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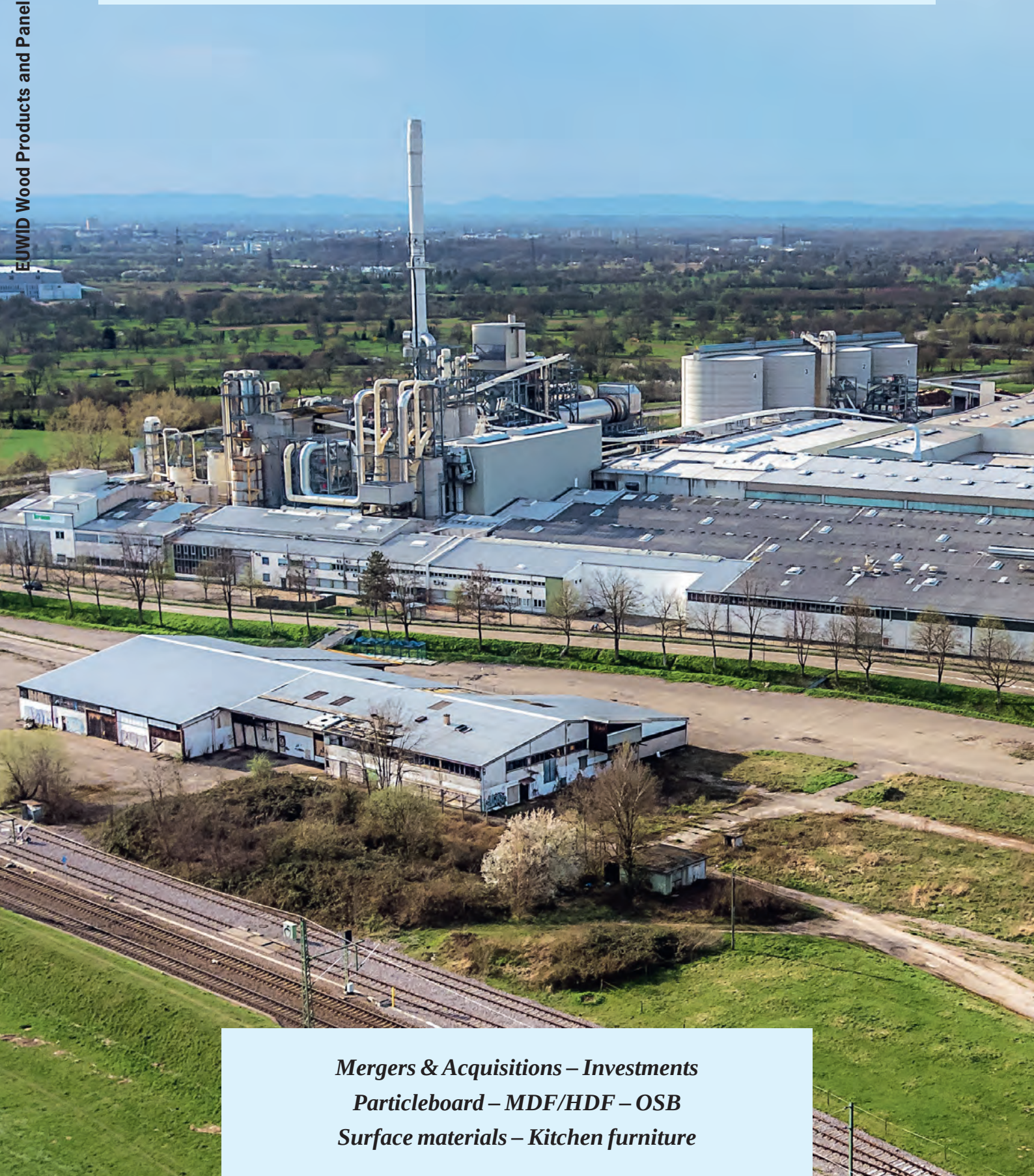
EUWID

Special: Wood-Based Panels



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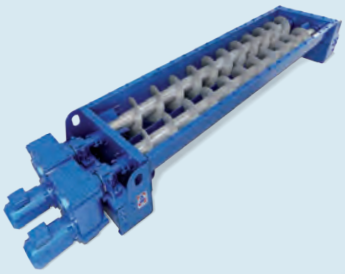

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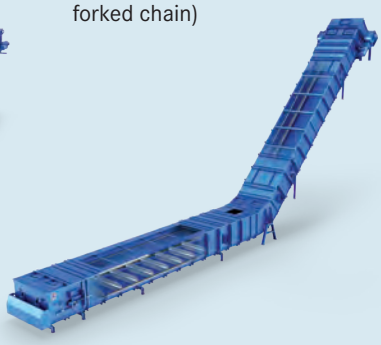

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Many areas facing uncertainty

The economic downswing that has been playing out in almost all markets since the middle of 2018, negative ramifications from growing restrictions in global trade and legislative changes have created a relatively high level of uncertainty in the wood-based panels and surfaces industry.

Supply and demand are still not balanced in many areas. In the particleboard sector, one greenfield project has been completed with Egger's mill in Biskupiec, Poland. New OSB and MDF/HDF capacity has also been added in the form of replacement and expansion projects. By contrast, investments in surface materials have shifted even more to other regions and new technologies. China is in the spotlight when it comes to decor paper investments. Additional projects are afoot in the digital printing business, some of which also involve wood-based panel manufacturers.

Wood-based panels and surfaces materials had stabilised at a low level during spring, but have weakened a little more over the summer. The forecast recovery in demand after the holidays has yet to materialise in many areas. Nonetheless, many companies think that demand will have to strengthen soon after inventories have been cleared out. The current surplus supply – which is mainly due to shifting volumes between individual markets and regions – is being reduced by trimming capacity.

The economic slump that has now lasted for a year has tended to curb the wood-based panel and surfaces industries' willingness to make investments. The focus has shifted even more towards steps to optimise operations and cut costs. The wood-based panel industry is also busy making the necessary preparations for upcoming changes to emissions rules in Germany. These changes are encountering criticism due to factors including unresolved interpretation issues. The wood-based panels industry feels that the rules are also in conflict with European legislation.

This seventh issue of EUWID Special: Wood-Based Panels outlines these issues and also describes the latest changes in these sectors. The next issue of EUWID Special will be published in March 2020, with two further issues following in June and September.

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

Yours sincerely
Andreas Ruf
Publisher

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Kronospan is planning to dismantle the particleboard line in Bischweier and move it to Eastern Europe. (Photo credit: EUWID)

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Slight reduction in Siempelkamp's orders

The orders received by the "Machine and plant engineering" division of G. Siempelkamp GmbH & Co. KG in its business year 2018 remained slightly short of the previous year's figure at €594.8m (2017: 601.8m). The €500.8m recorded for 2016 was greatly exceeded again, however. As such, the backlog of orders given for 2016 at €576.1m increased again slightly to €617.3m (614.5m). Even higher growth was achieved in sales revenue and overall performance. The division's sales revenue was improved by 8.2% to €612.0m (€565.8m) and the overall performance even by 12.2% to €638.4m (568.9m) compared to the preceding year. The Machine and plant engineering division had generated sales revenue of €593.7m and an overall performance of €450.9m in 2016. The number of employees rose further to 2,582 (2,276) at the end of 2018. The number of employees working for the division had already risen significantly in 2017 upon conclusion of the full takeover of Pallmann Maschinenfabrik GmbH & Co. KG of Zweibrücken, Germany, on 1 April 2017.

Last year's key performance figures for Siempelkamp's "Foundry technology" division were all slightly higher than a year earlier. The "Nuclear technology" division, on the other hand, remained well below the figures that had been recorded for what used to be the "Engineering & Service" division. By splitting up this division, Siempelkamp made major changes, which have not yet been communicated by the company, however. It therefore remains unclear if and to what extent the activities of the former Engineering & Service division have been assigned to Machine and plant engineering. This would possibly explain the renewed increase in the number of employees in machine and plant engineering.

The new Nuclear energy division had had 67 employees at the end of the year whereas the former Engineering & Service division had still had 297 at the end of 2017. The number of employees in the Foundry Technology division fell slightly to 335 (342) last year. 5 (4) employees worked in the holding company. Taking into account the 69 (66) apprentices, the Siempelkamp Group had a total of 3,058 (2,985) employees at the end of the year.

The group's consolidated figures were down slightly in 2018. Receipts of orders fell slightly to €679.5m (721.4m), and the backlog of orders to €662.9m (690.0m). The consolidated sales revenue remained 1.5% lower than a year earlier at €706.5m (716.9m). The overall performance, however, was improved again to €733.8m (702.0m). The business figures for 2018 were obtained from a summary recently presented by Siempelkamp; a business report has not been published yet. □

Siempelkamp: Financial Results

in m €	2018	2017	2016	2015	2014	2013
Machine and plant engineering division						
Sales	612.0	565.5	593.7	354.6	424.9	509.6
Total	638.4	568.9	450.9	474.6	387.8	405.4
Order intake	594.8	601.8	500.8	464.0	453.9	406.5
Order backlog	617.3	614.5	576.1	669.0	559.4	530.6
Foundry technology division						
Sales	89.1	87.3	79.2	89.6	98.0	120.5
Total	91.4	89.8	79.5	89.3	98.5	114.4
Order intake	86.0	81.1	74.8	73.1	83.6	106.1
Order backlog	40.0	43.1	55.7	74.9	112.1	127.2
Engineering & Service division [1]						
Sales	24.8	84.9	77.4	143.5	111.7	112.7
Total	22.0	66.7	76.6	103.2	118.7	121.9
Order intake	24.3	52.0	68.2	76.2	108.1	106.1
Order backlog	20.7	41.2	73.4	85.4	153.3	160.3
Group [2]						
Sales	706.5	716.9	732.8	570.9	606.9	718.4
Total	733.8	702.0	588.2	650.6	578.0	617.4
Order intake	679.5	721.4	624.3	602.1	621.3	588.9
Order backlog	662.9	690.0	692.6	819.2	810.2	800.4

1) as of 2018 only "Nuclear technology" division
2) Difference from the sum total of the individual divisions due to holding company and consolidation

Source: Siempelkamp

Siempelkamp: Contract from Japanese joint venture

Siempelkamp Maschinen- und Anlagenbau GmbH sold a complete particleboard line to ENboard Co. Ltd., a new Japanese joint venture founded in the second quarter of 2019. The partners in the joint venture are the particleboard producer Japan Novopan Industrial Company Ltd., headquartered in Osaka, and Eidai Co. Ltd., a furniture manufacturer also based in Osaka that operates several particleboard lines at other locations. The contract includes all key components from wood preparation to final production. The 7 ft-wide and 47.1 m-long ContiRoll Generation 9 will be equipped with a PMDI package. The line, which will be installed at a new site in the prefecture of Shizuoka, will mainly process recycled timber.

The Japanese firm Novopan had last ordered a continuous particleboard line from Siempelkamp in the fourth quarter of 2006. The line started operating in March 2008. The company has run a continuous line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau in Tsukuba since October 1997. □

Baishida Fibreboard orders two refiners from Valmet

Chinese Baishida Fibreboard Group has ordered two EVO50 refiners from Valmet. According to Valmet, the order is included in the incoming orders of the third quarter of 2019. The two refiners are to be installed at subsidiaries Heze Baishida Wood Co. Ltd. and Jiangsu Ronghui Wood Co. Ltd., located in Sunlaojia, Shandong province and Liyang, Jiangsu province, respectively. Commissioning is planned for early 2020.

Baishida Fibreboard Group has previously placed orders for refiners at Valmet. In the past, two refiners were supplied to Hezhe Baishida. Since 2014 the company has operated an EVO56 refiner, which has a capacity of 25t a.d./hour. In 2017, on a second production line at the same location, an existing system was replaced with an EVO46 refiner which has an output of 18t a.d./hour. This order had been placed in the first quarter of 2017. In the third quarter of 2016 Baishida Fibreboard Group ordered a further EVO46 refiner. This system, also with a capacity of 18t a.d./hour, was installed at Quansen Wood which is located in Mengcheng, Anhui province.

With a total capacity of 2.5m m³/annum, Baishida Fibreboard Group is according to company information the largest MDF producer in China. The Group was established in 2001. It has approximately 2,800 employees and meanwhile owns a total of nine plants which are operated in each case by internal production companies. MDF in thicknesses of 2.5-25mm are produced in lengths of 1,000-5,000mm and a width of 1,200-1,300mm. Production of raw boards takes place, in part, on multi-opening press lines. In addition, according to the company, three continuous production lines - supplied by Chinese equipment manufacturer Dunhua Yalian Machine Co. Ltd. (Jilin) - are in operation. In addition to standard boards, moisture and fire resistant MDF is also produced. In the area of further processing, laminated boards and doorskins are also part of the product portfolio. □

Three plants put into operation by Dieffenbacher

In mid-June 2019, Dieffenbacher GmbH Maschinen- und Anlagenbau produced the first board on each one of three newly installed production lines within the space of a few days. Wanhua Ecoboard Co. Ltd., founded in 2006 with a holding by the PMDI manufacturer Wanhua Industrial Group Co. Ltd. of Yantai, Shandong province, China, put the straw particleboard plant into operation in Jingzhou, Hubei province, on 10 June. The start of production in Tongling, Anhui province, followed on 13 June. Rice straw is among the basic materials used at the two plants. Wanhua Ecoboard is currently operating three straw particleboard plants supplied by Dieffenbacher or rather its majority shareholding Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM). These latest start-ups raise the number to five. Over the last one and a half years, Wanhua Ecoboard has placed three other orders with Dieffenbacher. Two of them are for producing MDF and fine OSB.

The particleboard plant supplied to Novopan del Ecuador S.A. of Quito were put into service on 12 June. The machine has been set up next to a production line supplied by Metso Panelboard of Helsinki, Finland, in 2007. □

Vyncke's receipts of orders doubled in 2018

The power plant manufacturer Vyncke Energietechniek N.V. of Harelbeke, Belgium, more than doubled its receipts of orders in 2018 against those of a year earlier to €187.8m. After a continuous increase from 2009 to 2015, the receipts of orders subsequently fell in 2016 to €74.0m. Minor growth to €84.5m was achieved in 2017. Sales revenue fell with a delay of one year. On the basis of €93.7m recorded for 2016, Vyncke had generated sales revenue of only €74.3m in 2017. A figure of €86.2m was achieved again last year. 3% of this was generated in Belgium, 45% in the rest of Europe, and 52% outside Europe.

Conspicuous shifts occurred in the sales segments last year. The proportion of the total sales revenue accounted for by "Recovered Fuel" systems more than halved to 21% (47%) whereas the "Agri" segment accounted for 45% (21%). The "Wood" segment, however, changed only slightly at 34% (32%). The number of employees was given as 335 (323). □

Preliminary insolvency proceedings at Kuper

On 1 August machinery manufacturer and dealer Heinrich Kuper GmbH & Co. KG, Rietberg, submitted an application to Bielefeld district court for the opening of insolvency proceedings. Dr. Hendrik Heerma has been appointed insolvency administrator. In total, 250 employees are affected by the insolvency proceedings at the company headquarters in Rietberg and the three German subsidiaries. Wages and salaries were last paid for July. According to the office of the insolvency administrator, business operations are to be continued and existing orders will be executed by the company's employees, none of whom have been made redundant as yet. A further general works meeting has been announced to take place within the next few days. By then a committee of creditors is to be assembled. Over the next weeks a strategy paper is to be compiled. This will define the further procedures.

Kuper develops and produces equipment and machines for the processing of veneers and solid wood as well as packaging machines. In the area of veneer-processing machines Kuper is considered a market leader. In 2015 Kuper reorganised its business operations into five divisions: wholesale with new machinery, tools, compressed air products and suction systems; own products including machinery for veneer processing, film-wrapping equipment as well as moulders and planing machines as OEM products; winding facilities for the manufacture of gluethreads; trade with used machinery including a repair service; service and sale of spare parts as well as installation services. □

Homag Group reports 11% downturn in order intake

Kommt noch *(Photo credit: EUWID)*

Homag Group AG, headquartered in Schopfloch, Germany, landed orders with a total value of €256.1m (April-June 2018: 286.1m) in the second quarter of 2019. This translates into a 10.5% decrease compared with the same period last year. Homag had booked incoming orders valued at €334.6m in the first three months of the year. In its interim report for the first half of the year, Homag's parent company Dürr AG, based in Bietigheim-Bissingen, Germany, confirmed preliminary figures that had been reported for its Woodworking Machinery and Systems division on 22 July.

According to Homag the development in receipts of orders in the second quarter was also poorer than expected. The main reason for this is the reduction in demand in business with the furniture industry, which in many markets is struggling with a regressive market volume, growing competition, and decreasing margins. In China business, where the margins are more robust, Homag has had to put up with more losses in sales revenue. In the first half-year, sales revenue generated in China was half of what it had been in the same period of last year at around €48m.

The firm's order backlog subsided during the course of the second quarter from €622m at the end of March to land at €558m (658m). Revenues did improve 2.1% compared with the same three-month stretch in 2018 to €317.5m (311.1m). According to Dürr, the sustained slump in demand from the international furniture industry had been the main factor recently creating capacity utilisation problems at Homag Group. Besides China, high investments made by industry in previous years have recently also led to a downturn in the German market.

The development in results continues to be impaired by disproportionate increases in material and personnel costs relative to sales revenue, capacity utilisation problems in individual production areas, and by the growing pressure on prices in plant and machinery business, too. The combination of stronger pressure on prices and higher manufacturing costs made a dent into earnings. While EBITDA increased 7.1% to €28.8m (26.9m) despite these challenges, EBIT fell 4.0% to €16.7m (17.0m), as had been reported on a preliminary basis in July. The resulting margin slipped 0.4 percentage points to 5.2 (5.6) %. Dürr expects that cost-cutting measures launched in the second quarter will deliver an improvement in Homag's earnings in the second half of the financial year.

Over the whole of the first half-year, Homag Group's receipts of orders fell by 15.8% to €590.8m (Jan.-June 2018: 701.3m). The figure for last year still includes roughly €30m from the Forte order because half of the order volume calculated into the first quarter was back posted in the second quarter. Without this adjustment, Homag Group would have achieved receipts of orders totalling €316.1m in the second quarter of 2018; compared with this figure, the second quarter was 18.9% down. Leaving the Forte order out of last year's figures completely, Homag's receipts of orders would have fallen by 12.0% in the first half-year. Homag Group's sales revenue for the first half year rose by 5.1% to €636.8m (605.7m) whereas EBIT and the margin both fell, by 5.8% to €35.0m (37.1m) and to 5.5% (6.1%), respectively. □

Further reduction in Biesse's sales revenue and result

The consolidated sales revenue of the machine-engineering company Biesse S.p.A. of Pesaro, Italy, fell by 3.5% in the first half-year 2019 to €344.2m (Jan.-June 2018: 356.6m). By retroactive calculation from the cumulated figures, this results in a minus of 9.8% to €175.2m (April-June 2018: 193.7m) for the second quarter. The sales revenue of €169.0m achieved in the first quarter was surpassed by 3.7%, however.

With an 11.5% reduction in sales to €123.0m (139.0m), development by the "Wood" division, by far the biggest in the company, turned out to be poorer than that of the company as a whole. This caused its share of the total sales revenue to fall by 1.3 percentage points to 70.2 (71.5) %. The "Glass/Stone" division contributed 19.3 (16.4) %, and "Components" and "Tooling" accounted for 2.8 (3.9) % and 2.0 (1.8) %, respectively. The "Mechatronics" division's share of the sales revenue was 12.5 (14.4) %. For this division, in its half-year report, Biesse published figures adjusted for internal deliveries for the first time. This shows that the Mechatronics deliveries to external customers accounted for 5.5 (6.8) % of Biesse's consolidated sales revenue in the first half-year. As such, its share was 1.3 percentage points lower than in the reference period of last year.

After almost all the key performance figures had already fallen by double-figure percentages in the period of January to March, this development gathered pace in the second quarter. EBITDA adjusted for non-recurring items fell by 19.7% to €19.1m (23.7m) and the adjusted EBIT by 42.1% to €9.5m (16.3m) compared to the preceding year respectively. The reductions turned out to be even higher in pre-tax profit (-45.2% to €7.7m) and net profit (-48.1% to €4.8m).

With regard to industrial plant business, Biesse's receipts of orders fell by 22.8% in the second quarter to €133m (173m). As such, the development continued from the previous quarter (-9.5% to €134m) at a faster rate. Receipts of orders had risen by 3.7% to €619m in the business year 2018. After growth of 2-10% had been achieved in the first three quarters, the previous year's figure remained unmatched in the fourth quarter. At €225m (235.9m), the backlog of orders at the end of June was 4.6% lower than a year earlier. After a new record figure of €257m had been reached towards the end of the third quarter, the backlog of orders has fallen continuously since then. □

EPF calls for European harmonisation, not fragmentation

The Single Market is widely acknowledged as one of the greatest achievements of the European Union. It unites 28 countries and 500 million citizens, allowing goods to flow seamlessly within the territory. Common rules have allowed consumers to benefit greatly from scale, especially in the field of construction products. It is therefore with great concern that the European Wood-based Panel Federation (EPF) raises the alarm against the current threat to European harmonisation and progress posed by countries seeking to add new national rules on top of existing European regulations.

In May 2019, EPF called on regulators to support common standards for wood-based panels. EPF retains this level playing field position as a core principle of (Volatile Organic Compound) requirements being introduced in Germany. These are about to be imposed by certain Federal States as of 1 October 2019, in conflict with the harmonised rules of the European Construction Products Regulation (CPR), of CE marking, and in spite of the fact that the European notification is still ongoing (standstill date 27 December 2019).

EUROPEAN PANEL FEDERATION
WOOD-BASED PANELS

Germany's proposed Model Administrative Rules on Technical Building Regulations (MVVTB) version 2019/1 seeks to require manufacturers and sellers of panels to meet new national requirements. A Member State adding new demands, on top of those currently allowed, infringes CPR. This argument was upheld by the European Court of Justice in April. In addition, multiple new court cases are now underway against MVVTB in Germany, and one Federal State, Baden-Württemberg has already ruled the new VOC requirements to be illegal, as there is no proven need for them.

The European Panel Federation strongly supports the Single Market

EPF calls on regulators not to introduce local requirements that fragment the Single Market, and thus damage a key element of growth and success for Europe's citizens.

In the light of MMVTB 2019/1 being both potentially illegal and certainly detrimental to the Single Market, EPF urges:

Germany's Federal States to immediately suspend any action to introduce the VOC requirements for panels expressed in MVVTB 2019/1 into their own state building codes;

The European Commission to accelerate the finalisation of a Delegated Act (already in process in DG GROW), to harmonise the classification of VOC performance in construction products.

Europe's panel producers stand resolutely behind a harmonised set of European rules, and firmly against the fragmentation of Europe's Single Market driven by solo actions of Member States, such as the current one. EPF calls for these urgent actions for the welfare of Europe's half a billion citizens.

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Orders for replacement and expansion projects have recently gained in importance

Number of wood-based panel line orders has almost halved recently

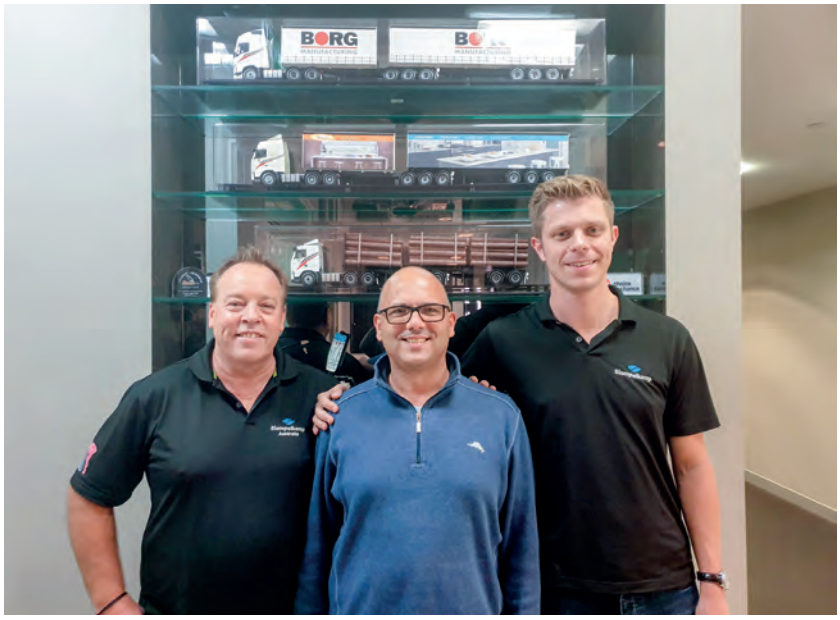
The number of orders placed for partial and complete lines to make wood-based panels has fallen further in the past few months.

Just as happened last year, the two total system suppliers Siempelkamp Maschinen- und Anlagenbau GmbH and Dieffenbacher GmbH Maschinen- und Anlagenbau booked just a few orders in the months that followed a somewhat stronger start to the year. However, the two companies have yet to publish much in the way of information about the orders that they have landed to date.

The Siempelkamp Group announced two new contract wins during the course of September. The new Japanese joint venture ENboard Co. Ltd. has ordered a complete particleboard line for a new site in Shizuoka prefecture. With a 7 ft x 47.1 m continuous press, the line should mainly make PMDI-glued board, reaching a daily manufacturing capacity of about 1,000 m³. The forming and press line ordered by the Australian furniture supplier and laminating firm Borg Manufacturing Pty. Ltd., based in Somersby, New South Wales, which includes an 8 ft x 18.8 m ContiRoll, is to replace a multi-opening press that closed a number of years ago at its site in Oberon, New South Wales. Commissioning is scheduled for the second quarter of 2021.

In previous months, Siempelkamp won two orders from Berneck S.A. Painéis e Serrados, based in Araucária, Paraná, and the joint venture VRG Dongwha MDF JSC, headquartered in Minh Hung, Binh Phuóc Province. The Berneck order, which was negotiated in 2018, includes the forming and press line and a variety of upstream and downstream components for an MDF/HDF mill planned in Lages, Santa Catarina. Unconfirmed reports indicate that the joint venture VRG Dongwha has ordered another MDF/HDF line from Siempelkamp. This means that Siempelkamp has landed at least four orders for partial or complete lines to make wood-based panels so far this year.

Dieffenbacher has also tended to refrain from providing information about order intake this year. Just a few specific orders have been announced to date: two more strawboard lines for Wanhua Ecoboard Co. Ltd., one MDF/HDF line for the Turkish MDF/HDF and laminate flooring manufacturer Camsan Ordu Agaç Sanayi ve Ticaret A.S. (Ordu, Turkey) and an MDF/HDF project for Siam Riso Wood Products Co. Ltd. (Surat Thani, Thailand). The two Wanhua Ecoboard orders will expand the firm's portfolio, which currently focuses on particleboard, to include fine OSB and MDF. Both lines will use a CPS+ continuous press from Dieffenbacher's Eppingen headquarters. Start-up is set to happen in the first half of 2020. Camsan Ordu pinned down key plant orders for a long-planned new MDF/HDF line during the first quarter; the order placed with Dieffenbacher includes the dryer, forming and press line and final assembly. Later on in the year, Siam Riso also ordered an MDF/HDF line from Dieffenbacher. Shanghai Wood-Based Panel Machinery Co. Ltd. (SWPM), in which Dieffenbacher holds a majority shareholding, is said to have sold four to five wood-based panel lines so far this year. However, precise information about the different orders has not been released yet.



John Borg ordered an MDF/HDF-line for the Oberon site. *(Photo credit: Siempelkamp)*

As the total system business becomes more challenging around the globe, orders for replacement and expansion projects and for individual parts have gained in importance again in the recent past. In Europe, for instance, Norbord Europe Ltd., headquartered in Cowie, UK, plans to install a second strander and dryer line at its Scottish OSB mill in Morayhill near Inverness. The Irish OSB manufacturer Smartply Europe Ltd., based in Waterford, will install a new dryer and a new energy system after replacing a multi-opening line with a continuous forming and press line during the first half of 2016. The insulating board producer Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG, based in Waldshut-Tiengen, Germany, is to invest in a new refiner. □

German woodworking machinery exports climbed just 3.1% / Stronger growth in Italy

China delivered double-digit growth in woodworking machinery exports

Four of the six largest export nations for woodworking machinery managed to raise their global shipments last year.

Following double-digit growth in 2017, Taiwan fell short of the comparative figure in 2018. The slump in exports to the US continued last year. The Italian industry association Acimall, based in Assago, reaches these findings in its annual report, which analyses export streams for the six biggest supplier countries (excluding tools).

The rates of changes for the different nations, which were calculated using Intracen data, sometimes saw considerable changes compared with previous years. German woodworking machinery exports, which had grown 15.1% in 2017 according to last year's Acimall report, rose just 3.1% to €2.434bn (2017: 2.360bn). Italy experienced even stronger growth than in the two previous years with a 7.7% upturn to €1.613bn (1.497bn). According to the report, Chinese exports increased by a double-digit sum of 11.7% to €1.532bn (1.372bn). Chinese exports had risen 2.0% in 2017. Shipments from Taiwan, which Acimall statistics showed had jumped 11.8% in 2017, displayed a 4.9% fall to €586.7m (616.8m). The upward trend in exports of Austria intensified considerably by 7.7% to €506.0m (469.9m). 2017 had ended with only a small growth of 1.7%. US exports fell 2.1% to €304.3m (310.7m) last year. According to the Acimall data, the six biggest suppliers had combined exports of about €6.975bn (6.626bn), an annual growth rate of 5.3 (7.8) %. Export volumes were taken from Acimall's latest annual report, while the previous year's figures were from last year's report. The rates of change were calculated based on information contained in both annual reports.

The annual report also shows the six countries' exports to different regions and the biggest sales markets. Germany was the main supplier in the EU, the rest of Europe, Asia and Latin America. China led the way in North America, Oceania and Africa.

Acimall reports steep rise in exports to the US

The main export markets for Italy's woodworking machinery industry turned in varying performances last year. Double-digit growth was posted in exports to the US and a few Western European markets. Shipments to Germany fell slightly, while more was exported to Poland and France. Even bigger growth was recorded in other European countries. By contrast, markets in China and Russia took a clear turn for the worse. According to the annual report published by Acimall the US has further strengthened its position as the leading export market with a 25.8% growth to €209.6m. However, Germany experienced a 4.6% downswing in exports to €112.3m. Shipments to Poland were 2.3% higher at €107.2m, while deliveries to France improved 3.4% to €104.6m. The UK fared a little better with a 5.3% jump to €66.0m. Acimall even reported double-digit growth rates for Spain (+37.4% to €81.0m), Belgium (+12.0% to €59.3m) and Austria (+10.5% to €39.6m). Exports to China fell 10.1% to €75.8m, while shipments to Russia tumbled 19.1% to €41.9m.

In terms of the different regions, the biggest growth occurred in shipments within the EU (+7.4% to €825.3m) and to North America (+21.9% to €262.6m). Exports to the rest of Europe edged 4.7% higher to €177.6m, while deliveries to Latin America increased 6.6% to €50.1m. Shipments to Asia were roughly in line with the previous year's level at €257.0m; downturns in China and the Middle East were erased by growth in South-East Asia. Markets in Africa (-10.2% to €39.7m) and Oceania (-4.9% to €37.2m) weakened in 2018. Total exports to the different regions were put at €1.650bn. Based on this figure, 60.8% of total exports were delivered within Europe. Some 19.0% ended up in North and South America, 15.6% in Asia, 2.4% in Africa and 2.3% in Oceania. □

World: Development of woodworking machinery exports 2018 [1)]

in m €	World	EU	other Europe	Africa	North America	Latin America	Asia	Oceania
Germany	2,434.1	1,167.9	263.1	19.1	422.2	50.7	526.1	27.6
Italy	1,612.6	825.3	177.6	39.7	262.6	50.1	257.0	37.2
China	1,531.5	373.2	115.1	44.6	440.2	40.2	497.6	52.5
Taiwan	586.7	59.8	11.9	3.0	271.4	7.0	220.6	15.0
Austria	506.0	375.7	42.3	2.6	49.9	3.8	28.1	12.3
USA	304.3	39.7	4.8	3.3	168.2	27.3	43.5	14.2
Total	**6,975.2**	**2,841.6**	**614.8**	**112.3**	**1,614.5**	**179.1**	**1,572.9**	**158.8**

1) without tools

Source: Acimall

CGS acquired a majority stake in the printing machine manufacturer in July

Rotodecor and Palis to do business as Hummingbird Converting Solutions

CGS Management AG, a Swiss private equity company based in Pfäffikon that specialises in buy and build strategies, acquired a majority stake in the printing machine manufacturer Rotodecor GmbH Maschinen- und Anlagenbau, based in Lage, Germany, and the digital printing joint venture PadaLuma Ink-Jet Solutions GmbH (Palis), headquartered in Markt Erlbach.

Both companies will continue to operate as Hummingbird Converting Solutions GmbH in the future. Led by Rotodecor's managing director Thomas Schmid as its CEO, Hummingbird is to be developed into a leading supplier of industrial printing machines for the decor and packaging industry. With a current workforce of 120 employees, its initial goal is to generate revenues of some €35m.

Hummingbird Converting Solutions GmbH will have its main offices at Rotodecor's current headquarters in Lage. It will also have locations in Markt Erlbach, where Palis is based, and in Taicang, China. CGS acquired the shares in Rotodecor through the investment fund CGS Partnership IV, which was founded in 2017. In a second phase, Hummingbird has bought shares in Palis. Hummingbird's minority shareholders are RMS Rotodecor Holding GmbH and PadaLuma GmbH, based in Markt Erlbach. RMS Holding used to own all shares in Rotodecor. Palis was a joint venture between RMS Holding, PadaLuma GmbH and Schoeller Technocell GmbH & Co. KG, based in Osnabrück, Germany. Schoeller Technocell is no longer a joint venture partner following these shareholder changes.

Rotodecor GmbH's portfolio mainly comprises web-fed printing presses, lacquering machines, cutters, converters and rewinders. Over the past few years, the company has also started making treating lines. According to its latest published figures, Rotodecor GmbH booked revenues of €20.8m (2016: 16.7m) in the 2017 financial year, including €7.7m (7.3m) in Germany and €13.2m (9.4m) in other countries. Its German project business contributed €6.7m (6.7m); €11.6m (8.0m) came from international projects. Service revenues increased to €2.5m (2.0m) in 2017. Its earnings improved markedly in a year-on-year comparison but still did not live up to expectations because of high follow-up costs from an order delivered in 2015. The EBIT margin stood at 4.4 (0.7) %, while the net profit rose to almost €0.5m. Rotodecor had a staff of 81 (74) workers in the 2017 financial year.

Palis was founded in May 2009 as a joint venture for developing digital printing technology. PadaLuma held a 51% stake, and Schoeller Technocell a 49% stake. Towards the middle of 2016, Rotodecor purchased a stake in Palis via a capital increase, becoming the third shareholder. All shareholders thus had a similar number of shares, although their exact stakes were not disclosed. Rotodecor's involvement as an industrialisation partner should allow the digital printing machines developed by Palis to be scaled up.

(Photo credit: Rotodecor)

The acquisition of Rotodecor and Palis and subsequent merger into Hummingbird is the fourth transaction undertaken by the CGS Partnership IV fund. The fund had acquired the plastic window manufacturing technology specialist Stürtz Maschinenbau GmbH, based in Neustadt/Wied-Rott, during 2017. Its acquisition of A+F Automation+Fördertechnik GmbH, headquartered in Kirchlengern, which was subsequently integrated into EoL Packaging Experts, followed in December 2017. In mid-July 2019, EoL also signed an agreement to buy the US firm Standard-Knapp Inc. (S-K), based in Portland, Oregon. Owned by CGS since 2018, Photonics Systems Gruppe, based in Krailing, Germany, also completed the next stage in its expansion with its January 2019 acquisition of LS Laser Systems GmbH, headquartered in Munich, Germany. □

Expertise for the segmented scalpers previously made by Binos was bought in July

GreCon starting to make segmented scalpers in a new hall in Alfeld

In July 2019, Fagus-GreCon Greten GmbH & Co. KG, headquartered in Alfeld, Germany, purchased the expertise for the segmented scalpers previously made by Binos GmbH, based in Springe, Germany, after the latter firm filed for insolvency and subsequently discontinued operations.

New production hall in Alfeld *(Photo credit: GreCon)*

The seller was the Austrian building parts producer VST Building Technologies AG, based in Leopoldsdorf near Vienna, which had previously acquired all technology and drawings from Binos's insolvency administrator. Patents relating to the scalper had already been transferred to GreCon under the terms of an earlier contractual agreement reached when Binos filed for insolvency at the end of February and in April.

