

KlingeLe takes first steps after new acquisitions in LatAm; focus on packaging quality and efficiency

SAO PAULO, June 15, 2021 (PPI Latin America) - Despite the challenges posed by the COVID-19 pandemic in Brazil, German family-owned packaging producer Klingele concluded the acquisition of the Nova Campina kraftliner mill from Klabin in January and is now taking the first steps to integrate the asset into the group. At the same time, Klingele Paper and Packaging Group continued to increase its presence in Latin America, when in April it announced the purchase of corrugated packaging producer Société Guadeloupéenne de Carton Ondulé (SGCO) in Baillif, on the French Caribbean island of Guadeloupe, from International Paper (IP).

With the two deals, Klingele is now present in three different countries in the continent, as it has also operated two corrugated board plants and a folding box plant in Cuba since 2017. “In general, we believe that Latin America is a very interesting market, with many opportunities for corrugated board players in the Caribbean. There is potential to continue expanding our presence in the region, but we are a family company with limited resources, so in the short term we are focused on digesting our recent acquisitions,” the company’s managing partner Jan Klingele stated to PPI Latin America.

According to the entrepreneur, the ownership transition in the Brazilian mill has been very smooth, despite difficulties in travelling due to the pandemic and his wish to spend more time with the Brazilian team.



Jan Klingele believes that the Latin American market has many good opportunities

Klingege has agreed to continue serving Klabin in the first year of acquisition, so the 162,000 tonnes/yr kraftliner capacity is already fully compromised. “We didn’t want to create a shock impact in the kraftliner market by selling the entire formerly well-integrated volume externally at once, and for us it was much preferable to make a smooth transition and taking a safe avenue, even though with current demand it would be very easy to sell all paper we have at very good prices.”

Despite the 12-month initial contract with Klabin, Klingege also has some test quantities that can be used in the group’s plants at the moment. “But we have a long-term cooperation and partnership with Klabin. We will buy paper from their new Puma II project for our operations in Europe, Africa and the Caribbean and will also do swaps.”

In Brazil, Klingege is still analyzing future improvements that can take place in the Nova Campina mill. “The first investment, that we already knew before deciding on the deal, is the addition of a new biomass boiler. There are also many improvements that can take place in the paper machines and the entire operation to optimize them and improve quality, including producing paper with 100% of virgin fiber, as currently some recovered paper is being used as well.”



Klingege acquired from IP Guadeloupe’s sole packaging producer

Klingege stated that despite the mill’s former owner International Paper (IP) had plans to replace one paper machine (PM) with a larger PM in Nova Campina, the company does not see this investment as possible in the near future. “We are a new player in the kraftliner market and Nova Campina has a good quantity to start with. The Brazilian cost situation is very competitive despite the size of this operation and we know that there are plenty of new capacities coming on stream worldwide in the next years, including in Latin America, Europe and China, so we are more careful when discussing the addition of new volumes.”

Conversion. As for the conversion plants in the Caribbean, Klingele commented that both are very solid businesses, with important market shares. “The Cuban state is a very reliable partner and we have been investing to improve the quality of our production and in our people there. We have started the operation with the capability to serve about 50% of the Cuban market, while the rest was imported mainly due to quality issues of the factories before we started to upgrade them. Now, we reached 70% of the market and in the medium-term we can think about serving almost 100% of the country’s needs.”

Jan Klingele estimated that the Cuban market consumes less than 50,000 tonnes/yr of containerboard, which is currently coming mainly from Europe due to the supply constraint – in the past the country was also served by countries like Brazil, Canada and Vietnam. “Cuba’s ability to generate foreign currency to pay for their imports was impacted by COVID-19 as the country is highly dependent on tourism, but we see the situation recovering slowly now.”

In Guadeloupe, Klingele Cartonnerie des Antilles, as the SGCO is called now, already has almost 100% of market share. “The island consumes packaging mostly for its fruit exports to the European mainland and for many smaller businesses that support the local population and the touristic sector, like the Canary Islands where we have been operating a corrugated box plant for more than fifty years. These assets demand a lot of kraftliner and a similar mindset to run them, that is why we took the decision to invest in Guadeloupe after our acquisition in Brazil.”

The Klingele Paper &Packaging Group is an international supplier of paper, corrugated cardboard packaging solutions and adhesives. The family-owned company was founded in 1920 with headquarters in Remshalden, Germany, and is now run in the third generation by Jan Klingele. The company, including its affiliated companies, has a presence in Europe, Africa, Central and South America with its paper and packaging business divisions with three paper mills, 13 corrugated cardboard plants, eight sheet plants and one corrugated sheet feeder.

These plants employ a total of 3,000 people and achieved a turnover of €800 million in 2020. The product range includes containerboard, corrugated sheets as well as innovative and sustainable packaging solutions primarily made of corrugated cardboard for numerous industries and applications. Klingele is also a founding member of Blue Box Partners, the largest European alliance for packaging solutions

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