SMORGON FURNITURE CLUSTER

Belarus

kronospan

Production Sites

with Furniture Clusters

1 **SZCZECINEK FURNITURE CLUSTER**

- TVILUM
- STOL-TAP
- GRZEŚKOWIAK
- BHK
- GREEN ANGEL
- WOOD TECHNOLOGY INSTITUTE - POZNAŃ

2 **SMORGON FURNITURE CLUSTER**

3 **LAPOVO FURNITURE CLUSTER**

4 **SZOMBATHELY FURNITURE CLUSTER**

5 **OXFORD FURNITURE CLUSTER**

6 **ELEKTROGORSK FURNITURE CLUSTER**

7 **VELIKO TARNOVO FURNITURE CLUSTER**

8 **SEBES FURNITURE CLUSTER**

5
USA
6
2
8
3
7

Support for businesses

- We would like to share our location and extend our premises in order to provide our partners with a built area to install furniture production facilities.
- The required infrastructure is already in place: Our location is equipped with high voltage power supply, gas supply, adequate water supply and waste water treatment facilities. Separate meters will be provided for the furniture factory.
- Property tax and local fees are administrated by Kronospan.
- Close proximity between the two manufacturing sites results in near zero transportation costs.
- Just in time delivery of raw and melamine-faced particleboard will result in no stock – which eliminates the burden on cash flow.
- Kronospan will keep the agreed minimum stock levels.
- We would provide you with access to our extensive product portfolio.
- You could benefit from technical support in material processing on-site. Our engineers are experienced in both furniture production technology and equipment – whether that's mechanical, electrical, automation software or robotics.
- Kronospan will support you with administrative issues, including registration of a legal entity, the local register and banks.
- We could also provide support with accounting, tax and payroll regulations as well as reconciliation of local accounting with internal reporting.
- We will assist you with your recruitment process with our HR specialists and database.
- You could receive support from the on-site Kronospan design and marketing department.

Kronospan Worldwide

Excellence in Transforming Wood

Production Sites:

1. Lungötz, Austria
2. Salzburg, Austria
3. Chirk, United Kingdom
4. Sandebeck, Germany
5. Szczecinek, Poland
6. Poznan, Poland
7. Lampertswalde, Germany
8. Sanem, Luxembourg
9. Jihlava, Czech Republic
10. Pustków, Poland
11. Burgas, Bulgaria
12. Mielec, Poland
13. Danyang, China
14. Bischweier, Germany
15. Zvolen, Slovakia
16. Egorievsk, Russia
17. Sebes, Romania
18. Bjelovar, Croatia
19. Novovolynsk, Ukraine
20. Mohacs, Hungary
21. Oxford, USA
22. Riga, Latvia
23. Veliko Tarnovo, Bulgaria
24. Ponterosso, Italy
25. Spremberg, Germany
26. Szombathely, Hungary
27. Lapovo, Serbia
28. Strzelce Opolskie, Poland
29. Brasov, Romania
30. Kastamonu, Turkey
31. Smorgon, Belarus
32. Burgos, Spain
33. Salas de los Infantes, Spain
34. Elektrogorsk, Russia
35. Ufa, Russia
36. Mogilev, Belarus
37. Auxerre, France
38. Le Creusot, France
39. Ryomgaard, Denmark
40. Clarion, USA
41. Grodno, Belarus
42. Jaslo, Poland

Furniture Clusters:

5. Szczecinek, Poland
12. Mielec, Poland
17. Sebes, Romania
21. Oxford, USA
23. Veliko Tarnovo, Bulgaria
26. Szombathely, Hungary
27. Lapovo, Serbia
31. Smorgon, Belarus
34. Elektrogorsk, Russia

Chemical Plants:

1. Chirk, United Kingdom
2. Burgos, Spain
3. Aarhus, Denmark
4. Lampertswalde, Germany
5. Szczecinek, Poland
6. Ostrava, Czech Republic
7. Strazske, Slovakia
8. Sebes, Romania
9. Mogilev, Belarus
10. Egorievsk, Russia
11. Ufa, Russia
12. Kastamonu, Turkey
13. Oxford, USA
14. Danyang, China

