

# Excellence in Core Timber Business



**Doug Long**

EVP, Chief Resource Officer



# Key Messages

1 **Operating high quality assets** concentrated in attractive markets

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2 **Favorable long-term demand trends** for sawlogs and pulpwood

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3 **Optimizing asset productivity** and increasing resiliency through advanced silvicultural techniques



# High Quality Assets in Core Softwood Markets



**U.S. South**  
**1.85M Acres**

- Loblolly, slash, and longleaf pine forests that serve both pulp and lumber mills
- Concentrated in markets that are proximate to key mills and ports



**Pacific Northwest**  
**418K Acres**

- Douglas-fir and western hemlock species primarily used for construction-related purposes
- Timberlands are well-located to serve both domestic and export customers



**New Zealand**  
**421K Acres**

- Highly versatile Radiata pine and Douglas-fir primarily used in construction
- Timberlands are proximate to ports, infrastructure, and transportation hubs

<b>67%</b> Planted / Plantable	<b>6.8-7.2M Tons</b> Sustainable Yield
<b>39/61%</b> Sawtimber vs. Pulpwood (5-Year Average)	<b>99/1%</b> Domestic vs. Export (2023)

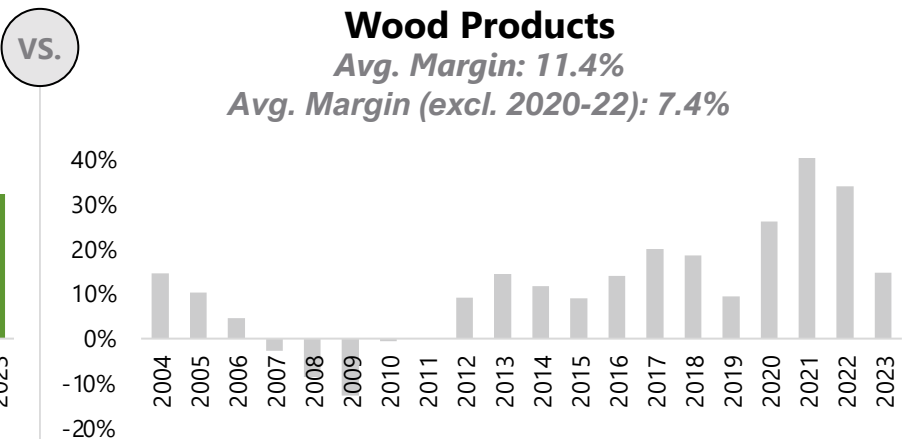
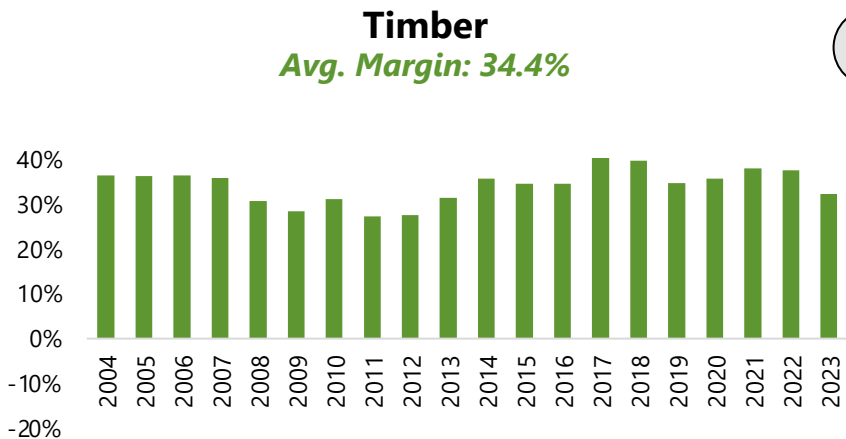
<b>74%</b> Planted / Plantable	<b>1.25-1.45M Tons</b> Sustainable Yield
<b>82/18%</b> Sawtimber vs. Pulpwood (5-Year Average)	<b>88/12%</b> Domestic vs. Export (2023)

<b>71%</b> Planted / Plantable	<b>2.4-2.7M Tons</b> Sustainable Yield
<b>78/22%</b> Sawtimber vs. Pulpwood (5-Year Average)	<b>36/64%</b> Domestic vs. Export (2023)

# Inherent Stability in Our Core Timber Business



**Historical Industry Avg. Segment EBITDA Margins<sup>1,2</sup>**



**Timberland operations generally yield high EBITDA<sup>1</sup> margins with very low volatility relative to wood products manufacturing**

<sup>1</sup> Non-GAAP measure or pro forma item (see Appendix for definitions and RYN reconciliations). <sup>2</sup> Based on aggregate U.S. timber segments EBITDA margin versus aggregate manufacturing segments EBITDA margin of Rayonier, Weyerhaeuser, PotlatchDeltic, and legacy Plum Creek.

