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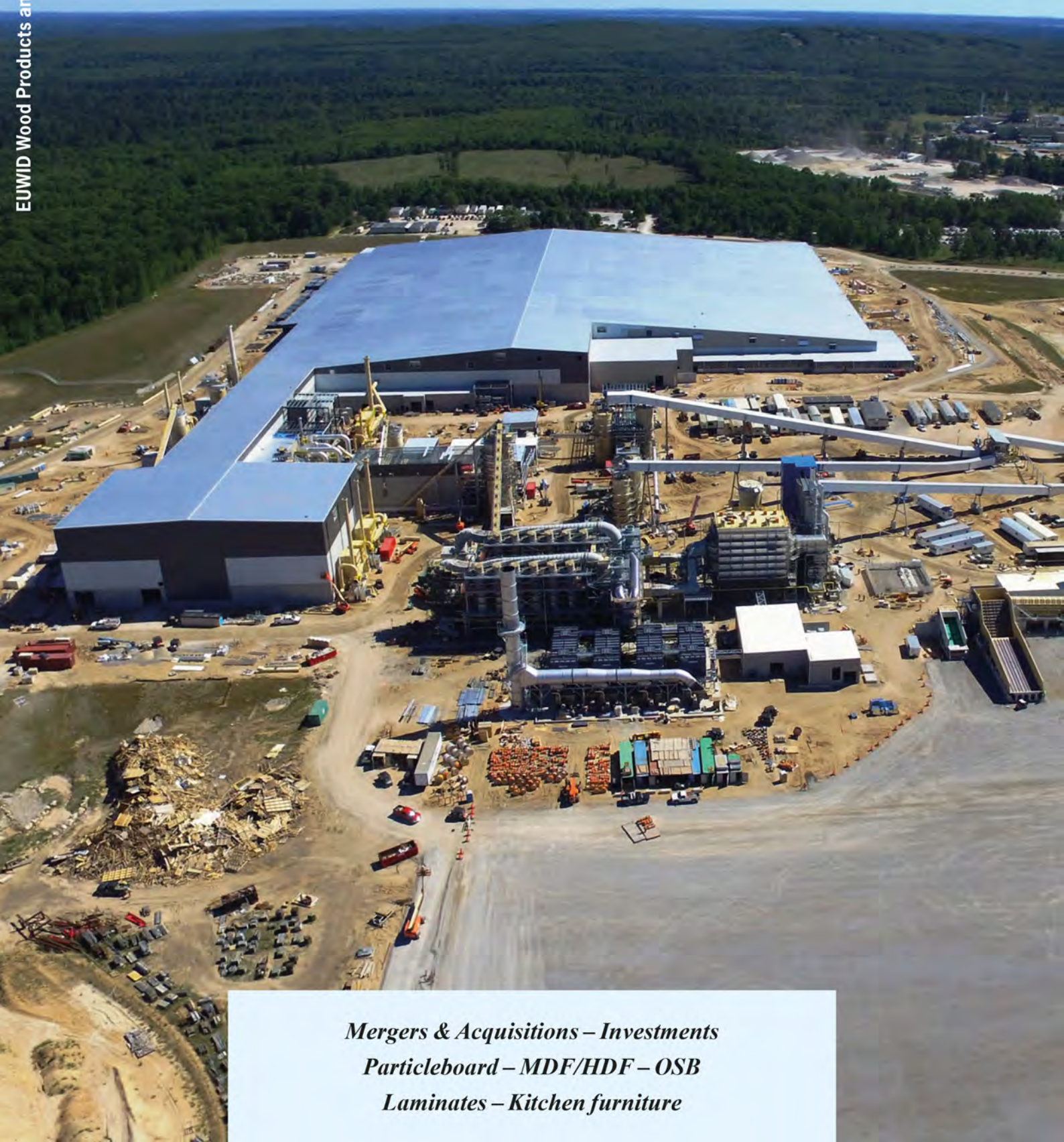
EUWID

Special: Wood-Based Panels



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More and more changes in North America

Resurgent investment activity in the North American wood-based panel, surface and furniture industry for some time now will pave the way for changes in these sectors in the medium term too. The installation of integrated particleboard and MDF/HDF mills, which has mainly been advanced by South American and European companies to date, will put pressure on North American raw board producers operating older lines, which exist in even bigger numbers. At the same time, independent laminating firms – which play an even bigger role in North America than in other regions – will have to consider their future position on the market.

A number of companies' efforts to increase decor matching even more will also forge greater ties between the wood-based panel and laminate industry. Just as in Europe, wood-based panel manufacturers are adding laminates to their portfolios. Conversely, a few laminate manufacturers are entering the thermally fused laminate (TFL) business.

Some of the investments made in North America's furniture industry aim to change the production method used. Automation especially is becoming more and more important given the shortage of skilled workers. In the medium term, the kitchen furniture industry might also turn away from the face frame technology, which still dominates in the US in particular. This trend is being exacerbated by European and Asian supplier companies and furniture producers becoming increasingly involved in this business.

This fourth issue of our English-language special publication, EUWID Special: Wood-Based Panels, looks at the latest developments in North America in several articles. Other topics include changes in machinery and plant construction, an overview of markets for adhesive and impregnating resins, the evolution of European wood-based panel markets and a compilation of major projects under way in the German kitchen furniture industry.

Like the first three issues, the current edition of EUWID Special: Wood-Based Panels thus provides another long-term overview of developments and changes in the wood-based panel industry and adjacent sectors. Three English-language issues of EUWID Special: Wood-Based Panels are planned again next year. The first issue will be released in the run-up to the leading trade fairs, Interzum and Ligna.

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

Yours sincerely
Andreas Ruf
Publisher

Arauco North America is to make the first board at its particleboard mill in Grayling, Michigan before the year's end. Mechanical work to assemble the production technology is largely finished, and the focus has now switched to installing electrical systems. (Photo credit: Arauco North America)

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Andreas Ruf

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Bleichstrasse 20-22
76593 Gernsbach, Germany
Tel.: +49-7224/9397-120
Fax: +49-7224/9397-910
Email: service@euwid.de

www.euwid.de

www.euwid-holz.de
(German website)

www.euwid-wood-products.com
(English website)

Advertising
EUWID Europäischer
Wirtschaftsdienst GmbH
Tel.: +49-7224/9397-160
Fax: +49-7224/9397-908
Email: anzeigen@euwid.de

Ad production coordinator
Alexandra Merkel

Production manager
Jörg Schumacher

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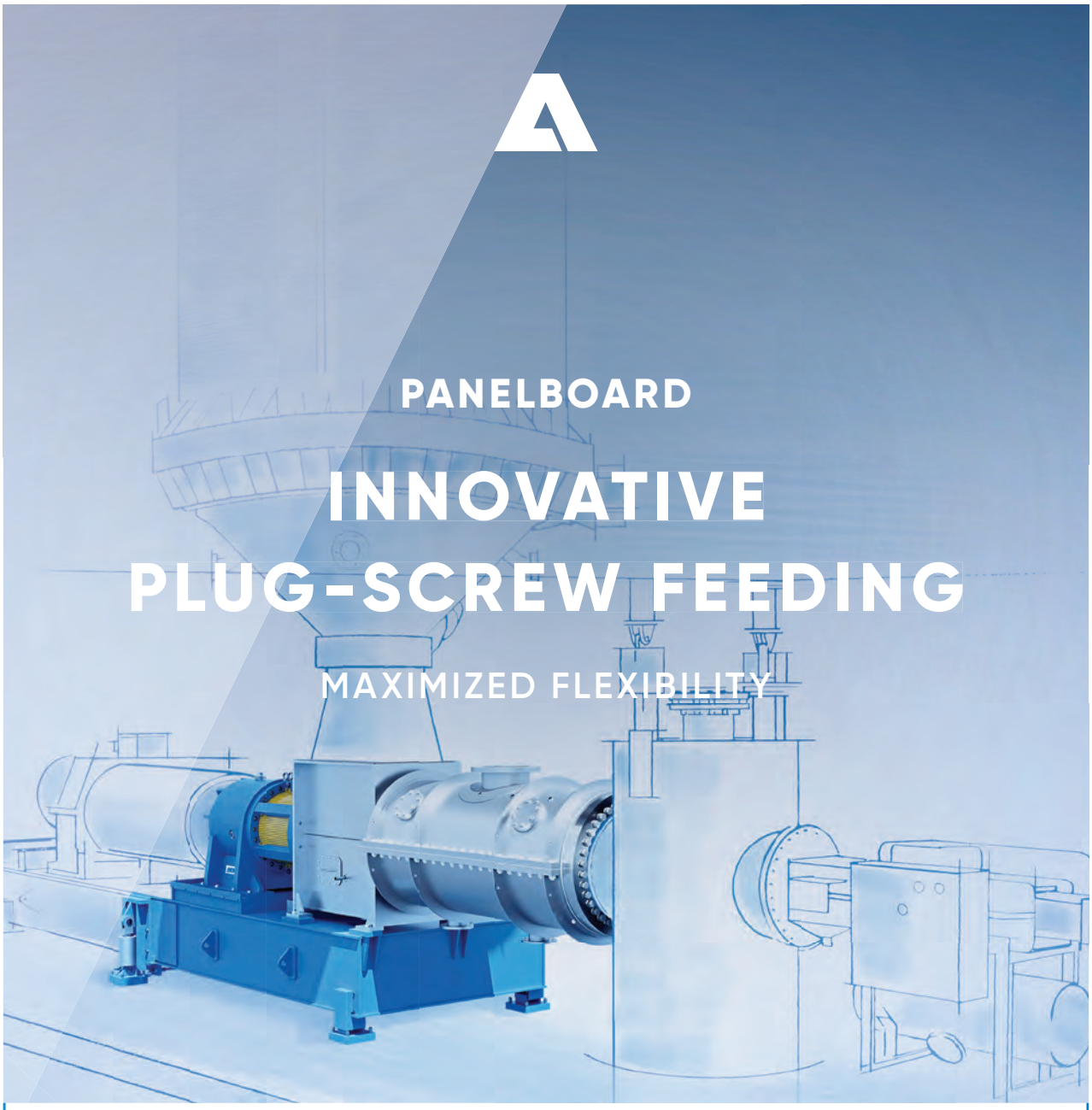

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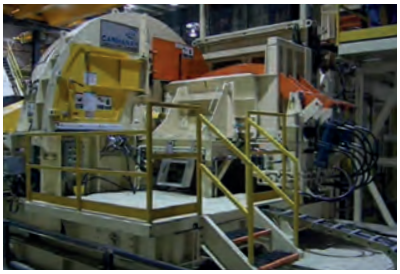
Carmanah to deliver two more stranders to Asia



(Photo credit: Kadant Carmanah)

The US plant manufacturer Kadant Inc., based in Westford, Massachusetts, has reported that its Wood Processing Systems division landed two more orders for strander technology with a total value of US$4m in the second quarter of 2018. Kadant's president and CEO, Jon Painter, said that one strander will go to China and the second to a customer in Thailand. The Thai company in question is Vanachai Group Public Company Ltd., which is based in Bangkok and has so far been active in making particleboard, MDF/HDF and refined products, such as laminate flooring and door skins.

During the first quarter, Vanachai had switched an order for a forming and press line to make particleboard that it placed with Siempelkamp in October 2017 to OSB. The company will purchase upstream and downstream components directly. Vanachai ordered a SmartDisc strander 37/118-30 including feeding systems, from Kadant Carmanah Design, based in Surrey, British Columbia. This technology is set up to handle relatively short roundwood 1.3 m long. The SmartRing strander 32/88 sold to China is to process roundwood 2.8 m long. This order was placed by Guangxi Deke New Material Co., Chongzuo/Guangxi. Both stranders will be delivered towards the year's end and be commissioned by mid-2019.

Kadant had won two contracts from China to deliver strander technology with a combined value of US$5m in the first quarter. The orders were for another two SmartDisc stranders 31/118-30 and a smaller SmartRing strander 28/81, both including feed systems. These stranders are to be shipped in the fourth quarter and start operating at the start of 2019. □

MDF Recovery: First recycling plant by 2020

The British technology firm MDF Recovery Ltd., headquartered in Beaumaris, has wrapped up pre-engineering work on the first industrial-scale facility to recycle MDF waste. A basic plant concept was initially drawn up by Bilfinger-Tebodin B.V., headquartered in The Hague. The Dutch consulting and engineering firm also came up with the first robust data showing the projected investment and operating costs for a plant of this kind.

This included insights from a pilot plant commissioned in Chesterfield, UK, at the end of 2016. MDF Recovery recycled a variety of types of MDF waste there for interested companies primarily from the MDF and insulating board industry. The firm said that the plant can produce fibres with similar properties to those from conventional thermo-mechanical methods. MDF Recovery is also in talks about awarding licences. Negotiations with three MDF manufacturers - two from Europe and one from Asia - have made the most progress.

Founder and managing director Craig Bartlett said that MDF Recovery is working on financing detailed planning work. Once this has been secured, he believes that it will take licensees six months to complete engineering work and nine months to build the plant. Based on this information, the first industrial-scale recycling plant for MDF might be commissioned by the end of 2019 or start of 2020. The original timetable has thus been pushed back by about a year. Once the pilot plant was up and running, MDF Recovery said that it hoped to ink its first licence agreement by the end of 2017 and build its first industrial-scale plant in 2018.

Over the past few months, MDF Recovery has made a number of staffing changes. Henry Dixon, founder of the marketing communications agency Barrett Dixon Bell Ltd., based in Altrincham, was named as its first non-executive director in January. Steve Harvey, group chairman at the law firm Hillyer McKeown LLP, based in Chester, followed in his footsteps in the same role. Jonathan Grant, group chief executive of W. Howard Ltd., a Manchester-based producer of MDF profiles, has also joined the advisory board. Grant and Dixon also acquired minority stakes in MDF Recovery as part of a six-person group of business angels. The group of investors made £165,000 available to the company at the end of June. □

Cefla Group increased revenues to €528m

The Italian machinery and plant producer Cefla s.c., based in Imola, raised its production revenues for the fifth time in a row in 2017. The company delivered turnover of €528m, a significant increase over 2016's figure of €468.4m. Its subsidiaries in the US, China and Russia - where Cefla operates its own production facilities in Charlotte (North Carolina), Moscow and Suzhou (Jiangsu Province) - played a major role in this growth. Cefla put its foreign operations' share of total revenues at 54%.

Earnings had also improved in absolute terms. The EBITDA margin decreased one percentage point from 10.0% in 2016, due in part to a change in the product mix. Net profits reached a new record high of €25m, surpassing 2016's total of €17.5m by 43%.

The company employed about 2,000 people worldwide in its five divisions - Finishing, Plant Solutions, Shopfitting, Medical Equipment and C-Led - in 2017.

Cefla also reached a preliminary licence box agreement with Italian tax authorities in 2017. The firm is thus among the first major companies to benefit from tax breaks on income from intellectual property, such as patents, trademarks and registered designs. According to Cefla, this step will foster its continued dedication to research and development. The firm reported having invested €20m in 2017. □

Raute's orders down again for first time

Orders received by the Finnish machine-engineering company Raute Oyj of Nastola in the second quarter of 2018 were 3% lower than in the same period of last year at €28m (April-June 2017: 29m). As such, the company registered a minor reduction again for the first time since the second quarter of 2016. Receipts of orders were less than half what they had been in the first quarter. At that time, Raute had reached order receipts totalling €68m with two major projects concluded in January with a combined total value of €43m.

€16m (14m) of the value of total receipts of orders in the second quarter was accounted for by new machinery, and €13m (15m) by the „Technology Services" segment. The backlog of orders at the end of June was higher by roughly half than a year earlier at €127m (87m). The figure was €15m lower than at the end of March.

Net sales revenue was raised by 25% in the second quarter, reaching a new record level of €43.7m (35.1m), says Raute. Retroactive calculation of the figures given for the first half-year as a whole reveals growth in Russia (+37% to €15.9m) and North America (+87% to €8.9m) in particular. With 1% lower sales revenue of €16.0m (16.2m), Europe only just managed to remain at first place as the most important sales region. At €1.2m (1.9m), South America remained 40% below the already low figure for last year. From a low baseline, sales revenue generated by the „Asia-Pacific" region, on the other hand, almost trebled to €1.8m (0.6m). Europe's share of the total sales revenue in the second quarter was 37% (46%). Russia and North America contributed 36% (33%) and 20% (14%), respectively. South America and the Asia-Pacific region accounted for 3% (5%) and 4% (2%).

According to the quarterly report published on 31 July, the earnings figures increased disproportionately in the second quarter. The operating result was 139% higher than in the same period of last year at €3.2m (1.3m). The pre-tax result underwent a 162% improvement to €3.1m (1.2m). Net profit almost trebled to €2.4m (0.8m).

Due to the more restrained development in the first quarter, the sales and earnings figures rose less sharply in the whole of the first half-year. Net sales revenue in the first half-year was 10% higher than a year earlier at €78.9m (71.6m). €65.3m (57.8m) of this was posted using the percentage-of-completion method. The share of sales revenue accounted for by Europe fell to 45% (49%). Whereas Russia business also fell to 30% (33%), the share held by North America rose to 18% (12%). Like last year, South America accounted for a share of 4%. The Asia-Pacific region stepped up its share by one percentage point to 3% (2%).

The operating result and pre-tax result each rose by almost half in the first half-year to €5.9m (4.0m) and €6.0m (4.1m). The net profit of €4.6m (2.9m) was 59% higher than a year earlier. □

Novopan orders plant from Dieffenbacher

(Photo credit: Dieffenbacher)

Dieffenbacher GmbH Maschinen- und Anlagenbau will be supplying key components for a particleboard plant to Novopan del Ecuador S.A. of Quito. Besides an 8 ft x 20,5 m continuous CPS+ press system, the order also includes the format station and the forming line with prepress. Dieffenbacher will also be supplying the mechanical conveyor that begins at the glue blenders, a raw-board handling system, and a stack and transfer system.

Novopan has also placed an order with the Dieffenbacher group's subsidiary B. Maier Zerkleinerungstechnik GmbH of Bielefeld for machinery for producing woodchips and wood particles. In addition to the conveyors for loading logs and slab bundles, Maier is also supplying a vibrating dosing table for short-piece wood assortments as well as the pre-chipper conveyor with a metal-detector. The woodchips will be produced on an HRL 1600 drum chipper with a clamping plate rotor. These will be further reduced on a total of three MRZ 1400 knife ring flakers equipped with FlowOptimizers.

The purpose of Novopan's order, which had already been placed in December 2017, is to enlarge the capacity at its main plant in Quito. The company has been operating a particleboard plant there since 2007. This plant was originally geared to a capacity of 400 m³ per day with a 2.5 x 11.2 m continuous press supplied by Metso Panelboard. Dieffenbacher says the capacity was able to be raised to 1,000 m³ per day by 2013 by means of modifications to the forming station and extending the raw-board handling system. In the two years thereafter, Novopan then installed a new prepress and the EVOjet P glue-saving system from Dieffenbacher. This latest order is Dieffenbacher's sixth new plant project in Latin America within the last four years. Of these, three continuous production lines for MDF went to Mexico. Both Pro MDF S.A.P.I.B. de C.V. of Huimanguillo, Tabasco, and Maderas y Sintéticos de México S.A. de C.V. of Durango produced their first board in the first quarter of 2016. The new MDF works set up by the Mexican particleboard and plywood manufacturer Duraplay de Parral S.A. C.V. of Hidalgo del Parral, Chihuahua, was officially opened on 24 October 2017. Dieffenbacher also supplied two MDF/HDF plants to Brazil. The systems at Placas do Brasil S.A. of Pinheiros, Espririto Santo, and Floraplac Industrial MDF Ltda. of Paragominas, Pará, were scheduled to be put into service before the end of summer. □

Büttner to deliver dryer and combination burner to VMG

The Lithuanian firm UAB Vakaru Medienos Grupe (VMG), based in Klaipeda, has ordered a drum dryer in dimensions of 6.5 x 35 R for its particleboard project in Alkmene in northern Lithuania from Büttner Energie- und Trocknungstechnik GmbH, headquartered in Krefeld, Germany. With an upstream flash tube, the dryer has a designed drying capacity of 55 t/h; it will be heated using a BCB-D/G-55 dust/gas combination burner. VMG has purchased a wet electrostatic precipitator from EWK Umwelttechnik GmbH, based in Kaiserslauten, Germany, to clean exhaust air from the dryer. The drying technology is part of an order that VMG placed with Siempelkamp at the start of the second quarter of 2018 for a completed particleboard line, which is to reach a daily capacity of 2,000 m^3 using a ninth-generation Contiroll in dimensions of 8 ft x 45.5 m. This is the third time since 2005 that VMG has ordered a complete line to make particleboard from Siempelkamp, with Büttner supplying a dryer for each project. □

Homag opens engineering office in Poznan/Poland

Homag Group AG opened a new development centre in Poznan on 26 July 2018. Roughly 80 engineers from the research and development (R&D) segment are to take up their posts by the end of the year in the 900 m^2 building completed at the beginning of the year. According to Homag's board chairman, Pekka Paasivaara, the focus of the development work will then be on automation, software, and digital solutions. When the plans were presented at the beginning of April, they included the construction of a competence centre for robotics. According to the details given at that time, the virtual commissioning of machines is also to be developed and improved at the establishment trading under the name of Homag Engineering Poland. Homag also aims to use this to shorten the start-up time required by production lines on location at their customers facilities. □

Dürr expanding exhaust air treatment activities

(Photo credit: Dürr)

Dürr AG (Bietigheim-Bissingen) wants to acquire environmental technology operations from the US boiler producer Babcock & Wilcox Enterprises Inc. (B&W), based in Charlotte, North Carolina, thereby giving a considerable boost to its exhaust air treatment activities. The transaction agreed on 6 June 2018 includes B&W's three subsidiaries Babcock & Wilcox Megtec LLC, Babcock & Wilcox Megtec Holdings Inc. (both based in De Pere, Wisconsin) and Babcock & Wilcox Universal Inc. (headquartered in Stoughton, Wisconsin), which Dürr said employed 900 workers and generated revenues equalling about €198m (2016: 231m) and EBIT of €2m (14m) in the 2017 financial year. The slump was primarily blamed on a weak performance by its metals/mining, timber and printing operations. This year, B&W expects to stage a recovery with revenues of €200m and EBIT of €10m. The transaction is to close during the third quarter once the necessary approvals have been received.

These companies will then be integrated into Dürr's Clean Technology Systems (CTS) division, which employed about 600 workers, generated turnover of €185.4m (2016: 167.0m) and recorded adjusted EBIT of €3.4m (6.1m) last year. With the consolidation of the three B&W companies, which is expected to happen from the start of July, turnover is poised to climb to €300m and adjusted EBIT to €12m this year. Next year, the group anticipates revenues of €420m and adjusted EBIT of €17-21m. Dürr intends to hoist the division's revenues to €500m by 2021.

Dürr CTS primarily delivers exhaust air technology to the chemical, pharmaceutical and automotive industries. Megtec primarily sells technology for packaging, printing, energy generation and timber. Megtec also uses complementary technology, which Dürr has not been able to deliver to date, such as wet electrostatic separators (WESP) used in the timber industry. □

Holz-Her finishes project to expand its Voitsberg site

In July 2018, Holz-Her GmbH, based in Nürtingen, Germany, wrapped up the expansion of its manufacturing facility in Voitsberg, Austria, which does business as Holz-Her Maschinenbau GmbH. Holz-Her is part of the Weinig International AG group. Unveiled in mid-2017, the investment project entailed building a new production hall with a total area of approximately 1,000 m^2 as well as installing a CNC-controlled long-bed milling machine to handle large steel parts. This CNC milling technology is to be used to manufacture all large Holz-Her parts, such as machine frames, in future. Up until now, about 40% of these large parts have been sourced from external suppliers. The firm intends to complete the switch to in-house production by the year's end. Weinig had previously reported having invested about €4.5m in the Voitsberg expansion project.

The project is part of a programme of investments for Holz-Her that Weinig adopted in mid-2017 in which €15m is to be spent by the end of 2019. Roughly €10m is going on the relocation of Holz-Her's offices from the centre of Nürtingen to a new building in an industrial park south-east of the town. Construction work on the new office and showroom began in early August. It is slated for completion in autumn 2019.

Weinig is making these investments at Holz-Her in response to its growth in revenues in recent years. The company generated revenues of around €120m in the 2017 financial year. Its revenues have tripled since it was acquired by Weinig on 1 April 2010. □

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Last year, the six biggest supplier countries boosted their exports to €6.626bn

Woodworking machinery: Germany and Taiwan enjoyed double-digit growth

Germany and Taiwan raised their woodworking machinery exports by double-digit percentages last year.

Both countries experienced a marked improvement in foreign shipments compared with the previous year. For its part, Italy had ended 2016 and 2017 with similar growth rates. On the other hand, China and Austria booked only small increases. US exports were once again lower than the previous year. The Italian industry association Acimall, based in Assago, reached these conclusions in its annual report, which was published at the start of July and which analyses export streams of the six biggest supplier countries (excluding tools).

Acimall statistics show that German woodworking machinery exports jumped 15.1% in a year-on-year comparison to €2.360bn (2016: 2.050bn). In a review published in early June, the Woodworking Machinery Association within the German Mechanical Engineering Industry Association (VDMA), based in Frankfurt, reported similar figures with a 12.8% upswing to €2.35bn (2.1bn). Acimall recorded an 11.8% growth in exports from Taiwan to €616.8m (552.9m). Italian exports were up 6.4% at €1.497bn (1.407bn). China shipped 2.0% more woodworking machinery than in 2016 with €1.372bn (1.345bn); Austria booked a somewhat smaller growth of 1.7% to €469.9m (461.9m). By contrast, US exports dropped 5.2% to €310.7m (327.9m). According to Acimall, the six biggest countries had combined exports of about €6.626bn (6.145bn). This represents an average growth rate of 7.8%.

As in 2016, exports of all countries, apart from the US, increased during the course of the year. The biggest quarter-on-quarter growth had occurred in Germany, according to Acimall. German woodworking machinery exports had climbed from the first quarter's figure of almost €450m to a good €500m in the second quarter. Exports had reached almost €600m in the third quarter before passing the €700m mark in the final quarter. Chinese exports also increased one quarter after another, peaking at nearly €400m in the final quarter. Italy had posted a minor downturn in the third quarter, but the fourth quarter was the best single period with more than €410m. The same is true of Austria, which exported close to €125m in the fourth quarter. Taiwan's exports softened towards the year's end after gradually improving in the first three quarters. Acimall recorded fluctuations in exports from the US in each quarter.

As in previous annual reports, Acimall also depicted exports to individual regions and their biggest countries in its analysis. The six biggest suppliers exported woodworking machinery with a total of €2.597bn (2.470bn) to the EU last year. The rest of Europe accounted for €613.3m (490.7m). Shipments to North America were trimmed to €1.556bn (1.811bn), with an even bigger downturn to €172.7m (213.4m) reported for Latin America. Asian markets were slightly higher than in 2016 at €1.525bn (1.494bn). Exports to Oceania and Africa saw minimal changes to €167.8m (161.3m) and €120.4m (120.9m) respectively. Therefore, 39% of the six biggest suppliers' exports ended up in the EU last year. North America and Asia drew level with 23%. Some 9% went to the rest of Europe, 2.6% to Latin America, 2.5% to Oceania and 1.8% to Africa.

As in 2016, Germany was the biggest supplier in the EU (€1.064bn), the rest of Europe (€290.5m) and Latin America (€50.5m). Germany (€536.9m) also overtook China (€402.9m) in Asia. In North America, China just managed to hold on to its number one position with €429.9m, although Germany came close to catching up with €412.2m. However, China did lead the way in Oceania (€45.5m) and Africa (€49.7m). □

World: Development of woodworking machinery exports 2017 [1)]

in m €	World	EU	other Europe	Africa	North America	Latin America	Asia	Oceania
Germany	2,360.4	1,064.3	290.5	15.0	412.2	50.5	536.9	38.8
Italy	1,497.1	768.7	169.6	44.2	215.4	47.0	257.4	39.1
China	1,371.5	336.2	92.9	49.7	429.9	37.9	402.9	45.5
Taiwan	616.8	61.6	12.4	3.5	284.1	7.3	236.8	14.5
Austria	469.9	329.3	44.0	4.4	48.1	4.9	34.9	10.9
USA	310.7	36.9	3.9	3.6	165.8	25.1	56.2	19.0
Total	**6,626.4**	**2,597.0**	**613.3**	**120.4**	**1,555.5**	**172.7**	**1,525.1**	**167.8**

1) without tools

Source: Acimall

Purchase of a site for its second Chinese facility finalised in June

Wemhöner to finish reorganising production and assembly by mid-2019

Wemhöner Surface Technologies GmbH & Co. KG intends to finish reorganising production and assembly activities at its headquarters in Herford, Germany, by the middle of 2019.

Wemhöner expanded the production space at its Herford plant to more than 19.000 m². (Photo credit: EUWID)

The company built two new halls, which were combined with existing halls to create a larger complex, across the road from its current plant during the first half of 2018. The addition of the new halls increased its manufacturing area by about 2,000 m² from 3,000 m². In future Wemhöner intends to house its parts production assets there. As part of this reorganisation, the firm will also update its machinery park. In a first phase, a new CNC milling machine that can machine parts weighing up to 50 tonnes was installed in the new halls. The machinery used to date is limited to parts weighing up to 15 t. The start-up process for the new milling machine has now begun and is set to be completed by September. At the same time, the firm will move machinery used to make parts at its headquarters across the road and/or replace it with larger, modern technology. Once this project has been completed, the 14,000 m² headquarters will primarily be used to assemble and pre-commission presses and surface lines made in Herford. Wemhöner still lists the cost of the entire reorganisation project at some €12m, breaking down into about €4m to build the new halls and €8m for machinery. The new milling machine is the single-largest investment with a budget of some €4m.

The company had built the halls across the street that are now used for the expansion project back in the 1980s before renting them to other companies. Wemhöner took over the three existing halls three years ago after the last renter moved out and has since used the space to carry out assembly work.

Wemhöner is reorganising production and assembly operations and making the related investments primarily in order to optimise its manufacturing processes. There are no plans to increase capacity, even though the provision of extra assembly space will allow the firm to shorten lead times in its main business of short-cycle presses, which are relatively long at about 18 months. Wemhöner aims to guarantee lead times of less than a year again. The company believes that rising lead times for short-term presses in recent years have been caused by factors including relatively brisk investment activity in a number of markets, the shift in market share among press producers especially for large units and the trend towards more complex and more heavily automated technology. These presses can achieve higher pressing power and thus deeper structures, press synchronised with the decor and higher clock rates. Investments in individual short-cycle press projects have jumped to over €10m with these additional requirements. Wemhöner will also improve its ability to make heavy and complex short-cycle presses with the investments that it has made in replacing and increasing its parts production capacity.

