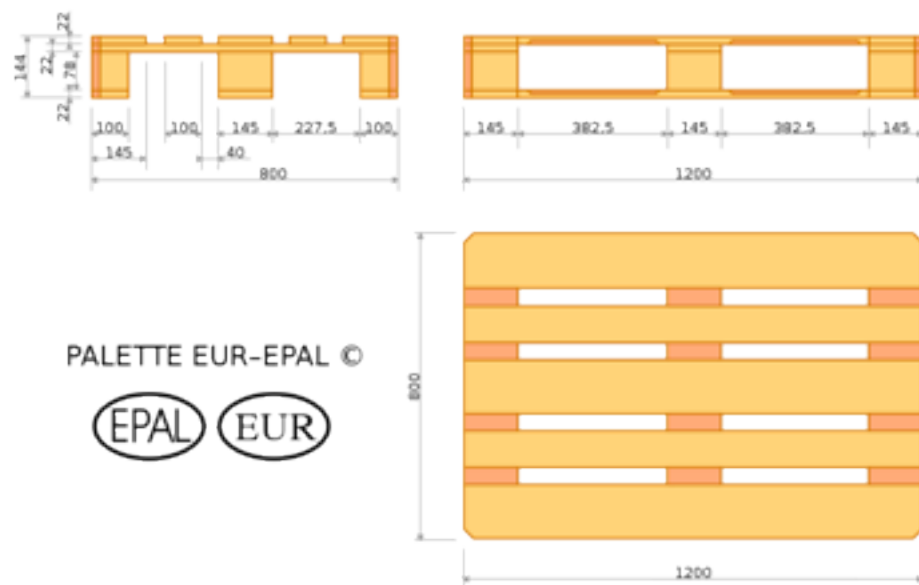


BePal

BePal is a pallet manufacturer located in Belarus, in the former Soviet Union. It was established in 1993 and operates two divisions: a sawmill and a pallet production line (since 2000). It buys raw wood from a local woodcutting company and processes the logs into wooden planks at its sawmill. These planks are sold to furniture factories and used by its pallet division, which buys them for market price.

Pallets are used in transportation and can be made of wood, aluminum and plastic. More than 90% of pallets are made out of wood, a natural material that requires extra treatment to make it less prone to fungal growth and increase its resistance to weather conditions. BePal's pallets are high quality and carry the EPAL (European Pallet Organization) quality mark, which include extra norms to increase safety and durability. The most used EPAL pallet is the 'EPAL1', with the dimensions shown below.



BePal's Pallet customers are mainly European logistics companies that ship to Russia: Belarus is on the main trade route between the port of Rotterdam and Moscow and has a bustling wood manufacturing industry. Lately, BePal has seen an increase in orders from Russian customers.

While BePal's pallet business was on the rise, its sawmill business was hurting. BePal's CEO has contacted us to advise him on the situation: he wants to make the sawmill division profitable again by reducing cost.