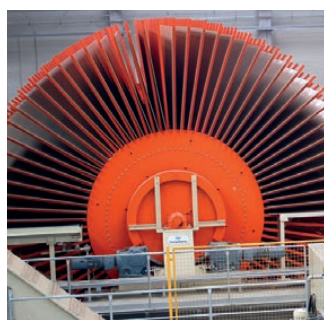
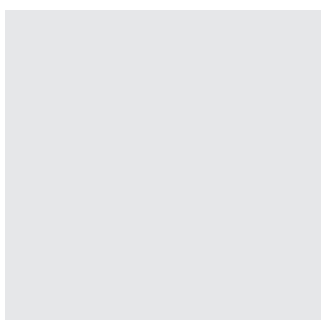
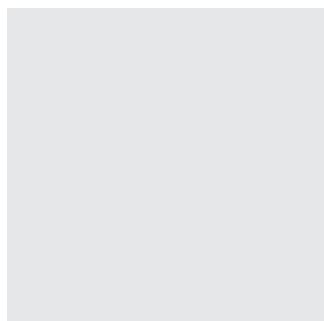
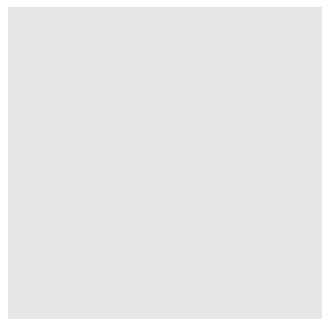
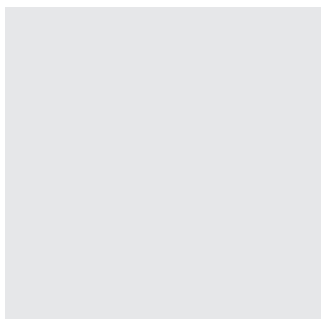
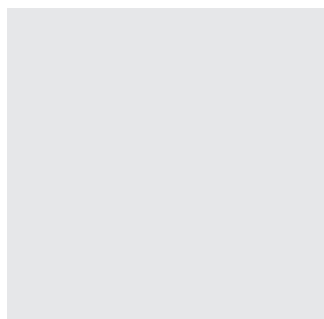
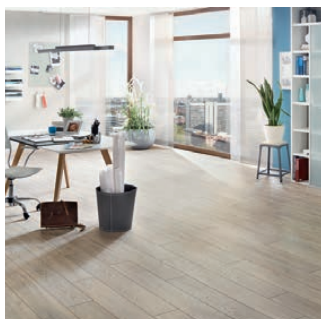
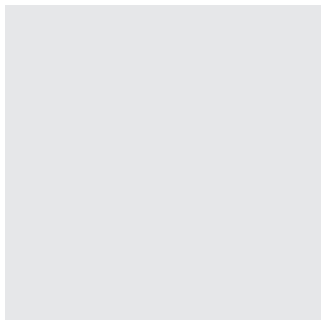


# Szczecinek Furniture Cluster Poland



# Introduction letter

## Dear Reader,



This brochure provides a general outline of a furniture cluster project in Szczecinek, one of the fastest developing cities in Poland.

The project is intended to create an optimal and sustainable environment for the production of furniture and associated components. The intention of the project is to ensure that raw materials (raw and melamine-faced particleboard, raw and melamine-faced MDF, raw and lacquered HDF) are available at competitive prices (due, for example, to low transport costs) and that contract-manufactured parts are always delivered on time. The project will also involve provision of all necessary infrastructure and pre-investment support.

This sustainable environment is achieved thanks to Szczecinek's favourable location (centrally located between eastern and western markets), qualified personnel and the provision of customer-focused services in a committed and loyal manner.

By establishing a business in close proximity to the world's largest wood-based panel manufacturer, investors will secure a long term competitive advantage in the highly demanding price-oriented markets.

The Szczecinek Furniture Cluster is located in a Special Economic Zone (called Słupsk Special Economic Zone, or "SSSE") meaning that investors may recover a large proportion of their capital expenditure, either via tax relief or direct refunds of personnel expenses, depending on which of the two solutions is better for your company.

Manufacturers involved in the cluster will also have the opportunity to promote their businesses on the cluster's dedicated website.

You are invited to invest in the Szczecinek Furniture Cluster.

