



**FURNITURE  
Cluster**



## Shaping the future of furniture production

We at Kronospan believe that success of our clients is key to our progress. That is why we created furniture clusters - to support that success and enter into the future of furniture production together. Kronospan Furniture Cluster is much more than simple industrial cooperation - it is a project where our extensive experience, knowledge and industrial capacities are being shared with our business partners and clients. We believe our 120 years of leadership in wood-based panels production opens new horizons and can bring future success to everyone involved in this unique project.

Kronospan Furniture Cluster allows maximum optimization of furniture or associated components production. That ensures the development of cost and time-effective business activities based on the huge potential of our global network of production sites and logistic capabilities. Kronospan Furniture Cluster Project is ready to welcome ambitious furniture or associated components companies that are willing to invest adjacent to one of our most competitive production sites.



*Kronospan Szczecinek, Poland*

## Furniture Cluster – the answer to today's challenges

Production companies of today are facing ever growing demands for cost, speed, quality and service but at the same time price is always of great importance. Customer tastes are driving markets and industries towards the limits of optimized and cost effective manufacturing. Furniture producers all over the world are struggling to find the perfect balance between delivering great quality, supply enough quantity and keep prices attractive at the same time. Kronospan Furniture Cluster is the answer. It allows furniture makers to dramatically reduce their transport and logistic costs - a major factor in pricing today.



## Creating and securing a long term competitive advantage

Producing in close proximity to the world's largest wood-based panel manufacturer gives easy access to all the requirements for adequately tackling the highly demanding and price-oriented markets of today.

Kronospan Furniture Cluster ensures fast delivery of the full range of our wood-based panels at competitive prices, on time and supplied in sufficient quantities.

Establishing a business in one of our furniture clusters allows companies to benefit not only from sourcing high

quality material for their needs, but also through the existing industrial infrastructure and pre-investment support provided by our qualified personnel. Kronospan offers access to its ever growing logistics network and additional support including expertise and knowledge exchange.

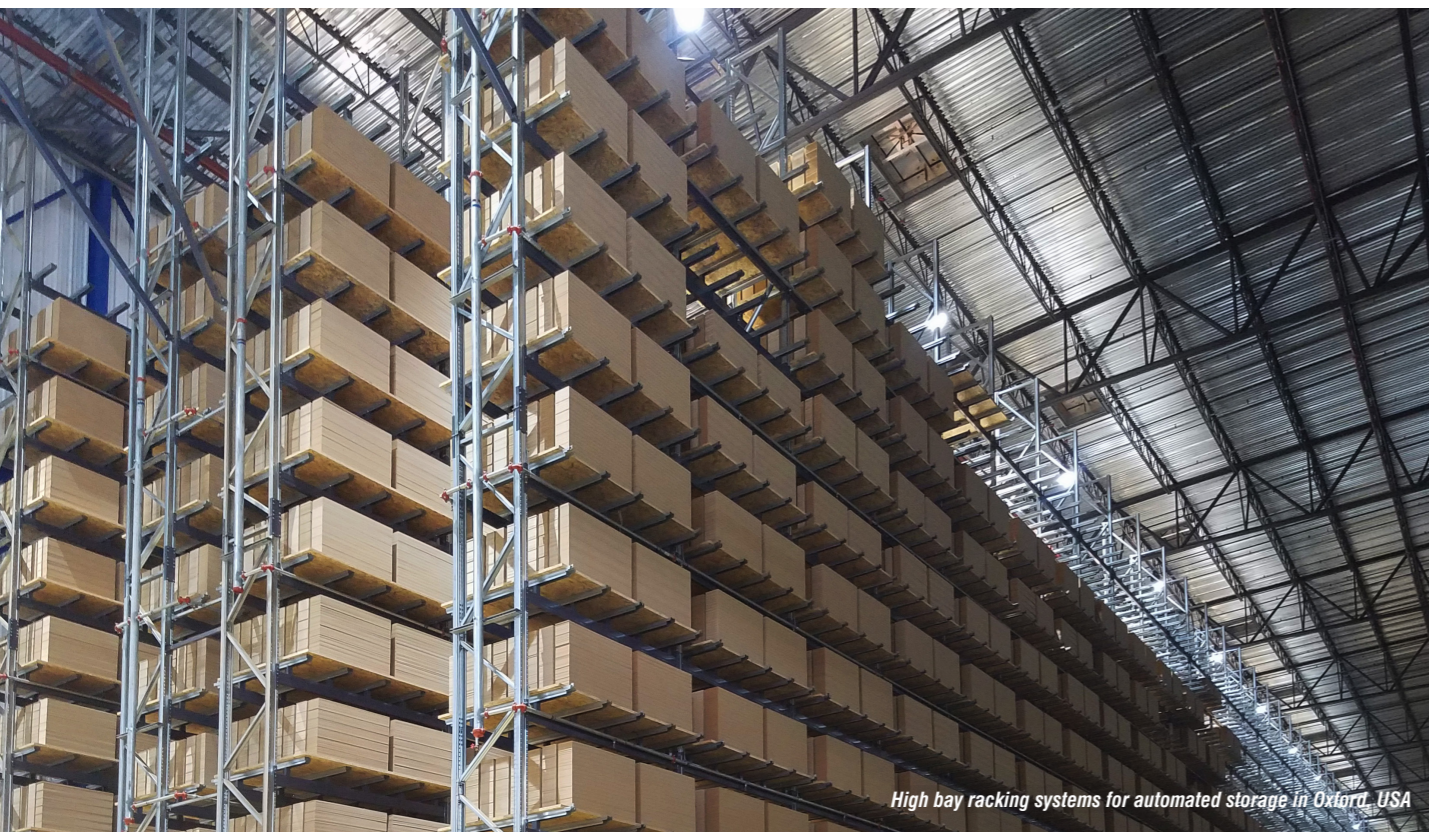
Increasing efficiency in many industrial and business areas allows every furniture and associated components producer to become more competitive, and therefore more successful across all international markets.