Wemhöner has also made progress with its longstanding plans to build a second Chinese facility over the past few weeks. In June, the firm completed its purchase of a 20,000 m² piece of industrial land in Changzhou, Jiangsu Province, which was agreed in September 2017. Construction will likely begin in spring 2019. Manufacturing is set to commence by mid-2020. In a first phase, the new complex doing business as Wemhöner Changzhou Technologies Co. Ltd. will have printing and lacquering capacity. □

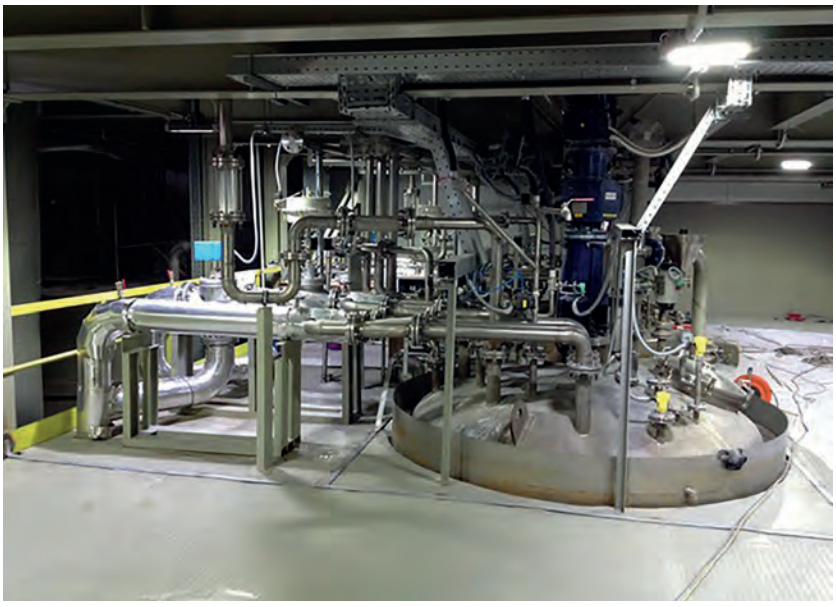
Airprotech, acquired at the start of 2018, is to cluster RTO production activities

Deurotech gradually creating other pillars besides treating technology

Over the past few years, Deurotech Group GmbH (DTG), based in Langenfeld, Germany, has established several new pillars alongside its treating and coating technology business run by Vits Technology GmbH, also headquartered in Langenfeld. Deurotech was created in late April 2015 when the private equity firm Hannover Finanz GmbH, based in Hanover, Germany and Vienna, Austria, acquired a majority stake.

The company had entered the exhaust air treatment technology business back in September 2014 when it became the sole owner of Wessel-Umwelttechnik GmbH, based in Hamburg. IFA Technology GmbH, a company based in Rain am Lech, Germany, that specialises in dosing, weighing and mixing technology, now also delivers production technology for adhesive and impregnating resins. The last major expansion happened in February 2018 when Deurotech acquired a majority stake in another exhaust air treatment specialist: Airprotech s.r.l., based in Magenta, Italy. Deurotech Group intends to continue moving forward with its strategy of growing through targeted acquisitions in future too. This strategy was outlined when Hannover Finanz became its majority shareholder and focuses on rounding out its existing portfolio to unlock synergies in terms of the products on offer and buyer segments it serves. At the moment, additional transactions appear to be primarily feasible in the environmental technology field, which has so far been covered by Wessel-Umwelttechnik and Airprotech. Conversely, Deurotech Group sold the additive production and sales specialist Deurowood Produktions GmbH, based in Hard, Austria, to Pinova Capital GmbH, headquartered in Munich, Germany, in December 2016.

The sale of Deurowood, which closed retroactively to 1 January 2016, had brought major changes to Deurotech Group's financials. The deconsolidation of Deurowood sent the group's consolidated revenues falling to €47.8m (29 April-31 Dec. 2015: 48.9m) in 2016 compared with the short 2015 financial year, which did not begin until 29 April. Approximately 23% of this sum was generated in Germany and 77% in other countries. Conversely, proceeds from the sale and other income from investments led to a sharp improvement in earnings. Project delays caused by clients meant that Deurotech was unable to meet its goal of raising revenues in 2017. Deurotech Group intends to generate consolidated revenues of €75m with its staff of about 220 workers this year thanks to the first-time inclusion of its stake in Airprotech. Both the further expansion of existing activities and integration of Airprotech are to drive this considerable increase in revenues. Excluding Airprotech, the company intends to book a 20% growth in revenues this year.



Resin reactor *(Photo credit: IFA)*

Deurotech Group has reorganised its exhaust air treatment technology operations following its purchase of a stake in Airprotech. Its regenerative thermal oxidizer (RTO) activities have been pooled at the Italian firm, which focuses on thermal and catalytic exhaust air treatment methods and primarily serves customers in the chemical, pharmaceutical, petrochemical, printing and paint industries. Airprotech now delivers about 60-70 RTOs each year. On the other hand, Wessel-Umwelttechnik has withdrawn from the RTO manufacturing business in Hamburg, except for the waste treatment segment. Instead, it is now focusing on manufacturing biological and chemical scrubbers that are used to reduce formaldehyde and dust emissions. Wessel-Umwelttechnik now handles about four to five orders from the wood-based panel and treating business each year. In the wood-based panel industry, scrubbers offered by Wessel-Umwelttechnik compete with wet electrostatic precipitators (WESP). While investment costs for both concepts are comparable according to Deurotech Group, Wessel scrubbers can be operated at much lower energy costs. Besides scrubbers, Wessel-Umwelttechik also delivers technology to reduce odour pollution, which

is used in the food industry, for sewage treatment plants, for waste incineration plants, and energy recovery systems.

Vits Technology, the biggest company within the Deurotech group, has experienced almost consistent growth in its treating line business over the past few years. 2015 was the strongest year to date with 15 treaters sold; some 13 treating lines each had been invoiced in 2016 and in 2017. Besides the new plant business, which comprises 8 to 12 projects in a long-term average, the company has also carried out several rebuilding projects in the past few years. Ordering of treaters has slowed a little this year for economic reasons. At the same time, business has shifted a little more towards phenolic impregnating technology. New orders for melamine technology have been placed by companies including Kronospan, Egger and the North American resin producer and impregnating firm Arclin Inc., based in Roswell, Georgia. By contrast, business with Turkey, which has been relatively brisk in recent years, has slowed because of more challenging macroeconomic conditions and the resulting problems financing projects. Companies recently ordering new phenol technology included the laminate manufacturers FunderMax GmbH (St. Veit, Austria), Arpa Industriale S.p.A. (Bra, Italy) and Formica Corp. (Cincinnati, Ohio). Vits Technology's site in Langenfeld is able to operate at full capacity into 2019 based on its current order backlog.

The lions share of the treating lines delivered by Vits are now in its high-performance Highline portfolio. These treaters are able to coat melamine in working widths of 7-9 ft at speeds of 80-110 m/min. Phenol lines operate at up to 350 m/min. Its systems to make glass nonwovens, which are up to 4.50m wide, operate at up to 200 m/min. Besides its Highline product line, Vits also offers Techline standard technology and its Proline series, which was designed to serve entry-level customers. Besides treating lines for the wood-based panel and surfaces industry, Vits now also supplies a growing number of coating and laminating machines for other areas, such as the non-woven and glass non-woven segment. About a third of the systems delivered by Vits now go to areas outside the wood-based panel and surfaces industry.

IFA Technology reports now handling two to three projects each year in its new business area of adhesive and impregnating resin technology, which has been built up over the past few years. The first projects were carried out at the Russian impregnating joint venture OOO Interprint Samara, based in Samara, and the Mexican MDF producer Pro MDF S.A.P.I.B. de C.V., headquartered in Huimanguillo, Tabasco, in 2015 and 2016. In addition, it increased adhesive resin production at Kronochem LLC in Eastaboga, Alabama, and installed a new impregnating resin line during 2017. In the next stage, IFA Technology also wants to start making phenolic resin lines. IFA Technology will work together with a partner to enter this business. □

Bürkle's group revenues topped €100m for the first time in a while in 2017

Auctus Capital Partners is going to buy majority stake in Bürkle from Nimbus

The private equity firm Auctus Capital Partners AG (Munich, Germany) is set to purchase a majority stake in the machinery and plant producer Robert Bürkle GmbH (Freudenstadt, Germany) from the Dutch investment firm Nimbus (Zeist).

The signature of a contract on 13 September 2018 wrapped up the sale process launched by the investment bank Houlihan Lokey in the fourth quarter of 2017. Bürkle workers were informed of the outcome at staff meetings held on 14 September at its German locations in Freudenstadt and Rietberg-Mastholte. On 24 September German Federal Cartel Office issued its approval of the transaction, which had been applied for on 17 September.

According to a teaser drawn up by Houlihan Lokey during the sales process, Bürkle recorded total output of about €115m and an EBITDA margin of about 10% in the 2017 financial year. In the teaser entitled Project Bridge, Bürkle was described as a leading provider of surface coating technology and presses. The teaser states that its existing manufacturing sites in Germany and China, its global sales organisation and wide range of customers is to pave the way for further international expansion.

Auctus reported having completed about 100 private equity investments since 2001, some of which have since been sold. Its current portfolio is made up of 18 companies from a variety of industries with total revenues of about €1bn. Institutional investors, entrepreneurs and Auctus's 15 partners provide the fund capital of roughly €500m. Auctus's first involvement in the wood and wood-based panel business came in late June with a management buy-out of the merchant Hobatex GmbH Industrial Partners, based in Brakel, Germany.

Nimbus acquired a majority stake in Bürkle through a capital increase with effect from 19 December 2013. These shares had previously been held by former managing director Hans-Joachim Bender, a partner connected to Bender, the Bürkle family and Thyssen'sche Handelsgesellschaft mbh, based in Mülheim, Germany. Thyssen'sche Handelsgesellschaft mbh, which had invested in Bürkle in connection with the 1 December 1998 integration of the press manufacturer WM Wild Maschinen GmbH, based in Mastholte, Germany, sold its shares in January 2014. The three other previous shareholders became minority shareholders. No changes were made at first to Bürkle's management team, which was made up of Renato Luck (spokesperson, technology and manufacturing), Ralf Spindler (sales and marketing) and Jürgen Brenner (commercial management). The company named Jürgen Schröer its CEO in mid-2014 after Nimbus came on board. Spindler and Luck left the company in subsequent months. In May 2016, Olaf Rohrbeck - who had been named director of sales in May 2014 - was appointed to the management team. Conversely, Brenner stepped down from his managerial role.

These organisational changes were part of a restructuring programme launched before Nimbus' investment, which also involved a review of its production range and business procedures. Bürkle had first eliminated about 50 of its 330 jobs in Freudenstadt during the first half of 2014. At the same time, it started the process of merging its sites in Rietberg-Mastholte and Paderborn-Elsen, which are located in North Rhine-Westphalia. Bürkle then ceased operations at Robert Bürkle Automation GmbH, which was based at a rented site in Paderborn, at the end of 2014. During 2014, the company also decided to wind up its surface machinery joint venture Buerkle Co. Ltd, based in Hangzhou in China's Zhejiang Province and the sales entity Buerkle Brasil Equipamentos Industriais Ltda, based in Sao Paulo, Brazil, as well as selling its 70% stake in Robert Buerkle SK spol s.r.o., based in Bratislava, Slovakia, to the joint

The contract for the Bürkle sale was signed on 13 September. *(Photo credit: EUWID)*

venture partner. Its 60% stake in Bürkle Laser Technology GmbH, a firm based in Freudenstadt, Germany, that had been founded in 2009 as it built up its photovoltaic business, was fully written off in 2012. The company was dissolved in 2014. The Chinese joint venture and Brazilian sales firm had been deconsolidated during the past year.

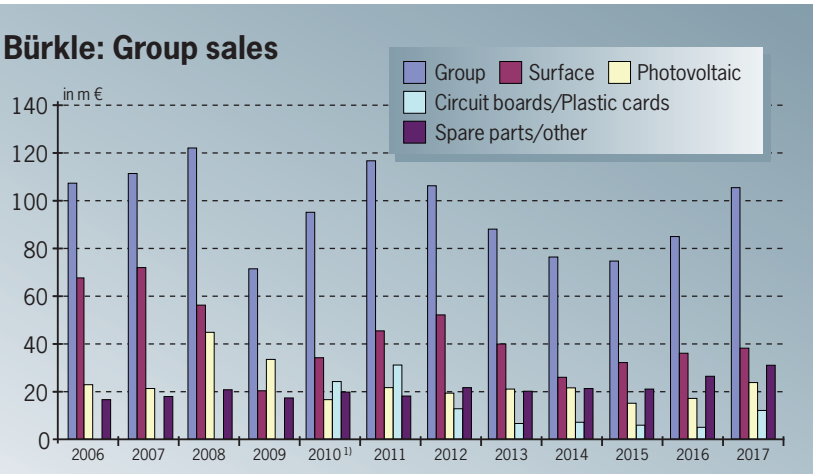
At the start of August 2016, Bürkle terminated its North American partnership with Stiles Machinery Inc., based in Grand Rapids, Michigan, transferring its business in new plants for the wood and furniture industry to Buerkle North America, based in Cypress, California. This sales and service entity had previously focused on the circuit board and plastic card business unit. A project launched in October 2016 to make production more flexible at its Freudenstadt headquarters had ultimately led to the spin-off of part manufacturing to Haug Group Holding GmbH, headquartered in Freudenstadt, in January 2017. During the course of 2016, Bürkle purchased a 20% stake in CML New Finishing s.r.l., a firm headquartered in Noceto, Italy specialising in planning and project development work for spray coating machinery. This step allowed Bürkle's Surfaces division to widen its portfolio to include spray coating machinery by the time that Ligna 2017 happened.

The completion of restructuring work during 2017 and improvements in the economic climate paved the way for a considerable improvement in the group's revenues and earnings last year. According to its annual report, which was published in the online version of the German Federal Gazette in May 2018, consolidated group revenues improved 24.0% to €104.7m (2016: 84.4m) last year. This was the first time since 2012 that revenues had passed the €100m mark. The company had delivered a much better performance than anticipated. It had predicted a growth in revenues in the high single-digit percentages in 2017. Its total output leapt even more by 25.4% to €111.8m (89.2m).

Its 2017 group revenues included €38.0m (35.9m) or 36.3 (42.5)% from its Surfaces division. Its PCB and Plastic Card division provided €23.7m (17.1m) or 22.6 (20.3)%. Its Photovoltaic division contributed €12.1m (5.1m) or 11.6 (6.1)% of the total. Spare parts, assembly and other accounted for €30.9m (26.3m) or 29.5 (31.1)% of group revenues. German turnover slipped to €12.2m (13.1m) last year, while international turnover improved 29.7% to €92.5m (71.3m). The export rate had increased almost four percentage points to 88.4 (84.5)%.

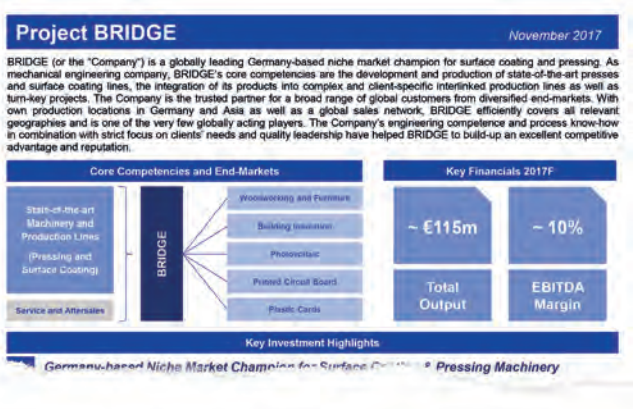
Its consolidated financial statements for 2017 fully consolidated four other companies besides the parent firm Robert Bürkle GmbH. Shares in Buerkle North America are managed by Bürkle Verwaltungsgesellschaft mbH, based in Freudenstadt. In addition, the two Chinese manufacturing entities Buerkle Asia Ltd., based in Hong Kong, and Buerkle Machinery Shanghai Co. Ltd, headquartered in Shanghai, were consolidated. Robert Bürkle GmbH ended last year with a 21.3% improvement in revenues to €77.8m (64.2m) and a 23.4% upturn in total output to €85.2m (69.0m). In both instances, this growth far exceeded forecasts. However, the Mastholte site, which is assigned to Robert Bürkle GmbH, suffered a downturn in revenues, which was blamed on high underlying levels and its 2016 sale of the card body conveying technology unit. Machinery revenues from its North American business handled by Buerkle North America increased sharply, which made up for a slight decline in service revenues. Bürkle's two Chinese entities also experienced strong growth in a year-on-year comparison.

Earnings enjoyed an even bigger improvement than in recent years. EBITDA, EBIT and pre-tax profits were all much higher than had been projected. As a result, group net income was back in the black by quite some margin at €8.2m (-3.0m) last year. Up until 2016, the company had posted net losses because of restructuring work. □



1) In the course of a reorganization of the business areas, the new division Photovoltaic was created in 2010 and spun off from the Printed Circuit Boards/Plastic Cards Division.

Source: EUWID (according to information from the Bürkle annual reports)



Houlihan Lokey started the sales process in November 2017 by publishing a teaser entitled Project Bridge.

Methanex eyeing third methanol plant in Geismar

(Photo credit: Methanex)

The Canadian company Methanex Corp., based in Vancouver, British Columbia, is currently reviewing whether to build a third methanol plant at its US site in Geismar, Louisiana. The board of directors approved the release of funds for planning front end engineering and design (FEED) in the second quarter. In the first quarter, Methanex had acquired a piece of land neighbouring the existing two facilities. Based on the current stage of planning work, costs of about US$50m-60m will be incurred by the time that the final investment decision has been made – something that is expected to happen in mid-2019.

Methanex runs two plants each with an annual capacity of 1m t in Geismar. These plants (Chile II and Chile III) were originally installed at a site in Cabo Negro near Punta Arenas, Chile, but had been initially temporarily taken out of service because of gas supply problems and were transferred to the US by the start of 2016.

The two remaining plants in Chile (I and IV) have a combined annual manufacturing capacity of approximately 1.720m t but had operated at limited capacity in recent years also because of gas supply problems. These lines were also idled indefinitely in May 2014. However. Chile I, which was commissioned in 1988 with a capacity of about 800,000 t, restarted operations in September 2014 at reduced capacity. After forging additional contracts governing natural gas deliveries in the past two quarters, Chile IV is also set to get back up and running. With a designed annual capacity of 840,000 t, this plant is set to restart before the quarter's end. □

OCI's melamine sales fall short of 2017 figures

The volume of melamine sold by OCI Nitrogen B.V. of Geleen, Netherlands, in the first and second quarter of 2018 was considerably lower than a year earlier. The reason given was the temporary shutdown of the ammoniac plant at the Geleen facility in the fourth quarter, impaired performance, and maintenance work on the two melamine plants as well as the ensuing reduction in the stocks of raw melamine. The volume of melamine sales in the first quarter was 10.7 % lower than in the same period of the year before at 34,400 t (Jan.-March 2017: 38,400 t). The second quarter was closed with an even more pronounced reduction of 21.5 % to 35,400 t (April-June 2017: 45,100 t). This results in a reduction of 16.5 % for the whole of the first half-year to 69,700 t (Jan.-June 2017: 83,500 t). Conversely, the upward trend in melamine contract prices continued in the first half-year. According to OCI Nitrogen, prices were raised against the preceding quarter by 50 €/t in the first quarter and by 30 €/t in the second.

OCI Nitrogen sold a total of around 153,000 t (2016: 149,000 t) of melamine in 2017 as a whole, exceeding the figure for a year earlier by 2 %. The growth in sales volume achieved in the first and second quarters was largely neutralised by poorer development in the third (35,500 t) and fourth quarters. Total melamine capacity is given in the latest OCI business report as 219,000 t per year. 164,000 t of this is accounted for by the two production lines at the Geleen works and 55,000 t by the joint venture in China. □

Hexion still benefiting from higher sales prices

The US resin producer Hexion Inc., based in Columbus, Ohio, experienced another improvement in revenues compared with the prior-year period between April and June 2018. As in previous quarters, higher raw material costs were passed on to customers in the form of increased sales prices. The main upstream products had not become more expensive since the first quarter, but were much higher than last year for methanol (+13%) and urea (+12%) and the same as last year for phenol over the first half combined. Hexion had reported smaller price hikes for methanol (+10%) and urea (+3%) and lower prices for phenol (-3%) in the first quarter.

The Forest Products Resins division faced a 7% upswing in revenues on the back of higher sales prices and changes to the product mix. Higher sales volumes contributed another 2%. According to Hexion, South America performed especially well with a 6% growth, with formaldehyde sales jumping as much as 7% around the globe. □

Evertree completes a €15m capital increase

The state-owned French investment bank Bpifrance and Groupe Avril have invested another €15m in the French biochemical start-up Evertree SAS, based in Paris. Bpifrance had made this investment through its Fonds Société de Projets Industriels (SPI). The newspaper L'Usine Nouvelle reported that the two companies, which had held shares in Evertree since it was founded in June 2016, have a 60% combined majority shareholding. Earlier reports suggest that Bpifrance and Groupe Avril want to provide the joint venture with a total of €72m together with the Israeli firm Biopolymer Technologies, headquartered in Tel Aviv, over a four-year period.

Evertree had opened an innovation centre in Venette, France, in July 2017. The company intended to use this centre to develop additives made from renewable raw materials. The use of additives in wood-based panel production is to lead to a reduction in VOCs and, in particular, formaldehyde emissions, the company said. According to a statement published on 13 June, industrial tests under way at wood-based panel manufacturers since mid-2017 have been successfully completed. □

Resin manufacturer Prefere sold to Silverfleet

The British private-equity company Silverfleet Capital Partners LLP acquired the majority holding in the phenolic resin manufacturer Prefere Resins Holding GmbH based in Erkner in Brandenburg, Germany in May. The company signed a contract with the former majority owner Capiton AG of Berlin and the similarly participating Intermediate Capital Group plc (ICG) of London at the beginning of May 2018. There has been no change in shares held by the management of Prefere Resins, however.

The Prefere Resins group had belonged to the Finnish company Dynea Chemicals Oy of Helsinki until the beginning of 2014. Dynea had previously amalgamated the phenolic-resin activities of Neste Chemicals Oy it had absorbed with the phenolic-resin business of Sydsvenska Kemi AB which had arisen from the spin-off of the chemical activities of Perstorp AB of Telleborg, Sweden. The sale of Prefere Resins to Capiton marked the conclusion of the divestment process that Dynea had launched in 2012, resulting in the sale of a total of 30 group companies in eleven separate transactions.

Prefere Resins operates a total of seven production facilities in Erkner, Germany, in Krems, Austria, in Hamina, Finland, in Newton Aycliffe, UK, in Brebières, France, in Trzemeszno, Poland, and in Rasnov, Romania, along with three research and development facilities and four regional sales offices. In the release about the company sale, the most recent sales volume is given as approximately 320,000 t of phenolic and amino resins. The products are sold mainly to the construction sector (OSB, hardboard, and particleboard, plywood, laminated veneer lumber, and ULE adhesives), the insulation sector (fibreglass matting, rockwool), and to the industrial sector (abrasives, binders for brake pads, fireproof materials, oil and air filters).

The company, which, according to the most recent information published in the Federal Gazette, generated consolidated sales revenue of €201.7m (2015: 209.6m) in its business year 2016, currently has roughly 320 employees. □

(Photo credit: Prefere Resins)

Axalta boosts wood coatings capacity

Axalta Coating Systems Ltd., based in Philadelphia, Pennsylvania, has increased its capacity to make wood coatings. Towards the end of 2017, the firm rented a hall with a total area of 55,808 sqft in Fridley, Minnesota. One third of this area is to be used to make wood coatings. Available wood coatings capacity jumped by more than 3m gallons as a result.

Axalta had entered the wood coatings production business in June 2017 when it acquired North American wood coatings activities from Valspar Corp. headquartered in Minneapolis, Minnesota. The company claims to have been North America's second-largest manufacturer since this deal. Its product portfolio also includes liquid and powder coating systems for the vehicle industry. The company has created the new site to support increasing customer demand throughout the Midwest. The new facility also has research and development capabilities, and extra storage space available.

With a workforce of approximately 13,300 people at 49 production facilities around the globe, Axalta generated revenues of US$4.353bn (2016: US$4.069bn) in 2017. The Wood Coatings unit, which was consolidated with effect from 1 June, accounted for US$146.1m. □

Accsys reports 26% jump in Tricoya MDF sales

The chemical technology firm Accsys Technologies plc, based in London, sold a total of 8,059 m³ of Accoya-brand acetylated solid timber to the Irish MDF manufacturer Medite Europe Ltd., headquartered in Clonmel, in the 2017/2018 financial year (31 March). Medite turns this material into durable MDF sold under the Medite Tricoya Extreme name. Even though the amount of Accoya sold was just in line with the previous year's level, Medite boosted its sales of Medite Tricoya Extreme by more than a quarter to 7,328 (2016/2017: 5,806) m³ by reducing its inventories. Since market launch in 2012, the total amount sold has now risen to about 25,000 m³ or 2.3m m² valued at about €39m.

According to its preliminary financials published on 19 June, Accsys sold a total of 42,676 (2016/2017: 39,790) m³ of Accoya in the 2017/2018 financial year, a year-on-year improvement of 7%. Some 9,464 (8,531) m³ of this was sold to Rhodia Acetow GmbH, based in Freiburg, Germany, which together with Medite purchased about 40% of the total amount sold. Rhodia Acetow has exclusive rights to sell products in 13 Central European and Scandinavian countries under the terms of a licence that it has held since November 2015.

Excluding the amounts delivered to Medite and Rhodia Acetow, the UK and Ireland were the biggest sales markets with a combined sales volume of 11,994 (12,021) m³. North and South America took second place with a total of 5,494 (3,846) m³. The Asia-Pacific region has now overtaken the Benelux region with a growth to 3,540 (2,812) m³. Lower shipments to Belgium trimmed sales in the Benelux region by 8% to 3,405 (3,682) m³. Conversely, sales in the Netherlands jumped 15%.

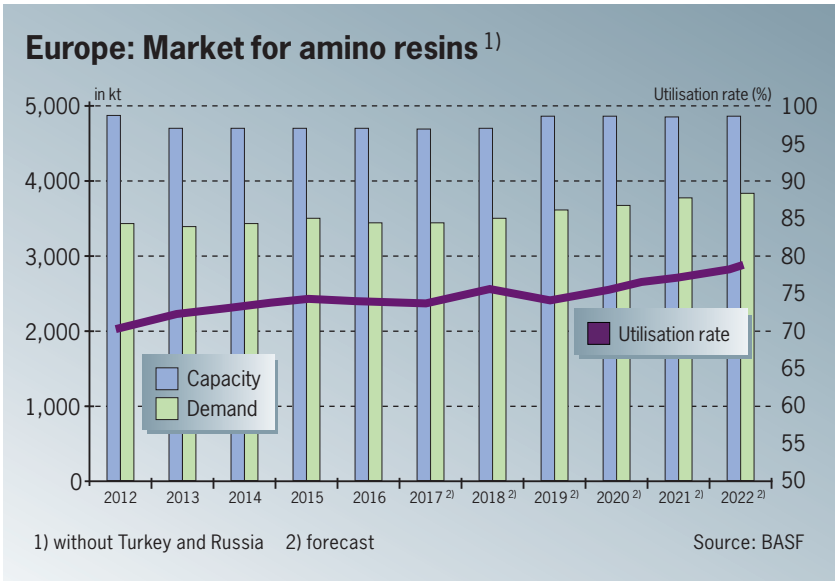
Following the start-up of the third reactor, which boosted the capacity of its Arnheim site by 50% to 60,000 m³ per year, commercial production using the new technology began end of June. Accsys intends to raise sales significantly by the end of the current financial year by marketing additional amounts. □

Mixed trends in raw material prices in recent years / Volumes are still increasing

BASF estimates global demand for adhesive resins at 18.5m t

The wood-based panel industry could use up to 18.5 million tonnes of amino resin and PMDI adhesives as binding agents around the globe when running at maximum capacity.

This sum breaks down into about 6.6m tonnes in Europe (including Russia and Turkey), 8.0m tonnes in Asia, 2.5m tonnes in North America and 1.4m tonnes in South America. Amino resin, which is made through the polycondensation of formaldehyde and compounds with NH groups, principally urea and melamine (urea-formaldehyde resins, melamine-urea formaldehyde resins, melamine resins), accounts for the majority of adhesive consumption.



PMDI adhesive is also used to a lesser extent. OSB panels are the main area of application for PMDI adhesives; they are generally mixed in together with other products for particleboard and MDF/HDF. Around the globe, the wood-based panel industry uses about 470,000 tonnes of PMDI adhesive, including 150,000 tonnes in Europe, 60,000 tonnes in Asia, 250,000 tonnes in North America and 12,000 tonnes in South America.

This market data compiled by BASF SE, based in Ludwigshafen, Germany, was presented at the annual general meeting of the European Panel Federation (EPF), which took place in Lucerne, Switzerland, end of June 2018. BASF calculated demand based on particleboard, OSB and MDF/HDF manufacturing capacity and average resin utilisation rates. Total worldwide capacity was estimated at 226m m³, including 85m m³ in Europe and 83m m³ in Asia. North American capacity was listed at 41m m³ and South American capacity at 17m m³. This wood-based panel capacity cannot be fully utilised in real conditions, meaning that actual adhesive consumption is somewhat lower than these levels.

Resin plant *(Photo credit: EUWID)*

BASF feels that enough adhesive resin can be sourced on European markets (excluding Russia and Turkey) in the long term, too. Adhesive resin capacity has hardly altered in recent years at an estimated 4.8m tonnes. On the other hand, capacity has increased in Poland of late. Demand has gradually risen to approximately 3.5m tonnes now since wood-based panel markets have become stronger, meaning that adhesive resin producers have seen

their average capacity utilisation now improve to nearly 75%.

Resin prices, which make up an average of about 20% of wood-based panel production costs, are largely keeping pace with raw material prices. The BASF presentation hence also addressed the trend in prices for key raw materials and underlying influences. Urea prices have decreased almost across the board in recent years with brief interruptions; this downward spiral might continue at reduced speed. Methanol prices plunged for a short time in the middle of 2016, but have climbed more and more in 2017 and 2018.

Melamine prices have increased almost continually in recent years. BASF feels that melamine is the only raw material whose pricing the wood-based panel industry can influence. More than 70% of worldwide demand for melamine can be traced back to the wood-based panel industry. On the other hand, the wood-based panel industry accounts for just about 4% of global demand for urea and methanol.

Demand for urea and methanol is increasing

BASF reported that global demand for methanol stood at approximately 79 million tonnes last year, some 54% of which was used in China. The 80 million tonnes mark is to be topped this year. BASF anticipates that the global market will reach about 100m tonnes by 2022, with China's share rising to some 59%.

