

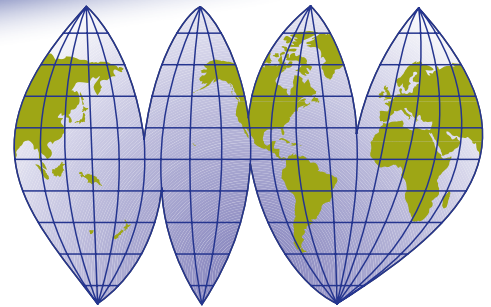
# GLOBAL LUMBER/SAWN WOOD COST BENCHMARKING REPORT

## Featuring:

- A profile of the major sawn wood-producing regions in North America, Europe and the Southern Hemisphere
- Benchmarking of log costs, sawmilling costs, lumber revenues and margins for over 25 key countries or regions
- Includes full-year costs/revenues for 2008, with a timely update on cost structures occurring in Q1/2009 (just before the release date)
- Assessment of currency fluctuations and transportation on delivered costs to market by exporting country
- Cost summaries and analyses based on information gathered directly from sawmill visits
- Enhancements for this report include sawmill proformas at actual and "normal" operating rates



**2008  
Annual  
Basis &  
Q1/2009**



**Available April 30, 2009**

**WOOD  
MARKETS**

THE BECK GROUP

In association with

PRICEWATERHOUSECOOPERS 



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US\$/m<sup>3</sup> • Cdn\$/m<sup>3</sup> • Euro/m<sup>3</sup> • US\$/Mbf • Cdn\$/Mbf

### 4.2 Country Profiles: Statistical summaries of timber harvests, lumber production, imports, exports and consumption

## KEY FEATURES

### SAWN WOOD BENCHMARKING BY COUNTRY:

Logging to Roadside

Hauling to Mill

Stumpage/Return to Landowner

Woodlands Overhead

Delivered Log Costs

Logs to Lumber Costs and Recoveries

Sawmill Costs (Labour/Direct/Indirect)

Lumber and Byproduct Revenue

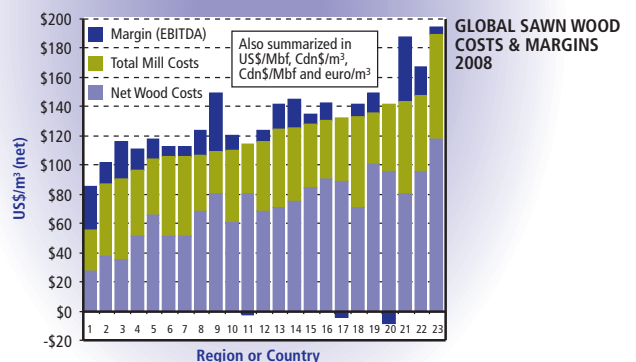
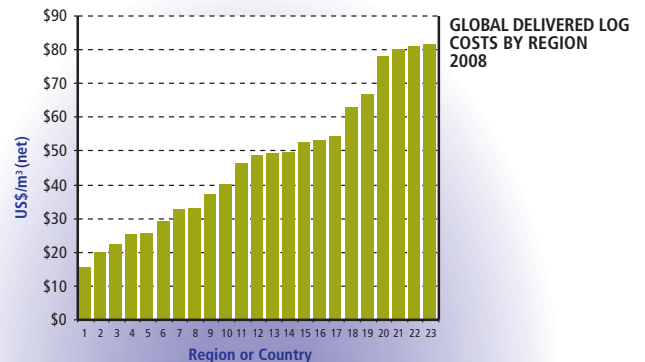
Margins: Pre-Tax Profit (EBITDA)

Margins: After Depreciation Allowance (EBIT)

Breakdown of Mill Costs and Summarized by “Average Mill” and “Top-Quartile Mill” for Regions/Countries

Comparison of Mill Costs/Margins at Reported Production and at Normal Operating Rates

Manufacturing and Log Trends and Issues



# ABOUT THIS REPORT

In today's globally competitive and oversupplied market, it is essential all parts of an organization strive to achieve "best in class" performance levels and identify cost variances and market opportunities in relation to other producing regions. To achieve this objective, International WOOD Markets Group Inc. (WOOD MARKETS), The BECK Group (BECK) and PricewaterhouseCoopers Global Forest, Paper and Packaging Practice (PwC) have joined forces once again to present its fourth bi-annual *Global Lumber/Sawn Wood Cost Benchmarking Report • 2008 Annual & Q1/2009 Costs*.

