

Reason for Optimism in North American Composite Panel Industry

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PELICE
Atlanta, Georgia
April 2016



Profile of the Composite Panel Industry

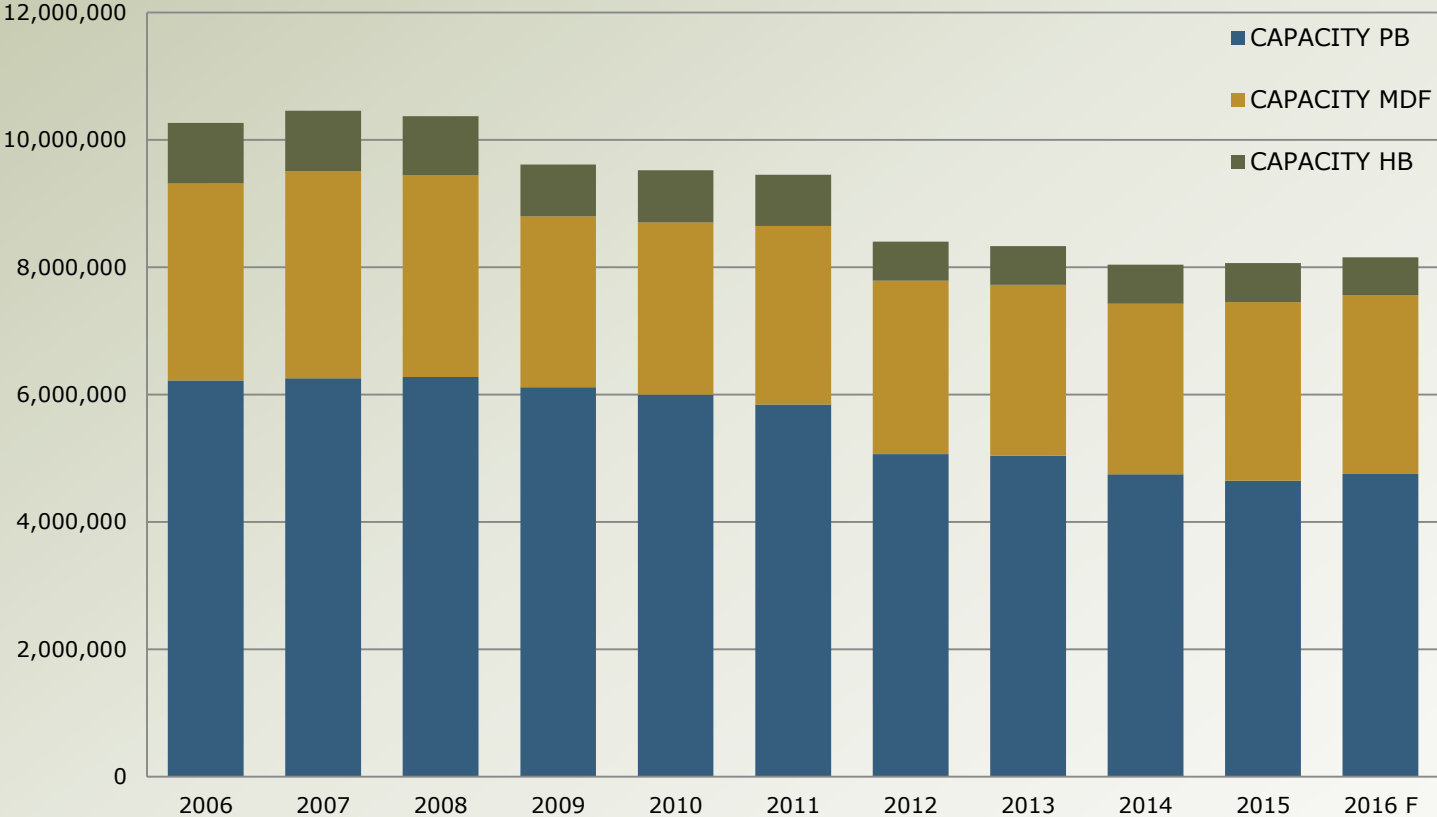


Capacity On The Rise

- Equipment upgrades and new lines throughout North America
- Significant investment in new TFL lines
- New Mills Announced
 - ▣ PB mill (Grayling, MI)
 - ▣ HDF mill (Barnwell, SC)
 - ▣ 3 MDF Mills in Mexico (Chihuahua, Durango, Tabasco)
- North American Mill capacity up 2.8% from 2015
 - ▣ CPA represents 94.4% of PB, 99% of MDF, and 48% of HB capacity in North America

