



# Comprehensive Program ROI 2019 Update

# Background & Methodology Commentary

---

- Prime Consulting provides a comprehensive measurement and evaluation program for SLB program activities.
  - The full review measured 2012-2015 and compared to wood usage in 2011, the year before the SLB program commenced.
  - At the end of each year since the 2015 survey Prime has provided a topline update to the evaluation, by projecting each year's results using the WoodWorks converted project reporting and adding those results to the cumulative results previously developed.
- The 2016-2019 updates did not involve an industry-wide survey of target audiences, rather they both relied upon internal partner reporting.
- SLB cumulative outcomes from 2012 through 2019 were \$2.4 Billion in cumulative revenue or \$25.22 per \$1 spent (2012-2019) as shown on the following pages.

# Background & Methodology – Data Sources

---

The data used to develop the Softwood Lumber Board impact in the marketplace comes from three sources.

## **Incremental Lumber (reported as millions of Board Feet or MM BF):**

- 2012-14 WoodWorks converted project reporting including projection of the subsequent tail – using the methodology in place at the time.
- 2015 projection from industry-wide survey and analysis by Prime and Clear Seas in Q4 2015.
- 2016-19 incremental lumber comes from WoodWorks converted project reporting using the new subsequent-tail methodology implemented in 2016.

The change in projection methodology for the ‘subsequent-tail’ was the result of several studies conducted by WoodWorks and Prime by interviewing professionals 2-3 years after WoodWorks converted a project to learn how many times the new learning (gained during the converted project) was repeated on subsequent projects. In essence, how many times did that new learning get applied without further assistance from WoodWorks.

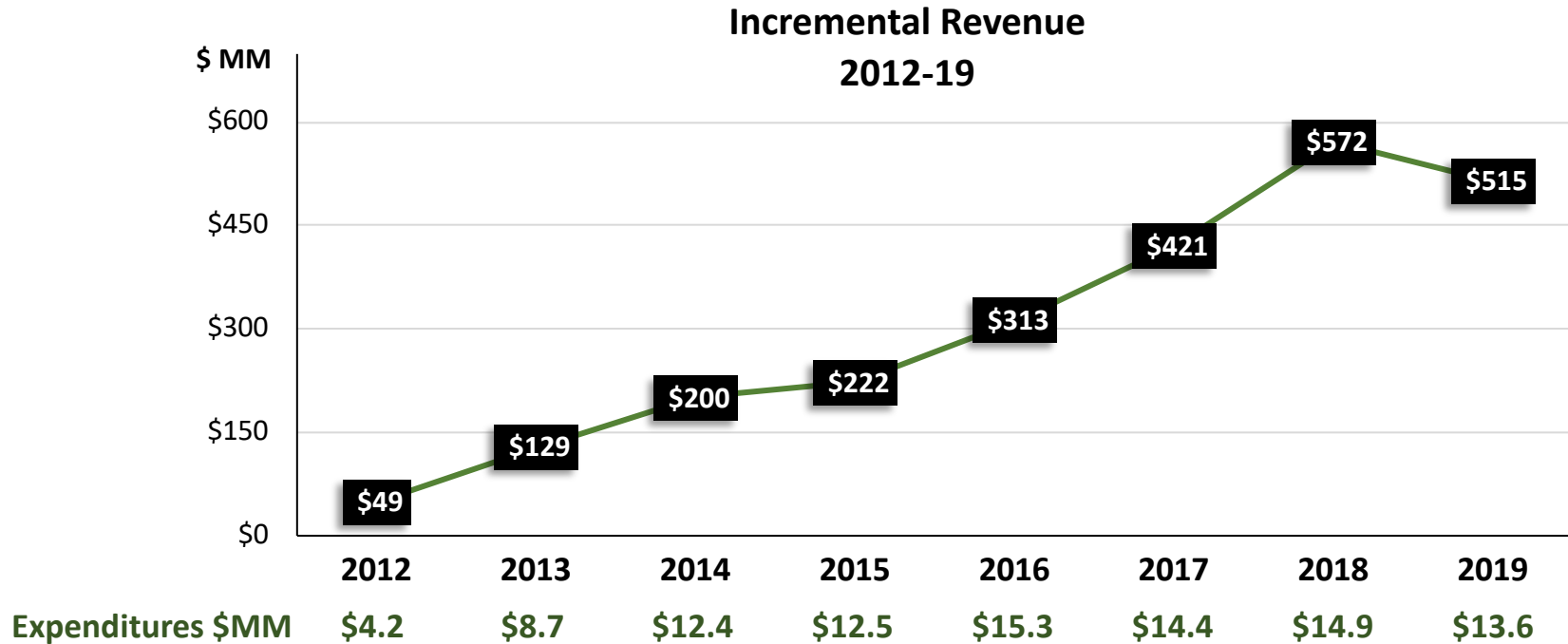
## **Pricing (\$ per 1,000 Board BF or \$/M BF)**

