



IDAHO FOREST
GROUP

Agriculture and Innovation

Lessons from a Lifetime in the Timber Industry

Marc Brinkmeyer

Idaho Forest Group, Owner & Chairman of the Board

AGENDA

Family and IFG Overview

- Introduction, Marc Brinkmeyer
- IFG top 8 in the United States
- 500 years in agriculture
- Lineage shaped mindset for success

U.S. Market Conditions

- U.S. South is gaining market share
- Market Challenges
- Market Opportunities
- U.S. Presidential election overview

Adjusting to the New Normal

- Our need is the real creator
- The future value of residuals
- Bio-cellulose to bio-crude
- Carbon credits and other incentives

Hardissen, Germany

My family has lived at this location for over five centuries.

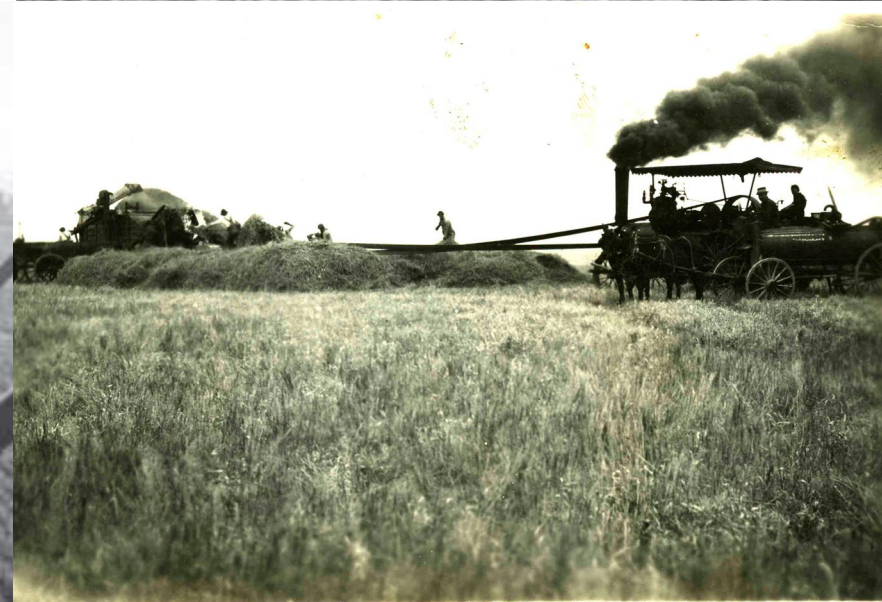
500 Years
of Farming



Agriculture shaped a Family

The community in and around Hardissen grows and adjusts to modern agricultural practices.

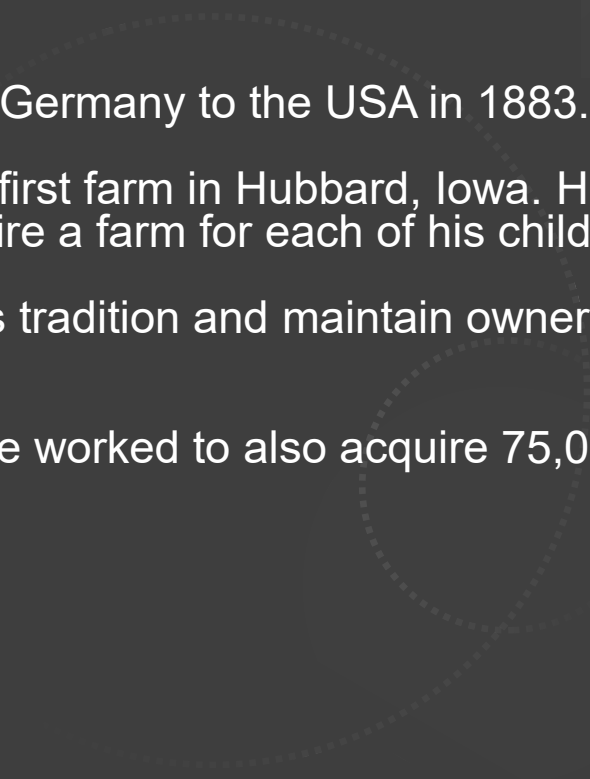
Long-term
Economic
Stability





Continuing the Legacy

- Gustav Brinkmeyer emigrated from Germany to the USA in 1883.
- On July 26, 1890, he purchased his first farm in Hubbard, Iowa. He would raise a family of 10 and acquire a farm for each of his children.
- My family has continued in Gustav's tradition and maintain ownership of our farming operations.
- Through my family's example, I have worked to also acquire 75,000 acres of timber and timberland.



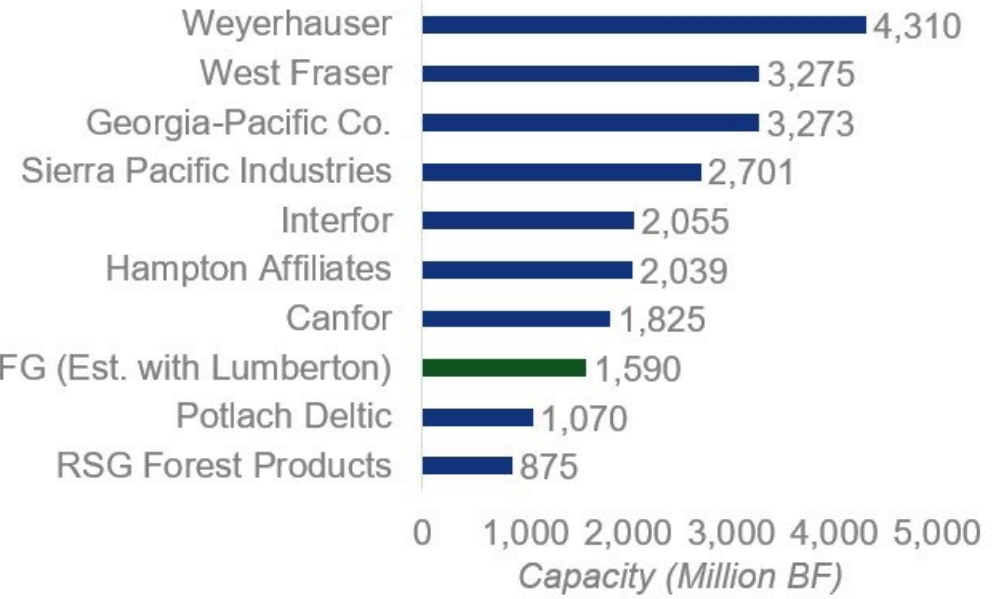
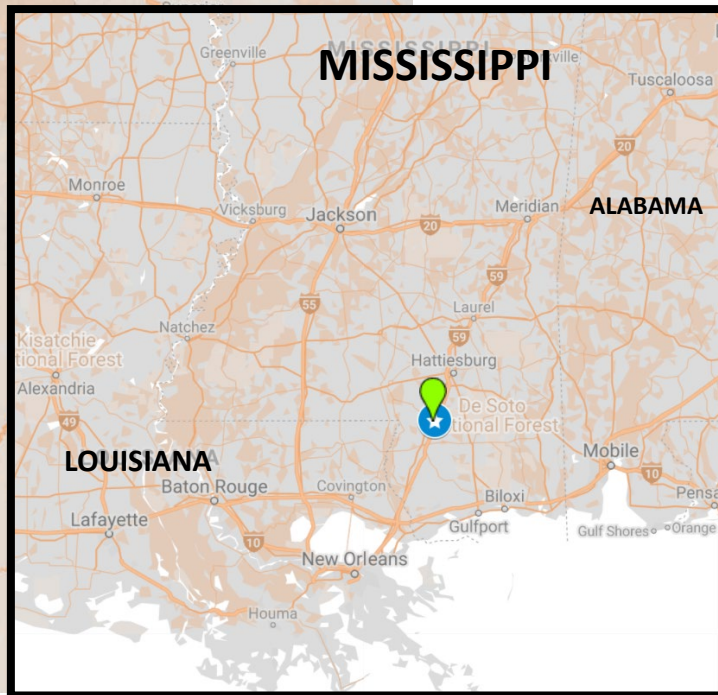
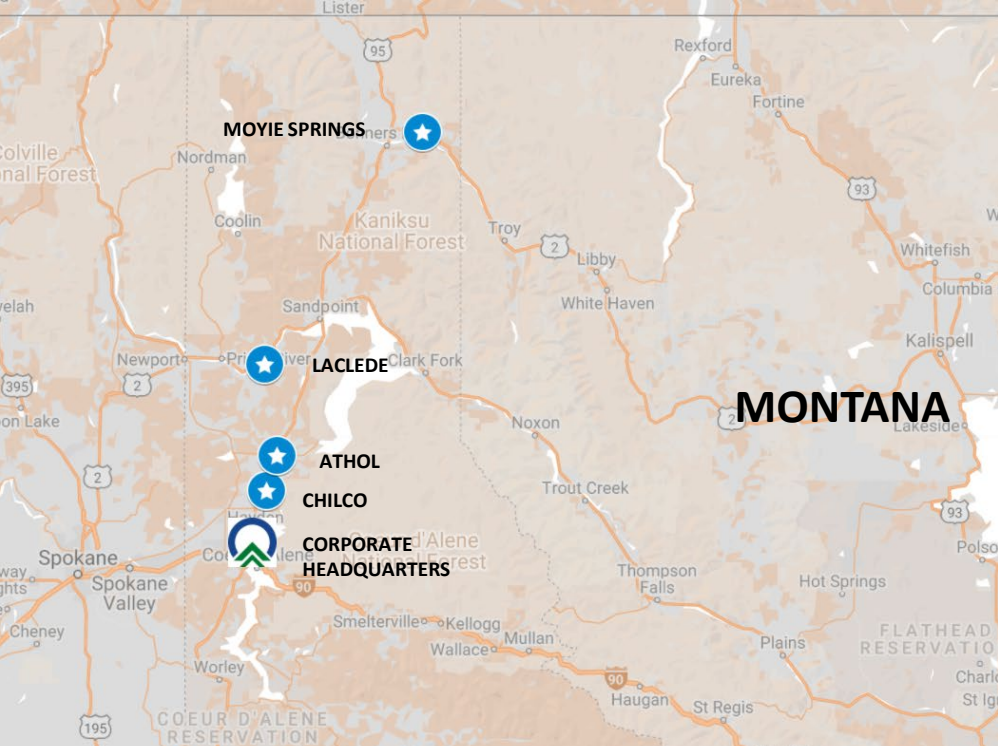
Timber Added to Family's Focus

My family has harvested timber and manufactured lumber for generations.

