operation, however, Rentech had shut down the pellet plant again in February 2017. Some of the existing facilities in Wawa had already been sold prior to this.

For example, the two stranders supplied by CAE Machinery Ltd. were used by Forex Inc., based in Montréal, Québec, in 2017 during the construction of its OSB plant in Amos, Québec, which meanwhile has an annual production capacity of 450m sqft (basis 3/8"), or around 400,000 m³. Forex has two additional production facilities in Québec. The Ferme-Neuve sawmill and planing mill is geared towards cutting softwood. In Mont Laurier, the company operates a veneer factory and a hardwood sawmill as well as corresponding processing facilities.

All shares in Forex are held by the Cossette family from Val-d'Or. The Cossettes also holds a stake in Wawa OSB. Besides Forex vice-president of research and development Joanic Cossette, Wawa OSB's board of directors also comprises three other Cossette family members - Marcel, Gilles and René Cossette. Yolaine Rousseau serves as executive vice-president of both Forex and Wawa OSB. Ontario's Ministry of Northern Development, Mines, Natural Resources and Forestry will fund the project through the Forest Sector Investment and Innovation Program (FSIIP) with a total of Can\$15m over four years. □

West Fraser aiming to reopen Allendale in 2023

The "NA EWP" division of West Fraser Timber Co. Ltd. of Vancouver, British Columbia, is meanwhile striving to resume operation at the OSB works in Allendale, South Carolina, taken over from Georgia-Pacific Wood Products LLC of Atlanta, Georgia, at the beginning of December 2021, in the first quarter of 2023. As such, the project is slightly behind schedule. At the time the transaction was announced, the company was reckoning with a timeframe of nine months for the maintenance measures required on the plant shut down since the end of 2019 and for the planned conversion of the front end.

West Fraser's aim behind the conversion measures is to simplify the production processes and increase the plant's pro-

ductivity. The works in Allendale, which was put into operation in October 2006, was to produce up to 1bn sqft (3/8" basis) or roughly 880,000 m³ with an originally 12 x 26 ft 16-opening press supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau. At the time of the takeover, West Fraser had given the current annual capacity as around 760m sqft or roughly 675,000 m³.

Work had begun at the start of the year, with the company initially holding out the prospect of operation being resumed by the end of 2022. West Fraser says this deadline cannot be met, however, due to disrupted supply chains. In this context, the company also draws attention to other cost increases. West Fraser had originally estimated investment expenditure of around US\$70m for the necessary preparatory work. □

Georgia-Pacific expands capacities in Clarendon

Atlanta-based Georgia-Pacific LLC plans to invest some US\$20m in the expansion of production capacities at its site in Alcolu, South Carolina, which operates under the name Clarendon OSB. The investment is to include the installation of a third strander. According to the company, construction measures commenced in April and commissioning of the new facilities is scheduled for the first quarter of 2023. This will add 150m sqft to the OSB capacities of Clarendon OSB.

In November 2021, Kadant Carmanah Design was awarded the contract to supply the strander. The 32/88 SmartRing strander is designed for an average throughput of 32.5 t a. d. per hour and is scheduled for delivery in July. According to Carmanah, the strander feeder is not included in the scope of delivery. A chain conveyor is to be purchased separately to facilitate the processing of long logs up to 18 m in length.

Georgia-Pacific acquired Clarendon OSB back in May 2010 from insolvent Grant Forest Products Inc. (GFP), Toronto, Ontario. At the time, however, the plant was not in a production-ready state, as the construction work that commenced in 2005 had been interrupted in 2007 and ultimately stopped in April 2008. Due to the financial difficulties already looming, GFP had also only installed two of the originally planned three Carmanah stranders. The forming and press line, designed for an annual capacity of 1bn sqft with a 16-daylight press in 12x26 ft format, had been supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau.

After the takeover, Georgia-Pacific completed all the remaining necessary investment measures amounting to US\$30m from April 2011. When the plant was commissioned in the first quarter of 2013, its capacity was stated as 850m sqft, equivalent to around 750,000 m³. The company has since implemented further investments at Clarendon OSB. In 2019, for example, US\$4.5m was spent on modernising the automation of equipment as well as a new coating line and additional storage space. □

Boise Cascade to buy plywood plant in USA

Boise Cascade Co. of Boise in Idaho, USA, has come to an agreement with Coastal Forest Resources Co. of Havana, Florida, on the acquisition of the plywood and sawnwood manufacturer Coastal Plywood. According to a release published on 10 June 2022, the company has two sites in the southeast of the USA with approximately 750 employees. The Havana facility in Florida is geared to producing plywood and treated wood products whereas plywood and sawnwood are manufactured in Chapman, Alabama. Subject to various adjustments upon conclusion of the transaction, the purchase price has been set at US\$512m.

Boise Cascade says the purchase is to be paid for from cash in hand. The sale, which is still subject to approval from the relevant competition authorities, is expected to be concluded in the third quarter.

With the additional veneer capacity available after the integration of Coastal Plywood, Boise Cascade intends to tap into synergy effects for the existing EWP facilities in the southeast of the USA. The release states that around US\$50m is to be spent over a period of three years on extending the activities located there. The company is currently represented in the region with the "Engineered Wood Products (EWP)" sites in Alexandria, Louisiana, and in Thorsby, Alabama. Modernisation projects have already been realised at the Oakdale and Florien plywood facilities, both in Louisiana, as well as in Chester, South Carolina, in the last few years.

At the publication of the business figures for 2021 as a whole, Boise Cascade had announced at the end of February the installation of a new dryer at the veneer and plywood works in Chester. New dryers had already been assembled there in 2015 and 2019, respectively, in the frame of replacement-investment measures. Boise Cascade had also updated the veneer production section in Chester in 2019. A similar project was completed at the Florien facility during the course of the last business year. □

Garnica to commission Troyes veneer mill

The Spanish company Grupo Garnica Plywood S.A., based in Logroño, intends to commission the first peeling line at its site in Troyes, France, during the third quarter of 2022, as planned. Delivered by the Italian machinery manufacturer Angelo Cremona S.p.A., headquartered in Monza, this line is designed to process 150,000 m³ of poplar roundwood each year. In a statement issued towards the end of June, Garnica listed the line's veneer capacity at 70,000 m³. According to the firm, the new location is well situated in Europe's largest poplar growing region and can draw on plantations covering 90,000 ha within 300 km of the plant to supply roundwood.

Once the veneer mill is up and running, the company plans to add drying capacity and a second peeling line to double its veneer capacity. A plywood mill is still slated to be built as part of the project's third phase. Once all of this work is completed, the new veneer and plywood complex will have a total area of around 40,000 m². Already since 2010, Garnica has been operating another peeled veneer factory in Samazan/Nouvelle-Aquitaine, which supplies poplar veneer to the four Spanish factories geared towards production of poplar plywood. Two of these are located in Baños de Río Tobía, one is located in Valencia de Don Juan and another in Fuenmayor.

By the second quarter of 2023, Garnica intends to increase the capacities at its Llodio pine plywood factory by 20,000 m³. The site, which operates under the name Maderas de Llodio, currently has an annual production volume in a range of 45,000-48,000 m³. The planned expansion will raise the factory's annual capacity to approximately 56,000 m³. Corresponding work commenced during the second quarter. Granica intends to invest some €5m for this purpose. According to a statement issued on 8 March 2021, the company will focus on eliminating bottlenecks in production processes and expanding coating capacities. In addition, the veneer yield is to be increased and production waste minimised. □

Buyers looking for alternatives explore various options around the world

Birch plywood shipments from Russia to the EU ground to a halt on 10 July

Russia stopped supplying birch plywood to EU customers on 10 July, following in the footsteps of Belarus, whose deliveries were suspended on 4 June.

The EU initially banned imports of timber products from Belarus at the beginning of March in connection with sanctions imposed after Russia invaded Ukraine. A similar decision affecting imports from Russia followed in early April. Contracts concluded before the import bans were published could be delivered until 4 June or 10 July, respectively, but companies were not allowed to enter into new agreements. Nonetheless, importers and converters tried to import as much birch plywood as possible into the EU before deliveries halted. These shipments were hampered by longstanding logistical problems that were exacerbated by the sanctions. Delays also occurred during customs clearance, ultimately jeopardising on-time imports as the clock ran down. Customs authorities noted that imports remained permissible under the sanctions as long as plywood

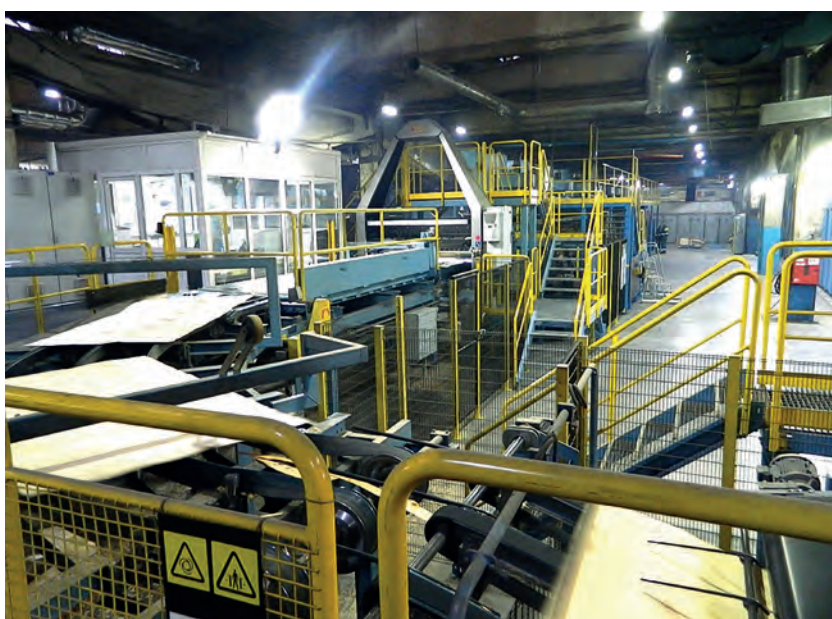
was imported into the EU by the deadline. Customs could be cleared after the cut-off date; duties can be paid at a later date. Another area of discussion related to the framework agreements brokered between Russian plywood manufacturers and European buyers, which specified an amount for the entire year but monthly deliveries. The prevailing view was that contracts within these framework agreements, which were permitted under the sanctions, only became effective once the monthly quantity was called off.

Import merchants have built up larger stocks of Russian birch plywood with imports carried out in the last few months, allowing converters to be served without major restrictions in the next few months. However, alternatives to Russian birch plywood need to be found thereafter. Buyers are exploring various avenues, depending on the area of application. These products cannot be easily replaced with birch plywood from other regions for a variety of reasons. Birch plywood producers from Finland, the Baltic States and Poland have

been largely sold out for quite some time. The fact that Russian logs and veneers cannot be used either has created additional issues.

For some months now, Chinese plywood manufacturers have offered to serve as alternative suppliers. Along with providing birch plywood, they are increasingly offering combined plywood with face layers made out of birch veneer and core layers made of other wood species, above all eucalyptus. However, since risk assessments complying with the EUTR cannot be performed in Russia at the moment, importing this combined plywood is not permitted under this legislation. Processing Russian birch veneer or plywood in a third country could be considered a means of circumventing the rules.

In order to allay concerns among European importers, a few Chinese manufacturers want to deliver combined plywood with birch decks from the Baltic States. Most European buyers question the reliability of the certificates of origin. There is less criticism of combining plywood with eucalyptus core layers and top layers made of poplar or pine veneer. However, these alternatives may have technical limitations in a few areas of application. The same is true for poplar and beech plywood made in Europe, Chinese poplar plywood, Brazilian eucalyptus plywood or the tropical plywood discussed as possible alternatives, such as okoumé, albasia and jabon plywood. Indonesian plywood manufacturers have also started talking about starting to use lauan or meranti plywood again, which had lost market share to birch plywood from Russia or Eastern Europe in many applications in recent years. The option of using pine plywood is also being discussed for less critical applications, such as packaging, although this switch may require changes to the design of the wood packaging. □



Sveza plywood mill in the Perm region

(Photo credit: Sveza Group)

US Structural Plywood Integrity Coalition had filed a lawsuit in September 2019

PFS discontinues elliotis pine plywood certification for Brazilian mills

The testing institute PFS Corp., which is headquartered in Cottage Grove, Wisconsin, and does business as PFS-Teco, has stopped certifying Brazilian elliotis pine plywood in accordance with the US Voluntary Product Standard PS 1-09 for Structural Plywood after reaching a settlement with the US Structural Plywood Integrity Coalition.

PS 1 certificates issued by PFS-Teco to Brazilian plywood manufacturers were revoked, and the affected companies were informed of the revocation by email. The suspension of PS 1 certification by PFS-Teco can only be lifted once the testing institute has demonstrated proper testing of elliotis pine plywood.

The agreements reached in the settlement were set out in a ruling issued on 23 May by the US District Court for the Southern District of Florida in Fort Lauderdale and came into force on 31 May. This verdict put an end to litigation that had been ongoing since early September 2019 between PFS-Teco and the Coalition, which was founded by the US plywood manufacturers Coastal Plywood Co., Freres Lumber Co Inc., Hardel Mutual Plywood Corp., Hunt Forest Products LLC, Murphy Co., SDS Lumber Co., Scotch Plywood Co. Inc., Southern Veneer Products, Southern Veneer Specialty Products LLC, Swanson Group Inc. and Veneer Products Acquisitions LLC.

Back then, the Coalition filed a lawsuit against the two testing institutes PFS-Teco and Timber Products Inspection Inc., based in Conyers, Georgia, and against International Accreditation Service Inc. (IAS), based in Brea, California. The Coalition claimed that the two testing institutes had falsely confirmed compliance with the specifications laid down in the PS 1 standard by a total of 30 Brazilian plywood manufacturers. As a result, these manufacturers, who operate 35 mills in the states of Paraná and Santa Catarina, were able to export their products



Brazilian Elliotis pine plywood

(Photo credit: Repinho)

to the US as "PS 1-09 compliant" and sell them there as structural plywood. In a series of tests carried out already in June 2018, the industry association APA-The Engineered Wood Association, headquartered in Tacoma, Washington, found that a large proportion of the Brazilian plywood tested did not achieve the technical values required by the standard. A series of tests commissioned by the Coalition in June 2019 had yielded similar results.

In early June 2020, the Coalition filed an injunction with District Court Judge Roy Altman demanding the revocation of all PS 1 certificates issued by PFS-Teco and TPI to Brazilian plywood manufacturers. At virtually the same time, a product advisory was sent to plywood importers, distributors and associations via the law firm Haglund Kelley LLP, based in Portland, Oregon, warning against importing and processing low-quality plywood from Brazil. The court rejected a motion to dismiss the case filed by PFS-Teco and TPI in early March 2021. IAS had already reached a settlement with the Coalition, while TPI

dropped out of the case via a settlement later in 2021.

The parties to the proceedings and other stakeholder representatives have different views about the possible ramifications of the settlement and court decision for the import and use of elliotis pine plywood. What is clear is that Brazilian plywood manufacturers previously certified by PFS-Teco have only been allowed to supply their products to the US as "off-grade" since 31 May. Now that TPI and PFS-Teco have halted certification, the companies in question can apply for certification with other testing institutes, although this will take some time. Stakeholders have different opinions about the fate of plywood with PS 1 certificates delivered to the US by 31 May. Brazilian manufacturers assume that this plywood can continue to be used as structural plywood. However, the Coalition believes that product markings based on these certificates must be made unrecognisable; the affected plywood can thus only be used in the non-structural sector. □

Latvia supplied three quarters of the EU total in the first half of 2022

US experienced another increase in OSB imports from the EU

The US experienced another upturn in OSB imports from Europe in the second quarter of 2022, even though framework conditions are becoming increasingly difficult and prices are falling sharply.

Imports from the EU-27 soared by 89% in a year-on-year comparison to 209,538 (April-June 2021: 110,665) m³; the value of these imports leapt by 71% to US\$90.7m (53.0m). Latvia again more than doubled its deliveries, which leapt by 128% to 143,846 (63,223) m³. Romania's shipments were 34% higher at 55,455 (41,465) m³. However, foreign trade statistics from the US Department of Agriculture's Foreign Agriculture Service (FAS) did not show any OSB imports from Romania between January and March. Ireland's second-quarter imports jumped by 51% to 7,442 (4,920) m³. Germany delivered 2,205 (76) m³, which was less than in the first quarter (3,157 m³). Prior to then, Germany had not delivered any significant amounts of OSB to the US for a long time.

US imports of OSB from the EU-27 had soared even more sharply in the first quarter, leaping by 129% to 111,179 (48,487) m³. Latvia had supplied 98,898 m³ and Ireland 8,800 m³ of this sum. The FAS statistics indicate that imports from the UK were exactly the same in both quarters at 11,065 (0) m³, suggesting a statistical inaccuracy.

Shipments from the CIS region rose by 36% to 47,937 (35,174) m³ in the second quarter, despite the start of sanctions; the value of these imports edged 2% higher to US\$17.1m (16.7m). The US imported 26,452 (16,222) m³ from Russia and 21,485 (18,887) m³ from Belarus. The CIS countries had supplied only a slightly smaller quantity of 44,488 m³ in the first three months of the year.

OSB imports from South America quadrupled from the first (2,525 m³) to the second quarter; imports were also much higher than the previous year's low sum at 10,509 (832) m³. With shipments of 8,860 (0) m³, Chile overtook Brazil, which doubled

its second-quarter deliveries compared to the previous year to 1,649 (832) m³. The FAS statistics reveal that deliveries from East Asia fell by 43% to 3,974 (6,936) m³ in the second quarter, with China being the only country to provide deliveries.

Altogether, US OSB imports climbed by 20% to 1.839m (1.536m) m³ in the second quarter. However, the value of these imports was 14% lower at US\$ 1.184bn (1.374bn) due to falling prices in a year-on-year comparison. Deliveries from Canada did not grow as much, with volumes increasing by 13% to 1.556m (1.383m) m³. Canada's share of total imports decreased again to 84.6% (90.0%) as a result. Canada accounted for 97.5% of imports in 2020, but 88.1% in 2021. The US's northern neighbour had a share of 89.0% in the first quarter with 1.379m m³. Total volumes were 7% higher than the previous year at 1.549m m³.

The US imported 19% more OSB in the second quarter than it had in the first three months. Looking at the first six months combined, imports were up 14% at 3.388m (Jan.-June 2021: 2.982m) m³. Shipments from Canada increased by 6% to 2.935m (2.770m) m³, which was less than half of the increase in overall imports. Conversely, imports from the EU-27 and the CIS states more than doubled. The FAS statistics show that imports from the EU-27 reached 320,717 (159,152) m³. Latvia, which was responsible for about two thirds of EU imports in the same period last year, has already boosted its share to three quarters with 242,744 (102,458) m³. In doing so, Latvia has already shipped more to the US than it did in all of 2021 (241,179 m³). Imports from Romania improved by 10% to 55,455 (50,376) m³. Russian shipments soared to 52,588 (21,318) m³, almost catching up with Romania. The next largest overseas suppliers in the first half of the year were Belarus (39,837 m³), the UK (22,130 m³) and Ireland (16,242 m³). □

USA: OSB imports January - June 2022

in m ³	Jan - June 2022	Jan - June 2021	Jan - June 2020	2022/2021 in %	2021/2020 in %
North America	2,935,039	2,770,203	2,408,221	+ 6	+ 15
Canada	2,935,019	2,770,125	2,408,221	+ 6	+ 15
EU-27	320,717	159,152	42,921	+ 102	+ 271
Latvia	242,744	102,458	26,874	+ 137	+ 281
Romania	55,455	50,376	8,380	+ 10	+ 501
United Kingdom	22,130	0	0	n.a.	n.a.
CIS	92,425	40,270	25	+ 130	n.a.
Russia	52,588	21,318	0	+ 147	n.a.
Belarus	39,837	18,887	25	+ 111	n.a.
Total	3,387,936	2,981,570	2,451,667	+ 14	+ 22

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

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

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Speculation in a Reuters' news report drove up price for West Fraser's share

Confusion over alleged takeover bid for West Fraser from CVC and Kronospan

The Canadian wood-based panel and sawnwood manufacturer West Fraser Timber Co Ltd, headquartered in Vancouver, British Columbia, has not received a firm takeover offer from the private equity company CVC Capital Partners, based in London, and the Kronospan Group.

The company clarified this point in a statement issued on 19 July 2022. According to West Fraser, there are no ongoing discussions regarding the terms of any such transaction, either. However, the company acknowledged that meetings have taken place with CVC Capital Partners and representatives of the Kronospan Group, which is described as an existing shareholder. West Fraser did not go into detail about what these meetings discussed. The news agency Reuters had previously reported that CVC and Kronospan were planning a joint bid to acquire West Fraser. Both companies had informed West Fraser's management team that they were interested in concrete talks. Further details were not included in the Reuters report, which was

published shortly before North American stock exchanges opened for trading.

Speculation about a possible joint takeover bid has significantly boosted the price of West Fraser shares on the Toronto and New York stock exchanges. The price on the TMX exchange rose from a closing price of CAD107.94/share on 18 July to CAD132.9 after trading opened. After West Fraser's statement, the share price briefly dipped below CAD120 but then closed at CAD123.83 (+14.7%) after a slight recovery. On the NYSE, West Fraser's share price of US\$102.6 also came within a whisker of its 52-week high. The close at US\$96.20 was 15.5% higher than the previous day's close of US\$83.24. In both cases, West Fraser's share price showed some ups and downs over the following weeks. On 9 September, the share closed at CAD111.18 on the TMX and at US\$85.40 on the NYSE.

Kronospan spent about CAD904.8m to acquire 8,200,394 shares in West Fraser between April 2021 and the end of June through its affiliates Banasino Investments

Ltd, based in Nicosia, Cyprus, and ECCM Bank plc, headquartered in Sliema, Malta, in several transactions. The shares in West Fraser acquired by Banasino Investments directly or indirectly via ECCM Bank were assigned to its parent company, the Luda Foundation, which is currently West Fraser's second-largest shareholder after James Allen Pattison.

The Kronospan Group currently has two production facilities in North America, located in Eastaboga, Alabama and Shipperville, Pennsylvania. The Eastaboga site makes adhesive/impregnating resins, MDF/HDF, particleboard, melamine-faced wood-based panels and laminate flooring. The Shipperville plant focuses on manufacturing MDF/HDF and laminate flooring. In recent months, Kronospan has also firmed up longstanding plans to enter the OSB production business. A project of this kind could come to fruition in Eastaboga or at a new location. According to sources in the North American OSB industry, Kronospan has most recently examined possible locations in the south of the US, including Texas.



North American OSB mill of West Fraser

(Photo credit: West Fraser)

CVC Capital Partners was spun off from the London-based Citicorp Venture Capital division of Citicorp in 1993. The private equity company currently has assets under management (AUM) of around €125bn through various funds. Its business is divided into six areas: Europe & Americas, Asia, CVC Growth, Strategic Opportunities, Secondaries and Credit. The investments cover a relatively broad range of industries. In the wood-based panel sector, CVC Asia invested in the Chinese wood-based panel and laminate flooring manufacturers Plantation Timber Products (PTP) and Asia Dekor Holdings Ltd with stakes acquired in September 2006 and March 2008, respectively. In the building materials trade, CVC Europe acquired Stark Group A/S, based in Frederiksberg, Denmark, at the beginning of May 2021. □

Delays encountered in projects in Czarna Woda, Casteljalous, and Gromadka

Another 11% growth registered in Steico's insulation output in 2021

In its business year 2021, Steico SE of Feldkirchen, Germany, increased its total output of insulation materials by 11.0% against the year before to 390,830 t (2020: 352,160 t).

105,664 t (86,947 t) were manufactured on the two dry systems for solid insulation boards at the Czarnków plant in Poland, exceeding the previous year's figure by 21.5%. The output of the seven wet systems for solid insulation increased 8.5% to 187,618 t (172,291 t). Four plants are installed in Czarnków and three in Czarna Woda, Poland. Flexible insulation mats and air-injected insulation made of wood fibres can be made in the dry process on a total of five plants, three of which are in Czarnków and two in Casteljalous, France. Czarnków also has two plants for cellulose air-injected insulation. The total output of flexible insulation mats and air-injected insulation rose by 4.5% to 87,373 t (83,632 t). In the business report published at the beginning of May, Steico gave a 17.5% higher production volume for other insulation materials at 10,175 t (8,660 t).

By means of expansion investment measures at the existing sites in Casteljalous and Czarna Woda as well as the greenfield project at the new location in Gromadka, Poland, Steico continues to enlarge its capacity for producing insulation. The dry plant for solid insulation boards set up in Casteljalous started up at the end of June. The wet system installed in Czarna Woda is scheduled to start up in the third quarter. Both projects are thus several months behind the original plans; production was originally scheduled to commence in the second half-year 2021. According to Steico, the schedule for the project in Gromadka will not be able to be kept either. At the time the final decision was made to go ahead with the investment at the beginning of March 2021, the company had envisaged starting production by the end of 2022. After the delays that have



Building activity at the new Steico site in Gromadka

(Photo credit: Steico)

occurred in the meantime, commissioning will probably not be able to begin until some time in 2023.

No major investment projects exist for the other production areas at the moment. As such, the development in output is going to be governed mainly by market activity. The recovery of the markets in the UK enabled I-joist production on the plant installed in Czarnków to be boosted by 32.5% to 12,409 m³ (9,366 m³). Laminated veneer lumber (LVL) and hardboard from the Czarna Woda works are amongst the preliminary products used. The two LVL plants had a total output of 139,549 m³ (130,562 m³) last year, surpassing the previous year's figure by 6.9%. The output of the two hardboard plants remains slightly short of the previous year's level at 23,423 t (23,511 t).

Influenced by the corona crisis, Steico had only achieved growth in insulation in its business year 2020. At that time, the total output had risen by 10.2%. LVL production was down by 2.7%. Clearly

double-figure reductions were recorded for hardboard (-18.0%) and I-joists (-22.7%). In the business year 2019, the output of hardboard had fallen even more sharply by 21.7%. The total output of insulation materials was increased by 8.5%. Steico had achieved double-figure growth rates in I-joists (+25.1%) and LVL (+18.7%) in its business year 2019.

