

International Softwood Conference 2020





WHAT WE ANTICIPATED IN 2019
US LUMBER PRICES ABNORMAL
HOW DID WE GET HERE
GOVERNMENT STIMULUS
LOW INTEREST RATE ENVIRONMENT
POLITICAL ENVIRONMENT
THE VIRUS
2021 AND BEYOND

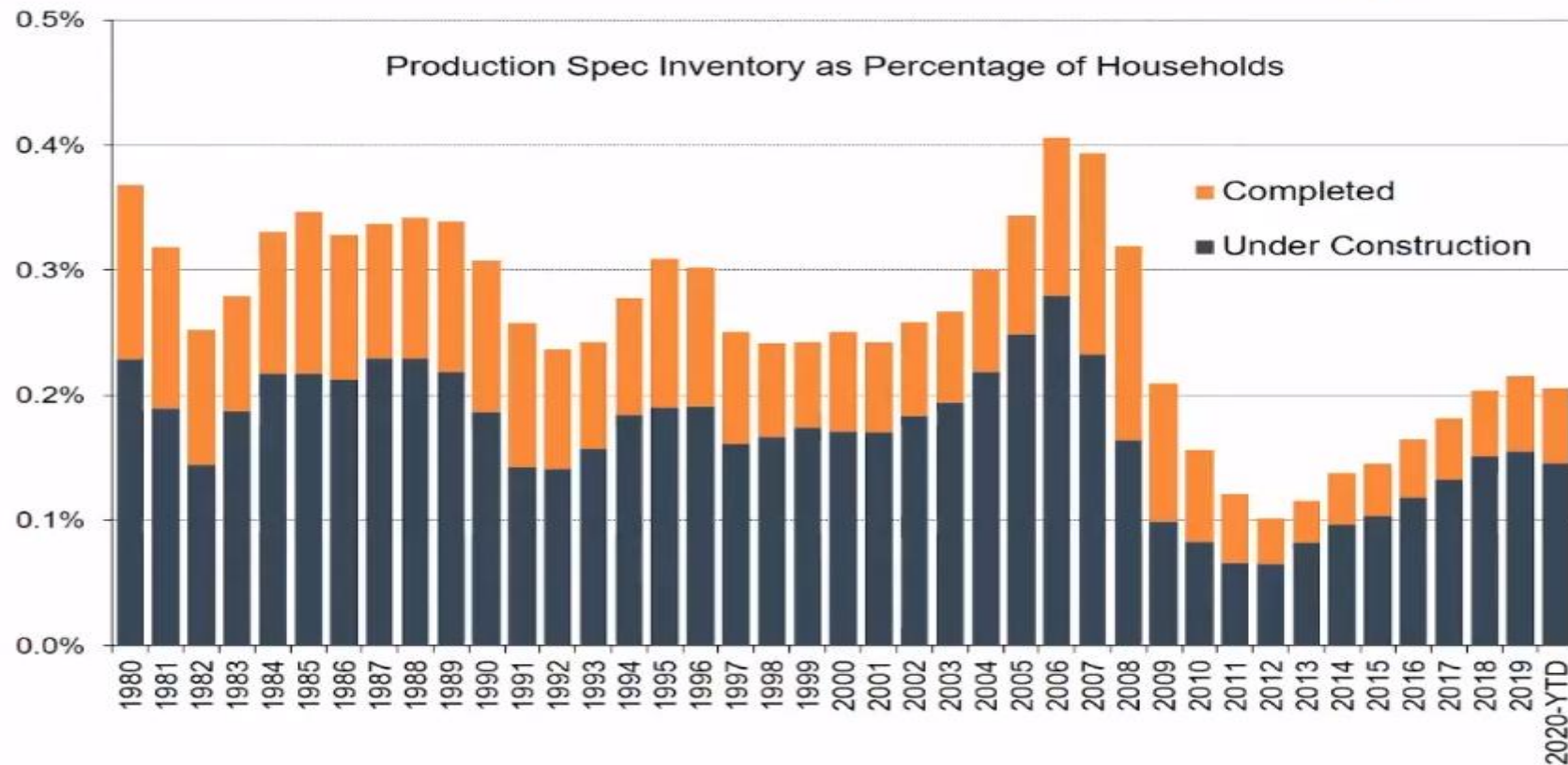
Looking Forward to 2020 From 2019

- Interest Rate Headwind
- Concerns about Credit Quality
- Labor Shortage
- Weakness in Single Family Starts
- Investors were driving turn over
- Fear of Inflation



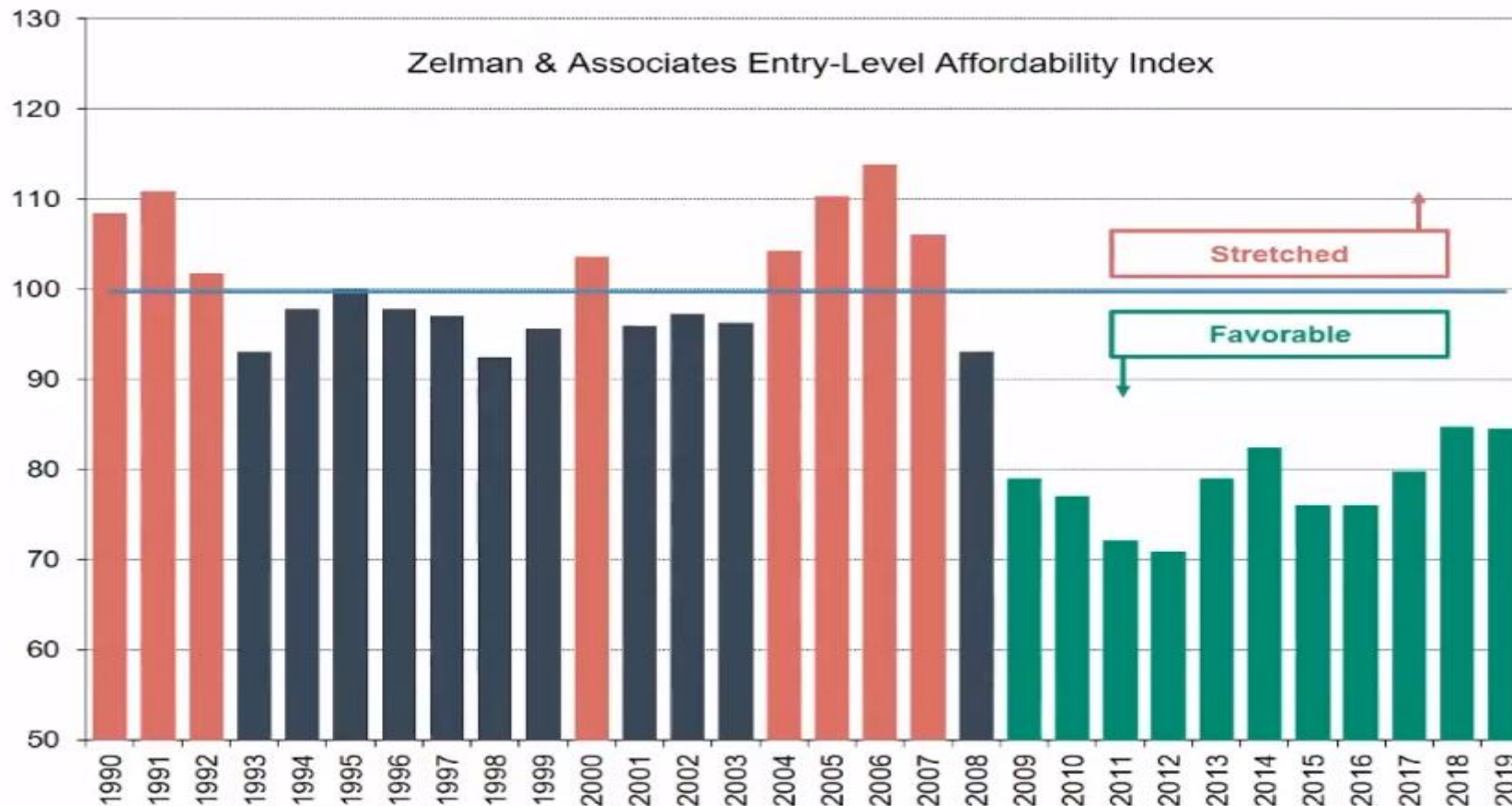
The Home Building Industry was Maintaining Inventory Discipline