## We are here to help you – it's part of the service

Kronospan Furniture Cluster provides companies willing to join the project different options according to their preference and needs. We are renting fully prepared industrial buildings ready to host machinery and production lines. We are also able to build and lease facilities specially designed and created according to a customer's specific needs. Because all required industrial infrastructure is already in place, connecting new buildings is quick and easy.

We provide access, financing for fixed assets, infrastructure and people.



High bay racking systems for automated storage in Oxford, USA



### Benefits are on hand

Companies in Kronospan Furniture Cluster benefit from several advantages:

- **Speed to market:**
  - at least 6 months faster start up
- **Lower logistic costs:**
  - optimized material flow (just-in-time delivery, no/limited inventory)
  - easy to transport large size boards
  - reducing material losses using large size boards
  - saving time
- **Saving on investment:**
  - using access to already existing infrastructure and buildings
- **Locations fully equipped for industrial production:**
  - competitive electricity costs
  - competitive gas costs
- **Administration support and services:**
  - fund raising
  - management support
  - marketing services support
  - legal support
  - HR & staff support
  - accommodation
- **Engineering and technical support by our specialists**
- **Full range of products**
- **Lower environmental impact:**
  - ease of recycling activities
  - recycling of trimming and cutting losses
- competitive heating costs
- waste water treatment facilities



Research center in Szczecinek, Poland



### Exploit the full potential

	SAVING ON INVESTMENT		DIRECT DELIVERIES		ADMINISTRATION SUPPORT & SERVICES
	COMPETITIVE ELECTRICITY COSTS		COMPETITIVE GAS COSTS		COMPETITIVE HEATING COSTS
	LOWER ENVIRONMENTAL IMPACT		LESS CO <sub>2</sub> EMISSIONS		RECYCLING OF TRIMMING & CUTTING LOSSES
	FULL RANGE OF PRODUCTS		INCREASED EFFICIENCY		



### Direct access to major markets

Kronospan Furniture Cluster locations provide key advantages for the future. They have been carefully selected to provide investment flexibility, major markets connectivity and low cost requirements.

Furniture production companies can easily access the vast markets of EU, Russia or USA. Countries chosen to host our clusters provide special investor programmes, attractive tax regulations and competitive labour cost. Available transport infrastructure allows easy access even to remote locations.

By establishing production activities in one of our furniture cluster locations, companies also receive access to the logistic network of Kronospan.