At the same time as acquiring the technology and drawings, GreCon has started to make the segmented scalper in a new hall built in Alfeld. These scalpers are marketed together with the Dieffensor x-ray scanner as the Formator. GreCon has hired two former Binos employees to expand output. GreCon won two new Formator orders during the summer, which will be entirely manufactured in Alfeld. Binos had previously delivered all of the scalpers for the 14 Formator units delivered to date. GreCon has been completely responsible for Formator distribution for several years now.

Information not confirmed by GreCon suggests that the two new orders were placed by Maderas y Sinteticos S.A. (Masisa), based in Santiago de Chile, and the Turkish moulding and wood-based panel manufacturers. The two orders will be manufactured by the year's end and subsequently installed; both systems are slated for commissioning in the first quarter of 2020.

The first Formator was installed in one of two MDF/HDF lines run by Swiss Krono Tex GmbH & Co. KG, based in Wittstock-Heiligengrabe, Germany, during the course of 2013. GreCon and Binos have since delivered 10 other Formator systems for MDF/HDF. It currently has two references in the OSB business: the Swiss Krono mill in Wittstock-Heiligengrabe, Germany and Egger Holzwerkstoffe Wismar GmbH & Co. KG, based in Wismar, Germany. The sole Formator used to date to make particleboard was installed at M. Kaindl Holzindustrie KG, based in Salzburg-Wals. Swiss Krono AG, headquartered in Menznau, Switzerland, had also originally ordered a Formator for a project to replace a particleboard line that was completed in September 2017, but ended up shelving this order. GreCon was unable to comment on the respective customers because of confidentiality agreements.

GreCon intends to boost its distribution of Formator systems by completely acquiring all rights and technologies and setting up scalper production in Alfeld. Four to six systems are to be sold each year in the medium term. The company primarily highlights potential material savings that will pay off investment costs within one to two years. Material savings will be made through more even mat forming and thus better distribution of the formed wood-based mat across the entire panel.

GreCon will make scalpers in a new production hall in Alfeld that opened in September. This hall, which is 1,050 m² in size and 7 m high, was mainly designed to make larger machines and lines. In addition to the scalper, the Dieffensor, the Stenograph, Superscan systems, Fiberview devices and UPU defect identification system will also be made in the hall. The new hall raised the total production area in Alfeld to a good 5,000 m². Moreover, this step allowed improvements to be made to manufacturing processes. GreCon opened its first new production hall with an area of 1,500 m² in 1990. A second similarly sized hall followed in 1999. In 2007, the company constructed a hall about 1,000 m² in size. □

Hexion's Chapter 11 proceedings ended

On 1 July 2019, the US resin manufacturer Hexion Inc. of Columbus, Ohio, ended the reorganisation in compliance with the US Bankruptcy Code filed for before the US Bankruptcy Court for the District of Delaware on 1 April 2019 as recently announced. By means of the measures implemented in the last three months, the company has reduced its liabilities by more than US$2.0bn, it says. Exit financing of around US$2.0bn as well as the provision of roughly US$300m of equity capital by issuing subscription rights contributed to this reduction. The court approved the reorganisation plan on 24 June at a confirmation hearing for the companies affected by the Chapter 11 proceedings.

On 1 July, Hexion subsequently concluded the issue of a bond (senior note) for US$450m announced in mid-June. It has a term until 15 July 2027 and bears interest of 7.875%. Interest is to be paid at half-year intervals beginning on 15 January 2020. Hexion also made two new joint loan agreements for a total of US$1.550bn with subsidiaries in Canada, Germany, the UK, and the Netherlands on 1 July. These involve a revolving ABL facility for US$350m with a term expiring on 1 July 2024 and a senior secured term loan facility for US$1.200bn with a term until 1 July 2026. The interest rate for both loans is calculated from LIBOR, EURIBOR, or an alternative base rate plus a supplement.

With proceeds from these financial transactions, Hexion repaid on 1 July the debtor-in-possession (DIP) financing including interest and the lenders' other entitlements that had existed since the beginning of April. The company had used the DIP undertakings to assure operational business activity during the Chapter 11 proceedings, which Hexion continued worldwide without interruption during the restructuring process monitored by the US Bankruptcy Court. The company says it was also able to pay all of its existing trade payables. □

Prefere Resins creates three different divisions

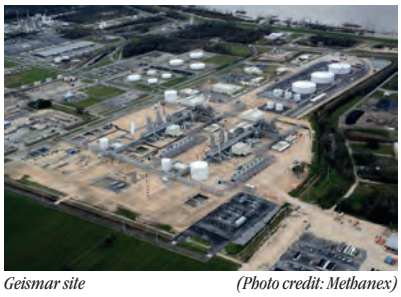
Prefere Resins Holding GmbH, headquartered in Erkner, Germany, has split its activities into three divisions - Prefere Phenolics, Prefere Melamines and Prefere Paraform. The move follows its 1 July 2019 acquisition of the Ineos Melamine and Ineos Paraform units from Ineos Enterprises AG, based in Rolle, Switzerland.

European melamine resin distribution will remain in the hands of Björn Bielesch as business manager for the EMEA region. Charles Lyon is in charge of the melamine resin business in North/South America and Asia as business director. The Prefere Phenolics division's sales are grouped by sales segments. Stefan Kowatsch is commercial manager for insulation, Liam Moynihan is commercial manager for industrial and Timo Mäkinen is commercial manager for construction. Ines Kendelbacher will handle enquiries from buyers outside Europe. Business manager Mario Renner will oversee sales by the Prefere Paraform division.

Prefere Resins and the Ineos subsidiary Ineos Enterprises AG had put pen to paper on a contract to buy Ineos Melamine and Ineos Paraform in the middle of April. The deal closed after conditions were met, including approval from anti-trust authorities including the German Federal Cartel Office.

Prefere Melamines operates two of its own production sites in Frankfurt and Springfield (Massachusetts). The company also has access to a plant in Surabaya, Indonesia, under the terms of a tolling agreement. Its annual capacity is listed at roughly 110,000 t. Ineos Paraform makes formaldehyde and a variety of formaldehyde derivatives at its site in Mainz. Its total capacity stands at roughly 125,000 t. □

Methanex building third methanol plant in Geismar



Geismar site *(Photo credit: Methanex)*

The Canadian company Methanex Corp., based in Vancouver, British Columbia, has made the final investment decision for a third methanol plant in Geismar, Louisiana, towards the middle of July 2019. Methanex had purchased a plot of land neighbouring its two existing plants back in the first quarter of 2018. Front end engineering and design (FEED) project then got underway in the second quarter. Construction work on the plant, which has a designed annual capacity of 1.8m t, is set to begin in August, with commissioning slated for the second half of 2022.

Total investments are to stand at US$1.3bn-1.4bn, translating into a capital intensity of US$775/t of capacity. According to Methanex, this figure is lower than investment costs for greenfield projects in the US Gulf region. The company thinks that manufacturing costs will enjoy a cost benefit of about 20%. Methanex wants to secure an US$800m five-year loan to finance the project. An existing US$300m line of credit will also be renewed. Both loans will run until July 2024. During the second half of 2019, Methanex also wants to secure funding for the US$250m or so in investment costs needed for the project in 2020 and to refinance the US$350m loan due in December. According to Methanex's CEO John Floren, the project is to be brought to fruition with a strategic partner, if possible.

Besides Geismar, Methanex currently operates production sites in Medicine Hat (Alberta/Canada), Punta Arenas/Chile, Taranaki/New Zealand and runs two joint venture plants in Point Lisas/Trinidad and Tobago and Damietta/Egypt. Current capacity of the eleven plants stands at 8.430m t, full nameplate capacity is 9.380m t. □

OCI reports another slide in its melamine sales

OCI Nitrogen B.V., headquartered in Geleen, the Netherlands, has announced that its melamine sales dropped 7% in a year-on-year comparison to 32,900 (April-June 2018: 35,400) t in the second quarter of 2019. Sales were also significantly lower than in the three previous quarters. By contrast, the company had ended the first quarter with a 3% improvement in sales to 35,200 t. Sales thus slipped 2% in the first half combined to 68,100 (Jan.-June 2018: 69,700) t. OCI Nitrogen had sold 36,900 t of melamine in the third quarter of 2018; the fourth quarter was a little better at 42,700 t.

According to the first-half report released by its parent firm OCI N.V., based in Amsterdam, the benchmark price dwindled another €50 to €1,525/t in the second quarter – putting it €130 or almost 8% below the price of €1,655 recorded 12 months earlier. The benchmark price had also been trimmed by €50 to €1,575/t from €1,625/t in the fourth quarter of 2018. The average price for the first six months was thus 5% lower at €1,550 (1,640)/t.

Sales of methanol made at the company's own facilities jumped 29% to 396,000 (April-June 2018: 307,800) t in the second quarter. Following an unscheduled first-quarter stoppage at the joint venture plant Natgasoline LLC in Beaumont, Texas, OCI Partners L.P. also held an unscheduled stoppage at the same location. However, work to raise its production capacity by 10% forged ahead during the unscheduled stoppage. The plant resumed operations at higher capacity at the start of July. Later in the third quarter, the group also put the finishing touches to a long-prepared restart of a second production line at BioMCN B.V., headquartered in Delfzijl. OCI's total methanol capacity has leapt by 27% to 2.95m t per year as a result.

Geleen site *(Photo credit: Onderzoeksraad)*

Sales of methanol bought in from other manufacturers almost tripled compared with the same stretch last year to 151,100 (52,900) t in the second quarter. Methanol contract prices fell in both North America and Europe. North American prices dropped 15% to US$421 (495) per t FOB US Gulf Coast, while European prices were down 8% at €350 (380)/t FOB Rotterdam. OCI boosted its first-half sales of methanol made in-house by 22% to 794,100 (Jan.-June 2018: 650,100) t; sales of bought-in methanol soared 193% to 247,600 (84,500) t. □

Accsys able to run Accoya plant at full speed

(Photo credit: Accsys)

The British chemical technology firm Accsys Technologies plc, headquartered in London, made a total of 14,926 m³ acetylated solid wood sold under its Accoya brand in the fourth quarter of the 2018/2019 financial year (31 March). Its sole manufacturing site in Arnheim was thus able to operate at full capacity. A third reactor was commissioned there in June 2018, boosting its total capacity by 50% to 60,000 m³ per year.

Accoya sales shot up by 16% to 49,716 (2017/2018: 42,676) m³ in the past financial year. The quantities delivered to the wood-based panel manufacturers Medite Europe Ltd., based in Clonmel, Ireland, and Financiera Madereira S.A. (Finsa), headquartered in Santiago de Compostela, Spain, under the terms of existing licence agreements showed an especially large improvement with a 49% growth to 12,000 (8,059) m³. The proportion of Accoya used to make durable Tricoya MDF thus rose five percentage points to 24 (19) %. Accoya's sole licensee to date, Rhodia Acetow GmbH, based in Freiburg, Germany, purchased 10,640 (9,464) m³, 12% more than the previous year. Rhodia Acetow was renamed at the start of April and is controlled by the Swiss holding firm Cerdia International GmbH, headquartered in Basel. By comparison, the amount sold by Accsys on the free market did not rise as much with an 8% upswing to 27,076 (25,153) m³. Double-digit percentage increases in sales were recorded in the UK and Ireland (+12% to 13,419 m³) and in the Benelux countries (+23% to 4,179 m³). Exports to North and South America improved 2% to 5,602 (5,495) m³, while shipments to the Asia-Pacific region were roughly in line with last year's level at 3,553 (3,540) m³.

Besides higher sales volumes, price hikes implemented at the start of the year paved the way for a 19% climb in Accoya revenues to €75.1m (60.9m) last year. Including other revenues, primarily from sales of acetic acid (+35% to €5.9m), and licence revenues of €1.0m, total revenues from the Accoya division leapt 22% to €73.9m (60.7m). The Tricoya division, which was consolidated for an entire financial year for the first time, generated total revenues of €1.2m (0.2m). Some €634,000 of this amount came from overseas sales of Tricoya MDF and €571,000 (200,000) from licence revenues.

Accsys' total revenues thus jumped 23% in a year-on-year comparison to €75.1m (60.9m). The UK and Ireland remain the biggest sales markets by quite some margin with revenues of €32.1m (25.8m) or a share of 43 (42) %. The 24% increase in revenues was principally fuelled by higher Accoya shipments to Medite, at least in the first half of the year. Larger growth was only seen in deliveries to the rest of Europe (+28% to €19.5m) and the Benelux region (+33% to €8.0m). North and South American revenues improved 14% to €9.3m (8.2m). An even bigger 16% upturn to €6.1m (5.3m) was registered in the Asia-Pacific region, even though its revenues had slipped 2% in the first half of the year. □

Associations criticising regulations and sticking to call for harmonisation

New emission rules culminating in inconsistent product specifications

Plans to alter the testing methodology used to determine formaldehyde emissions from wood-based panels with effect from 1 January 2020 and different approaches taken by German federal states to transposing the Model Administrative Provisions – Technical Building Rules (MVV TB) into their respective state construction ordinances will lead to a fragmentation of emission rules for wood-based panels.

The new testing methodology will result in varying rules for E1 board in Germany and in other European countries. On the German market, raw and laminated particleboard, MDF/HDF and plywood will have to comply with a lower formaldehyde emission value of 0.05 ppm when taking measurements in accordance with EN 717-1, while the current E1 rule of 0.1 ppm will apply in other countries. Variations from one German federal state to another might even emerge for a time for wood-based panels used in construction projects through the state construction ordinances. While plans to implement the MVV TB in Baden-Württemberg with effect from 1 October were thwarted by a 10 July ruling by the Higher Administrative Court of Baden-Württemberg based in Mannheim, the states of Hesse and Saxony are so far sticking to this date. Consequently, OSB and particleboard flooring producers are among those having to prove by expert reports that they comply with the VOC rules contained in the MVV TB. However, other German federal states have yet to decide on their next steps. As the working group of ministers and senators responsible for urban development and building and housing in the 16 German federal states, the Conference of Ministers of Construction did not make a clear recommendation at its mid-September preliminary meeting in advance of this year's annual conference on 26 and 27 September in Norderstedt. It thus appears to be up to the federal states to decide how to proceed with implementing the MVV TB.

Gas analysis *(Photo credit: WKI)*

In the view of the wood-based panel industry and a variety of industry associations, both the changeover of formaldehyde testing methodology proposed by the German Federal Environment Office (UBA) and approved by the Federal-State Working Group for Chemical Safety (BLAC) and the MVV TB advanced by UBA and the German Institute for Building Technology (DIBt) contradict the objective of European harmonisation of product specifications. Therefore, the affected industries and associations had already taken action against these special rules planned for the German market at several levels prior to the rules entering into force.

During the first half of this year, the Association of the German Wood-Based Panel Industries (VHI, Berlin), the Association of the German Wood-Working Industry (HDH, Bad Honnef), the European Panel Federation (EPF, Brussels) and the German Timber Trade Federation (GD Holz, Berlin) had sought a one-year delay to the changeover of the formaldehyde testing methodology until 1 January 2021 so companies had time to make the necessary preparations and to clarify what it viewed as outstanding interpretation issues. UBA had later advocated a delay of this kind. The BLAC Committee for Technical Issues and Enforcement had rejected this delay at the end of June. The deadline issue was thus not revived at the BLAC meeting on 10 and 11 September in Hamburg. However, at UBA's request, unresolved issues for tangible implementation of the new rules were discussed. UBA is currently in the process of developing a final version of a document outlining key questions and answers, which will be presented to the BLAC for a decision and be published in the near term after confirmation using the written procedure. However, the recently suggested target date at the start of October appears to have been delayed again.

Legal steps have even been launched against the transposition of the MVV TB into state construction ordinances. In mid-December 2018, Swiss Krono Group had filed two cases for judicial review of constitutionality in accordance with section 47 of the Administrative Procedure Code (VwGo) in Baden Württemberg and Saxony with backing from Kronospan. Following the Higher Administrative Court ruling at the start of July, both companies launched similar steps in all other federal states where this legal route was feasible, citing this ruling. However, a verdict in the subsequent principal proceedings will not come until sometime in 2020, according to the companies involved.

The MVV TB is also under scrutiny at the EU level. The German Federal Ministry for Economic Affairs and Energy (BMWi) had submitted the draft revised by the DIBt in May 2019 to the Technical Regulations Information System (TRIS) on 24 June. The three-month standstill period following notification had been set to run until 25 September. After the UK submitted detailed comments, the European Commission extended this standstill period for another three months until 27 December. The European Commission itself and Spain have now also submitted comments on the draft MVV TB using the TRIS. The wood-based panel industry views these comments as a sign that additional concerns exist within the EU. The contents of these comments are not published, though. Therefore, a variety of insiders feel that legal challenges still exist with transposing the MVV TB into state construction ordinances, which Hesse and Saxony plan to take place on 1 October despite the standstill period running until the end of December. In a statement published on 26 September, the EPF called for the federal states not to implement the MVV TB prematurely and to wait for the end of the standstill period, not least due to the unclear legal situation. At the same time, the European Commission should forge ahead with work on a delegated act aiming to harmonise VOC rules for construction products through the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs.

Despite still unresolved questions relating to changing the formaldehyde testing methodology and implementing the MVV TB, wood-based panel manufacturers must prepare themselves for the new framework conditions. Key issues in this vein are changing over production, clearing out inventories and proving compliance with the new rules. Most companies started to adjust their production to reflect the new rules a few months ago. The types of wood used need to change to comply with VOC limits set forth in the MVV TB. The requirement to halve formaldehyde emissions when measuring in accordance with EN 717-1 must be achieved by adjusting the gluing systems used. Production tests that began at many particleboard and MDF/HDF mills in the first half of the year have moved forward in the past few months. As a rule, these production tests assess the use of modified UF resins with changed molar ration, the addition of urea as a formaldehyde scavenger or the use of melamine-reinforced resins in the top layer.

A few wood-based panel manufacturers have now wrapped up this testing work and switched over their production activities accordingly. These changeovers will increase considerably in October and November. Mills that already operate in accordance with the CARB 2 rules set forth by the California Air Resources Board (CARB) and Title VI of the Toxic Substances Control Act (TSCA), which apply in the US, found it easier to switch to the new formaldehyde rules than mills that have mainly made E1 board to date. Mills that already make large amounts of reduced-formaldehyde board have completed the changeover relatively quickly and in many cases in full. At other mills, most companies had anticipated that they will only operate in compliance with the new rules for raw board delivered to the German market. Board for lamination or for exports should stay in the existing E1 category. However, a trend towards a complete changeover looks to be on the horizon. Therefore, substrate for coating should also be made in accordance with the new E05 rules, even though E1 board could be used in principle under the new rules. The Ikea Group is moving in a similar direction. The company prescribes compliance with the E05 rules for both raw and laminated board in its IoS-MAT-0003 Formaldehyde Requirements of Wood-based Materials and Products, which were updated in summer.

Chamber testing *(Photo credit: WKI)*

While the changeover required to comply with formaldehyde and VOC rules, at least for wood-based panel producers from Germany, Austria and Switzerland, may be largely completed by the year's end, delays will likely emerge when it comes to certification based on existing capacity shortages with chamber testing. Proving usability in accordance with MVV TB, which documents compliance with the more stringent VOC rules, can generally be carried out using a DIBt assessment. A DIBt assessment of this kind has so far been presented by the OSB producers Egger and Swiss Krono Group and by the particleboard manufacturer Elka-Holzwerke GmbH, based in Morbach, Germany. Even greater delays are occurring in issuing product certificates for wood-based panels with reduced formaldehyde emissions; hardly any companies can present a certificate of this kind at the moment. □

BLAC committee rejected postponement sought by several associations in June

Germany: New formaldehyde rules to take effect in January 2020 as planned

Planned changes to the measuring methodology used in Germany to determine formaldehyde emissions from wood-based panels will likely enter into force on 1 January 2020 after all.

In a letter sent to the German Federal Environment Agency (UBA) in mid-March 2019, the German wood-based panel industry association Verband der deutschen Holzwerkstoffindustrie (VHI), based in Berlin, had sought a one-year postponement until 1 January 2021 to gain time to make the necessary preparations and to resolve what it viewed as unclear interpretation issues. Two other industry associations, Hauptverband der Deutschen Holzindustrie (HDH), headquartered in Bad Honnef, and Gesamtverband Deutscher Holzhandel (GD Holz), based in Berlin, sent similar letters to UBA during the second quarter. At the start of June, the European Panel Federation (EPF), headquartered in Brussels, also raised the possibility of an extension. UBA, which had initiated the process of changing the measuring methodology in Germany, essentially supported the position taken by the associations and brought the issue to the Federal-State Working Group for Chemical Safety (BLAC), which had adopted the new rules in Bremen at the end of September 2018. However, the BLAC committee for technical issues and enforcement rejected an extension at its meeting held in St. Wendel, Germany, on 25 and 26 June.

Consequently, DIN EN 16516, which was published in January 2018, should become the new reference method for determining formaldehyde emissions from wood-based panels in the testing chamber from 1 January, as planned. This new standard will replace EN 717-1 in Germany, which has been used as the reference method throughout Europe until now. EN 717-1 can still be used in Germany as an alternative, even after the measuring methodology has changed. However, measurements have to be multiplied by a factor of two because of variations in testing conditions. For all intents and purposes, this means that the formaldehyde limit value of 0.1 ppm stipulated in the German Chemicals Prohibition Ordinance (ChemVerbotsVO) will be halved to 0.05 ppm. This state of affairs will create special rules for the German market. The existing rules continue to apply in the rest of Europe. They impose a limit of 0.1 ppm for emission class E1.

The wood-based panel industry said that it is essentially open to a further reduction in the formaldehyde limits that have applied to date, but sets great store by standard rules throughout Europe. Several attempts in this direction have been launched over the past decade, but went nowhere for a variety of reasons. This issue was revived in the context of the upcoming revision of standard DIN EN 13986, which governs wood-based panels used in construction. However, firm results are not expected for one or two years at the earliest.

Now that the BLAC committee's decision to reject the postponement has been revealed, the affected institutions and associations are trying to coordinate their positions. UBA and the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) were also represented at the committee meeting, although not by people directly involved in formaldehyde issues. UBA and BMU wanted to develop a standardised response at a meeting scheduled for the second week in July. During the same period, the VHI, HDH and the furniture industry federation Verband der Deutschen Möbelindustrie (VDM), based in Bad Honnef, addressed the ramifications for the wood-based panel and furniture industry. The three associations feel that unresolved issues will have to be tackled in the months remaining until the new rules take effect. Examples of these issues include placing wood-based panels on the market, how to deal with wood-based panel manufacturers' and converters' inventories, evaluating coatings, product labelling and market supervision. In advance of the BLAC decision, UBA compiled unresolved issues and sent them to the BLAC committee for technical issues and enforcement. At the same time, the associations had asked for specific interpretation guidance.

The delay to the new formaldehyde rules sought by the association was prompted by the time needed to switch over manufacturing, clear out inventories, create the required testing capacity and by potential bottlenecks in carrying out chamber testing. A variety of wood-based panel manufacturers had launched preparations after UBA's plans to revise testing methods for formaldehyde emissions from wood-based panels became public knowledge. Last year, several companies added emission measurements using gas analysis to the primary method used to date of extraction for production monitoring as part of in-house control efforts. At the same time, they installed their own testing chambers so that they can ascertain and regularly monitor plant-specific correlations between the testing methods used and chamber testing as the reference method. In the next step, the gluing systems used to make wood-based panels have to be adjusted in order to reliably meet rules that will apply from 1 January onwards. □

Background

Data collection of the German Environmental Agency (UBA) for revising the test conditions

http://download.euwid-holz.de/183704.html

Wood-based panel manufacturers prepare cases in other federal states of Germany

Baden-Württemberg Higher Administrative Court stops tighter VOC emission values

In two rulings issued on 10 July 2019, the Baden-Württemberg Higher Administrative Court declared that rules imposing tighter restrictions on VOC emissions from OSB and particleboard planned under the new Administrative Provisions on Technical Building Rules (VwV TB) are not permissible.

The administrative provisions were provisionally suspended. The rulings are legally binding and cannot be appealed. The Court thus granted an emergency motion filed by Swiss Krono Group in mid-December 2018 with backing from the Kronospan Group. In this emergency motion, the two companies had sought a temporary injunction to prevent the entry into force of the new administrative provisions, which were supposed to enter into force in Baden-Württemberg on 1 October 2019. Both companies had previously filed an application for judicial review under Section 47 of the Law on Administrative Court Proceedings (VwGo) with Higher Administrative Courts for the states of Baden-Württemberg and Saxony.

The principal proceedings are continuing after these rulings were issued by the court. Proceedings in front of the Saxony Higher Administrative Court in Bautzen were suspended, citing the case in Baden-Württemberg, but have been reactivated. At the same time, Swiss Krono Group and other wood-based panel producers took action in remaining German states against the implementation of the administrative provisions planned there too, making reference to the Higher Administrative Court's ruling.

The Model Administrative Provisions – Technical Building Rules (MVV TB), which the German Institute for Building Technology (DIBt), based in Berlin, published on 31 August 2017, were released on 20 December 2017 by the Baden-Württemberg Ministry for the Environment, Climate and Energy in coordination with the Ministry for Economy, Labour and Housing. With its Appendix 8 "Requirements for Building Structures Relating to Health Protection" (ABG), the MVV TB contains a separate list showing LCI values for 195 substances in 12 substance classes, including for VOCs and formaldehyde. Under the MVV TB, VOC emissions must be exclusively determined testing chamber tests under DIN EN 16516. Appendix 8, Annex 3 lists building products that are subject to these provisions in the future. Shortly after the publication of the MVV TB, the conference of Ministers of Construction had made it clear that the "treated and glued timber" listed in Annex 3 also included OSB and particleboard, but not glulam timber. When the MVV TB is transposed into the different federal states' construction ordinances, suppliers of these building products must guarantee a reduction in VOC emissions and provide corresponding evidence in the future.

(Photo credit: VGH Mannheim)

In its explanation for the verdict, the Eighth Senate of the Higher Administrative Court explains that the "abstract danger" from VOC emissions from OSB assumed by the MVV TB is not adequately proven. However, the Federal State Building Ordinance cannot govern "potential dangers or risks". The VwV TB thus does not comply with the legislative requirements derived from the Federal State Building Ordinance. OSB manufacturers could not be reasonably expected to switch over their production and warehouses to reflect the new rules prior to a final clarification through a review. The Higher Administrative Court thus sided with the petitioner. The petitioner had claimed that harmful effects from VOC had so far not been able to be proven despite extensive scientific testing. Moreover, the two companies had criticised the fact that the MVV TB and derived administrative provisions infringed European law. In its legal reasoning, the Higher Administrative Court solely addressed the fact that a health risk had not been adequately proven to date. The Court said that it was thus no longer about a potential infringement of European law. □

European Commission sets guideline values for workplace exposure

ECHA publishes interim report on worker exposure to formaldehyde

The European Chemical Agency (ECHA) presented an interim report entitled Worker Exposure to Formaldehyde and Formaldehyde Releasers on 12 July 2019.

This report is connected to a European Commission initiative. The institution had asked the ECHA to prepare a restriction dossier in accordance with Annex XV on 20 December 2017. The goal is to further limit formaldehyde emissions from consumer products, including wood-based panels, building elements and furniture. The ECHA sent the European Commission the dossier, entitled Restriction on Formaldehyde, Released from Articles, on 11 January 2019 and published it on its website on 30 January.

The consultation, which began on 20 March, ran until 20 September. Besides seeking the restriction dossier, the European Commission had asked the ECHA to compile information about formaldehyde exposure in the workplace in December 2017.

The interim report is a total of 59 pages long. The introductory section features an overview of the underlying situation, a summary of the health effects of formaldehyde exposure, a description of potential formaldehyde exposure in the workplace and an overview of formaldehyde manufacturing and converting. The ECHA estimates that formaldehyde and formalin manufacturers employ approximately 6,000 workers. According to the report, about 2.1m employees working in processing industries are exposed to formaldehyde throughout the EU, including about 1m each in the wood and furniture industries.

Following a description of potential exposure routes (inhalation and skin contact), the report evaluates worker exposure, including with an overview of existing limit values in EU member states, such as the occupational exposure limit (OEL) and the short-term exposure limit (STEL). Moreover, the report makes a comparison with other EU rules on workplace exposure. The report wraps up with an overview of the risks of exposure. The annex includes two calculation models for risk characterisation ratios (RCR).

(Photo credit: EUWID)

According to the interim ECHA report, the European Commission set an OEL (8 hours) of 0.3 ppm for formaldehyde inhalation and a STEL (15 min) of 0.6 ppm a few weeks ago. European formaldehyde producers, wood-based panel manufacturers and converters have now signed voluntary agreements committing to keep worker exposure below this OEL level. Small and medium-sized enterprises (SMEs) that are not organised in associations and sometimes operate older production machinery using a larger amount of manual work might still have exposure above the OEL level, according to the ECHA. In this vein, the ECHA pointed out that compliance with limit values can only be achieved by taking suitable technical measures, such as exhaust air treatment. Breathing protection may also be needed in some cases. The ECHA noted though that measures of this kind are hard to put in place in SMEs.

Background

ECHA report: "Worker exposure to formaldehyde"

https://download.euwid-holz.de/193001.html

Against this backdrop, the ECHA has proposed carrying out additional investigations into formaldehyde exposure in the workplace at SMEs in the interim report. Potential technical measures should be developed for these entities too in order to reduce exposure. European formaldehyde manufacturers and converters should also be urged to establish voluntary agreements with their buyers too. □

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EPF presented final figures at its annual general meeting in Scotland

Slower growth in European wood-based panels production recorded last year

The European wood-based panel industry manufactured a total of 59.3 (2017: 58.3)m m³ last year, a year-on-year increase of 1.7%.

Softboard (+5.9% to 5.2m m³) and particleboard (+2.6% to 32.0m m³) production showed disproportionately strong growth. Plywood (+1.7% to 3.2m m³) and hardboard (+1.5% to 0.5m m³) output displayed similar trends to overall production. However, OSB (-1.6% to 6.2m m³) and MDF/HDF (-0.5% to 12.3m m³) output took a turn for the worse.

The European Panel Federation (EPF), based in Brussels, unveiled these slightly lowered figures compared with data published towards the middle of May at its annual general meeting in Dunblane, Scotland, from 26 to 28 June 2019. At that time, the federation had thought that production had increased 1.9% to 59.5m m³. When publishing its preliminary data, the EPF also revised comparative figures for 2017. OSB production, in particular, was raised from the sum of 5.6m m³ reported in mid-2018 to 6.3m m³; plywood output was trimmed slightly from 3.2m m³ to 3.1m m³. These corrections boosted total 2017 production from 57.6m m³ to 58.3m m³. European producers had made 55.9m m³ in 2016.

According to updated figures, European wood-based panel production had increased 3.2% in 2017. The 1.7% growth rate reported for 2018 was only half this size. Variations between the different grades were more pronounced in 2017. In that year, particleboard production experienced a similar increase to last year (+2.7%). MDF/HDF production rose 1.5%. The jump in OSB production was even bigger than initially thought with a 4.4% growth. Hardboard production had softened 3.0% in 2017. The biggest improvements in production were booked for softboard (+6.9%) and plywood (+7.6%).

While production fell a little in a year-on-year comparison in 2018, production capacity increased more than in recent years across almost all product groups, according to the EPF data. Particleboard capacity climbed 3.1% 37.8m m³ last year. The EPF announced a 2.7% rise in MDF/HDF capacity to 15.1m m³. OSB capacity rose 3.0% to 6.9m m³. The EPF announced that softboard capacity stood at 5.8m m³ (+1.8%) in the EU-28, while hardboard capacity was virtually unchanged at 0.7m m³.

Europe: Production of wood-based panels [1)]

m m³	2018	2017	2016	2018/2017 in %	2017/2016 in %
Particleboard	32.0	31.2	30.4	2.6	2.7
MDF/HDF	12.3	12.3	12.1	-0.5	1.5
OSB	6.2	6.3 2)	5.4	-1.6	4.4 2)
Hardboard	0.5	0.5	0.5	1.5	-3.0
Softboard	5.2	4.9	4.6	5.9	6.9
Plywood	3.2	3.1 2)	2.9	1.7	7.6 2)
Total	**59.3**	**58.3** 2)	**55.9**	**1.7**	**3.2** 2)

1) for plywood EU-28, for all other product groups EU-28 and EFTA
2) slightly up again on the final figures published in summer 2018

Source: EPF

Germany was responsible for 5.8 (5.8)m m³ or 17.9% of European particleboard production last year, with France contributing 3.5 (3.4)m m³ or 11.0% and Poland 10.1%. Italy (9.7%) and Austria (7.5%) took the next places. These five countries' share of total production added up to 56.2%.

The individual countries also delivered mixed performances. Production increased in Portugal (+20.0%), Poland (+10.7%), Spain (+8.0%), Norway (+6.9%) and Italy (+6.6%). By contrast, Greece (-8.1%), the UK (-6.6%), Switzerland (-5.2%), Lithuania (-2.0%) and Sweden (-1.4%) made less than in 2017. Germany made similar amounts to in 2017. The furniture industry purchased about two-thirds of the particleboard produced in Europe last year, with 21% going to the construction sector and 12% used in other applications.

Germany had an even larger share of MDF/HDF production with 27% despite its 4.6% reduction in output to 3.6m m³. The next two places were occupied by Poland with 19% and Italy with 9%. Together with France and the UK, the five biggest manufacturing countries accounted for about 73% of European MDF/HDF production. According to the EPF, thick MDF (thicker than 9 mm) saw its share of output climb to 65%. MDF/HDF between 5 mm and 9 mm thick had a share of 24%, with products thinner than 5 mm making up 11%. Some 56% of MDF/HDF output was delivered to the furniture industry and its suppliers. The construction sector accounted for 10%, the laminate flooring industry for 16% and the mouldings sector for 3%; other applications' share was listed at 15%.

The leading OSB producers were Germany (18%), Romania (15%) and Poland (12%). The construction sector was the leading buyer by some margin with a 77% share, while other segments, such as packaging, flooring and furniture applications, were responsible for

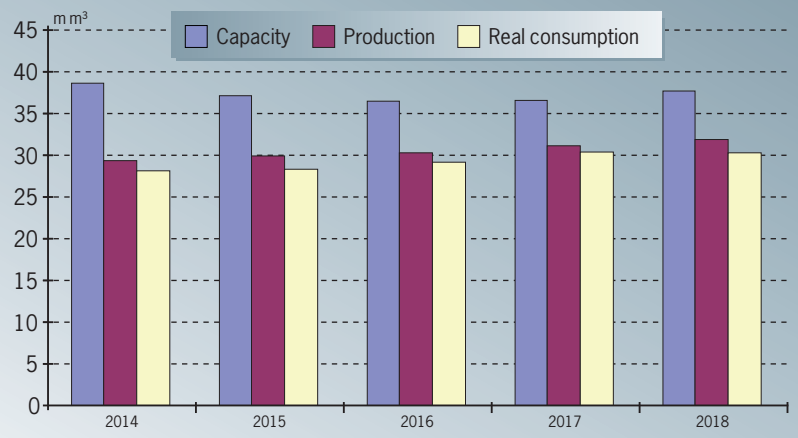
23%. In terms of the different types of OSB, European production broke down into 87% OSB/3, 11% OSB/2 and 2% OSB/4.

Russia continues to dominate hardboard production, although it is not covered by the EPF statistics. Russian manufacturers have a 43% share of capacity. Poland with 10% and Bulgaria with 7% come in second and third. The main applications are DIY (29%), packaging (26%), furniture (15%), construction (8%), automotive (5%) and other areas (17%). Germany is the biggest producer of flexible softboard with a 43% share, followed by Poland (33%) and France (26%). However, Poland is the leading producer of rigid softboard with a 37% share. Germany accounts for 29% of production and France for 18%. Three-quarters of softboard is used in building shells (31% flexible board, 44% rigid board), with one quarter destined for other applications. They include rigid flooring underlay (9%), rigid standard board (5%) and other applications for rigid and flexible softboard (6%).

According to the EPF figures, European plywood production comprises 59% hardwood plywood, 35% softwood plywood and 6% tropical plywood. Finland has a 38% share of output. The EPF reported that Spain had a 14% share, the Baltic region 12% and Italy 10%. The construction sector uses 39% of the plywood made. Some 30% goes to the furniture industry, while 14% is used in vehicle construction, 9% in packaging and 8% in other applications.

