

Global Forest Marketplace: Implications for Oregon's Forest Sector

Steve Zika, CEO
Hampton Affiliates

Oregon Society of American Foresters
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Who is Hampton Affiliates?

Located in Portland, Oregon, with eight sawmills in Oregon, Washington, and British Columbia with annual production capacity of 2.3 BBF of lumber

Owns 90,000 acres of U.S. timberland (37,636 hectares) & manages 120,000 hectares (296,526 acres) of public timberland in British Columbia

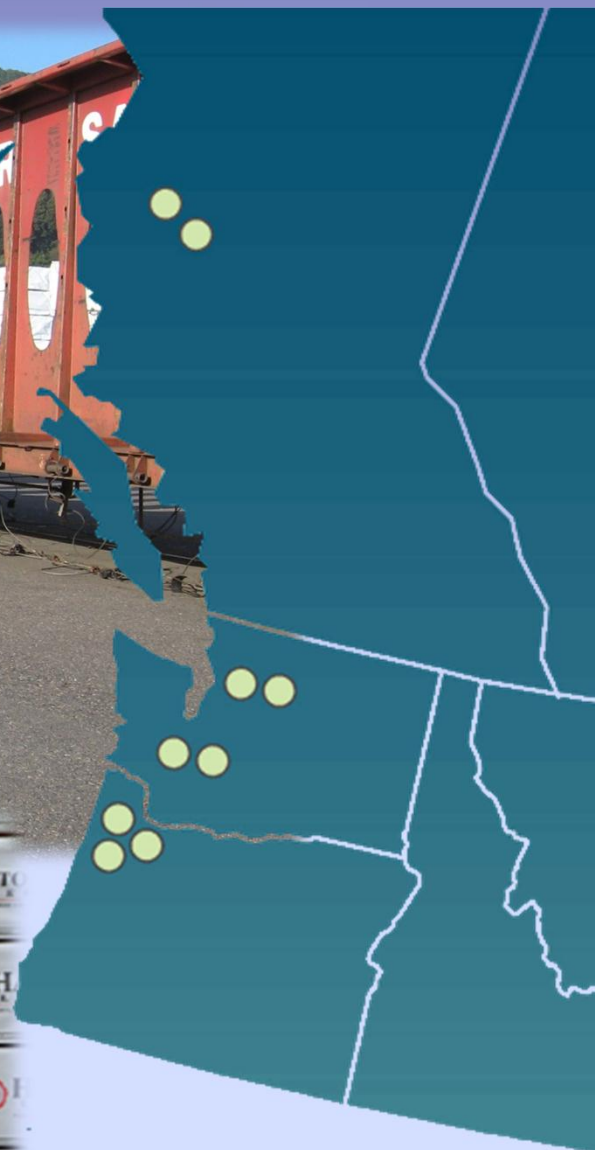
Employs over 1,500 people in the U.S. and British Columbia

Portland-based sales team markets Hampton mill production plus another 2.0 BBF of outside lumber and panels