Incremental Inventory Was Relatively Constrained

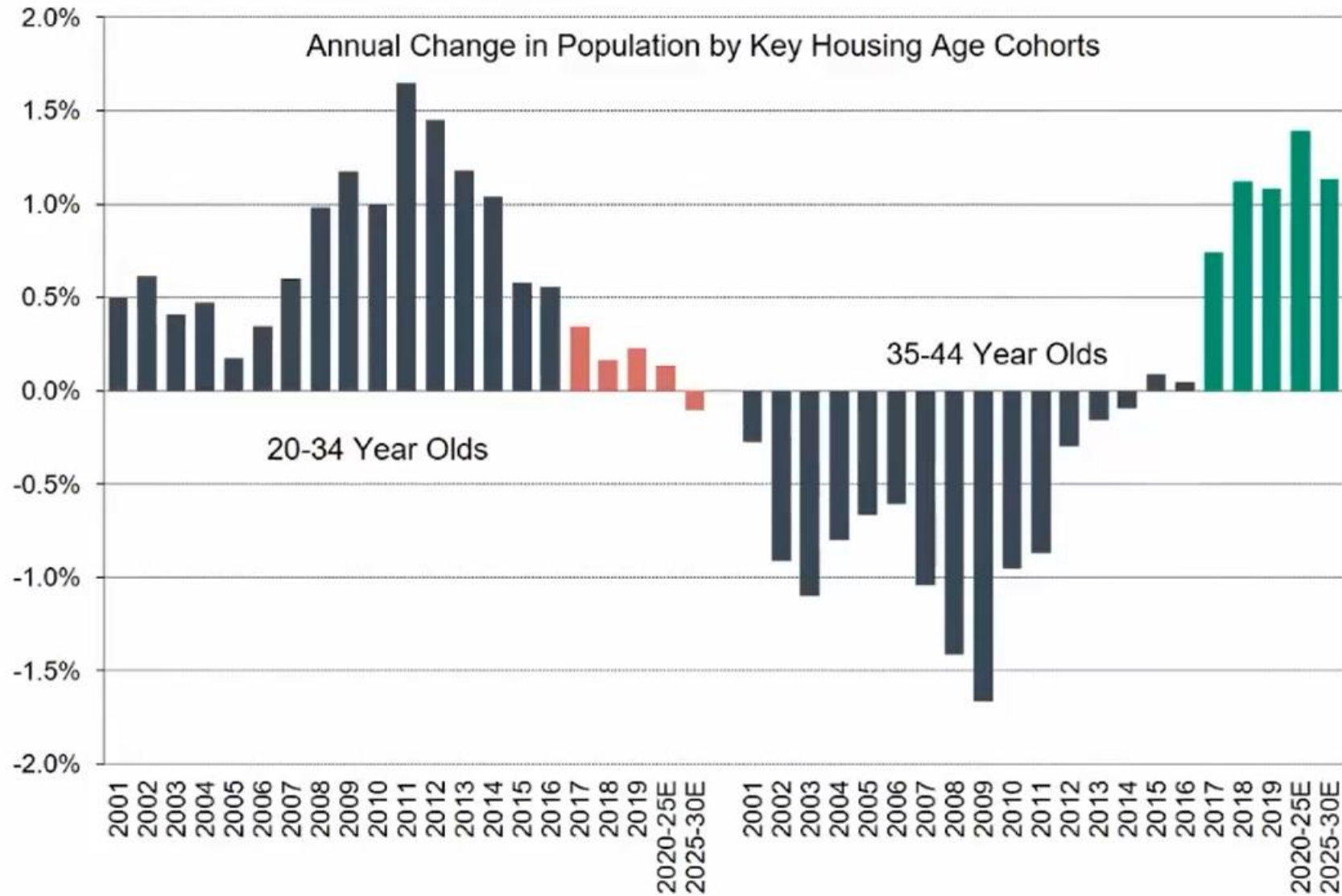


Affordability Index was kept Favorable

Opposite Perception, Affordability Was Attractive



Population Rotation Was Already Underway



OUR MARCH 2020

- Began with Strength in the Housing Market
- Covid-19 Pandemic Declared
- Social Distancing Accelerates
- Lumber Markets Decline
- Economic Activity Declines
- Lumber Manufacturing designated an Essential Industry
- Daily Covid-19 Management Meetings
- Crisis Planning Begins
- CALM in the FEAR of the UNKNOWN