The EPF annual report can be ordered from the EPF secretariat. At almost 300 pages, the report details developments in the European wood-based panel industry last year. It starts with an overview of capacity, production, consumption and foreign trade figures for particleboard, MDF/HDF, OSB, fibreboard and plywood. The next section features country reports for the 27 producer countries represented by the EPF. Contributions from external authors detail market developments in 13 other international markets. The EPF is selling the Annual Report 2018/2019 with a printed version and a USB stick. It can be ordered via the EPF website or by emailing info@europanels.org. □

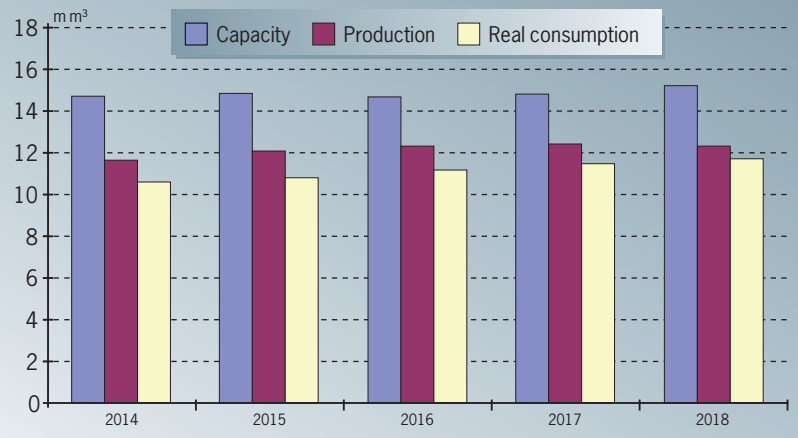
Europe: Production and consumption of particleboard 1)



1) EU-28 and EFTA

Source: EPF

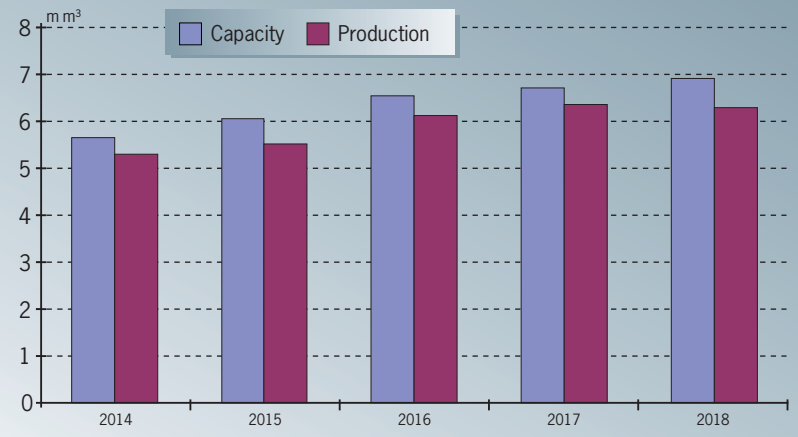
Europe: Production and consumption of MDF/HDF 1)



1) EU-28 and EFTA

Source: EPF

Europe: Production of OSB 1)



1) EU-28 and EFTA

Source: EPF

Only a brief interruption at Kronospan mill

The fire in the wood yard of the Sanem MDF/HDF and OSB works of Kronospan Luxembourg S.A. led to an only brief interruption in production. According to the company, production was resumed on 2 August 2019. It took two days to put out the fire that had broken out in the late morning of 31 July, said the fire service CGDIS. On the first day, up to 240 firefighters from Luxembourg and neighbouring France had been in action; roughly 60 local firefighters remained for finishing the task.

The fire was limited to the wood yard; the production facilities were not affected. Spontaneous combustion of bark material is the suspected cause of the fire. This resulted in recycled wood in storage as fuel for the two biomass-fired power stations catching fire. The fire had also spread to neighbouring log yards to a minor extent. The deployed fire service had brought the blaze under control on 1 August; afterwards, the burning wood yards were able to be pulled apart and extinguished. In the early stages, the extinguished process had been hampered by intermittent wind. Owing to the duration of the operation, some of the required water had to be pumped to the works over considerable distances. A tanker shuttle service was set up as well. The MDF/HDF and OSB production plant as risk from flying embers was halted during the fire for safety reasons.

Further stages in the modernisation and extension process underway at the OSB plant in Sanem since 2017 have been completed in the last few months. After production of the first board in November 2018, the new continuous forming and press line had still been used occasionally in alternation with the multi-opening plant. Production was then focussed on the new production line in January. The preparation plant for the recycling wood strands, used above all in the OSB core layer, was started up in spring. The second biomass-fired power station has been in operation since the end of June. Construction of the new finishing line on the site of the meanwhile dismantled multi-opening line is nearly complete. Production is scheduled to start in the next few weeks. A new warehouse is due to be built by the end of this year.

With the start-up of the continuous production line Kronospan implemented a new manufacturing concept for OSB. This line differs from the production method that is customarily used in the OSB industry particularly in terms of wood preparation and drying process. □

The fire in the wood yard was extinguished after two days. *(Photo credit: CGDIS)*

Louisiana-Pacific closing OSB mill in Fort St. John

(Photo credit: Louisiana-Pacific)

The US OSB manufacturer Louisiana-Pacific Corp., based in Nashville, Tennessee, closed its Peace Valley OSB mill in Fort St. John, British Columbia, indefinitely at the start of the third quarter of 2019. Jason Ringblom, Executive Vice President for OSB, said that the firm had taken this decision because of falling demand for OSB caused by declining housing starts, high wood costs and associated cost pressures. The closure of Louisiana-Pacific's biggest OSB mill is to adjust supply to reflect dwindling demand.

The Peace Valley mill was built in a joint venture with Canfor Corp., headquartered in Vancouver, British Columbia, and started operating in November 2005. Louisiana-Pacific and Slocan Forest Products Ltd., a Vancouver-based firm that Canfor acquired in April 2004, had originally established this joint venture under the Slocan-LP OSB Corp. name in June 2000. The project was shelved a short time later before being revived at the start of 2004. The 12-opening press supplied by Siempelkamp Maschinen- und Anlagenbau GmbH in a 12 x 34 ft (3,650 x 10,515 mm) format was the world's largest multi-opening press at the time when it was commissioned. According to Siempelkamp, the press was designed to have a capacity of 2,070 m³ per day and make OSB 6-32 mm thick. Louisiana-Pacific has been the mill's sole owner since May 2013.

Louisiana-Pacific lists Peace Valley's current capacity at 800m sqft (3/8" basis) or 710,000 m³. The group's second-largest OSB mill in Thomasville, Alabama, is designed to have a capacity of 725m sqft. All told, Louisiana-Pacific presently operates eight OSB mills in North America. These mills have a combined listed capacity of 4.515bn sqft or almost 4 m m³. Its siding

plant in Swan Valley, Manitoba, and LSL mill in Houlton, Maine, can also make standard OSB, if necessary. The Dawson Creek OSB mill in British Columbia was converted to make siding between November 2018 and March 2019 after an investment decision was taken in the fourth quarter of 2017; the rebuilt mill resumed operations at the end of the first quarter. The firm also has four other OSB mills in South America with a combined capacity of about 750 m sqft. Louisiana-Pacific's engineered wood product assets include three LVL/LSL mills with a combined capacity of 14.1 m ft³ (Golden, British Columbia: 4 m ft³, Wilmington, North Carolina: 4.6 m ft³, Houlton: 5.5 m ft³) and a site making I-joists in Red Bluff, California (80 m running ft). A 50/50 joint venture with Resolute Forest Products Inc., based in Montreal, Québec, can make another 140 m running feet of I-joists in St. Prime, Québec, and La Rouche, Québec. □

Louisiana-Pacific buys a siding supplier

The US OSB manufacturer Louisiana-Pacific Corp., based in Nashville, Tennessee, has acquired Prefinished Staining Products Inc. (PSPI), headquartered in Green Bay, Wisconsin. Founded in 1999, this company laminates siding products made by a variety of manufacturers for local distributors and lumber yards. PSPI runs a fully automated laminating plant in Green Bay, which has a total area of 40,000 sqft or roughly 3,700 m². In the future, it will be part of Louisiana-Pacific's Siding division.

According to a statement released on 3 June, the company feels that laminated siding products have considerable growth potential in the next five years. Until now, Louisiana-Pacific has only been active in Canada with its own solutions in this area. Its site in East River, Nova Scotia, makes laminated hardwood sidings under the CanExel brand. According to Louisiana-Pacific, the mill is designed to make 55m sqft (3/8" basis) each year. The company also works together with other laminating firms besides PSPI. These partnerships are to continue regardless of the acquisition. □

Paged to end plywood production in Elk

The Paged Group of Poland wants to concentrate its plywood production on the two facilities in Morag and Pisz in future. According to a release from the company on 21 June 2019, the Elk plant is to be closed down.

With roughly 220 employees and an annual production capacity of approximately 25,000 m³, it is the company's smallest plywood plant. Mostly medium and large-format birch plywood boards (5 x 8 ft and 5 x 10 ft) are produced here at present. These assortments are to remain in the portfolio but be produced in Morag and Pisz in future.

(Photo credit: Paged)

Production in Elk was supposed to be discontinued in August. The employees affected by the closure have been offered alternative employment at the Pisz facility or assistance with the search for a new job outside the company. Paged intends to transfer most of the plant and machinery installed at the Elk works to the remaining facilities. As the plans stand at the moment, the relocation process is scheduled for completion by the end of 2019.

Paged Sklejka S.A. of Morag, Poland, currently produces laminated and non-laminated birch and pine plywood in 2,500 mm x 1,250 mm and 4 x 8 ft formats. Production capacity amounts to around 130,000 m³ of plywood per year. The company had put a new production line for softwood plywood into operation in Morag in October 2015. In addition to conventional 1.5 mm veneers, 2.5 mm softwood veneers have been processed here since then. Blockboard is also manufactured in Morag. Birch and pine plywood assortments are manufactured in a variety of standard formats at "Sklejka-Pisz" Paged Sp. z o.o. in Pisz. The company gives the annual production capacity in Pisz as approximately 100,000 m³. Cut-sizes and CNC-machined products are produced at both facilities. Roughly 550 people are employed in Morag at present and another 650 or so in Pisz.

Besides the plywood works in Poland, Paged also operates a veneer works in Pärnu, Estonia, under the name of Valmos OÜ. 190 employees work here at present, mostly producing high-quality beech veneer. Valmos currently has an annual production capacity of around 30,000 m³. Another smaller-scale works exists in Bartoszyce, Poland, where core layers for blockboard are made.

Last year, Paged generated sales revenue of around €139m (136m), without taking into account blockboard production but including Valmos. This enabled the previous year's level to be exceeded slightly. □

Latvijas Finieris' sales revenue increased 9.5%

The birch plywood manufacturer Latvijas Finieris AS of Riga, Latvia, raised its consolidated sales revenue by 9.5% last year to €250.9m (2017: 229.1m). The group as a whole had an average of 2,665 (2,700) employees, roughly 2,200 (2,200) of whom worked at the facilities in Latvia.

Latvijas Finieris spent approximately €26m on expanding its facilities and developing new products in 2018. One of the focal points of the investment measures was the enlargement of production capacity for birch veneer at the "Likmere" works in Ukmerge, Lithuania, and in Sastamala, Finland. Preparatory measures were also initiated for the expansion project at the "Verems" plywood works in Rezekne, Latvia, which is to continue to be pushed forward this year.

Latvijas Finieris wants to concentrate more heavily on markets outside Europe again in future. In an initial step, the US subsidiary Riga Wood North America Inc. of Brookline, Massachusetts, was reactivated after having been founded in 2002 but mothballed some considerable time ago. □

30 Brazilian producers allegedly shipping improperly certified products to US

US plywood makers file suit against PFS-Teco, TPI and accreditation firm

The US Structural Plywood Integrity Coalition, which was founded by ten US plywood manufacturers, filed a case against two testing institutes PFS Corp. (Cottage Grove, Wisconsin) and Timber Products Inspection Inc. (Conyers, Georgia) as well as the accreditation firm International Accreditation Service Inc. (IAS, Brea, California) in front of the District Court for the Southern District of Florida in Fort Lauderdale on 5 September 2019.

The plaintiffs allege that the two testing institutes have falsely certified that 30 Brazilian plywood manufacturers comply with the US Voluntary Product Standard PS 1-09 for Structural Plywood. These manufacturers, which operate 35 mills in the states of Paraná and Santa Catarina, are able to export their products to the US as PS 1-09 compliant for use as structural plywood, even though compliance with the technical specifications is not guaranteed.

PFS, which has operated as a testing institute since 2015 under the name PFS-Teco Timber Products Inspection Inc., has certified 25 mills making structural plywood around the globe, 14 of which are located in the Brazilian states of Paraná and Santa Catarina. The first Brazilian certificate was issued in 2002. PFS-Teco's Brazilian customers include Indústria de Compensados Guararapes Ltda., which has two mills in Palmas, Paraná, and Santa Cecilia, Santa Catarina. TPI has only been active in Brazil since mid-2016. The company has now certified 21 mills making structural plywood in the country; the worldwide figure stands at 30 mills. They include three mills in Ibaiti (Paraná), Ventania (Paraná) and Palmas (Paraná) run by Industria de Compensados Sudati Ltda., and Repinho Reflorestadora Madeiras e Compensados Ltda. with a mill in Guarapuava (Paraná). According to the US Structural Plywood Integrity Coalition, Brazilian plywood producers have to use private testing institutes like PFS-Teco and TPI to certify their products because the APA-The Engineered Wood Association, based in Tacoma, Washington, only carries out this kind of testing for its members. The association, which operates testing laboratories in Tacoma, Washington, and Atlanta, Georgia, currently serves 66 plywood mills in the US and Canada.

APA stamp (Photo credit: Freres Lumber)

During a test run carried out in June 2018, the APA found that the majority of the Brazilian plywood it checked did not reach the technical specifications set forth in the standard, especially in regard to bending stiffness. A test series commissioned by the US Structural Plywood Integrity Coalition in June 2019 reached similar conclusions. Sources in the US plywood industry also have fundamental questions about the suitability of Brazilian pine plywood for structural applications. A variety of companies feel that plywood mainly made out of Loblolly Pine (Pinus taeda) and Slash Pine (Pinus elliottii), which largely comes from fast-growing plantations, does not meet certain technical specifications. The resulting product defects endangered US consumers, the plaintiffs believe.

Plywood imported into the US under fraudulent certificates was also allegedly causing more and more damage to the US plywood industry. Over the past four years, Brazilian softwood plywood exports to the US have more than tripled, according to the US Structural Plywood Integrity Coalition. Looking at the entirety of the US, Brazilian softwood plywood now has a market share of about 15%; this rate already exceeds 50% in some states like Florida. Import pressure caused by improperly certified structural plywood from Brazil had sent prices for PS 1-09 structural plywood falling by an average of US$50/1,000 sqft since September 2017. The ten plywood producers belonging to the US Structural Plywood Integrity Coalition have combined annual output of about 1.5bn sqft of PS 1-09 structural plywood. Companies had reportedly lost approximately US$150m in the past two years because of the US$50 price cut. If this trend continues, affected US plywood producers will have to reduce their output or cease manufacturing altogether. The US Structural Plywood Integrity Coalition is thus seeking preliminary and permanent injunctions against the testing institutes and accrediting company with the goal of revoking the certificates issued to Brazilian plywood manufacturers.

Background

Complaint of the U.S. Structural Plywood Integrity Coalititon

https://download.euwid-holz.de/193901.pdf

The ten companies belonging to the US Structural Plywood Integrity Coalition claim to operate a total of 15 plywood mills. Including other production activities, for instance veneer, LVL and lumber production operations, they have a total of 29 facilities employing 4,675 workers. □

Investments has been reduced, 100 Mile House mill closed and output scaled back

Norbord reacts on slowdown of North American OSB markets

The Canadian OSB manufacturer Norbord Inc., based in Toronto, Ontario, has reduced its investment activity slightly after largely completing projects in Grande Prairie, Alberta, and Morayhill, Scotland.

According to its interim report for the first half of the year, which was published on 1 August, the company invested about US$30m in each of the first two quarters in 2019. The company had spent about US$54m on boosting its manufacturing capacity in the second quarter of 2018; full-year investments reached US$204m (2017: 253m). The company has earmarked around US$150m for investments this year. Norbord's CEO Peter Wijnbergen said that this budget will likely not be used in full due to the slowdown on North American markets and falling earnings as a result.

Its single-largest projects are preparations for restarting the Chambord OSB mill in Québec and installation of a second strander and drying line in Inverness. Norbord's Board of Directors had approved £35m or US$46m for the expansion project in Inverness in January 2019. The final investment decision for the US$71m Chambord project was taken in July 2018. Norbord had already spent US$27m of this sum by the end of 2018, investing another US$13m in the first half. A total of US$40m had thus been allocated to the Canadian mill by the end of June. Norbord spent US$9m on Inverness in the first half.

Both projects entail installing a new drum dryer delivered by Büttner Energie- und Trocknungstechnik GmbH. The Chambord order was placed in December 2017; the additional dryer for Inverness was ordered in the first quarter of 2019. Work to install technology in Inverness started in the third quarter. The project is to be completed at the end of 2020. The expansion project is to boost the annual capacity of the mill, which is currently listed at 720m sqft (3/8" basis) or approximately 635,000 m³, by 225m sqft or 200,000 m³ to approximately 945m sqft or 835,000 m³.

Norbord closed its 100 Mile House mill in August. *(Photo credit: Norbord)*

Norbord responded to persistently challenging conditions in the OSB business by adjusting shifts at its site in Cordele, Georgia. The production schedule for Line 1 has been switched to a shorter 10/4 schedule until further notice with effect from 5 September. According to Norbord, this step decreased the group's available capacity by 12%. With two production lines, Norbord's biggest OSB mill has an annual manufacturing capacity of 1.040bn sqft (3/8" basis) or about 920,000 m³. The firm said that customers will not experience any disruption to their deliveries despite this adjustment.

Norbord had acquired the Cordele site from International Paper Co., based in Stamford, Connecticut, at the start of April 2002. At that time, the mill had a capacity of around 400m sqft per year with Line 1, which was commissioned in 1991. In 2006, the site gained a second production line. With a 16-opening press in an 8 x 24 ft format delivered by Siempelkamp Maschinen- und Anlagenbau GmbH, this line was originally designed to have an annual capacity of 550m sqft.

Norbord had closed its 100 Mile House OSB mill in British Columbia, which has an annual capacity of some 440m sqft, indefinitely in August. Customers served by this mill are now supplied by Norbord's other 11 North American mills, especially its Alberta mills in High Level and Grande Prairie. Unlike the production curtailment in Cordele, the company blamed this step mainly on longstanding problems with wood supply in the Cariboo region. Norbord said that these difficulties meant that it was no longer able to operate the mill profitably. In the past two years, forest fires and weather-related restrictions over the winter had compounded existing problems caused by a mountain pine beetle infestation that has lasted for more than a decade. □

Company exploring whether to add an LVL mill at a new site in Eastern Europe

Kronospan commissioned softwood plywood mill in Smorgon in August

The Kronospan Group opened its first softwood plywood mill in Smorgon, Belarus, during an event called Kronofest, which took place from 27 to 29 August.

The types of plywood made in Smorgon had been presented to potential customers at the Krono-Event in-house exhibition at its plant in Szczecinek, Poland, from 11 to 13 June. These customers will mainly come from the timber trade, which has so far received OSB, particleboard, MDF and refined products. Kronospan also plans to target companies in the plywood import trade.

According to a statement issued by the FEZ Grodnoinvest special economic zone where the Kronospan mill is located, plywood production is currently running in test mode. Capacity utilisation is set to reach 30-50% later on in the year. Doing business as LLC Ultra Ply, the plywood mill runs three shifts and employs some 120 people.

Construction of the buildings began in the second quarter of 2018. Work to install technology started in October 2018 and was largely finalised until June, with start-up slated for some time in the third quarter. Angelo Cremona S.p.A. was the main technology supplier. The order that Kronospan placed with Cremona during the first half of 2018 includes two peeling lines, the veneer dryer, presses and a laminating press that can coat up to 30% of its plywood output with phenol film. The sanding machine is being provided by Steinemann Technology AG. A German company provided the power plant. The Finnish company Raute Oyj has delivered an automated repair unit for veneers for this project. Holtec GmbH & Co. KG won the contract to provide roundwood conditioning systems. Four conventional log ponds and a conditioning line were installed at the new location. This technology will be used in plywood manufacturing for the first time with the order placed by Kronospan. The contracts awarded to Holtec, Raute, Steinemann and the power plant order were all handled via GIM Export Group GmbH & Co. KG which is also involved in financing the project.

Kronospan will primarily process pine at the new softwood plywood mill and use a smaller amount of spruce. Its manufacturing capacity stands at roughly 200,000 m³ per year. Unconfirmed reports suggest that about 100,000 m³ should be sold on the German market. In the start-up phase, the company wants to focus on making II/III and III+/III in a 2,500 x 1,250 mm format in a medium thickness. Its main use will initially be in packaging and non-structural construction areas, for instance as sheathing plywood. At a later date, construction applications will also be tapped through CE 2+ certification planned in a second stage. Plywood is to be sold under the Ultra Ply brand.

In the initial phase, Kronospan Szczecinek Sp.zo.o. is coordinating plywood distribution and will also operate a logistics centre for plywood. Smorgon will transport deliveries by railway; products will be delivered onwards to customers largely by heavy goods vehicles. Distribution structures in the different sales markets have not been completely clarified. Plywood products are part of the Kronobuild product area, which until now has comprised particleboard, MDF/HDF and OSB.

In the next investment phase, Kronospan intends to invest in an LVL mill at another site in Eastern Europe. Several options currently exist for this project, which are to be clarified as part of ongoing project planning work. Belarus, Russia and North-Eastern Poland are being discussed as potential venues. There are also several options when it comes to the scale of the project. Besides building a dedicated LVL mill, the company is also considering combining an LVL and plywood mill. Contracts to supply the technology should be placed before the year's end after project details have been settled. □

Particleboard and MDF/HDF mill in Smorgon (Photo credit: ITI Engineering)

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Production set to get up and running in Madison, Maine, in second half of 2020

GO Lab plans to reassemble Homatherm insulating panel line at former paper mill

The US start-up GO Lab LLC, based in Belfast, Maine, intends to start making wood-fibre insulating materials in Madison, Maine, by the end of 2020.

In April 2019, the company purchased one of two production lines from an insulating panel plant closed at the end of 2018 by Homanit Building Materials GmbH & Co. KG, headquartered in Berga, Germany. The line, which operated using the dry method, was originally delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau, based in Eppingen, Germany, and started operating in April 2009. GO Lab also bought a second-hand refiner from Modul Systeme Engineering GmbH, headquartered in Laufen, Germany.

The start-up is currently in talks with a number of European technology providers about delivering a fibre dryer and a line to make flexible insulating mats. GO Lab's CEO Josh Henry said that these talks are to be wrapped up in the next few weeks. At the same time, outstanding financing issues are to be resolved by November. GO Lab intends to invest some US$40m-50m in creating the new plant.

The new and second-hand technology is to be installed in a paper mill that the joint venture Madison Paper Industries closed at the end of May 2016. GO Lab bought the property for US$1.9m towards the middle of August 2018. Once the refiner and dryer are up and running, GO Lab intends to first make blow-in insulation starting in autumn 2020 at the facility, which will do business as Timber Pure Technologies (TPT).

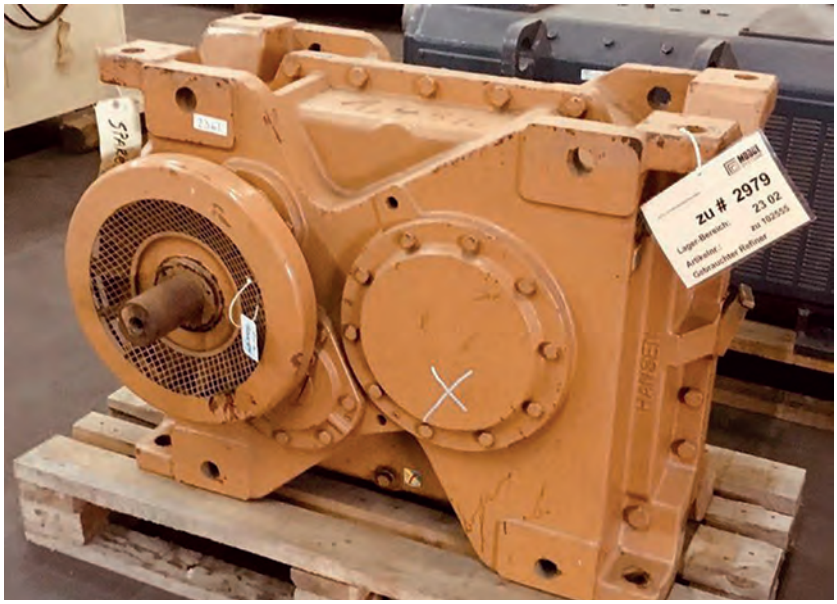
The completion of the two lines making insulating mats and panels will expand its portfolio to include insulation for between rafters and pressure-resistant panels by the end of 2020. According to GO Lab, Timber Pure Technologies will employ some 120 people and generate annual revenues of about US$70m when running at normal levels. Additional investment plans provide for installation of a second refiner and a second dryer by the year 2023. Revenues are set to climb to about US$90m once this technology is online.

Madison Paper stopped production in May 2016. *(Photo credit: Madison Paper)*

GO Lab tasked Kurt Schuhmacher Industriemontagen GmbH & Co. KG, a company specialising in assembly and rebuilding projects in the wood-based panel industry headquartered in Neukirchen-Vluyn, Germany, with dismantling, moving and reassembling the Dieffenbacher insulating panel line. Dismantling of the production line and its downstream final assembly systems, including a partition saw and a packing station, has already been completed. This technology is currently in interim storage at the port of Bremen. Reassembly in Madison is to commence in spring 2020; restart is slated to happen by the end of 2020.

According to GO Lab, its production capacity for pressure-resistant panels will stand at about 6 t per hour. Earlier information suggests that the line can make raw densities between 100 and 200 kg/m³ and single-layer panels 20-240 mm thick with a homogenous structure. Alongside installing the insulating panel line, the firm will also add an insulating mat line, which will reach an hourly capacity of 3-6 t, depending on what it is making. GO Lab intends to have an hourly insulating flake capacity of almost 4 t. In the first phase, GO Lab will exclusively use wood chips sourced from local chipping mills and sawmills. Its demand for wood is presently listed at close to 200,000 t per year. The company intends to invest in its own wood chip production technology as part of the scale-up.

Wood-fibre insulating materials made in Madison, which is located around 100 km west of Bangor, are to be sold under the EM Pack (blow-in insulation), EM Board (pressure-resistant panels) and EM Batt (insulating mats) names. The company will concentrate its sales efforts on the North-East of the US and neighbouring regions in Canada. Other regions will be



GO Lab bought a second-hand refiner from Modul. *(Photo credit: GO Lab)*

served in the future by creating additional production sites. GO Lab has sourced insulating panels and insulating mats from Homatherm for the launch; after production ceased in the fourth quarter of 2018, deliveries switched to other European producers like Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG, based in Waldshut-Tiengen, Germany and Steico SE, headquartered in Feldkirchen, Germany.

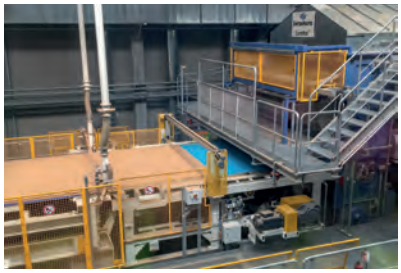
In March 2017, Homann Holzwerkstoffe GmbH, based in Herzberg, acquired the Homatherm insulating material plant as part of insolvency proceedings launched in October 2016 and renamed it Homanit Building Materials. Its portfolio includes flexible insulating mats ("holzFlex", "flexCL"), pressure-resistant insulating panels ("UD standard", "UD protect", "USD protect", "HDP standard", "HDP protect", "TS protect", "ID standard" and "WF classic"), insulating flakes ("fineFloc"), insulating systems (roof insulation, insulating beams) and thermal insulation systems ("EnergiePlus"). Both wood fibres and recovered paper are used to make insulating materials. In September 2018, Homann Holzwerkstoffe decided to cease production by the end of 2018 due to persistent losses. Homann Holzwerkstoffe has shifted its focus to thin MDF/HDF panels and refined products for use in the furniture and door industry made at its facilities in Losheim (Germany), Karlino (Poland) and Krosno (Poland) with its withdrawal from the insulating materials business.

The refiner, dryer and an insulating mat line commissioned in 1994 were sold to a European insulating panel producer, according to unconfirmed reports. The insulating mat line, which was delivered by Grenzebach BSH GmbH, based in Bad Hersfeld, Germany, and operated using the dry method, was initially set up for cellulose fibres. With additional investments starting in 2000, though, its feedstock was expanded to include wood fibres. The premises in Berga were acquired by Ante Holding GmbH, based in Bromskirchen-Somplar, Germany, in summer 2019. The latter firm intends to build a plant to make cross-laminated timber there.

The former Madison Paper Industries paper mill where GO Lab plans to create the insulating materials site had made SC paper until the 600,000 sqft site closed. Madison Paper, which had an annual capacity of some 195,000 t with one paper machine and a staff of about 210 workers, was a joint venture between UPM-Kymmene Corp., based in Helsinki, and the New York Times subsidiary Northern SC Paper Corp., headquartered in New York. The closure, which was blamed on an unexpectedly strong slump in demand for SC paper starting in 2015, also entailed the sale of hydropower plants in Madison to Eagle Creek Renewable Energy LLC, headquartered in Morristown, New Jersey, at the end of July 2017. New Mill Capital Holdings had acquired the property and the remaining assets at the site in December 2017. Following its October 2018 sale of the paper machine, which was originally delivered by Valmet Oyj, to a Chinese group, New Mill Capital Holdings had forged ahead with selling the complex and initially aimed to secure a purchase price of US$2.5m. □

The Homatherm plant in Berga was equipped with two production lines. *(Photo credit: Homatherm)*

Egger starts up Biskupiec particleboard mill



First board in Biskupiec *(Photo credit: Egger)*

The Egger Group commissioned a particleboard mill that it built in Biskupiec, North-East Poland after receiving an outstanding IPPC permit. With a designed annual capacity of 650,000 m³, raw particleboard production has been ramped up since the start of July 2019. The two short-cycle presses got up and running later on in July. Technology installation work was largely completed in the fourth quarter of 2018, allowing the first board to be made in November.

However, the company had to repeatedly delay the start-up of regular manufacturing since it did not have a permit under the Industry Emissions Directive 2010/75/EU (Integrated Pollution Prevention and Control IPPC). These delays were primarily caused by the fact that more time was needed to review comments submitted during a public consultation. The permit needed to operate the facility was ultimately issued on 28 June.

In the next phase, Egger is currently installing a worktop line in Biskupiec. Following commissioning the line is to ramp up operations during the fourth quarter. In contrast to worktop production at the headquarters in St. Johann, which is geared relatively flexibly to supplying industrial customers and trading companies, the new worktop line in Biskupiec is to produce mainly large batch sizes for the kitchen-furniture industry. □

16 Egger Haus showrooms opened by end of April

In cooperation with its sales partners, the Egger Group of St. Johann, Austria, had opened a total of 16 new "Egger Haus" showrooms in Argentina by the end of April 2019. The remaining 40 facilities are also to be switched to the new brand in the current business year 2019/2020 (30 April). The total of 56 showrooms had previously been assigned to the franchise-like "Placacentro" network that Egger had taken over in the course of the acquisition of Concordia particleboard and MDF works in the province of Entre Ríos of Maderas y Sinteticos S.A. (Masisa) of Santiago de Chile that was concluded at the end of September 2017. Like the existing Placacentro branches, the new Egger Haus showrooms are being operated by a total of 42 independent trading companies.

The first Placacentro facility was switched to the Egger Haus concept by Roberto Gentile S.A. in October 2018. This was followed in mid-December by the Egger Haus of Diac Distribuidora of Rosario. Another eight sales partners were involved in the 14 switches that followed. The companies Madera Pinar and Maxit each refitted three facilities. The following Egger Haus showrooms existed in Argentina at the end of April: EH Gentile (Rio Cuarto, Córdoba), EH Pinar (Quilmes, Gran Buenos Aires), EH Diac (Rosario, Santa Fe), EH Maxit (San José, Entre Ríos), EH Pinar (Berazategui, Gran Buenos Aires), EH Pinar (Florencio Varela, Gran Buenos Aires), EH Linke (Villa Crespo, Buenos Aires), EH La Casa del Carpintero (San Rafael, Mendoza), EH La Casa del Carpintero (Mendoza), EH Maxit (Concordia, Entre Ríos), EH Maxit (Concepción del Uruguay, Entre Ríos), EH Aglomar (Mar de Ajo, Buenos Aires), EH La Merced (Rio Gallegos, Santa Cruz), EH Amiano (Rosario, Santa Fe), EH Maderas Misiones (Mar del Plata, Buenos Aires), and EH Linke (Benavidez, Gran Buenos Aires).

The Egger Haus showrooms provide an overview of the Egger Group's whole range of products and services in the areas of decorative wood-based panels, construction products, and flooring. There are also separate exhibition areas for cooperation partners, such as the fittings manufacturer Häfele GmbH & Co. KG of Nagold, Germany. □

Egger intends to buy a stake in Cleaf in medium term

The Egger Group and the Italian laminating firm Cleaf S.p.A., based in Lissone, entered into a sales partnership in the middle of September 2019. In a first step, Egger will add a total of 27 Cleaf products to the Egger Kollektion Dekorativ portfolio when it changes its collection in six countries in February 2020. Under the brand "Cleaf presented by Egger" Egger will start selling out of the three product groups laminated board with special textures, laminates and edgebanding nine decors each with matching Cleaf decors and textures in Germany, Austria, Switzerland, Poland, Czech Republic and Slovakia. Egger intends to supplement its own portfolio with the speciality products made by Cleaf. Cleaf hopes that the integration of its own products into Egger's distribution network will give it better access to international projects. The two companies said that the sales partnership is the first step in a more extensive partnership, which may lead to Egger acquiring a minority stake in Cleaf in the medium term.

Cleaf serves industry either directly from Italy or through representatives. When working with the trade, the company partners with importers, wholesalers and agents on a variety of markets. Cleaf was originally represented in Germany by Enno Roggemann GmbH & Co. KG, headquartered in Bremen. HolzTec GmbH, based in Werl, was brought on board as an additional sales partner in 2016. HolzTec has since listed about 50 decors as the "HolzTec by Cleaf" stock programme. In Switzerland, Cleaf works in the retail business with Kuratle & Jaecker AG, based in Leibstadt, which sells Cleaf products under the "professional by Cleaf" name. The JAF Group, headquartered in Stockerau, Austria, had sold Cleaf products under the name "Emotion by Cleaf" in Austria, Czech Republic, Slovakia, Hungary, Bulgaria, Slovenia and Serbia. However, Cleaf's list of current distribution partners only features JAF Holz spol. s.r.o., based in Vyskov, for the Czech market. In Poland, business with merchants is handled via Forner Sp.zo.o., headquartered in Lublin. According to Cleaf's latest list, Cleaf does not have any distribution partners in Austria and Slovakia at the moment. □

District Court rules that damages are permissible

In a case under way since December 2012, the Düsseldorf District Court once again described the merits of claims for damages that Classen Group, based in Kaisersesch, Germany, is seeking from Pfleiderer Baruth GmbH as permissible. The magnitude of the related payments must be determined at a separate hearing. The companies involved were notified of this decision on 9 August 2019. Classen is seeking damages of €55.4m plus interest for MDF/HDF and particleboard that Pfleiderer delivered to a number of Classen entities at excessively high prices. The firm said that it had not set aside any reserves to cover these claims.

This case is connected to Pfleiderer Baruth's involvement in a wood-based cartel that was uncovered in 2009. In an anti-trust investigation carried out by the German Federal Cartel Office between the start of 2009 and September 2011, four companies - Glunz AG (Meppen), Pfleiderer AG (Neumarkt), Kronoply GmbH (Wittstock-Heiligengrabe) and Rauch Spanplattenwerk GmbH (Markt Bibart) were fined a total of €42m for colluding on particleboard, MDF/HDF and OSB prices between 2002 and 2007.

A number of buyers subsequently brought actions for damages against companies involved in the cartel. The Classen Group had filed its case against Pfleiderer Baruth GmbH, which back then did business as Pfleiderer Faserplattenwerk Baruth GmbH, on 20 December 2012. In an initial ruling issued on 11 December 2018, the District Court found that Classen's claims were essentially justified, but the exact magnitude must be determined separately. Another oral hearing on 14 February sought to examine whether a decision about the case's permissibility can be made without determining exact damages. Both Pfleiderer and Classen had subsequently laid out their positions in written statements. Originally slated for 18 April, the date of the decision was subsequently pushed back to 27 June.