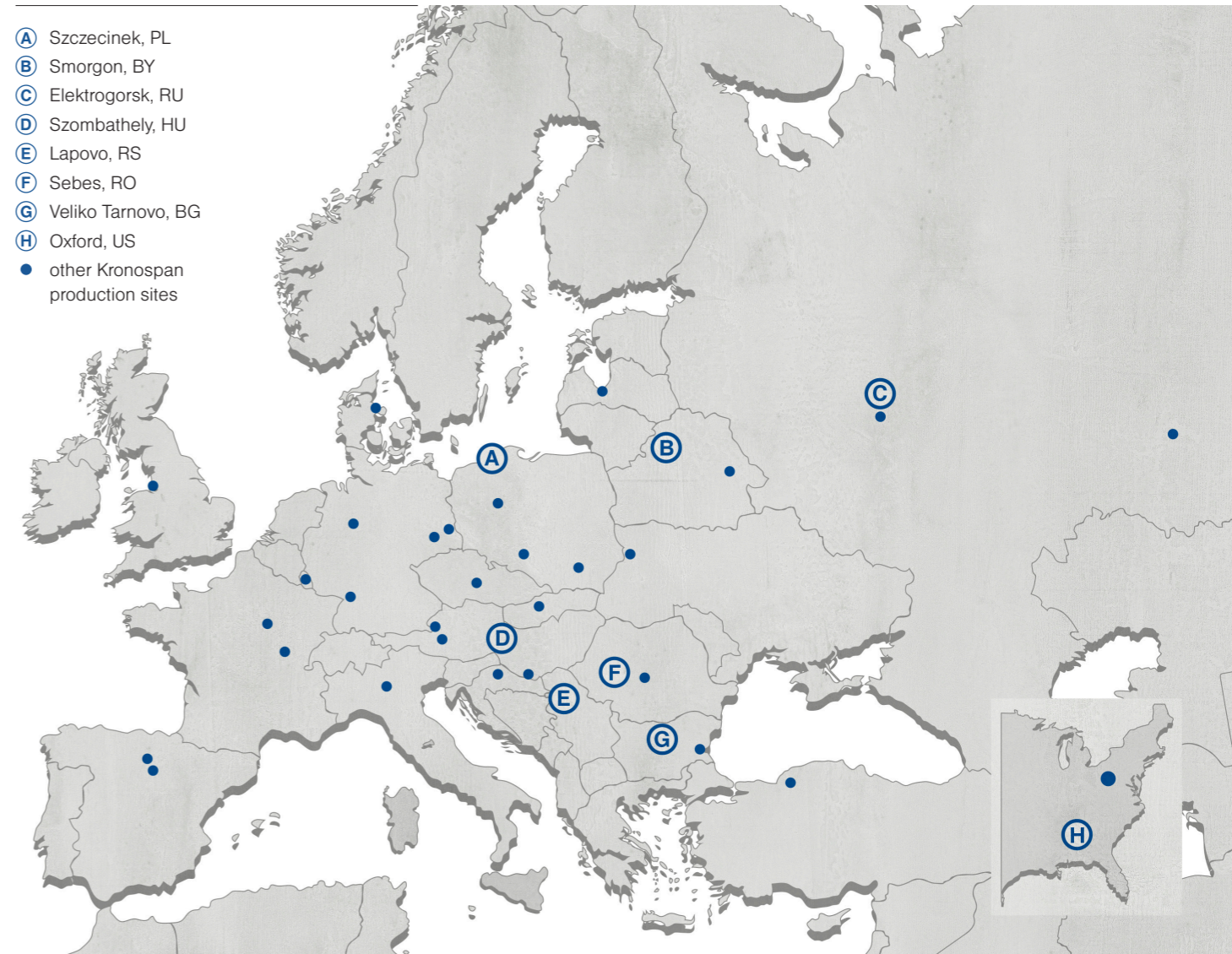
It is a comprehensive system of truck, train and sea transport connections.

We are transferring finished products and raw materials not only between our numerous production sites and logistic centers but all across the world.



