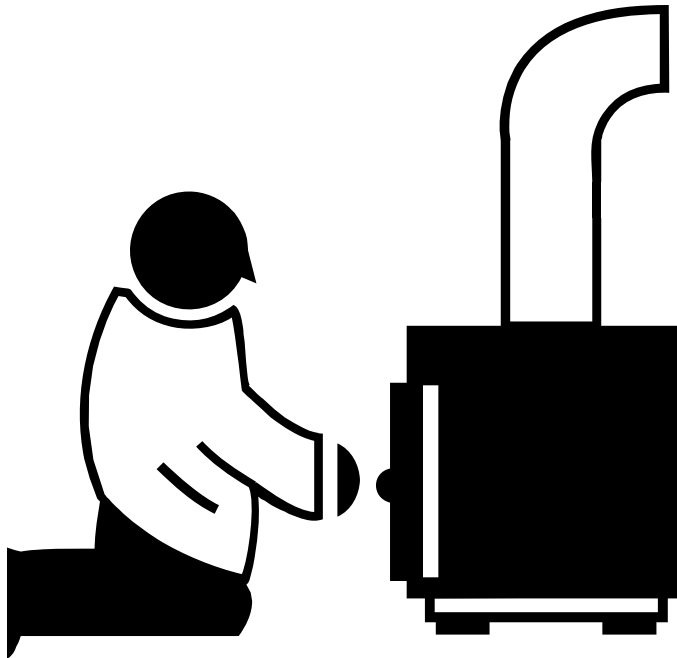


# Pellet Fuels Institute Membership Meeting

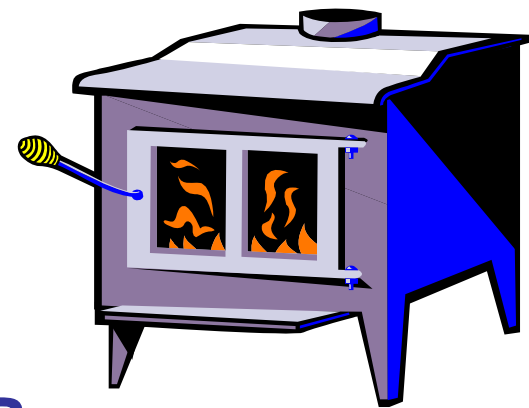


**Wednesday,  
March 10, 2010**

**Don Johnson,**  
*HPBA Director of  
Market Research*

# Agenda

- **Set the stage – detail current status of the pellet industry**
  - **Hearth appliance shipment statistics**
  - **Pellet appliance shipment trends**
  - **Biomass central heating shipment numbers**
  - **Select HPBA Manufacturer Rep survey results**
  - **Questions??**



# ***“Top of the Line” Hearth Industry Shipment Statistics***



# “Top of the Line” Hearth Shipment Statistics

- Generated with HPBA’s *Quarterly Industry Survey*
- Data released at HPBExpo
- Posted on web site shortly after HPBExpo



# U.S. Hearth Appliance Shipments in 2009

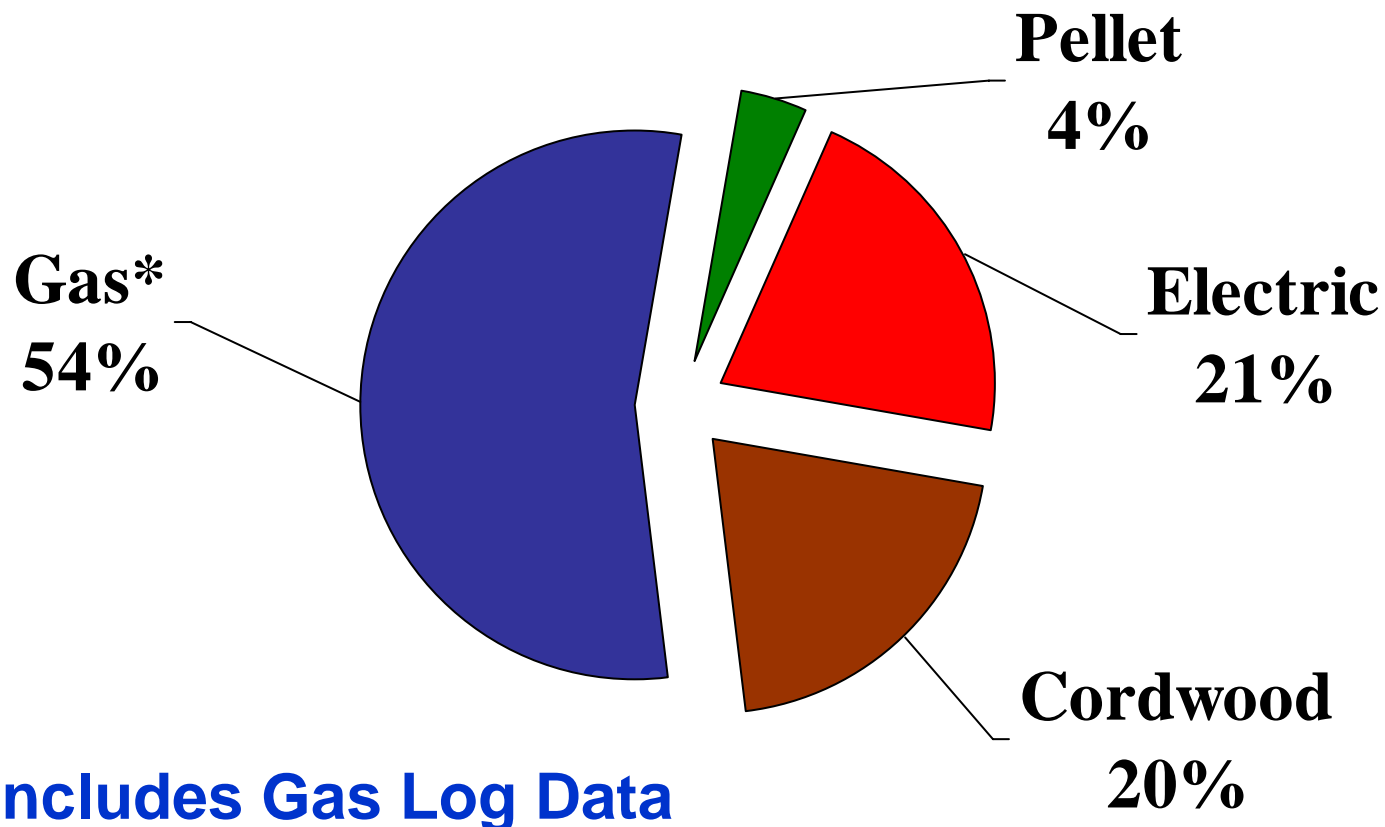


- Cordwood – 235,647
  - Gas – 635,820
- Electric (N.A.) – 245,800
  - Pellet – 46,124
- **TOTAL – 1,163,391**

\*Includes Gas Log Estimated Data (294,100)

**Note: Gas Log and Electric Data Estimated and Vetted**

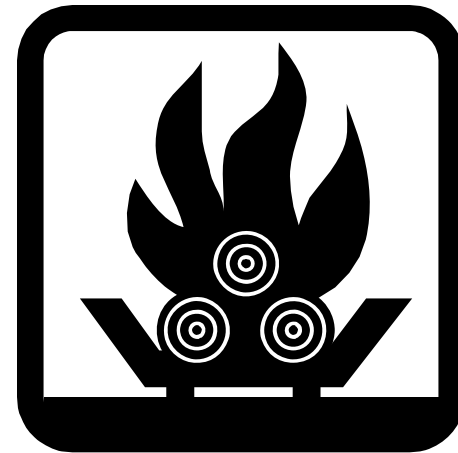
# Hearth Appliance Shipments by Type of Fuel -- 2009



# Between 2008 and 2009 . . .

- **Cordwood** appliance shipments **decreased 32%**
  - From 345,658 to 235,647
- **Gas** appliance shipments **decreased 37%**
  - From 1,017,078 to 635,820
- **Electric** appliance shipments **decreased 35%**
  - From 378,250 to 245,800
- **Pellet** appliance shipments **decreased 67%**
  - From 141,208 to 46,124