The final hearing took place in March in a case that Oeseder Möbelindustrie Mathias Wiemann GmbH & Co. KG, headquartered in Georgsmarienhütte, Germany, brought against Glunz AG, based in Meppen, Germany, in December 2012. An oral hearing was planned for August, but has since been postponed. Pfleiderer joined this case as an intervening party. □

New short-cycle press up and running in Grajewo

Pfleiderer Group S.A., based in Wroclaw, Poland, has more than doubled laminating capacity at its Grajewo mill to about 30m m² per year by commissioning a new short-cycle press. Delivered by Wemhöner Surface Technologies GmbH & Co. KG, headquartered in Herford, Germany, with an hourly capacity of 240 press cycles, KT 11 can laminate about 15m m² of particleboard and MDF, according to Pfleiderer. It can also make single-sided and double-sided synchronised pores. The new press will also considerably expand its spectrum of sizes. Besides the standard format of 5,600 x 2,100 mm and 2,800 x 2,100 mm, it can also laminate other sizes, such as 4,200 x 2,100 mm and 3,600 x 2,100 mm. Once KT 11 has ramped up operations, Pfleiderer will shut down its existing KT 3 short-cycle press in Grajewo, which was only able to laminate smaller sizes, such as the old 2,500 x 1,830 mm standard format.

Pfleiderer said that it has invested €8.5m in installing the new short-cycle press. The investment is thus one of the biggest single projects in the current financial year. When running at full speed, the line is to have an annual impact on EBITDA of roughly €3m. □

Nolte waste wood line running three shifts

Nolte Holzwerkstoff GmbH & Co. KG, based in Germersheim, Germany, wrapped up the installation of a waste wood line delivered by Dieffenbacher GmbH Maschinen- und Anlagenbau, based in Eppingen, Germany, at the start of the third quarter of 2019. The first test runs began in July. Waste wood processed using the line has been fed into particleboard production since the start of September. At the same time, the line switched to three-shift operations on 5 September. Optimisation work currently in progress is set to be completed by the end of September. The line is to run at its full speed of 28 t per hour from this date.

(Photo credit: Nolte Holzwerkstoff)

Nolte Holzwerkstoff said that it had invested some €10m in installing the new waste wood line, which replaced an existing line with an hourly capacity of 10-15 t. These plans had been afoot since Echo Büromöbel Vertrieb GmbH & Co. KG, based in Germersheim, acquired the particleboard producer from Nolte SE in August 2016. The final investment decision was made during 2017. Final project planning work culminated in technology orders being placed in April 2018. The order placed with Dieffenbacher included both the line and steel structure and assembly services. Construction work commenced in November 2018, with technology assembly beginning in March 2019.

Nolte Holzwerkstoff thinks that the new waste wood line will raise its waste wood utilisation rate from 20-25% at the moment to more than 50%. Up to 60% waste wood is to be used in certain products.

A few products, especially those used in construction, will continue to be made solely out of fresh timber. The A I and A II category waste wood needed, which will primarily be sourced from the Rhein-Neckar area, will undergo a multi-stage cleaning process at the new line to remove ferrous and non-ferrous metals, minerals and lightweight fractions, such as plastic. Cleaned wood chips will then be turned into wood shavings using five existing flake-ring flakers at its Germersheim mill. □

Finsa reports mixed trends in revenues and EBITDA

The Spanish wood-based panel manufacturer Financiera Madereira S.A. (Finsa), based in Santiago de Compostela, generated revenues of €916m (2017: 870m) in the 2018 financial year, an improvement of 5.3 (9.0) % compared to the preceding year. However, recurrent EBITDA slipped 15.2% to €111.7m (131.7m) and the recurrent EBITDA margin fell to 12.2 (15.1) %, according to a report in the daily newspaper La Voz de Galicia. By way of explanation, the firm primarily blamed higher energy and staffing costs. Operating income dropped 37.9% to €78.7m (116.6m), while net income fell 9.5% to €70.3m (77.7m).

However, Finsa reaped the rewards of a variety of extraordinary factors in the 2017 financial year, including the sale of a 60% stake in the decor printer Decotec Printing S.A.U., based in Tordera, Spain, to the Japanese printing group Toppan Printing Co. Ltd., headquartered in Tokyo. In 2016, Finsa generated revenues of €798m, falling below 2015's total of €817m after growing in the two previous years. Adjusted EBITDA had reached €119.2m in 2016, according to the financial newspaper Economia Digital (margin: 14.9%). Operating income reached €91.7m, while net profits were listed at €70.5m.

Finsa reported having employed a total of 3,347 (3,251) workers in the 2018 financial year. Investments increased slightly to roughly €80m (76.4m). □

Kronospan Group to build a second mill in Ukraine

The Kronospan Group intends to build a new mill in Gorodok in the region of Rivne by 2021, according to a report from the Ukrainian investment agency InvestInRivne. Talks held by Kronospan and InvestInRivne since February 2018 led to this declaration of intent by the start of July. InvestInRivne reported that Kronospan wants to invest about €200m in creating the new site. The company has been active in Ukraine since 2004 with a particleboard mill in Novovolynsk in the region of Volyn, which does business as Kronospan UA. This mill is currently adding an OSB line.

The Novovolynsk mill is located close to the border with Poland. The new site in Gorodok is about 160 km farther to the east. LLC Swisspan Ltd., which is part of the Swiss investment firm Sorbes Management AG, operates a particleboard mill in Kostopil, about 40 km north of Gorodok. □

EBRD issues a €116m loan for Kronospan OSB project

The European Bank for Reconstruction and Development (EBRD) is providing a €116m loan for Kronospan's project to add an OSB line to its particleboard mill in Novovolynsk, Ukraine, which does business as Kronospan UA LLC. Some €50m of this loan will be syndicated to the Austrian banks Raiffeisen Bank International AG and Raiffeisenlandesbank Oberösterreich. The EBRD had published the project summary document (PSD) for the investment project planned by Kronospan on 22 March 2019.

The EBRD listed the total project volume at €168m, some €116m of which will be covered by the EBRD loan and €52m of which will come from Kronospan's own funds. The €116m loan breaks down into €75m to install the OSB line and €41m to improve the balance sheet structure of Kronospan UA, which is part of Kronospan Holdings plc, based in Nicosia, Cyprus.

According to the EBRD project report, Kronospan wants to use a multi-opening press for the OSB project in Novovolynsk. It is to have an annual capacity of some 280,000 m³. Unconfirmed reports suggest that this line will come from Kronospan's mill in Sanem, Luxembourg, which was replaced by a continuous press by the end of 2018. Strands are to be dried using a directly heated dryer, which will be heated by a 45 MW biomass power plant. A wet electrostatic filter will also be installed. □

EBRD to make €208m available to Kronospan

The European Bank for Reconstruction and Development (EBRD) is currently reviewing whether to provide two loans with a total value of €208.8m to the Belarusian firms Kronospan FLLC, based in Smorgon, and Kronospan OSB FLLC, headquartered in Mogilev. Roughly €40m of the total sum is to be syndicated to commercial banks. The loan will be split into €85m in EBRD A loans for upgrade projects planned in Smorgon and Mogilev, another €83.8m EBRD A loan to refinance existing EBRD liabilities and a €40m EBRD B loan to refinance investments in the Smorgon plant. The EBRD issued the loans that are now up for refinancing between 2011 and 2014.

The EBRD published the project summary documents (PSD) containing more information about the loan applications on 19 June; a decision was supposed to be taken by 24 July. Two loan applications were filed for the total sum of €208.8m. Some €124.2m is to be made available for Kronospan FLLC under EBRD project number 50752. The €84.6m for Kronospan OSB FLLC is being reviewed under project number 50751.

The €85m envisaged for future investments breaks down into €40m for the Smorgon particleboard and MDF/HDF mill and €45m for the Mogilev OSB mill. OSB capacity is to be raised, the plant's infrastructure improved and logistics expanded with the measures planned in Mogilev. Logistics projects include building a railway connection and other access roads as well as sourcing railway wagons. By expanding its logistics, Kronospan should be able to raise OSB exports, including to North and South America and Asia. In Smorgon, the company plans to raise capacity at the particleboard mill, improve plant infrastructure and attract furniture producers ('Furniture Cluster'). Within the Kronospan Group, Kronospan FLLC and Kronospan OSB FLLC are both assigned to Kronospan Holdings East Ltd., based in Nicosia, Cyprus. □

Starwood: Dieffenbacher line up and running

The Turkish wood-based panel manufacturer Starwood Orman Ürünleri Sanayi A.S. made the first board using a new continuous production line commissioned at its headquarters in Inegöl in Bursa province on 9 July. This contract had been awarded to Dieffenbacher GmbH Maschinen- und Anlagenbau during the second quarter of 2018. It included the glueing system with glue preparation and dosing, a four-head forming station with windformers and additional roller screens, a CPS+ including a press exhaust system and final assembly with an automated board storage system and the sanding line. With a 35-metre-long continuous press, the line will primarily make thin board 6-8 mm thick and have an annual capacity of about 460,000 m³.

The new technology replaces a Dieffenbacher line commissioned in 1991. The group has since expanded the site with lines delivered by Siempelkamp Maschinen- und Anlagenbau GmbH. Two particleboard lines with continuous presses in dimensions of 8 ft x 23.5 m and 6 ft x 47 m were first installed in 1995 and 2004. Together with the existing Dieffenbacher line, these lines had last reached daily capacity of up to 4,000 m³, according to Starwood. The firm started making MDF in the second half of 2008 by commissioning a thin MDF line. In April 2016, Starwood commissioned an MDF line using a 7 ft x 55.3 m continuous press designed to make furniture board. The group listed the two MDF lines' capacity at roughly 2,000 m³ per day or approximately 660,000 m³ per year.

Opening of the new particleboard line *(Photo credit: Dieffenbacher)*

Starwood said that it now operates 12 short-cycle presses in Inegöl and at the headquarters of its Star Arge subsidiary in Batumi, Georgia. Last year, the company also started making laminate flooring in Inegöl using a profiling line with an annual capacity of some 10m m² delivered by Homag Holzbearbeitungssysteme GmbH. Starwood's downstream refining systems at its headquarters include a printing and coating line. The firm also has its own adhesive/impregnating resin and melamine film manufacturing capacity. While Starwood primarily uses the adhesive/impregnating resins it makes in-house, it also sells melamine film to external customers. □

Altailes enters WBP production business

The Russian group Altailes, based in Barnaul, officially opened an MDF/HDF mill built by its subsidiary Pavlovskiy DOK at the end of June. It had previously made the first board in early April at the site in Pavlovsk, which is about 170 km south of Novosibirsk. Founded in 2007 when several wood industry firms joined forces, Altailes has thus made its first foray into the wood-based panel manufacturing business as a result. The original timetable has been pushed back considerably since original plans were made public in spring 2017. When preparatory construction work began, the company had aimed to commission the mill in July 2018.

With a designed annual capacity of 250,000 m³, the line is to make MDF/HDF 2.5-40 mm thick, primarily for sale in Russia and China. The firm ordered technology from drying to final assembly systems from Siempelkamp Maschinen- und Anlagenbau GmbH at the end of November 2016. The technology provided by Siempelkamp included the screen, an Ecoresinator resin blending system, the forming and press line with a 9 ft x 30.4 m ContiRoll press, including cooling/stacking technology, an automated intermediate store, the sanding line and cut-to-size technology. Büttner Energie- und Trocknungstechnik GmbH provided the energy generation unit with a 50 MW solid fuel firing system. Siempelkamp's Belgian subsidiary Sicoplan NV handled overall planning. Holtec GmbH & Co. KG delivered the lumber yard with debarking and disc chipping technology, while Andritz AG won the contract to supply the refiner.

The Altailes Group has been active in areas including lumber production up until now. It now encompasses 17 companies employing a total of about 4,500 workers. The company had previously said that it had sawmilling capacity of approximately 1.7m m³ per year, including 1.2m m³ softwood and 500,000 m³ hardwood. Its last major investment projects took place in 2011 and 2012 when it completed major sawmills in Kamensk (capacity: 240,000 m³/year) and Rubzovsk (capacity: 450,000 m³/year). Besides making lumber and refined lumber elements, Altailes also manufactures building products such as windows, doors and staircases and is active in timber construction. □

Borg using Siempelkamp MDF line for replacement

The furniture supplier and laminating firm Borg Manufacturing Pty. Ltd., based in Somersby, New South Wales, has ordered a forming and press line to make MDF/HDF at its mill in Oberon, New South Wales from Siempelkamp Maschinen- und Anlagenbau GmbH. In addition to the forming station and an 8 ft x 18.8 m ContiRoll, the contract includes a compactor and connection to an existing high-bay warehouse. The new line is to replace a multi-opening press originally delivered by Washington Iron Works (WIW), which was closed quite some time ago. The fibre preparation system upstream of the multi-opening press, with the refiner, dryer, and power plant, will be retained and modernised as part of the overall project. The new machinery is to be delivered during the third quarter of 2020. Commissioning is slated to happen in the second half of 2021. According to Siempelkamp, Borg mainly intends to use the new production line, which will be equipped with a Lightboard package and designed to have a daily production capacity of about 400 m³ with products 1-25 mm thick, to make speciality products. The portfolio of products made by the two continuous MDF/HDF lines running at the site should thus focus even more on standard board. Metso Panelboard, headquartered in Helsinki, Finland, and Siempelkamp delivered the key components of both lines, which started operating in 1987 and 1996 and have a total annual capacity of some 260,000 m³.

Borg had acquired the Oberon site, which used to specialise solely in MDF/HDF, from the Carter Holt Harvey Ltd. (CHH) subsidiary Carter Holt Harvey Woodproducts Australia Pty. Ltd. in March 2010, marking its first foray into wood-based panel production too. At the end of 2018, the company also commissioned a new particleboard line in Oberon, which was handed over at the end of May. Borg had ordered a forming and press line and final assembly systems from Siempelkamp for this project in the second quarter of 2016. The front end and dryer were ordered from other suppliers. In addition to installing the new particleboard line, the project also entailed modernising one of the two MDF lines. □

Swiss Krono commissions MDF/HDF mill

MDF/HDF plant in Barnwell (Photo credit: Swiss Krono)

Swiss Krono Group made the first panel at its site in Barnwell, South Carolina, which does business as Swiss Krono LLC, on 24 August 2019. This step took place around one year later than originally planned. When the final investment decision was announced in mid-December 2015, the firm had expected to commission the mill in summer 2018. Construction work was then delayed several times, meaning that work to assemble technology at the new facility with a covered area of 32,500 m² was not completed until August.

With an initial designed annual capacity of 280,000 m³, the MDF/HDF line will mainly supply raw board to a laminate flooring mill that opened in 2005. After Swiss Krono began preparatory construction work in mid-July 2016, it awarded the contract to deliver technology to the Siempelkamp Group in August. Siempelkamp Maschinen- und Anlagenbau GmbH delivered parts of the wood preparation systems, the forming and press line with a 10 ft x 30 m ContiRoll press and final assembly systems. The press was set up to be extended to 39 metres at a later date. The fibre dryer and energy plant were delivered by Büttner Energie- und Trocknungstechnik GmbH. Pallmann Maschinenfabrik GmbH & Co. KG delivered a disc chipper and the refiner. In the first phase, it is equipped with 58" grinding discs that can later be upgraded to 64".

The latest information suggests that Swiss Krono has invested some €250m in building the mill. The firm had originally expected to invest €230m.

Alongside installing the raw MDF/HDF line, the company also added a fourth profiling line to its laminate flooring mill. Commissioning of this line, which boosted laminate flooring capacity from 25.5m m² to about 33m m² per year, took place in the third quarter of 2018. □

Duratex's Botucatu works due for permanent closure

The wood-based panel manufacturer Duratex S.A. of São Paulo will be permanently closing down the Botucatu MDF/HDF site in São Paulo geared to an annual capacity of roughly 400,000 m³. The plant was shut down indefinitely at the end of November 2018 and, on the basis of the plans at that time, was to be modernised during the period of downtime, which had been given as at least one year at that time. The temporary stoppage of MDF/HDF production in Botucatu was compensated for by resuming operation of the MDF/HDF plant in Itapetininga in São Paulo. This mill has been operating at its full annual capacity of 500,000 m³ again since the fourth quarter of 2018. The production line in Itapetininga shut down indefinitely in December 2015 resumed operation in April 2018. Duratex says this is why the final closure will not have any effect on availability.

The plant in Botucatu went into operation in 2002 with an 8 ft x 50.1 m continuous press supplied by Siempelkamp Maschinen- und Anlagenbau GmbH. The three hardboard plants at the site, geared to a total annual capacity of 200,000 m³, were sold to Eucatex S/A Indústria e Comércio of São Paulo with effect from 31 August 2018.

In connection with the divestment decision for Botucatu, Duratex had sold forest areas in the centre of the state of São Paulo to Turvinho Participações Ltda. and Bracell SP Celulose Ltda. in September. These sales are scheduled for completion before the end of the fourth quarter when the agreed terms, including approval from the Brazilian competition authority CADE, have been fulfilled. □

Arauco to stop producing particleboard in St. Stephen

Arauco North America is to cease particleboard production at its Canadian site in St. Stephen, New Brunswick, at the end of 2019. The company blamed this decision on cost disadvantages compared with more modern facilities, high energy costs and its distance to key sales markets. Identical media reports indicate that workers were informed of the decision at a meeting on 21 August. The plans will hit up to 75 of about 250 workers at the location. An MDF plant at the same location is not affected by the decision.

The mill formerly owned by Flakeboard Co. Ltd., based in Markham, Ontario, has two HydroDyn presses supplied by the firm then known as Bison Werke GmbH & Co. KG to make raw particleboard. Recent information suggests that these presses can make 160,000 m³ MDF or 216,000 m³ particleboard each year. Arauco North America also operates a second MDF mill in Canada, which has an annual capacity of 310,000 m³. Both sites also have coating assets. By contrast, the firm had recently increased its US capacity substantially with its start-up of a new particleboard mill in Grayling, Michigan (annual capacity: 800,000 m³), in the first quarter. Arauco North America now has four MDF mills (annual capacity: 1.000m m³) and four particleboard mills (annual capacity: 2.104m m³) in the US.

St. Stephen site *(Photo credit: Arauco)*

The group also plans to boost its downstream converting capacity by acquiring the moulding producer Prime-Line Inc., based in Malvern, Arkansas. Arauco North America announced this transaction on 22 August. The transaction was set to close on 3 September.

Prime-Line has operated production assets in direct proximity to Arauco North America's Malvern MDF/HDF mill since 2014. With a total area of 100,000 sqft or roughly 9,290 m², the company runs three profiling lines with an installed capacity of approximately 135,000 m³ per year. In the past, it had mainly processed MDF delivered by Arauco North America. Besides mouldings, its portfolio also includes Prime Craft MDF doors. Its activities are to continue with the same team and the Prime-Line name in the future. Arauco North America expects to derive synergy effects for both firms because of the acquisition and direct proximity of the mills. □

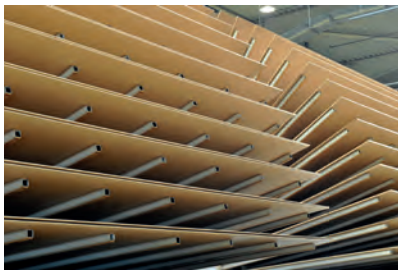
Centuryply: MDF mill running at full speed

An MDF mill operated by the Indian wood-based panel and laminate producer Century Plyboards Ltd. (Centuryply), headquartered in Kolkata, West Bengal, reached full capacity for the first time in the first quarter of its current 2019/2020 financial year (31 March). The MDF division's sales thus shot up by 39% compared with the same quarter last year to 41,177 (April-June 2018: 29,659) m³. Laminated MDF sales (+70% to 5,792 m³) rose much more than raw board sales (+35% to 35,385 m³). In mid-2017, Centuryply entered the MDF manufacturing business with a continuous production line in Hoshiarpur, Punjab (annual capacity: 200,000 m³). The firm had then started making laminated MDF at the site in the same quarter last year. □

Greenply Industries hives off its MDF division

The Indian wood-based panel manufacturer Greenply Industries Ltd., headquartered in Tinsukia, Assam, completed the spin-off of its MDF activities towards the middle of July 2019. The Board of Directors had approved this action at the end of May 2018. Shareholders - which received one share each in the new firm Greenpanel Industries Ltd. when the deal closed - backed the transaction in February. The National Company Law Tribunal (NCLT) ultimately gave the green light to this move at the end of June. □

Vietnam investigating anti-dumping measures



(Photo credit: EUWID)

The Vietnamese Ministry of Industry and Trade (MoIT) launched a process to investigate and apply anti-dumping measures to MDF imports from Thailand and Malaysia at the start of the second quarter of 2019. According to the decision, which was published on 16 April under case reference 940 / QD-BCT, the investigation was launched following a petition from four MDF producers.

The companies in question are VRG Dongwha MDF JSC (Minh Hung, Binh Phuóc Province), a joint venture founded by the state-owned producer Vietnam Rubber Group (VRG Ho Chi Minh City) and the South Korean wood-based panel manufacturer Dongwha Holdings Group (Seoul), two VRG subsidiaries VRG Kien Giang MDF JSC (Chau Thanh, Kien Giang) and VRG Quang Tri MDF JSC (Dong Ha, Quang Tri) and the MDF producer Kim Tin MDF JSC (Tân Phú, Binh Phuóc). The MoIT estimates that these four companies account for 69% of Vietnam's total MDF production. In a letter dated 16 October 2018, the petitioners had assumed that imports from Thailand and Malaysia would be subject to dumping ranges of 50.6% and 18.59% respectively.

The companies submitted additional documents by 27 January at the request of the Department of Trade Protection (PVTM) at the MoIT. Based on these documents and its own investigations, the PVTM recommended that the MoIT review anti-dumping measures. According to a statement published on 2 May, the MoIT then urged foreign producers and exporters to submit comments by 7 June. The statement indicates that preliminary actions could be taken if needed, which will apply for 90 days retroactively like the outstanding final actions. □

Slower increase is due to delays with several current investment projects and to divestments

North America: CPA predicts slower increase in capacity of composite panels

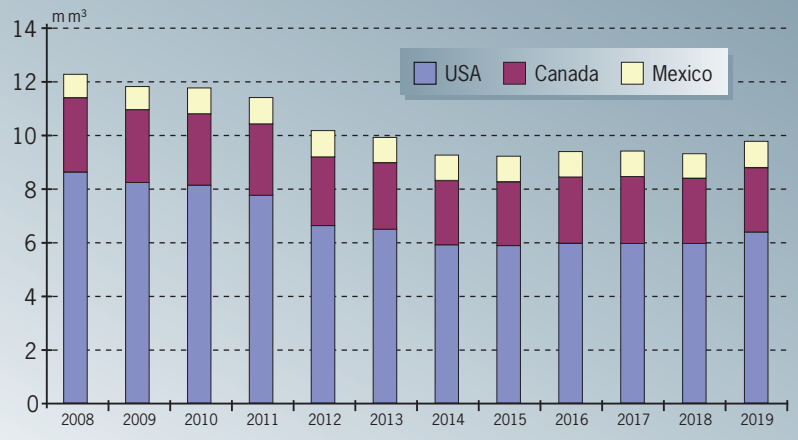
North American composite panel production capacity is set to increase by 4.3% to 16.923m m³ this year, according to capacity statistics from the Composite Panel Association (CPA), based in Leesburg, Virginia.

By way of comparison, capacity was just shy of the previous year's level at 16.229m m³ in 2018. The CPA believes that particleboard capacity will rise by 4.9% to 9.749m (2018: 9.292m) m³ this year. This figure breaks down into 6.362m (5.545m) m³ in the US, 2.389m (2.389m) m³ in Canada and 997,000 (958,000) m³ in Mexico. MDF/HDF capacity is poised to climb 4.0% to 6.264m (6.025m) m³. This growth is solely occurring in the US where the 4m m³ capacity mark will be surpassed for the first time since 2009 at 4.088m (3.849m) m³. MDF/HDF capacity will stay at last year's level in Canada (1.366m m³) and Mexico (809,000 m³). North American hardboard capacity remains the same at 910,000 m³.

The latest figures indicate that particleboard and MDF/HDF capacity is thus growing more slowly than expected. This data was presented by CPA Chairman Jim Buffington (Roseburg Forest Products Inc., Roseburg, Oregon) at the European Panel Federation's (EPF) annual general meeting in Dunblane, Scotland from 26 to 28 June. The slower-than-expected capacity increase is due to delays that have emerged with several current investment projects and to divestments announced in recent months. For instance, Georgia-Pacific LLC, based in Atlanta, Georgia, announced plans to close three of its four particleboard mills as recently as the start of June. Last year, the CPA had anticipated a much faster increase in capacity. At that time, particleboard capacity was forecast to reach 11.213m m³ (+21%) and MDF/HDF capacity to stand at 6.522m m³ (+8%) by the end of 2019. Including relatively stable rigid fibreboard capacity, capacity would have jumped by 15% to nearly 18m m³.

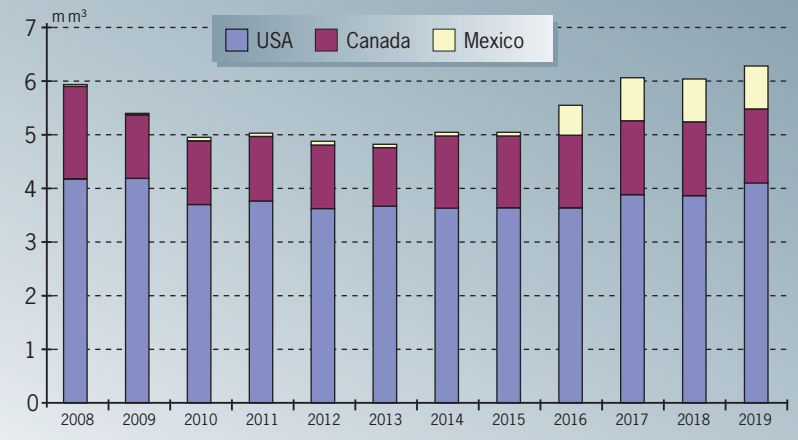
By contrast, composite panel sales have not altered much since 2015 after plunging in 2009 and staging a recovery in the next few years. According to CPA sales statistics, particleboard sales were roughly in line with the previous year's level at 5.837m (2017: 5.856m) m³ in 2018. MDF/HDF sales surpassed the 4m m³ mark again for the first time in a while with a 4.1% improvement to 4.143m m³. In the first half of 2019, North American particleboard shipments fell by 6% to 2.832m m³ (Jan.-June 2018: 3.016m m³). A reduction of 5% occurred in MDF/HDF shipments to 1.957m m³ (2.051m m³). Shipments of thermally fused laminate (TFL) fell by 2 % to 59.02m m² (60.27m m²). □

North America: Development of particleboard capacities



Source: CPA

North America: Development of MDF/HDF capacities



Source: CPA

Leadership in Technology. From Germany to the world.

The Siempelkamp Group is a technology supplier operating internationally and consisting of three business units: the machine and plant engineering, the foundry technology, and the service business unit. Siempelkamp machine and plant engineering is a systems supplier of press lines and complete plants for the wood-based panel industry, the metal forming industry as well as the composite and rubber industry. The Siempelkamp foundry is the world's largest hand-molding foundry producing castings with a weight of up to 320 t (353 US tons). Siempelkamp is a component supplier and service provider for nuclear facilities.

Siempelkamp

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Brazilian wood-based panels market continued to develop along rather restrained lines

Brazil: special effect in May compensates weaker demand in the other months

Also in the second quarter of 2019, the Brazilian wood-based panels market continued to develop along rather restrained lines.

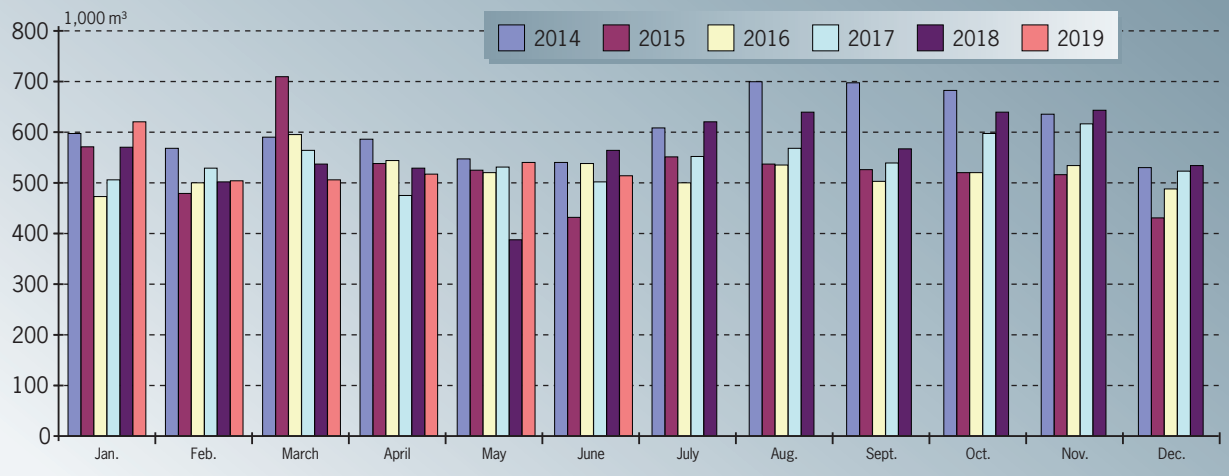
According to statistics of industry association Indústria brasileira de árvores (IBÁ), Brasilia and São Paulo, which have only been published on a quarterly basis since the start of this year, the month of June was especially weak. Domestic sales decreased by 9.1% to 512,000m³ (June 2018: 563,000m³). Exports fell by 9.7% to 93,000m³ (107,000m³), imports were indicated at 1.000m³ (0m³). This meant a decrease in apparent consumption by 8.9% to 513,000m³ (563,000m³) compared with last year. For April and May IBÁ only indicated apparent consumption; domestic sales, exports and imports were not specifically quantified. April, at 516,000m³ (April 2018: 528,000m³), remained just below the preceding year's figure. In May, by contrast, there was a significant increase to 539,000m³ (May 2018: 387,000m³) which, however, is due principally to a special effect. In May 2018 Brazilian lorry drivers held a strike lasting several days which led to production and transportation stoppages. The ensuing declines in sales were compensated again, however, by additional deliveries in the following months. Over the entire year of 2018 domestic sales increased by 2.9% compared with the preceding year to 6.674m m³ (2017: 6.486m m³), exports at 1.326m m³ (1.273m m³) were up 4.2% on the preceding year. Apparent consumption also increased by 2.9% to 6.679m m³ (6.490m m³).

Upon publication of the preliminary figures for the second quarter, IBÁ once again also slightly adjusted information concerning the first quarter. In January domestic sales soared in a year-on-year comparison. Sales were then broadly in line with the same month last year in February, before falling 5.0% to 503,000 (March 2018: 535,000) m³ in March. Exports had even tumbled 17.2% to 96,000 (116,000) m³ in March, while imports doubled to 2,000 (1,000) m³. Apparent consumption had thus dropped 5.8% to 505,000 (536,000) m³. January had brought an 8.6% upswing in apparent consumption to 619,000 (Jan. 2018: 569,000) m³, followed by stagnation at 503,000 (Feb. 2018: 501,000) m³ in February.

January's growth more than made up for the downward trend in the next two months. Looking at the first quarter combined, Brazilian sales edged 1.1% higher to 1.621 (Jan.-March 2018: 1.604)m m³. On the other hand, exports fell 4.5% to 294,000 (308,000) m³. Including imports of 4,000 (2,000) m³, apparent consumption was 1.2% higher than the first three months of last year at 1.627 (1.606)m m³.

Over the entire first half of the year domestic sales increased by 3.4% to 3.188m m³ (Jan.-June 2018: 3.082m m³). Exports, in contrast, fell by 3.5% to 598,000m³ (620,000m³). Imports were indicated at 7,000m³ (2,000m³). Apparent consumption therefore increased by 3.6% to 3.195m m³ (3.084m m³). □

Brazil: Apparent consumption of wood-based panels

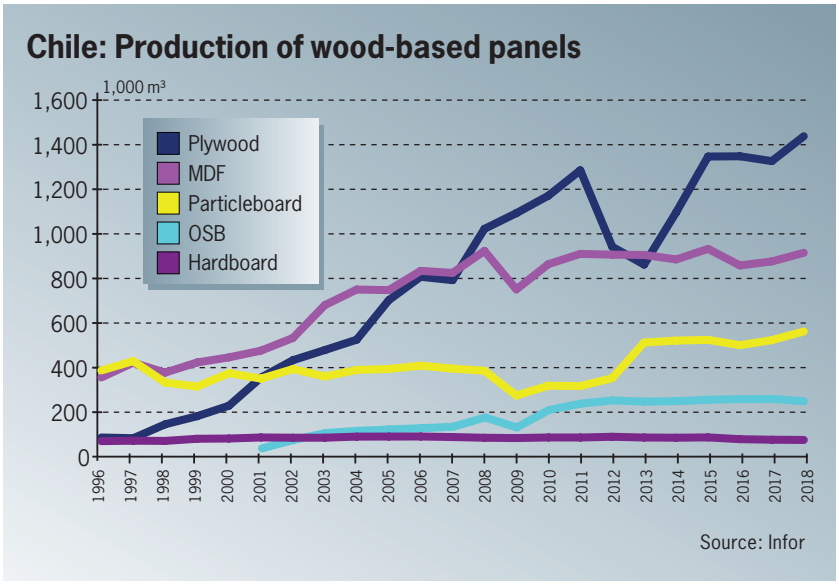


Source: IBÁ

In 2018, all three relevant product segments contributed to the upward trend

Chilean production and export of wood-based panel increased

In 2018, according to the Anuario Forestal annual report published by Instituto Forestal (Infor), Santiago de Chile, Chile exported a total of 847,400 t (2017: 720,000 t) wood-based panels.



This increase of 18% vis à vis the preceding year is therefore the highest figure recorded since 2011. Following the level of 991,000 t reached at that time, export deliveries had decreased to 681,600 t by 2013. The continuous upward trend recorded since 2013 was only temporarily interrupted in 2017 (-13% to 720,000 t).

All three relevant product segments contributed to the current development. Plywood exports, as already reported by Infor at the end of the first quarter, increased by 24% to 515,700 t (414,800 t) compared to the preceding year. In terms of value, they rose by 42% to US$440.4m FOB (310.8m FOB). In the case of MDF and particleboard, the increase in value was also higher than the increase in volume.

The volume of particleboard exported rose by 16% to 144,100 t (124,400 t), in terms of volume exports were up 20% to US$86.7m (72.4m). Exports of standard particleboard, at a volume of 5,100 t (6,900 t) and value of US$2.1m (2.8m), are still only of minor significance. As a proportion of total exports, they fluctuated in terms of volume and value at approximately 10% in each case over recent years, in 2018 the proportion fell to 4% (6%) and 2% (4%) respectively. In contrast, the volume of MDP exported increased by 18% to 139,000 t (117,500 t) and therefore reached a proportion of 96% (94%) of total exports. In terms of value, MDP exports rose by 22% to US$84.6m (69.6m) and to a proportion of 98% (96%) compared to the preceding year.

In 2018 Chile exported a total of 162,900 t (153,300 t) MDF at a value of US$82.7m (76.1m). This means that the preceding year's figure was exceeded again for the first time as, for the previous three years, Infor had recorded declines in the double-digit percentage range. Concerning MDF mouldings, which Infor does not consolidate with wood-based panels, the growth recorded over recent years in terms of volume (2015: +10%, 2016: +16%, 2017: +10%) decreased slightly, in contrast. Export deliveries, at a volume of 210,500 t (192,500 t), meant that the preceding year's level was again surpassed in 2018 by 9%. The export value, which increased by 7% to US$208.5m (195.0m), improved at a less significant rate.

In the case of OSB (-8% to 16,700 t) and hardboard (-14% to 8,000 t) export deliveries in 2018 declined, by contrast compared to the preceding year. In terms of value, these exports decreased by 4% to US$7.5m (7.8m) and 13% to US$4.2m (4.8m) respectively.

In 2018 Chilean production of wood-based panels increased by 6% to 3.369m m³ (2017: 3.176m m³). According to the Infor-report production was therefore above the 3m m³ mark for the third consecutive time. The peak value of 3.310m m³ recorded in 2015 was also surpassed slightly.