Composite Panel Industry Capacity

10 Year Comparison

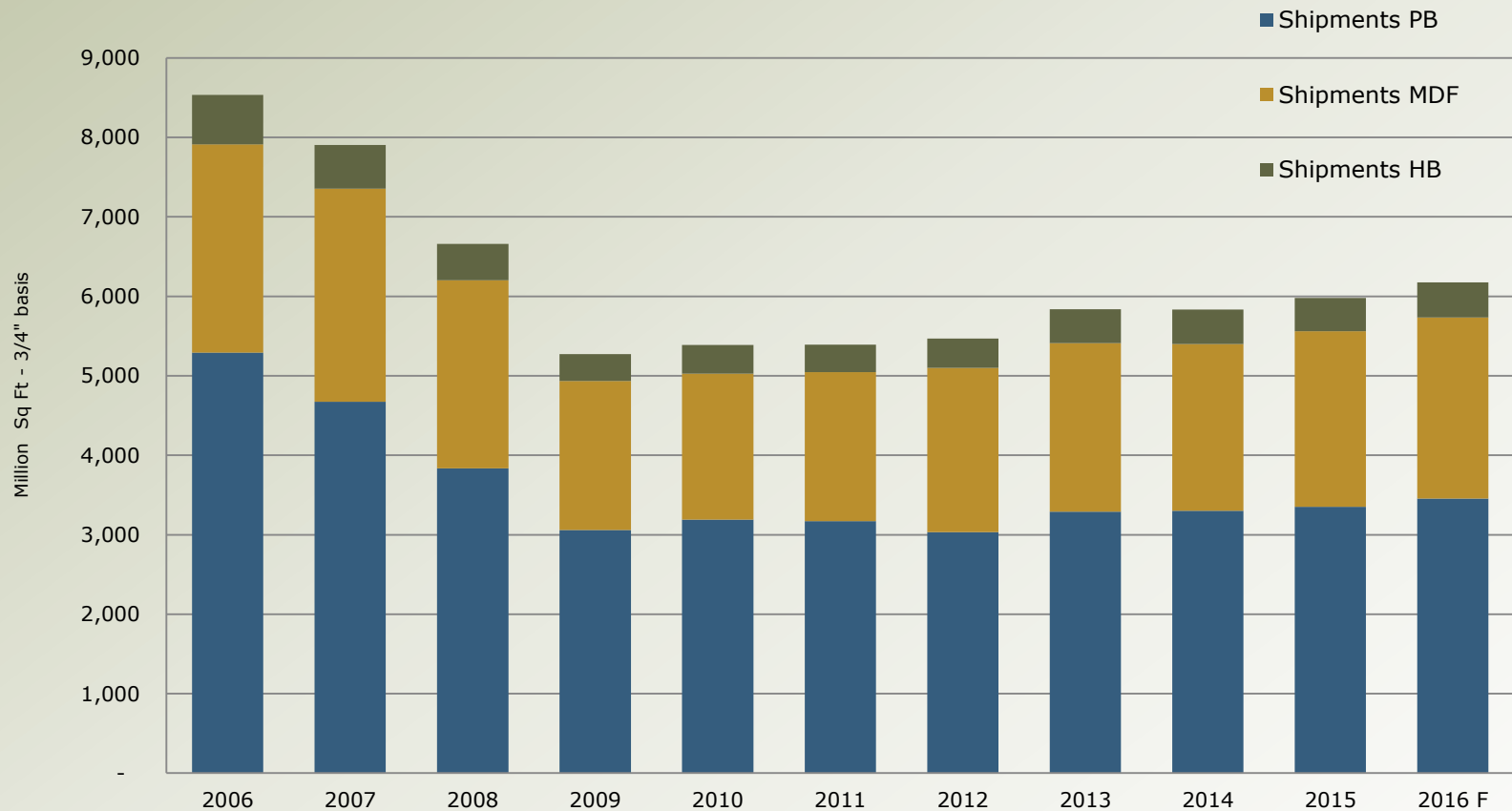


Slow and Steady Growth

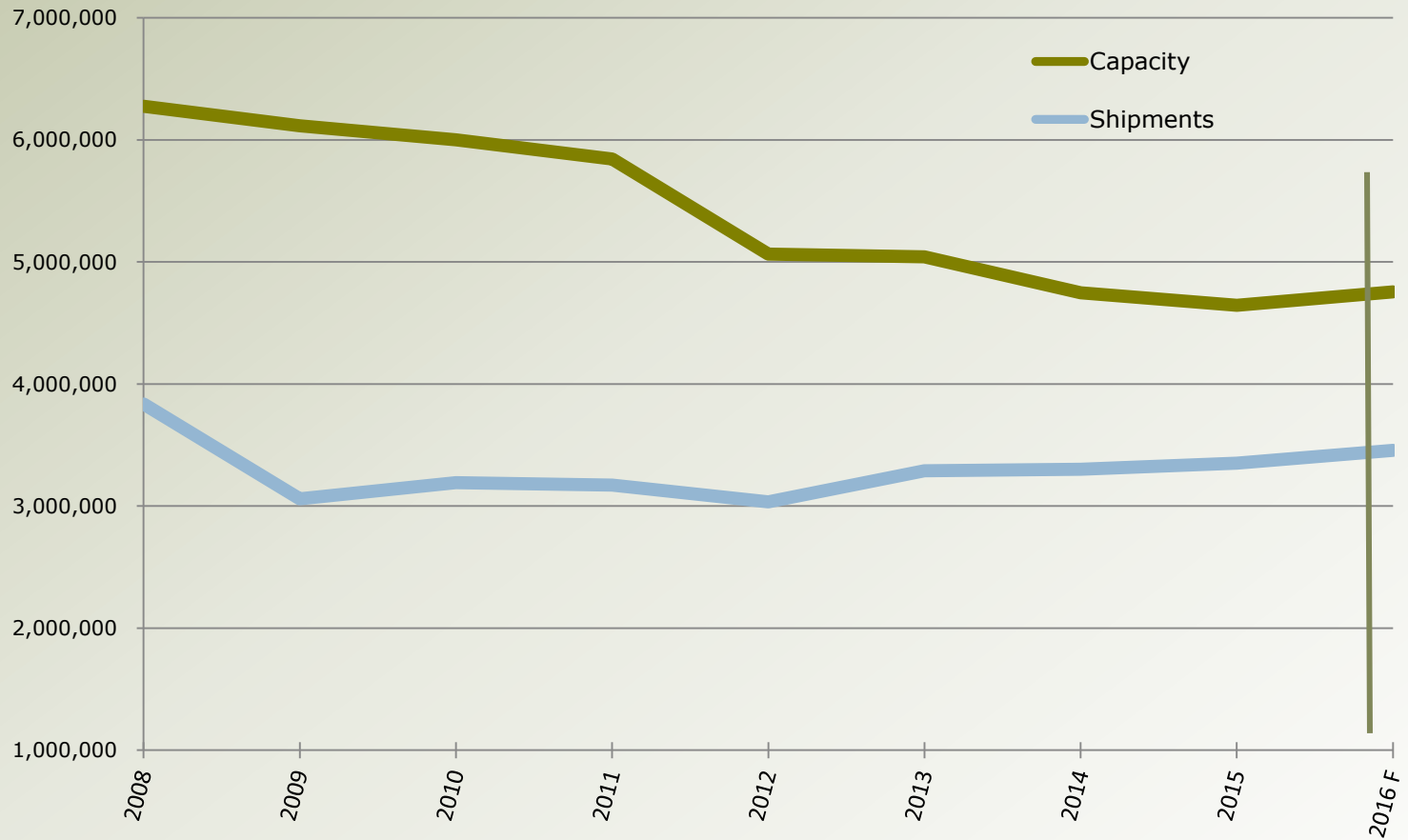
- PB shipments up 9% from 2009-15
 - ▣ Still far from pre-recession levels
- MDF Shipments up 15% in same period
 - ▣ Closer to pre-recession levels
- Why slow and steady – not totally clear
 - ▣ Multi-family trend
- Future growth depend significantly on whether:
 - ▣ Key sector manufacturing (furniture, kitchen cabinets) return to/remain in U.S.
 - ▣ Housing and remodeling continues growth