The global market for ammonia, an upstream product used in urea and melamine, is poised to reach roughly 188m tonnes last year. About 170m tonnes of this amount is used internally (86% fertiliser, 14% industrial products), with about 18.5% sold on the free market (55% fertiliser, 45% industrial products). This trading volume corresponds to 10% of the global market. Some 8% of this amount is sold through contracts and 2% on the spot market. BASF felt that temporary surplus capacity was primarily to blame for the downturn in ammonia prices that has persisted since 2015 and dragged urea prices lower too.

Worldwide demand for raw melamine adds up to about 1.7m tonnes per year, according to the BASF presentation. About 50% of this amount is used to make impregnating resin and 23% to manufacture adhesive resin. Other areas of application include surface coating (9%), moulding components (8%), flame retardants (2%) and other applications (7%).

BASF estimates the size of the global market for MDI at 6.710m tonnes. Sales reach about 2.120m tonnes in the EMEA region. In both instances, about 7% of total amount goes to the wood-based panel industry. Within the EMEA region, some 82% is used in OSB, 7% in particleboard, 3% in fibreboard and 8% in wood-fibre insulating panels.

Melamine capacity over 2.7m tonnes

Annual global melamine capacity has been in the region of 2.7m tonnes in recent years. However, demand around the globe is much lower at approximately 1.7m tonnes. These figures drawn up by several consulting firms were compiled in the overview of resin upstream products presented by BASF. The Asia-Pacific region is responsible for over 70% of overall global capacity with 1.987m tonnes. However, demand is well below capacity in this region at 1.090m t. Some of the melamine made in the Asia-Pacific region is delivered to Europe and North America.

Nevertheless, the consulting firms estimate that local producers are running at just 60% of their capacity. European capacity is put at 511,000 tonnes amidst demand of 414,000 tonnes. Middle East/African capacity is listed at 83,000 tonnes and demand at 63,000 tonnes. North America can make 80,000 tonnes, although demand is a bit higher at 87,000 tonnes. Central and South America is home to capacity of approximately 60,000 tonnes with estimated demand reaching 44,000 tonnes. □

Norbord: US$71m investment for Chambord

In July 2018, the board of directors of Norbord Inc. of Toronto, Ontario, approved the investment resources of US$71m required for the planned resumption of operation of the Chambord works in Québec, which has been at a standstill since the third quarter of 2008. The company had already placed initial orders for components with longer lead times for this project over the last few months. The order for a new drum dryer was awarded to Büttner Energie- und Trocknungstechnik GmbH of Krefeld in the fourth quarter of 2017; the orders for the debarking station and finishing section were placed a little later on. The investment planned at the Chambord works will raise the production capacity from the present 470m sqft (3/8" basis) to 550m sqft. At the presentation of the state of the project, however, Norbord's CEO Peter Wijnbergen pointed out that no decision has been taken yet as regards the specific date of the start-up.

Norbord had also taken a similar approach for the resumed operation of the Huguley works in Alabama in September 2017. Norbord has invested a total of around US$52m for the modernisation and repair of the continuous plant performed in several steps from 2013 to 2017. The Huguley works is meanwhile running at roughly 75% capacity. Modernisation and extension of the facility's wood yard is planned in a forthcoming investment step. Norbord had realised a similar project at the almost identical Joanna works in South Carolina in 2014. The investment project, completed in September 2014 at a cost of around US$30m, had involved extending the front end and switching the gluing process from phenolic formaldehyde resin (PF resin) to PMDI glues. These measures raised production capacity from what had previously been around 500m sqft to approximately 650m sqft. Norbord is aiming to achieve similar growth in capacity at the Huguley works, which is currently geared to 500m sqft as well.

In the ongoing debottlenecking project at the Grande Prairie works in Alberta, which is currently geared to an annual capacity of 730m sqft, assembly of the plant and machinery is largely completed. Here, components of the unfinished second production line, such as woodyard equipment, the power plant, and a dryer have been integrated into the existing plant. The capacity is to be raised by around 100m sqft when the plant is put into service as planned before the end of this year. Norbord had invested a total of around US$30m for this project in the first half of this year; the total cost of the project is quoted as US$55m.

With these more concrete measures, Norbord has increased its planned investment budget for 2018 as a whole from US$175m to around US$200m. US$104m had been invested by the end of June, comprising US$50m in the first quarter, and US$54m in the second. Norbord had spent US$101m and US$253m in 2016 and 2017, respectively. US$33m and US$101m were accounted for by the replacement of the two multiple-tier machines at the Moray-hill-Inverness works in Scotland with the continuous press transferred from the Grande Prairie works. This had been largely completed by the fourth quarter of 2017. Norbord has so far invested another US$8m in Inverness this year, partly for dismantling the two multiple-tier plants in the second quarter. The new finishing line is also being installed in the second half-year. Norbord has invested a total of US$142m in Inverness to date. The total cost of the project, originally set at US$135m, are meanwhile estimated at US$145m. Norbord says the increase is due above all to the effects of exchange rates. □

Sidings projects to raise capacity by 925m sqft

The US company Louisiana-Pacific Corp., based in Nashville, Tennessee, intends to raise its manufacturing capacity for OSB sidings by a total of approximately 925m sqft in the years ahead through projects at three different sites. However, specific plans are so far only in place for rebuilding of the Dawson Creek mill in British Columbia. This mill, which was reassigned from the OSB to the Sidings division with effect from 1 January 2018, is poised to make OSB up until the end of the third quarter and then switch to making sidings during a stoppage lasting two to three months. Sidings production is to resume in the first quarter of 2019. Louisiana-Pacific intends to primarily serve customers on the West Coast from the Dawson Creek plant, which has a sidings capacity of about 300m sqft.

The next major sidings investments are set to happen in Val-d'Or, Québec, and Cook, Minnesota. Originally owned by Norbord Inc., headquartered in Toronto, Ontario, and idled since July 2012, the Val-d'Or facility was acquired by Louisiana-Pacific in November 2016 as part of a plant swap. According to a recent presentation by Lousiana-Pacific, this plant might make about 225m sqft per year in future with the rebuilding project. The plans had thus been scaled back a little. When it bought the plant from Norbord, Louisiana-Pacific had thought that Val-d'Or might have a potential sidings capacity of about 250m sqft.

In the medium term, a new sidings plant might be created at its site in Cook, which Louisiana-Pacific acquired in September 2016. Using existing second-hand technology from Louisiana-Pacific's closed sites, it will have a capacity of 400m sqft. The previous owner Ainsworth Lumber Co. Ltd., based in Vancouver, British Columbia, had made OSB at the site until 2008. The production machinery had largely been sold after the closure. However, Louisiana-Pacific reports that it can still access existing infrastructure. The US state of Minnesota had also raised the prospect of providing funding. □

Kronospan wants to add OSB to its permit

(Photo credit: Webbaviation)

The Kronospan group intends to widen its environmental permit for a particleboard and MDF mill in Chirk in the UK that does business as Kronospan Ltd. to include OSB. The company has submitted an application to this effect to Natural Resources Wales (NRW) under reference number PAN-002755. The application also contains a number of modifications to existing technology in Chirk. A power plant set up to use biomass with an hourly capacity of more than 3 tonnes is to be installed. Up until now, Kronospan has run one particleboard line, two MDF/HDF production lines, a sawmill, two biomass power plants, an adhesive/impregnating resin unit, a treating line, coating technology and a laminate flooring manufacturing facility in Chirk.

The application for an amendment submitted by Kronospan is connected to a change in permit practice in Wales. Up until now, the Chirk complex has had two environmental permits, one from the Wrexham County Borough Council (WCBC) and another from the Environment Agency Wales, which has since been renamed NRW. Under a decision made by the Welsh Government in March 2018, these separate provisions are to be combined into a single permit that is only coordinated and monitored by the NRW. WCBC/IPPC/03/KR(V3), the permit issued by the WCBC, covers particleboard and MDF/HDF production activities with downstream coating operations, the sawmill, two biomass power plants, laminate flooring manufacturing and steam generation. This permit also encompasses inbound deliveries, handling, storage of upstream products and residual material treatment. On the other hand, the NRW permit EPR/BW9999IG covers adhesive/impregnating resin production, treating operations and the power plant run on natural gas.

The NRW permit process started on 5 September with publication of the documents. NRW intended to provide additional information about Kronospan's plans at an event on 19 September. The subsequent public consultation will run until 19 October. NRW believes that the permit process can be completed by the end of 2018.

Kronospan had unveiled longstanding plans to add an OSB line to its Chirk complex at the start of October 2017. The OSB project is part and parcel of a large programme of investments known as 2020 Vision, which has earmarked about £200m for work in Chirk over the next three years. □

Kronospan commissions OSB line in Ufa

Kronospan made the first board using an OSB line installed at its site in Ufa in the Russian Republic of Bashkortostan, which does business as Kronospan Bashkortostan LLC, on 21 June. The start-up was thus a little later than had recently been planned. Last year, the company had expected to commission the line by the start of 2018.

Kronospan combined a second-hand forming and press line purchased from OOO Oris in the second quarter of 2016 with a variety of pieces of new technology for the OSB project, which has been under way in Ufa since mid-2016. Owned by the Russian investment firm Arkley Capital OOO, based in Moscow, Russia, OOO Oris had ordered the 9 ft x 63.7 m continuous press for a greenfield project in Chaykovsky, Perm region, but did not use it there after all. Dieffenbacher GmbH Maschinen- und Anlagenbau had supplied this technology. Kronospan had ordered the new technology upstream and downstream of the forming and press line later on in 2016. Holtec GmbH & Co. KG, based in Hellenthal, Germany, had won the contract to deliver the lumber yard. Leonhardt GmbH, headquartered in Losheim, Germany, had provided the strander in the front-end, which initially only had a single-line design. Dieffenbacher had landed the contract for a new dryer.

The Kronospan group now operates ten OSB lines in Europe after commissioning the line in Ufa. The firm runs a single-opening press in Bourgas, Bulgaria. Mills in Sanem (Luxembourg), Kastamonu (Turkey) and Egorievsk (Russia) all have a multi-opening press. However, the multi-opening press in Sanem is currently being swapped for a continuous forming and press line. At the same time, upstream and downstream components are being modernised or replaced. The new production line is scheduled to get up and running in the fourth quarter of 2018. Kronospan uses continuous lines to make OSB in Jihlava (Czech Republic), Riga (Latvia), Brasov (Romania), Mogilev (Belarus), Strezelce Opoloskie (Poland) and Ufa. Its presses in Strzelce Opolskie, Riga and Jihlava are to be extended by the middle of 2019. The next new project is envisaged at a particleboard and MDF mill in Chirk, Wales, that does business as Kronospan Ltd. In addition, the company has deliberated investing in its sites in Lampertswalde, Germany, and Eastaboga, Alabama, over the past two years. □

(Photo credit: Kronospan)

Kronospan wants to start making plywood as well

Kronospan is exploring whether to enter the plywood manufacturing business in the coming year alongside its sustained high investment activity in particleboard, MDF/HDF and OSB. In a first phase, a plywood line is to be added to its complex in Smorgon, Belarus, which currently makes particleboard, MDF/HDF and laminate flooring. A plywood mill is to be built in Russia at a later point in time as well. Kronospan is also reviewing whether to enter the LVL production business.

Kronospan wants to widen its portfolio of wood-based panels for use in construction with these planned investments. The projects are being coordinated by Ultra Ply Sp.zo.o. based in Strzelce Opolskie, Poland, which was founded in June 2017. Its managing director is Tomasz Janczak who manages Kronospan's Polish activities. Identical reports from the agency Investinbelarus and the FEZ Grodnoinvest special economic zone suggest that the creation of plywood production in Smorgon is to be handled via LLC Ultra Ply, which was established at the start of January 2018. The investment in the plywood mill is to total about €100m, according to a report from FEZ Grodnoinvest. The foundation stone for the new plywood mill was laid during an event hosted by Kronospan on 23 and 24 May. Unconfirmed reports suggest that negotiations lasting several months with potential technology providers are to be fleshed out.

At the start of 2018, Kronospan also founded LLC Kronospan NT in the special economic zone of FEZ Grodnoinvest to pool its thin MDF/HDF, laminate flooring and varnished board activities. The installation of the thin board line delivered to Siempelkamp Maschinen- und Anlagenbau GmbH, based in Krefeld, Germany, is now close to completion. The first board is to be made in the weeks ahead. Kronospan next wants to create a furniture cluster in the FEZ Grodnoinvest special economic zone, which has been in existence since 2002, covers a total area of more than 3,500 ha and is currently home to 69 businesses. □

Metsä Wood ditches Suolahti plywood project

(Photo credit: Metsä Wood)

The Metsä Wood division of the Finnish company Metsä Group, headquartered in Espoo, has dropped a project to invest in a new plywood product made out of softwood at its Suolahti site following a review period lasting almost two years. According to a press release issued on 7 June, product tests carried out in recent months had not brought the desired results. The conditions outlined for the project to come to fruition were not met.

Metsä Wood had announced that it was considering this investment in July 2016. Under its plans, the Suolahti plywood mill, which had a designed annual capacity of 150,000 m³ of softwood plywood and 55,000 m³ of birch plywood, was to add a production line with an annual capacity of about 60,000 m³ to make a new speciality product out of softwood. During the first half of 2017 Metsä Wood had carried out the first test deliveries to potential customers. The final investment decision, which was actually due to be announced last year, was then pushed back several times.

On the other hand, the company said that other investment projects launched by Metsä Wood in the past two years are running largely on schedule. The veneer mill built in Äänekoski, Finland, started operating during the first quarter of 2018. Test deliveries to a birch plywood mill built in Pärnu, Estonia, commenced in February. Veneer deliveries are now running continually. A project to install a plywood production line in Pärnu was also completed during the first quarter.

The first birch plywood was delivered to buyers in Finland and Austria in April. Capacity tests have been conducted at the mill since May. Acceptance of the production lines primarily delivered by Raute Oyj, based in Nastola, Finland, is slated for autumn. The next major Metsä Wood project involves investing in another LVL line in Punkaharju, Finland, in a move announced at the end of 2017. □

RISI's owner Euromoney acquires Random Lengths

Euromoney Institutional Investor plc, based in London, acquired all shares in the business information service Random Lengths Publications Inc., which is based in Eugene, Oregon, and which specialises in reporting lumber and wood-based panel prices, at the start of August 2018. The purchase price was put at US$18.2m.

Random Lengths is to be integrated into RISI Inc., which has belonged to Euromoney since April 2017 and which is based in Bedford, Massachusetts, as a price reporting agency (PRA). Matt Graves, Global Head of Price Reporting at RISI, will temporarily move to Random Lengths' headquarters in Oregon to handle this integration. Headed by president Jon Anderson, Random Lengths currently employs 17 workers, including seven editors. According to Euromoney, the firm is to book pro forma EBITDA of US$1.1m in the 2017/2018 financial year (30 September); its revenues were not disclosed. This figure does not include expenses for the acquisition and integration. Synergy effects expected thanks to the integration were taken into account, though. Random Lengths and RISI are to continue operating in their present form after the transaction.

Euromoney had spent US$125m on its 7 April 2017 acquisition of the paper and timber business information service RISI. The company was then merged with Metal Bulletin Group, also owned by Euromoney, in the new Price Reporting Division. With a total of 350 employees, this division draws up price reports and market analyses for about 4,400 commodity products. □

Peri Panel Products: Sales to rise to €180m

All international subsidiaries of Peri GmbH of Weissenhorn, Germany, are to have a sales segment specialised in shuttering board and plywood products by 2020. 45 of the 65 subsidiaries currently have a plywood sales department of this kind. Similar structures are to be set up in the other 20 companies over the next two years. In Europe, such plans have been made for Switzerland and Greece, for example; outside Europe, the companies in countries such as Israel, Canada, Japan, and India are to enter the plywood business. In future, every newly created national subsidiary is to have a plywood sales department from the outset.

The Peri group, which has been active in trading in plywood since 1993, had taken the strategic decision to expand these activities worldwide in 2013. A plywood sales segment was established at 15 Peri companies parallel to this. 30 other countries have been added since then. As such, Peri is meanwhile represented throughout most of Europe and Russia. In North America, the company currently works the markets in the USA and Mexico, and in South America countries such as Brazil, Columbia, Peru, and Chile. In the Middle East and Africa, Peri sells plywood in countries such as Qatar, the United Arab Emirates, Saudi Arabia, Morocco, Algeria, Nigeria, and South Africa. Peri is represented in the Asia/Oceania region with its own plywood sales companies in countries such as South Korea, Thailand, Malaysia, Vietnam, the Philippines, and Australia.

Peri's shuttering board and plywood sales business is covered by its „Panel Products" division. In 2017, the division bought in and sold around 330,000 m³ shuttering boards and plywood products for the group as a whole. Roughly 80% of this total trading volume was accounted for by shuttering boards used in in-situ concrete casting, in precast-concrete works, and in the precast-concrete block industry. The remaining 20% involves plywood products used in structural timber engineering, scaffolding applications, and various segments of industry such as the packaging sector, vehicle manufacturing, and the parquet and furniture industries. In response to corresponding demand from a variety of sales segments, a number of individual Peri subsidiaries have recently also added related products such as OSB and LVL to their ranges.

Sales revenue generated by Peri's Panel Products division, rose by almost 20% last year to €157m, perpetuating the upward trend of the preceding years. On the basis of the €76m generated in 2013, the division's sales revenue increased 13% in 2014 to €86m. In 2015, sales revenue was even boosted by 29% to €111m, and 2016 was closed with growth of 18 % at €131m. As such, an average annual growth rate of over 20 % has been achieved in the last few years; the division's sales revenue was more than doubled from 2013 to 2017. The division plans to generate sales revenue of around €180m this year. □

Garnica to set up a second veneer plant in France

The Spanish plywood manufacturer Grupo Garnica Plywood S.A. of Logroño is planning to build a second veneer plant in the French region of Champagne/Grand Est. The project is being realised in Troyes, where Garnica intends to invest a total of around 80m €. 40m € of this is to be spent on the first phase of construction. The decision to realise the project in the north-eastern region of Grand Est is based partly on the good availability of raw materials, sufficient labour potential, and good transport links. Planning has already been largely completed. Construction is scheduled to start in January 2019 and then to be completed sometime in 2020. The installation of rotary-cutting and drying facilities is planned for the first phase. The machines for producing poplar veneers are to be fitted in the subsequent phases to create a plywood plant by 2025. □

Segezha increases capacity at Vyatsky plywood mill

The Russian firm Segezha Group, based in Segezha, Karelia, has undertaken a major expansion project at its Vyatsky birch plywood mill in Kirov in Kirov oblast in recent months. The project saw the firm create a new 32,000 m² production complex at this location. Segezha said that the machinery installed there had an annual capacity of about 71,000 m³ of birch plywood. In addition, new and extra technology was added to the existing production line, raising its annual capacity by roughly 26,000 m³ from 95,000 m³ to 121,000 m³. All told, Segezha doubled the site's production capacity to 192,000 m³ per year.

Segezha has spent a total of about RUB6.7bn or roughly €88m on the expansion project, which began in 2016. The new production building includes two veneer peeling machines, two veneer dryers, two veneer joining lines, two veneer laying and press lines as well as edging technology and systems to laminate plywood. Most of the machinery was delivered by the Finnish machinery and plant supplier Raute Oyj, based in Nastola. Raute also delivered the repair unit and laminating systems that were added to the existing production line.

The new technology will not only raise output, but also widen the variety of products it can make. For instance, its range of raw plywood will encompass both the existing cross veneered products and plywood veneered lengthwise. It will also make new sizes. In future, Segezha will offer standard-sized 4 x 8 ft, 8 x 4 ft, 5 x 10 ft, 4 x 10 ft and 5 x 8 ft plywood panels and in densities of 6-40 mm. Other sizes are reportedly available on request. The company intends to primarily use this additional capacity to make large-sized panels. The new technology can also make speciality plywood for use in liquid natural gas (LNG) tanks.

Segezha Group started to make birch plywood in 2008. Prior to the project, the Vyatsky mill employed about 1,200 people. Another 300 new employees have been hired since the start of 2018; another 175 workers are to be added by the year's end. □

North American structural panels production increased 3.0% in the first half of 2018

Upward trend in OSB production will continue with the ramp-up of more mills

North American OSB output increased much more than softwood plywood production in the second quarter after the two grades delivered rather similar performances in the first three months of 2018.

According to the APA-The Engineered Wood Association, based in Tacoma, Washington, OSB manufacturing edged 5.7% higher compared with the prior-year period to 5.333 (April-June 2017: 5.047)m m³. The biggest improvements materialised in the south and south-east of the US where output was 8.8% higher than last year at 2.856 (2.624)m m³. OSB manufacturing in the north of the US was stagnant at 642,000 (642,000) m³. Canadian production rose 3.0% to 1.835 (1.781)m m³.

The variations from one region to another were more pronounced in the second quarter than they were in the first. The 14.3% growth booked for the south and south-east of the US was due to factors including production restrictions caused by inclement weather in the first quarter. The ramp-up of a mill in Huguley, Alabama, that Norbord Inc., based in Toronto, Ontario, restarted in September 2017 is also having more and more of an impact. Output in the north of the US and Canada was also roughly the same in both quarters. North America as a whole saw a 7% upswing in production compared with the previous quarter. This growth was driven in part by the April start-ups of new OSB mills in Amos, Québec, and Corrigan, Texas, by Forex Amos Inc. and Roy O. Martin Lumber Management LLC. Two other mills are currently in the process of restarting: one in Spring City, Tennessee, run by Huber Engineered Woods LLC and one in High Prairie, Alberta, run by Tolko Industries Ltd..

North American softwood plywood production increased 3.5% between the first and second quarters. It was up just 1.2% compared with last year at 2.546 (2.614)m m³. US regions, which are mapped separately in the APA statistics, evolved in parallel with one another. Hardly any changes emerged compared with the same stretch last year; production rose about 2% compared with the first quarter both in the south of the US and on the west coast. Canadian softwood plywood production was 10.4% higher than in the first quarter and 6.7% higher than last year at 478,000 (448,000) m³.

All told, North American producers made 7.879 (7.562)m m³ of structural panels in the second quarter. This figure was 4.2% higher than one year earlier. The US and Canada made equal contributions to this improvement. The first six months combined ended with a 3.0% upswing to 15.319 (Jan.-June 2017: 14.873)m m³. OSB production had climbed 3.8% to 10.315 (9.934)m m³ by the end of June. The APA reported a 1.3% upturn in softwood plywood production to 5.004 (4.939)m m³.

Slower growth in North American EWP output

The upswing in North American production of engineered wood products (EWP) seen in recent quarters weakened again between April and June. APA reported that LVL production climbed 4% to 623,000 (April-June 2017: 600,300) m³ in the second quarter, a smaller growth than in the first three months (+5% to 591,900 m³). The growth recorded in the second quarter was fuelled entirely by a 4% rise in US manufacturing to 569,200 (546,500) m³. In the latest statistics, the APA slightly adjusted LVL manufacturing statistics that had previously been published for the US. On the other hand, Canadian LVL output stayed at last year's level of 53,800 m³.

Canadian I-joist production slipped as much as 6% compared with the same stretch last year to 20.2 (21.5)m running metres. This slump was more than erased by a 5% upturn in output to 43.6 (41.4)m running metres in the US. Consequently, overall North American production had increased 1% to 63.8 (62.9)m running metres in the second quarter. □

The new OSB line of Corrigan OSB started production in April 2018. (Photo credit: Dieffenbacher)

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Particleboard flooring completely removed from some trading companies' lists

Market for structural flooring board is shifting from particleboard to OSB

The discussions arising in recent weeks involving the product warning issued for P3 tongue-and-groove particleboard flooring panels by Kronospan CR spol s.r.o. of Jihlava, Czech Republic, on 27 August 2018 have encountered a market that has been shrinking considerably in the last few years.

At the beginning of the 2000s, more than 1m m³ of particleboard flooring panels were still being sold annually in Germany. The biggest manufacturers were Glunz AG (Meppen), Hornitex-Werke Gebr. Künnemeyer GmbH & Co. KG (Horn-Bad Meinberg), and the predecessor companies of Pfleiderer Deutschland GmbH (Neumarkt). Spano N.V. of Oostrozebeke, Belgium, was one of the main companies in the neighbouring countries producing particleboard flooring panels on a larger scale. After the rapid succession of start-ups of several OSB works in central Europe and the establishment of tongue-and-groove plants in a second stage, the particleboard flooring panel business shifted increasingly towards OSB from 2004/2005. As a result of this, the annual sales volume of particleboard flooring in Germany fell to 700,000-800,000 m³ within only a few years. This trend has been gathering pace since then. According to estimates by the remaining suppliers, the annual volume of particleboard flooring sold in Germany is meanwhile down to only 200,000-250,000 m³; one or two companies believe the figures are even lower. In contrast, the volume of sales of OSB flooring panels has risen to well over 1m m³ per year due to the ever-increasing DIY-store business; most estimates are in the region of around 1.1-1.2m m³. As such, the German particleboard flooring panel market has probably reached a total volume of around 1.4m m³ per year in the meantime.

According to estimates from market insiders, the Kronospan group is meanwhile Europe's biggest manufacturer of particleboard flooring, too. The bulk of the volume is produced in the Kronospan works in Jihlava, Czech Republic where the particleboard flooring panels can be combined with the OSB produced at the same facility to form mixed loads. Besides the OSB works, Kronospan CR also operates two continuous particleboard lines at the Jihlava facility with a combined production capacity of around 3,000 m³ per day or almost 1m m³ per year. The biggest part of the output is used for furniture and interior finishing. Particleboard-flooring panels are only produced on one of the two plants by the day. Profiling is performed on the neighbouring OSB works' three tongue-and-groove stations, used mainly for producing OSB flooring panels. Profiling capacity at the Jihlava works was raised to around 1,800 m³/day in 2017 by the start-up of the third tongue-and-groove station. Particleboard flooring is also produced to a minor extent at the particleboard works in Auxerre, France, that has belonged to the Kronospan group since April 2014. Its annual capacity was given at around 220,000 m³ at the time of the takeover. The volumes produced there are supplied mainly to the French market and to one or two buyers in Germany.

Market volume for OSB flooring board in Germany is estimated at 1.1-1.2m m³. (Photo credit: EUWID)

Whereas the focus of the Kronospan group's particleboard flooring sales lies on the DIY segment, supplying companies such as Hornbach Baumarkt AG (Bornheim), the OBI group (Wermelskirchen), Bauhaus GmbH & Co. KG (Mannheim), Toom Baumarkt GmbH (Köln), and the DIY-store division of Globus Fachmärkte GmbH & Co. KG (Völklingen), Pfleiderer Deutschland GmbH concentrates more on specialist retailers. In the DIY segment, the company is now only represented extensively in southern and central Germany; a major customer here is the Bauhaus group. The particleboard flooring panels are produced in Works III in Neumarkt, which, with an annual capacity of around 600,000 m³, is geared to the production of various raw particleboard panels for the construction sector. The tongue-and-groove plant there is also used for producing particleboard

flooring panels in addition to profiling panels for partition walls.

In the neighbouring countries, Unilin bvba of Wielsbeke, Belgium, is regarded as the biggest particleboard flooring-panel manufacturer, having taken over the Spano works in Oostrozebeke in June 2015. Here, Unilin has meanwhile shifted the focus of its output more towards P5 panels. Besides particleboard flooring panels, Unilin also produces heavy-duty flooring, stage flooring, and shelves in Oostrozebeke, all of which are also given tongue-and-groove joints. Unilin further expanded this product segment by completing the take-over of Berghoef Hout B.V. of Amsterdam in March 2018.

Swiss Krono Group and the Egger group of St. Johann, Austria, had already shifted their particleboard flooring production to their French facilities in Sully-sur-Loire and Rambersvillers a few years ago. Swiss Krono S.A.S. meanwhile produces for the French market alone; the deliveries to individual German DIY-store chains performed via the OSB facility in Wittstock-Heiligengrabe until last year have expired in the meantime. Sonae Arauco Deutschland GmbH of Meppen, on the other hand, withdrew completely from the particleboard flooring-panel business in spring 2018. Production at the Beeskow works trading under the name of Sonae Arauco Beeskow GmbH had already come to an end in the fourth quarter of 2017; the tongue-and-groove station used for profiling the particleboard flooring panels was shut down. Only volumes in stock were sold off in the months thereafter.

Parallel to the progressing reduction in output, the particleboard flooring business has been increasingly losing significance in the trade as well over the last few years. The majority of trading companies and alliances meanwhile sell far more OSB flooring boards; particleboard flooring panels are generally now only stocked as a supplementary assortment. Particleboard flooring panels with a sanded homogenous surface continue to play a major role in special applications, such as in trade fairs, shopfitting, and as a substrate for resilient flooring and linoleum floors.

Overall, however, the timber trade in particular has been increasingly thinning out its range in the particleboard flooring segment. Whereas a relatively broad spectrum of 13 mm to 38 mm used to be listed as a rule, many companies now only stock the most popular thicknesses, particularly 22 mm panels. Some timber merchants have already completely withdrawn from the particleboard flooring business to avoid the problem of double stock keeping and the bound-up capital it entails. The particleboard flooring-panel business still accounts for a somewhat larger share in the builders' merchant sector, though the volumes here are consistently declining as well.
In the DIY segment, the particleboard flooring-panel business has been gradually decreasing in significance as OSB sales have grown. Whereas OSB flooring panels have been regularly included in special offers for several years, particleboard flooring has been increasingly fading into the background at DIY stores. DIY store chains that have set various concept sizes for their location development strategy, frequently only stock now flooring particleboard in their big stores; in the smaller stores, the range remains limited to OSB. Hellweg Die Profi-Baumärkte GmbH & Co. KG of Dortmund had already decided to concentrate wholly on OSB in the flooring panel business last year. After the Kronospan recall, Hornbach decided to withdraw particleboard flooring completely from its product range in Germany and Switzerland. According to as yet unconfirmed information, Globus Baumarkt has also switched to OSB in the meantime. Other DIY-store chains continue to stock particleboard flooring panels but the volumes involved are only low relative to OSB now. □

Foray into digital printing on paper to take place through partnerships

Swiss Krono Group set to increase OSB capacity at three existing panel plants

Swiss Krono Group intends to increase its OSB capacity significantly through debottlenecking measures at existing lines and by installing additional production lines in Eastern Europe.

Preparatory work under way since last year has now been largely completed, with specific investment decisions to be made during the course of the second half. Investments in increasing capacity are on the cards at its OSB mills in Wittstock-Heiligengrabe, Germany, and Sully-sur-Loire, France, in particular. The installation of new OSB lines will likely be concentrated at two mills in Russia and Ukraine. However, no greenfield investments are planned. An OSB project announced for its site in Krasnokamsk in Russia's Perm region in spring 2013 has been ditched. The site purchased in preparation for building the new mill is still owned by Swiss Krono Group, though.

