

A. G. RAYMOND & COMPANY
Incorporated

Management and Technical
Solutions for the Wood Products Industry



*The Furniture & Cabinet
Universe*

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Hardwood Plywood & Veneer Association
2003 Spring Convention
Greensboro, NC
24 April 2003

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Furniture Headlines

- Ascension of China to no. 1 import source.
- Insolvency of major furniture retailers.
- Loss of thousands of furniture industry jobs.
- Closure of millions of production square feet.

Wood Furniture Industry Weaknesses

- Product Proliferation
- Low Unit Volumes
- High Labor Content
- Low Selling Prices
- Low Profitability
- Low Capital Investment
- Chaotic Retail Distribution

MARKET SPECIAL

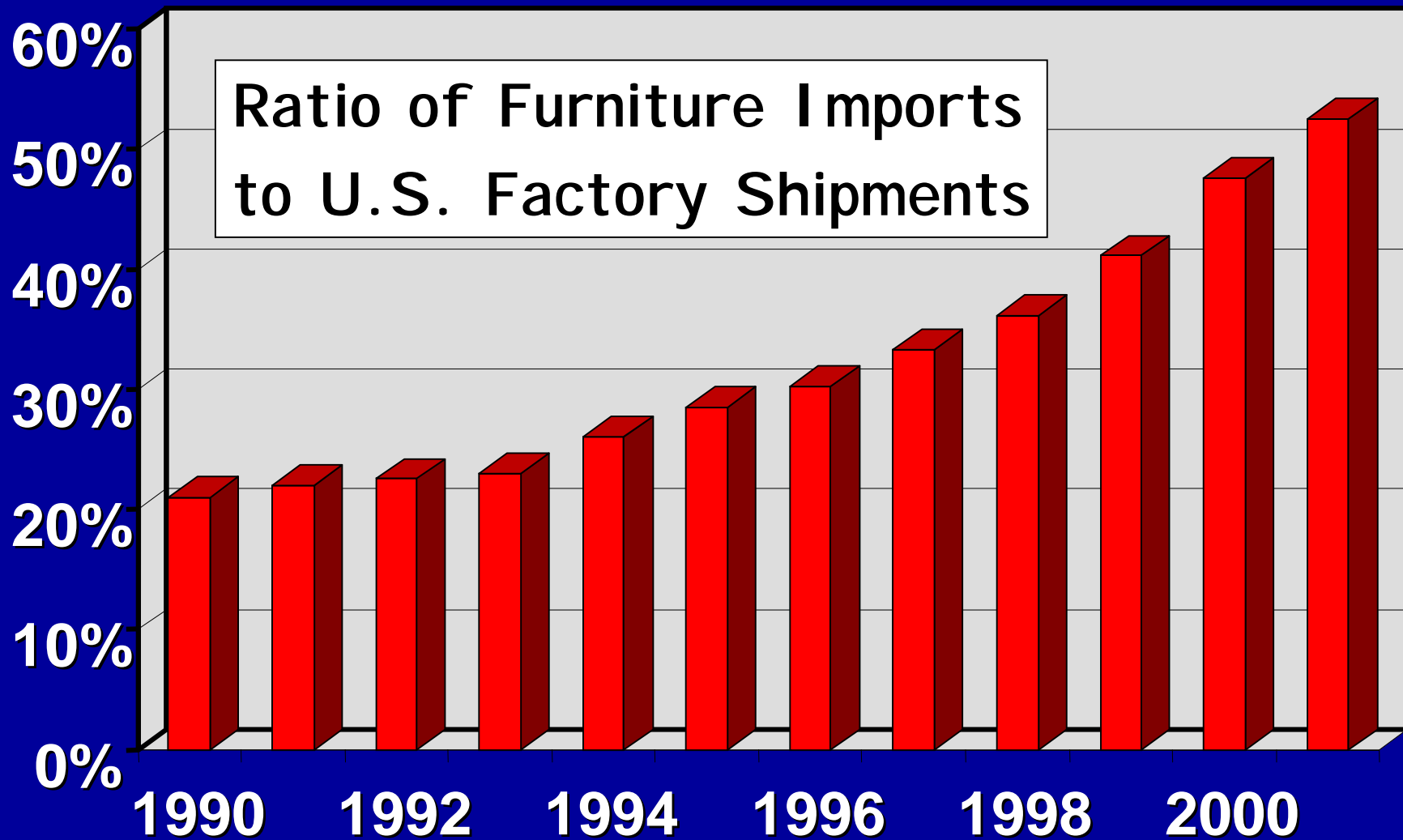
\$399



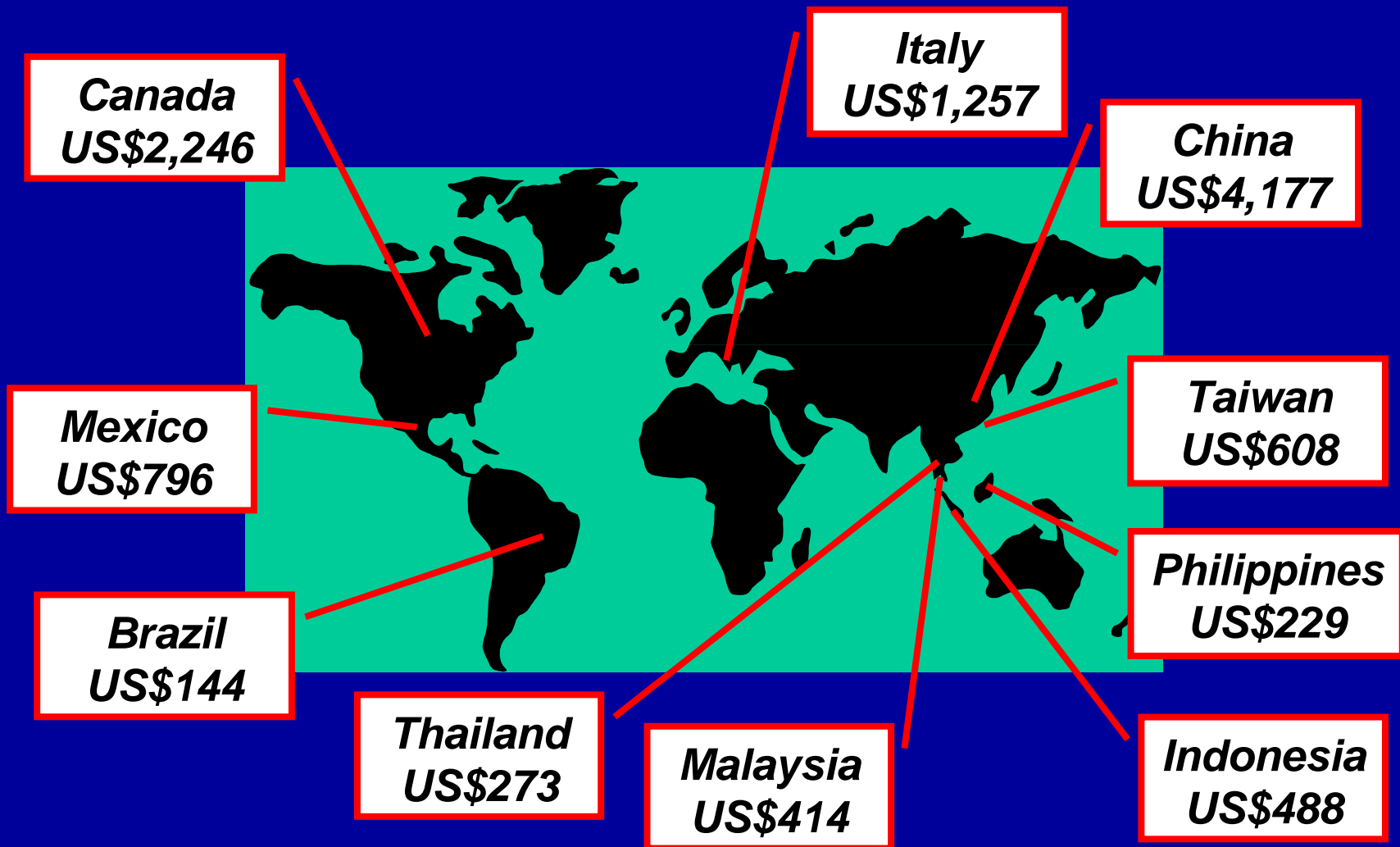
Arbor Run #1057
Burnished pine finish on pine solids and pine veneers.
Includes: Dresser, mirror, chest, queen bed (with rails)