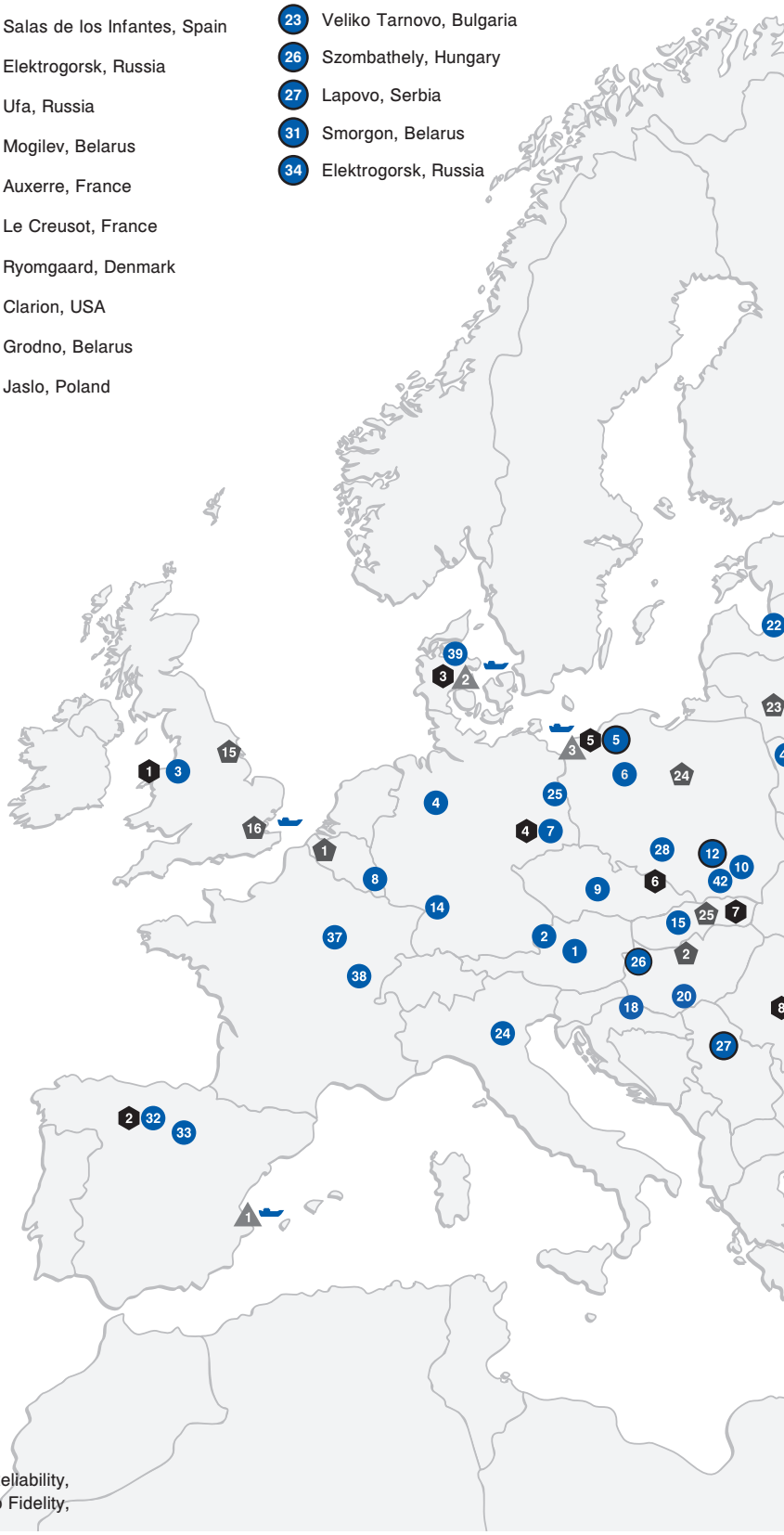
Distribution Centers:

