

ROSEBURG FOREST PRODUCTS

Mapping the Course | January 24th 2019

US PNW Sawmill Sector

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WHO IS ROSEBURG?





**PRIVATELY-HELD WOOD
PRODUCTS COMPANY**



580,000
ACRES OF TIMBERLAND



**FOREST TO
CUSTOMER**



13 MANUFACTURING
FACILITIES



3,300
EMPLOYEES



**HIGHLY DIVERSIFIED
PRODUCT LINE**



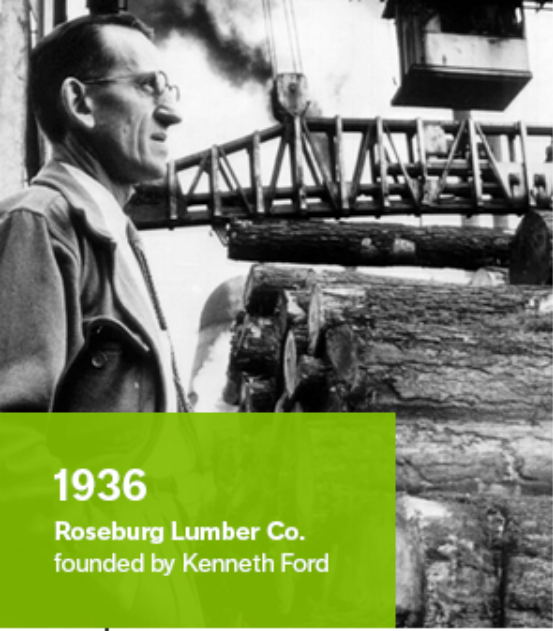
**NATIONAL
DISTRIBUTION**



**2017 REVENUE
\$1.4 BILLION**



80 PLUS YEARS OF
STEADY GROWTH



1936

Roseburg Lumber Co.
founded by Kenneth Ford

1956 - 1968
Expanded
plywood
capacity
with 5
acquisitions

1968
Entered the export
pulp chip business



1979
Purchased Kimberly Clark
CA lands and plants



2001
EWP facility
start-up in Riddle

2003 Missoula, MT
Particleboard Plant acquisition



Expanding Footprint

Baby Boom Post WWII




1952
Built first Plywood
Plant in Dillard

1996
Purchased IP Oregon Timberlands



2015 Medford MDF Plant acquisition

2017 Initiated Construction
of Chester Engineered Wood and
purchase of Roanoke Timberlands



2018
Sale of CA Timberlands and
acquisition of **Pembroke MDF** in Ontario, CA

OREGON

- Coos Bay Shipping Terminal
- Coquille Plywood
- Dillard Western Regional Office
- Dillard Lumber, Plywood & Composites
- Medford MDF
- Springfield Corporate Office
- Riddle Plywood & Engineered Wood
- Roseburg Resources & Timberlands

