

Central Queensland Investment Forum

Prospects for Plywood and Laminated Veneer Lumber

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Simon Dorries

General Manager

Engineered Wood Products Association of Australasia

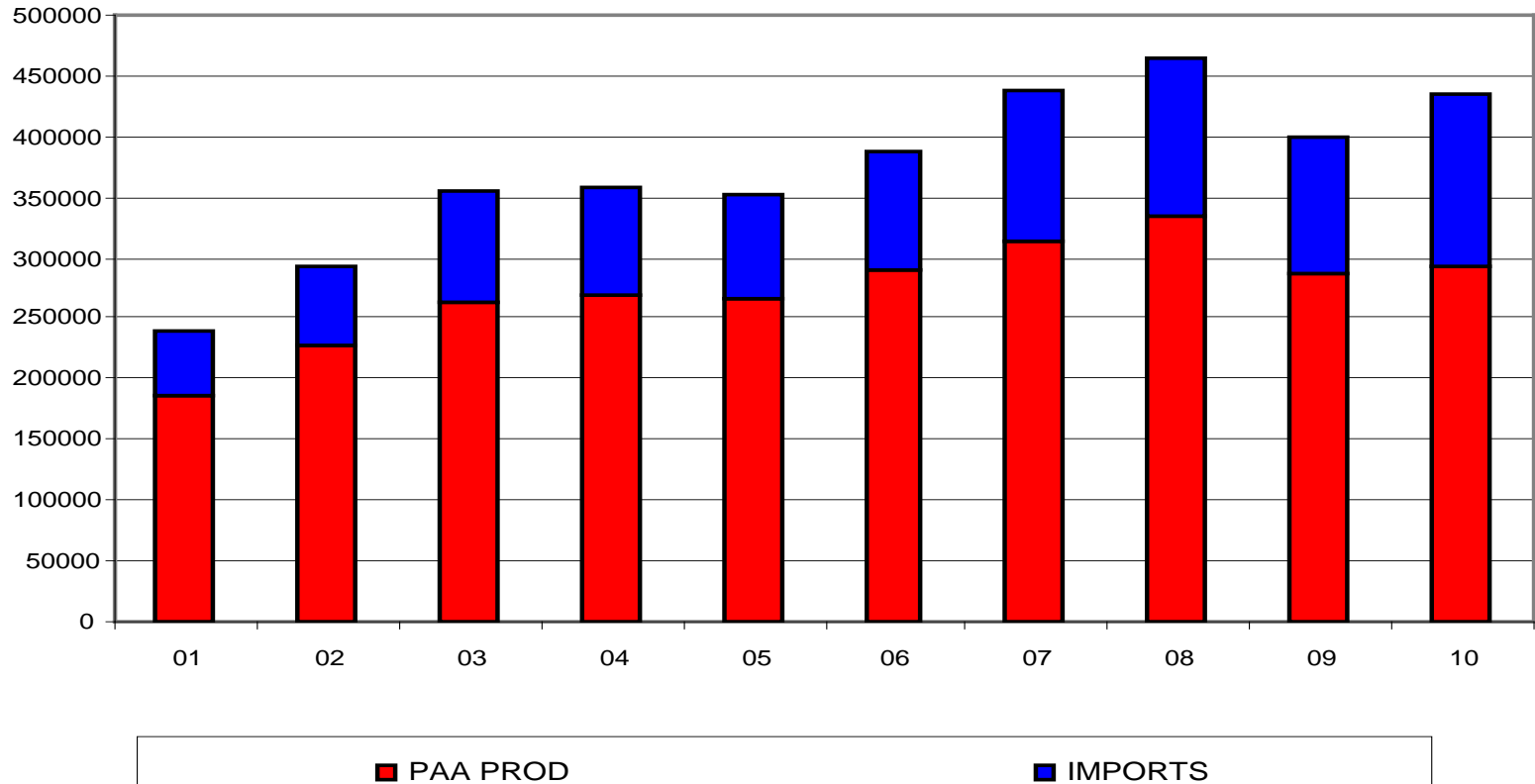


PRODUCT CERTIFIED



State of the Market

**COMPARATIVE SALES OF EWPA MEMBERS' PLYWOOD
TO IMPORTED PLYWOOD SALES IN AUSTRALIA FROM
2001 - 2010(m³)**



Important Things to Note:

- There is no customs code for LVL, so LVL imports are underestimated
- LVL volumes continue to grow strongly
- Plywood volumes are stable
- Approximately 40% of demand is satisfied by imports
- 2011 will show stronger imported market share driven mainly by unfavourable exchange rates

International Situation

The GFC has seen significant reductions in international production capacity (Nth America and Europe in particular) . This trend will continue until such time as US and European markets improve. Production capacity in China for the most part has kept pace with demand.

Nett Result-

1. When International Markets Improve there will be a very significant shortfall in International production capacity. Likely to see major price hikes.
2. South American and Asian suppliers will divert product to the US and Europe

Available volumes of large diameter tropical hardwood peeler logs are reducing very rapidly while demand continues to increase. Softwoods are often a poor alternative.

There is a market opportunity for EWP's produced from plantation hardwoods.

Log Quality and Grade Requirements

- **What we can use-** min. 20cm SED unpruned- LVL production only. **Economics work on \$55 tonne factory gate.**
- **What we want-** min.28cm SED pruned medium density species with excellent peeling properties (min.45% green veneer recovery with 60% face grade). Must bond satisfactorily with phenolic adhesives. **Can pay \$100-\$110 tonne factory gate.**

Typical Volumes Required

- **LVL production – 120, 000 m³/year**
- **Plywood Production- 80,000 m³/year**

Note: Highly dependent upon grade recovery, wet weather availability etc.

General Prospects for the Region

- Transport costs will be competitive- back freight rates going south.
- Close to major markets- i.e SE Qld, central Qld.
- Warehousing in Brisbane is the most cost effective of any mainland capital

What support is required from various levels of Government?

- Fast track Local and State Planning approval processes.
- Environmental compliance is now the single largest capital cost in a green field development
- Assistance in establishing infrastructure (transport etc.)