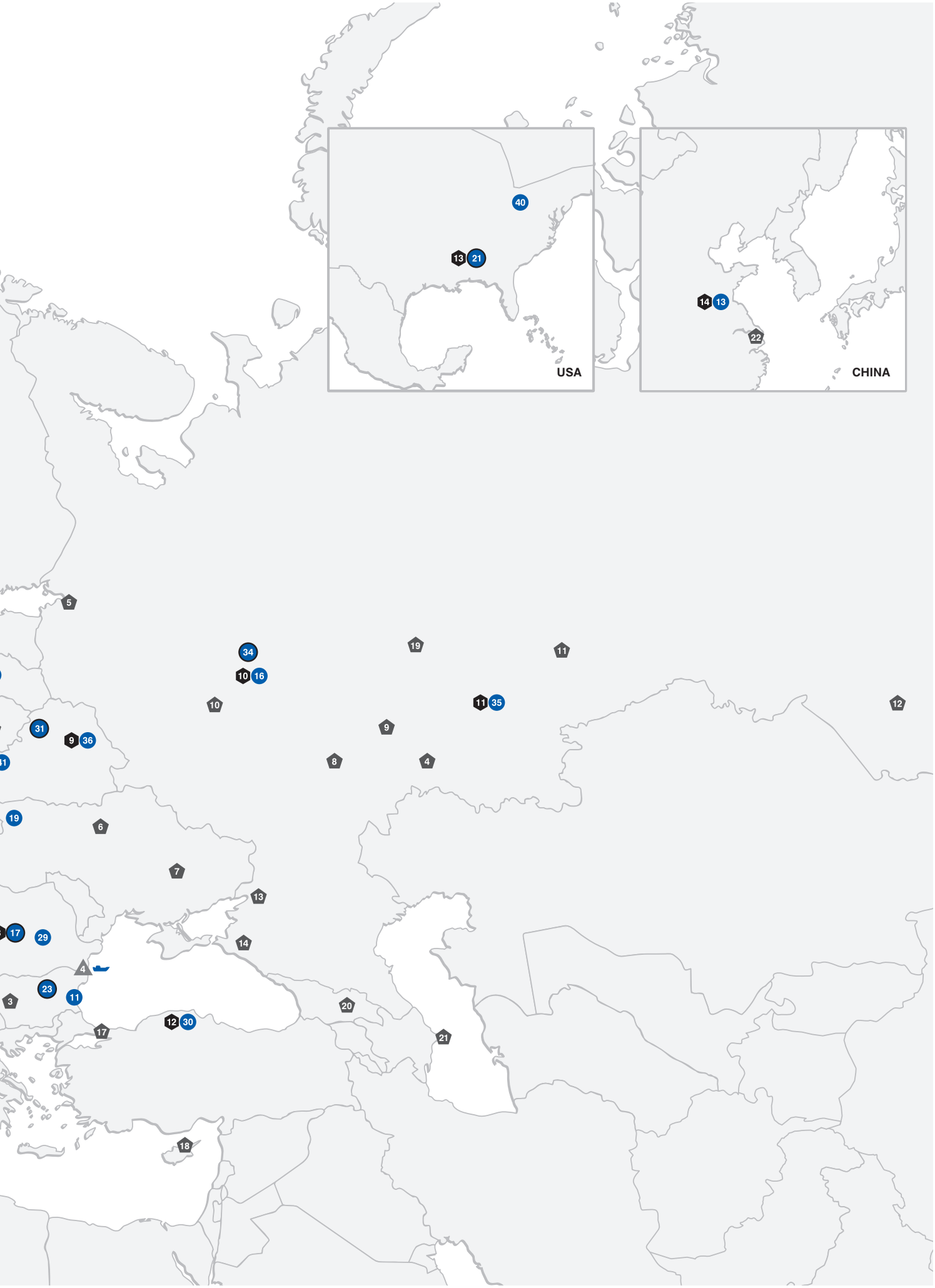
1. Mouscron, Belgium
2. Tárnok, Hungary
3. Sofia, Bulgaria
4. Samara, Russia
5. Saint Petersburg, Russia
6. Kiev, Ukraine
7. Dnepropetrovsk, Ukraine
8. Penza, Russia
9. Ulyanovsk, Russia
10. Moscow, Russia
11. Yekaterinburg, Russia
12. Novosibirsk, Russia
13. Rostov-on-Don, Russia
14. Krasnodar, Russia
15. Goole, United Kingdom
16. Chatham, United Kingdom
17. Istanbul, Turkey
18. Nicosia, Cyprus
19. Kazan, Russia
20. Tbilisi, Georgia
21. Baku, Azerbaijan
22. Shanghai, China
23. Kaunas, Lithuania
24. Torun, Poland
25. Vtachikon, Slovakia

Ports and Own Ships:

1. Gandia, Spain
2. Aarhus, Denmark
3. Szczecin, Poland
4. Constanta, Romania

m/v Spanaco Loyalty, m/v Spanaco Reliability, m/v Spanaco Simplicity, m/v Spanaco Fidelity, m/v Spanaco Progress




USA
CHINA

Kronospan

Excellence in Transforming Wood

119 years of manufacturing experience

Our core activity is the manufacture of wood-based panel products (particleboard, MDF and OSB) and related value added products. Vertical integration enables Kronospan to lead the way in both cost and innovation. We have invested in developing a vertically integrated supply chain that allows us to constantly improve upon and perfect every aspect of our products.