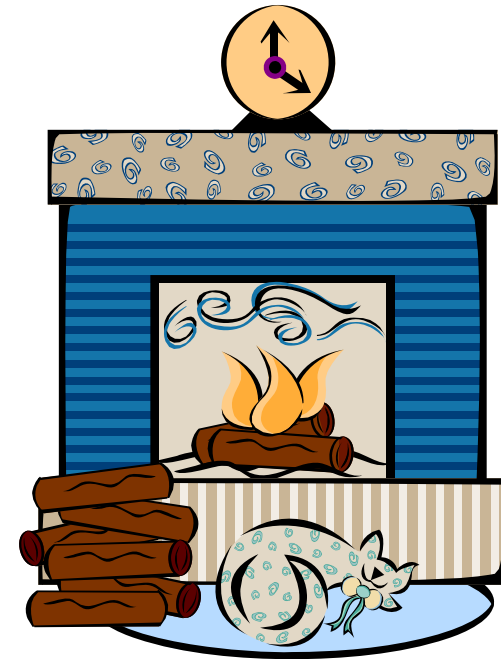
**Overall, industry  
decreased 38%  
between 2008  
and 2009**



# Since 1998 . . .

- **Cordwood** appliance shipments **decreased 64%**
  - From 652,500 to 235,647
- **Gas** appliance shipments **decreased 60%**
  - From 1,611,750 to 635,820
- **Electric** appliance shipments **increased 392%**
  - From 50,000 to 245,800
- **Pellet** appliance shipments **increased 36%**
  - From 34,000 to 46,124

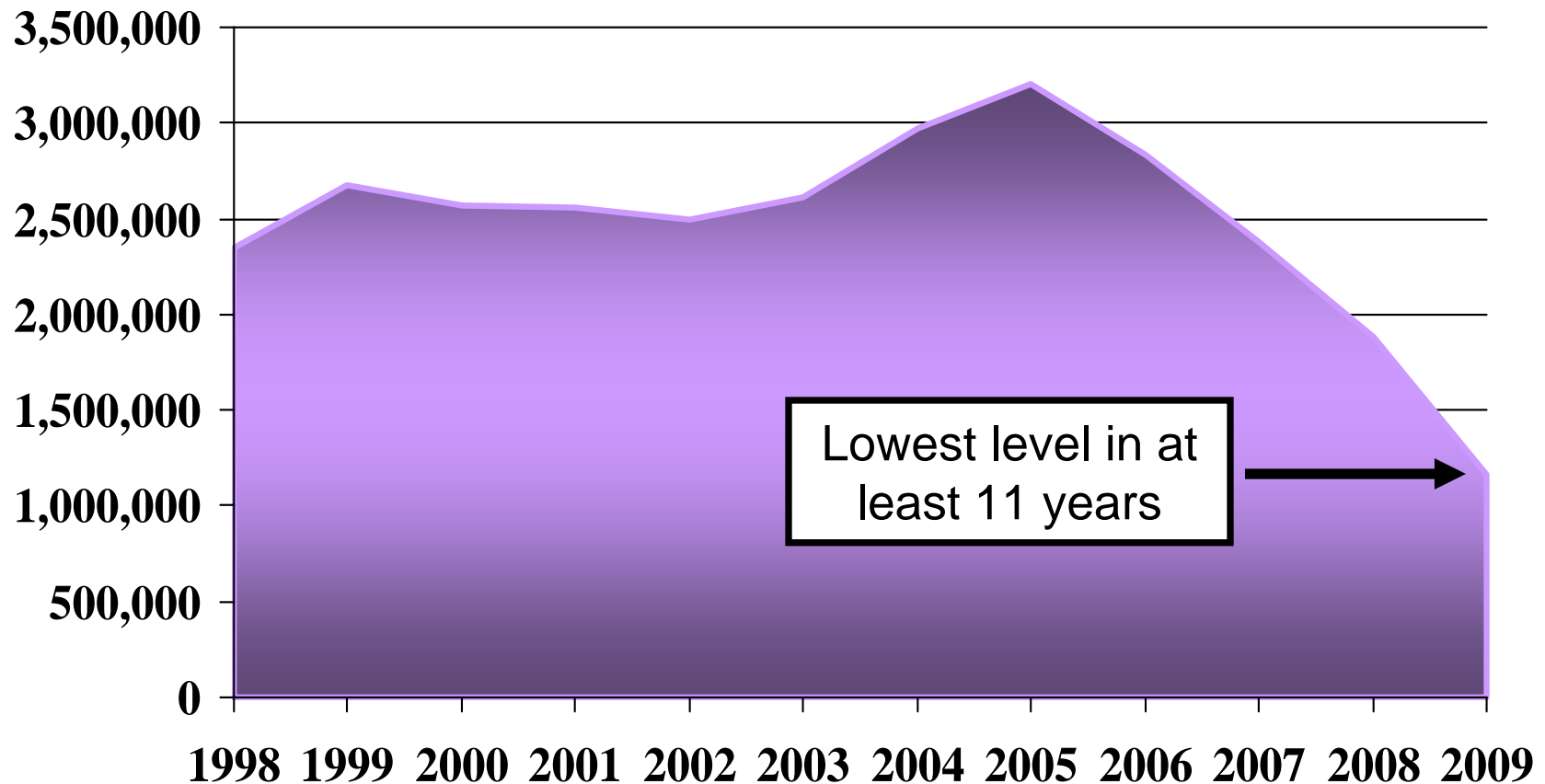
**Overall, industry  
decreased 50%  
between 1998  
and 2009**





