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?

Percent by end use - 2007
- Composite, 3.7%
- Industrial, 0.8%
- Sawlogs, 49.9%
- Veneer, 6.4%
- Pulpwood, 40.0%

Percent by end use - 2015
- Domestic Energy, 6.3%
- Pulpwood, 35.6%
- Veneer, 5.2%
- Export Energy, 0.6%
- Specialty, 6.3%
- Sawlogs, 32.3%
- Composite, 3.4%
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

Contact

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