Focus on the European Market

Kronospan has more than 40 production facilities and is the world leader in the manufacture of wood–based panels. For the last 20 years our major projects have been undertaken in Eastern Europe and Russia.

Wealth creation in the medium and long term

Being privately owned means that we take a long term view rather than focusing on short term achievements.

Decentralized organization

Kronospan is made up of several manufacturing groups. This allows decision making by local management. As a result we can be close to our customers, our suppliers of goods and services and our people. This provides a strong platform for growth. The structure also allows us to ring fence political and economic risks where appropriate. With this we get more commitment, more ideas which allow individuals and the company to grow.

Customer service

We aim to be the most service-oriented supplier in our sector. Our extensive market coverage and wide product range give us a significant competitive advantage. At Kronospan, we are close to our customers and our locations are a maximum of 400 km or 8 hours by truck from our customers. It is a key advantage resulting in reduced transport costs, hence Kronospan can offer the best package.

Advanced technology

We have pioneered many of our industry's key advances and will continue to lead product development and innovation in the future. Our production asset quality is also first class. We are here to lead, not to follow; using for example state-of-the-art filter technology.

Cost leadership

Although our structure is decentralized we benchmark our production sites and, with the support of our technical shared service center, ensure that they remain efficient low cost producers.

Local financing

Financing is obtained at a local level and we look for long term banking relationships. Our aim is to keep foreign exchange risks under control and therefore require financing as much as possible locally.

Central support

We use shared services where it is important and only centralize when and where it makes sense.