# Committed to Sustainable Forestry and State-of-the-Art Silviculture



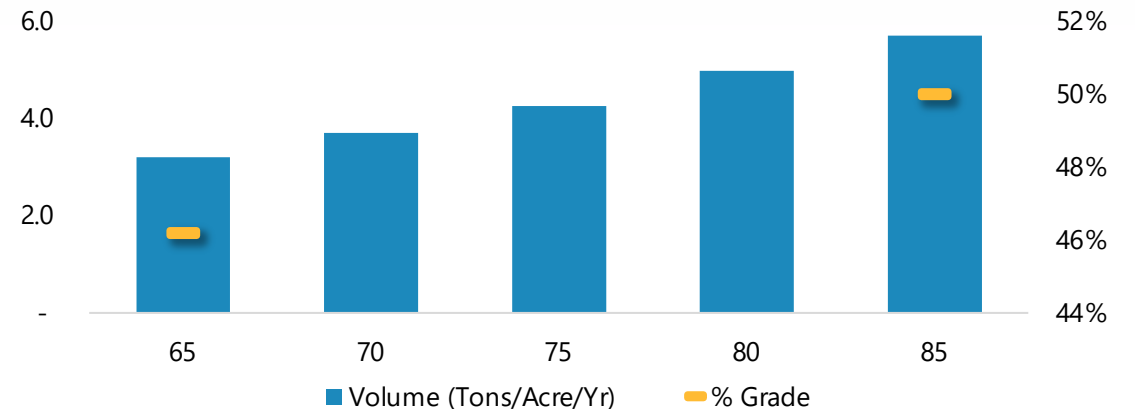
- Nearly all timberlands are certified under SFI, FSC, and/or PEFC<sup>1</sup>
- Forest management standards incorporate a multitude of considerations, including biodiversity, water quality, and climate change resilience
- Compliance periodically evaluated through independent third-party audits



- Leveraging deep forestry expertise and in-house R&D to employ Market Driven Precision Forestry strategy
- Focused on optimizing the silvicultural regime for each stand rather than managing to the average
- Data-driven process designed to enhance forest productivity and maximize stand-level NPV



**Harvest Volume Increases with Site Index<sup>2</sup>**



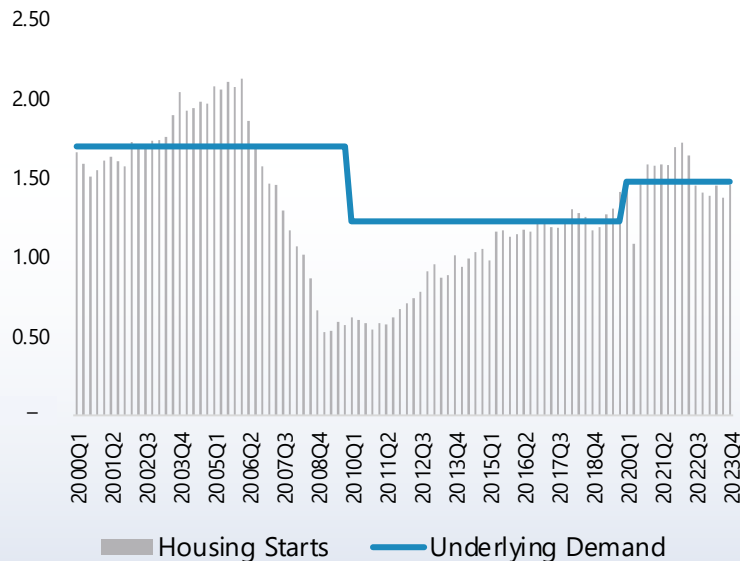
**Focused on Responsible Stewardship of Our Forests and Ecosystems While Improving Financial Returns**

# Timberlands: Key Market Drivers

## U.S. Housing

Grade products are largely sold to lumber mill customers that have direct exposure to residential construction activity

