

EUWID

Special: Wood-Based Panels

EUWID Wood Products and Panels – Special issue 15.03.2024



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A long downhill slide

Back in 2021 and the first half of 2022, it was already clear that the boom seen then in the wood-based panel, surfaces, furniture and building parts markets would only last for a limited time before things headed in the opposite direction. However, market players underestimated how long this countermovement would endure. At first, many insiders had thought a recovery was possible in the first half of 2023. They pinned their hopes on the second half of 2023, but by mid-year, it was evident that the slump would last well into 2024. This hope, too, was dashed after business continued to worsen last autumn. Most companies now see little chance that this year will be better than last year. It will probably be 2025 before the markets embark on a lasting upward trajectory.

Last year, previously instituted price hikes again concealed the longstanding steep fall in sales volumes. Therefore, businesses found that their revenues did not fall quite as much as their sales volumes. However, prices have now changed direction, too. For their part, sales volumes appear to be stabilising at

a low level. At the beginning of 2024, a variety of areas even witnessed a minor improvement, although this can at least partly be explained by inventory changes.

One thing is for certain: slow demand that has persisted for more than 18 months will create pent-up demand in the medium term and thus unleash a stronger recovery. It is important for companies to bridge the current slump as best they can so that they can benefit once the market improves. During the transition period, they will have to adapt their structures to reflect the changed market environment. With interest rates climbing again and costs on the rise, securing liquidity is becoming increasingly important. However, a growing number of business closures and insolvency filings in the recent past have shown that companies often no longer have adequate reserves. Insiders fear that this trend will at least continue in the coming months.

This issue of EUWID Special: Wood-Based Panels uses various markets and sectors as examples to demonstrate how the past year has shaped up. Market figures worsened across the board and without exception. However, companies are evolving in different directions, which will contribute to even greater consolidation. This range of topics covered by EUWID Special: Wood-Based Panels supplements the news reported in our weekly publication, EUWID Wood Products and Panels.

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

Yours sincerely
Andreas Ruf
 Publisher

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*Australian Panels
will invest in a new
particleboard line and
a new MDF/HDF line at the
Mount Gambier site.
(Photo credit:
Australian Panels)*





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Büttner and Swiss Combi cooperate on dryers

During the third quarter of 2023, Büttner Energie- und Trocknungstechnik GmbH, which belongs to Siempelkamp Maschinen- und Anlagenbau GmbH, concluded a cooperation agreement with W. Kunz dryTec AG, a company active on the market under the name Swiss Combi. Initial talks had been held in the context of the Ligna trade fair and the cooperation agreement signed in August. By means of this cooperation, Büttner plans to expand its product portfolio, so far mainly geared towards drum dryers, tube bundle dryers and flash tube dryers as well as energy plants and exhaust air purification systems, to also include belt dryers. Swiss Combi, for its part, will be able to use the global sales contacts of the Siempelkamp Group. The aim is to offer a complete system with belt dryer, energy production and exhaust purification. The Büttner energy plant can provide excess heat required for operation of the belt dryer. Büttner's location in Kaiserslautern, founded in autumn 2022 as a competence centre for environmental technology, is to supply the purification systems. The belt dryer is to be supplied by Swiss Combi. Both companies, furthermore, intend to collaborate in the areas of design, automation, assembly and commissioning. The main focus in this context

is to be on projects in the particleboard and OSB industries, it is also planned to acquire orders from other industries.

Belt dryers are the main focus of Swiss Combi's activities. The company has meanwhile set up around 200 systems worldwide in various industries. These systems are used for drying pellets, fuels, bagasse, sugar beet and feedstuffs. Over the last two years, the company has also increasingly been involved in projects in the particleboard and OSB industries. So far, almost ten orders have been placed, and most of them already delivered.

Büttner had initially planned to cover the belt dryer product range via a sales cooperation with NEW eco-tec Verfahrenstechnik GmbH, concluded in October 2021. In December 2022, however, when the cooperation was still in the preparation phase, NEW eco-tec submitted an application for the opening of insolvency proceedings. These proceedings were opened on 1 February 2023. In this connection parts of the company were taken over by Hans Binder Technologies GmbH, a company affiliated with NEW eco-tec. As a consequence of these developments, the planned cooperation with Büttner did not materialise. □

Siempelkamp resells stake in Wolfangel

In the context of the decision to focus on its core activities, Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG sold its 43.85% stake in Wolfangel GmbH, which it had held since the end of 2013, back to the co-stakeholder at the end of 2023. The company's production portfolio includes RTM injection systems, gelcoat spraying systems and dosing systems used in the production of fibre-reinforced polymers. Siempelkamp's investment in Wolfangel had facilitated the expansion of its product range in the area of composite systems to include upstream areas. Siempelkamp supplies, for example, SCM presses and PCM presses as well as RTM and thermo-reforming systems for use in the production of GRP and CFRP. □

Siempelkamp subsidiary Pallmann acquires Febs SK

In the first quarter of 2024, Pallmann Maschinenfabrik GmbH & Co. KG took over the business operations of the Slovakian company Febs SK s.r.o. in Mytné Ludaň. For some time now, all activities of the former Febs spol. s.r.o. have been transferred to this company. Through the acquisition the Siempelkamp subsidiary increases its added value with components in the woodyard field, including conveying technology.

With the activities of Febs, Pallmann as a supplier of size reduction technology is able to expand its product offering in the field of systems and components for mechanical conveying. Febs already worked as a supplier for Siempelkamp in the past. □

Dieffenbacher to supply energy plant to New Zealand



Dieffenbacher energy plant (Photo credit: Dieffenbacher)

In mid-February 2024, Dieffenbacher Energy GmbH began supplying a 37 MW energy plant to New Zealand building materials group Fletcher Building Ltd., based in Auckland. The altogether 15 components, weighing up to 53 t and measuring up to 5 x 14 x 4 m, were manufactured by supplier Kottomontaż Sp. z o.o. in Siemianowice Śląskie, Poland, and shipped from there to New Zealand. Kottomontaż was already working with Dieffenbacher Energy's predecessor Bertsch Energy GmbH & Co. KG since the 1990s. Dieffenbacher Energy is maintaining this contract production arrangement.

The plant components now shipped are expected to arrive in New Zealand by May and are to be used in construction of the new OSB plant at the Laminex New Zealand site in Taupō. Fletcher Building will use the OSB line, which is designed for an annual capacity of around 400,000 m³, to replace a single-opening press for particleboard production. Commissioning is scheduled by the end of 2024. The OSB plant is expected to be in regular operation from mid-2025. The biomass energy plant, which is equipped with a grate firing system, is to provide thermal oil for the continuous press and hot water for the belt dryer. □

Sunds Fibertech sells first airCleanMAX to Australia

After delivering one system to Europe, two to China and three to Southeast Asia, Swedish machine and industrial equipment manufacturer Sunds Fibertech AB is to deliver its first airCleanMAX dryer exhaust purification system to Australia in the fourth quarter of 2024. The wood-

based panels division of Borg Manufacturing Pty. Ltd., based in Somersby, New South Wales, which operates under the name Australian Panels, has ordered the system for the MDF/HDF project planned at its site in Mount Gambier, South Australia. Construction is scheduled to take place during the first half of 2025. Commissioning of the complete MDF/HDF line is planned for early 2026. The airCleanMAX system will subsequently purify an hourly volume of approximately 450,000 m³ of exhaust emissions from the fibre dryer, which is to be supplied by Büttner Energie- und Trocknungstechnik GmbH. Besides exhaust purification, the order placed by Australian Panels also includes engineering, pipework, sheet metal and steel construction.

The airCleanMAX system was originally developed by Metso Panelboard and later revised by Sunds Fibertech. The systems supplied to date operate in MDF/HDF lines. In principle, however, integration into particleboard and OSB lines would also be possible. □

Sunds Fibertech launches sales of Iris system

In late autumn 2023, Swedish machine and industrial equipment manufacturer Sunds Fibertech AB began selling its Iris resin injection systems, which were developed over the past two years and had been presented for the first time at Ligna in May 2023. According to Sunds Fibertech, the Iris system, which is designed for blow line injection in MDF/HDF, fibreboard or insulating board facilities and can be used to spray both urea formaldehyde resins (UF resins) and PMDI adhesives into the fibre flow, can enable glue savings of 5-10%. In the first quarter of 2023, Spanish Financiera Madeira S.A. (Finsa), based in Santiago de Compostela, installed the first Iris system in the MDF/HDF line at its Fibranor plant in Rábade; testing took place from the end of March. Finsa has already placed follow-up orders. Sunds Fibertech is currently also negotiating orders for the Iris system with other companies. □

Raute receives follow-up order from AmberBirch

Latvian veneer manufacturer AmberBirch SIA has ordered a complete system for veneer production from Finnish Raute Oyj, which is to be used for capacity expansion at company headquarters in Krustpils. According to a statement issued on 20 February 2024, the €20m order includes log handling and veneer peeling as well as subsequent systems for drying and sorting the peeled veneer. Delivery is scheduled for the turn of the year 2024/2025. Commissioning of the system, which is designed for an annual capacity of 60,000 m³ veneer, is to take place during 2025.

AmberBirch entered veneer production in 2019. At that time, Raute had supplied an veneer peeling system. The first follow-up order for a further system had been placed half a year later. Annual veneer production was thus to be increased from the initially targeted 40,000 m³ to 55,000 m³ by the end of 2021. The production process is geared towards birch; poplar and alder are also processed to a lesser extent.

In the business year 2023, receipts and the backlog of orders of Raute both reached new peaks. Owing to the four big orders with a total value of €216, receipts of orders more than doubled to €315m (2022: €138m), and the backlog of orders at the end of December was even three times as high as a year earlier at €266m.

Sales revenue, on the other hand, fell by 8.2% to €145.4m (€158.3m) vis à vis the comparative period of the preceding year. In terms of the individual sales regions, business was positive in North America (+14.7% to €44.0m) and South America (+121.1% to €21.1m). Only little change against a year earlier occurred in sales revenue generated in the "Asia Pacific" region (-2.3% to €9.0m). Heavier losses were registered in Europe (-14.2% to €44.6m) and Russia (-58.8% to €13.4m). Besides the withdrawal from business with Russia, Raute says the reduction in sales revenue was also partly attributable to disruptions that occurred during the modernisation of the ERP systems at the Nastola headquarters. □



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SGS expands recycling system in SAIB plant

In spring 2023, Italian particleboard manufacturer Società Agglomerati Industriali Bosi S.p.A. (SAIB) of Fossadello di Caorso, in which the Egger Group acquired a majority shareholding in mid-December 2022, placed an order with industrial assembly company SGS Industrial Services GmbH for the first time. In July and August, SGS installed a new section for processing of extra-large materials within the existing waste wood processing plant. During this six-week long project, additional sifters, filters as well as conveying and suction systems were also installed. Here, SGS was responsible for mechanical and electrical assembly as well as all steel construction. The new section was connected to the existing plant during a short production shutdown. The original plant was supplied by Imal-Pal.s.r.l. in 2000 and has since been expanded several times. Consequently, SAIB has been using exclusively recycled wood for particleboard production for quite some time.

Shortly after the waste wood processing project, SAIB commissioned SGS to implement conversion measures in the wood preparation system and the press section. Further work has been scheduled to take place during a short downtime period in January 2024. Commissioned by Wemhöner Surface Technologies GmbH & Co. KG, SGS installed the fifth short-cycle press in Fossadello di Caorso over the course of the second quarter. SAIB had ordered this press before Egger became involved; Wemhöner received the order during the fourth quarter of 2021. □

Vits is supplying two new treaters to Arauco Mexico

Parallel to setting up a new MDF/HDF plant at the Mexican facility in Zitácuaro, Michoacán, Paneles Arauco S.A. of Santiago de Chile, is also modernising and enlarging its North American production capacity for resins and melamine films.

The orders for the individual projects were awarded to various companies in the Deurotech Group GmbH (DTG) in the fourth quarter of 2023. Vits Technology GmbH is to supply two new impregnating channels. A 6 ft-wide plant is being installed in Durango, Mexico, in the third quarter, followed by the assembly of a 9 ft-wide channel in Zitácuaro in the fourth. Vits will also be modernising two existing impregnating channels, which are going to be moved to Durango from Zitácuaro and the Biscoe impregnating facility in North Carolina, taken over from Arauco in January 2015, by the end of 2025 and mid-2026, respectively.

These investments will develop Durango into an impregnating centre for the North American Arauco works. In addition to the existing glue-resin production plant, IFA Technology GmbH will also be setting up an impregnating-resin production facility geared to a daily output of 120 t per day, which is scheduled to be put into service at the end of 2024. Wessel-Umwelttechnik GmbH is involved in the overall project by supplying a heat exchanger. □

IMA Schelling opens new branch in Turkey

At the beginning of 2024, IMA Schelling Group GmbH, opened its own sales and service branch in Istanbul, Turkey, in the form of IMA Schelling Istanbul Makina. IMA Schelling's intention behind the new branch in Turkey is to improve service and spare-parts business for its Turkish customers. Business in new machines is also to be expanded with the local employees. Roughly 300 IMA machines are currently in operation in Turkey, a third of which are located in the Istanbul region. The focus is on the furniture industry. IMA Schelling Group operates four production facilities in Austria, Germany, Poland, and Slovakia. The company currently has 17 sales and service branches of its own in Austria, Germany, Switzerland, France, Italy, Spain, UK, Sweden, Poland, Slovakia, Lithuania, Russia, Turkey, USA, Canada, Singapore and China. □

Biesse America trebling its showroom space in Toronto

Wood processing machine manufacturer Biesse S.p.A. is approximately trebling its showroom space in the greater Toronto area with the construction of the new Ontario tech centre. To date, customers there have been served from a location in south-west Mississauga. The new site, covering more than 2,000 m², will be located in Vaughan, northern Toronto. The building is scheduled for completion in July 2024; the move is expected to take place during the third quarter. During the transition period, customers of the North American subsidiaries Biesse America Inc., based in Charlotte, North Carolina, and Biesse Canada Inc. of Montreal-Mirabel, Québec, can continue using the other three tech centres located at the two headquarters and in Anaheim, California. Biesse completed its fourth expansion at the Charlotte site in mid-April 2023. Construction of the new business centre added around 1,200 m² of office space.

Activities in South America were significantly expanded with the establishment of the new Brazilian subsidiary Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda. in São Paulo in mid-2022. This company emerged from the already long-established Intermac Do Brasil Servicos e Negocios Ltda., through which Biesse had primarily supplied machines and systems for stone and glass processing to South America. The new company facilitated expansion of the local product range to include wood processing machines. Biesse subsequently built a new 1,300-m² showroom at the site in Curitiba, Paraná, which was opened with an in-house exhibition entitled Inside Biesse from 23 to 29 April 2023. In parallel, the Brazilian sales and service company was moved from São Paulo to Curitiba. Various Biesse machines have been set up there, as in the four North American showrooms, which can also be used by customers for test runs. Furthermore, events are regularly hosted in the showrooms in which external companies can also participate. □



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VDMA trade association still expects a drop of up to 10% in 2024

Woodworking machinery manufacturers set to end 2023 with growth after all

German woodworking machinery and plant manufacturers were able to keep their factories busier for slightly longer than expected in 2023, with the backlog of orders built up in the years 2021 and 2022. That being said, the differences between the different product areas have continued to widen.

While the standard machine business experienced a dip some time ago, manufacturers of complete production lines and large-scale plants are even busier than they were, which will drive an increase in production across all areas in 2023. In light of this trend, the Woodworking Machinery Association within the German Engineering Federation (VDMA), based in Frankfurt, significantly upgraded its rather cautious forecast at the beginning of November.

The trade association now thinks that output might rise by 5% to €3.82bn in 2023 after swelling by 8.2% to €3.64bn in 2022. Over the past decade, the in-

dustry has grown by 57.7% from the level of €2.432bn recorded in 2013. The value of its production increased in nine of those years, with only 2020 seeing a decline of 14.4% to €2.876bn because of the pandemic. 2021 then ended with an unusually strong upturn of 16.7% to €3.360bn.

In November 2022, the VDMA trade association had forecast that production would grow by 5% in 2022 as a whole. At that time, it had projected a 5% decline for 2023. The final figures for 2022, which have been available since spring, revealed that growth was actually 3.2 percentage points better than estimated.

Nevertheless, the association initially maintained that production would head in the opposite direction in 2023. The latest forecast suggests a stronger correction in 2024. The association currently anticipates a fall of up to 10%, which would trim production to up to €3.44bn.

The forecast slump is rooted in a long-standing downturn in demand in Germany and abroad, which will have a delayed impact on production due to the relatively high order backlog. A survey by the VDMA trade association indicates that German woodworking machinery manufacturers saw their order intake dive by 33% from January to October compared with the same stretch in 2022.

The primary woodworking sector performed even worse, but the decline in the secondary sector was not quite as severe. The discrepancy is primarily connected to underlying effects. Demand for sawmilling and wood-based panel technology held up better in the second half of 2022 due to the longer project durations. At that time, a significant slowdown had already surfaced for machinery and systems to make furniture and building parts. On the other hand, orders for large-scale plants have fallen increasingly sharply in recent months. Based on their order backlog, companies will still be able to make it into 2024. From the second half of the year onwards, though, capacity utilisation will increasingly become a problem for the plant construction business, too.

German woodworking machinery and plant exports are expected to have risen again in the year 2023, after growing in 2021 (+10.2% to €2.340bn) and 2022 (+4.5% to €2.447bn). Figures available to date from the German Federal Statistical Office in Wiesbaden show that shipments were up 14.2% at €2.001bn in the nine months leading up to the end of September. Growth rates have decreased from one quarter to the next. Between January and March, exports increased by 22.8% in a year-on-year comparison before climbing by 12.6% in the



Assembling of furniture machines

(Photo credit: EUWID)

second quarter and 7.8% in the third quarter.

Analyses from the VDMA Woodworking Machinery Association indicate that exports to the EU-27 showed similar trends to overall exports, jumping by 13.0% in the nine-month period. France remained the largest sales market. Spain moved up to second place, while Austria slipped three places compared to 2022. Exports to other European countries were 5.9% below last year's level. Turkey was still able to make slight gains. Diverging trends were evident in exports to the UK and Switzerland. Despite the war, Ukraine received almost quadruple the amount it had last year, with deliveries valued at €36.1m. Exports to Russia, however, plunged by 65.1% to €15.6m because of economic sanctions.

In overseas business, differences from one region to another recorded in 2022 tended to become even more pronounced in the first three quarters of

2023. Exports to North America leapt by more than a third overall. Continuing the trend seen in 2022, shipments to Canada grew at a faster pace than those to the US. By contrast, exports to South America had risen by three quarters in 2022 but tumbled by a fifth by the end of September. The trend in deliveries to East Asia remains rather flat, with only very slight growth recorded in the region as China continues to purchase less German woodworking technology. The upturn in the South Asia region, dominated by wood-based panel projects in India, has slowed somewhat compared to 2022. However, exports to Southeast Asia have continued to increase. Vietnam is now the main driver there. Exports to Australia have cooled a little, whereas shipments to Africa have rebounded on the back of wood-based panel projects in South Africa.

Conversely, Germany has seen its machinery imports fall more and more over the course of the year 2023. This trend

came on the heels of growth in 2020 (+8.2% to €627.4m), 2021 (+16.8% to €733.0m) and 2022 (+6.9% to €783.9m). The first quarter ended with a year-on-year drop of 7.9%, followed by double-digit falls in the second (-17.3%) and third quarters (-18.9%). In the first nine months combined, imports were 15.1% lower than in the prior-year period at €526.8m. A key factor here was the dive in deliveries from China (-38.6% to €135.5m), which primarily affected the DIY sector. By contrast, imports from the EU-27 were up slightly (+1.3% to €333.3m), but imports from other European countries were down 9.5% at €36.2m.

VDMA Woodworking Machinery Association represents around 100 manufacturers of machinery, equipment and tools for woodworking and wood processing. These companies are suppliers to sawmills or the wood-based materials industry as well as manufacturers of flooring, furniture, construction elements or wooden buildings. □

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Sunds Fibertech takes over technology and service for KüstersPress/ContiPress systems

Swedish Sunds Fibertech AB of Timrå took over the service business for KüstersPress and ContiPress wood-based panel presses from Siempelkamp Maschinen- und Anlagenbau GmbH with effect from 3 January 2024.

The transaction, agreed in the first half of December, also includes existing rights, technologies and design drawings as well as the chain production for the KüstersPress/ContiPress lines set up by Siempelkamp at the Krefeld site. With the takeover, Sunds Fibertech will become the sole OEM supplier for the press technology, which was developed in the 1970s by predecessor company Eduard Küsters Maschinenfabrik GmbH & Co. KG and continued with modifications by successor companies Sunds Defibrator AB and Metso Panelboard. According to the company, this will enable it to cover all bases in the areas of technical support, spare and wear parts, service and modernisation. With regard to modernisation, the focus is on replacing heating plates and installing new chains, roller carpets and control systems

for press belts and roller carpets, or integrating new control systems. With the installation of new cylinders and/or press extensions, Sunds Fibertech also intends to tackle more major KüstersPress/ContiPress conversions. Metso Panelboard and its predecessor companies supplied a total of 74 continuous presses globally between 1987 and 2006; 50 of these presses are still in operation. Most of the presses produce particleboard and MDF/HDF, though nine systems were designed for other products.

In selling its service and spare parts business for the KüstersPress/ContiPress lines, which was previously handled primarily via Siempelkamp Logistics & Service GmbH (SLS) based in Bad Kreuznach, Siempelkamp is now concentrating on its own ContiRoll technology. The company had acquired KüstersPress and ContiPress technology through the late-September 2007 acquisition of Metso Panelboard GmbH, with activities in the areas of continuous presses and energy systems. However, business with new KüstersPress/

ContiPress systems was discontinued shortly after conclusion of the acquisition. Especially during the first years after the takeover of Metso Panelboard activities, Siempelkamp had also implemented major KüstersPress/ContiPress conversions, such as the mid-2011 extension of the press supplied to former Swedspan Sweden AB in Hultsfred in 2003. The former Metso Panelboard site in Hanover, on the other hand, was primarily geared towards business with energy plants. However, the at that time newly formed Siempelkamp Energy Systems GmbH (SES) was then merged with Büttner Energie- und Trocknungstechnik GmbH during 2012; the Hanover office has since been a Büttner branch.

Ensuing from the spin-off of Sunds MDF Technologies AB from Dieffenbacher GmbH Maschinen- und Anlagenbau at the beginning of 2016, Sunds Fibertech initially focused primarily on plant optimisations in the area of fibre line in MDF/HDF and fibreboard plants. In recent years, the company has also increasingly implemented projects in the particleboard and OSB sector with the PressBooster steam-heated mat preheater. Sunds Fibertech was also able to enter the KüstersPress/ContiPress service business through the March 2021 takeover of PG Montagen in Willich; PG Montagen had already been an external supplier of Küsters and Metso Panelboard for a considerable period. The company founded for this transaction, Sunds Fibertech GmbH, later relocated to another site in Willich. Pursuant to the agreement reached with Siempelkamp, this site is to be further expanded. According to current planning, the existing production/storage area will be doubled to around 2,000 m² through the expansion of workshop and office spaces, integration of chain production and establishment of a logistics centre. The sales department for the KüstersPress/ContiPress service business, which is currently based in Timrå, is also to be relocated to Willich. □



KüstersPress

(Photo credit: Sunds Fibertech)

Production trials in pilot plant / First industrial plant is to be built in the course of 2024

Pal and MDF Recovery are planning to industrialise MDF recycling technology

The British technology firm MDF Recovery Ltd., headquartered in Beaumaris, Wales, and the Italian machinery and plant manufacturer Imal-Pal s.r.l., based in San Damaso, signed a partnership agreement already in May 2023.

The partners aim to industrialise the MDF/HDF recycling technology developed by MDF Recovery and test it in a pilot plant as quickly as possible. Pal s.r.l., a firm headquartered in Ponte di Piave that is part of the Imal-Pal Group, will exclusively market the technology worldwide for applications in the wood-based panel industry. The company has supplied more than 130 waste wood processing plants to companies in the wood-based panel industry and related sectors since 1986. Most of these plants have been installed at particleboard mills and at pallet block manufacturers. A few plants have also come to fruition at MDF/HDF mills in recent years, primarily in China. However, these projects focus on the mechanical processing of various waste wood fractions.

By contrast, the MDF Recovery technology breaks down MDF/HDF production residues, semi-finished products and finished products made from MDF/HDF into fibres, which can then be fed back into the MDF/HDF production process like fibres from fresh wood. Pal intends to combine the MDF Recovery solution with its existing processing technologies. The first industrial plant is to be built in the course of 2024. The company is already in talks with interested parties from the MDF/HDF industry. The first reference plant will probably be built in Europe. Its envisaged output stands at around 5 t/hour. According to MDF Recovery, this technology should provide about 10-20% of the fibre needed at the downstream MDF/HDF mill. This rate might rise to over 30%, depending on feedstock availability.



(Photo credit: MDF Recovery)

In principle, the process can also make MDF/HDF using 100% recycled fibres.

The technology developed by MDF Recovery starting in 2009, which has been tested on a laboratory scale starting in 2011, is a wet process which breaks down the fibres from MDF/HDF board using moisture and thermal energy. These fibres are then fed into MDF manufacturing via the dryer. MDF Recovery set up a pilot plant at its Chesterfield site in 2016 and has used it for production trials since 2017. Two years ago, this plant was moved to Manchester. In early 2022, MDF Recovery reached an agreement with Platts Agriculture Ltd., based in Llay, Wrexham, which specialises in animal bedding products, to set up a demonstration plant to produce recycled fibre from MDF/HDF residues on an industrial scale and use it as blow-in insulation. This project is now being carried out in partnership with the British MDF profile manufacturer W. Howard Ltd., headquartered in Glazebury near Manchester. The company intends to set up the plant at the Welsh site of

Polyco Ltd, a subsidiary acquired in 2009 that specialises in making veneer and film-covered profiles, in Newtown, Powys, in the next year. It is slated to go into operation in autumn 2024.

Changes have also emerged among the partners involved in building its first industrial-scale plant to make wood-based panels. MDF Recovery reached a partnership agreement with Kronospan Ltd., based in Chirk, in the first quarter of 2019. "The Closing the Loop in the MDF Supply Chain" project, which was launched by the two companies and funded by Innovate UK, took a back seat during the Covid-19 pandemic. In autumn 2022, MDF Recovery signed an agreement in principle with the Turkish company Turcomdecor Tic. Ltd. Sti., headquartered in Istanbul-Kadiköy, which represents a variety of machine and plant manufacturers from Europe and Asia on the Turkish market. However, marketing of the technology in Turkey, which was envisaged with Turcomdecor, will now take place in coordination with Pal. □

Negotiations regarding job cuts are generally proceeding according to plan

Homag Group: incoming orders went down 18% in 2023, turnover increased

Following significant declines in the value of incoming orders over the first three quarters of 2023, Homag Group AG, which forms the woodworking machinery and systems business division of superordinate Dürr AG, recorded a year-on-year increase of 48.3% to €427.4m (Oct.-Dec. 2022: 288.2m) in the fourth quarter.

A key factor in this development was two major orders from China and Spain, which were concluded at the end of the year. Both orders, which together account for over €100m and thus around one-fourth of the total value of incoming orders in the fourth quarter, concern machinery and equipment for furniture production. The deliveries are to extend over a longer period, however, meaning they will only partially impact capacity utilisation and turnover generation in the current year.

In the first quarter, the value of Homag's incoming orders had dropped by 38.6% vis à vis the preceding year to €352.6m (573.8m). Development in the second

quarter was only slightly better at -30.2% to €318.8m (457.0m). In the third quarter, incoming orders declined by 23.3% to €296.6m (386.8m). For the full year, a decline of 18.2% to €1.396bn (2022: 1.706bn) thus ensues. Concerning orders in hand, in the second quarter the value had fallen below the €1bn mark for the first time since the end of 2021. A further decline to €840.7m (1.102bn) was reported by the end of the year. Demand for wood-processing machinery and equipment has declined significantly due to cyclical market recessions. Whilst this economic slowdown had been expected in the furniture sector, Homag had anticipated more positive development concerning systems for the production of timber construction elements. Alas, the slump in residential construction reported in almost all important sales markets has now also significantly slowed investment activity in the timber construction sector.

Slight year-on-year turnover growth to €1.625bn (1.602bn) was achieved by working through the order backlog

accumulated over previous years and further expanding the service business. There were only slight differences between each quarter (Q1: €403.8m, Q2: €412.9m, Q3: €405.5m, Q4: €402.8m). EBIT before special effects rose by 4% to €129.7m (124.8m). The resulting EBIT margin amounted to 8.0% and was thus even higher than in previous years, which had been better from an economic perspective (2019: 6.5%, 2020: 2.4%, 2021: 6.7%, 2022: 7.8%). However, provisions of around €50m were recorded as a special effect in the fourth quarter for the cost-reduction measures introduced at the beginning of November, which included elimination of around 600 jobs worldwide. This was ultimately at the upper limit of the originally planned range of €35-50m. An EBIT deficit was consequently reported at the end of the year, at -€13.4m (+27.3m). For the full year, EBIT decreased by 33.9% to €71.1m (107.5m). Special effects included in this result amounted to -€58.6m (-17.3m) and thus trebled vis à vis the preceding year.

According to Dürr board members, negotiations regarding job cuts within the Homag Group are generally proceeding according to plan. There have been no changes in the key figures. Approximately 600 jobs are to be eliminated worldwide, including around 350 at German sites. Some 180 jobs are to be cut at the main plant in Schopfloch. Homag Group has not disclosed how the cuts will be distributed amongst the other sites. However, there are no plans for closing facilities. Homag Group intends to avoid forced redundancies as far as possible in Germany; the job cuts are to be achieved above all by voluntary and early-retirement schemes. No details were given about the form the job cuts will take outside Germany. As at the end of September, Homag Group had a total of 7,482 employees (Sept. 2022: 7,462). The job cuts therefore affect 8.0% of the workforce. Until the



Homag headquarters in Schopfloch

(Photo credit: EUWID)

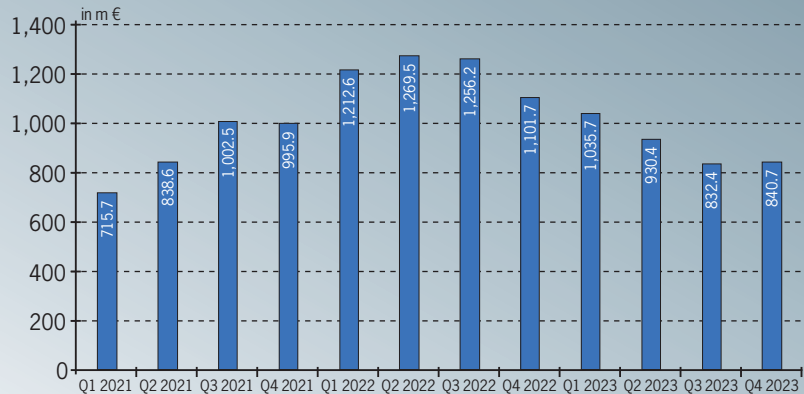
end of the year, the number of employees decreased to 7,348 (Dec. 2022: 7,525). Homag Group also aims to deploy flexibility instruments, such as reducing overtime accounts and short-time working. An extensive freeze had already been imposed on hiring in the third quarter.

To further reduce costs, the investment programme implemented in the Homag Group since spring 2021 has also been adjusted. The logistics centre built at the Schopfloch site has now been largely completed and is due to be opened shortly. The resulting consolidation of previously externally utilised warehouse capacities is ideally to be reflected in corresponding increases in productivity. On the other hand, the new construction planned to replace two older office buildings has been cancelled; renovation is now planned instead. The Homag Group intends to use the interplay of these measures to facilitate cost reductions of around €25m in the current year; annual savings of approximately €50m are planned from 2025 onwards.

In Homag's estimation, global business with machinery and equipment for furniture production and timber housing construction is unlikely to pick up before the end of 2024. There will be no improvement until 2025 at the earliest. Accordingly, the company is anticipating incoming orders in a range of €1.200-1.400bn in the current year, which would be below the 2023 level and would thus likely further hamper capacity utilisation. The Homag Group consequently forecasts a considerable decline in turnover and results. Turnover in a range of €1.350-1.450bn is anticipated, which would correspond to a decline of 10.8-16.9%. The EBIT margin before special effects is forecast in a range of 2.0-4.0%; even at the upper limit of this range, the margin would thus amount to less than half of the prior-year figure.

In the Dürr Group as a whole, incoming orders fell by 7.8% to €4.615bn (5.008bn) last year. Turnover, by contrast, climbed 7.3% to €4.627bn (4.314bn). EBIT before special effects rose by 20.8% to €280.4 (232.2m), whereby the margin declined to 5.4% (6.1%).

Homag Group¹⁾: Order backlog²⁾

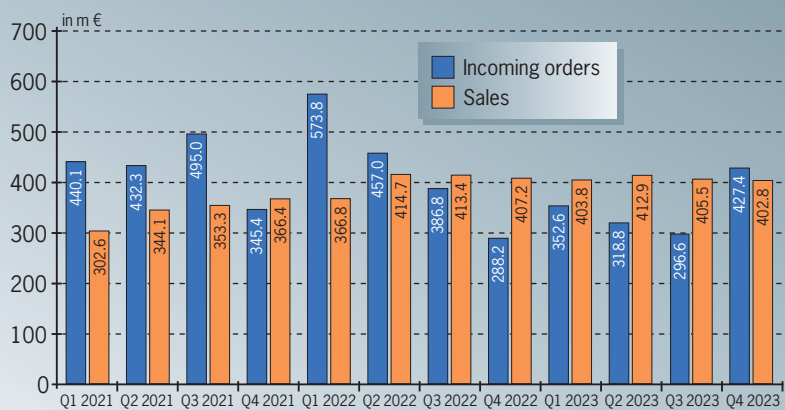


1) Dürr business unit woodworking machinery and systems

2) end of quarter

Source: EUWID, according to information based on annual reports of Dürr

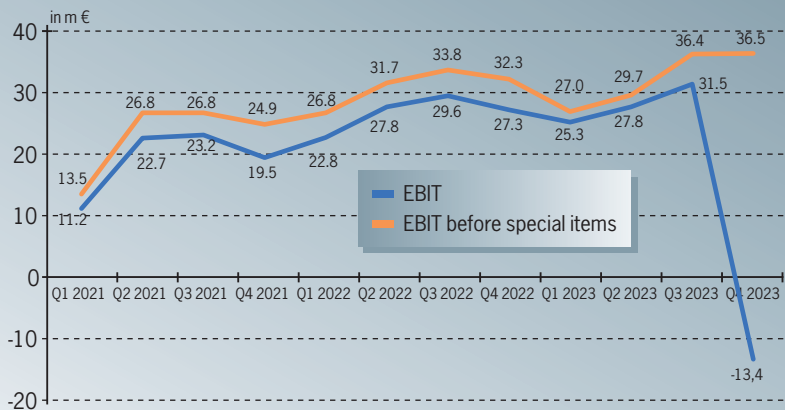
Homag Group¹⁾: Business development



1) Dürr business unit woodworking machinery and systems

Source: EUWID, according to information based on annual reports of Dürr

Homag Group¹⁾: Earnings development



1) Dürr business unit woodworking machinery and systems

Source: EUWID, according to information based on annual reports of Dürr

Strong slowdown in urea projects



Urea plant (Photo credit: ThyssenKrupp Uhde)

The ramp-up of worldwide urea production capacities outside China will slow significantly in the years ahead. At the same time, global trade flows will experience additional shifts. Yara International ASA, based in Oslo, and OCI Global N.V., headquartered in Amsterdam, two companies active in the urea business, addressed expected capacity trends and prospects for imports and exports in their latest investor presentations.

Yara based its capacity overview on global urea supply of 129.2m t in 2022. This figure encompasses production outside China and Chinese urea exports. The supply trend was compared with an average 2.0% annual increase in global demand for the ten years from 2013 to 2022. According to the Yara overview, capacity expansion was stronger than the average growth in demand each year from 2015 to 2019 and from 2021 to 2023. The strongest years were 2017 (+6.7m t) and 2022 (+6.2m t). Another 5.5m t of capacity was added

in 2016. 2015 (+4.5m t), 2018 (+4.2m t), 2021 (+4.4m t) and 2023 (+4.0m t) all saw similar increases. In 2020, however, the addition of 1.0m t of capacity was well below the annual increase in demand. Yara forecast that 2.7m t of capacity would be installed worldwide in 2024, before a slower trend emerged in 2025 (+0.4m t) and 2026 (+0.3m t). The regional focus has changed several times over the past few years. Several projects were completed in the US between 2016 and 2018. Significant amounts of capacity were added in Iran in 2017 and 2021. Nigeria was a focus in 2020 and 2021. India has also gained in importance over the past few years. The subcontinent accounted for around a third of the global capacity expansion in 2022 and more than half in 2023. There is now only one major project in progress there, which is slated for commissioning in 2026 or 2027. The focus of investments is currently shifting towards Russia. However, economic sanctions might force delays to a few projects.

The OCI presentation also points out that capacity expansion was significantly higher than the respective increase in demand in the periods from 2015 to 2019 and from 2020 to 2023. Conversely, demand is projected to swell by 12.7m t from 2024 to 2027, almost twice as much as supply (+6.6m t), according to the OCI forecasts. □

Foresa becomes first buyer of bio-melamine from OCI

At the beginning of 2024, chemical group OCI Global N.V. of Amsterdam began supplying bio-melamine to Foresa, the adhesives and impregnating resins division of Spanish Financiara Madereira S.A. (Finsa), based in Santiago de Compostela. Foresa will utilise this melamine to produce resins to be used in wood-based panel production, decor paper impregnation and the production of insulating materials.