### Production sites with furniture cluster

- Ⓐ Szczecinek, PL
- Ⓑ Smorgon, BY
- Ⓒ Elektrogorsk, RU
- Ⓓ Szombathely, HU
- Ⓔ Lapovo, RS
- Ⓕ Sebes, RO
- Ⓖ Veliko Tarnovo, BG
- Ⓗ Oxford, US
- other Kronospan production sites



### Our own transport assets



> **900**  
TRUCKS



> **400**  
CONTAINERS



**5**  
VESSELS



> **1 000**  
RAILWAY WAGONS



**2**  
RAIL TERMINALS



**5**  
PORTS



### Kronospan Szczecinek, Poland

Currency: Polish Zlotye (PLN )

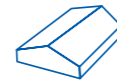
Operational since 1989

Produces:

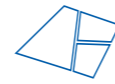
PB, MF Boards, MDF, HDF, Lacquered HDF  
Impregnated Paper, Chemicals

Site: 368 acres / 149 ha

Total capacity: 1,880,000 m<sup>3</sup>/a



Existing facility  
to rent  
**45 000 m<sup>2</sup>**



Available land  
to build  
**35.5 ha**



### Kronospan Smorgon, Belarus

Currency: Belarusian Ruble (BYR)

Operational since 2012

Produces:

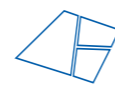
PB, MF Boards, MDF, HDF, Lacquered HDF,  
Laminate Flooring, Impregnated Paper

Site: 170 acres / 69 ha

Total capacity: 1,500,000 m<sup>3</sup>/a



Existing facility  
to rent  
**10 270 m<sup>2</sup>**



Available land  
to build  
**41 ha**



### Local advantages

- CIT 19%
- competitive labour costs, 50-75% savings on payroll compared to Sweden or Germany, offering the furniture industry 10% higher profit in relation to sales
- operation in Special Economic Zone with a 35%-55% tax exemption for a new investment over a 12 year period
- technical university preparing qualified personnel for cluster on site
- R&D Center can give a necessary support in certification processes for any sales measurements
- Kronospan Design Center – a modern premise and an ideal setting for presenting your products to clients
- In our Cluster you can organize active workshops for clients, suppliers and Cluster partners
- The large scale and scope of Silva Logistics (part of Kronospan) enabling efficient deliveries to export markets



### Local advantages

- CIT 18%
- competitive labour costs
- significant resources of timber available for usage
- Special Economic Zone gives tax exemptions for 10 years
- competitive manufacturing costs
- good availability of raw materials
- very good transport infrastructure
- well connected to both road and rail networks
- good logistic possibilities – connecting East to West
- no custom barriers to Russia
- short distance to harbours
- variety of incentives for business development
- ready to use buildings for furniture production and warehousing in Smorgon





## Kronospan Elektrogorsk, Russia

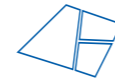
Currency: Russian Ruble (RUB)

Operational since 2014

Produces:

PB, MF Boards

Site: 86 acres / 34.9 ha

Total capacity: 460,000 m<sup>3</sup>/aExisting facility  
to rent  
**32 360 m<sup>2</sup>**Available land  
to build  
**4.6 ha**

## Kronospan Szombathely, Hungary

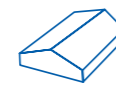
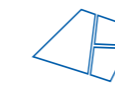
Currency: Hungarian Forint (HUF)

Operational since 1939

Produces:

PB, MF Boards, Mirror Gloss Boards,  
Cement Bonded Boards, Impregnated Paper

Site: 102 acres / 41 ha

Total capacity: 500,000 m<sup>3</sup>/aExisting facility  
to rent  
**5 000 m<sup>2</sup>**Available land  
to build  
**14.8 ha**

## Local advantages

- CIT 20%
- competitive labour costs
- 80 km from the biggest furniture market in Europe – Moscow
- direct connectivity to all other regions of Russia
- entire Kronospan product range from plants in Elektrogorsk, Egorievsk and Smorgon
- very good labour market
- competitive raw material base for manufacturing in wood-based industry
- unlimited timber resources available
- variety of incentives for business development including 42 state programmes, enormous investments to transport projects



## Local advantages

- CIT 9% (lowest in EU)
- competitive labour costs (approx. 40% of EU average)
- located at the crossroads of four main pan-European corridors; easy access to both Western and Eastern European markets
- developed transportation systems, extensive motorway and rail network
- 3 harbours within easy reach (Koper, Rijeka, Trieste)
- easy access to major airports (Graz, Vienna, Bratislava, Zagreb, Budapest)
- strong education system, one technical university (with engineering, wood sciences and applied arts faculty) as cluster member, one technical university within the same city, educational center of local technical high schools as cluster member
- located in an area with highly developed infrastructure
- good working culture, efficient and flexible workforce





