

Volvo Trucks. Driving Progress



Kevin Thomas
Norboard Ltd

@TimberTransport



Timber Transport Conference

23rd March 2018

Supplying Norbord; ~~The Challenges~~ Opportunities



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TRUST



EXCELLENCE



CUSTOMERS

Who Am I?

- Kevin Thomas
 - UK Wood Supply Manager for Norbord Europe Ltd
 - Educated at Aberdeen University (2000-2005)
 - 2005; worked for Euroforest in Argyll and NE Scotland
 - Joined Norbord May 2011



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Norbord North America and Europe

- ❖ Based in Toronto, Canada
- ❖ Largest OSB producer in the world
- ❖ Listed on the Toronto TSX and New York Stock Exchange NYSE
- ❖ **2017 Assets**
 - £1.6 billion
 - €1.9 billion
 - \$2.1 billion
- ❖ **2017 Net Sales Value**
 - £1.7 billion
 - €1.9 billion
 - \$2.2 billion
- ❖ Total employees 2,600 - 900 in Europe



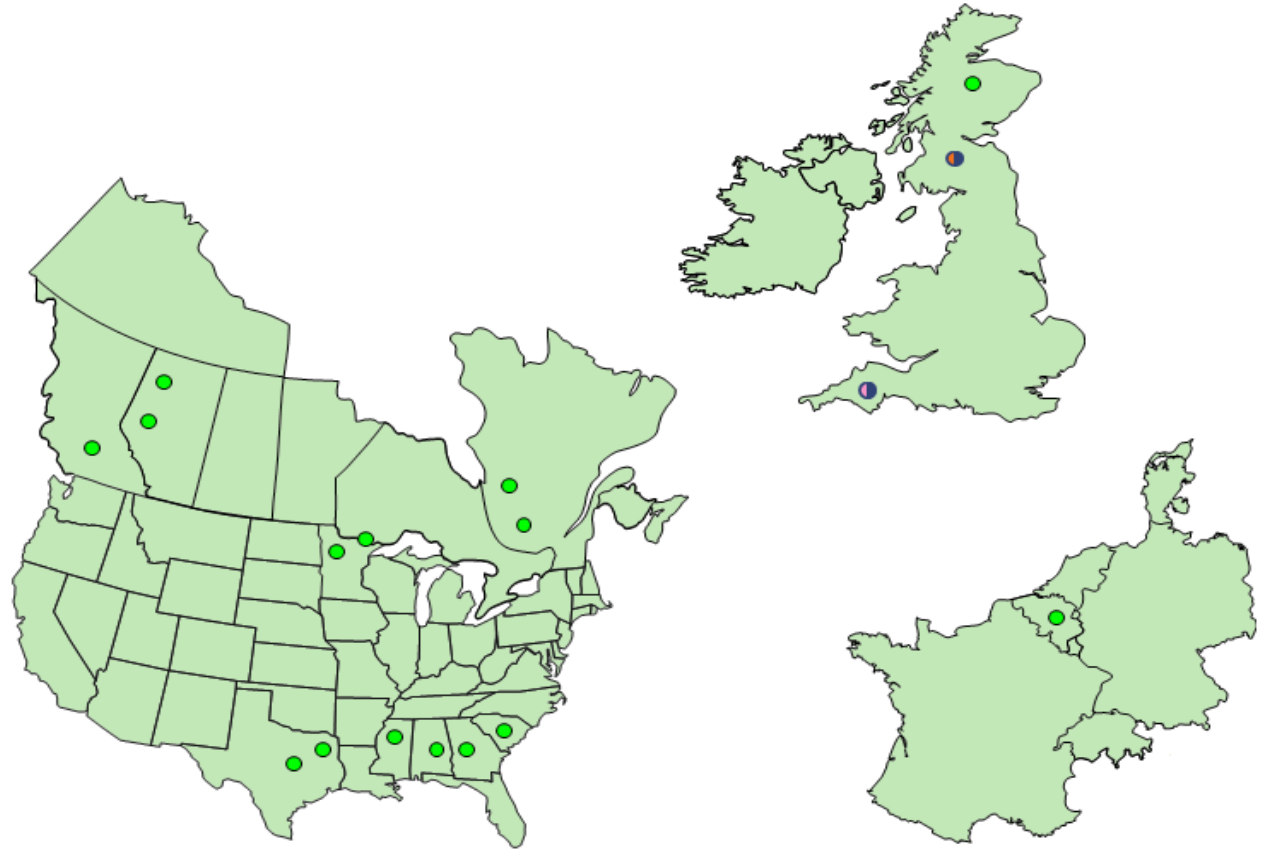
Norbord North America and Europe

15 OSB

2 Particleboard

1 MDF

1 Furniture



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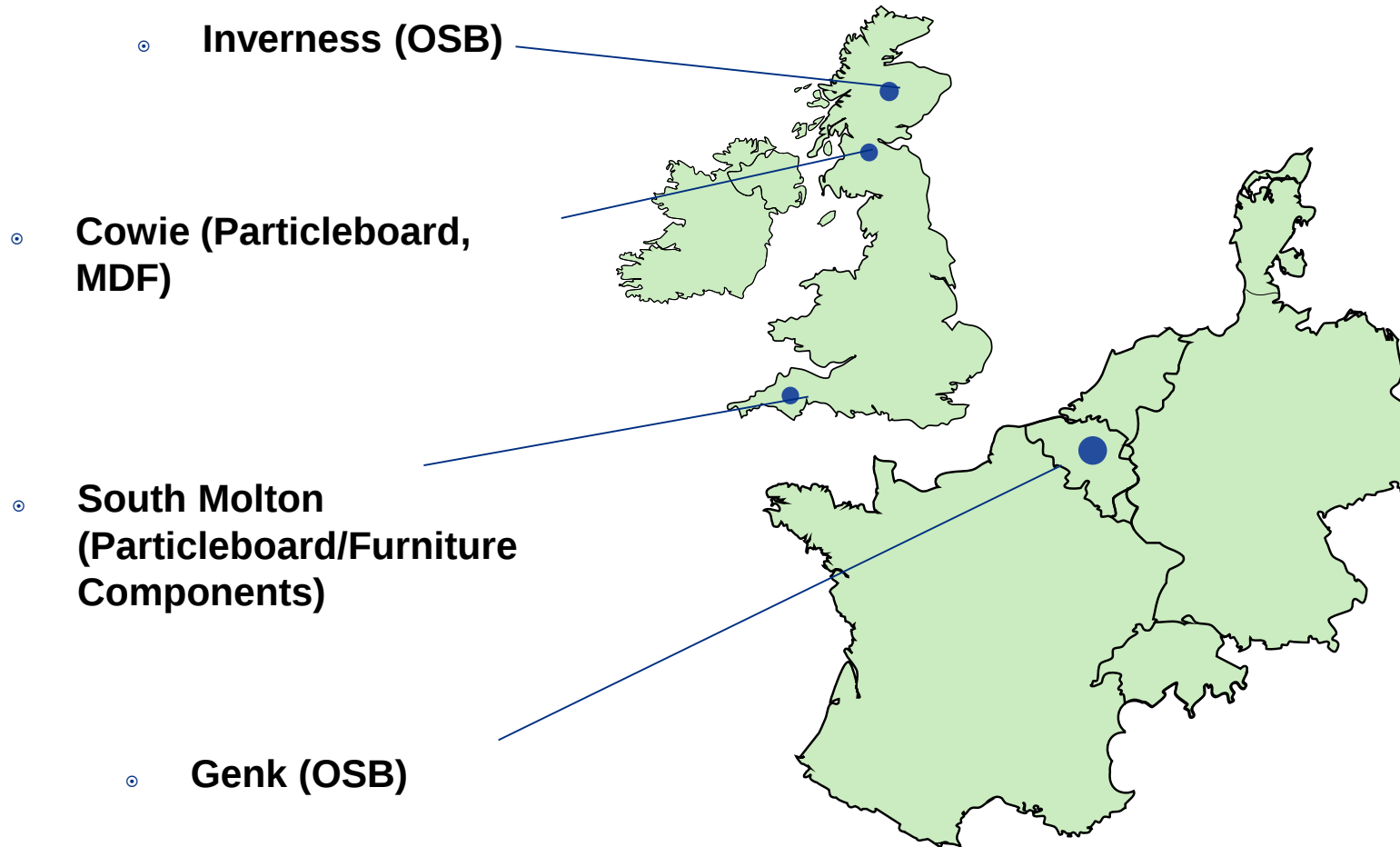
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Norbord Europe