Forward-thinking economics and excellence in timber products



Idaho Forest Group



Mill	Capacity
MOYIE	200 Million BF
LACLEDE	200 Million BF
CHILCO	300 Million BF
LEWISTON	300 Million BF
GRANGEVILLE	240 Million BF
LUMBERTON	350 Million BF
TOTAL CAPACITY	1,590 Million BF

U.S. Production Update

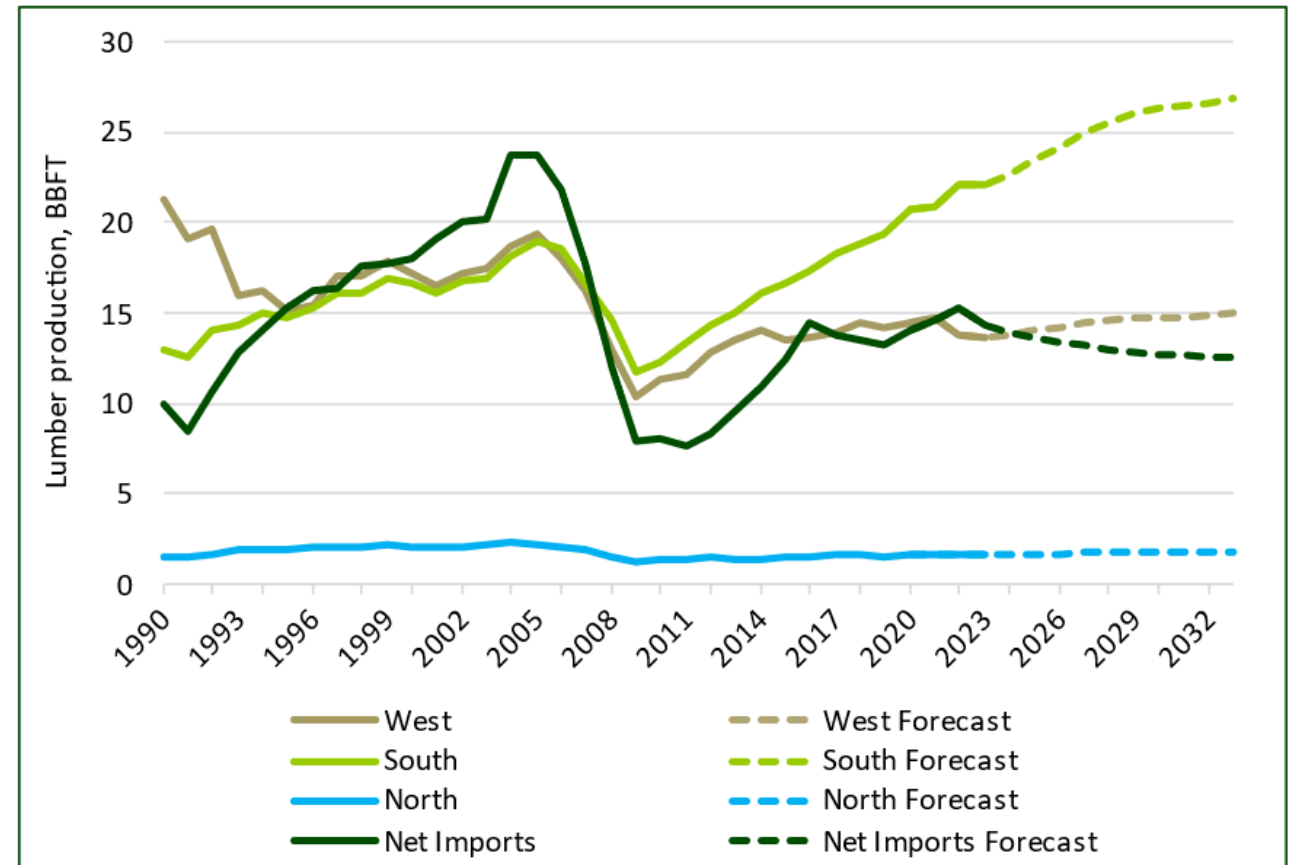
U.S. Lumber Production Update

The U.S. South continues to capture market share as Canadian imports trend lower.

U.S. softwood lumber production increases 2% to 38 billion board feet in 2024 and increases 10% by 2027.

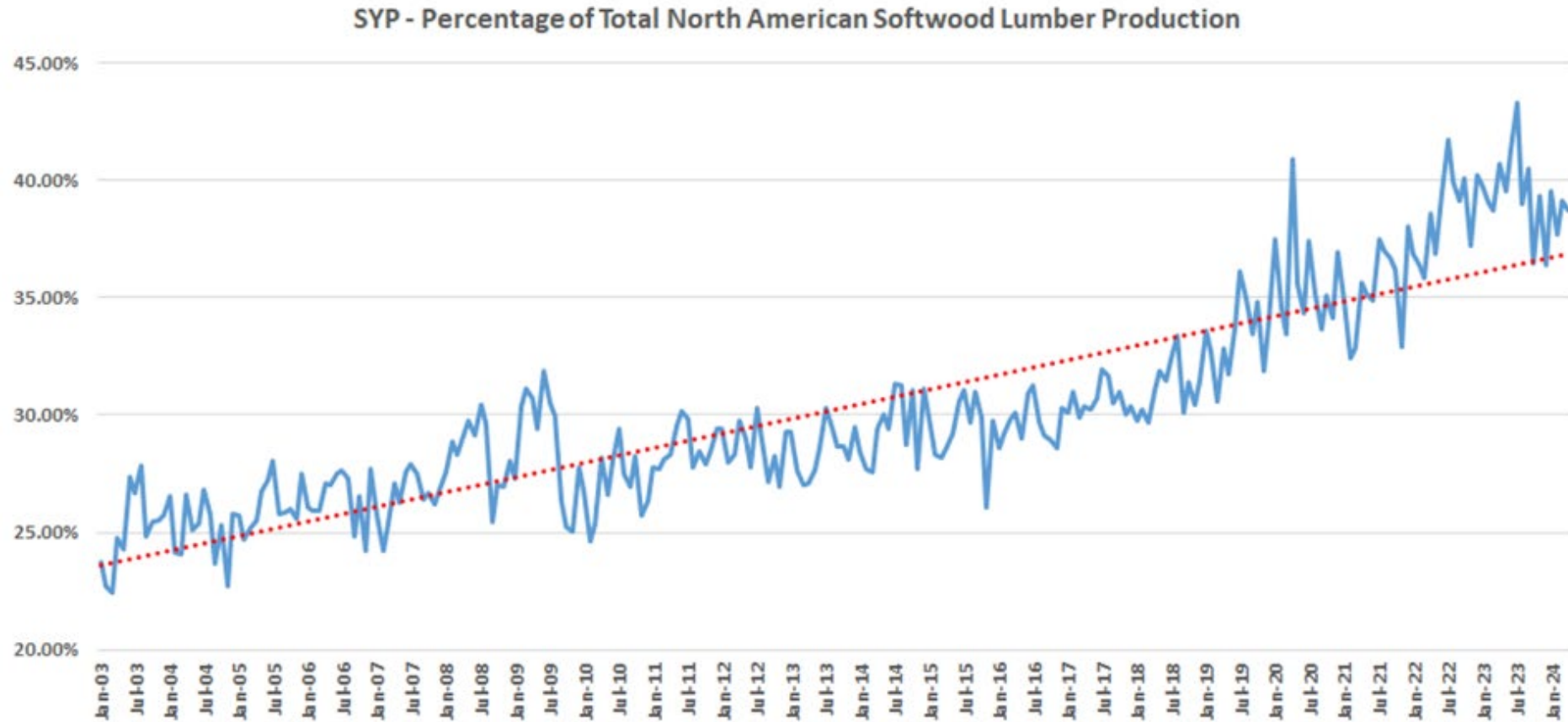
The U.S. South has emerged as the primary producer of lumber due to ample timber supplies, a favorable operating environment, and supply chain.