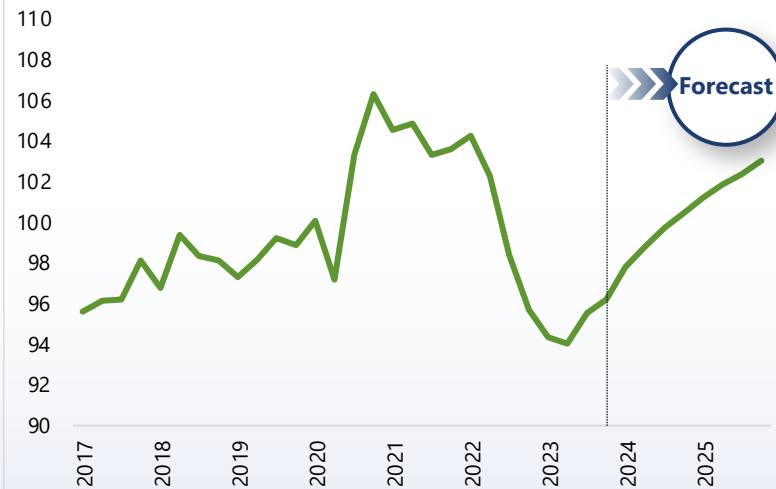
### U.S. Housing Remains Underbuilt (Housing Starts – Millions, SAAR)



## Pulpwood Markets

Pulp mills provide a base load of timber demand within many of our operating areas, particularly in the U.S. South

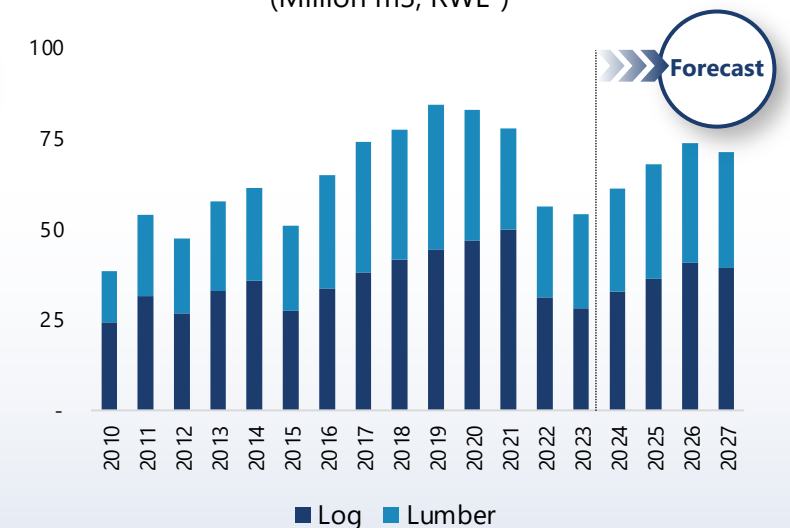
### U.S. Quarterly Box Shipments Forecast (Seasonally Adjusted, Billion Square Feet)



## Export Demand

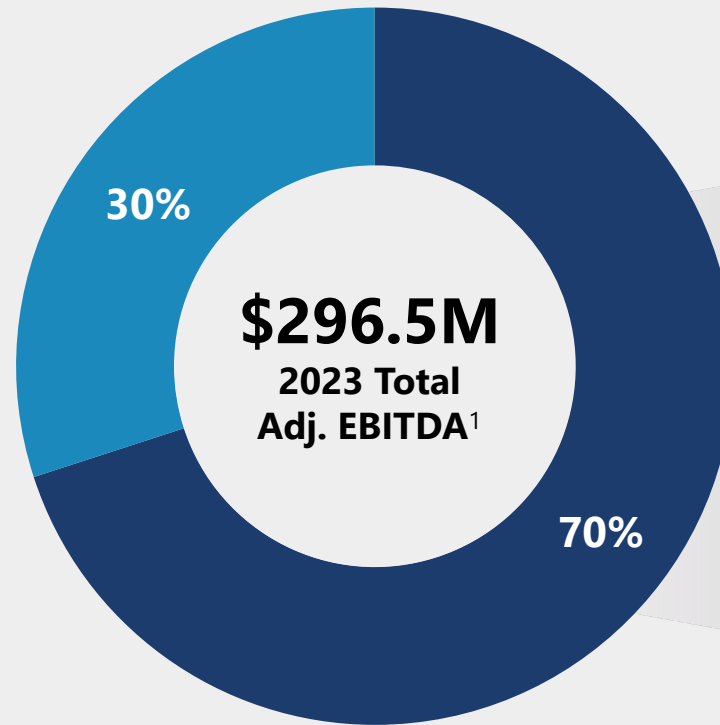
Log exports are a key contributor to market tension in the U.S. and comprise most of the demand in our New Zealand segment