MONTANA

Missoula Composites

ONTARIO, CA

Pembroke MDF

CALIFORNIA

Weed Veneer

VIRGINIA

Timberlands

NORTH CAROLINA

Timberlands

SOUTH CAROLINA

Chester Engineered Wood

GEORGIA

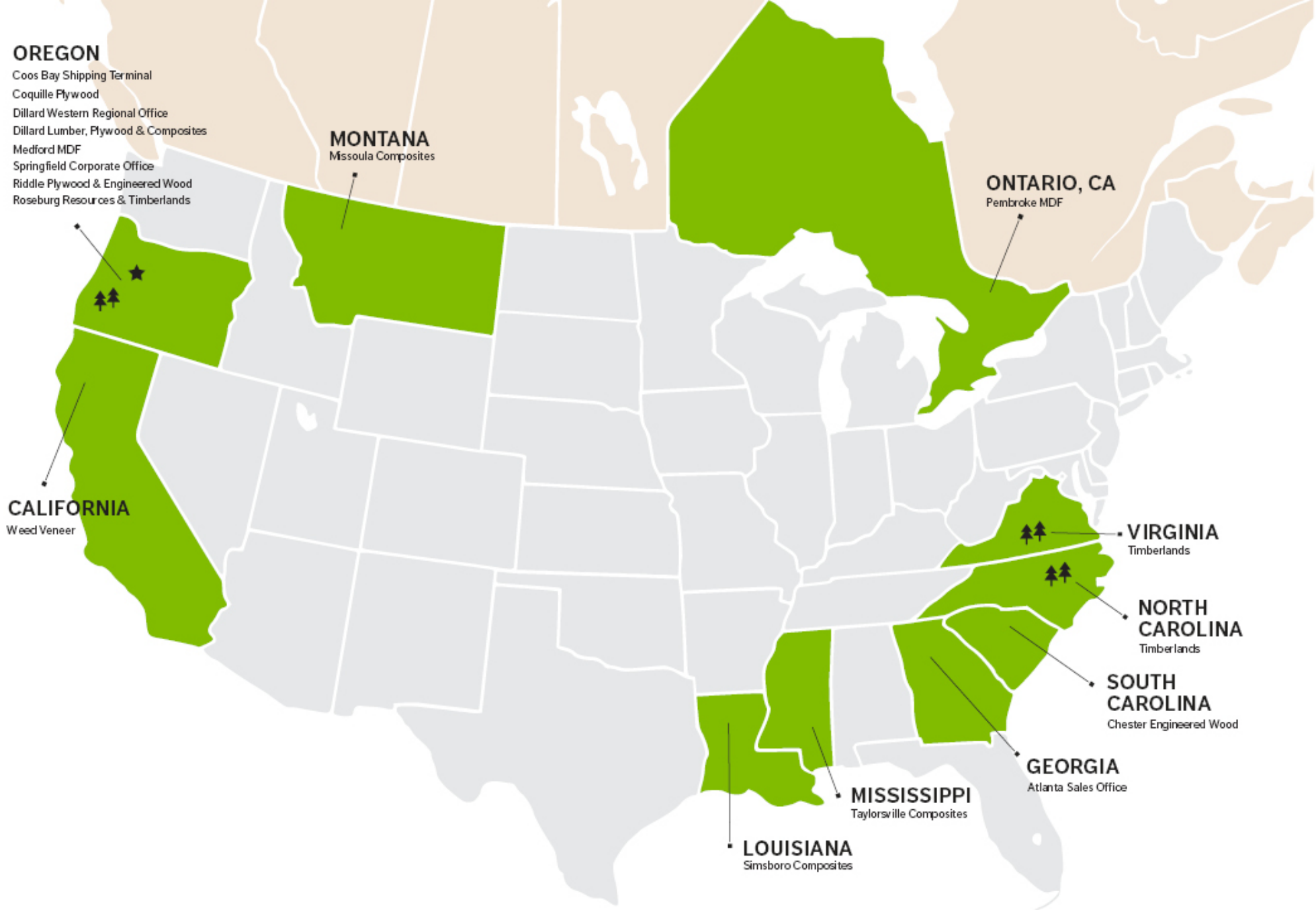
Atlanta Sales Office

MISSISSIPPI

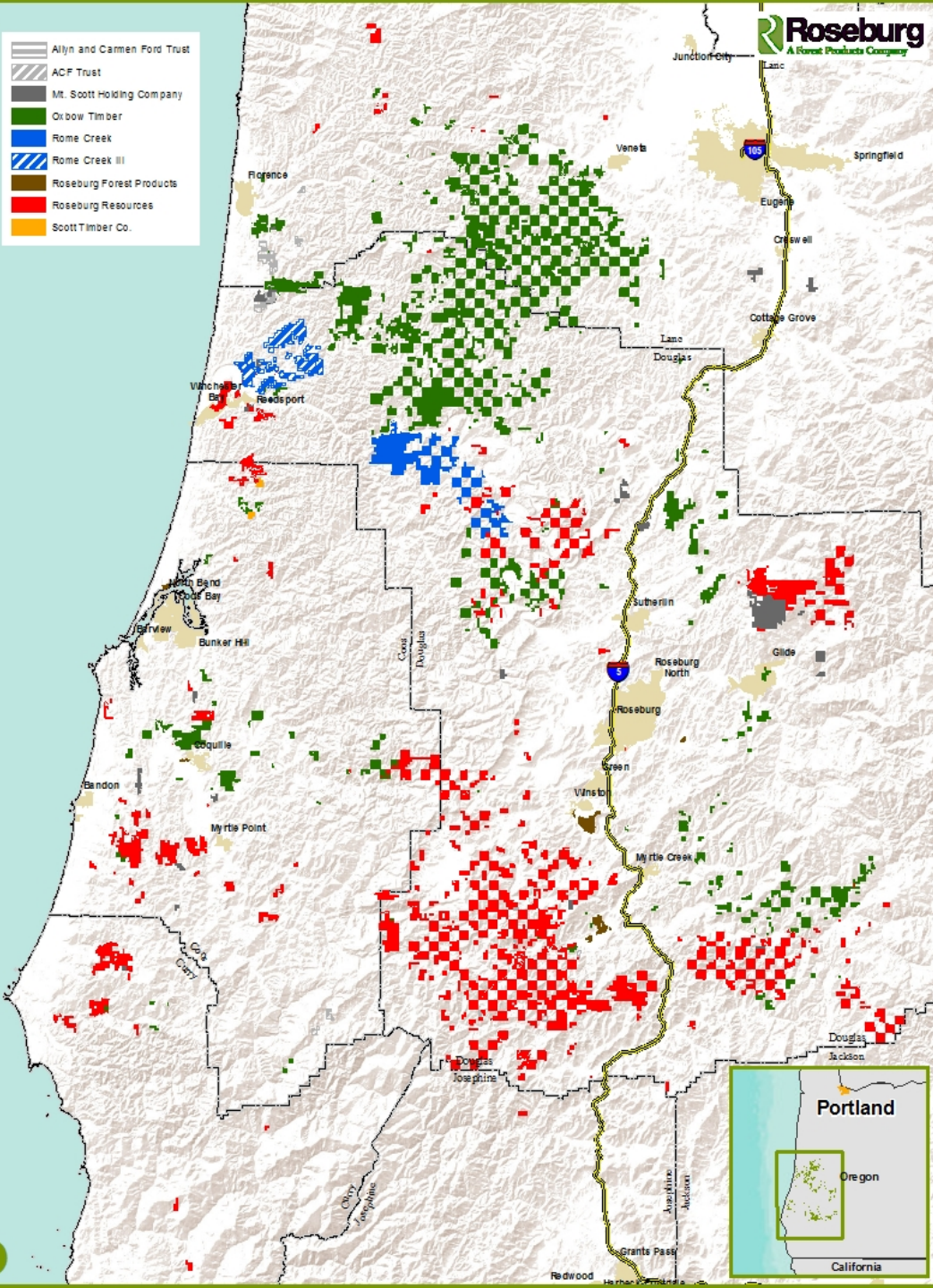
Taylorville Composites

LOUISIANA