In bio-melamine production, the natural gas previously used as a precursor for ammonia and urea synthesis is to be re-

placed on the company's carbon balance by biomethane as a sustainable alternative. This will facilitate a reduction in the CO₂ footprint (product carbon footprint PCF) of the adhesive and impregnating resins thereby produced. According to OCI Global, the associated greenhouse gas emissions are approximately 40% lower than those of conventionally produced melamine. OCI Global has stated it is the only melamine manufacturer to date to hold an ISCC PLUS certificate for its bio-melamine. However, OCI Global does not use the biomethane directly in its melamine production facility in Geleen, Netherlands, but instead allocates it to the end product via a calculated mass balance approach. □

Marginal increase in OCI's melamine sales in 2023

OCI Nitrogen B.V., headquartered in Geleen, the Netherlands, experienced only a minor improvement in its melamine sales in the course of 2023. Sales had been much lower in a year-on-year comparison in the first quarter, with 10,100 t (Jan-March 2022: 31,000 t), and in the second quarter, with 17,700 t (April-June 2022: 30,100 t). The third quarter ended with a slight increase to 16,900 t (July-Sept. 2022: 15,400 t). Sales more than doubled in the fourth quarter to 18,700 t (Oct.-Dec. 2022: 7,300 t) from a low underlying level.

The full year thus produced a 24% reduction in sales compared to 2022 to 63,400 t (2022: 83,800 t). In years past, OCI Nitrogen had sold significantly more melamine (2018: 149,300 t, 2019: 135,800 t, 2020: 144,600 t, 2021: 131,900 t). □

Sherwin-Williams' purchase closes

The US chemical group The Sherwin-Williams Co., based in Cleveland, Ohio, finalised its takeover of the coatings manufacturers Oskar Nolte GmbH of Kirchlegern and Klumpp Coatings GmbH of Stuttgart, in early October. The deal was agreed in November 2022. Nolte and Klumpp, which generated revenues of around €91.5m and employed some 230 people in 2022, will be integrated into the Performance Coatings Group of Sherwin-Williams, as planned. Within the new group, they will become part of the Industrial Wood Division. Nolte and Klumpp's product portfolio includes foil coatings and UV-cured or water-based coatings for the wood-based panel, furniture and parquet industries. Sherwin-Williams had not previously been involved in coatings for finish foils. The companies had set themselves a target of closing the deal by the beginning of 2023 when the contract with SIC's previous shareholders, Peter Möhrle Holding (PMH), based in Hamburg, and GP Capital UG, headquartered in Kirchlegern, Germany, were signed. However, this process has encountered considerable delays. Sherwin Williams did not go into the reasons in its announcement. □



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Methanol spot prices rising again across all regions in the second half of February

Methanol contract price for first quarter remained just below €500

European methanol spot prices rose more strongly in the second half of February. This uptick came on the heels of a sharp downturn in December 2023 and in the first half of January, that was followed by a minor recovery.

Spot prices briefly rose to €350/t FOB Rotterdam in the second half of November on the back of major production cutbacks and stoppages. A few deals below €260 were doing the rounds in the third week of January. Average prices reached €270-275 again at the end of January and the start of February before jumping to €310 in the third week of February. In late February, deals were concluded in the region of €315-325, a few spot lots even commanding €330. At current exchange rates, the latest prices equate to around US\$340-355/t.

European spot prices have thus risen by €40-50 or US\$45-55 during February. An upward trend has surfaced in North America and Asia, too, although these markups are much smaller. North American spot prices were just shy of US\$1.00/gallon or US\$330/t FOB US Gulf Coast in the third week of February. By way of comparison, these prices averaged US\$0.95/gallon or around US\$315/t in late January but climbed by around US\$15 over the next three weeks. Chinese import prices are now consistently above US\$300/t CFR Shanghai, compared with US\$280-300 at the end of January.

Methanol supply in the Atlantic region continues to be limited by scheduled and unscheduled production cutbacks or shutdowns in various regions. The joint venture YCI Methanol One LLC, which is headquartered in Houston, Texas, and controlled by Koch Methanol Investments LLC, is still carrying out an extended overhaul at its site in St. James, Louisiana. Fairway Methanol LLC, headquartered in



Commercial production of Geismar 3 has been delayed since Mid-February. (Photo credit: Methanex)

Clear Lake, Texas, is performing a shorter programme of maintenance. The Canadian firm Methanex Corp, headquartered in Vancouver, British Columbia, had to cancel the start-up of the Geismar 3 plant in Geismar, Louisiana, in mid-February because of plant damage. The restart will take at least until the end of the third quarter.

By contrast, the joint venture Egyptian Methanex Methanol Company S.A.E. (EMethanex), based in Damietta, Egypt, which was shut down in October 2023 following compressor damage, is currently resuming production. The plant in Tjeldberget operated by the Norwegian group Equinor ASA, headquartered in Stavanger, is slated to carry out extended maintenance work this spring.

The European methanol contract price for the first quarter, fixed at €495/t FOB Rotterdam on 18 December 2023, was fixed roughly between the targets formulated by producers and purchasers before negotiations began.

Suppliers' demands at the beginning of December were mostly in a range of €500-550/t, whereas processors wanted to keep the new price in a range of €450-500/t. Due to this relatively wide divergence in expectations, negotiations were quite difficult at first. Within the scope of initial settlements, a price of €495 was fixed on 15 December; this was then confirmed in follow-up agreements at the beginning of the following week. Compared to the price of €360/t that had been fixed in the third quarter of last year and subsequently maintained in the fourth quarter, the new contract price is higher by €135, or 37.5%. The fixing also slightly exceeds the contract prices set in the first (€478/t) and second quarters (€486/t) of last year. Starting 2024, however, discounts on gross prices will be several percentage points higher than in 2023. In 2022, following increases up to the beginning of the second half-year, contract prices had begun declining again as the year progressed (Q1: €495, Q2: €550, Q3: €520, Q4: €505). □

Ad valorem duties to replace previous anti-dumping regulation

European melamine manufacturers seeking another review of imports

The European Commission's Directorate-General for Trade will review anti-dumping measures imposed on melamine imports from China, which were only extended for a second time in mid-September 2023.

On 13 November, the European producers LAT Nitrogen Linz GmbH (Linz, Austria), LAT Nitrogen Piesteritz GmbH (Wittenberg-Piesteritz, Germany), OCI Nitrogen B.V. (Geleen, The Netherlands) and Grupa Azoty Zakłady Azotowe Puławy (Puławy, Poland) applied to change the system of minimum import prices introduced in May 2011 for four Chinese producers and a fixed duty rate of €415/t for all other producers. According to a publication in the EU Official Journal on 20 December, the European Commission is also of the opinion that the system should possibly be replaced by ad valorem duties based on a percentage due to changes in the general framework conditions. The interim review requested by EU manufacturers has thus been initiated. The entire interim review is to be completed within twelve months of publication in the EU Official Journal. An extension of three months is possible. Results should, therefore, be available by 20 March 2025 at the latest.

The European Commission listed both known EU producers, importers and distributors and Chinese melamine producers and exporters. The four applicants, plus BASF SE (Ludwigshafen, Germany) and S.C. Azomures S.A. (Targu Mures, Romania), are named as EU producers. However, BASF shut down its two melamine plants at the end of April 2023. Azomures has also only manufactured sporadically in recent years. The list of importers includes Cornerstone Chemical Company B.V. (Rotterdam, Netherlands), EuroChem Group AG (Zug, Switzerland), Leichem (Paris), Helm AG, Globe Chemicals GmbH and Penpet Petrochemical Trading GmbH (all Hamburg, Germany) as well as Star Asia Far East Co. Ltd. (Bangkok, Thailand), which has a branch in Cologne and specialises in melamine imports from China. Eurochemicals S.p.A. (Cologno Monzese, Italy), which was integrated into Deimos s.r.l. (Cologno Monzese, Italy) in the first quarter of 2020, Quimidroga S.A. (Barcelona) and Whyte Chemicals Ltd (Finchley, UK) are listed as distributors.

The list of Chinese producers and exporters drawn up by the Commission

comprises 78 companies, including OCI Trading Shanghai Co. Ltd, which belongs to OCI Global N.V., based in Amsterdam, and the three producers Sichuan Golden-Elephant Sincerity Chemicals Co. Ltd, Shandong Holitech Chemical Industry Co. Ltd and Henan Junhua Development Co. Ltd, which are subject to the special arrangement with a minimum import price of €1,153 per tonne.

Background

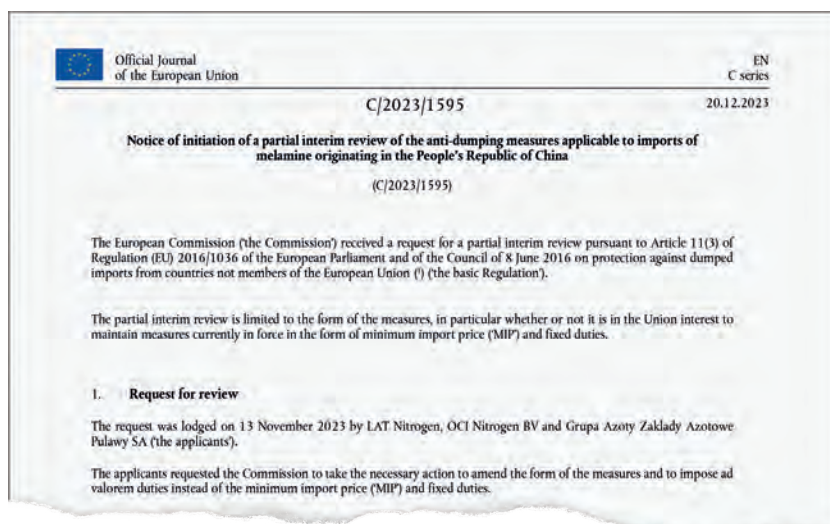
Historical overview of anti-dumping processes for melamine

<https://www.euwid-holz.de/240402/>



In Implementing Regulation 2023/2653 published on 27 November 2023, the European Commission granted Xinjiang Xinlianxin Energy Chemical Co. Ltd. a similar arrangement. Since then, this company has also been exempt from the anti-dumping duty as long as the net, duty unpaid, free EU border price is above a minimum import price of €1,346 per tonne.

In their filing, EU producers argued that the original rationale for introducing a minimum import price and a fixed duty rate has become obsolete. The EU adopted this system as a means of preventing the anti-dumping measures from leading to a deterioration in the supply situation facing European converters. The applicants note that European production capacity can now cover EU demand in full. In addition, sufficient supply opportunities exist in third countries, particularly in Qatar, Trinidad & Tobago and the US. EU manufacturers have also pointed out that Chinese manufacturers have increased their market share significantly in recent years despite anti-dumping measures. Imports from China have been priced so low that the economic situation faced by EU producers has gradually deteriorated, they claimed. □



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Additional consolidation is expected to lie ahead in 2024

More movement in the wood-based panel and surfaces industry in the recent past

Wood-based panel, surface, furniture part, building element and flooring manufacturers found that business took a significant turn for the worse during 2023 in the wake of a variety of negative factors.

Suppliers from the chemical industry, the paper industry and the mechanical and plant engineering sector were also hit after a slight time lag. Demand has cooled markedly in almost all sectors compared to 2022, with slumps of 20-30% nothing out of the ordinary. Some sectors and a few companies have encountered even sharper declines. The downward trend tended to intensify from one quarter to the next. A spring or summer recovery that was still considered possible at the end of 2022 or in the first quarter of 2023 has failed to materialise. In many cases, business hit rock bottom in the third quarter.

The situation typically stabilised at a low level in the fourth quarter, with a slight recovery recorded in some cases. Inventory

effects also helped to stabilise matters. In many areas, demand slowed for a longer period of time as companies depleted inventories built up in 2021 and the first half of 2022 to safeguard supply. This destocking process was completed at different times during 2023 and continued into the autumn in the case of some products. Buyer industries and retailers have now seen their stocks largely return to normal, meaning that demand is once again closer to actual demand. That being said, actual demand will likely be affected in the longer term by the unfavourable consumer climate in the home and furnishing sector and by the slowdown in construction in Germany and other European countries. Many companies now think that 2024 will not bring a significant improvement, either. The medium-term outlook is once again deemed to be rosier due to pent-up demand in residential construction.

With demand remaining subdued in most sectors since mid-2022, companies have found that their relatively large order cushions and often long lead times

that occasionally lasted into 2023 have dwindled more and more in the past few months. Very good workloads in 2021 and 2022 sometimes gave way to substantial capacity utilisation problems. Initially, companies responded by taking short-term measures, such as laying off temporary workers, reducing flexi-time accounts and instituting short-time working. More far-reaching restructuring measures have become more common since mid-2023, often involving shutting divisions and major staff cuts. The number of companies entering administration and going out of business has also increased in recent months. Conversely, the potential to sell companies or undertake transferring reorganisations has worsened markedly.

The deterioration in fixed costs caused by plants operating at worse capacity utilisation is now being overshadowed by a turnaround in several other cost items. After peaking in 2022, the costs of the upstream products used to make wood-based panels and surfaces had mostly dried again. Energy and logistics costs also eased after escalating in summer 2022. This downward trend has now come to an end in most cases, with costs already rising again in various areas. Melamine and methanol costs have already soared. Logistics costs have risen sharply after Germany increased its lorry toll on 1 December. Negotiations on new wage agreements in the wood and furniture industry, which have been ongoing since mid-November, are also showing signs of rising costs.

By contrast, sales prices have come under mounting pressure in recent months after rising increasingly sharply in 2021 and the first half of 2022. Wood-based panel and surface material prices have experienced considerable markdowns for a long time. The downward trend has only levelled off in recent weeks. Prices have stabilised in a few areas, with mar-



Kronospan is commissioning a particleboard line in Sanem.

(Photo credit: Kronospan)

kups already announced in some cases. OSB and decor paper are cases in point. Semi-finished and finished product prices have not climbed as much. The latest adjustments are also less pronounced. Furniture parts, furniture, construction elements and flooring manufacturers are also battling pressure on prices, which varies in intensity depending on the product category, market segment and sales avenue.

Higher average prices than in 2022 offset a slump in sales volumes in many areas well into 2023. Consequently, the downturn in revenues was not as severe at first. Underlying effects associated with falling demand in the second half of 2022 meant that sales volumes did not alter as much. Price changes are now having a greater impact, though. Businesses are facing much bigger dents in their earnings. In extreme cases, EBITDA or EBIT have even slipped into negative territory. However, the impact on earnings varies from one sector to another. Several wood-based panel companies had booked unusually

large profits during the boom, allowing them to offset temporary losses and even make further investments or carry out acquisitions during the current downturn. Such cushions are not available in other sectors, meaning that dwindling revenues and earnings are having a swifter and more substantial impact on their balance sheets, particularly if companies already have debts.

The furniture supply, furniture, construction elements and flooring industries have already undergone major corporate changes, particularly in the second half of the year. Within the furniture supply business, furniture part manufacturers encountered significant cutbacks within a few weeks in the third quarter. Emotion Holztechnik GmbH (Bremen, Germany), Christian Kröger GmbH & Co. KG (Löhne, Germany) and Erwin Gronemeier GmbH & Co. KG (Ergro Möbelteile, Hüllhorst, Germany) filed for insolvency. Knübel GmbH, headquartered in Bünde, Germany, ceased operations in late September at short notice. A good two months after

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it filed for insolvency, the deinSchrack.de Group found a solution to keep it in business after all. Countries neighbouring Germany have also experienced

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WestRock stopped production of saturating base kraft paper in North Charleston. (Photo credit: WestRock)

changes: the liquidation of the Czech company Pronap s.r.o. (Starý Plzenec) in October 2022, the dissolution of a partnership doing business as Alpagroup (Saint-Loup-sur-Semouse) that was launched as recently as early 2022 by the furniture and particleboard producer P3G Industries S.A.S. and the furniture parts and laminate flooring manufacturer Alsapan S.A.S. (Dinsheim-sur-Bruche) and the discontinuation of production at one of two Polish factories run by the drawer and furniture parts manufacturer Rudolf Henrichsmeyer Formaplan GmbH & Co KG (Hövelhof, Germany). A worktop manufacturer, D. Lechner GmbH, based in Rothenburg ob der Tauber, Germany, has also run into financial difficulties. This company filed for self-administered insolvency proceedings in mid-October and stopped operations during February. The furniture industry has faced even greater changes in recent months, with the number of insolvencies and company closures increasing significantly.

By contrast, flooring companies have focused on relatively far-reaching restructuring measures aimed at bridging the difficult period until demand recovers, something that is expected to happen in 2025. To date, medium-sized companies have mainly been undertaking these kinds of measures. Examples include AB Gustaf Kähr (Malmö, Sweden), MeisterWerke

Schulte GmbH (Rüthen-Meiste, Germany), Hamberger Industrierwerke GmbH (Stephanskirchen, Germany) and Windmüller GmbH (Augustdorf, Germany).

The Central European wood-based panel industry saw two additional consolidation projects in 2023. The Italian firm Saviola Holding s.r.l., headquartered in Viadana, boosted its 50% stake in the particleboard manufacturer Rheinspan GmbH & Co. KG, based in Germersheim, Germany, to 74.9% with retroactive effect from 1 January 2023. Additionally, the Egger Group acquired Rauch Spanplattenwerk GmbH, headquartered in Markt Bibart, Germany, in a deal that closed on 10 November. Additional changes might lie ahead in the coming months as more MDF/HDF and particleboard production capacity is set to come online. These projects are primarily taking place in France, the Iberian Peninsula and the Benelux region. The ramp-up of Kronospan's new particleboard mill in Tortosa, Spain, and the imminent commissioning of a particleboard line built at the Sanem mill in Luxembourg are likely to have an impact first. The wood-based panel industry is also on the move in other regions. Another divestment has also taken place in Europe, with West Fraser Europe Ltd. announcing plans to close its particleboard mill in South Molton, UK, at the beginning of October. A few possible sales are afoot in Eastern Euro-

pe. Changes in North America in 2023 include the liquidation of the strawboard manufacturer CalPlant I LLC (Willows, California), the closure of a particleboard mill in Taylorsville, Mississippi, by Roseburg Forest Products Inc. (Roseburg, Oregon) and the planned sale of Roseburg's particleboard mill in Simsboro, Louisiana, to the Kronospan Group.

Within the surfaces business, the decor paper industry has encountered particular pressure to consolidate. The sharp decline in demand in almost all markets around the globe, combined with the disappearance of the Russian market due to sanctions and much higher imports from China, has created surplus capacity that is likely to persist for a long time to come. After Kämmerer Spezialpapiere GmbH, based in Osnabrück, Germany, stopped making pre-impregnated products at the end of 2022. Another company, Gebr. Hoffsümmer Spezialpapier GmbH & Co. KG, headquartered in Düren, Germany, halted decor paper production, at least temporarily, over the summer. Additional divestments are under discussion. In July, WestRock Co., headquartered in Atlanta, Georgia, shut down its North Charleston, South Carolina mill, thereby also discontinuing saturating base kraft paper production. Several established overlay paper manufacturers are struggling with dwindling sales volumes, which are likely to intensify when Malta-Dekor S.A., based in Poznan, Poland, which belongs to the Kronospan Group, enters the fray.

Changes in the decor printing/foil industry include the acquisition of the Laminates, Performance Films and Coated Fabrics divisions of the US group Omnova Solutions Inc., based in Beachwood, Ohio, by Surteco SE, headquartered in Bittenwiesen, Germany, at the end of February. Moreover, the Vietnamese decor printer Joyful Co. Ltd, based in Biên Hòa, was acquired by Toppan Holdings Inc., Tokyo, which was established at the beginning of October after a reorganisation. The transfer of Coveright Surfaces Spain S.A., based in Martorelles, to Coveright S.L. was an example from the treating industry right at the start of last year, which might be followed by others. □



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Sea freight rates rise sharply due to suddenly introduced surcharges

Container rerouting complicates supply situation concerning imported products

The ongoing drone and missile strikes launched by Yemeni Houthi militias on merchant ships in the Red Sea over recent weeks are now also having an initial impact on imports of wood products, wood-based panels, floor coverings and furniture parts from Asia.

Most shipping companies had already suspended transit through the Red Sea in December 2023. Meanwhile, container ships are instead embarking on lengthy diversions around the African continent. Ships previously required an average voyage time of four to five weeks in order to cover the approximately 10,500 nautical mile route from Shanghai to European North Sea ports via the Red Sea, Suez Canal and Mediterranean. The rerouting adds approximately 3,500 nautical miles, resulting in voyages that are ten days to two weeks longer. For round trips, ships are thus spending almost a month longer at sea.

If the security situation in the Red Sea remains critical over the coming months,

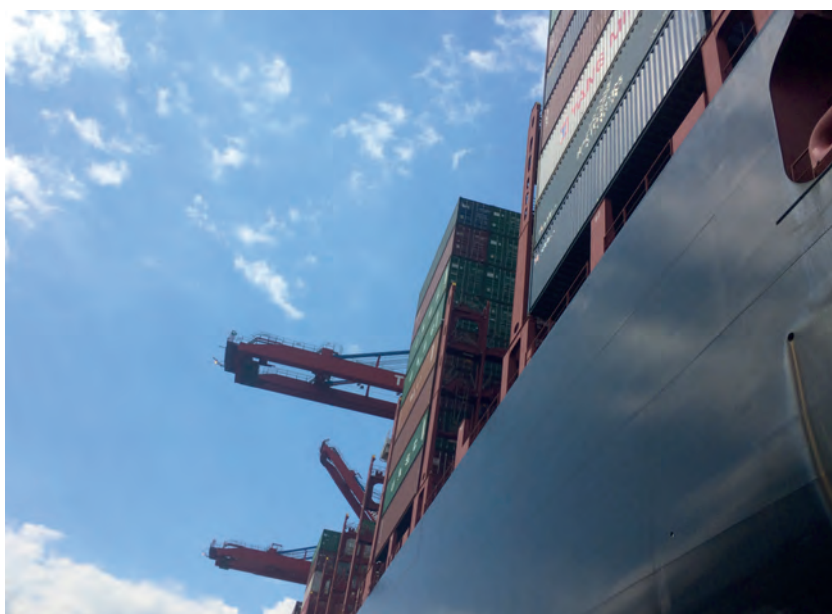
shortages in shipping capacities could arise again despite the significantly reduced trade volume compared to 2021 and 2022. In the beginning, potential problems were somewhat mitigated by the Chinese New Year on 10 February, during which a significant reduction in production and export volumes in China is typical. Business generally picks up again sharply after the Chinese New Year period. Companies affected by shipping delays therefore reassessed the situation in February.

In November, the Houthi militias, who are also allied with Shiite Iran, had announced in a show of solidarity with Palestinian terrorist organisation Hamas that they would prevent all ships bound for Israel from passing through the Red Sea. Ships from countries allied with Israel are also being attacked. The attacks will apparently continue until the Israeli offensive in the Gaza Strip is called off. Over the past three months, several dozen container ships, cargo ships and tankers have been attacked in the Gulf of Aden, the Bab al-Mandab Strait

and the Red Sea. Consequently, more than 20 shipping companies affiliated with the West, including Hapag-Lloyd (Germany), Maersk (Denmark), MSC (Switzerland), CMA CGM (France) and Evergreen (Taiwan), have suspended all transits through the Red Sea. According to information from the logistics sector, Maersk sent a ship loaded only with empty containers through the Suez Canal on a trial basis in the first half of January but had to retreat after renewed attacks in the Red Sea.

Apparently, only a few Chinese shipping companies are allowing their ships to sail through the region at present. Within the scope of a US-led military operation codenamed Prosperity Guardian, a coalition of countries including Great Britain is currently battling Houthi forces in Yemen with the aim of facilitating safe passage for shipping traffic by means of military force. A political solution is being sought in parallel. Progress is slow, however, due to the reluctance of various countries including China, India and several Arab nations.

According to statements from the logistics sector, the import trade will thus likely need to be prepared for a protracted disruption to supply chains from Asia. Delays resulting from rerouting of container ships will make it more difficult to plan supplies. According to statements from the import trade, shortages in shipping capacities could also lead to gaps in the wood and furniture sectors throughout the second quarter,



*Due to Houthi attacks on merchant ships in the Red sea, shipping situation worsened again.
(Photo credit: EUWID)*

which may in turn need to be offset by increased purchasing from European suppliers or by tapping into other supply regions. These shifts in demand will then have a knock-on effect on the market situation in Europe.

Adding to the predicament is the rise in sea freight rates. After plateauing at the end of 2021, when container shortages had seen prices for shipments from China to Europe averaging US\$16,000-18,000/40 ft container and peaking at over US\$20,000, freight rates declined increasingly sharply over the course of 2022. The downward trend continued at a slower pace throughout 2023, with pure freight rates in some cases falling below US\$1,000 during the fourth quarter. Including pre- and post-handling costs, around US\$1,400 was quoted at that time.

Meanwhile, freight rates of over US\$5,000 are being demanded again via surcharges for container shipments

from China to European North Sea ports. Price demands for shipments from Europe to China have apparently also risen significantly. Should the current situation in the Red Sea persist, five-figure freight rates for shipments to Europe cannot be ruled out in coming months. Shipping companies cite the additional costs associated with rerouting via Africa as justification for the surcharges. However, importers point out that fees for passage through the Suez Canal will in turn no longer be incurred. Not least for this reason, it is assumed that shipping companies are intending to take advantage of the current situation to announce imminent shipping shortages and thereby increase their profits.

In the wood and furniture sectors, problems with imports from China primarily concern shipments of plywood, parquet, design flooring, fittings and other furniture production accessories, simple furniture for DIY stores and garden

furniture. Furthermore, difficulties may also arise regarding imports of chemical precursors, such as melamine, and deliveries of decor paper (which increased considerably last year) as well as electronic components for use in mechanical engineering and household appliances.

Plywood and window timber from South East Asia are also affected, albeit to a lesser extent. For most of these products, European processors and purchasers have reduced their stocks quite extensively due to poor market development and the fact that supply chains were still largely unaffected until the fourth quarter. Delays in new shipments are thus already having a short-term impact on supply. Possible restrictions on exports from Europe to Asia and Oceania primarily affect the roundwood and lumber sectors. The slump on European markets has meant these exports have recently been of increased importance for European manufacturers. □



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EPF, EOS, CEI-Bois, and EFIC have to find new office space by mid-2024

Fedustria sells association building in the centre of Brussels to a property developer

In August 2023, the Belgian trade association Federatie van de Textiel-, Hout- en Meubelindustrie (Fedustria) sold the office building housing its headquarters at 24 Rue Montoyer in Brussels city centre to property developer Nextensa N.V./S.A., based in Brussels.

The offices are also used by a number of European associations. The building is located in the Leopold district, just a few hundred metres east of the Grand Place and the central station. According to Nextensa, the Leopold Quarter is currently one of the most sought-after locations for office property in Brussels. The property developer plans to demolish the building in the summer of 2024 and replace it with a new building. Around 3,000 m² of office space is to be created in the planned timber construction. It will also feature an underground car park and a roof garden measuring around 200 m².

Nextensa has already completed a similar project with the Monteco building at 14

Rue Montoyer, which was completed at the end of 2022 and is also made out of timber. The Monteco building, a joint venture with ION develop, created 3,600 m² of office space across eight floors, most of which is now occupied by the Belgian private bank Bank Nagelmackers N.V. as a tenant. The design was created by the architects Archi2000 from Knocke-Heist and implemented by the building company S.A. BPC Group and project developer Wood Shapers S.A., which specialises in timber construction. Both companies are based in Brussels. Nextensa also tasked Archi2000 with designing the new building at 24 Rue Montoyer. To date, the property developer has focused on the Brussels area, Luxembourg and smaller projects in Austria.

Rue Montoyer is home to a number of European wood, wood-based panel, furniture and flooring industry associations. These associations have been Fedustria tenants to date but now have to look for new office space in the Brussels area. The existing building, which, according to

Nextensa, has reached the end of its economically viable, useful life, comprises seven floors and several large conference rooms. The European Floor Coverings Association (EUFCA), the European Resilient Flooring Manufacturers' Institute (ERFMI), European Producers of Laminate Flooring (EPLF), the Multilayer Modular Flooring Association (MMFA) and the European Carpet and Rug Association (ECRA) are all represented on the first floor, although some of these associations have their own office space at other locations in Brussels.

The European Panel Federation (EPF), the European Organisation of the Sawmill Industry (EOS), the Confederation of Woodworking Industries (CEI-Bois) and the European Parquet Federation (FEP) are located on the fourth floor. The upper floors are home to the European Furniture Industries Confederation (EFIC), the European Federation of Office Furniture (FEMB), a representative office of the Italian association FederlegnoArredo, as well as other associations from the textile industry and other sectors. For its part, Fedustria is headquartered at 5 Hof-ter-Vleestdreefin Anderlecht, around 10 km southwest of Brussels city centre. The European Federation of Furniture Retailers (FENA) also has its headquarters there.

The European Parquet Federation (FEP) moved its headquarters to the SQ Europe building on Square de Meeûs in the centre of Brussels at the start of 2024. The building is only around 200 metres away from its old office at Rue Montoyer 24. SQ Europe is a coworking space operated by the property company Silversquare Belgium S.A., which is based in Brussels-Ixelles and was founded in 2017. Silversquare offers a total of seven such coworking spaces in the greater Brussels area. It also has locations in Antwerp, Liège, Zaventem and Luxembourg. □



(Photo credit: EOS)

Business within Germany was weaker than exports, which showed major fluctuations

German wood-based panel industry ended 2023 with a 15.6% downturn

Germany's wood-based panel industry faced a slump in revenues in all twelve months of last year compared with 2022.

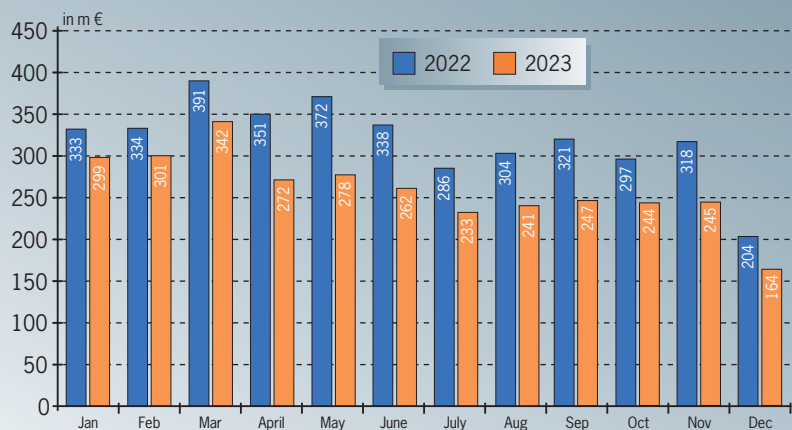
April (-20.6%) and May (-23.5%) experienced the biggest downturns. The declines were only in the single digits in January (-7.8%) and February (-7.1%). Low double-digit percentage decreases were registered in March (-11.8%), October and December (-13.6% each). In terms of absolute revenues, March (€558m) was the best single month, followed by January (€494m) and February (€493m). After a weaker April, German wood-based panel companies booked slightly better revenues in May and June. Revenues rebounded again in September (€433m) and stood at €303m in December. Looking at the year as a whole, the German wood-based panel industry saw its revenues tumble by €974m or 15.6% to €5.287bn (2022: €6.261bn), putting revenues much lower than in 2021 (€5.773bn).

Business within Germany was weaker than total revenues, although the variations in domestic business were smaller from one month to the next. The first quarter held up somewhat better (January: -10.4%, February: -10.1%, March: -12.6%). Revenues then fell by more than 20% from April onwards, with only July (-18.6%), October (-17.9%) and December (-19.7%) falling just short of this mark. In terms of absolute revenues, March (€342m), February (€301m) and January (€299m) were slightly stronger months. December (€164m) showed an even larger drop after a very weak December 2022. Overall, domestic revenues fell by €724m or 18.8% to €3.126bn (3.850bn). In 2021, wood-based panel companies generated revenues of €3.598bn in Germany.

Exports showed major fluctuations, falling by double-digits in March (-10.6%), August (-15.2%) and November (-11.0%). February (-2.1%), January (-3.5%) and December (-4.9%) ended with the smallest declines. Looking at all 12 months of 2023, export revenues reached €2.160bn (€2.410bn), which was €250m or 10.4% less than in 2022 and just shy of 2021's figure of €2.175bn.

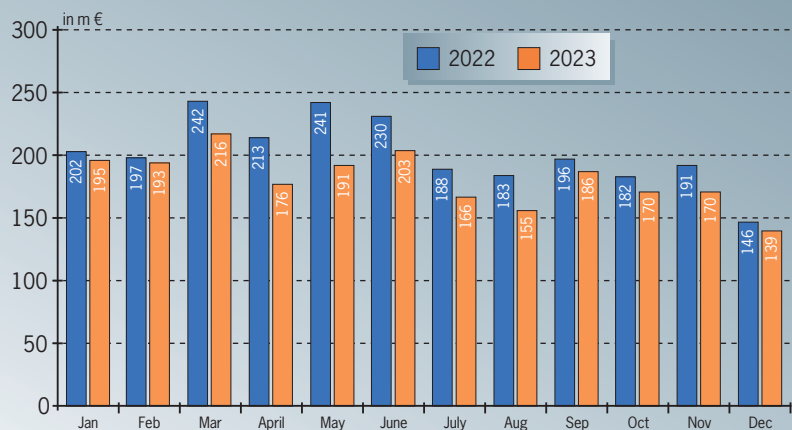
In the first half of 2022, German companies booked much higher revenues than in the prior-year period, both overall and in Germany and abroad. A slight increase in export revenues was recorded in July, but otherwise, revenues fell in the following months. The full year closed with an 8.5% upturn, with exports (+10.7%) outperforming domestic revenues (+6.9%). □

Germany: Domestic turnover of the WBP industry



Source: VHI, according to information from the Federal Statistical Office

Germany: Foreign turnover of the WBP industry



Source: VHI, according to information from the Federal Statistical Office

Wood-based panel supply still strained / Inventory effects giving a boost to demand

Prices tending to stage minor recovery after stabilising from January onwards

Particleboard and MDF/HDF prices have gradually evened out in Central Europe over the past few weeks after falling sharply from summer 2022 to the end of 2023.

Price hikes sought by a few manufacturers have so far only been implemented here and there in business with industrial buyers. The lowest raw particleboard

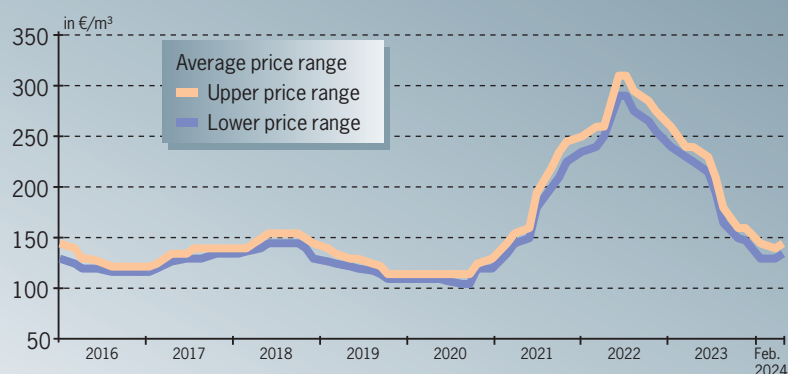
prices, in particular, have now been eliminated. A few customers who were unable to source everything they needed from their old suppliers for various reasons had to dig deeper into their pockets as they switched to new suppliers. These two developments paved the way for a slight upward shift in the average range of prices for most raw particleboard grades. Laminated particleboard saw barely

any movement in January and February after prices in contracts negotiated at the end of the fourth quarter, some of which will run until the end of March, had been reduced a little more. Echoing the situation for raw particleboard, the worst prices were adjusted for mass grades. The spectrum of prices for single-shade and decor board became even wider in January and February. Several manufacturers are also trying to eliminate the lowest prices for MDF/HDF. In a few cases, market players have reportedly already negotiated slight increases, with larger mark-ups also being discussed for deliveries from April onwards.

Universal price increases have not yet been an issue in business with industrial clients. In January and February, particleboard and MDF/HDF manufacturers focused on making corrections to a few contracts. Companies have not yet formulated more far-reaching plans. This situation is unlikely to change much in the coming weeks as demand is weakening again. Producers will concentrate on adjusting low prices that have not yet been corrected and pushing through higher prices in response to requests for additional quantities. Otherwise, current prices are expected to be left untouched in the next month-long contracts for March and April.