- Lumber pricing per thousand Board Feet (\$/M BF) data as reported by RandomLengths.com (2012-18) and now (2019 forward) Fastmarkets/RISI, formerly Random Lengths. Multi-year averages come from dividing cumulative revenue by cumulative board feet. The RISI online history data was used in this report to restate earlier years at the request of the USDA.

## **SLB spending**

- SLB financial reporting from financial statements. Spending was rounded to the nearest hundred thousand. For example 2019 spending of \$13,624,357 was rounded to \$13.6 MM.

# Generated \$2.4B of Revenue Since 2012

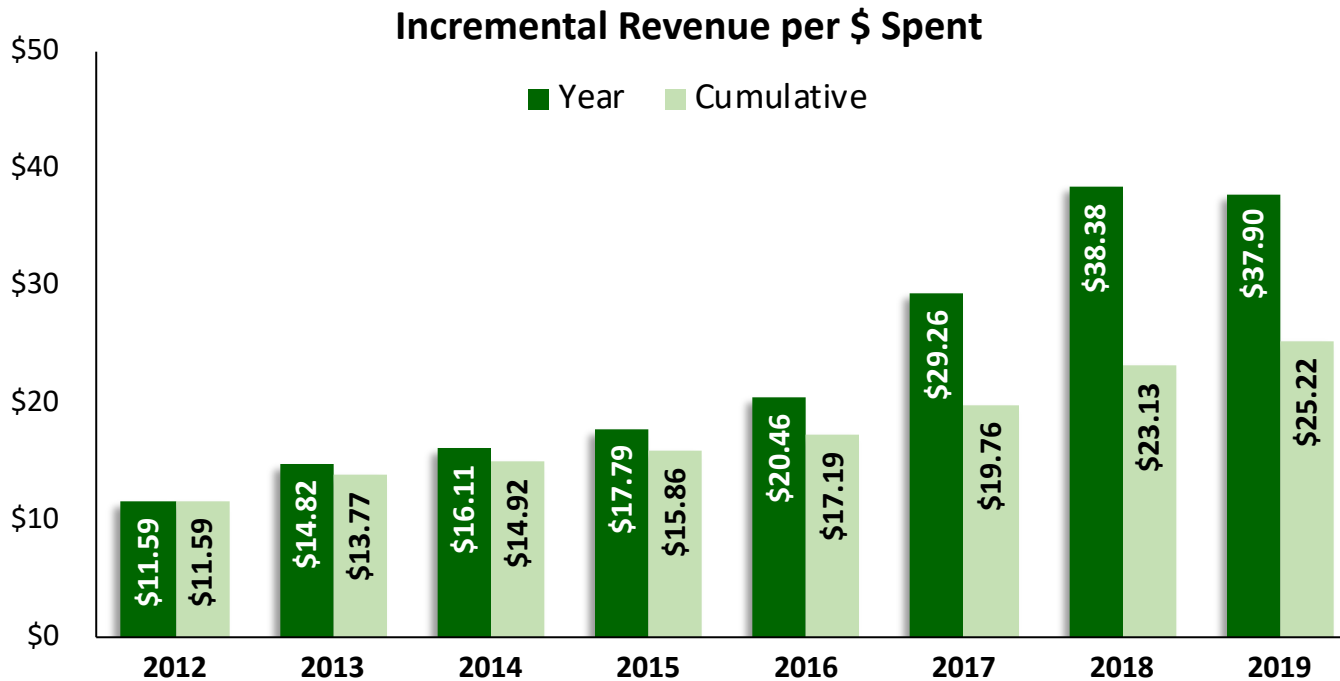


Incremental revenue was based upon the projected incremental board feet of lumber multiplied by the average price across each year.