**kronospan**

With kind regards,  
**Tomasz Jańczak**  
*Managing Director, Kronospan Grupa Polska*



# Production Sites

with Furniture Clusters

- 1

**SZCZECINEK FURNITURE CLUSTER**
  - TVILUM
  - STOL-TAP
  - GRZEŚKOWIAK
  - BHK
  - GREEN ANGEL
  - WOOD TECHNOLOGY INSTITUTE - POZNAŃ
  - ABO

- 2

**SMORGON FURNITURE CLUSTER**

- 3

**LAPOVO FURNITURE CLUSTER**

- 4

**SZOMBATHELY FURNITURE CLUSTER**

- 5

**OXFORD FURNITURE CLUSTER**

- 6

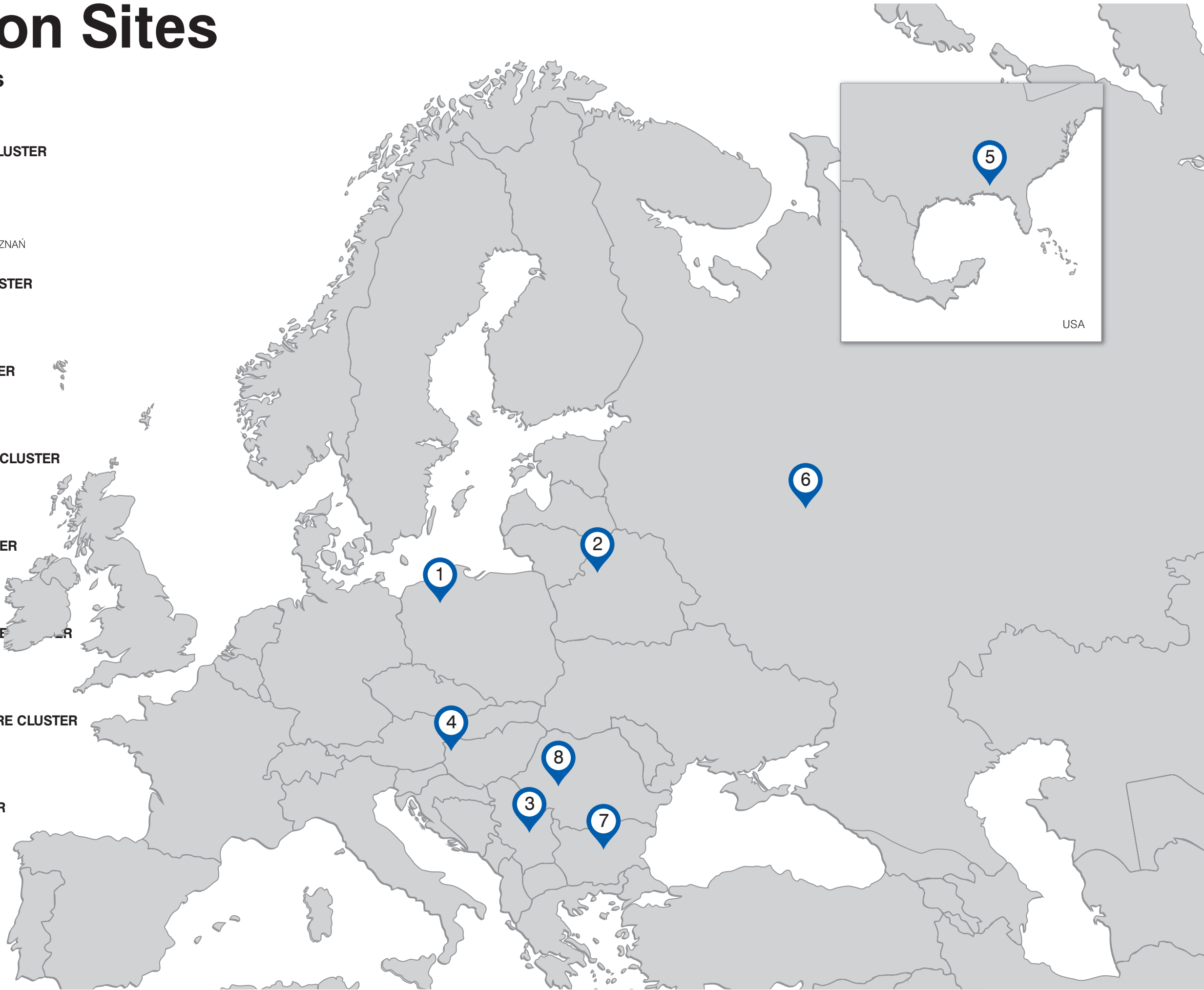
**ELEKTROGORSK FURNITURE CLUSTER**

- 7

**VELIKO TARNOVO FURNITURE CLUSTER**

- 8

**SEBES FURNITURE CLUSTER**





# 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

## 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
- 17

Sebes, Romania
- 21

Oxford, USA
- 23

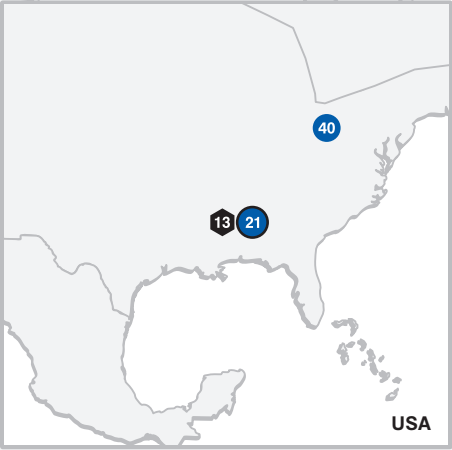
Veliko Tarnovo, Bulgaria
- 26

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

## 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
- 5

Enns, Austria
- m/v

Spanaco Loyalty
- m/v

Spanaco Reliability
- m/v

Spanaco Simplicity
- m/v

Spanaco Fidelity
- m/v

Spanaco Progress



# Kronospan

## Excellence in Transforming Wood

### Over 120 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 which 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 decentralised we benchmark our production sites and with the support of our technical shared service centre 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 finance as much as possible locally.

### Central support

We use shared services where it is important and only centralise 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.

