



Spotlight on Poland - wood-based panels activity in one of Europe's most important markets

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STOWARZYSZENIE PRODUCENTÓW PŁYT DREWNOPOCHODNYCH W POLSCE

ASSOCIATION OF WOOD-BASED PANEL MANUFACTURERS IN POLAND

- a. Poland – general information**
- b. Overview of PB/MDF/OSB factories/capacities in Poland**
- c. Overview of wood/resin/energy used in Poland**
- d. Overview of end user markets**
- e. Key Opportunities/Concerns for the future**

Poland – general information



- Area** - 312 696 km²
- Population** – 37 milion
- GDP** - 880,055 bln USD
- GDP per capita** - 23 434 USD
- Unemployment** - ca. 5%
- Politics** - a government made up of a coalition of liberal, social democratic, people's and left-wing parties
- Forest cover** - ca. 30% (9 435 000 ha)
77% of forests under the management of a single entity - **the State Forests National Forest Holding.**

Forest area in Poland									
year	1946	1960	1970	1980	1990	2000	2010	2023	2050*
%	20,8%	24,6%	27,0%	27,6%	27,8%	28,4%	29,2%	29,6%	33,0%

Wood-based panels industry in Poland

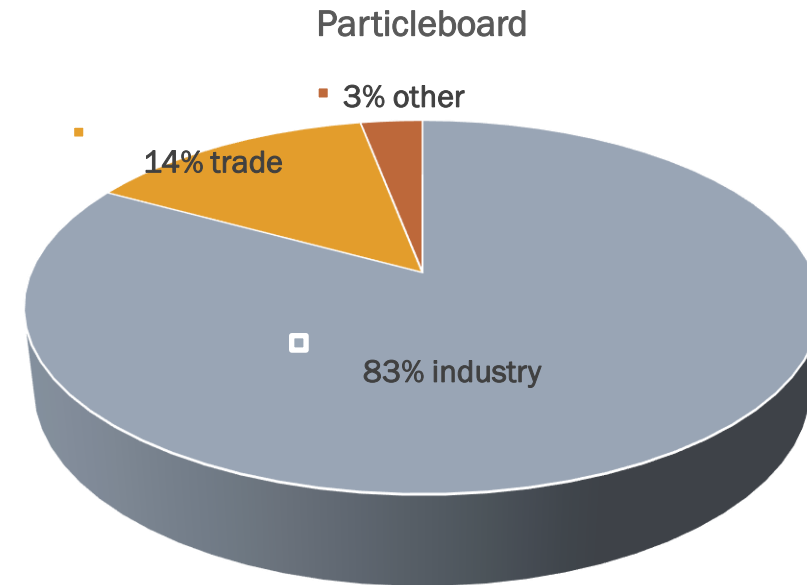
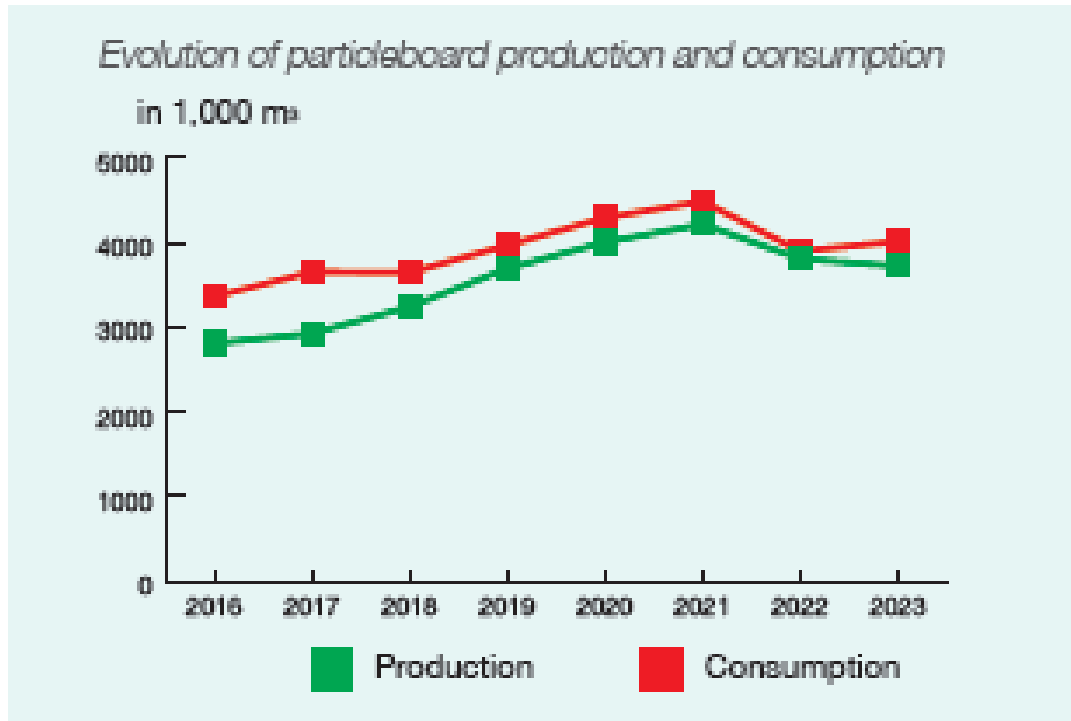


	Name	Location	Products
1	Biaform	Białystok	Hardwood plywood
2	BZS Sklejka Multi	Bydgoszcz	Hardwood and softwood plywood
3	Egger	Biskupiec	Particleboard
4	Fibris	Przemyśl	Softboard, hardboards
5	Homanit	Karlino	HDF
6	Homanit	Krosno Odrzańskie	HDF
7	IKEA Industry	Orla	HDF
8	Kronospan Mielec	Mielec	Particleboard, MDF
9	Kronospan Polska	Szczecinek	Particleboard, MDF/HDF
10	Kronospan OSB	Strzelce Opolskie	OSB, MDF
11	Łąccy	Baranowo	Hardwood plywood
12	Paged	Pisz	Hardwood and softwood plywood
13	Paged	Morąg	Hardwood and softwood plywood
14	Woodeco	Grajewo	Particleboard, MDF/HDF
15	Woodeco	Wieruszów	Particleboard,
16	Polikat	Brzozów	Hardwood plywood
17	Sklejka Eko	Ostrów Wielkopolski	Hardwood and softwood plywood
18	Sklejka Orzechowo	Orzechowo	Hardwood and softwood plywood
19	Steico	Czarna Woda	Softboard, hardboards, LVL
20	Steico	Czarnków	Softboard, hardboards, LDF
21	Steico	Gromadka	LDF, softboard (in the launch)
22	Swiss Krono	Żary	Particleboard, OSB, MDF/HDF
23	Tanne/Forte	Suwałki	Particleboard
24	Vesta eco	Wielki Łęck k. Lidzbarka	U-LDF (since 2021)