Simsboro Composites

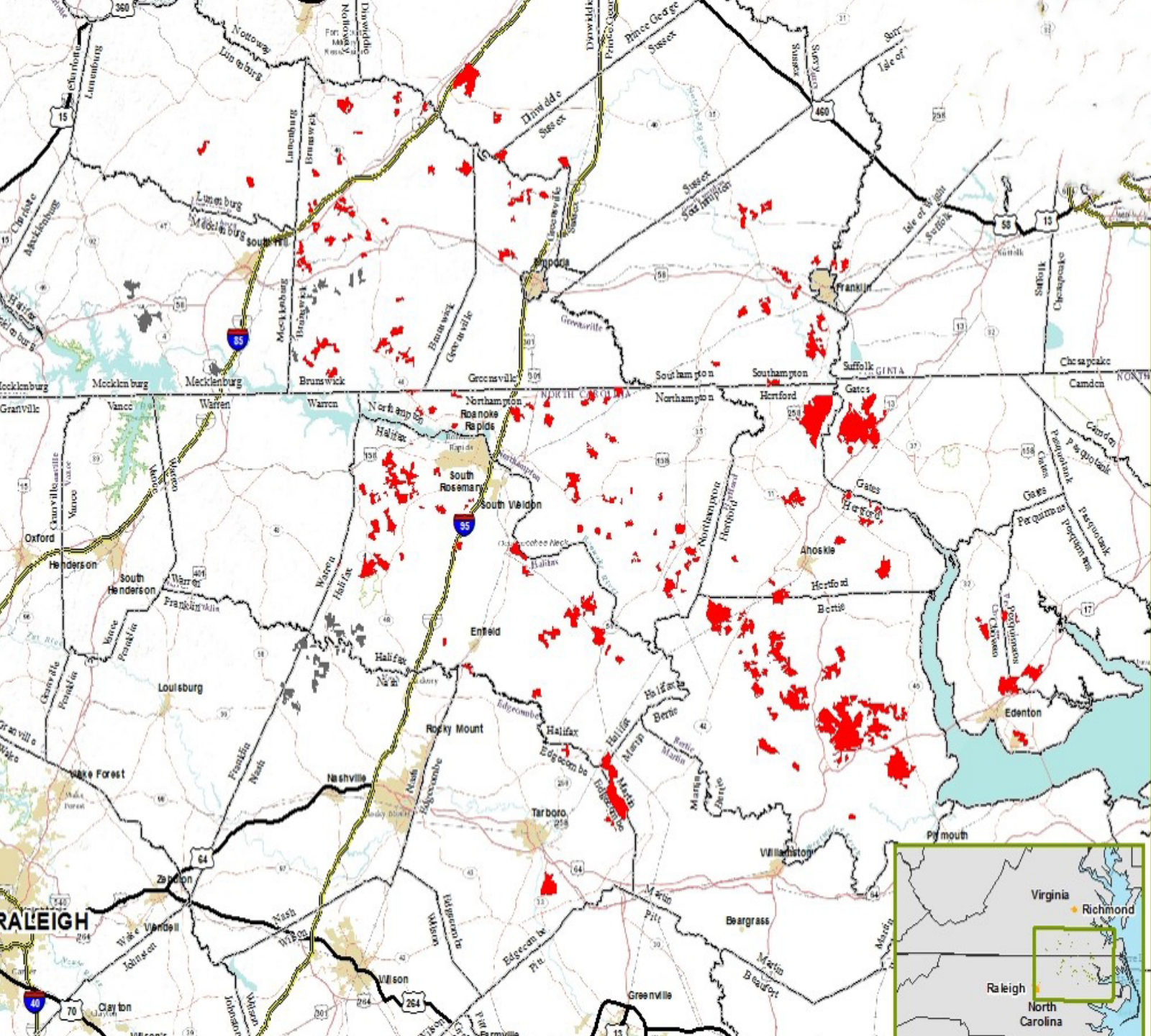


-  Allyn and Carmen Ford Trust
-  ACF Trust
-  Mt. Scott Holding Company
-  Oklawaha Timber
-  Rome Creek
-  Rome Creek III
-  Roseburg Forest Products
-  Roseburg Resources
-  Scott Timber Co.



OREGON TIMBERLANDS





ROANOKE TIMBERLANDS



DIVERSIFIED WOOD PRODUCTS



LOGS



PLYWOOD



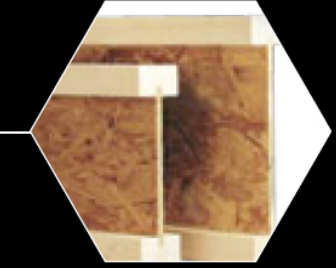
COMPOSITES



LUMBER



WOOD CHIPS



EWP

PRODUCTS

- ▶ Raw materials for wood products

- ▶ Hardwood Plywood
- ▶ Sanded/MDO
- ▶ Siding
- ▶ Sheathing
- ▶ Underlayment

- ▶ Particleboard
- ▶ Thermally-fused Laminates
- ▶ MDF
- ▶ Prefinished Panels
- ▶ Shelving