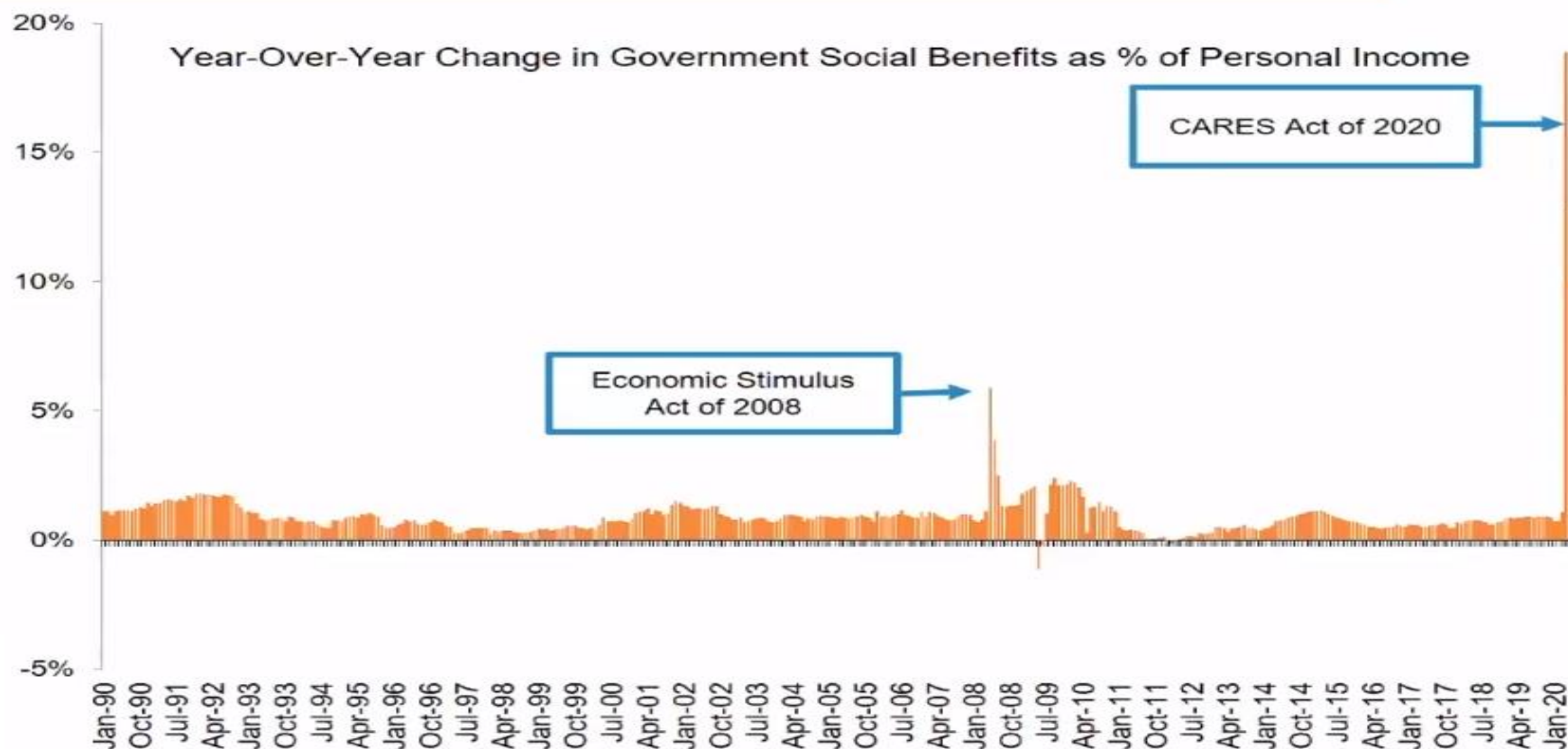
INDUSTRY RESPONSE

- **SIGNIFICANT MILL CURTAILMENTS**
- **MILL INVENTORY REDUCTIONS**
- **CUSTOMER INVENTORIES REDUCED**
- **LOGGING OPERATIONS CURTAILED**
- **DISTRIBUTION PIPELINE AT LOW LEVELS**