Swiss Krono Group has coordinated activities at its four OSB mills in Zary (Poland), Wittstock-Heiligengrabe (Germany), Sully-sur-Loire (France) and Vásárosnaményi (Hungary) more and more over the past two years. Product specifications and packaging were also standardised as part of this process, which is now largely complete. Sales and logistics have been optimised as well. Exports to Asia, which were carried out by all four mills in the past, have largely been concentrated at one site. Swiss Krono Group wants to unlock additional cost benefits in the OSB commodity business by coordinating sales activities in this manner.

Besides boosting OSB capacity, Swiss Krono Group is targeting greater backward integration in the laminate flooring and interior remodelling product business. Following its entry into laminate production that has now been finalised, the start-up of an MDF/HDF mill in Barnwell, South Carolina, is likely on the cards in October. Under original plans, the first board was to be made in summer. The next major project is its first foray into digital printing on paper, which is planned together with a partner. Swiss Krono Group, which prints directly on panels in Wittstock-Heiligengrabe, is currently in talks with several potential partners. Its exact approach is to be determined by the year's end.

Swiss Krono plant in Sharija in the Russian Oblast Kostroma. (Photo credit: Swiss Krono Group)

Swiss Krono Group has wrapped up four major investment projects in the past two years. The €100m OSB mill built in Vásárosnaményi, Hungary, started operating in June 2016. Two particleboard lines in Menznau, Switzerland (€70m), and Sharya, Russia (€52m), followed in March 2017 and May 2017, which were both installed to replace existing lines. About €23m was spent on installing a double-belt press and increasing laminating capacity in Zary, Poland. The money earmarked for installing the MDF/HDF mill and increasing laminating flooring capacity in Barnwell has jumped from the initial sum of €230m to approximately €250m now.

Updated figures show that Swiss Krono Group employed about 4,800 people and generated revenues of CHF1.828bn (2015/2016: 1.757bn) or €1.677bn (1.612bn) in the 2016/2017 financial year. Last year's turnover broke down into 26.5% from the Building Materials division, 25.9% from the Interiors division, 41.1% from the Flooring division and 6.5% from Others. Its wood-based panel output jumped to more than 5.7m m³. Zary was the biggest site with 1.360m m³ and 1,115 employees, followed by Wittstock-Heiligengrabe with about 1m m³ and 850 workers, Sharya with 909,000 m³ and 910 workers and Sully-sur-Loire, France with 824,800 m³ and 410 workers. Some 475 people working at its Menznau headquarters made 634,500 m³. Its three Ukrainian mills were listed as having made 711,000 m³ with a staff of 750 people. Some 130 workers in Vásárosnaményi manufactured 280,000 m³. The MDF/HDF line in Barnwell is to be commissioned with an annual capacity of 280,000 m³ before increasing to 345,000 m³. □

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Beeskow: Particleboard capacity to be doubled

By means of the replacement investment project planned for some considerable time and given concrete shape in the second quarter of 2018, the joint venture Sonae Arauco S.A. of Madrid is aiming to almost double the particleboard capacity at the Beeskow plant. For the project, the company has meanwhile ordered a forming and press line from Dieffenbacher GmbH Maschinen- und Anlagenbau with a 42 m continuous CPS+ geared to an annual capacity of around 600,000 m³. Besides the press, the order also includes a three-head forming station, the forming line, the press exhaust-air scrubber, and the finishing section with a rough-board conveyor, rough-board storage station, sanding line, packing station, and extraction system. Work on installing the equipment is scheduled to begin in March 2019, followed by the start-up in October 2019.

The board of directors of Sonae Industria had given the go-ahead for the replacement investment project named „Beeskow 50+" in spring this year. In Beeskow, two single-opening plants with a combined annual capacity of 312,000 m³ are currently used for producing particleboard. Sonae Arauco also operates an MDF/HDF plant at the facility with an annual capacity of 336,000 m³. Dieffenbacher had also supplied a 2.7 x 47 m CPS press for the plant put into operation in 1996.

Sonae Arauco had announced in May 2017 that it was planning to replace the company's two remaining single and multiple-opening plants with continuous production lines. In a first step, the MDF multi-opening line in Mangualde, Portugal, is currently in the process of being replaced. For this project, Sonae Arauco had placed orders with Siempelkamp Maschinen- und Anlagenbau GmbH for components such as an 8 ft x 28.8 m continuous press and the finishing section in the second quarter of 2017. After the start-up scheduled for the end of the third quarter, the new system is to be geared initially to board thicknesses of 3-16 mm whereas the existing continuous plant is to mainly produce boards with thicknesses upwards of 16 mm. The replacement investment will initially change little in the works total capacity currently given as 360,000 m³. Besides the multi-opening MDF line in Mangualde and the two single-opening lines for particleboard in Beeskow, Sonae Arauco is planning to replace a single-opening particleboard line in the South African plant in Panbult, Mpumalanga.

Sonae Arauco operates a total of ten wood-based panel facilities in Spain, Portugal, Germany, and South Africa. According to a capacity overview published by Arauco in March, the combined annual capacity of these works with 15 production lines amounts to 4.112m m³, comprising 2.182m m³ of particleboard, 1.444m m³ of MDF/HDF, and 486,000 m³ of OSB. In terms of countries, 564.000 m³ of the total capacity is accounted for by the two works in Spain, 776,000 m³ by the two works in Portugal, 2.228m m³ by the four works in Germany, and 544,000 m³ by the two works in South Africa. The following individual capacities are given: Valladolid, Spain, 144,000 m³ of MDF, Linares, Spain, 420,000 m³ of particleboard, Oliveira do Hospital 416,000 m³ of particleboard, Mangualde 360,000 m³ of MDF, Nettgau, Germany, 574,000 m³ of particleboard and 486,000 m³ of OSB, Beeskow, Germany, 312,000 m³ of particleboard and 336,000 m³ of MDF, Meppen, Germany, 302,000 m³ of MDF, Eiweiler, Germany, 218,000 m³ of MDF, Panbult, South Africa, 140,000 m³ of particleboard, White River, South Africa, 320,000 m³ of particleboard and 84,000 m³ of MDF. In an investor presentation published in November 2017, Arauco had quoted slightly higher capacities for the majority of joint-venture facilities.

(Photo credit: Sonae Arauco)

Unilin and Aspiravi building power plant

Unilin bvba, based in Wielsbeke, Belgium, and the energy group Aspiravi N.V., headquartered in Harelbeke, Belgium, have created a joint venture to build and operate a biomass power plant alongside the Bospan particleboard mill in Wielsbeke. Each company holds a 50% stake in the joint venture A & U Energie N.V. Preparations for the project had commenced during 2016 after both companies' supervisory bodies approved this decision. Contracts with technology providers were inked by spring 2018. At the same time, financing for the €100m project was secured with the help of Belgium's KBC Bank.

With a total capacity of 90 MW, the biomass power plant is to be completed by the start of 2020. Non-recyclable waste wood and recycled wood are to be used as a fuel. The plant is to generate 19.9 MW of electricity and 30 MW of heat. Power will be delivered to the Bospan particleboard mill located in Breestraat. Surplus electricity will be fed into the grid. Heat will be used by the particleboard mill and by the potato processor Agristo N.V., based in Harelbeke. At the start of April 2016, Agristo had acquired the 29 ha site where Unilin operated a particleboard mill in Ridder de Ghellinckstraat in Wielsbeke until it closed at the end of 2015 and subsequently built a new factory there to make frozen potato products, including frozen chips.

Unilin and Aspiravi already operate a biomass power plant at the location of the old Spano particleboard mill in Oostrozebeke through the joint venture A & S Energie N.V. This 50/50 joint venture was established by Aspiravi and Spano N.V., which Unilin acquired in June 2015, in the middle of 2008. Commissioned in summer 2010, the biomass power plant run by A & S Energie processes about 170,000 tonnes of residual timber that cannot be used as material each year. Previous reports put its total capacity at about 80 MW. The heat it generates is used to operate two production lines at the Oostrozebeke particleboard mill. The 24.6 MW of electricity that it produces is supplied to the particleboard mill and powers a total of 55,000 households. □

Losán commissioned new line at Cuenca mill

The particleboard manufacturer Losán Pina S.A. commissioned a continuous production line installed at its Fuentes, Cuenca headquarters to replace a multi-opening line on 25 April 2018. Manufacturing was to switch to three-shift operations by the end of May. Losán reported that the project was to double the particleboard mill's daily capacity to 950 m³.

Siempelkamp Maschinen- und Anlagenbau GmbH delivered a forming and press line, including a ContiRoll press with a flexible press in-feed. Losán awarded this contract back in the second half of 2016. The agreement includes a single-path drum dryer in dimensions of 4.0 x 22 R from Büttner Energie- und Trocknungstechnik GmbH. The dryer is heated by a BCB-D/G-15 Büttner multi-fuel burner for dust and gas with a capacity of 15 MW, which was assembled on a steel combustion chamber without firebrick lining.

Losán operates another particleboard mill in Soría where the company has laminating capacity, as it does at the Fuentes site. The group's first sawmill was commissioned in Soría in March 2017. The company announced that it has since had a staff of 40 workers and made about 37,500 m³ of pine lumber. Losán aims to sell 80,000 m³ in the 2018 financial year. The firm said that its buyers include major pallet manufacturers in Spain, with some of its lumber exported to China and several countries in South-East Asia, South America and northern Africa.

Losán is currently preparing to enter the poplar plywood production business in Villabrázaro, Zamora. At the start of May, the firm started building a plywood mill there, which has a designed annual capacity of 50,000 m³. Start-up is slated to take place in April 2019. Altogether, Losán intends to invest about €30m in the greenfield project.

The firm also has a laminating mill in Curtis, La Coruña (Spain). Its locations in Vilasantar, La Coruña and Pedro Muñoz, Ciudad Real make veneers and finished furniture parts. Other veneer mills are located in Brasov, Romania and in Troy in the US state of Pennsylvania. Its Chilean location in Los Ángeles in the Bío-Bío region produces lumber and solid timber board. The firm has also had a laminating plant in Emmen, the Netherlands, since 2003. □

Cleaf: Revenues more than doubled since 2009

(Photo credit: Cleaf)

The Italian laminating firm Cleaf S.p.A., based in Macherio, generated revenues of €124m and employed approximately 220 workers in the 2017 financial year. Revenues have increased consistently in the past few years. According to a recent company brochure, turnover was similar in 2007 (€48m) and 2009 (€47m). Revenues had jumped to €74m by 2011. The number of employees rose to 148 in the same period (2007: 110 workers, 2009: 124 workers). Cleaf reported slightly better revenues of €77m in 2013 compared with 2011 and listed a workforce of 163 employees. Turnover passed the €100m mark for the first time in 2015. With 182 workers, the company posted revenues of €102m.

Cleaf operates three production sites near Macherio. Its portfolio includes melamine-faced wood-based panels, laminates and edging. Managed by Luciano Caspani, the firm specialises in laminating surfaces with special structures and one-sided and two-sided synchronised pores (EIR surfaces). □

Starwood installing fifth production line in Inegöl

The Turkish particleboard and MDF/HDF producer Starwood Orman Ürünleri Sanayi A.S. is poised to install another particleboard line at its headquarters in Inegöl, Bursa province, by the middle of 2019. The firm ordered the main components for this project starting with the gluing station from Dieffenbacher GmbH Maschinen- und Anlagenbau during the second quarter of 2018. This contract includes the gluing system featuring glue preparation and dosing, a press exhaust system, a four-head forming station with wind formers and additional roller screens, a CPS+ press and finishing systems with an automated board storage system and the sanding line. With a 35 metre-long continuous press, the new line will primarily make thin board 6-8 mm thick and have an annual capacity of about 460,000 m³. Delivery of this technology is to commence before the year's end, with commissioning set to happen in summer 2019.

Starwood presently operates four production lines with continuous presses, each supplied by Siempelkamp Maschinen- und Anlagenbau GmbH at its location in Inegöl. These contracts were awarded through GIM Export Group GmbH & Co. KG, based in Göttingen, Germany. Unconfirmed reports suggest that Siempelkamp had not been invited to submit a bid for this project.

The particleboard lines commissioned in 1995 and 2004 were fitted with 8 ft x 23.5m and 6 ft x 47 m continuous presses and can make about 3,000 m³ per day or 1 million m³ per year. The company started making MDF in the second half of 2008 by starting up a thin board line. An MDF line set up to make furniture board with a 7 ft x 55.3 metre continuous press was commissioned in April 2016. Starwood listed the two MDF lines' capacity at about 2,000 m³ per day or about 660,000 m³ per year. Starwood had moved wood chip production to a separate site located about 10 km from the mill in order to create space for the second MDF line. □

XyloSuisse concludes takeover in Shatura

The takeover of the particleboard production plant of the Russian furniture manufacturer AO MK Shatura of Shatura that had been agreed by contract at the beginning of November 2017 was concluded by XyloSuisse LLC of Shatura, founded by Swiss investors for the transaction, on 12 July 2018.

The transaction covers the raw-particleboard, lamination, and resin production segments. The employees of the particleboard works have also switched to the new operator. Particleboard production had been temporarily put on hold for the duration of the transition but was resumed on 23 July upon completion of the repairs carried out during the standstill. XyloSuisse says it has already concluded the first delivery contracts for distribution of the particleboard. Human resources, accounting as well as implementation and maintenance of a new ERP system have been assigned to the consulting firm OOO Eastconsult of Moscow via outsourcing contracts. Eastconsult has also been commissioned to survey the multiple-opening plant and handle the inventory planning. The planned modernisation and expansion-investment projects are then to be prepared on this basis.

The Shatura particleboard works comes with a forming and press line with a six-tier press supplied by Siempelkamp Maschinen- und Anlagenbau GmbH in 2002 and currently geared to an annual capacity of around 170,000 m³. In the following years, the wood preparation, drying, and sifting/sieving segments were updated as well. 16-36 mm particleboard can be produced on the 1,860 mm-wide system. The bulk of the output currently goes to the neighbouring Shatura furniture works; external buyers are also supplied to a limited extent. These external sales have no longer been pushed recently, however, to the extent that particleboard production has mostly remained below the nominal output in the last few years. □

VMG Industry receiving €50m loan from EBRD

The Belarusian particleboard and furniture manufacturer VMG Industry FLLC, part of the Lithuanian group UAB Vakaru Medienos Grupe (VMG) of Klaipeda, is planning to install a wet-electric filter at the particleboard works in Mogilev, which was put into service in 2013. The purpose of the move is to comply with the regulations of the Integrated Pollution Prevention and Control IPPC adopted by the EU in November 2010. The furniture works at the same location is to be extended at the same time. The measures will include the installation of more facilities for the board sizing, edgebanding, profile-wrapping, assembly, and packing sections and will involve a 27,500 m² increase in VMG Industry's production and storage areas.

(Photo credit: FEZ Mogilev)

VMG Industry will receive a 7-year loan of €50m from the European Bank for Reconstruction and Development (EBRD) of London for financing the planned investment. Part of the loan is to be used for refinancing existing liabilities. Approval of the EBRD loan was received in mid-July 2018. The EBRD had already provided a total of €26m in May 2011 for the construction of the new building planned as a greenfield project. At that time the EBRD had based the loan on a total investment volume of €76m.

The VMG Industries particleboard works in Mogilev is geared to an annual production capacity of 165,000 m³ with a 7 ft x 15.5 m continuous press. The key components of the plant were supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. □

Pfleiderer: Extraordinary effects trim earnings

(Photo credit: EUWID)

Pfleiderer Group S.A., based in Wroclaw, Poland, experienced a deterioration in its EBITDA margin in the second quarter, coming on the heels of a sharp improvement in the first three months of 2018. According to preliminary figures published on 13 August, group net revenues edged 4.3% higher to €264.4m (April-June 2017: 253.6m). By contrast, EBITDA slipped 6.8% to €32.9m (35.3m); the EBITDA margin dipped 1.5 percentage points to 12.4 (13.9) % as a result. Pfleiderer blamed this €2.4m decline on one-off factors. The company had booked extraordinary contributions to earnings of €5.5m in the prior-year period because of changes to renewable energy legislation that took effect at that time. This year, though, EBITDA felt the effects of reserves of €0.6m, which were created for procedural costs connected to claims of €19.4m made by the insolvency administrator of Alno AG, headquartered in Pfullendorf, Germany. Pfleiderer said that operating EBITDA improved again thanks to factors including price hikes instituted to offset spiralling raw material costs.

Pfleiderer had encountered a 6.5% rise in revenues to €268.8m and an 18.5% improvement in EBITDA to €36.5m in the first quarter. Looking at the first half as a whole, revenues increased 5.4% to €533.2m (Jan.-June 2017: 506.0m). EBITDA rose 5.0% to €69.4m (66.1m), meaning that the EBITDA margin was virtually the same at 13.0 (13.1)%.

Pfleiderer had reported a 4.8% growth in revenues to €1.006bn for 2017 as a whole. EBITDA had increased almost twice as much with a 9.3% spike to €120.0m, meaning that the margin increased by half a percentage point to 11.9%. □

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Boise Cascade set to exit particleboard production

(Photo credit: EUWID)

Boise Cascade Company, based in Boise, Idaho, is poised to sell its particleboard mill in La Grande, Oregon and two sawmills located in the north-eastern Oregon towns of Pilot Rock and La Grande to Woodgrain Millwork Inc., headquartered in Fruitland, Oregon. Up until now, Woodgrain has specialised in doors, windows and mouldings. According to a press release issued on 11 September 2018, both companies agreed in principle on the transaction. However, closing of the transaction is subject to a due diligence review, which Woodgrain Millwork intends to carry out at the three locations over the next two months.

By selling the three mills, Boise Cascade intends to focus more on its core business of plywood and engineered wood products, according to Mike Brown, senior vice president of operations in its Wood Products division. The company would also make its exit from the particleboard manufacturing business in the process. Boise Cascade operates two 4x24 ft and 5x18 ft Washington Iron Works (WIW) multi-opening lines at its La Grande particleboard mill, which has been in existence since 1966. The company lists its current annual capacity at a total of 242m sqft (3/4" basis) or around 430,000 m³. Hexion Inc. based in Columbus, Ohio, runs an adhesive resin plant that guarantees the supply of timber to Boise Cascade's particleboard mill directly next to the particleboard mill.

Besides the three mills now up for sale, the Wood Products division includes nine plywood and veneer plants, six EWP mills, a truss production site in Biddeford, Maine and two sawmills in the state of Washington. □

Arauco acquires TFL plant from Panolam

Arauco North America, headquartered in Atlanta, Georgia, is strengthening its wood-based panel activities in North America by acquiring a lamination plant in Albany, Oregon from Panolam Industries International Inc., based in Shelton, Connecticut. Located about 15 km away from Arauco's particleboard mill in Albany, the complex is home to two treating lines, two short-cycle presses and a distribution warehouse. Arauco North America put its lamination capacity at about 120m sqft or 212,000 m³ per year. Arauco North America wants to run the site as Albany Treating and Lamination (ATL). The company started making melamine film by acquiring a facility in Biscoe, North Carolina from Surteco North America Inc., based in Myrtle Beach, South Carolina in a deal that closed in early 2015. It now has a second treating location with this deal. Arauco North America and Panolam have also agreed on a partnership in connection with this transaction. Under its terms, Arauco North America will continue to make Panolam-branded thermally fused laminates (TFL) with colour matching for decors in Albany. This will allow buyers in the west and south of the US to be supplied with Panolam TFL. Panolam itself will focus its TFL operations on serving the north-eastern and midwestern US and eastern Canada. These markets will be supplied by Panolam's particleboard mill in Huntsville, Ontario. This plant has an annual raw particleboard capacity of 257,000 m³ and a listed lamination capacity of about 180m sqft.

Panolam is forging ahead with a restructuring process that has been under way for several years by selling the laminating plant in Albany in an asset deal. Originally specialising in particleboard production and lamination, the company had also started making laminates with its 1999 take-over of Pioneer Plastics Corp., headquartered in Auburn, Maine. Its acquisition of the HPL and lamination firm Nevamar Company LLC, based in Hanover, Maryland, followed in the first quarter of 2006. Panolam was purchased by the investment firms Apollo Capital Management LLC, based in New York, and Eaton Vance Management Corp., headquartered in Boston, Massachusetts, as part of Chapter 11 proceedings that opened at the start of November 2009. These firms then sold Panolam to Insight Equity Holdings LLC, headquartered in Southlake, Texas, in June 2016. Panolam closed its lamination sites in Norcross, Georgia and Oshkosh, Wisconsin under the leadership of CEO Al Kabus, who managed the firm from January 2013 to November 2017. At the end of 2014, it closed the HPL plant in Hampton, South Carolina and concentrated HPL production in Auburn. During the past year, the company – now led by CEO Peter Jones –installed a double-belt press to make laminates.

Arauco North America presently operates four particleboard mills with a combined capacity of 1.520m m³ per year (Albany: 442,000 m³, Bennettsville, South Carolina: 600,000 m³, Moncure, North Carolina: 262,000 m³, St. Stephen, New Brunswick: 216,000 m³) and six MDF/HDF mills with a combined capacity of 1.470m m³ (Eugene, Oregon: 154,000 m³, Malvern, Arkansas: 310,000 m³, Bennettsville: 251,000 m³, Moncure: 285,000 m³, St. Stephen: 160,000 m³, Sault Ste. Marie, Ontario: 310,000 m³). It also has lamination technology with a combined capacity of about 580m sqft in Albany, Bennettsville, Moncure, Sault Ste. Marie and St. Stephen. A particleboard mill now under construction in Grayling, Michigan has a designed annual capacity of about 800,000 m³. Two short-cycle presses are also being installed at this complex. The group is also preparing to invest in a third press. □

(Photo credit: Arauco North America)

Arauco to improve delivery capabilities

Arauco North America, headquartered in Atlanta, Georgia, is set to improve the ability of its existing North American plants to make deliveries through a variety of measures alongside work to construct a new particleboard mill in Grayling, Michigan. The single-largest project is the US$8m construction of a new warehouse for finished products at its particleboard mill in Bennettsville, South Carolina. This warehouse is to stock its most popular particleboard, MDF and TFL products for immediate shipment. Arauco North America said that its Grayling plant will have an even bigger warehouse.

In a pilot project, Arauco North America is currently testing a system for all North American mills that will allow customers to view inventories of its different products. Customers can order on-stock items around the clock. This is to reduce lead times that were sometimes several weeks long to just a few days. Arauco North America is also working together with logistics partners to develop an online order tracking system. The planned introduction of a new SAP system is to support different projects to improve Arauco North America's online services.

Arauco North America made the decision to invest in the Grayling particleboard mill in response to customers' demands for additional ways to source raw particleboard and thermally fused laminates (TFL) in the Midwest region. Up until now, Arauco North America has served this region from other mills. In turn, they will be able to deploy capacity freed up by the start-up of the Grayling mill, which is now slated for autumn, to serve customers nearer to them. Arauco North America said that construction work in Grayling is running largely on schedule. About 95% of work for the mechanical installation of wood preparation systems, drying technology, regenerative thermal oxidation (RTO), gluing and the forming station had been completed this spring. Electrical installation work is now in progress. Installation of the 10 ft-wide and 52.5 m-long continuous press is also at an advanced stage. □

Coillte's wood-based panel sales up by roughly 8 %

(Photo credit: Coillte)

The „Medite Smartply" division of the Irish forest office Coillte Teoranta of Newtonmountkennedy boosted its MDF sales volume by 3 % in the business year 2017 to 429,000 m³ (2016: 418,000 m³). The growth in the delivery volume of OSB was even more pronounced, though Coillte has not given any specific sales figures. The total volume of wood-based panel sales was consequently 8 % higher than a year earlier. The production volume is said to have risen by 12 % compared to the preceding year. Here, the continuous OSB line put into operation at the Waterford facility in April 2016 as part of a replacement investment project achieved capacity utilisation of roughly 90 % last year.

The average selling prices of OSB were able to be improved by 1 % mainly as a result of a higher proportion of higher-quality products whereas MDF prices were 4 % lower than the year before. The division's sales revenue consequently increased disproportionately by 6 % to €188.4m (178.4m) compared to the preceding year. A bigger growth was registered in revenue from MDF and OSB sales in Ireland (+9 % to €34.1m) and the sales region „Rest of the World" (+7 % to €44.7m). The adverse development in exchange rates from the point of view of the company led to a lower rate of growth of 4 % in the UK to €109.6m (105.3m). □

Uniboard to invest Can$38.5m in Val-d'Or

(Photo credit: Uniboard)

The Canadian wood-based panel and laminate flooring manufacturer Uniboard Canada Inc. of Laval, Québec, announced on 30 July 2018 the next step in its investment in updating the Val-d'Or particleboard works in Québec. After a total of Can$53m had already been spent on renewing the wet chip preparation and drying sections in 2015 to 2017, the dry chip preparation station is now to be modernised at a cost of Can$38.5m. Besides the installation of new sieving, sifting, and shredding systems, dry-chip silos are planned as well. Once these specific measures have been completed, the multiple-tier unit geared to an annual capacity of around 360,000 m³ is to be replaced by a continuous production line and the finishing section renewed in a later step. Roughly half of the Can$38.5m now budgeted for the second step of the investment project is to be financed via loans and subsidies from the province of Quebec and the Canadian state.

Uniboard had recently announced the installation of another short-cycle press for the Sayabec particleboard plant in Québec in mid-May. The new press, called TFL 7, will cover a similar production programme like the existing TFL 6 press at the plant which was commissioned in July 2016. The new press supplied by Wemhöner Surface Technologies GmbH & Co. KG is identical in design to TFL 6 and will mainly laminate furniture panels synchronised two-sided structures as well as panels with deep embossed structures. Commissioning of the press is scheduled for the end of 2019. The cost of the investment was quoted as Can$17m, roughly Can$8m of which is to be financed by loans and subsidies. The company operates five works in Quebec and currently has a total of 855 employees. □

Funder commissions new short-cycle press

(Photo credit: Funder America)

The US firm Funder America Inc. started up a short-cycle press delivered by Siempelkamp Maschinen- und Anlagenbau to its Mocksville, North Carolina headquarters in mid-August 2018. Ordered at the end of 2016, the 5 x 12 ft short-cycle press is set up for 180 press cycles per hour and to make products with embossed in register (EIR) technology on one or both sides. It replaces a short-cycle press that had been commissioned in the early 1990s. With this investment, Funder America is starting to use embossed in register (EIR) technology. The company had announced its intention to do so in summer 2016. It plans to start making EIR wood-based panels by the start of the fourth quarter. Funder America will first start with one grain. The required sheets are provided by Hueck Rheinische GmbH, based in Viersen, Germany, with decors coming from Schattdecor Inc., based in Maryland Heights near St. Louis, Missouri.

Funder America has a total of three laminating locations. Following this investment, the Mocksville site still has three short-cycle presses all of which were delivered by Siempelkamp. Its location in Hope, Arkansas is equipped with two short-cycle presses from Wemhöner Surface Technologies GmbH & Co. KG, based in Herford, Germany. Funder runs a Siempelkamp short-cycle press at its plant in Sebring, Florida, which opened in 2008. Particleboard used in Mocksville is sourced from a number of manufacturers in the east of the US. Funder America will likely source particleboard from Egger Wood Products LLC once it commissions a mill in Lexington, around 30 km away, in a move set to happen in 2020.

Particleboard supply in Hope primarily comes from a neighbouring particleboard mill run by Georgia-Pacific LLC, headquartered in Atlanta, Georgia, which is equipped with a 9 x 25 ft multi-opening press commissioned in the mid-1990s. Funder America initially sourced particleboard for its Sebring site from several locations in Florida and Georgia, but they largely closed during industry consolidation in subsequent years. For the past two years, particleboard laminated in Sebring has solely come from the Brazilian wood-based panel manufacturer Berneck S.A. Painéis e Serrados, based in Araucária, Paraná. Funder America feels that its Sebring and Hope sites have future market opportunities despite the forecast significant increase in thermally fused laminate (TFL) capacity in the years ahead with this raw material supply and relatively large distances to other manufacturers' laminating plants. By contrast, the Mocksville headquarters will be more affected by foreseeable competitive pressure and thus diversify more towards speciality products and refining. □

Duratex's utilisation rate boosted to 66 %

The Brazilian company Duratex S.A. of São Paulo utilised 66 % of its wood-based panel facilities' capacity in the second quarter of 2018, thereby achieving the highest rate since the first quarter of 2015 (67 %). Since then, the figure has mostly fluctuated between 55 % and 60 %. The only times the rate was raised above 60 % were in the third quarter of 2016 at 63 % and in the fourth quarter of 2017 at 61 %. A factor contributing to the latest increase was the resumed operation of the particleboard and MDF/HDF plant in Itapetininga, São Paulo, in early April after having been shut down indefinitely in December 2015. According to Duratex, the works output in the second quarter was as planned. The facilities, geared to an annual capacity of around 500,000 m³ of MDF/HDF and 400,000 m³ of particleboard, were initially to be operated in alternation and the output stepped if the market developed positively.

In Brazil, Duratex operates another particleboard works in Taquari, Rio Grande do Sul, as well as three MDF/HDF plants in Agudos, São Paulo, in Botucatu, São Paulo, and in Uberaba, Minas Gerais. The company also has a particleboard and MDF works in Medellin, Colombia, which trades under the name of „Duratex Colômbia". On the basis of earlier information, Duratex' total capacity at the five wood-based panel facilities amounts to 2.1m m³ of MDF/HDF and 1.87m m³ of particleboard.

Duratex' volume of wood-based sales in the second quarter was 16.5 % higher than a year earlier at 613.601 m³ (April-June 2017: 526,527 m³). Deliveries of laminated boards increased 10.5 % to 256,000 m³ (231,685 m³) and growth of 21.3 % was achieved in raw boards to 357,601 m³ (294,867 m³). □

Eucatex and Duratex conclude asset swap

The Brazilian wood-based panel manufacturer Duratex S.A. of São Paulo concluded the sale of the hardboard production plant in Botucatu, São Paulo, to Eucatex S/A Indústria e Comércio of São Paulo on 31 August 2018. In reciprocation, Duratex acquired from Eucatex a forest plantation in Capão Bonito, São Paulo, that Eucatex has only been able to use to a limited extent in the past due its distant location from the existing production facilities in Salto, São Paulo, and Botucatu.

By acquiring these activities from Duratex, Eucatex has significantly increased its own hardboard capacity from the former 240,000 m³ per year. With the three production lines geared to an annual total capacity of 200,000 m³, the company is aiming to gain market shares in Brazil as well as on export markets. □

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Lenzing and Duratex planning joint venture

The Austrian cellulose fibre producer Lenzing AG, based in Lenzing, and the Brazilian wood-based panel specialist Duratex S.A., headquartered in São Paulo, are planning to forge a joint venture to build and operate a dissolving wood pulp (DWP) mill in Brazil. Under plans unveiled on 21 June, the mill is to be built in the Triangulo Mineiro region in the state of Minas Gerais and be equipped with a production line with an annual capacity of 450,000 t. Both companies presently think that total investments will reach $1bn. The final decision about whether to build the mill is to be made after completion of technical planning in the second half of 2019. Commissioning might then take place in 2022.