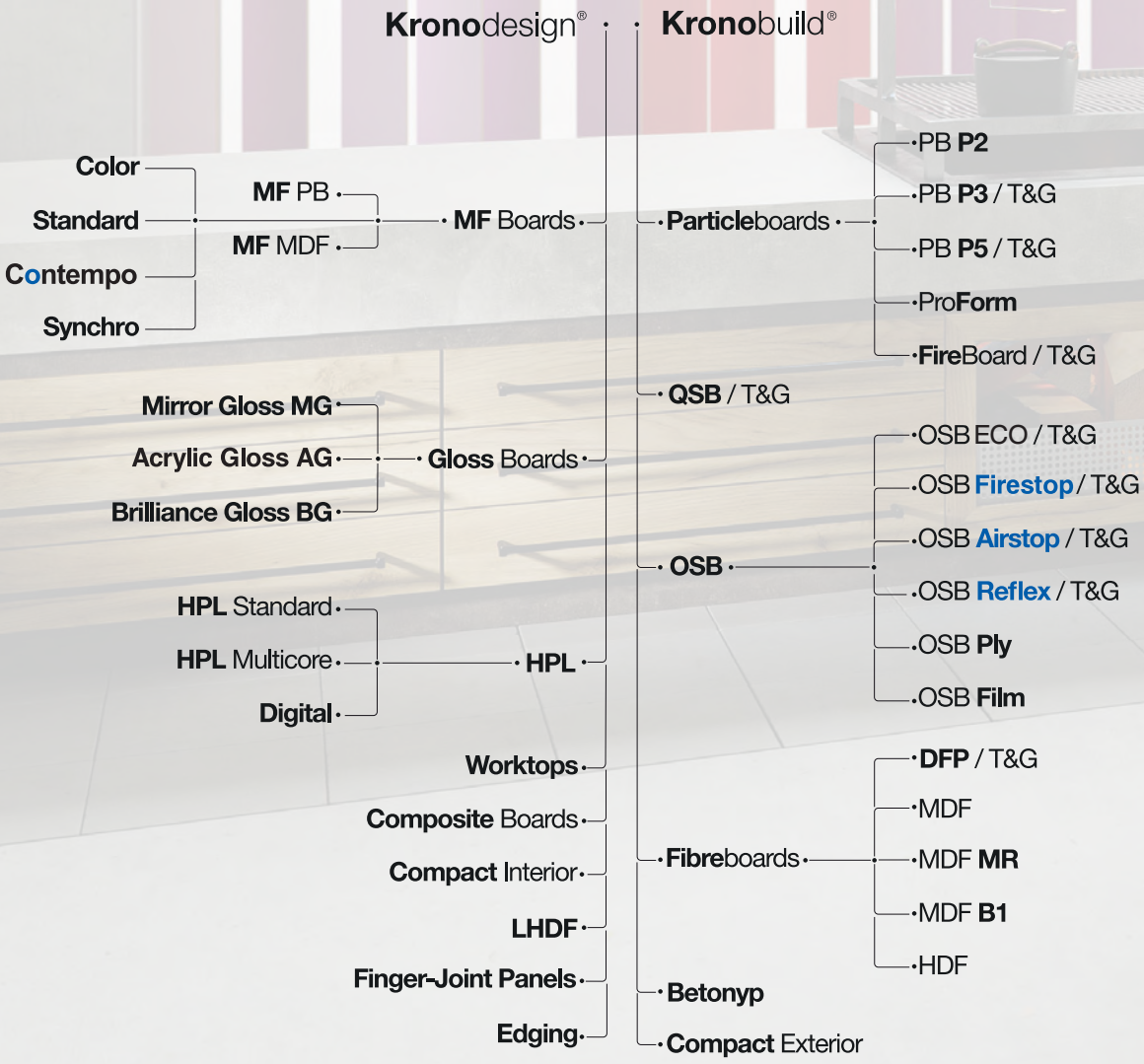
Environmental responsibility

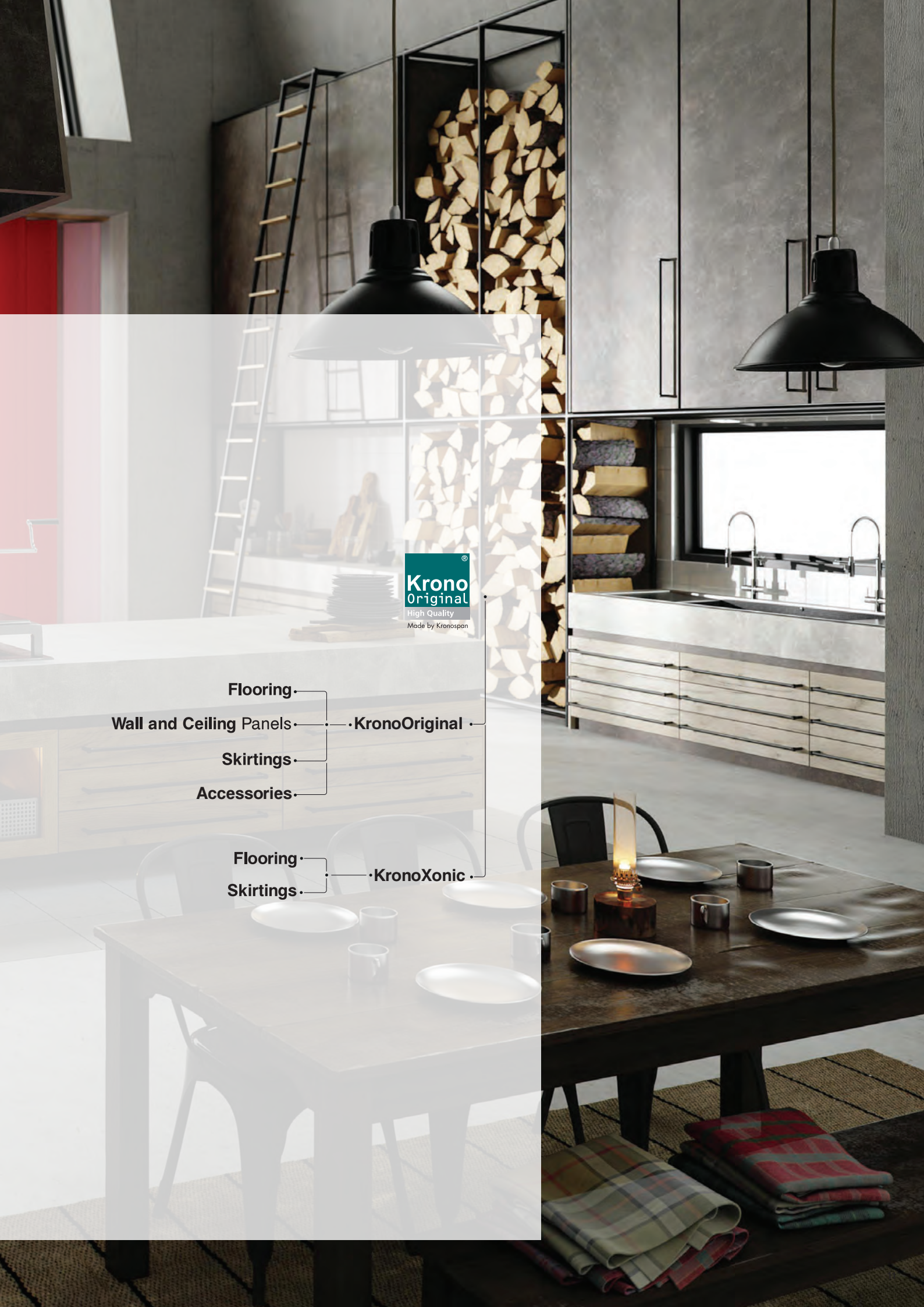
Our aim is to manufacture with the least environmental impact and the maximum raw material yield – no waste.

