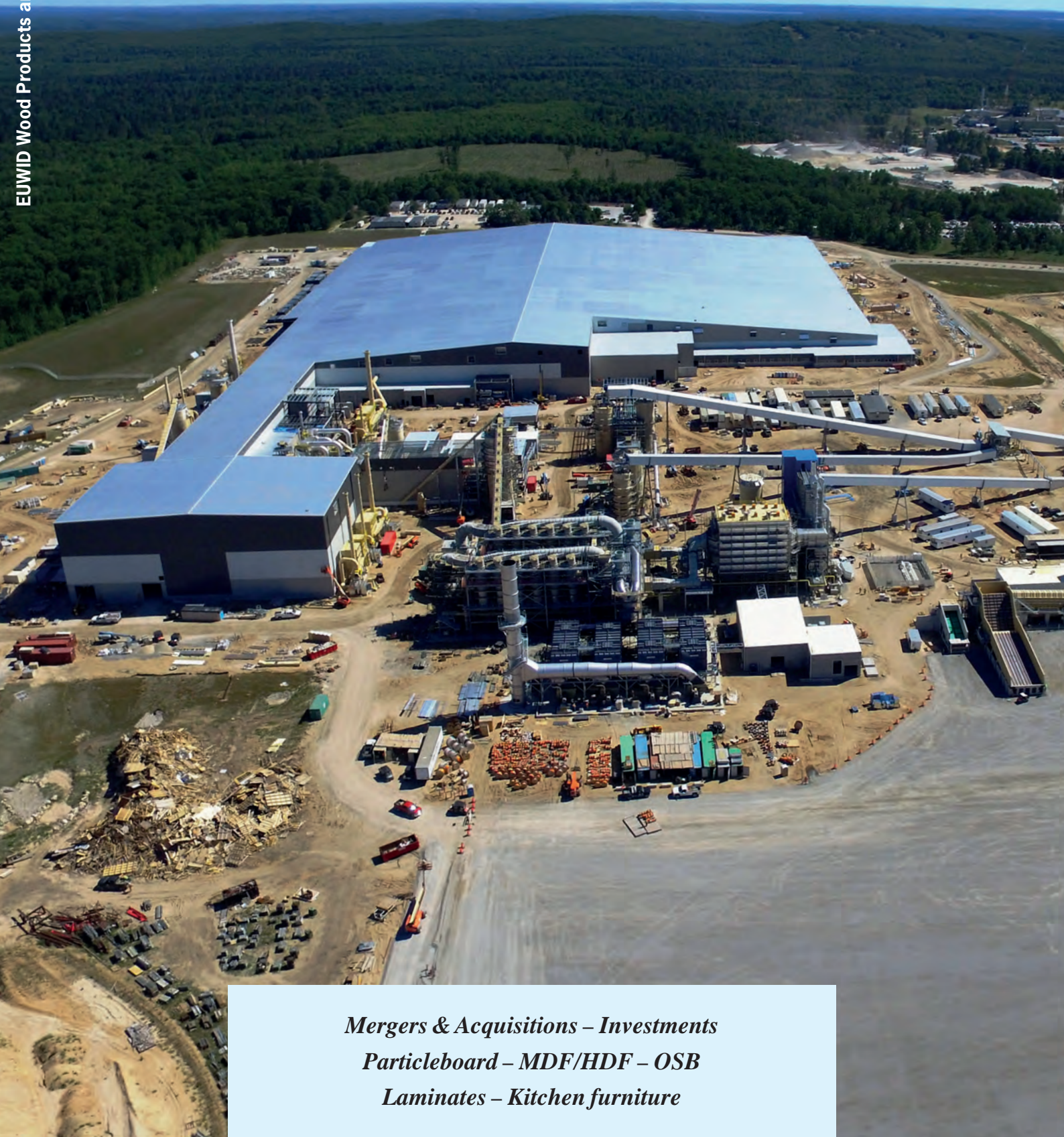


EUWID

Special: Wood-Based Panels

EUWID Wood Products and Panels – Special issue 05.10.2018



Mergers & Acquisitions – Investments
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Airprotech, acquired at the start of 2018, is to cluster RTO production activities