The availability of both particleboard and MDF/HDF was limited in January and February due to remodelling/inspection projects, a few technical troubles, and additional production curtailments. At the same time, demand has tended to increase, primarily due to changes in inventory levels. From a manufacturer's perspective, the relationship between supply and demand has improved compared to previous months. Production cutbacks and downtime in November and December and sometimes over the Christmas and New Year period have reduced mills' inventory levels. As a result,

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



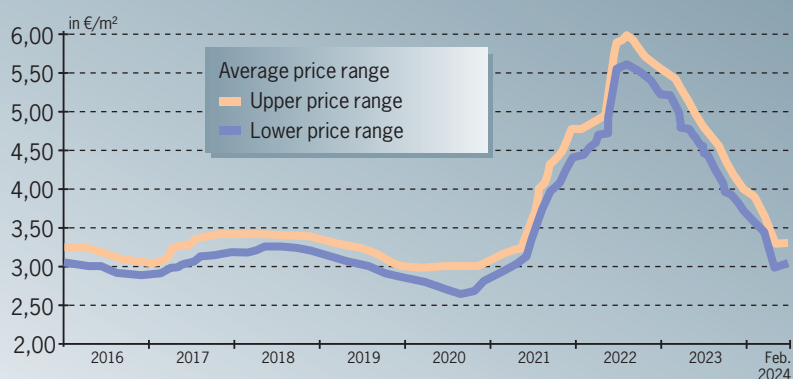
1) Average purchase prices for E05 particleboard 16-19 mm for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 9/2024 of 28 February 2024

EUWID assumes no liability for the accuracy of pricing information

Source: EUWID

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



1) Average purchase prices for melamine-faced particleboard 16 mm standard white for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 09/2024 of 28 February 2024

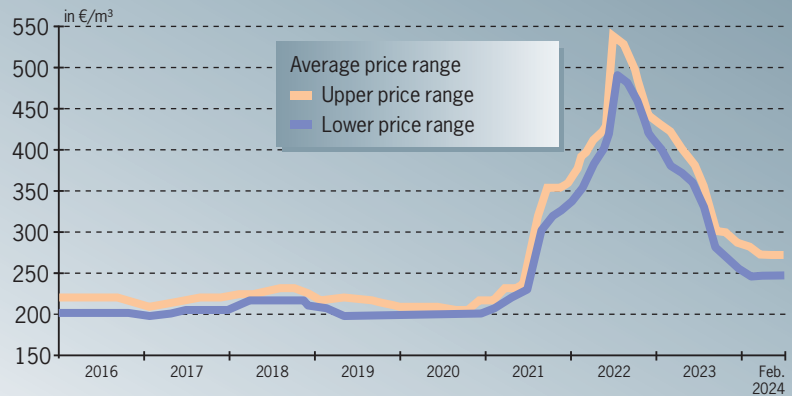
Source: EUWID

production has generally been somewhat more stable in recent weeks than in the second half of the year. However, particleboard and MDF/HDF production is being further curbed through reduced speeds and additional shutdown days. Some manufacturers are also struggling with technical issues that are preventing them from reaching capacity. A similar situation is playing out in the laminating sector. The start-up or ramp-up of several new short-cycle presses in recent months is coinciding with production problems at other presses, some of which are also leading to longer delivery times.

However, demand appears to be slowing again after a satisfactory start to the year. This is due to mounting production adjustments on the part of buyers. Many furniture and building part manufacturers suspended production for two to three weeks over the Christmas and New Year period. After a short-lived improvement in January and early February, companies then took downtime lasting several days. Along with these recurring shift reductions and shutdowns, several companies have also permanently adjusted their production to reflect cooler demand through short-time working, staff cuts and production reorganisations. Demand for particleboard and MDF/HDF will be more lacklustre in the coming months as a result.

Demand for OSB has tended to strengthen in recent weeks after the January recovery and a somewhat weaker first half of February. This upturn has more to do with growing variations in lead times and producers currently instituting the next price hike than with any actual growth in demand. OSB manufacturers' order intake thus likely exceeds real demand in a few areas. The resulting inventory building might lead to a renewed downturn in demand if the market is weaker in the second quarter, with this development cushioned by the current upward trend in OSB prices. After raising their prices in January and early February, almost all manufacturers have announced their next steps in February. In most instances, these new prices are to take effect for deliveries from April onwards, although some prices are reportedly already changing in March. □

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

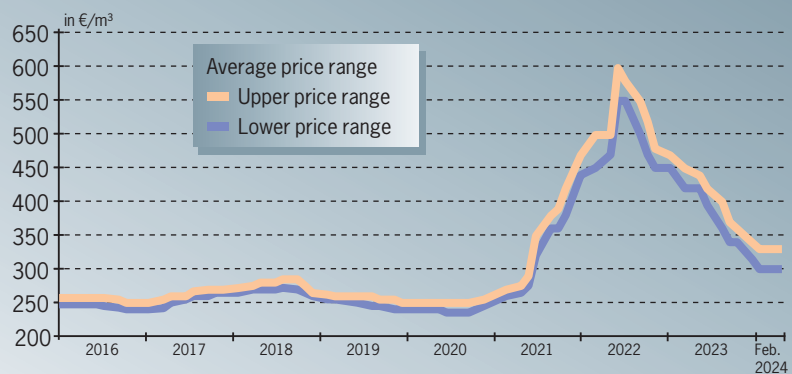


1) Average purchase prices for Standard MDF 16-19 mm for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 10/2024 of 6 March 2024

Source: EUWID

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



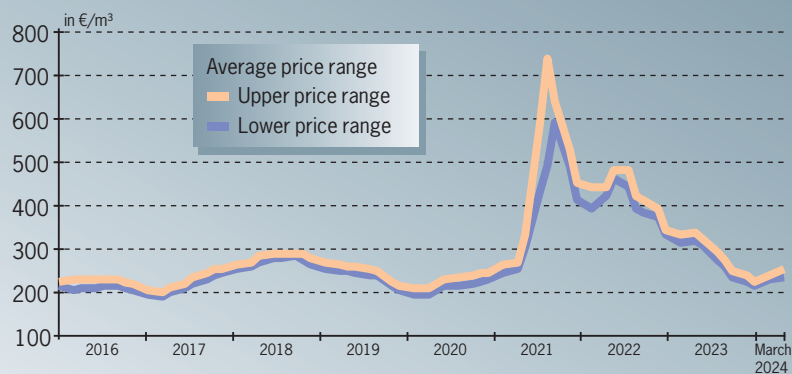
1) Average purchase prices for HDF E05 6.8 mm for use in industry, free of all charges

2) Previous Price Watch from EUWID No. 10/2024 of 6 March 2024

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Source: EUWID

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



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

2) Previous Price Watch from EUWID No. 11/2024 of 13 March 2024

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Source: EUWID

TimberHP has started selling insulating mats



(Photo credit: GO Lab)

After launching blow-in insulation in July 2023, the US company GO Lab Inc., which is headquartered in Madison, Maine, started marketing flexible insulation mats at the beginning of February. In the next step, the company will start making pressure-resistant insulating board in July.

The initial focus will be on non-profiled panels. In the next year, GO Lab will also launch boards with tongue and groove profiles. The blow-in insulation is sold under the "TimberFill" name, while insulation mats are marketed as "TimberBatt" and boards as "TimberBoard". The company itself operates on the market under the name "TimberHP".

GO Lab has been working on the project for several years. The used and new systems it acquired in 2019 were installed in a decommissioned paper mill. According to plans at the time, the site was due to start making blow-in insulation in autumn 2020, with expansion to insulation mats and insulation boards planned by the end of 2020. The project ultimately took longer than envisaged. The company had targeted the end of 2023 as the start date for the marketing launch of blow-in insulation for insulation mats and insulation boards. □

Kingspan finalises investment in Steico

On 5 January 2024, Irish Kingspan Group plc, based in Kingscourt, and Kingspan Holding GmbH of Wesel completed the acquisition of a 51.0% stake in Steico SE, headquartered in Feldkirchen, which had been contractually agreed in July. The

EU Directorate-General for Competition and Antitrust had already approved the transaction on 16 November following a relatively brief investigation.

According to preliminary figures published on 19 February, the upward trend in revenues that lasted for several years at Steico reversed course in the 2023 financial year. Revenues fell by 17.9% in a year-on-year comparison to €365.3m (2022: €445.2m). Revenues were also below 2021's level of €388.2m. Total operating performance dropped by as much as 23.7% to €356.9m (467.4m) compared to the preceding year due to destocking during the year.

Steico's earnings were already slightly lower than the previous year in 2022. Last year, earnings fell much more sharply: EBITDA was down 33.8% at €59.6m (90.0m), while EBIT was more than halved to €30.1m (65.2m). At 8.4% (14.0%), the EBIT margin based on total operating performance was in single digits. Pre-tax earnings are expected to plunge by 62.5% to the amount of €24.0m (63.7m).

If economic conditions remain the same, Steico believes that revenues might stay at last year's level in 2024. Earnings are expected to be slightly better again, with a target EBIT margin of 9-11%. □

Schilliger placed orders for insulating board plant



Groundbreaking in Küssnacht (Photo credit: Schilliger)

During the fourth quarter of 2023, Schilliger Holz AG of Küssnacht, Switzerland, placed orders for the essential components of the planned insulating board plant at its site in Küssnacht. The production line itself will be supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau. Anthon GmbH Maschinen-

und Anlagenbau is to supply the finishing line. The contract for the wood yard was awarded to SHW Storage & Handling Solutions GmbH. The wood chips prepared there will be further processed in a refiner from Andritz AG. The contract for the evaporation plant was awarded to GEA Group AG. Jungheinrich AG is to provide the high-bay warehouse.

Schilliger had already concluded a fundamental agreement for some of the plant orders in the fourth quarter of 2022. However, due to project delays that have meanwhile occurred, it was not until the second half-year that the orders could ultimately be finalised. The main reasons for the delay were the change in the planned location of the insulation board plant, additional fastening measures at the newly selected site and the time required for the building approval. According to the current schedule, Schilliger intends to commence construction in the first quarter of 2024, with commissioning planned for the second quarter of 2025. Some 50,000 t of wood chips from the Schilliger sawmills are to be processed into around 350,000 m³ of insulating products per year on the approximately 6,000-m² site; these will be sold under the Lignatherm brand. □

Gutex makes first piece of board in Eschbach

After commissioning the individual parts of technology, the insulating board manufacturer Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co. KG, based in Waldshut-Tiengen, Germany, produced the first piece of board at its new mill in Eschbach near Freiburg, Germany, on 31 October 2023. The company plans switched from daily test operations to a 24-hour trial operation in the following weeks.

The firm unveiled plans to build the new mill in summer 2020. The main technology orders were placed in the course of 2021. Construction work started in November 2021, with September 2023 mentioned as the possible commissioning date at that time. □



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Sales of UPM Plywood below prior-year figure

The ongoing decline in sales already recorded over a considerable period by the plywood business division of UPM-Kymmene Corp., based in Helsinki, continued in the fourth quarter of 2023. With a year-on-year decrease of 12% to 97,000 m³ (Oct.-Dec. 2022: 110,000 m³), sales deteriorated less severely than in previous periods, however. The significant 41% decline to 118,000 m³ recorded in the first quarter was largely due to the closure of the Russian site in Chudovo in March 2022. As a result of this measure, UPM Plywood removed almost 40% of its own birch plywood capacities, or almost one-fifth of its total plywood capacity, off the market. In the second (117,000 m³) and third quarters (97,000 m³), the company nevertheless also reported declines well into the double-digit percentage range at 30% in each case.

Production in the softwood veneer and plywood mills had already been cut back in the first quarter due to ongoing weak demand from the construction sector. According to the business report published on 1 February, a slight revival was only recorded towards the end of the year. Birch plywood business which had remained somewhat more positive in the

first half of the year both regarding industrial processors and trade customers, subsequently also weakened during the second half of the year. According to UPM-Kymmene, only demand for birch plywood elements for liquefied natural gas (LNG) tankers remained at a good level throughout the entire year. In the course of production adjustments required on account of the lower demand, there were periods during which employees had to be released from work in all three birch plywood mills.

Over the financial year as a whole, UPM Plywood sold a total volume of 429,000 m³ (2022: 616,000 m³) plywood. This was 30% lower than in 2022 when plywood sales had dropped to the lowest level since 2009 (567,000 m³). Business division turnover fell by 22% year-on-year to €422m (539m), of which €402m (518m) was generated with deliveries to external customers. The price increases implemented during the year only partially offset the increases in costs. Comparable EBITDA adjusted to account for extraordinary factors dropped by 42% to €77m (133m) and comparable EBIT by 49% to €56m (109m) compared to the preceding year. □

Plitwood plywood mill officially commissioned

OOO Plitwood of Vologda, Russia, a company founded in 2017 by the Vologodskiye Lesopromyshlenniki Group (VLP), Vologda, and affiliated wood-based panels manufacturer Cherepovetskiy Fanerno-Mebel'nyy Combine (ZAO ChFMK), Cherepovets, officially opened the new birch plywood mill at the Vokhtoga site on 22 September 2023. According to the company, a total of RUB12.5bn, equivalent to US\$130m, has been invested in the mill. The production line has an annual capacity of 180,000 m³ and is geared towards tasks such as production of large-format boards for use in the construction and furniture industries as well as in vehicle construction.

Products are to be sold to Russian customers as well as customers on various export markets. In addition to the Commonwealth of Independent States (CIS), a current statement lists regions such as North Africa, the Near East and Southeast Asia.

In Vokhtoga, ChFMK has already been operating a particleboard plant since the acquisition of VokhtogaLesDrev in 2020, also together with VLP. According to current information, at its three sites the company produces an annual volume of 733,000 m³ particleboard and 100,000 m³ MDF, of which 497,000 m³ and 50,000 m³ respectively can be laminated. Production capacities for birch plywood and lumber have so far been indicated at 170,000 m³ and 40,000 m³ per year. □

Metsä Wood lays foundation stone



Site for the LVL plant

(Photo credit: Metsä Wood)

With construction work already underway, on 24 November 2023 the "Metsä Wood" business division of Finnish Metsä Group of Espoo laid the foundation stone for the LVL plant planned at the site in Äänekoski. Construction is proceeding via project management company SRV. There will be a total of six stages in the construction of the production and storage buildings. In parallel to extensive excavation work, construction stage 1 included the erection of supporting pillars and roof beams for the first building section. First roof components are to be installed there in the next stage. Foundation work has already begun in stages 5 and 6. Around 80 persons are currently working on the construction site; this number is set to rise to around 200 in the foreseeable future. SRV and Metsä Wood have estimated a duration of approximately 1,000 man-years for the entire construction project. In November 2023, Metsä Wood has placed an order, worth a total of €93m, with Raute Oyj for all the main sections from veneer production to the press. Delivery is scheduled from the first quarter 2025 to the first quarter 2026. Commissioning of the plant, which is designed for an annual capacity of around 160,000 m³, is planned for second half of 2026. The project is expected to create around 150 direct and around 200 indirect jobs. □

Metsä also scales back production in LVL plants

In 2023, there was a continuation of the sales decline already observed in the preceding year in the "Metsä Wood" business division of Finnish Metsä Group, Espoo. Following declines low in the double-digit

percentage range during the first (-10.2% to 115,000 m³) and second quarters (-10.9% to 122,000 m³), plywood and LVL (Kerto) deliveries fell by 22.9% to 84,000 m³ in the third quarter. In the fourth quarter, starting from a higher comparative figure, a similar decline of 20.5% to 97,000 m³ was recorded. Over the entire year, Metsä Wood's sales decreased by 15.9% to 418,000 m³ (2022: 497,000 m³).

Based on the 535,000 m³ achieved in 2021, an approximately half as severe decline of 7.1% had been recorded in 2022. Due to price increases in all product segments, however, turnover had still risen by 26%. The positive price trend for LVL and birch plywood continued in 2023. Despite lower softwood plywood prices, turnover from EWP activities (-8%) declined less sharply than sales. In Great Britain, where Metsä Wood UK currently still operates three sites for further processing, sales on a euro basis were 17% short of the preceding year's figure. Business division turnover decreased by 10.7% to €591.6m (662.3m). Increases, by contrast, were recorded concerning EBITDA and operating profit, at +13.5% to €83.6m (76.3m) and +18.4% to €64.9m (54.8m) respectively.

Production of birch plywood was hampered throughout the year by limited roundwood availability. After weak demand from the construction sector had led to the Suolahti softwood plywood mill only being able to produce at a reduced capacity from the beginning of 2023, production adjustments then also had to be implemented at the LVL plants in the fourth quarter. □

EU reduces quota for duty-free imports

The European Commission reduced the duty-free quota for softwood plywood imports into the EU-27 from 482,648 m³ in 2021 to 2023 to 448,500 m³ in Delegated Regulation 2023/2908. The decision, which was taken on 12 October 2023, entered into force with its publication in the Official Journal of the EU on 22 December. The tariff quota for softwood plywood is managed by the EU under

serial number 09.0013 and covers the TARIC codes 4412 39 00 10, 4412 41 99 10, 4412 49 00 10, 4412 91 99 10 and 4412 99 90 10.

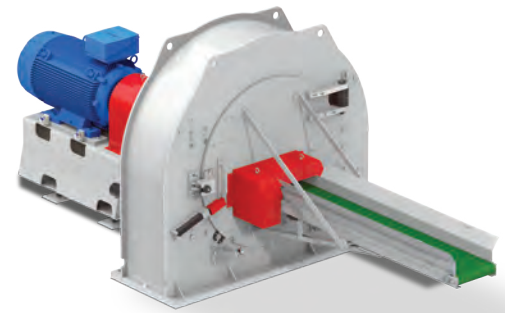
Up until 2020, the then EU-28 had a duty-free softwood plywood quota of 650,000 m³. In the wake of Brexit, this level, which was last stipulated in EC Regulation 32/2000, was divided among the remaining 27 EU states and Great Britain and Northern Ireland in an EU regulation published at the end of January 2019. After the total quantity was continued on a transitional basis in 2019 and 2020, the new quota applied for the first time in 2021. Some 482,648 m³ were available for the EU-27, while 167,352 m³ could be imported duty-free to Great Britain and Northern Ireland. Last year, however, Great Britain and Northern Ireland had allowed duty-free imports of 201,500 m³. The additional 34,148 m³ was offset by an identical reduction in the quota for the EU-27, resulting in a combined volume of 650,000 m³ for the EU-27 and Great Britain and Northern Ireland again. □

Rushil Décor intends to enter plywood production

Following the expansion of its MDF capacities, Indian Rushil Décor Ltd., which is based in Ahmedabad, Gujarat, is also planning to enter plywood production.

According to a statement which was issued on 22 February 2024, the company intends to acquire a 51% stake in a plywood mill in Chikmanglur, Karnataka. The other 49% will be retained by the current owner. The joint venture is to operate under the name Rushil Modala Ply Ltd. and is expected to generate turnover of around INR600m, which is equivalent to approximately US\$7.2m, in the 2024/2025 financial year (31 March). For 2025/2026, the company is targeting turnover of around INR1.5bn.

Plywood activities are to form a new business division in future. Rushil Décor currently comprises the four divisions laminates, MDF, PVC and wooden flooring. □



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Louisiana-Pacific: revenue from OSB sales cut by half



Swan Valley plant

(Photo credit: Louisiana-Pacific)

The development in the sales revenue and key performance figures of the "OSB" division of Louisiana-Pacific Corp. of Nashville, Tennessee, was significantly impaired in 2023 by the price decay registered during the course of the year. Over the year as a whole, average prices for commodities (-41%) as well as those for the higher-quality assortments (-39%) marketed via the "Structural solutions" sub-division remained considerably lower than the previous year's figures. The division's OSB sales volume (3/8" basis) fell by 18% to 3.071bn sqft (2022: 3.747bn sqft), roughly equivalent to 2.7m m³.

The low level of deliveries pulled the division's sales revenue downwards by US\$217m. US\$112 of which was accounted for by the conversion of the OSB plant in Sagola, Michigan, to sidings completed in March. The reduction in price produced an even more pronounced negative effect of -US\$793m. As a result of volume and price effects, the division's sales revenue fell to half the previous year's figure at US\$1.026bn (US\$2.062bn). At US\$220m (US\$1.034bn), EBITDA only reached just under a fifth of the figure for a year earlier. Lower prices had already led to double-figure percentage reductions in sales revenue (-14%) and results (-32%) in 2022.

The "Sidings" and "South America" divisions fared better in 2023. This enabled consolidated sales revenue to be raised by a third against the previous year to US\$2.581bn (US\$3.854bn) whereas adjusted EBITDA fell by two thirds to US\$478m (US\$1.389bn). Louisiana-Pacific's operating result amounted to only a quarter of the figure for a year earlier at US\$287m (US\$1.250bn). The pre-tax and net profit both fell more heavily by 79% and 84%, respectively. □

Boise Cascade expands capacities in the USA

The wood products business division of Boise Cascade Co., headquartered in Boise, Idaho, plans to invest around US\$140m in expanding its production capacities for engineered wood products (EWP) by the end of next year. According to a statement issued on 24 January 2024, measures are planned at three sites in the southeast of the USA. At the plywood and veneer mill in Oakdale, Louisiana, veneer production is to be redesigned and modernised. In addition to the conversion of an existing veneer dryer, installation of a new dryer and a new press is also planned. According to information from Louisiana Economic Development (LED), Baton Rouge, this will increase annual veneer capacities at the site by around 30% to 400m ft². The additional

volumes are to be used, for example, to secure raw material supplies to the plant in Lena, Louisiana, which is situated around 85 km away and operates under the name Alexandria EWP. According to LED, the measures planned in Oakdale amount to US\$75m and thus account for slightly more than half of the total investment planned by Boise Cascade.

The remaining US\$65m will be spent on two projects in the state of Alabama. The LVL plant in Thorsby is to be expanded to include production capacities for I-joists. At the plywood mill in Chapman, conversion of an existing veneer laying line is planned, which will also enable LVL production at the site in future. On the other hand, lumber production in Chapman was discontinued at the end of January due to the tight profit situation and the need for investment. □

Weyerhaeuser: wood products EBITDA plummets

Following a 3% decline recorded in the preceding year, turnover of the wood products business division of Weyerhaeuser Co., based in Seattle, Washington declined much more significantly in 2023 by 29% to US\$5.657bn (2022: 7.985bn). The decline mainly ensues from a sharp drop in lumber and OSB prices, as a result of which turnover of the structural lumber and OSB subdivisions declined by 37% to US\$2.123bn (3.374bn) and by 40% to US\$944m (1.578bn) respectively. Production and sales volumes, on the other hand, remained stable at the prior-year level. Weyerhaeuser's 19 sawmills, which have a combined annual capacity of 5.510bn bdf, produced a total volume of 4.572bn bdf (4.513bn bdf) lumber and sold a volume of 4.649bn bdf (4.658bn bdf). The company's six OSB plants (total capacity: 3.140bn sqft) produced a total of 2.933bn sqft (2.961bn sqft; basis 3/8").

Turnover declines were also recorded for product segments consolidated in the EWP subdivision (Engineered solid section: -9% to US\$783m, I-joists: -22% to US\$447m, softwood plywood: -14% to US\$166m, MDF: -19% to US\$155m). □

Luli Group puts two OSB lines into operation

Luli Group of China produced the first board on two other OSB plants at the end of December 2023 and the end of January 2024. The production line built at the Ji'an facility in Jiangxi province started up on 24 December. This was followed by the start of production at the Yongzhou facility in Hunan province on 25 January. As with the two existing plants, which were set up at the Shouguang facility in Shandong province through Shouguang Luli Wood Industry Co. Ltd. and put into service in August 2015 and in June 2021, primarily fine OSB is to be produced on the new lines as well.

The forming and pressing lines as well as various upstream and downstream plants have been supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau for all four projects. The first plant has an annual capacity of approximately 300,000 m³ with an 8.5 ft x 39.5 m CPS+. The other three lines are twice the size with 8.5 ft x 64 m presses and a capacity of 600,000 m³. Amongst others, four belt dryers supplied to Luli Group by Stela Laxhuber GmbH of Massing, Germany, are used for drying the strands. □

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Softwood plywood output nearly reached previous year's level / OSB share fell to 69.9%

North America: OSB production slipped below 20m m³ for the first time again

North American OSB production fell below the 20m m³ mark last year for the first time since 2016 (19.434m m³).

Output was down 5% at 19.894m m³. North American OSB manufacturers saw their output climb continuously between 2009 (12.533m m³) and 2018 (20.937m m³). The APA-The Engineered Wood Association, based in Tacoma, Washington, had put production at 20.457m m³ in both 2019 and 2020. Output then increased by 4% to 21.199m m³ in 2021 before dipping by 1% to 20.979m m³ in 2022. Slightly higher output in the first (+2% to 5.315m m³) and second quarters of 2022 (+0.2% to 5.395m m³) were offset by slumps in the third (-2% to 5.263m m³) and fourth quarters (-5% to 5.007m m³). During 2023, production only topped 5m m³ in the second quarter. All four quarters ended with lower output than in the prior year. The first three quarters saw similarly sharp declines (Q1: -7% to 4.946m m³, Q2: -5% to 5.146m m³, Q3: -6% to 4.963m m³). The downward trend slowed somewhat in the fourth quarter (-3% to 4.839m m³).

According to APA statistics, North American OSB production was shy of 5m m³ in just four quarters between 2017 and 2022. Output reached 4.887m m³ in the first quarter of 2017 before exceeding the 5m m³ mark for the first time at 5.047m m³. The third and fourth quarters of 2017 closed with additional slight increases. Production totalled 4.982m m³ in the first quarter of 2018. The next dip occurred in the fourth quarter of 2019 (4.832m m³). Production even receded to 4.789m m³ in the second quarter of 2020 in the wake of the pandemic. Conversely, OSB mills made 5.408m m³ in the third quarter of 2020. The only time that production was higher was in the third quarter of 2018 (5.433m m³). North American OSB production exceeded 5.2m m³ for six quarters in a row between the second quarter of 2021 and the third quarter of 2022 and even surpassed 5.3m m³ four times during this period.

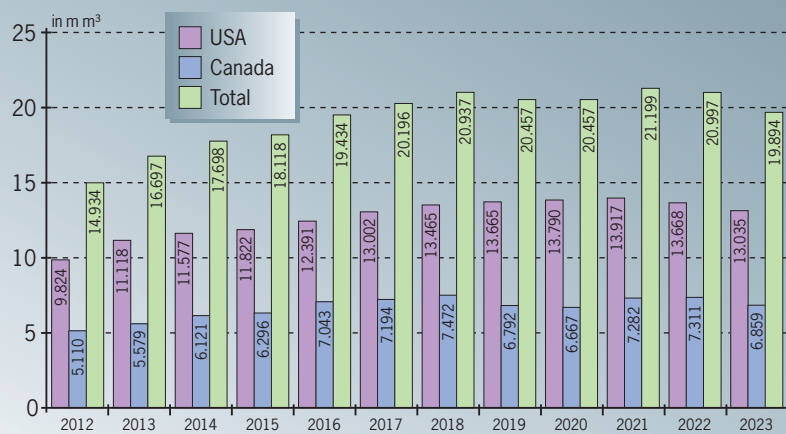
Slightly lower output in 2022 was rooted in marginally weaker output in the US. The south/southeast of the US experienced a 2% decline in production to 11.123m m³, while the north of the US held up somewhat

better, with a 1% drop to 2.545m m³. Canadian producers managed to boost their output slightly to 7.311m m³. All three regions played a part in last year's downturn. Production in the north of the US decreased by 13% to 2.203m m³. Despite the commissioning of the Allendale, South Carolina, OSB mill by West Fraser Timber Co. Ltd, based in Vancouver, British Columbia, at the end of the third quarter, output in the south and southeast fell by 3% to 10.832m m³. Canadian OSB production slipped by 6% to 6.859m m³ in 2023 as a whole.

OSB production was also almost consistently below the previous year's figures in each quarter of last year in the regions reported separately by the APA. The South/Southeast of the US alone booked a 3% improvement in output to 2.922m m³ in the second quarter. Manufacturing was much lower in the other three quarters (Q1: 2.635m m³, Q3: 2.703m m³, Q4: 2.572m m³). Mills in the north of the US made almost the same volumes in the first (559,000 m³), third (559,000 m³) and fourth quarters (554,000 m³). The second quarter alone saw a minimal decline to 530,000 m³. Canadian mills had their highest output in the first quarter (1.752m m³). The other three quarters were also relatively close together (Q2: 1.694m m³, Q3: 1.701m m³, Q4: 1.713m m³).

By contrast, North American softwood plywood production altered only slightly last year. The APA's statistics show that output reached 8.547m m³, which was 1% below the previous year's level. The varying trends in OSB and softwood plywood meant that total structural panels production fell by 4% to 28.441m (29.622m) m³ last year. OSB's share of total North American structural panel production fell to 69.9% (70.8%). The share stood at 65.3 (66.0) % in the US and at 81.0 (81.9) % in Canada. In all three cases, OSB's share has receded to 2021's level. □

North America: Production of OSB



Source: EUWID, according to APA

At 318,464 m³, total year's shipments were 20% lower than in 2021 and 2022

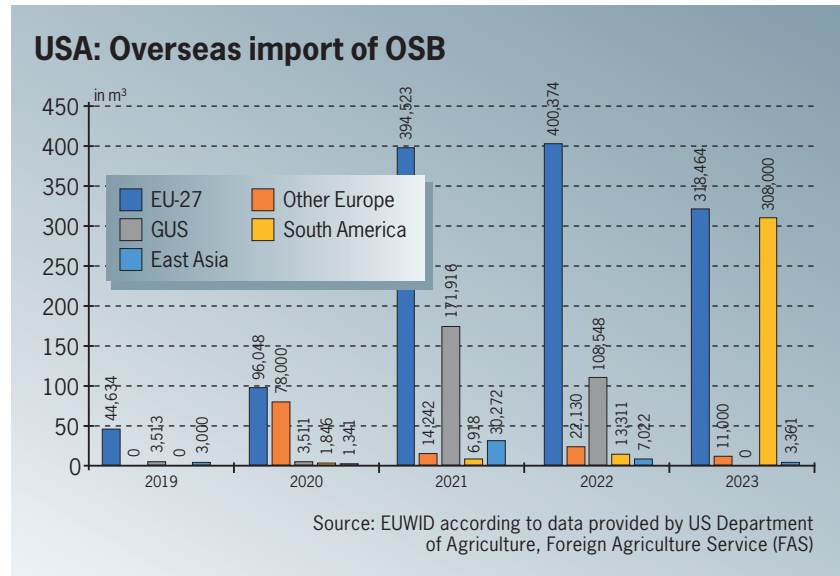
USA: OSB imports from the EU almost halved from third to fourth quarter

The 27 EU member states shipped less OSB to the US in the fourth quarter after recording a steep rise in the second and third quarters of 2023.

Exports were almost halved from 146,591 m³ between July and September, which was the second-highest quarterly figure to date, to 74,072 m³ (Oct-Dec 2022: 20,286 m³) in the final three months of last year. Nonetheless, shipments still tripled compared with the previous year's very low level. They were also higher than in the first (26,080 m³) and second quarter (71,721 m³). Latvia was again the EU's leading supplier, with 48,878 (11,304) m³ in the fourth quarter. Poland took second place with 12,428 m³, followed by Romania (8,660 m³) and Luxembourg (3,811 m³). Foreign trade statistics from the US Department of Agriculture's Foreign Agriculture Service (FAS) show that these three countries had shipped no OSB to the US in the same period in 2022.

Other overseas regions were not significant suppliers of OSB to the US between October and December. Imports from Canada dipped to 1.292m (1.296m) m³. Higher deliveries from the EU were thus the only reason for the 3% increase in total US imports to 1.367m (1.321m) m³. The value of these imports increased by 11% in a year-on-year comparison to US\$479.5m (431.6m).

The FAS statistics indicate that total OSB shipments to the US actually dropped by 8% to 5.716m (2022: 6.198m) m³ in 2023. The value of these imports tumbled even more, sliding by 42% to US\$ 1.868bn (3.223bn). Imports from Canada declined by 4% to 5.394m (5.646m) m³. Imports from the EU fell by as much as 20% to 318,464 (400,374) m³. Latvia provided 251,260 (290,879) m³ of this total,



while 25,082 (33,691) m³ came from Ireland and 19,853 (69,125) m³ from Romania. Other regions delivered just 3,735 (151,300) m³ of OSB to the US last year. The CIS region, which provided 171,916 m³ in 2021 and 108,548 m³ in 2022, did not appear on the list in 2023. The FAS statistics show deliveries of only 11 (22,130) m³ from the UK and only 308 (13,311) m³ from South America. Imports from East Asia were almost halved in a year-on-year comparison to 3,361 (7,022) m³. In 2021, this region delivered 30,272 m³, with China remaining the only relevant supplier.

The US imported similar amounts of OSB in each quarter of last year. Fluctuations had been more pronounced in 2022. At that time, the country imported more OSB in the first two quarters than in the second half of the year, so the slump was much stronger in a year-on-year comparison in the first and second quarters of 2023.

According to FAS statistics, imports decreased by 10% to 1.397m m³ in the first quarter (Jan-Mar 2022:

1.549m m³). The value of these imports plunged by 62% to US\$390.0m (US\$1.020bn) compared to the comparative period of the preceding year. While imports from Canada were only just lower in a year-on-year comparison at 1.370m (1.379m) m³, shipments from the EU-27 dropped by 77% to 26,080 (111,179) m³. The second quarter ended with a 20% downturn in total imports to 1.476m m³ (April-June 2022: 1.839m m³); the value of these imports was 64% lower at US\$430.0m (US\$1.184bn). At 1.404m (1.556m) m³, Canada's imports were down 10% in a year-on-year comparison. Shipments from the EU tumbled by 66% to 71,721 (209,538) m³. The FAS reported that third-quarter imports dipped by just 1% to 1.476m (July-Sept. 2022: 1.489m) m³ in the third quarter. The value of these imports also slipped slightly by 3% to US\$568.0m (586.7m). While imports from Canada were 6% lower at 1.328m (1.415m) m³, deliveries from the EU-27 soared by 147% to 146,591 (59,371) m³. Both imports and their value increased in the final quarter of last year. □

Commission intends to apply duties retroactively to deliveries since August

EU to extend anti-dumping duties on birch plywood to include Turkey and Kazakhstan

The European Commission wrapped up its investigation into illegal birch plywood shipments from Turkey and Kazakhstan at the end of February 2024.

This investigation, entitled "R799 Circumvention of anti-dumping measures on imports of birch plywood originating in Russia by imports from Türkiye and Kazakhstan", was launched on 22 August 2023. Its main findings were summarised in a General Disclosure Document (CDG), which was sent to the parties involved on 1 March. The 39 addressees include the Woodstock Consortium, which was founded in 2019 by several European plywood manufacturers, as well as three other European producers, a total of 12 importers and merchants, three associations, the economic ministries of Turkey and Kazakhstan, the Permanent Mission of the Russian Federation to the European Union and a total of 13 plywood manufacturers and exporters from Turkey and Kazakhstan. The investigation into the possible circumvention of anti-dumping duties on Russian birch

plywood was based on a complaint that the Woodstock Consortium filed on 10 July 2023. This group also initiated the original anti-dumping measures in August 2020. A general anti-dumping duty of 15.8% has applied to birch plywood imports from Russia, along with the import duty of 7.0%, since a publication in the Official Journal of the European Union on 9 November 2021. Individual rates of 14.4-15.8% were set for Russian plywood producers that participated in the investigation at that time. The anti-dumping measures are to apply for five years and will thus expire on 10 November 2026.

The new study, which has now been completed, analysed supply flows for birch plywood, Russian roundwood and veneers, among other things. According to the European Commission's final report, imports of Russian birch plywood into the EU plummeted by 94% in the review period from July 2022 to June 2023 compared to 2019. In the same period, birch plywood shipments from Kazakhstan to the EU more than tripled. Deliveries from Turkey soared

by more than 700%. According to the European Commission, most of this birch plywood and the upstream products used to make this plywood originate from Russia. Birch plywood, roundwood and veneer shipments from Russia to Kazakhstan and Turkey, which also surged during the review period, were cited as evidence. In the CDG, the European Commission stressed that these shifts had already begun after the anti-dumping duties were imposed. However, economic sanctions imposed on Russia in April 2022 had a much stronger effect. The EU institution is convinced that deliveries from Turkey and Kazakhstan are circumventing the anti-dumping measures imposed on Russian birch plywood imports. Price dumping also occurs in both cases, which is even more pronounced for the deliveries from Kazakhstan than those from Turkey. Four Turkish companies and five Kazakh plywood producers applied to the EU for exemption from possible measures during the investigation. Only four of these nine applications were examined due to a lack of cooperation from the companies in question. The European Commission declined to provide an exemption in all four cases.

Citing the findings of its anti-circumvention investigation, the European Commission intends to extend the anti-dumping duties on birch plywood from Russia to shipments from Turkey and Kazakhstan, as well. The general duty rate of 15.8% is to apply retroactively to all deliveries since August 2023 and to all future deliveries. Taking into account the comments submitted by the parties involved, the European Commission will develop a draft implementing regulation in the coming weeks, which will be put to a vote in the Trade Defence Instruments Committee (TDI Committee) in April. All member states are expected to be in favour of extending the anti-dumping duties. If approved, the regulation will be published in the EU Official Journal in May; the deadline for publication is 21 May. □



Birch logs for plywood production

(Photo credit: Zigmunds Dizgalvis)

Softwood plywood exports were 31% and hardwood plywood exports 15% lower

Finnish plywood exports declined by one-fourth, LVL went down by 5%

Over the full year 2023, Finland exported a total volume of 480,208 m³ (2022: 643,439 m³) of plywood. According to the export trade statistics published by the Finnish customs authority, the export volume was consequently 25% lower than in the previous year.

The significant decline is largely attributable to the 31% decrease in volume of softwood plywood exports to 281,339 m³ (409,943 m³), and a total value of €150.4m (222.0m; -32%). In all individual quarters, softwood plywood exports declined at double-digit rates year-on-year and also remained below a volume of 100,000 m³. In 2022, this mark had only been missed in the fourth quarter (-17% to 90,169 m³).

In the first quarter of 2023, the rate of decline more than doubled vis à vis the preceding year (-35% to 72,309 m³), and a 20% decrease to 85,638 m³ was recorded in the second quarter. According to figures published by the Finnish customs authority, the third quarter (-48% to 53,061 m³) was the weakest individual quarter, concerning both the total volume and rate of decline. At -22% to 70,395 m³, the rate of decline was somewhat less severe in the fourth quarter.

Deliveries to Germany declined at more significant rates than total exports in all four quarters. Over the full year, at 22,789 m³ (38,816 m³), the export volume was 41% lower than in the previous year. A similar reduction was reported for Denmark (-40% to 22,834 m³). All other relevant sales markets also contributed to the decline in total exports. Deliveries to Sweden and Norway dropped by one-third to 48,502 m³ (70,090 m³) and 22,522 m³ (35,310 m³), respectively. Exports to the Netherlands (-28% to 81,582 m³) and Great Britain (-25% to 38,556 m³) declined somewhat less severely.