### China Softwood Log and Lumber Imports Poised to Improve (Million m3, RWE<sup>2</sup>)

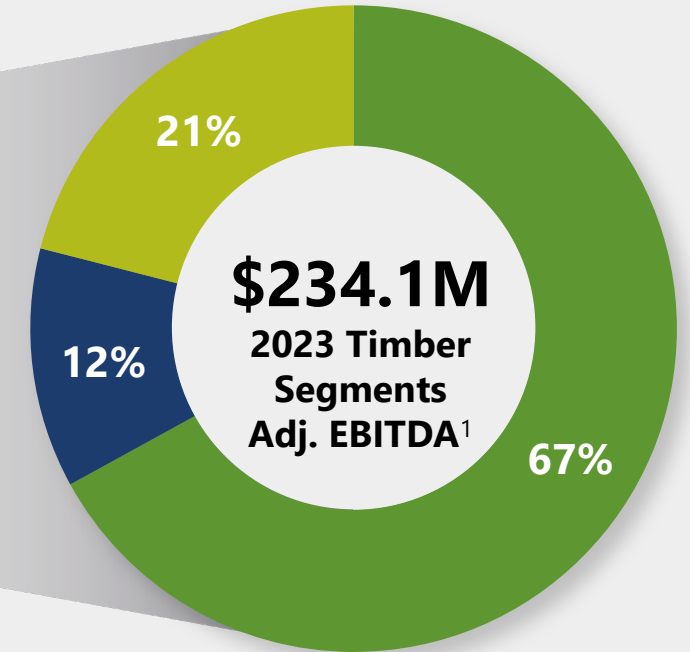


Factors Influencing Results Vary by Market, But Largely Tie Back to Three Central Forces

# Timber Segment EBITDA Mix



■ Timber Segments    ■ Real Estate

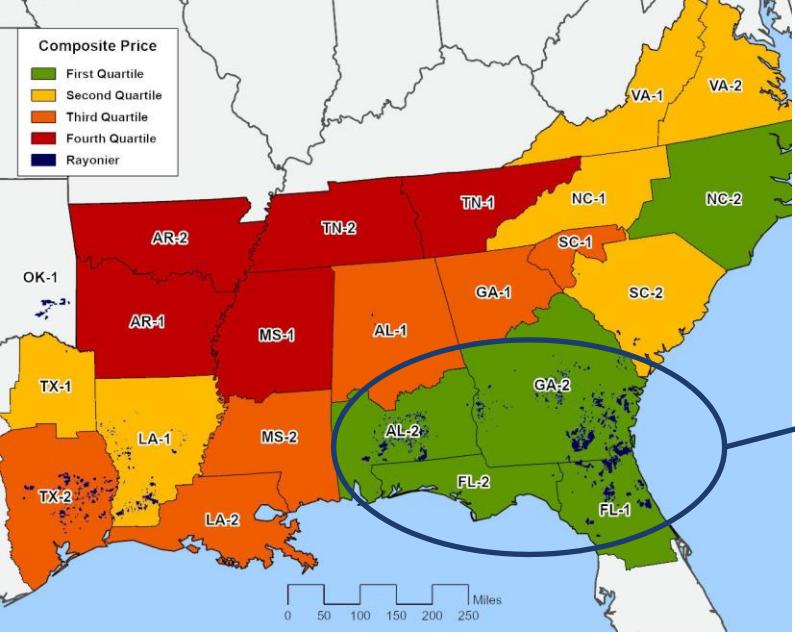


■ U.S. South    ■ PNW    ■ NZ

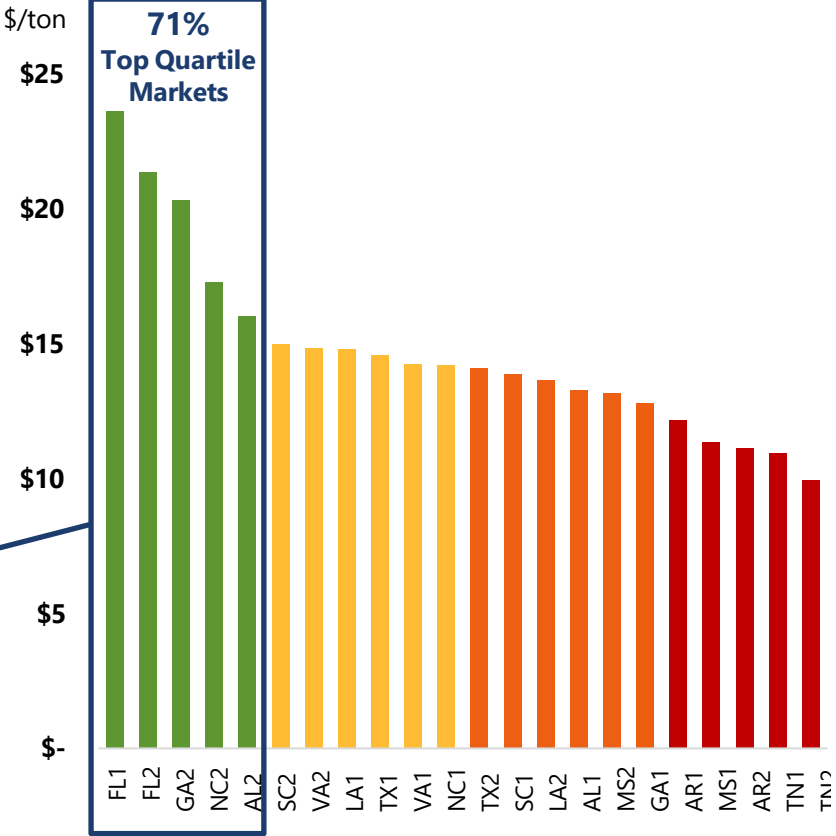
**Approximately Two-Thirds of Timber Segments EBITDA Generated in U.S. South**