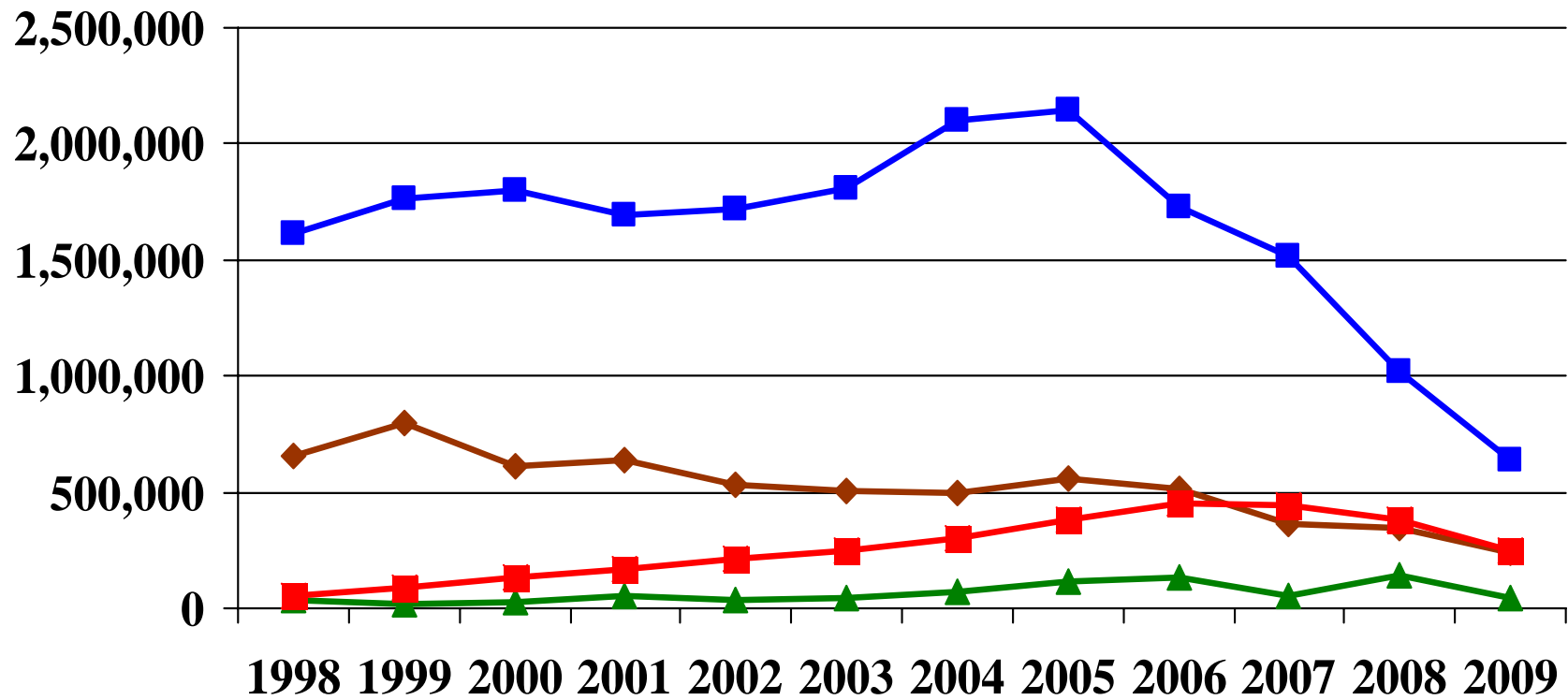
# Total U.S. Hearth Appliance Shipments

1998--2009



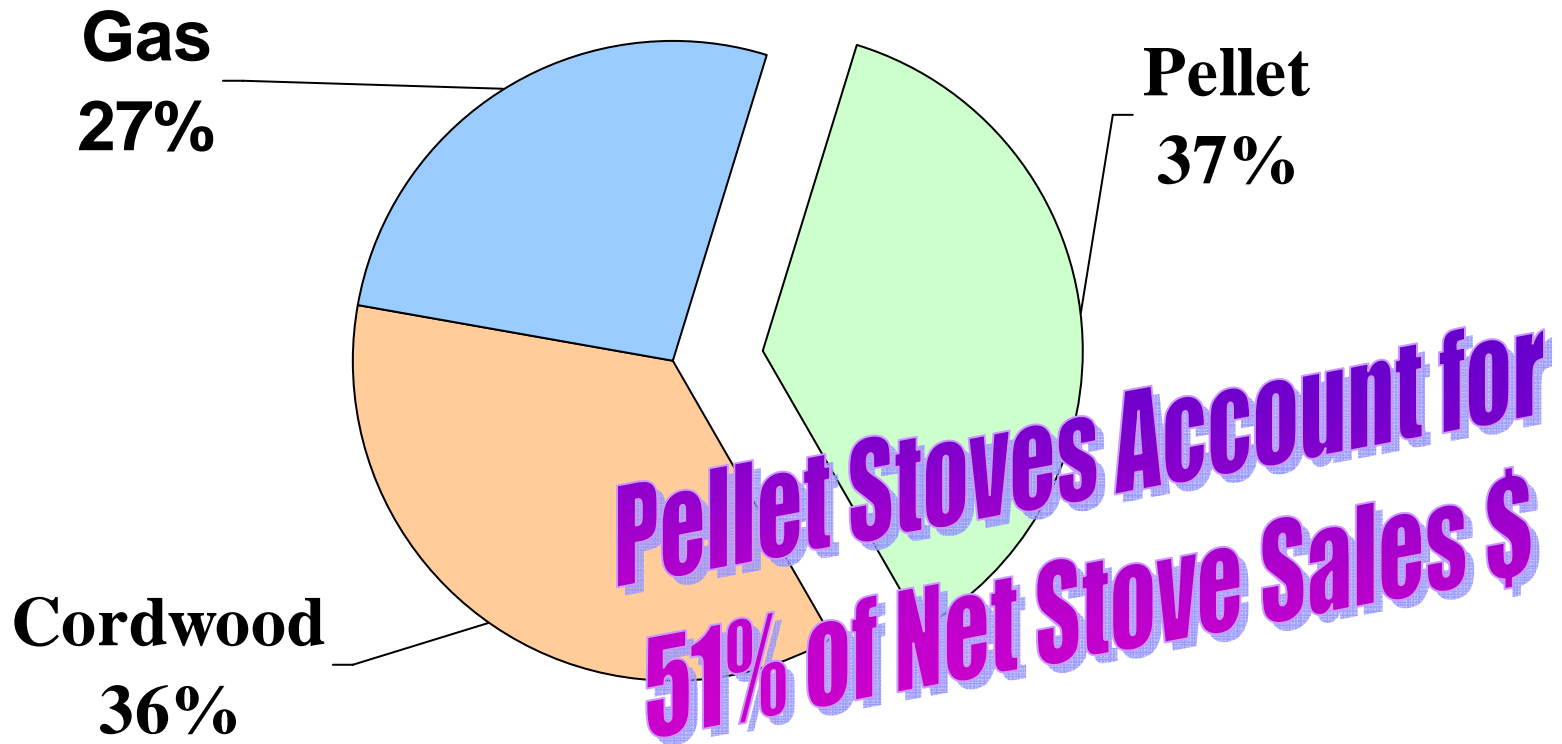
# Hearth Appliance Shipments

1998--2009

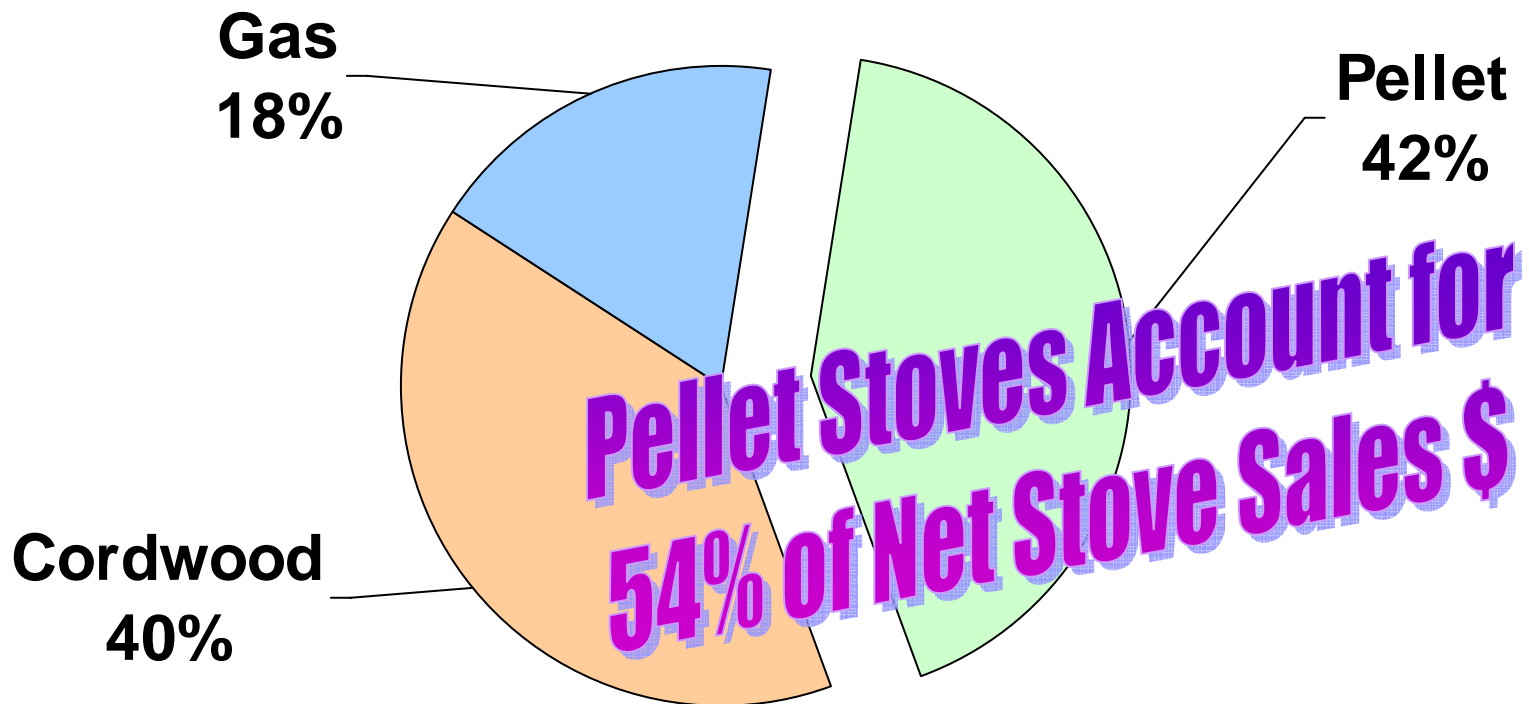