LVL production in Finland

(Photo credit: Metsä Wood)

Finnish hardwood plywood exports also declined vis à vis the preceding year in all individual quarters (Q1: -22% to 55,600 m³, Q2: -11% to 56,556 m³, Q3: -9% to 40,582 m³, Q4: -15% to 46,067 m³). With regard to individual sales markets, however, development was inconsistent. Higher volumes were delivered to countries such as Great Britain (+18% to 21,565 m³) and France (+43% to 10,669 m³). By contrast, exports to Germany, which is by far the largest sales market, dropped by 25% to 62,900 m³ (84,017 m³). The decline rates recorded for South Korea (-7% to 17,971 m³) and Poland (-5% to 16,346 m³) were considerably lower. Total exports last year thus declined by 15% to 198,805 m³ (233,284 m³). Due to higher prices, the export value remained virtually stable year-on-year, at €270.1m (272.1m).

In the fourth quarter of 2023, Finnish LVL exports declined by 17% year-on-year to 53,782 m³ (Oct.-Dec. 2022: 64,820 m³). One reason for the significant decline is

the relatively high comparative value, however exports also fell short of the volume of 58,008 m³ recorded in the third quarter. This was a slight year-on-year increase of 1%. Already in the first half-year, a 6% increase to 65,357 m³ in the first quarter had been followed by a more significant 9% decrease to 64,659 m³ in the second quarter. Export volumes declined continuously over the course of the year.

In the full year, Finland exported a total volume of 241,806 m³ (2022: 255,244 m³) LVL. With the exception of the USA, all larger sales markets contributed to the 5% year-on-year decline. Exports to the USA increased significantly, particularly in the second (+66% to 23,202 m³) and third quarters (+43% to 23,317 m³). Including the weaker development in the first (+6% to 15,162 m³) and fourth quarters (-4% to 17,221 m³), a 26% increase to 78,902 m³ (62,535 m³) ensues for the full year. Exports to the USA thus accounted for a proportion of 33% (25%) of total Finnish LVL exports. □

November and December shipments were higher than in the preceding year

Recovery in the last quarter reduced the slump in elliotis pine plywood exports

A slightly better performance in November and December 2023 meant that the downturn in Brazilian elliotis pine plywood exports ended up being smaller than expected for the year as a whole.

According to statistics from the Associação Brasileira da Indústria de Madeira Processada Mecanicamente (Abimci), based in Curitiba, Paraná, exports drop-

ped by double-digit percentages in five out of six months in the first half of the year. February was the only month with stable exports. The second half of the year fared somewhat better. July saw a year-on-year increase for the first time in a while (+3%). August (+33%), September (+33%), November (+16%) and December (+21%) even closed with double-digit percentage growth compared to the previous year's mostly low levels.

October saw a 20% drop, although October 2022 was by far the best single month in the entire second half of the previous year. The second half of 2023 saw minimal differences from one month to another. Exports ranged from 142,509 m³ in October to 170,890 m³ in August. At 168,768 m³, December almost matched August's shipments. The differences were greater in the first half of the year, ranging from 150,617 m³ in June to 219,253 m³ in February. On a monthly average, Brazilian plywood manufacturers exported 186,689 m³ (Jan.-June 2022: 233,156 m³) in the first half of the year, compared to just 150,224 m³ in the second half (July-Dec. 2022: 143,447 m³). The year as a whole thus ended with a monthly average of 173,456 (2022: 188,302) m³.

Altogether, Brazilian elliotis pine plywood exports dropped by a double-digit percentage in eleven months. The first quarter produced a drop of 15%. By the end of June, the downturn had increased to -20%. After nine months, total exports were still 11% lower than in the prior-year period. The period from January to October ended with a 12% fall, followed by a 10% decrease by the end of November. Additional growth in December meant that the full year ended with a 7.9% decrease to 2.081m (2.260m) m³.

This is the fourth time in the past decade that exports have headed lower. After increasing by 9.3% in 2014, exports showed continuous double-digit growth from 2015 to 2018 (2015: +13.9%, 2016: +19.4%, 2017: +19.1%, 2018: +10.3%). The upward trend continued in 2020 (+19.5%) and 2021 (+3.6%) following a downturn in 2019 (-9.2%). Exports then fell by 11.5 % from 2.553m m³ in 2021. The result is a 63.6% leap in exports for the ten-year period from 2014 to 2023. □

Brazil: Exports of elliotis pine plywood

| in m ³ | 2023 | 2022 | 2021 | 2023/2022 in % | 2022/2021 in % |
|--------------------|------------------|------------------|------------------|-------------------|-------------------|
| North America | 899,231 | 1,084,526 | 1,318,425 | - 17 | - 18 |
| Europe | 872,377 | 816,031 | 793,672 | + 7 | + 3 |
| Central America | 202,978 | 164,385 | 208,315 | + 23 | - 21 |
| South America | 48,324 | 61,319 | 151,412 | - 21 | - 60 |
| Africa | 39,331 | 101,500 | 46,709 | - 61 | + 117 |
| Oceania | 12,348 | 23,483 | 29,078 | - 47 | - 19 |
| Middle East | 5,365 | 7,546 | | - 29 | |
| Asia 1) | 1,521 | 831 | 5,555 | + 83 | - 85 |
| USA | 633,534 | 891,022 | 1,075,797 | - 29 | - 17 |
| Mexico | 250,583 | 175,154 | 214,210 | + 43 | - 18 |
| United Kingdom | 205,439 | 143,720 | 208,085 | + 43 | - 31 |
| Belgium | 183,312 | 184,456 | 164,203 | - 1 | + 12 |
| Germany | 166,949 | 164,625 | 144,001 | + 1 | + 14 |
| Italy | 120,894 | 123,455 | 132,482 | - 2 | - 7 |
| Jamaica | 54,399 | 36,019 | 46,259 | + 51 | - 22 |
| Netherlands | 48,816 | 22,060 | 24,992 | + 121 | - 12 |
| Dominican Republic | 48,117 | 32,718 | 34,169 | + 47 | - 4 |
| Puerto Rico | 40,740 | 42,982 | 58,667 | - 5 | - 27 |
| Denmark | 36,510 | 30,949 | 19,743 | + 18 | + 57 |
| South Africa | 31,468 | 83,967 | 33,725 | - 63 | + 149 |
| Spain | 20,781 | 25,444 | 12,545 | - 18 | + 103 |
| Sweden | 20,051 | 49,597 | 36,924 | - 60 | + 34 |
| France | 18,023 | 11,444 | 17,056 | + 57 | - 33 |
| Total | 2,081,475 | 2,259,621 | 2,553,166 | - 8 | - 11 |

Commodity number 4412 39 00

1) Since the beginning of 2022 exports to Asia are broken down into Asia (excluding Middle East) and Middle East.

Source: EUWID, according to information from Abimci

Ramp-up of new lines is often slower than originally planned

Expansion of insulation board capacities is encountering declining markets in Europe

Demand for wood-fibre insulating board, flexible insulating mats and blow-in insulation, which has been at a high level for a long time, has cooled more and more as residential construction has dwindled in Germany and many other European countries starting in the second half of 2022.

This downward trend in the new construction sector has lingered last year. In Germany, in particular, this development has been compounded by high construction prices, rising interest rates and uncertainties about government subsidies. The renovation sector has held up somewhat better. However, the revival that was thought possible at the beginning of 2023 has not materialised. Unfavourable conditions meant that numerous projects were put on ice or postponed to later dates. For large portions of the year, these negative influences from sales markets were exacerbated by changes in purchasing behaviour on the part of merchants and converters.

While demand for wood-fibre insulating board, flexible insulating mats and blow-in insulation has been in gradual decline for more than a year now, manufacturers have increasingly expanded their production capacity by completing investment projects approved in 2019 to 2021. Three new plants have been put into operation in Germany and Poland since mid-2022. Ziegler Holding GmbH, based in Plöbberg, Germany, started up an insulating board plant in a new complex built via Naturheld GmbH in Grafenwöhr at the end of August 2022. Regular production has been underway since October. The flex line was also up and running by December. Steico SE, headquartered in Feldkirchen, Germany, finished assembling two flex lines at the new site in Gromadka, Poland, by the beginning of 2023. The LDF line was also largely completed in the second quarter. The first insulation



Gutex started production in Eschbach in the fourth quarter.

(Photo credit: Gutex)

materials were produced for quality certification in September. However, regular operation is not scheduled to start until there is sufficient demand. At the end of October, Gutex Holzfaserplattenwerk H. Henselmann GmbH & Co KG, based in Waldshut-Tiengen, Germany, produced the first piece of board at a new plant in Eschbach near Freiburg.

Additional lines, some of which have already been commissioned, have also been installed at existing sites in recent months. A new dry line for stable insulating board started operating at Steico's plant in Casteljalous in south-west France at the end of June 2022. The wet line at Steico's site in Czarna Woda, Poland, has been completed but is not up and running yet. The French company Soprema S.A.S., headquartered in Strasbourg, expanded the Pavatex insulating board plant in Golbey last year to include a second production line to make flexible insulating mats. A second plant (Golbey II) is currently being built near the existing plant (Golbey I) and is set to start operating

rating a line to make pressure-resistant board.

Two other companies want to enter the wood fibre-insulating board production business with new locations: the wood-based panel manufacturer Sonae Arauco Deutschland GmbH, based in Meppen, and Schilliger Holz AG, headquartered in Küssnacht-Haltikon, Switzerland. The plans announced by Sonae Arauco in March 2023 envisage the installation of a second production line at the Meppen plant, which has so far specialised in MDF/HDF. The new line would make both pressure-resistant insulating board and flexible insulating mats in future. The company has finalised the order for the main machinery and equipment in recent months, with commissioning scheduled for the first half of 2025. The Schilliger project in Küssnacht has a similar schedule. By contrast, Holzwerk Gebr. Schneider GmbH, based in Eberhardzell, has yet to finalise insulating board projects under review for various locations for some time. □

€100m investment made with partners Hanner and Baltic Industrial Fund

VMG Group expanded manufacturing at the Akmenė plant to LVL and I-joists

Just a few weeks after opening a new cabinet furniture plant, the Lithuanian VMG Group, headquartered in Klaipėda, also commissioned a mill to make laminated veneer lumber (LVL) and I-joists in the middle of September 2023.

This complex, which was built via VMG Lignum, is located in a special economic zone around 10 km east of the city of Akmenė. VMG's subsidiary AB Klaipėdos Mediena has been operating a particleboard mill with an annual capacity of around 660,000 m³ at this integrated site since July 2020. The furniture factory, which is geared towards supplying the Ikea Group, among others, was built by VMG Akmenės badai in a neighbouring area to the north of the particleboard mill.

The VMG Lignum plant expanded the complex to the east. A production and storage area of 29,000 m² was added to the approximately 10-hectare site. The main technology providers were

Raute Oyj and Holtec GmbH & Co KG. Under the terms of an order placed in August 2021, Holtec installed the entire log handling system, including debarking systems, log sorting, SmartCon log conditioning, cross-cutting and feeding technology to the peeling lines supplied by Raute. This contract also included components from sub-suppliers Valon Kone Oyj, Ness Wärmetechnik GmbH and Sennebogen Maschinenfabrik GmbH. In May 2021, Raute won a contract from the VMG Group to supply all key parts from veneer production and drying to veneer lay-up and a 6 ft x 25 m press. The contract with Raute, which also entailed billet processing, assembly monitoring and other services, had a total volume of €30m. The plant will achieve a production capacity of around 120,000 m³ of LVL and around 15 million running metres of I-joists.

VMG Group intends to export these products to North America, as well. Klaipėdos Mediena also started making particleboard panels for flooring and wall

panelling, which are marketed under the "Lignum Board" name, during the second quarter of 2022. These boards are manufactured in the specifications P4, P5, P6, and P7. VMG Group has set itself a target of manufacturing around 200,000 m³ of products in this category each year. The entry into particleboard flooring production was the first step in setting up the new "Engineered Wood Products" division that VMG Group had been preparing since 2020. Now, this division is pooling LVL, I-joists and particleboard flooring/wall panelling operations.

VMG Group reports having invested around €100m in the new section of the complex, which will employ around 200 people and provide annual production valued at around €150m. The Lithuanian property developer UAB Hanner, headquartered in Vilnius, and the Baltic Industrial Fund II managed by UAB Braitin Investments, based in Vilnius, were co-investors in the project. Braitin had previously been involved in the construction of the furniture factory. The project financing was secured in part via a €44m loan concluded with Swedbank AB, also based in Vilnius, in May 2023.

The €82m cabinet furniture factory officially opened on 24 August 2023 after several delays. The factory is expected to make products with a value of around €60m each year over the next two years. Initially, VMG Akmenės badai will employ around 200 people. Its workforce is expected to swell to around 500 people by the end of 2025. The portfolio of products primarily comprises large-series cabinet and shelving furniture supplied to major furniture retail chains in Scandinavia, Western Europe and the US. At the outset of the project, the VMG Group had planned to open this new furniture factory in 2021 but later pushed back this date to 2022. □



LVL production in Akmenė

(Photo credit: VMG Lignum)



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New greenfield site Fargues-sur-Ourbise is situated around 100 km southeast of Bordeaux

Swiss Krono OSB project entitled Orpinia is expected to start production in 2026

The greenfield project for a new OSB plant in the southwest of France announced by Swiss Krono Group in April 2023 is to be implemented at the Fargues-sur-Ourbise site in the département Lot-et-Garonne.

Key data for the planned project, which has been given the name Orpinia, were presented to the conseil départemental and the conseil communautaire in mid-June 2023. The plant is to be built in two phases on a total area of around 50 ha. The site earmarked for the project is located on Route départementale 8 between the communes of Fargues-sur-Ourbise and Houeillès. In the first phase, an area of around 30 ha in the Fargues-sur-Ourbise commune is to be developed on a former storage site for storm-damaged wood. An additional 15 ha in the Houeillès commune is then to be developed within the scope of the second phase. The plant is to begin initial production in 2026 with approximately 130 employees and an annual capacity of around 420,000 m³. Upon completion, the annual production volume is expected to amount to around 600,000 m³. The new site will primarily supply the markets in France, the Iberian Peninsula and Italy. Exports to the Benelux region, Great Britain, North Africa and the Near/Middle East are also planned. The investment volume for the first phase is expected to amount to approximately €340m; in the medium term, a total investment of around €490m is envisaged.

Fargues-sur-Ourbise is situated some 10 km south of Casteljalous, where Steico Casteljalous S.A.S. operates an insulating board plant that ensued from the 2008 acquisition of former Isoroy Casteljalous S.A.S. Steico had commissioned its first flex line at the site in 2011. A second flex line followed in 2019; a drying facility for stable insulating boards was then commissioned at the end of June 2022. Casteljalous is situated roughly halfway between



Swiss Krono site in Sully-sur-Loire

(Photo credit: Alamy)

Bordeaux and Toulouse. Directly to the west lies Parc naturel régional des Landes de Gascogne, which covers an area of around 315,000 ha and features mostly pine forests. South of Parc naturel régional is the particleboard plant of Egger Paneaux & Décors S.A.S. (Rion-des-Landes). Some kilometres north of Rion-des-Landes, Spanish company Financiera Maderera S.A. (Finsa), Santiago de Compostela, had operated an MDF plant at its Morcenx site until the end of 2020.

Swiss Krono Group is currently represented in France with a particleboard and OSB plant in Sully-sur-Loire, which operates under the name Swiss Krono S.A.S.; major investments are also being implemented there at present. The green energy project, ongoing since September 2022, includes installation of a biomass energy plant with a capacity of 64 MW as well as an additional strander and two low-temperature belt dryers for OSB strands. Project partners are energy service provider Dalkia S.A. (Saint-André-Lez-Lille) and Meridiam S.A.S. (Paris), a company specialising in the finan-

cing of infrastructure-related projects. The investment volume totals around €100m. Completion is now scheduled for the second half of 2024. The planned measures are to facilitate an increase in annual OSB capacities in Sully-sur-Loire from currently 400,000 m³ to approximately 550,000 m³.

With investments in the four existing plants, which have either been completed in recent months or are still ongoing, Swiss Krono Group intends to expand its overall annual OSB capacities from the almost 1.8m m³ available at the beginning of 2022 by around 600,000 m³ to almost 2.4m m³ by mid-2024. The Heilengrabe plant can meanwhile produce approximately 600,000 m³ per annum. With the project currently underway in the Polish plant Żary, annual capacity will be increased to 500,000 m³. Expansion of capacities at the Vášárosnamény plant from the current 350,000 m³ to 600,000 m³ is to be completed in the current year. In Kamianka-Buzka (Ukraine), Swiss Krono Group operates another OSB plant with a capacity of around 130,000 m³. □

Project will involve used equipment from Swiss company Hess, which went out of business

Swiss Krono Group builds plywood mill at existing OSB site in Hungary

After completion of the expansion investments currently underway at its OSB plant, Swiss Krono Group plans to also enter plywood production over the course of next year at its site in Vásárosnamény, Hungary, which operates under the name Swiss Krono Kft.

In the first half of 2023, the company acquired the production facilities of Hess & Co. AG (Döttingen, Canton of Aargau) that had been shut down at the end of January; this sale saw Hess withdrawing from plywood production. The dismantling procedure in Switzerland is largely complete. In the course of the relocation, the machinery is being refurbished and modernised; this will include installation of a new control system. The plywood line with steaming, peeling machine, drying, press and finishing will be installed in Vásárosnamény in existing production buildings that originally belonged to the Interspan particleboard plant that was shut down at the end of January 2011 and dismantled in summer 2015. Commissioning is scheduled to take place by the third quarter of 2024.

According to a report published on 3 October by the Hungarian Investment Promotion Agency (HIPA), Swiss Krono Group will invest the equivalent of €23.7m in the plywood project. Around 90 jobs will be created. The refurbished and modernised plant is initially designed for an annual capacity of approximately 17,000 m³. According to current plans, around 80% of the plywood production will be exported; target markets are primarily the DACH region and neighbouring Eastern European countries. The other 20% is to be delivered to purchasers in Hungary. Production will be focused primarily on poplar plywood for construction purposes. Also to be produced to a lesser extent is poplar plywood for decorative purposes, beech plywood and combination plywood with poplar core layers as well as beech face veneers. Swiss Krono furthermore intends to offer filmed or screen-printed plywood for certain applications, such as container flooring. The plywood products are to be sold as a supplement to the OSB produced in Vásárosnamény, which is also primarily made from poplar and is therefore

characterised by low VOC emissions and light-coloured surfaces.

The off-cuts and rest rolls accumulated in plywood production are processed in the OSB plant, which was commissioned in June 2016 and has an annual capacity of approximately 350,000 m³. In the course of ongoing expansion investments since last year - which include the installation of a second strander and second dryer, expansion of the spreading station, installation of a ContiBooster mat pre-heater and a press extension - the annual capacity of this plant is to increase to around 600,000 m³. The overall project also includes expansion of the energy plant and the tongue-and-groove system. Several adjustments to the planned timeline have been necessary since the project began. Extension of the 28.8-m-long ContiRoll to 40.8 m, which had already been prepared, was implemented during a shutdown of several weeks in the fourth quarter. Recommissioning of the entire plant has been scheduled for the first quarter of 2024. □



Swiss Krono plant in Vásárosnamény

(Photo credit: Swiss Krono Group)

West Fraser finally closed South Molton plant



South Molton plant

(Photo credit: West Fraser)

Lumber and wood-based panels manufacturer West Fraser Timber Co. Ltd., headquartered in Vancouver, British Columbia, permanently shut down its particleboard production at the site in South Molton, Devon, in the southwest of England by the end of 2023.

According to unconfirmed information from the wood-based panels industry, virtually no particleboard had been produced at the plant for several months before. Due to the negative market development, major restructuring measures had already been initiated at the site at the end of 2022. During the first half of 2023, the decision was taken to sell the furniture parts production, which is primarily focused on kitchen furniture, to kitchen furniture supplier Benchmark Kitchens and Joinery, which belongs to building materials group Travis Perkins plc of Northampton. Completion of this transaction occurred during October, according to the half-year report published

on 20 September by West Fraser Europe. All other activities in South Molton were wound up by the end of the year. In the course of the divestments, the administrative headquarters of West Fraser Europe, which has still been based in South Molton, was also relocated. Benchmark intends to continue producing kitchen cabinets in South Molton; the particleboard required for this are sourced from other plants. Travis Perkins' Benchmark brand, which was founded in 2006, currently operates 71 of its own kitchen studios in Great Britain; there are also a total of 86 showrooms at Travis Perkins General Merchants locations.

Most of the particleboard produced in South Molton was previously utilised in downstream production of furniture parts and flat-pack furniture; finished goods were delivered primarily to the DIY sector. Flooring grades were also produced, albeit to a lesser extent. According to earlier information, the single-daylight press supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau in the mid-1990s was designed for an annual capacity of around 130,000 m³. With the closure of the plant, West Fraser's European activities with composite panels will be concentrated at the Cowie site in Scotland, where the company operates two continuous production lines for particleboard and MDF/HDF. □

Panneaux de Corrèze to expand capacities by 50%

Panneaux de Corrèze S.A.S., based in Ussel, France, a manufacturer of MDF belonging to Unilin bvba of Wielsbeke, Belgium, since November 2021, intends to increase its annual capacities currently stated at around 150,000 m³ by 50% to approximately 225,000 m³. This is reportedly to be achieved through debottlenecking measures in the area of drying, which have already been in preparation for a considerable period. The main machinery orders were placed in the second and third quarters of 2022. Dieffenbacher GmbH Maschinen- und Anlagenbau sup-

plied a new fibre dryer; the energy plant was supplied by Vyncke Energietechnik N.V. of Harelbeke, Belgium. The company switched over to the new systems during a ten-day production shutdown in the first half of December. Commissioning took place mid-December. Over the following months, Panneaux de Corrèze will gradually ramp up production. Full capacity is to be achieved by the beginning of 2025.

The MDF plant in Ussel had belonged to Isoroy S.A.S. of Antony, France, until April 2015 before being sold within the scope of a management buy-out. The investors at that time sold the plant on to Unilin some six years later. □

Homanit MDF plant in Lithuania ramped-up

UAB Homanit Lietuva, which belongs to Homann Holzwerkstoffe GmbH of Munich, concluded mechanical and electrical assembly of the new MDF/HDF plant in Pagirai, Lithuania, over the course of the third quarter of 2023. The first board was produced on 27 September. Since then the plant, which was supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau and is designed for an annual capacity of around 310,000 m³, has gradually been ramped up.

As a next step, the company plans to expand the further processing capacities in Pagirai. In this context, Homann Holzwerkstoffe is also investing in a short-cycle press for the first time. This press is to be commissioned by the end of 2024.

The MDF plant of Nile Wood S.A.E., based in Sadat City, Egypt, which has been constructed via the Global MDF Industries B.V. joint venture concluded in May 2022, is to be commissioned during the first quarter of 2024. Homann Holzwerkstoffe currently holds a 16.2% stake in Global MDF Industries. According to the joint venture agreement, following the start of production this stake is to be increased by 10.8% to 27.0%.

The company, despite the difficult general economic situation, has meanwhile also pursued modernisation of the MDF/HDF plant in Losheim. Instead of the initially planned replacement investment, however, Homanit GmbH is now planning fundamental modernisation of the existing forming and press line. The respective orders have been placed with Siempelkamp Maschinen- und Anlagenbau GmbH.

Including construction of further buildings and a new administration building as well as expansion of further processing, Homann Holzwerkstoffe intends to make investments in the double-digit million euro range at the site in Losheim. The initial plans presented in December 2021, however, involved investments of around €65m. □

Egger builds new biomass power plant

Following completion of the expansion investments at the wood yard and commissioning of the high-bay warehouse for coated panels, the Egger Group commenced preparatory work for the construction of a second biomass boiler at its main plant in St. Johann, Austria, at the end of 2023. In contrast to the existing boiler, the new facility will be equipped with a cogeneration function for electricity production. The installation of a turbine and a generator is to ensure that, once commissioned, the new power station can cover the entire electricity requirement of the raw particleboard line operating in St. Johann as well as the downstream refining plants. As with the existing system, the heat generated will be used in the plant and will also be fed into the district heating grid of the St. Johann and Oberndorf municipalities.

In May 2021, Egger had announced several projects for the particleboard plant in St. Johann in the areas of material flow, wood use and energy generation; at the time, a total planned investment volume of around €70m was envisaged. In a first step, the wood yard had been reorganised in the course of 2022. In parallel, a second cleaning tower had been installed for the processing of waste wood. With the additional processing capabilities, the proportion of waste wood used in

particleboard production at St. Johann is meanwhile as high as 60%. The new high-bay warehouse, which was built on a site previously used for wood storage, was put into operation in autumn 2023. According to the original plan, it was to be completed by the end of 2022. The investment in the new boiler will also be implemented later than planned. In May 2021, Egger had set the target of commencing production at the end of 2023. According to the new plan, electricity production is to begin in December 2025. In a first step, older parts of the plant upstream of the dryer were demolished in December to make room for the new boiler. Installation of the boiler as well as the upstream and downstream plant components such as the fuel in-feed is expected to commence in summer.

The existing biomass boiler was installed in 2008. At the same time, Egger had installed the first cleaning tower for waste wood processing, additional wood preparation systems and a new dryer as well as a wet electrostatic filter and scrubber for exhaust purification. These measures have already reduced natural gas use at St. Johann by around 80%. After commissioning the new boiler, Egger will be able to completely dispense with natural gas at St. Johann. □



Excavation pit for the new biomass power station in St. Johann

(Photo credit: EUWID)

Pfleiderer Group opens sales office in Dubai

Pfleiderer Group B.V. & Co. KG of Neu-markt officially opened its new sales office in Dubai, UAE, on 22 February 2024. The site is located in the International Freezone Authority (IFZA) free-trade zone a short distance to the east of Dubai's city centre. The sales company was founded as a Free Zone Company (FZCO). Pfleiderer intends to use the sales office in Dubai to push ahead with its cultivation of the markets in the Near and Middle East. This mainly concerns the countries comprising the Gulf Cooperation Council (GCC), which besides the United Arab Emirates also includes Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. Pfleiderer had announced the opening of the new office in August 2023. At that time, the start date had still been set for 1 January. □

Kronospan adds Lisocore to Global Collection

The Kronospan Group is poised to expand its partnership with the lightweight panel manufacturer Pyrus Panels GmbH, which is based in Bad Aibling, Germany, and part of Retis Holding GmbH, headquartered in Rohrdorf-Thansau. For some time now, Pyrus Panels GmbH, which was originally founded as Lightweight Solutions GmbH, has been sourcing thin melamine-coated MDF/HDF from Kronospan. These products are then used as faces in its Lisocore lightweight panels. Under the terms of an agreement signed in July 2023, Kronospan will add Lisocore to its Kronodesign Global Collection 3.0, which was unveiled at the Kronoevent in Mosta, Malta, at the beginning of November 2022. Along with particleboard, MDF/HDF, HPL/CPL, compact boards, worktops, composite boards and glue-laminated boards, Kronospan can now also supply lightweight board in thicknesses of 38-120 mm in its global decor collection, which will run until the end of 2027. The lightweight panels can be coated with all available Kronodesign decors. The market launch took place through joint participation in trade fairs, among other approaches. □

PG Bison reported a rise in revenues

A project to modernise the front end of a particleboard mill in Mkhondo, Mpumalanga, that was completed in March 2022 and the ramp-up of export business paved the way for another growth in sales and revenues at the particleboard and MDF/HDF manufacturer PG Bison Ltd., based in Johannesburg, South Africa, in the 2022/2023 financial year (30 June). This firm is owned by the South African company KAP Industrial Holdings Ltd, headquartered in Stellenbosch. The investments in expanding the Mkhondo site boosted its production capacity by 14% in a year-on-year comparison to around 830,000 m³. Raw panel production climbed by around 6% to 815,452 m³ (2021/2022: 767,381 m³), with machines operating at almost full capacity utilisation. Total sales of raw board, coated board and finished products were up 7% at 769,918 (721,104) m³. This figure included raw board sales of 296,234 (235,174) m³, which was 26% higher than the previous year. By contrast, coated board and finished products encountered temporary capacity curtailments in the first half of the financial year, which combined with slightly weaker demand to send sales falling by around 3% to 473,684 (485,930) m³. Average prices were marginally higher in a year-on-year comparison for both raw board and fini-

shed product. The main reason for this was PG Bison passing on hikes in raw material purchasing costs.

Domestic revenues fell by 2% compared to 2021/2022. On the other hand, exports soared by almost 80%, mainly due to higher raw panel deliveries. Total revenues jumped by just under 10% to ZAR5.349bn (4.876bn). The export ratio improved from 11% to 18%.

The Group as a whole invested ZAR2.197bn (2.194bn) last year, including ZAR1.326bn (1.127bn) on growth investments and ZAR871m (1.067bn) on maintenance investments. PG Bison's growth investments soared to ZAR733m (360m), while maintenance investments fell to ZAR98m (237m). The company invested ZAR509m in the installation of the new MDF/HDF line in Mkhondo, while another ZAR51m was spent on expanding downstream processing at the Boksburg site. This expansion project was completed with the commissioning of the second hot-coating line in October 2022 and the start-up of another short-cycle press in March 2023. In Mkhondo, preparatory work for the new MDF/HDF line began in April 2021. Assembly work started in March 2023. PG Bison now expects the line to be commissioned in July 2024. □



Mkhondo plant

(Photo credit: PG Bison)

Masisa sells particleboard plant to Duraplay

Maderas y Sintéticos S.A. (Masisa), Santiago de Chile, will now also sell its third Mexican wood-based panels plant. According to a statement sent to the Chilean stock exchange supervisory authority on 26 December 2023, Mexican wood-based panels manufacturer Duraplay de Parral S.A.P.I. de C.V. of Hidalgo del Parral, Chihuahua, is taking over the Chihuahua particleboard plant operated by Forestal Terranova México S.A. de C.V. (Chihuahua), a subsidiary of Masisa. Duraplay will pay a total of US\$18m in three tranches for land, buildings, machinery and equipment. According to current information, the plant has an annual raw board capacity of 180,000 m³. Approximately 50,000 m³ can be laminated on a short-cycle press.

Duraplay produces plywood, particleboard and MDF in Hidalgo del Parral. The MDF facility, supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau in 2016, was initially designed for an annual production capacity of around 160,000 m³ with a continuous press measuring 8 ft x 17.4 m. In subsequent investment stages, capacities were to be increased to around 200,000 m³. For particleboard production, to date the company has used a single-daylight press supplied by Dieffenbacher in 1974 (annual capacity: 140,000 m³) as well as a thin-board plant.

With the sale, Masisa is finalising a divestment process that has already been ongoing for a considerable period. The wood-based panels activities in Argentina and Brazil were initially sold in 2017. On the other hand, the sale of the plants in Mexico agreed with Celulosa Arauco y Constitución S.A. of Santiago de Chile in mid-December 2017 could be only partially completed. After objections were raised by Mexican competition authority COFECE, the Chihuahua plant had to be excluded from this transaction. As a result, only the Durango and Zitácuaro sites were transferred to Arauco. The sale of the third Mexican plant will see Masisa's wood-based panel activities reduced to the Cabrero and Mapal sites in Chile and the MDF and MDP plant in Macapaima, Venezuela. □

Second short-cycle press for Placas do Brasil

Brazilian MDF manufacturer Placas do Brasil S.A. has installed a second short-cycle press at company headquarters in Pinheiros, Espírito Santo, and has thus doubled laminating capacities at this site. According to media reports, the investment volume amounted to BRL52m, equivalent to US\$10.4m. The overall investment also included the expansion of an existing building to accommodate the new system, as well as expansion of storage space.

Commissioning of the second short-cycle press, which again has been supplied by a German manufacturer, enables Placas do Brasil to laminate a total of 288,000 m³ MDF per year, or 80% of the company's

raw board production capacity, currently indicated at 360,000 m³/year. The company nevertheless expects that due to the level of demand on the Brazilian market only 240,000 m³, or two-thirds of total production, will be laminated for the time being.

Placas do Brasil first entered MDF production in mid-2018 with a production line supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau initially designed for an annual production volume of around 300,000 m³. For coating of raw boards, the company had installed a short-cycle press supplied by Wernhöner Surface Technologies GmbH & Co. KG, which, according to information provided at that time, was able to laminate up to 144,000 m³ MDF/year and thus almost half of the raw board production volume. □

Tafisa Canada runs six short-cycle presses

By the end of 2023, particleboard manufacturer Tafisa Canada Inc., which belongs to Sonae Industria SGPS S.A. of Maia, Portugal, completed the investments at its headquarters in Lac-Mégantic, Québec, it had announced back in July 2022. The overall project, in which the company invested a total of approximately Can\$34m, included the installation of a sixth short-cycle press and the expansion of its storage capacities for laminated panels by around 25%. The short-cycle press was supplied by Wernhöner Surface Technologies GmbH & Co. KG. Like the Wernhöner press commissioned back in May 2016, it is also capable of producing double-sided synchronous pores. Launching the new system approximately doubled production capacities for embossed-in-register (EIR) panels.

The first of the five existing short-cycle presses had been ramped up in parallel to the commissioning of the plant in 1992. The second short-cycle press was subsequently put into operation in 1996. In 2000, when the plant was expanded to include a second raw board line, a third short-cycle press had also been added. The fourth press has been running since 2006. □

Greenpanel thin board plant delayed

Indian wood-based panels manufacturer Greenpanel Industries Ltd. of Tinsukia, Assam, will not be able to complete the expansion of its existing MDF/HDF plant in Routhu Suramala, Andhra Pradesh, to include a thin board plant by mid-2024 as planned.

According to the quarterly report published on 5 February, deliveries of machinery and equipment had already been delayed by two to three months by the fourth quarter. Rebel attacks on cargo ships in the Red Sea and the resulting necessary rerouting measures have led to further restrictions.

The project is now approximately six months behind schedule, according to the company. As such, commissioning could now take place shortly before the end of the year. Commercial production on the thin board plant, which is being supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau and, according to earlier information from Greenpanel, is designed for an annual capacity of around 230,000 m³, is scheduled to begin by the end of the 2024/2025 financial year (31 March) at the latest. □

Wanhua Ecoboard produces on ten lines

Chinese wood-based panel manufacturer Wanhua Ecoboard Co. Ltd. produced its first board on the "Super Particleboard" (Super PB) plant at the Leshan site in Sichuan Province at the end of August 2023. The Super PB plant at the Chenzhou site in Hunan Province only went into operation in the second quarter. Wanhua Ecoboard ordered the continuous press lines for both projects from Dieffenbacher GmbH Maschinen- und Anlagenbau in the second half of 2021. With the two Super PB plants, which can produce lightweight boards by combining standard chips with lean chips, among other things, the Dieffenbacher Group has now supplied Wanhua Ecoboard with a total of ten production lines with a total capacity of around 2.5m m³/year. Between October 2017 and the end of 2019, a total of six particleboard plants were put into operation, followed by an MDF and a fine OSB plant in 2022. Straw and wood are processed in different proportions by all ten plants. PMDI glues are used as binders in each case. □

Mieco focuses particleboard production in Kechau Tui

Mieco Chipboard Bhd. of Kuala Lumpur is to relocate the particleboard line operating in Gebeng, Pahang, to its plant in Kechau Tui, Pahang. In the third quarter business report, the company cites the intended streamlining and rationalisation of the operating business as grounds for the decision. The continuous particleboard press installed in Gebeng was supplied by Siempelkamp Maschinen- und Anlagenbau GmbH in 1995. Originally designed for a capacity of 620 m³/day, it was later able to produce up to 800 m³/day. In Kechau Tui, the particleboard line operated by Mieco since 2005 was supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau. This line is equipped with a continuous press measuring 2.65 m x 41.6 m, with an extension option of up to 60 m. The entire line has already been designed for a production capacity of approximately 2,000 m³/day. □

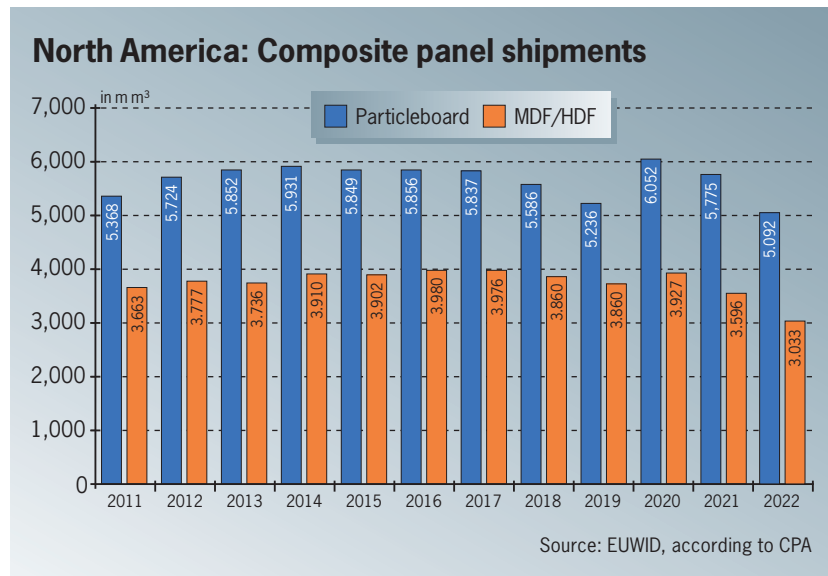
Significant declines up to the end of September / Q4 brought stabilisation

North America: shipments of composite panels showed a double-digit downturn

North American particleboard, MDF/HDF and thermally fused laminate (TFL) manufacturers saw their sales even out at or slightly higher than the previous year's level between October and December 2023.