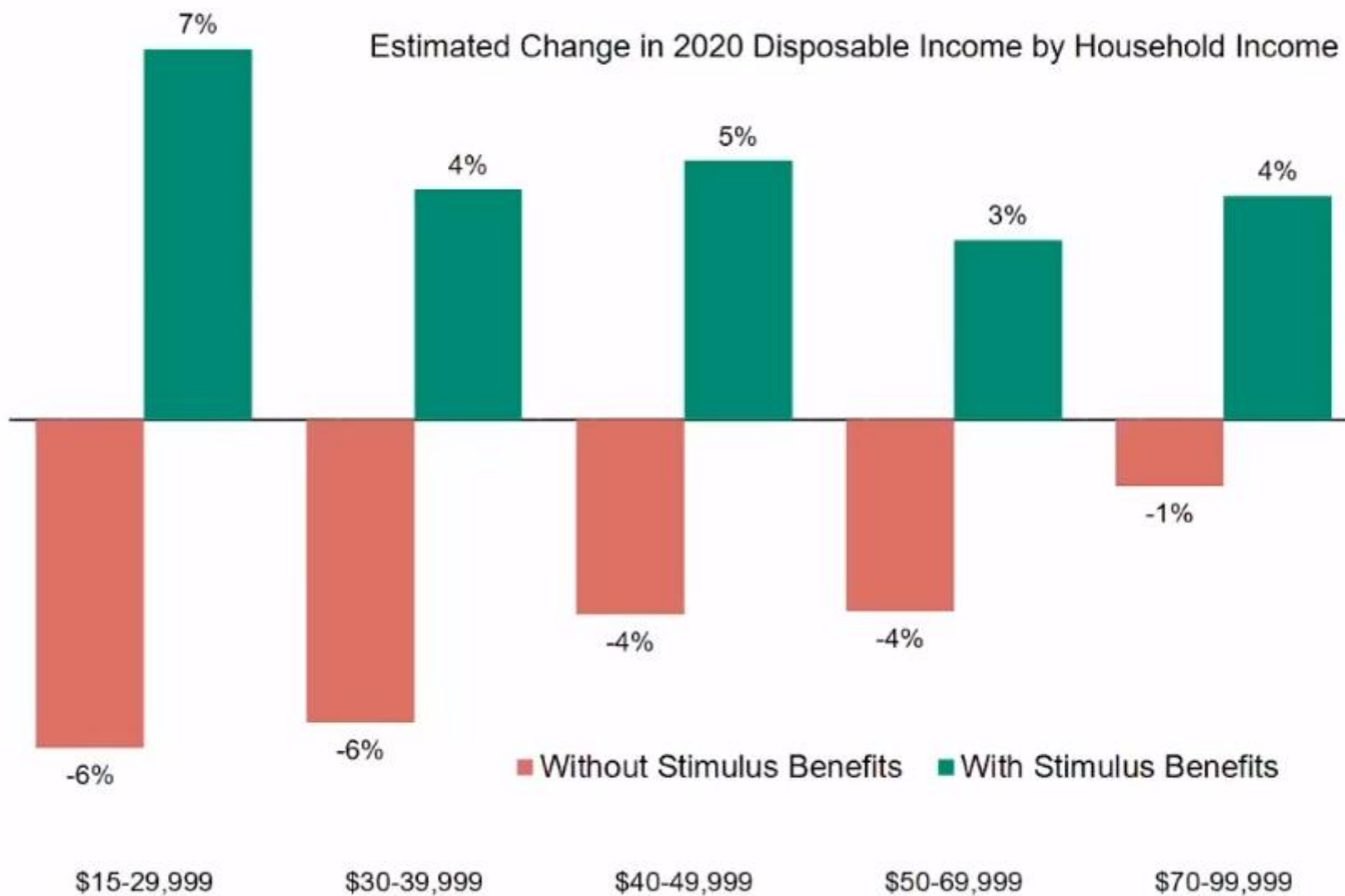


Stimulus of 2008 was 6%, the Covid of 2020 was 19%

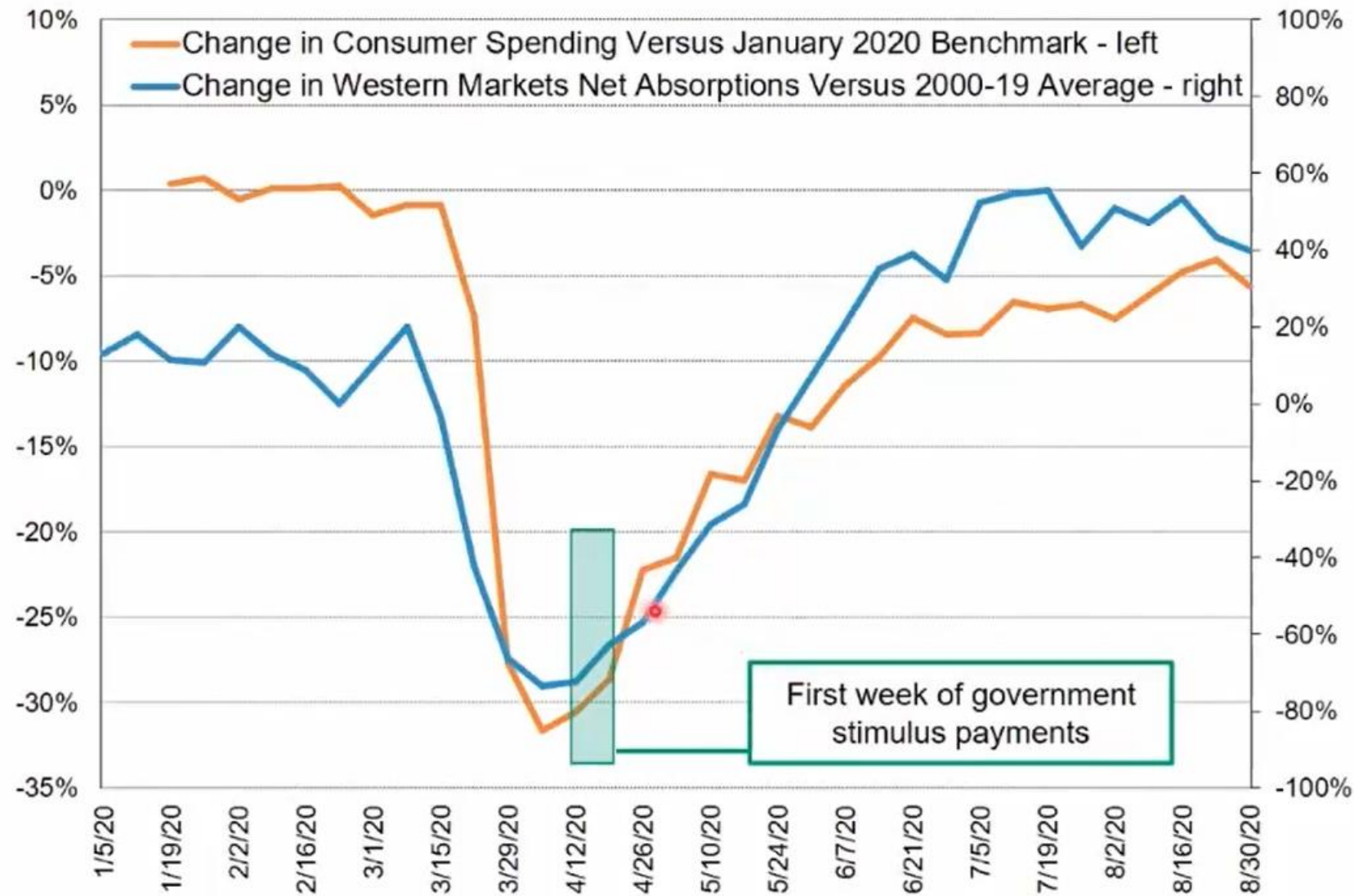
Substantial Stimulus Turned the Tide



Stimulus Distributions Overwhelmed Recession



Beyond Cash, Stimulus Eased Elements of Fear

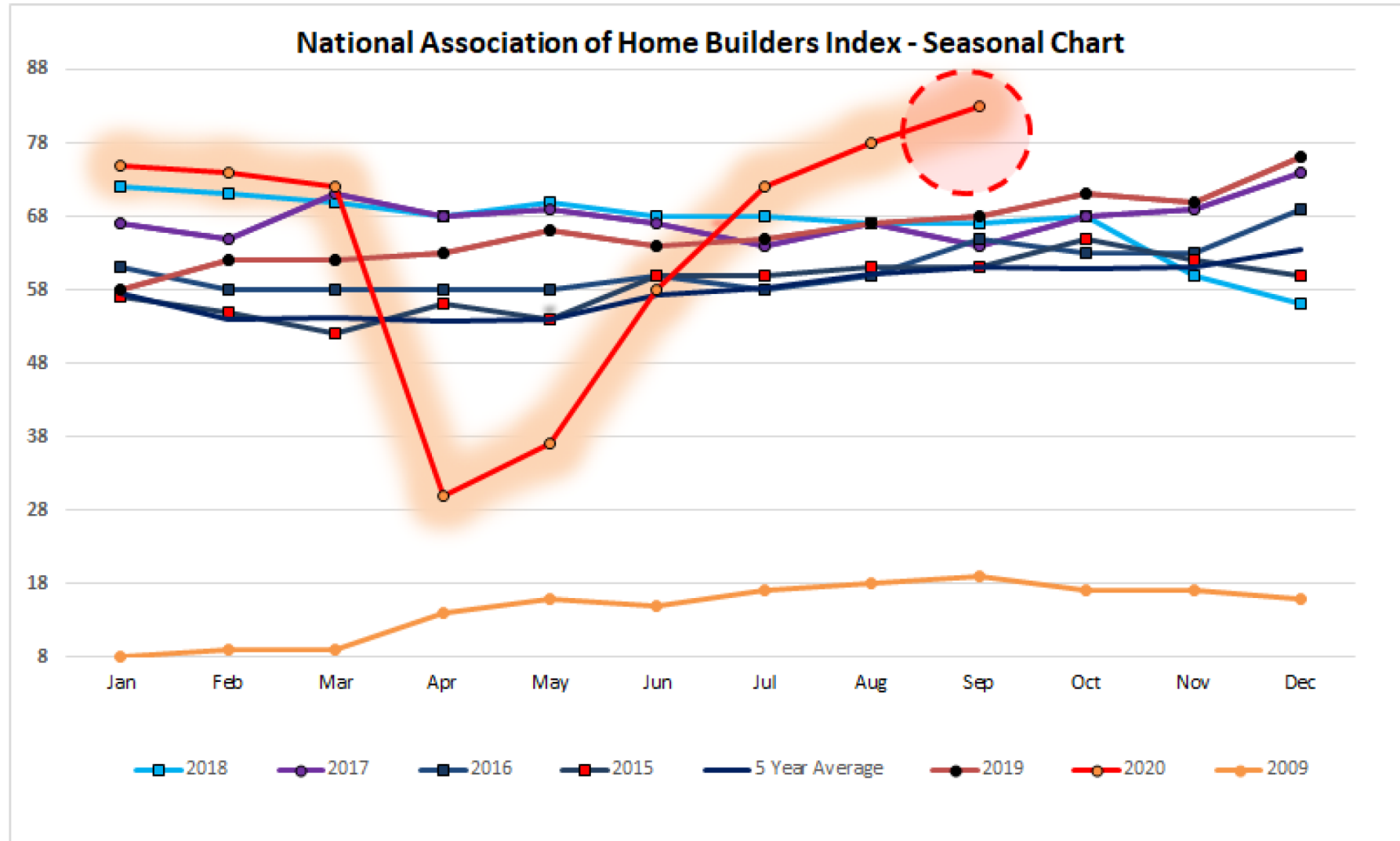