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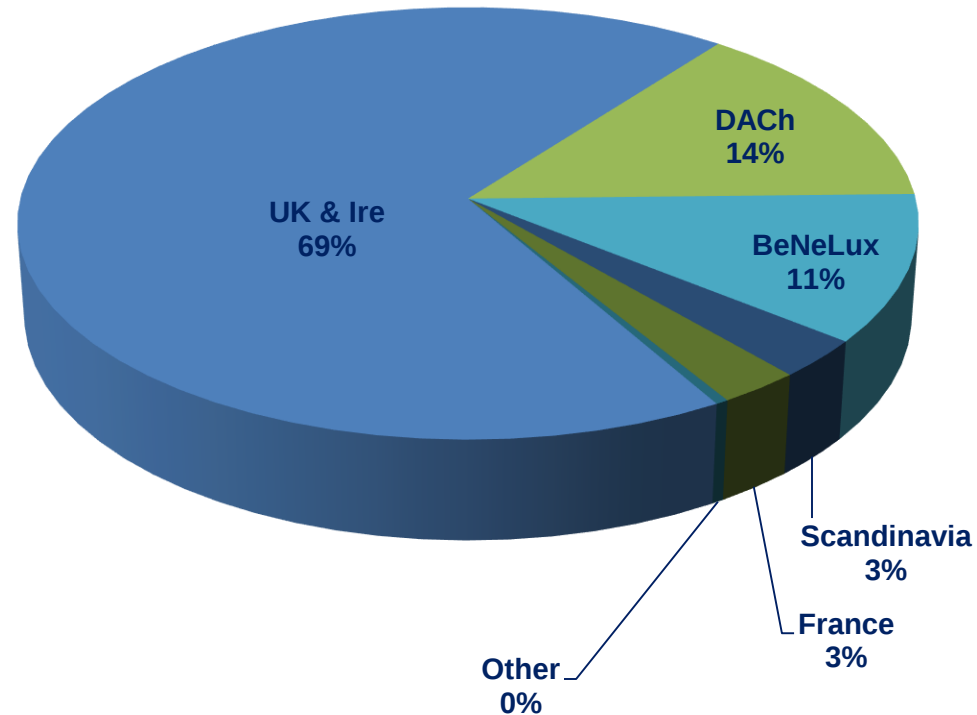
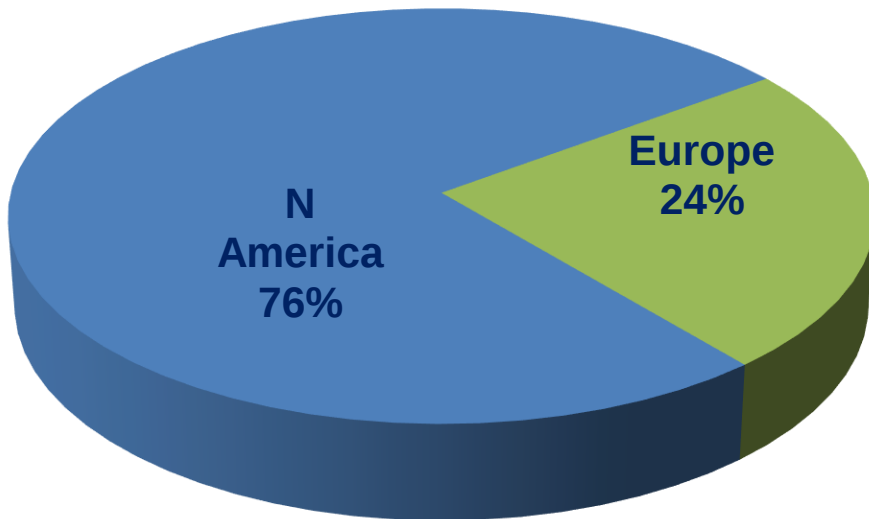
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Norbord 2017 Shipments Focus



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Wood Purchases - Norbord Europe

- OSB (Inverness & Genk)
 - Round Wood
 - Peeled Chips
- Particleboard (Cowie & South Molton)
 - Recycled Wood
 - Recycled Fines
 - Round Wood
 - Sawdust
- MDF (Cowie)
 - Peeled Chips
 - Round Wood
- Biomass (Inverness, Cowie & Genk)

