

Columbia Forest Products

Overview of CFP

Short review of each division

Full Review International Div

Questions Answers

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- Founded in 1957
- One Plywood Mill Klamath Falls, OR
- ESOP



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Core Values

Customer Service Above All Else

Absolute Integrity

Share the Success

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Four Divisions

- Plywood
- Veneer
- Flooring
- International

Turnover \$ 1 billion

4400 employees



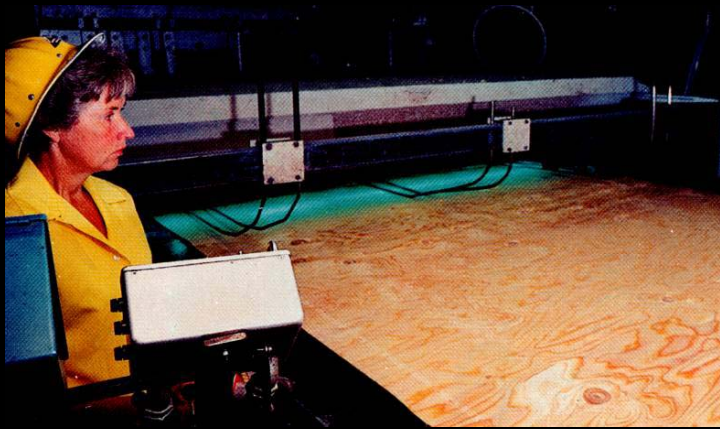
Plywood



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Plywood Division

- Largest Decorative Mfgr. in North America
- Seven Manufacturing Plants
- Distributors, OEM's, Mass Merchandisers
- Formal Business Plan
- Sales team blanket North America
- Know all major buyers



Hardwood Veneer



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Veneer Division

- Four manufacturing plants
- Rotary cut decorative hardwood veneer
- Plywood, door and furniture manufacturers
- Largest North American Manufacturer
- Birch, Red Oak, Maple



Flooring



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Flooring Division

- Founded 1996 First shipments April 1997
- Double digit market share
- Full line Solid, engineered, laminate
- Independent and national distributors
- Buying groups and Mass Merchandisers
- Five North American manufacturing plants
- Contract outsource offshore

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International Division

- Founded July 1994
- One of Top Three Panel Importers North America
- Number one in Russian Birch plywood
- Complements domestic product line
- Mix match domestic imported
- Mfg. expertise
- North America sales / distribution network
- Ideal partner for Offshore manufacturers

Columbia Operations – International Division

U.S. Locations



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International Division

Offshore Sourcing Offices



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International Division

- Hardwood plywood imports twice domestic
- AHEC mission expand exports
- US trade deficit soars
- US policy favors weaker dollar
- Timber harvest from Federal land nil
- Greens try to curtail private land harvest
- US fights Canadian soft wood incursion

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International Division

- Official government policy is to export
- Environmental reduced timber harvest
- US plenty of wood price high
- US policy and action conflict
- This opens the door wide for imports

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International Division

Source Countries

Russia- birch plywood, lumber, EGP

China- utility plywood birch, okoume, obeche, poplar, platforms, thin fancy plywood, sliced veneer,

Brazil- utility hardwood plywood, platforms, softwood plywood, core veneer

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International Division

- **Indonesia/ Malaysia-** utility hardwood plywood, thin fancy plywood, platforms
- **Ukraine/ Belarus/ Poland-** birch plywood lumber specialties
- **Chile/ Ecuador-** Hardwood utility plywood and sanded softwood plywood
- **Africa-** core veneer, platforms
- **New Zealand-** softwood veneer

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International Division

- **Baltic States/ Romania/ Bulgaria/ Yugoslavia-** potential for flooring, blockboard, plywood, lumber, furniture parts

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International Division

Exports

- Rotary Decorative Veneer- East Europe, China, Mexico, South America
- Ikea sub contractors
- Style barriers white oak, beech preference
- AHEC helping
- Hardwood logs a possibility
- Hardwood plywood barriers- duty, freight, size, core
- East Euro Plant to service Europe

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International Division

Uses of Imports

- **Russian Birch** - drawer sides, frame stock, juvenile furniture, kitchen cabinets, virtually no film face
- **Chile Brazilian soft wood** - construction
- **Chinese Plywood** - utility panels, shelving, framestock, laminating, backs, bottoms

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Uses of Imports

- **Asian South American Hardwood-** utility panels, laminating, floor underlayment, backs, bottoms, shelving, door inserts, blind returns.
- **Africa-** Core for thin and thick panels, laminating, utility panels

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International Division

TRENDS

- End Users are extremely flexible
- Price availability are king
- US manufacturers of furniture/cabinets in a death struggle with off shore
- Will try anything to reduce cost
- Green growing slower than EU

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International Division

TRENDS

- Wood sourcing moves as fast as capital
- Brazil/Chile has eliminated North America as European soft wood supplier
- Brazil has taken a significant market share of hardwood panels from Indo Malaysia
- China taking market share from everyone on everything via price.

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International Division

TRENDS

- Russia pricing self out of market
- Will lose market share 2nd half
- End users have reduced thickness to keep Russian cost down has hit bottom
- China multiply panel same edge look

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International Division

- China faces many challenges
- Log supply availability
- Energy cost
- Freight cost
- Possible stronger RMB
- Low recovery on logs
- Labor small % cost
- Internal demand growth

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International Division

- Components Of Success in Importing
- Knowledge of all world wood markets
- Carpe Deim
- Logistics / MIS
- Access and knowledge of domestic buyers
- In country people / frequent visits
- Treat suppliers like customers
- Stay the course- Build your network

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Thank You !

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Questions?

Discussion Points