

Extreme Makeover: PM edition

A popular American television show is “Extreme Makeover: Home Edition” where a design team totally rebuilds a home for a family in record time. ANDRITZ is involved in an “extreme makeover” of another type: helping SFT Group disassemble a mothballed paper machine, transport it, and reconfigure the machine for a different type of paper production.

The SFT Group, one of Russia’s fastest growing companies in the corrugated packaging sector, is taking bold steps to grow its business in a new direction. In the process, the Group is placing its trust in the theme of ANDRITZ PULP & PAPER (“We accept the challenge!”). SFT selected ANDRITZ to provide project support, project management, and on-site services for the dismantling of a mothballed paper machine in Finland and its relocation to Russia – and then rebuild it as a modern production unit for fluting and testliner at its Kamenskaya mill.

“At first, we discussed buying a new machine with an annual production of 350,000 tonnes, but the capital required is beyond our means,” says Valeriy Glazyrin, a member of SFT’s supervisory board. “Plus, we don’t yet have enough waste paper raw material in Russia for such a large machine.”

On the other hand, SFT knew that a small used machine would not be profitable. “The optimal size is about 250,000 t/a,” says Stepan Khomyakov, CEO of the SFT Group.

The used machine that best fit SFT’s needs was installed at UPM’s Kymi mill in the 1970’s. It produced bleached machine-glazed kraft paper before being shut down in 2006. It is now being dismantled for transport. ANDRITZ is supervising the work as each piece is condition-checked, repaired if necessary, marked for reassembly, and packed in 250+ containers to be shipped to Kamenskaya. Once in Kamenskaya, the machine will be installed and rebuilt for the production of 250,000 t/a of fluting and testliner.

Socialism to Capitalism

The executives who formed SFT started their industry history as managers of the Baikal Pulp & Paper Mill in Russia. With the



▲ Stepan Khomyakov, Chief Executive Officer (left); Anatoly Shteynberg, Chairman of Supervisory Board (center); Valeriy Glazyrin, Member of Supervisory Board

fall of the Iron Curtain, they had to strike a new path. The company accepted the economic changes in Russia in the beginning of the 1990’s and changed from a state-run enterprise to a Joint Stock Company. Baikal Pulp & Paper had to find new clients and develop new products and was the first among Russian enterprises to enter China and other Southeast Asian markets with its production.

Anatoly Shteynberg was Chairman of the Board of Directors of Baikal Pulp & Paper from 1995 to 2002. Valery Glazyrin was General Manager. As Shteynberg explains, “Due to circumstances beyond our control, in 2002 we were forced to leave the mill where we had worked for about 30 years. We moved to Moscow to establish our new business there. It was a difficult decision, as it meant a complete change of lifestyle for us. We offered some managers of Baikal

Pulp & Paper the chance to go with us to Moscow and take the risk of creating business together. Everyone we asked to move with us agreed to go.” One of those who agreed to move was Stepan Khomyakov, who now is Chief Executive Officer of SFT.

Shteynberg, now Chairman of the SFT Supervisory Board, vividly remembers how he spent hours reading the annual journal *Pulp and Paper in Russia, Ukraine, Belarus, and Kazakhstan*. “For our new business,” he recalls, “we had to find a segment with a low cost of entry and with good growth prospects. Our focus turned to the production of packaging papers from recycled fiber.”

In the Soviet planned economy, packaging production did not receive much attention. There were a few small mills producing cardboard from recycled fiber. Almost all





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of them were low-grade and unprofitable, according to Shteynberg. "These mills supplied linerboard and fluting for corrugated packaging, and they were not very modern. Most importantly, the segment has not been consolidated. Russia is seeing an increase of packaging consumption up to 14% per year, and all the converting plants are working profitably."

Energized by this potential, the SFT Group purchased the Kamenskaya Board & Paper Mill in July 2003. Production volume at the time was about 40,000 t/a of cardboard. Included in the purchase was a converting facility with the capacity for 35 million m² of corrugated products per year, but the plant was not profitable. "We began step by step to develop a domestic market for recycled cardboard and corrugated board," Shteynberg says. "By the end of 2003, the plant made a profit of 14 million Rubles."

This was the beginning of success for SFT. Since 2006, the Group has increased turnover eightfold and EBITA by a factor of 12. Today, SFT has four paper mills, with sales of about 170 million Euro. This year, the

mills utilized 200,000 tonnes of waste paper (OCC). It is the only fully integrated producer in Russia: from the collection of waste paper to the production of the corrugated cases.

Ambitious goals

SFT Group's goals are ambitious. The production of testliner, fluting, and cardboard is planned to increase to 700,000 t/a, with converting production rising to one billion square meters. At this level, the company will reach its target of producing 40% of the nation's testliner and fluting. "For our young company, this project is the biggest in terms of investment costs and scale of work involved," says Khomyakov. "Our goal is to use the old machine as the basis to obtain a leading edge machine capable of producing top quality products for packaging producers."

As part of the machine rebuild and conversion, ANDRITZ will add its components for the press section (*PrimePress X* shoe press) and drying section (*PrimeDry* drying cylinders). The *PrimePress X* delivers energy savings as well as reducing the number of sheet breaks. The *PrimeDry* cylinders pro-



▲ Each piece of the dismantled machine is inspected, condition noted, and tagged before being placed in one of 250+ containers for shipment to Russia.

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vide more efficient drying and will boost the machine's production capacity. The wire and reel sections will also be modified. When completed, the "new" PM No. 7 will have a design speed of 1,050 m/min with a trim of 4,600 mm.

The work is complex. ANDRITZ experts prepared the overhaul master plan, including contingencies for difficult overhaul tasks. Detailed work-hour and space planning, in cooperation with the customer, has also been completed. ANDRITZ will also assist in selection of the erection vendor and supervise all the work done on-site in Kamenskaya. Erection checks and inspections of the machine subsystems (hydraulics, gears, balancing, etc.) are also in the scope.

For SFT, it was determined that there was one supplier who could provide the needed answers and solve the potential problems. "We know that there are many risks," Shteynberg says. "But we also know these risks can be minimized with a good partner, and this is ANDRITZ."

For pulp supply, SFT also ordered a new recycled fiberline from ANDRITZ, includ-

ing paper machine approach and broke handling systems. The recycled fiberline will process 800 bdmt/d of mixed waste and OCC from Russia. ANDRITZ will also provide the complete automation system (process control and quality control) for the new machine.

"This project is a great challenge," Khomyakov says, "not only for technical and logistics reasons, but also for the investment targets we are working to. We have established a target to implement this machine spending no more than 350 Euro per tonne of capacity. So, we were very careful in choosing a partner for this project. ANDRITZ people have the experience and skills to not only do the work, but also to give us technical advice during the whole project and longer term."

At the moment, the machine is on its way to Kamenskaya, and the experience with ANDRITZ up to now has been quite good, according to Khomyakov. "We had great support during the planning and disassembly. ANDRITZ has specialists for every part in the project, so we are very optimistic."

▲ A view of the machine room at UPM Kymi's mill where the machine is being dismantled and inspected. ▼



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