Owing to the price increases pushed through during the course of last year, Steico's sales revenue and key performance figures for its business year 2021 rose even more sharply than the output and sold volumes. As provisionally reported in mid-February, sales revenue rose by 25.7% to €388.2m (€308.8m). With growth of 28.9%, total operating performance rose even more sharply to €395.6m (€306.9m). EBITDA was up by 60.1% to €91.3m (€57.0m); EBIT was more than doubled at €67.6m (€33.6m). In terms of total operating performance, the EBITDA margin was 23.1% (18.6%) and the EBIT margin 17.1% (10.9%) □

New plant in Tortosa to produce 720,000 m³



(Photo credit: Kronospan)

Construction work on the particleboard plant planned by the Kronospan group in Tortosa, Spain, is still on schedule. Kronospan had announced the project jointly with representatives of the Catalan regional government at the beginning of October 2021. The Comisión territorial de Urbanismo de las Terres de l'Ebre authorised the transformation of the areas into industrial premises in December. Building work of the currently 254,000 m² site started at the beginning of January 2022. After preparatory earthworks, work on building the production halls and warehouses began in February. The foundations for the frontend systems and the forming/pressing line were also concreted in spring. Assembly of plant and machinery is currently underway.

Commissioning is scheduled for the end of 2022; the plant is then to be taken up to full capacity by the middle of 2023. According to a recent release by Kronospan, the particleboard line is geared to a production capacity of around 2,000 m³/day; this should enable an annual output of roughly 720,000 m³. Up to 100% recycled wood is to be used as raw material. The emphasis is on old-furniture material supplied to Kronospan by external service providers and processed at the site. A roughly 40 m high cleaning tower is being built for preparing the recycled wood.

In a second step of the investment project, Kronospan intends to set up an OSB line at the Tortosa facility. This second line will raise the cost of investment from roughly €250m planned for the particleboard works to over €450m. Preliminary planning for the OSB line has already begun. The markets in Spain and Portugal are to be supplied from the plant initially geared to an annual capacity of around 360,000 m³. Exports to North Africa are also planned. □

Panneaux d'Algérie produces first board

Following several delays, the first North African MDF/HDF plant with a continuous press has been started up. On 12 March 2022, Panneaux d'Algérie S.à.r.l., which belongs to Algerian conglomerate Bigstar S.à.r.l., Annaba, produced the first board at the plant, which was erected at the El Tarf site.

With this project, the Bigstar Group, which was previously active in the area of wood-based panels exclusively as an importer, has now entered production. After the investment decision had already been made some years ago, in June 2017 the company ordered a complete MDF plant from Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), which belongs to Dieffenbacher GmbH Maschinen- und Anlagenbau. At that time, the order had included wood preparation, refiner, dryer, forming sta-

tion, forming line, the entire finishing line with diagonal saw, star cooler and destacking unit as well as a short-cycle press. The continuous press installed was a 6 ft x 14.5 m CPS+ manufactured at Dieffenbacher's main plant in Eppingen. According to information available at the time, this concept was intended to achieve a production capacity of 250 m³ per day, or just over 80,000 m³ per annum. Commissioning had been scheduled for December 2018. Following delays, however, assembly work was not started until the second half of 2019, and production was subsequently scheduled to begin in August 2020. But this new schedule also could not be adhered to; Turkish engineering and assembly company Patent Mühendislik Makina Ins. San. Tic. Ltd. Sti., Gebze, did not complete most of the mechanical installation until the end of July 2020. The pandemic was already causing further delays by this time, and these persisted throughout the entirety of 2021. □

Mercedes-Benz plans to use old Kronospan site



Former Kronospan site (Photo credit: Panattoni Europe)

The project developer Panattoni Europe wants to build an International Consolidation Centre (ICC Bischweier) for Mercedes-Benz AG on the site of the old Kronospan particleboard mill in Bischweier, Germany. The ICC Bischweier will be designed to serve as a central supply point for Mercedes-Benz production sites. In addition to clustering and consolidating deliveries, the ICC will also preassemble vehicle components and commission upstream products. The built-to-suit building will have a total floor space of around 130,000 m² and will thus cover a good half of the total site area of around 250,000 m². The site of the old sawmill will be used for parking.

Panattoni Europe had secured the old Kronospan site in mid-2021 and subsequently embarked on project planning work after a bidding process that began in autumn 2019. Ownership will be transferred from the Kronospan Group to Panattoni Germany Properties GmbH, based in Hamburg, once the final contracts are inked. Kronospan dismantled the production machinery left on the site by the first quarter of 2022. Equipment included the multi-daylight press commissioned in 1969, which Kronospan had shut down prior to commissioning its new continuous press in the summer of 2003, a tandem short-cycle press, a vertical laminating press as well as a cut-to-size saw newly installed by Kronospan in 2005. Panattoni Europe has subsequently begun to dismantle the buildings, most of which date back to the 1960s. Over the last few months, the four wood chip and shavings silos and parts of the production halls have been demolished. Work is currently at a standstill, with the remaining buildings to be removed over the winter. □

Kastamonu orders for replacement project

The Turkish wood-based panel and building part manufacturer Kastamonu Entegre Agac San. ve Tic. A.S., based in Istanbul, fleshed out longstanding plans for a project to replace technology at its main site in Kastamonu during the second quarter of 2022. Its current particleboard line there can make approximately 220,000 m³ per year using a seven-opening press delivered by Siempelkamp Maschinen- und Anlagenbau GmbH in 1975. This technology will be replaced by a continuous production line in 2023. The new line will be installed at a site outside the city, where Kastamonu has already operated an MDF/HDF line since 2008. This line had been equipped with a lightweight board package as part of a modernisation project carried out in the first half of 2021. The old site in the city will be

abandoned upon the commissioning of the new particleboard mill.

The project to replace the multi-opening line in Kastamonu was originally supposed to take place in parallel with a similar project at the Samsun particleboard mill. However, the firm decided not to carry out the two projects at the same time during preparatory planning work. The technology ordered for the Samsun project in December 2019 was installed in 2020, and the first piece of board was produced at the end of February 2021. Based on the experience gained in Samsun, a similar concept was implemented when planning the Kastamonu plant, which was completed during the last few months. The main technology was ordered at the beginning of May via GIM Export Group GmbH & Co KG,

based in Göttingen. Delivery is set to start in December, with commissioning scheduled for September 2023.

In keeping with the project in Samsun, Siempelkamp will deliver the forming and press line with a 7 ft x 37 m ContiRoll press. The order also includes various pieces of downstream technology, such as cooling/stacking systems, large board storage and a sanding line. The sanding machine will come from Steinemann Technology AG. Vyncke Energietechnik N.V. will supply the energy system, as it did in Samsun. A short-cycle press ordered in July 2021 from Wemhöner Surface Technologies GmbH & Co. KG is to be installed to process the particleboard made there. This press was originally intended for its Russian MDF/HDF and laminate flooring plant in Alabuga, Tatarstan, but it cannot be delivered to Russia due to EU sanctions in place since April. □

Starwood thin MDF/HDF line commissioned

The Turkish particleboard and MDF/HDF manufacturer Starwood Orman Ürünleri Sanayi A.S., based in Inegöl, Turkey, made the first piece of board using a thin MDF/HDF line installed in Inegöl-Hamzabey on 28 June. The 70 MW energy plant and the refiner had been commissioned back in mid-June. Siempelkamp Maschinen- und Anlagenbau GmbH was the main technology provider. Placed in January 2021, the order included a fibre dryer from Büttner Energie- und Trocknungstechnik GmbH, glue dosing with an Ecoresinator unit, a Starformer scattering station optimised for thin board production, an 8 ft x 28.8 m ContiRoll press and a finishing line designed for masterboard. SHW Storage & Handling Solutions GmbH supplied a variety of conveyor and storage systems. Anthon GmbH Maschinen- und Anlagenbau provided the finishing technology. The project also integrated a sanding machine from Steinemann Technology AG. Starwood placed the orders with Siempelkamp, SHW, Anthon and Steinemann via GIM Export Group GmbH & Co KG, based in Göttingen, which was also responsible

for funding the project in cooperation with Turkish banks. Starwood ordered other plant components directly. The chipper came from China. Andritz AG supplied the 54/60-1CP refiner. The energy plant was purchased through the Turkish machinery and plant manufacturer Bersey Sinai Ve Tibbi Cihazlar Imalat Ve Tic. Ltd Sti, headquartered in Istanbul-Sefaköy.

The thin board line was set up at its second location, which is about 10 km away from Starwood's main mill and which, until now, has mainly been used for wood preparation. Starwood will next install an MDF/HDF line for thicker board there in the coming months. This technology was ordered from Dieffenbacher GmbH Maschinen- und Anlagenbau in July 2021. Dieffenbacher has since delivered the majority of the technology to Inegöl; assembly is to start shortly. Commissioning was actually planned for the end of 2022 but will likely be pushed back until the first quarter of 2023. Starwood runs five continuous production lines, three making particleboard and two making MDF/HDF, at its main plant. □

Meditate Smartply's sales raised by half in 2021

The "Meditate Smartply" division of Coillte Teoranta achieved significant growth in sales revenue in its business year 2021. At €283.7m (2020: €185.6m), the previous year's figure was surpassed by roughly half (+53%). In contrast, uncertainties connected with the approaching Brexit and the effects of the corona crisis had led to losses in sales revenue in the business years 2019 (-2%) and 2020 (-10%).

The reductions at that time were attributable to unfavourable development in Ireland as well as in the UK. Sales revenue generated in the last business year in the UK rose by roughly two thirds, however, to €176.7m (€106.6m), exceeding the €139.7m achieved in 2018 by 27%. The losses from the two preceding years were compensated for in Ireland, too. At €30.4m (€21.5m), the growth turned out to be lower than in the UK both a year earlier (+41%) and 2018 (+9%). In the "Rest of the World" region, the ongoing growth for some considerable time now continued in the past business year. Sales revenue was 33% higher than a year earlier at €76.5m (€57.5m). □

EcoReFibre aims for recycling proportion of 25%

The consortium ecological solutions for recovery of secondary materials from post-consumer fibreboards (EcoReFibre), founded by 20 cooperation partners, intends to develop processes for the recycling of used MDF/HDF products via an EU-funded research project. In a first step, the volume of post-consumer MDF/HDF is to be determined by means of a market study.

Technological research goals include the development of sorting processes for separating MDF/HDF products from used wood as well as a reactor for fibre digestion and adaptation of the defibration process used in the MDF/HDF industry to date. The fibres generated in this process are to be used to produce new MDF/HDF or wood-fibre insulation boards; possible alternative applications are also being examined.

The aim is to replace up to 25% of the fibre requirement with recycled fibres. The research project, which was launched with a kick-off meeting held on 18 and 19 May 2022 in Uppsala, Sweden, is scheduled to run for four years until the end of April 2026. The EU Commission will fund the project with €12m through the Horizon Europe programme.

Of the 20 cooperation partners, six are from the research sector. Additionally involved are six associations and organisations, three machine/plant manufacturers, three wood-based panels manufacturers, recycling group Veolia S.A. and three other partners. From the mechanical engineering sector, in addition to Dieffenbacher, Italian companies Biesse S.p.A. and Cormatex s.r.l. are involved. The companies from the wood-based panels industry are Sonae Arauco S.A., Homanit GmbH & Co. KG and Soprema S.A.. □



EcoReFibre Kick off meeting (Photo credit: EcoReFibre)

VMG: production debut in particleboard flooring



VMG particleboard mill (Photo credit: Siempelkamp)

In the second quarter of 2022, the particleboard manufacturer AB Klaipėdos Mediena belonging to UAB Vakarų Medienos Grupe (VMG) of Klaipėda, Lithuania, began producing particleboard flooring at the particleboard plant it had put into operation in Akmenė at the end of July 2020. These boards are manufactured as "VMG Lignum Board Floor" in the specifications P4, P5, P6, and P7. The required product tests and certifications were completed by the Research Institute of Sweden AB (RISE) of Gothenburg in mid-February 2022. The particleboard flooring is available in thickness of 18, 20, 22, and 38 mm, in widths of 300-1,200 mm, in lengths of 1,200-3,000 m, and as TG4, TG2, or sharp-edged. Klaipėdos Mediena's construction board range also covers the product lines "VMG Lignum

Board Wall", "VMG Lignum Board Ready to Paint" and "VMG Lignum Board Decor Wall". In the medium-term, up to 200,000 m³ of flooring and wall panels are to be produced at the Akmenė particleboard works, geared to an annual capacity of approximately 660,000 m³.

The entry into particleboard-flooring production is the first step in setting up the new "Engineered Wood Products" division that VMG Group had been preparing since 2020. A plant for LVL and I-joists built alongside the particleboard works is to be put into operation later on this year. The LVL capacity it said to amount to around 120,000 m³; the planned output of I-joists is up to 15m m. The next steps in VMG Group's investment plans involve creating the means for producing cross-laminated timber (CLT) and gluelam timber. The CLT plant is said to have an annual capacity of around 100,000 m³; roughly 10,000 m³ are envisaged for the output of gluelam. The additional plant and machinery for construction products will be set up on a 16 ha plot alongside the particleboard works. According to earlier information, VMG Group intends to invest around €150m in the various projects. Roughly 300 new jobs will be created. □

EPF has outlined five strategic priorities

The European Panel Federation (EPF) wants to organise its work over the next few years around five strategic priorities agreed upon at a meeting of members held in November 2021. The EPF presented its rather broad priorities to a wider audience at its Annual General Meeting, which took place in Ghent, Belgium, from 29 June to 1 July. The five priorities - Role Model Industry, Climate, Wood Supply, Harmonisation and Regulation - address several problem areas that have become more important to the wood-based panel industry, especially in the past two years. The spotlight is on the future supply of wood, which is being hindered by the ever-increasing use of wood to generate energy and the demise of the cascade use approach

established in recent years. Within the areas of harmonisation and regulation, the EPF is seeking uniform regulations throughout Europe. Regulations on formaldehyde and VOC emissions are still the most crucial issue here. The EPF initially focused on eliminating emission class E2 with its Compulsory E1 initiative in recent years. It has now turned its attention to establishing a new emission class below E1. The Climate and Role Model Industry priorities primarily target possible contributions that the wood-based panel industry can make to coping with climate change. The EPF wants to work towards greater use of wood-based panels that capture CO₂ in wood products that are used for a long time and can also be recycled. As a role model industry, the wood-based panel sector should point the way forward for other industries. □

Three major projects in Russia were stopped

As expected, the fifth sanctions package adopted that the Council of the European Union adopted against Russia on 8 April has had an impact on investment activity within the Russian wood-based panel industry, as well.

Exports of machinery and plants to make wood-based panels, which had already been hampered by stricter dual use limitations, and of spare parts and wear-and-tear parts from the EU were largely banned upon the expansion of these sanctions. Deliveries via third countries, such as Turkey and China, were still an option for a few components. However, implementing major projects with European machinery and plant suppliers is no longer feasible. Engineering, project financing, payments, transport logistics and assembly/commissioning remain challenging areas severely hindered by the stricter sanctions.

The majority of the investment plans in Russia that had been prepared or already launched in recent months had to be postponed or halted altogether as a result. Three major projects involving Central European wood-based panel groups are among those affected, namely Swiss Krono Group's plans to install an OSB line in Sharya, Kostroma Oblast, Egger's preparations to replace technology at its particleboard mill in Shuya, Ivanovo Oblast and Kronospan's work to add a thin MDF/HDF line to its particleboard mill in Elektrogorsk, Moscow Oblast. All three projects had been at a fairly advanced stage. The OSB line for Swiss Krono was supposed to be delivered starting in April. Egger and Kronospan had already placed the main orders. It is considered unlikely that the projects will be revived any time soon, given the likelihood of long-lasting restrictions. Alternative uses now have to be found for the machinery and plants placed in storage in some cases. Kronospan intends to complete a project to add a new particleboard line in Lyudinovo, Kaluga Oblast, largely on schedule. This project uses a forming and press line from the Chinese technology provider Dunhua Yalian Machine Co. Ltd., headquartered in Jilin. □

CalPlant to complete sales process by September

To fund ongoing operations, straw-based fibreboard manufacturer CalPlant I LLC and superordinate CalPlant I Holdco LLC (both Willows, California) have concluded another debtor-in-possession (DIP) financing for the amount of US\$15m. The application, filed in mid-March 2022, was approved by the US Bankruptcy Court of the District of Delaware at the end of the first quarter. Taking into account the amount of US\$37.4m, received in two tranches of US\$7.2m and US\$30.2m in October and November respectively, this brings total DIP financing since the start of the chapter 11 proceedings to US\$52.4m.

In the petition filed with the bankruptcy court, CalPlant assumed that the newly received funds would allow the company to continue operations until the end of September. In the first eight months of the chapter 11 proceedings, the company had to report operating losses of between US\$4.8m and US\$6.7m. Due to high extraordinary write-downs, the loss in November (US\$18.6m) was even considerably higher.

The new DIP financing is also intended to stabilise the production process. Already in January, the company had increased press availability to 65-70% by modifying the material infeed at the two refiners; according to CalPlant this represents a clear improvement compared to the 40-50% achieved in the fourth quarter. In mid-February, however, refiner damage led to restrictions in fibre production. To repair the damage, one of the two refiners had to be temporarily taken out of production. Repair work was subsequently completed by the end of the first quarter.

Due to these ongoing difficulties, the intended sale of CalPlant had in the meantime been postponed. The sales process was intended not to be resumed until after conclusion of repair work on the second refiner, which had also been necessary, and stabilisation of the overall process in early July. The deadline for submitting takeover bids is expected to terminate in the week ending 23 September, almost a year after the chapter 11 proceedings were opened. □

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Tafisa Canada investing further in Lac-Mégantic

The particleboard manufacturer Tafisa Canada Inc. belonging to Sonae Industria SGPS S.A. of Maia, Portugal, is aiming to further enlarge its production capacity for TFL boards by installing a sixth short-cycle press at its headquarters in Lac-Mégantic, Québec. The start-up of the new plant, which is said to be capable of embossed in register (EIR) as well, is scheduled for autumn 2023. Parallel to this, Tafisa Canada also wants to enlarge its storage capacity for finished products. Besides melamine-laminated particleboard, the company has also been able to produce high-gloss/matt lacquered boards since the third quarter of 2020 and marketed under the name of "Lumnia". As a supplement to the range of TFL and Lumnia products, Tafisa Canada has also been obtaining matched HPL laminates from Sonae Industria de Revestimentos S.A. (SIR) of Maia, which also belongs to Sonae Industria, since the third quarter of 2018. From Lac-Mégantic, the company also supplies foil-covered mouldings for producing fronts.

According to a release published at the beginning of July, Tafisa Canada wants to invest roughly CAD34m in the new short-cycle press and warehouse extension. Roughly CAD4m of this is to be provided by the "Investments in Forest Industry Transformation (IFIT)" scheme of Natural Resources Canada. Another CAD2.5m is being contributed by the "Essor" scheme of Investissement Québec. The construction of the HotCoating station installed in a new hall for producing Lumnia boards required a total investment of around CAD28m.

At the Lac-Mégantic facility, Tafisa Canada currently operates two continuous particleboard lines with a total annual capacity of around 900,000/m³, five short-cycle presses, and the HotCoating station. The most recent investments were the modernisation of the continuous press of Line 1 in spring 2020 as well as the installation of the coating plant. The company had completed its last expansion investment project in the coating segment in May 2016; like the new plant now planned, the fifth short-cycle press put into service at that time is also equipped for EIR. □

Roseburg examining MDF project on US West Coast

Following the closure of the Dillard particleboard plant in October 2021, the US forest group Roseburg Forest Products Inc. of Springfield, Oregon, is preparing a major investment project for a facility on the US West Coast. According to a release published on 14 June 2022, the company is currently performing a feasibility study for a new MDF plant or a bioenergy facility. The purpose of this project is to create value-adding possibilities for approximately 300,000 t of bone dry residual wood arising either at the existing Roseburg facility in Oregon or at external suppliers. The feasibility study is to run for the next few months; a decision is to be taken before the end of this year.

Roseburg Forest Products operates several production facilities in Oregon, among them the MDF plant in Medford, Oregon, three plywood plants in Dillard, Coquille and Riddle, an LVL plant in Riddle, and a sawmill in Dillard. Woodchips are exported to Asia as well via the company's own terminal in Coos Bay. The supply of wood to the plants is assured partly by roughly 400,000 acres of the company's own forest area in Oregon. □

Arauco to install third short-cycle press

Arauco North America Inc. of Atlanta, Georgia, wants to invest roughly US\$20m in enlarging the laminating capacity at the Grayling particleboard plant in Michigan that was put into operation in February 2019. According to a release published on 13 May 2022, the company is going to install a third short-cycle press. With the start-up scheduled towards the end of 2023, the thermally-fused laminate (TFL) capacity at the facility will rise by over 50%.

This will be the implementation of an investment project that Arauco has been pursuing for some considerable time, the plans for which were first announced by the company shortly after the plant opened for business.

Arauco currently operates two 5 x 20 ft short-cycle presses in Grayling, both of which were supplied by Wemhöner Surface Technologies GmbH & Co. KG. The laminated boards subsequently pass through a "Colour Brain" surface inspection system from Baumer Inspection GmbH. The raw boards are produced on a 10 ft x 52.5 m CPS+ geared to an annual capacity of 800,000 m³. □

Centuryply's new MDF plant to start up in October

The Indian wood-based panel and laminates manufacturer Century Plyboards Ltd. (Centuryply) of Kolkata, West Bengal, has begun assembling the thinboard plant supplied by the Dieffenbacher Group at its Hoshiarpur MDF works in Punjab, northern India. The start-up is currently scheduled for October 2022. The first production line put into operation at the same facility in mid-2017 was supplied by Dunhua Yalian Machine Co. Ltd. of Jilin, China. According to earlier information, this plant has a capacity of 600 m³/day or 198,000 m³/year. The original plan was to use a second plant from Dunhua Yalian for extending the facility. The order was prevented due to import restrictions arising from the trade dispute with China, however, says Centuryply. The company placed the order with Dieffenbacher in the first quarter of 2021. At that time, the company had been reckoning with a period of twelve months for installing the thinboard line geared to a capacity of 400 m³/day or 132,000 m³/year and thereby commence operation by the end of the business year 2021/2022 (31 March). The project is meanwhile several months behind the original schedule.

Centuryply has chosen another supplier for the construction of a second MDF plant at Gopavaram in Andhra Pradesh planned for the next step. The continuous production line with a production capacity of 950 m³/day planned for this project is being supplied by the Siempelkamp Group. As announced at the laying of the foundation stone on 23 December, the start-up is scheduled for the second half of the business year 2023/2024. □



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With better demand from the furniture industry, MDP sales recovered slightly

Brazilian composite panel markets stage a slight recovery during spring

Brazilian particleboard and MDF/HDF markets enjoyed somewhat of a recovery in the second quarter of this year after a downward trend in the second half of 2021 and the first quarter of this year.

However, shipments are still much lower in a year-on-year comparison. That being said, exports were higher than last year and in the first three months of 2022.

Statistics from the industry association Indústria brasileira de árvores (IBÁ), based in Brasília and São Paulo that are included in the latest quarterly report from Dexco S.A., headquartered in São Paulo, show that Brazilian particleboard and MDF/HDF manufacturers sold a total of 2.151m (April-June 2021: 2.314m) m³ in the second quarter, 7.0% less than in the last year. Domestic sales fell twice as much, slipping by 14.2% to 1.750 m (2.040m) m³. Domestic MDF/HDF sales dropped by 14.9% in a year-on-year comparison to 1.026m (1.205m) m³. Medium-density particleboard (MDP) sales did not fall quite as much, decreasing by 13.3%

to 724,000 (835,000) m³. In contrast, exports of MDF/HDF and MDP rose by 46.4% to 401,000 (274,000) m³.

Sales were higher than in the first quarter in all three categories. Domestic sales were down 18.3% at 1.660m (Jan.-March 2021: 2.032m) m³ in that period, according to figures since revised slightly by the IBÁ. This figure includes 1.046m (1.207m) m³ of MDF/HDF and 614,000 (825,000) m³ of particleboard. Exports increased by 23.3% to 365,000 (296,000) m³. Total sales were down 13.0% at 2.025m (2.328m) m³.

Comparing the first quarter with the second, Brazilian domestic sales rose by 5.4%, exports by 9.9% and total sales by 6.2%. The growth in domestic sales was entirely fuelled by particleboard, which reaped the rewards of better workloads in Brazil's furniture industry. Brazilian MDF/HDF sales dipped slightly again compared with the first quarter.

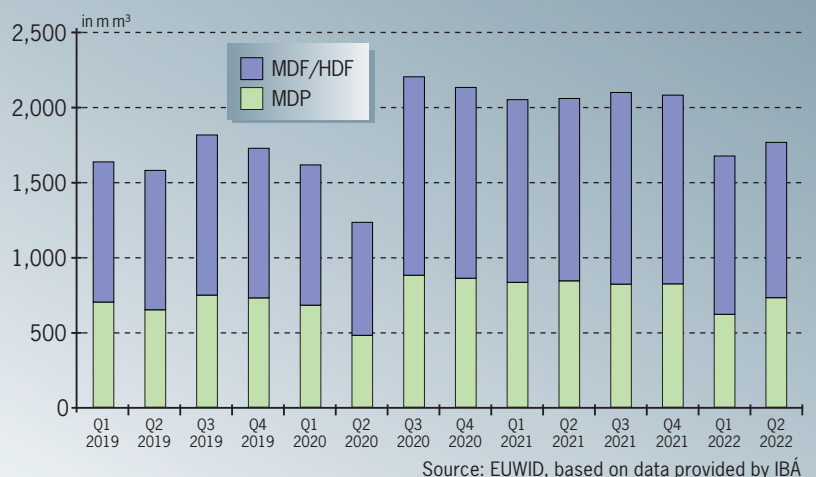
Some 2.071m (Jan.-June 2021: 2.413m) m³ of MDF/HDF and 1.338m (1.659m) m³ of MDP were sold in Brazil

during the first six months combined. The slow first quarter translated into a much larger downturn in particleboard sales (-19.3%) than MDF/HDF sales (-14.2%). All told, Brazilian MDF/HDF and particleboard sales stood at 3.409m (4.072m) m³, 16.3% less. Altogether, total sales were down 11.2% at 4.176m (4.642m) m³.