Composite Panel Industry Shipments

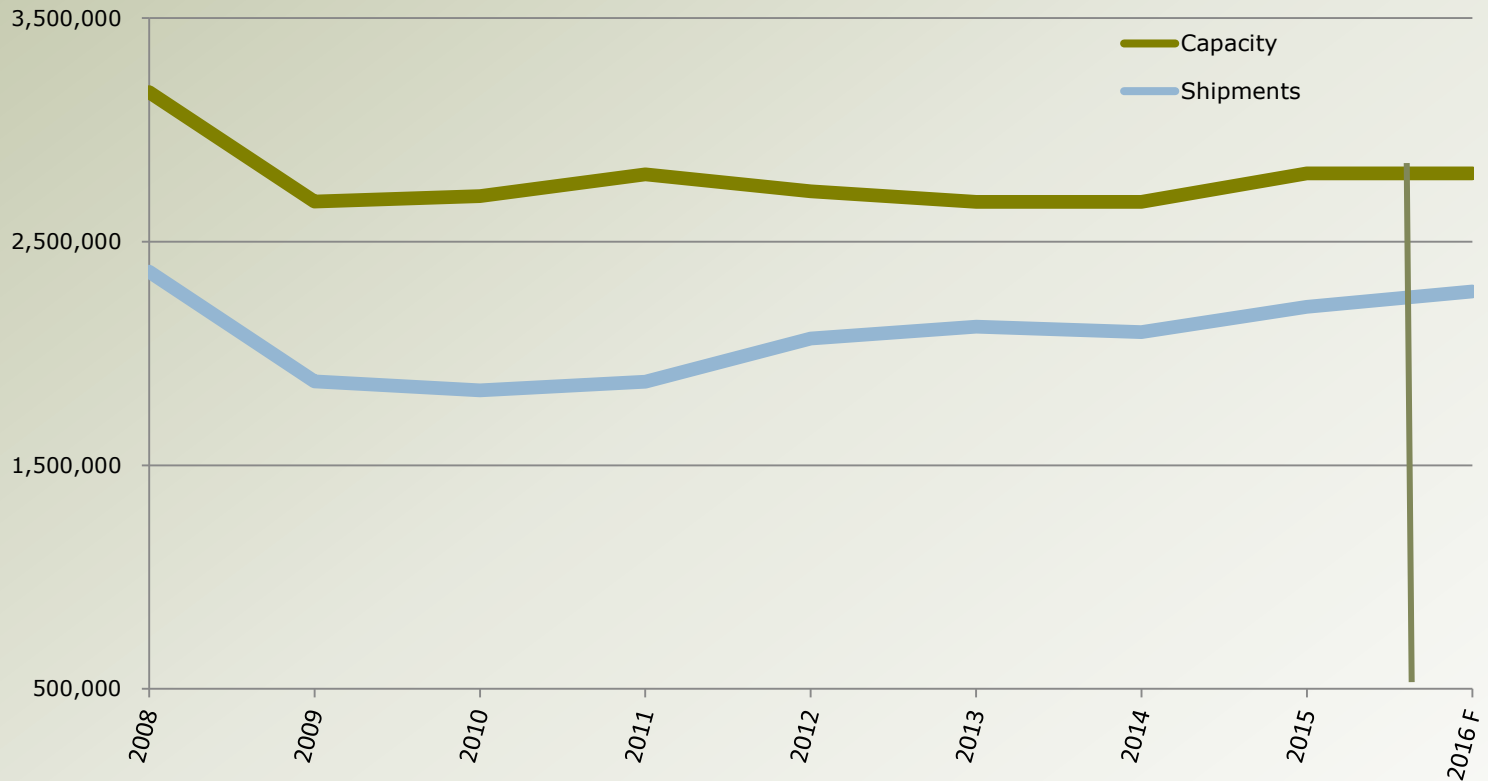
