

## ROMANIAN FURNITURE SECTOR 2011 MARKET OVERVIEW



Produced by FRD Center  
September 2011

**Romanian Furniture Sector – 2011 Market Overview**  
**FRD Center**

This market overview is produced by FRD Center Market Entry Services – [www.frdcenter.ro](http://www.frdcenter.ro) - a privately owned market entry consulting firm based in Romania.

Methodology used for generating this overview includes primary and secondary research.

All calculations, estimations, forecasts, graphs and diagrams were prepared by FRD Center on the basis of official data.

In the case of lack of official data, information was supplemented and / or validated by direct interviews with market players and consultation of business and expert publications.

All sources are mentioned below in tables, pictures and diagrams. Other sources are business publications, market players, sector experts.

**IMPORTANT NOTICE:**

This report and the information contained herein is intended for the sole use of the party placing the order and will not be re-sold or distributed publicly or to any third parties.

All content, graphics, data and information in this report generated by FRD Center are owned by and remain the intellectual property of FRD Center.

This publication is not intended to provide financial, investment, legal, tax or other professional advice or services. While reasonable effort has been made to ensure the accuracy of the information contained in this publication, which was collected and generated in a professional manner, and while best efforts were applied with a view to offering accurate and complete results, under no circumstances FRD Center shall have any liability to any person or entity that uses the information contained in this publication, including incidental or consequential damages arising from errors or omissions. FRD Center will not be held liable for any damage or loss resulting from the use of this report and of the information contained herein and the use of this report is solely at the user's risk.

## SUMMARY

1 – INTRODUCTION AND GENERAL CONSIDERATIONS.....	4
2 – THE PRODUCTION .....	4
2.1 - General aspects .....	4
2.2 - The dynamics of the Romanian furniture production sector.....	6
2.3 - Category of furniture produced in Romania .....	6
2.3.1 - Wooden chairs, armchairs, sofas.....	7
2.3.2 - Kitchen furniture.....	8
2.3.3 - Bedroom furniture.....	9
2.3.4 - Wooden furniture.....	10
2.4 - Types of wood used for furniture in Romania .....	11
2.5 - Foreign investments .....	13
3 – THE TRADE .....	13
3.1 - Imports .....	13
3.2 - Exports .....	17
3.3 - Domestic retail.....	18
4 – COMPETITIVE ANALYSIS - KEY PLAYERS:.....	20
4.1 - Mobexpert Group .....	20
4.2 - Elvila Group .....	22
4.3 - Rus Savilar.....	23
4.4 - Kronospan .....	24
4.5 - Ikea .....	26
4.6 - kika .....	28
4.7 - Silvarom .....	29
4.8 - Sortilemn.....	30
5 – CONCLUSIONS.....	32

## 1 – INTRODUCTION AND GENERAL CONSIDERATIONS

The Romanian furniture market is rather fragmented with about 4,000 companies operating in the sector. Wood processing and furniture manufacturing is a main sector of activity in NW, NE and Central Romania.

The demand for mid-range furniture was dominant in the period 2000 – 2005 in Romania, followed by a gradual polarization into lower quality/price and higher quality/price sectors in the period 2006 - 2010.

The entrance on the market of players such as IKEA, Obi, kika and the development of the local player, Dedeman, in the period 2007 – 2011 generated demand for good-value-for-money designer and functional furniture.

It is estimated that the domestic furniture market, with a value of almost 1 billion EUR business per year, has registered a 15-20% decline in 2010, mainly due to the increase of the VAT. At same time, the exports of furniture registered the highest figures in history in 2010.

In 2009, the furniture manufacturing sector represented 1.6% of the Romanian GDP and in 2010, 1.5%.

## 2 – THE PRODUCTION

### 2.1 - General aspects

The industry is made up of about 4,000 firms, of which only 100 are big companies, the vast majority of them being small and medium-sized enterprises (SMEs).

The strong points of Romanian furniture producers can be summarized in three main categories:

- availability of resources
- low labor costs
- high level of technical qualifications.

The main weak points consist in:

- outdated production technologies
- low energy efficiency
- poor environmental performance

Romanian Furniture Sector – 2011 Market Overview  
FRD Center

Main areas with strong wood and furniture manufacturing companies include counties: Salaj, Satu Mare, Baia Mare (NW), Harghita, Covasna, Brasov and Alba (Center), Botosani (NE), Pitesti and Bucharest (S).



For the last 4-5 years, furniture manufacturing in Romania has been experiencing several difficulties, caused mainly by:

- the increase in the price for utilities
- the migration of the workforce towards other market segments and abroad
- the competition from big European and Asian manufacturers
- the intricate procedures involved in accessing European funds.

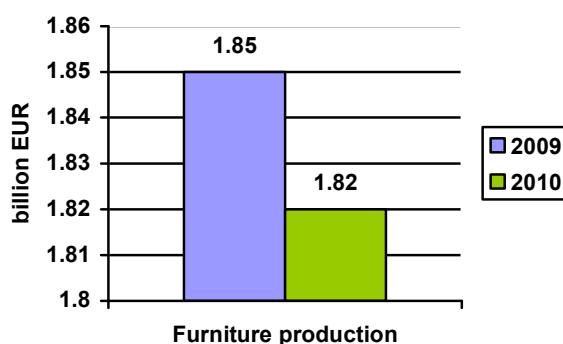
Also, as a result of the ongoing financial crisis, Romanian furniture manufacturers were faced with a sharp drop in sales.

According to the Romanian Association of Furniture Manufacturers (APMR), Romania's furniture production rose 3.8% on the year between January and May 2011, to 789 million EUR.

## 2.2 - The dynamics of the Romanian furniture production sector

According to representatives of the Romanian Association of Furniture Manufacturers, some 2.1 billion EUR worth of furniture was produced in Romania in 2008, representing a 7% increase compared to 2007.

In 2010, the estimated value of the furniture produced in Romania is of 1.82 billion EUR, registering a decrease of 1.5% compared to 2009, when the production reached approx. 1.85 billion EUR.



*Source: Romanian Association of Furniture Manufacturers*

INDICATOR	UM	2008	2009	2010
Value of furniture and furniture parts production	Mil.€	1,940	1,847.5	1,820
y-t-y dynamics	%	-7.5	-5.0	-1.5

*Source: Romanian Association of Furniture Manufacturers, National Statistics Institute*

## 2.3 - Category of furniture produced in Romania

The main groups of furniture produced in Romania are:

- living room furniture
- bedroom furniture
- kitchen furniture
- upholstered furniture
- mattresses, sofas
- small furniture
- tables and chairs
- bookcases
- office furniture