**Dresser, Mirror,
Chest & Bed**

Import Growth

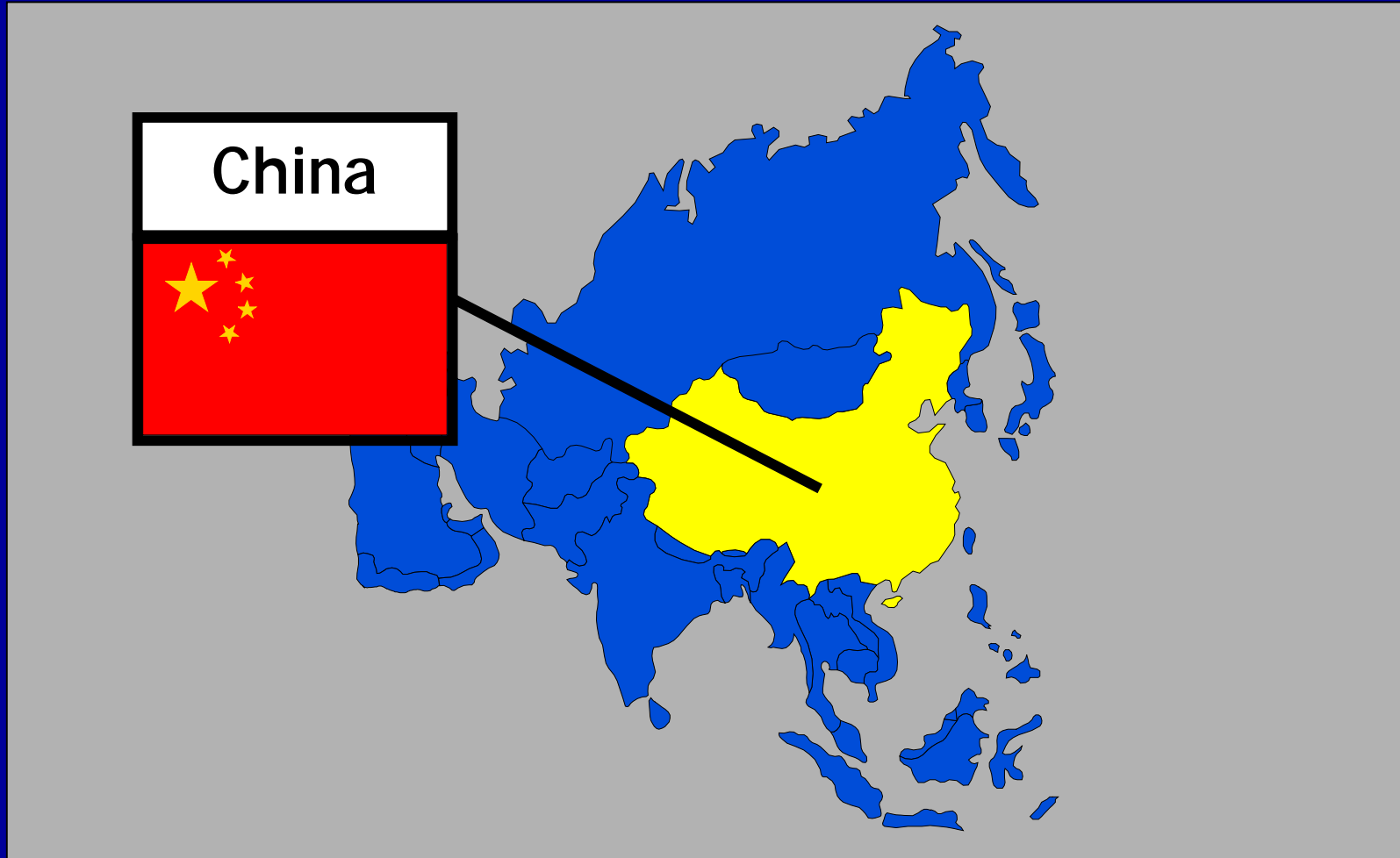


Source Countries



Note: US\$ values in millions.

The Center of the Furniture Universe





**Hand
Carvings**

Complex Finishes





**CNC
Router**

**Cherry Veneers/
Poplar Solids**





**Manual
Splicing**

The New Furniture Frontier

Furniture Today, April 5, 2003...

