

Responding to change

How a traditional German textile manufacturer transformed itself into a 21st Century leader in engineered nonwovens and technical textiles. Adrian Wilsoreports.

In a keynote address at the third Nonwovens for High Performance Applications conference held in Prague from 7-8 March, Detlev Käppel spoke of the big changes that have occurred in the Germany textile industry over the past thirty years and how Erwo AG, majority stakeholder of Hoftex Group AG, has successfully responded to them.

As global sales director for the group's nonwovens business, Tenowo, Käppel is

used to hopping on planes, working out of the company's base in Hof and also acting as general manager of Tenowo Huzhou New Materials in Zhejiang province, China, which began production in 2014.

Up until the end of the 1980s, he noted in Prague, Europe's textile manufacturers believed they were well prepared for the future, and many were unaware of the changes in the business

environment about to take place.

Iron Curtain

"It was the lifting of the Iron Curtain that triggered the coming globalisation with significant product and labour cost changes," he said. "This coincided with the demand for fast fashion. Many European companies lacked suitable sales and marketing channels and had outdated management and leadership



styles, and as a consequence of these unperceived developments, went bust.”

In Germany in particular, the number of companies going under was overwhelming and from the mid-1990s on, sales from textile manufacturing began to drop to a fraction of what they had been. In parallel, textile imports from Asia into Europe began to accelerate.

This story is well known. The subsidiaries of Erwo AG, however, have pro-actively reacted to market changes and are now extremely well-placed globally.

Erwo AG comprises two main business – Hoftex Group, to which Tenowo belongs, and Südvolle Group, now operating at 29 locations on five continents. With annual sales of €650 million, Erwo employs a total of 4,550 people and has a business technology portfolio consisting of worsted wool yarns, knitting, dyeing and finishing, nonwovens, real estate and other interests. The group’s success has been built on the foundations of constantly

Tenowo employs all of its eight technologies in the supply of materials to the automotive industry.



investing in global expansion and pursuing endless product innovation and diversification.

Südvolle and Hoftex

As far as Südvolle Group, is concerned, at the end of the 1990s, this company manufactured 16,000 tons of worsted wool for apparel at seven plants in Germany and one in Switzerland. It had no vertical integration or diversification in its product range and sales were around €150 million.

Today the company manufactures 28,000 tons of wool and technical yarns at 11 highly-vertical plants worldwide. These are supported by eight sales offices and various agencies and sales in 2016 were €330 million.

The transformation of the Hoftex Group is even more illustrative of a positive response to the general changes which have taken place industry-wide, and has been driven largely by the success of Tenowo.

At the end of the 1980s, Hoftex Group was manufacturing 54,000 tons of cotton and synthetic yarns annually and 191 million square metres of fabrics. Its product range encompassed yarns, twists, greige fabric, outerwear fabrics, denim, carpets and nonwoven interlinings.

With a total workforce of 3,380 people, it was achieving annual sales of €400 million.

“Back then the sales of technically-related products were only around six per cent,” Käppel stressed. “Today it’s above eighty per cent.”

Today, with a workforce of nearly 1,200, the vastly-altered company



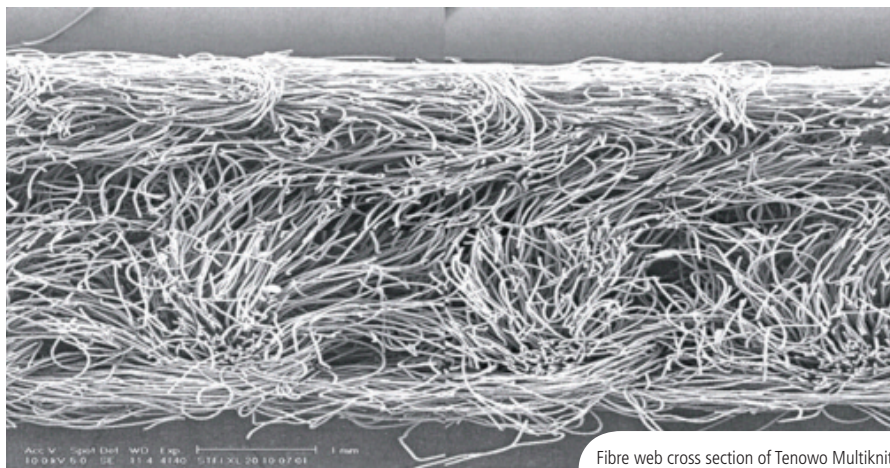
Detlev Käppel at NHPA 2017 in Prague.