Lenzing will hold a 51% majority share in the planned joint venture („NewCo"), with the other 49% in the hands of Duratex. Both firms signed an agreement to this effect in mid-June. Lenzing will assume all DWP production at the new mill and turn it into speciality cellulose fibres that will be used in the textile industry among others. Duratex is to contribute 43,000 ha of FSC-certified eucalyptus plantations to the joint venture. These plantations were originally set up to supply a new wood-based panel site in the Triangulo Mineiro region. Unveiled by Duratex in the first quarter of 2014, the project had envisaged the installation of two lines to make particleboard and MDF/HDF each with a capacity of about 700,000 m³ per year. A treating line and three short-cycle presses were to be installed to process raw board. However, the company had shelved all major investment projects at the start of the second half of 2014 due to the weak economy in Brazil. In the latest press release, Duratex has now indicated that the wood-based panel project in the Triangulo Mineiro region will not come to fruition. The company had last disclosed plans to build a new site in north-eastern Brazil. The Brazilian state in question Alagoas had raised the prospect of providing funding for the project in October 2017. However, Duratex has not recently commented on the state of the project, but it appears rather unlikely that it will come to fruition in the near term. □

Placas do Brasil puts MDF line into operation

(Photo credit: Placas do Brasil)

On 11 June 2018, the Brazilian company Placas do Brasil S.A. produced the first panel on a production line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau and, in an initial step, geared to an annual capacity of around 300,000 m³. The power plant from Vyncke Energietechniek N.V. of Harelbeke, Belgium, had previously been put into service at the headquarters in Pinheiros, Espirito Santo, at the end of May. The new company founded for the MDF project dispatched the first raw panel on 23 August. After the start of the laminating activities, up to 144,000 m³ of MDF per year, and thus almost half the raw board output, is to be laminated on a short-cycle press made by Wemhöner Surface Technologies GmbH & Co. KG.

Like the woodchip washer along with the downstream refiner geared to a throughput of 33 t per hour supplied by Andritz AG, the orders for Vyncke and Wemhöner were handled through Dieffenbacher. Dieffenbacher itself supplied the main plant components for the fibre-drying to finishing sections. Here, the 9 ft x 33 m CPS+ continuous press was prepared for a later extension to 39 m. The main woodyard machinery, on the other hand, was supplied by a consortium comprising the Brazilian companies Demuth Máquinas Industriais Ltda. of Novo Hamburgo, Rio Grande do Sul, and E.M.G. do Brasil Indústria e Comércio de Equipamentos Metalúrgicos Ltda. of Araucária, Paraná. The sander was provided by Imeas S.p.A. of Villa Cortese, Italy.

Since its announcement, the MDF project has been delayed on several occasions. On the basis of the original plants, work on building the MDF works was to begin during the course of 2013. When the orders were placed in the second quarter of 2016, the company had set its sights on getting the plant up and running by the beginning of 2018. At that time the project had been budgeted at around BRL300m, roughly equivalent to US$92m. Whilst construction was underway, Placas do Brasil put the cost of the MDF at BRL393.5m. According to concordant media reports, the company has meanwhile invested BRL450m in the MDF works and another BRL100m in setting up 18,000 ha of eucalyptus plantations. □

Asperbras to build biomass power plant in Água Clara

The Brazilian conglomerate Asperbras Brazil S.A., based in São Paulo, is poised to expand its power generation activities by adding a second biomass power plant. A potential location for the new plant is Água Clara, Mato Grosso do Sul where Asperbras commissioned an MDF/HDF mill known as GreenPlac during the first quarter of 2018. Up until now, power supply to the plant, which has a designed annual capacity of roughly 250,000 m³, has bought externally. Asperbras said that these costs are offset by proceeds from selling electricity from the existing biomass power plant in Guarapuava, Paraná. With a designed electrical capacity of 10 MW, the Guarapuava facility was commissioned by Asperbras' new division Asperbras Energia at the start of this quarter. With a total investment of BRL36.5m or approximately US$9.5m, the company had initially purchased a closed power plant there and rebuilt and upgraded it during an 18-month period.

Asperbras Energia has now acquired components to build the second power plant, which will also have an electric capacity of 10 MW. The firm said that the project might be completed by 2021 if it is carried out in Água Clara. □

GreenPlac set to invest in a second production line

(Photo credit: Asperbras)

The Brazilian conglomerate Asperbras Brazil S.A., based in São Paulo, intends to expand its GreenPlac MDF/HDF mill in Água Clara, Mato Grosso do Sul by adding a second production line in the foreseeable future. Asperbras's partner Francisco Carlos Colnagh made this announcement when the first MDF/HDF line was inaugurated on 4 July. With a designed annual capacity of about 250,000 m³, the line had made its first board during the first quarter and has since ramped up operations. The contract to deliver the entire production line had been awarded to Siempelkamp Maschinen- und Anlagenbau GmbH in the first quarter of 2014. Siempelkamp had then delivered the entire fibre preparation area, the forming and press line with a 9 ft x 27.1 m continuous press, the final assembly systems, the power plant, a short-cycle press, engineering and the steel structure. The refiner was provided by Andritz AG. Work to install technology got under way in the first half of 2017. The commissioning date in the first quarter meant that the project was six months later than originally planned. When the MDF/HDF project was announced, Asperbras had thought that start-up would happen in the first half of 2017.

Asperbras had already raised the prospect of installing a second production line at that time. Under plans back then, the second line (about 460,000 m³) was to be nearly twice as big as the first line, whose capacity had been listed at 220,000 m³ at that time. Colnagh said that the mill's total capacity would increase to about 650,000 m³ with construction of the second line. The second line would thus have a projected capacity of roughly 400,000 m³. The infrastructure for the GreenPlac site was set up to handle expansion to add a second line with the first investment phase. Asperbras set up eucalyptus plantations about 12,000 ha in size to be used with a seven-year cultivation time via its Agribusiness division in order to supply roundwood to the site. The company will also buy plantation eucalyptus on the free market. □

Wanhua Ecoboard orders three particleboard plants

Particleboard manufacturer Wanhua Ecoboard Co. Ltd., founded in 2006 in partnership with Chinese PMDI manufacturer Wanhua Industrial Group Co. Ltd., Yantai/Shandong province, has ordered three more particleboard plants from Dieffenbacher GmbH Maschinen- und Anlagenbau since the end of 2017. The production line ordered at the end of 2017 will be installed as a greenfield project in Tonglin/Anhui province and commissioned by the end of this year. The order includes three MRZ 1500 knife ring flakers equipped with a FlowOptimizer material feeder, the dryer as well as a forming station and forming line with a CPS+ measuring 8.5 ft x 28 m. The order represents Dieffenbacher's first sale of a CPS+ machine to China. This year, Wanhua Ecoboard ordered two more production lines with CPS+. These are to be commissioned in the coming year.

Including the new orders placed recently, Wanhua Ecoboard has ordered a total of six machines to produce straw-based particleboard in the last three years. The machines will process a straw/wood mixture using PMDI adhesives. Two of the machines will be equipped with a CPS, one with a 4 ft-wide ContiPlus press. The three new orders include one CPS+ each. The first, ordered in spring 2015 with a CPS measuring 9 ft x 23.4 m, was built in Xinyang/Henan province. Commissioning of the machine was scheduled in summer 2017. The follow-up order placed with Dieffenbacher's subsidiary Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), Shanghai, was equipped with a ContiPlus press measuring 4 ft x 23.6 m. This machine is comparable in design with the first production line but is only half as large. In the first half of 2017, Wanhua Ecoboard ordered another CPS line from Dieffenbacher. This machine was equipped with a continuous press measuring 8.5 ft x 28 m and is being installed in Jingmen/Hubei province. The machine is scheduled to be commissioned in summer 2018.

(Photo credit: Wanhua Ecoboard)

Before the first machines were delivered, Wanhua Ecoboard and Dieffenbacher signed a cooperation agreement in 2015 providing a framework for developing and building continuous production lines for straw-based particleboard. □

Evergreen benefits from restart of lines

The Malaysian wood-based panel manufacturer Evergreen Fibreboard Bhd. (EFB) of Parit Rajat, Johor, profited from higher deliveries of wood-based panels in the second quarter of 2018. In its activities in Malaysia, lower average selling prices were more than compensated for mainly by a higher volume of particleboard sales. Through Allgreen Timber Products Sdn. Bhd., Evergreen operates a particleboard plant in Segamat, Johor, that had only been producing to a limited extent in the same period of last year after having resumed operation in mid-2017.

In Thailand, the resumed operation of a production line in Hat Yai at the end of the first quarter, having been temporarily shut down in mid-2017 and modernised since then, contributed to the growth in the volume of MDF sales. The increase in particleboard and MDF sales contributed to higher revenues. □

Vanachai orders OSB dryer from Dieffenbacher

(Photo credit: Vanachai)

Dieffenbacher GmbH Maschinen- und Anlagenbau is set to deliver a drum dryer for an OSB production line to Thai wood-based panel manufacturer Vanachai Group Public Company Ltd., headquartered in Bangkok. The contract includes a 32 m-long dryer with a diameter of 6 m as well as the wet chip bunker and automation of the front end from the debarking system to strand production technology. Siempelkamp Maschinen- und Anlagenbau GmbH will supply the forming and press line with a 4 ft x 48.7 m continuous press for the OSB project. Vanachai had switched an order for a particleboard line placed directly with the Chinese firm Siempelkamp (Qingdao) Machinery Co. Ltd., based in Qingdao,Shandong Province, in October 2017 to OSB during the first quarter of 2018. Siempelkamp will also deliver the final assembly system with cooling and stacking systems, fully automated board warehouse and sanding line. Vanachai will purchase upstream and downstream components directly.

The project will be carried out at what is now the group's biggest site in the province of Surat Thani, as planned. Vanachai also installed an MDF line in Surat Thani, which has been set to start operating in the third quarter. Delivered by Siempelkamp the forming and press line is designed with an 8 ft x 25.5 m ContiRoll and has an installed annual capacity of 210,000 m³.

Vanachai currently has four particleboard and MDF lines in Surat Thani. Together with two other locations in the provinces of Chonburi and Saraburi the company has a wood-based panel capacity of about 2m m³ per year, breaking down into 1.140m m³ of particleboard and 870.000 m³ of MDF/HDF. □

Centuryply is starting lamination in Hoshiarpur

The Indian wood-based panel and laminate manufacturer Century Plyboards Ltd. (Centuryply) of Kolkata, West Bengal, has put the company's second short-cycle press into operation in Hoshiarpur, Punjab. The company has been operating a continuous production line for MDF there, geared to an annual capacity of 200,000 m³, since the middle of 2017. Centuryply had begun laminating externally sourced MDF and particleboard at the Chennai plywood works in Tamil Nadu in 2005. A relatively small particleboard plant with an annual capacity of 54,000 m³ was added to this works in July 2016. Centuryply also says it set up the first high-performance short-cycle press in Chennai at the beginning of 2017.

With the start of commercial production on the new plant, the laminating activities previously assigned to the „Laminates" division have now been transferred to the „MDF" and „Particle Board" division. In the first quarter of the business year 2018/2019, Centuryply sold a volume of 3,413 m³ of laminated MDF for the first time. Although the deliveries of raw MDF panels fell by 4% to 26,246 m³, the total sales volume was thus able to be raised by 9% against the previous quarter to 29,659 m³. The Particle Board division sold a total volume of 11,357 m³ of particleboard (April-June 2017: 10,766 m³). 6,589 m³ (4,131 m³) was accounted for by laminated board. □

Rushil Décor starts work to build a second MDF mill

The Indian laminate and wood-based panel manufacturer Rushil Décor Ltd., based in Ahemdabad, Gujarat, has commenced work to construct a second MDF mill in Atchutapuram, Andhra Pradesh. The contract to deliver an entire line, which will be equipped with an 8 ft x 28.8 m ContiRoll press and have a capacity of 800 m³ per day or 240,000 m³ per year, had been awarded to Siempelkamp GmbH & Co. KG in the fourth quarter of 2017. Commercial production is set to get under way in April 2020. When ordering the technology, Rushil Décor had thought that start-up would happen in the fourth quarter of 2019. Rushil Décor then intends to enter the MDF export business via the plant located on the Bay of Bengal.

Rushil Décor intends to initially import thin MDF during construction of the second MDF mill. It has already forged agreements with manufacturers in South-East Asia to this end. These imports are to develop sales opportunities for thin MDF. Rushil Décor has operated a multi-opening line in Chikmangluru, Karnataka featuring a press delivered by Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), based in Shanghai, and a designed daily capacity of 300 m³ since 2012. This line makes 4 x 8 ft MDF in a thickness of 7.5-30 mm. The new line is to expand its portfolio to include thin board starting at a thickness of 1 mm. □

Decline in volume of Greenply's MDF sales

The volume of MDF sales of the Indian wood-based panel manufacturer Greenply Industries Ltd. of Tinsukia, Assam, fell in the first quarter of its business year 2018/2019 by 27.4% against a year earlier to 36,210 m³. As such, the trend observed in the preceding quarter continued at a faster rate. 40,486 m³ of MDF was sold in the fourth quarter of the business year 2017/2018, falling 24.3% short of the figure for the same period of the year before. Greenply attributed the losses to the tough competition from the sharp rise in India's MDF capacity in the last few years.

The new MDF works in Routhu Suramala, Andhra Pradesh, has not yet been included in the latest quarterly figures. The new facility began commercial production in early July following the start-up on 1 April. Greenply aims to utilise 45% of the 360,000 m³ annual production plant's capacity in the current business year. The additional volumes are expected to boost sales volume considerably to 320,000-340,000 m³. 179,908 m³ of MDF was sold in the business year 2017/2018. □


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Very strong growth in plywood, OSB and insulating board production

European wood-based panel output edged 3.0% higher last year to 57.6m m³

European wood-based panel manufacturing increased 3.0% to 57.6 (2016: 55.9) m m³ last year, according to the European Panel Federation (EPF), based in Brussels.

The year-on-year growth rate has thus intensified after 2016 had ended with a 1.9% improvement based on since revised figures. All product groups apart from hardboard played a part in this renewed upswing. The growth rates for particleboard, MDF/HDF, wood-fibre insulating board and plywood are larger than in 2016. On the other hand, the upward trend in OSB manufacturing slowed a little. The EPF's production statistics for plywood only cover the EU-28. All other product groups encompass the EU-28 and EFTA countries.

European OSB production had climbed 6.9% in 2016, a much bigger increase than was seen for other product groups. Last year, OSB production edged 3.3% higher to 5.6 (2016: 5.4)m m³. Plywood and insulating board production rose at even larger rates. Plywood production was up 7.8% at 3.2 (2.9)m m³. This upswing was almost twice as high as 2016's rate of 3.9%. The EPF recorded a 6.9% improvement in insulating panel production to 4.9 (4.6)m m³ on the heels of a 4.0% growth one year earlier.

Particleboard manufacturing increased 2.7% to 31.2 (30.4)m m³ in 2017. MDF/HDF output was up 1.5% at 12.3 (12.1)m m³. European particleboard production was 1.2% higher in 2016, while MDF/HDF output increased 0.9%. The EPF revised particleboard and MDF/HDF output again slightly compared with final figures published at the end of June 2017. In last year's annual report, the EPF had listed particleboard output at 30.2m m³ and MDF/HDF manufacturing at 12.0m m³.

The biggest particleboard producers were Germany with a 19% share of total production, France (11%) and Poland (9%). Some 67% of the particleboard was delivered to furniture producers, while 21% was used in construction and 12% in other applications. Germany also led the way when it came to MDF/HDF production with a 31% share, followed by Poland (22%) and Italy (8%). Furniture producers and their suppliers purchased 56% of the MDF/HDF made, while the construction sector took delivery of 18% and other segments 26%. The leading OSB producers were Germany (18%), Romania (14%) and Poland (12%). Construction is the dominant sales channel for OSB (85%), with other areas sourcing the remaining 15%.

Hardboard has been primarily made in Eastern Europe for a long time now. The EPF believes that Russia (43%), Poland (10%) and Bulgaria (7%), which were not included in the statistics, had been the biggest manufacturers last year. Unlike other product groups, hardboard sales are split across several areas. Some 23% ended up in packaging, 21% in furniture, 13% in construction, 19% in DIY stores and 24% in other areas. With a 77% share, the construction sector dominated wood-fibre insulating board sales; other segments took delivery of the remaining 23%. Germany was the leader for flexible insulating board with a 43% share, followed by Poland (34%) and France (23%). Poland was the biggest producer of stable insulating board (37%), followed by Germany (29%) and France (18%).

The EPF estimated that 68% of the plywood made last year was produced out of hardwood, 24% out of softwood and 8% out of tropical timber. The biggest manufacturers were Finland (39%), the Baltic region (11%), Italy (10%) and France (8%). Some 39% of plywood ended up in construction, 30% in furniture and 31% in other segments.

With the exception of OSB, only minimal changes were reported in manufacturing capacity. The EPF estimated that European OSB capacity had increased 6.5% between 2016 and 2017. Small increases of 1.0% and 0.4% were reported for MDF/HDF and particleboard respectively. The EPF believes that insulating board capacity did not alter compared with the previous year, while hardboard capacity was trimmed by 4.7%. □

Europe: Wood-based Panels Production [1)]

m m³	2017	2016	2015	2017/2016 in %	2016/2015 in %
Particleboard	31.2	30.4 [2)]	30.0	+ 2.7	+ 1.2
MDF/HDF	12.3	12.1 [2)]	11.8	+ 1.5	+ 0.9
OSB	5.6	5.4	5.0	+ 3.3	+ 6.9
Fiberboard	0.5	0.5	0.6	- 3.0	- 5.6
Insulation board	4.9	4.6	4.4	+ 6.9	+ 4.0
Plywood	3.2	2.9	2.8	+ 7.8	+ 3.9
Total	**57.6**	**55.9**	**54.6**	**+ 3.0**	**+ 1.9**

1) for plywood EU-28, for other product groups EU-28 and EFTA
2) in comparison to the final figures published in summer 2017, slightly revised upwards again

Source: EPF

MDF/HDF producers enjoying another major improvement in sales

North American particleboard markets still subdued in the first half of 2017

The long-awaited recovery in North American particleboard markets has still not materialised. Manufacturers' sales were just below last year's level in the second quarter of 2018 as well.

Particleboard sales were just below last year's level. *(Photo credit: Plywood Company)*

A minor decrease was also booked throughout the first half of the year, with all regions playing a similar role. Against this backdrop, the anticipated start-up of a new particleboard mill by Arauco North America in Grayling, Michigan, in the next few months and investments planned by Kronospan and Egger in Eastaboga, Alabama, and Lexington, North Carolina, respectively over the next two years will likely create more pressure on North American particleboard markets. Spiralling costs for purchasing raw materials and for procurement/distribution logistics over the past few months have coupled with stagnant prices for over a year to make a dent into North American particleboard manufacturers' margins. Surplus capacity caused by these new investments, which several companies think might last for several years, will likely intensify the pressure on prices. This pressure will cause problems primarily for older particleboard mills with unfavourable cost structures. Therefore, additional consolidation and plant closures might be on the cards in the foreseeable future.

By contrast, the upward trend in MDF/HDF sales lasting since the start of 2017 has continued. Sales topped 1m m³ for the fourth time after breaching this mark in the second and third quarters of 2017 and the first quarter of 2018. The strongest growth rates were found in the west of the US and in Canada. This was connected to several short-term stoppages last year, some of which were caused by damage from fires. Looking at the entire first half, MDF/HDF sales showed a similar track to the second quarter in both North America as a whole and in the different regions. The upturn in MDF/HDF sales will likely flatten off a little in the coming quarters since production capacity is now running at relatively good workloads again.

According to quarterly statistics from the Composite Panel Association (CPA), headquartered in Leesburg, Virginia, MDF/HDF sales were 7.9% higher than the prior-year period at 1.092 (April-June 2017: 1.012)m m³ in the second quarter. Stronger growth was booked in Canada (+17.9% to 290,200 m³) and the western US (+13.8% to 214,100 m³); the south/east of the US saw a more subdued trend with a 1.6% improvement to 587,600 (578,700) m³. On the other hand, North American particleboard sales dipped 0.7% to 1.522 (1.533)m m³. Sales in the south/east of the US were marginally higher than last year at 647,200 (646,000) m³, as were sales in the west of the US at 423,000 (421,200) m³. Canadian sales were 3.2% lower at 451,300 (465,500) m³. Looking at the first half combined, North American particleboard sales slipped 0.7% to 2.987 (Jan.-June 2017: 3.007)m m³ in the second quarter. However, MDF/HDF sales rose 6.7% to 2.134 (2.000)m m³.

TFL sales stable at last year's level

The North American thermally fused laminate (TFL) business continues to deliver an unsatisfactory performance. According to statistics from CPA, TFL sales were in line with the prior-year period at 31.09 (April-June 2017: 31.09)m m² in the second quarter. Canadian laminating firms suffered a 0.6% downturn to 16.28 (16.38)m m², while sales in the US showed a similar growth to 14.81 (14.71)m m². The changes in sales in the first and second quarter largely cancelled each other out, meaning that North American TFL sales were minimally lower than last year at 60.27 (Jan.-June 2017: 60.41)m m² in the first six months combined. Canada fared better than the US with a 1.9% growth to 31.37 (30.79)m m². US sales had dropped 2.4% to 28.90 (29.62)m m² because of the slump in the first quarter. □

Three new particleboard and two MDF/HDF plants are being added in North America

Composite panel production capacity to rise by 2.5m m³ by end of next year

The start-up of three particleboard works and two MDF/HDF plants will result in a substantial increase in North American production capacity for composite panels in the next two years.

After regressive development over a longer period of time, only little change has occurred in particleboard capacity in the USA, Canada, and Mexico in recent years. According to the capacity statistics of the Composite Panel Association (CPA) of Leesburg, Virginia, it has been hovering around 9.3m m³ per year since 2014. Roughly 5.9m m³ of this is accounted for by the USA, 2.4m m³ by Canada, and just under 1m m³ by Mexico. Three new particleboard works will start up in the USA by the end of 2019, however. The CPA estimates the annual capacity of the works currently being built by Arauco North America in Grayling, Michigan, at 750,000 m³. The annual capacity of the plant planned for the Kronospan facility in Eastaboga, Alabama, is expected to around 550,000 m³. The CPA does not yet have any figures for capacity for the new Egger works in Lexington. On the basis of CPA estimates, these three projects are expected to boost particleboard production capacity in the USA by almost 2m m³ to 7.9m m³ by the end of 2019. In Canada and Mexico, on the other hand, the CPA foresees no significant changes in capacity in the next two years.

The CPA's capacity statistics lists two new investment projects for MDF/HDF. For the works being set up by Swiss Krono Group in Barnwell, South Carolina, the association is assuming an annual capacity of around 300,000 m³ in the first stage of development. The plant planned by CalAg LLC for the Willows facility in California is expected to reach a capacity of around 200,000 m³. This will raise US MDF/HDF capacity to a good 4.3m m³ by the end of next year. According to the CPA, US capacity has been relatively consistent at around 3.6m m³ in the last few years. Almost 3.9m m³ is presumed for 2017. Canadian MDF/HDF capacity is estimated at just under 1.4m m³ at the moment; the last major change was the resumed operation of the Pembroke works in Ontario in 2015. Three new plants were put into operation in Mexico in 2016 and 2017, raising the country's total production capacity to 0.8m m³. On the basis of the roughly 4.8m m³ presumed for 2012 to 2014, North American MDF/HDF capacity has meanwhile increased to a total of 6.0m m³. This will rise to 6.5m m³ when the two new works open.

The CPA's capacity statistics show that North American production capacity for composite panels this year has remained just under last year's figure at 16.229m m³ (2017: 16.378m m³). 9.292m m³ (9.389m m³) of this is accounted for by particleboard and 6.025m m³ (6.046m m³) by MDF/HDF; the remaining 912,000 m³ (943,000 m³) is hardboard. On the basis of the CPA's estimates, the forthcoming new investment projects in the particleboard and MDF/HDF segments will raise total production capacity to just over 18m m³ by the end of 2019 and thereby almost match the 2008 level.

Particleboard capacity in the USA and Mexico have remained unchanged this year at 5.945m m³ (5.945m m³) and 958,000 m³ (958,000 m³), respectively. For Canada, on the other hand, the CPA has established a minor reduction to 2.389m m³ (2.487m m³). As such, 64.0 % of the total North American capacity is accounted for by the USA, 25.7 % by Canada, and 10.3 % by Mexico. The distribution of MDF/HDF capacity its similar. 63.9 % of the total capacity is located in the USA, 22.7 % in Canada, and 13.4 % in Mexico. The minor reduction in capacity against last year occurred in the USA, the figure for which is given as 3.849m m³ (3.871m m³). Capacity in Canada and Mexico is practically unchanged at 1.366m m³ (1.366m m³) and 809,000 m³ (810,000 m³), respectively.

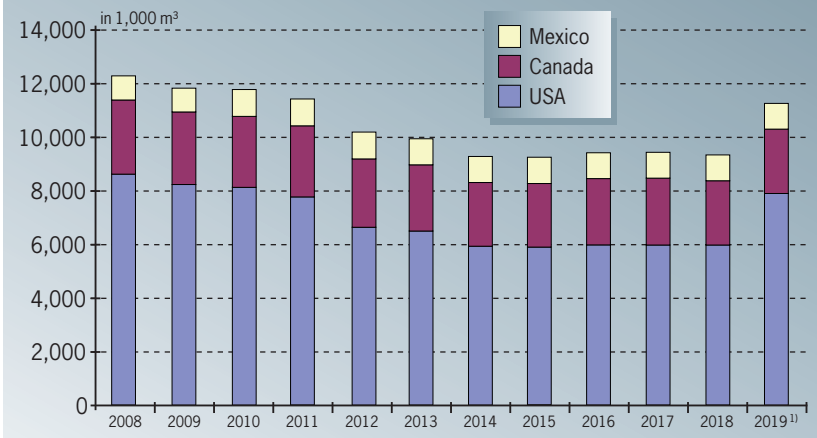
Arauco North America is nearing completion of machinery installations at the new particleboard plant in Grayling. (Photo credit: Arauco North America)

North American particleboard capacity had still amounted to 12.229m m³ in 2008. 5.870m m³ was given for MDF/HDF. After several years of reduction, North American particleboard capacity had reached rock-bottom in 2015 at 9.195m m³. Almost 100,000 m³ or 1.1% has been added to this over the last three years. The three new investment projects in the next two years will lead to growth of 20.7%. The downward trend in MDF/HDF, less pronounced than that in particleboard, came to a standstill in 2014 at 4.782m m³. MDF/HDF production capacity has increased by 26.0% since then with the resumed operation of previously mothballed works. CPA is forecasting a further increase of 8.2% in capacity for the coming two years.

EUWID research has revealed that Arauco North America wants to make the first board at the particleboard mill it is building in Grayling before the year's end despite delays that have emerged in recent months. Mechanical work to assemble production machinery is largely finished, and the focus is now on installing electrical systems. Commissioning of the first sections of the plant is to commence as soon as the power supply has been connected. Starting at the end of 2017, Kronospan ordered the main technology for the project to add a particleboard line to its Eastaboga complex, which has so far specialized in MDF/HDF and laminate flooring. Start-up is slated for the second quarter of 2019. At the end of 2017, Egger also began ordering technology for its greenfield project in Lexington that was announced in July 2017. Manufacturing is to commence there during 2020.

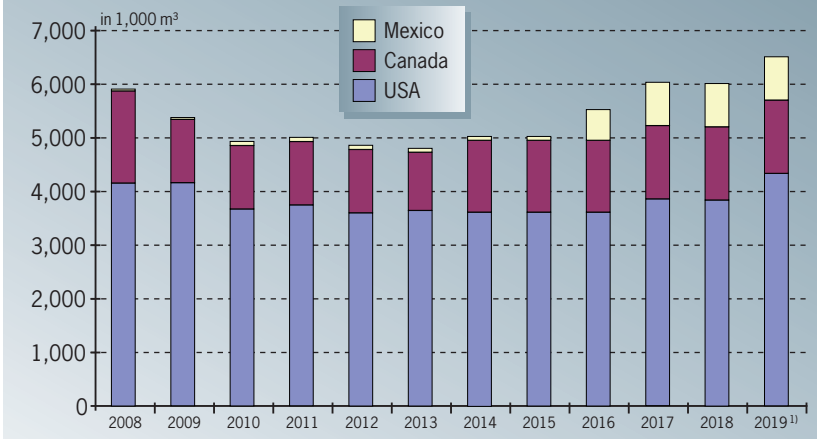
Like the Arauco North America project, construction work on Swiss Krono Group's new MDF/HDF line is running a bit behind schedule. Under the original plans, the first board was supposed to be made in summer 2018. The company now thinks that commissioning will happen during the fourth quarter. CalAg began construction work on an MDF line designed to process rice straw in September 2018. Production is now set to commence in mid-2019. When the technology was ordered, the company had eyed a start-up date before the end of 2018. □

North America: Particleboard production capacity



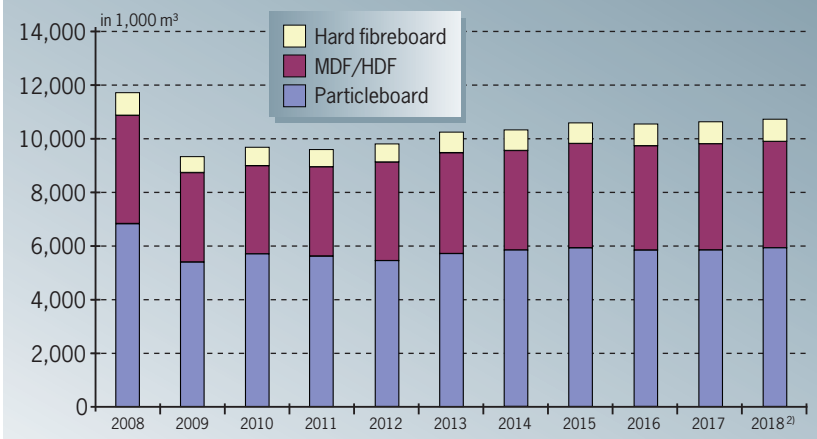
1) Estimate Source: CPA

North America: MDF/HDF production capacity



1) Estimate Source: CPA

North America: Composite panel sales 1)



1) USA and Canada 2) forecast Source: CPA

Future position of independent coating firms mired in uncertainty

North America: Over ten short-cycle presses to get up and running in the next two years

As particleboard and MDF capacity continues to increase, laminating capacity will also be boosted considerably in North America over the next two years.