Vietnam gaining momentum in case goods

By Powell Slaughter

AT THE MARKET — While Vietnam hasn't cracked the upper tier of source countries for case goods, it is becoming a

son Copeland, and cases and occasional at Theodore Alexander, which also make Kings Row for Hickory White.

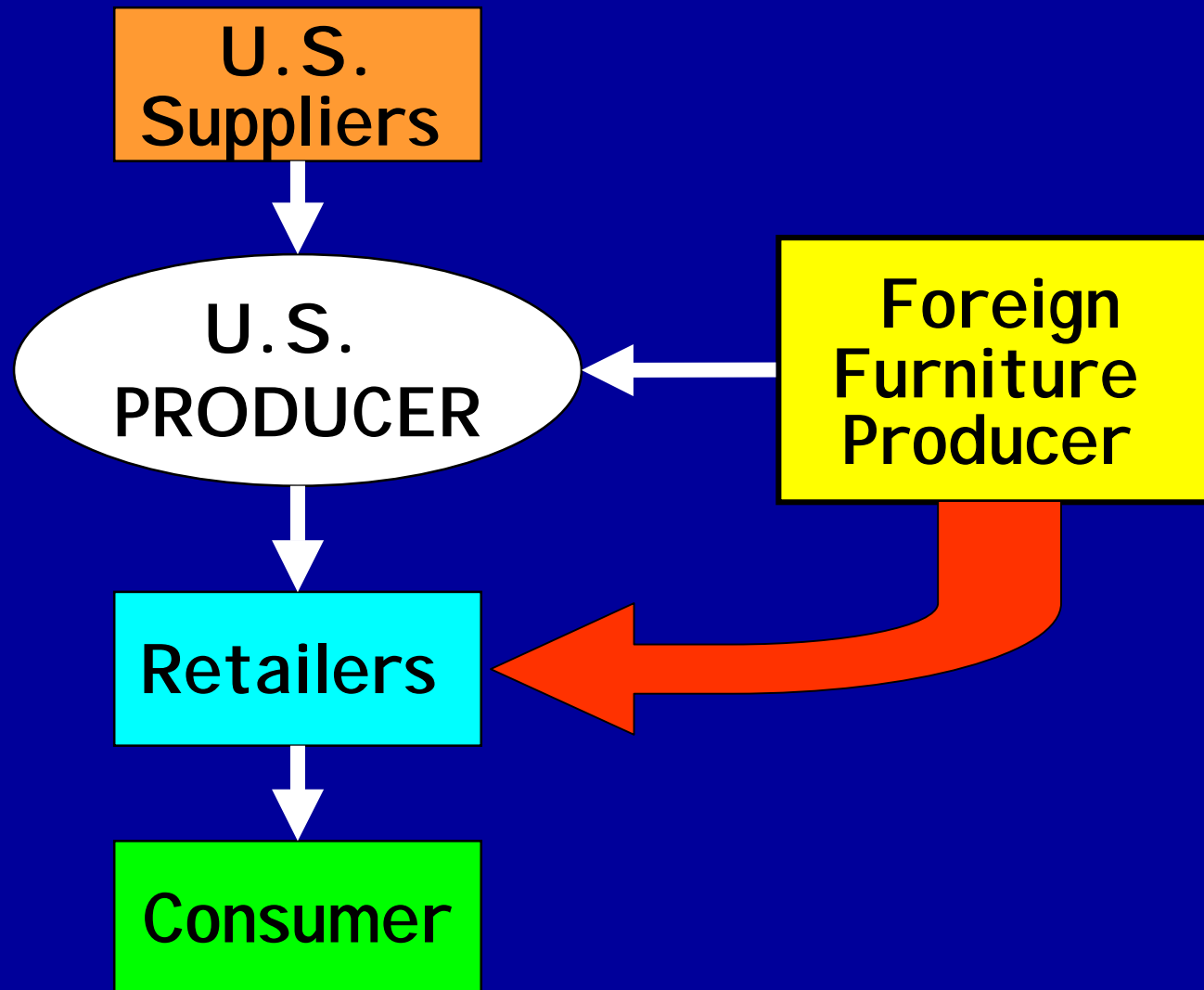
As it was in the Philip-

That expansion should go on line for OEM work in September, and the entire operation will employ 8,000 by year's end. Theodore Alexander also