# U.S. South: Concentrated in Top Markets

2023 Composite Price Quartile Rankings



2023 Composite Price by Region



## Key Takeaways

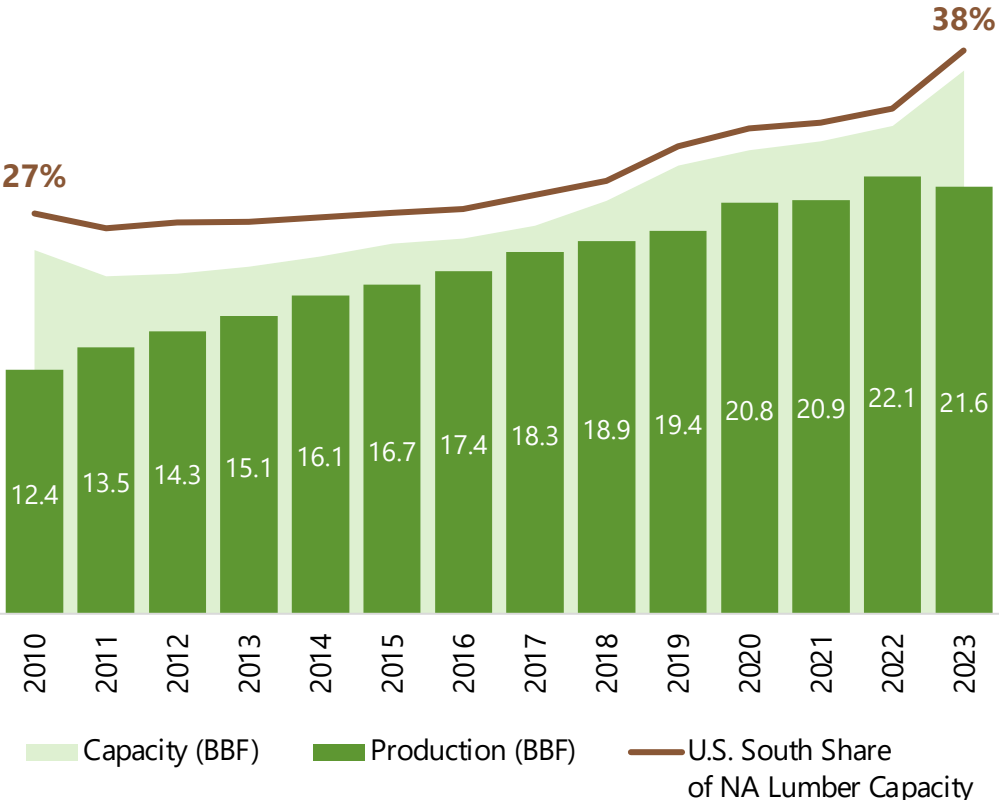
- Supply / demand dynamics highly localized as logs generally travel less than 100 miles
- Timber consumption vs. inventory growth remains much more tensioned in Coastal Atlantic markets
- Existing pulp mill infrastructure and access to export markets poised to support relatively favorable pricing dynamics