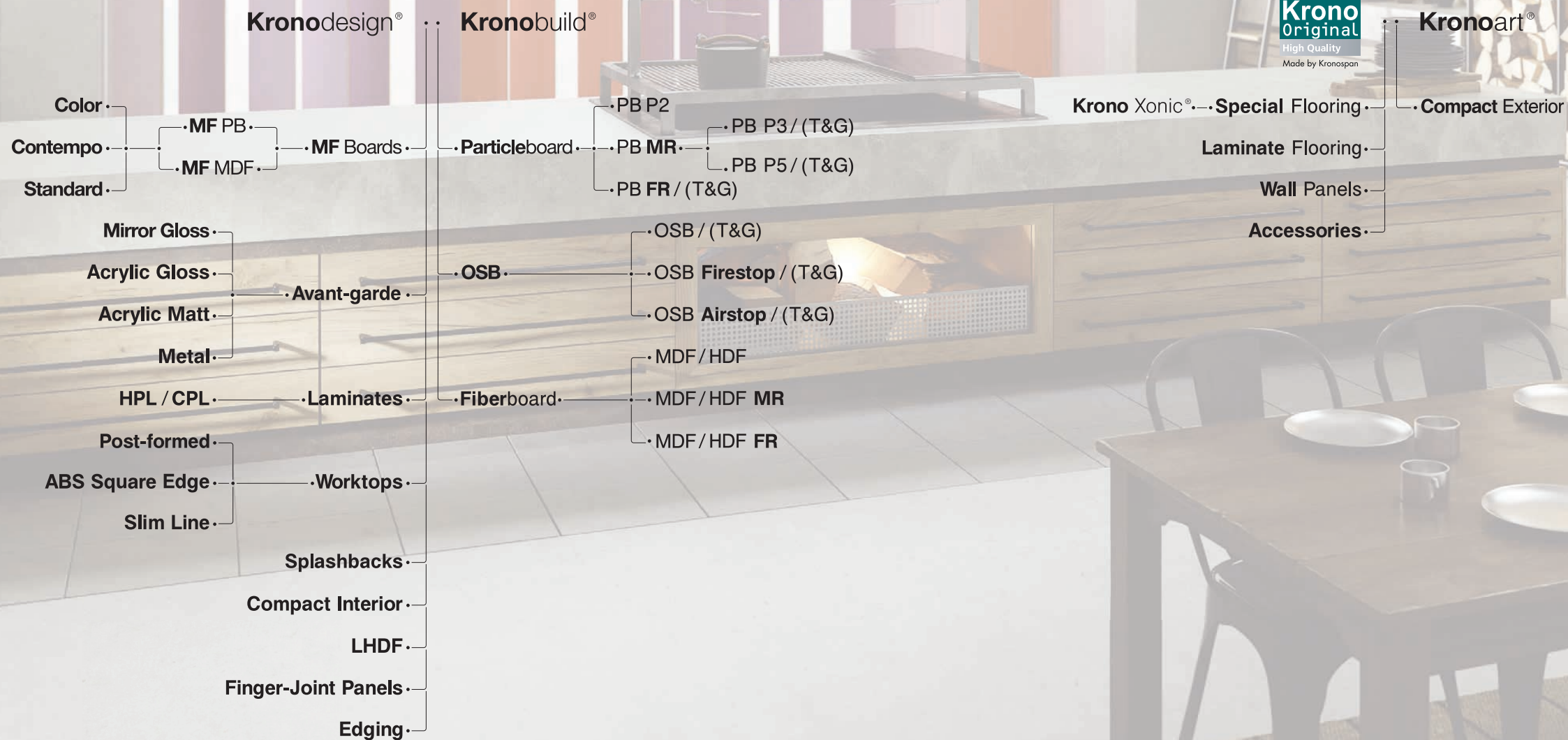




# Inspiration and innovation

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.