### 2.3.1 - Wooden chairs, armchairs, sofas

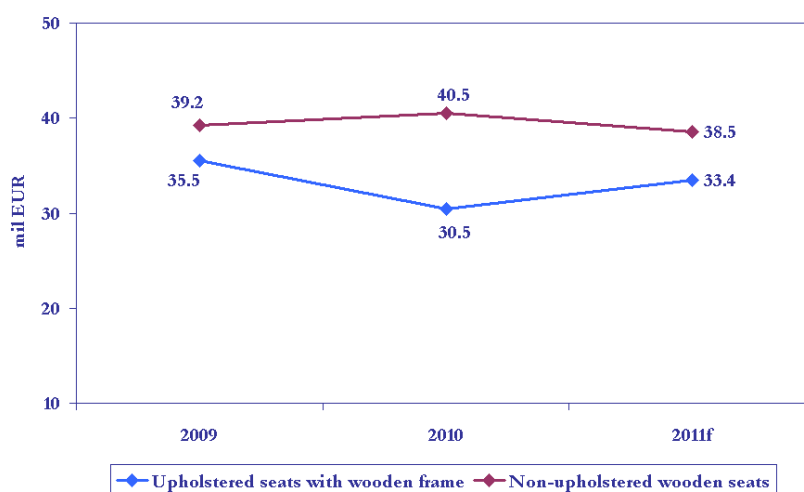
Upholstered chairs production reached an estimated value of 38.1 mil EUR in 2010, while non-upholstered wooden chairs reached a value of 40.5 mil EUR. Armchairs production valued 51.6 mil EUR and independent sofas value reached 200.3 mil EUR.

Category	2009 (mil. EUR)	2010 (mil. EUR)	H1 2011 (mil. EUR)
Swivel upholstered seats with adjustable height, with backs, rolls or glides	2.9	1.8	1.2
Upholstered seats with metallic frame	8.4	5.8	2.0
Upholstered seats with wooden frame	35.5	30.5	16.7
Non-upholstered wooden seats	39.2	40.5	19.3
Seats of osier, reed, cane, bamboo or similar materials	0.1	0.2	0.2
Armchairs	49.8	51.6	20.7
Sofas (excluding sets)	267.0	200.3	100.1
Lounge furniture (sofa with armchairs and tables)	90.2	95.3	53.7

Source: National Institute of Statistics

The seats, chairs and armchairs produced in Romania are of a very good quality and are quite popular in the export markets. It is expected that the 2011 production of upholstered chairs will register considerable growth compared to 2010, mainly based on export demand.

Seats - domestic production dynamics

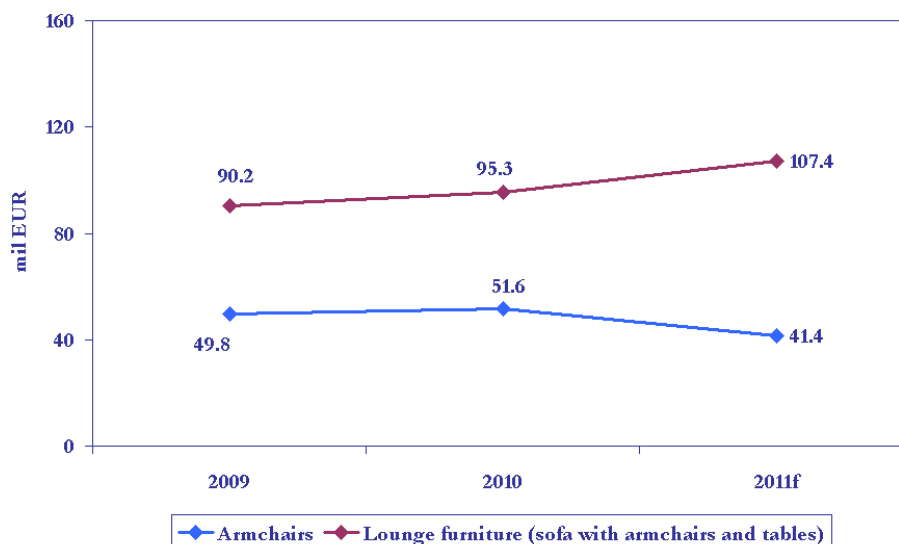


Source: National Institute of Statistics, FRD Center estimations

**Romanian Furniture Sector – 2011 Market Overview**  
FRD Center

The value of the lounge furniture sets which consist of sofas with armchairs and tables registered in 2010 approx. 95 million EUR and it is expected to register a growth in 2011.

**Armchairs and lounge furniture - domestic production dynamics**



*Source: National Institute of Statistics, FRD Center estimations*

### 2.3.2 - Kitchen furniture

The kitchen furniture produced in Romania consists of benches, corners, suspended fixtures and tables. The total value of the kitchen furniture in 2010 was of 14.1 mil EUR registering a decrease of approx. 5.5% compared to 2009.

Category	2009 (mil. EUR)	2010 (mil. EUR)	H1 2011 (mil. EUR)
Kitchen benches	4.3	5.7	8.3
Kitchen corners	3.4	2.1	0.9
Kitchen suspended fixtures	2.2	1.9	0.9
Kitchen tables	5.0	4.4	1.8

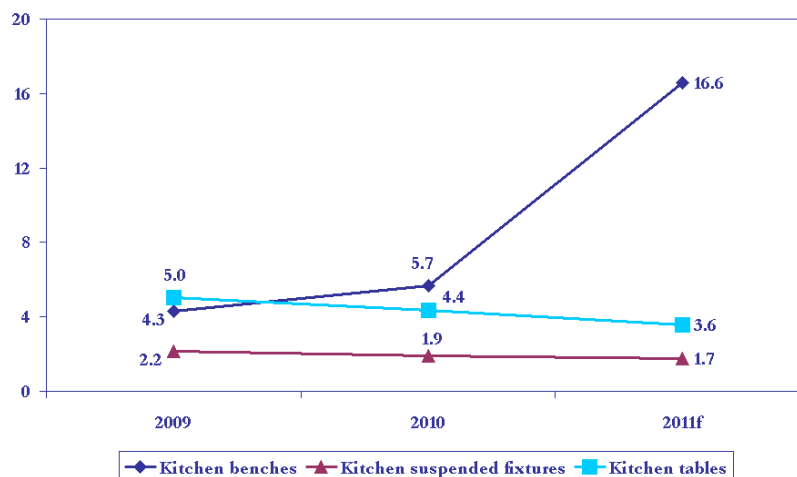
*Source: National Institute of Statistics*

It is expected that in 2011, the highest growth will be registered by the value of the kitchen benches.



**Romanian Furniture Sector – 2011 Market Overview**  
FRD Center

**Kitchen furniture - domestic production dynamics**



*Source: National Institute of Statistics, FRD Center estimations*

### 2.3.3 - Bedroom furniture

The total estimated value of the bedroom furniture produced and delivered in Romania in 2010 registered approx. 80 million EUR.

The domestic production of wooden beds and bed frames registered a value of 41.5 million EUR in 2009 which in 2010 decreased by over 6%.

