

Coillte Panel Products



Coillte Panel Products comprises SmartPly Europe Ltd. which manufactures and sells Oriented Strand Board (OSB) and Medite Europe Ltd. which manufactures and sells Medium Density Fibreboard (MDF). These sustainable timber products will play a key role in building carbon neutral buildings in the future.

SmartPly branded OSB is made in Waterford and Medite branded MDF is made at Clonmel. The business exports almost 90% of production and maintains sales and marketing teams in the UK, Ireland and Holland to service its core markets.

The key challenge for Coillte Panel Products in 2009 was how we would respond to the serious market challenges facing us on foot of the global economic crisis and the weakening of sterling. During 2009, our focus was on two key elements closely linked to sustaining our competitiveness; firstly, on reducing our costs and, secondly, on growing our customer base.

On the cost front, we drove down input costs across a range of headings. In particular, we flexed our payroll costs to match supply with demand by reducing headcount, tightly controlling overtime, eliminating contract labour inputs and introducing a rolling programme of temporary shut downs. These measures have been difficult for staff to absorb but have been absolutely necessary in order to underpin our future.



We restructured the business to take advantage of synergies in our two operating plants and better position Coillte Panel Products to benefit from growth opportunities as the market recovers.

We completed the fibre optimisation investment in Medite, which will further lower our cost base and deliver new products.

We reduced our inventories in order to conserve cash whilst still retaining a top class service to our customers.

Turning to the revenue side, we delivered record sales volumes into our biggest market, the UK, during 2009, through a targeted programme of increasing market share and plywood substitution. At the same time, we implemented a series of sales price increases in the UK market throughout 2009, raising prices from a relatively low base at the start of the year. The continued weakness of sterling offset these price increases and therefore their impact on the bottom line was not fully realised.

We launched three new product ranges in 2009, namely, SmartPly SiteProtect, Medite Thick panels and CARB2 (low formaldehyde) compliant Medite. We also entered into a joint development agreement during 2009 with Titan Wood, a UK based science and technology company, under which we will complete a feasibility study into a stable, durable fibreboard product for exterior uses – a potentially exciting next generation product. As the lifeblood of any business is its capacity to innovate and deliver new products or services to its customers, we are pleased with our progress in this area during 2009.

We continued to work closely with our customers and also captured a number of significant new customers in new markets in 2009 – spreading the net wider to replace volumes lost in Ireland due to the collapse of the construction sector.

And finally, we won the Excellence in Marketing award for the second year in succession (which in itself was a first) at the prestigious UK timber awards for our SmartPly SiteProtect campaign.

Outlook for 2010

Our priorities for 2010 include continuing to identify ways to drive costs out of our business; improving our innovation capability and turning our pipeline into new products or services that satisfy a real market need; and underpinning our fibre supply in the face of a number of new alternative end uses in the energy space. This implies continuing to provide an attractive profitable outlet for pulpwood, sawmill residues, forest residues and recycled wood.

We anticipate a gradual improvement in our core UK and Continental European markets as we go through 2010. We see opportunities to increase volume sales into these markets on foot of our strong distribution channels and to further consolidate a recovery in our sales prices from the low levels experienced at the beginning of 2009.

2010 will undoubtedly be another challenging year for Coillte Panel Products. However, our staff have risen admirably to the significant challenges presented by the global recession during 2009 and, as a direct result of their combined efforts, we have stabilised the Coillte Panel Products business and are now well positioned to benefit from renewed growth as the market environment gradually improves in 2010 and beyond.

SmartPly SiteProtect wins excellence in Marketing award



L-R: Tommy Cadden from Combilift, Sponsor of the Excellence In Marketing Award, former UK Deputy Prime Minister and Awards host John Prescott, Geoff Rhodes, Marketing and Business Development Director, Coillte Panel Products, and Gerry Britchfield, Coillte Panel Products Managing Director.

Coillte Panel Products won the hotly contested 2009 Excellence In Marketing award for the second year running at the annual Timber Trades Journal industry awards. The award was for the multimedia campaign which launched SmartPly's new SiteProtect product.

Until now, this coveted marketing award has never been won by the same company twice. Coillte Panel Products takes it for the second consecutive year in 2009, having received the 2008 award for the uncompromising messages and multi-faceted delivery of the ground-breaking TIME2CHOOSE campaign.

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