- ▶ Wages = US\$0.30 per hour
- ▶ Furniture Shipments to U.S. = \$63 million

The Future for U.S. Furniture Makers

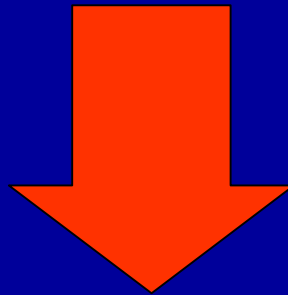


Furniture & Cabinet Similarities

- Process Machinery & Tooling
- Plant Infrastructure
- Materials
- Labor Skills & Cost

The Changing Cabinet Marketplace

Emergence of Big Box Home Centers



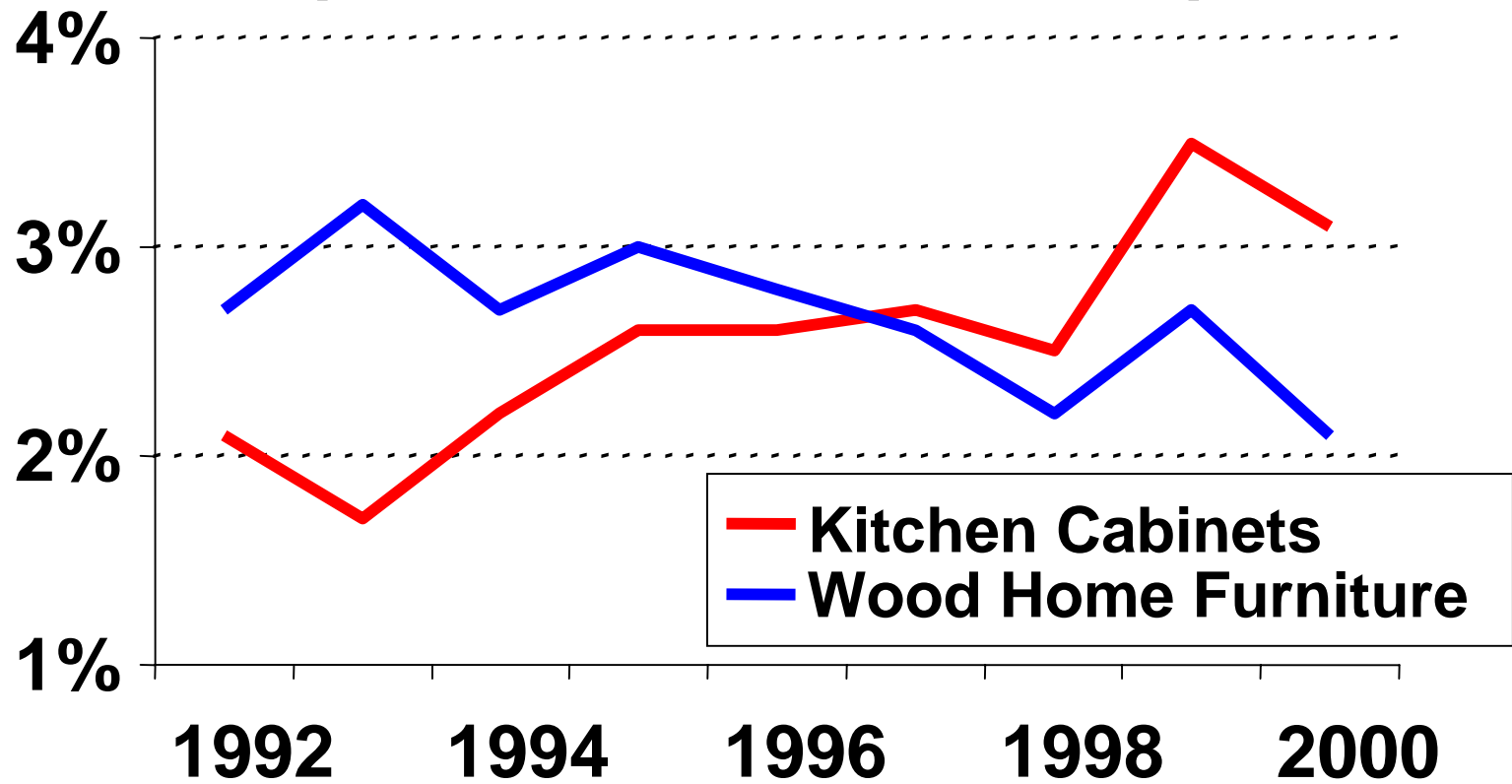
- Longer Product Lines
- Faster Delivery
- Higher Customization