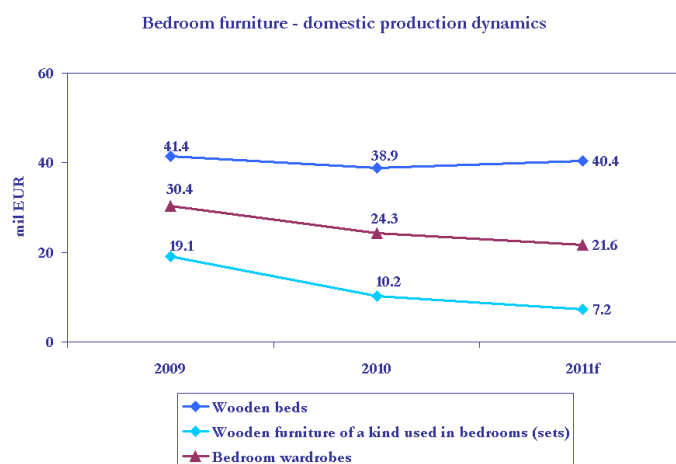
In the first half of 2011, the wooden furniture of a kind used in bedrooms (sets) registered a production value of only 3.6 million EUR, after a rather weak 2010 when the value of production was almost half of the production in 2009.

Category	2009 (mil. EUR)	2010 (mil. EUR)	H1 2011 (mil. EUR)
Wooden beds	41.4	38.9	20.2
Wooden furniture of a kind used in bedrooms (sets)	19.1	10.2	3.6
Bedroom wardrobes	30.4	24.3	10.8
Bedside tables	6.3	5.3	2.2
Toilet tables	1.2	1.1	0.5

*Source: National Institute of Statistics*

Romanian Furniture Sector – 2011 Market Overview  
FRD Center

For 2011, expectations are that the production of wooden beds and bed frames to recover and reach over 40 million EUR, while the production of bedroom wardrobes and wooden bedroom sets to continue the decline.



*Source: National Institute of Statistics, FRD Center estimations*

### 2.3.4 - Wooden furniture

In 2009, the domestic production of bookcases registered a value of 21.1 million EUR which decreased by 21.2% in 2010.

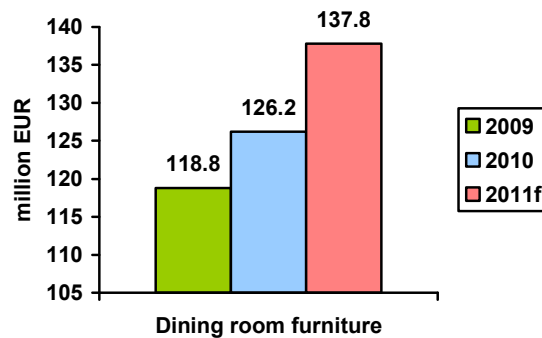
The production of wooden desks with height  $\leq 80$  cm registered in 2009 a value of 20.1 million EUR and in 2010 decreased by almost 50%. It is estimated that in 2011 will register a similar value of approx. 11 million EUR.

Category	2009 (mil. EUR)	2010 (mil. EUR)	H1 2011 (mil. EUR)
Wooden desks with height $\leq 80$ cm	20.1	11.9	5.5
Wooden furniture used in stores	9.7	5.4	3.7
Bookcases	21.2	16.7	7.2
Sideboards, showcases and other wooden furniture for dining and living rooms (excluding chests of drawers)	38.0	37.3	18.2
Chests of drawers	40.0	49.9	30.5
Dining rooms tables	20.5	20.5	11.7
Wooden furniture of a kind used in dining and living rooms (sets)	20.3	18.5	8.5
Wooden furniture parts (excluding for seats) for sale	62.2	53.2	27.6

**Romanian Furniture Sector – 2011 Market Overview**  
**FRD Center**

*Source: National Institute of Statistics*

The dining room furniture – including sideboards, chests of drawers, tables, other types of furniture – registered in 2009 an estimated total value of 118.80 million EUR and in 2010 a value of approx. 126.20 million EUR. In 2011 it is expected to reach an estimated value of approx. 137.80 million EUR.



*Source: National Institute of Statistics, FRD Center estimations*

#### **2.4 - Types of wood used for furniture in Romania**

The Romanian wood furniture production relies mainly on:

- solid wood:
- plywood
- wood panels
- MDF
- wood veneer

The production of solid wood furniture has a good tradition in Romania and it is well represented by local manufacturers, some of which are specialised in art and classical furniture for foreign markets.

Some of the most dynamic companies that manufacture furniture of solid wood include Ronex, Nord Arin, Simex, Mobila Radauti, Lafor. Furniture is mainly made of solid oak, but also from beech, maple, chestnut, cherry, fir-tree, ash etc.

The central part of Romania, mainly in the Alba county, has a long tradition of wood processing and manufacturing of plywood, wood panels, veneer and MDF.

**Romanian Furniture Sector – 2011 Market Overview**  
**FRD Center**

FRD Center research revealed that the producers of furniture in Romania mainly use wood raw materials produced domestically but also imported. The furniture producers use timber, plywood, solid wood panels, raw chipboards, MDF boards, veneered wood etc.

Some of the main local suppliers of wood raw materials for furniture include: Holzindustrie Schweighofer, Egger Romania, HLV Transilvania.

Holzindustrie Schweighofer is controlled by SPB Industrieholding GmbH Austria. Holzindustrie Schweighofer has four timber manufacturing plants in Romania, located in Sebes (Alba county), Radauti (Suceava county), Siret (Suceava county) and Comanesti (Bacau county). The timber plant in Sebes exports 30% of its production in Europe, 25% in Asia, 20% in the Near and Middle East and the rest of 25% is sold in Romania.

The Austrian Group Egger has a wood-based panel plant in Radauti (Suceava county) that produces raw chipboards. The plant was launched in 2008, following investments of 210 million EUR. The plant distributes its products on the Romanian market and exports to Ukraine, Bulgaria, Turkey, Middle East. The plant's raw board production capacity is of 600.000 m<sup>3</sup> / year. Approximately 80% of the raw boards are further processed and distributed on the market as melamine-faced chipboard (MFC). The Radauti plant covers the surface of 80 hectares.

HLV Transilvania is a Romanian private company, set up in 1998 in Sibiu. In 2002, the company acquired a sawmill in Talmaciu (near Sibiu), which produces 16,000 m<sup>3</sup> of timber / year. In 2004, the company acquired Sargetia in Orastie (Hunedoara county), where it produces 10,000 m<sup>3</sup> of beech timber / year. Some of the company's clients are: Kronospan (industrial wood), Holzindustrie Schweighofer (spruce logs), Losan Romania (veneer logs).

FRD Center research revealed that the producers of furniture in Romania mainly use imported accessories (hinges, handles, knobs etc) but also produced domestically.

Some of the main local suppliers of metal accessories for furniture in Romania are Feroneria SA and Industry Steel Corp SRL.

Feroneria SA in Arad was established in 1924. The company has Romanian - Italian capital. The company produces locks, hinges, door handles, window handles, safety cylinders, fittings for furniture etc.

Industry Steel Corp SRL in Harghita was set up in 1991. The company is specialised in the production of locks and hinges. Other company part of the same Group is P&P Mixt SRL that produces wood screws, metric screws, wire products etc.

## **2.5 - Foreign investments**

Since 2000, several foreign investors have taken interest in the Romanian furniture production, either acquiring local producers or making green-field investments.