INTENSE FOCUS

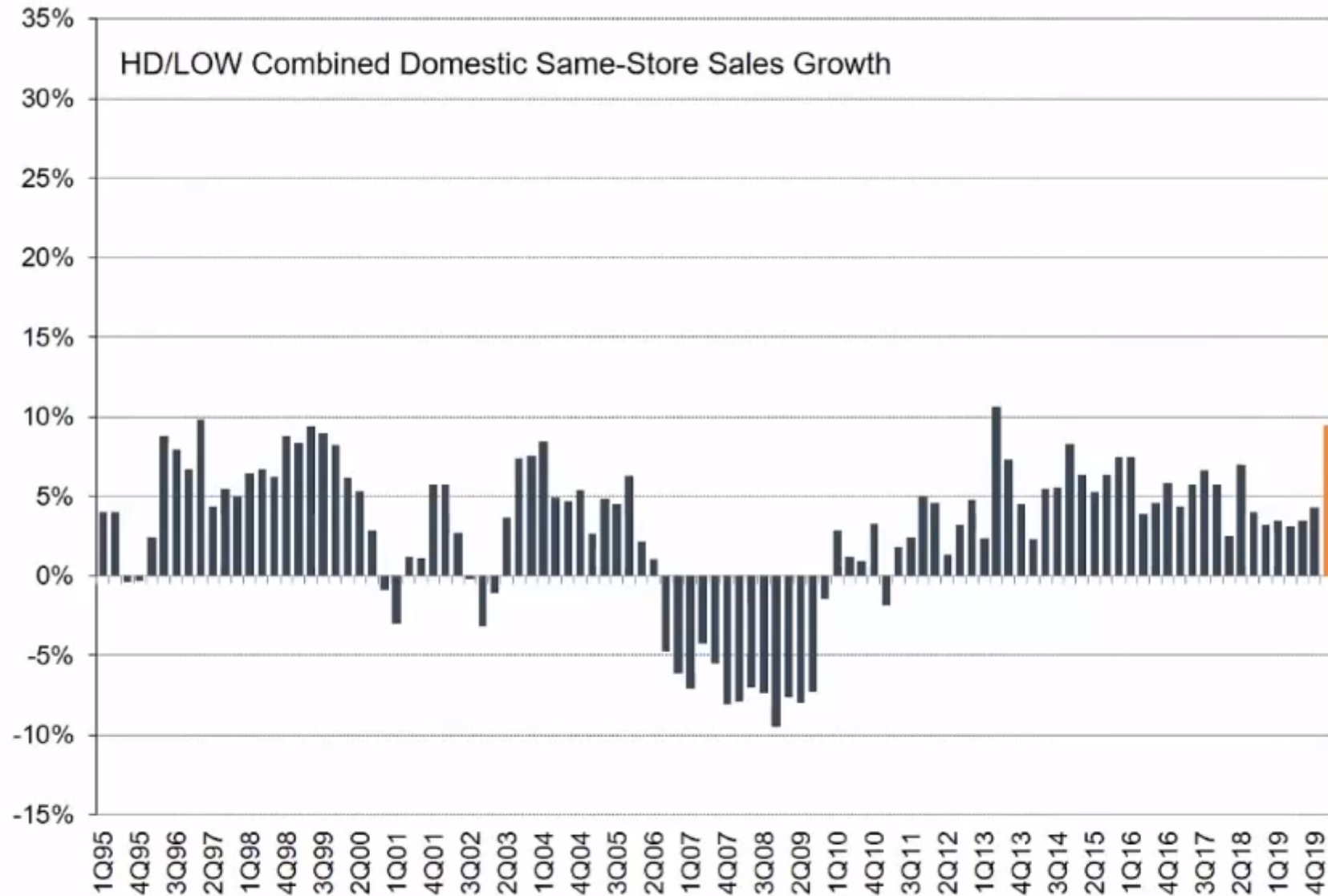
- Implemented all WHO and Idaho Health District Policies.
- Focused on our Employee Family Wellness
- Focused on our Contractor Family Wellness
- Supported our Communities
- Disciplined Operating Schedule
- Policy Enhancement Continues