Key figures of polish panel industry*

Particleboard industry

Production - 3 719 961 m³
 Consumption - 4 010 921 m³



71% of MFC
 29% raw particleboard
 processed directly by the industry

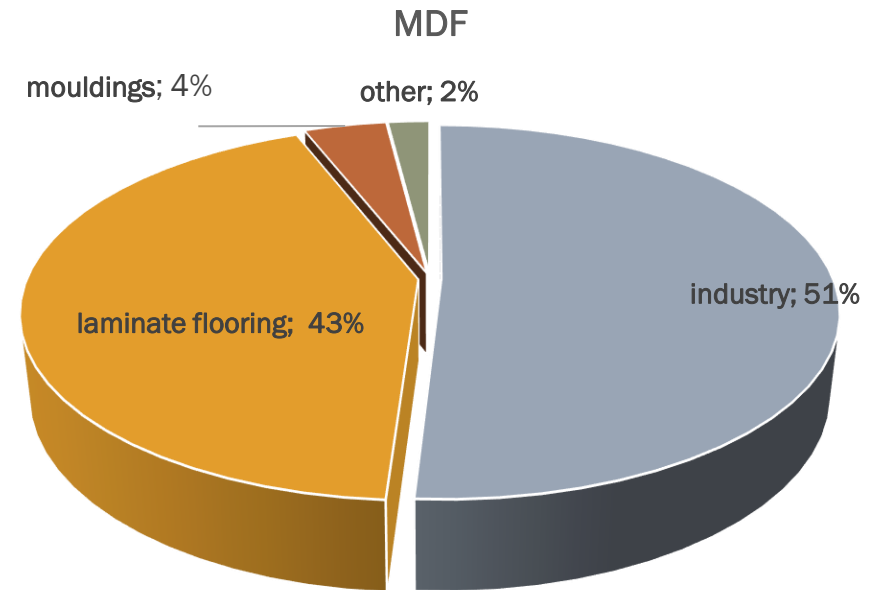
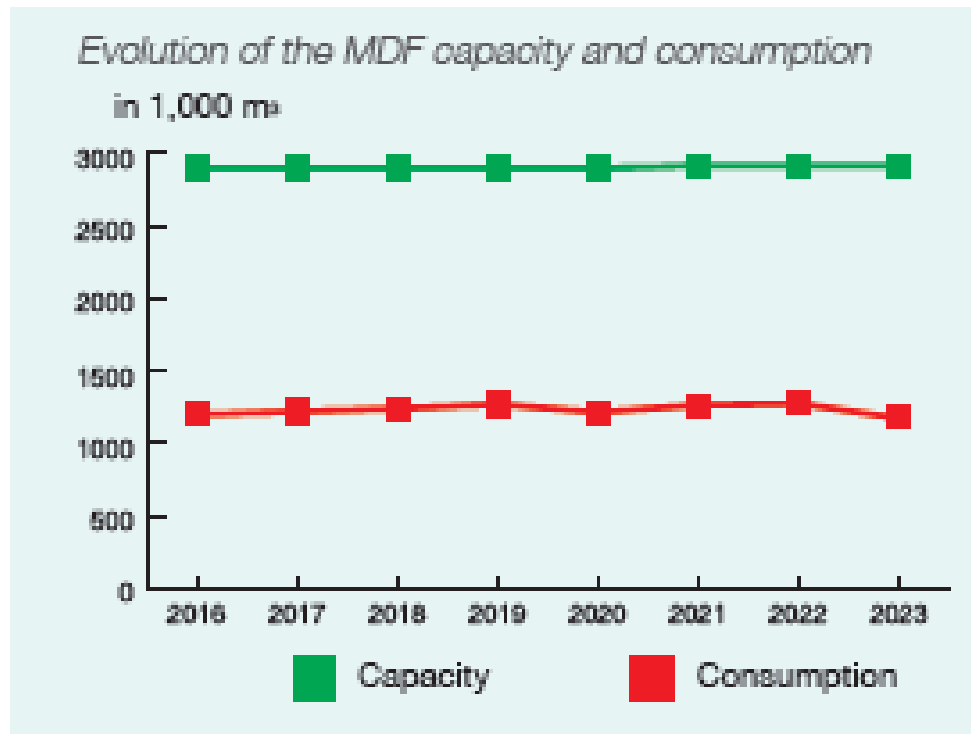
*based on EPF Annual Report 2023-2024

Key figures of polish panel industry*

MDF industry

Production – 2 915 000 m³

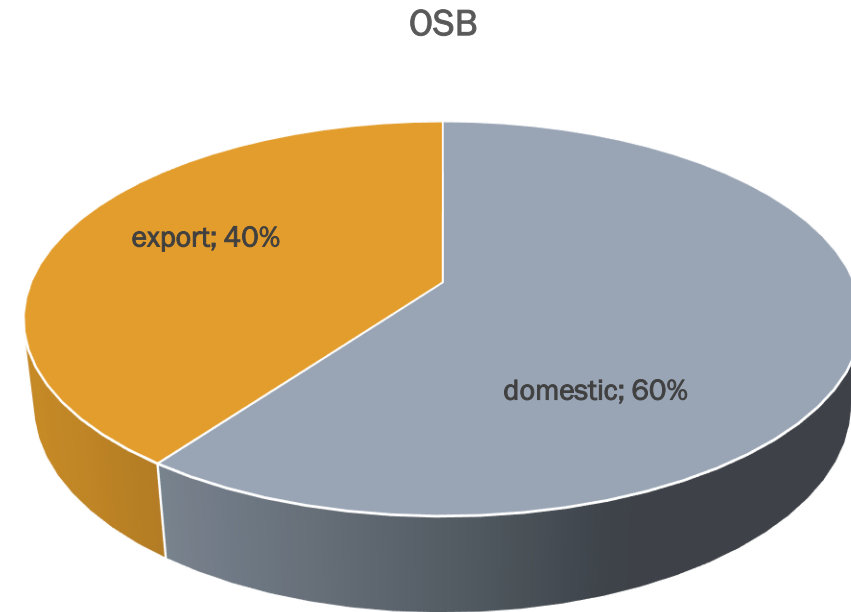
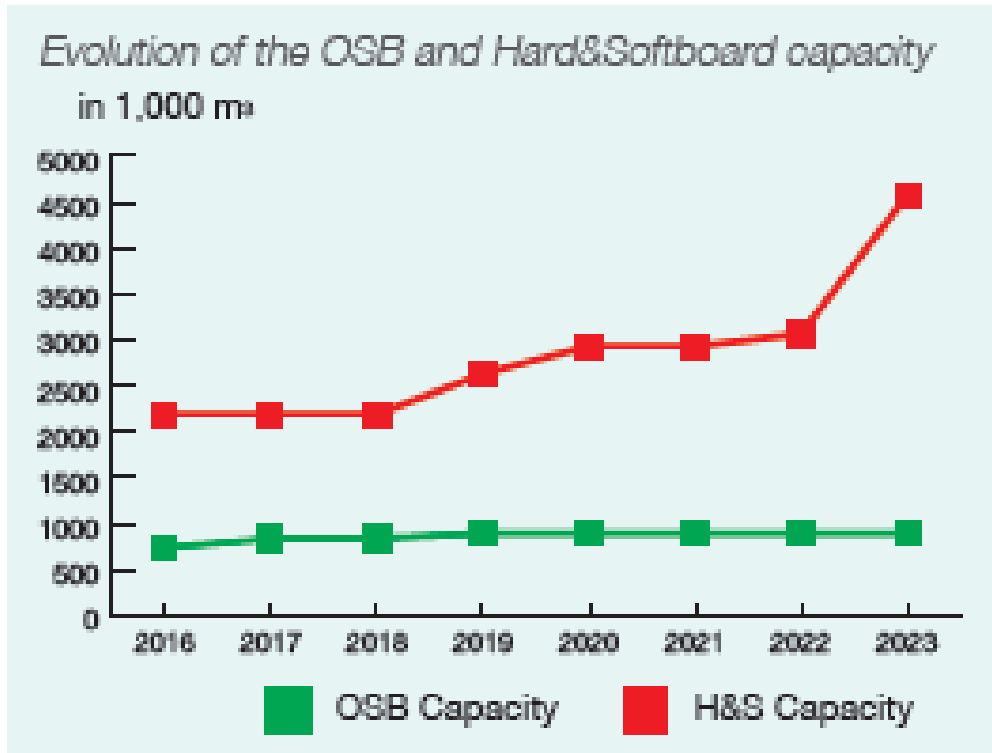
Consumption – 1 174 699 m³