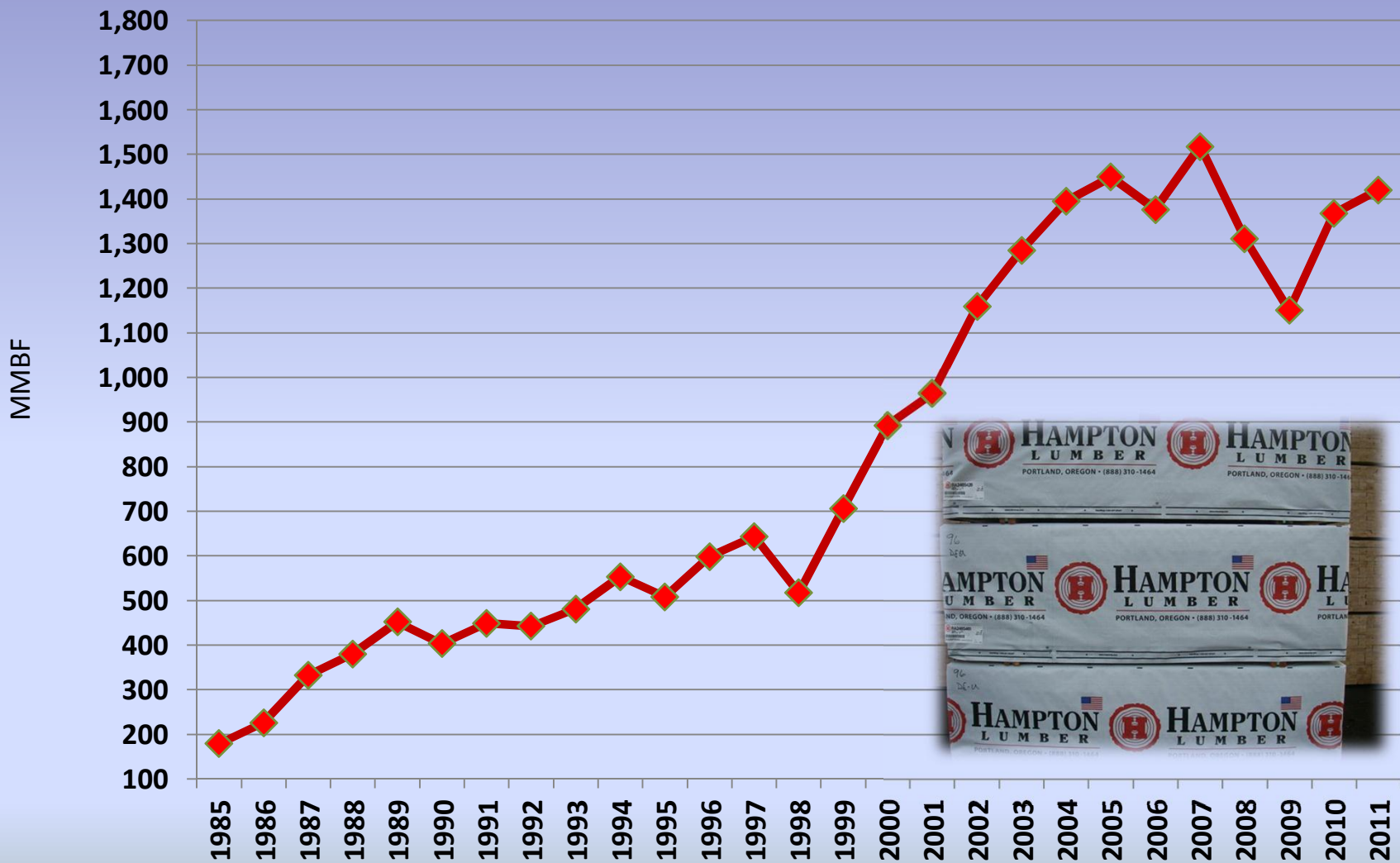




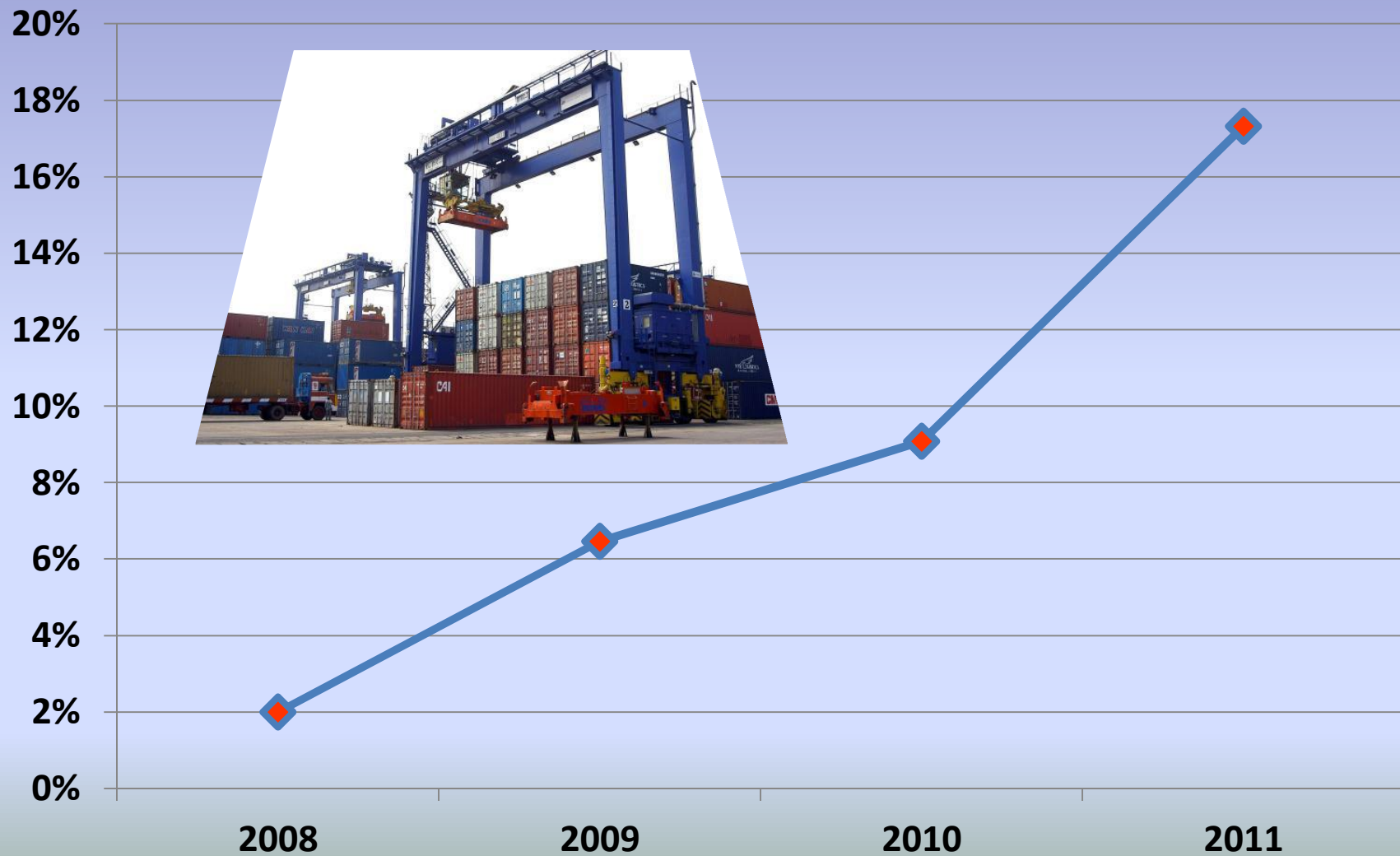
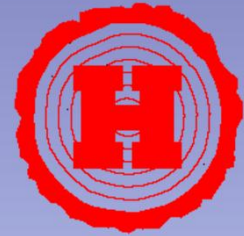
Hampton Today