All of the three major particleboard projects are each gaining two short-cycle presses in the first phase of investment. Mechanical assembly of two presses at a new particleboard mill that Arauco North America, based in Atlanta, Georgia, is building in Grayling, Michigan, is largely done and dusted. Commissioning will likely take place before the year's end. Preliminary planning work for the installation of a third short-cycle press is already under way. The Kronospan group has also ordered two short-cycle presses for a project to expand its MDF/HDF mill in Eastaboga, Alabama, by adding a particleboard manufacturing facility. The company had only just started operating two presses to coat laminate flooring beams at the plant at the start of 2017 as part of a project to install laminate flooring production technology. In the coming years, Kronospan intends to give another boost to laminating capacity for both laminate flooring and furniture panels. The Egger group, based in St. Johann, Austria, will also install two short-cycle presses in the first phase of a greenfield investment unveiled for its site in Lexington, North Carolina, in July 2017. Commissioning is set to happen in parallel with the start-up of the raw particleboard line during 2020.

The Canadian wood-based panel and laminate flooring manufacturer Uniboard Canada Inc., based in Laval, Québec, is poised to raise laminating capacity at its particleboard mill in Sayabec, Québec, by installing another short-cycle press by the end of 2019. Known as TFL 7, the new press is largely identical in construction to TFL 6, which was commissioned at the same complex in July 2016. The Sonae Industria subsidiary Tafisa Canada Inc., headquartered in Lac-Mégantic, Québec, is also exploring whether to make additional investments in laminating. In May 2016, a fifth press started operating at the particleboard mill. Arauco North America also commissioned an additional short-cycle press at its Carolina Particleboard mill in Bennettsville, South Carolina, during the second quarter of 2016. With the investments made by Uniboard, Tafisa Canada and Arauco North America, three new short-cycle presses have come to the North American market within a few months, each of which was equipped with embossed in register (EIR) technology. The last major new investment project in North America before then saw Clarion Laminates LLC, based in Shippenville, Pennsylvania, install a press in 2014. Clarion was acquired by Kronospan a short time later.

Besides wood-based panel manufacturers, several independent laminating firms are also involved in the current expansion of North American laminating capacity. In mid-August 2018, Funder America Inc. commissioned a new short-cycle press at its headquarters in Mocksville, North Carolina, thus replacing a press in operation since the early 1990s. The company wants to enter the EIR technology business with this investment. Manufacturing of EIR wood-based panels is to commence by the fourth quarter. After the replacement project, Funder America still runs six laminating lines in Mocksville and in Hope, Arkansas, and Sebring, Florida. Stevens Industries Inc., headquartered in Teutopolis, Illinois, divulged plans to build a second manufacturing site in Effingham, just a few kilometres away from its headquarters, in the fourth quarter of 2017. According to a statement released at that time, the overall project will also involve installation of a new short-cycle press. However, no machinery has been ordered yet.

Besides these established market players, there are also several newcomers to the laminating business. The Spanish kitchen, bathroom and cupboard furniture and furniture parts producer Grupo Alvic,

During the third quarter Wemhöner installed the first of two short-cycle presse in the new Arauco plant in Grayling. (Photo credit: Arauco North America)

In 2018 Siempelkamp installed one new short-cycle press for Funder America and won an order for two TFL presses from Kronospan LLC. (Photo credit: Siempelkamp)

based in Alcaudete, will also invest in a new short-cycle press after transferring furniture front production currently located in Miami to a new site in Auburndale, Florida, by the year's end. This press is to primarily make EIR furniture panels with synchronised pores on both sides. Folio intends to enter the thermally fused laminate (TFL) panel business in the Canadian Province of Ontario with a short-cycle press. Texas Wooden Solutions Corp., headquartered in Humble, Texas, wants to position itself in the south-west of the US with a short-cycle press. Its TFL panel business is to run under the MelamineTex name.

The projects announced by wood-based panel firms, independent laminating companies and newcomers will mean that altogether more than 10 additional short-cycle presses will enter the North American market over the next two years. Arauco North America, Kronospan and Egger's three particleboard projects will install a total of six presses in their first investment phases. Based on Arauco North America's latest investment plans, another press might be added to the list relatively quickly. Uniboard has also fixed its order for the Sayabec mill. Therefore, seven or eight short-cycle presses will be commissioned in the North American particleboard industry by the year 2020. In terms of independent laminating firms, Funder America has replaced existing technology with the new short-cycle press, meaning that only a small amount of capacity will be added. The expansion project announced by Stevens has not been fleshed out yet. However, three new laminating firms - Alvic, Folio and MelamineTex – will each add a short-cycle press. Altogether, independent laminating businesses will thus commission at least four new presses.

The suppliers of 10 of the 11 short-cycle presses that have already been delivered or booked are already known. Wemhöner Surface Technologies GmbH & Co. KG, based in Herford, Germany, delivered the two short-cycle presses for Arauco North America's Grayling mill over the past few months. During the first half of 2018, Wemhöner also booked orders from Egger for the two short-cycle presses planned in Lexington and from Uniboard for the follow-up order for the Sayabec facility. Wemhöner had already been given the go-ahead for a replacement project completed there in the second quarter of 2016.

Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG, based in Krefeld, Germany, will supply the two short-cycle presses for Kronospan's particleboard project in Eastaboga. The company placed this order via GIM Export Group GmbH & Co. KG, based in Göttingen, Germany, in the first quarter of 2018, which also covers the delivery of the main technology for the raw particleboard line. On the other hand, the short-cycle presses used for laminate flooring panels in Eastaboga since the first quarter of 2017 had been delivered by Wemhöner. Siempelkamp had provided intralogistics for this project.

A press commissioned in August at Funder America was also delivered by Siempelkamp. The company uses Siempelkamp technology at its Mocksville headquarters and at the plant in Sebring, while its Hope facility is equipped with Wemhöner presses. Unconfirmed reports suggest that Wemhöner is also providing the presses for the Grupo Alvic and Folio projects. No information is available yet about the supplier of the short-cycle press installed by MelamineTex in Texas.

The situation facing independent laminating companies will likely change with current and planned future investments in the North American wood-based panel industry. The installation of integrated plants with impregnating and laminating capacity is creating additional competition on particleboard, MDF/HDF and TFL markets. During a transition period, independent laminating businesses might reap the rewards of pressure on raw board prices caused by these investments in creating and adding capacity. This benefit will likely vanish again in the medium term as older raw board plants are expected to close and associated consolidation comes to pass within the North American wood-based panel business. Pressure from integrated wood-based panel manufacturers will grow as a result. Laminating firms have to buy growing amounts of raw board from these integrated producers that are also their competitors on TFL sales markets. This competition will mainly affect companies that are located in the vicinity of integrated particleboard and MDF/HDF mills. Potential niches for independent laminating firms might include having sites located farther away and possibly close to new sales markets, focusing on special products or further expanding manufacturing depth, for instance to include furniture parts or flat-pack furniture. □

Laminating capacity to be enlarged with five new short-cycle presses

Egger group aiming to spend another €400m on investments in 2018/2019

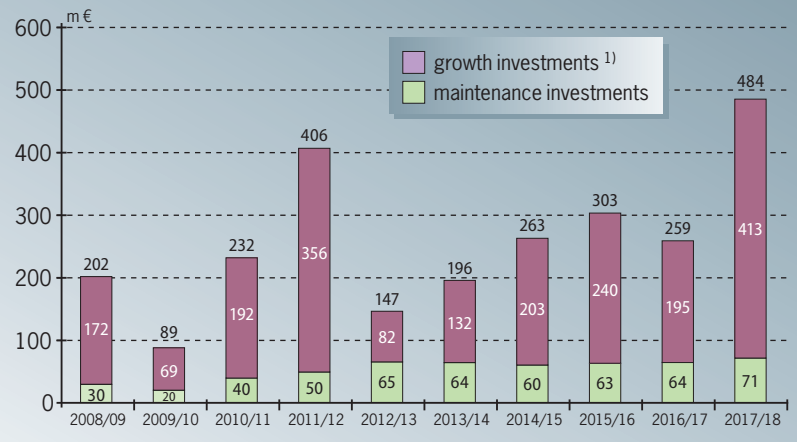
With the ongoing investment projects in Biskupiec, Poland, and Lexington, North Carolina, the enlargement of finishing capacity still underway at several facilities, and the practically unchanged long-standing maintenance work, the Egger group of St. Johann, Austria, is likely to have a total investment volume of over €400m again in its current business year 2018/2019 (30 April).

Last year, including the acquisition of the particleboard and MDF mill in Concordia, Argentina, completed at the end of September 2017, the company invested a total of €483.8m (2016/2017: €259.2m). €70.5m (€64.3m) or 14.6% (24.8%) of this was accounted for by maintenance. €413.3m (€194.9m) was spent on investment in growth projects and acquisitions. A new record level was reached in the total investment volume as well as in growth investment. The record had previously been held by the business year 2011/2012 in which €50m was spent on maintenance and €386m on investment in growth/acquisitions. During this year Egger had spent €144m on its takeover of the Russian particleboard manufacturer OOO Gagarinskiy Fanerniy Zavod of Gagarin, Smolensk oblast, concluded on 1 July 2011. The biggest investments in growth were the addition of a glue/impregnating resin and an OSB plant to the Radauti mill in Romania.

The investment measures in the last business year comprised €161.7m (€181.0m) in western and central Europe, €175.4m (€78.2m) in eastern Europe including Russia and, for the first time, €146.8m (0) in North and South America. The biggest individual projects were the acquisitions of the Concordia mill, for which the Egger group paid a total of US$155m, roughly equivalent to €140m, on a debt-free basis to the former owner Maderas y Sinteticos S.A. (Masisa) of Santiago de Chile, and the building work underway for the particleboard mill in Biskupiec since spring 2017. Egger had invested roughly €150m there by the end of the business year; the total investment expenditure budgeted for the first stage of the project is given at around €250m.
In Biskupiec, Egger had initially begun with the site-preparation work; the building work began at the beginning of September 2017 after receipt of planning permission. Assembly of the first production facilities started in the fourth quarter. Egger says the installation work is on schedule. The particleboard line is expected to achieve an annual production capacity of around 650,000 m³ with a 2.80 x 38.4 m continuous press. As such, Egger will be using a 9 ft press for producing particleboard for the first time in order to achieve greater flexibility in the output of board formats. The start-up of the raw-board production plant is planned for some time in the next few months, depending on the receipt of the operating and environmental permits. The two short-cycle presses planned for the first phase are to start up parallel to this. These are to be used to laminate roughly 50% of the particleboard output to start with. In the next step, Egger will also be investing in a worktop production plant in Biskupiec. The already ordered laminating and post-forming facilities will be installed in a separate hall during the course of 2019; the start-up is scheduled for before the end of 2019. Further investment steps planned are the enlargement of the laminating capacity and the construction of an impregnating channel; the final decisions have not been taken yet, however.

The earthworks are meanwhile underway on the site of the planned particleboard mill in Lexington. Work on the foundations and the actual buildings is scheduled to begin before the end of the second half-year after receipt of the planning permit. Design of the equipment is largely completed. The order for the forming and press line, which is to have an annual output of around 400,000 m³ with a 10 ft x 43m continuous press to start with, was placed with Siempelkamp Maschinen- und Anlagenbau GmbH in December 2017. The order for two short-cycle presses was awarded to Wemhöner Surface Technolo-

Egger Group: Investments



1) including acquisitions

Source: Egger

gies GmbH & Co. KG of Herford a little later on. The negotiations on the upstream and downstream sections of the plant are about to be concluded, says Egger. Production is scheduled to begin in 2020. According to Egger, no major investment is planned for the Concordia mill for the time being; the focus will initially be on maintenance work. This mill is also to be brought up to the Egger standard in the medium term, however.

In its last business year, Egger had invested mainly in the value-adding, power production, and logistics segments of its existing facilities. A new short-cycle press was put into service at each of the mills in Hexham, UK, and Rion de Landes, France, at the beginning of 2018 to replace existing machines. The two machines combined can laminate roughly 16m m² per year; this brings the Egger group's annual laminating capacity to around 330m m² in the meantime. An additional short-cycle press is to start up in each of the Gagarin and St. Johann mills in September and December, respectively. A replacement investment in Rambersvillers, France, is due next year.

Further growth in Egger's output in all segments

Like last year, the Egger group achieved further growth in output in all relevant product areas in its business 2017/2018 as well. The raw board output (including timber) was raised by roughly 600,000 m³ to 8.5m m³ (2016/2017: 7.9m m³) at full capacity utilisation. The mill in Concordia contributed roughly 200,000 m³ of this volume. The remaining 400.000 m³ was achieved by optimisation measures and enhancements in the performance of existing plant and machinery. From what Egger says, the greatest growth in capacity utilisation was achieved at the OSB line in operation in Radauti, Romania, since December 2011 and on the MDF/HDF plant put into service in Gagarin, Russia, in April 2016. The Egger group's output of raw board and timber had increased by roughly 200,000 m³ in each of the business years 2015/2016 and 2016/2017.

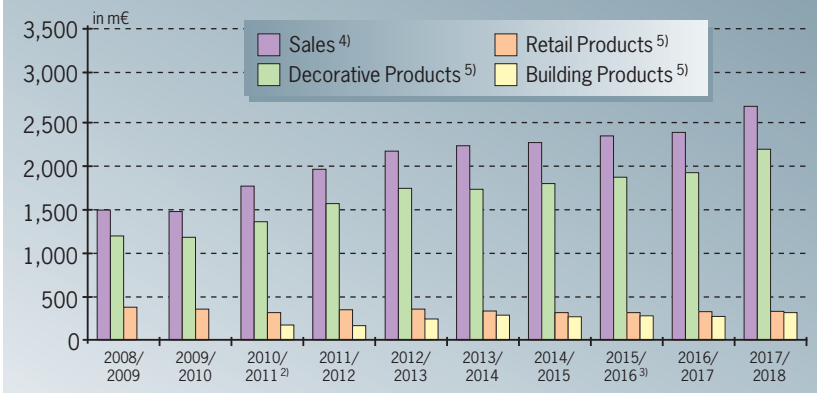
A greater increase in output than last year was achieved in laminated boards, too. The output of laminated board had risen by 2.9% in 2016/2017; the figure rose by another 5.5% last year to 295.2m m² (279.9m m²). Laminate-flooring production was boosted by 4.4% in the last business year to 54.9m m² (52.6m m²). The main reason was the higher capacity utilisation rate of the two laminate-flooring plants set up at the Gagarin facility. The output of finished furniture components increased by 10.5% to 37.8m m² (34.2m m²) by running the high-performance plant up to speed that had been set up at the Rambersvillers mill by the end of 2015.

Egger continued to increase its production capacity for semi-finished and finished goods in its last business year. Three digital-printing plants had already been put into service in Brilon, Gifhorn, and Wismar in the first quarter of 2017. The start of production at the new flooring plant in Wismar followed in the second quarter. The focus of investment activity in the furniture-component segment has most recently been on modernisation and expansion measures in St. Johann. Including the edgebanding plant set up over the last few months, Egger has invested a total of roughly €20m in furniture-component production there in the last three years. At the polypropylene (PP) edging production plant in Brilon set up with two production lines in the first half of 2016 and augmented with a digital printer at the beginning of 2017, a third calendering station and another digital printer were put into operation in July.

In the preliminary-product segment, substantial growth was achieved in impregnates and CPL laminates. The new impregnating channel in Gagarin and the additional impregnating facilities from the acquisition of the Concordia mill led to a 6.1% increase in the output of impregnates to 924.1m m² (870.3m m²). CPL production at the Gifhorn mill, which had last been extended with the start-up of the meanwhile seventh double-belt press in February 2014, increased to a similar extent at plus 6.3% to 35.3m m² (33.2m m²). After more pronounced growth had been registered in glue/impregnating resins in the previous year, this time the increase only amounted to 0.3% to 578,500 t (576,500 t). The last major investment in this segment was the construction of the new glue/impregnating-resin production plant completed in Hexham in June 2015.

In addition to the investment measures in the production segment, Egger also completed several logistics and infrastructure projects in its last business year. The high-bay warehouse built at a cost of around €20m was put into operation at the Unterradlberg particleboard mill. The power project at the Rambersvillers facility in France was concluded with the start-up of a 10 MW biomass-fired electrical-power station. This investment cost approximately €35m, says Egger. □

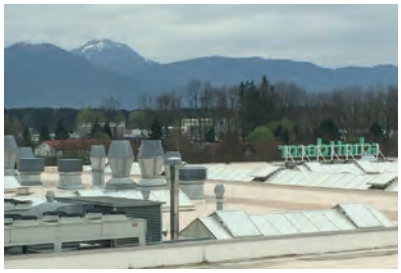
Egger Group: Development of sales [1)]



1) business year until 30 April 2) reorganisation of business units
3) subsequently corrected 4) consolidated 5) unconsolidated

Source: EUWID (according to information from Egger's annual reports)

Schattdecor's revenues surpassed €700m in 2017



(Photo credit: EUWID)

Schattdecor AG, based in Thansau, Germany, generated group revenues in excess of €700m for the first time and employed 2,300 (2016: 2,100) people last year. This figure was easily 5% higher than 2016's figure of almost €665m.

According to consolidated financial statements published in the German Federal Gazette in February 2018, revenues had jumped as much as 7.3% in 2016. Group revenues had risen 2.9% from 2013's total of €575.0m to €591.0m in 2014 and by 4.9% to €620.0m in 2015. The last four years have thus seen a cumulative growth in revenues of about 22%. Schattdecor intends to book revenues of approximately €740m this year. Its printing volume increased only slightly to about 115,000 t last year. This means that the firm printed 1.7 bn m². Significant growth had been achieved in downstream refining areas with investments made there in recent years. Sales of pre-impregnated and post-impregnated finish foils climbed to about 340m m² in 2017; melamine film sales stood at nearly 260m m². Altogether, nearly 600m m² had been sold in downstream refining operations, up from 574m m² one year earlier.

Information contained in the German Federal Gazette indicates that Schattdecor had hoisted its printing output over the 100,000 t mark for the first time in 2014. Output had jumped 5.6% from 96,377 t in 2013 to 101,733 t in 2014. Schattdecor had printed 102,186 t in 2015 and 112,066 t in 2016. Melamine film and finish foil (pre-impregnated and post-impregnated) sales totalled 482m m² in 2013. Shipments had reached 519m m² in 2014 and 540m m² in 2015. Based on these figures, Schattdecor had boosted its printing output by a good 19% between 2013 and 2017. Sales of refined products jumped by a cumulative figure of about 24.5%. □

Neodecortech to take over subdivision of Corbetta Fia

Neodecortech S.p.A. of Filago, Italy, which emerged from the merger between the décor paper manufacturer Cartiere de Guarcino S.p.A. (CDG) of Guarcino and the surfaces producer Confalonieri S.p.A. of Filago, wants to take over the PVC film for LVT business of Corbetta Fia s.r.l. of Carugo, with which it is indirectly associated through the mutual shareholder Luigi Valentini. Both companies had reached a general agreement on this transaction on 25 July 2018 and subsequently signed the appropriate contracts on 2 August. Neodecortech is paying a maximum of €200,000 for the Corbetta Fia subdivision; this purchase price includes liabilities of €2.3m. The deal was scheduled for closure by the end of August; the precondition for this, however, is the successful conclusion of talks with Corbetta Fia's worker representatives which are just getting underway.

The Corbetta Fia subdivision produces PPLF (plastic printed laminated film) made up of a printed and a transparent PVC film. In the production process, these PPLF films are embossed and coated and subsequently delivered to manufacturers of LVT or design flooring/surfacing. Corbetta Fia has so far been generating sales revenue of around €8m and an EBITDA margin of around 5 %. Confalonieri also started processing PVC and PP films in the first quarter of 2015 when it finished converting a printing machine. Only thermoplastic surfaces have been printed on the machine since then. These surfaces are given a thermoplastic top layer by external partners and are then supplied to LVT manufacturers. □

Egger boosting edging output by adding third line

The Egger group, based in St. Johann, Austria, commissioned a third calendar line to make polypropylene (PP) edging at its site in Brilon towards the middle of July 2018. The first two lines had been installed in the first half of 2016. Only single-colour edging was made in the first phase. Decor edging was added to its portfolio with the start-up of a single-pass digital printer delivered by Hymmen GmbH Maschinen- und Anlagenbau in the first quarter of 2017. A second digital printer also started operating alongside the commissioning of the third line. The two digital printers are both integrated into the calendar line, meaning that one of the existing lines and the new production lines are able to make both single-colour edging and decor edging.

The new calendar line covers a similar portfolio to the two existing lines, but can also make smaller batches. Its product range includes single-colour edging, decor edging and edging with high-gloss and matte surfaces that is 0.4-3.2 mm thick and up to 420 mm wide.

Egger has been able to offer its entire range of decors on PP edging too since May 2018; the decor and structure match completely. The PP edging made in Brilon is delivered to Egger's finished furniture part plants in St. Johann and Bünde as well as directly to industrial buyers. PP edging production is handled by Egger Holzwerkstoff Brilon GmbH & Co. KG, with sales undertaken by Egger Kunststoffe Brilon GmbH & Co. KG. However, trading in the ABS, PVC and PMMA has been overseen by Roma Plastik Sanayi Ve Ticaret A.S., based in Gebze, Turkey, which has been owned by the group since July 2010. □

(Photo credit: Egger)

Growing signs of plans to sell Wilsonart

Unconfirmed reports suggest that the owners of Wilsonart International Holding LLC, based in Temple, Texas, have begun the process of selling the global laminate and element manufacturer. In July 2018, a few companies in the wood-based panel and surface industry received a teaser containing initial information about Wilsonart. More information about the sales plans transpired during the International Woodworking Fair (IWF), which took place in Atlanta, Georgia, from 22 to 25 August.

The first US business information services reported about the possible sale of Wilsonart on 29 August. The news agency Reuters claimed that the private equity firm Clayton, Dubilier & Rice (CD&R) - which has held a majority stake in Wilsonart since October 2012 - had tasked Goldman Sachs with carrying out the sale process. Reuters also indicated that the first informal talks with strategic and financial investors had already been held. The purchase price under discussion was said to be in the region of 10 times current EBITDA of US$275m. CD&R had paid US$395m to acquire a majority stake in Wilsonart from the conglomerate Illinois Tool Works (ITW), headquartered in Glenview, Illinois, in 2012. Including liabilities assumed by CD&R, ITW walked away with US$1.05bn. As part of the transaction, the investment fund CD&R Wimbledon Holdings III L.P bought 51% of the shares in ITW's Decorative Surfaces division, with the other 49% staying in ITW's hands. The division's activities were subsequently transferred to the new firm Wilsonart International Holding LLC.

Wilsonart is one of the world's biggest laminate manufacturers with its Wilsonart, Arborite, Resopal and Polyrey brands. The company has manufacturing sites in North America, Europe, Asia and Australia.

(Photo credit: EUWID)

Wilsonart also started making direct-laminated wood-based panels following several acquisitions over the past three years. The company is managed by a 15-person team led by CEO Timothy O'Brien who has been in office since January 2013. Jeffrey Lee has served as CEO since October 2014. Tim Atkinson is responsible for North American distribution. Western European activities are managed by Tim Pearson. Ilknur Gur is in charge of the EEMA region, while Peter Chan heads up the APAC region. Jeff Petru is vice president for business development and strategy. □

Wilsonart takes over Laminate Works' facility

The US laminates manufacturer Wilsonart International Holding LLC of Temple, Texas, has taken over the Dallas, Texas, facility trading under the name of Laminate Works Dallas LLC of the large-scale project furniture manufacturer Laminate Works Inc. based in Lenexa, Kansas. Wilsonart's intention behind the transaction concluded in July 2018 is to further expand its „Coordinated Surfaces programme" launched in 2014 and which covers HPL laminates, thermally-fused laminate (TFL), and edgebanding with matching decors and textures and meanwhile covers roughly 230 Wilsonart decors. The large-scale project furniture components made by Laminate Works using HPL-laminated wood-based panels are sold in a variety of sales segments; they are used in areas such as office equipment, school furniture, shop and restaurant equipment, and lifts. The facility taken over by Wilsonart was established in 2007 and currently has a production area of around 70,000 sqft. The number of employees is given at around 25. Geoffrey Athey is general manager.

By selling the works in Dallas, Laminate Works will be concentrating on the Kansas City facility in Kansas, which trades under the name of Laminate Works Kansas City LLC. The company, run by Bert Clothier since it was founded in 1999, says it has recently implemented a variety of expansion investment measures there on a production area of around 100,000 m², almost doubling its production capacity. The production equipment includes a sizing saw made by Schelling Anlagenbau GmbH (Schwarzach, Austria), CNC drilling units from Homag Group AG (Schopfloch, Germany) and C.R. Onsrud Inc. (Troutman, North Carolina), an edgebander geared mainly to handling PVC edgebanding, and a BIMA machining unit for finishing the edges of shaped parts. Both edgebanders were supplied by IMA Klessmann GmbH of Lübbecke, Germany. Laminate Works will continue to operate throughout the USA even after the sale, including the „Southern Territory" sales area hitherto covered by the Dallas works.

Over the last two years, Wilsonart has completed several acquisitions in product areas related to its core business of laminates and mineral-based materials. The Australian laminating company Kara Board Pty. Ltd. of Somerton, Victoria, was bought at the end of July 2016. Wilsonart concluded its takeover of the Oxford laminating works in Mississippi of Roseburg Forest Products Inc. of Roseburg, Oregon, which had been mothballed indefinitely in December 2015, in early February 2017. This was Wilsonart's first investment in its own direct-laminating capacity in North America. This was followed in early September 2017 by the acquisition of the laminating company Kustom Material Laminators (KML) Corp. of Tacoma, Washington. In Europe, Wilsonart took over the UK company Shore Laminates Ltd. of Perth, Scotland, and Mermaid Panels Ltd. of Grimsby, Lincolnshire, both geared to wall cladding and shower-wall systems, at the beginning of December 2017. □

Panolam starts up double-belt press

(Photo credit: Panolam)

The North American wood-based panel and laminate manufacturer Panolam Industries International Inc., based in Shelton, Connecticut, commissioned a new double-belt press in Auburn, Maine in July 2018. This is North America's first CPL press to make laminates. Up until now, Panolam has run three multi-opening presses at the site, which it integrated in 1999 when it acquired Pioneer Plastics Corp. Unconfirmed reports suggest that one of the three presses is to shut down after the double-belt press ramps up operations. Panolam had ordered the new press from Hymmen GmbH Maschinen- und Anlagenbau during the first quarter of 2017. Panolam sells its laminates under the Pionite and Nevamar brands. Its TFL panels are sold under the Panolam name. Panolam is also the brand name for other products made by the company, such as glass fibre-reinforced plastic, wall cladding and resins.

While Panolam's laminate operations have been modernised and expanded with the investment in a new double-belt press, it has carried out several divestments in its TFL business in recent years. Its laminating sites in Norcross, Georgia and Oshkosh, Wisconsin were closed, while a plant in Albany, Oregon that focuses on serving markets on the west coast of North America was sold to Arauco North America, based in Atlanta, Georgia, in July 2018. At the same time, Panolam and Arauco North America have agreed on a partnership under which Arauco North America will continue to make thermally fused laminates under the Panolam name with matching Panolam laminates at the Albany site. □

SIR selling laminates under Surforma brand

The laminate producer Sonae Industria de Revestimentos S.A. (SIR), a subsidiary of Sonae Industria SGPS S.A. headquartered in Maia, Portugal, will market laminates and compact board made in Maia and Horn-Bad Meinberg, Germany under a new name, Surforma, in future. Distribution in Europe will be handled by both SIR and the joint venture Sonae Arauco S.A., based in Madrid. Products will be integrated into the Innovus decor range. Surforma products will be distributed in North America via Sonae Industria's subsidiary Tafisa Canada Inc., based in Lac-Mégantic, Quebec. This firm is thus adding laminates to its portfolio, which until now has mainly been made up of particleboard and thermally fused laminate (TFL). Novodecor, a South African wood-based panel manufacturer also owned by Sonae Arauco, will carry out distribution in Africa.

The Surforma range of laminates includes a total of 13 sizes ranging from 605 x 605 mm to 3,660 x 1,560 mm or even 4,100 x 1,320 mm and 9 thicknesses from 0.2 mm to 3 mm. Besides standard HPL, the portfolio also includes thin CPL, post-forming laminates, flame-retardant laminates, highly abrasive laminates (AC 3 and 5), magnetic laminates, anti-fingerprint products, metal laminates and HPL with a dyed core. The entire portfolio includes seven decor families (single-shade, wood reproduction, stone, textile, fantasy, real metal, digital) and seven collections (Unicolor, Ultra Smooth, Metallic, Magnetic, Lamifloor, Digital, Colour Boom). Surforma laminates can be delivered with 16 different surfaces.

Compact board will be available in three formats 2,580 x 1,860 mm, 2,580 x 2,020 mm and 3,660 x 1,560 mm as well as 14 thicknesses from 3 mm to 25 mm. Its standard range will be supplemented by laboratory-quality compact board and flame-retardant compact board. Altogether, there will be four decor families (single-shade, wood reproduction, fantasy, digital) and two separation collections (Digital and Laboratory Solutions), which are each available in three surface versions. □

Glatfelter boosts revenue from sales of overlay paper

In its business year 2017, the „Composite Fibers" division of P.H. Glatfelter Co. of York, Pennsylvania, boosted its revenue from sales of overlay paper by roughly 10%. According to the Glatfelter business report presented in the second quarter, US$38.7m was generated with the overlay paper produced at the Gernsbach mill. This considerable strengthened the slight upward trend achieved in 2016 again for the first time after a prolonged period of reduction.

In each of the years 2010 (US$50.8m) and 2011 (US$53.3m), Glatfelter had generated sales revenue of more than US$50m. The double-figure reductions occurred in 2012 (-16.3 % to US$44.6m) and 2013 (-11.9 % to US$39.3m) were partly attributable to the conversion work carried out at the Gernsbach mill and the ensuing regroupings between the individual product segments. After minor losses in 2014 (-4.6% to US$38.2m), revenue from overlay-paper sales fell more sharply again in 2015 (-8.5% to US$34.9m). The level reached by this remained unmatched until another slight increase of 0.6% to US$35.1m was achieved again in 2016.

On the basis of the US$541.5m recorded for 2015, total sales revenue generated by the Composite Fibers business unit (CFBU) in 2016 had fallen by 4.5%. With the growth of 5.3% to US$544.6m (2016: 517.0m) achieved in 2017, however, this reduction was able to be compensated for. □

Ahlstrom-Munksjö Décor's sales raised to over €100m

In spite of lower sales volumes, the „Décor" division of Ahlstrom-Munksjö Oyj of Helsinki raised its second-quarter sales revenue by 3.7% to €101.8m (April-June 2017: €98.2m). The reduction in volume was compensated for higher selling prices and a better product mix. The price increases pushed through in the titanium dioxide and pulp segments more than compensated for further increases in costs.