Inspiration and innovation

Kronospan is the global leader in the production of wood-based boards and panels. Our products are used everywhere: from floors and furniture to frame constructions. With over 100 years of market presence, we have accumulated a wealth of experience in many markets, continuously innovating and investing ever since the inception of our firm. All of this continues to translate into Kronospan's new products, systems and advanced technologies.

Kronospan's global product range, which is divided into Kronodesign, Kronobuild and Krono Original, offers unlimited design opportunities to make high-quality furniture, interiors or buildings.





Krono Original
High Quality
Made by Kronospan

- Flooring
- Wall and Ceiling Panels
- Skirtings
- Accessories

→ KronoOriginal

- Flooring
- Skirtings

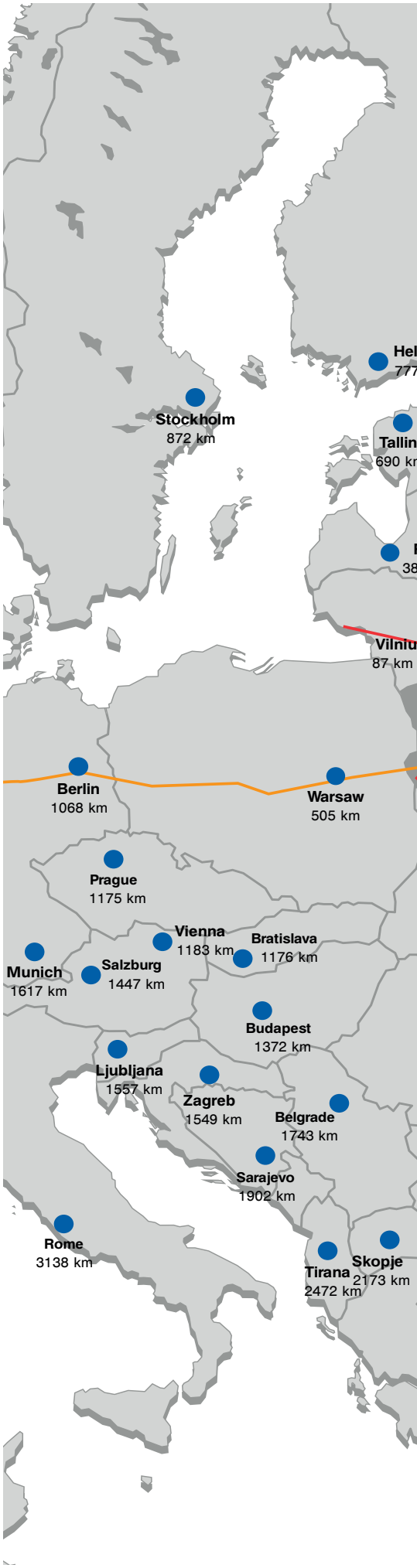
→ KronoXonic

Accessibility

The Smorgon district is situated at the northeast of the Grodno region. The administrative center is Smorgon, one of the oldest cities in Belarus. The area of the district is 1487.5 km^2, the population of the district is 53,113 inhabitants.