U.S. Softwood Lumber Production Forecast, Base Case



Data Sources: USDA, WWPA, SFPA, Forisk

Expansion of Southern Pine Capacity in U.S. South

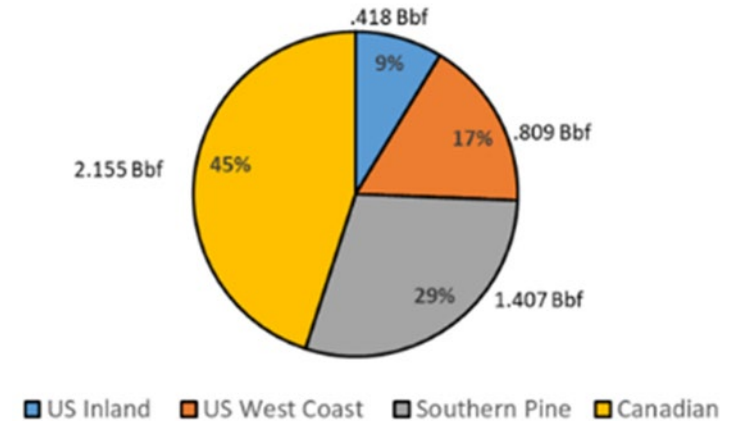


Source: SFPA, Random Lengths

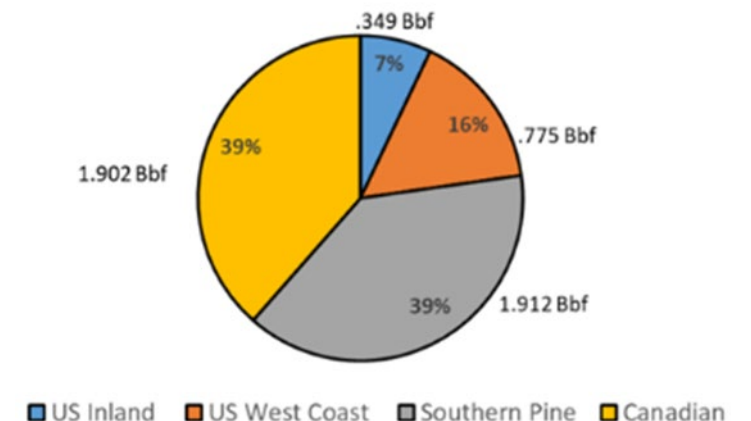
U.S. Southern Pine Markets Reshaping the Industry

- » Southern Yellow Pine (SYP) has grown from 29% to 39% of the total production in 10 years.
- » Fast growing trees and plantation forestry lead to higher yield, lower production and shipping costs.
- » SYP makes up 85% of pressure treated wood in the U.S.
- » U.S. South sawmill investments continue with \$2.4 billion in announced projects from 2024 to 2026, reflecting 3.6 BBF of increased capacity.

North American Softwood Production - 2014 (Apr)



North American Softwood Production - 2024 (Apr)



Enhancing Our Sawmill Capabilities

Shown: IFG Facility in Lumberton, Mississippi, U.S.A.

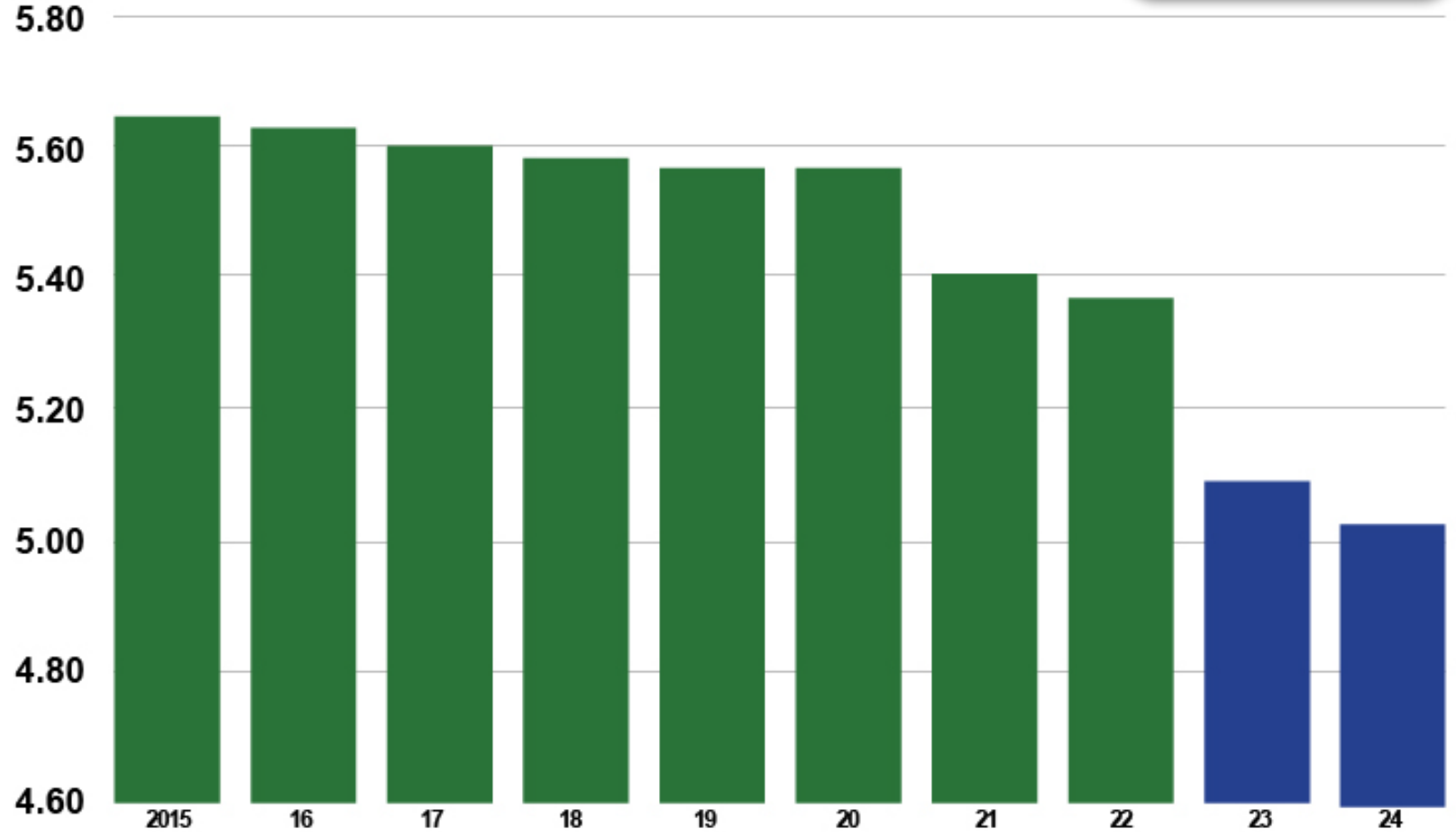


Outlook of Available Log Supply in U.S. West

BBF, Int'l 1/4"

Private Softwood Sawtimber Sustainable Yield, US West Coast

A \$50 mmbf decline in sustainable yield, or roughly 10%



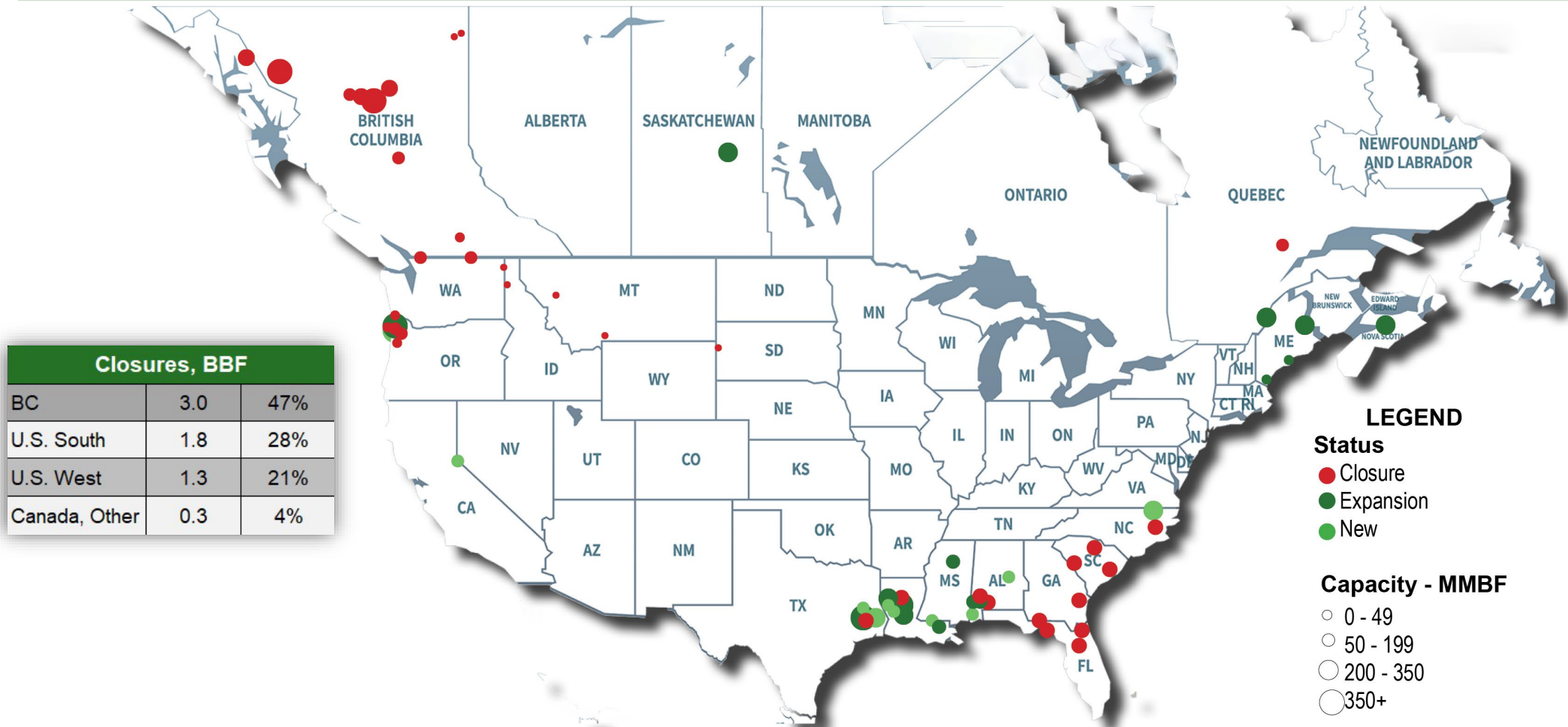
Indefinite and Permanent Mill Closures

	Permanent	Temp	Total
Permanent/Indefinite	3.373		BBF
Temporary	1.262		
Total	4.635		
BC	1,310	413	1,723
U.S. SOUTH	1,258	369	1,627
U.S. WEST	805	318	1,123
U.S. EAST		162	162
BC	39%	33%	37%
U.S. SOUTH	37%	29%	35%
U.S. WEST	24%	25%	24%
U.S. EAST		13%	3%

»» Recent low prices caused significant capacity curtailments and closures.