In the full year of 2021, the Brazilian wood-based panel industry sold 9.305m m³ of wood-based panels, 1.082m m³ or 13.2% more than in 2020. The domestic market performed much better than the export business, with an increase of 1.076m m³ or 15.1% to 8.214m m³. Exports were only slightly higher than in 2020 at 1.091m m³. IBÁ further broke down domestic sales into MDF/HDF and medium-density particleboard (MDP). These two product groups showed similar growth rates. Brazilian MDF/HDF sales were up 670,000 m³ or 15.7% at 4.927m m³, while MDP sales increased by 406,000 m³ or 14.1% to 3.287m m³.

An overview of the IBÁ figures contained in the latest annual report to be released by Dexco shows similar sales volumes in each of the four quarters. However, the rates of change compared to 2020 trended in opposite directions in the two halves of the year due to different baselines. Total sales volume rose by 22.2% to 2.328m m³ in the first quarter; an even bigger 59.9% growth to 2.314m m³ occurred in the second quarter due to a Covid-related downswing in sales in the same stretch in 2020. The third quarter brought the first year-on-year decline of 5.3% to 2.331m m³. Fourth-quarter sales volumes (2.332m m³) were practically at the same level but 3.4% lower than the prior-year period. Brazilian domestic sales volumes fell 2.4% to 2.062m m³. Exports were down 10.3% at 270,000 m³. □

Brazil: Domestic wood-based panel shipments



COMBINED SKILLS INTEGRATED SOLUTIONS

IN WOOD PANEL INDUSTRY



Gluing, quality control and complete plants solutions



Drying technology



Biomass and waste-to-energy solutions



Conveying and storage solutions



Wood preparation



Complete chipping and flaking lines



PANEL ALLIANCE

With selling siding activities, Dubrofsky family is focussing on Uniboard

Uniboard is preparing the final steps for the modernisation of Val-d'Or

In the second quarter of 2022, the Canadian wood-based panel and laminate-flooring manufacturer Uniboard Canada Inc. of Laval, Québec, placed orders for the plant and machinery for the third phase of the "Renaissance" modernisation project for the Val-d'Or particleboard plant in Québec.

Dieffenbacher GmbH Maschinen- und Anlagenbau has been engaged to supply the forming and pressing line as well as various upstream and downstream sections, such as the gluing station and the large-panel storage facility. With a width of 10 ft and a length of around 35 m, the CPS+ continuous press is said to achieve an annual capacity of around 500,000 m³. The order for the finishing section, comprising the sizing station, sanding line, stacking system, packaging plant, has been awarded to Anthon GmbH Maschinen- und Anlagenbau. Uniboard has placed the order for the sanding machine intended for the sanding line directly with Steinemann Technology AG.

Preparatory construction work begun in late summer this year. The machinery is to be delivered during the course of the second half-year 2023 and assembly is scheduled to start at the end of next year. Commissioning of the new plant is planned for early 2025. With an investment outlay of around CAD250m, the replacement of the forming and pressing line is the biggest stage in the modernisation of the Val-d'Or particleboard plant that has already been underway for several years. In a first step, Uniboard had renewed the wet-chip treatment and drying sections from 2015 to 2017 for a total of CAD53m. In the second step from 2018 to 2020, the dry-chip treatment section was updated at a cost of around CAD50m. Upon completion of the measures now planned, the value-adding section is to be extended as well; the final decision to go ahead with the investment



Dryer section in Val-d'Or

(Photo credit: Uniboard)

has yet to be taken, however. In order to create space for future expansion, the company has already been conducting negotiations for purchasing neighbouring plots of land since autumn 2021.

Uniboard has so far been manufacturing in Val-d'Or on an 8 ft-wide multiple-opening line with an annual capacity of around 360,000 m³. Besides the increase of almost 50% in capacity, the new plant is said to provide the means for improving quality as well as for increasing the spectrum of formats and thicknesses. Uniboard says increasing the board width from 8 ft to 10 ft provides a significantly wider range of sizing options. With the range of thicknesses of 6-44 mm possible on the new plant, the company also wants to enter the thin-particleboard segment.

At four facilities in Val-d'Or, Sayabec, Mont Laurier and Laval, Uniboard is producing particleboard, MDF/HDF, and laminate flooring. The last major investment projects were the replacement of the fibre dryer at the Mont Laurier MDF/HDF site

and the installation of another short-cycle press at the Sayabec particleboard plant. Uniboard is owned by the Dubrofsky family, who bought the activities from the former Pfeleiderer AG of Neumarkt, Germany, at the beginning of October 2012. With the sale of Kaycan Ltd. of Montreal, Québec, the Dubrofsky family will be concentrating on Uniboard and a number of other smaller investments.

On 31 May 2022, Compagnie de Saint-Gobain S.A. of Courbevoie, France, announced that it had signed a binding agreement for taking over Kaycan. Kaycan operates a total of twelve sites in the siding segment with 1,300 employees. Nine sites are located in Canada, three in the USA. In the business year 2021/2022, Kaycan reached sales of US\$472m and adjusted EBITDA of US\$83m; this gives an EBITDA margin of 17.6%. Canada accounts for a little over half of the sales revenue; the rest is generated in the USA. Once the conditions precedent have been fulfilled, Saint-Gobain wants to conclude the take-over by the end of 2022. □

After commissioning of the new Lages plant, sales are expected to increase by 30 %

Berneck is planning to double particleboard capacity in Curitiba

Following the completion of the MDF/HDF plant and sawmill at the new location in Lages, Santa Catarina, the Brazilian wood-based panel and sawnwood manufacturer Berneck S.A. Painéis e Serrados of Araucária, Paraná, has already given concrete shape to the next investment project.

By means of an extension of the frontend, the annual production capacity of the particleboard plant at the Curitiba facility in Santa Catarina, meanwhile given as around 440,000 m³, is to be doubled in future. Berneck had already planned for this extension option at the time of the construction of the plant, which commenced operation in February 2016. The final decision to go ahead with the investment was taken in December 2021. The plant extension is scheduled for completion by the middle of 2024. The cost of the investment is given as around BRL600m or roughly US\$115m. The project will result in approximately 70 new jobs.

In spring 2022, Berneck placed an order with Dieffenbacher GmbH Maschinen- und Anlagenbau for a power plant and a drum dryer for the planned expansion of the particleboard line. The order was channelled through the Dieffenbacher representative Inserco Industrie Service GmbH. The power plant is geared to an output of 84 MW. With a length of 36 m and a drum diameter of 7.8 m, the dryer achieves a throughput of 43t/hr with a material moisture content of 155%. Dieffenbacher says this is the world's biggest chip dryer ever delivered. According to Dieffenbacher, by extending the frontend, Berneck intends to increase the production capacity of the particleboard line from a good 1,300 m³/day to approximately 2,700 m³/day.

Due partly to corona-related restrictions, the construction of the new site in Lages took significantly longer than planned. The orders for the main items of plant and machinery were placed in the fourth quarter of 2018; at that time the company had envisaged starting production by the end of 2020.

In a first step, Berneck set up an MDF/HDF plant geared to 500,000 m³ and a sawmill with a production capacity of around 450,000 m³ of pine sawnwood. On a 99 ha plot of land, the company has built on an area of 105,000 m². The first MDF board was produced on May 4. The company expects to reach full capacity within the next two years. According to the latest information, the sum invested amounts to approximately BRL1,6bn or roughly US\$310.

With the new site, where some 800 employees work, the total capacity of around 2.400m m³ currently given for particleboard, MDF/HDF, and sawnwood rises by 40% to around 3.350m m³. At

the headquarters in Araucária and in Curitiba, Berneck currently operates a particleboard and an MDF/HDF line at each one; continuous presses are used in each case. The company also operates a sawmill at both facilities. For production of thermally fused laminate (TFL), Berneck is running four short-cycle presses, one of them in Araucária and three in Curitiba. In Lages, production is focused on raw MDF. In the medium term, Berneck intends to invest in a particleboard line in Lages as well.

Commissioning of the new Lages plant is expected to result in a material revenue contribution as early as in the current year. Berneck generated sales equivalent to some US\$660m in the 2021 financial year, according to company information. With the targeted increase of around 30 % this year, revenue is to develop towards US\$850m. A good two thirds of the revenue is generated on the domestic market; export has accounted for 30-35 % in each of the past two years. □



Curitiba plant

(Photo credit: Berneck)

Revenues increased by another 16% in the 2021/2022 financial year

PG Bison invested ZAR465m in major wood-based panel projects

The particleboard and MDF/HDF manufacturer PG Bison Ltd., which is headquartered in Johannesburg and part of the South African group KAP Industrial Holdings Ltd., invested ZAR465m South African rand in three major projects during the 2021/2022 financial year.

The company spent ZAR198m on modernising the front end of its eMkhondo particleboard mill in Mpumalanga (Piet Retief) in a project that was wrapped up in March 2022. Some ZAR348m had already been invested in this location in previous years, bringing total investments to ZAR546m. PG Bison is also set to spend ZAR1.875bn on installing a new MDF/HDF line at the complex over the next two years. The firm had devoted ZAR152m to preparatory work in the past financial year and has budgeted much higher sums of ZAR657m (2022/2023) and ZAR981m (2023/2024) for the next two years. Based on the latest plans, commissioning is scheduled for June 2024. PG Bison also earmarked another ZAR85m for finishing work in the 2024/2025 financial year.

The Boksburg MDF mill is to add a second HotCoating line and another short-cycle press in the coming months. Both projects were approved at the end of April 2021. The HotCoating line is set to be commissioned on schedule in October 2022, while the start date for the short-cycle press has been pushed back from the same time until March 2023. The firm's total budget of ZAR225m for both projects includes ZAR115m in 2021/2022 and ZAR31m in 2020/2021. The remaining ZAR79m is to be invested in the current financial year.

Altogether, PG Bison invested ZAR597m (2020/2021: 399m) in the past year, which was 49.6% more than the previous year. This included ZAR360m (86m) on new investments and increasing capacity and ZAR237m (313m) on replacement



Siempelkamp will supply the fourth ContiRoll line to PG Bison

(Photo credit: Siempelkamp)

and modernisation projects. All in all, KAP Industrial Holdings boosted its investments by 20.7% to ZAR2.194bn (1.817bn) in the past financial year.

PG Bison ended its latest financial year with another 16% upturn in revenues to ZAR4.876bn (4.197bn). According to KAP's latest annual report, its output climbed by 3%, with the increase in average sales prices having a much greater effect. On the other hand, the proportion of revenues from refined products fell by two percentage points to 67 (69) %, having risen by eight percentage points one year earlier. PG Bison blamed this slump on a greater focus on South Africa for market-related reasons, which had to be served primarily by local manufacturers owing to problems with international logistics. The resulting shift in supply streams also trimmed PG Bison's export revenues by 6%.

Price hikes instituted during the course of the year more than erased rising costs for the procurement of upstream products. Operating profits before financial items

jumped by 35% to ZAR831m (615m), resulting in a 17.0 (14.7) % margin. The margin had been much higher in the 2017/2018 (22.4%) and 2018/2019 (20.0%) financial years before tumbling to 10.1% in 2019/2020; it has since staged a gradual recovery. Production disruption caused by the Covid-19 pandemic had led PG Bison to book a downturn in revenues to ZAR3.208bn in 2019/2020. At that time, its operating profits also dropped to ZAR323m.

PG Bison is consolidated as part of KAP's Diversified Industrial division, which also includes the mattress and bedding manufacturer Restonic Pty. Ltd. and KAP Automotive Pty. Ltd., which does business under the Feltex brand. Both Restonic and Feltex posted falling revenues and earnings last year. Restonic's revenues decreased by 7% to ZAR1.612bn (1.731bn), while its operating profits dived by 73% to ZAR69m (254m). Feltex posted an 11% downturn in revenues to ZAR1.809bn (2.033bn), while its operating profits plunged by 77% to ZAR36m (156m). □

Three wood-based panels lines in Kocaeli have a capacity of approximately 1.1m m³

Yildiz Entegre acquired assets of Yildiz Sunta and ramped up production

After a protracted sales process, at the beginning of March 2022 Turkish company Yildiz Entegre Ağaç San. ve Tic. A.Ş. of Kocaeli completed the takeover of all remaining assets of Yildiz Sunta Orman Ürünleri Sanayi Tesisleri İth. İhr. ve Tic. A.Ş., based in İzmit, which has been insolvent since the beginning of 2019.

Corresponding plans had already been in place for a considerable period. Last year, Yildiz Entegre had already taken over a large proportion of Yildiz Sunta's accumulated liabilities. On this basis, Yildiz Entegre agreed with the official receiver on an early restart of the two MDF/HDF lines as well as several impregnation and laminating lines at the Yildiz Sunta plant, which had been shut down at the beginning of 2019. However, due to disagreements concerning repaid liabilities, the facilities had to be shut down again in autumn.

Yildiz Sunta discontinued all production activities in January 2019 in the course of bankruptcy proceedings. In the months that followed, the company tried to acquire new funds for resuming business, partly through talks with the Turkish government. These efforts finally failed at the beginning of May 2019. The 570 employees were consequently permanently dismissed. At the same time, the banks involved had initiated a sales process for the assets and real estate. A standstill agreement had been reached with creditors in parallel, which was subsequently extended several times.

At the Kocaeli site opened in the mid-90s, Yildiz Sunta had operated three continuous wood-based panel lines, one adhesive/impregnating resin production plant, four treaters, seven short-cycle presses and three laminate flooring lines. The production capacity of the three wood-based panels facilities was last stated by the company to amount to approximately 1.1m

m³ per annum. Of this, around 500,000 m³ was attributable to the two MDF/HDF lines and around 600,000 m³ to the particleboard line. All three lines were supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. The 8 ft x 23.5 m continuous press put into operation in 1996 was the first ContiRoll for MDF that Siempelkamp had supplied to Turkey. The second MDF/HDF plant with a 7 ft 55.3 m ContiRoll followed in spring 2006. In 2009, Yildiz Sunta also made its debut in particleboard production with a 7 ft x 42.1 m continuous press. In particleboard production, however, Yildiz Sunta had to struggle with wood-supply problems almost from the outset. Later efforts to set up a recovery system for recycled wood were also unsuccessful in the end. Owing to the ensuing economic problems, Yildiz Sunta had discontinued particleboard production indefinitely in 2017. The ownership rights were later transferred to Yildiz Entegre.

For its impregnating operations, Yildiz Sunta used three treaters made by Vits Technology GmbH as well as one from

Tocchio International. The short-cycle presses were supplied by Wemhöner Surface Technologies GmbH & Co. KG, the laminate-flooring equipment by Homag GmbH. Yildiz Sunta had begun producing laminate flooring in 2003. In a company presentation, Yildiz Sunta gave its annual laminate flooring capacity at approximately 20m m²; the laminating capacity used to be around 50m m².

Several companies from the wood-based panels industry had initially participated in the sales process. Companies such as Kastamonu Entegre Ağaç San. ve Tic. A.Ş. as well as the Kronospan Group had signalled their interest. However, Yildiz Entegre had already distinguished itself from the other interested parties at a relatively early stage. In addition to Yildiz Sunta's unresolved economic situation, the investigation initiated in November 2018 by the Turkish antitrust authority against a total of 13 wood-based panels manufacturers had also led to delays in the sales process. These antitrust proceedings were concluded in the first quarter of 2021. □



Wood supply was an issue at Yildiz Sunta's plant

(Photo credit: Yildiz Sunta)

Ernst & Young is conducting the sale / Concrete talks with investors are expected in fall

Ikea starts process of selling Russian particleboard mill and furniture plants

After temporarily suspending business activities in Russia and Belarus at the beginning of March 2022 and deciding to permanently exit these markets in mid-June, the Ikea Group has now started the process of divesting the facilities in question.

Specifically, the facilities put on sale are a particleboard mill doing business as Ikea Industry OOO in Veliky Novgorod, in Russia's Novgorod Oblast, along with three furniture plants in Veliky Novgorod, Tikhvin (Leningrad Oblast) and Vyatka (Kirov Oblast). The furniture plant in Veliky Novgorod mainly makes "Metod" kitchen furniture and "Pax" wardrobes out of melamine-faced particleboard from the neighbouring particleboard mill. The Ikea Industry Tikhvin OOO and Ikea Industry Vyatka OOO plants produce solid wood furniture. Ernst & Young was commissioned to conduct the sale process. Ikea Industry has not yet commented on the current status and the planned timeline.

According to unconfirmed reports from the Russian wood-based panel industry, concrete talks are to be held with investors interested in the particleboard mill in September or October. Several companies have allegedly signalled their interest. In addition to a sale, a plant swap is also conceivable, as has already happened in other industries. Ikea Industry's purported investment plans in Eastern Europe might also play a role here. Last year, Ikea Industry was said to be interested in Pfeleiderer Polska Sp. z o.o., based in Grajewo, Poland, which was put up for sale by Pfeleiderer Group B.V. & Co. KG, headquartered in Neumarkt, Germany. However, Kronospan Holdings plc, based in Nicosia, Cyprus, got the nod in May 2021. The review of this transaction under competition law has since encountered severe delays.

Ikea Industry did not want to comment on this speculation from the wood-based panel industry. Insiders in the wood-based panel and furniture indus-

tries deem the opportunities to sell its three furniture plants to be more difficult; one reason is that these factories specialise heavily in Ikea's portfolio of furniture.

Ikea had acquired the particleboard mill in Veliky Novgorod, designed to have an annual capacity of around 500,000 m³, from the firm then known as Pfeleiderer AG, headquartered in Neumarkt, Germany, at the beginning of 2013. An agreement to this effect was signed in mid-October 2012. In a separate transaction at that time, Ikea had also acquired an MDF/HDF project that Pfeleiderer had planned but not yet brought to fruition at the same site. However, the technology for this project was sold to the Turkish company Kastamonu Entegre Agac San. ve Tic. A.S., headquartered in Istanbul, in January 2015. The furniture plant built next to the particleboard mill went into operation in 2016.

Along with investing in its manufacturing assets, Ikea also significantly expanded its distribution logistics for the Russian market in recent years. The last major project was a distribution centre in Esipovo, Moscow Oblast, which was opened in July 2019. As the general contractor, Jungheinrich AG, based in Hamburg, built a 200 m long, 130 m wide and 45 m high warehouse under the terms of a contract awarded back in 2015, which involved installing a high-bay warehouse with around 210,000 pallet spaces.

Until 2018, Ikea Industry had run six wood-based-panel sites in Hultsfred/Sweden, Malacky/Slovakia, Lure/France, Orla/Poland, Kazlu Ruda/Lithuania and Novgorod. The particleboard plant in Lure was sold to P3G Industries S.A.S., based in Saint-Loup-sur-Semouse, France, at the beginning of 2019. □



Ikea Industry particleboard plant in Novgorod

(Photo credit: Novgorodinvest)

Particleboard line was damaged by an explosion and ensuing fire in mid-May

Ikea Industry resumed operations at Malacky mill earlier than expected

Ikea Industry Slovakia s.r.o. restarted its particleboard mill in Malacky, Slovakia, in early August after a two-and-a-half-month stoppage.

This shutdown followed damage caused by an explosion and subsequent fire in mid-May 2022. The restart of manufacturing went largely without a hitch, so the mill returned to capacity relatively quickly. As announced in June, production will initially be limited to standard particleboard and raw density-optimised particleboard ("BoBoard"). However, work to repair the flaker machines used to make large-format strands will take some time, so no "Lightweight board" can be produced for the time being. In June, Ikea Industry had felt that it might take until the first quarter of 2023 for lightweight board manufacturing to resume. A date before the year's end is now considered possible. The re-commissioning of the mill was also slightly ahead of schedule. At the end of June, Ikea Industry had anticipated resuming operations in the second half of August.

By concentrating on manufacturing standard particleboard, the Malacky mill is expected to be able to produce much more in the coming months than it would have by regularly switching from standard to lightweight board. In this case, the mill's annual capacity is stated to be around 325,000 m³.

The particleboard line in Malacky sustained significant damage from an explosion and the ensuing fire in the night from 16 to 17 May 2022. According to unconfirmed information, a dust explosion occurred near a conveyor belt for strands between the gluing section and scattering station towards 9 p.m. The resulting fire spread to upstream and downstream sections. The frontend buildings were also seriously damaged by the explosion and fire; parts of the exterior cladding were torn out as well. Some structural damage has also



Fire in the front end of the particleboard line

(Photo credit: Police Bratislava)

been caused. Forming and pressing line were largely unscathed. The fire services fighting the blaze were unable to get it under control until close to four o'clock in the morning.

The outage of the Malacky plant carried all the more weight because several of the buyers supplied by the particleboard site trading under the name of Ikea Industry OOO in Veliky Novgorod in Novgorod Oblast, Russia, have had to switch to supplies from the Slovakian works. After the Russian invasion of Ukraine, Ikea Group, superordinate to Ikea Industry, had decided at the beginning of March to discontinue all production activities in Russia. The particleboard plant in Veliky Novgorod and the furniture factory operated at the same location were also affected by this decision. The Russian particleboard plant, however, had been supplying other Ikea Industry furniture works in eastern Europe with particleboard, especially in Poland and external Ikea suppliers, such as the flatpack-furniture manufacturer AG Gylensvaans Möbler of Kättilstorp, Sweden.

By taking on recipients in the Ikea supply chain, the Slovakian plant had reduced its supplies to external customers.

Since the modernisation completed in December 2013 in which the former multiple-opening press was replaced with a continuous forming and press line, the Malacky particleboard site has been producing not only standard boards but also various special products such as BoBoard and particleboard with altered strand geometry. BoBoard features zones of varying raw density. Zones with higher density are located in areas where greater strength is required in furniture production or where fittings are to be installed. In the case of particleboard with altered strand geometry, large-format strands are used in addition to conventional particles. Its raw density is uniformly reduced throughout the entire board. Most of these special products go to buyers in the Ikea supply chain, in other words furniture mills run by Ikea Industry and furniture manufacturers that solely or mostly make products for Ikea. □

In May and June, the European Commission had already suspended the deadline twice

EU set a new decision date for planned sale of Pfleiderer Polska to Kronospan

In the first half of August 2022, the EU Directorate-General for Competition has set a decision date again as part of its review of the complete takeover of Pfleiderer Polska Sp. z o.o., based in Grajewo, Poland, by Kronospan Holdings plc, headquartered in Nicosia, Cyprus.

According to a notice published on 12 August, the Phase II review launched on 5 April will now be completed by 27 October. Normally, a Phase II review must be completed within 90 working days under EU law; this period can be extended up to 125 days upon request. The European Commission had already suspended the deadline twice, on 3 May and 29 June, via the "stop the clock" option contained in Article 11 (3) of the Merger Regulation. This suspension provides the parties concerned with more time to hand in at a later date information requested by the Commission.

The transaction would include the particleboard plant in Wieruszów as well as

the particleboard plant and the MDF/HDF thin board plant in Grajewo. On the other hand, the adhesive and impregnating resin manufacturer Silekol Sp. z o.o., which is based in Kedzierzyn-Koźle and had previously been part of Pfleiderer Polska, was transferred within Pfleiderer to PCF GmbH during the first quarter of 2020 and is therefore excluded from the transaction.

The divestment process for the Eastern European activities of Pfleiderer was started at the end of 2019 and resumed in the fourth quarter of 2020 after disruption lasting several months. Pfleiderer and Kronospan had agreed on the sale of Pfleiderer's Panel East business unit with the two mills in Grajewo and Wieruszów in spring 2021. The two sides put pen to paper on the final contract on 16 May 2021. However, it took much longer than expected to officially notify the European Commission of the project. Kronospan had officially registered the transaction with the EU Directorate-General for Competition on 15 February 2022 after initial

preliminary investigations had taken place in the preceding months. The document submitted on 17 February concerning case M.10325, which was published in the EU Official Journal on 23 February, had initially stipulated 22 March as the date for the decision on competition clearance of the transaction. On 8 March, the Polish Competition Authority (Urzad Ochrony Konkurencji i Konsumentów UO-KiK), headquartered in Warsaw, requested that the review of the planned acquisition be referred to it. According to the latest notice, the Commission will examine this request as part of the Phase II review.

On the evening of 5 April, the competition authority reported that a more in-depth Phase II investigation had been launched. Ongoing concerns about restrictions on competition in Poland and neighbouring countries had led the commission to launch a more detailed review. According to Margrethe Vestager, who is responsible for competition policy as the European Commission's Vice-President, Kronospan and Pfleiderer Polska are already the largest wood-based panel suppliers in Poland. Since Eastern European markets for particleboard and MDF/HDF are already consolidated, the planned transaction could restrict competition and lead to higher prices for users, Vestager noted. The European Commission feels that the two companies already have such high market shares in some product areas or distribution channels that there would be "limited or no credible alternative suppliers remaining following the transaction". The takeover of Pfleiderer Polska would give Kronospan the opportunity to control deliveries and influence prices to a greater extent than before. In addition, the institution identified a risk of the remaining suppliers coordinating behaviour. Due to these concerns, the effects of the planned takeover are to be examined more closely in the Phase II review. □



Pfleiderer mill in Grajewo

(Photo credit: Pfleiderer)

Ten production facilities in Spain, Portugal, and France / Two minority shareholdings

Finsa lifts 2021 sales revenue above €1bn again, EBITDA raised by 60 %

In its business year 2021, the wood-based panel manufacturer Financiera Maderera S.A. (Finsa) of Santiago de Compostela, Spain, generated sales revenue of €1.119bn and thereby surpassed the previous year's figure of €832m impaired by the corona crisis by 34.5%.