This development came on the heels of a significant slump in the first three quarters of last year. Notwithstanding this trend, full-year composite panel shipments decreased by a double-digit percentage. Data from the Composite Panel Association (CPA), based in Leesburg, Virginia, indicates that particleboard shipments were 12% lower than the previous year at 5.092m³ (2022: 5.773m³). MDF/HDF shipments fell by as much as 16% to 3.033m³ (3.596m³).

Both particleboard and MDF/HDF shipments reached the lowest levels in many years. Even during the crisis of 2009, North American composite panel manufacturers sold 5.414m³ of particleboard, according to the CPA figures. After a slight recovery in 2011, shipments reached 5.368m³ in 2012. Shipments were even weaker in 2020 at 5.236m³. In a countermovement, particleboard shipments topped the 6m³ mark in 2021 at 6.052m³. North American manufacturers sold more than 5.8m³ of particleboard each year from 2014 to 2018. Shipments surpassed 5.7m³ in 2013 and 2022. MDF/HDF shipments were relatively low in 2009 and 2010 at 3.318m³ and 3.300m³, respectively. These shipments were then above 3.6m³ for a long while, starting in 2011. 2022 was the first time since then that this mark was narrowly missed. Shipments approached 4m³ in 2017 (3.980m³) and 2018 (3.976m³). The next best years were 2021 (3.927m³), 2015 (3.910m³), 2016 (3.902m³) and 2019 (3.860m³).



TFL shipments also fell last year. However, the downturn was in the single-digit percentage range, with a 7% decline to 128.9m² (139.0m²). North American firms sold less than 120m² every year from 2016 to 2020. 2020 was the weakest year in the period at 115.5m². TFL shipments then increased by a good 20% to 139.1m² in 2021. The CPA initially reported further growth to 143.3m² in 2022 but subsequently revised this figure downwards again. In previous years, the CPA repeatedly made retroactive changes to the TFL sales statistics after a major revision in the first half of 2016.

The slump in particleboard and MDF/HDF shipments was more pronounced in the US than in Canada last year. Within the USA, the shifts from the West Coast to mills in the East/Southeast have continued. However, the differences are no longer quite as pronounced as they were in 2021 and 2022. Roseburg Forest Products Inc., based in Springfield, Oregon, closed its Dillard, Oregon, particleboard mill in October 2021, and a major blaze at the end of July 2022 damaged the

Ampine particleboard mill in Medford, Oregon, run by Timber Products Co., based in Springfield, in August 2022. Roseburg has also shut its mill in Taylorsville, Mississippi, in the south of the US. An MDF/HDF mill in Willows, California, operated by CalPlant LLC, discontinued operations in October 2022. By contrast, TFL shipments have tended to shift from Canada to the US in recent years due to new projects and expansion work carried out there.

The second quarter of 2023 was the weakest period of last year across all product groups. Particleboard shipments fell by 17% compared to the previous year, while MDF/HDF shipments were down 24%. The first quarter ended with a 14% reduction for particleboard and a 22% decrease for MDF/HDF manufacturers compared with the previous year. The third quarter was not quite as bad, with drops of 13% for particleboard and 14% for MDF/HDF. TFL shipments fell by 7% in the first quarter and 13% in the second quarter compared to the previous year. The third quarter was still rather weak, as well, with a dive of 12%. □

Canada's share of total imports increased to 65.4%, India overtook the EU for the first time

With a slump from the EU, particleboard imports in the US fell below 1m m³ mark

The United States of America imported 21% less particleboard in a year-on-year comparison in 2023, with deliveries sliding to 928,790 (2022: 1.168m) m³.

This marked the first time since 2014 that the US imported less than 1 million m³. The value of these imports decreased by 16% to US\$307.9m (368.7m). Foreign trade statistics compiled by the US Department of Agriculture's Foreign Agriculture Service (FAS) indicate that the average prices of these imports stood at US\$331.5 (315.5) per m³. The imports essentially broke down into 298,806 (331,922) m³ of raw particleboard, 367,646 (457,296) m³ of laminated particleboard and 158,045 (256,970) m³ of particleboard with a laminate surface. With a 10% slump, raw particleboard imports held up better than imports of laminated particleboard (-20%) and HPL/CPL elements (-38%). The statistics do not show more detailed information about the type of product involved for the other 104,293 (122,157) m³.

Imports from Canada fell by 12% to 607,519 (736,653) m³. This country's

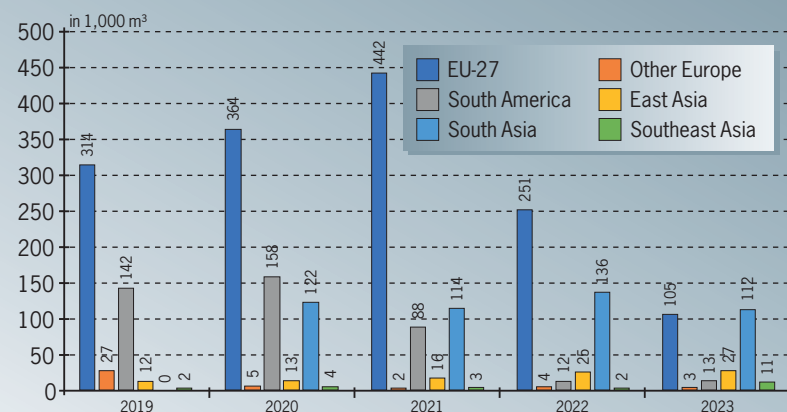
share of total imports increased to 65.4% (59.3%) as a result. With deliveries of 44,178 (43,752) m³, Mexico almost equalled 2022's volume. Imports from the EU-27 stood at just 104,832 (250,637) m³, meaning that they were halved compared with 2022 and did not even reach a quarter of the 442,167 m³ delivered in 2021. US imports from Italy plunged by 72% to 38,820 (137,480) m³ in 2023. Spain (-31% to 27,589 m³), Germany (-24% to 10,812 m³), Austria (-57% to 4,927 m³), Sweden (-90% to 1,872 m³), France (-81% to 1,188 m³) and Hungary (-91% to 682 m³) all recorded significant double-digit falls in the amount they sent to the US. By contrast, Belgium (+67% to 9,476 m³) and Latvia (+63% to 7,103 m³) enjoyed strong growth. Mixed developments were witnessed in other overseas supply regions. Imports from South Asia, which have only been relevant since 2020, dropped by 18% to 111,637 m³. The region's sole supplier, India, overtook the EU for the first time. Altogether, the US sourced 26,725 m³ (+6%) from East Asia, 13,252 m³ (+11%) from South America, 10,538 m³ (+550%) from Southeast Asia, 6,202 m³ (+158%)

from the Middle East and 3,150 m³ (-12%) from the rest of Europe.

Altogether, US particleboard imports dipped by 16% to 218,574 m³ in the fourth quarter of last year (Oct-Dec 2022: 259,345 m³). The US statistics showed somewhat larger downturns in the first (-22% to 227,566 m³), second (-23% to 256,988 m³) and third quarters (-21% to 225,662 m³). The differences from one quarter to the next were even more pronounced when it came to deliveries from the EU-27 (Q1: -65%, Q2: -64%, Q3: -60%, Q4: -33%).

Since 2006, the US has imported more than 1 million m³ of particleboard in nine years. Imports fell short of this yardstick in another nine years. These deliveries had tumbled sharply between 2007 and 2009. After reaching rock bottom in 2009 (597,637 m³), imports gradually edged higher in subsequent years. Starting in 2015 (1.018m m³), imports surpassed 1m m³. They even topped 1.4m m³ in 2019 (1.411m m³), 2020 (1.439m m³) and 2021 (1.434m m³).

USA: Overseas import of particleboard



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

Canada accounted for 72.4% of total US particleboard imports in 2006, with a total of 761,062 m³. At that time, Mexico (125,468 m³) and China (98,186 m³) were the next largest supplier countries. More and more US imports came from Canada in subsequent years. Canada's share reached 92.8% in 2011, before slipping to 88.7% in 2015. Even though Canada supplied almost the same quantities in subsequent years, its share of total imports dwindled more and more as imports from other regions soared. The 27 EU member states delivered 179,540 m³ to the US in 2016, exceeding the 100,000 m³ mark for the first time. These shipments continued to increase steadily until 2021. □

Stronger increase in imports again for first time in 2022 / exports on the rise

Iran expands MDF/HDF production, particleboard output tended to decline

Despite extensive economic sanctions, the Iranian wood-based panels industry has continued to expand MDF/HDF production in recent years.

Particleboard production, by contrast, has tended to decline. Most of the produced wood-based panels remain in the country. The largest purchaser is the Iranian furniture industry, which now mainly processes MDF/HDF. Foreign trade in wood-based panels is being hampered by the economic sanctions imposed by the USA and the EU, as is the supply of machinery, equipment and spare and wear parts. The main export markets for MDF/HDF are thus the Middle East and the Central Asian CIS states. Imports come primarily from Turkey, Thailand and China. Concerning particleboard, virtually no volumes are exported. Turkey is also the main foreign supplier in this case.

According to an overview of the Iranian wood-based panels market, which was published in part in the annual report of the European Panel Federation (EPF), Brus-

sels, at the end of June and comprehensively in the Forest Journal at the end of November 2023, capacity utilisation has been at a relatively low level for a considerable period both for particleboard manufacturers and MDF/HDF manufacturers.

According to the overview, there are currently 15 particleboard plants and 16 MDF/HDF plants in Iran. 27 of these 31 plants are located in the north of the country. Wood from surrounding forests and plantations serves as the main raw material utilised there. The small number of plants in other parts of the country mainly process bagasse.

For several years, particleboard capacities have amounted to approximately 1.860m m³. Nevertheless, production has remained almost consistently below the 1m m³ mark since 2013. After volumes were relatively constant from 2016 to 2021, a decline to 744,000 m³ was recorded last year (2021: 910,000 m³). Reasons cited for this in the overview include wood supply problems and sustained

competition from MDF/HDF as a substitute product. Particleboard consumption decreased consistently until 2020 and, following a slump in 2021, recovered only slightly to 588,000 m³ (574,000 m³) in 2022. Exports of particleboard rose sharply in 2021 before halving again in the following year to 165,000 m³ (338,000 m³) due to government restrictions. Imports have played only a minor role for several years now. In 2022, for example, imports totalled just 9,000 m³ (1,000 m³).

According to the overview, MDF/HDF production capacities increased to 3.021m m³ in 2021. After stagnating at this level in 2022, they have meanwhile risen to around 3.4m m³ last year following further new investments. A sustained rise in demand for MDF/HDF initially led to an increase in both domestic production and MDF/HDF imports. Imports reached their highest level to date in 2016 at 1.331m m³. However, higher import duties have resulted in a continuous decline over the years since. The increase in production, by contrast, continued until 2021. In 2022, however, a decline of 11.5% to 2.000m m³ (2.260m m³) was recorded. Imports, on the other hand, rose again to 810,000 m³ (656,000 m³). Exports also showed an increase in parallel to 210,000 m³ (121,000 m³). The interplay of these factors meant MDF/HDF consumption also fell by 7.0% to 2.600m m³ (2.795m m³) in 2022.

The market overview also briefly mentions the Iranian markets for plywood, OSB and hardboard, which are supplied exclusively via imports due to a lack of domestic capacities. In 2022, 27,000 m³ (16,600 m³) of plywood and only 1,315 m³ (1,119 m³) of OSB were imported into Iran. OSB has thus been of virtually no significance as an imported product to date. Imports of hardboard peaked in 2017 at 130,000 m³ but have since continuously declined and have now largely ceased. □



MDF plant in Iran

(Photo credit: ArtaPan)

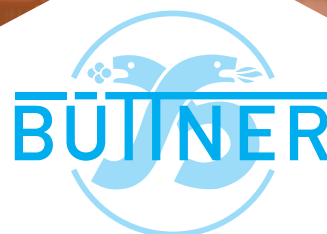
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Roseburg is gradually exiting the particleboard business / Shift to other products

Kronospan Group acquired Simsboro particleboard mill from Roseburg

On 21 December 2023, the Kronospan Group completed the takeover of the Simsboro, Louisiana, particleboard and laminating plant of Roseburg Forest Products Inc., headquartered in Roseburg, Oregon.

The transaction, contractually agreed as recently as mid-November, had already been approved following expiry of the statutory waiting period pursuant to US antitrust law. The 182 employees at the plant will be retained by Kronospan. Kronospan also advertised the first new jobs for the Simsboro site at the end of December. As already announced after signing the contract, Kronospan intends to implement various modernisation and expansion investments in Simsboro in the foreseeable future. According to previously available information, the particleboard line, which was commissioned in August 2002, has an annual capacity of around 530,000 m³ with a continuous press supplied by Dieffenbacher GmbH Maschinen- und Anlagenbau with dimensions of 10 ft x 36.5 m and an extension option to 45.5 m. Roseburg also runs two short-cycle presses at the complex. A new 5x24 ft press supplied by Siempelkamp Maschinen- und Anlagenbau GmbH was commissioned in January 2008. In the summer of 2015, Roseburg also relocated one of the three Siempelkamp short-cycle presses from its Oxford, Mississippi, laminating plant to Simsboro.

The Simsboro particleboard mill has already had several previous owners: Willamette Industries Inc. (Portland, Oregon), Weyerhaeuser Co. (Seattle, Washington) and Flakeboard Co. Ltd. (Markham, Ontario). At the end of July 2006, Flakeboard acquired Weyerhaeuser's five North American particleboard and MDF mills. Five years later, Flakeboard sold the Simsboro plant, which did business as Louisiana Particleboard (LPB), to Roseburg in a deal that closed in July 2011.



Simsboro site

(Photo credit: Kronospan)

Prior to purchasing the Simsboro mill, Roseburg had gradually expanded its composite panel activities with several takeovers. However, the global economic and financial crisis meant that Roseburg had to make several divestments in the engineered wood sector between 2008 and 2011. The purchase of Simsboro signalled the start of its next phase of expansion. Roseburg also started making MDF/HDF again by purchasing a mill in Medford, Oregon, from Sierra Pine Ltd., headquartered in Roseville, California, in August 2015. In March 2018, the firm purchased Pembroke MDF Inc., based in Pembroke, Ontario. The next step was the integration of the El Dorado, Arkansas MDF mill doing business as Del-Tin Fiber LLC, which was acquired from PotlatchDeltic Corp., headquartered in Spokane, Washington, in February 2019. The last acquisitions shifted the focus of activities within the Composite Panels division towards MDF/HDF. This focus will be intensified with the construction of a new MDF/HDF mill in Dillard, Oregon, in a project announced in April 2023. Conversely, Roseburg is increasingly withdrawing from

the particleboard business. The Dillard investment project will take place on the site of a particleboard mill that closed in October 2021. Its particleboard mill in Taylorsville, Mississippi, closed in mid-August 2023. The sale of Simsboro means that only the Missoula particleboard mill remains. Unconfirmed reports suggest that this mill, too, is up for sale.

Kronospan now operates three production sites in the USA: Simsboro, an integrated site in Eastaboga, Alabama, and an MDF/HDF and laminate flooring plant in Shipperville, Pennsylvania. There are two continuous particleboard lines in Eastaboga and Simsboro and two continuous MDF/HDF lines in Eastaboga and Shipperville. In spring 2023, Kronospan announced its intention to also enter OSB production in Eastaboga by constructing a new plant. Laminating is possible at all three locations. In Eastaboga and Shipperville, laminate flooring is also manufactured. Kronospan furthermore has an adhesive and impregnation resin plant as well as several treaters at the Eastaboga plant. □

Two mills in Thailand, two new locations in Vietnam and Malaysia

Acquisition of a stake in Panel Plus to give Egger access to Asian production

The Egger Group has already completed its next acquisition just under two months after integrating Rauch Spanplattenwerk GmbH, based in Markt Bibart, Germany.

On 30 November 2023, the contracts to purchase a 25.1% stake in the Thai wood-based panel manufacturer Panel Plus Co. Ltd, headquartered in Bangkok, were signed. The deal closed on 3 January. The acquisition of the minority shareholding in Panel Plus gives Egger a production base in Asia for the first time. These markets have so far been supplied primarily from Egger's sites in Unterradlberg, Austria and Radauti, Romania. Marketing is handled by Egger's own sales entities in Tokyo, Japan, Shanghai, China and Ho Chi Minh City, Vietnam. Egger has been looking into further expanding its Asian business for several years. It first divulged these considerations shortly after purchasing the Argentinian mill in Concordia and deciding to invest in a new particleboard mill in Lexington, North Carolina, in the summer of 2017. Since

then, Egger has repeatedly examined potential acquisition targets.

The Panel Plus Group runs a raw particleboard line, two MDF/HDF lines, two treating lines and ten short-cycle presses at its main site in Hat Yai in the southern Thai province of Songkhla. The company's own biomass plants deliver most of the energy needed at the complex. Three additional short-cycle presses, all supplied by Wemhöner Surface Technologies GmbH & Co. KG, are in operation in a second site at Samut Sakorn in Samut Sakorn Province. Panel Plus is currently establishing further laminating sites in Vietnam and Malaysia, each of which will feature a Wemhöner press. Panel Plus Vietnam Co. Ltd. began construction work on a new site in Giang Dien, Dong Nai Province, in March 2023. Production is slated to start in the first quarter of 2024. The Malaysian project will be carried out via Panel Plus Products Sdn. Bhd, based in Petaling Jaya, Selangor. It is scheduled for commissioning in the third quarter of 2024.

Panel Plus can currently make around 800,000 m³ at its three wood-based panel lines. In addition to the particleboard, MDF/HDF and coated panels produced in-house, the company also delivers externally sourced ABS edge-banding and laminates. Its main sales markets to date are Thailand, Malaysia and Vietnam. The furniture industry and the specialised trade are its leading customer groups. With around 800 employees, Panel Plus recently generated annual revenues equalling around €200m.

Panel Plus's previous incarnation was MP Particle Board, a company founded in 1990 by Mitr Phol Sugar Co. Ltd, based in Bangkok. The Mitr Phol Group, which was primarily a sugar producer, had created processing facilities for the bagasse generated during sugar production by creating its first particleboard mill in Khon Kaen in the north-east of Thailand. MP Particle Board significantly expanded its wood-based panel activities by acquiring the STA Group's two particleboard mills in Hat Yai in mid-2002. The company was later renamed Panel Plus. In 2012, Panel Plus MDF Co. Ltd. started making MDF/HDF. Conversely, it dismantled and sold one of the two particleboard lines. The second MDF/HDF line was commissioned in 2017. At the same time, downstream refining options at Panel Décor Co. Ltd., also based in Hat Yai, were increasingly expanded.

Siempelkamp Maschinen- und Anlagenbau GmbH was the main technology supplier for the particleboard line and the older of the two MDF/HDF lines. Dieffenbacher GmbH Maschinen- und Anlagenbau delivered the core components for the second MDF/HDF line. Panel Plus and Panel Décor mainly worked together with Wemhöner to install the short-cycle presses, while the treating lines were supplied by Vits Technology GmbH. □



Panel Plus factory in Hat Yai

(Photo credit: Egger)

Borg ordered two ContiRoll production lines from Siempelkamp for site modernisation

Australian Panels planning to produce MDF in Mount Gambier from 2026

Only a good half-year after placing an order for a particleboard plant, Australian Panels, the wood-based panel segment of Borg Manufacturing Pty. Ltd. of Somersby, New South Wales, ordered a new MDF plant from Siempelkamp Maschinen- und Anlagenbau at the beginning of 2024.

Both production lines are to be set up in Mount Gambier, South Australia. The particleboard plant, geared to an annual capacity of around 650,000 m³, is to start up in summer 2025. Production on the MDF plant is scheduled to start at the beginning of 2026. In the first phase, annual capacity is to amount to over 500,000 m³.

For the MDF project, Siempelkamp will supply the gluing section, the forming and pressing line with an 8 ft x 78.6m ContiRoll as well as the cooling and stacking section. Other companies in the Siempelkamp group are also involved in the project. Pallmann Maschinenfabrik GmbH & Co. KG is supplying a drum chipper, and

Carpenterie Metalliche di Colzate s.r.l. (CMC Texpan) the woodchip sifter. The fibre dryer is being supplied by Büttner Energie- und Trocknungstechnik GmbH. According to Siempelkamp, the plant and machine deliveries are scheduled to begin in May 2025.

Borg has already ordered three wood-based panel plants from Siempelkamp over the last few years. The first order, placed in spring 2016, was a particleboard line for the Oberon site in New South Wales. This plant, geared to an annual capacity of around 480,000 m³ with an 8 ft x 40.4 m ContiRoll, was put into service in December 2018. Acceptance of the line took place in May 2019. Planning at that time provided for capacity to be increased to 650,000 m³ at a later point. Borg and Siempelkamp have not yet disclosed any information as to if and when this capacity expansion it to be implemented.

In summer 2019 Borg ordered a MDF thinboard line for the Oberon site. Equipped with an 8 ft x 18.8 m ContiRoll, the

line has an annual capacity of around 130,000 m³ and produces mainly thin boards and special qualities. The first board was produced in July 2022 and acceptance took place in mid-October.

The order for the new particleboard line in Mount Gambier placed in August 2023 includes an 8 ft x 55.5 m ContiRoll. Siempelkamp is to supply the forming and press line as well as the cooling and stacking line. Pallmann is to supply equipment such as knife ring flakers and double stream mills. In addition, a flash tube drum dryer is to be supplied by Büttner. According to Siempelkamp, the new line in Mount Gambier will be the largest particleboard plant realised in Australia so far.

Two older MDF/HDF lines with continuous presses, also supplied by Siempelkamp and put into operation in 1989 and 1997, are still operating at the Oberon works. Parallel to the particleboard project in Oberon, Siempelkamp also modernised one of the two MDF/HDF lines.

The Borg Group, previously mainly geared towards laminated boards and furniture parts, did not enter wood-based panel production until the Oberon MDF/HDF plant was acquired from Carter Holt Harvey Woodproducts Australia Pty. Ltd., which belongs to Carter Holt Harvey Ltd. (CHH), Auckland, New Zealand. The transaction was completed in March 2010. In early 2018, Borg had then also taken over the two raw particleboard plants in Oberon and Mount Gambier from CHH. Parallel to the modernisation investments implemented at the acquired wood-based panel sites, Borg subsequently also further expanded its value-adding capacities. Australian Panels operates two other facilities in Somersby and Charmhaven, New South Wales, where the manufactured products include laminated boards, furniture fronts, and furniture components. □



Existing particleboard line in Mount Gambier

(Photo credit: Australian Panels)

Kaczmarek family and Innova Capital are stakeholders in Breticontic Investments

Pfleiderer Group finds new purchaser for two Polish wood-based panel plants

For the second time, Pfleiderer Group B.V. & Co. KG, Neumarkt, is attempting to sell its Polish plants in Grajewo and Wieruszów over the coming months.

The sale to the Kronospan Group agreed in May 2021 fell through at the end of November 2022 due to opposition from the EU Directorate-General for Competition and Antitrust. Pfleiderer subsequently continued to operate the Polish plants as the panel east business division. Pfleiderer owner Strategic Value Partners LLC (SVP), Wilmington, Delaware, signed the contracts for the sale of the Polish plants to Breticontic Investments Sp. z o.o., Warsaw, on 28 December 2023. Closing is expected by mid-2024 following the fulfilment of various conditions, including clearance from relevant competition authorities.

The transaction comprises the holding company Pfleiderer Polska Sp. z o.o., Wrocław, the production companies Pfleiderer Grajewo Sp. z o.o., Pfleiderer MDF Grajewo Sp. z o.o. and Pfleiderer Wieruszów Sp. z o.o. as well as the service companies specialising in logistics and waste wood processing, Jura Polska Sp. z o.o., Grajewo, and PFL Recycling Sp. z o.o., Wieruszów. According to the latest statement from Pfleiderer, the companies affiliated with Pfleiderer Polska currently employ around 1,100 persons. Per the most recently published figures, in the 2021 financial year these companies generated turnover equivalent to €224.6m (2020: 176.9m) and EBIT of €29.4m (7.9m) and had 1,230 employees at that time.

Breticontic Investments was founded on 9 August 2023 by Bogdan and Elżbieta Kaczmarek and private equity company Innova Capital Sp. z o.o. as a special purpose company with the aim of taking over Pfleiderer's Polish

activities. According to information from Polish business databases, Bogdan and Elżbieta Kaczmarek hold 39% and 38% of the shares respectively; the remaining 23% are held by Starlight II S.à.r.l., Luxembourg, which is controlled by Innova Capital. Bogdan Kaczmarek had already participated in the sales process for the Polish Pfleiderer plants initiated in the fourth quarter of 2019, in which Kronospan had ultimately been successful. He originally comes from the clothing industry but has meanwhile established extensive production capacities for cover fabrics, mattresses, upholstery materials, upholstered furniture and office chairs since the early 1990s. To a lesser extent, the Kaczmarek Group also produces cabinet furniture. The production sites are predominantly located in Poland. In 2008, COM40 Sp. z o.o., a company belonging to the Group, also set up a plant in Danville in the US state of Virginia. Main purchaser of the furniture products is the Ikea Group. The Kaczmarek Group has also been active in the real estate business since

2010. With just over 5,000 employees, the group of companies is based in the central Polish city of Kalisz and recently reported turnover of approximately €700m.

Innova Capital intends to finance its involvement in Breticontic Investments via the Innova/7 investment fund, which was launched last year and has equity capital totalling almost €350m. Around 30% was provided by Polish investors. The fund, which is managed by Luxembourg-based Innova/7 GP S.à.r.l. and focuses on acquisition targets with a company value of €50-150m and equity tickets of €25-40m, concluded its first transaction in May. The first five funds of Innova Capital have already resold their investments. The last divestment of the Innova/5 fund, which had been raised by 2010, was the sale of the 20% stake in Norwegian office seating manufacturer Flokk Group, Oslo, to the Triton IV Continuation Fund (TIV CF). This sale was concluded at the beginning of May 2023. □



Dryer in the Wieruszów plant

(Photo credit: Pfleiderer Polska)

Laminating capacity to be ramped up at other worldwide Egger locations as well

Egger plans to install two short-cycle presses at new Markt Bibart site in medium term

The focus of investments in the Markt Bibart particleboard mill, which the Egger Group, based in St. Johann, Austria, acquired with effect from 10 November 2023, will initially be on installing a waste wood processing line and optimising raw particleboard production.

Until now, Markt Bibart has solely incinerated waste wood in its energy plant. The installation of a cleaning tower will allow waste wood to be used in particleboard production for certain product ranges in future, which should reduce manufacturing costs. The new firm Egger Holzwerkstoffe Markt Bibart GmbH also intends to significantly increase output by eliminating bottlenecks upstream and downstream of the continuous press and simplifying the production programme and recipes. On the one hand, the additional raw particleboard production is intended to improve supply to laminating plants at other Egger sites. On the other hand, the Egger Group also wants to position itself more strongly as

a raw particleboard supplier. The initial focus will be on product ranges currently made in Markt Bibart, such as boards for direct printing and lamination, as well as raw particleboard for the door industry.

In the medium term, however, the company also plans to install its own downstream refining capacities in Markt Bibart. Current plans envisage the installation of two short-cycle presses. The technology has already been ordered from Wemhöner Surface Technologies GmbH & Co KG. The first press is scheduled to go into operation in 2025, with the second press to follow at a later date.

The Egger Group is continuing to raise its laminating capacity at other locations, too. In mid-February 2023, the firm started up a third short-cycle press in Lexington, North Carolina, in the US. The site can also provide treating services since commissioning a line supplied by Vits Technology GmbH in September. The Italian particleboard manufacturer

Società Agglomerati Industriali Bosi S.p.A. (SAIB), headquartered in Fossadello di Caorso, commissioned the fifth short-cycle press in October. SAIB had ordered the press back in the fourth quarter of 2021, a good year before Egger acquired its stake. In November, the fourth short-cycle press was commissioned at the Biskupiec particleboard mill in Poland. During the same period, the Brilon complex replaced another short-cycle press with a new unit in the laminating area of the particleboard and MDF/HDF mill. Production has been ramped up there since the beginning of January.

Later in the year, Egger will also start laminating operations at the Auchinleck-Barony raw particleboard mill in Scotland. Production there will initially run on just one short-cycle press. Most of the preparatory work has meanwhile been concluded. In early October, the planning permission mandatory for building projects in Great Britain was granted. Egger plans to erect a new production and storage building with space for up to three short-cycle presses, adjacent to the existing plant. The plant in Barony operates a continuous press in 7 ft x 33.5 m dimension commissioned at the beginning of 1998 and achieves an annual capacity of around 400,000 m³. No plans have been specified as yet concerning extension of this press to 43.5m, which had already been foreseen at the time the system was installed.

Along with boosting its capacity for laminate (TFL), Egger is also expanding laminate production at the Gifhorn site. The first of the two double belt presses supplied by Hymmen GmbH Maschinen- und Anlagenbau was installed in the third quarter. Production has been up and running since October. The second press is currently being installed and is due to be commissioned in March. □



Particleboard plant in Markt Bibart

(Photo credit: Rauchspan)

Available since early February / No more fixed end dates / Collection to be updated regularly

Egger Group rolled out a new collection concept with launch of Decorative 24+

The Egger Group, headquartered in St. Johann, Austria, has rolled out a new collection concept with the launch of the Decorative 24+ Collection on 1 February 2024.

The previous approach, which saw collections released for a fixed amount of time before the next one was launched, has been replaced by a new rolling concept. In future, Egger will no longer have an end date for its collections and thus no completely new edition. Instead, the decor and texture collections will be updated and supplemented every two years at the latest. These additions will replace a maximum of 10% of the products each year. Even though the update cycles have been shortened, Egger guarantees that all new decors and textures will remain in the range for at least four years. The core range will apply uniformly worldwide. Local stock programmes will meet additional requirements in the individual regions and markets.

The Egger Decorative Collection, which is no longer available, was unveiled in the fourth quarter of 2019 and launched on 1 February 2020. This collection was supposed to run for three years until the end of 2022. In autumn 2021, the COVID-19 pandemic led Egger to extend its duration by one year to the end of 2023 or the beginning of 2024. Egger has presented the new Decorativ 24+ collection to retail customers and converters at numerous events since September 2023. In recent months, Egger's ten showrooms around the globe have been equipped with the new collection and mill warehouses were converted to the new collection. The collection comprises 201 Eurodekor decors, which can be supplied in the form of a combined decor and material as a laminated board on a particleboard and MDF/HDF substrate, as a lightweight



Selection of Egger collections from the last 50 years

(Photo credit: EUWID)

board, as a laminate or edgebanding. In addition to the 68 new decors, Egger has also added 11 new textures, bringing the number of combined decors and textures in the new collection to over 300. There are 32 decor/texture combinations for the "PerfectSense" coated panels and 75 for worktops. Additionally, the compact panel range has 110 options, and the contract door range features 100 laminates in a door format. The new collection also includes 29 different accents and end-grain edgebanding.

Egger has grouped its range of coated wood-based panels in collections for almost 50 years. The first decor collection was launched in 1975 with the introduction of melamine coating. Just a few years later, Egger combined its collection decors in a group that included melamine-faced particleboard made in-house and purchased products. In the 1990s, Egger's collections became more and more extensive. More national collections were then added as it embarked on international expansion.

In early 2007, Egger launched the group-wide "ZOOM" collection, which was reissued twice, each time for a period of five years. At the end of 2016, the company decided to opt for three-year collections because of increasingly frequent updates and additions. The Egger Decorative Collection, which was launched at the beginning of 2017 to replace the ZOOM collection, ran until the end of 2019.

Parallel to the launch of the new collection, Egger Group has remodelled the Forum at its main plant in St. Johann 25 years after it was opened in March 1998. The redesign, carried out in summer 2023, adapted the showroom to the Decorative 24+ Collection. The newly designed modular structure allows for the Forum to be regularly updated in line with the rolling collection concept. In addition to new decors and textures as well as possible material combinations, the Capsule Concept developed for decor consultation and combination recommendations will also be on display. □

Impress converts coating line in Elk (Poland)



(Photo credit: Impress Decor Polska)

Impress Decor Polska Sp. z o.o., based in Elk, Poland, has expanded the production capabilities of the printing/coating system commissioned in 2016 by installing an excimer unit for super-matte, anti-fingerprint and soft-touch surfaces. The existing Mayer-Bar system was dismantled during a three-week conversion process in November and December 2023. The excimer, supplied by Innovative Oberflächentechnologien GmbH (IOT), was installed in the freed-up space. The project was implemented together with Jagenberg Converting Solutions GmbH.

The 2,600-mm wide printing/coating system was originally supplied by Rotodecor GmbH Maschinen- und Anlagenbau as general contractor. Newly integrated elements in the system include an electron beam curing (EBC) unit from US-based Energy Sciences Inc. (ESI) and a UV coating plant from Swiss Wifag-Polytype Holding AG. Also operating in Elk is a 2,200-mm wide printing/coating system with EBC coating, which had been relocated from the decommissioned Aschaffenburg plant to Poland in 2017.

At Impress Decor Brasil Ltda. in Araucária, Paraná, following the commissioning of a third treater at the beginning of 2023, printing capacities are now also to be expanded in a next step. Final assembly is currently underway. Commissioning is planned for May. Both projects utilised pre-owned systems that the Impress Decor group acquired from Surteco Group SE of Bittenwiesen and modernised in the course of the relocation. The 2,200-mm wide treater had originally been in production at the Dakor plant in Laichingen. The printing machine from the Süddekor plant in Laichingen had been temporarily stored by Surteco at the Sassenberg site. □

DTS has installed a new line at its Wesel site

In mid-November 2023, DTS Systemoberflächen GmbH installed a new electron accelerator at a lacquer line at its headquarters in Wesel. This means that the installation work is almost complete. The first test runs with the electron beam curing unit supplied by PCT Ebeam and Integration LLC were made in December. Lacquering trials on the new production line begun in January. DTS has then set itself the target of starting regular production in February. At the beginning of March, the company finished the first week of regular production. Sales are set to launch in April.

The new 1,800 mm wide line in Wesel will give DTS five production lines and three testing lines at its Möckern and Wesel facilities. Three production lines and two testing lines are in operation in Möckern. The first line, 1,400 mm wide, was started up in 1996 and at that time mainly produced "Elesgo" EBC surfaces for laminate flooring production. A second production line with a working width of 1,600 mm followed in 2002. The line, which had a working width of 1,600 mm and was launched in 2008, was converted and modernised between 2016 and 2018. This work also entailed adding new products to its portfolio. The two testing units in Möckern are 600 mm and 1,300 mm wide.

The development and expansion of the Wesel site has been underway for several years. In 2018, Wilhelm Taubert GmbH, an affiliate of DTS Systemoberflächen GmbH specialising in EBC applications, relocated its headquarters from Oberhausen to Wesel and installed a 1,400 mm-wide line there as a first step. It later added a 500 mm-wide testing line. Last year, a new EBC unit was installed inside the production line. The testing line is primarily used to make release films for the "Elesgo clean touch" surfaces sold by DTS. The line that has now been installed will primarily produce surfaces with a clear lacquer coating, specialising in "Elesgo one&only" surfaces that can be used in various application areas.

The firm made the decision to invest in the new line back in 2020. Wilhelm Taubert GmbH was mainly responsible for plant construction, while additional components, such as the EBC unit, were ordered at the beginning of 2021. However, delays in the delivery of these externally sourced components meant that the project took longer than expected. According to the company, the construction of a new production hall and warehouse and the installation of machinery entailed an investment of €33m. □



Electron beam curing unit at the new lacquer line

(Photo credit: DTS)

Schattdecor plants procure sustainable electricity

Polish Schattdecor Sp. z o.o. of Tarnowo Podgórne has signed a ten-year contract with energy supplier Polenergia S.A. for the provision of sustainably generated electricity. Since the beginning of January 2024, the entire electricity requirement of the plants in Tarnowo Podgórne and Glucholazy have been covered by provisions from Polenergia. The electricity is sourced from the Strzelino solar park and the Grabowo wind farm. The wind farm, which was built at the Grabowo site in north-east Poland and launched in November, is designed for a capacity of 44 MW with a total of 20 wind turbines. The aim is to achieve an annual electricity production of 125 GWh. Strzelino is located near the Baltic coast some 120 kilometres west of Gdańsk. A solar park with an output of 45 MWp is currently being constructed there via Polenergia Obrót 2 Sp. z o.o. At present, Polenergia operates a total of 13 wind farms and five solar parks in Poland. In addition to Strzelino, two further solar parks are currently under construction in western Poland. □

Foils manufacturer Vettel has filed for insolvency

On 10 January 2024, foils manufacturer M. Vettel GmbH Dekorative Oberflächen, based in Lorsch, filed an application to open insolvency proceedings at the Darmstadt district court.

Vettel's production programme primarily comprises pre-impregnated finish and wrapping foils in a grammage range of 50-120/m². Decor paper for melamine impregnation, single-layer and doubled edgebands as well as PVC foils can also be produced. Main purchasers are furniture parts manufacturers and profile producers. In the past, the company has also supplied overseas processors, particularly in North America and Australia. Managing director of the company is Meinhard Vettel. The company's business volume has gradually declined over the past few years; according to information from the insolvency application, the company recently had just six employees remaining. □

New Rehau plant in Mexico operating



Plant Celaya 3

(Photo credit: Rehau)

After relocating the production facilities from its Canadian plastic edgebanding plant in Baie d'Urfé, Québec, Rehau Industries SE & Co. KG officially opened the new Celaya 3 plant on 8 December 2023 at its Mexican site in Apaseo del Grande, located several kilometres east of the city of Celaya, Guanajuato. Rehau México y Centroamérica, established in 1993, already operates two plants in the immediate vicinity for other products. With the last major expansion investment, the company had also commenced production of PVC window profiles in April 2017.