»» In the U.S., they were initially in the West, but the South has seen a number of closures as well.

Indefinite and Permanent Mill Closures



Closures, BBF		
BC	3.0	47%
U.S. South	1.8	28%
U.S. West	1.3	21%
Canada, Other	0.3	4%

LEGEND

Status

- Closure
- Expansion
- New

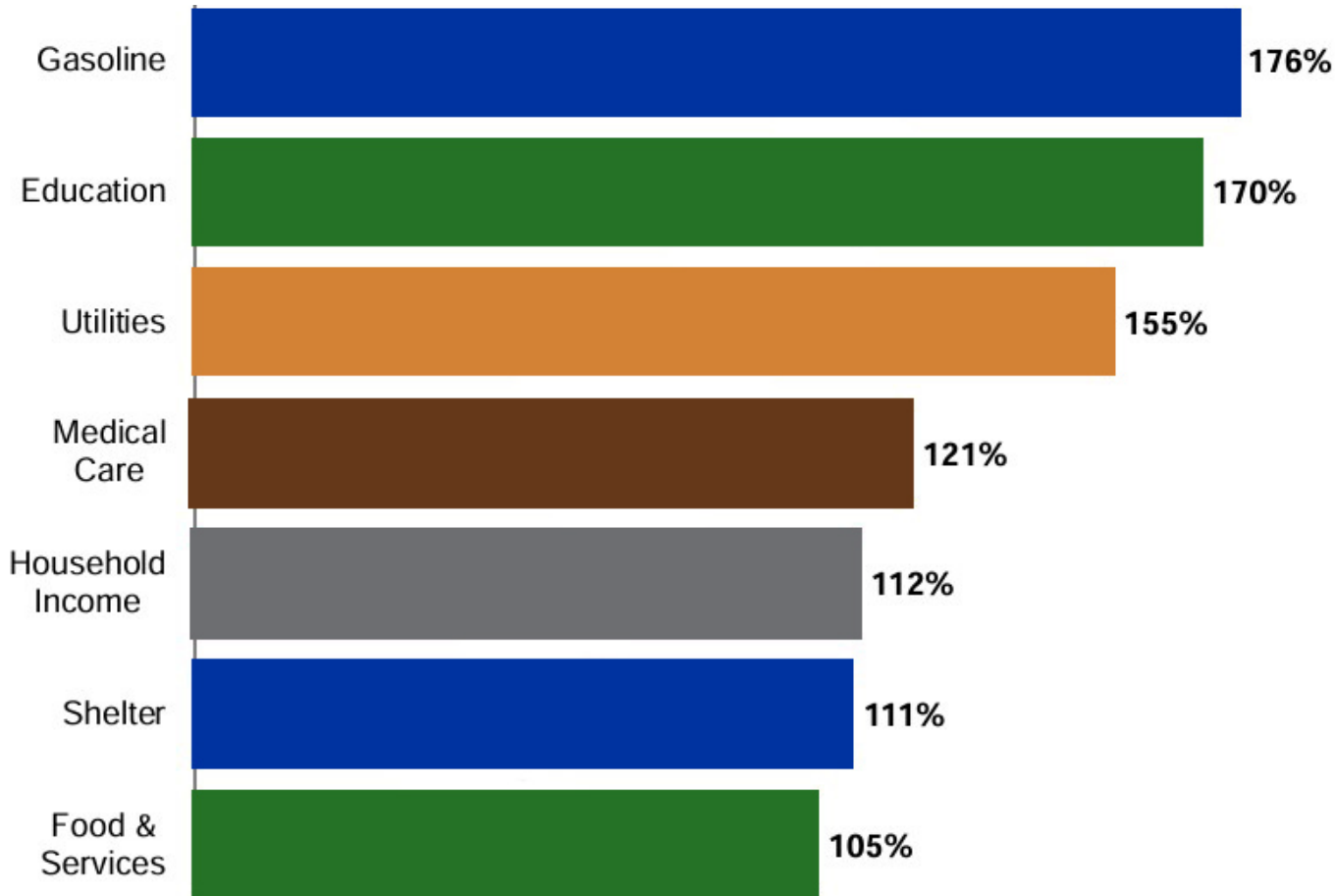
Capacity - MMBF

- 0 - 49
- 50 - 199
- 200 - 350
- 350+

Softwood Lumber Markets Current & Future

Housing Availability and Pricing Constraints

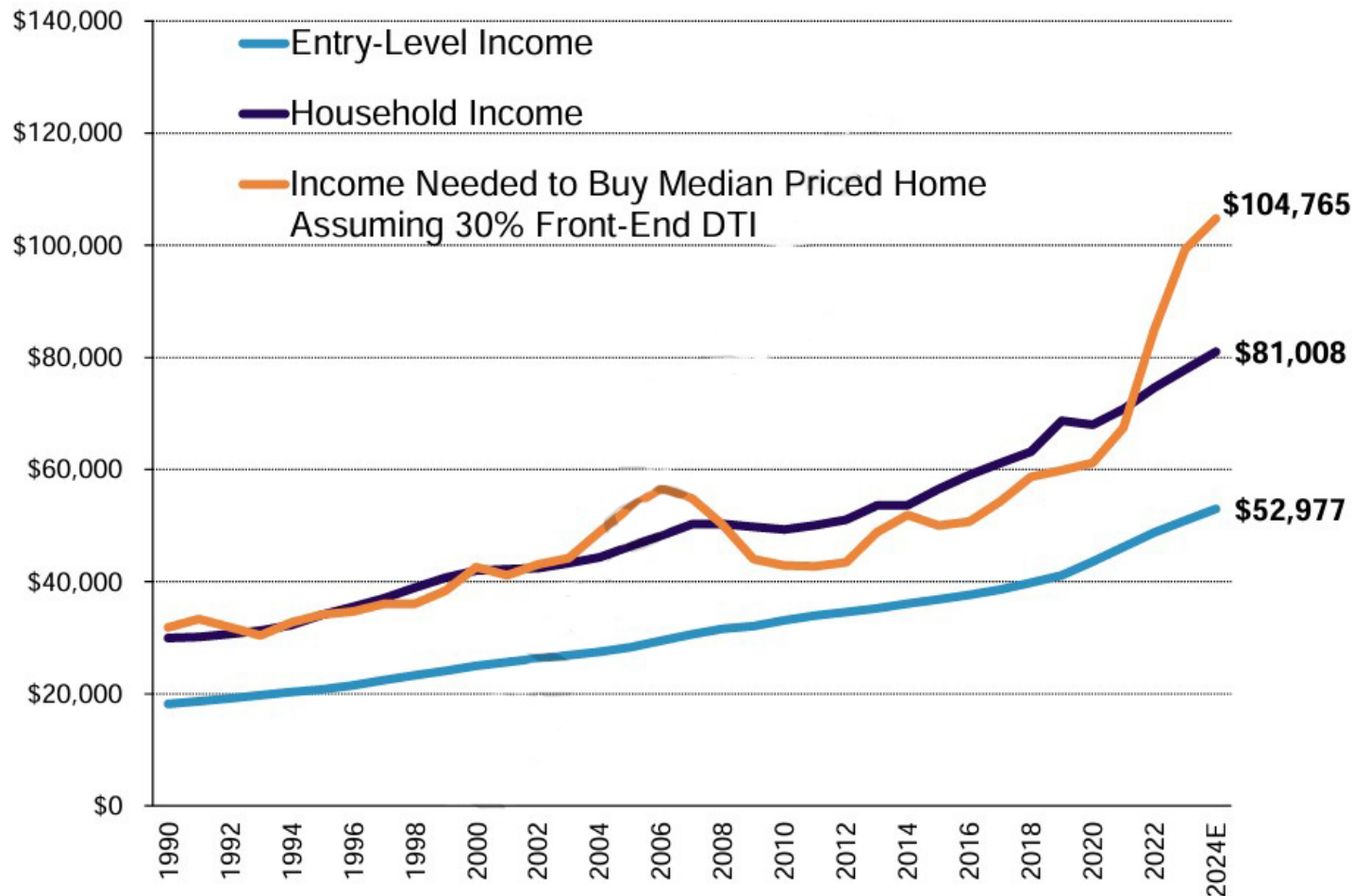
Average Consumer Price Index now versus January 2000



Housing Impacts Lumber Demand

- Everything is more expensive; wages are not increasing enough to close the gap
- Labor shortages continue as global populations are declining
- Forest products and construction industries, like most industries, are impacted by pricing and labor shortages