10 Year Comparison



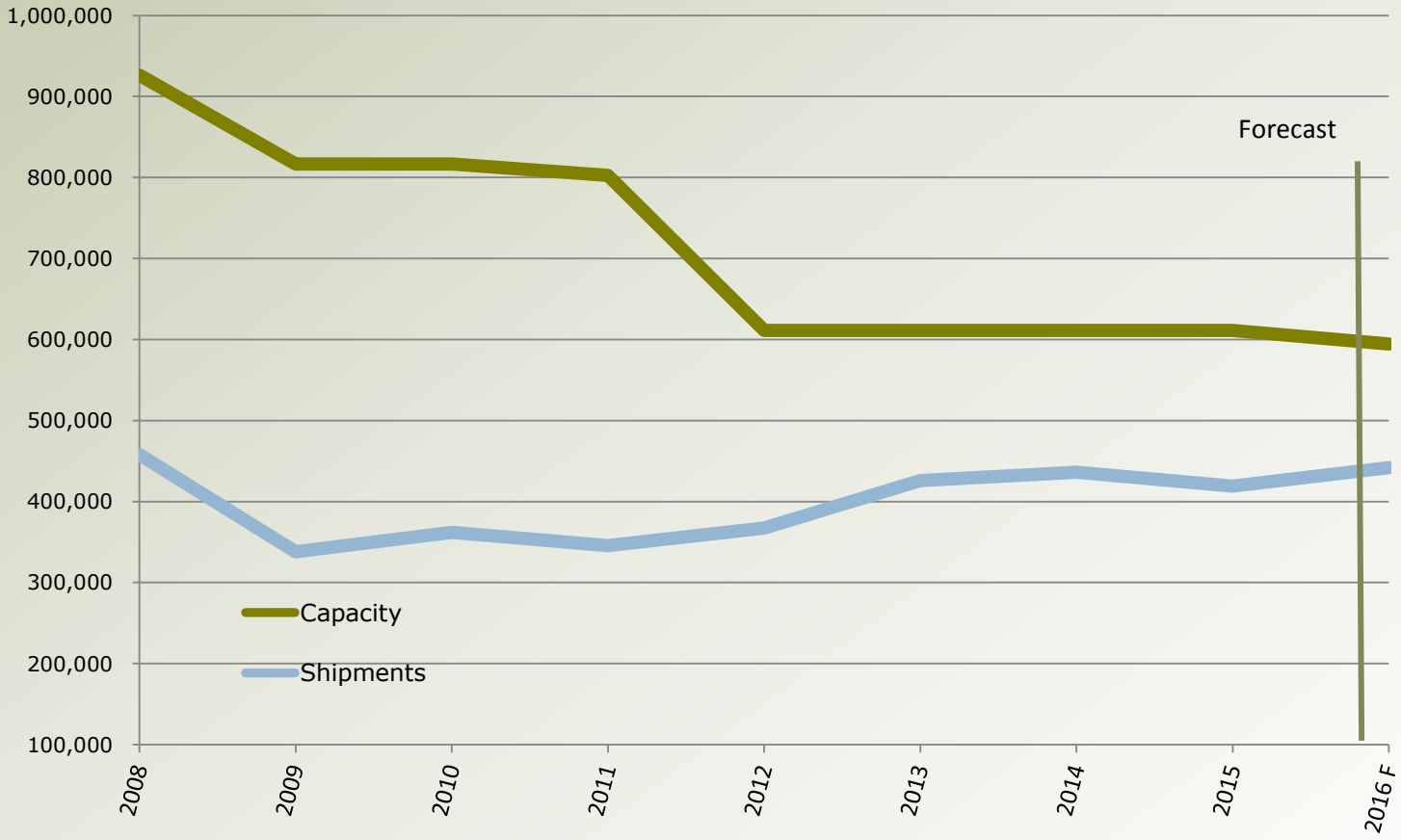
PB Capacity & Shipments (US/CN)