*based on EPF Annual Report 2023-2024

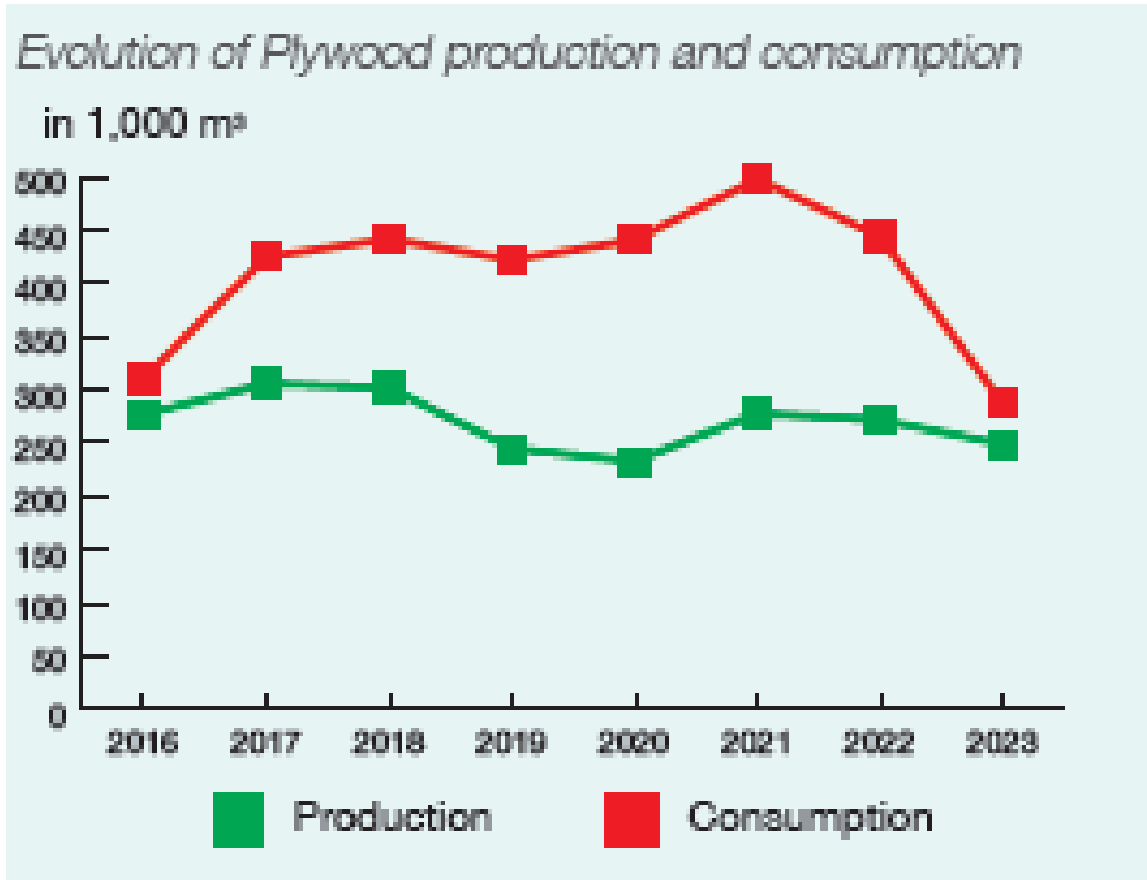
Key figures of polish panel industry*

OSB production - 900 000 m³
 Hard&softboard production - 4 565 000 m³



*based on EPF Annual Report 2023-2024

Key figures of polish panel industry*



Plywood industry

Production – 248 564 m³

Consumption – 287 228 m³

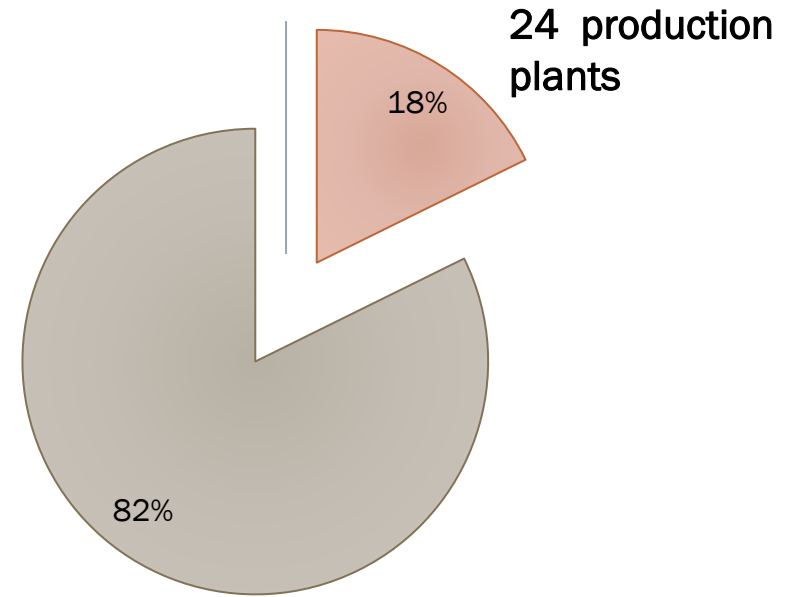
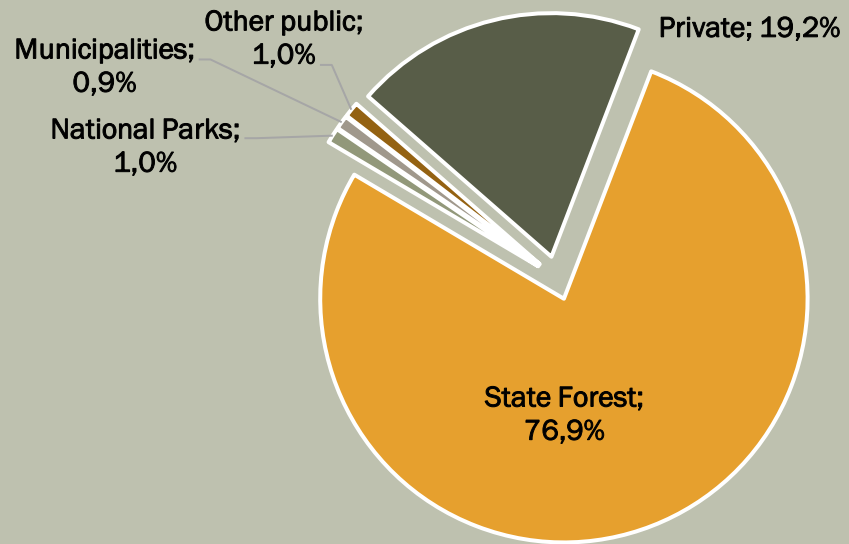
Export – 92-95%

*based on EPF Annual Report 2023-2024



Wood

FOREST OWNERSHIP STRUCTURE



Out of almost **6,500** customers buying **ca. 39 million m³ of timber** from the State Forests **24** plants producing wood-based panels buy **5 million m³** which represents approximately **13%** of the raw material pool offered





Wood

Currently, more than 11 million m³ of wood are used for the production of wood-based panels, of which about 6 million m³ is roundwood.

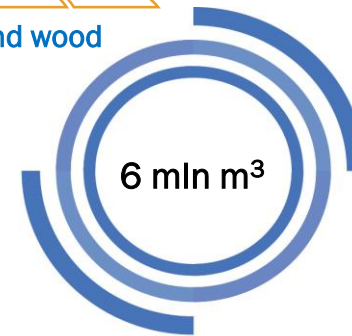
5 million m³ comes from the State Forests, the rest from imports, private forests and traders.

For the production of plywood and LVL, special peeler wood (whose supply is decreasing) and sawn wood are used. Medium and small roundwood (industrial) is used for the production of other boards.

In addition to roundwood, particleboard producers also buy **by-products from sawmills** (sawdust, wood chips, shavings) and wood chips from professional post-consumer wood recovery lines. The share of such materials in production, depending on the type of board, ranges from 35% to as much as 60%.



Round wood



By-products from sawmills and recycling



80%

Sawmills by-products



20%
Recycling





Wood prices

The war in Ukraine exacerbated the shortage of wood and thus caused prices to rise. Much of the raw material for plywood production came from Belarus and Russia. Much industrial wood and biomass was also imported from Belarus.