The Italian company Natuzzi has invested 46 million EUR in a sofa factory near Baia Mare (NW Romania), where some 1450 workers are employed. Only about 8% of the factory's output is designed to the local market.

The Swedish company Gyllensvaans Mobler made its entrance on the Romanian market in 2005. The company's factory in Cluj (Central Romania), manufactures chests of drawers or dressers, bedside tables and bedroom furniture sets to be sold by Swedish retailer IKEA.

The Spanish group Losan has two factories in Brasov County (Central Romania). One of them was set-up in 2001 and manufactures sliced veneer for furniture, doors and veneered panels and the other was set-up in the summer of 2005 and manufactures melaminated panels and kitchen sets.

Other companies that have invested in Romania are G.M. Italia, Mobitalia, IMAR and Smeralda from Italy, Bellinea (Belgium).

## **3 – THE TRADE**

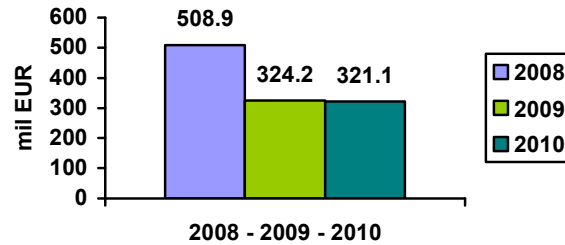
### **3.1 - Imports**

According to APMR, in 2009 the furniture imports reached 342 million EUR. Main countries of origin have been: Italy, Poland, China, Turkey, Germany, Hungary. In 2009, Romania was on the 20 place among the EU27 members as far as furniture imports are concerned. The imported furniture in Romania in 2010 reached an estimated value of 321 million EUR.

<b>INDICATOR</b>	<b>UM</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Imports of furniture and furniture parts	Mil.€	508.9	324.2	321.1
y-t-y dynamic	%	+16.7	- 36.3	- 1

*Source: Romanian Association of Furniture Manufacturers, National Statistics Institute*

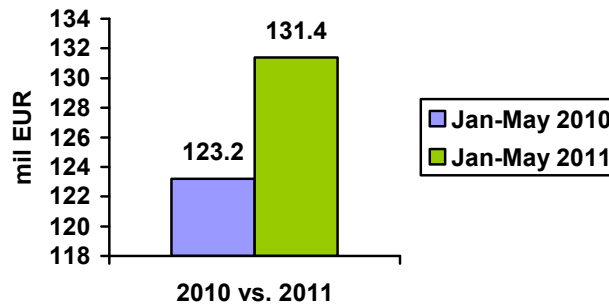
### Imports of furniture and furniture parts



Source: Romanian Association of Furniture Manufacturers, National Statistics Institute

In the period Jan – May 2011, the furniture imports registered a growth of 8.2% compared to the same period in 2010, reaching 131.4 million EUR.

### Imports recent dynamics



Source: Romanian Association of Furniture Manufacturers, business publications

The imports of chairs in 2010 registered a value of 102.7 million EUR, counting over 32.7 million pieces, the main 3 countries of origin being China, Italy and Poland.

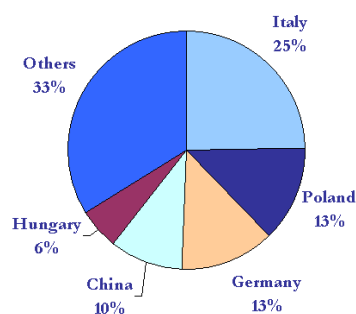
More than 4 million chairs have been imported from Poland in 2010 with a total value of 13.5 mil EUR.

**Romanian Furniture Sector – 2011 Market Overview**  
**FRD Center**

The imports of other furniture and parts thereof in Romania in 2010 recorded the volume of 91,050 tonnes and the value of 198.5 mil EUR.

The imports of other furniture and parts thereof from Poland in 2010 recorded the volume of 18,833 tonnes and the value of 26.2 mil EUR.

**Imports of other furniture and parts thereof  
in 2010 - in value, by origin countries**

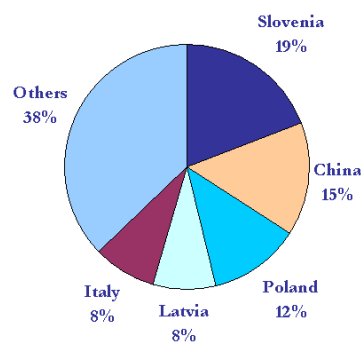


*Source: Romanian Center for Trade and Investment*

The imports of mattress supports, articles of bedding and similar furnishing in Romania in 2010 recorded the volume of 4,613 tonnes and the value of 19.9 mil EUR.

The imports of mattress supports, articles of bedding and similar furnishing from Poland in 2010 recorded the volume of 583 tonnes and the value of 2.4 mil EUR.

**Imports of mattress supports, articles of bedding and  
similar furnishing in 2010 - in value, by origin countries**

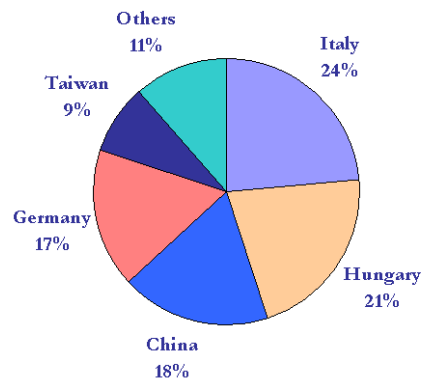


*Source: Romanian Center for Trade and Investment*

Romanian Furniture Sector – 2011 Market Overview  
FRD Center

The imports of locks of a kind used for furniture in Romania in 2010 recorded the volume of 167 tonnes and the value of 700,293 EUR. The imports of locks of a kind used for furniture from Poland in 2010 recorded the volume of 516 kg and the value of 3,025 EUR.

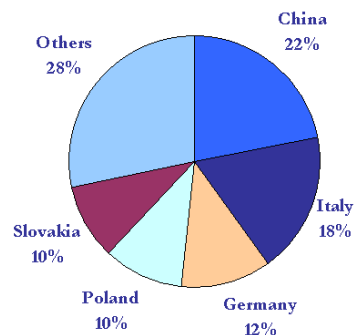
Imports of locks of a kind used for furniture  
in 2010 - in value, by origin countries



Source: Romanian Center for Trade and Investment

The imports of other mountings, fittings and similar articles for furniture in Romania in 2010 recorded the volume of 14,042 tonnes and the value of 34.5 mil EUR. The imports of other mountings, fittings and similar articles for furniture from Poland in 2010 recorded the volume of 1,521 tonnes and the value of 3.5 mil EUR.

Imports of other mountings, fittings and similar articles  
for furniture in 2010 - in value, by origin countries



Source: Romanian Center for Trade and Investment



### 3.2 - Exports

The Romanian wood and furniture industry is one of the main contributors to Romanian exports.

According to the Romanian Association of Furniture Manufacturers (APMR), in 2010, the furniture exports reached an historic maximum of approx. 1.2 billion EUR. The yearly growth was of 13.6% and the main export markets have been Germany, France and Italy.