MM Board Feet	2018	2019	2012-19
Incremental in Year	511	571	2,627
3 Year Tail *	734	878	3,677
<b>TOTAL</b>	<b>1,245</b>	<b>1,449</b>	<b>6,304</b>

# Results: \$25 for Each \$1 Spent Over 8 Years

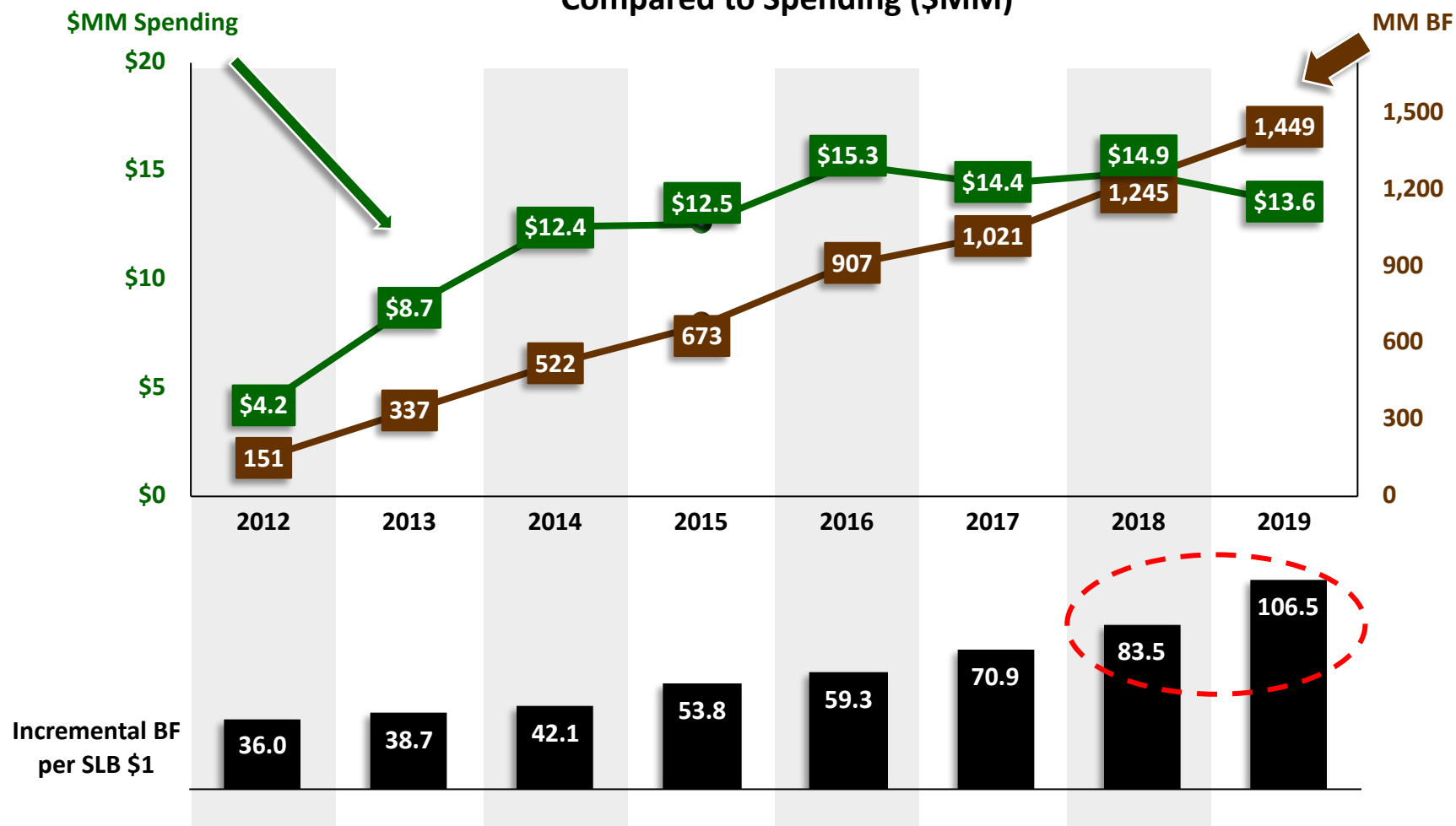
The outcome or results of the Softwood Lumber Board's programs have been a cumulative \$2.4 Billion of revenue from \$96MM of spending. This translates to \$25.22 of revenue for each \$1 spent over 8 years. In 2019, the program delivered \$37.90 for each \$1 spent.