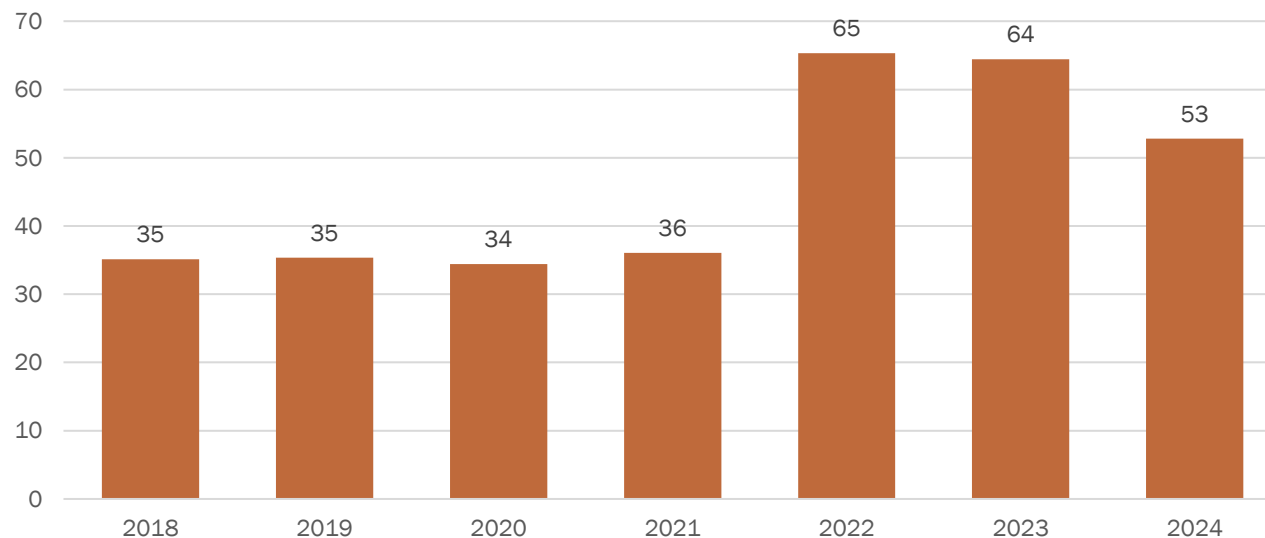
Prices in neighboring countries at the beginning of 2024 are several dozen percent lower than in Poland



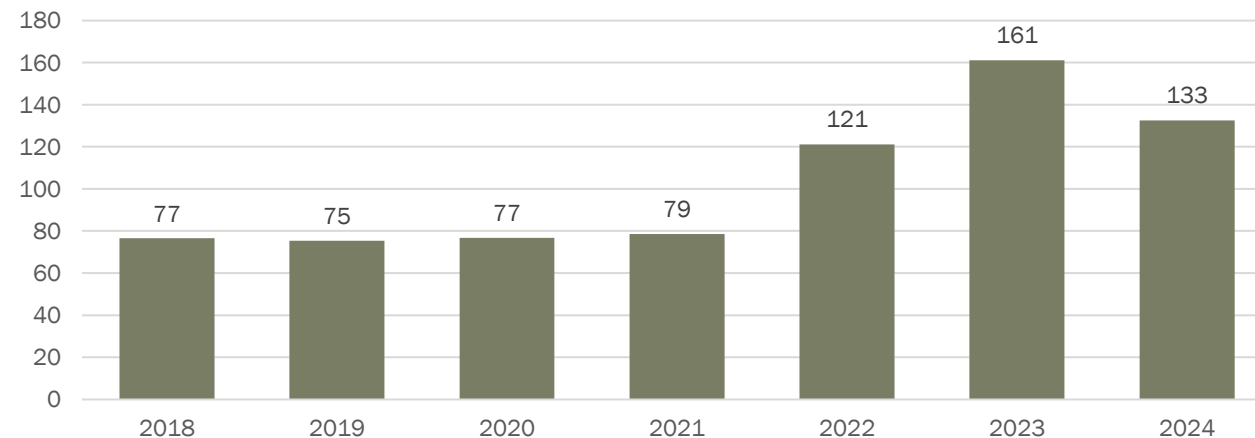
State forests have largely withdrawn from FSC certification in 2022-23 and have now announced a return to FSC certification following a change of government.

FSC is particularly important for furniture manufacturers.

average price of industrial pine timber in the State Forests
(Eur/m³ at the forest road)



average price of plywood birch timber in the State Forests
(Eur/m³ at the forest road)





Electricity



[Source: Montel | Prices](#)



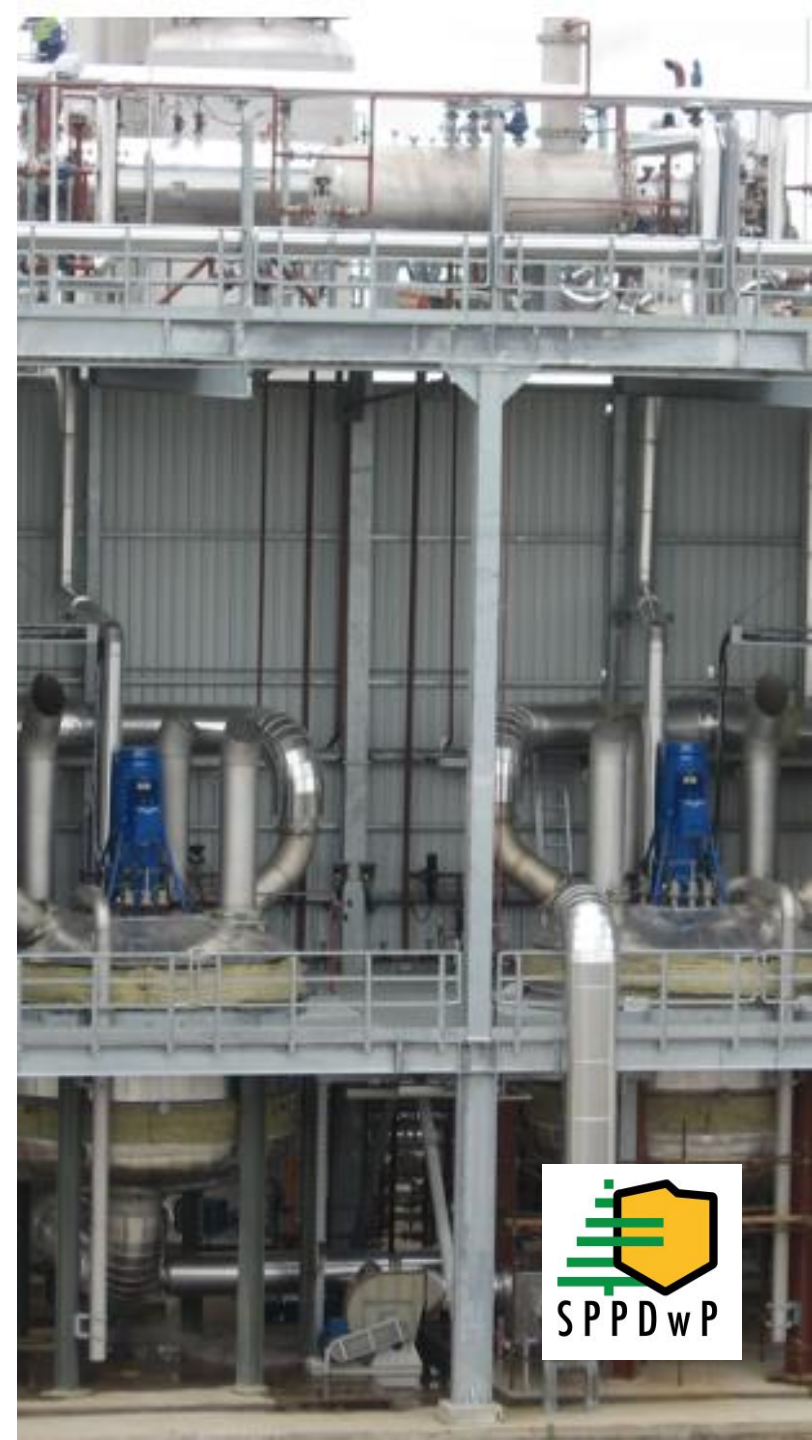


Resins

Glue manufacturers:

- Swiss Krono
- Kronochem,
- Silekol,
- LERG (phenolic),
- Prefere (phenolic)