Plywood production rose by 9% to 1.447m m³ (1.334m m³) in 2018. At an increase of 8% to 568,300m³ (526,700m³), particleboard production grew at an only marginally lower rate. Even though virtually no standard particleboard (-68% to 7,200m³) was produced, this decline was more than compensated by the 11% increase to 561,100m³ (504,300m³) in MDP production. Chilean MDF producers also achieved a production increase of 5% to 922,000m³ (881,600m³). By contrast, declines were recorded in the other two product groups. At 253,600m³ (264,600m³) and 63,400m³ (65,700m³), production of OSB and hardboard fell short of the preceding year's figures by 4% in each case.

Due to the over-proportional growth, as a proportion of total production plywood increased to 43% (42%), and MDF amounted to a proportion of 27% (28%). In the case of particleboard (17%), OSB (8%) and hardboard (2%) in 2018 there were no changes compared to the previous year. □

Turkish WBP makers want to make up for weaker domestic business by exporting more

Turkey has become a net exporter in all wood-based panel segments

A downturn in the Turkish domestic market that has now lasted for more than a year has prompted major shifts in sales by the country's wood-based panel industry.

Domestic sales have tumbled by more than 30% within a year, but now appear to be stabilising at a lower level. Conversely, Turkish producers have raised their exports again while exploiting the currency advantages resulting from the weaker lira. Turkey has long been a net exporter of MDF/HDF. MDF/HDF exports have also risen further in recent years, while imports have now become almost insignificant. Particleboard and OSB imports and exports were similar in size for several years. However, exports have been climbing more and more since 2015, whereas imports have plunged. OSB accounts for the majority of imports; virtually no companies export OSB from Turkey. Haluk Yildiz, CEO of the Turkish wood-based panel and laminate flooring manufacturer Kastamonu Entegre Agac San. ve Tic. A.S., based in Istanbul, described these trends in his presentation at the GreCon wood-based panel symposium, which took place in Berlin on 19 and 20 September 2019.

Specific manufacturing and foreign trade statistics can also be found in the Annual Report of the European Panel Federation (EPF), headquartered in Brussels, which was published at the end of June. These figures were provided by Hüseyin Metin, the business planning manager of Kastamonu Entegre. Mr Yildiz's comments in large part tally with these statistics; however, there are also major deviations in a few areas. For instance, the statistics do not reflect the 30% downturn in domestic sales reported by Mr Yildiz and other Turkish wood-based panel manufacturers.

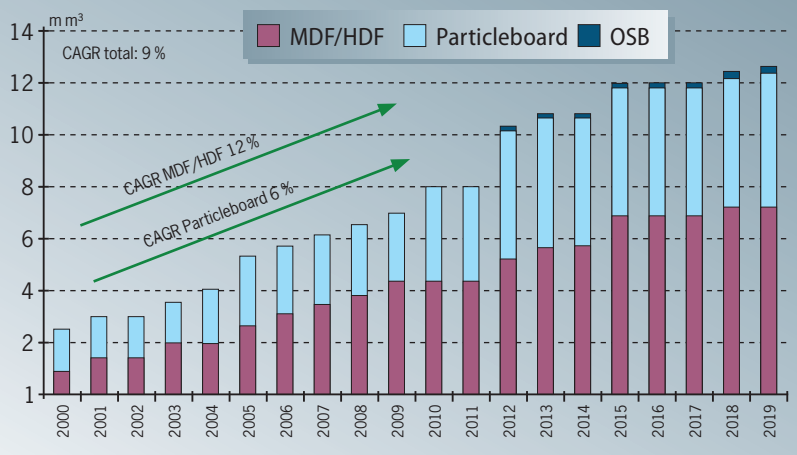
On the other hand, information about the trend in production capacity is largely identical. Turkey is presently home to 21 wood-based panel manufacturers with a total of 32 production facilities. Several sites make both particleboard and MDF/HDF. Kronospan's subsidiary SFC Entegre Orman Urunleri Sanayi ve Ticaret A.S. operates an OSB line in Kastamonu in addition to particleboard and MDF/HDF lines. The Turkish wood-based panel industry was estimated to have a total annual capacity of approximately 12.4m m³ at the end of 2018. Including foreign production sites in Romania, Bulgaria, Italy and Russia run by Kastamonu Entegre and Yildiz Entegre Agaç San. ve Tic. A.S., based in Kocaeli, Turkey, wood-based panel capacity reaches approximately 16m m³.

Turkish particleboard capacity had increased from 5.1m m³ in 2015 to 5.3m m³ in 2016. The closure of a line trimmed capacity to 4.810m m³ in 2017. A variety of investments in adding capacity had paved the way for a rebound to 5.242m m³ last year. The EPF Annual Report's section on Turkey presumes that capacity is similar in 2019. The start-up of a new particleboard line installed by Starwood Orman Ürünleri Sanayi A.S. at its Inegöl headquarters in July 2019 has thus not had an impact. A new line run by AGT Agaç Sanayi ve Ticaret A.S., based in Antalya, also made its first piece of MDF/HDF in mid-September; it was not reflected in the statistics, either. The report for Turkey anticipates that total MDF/HDF capacity will hardly alter in 2019 at 7.163m m³, either. MDF/HDF capacity has long been on an upward trajectory and that continued in the past few years. The biggest jump occurred in 2017 (7.120m m³). However, growth was much smaller in 2015 (5.860m m³), 2016 (5.900m m³) and 2018.

In his presentation at the GreCon symposium, Kastamonu's CEO depicted the trends in Turkish wood-based panel capacity over a longer period of time. Capacity has increased almost five-fold from a good 2.5m m³ in 2000. This increase translates into a compound annual growth rate (CAGR) of 9 %. The CAGR for MDF/HDF (12%) was roughly twice as big as the CAGR for particleboard (6%).

Turkish wood-based panel manufacturers made a total of 10.5m m³ of particleboard, MDF/HDF and OSB in 2018. Based on

Turkey: Production capacities for wood-based panels



Source: Turkish Panel Federation

total capacity of 12.4m m³, the average capacity utilisation rate stood at 85%. These statistics quoted at the GreCon symposium vary slightly from the figures contained in the EPF report, which list last year's particleboard production at 4.0m (2017: 4.15m) m³ - a 3.6% fall. However, MDF/HDF production was unchanged at 5.6m (5.6m) m³. All told, output reportedly reached 9.6m (9.75m) m³. However, this data does not quantify OSB output.

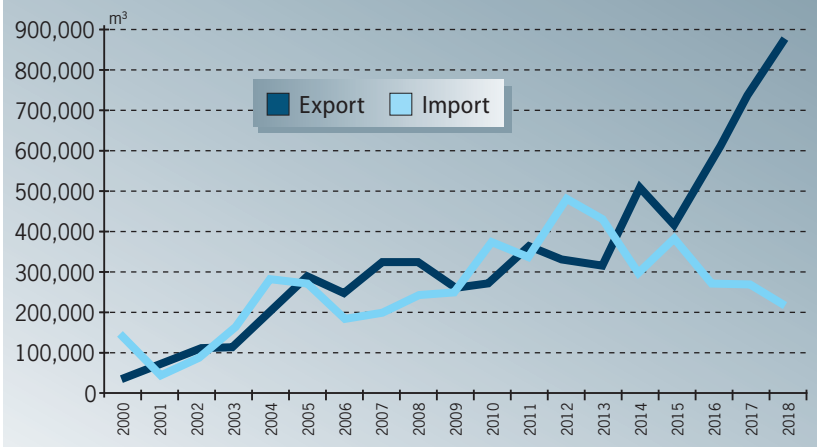
Turkish particleboard and OSB exports rose to approximately 900,000 m³ last year, according to Mr Yildiz's presentation; imports declined again to about 200,000 m³. The presentation put MDF/HDF exports at 800,000 m³, slightly lower than in 2017. A slump in MDF/HDF imports that has lasted since 2012 has continued. Last year, imports fell below the 100,000 m³ mark for the first time in a while. In his presentation, Mr Yildiz also addressed foreign trade in laminate flooring. Imports rose to top 35m m² in 2012, but have since plummeted and reached just 3m m² in 2018. By contrast, exports – which had stayed just below the 5m m² mark each year up until 2014 – have since risen more and more and reached roughly 12m m² in 2018.

The EPF Annual Report contains foreign trade figures that sometimes vary slightly from those contained in the Yildiz presentation. According to the report, Turkish particleboard exports soared 61% to 900,000 (560,000) m³ last year. Exports are also expected to reach about 900,000 m³ this year. However, imports fell by 21% to 60,000 (76,000) m³ in 2018 and are forecast to end up at just 40,000 m³ this year. After a sharp jump in 2017 (+42%), MDF/HDF exports edged just 7% higher to 800,000 (750,000) m³ last year. On the other hand, imports showed a similar slump to 2017 (-44%) with a 48% plunge to 52,000 (100,000) m³ last year.

Apparent particleboard consumption – the combination of production, imports and exports – slipped 14% to 3.169m (3.666m) m³ last year. Apparent consumption is expected to stay virtually the same at 3.140m m³ this year. According to the EPF Annual Report, apparent MDF/HDF consumption dipped just 2% to 4.852m (4.950m) m³. A similar downturn to 4.740m m³ is predicted for this year. MDF/HDF exports increased 6.7% to 800,000 (750,000) m³ in 2018 after a strong upswing one year earlier (+41.5%). The EPF Annual Report does not address OSB production, foreign trade or consumption.

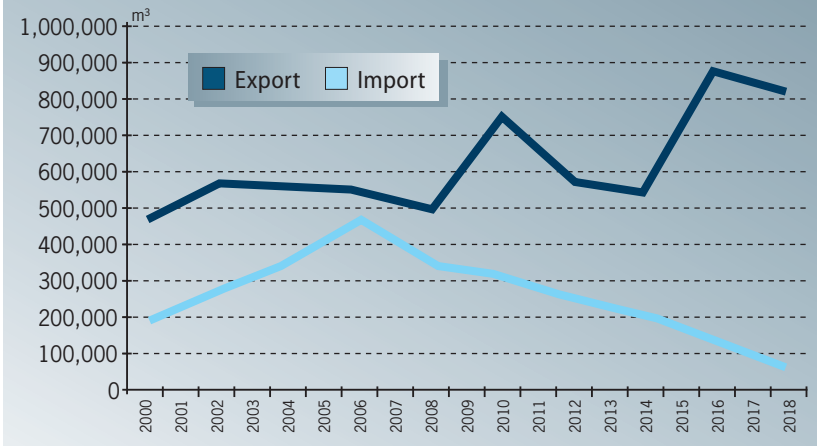
According to the EPF Annual Report, particleboard sales broke down into 70% melamine-faced particleboard, 27% raw board, 2% moisture-resistant board and 1% flame-retardant particleboard. Some 60% was delivered to merchants, 35% to industrial buyers and the remaining 5% via other sales avenues. Furniture applications dominated with 90%, while 10% of particleboard sold ended up in construction. MDF/HDF sales comprised 65% melamine-coated board and 25% raw MDF/HDF. Another 5% was delivered with veneers and 2% with HPL/CPL. As with particleboard, 2% moisture-resistant MDF/HDF and 1% fire-resistant MDF/HDF was sold. MDF/HDF thicker than 9 mm accounted for 60% of total sales. MDF/HDF between 5 and 9 mm thick was responsible for 25%, with products thinner than 5 mm making up the other 15%. The furniture segment received 65% of MDF/HDF sales, while 20% was used in laminate flooring production, 10% in mouldings and 5% in construction. □

Turkey: Exports/Imports of particleboard and OSB



Source: Turkish Panel Federation

Turkey: Exports/Imports of MDF/HDF



Source: Turkish Panel Federation

Opportunities to expand to Asia to be explored in medium term

Egger: investments over €450m will complete a three-year programme

The Egger Group, based in St. Johann, Austria, is to again invest over €450m in intangible assets, property, plants and equipment in the 2019/2020 financial year and thus complete a three-year programme of investments with major projects in Concordia (Argentina), Biskupiec (Poland) and Lexington, North Carolina (USA).

Investments will likely subside a little in subsequent years. Egger had invested €483.8m in the 2017/2018 financial year, up from €259.2m in 2016/2017. The 2017/2018 total includes €413.3m on growth investments, including acquisitions, and €70.5m on maintenance investments. A new investment record of €489.1m was set in 2018/2019, including €411.0m on growth investments and €78.1m on maintenance investments. Egger invested €145.0m (2017/2018: 161.7m) in Western Europe and €233.4m (175.4m) in Central and Eastern Europe, including Russia, in the past financial year. Investments in North and South America reached €110.6m (146.8m). Egger had invested €181.0m in Western Europe and €78.2m in Central/Eastern Europe in 2016/2017.

The single-largest projects last year were the near-completion of its particleboard mill in Biskupiec and the first work on a new particleboard mill in Lexington. The Biskupiec mill had made its first board back in November, but was not commissioned until the end of June because of delays in the permit process. With a 2.80 x 38.4 m continuous press, the line has a designed capacity of about 650,000 m^3 per year and should reach full capacity by mid-2020. Two short-cycle presses also got up and running in July. Installation work on the new worktop line is already fairly advanced, with start-up slated for autumn. Egger intends to enter the impregnating business at this site in the medium term; the final investment decision is to be made during 2020 at the earliest. The new plant is mainly set up to handle the Polish market and the Baltic region. Until now, Egger has primarily served the Polish market with deliveries from its sites in Unterradlberg (Austria) and Radauti (Romania). Within the Baltic region, Egger was mainly active in Estonia through deliveries from Gagarin, Russia. It has little in the way of operations in Lithuania and Latvia. The ramp-up of particleboard production in Biskupiec will see its Unterradlberg and Radauti mills step up their exports to other markets, including Asia with the main markets of China and Japan. Egger said that construction work in Lexington is running on schedule. The first production halls are now being finished following the completion of preparatory earth-moving work. Dryer and press assembly work commenced in late summer. Commissioning is scheduled for the end of 2020. If all goes well, the first board might even be made in the second half of the year.

The particleboard plant in Biskupiec was the single-largest project. (Photo credit: Egger)

In addition to these greenfield projects, Egger also undertook major projects to replace and expand technology at its existing mills. One additional short-cycle press each has been installed in Gagarin and St. Johann, with a press in Brilon replaced. The press commissioned in Gagarin in September 2018 is used to laminate flooring panels. The short-cycle press in St. Johann started operating in December and makes HPL and compact board. The replacement project in Brilon was completed during the first quarter. A new short-cycle press will also be installed in Rambervillers, France, over the coming months; production is slated to commence at the start of 2020. The eighth double-belt press was commissioned at its CPL site in Gifhorn towards the middle of 2018. A high-bay warehouse was previously added to the site.

Egger commissioned a new finished furniture part line at its St. Johann headquarters in September 2018. This line can also process lightweight construction board. Designed to be highly flexible, it can also make finished furniture parts with click connections. A new flooring factory commissioned in Wismar in the second quarter of 2017 has undergone further expansion

work. Egger spent about €25m on building another logistics hall and installing a new profiling line. Investments in the new site have risen to nearly €50m with the completion of this work. Adhesive/impregnating resin production is to be expanded in Wismar over the next two years; the permit process is currently under way.

The Egger Group is considering expanding to Asia too in the future after branching out to North and South America over the past two years. The company is currently exploring potential options, including a greenfield investment and acquiring an existing mill.

Output was raised in almost all areas

The Egger Group ended the 2018/2019 financial year with higher production in almost all areas. The company only fell short of the previous year's output in the adhesive/impregnating resin and finished furniture part/worktop categories. Raw board production (including timber) increased by another 300,000 m³ to 8.8 (2017/2018: 8.5) million m³ as its mills ran at full capacity. This growth was underpinned by the first-time full-year consolidation of the particleboard and MDF mill in Concordia, Argentina, higher MDF/HDF production at its plant in Gagarin, Russia, and increased lumber production. The Brilon sawmill cut more than 1m m³ for the first time in a financial year.

Raw board and lumber production had jumped by 600,000 m³ in 2017/2018, with around 200,000 m³ coming from the Concordia mill and 400,000 m³ from optimisation work and capacity increases at existing locations.

Laminated board production rose 4.3% to 308.0 (295.2)m m², thanks to steps including the start-up of two additional short-cycle presses in Gagarin and St. Johann. The growth rate was thus in-between the two previous financial years (2016/2017: +2.9% and 2017/2018: +5.5%). Laminate flooring manufacturing edged 6.0% higher to 58.2 (54.9)m m² thanks to higher capacity utilisation at its two laminate flooring lines in Gagarin; the growth rate was even higher than 2017/2018's figure of 4.4%. Finished furniture part/worktop output fell 6.6% to 35.3 (37.8)m m²; this product category had recorded a 10.5% improvement in the previous year.

New short-cycle press for St. Johann *(Photo credit: Egger)*

Production of impregnates climbed 4.0% to 961.0 (924.1)m m² with the full-year consolidation of the Concordia mill and the ramp-up of the new line installed in Gagarin. CPL production in Gifhorn shot up 7.1% to 37.8 (35.3) m² with the start of the eighth double-belt press. Similar growth rates were recorded in both product categories in 2017/2018. Impregnate production had risen 6.1%, while CPL output jumped 6.3%. Adhesive/impregnating resin manufacturing in Wismar (Germany), Hexham (UK) and Radauti (Romania) slipped 3.3% to 559,100 (578,500) t in the past financial year. Large growth rates in previous years gave way to just a 0.3% improvement in 2017/2018.

Slightly lower EBITDA despite higher revenues

Record investments, related set-up and start-up costs and regionally higher raw material costs paved the way for a 4.7% reduction in adjusted EBITDA at the Egger Group to €425.0m (2017/2018: 445.8m) in the 2018/2019 financial year. However, group revenues did improve 5.6% to €2.842bn (2.690bn). The adjusted EBITDA margin was within the long-term target range despite falling to 15.0 (16.6) %, the firm said. Subsequent earnings figures decreased a little more. Adjusted EBIT was down 5.3%, but total EBIT was 19.1% lower. Pre-tax profits fell 7.3% and post-tax profits slipped 6.0%.

All divisions played a part in the growth in group revenues. Higher sales of kitchen worktops and laminates were the main factor boosting revenues in the Decorative Products Central division. Growth in the Decorative Products West and Decorative Products East divisions was mainly underpinned by the main product of laminated particleboard. Within the Flooring Products division, the different sales markets turned in mixed performances. Lower revenues in Turkey, Romania and China were offset by growth in Germany, Italy, Spain, the UK and Russia. Egger plans to start selling laminate and comfort flooring in North America as well in the 2019/2020 financial year.

With total revenues of €1.580bn (1.502bn), Western Europe accounted for 55.6 (55.8) % of group revenues. Austria was responsible for €92.6m (87.9m) or 3.3 (3.3) %. Egger generated revenues of €839.3m (793.4m) or 29.5 (29.5) % in Central/Eastern Europe (excluding Russia). Non-European markets contributed €329.7m (306.4m) or 11.6 (11.4) %. □

Volantis Bidco and Atlantik together now control all 64.701m Pfleiderer shares

Trade in Pfleiderer shares on Warsaw stock exchange ended after squeeze-out

Through the squeeze-out from 16 to 19 September 2019, Volantis Bidco B.V. of Amsterdam, Netherlands, related to the US hedge fund Strategic Value Partners LLC (SVP) of Wilmington, Delaware, has taken over the remaining 5.049m shares of Pfleiderer Group S.A. of Wrocław, Poland.

Pfleiderer headquarter in Neumarkt *(Photo credit: EUWID)*

Following the acquisition of these shares, which equated to a share of 7.8% of the total capital stock, Volantis Bidco now directly holds 39.286m shares or 60.72%. The company has indirect access to the 12.940m shares or 20% held by Pfleiderer itself ("Treasury Shares"). On 27 August, Volantis Bidco also made to a pooling agreement with Atlantik S.A., the second-biggest Pfleiderer shareholder, which holds 12.475m Pfleiderer shares or 19.28%. After the squeeze-out, the two companies combined now control all 64.701m Pfleiderer shares.

Trade in Pfleiderer shares on the Warsaw stock exchange ended in the course of the squeeze-out. At the close, the share had a price of PLN26.20, slightly below the PLN26.60 paid by Volantis Bidco for the remaining shares. This equated to an addition of almost 12% on the average stock market price of PLN23.76 over the preceding six months. As such, the total volume of the transaction amounted to PLN134.3m or roughly €30.8m.

Volantis Bidco is a direct subsidiary of Rathcoole S.à.r.l. and indirectly part of Raheny S.à.r.l., both companies are controlled by a fund belonging to SVP. On 11 July Volantis Bidco had submitted a take-over offer for up to 23.520 m shares in Pfleiderer. According to a mandatory statement published on 23 August, Volantis acquired 15.054 m shares or 23.27% of the total share capital at a price of PLN26.60 per share via this bid. The purchase price was thus slightly higher than the original price of PLN25.17 per share. Volantis Bidco ended up paying about PLN400m or roughly €93m for the 23.3% stake acquired through the take-over offer.

Prior to the take-over offer, Volantis Bidco had purchased 19.183 m shares or 29.65% of the share capital held by SVP funds Field Point Acquisitions S.à.r.l., Field Point IV S.à.r.l., Field Point V S.à.r.l., Brookside S.à.r.l., Kings Forest S.à.r.l., and Yellow Sapphire S.à.r.l., all of them based in Luxembourg. With the transfer of shares previously held by SVP funds and the completion of the take-over offer, Volantis Bidco had direct access to 34.238 m shares in Pfleiderer, translating into a 52.92% stake.

The European Commission had approved the acquisition of control on 23 August. The application filed with the Directorate-General for Competition on 16 July was reviewed using the simplified merger control procedure. The European Commission has no concerns relating to competition within the European Economic Area due to minimal horizontal overlaps between the activities of companies in the SVP portfolio and Pfleiderer.

Unconfirmed reports suggest that SVP and Atlantik mean to create better conditions for the company's potential sale by expanding and pooling their stakes in Pfleiderer. The divestment process had begun at the start of 2018. According to as yet unconfirmed information, this process was originally aimed at selling the whole company. As no result has been achieved in the negotiations conducted to date, it meanwhile seems as if a separate sales process of the group's individual parts is becoming an issue again. The negotiations are being hampered, however, by the deterioration that has occurred in the underlying economic conditions over the last few months and the ensuing losses in sales revenue and performance figures. □

Marked improvement achieved in key performance figures in first half-year

Homanit switching production to lower formaldehyde emission levels

Homann Holzwerkstoffe GmbH of Herzberg, Germany, has switched thin MDF/HDF board production at the Losheim plant in Germany (Homanit GmbH & Co. KG) and at the Karlino (Homanit Polska Sp.zo.o.) and Krosno (Homanit Krosno Odranskie Sp.zo.o.) plants in Poland entirely to lower formaldehyde emission levels on 1 October 2019.

In doing so, in future and irrespective of the type of the subsequent treatment and target markets, all three works will only produce raw boards complying with the provisions of the revised testing methodology for determining formaldehyde emissions, which comes into force in Germany on 1 January 2020. So far, either E1 boards or formaldehyde-reduced boards have been manufactured at the plants for specific customers or under contract. From 1 October, the entire output of raw boards will comply with the lower emission values that are to be referred to as E05 in the industry in future. Homanit is performing the switch at no charge to buyers; as such, the formaldehyde-reduced boards will not cost more than E1 boards. In order to comply with the lower emission values, Homanit has adjusted the glue systems accordingly in all three plants in collaboration with the existing resin suppliers. The purpose of this is to ensure that the formaldehyde-reduced boards can be manufactured with the same quality characteristics and production speeds as E1 boards.

Homann Holzwerkstoffe also draws attention to the planned switch in production in the half-year report published on 23 September. Other topics are the long-standing plans for enlarging production capacity, which might be achieved by means of a greenfield investment in the Baltic region, and the development in sales revenue and the key performance figures. Homann Holzwerkstoffe attributes the marked improvement achieved in its results in the first half-year mainly to the discontinuation of its insulation activities completed at the end of 2018, the easing that has occurred in raw-material prices in recent months, and to improvements in productivity in all three works. Total EBITDA increased 82.3% to €25.7m (Jan.-June 2018: 14.1m). The EBITDA margin calculated on this basis was almost doubled against last year to 18.0% (9.8) %. The operating EBITDA adjusted for non-recurring items also increased more sharply than anticipated at +11.2% to €24.8m (22.3m). The figure for last year contained extraordinary burdens totalling €8.2m arising above all from the abandonment of the insulation business covered by Homanit Building Materials GmbH & Co. KG (HBM) of Berga, the costs for issuing bonds, and the negative impact of exchange rates. This year, however, the development in exchange rates had a positive effect on the result to the tune of €0.9m. The operating result more than trebled to €17.6m (5.3m). Due to the absence of non-recurring items, the consolidated result rose even more sharply to €13.7m (1.6m). Adjusted for the withdrawal from the insulation business, the figure doubled to €13.7m (6.8m).

Losheim site *(Photo credit: Homanit)*

Total sales revenue in the first half-year was 1.7% higher than last year's figure adjusted for the insulation activities at €140.2m (€137.8m). Homann Holzwerkstoffe attributes this slight increase in sales revenue first and foremost to the enlargement in capacity at the Krosno plant. Domestic sales revenue increased to €32.8m (29.9m) and revenue generated from sales abroad remained just below last year's figure adjusted for insulation sales at €107.4m (107.9m). €96.8m (95.8m) of the foreign sales revenue was generated within the EU. Homanit Building Materials, deconsolidated on 1 July 2018, had generated sales revenue of €5.5m a year earlier, €3.0m of which was accounted for by the domestic market and €2.5m by the rest of the EU. Taking Homanit Building Materials into account, Homann Holzwerkstoffe generated sales totalling €143.3m in the first half-year. □

Wood recycling plant proceedings to enter next round in 2020

Kronospan to dismantle particleboard line and move it to Eastern Europe

At the end of August 2019, the Kronospan Group notified Karlsruhe regional council, as the responsible authorising authority, about the planned partial closure of the Bischweier particleboard mill and the dismantling of the raw-particleboard line.

The laminating and sizing sections, which have also been closed down since the first quarter of 2011, are to resume operation, however. Kronospan would bring in the raw particleboard required for this from other facilities within the group. The regional council has not been given a specific date for a possible reopening, however.

The regional council has not yet received any information about the timeframe for the dismantling operations either. The documentation submitted by Kronospan to the authorities shows that the outdoor production facilities for chip preparation, drying, and sorting are to be completely dismantled along with the related storage and conveying equipment. This disassembly also includes the demolition of the woodchip and sawdust silos as well as the removal of all foundations. The gluing, forming, and press lines accommodated production halls are being dismantled as well as the finishing section; the halls are being left standing, though. The hall containing the laminating presses and the panel saw located at the centre of the plant complex as well as the large adjacent warehouse might also be used by Kronospan again in future. Kronospan can use an existing gas-fired power plant for supplying the laminating presses with thermal oil.

In the layout presented to the regional council by Kronospan, the areas to be cleared completely are marked in red. The halls containing the machinery to be dismantled are marked in yellow. The value-adding halls, marked in blue, and the warehousing and shipping building, in green, are to remain unchanged for the time being. The documents do not reveal what is going to happen to the grounds of the former sawmill adjoining the particleboard plant. On the basis of the original plans, Kronospan wanted to turn this area into a technology centre and had already planning permission for the purpose but then opted not to pursue the plans any further.

Particleboard plant in Bischweier *(Photo credit: Grötz)*

The town of Bischweier is working from the assumption that the outdoor area and the production facilities in the halls are going to be dismantled during the course of this year. In reply to an enquiry, the telecommunications group Telefónica Germany GmbH & Co. OHG of Munich told the town that Kronospan has terminated the contract for the O2 mobile communications system mounted on the 90m main chimney of the particleboard plant with effect from 2020 on the grounds of the disassembly due for next year.

The town believes the zones freed up by the dismantling for the production facilities could be used as industrial and commercial areas for other industries whereby the provisions of the present development plan with the special zone for particleboard production are to be taken into account, however. There are said to have been potential buyers for the Kronospan grounds on repeated occasions recently, including internationally-active property companies.

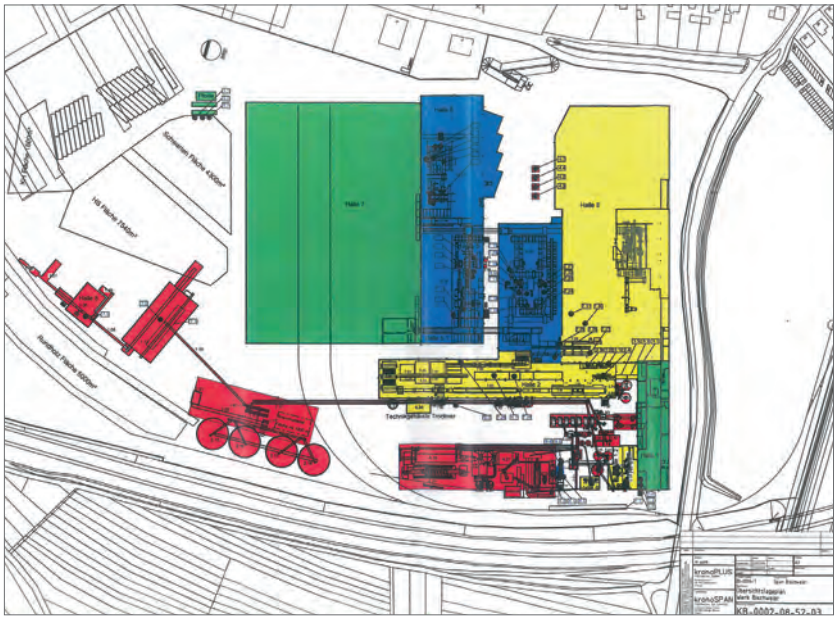
There has not yet been any news about the plans the Kronospan Group has for the raw-particleboard plant from Bischweier. In the last two years, however, there have been several references to a transfer to the Ukraine where Kronospan UA operates a particleboard mill with a multi-opening plant in Novovolynsk in the Volyn region and which was put into operation in June 2009 with a production capacity of around 350,000 m³. This plant has been scheduled for

replacement by a continuous production line for some considerable time; a corresponding investment project was launched in the third quarter of 2015.

Kronospan had acquired the Bischweier particleboard mill at the beginning of 2001 from Gruber & Weber Dekorapan GmbH & Co. KG of Gernsbach-Obertsrot, which permanently withdrew from particleboard production when the sale went through. Operation of the production facilities previously shut down by Gruber+Weber was then resumed by 2002. As a replacement for the multiple-tier press put into service by Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG of Krefeld, Germany, in 1969, Kronospan had put a new continuous production line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau of Eppingen, Germany, in summer 2003. This was then extended from the previous 42.8 m to 52.8 m in summer 2008.

The wood yard, drying section, chip preparation, and gluing station were also enlarged in 2007 and 2008. Parallel to this, the value-adding section was extended as well; a used tongue-and-grooved panel plant was installed at the end of 2009. By extending the press and by means of the expansion investment measures in the up and downstream sections of the plant, Kronospan had increased the technical capacity of the Bischweier plant to around 2,500 m³ per day or around 800,000 m³ per year. Up to 80% of the output was able to be laminated on the total of three short-cycle presses, amongst them a tandem press.

In response to the difficult situation on the central European chipboard markets, Kronospan had discontinued raw-particleboard production in Bischweier on 20 December 2010. Lamination had continued until early February 2011. The plant was then closed down indefinitely on 1 March 2011. Kronospan had briefly considered reopening the particleboard plant during the course of 2013; this idea, last scheduled for the beginning of 2014, was ultimately rejected again, however. As such, there has been no production activity at the



The areas to be cleared completely are marked in red. *(Photo credit: EUWID)*

Bischweier particleboard mill in the last few years. Kronospan has occasionally used the mill for handling industrial wood for its other facilities, however, particularly the Steinheim-Sandebeck mill and the Salzburg-Wals mill of M. Kaindl Holzindustrie KG. A number of replacement parts and consumables were also removed and used in other Kronospan mills.

In mid-January 2014, at the request of Kronospan, Karlsruhe regional council had extended the immission control permit for operating the Bischweier plant until 28 February 2017. This was followed in July 2016 by another extension of three years to 28 February 2020. In order to improve the economic conditions for a possible reopening, Kronospan had prepared a project in in 2014 for a modification of the wood-preparation process ("Green Efficiency Project"). The application for the permit for alteration in accordance with the Federal Immission Control Act required for this was submitted to Karlsruhe regional council at the beginning of June 2014. Kronospan wanted to use this project to install a preparation plant for recycling wood and switch a relatively large proportion of its wood intake to recycled assortments; an overhaul of the sieving and sifting sections was planned as well.

In the permit issued at the end of March 2016, the maximum annual preparation capacity was set at 459,000 t of AI and AII recycling wood. Parallel to the immission control permit for the recycling-wood preparation plant, however, the regional council had stipulated a subsequent order stating that the particleboard plant can only resume operation upon adherence to the already approved emission and immission threshold value.

At the beginning of May 2016, the town of Bischweier filed an action against the permit, arguing that it runs counter to the provisions of the development plan that applies for the grounds of the particleboard mill. The ruling of Karlsruhe administrative court on 7 August 2018 revokes the permit for alteration under the Federal Immission Control Act for extending the particleboard plant by adding a recycling-wood preparation plant. Kronospan had subsequently appealed before the Higher Administrative Court of Baden-Württemberg. The company has presented the grounds for this appeal over the last few months. The town of Bischweier delivered its statement on 9 September. A ruling in the main proceedings could be given by the middle of 2020; the next instance would then be the Federal Administrative Court in Leipzig. □

Schattdecor investing in second Palis digital printer

Palis digital printer in Thansau (Photo credit: EUWID)

Following the meanwhile full approval of the "Palis 2250" single-pass digital printer put into service at the main works in Thansau in September 2016, Schattdecor AG will be ordering a second plant from the affiliated German companies Rotodecor GmbH Maschinen- und Anlagenbau of Lage and PadaLuma Ink-Jet Solutions GmbH (Palis) of Markt Erlbach. The fundamental decision to go ahead with the investment had already been taken in spring 2019. The precise system configuration will be determined by the technical and project planning that has been underway since then.

The key data, such as the applied printhead technology, the working width of 2,250 mm, and the maximum production speed of 162 m/min, however, are to be similar to the existing plant. According to a statement given by the plant supplier, this will be the first time in the digital decor printing segment that a follow-on order has been placed for a comparable plant configuration. According to Schattdecor, the new plant is to be put into operation as soon as possible, though no specific date has been given yet.

The first Palis digital printer had been set up in Schattdecor's main plant in Thansau by summer 2016. Upon completion of the subsequently start-up phase, series production commenced in the first quarter of 2017. The mechanical approval had been completed during the course of 2017 but approval of the printing technology took longer. In the course of the optimisation measures over two years, Schattdecor also made more in-depth modifications which are to be taken into account in the next systems. □

Swiss Krono Group orders digital printer from KBA

Swiss Krono Group had already ordered a "RotaJET 225" single-pass digital-printing machine from the printing-machine manufacturer Koenig & Bauer AG (KBA) of Würzburg, Germany, in the first quarter of 2019. The machine, geared to printing from reel to reel, is to be installed at the Wittstock-Heiligengrabe facility and commence operation in summer 2020.

Swiss Krono Group intends to use the 2,250 mm wide digital printer mainly for producing small series and thereby get new decors onto the market more quickly. The general scale of the batch sizes is given as lower than 1 t, a size that is currently only available from decor printers to a limited extent and only with mark-ups on prices. The company will therefore be printing decor paper digitally for the first time. Swiss Krono Tex GmbH & Co. KG is currently using a multi-pass machine supplied by Wemhöner Surface Technologies GmbH & Co. KG of Herford, Germany, for printing directly onto laminate flooring.

The KBA subsidiary Koenig & Bauer Digital & Webfed AG & Co. KG says the order from Swiss Krono Group is meanwhile the fifth RotaJET digital-printing system it has sold for decor printing. Another wood-based panel manufacturer had already invested in this technology before Swiss Krono Group did; the corresponding order was apparently placed during the course of 2018. Owing to confidentiality agreements, the customer has not yet been named nor the region where it is located. The three other machines have been sold to decor printers. Interprint GmbH has been operating a 1,680 mm wide RotaJET at its main facility since the first quarter of 2015. The company had ordered a 1,380 mm wide machine from KBA in the first quarter of 2019. KBA had installed a 2,250 mm wide RotaJET at the Impress Group's St. Veit works in Austria in autumn 2016. This system, put into operation in December 2016, was withdrawn from production again at the beginning of 2018, however.

