

Group boosts investments for 2017-2019 to €220m, revenues increased to €750m in 2018

Schattdecor commissions its new printing site in Quzhou, China

Schattdecor AG, based in Thansau, Germany, commissioned its new printing location in Quzhou in China's Zhejiang Province on 13 May 2019.

The first phase entailed commencing production at two printing machines with working widths of 4 ft that Rotodecor GmbH Maschinen- und Anlagenbau, headquartered in Lage, Germany, delivered from its plant in Taicang in China's Jiangsu Province. Two more Rotodecor printing machines, also 4ft wide, are to be added by the end of 2019. Schattdecor listed the investment involved in setting up the new site, building halls and installing four printing machines at roughly €36m. This makes the new facility in Quzhou one of the biggest initial investments in a new location in Schattdecor's history.

All told, the 25,000 m² hall built on a piece of land roughly 100,000 m² in size offers space for ten 4ft-wide machines and six 7ft wide machines. Schattdecor is also poised to start making finish foils at the new complex over the coming year. A

planned separate coating plant is currently being configured. The decision to invest in building a second printing site in China was taken in summer 2017. This plan was connected to the inability to expand its site in Shanghai, which has existed since 2002. This site's manufacturing area is full with four 7ft-wide and four 4ft-wide printing machines. Even though reserved area is still available, no additional investments are feasible for permit-related reasons.

The last investments in upgrading existing printing locations took place when the firm commissioned one 7ft-wide Rotodecor printing machine in Maryland Heights near St. Louis, Missouri in November 2017 and another in Gebze, Turkey in April 2018. The machine installed at the US facility was designed in such a way that a coating station could be added to it at a later point in time. Installing a separate coating line was also considered as an alternative. However, the company shelved plans to start making finish foils in Maryland Heights for the time being

after acquiring all shares in the US finish foil producer US Coating Co., based in Lexington, South Carolina, in December 2018. US Coating solely makes single-colour finish foils, primarily in black and white, using a 5ft-wide coating line with two EBC units. Production is to be expanded to include decor finish foils over the coming months. Printed paper will then be delivered from Maryland Heights and coated in Lexington.

No firm investment projects are currently in progress in the rotogravure segment. However, Schattdecor has now taken the fundamental decision to invest in installing a second wide digital printing line at its Thansau headquarters. It is still unclear when the line will be installed and commissioned. The second line is to be delivered by PadaLuma Ink-Jet Solutions GmbH & Co. KG (Palis), based in Markt Erlbach, Germany. Palis had installed the first digital printing line, which mainly prints small batches, new decors and speciality digital printing decors and formats, in Thansau in partnership with Rotodecor and commis-



In the first phase Schattdecor installed two 4 ft-wide printing machines in Quzhou.

(Photo credit: Schattdecor)

Schattdecor has now taken the fundamental decision to invest in a second digital printing line at its Thansau headquarters. (Photo credit: EUWID)



sioned it in September 2016. Mechanical handover was completed in 2017, with typographical handover taking longer. During optimisation work lasting more than two years, Schattdecor worked together with technology providers to undertake more radical modifications, which are to be taken into consideration when planning the next line too. Schattdecor will initially concentrate digital printing in Thansau due to the continued need for development. However, future machines are to be installed at international locations.

The group increased its treating capacity by acquiring all shares in Malaysian treater operator Vasatech Sdn. Bhd., based in Bestari Jaya, at the end of February, expanding its site in Chekhov, Russia by adding a treating line and installing additional treaters at its existing locations. Its decor paper joint venture Kingdecor Co. Ltd., based in Quzhou, added another paper machine in autumn 2018.

Schattdecor has expanded a programme of investments announced in spring 2017 again with the extra projects adopted over the past few months and these two acquisitions. The group originally planned to invest approximately €120m in boosting its manufacturing capacity in 2017 and 2018. It made another €40m available for the new projects announced in the second half of 2017 and the first half of 2018. The total investment in the two-year period thus increased to €160m, comprising €90m in 2017 and €70m in 2018. Its investment budget for this year was set at €60m, resulting in a total investment of €220m for the three-year period from 2017 to 2019.

According to preliminary figures published in May, the Schattdecor group generated revenues of some €750m (2017: 710.4m) in its 2018 financial year, almost 6% more than in 2017. Almost all production areas contributed to this upswing. However, its printing output

rose only slightly to 115,300 (114,444) t; other product areas delivered stronger performances. Melamine film and finish foil production (pre/post-impregnates) climbed to 620m (572m) m² after dipping in 2017. Somewhat weaker finish foil business was more than erased by a significant upturn in the melamine film output.

Schattdecor's printing output had passed the 100,000 t mark for the first time in 2014. Output had edged 5.6% higher from 2013's total of 96,377 t to reach 101,733 t. Schattdecor had printed 102,186 t in 2015, before recording a bigger jump to 112,066 t in 2016. Melamine film and finish foil production had reached 482 million m² in 2013. Deliveries had stood at 519 million m² in 2014, rising to 540 million m² in 2015 before jumping a bit more to 574 million m² in 2016.

According to the consolidated financial statements for Schatt Holding GmbH published in the German Federal Gazette in February 2019, group revenues had improved 6.9% to €710.4m (2016: 664.8m) in the 2017 financial year. German revenues had been trimmed 6.2% to €75.7m (80.6m), while foreign markets had enjoyed growth almost across the board. Revenues only stagnated in South America with €59.3m (59.8m) and Africa with €3.4m (3.5m). In the rest of the EU,

revenues stood at €194.8m (188.0m), but had risen even more by 13.0% to €142.0m (125.7m) in the rest of Europe. North American revenues jumped by a quarter to €26.1m (20.9m). Asian revenues improved by 10.2% to €172.3m (156.4m). The Middle East was responsible for €34.1m (27.8m) and Australia for €2.7m (2.0m). This meant that 89.3 (87.9) % of revenues were generated outside Germany.

Consolidated financial statements for 2017 consolidated three German and 13 international companies. Its decor paper joint venture Kingdecor Co. Ltd., based in Quzhou, Zhejiang Province, was booked in keeping with its 50% stake. In its 2017 consolidated financial statements, the company listed separate revenue figures for its Glucholazy location (€98.5m) - which is pooled in Schattdecor Sp.zo.o., based in Tarnowo-Podgorne, Poland and specialises in making finish foils - and for its sites in Chekhov (€36.4m) and Tyumen (€15.7m), which are pooled in OOO Schattdecor, based in Shatura, Russia.

Despite a renewed growth in revenues, Schattdecor reported a downturn in earnings in 2017, something that it mainly blamed on hikes in decor paper purchasing costs that were passed on to sales prices only with a delay. Other cost factors have also increased more sharply. □