Total resin production
approx. **1,250,000 tonnes**



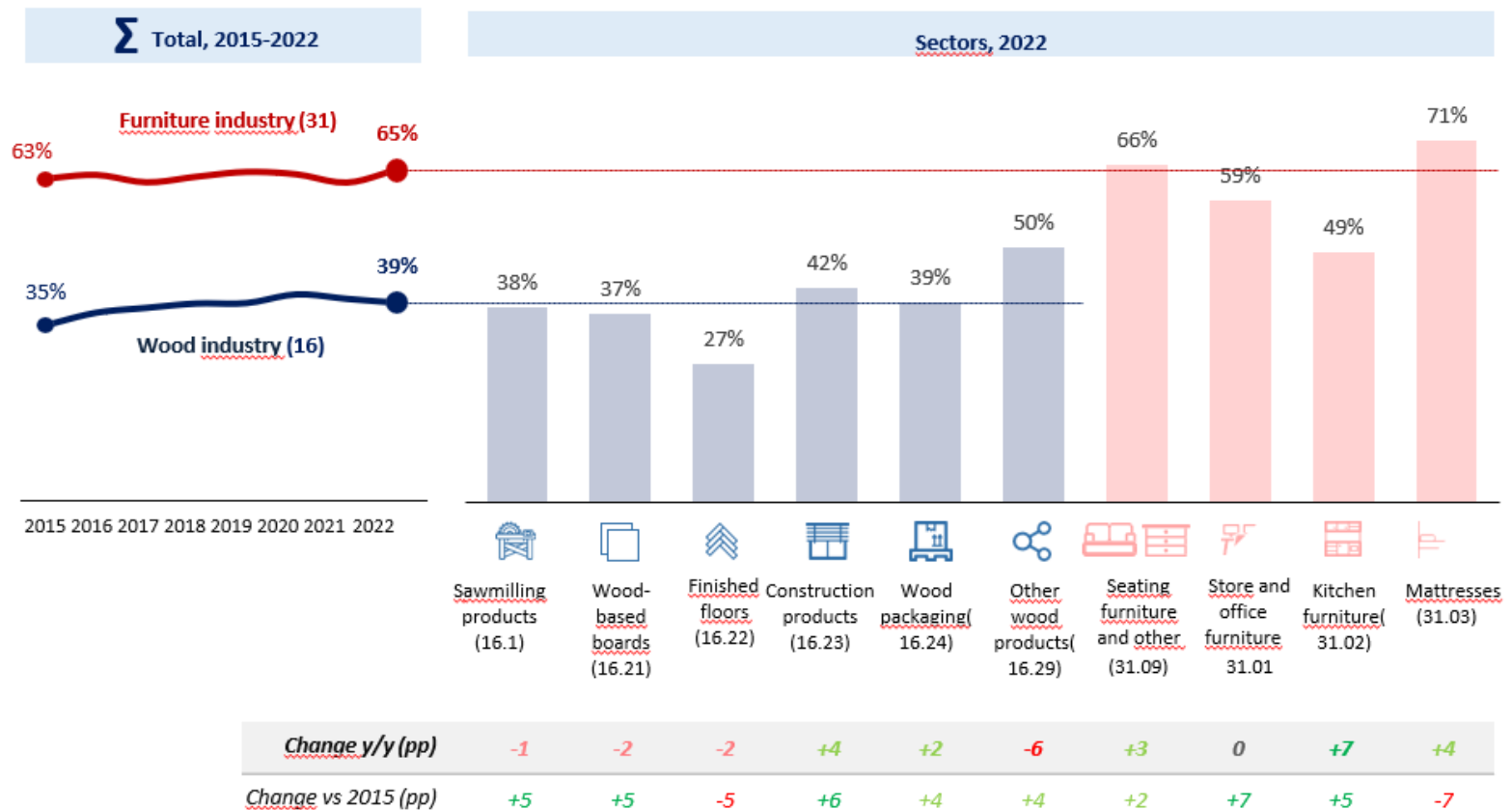


Sales

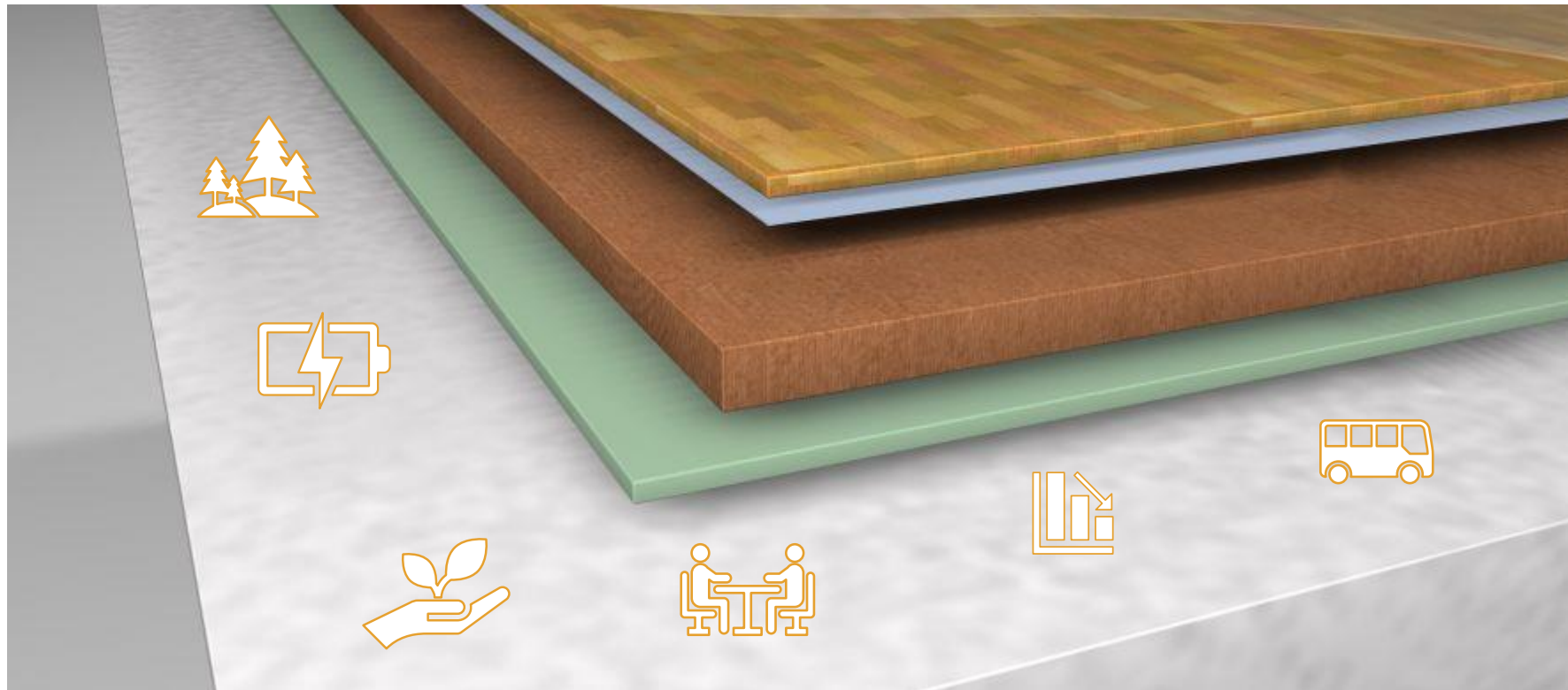
The furniture sector is one of the most foreign-sales-oriented branches of Polish industry. Exports accounted for approximately 65% of the sector's total revenue last year. It plays a particularly important role in the activities of manufacturers of leisure and living room furniture (including bedroom furniture). It is of least significance (approx. half of the total turnover) for the relatively small segment of kitchen furniture.

In the wood industry, the share of exports in sales is still slightly lower than in manufacturing as a whole (39% vs. 43% in 2022), The highest share of foreign sales in turnover (approx. 50% in 2022) is characterized by the highly product-differentiated segment of other wood products (16.29), and the 40% level is also exceeded in the segment of products for construction/woodwork (16.23), which is known for the export activities of the leading players.