Home Builder Confidence Record High

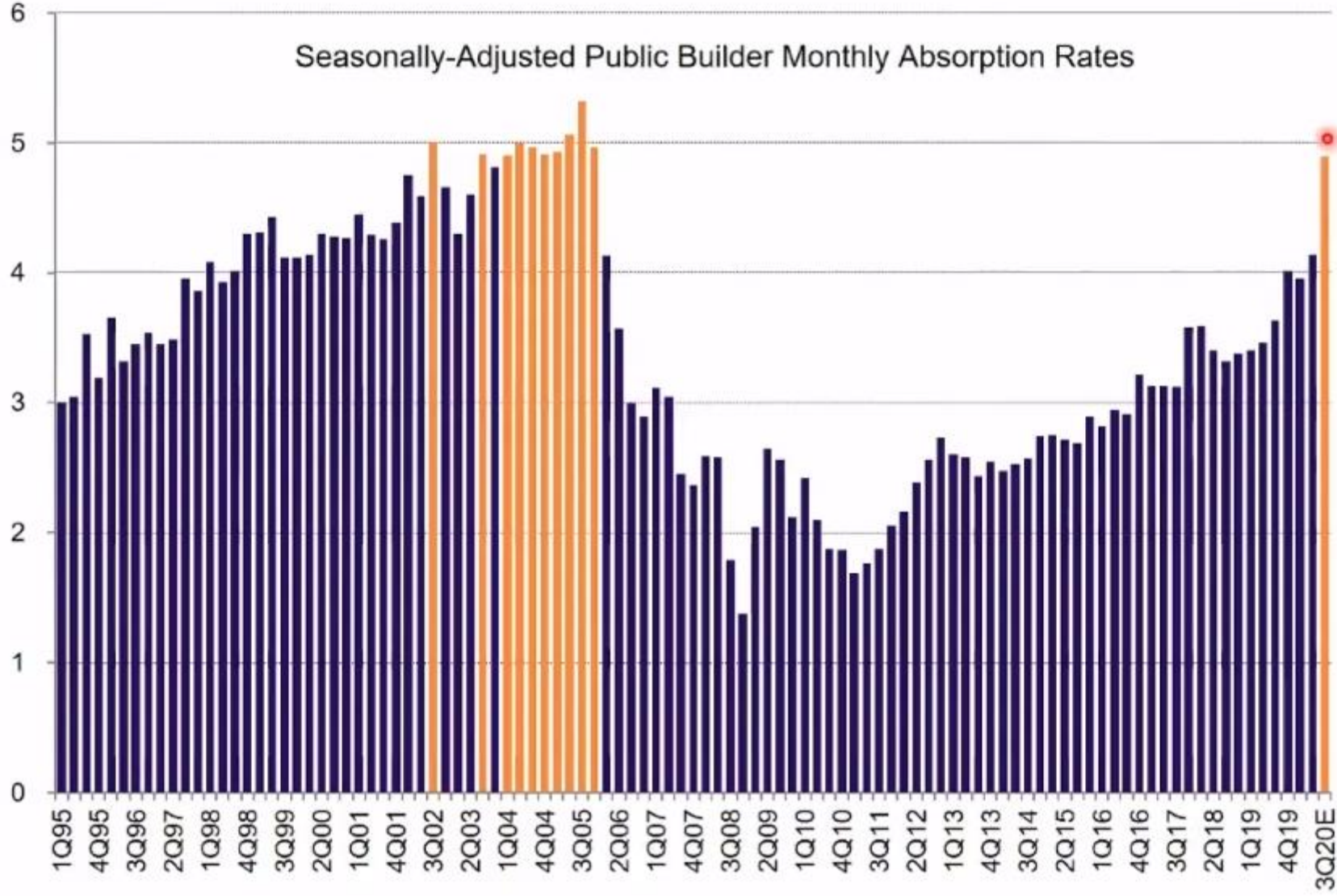


Pandemic Prompted Unprecedented Spending

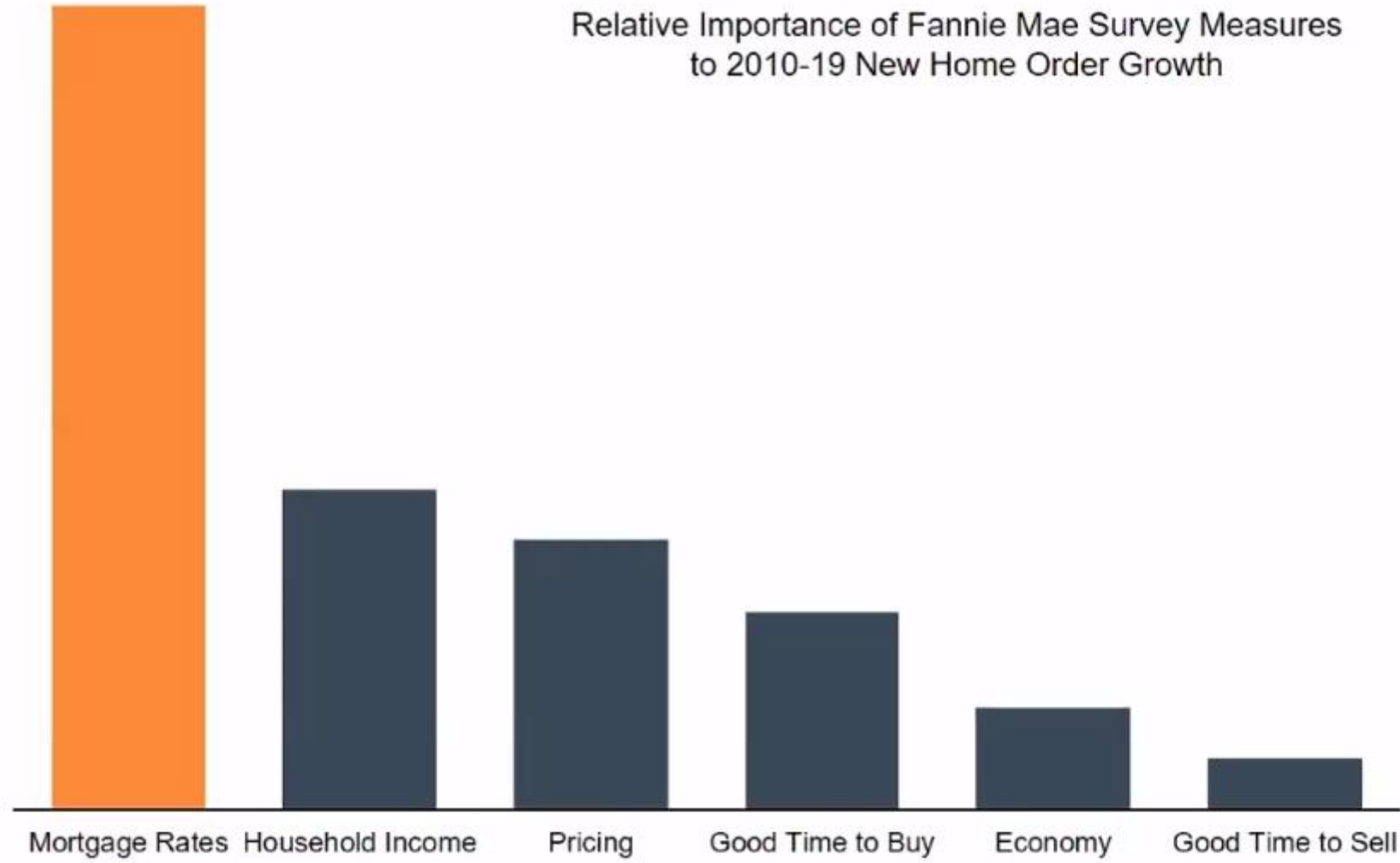


Source: Company data, Zelman & Associates analysis

Current Pace of Sales Near Prior Peaks



Forget What Consumers Say, Rates Matter Most



RANDOM LENGTHS

Unprecedented Prices

Midweek Price Guide

FRAMING LUMBER

Prices Net, f.o.b. Mill, Unless Otherwise Noted

KILN DRIED

	Coast or Hem-Fir:			Inland White Fir		Douglas Fir		Fir&Larch:		Southern Pine:			Spruce-Pine-Fir:3		
	Coast Hem-Fir	SPOKANE	N. CALIF.	Inland Hem-Fir	Fir	Inland	CDN ^{3,5}	SPF-S	WEST	CENT	EAST	GL	Western MILL ¹	Eastern ² BOS	GL
2x4 Std.&Btr.	—	1,015	—	—	—	1,000	—	—	—	—	—	—	—	—	—
2x4 #2&Btr.	1,005	1,030	1,010	1,020	1,010	988	1,000	975	965	995	955	1,150	1,070	—	—
2x6	1,005	1,030	1,010	1,020	1,010	985	1,000	959	925	905	935	1,165	1,080	—	—
2x8	970	1,025	980	980	980	925	—	1,014	1,010	1,000	910	1,085	995	—	—
2x10	910	965	918	925	950	888	—	990	1,005	985	805	1,080	1,010	—	—
2x12	900	945	910	930	950	915	—	785	770	710	870	—	—	—	—
2x4 #3/Util	370	565	525	385	565	—	575	470	455	495	645	650	695	—	—

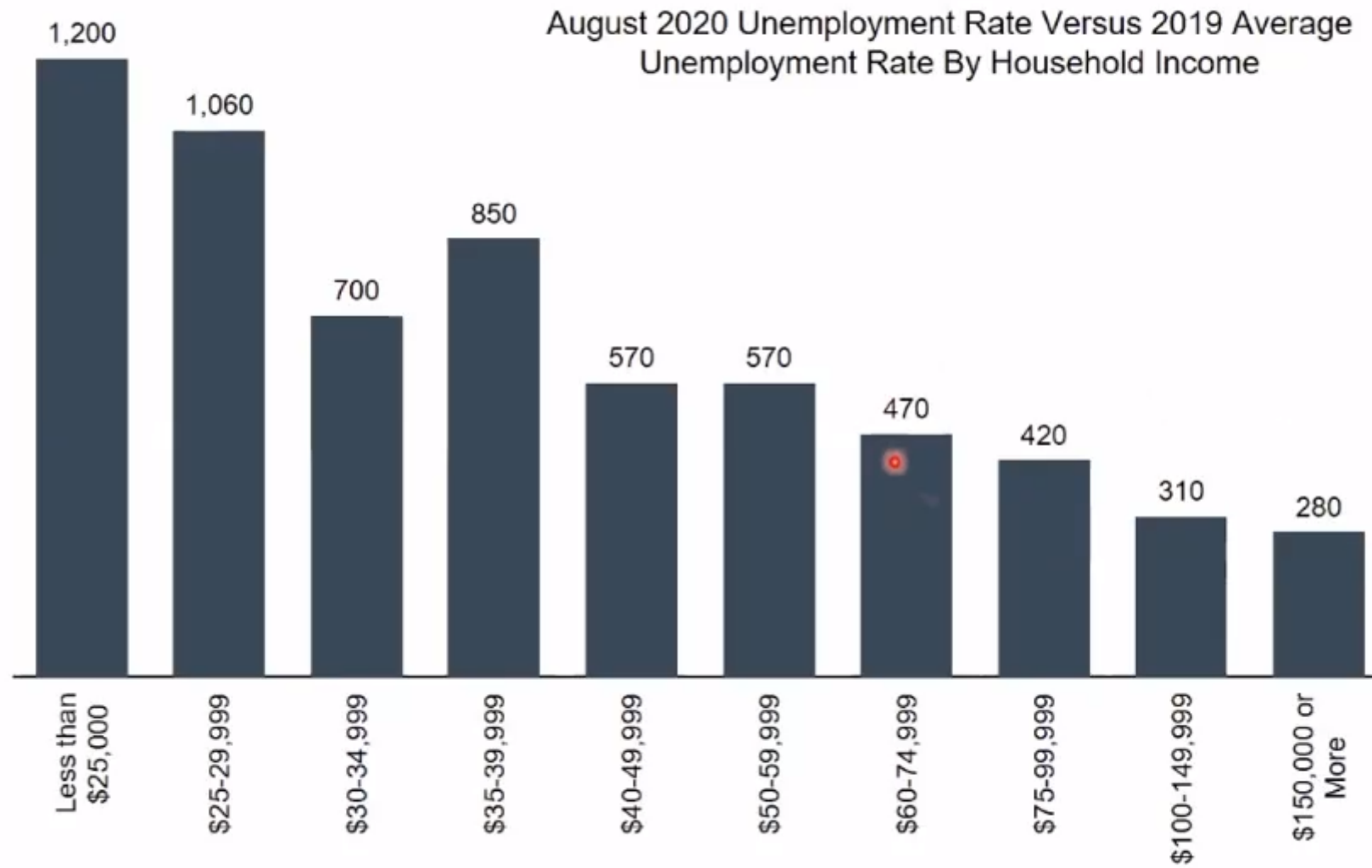
	Coast Hem-Fir	Inland Hem-Fir	Douglas Fir	Fir&Larch	ES-LP	Southern Pine	Spruce-Pine-Fir:3		
							Western MILL ¹	Eastern ² BOS	GL
2x4-8' PET Stud	—	—	—	—	—	880 ⁴	900	1,085	1,060
2x4-8' PET #2/#2&Btr.	990	1,060	1,045	1,038	1,040	—	930	—	—
2x4-9' PET Stud	—	—	—	—	—	—	905	1,065	1,040
2x4-9' PET #2/#2&Btr.	1,000	1,015	1,045	1,025	990	—	950	—	—