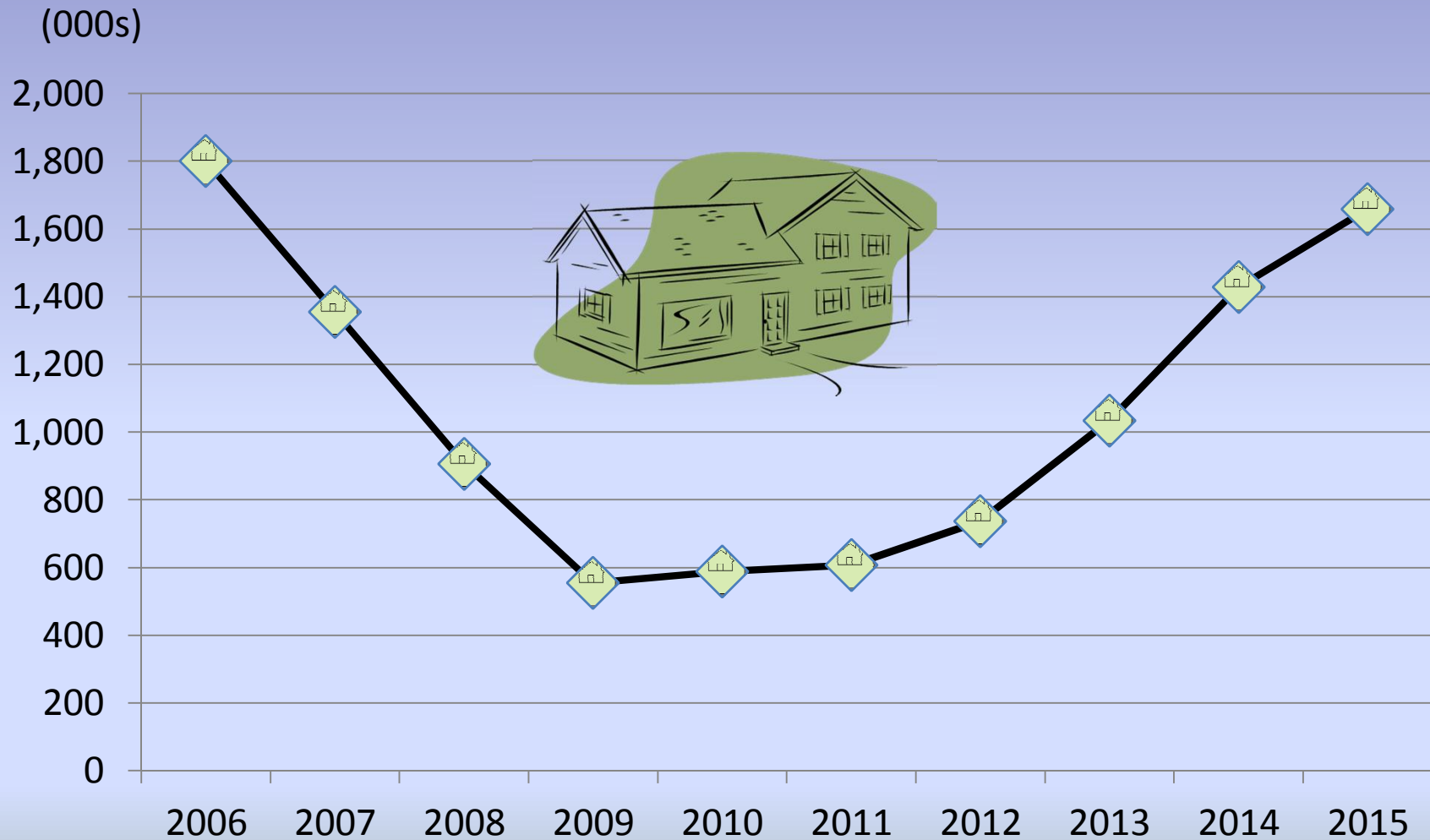
Hampton Lumber Production



Export as % of Hampton Total Sales



U.S. Housing Starts – Actual & Forecast



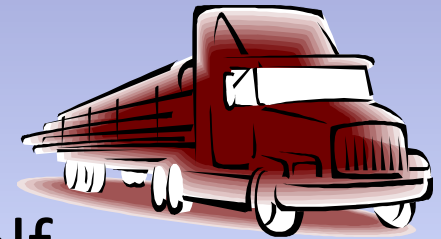
What will the U.S. market look like when U.S. homebuilding returns?

- “ Smaller houses?
- “ More engineered wood products?
- “ Wood substitutes?
- “ Eco-friendly homes?
- “ Certified wood?