## Kronospan Lapovo, Serbia

Operational since 2009

Produces:

PB, MF Boards

Site: 153 acres / 62 ha

Total capacity: 450,000 m<sup>3</sup>/a

Currency: Serbian Dinar (RSD)

Available land  
to build  
**13.3 ha**



## Kronospan Sebes, Romania

Operational since 2004

Produces:

PB, MF Boards,

MDF, Chemicals

Site: 168 acres / 68 ha

Total capacity: 1,450,000 m<sup>3</sup>/a

Currency: Romanian Leu (RON)

Available land  
to build  
**30 ha**



## Local advantages

- CIT 15%
- attractive state incentives for investment projects
- competitive tax environment
- free trade agreements / customs free access to EU, Russia and Belarus
- attractive geostrategic location on crossroads between East and West / North and South
- competitive labour costs (approx. 30% of EU average)
- young and educated workforce



## Local advantages

- CIT 16%
- located in central Romania, Sebes, a town with a dynamic economy and access to modern infrastructure, A1 motorway Sibiu-Nadlac, which further connects to Hungary's M43 motorway
- close to Sibiu International Airport (60 km)
- access to the pan-European IV rail corridor
- local tradition in wood processing industry
- highly skilled workforce
- located near to Cluj-Napoca, important academic, cultural, industrial and business center in Romania
- access to funds provided by EU and Romanian legislation
- own container terminal at Constanta port





### Kronospan Veliko Tarnovo, Bulgaria

Currency: Bulgarian Leva (BGN)

Operational since 2007

Produces:

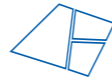
PB, MF Boards,  
MDF

Site: 73 acres / 30 ha

Total capacity: 1,080,000 m<sup>3</sup>/a



Existing facility  
to rent  
**86 000 m<sup>2</sup>**



Available land  
to build  
**20 ha**



### Kronospan Oxford, USA

Currency: US Dollar (USD)

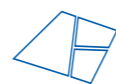
Operational since 2008

Produces:

PB, MF Boards, MDF, HDF,  
Laminate Flooring, Impregnated Paper, Chemicals

Site: 460 acres / 186 ha

Total capacity: 880,000 m<sup>3</sup>/a



Available land  
to build  
**100 ha**



### Local advantages

- CIT 10%
- competitive labour cost (approx. 30% of EU average)
- 2-year VAT exemption for imports of equipment for investment projects over €5 million, and at least 50 new jobs
- cost of electricity for industrial users is 70% of the European average
- currency stability is supported by the currency board
- technical university preparing qualified personnel for cluster on site
- strategic location - located at the heart of the Balkans
- direct access to key markets: EU, CIS, Turkey, Middle East, North Africa



### Local advantages

- the state of Alabama offers competitive taxes and incentives to help businesses grow and develop
- highly developed and easily accessible transportation and logistics network - thousands of miles of roadway, plentiful airports, outstanding inland waterway access, and proximity to the 9th largest seaport in the U.S.
- highly skilled workforce combined with outstanding government support programmes
- Alabama Technology Network (ATN) - part of the Alabama Community College System and the Manufacturing Extension Partnership helps solve the needs of industry and business through innovative, sustainable, cost-effective solutions
- AIDT (Alabama Industrial Development Training) - an innovative training program providing value-added services and solutions for Alabama's new and expanding businesses
- almost 30 community and technical colleges around the state