produces just 5,000 tons of yarn per year, along with six million square metres of yarn-based fabric. And 260 million square metres of nonwovens.

The product range consists of nonwovens for automotive and other industrial applications, recycled carbon fibre nonwovens for composites, technical yarns and most recently, intelligent fabrics. Hoftex Group sales in 2016 were over €180 million, and Tenowo was responsible for €133 million of this.

At the end of the 1980s, Tenowo manufactured six million square metres of nonwovens primarily for the interlinings market. With a workforce of 285 people in Germany, its sales were €32 million.

Tenowo is employing eight separate technologies for automotive, roofing, composites, filtration, medical, the food industry and others and over 90 per cent of its products are for the industrial markets.



Fibre web cross section of Tenowo Multiknit.

Expansions

Tenowo expanded its US plant in Lincolnton, North Carolina, during 2015, doubling capacity for engineered nonwoven products for the North American automotive industry. This was the second expansion at the facility in recent years – in 2010, the company spent about \$2.3 million on equipment upgrades.

Tenowo has subsequently carried out a third expansion at the Lincolnton plant, adding 70,000 square feet of new building space to house the company’s Multiknit technology – the first of its kind in North America.

Multiknit products are primarily used in automotive seating applications, providing enhanced breathability and improved temperature regulation.

A new advanced spunlace line also became operational at the company’s German plant in Reichenbach during 2015, as well as new stitchbonding capabilities at another German plant in Mittweida. The €25 million expansion at the Reichenbach plant increased the site’s nonwovens output from an annual 45 million square metres to 100 million square metres, with employees there being increased from 56 to around 100 at the site. In 2014, Tenowo completed

the €14 million construction of Tenowo Huzhou New Materials in Zhejiang province, northern China. The plant is equipped with the technology to produce coated nonwovens via various bonding routes with an annual capacity of some 30 million square metres.

Automotive

Tenowo employs all of its eight technologies – needlepunch, chemical and thermal bonding, spunlacing, Malivlies, Maliwatt, Kunit and Multiknit, as well as combinations – in the supply of materials to the automotive industry.

Its Zetacoustic engine products are found in tunnel, insulation panels and hood liners for BMW and Mercedes, for example, and are proven to provide superior acoustic performance. Other materials are in underbody panels and insulation shield, as well as stitchbonds for wire harnessing.

In interior applications it supplies headliners, trunk trim and package trays as well as specialised laminated Multikint products for car seats.

For the filtration market, needlepunched, spunlaced and sandwich constructions are supplied, including the new Zetajet-Nclean multilayer hybrid in weights of up

to 450gsm for coalescence and air cabin filtration.

Recycled carbon

A new market the company is now entering is that of recycled carbon fibre nonwovens based on PAN, pitch or cellulose. The carbon fibres can be blended with PP, PET or bicomponents with polyamide and reinforced with PET filament or glass. These fabrics are being supplied in weights of between 100-300gsm as the carrier materials for RTM prepreg and other composite manufacturing processes.

Radical change

“There has been a radical change in our production capacities, technologies, product ranges and sales organisation, as well as in company leadership,” Käppel concluded. “This has involved major investments in new technologies and customised production lines, R&D and HR resources. An internationally integrated and connected sales force has been established and design thinking is applied to both product development and sales channels. We have global product availability for internationally cross-linked customers and it’s all backed by strong commitment and support from our ownership and top management.” **SNW**

Tenowo stitchbonds for automotive wire harnessing.