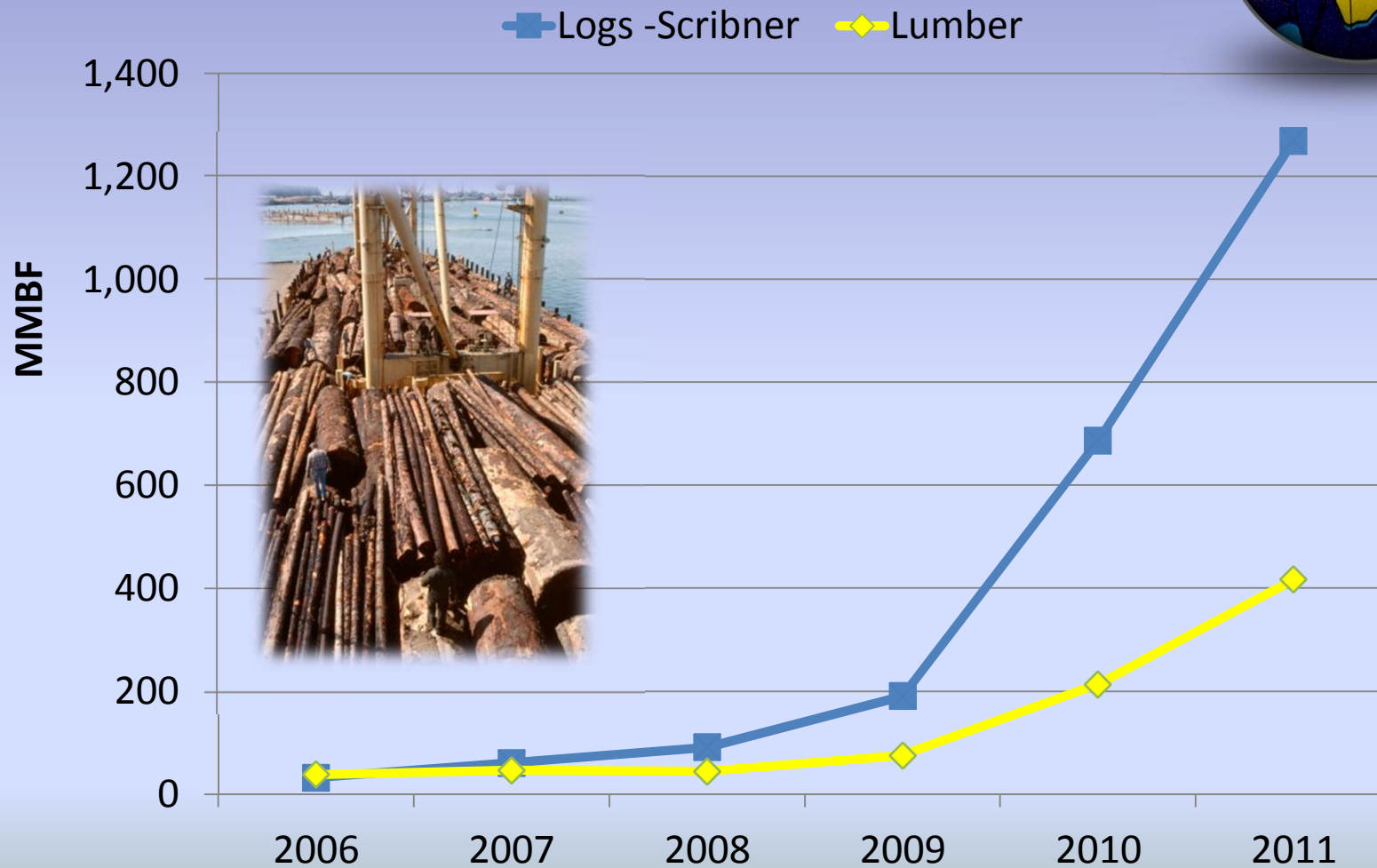
Depression has changed industry...

- “ Logging & trucking infrastructure is fading away
- “ Less, but more efficient sawmills
- “ Distribution pipeline is a shadow of itself
- “ Home centers have increased market share
- “ National homebuilders have survived,
but many smaller builders have gone away



Will there really be a “super-cycle” and can the PNW increase capacity?