The increase achieved against the comparable years of 2019 (€917m) and 2018 (€916m) in terms of sales revenue was 22.1%. In the preceding years, the Finsa group's sales revenue had shown mixed development. From the basis of the €817m generated in 2015, sales revenue fell in 2016 to €798m. The performance was significantly better again in 2017 at +9.0% to €870m. Sales revenue was 5.3% up a year later.

The sharp increase enabled the group's sales revenue to be brought closer to the existing record figure achieved in 2007. At that time, Finsa had generated sales revenue of €1.191bn. In 2008, sales revenue was still just above the €1bn mark with €1.007bn, which was exceeded last year for the first time again since then. After the slump in 2009 caused by the economic crisis at that time, the Finsa group had only registered relatively minor changes in sales revenue over a period of several years; the growth registered in 2017 and 2018 had been temporarily halted in 2020 by the corona crisis.

€895.0m (2020: €692.0m) of last year's total sales revenue was accounted for by wood-based panels, value-added products, and sawnwood. Another €179.9m (€91.2m) derived from chemical products. Sales revenue generated from power deliveries, on the other hand, fell to €43.8m (€48.8m). As such, the share of the sales revenue generated from chemical products thus increased to 16.1% (11.0%) whereas 80.0% (83.2%) of the total sales revenue was generated from wood products, and

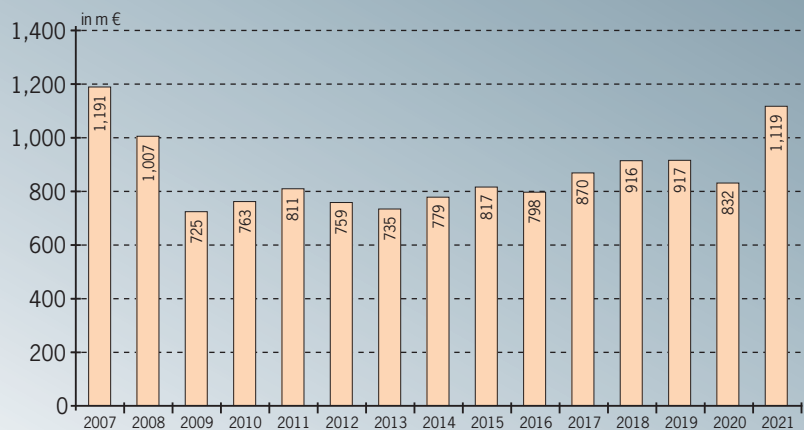
3.9% (5.8%) from power. Finsa had generated revenue of €739.3m from wood products in its business year 2019 as a whole; €110.2m was contributed by the chemical segment and €67.6m from energy.

According to Finsa, the considerable growth in sales revenue last year was achieved partly by a higher sales volume and partly by the price increases pushed through. In spite of the sharp rise in costs in the second half-year 2021 in particular, Finsa's key performance figures developed even better than sales revenue. According to matching media reports, EBITDA rose by 61% to €167.7m (€104.0m), resulting in a margin of 15.0% (12.5%). The operating result was even more than doubled at €108.4m (€52.5m); pre-tax earnings even rose a little more sharply to €117.8m (€52.5m). €69.6m (€44.0m) of this was accounted for by Finsa's Spanish subsidiaries. The earnings contribution from Portugal was €34.1m (€19.3m). After the previous year's losses caused partly by closure of the Morcenx MDF works at the end of 2020, France was back in the black at +€9.5m (-€13.3m). The next biggest earnings contributions came from the Finsa

companies in the UK at €1.4m (€1.0m), the Netherlands at €0.8m (€0.7m), Ireland at €1.6m (€0.7m), and Poland at €0.5m (€0.3m). The activities in Italy, the United Arab Emirates, Mexico, and Panama, each of which had remained slightly in the loss zone a year earlier, contributed positive results again in 2021.

The Finsa group is currently operating ten production facilities in Spain, Portugal, and France. The particleboard and MDF/HDF sites at the headquarters in Santiago de Compostela and at the facilities in Rábade ("Finsa Fibrador"), Ourense ("Finsa Orember"), Padrón ("Finsa Padrón"), and Teruel-Cella ("Finsa Cella") are assigned to the group parent company Financiera Maderera S.A. At the facility in Coirós, Galicia, located roughly 30km southeast of La Coruña, Finsa has set up a new cross-laminated timber works jointly with the group's sawmilling company Maderas Goiriz S.L. of Vilalba and which was put into operation under the name of "Xilonor" in April 2021. Wood-based panel production in Portugal was concentrated on Luso Finsa Indústria e Comércio de Madeiras S.A. of Nelas a few years ago. □

Finsa: Sales development



Source: EUWID, according to information from Finsa

Wood-based panel production has risen by 1.6m m³ over the last two years

Egger to ramp up investments to around €400m in the current year

Egger Group, based in St. Johann, Austria, is poised to boost its investment activity towards €400m in the 2022/2023 financial year (30 April) after consolidation over the past two years.

The single-largest projects are the expansion of its main plant in St. Johann, ongoing investments in modernising and expanding laminate production in Giffhorn, and the increase in waste wood processing and coating capacities planned at several sites. Major recycling projects are currently underway at St. Johann, Unterradlberg (Austria) and Hexham (UK) sites, with other plants to follow. The fourth and third short-cycle presses, respectively, will be installed at its particleboard mills in Biskupiec (Poland) and Lexington (North Carolina, US) in the coming months; a new press will replace an older unit at the Brilon particleboard and MDF/HDF mill.

A new adhesive and impregnating resin production facility is currently being built at its Wismar complex. The finished fur-

niture parts plant in Bünde is to gain two additional production lines to make fronts and corpuses in the autumn. Egger is also taking additional steps to optimise logistics at its two French plants. A warehouse around 20,000 m² in size will be added to the furniture edgebanding plant in Gebze, Turkey. This new storage capacity will create space for the installation of additional extrusion lines in the medium term. Egger will also install a first treating line in Lexington during 2023 as a means of safeguarding melamine film supply to the then three short-cycle presses. Up to now, melamine films are primarily delivered from the treating unit in St. Johann.

Investments in Egger's Argentinian particleboard and MDF mill in Concordia, Entre Ríos Province, are currently focused on optimising the moulding lines, which are primarily geared towards US exports, and on increasing productivity. Modernisation work at the complex, which had been planned for some time, had to be postponed due to the challenging macroeconomic conditions in Argentina. Plans for a replacement project

at its Russian site in Shuya, Ivanovo Oblast, were fleshed out at the end of 2021 but will not be implemented in the foreseeable future due to EU sanctions against Russia.

The Egger Group invested €293.6m (2020/2021: 193.0m) in the 2021/2022 financial year, which was 52.1% more than in the previous year. The company channelled €194.5m (127.0m) of this sum into growth and €99.1m (66.0m) into maintenance. The Decorative Products division attracted €248.4m (169.9m) or 84.6 (88.0) % of the total. Flooring Products invested €31.2m (16.6m) and Building Products €14.0m (6.5m). In terms of locations, most was spent in St. Johann, Brilon, Wismar, Giffhorn, Rambersvillers (France) and Hexham; some of the projects started there are still ongoing.

With demand consistently brisk across almost all product areas since the second half of 2020, Egger fully utilised production capacities at all of its sites last year. Wood-based panel (including sawn timber) production increased by another 900,000 m³ or 9.8% to 10.5m (9.6m) m³ after rising by 700,000 m³ one year earlier. The Brilon sawmill, which has been running at full capacity for some time, made a negligible contribution in both years. That meant that the increase in output was almost exclusively driven by particleboard, MDF/HDF and OSB.

The production of impregnated paper was 6.9% higher at 1.154bn (1.079bn) m², while laminate output rose by 9.1% to 45.3m (41.6m) m². By contrast, adhesive/impregnating resin output was down 1.7% at 561,600 (571,500) t. Egger reported a significant increase of 8.4% in downstream processing of coated boards to 372.5m (343.7m) m². The production of finished furniture components and worktops swelled by 2.3% to 39.4m (38.5m), while flooring production edged 1.3% higher to 71.3m (70.4m) m². □



Construction of the new high bay warehouse in St. Johann

(Photo credit: EUWID)

New MDF line in Sadat City, Egypt, to get up and running in the fourth quarter

Homann acquires minority stake in Egyptian MDF producer Nile Wood

Homann Holzwerkstoffe GmbH, based in Munich, intends to boost its capacity by purchasing a stake in the Egyptian MDF manufacturer Nile Wood S.A.E., headquartered in Sadat City.

On 10 May 2022, the company inked a joint venture agreement with Egypt Kuwait Holding S.A.E. (EKH), based in Giza, Egypt. Under the terms of this deal, Homann Holzwerkstoffe will buy a qualified minority interest in the holding company Global MDF Industries B.V., headquartered in Amsterdam, which in turn controls Nile Wood. According to EKH, Homann Holzwerkstoffe will have a 27.0% shareholding, which will be transferred in two instalments. Upon closing, 16.2% of the shares in Global MDF Industries will go to Homann Holzwerkstoffe. This stake will rise by another 10.8% once a new line currently being installed via Nile Wood in Sadat City starts operating.

The transaction also includes two wholly owned subsidiaries of Global MDF Industries, which will secure the supply of raw materials to Nile Wood's MDF mill. One company manages short-rotation plantations for Sesbania timber, which is used to make MDF. According to a recent EKH investor presentation, the company had acquired almost 600 ha of Sesbania plantations in a first step. Some 525 ha have since been added, meaning that the company so far has access to about 1,125 ha in the immediate vicinity of the mill. The second Global MDF Industries subsidiary will provide adhesive resins.

Homann Holzwerkstoffe wants to enter the Egyptian market directly by acquiring a stake in Nile Wood. The new location is also intended to provide access to markets in Africa and the Middle East. Homann Holzwerkstoffe presently operates three mills in Losheim (175,000 m³), Karlino, Poland (250,000 m³) and Krosno Odranskie, Poland (240,000 m³) with a total annual



Construction start for the new Homanit mill in Lithuania

(Photo credit: Homanit)

capacity of around 665,000 m³. Its total capacity will increase to 975,000 m³ once the mill built by UAB Homanit Lietuva (310,000 m³) is commissioned by the end of 2022. Subsequent plans to replace the forming and press line in Losheim are expected to further increase capacity.

EKH founded Nile Wood during 2018 and Global MDF Industries in July 2019 as part of its plans to enter the MDF production business. The MDF project was originally supposed to take place at its site in Beni Suef, around 100 km south of Cairo on the banks of the Nile. The change in the raw material base to Sesbania plantation wood resulted in the move to Sadat City, which is about 50 km northwest of Cairo. Nile Wood also raised the mill's capacity during project planning work.

When unveiled in November 2019, the project was still thought likely to have an annual capacity of around 150,000 m³, later jumping to 300,000 m³. Commissioning was slated to happen by mid-2021. Under current plans, the mill will be able to make

655 m³ per day or just under 200,000 m³ per year, which will climb to 1,300 m³ per day or around 400,000 m³ per year when a second production line is added at a later date. Nile Wood initially only wants to produce raw board after starting up the first line, now slated for the fourth quarter of 2022. The later capacity expansion project will also entail investments in downstream processing capacities.

During 2020, Nile Wood also finalised technology orders negotiated starting in 2018 based on the upgraded project plans. Dieffenbacher GmbH Maschinen- und Anlagenbau won the contract to supply the chipper, dryer and classifier, glueing system, the forming station and forming line with an 8 ft x 32.4 m CPS+ continuous press, finishing technology, raw board storage and sanding and sawing line. In addition to the MDF line, Nile Wood also ordered a cleaning line for wood chips from Dieffenbacher in spring 2021. Andritz AG will provide the chip washing system and a 54-1CP refiner. Vyncke Energietechnik N.V. will deliver the energy plant. □

New presses for Rheinspan and Kronospan / Sonae Arauco relocated a press to Nettgau

Four short-cycle presses are slated for start-up until the end of third quarter

A total of four short-cycle presses will be commissioned in Germany in rapid succession in the course of the third quarter of 2022. Wemhöner Surface Technologies GmbH & Co KG is providing the technology for all four projects.

Rheinspan GmbH & Co. KG, based in Germersheim, laminated the first piece of board using its new short-cycle press on 17 August 2022. Just a few days later, the first run of products suitable for sale took place. The new press was then switched to the commissioning mode. Rheinspan aimed to reach stable production by the end of August at the latest. Further optimisation work will bring output to over 200 cycles/hour. Plans to transition to three-shift operations after that will depend on how ordering evolves.

While the existing short-cycle press is primarily geared towards making larger-size standard board, the new press

will primarily laminate higher-quality products for use in fronts, including board with synchronous pores on both sides. The press was designed to have a pressure of 7 N/mm² and cater to sizes of up to 2,250 x 5,600 mm. It will primarily make board 2,070 mm to 2,200 mm wide, but can coat 1,860 mm wide board in principle. Lengths will vary between 4,100 mm and 5,600 mm. The existing short-cycle press, which was also supplied by Wemhöner and commissioned in June 1999, has a format of 2,550 x 6,700 mm. The press, which has a designed pressure of 3.5 N/mm², will focus on coating wider board in the future, which will then be delivered to specific customers or turned into fixed sizes.

Rheinspan had been exploring an increase in its laminating capacity for some time. The final investment decision was made when Saviola Holding s.r.l., based in Viadana, Italy, acquired a 50% stake in a deal reached in mid-December 2019

that closed in June 2020. At that time, commissioning was slated to happen in the third quarter of 2021. The project encountered delays in construction work on the new production hall and in machine deliveries, partly because of the Covid-19 pandemic. Assembly services, which were contracted out to SGS Industrial Services GmbH, based in Dorf an der Pram, Austria, dragged on until July.

The Kronospan Group has installed two short-cycle presses at its new laminating plant in Steinheim-Sandebeck. Start-up of the first press, which was supposed to happen at the end of 2021, is also expected to drag on in the third quarter; the second press will follow a short time later. Kronospan currently operates three short-cycle presses at the Sandebeck particleboard and MDF/HDF mill. The company aims to create more flexibility by investing in the two new presses, allowing it to coat special product versions and smaller batch sizes, for instance. At the same time, its rate for laminated products is to rise from around 60% to 80-90%.

Sonae Arauco Deutschland GmbH, headquartered in Meppen, has replaced one of three short-cycle presses at its particleboard mill in Nettgau with second-hand technology that had run at the MDF/HDF mill and laminate flooring plant in Heusweiler-Eiweiler until it closed at the end of 2019. The actual press was modernised as part of the move and combined with new components, especially in the upstream and downstream areas. Commissioning is expected to happen until the end of the third quarter. The second short-cycle press from Eiweiler was temporarily stored at Sonae Arauco's shuttered site in Horn-Bad Meinberg, but is to be transferred to a Sonae Arauco mill in Spain or Portugal in the medium term. □



(Photo credit: EUWID)



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Treater operators scale back production



(Photo credit: EUWID)

A slump in demand for melamine and phenolic films that began in June 2022 has intensified during the summer holidays. In many instances, order intake was 30-40% lower this August than in the same month last year. A few treater operators suffered even greater falls. Incoming orders have hardly picked up in September, either. Business with melamine films for the coating sector and for the laminate flooring industry is particularly weak. The stoppages carried out by various converters in July and August have culminated in much weaker demand, something that is compounded by companies working to reduce their melamine film inventories. Wood-based panel and laminate flooring manufacturers with their own treating capacity are also struggling with major capacity utilisation problems. Treating lines have already been shut down at several integrated locations, as well. As a first step, these companies had completely switched to meeting their own needs. Extra purchases of melamine

films had already ended in most cases in June or July. Demand for phenolic film for laminate production also cooled in Europe over the summer months. Exports have held up even better. Shipments to Russia of surface films for the plywood industry have dropped off due to the sanctions, but demand in other regions has picked up.

In response to slower order intake from June onwards, treater operators had already cut back on longstanding weekend shifts after having relatively good capacity utilisation up until the second quarter. These additional shifts were scaled back even more in July. At the same time, a few companies shut down treating lines in order to safeguard capacity utilisation at remaining lines. Some companies also applied for short-time work in connection with these production adjustments. The usual holiday-related shutdowns took place in July and August. Companies now have to scale back production even more since demand has not bounced back after the holidays. Most companies have meanwhile adjusted their shift systems and switched to a five-day week. A few lines have been temporarily shut down. The remaining lines are taking short-lived downtime time again and again, depending on order intake. Some treating sites shut down altogether in early September, initially for a fortnight. □

Swiss Krono Group to process SilentTouch

At the beginning of May 2022, Swiss Krono AG of Menznau, Switzerland, signed a worldwide, non-exclusive cooperation agreement with PurChem Systems Inc. of Brantford in Ontario, Canada. This agreement covers a licence for the "SilentTouch" and "OneLayerTM" technologies and a supply agreement for the "FlexCoat" special resins and additives produced by PurChem. Swiss Krono Group will process the FlexCoat resins at its impregnation facilities and use the subsequently manufactured SilentTouch films in the production of floor coverings and furniture components with resilient surfaces. The cooperation inclu-

des all Swiss Krono companies in Europe, Russia, and North America.

The SilentTouch process involves processing conventional décor, overlay, and backing paper that are impregnated with FlexCoat resins and pressed on standard laminating plants. MDF/HDF, particleboard, laminates, or compact boards can be used as substrates. As such, the whole process remains relatively close to the steps applied in producing wood-based panels and floor coverings. The process is marketed by PurChem via licences. The first European licensee was MeisterWerke Schulte GmbH of Rütten-Meiste, Germany, which has been processing SilentTouch surfaces since the end of 2014. □

Surteco reports stronger downturn in earnings

Surteco Group SE, based in Bittenwiesen, Germany, has announced that its second-quarter earnings declined slightly more year-on-year than in the first three months of this year. Revenues did increase in a year-on-year comparison and topped the €200m mark for the second time in a row. Surteco noted that this upswing in revenues was almost entirely underpinned by price hikes implemented to offset spiralling upstream product costs and exchange rate effects, especially involving the US dollar and the Brazilian real. However, revenues and earnings were lower than in the first quarter, when Surteco recorded consolidated revenues of €213.0m (+13%), EBITDA of €31.1m (-3%) and EBIT of €20.2m (-6%).

The company reported a 7% year-on-year upturn in revenues to €202.1m (April-June 2021: €189.4m). The Decoratives business accounted for €145.7m (€137.9m) of this, Technicals for €18.7m (€17.3m) and Profiles for €37.6m (€34.3m). All three segments generated lower revenues than in the first three months when €151.6m came from Decoratives, €21.2m from Technicals and €40.3m from Profiles. On a group-wide scale, international business improved by 8% to €152.3m (140.9m). German revenues did not increase as much, rising by 3% to €49.8m (48.5m).

Looking at the first half as a whole, group revenues were up 10% at €415.1m (Jan.-June 2021: €377.9m). German revenues did not increase as much as export revenues in the six-month period, with a 6% upturn to €105.9m (Jan.-June 2021: €100.0m). International revenues jumped 11% to €309.2m (Jan.-June 2021: €277.9m) from January to June. The Decoratives business enjoyed an overall increase of 8%. Decorative printing (+12%) and edgebanding (+9%) beat the average, while finish foils (+5%) and other products/retail (+4%) were slightly weaker. Technicals activities experienced a 10% improvement (impregnated/release papers +10%, foils +9%, special edgebanding -7%). Profiles revenues leapt by 16% (skirting boards +15%, technical profiles +20%, other products/merchandise +3%). □

Rehau to withdraw from Russia completely

Rehau AG+Co intends to sell all its activities on the Russian market to the local management, including the window profile plant in Gschel-Troschkovo, Moscow Oblast, which operates under the name OOO Rehau. In mid-May 2022, both parties signed an agreement to this effect. Shortly after the Russian invasion of Ukraine, the Rehau Group announced on 4 March that it would suspend its activities in Russia and Belarus until further notice. In the announcement published in connection with this decision, the company still assumed that it would be able to resume work on the Russian market after the situation had changed. This assessment has meanwhile been amended accordingly.

Production of window profiles was started in 2002 in a rented building; in 2005 the equipment was relocated to facilities which belonged to the company. The Rehau product range was distributed via seven sales offices and around 20 warehouse locations. □

Schattdecor: turnover rose by around 18% in 2021

Following corona-related declines in 2020, Schattdecor AG of Thansau, was able to achieve increases in almost all key figures again last year. At approximately 120,000 t, the printing volume was 14% higher than in the preceding year. Production of melamine films and finish foils increased by 9% to around 830m m². The company, which meanwhile employs some 3,000 persons across 17 international locations, thus generated total turnover in excess of €850m. Compared to the €720m reported for 2020, this corresponds to growth of 18%. In 2020, group turnover had declined by 6% as a consequence of the corona crisis. Printing production had fallen to around 105,000 t, after having already declined in 2019 (113,000 t). With regard to processed surfaces, the slight decline in melamine films to around 330m m² was more than offset by the increase to 430m m² in the case of pre- and post-impregnated production. □

Lamigraf finances project through Deutsche Leasing



(Photo credit: Lamigraf)

Spanish decor printer Lamigraf S.A., based in L'Ametlla del Vallès, has financed two rotogravure printing presses at its new Chinese plant in Changzhou, Jiangsu province, which was built last year within the scope of a greenfield investment, via a sale and lease back agreement with Deutsche Leasing AG, a member of the Sparkassen-Finanzgruppe. The financing volume for the equipment, which was ordered from Roto-

decor GmbH Maschinen- und Anlagenbau at the beginning of December 2020 and delivered via Rotodecor's Chinese subsidiary in Taicang, Jiangsu, was stated by Deutsche Leasing AG to amount to approximately €2m in total. The transaction, in which Lamigraf sold the two presses to Deutsche Leasing and subsequently leased them back, was intended to keep the liquidity requirement for the press investments as low as possible.

Construction of the new plant in Changzhou was Lamigraf's biggest investment project in the last ten years, with a total investment volume of around €10m. In a first step, two printing presses with an annual capacity of approximately 5,000 t were installed on a production and storage area covering almost 9,000 m² and commissioned one by one in November and December 2021. Up to four more presses can be installed at the plant through further expansion stages. □

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Ahlstrom Capital to become Munksjö's majority shareholder with 60%

Ahlstrom-Munksjö to transfer its Decor Solutions unit to several shareholders

Ahlstrom-Munksjö Holding 3 Oy, headquartered in Helsinki, is planning to transfer the assets and liabilities of its Decor Solutions business area to a new company, which will do business as Munksjö.

The shares in this company will be held by Ahlstrom-Munksjö Holding 3 Oy itself and by the investment firms Ahlstrom Capital B.V., based in Amsterdam, and Nidoco AB, headquartered in Stockholm. Ahlstrom Capital will become the majority shareholder with a stake of 60%; the remaining 40% will be divided between Ahlstrom-Munksjö Holding 3 Oy and Nidoco. All three companies are direct or indirect shareholders in Ahlstrom-Munksjö Oyj, which will focus on its remaining speciality paper activities following the spin-off of its decor paper operations. Ahlstrom-Munksjö will be renamed Ahlstrom, when Munksjö has been founded as a new company.

The paperwork to transfer shares in Munksjö was signed on 23 May 2022.

Unconfirmed reports indicate that an agreement in principle had been reached back at the end of 2021. Over subsequent months, a variety of detailed issues were clarified with the involvement of different consulting firms. One of the topics was how to split up activities at sites that make products for Ahlstrom-Munksjö's other business areas as well as decor paper. Manufacturing for other business units may be handled under contract manufacturing orders in the future. The spin-off of Decor Solutions and the transfer of shares are expected to close by the end of the third quarter once conditions have been met. Sources do not anticipate any problems with anti-trust approval or authorisation from different bodies. On 22 July 2022, the German Federal Cartel Office gave the green light to the deal. However, a consultation process with employee representatives at a site in Arches, France, which is required by law, does have certain inherent risks.

The planned transaction is to include mills in Unterkochen and Dettingen (both

Germany), Tolosa (Spain), Caieiras (Brazil), Xingtai (China) and certain parts of the mill in Arches. Ahlstrom-Munksjö Paper GmbH in Aalen-Unterkochen has a total capacity of around 76,000 tpy with two paper machines PM 1 (33,000 tpy) and PM 3 (43,000 tpy). Its portfolio of products chiefly comprises white LPL paper and printing base paper. The complex employs about 275 people. With a staff of some 220 workers, Ahlstrom-Munksjö Dettingen GmbH can produce up to 62,000 tpy. PM 34, with a capacity of 22,000 tpy, mainly produces pre-impregnated paper, while PM 31 (40,000 tpy) makes standard decor paper, thin pharmaceutical paper (TPP) and pre-impregnated paper. Ahlstrom-Munksjö Paper S.A. in Tolosa runs two paper machines, as well: PM 11 and PM 12 mainly produce LPL and printing base paper. Ahlstrom-Munksjö Arches S.A.S., which has been part of the Industrial Solutions business area since the beginning of 2020, makes coloured decor paper using PM 23 and PM 27. Most of this paper is used in the HPL/CPL sector. The five other paper machines at this site are assigned to Ahlstrom-Munksjö's other business areas and thus excluded from the transaction. The same is true of PM 26, which was previously used to manufacture LPL paper. This machine was modified to make abrasive base paper with a rebuilding project carried out in several phases during 2017. Since then, PM 26 had only made decor paper occasionally and to a limited degree.

The mill in Caieiras, Brazil, which Ahlstrom-Munksjö acquired in mid-October 2018 and which now does business as Ahlstrom-Munksjö Brasil Industria e Comercio de Papeis Especiais Ltda., became part of the Decor Solutions business area in early 2020. Its PM 4 and PM 8 primarily produce LPL paper for the South American market. The Filtration & Performance Solutions business area uses the



Caieiras mill

(Photo credit: Ahlstrom-Munksjö)

other two paper machines under leasing agreements. Since buying a 60% stake in Minglian New Materials Technology Co. Ltd, based in Xingtai, Hebei Province, in mid-January 2022, Ahlstrom-Munksjö Decor has also had a production site in China that can make around 50,000 tpy of LPL and printing base paper using a paper machine commissioned at the end of 2018. This site has some 140 employees.