71% of Southern Portfolio in Top Quartile Markets

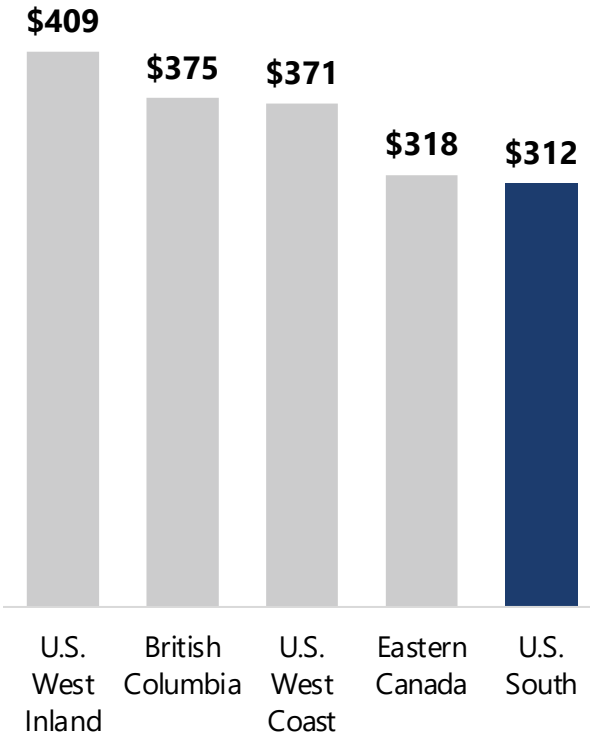


# U.S. South: Continued Market and Capacity Growth

**U.S. South Lumber Production, Capacity, and Market Share<sup>1</sup>**



**Average Lumber Production Costs by Region<sup>1</sup>**  
(\$U.S. per MBF)

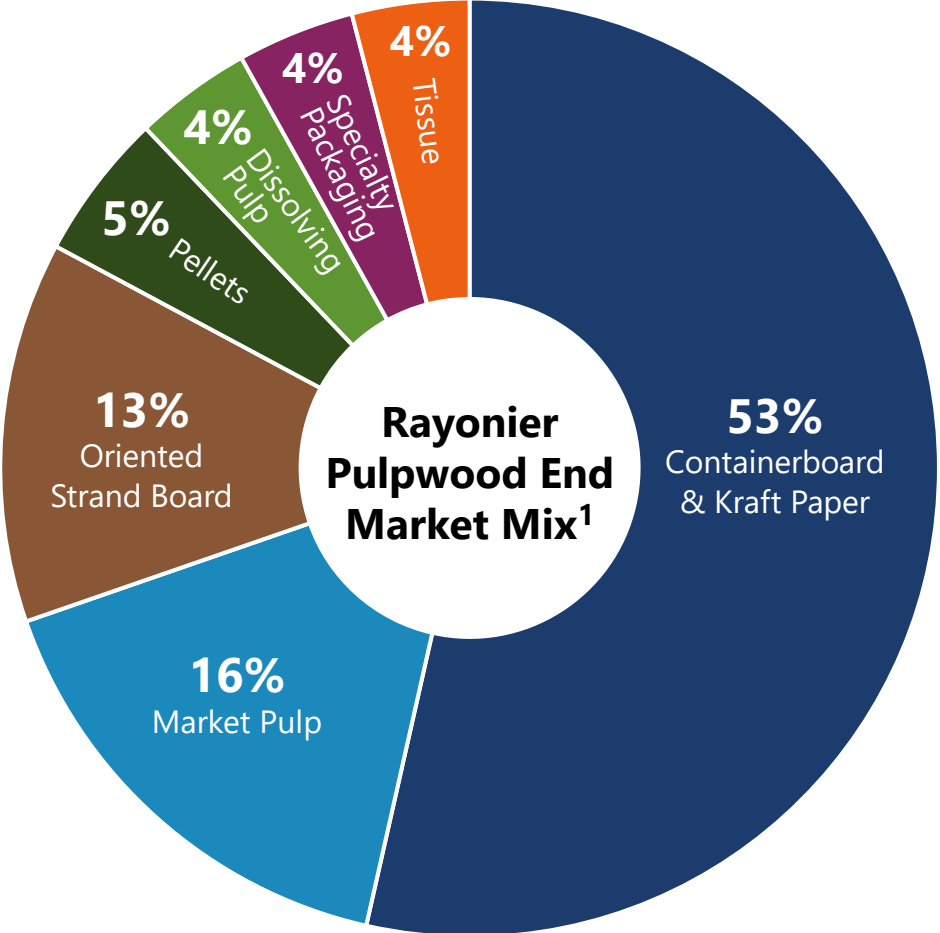


## Key Takeaways

- U.S. South has gained a significant share of North American lumber capacity, increasing from 27% in 2010 to 38% in 2023<sup>1</sup>
- Well-positioned moving forward as the lowest cost region in North America

