

**"THE BEST WAY  
TO PREDICT THE  
FUTURE IS TO  
CREATE IT."**

Alan Kay



### Thin peel investment update

LUMIN thin peeled tropical replacement panel (TRP) is finally within reach, thanks to a \$30 million investment in Tacuarembó in Uruguay.

Groundwork, building and construction at the Tacuarembó mill in the north central region of Uruguay has commenced over the past few months, in preparation for the installation of an additional production line during 2020.

Although the project will be slightly delayed due to some COVID-19 related challenges, we expect to be fully operational by Q2, 2021. Finland based Raute is the principal technology partner, supplying the green line, layup, drying and peeling equipment.

The civil engineering works and buildings are well under way with equipment scheduled to start arriving in Q2. Start-up is envisaged in Q2, 2021 creating approximately 80 new direct jobs.

LUMIN is looking to develop more added value products, taking full advantage of the top clear grade pruned eucalyptus plantations now coming to maturity. The new line will include advanced peeling technology that can peel 1.3-1.5mm veneers while existing peeling operations will focus on producing thicker 3.2-3.8mm veneers. Thinner faces combined with a thicker core can give LUMIN customers a different product configuration that will work in a variety of applications.

The new line will produce sizes including 5.5mm, 6mm and 9mm boards and will be complemented by the current range that includes up to 18mm thickness. This tropical replacement panel (TRP) will be targeted at specific end-user applications such as construction and furniture.

Current annual production output of the existing mill is 250,000m<sup>3</sup>. The new investment will feature an additional annual plywood production capacity of 34,000 to 36,000m<sup>3</sup> with Europe, USA and Mexico the main market target destinations.

Europe is a strategic market for this product, where we intend to work with a select number of key partners. The new line will also deliver an additional 34,000 to 36,000m<sup>3</sup> of core and face veneer for sale – mainly for export markets in the US and Asia. However, please be assured that LUMIN will continue to serve our existing markets with current products.

LUMIN's new investment gives the company confidence for a growing higher value sustainability driven business in the future.

### Sustainable features of this new product

Currently, LUMIN uses an equal amount of pine and eucalyptus in production but the business is continuing to shift the balance more towards eucalyptus because of market potential and the forecasted harvesting of plantations over the next decade.

One of LUMIN's primary marketing strengths is its positioning as a sustainable and available alternative to tropical plywood products. Indeed, even today its eucalyptus panels are marketed as an alternative to traditional tropical plywood products. This new "thin-peel" production, with eucalyptus throughout panels, will be able to compete with high grade hardwood plywood from some less sustainable global sources.

The carefully managed and pruned eucalyptus plantations produce a hardwood that is very similar to other tropical species both in colouring and performance – supported by extensive forest and product certification. This includes PEFC forest certification for 100% of our plantations and PS1 and EN 13986 (CE2+), for use in construction in the US and Europe respectively.

LUMIN also complies with the E1 standard for emissions in Europe, adheres to the air quality standards required by the California Air Resource Board (CARB), and complies with the emission of formaldehyde required by the US EPA TSCA Title VI. In conjunction with our clients, we plan to launch this product with a branding plan to allow us to place it on the market as an alternative to tropical panels.

**The role of wood products in the global carbon cycle and the fight against climate change is becoming a key driver for sustainability.**

**The next Customer Bulletin will focus exclusively on the broad sustainability credentials of LUMIN, where we will look at some of the issues in further detail.**