Altogether, the Decor Solutions business area, which has been headed by Executive Vice President Thomas Wulkahn since the beginning of 2018, operates 11 paper machines at six sites that exclusively or predominantly make decor paper and pre-impregnated paper. According to Ahlstrom-Munksjö, its total capacity is around 250,000 tpy, of which other paper grades account for just 15,000-20,000 tpy. The business area currently employs about 1,200 people. Last year, Decor Solutions boosted its revenues by 19.6% in a year-on-year comparison to €442.1m (2020: €369.7m). Some €103.7m of this sum was generated in the first quarter, €104.5m in the second quarter, €107.9m in the third quarter and €126.0m in the fourth quarter. Comparable EBITDA also strengthened towards the year's end (Q1: €11.0m, Q2: €8.9m, Q3: €10.0m, Q4: €14.9m).

Looking at the year as a whole, comparable EBITDA jumped by 19.4% to €44.9m (37.6m).

Higher prices instituted over the last few months have paved the way for a sharp up-swing in second-quarter revenues and earnings from the Decor Solutions division. The Decor Solutions division has been consolidated under discontinued operations since the second quarter after the contract for its spin-off was inked in May. The figures reported for the discontinued operations cannot be directly compared with the information previously provided for the division due to various adjustments.

According to the interim for the second quarter, revenues from discontinued operations increased by 27.4% compared to the corresponding period in the previous year to €138.5m (April-June 2021: €108.7m), but fell short of the €141.2m generated in the first quarter. Comparable EBITDA reached €15.6m (11.8m), resulting in a margin of 11.3 (10.9) %. In the first quarter, Decor Solutions achieved comparable EBITDA of €15.2m and a margin of 10.8%.

However, subsequent earnings were hit by an impairment loss on goodwill of €110m associated with the spin-off. This

resulted in extraordinary expenses of €112.7m (1.5m) in the second quarter. These activities booked an operating loss of -€101.1m (+5.5m). Excluding extraordinary expenses, the adjusted operating profit would have stood at €11.6m (7.0m). Including goodwill amortisation, discontinued operations booked a pre-tax loss of -€101.9m (+5.2m) and a net loss of -€104.3m (+3.6m).

In the six-month period from January to June, revenues from discontinued operations swelled by 58.4% compared to the corresponding period in the preceding year to €282.9m (Jan.-June 2021: €178.6m), while comparable EBITDA increased to €31.8m (€25.6m). Including extraordinary expenses, the operations booked an operating loss of -€91.1m (+5.2m), a pre-tax loss of -€92.3m (+4.7m) and a net loss of -€97.8m (+3.0m).

According to the latest report, discontinued operations generated full-year revenues of €420.5m and recorded comparable EBITDA of €52.8m in 2021. Its operating profit stood at €22.5m, pre-tax profit at €21.4m and net profit at €15.0m. Following the integration of the Chinese decor paper mill, Ahlstrom-Munksjö Decor aims to achieve annual revenues of around €500m. □

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Particleboard line being installed along with an MDF/HDF line in Kaluga

Assembly work for new machinery at Ultra Décor enters final stages

The Kronospan Group intends to gradually commission production machinery installed at LLC Ultra Décor RUS, a company founded in November 2019, in the Russian Special Economic Zone of Lyudinovo, Kaluga Oblast, over the next few months.

The installation of a new decor paper machine is scheduled to be completed by September 2022. The majority of the components were supplied by Chinese machine and plant manufacturers, with a few parts coming from Voith GmbH & Co KGaA, headquartered in Heidenheim, Germany. The Czech mechanical engineering company Papcel a.s., based in Litovel, was not involved in the project. Papcel had previously delivered several pieces of technology to another Kronospan subsidiary, the decor paper manufacturer Malta-Decor S.A., headquartered in Poznan, Poland, and was renamed Bellmer Czech s.r.o. after its majority takeover by Bellmer GmbH at the end of 2019. The paper machine, which is designed to have an

annual capacity of around 40,000 t, is scheduled for commissioning in October. A second, largely identical machine will be added starting at the end of 2022. The first components arrived in Lyudinovo at the end of July and have temporarily been stored there until assembly work begins. Ultra Décor's annual capacity should increase to around 80,000 t once production begins, a step that is set to happen in the second half of 2023.

Alongside entering the decor paper production business, Ultra Décor will also add downstream treatment capacity. As a first step, the Lyudinovo site will gain three printing machines and three treating lines. The printing machines were ordered from Rotodecor GmbH Maschinen- und Anlagenbau, headquartered in Lage, Germany. Chinese companies are providing the treating lines. In both instances, work to install the 7 ft-wide technology has already begun. Based on current plans, the first printing machine will start operating at the end of September, with the other

two lines to follow successively. Ultra Décor also wants to ramp up treating operations at the same time. Decor paper, printing and treating operations are all expected to reach stable production by the year's end.

Kronospan installed an MDF/HDF line in Lyudinovo via LLC Kronospan Kaluga in the project's first phase. Kronospan used a continuous press that had been supplied several years ago by the Chinese machine and plant manufacturer Dunhua Yalian Machine Co. Ltd, headquartered in Jilin, as part of this work. The first piece of board was produced in the fourth quarter of 2021, with regular production up and running since the first quarter. Two short-cycle presses from Wemhöner Surface Technologies GmbH & Co. KG, headquartered in Herford, Germany, were initially set up to process the MDF/HDF. Work to assemble the particleboard line has commenced, with commissioning scheduled for mid-2023. Yalian is providing the form and press line for this project, as well. A variety of pieces of front-end technology came from the Kronospan affiliates and machinery and system manufacturers Instamec s.r.l., based in San Giorgio di Nogaro, Italy, and Ceatec Engineering GmbH, headquartered in Eberschwang, Austria. Additional coating capacity is to be created as part of the overall project, and an adhesive and impregnating resin production facility is to be added.

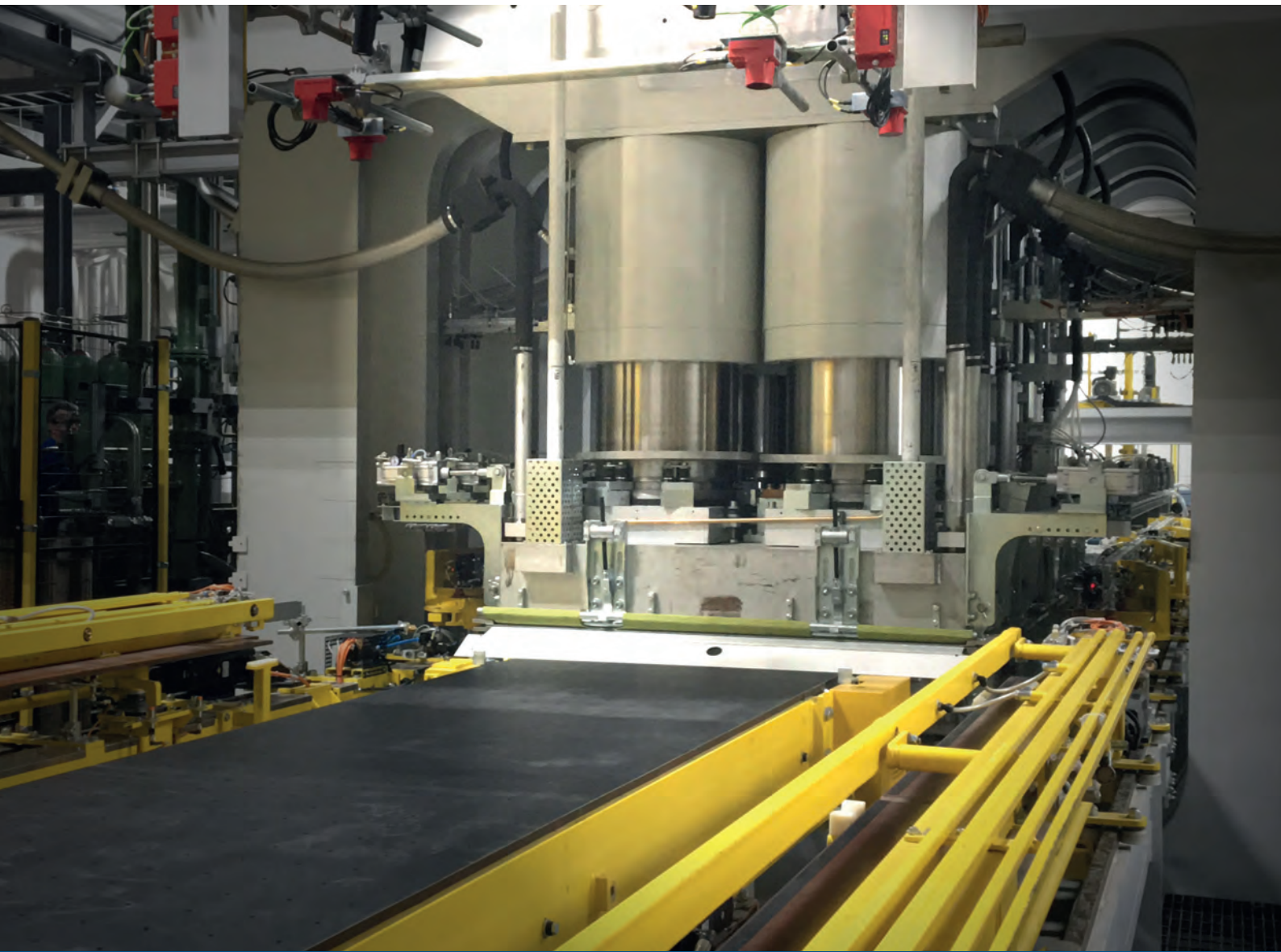
The Lyudinovo complex, which was built via LLC Kronospan Kaluga and LLC Ultra Décor RUS, is Kronospan's fifth production site in Russia. Its four other locations are OOO Kronospan Egorievsk (Egorievsk, Moscow Oblast), OOO Kronospan Elektrogorsk (Elektrogorsk, Moscow Oblast), OOO Kronospan Bashkortostan (Ufa, Republic of Bashkortostan) and OOO Kronospan Igorevskaya (Igorevskaya, Smolensk Oblast). □



Start-up of the MDF plant in Kaluga

(Photo credit: Investkaluga)

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Setting up a distribution warehouse in Rotterdam is to improve logistics to Europe

Arclin is commissioning a new treating site to increase its capacity for MDO

Arclin Surfaces LLC intends to significantly improve its capability to deliver phenolic films to its European customers by commissioning a new treating site in Dillon, South Carolina, by the end of the third quarter of 2022 and by setting up a distribution warehouse in Rotterdam, Netherlands.

At the same time, Arclin Surfaces, which is part of the US company Arclin Inc, based in Roswell, Georgia, will expand its product range to include new products and areas of application. Until now, the firm has specialised in phenolic films for film coating plywood. Arclin also wants to supply special films for coating OSB in the future. Discussions to this effect with OSB manufacturers from Europe, the Middle East and Asia have already been going on for several months; one company has also been involved in initial production trials. These tests entailed installing a provisional film feeding system upstream of the continuous press to apply and press phenolic film to the

top side of the strands. OSB produced in this manner, which has a film coating on one side, should primarily be used as concrete formwork. Arclin originally wanted to start commercial production of film-coated board in partnership with one or more European OSB manufacturers during autumn 2022. This target will not be reached due to the preparatory work involved; a start date in spring 2023 is considered realistic at the moment.

Arclin sells the phenolic film used to make OSB formwork under the "Arctek Beton" name. These three-layer medium density overlays (MDO) are much heavier than the films used to coat plywood to compensate for the irregularities that occur in OSB surfaces. Grammages of 250-300 g/m² are used as base papers. The core of the films is completely hardened. An adhesive layer is applied to the rear side, which creates a bond with the OSB surface. The phenolic surface hardens in the continuous press. OSB can, in principle, also be coated after

the press line in a separate cycle press, but this step is not economical due to the additional production step.

Film coating of OSB for the use in formwork boards has not been an issue in North America to date because of the difficulties that are often more common with surface quality there. Some manufacturers, in particular Louisiana-Pacific Corp., based in Nashville, Tennessee, and Huber Engineered Woods LLC, headquartered in Charlotte, North Carolina, largely coat OSB siding so OSB can be used in façade or roof panels.

Until now, Arclin has supplied its European customers with full containers of phenolic film from its US plant in Portland, Oregon. Smaller amounts will also be delivered via the new duty-free warehouse in Rotterdam in the future. Arclin reports that it can produce almost 250m m² per year of medium density overlays in Portland and Hayward, Wisconsin. It currently sells roughly 2.5m m² of this sum on the European market.



New treating site in Dillon

(Photo credit: Marlboro Development)

Arclin will significantly expand its production capabilities for MDO with the new facility in Dillon. The installation of a three-stage treating line supplied by Vits Technology GmbH, headquartered in Langenfeld, Germany, which allows for separate treating on the bottom, core and top, was completed some time ago. Arclin has since produced the first test reels, with regular production scheduled to start in September. This line will be able to produce up to 80m m² MDO per year. A second Vits treating line will then be added; its commissioning is slated for September 2023. The investment project in Dillon was originally launched by Huber Engineered Woods, but the project was acquired by Arclin in the course of a patent settlement in April 2021. □

Integration into Saueressig Group / Coating systems are added to product range

Saueressig owner Matthews took over Olbrich GmbH in the middle of August

Matthews International Corp., based in Pittsburgh, Pennsylvania, completed its acquisition of the machinery and tooling division of the automotive supplier Borgers SE & Co KGaA, headquartered in Bocholt, Germany, in the middle of August.

The deal, which includes Olbrich GmbH and R+S Automotive GmbH, had been agreed upon on 21 June. The employees of Olbrich and R+S Automotive were notified on the same day. The acquired companies are to be integrated into the Engineering division of the Saueressig Group, based in Vreden. Saueressig is part of Matthews Group's Industrial Technologies division. As agreed, Matthews paid US\$45m or €43m for Olbrich and R+S Automotive.

By integrating Olbrich, the Saueressig Group will start manufacturing coating and varnishing lines for décor and plastic films and production lines for resilient and design flooring. Coating lines for web-shaped materials will be marketed under the "Polytype" brand; the portfolio also includes the old "Pagendarm" brand. Olbrich also supplies production lines to make dry and wet electrodes for lithium-ion batteries used in electric vehicles and components for hydrogen fuel cells.

Borgers sold its machine-engineering and tooling division in the course of the restructuring efforts underway for some considerable time. Subsequently, the Borgers group also wanted to bring the ongoing sales process for the Automotive division to a conclusion. This segment produces textile materials for vehicle manufacturing and generates more than 80% of the total sales revenue. According to the last published business report, the Borgers group's consolidated sales revenue for 2020 was 22.8% down due to the impact of the corona crisis at €660.2m (2019: €855.7m). EBITDA became negative at -€9.7m (+€19.1m). The EBIT loss almost



Olbrich lacquering line

(Photo credit: Olbrich)

trebled to -€50.6m (-€18.6m). Combined with the also markedly negative financial result of -€17.8m (-€22.0m), the group recorded a loss of -€67.6m (-€43.9m) for the year as a whole.

Sales revenue generated by the Automotive division in 2020 was 20.8% down at €569.0m (€718.2m). As in the group as a whole, EBITDA turned out to be negative at -€4.3m (+€15.3m). The machine-engineering and tooling division registered an even sharper decline in sales revenue of 28.0% to €113.7m (€157.9m). Here, the export share increased slightly to 64.5% (61.8%). The EBITDA loss was twice as high as a year earlier at -€9.7m (-€4.9m) and pre-tax earnings deteriorated to -€14.9m (-€9.4m). €83.1m (€120.6m) of the division's total sales revenue were accounted for by the "Converting" subdivision formed by Olbrich GmbH. The "Automotive" subdivision that had been formed in 2020 by spinning off R+S Automotive GmbH from Olbrich GmbH generated sales revenue of €30.0m (€36.1m). As such, the reduction in revenue from sales in automotive business at

-16.9% turned out to be only half as high as in the Converting segment (-31.1%).

According to a release published in connection with the sale of Borgers, Olbrich GmbH has approximately 450 employees at the facilities in Bocholt, Hamburg, Fribourg (Switzerland), and Jiangyin (Jiangsu province, China); 350 employees work at the R+S Automotive facilities in Bocholt, Holoubkov (Czech Republic), Cornstock Park (Michigan), and Jiangyin. The Olbrich works in Fribourg arose from the merger of the former Polytype Converting AG with Olbrich GmbH in 2020. This company was initially part of joint venture founded by Olbrich and Jagenberg AG of Krefeld, Germany, in January 2017. At that time, Jagenberg brought in the companies Polytype Converting AG of Fribourg and Polytype Converting GmbH of Hamburg. Olbrich had spun off the Hamburg operating facility trading under the name of Coating Technology Hamburg (CTH) into the joint venture. Olbrich had taken over the Jagenberg shares in the joint venture in August 2019. □

Third Liri press in process of being moved / Firm adding its own solid surfaces line

Laminate producer Gentas Group becomes sole owner of Gentas Bolu

The Turkish laminate and element manufacturer Gentas Group acquired the remaining shares in Gentas Bolu Lamine Lif Levha Entegre Agac San. Tic. A.S., based in Bolu, with effect from 1 September 2022.

The group had previously held a 53.65% stake in Gentas Bolu, with the other 46.35% in the hands of a joint venture partner from the transport sector. Its shareholding in Gentas Bolu was sold in a share swap, with the old minority shareholder receiving shares in the listed firm Gentas Group in return. The negotiations lasted for several months, with the two sides putting pen to paper at the start of August. Gentas Bolu merged with Gentas Dekorativ Yüzeyler San. Ve Tic. A.S., headquartered in Mengen, when the deal closed in early September, pooling all of Gentas Group's laminate activities in a single company. Gentas Dekorativ started making laminates in 1997 when it commissioned its first HPL press in Mengen. One year later, it added the first double-belt press to make CPL.

Gentas Group had purchased Gentas Bolu in August 2000 when it was privatised by the Turkish state. The joint venture partner came on board at a later date. The Bolu site currently operates five HPL presses, with another press currently being installed there. This unit is part of assets that it acquired during bankruptcy proceedings involving the Italian firm Liri Industriale S.p.A., headquartered in Nichelino, in late June 2014. Following completion of the asset deal, Gentas Group started making HPL again at Liri's site in Pont Canavese and continued doing so until its permanent closure in early 2020. The company has already transferred two HPL presses from Pont Canavese to Turkey; one was reassembled in Bolu and the other at its Mengen headquarters. The Mengen complex is thus now home to four HPL presses and three CPL presses. Once the third press to be moved from Italy to Turkey comes online, scheduled to happen this autumn, Gentas Group will operate 10 HPL presses and three CPL presses. The company listed its total HPL/CPL capacity at about 33m m²

per year, including around 22m m² in Mengen and approximately 11m m² in Bolu. However, its actual output can vary substantially, depending on the product range. Along with standard HPL and CPL, the Gentas Group also makes compact board and thin laminates.

Gentas Group wants to start manufacturing acrylate-based mineral materials over the coming months, as well. This investment is being undertaken by Gentas Kimya Sanayi Pazarlama A.S., which until now has made formaldehyde and resin at a plant commissioned Tuzla in the Istanbul metropolitan area in 2005 and at a site in Gebkim near Gebze, which was built starting in 2018. Following a variety of upgrade projects, the firm now has an annual capacity of around 150,000 t of formaldehyde and 137,000 t of melamine (MF), phenolic (PF), urea (UF) and melamine-urea formaldehyde (MUF) resins. Gentas Kimya will also start making Novolac resins in the coming months. A new line to make solid surface materials was installed in Gebkim in work completed in July. Commissioning is now under way. The ramp-up of the line, which is designed to have an annual capacity of around 600,000 units, is to gradually replace external procurement of mineral materials sold under the Neogen brand.

Along with formaldehyde, resins, laminates and mineral materials, Werzalit moulded parts are in Gentas Group's portfolio. The firm reported having generated total revenues of around TRY2.1bn or almost €140m last year, a figure that is forecast to grow by around 30% in 2022. CEO Orhan Kahraman feels that revenues might reach some TRY3bn. A further expansion of export activities is to underpin this growth. Last year, Gentas had an export rate of around 55%, with roughly two-thirds of exports ending up in Europe. □



(Photo credit: Gentas)

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Wellborn plans new plant in Eastaboga

US kitchen furniture manufacturer Wellborn Cabinet Inc., headquartered in Ashland/Alabama, intends to invest around US\$17m over the next two years in the construction of a new kitchen and bathroom furniture plant at the Eastaboga site, located some 20 km west of Oxford/Alabama. The company has secured an approximately 24-ha site there in the Oxford West Industrial Park, which was newly developed in 2018 and covers a total area of around 50 ha. Construction is scheduled to commence in spring 2023, with commissioning planned for autumn 2024. Within the next five years, Wellborn plans to create over 400 jobs at the new site.

Wellborn, which is a family-owned and operated company, had already announced the expansion of the main plant in Ashland back in mid-2021. The investment volume of around US\$15m will be used

for projects such as the construction of four new production buildings at the site. At present, around 1,350 persons are employed in Ashland; the expansion measures currently underway are expected to add some 200 jobs.

The Wellborn product range currently comprises seven product lines: Aspire, Premier, Estate, Select, Home Concepts, BathScapes and First Haven. At the new plant in Eastaboga, a new product line is to be produced.

For the next expansion step, Wellborn has examined various locations in the southeast of the USA over the course of the past months; however, there was a preference for the state of Alabama from the beginning. The decision in favour of Eastaboga was ultimately made for reasons such as various funding commitments from the

state and municipality as well as Talladega County and the Calhoun County Economic Development Council (EDC). In mid-August, the Talladega County Commission granted a 15-year tax abatement for the project, which was subsequently approved by the state and the city of Oxford.

The new site, which is logistically well connected due to its proximity to interstate 20, is situated around 10 km to the west of the Eastaboga particleboard and MDF/HDF plant operated by Kronospan LLC. As with other sites, the Kronospan Group is also endeavouring to establish a furniture cluster in Eastaboga, in which processing companies from the furniture and furniture supply industries are to be located. The Kronospan plant in Eastaboga, which has been expanded in several stages over recent years, covers a total area of approximately 100 ha. Directly adjacent to the plant, another 100 ha can be used for the furniture cluster. □

Nobilia acquires British project entity

Nobilia-Werke J. Stickling GmbH & Co. KG, based in Verl, Germany, became the sole owner of its British project business specialist and sales arm Nobilia GB Ltd., headquartered in Rochdale, Lancashire, back in April 2022. The transfer of the minority stake held by Keith Barker was part of a scheduled succession plan. Barker founded the company in 1999 together with Kenneth Norman Parker and gradually expanded its operations over the years. Parker parted ways with the company in mid-March 2020, transferring his majority stake to Epina GmbH & Co. KG, a company based in Gütersloh that is controlled by Nobilia. Barker left management with effect from 1 June after reaching an agreement to sell his shares in Nobilia in March. He has now founded a new company, the retailer NE Ü Projects which plans to open its first showroom in November.

Nobilia GB operates a 5,000 m² logistics centre and a smaller showroom at its Rochdale headquarters. Its interaction with British project customers mainly takes place at a larger showroom in Surrey Quays in south-eastern London. According

to Barker, Nobilia GB generated revenues of around £25m last year, which was even higher than 2018's figure of £24.0m. Revenues had been much weaker in the interim at £17.0m in 2019 and £16.0m in 2020. The pandemic-related shutdown of project business in April and May was singled out as the main reason for its poor performance in 2020.

While Nobilia GB Ltd. encompasses its project business in the UK, the retail business is handled by Nobilia's Küchenhaus franchise scheme, which was established in 2004 and totals 57 showrooms throughout the UK. The pace of expansion has accelerated sharply of late after a rather subdued trend in the first few years. More new branches are to open in Glasgow, the Isle of Wight, Ruislip, Sevenoaks, Sheffield-Greenhill, Stafford, Wirral and Wrexham in the months ahead. Two Küchenhaus sites have been open in Australia since 2015. Its Willoughby and Drummoyne locations serve the Sydney metropolitan area. Last year, the company also opened its first showroom in the US in Miami, Florida, via a Czech franchisee. □

Nobia to produce in Jönköping by end of 2022

Over the course of the second quarter of 2022, Swedish kitchen furniture manufacturer Nobia AB installed the first production facility at its new plant in Jönköping as planned. At the end of the year, and thus earlier than originally planned, the company intends to commence production of components at the site. Currently, approximately 50% of the new plant planned in Jönköping, which covers a total area of 123,000 m², has been constructed. Nobia plans to have invested a total of SEK3.5bn by the time the site is fully completed in 2024. Of this figure, around SEK1.5bn will be used for the building and SEK2bn for machinery/equipment. According to the company, the majority of these investments will be made in the current and coming year. The new plant is to replace the current production location in Tidaholm, Sweden.

Turnover generated by Nobia in the second quarter rose by 7% to SEK3.890bn (Apr.-June 2021: SEK3.622bn). One reason for this rise was price increases, this is expected to be even more pronounced in the second half of the year. □



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Fournier to invest €120m in new plant

French kitchen furniture manufacturer Groupe Fournier of Thônes, which includes brands such as "Mobalpa" and "SoCoo'c", intends to invest €120m in a new plant in Alixan in the Drôme department. According to information from French radio station France Bleu, the new kitchen furniture plant is to be built in the Rovaltain business park by 2026. Approximately 150 persons are initially to be employed there on an area of 30,000 m². At a later date, the site is to be expanded to 70,000 m² in a second construction phase, and the number of employees is to be increased to as many as 600.

Groupe Fournier generated turnover of €391.6m in 2021. The company currently employs around 2,000 persons at its three sites in Thônes, Alex and Metz-Tessy. The new plant in Alixan will be the first to be established outside the Haute-Savoie department. Directeur général Philippe Croset cites the lack of suitable areas in the Haute-Savoie department as justification for the decision to build the plant in the southeast of France. According to Croset, it is also more difficult to find employees in the Haute-Savoie department because of higher real estate prices and the proximity to Switzerland.