2012-'15	\$15.86
2012-'19	\$25.22
2018	\$38.38
2019	\$37.90

# SLB Impact Grew in 2019 Despite Lower Spending

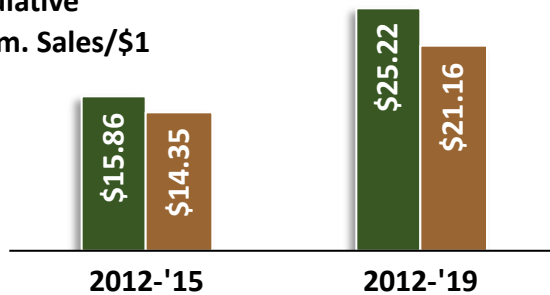
SLB Program Incremental Lumber (MM BF)  
Compared to Spending (\$MM)



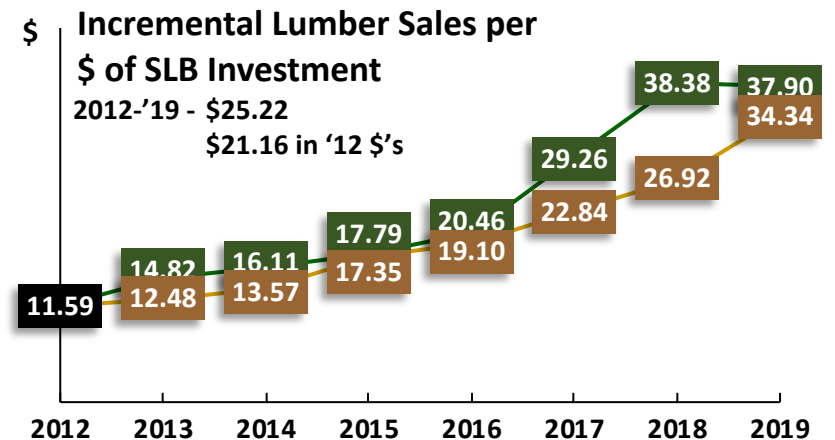
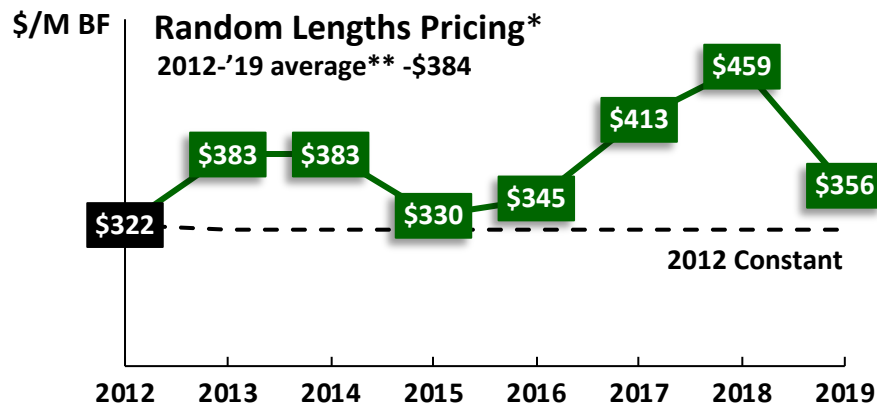
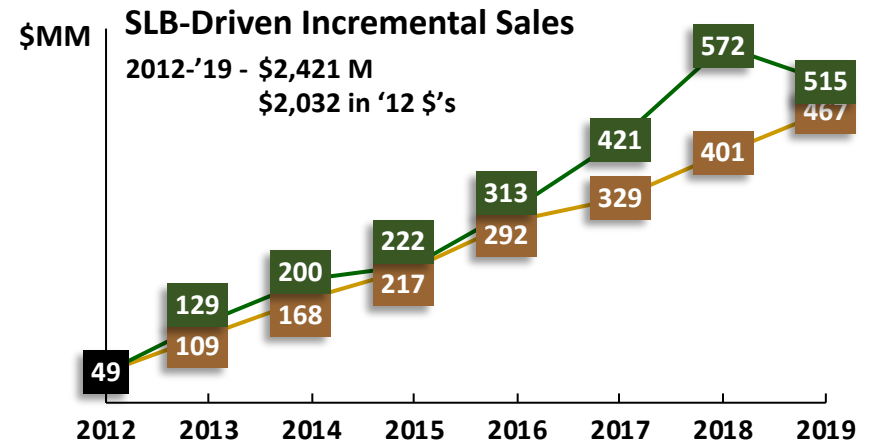
# Incremental Sales Were Nearly Equal to 2018, Despite Lower Prices

SLB continues to deliver incremental BF and sales dollars. In 2019, over \$500 MM was added, bringing SLB results to \$2.4 B.