**U.S. South Poised to Benefit from Continued Growth of Lumber Capacity in the Region**

# U.S. South: Pulpwood End Markets



## Pulpwood Market Outlook

### 2021-2023: Post-COVID Pullback in Demand

- Declining box shipments following pandemic-related spike in demand
- Modified shipping practices by large shippers (e.g., Amazon)
- Lower demand for virgin fiber as recycled fiber capacity has increased

### Favorable Long-Term Demand Drivers

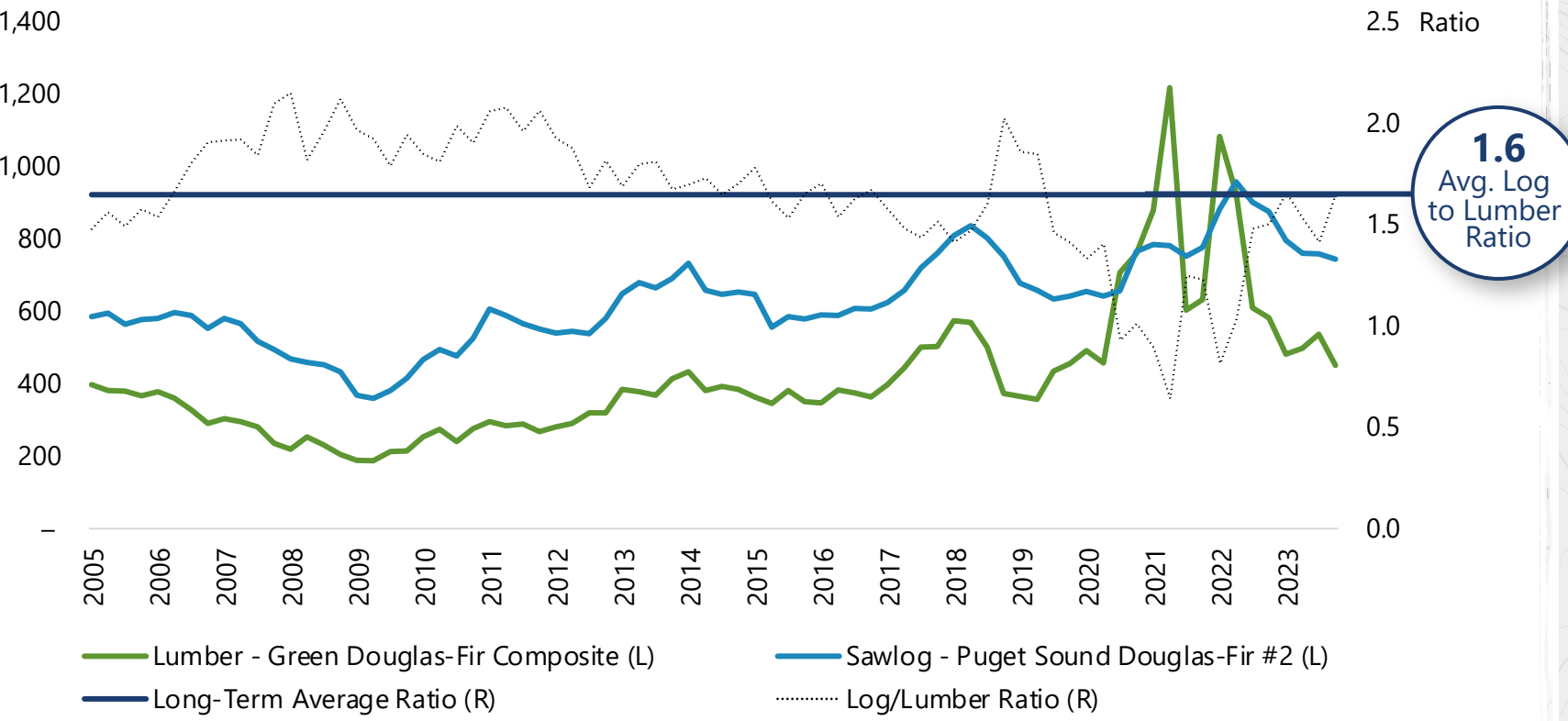
- Recovery and ongoing strength in consumer spending
- Improved industry operating rates following capacity rationalization
- Growth in chip and pellet exports, driven by bioenergy demand from Asia
- Rising recycled fiber costs, making virgin fiber more cost competitive

**Diversified Exposure to End Markets with Favorable Long-Term Growth Trends**

<sup>1</sup> Calculated using Rayonier 2023 sales volumes to individual facilities and third-party estimates of end product mix by facility.