At the Alex site, Groupe Fournier is currently investing around €80m in a new 24,000-m² plant in which made-to-measure furniture is to be produced for use in dressing rooms and libraries, for example. Approximately 100 employees are expected to start production of the first furniture there in 2024.

Besides Mobalpa and SoCoo'c, Groupe Fournier also includes the two kitchen brands "Perene" and "hygena". Fournier acquired Hygena Cuisines S.A.S., based in Seclin, from Swedish kitchen furniture manufacturer Nobia AB in March 2015. Hygena was then gradually integrated into Fournier's SoCoo'c distribution channel and the brand itself was initially not continued separately. After Fournier's majority shareholder FINALP Holding (Financière des Alpes), based in Grenoble, acquired a minority stake of 34.5% in French kitchen and bathroom furniture manufacturer WM88 S.A.S. of Châtenois at the beginning of 2020, the companies had agreed that the hygena brand should be relaunched on the market. The relaunch took place last year. Kitchens of the hygena brand, which are in the lower price segment, are sold both in the brick-and-mortar trade and online. Groupe Fournier also manufactures and sells bathroom furniture under the Delpha brand. □

Schmidt Groupe again records strong growth

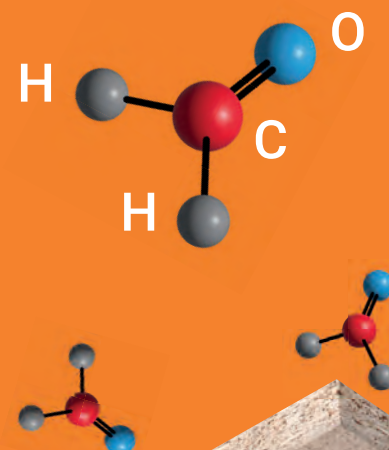
In the 2021 financial year, production turnover of Schmidt Groupe S.A.S., based in Lièpvre, France, increased by 27% to €719.0m (2020: 564m). This more than compensated for the 6% decline recorded in 2020 due primarily to the effects of the corona crisis in France. Whilst the French market had only experienced a delayed recovery, the German subsidiary Schmidt Küchen GmbH & Co. KG of Türkismühle had also achieved turnover growth of 15% in 2020. In the five years prior to the beginning of the corona crisis, Schmidt Groupe was able to consistently increase production turnover. In 2016, the increase had even reached into the double-digit percentage range at 14%. In 2015, growth had amounted to 9%; in 2017 and

2019, increases of 7% were recorded in each case. In 2018, an increase of 4% had been achieved.

Specialised trade turnover, including integrated electrical appliances supplied via the group, increased by 18% to €1.91bn (1.62bn) in 2021. Schmidt Groupe had recorded a decline of 7% in this area in 2020. In addition to the kitchen segment, particularly positive development was achieved last year in the living room furniture segment. According to the company, annual growth rates in this segment amount to approximately 30% on average. Schmidt Groupe entered the living room furniture segment in 2004; the company has been active in the bathroom segment

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since 1992. The number of exclusive dealers who, in addition to the Schmidt brand, also sell the cuisinella brand in France and Belgium has risen by 16 to 809 (793). In Germany, there are currently 35 (34) single-brand stores. In France, there are already studios that exclusively sell living room furniture.

In addition to the factory at its headquarters in Lièpvre, Schmidt Groupe operates three plants in Sélestat and a production facility at the headquarters of its German subsidiary in Türkismühle. There is also a logistics centre in Bergheim, Alsace. Last year, the company invested €29m in its production locations. Accumulated over the past five years, investments totalling €149m have been implemented. Part of this sum was used to construct an extension building for kitchen furniture production at the Sélestat site, the full utilisation of which is scheduled for 2025. The so-called U2b serves as an addition to the existing U2 plant. □

Schramm family sells Interlücke to domovari

The Schramm family has sold the living room and bedroom furniture manufacturer Lücke GmbH (Interlücke), headquartered in Rheda-Wiedenbrück, Germany, to the Krefeld-based bathroom furniture manufacturer domovari GmbH with effect from 12 August 2022. The Schramm family acquired Interlücke together with the financial investor MB Mittelständische Beteiligungsgesellschaft mbH, based in Osnabrück, Germany, at the beginning of 2018. The transaction was handled via Schramm Holding GmbH, headquartered in Winnweiler, Germany. MB Mittelständische Beteiligungsgesellschaft mbH exited the company in 2019, selling its stake in Interlücke to Schramm Holding.

Interlücke currently employs around 160 people and generated revenues of around €20m in the 2021 financial year. domovari manufactures bathroom furniture along with bathtubs, shower trays and washbasins at its headquarters in Krefeld. The company is much smaller than Interlücke with annual revenues of around €5.5m and 50 employees. □

Safari won bid for Demeyère at end of March

On 31 March 2022, the Tribunal de Commerce in Lille approved the bid of Moroccan Groupe Safari to take over French flat-pack furniture manufacturer Meubles Demeyère S.A., based in Pérenchies, which has been insolvent since the beginning of December. The transaction was via plywood manufacturer Cema Bois de l'Atlas with headquarters in Sidi Maârouf, Casablanca. According to French media reports, Safari acquired the entire group including all locations for a purchase price of €4.9m.

A total of six companies had submitted bids for Demeyère by 21 January. Besides Groupe Safari, interior design company ABSO S.A.S. of Labastidette had also expressed interest in a complete takeover. French garden furniture manufacturer Innovaxe S.A.S., based in Neuville en Ferrain, as well as Alpagroup, a company ensuing from the merger of P3G Industries S.A.S. (Saint-Loup-sur-Semouse) and Alsapan S.A.S. (Dinsheim-sur-Bruche), only wanted to take over the locations in the north of France. The Market Maker group of companies, which is based near Lyon and manufactures upholstered furniture among other products, had expressed interest in the Nersac site in western France. In contrast, French Groupe Lapeyre S.A.S. of Aubervilliers, which focuses on the manufacture and sale of furniture and interior design products,

was interested exclusively in machinery and equipment. According to the media reports, in addition to Groupe Safari's bid, the offers from Innovaxe and Market Maker were also close contenders.

At the beginning of December, Demeyère had filed to open restructuring proceedings due to factors such as declining turnover and increased upstream product costs. The application was granted by the court on the same day. In France, Demeyère operates three production sites in Pérenchies, Lompret and Nersac as well as a 25,000 m² logistics centre in Deûlémont and a 45,000 m² warehouse in Linselles. With the exception of the Nersac factory in the west of France, all French sites are located in the Lille commune. Outside France, Demeyère also operates a 10,000 m² factory in Ho Chi Minh City, Vietnam, where furniture has been manufactured under the name Meubles Demeyère Vietnam (MDV) since 2008. The products are sold via Demeyère's Chinese subsidiary Cal-Scan, based in Shenzhen, Guangdong province. Demeyère's customers include various furniture retailers and DIY store chains such as Conforama, But and Leroy Merlin, as well as online furniture retailers such as Home24, Otto and Wayfair. Cema Bois de l'Atlas has been part of Groupe Safari since 1995 and operates three production sites in Morocco and Gabon. □

Specific takes over part of production in Białystok

Polish cabinet furniture manufacturer Fabryki Mebli Forte S.A., based in Ostrów Mazowiecka, has transferred part of its production area and five machines for production of upholstered furniture in Białystok to upholstered furniture manufacturer Specific Sp. z o.o. (formerly PHU Specific), Supraśl, via a leasing agreement. Per 1 July 2022, the employment relationships of 300 Forte employees were also transferred to Specific. Within the scope of the restructuring planned

in Białystok, Forte intends to relocate further machinery and equipment to other company sites. Forte management anticipates that the measures will increase efficiency at all production sites by around 10% and save costs of around PLN10m per annum in future.

According to Forte, the company has no plans to sell assets or part of the plant in Białystok. However, Forte does intend to acquire a 50% stake in Specific's share capital. Forte's supervisory board had already approved the plans on 28 March 2022. □

Rauch to axe 100 jobs in Freudenberg



Rauch plant in Freudenberg (Photo credit: Rauch Möbel)

Rauch Möbelwerke GmbH intends to axe around 100 jobs at its headquarters in Freudenberg. The job cuts will mainly affect the administration department, but technology and sales staff will also be impacted. Following the job cuts, the combined staff of these three departments will number approximately 350. In total, the Rauch Group employs approximately 1,600 persons. The workforce was informed of the intended job cuts shortly before the company holidays. These cuts are justified by a decline in demand resulting from consumers' reluctance to spend as well as the gloomy business outlook for the rest of the year and spring 2023. Demand had also already declined over the entire period of 2021. There will be no job cuts in the area of furniture production, however. Short-time working measures are to take effect in this area from the second half of September and are expected to last until spring of next year. There are also plans to streamline the product range, especially in the entry-level price segment marketed under the Blue brand. It is in this area that the recent decline in incoming orders has been most noticeable, whilst business in the upper price range has developed along relatively satisfactory lines.

At the beginning of 2019, Rauch had announced that around 250 jobs in administration and production were to be axed over the following two years in the course of the realignment. At that time, impairment of business development due to increasing online trade was cited as justification for the measure. In return, new jobs were to be created in digital areas such as software development and online sales. After a strike among staff, Rauch management and the works council had then agreed in mid-2019 to reduce the number of full-time positions to be cut to 32. □

Narbutas considering works in central Europe

In its business year 2021, the office-furniture manufacturer UAB Narbutas International of Vilnius, Lithuania, boosted its sales revenue by 26% to €116.5m (2020: €93.4m). This clearly more than compensated for the reduction of 5.5% in 2020 caused above all by the corona crisis. Growth rates of 40.3% and 46.4% had been achieved in 2019 and 2018, respectively. On the basis of the €48.1m recorded for 2017, sales revenue has more than doubled in the last four years.

The German market accounted for €13.9m (€8.4m) last year. This equates to growth of 65%. Revenue from sales in Germany had already increased 19% in 2020 compared to the preceding year, contrasting positively with the overall regressive development. Narbutas is striving for sales revenue of

€16m or growth of 15% on the German market for 2022. The company wants to boost its total sales revenue by roughly a fifth to €140m in 2022. Narbutas closed its first half-year with sales revenue of €70m.

Owing to the planned growth in sales revenue, Narbutas is aiming to further enlarge its production capacity. Construction of a manufacturing facility in central Europe is also under consideration. This would bring the company closer to its three biggest sales markets. The most important countries in terms of sales revenue are the UK, France, and Germany.

Narbutas manufactures tables, storage-space and acoustics solutions, and office chairs as well as lounge and upholstered furniture. The company is meanwhile also active in other regions such as the USA, South America, and Australia. The sales focus remains on Europe, however. □

Natuzzi expands APAC activities via joint venture

Vietnamese furniture manufacturer and retailer Truong Thanh Furniture Corporation (TTF), Tân Uyên, Binh Dương province, has acquired a 20% stake in Natuzzi Singapore Pte Ltd. (Singapore). A preliminary agreement reached in spring 2021 has been finalised by TTF and Italian upholstered furniture manufacturer Natuzzi S.p.A., Santeramo in Colle, in June 2022. Following the acquisition by TTF, Natuzzi's stake in the Singapore-based sales company has been reduced from 93% to 74.4%. The stake of the other minority shareholder Richard Tan has been reduced from 7% to 5.6%. The company was founded within the scope of a restructuring concerning sales activities in Asia, which became necessary following the July 2018 conversion of the Chinese subsidiary Natuzzi Trading Shanghai Co. Ltd. into a joint venture with Kuka Furniture Co. Ltd. Holding of Ningbo, China. Kuka, a subsidiary of Chinese upholstered furniture manufacturer and trader Jason Furniture (Hangzhou) Co. Ltd., has since held 51% of the shares in the joint venture. With the now completed acquisition by TTF, Natuzzi Singapore has also been transferred into a joint venture. □

Actona to take over SITS upholstered-furniture

The furniture manufacturer and wholesaler Actona Group A/S, Holstebro, belonging to Lars Larsen Group, Braband, Denmark, is aiming to acquire the upholstered-furniture manufacturer SITS Sp. z o.o. of Brodnica, Poland. SITS operates production facilities around the headquarters in Brodnica in northern Poland. The company has approximately 2,000 employees and is active in various European countries. SITS is in family ownership and was founded by Erik and Marianne Näsström in 1993. It was only in January that Actona had completed its acquisition of the Danish upholstered-furniture manufacturer Theca, which operates production facilities in Kaunas and Alytus, Lithuania. Actona has its own upholstered-furniture factories in Ukraine and China. The company gives the number of employees at the Ukrainian subsidiary S/C Ambiente Furniture of Kolodenci as 700. The 10,000 m² production facility is located in the northwest of Lviv, roughly 60 km from the Polish border. The Chinese subsidiary Actona Seating Limited produces upholstered furniture with roughly 370 employees at the company headquarters in Huizhou. □

Cooler demand since spring compounded by excessive stocks of finished goods

Statistics now telling the story of sharp downturn in the furniture industry too

A slump in demand for furniture since the second quarter of 2022 in some cases and worsening capacity utilisation as a result are increasingly putting the dampers on the German furniture industry's performance.

According to the internal surveys conducted by the Verband der Deutschen Küchenmöbelindustrie (VdDK), Verband der Deutschen Polstermöbelindustrie (VdDP) and Verband der Deutschen Wohnmöbelindustrie (VdDW), which represent the kitchen, upholstered and living room furniture sectors, respectively and which are all based in Bad Honnef, Germany, order intake has been falling more and more in recent months. July brought significant double-digit downturns in several segments, especially for living room and upholstered furniture, compared to the same period last year. The German domestic market suffered decreases that were almost twice as high as those for exports. Other sectors, such as the kitchen and office furniture industries, have held up somewhat better. That said,

order intake in these sectors has also been below last year's figures since July, with comparable declines at home and abroad.

Revenue statistics from the furniture industry association Verband der Deutschen Möbelindustrie (VDM), headquartered in Bad Honnef, covering the period until June still show growth. However, total revenues were only 4.3% higher in June after mostly double-digit increases in the preceding months. Revenues were up 13.4% in the first six months of the year combined. Domestic business and exports developed almost in parallel for June and the first half. This level will not be maintained in the second half of the year, though, as the economic slowdown in new residential construction and in the furnishing sector marches on. Consequently, the VDM has lowered its full-year revenue forecast from +10% to +6-8% with the publication of its first-half statistics. This growth will probably be achieved exclusively through price increases to compensate for rising

costs. The association does expect a slight decline in sales volumes.

Some companies in the furniture industry and their suppliers believe that even bigger downturns in ordering and revenues are possible in the second half of the year, which would drag down the full-year figures, too. These forecasts are rooted in much weaker demand in the second quarter, which tended to intensify during the summer holidays. The entry-level price segment with flat-pack furniture and simple living room and kitchen furniture was primarily affected at first. Order intake in these segments tumbled as foot traffic in large furniture shops has been falling sharply for some time. Inventories of finished goods built up last year and, in some cases, into the first quarter are compounding capacity utilisation problems in the furniture industry. Most companies are currently trying to reduce these inventories. This destocking is also viewed as the main reason for the turnaround in the Ikea supply chain that occurred in June. Ikea had still placed relatively large orders with its furniture suppliers up until the second quarter. From May onwards, though, the group cut back orders significantly in order to reduce stocks held at its intermediate warehouses and Ikea stores to safeguard supply.

Inventory changes related to finished products play only a minor role in other market segments, such as kitchen and office furniture. Kitchen furniture manufacturers targeting the specialist trade have instead benefited from a special effect associated with higher prices for new orders from May or June onwards. Most manufacturers found that their order backlogs remained at a relatively high level based on earlier orders and should shore up capacity utilisation over the summer months. That said, demand in the kitchen furniture industry is showing signs of weakening in the second half of the year, as well. □



Furniture production

(Photo credit: EUWID)

Increase of 13.4% recorded in first half year mainly due to price effects

VDM revised 2022 turnover forecast downward from around 10 % to 6-8 %

On account of changes in the general conditions, the Verband der Deutschen Möbelindustrie (VDM), Bad Honnef, still expects turnover growth of 6-8% for 2022 as a whole.

This increase is expected to ensue exclusively from price effects. In terms of volume, however, a slight decline is anticipated. In February, before the outbreak of war in Ukraine, the association had still expected turnover to increase by around 10%.

Based on data supplied by the Federal Statistical Office, turnover in the first half of the year increased by 13.4% to €9.498bn. According to VDM, price adjustments contributed around 10% to this increase, while the rise in volume was significantly lower at around 3%. In June, turnover still increased by 4.3%. This means growth had already slackened off by the end of the first half year, after double-digit growth rates had been recorded in all preceding months except April (+7.2%). The most significant increase, of 21.9%, was recorded in May. For January, February and March, increases of +16.7%, +14.2% and +17.3% respectively were recorded.

Domestic turnover, per end of June, rose by 13.8% to €6.366bn. Here, the high level of orders in hand which accumulated as a result of high demand in winter had a positive effect. Export turnover also climbed at a double-digit rate by 12.6% to €3.133bn. Whilst up to the end of February export turnover had developed along stronger lines than turnover on the German market, this trend reversed from March onwards due to the war in Ukraine as well as rising transport and logistics costs.

With regard to individual segments, the most significant increase per end of June was recorded for upholstered furniture manufactures, at 19.1% to €577.0m (domestic: +27.0%; export: +5.5%). In the miscellaneous furniture segment, which



Loading of furniture

(Photo credit: EUWID)

includes living room, dining room and bedroom furniture as well as furniture parts and small furniture, turnover jumped by 17.1% to €3.332bn (domestic: +16.8%; export: +17.8%). Turnover generated with kitchen furniture increased by 12.4% to €3.222bn (domestic: +11.8%; export: +13.1%). Manufacturers of shop and contract furniture raised turnover in the first half of the year by 13.0% to €968.6m (domestic: +15.3%; export: +7.0%). For office furniture, an increase of 10.9% to €31.062bn was recorded (domestic: +11.5%; export: +8.9%). Only mattress manufacturers reported a decline in the first half of the year, of 7.1% to €336.5m (domestic: -6.3%; export: -11.2%).

While sales in the German furniture industry still exceed the prior year's figures, order intake in most furniture segments dropped in recent months vis-à-vis the previous year. In July, incoming orders of living room furniture manufacturers and upholstered furniture manufacturers in Germany dropped by 35.0% (domestic: -40.5%; export: -21.0%) and 38.4% (dome-

stic: -42.7%; export: -23.5%) respectively. The German kitchen industry also suffered a drop in orders in July. However, at 6.7%, the overall decline was not quite as severe and was distributed more or less evenly between activities domestically (-6.6%) and abroad (-6.8%).

Nevertheless, the cumulative figures for the first seven months still show a double-digit percentage range increase in orders for all segments. At 25.3%, the highest increase rate was recorded for upholstered furniture manufacturers (domestic: +36.1%; export: +1.1%). The kitchen furniture industry achieved a 15.5% increase in incoming orders per end of July (domestic: +17.6%; export: +13.0%). In the living room furniture segment, a decline of 1.9% was recorded abroad. However, due to the 19.3% upswing in domestic orders, a double-digit growth rate of 12.2% ensues for incoming orders overall. In contrast to the official turnover statistics, the order statistics also cover foreign production sites of German manufacturers as well as German sales companies of foreign companies. □

Total exports increased by 4.2% to €4.423bn, imports were up 13.5% to €5.801bn

Furniture exports to China and Russia decreased in the first half of 2022

In the first half of 2022, German furniture exports to China declined by 10.4% to €74.6m (Jan.-June 2021: 83.3m).

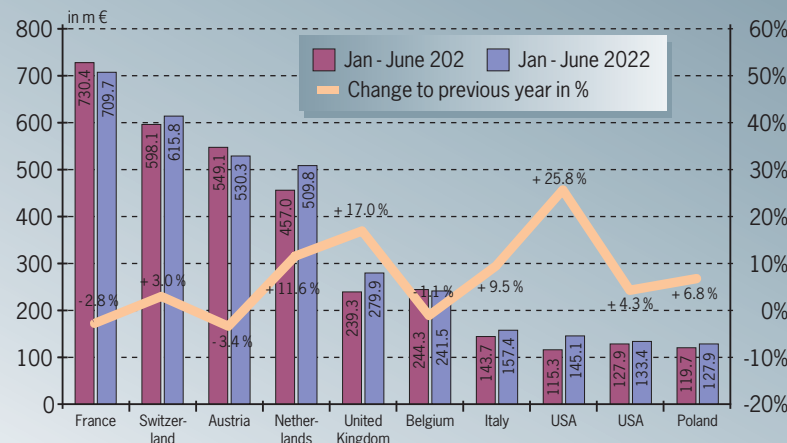
The Verband der Deutschen Möbelfabrikanten (VDM), Bad Honnef, considers the Chinese government's zero-covid

strategy to be the primary reason for the decline. Despite the downturn, however, China remains the second most important non-European export market for the German furniture industry. Exports to Russia dropped even more significantly (-29% to €28.8m). After many German furniture manufacturers ceased their

business activities in Russia following the outbreak of war at the end of February, exports plummeted in the second quarter. In the first quarter, growth of 1.3% had still been achieved.

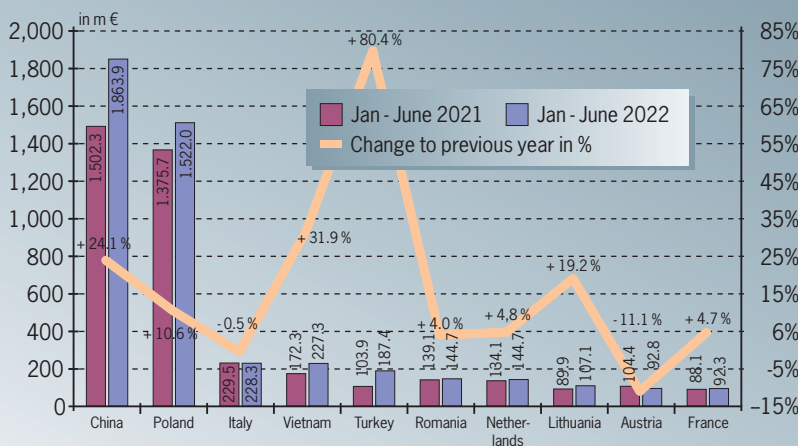
By contrast, furniture exports to the USA in the first six months increased by 25.8% to €145.1m (115.3m). The strongest growth among the ten most important European purchasing countries was recorded in the case of exports to Great Britain, which increased by 17% to €279.9m (239.3m). Exports to the Netherlands also increased at a double-digit rate, up 11.6% to €509.8m (457.0m). By contrast, exports to France, which ranks first in the statistics, declined by 2.8% to €709.7m (730.4m). Exports to Austria decreased by 3.4% to €530.3m (549.1m). Furniture valuing €615.8m (598.1m) was exported to Switzerland, corresponding to an increase of 3.0% vis à vis the comparative period of the preceding year. Concerning total exports, an increase of 4.2% to €4.423bn (4.245bn) ensues for the first half year.

Germany: Furniture exports



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

Germany: Furniture imports



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

German furniture imports were up 13.5% to €5.801bn (5.113bn) per end of June. According to VDM, the above-average growth of 24.1% to €1.864bn (1.502bn) recorded concerning imports from China was due to price effects; import volumes, by contrast, declined by 8.6%. Imports from Poland, the second most important supplier country, increased somewhat less strongly by 10.6% to €1.522bn (1.376bn). Whereas imports from Italy fell slightly by 0.5% to €228.3m (229.5m), over-proportional increases were recorded for Vietnam (+31.9% to €227.3m) and Turkey (+80.4% to €187.4m), the two countries ranked immediately behind Italy in the statistics. Imports from Ukraine (-18.8% to €45.9m) and Belarus (-25.2% to €40.2m) tumbled at double-digit rates.

Turnover declines in first half-year extend into double-digit percentage range

Online furniture retailers were forced to revise forecasts for the full year of 2022

Due to changed general economic conditions and a weaker market environment, various online furniture retailers active in Germany have meanwhile downwardly adjusted their turnover and results forecasts for 2022 as a whole.

Most of the declines recorded in the first half-year compared to the same period of the previous year, which was characterised by special effects, were in the double-digit percentage range. In view of the meanwhile lower starting level, some companies had initially still expected growth in the second half of the year, but have since revised this assessment.

Home24 SE, based in Berlin, expects that development in the second half-year will be poorer than previously anticipated. For the year as a whole, the company currently anticipates either turnover growth of no more than 3% or a maximum decline of -7%. Home24 had previously still considered growth in a range of +2% to +17% possible. However, the company is adhering to its target of an adjusted EBITDA margin of +1% to +5%. For the first half-year, Home24 recorded a turnover decline of 10% to €292.1m (Jan.-June 2021: 325.1m).

Regarding competitor Westwing Group SE of Munich, the cumulative turnover decline over the first six months was even more pronounced, down 20.7% to €214.1m (270.1m). In view of significantly subdued demand, the company also no longer anticipates growth in the second half-year. For the year as a whole, Westwing currently expects a decline in a range of 14% to 22% to €410-450m. The online retailer had recently still targeted turnover in the lower half of the originally forecast range of €460-540m (rate of change: -12% to +3%). Westwing has meanwhile also adjusted its results

forecast and is currently aiming for adjusted EBITDA of -€15m to €0m and an adjusted EBITDA margin of -4% to 0%. The company had previously expected adjusted EBITDA and the related margin to be at the lower end of the forecast range of -€9m to +€16m and -2% to +3% respectively.

French retail chain Maisons du Monde S.A.S. of Vertou recorded a turnover decline of 32.2% to €92.7m (140.9m) in its online segment in the first half-year. This segment accounts for approximately one-third of total turnover. The company meanwhile expects a turnover decline in the mid single-digit percentage range and an EBIT margin of at least 5% for the year as a whole. Vente-unique.com S.A. of Le-Pré-Saint-Gervais, whose financial year runs from the beginning of October to the end of September, also recorded turnover declines in the double-digit percentage range in each of the first three quarters (Q1: -14.8%, Q2: -20.1%, Q3: -15.6%). Accumulated over the first nine months of the financial year, a decline

of 16.9% to €107.4m (Oct. 2020-June 2021: 129.2m) ensues.