- ▶ Studs
- ▶ Premier Studs
- ▶ Small Timbers

- ▶ Pulp Chips
- ▶ Fuel Chips

- ▶ LVL
- ▶ I-Joists

APPLICATIONS

- ▶ Plywood, lumber, veneer, chips

- ▶ Cabinets, casework, fixtures and displays
- ▶ Structural construction
- ▶ Furniture, signage, material handling, etc.

- ▶ Furniture, counter tops, cabinets, doors, and industrial products
- ▶ Molding

- ▶ Framing
- ▶ Rail ties

- ▶ Pulp and paper
- ▶ Bio-Energy

- ▶ Structural construction
- ▶ Headers and beams
- ▶ Perimeter framing and load transfer

A Day at Roseburg

Total Annual Log Flow = 365 MMBF

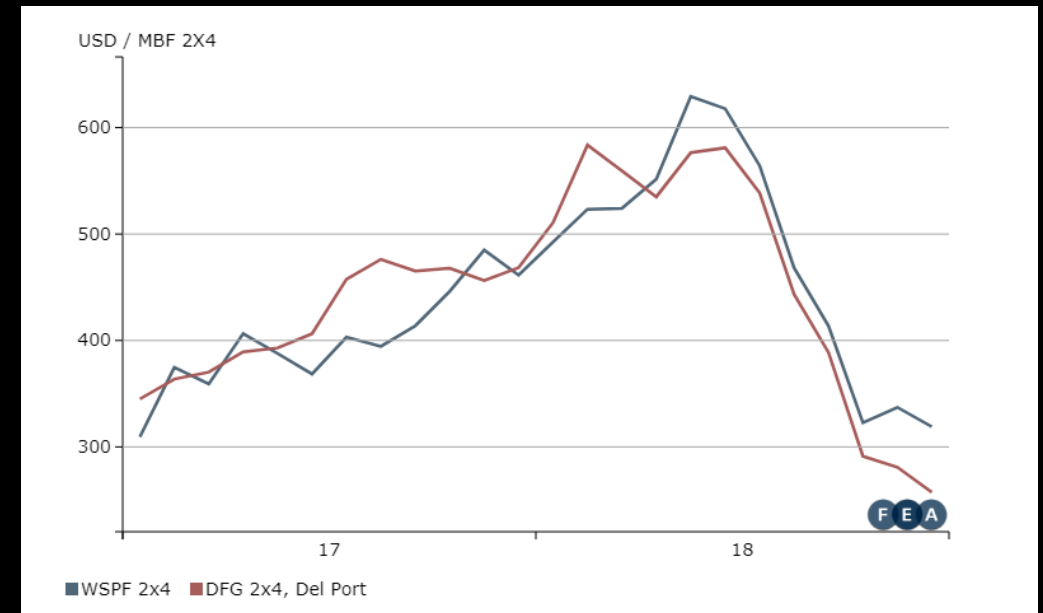
Total Log Trucks = 91,358

381 Log Trucks/Day



US PNW – 2018 Review

- Tale of two markets
 - Random Lengths Stud Composite peaked at \$528/MBF
 - Bottomed 22 weeks later at \$309/MBF
 - \$219 spread ~ \$24 K per railcar
- Rise
 - Canadian lumber import duties
 - CN capacity constraints
 - Fiber availability – all time record western timber prices
- Fall
 - Rail issues were resolved – supply increased
 - Demand slowed
 - Housing starts below expectations
 - Weather impacts across the U.S.



