Forest2Market®
Solutions for the Forest and Wood Products Industries

Forest Resource Development Conference

October 28, 2009
Harbison Environmental Center

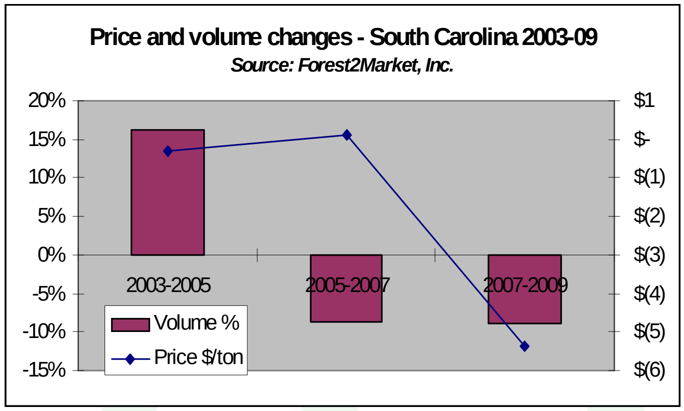
Wood Demand; Economic Recovery and Energy

(red suit realism)

Agenda

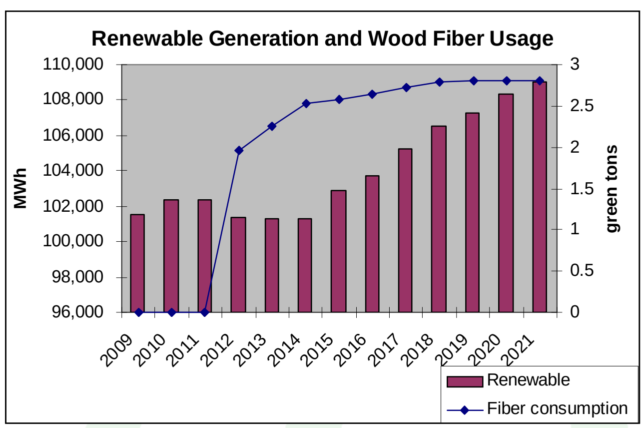
- Fiber Demand
  - Historic
  - Current
  - Future
- What is our vision of forestry in South Carolina
  - Quality vs. production
  - Does diversity bring stability
  - Does the supply chain support the vision
- South Carolina's competitive advantage
- Think like a customer - sell the man a red suit

Volume and prices are depressed



The combination of volume and price depression amounted to depleted $200 million in annual supply chain revenues since 2003

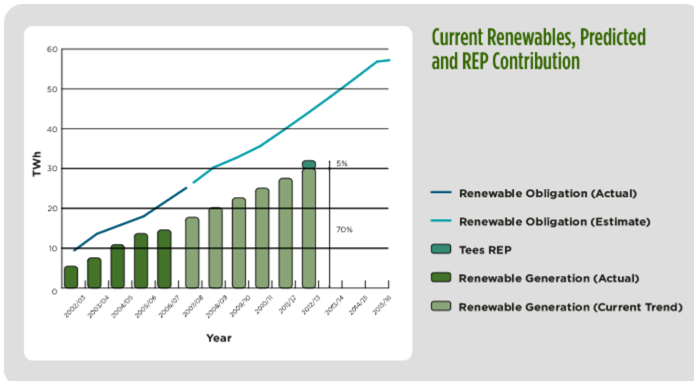
New Domestic Demand - SC



Fiber Demand based on ACESA – South Carolina only

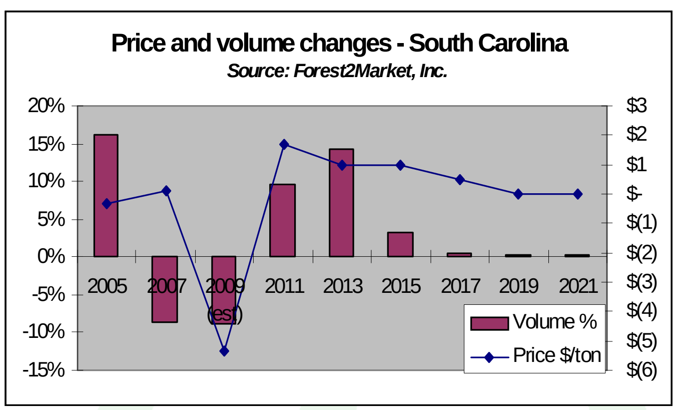
60% of renewable demand generated from wood fiber

Consider UK Demand



To meet UK's green energy targets of 20% renewables by 2020; UK must import about 12 million tons of pellets annually. If 1/3 is sourced from eastern US; then 8-12 new pellet plants are needed

Volume and price has been volatile

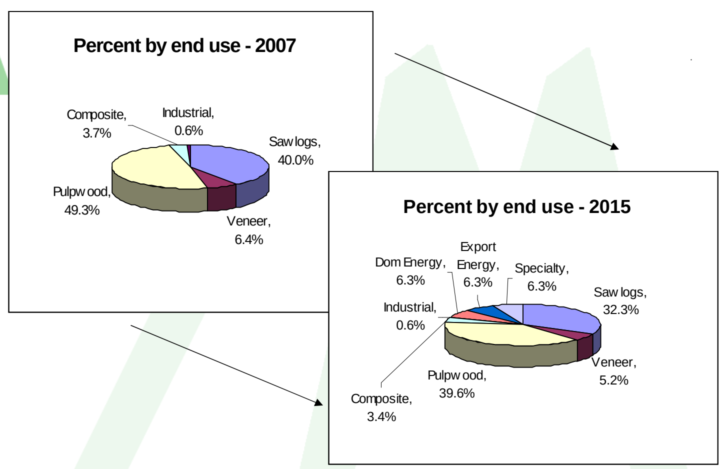


The economic recovery and new demand will add $270 million in new annual revenues to the supply chain over next 10 years

Vision of Forestry In South Carolina

- Production vs. quality and margins
  - Tract size and ownership patterns - support move toward production?
  - Are we adding unnecessary risk?
  - Are we a one trick pony?

Does diversity mean a healthy industry?



Supply chain support vision?

- Focus on production and quality
- Going long
  - Short term vs. long term contracts
- Why are there so many participants in supply chain
- Growers get to know customers and customers get to know growers

South Carolina's Competitive Advantage

- What is our product?
- What differentiates South Carolina's industry from other states?
  - Ports
  - Forests/timber supply
  - Loggers/suppliers
  - Cost structure
- What makes South Carolina an attractive state for forest industry
- Where in the nexus?
- What kind of programs do we put in place to achieve a product mix that is attractive?

Think Like The Customer

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