Made.com plc, based in London, also downwardly adjusted its forecast for 2022 as a whole again in July, after a turnover decline of 19% to £174m (214m) was recorded for the first half-year. The company meanwhile anticipates a decline of 15-30%. Adjusted EBITDA is expected to range between -£50m and -£70m. Following a turnover decline of 10% in the first quarter, Made.com had forecast turnover in a range of +/-0% to -15% and adjusted EBITDA in a range of -£15m to -£35m. In mid-March, the company had actually still expected turnover growth of 15-25% and positive adjusted EBITDA.

Meanwhile, Wayfair Inc. of Boston, Massachusetts, announced in mid-August that it would axe around 870 jobs in North America, Europe and Asia. For the first half of 2022, Wayfair reported negative adjusted EBITDA of -US\$221m (517m) and net loss of -US\$697m (149m). Turnover decreased by 14.4% to US\$6.277bn (7.335bn). □



(Photo credit: home24)

Production companies in eastern Europe to continue to run independently

XXXLutz Group aiming to acquire 50% share in Black Red White Group

The XXXLutz Group of Wels, Austria, wants to purchase a 50% share in the furniture manufacturer and dealer Black Red White Group (BRW Group) of Biłgoraj, Poland.

The remaining BRW shares will be held by the investment holding company Derot Fund S.à.r.l. of Luxembourg controlled by BRW co-owner and president Dariusz Formela. Formela also controls BRW Trading Company FLLC, which operates four furniture trading outlets in Belarus.

The EU Commission has given the go-ahead for the planned transaction on 22 June 2022. In a simplified procedure, the Commission came to the conclusion that no competition concerns exist in relation to the proposed alliance. The companies involved are active in different markets and their business activities would only overlap to a limited extent.

BRW Group currently has around 7,900 employees. The company manufactures items such as living-room, bedroom,

upholstered, kitchen, and bathroom furniture at a total of 19 production facilities. Some of the facilities are in the immediate vicinity of particleboard and MDF/HDF plants, including those of the Kronospan Group. The biggest container-furniture site is located in Mielec. Other major facilities in Poland are at the company's head office in Biłgoraj and in Lubartów as well as in Brest, Belarus. The company also operates several upholstered-furniture works in Poland. Besides Black Red White S.A. based in Biłgoraj, the group comprises another eleven subsidiaries, five of them in Poland. The foreign companies are located in countries such as the Czech Republic, Ukraine, and Belarus. In the retailing segment, BRW Group operates 93 of its own branches, 79 of them in Poland. The company also works with 370 sales partners in Poland. The activities in Russia have meanwhile been abandoned completely. The company had already begun its withdrawal in 2018.

After the takeover, BRW Group is to continue to be run independently by the

existing management, and the furniture factories in particular. BRW's management currently comprises the co-owner and president Dariusz Formela and the three vice presidents Wojciech Tokarz, Krzysztof Szlaga, and Michał Jaskulski. The name is to be retained as well. BRW Group was taken over in 2019 by a Polish consortium headed by Formela following the failure of talks that the company's founder Tadeusz Chmiel had conducted previously with a Chinese investor. In its business year 2020, the company had generated sales revenue of around PLN1.3bn (2019: PLN1.7bn) or roughly €284m. The reduction is partly attributable to the restructuring that took place after the change in ownership. The company believes it holds a roughly 20% share of the market in Poland.

In a statement, the Bega Group of Lügde, the biggest recipient and marketer of BRW's products in western Europe has indicated that the existing cooperation agreement applicable until the end of 2024 is to remain unchanged. A decision on the further course of action will then be made at a later date. The Bega Group has held the exclusive marketing rights for BRW products in Germany and various other countries in western Europe since the end of the 2000s. The company currently continues to obtain container furniture from BRW Group, mostly for the living-room and bedroom-furniture segment but also kitchen and bathroom furniture, worth approximately €70m per year. Upholstered furniture, on the other hand, is no longer part of the supply agreement. In this context, the Bega Group has also pointed out that Black Red White Polstermöbel GmbH & Co. KG of Lügde, Germany, is a wholly-owned subsidiary of the Bega Group and has no business relations with BRW Group at present.

The transaction would be the first time the XXXLutz Group has participated in a



Furniture plant of BRW in Mielec

(Photo credit: Black Red White)

company that operates its own production activities alongside retail business. The XXXLutz Group currently has 364 furnishing stores in 13 European countries, 172 of which are XXXLutz facilities. The two "Mömax" and "Möbelix" discount chains each operate 96 branches. In Poland, the group is currently represented with a single Mömax branch in Breslau. The company entered the Polish market in 2020. Mömax is also active in Austria, Germany, Hungary, Slovenia, Romania, Croatia, Switzerland, and Bulgaria. Möbelix stores outside Austria are in the Czech Republic, Slovakia, and Hungary. The XXXLutz furnishing stores are located in Austria, Germany, Switzerland, Hungary, the Czech Republic, Slovakia, Croatia, Serbia, Slovenia, and Sweden. The group gives annual sales revenue as €5.34bn.

In order to push its further expansion, besides building new furnishing stores, the XXXLutz Group has also been pursuing a strategy of taking over existing facilities or companies in recent years,

which has meanwhile enabled it to overtake the present market leader Ikea in a variety of countries. At the end of April and after examination proceedings lasting almost two years, the French Autorité de la concurrence finally gave its approval for the acquisition of the retail furniture chain Conforama France S.A. of Lognes, France, by Mobilux S.à.r.l. of Luxembourg. Mobilux is controlled by a US investment fund and XXXLutz managing director and owner Andreas Seifert. The company has been holding all the shares in the electronics and furnishing chain But International S.A.S. of Émerainville, France, since 2016. Conforama France and But generate combined annual sales revenue of around €4bn.

In Switzerland, too, the XXXLutz Group further strengthened its market position at the beginning of 2022 with the stake it acquired in Conforama Suisse S.A. of Ecublens through MW Holding GmbH of Wels, Austria, and the purchase of the discount chain Lipo Einrichtungsmärkte AG of Pratteln, Switzerland, which beca-

me effective at the end of May. At the beginning of September the XXXLutz Group announced the planned acquisition of the furniture store Meubles Pesse S.A. of Monthey. The transaction has yet to be approved by the cartel authorities.

In Germany, the XXXLutz Group took over from Ikea as the biggest furniture dealer in terms of sales revenue when, at the end of November 2020, the Federal Cartel Office gave the conditional go-ahead to acquire a 50% share in the two furniture retailers Tejo Möbel Management Holding GmbH & Co. KG (Goslar) and Roller GmbH & Co. KG (Gelsenkirchen) belonging to Tessner Holding KG (Goslar). There are currently 49 XXXLutz furnishing stores and 46 Mömax branches in Germany. Annual revenue of another €1.7bn is generated from sales by Poco Einrichtungsmärkte GmbH of Bergkamen, Germany, which has been in full ownership of the XXXLutz Group since the end of 2018 and currently operates 125 stores throughout Germany. □



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Further investments in China and Poland / Sale of the Russian subsidiary

Fittings producer Blum reached another double-digit turnover rise in 2021/2022

Austrian fittings manufacturer Julius Blum GmbH, based in Höchst, concluded the 2021/2022 financial year with turnover growth of 11.2% to €2.644bn (2020/2021: 2.377bn).

Following an increase of around one-fourth in the preceding financial year, the rate of turnover growth thus weakened somewhat but nevertheless remained in the double-digit percentage range. The increase in turnover is partly due to an increase in volume and partly due to the price increases implemented by the company in response to the sharp rise in raw material and transport costs.

Growth was achieved in all sales regions. In Western Europe, the markets in Germany, France, Italy and Great Britain developed along particularly positive lines. Whilst business development in Eastern Europe was slowed by the effects of the war in Ukraine, overall, Blum also achieved increases in this region. Blum had already stopped supplying the Rus-

sian market immediately after the start of the war in Ukraine. At the beginning of September, the company decided to divest its Russian operations and to sell the Moscow-based subsidiary to two long-time sales partners. According to a statement issued on 6 September, the company is thus responding to the situation in Russia, which remains uncertain both legally and economically. At the end of July, by contrast, the company had announced its intention to remain active in this important market in the long term. The new owners have promised to retain all of the approximately 60 employees. Blum's Russian subsidiary, which was established in 1996, operates a 270 m² showroom, a training centre and a logistics centre of around 3,100 m² in Moscow.

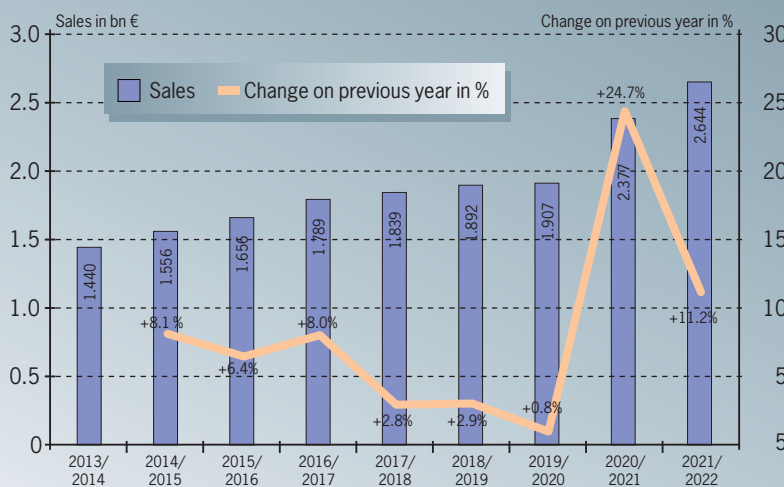
Growth in Asia was hampered by the almost two-month-long lockdown in Shanghai and other Chinese cities. Turnover increases were also achieved in North and South America. However, growth in these regions was tempered

by the tense transport situation due to scarce container and shipping capacities as well as sharply increased freight costs. According to Blum, the order situation is currently satisfactory, allowing the company a sense of cautious optimism regarding further business development.

Investments of €339m (259m) were made in machinery, equipment and buildings in the past financial year. This corresponds to a year-on-year increase of almost 31%. At €224m, around two-thirds of this sum was invested in Austria and around one-third at the international locations. In Austria, the new production building at plant 4 in Bregenz, with a usable area of 49,000 m², was brought into operation. At the Gaißau site, expansion of the production and storage areas in plant 6 is currently underway. The two-storey building planned there, with a usable area of 20,000 m², is scheduled for completion in mid-2023.

Regarding the Polish assembly and logistics location in Jasin (Swarzędza), a 23,500 m² area expansion is scheduled for completion in November 2023. This will enable Blum to begin plastic injection moulding production in Poland in future. In spring 2022, Blum assembled and commissioned the first equipment in the new production facility in Shanghai. Hinges for the local market have been assembled there since April. Construction work on the plant, which has a usable area of around 60,000 m² and a high-bay warehouse with 47,000 pallet spaces, commenced in the second half of 2019 and was completed at the beginning of 2022. In addition to its production capacities, Blum also increased the number of its employees by 644 to 9,422 (8,778). More than half of these were newly employed in Austria, bringing the number of employees there to 6,981 (6,551). □

Blum: Sales development



Source: EUWID, according to information from Blum

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European production and consumption both up by more than 6% in 2021

Parquet production rises back above 80m m² mark for first time since 2008

Stronger demand in most sales markets last year enabled an unexpectedly high production increase in the European parquet industry.

According to the annual report of the Federation of the European Parquet Industry (FEP), Brussels, presented at the general meeting on 9 and 10 June 2022 in Hamburg, total production in the FEP countries increased by 6.9% vis à vis the preceding year to 82.624m (2020: 77.274m) m².

Since 2012, the FEP has also recorded in its statistics the production volumes of countries not covered by the association. Last year, according to FEP estimates, the production volume in these countries increased to 15.300m (13.500m) m². Taking into consideration the FEP region and the estimates for the other countries, the production volume for the whole of Europe last year was 97.924m (90.774m) m², a year-on-year increase of 7.9%.

17 of the 19 countries covered by the association contributed to the production increase achieved in the FEP region. Declines were only recorded in the case of Germany (-4.7% to 8.210m m²) and the Czech Republic (-22.0% to 600,000 m²). Italy, Austria, France and Poland were the main countries underpinning last year's growth in European parquet production. Altogether, the four named countries accounted for 3.125m m² or almost 60% of this improvement. The growth displayed by Italy (+1.196m m² or 24.8% to 6.021m m²) and France (+904,000 m² or 17.6% to 6.048m m²) more than made up for the losses recorded one year earlier. In 2020, production had fallen by 520,000 m² in Italy and 295,000 m² in France. Both countries passed the 6m m² mark for the first time last year. Polish parquet production had tumbled more in 2019, but gradually increased over the past two years. A 582,000 m² upturn in 2020 was followed by a growth of 858,000 m² (+6.9%) to 13.266m m² last year. Austria has experienced a consistent

upward trend in the past decade, which intensified markedly last year (+977,310 m² or 10.0% to 10.743m m²). This was the first time that Austria had manufactured more than 10m m².

Poland maintained its position as the largest producing country, with a proportion of 16.1% of the total production volume of the FEP. Sweden followed at 12.344m m² (14.9% proportion), then Austria (13.0% proportion), then Germany (9.9% proportion).

Total multi-layer production climbed by 4.358m m² or 6.8% to reach 68.221m (63.863m) m² last year. Italy (+1.153m m² or 25.0%), Austria (+762,762 m² or 10.0%), France (+667,000 m² or 24.3%), Poland (+652,000 m² or 6.9%) and Croatia (+508,340 m³ or 11.0%) recorded the highest absolute growth rates. Germany (-396,000 m² or 4.7%) and the Czech Republic (-125,000 m² or 22.0%) made less than in 2020.

Solid parquet production also jumped by 7.1% or 834,212 m² to 12.655m (11.821m) m². France (+211,000 m² or 8.8%), Austria (+194,862 m² or 10.0%) and Poland (+172,000 m² or 6.9%) enjoyed the strongest growth. On the other hand, manufacturing was down in the Czech Republic (-44,000 m² or 22.0%), Germany (-3,000 m² or 5.4%) and Spain (-37,000 m² or 2.8%). In the case of mosaic parquet, a growth of 10.0% to 1.748m (1.590m) m² was recorded. Just seven FEP countries were still making mosaic parquet last year; Hungary and Spain no longer make this product. Nonetheless, total FEP production climbed by 158,156 m² or 10.0% to 1.748m (1.590m) m². Croatia (+6.1% to 685,000 m²), Poland (+6.9% to 530,000 m²), Austria (+10.1% to 215,000 m²) and Portugal (+22.2% to 220,000 m²) were the leading manufacturing countries.



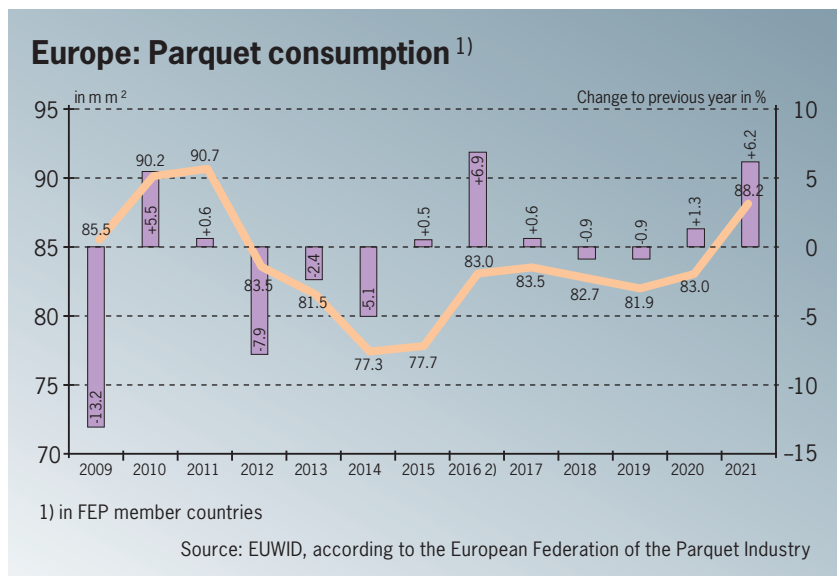
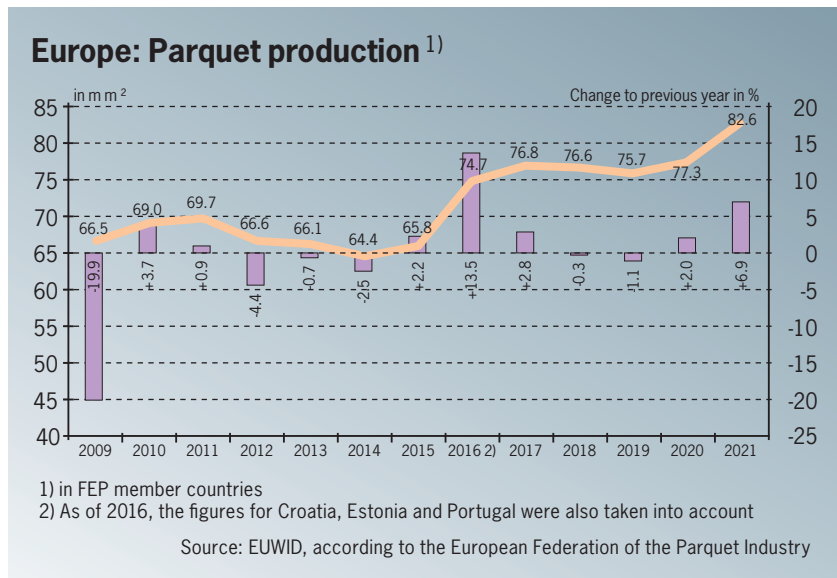
Parquet production

(Photo credit: EUWID)

Manufacturers of solid and mosaic parquet had achieved slightly higher production volumes in 2017, at more than 12.707m m² and 1.824m m² respectively. By contrast, the last time a higher multilayer parquet production volume was achieved was in 2007. Last year, total production rose to its highest level since 2008 (83.0m m²). From 2004 to 2007, the production volumes of each of the FEP countries had even exceeded 90m m².

European parquet consumption in the FEP member countries rose by a total of 6.2% to 88.155m m² (83.022m m²) last year compared to the preceding year. Starting from the 90.700m m² reached in 2011, consumption had gradually decreased to 77.329m m² by 2014. After stabilising in 2015 (77.718m m²), there was a stronger increase again in 2016 to 83.043m m². 2017 was even slightly more positive, with total consumption amounting to 83.506m m². Over the following two years, a slight downward trend was observed again. For 2020, the FEP had initially also reported a decline of 0.3% to 81.741m m². According to a revision made in the meantime, however, the volume of parquet sold in 2020 amounted to 83.022m m², corresponding to a year-on-year increase of 1.3%. This revision pertained exclusively to the consumption volume in Germany increasing from the initially reported 16.733m m² to 18.014m m². In all other countries, the volumes stated last year were confirmed.

At +6.2%, European parquet consumption in 2021 increased almost five times as strongly as in 2020. Having recorded increases in the double-digit percentage range, the five countries Italy (+20.8% to 9.250m m²), Croatia (+17.4% to 2.333m m²), Romania (+15.0% to 3.095m m²), Switzerland (+12.2% to 6.568m m²) and France (+10.6% to 8.982m m²) together contributed 3.915m m² or more than 75% of the total increase of 5.133m m². Growth rates high in the single-digit percentage range were recorded in Hungary (+8.9%), Estonia (+6.0%), the Netherlands (+5.2%), Sweden (+5.1%) and Belgium (+5.0%). Overall, consumption in these five countries increased by



730,000 m². Another 627,000 m² was attributable to eight countries for which slight increases were recorded: Czech Republic (+4.0%), Austria (+3.0%), Spain (+3.0%), Norway/Denmark/Finland (+2.8%), Poland (+1.0%) and Germany (+0.1%). The only country where consumption decreased was Portugal (-10.4%), according to the 2022 annual report of FEP.

With the increase in overall consumption, per capita consumption in the FEP region also increased to 0.21 m² (0.20 m²). Very significant differences can still be observed between the individual countries. Sweden continues to lead with

0.86 m² (0.80 m²), followed by Estonia at 0.77 m² (0.73 m²), Austria at 0.76 m² (0.74 m²), Switzerland at 0.75 m² (0.68 m²), Croatia at 0.60 m² (0.49 m²) and Norway/Denmark/Finland at 0.55 m² (0.52 m²). The lowest values are given by the FEP for Hungary at 0.06 m² (0.05 m²), Czech Republic at 0.10 m² (0.09 m²), the Netherlands at 0.11 m² (0.10 m²), Poland at 0.12 m² (0.12 m²), Spain at 0.12 m² (0.12 m²), Portugal at 0.12 m² (0.13 m²), France at 0.13 m² (0.12 m²), Romania at 0.16 m² (0.14 m²) and Italy at 0.16 m² (0.13 m²). In Germany, the largest individual market, per capita consumption remained stable at 0.22 m² (0.22 m²). □

Slight increase in exports unable to offset decline from preceding year

FEP reported another double-digit rise in parquet imports in 2021

The parquet trade deficit of the EU-27 widened further last year. Imports again increased at a double-digit rate, up 10.6% to 30.354m m² (2020: 27.441m m²); in the preceding year they had increased by 10.1%. Exports were 1.1% higher than the preceding year's figure at 23.196m m² (22.946m m²), after a 3.9% decline had been recorded in 2020.

Based on these figures, an import surplus of 7.158m m² (4.495m m²) is calculated for last year. In 2018 (2.380m m²) and 2019 (1.062m m²), the import surplus had

still been lower. As for an export surplus, the last time this occurred was in 2017 (3.238m m²). At that time, 25.573m m² of parquet was exported from the EU-27; parquet imports had amounted to 22.335m m².

Increases in terms of value were significantly greater than the increases in terms of volume last year, both for imports and exports. The total value of imports increased by 25.8% to €559.9m (445.1m); the export value increased by 14.8% to €663.3m (577.9m). In terms of value, an export surplus of €103.4m (132.8m) ensues.

These figures are taken from the current annual report of the Federation of the European Parquet Industry (FEP), Brussels, which was presented at the FEP general meeting on 9 and 10 June in Hamburg. The foreign trade section of the FEP annual report, which focuses on production and consumption volumes in the FEP area as well as on development in all 19 FEP countries, was derived from Eurostat statistics. According to FEP, these Eurostat figures may differ from the figures of individual FEP associations or member companies due to other allocations. In the FEP annual statistics, the 20 largest export markets and the 20 largest countries of origin for imports are usually provided. This generally results in slight changes regarding the countries listed. In the current export statistics, Kosovo was included for the first time. In turn, Morocco was removed from the list. There were even greater changes concerning imports. In 2020, the Marshall Islands, Norway and Canada were among the 20 largest supplier countries. Last year, these countries were replaced by Hong Kong, Cambodia and Japan.

Regarding the order of the countries listed, there were greater changes in exports than in imports last year. Switzerland was again the largest export market (+11.6% to 5.234m m²). Great Britain, with an increase twice as high of 23.4% to 3.824m m², ascended to second place. Deliveries to China fell by more than one-third (-34.2% to 2.057m m²). A total volume of 17.242m m², or 74.3% of the total volume, was delivered to the five largest export markets. The five largest supplier countries together accounted for 27.583m m², or 90.9% of total imports. Deliveries from Malaysia again increased considerably, which is mainly due to reorganisations in the parquet production of Unilin bvba (Wielbeke, Belgium). There were also overproportional increases in deliveries from Indonesia (+66.3%), Vietnam (+17.4%) and Russia (+82.4%). □

EU: Imports of parquet 2021

in 1,000 m ²	2018	2019	2020	2021	% change 2021/2020
China	14,105	12,868	15,592	17,186	+ 10.2
Ukraine	5,813	6,784	6,711	6,823	+ 1.7
Malaysia	891	716	1,064	1,515	+ 42.4
Switzerland	1,000	982	977	1,071	+ 9.6
Indonesia	689	598	594	988	+ 66.3
Vietnam	387	654	465	546	+ 17.4
Total	25,487	24,932	27,441	30,354	+ 10.6

Source: FEP, according to information from Eurostat

EU: Exports of parquet 2021

in 1,000 m ²	2018	2019	2020	2021	% change 2021/2020
Switzerland	4,942	4,588	4,691	5,234	+ 11.6
United Kingdom	3,787	3,706	3,099	3,824	+ 23.4
Norway	4,337	3,873	3,587	3,321	- 7.4
USA	2,343	2,612	2,592	2,806	+ 8.3
China	2,100	2,284	3,127	2,057	- 34.2
Russia	567	598	585	698	+ 19.3
Total	23,107	23,870	22,946	23,196	+ 1.1

Source: FEP, according to information from Eurostat

Estimates suggest that a quarter of European parquet production is affected

Parquet industry has to find alternative core materials to replace birch plywood

While the supply situation for oak top layers, softwood cores and backing veneers has improved slightly after constraints emerged in March 2022, the widespread halt of birch plywood shipments from Russia and Belarus to the EU is posing new challenges for the European parquet industry.

A variety of two-layer parquet manufacturers use birch plywood as a base onto which the top layers are laminated. These two-layer parquet versions are often glued flush to the ground in Germany, Austria and Switzerland. Floating installation is more common for two-layer parquet in other regions, such as Scandinavia. In the case of cores for three-layer parquet, birch plywood strips are often glued at the edges and click connections are milled into this area. The rest of the core is made out of softwood, though. Birch plywood is also used as the core for large-sized rustic parquet.

There are some special requirements for the use of plywood in parquet pro-

duction. Birch plywood for parquet shall have low thickness tolerances, good binding qualities on both sides, high load bearing capacity and optimal moisture content. Some parquet producers prefer birch plywood produced with phenol-formaldehyde resin because of its high water resistance and low emission level. Other producers use more cost-effective interior grades of plywood. To increase the strength properties of birch plywood, some parquet manufacturers also have special requirements to inner layers of birch plywood.