According to the Rehau Group, it invested around US\$25m in the project, which was coordinated via Rehau Inc. of Leesburg, Virginia. Construction work on the approximately 13,500-m² site next to the Celaya 2 plant began in mid-November 2022. Rehau had commenced structural engineering work in January. Shell construction of the administration and service areas follo-

wed in March and April. The next steps were preparatory work for the actual production area. The four-storey area for the mixing facilities was the first to be completed. Production areas for the extrusion lines were then set up at the end of May. Construction work on the building - which offers a total usable area of around 16,000 m² across several storeys - was completed by the end of July. In August, work began on infrastructure facilities such as power and water supply, electrical installations, cooling systems, fuelling systems and storage. In October and November, the systems were relocated from Baie d'Urfé to the new plant and subsequently put back into operation. In parallel, Rehau installed three new mixers from Zeppelin Systems GmbH. The various systems are to be ramped up gradually over the coming months. There are still possibilities to further expand the Celaya 3 plant in future. There is space for up to 20 extrusion lines in total, on which edgebands made of PVC, ABS and PP can be produced. The edgebands produced in Celaya 3 will be transported via daily truck rotation to a distribution centre set up by Rehau near Dallas, Texas, from where the edgebands will be delivered to North American customers. Rehau plans to employ around 300 persons at the new edgebanding plant by mid-2024. □

Surteco repays bridge financing for Omnova

At the beginning of December 2023, Surteco SE of Bittenwiesen repaid the bridge financing received to acquire the laminates, performance films and coated fabrics divisions of US-based Omnova Solutions Inc., based in Beachwood, Ohio, by taking out a new syndicated loan with a volume of €230m. The loan includes around €30m in revolving credit lines, which replace some existing lines, and has a three-year term. Surteco and the banks involved have agreed on a two-year extension option. An increase

option totalling €60m was also agreed, which can be used for general corporate financing.

Contracts for the acquisition of Omnova's activities were signed on 13 December 2022 after Surteco's supervisory board approved the transaction on 8 December. The transaction was then concluded at the end of February. The agreed purchase price of US\$255m was mainly financed through the earmarked raising of €200m in borrowed capital with its own covenants. US\$250m became due upon closing; the remainder must be paid in the first quarter of 2024. □

Hoffsümmer: insolvency proceedings opened

On 1 December 2023, insolvency proceedings relating to Hoffsümmer Spezialpapier GmbH & Co. KG of Düren were opened, after Hoffsümmer had filed a corresponding application to the district court of Aachen on 20 September. Hoffsümmer produces a wide range of speciality papers, including printing base paper and backer paper, on three paper machines in Düren. According to unconfirmed information, the company suspended production of these papers over summer, whilst other product areas were continued. □

Glatfelter: overlay paper sales back on the rise

Following significant declines in the first three quarters of 2023, the composite fibers business unit (CFBU) of specialty paper manufacturer Glatfelter Corp., based in Charlotte, North Carolina, recorded a year-on-year increase in overlay paper sales during the fourth quarter. According to the quarterly report presented on 22 February, sales in the composite laminates product group rose by 20%. In the third quarter, overlay paper sales had fallen 17% short of the preceding year's figure; even sharper year-on-year declines had been recorded in the first and second quarters, at -27% and -30% respectively. Growth was also achieved in the fourth quarter concerning the product groups technical specialties (+20%) and metallised products (+4%). By contrast, wallpaper sales declined by 22% in the fourth quarter after having risen by 31% in the third. In the largest product group, food & beverage, a decline of 8% was recorded; in the third quarter, sales of tea and coffee filter papers had fallen by 17%.

Overall, fourth quarter sales volumes of the CFBU decreased by 11.3% year-on-year to 22,770 t (Oct.-Dec. 2022: 25,677 t), whereby the volume of 22,188 t sold in the third quarter was nevertheless slightly exceeded. Business unit turnover decreased by 15.3% to US\$115.5m (136.4m); in the third quarter, turnover had been slightly lower at US\$109.7m. □

Swiss Krono Group acquires Argolite



HPL production in Willisau (Photo credit: Argolite)

Swiss Krono Group acquired Argolite AG, a Swiss manufacturer of HPL based in Willisau, Canton of Lucerne, on 1 January 2024, thereby significantly expanding both its production capacities and its product range in the laminates segment.

Swiss Krono Sp.zo.o. of Żary, Poland had entered laminate production during 2017 upon commissioning a double-belt press supplied by Hymmen GmbH Maschinen- und Anlagenbau. Swiss Krono AG, based in Menznau, Canton of Lucerne, has already been producing speciality laminates on a modified short-cycle press for a considerable period. Swiss Krono Group's standard stock programme includes HPL in the dimensions 4,100 x 1,320 mm and in 0.6 mm thickness. Widths of 630-1,320 mm and 2,080 mm, lengths of 500-5,600 mm and thicknesses of 0.15-1.2 mm can be supplied on request. Rolls are available in thicknesses of 0.2-0.6 mm. Argolite produces HPL mainly in thicknesses of 0.8 mm, 0.9 mm and 1.3 mm. Compact sheets are also

produced in thicknesses of 2-30 mm. In addition to standard and postforming HPL, Argolite supplies a wide range of speciality laminates such as magnetic sheets, flame-retardant sheets, HPL or composites with a CleanTouch or anti-fingerprint surface ("Strato" and "Tectr" product lines), composites with an aluminium core layer for use in door leaves ("Argotherm" product line) and laminate elements on particleboard, MDF or gypsum fibreboard substrates ("Argoplax Span", "Argoplax MDF", "Argoprint" and "Argoplax Norit" product lines). Besides its own products, Argolite additionally sells HPL and composites from French Polyrey International of Vélizy and HPL products from DI Dekodur International GmbH & Co. KG, based in Hirschhorn, Neckar. The product range also includes decorative composite edgeband materials.

The sale of Argolite AG to Swiss Krono Group was part of a succession plan with which previous managing partner Markus Höchli intends to ensure continuation of the site. MP Corporate Finance GmbH was commissioned to conduct the sales process. Argolite is to be continued as an independent division within Swiss Krono Group. HPL production in Willisau will be assigned to Swiss Krono AG, of which Roger Braun is managing director. The two plants are located just 6 km from each other. □

Westag expects to post slightly stronger earnings

Westag AG, headquartered in Rheda-Wiedenbrück, saw its revenues dive by a good 9% to around €214m in the 2023 financial year, according to preliminary figures published in mid-January. By contrast, adjusted EBITDA improved by 9% to around €15.7m. The adjusted margin would thus increase to 7.3%. Westag said that this growth was connected to a shift in its product mix towards higher-value options and to cost-cutting measures. The group is set to publish its final figures for 2023 on 19 March.

Westag's revenues increased by 5.5% in a year-on-year comparison to €236.6m in the 2022 financial year. Adjusted EBITDA had climbed by as much as 41.2% to €14.4m, resulting in an adjusted margin of 6.1%. The company last reported revenues below €220m in 2010 (€216.6m). 2009 (€201.4m) had been even worse. Revenues even fell shy of the €200m mark in 2006 (€196.8m). Adjusted EBITDA evolved in different directions in recent years. 2018 (€18.6m) and 2020 (€17.5m) had been better, while 2019 (€15.5m) and especially 2021 (€10.3m) were weaker. □

Wilsonart opens new distribution centre

On 18 January 2024, US laminates manufacturer Wilsonart International Holdings LLC, which operates on the market under the name Wilsonart Engineered Surfaces, opened its new flagship showroom on a separate site in Austin/Texas. In addition to the showroom, a further area of almost 1,000 m² is occupied by a design centre and office space. A new distribution centre covering approximately 3,250 m² has been established at the same location, from which laminates, composite materials, quartz materials, direct-coated wood-based panels, other Wilsonart products, adhesives and accessories are to be delivered to customers in Texas.

With the new opening in Austin, Wilsonart now owns 21 distribution centres. The company currently uses a total of 30 distribution centres in North America. Wilsonart's global headquarters is meanwhile also located in Austin; American activities continue to be managed from Temple, Texas. Wilsonart operates three laminates plants in North America: one each in Temple, Temple-North and Fletcher, North Carolina. Production capacities for melamine-coated wood-based panels (thermally fused laminate TFL) were recently significantly expanded with the autumn 2021 commissioning of the newly constructed plant in Klamath Falls, Oregon. In turn, the lamination plants in Tacoma, Washington, and Stockton, California, were shut down in December 2021 and February 2022 respectively. Both plants had ensued from the early September 2017 acquisition of laminating company Kustom Material Laminate (KML) Corp., based in Tacoma, Washington. The laminating plant in Oxford, Mississippi, acquired at the beginning of February 2017, on the other hand, continues to operate.

Wilsonart has been majority-owned by private equity firm Clayton, Dubilier & Rice (CD&R) since the end of October 2012. US conglomerate Illinois Tool Works Inc. (ITW), Glenview, Illinois, which was formerly the sole shareholder, continues to hold a minority stake. □

Rushil Décor to increase laminates capacities



Rushil factory

(Photo credit: Rushil)

Indian laminates and wood-based panels manufacturer Rushil Décor Ltd., based in Ahmedabad, Gujarat, has considerably widened the scope of its capacity expansion plans for laminates. These plans were first presented by the company at the beginning of November 2022.

The greenfield project is still to be implemented in the immediate vicinity of the three existing laminate plants at the site in Mansa, Gujarat. Two new production lines are meanwhile also planned for the new plant. According to the company, these will be designed for a total annual capacity of 2.5-3.0m laminate sheets.

Around a year ago, Rushil Décor had only announced the installation of a new laminate line with an annual capacity of 1.2m sheets. With commissioning at

that time planned for June 2024, the company's total capacities were set to increase by approximately one-third from previously 3.49m sheets to 4.69m. The revised plans now envisage a significantly greater capacity increase of up to 85%. Concerning the time frame until the planned commissioning, to date the company has made only relatively minor changes. When the greenfield project was announced, Rushil Décor had set itself the target of commissioning in June 2024. The company is now aiming to commence commercial production in the second quarter of the 2024/2025 financial year (31 March).

While the existing sites primarily produce laminate sheets in the 8 x 4 ft, 9 x 4.25 ft and 10 x 4.25 ft formats, the new lines will expand the product portfolio to include larger format sheets. Rushil Décor states that in taking this decision, it is adapting to the requirements of customers in the industrialised nations of Europe and North America. In addition, the company has named Australia and New Zealand as target markets. Exports, on the other hand, have recently developed along positive lines, particularly concerning deliveries to the Middle East and South East Asia. According to Rushil Décor, Thailand was one of the key markets in this connection, alongside Saudi Arabia and the United Arab Emirates. □

Centuryply commissions new laminates plant

Indian wood-based panels and laminates manufacturer Century Plyboards Ltd. (Centuryply), based in Kolkata, West Bengal, commissioned the laminates plant built in Gopavaram in southern India near the city of Badvel, Andhra Pradesh; as scheduled in the third quarter of the 2023/2024 financial year (31 March).

Commercial production commenced as early as 14 January, according to a statement issued on the same day. Since commissioning of the laminates plant, operated by Century Panels Ltd. which was founded exclusively for this purpose,

the site was officially inaugurated on 23 December by the chief minister of the state of Andhra Pradesh, Jagan Mohan Reddy, in the presence of executive director Keshav Bhajanka.

Capacity of the new laminates plant, which includes two large-format presses, is currently indicated at 855,000 sheets per annum. Total capacity of the company has thus increased by 10%, from previously 8.77m sheets to 9.65m laminate sheets per annum. At the time construction of the greenfield project commenced, Centuryply had announced a total capacity of 4m sheets for the new laminates plant, a volume which was to be achieved in two investment steps. □

European manufacturers underscore sharp rise in imports from China

EU Commission launches anti-dumping investigation into TiO₂ imports from China

The European Commission has initiated anti-dumping proceedings for titanium dioxide (TiO₂) imports from China with a publication in the EU Official Journal on 13 November 2023.

An application to this effect had been filed on 29 September by the European Titanium Dioxide Ad Hoc Coalition (ETDC). The ETDC was founded by European titanium dioxide manufacturers that account for over 50% of EU production. The documents published by the EU do not specify which companies are involved. The ETDC is represented in the proceedings by the European branch of the US law firm King & Spalding LLP, based in Atlanta, Georgia.

The information provided by King & Spalding lists six EU manufacturers, namely the European activities of Tronox Holdings plc (Stamford, Connecticut) and Kronos Worldwide Inc. (Dallas, Texas), Venator Materials plc (Wynyard, UK)

and the Eastern European companies Cinkarna Metalurško kemična industrija Celje d.d. (Celje, Slovenia), Precheza a.s. (Přerov, Czech Republic) and Grupa Azoty Zakłady Chemiczne Police S.A. (Police, Poland).

In addition, it names 25 titanium dioxide converters from the EU, mainly from the paint/lacquer and decor paper sectors. All relevant decor paper producers are included with Felix Schoeller Holding GmbH & Co KG (Osnabrück, Germany), Munksjö Paper AB (Stockholm, Sweden), Malta-Decor S.A. (Poznan, Poland), Koehler Paper SE (Oberkirch, Germany) and Cartiere di Guarcino S.p.A. (CDG, Guarcino, Italy).

Companies from the paint/lacquer industry include Akzo Nobel N.V. (Amsterdam), Beckers Industrielack GmbH (Dormagen, Germany), Brillux GmbH & Co. KG (Münster, Germany), Remmers GmbH (Löningen, Germany) and the US groups The Sherwin-Williams Co.

(Cleveland, Ohio), PPG Coatings Inc. (Pittsburgh, Pennsylvania) and Valspar Corp. (Minneapolis, Minnesota) with their European production entities. The ETDC has identified a total of 21 Chinese titanium dioxide producers for the anti-dumping investigation, including Changshu 3F Zhonghao New Chemical Materials Co. Ltd., headquartered in Changshu, Province Jiangsu, which is owned by the US firm Chemours Co., based in Wilmington, Delaware.

Background

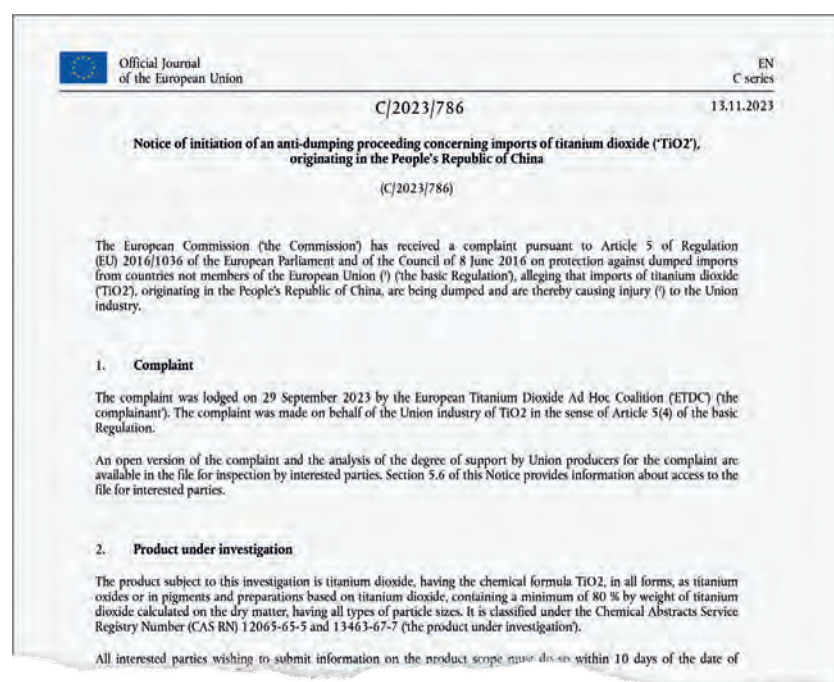
Anti-dumping proceedings concerning TiO₂ imports originating in China



<https://www.euwid-holz.de/234602/>

In its application submitted via King & Spalding, the ETDC argued that Chinese titanium dioxide exports to the EU have increased steadily over the past three years. The resulting increase in market share had primarily been achieved thanks to state dumping measures. The ETDC estimated underlying dumping margins at 45-65%. These imports from China have led to pressure on prices in European titanium dioxide markets. European manufacturers were unable to pass on the cost hikes to their sales prices to the extent necessary, resulting in considerable losses.

The anti-dumping investigation launched by the European Commission under case number C/2023/786 will cover the period from 1 October 2022 to 30 September 2023. European manufacturers, Chinese manufacturers, importers and converters have been invited to participate. Questionnaires have already been sent to interested parties. According to the timetable presented by the European Commission, the investigation should be completed by the end of 2024. The Commission intends to decide on provisional measures by mid-2024. □



Further investments in Gebze and Ozorków / Toppan acquired a printer in Vietnam

Interprint: first printing machine for thermoplastic foils in Pittsfield operating

In the fourth quarter of 2023, Interprint Inc. of Pittsfield, Massachusetts, which belongs to Interprint GmbH of Arnsberg, commissioned the first of three new printing machines for thermoplastic surfaces.

The second and third machines are scheduled to commence production in May and October, respectively. Supplier in each case is Jagenberg Converting Solutions GmbH. The printing machines, which are of largely identical construction and are each designed for an annual capacity of approximately 25m² with a working width of 5 ft, are to be installed in a newly constructed building that offers space for six systems on an area of around 8,000 m². According to earlier information, Interprint is investing €30m in the building construction and machine installations. After converting an existing printing machine, Interprint is now also able to print thermoplastic films in Arnsberg. Production started at the end of the year.

Commencement of the greenfield project in Gebze, Turkey, with an investment budget of €35m, is expected in March. The 24,000-m² site was acquired back in 2022. Planning permission has meanwhile been granted. Project planning for the two printing machines has also been finalised, as have cylinder engraving and electroplating. The final order for the systems has yet to be placed, however. Commissioning is now planned for the end of 2025. At the time of the project's presentation in spring 2023, commissioning had been scheduled for the end of 2024.

There have also been delays in ramping up the fourth coating plant, which was installed at Interprint Sp. z o.o. in Ozorków, Poland, during 2021. The production line, supplied by Kroenert GmbH & Co. KG and equipped with an electron beam curing (EBC) system from PCT Ebeam and Integ-



Pittsfield printing room

(Photo credit: Interprint)

ration LLC, has been in production since mid-2023; optimisation work has been being carried out since then. In parallel with the new investment, Interprint has also integrated an EBC unit into the coating system supplied by Wifag-Polytype Holding AG in 2014. Production started in autumn 2023. In contrast, the two other systems supplied by Vits Systems GmbH and Rotodecor GmbH Maschinen- und Anlagenbau operate with acid-curing coating systems.

Over recent months, Interprint (China) Decorative Materials Co. Ltd., based in Changzhou-Wujin, Jiangsu province, has laid foundations for future investments; until there is a sustained recovery in the Chinese market, however, no such plans are to be finalised. Having purchased a neighbouring plot of land, Interprint now has sufficient space at its disposal.

The Japanese Toppan Holdings Inc., which acquired Interprint group back in November 2019, completed the takeover of decor printer Joyful Co. Ltd., based in

Biên Hòa, Vietnam, at the beginning of November 2023. Toppan and Joyful have been working together since 2019, at which time the two companies agreed on a cooperation in the decor paper sector. Joyful has since been able to use some Toppan decor papers via a licence model. Founded in 2007, Joyful operates two plants at the Biên Hòa site in Đồng Nai province, within the greater Ho Chi Minh City area. The product portfolio includes printed decorative papers, PVC plastic sheets and PVC edge banding. Joyful's main customers are in the furniture, furniture supply and building components industries. The ASEAN nations and North America constitute the most important sales markets for Joyful; the company also supplies the Middle East and Europe, albeit to a lesser extent. Another sales focus is the suppliers to the Ikea Group and Japanese furniture retail chain Nitori Co. Ltd., based in Tokyo. The production sites of the suppliers of Ikea and Nitori that purchase surface materials from Joyful are mostly located in Vietnam, Malaysia, Thailand, Indonesia and China. □

Schüller concludes 2023 with slight turnover growth



Schüller kitchen plant

(Photo credit: Schüller)

Kitchen furniture manufacturer Schüller Möbelwerk KG of Herrieden concluded the 2023 financial year with slight turnover growth of 0.7% to €758.8m (2022: 753.2m). A domestic decline of 2.4% to €510.5m contrasted with an increase of 7.7% to €248.3m in exports. Besides Great Britain and China, Schüller's ten most important export markets also include the eight neighbouring European countries of Belgium, France, Italy, Luxembourg, the Netherlands, Austria, Switzerland and the Czech Republic.

Turnover growth in the double-digit percentage range had been achieved in 2022 (+12.2%) and 2021 (+11.8%); the 2022 increase was attributed to higher volumes as well as price effects. In 2020, turnover had risen by 8.4%. In 2021 (domestic: +5.1%; export: +31.8%) and 2022 (domestic: +10.1%; export: +17.1%), export turnover had increased more significantly than domestic turnover. In 2020, by contrast, development on the German market (+9.8%) had been more positive than in export business (+4.6%). Total turnover has risen by more than one-fourth over the past three years. □

Nobilia acquires stake in kitchen retailer Ecocuisine

Nobilia-Werke J. Stickling GmbH & Co. KG, based in Verl, intends to acquire an unspecified stake in French kitchen retailer Ecocuisine from family business SEIP S.a.r.l., based in Bettembourg, Luxembourg. The transaction is to be concluded following fulfilment of certain formal conditions. The remaining shares will be retained by SEIP. The company is managed by Christian and Olivier François, who opened the first

Ecocuisine store in 2005. There are meanwhile 110 Ecocuisine stores in France; these are operated by franchisees. Nobilia has been main supplier to the company since its founding 18 years ago. SEIP also owns two other brands: Möbel Cuisine and Novo Cuisine. The aim of the merger is to provide Ecocuisine with access to markets outside France. France is Nobilia's most important export market. In acquiring the stake, Nobilia intends to further strengthen its position in France with an additional sales channel.

Since 2015, Nobilia has already been majority shareholder in French Franchise Business Division Group (FBD), Roissy, with its distribution channels Ixina, Cuisine Plus, Cuisines Références and Vanden Borre Kitchen. Nobilia has also held a minority stake in French franchise company Cuisines Aviva of Villeurbanne since 2021. It furthermore acquired a minority stake in French omnichannel retailer Ubaldi.com around a year ago. □

Warendorf Werke ceased operations in February

Business operations of Warendorf Werke GmbH, based in Warendorf, were terminated on 26 February 2024. According to insolvency administrator Stephan Michels, the search for an investor was unsuccessful. The sales process was furthermore hindered by the fact that the company no longer owns various rights, including the Warendorf brand. In addition, multiple changes in ownership over recent years have led to an investment backlog. The recently remaining 70 or so employees were informed at a company meeting that business activities were to cease on the same day. According to Michels, business operations had been ramped up again in January, and an investor process had been initiated despite the difficult underlying situation. Talks with potential buyers had been held but could not be fruitfully concluded.

Warendorf had filed an application for the opening of insolvency proceedings at the district court in Münster on 22 December. These proceedings had also been opened on 26 February. □

Sale and leaseback for Nobia plant in Jönköping

Swedish kitchen furniture manufacturer Nobia AB, headquartered in Stockholm, has concluded a binding sale and leaseback agreement with real estate group Hines for the new plant in Jönköping. This agreement was based on a valuation of SEK1.350bn. Hines is to pay approximately SEK1.090bn for the plant and take over the construction work still to be carried out. Around SEK330m of the purchase price is to be paid upon completion of the plant.

In parallel to the sale, Nobia and Hines have concluded a lease agreement with a term of 20 years and an option to extend for a further 20 years. At the new plant, Nobia has already started manufacturing components for the plant in Tidaholm. In addition, flat-pack kitchens have already been delivered from Jönköping. The plant is scheduled to become fully operational by the end of 2024. □

Ballingslöv plans acquisition of DanKüchen

Swedish kitchen and bathroom furniture group Ballingslöv International AB of Malmö plans to acquire Austrian kitchen manufacturer DanKüchen Möbelfabrik M. Danzer GmbH, based in Linz. The company is being sold by private foundation Hanman-Privatstiftung. Subject to approval by antitrust authorities, DanKüchen is to be continued as an independent subsidiary in future. Production at company headquarters in Upper Austria is to be maintained or expanded. The planned merger was submitted to the Austrian federal competition authority for approval on 5 October.

DanKüchen currently employs around 450 persons at company headquarters in Linz. In 2022, the company generated turnover of €120m. Outside Austria, DanKüchen is active in nine other countries, including Germany, Switzerland, the Netherlands, Croatia, Slovenia, Slovakia and the Czech Republic. Distribution takes place via the specialised kitchen and furniture trade. □

Activities at Lechner now discontinued

After sales negotiations for individual subdivisions of worktop manufacturer D. Lechner GmbH, based in Rothenburg ob der Tauber, ultimately failed, the company has been winding down since the beginning of February 2024. All production activities were discontinued as of 31 January. The last products were delivered to customers or assembled on-site by customer service at the beginning of February. Operative business has since been suspended. Most employees have also been made redundant since the beginning of February. Only a small wind-down team will stay on to support insolvency administrator in liquidating the assets, which is expected to be completed by mid-year. A liquidation company has been commissioned to sell the machinery and equipment. According to the insolvency administrator, the companies involved in the failed negotiations for a possible transferor rescue operation have already signalled

an interest in parts of the machinery and equipment. The real estate, on the other hand, is owned by the Livos Group, which is managed by Berlin-based MA-BA Immobilienbeteiligungsgesellschaft mbH. Livos had leased parts of the production and warehouse facilities at the Rothenburg site to Lechner.

Following a sharp decline in incoming orders, Lechner had submitted an application to the district court in Ansbach on 19 October 2023 to open insolvency proceedings in self-administration. The aim was to continue the entire company; an investor process had been initiated for this purpose via Mazars GmbH & Co. KG. However, regular insolvency proceedings had to be opened on 1 January. It was already clear at this time that the production of wood-based worktops and stone worktops could not be continued for economic reasons. Efforts, still ongoing at that time, to sell the glass processing business separately also failed to yield any results. □

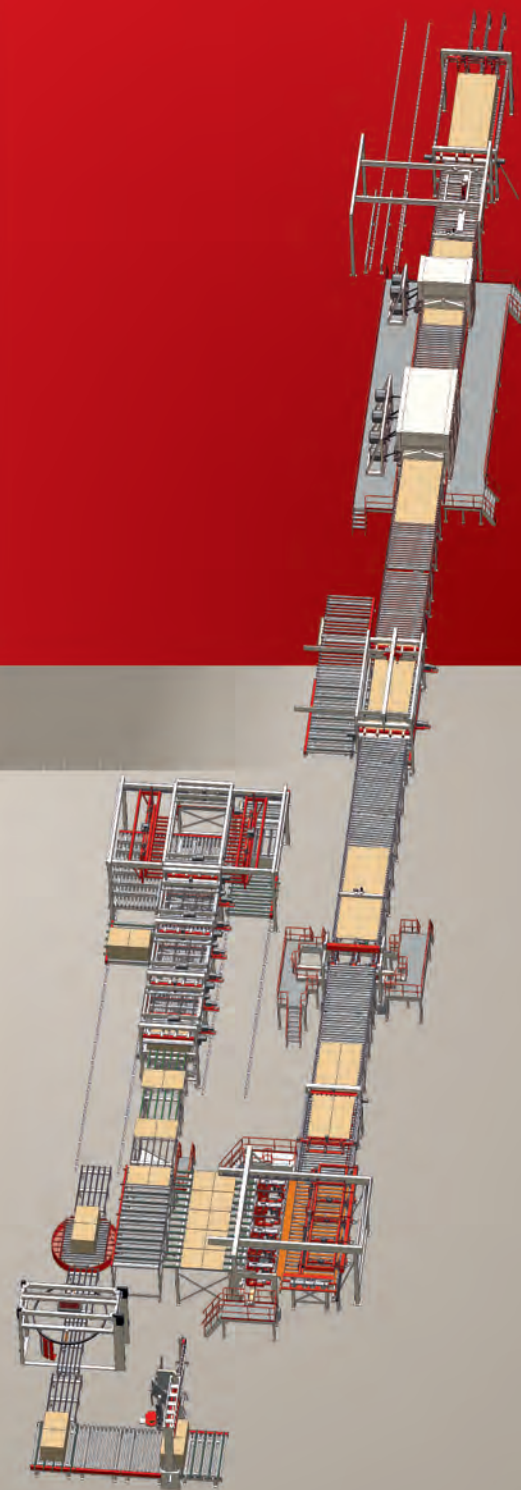
Heckewerth boosts furniture part output

Ed. Heckewerth Nachf. GmbH & Co KG, headquartered in Hiddenhausen, has significantly increased its capacity to make prefabricated furniture parts by adding a second edgebanding line. Since early February 2024, the company has been able to use a production line delivered in 2007 by the firm then known as IMA Klessmann GmbH. The line can continue to operate at a recently closed site in the coming months but will move to Heckewerth's plant in Hiddenhausen as soon as possible. The timetable depends primarily on the permit procedure for the work needed to expand the production halls. Construction work should be put out to tender by the middle of the year if everything goes according to plan. Completion could then take place by the beginning of 2025. Heckewerth expects it to take around two months to move the edgebanding line due to the general overhaul planned as part of this process. Commissioning at the

new location is scheduled for the end of the first quarter of 2025. Until now, Heckewerth has run a PowerLine system supplied by Homag Group AG at its facility in Ibbenbüren. The additional IMA line already in use at the external site will allow the firm to almost double its capacity to make prefabricated furniture parts.

Heckewerth had already significantly expanded its laminating capacity in 2022. A laminating line supplied by Robert Bürkle GmbH started operating in the middle of the year. A new warehouse was also built as part of the project. The firm invested about €20m in the expansion project. Heckewerth operates several laminating lines in Hiddenhausen that can coat different types of substrate (primarily plywood, particleboard and MDF) with CPL and finish foils. These coated wood-based panels are primarily supplied to the door and caravan industry; to a lesser extent, it also serves furniture manufacturers. □

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Radon to continue making Gwinner products

Gwinner Wohndesign GmbH, based in Pfalzgrafenweiler, and Radon Möbelsvertriebs GmbH, headquartered in Werder, agreed on the sale of the brand and product rights for Gwinner's home furniture range by putting pen to paper on an agreement on 31 January 2024. The transaction was finalised with the signing. Radon Sp.zo.o., which is affiliated with the sales company, plans to start manufacturing Gwinner furniture in the next few weeks at a plant in Zielona Gora, which just started operating in September 2023. Gwinner brand furniture will continue to be sold in Germany and various European markets.

In talks with Gwinner, which only began at the end of December, Radon also displayed an interest in continuing production at the Pfalzgrafenweiler site. The initial contracts also assumed that the

two plants and the machinery and equipment would be acquired. Shortly before the contract was due to be signed on 22 January, it became evident that the reduction in staffing levels was already too far advanced. Therefore, the site could no longer continue manufacturing as planned, meaning new contracts had to be drawn up. After filing for insolvency on 12 September 2023 and embarking on an unsuccessful hunt for a new investor, Gwinner decided on 12 December to cease business operations by the end of March. Many of its 135 employees at the time were placed in new jobs within a few weeks. The Gwinner plants in Pfalzgrafenweiler are currently winding up production. Orders accepted by 4 January should be delivered by the beginning of March. Nord Leasing GmbH, headquartered in Hamburg, will subsequently sell the machinery and equipment. A decision on the property's future use will only be made once the offices and halls have been cleared by the end of April. □

Nolte Möbel has reduced its workforce by a good third

Nolte Möbel GmbH & Co KG, headquartered in Germersheim, has parted ways with 135 of its 372 employees after insolvency proceedings opened on 1 February 2024. The company had filed an application to this effect on 9 November. Affected employees received their notice of termination on the opening day and were made redundant with immediate effect. They were able to register as unemployed during a company meeting.

As announced in a customer circular dated 10 January, the "Express Möbel" product line was discontinued once insolvency proceedings opened. Orders received by 31 January will be processed in the following weeks. Since 1 February, the company has concentrated its sales activities on the "Nolte Möbel" product line. The staff layoffs and restructuring contributions for the remaining employees will allow Nolte Möbel to continue manufacturing for the time being. For a longer-term solution to be found, negotiations with potential investors must be

successfully completed. In the next few weeks, a decision will be made about the path to be taken out of insolvency. Possible options include a transferring reorganisation with a sale of the assets or the implementation of the restructuring measures already initiated via an insolvency plan, which would, however, take a longer period of time. A definitive solution is to be found by the end of March.

Nolte Möbel's insolvency administrator is still in talks with interested parties. In one case, firm talks have been underway for a fortnight. In a letter sent to customers dated 1 February, these talks were described as promising. The company in question is said to be Radon Möbelsvertriebs GmbH, based in Werder, which acquired the brand and product rights for the home furniture range of Gwinner Wohndesign GmbH of Pfalzgrafenweiler at the end of January. The company had indicated back in December that it was also interested in Nolte's range of furniture products, retaining employees and continuing manufacturing in Germersheim. At that time, other interested parties were still in the running but have since withdrawn. □

Forte agrees adjustment of covenants with banks



Tanne plant in Suwalki

(Photo credit: Siempelkamp)

In response to the ongoing difficult market situation and resulting declines in turnover and results, Polish cabinet furniture manufacturer Fabryki Mebli Forte S.A., based in Ostrów Mazowiecka, is negotiating an adjustment to its covenants with lenders. On the basis of a provisional agreement, the permitted ratio of financial liabilities to EBITDA at the end of 2023 was raised to 5.5. Based on the preliminary figures for the first three quarters of the 2023/2024 financial year (31 March) presented on 23 January, a ratio of 5.1 ensues.

Taking into consideration the current market trend, a longer-term solution is to be found as soon as possible. In parallel, Forte is implementing further restructuring measures in an attempt to counteract this trend. For example, the main initial strategies are to reduce personnel costs, increase productivity and optimise energy consumption. Staff reductions announced at the beginning of November have meanwhile been specified. According to the latest report, 237 jobs have been axed, which is expected to lead to annual savings of around PLN16m.

In the publication of the preliminary figures, Forte pointed out that the typical end-of-year upturn in demand did not materialise last year. Consumers remained very reluctant to purchase furniture, which was partly reflected in a correspondingly low level of customer footfall in the furniture trade. According to Forte, however, the company fared better than competitors. In order to stand out more strongly in future, Forte has meanwhile equipped some product lines with the EasyKlix click system. This system is based on a production and distribution licence for the Threespine ID system concluded with Välinge Innovation AB of Viken, Sweden, in spring 2023. □

Noteborn ceases business operations in January

Dutch cabinet and sliding door manufacturer Noteborn B.V., which is based in Heerlen and belongs to Vivonio Furniture GmbH, has ceased business operations as of 31 January 2024. Final orders were delivered at the end of January. According to receiver Rob Lemmens, talks with a total of twelve interested parties could not be successfully concluded. Machines and inventory are now to be sold and the factory building subsequently vacated. Noteborn had filed for bankruptcy in mid-December. The company has belonged to Vivonio since March 2017. At the time of the takeover, Noteborn had 70 employees. Annual turnover was reported at around €11m.

In addition to made-to-measure closets, built-in and walk-in wardrobes, the product range also included chests of drawers and bedside tables. To expand its activities on the German market, Noteborn had opened a 160-m² showroom in Bünde, East Westphalia, in April 2023 together with Danish cabinet and sliding door manufacturer KA Interiør A/S of Grindsted, which also belongs to Vivonio. □

ADA and La-Z-Boy conclude licensing agreement

Austrian upholstered furniture and bed manufacturer ADA Möbelwerke Holding AG, based in Anger, has concluded a licensing agreement with US upholstered furniture manufacturer and retailer La-Z-Boy Inc. of Monroe, Michigan. In future, ADA will be exclusive manufacturer of La-Z-Boy brand products for the markets in Germany, Austria, Switzerland, Croatia and Serbia. ADA is initially to launch six La-Z-Boy recliners on the market. La-Z-Boy intends to use the cooperation to strengthen its presence in key European markets.

To date, ADA has already worked with Birkenstock, Joop! and Tom Tailor in the licence business. In addition to the plant at the company headquarters in Anger, ADA also has three Hungarian sites in Körömend, Nova and Zalaegerszeg as well as a factory in Salonta, Romania. □

Hettich concludes FGV acquisition in January



FGV headquarters

(Photo credit: Hettich)

After receiving approval from the relevant antitrust authorities, the Hettich group of companies concluded the acquisition of all shares in northern Italian furniture fittings manufacturer Formenti & Giovenzana S.p.A. (FGV), Veduggio con Colzano, on 15 January 2024. Sellers of the shares were the Formenti and Giovenzana families. FGV will continue to operate as an independent company and brand within the Hettich group of companies. Combined, the two companies have over 9,000 employees; around 1,000 are employed by FGV. In the 2022 financial year, the FGV Group generated turnover of €250m. FGV has a production area of 223,000 m² spread across five locations. In Italy, additionally to company headquarters in Veduggio con Colzano, there are two other plants in S.Maria Nuova (Compagnucci High Tech s.r.l., interior fittings for drawers and cabinets, waste systems)

and Quaregna (Manuex s.r.l., drawers). Outside Italy, there are production locations in Curitiba Paraná, Brazil (FGVTN Brasil) and Dongguan, China (FGV Metal Manufacturing Dongguan). Hettich had announced the planned complete takeover of FGV at the beginning of September. FGV was founded in 1947 by Giulio and Luigi Formenti and Fortunato Giovenzana; the company's product range includes hinges, drawers, runners, suspensions, flap fittings, sliding door systems and table legs.