This caused adjusted EBITDA to rise to €8.9m (€8.1m); the margin rose to 8.7% (8.3%). Ahlstrom-Munksjö Decor had generated sales revenue of €99.8m in the first quarter; the adjusted EBITDA of €6.3m had equated to a margin of 6.3%. Adjusted EBITDA had turned out to be even lower in the third quarter of 2017 at €5.8m, though the margin reached 6.4% due to the lower sales revenue.

Ahlstrom-Munksjö had recorded adjusted EBITDA of €8.6m for the fourth quarter of 2017 and a margin of 9.2%. Whereas EBITDA showed greater fluctuations between the individual quarters depending on the timing of the price increases pushed through to offset raw material cost increases, sales have been gradually increasing since the third quarter of 2017. □

Mayak-Technocell runs pulp through new mill

(Photo credit: Felix Schoeller)

The joint venture OOO Mayak-Technocell (MTC) of Penza, Russia, began commissioning the paper machine set up at the Penza facility during the course of the last two years in July 2018. Pulp has been run through the paper machine in July for the first time. MTC will only produce décor paper on the paper machine designated PM 6 to start with; qualification at buyers' facilities has begun in August.

The range of products is to be extended to include coated non-woven wallpaper base at a later time. The joint-venture partners Mayak OAO of Penza and Felix Schoeller Holding GmbH & Co. KG of Osnabrück had announced the project for building a second paper machine in September 2014. The start-up originally envisaged for the first quarter of 2017 was subsequently postposed on several occasions. □

Venator to acquire Tronox's paper business

The US titanium dioxide manufacturer Tronox Inc., based in Stamford, Connecticut, is planning to sell its European paper industry business to Venator Materials plc, headquartered in Wynyard, UK. Venator was spun off from Huntsman Corp., based in The Woodlands, Texas, in an initial public offering (IPO) held at the start of August 2017. Until now, Tronox has made this product, 8120 titanium dioxide, at its plant in Botlek, the Netherlands. In future, Venator hopes to make this product at its plant in Greatham in the UK. Until capacity has been created in Greatham, Tronox's Botlek facility will make 8120 titanium dioxide on an interim basis for Venator under a contract manufacturing deal.

The deal reached in mid-July met one of the conditions imposed by the European Commission for Tronox's planned acquisition of the titanium dioxide manufacturer The National Titanium Dioxide Co. Ltd. (Cristal Global), headquartered in Jeddah, Saudi Arabia. During a phase II review launched on 20 December, the European Commission's Directorate General for Competition had issued a statement of objections in mid-March. The transaction was cleared on 4 July subject to the condition that Tronox spun off its European paper industry business. The European Commission gave its final blessing to the deal on 20 August after the deal was brokered with Venator.

The transfer of Tronox's European paper industry business to Venator is to close after all conditions imposed for the Cristal takeover have been met. Competition authorities in Australia, China, Columbia, New Zealand, Saudi Arabia, South Korea and Turkey had given the green light by the first quarter of 2018. Following the European Commission's approval, the US is the only country that has yet to clear the deal. Tronox's takeover plans continue to encounter resistance there. Following multiple delays, the Federal Trade Commission (FTC) refused on 5 December 2017 to provide the clearance that Tronox sought under the Hart-Scott-Rodino Act in mid-March 2017. Tronox appealed the FTC's ruling in a case brought before the United States District Court for the Northern District of Mississippi on 23 January. Conversely, the FTC filed a complaint against Tronox's acquisition plans with the United States District Court in the District of Columbia on 10 July. By way of justification, the Commission complained that the merger of Tronox and Cristal to form a single company would severely impair competition, especially for chloride grades. Tronox issued a statement shortly thereafter rejecting these claims.

Alongside the deal to sell its European paper industry business, Venator and Tronox agreed on a purchase option limited until 29 September for Cristal's plant in Ashtabula, Ohio. Venator is able to hold exclusive takeover talks in the event that Tronox has to spin off this plant too because of conditions imposed by anti-trust authorities. The purchase price for the Ashtabula facility was set at US$1.1bn. The purchase price will be lowered to US$900m in the event of delays to the spin-off of the Ashtabula facility because of conditions imposed by anti-trust bodies. If the sale of Ashtabula does not come about following transfer of the European paper industry business, Venator will receive a break fee of US$75m from Tronox.

By acquiring Tronox's paper industry business, Venator intends to diversify its titanium dioxide operations, which have so far specialised in other areas of application. The takeover of the Ashtabula plant would also give a significant boost to its North American operations. Venator is thus reviewing whether to fully restart its plant in Pori, Finland, which was damaged in a fire at the end of January 2017. As things currently stand, this plant is to run at about 60% of its capacity making special grades by the end of 2018. In March 2018, the resumption of commodity manufacturing, which accounts for about 40% of its capacity, had been pushed back to 2020. □

Exclusive partnership between Arauco and Formica setting industry in motion

Matching decors and EIR laminates becoming popular in North America too

North American wood-based panel and laminate manufacturers are moving closer and closer together with increased efforts to coordinate the range of decors for laminates with thermally fused laminates (TFL). Portfolio overlaps are also increasing. A few companies are strengthening their footholds in both areas.

The winds of changes are blowing on the market amidst TFL acquisitions carried out by Wilsonart International Holding LLC (Temple, Texas), partnership agreements that Arauco North America (Atlanta, Georgia) forged in rapid succession in July and August as well as a decision by Tafisa Canada Inc. (Lac-Mégantic, Quebec) to make a change to its laminate supply. Another factor is that European wood-based panel manufacturers are increasingly involved on North American markets. Several of these companies, such as the Egger group, based in St. Johann, Austria, and Swiss Krono Group, want to set themselves apart from the competition by offering higher-quality and speciality products.

Approaches include embossed-in-register (EIR) technology with synchronised pores on both sides, high-gloss and matte surfaces and matching decors in various surfaces. In all of these areas, more and more overlaps are evident in the supply of direct laminated wood-based panels and HPL/CPL. In North America, laminate producers have long carried out colour and decor matching across different surface materials, such as laminates (HPL/CPL), TFL, thermoplastic or paper-based foils and edging materials. As a rule, these products only come closer to the decors used. A growing number of suppliers are now offering exactly the same decors, at least for HPL/CPL and TFL. The next step is to transfer the EIR technology to laminate surfaces. EIR surfaces were originally used in laminate flooring in both Europe and North America. Several companies have now developed and brought to market double-sided versions for use in the furniture industry and interior remodelling in recent years. The first EIR laminate products are now available too.

Short-cycle press, used for the production of EIR-laminates. *(Photo credit: EUWID)*

It is easier for companies to match decors across laminates and TFL and to transfer EIR technologies if they make both product groups themselves. Many of Europe's major wood-based panel producers have long had their own laminate production capabilities and have expanded these activities in recent years. Another company - Swiss Krono Group – has entered the laminate production in the past year. Following the start-up of a double-belt press at its site in Zary, Poland, the firm intends to start making laminates with EIR surfaces too by the end of 2018. Egger has long offered EIR laminates, making them using a short-cycle press at its St. Johann headquarters. Wilsonart has also entered the EIR laminate manufacturing business by commissioning a short-cycle press set up to make these products.

Wilsonart has also given a strong boost to its direct laminated wood-based panels operations in the past two years by carrying out several acquisitions. These transactions expanded its coordinated surfaces programme. In August, Tafisa Canada replaced its HPL range sourced from Wilsonart with laminates made under the Surforma name at another Sonae Industria SGPS S.A. subsidiary, the laminate producer Sonae Industria de Revestimentos S.A. (SIR), both headquartered in Maia, Portugal. Tafisa has also added EIR laminates to its portfolio with this switch. Arauco North America forged a partnership with Panolam Industries International Inc. (Shelton, Connecticut) in connection with the July acquisition of a laminating plant in Albany, Oregon. In mid-August, Arauco North America also announced an exclusive decor partnership with Formica Corp. (Cincinnati, Ohio). The exclusive deal brokered by Formica and Arauco North America will likely lead to changes in Formica's existing partnerships. Several companies that have so far worked with Formica in the area of laminates are currently exploring alternatives. □

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New group structure with Surteco GmbH, Döllken Profiles and Surteco Beteiligungen

Surteco entities have been merged into Surteco GmbH by the end of August

By the end of August 2018, Surteco Decor GmbH (Buttenwiesen-Pfaffenhofen, Germany) and Döllken-Kunststoffverarbeitung GmbH (Gladbeck, Germany) became one with Surteco GmbH, which had previously been created when BauschLinnemann GmbH (Sassenberg, Germany) was renamed.

Surteco Group SE, based in Buttenwiesen-Pfaffenhofen, Germany, has thus largely wrapped up longstanding preparations to merge the three companies to form a single entity. The deal took place retroactively to 1 January. The merger had been announced as part of the Surteco 2025 growth strategy, which was launched in 2015 as part of efforts to focus more on meeting customers' needs and moving away from product-based to target group-based structures.

BauschLinnemann GmbH was renamed Surteco GmbH in a change to its statutes at its shareholder meeting held on 3 July. The integration of Surteco Decor and Döllken into Surteco GmbH was approved at separate shareholder meetings held on 6 August. The merger agreement for Surteco Decor took effect on the same day and was entered in the commercial register on 14 August. The contract entered for Döllken on 16 July came into force with publication in the register sheet for Surteco GmbH on 31 August. During shareholder meetings held on 6 August, the spin-off of Kröning GmbH, based in Hüllhorst, Germany, and Dakor Melaminimprägnierungen GmbH, headquartered in Heroldstatt, Germany - two firms that were previously part of BauschLinnemann GmbH and Surteco Decor GmbH - was approved. These companies were subsequently transferred to Surteco Beteiligungen GmbH, based in Buttenwiesen, Germany. Surteco Beteiligungen GmbH was founded as recently as May 2018.

In the next phase, Surteco's group structure will also be revamped. Until now, the company has been split into two strategic business units: paper and plastic. The paper unit comprises Surteco Decor GmbH and BauschLinnemann GmbH with their subsidiaries. The plastic unit is made up of Döllken-Kunststoffverarbeitung GmbH (Gladbeck, Germany), Döllken Profiles GmbH (Nohra, Germany) and its subsidiaries and the Swedish firm Gislaved Folie AB (Gislaved). Probos, which was acquired in July 2017, became part of Döllken-Kunststoffverarbeitung GmbH. An 85% stake that it has held in Nenplas, based in Ashbourne, UK, since 1 December 2016 is part of Döllken Profiles. The existing structure has overlaps between the two business units since individual international sales entities sell both paper and plastic products in their respective markets. These overlaps are to be eliminated with the reorganisation.

The future group structure envisages three divisions: Surteco GmbH, Döllken Profiles and Surteco Beteiligungen. Surteco GmbH is to supply the kitchen furniture, household furniture, office furniture, caravan, door, wood-based panel and flooring industries across all products with printed decor paper, finish foils, release paper, plastic edging and melamine edging as part of a one-stop shop concept. Besides Surteco GmbH, this division includes 11 foreign production and sales entities, the Probos group and Surteco Art GmbH, based in Willich, Germany. Döllken Profiles includes two foreign sales entities in Poland and the Czech Republic together with the Nenplas group. Businesses pooled in Surteco Beteiligungen - Dakor Melamin Imprägnierungen, Kröning and Gislaved Folie – will operate more independently in future and will pursue their own growth targets outside the furniture and wood-based panel industry.

Surteco Group will report in accordance with the old group structure of two business units in the current financial year. It will switch to the three new divisions in the 2019 financial year. □

The foil and printing business of BauschLinnemann and Surteco was merged with the edgebanding activities of Döllken. (Photo credit: Surteco)

Joint decor collection with Decotone Surfaces unveiled at IWF in Atlanta

BMK installing a third treating line at Welcome site in North Carolina

The treating company BMK GmbH, based in Gaildorf-Bröckingen, Germany, is poised to add a third treating line to a melamine film manufacturing site in Welcome, North Carolina, that it acquired from Shaw Industries Inc., headquartered in Dalton, Georgia, with effect from 1 October 2017.

BMK's treating plant in Welcome. *(Photo credit: BMK)*

To this end, the company purchased a second-hand treating line from the firm formerly known as Faus Group Inc., also based in Dalton, Georgia, back in September 2017 and transferred the technology to Welcome during the fourth quarter of 2017. This 4ft-wide line is to be widened to a working width of 5ft over the coming months. At the same time, an anilox roll coating unit will be installed together with resin mixing and dosing technology. The line will likely get up and running in February 2019 once rebuilding and upgrading work has been completed. BMK intends to use the additional line mainly to make small batches of up to 100 sheets in size and serve North American laminating companies. Its portfolio, which has so far focused on larger batch sizes, is to be widened with the ability to handle smaller quantities.

Since the acquisition, BMK has gradually ramped up the two existing treating lines in Welcome that Shaw Industries had not used much recently. The company said that the 9ft-wide lines, which had been delivered by Vits Maschinenbau GmbH to the previous owner Dynea Overlays Inc. in 2000, are now running three shifts five or six days a week. The site, which has done business as BMK Americas LLC since the acquisition, now employs 38 people. The number of people working in Welcome is to grow to about 50 by spring.

Besides making products in Welcome, BMK also continues to deliver melamine films to North America from its two German plants. BMK's facility in Gaildorf-Bröckingen mainly provides melamine films for laminate flooring production. Furniture films are predominantly shipped by the Erndtebrück-Schameder facility, which does business as Dekor-Kunststoffe GmbH (DKB) and has been owned by BMK since September 2015. Shipments from Germany are split roughly in half between laminate flooring and furniture film, but are to shift to focus more on furniture film in future.

As part of efforts to serve the North American market, BMK Americas has recently started partnering with the distributor Decotone Surfaces, which covers the entire North American market with its headquarters in Garwood, New Jersey, and two branches in Mira Loma, California, and in Mississauga, Ontario, Canada. Both companies unveiled a joint design collection with six decors each in three colours at the International Woodworking Fair (IWF), which took place in Atlanta, Georgia, from 22 to 25 August. BMK Americas can provide these decors as melamine film for thermally fused laminate (TFL). The partnership with Decotone Surfaces means that the same decors can also be delivered as laminates, edging and thermoplastic foil.

Decotone Surfaces works with several partners in a number of product categories. For instance, its laminate programme comes from the Colombian firm Lamitech S.A.S., based in Bogotá. Thermoplastic foils are provided by Alfatherm S.p.A., based in Venegono, Italy, and its US distribution subsidiary Alfatherm North America Inc., which is headquartered in St. Louis, Missouri, and was founded in the third quarter of 2017. Interprint Inc. (Pittsfield, Massachusetts), Lamigraf S.A. (L'Amettla del Vallès, Spain) and Confalonieri S.p.A. (Filago, Italy), a firm that has now been integrated into Neodecortech S.p.A., print decors for the design collection created by BMK Americas and Decotone Surfaces. These three companies were selected because they can print on both decor paper and thermoplastic foils using the same cylinders and printing inks. □

During the 2017/2018 financial year group revenues increased by 8% to NZ$1.030bn

Fletcher Building aiming to conclude sale of Formica Group by mid-2019

In the course of streamlining its portfolio, the New Zealand building products group Fletcher Building Ltd. of Auckland is aiming to conclude the planned sale of the laminates manufacturer Formica Corp. of Cincinnati, Ohio, by the end of its current business year 2018/2019 (30 June).

Formica has been part of Fletcher Building's new Formica/Roof Tile Group division since a reorganisation that was undertaken on 1 July. As part of this reorganisation, Fletcher Building plans to streamline its portfolio, focus on activities in Australia and New Zealand and sell this new division. In a first step, Fletcher Building awarded Macquarie Capital a contract to carry out the sales process for Formica during the second quarter. The first preliminary talks with potential investors were subsequently held. These talks are expected to lead to concrete offers in the foreseeable future, on the basis of which a decision will be taken on a possible due-diligence procedure. The signing and closing of the deal is then to follow by mid-2019. This schedule appears in a presentation on the reorganisation of group activities published by Fletcher Building on 21 June.

According to a report that the Australian business newspaper Financial Review published on 24 August, Macquarie Capital issued a teaser about the plans to sell Formica in mid-August. More in-depth information was to be made available by the start of September. According to the newspaper article, Macquarie Capital is basing upcoming sales negotiations for Formica on projected EBITDA of NZ$150m or US$100m for the current financial year and a multiple of 8-10. This would translate into a sales price of US$800m-1bn. Fletcher Building had spent about US$700m to acquire Formica from the investment firms Cerberus Capital Management LP und Oaktree Capital Management LLC at the start of July 2007.

Formica's HPL plant in Jiujiang/China *(Photo credit: Formica)*

During the 2017/2018 financial year (ended 30 June) Formica boosted its revenues by 8% to NZ$1.030bn. When adjusted for currency effects, the group booked a growth of 4%. Group revenues broke down into 42% from North America, 30% from Europe and 28% from Asia.

North American turnover was up 3%. Business in China was the sole factor sparking an 8% growth in Asia. Revenues in ASEAN nations and Taiwan were the same as one year earlier. In European turnover Formica booked a 1% improvement. Higher revenues in Germany (+18%), the UK (+4%) and Spain (+6%) were offset by downturns in the Benelux region (-6%) and France (-5%). Homapal GmbH, based in Herzberg, Germany, delivered growth in Asia and North America in particular.

Fletcher Building did not disclose absolute figures for the three regions in its financial report, which was published on 22 August. Formica's operating EBIT was roughly the same as last year at NZD75m (2016/2017: 74m). Stronger earnings in North America and Asia were offset by a slightly weaker performance in Europe. North American EBIT before exceptional items improved 3%. Additional productivity gains at its two Chinese plants boosted Asian EBIT by 24%.

The margins are to be further improved in the coming years by developing higher-quality products, specific investment in individual production facilities, and by reducing the overhead costs. Larger-scale investment projects include the ongoing modernisation of the North Shields facility in the UK, trading under the name of Formica Ltd., partly involving the installation of a new double-belt press for laminate production, installation of another impregnation channel at one of the North American facilities due in the next few months, and the planned debut in element production in Asia. □

Including Trespa, Arpa and Westag & Getalit, Broadview had pro forma revenues of €680m

Broadview Industries now holds 58.3% of shares in Westag & Getalit

Broadview Industries AG (Düsseldorf, Germany) now holds 58.3% of the share capital and 83.4% of the voting rights in Westag & Getalit AG (Rheda-Wiedenbrück, Germany) after buying all shares previously owned by Gethalia Foundation (Vaduz, Liechtenstein) and completing a public take-over offer.

The conditions precedent set in both cases were met once the Russian anti-trust authority FAS gave its blessing on 13 August. The German Federal Cartel Office, the Austrian Federal Competition Authority and the Cypriot Commission for the Protection of Competition had given the green light to the transaction in June. The sale of Gethalia's 2,159,322 ordinary shares to Broadview closed on 21 August. During a first acceptance period for the public take-over offer running from 11 June to 9 July, the offer was accepted for 98,871 ordinary shares and 396,913 preference shares. During another acceptance period running from 13 to 26 July, Broadview secured access to another 75,710 ordinary shares and 418,377 preference shares. Besides this offer, Broadview Industries also reached separate agreements with two Westag & Getalit shareholders in August. Broadview Industries AG's parent firm Broadview Holding B.V., based in s'Hertogenbosch, the Netherlands, had announced plans to buy shares in Westag & Getalit on 23 May. The prospectus for the public takeover bid was presented on 11 June.

With the acquisition of a majority stake in Westag & Getalit, Broadview Holding booked pro forma revenues of €681.5m for 2017. Its EBITDA was listed at €82.5m and EBIT at €51.5m. These figures translated into an EBITDA margin of 12.1% and an EBIT margin of 7.6%. Group pro forma profits stood at €36.0m.

With interests in the composite panel and laminate manufacturers Trespa International B.V., based in Weert, the Netherlands, and Arpa Industriale S.p.A., headquartered in Bra, Italy, and other activities in the field of personal protective equipment and LNG distribution, Broadview Holding fared better than Westag & Getalit last year. Broadview's revenues increased slightly to €447.1m last year. The firm booked EBITDA of €64.1m, EBIT of €42.8m and group income of €29.7m. The EBITDA margin reached 14.3% and the EBIT margin 9.6%. Westag & Getalit's revenues were put at €234.4m, its EBITDA at €18.1m, EBIT at €8.3m and net profits at €6.3m. The group thus delivered an EBITDA margin of 7.7% and an EBIT margin of 3.5%.

These figures were included in the prospectus for the public takeover bid. These documents lay out the procedure and conditions for the offer over 83 pages. To a lesser extent, it also shows how Broadview Industries' involvement will have an impact on Westag & Getalit's activities. The annex includes an overview of Broadview Holding's shareholder structure and of the direct and indirect interests held by its parent firm HAL Holding N.V., based in Curaçao in the Dutch Antilles. This list of interests includes 14 Trespa entities and eight Arpa entities, including their German distribution subsidiaries Trespa Deutschland GmbH and Arpa Deutschland GmbH.

Broadview Industries believes that closer cooperation between Westag & Getalit and Trespa and Arpa may yield synergy effects totalling €4m-8m over the next five to seven years. These effects are to be delivered through a wider portfolio of products, increases in worktop production volumes and better export opportunities. Westag & Getalit is to remain independent, even after the acquisition. Door, laminate, mineral material, worktop and formwork panel production will also continue unchanged. However, the offer documents note that the firm is exploring whether to centralise production of certain semi-finished products. □

HPL production in Rheda-Wiedenbrück *(Photo credit: Westag & Getalit)*

Vivonio Group acquires Danish KA Interiør

Vivonio Furniture GmbH (Munich) has acquired all shares in Danish sliding door manufacturer KA Interiør A/S (Grindsted). The closing procedure for the transaction took place in mid-June 2018. The seller was Danish investment company DKA Capital A/S (Copenhagen). According to in-company information, with some 100 employees KA Interiør is the largest private label manufacturer of sliding door wardrobes in Scandinavia. The most important sales market is Denmark, followed by Norway and Sweden. Sales predominantly take place via specialised kitchen retailers as well as DIY stores and within the scope of real estate development projects. The products are manufactured exclusively at the headquarters of the company in Grindsted. Current CEO Allan Meyer is to continue in this position at KA Interiør in future. In the 2017 financial year KA Interiør generated turnover of some €20m.

According to Vivonio CEO Elmar Duffner, by acquiring KA Interiør the group is securing further shares in the currently booming market for customised built-in and walk-in wardrobes. In March 2017 Vivonio had acquired Dutch wardrobe manufacturer Noteborn BV (Heerlen). At the time of the takeover Noteborn generated turnover of some €11m with 70 employees. With the two companies, according to Duffner, Viviono is one of the most important suppliers in this segment to the Benelux countries and Scandinavia. Cooperation possibilities in purchasing, product development and sales are currently still being explored. KA Interiør is already represented on a small scale in Germany, and cooperates with a few retailers. In addition to Scandinavia, the company is also active in Great Britain. According to Duffner, the focus of sales is also to be primarily on the Scandinavian markets in future, however.

Currently, according to Duffner, the Vivonio Group has a pro-forma gross turnover of just under €400m. This figure includes turnover of KA Interiør. French SCIAE, Dienville, is no longer consolidated. In 2017 the meanwhile sold company had achieved turnover of some €15m. □

Nobia acquires Dutch Bribus Holding

Swedish Nobia AB (Stockholm) has acquired Dutch kitchen furniture manufacturer Bribus Holding B.V. (Dinxperlo), a company which focuses on equipping kitchens on a commercial scale. According to a statement published by Nobia on 13 July 2018, the transaction was concluded on the same day. The agreed purchase price was €60m cash on a debt-free basis. A further amount of €5m, subject to business performance of Bribus, is payable by the end of 2020. Following closing, Bribus has been consolidated with Nobia since 1 July. The acquisition, according to Morten Falkenberg, President and CEO of Nobia, is a first step in the implementation of the company's expansion strategy which aims to penetrate kitchen markets in neighbouring countries.

Falkenberg describes Bribus as one of the leading manufacturers on the Dutch commercial market for kitchens. The kitchens are made at the factory in Dinxperlo. Bribus principally supplies official bodies responsible for subsidised housing as well as property investors and in 2017, with 270 employees, generated turnover of €65m. Former owner Bernhard ten Brinke will continue to work for the company.

Last year, with 6,087 employees, Nobia generated turnover to the amount of SEK12.744bn. The company operates 13 production sites in Sweden, Norway, Denmark, Finland, Great Britain and Austria. Since selling the German subsidiary Poggenpohl Möbelwerke GmbH (Herford) at the end of January 2017, Nobia had only been represented in Central Europe by the Ewe, FM, and Intuo brands. Ewe Küchen GmbH (Wels, Austria) and subsidiary FM Küchen GmbH (Freistadt, Austria) were acquired by Nobia in 2005. The Intuo brand was introduced in 2009. □

Dea Capital completes acquisition of Snaidero

A fund managed by the investment company Dea Capital Alternative Funds s.g.r. S.p.A., based in Milan, has finalised its purchase of a majority stake in the Italian kitchen manufacturer Snaidero Rino S.p.A., headquartered in Majano. This detail is contained in a press release distributed by Dea Capital's parent firm De Agostini S.p.A., based in Novara, on 20 July 2018. A purchase agreement had been signed back on 30 April. Dea Capital will provide Snaidero with funding of about €13m to consolidate activities in Italy, France and Germany and to strengthen foreign markets. What is more, the company is to pay off debts of €12m.

The Snaidero group includes the eponymous brand in Italy, together with the French brands Arthur Bonnet and Comera, Rational Einbauküchen GmbH (Melle) and its Austrian subsidiary Regina GmbH (Bad Fischau). De Agostini reported that Snaidero employed roughly 750 people and generated gross revenues of €120m in 2017. In the long term, it hopes to book gross revenues of €150m. □

Polipol production in Belarus to start in October

The Polipol group of Diepenau is planning to start production of upholstered furniture in Belarus at the beginning of October 2018. For this purpose, Polipol Produktions Verwaltungs GmbH of Diepenau signed an official investment contract with the state-owned Bellesbumprom group of Minsk on 15 August. An initial preliminary cooperation agreement was reached in January. Polipol has rented three halls with a total area of approximately 10,000 m² from Bellesbumprom's particleboard manufacturer BySpan in Iwazewitschy. Polipol will continue to obtain particleboard for its production operation from BySpan in future. The upholstered-furniture manufacturing activities will occupy the biggest hall with an area of around 8,000 m². The two other halls are to be used as warehouses. □

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Increasing investment activity by European companies to accelerate product changes

Investments by panel producers bring changes to US kitchen furniture industry

A significant growth in European wood-based panel manufacturers' exports to North America in recent years and investments planned or made by several companies at locations in the US will likely intensify long-expected changes in the US furniture industry.

Sources within the wood-based panel and furniture industry think that the changes will be the most pronounced in the kitchen furniture sector since it is where the great differences exist to European furniture design. By contrast, the variations are less pronounced in other segments of the furniture market. The US office furniture industry, which also operates some production sites in Europe, has a similar set-up to European companies in terms of the upstream products used, product structure and manufacturing technology. As a result, new technologies are also being implemented more quickly, such as processing laser edges. The US already has a large number of ready-to-assemble (RTA) furniture and closet manufacturers converting large-sized thermally fused laminate (TFL) that are relatively close to the production processes used in Europe.

By contrast, the US kitchen furniture market continues to be dominated by traditional face frame cabinets and kitchens. In this construction method, fronts, drawers and fittings are screwed on to frames generally made out of solid wood. By contrast, front elements and fittings are attached directly to the carcass in frameless cabinets and kitchens, which are also sold in the US as 'European style kitchens'. Unlike face frame kitchens, these cabi-nets generally do not have a top cover or solid backs and lower cabinets do not have an integrated stand structure so they are less stable. Not using a structure allows for greater creative freedom and better access to the inside of the cupboard. Frameless kitchens tend to go in the direction of Eu-ropean design with these construction details.

However, there are even greater variations when it comes to upstream products used to make frameless kitchens. In the US, relatively large amounts of plywood and solid timber are used in both types of cupboards for the carcass, fronts and drawers. The carcass surfaces are often laminated with thin paper on one side, while veneer and melamine coatings still have significant shares when it comes to coating narrow surfaces. The use of 3D fronts is growing in furniture fronts, which are still dominated by five-piece doors in the US. What is more, melamine-coated and lacquered fronts are gaining market share. Wood-based panel and surface manufacturers active in North America feel that it will take a long time for changes in the up-stream products used to come.

The shift from face frame kitchens to frameless kitchens, which has been happening in the US kitchen furniture industry for a good ten years at this point, has so far taken longer than expected. Major manufacturers, such as American Woodmark Corp. (Winchester, Virginia), Masterbrand Cabinets Inc. (Jasper, Indiana) and the Masco Corp. (Taylor, Michigan) subsidiary Masco Cabinetry LLC with its main brands Merillat, KraftMaid and QualityCab-inets, have added frameless product lines to their portfolios through acquisitions or investments. American Woodmark made a big step in this direction with its November 2017 takeover of RSI Home Products Inc. (RSI), based in Anaheim, California. The gradual increase in investments in modernisation and expansion projects is also leading to shifts in product range. In most instances, though, face frame versions still dominate. The asset base is still focused on making face frame kitchens. A greater shift would require larger investments or even greenfield projects, which are hardly evident in the US kitchen furniture industry.

Kitchen manufacturers and their suppliers feel that US sales markets have not yet turned yet adequately because many consumers and service providers used to install kitchens are sticking to American-style kitchens. Sales activities by the Ikea group, which focuses on selling European-style kitchens, and rising imports of upstream products and kitchen furniture have so far prompted discernible changes in only some segments of the market. Ikea is primarily active in major cities in North America where it has won market share among younger consumers in particular. The furniture retailers' longstanding plans to roll out across the country is being hampered by slow progress in expanding its network of suppliers in North America.

Different types of framed and frameless cabinets *(Photo credit: Cabinets.com)*

European kitchen furniture producers have gradually increased exports to the US in recent years, but are still limited to major cities with flagship stores and the premium market in many segments. On the other hand, US kitchen furniture producers are shaping the medium and lower segments, having imported increasing amounts from Asia or installing their own capacity in the region, as are Chinese suppliers.

Sources in the machinery and plant construction, wood-based panels and furniture industries believe that European-style frameless kitchens might become more popular with ongoing changes to the underlying conditions. Shifts in market share are set to intensify because of a sharp rise in kitchen furniture producers' imports of upstream products from Europe for a few years now, such as thermally fused laminates (TFL) and front materials. Other factors include European companies next advancing their installation of manufacturing capacity in the US as well as South American and European wood-based panel manufacturers also having major projects in progress or on the books. Imports of upstream products from Europe focus mainly on higher-quality product versions.

