



**FOR IMMEDIATE RELEASE**

**CONTACT:** Bryan Beck, 503-684-3406, [bryanb@beckgroupconsulting.com](mailto:bryanb@beckgroupconsulting.com)

## **OSB Producers Return to Profitability**

**Portland, OR – January 10, 2013** – According to a recent study completed by The Beck Group, higher OSB panel prices allowed a number of North American Oriented Strand Board operations return to profitability during 2012. Financial performance in 2012 was markedly better than 2007 – 2010, when much of the industry incurred substantial losses due to depressed markets.

However, while many firms were profitable in the first half of 2012 (the study period), their profitability was still lower than it had been in 2006, when a similar study was completed by the consulting firm. While sales values achieved in early 2012 were very close to those from 2006, rising per-unit manufacturing costs cut profits by over 30%. The rise in manufacturing costs is in spite of continued gains in productivity per man-hour made at most operations. Increased prices for resin and other chemicals, as well as reduced production levels and reduced operating schedules, were the main reasons for higher manufacturing costs.

As in previous years, U.S. producers outperformed their Canadian counterparts in terms of per-unit profitability, with the main U.S. advantage being sales values more than 10% higher than those of the Canadians due in part to differences in transportation costs and distances to major U.S. markets. Canadian plants were also negatively impacted by the strong Canadian dollar relative to U.S. currency.

The competitive assessment, or “benchmarking,” study examined profitability, sales values, manufacturing costs, productivity, panel recovery, log costs, and other measures of performance. Similar studies for OSB mills have been completed several times dating back to 1996, allowing comparisons of industry performance over time. The 2012 study included ten OSB plants from the U.S. and Canada.

This year, the Beck Group plans similar benchmarking studies covering the full year 2012 for other segments of the North American forest products industry, including Western plywood, Western softwood lumber, and Southern pine lumber.

### **About The Beck Group**

The Beck Group is the forest products industry leader in benchmarking, and offers a wide variety of planning and consulting services in North America and around the world. For more than 30 years, The Beck Group has assisted forest products companies with project planning, feasibility studies, mill modernizations, competitive assessments, due diligence, timber and biomass supply studies, appraisals, and timber procurement planning.

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