E30

E85



Key facts

Population	**9 498 700**
Area	**207,595 km^2**
Official Language	**Belarusian, Russian**
Main Religion	**Eastern Orthodoxy, Catholicism**
Capital City	**Minsk: 1 921 807 people**
Currency	**Belarusian ruble (BYN)**
GDP (2016)	**$ 165.4 billion**
GDP pc (2016)	**$ 17 500**

Petersburg
792 km
Opoczka
378 km
Elektrogorsk
912 km
Moscow
816 km
Ufa
2171 km
Smorgon
Minsk
125 km
Mogilev
328 km
Penza
1467 km
Kiev
658 km
Chisinau
1064 km
Krasnodar
1856 km
Bucharest
1804 km
Sofia
2133 km
Thessaloniki
2178 km
Istanbul
2070 km
Baku
2983 km
Athens
2844 km
Teheran
3770 km

Free economic
zone in Smorgon

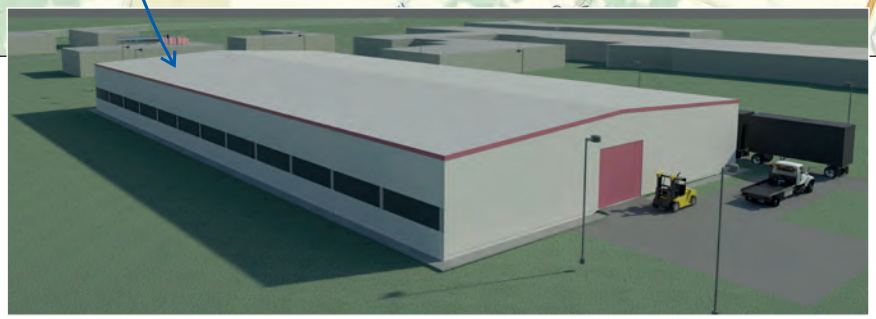
Гроднаінвест
Grodnoinvest

Smorgon Furniture Cluster

PLACE
FOR YOUR INVESTMENT
Hall area: 4 625 м²

PLACE
FOR YOUR INVESTMENT
Hall area: 2 705 м²

FLLC Kronospan



Rental properties

Kronospan offers for rent two ready-to-use buildings (reconstruction completion in April 2018) for furniture production or warehousing in Smorgon and Soly. The buildings have well-developed technical infrastructure, on-site access roads and are situated in a close proximity to the railway. The building at Industrialny Ave., 15A is located on the territory of FEZ Grodnoinvest.

Development

facts and figures

Objectives of the Smorgon Furniture Cluster:

- support and development of furniture production in Smorgon;
- coordination of cooperation between the companies of Smorgon Furniture Cluster
- support and development of innovative technologies for the creation of the materials used in the furniture and its components manufacturing;
- take advantage of Smorgon location as an additional benefit for investors (furniture manufacturers).

Due to the location of wood processing and wooden goods production companies in the Smorgon region, the area is considered to be an area for realization of the concept of "smart specialization". Not only are all the research and resources taken into account, but also a full range of production facilities in the region (location, population, climate, natural resources), as well as secondary factors (social needs, potential users, public sector innovations). The initiative to a create furniture cluster is characterized by enhanced growth opportunities as a basis for the development of key industries. As a result, it becomes possible to link the economy and the development potential of the region through the creation of innovative solutions.

Our intention is effective integration and usage of knowledge and skills improved during long-term economic activity in the region. Based on the potential of the wood and furniture industry, we aim to link our industrial development with the knowledge and to use the support of the local administration. Due to such conditions, the Smorgon district will take the leading position on the national level.

Therefore, we propose to include the initiative of FLLC Kronospan regarding organization of the Smorgon Furniture Cluster into to the national strategic development plan as a tool for the region promotion and improvement.

Current potential

of Kronospan in Belarus

(ANNUALLY)

900 000 m^3 of PB

250 000 m^3 of MDF/HDF

45 000 000 m^2 of MF PB/ MF MDF

KRONOSPAN PROVIDES EFFECTIVE DELIVERY DUE TO ITS PRESENCE IN ALMOST ALL WORLD MARKETS.

A lot of manufacturing plants that operate in the whole of Europe, including Russia, will provide convenient delivery of products to your company.