Share of exports in the revenue of the wood and furniture industry and its various sectors



Key Opportunities/Concerns for the future

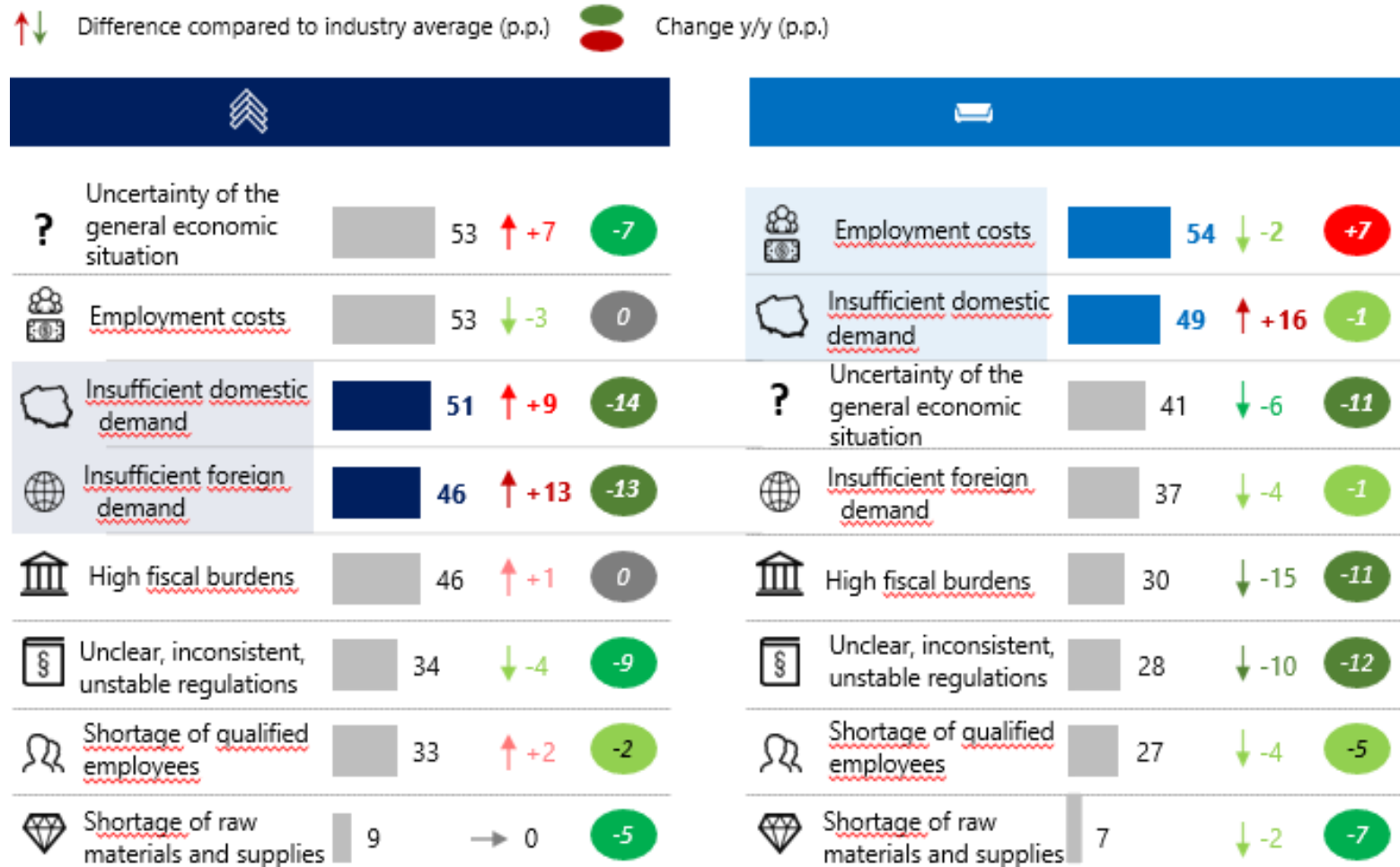




Key challenges

- rising production costs (raw materials, energy, wages)
- decrease in profitability
- low demand

Key current challenges of wood and furniture companies - percentage of companies indicating a given factor as a barrier to operations, August 2024



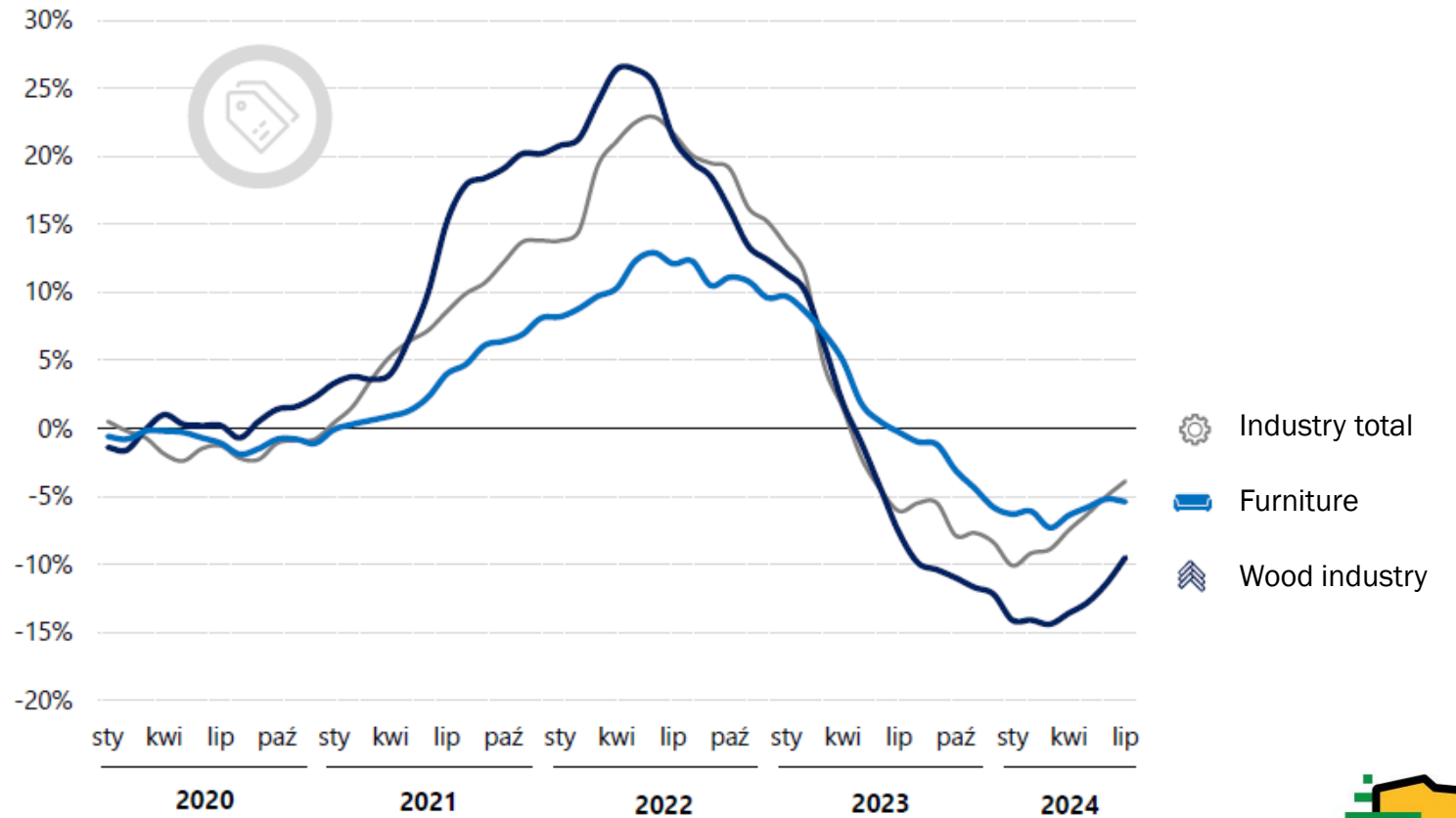


Decrease in orders and prices

The most significant factor in the further development of supply and prices is the currently observed weakening of demand from the furniture and construction industry. Furniture production was still showing a 10% growth rate as recently as August 2021, but since April 2022 this growth rate has been negative and stood at -10% in June 2022. The slowdown in the construction and furniture sector covers the entire EU zone.