Housing Availability and Pricing Constraints

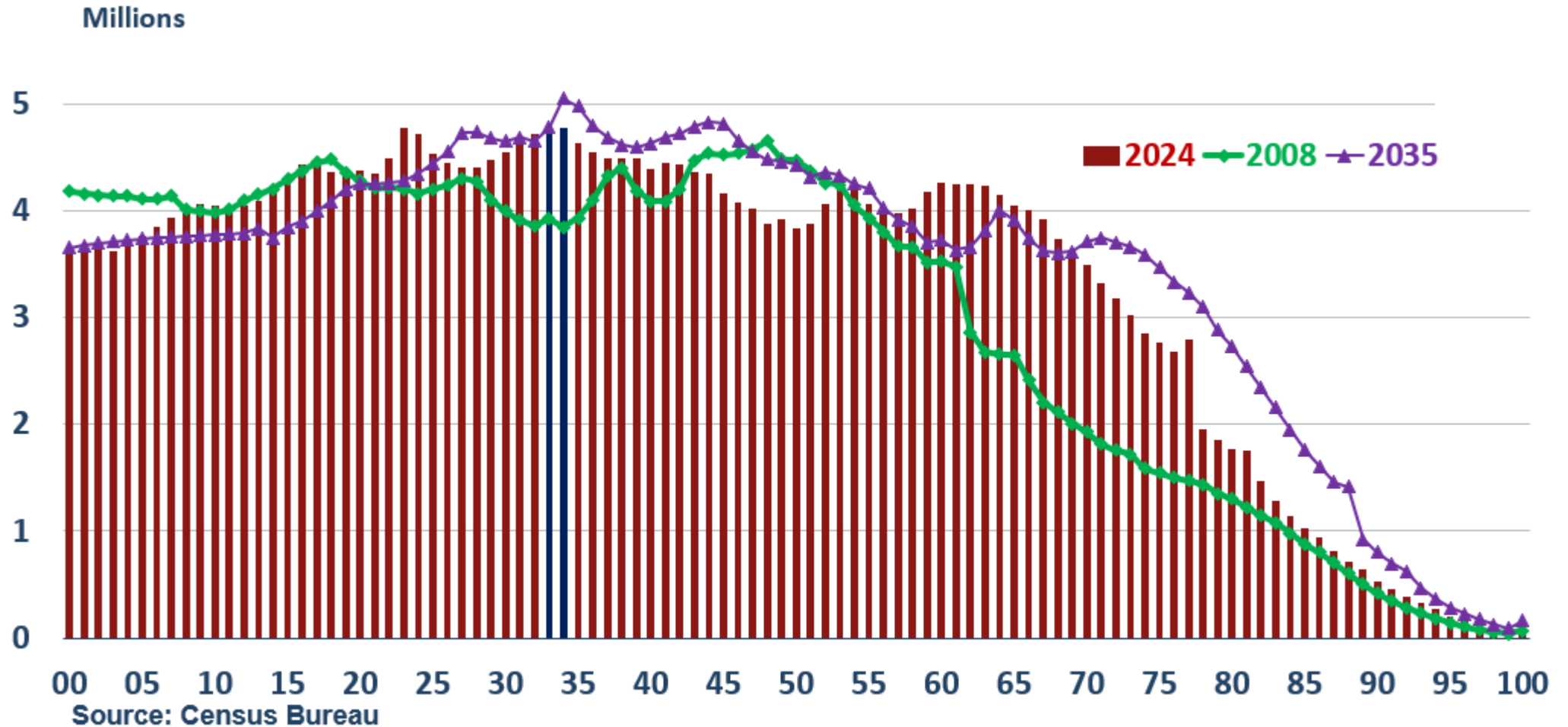


Housing Impacts Lumber Demand

- Affordability has worsened
- Renting is more affordable than home ownership
- Baby Boomers (ages 60+) are not leaving homes set at lower interest rates and have the purchasing power to buy up new housing
- Difficult (if not impossible) for many younger buyers to enter homeownership

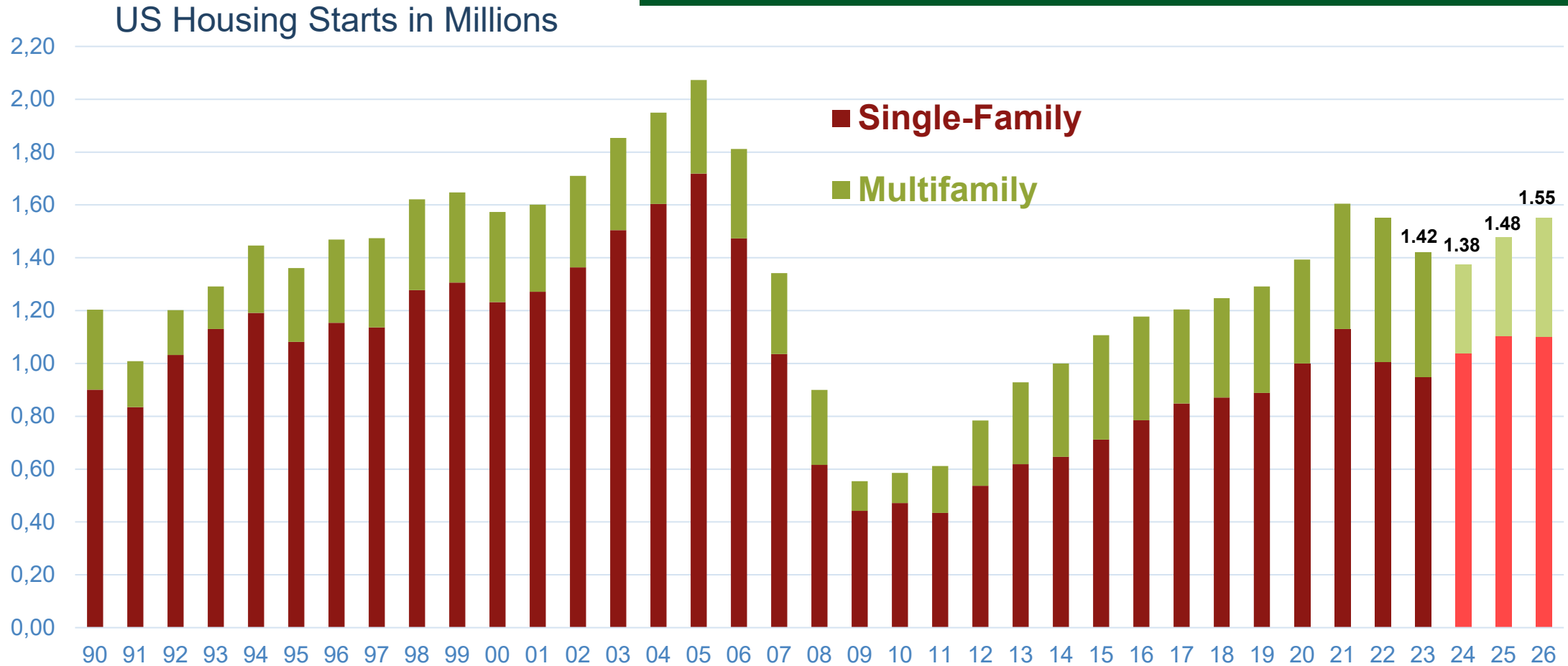
Demographic Overview

2008 – Strong Demographic HEADWIND
2024 – Strong Demographic TAILWIND
2035 – A Modest Tailwind



Demographic Overview

Housing Starts Declined by 8% in 2023 and are Projected to Drop 3% in 2024



Source: Census Bureau, FEA Forecasts


Source: © 2024 Forest Economic Advisors, LLC.

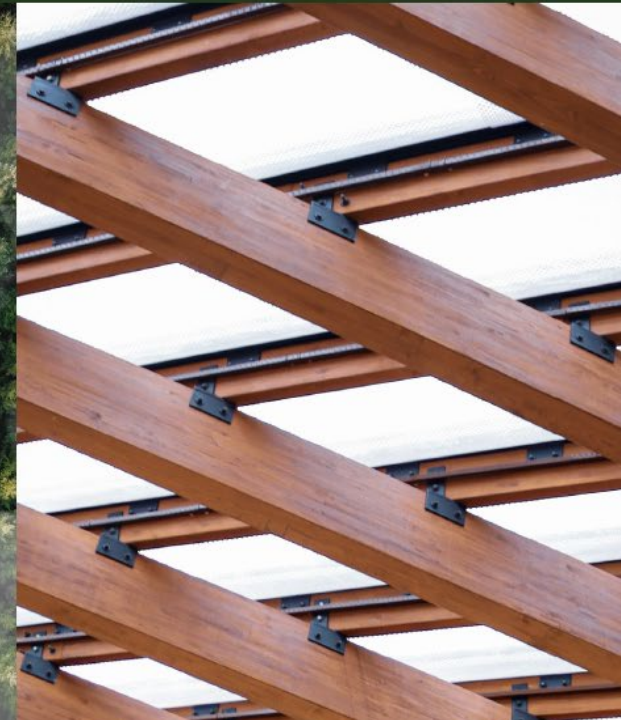
AWC Board Priorities



AMERICAN WOOD COUNCIL

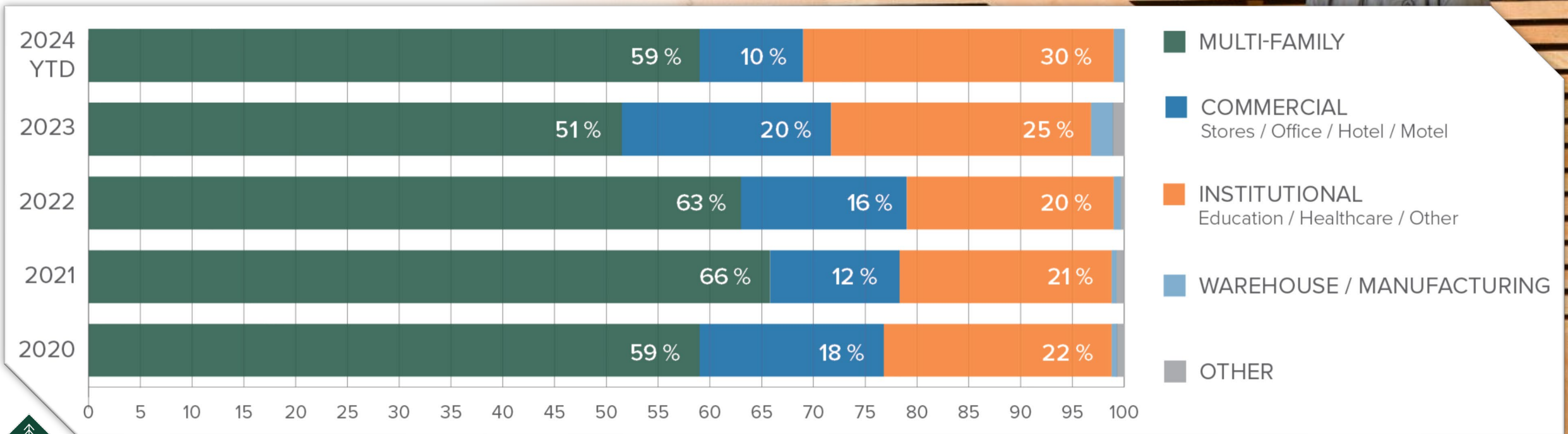
Promoting & Protecting the
Future of Wood Products

