EPF Annual General Meeting – Open Part
Clive Pinnington – EPF Managing Director
Santiago de Compostela, Spain
23 June, 2023
Agenda

1. Who we are and key 2022 drivers

2. 2022 Wood-Based Panel Industry Results

3. 5 Strategic Directions Advocacy and Highlights
1. Who we are and 2022 drivers
European Panel Federation

- All wood-based panel types (Particleboard, MDF, OSB, Hard-and Softboard, Plywood)
- Members in 30 European countries
- 100,000 jobs
- €25 billion turnover
Manufacture of Furniture in EU-27 in 2022

% Changes compared to 2022 (volume wise: calendar and seasonally adjusted)

- All furniture segments contracted in Q4 2022
- Uncertain economic situation and high energy prices reduced the household purchasing power
- High-end segments showed better performance

Source: Eurostat
Construction sector in EU-27 in 2022

% Changes compared to 2022 (volume wise: calendar and seasonally adjusted)

- Availability of public funds supporting civil engineering construction in 2022
- Building sector benefitted from rising housing market in H1 2022 with a sea change in H2 2022

Source: Eurostat
Economic Sentiment Indicator in the EU

Source: European Commission

* minimum level
2022 Full Year Statistics
2022 WBP Production in EPF Countries down -7.8% towards pre-pandemic levels

- Output was affected by the energy crisis in H2 2022
- A slight decline in production in H1 2022 (-3%, year-on-year) accelerated to -14% in H2 2022
Wood-Based Panels (PB/MDF/OSB/HSB/PLY) End-Uses in EPF countries

- Furniture output in the EU-27: +4% in H1-2022, -5% in H2-2022
- Construction production: -3% on a real terms versus 2021

* Includes doors and flooring
** DIY, extra-EU exports, not specified, mouldings, other end-uses
Particleboard
Particleboard Production in EU27+UK+EFTA

In 2022: 32.1 millions m³

2022: -6.9%
2021: +12.3%
Particleboard Announced Plant Extensions 2022
+1%
Particleboard Announced New Capacities > 2023 +3.3%

- New plant in Spain in 2023: +720,000 m³
- New particleboard line in Luxembourg
- New plant in Croatia in 2025: +200,000 m³

Total: at least 900,000 m³ (+3.3%)
- Share of recovered wood in PB production: stable at 43%
- Industrial by-products up from 33% to 34%
- Roundwood reduced from 24% to 23% (less than ¼!)
- Saving +9 million dry tonnes of fresh wood
MDF

ANNUAL REPORT
2022
2023
MDF – production in EU27+UK+EFTA

In 2022: 12.5 millions m³

2022: -9.3%
2021: +7.7%
MDF Announced New Capacities and replacement projects in 2023 and beyond

- **Replacement project in Germany**
  - in 2024
  - +90,000 m³

- **New plant in Lithuania**
  - in 2023
  - +310,000 m³

- **New plant in Slovakia**
  - in 2025
  - +450,000 m³

Total: 850,000 m³ (+2.5%)
OSB
Production in EU27+UK+EFTA

In 2022: 6.4 millions m³

2022: -10.7%
2021: +1.8%
OSB Plant Announced Capacity Expansions 2022
+2.3%

Capacity expansions in
UK
Belgium
+175,000 m³

Total: 175,000 m³ (+2.3%)
OSB Plant Announced New Capacities in >2023 +15%
HARDBOARD
Hardboard – production in EU27+EFTA

In 2022: 0.5 millions m³
EU27 capacity: 0.7 million m³ (stable)

2022: -4.4%
2021: +2.5%
SOFTBOARD
Softboard Production in EU27+EFTA

In 2022: 5.1 millions m³
EU-27 capacity: 6.9 million m³ (+2%)

2022: -8.9%
2021: +12.6%
Softboard Announced Plant Extension in 2022
+2%

Extension project in Poland
+135,000 m³

Total: 135,000 m³ (+2%)
Softboard Announced New Capacities in >2023 +70% !!

- New plant in **Germany** in 2023 +1.5 million m³
- New plant in **Poland** in 2023 +1.5 million m³
- New line in 2025 in **Germany** 100 million EUR investment
- New plant in **France** in 2024 +110,000 m³

Total: +3 million m³ (+70% versus 2022)
PLYWOOD

ANNUAL REPORT
2022
2023
Plywood Production in EU-27

In 2022: 3.1 millions m³

2022: -2.5%
2021: +12.2%
Plywood Announced Capacity Expansion in 2023 and beyond

There are several projects by European plywood producers to replace Russian birch plywood
SUMMARY
Share of production per type in EU27+UK+EFTA, 2022

- Particleboard: 53%
- MDF: 21%
- OSB: 11%
- Plywood: 5%
- Softboard: 9%
- Hardboard: 1%
- Plywood: 5%