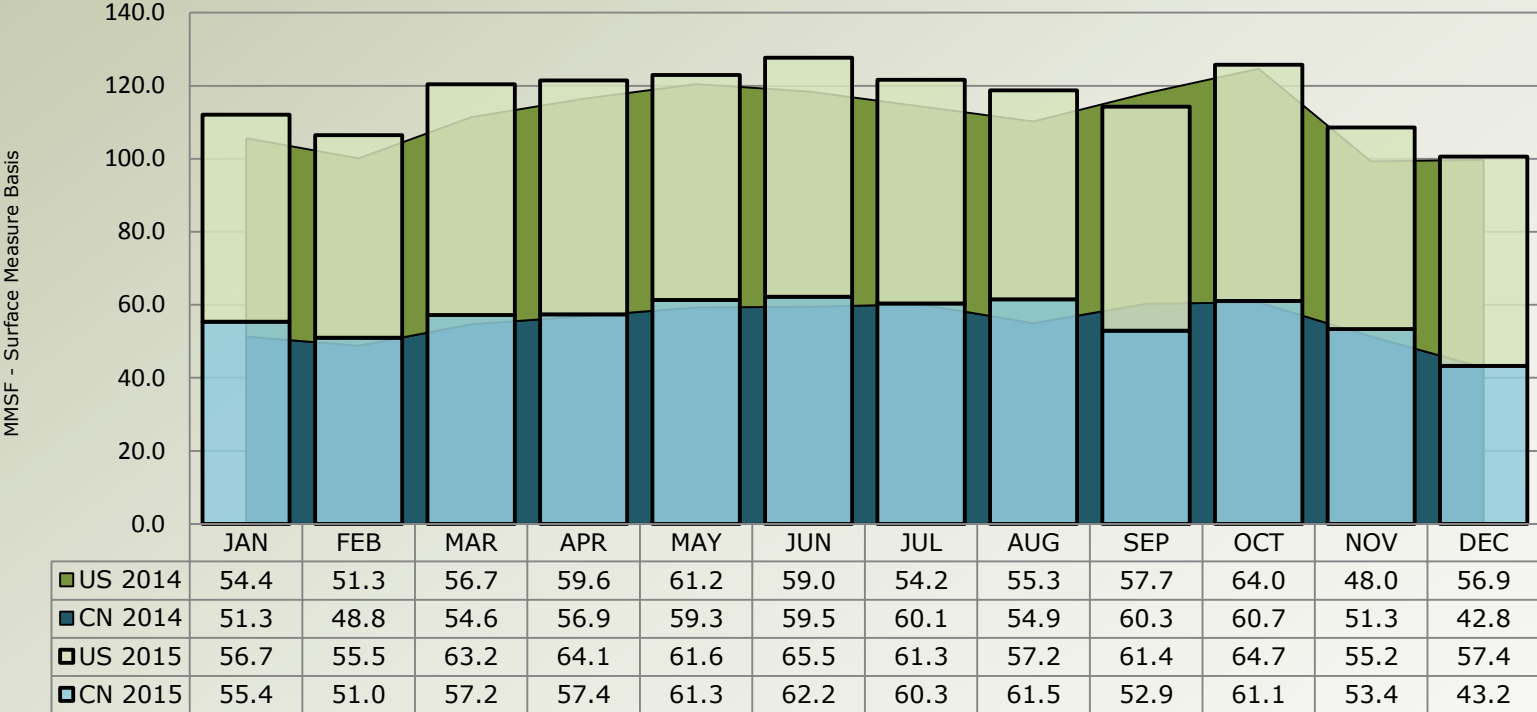
MDF Capacity & Shipments (US/CN)



