



RANDOM LENGTHS

The Weekly Report On North American Forest Products Markets

Wood Products Industry Financial Results

Quarter ending December 31, 2004

Hot markets, consolidation boosted sales and earnings in 2004

▲ One of the most robust lumber markets in history, as well as a record year in structural panel prices, helped many publicly held U.S. and Canadian companies post record earnings in 2004. But the good times for many are a stark contrast to a few Canadian companies, which posted heavy losses.

With the final fourth-quarter results from most of the companies now available, it's clear that companies with a strong solid-wood focus continued to fare best. "2004 was a record by virtually every measurement," noted Barrie Shinton, president and CEO of OSB-producing giant Norbord, headquartered in Toronto. Louisiana-Pacific, North America's largest OSB producer, also reported record earnings.

Yet for Eastern Canadian giants Domtar, Abitibi-Consolidated, and Tembec, stagnating pulp and paper mar-

kets, duties on lumber shipments to the U.S., strength in the Canadian dollar, and increases in costs of raw material and freight took a heavy toll. "These are trying times for companies with a large manufacturing base in Canada whose products are sold in U.S. dollars," noted Domtar CEO Raymond Royer.

Consolidation was a big story in 2004. Canfor's integration of the former Slocan mills into its operations helped the company post record net income. West Fraser, which acquired Weldwood from International Paper, reported sharply higher sales and earnings in 2004.

Acquisitions during the year also placed major publicly held companies in private hands. Among these were Riverside, acquired by Tolko Industries, and Boise Cascade, which is destined to re-emerge as a publicly traded company.

Wood Products Industry Financial Results

UNITED STATES	Sales (\$ Millions)				Net Earnings (\$ Millions) ¹				Profit Margin ³	Stock Price 2/23
	Quarter Ending Dec. 31		Year-To-Date		Quarter Ending Dec. 31		Year-To-Date			
Deltic Timber	37.0	0.5% ²	142.0	5.3% ²	3.5	-25.5% ²	11.7	34.5% ²	9.5%	\$43.20
Georgia-Pacific	4,505.0	-13.5%	19,656.0	-	16.0	-48.4%	623.0	145.3%	0.4%	\$34.41
International Paper	6,600.0	8.2%	25,500.0	6.3%	157.0	348.6%	478.0	62.6%	2.4%	\$37.46
LP	588.3	-19.4%	2,849.4	24.9%	15.6	-90.5%	423.5	48.6%	2.7%	\$26.15
Plum Creek	327.0	3.8%	1,528.0	27.8%	50.0	-10.7%	339.0	76.6%	15.3%	\$36.84
Pope & Talbot*	199.1	17.8%	570.0	24.6%	7.8	n.m.	13.7	n.m.	3.9%	\$16.14
Potlatch	321.6	8.3%	1,351.5	13.3%	5.5	120.0%	30.3	n.m.	1.7%	\$46.66
Weyerhaeuser	5,886.0	14.4%	22,665.0	14.0%	199.0	116.3%	1,283.0	363.2%	3.4%	\$65.48
average		2.5%		14.5%		58.5%		121.8%	4.9%	
CANADA (Canadian funds, except where noted)										
Abitibi	1,308.0	6.7%	5,170.0	6.3%	(56.0)	-38.5%	(153.0)	n.m.	-4.3%	\$6.38
Ainsworth*	204.2	45.6%	600.7	86.1%	44.5	54.0%	165.4	360.7%	21.8%	\$34.75
Canfor	938.8	66.7%	3,684.4	64.3%	12.1	n.m.	413.1	n.m.	1.3%	\$17.65
Domtar	1,209.0	2.7%	5,115.0	-1.0%	(20.0)	n.m.	(33.0)	n.m.	-1.7%	\$11.49
Interfor	212.7	57.1%	833.5	30.3%	1.0	n.m.	45.7	n.m.	0.5%	\$7.30
Norbord (\$US)	335.0	-3.2%	1,486.0	39.7%	41.0	-42.3%	326.0	158.7%	12.2%	\$13.08
Tembec**	781.1	15.7%	781.1	15.7%	(73.9)	n.m.	(73.9)	n.m.	-9.5%	\$6.81
TimberWest	114.9	19.3%	477.0	7.1%	12.2	n.m.	67.9	173.8%	10.6%	\$15.95
West Fraser	464.2	18.1%	2,053.7	26.8%	18.0	-33.3%	185.0	n.m.	3.9%	\$52.77
average		25.4%		30.6%		n.m.		n.m.	3.9%	

1. Before unusual items, including countervailing and anti-dumping duties, and unrealized gains/losses on US \$ denominated debt (Canadian companies only).

2. Change from previous year. 3. Net earnings as a % of sales for the quarter. * Quarter ended September 30, 2004. ** Tembec year-end is September 30.

• Courtesy of Duncanson Investment Research, Inc.