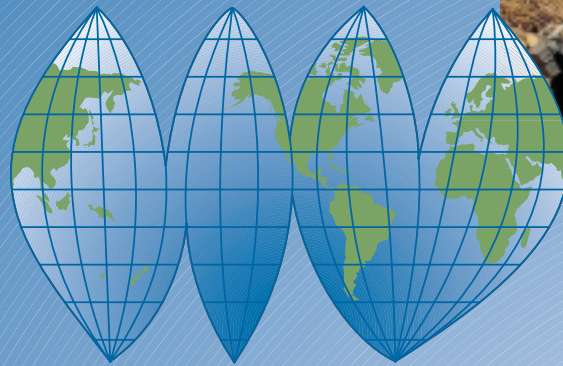


GLOBAL LUMBER/SAWN WOOD COST BENCHMARKING REPORT



2002
Basis

Featuring

- A Profile of the Major Sawn Wood-Producing Countries in North America, Europe and the Southern Hemisphere
- Benchmarking of Log and Sawmilling Costs for 20 Key Countries or Regions
- Cost Summaries & Analysis Based on Costs Collected and/or Mills Visited for Over 200 Sawmills

AVAILABLE SEPTEMBER 2003

PRICEWATERHOUSECOOPERS 



INTERNATIONAL
WOOD MARKETS
RESEARCH INC.

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KEY FEATURES

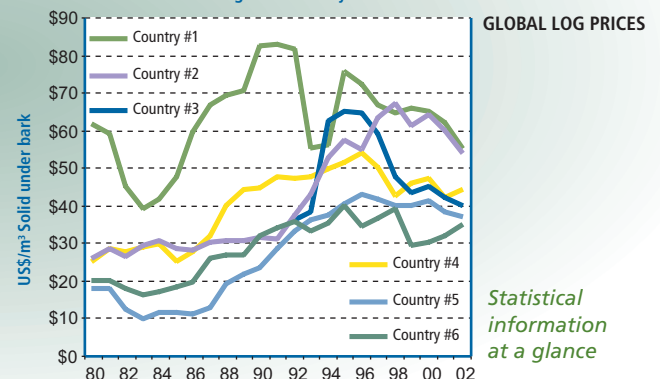
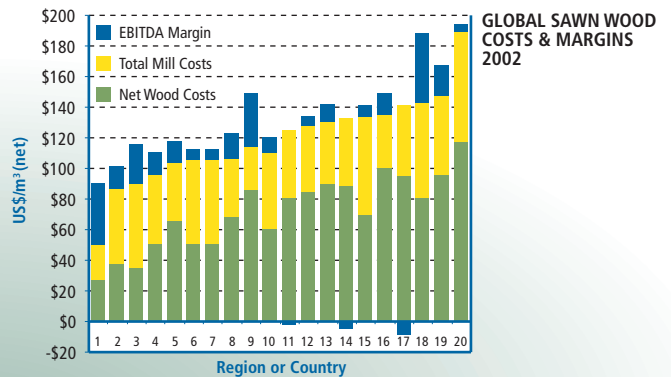
COUNTRY PROFILES, FEATURING:

- Industry Overviews by Country
- Historical Timber Harvest and Lumber Production
- Historical Lumber/Log Exports (and By Destination)
- Manufacturing and Log Costs/Prices for Selected Countries

SAWN WOOD BENCHMARKING BY COUNTRY, INCLUDING:

- Delivered Log Costs
- Logs to Lumber Costs and Recoveries
- Sawmill Costs
- Lumber & Byproduct Revenue
- EBITDA Margin
- Detailed Mill Phase Costs (Average and Top-Quartile)
for North America and Selected Offshore Countries
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Statistical information at a glance

ABOUT THIS REPORT

*In today's globally competitive market, it is essential that all parts of an organization strive to achieve "best in class" performance levels and identify gaps and opportunities for enhancements on an ongoing basis. To achieve this objective, PricewaterhouseCoopers Global Forest & Paper Practice (PwC) and International WOOD Markets Research Inc. (WOOD Markets) have joined forces to offer clients this **Global Lumber/Sawn Wood Cost Benchmarking Report**.*

This benchmarking report covering twenty countries or regions is based on detailed cost data submitted by over 160 mills and from another 50 mills visited in 2002. Detailed country cost comparisons are made where our minimum sample size requirements for disclosure have been achieved by the participating companies, and pro forma cost summaries are provided where the minimum number of mills was not achieved.

The 2002 benchmarking study is our first global multi-client report (private client reports have been completed in previous years). In 2004, we expect to expand the number of companies and countries surveyed so that a larger database is created, allowing for a greater number of detailed cost comparisons between countries.

KEY ATTRIBUTES

- Unique strategic report that presents new information on the competitiveness of the global sawn wood industry
- Detailed or pro forma log and manufacturing costs presented by major producing country/ region
- Country profiles and overviews of timber harvest and lumber supply and demand
- Includes background research and extensive review of published literature and reports

KEY QUESTIONS ADDRESSED

- Which world regions are the low-cost lumber producers today, how is that changing, and how does that compare with North America?
- Competitive advantages of some countries over others, including timber, labour and revenue opportunities
- What are the trends in production, exports and cost structures of established countries or regions, as compared to emerging ones?
- How do land and ocean transportation costs impact the delivered costs from various producing regions to key markets?

SAWN WOOD COST BENCHMARKING

- All costs are summarized in US\$/m³ (net) for direct and relevant comparisons to other countries and/or regions
- Woodland costs include stumpage fees, logging and transportation costs to mills for most countries
- Detailed sawmill costs include lumber recovery factors; sawmill labour, maintenance and benefits; energy and fuels; operating/ maintenance materials and supplies; salaries and benefits, mill overhead and administration; and depreciation (for countries that meet minimum sampling requirements)
- How competitive have European sawmillers become and in what areas?
- How competitive are mills in the Baltic States, Eastern Europe and Russia?
- Which Southern Hemisphere country has the lowest costs and/or highest margins?
- How have currency dynamics affected the low- and high-cost producing regions?

GLOBAL BENCHMARKING TEAM

PwC's Forest and Paper Benchmarking Practice

PricewaterhouseCoopers LLP (www.pwc.com), the world's largest professional services organization with over 120,000 people in 150 countries, helps clients build value, manage risk and improve performance. PwC's Global Forest & Paper Practice is a team of professionals dedicated to serving the global forest and paper sector. Over the past two decades they have performed extensive benchmarking surveys that have proven to be invaluable tools for industry executives.

International Wood Markets Research Inc./R.E. Taylor & Associates Ltd.

Forest Industry Strategic Services,
Vancouver, B.C. Canada

As the publishers of WOOD Markets '96/2000/2002 and WOOD Markets Monthly newsletter, International Wood Markets Research Inc. (www.woodmarkets.com) provides database, forecasting and market information services to the global solid wood products industry.

Its associated company, R.E. Taylor & Associates Ltd., is one of the world's leading wood products consulting firms and specializes in solid wood products research, analysis and business strategies. The firm conducts projects for the who's who of the global wood products industry on a wide variety of strategic topics, products and markets, including benchmarking services.



GLOBAL LUMBER/SAWN WOOD COST BENCHMARKING REPORT

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Note: Participants that have contributed more than 65% of their mills to the benchmarking survey are eligible for a 20% discount.

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