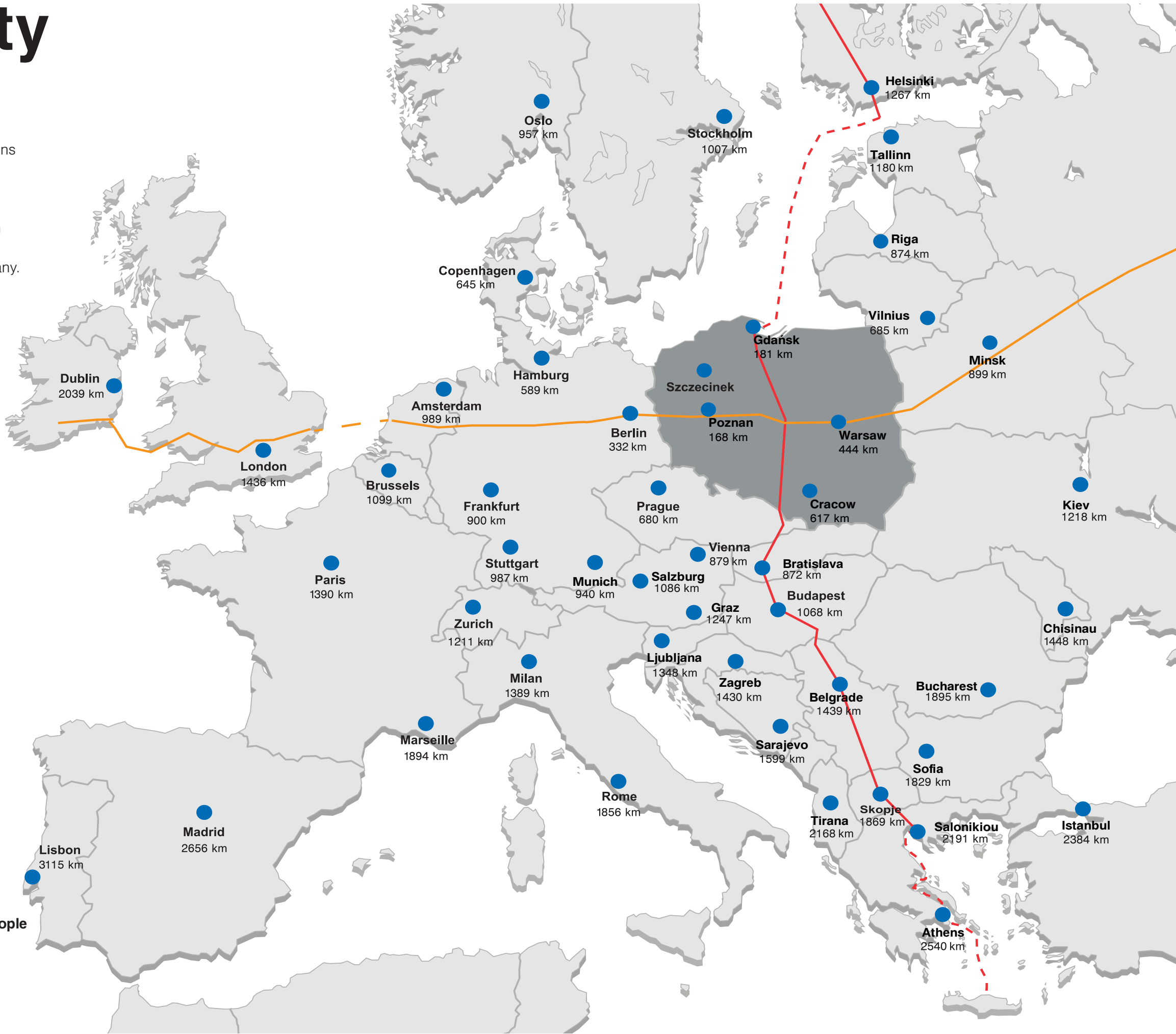


# Accessibility

Poland is a country between the Baltic Sea in the north and the Sudeten and Carpathian Mountains in the south, mostly in the basin of the Vistula and the Odra river.

From the north Poland borders with Russia (from the Kaliningrad region) and Lithuania, the east with Belarus and Ukraine, from the south with Slovakia and the Czech Republic, from the west with Germany.

E30  
E75



## Key facts

Official Name	Republic of Poland
Form of State	Democratic Republic
Population	38.43 million (GUS)
Area	312 679 km <sup>2</sup>
Official Language	Polish
Main Religion	Christianity
Capital City	Warsaw: 1.74 million people
Currency	Polish zloty (PLN)
GDP (2017)	\$ 467.591 billion
GDP pc (2017)	\$ 27,764