Kronospan
in Belarus

Kronospan started its investment projects in the Republic of Belarus in 2011. In the first stage of the project it was planned to build a production line for raw and laminated chipboard. The next stage involved construction of lines for production of sanded and laminated MDF, as well as the flooring production line.

Production of the first board at the Smorgon plant, located in the Grodno region, was started in November 2012. Then the line was launched with a system of continuous extrusion, which produces about 75 000 m^3 of particle board per month.

After start-up of particleboard production, Kronospan FLLC started to implement the second stage of the project - construction of the production line for MDF and flooring. In 2013 production of MDF was started and monthly production is estimated at 20 000 m^3 per month.

The core of production in Belarus is the manifacturing of laminated chipboard and MDF. At present, the enterprise in Smorgon has 5 lines for lamination, the total production capacity is estimated at 3,3 mln m^2 per month. Innovative technologies, including synchronous lamination of boards, are used.
In 2014 construction of a flooring production line was completed. Through the use of the latest technological advances, the company can offer its customers a wide range of modern and high-quality laminate flooring. Production capacity is 1 500 000 m^2 per month.
Since 2013 Kronospan has implemented the second investment project in Belarus. Kronospan OSB FLLC is located in the free economic zone Mogilev, in the eastern part of the country. Monthly production capacity for oriented strand boards in 2016 is about 75 000 m^3. In April 2016 Chemical Plant Mogilev was started.

Business environment

Belarus is:

- a strategically advantageous location;
- borders on Poland, Latvia, Russia, Ukraine, Lithuania;
- a member of the Eurasian Customs Union;
- a highly qualified labor force;
- a modern infrastructure;
- 263 mln m^3 of timber available for usage

Smorgon has:

- investment facilities, provided by the Government and Free Economic Zone “Grodnoinvest”;
- a variety of incentives for business development;
- economically advantageous location;
- good infrastructure;
- advantages of doing business in small towns

Human Resources

One of the most important resources of Belarus is its labor force. We are talking about 5.6 mln high-qualified experienced and cost-effective working people. And with every year this number only grows. A large amount of higher educational institutions and a greater number of enterprises and hardworking qualities of Belarusian people makes great opportunity for the development of your business.

25 000
annually graduates
from universities

5.6 mln
working population

45 000
annually graduates
from colleges

Tax System

The Republic of Belarus in administrative-territorial terms consists of the City of Minsk and six areas: Brest, Vitebsk, Grodno, Gomel, Minsk and Mogilev regions. Free economic zones (FEZ) were established in each region for providing its residents with tax incentives, customs preferences and other opportunities for business development. Preferences are also provided for investment into the projects located in small towns and rural areas. Additionally, investors could be given individual investment preferences depending on the conversation with local authorities.

Tax	General system of taxation		Free economic zone (investment over 500 000€)	Projects located on the territory of small towns and in rural area
	Rate	Frequency of Tax payment	Possible Incentive	Possible Incentive
Corporate Income tax	18%	quarterly	10 year holiday from the date of announcement of the profits from sales of own produced goods, and 50% of standard rate of Corporate Income Tax (but, in any case, not more than 12%) after the expiration of this period	7 year holiday
Property tax	up to 2,5%	annually	3 year holiday, with an option to extend for an indefinite period	7 year holiday
VAT	20% - standard 10% - special rate 0% - goods for export	monthly/ quarterly	20% - standard 10% - special rate 0% - goods for export	Standard conditions
Land tax	up to 1,1%	annually	Holiday in case of the construction real estate objects till official commissioning of real estate object. Additional holiday till 2021 for all land plots if company produces goods within FEZ	Standard conditions
Customs duties	Due to correspoding custom code	Before custom clearance	Without custom duties for raw materials which will be used for producing of exported from Belarus goods	Without custom duties for certain categories of goods
Import VAT	20%	Before custom clearence	Without import VAT for raw materials which will be used for producing exported goods from Belarus	Without import VAT for certain categories of goods
Mandatory contributions to the Social Welfare Fund	34% - employee 1% - employer	monthly	Standard conditions	Standard conditions
Wage Tax	13%	monthly	Standard conditions	Standard conditions
Withholding Tax (for dividend, shares in profits, royalties, interest income, capital gains, lease payments for real estate and other assets)	6-15% - companies 13% - physical persons Partial/Full exemption available if native state of investor has an agreement on avoidance of double taxation with Belarus	monthly	Standard conditions	Standard conditions

www.kronospan-express.com