Stable structure compared to 2021
## Summary 2022

Output dropped close to pre-pandemic levels in 2022

<table>
<thead>
<tr>
<th>Production (million m³)</th>
<th>Countries</th>
<th>2022</th>
<th>2021</th>
<th>22/21</th>
<th>22/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particleboard</td>
<td>EU27+UK+EFTA</td>
<td>32.1</td>
<td>34.5</td>
<td>-6.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>MDF</td>
<td>EU27+UK+EFTA</td>
<td>12.5</td>
<td>13.8</td>
<td>-9.3%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>OSB</td>
<td>EU27+UK+EFTA</td>
<td>6.4</td>
<td>7.2</td>
<td>-10.7%</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Hardboard</td>
<td>EU27+EFTA</td>
<td>0.5</td>
<td>0.5</td>
<td>-4.4%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Softboard</td>
<td>EU27+EFTA</td>
<td>5.1</td>
<td>5.6</td>
<td>-8.9%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Plywood</td>
<td>EU27</td>
<td>3.1</td>
<td>3.2</td>
<td>-2.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Total Wood-Based Panels</strong></td>
<td></td>
<td><strong>59.8</strong></td>
<td><strong>64.8</strong></td>
<td><strong>-7.8%</strong></td>
<td><strong>-0.4%</strong></td>
</tr>
</tbody>
</table>
ADVOCACY
STRATEGIC DIRECTIONS
5 Highlights
Highlight 1

New European Bauhaus
5SD - Role Model Industry
EPF & Wood4Bauhaus Alliance I Recap 2020 - 2022

- Sept 2020: President von der Leyen calls for use of wood to decarbonise the built environment (carbon source -> sink)
- February 2021: EPF and Innovawood form Wood4Bauhaus Alliance as a community of industry, research and trade unions
- April 2021: 1200 delegates attend Wood4Bauhaus online conference calling to “Reforest our planet, retimber our cities”. June 2022: InnoRenew CoE hosts W4B side event of NEB Festival
- June 2022: President VDL quotes Pope Francis’ desire for greater access to nature in cities at NEB event in the Vatican

⇒ Project continuing to deliver on early promise

Press release
Catholic Church and EU Commission President back using more wood in the built environment
EPF & Wood4Bauhaus Alliance
Latest News 2023

• **W4B a role model Alliance in NEB Progress Report**
  • Alliance highlighted in Executive Summary as model open platform in construction industry

• **W4B partner associated with host of NEBAcademy**
  • University of Primorska selected as host hub
  • Location also for W4B partner InnoRenew CoE
  • W4B to focus on biotic materials module
  • Skills are critical to Role Model Industry

• **NEB is focal point of EPF AGM in Santiago**
  • Open Part dedicated to NEB focus on Iberia
  • Making NEB a transformative project
  • Alliance database to receive report
Highlight 2
Cascade in legislation (RED III)
(5SD - Climate)
3 positive changes in RED III

1) **Cascade in legislation for the first time** - woody biomass to be used according to its highest economic and environmental added value (according to previous EC guidelines on good practice)

2) **Subsidies restricted** - Financial support will be banned for energy produced through the use of saw logs, veneer logs, industrial grade roundwood, and stumps and roots

3) **Sustainability criteria increased** – will apply to smaller installations (equal or above 7.5 MW) rather than the 20 MW threshold under the current directive

- Breakthrough for wood-based panels (cascade use)
- Bioenergy also see this as a win (Armageddon averted)

→ Incremental gain, but not yet over.....
Highlight 3
Material Use of Wood 45% -> 60% 
(5SD – Wood Availability)
Material use of wood must go up!

- How much wood is there?
  - 500 million m³ harvested in 2021 in EU-27 (Eurostat)

- What is it used for?
  - 27% for wooden products
  - 13% for paper and pulp
  - 60% for energy

- Is it enough?
  - Yes if we a) use it better (cascade) and b) plant trees (mobilise)
  - No, if we keep “burning the book of life before we have studied it....”

→ EPF calls for material use to rise from 45% to > 60%
Highlight 4

Formaldehyde

5SD – Regulation (and Harmonisation)
Formaldehyde - Restriction Finalised

• Ceiling (E1 Compulsory) and EU low emission level (New Standard) targets for EPF since 2015!
• REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) pathway. Long but effective
• Approved restriction proposal (0.062 mg/m³ for wood-based articles) in approval process.
• Final restriction to be published in OJEU and transition periods start (3 years for articles / 4 years for vehicles)
• Expected June-July 2023 (+ 3 years transition)

⇒ A new standard will be introduced with a ceiling on open ended emissions bring harmony to the EU-27
Highlight 5
Advocacy 2024: Coalition for Circular Choices
5SD – Role Model Industry
Advocacy 2024-2029 – Coalition

- Coalition wood, paper and fibre
- Downstream led, upstream supported
- Policy recommendations to reach 30% contribution

April-June 2023 (selected only)
- Mrs E. Werner, Deputy S-G, SecGen EU Commission
- Mrs L. Graff, Advisor to the CLIMA Deputy D-G, EC
- NN, Head of key Working Group, EPP, EU Parliament

Senior doors opening....