KBA offers the RotaJET product line in the two machine categories L and VL as well as in web widths of up to 1,380 mm, 1,680 mm, and 2,250 mm. The RotaJET VL systems can print with maximum web speeds of 150 m/min to up to 18,000 m²/hour. The RotaJET L series covers seven web widths from 777 mm to 1,380 mm and the maximum web speed is given as 135/270 m/min. In both cases, water-based polymer inks are used for printing. □

Digital Printing Association founded by five companies

In order to further develop digital printing in interior finishing as well as in the furniture and flooring industry, five companies have set up the Digital Printing Association (DIPA). Two of the founding members, Homag Group AG of Schopfloch, Germany, and Durst Phototechnik AG of Brixen, Italy, are plant manufacturers. Durst is currently geared above all to digital ceramic and textile printing but has already supplied digital printing systems for printing on cork and design floorings for the Wismar flooring works of the Egger Group of St. Johann, Austria, as well. The coatings manufacturer Adler-Werk Lackfabrik Johann Berghofer GmbH & Co KG of Schwaz, Austria, offers primers and surface coatings for digitally printed surfaces. Also involved in the DIPA are MB-Digitalprint GmbH & Co. KG of Kleinheubach, Germany, and Li&Co AG of Müstair, Switzerland, two digital printing users from the furniture, interior finishing, and hard flooring sectors.

On 11 July 2019, the DIPA held a symposium at the headquarters of Durst Phototechnik in Brixen where interested companies obtained information about digital-printing applications. The association has also set its sights on joint market development aimed at users in the processing industry and manufacturers of machines, systems, coatings, inks, and software. The long-term plan is to use the DIPA as a basis for setting up a more extensive association, which is to be open to all interested companies as a non-profit body. □

Wilsonart and Hyundai L&C start up joint venture

Wilsonart Engineered Surfaces, which is part of the US laminate manufacturer Wilsonart International Holding LLC, and the South Korean group Hyundai Living & Culture Corp. (Hyundai L&C), headquartered in Seoul, commissioned a new joint venture facility to make solid surfaces at Wilsonart's headquarters in Temple, Texas in the second quarter of 2019. Wilsonart and Hyundai L&C's previous incarnation Hanwha Living & Creative Corp. (Hanwha L&C) had unveiled these investment plans in summer 2017. These plans were upgraded slightly during implementation. The new facility thus has a production area of around 135,000 sqft or roughly 12,500 m². Both Wilsonart and Hyundai L&C solid surfaces will be made at the new plant and sold under the Wilsonart Solid Surfaces and Hanex Solid Surfaces names. The facility can make solid surfaces up to 60 inches or 1,524 mm wide; its manufacturing capacity is listed at about 300,000 units per year. The joint venture plant, which does business as American Surfacing Materials LLC (ASM), employs about 50 workers.

Wilsonart and Hanwha L&C had already worked together in the solid surfaces business since the early 2000s. Hanwha L&C, which specialised in decorative interior remodelling materials, was originally founded by Hanwha Advanced Materials Corp., headquartered in Seoul. In 2014, it was sold to Morgan Stanley Private Equity for KRW300bn. Morgan Stanley sold Hanwha L&C on to Hyundai Department Store Group at the start of October 2018. The transaction was prepared using a bidding process, in which the Hyundai subsidiary Hyundai Home Shopping Network had offered to pay KRW368bn or roughly US$325m. The new owner integrated the organisation and activities of Hanwha L&C into its interior remodelling unit Hyundai Livart and continued to operate them with little in the way of changes. However, the company was renamed Hyundai L&C with effect from 3 December. South Korean financial newspapers report that Hyundai Livart had generated revenues equalling about US$1.2bn in the 2017 financial year. Hanwha L&C's revenues were put at a good US$900m. □

Formica enjoys a strong improvement in earnings

The laminate producer Formica Corp., based in Cincinnati, Ohio, delivered a considerable improvement in its earnings in the 2018/2019 financial year (30 June). The New Zealand building products group Fletcher Building Ltd., headquartered in Auckland, sold Formica to Broadview Holding B.V., based in s'Hertogenbosch, the Netherlands, in June. Formica generated total revenues of NZD941m by the time that the deal closed on 3 June, compared with a figure of NZD1.006bn recorded for the entirety of the 2017/2018 financial year. On the other hand, its pre-tax profits increased to NZD77m (2017/2018: 58m); net profits for the period reached NZD59m (52m). Including a transaction loss of NZD122m caused by the divestment, Formica booked a total net loss of NZD63m (+52m).

This transaction loss was connected to the difference between the book value and the net purchase price. The sale closed at a gross price of NZD1.259bn. After deducting working capital, liabilities and minority shareholdings (NZD20m combined) and transaction costs of NZD48m, the net purchase price stood at NZD1.191bn. Fletcher Building said that this figure was 10.8 times Formica's EBITDA. However, the book value of Formica's assets amounted to NZD1.313bn.

The Roof Tile Group (RTG), which like Formica was part of Fletcher Building's Formica/The Roof Tile Group division, was sold to the Canadian firm IKO Group, based in Brampton, Ontario, back on 1 November 2018.

Total revenues from the Formica/The Roof Tile Group division tumbled 13% to NZD1.019bn (1.177bn) during the 2018/2019 financial year compared to the preceding year. In local currency, revenues in New Zealand plunged 71% to NZD10m (34m); in the rest of world (RoW) region, a 17% slump in revenues to NZD679m (815m) was posted. External revenues also slipped 13% to NZD999m (1.153bn). A 67% drop in New Zealand revenues to NZD16m (48m) was reported; revenues in the RoW region were down 16% at NZD660m (786m). The division's adjusted EBITDA was stable at NZD106m (106m). Adjusted EBIT improved as much as 25% to NZD82m (65m), while unadjusted EBIT was well in negative territory at -NZD58m (+8m). In New Zealand, adjusted EBITDA stayed at the previous year's level at NZD3m (3m). Australian adjusted EBITDA was cut in half to NZD2m (4m), while adjusted EBITDA leapt 17% to NZD55m (47m) in the RoW region. □

Westag & Getalit scales back revenue forecast

(Photo credit: Westag & Getalit)

Westag & Getalit AG, headquartered in Rheda-Wiedenbrück, Germany, has lowered its revenue forecast slightly for 2019 as a whole after rather subdued business in the first half of the year. Until now, the company had expected revenues to swell by an upper single-digit percentage. At the publication of its first-quarter financials, the company had believed that it would be able to make up for a small downturn reached in the first three months (-0.8% to €60.4m) as the year went on. Following this recent revision, the company now thinks that revenues will improve only slightly in 2019. Westag & Getalit said that the reduced revenue forecast and one-time staffing charges incurred in the first half of the year will also have a negative impact on its full-year profits. However, the firm still expects to deliver a substantial improvement in its pre-tax profits.

First-half revenues were just shy of the previous year's level at €117.8m (Jan.-June 2018: 118.1m). This figure includes €60.4m (Jan.-March 2018: 60.9m) in

the first quarter and €57.4m (April-June 2018: 57.2m) in the second quarter. While German revenues dipped 1.1% to €87.6m (88.6m) in the first half of the year, foreign revenues increased 2.4% to €30.2m (29.5m). As such, the export share rose to 25.7 % (24.0 %).

Revenue in the "Doors/Frames" division was up slightly on a year earlier at €62.9m (62.6m). Negative influences from the shifts that occurred in the product mix on the domestic market were compensated for by further growth in export business. Revenue generated from sales by the "Surfaces/Elements" division fell by 2.9% to €51.0m (52.6m), which the company attributes above all to the slacker demand for industrial and formwork panels. Conversely, the central segment was able to boost its sales revenue by 39.8% to €3.8m (2.9m). The reason for this was the more consistent operation of the biomass-fired power station, which had been at a standstill for quite some time during the same period of last year due to maintenance and repair work.

At €1.9m (2.9m), the operating result remained well short of last year's figure. Pre-tax result fell by 25.6% to €2.4m (3.3m). Profit for the period decreased 21.4% to €1.8m (2.3m). €1.0m (1.1m) of this was contributed by the Surfaces/Elements division and €0.8m (1.2m) by Doors/Frames. □

Greenlam acquires Swiss distributor Decolan

Indian laminate manufacturer Greenlam Industries Ltd., New Delhi, has taken over all shares in Swiss Decolan S.A., Chiasso, via its subsidiary Greenlam Asia Pacific Pte. Ltd., Singapore. The transaction, for which the board of directors had already approved cash funds up to a figure of CHF1m on 13 February, was concluded on 15 May. As announced in February, the company has subsequently been renamed Greenlam Decolan.

Giovanni Iurza, managing director and sole shareholder before the takeover, has been appointed CEO of Greenlam Decolam, and he reports to Vaibhav Sharma, director Americas, Asia Pacific & Europe. Decolan already processed Greenlam's laminate exports to central Europe in the past. As a result of the takeover, deliveries to this sales region are to be expanded. During the past financial year Decolan generated turnover of CHF2.9m. In 2016 (CHF3.4m) and 2017 (CHF3.2m), in contrast, higher turnover figures were achieved.

(Photo credit: Greenlam)

In the 2018/2019 financial year (31 March) the Laminates and Allied business division of Greenlam increased turnover by 10.2% to INR10.845bn (2017/2018: 9.843bn), equivalent to approximately US$158.1m. According to the company, this was the first time the INR10bn mark was surpassed. As in the preceding year, in this connection export business (+17.2%) developed along more positive lines than domestic activities (+4.3%). Adjusted to account for exchange rate effects, export turnover improved by 10.3%. The turnover increase was mainly attributed to the 10.2% rise in average sales prices. Against the background of a stable export volume by comparison with the previous year, sales of laminate sheets decreased by a total of 5.7% to 13.54m (13.81m) due to a decline in deliveries in India (-3.2%).

Taking into consideration the second Decorative Veneers and Allied business division, which includes the veneer, multilayer parquet and interior door product segments, consolidated total turnover of INR12.807bn (11.557bn) was generated. The EBITDA increased by 6.5% to INR1.585bn (1.489bn), the margin calculated on this basis was 12.4% (13.0%). Pre-tax and net profit increased at a more significant rate in each case to INR1.063bn (965m) and INR771m (646m). □

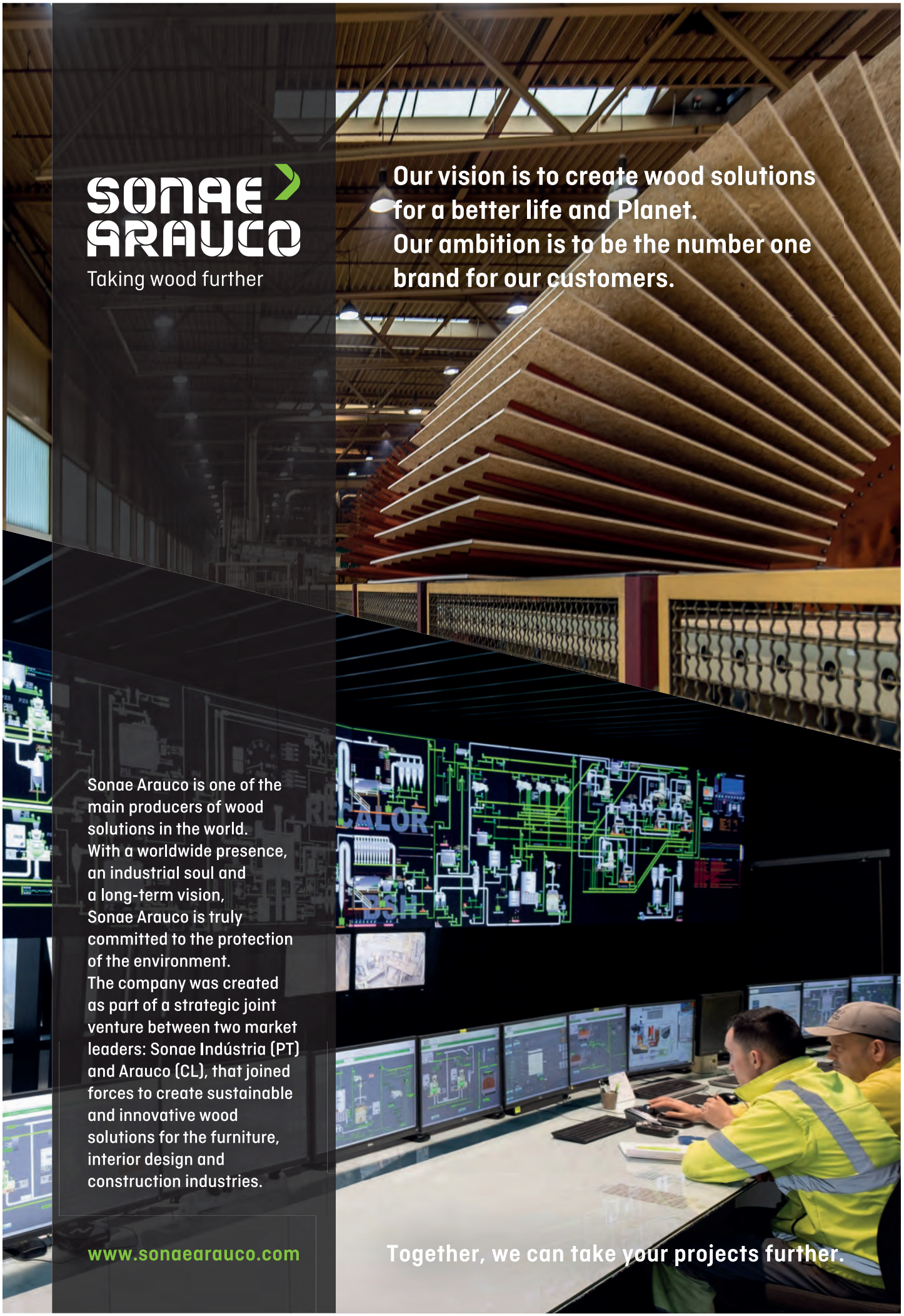
Kotkamills reports another deterioration in revenues

The Finnish company Kotkamills Group Oyj, based in Kotka, registered lower sales and revenues from its two divisions in the first and second quarters of 2019 when compared with the prior-year period. The Industrial Products division raised its sales of saturating base kraft and softwood lumber slightly compared with the previous three-month periods after a seasonally slow fourth quarter. The Consumer Boards unit experienced a dip in sales compared with the previous quarter between January and March. However, the second quarter turned out to be a little stronger than the first.

The Industrial Products division thus reported a 9% year-on-year decline in its first-quarter consolidated revenues to €40.4m (Jan.-March 2018: 44.4m). EBITDA from these activities tumbled 12% to €4.5m (5.1m), while operating income slipped 11% to €4.1m (4.6m). The Consumer Boards division increased its revenues slightly to €42.6m (40.1m). Its EBITDA was back in positive territory at +€1.1m (-1.6m), while the operating loss was trimmed to -€1.3m (-3.9m). On a group-wide scale, Kotkamills posted revenues of €86.1m (87.6m). Its EBITDA improved to €6.6m (4.3m), while operating income reached €2.8m (0.8m). By contrast, pre-tax and net earnings remained in negative territory at -€1.1 (-3.6m) and -€0.6m (-3.7m) respectively.

In the second quarter the Industrial Products division saw its consolidated revenues dive 5% to €43.6m (46.0m). The division recorded EBITDA of €5.0m (5.7m) and operating income of €4.6m (5.3m). Total revenues decreased to €90.5m (97.9m). EBITDA also slipped to €5.6m (8.0m), while operating income plunged to €1.4m (4.1m). This downward spiral in its earnings paved the way for another pre-tax loss of -€2.7m (+1.4m) in the second quarter; it also booked a net loss of -€2.7m (+1.4m).

Kotkamills booked first-half revenues of €176.6m (Jan.-June 2018: 185.5m), EBITDA of €12.3m (12.3m) and operating income of €3.9m (4.4m). The group suffered a net loss of -€3.3m (-2.3m). □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Worldwide sales 2018 remained at the previous year's level / Forecast for 2019 revised

Decor paper sales have not risen any further after five years of growth

Following five years of varying improvements in sales, the global decor paper market (excluding China) held at the previous year's level last year.

The growth recorded in the first half of 2018 was erased by much weaker business in the second half of the year. This downward trend has continued so far in 2019, meaning that the full year will likely end with a reduction in sales volumes for the first time since 2012. For this reason, Ahlstrom-Munksjö Germany Holding GmbH, based in Aalen, Germany, has now revised downward the 2019 forecast contained in its Decor Paper Market Research 2018, which was completed in May 2019. Instead of the slight 0-2% growth to 765,000-780,000 t projected in the report, the company now anticipates a downturn of a similar magnitude. Ahlstrom-Munksjö had originally forecast an even bigger growth of 3-4% for subsequent years. Global decor paper sales (excluding China) should verge on 800,000 t in 2020. Sales of 820,000-850,000 t were forecast for 2011 and 845,000-885,000 t for 2021. These projections are now also considered overly optimistic.

According to the Decor Paper Market Research, a total of 765,000 (2017: 765,000) t of decor paper was sold around the globe (excluding China) last year. As in years past, the individual regions turned in mixed performances. Decor paper sales continued to swell in Eastern Europe, South America and the Asia-Pacific region (excluding China), although not by as much as in previous years. A small improvement was recorded in North America after a downturn in the previous year. The trend pointed in the opposite direction in Western Europe (excluding Germany but including Turkey): sales fell in a year-on-year comparison after several years of growth. The Middle East also faced a slump in sales.

Germany experienced the biggest drop in sales last year. Coming on the heels of a 3.9% increase in 2016 and a similar downturn in 2017 (-3.8%), decor paper sales reached just 178,300 (189,000) t in Germany last year – a 5.8% decrease compared with the previous year. Western European decor paper sales slipped 1.9% to 214,500 (218,600) t after the two previous years had ended with similar growth rates of 4.9% (2016) and 4.0% (2017). Ahlstrom-Munksjö reported a 5.0% upswing in Eastern European sales to 163,000 t. By way of comparison, 2016 (+9.0%) and 2017 (+7.9%) wrapped up with even larger growth rates. The sustained improvement in Eastern Europe was more than erased by the downturn in Western Europe, though. Europe as a whole thus registered a 1.3% decrease in sales to 555,800 (563,000) t. The Eurozone fared a little worse than European markets with local currencies, posting a 2.5% decline to 324,000 (332,000) t.

(Photo credit: EUWID)

American markets climbed 3.6% to 100,400 t last year. The growth seen in South America in 2017 (+5.4%) continued at only a slightly slower pace last year (+5.1% to 53,300 t). In North America, the previous year's drop (-2.7%) was partly wiped out with a 1.9% rise to 47,100 t. Decor paper sales were up 2.8% at 91,600 t in the Asia-Pacific region (excluding China). However, they fell 2.8% to 17,200 t in the Middle East and other regions.

Europe thus accounted for 72.7% of global decor paper sales (excluding China) last year. Both Germany (23.3%) and Western Europe (28.0%) saw their shares dwindle, whereas Eastern Europe moved up to 21.3%. The Americas were responsible for 13.1%, the Asia-Pacific region for 11.8% and the Middle East/other regions for 2.2%.

The Decor Paper Market Research also broke down sales by buyer sectors and decor paper grades. As in years past, the sales channels were also analysed. Manufacturers delivered 331,500 t (-2.5%) to decor printers, comprising 274,300 t of melamine paper, 51,300 t of pre-impregnated paper and 5,900 t of edgebanding paper. The Decor Paper Market Research

report also further broke down the total amount processed by decor printers by sales market. Germany remains the leading sales market in this segment with a 34% share, followed by Poland with 15% and Russia with 11%. The next-largest markets have single-digit percentage shares (Spain 7%, US 6%, Brazil 5%, Italy 5%, Turkey 3%, other markets 14%).

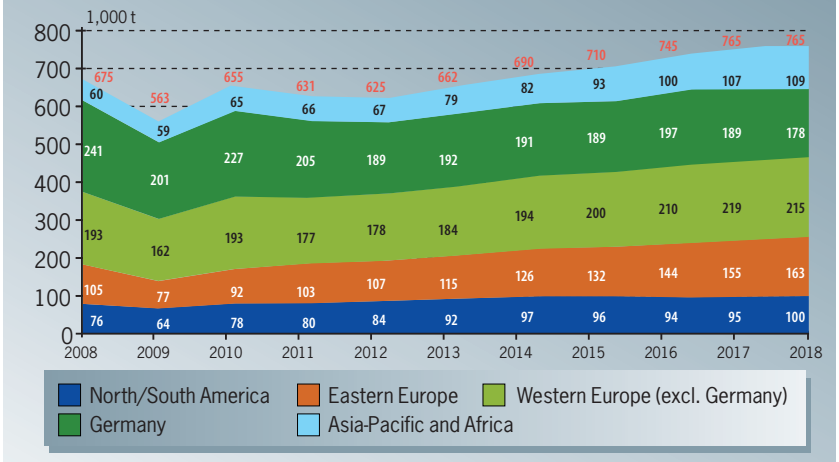
The impregnating/coating business sourced 91,500 t directly from the decor paper industry last year (+6.8%). This figure includes 60,300 t melamine paper, 16,900 t of pre-impregnated paper, 8,600 t of backer paper and 5,700 t of edgebanding paper. The HPL/CPL business displayed a similar growth of 6.7% to 67,200 t, although it was solely fuelled by India. HPL/CPL production facilities processed 66,700 t of melamine paper and 500 t of backer paper. Decor paper sales for LPL coating were 0.7% lower than in 2017 at 274,800 t. This figure broke down into 234,700 t of melamine paper, 39,400 t of backer paper, 400 t of edgebanding paper and 300 t of post-impregnated paper.

In terms of the different grades, melamine paper was the only one to display small growth (+0.7% to 636,000 t), although it was able to make up for the slump seen in pre-impregnated paper (-1.7% to 68,500 t), backer paper (-4.9% to 48,500 t) and edgebanding paper (-7.7% to 12,000 t) sales because of its much larger sales volumes. A trend towards white grades that has already played out for several years persisted last year. Across all grades, sales of white decor paper rose 3.4% to 455,000 t. This includes 403,500 t of melamine paper, 47,300 t of pre-impregnated paper and 4,200 t of edgebanding paper. Coloured decor paper sales, which also count total backer paper sales, fell 4.6% to 310,000 t (232,500 t melamine paper, 48,500 t backer paper, 21,200 t pre-impregnated paper, 7,800 t edgebanding paper). This means that the total sales of 765,000 t comprised 60% white decor paper and 40% coloured decor paper. Excluding backer paper, the share of white paper reached 64%.

Printing base paper's share of total sales also headed lower. At 280,200 (287,300) t, just 36.6 (37.6) % of total sales were for paper used by decor printers. Pre-impregnated paper's share dipped to 9.0 (9.1) %. On the other hand, LPL and HPL/CPL paper sales improved and their share rose thanks to stable overall sales. LPL paper sales edged higher to 349,100 (345,000) t and had a 45.6 (45.1) % share. HPL/CPL paper sales reached 67,200 (63,000) t with an 8.8 (8.2) % share.

When analysing the different sales channels, Ahlstrom-Munksjö tracked the decor paper industry's deliveries to first-stage processing and then volumes from this stage to the next converters. The figures do not take account of reject rates. The 331,500 t delivered to decor printers broke down into 215,000 t for LPL and HPL/CPL producers, 63,000 t for impregnating firms and 53,000 t for finished product manufacturers, particularly furniture and laminate flooring producers. Impregnating firms thus sourced 92,000 t directly from the decor paper industry and 63,000 t from printers. The 155,000 t that ended up at impregnating firms translated into 131,000 t destined for LPL and HPL/CPL producers and 24,000 t for the furniture and laminate flooring industry. LPL and HPL/CPL producers sourced 342,000 t from the decor paper industry, 215,000 t from printers and 131,000 t from impregnating firms. All of the 688,000 t of decor paper they converted was sent to finished product manufacturers. □

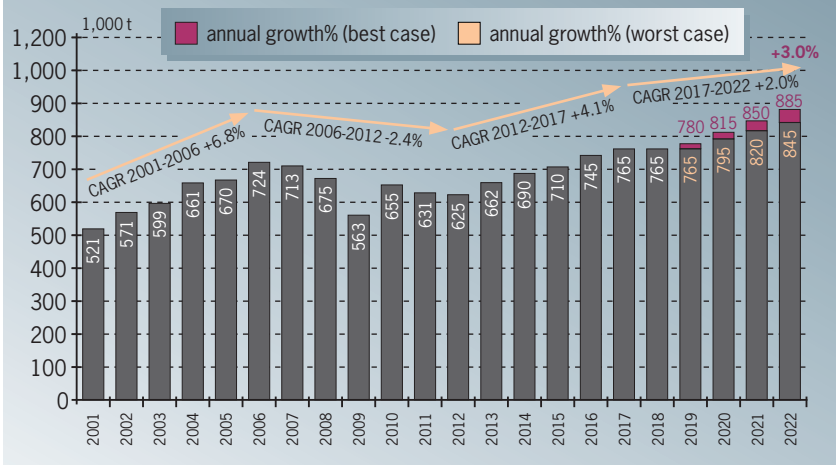
Market development of decor paper 2008-2018 1)



1) without China

Source: Ahlstrom-Munksjö Germany Holding GmbH

Market development of decor paper 2001-2022 1)



1) without China

Source: Ahlstrom-Munksjö Germany Holding GmbH

Production of better grades rose to 875,000 t / Net 75,000 t were delivered to other markets

Growth in Chinese decor paper output almost halved compared to previous years

Chinese decor paper production increased again last year, although the growth rate was roughly half as big as in 2017.

According to the China National Forest Products Industry Association (CNFPIA), some 1.1m t of decor paper were made in China in 2018, a 7.4% year-on-year improvement. Output had grown by double-digit percentages in both 2016 (+15.7% to about 900,000 t) and 2017 (+13.5% to more than 1m t). 2013 (+17.8%) and 2014 (+16.9%) had been even stronger. The only short-lived lull took place in 2015 (+1.6% to 778,000 t). However, as in past years, Ahlstrom-Munksjö Germany Holding GmbH, headquartered in Aalen, Germany, pointed out in its Decor Paper Market Research 2018 report that the figures documented by the CNFPIA also include very simple grades that are not comparable with European decor paper. Ahlstrom-Munksjö still estimates these simple grades' share of total Chinese production at approximately 20%. Relevant production hence stood at about 875,000 t processed in decor printing, treating and coating facilities last year. The growth in sales volumes was also only in a single-digit percentage range at 8.0%. As with total production, the upward trend has slowed a little compared with years past (2015: +4.1% to 635,000 t, 2016: +12.6% to 715,000 t, 2017: +13.3% to 810,000 t).

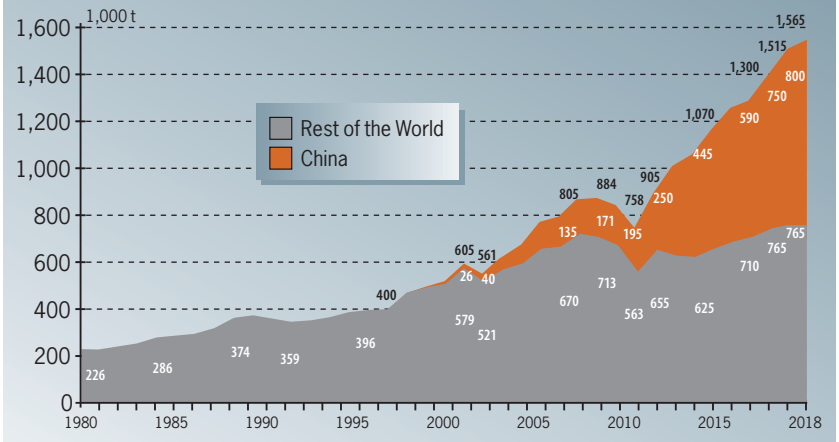
Chinese decor paper exports increased again last year. Ahlstrom-Munksjö estimates that a net sum of 75,000 t was delivered to other markets. These shipments have more than doubled since 2014 (35,000 t); exports were estimated at 60,000 t in 2017, meaning that last year showed a 25% growth. Exports are still concentrated in Asia, although Chinese producers have recently boosted their exports to other markets.

Based on output of 875,000 t and net exports, the Chinese market experienced a 6.7% year-on-year improvement in decor paper sales to 800,000 t. This figure was made up of 776,000 t of melamine paper, 19,000 t of backer paper, 3,000 t of edgebanding paper and 2,000 t of pre-impregnated paper. Ahlstrom-Munksjö estimates that a total of 765,000 t was sold in other regions outside China last year (see separate report). Therefore, 2018 ended with a 3.3% increase in the global market volume to 1.565 (2017: 1.515)m t. With a 51.1 (49.5) % share, China overtook other regions for the first time, which account for a combined share of 48.9 (50.5) %.

The global market volume of 1.565m t breaks down into 1.412 (1.358)m t of melamine paper, 67,500 (70,000) t of backer paper, 15,000 (16,000) t of edgebanding paper and 70,500 (71,500) t of pre-impregnated paper. Decor printers processed 853,500 (807,100) t of the total. Impregnating firms sourced 134,500 (130,700) t from the decor paper industry. Some 486,800 (491,200) t was delivered directly to LPL manufacturers and 90,200 (86,000) t to HPL/CPL producers. All told, LPL and HPL/CPL producers received the same amount as in 2017 (577,000 t).

The Decor Paper Market Research report also depicts output, the balance between imports and exports and the total market volume from both factors for each region. Western European production thus fell to 493,000 (514,000) t last year. Net exports reached 100,000 (106,000) t, resulting in a market volume of 393,000 (408,000) t. Eastern European output was also just shy of 2017's level at 131,000 (132,000) t. A growth in net imports to 32,000 (23,000 t) thus met the increase in the market volume to 163,000 (155,000) t. North and South America also needed decor paper from other regions. North America produced 32,000 (30,000) t, imported 15,000 (17,000) t and sold 47,000 (46,000) t last year. South America's net imports rose to 31,000 (27,000) t, while production stayed the same at 22,000 t – resulting in a market volume of 53,000 (49,000) t. The Asia-Pacific region (excluding China) manufactured 12,000 t and imported a net sum of 80,000 t; total sales volumes climbed to 92,000 (89,000) t. □

Market development of decor paper 1980-2018 1)



1) including China

Source: Ahlstrom-Munksjö Germany Holding GmbH

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Barely any post-holiday improvement in order intake and sales

Decor paper manufacturers trying to identify why sales remain slow

The recovery that was actually expected to materialise on decor paper markets after the summer holidays has largely failed to materialise to date.

Order intake and sales are virtually the same as in months past in September, as well. In July and August, a few producers had experienced a slight year-on-year improvement for the first time in a while. However, this upswing is primarily due to low underlying levels last year. Demand is still too weak for the time of year. Last year, a considerable downturn emerged over the summer months after a relatively good first half of the year. Business had already displayed little in the way of a post-holiday recovery in 2018. As the year went on, order intake fell even more sharply. Sales had tumbled by a double-digit percentage in the fourth quarter compared with the same stretch in 2017. This kind of development is not likely this year, although there are no signs of business improving in the near term, either.

The slump has now lasted for more than 12 months, making it already longer than the downturn that occurred in the crisis year of 2009. Decor paper manufacturers are still looking for explanations for why sales remain sluggish. The different sales segments and regions booked downturns almost across the board in the past few months, as well, although not as big as the decline in the decor paper business in most cases. Stronger downswings in a few sales segments, such as the laminate flooring industry, and in markets like Turkey and the Middle East are not enough to explain what has happened. Inventory reductions under way throughout the entire value chain since the second quarter of 2018 have lasted longer than expected, but are now said to be largely done and dusted. A few decor paper producers also built up stocks again in advance of holiday stoppages that sometimes ended up being longer than originally planned. In addition to these short-term factors, structural shifts are also likely contributing to the reduction in sales that emerged within the European decor paper industry over the past year.

(Photo credit: EUWID)

Besides the persistent trend towards white and single-shade products and potential material substitutions in furniture and interior remodelling projects, sources are chiefly citing mounting competition from the Chinese decor paper industry. After raising their capacity considerably in recent years, Chinese producers have stepped up their exports in the wake of weaker business on their domestic market. Chinese companies are also showing their faces more on markets that until now had primarily been served by European manufacturers. For instance, Chinese manufacturers initially pushed more towards Southern Europe through Turkey and Russia; Chinese decor paper is now popping up in other European markets, too. While even established suppliers are now seeing their prices fall, buyers are still interested in ways of securing paper more cheaply. The first shipments apparently ended up in the decor printing and treating segments; the wood-based panel industry is now also exploring the possibility of receiving shipments from China. A variety of wood-based panel producers in Turkey and Russia are already using some Chinese decor paper.

These shipments from China have intensified the surplus supply situation that already existed. Last year, it had already become clear that increases in sales booked in 2017 and the first half of 2018 had exceeded actual market growth. Many buyers had built up large inventories in response to problems sourcing raw materials, the tight supply of decor paper at times as a result and ensuing cost and price hikes. These inventories were scaled back again after the decor paper business reversed course in mid-2018, further slowing already ailing demand for economic reasons.

Businesses are still not coping with this inventory effect.

By contrast, the availability of decor paper has risen sharply by virtue of investments in new machines and expanding existing machines in the past few years. The start-up of PM 6 at the joint venture OOO Mayak-Technocell (MTC), based in Penza, Russia, in July 2018 was the last major investment in Russia and Europe. Malta-Decor Sp.zo.o., headquartered in Poznan, Poland, is no longer moving forward with plans to build another paper machine. Conversely, Chinese decor paper capacity had increased sharply in recent years. European producers have also been increasingly involved in the latest projects. A major expansion also looks to be on the horizon with the planned merger of the Decor division of Ahlstrom-Munksjö Oyj, based in Helsinki, with a Chinese producer.

The last significant divestments in the decor paper industry happened several years ago. Decor paper industry insiders believe that unprofitable paper machines might be closed in the event that global decor paper markets remain challenging in the months ahead.

European decor paper producers have so far tried to reduce surplus supply by adjusting output. Longer stoppages lasting two to three weeks also took place over the summer months. This step was actually supposed to guarantee continuous production as far as possible in September and October. However, a few producers took downtime again in September since a recovery has so far failed to materialise. Decisions about additional production curtailments are to be made based on how order intake and inventory levels evolve. Several firms have already scheduled stoppages to coincide with public holidays and long weekends at the start of October and start of November.

Decor paper buyers want to leverage the still strained market situation to achieve additional price cuts in talks set to happen in the second half of September about fourth-quarter deliveries. The sustained slump in pulp prices is the main reason given. Titanium dioxide prices are typically expected to tread water in the fourth quarter despite continued supply pressure. For their part, decor paper manufacturers are underscoring rising energy costs due to factors including CO2 certificates becoming more expensive. Therefore, savings in pulp costs are not supposed to be passed on fully. Manufacturers and buyers will likely discuss cutting prices by €3-5/100 kg, depending on the pulp content, in upcoming talks. A few buyers have also set their sights on bigger markdowns than the proportionate savings, but will likely only be able to do so through additional amounts that they really do not need at the moment. New contracts will generally push prices for 80 g white high-filled decor paper, which were left untouched at an average of €195-202/100 kg over the summer, below the €200 mark. □

Division to be combined with Chinese decor paper manufacturer

Ahlstrom-Munksjö to spin off decor paper division after business combination

The speciality paper manufacturer Ahlstrom-Munksjö Oyj, based in Helsinki, is currently exploring strategic options for its decor paper business, which is pooled in its Decor division.

According to an ad-hoc statement released on 17 September, this review might also lead to these activities being hived off. The deliberations are connected to plans afoot for some time now to expand to China. The company said that it is currently in talks with Chinese decor paper manufacturers with the goal of creating a global leader in decor paper manufacturing through an acquisition, merger or joint venture. At the same time, financing options are being explored, including using outside capital.

Ahlstrom-Munksjö is primarily targeting potential investors with the announcement of the current plans for its decor paper business. It is primarily targeting financial investors, although the involvement of a strategic investor from the paper or wood-based panel industry would also be conceivable in principle.

