

North Tyneside manufacturer Formica draws in sales of £63.5m amid factory footprint changes

North Shields firm Formica brought in sales of £63.5m in a year of change which saw it reduce its manufacturing footprint, new accounts show.

The Coast Road company, part of the global Formica Group, has been making laminate products for the residential and commercial sectors for more than 70 years. Two years before the pandemic the firm was sold by its owners to Netherlands-based Broadview Holding BV as part of a deal worth more than £660m, soon after the North East site had received multimillion-pound investment across its office and production areas.

Latest accounts for the company covering 2021, show the business restructured the site and that the majority of manufacturing now takes place in the west part of the site “away from neighbours and local residents”. The accounts say: “The East part of the site has been earmarked for closure and demolition. This work has started in 2021 with the demolition of the old boilerhouse, asbestos removal across the site and decontamination of redundant areas.”

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Employee numbers also declined, from an average of 432 in the 18 months ended December 31 2020, to 341 in 2021.

Turnover decreased to £63.5m, but Formica said this represents a 5% increase across the comparable periods as 2020 was an 18-

month financial period, which accrued sales of £90.6m. It said the increase was driven by price rises implemented in July and October and increased demand compared to 2020.

It said operating overheads, excluding exceptional items, totalled £10.8m, down from £17.5m.

Total operating losses for the period were £5.9m. Formica said the previous period's figure of £70.4m operating profit was skewed by an intercompany loan forgiveness of £99.7m.

The accounts report says: "Formica Limited has completed a number of projects as part of a significant investment programme at its North Shields site, resulting in a reduced cost footprint. Meanwhile, the company has taken steps to strengthen its commercial margin.

"Along with other actions such as administrative cost reductions and commercial and operational synergies with sister companies in the group, the financial run-rate of the company is improving and is expected to continue to improve with ongoing initiatives and benefit from sales volumes recovering after falling sharply during the pandemic.

"The company is continuing to focus on its North Shields facility. Whilst reducing the factory footprint we believe through modernisation and centralization we will be able to support future growth in a controlled manner and therefore benefit from an improved operating leverage."

The company, which said its factories remained operational throughout the year the Covid-19 pandemic lockdowns, said it has been able to "largely flex" its cost base in line with the current level of demand.

It added: "Demand continues to show inconsistent behaviour and is at a reduced level compared to 2019 which is expected to continue to be the case in the immediate future. The medium and long term view is more positive."

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