# Special economic zone

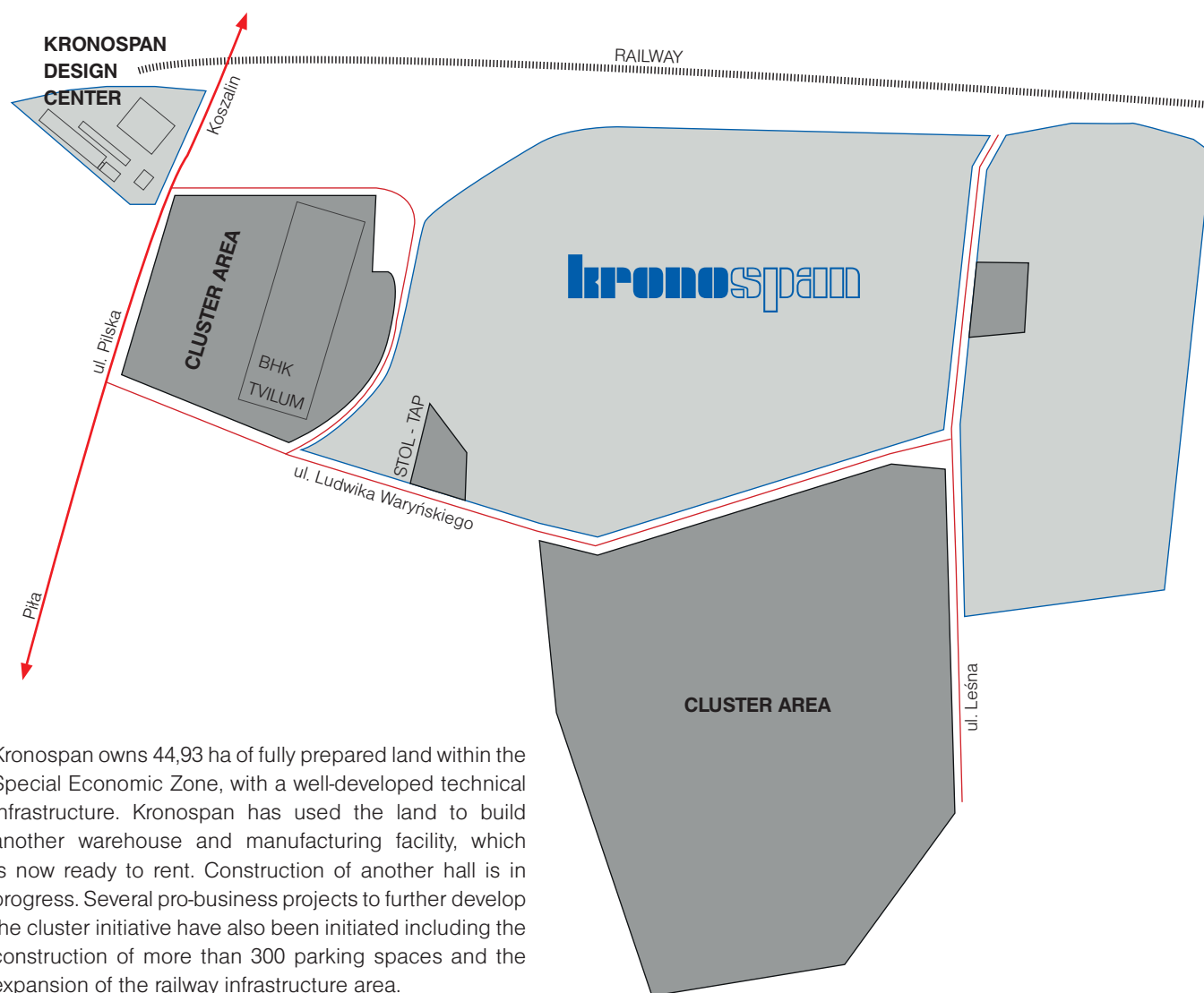
## in Szczecinek



### PLACE FOR YOUR INVESTMENT

Hall area: 36 600 m<sup>2</sup> rented

Hall area: 36 600 m<sup>2</sup>  
Under Construction



Kronospan owns 44,93 ha of fully prepared land within the Special Economic Zone, with a well-developed technical infrastructure. Kronospan has used the land to build another warehouse and manufacturing facility, which is now ready to rent. Construction of another hall is in progress. Several pro-business projects to further develop the cluster initiative have also been initiated including the construction of more than 300 parking spaces and the expansion of the railway infrastructure area.

# Development

## facts and figures

A cluster provides a flexible environment between businesses, research centers and public authorities, which facilitates dynamic interaction and cooperation among national and regional innovators. Cluster development has a beneficial impact on competitiveness and innovation, not only for individual entrepreneurs who join the cluster, but also for the region as a whole. It is for these reasons that Kronospan Szczecinek came forward with the idea of building the Szczecinek Furniture Cluster.

The Szczecinek Furniture Cluster's ambition is to develop quickly and, in due course, be selected as a Key National Cluster as part of the scheme's competitive selection process.

A Key National Cluster is a cluster of high importance to the national economy, characterized with a high level of international competitiveness. Key National Clusters are identified on a national level based on criteria such as critical mass, potential for development and innovation, cooperation (both past and projected) and initiating organization's experience and potential.