Some European companies active in these segments have carved out a relatively good position in North American markets as a result, which is to be leveraged to further expand operations there. Examples include the Italian firm Cleaf S.p.A. (Macherio, Italy), which focuses on special TFL products like embossed in register (EIR) technology and deep structures, and Egger (St. Johann, Austria) which offers EIR panels, high-gloss and matte products and matching TFL/laminates. Additionally, Swiss Krono Group sells EIR panels and the Turkish firms Kastamonu Entegre Agac San. ve Tic. A.S. (Istanbul) and AGT Agac San. ve. Tic. A.S. (Antalya) have a variety of high-gloss versions. The Spanish kitchen, bedroom, cupboard and furniture part producer Grupo Alvic, headquartered in Alcaudete, is going one step further and building a site to manufacture fronts and laminated wood-based panels in Auburndale, Florida. This site is to be upgraded to make other upstream products used in kitchen furniture manufacturing in the medium term.

Cabinets production at American Woodmark. *(Photo credit: American Woodmark)*

In the wood-based panel business, ongoing projects to build particleboard mills undertaken by Arauco North America (Atlanta, Georgia) in Grayling, Michigan, and by Kronospan in Eastaboga, as well as construction of an MDF/HDF mill by Swiss Krono Group in Barnwell, South Carolina, and Egger's particleboard project in Lexington, North Carolina, will likely bring more change to the industry. Alongside investments in raw board, large amounts of laminating capacity will also be installed at particleboard locations. In the medium term, this will also prompt changes in the TFL sector, which has so far been dominated in North America by a small number of integrated manufacturers and a larger number of independent laminating firms. A few laminated product manufacturers, such as Stevens Industries Inc., based in Teutopolis, Illinois, and Funder America Inc., headquartered in Mocksville, North Carolina, have been diversifying towards furniture parts or RTA furniture for some time now.

Arauco North America, Kronospan and Egger also want furniture manufacturers to set up premises in the vicinity of their new locations in the medium term. Similar strategies might also come to fruition at Arauco's existing site in Bennettsville, South Carolina, at Tafisa Canada Inc., based in Lac Mégantic, Québec, and at Uniboard Canada Inc., headquartered in Laval, Québec. Up until now, though, no specific cluster projects of this kind have been unveiled. Nonetheless, investment activity is still picking up in the US furniture industry. Besides US companies, a growing number of Chinese producers are also involved in these investments in the kitchen business too. These producers have so far mainly exported standard products from China and want to get more involved in the customised furniture business through projects in the US. Some of the Chinese investors are Ikea suppliers that have so far made items for the US market at manufacturing sites in China or Vietnam and that want to expand directly into this sales market through projects supported by Ikea in the US. Chinese companies' investment activity will likely intensify as the US expands punitive duties to timber and furniture imports too. In the kitchen business, Chinese investors are focusing on frameless versions. A similar trend is evident in US companies' investments, which are shifting more towards networked and automated integrated systems due to the growing shortage of skilled workers. Some of these projects are already being adjusted to reflect rising supply owing to imports and ongoing wood-based panel projects. One example is the switch already seen in some furniture projects from the customary working width of 4ft and 5ft in the US to 7ft, which is more popular in Europe. □

Three major projects shaping investment activity in the kitchen furniture industry

Häcker, Nobilia and Schüller fleshing out plans for new kitchen furniture factories

Three major German kitchen furniture manufacturers - Häcker Küchen GmbH & Co. KG (Rödinghausen), Nobilia-Werke J. Stickling GmbH & Co. KG (Verl) and Schüller Möbelwerk KG (Herrieden) – want to boost their production capacity considerably with major projects.

Häcker's plans have advanced the furthest. On 24 September 2018, the company started construction work on a new kitchen furniture factory in the Venne district of Ostercappeln, Germany. A new building with an operating area of 215,000 m² is to be constructed there on a piece of land 240,000 m² in size. Häcker received a building permit on 18 September. Earth-moving work had previously commenced at the new location. The firm anticipates that the new factory will be completed by spring 2020. Manufacturing technology will then be installed; the related orders were placed at the end of 2016 and start of 2017. Production is slated to begin in autumn 2020. About 450 new jobs are to be created with the commissioning of the factory. Häcker has not said exactly how much it will invest in the project, but describes it as the biggest investment in its history.

In August 2017, Häcker had decided in favour of an investment in the Venne district of Ostercappeln and in doing so had withdrawn the plans for another potential property in Muckum, which is located nearer to the company's headquarters. The Muckum site has been classified so far as a mixed-use area. According to Häcker, it was not foreseeable how much time the official approval procedures would take. What is more, local residents had already founded a citizens' initiative against Häcker's construction project so that obstacles were to be expected.

In its main plant in Rödinghausen comprising a production space of 113,800 m² Häcker meanwhile manufactures some 900 kitchens each day. In 2017, production volume surpassed a total of 2 million kitchen cabinets. Apart from the production facility, the Rödinghausen site also accommodates the Häcker headquarters with some 25.000 m² in size and a showroom, which has only recently been extended by 1,200 m² to 3,800 m².

Groundbreaking for the new Häcker plant. *(Photo credit: Häcker Küchen)*

For its part, Nobilia intends to gradually build a kitchen furniture factory in Saarlouis, western Germany in the coming years. The new factory will primarily focus on serving Nobilia's leading export market, France. The group reported that the construction project is presently in the middle of the planning phase. An application for a building permit is to be filed soon. Preliminary talks with representatives of the Town of Saarlouis are currently in progress. However, a parallel investment project in the Spexard district of Gütersloh is already in the final planning phase. A third factory with an area of 65,000 m² is to be created there on a 130,000 m² piece of land in the Hüttenbrink industrial estate. Construction is slated to begin before the year's end.

Nobilia had long explored opportunities for investing in building another production facility and opted to buy a 29-ha piece of land for the Saarlouis factory at the start of March 2018. The factory planned there will serve other markets in South and South-Western Europe as well as France. Up until now, these markets have been supplied mainly from its plant in the Kaunitz district of Verl, which focuses on export operations. The assembly area is to be created at first during the first phase of construction in Saarlouis. The parts processed there will initially be delivered from Nobilia's existing plants in the Sürenheide and Kaunitz districts of Verl. In the final expansion stage, Nobilia hopes to employ more than 1,000 workers at a factory with an area of up to 120,000 m². The company intends to start off manufacturing about 500 kitchens each day in Saarlouis.

At the same time, a number of projects are under way to expand its two factories in Verl. For instance, its main work in the

district of Sürenheide, which has long worked close to its capacity limits, is to gain a 13,000 m² hall. The company is presently installing machinery there. The lorry parking area used for construction moved to another location within Sürenheide. The factory planned in Spexard is to relieve some of the burden on its Sürenheide headquarters. In future, the Spexard factory is to make special parts. Plans to expand its Kaunitz factory that have been in place for quite some time are being pursued. About 25 ha of land there has been set aside for construction of a new section of the plant. Negotiations to purchase the required land are still in progress.

While Häcker and Nobilia are building new sites, Schüller is to expand manufacturing at its headquarters in Herrieden, Germany. Plans for an extension to the existing factory complex in two construction phases is to increase the manufacturing area by 93,000 m² from 110,000 m² at present, doubling its capacity. Schüller intends to reveal information about the status of the construction project at the start of next year. The construction project is to be split into two phases. The first phase of expanding the factory is to be completed by the middle of 2021 when the first kitchens are to come off the production line. The second phase is to be completed by 2027 at the latest. Altogether, four hall complexes are to be created that will include a second pre-assembly and final assembly unit and a second shipping department.

The expansion of its production facility will allow the group to double its manufacturing capacity in future. In 2017, more than 120,000 kitchens were manufactured, which the company said equalled approximately 550 kitchens per day. Schüller will raise its workforce from 1,529 at present to around 2,400 people in the final expansion phase. The company has not divulged a specific investment sum for the project. However, Schüller expects to stick to its current practice of investing about €25m-30m each year. Once the project has been completed, the Herrieden complex will not undergo any further expansions, the firm stated.

Besides these three major projects, other German kitchen furniture manufacturers are also investing in expanding their operations at present. Examples include Leicht Küchen AG (Waldstetten), Baumann Group (Löhne and Burg) and Nolte Küchen GmbH & Co. KG (Löhne). Leicht Küchen intends to start construction work on a new 40,000 m² assembly facility in Schwäbisch Gmünd, Germany, in October. Installation of the manufacturing technology is to commence at the end of 2019. Machinery had been ordered from several suppliers; the single-largest order went to Homag Group AG, based in Schopfloch, Germany. The new factory is set to open in summer 2020. Altogether Leicht Küchen is investing €40m in its third factory, which will house its cabinet manufacturing assets in future. On the other hand, its Waldstetten headquarters and Kirchheim unter Teck site will focus on making kitchen fronts.

Baumann Group's subsidiary Burger Küchenmöbel GmbH recently built a new manufacturing hall to make base units at its Burg headquarters. Machinery will be installed there soon. Commissioning is slated to happen before the year's end. In recent weeks, manufacturing of its Badea bathroom furniture line moved from Burg to Löhne to a production facility run by Bauformat, another kitchen furniture producer belonging to the group, in order to create opportunities for expansion. Together, the Löhne and Burg sites make 600 customised kitchens each day. Baumann Group put its annual production volume at 130,000 kitchens. Bauformat and Burger Küchen have a combined workforce of 950 people.

At the twin of the year 2017/2018, Nolte Küchen opened a new factory hall with an additional side cabinet assembly line in the Bruchmühlen district of Melle. What is more, the firm is presently moving into a second newly built hall for prefabrication. As part of the capacity increase, Nolte alone hired about 100 people to work in various areas of operation, including manufacturing and processing. Its affiliate Express Küchen GmbH & Co. KG, based in Bruchmühlen, Germany, filled almost 50 new positions. At the moment, Nolte Küchen makes about 8,000 cupboards each day, while Express Küchen produces about 4,500 cupboards per day. □

Sales agreements for six companies in the Netherlands, Austria, Germany and Poland

Steinhoff reduces European furniture activities with the sale of subsidiaries

Since the beginning of 2018 Steinhoff International Holdings N.V. (Amsterdam, Netherlands) has significantly reduced European activities in its furniture division with the sale of several subsidiaries.

Steinhoff has signed sales agreements for a total of six furniture companies in the Netherlands, Austria, Germany and Poland. These companies generated a combined turnover of some €3.0bn in 2017. The companies concerned are Habufa Meubelen B.V. (Hapert, Netherlands), Kika/Leiner Group (St. Pölten, Austria), Poco Einrichtungsmärkte GmbH (Bergkamen, Germany), Impuls Küchen GmbH and Puris Bad GmbH & Co. KG (both Brilon, Germany) as well as Steinpol Central Services Sp. z o.o. (Rzepin, Poland). The divestments have taken place within the scope of economic turbulence affecting the group, which started with balance sheet manipulations becoming public in December 2017 and the resignation of former CEO Markus Jooste.

On 25 January 2018 Steinhoff initially sold its 50% share in furniture provider Habufa to the van den Bosch owner family for €10m. Steinhoff had acquired a share in the company in 1989 and since then, according to in-company information, it had incorrectly consolidated Habufa in the group's business report. According to media reports, Habufa should meanwhile achieve annual turnover of some €170m. The company employs 375 persons.

Within the scope of a legal dispute between Steinhoff and Andreas Seifert, managing director of XXXLutz Group (Wels, Austria), both parties have reached an agreement on the takeover of the remaining 50% share in furniture discount store Poco. Steinhoff and Seifert signed a contract of sale on 4 September. The transaction was based on an enterprise value of €532.5m for Poco, and the purchase price stipulated amounts to €270.7m. Following the transaction, which is still subject to various conditions precedent, Seifert will hold all shares in Poco in future. According to XXXLutz, in the 2017 financial year Poco generated turnover of some €1.6bn. With approximately 8,000 employees, the company operates a total of 123 furniture stores.

In mid-June - against the background of recorded losses, the need for major financial restructuring and the withdrawal of credit insurer Euler Hermes - Steinhoff decided to sell the Austrian Kika/Leiner Group. The group agreed with Signa Holding GmbH (Vienna, Austria) the takeover of the operating companies at an unspecified price, as well as the real estate holding companies for €490m. Signing of the agreement took place on 22 June, and antitrust approval was granted at the beginning of July. The transaction comprised 70 trade locations in Austria and eastern Europe, at which some 6,500 persons are employed. Kika/Leiner generated turnover of €800m in 2017.

Affiliated companies Impuls Küchen and Puris Bad have also recently been sold to Brimax Beteiligungs GmbH (Munich, Germany) and the managing director of both companies, Georg Billert. Brimax is controlled by shareholders of Schüller Möbelwerk KG (Herrieden, Germany). The sale was completed on 6 September following approval by the German Federal Cartel Office on 30 August. Kitchen furniture manufacturer Impuls achieved a sales turnover of €120m in 2017, with 320 employees. Bathroom furniture manufacturer Puris generated sales turnover of €75m, with 130 employees. On 13 September Steinhoff furthermore agreed with Cotta Collection AG (Bendern, Liechtenstein) on the sale of its Polish upholstered furniture manufacturer Steinpol Central Services Sp. z o.o. (Rzepin) following a structured sales process. The closing is still subject to the usual conditions. Steinpol currently generates turnover of some €200m with some 3,000 employees. With the sale of the three companies Steinhoff has completely terminated its involvement in European furniture production. □

Mid September Steinpol was sold to Cotta. *(Photo credit: Steinpol)*

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Germany the only country to book a significant downturn in parquet consumption

Production of parquet flooring increased another 2.6% in the FEP region last year

The member countries of the European Federation of the Parquet Industry (FEP), based in Brussels, made a total of 72.184 (2016: 70.358)m m² of parquet flooring last year, 2.6% more than in 2016.

The latest statistics unveiled during the FEP annual general assembly, which took place in Sorrento, Italy, in June 2018, included the amounts produced by four FEP member countries (Croatia, Portugal, Slovenia and Estonia) for the first time. Up until now, these countries had not been included in the FEP overview because of insufficient data. The statistics thus cover now 20 rather than 16 member countries. This modification was only made for the last reporting year and for 2016. Notwithstanding this adjustment, this is the third time in a row that the FEP has reported an increase in manufacturing.

Besides the amounts made in member countries, information about which the FEP regularly requests from its members and national associations, the statistics have also included estimates for other European countries outside the FEP region since 2012. The background to this is shifts in manufacturing capacity seen in the past few years, which the association is attempting to map in this way. Over the past three years, though, the amount made outside the FEP region has not altered to a noteworthy extent and last stood at about 14.5 (14.5)m m².

This figure breaks down into approximately 9m m² in EU member states and the other 5.5m m² in non-EU countries. All told, European parquet output had edged 2.1% higher to 86.648 (84.858) m m² last year.

The trend in production in individual FEP member countries was very mixed during the latest reporting period. While Belgium (-15%), the Czech Republic (-0.4%), Germany (-4.2%), Spain (-3.4%), Croatia (-0.7%) and Romania (-7.3%) made less parquet, Sweden and Slovenia reported stable amounts. The other 12 countries all increased their output. The biggest growth rates were recorded in Estonia (+28.8%), Poland (+10.2%), the Netherlands (+9.9%) and Portugal (+9.8%).

Europe: Parquet Production [1)]

in 1,000 m²	2009	2010	2011	2012	2013	2014	2015	2016	2017	% Change 2017/2016
Poland	11,817	12,450	12,450	12,950	13,280	13,170	13,000	12,498	13,779	+ 10.3
Sweden	9,300	9,350	9,375	9,080	8,780	9,290	10,640	11,144	11,145	± 0.0
Austria	7,223	7,958	8,236	8,275	8,275	8,993	9,106	9,197	9,385	+ 2.0
Germany	10,006	10,995	10,348	10,401	10,377	8,255	7,656	7,854	7,525	- 4.2
France	4,351	4,505	5,618	5,325	4,900	5,125	5,130	5,285	5,444	+ 3.0
Spain	6,590	5,963	5,138	4,620	4,588	4,293	4,741	4,784	4,621	- 3.4
Romania	2,039	2,039	2,183	2,183	2,250	2,250	2,254	3,001	2,783	- 7.3
Croatia								2,750	2,730	- 0.7
Norway/Denmark/Finland	4,710	5,105	5,540	3,874	3,000	2,100	2,350	2,375	2,565	+ 8.0
Italy	3,800	3,800	3,876	3,296	2,950	2,150	2,240	2,200	2,358	+ 7.2
Netherlands	1,108	1,453	1,422	1,371	1,445	1,597	1,845	2,092	2,300	+ 9.9
Hungary	1,219	1,391	1,783	1,595	1,695	1,761	1,724	2,204	2,253	+ 2.2
Switzerland	1,446	1,481	1,778	1,496	1,747	1,754	1,700	1,644	1,842	+ 12.1
Czech Republic	1,375	1,540	1,450	1,350	1,350	1,230	1,141	1,350	1,344	- 0.4
Portugal								766	841	+ 9.8
Estonia								441	568	+ 28.8
Belgium	537	470	433	450	390	390	455	473	402	- 15.1
Slovenia								300	300	± 0.0
Total FEP	**65,522**	**68,500**	**69,630**	**66,266**	**65,027**	**62,357**	**63,982**	**70,358**	**72,184**	**+ 2.6**

1) in the FEP member states

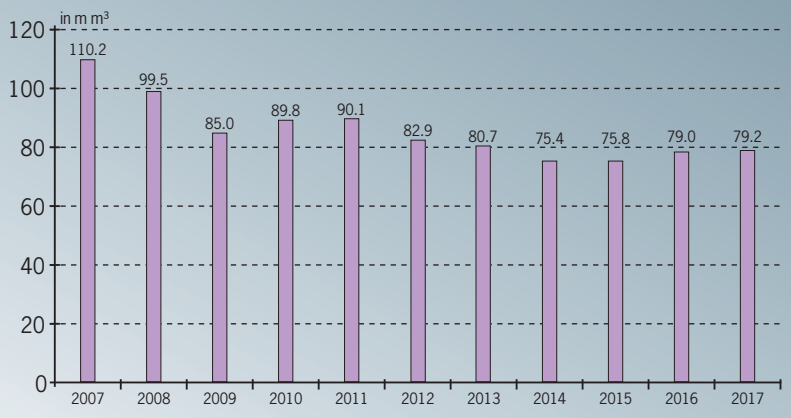
Source: EUWID, according to data provided by the European Federation of the Parquet Industry FEP

Poland is still the biggest parquet producer within the FEP. Following a downturn in 2015 and 2016, Polish manufacturers delivered a strong increase last year to 13.779 (12.489)m m². Poland thus accounted for about 19.2% of total FEP output. Sweden continues to hold second place with stable output of 11.145 (11.144)m m² and a 15.5% share of total output. Austria, the third-biggest FEP production country, boosted its output by 2.0% to 9.385 (9.197)m m². This corresponds to a 13.1% share of production.

Germany held on to its place as the fourth-largest parquet producer with a 10.5% share of total FEP output, even though its production volume fell 4.2% to 7.525 (7.854)m m². German manufacturers had already booked a downturn in output in 2013, 2014 and 2015. A slight increase of 2.6% had then been registered in 2016. French parquet production rose 3.0% to 5.444 (5.285) m m²; this country had a 7.6% share of output. On the other hand, Spain made about 3.4% less parquet than the previous year with 4.621 (4.784)m m². Its share hence stood at 6.4%. Croatia - a first timer in the FEP overview - saw its output dip to 2.730 (2.750)m m². The country had a 3.8% slice of the pie. The statistics showed a disproportionately large increase of 8.0% to 2.565 (2.375)m m² for the combined region of Norway/Denmark/Finland, which had a share of 3.6%.

The three product groups – multi-ply parquet, mosaic parquet and solid parquet – each made a positive contribution to overall output in 2017. The total amount of multi-ply parquet made in the FEP region increased 2.6% to 58.323 (56.847)m m²; this figure includes 10.700 (10.698) m m² in Sweden, 10.410 (9.443)m m² in Poland, 7.316 (7.173)m m² in Austria and 6.979 (7.296)m m² in Germany. Solid parquet production climbed 2.4% to 12.661 (12.360)m m²; the leading manufacturers included Poland with 2.852 (2.652)m m², France with 2.575 (2.500)m m², Austria with 1.881 (1.839) m m² and Norway/Denmark/Finland with 1.473 (1.364)m m². Mosaic parquet production edged 4.3% higher to 1.201 (1.151)m m². Poland led the way in this segment too with 544,000 (493,000) m², followed by Germany with 324,000 (322,450) m², Austria with 187,525 (183,821) m² and Portugal with 84,100 (76,000) m².

Europe: Parquet consumption [1)]



1) in the FEP member states
Source: EUWID, according to data provided by the European Federation of the Parquet Industry FEP

Parquet consumption only marginally higher

Parquet consumption in FEP member countries was just 0.3% higher than in 2016 with 79.249 (2016: 79.015)m m² last year. Following an upturn of about 1.7% in 2016 and an increase of about 1% for 2017 forecast in spring 2017, actual growth was actually much smaller than expected. Statistics unveiled by the FEP at this year's annual general assembly include figures from four FEP members - Croatia, Estonia, Portugal and Slovenia - for the first time. In the past, these countries had not been taken into account in the overview because of insufficient data. The comparison figures for 2016 were adjusted accordingly. These countries were still not included in data for prior years.

Developments in Germany were responsible for this comparatively slow growth. While an upswing in consumption was registered in all other FEP member countries, an 8.0% downturn to 16.758 (18.216)m m² was booked in Germany. The FEP blamed this on factors including Germany currently experiencing comparatively strong competition from other types of flooring that solely imitate wood surfaces, particularly luxury vinyl tiles. Parquet flooring was also significantly under-represented at major DIY chains. Additional problems are the result of a shortage of carpenters and parquet installers that is repeatedly leading to delays in parquet deliveries in the commercial sector in particular. Despite dwindling consumption, Germany remains the biggest sales market within the FEP region by some margin. Its share of total consumption stood at 21.2% in 2017.

France was still the second-largest sales market with a 10.7% share. Altogether, a total of 8.449 (8.190)m m² of parquet flooring was sold in France last year, a 3.2% upswing. The third-largest market - Sweden - saw its parquet consumption rise 2.9% to 7.883 (7.654)m m². Its share stood at 9.9%. In most cases, the rest of the FEP countries saw their consumption swell by a low to middle single-digit percentage. Sizeable growth was recorded for the Netherlands (+20.1%) and Estonia (+9.5%).

Sweden once again had the highest per capita consumption of 0.78 (0.77) m², followed by Austria with 0.74 (0.73) m² and Switzerland with 0.73 (0.74) m². The FEP region as a whole experienced low average per capita consumption of 0.18 (0.19) m². □

Project to build a new veneer facility in Bjelovar have been shelved

Pervanovo Invest acquires Otok plant to secure veneer supply for Woodura

Sole owner Jozo Jovic has sold all shares in the Croatian veneer plant Furnir Otok d.o.o., headquartered in Otok, to Pervanovo Invest, a company based in Viken, Sweden, that is controlled by Darko Pervan.

This move came after shareholder relationships were clarified by 20 August with Faunus GmbH, a company based in Menden, Germany that is controlled by the Gantenbrink family. This detail is contained in a statement published by Pervanovo Invest on 4 September. Contracts were signed during August; the undisclosed purchase price has already been paid. Pervan said that competition authorities did not have to approve the deal. Pervanovo Invest had already held initial talks with Jovic about a year ago. These negotiations than dragged on for longer than expected due to the lack of clarity about the ownership structure.

Following the acquisition, Pervanovo Invest will rename the Otok veneer plant, which started operating in 2011, to Bjelin Otok d.o.o. The company will continue to supply existing customers, which mainly come from the veneer trade and the European furniture supplier industry. What is more, the plant will provide veneers in future for the powder-based Woodura hard flooring made by Välinge Innovation AB, based in Viken, Sweden, and Välinge Innovation licensees. In order to safeguard the required amounts, Pervanovo Invest wants to raise its veneer production in Otok from 7.5m m² per year at present to around 15m m². In a second phase, the firm plans to boost its capacity to approximately 20m m². This would represent about half of Croatia's total annual veneer production, which is estimated at roughly 40m m². Furnir Otok receives oak roundwood under a roundwood supply contract with the Croatian state-run forestry agency Hrvatske Šume d.o.o., based in Zagreb, which covers the delivery of about 8,000 solid cubic metres this year.

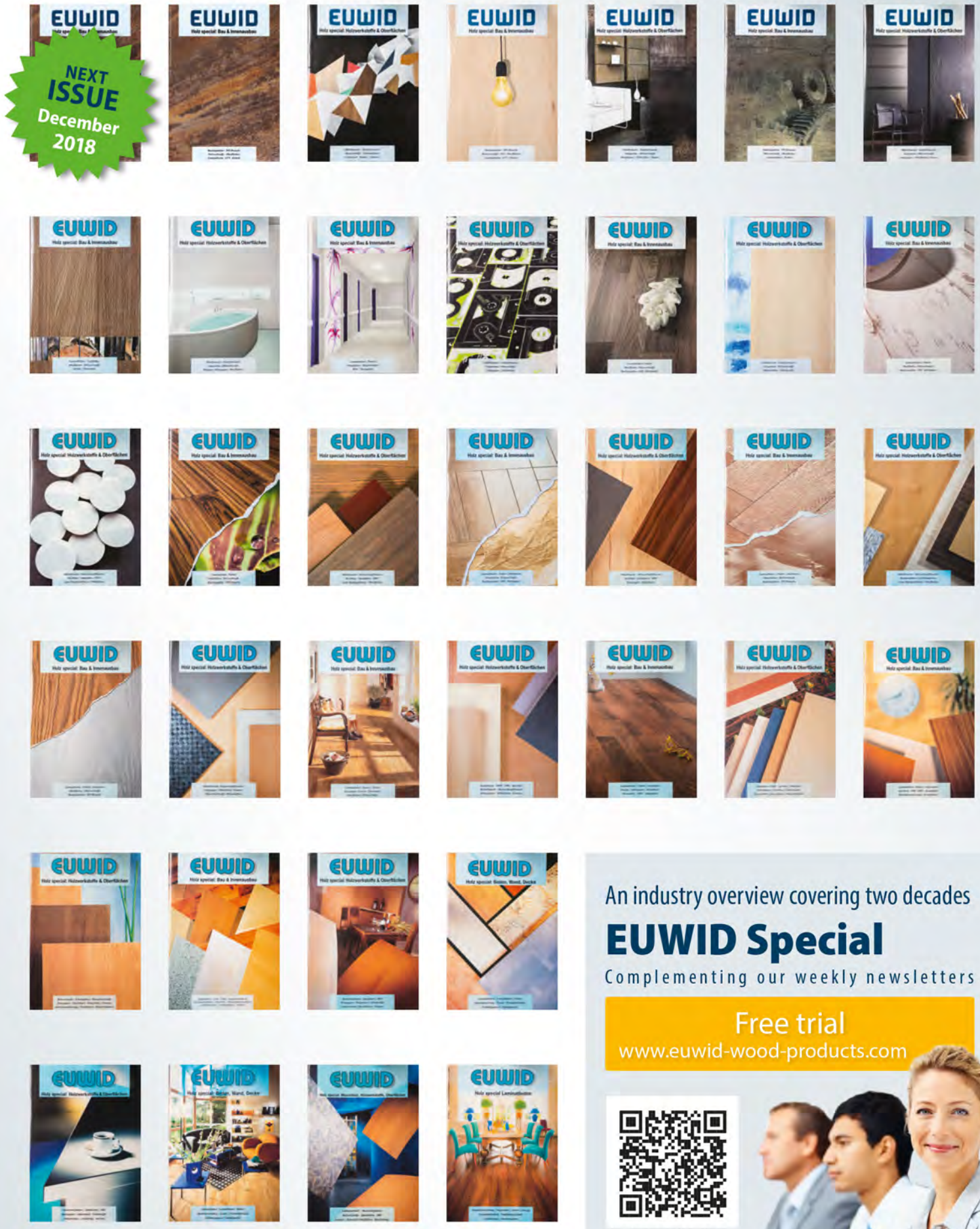
Up until now, Furnir Otok has used two vertical slicing machines and a staylog plant commissioned in 2016 to make veneers. A third vertical slicing line and an additional dryer are to be installed to raise its capacity. Pervanovo Invest had already ordered a vertical slicing line from Grenzebach BSH GmbH, headquartered in Bad Hersfeld, Germany, for the originally planned project to add a veneer plant to its site in Bjelovar. This line will now be installed in Otok. On the other hand, plans to build the veneer plant in Bjelovar, which will provide the veneers needed to make Woodura, have been shelved for the time being. Pervanovo Invest also intends to boost downstream refining of veneers made there as part of the capacity increase project planned in Otok. Joining technology is to be installed to join raw veneers to make sheets 2.1 x 2.4m in size for flooring production.

Pervanovo Invest is expanding its operations in Croatia by purchasing the veneer plant in Otok, which employed about 130 workers and generated revenues equalling €10m and EBITDA of about €3m in the 2017 financial year. Towards the middle of August 2016, the firm acquired all shares in Tehnodrvo d.o.o. via Pervanovo Croatia d.o.o., headquartered in Dubrovnik. The company was renamed Bjelin d.o.o. after the deal closed and makes oak lumber, semi-finished products and multi-ply parquet at two locations in Bjelovar and Ogulin. The multi-ply parquet plant in Ogulin was modernised and expanded over the past two years. Its manufacturing capacity was raised from 0.4m m² per year to about 2m m² as a result. At the same time, its portfolio was expanded to include parquet strips for herringbone patterns as well as special surface options. In Bjelovar, outer face lamella production for use in three-ply parquet manufacturing is moving to a new hall and undergoing a significant expansion in the process. This work is to be completed by the end of 2018. In future, these lamellas will be refined at its in-house parquet production plant in Ogulin but also be delivered to European parquet manufacturers. Besides adding the lamella technology, Pervanovo Invest will also create manufacturing capacity for furniture panels in the new hall.

Välinge Innovation now operates two lines making Woodura and Nadura powder-based flooring in Viken. In spring 2017, it commissioned a short-cycle press line at the existing facility. Starting in mid-2016, Pervanovo Invest had built a new facility to make wood fibre floors (WFF) directly next to Välinge Innovation's site and transferred it to Välinge Innovation at the end of December 2017. The continuous production line installed at this site started operating in June 2018. By autumn, connecting this machinery and potential integration into the manufacturing process is to be completed. The two lines have a listed manufacturing capacity of about 7m m² per year. In the next phase, Pervanovo Invest intends to install a continuous line to make Woodura flooring in Ogulin over the next two years.

Välinge Innovation's first powder production line, which started operating during 2010 and then underwent multiple rebuilding and expansion projects, was closed and dismantled in June as the new line got up and running. This line had recently mainly been used for product development. Välinge Innovation will install a new laboratory unit over the coming months as a replacement. Like the production line at the new facility, the line will be equipped with a double-belt press. While the production line was 7 ft wide, the laboratory press will also be 40 cm wide and split into a hot and cooling zone. The new laboratory plant will involve an investment of about €2m. Under current plans, the technology is to be delivered in December. □

EUWID Special issues



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