

Group Management Meeting Bratislava – Review of the FY 2012 after the first three months

Excellence was a key word for the Group Management Meeting of Swedspan, held from December 1 to 2 2011 in Bratislava. In order to achieve this, it is crucial to continuously adapt to changing market conditions and their requirements. Therefore the GMM set a main focus on the challenges and opportunities of the future furniture market and the corresponding challenges for us as panel producer. The key success factors we identified and how our roadmap in 2012 will look like, are the main topics in the last newsletter of this year.

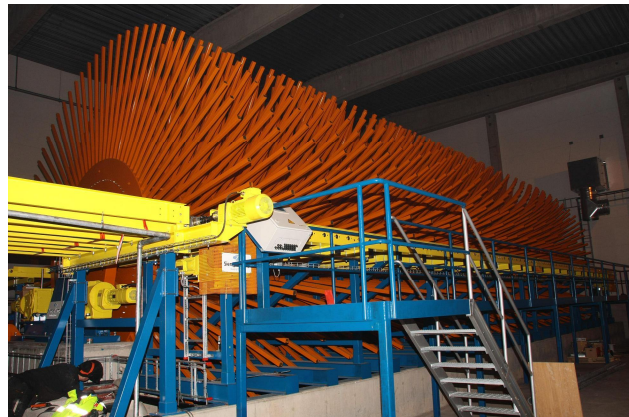
What drives the furniture market and how to deal with it?

Aging, urbanization, rapid growth of population, increased number of single households and increased mobility – all these demographic factors strongly affect the furniture market and require innovative solutions, which fit into these new living conditions. Furthermore, today's consumers are characterized by environmental awareness and therefore we look for products and technologies that are sustainable, efficient and eco-friendly – in other words: green. To meet these changing requirements and consumers' needs, future technology and product improvements must appeal to this "green consciousness". Swedspan's answer is the Green Agenda – an ambitious standard for "Environmental Compliance", "Health Protection" and "Work Safety" in wood based panels industry – which reflects our high expectations to always be "best in class".

To realize the goals of the Green Agenda, but – in accordance to our strategy – also provide low-emission and light-weight panels at very competitive prices we developed the *Swedspan Total Efficiency Program* (STEP) – the program has an impact on various processes at Swedspan. For the year 2012, we selected three focus areas for improvement – the product implementation process, preventive maintenance and controlled change of press process parameters.

Excellent production through process engineering

After analyzing the status quo of the Key Performance Indicators (KPI) and Overall Equipment Effectiveness (OEE) of all plants, we identified potential for improvement in utilization, the press factor and quality.



More precisely, energy generation and drying as well as forming and pressing can be seen as permanent bottlenecks on our aim to lift output significantly year-on-year.

For achieving our goals, we are creating a virtual "Engineering Competence Center" and the right tools to steer our engineering tasks. We develop and roll-out the *Swedspan Project Management Handbook* (SPMH) by end of first quarter of 2012. The SPMH is a project management guideline and contains manuals (*What to do*), instructions (*How to do*), templates and case studies. The project manuals define the General Project Model and the stage gate process as well as the roles and responsibilities. Furthermore, instructions are described for project workflow (deliverables), risk management and validation.

The ultimate goal for excellence: Recognized customer satisfaction

Another main topic of the Group Management Meeting was customer loyalty and commitment. Swedspan conducted a survey about the satisfaction of our key customers for the third time: We noticed an improvement of Customer Retention Level in comparison with the result from the previous wave (May, 2011). According to our own expectations, this value is still significant too low with regards to the statistic:

- Swedspan Slovakia could reach the best results for customer satisfaction and is on a good way. The plant was seen as reliable, customers have also rated the flexibility in changing delivery dates, keeping to these dates and early information about delays positively.
- Swedspan Giriti Bizonas is perceived as reliable partner, customers evaluated the accessibility and speed of response of account manager positively. Customers see room for improvement at the delivering process and the speed of handling complaints.
- For the Swedspan Hultsfred customers have rated the understanding of their problems by account manager most positively. But customers also see improvement needs at the delivering process the overall reliability, flexibility and accessibility.
- The strengths of Swedspan France are the competence of the technical support and speed of response of the account manager. From the customers' point of view the delivery process could be improved.

Swedspan Slovakia: A tour for local politicians to Sweden

Swedspan Slovakia has invited mayor and other representatives from the Malacky municipality to visit the Swedspan plant in Hultsfred. The politicians appreciated the close look on a large production facility which also uses the latest environmental technology.

In the course of the investment plans to install new production facilities at Swedspan Slovakia we invited representatives of the municipality of Malacky to a guided tour to our plant in Hultsfred, Sweden. In the course of the recent investment program Swedspan Hultsfred has also rejuvenated its environmental equipment – the tour and the information on the investment plans for Malacky convinced the municipality representatives: The mayor of the town perceived the submitted plan positively. “The new plant will carry out the production with a minimum of emissions, and thus definitely with less negative effects than at the moment. Moreover, it will bring plenty of new jobs, which is important.” Furthermore, Mrs. D. Hamarova, representative for the municipality, said after the visit to Sweden: “I believe that the new Swedspan plant in Malacky will use all available modern technologies to adhere to all standards and production will have the least possible impact on the environment.” In addition to the tour, Hultsfred town's municipality representatives told their Slovakian colleagues, that after the installation of the new WESP filter, the air conditions have substantially improved.

Seasons greetings: God Jul och Gott Nytt År

Swedspan Group had an exciting year 2011, with many challenges and a lot of work. Our plant in Hultsfred extended its capacity and press extension, and trimming the new equipment needed outstanding patience from all co-workers involved. For a few months now we feel more comfortable about the output and efficiency. Also our plant in Lure, for 20 month with us now, upgraded its environmental and low-cost competences. The technical changes have been quite substantial, and unfortunately more time than planned was needed, and OEE is still not where it should be – just in 2012 we will see the progress. Highlight of the year was the commissioning of our first HDF production line at Orla, Poland. In December we have a good chance to produce 400 m³ on an average per day. The ramp is much steeper than planned. The Orla HOT START ceremony, incorporated in IKEA's 50 years anniversary celebration, got big notice from customers, suppliers and authorities. We are confident to come to quite good capacity utilization during Orla's first fiscal year. Our sites at Kazla Ruda and Malacky performed in accordance to expectations, both sites are operating with great stability, in terms of output and product quality.

Developing Swedspan's competences and competitive product range remains with high priority on our agenda. Our STEP is changing the way we work, always starting with a deep analysis where we are and where we want to be tomorrow. Swedspan's academy is accelerating its training efforts. Right skills are a pre-condition to master our ambitious task list for 2012.

Before starting this it is time to relax and to celebrate the coming events with our families and friends.

In the name of my colleagues from the Swedspan Management Board I wish you and your family a Merry Christmas and a Happy New Year!

See you in 2012
Christian Gunther Schwarz