Source: FEA Forecast Summary – 1/2018



US PNW 2019 Outlook

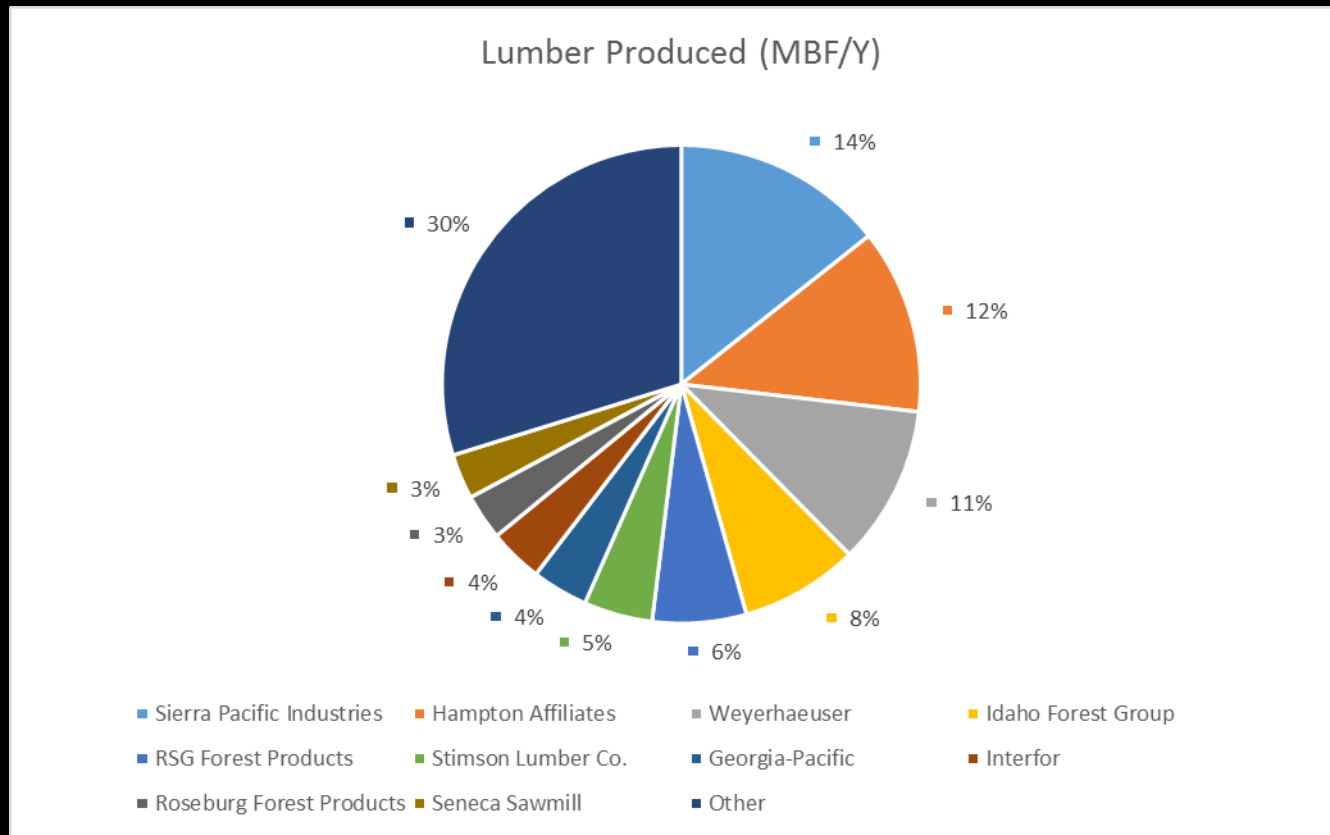
- Supply
 - Capacity Changes
 - Boise Elgin Closure ~ 75 MMBF/Y