U.S. Log & Lumber Exports to China

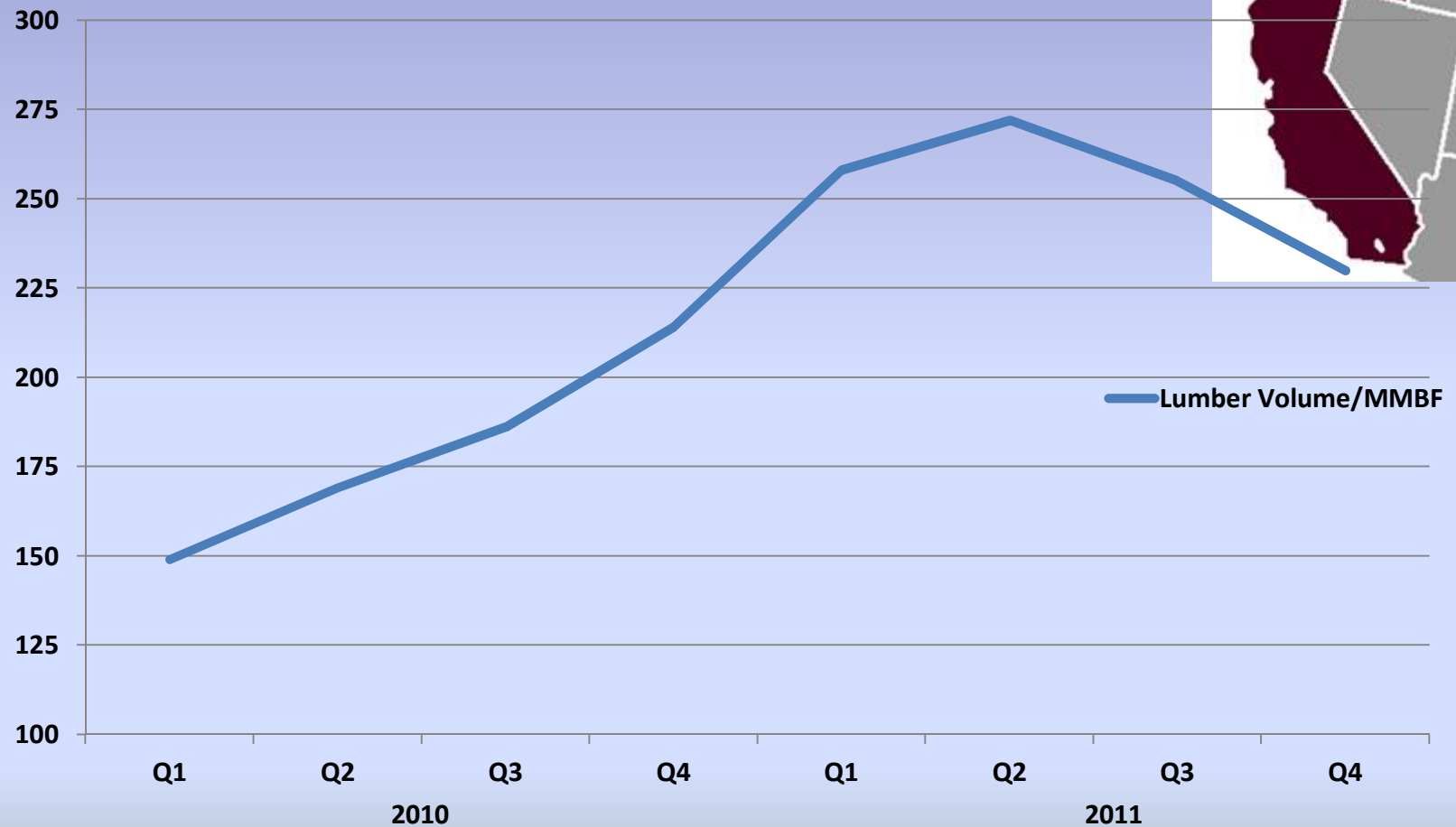


U.S. West Coast Log Exports – All Markets



Courtesy PNW Research Station/USDA

U.S. West Coast Lumber Exports – All Markets



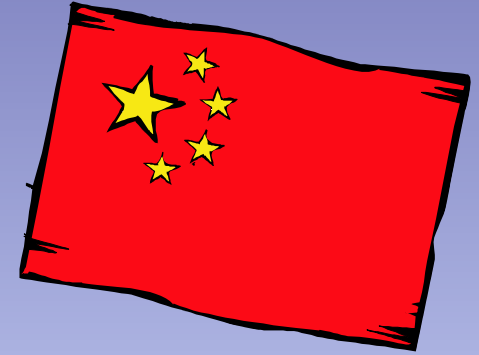
Courtesy PNW Research Station/USDA



Mills in China cannot keep up with demand...



China, slower but still going!



- “ Continued economic growth but slower
- “ Ongoing urbanization requires affordable housing
- “ Chinese more comfortable with wood
 - Wood acknowledged as **green** building material
 - Increase in wood use for nonresidential construction
- “ Role of Russian exports uncertain
- “ Supply from Canada may be limited due to pine beetle



Emerging or expanding markets ...