—◆— Cordwood —■— Gas —▲— Pellet —■— Electric

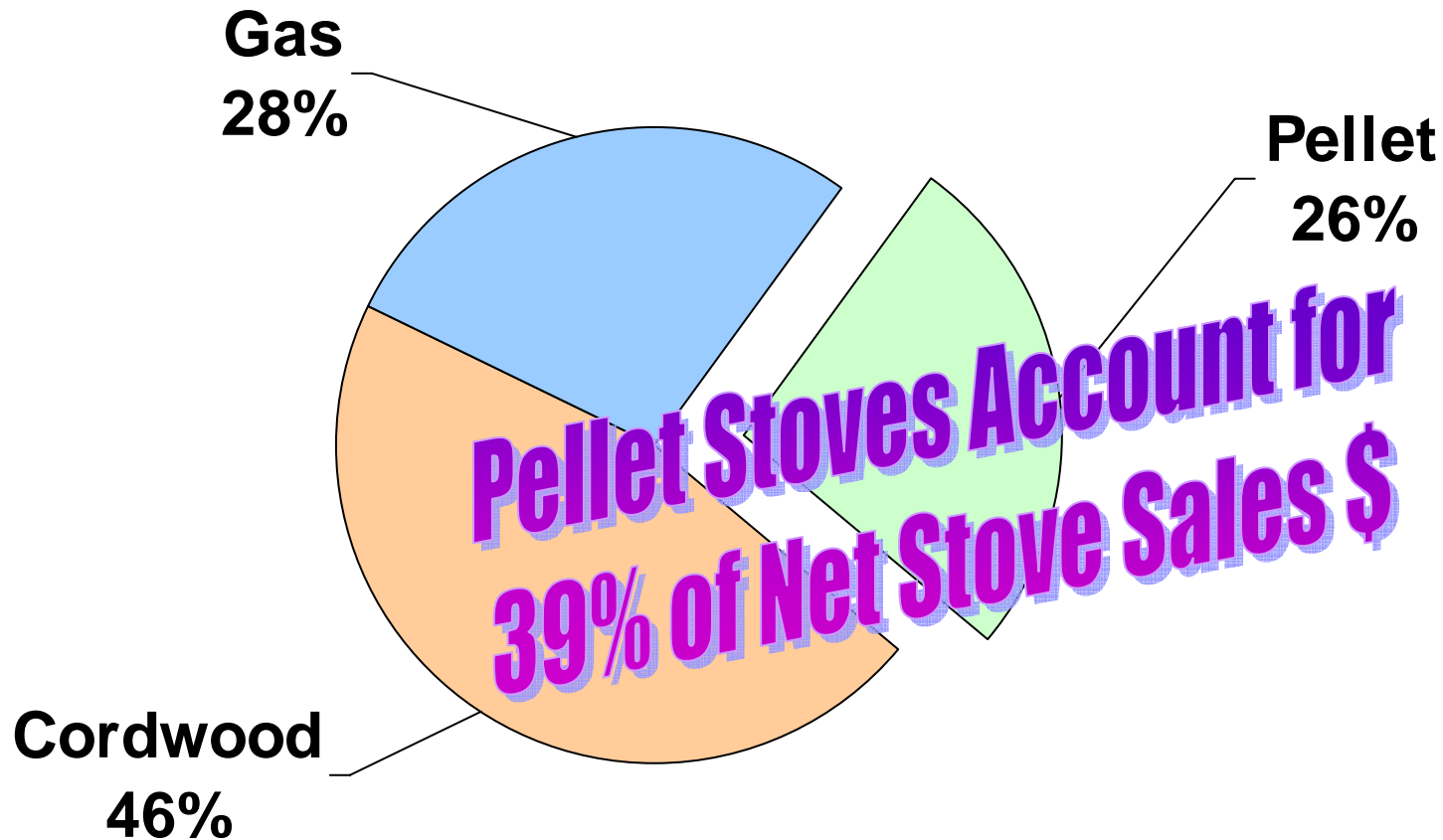
# Freestanding Stove Appliance Shipments by Type of Fuel -- 2005



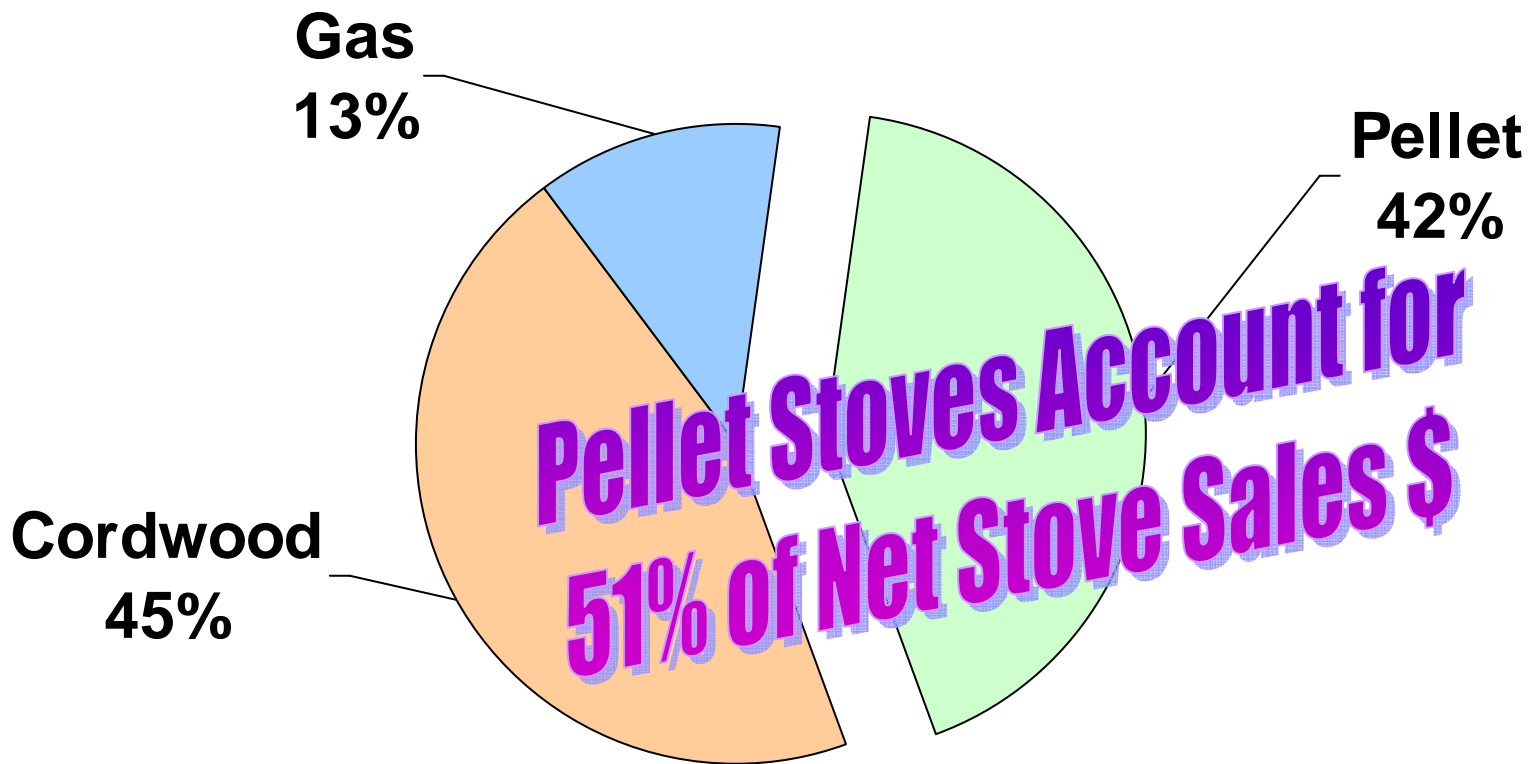
# Freestanding Stove Appliance Shipments by Type of Fuel -- 2006