Deurotech gradually creating other pillars besides treating technology

Over the past few years, Deurotech Group GmbH (DTG), based in Langenfeld, Germany, has established several new pillars alongside its treating and coating technology business run by Vits Technology GmbH, also headquartered in Langenfeld. Deurotech was created in late April 2015 when the private equity firm Hannover Finanz GmbH, based in Hanover, Germany and Vienna, Austria, acquired a majority stake.

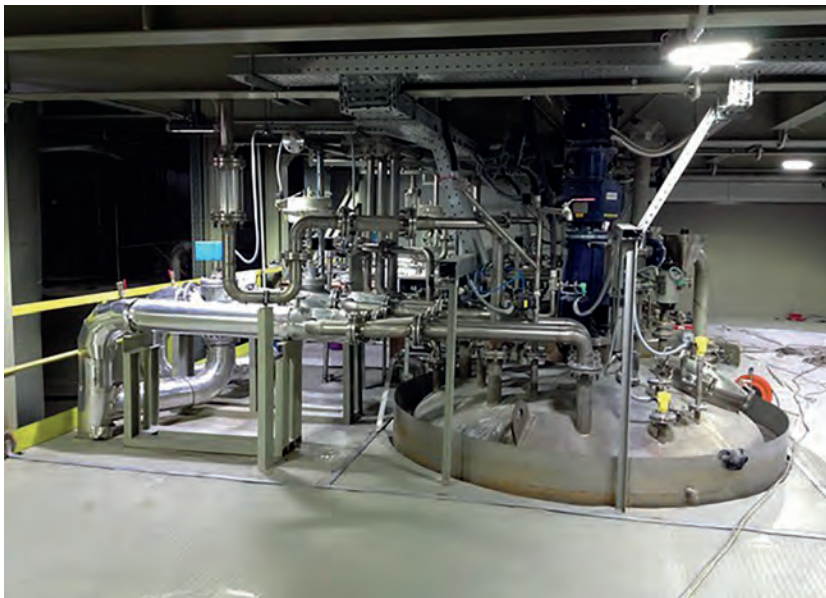
The company had entered the exhaust air treatment technology business back in September 2014 when it became the sole owner of Wessel-Umwelttechnik GmbH, based in Hamburg. IFA Technology GmbH, a company based in Rain am Lech, Germany, that specialises in dosing, weighing and mixing technology, now also delivers production technology for adhesive and impregnating resins. The last major expansion happened in February 2018 when Deurotech acquired a majority stake in another exhaust air treatment specialist: Airprotech s.r.l., based in Magenta, Italy. Deurotech

Group intends to continue moving forward with its strategy of growing through targeted acquisitions in future too. This strategy was outlined when Hannover Finanz became its majority shareholder and focuses on rounding out its existing portfolio to unlock synergies in terms of the products on offer and buyer segments it serves. At the moment, additional transactions appear to be primarily feasible in the environmental technology field, which has so far been covered by Wessel-Umwelttechnik and Airprotech. Conversely, Deurotech Group sold the additive production and sales specialist Deurowood Produktions GmbH, based in Hard, Austria, to Pinova Capital GmbH, headquartered in Munich, Germany, in December 2016.

The sale of Deurowood, which closed retroactively to 1 January 2016, had brought major changes to Deurotech Group's financials. The deconsolidation of Deurowood sent the group's consolidated revenues falling to €47.8m (29 April-31 Dec. 2015: 48.9m) in 2016 compared with the short 2015 financial year, which did not begin

until 29 April. Approximately 23% of this sum was generated in Germany and 77% in other countries. Conversely, proceeds from the sale and other income from investments led to a sharp improvement in earnings. Project delays caused by clients meant that Deurotech was unable to meet its goal of raising revenues in 2017. Deurotech Group intends to generate consolidated revenues of €75m with its staff of about 220 workers this year thanks to the first-time inclusion of its stake in Airprotech. Both the further expansion of existing activities and integration of Airprotech are to drive this considerable increase in revenues. Excluding Airprotech, the company intends to book a 20% growth in revenues this year.

