

**Press release August 19, 2013**

## **Bauwerk Boen Group to close Mölln production facility**

The Bauwerk Boen Group has decided to make another move to maintain our competitive edge.

In June 2013 Bauwerk Boen AG announced to integrate their production site in Salzburg with the state-of-the-art facility in Kietaviskes, Lithuania. The Group has now decided to close their production plant in Mölln (Northern Germany) and relocate production to Lithuania. The Mölln site serves the German, Austrian, Swiss markets in addition to central and southern European markets. The Mölln site will continue to operate as a key sales office and logistical facility.

### **Parquet flooring market still very tough**

Although demand in Europe has picked up since the 2007–2008 crises, the parquet flooring market continues to be dominated by cheap imports and excess supply. The European Federation of the Parquet Industry (FEP) recently published the 2012 figures, which indicate that sales in 2012 was down with 5% compared to 2011 and were lower than in 2003 (89.7 million m<sup>2</sup>). Despite intense pressure on prices, the Boen brand has gained significant market shares over the last three years, mainly through the strategic expansion of the Kietaviskes parquet manufacturing plant in Lithuania. The facility in Lithuania is now one of Europe's cutting-edge plants.

### **Tapping into Group synergies**

The EU competition authorities approved the merger of the two established parquet manufacturers – Bauwerk and Boen – in mid-May 2013, and existing production capacities are now being reorganised. Substantial synergy potential is present, especially in the area of manufacturing. The group announcement to manufacture Bauwerk's three-layer parquet internally, in addition to the growth experienced of the Boen brand, will increase the Group's demand for long trip and plank parquet flooring treated with natural oils. In summer 2012 Bauwerk Boen installed a new state of the art oiling line in Mölln to apply two-layer natural oil to surfaces.

Bauwerk Boen will expand the production capacity of Natural oiled products by establishing a three-shift operation in Kietaviskes, Lithuania.

## **Closure of the Mölln production facility**

The planned closure was announced to our workforce today. The closure will affect 35 staff. We will in cooperation with the union and the affected employees begin working out the details of the redundancy package over the next few days.

Production will continue in Mölln until end-February 2014. The management team has developed a number of support measures to help our staff to find new jobs.

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