Norbord Europe Volume
>2M GT in 2017



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Dalcross



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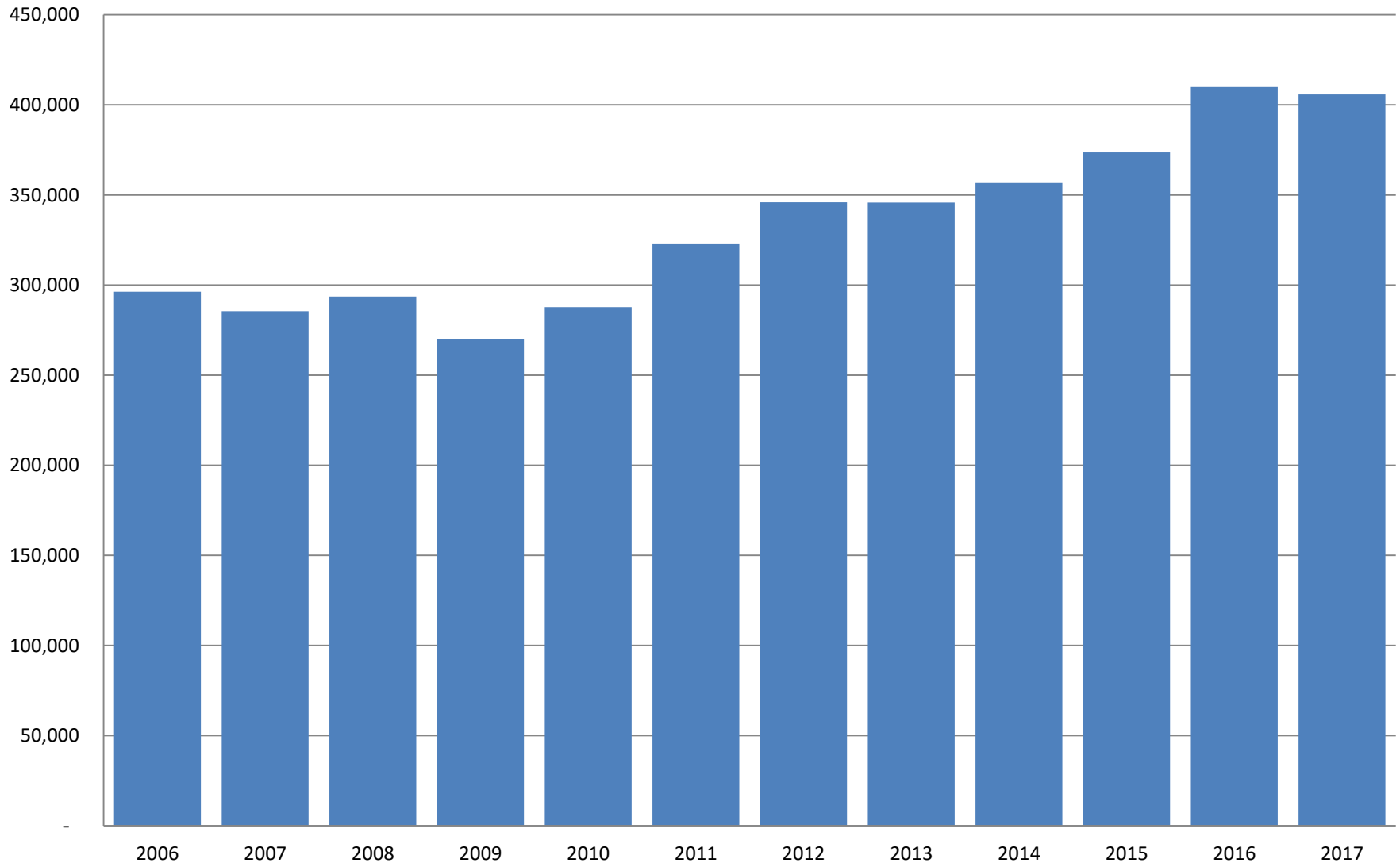
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Dalcross Time Line

- 1985; First board produced, Highland Forest Products
- 1988; Purchase by Noranda Forest
- 1994; 2nd OSB Line Installed
- 2014; Ring Flaker installed
- 2016/17; Re-investment

Production Levels



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Re-Investment Time Line

- Re-investment first discussed : 2014
- Analysis period:
 - Sales Outlook *Can we sell the product?*
 - Wood Supply *Can we source the raw material?*
- Final proposal to board: Q4 2015
- Investment approved : Q1 2016
- Construction started: Q2 2016
- New line start up: Q3 2017



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Investment- What have we built?

- £95M investment at Inverness (+£12M funding from HIE)
- Complete new production line on site:
 - Log Yard
 - Flaker
 - Drier
 - Screening
 - **Heat/Energy (55MW Biomass Plant)**
 - Blending
 - Forming
 - **Continuous Press**
- Production capacity > 600k m3



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Norbord In Highland Economy

- Baseline study carried out in 2013;
 - > 440 jobs in HIE area
 - > £26M GVA for HIE area
- Calculated impact of investment;
 - Addition of > 170 jobs to HIE area
 - Addition of > £15M GVA for HIE area
- Wider economic benefits outwith HIE area.
- Long term security of plant in Inverness