If we achieve Key National Cluster status, we will be able to apply for funding within the framework of the 2014-2020 Operational Program, "Smart Growth".

Both the wood and furniture industries are among the list of National Smart Specializations as well as the Regional Specializations of the Province of Zachodniopomorskie. The cluster initiative, which has huge growth potential, would provide a platform for the development of these key specializations.

We intend to amass, integrate and effectively use the combined knowledge of furniture cluster participants that has resulted from our long-term business experience. Due to the potential of the wood and furniture industries, we wish to enlist the support of local authorities to help create a detailed industrial database and disseminate this knowledge to a wider audience. This will ensure that the Province of Zachodniopomorskie maintains its position and becomes the national leader in this area.





# Current potential

of Kronospan in Szczecinek

(ANNUAL FIGURES)

**800 000 m<sup>3</sup>** of Particleboard

**600 000 m<sup>3</sup>** of MDF

**200 000 m<sup>3</sup>** of HDF

Including surface finishes:

**40 000 000 m<sup>2</sup>** of Lacquered HDF

**30 000 000 m<sup>2</sup>** of Melamine Faced Boards

**174** decors in Laminated Boards

**KRONOSPAN GUARANTEES EFFICIENT DELIVERY THANKS TO ITS PRESENCE IN MOST WORLDWIDE MARKETS**

Convenient supplies to your facility are assured thanks to our numerous efficient production facilities across Europe and Russia.