Weaker demand is reflected in the still pronounced downward trend in the prices of output sold, making it much more difficult for them to return to growth in value terms.

Y/y dynamics of average prices of sold production of the wood and furniture industry (against all manufacturing), 2020-24



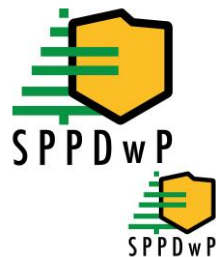
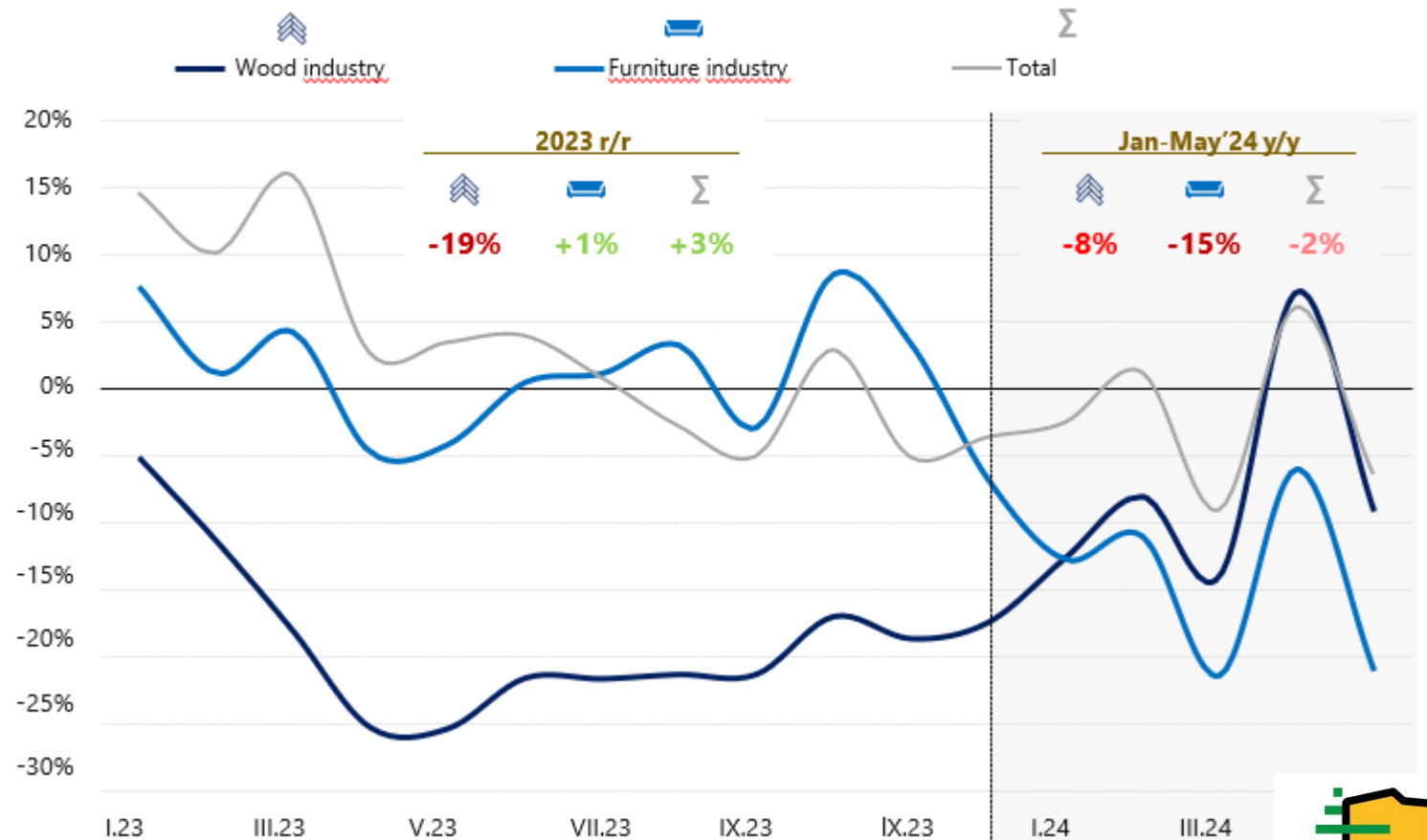


Decrease in orders

The reason for the poor production performance in recent quarters lies largely in very weak demand abroad. This is a major challenge especially for the strongly export-oriented furniture industry.

Exporters are further hurt by the strong exchange rate of the zloty against the euro

Year-on-year dynamics of the export value of the wood and furniture industry against exports of goods total, January'23-May'24





Regulations

Legal challenges:

- national policy - exclusion of naturally and socially valuable forest areas from use (20% of forest area)
- EU policy - limitation of timber harvesting due to e.g. the European Biodiversity Strategy, LULUCF
- subsidized burning of wood for energy purposes by the commercial power industry
- unclear legislation e.g. on recognition of post-consumer residues as by-product or biomass.
- compliance with EUDR requirements