Strategic Plan
2022-2027 



U.S. Softwood Lumber Outlook

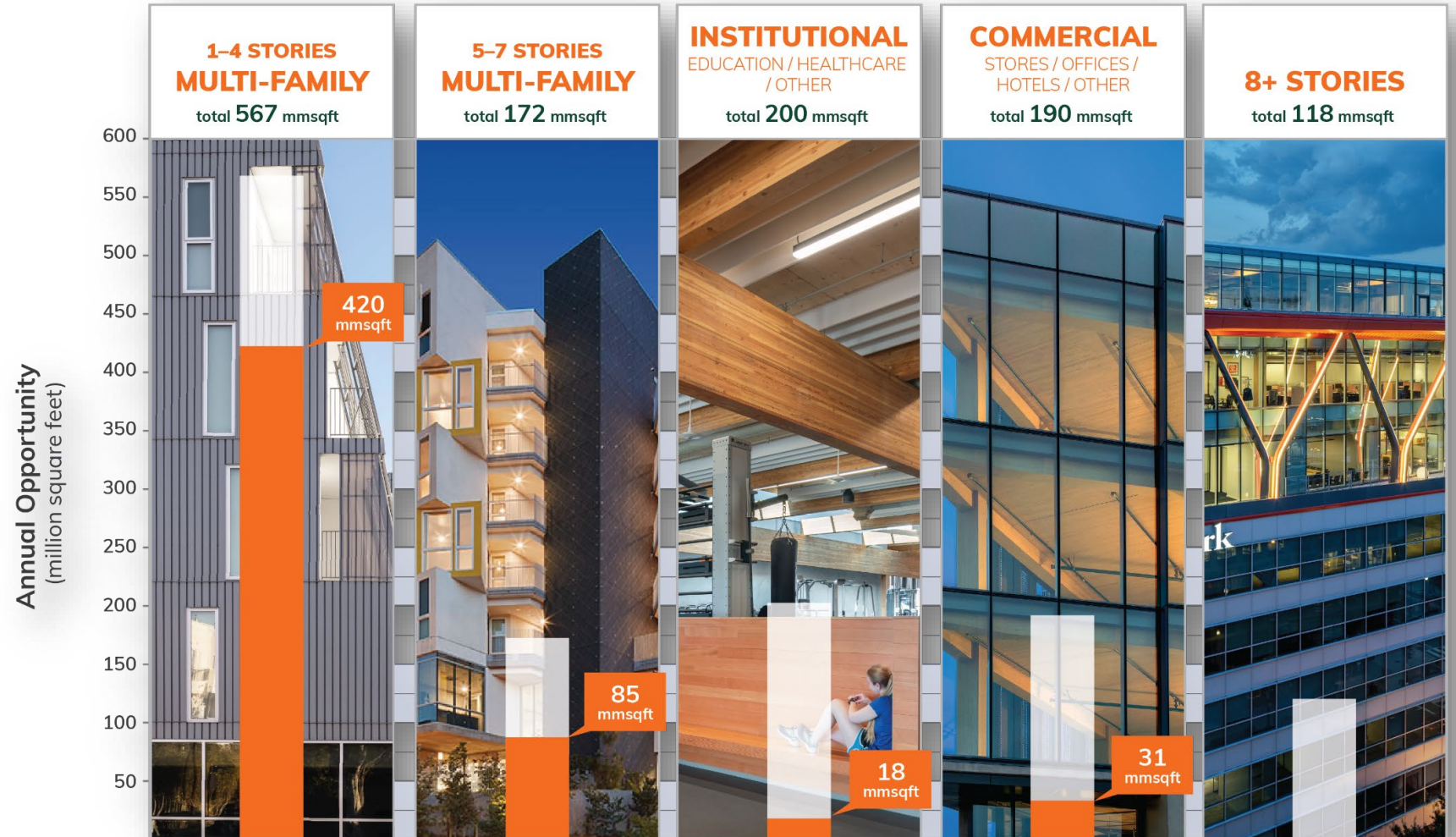
Opportunities continue to be strong in several sectors.



Data courtesy of WoodWorks Wood Products Council, August 2024

New Market Opportunities

- Nearly 700 million square feet of annual conversion opportunity
- Wood utilization in the U.S. is heavily driven by the residential market segment, including remodeling and single-family new construction



Industry Challenges

-  **High Costs**
Expenses are higher at every level.
-  **Oversupplied Market**
Lumber sale prices are below pre-Covid levels due to an oversupplied market and weak housing starts.
-  **Labor Shortages**
Recruiting and retaining talent in forest products industry roles has become challenging.
-  **Changes are Necessary**
 - Curtailments from large producers, Fed interest rate reductions, and increased demand will likely be necessary to move the price of lumber from current lows.

U.S. Softwood Lumber Summary



Better, Not Great

We have likely seen the bottom to the current cycle, but markets will not see strong growth over the next year.



Exports Remain Weak

Exports will remain weak, driven mainly by an increase in southern yellow pine.



Imports Will Fall

Imports will fall but remain elevated as European and Chinese consumption continues to struggle.



Costs Remain Elevated

Costs remain elevated, especially for western species.