In the 2023 financial year, turnover of the Hettich group of companies declined by 14% year-on-year to €1.3bn (2022: 1.5bn). The export proportion increased marginally by one percentage point to 75% (74%). The exceptional boom in the furnishing sector observed from the second half of 2020 onwards had been reflected in a 26% turnover increase to €1.348bn in the 2021 financial year. In 2022 Hettich's turnover still rose by 10%, resulting in record turnover of €1.5bn, despite the fact that a reluctance to purchase had become increasingly evident during the second half of the year. The lower willingness to invest observed in various countries continued in 2023. □

Blum to build plant 9 on Voith site in St. Pölten

Austrian fittings manufacturer Julius Blum GmbH, based in Höchst, is to establish its first Austrian production site outside Vorarlberg in St. Pölten. For this purpose, the company is acquiring an area of 100,858 m² on a Voith Group site. In total, almost 155,000 m² is to be revitalised in the inner-city industrial area. Voith Hydro will occupy the remaining 53,822 m². Business agency ecoplus supported Blum in finding a location for the future plant 9. One decisive factor was the site's direct railway connection. Blum will initially take over the existing contracts of the current tenants of the Voith Group and remodel parts of the site according to

its own requirements. Exactly when the new plant is to go into operation, however, depends on further development of demand in the furniture fittings sector.

It was already announced back in spring 2023 that Blum was on the lookout for a suitable production site in the east of Austria. Blum cited the scarcity of labour and land within Vorarlberg as justification for seeking a different location for the site. The fittings manufacturer currently operates a total of eight plants in Vorarlberg (Höchst, Fußach, Gaißau, Bregenz and Dornbirn). Blum also has production sites in the USA (Lowesville, North Carolina), Brazil (Embu das Artes, São Paulo), Poland (Jasin, Swarzędz) and China (Shanghai). □

Blum plans to acquire distributor Van Hoecke



Van Hoecke site

(Photo credit: Blum)

Austrian fittings manufacturer Julius Blum GmbH, based in Höchst, plans to acquire its long-standing Belgian distribution partner Van Hoecke. This company, which has represented Blum in the Benelux region since 1973 and also manufactures furniture components such as pre-assembled drawers, employs 360 persons. Subject to approval by the antitrust authorities, the transaction includes Van Hoecke N.V. as well as production company Halux N.V. (both Sint-Niklaas) and Dutch sales company Van Hoecke Nederland B.V. (Zaltbommel), founded in 1999. All three companies, which are consolidated under the umbrella of Atlas Holding, are being sold by the Van Hoecke family.

In the 2022 financial year, Van Hoecke generated turnover of €113m. In 2012, turnover had only amounted to €46m. In 2018, turnover surpassed the €70m mark and in 2021 the €100m mark. Sales activities are focused on the Benelux countries. The company is also active in Germany, Switzerland, France and Great Britain. Production company Halux N.V. has been manufacturing pre-assembled drawers for Blum since 2000. These are then sold in the Benelux countries by Van Hoecke. Since 2014, Halux has also been manufacturing a wooden drawer named TA'OR BOX at the site in Sint-Niklaas. Under the Orgalux brand, Van Hoecke sells inner dividing systems for drawers as well as kitchen aids.

In the 2022/2023 financial year (30 June), Blum generated turnover of €2.325bn (2021/2022: 2.644bn). The company currently operates eight plants in Vorarlberg as well as production sites in the USA (Lowesville, North Carolina), Brazil (Embu das Artes, São Paulo), Poland (Jasin, Swarzędz) and China (Shanghai). □

Häfele records 8.2% turnover decline in 2023

Fittings manufacturer Häfele SE & Co. KG, based in Nagold, concluded the 2023 financial year with a turnover decline of 8.2% to €1.71bn (2022: 1.87bn). The export proportion increased by one percentage point to 82% (81%). Development was hampered last year by factors such as the cyberattack in early February which restricted the company's business activities for several weeks. In terms of regions, especially the markets in Germany, Western Europe and the USA developed poorly in 2023, according to the company. In 2021 and 2022, Häfele had achieved respective turnover increases of 22.5% and 10%. In 2020, due to the corona crisis, a 7.3% decline had been recorded for the first time following a considerable period of continuous growth. For the current year, Häfele is planning investments in the low triple-digit million range. The investment sum budgeted for 2024 is 30% higher than in 2023. □

Fittings manufacturer KSB files for insolvency

On 13 February 2024, the district court in Darmstadt approved the application to open insolvency proceedings filed by KSB GmbH Klügel Schwinn Beschläge. The significant slump in demand from summer 2023 onwards was cited as reason for the insolvency. A restructuring concept had already been drawn up with a business consultant in spring last year due to the looming long-term market slowdown.

The company, which emerged from the insolvency in self-administration of Schwinn Beschläge GmbH as part of an asset deal, has focused on the areas of development, marketing, sales and purchasing since the restart in February 2021. The production of plastic fittings at the previous company headquarters in Ober-Ramstadt had already been shut down at the time of the takeover and was not included in the transaction. Schwinn Polska Sp. z o.o. of Krakow, which was founded in 2004 and employs 130 persons in total, manufactures 90% of the products. □

Kohler group acquires sauna producer Klafs

US sanitary group Kohler Co. of Kohler, Wisconsin, intends to significantly expand its activities in the wellness sector via the acquisition of sauna manufacturer Klafs GmbH, based in Schwäbisch Hall. This transaction was contractually agreed on 1 December 2023, closing took place Mid-January. Previous majority shareholder Egeria GmbH of Berlin had acquired its stake in Klafs in February 2021. At that time, former Klafs shareholder Stefan Schöllhammer and the Klafs management team had retained shares. Since then, the Klafs shares have been held by ACG HoldCo GmbH, which emerged from Klafs HoldCo GmbH in 2021.

Klafs GmbH, which had previously operated primarily in the DACH region, expanded its activities into other markets under the ownership of Egeria. This expansion included the takeover of British companies Guncast Swimming Pools Ltd. and Dröm UK Ltd., completed in September 2021 and July 2023 respectively, as well as the February 2023 acquisition of the spa division of Prim S.A., based in Madrid. Klafs had also taken over SSF Schwimmbau GmbH of Meerbusch in 2008. This was followed in 2011 by the acquisition of Röger GmbH, through which Finnjark GmbH of Bispingen was also acquired in April 2021. Klafs meanwhile employs a total of around 850 persons at locations in Germany, Switzerland, Austria, Poland, the Netherlands, Great Britain, Spain and Mexico. According to the latest published figures, the Klafs Group generated turnover of approximately €135m in the 2021 financial year. Production takes place at four locations; various types of wood are processed for the interior and exterior panelling of saunas.

The Kohler Group is organised into three divisions: kitchen & bath, energy as well as golf & resort destinations. It operates over 60 production sites worldwide and employs approximately 40,000 persons. The kitchen & bath division focuses on sanitary products and fittings. Bathroom furniture is also produced, for example at Sanijura S.A.S. in Champagnole, France, which is allocated to Kohler France. □



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German furniture industry turnover down 4.3% to just below €18.0bn in 2023

In 2023, turnover of the German furniture industry decreased by 4.3% to €17.990bn (2022: 18.791bn).

According to preliminary figures published on 19 February 2024 by the Association of the German Furniture Industry (VDM), Bad Honnef, there was a decline in both domestic turnover (-4.6% to €11.982bn) and export turnover (-3.6% to €6.008bn). At 33.4%, the proportion of turnover attributable to exports remained almost stable compared to the level of the preceding year (+0.2%).

Due to special effects, turnover in the first half-year decreased by as little as 0.2% vis à vis the previous year to €9.489bn. The decline was more pronounced in the second half-year, at -8.4% to €8.501bn. For the year as a whole, development was positive in the office furniture segment and in the shop and contract furniture segments, at +2.6% to €2.3bn and +3.3% to €2.2bn respectively. By contrast, decreases - in some cases significant - were recorded in consumer-oriented segments such as miscellaneous furniture (-12.6% to €5.6bn), which includes living room, dining

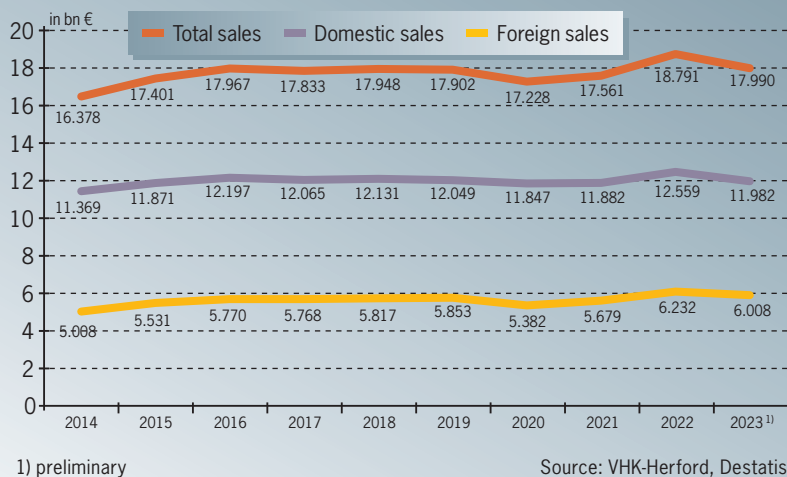
room and bedroom furniture. A double-digit decline was also recorded for mattresses (-11.2% to €524m). Turnover generated with upholstered furniture decreased by 3.2% to €1.1bn. Concerning kitchen furniture, a decline of 0.3% to €6.2bn was recorded.

Since last spring, the Herford-based associations VdDK, VdDP und VdDW have regularly pointed out that - due to special effects ensuing from late registrations, order backlogs and price increases as well as changes in the reporting, for example with regard to the number of companies, the production focus and/or fluctuations in the number of employees - the figures determined by the Federal Statistical Office for kitchen and upholstered furniture in particular do not accurately reflect the actual market situation or correspond with internal surveys. The Herford-based associations have therefore again had the figures checked for plausibility, whereupon their accuracy was confirmed by the Federal Statistical Office. In the living room furniture sector, the discrepancies between the data collected by the statistics authority and the internal surveys of

the VdDW were smaller overall. Special effects were felt mainly in the first half-year; from the perspective of the Herford-based associations, the figures reported for the second half-year are more reliable. Whilst German kitchen furniture manufacturers' turnover increased by 6.7% to €3.4bn in the first half-year, a decline of 7.7% to €2.8bn was recorded in the second half. In the case of upholstered furniture, practically stable development in the first half-year (-0.1% to €576.4m) contrasted with a decline of 6.8% to €483.2m in the second. For manufacturers of miscellaneous furniture, the decline rate of 9.6% to €3.0bn in the first half-year accelerated in the second half-year to 15.8% to €2.6bn.

In December, the German furniture industry recorded a decline in turnover of 9.4% to €1.257bn. With the exception of the shop and contract furniture segment, all segments fell short of the respective prior-year levels. Turnover generated with upholstered furniture decreased by 4.3% to €78.0m. In the kitchen furniture segment, there was a decline of 8.8% to €348.2m. Concerning miscellaneous furniture, turnover dropped by 21.9% to €368.0m.

Germany: Sales development in the furniture industry



According to VDM, the order situation remains tense at the beginning of the current year. Internal association data indicate that incoming orders fell by around 11% on average in 2023. Declines in terms of value were recorded for both kitchen and upholstered furniture, at -3.2% and -7.0% respectively. According to internally collected data, the value of incoming orders for living room furniture decreased by 11.3%.

After German furniture industry turnover had declined by 3.8% in 2020, the first year of the corona crisis, growth of 1.9% was subsequently achieved in 2021. In 2022, turnover then rose more sharply by 7.0% to exceed the €18.0bn mark. The VDM primarily attributed the strong growth to price effects, however. □

Household goods/appliances and home textiles also declined year-on-year

Online furniture turnover went down in all quarters and in full year 2023

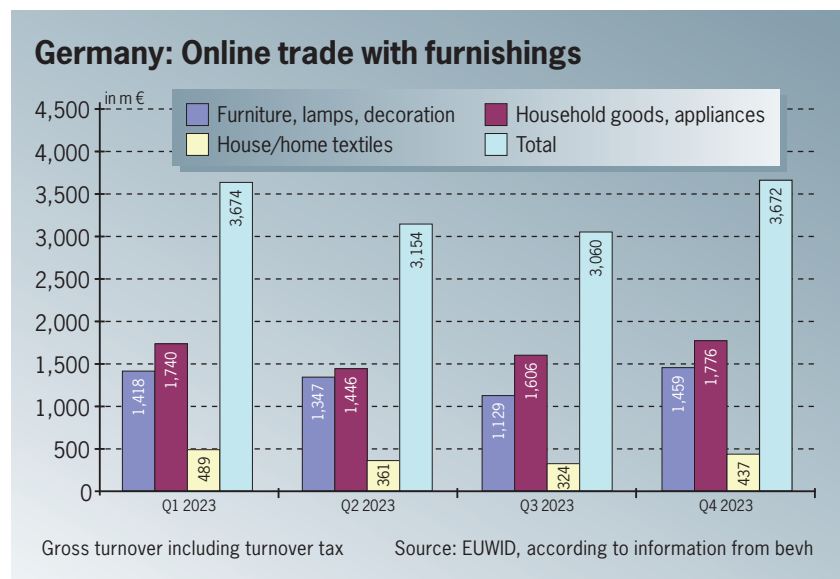
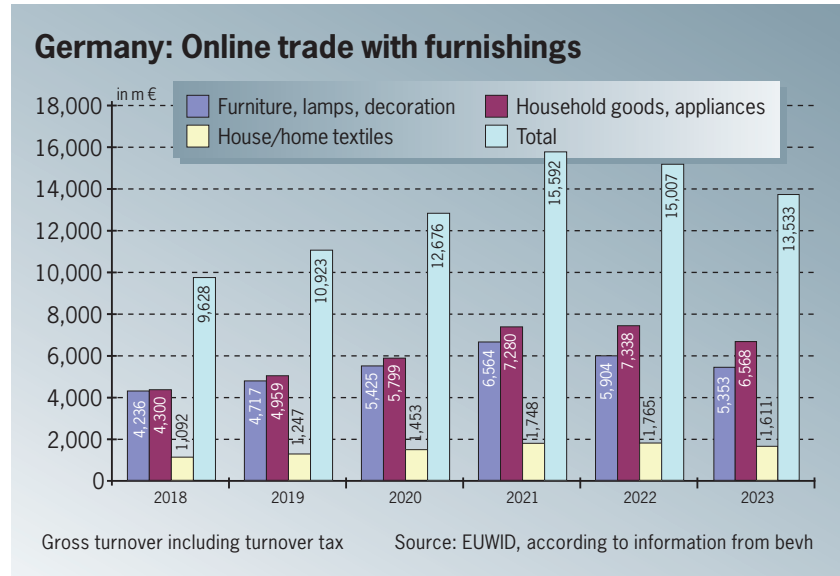
In the fourth quarter of 2023, e-commerce turnover generated in Germany with furniture, lamps and decorative articles decreased by 7.2% to €1.459bn (Oct.-Dec. 2022: 1.572bn).

The decline rate was thus slightly sharper than that recorded in the third quarter (-4.9%). However, according to data compiled by Beyonddata GmbH on behalf of the Bundesverband E-Commerce und Versandhandel Deutschland (bevh), both Berlin, the decline was still less severe than in the first and second quarters (Q1: -10.9%; Q2: -13.3%). In the fourth quarter of 2022, turnover had dropped by 13.9%. For the full year 2023, turnover generated online with furniture declined by 9.3% year-on-year to €5.353bn (2022: 5.904bn).

Regarding e-commerce turnover generated with household goods and appliances, a decrease of 4.3% to €1.776bn (1.856bn) was recorded for the fourth quarter and of 10.5% to €6.568bn (7.338bn) for the full year. In the case of soft furnishings/home textiles, by contrast, the decline in the fourth quarter (-10.6% to €437m) was more severe than that recorded for the full year (-8.7% to €1.611bn).

For the entire furnishings product group cluster, an overall decline of 6.2% to €3.672bn (3.915bn) ensues for the fourth quarter. In the first (-10.6%) and second (-14.3%) quarters, decline rates had been in the double-digit percentage range; in the third quarter, this development eased somewhat to -8.2%. For the full year 2023, the bevh reported a decline of 9.8% to €13.533bn (15.007bn).

Total e-commerce turnover generated with goods in Germany declined by 11.8% to €79.7bn (90.4bn) in 2023, the first double-digit decline since the survey began in 2006. Nevertheless,



this turnover figure was still 9.8% higher than the pre-corona 2019 level of €72.6bn. The highest turnover figure ever recorded, at €99.1bn, was achieved in 2021. In 2020, turnover had amounted to €83.3bn.

In a comparison of the five separately reported clusters, only in the case of everyday use products such as groce-

ries, cosmetics and pet supplies (-7.0% to €8.832bn) was the decline last year lower in terms of percentage than in the furnishings segment. The decline in the leisure cluster (-10.0% to €9.422bn) was on par with that recorded in the furnishings segment. Decline rates were more severe in the case of clothing (-13.3% to €18.517bn) and entertainment (-14.7% to €24.828bn). □

Domestic and foreign markets developed along virtually parallel lines in 2023

Office furniture turnover was slightly up last year and almost reached peak of 2018

German office furniture manufacturers concluded the 2023 financial year with production turnover of €2.49bn (2022: 2.47bn). Following increases of 5.7% in 2021 and 6.5% in 2022, turnover in 2023 was thus only marginally up on the prior-year figure (+0.6%).

According to the Interior Business Association (IBA), based in Wiesbaden, domestic (+0.6%) and foreign markets (+0.7%) developed along virtually parallel lines. The export proportion thus remained unchanged at 25.1%. Classified according to segment, tables and carcass furniture such as wardrobes, shelves and partition elements (+1.1%) developed somewhat more positively than office seating furniture, where turnover remained virtually unchanged (+0.1%).

Already in 2022, growth had been predominantly in the tables and carcass furniture sector, whilst office seating furniture had increased only slightly by 1.2% compared to the preceding year. The development recorded in 2021 was thus reversed. At that time a 2.9% increase had been recorded for carcass furniture, compared to an 8.9% rise for seating furniture.

Delays in completion of new buildings and postponement of planned investments, according to the IBA, meant that there was a lack especially of larger projects in the second half of the year. In the first half of the year, German office furniture manufacturers had still recorded a 3.7% turnover increase to €1.24bn. Already in connection with the half-year figures, the association had nevertheless pointed out that due to the implemented price increases business could at best be compared to the level of the preceding year. The growth achieved in the first six months

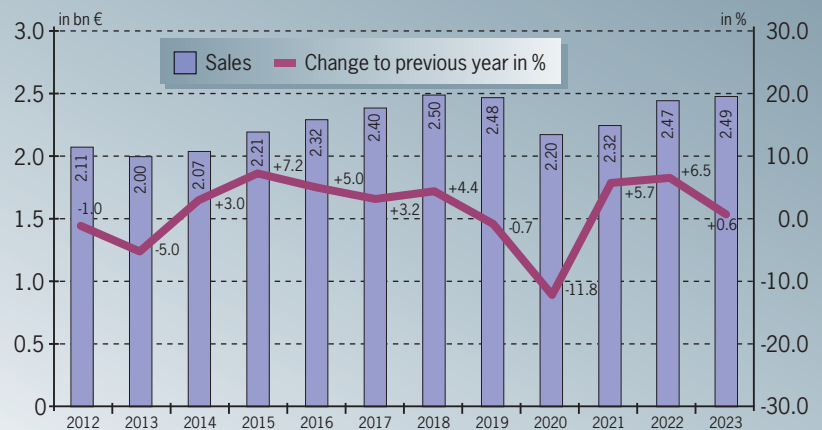
was driven by the 6.5% increase in sales of tables, carcass furniture and partition elements. As the purchase of new swivel chairs was often postponed, according to IBA, the previous year's level was only just exceeded by 0.4% in the seating furniture segment. Domestic sales increased by 3.6% in the first half of 2023; the increase abroad was slightly higher at 4.0%.

The turnover figure of €2.49bn achieved in 2023 almost reached the peak figure of €2.50bn recorded in 2018.

For the current year, the IBA anticipates a continuation of the difficult general conditions. Nevertheless, it is considered possible that the investment backlog might dissipate in the foreseeable future. As a result of the current collective wage agreements and increasing logistics costs, industry representatives expect office furniture prices to rise.

The IBA currently has 80 member companies. In addition to manufacturers of office and contract furniture, the-

Germany: Office furniture industry



Source: EUWID, according to information from IBA

In 2019, turnover generated by office furniture manufacturers declined slightly by 0.7% to €2.48bn. In 2020, the first year of the pandemic, a double-digit decline of 11.8% to €2.2bn was recorded. Compared to turnover of €2.00bn generated by the German office furniture industry in 2013, turnover has risen by around one-fourth over the last ten years. The number of persons employed in the office furniture industry in 2023 remained generally stable vis à vis the preceding year at around 13,500 employees.

se also include companies from the flooring, ceiling, acoustics and lighting sectors. Chairman Helmut Link (Interstuhl Büromöbel GmbH & Co. KG, Meßstetten-Tieringen) and his two deputies Hendrik Hund (Hund Möbelerwerke GmbH & Co. KG, Biberach) and Philipp Müller (VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG, Tauberbischofsheim) were confirmed in their positions for a further two years at the beginning of October 2023. The IBA board currently includes seven further members. □

Several companies have run into economic difficulties within a short period of time

Prefabricated furniture part producers stuck in the middle and feeling the pinch

German, Austrian and Swiss companies have found that the market for prefabricated furniture parts that is accessible to them has become much smaller within just a short period of time.

This development is connected to a number of factors: the economic downturn that emerged for flat-pack and ready-to-assemble furniture in spring 2022, mounting competition from Eastern European furniture manufacturers in this segment, capacity utilisation problems in the Central European furniture industry, the resulting reluctance to purchase ready-made parts and large furniture retailers shifting their orders. At the same time, their earnings have deteriorated because of rising costs for purchasing upstream products that occurred primarily in 2021 and the first half of 2022, which could not be offset or only partially offset by increasing their own prices. Costs have tended to decline in recent months. However, much weaker demand and subsequent cut-throat competition have intensified the pressure

on sales prices, eating away at many companies' profit margins.

Furniture part manufacturers, who find themselves wedged between wood-based panel groups and other upstream products on the one hand and big furniture manufacturers and furniture retailers on the other, will likely struggle with challenging framework conditions for a long while to come. The state of affairs in many areas of the furniture and furniture supply industry will not change significantly in the coming months. Many companies also expect business to be difficult for the whole year 2024. Manufacturers of furniture parts and ready-to-assemble furniture thus have to prepare for a lengthy lean spell. This tough situation is exacerbated by the fact that, because of their role wedged in between different industries, companies were unable to build up reserves to bridge the looming economic downturn, even during the boom that lasted from autumn 2020 to the middle of 2022, unlike their counterparts in the wood-based panel industry.

As a result, several manufacturers of prefabricated furniture parts have already run into economic difficulties within a short period of time in the third quarter of 2023. Three companies from northern and western Germany filed for insolvency in July and August: Emotion Holztechnik GmbH (Bremen), which was only created in mid-2020 following a transferring reorganisation at Niemann Formholztechnik GmbH & Co. KG and Karl W. Niemann GmbH & Co. KG (both Preußisch Oldendorf), Christian Kröger GmbH & Co. KG (Löhne) and Erwin Gronemeier GmbH & Co. KG (Ergro Möbelteile, Hüllhorst). Efforts to secure a transferor rescue operation for Emotion Holztechnik have ultimately remained unsuccessful. Company activities were therefore discontinued already in the third quarter of 2023. The sales process for Christian Kröger initiated shortly after the company filed for insolvency has also come to nothing. Accordingly, the process was stopped at the end of December 2023. The company's activities have been scaled back over the course of the first quarter. Timbertex Möbelfertigteile GmbH & Co KG, headquartered in Rheda-Wiedenbrück, Germany, ceased business operations in autumn 2022 due to a lack of a successor solution. Knübel GmbH, based in Bünde, Germany, also decided to liquidate its operations at the end of September 2023.

These disinvestments have further reduced the number of prefabricated furniture part manufacturers in Germany, Austria and Switzerland. Most wood-based panel manufacturers had stopped making prefabricated furniture parts and either shut down activities or sold them via management buy-outs in the late 1990s and early 2000s. However, the Egger Group, based in St. Johann, Austria, has expanded its prefabricated furniture part activities more and more. In a major project running from 2022 to 2024, the company is investing around €55m in expanding front production and installing an additional production line for furniture parts at its Bünde site. □



Production line for prefabricated furniture parts

(Photo credit: Egger)

Nobilia has held a 50% stake in the German wardrobe manufacturer since 2021

Raumplus plant in Wuxi making room dividers and wardrobe systems since July

Nobilia-Werke J. Stickling GmbH & Co KG, headquartered in Verl, Germany, and the Chinese partner of the wardrobe manufacturer Raumplus GmbH, based in Bremen, Germany, opened a new production facility in Wuxi, Jiangsu Province, around 150 km west of Shanghai, on 28 June 2023.

This move followed several years of preparations. Raumplus Wuxi Home Technology Co. Ltd. carried out the project in the Xinwu District of Wuxi. According to Nobilia, it holds a minority stake in Raumplus Wuxi Home Technology. The two companies first presented their joint plans to build a new facility in Wuxi at the end of June 2019. The investment contracts for the Asia-Pacific Production R&D Headquarters project were signed on 28 June 2019. The foundation stone was laid on 27 October 2021. Following a topping-out ceremony in May 2022, the main building was completed by September 2022. Machinery was installed starting in the beginning of December 2022. Test operations began in May 2023, with the move to regular production happening in the third quarter. The new facility will produce sliding doors, room dividers and wardrobe systems, which will be marketed exclusively in China under the "Raumplus" brand in the project business and higher-end segments of the furniture market. Raumplus' Chinese sales network and Nobilia China will handle distribution. According to Nobilia, however, there are no plans to start making kitchen furniture in the medium term. The firm does plan to create a base at the complex to serve markets in the Asia-Pacific region. The site also has a larger exhibition area where both Raumplus products and Nobilia kitchens are on display.

Nobilia has been active in China since 1997. Since then, the company has



Raumplus factory in Wuxi

(Photo credit: Nobilia China)

been working with Wu Li, who has developed several sales concepts through Nobilia China, a company he founded. Nobilia said that it does not have a stake in the Nobilia China sales company, which now has around 130 showrooms in over 80 Chinese towns and cities. In the first two decades, Nobilia China specialised exclusively in kitchens. Starting in 2016, its product range was expanded to include other furniture segments with the "Nobilia House" distribution strategy in order to offer a complete range of higher-quality furnishings. In addition to Nobilia kitchens, it also sells Raumplus wardrobes and living room furniture from various European brand manufacturers.

Nobilia and Raumplus have also been working together for some time in Germany. During 2021, Nobilia acquired a 50% stake in the wardrobe door and partition wall manufacturer founded by Jürgen Guddas in 1986. The stake was sold by Uta Bergmann, who had already left the management board in 2019. Ma-

naging partner Carsten Bergmann holds the other 50%. Raumplus manufactures products at its headquarters in Bremen and in Wildeshausen, around 40 kilometres away. Its first export market, Norway, was opened up as early as 1987. The group continuously expanded its export business in subsequent years. Raumplus Furniture (Taicang) Co. Ltd, based in Shanghai, was founded in 2012 as a wholly owned subsidiary. In the following years, a local production facility with a showroom and sales, which has now been relocated to Wuxi, was established via this company. Since the sale of Raumplus' Chinese entity in late 2018, sales have been handled by the local partner. Raumplus has focused on developing products for the Chinese market. During 2022, Raumplus launched a partnership with the Indian kitchen furniture manufacturer Saviesa Home Improvement Pty Ltd, based in Palghar, Maharashtra, to cater to the Indian market. Based on this partnership, Saviesa also started making wardrobes and room dividers in early 2023. □

Infore Group holds a 29.4% stake in Kuka Home since November

Chinese furniture producer Kuka Home opens plants in Texas and Mexico

At the end of January 2024, furniture manufacturer Kuka Home, which is controlled by Chinese company Jason Furniture (Hangzhou) Co. Ltd. (Hangzhou, Zhejiang province), opened two new plants within the space of a few days: one in Monterrey, Nueva León (Mexico) and one in Dallas, Texas (USA).

The Mexican plant, which was opened on 18 January at the Salinas Victoria site slightly north of Monterrey, will mainly produce upholstered furniture for the US market. Kuka Home has invested the equivalent of around US\$150m in the project, which was launched in spring 2022 and is being implemented via Kuka Home México, according to information published in the Mexican press. In the initial stage, over 1,000 persons are to be employed at the approximately 360,000-sqft plant. The number of employees is expected to rise to around 2,500 by the end of the year. Further expansion is planned in the medium term. Kuka Home México,

managed by Daniel Zhao, already operates two plants in Monterrey. A 350,000-sqft upholstered furniture plant and a 250,000-sqft mattress factory were commissioned during 2020. In 2022, Kuka Home Mexico acquired a 36-ha site nearby the two plants, on which four further production complexes are to be built. With these investments, the Monterrey site is set to become Kuka Home's largest production base in North America in the medium term.

The new mattress factory in Dallas was then opened on 24 January. Kuka Home North America (High Point, North Carolina) has leased a 505,000-sqft building there from Prologis Inc. (San Francisco, California), a company specialising in the development and leasing of logistics properties. The building is one of four similarly sized properties in the area of Prologis Mountain Creek. In the new plant, upstream products sourced from other Kuka Home locations will be processed into mattresses. This investment, which was implemented at

short notice, is Kuka Home's response to ongoing anti-dumping proceedings in the USA for mattress imports from a total of 13 countries, including Mexico.

Jason Furniture and Kuka Home were previously controlled by Kuka Group Co. Ltd., which was founded at the end of 2008. At the beginning of November 2023, however, the Gu family as the main Kuka Group shareholder sold 29.4% of its altogether 47.5% stake in Kuka Home to Infore Group Co. Ltd. (Foshan, Guangdong province). Kuka Group's shareholding has thus been reduced to 18.1%. The per-share purchase price of CNY42.58, or US\$5.84, results in a transaction volume of CNY10.3bn, or US\$1.4bn. Through its CEO He Jianfeng, the Infore Group has a direct connection to Midea Holding Co. Ltd., which owns companies such as building technology manufacturer Midea Group Co. and robot manufacturer Kuka AG (Augsburg).

Kuka Home designs, develops, produces and sells stationary, motion, dining, bedroom and accent furniture across various style categories. The company, which is one of the largest manufacturers of upholstered furniture and mattresses in China, has its own network of retail stores in China and other countries. In parallel to its international expansion, the company has also entered into several cooperation agreements with European and North American brand manufacturers in recent years. Examples include Natuzzi S.p.A. (Santeramo in Colle, Italy) and US company La-Z-Boy Inc. (Monroe, Michigan). Upholstered furniture manufacturer Rolf Benz AG & Co. KG (Nagold) also belongs to Kuka Home. In the middle of May 2018 Jason Furniture completed its takeover of Rolf Benz in a deal that was inked in late February and approved by the German Federal Cartel Office at the start of April. □



Opening of the Mexican Kuka Home plant

(Photo credit: Kuka Home Mexico)

10% decrease in group turnover reported for 2023 financial year

Nobia Group plans to divest Portfolio BU companies Bribus and ewe by end of March

Kitchen furniture manufacturer Nobia AB (Stockholm, Sweden) intends to divest Bribus Holding B.V. (Dinxperlo, Netherlands) as well as ewe Küchen GmbH (Wels, Austria).

Both companies are allocated to Nobia's portfolio business units division, which has also comprised the Commodore and CIE brands since last year's reorganisation of British business. As justification for its withdrawal from the Netherlands and Austria, Nobia cites its plans to focus more on the core Scandinavian markets and Great Britain as well as limited synergies. The divestments are also intended to strengthen Nobia's financial position; the sale and leaseback agreement recently reached for the new plant in Jönköping was also pursued for this purpose.

Nobia intends to sell ewe to a consortium led by Austrian property and investment holding company Industrieliegenschaftsverwaltung AG (ILAG), Vienna. Besides ILAG, the consortium also involves Franz Mayr-Melnhof Saurau Holding GmbH

(FMMS), Frohnleiten, as well as the ewe management team led by managing director Andreas Hirsch. The agreed sale price for ewe amounts to €24m. The transaction will also include net cash held by ewe at the time of closing. As of 30 September, this amounted to €2.4m. There will also be two earnout payments totalling up to €2.5m, which will be linked to ewe's economic development in 2024 and 2025. In the twelve months up to September 2023, ewe generated turnover of €62m and operating profit of €5m. In addition to the ewe brand, the kitchen furniture manufacturer's portfolio further comprises the FM and INTUO brands. 320 employees work for ewe at the sites in Wels and Freistadt.

Dutch kitchen furniture manufacturer Bribus is to be sold to the private equity company O2 Capital Partners B.V., Oosterbeek. The agreed sale price amounts to €64m, although this may change slightly due to adjustments at the closing date. O2 Capital Partners is also to receive the net liquidity available at the

closing date; a sum of around €14m has been indicted in this connection. Both parties have furthermore agreed on a three-year vendor note to a total of €5m. Bribus' sales focus is on the contract sector. It primarily supplies companies active in social housing construction as well as property investors. In the twelve months up to September 2023, Bribus generated turnover of €91.4m and operating profit of €8.8m. In Nobia's financial statements for the first quarter, the sale is expected to result in a non-cash charge of around SEK120m - equivalent to almost €11m - primarily due to goodwill adjustments.

Both transactions are expected to be finalised in March once the agreed conditions have been met. Concerning ewe - which has been part of the Nobia group since 2005 - clearance for the divestment is required from the Austrian Federal Competition Authority and the German Federal Cartel Office. Bribus has been part of the Nobia group since 2018.

Nobia concluded the 2023 financial year with a turnover decline of 10% to SEK13.373bn (2022: 14.929bn). This is equivalent to approximately €1.190bn. After adjustments, turnover was down 14%. In the Nordic region, turnover decreased by 15% (organic: -17%) to SEK6.855bn (8.030bn). In the UK region, a decline of 10% (organic: -18%) to SEK4.502bn (5.001bn) was recorded. In the portfolio business units division, turnover growth of 6% to SEK2.017bn (1.899bn) was achieved (organic: -1%). Following declines of 3% in the first quarter and 8% in the second, total turnover dropped by 11% in the third quarter. For the fourth quarter, Nobia reported a turnover decline of 19% to SEK3.050bn (Oct.-Dec. 2022: 3.780bn). Operating profit and profit after tax for the full year 2023 were both clearly in the negative zone, at -SEK99m (+191m) and -SEK347m (-2m) respectively. □



Bribus Holding will be sold to O2 Capital Partners.

(Photo credit: Bribus)

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Europe: parquet sales dropped by 30% in 2023

The situation on European parquet markets deteriorated further in the fourth quarter of 2023. In several markets, sales figures declined even more sharply than in the first three quarters; in most other markets, the hoped-for stabilisation failed to materialise. According to initial estimates of the European Parquet Federation (FEP), based in Brussels, parquet sales in the full-year 2023 fell by around 30% year-on-year across all markets. Based on the sales volume of 87.1m m² stated in the FEP annual report for 2022, this would result in around 60m m² for the FEP countries in 2023. Such a low level has not been seen for a considerable period. In 2006 and 2007, sales in the countries analysed by the FEP had even exceeded 100m m². After a sustained decline over several years, the volume had temporarily fallen below the 80m m² mark in 2014 and 2015. Otherwise, however, this mark was always exceeded.

Since 2016, Croatia, Portugal and Estonia have also been included in FEP analyses. Since then, development in Croatia and Estonia has been significantly more positive than in other FEP countries. This is one of the reasons total sales climbed back to 89.6m m² in 2021. Despite the weakening market trend in the second half-year, the decline in 2022 only amounted to 2.8%. For the current year, the FEP board estimates sales will remain stable at the low level reached during the slump in 2023. As a consequence of the relatively widespread reduction of stocks in the trade, sales volumes are expected to return closer to actual demand. Due to the continuing slump in European residential construction and equally poor renovation business, however, it is likely to be some time before a return to the figures of previous years can be achieved. The estimates of the FEP board were compiled at a meeting in January and are based on information from member companies as well as figures already available for individual countries. A more detailed overview is to be provided in the next FEP annual report, which will be published on the occasion of the FEP general assembly in Vienna on 13 and 14 June. □

Windmüller to consolidate production at Detmold site



PU flooring production in Detmold (Photo credit: Windmüller)

Flooring manufacturer Windmüller GmbH, based in Augustdorf, is to consolidate its production activities at the Detmold location over the coming months. At this site, the company currently operates three production lines for impact sound insulation mats, an assembly line for impact sound insulation products and a PU floor coverings facility, which is divided into two stages. At the main plant in Augustdorf, LVT, SPC and PU flooring is cut, profiled and packaged. In Augustdorf there is also a multilayer system, on which thin LVT or PU surfaces as well as underside impact sound insulation are laminated onto HDF substrate boards, and a digital printing system for PU flooring. These two systems and the newest insulating mat line at the Detmold plant were only recently installed within the scope of the investment programme implemented over 2021 and 2022. On the other hand, Windmüller had already shut down the

production facilities for laminate flooring, including a short-cycle press, cut-to-size saw and profiling lines, at the end of 2022. The production restructuring measures now confirmed will see PU flooring finishing initially being relocated from Augustdorf to Detmold. Equipment used in this process can be installed in the existing buildings there that have mainly been used as warehouses to date. Other production areas, such as digital printing, will remain in Augustdorf for now. However, the new site concept envisages the gradual discontinuation of production activities in Augustdorf, which are currently spread across plants II, III and IV. The Augustdorf site will thus concentrate on logistics functions and administration in future. As part of the relocation, production portfolio marketed under Wineo will focus more strongly on PU and impact sound insulation products. Other product categories may be purchased externally. Windmüller already switched to contract production for laminate flooring last year.