INDICATOR	UM	2008	2009	2010
Value of furniture and furniture parts exports	Mil.€	1,117.5	1,037.6	1,178.9
y-t-y dynamic	%	-1.4	-7.2	+13.6

*Source: Romanian Association of Furniture Manufacturers, National Statistics Institute*

According APMR, the Romanian products preferred on the foreign markets are:

- hardwood furniture
- style-art furniture
- modern furniture with rectangular shapes, with special finishing, irrespective whether they are designed for bedrooms, living-rooms
- small furniture
- upholstered chairs

In 2008, about 62% of the furniture manufactured in Romania was exported, 85% of it going to EU countries, particularly to Germany, France, Great Britain and Austria.

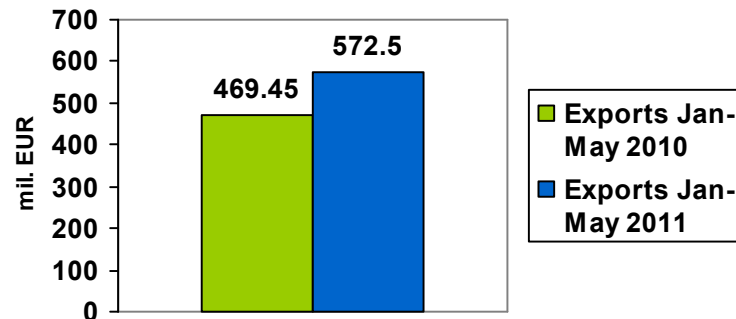
In 2009, Romania was on the 13 place among the EU27 members as far as furniture exports are concerned. Over 60% of the Romanian furniture was exported in 2009, reaching over 1 billion EUR. Main countries of destination have been Germany, France, Italy, UK, The Netherlands..

In 2009, the most in demand articles have been the chairs, which export reached a value of 525 million EUR, representing 50.6% of the total furniture exports.

In 2010, the most in demand articles have been the chairs with a total exported value of 619 million EUR registering an increase of 17.9% compared to the previous year.

In the first 5 months of 2011, the Romanian exports of furniture registered an 18% increase compared to the same period of 2010, reaching 572.5 mil. EUR.

### Exports recent dynamics



Source: the Romanian Association of Furniture Manufacturers (APMR)

According to the Romanian Center for Trade and Investment, the share of furniture export in the total Romanian exports was:

- in 2009: 3.86%
- in 2010: 3.45%

Traditionally, Romanian furniture is exported in Western Europe. However, since the financial global crisis, the strongest Romanian exporters have opened relations with CIS countries and other Eastern markets which have been least affected by the crisis.

One example is Simex, a company located in Simleul Silvaniei (NW Romania) which produces classic furniture. Simex posted a 14.8 million EUR turnover in 2010, with a 5% rise planned for this year. They are currently preparing to open a store in Turkmenistan in October.

Market players estimate that in 2011 the furniture exports will increase with 15% compared to 2010.

### 3.3 - Domestic retail

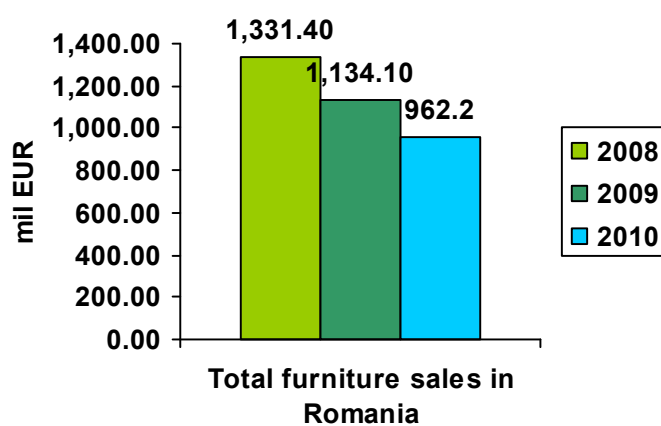
The domestic sales, including imports, have registered a 15.2% y-t-y decrease in 2010, reaching approx. 962 million EUR. The main reason was the VAT increase.

In the period January – May 2011, sales on the local market including imports, diminished by 12.2% compared to the same period in 2010, to 347.9 million EUR. It is expected that the decrease will slow down in Q4, as the autumn months are best ones for sales.

**Romanian Furniture Sector – 2011 Market Overview**  
FRD Center

INDICATOR	UM	2008	2009	2010
Value of total sales on the domestic market, out of which:	Mil.€	1,331.4	1,134.1	962.2
- from internal production	Mil.€	822.5	809.9	641.1

*Source: Romanian Association of Furniture Manufacturers, National Statistics Institute*



*Source: Romanian Association of Furniture Manufacturers, National Statistics Institute*

## 4 – COMPETITIVE ANALYSIS - KEY PLAYERS:

### 4.1 - Mobexpert Group



Category: Producer, importer, retailer

#### *General data*

Address:	Sos. Fabrica de Glucoza 21, Bucharest
Phone:	+4021 2421040
Web:	www.mobexpert.ro
E-mail:	office@mobexpert.ro
Year of establishment:	1993
Ownership:	Mr. Dan Sucu, others

#### *Brief profile*

The Mobexpert Group is the leader of the furniture market in Romania. According to its own estimations, in Bucharest and the big cities, Mobexpert has a market share of 18% on the home furniture market and of 30% on the office furniture market.

The Mobexpert Group includes nine furniture plants, 11 retail companies, seven import companies and three companies on the services segment (IT, logistics, design - development). Each unit is an independently managed profit centre within the Group.

The Group's production units are:

- Samus Mex is specialized in the production of home furniture: living rooms, bedrooms, small furniture.
- Ergo Mex produces office chairs and armchairs.
- Moldo Mex produces furniture from massive wood and chairs.
- Ilefex Mex produces small volumes of home furniture made from massive wood. The company exports to France, Germany, Holland, Belgium.
- Modulo Mex is specialised in the production of modern home furniture from melamine pal in big ranges.
- Mures Mex produces modern furniture for living rooms, bedrooms, kitchens and also office furniture.
- Confo Mex produces sofas and armchairs from textile and leather.
- Studio Mex produces furniture for living rooms, dining rooms, bedrooms, small furniture from massive wood and natural veneer.
- Soft Mex produces mattresses.

**Romanian Furniture Sector – 2011 Market Overview**  
**FRD Center**

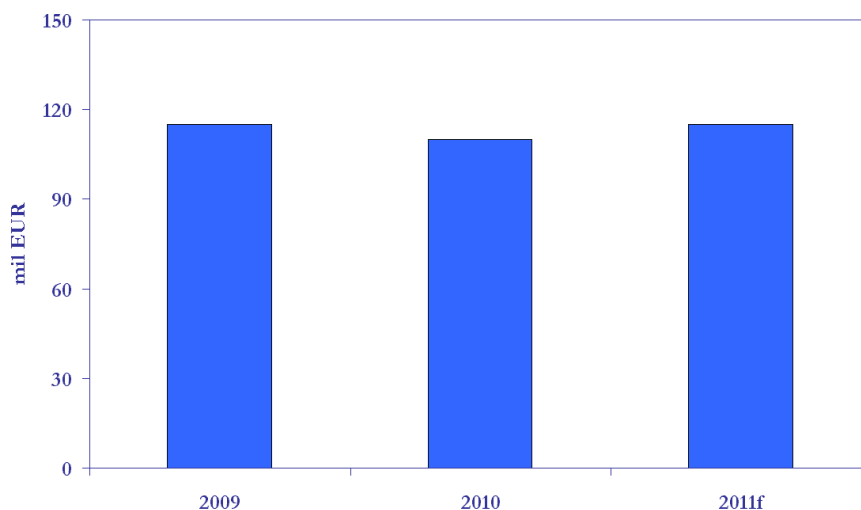
At present, the imported furniture represent approximately 30% of the products sold by Mobexpert.