# Pacific Northwest: Log Pricing Highly Correlated to Lumber Pricing

**Pacific Northwest Log and Lumber Prices<sup>1</sup>**  
(\$U.S. per MBF)

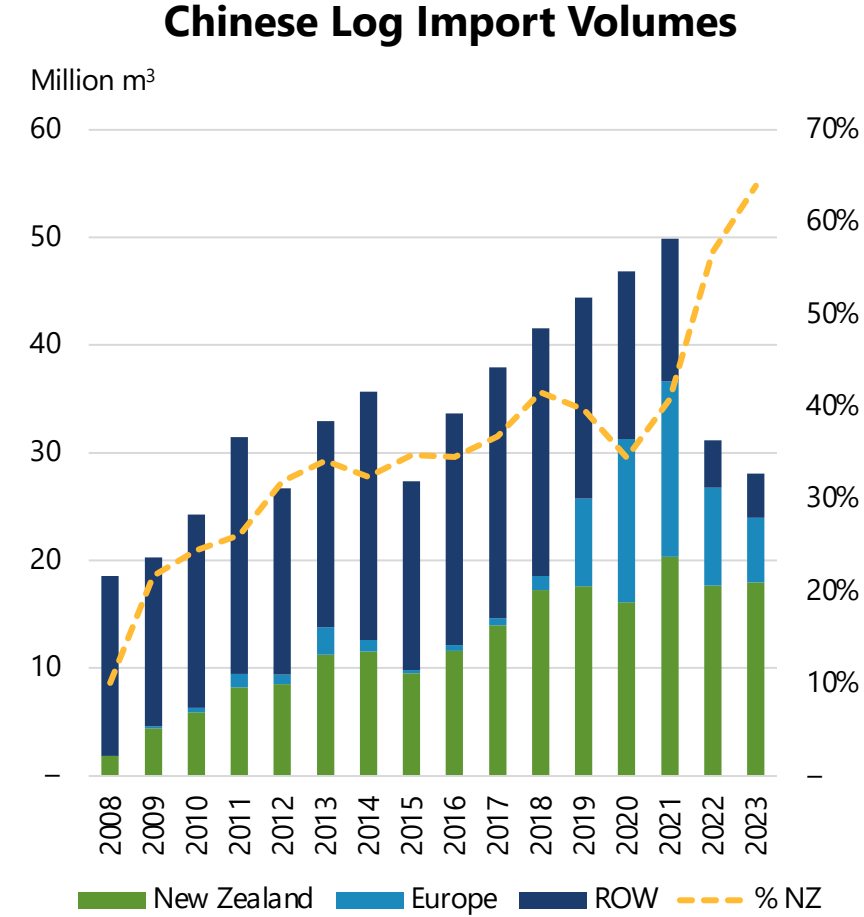


## Key Takeaways

- Strong relationship between log and lumber prices due to balanced growth-to-drain ratio
- Favorable demographics and anticipated interest rate cuts are expected to provide tailwinds to housing starts and lumber demand
- Pacific Northwest expected to benefit from continued declining SPF lumber production in British Columbia

## Pacific Northwest Timber Pricing Poised to Benefit from Anticipated Recovery in Housing Starts

# New Zealand: Export Market Drivers



### Key Takeaways

- Construction demand was negatively impacted by economic challenges stemming from COVID shutdowns and a liquidity crisis in the Chinese property sector
- Log and lumber markets are expected to recover over the medium term from stimulus measures, as well as affordable housing and urban redevelopment projects
- India log import demand expected to grow 5x, from 10 million cubic meters in 2020 to 51 million cubic meters in 2030, driven primarily by a surge in construction activity<sup>2</sup>

## New Zealand Timber Demand Highly Leveraged to Export Markets







# New Zealand: Anticipated Growth in Domestic Market

## Government of New Zealand Industry Transformation Plan

Creating a high-value and resilient forestry and wood processing sector to underpin New Zealand's low emissions future



### Vision and Goals

-  **6.9M Ton** Reduction in Carbon Emissions by 2030
-  **3.5M m<sup>3</sup>** Increase in Wood Processing by 2030
-  **25%** Expansion of Wood Processor Capacity by 2030
-  **\$600M** Increase in Export Earnings from Value-Added Wood Products by 2040
-  **25%** Increase in Use of Wood Products for Mid-Rise or Commercial Construction by 2030
-  **20%** Increase in Planting of Alternative Species of Trees by 2030

**New Zealand Domestic Policy Further Supports Long-Term Timber Demand**

# Key Takeaways

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**2** **Favorable long-term demand trends** for sawlogs and pulpwood

**3** **Optimizing asset productivity** and increasing resiliency through advanced silvicultural techniques