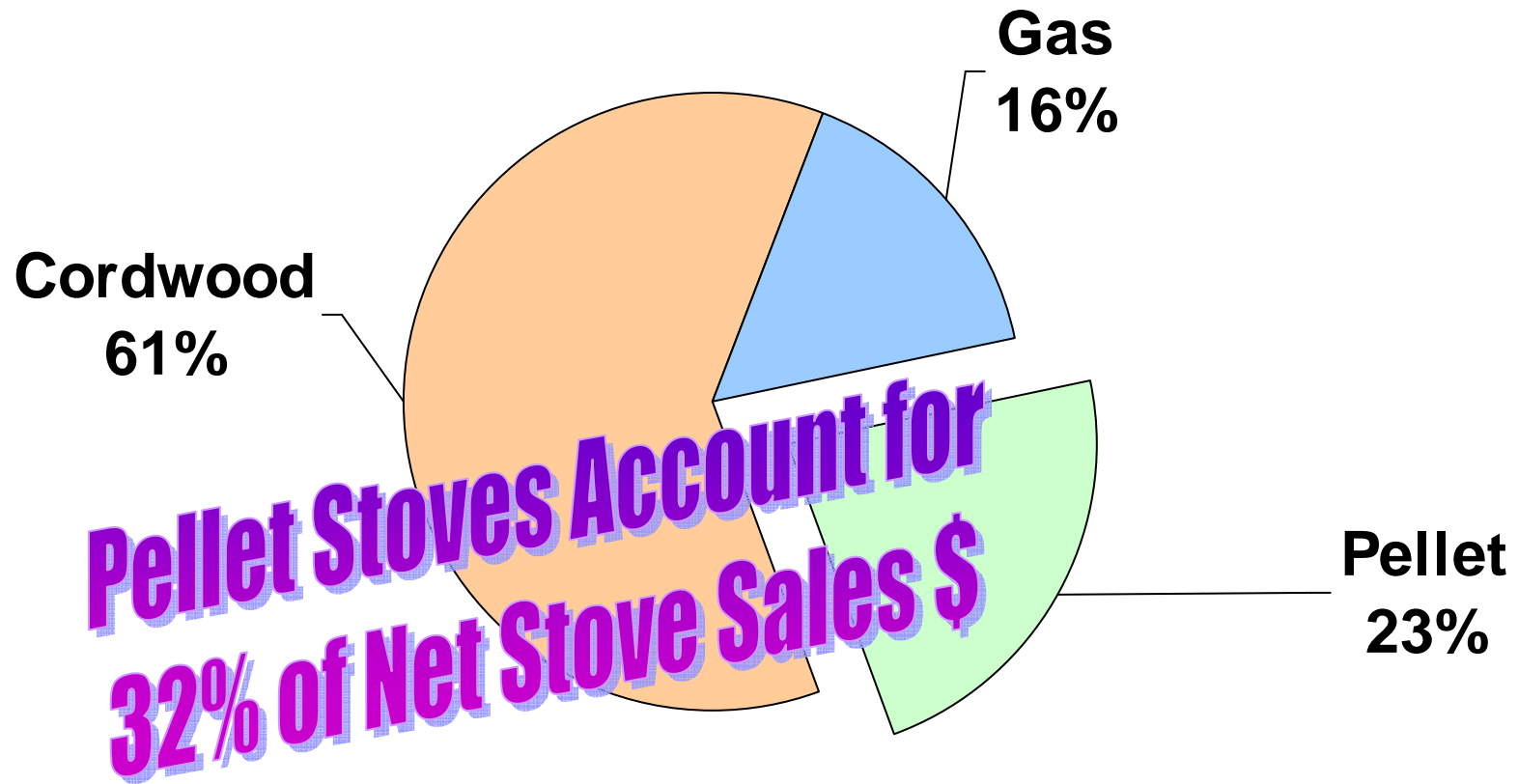
# Freestanding Stove Appliance Shipments by Type of Fuel -- 2007