US PNW Supply –Lumber

Northern California, Oregon, Washington, Idaho, Montana, Wyoming

14.7 BBF



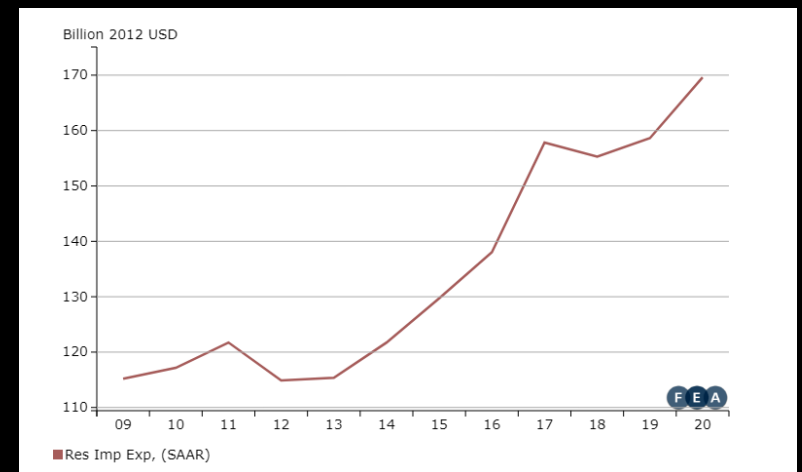
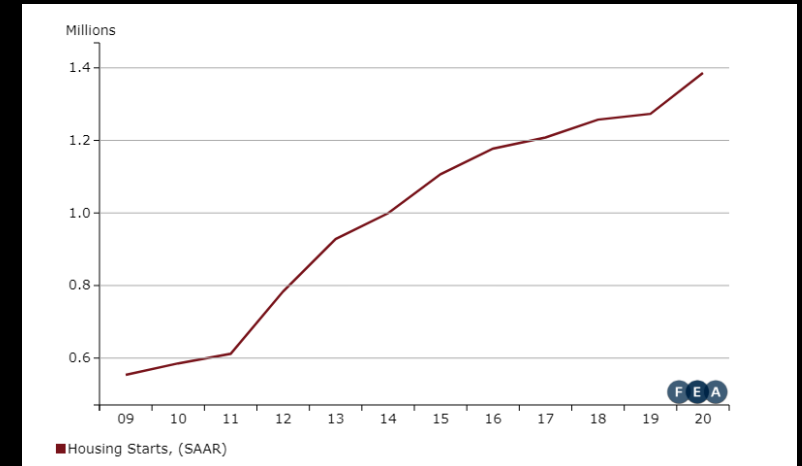
US PNW 2019 Outlook

- Supply
 - Capacity Changes
 - Boise Elgin Closure ~ 75 MMBF/Y
 - Canadian Imports
 - Softwood Lumber Agreement - uncertainty around resolution
 - Canadian exports to China
 - Offshore Exports
 - Decrease in log exports due to tariff – increasing log availability
 - Fiber Availability
 - Market volatility – lower prices may result in less interest from landowners
 - Unknowns around weather and fire season
 - Log yard inventories – entered the year healthy, but declining
 - Transportation
 - Railroad and truck availability remain tight