Hardboard/EWST Capacity & Shipments



2014 and 2015 TFL Shipments



Surfaces & Panels



HIGH PRESSURE LAMINATE



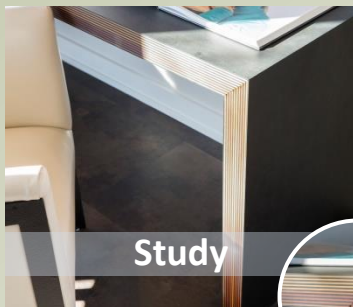
DECORATIVE FOILS



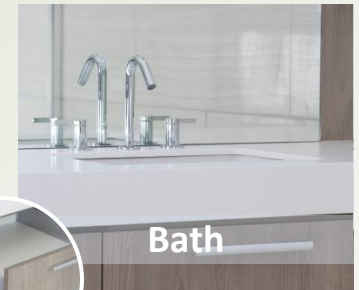
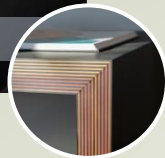
New Technology



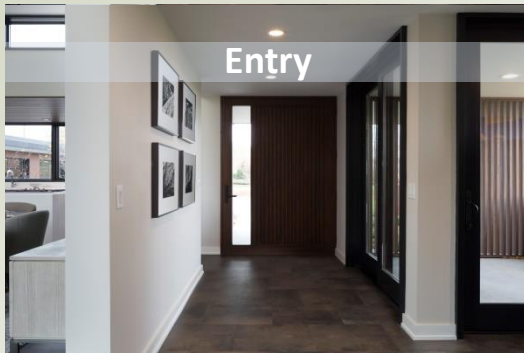
Industry Learning Lab: *The mHouse (Watertown, Wisconsin)*



Study



Bath



Entry



Living Area



Kitchen

Lumber Liquidators



Feds to investigate safety of Lumber Liquidators flooring



Lowe's Pulls Chinese Flooring After Short Seller Critique



Where's The Good News Here?

- 60 Minutes exposé – U.S. flooring passed standard!
 - ▣ North American industry - leader for over 30 years in reducing emissions
 - ▣ Worked voluntarily and directly with the CA and U.S. federal governments to reduce formaldehyde emissions
 - ▣ Invested heavily in technology upgrades, internal monitoring and third-party verification systems to ensure compliance

Need a Level Regulatory Playing Field

- Some promising developments
 - ▣ EPA formaldehyde regulations at OMB for final review - poised for publication in 2016
 - ▣ CARB enforcement of Lumber Liquidators
 - ▣ CSA 0160 – voluntary emissions standard in Canada
- Key will be enforcement
 - ▣ Strengthen overseas TPC programs
 - ▣ Appropriate border controls
 - ▣ Higher frequency of random testing
 - ▣ Agreed-upon test methods

Strong Sustainability Message



- NA-made composite panels tell a remarkable sustainability story
- Born from desire to recycle sawmill residuals – use the whole tree!
- Responsibly sourced
- Sequesters carbon - part of the solution in carbon-conscious economy
- Leader in controlling emissions – at or near naturally occurring wood
- CPA ECC Program demonstrates industry commitment to sustainable products

THANK YOU!

Please visit the CPA website:

www.compositepanel.org



COMPOSITE PANEL ASSOCIATION