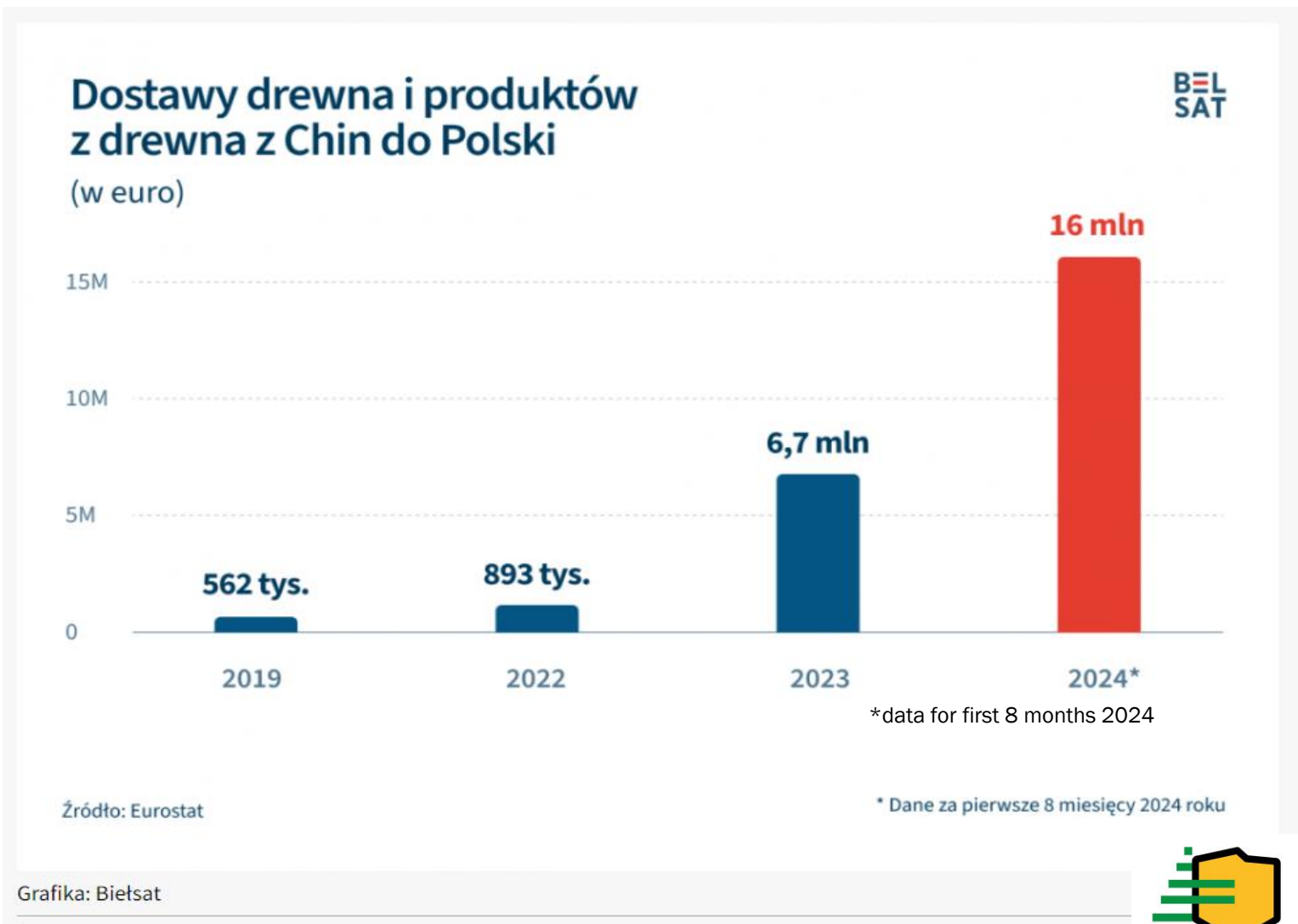


Illegal imports

Despite the sanctions, a lot of plywood, particleboard, furniture and other wood products manufactured in Russia and Belarus are coming into Poland.

An increase in imports of products labelled as Chinese but actually made in Russia or Belarus.

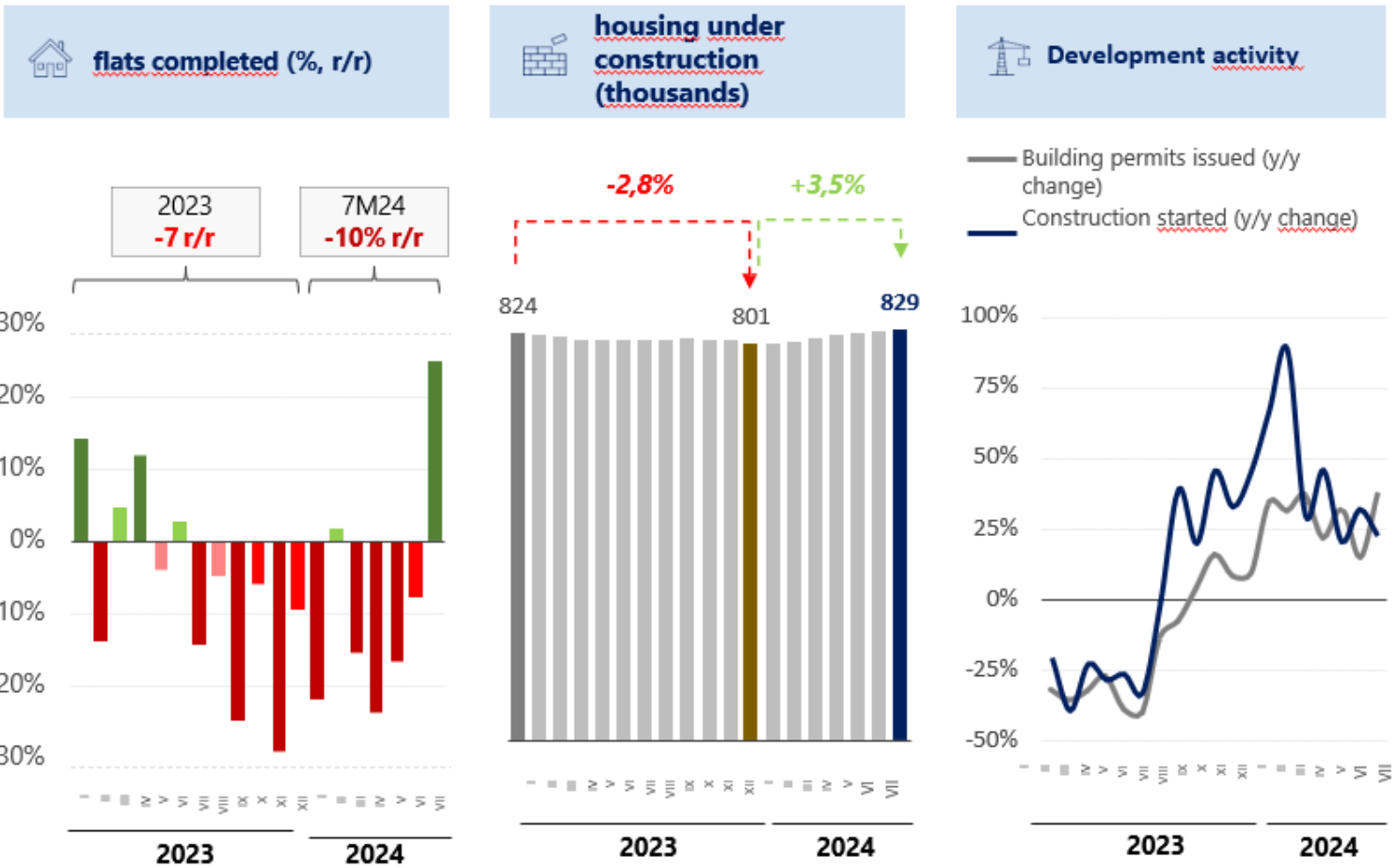
Supply of wood and wood-based products from China to Poland



Opportunities

Domestically, the wood and furniture industry should be supported in 2025 by an expected influx of new housing, following a surge in developer activity in recent quarters.

Situation of the domestic housing market, 2023-24

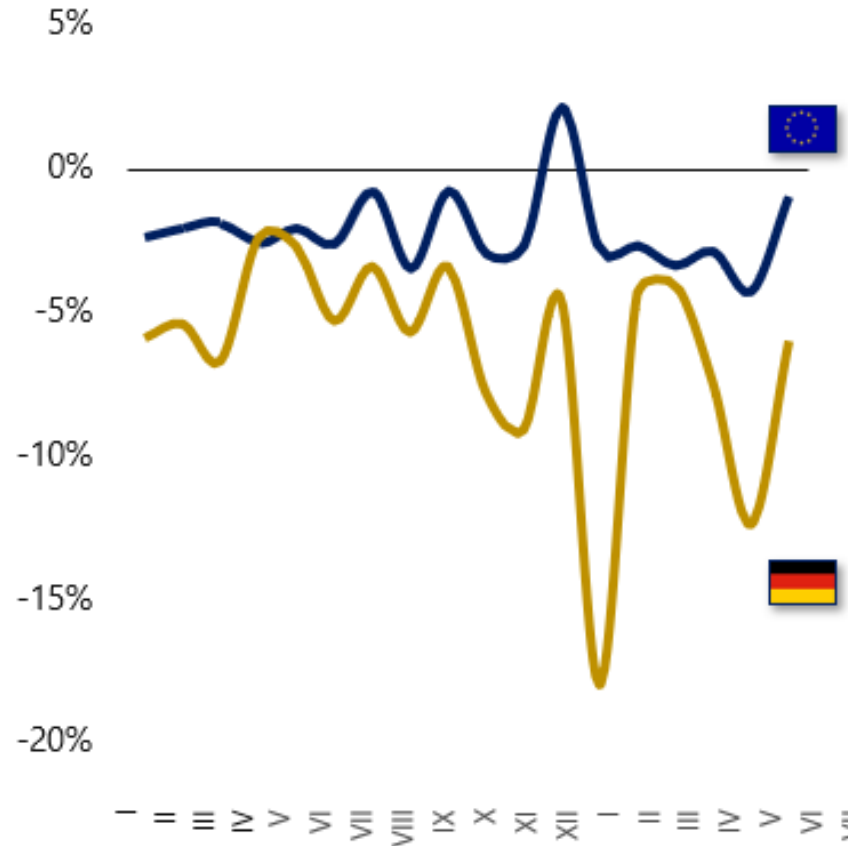


Opportunities

The impasse in the EU construction industry remains a major challenge. It may be unblocked by the expected drop-in interest rates in the Eurozone, but its impact on the wood and furniture industry will only be seen for some time.

Trends in the EU construction sector

Construction output volume (y/y dynamics)





Thank you

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