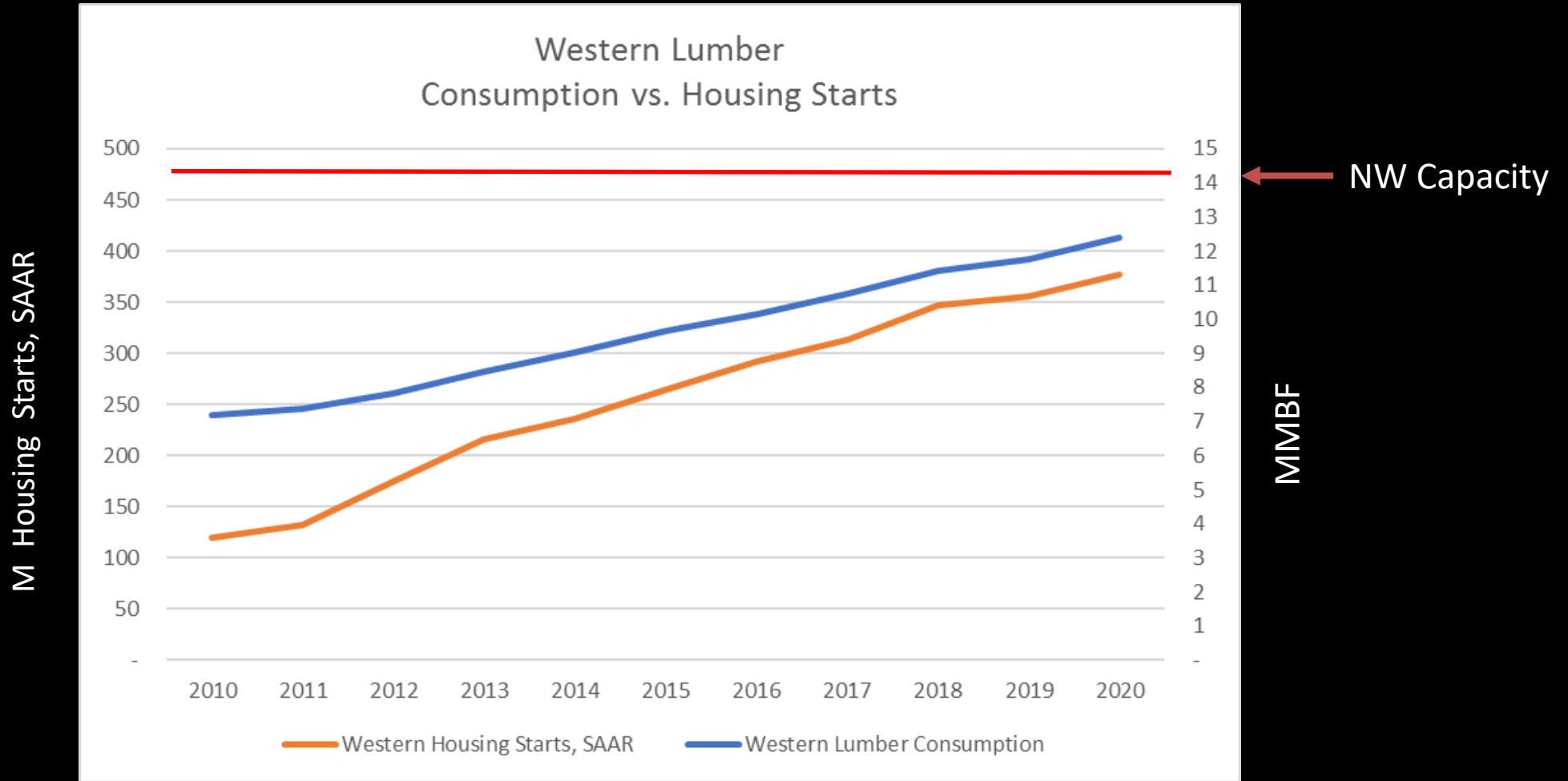


US PNW 2019 Outlook

- Demand
 - End-use markets & consumption
 - Housing Starts - questionable
 - Residential Improvements
 - Changing trends
 - Dimensions
 - Green vs. Dried
 - Species



US PNW 2019 Outlook



2019 Pricing

- Not the same as 2018!
 - *“Prices will fall from their 2018 highs, and many will be slightly below their 2017 levels” – FEA 12/2018*
- Considerations
 - Supply-side disruptions
 - Transportation, Log Supply
 - Trade Agreement
 - Surprises in Demand



The Pacific Northwest

- Northwest buyers are in close proximity to producers
 - Lower inventories
 - Less reliant on 2-step distribution
 - Lower risk – can take greater advantage of market corrections
- Home starts are less influenced by wet weather
- Population is growing – supporting housing start growth
 - Idaho 2nd in the nation for growth
 - Washington 6th in the nation for growth

Source: U.S. Census Bureau



US PNW 2019 – Key Takeaways

- 2019 may not have the extremes of 2018, but it will be a challenging year for the PNW
- On the watch list....
 - Import/Export patterns due to currency, tariffs and trade agreements
 - Fiber availability
 - Transportation
 - U.S. Economy – Interest Rates, Housing Starts, Residential Improvements