# Freestanding Stove Appliance Shipments by Type of Fuel -- 2008

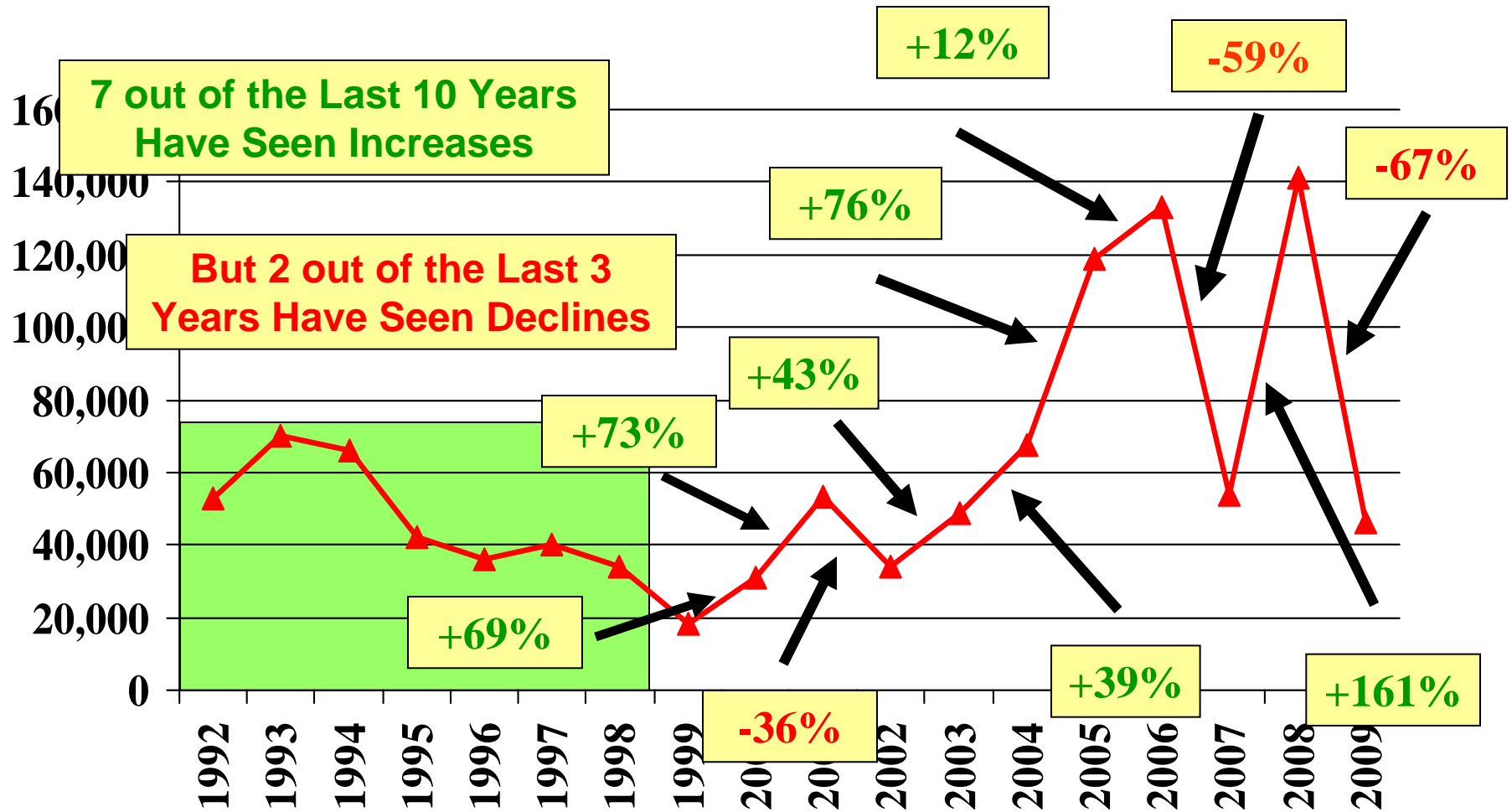


# Freestanding Stove Appliance Shipments by Type of Fuel -- 2009



# Pellet Appliance Shipments

1992--2009

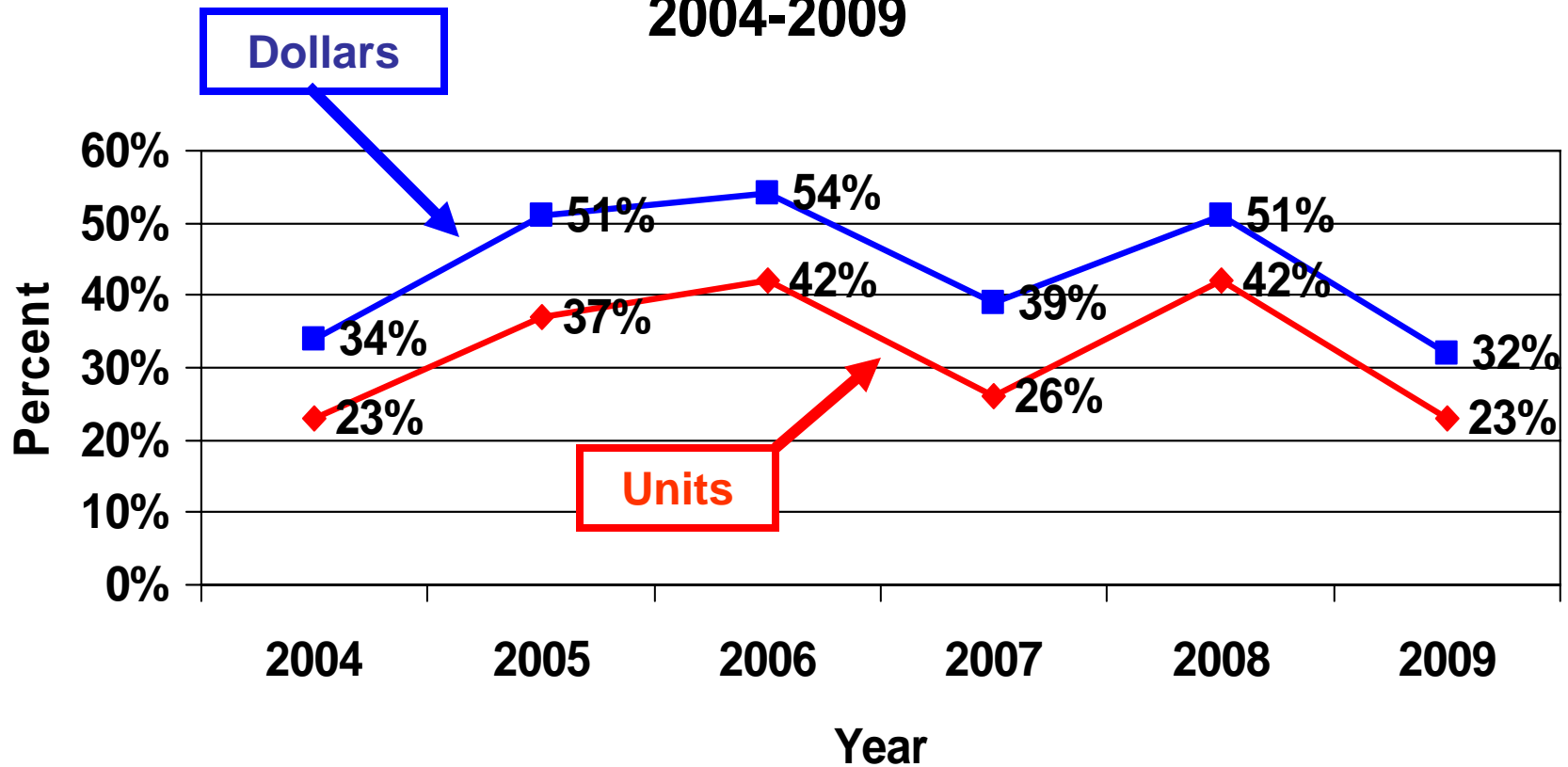


Early Estimates Somewhat Overstated?



# Pellet Stoves vs. All Freestanding Stoves

## Percent of Pellet Stoves vs. Freestanding Stoves 2004-2009



# Pellet Appliance Observations

- Pellet Appliance Shipments and Sales are the most **volatile** in the hearth industry
- When the consumer views the price of **heating their home to be expensive**, then **sales and shipments dramatically increase**
- When the consumer views the price of **heating their home to be reasonable**, then **sales and shipments are much less robust**



# In 2009, HPBA Started Collecting Data About Central Heating Systems Fueled with Biomass Fuels

- Program started 2Q09
- Two categories collected:
  - Central Heating Systems fueled with Pellets
  - Central Heating Systems fueled with Cordwood/Wood Chips
- Participation levels could have been higher – somewhat disappointing

# Central Heating Units Shipped April 2009 through December 2009

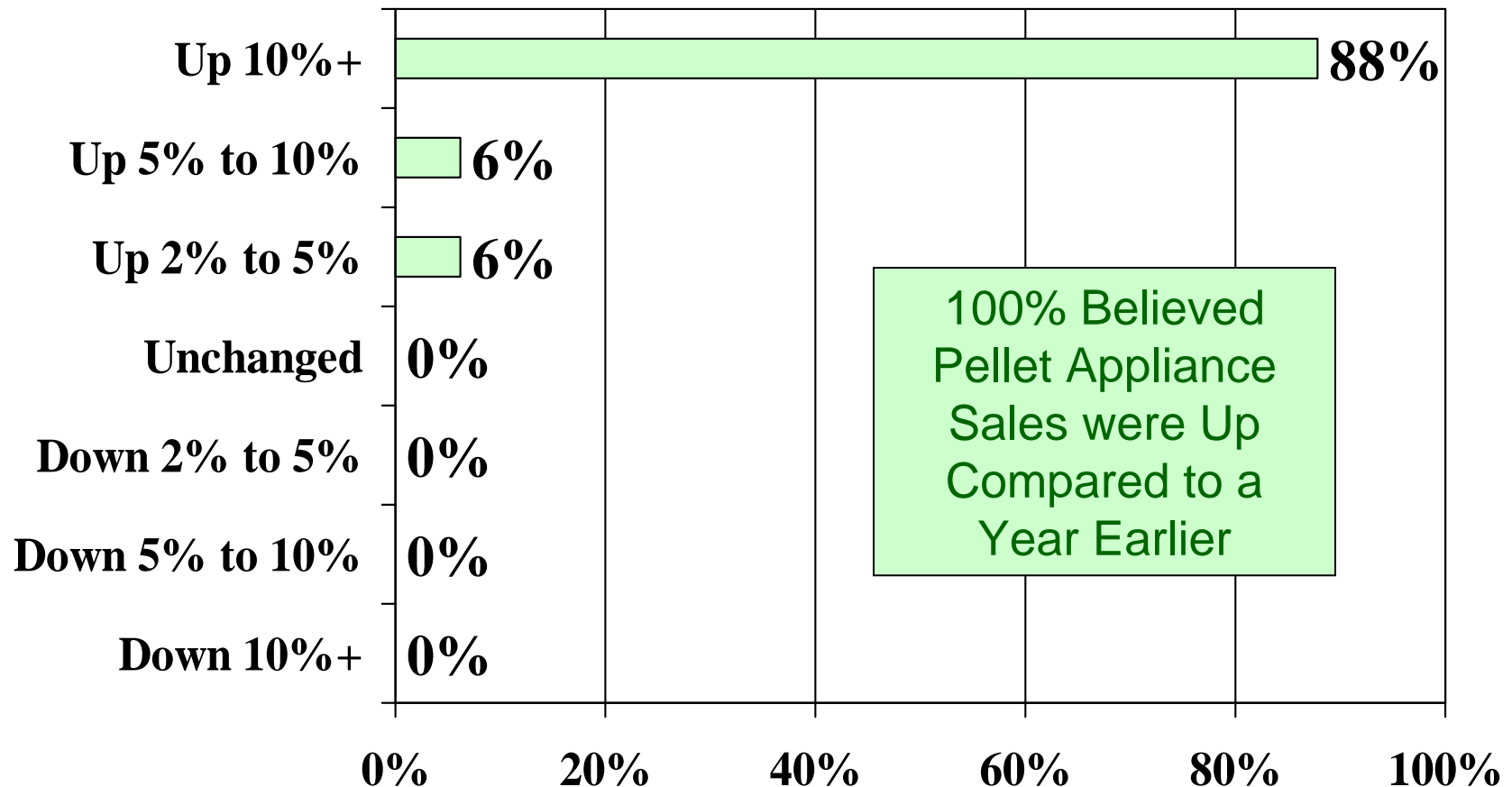
- **Pellet** Central Heating Shipments
  - U.S. – 999
  - Canada – 313
- **Cordwood/Wood Chip** Central Heating Systems
  - U.S. – 3,569
  - Canada – 3,770