Mobexpert has a regional network of stores and hypermarkets specialised in the selling of furniture and interior decorations, located in Romania, Bulgaria and Serbia. According to the Group's representatives, the network needs to be expanded with at least 3 - 5 stores in order to become profitable. By 2015, the Mobexpert Group plans to operate 15 hypermarkets in the region.

***Financial data***

Mobexpert forecasts a turnover of some 115 million EUR in 2011, despite a sale decrease by 5% in the first quarter of 2011 compared to the similar period of the previous year.

**Mobexpert Group - turnover dynamics**



*Source: business publications*

In the first half of 2011, Samus Mex posted a net turnover of approx. 1.9 million EUR, this representing a decrease by approx. 26% compared to the same period of 2010. In the first half of 2011, the company recorded a net loss of approx. 0.7 million EUR, compared to a net loss of approx. 0.9 million EUR in the first half of 2010. According to the company's representatives, the sales in the first six months of the year declined because of lowered exports, with potential recovery in the second half of 2011.

At present, the Mobexpert Group has approximately 2,200 employees.

## 4.2 - Elvila Group



Category: Producer, retailer

### **General data**

Address: Str. Siriului 74 - 76, Bucharest  
Phone: +40372 131800  
Web: www.elvila.ro  
E-mail: contact@elvila.ro  
Year of establishment: 1990  
Ownership: Mr. Viorel Catarama, others

### **Brief profile**

The Elvila Group is specialised in the manufacturing and sale of home and office furniture. The Group's furniture range includes: living rooms, bedrooms, kids and youth rooms, kitchens, corner sets, small furniture (chests of drawers, tables, nightstands, stools, wardrobes, pegs), upholstered furniture (sofas, Relaxa chairs and mattresses), office furniture, hotel furniture. Elvila also produces custom-made furniture.

The Elvila Group's client portfolio includes: Metro, Selgros, Romanian Academy, Transilvania University in Brasov, Timisoara Polytechnic University, Bucharest University of Agronomic Sciences and Veterinary Medicine, National School of Political and Administrative Studies in Bucharest, Romanian Banking Institute, General Directorate of Passports, Targoviste City Hall, Oradea City Hall, Mara Lucia Hotel in Lipova, Aurra Hotel in Mamaia etc.

Elvila has three production plants:

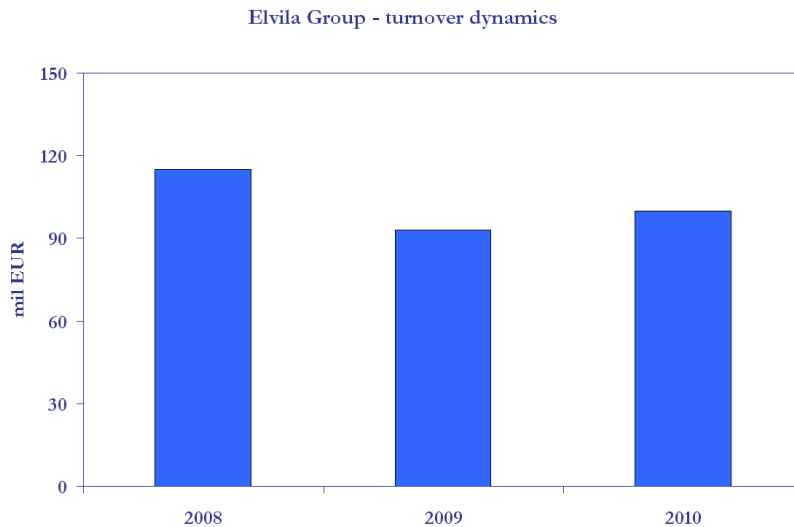
- Elmoberom in Beius, Bihor county
- Relaxa in Mizil, Prahova county
- Carpatina in Babeni, Valcea county

Each factory is specialised in the manufacturing of a specific furniture type. The furniture is fabricated of solid wood, laminated chipboard (18 mm), veneered chipboard and MDF (32 mm).

Elvila has a national network that includes 55 stores, both own and franchise stores. The Group's expansion plans target both new stores and new manufacturing jobs. The Elvila Group' exports currently account for approximately 35% of the total revenues. Elvila exports mainly in the European market and its main foreign market is Germany.

**Financial data**

The Elvila Group’s turnover dynamics during the period 2008 – 2010 is presented below.



*Source: business publications*

In the first six months of 2011, the Group’s total sales recorded an increase by 5% compared to the similar period of 2010. In the first eight months of 2011, the Elvila Group’s exports recorded a significant increase of 19% compared to the first eight months of the previous year.

Elvila has approx. 2,000 employees

**4.3 - Rus Savilar**



Category: Producer, importer, retailer

**General data**

Address:	Str. Calea Timisoarei 76, Dudestii Noi, Timis county
Phone:	+40256 378396
Web:	www.mobilacasarusu.ro
E-mail:	marketing@mobilacasarusu.ro
Year of establishment:	1994
Ownership:	Rusu family

**Brief profile**

The company started its activity as a furniture retailer. In 2004, it launched a logistic center.

The production activity started in 2005 through a laminate furniture plant, launched following investments of 3.5 million EUR. In 2008, Rus Savitar opened its second production plant with investments of 11 million EUR. In 2010, the company finalised a project for an upholstered furniture factory, with investment of 1.5 million EUR.

Rus Savitar produces laminate furniture, upholstered furniture sets (coaches, corner sofas, beds and miniature furniture) etc.

Currently, Rus Savitar has a total production capacity of 18,000 laminate furniture sets / month and 2,000 upholstered furniture sets / month, the production and logistic activity covering an area of 100,000 sqm.

Rus Savitar is currently unfolding an investment of five million EUR in order to develop the production capacity of the upholstered furniture.

Rus Savitar has a retail division, called Casa Rusu. In August 2011, Rus Savitar launched its 11<sup>th</sup> store in Romania, within the Armonia Shopping Center in Arad, following an investment of 200,000 EUR. The store has a total surface of 4,500 sqm. In addition, the company plans to launch another store this year, which will be its second one in Bucharest.