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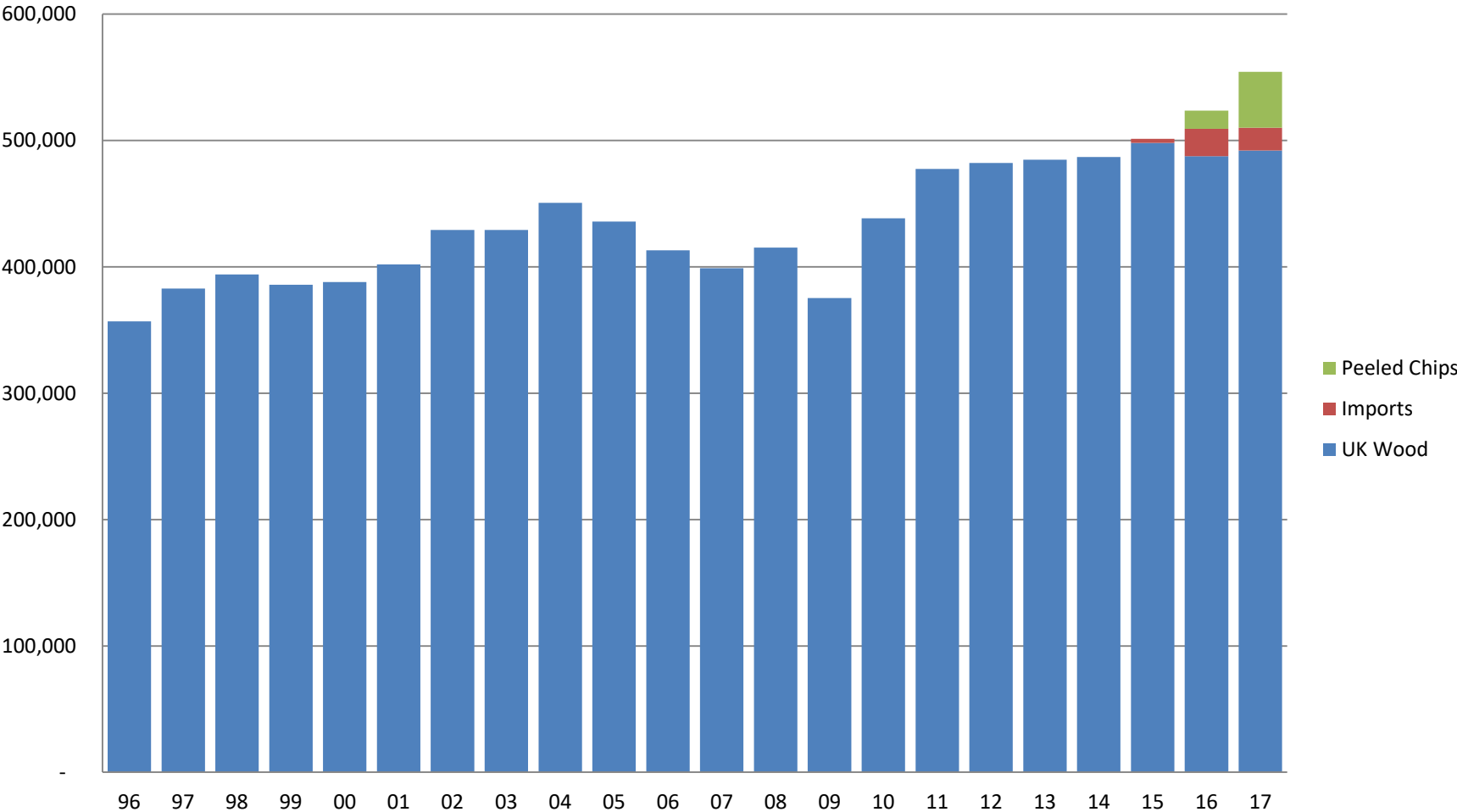
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Wood Intake Levels

Dalcross Intake (Green Tonnes)



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Impacts on Wood Supply

- Increased Wood Demand in line with production increases over coming years.
- Current Demand circa 500k fibre per year
- Expected Demand at full capacity
 - » ~ 850k per year OSB
 - » ~ 75 – 85k per year biomass



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Where's the Wood?

- Increased availability in Scotland over next 20-25 year period
- Impact on current supply catchment; ~ 90% within 50 mile radius.
 - Extension to that North/East/South/West
- Increased saw log availability; increased co-products; volume displacement
- Diversity in what Dalcross can use; Peeled Chips & different species (including increased use of hardwoods)



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Challenges/Opportunities

- Strain on current harvesting/haulage resource
 - Drivers
 - Profitability
- Ageing Workforce....Dad's Army!
- Biomass demand
- Road infrastructure in Highlands
- Modal Shift
 - Rail
 - Sea



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