# HPBA Manufacturers' Rep Survey



- **Conducted quarterly since June 2000 (39 quarters)**
- **FAXED to HPBA Manufacturing Reps**
- **Response rates range from 17% to 25% (recently)**
- **“Leading indicator” for Pellet industry**

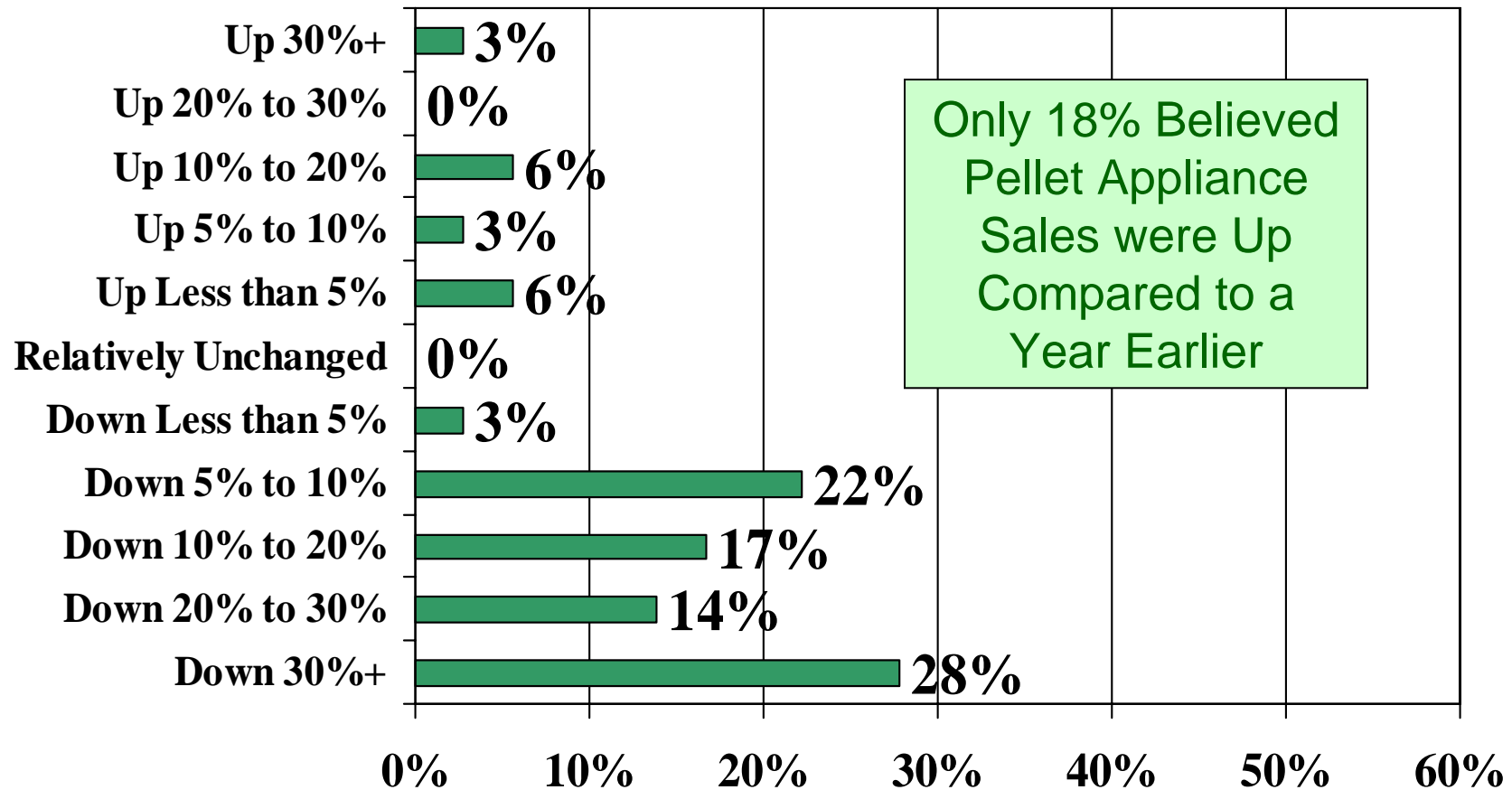
# Sales of Pellet Appliances Compared to a Year Ago\*



**January 2006**

\*Of those respondents who rep pellet appliances

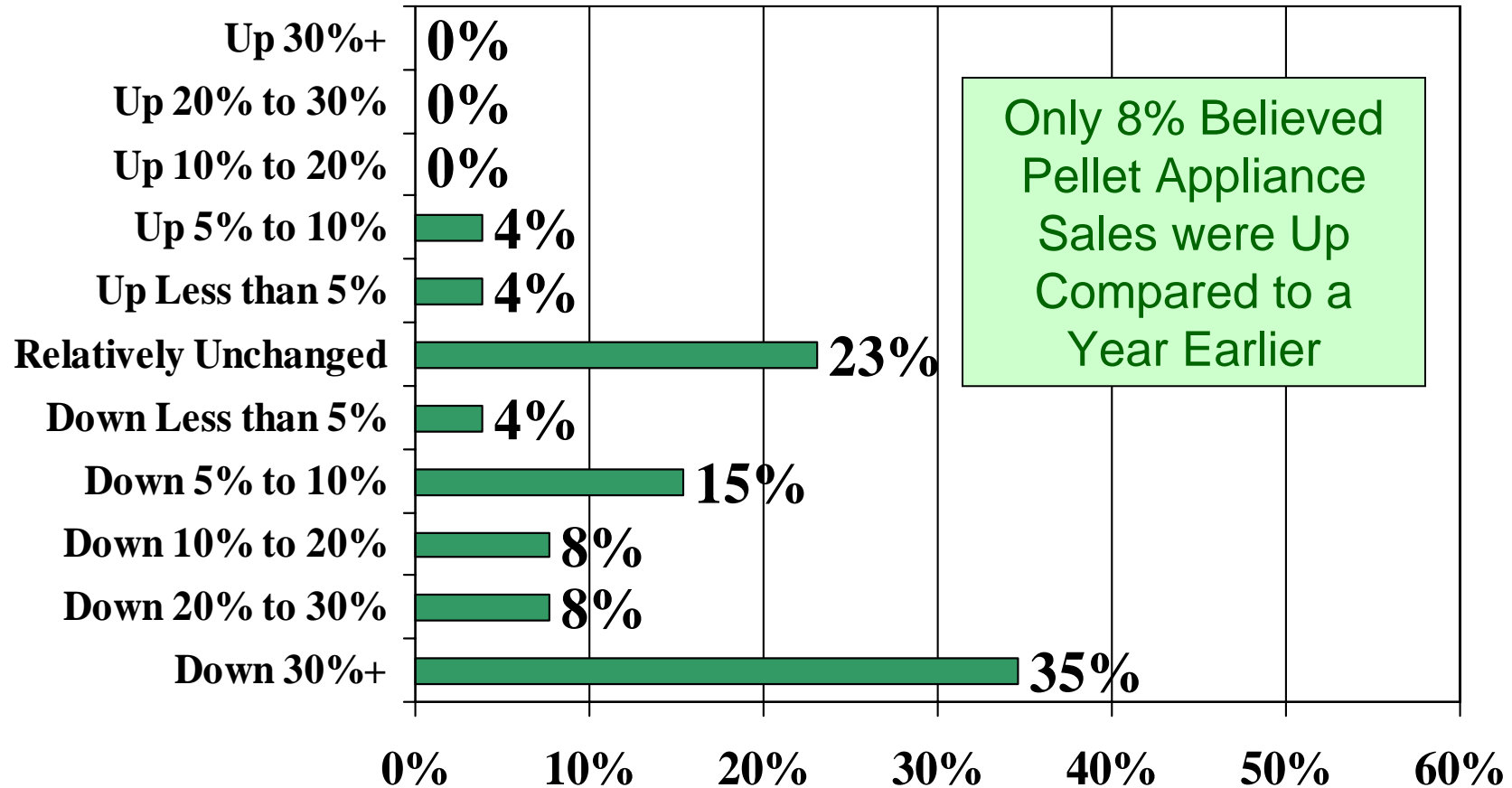
# Sales of Pellet Appliances Compared to a Year Ago\*