GREEN

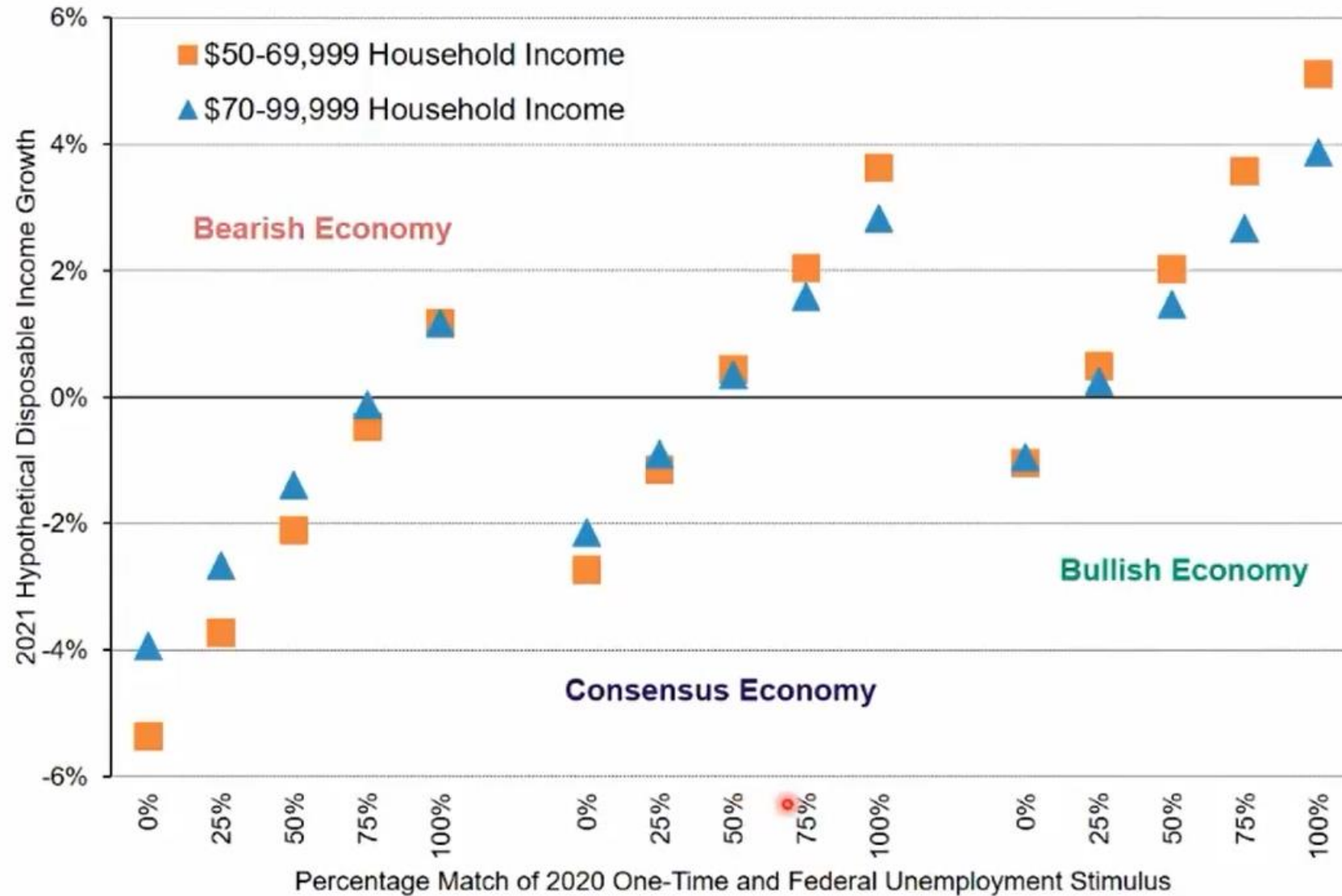
Douglas Fir:	
PORTLAND	NE ¹
885	1,050
895	1,060
870	1,045
780	955
785	945
845	1,005
380	—