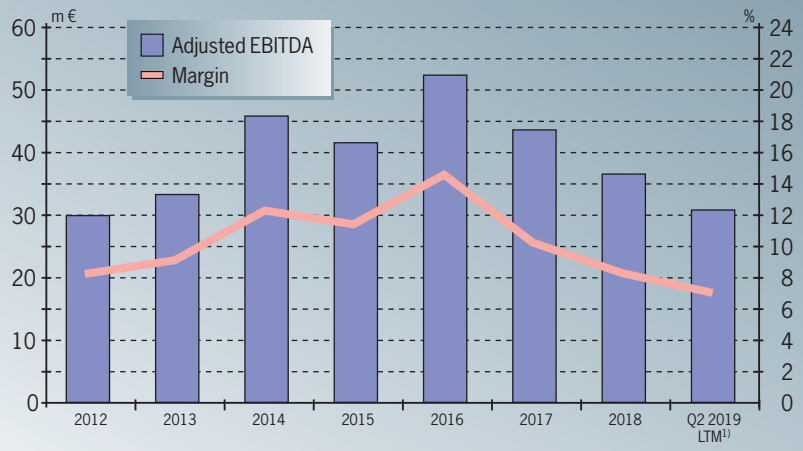
Hans Sohlström, who has served as Ahlstrom-Munksjö's CEO since April 2018, declined a request for information about the exact state of negotiations in China. The company was in talks with several large and medium-sized Chinese decor paper manufacturers covering all segments of the Chinese market. However, an actual outcome to the talks has not been brokered yet. The planned merger with a Chinese manufacturer aims to strengthen Ahlstrom-Munksjö Decor's position on the Chinese market, which has taken a turn for the worse in recent years. By strengthening its foothold in both China and Western markets, the new company intends to set itself apart from the competition.

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

The Decor division generated pro forma revenues of €451.9m (2017: 431.8m) in the 2018 financial year. Comparable EBITDA tumbled 15.3% to €37.1m (43.8m), primarily due to higher raw material costs. The comparable EBITDA margin fell two percentage points to 8.2 (10.2) %, well below the internal group target. In pro forma terms, the contribution to revenues and earnings made by the MD Papéis mill in Caieiras, which it acquired with effect from 17 October 2018, was fully taken into account over both financial years. This explains a jump in revenues recorded in 2017 after a phase of relative stability from 2012 to 2016.

Adjusted EBITDA and the adjusted EBITDA margin have continued to slide since 2016, though. By way of explanation, Ahlstrom-Munksjö pointed to the increase in raw material costs that began in 2017 and 2018, delays in passing on these cost hikes to sales prices, much fiercer competition in a few regions and the resulting loss in volumes. This negative trend was compounded by a steep decline in demand starting in the middle of 2018 and by longstanding inventory reductions along the entire value chain. □

Ahlstrom-Munksjö Decor: Adjusted EBITDA



1) Last twelve months

Source: Ahlstrom-Munksjö

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WestRock has to qualify DuraSorb production at another PM in the North Charleston mill

Laminate manufacturers worried about problems sourcing saturating base kraft

A variety of HPL, CPL and compact board manufacturers feel that the closure of PM 2 at WestRock's mill in North Charleston, South Carolina at the end of this year might make it hard to source saturating base kraft for phenolic resin impregnation for a time.

This step was announced by the US paper and packaging group WestRock Co., based in Atlanta, Georgia, on 9 September. By making this divestment, the firm intends to largely stop making linerboard at the site in North Charleston, which operates three paper machines and has an annual capacity of roughly 900,000 t. Until now, this linerboard has mainly been made at PM 1 and PM 3. PM 2 solely manufactures saturating base kraft sold under the DuraSorb name, primarily in grammages of 150-250 g/m². Annual DuraSorb production is currently in the region of 250,000 t/year, around 80,000 t of which buyers believe is delivered to the European market. DuraSorb paper is mainly used as core paper in laminate production; to a lesser extent, this kraft paper is also used in other areas. Manufacturing of kraft paper for packaging cartonboard (KraftPak) and kraft paper specialities is to move from PM 1 to PM 3 as part of the planned measures.

Conversely, saturating base kraft production is set to move from PM 2 to PM 1. PM 1 had already manufactured saturating base kraft up until 2010, but then focused on making linerboard and other paper grades after modifying some of its technology. Before this switch, PM 1 had made approximately 75,000 t of DuraSorb paper each year, as well as KraftPak and linerboard. If it solely made DuraSorb, PM 1 would have had an annual capacity of approximately 275,000 t, according to information previously released by KapStone Paper and Packaging Corp., headquartered in Northbrook, Illinois, which WestRock acquired in November 2018. WestRock thus intends to boost its capacity by 30,000 t by moving DuraSorb manufacturing from PM 2 to PM 1. Instead of PM 2's annual current capacity of 250,000 t, PM 1 should be able to make 280,000 t in the future. The company also plans to widen its quality spectrum.

WestRock plans to shut down one paper machine in the Charleston mill. (Photo credit: WestRock)

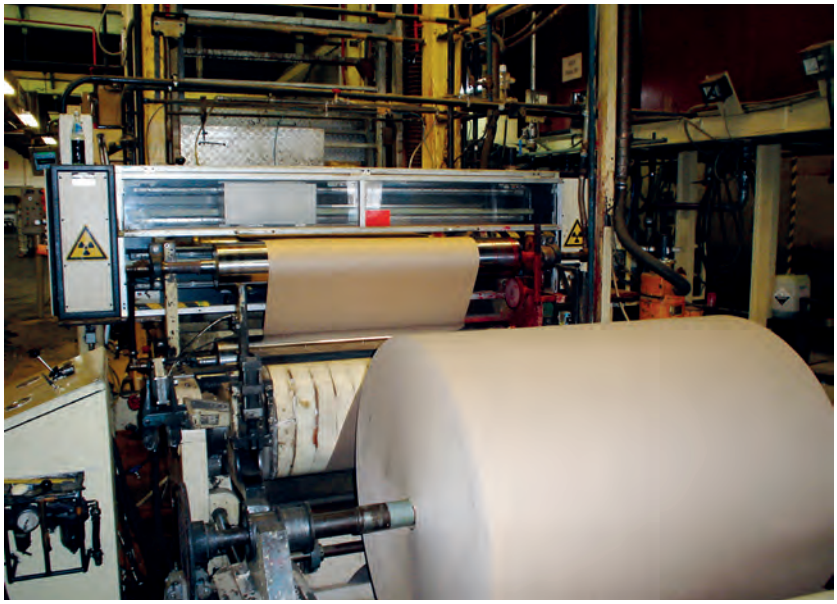
Over the past six months, WestRock has already carried out several test runs making saturating base kraft using PM 1 and has delivered this paper to impregnating firms and laminate producers for qualification purposes. By way of explanation, the firm had pointed out that PM 1 was supposed to be qualified to make saturating base kraft, too, as a back-up to PM 2; there was no talk of closing PM 2 and thus needing to transfer production to PM 1 at that time. The recent decision thus caught many market players by surprise. Many buyers doubt that there is enough time left between now and the year's end, when the machine is set to close, to qualify all types of saturating base kraft to be made using PM 1. In this context, insiders also pointed out that test quantities delivered from PM 1 and used in impregnating and laminate production to date did not yet fully meet requirements. A short time after the decision to close PM 2 was made public, several customers thus contacted Westrock in writing to urge the firm to keep the paper machine running at least until the required qualification measures at PM 1 had been completed. By contrast, WestRock wants to make sure that buyers can build up enough inventories to bridge the transition period with deliveries from PM 2.

Originally delivered by Beloit Corp., based in Beloit, Wisconsin, the paper machines each have a working width of 569 cm and solely use virgin fibre as their raw material. Both machines have their own stock preparation system. The fibres that they use will thus not be an issue during the required qualification process. Influences from the paper machine itself are more critical. These factors might lead to fluctuations in product quality, which

could have a negative impact on converting properties. Phenolic coating is less susceptible to problems than compaction in CPL or HPL presses. The most stringent requirements apply to CPL production because films spend a short amount of time going through the double-belt press. Long press times can help to offset variations in quality during HPL and compact board production. Paper in grammages of 140-210 g/m² is typically used to make laminates. Heavier saturating base kraft up to 260 g is also used in a few cases. CPL manufacturers typically opt for 140-160 g grammages.

Converters fear that deliveries from the North Charleston plant will be suspended if PM 2 closes at the year's end, as planned, even if the qualification of PM 1 has not been completed. This shortfall will have to be offset from in-house stocks or by resorting to alternative suppliers. Several users of saturating base kraft have already contacted potential paper suppliers in the past few days. The situation is complicated by the fact that there are only three major producers of higher-grammage saturating base kraft: WestRock, International Paper Co. (Memphis, Tennessee) and Kotkamills Group Oyj (Kotka, Finland). For its part, International Paper only covers a grammage spectrum of 198-290 g/m² with the UniSat product line made using PM5 at its mill in Savannah, Georgia. Kotkamills was originally able to make grammages of 140-350 g/m² at its PM 1 in Kotka. Its portfolio was widened to include 80 g paper after production ceased at PM 7 at its Tainionkoski Mill in Imatra in January 2019.

Buyers said that the main alternative supplier is the Norwegian kraft paper manufacturer Ranheim Paper & Board AS, based in Trondheim-Ranheim. This company has been delivering saturating base kraft to laminate manufacturers since 2016 and was acquired by FunderMax GmbH, headquartered in St. Veit, Austria, this January. Ranheim can now make roughly 65,000 t of saturating base kraft each year, with its output delivered to both FunderMax and external buyers. The company plans to raise its output. Ranheim covers a grammage range of 80-215 g/m² and intends to deliver both core paper and kraft paper for plywood coating in the future. Other manufacturers include Nordic Paper Holding AB (Bäckhammar, Sweden), Mondi plc (London and Johannesburg) and Cartiera Giacosa S.p.A. (Front Canavese, Italy). However, buyers feel that the usability of this paper limited because of the raw material used, grammage range, and level and consistency of its quality. Several European paper producers have also explored starting to make saturating base kraft in recent years, but ultimately did not move forward with these plans.



Impregnation of saturating base kraft *(Photo credit: EUWID)*

WestRock's decision to stop making linerboard in North Charleston is connected to a major investment project at its facility in Florence, South Carolina, which is about 160 km north of North Charleston. WestRock had announced this project, which was set to involve an investment of some US$410m, in mid-2017, quite some time before it acquired KapStone. With a working width of 8.38 m and a designed annual capacity of 710,000 t, this paper machine is to replace three older machines. Commissioning is slated to take place in the first half of 2020. The product areas left over in North Charleston after the firm ceases linerboard production tend to be non-core activities given their relatively small share of group revenues generated by WestRock, which mainly specialises in packaging.

The situation relating to the supply of lightweight saturating base kraft paper with grammages of 40-100 g/m², which are supplied mainly to the plywood industry for producing film-face plywood, has already deteriorated since the discontinuation of production in January 2019 on the PM 7 paper machine at the Tainionkoski mill in Imatra. With the PM 7 leased from Stora Enso Oyj of Helsinki as the owner of the Imatra facility, Kotkamills was one of the biggest suppliers of this lightweight saturating base kraft paper. When the leasing contract was terminated by Stora Enso in June 2017, Kotkamills had endeavoured to find various alternatives for the output covered by the PM 7. In a first step, Kotkamills had announced an extension of its product range on the PM 1 at its own mill in Kotka as well as production on a contract basis at other paper manufacturers. Both measures have been implemented in the meantime but are not sufficient to compensate for the discontinued production on the PM 7. In the first quarter of 2018, Kotkamills therefore initiated a pre-feasibility study for building a new paper machine in Kotka geared to lightweight paper. Part of the purpose of this study is to determine the engineering, the production capacity, other technical details such as working width, and the time schedule. The final decision to invest in the machine referred to as PM 3 announced for the end of 2018 at that time is still outstanding, however. □

Arclin sold its location in Blythewood to Owens Corning, in the fourth quarter of 2018

Surteco Group completes sale of treating facility in East Longmeadow to Arclin

Surteco Group SE, based in Buttenwiesen, Germany, has sold its US treating site in East Longmeadow, Massachusetts to the North American resin producer and treating firm Arclin Inc., headquartered in Roswell, Georgia, in an asset deal.

Talks lasting a few months between the two companies were completed towards the middle of July 2019 when pen was put to paper. Closing followed a few days later. Arclin informed its suppliers and customers of the transaction on 19 July. By contrast, Surteco hasn't published an own press release because of the site's comparatively small revenues. According to Surteco, the East Longmeadow site now generates annual revenues of roughly €33m after a minor decline in the past few years. Surteco had already classified the mill as a "part of the business held for sale" in its 2018 consolidated financial statement. The balance sheet listed this part of the business as having assets of €17.1m.

Within Surteco's group structure, the East Longmeadow site used to be part of Sueddekor LLC, based in Agawam, Massachusetts. However, North American treating activities were moved to Dakor Melaminimprägnierungen GmbH, based in Heroldstatt, Germany, as part of organisational changes carried out during 2018. Dakor has been a wholly owned subsidiary of Surteco Beteiligungen GmbH since last year. Since the start of 2019, the new Technicals business unit has been made up of Dakor together with Kröning GmbH, based in Hüllhorst, Germany, and the Swedish plastic foil manufacturer Gislaved Folie AB, headquartered in Gislaved.

The East Longmeadow site is home to three treating lines, all of which were delivered by Vits Technology GmbH, based in Langenfeld, Germany. The first two lines, both of which were 7 ft wide, started operating in April and June 2005 respectively. With a width of 10 ft, the line commissioned in December 2013 can also make double widths of 4 ft and 5 ft. Its portfolio includes both melamine film for coating and flooring films. Surteco said that the three lines are mainly set up to make larger batches. This segment of the North American market is increasingly served by wood-based panel and laminate flooring producers that have set up their own treating capacity. The resulting shift in orders to integrated manufacturers has had a growing impact on the East Longmeadow site's profitability. The sale of this site will mark Surteco's exit from the North American treating business. At the end of January 2015, the firm had already sold its plant in Biscoe, North Carolina to Arauco North America, headquartered in Atlanta, Georgia, in an asset deal. Sueddekor LLC had acquired the Biscoe plant from ATC Panels Inc., based in Moncure, North Carolina, in January 2008.

Surteco stopped treating activities in North America. *(Photo credit: EUWID)*

Surteco North America will focus on printed decors, EBC surfaces, thermoplastic foils and edgebanding materials by parting ways with its treating operations. The company will continue to offer melamine films under the terms of contract manufacturing agreements with Arclin. The two companies agreed on a partnership to this effect with the sale of the East Longmeadow site. Surteco has four production sites left in North America after the divestment. Sueddekor LLC runs two 7 ft-wide printing machines equipped with four printing units in Agawam, which were delivered by Maschinenbau Wilhelm Kochsiek GmbH, based in Leopoldshöhe, Germany, and started operating in 2000 and January 2003 respectively. The facility is also equipped with two laboratory machines from Giave S.A., headquartered in Les Franqueses del Vallès, Spain, and a cylinder engraving machine. Bausch-Linnemann North America Inc., based in Myrtle Beach, South Carolina, covers the edgebanding customisation, hot melt coating and EBC lacquering areas at a site built during 2014. The group makes thermoplastic edging at sites operated by Surteco USA Inc., based in Greensboro,

North Carolina, and Surteco Canada Ltd., headquartered in Brampton, Ontario.

Arclin is strengthening its foothold in the melamine treating business again by acquiring the East Longmeadow site. The company had sold its location in Blythewood, South Carolina to Owens Corning, based in Toledo, Ohio, in the fourth quarter of 2018, thus concentrating its melamine film production activities in Tacoma (Washington) and Cobourg (Ontario). Owens Corning is currently rebuilding its existing machinery there to make non-woven products, with restart slated to happen before the year's end. Arclin had purchased the Blythewood and Cobourg sites from Coveright Surfaces Holding GmbH, based in Mülheim an der Ruhr, Germany, in July 2012 and subsequently moved its headquarters from Mississauga (Ontario) to Roswell. At the same time, a number of Arclin production sites underwent restructuring.

The integration of East Longmeadow means that Arclin will operate three sites to make melamine films again. Arclin makes phenol film in Portland (Oregon) and Hayward (Wisconsin). Arclin, which was acquired by the private equity firm Lone Star Global Acquisitions Ltd., headquartered in Dallas, Texas, in February 2017, has a total of five treating sites in North America as a result. Arclin also operates seven plants making adhesive/impregnating resin in Moncure (North Carolina), Andalusia (Alabama), Portland, Toledo, Springfield (Oregon), Winnfield (Louisiana) and Ste-Thérèse (Quebec). Based on its last published financials, Arclin employed some 600 workers and generated full-year revenues of US$572m in the 2016/2017 financial year.

Arclin Surfaces' Hayward site *(Photo credit: Market & Johnson)*

Surteco reports another slump in its financials

In the second quarter Surteco Group experienced an even bigger fall in revenues and earnings than in the first quarter. The company announced that this turn of events mirrors a sustained downturn on many sales markets. Group revenues were down 4% at €170.8m (April-June 2018: 178.5m). Business within Germany decreased 2% to €40.8m (41.4m), faring better than export revenues, which slipped 5% to €130.0m (137.1m). A minor reduction in purchasing prices for raw paper and a variety of chemical products has had little impact on earnings because of lead times. Conversely, energy costs have soared quite a bit, especially at German locations. EBITDA was 3% lower at €19.8m (20.3m), while the EBITDA margin increased slightly to 11.6 (11.4) %. Other earning figures suffered an even bigger drop. EBIT dived 14% to €8.7m (10.1m). Pre-tax profits were down 29% at €7.1m (10.0m), while net profits also tumbled 29% to €5.0m (7.1m).

The first six months ended with a 3% decrease in Surteco's group revenues to €352.7m (Jan.-June 2018: 365.2m). The Decoratives division saw a similar trend to the group as a whole with a 3% decline to €253.7m (262.6m). By contrast, the edgebanding (-7%), decor paper (-3%) and pre-impregnated paper (-10%) categories generated lower revenues, while fully impregnated finish foils (+1%) and release paper (+10%) operations delivered growth.

The Technicals division registered lower revenues in three of four product categories (impregnated products -15%, specialised finish foils -20%, plastic foils -4%), with only speciality edgebanding booking unchanged revenues. However, its Profiles division boosted its first-half revenues by 7% to €47.2m (44.1m).

EBITDA and EBIT showed a similar decline to the second quarter across the span of the entire first half; other earnings figures did not face such big drops because of a somewhat stronger first quarter. Like revenues, EBITDA decreased 3% to €42.3m (43.8m) so the margin was unchanged at 12.0 (12.0) %. EBIT fell 14%. Pre-tax profits and net profits for the period were both 16% lower. Profiles was the only of the three divisions to experience a positive trend in earnings, with EBIT reaching €5.0m (4.7m). EBIT from the Decoratives unit tumbled 10% to 17.3 (19.2) %. EBIT from the Technicals division was just a third of the previous year's level at €1.1m (3.1m), due to factors related to the divestment of its North American treating assets.

Surteco does not expect its relevant markets later to deliver growth in the remainder of the financial year, either. The Board of Directors is sticking to revenue and earnings forecasts contained in its 2018 annual report, provided that the economic climate does not become any worse. The annual report had predicted group revenues of €670-700m. The divestment of its North American treating assets will trim revenues by another €15m or so during the course of the year, meaning that the forecast was adjusted to €655-685m. Group EBIT is to grow to €38-40m, as previously projected. The divestment will not have an impact here. □

Toppan plans to finalise purchase of all shares in Interprint by the end of 2019

Interprint to become the brand for Toppan's decor printing business

The Japanese printing group Toppan Printing Co. Ltd., headquartered in Tokyo, has been given the nod in the process of selling the Interprint Group, which Wrede Industrieholding GmbH & Co. KG, based in Arnsberg, Germany, launched in December 2018.

Toppan Printing, which had been considered the most serious strategic prospect in recent months, won out over several other investors that had submitted binding bids by mid-May in the final round of the sale process. Under the terms of the agreement signed in mid-June, Toppan Printing intends to acquire all shares in the Interprint Group. The transaction is to close by the end of 2019 once anti-trust authorities have given the green light. Approval from competition authority is only required in a few markets. The German Federal Cartel Office has given the green light to the purchase of all shares in Interprint by Toppan Printing on 27 August after a review lasting almost four weeks. The deal was notified to the Federal Cartel Office for approval on 2 August.

By acquiring Interprint, Toppan Printing intends to expand its international activities and achieve an export rate of more than 30% on a group-wide basis. The company's decor printing assets outside Japan have so far comprised its distribution subsidiary Toppan Europe GmbH (Düsseldorf, Germany), which is led by CEO Hideo Yoshikawa, the US entity Toppan Interamerica Inc. (McDonough, Georgia), and a majority stake in the Spanish company Decotec Printing S.A.U. (Tordera, Spain), which it purchased in mid-2017. In October 2012, Toppan Interamerica also acquired the assets of Chiyoda America Inc., based in Morgantown, Pennsylvania, meaning that the group now runs two production facilities in the US. The former owner, Financiera Madereira S.A. (Finsa), based in Santiago de Compostela, still owns a minority stake in Decotec Printing. According to the last financial report published by Wrede Industrieholding, the Interprint Group includes Interprint GmbH as the management company and 17 other companies. Interprint holds all shares in 15 companies. Interprint owns 74% stakes in the impregnating joint venture OOO Interprint Samara and the parent firm Interprint Samara GmbH; the other 26% is in the hands of BMK GmbH, based in Gaildorf-Bröckingen, Germany. On the other hand, a 49.2% shareholding in Arcolor Holding AG, headquartered in Waldstatt, Switzerland, that is assigned to Wrede Beteiligungsgesellschaft mbH will not be acquired by Toppan.

Interprint's printing facility in São José dos Pinhais. *(Photo credit: Interprint)*

Once the deal closes, Toppan Printing intends to continue operating Interprint activities in their existing structures and with the current management team, which is made up of Jens Bauer (CFO), Robert Bierfreund (technology and group strategy) and Holger Dzeia (sales and marketing). The Interprint brand is to be retained. The contract signed by Wrede and Toppan stipulates that Interprint is to become the overarching brand for Toppan's international decor printing activities. Toppan Interamerica and Decotec Printing will be assigned to Interprint GmbH, which will thus become the management firm for decor printing at Toppan as well. Wrede and Toppan have also formalised a comprehensive programme of investments for the upcoming years, which is to expand its activities in the decor printing business and adjacent areas. More than €25m is to be invested in both 2019 and in 2020 through ongoing projects and additional plans. Besides making its own investments, additional acquisitions should also contribute to further growth. Wrede had explored potential acquisition targets for Interprint in 2017 and in the first half of 2018 as part of the expansion strategy that it pursued at that time. However, it no longer moved forward after the decision was made to sell Interprint.

Shareholders in Wrede Industrieholding had decided to sell Interprint Group

in the second half of 2018 due to a lack of succession arrangements and announced this decision at the start of December 2018. The Frankfurt branch of the consulting group Roland Berger Holding GmbH, based in Munich, was awarded the contract to carry out this divestment process. Wrede hired Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft, headquartered in Berlin, to provide legal advice. Toppan was advised on M&A issues by Mitsubishi UFJ Morgan Stanley Securities and on legal issues by Baker McKenzie.

The divestment process, which gradually moved forward during the first quarter, was wrapped up within four-and-a-half months. Once Roland Berger sent out an initial teaser to prospects at the start of January, a fact book containing further information about key data and Interprint's business performance was subsequently made available to selected companies after they signed a non-disclosure agreement (NDA). Several prospects were then chosen based on non-binding offers submitted by the end of March and then received more detailed documents. After it reviewed the binding offers it received, Wrede entered into exclusive talks with Toppan in the second half of May. The purchase agreement was signed at the end of the third week in June. The management team for Interprint GmbH and different national entities were made aware of the outcome of these negotiations on the evening of 23 June. Interprint workers were informed at several staff meetings on 24 June.

With its Information & Communication, Living & Industry and Electronics divisions, Toppan Printing Co. Ltd. generated consolidated revenues of JPY1,465bn (2017/2018: 1,453bn) or almost €12bn, operating income of JPY45.7bn (52.3bn) and net profits of JPY41.1bn (42.3bn) in its 2018/2019 financial year (31 March). The group currently has 191 entities with 51,712 workers. Under the plans to date, group revenues are to reach JPY1,520bn in the 2019/2020 financial year. The Living & Industry division, which pools its packaging and decor printing activities, generated revenues of JPY414.6bn (408.6bn) (+1.5%) or €3.4bn in the past financial year; its operating income tumbled 19.4% to JPY18.7bn. The preliminary information available to date shows that Interprint operates eight production sites employing some 1,300 workers and generated slightly higher revenues than the previous year at €350m (2017: 348.6m) last year.

A short time before putting pen to paper on a deal to sell Interprint, Wrede Industrieholding also finalised the divestment of the plastic household product specialist Keeeper GmbH (Stemwede, Germany) to the Bavarian investment firm Mutares AG (Munich, Germany) in a deal negotiated at the end of May 2019. All shares in Keeeper were transferred to Mutares when the deal closed on 20 June. Last year, Keeeper generated revenues marginally higher than last year at about €65m (2017: 64.9m) with two production sites at its Stemwede headquarters and in Bydgoszcz, Poland, a sales office in Fleurus, Belgium and a total workforce of about 500 workers. Keeeper mainly serves buyers in the DIY sector, furniture, wholesale and food trade through its Kitchen, Home, Storage and Kids product areas. Mutares will integrate the stake acquired via Mutares Holding-26 AG into its Goods & Services segment. Keeeper was created in 2016 when OKT Kunststofftechnik GmbH was renamed. Wrede Industrieholding became its majority shareholder in 1991. Wrede used to hold all shares in Keeeper's three consolidated entities Keeeper GmbH, Keeeper Sp.zo.o. and Keeeper S.A. By contrast, the Russian firm OOO OKT Rus, based in Dmitrov, was not included in Wrede consolidated financial statements as an affiliate. Wrede was advised by Esche Schümann Commichau Partnerschaftsgesellschaft mbH, headquartered in Hamburg, during talks involving a structured bidding process about the sale of the Keeeper Group.

The 50 % share previously held in the gravure joint venture Asia Pacific Engravers Malaysia Sdn. Bhd. (APE) of Nilai, through the Malaysian Interprint company, has been sold to the joint-venture partner Janoschka Holding GmbH of Kippenheim, Germany. Following the full takeover, Janoschka renamed the company Janoschka Malaysia Sdn. Bhd., which can produce roughly 12,000 gravure cylinders (10 % of which are laser cylinders), 2,000 reproductions, and 10,000 colour separations with 150 employees.

The closing of the Keeeper transaction, the sale of the stake in APE and its agreement to sell Interprint mean that Wrede has found a solution for three of its four holdings. Negotiations to sell the 49.2% stake in Arcolor Holding AG, based in Waldstatt, Switzerland, are ongoing. The company holds all the shares in the printing-inks manufacturer Arcolor AG; the partner in the joint venture is Schattdecor AG of Thansau. □

Wrede Industrieholding: Financial Results [1)]

m €	2011	2012	2013	2014	2015	2016	2017
Sales	292,9	321,3	333,3	351,3	357,4	381,9	413,4
Decorative Surfaces	234	257	266	285	288,8	310,5	348,6
Household Products	58,9	64,0	68	67	68,6	71,5	64,9
Pre-tax earnings	14,0	15,9	19,9	14,1	29,2	38,2	27,8
Profit after tax	14,0	15,9	19,9	14,1	22,3	29,9	20,9
Net result	14,025	15,9	19,9	14,1	21,6	29,2	20,1

1) From 2011 to 2014 Wrede Industrieholding only provided rounded revenue figures for the business units.

Source: EUWID (according to Wrede financial reports)

Revenue share of Omnova's Laminate & Films has gradually increased

British Synthomer Group aiming to take over conglomerate Omnova

The British special-chemical group Synthomer plc of Harlow, Essex, is aiming to take over in full the US conglomerate group Omnova Solutions Inc. of Beachwood, Ohio, whose areas of activity include surface materials.

Synthomer, Omnova, Synthomer USA LLC, and Spirit USA Holdings Inc. ("MergerCo"), founded specifically for the transaction, signed an appropriate agreement on 3 July 2019. The boards of directors of Synthomer and Omnova have already voted unanimously in favour of the deal. US$10.15 per Omnova share has been set as the purchase price, resulting in a valuation of US$473m (roughly equivalent to £375m) for the total Omnova share capital. The imputed company value of US$824m or £654m equates to the 9.9-fold adjusted EBITDA generated by Omnova in the last twelve months up to May. Based on the financial year 2017/2018 (30 Nov), this results in an EBITDA multiple of 9.6.

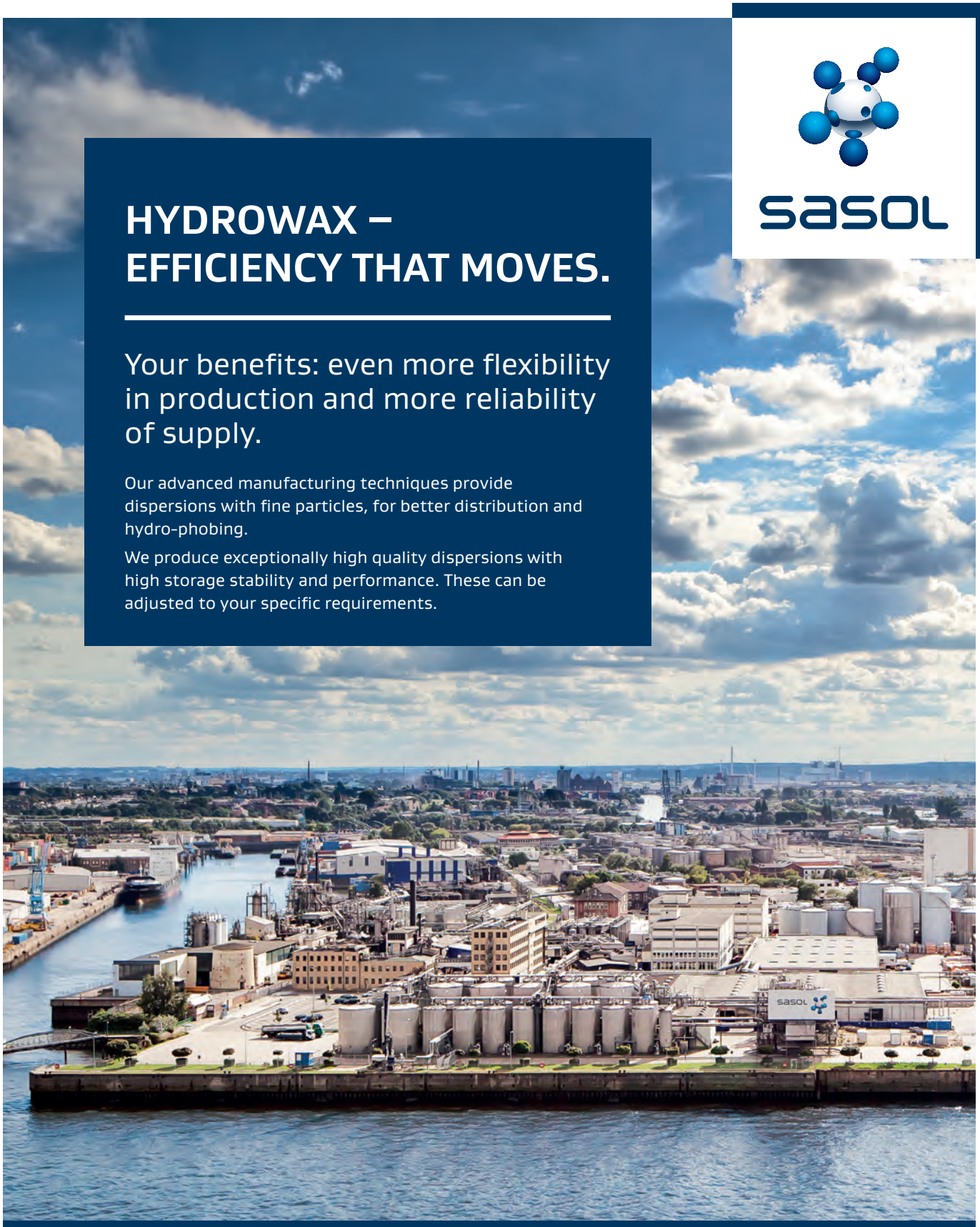
After fulfillment of all conditions precedent, the transaction is expected to be completed by the end of 2019 or early 2020. Thereafter, Synthomer will indirectly hold all the shares in Omnova and then de-list the company from the stock exchange.

The planned schedule, the backgrounds, and the objectives as well as the risks of the planned deal are presented on a total of 335 pages in the transaction brochure brought out by Synthomer on 10 July. The key data about the two companies are also included along with the business figures for the last three years. Synthomer's main intention behind the acquisition is to broaden its range of products and improve its position on the North American market. In its business year 2018, the company had only generated 6% of its sales revenue in North America whereas Omnova had achieved a 58% share of its sales revenue on its home market. After the takeover of Omnova, 58% of Sythomer's consolidated sales revenue is to be obtained from sales in Europe, 19% from North America, and 23% from Asia and other regions.

(Photo credit: Vocon)

Omnova generated net sales revenue of US$769.8m (2016/2017: US$783.1m) in its business year 2017/2018, 63% of which was accounted for by the "Specialty Solutions" division, and 37% by "Performance Materials". The Specialty Solutions divisions is split into the three product areas of "Specialty Coatings & Ingredients" (51% share of the division's sales revenue), "Oil & Gas" (15%), and "Laminates & Films" (34%). In Laminate & Films, Omnova supplies a variety of plastic and paper-based surface materials used, for example, in the furniture industry, interior finishing, and LVT floorcoverings. According to the Synthomer brochure, the share of Omnova's total sales revenue accounted for by Laminate & Films has gradually increased over the last few years. On the basis of the 18% given for the business year 2015/2016, this share rose to 20% for 2016/2017, and to 21% for 2017/2018. By working backwards from the consolidated and division figures, the Laminates & Films product area generated sales revenue of a little over US$160m last year.

Omnova emerged from the spin-off from the former technology group GenCorp. Inc. of Sacramento, California, on 1 October 1999. Listed on the New York stock exchange, the company operates a total of 13 production facilities in North America, Europe, and Asia. The Mem Martins plant in Portugal was added as a result of the acquisition of the polymer and resin manufacturer Resiquímica S.A. concluded in September 2018. Omnova closed down the Green Bay works in Wisconsin in June 2018 and moved production to Mogadore, Ohio. This divestment was attributed in part to the withdrawal from the low-margin business in simple paper foils. Omnova had implemented a variety of restructuring measures in 2016 and 2017 as well. □



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Egger buys 9% stake in joint venture partner

The Egger Group, based in St. Johann, Austria, bought a 9% shareholding in Roomle GmbH, a company based in Linz that specialises in developing digital software for furniture, with effect from 1 July 2019. At the start of the summer, the two companies founded the joint venture Furniture eServices GmbH, in which Egger owns a 75% stake and Roomle a 25% stake. The joint venture is managed by Roomle's CEO Albert Ortig and Hubert Höglauer, Director of Marketing at Egger Decorative Products. Rudi Richter will join the management team on 1 September, having previously held a number of different roles at SAP since 2005. Furniture eServices GmbH, which is set up as a marketing company, is to distribute software solutions developed by Roomle to joiners/carpenters and timber merchants and gradually shift its focus from Germany, Austria and Switzerland to neighbouring markets. This software will allow end customers to configure furniture and order it directly from carpenters and joiners. The furniture design created by the configuration is directly incorporated into the carpenter/joiner's manufacturing process through an interface with the planning and production software.

Besides Egger purchasing a stake, Roomle also experienced additional changes among its shareholders in recent weeks. Former Kika/Leiner and XXXLutz managing director Hans Jörg Schelling and Johannes Artmayr, managing partner of Strasser Steine GmbH, a firm specialising in making kitchen worktops out of natural stone based in St. Martin, acquired half of the 22.95% stake owned by the venture capital fund aws Gründerfonds, headquartered in Vienna. aws Gründerfonds had become a Roomle shareholder together with Michael Grabner GmbH a short time after the firm was founded in 2014 and had become the lead investor in several rounds of financing. With this latest transaction, Mr Schelling and Mr Artmayr will expand the shareholdings in Roomle that they have held since May 2018. In November 2018, the venture capital firm OÖ Hightechfonds GmbH, based in Linz, also bought shares in Roomle. No information is currently available about the different investors' exact stakes in Roomle, which currently has a workforce of 20 people.

Digital software developed by Roomle and sold as an app allows furniture to be configured and shown online. This configuration can also be integrated into furniture manufacturers' and merchants' online shops. After completing development work, Roomle became more involved in marketing room and furniture planning software during 2016. An updated reference list contains almost 100 companies from the furniture industry and retail trade as users. They include Ikea, Team 7 Natürlich Wohnen GmbH (Ried, Austria), hülsta-Werke Hüls GmbH & Co. KG (Stadtlohn, Germany), USM U. Schärer Söhne AG (USM Haller, Münsingen, Switzerland), Vitra International AG (Birsfelden, Switzerland), Hali GmbH (Eferding, Austria), Neudoerfler Office Systems GmbH (Neudörfl, Austria), Roset S.A. (Briord, France) and Herman Miller Inc. (Zeeland, Michigan).