“ Australia

- . High cost producer with currency disadvantage
- . High log costs
- . Limited gains in forestland growth



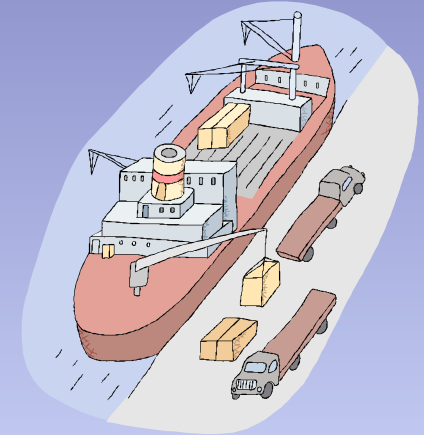
“ India

- . Slower growth but has potential
- . Converting from hardwoods to softwoods- mostly SYP
- . Begins with low-value applications (concrete forms)

Emerging or expanding markets ...

“ Japan

- . Decent growth from Tsunami restoration starting to show

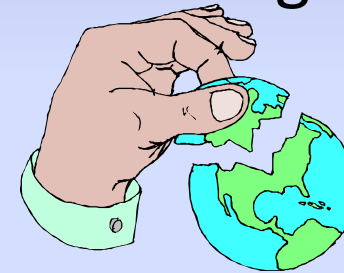


“ Taiwan

- . Region has potential & demonstrated recent growth

“ Korea

- . Canadian SPF limited for treating
- . U.S. western Hem-fir will capture more market
- . South Korea historically been global market & uses lumber for exterior & interior applications



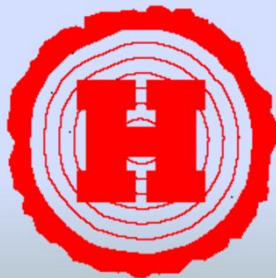
What you need to go “global”

- “ Sales & QC capabilities
- “ Logistical expertise (containers)
- “ Foreign currency knowledge
- “ Letter of credit support
- “ Internal processes & documentation know-how
- “ Foreign Corrupt Practices Act compliance
- “ Bi-lingual employees
- “ Patience





**On-site container
stuffing...**



Wood is GOOD !!

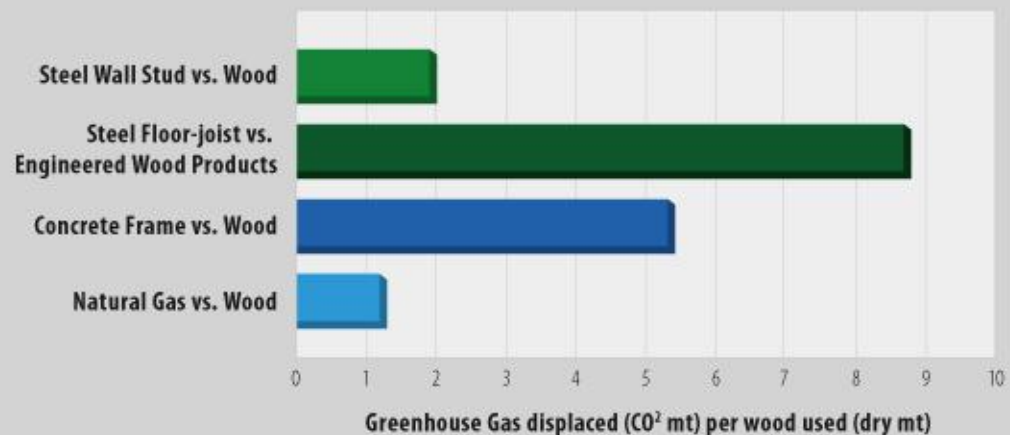
“Softwood Lumber Check-Off Program will be promoting lumber

“Wood is the perfect **green** building material

“Winning acceptance for wood is a challenge



Substitution Impact on Carbon Emissions



Substituting solid wood for non-wood, energy intensive building products saves from 1.2 to nearly 9 times the carbon emissions.

A tall story ...



"30-story wooden building planned for Vancouver

"Structure would not use concrete or steel

"Wood-only buildings can be more eco-friendly

Forest Products... a Sunrise Industry

Questions?