# Kronospan

facilities in Poland

In Poland Kronospan operates a business in seven locations. The first manufacturing site was established in Szczecinek (1989), and was followed by: Malta Decor in Poznań (1991), HPL in Pustków (1996), Kronospan Mielec (1998), Malta Decor in Rudawa (1998), Alfa Terminal in Szczecin (2004) and two sites in Strzelce Opolskie – DSO (2008) and the newest one, Kronospan OSB factory (2015).

The factory in Szczecinek was established in 1989 with the background of a Particle Boards Factory, and today it is one of the largest factories of the kind in the world. We have five manufacturing lines for production of raw boards: particle, MDF and HDF boards, and nine lines for surface refining by lacquering and laminating. Kronospan commenced paper manufacturing in the modernized Malta factory in Poznań in 1991. 7 years later the company commenced paper manufacturing also in the facility in Rudawa. Malta Decor is the world's leader in production of decorative paper for refining wood-based panels.

Elaminated boards manufacturing was commenced in Pustków in 1996. After 2000 the site underwent comprehensive modernization. New buildings and a machine park were built, and technological innovations were introduced. Since 2015 Kronospan has realized numerous investments in Pustków for the total amount of ca. € 30 m. Among other the line for refining façade boards Kronoart and the line for compact boards milling and a large-format digital printer were launched.

The Mielec facility started production in 1998, in the first Special Economic Zone in Poland - Euro-Park Mielec. It is the second largest Kronospan factory in Poland, known for the attractive, diverse range of products, latest manufacturing technologies and modern surface refining methods. The factory manufactures high quality worktops and kitchen worktops, particle boards, MDF and impregnated decorative paper. In 2015 Kronospan Mielec launched several technological investments, among them: modernization of the line for particle boards manufacturing and construction of a new line for elaminated boards manufacturing.

Based within the Katowice Special Economic Zone, the Kronospan facility in Strzelce commenced manufacturing in 2008. The main production of the factory in Strzelce Opolskie includes finishing materials: high-end laminated and lacquered floors, wall panels, skirtings, and MDF boards refined with polymer lacquers.

Numerous investments have resulted in that the facility in Strzelce Opolskie is distinguished by the state-of-the-art manufacturing technologies and a wide range of products. In 2014 the production of flooring in digital printing technology was started and the line for production of LVT flooring was launched - Strzelce Opolskie is the only Kronospan manufacturing site to produce flooring with the use of this technology.

Since 2015 the operations in Strzelce Opolskie have been extended - there has been launched production in the newly established manufacturing facility producing OSB boards. In the next few months we are going to start new investments, thanks to which the potential and products portfolio will be extended.





# Business environment

## Investment Proposition

Factors that make Poland an attractive investment proposition:

- Favorable geographic position
- Competitive tax environment
- Network of free trade agreements
- Low operating costs

## Tax System

Tax	Rate	Frequency of Tax Payment	Possible Incentive
Corporate Income Tax	19%	monthly	In a special economic zone, tax exemption to 2026 in the amount of 35-55% of new investment in SEZ (before investment permission is needed)
Withholding Tax (for dividend, share in profits, royalties, know-how, interest income, lease payments for movable assets, intangible services, ship transport services)	10-20%	monthly	Lower rate 5% or no tax depends on double taxation agreement. Shareholder (>25%) or sister company (the same owner >25%) are tax free (10% in case of dividend)
VAT	23% standard	monthly or quarterly	Import VAT can be settled with no cash output in VAT declaration.
Property Tax	5,3 EUR/m <sup>2</sup> per year from buildings, 2% from initial value of infrastructure	monthly	It is possible to get a 5 year tax holiday under certain conditions (new investment, new work places)
Civil law transaction tax (i.e. increase share capital, buying shares, real estate buying with no VAT)	1-2%	14 days after event	Share premium is without tax. There are many other steps to be taken to be tax free.
Personal Income Tax	"18% - to the amount of annual income 85.528 32% - above the amount of annual income 85.528;"	monthly	
Pension and Disability Insurance	16,26% - employer 11,26% - employee	monthly	
Health Insurance	2,45% - employee	monthly	
Accident Insurance	from 0,4% to 3,60% - employer	monthly (the amount of the contribution depends on the type of business and the rate of accidents)	
Health Insurance	7.75% - the value of which tax is deducted 1,25% - employee	monthly	
Unemployment Insurance	2,55% - employer	monthly	an exemption for women who have completed 55 years and men who have completed 60 years and an exemption for 36 months for women who return to work after maternity leave and parental leave

## Free Trade Agreements

Investing in Poland is achieved not only through unlimited access to the EU market, but also access to the markets of the countries and regions by which the EU shares with agreements that facilitate trade in goods.