Cabinet Makers Respond

- Product Rationalization & Modularity
- Reliance on Supply Chain Support
- More Capital Investment

Business Investment

Capital Investment % of Shipments



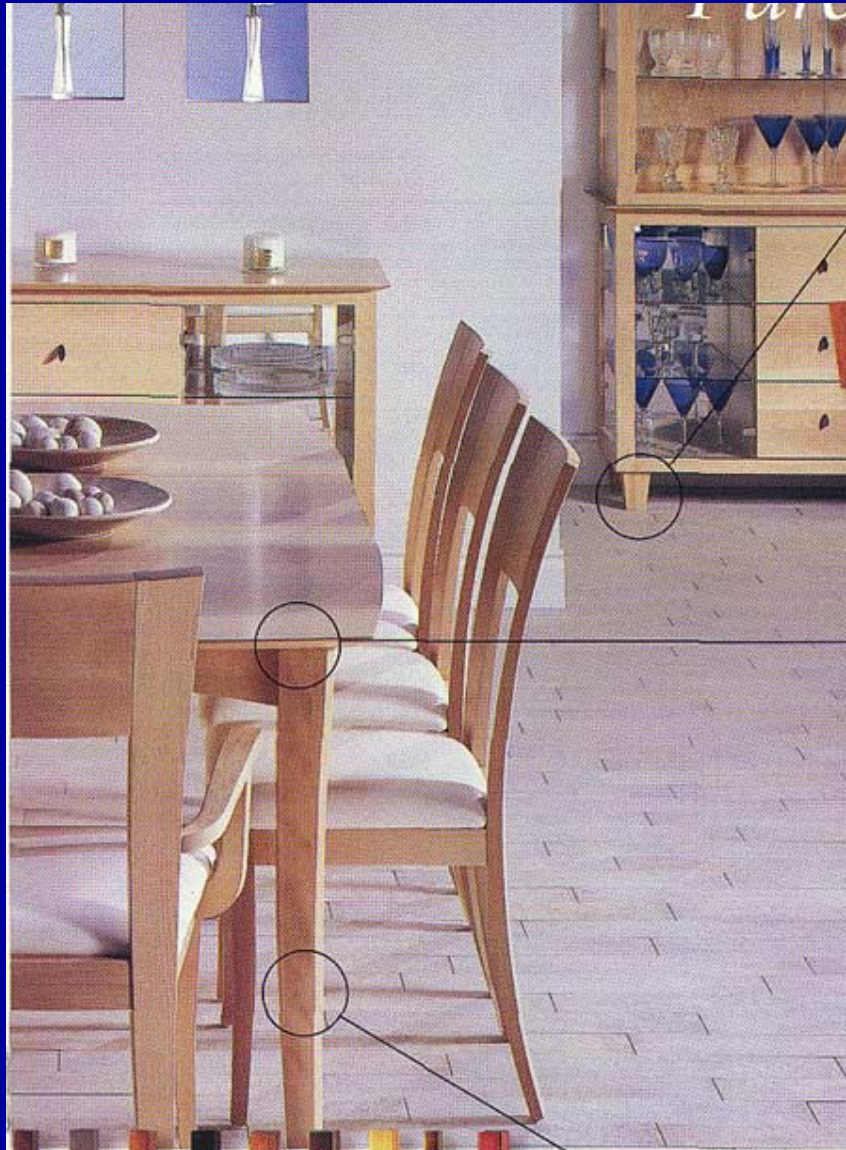
Comparing the Industries

Annual Productivity

	<u>Furniture</u>	<u>Cabinet</u>
Per Worker	\$105,000	\$182,000
Per Ft2	\$ 100	\$ 170

Present Competitive Advantages

- Customizable Products
- Fast Delivery
- 'Kitchen At A Time' Service



Choice of
6 buffet feet



Choice of
3600 color combinations



Choice of
18 table legs

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Lessons Learned

- Fast Fulfillment – The Need for Speed
- Wide Choice for Your Consumer
- Process Focus
- Bias for Change