This global benchmarking report will cover more than 25 countries or regions on six continents and is based on cost data collected from mills in all countries or regions.

Given poor global markets in 2008 and the expectation that lumber demand will be weaker and even more competitive in 2009, utilizing detailed cost and revenue information on an apples-to-apples basis between competing regions is a critical part of any company's marketing, operational and strategic plan. Against this background, the *2008 Annual & Q1/2009* lumber benchmarking project will provide cost data on actual 2008 results (mostly at reduced operating rates), but will also project costs to simulate normal production rates in order to provide an optional comparison between regions.

## KEY ATTRIBUTES

- Unique strategic report presents cost details on the competitiveness of various regions within the global lumber and sawn wood industry
- Log and manufacturing cost summaries presented by major producing country/region for "average" and "top quartile" mills
- Ranking of results to profile "best" or low-cost/highest-margin producing countries or regions in 2008 and 2009/Q1

## SAWN WOOD COST BENCHMARKING DETAILS

- All costs are summarized on the same basis (e.g., US\$/m<sup>3</sup> net; US\$/Mbf) for direct and relevant comparisons to other regions (for Europe, €/m<sup>3</sup> will be included)
- Woodland costs include stumpage fees, logging and transportation costs to mills.
- Sawmill cost detail includes a summary of direct costs (energy and fuels, operating and maintenance supplies), labour costs and all mill overhead costs, as well as depreciation in all countries and regions

## KEY QUESTIONS ADDRESSED

- Which world regions are the low-cost lumber producers today, how is that changing, and how does that compare with previous years?
- What are the competitive advantages of some countries over others, including timber, labour and revenue opportunities?
- What are the cost structures and export competitiveness trends for established regions and how do they compare with emerging or new low-cost entrants?
- What are the trends in production, exports and cost structures of established countries/regions as compared to emerging ones?
- In what cost categories are European sawmillers most competitive?
- What is the break-even price for European suppliers to the U.S. market?
- Which Southern Hemisphere country has the lowest costs and/or highest margins?
- How have currency dynamics and transportation costs impacted delivered costs for exporting countries?



## GLOBAL BENCHMARKING TEAM

### International WOOD MARKETS Group Inc.

International Wood Products Consultants  
Vancouver, B.C., Canada

As international wood products consultants and publishers of strategic industry reports (including the *WOOD MARKETS Monthly newsletter*), International WOOD MARKETS Group Inc. ([www.woodmarkets.com](http://www.woodmarkets.com)) provides leading business and market intelligence services to the global solid wood products industry, specializing in solid wood products research, analysis, and business and corporate strategies.

### The BECK Group

Planning, Consulting & Benchmarking Services  
For the Forest Products Industry  
Portland, Oregon, USA

The BECK Group ([www.beckgroupconsulting.com](http://www.beckgroupconsulting.com)) is the recognized leader in benchmarking of solid wood products in the U.S. The firm has completed numerous benchmarking studies for different segments of the U.S. wood products industry. BECK also features significant experience with sawnwood operations in the Southern Hemisphere.

### PricewaterhouseCoopers LLP

Global Forest, Paper and Packaging Benchmarking Practice, Vancouver, B.C., Canada

PwC ([www.pwc.com](http://www.pwc.com)), the world's largest professional services organization, with over 120,000 people in 150 countries, helps clients to build value, manage risk and improve performance. PwC's team of professionals is dedicated to serving the global forest and paper sector. Over the past two decades, the company has performed extensive benchmarking surveys that have proven invaluable for industry executives.

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# GLOBAL LUMBER/SAWN WOOD COST BENCHMARKING REPORT • 2008 Annual Basis & Q1/2009

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