Deurotech Group has reorganised its exhaust air treatment technology operations following its purchase of a stake in Airprotech. Its regenerative thermal oxidizer (RTO) activities have been pooled at the Italian firm, which focuses on thermal and catalytic exhaust air treatment methods and primarily serves customers in the chemical, pharmaceutical, petrochemical, printing and paint industries. Airprotech now delivers about 60-70 RTOs each year. On the other hand, Wessel-Umwelttechnik has withdrawn from the RTO manufacturing business in Hamburg, except for the waste treatment segment. Instead, it is now focusing on manufacturing biological and chemical scrubbers that are used to reduce formaldehyde and dust emissions. Wessel-Umwelttechnik now handles about four to five orders from the wood-based panel and treating business each year. In the wood-based panel industry, scrubbers offered by Wessel-Umwelttechnik compete with wet electrostatic precipitators (WESP). While investment costs for both concepts are comparable according to Deurotech Group, Wessel scrubbers can be operated at much lower energy costs. Besides scrubbers, Wessel-Umwelttechnik also delivers technology to reduce odour pollution, which



Resin reactor

(Photo credit: IFA)

is used in the food industry, for sewage treatment plants, for waste incineration plants, and energy recovery systems.

Vits Technology, the biggest company within the Deurotech group, has experienced almost consistent growth in its treating line business over the past few years. 2015 was the strongest year to date with 15 treaters sold; some 13 treating lines each had been invoiced in 2016 and in 2017. Besides the new plant business, which comprises 8 to 12 projects in a long-term average, the company has also carried out several rebuilding projects in the past few years. Ordering of treaters has slowed a little this year for economic reasons. At the same time, business has shifted a little more towards phenolic impregnating technology. New orders for melamine technology have been placed by companies including Kronospan, Egger and the North American resin producer and impregnating firm Arclin Inc., based in Roswell, Georgia. By contrast, business with Turkey, which has been relatively brisk

in recent years, has slowed because of more challenging macroeconomic conditions and the resulting problems financing projects. Companies recently ordering new phenol technology included the laminate manufacturers FunderMax GmbH (St. Veit, Austria), Arpa Industriale S.p.A. (Bra, Italy) and Formica Corp. (Cincinnati, Ohio). Vits Technology's site in Langenfeld is able to operate at full capacity into 2019 based on its current order backlog.

The lions share of the treating lines delivered by Vits are now in its high-performance Highline portfolio. These treaters are able to coat melamine in working widths of 7-9 ft at speeds of 80-110 m/min. Phenol lines operate at up to 350 m/min. Its systems to make glass non-wovens, which are up to 4.50m wide, operate at up to 200 m/min. Besides its Highline product line, Vits also offers Techline standard technology and its Proline series, which was designed to serve entry-level customers. Besides treating lines for the wood-based panel and surfaces industry,

Vits now also supplies a growing number of coating and laminating machines for other areas, such as the non-woven and glass non-woven segment. About a third of the systems delivered by Vits now go to areas outside the wood-based panel and surfaces industry.

IFA Technology reports now handling two to three projects each year in its new business area of adhesive and impregnating resin technology, which has been built up over the past few years. The first projects were carried out at the Russian impregnating joint venture OOO Interprint Samara, based in Samara, and the Mexican MDF producer Pro MDF S.A.P.I.B. de C.V., headquartered in Huimanguillo, Tabasco, in 2015 and 2016. In addition, it increased adhesive resin production at Kronochem LLC in Eastaboga, Alabama, and installed a new impregnating resin line during 2017. In the next stage, IFA Technology also wants to start making phenolic resin lines. IFA Technology will work together with a partner to enter this business. □