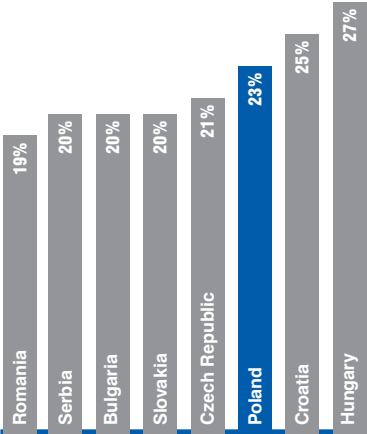
### The bilateral or regional free trade agreements in force

Europe	Mediterranean	Other countries	Customs unions
Ukraine	Palestinian Authority	Mexico, South Africa	Turkey
Norway	Syria	CARIFORUM States	Andorra
Iceland	Tunisia	Chile, Madagascar,	San Marino
Switzerland	Morocco	Mauritius, The Seychelles,	
Faroe Islands	Israel	Zimbabwe, Korea	
Macedonia	Jordan	Papua New Guinea and Fiji	
Albania	Lebanon	Iraq, Columbia and Peru	
Montenegro	Egypt	Central America	
Bosnia and Herzegovina	Algeria	Ecuador, Cameroon	
Serbia			

The European Union is also in an advanced stage of negotiations of free trade agreements with the United States and Canada. Poland, due to the longest border within EU with Russia, Belarus and Ukraine is an excellent area to invest in order to export to eastern markets.

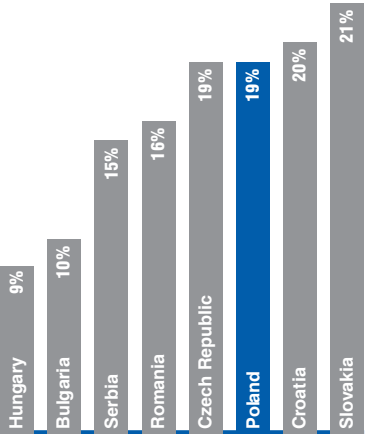
## Tax&Salary Rates

### Standard VAT Rate



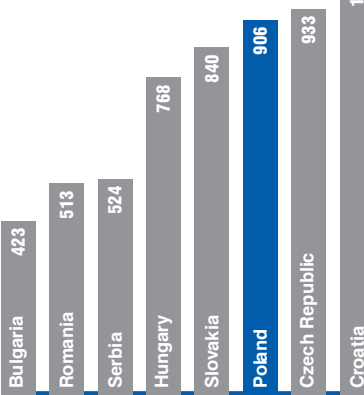
Source: National KPMG, 2017

### Corporate Income Tax



Source: National KPMG, 2017

### Average Gross Monthly Salary (EUR)



Source: The Vienna Institute for International Economic Studies, February 05, 2015

## Poland is a good place for investment

Right now because of qualified employees, good office infrastructure and a stable political situation we are the most commonly chosen place by the investors to build business service centers.

The factors that determine the strong labor market are:

- Young, eager to work and motivated people, who are practically oriented
- Active actions undertaken by the Polish government encouraging the selection of technical faculties, whose programs are of a great importance in the perspective of economic development (e.g. through a preferential form of a grant).
- Information from the labor market, which shows that graduates of technical and economic faculties more quickly find a job than the graduates of other fields, in addition they receive higher a salary
- Colleges and Universities have a qualified teaching Staff and good facilities for the development of technical competency through laboratories, practices and co-operation with business, which is reflected in teaching programs taking into account the needs of particular employers.

**25%**  
from business  
administration schools

**480.000**  
Graduates annually

**15%**  
from technical schools





[kronospan-express.com](https://kronospan-express.com)