Douglas Fir:	
PORTLAND	
—	
790	
—	
825	

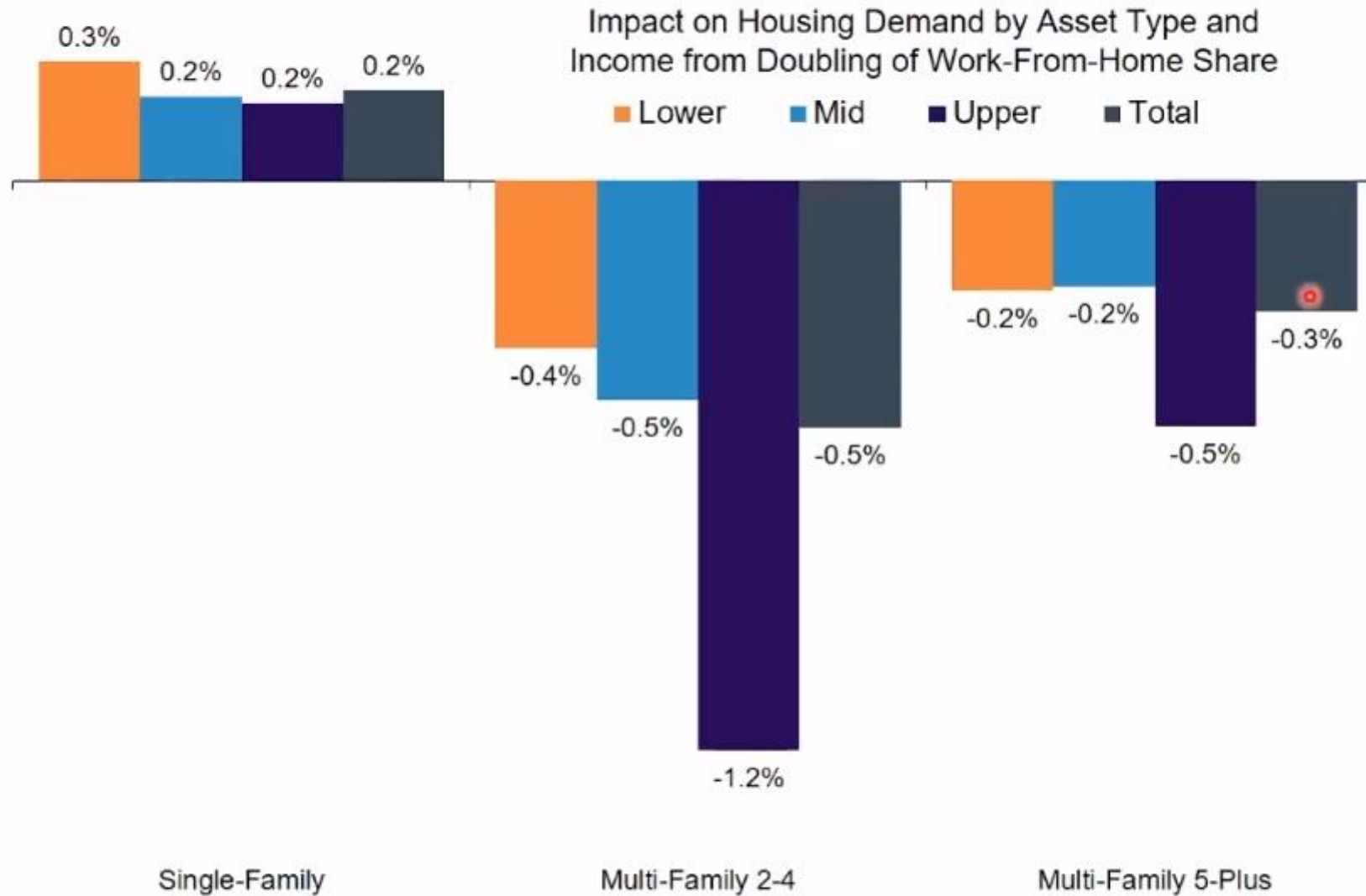
Unemployment is Broader Than Perceived



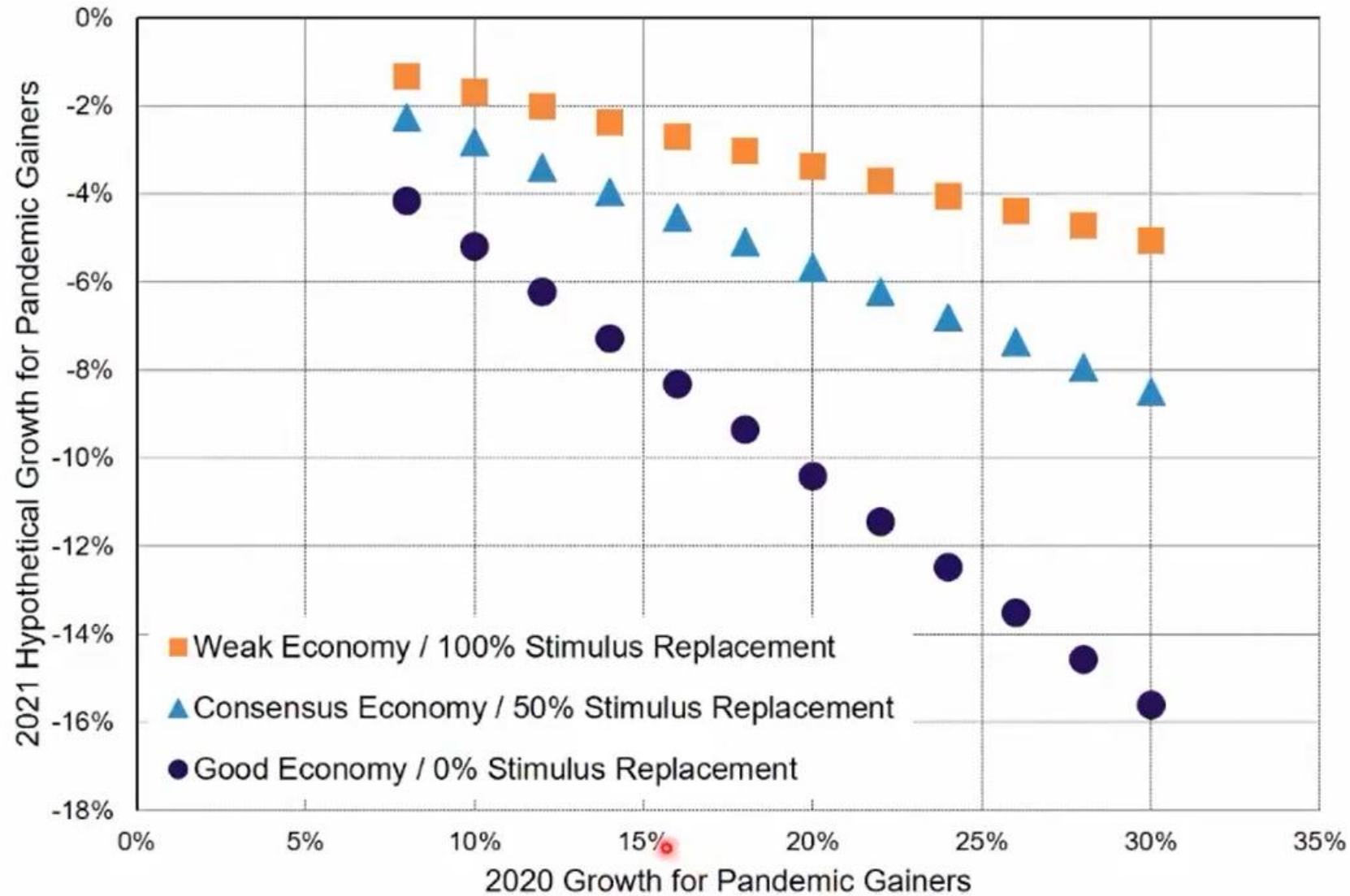
Size of Wallet Will Shrink Without More Stimulus



A Doubling of Work From Home Would...



What Happens to Pandemic Gainers in 2021?



Note: Analysis reflects household with \$50-69,999 income and savings rate of 0% in 2020

Source: BEA, BLS, Zelman & Associates analysis

INTEREST RATES AND STIMULUS

Sorting Through Catalysts of Strength

Factor	Importance of Factor					Sustainability
Lower Mortgage Rates	★	★	★	★	★	Unpredictable
Government Stimulus	★	★	★			Uncertain
Previously Unfolding Demographics	★	★				Likely
Demographic Pull Forward	★	★				Unlikely
Second Home Surge	★	★				Unlikely
Pandemic Fears	★					Uncertain
Urban Reversal / Social Unrest	★					Uncertain
Increasing Work From Home	★					Likely

ZELMAN FORECAST

➤ New Home Starts

- 2019 +12%
- 2020 +23%
- 2021 +6%
- 2022 -8%

➤ Home Improvement Spending

- 2019 +3%
- 2020 +12%
- 2021 -6%
- 2022 +3%

➤ Multi-Family Starts

- 2019 +7%
- 2020 -1%
- 2021 -9%
- 2022 -7%



THANK YOU



IDAHO FOREST
G R O U P