Cumulative  
Incram. Sales/\$1



Actual  
Actual at '12 Prices

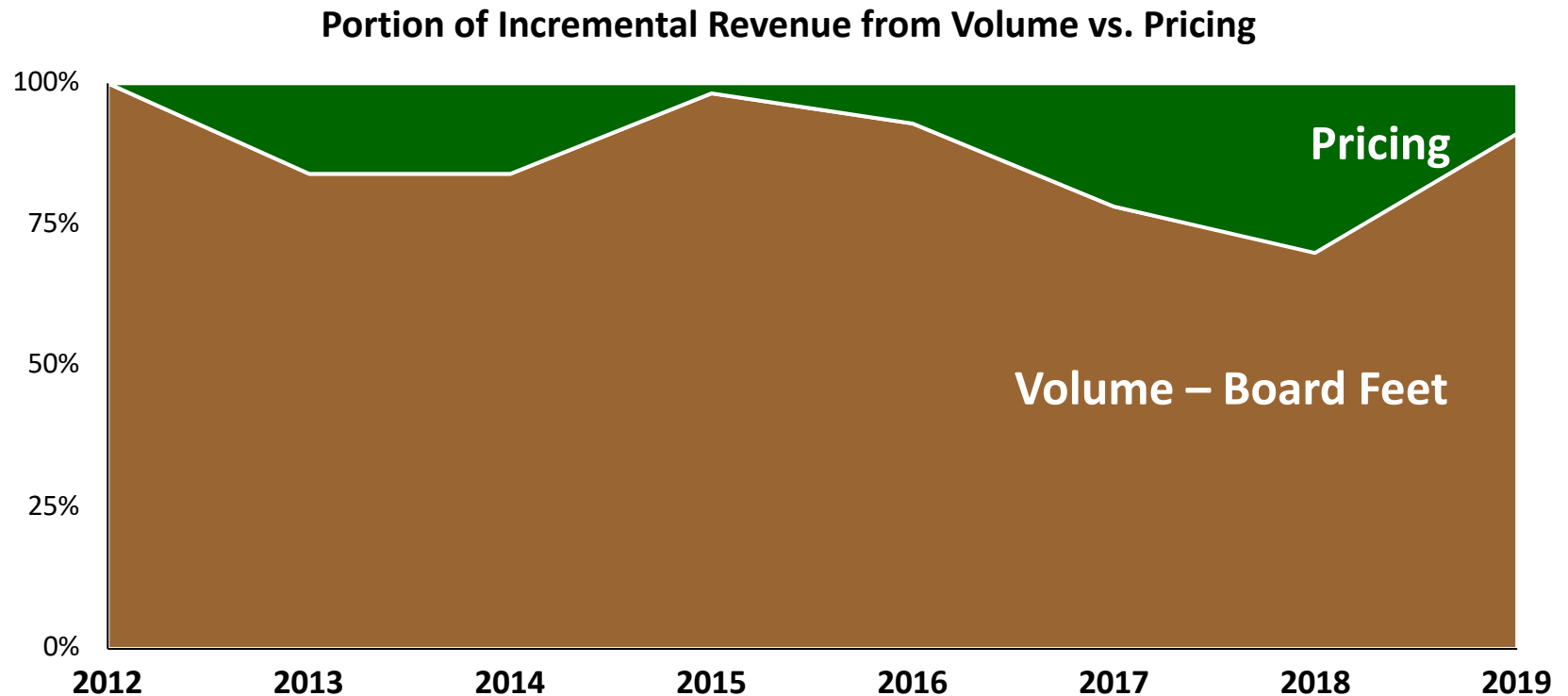


\* [www.randomlengths.com](http://www.randomlengths.com) (2012-18) and RISI/ Fastmarkets, formerly Random Lengths for 2019 forward

\*\* The 2012-2019 average price is weighted by the volumes in the respective years – see p.3 pricing note.

# Vast Majority of Incremental Revenue Comes from BF.

In 2019, 91% of incremental revenue came from incremental BF and only 9% from pricing vs. 2012 levels.



*2012 average price at the start of the SLB program (\$322/M BF) used for volume gains*