U.S. Election Updates

Harris Leads Popular Vote, Trump Leads Electoral Vote

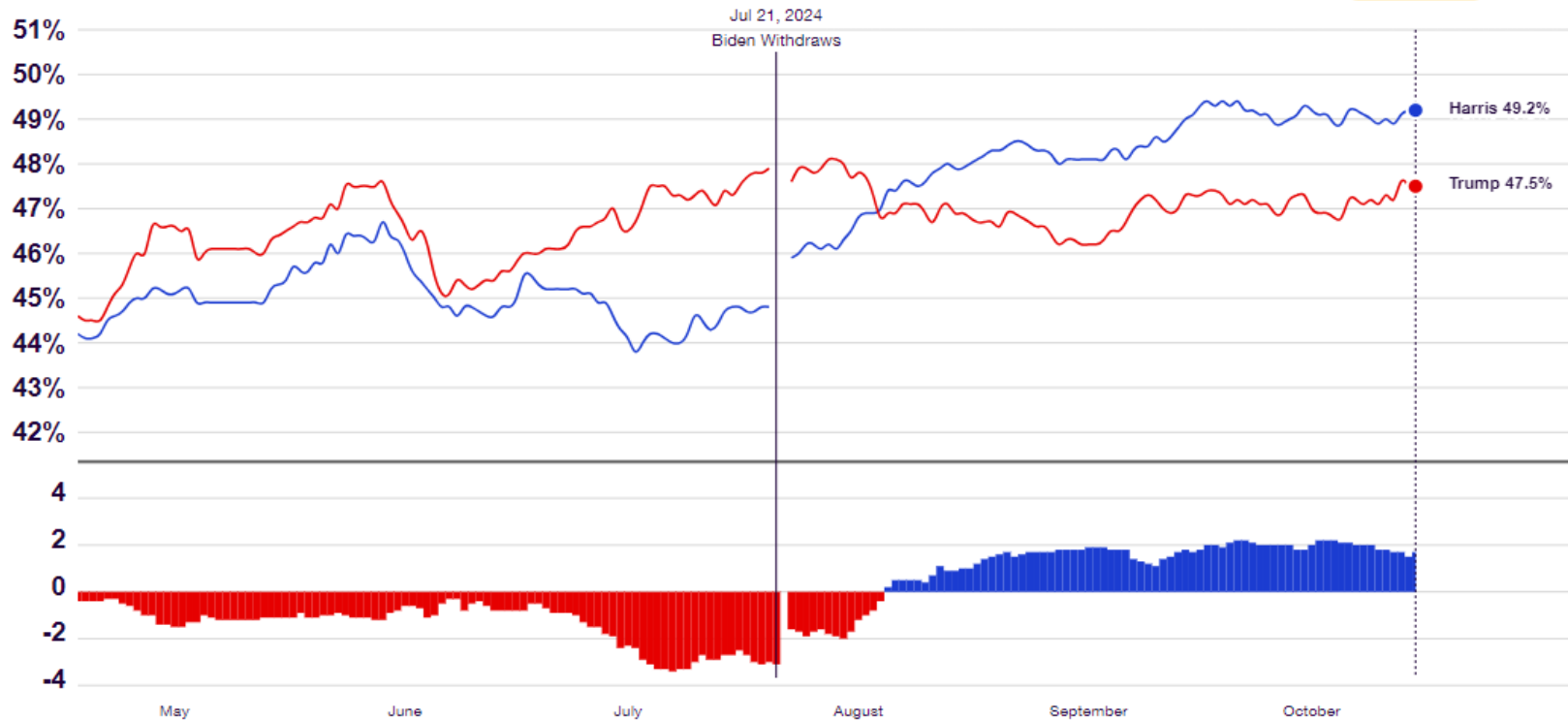


RealClearPolitics Poll Average

49.2 Harris +1.7 47.5 Trump

Trump vs. Harris

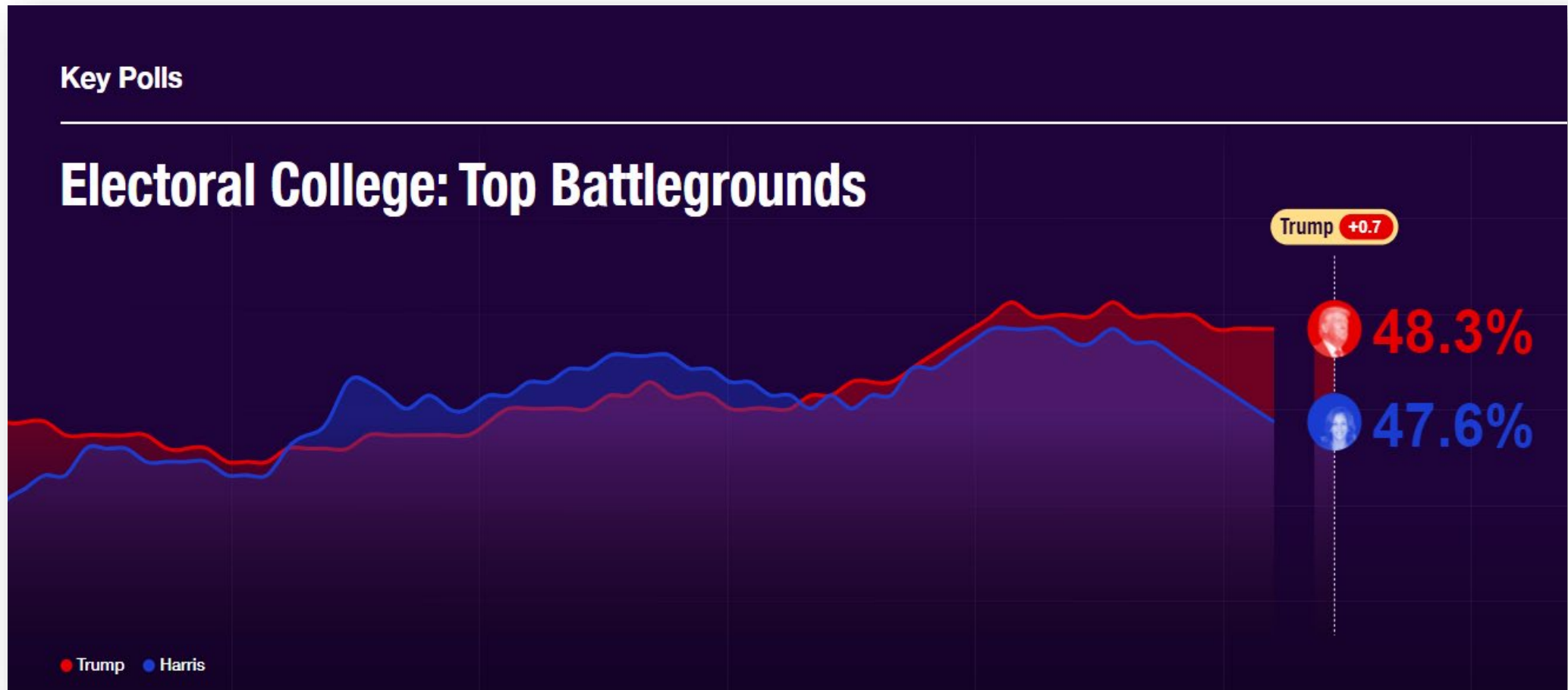
(Trump vs. Biden Before July 21, 2024)



7D 14D 30D 3M 6M 1Y 2Y MAX RESET

Trump Leading in Key Battleground States

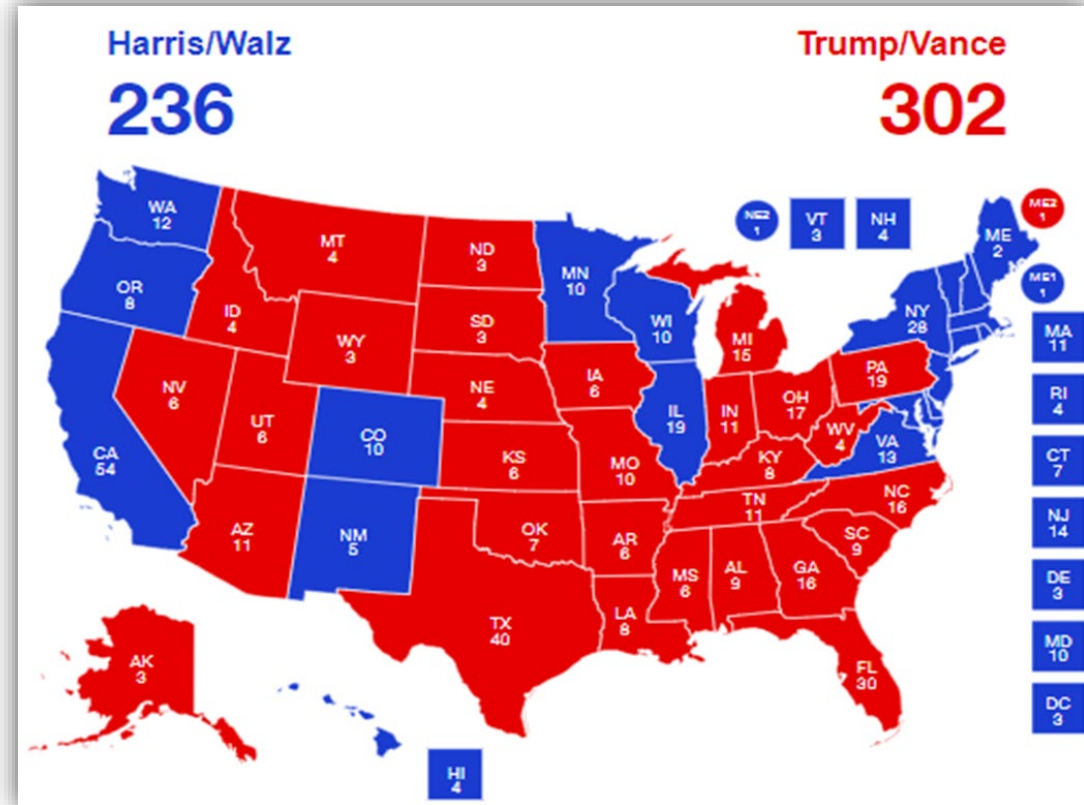
Momentum is Shifting in Trump's Direction



2024 U.S. Election Summary

- » Harris will likely win the popular vote
- » Trump's momentum is building
- » Trump's lead is within the margin of error of the polls (+/- 3.5%)
- » Seven toss up states are too close to call and within the margin of error
- » If Trump wins the toss up states that he is currently leading in, he would secure 302 electoral votes and win the election
- » 270 electoral votes are needed to win

2024 Electoral Map Based on Polls (no toss-ups)



U.S. - Canada Softwood Lumber Trade Case

- Ongoing trade cases will remain in place as-long-as Canadian system of subsidization and dumping behavior continues
- Close to \$7 billion dollars in antidumping and countervailing duties have been collected by the U.S. government
- The U.S. Department of Commerce continues to find subsidies and dumping behavior by Canada
- The enforcement of the trade laws and corresponding duties have:
 - Forced Canadian companies to curtail during declining markets when they otherwise would not have, and
 - Allowed U.S. industry to significantly increase production with a level playing field
- Rumors of a pending settlement or distribution of collected duties to both industries are unfounded and false
- Only 0.3 percent of any AD/CVD cases result in an SLA type settlement – the current trade cases is no different
- From the U.S. industry perspective, the current trade cases against Canada are working as intended

U.S. - Canada Softwood Lumber Trade Case

Deposit rates will continue to increase.

	Antidumping	Countervailing	Combined
Canfor	10.44%	6.14%	16.58%
West Fraser	5.04%	6.85%	11.89%
J.D. Irving	7.80%	3.88%	11.68%
Tolko	7.80%	9.61%	17.41%
All Others	7.66%	6.74%	14.40%

Revisions in bold

AR4 “All Others” Rate: 8.05%

Focus on Residuals
Our Need is the Real Creator

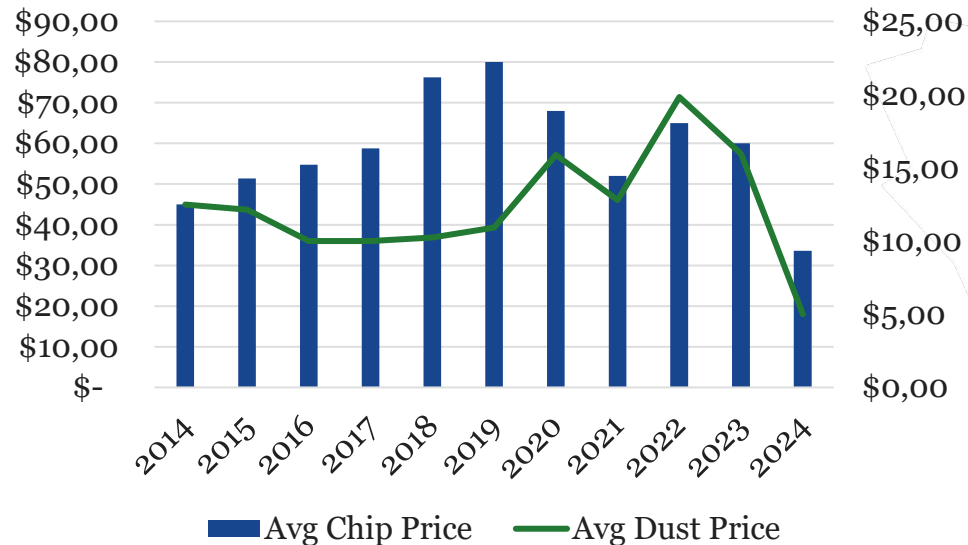
ISSUE — no profitable market for residuals

45% of a log is residuals.
Residuals offer low to no value.