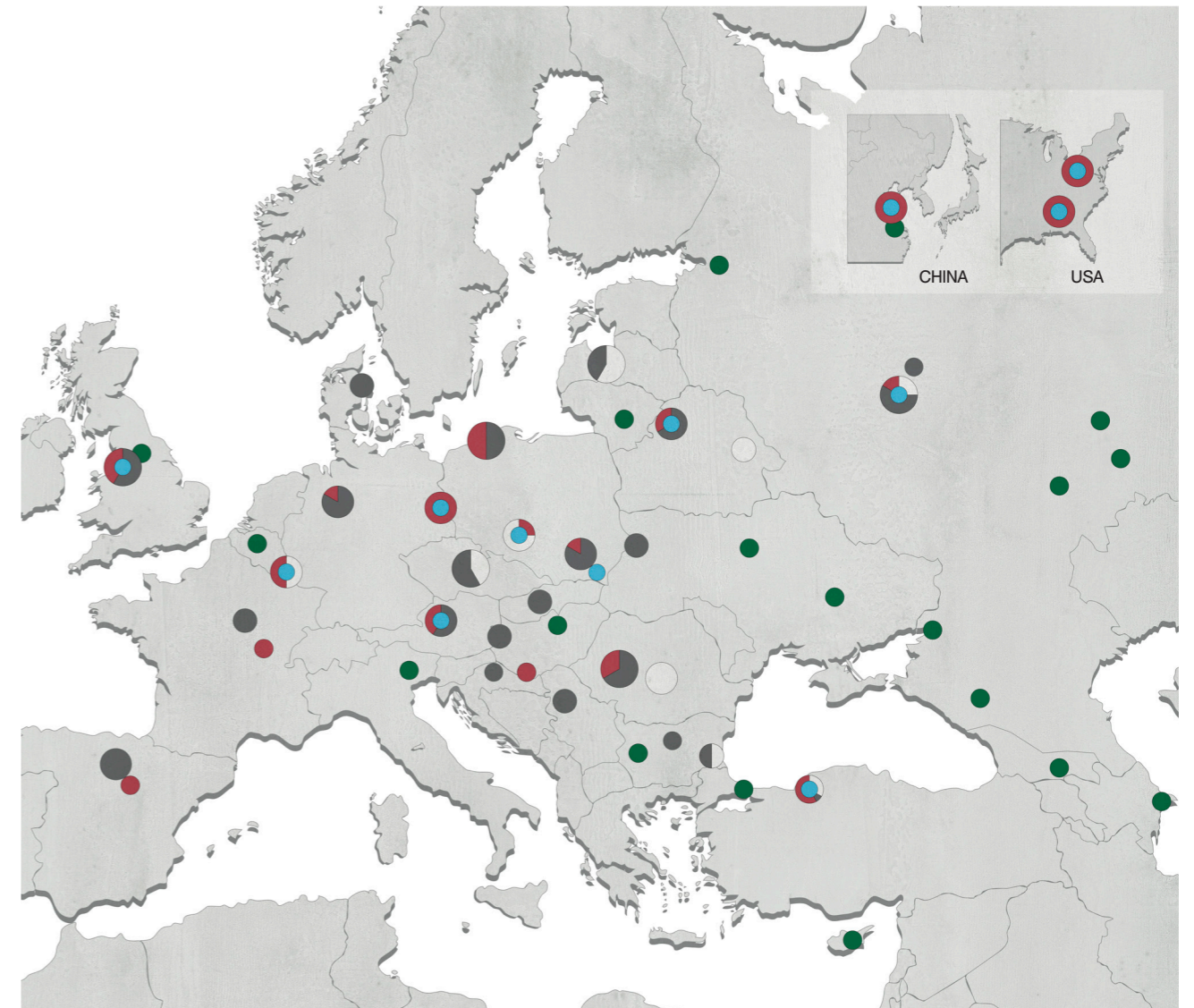
Side by side  
with a global leader –  
a win-win partnership

Kronospan is globally the leading manufacturer of:

- Particleboard (PB)
- Medium density fibreboard (MDF)
- Laminate flooring
- UF, MUF and MF resins for wood-based panels
- The number one manufacturer of oriented strand board (OSB) in Europe

Kronospan also produces speciality and decorative paper as well as other associated value added products, such as melamine-faced panels, worktops, wall panels, window sills, lacquered HDF, compact boards, high pressure laminates (HPL) and others.

Kronospan manufactures wood-based panels at more than 40 sites and is local in many countries. We employ over 15,000 committed people.



**Capacities to meet future customer demand**

**Wood-based panel mills**

Total capacity 1000 m<sup>3</sup>

- 2000 m<sup>3</sup>
- 1000 m<sup>3</sup>
- 500 m<sup>3</sup>

- PB
- MDF
- OSB
- Laminate flooring
- Service centers

We look forward to welcoming you to one of our Kronospan Furniture Clusters, and offering you all the support needed to enable your business to succeed.

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