**Financial data:** Rus Savitar recorded in 2010 a turnover growth by approximately 27.5% compared to 2009.

#### 4.4 - Kronospan



Category: Producer of wood raw material

##### **General data**

Address:	Str. Micilor 1, Brasov / Str. Mihail Kogalniceanu 59, Sebes, Alba county
Phone:	+40268 473435 / +40258 801100
Web:	www.kronospan.ro
E-mail:	office@kronospan.ro
Year of establishment:	1999
Ownership:	Kronospan Group Austria



***Brief profile***

Kronospan is one of the largest players on the wood processing market in Romania.

Kronospan' offer includes a wide range of wood-based products: MFC, raw chipboard, raw MDF, melamine faced MDF, HDF, flooring, wall panels, OSB, particleboard, working tops, window sills, accessories etc. The products are available in a wide range of colours and sizes.

Kronospan has production facilities in Brasov and Sebes (Alba county).

The Brasov plant was launched following investments of 200 million EUR. The plant has the OSB production capacity of 270,000 m<sup>3</sup> and the particleboard manufacturing capacity of 80,000 m<sup>3</sup>.

The plant in Sebes has the particleboard production capacity of 840,000 m<sup>3</sup> and the MDF production capacity of 384,000 m<sup>3</sup>. The Kronospan platform covers some 58 hectares. Kronospan invested in Sebes 80 million EUR in technology and environment protection systems.

Kronospan is present in Romania also in the Constanta area where it performs commercial activities.

***Financial data***

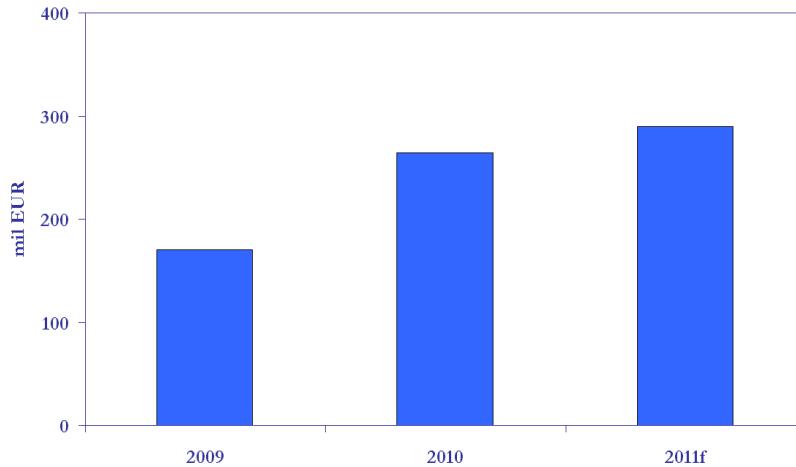
Kronospan (the activities in Brasov and Sebes) targets a turnover increase by some 10% in 2011 compared to the previous year.

In the first six months of 2011, Kronospan (the activities in Brasov and Sebes) posted similar overall sales compared to the same period of the previous year, despite the fact that here were differences in terms of the sales trend for various products.

Romanian Furniture Sector – 2011 Market Overview  
FRD Center

In the first part of 2011, Kronospan kept exports at the same level as in 2010, with around 60% of the entire production in Brasov and Sebes being exported.

Kronospan (activities in Brasov and Sebes) - turnover dynamics



Source: business publications

#### 4.5 - Ikea



Category: Importer, retailer

##### **General data**

Address: Sos. Bucuresti Ploiesti 42A, Bucharest  
Phone: +4021 4074532  
Web: [www.ikea.com/ro](http://www.ikea.com/ro)  
E-mail: [info.bucuresti.ro@ikea.com](mailto:info.bucuresti.ro@ikea.com)  
Year of establishment: 2007  
Ownership: Ikea Group Sweden

##### **Brief profile**

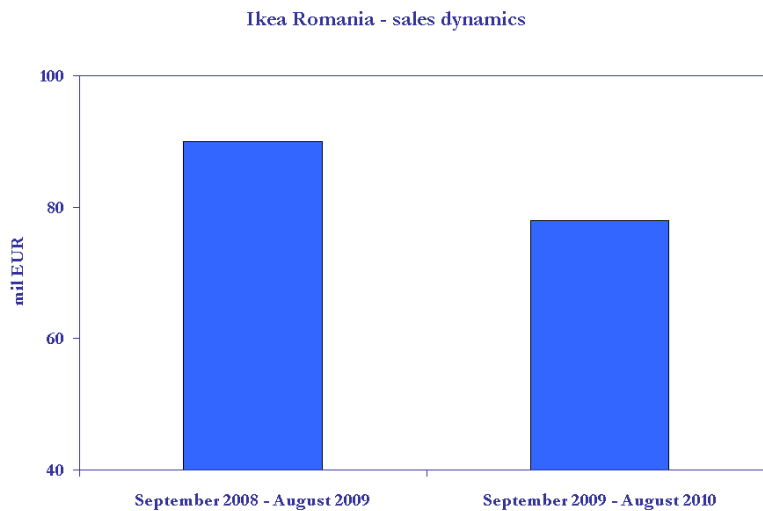
Ikea operates on the Romanian market a store located in the northern area of Bucharest (Baneasa). The company plans to open a new store in Romania and targets cities with over 300,000 inhabitants, such as Timisoara, Iasi, Cluj, Constanta, but also Bucharest.

Romanian Furniture Sector – 2011 Market Overview  
FRD Center

Some 2.5 million persons visited the Ikea store in Baneasa during the period September 2009 - August 2010.

***Financial data***

During the period September 2009 - August 2010, the Ikea store in Baneasa recorded sales of approximately 78 million EUR, this representing a decrease by 13% compared to the period September 2008 - August 2009.



*Source: Ikea statement, business publications*

During September 2009 - August 2010, Ikea sold some ten million products, out of which approximately 60% represented furniture products. The best selling furniture product was FAKTUM (kitchen furniture) with over 34,000 pieces.

Ikea store in Baneasa has some 450 employees.

#### 4.6 - kika



Category: Importer, retailer

##### ***General data***

Address: Str. Comertului 1, Domnesti, Ilfov county  
Phone: +4021 6010211  
Web: [www.kika.ro](http://www.kika.ro)  
E-mail: [info@kika.ro](mailto:info@kika.ro)  
Year of establishment: 2008  
Ownership: kika Group Austria

##### ***Brief profile***

The furniture and home furnishings retailer kika operates a store in Romania that was opened in December 2008. The store is located in western Bucharest and has a total surface of approx. 27,000 sqm.

The retailer plans to open a new store in the northern area of Bucharest (Baneasa), which will be located close to the stores of two of its rivals, Ikea and Mobexpert. The overall investments, for the building and the land, amount to 32 - 35 million EUR. In the near future, Bucharest might have a third kika store, located in the eastern area of the city, as the company is interested in land acquisitions in this area too.

While there are plans for several kika stores in Bucharest, the Austrian retailer's next store will be opened in Constanta, through an investment of some 30 million EUR. The store in Constanta will be located within the TOM Shopping Center and will cover a total surface of 17,000 - 18,000 sqm, out of which a sales area of 10,000 - 12,000 sqm.

The company also bought land in Cluj and Timisoara, but the plans for these cities have not been finalised yet.