Furniture eServices will also allow carpenters and joiners and timber trade companies to access the digital market. In this approach, furniture configured by end consumers using the app is made and assembled by carpenters/joiners. Carpenters and joiners can order the required finished parts from Egger and also source them via Egger merchants. In this case, furniture parts are manufactured at Horatec GmbH, a firm based in Hövelhof in which Egger holds a minority stake and which specialises in serving trade customers. Egger had unveiled this Egger Inside strategy at the Bau trade fair in Munich in the middle of January 2019. Egger Inside is available in three versions: Starter, Basic and Premium for a monthly licence fee of €75-149 plus a one-time set-up fee. Its different elements are software for online furniture configuration, search machine optimisation and a landing page. According to Egger, around 200 carpenters and joiners in Germany and Austria use this software. Interest from neighbouring markets has also strengthened in recent months, especially from France, Spain, the Czech Republic and Poland. □

Shell construction of new Nobilia plant III complete

(Photo credit: EUWID)

Shell construction of the new plant III of kitchen furniture manufacturer Nobilia-Werke J. Stickling GmbH & Co. KG, Verl, in Gütersloh-Spexard has meanwhile been largely completed. As a next step power cables and other technological equipment are to be installed in the production buildings. In the first construction phase a production area of some 35,000m² has been developed in Gütersloh-Spexard; construction work for this began at the end of 2018. Production is scheduled to start in the second half of 2020. Nobilia plans to employ some 300 persons at the new plant, some of whom will transfer from the existing plants in Verl-Sürenheide and Verl-Kaunitz. In future special parts which do not need to be directly integrated in the manufacturing process are to be produced at plant III. This is aimed at reducing complexity and thus optimising production flow at the Nobilia plant I in Verl-Sürenheide. At a later date, within the scope of a second construction stage, the buildings in Gütersloh-Spexard are to be expanded to a total area of some 65,000m².

The kitchen furniture manufacturer's other construction project in Saarlouis is also progressing well. Development of the 280,000m² premises at this location commenced at the beginning of May, and Nobilia is currently constructing the first building segment for the new plant V. Parts of this building are to be used initially for storage of pre-fabricated furniture parts. For the time being, these furniture parts are to be supplied from the existing Nobilia plants to Saarlouis, where they will subsequently be assembled. Orders for the equipment in plant V were placed several months ago. Production in Saar-

louis is to be launched in phases similar to those involved in the commissioning of plant II in Verl-Kaunitz in July 2006 - where, in the first instance, parts of assembly and dispatch were established. In 2007 worktop production and production of long parts was also started up in Kaunitz. A high-bay warehouse and development of parts production followed in 2008 and 2009 respectively. In the final expansion stage over 1,000 persons are to be employed at the production site in Saarlouis, which covers an area of up to 120,000m². □

Neue Alno pools component manufacturing

Neue Alno GmbH has founded its own subsidiary to make components BBT Bodensee Bauteile GmbH, both based in Pfullendorf, Germany. It was entered into the commercial register on 14 August 2019. The firm's managing director is Thomas Kresser, who has been the sole manager of Neue Alno since Andreas Sandmann's departure at the end of June 2018. The new company pools all building part activities. According to Kresser, the firm had been deliberating spinning off building part production assets and pooling them in a separate entity since autumn 2018. This step aims to counteract some reservations about the Alno brand that still exist on the building part market. He believes that potential mainly exists in the shop construction and laboratory equipping business, but also with other furniture producers and competitors from the kitchen furniture industry.

Roughly 40% of the building parts made in Pfullendorf are currently sold to external customers. The other 60% are used in-house. Since its relaunch in January 2018, all of its building part manufacturing assets (fronts/bodies) for both series production and batch size 1 production have been concentrated at Plant 1. Plant 2, which used to make bodies, was integrated into Plant 1. Plant 4 initially focused on manufacturing work and surface finishing. Some of these activities have now been moved to Plant 3 which also handles final assembly and shipping. A paint shop still located in Plant 4 will also become part of Plant 3. According to Kresser, the firm is planning to invest in new technology there. The lead times for the new technology mean that the paint shop will likely only be moved next year. This means that just two of the four old plants at the site would be used in the future. Neue Alno has now rented out space in Plant 2 to another company.

(Photo credit: EUWID)

Revenues have increased sharply so far in 2019 in what is the first year since its relaunch. Neue Alno is targeting a figure in the middle tens of millions of euros. Kresser did not wish to provide information about when this goal should be reached. The firm is still planning to return to profitability at the end of 2019. Approximately 40% of total revenues are generated within Germany. The group is strongly represented on export markets, such as Austria, Switzerland, France, the UK and the Benelux countries. Moreover, it entered into a supply agreement with a Chinese retail chain in autumn 2018. The company is also active in the project business in the US, Turkey, India, South Korea and Taiwan. □

Rotpunkt plans to double production area in Bünde

Rotpunkt Küchen GmbH intends to increase its production area at company headquarters in Bünde by approximately 100%. To this end, in January 2019 Rotpunkt purchased a plot of land adjacent to the company's premises which has expanded the total area in Bünde by some 30%. The kitchen furniture manufacturer currently owns a covered production area of some 20,000m² at the location, which is where assembly and loading of the kitchens takes place. The newly acquired land is to be designed mainly as a storage and commissioning area in order to relieve the existing plant and to create additional space for production there.

The project is currently still in the approval stage as this process has taken longer than initially anticipated. Rotpunkt had originally intended for construction of the new plant to commence next year. However, as the premises are located within a designated mixed-use area with residential and commercial spaces, approval requires extensive appraisals, for example concerning noise pollution. The company therefore expects building permission to be granted in the next six to nine months at the earliest. Construction is then anticipated to commence in 2021, and commissioning of the new plant in the following two to three years.

At Rotpunkt's second location in Preußisch Oldendorf-Getmold, which covers a total area of 70,000m², no expansions are planned for at least the next five years. A 20,000m² area for component production and prefabrication is based at this location. In 2017 the kitchen manufacturer commissioned a new 5,000m² production building in Preußisch Oldendorf-Getmold. The company, moreover, invested in a storage sawing system. Commissioning of the saw has already taken place. As a follow-up measure, a double-sided edgebanding machine supplied by IMA Schelling Group, Schwarzach, Austria, is to be installed in spring 2020. Further equipment at this plant will include a robotic sorting system, a drilling machine and an outfeed area with a buffer zone, all of which are to be assembled and connected in a number of stages. The robotic sorting system will also be supplied by IMA Schelling Group and the drilling machine by Priess, Horstmann & Co. KG (Hille). Rotpunkt produces 1,400-1,500 cupboards per day. In 2018 the company generated turnover of €70m with approximately 300 employees. □

Warendorf plans to improve turnover on medium term

Kitchen manufacturer Warendorf, which is operating under the name Warendorf Küchenfabrik GmbH, Warendorf, on an interim basis, intends to increase its turnover to €15-20m on the medium term after relaunching with a new owner. If the top end of this range were to be achieved, this would represent a doubling in turnover vis à vis 2018. This growth is to be achieved both via project business and the specialised trade sector. In particular, project business in Asia is to be intensified by means of the sales contacts of Warendorf's new owners, Mr and Mrs Wang from Hong Kong. The kitchen furniture manufacturer also plans to modernise its machinery at the Warendorf location.

In this connection, investments are planned concerning the folding system for Warendorf's signature folding carcase, the surface production line in the lacquered surfaces area as well as front production. All investment measures, some of which are already in the process of being implemented, are to be concluded by the end of the first quarter of 2020. Overall, the company has a production area of 30,000 m² in Warendorf, the production volume currently amounts to 3,000 kitchens per annum. Warendorf mainly produces kitchens for the top price segment.

Business operations of Warendorf were handed over to Mr and Mrs Wang in July 2019 and transferred to the newly established rescue company Warendorf Küchenfabrik GmbH. In a few weeks, however, the company is to revert to its old name Warendorf-Die Küche. The predecessor company of the same name, Warendorf-Die Küche GmbH, had filed an application for insolvency proceedings at Münster district court on 11 March, after it became clear that it was not going to be possible to conclude the investor process commenced by the two former managing partners at the end of 2018. Prior to the investor process, CoBe Capital European Holdings Ltd., Dublin, Ireland, and Tucano Ventures Group GmbH, Altendorf, Switzerland, had failed to agree on further financing of the investments required at Warendorf. □

Baumann Group increases kitchen production

In 2018 the Baumann Group increased production by 7.7% vis à vis 2017 to a total of 140,000 (2017: 130,000) kitchens. According to in-company information, this corresponds to 650 (600) kitchens per day. The two kitchen furniture manufacturers consolidated in the group, Bauformat Küchen GmbH & Co. KG, Löhne, and Burger Küchenmöbel GmbH, Burg, also increased turnover by 9.1% to €240m (220m) (excluding Badea bathroom furniture). This means that the increase recorded in 2018 surpassed the figure of 2017, when a 5% increase had been recorded. In 2018 the Baumann Group made investments of some €50m. One of the projects launched involved modernisation of worktop manufacturing at the Burg location. In this connection, according to in-company information, €12m was invested in construction of new production facilities, improvement of warehouse efficiency and new machinery. The number of employees at the two locations in Löhne and Burg rose by 50 to a total of 1,000 (950) last year. □

Parisot faces insolvency again at beginning of June

(Photo credit: Parisot)

At the beginning of June 2019 French flat-pack furniture manufacturer Parisot S.A.S., Saint-Loup-sur-Semouse, filed an application for restructuring proceedings ("redressement judiciaire") at the Tribunal de Commerce in Dijon. The commercial court opened proceedings on 5 June. According to a company statement, Parisot's social and economic committee was informed about the current development on 3 June. Some 520 employees are affected by the insolvency. According to a report published in French newspaper Les Echos, the company is suffering from generally weak demand on the domestic French market and strong competition from imported furniture. In addition, internal problems in connection with the introduction of a new logistics platform have also had a negative impact on business operations. Since the beginning of May Parisot has been managed by interim manager Jérôme Bulté. Andrew Long, who joined Parisot as president and CEO at the beginning of April 2018, has left the company again after a period of approximately one year.

During the observation period ("période d'observation") which, in accordance with French insolvency law, lasts for an initial period of six months, different options are going to be investigated. The aim is to continue the company. As Bulté told Les Echos, one possibility could be the involvement of a European partner, for example.

According to French wire service Societé.com, Parisot generated turnover of €110.5m (2016/2017: 126.4m) in the 2017/2018 financial year and therefore 12.7% less than in the preceding year. The net result, at -€2.3m, was in the negative zone, after having still achieved net profit of €2.5m one year previously. The balance sheet sum declined by 8.8% to €42.3m (46.4m) in 2017/2018. According to Les Echos, in the 2018/2019 financial year the loss rose to €14m. Parisot most recently, according to in-company information, achieved turnover of €107m.

The company specialises in the production of flat-pack living room and bedroom furniture. Production takes place exclusively at the Parisot headquarters in Saint-Loup-sur-Semouse.

In November 2012 creditor protection proceedings ("procédure de sauvegarde") concerning Parisot had already been instigated, and were concluded, after an 18-month period, at the same time as a management buy out (MBO). Within the scope of the rescue plan ("plan de sauvegarde") compiled at the time, the company was to pay the remaining creditor claims within the next ten years. Since 2017 Parisot has been part of

P3G Participations, which also includes P3G Industries S.A.S., both Saint-Loup-sur-Semouse. The insolvency concerns Parisot exclusively, the other companies are not affected by the proceedings. In addition to particleboard manufacturer Compagnie Francaise de Panneau (CFP), Corbenay, France, since the beginning of January the particleboard plant in Lure, formerly operating as Ikea Industry France S.A.S., which has meanwhile been renamed CF2P S.A.S., has also belonged to P3G Industries. □

Fewer job cuts than planned at Demeyère

French flat-pack furniture manufacturer Meubles Demeyère S.A., Pérenchie, intends, within the scope of a social plan, to cut 48 of a total of 1,000 jobs. According to a report in the La Voix du Nord regional newspaper, the job cuts affect virtually all parts of the company, including administration as well as production. Approximately three quarters of the employees in question decided to leave the company on a voluntary basis.

In October 2018, at the beginning of negotiations with the parties involved in the collective agreement, Demeyère's managing director (PDG) Frédéric Demeyère estimated some 100 redundancies, corresponding to 10% of the entire staff. In March the parties agreed to cut 61 jobs. This figure has been reduced even further. At the end of March the social plan was approved by the Regional Directorate for Enterprises, Competition Policy, Consumer Affairs, Labour and Employment.

The reduction in personnel has become necessary due to poor business development last year. In the 2018 financial year Demeyère generated total turnover of €157m. This corresponds to a 7% decline compared to the previous year. In 2017, according to the regional newspaper, turnover had already dropped by 4%. Frédéric Demeyère explains the current decline in terms of changes in customer behaviour and resulting measures implemented by large chains and customers of the company. In the first half of the 2019 business year turnover improved by 1.7% which, nevertheless, was still well below the anticipated growth rate of 5%. Frédéric Demeyère, according to the newspaper report, expects the course of the remaining financial year to develop along restricted lines. The company generates some 15% of turnover online, mainly via the Amazon marketplace and the French e-commerce platform CDiscount. Demeyère operates three production locations at company headquarters in Pérenchie, Lompret and Nersac as well as a logistics centre in Deûlement and a warehouse in Linselles.

In 2013 the company already made 30 employees redundant in connection with restructuring efforts. According to La Voix du Nord, these redundancies were also preceded by a significant turnover decline to €170m (2011: 180m) in the 2012 financial year. The decline was recorded principally in export business. Incoming orders had dropped by 17% in the fourth quarter alone. According to Frédéric Demeyère, measures to adjust capacity and implement structural changes were actually imperative at that time. In December 2012, Frédéric Demeyère succeeded his older brother Bernard as managing director, who resigned early from this position. Prior to resigning, Bernard Demeyère had revoked the redundancy of 39 employees which had been announced in October 2012. In January 2013 his brother Frédéric subsequently announced new plans to reduce the number of company employees. □

Blum intends to launch fittings production in China

Austrian fittings manufacturer Julius Blum GmbH, Höchst, has decided to set up a plant in China due to ongoing positive business development. In June 2019 the company purchased premises covering 60,000m² for this purpose. These premises are located in close proximity to the Blum Furniture Hardware (Shanghai) Co. Ltd. sales company, which was founded in 2002. The company intends to establish production gradually in several phases, starting with construction of an assembly unit for hinges.

In the 2018/2019 financial year (30 June), Blum invested a total of €242m in expansion of the production locations in Vorarlberg, Austria, the USA and Poland as well as in its sales offices around the world. The majority of this sum was invested in the Vorarlberg plants. Expansion of the administrative building and the dispatch area in plant 2 in Höchst, which cost €18m, was concluded in March. The new plant 8 (stamping centre) in Dornbirn, which has been under construction since spring 2016, is to become fully operational in July. Relocation of the previous stamping centre in plant 5 in Fußach is to be completed by mid-2020. The total investment volume amounts to €71m. The largest investment project currently is the expansion of production and the high-bay warehouse at plant 4 in Bregenz, for which €98.6m is to be invested. Construction work, which began in October 2018, is scheduled until summer 2021. At the US location in Lowesville (North Carolina), which was established in 1984, expansion of the high-bay warehouse and the logistics area has commenced. Completion is planned for January 2021. In the Jasin (Poland) assembly and logistics centre, Blum is expanding the administrative building. This is scheduled to be completed by summer 2021. Blum currently operates eight production locations in Vorarlberg and one production location in each case in Poland, the USA and Brazil (Embu das Artes, São Paulo).

In the 2018/2019 financial year Blum's group turnover increased by 2.6% to €1.888bn (2017/2018: 1.839bn). Growth was thus at a level similar to the previous year, when an increase of 2.8% had been generated. In 2016/2017 and 2015/2016 Blum achieved even higher growth rates of 8.0% and 6.5% respectively. In the current reporting period the export rate was again at 97% (97%). Across the globe, Blum is represented in 120 markets via a total of 31 subsidiaries and representatives. With regard to sales regions, distribution of turnover remained virtually unchanged vis à vis the previous year. 48% (48%) of total turnover was generated in the EU, 15% (15%) in the USA and 37% (37%) in the other markets. Increases in turnover were predominantly recorded in Eastern Europe, Asia, North America and Africa. □

Duties apply to kitchen furniture, furniture parts and accessories

DoC sets provisional CVD rates for Chinese imports of kitchen furniture

On 5 August, the US Department of Commerce (DoC) fixed provisional countervailing duties (CVD) in an anti-dumping/CVD investigation into kitchen furniture and furniture part imports from China that has been under way since March 2019.

These CVD rates reflect the extent to which foreign producers benefit from state support, which distorts competition for imports into the US. Ancientree Cabinet Co. Ltd. (Ancientree), Dalian Meisen Woodworking Co. Ltd. (Meisen) and Rizhao Foremost Woodwork Manufacturing Company Ltd. (Foremost) will face respective rates of 10.97%, 16.49% and 21.78%. Jiangsu Hongjia Wood Co. Ltd. (Jiangsu Hongjia) and Shanghai Hongjia Wood Co. Ltd. (Shanghai Hongjia) are affiliated with Ancientree. Dalian Meisen is connected to Dalian Hechang Technology Development Co. Ltd. (Dalian Hechang). Foremost Worldwide Co. Ltd. and Rizhao Foremost Landbridge Wood Industries Co. Ltd. are owned by Rishao Foremost. A CVD rate of 229.24% applies to Deway International Trade Co. Ltd. and Henan AiDiJia Furniture Co. Ltd., which refused to cooperate with the US authority. The CVD rate for all other Chinese manufacturers and exporters was put at 16.41%.

The US Customs and Border Protection (CBP) was instructed to collect deposits from importers based on these provisional CVD rates. A final decision about the CVD rates and resulting countervailing duties is to be taken by 17 December. The International Trade Commission (ITC), which is part of the DoC, should then have 45 days or until 30 January 2020 to make a final decision about whether imports from China harm the US kitchen furniture industry. AD/CVD measures might take effect by 6 February if they find that this is the case.

These duties apply to kitchen furniture, furniture parts and accessories imported from China that are installed in kitchens. They also encompass ready-to-assemble (RTA) furniture, but exclude products already affected by other AD/CVD cases. The DoC listed ongoing investigations into bedroom furniture and hardwood plywood by way of example. Products affected by the current investigation are grouped under commodity tariff numbers 9403.40.9060, 9403.60.8081 and 9403.90.7080. Shipments imported into the US from China under these numbers have risen more and more in recent years. The US customs statistics listed these imports at $3.615bn in 2016, $3.999bn in 2017 and $4.401bn in 2018.

The DoC had launched the investigation on 2 April. The underlying review period ran from 1 January to 31 December 2018. On 17 May, the DoC had postponed a provisional decision about CVD rates that was actually supposed to be taken on 30 May until 5 August. The American Kitchen Cabinet Alliance (AKCA), based in Reston, Virginia, had filed a petition to this effect on 2 May. Explaining the move, the AKCA pointed out that the DoC needed more time to send out and evaluate questionnaires, select additional companies and secure additional information because of the complex nature of the matter. The DoC had approved the AKCA's petition with the decision on 9 May. This decision was published in the Federal Register on 17 May.

Background

ITC report on the investigation on kitchen furniture from China

https://download.euwid-holz.de/192401.pdf

Background

Documents for the AD/CVD investigation on imported kitchen furniture from China

https://download.euwid-holz.de/192402.html

Background

Documents for the investigation on imports of kitchen furniture from China

https://download.euwid-holz.de/193301.pdf

The normal procedure with CVD cases is that the DoC publishes a preliminary decision about countervailing duties within 65 days of launching an investigation. After the AKCA filed the petition on 6 March, the DoC launched the CVD investigation into imports of kitchen furniture and furniture parts from China on 26 March. At the same time, an anti-dumping investigation was begun.

The AD/CVD investigation had already passed through several stages in the months before. The DoC requested additional information from the AKCA between 11 and 20 March, which it then received between 12 and 22 March. The two cases 701-TA-620 and 731-TA-1445 were opened on 27 March. On the same day, the International Trade Commission (ITC), which is part of the DoC, held a hearing on this issue. Its contents were summarised in a 224-page transcript. In a decision issued on 19 April, the ITC found that there was enough evidence to prove that subsidised imports from China harm the US kitchen furniture industry and has advocated continuing the AD/CVD investigation as a result. ITC report no. 4891 "Wooden cabinets and vanities from China" summarised the background to this decision. The 187-page report was published on its website on 20 May. It also contains information about the US kitchen furniture and cabinet market, producers and importers based in the US and price trends. □

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Production is to be transferred to plants in Portugal and Poland for cost reasons

Ikea Industry will close the Danville site and withdraw from US production

Despite still pursuing expansion plans in North American retail business, Inter Ikea Group, which belongs to the Ikea Group, is to close down the plant in Danville, Virginia, in December 2019 and thus withdraw from production business in the USA.

Production currently carried out at this location is to be transferred to the Ikea Industry locations in Paços de Ferreira (Portugal) as well as Zbaszynek and Lubawa (both Poland). According to Ikea Industry, all of these locations have sufficient capacity reserves for this. The Danville plant, which was commissioned in 2008, covers a production space of some 930,000 sqft or 86,000 m² and, with 300 employees, mainly produces the Kallax (shelf systems) and Bestå (storage combinations) product lines for US and Canadian Ikea home furnishing stores. Following the closure, which is scheduled for the end of the year, Ikea Industry plans to sell the remaining goods and disassemble production equipment by spring 2020. The equipment is then to be sold or transferred to other Ikea Industry locations. The premises are also to be sold.

Ikea Industry attributes the divestment decision to production costs, which are too high in comparison with Europe and mainly result from higher costs for upstream products. As the products manufactured so far in Danville can be produced at significantly lower costs in Europe, maintaining the US location would therefore not be worthwhile. According to Bert Eades, location head of Ikea Industry in Danville, the disadvantages of high production costs could not be compensated by various restructuring and optimisation measures. Against this background, in recent years Ikea Industry also postponed expansion investments which had originally been planned for the Danville location. A production line for Board on Style (BOS) honeycomb panels, for example, which had been ordered from Spanish machine and industrial equipment manufacturer Biele S.A. (Azpeitia) for the US location in 2012, was redirected to the Chinese Ikea Industry location in Nantong shortly before delivery. As a reciprocal measure, Ikea Industry expanded collaboration with external suppliers in North America. By means of long-term delivery contracts, corresponding investments have also been initiated in these companies.

Ikea Industry, which is divided into the solid wood, flatline, boards and purchase business divisions, operates a total of 43 production units at 24 locations in nine countries. The number of employees is indicated as approximately 20,000. Of this figure, some 10,000 are employed at the Polish locations Babimost, Chocicwel, Goleniów, Konstantynów, Lubawa, Orla, Resko, Stalowa Wola, Stepnica, Wielbark, Zbaszynek and Zbaszyn. In Europe further plants are operated in Sweden (Hultsfred, Malmö and Älmhult), Slovakia (Jasna, Majcichov, Malacky and Trnava), Hungary (Sopron), Lithuania (Kazlu Ruda) and Portugal. In Russia Ikea Industry is represented at locations in Nowgorod, Tichwin and Vyatka, and production in China takes place in Nantong and Dalian. Ikea Industry's production range includes mainly solid wood furniture, lightweight furniture and wood-based panel furniture as well as upstream products required for these items. The company produces approximately 10-12% of the entire Ikea product range and, according to in-company information, is thus the largest wooden furniture manufacturer worldwide. The remaining range is acquired from some 1,000 external suppliers in 50 countries, which in some cases are supplied with upstream products by Ikea Industry.

Danville plant *(Photo credit: Ikea Industry)*

According to Ikea US Retail, the decision to shut down the Danville plant was not related to business development on the North American market. The Ingka Group - as the largest Ikea franchisee - still sees potential for growth on this market. Over the last twelve months, three home furnishing stores, a planning studio in Manhattan as well as several distribution and customer centres have been opened. In the 2017/2018 financial year (31 Aug.) six new home furnishing stores were opened in North America (Dallas, Texas; Milwaukee, Wisconsin; Indianapolis, Indiana; Jacksonville, Florida; Québec City, Québec and Halifax, Nova Scotia). Therefore there are currently 50 Ikea home furnishing stores and ten distribution centres operating in the USA. In Canada there are 14 Ikea home furnishing stores, five pick up and order points as well as 18 collection points operated by external service partners. The opening of a further store in London (Ontario) is planned for autumn 2019. Over the past financial year, the USA at a proportion of 13% of the total retail trade turnover generated by Ingka Group of €34.8bn (34.1bn) was the second most important sales market after Germany (15%). □

Chinese Homestar Group took over Statesville plant from Talon Systems in 2013

Ashley enters RTA business taking over Homestar plant in Statesville

In mid-September 2019 US furniture manufacturer and trader Ashley Furniture Inc., Arcadia, Winsconsin, took over Homestar North America LLC, Statesville, North Carolina, which focuses on production of ready-to-assemble furniture (RTA), and has therefore entered in RTA business.

Homestar plant in Statesville *(Photo credit: Ashley Furniture)*

The company had announced such a portfolio expansion in July at the 2019 Summer Las Vegas Market exhibition. The Homestar plant, which was established in 2010, manufactures mainly bedroom furniture, beds, tables and home office furniture on an area of 310,000 sqft or 29,000 m². Capacity is indicated at 500 SKU. The products are sold predominantly via home centers, DIY stores, mail-order and online trade; the largest customers include The Home Depot Inc., Atlanta, Georgia, Walmart Corp., Bentonville, Arkansas, and Amazon. Homestar North America recently generated turnover of some US$50m with approximately 180 employees.

The RTA plant in Statesville was built and commissioned by Canadian Talon Systems Inc., Toronto, Ontario, in 2010. By means of this investment Talon Systems expanded the production activities previously concentrated at the site in Mississauga, Ontario, towards the USA. The project was implemented in a former plant of the Canac Kitchen Division of Kohler Co., Kohler, Wisconsin, which focuses primarily on sanitary products. This plant once had up to 500 employees, and was closed down in 2008. In the first half of 2013, however, Talon Systems went bankrupt. In the subsequent sales procedure for the assets of Talon Systems, which was processed by BDO Canada Ltd., the offer submitted for Statesville by Chinese furniture manufacturer Homestar Light Industrial Co. Ltd., Fuzhou, Fujian Province, established in 2001, was accepted. The Statesville location was further expanded over subsequent years by Homestar North America LLC, which was newly established for this purpose. In parallel, production activities previously based in Mississauga on an area of 400,0000 sqft as well as the administration and sales divisions were relocated to North Carolina. With this relocation and capacity expansion Homestar North America increased the number of employees in the Statesville plant from 40 to some 160 by 2015.

Statesville is approximately 60 km away from the existing Ashley Furniture plant in Advance, North Carolina, which has an adjoining distribution centre for the Mid-Atlantic region. The company operates nine further furniture plants in the USA (Arcadia, Independence, Wisconsin; Whitehall, Wisconsin; Leesport,Pennsylvania; Brandon, Florida; Ecru, Mississippi; Ripley, Mississippi; Verona, Mississippi; Redlands, California) as well as a distribution centre in Mesquite, Texas. Since 1999 Ashley Furniture has operated a plant in Kunshan, Jiangsu Province. Over the past ten years three plants in Vietnam have also been constructed, Tan Uyen District, Binh Duong City, My Phuoc.

Ashley Furniture Industries sells home furnishings and accessories through two distribution channels: independent furniture dealers and Ashley Home Stores. The Ashley Home Store network is composed of company-owned stores and independently owned stores with licenses to sell Ashley Furniture products exclusively, including mattresses and accessories. This network has been expanded continually over recent years and meanwhile comprises 975 locations in 55 countries worldwide.

According to Forbes magazine Ashley Furniture generated a turnover of about US$4.7bn in fiscal 2017. This corresponded to an increase of 2.2% compared to 2016. The company employs about 23,000 people. The magazine Furniture Today estimated that Ashley Home Stores achieved revenues of US$4.2bn in 2017 in the USA, thus becoming the biggest US furniture retailer, followed by Mattress Firm Inc., Houston, Texas, (US$3,4bn) and Ikea (US$3,3bn). □

In the examination of the strategic options for three divisions, Masco has decided on a sale

Several investors bid for Masco kitchen furniture activities

In the examination of the strategic options underway since March 2019 for the "Cabinetry Products" and "Windows and Other Specialty Products" divisions, the US consumer goods group Masco Corp. of Livonia, Michigan, has decided on a sale.

According to a release published on 18 June, the Masco Cabinetry, Milgard Windows, and UK Window Group segments assigned to these divisions are to be sold in three separate transactions. Masco CEO Keith Allmann says these transactions are to be completed in the next six to nine months. Masco's intention behind the sale of the two smallest divisions is to concentrate on the two remaining divisions of "Plumbing Products" and "Decorative Architectural Products". Connected with this is an even greater focus on the renovation and modernisation segment. The planned sale of the Cabinetry Products as well as the Windows and Other Specialty Products divisions perpetuates Masco's withdrawal from the new-building sector that began several years ago.

According to Bloomberg business information service, private equity companies involved in the bidding process for the cabinetry products business division include American Industrial Partners (AIP), Bain Capital, Clearlake Capital Group and WW Grainger. These companies have submitted an offer in what is meanwhile the second round of the bidding process. The offers, according to Bloomberg, are in the region of US$1.2bn.

AIP has been involved in kitchen furniture business since the takeover of the kitchen division of Armstrong World Industries Inc. (Lancaster, Pennsylvania) which concluded in October 2012. The activities acquired were subsequently renamed ACProducts Inc. (acpi) and expanded by means of further takeovers. A former member of the Masco management team, senior partner Chris Kastner, works at Bain Capital. From December 2014 until his transfer to Bain Capital in April 2018, Kastner was vice president of the Masco business system division. The Cabinetry division comprises the kitchen furniture manufacturer Masco Cabinetry LLC, which is headquartered in Ann Arbor, Michigan and makes and distributes a relatively wide range of assembled and flatpack kitchens with a total of 20 product lines under the "Merillat", "KraftMaid", "Cardell", and "Quality Cabinets" brands. The company is also active in the worktop business with the "DeNova" brand. Masco Cabinetry operates seven kitchen furniture plants in Middlefield and Orwell (both in Ohio), Sayre (Pennsylvania), Mount Jackson and Culpeper (both in Virginia), Mount Sterling (Kentucky) and Duncanville (Texas).

Merillat kitchen production *(Photo credit: Merillat)*

Masco's Cabinetry Products division raised its revenues by 2% to US$950m (2017: 934m) in the 2018 financial year. Adjusted for Moores Furniture Group, a British kitchen and bathroom furniture manufacturer based in Wetherby that was sold in a management buy-out in the fourth quarter of 2017, the growth rate stood at 7%. The spin-off of Moores Furniture meant that 100 (95) % of turnover was booked in North America last year. Some 69 (65) % came from renovation projects and 31 (35) % from new residential projects. Cabinetry Products faced a much weaker trend in revenues in the second half of the year (Q1: US$231m, Q2: US$251m, Q3: US$229m, Q4: US$223m). Adjusted operating income, which fell to US$86m (92m) in the full year because of rising logistics costs, saw less volatility from one quarter to the next (Q1: US$16m, Q2: US$31m, Q3: US$20m, Q4: US$25m). The operating margin dwindled to 9.1 (9.9) %.

In the first quarter of 2019, the Cabinetry Products division grew in terms of both its new-building business and in the renovation segment. As such, sales revenue rose by 9 % against the same period of last year to US$237m (Jan.-March 2018: US$217m). In the first half of 2019 the division generated turnover of US$488m and operating profit of US$53m. The adjusted EBITDA improved to US$63m. □

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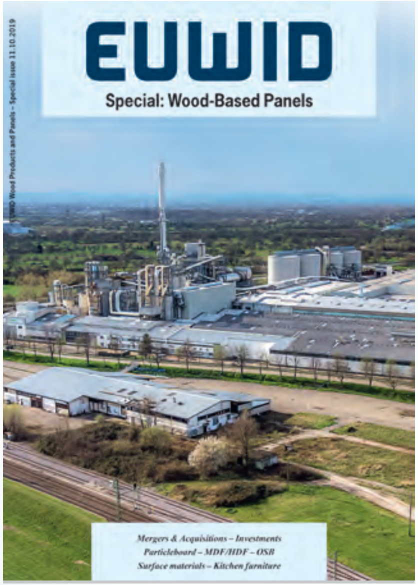

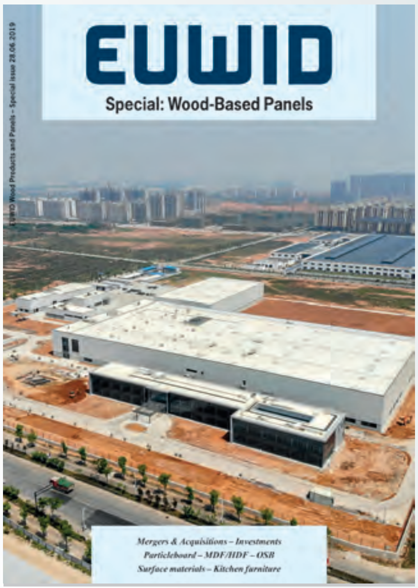

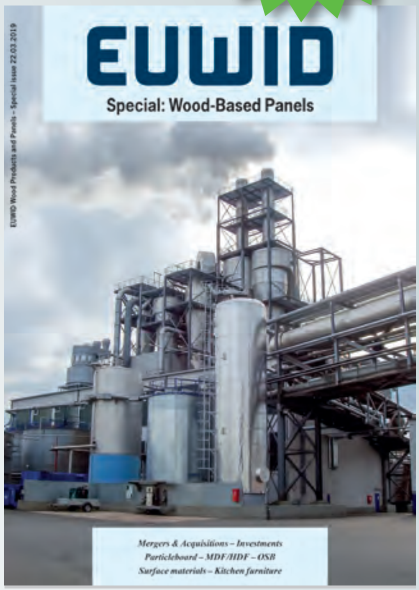

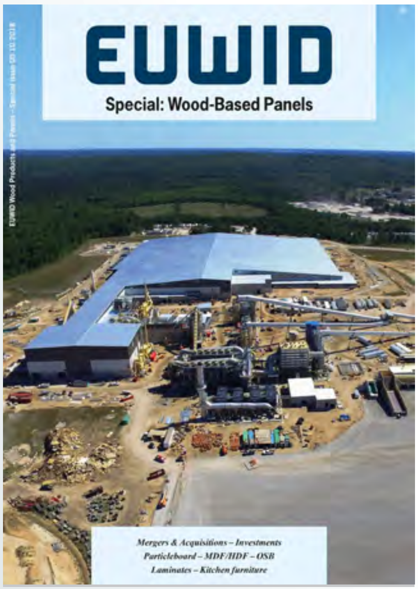

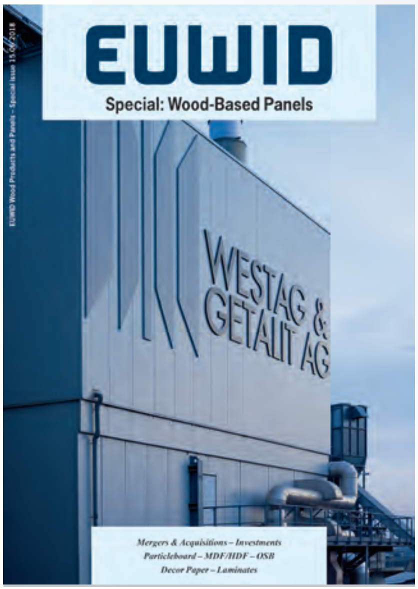

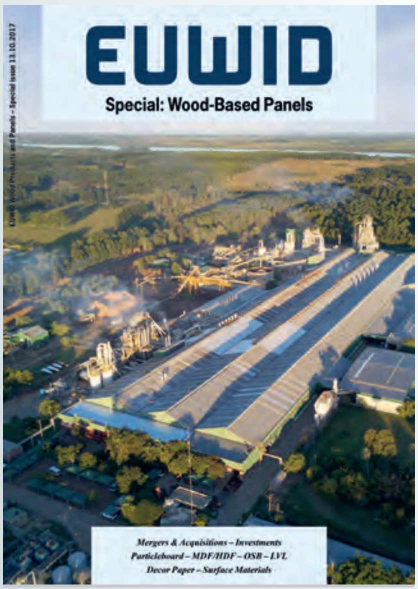

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