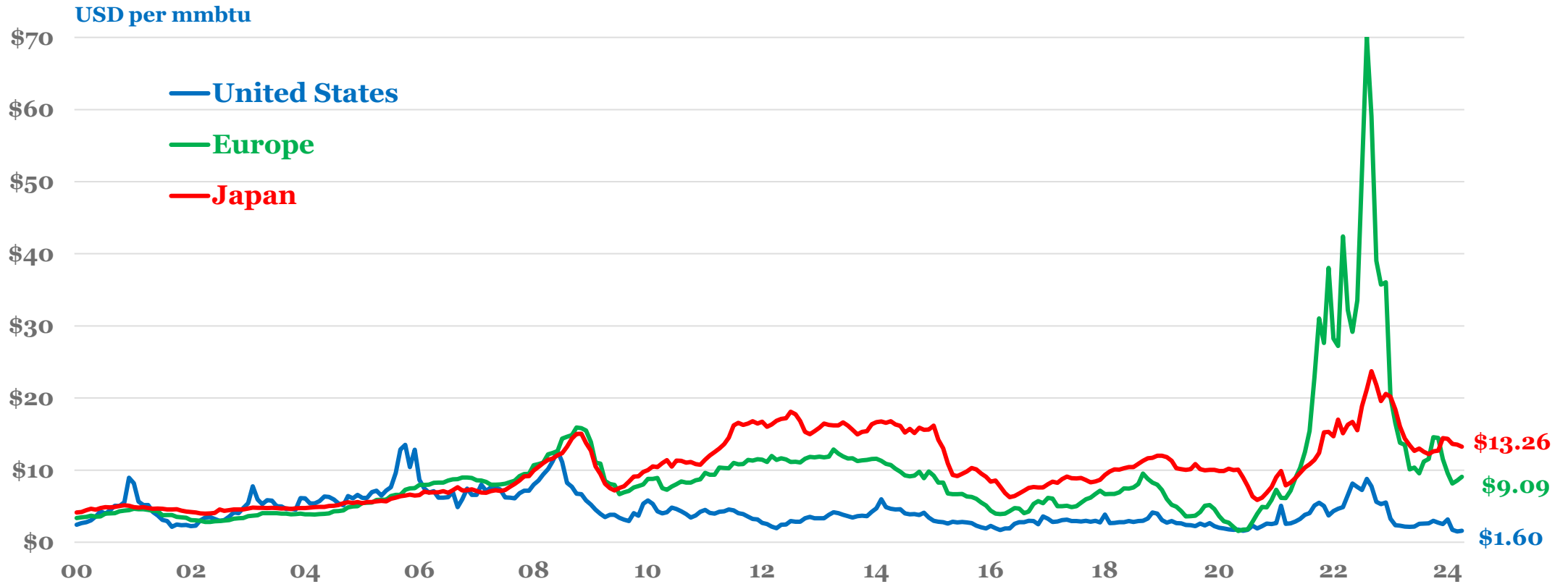
Forest health cannot be accomplished without an economical outlet for low-value fiber.

We had to find a solution.

Idaho Average Residual Price



Low Natural Gas Prices are a Boon to US Manufacturing



Source: World Bank Pink Sheet

OUR GOAL

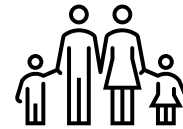
To significantly improve the value and related economics of Cellulosic Fiber by developing rural-based solutions and enhancing our logging infrastructure.



Foster Clean Energy Research
Academics, Analytics, and Artificial Intelligence (A³) is IFG's organizational focus on innovation, research, and development to drive advancements in our industry.

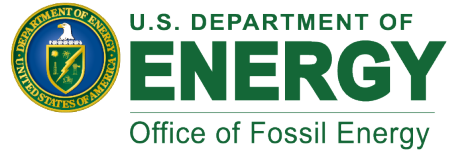


Reduce Carbon Emissions
Nitrogen and phosphorous reduction, reduced energy outputs in the manufacturing process, and bio-friendly use for sustainable/renewable wood residual products.



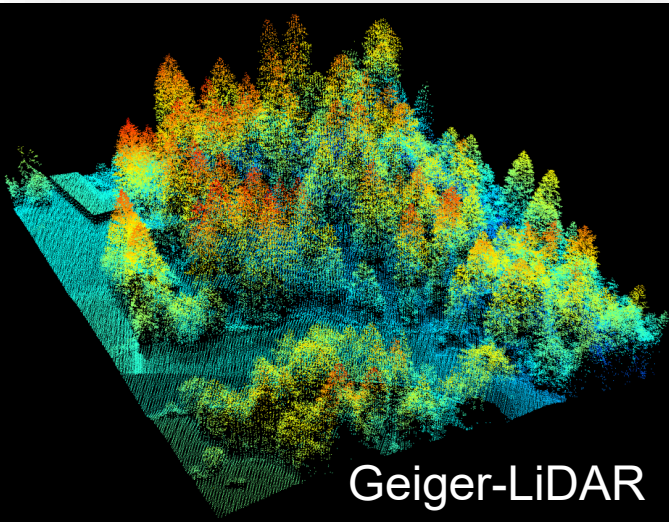
Develop Rural-based Solutions
Long-term, sustainable solutions that support responsible forest management, mitigate wildfire risk, and protect the rural communities that drive our industry.

Our Partners and Collaborators



RESEARCH HAS
VALIDATED OUR
PROCESSES AND
TRIAL PRODUCTS

The Need –Understanding our Forests



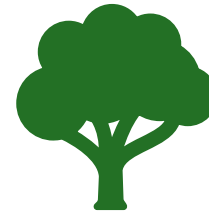
The long-term sustainability of our company is dependent on an adequate supply of raw material.



For years, we have utilized satellite imagery to characterize the forest, including species, density, and volumes.



Our work provides us with a more accurate census of the forests, including geolocation of individual trees, heights, DBH measurements, and density.



Geiger LiDar has the potential to provide significant amounts of data on forest types and conditions to landowners, including the Forest Service.

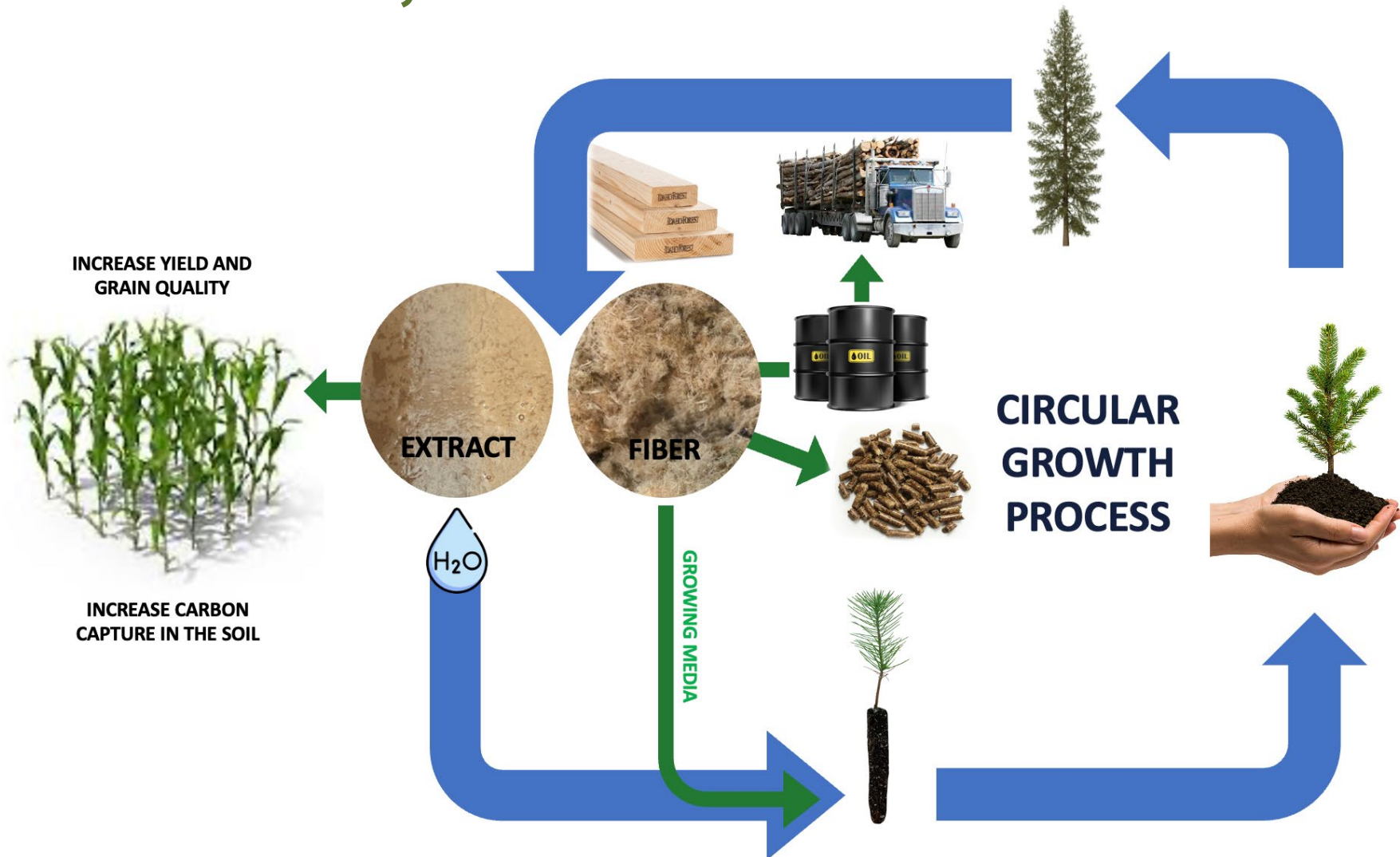


This data can help to prioritize areas for active management, while subsequently building trust with the public.



The Need – Protecting Forest Health

From the Forest, For the Forest



Yesterday, Today, and Tomorrow

The lessons I learned from my family growing up on this Iowa farm will continue for family generations to come!





IDAHO FOREST
G R O U P

Questions?

Marc Brinkmeyer

Idaho Forest Group, Owner & Chairman of the Board

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Legacy for Success

- »» Continuously growing, innovating, and implementing technology to make our products better, eliminate waste, and find sustainable solutions.
- »» Support our employees, customers, and communities where we operate.
- »» Provide high quality renewable building products shipped across the U.S.
- »» Communicate our goals as an organization and role in our communities to foster impactful collaborations that benefit the long-term interests of our industry.