The furniture producer Cotta International based in Arad is the main supplier of sofas for kika.

##### ***Financial data***

In 2009, the kika store in Bucharest recorded sales of some 16 million EUR.

According to kika's representatives, the company's sales in Romania increased with 7% during the financial year 2010 (April 2010 - March 2011) compared to the previous financial year, but below initial estimates, as a result of the VAT growth.

The year 2011 started better than expected, but the kika's representatives do not see a rebound trend, but rather month-to-month fluctuations.

#### 4.7 - Silvarom



Category: Producer, retailer

##### ***General data***

Address (headquarters): Str. Rocilor 12 - 16, Bucharest  
Phone: +4021 2201130  
Web: [www.silvarom.ro](http://www.silvarom.ro)  
E-mail: [desfacere@silvarom.ro](mailto:desfacere@silvarom.ro)  
Year of establishment: 1991  
Ownership: Romanian private capital

##### ***Brief profile***

Silvarom produces home furniture (bedrooms, youth rooms, bookstores, living rooms, wardrobes and kitchens), furniture for hotels, furniture for schools, office furniture, seats etc.

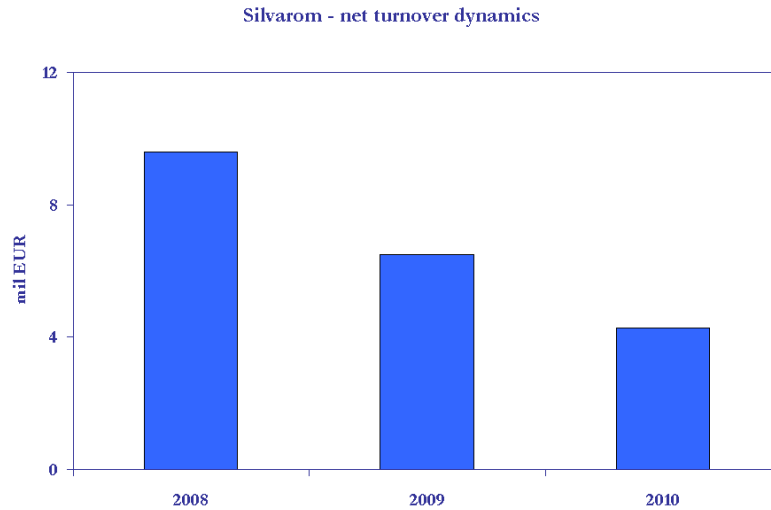
Silvarom has a store in Bucharest and sells its products also within Home & Design Mall in Bucharest and through a network of distributors all over the country.

Silvarom started to re-approach the foreign markets. In the past, the company was among Romania's major exporters. Silvarom left the international market in 2007, focusing on the Romanian market. The company's positive signals come from the Hungarian market, with hopes to export to Serbia, Bulgaria and Russia.

##### ***Financial data***

As shown below, Silvarom recorded a y/y decrease of its net turnover during the period 2008 – 2010.

Romanian Furniture Sector – 2011 Market Overview  
FRD Center



*Source: Ministry of Public Finance, business publications*

Silvarom posted a turnover increase of approximately 58% in the first five months of 2011 compared to the same period of 2010. This increase was largely the result of the company winning tenders to provide furniture for schools. The school furniture is a less targeted niche by the Romanian manufacturers.

The growth announced by Silvarom for the first months of 2011 is the highest on the Romanian furniture market.

#### 4.8 - Sortilemn



Category: Producer

##### **General data**

Address (headquarters):	Str. Clujului 7, Gherla, Cluj county
Phone:	+40264 241717
Web:	www.sortilemn.ro
E-mail:	secretariat@sortilemn.ro
Year of establishment:	1961
Ownership:	Mr. Michael Brandhuber, others

**Brief profile**

The company was established as a veneer, plywood and chipboard producer. In 1993, the firm made investments in the veneer section in order to produce layer - glued furniture. In 1999, the company was privatised.

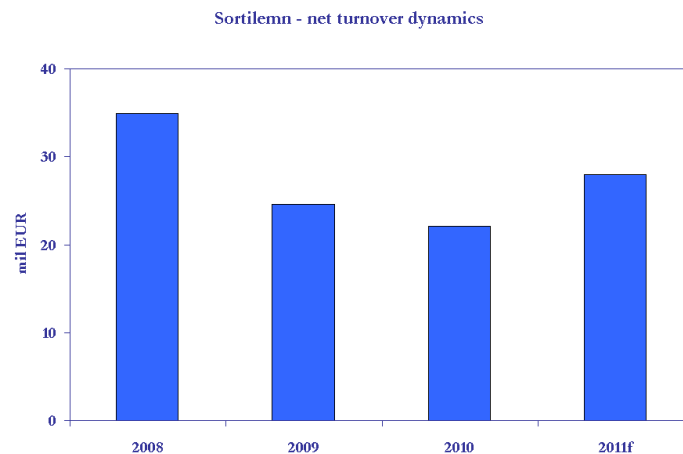
Sortilemn produces office seats, kitchen and restaurant seats, armchairs, children furniture, tables, furniture components (shells, backrests) etc.

97% of the company’s production is exported. The company’s clients include: Stokke, Holsag, ForaForm, Lekolar, Tibro Mobelindustri, Varier Furniture, Ikea, Jech, Kettler.

Sortilemn is one of the Ikea’s main suppliers. The products supplied to Ikea include armchairs, kitchen chairs and tables, coffee tables, parts for kitchen chairs, chairs for public spaces etc. The products especially designed for Ikea are sold in the Ikea store in Bucharest, but also in Ikea stores in Sweden, Germany, France, UK, Saudi Arabia, Japan, USA and Canada.

**Financial data**

Sortilemn recorded a decrease of its turnover during the period 2008 – 2010 but forecasts a y/y growth in 2011. This dynamics is presented below.



*Source: Ministry of Public Finance, business publications*

In 2010, Sortilemn delivered both directly to Ikea and indirectly to other suppliers of Ikea, products with the value of 10.5 million EUR. In 2010, the company’s deliveries to Ikea recorded a decrease by some 35% compared to 2009. For 2011, Sortilemn estimates an increase of its deliveries to Ikea by approx. 39% compared to 2010.

## 5 – CONCLUSIONS

The production of furniture has a good tradition in Romania and it is well represented by local manufacturers, some of which attracted foreign investments. Over 48,000 people are employed by the furniture manufacturing sector and in 2010 productivity increased to 37.5 thousand EUR pers / year.

Furniture sector is a major contributor to the Romanian exports, having reached in 2010 a historic figure of approx. 1.2 billion EUR. It is expected that 2011 to bring a new historic maximum.

The imported furniture in Romania in 2010 reached an estimated value of 321 million EUR while in the first 5 months of 2011, imports registered an y-t-y increase of 8.2%.

Producers and retailers are optimistic about the trend of local market demand for both imported and locally produced furniture in the second part of 2011 and in 2012.

**FRD Center Market Entry Services Romania**  
Bucharest ROMANIA

Contact: Jackie Bojor, Director  
europa@frdcenter.ro