It is hard to tell how much European parquet is made using birch plywood. In just a few instances, birch plywood is delivered to parquet manufacturers by the load. In most instances, plywood importers serve as intermediaries. Large plywood manufacturers estimate that at least one quarter of European parquet production is likely affected by these issues with birch plywood. Based on annual production of easily 80m m² in the countries covered by the European Federation of the Parquet

Industry (FEP), based in Brussels, this would represent over 20m m².

The knock-on effects of the war in Ukraine have severely hampered the availability of birch plywood on European markets. The primary factor is sanctions imposed on Belarus and Russia by the EU in early March and early April, which include a ban on importing wood, wood products and wood-based panels, including birch plywood. These import bans are taking effect in several phases. Deliveries under old contracts could only be processed during a transition period. In the case of Russia, this transition period ended on 10 July. Starting on this date, companies processing Russian birch plywood must resort to inventories built up in recent months.

Switching to other countries as suppliers is only an option to a limited extent since supply is scant. Indeed, birch plywood manufacturers in the Baltic states, Poland and Finland can no longer manufacture in full since roundwood shipments from Russia have also ground to a standstill. As a result, affected parquet manufacturers are working hard to replace birch plywood with other wood-based panels.

HDF is their primary choice at the moment, but using other types of plywood is also being explored in several instances. A few companies are also raising the possibility of OSB or particleboard with a fibre top layer. However, supply issues are prevalent for some of these alternative core materials, too, and are slow to evaporate. Technical and product-specific restrictions also need to be reviewed. Wood-based panels are generally unable to fully reach the parameters achieved using birch plywood. Under certain circumstances, the product structure also has to be amended, for instance by using a counter-veneer. The weight of planks also makes it harder to switch to HDF for large-sized parquet grades. □



Raw materials for parquet production

(Photo credit: EUWID)

In the first half of 2022, operating margin of the business division reached 22.5%

Kährs initiates sales process for Russian multi-layer parquet plant

Kährs BondCo AB, which owns flooring manufacturer AB Gustav Kähr, has initiated a sales process for its activities in Russia.

The company had already decided to cease all investments in Russia at the beginning of March 2022 following Russia's invasion of Ukraine. In parallel, both exports from Kährs' European sites to Russia as well as deliveries of upstream and finished products from external suppliers and from the company's own plant in Maklino, Kaluga Oblast, were stopped. Since then, the multi-layer parquet plant built via LLC Karelia-Upofloor CIS and commissioned at the end of 2008 has been operating at reduced capacity. At least in the initial phase, this plant had been supplied with outer layers from the plant in Satulung, Romania.

According to the report for the first quarter published in mid-May, Kährs had increased production capacity in Satulung by around 25% up to the end of March. This extra production, the

redirection of deliveries from Satulung and alternative sources of supply have compensated for the restrictions in the supply of upstream products to the European plants resulting from the cessation of imports from Russia.

The sales process that has now been launched involves both the Russian plant and the sales organisation also based in Maklino. Kährs still employs a total of around 300 persons in Russia. According to a statement issued by Kährs on 9 August, the company's Russian activities have recently contributed around 6-7% to group turnover and approximately 10% to operating profit. In the first quarter, Kährs' residential emerging markets business division, which mainly comprises activities in Russia and the CIS countries, reported turnover of SEK149m and operating EBITA of SEK26m. Compared to the first quarter, turnover of the residential emerging markets business division increased by 2.7% to SEK153m in the second quarter. At SEK43m, operating

EBITA was nearly two thirds higher than in the first quarter. This led to an operating margin of 27.9%. Over the entire first half-year, Kährs generated turnover of SEK302m and operating EBITA of SEK68m in its residential emerging markets business division. The operating margin reached 22.5%.

Demand in Russia continued to rise in March and April following the outbreak of war in Ukraine. However, Kährs' decision to cease all deliveries between Europe and Russia led to a corresponding drop in sales volumes from May onwards. Towards the end of the second quarter, the overall Russian market also increasingly weakened. The decline in sales volumes had virtually no impact on Kährs' turnover development in the second quarter, however, which was mainly due to the price increases implemented as well as the strong rouble. Eastern European markets developed positively for Kährs.

In addition to Maklino and Satulung, Kährs operates two other parquet plants, one at AB Gustav Kähr in Nybro, Sweden, and the other at Kährs Polska Sp. z o.o. in Białośliwie, Poland. Resilient flooring production is consolidated at Upofloor Oy in Ikaalinen, Finland.

Sales are handled via Kährs' own sales companies in Sweden (Kährs AB, Nybro), Finland (Kährs Oy, Espoo), Norway (Kährs Norge AS, Oslo), Germany (Kährs Parkett Deutschland GmbH & Co. KG, Tübingen), Switzerland (Kährs Schweiz GmbH, Waldstatt), Great Britain (Kährs UK Ltd., Havant, Hampshire), France (Kährs France S.à.r.l., Vaulx Milieu), Italy (Kährs Parquet, Bolzano) and the USA (Kährs International Inc., Altamonte Springs, Florida). The branch in Tübingen additionally serves the Austrian market, while the branch in Nybro additionally serves the Danish market. □



Parquet factory in Nybro

(Photo credit: Kährs)

Solid parquet producer Somerset Hardwood Flooring to operate under existing brand Bauwerk Group expands activities in North America with next acquisition

Bauwerk Group AG, a company with production facilities in Switzerland, Lithuania and Croatia, has acquired US parquet manufacturer Somerset Hardwood Flooring Inc., headquartered in Somerset (Kentucky), with effect from 1 May 2022.

With this transaction, Bauwerk Group is expanding its production programme, which was focused primarily on double-layer and triple-layer parquet, to include solid parquet. In addition, the company will be able to push ahead more quickly with its planned expansion into North America via Somerset's sales structures in the USA and Canada. The integration of Somerset Hardwood Flooring is to increase Bauwerk Group's annual turnover by one-third from currently CHF300m or so to approximately CHF400m. The annual production volume is expected to rise to over 11.5m m².

Somerset Hardwood Flooring was previously the largest individual company of Somerset Wood Products Inc., which was founded by Steve Merrick and which generates turnover of around US\$160m with some 1,000 employees across the business divisions lumber manufacturing, hardwood flooring and pellet fuel. Beginning with a hardwood sawmill at its headquarters in Somerset, the Somerset Group also entered into production of wooden flooring in 1990 and pellet production in 2007. Somerset Hardwood Lumber Inc., which was renamed Merrick Hardwoods Inc. following the divestment of parquet flooring activities, produces hardwood lumber at the locations in Somerset, Bonnieville (Kentucky) and Crossville (Tennessee). The company additionally owns a drying centre in Burnside (Kentucky). In Burnside there are also production facilities for untreated solid parquet, but these were excluded from the sale of parquet activities to Bauwerk Group. The pellet production in Somerset operating under the name Somerset Biofuel Inc. also remained with Merrick.



(Photo credit: Bauwerk Group)

The transaction agreed with Bauwerk Group thus included the parquet factories in Somerset and Crossville. In Somerset, exclusively solid parquet is produced, under the name Solid. The production programme in Crossville includes untreated and pre-treated multi-layer parquet, which is sold under the name Solidplus Engineered. All products will be sold under the Somerset brand, which Bauwerk Group will use in addition to the existing Bauwerk and Boen brands.

In the first half of 2022 turnover generated by the Bauwerk Group in its previous structure rose by 11.2% to CHF171.0m (Jan.-June 2021: 153.8m). The increase of 15.5%, adjusted to account for currency fluctuations, was achieved almost exclusively through price increases implemented in the second half of 2021 and the first half of 2022. Somerset Hardwood Flooring generated the equivalent of CHF13.4m in the months of May and June. Including this acquisition, the Bauwerk Group generated total turnover of CHF184.4m in the first half-year, exceeding the previous

year's figure by 19.9% or, adjusted to account for currency fluctuations, 24.2%. Of this adjusted increase, 8.7% is attributable to the Somerset acquisition, which was consolidated from the beginning of May.

The further rising upstream product, logistics and operating costs could be largely offset by price increases and the Somerset acquisition. Total EBITDA rose by 11.0% to CHF23.1m (20.8m), and EBIT by 13.0% to CHF17.1m (15.1m). The margins calculated on the basis of total turnover, on the other hand, decreased by 1.0 and 0.5 percentage points to 12.5% (13.5%) and 9.3% (9.8%) respectively. Pre-tax profit rose by 7.1% to CHF14.6m (13.6m), and net profit by 4.2% to CHF11.7m (11.2m). In the two-month consolidation period, Somerset Hardwood Flooring contributed CHF1.1m to EBITDA and CHF0.5m to net profit. Without the acquisition, EBITDA would have risen by 5.7% and net profit would have remained at the level of the preceding year. □

AHF acquired North American plants / Overseas assets were sold to local investors

Sales processes for Armstrong Flooring assets were concluded during July

The sales processes for the North American, Chinese and Australian assets of insolvent flooring manufacturer Armstrong Flooring Inc. (AFI), Lancaster, Pennsylvania, which have been ongoing since the end of May 2022 within the scope of the chapter 11 proceedings pertaining to the company, were concluded in July.

AHF Products LLC (Mountville, Pennsylvania), which emerged from the 2018 acquisition of AFI's wood flooring activities by private equity firm American Industrial Partners (AIP), New York, and was acquired by Paceline Equity Partners LLC (Dallas, Texas) at the beginning of February 2022, signed an agreement on 10 July to acquire most of AFI's North American assets.

According to currently available information, AHF Products intends to continue operating AFI's plants in Lancaster (LVT, residential sheet vinyl), Kankakee, Illinois (LVT, VCT, residential tile) and Beech Creek, Pennsylvania (printed film), whilst the sites in Jackson, Mississippi (VCT) and Stillwater, Oklahoma (LVT, residential sheet vinyl) are to be shut down. The purchase price for the acquired assets was set at US\$107m; AHF Products also assumed part of the liabilities.

Gordon Brothers Commercial & Industrial LLC (Boston), which specialises in the realisation of distressed assets, is also involved in the transaction. The two companies, which acted as the AHF/GB consortium in the negotiations, improved on their original offer again at the beginning of July. With this improvement and the signing of the sale agreement, the auction for the North American assets was closed.

The sellers are Armstrong Flooring Inc., Armstrong Flooring Canada Ltd., Armst-



Armstrong flooring plant in North America

(Photo credit: Armstrong)

rong Flooring Latin America Inc. and AFI Licensing LLC, all of which are directly affected by the chapter 11 proceedings. On the AFI side, the agreement was signed by Michel Vermette, president and CEO of AFI, and Christopher Parisi, representing AFI's subsidiaries. The buyers were represented by Brian Carson, president and CEO of AHF, and Gordon Brothers managing director Robert Gould.

The auction for the assets in China and Australia, which are only indirectly affected by the bankruptcy proceedings, closed on 11 July. According to documents released by the US Bankruptcy Court, China's Zhejiang Gimig Technology Co. Ltd. (Giant Group) submitted the highest bid for the Chinese operations. The second highest bid came from Jijiu Guiyi Enterprise Management Co. Ltd. (JQ Management), which was thus determined to be the backup bidder. The Australian assets are to be sold to Mills Unit Trust (Cowes Bay Group), formed by Braeside Mills Investments

Pty. Ltd., Gippsland Lakes Victoria Holdings Pty. Ltd. and HS McKendrick Family Nominees Pty. Ltd. The backup bidder is Gerflor S.A.S. (Villeurbanne, France). The sale agreements were each signed with the highest bidders on 11 July.

The sellers of the Australian assets are AFI and Armstrong Flooring Pty. Ltd. (Braeside, Victoria). The Chinese assets are being sold by AFI. According to the 52-page sale agreement for the Chinese assets, the Giant Group is to pay US\$59m. The 48-page agreement for the Australian assets does not specify a purchase price.

The US Bankruptcy Court approved the three sale agreements in principle in a hearing held on 12 July. However, slight adjustments were requested in all three cases. The sale of the North American assets was expected to be concluded by 22 July. No specific dates have yet been set for the transactions in Australia and China. □

Annual capacity for CV flooring will be increased to 100m m² with fourth plant

Unilin to expand its PVC business with the acquisition of vinyl activities of Lentex

Unilin bvba (Wielsbeke, Belgium), which belongs to US flooring group Mohawk Industries Inc. (Calhoun, Georgia), intends to take over the activities of Polish company Lentex S.A. (Lubliniec) in the area of PVC floor coverings.

Both companies signed an agreement to this effect in mid-April 2022. The transaction is expected to be concluded during the course of the third quarter. With the sale of its vinyl activities, Lentex will focus on its second business division "Nonwoven", which produces various materials for the automotive, textile and construction industries, among others. In its PVC floor coverings business division, Lentex produces rolls in widths of 3 m and 4 m with around 110 employees. However, the plant, which is designed to produce approximately 10m m² per annum, was recently only utilised at half-capacity. The product range includes resilient flooring for the residential and commercial sectors, which is mainly sold in Poland and neighbouring Eastern European countries.

Last year, Lentex's PVC floor coverings division generated turnover of PLN78.2m (2020: 66.6m) and EBITDA of PLN11.6m (9.7m), resulting in an EBITDA margin of 14.8% (14.6%). The nonwoven division recorded turnover of PLN148.6m (147.8m) and EBITDA of PLN32.5m (42.6m). Lentex's total turnover thus increased to PLN226.9m (214.7m), or approximately €49.6m (48.0m). EBITDA, by contrast, decreased to PLN44.2m (52.4m), or approximately €9.7m (11.7m). Lentex also holds a stake in PVC processor Gamrat S.A. (Jasło); however, this was reduced from 57.4% to 27.1% during the course of 2021. Gamrat had sold its flooring division to French company Tarkett S.A., Paris-La Défense, in April 2014. In return, the company had acquired parquet manufacturer Baltic Wood S.A., Jasło, in December 2015. At almost the same time, the compa-

ny had entered into production of decking made from wood plastic composite (WPC).

With the planned acquisition of the Lentex activities, Unilin intends to further expand both its product range and its market coverage in the resilient flooring sector. Unilin products are also to be sold via the Lentex distribution centre in future. The Unilin Group currently operates four production locations for resilient flooring and design flooring. International Vinyl Company N.V. (IVC Group), which was acquired by Mohawk in June 2015 and subsequently integrated into the Unilin Group, began producing cushion vinyl (CV) floor coverings in Avelgem, Belgium, in 1997. At the end of 2005, IVC had acquired the CV plant in Wiltz, Luxembourg, from Tarkett. This was followed in 2010 by the commissioning of a CV plant in Dalton, Georgia, via IVC US Inc. With the next investment steps, IVC had then also entered into LVT production. In 2011, the first LVT plant was started up in Avelgem. In 2015, plants in Dalton and Wielsbeke followed. In 2017, a second

LVT plant was established in Avelgem, and in 2018, a second plant was also added in Dalton. IVC Group also implemented another investment in the CV sector in 2019 with the commissioning of a new plant in Orel, Oryol Oblast (Russia). The plants in Dalton are now assigned to Mohawk's flooring NA business division, whilst the sites in Avelgem, Wiltz, Wielsbeke and Orel belong to the flooring RoW division. Unilin states that the three CV plants in Avelgem, Wiltz and Orel can each produce around 30m m² per annum; as with Lentex, the maximum roll width in all three plants is 4 m.

According to the IVC Group, its production locations for CV floor coverings, design flooring and carpet tiles have a total annual capacity of around 180m m²; approximately 90m m² of this is attributable to the three CV plants. These CV floor coverings are sold under the brands Leoline and IVC Home. Design flooring, on the other hand, is sold under the brands Moduleo, Design Floors, Quick-Step and Pergo. □



(Photo credit: Lentex)

Production technology has been revised on numerous occasions in recent years

Classen Group intends to expand Ceramin production to over 30 m m²

Following optimisation measures implemented over the last several years, the Classen Group intends to significantly expand production capacities for the Ceramin substrate boards manufactured by Akzenta Paneele+Profile GmbH at its headquarters in Kaisersesch.

These substrate boards, made of polypropylene (PP) with talc as a mineral filler, are used in the design flooring now sold by Classen primarily under the name GreenVinyl. To a lesser extent, Akzenta also supplies the Ceramin boards to industrial customers, who then coat and profile them using their own equipment.

Classen had mainly produced laminate flooring at its Kaisersesch site from the mid-1990s. After the 2001 commissioning of the Baruth plant, built by Classen Industries GmbH, and major capacity expansion measures implemented there in the years that followed, the main focus of the plant in Kaisersesch had initially been shifted towards the production of

special laminate flooring qualities. From the late 2000s, Classen had expanded Akzenta's production programme to include floor coverings with resilient surfaces. In parallel, Akzenta had also profiled LVT coverings on a production line for Windmüller Flooring Products GmbH, Detmold, which was later merged into Windmüller Flooring Products GmbH, Augustdorf. This contract production was discontinued at the beginning of 2012, after Windmüller had converted its own profiling facilities at the Augustdorf plant to accommodate LVT production. In the course of 2013, Classen had then resolved to establish its own design flooring production in Kaisersesch. According to planning at that time, the facilities, designed for an annual capacity of around 5m m², were to go into operation at the beginning of 2014.

With regard to product development, Classen had already decided at a relatively early stage on a completely PVC-free approach in order to avoid problems arising from the processing of chlorine,

plasticisers and stabilisers. A wood plastic composite (WPC) product known as composite solid fibre (CSF), composed of wood fibres, polypropylene and various additives, was to be used as substrate instead. Following problems with dimensional stability, Classen had replaced the WPC substrate with Ceramin sheets during the second half of 2015. The design flooring initially produced under the name Neo was marketed as Neo 2.0 after the change of substrate.

The production technology has also been revised on numerous occasions in recent years. Classen had already opted at a relatively early stage for a fully integrated production covering all essential steps, from the manufacture of granulates via substrate production to surface processing and profiling. In accordance with the original production concept, the substrate boards had been produced on two double-belt presses supplied by the Göppingen-based Sandvik TPS division of Sandvik Materials Technology Deutschland GmbH, which is now part of Ipco Germany GmbH. Classen had initially also ordered a third TPS press, however this was never installed. The two other systems were temporarily shut down during 2021 before being permanently shut down at the end of the year. Their further use has not yet been decided. Other than the possibility of utilising them in the production of other products, a sale is also being considered. As a replacement for the TPS presses, in August 2021 Classen installed an extrusion line with wide slot nozzles, which is designed for an annual capacity of 10-12m m². Since the end of July, a second line has been installed which will then also produce dryback design flooring for full-surface bonding. With commissioning planned for the end of the year, the total capacity will be doubled to more than 20m m². A third extrusion line is already firmly planned; this should increase the annual capacity to over 30m m².



Raw material supply for Ceramin production

(Photo credit: Classen)

In subsequent production steps, Ceramin substrate boards are digitally printed after a primer application and are then coated with multiple layers of varnish. For this purpose, there are three digital printers and three coating lines in Kaisersesch. Alternatively, a PP film can be laminated on top. Both surface variations can now also be structured digitally. For profiling, Akzenta uses five double-end tenoners in Kaisersesch; the latest system was supplied by G. Kraft Maschinenbau GmbH, Rietberg-Mastholte, in 2020. According to Classen, the medium-term target of annually producing 30m m² can already be achieved on the existing processing and profiling lines.

Product details and production technology are protected by various patents. It is not yet clear how the Ceramin patents currently held by Classen will be marketed in the future. In other areas, licensing is carried out by Classen Intellectual Property GmbH, in which I4F Licensing N.V., Hamont, Belgium, has held a 49.9% stake since the beginning of 2017. The remaining 50.1% will continue to be held by the Classen Group.

Over the entire period of 2021, Classen produced approximately 5m m² of Ceramin boards. Monthly output has meanwhile been increased to around 600,000-700,000 m². The target for 2022 is to produce more than 8m m² of design flooring; in addition, up to 1m m² of Ceramin boards are to be supplied to industrial customers. Total turnover in the design flooring sector is thus expected to rise to more than €100m. Classen has sold the design flooring produced in Kaisersesch primarily under the Neo 2.0 and Sono brands following the product changes at the beginning of 2016. The Vario product line represents an alternative to natural stone coverings and tiles and was developed both as a floor covering and as a wall covering. Classen has meanwhile gradually converted its design flooring business to the GreenVinyl brand. Sales were initially focused primarily on the DIY sector in the DACH region; the products are now also increasingly being supplied to other European countries and various overseas markets. An export proportion



Flooring production in Kaisersesch

(Photo credit: Classen)

of around 50% has thus now been achieved.

In the ten years that have elapsed since the start of development work for its own design flooring programme, the Classen Group has invested a total of around €300m at the Kaisersesch site. This sum includes the construction and conversion of production buildings and warehouses; the adaptation and expansion of infrastructure facilities; expenditure for research and development in the areas of product conception and production technology; investments in machinery and equipment, and ensuring the supply of upstream products. The polypropylene recyclates necessary for Ceramin production are provided by HC Plastics GmbH, Swisttal, a joint venture founded in spring 2021 by Classen together with sorting plant operator Hündgen Entsorgungs GmbH & Co. KG. Some two-thirds of the PP requirement can thus now be covered by recyclates.

For the planned further expansion of Ceramin production, the Classen Group intends to invest a total of approximately €150m in two stages over the next two years. Besides expansion of Ceramin production, another key focus will be the development of production opportunities for PP surfaces. The first tranche will be partially financed via a

ten-year promissory note loan placed in recent weeks through Finpair GmbH, Hanover. In the course of the issuance, the loan volume was increased from the originally planned €50m to €75m. One-third of the total amount will be used to refinance existing liabilities. Two-thirds of the sum is earmarked for general corporate financing; one focus in this connection is the expansion of Ceramin production. The second tranche, planned for a later date, is to be financed from the company's own funds, according to Classen.

The production of laminate flooring has been concentrated on the Baruth site, which has been put into operation in 2001. The production capacity at that time was subsequently doubled in 2003 by setting up a second section of the plant. This was followed in August 2007 by the start-up of the MDF/HDF plant trading under the name of Fibreboard Baruth GmbH (FBB), which covers the bulk of the substrate-board requirement with an annual capacity of approximately 550,000 m³. Production of laminate flooring was later switched to the liquid-laminate technology (LLT) developed by Classen itself. Meanwhile, Classen operates in Baruth a total of seven LLT production lines of different designs, with variations in structure and production stages and eleven profiling lines. □

Australasia division operates 37 production sites in Australia, Indonesia and Malaysia

Door producer Jeld-Wen to withdraw from Australia and Southeast Asia

US door and window manufacturer Jeld-Wen Holding Inc., based in Charlotte, North Carolina, is considering divestment of its activities in Australia and Asia, which are consolidated in the Australasia business division.

According to a statement issued on 30 August 2022, the company has initiated a review of strategic alternatives. The aim is to focus more strongly on the group's activities, which will also involve simplifying organisational structures. Macquarie Capital Ltd. was commissioned as financial advisor. Legal advice was entrusted to London- and Sydney-based law firm Herbert Smith Freehills.

The Australasia business division, which is managed from Sydney, operates a total of 37 production sites, 33 of which are located in Australia and two each in Indonesia and Malaysia; there are also four distribution sites for the Australian market. As at the end of 2021, the company employed around 4,500 persons. The product range consists mainly of doors and

windows. These two product groups each contribute around 40% to division turnover. The remaining 20% is generated in other interior finishing product segments.

The main brands are Corinthian, Stegbar and Breezway. The regional focus is on Australia, with expansion steps into adjacent markets. Activities in Australia are focused primarily on new residential construction, which accounts for around three-quarters of turnover. The renovation sector contributes just under one-quarter; commercial business plays only a minor role. Approximately three-quarters of turnover is generated through direct business with housing construction companies; the remainder comes primarily from distribution. The trade/DIY segment is virtually unserved in Australia. According to Jeld-Wen, the Australasia business division has been faced with difficult general conditions in recent years, which were exacerbated by the corona crisis. In 2021, however, residential construction in Australia picked up again, which should facilitate stronger growth in the current year.

In the 2021 financial year, the Australasia business division increased turnover by 13.7% compared to the preceding year to US\$590.0m (2020: 518.9m), corresponding to 12.4% (12.3%) of group turnover of US\$4.772bn. Exchange rate effects accounted for around 9% of the turnover increase, sales volumes/product mix for around 3% and price adjustments for around 2%. Adjusted EBITDA increased by 14.4% to US\$71.4m (62.4m); the corresponding margin remained virtually unchanged at 12.1% (12.0%). Company assets, however, declined to US\$542.8m (598.4m) last year.


In the first quarter of 2022, positive turnover effects (+6%) achieved through higher prices were not sufficient to compensate for the negative effects ensuing from volume/mix (-5%) and exchange rates (-6%). Turnover of the Australasia division thus decreased by 5.2% to US\$125.4m (Jan.-March 2021: 132.2m). Adjusted EBITDA dropped by 21.4% to US\$10.4m (13.2m), resulting in a margin of 8.3% (10.0%). The second quarter brought a further reduction in turnover of 2.6% to US\$151.8m (April-June 2021: 155.9m). Core revenue was 4% higher than a year earlier (prices +8%, volume/mix -4%), but exchange-rate effects reduced sales revenue by 7%. Adjusted EBITDA reached US\$15.9m (18.0), which was 11.8% less than last year. At 10.5% (11.5%), margin returned to a double-digit percentage range.

Over the entire first half-year, Jeld-Wen's Australasia division generated turnover of US\$277.2m (Jan.-Jun 2021: 288.2m), which was 3.8% below last year's level. The growth in core revenue (+3%) achieved by means of price (+7%) and volume/mix (-4%) was more than offset by negative exchange-rate effects (-7%). Adjusted EBITDA of the business division decreased by 16.0% to US\$26.2m (31.2m), accordingly the margin was only in the single-digit range at 9.5% (10.8%). □



Jeld-Wen factory in Slapylton/Queensland

(Photo credit: FKG)



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