

AWI corrects 2009 result forecast slightly upwards

The cost-cutting measures introduced by Armstrong World Industries Inc. (AWI), Lancaster/Pennsylvania, have led to a certain measure of relief for key results figures in the third quarter. Against that background, the company is now reckoning with an adjusted operating result for the 2009 business year of between US\$148m and US\$156m (2008: 253m). The previous forecast was US\$115m to US\$135m. The company continues to forecast revenues of US\$2.75bn to US\$2.8bn (3.393bn).

In the third quarter, AWI suffered a decline in sales volumes of 17 %. In addition to the volumetric decline, currency-exchange effects also continued to exert an unfavourable influence on turnover, which plunged by 19 % to US\$753m (July-Sept. 2008: 929.6m). Although the concern's cost savings were partly able to compensate for the decline in margins, the operating result for continued operations at concern level, at US\$44m (82.2m), was considerably down year on year. Adjusted for restructuring costs and various other items, the operating result amounted to US\$78.6m (90.5m). In contrast, the net result in the third quarter increased to US\$64.4m (38.9m) on account of a positive tax effect. Although turnover in the individual business divisions was down on the previous year's figures, operating results were up at least in the flooring sector. Turnover in the Resilient Flooring Division decreased to US\$282.6m (336.9m), while the operating result increased to US\$12.4m (1.2m). In the Wood Flooring Division, revenues declined by roughly 13 % to US\$149.1m (171m), but the result improved to US\$11.2m (8.5m). In the Building Products Division, turnover was US\$292.1m (374.1m) and the result was US\$57.4m (75m). The Cabinets Division showed revenues of US\$38.2m (47.6m) and a loss of US\$3m (-1.1m). The concern result was most burdened by the negative result for Unallocated Corporate, which amounted to minus US\$34m (-1.4m).

Armstrong generated cumulative turnover for the first nine months of 2009 of US\$2.127bn (Jan.-Sept. 2008: 2.684bn). The operating result collapsed to US\$92.2m (217.4m) and the net result was US\$81.5m (106.5m). Both turnover and operating results were down year on year in all of the individual divisions. In the Resilient Flooring Division, revenues decreased to US\$794.1m (973.5m) and the result to US\$7m (8.6m). Business at the Wood Flooring Division generated turnover of US\$389.7m (500.1m), while the result plunged to US\$4.3m (23.4m). With the Building Products division, AWI generated turnover of US\$827.7m (1.07bn) and an operating result of US\$132.3m (200.9m). The Cabinets Division slid further into the red, at minus US\$10m (-3.9m); here, turnover was US\$115.5m (140.6m). □

Moso plans turnover growth with new range

The Dutch bamboo specialist Moso International B.V. of Zwaag has developed a new flooring range through which its presence on German and other European sales markets is to be increased. As a result of these and other innovations, Moso intends to improve turnover in 2010 by roughly 10 %. In the current business year 2009, the company is reckoning with total revenues of roughly €12m, with 60 to 70 % of that being accounted for by bamboo parquet. Sales volume of flooring in 2009 will amount to roughly 350,000 m².

The new flooring is triple-layer ready-to-install bamboo parquet with an average end-customer price approximately €30/m² below that of previous Moso parquet ranges. The new product line will be sold under the name "Top Bamboo" and will be offered in 26 different finishes. It is made up of a 2.5 mm bamboo top layer, an HDF carrier and a softwood backing layer. The 96 cm long and 12.8 cm wide parquet blocks feature an all-round micro-bevel and a Unilin click connection and are designed for glueless laying. Development of this product was started at the beginning of 2009 and the market launch took place in the second half of the year. The target for 2010 is a sales volume of roughly 150,000 m² and within the next three to four years the sales objective is 450,000 to 500,000 m².

Moso develops and sells products made exclusively from Chinese bamboo; the product portfolio includes not only solid double- and triple-layer flooring but also solid panels, veneers, so-called flooring-on-a-roll, laminated squares and mouldings. Since 2003, Moso has had a 50 % holding in the Chinese joint venture DMVP Bamboo Timber Ltd., Xiaoshan from Zhejiang Province, which produces bamboo veneers. DMVP sells its veneers worldwide and employs a work force of roughly 150. In addition, Moso cooperates in China with various partner businesses where production is partly taken up by bamboo flooring. In order to ensure local quality and monitor the production process, Moso has a representative office in Shaoxing in the vicinity of Shanghai where a staff of roughly ten is currently employed.

The headquarters of the Moso Group is in Zwaag/Holland, where a work force of roughly 20 headed by CEO René Zaal runs the central warehouse and sales. The German market is served directly by six field representatives. Moso works the South European market through its subsidiary Moso Europa, which has its headquarters and a warehouse in Barcelona and employs a staff of five. The remaining European countries are supplied by Moso through a network of agents who primarily service wholesalers in the respective regions. The North American market is supplied by China directly. □

Unilin intends to extend its DIY activities further

As a reaction to the further decline in the laminate flooring market and the shift to more simple product variations, the Unilin business unit of Mohawk Industries Inc. of Calhoun, Georgia, plans to implement further developments in its activities in the DIY sector. At the same time the business intends to give further impetus to the marketing of new product variations. The wooden flooring range, which was instigated following take-over of the Columbia flooring activities, is meanwhile being marketed in the USA as well as in Europe under a variety of different brands. The Unilin wood-based panels business continues to suffer as a result of the existing excess capacities and the related fierce price competition.

In the third quarter of 2009 the deterioration in turnover and results slowed down somewhat at Unilin. At US\$361.6m (July-Sept. 2008: 472m) turnover remained 21% below last year's level. In constant currencies, turnover would have dropped by 18%. The operating profit amounted to US\$34.9m (-592.5m). Comparison with the previous year is made virtually impossible by the high goodwill-amortizations recorded on the balance sheet for the third quarter of 2008. Lower raw material costs, higher license income once again, delaying of expenditure to later dates as well as an unexpectedly good development in sales in individual product groups have nevertheless contributed to an improvement in the results situation. Thus in the third quarter it was possible to increase the operating margin to 12% and the EBITDA margin to 26%. In the period between January and September 2009 Unilin generated a turnover of US\$830m (Jan.-Sept. 2008: 1.173bn) and operating profit of US\$80.6m (-482.5m).

In the Mohawk business unit turnover also declined by 21% to US\$755.9m (July-Sept. 2008: 953.8m) during the third quarter. Sales in the private housing sector remained restrained; in the area of commercial building orders the degree of decline actually deteriorated further. Turnover in the Dal-Tile business unit decreased by 23% to US\$361.6m (471m). Sales of ceramic flooring continue to suffer from the weak private housing construction and the decline of commercial building orders in the USA. The operating profits of Mohawk and Dal-Tile can also not be compared realistically with last year's figures on account of the special amortizations undertaken in the third quarter of 2008. Mohawk achieved an operating profit of US\$16.3m (-224.4m), Dal-Tile US\$21.2m (-479.9m). In the third quarter the entire concern recorded a consolidated turnover of US\$1.383bn (1.763bn), operating profit of US\$68.1m (-1.301bn) and a net result of US\$34.3m (-1.485bn). □