The planned restructuring is Windmüller's response to the significant decline in demand since mid-2022, which is not expected to reverse in the near future. The individual measures, which will result in approximately 100 jobs being cut, were prepared over several months. Employees were informed at a company meeting held on 13 December. □

CFL to double production area at Adairsville plant

Shanghai-based Creative Flooring Solutions Holdings Ltd. (CFL), plans to invest a further US\$150m in the Adairsville, Georgia, plant over the next five years. For construction of the plant, which is geared towards SPC flooring, Creative Flooring Solutions LLC had invested around US\$70m in the period from 2019 to 2021, and created around 300 jobs. Following commissioning CFL continued to invest, for example in entering the digital printing market. The expansion now announced is aiming at doubling production and storage areas, creating 280 new jobs.

According to information provided by the company, CFL, which ensued from

former Chinafloors Holdings Ltd. following a name change in March 2016, operates five plants worldwide. Over the course of the years the production focus of these plants has increasingly shifted from parquet and laminate flooring to design flooring. Meanwhile, the production focus is on rigid core flooring. □



Production hall in Adairsville

(Photo credit: CFL)

Kährs Group: turnover decline intensifies



Kährs plant in Nybro

(Photo credit: Kährs)

At -35% to SEK612m (Oct.-Dec. 2022: 937m), turnover generated by AB Gustaf Kähr in the fourth quarter of 2023 declined at a more significant rate than in the third quarter (-31% to SEK635m). Development in the second half of the year was thus considerably poorer than in the first half, when turnover had declined by 18% to SEK863m in the first and by 28% to SEK787m in the second quarter. Over the entire year, Kährs Group turnover dropped by 28% to SEK2.897bn (2022: 4.002bn). Adjusted to account for currency fluctuations group turnover plummeted by as much as 30%.

Operating EBITA in the fourth quarter, at SEK35m (prior year: 108m), only amounted to one-third of the prior-year figure. Operating profit declined by 64% to SEK27m (75m) and thus not quite as severely. Net profit, at -SEK2m (+31m), was even slightly in the negative zone. For the full year, in its business report published on 22 February Kährs reported operating EBITA of SEK253m (-45 %) and operating profit of SEK233m (-47%). Taking special effects into account, EBITA amounted to SEK202m (-53%) and EBIT to SEK182m (-56%). In terms of EBIT, special effects amounted to SEK51m (32m). Restructuring expenses in Russia (-SEK59m) and Sweden (-SEK13m) contrasted with electricity compensation of SEK20m. Net profit amounted to SEK30m (226m) and thus only reached less than 10% of the preceding year's figure.

Kährs continues to attribute the ongoing downward trend to the low propensity to consume observed on European residential

markets. Accordingly, over the full year the residential Nordics and residential Europe business divisions recorded the most significant turnover declines, of 34% to SEK1.211bn (1.833bn) and 33% to SEK687m (1.029bn), respectively. Adjusted to account for changes in the exchange rate, turnover in the residential Europe division dropped by as much as 38%. Turnover generated in the residential America division, at SEK351m (383m), decreased by 8% year-on-year and by 14% organically. The residential emerging markets division developed along similar lines, decreasing by 8% (organic: 9%). In this division, weak development in China and Turkey was partially offset by growth in the United Arab Emirates. Turnover in the Russia division declined by 35% and by 25% organically. In the commercial division, the markets in Sweden and Central Europe remained approximately at the same level as in the preceding year. The markets in Finland and Norway developed along weaker lines. Increases were recorded in the USA. Overall, turnover thus declined by 9%. □

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Price cuts increasingly overshadowing dwindling sales volumes

Hard flooring manufacturers expect 2024 to be another year of falling revenues

Most parquet, laminate flooring and design flooring manufacturers ended last year with significant double-digit percentage reductions in their revenues compared with 2022.

Industry revenues are estimated to have decreased by an average of 15-20% in a year-on-year comparison. A few companies suffered even heavier blows, with drops of up to 30%. The persistent slump in residential construction and the slow-down in the renovation sector, coupled with continued destocking by merchants almost all year long, paved the way for substantial decreases in sales volumes. This effect was only partly offset by price hikes instituted in 2022. However, shifts have occurred from one market segment to another. Residential construction was harder hit than renovation, where signs of a slowdown emerged at an earlier stage. The destocking effects had a greater impact among specialist merchants than in DIY stores. For its part, DIY store business stabilised at a low level last year. Thanks to their sales from inventory, merchants

were able to book a smaller reduction in revenues than was seen in industrial revenues. Higher-quality types of flooring were hit harder than lower-priced products. The parquet business has encountered more challenges than the laminate flooring sector. Within the design flooring category, market players experienced significant variations from one product segment to another. Average prices have also decreased as a result of the changes within manufacturers' portfolios.

Hard flooring sales volumes had already fallen to varying degrees during 2022. The downward trajectory in parquet sales intensified considerably in 2023. The laminate flooring and design flooring sector anticipates somewhat smaller losses. Companies belonging to the Association of European Products of Laminate Flooring (EPLF), based in Brussels, booked a 24.1% drop in sales to 367.2m (2021: 483.4m) m² in 2022. Last year ended with a 13.4% drop in laminate flooring sales to 318.0m m². The Multilayer Modular Flooring Association (MMFA), headquartered

in Brussels, reported that its members booked a 13.5% reduction in sales to 103.9m (2021: 120.2m) m² across four separate product categories in 2022. Last year was even weaker, with a 20.2% downturn to 82.9m m². According to the annual report of the European Parquet Federation (FEP), also based in Brussels, parquet sales had dipped by just 2.8% to 87.1m (89.6m) m² in 2022. Parquet production had fallen by 4.7% to 78.0m (81.9m) m² in the countries covered by the federation. Initial estimates from the FEP show that parquet sales tumbled by around 30% in 2023.

Hard flooring sales should stabilise at last year's level across all relevant product groups in 2024. However, pressure on prices will continue to intensify in most product areas. Price hikes introduced in 2021 and 2022 were largely revoked in recent months after upstream product costs, in particular, had subsided. Prices were cut by up to 10% in new price lists for 2024. Additional adjustments were made in cases where companies were introducing new collections. Price cuts are also more frequent for promotions or large projects. The combination of these factors means that average prices will tend to soften again during the coming months. Falling prices and the forecast stagnation in sales volumes will pave the way for lower revenues again in 2024.

In response to the drop in sales on the hard flooring markets, intense competition and price pressure and the resulting downturns in revenues and earnings, especially medium-sized parquet, laminate flooring and design flooring manufacturers are taking increasingly far-reaching measures. Most companies have reacted to the decline in order intake in some areas since mid-2022 by gradually scaling back production. These curtailments were initially offset by reducing temporary staff positions, using flexi-time built up in the



Parquet production

(Photo credit: EUWID)

previous two years and opting for short-time work. However, these measures are no longer adequate. Some of the short-time work schemes that a variety of companies applied for as early as mid-2022 have expired and must be replaced by more extensive actions. Longer-lasting stoppages are already evident in certain product areas. A few companies have switched from in-house production to buying finished products, especially in the OEM sector.

At first, businesses focused on the sharp increase in purchase prices from the beginning of 2021 to 2022 to bring costs in line with reduced business levels. Significant price reductions have been secured again for numerous upstream products in recent months as demand has weakened. Although these costs have yet to return to mid-2020's level in most cases, insiders think that the opportunities to lower purchasing costs have now been largely exhausted. In the next step, companies will have to look at exiting certain product areas and explore discontinuing related production activities. One case in point is the decision made by Windmüller GmbH, based in Augustdorf, Germany, to stop making laminate flooring by the end of 2022.

Other companies have overhauled their portfolios to make production less complex. Some are also making decisions about whether to make or buy products. Initially, this might mean moving away from fully integrated production and towards buying semi-finished products that are assembled at the company's own mill. The transition to buying finished products, which might be the next step, may lead to companies losing product development and production expertise, making it hard to ramp up activities once sales markets recover. Curbing output may also limit the relatively broad product range that medium-sized flooring manufacturers offer to set themselves apart from wood-based panel manufacturers with integrated flooring production capabilities.

In the current market situation, workforce reductions are an even greater lever to cut costs. Such measures can also be used to optimise production processes

and adjust organisational structures. A few companies had already started reducing staff levels in the fourth quarter of 2022 or the first quarter of 2023.

The Austrian parquet manufacturer Weitzer Parkett GmbH & Co KG, headquartered in Weiz, Styria, has decreased the number of shifts and modified shift models at the three plants at its headquarters in Weiz, in Güssing and in Turopolje, Croatia. AB Gustaf Kähr which is based in Malmö, Sweden, eliminated around 265 positions in two steps in the first half of 2023. The total number of employees has thus already been reduced to 1,231 by the end of the first half-year. In mid-August, it announced the decision to cut another 85 jobs at its Swedish sites in Nybro and Blomstermåla.

Over the summer, the company Meister-Werke Schulte GmbH, which is headquartered in Rütten-Meiste, shed around 80

jobs. About 50 employees had already left the company in the previous months. As a result, the company will employ about 560 people in the future, compared to about 700 last year. Hamberger Industriewerke GmbH plans to cut about 150 jobs at its headquarters in Stephanskirchen and at its Rohrdorf site in the next few weeks. Affected employees are to move to a transfer company by the beginning of November. The total number of people employed at the two sites will fall from about 1,100 to about 950.

Windmüller is to consolidate its production activities at the Detmold location over the coming months. PU flooring finishing will be relocated from Augustdorf to Detmold. The Augustdorf site will thus concentrate on logistics functions and administration in future. These changes will result in approximately 100 jobs being cut, bringing down the number of employees from around 380 to 280. □



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Total sales have tumbled by 165m m² in the past two years

EPLF: downward spiral in laminate flooring sales slowed last year

European laminate flooring manufacturers had faced an ever-stronger downturn in their sales volumes in the course of 2022.

Last year, however, sales volumes were relatively close together across all four quarters. As a result, the declines compared to the same periods in 2022 became smaller and smaller. Companies belonging to the association European Producers of Laminate Flooring (EPLF), sold 81.3m m² in the first three months of 2023 (Jan.-March 2022: 110.1m m²), which was 26.2% less than in the prior-year period. The second quarter ended with a 16.8%

decline to 79.8m m² (April-June 2022: 96.0m m²). The third quarter produced a fall of just 4.0% to 81.7m (July-Aug. 2022: (85.1m) m², while the fourth quarter came close to the previous year's level with a 1.0% dip to 75.2m (Oct.-Dec. 2022: (76.0m) m². In full year 2023, EPLF members sold 318.0m (2022: 367.2m) m² worldwide from their European plants, which was 13.4% less than in 2022. This rate of decline was half the size of 2022's downturn (-24.1%) thanks to the second-half stabilisation.

Last year's renewed decline meant that European laminate flooring manufacturers'

total sales have fallen to their lowest level in over 20 years. The EPLF sales statistics still showed sales volumes of 222m m² in 1999, 247m m² in 2000 and 252m m² in 2001. EPLF members sold 334m m² in 2022, which was more than they did in 2023. After rising again in the following years (2003: 387m m², 2004: 437m m², 2005: 465m m², 2006: 468m m²), sales volumes reached the highest level to date in 2007 (507.4m m²). Sales volumes have not surpassed the 500m m² mark since. The global financial and economic crisis sent sales falling in 2008 (462.7m m²) and 2009 (442.6m m²) before a recovery in 2010 (486.7m m²). Over the following

EPLF: Laminate Flooring Market ¹⁾

| in m m ² | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2023/2022 in % |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Western Europe | | | | | | | | | | | | | | |
| Germany | 80.0 | 76.3 | 71.9 | 68.9 | 65.7 | 63.3 | 57.0 | 52.3 | 49.7 | 52.7 | 49.5 | 38.1 | 33.8 | -11 |
| France | 40.9 | 40.4 | 38.8 | 39.3 | 37.4 | 37.4 | 37.6 | 36.1 | 36.5 | 37.1 | 42.0 | 36.1 | 33.0 | -9 |
| United Kingdom | 30.2 | 29.0 | 29.1 | 31.6 | 30.6 | 33.0 | 33.8 | 29.8 | 32.6 | 37.1 | 35.0 | 25.8 | 25.1 | -3 |
| Netherlands | 20.8 | 18.6 | 19.2 | 17.6 | 19.1 | 19.3 | 19.7 | 18.3 | 18.6 | 21.1 | 21.3 | 14.2 | 13.9 | -2 |
| Spain | 17.9 | 14.9 | 14.1 | 14.7 | 15.3 | 16.7 | 16.8 | 16.5 | 16.7 | 14.6 | 16.4 | 13.5 | 10.4 | -23 |
| Turkey | 53.8 | 66.2 | 65.6 | 57.2 | 32.2 | 27.5 | 24.9 | 18.5 | 13.1 | 11.7 | 13.7 | 10.3 | 12.7 | 23 |
| Eastern Europe | | | | | | | | | | | | | | |
| Russia | 25.5 | 23.7 | 19.8 | 28.5 | 28.9 | 33.8 | 35.5 | 39.3 | 43.7 | 46.2 | 53.7 | 37.4 | 37.4 | 0 |
| Poland | 25.6 | 24.0 | 24.8 | 26.3 | 28.1 | 30.6 | 30.4 | 29.4 | 31.1 | 29.0 | 30.1 | 25.1 | 21.4 | -15 |
| Romania | 9.2 | 9.8 | 10.1 | 11.5 | 11.2 | 13.6 | 13.2 | 11.1 | 10.1 | 9.6 | 9.9 | 8.7 | 8.4 | -3 |
| Ukraine | 8.3 | 8.2 | 9.5 | 7.5 | 4.8 | 6.2 | 7.4 | 7.6 | 10.3 | 10.4 | 8.5 | 3.8 | 3.5 | -8 |
| Hungary | 5.5 | 4.3 | 4.6 | 6.0 | 6.1 | 6.2 | 6.5 | 7.1 | 6.9 | 7.7 | 7.7 | 7.6 | 4.6 | -39 |
| World | | | | | | | | | | | | | | |
| Western Europe | 299.4 | 297.7 | 290.1 | 282.3 | 254.1 | 250.2 | 243.0 | 223.3 | 218.0 | 225.7 | 231.6 | 179.1 | 165.4 | -8 |
| Eastern Europe | 103.5 | 98.9 | 103.4 | 110.4 | 111.2 | 126.0 | 128.4 | 128.0 | 135.1 | 134.8 | 142.4 | 107.7 | 96.7 | -10 |
| North America | 26.9 | 23.5 | 27.9 | 29.2 | 38.5 | 47.2 | 49.4 | 44.3 | 40.1 | 49.1 | 42.7 | 37.3 | 21.6 | -42 |
| Asia | 10.6 | 11.6 | 12.7 | 15.3 | 17.5 | 16.8 | 29.1 | 29.9 | 28.4 | 25.1 | 32.7 | 21.5 | 17.8 | -17 |
| South/Central America | 15.7 | 16.8 | 17.0 | 15.9 | 17.3 | 17.1 | 17.6 | 18.5 | 15.7 | 14.1 | 22.8 | 11.2 | 7.4 | -34 |
| World total ²⁾ | 467.9 | 459.6 | 462.7 | 466.9 | 452.4 | 477.5 | 477.0 | 453.5 | 446.8 | 459.0 | 483.4 | 367.2 | 318.0 | -13 |

1) Sales volumes of EPLF members from European production

2) The differences to the subtotals or totals result from the countries or regions not listed separately

Source: EUWID, according to information of EPLF

decade, the EPLF figures showed slight upward and downward movements, with annual sales volumes fluctuating between 445m m² and just under 480m m². The weakest years in this period were 2019 (446.8m m²), 2015 (452.4m m²) and 2018 (453.5m m²). Sales actually approached the 480m m² mark again in 2016 (477.5m m²) and 2017 (477.0m m²). After falling for three years, sales rebounded slightly in 2020 to 459.0m m². 2021 brought an even stronger increase to 483.4m m². Altogether, EPLF members' sales have fallen by 165.4m m² or 34.2% over the past two years to reach 318.0m m² in 2023. This drop in sales represents about the same capacity as around three large laminate flooring mills. With an annual capacity of over 80m m², Classen Industries GmbH, headquartered in Baruth, Germany, is the world's largest laminate flooring site. Several laminate flooring manufacturers from the wood-based panel sector can produce over 50m m² per year at individual sites.

EPLF members found that European markets fared much better than overseas business last year. Within Europe, Western Europe outperformed Eastern Europe slightly more than in 2022, when deliveries dropped by 22.1% to Western European markets and by 24.4% to Eastern European markets. Last year, EPLF members sold 165.4m (179.1m) m² in Western Europe, which was a year-on-year decline of 7.7%. Their Eastern European sales decreased by 10.3% to 96.7m (107.7m) m². Overseas, North American markets were the weakest by far, with sales down 42.0% at 21.6m (29.2m) m², followed by Latin America with a 33.8% reduction to 7.4m (11.2m) m². Other overseas regions followed a similar trend (Asia -17.3% to 17.8m m², Africa -15.7% to 3.2m m², Australia/Oceania -21.4% to 2.4m m²).

Eight of the countries with sales volumes exceeding 1m m² recorded higher sales than in 2022. Turkey performed the best with a 22.5% increase to 12.7m m². Ireland (+16.3% to 3.9m m²) and Azerbaijan (+33.1% to 1.7m m²) also experienced double-digit growth. In addition, Belgium (+2.9% to 6.2m m²), Kazakhstan (+5.7% to 4.2m m²), Belarus (+8.8% to 1.8m m²), Taiwan (+0.9% to 1.8m m²) and Kosovo

(+3.3% to 1.3m m²) also boosted their sales volumes. At 37.4m m² (-0.1%), Russian sales volumes remained almost at the previous year's level, although a number of European manufacturers stopped exporting to Russia in mid-2022. Croatia purchased roughly the same amount as in 2022, with 2.6m m².

Additionally, 32 countries with sales topping 1m m² recorded varying downturns in their sales volumes last year. Germany (-11.1% to 33.8m m²) remained the largest sales market in Western Europe, although the gap to France (-8.7% to 33.0m m²) has narrowed. The UK (-2.7% to 25.1m m²) and the Netherlands (-1.7%

to 13.9m m²) occupied the next spots with relatively small reductions. Spain saw its sales volumes drop by 23.0% to 10.4m m². In Eastern Europe, Russia continued to pull away from Poland (-14.7% to 21.4m m²) and Romania (-4.3% to 8.4m m²).

Overseas, shipments to the US were down 42.7% at 16.7m m². Canada performed only slightly better, with a 39.6% fall to 4.9m m². In South America, Chile (-19.8% to 3.6m m²) was the largest single market. In Asia, China (-38.2% to 2.3m m²) is only just over half the size of Kazakhstan in terms of EPLF members' sales. □



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SPC share increased to 65% last year, LVT's share has almost halved

MMFA: SPC flooring bucked the overall trend with additional growth

In 2023, companies belonging to the Multilayer Modular Flooring Association (MMFA) saw their sales decline for the second year in a row in the wake of dwindling residential construction activity in many markets.

After a long period of continuous growth, sales figures dropped by 13.5% from 120.2m m² in 2021 to 103.9m m² in 2022. Last year was even weaker, with a 20.2% downturn to 82.9m m². This means that sales were even 7.7% below the 89.8m m² level recorded in 2019. Sales increased by 5.3% to 94.6m m² in

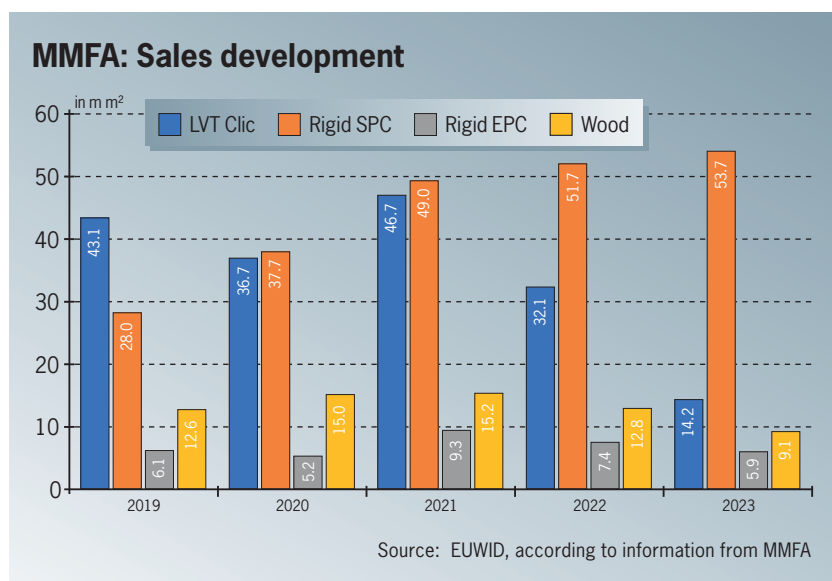
to 51.7m m² in 2022 and climbed by another 3.9% to 53.7m m² last year. Rigid SPC sales almost doubled between 2019 (28.0m m²) and 2023. By contrast, the polymer LVT Clic category has become less and less important. These sales declined by 31.3% from 46.7m m² in 2021 to 32.1m m² in 2022. They then tumbled by another 55.8% in 2023. This means that sales volumes have dived by more than two-thirds within two years.

A downward trend has emerged in the other two categories over the past two

period. Wood and Rigid EPC's shares altered minimally to 11.0% (12.3%) and 7.2% (7.1%), respectively.

Total sales across all four product categories showed rather mixed trends during 2023. The first three quarters all saw significant double-digit downturns in a year-on-year comparison. The fourth quarter then ended with a 2.5% improvement to 20.3m (Oct.-Dec. 2022: 19.8m) m². The first quarter saw the sharpest decline, with a 30.2% drop to 21.7m m² (Jan.-March 2022: 31.1m m²). Second-quarter sales were 22.0% lower at 23.0m m² (April-June 2022: 29.5m m²). In absolute terms, this was the strongest single quarter. The low point was reached in the third quarter when sales stood at 17.9m (July-Oct. 2022: 23.5m) m², which was a 23.8% reduction compared with the previous year's figure. In 2021, sales volumes were relatively close to one another in all four quarters. 2022 then witnessed increasingly strong downturns from one quarter to the next.

For the first time, the latest sales statistics break down figures into the three polymer categories and the wood category for each country. European Rigid SPC, Rigid EPC and LVT Clic sales totalled 50.5m (2022: 55.0m) last year, which was 8.2% lower than the previous year. Germany performed much worse, with a 24.0% downturn to 11.5m (15.1m) m², falling behind France, which booked a 4.6% reduction to 12.5m (13.1m) m². Next on the list were the UK (-17.2% to 3.4m m²), Poland (+34.5% to 2.5m m²), Belgium (-6.9% to 2.0m m²) and the Netherlands (-34.7% to 1.9m m²). The Wood category showed significant declines across all relevant markets (Germany: -28.2% to 6.1m m², Austria: -27.4% to 1.0m m², Switzerland: -15.9% to 0.4m m², Czech Republic: -34.6% to 0.3m m²). □



2020, despite the negative effects of the pandemic, before rising by another 27.1% in 2021. Altogether, MMFA members' sales have fallen by 31.0% over the past two years combined.

The MMFA did record significant shifts among the four product categories that it maps separately. Polymer Rigid SPC sales have continued to grow over the past two years, albeit at a slightly slower pace. These sales improved by 5.5%

years, but not quite as severe as those for LVT Clic. Sales of polymer rigid EPC decreased by 20.3% to 5.9m m² in 2023. Over the two-year period, these sales were down 36.6%. Sales in the Wood category slipped by 28.9% to 9.1m m² last year and by 40.1% over the two-year period. These shifts meant that Rigid SPC's share of MMFA members' total sales increased to 64.7% (49.7%) last year. LVT Clic's slice of the pie decreased to 17.1% (30.8%) in the same

Owens Corning intends to significantly expand its range of branded residential products

Door manufacturer Masonite to be integrated into Owens Corning Group

Just a few weeks after it failed to acquire PGT Innovations Inc., based in North Venice, Florida, the US door and window manufacturer Masonite International Corp., headquartered in Tampa, Florida, is itself on the verge of being sold.

According to an ad hoc announcement published on 9 February 2024, the US firm Owens Corning Group, headquartered in Toledo, Ohio, intends to acquire all outstanding shares in Masonite for US\$133 per share. The planned transaction thus has a total volume of around US\$3.9bn, which corresponds to 8.6 times its forecast adjusted EBITDA for the 2023 financial year. Owens Corning and Masonite have already agreed on the key terms of the planned takeover. Owens Corning shareholders do not have to approve the deal. The transaction is expected to close in mid-2024, subject to Masonite shareholder approval, regulatory approvals, and other customary closing conditions.

Following the closing, Masonite will operate as an independent division of Owens Corning. Masonite has gradually raised its revenues and earnings in recent years. However, its 2023 growth in increasingly challenging conditions was only achieved thanks to its takeover of the door and window manufacturer Fleetwood Aluminium Products LLC, based in Corona, California, which closed in mid-October. Fleetwood contributed revenues of around US\$150m and adjusted EBITDA of around US\$35m for 2023 as a whole. Taking these pro forma figures into account, Masonite generated consolidated revenues of US\$2.982bn last year (2022: US\$2.892bn) and adjusted EBITDA of US\$454m (US\$446m). This translates into an adjusted EBITDA margin of 15.2 (15.4) %. Based on the twelve months to the end of June 2023, around 80% of Masonite's consolidated revenues came from North American residential business. The Architectural business, which was put up for sale in August 2023, and the European business each contributed around 10%.

According to results released on 14 February, Owens Corning generated consolidated revenues of US\$9.677bn (2022: US\$ 9.761bn) and adjusted EBITDA of US\$2.313bn (US\$ 2.267bn) in the 2023 financial year. The adjusted EBITDA margin thus improved slightly to 23.9% (23.2%). Owens Corning aims to record annual revenues of around US\$12.6bn in future with the addition of Masonite. Including expected synergies of around US\$125m, adjusted EBITDA is expected to be in the region of US\$2.9bn. At around 23%, the adjusted margin would be similar in size to Owens Corning's level to date. Owens Corning intends to significantly expand its range of products for the building envelope by integrating Masonite. Until now, the company has specialised in insulation materials and roofing products. The addition of interior doors made by Masonite will make the company a relevant supplier of interior finishing products, primarily in North America.

Over the past few years, Masonite has increasingly focused its product range on interior and exterior doors. It has maintained the vertical integration of production. Regionally, its activities are concentrated in North America and the UK. With an estimated 10,000 employees, Masonite operates 64 production and distribution sites. Its last major project in Europe was the opening of a new plant to make exterior doors in Stoke-on-Trent in the UK at the end of June 2022. In recent years, Masonite has also grown through acquisitions. Examples include the takeover of the component manufacturer Endura Products Inc., headquartered in Colfax, North Carolina, which closed at the end of 2002, and the integration of Fleetwood. However, its purchase of PGT Innovations, announced in December 2023, did not materialise because Masonite was outbid in mid-January by the door and window manufacturer Miter Brands, headquartered in Harrisburg, Pennsylvania. □



New Solidor factory in Stoke-on-Trent

(Photo credit: Masonite)

Upper single-digit percentage range decline in divisional turnover in 2023

In selling the Climate Division, Arbonia Group is to concentrate on door activities

During the first quarter of 2024, Swiss Arbonia AG, based in Arbon, has initiated a structured sales process for its "Climate" division, which emerged in mid-2023 following the renaming of what was formerly the heating, ventilation and air conditioning technology (HVAC) division.

According to an ad hoc statement issued on 27 February along with the 2023 business report, the company is currently negotiating with various strategic investors. These negotiations are already at an advanced stage. The sale could therefore be finalised during the second half-year. Following closing, an extraordinary general meeting will be held to decide how the proceeds from the sale are to be used. Possible options include a dividend payout to shareholders, a reduction in debt and strategic development of the remaining division "Doors". In this latter context, Arbonia explicitly refers to acquisitions in the door industry, which could be leveraged to expand the range of markets served as well as the product range. According to

Arbonia, several unsolicited expressions of interest concerning the climate division, which ensued from similar transactions in the market, had catalysed the company's considerations on whether to sell.

Should Arbonia finalise the spin-off of its climate division, the company would then concentrate exclusively on the door business, which has already been gradually expanded over recent years via investments at several locations as well as acquisitions. According to Arbonia, it has meanwhile been able to establish a leading position in the Central and Eastern European markets for wooden doors and glass solutions, which it intends to take advantage of in the coming years to achieve above-average growth and, subsequently, to further expand its market share.

In Arbonia's business report, which was also presented on 27 February, the climate division that has been put up for sale is categorised as a discontinued operation in accordance with IFRS guidelines. As a consequence of this categorisation, the

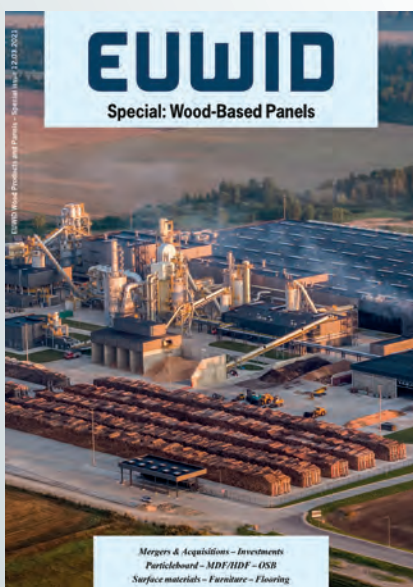
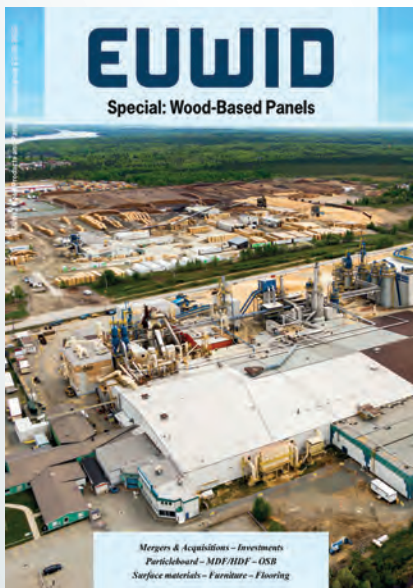
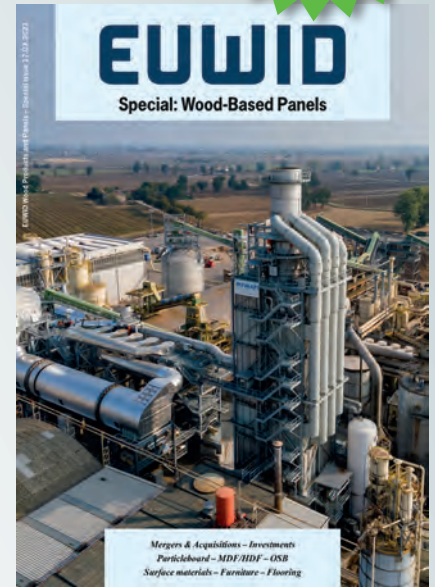
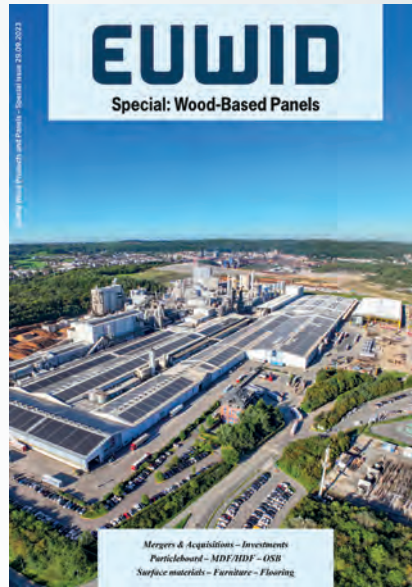
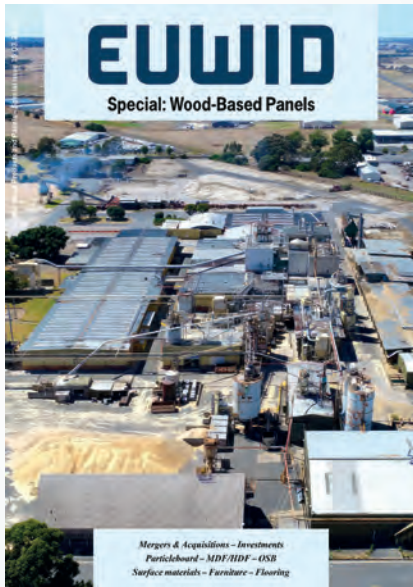
entire holding costs must be allocated to continuing operations, which now comprise only the doors division. The corresponding higher expense items have led to a deterioration in the profits situation. In the door business, there was a sharp decline in demand particularly in Germany, which was exacerbated by changes in warehouse stocks. In the wholesale business, this resulted in small-scale orders, further hampering productivity concerning production and sales logistics. In Switzerland, the decline in demand was not quite as severe. The opening of the new logistics centre at RWD Schlatter AG in Roggwil facilitated an expansion of business with specialist dealers, contrary to the market trend. The establishment of a new sales organisation in Romania also had a positive effect. Polish company Invado Sp. z o.o., based in Ciasna-Dzielnia, has stepped up its export activities especially in Central Europe and Italy. The company, after successfully tapping into the German DIY sector, is now also working with selected wholesalers there. By contrast, business with sanitary products, which is allocated to the doors division via the glass solutions business unit, was adversely affected last year by the continuing decline in new construction projects and bathroom renovations.

For the entire year, turnover in the doors division declined by 9.3% to CHF501.6m (2022: 552.7m). Organically, a decline of 8.2% ensues. Total EBITDA dropped by 33.9% to CHF39.1m (59.2m), resulting in a margin of 7.8% (10.7%). Adjusted to account for special effects arising, for example, from cost-reduction measures implemented in both the wood solutions and glass solutions business units, EBITDA declined at a similar rate of 33.5% to CHF41.4m (62.2m). In the 2021 financial year, the doors division had achieved total EBITDA of CHF76.2m and adjusted EBITDA of CHF76.3m with turnover of CHF551.8m. □



Door production at Arbonia

(Photo credit: Arbonia)



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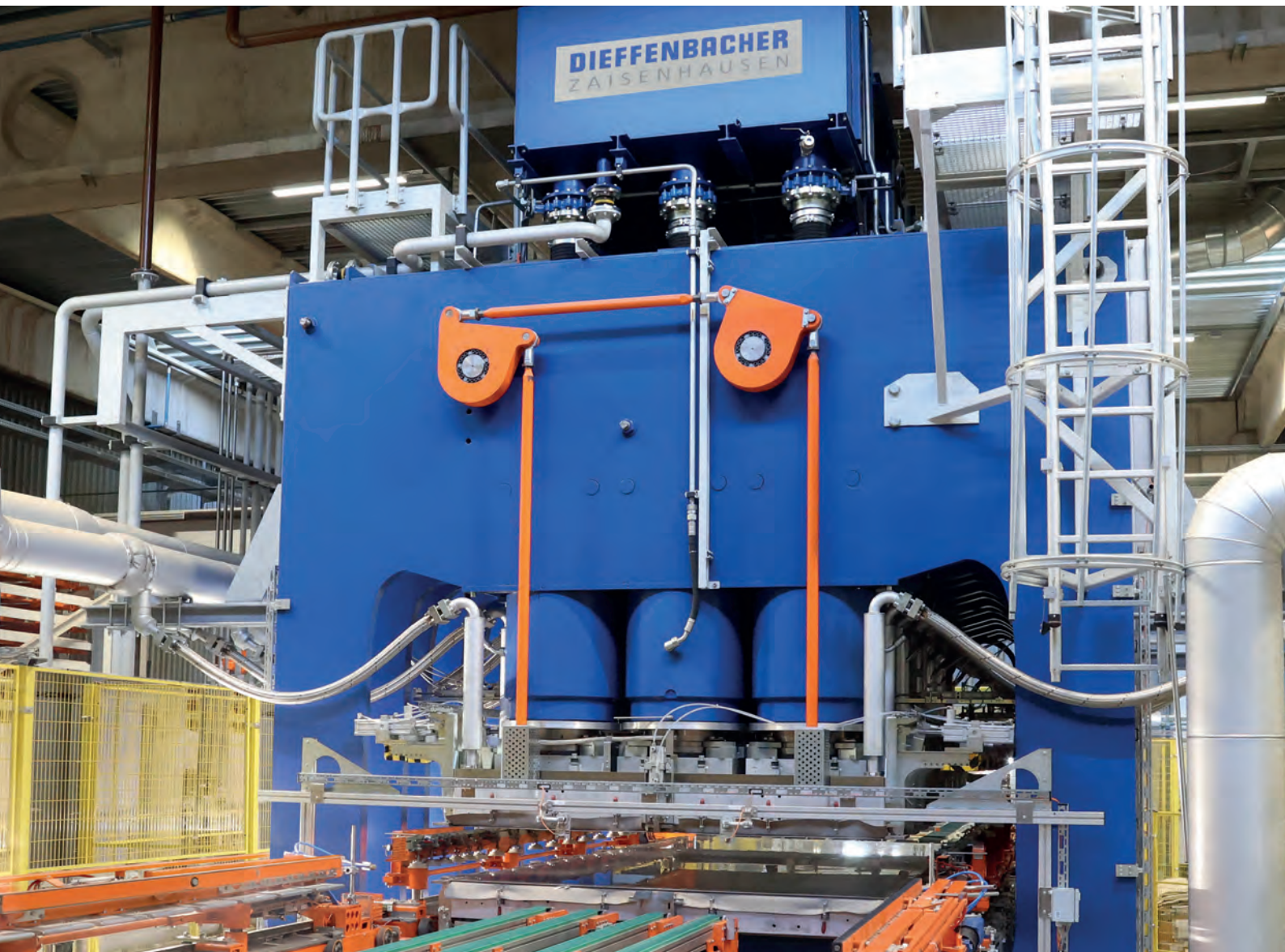
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