**January 2007**

\*Of those respondents who rep cordwood appliances

# Sales of Pellet Appliances Compared to a Year Ago\*

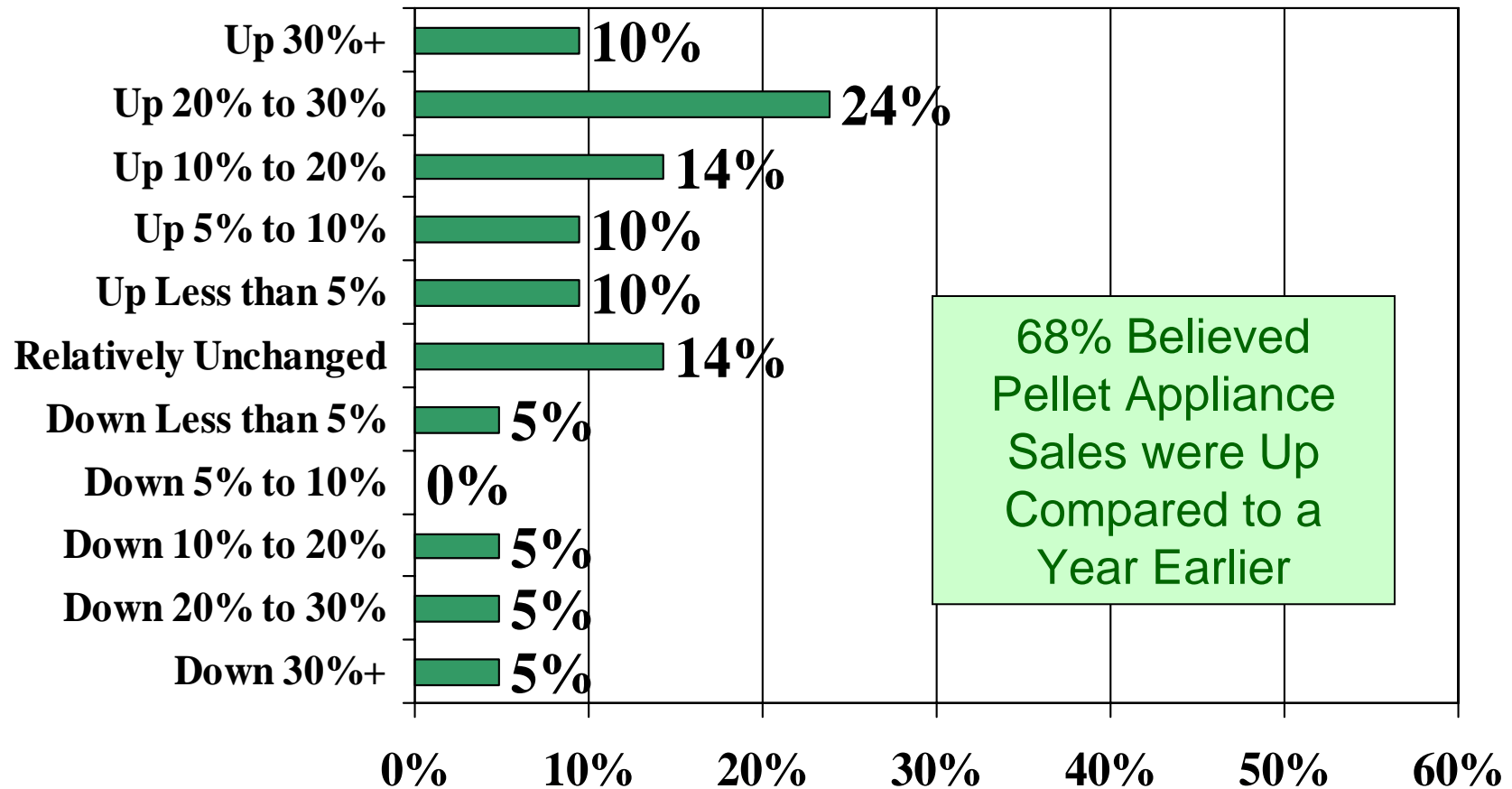


**January 2008**

\*Of those respondents who rep cordwood appliances



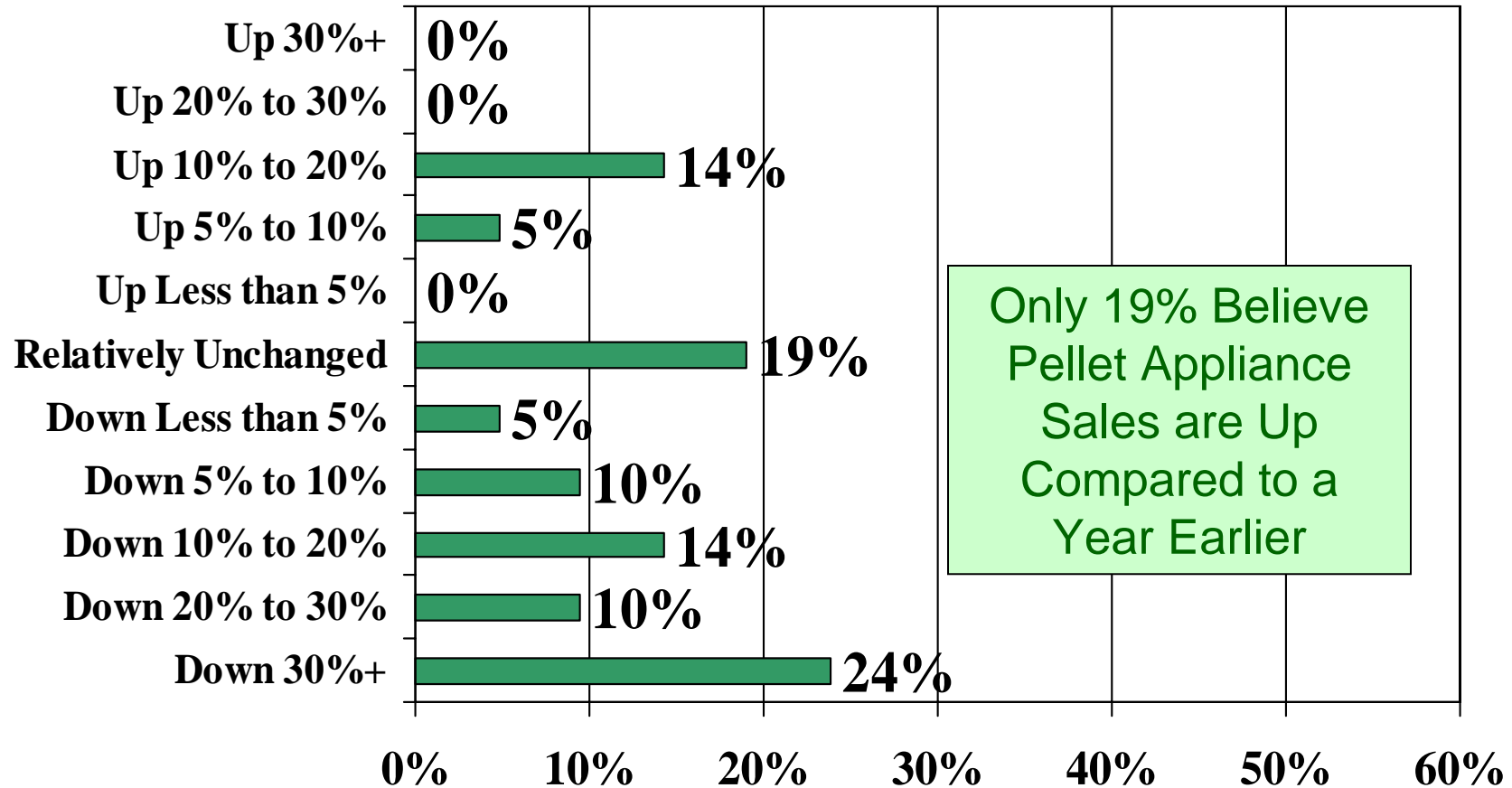
# Sales of Pellet Appliances Compared to a Year Ago\*



January 2009

\*Of those respondents who rep cordwood appliances

# Sales of Pellet Appliances Compared to a Year Ago\*

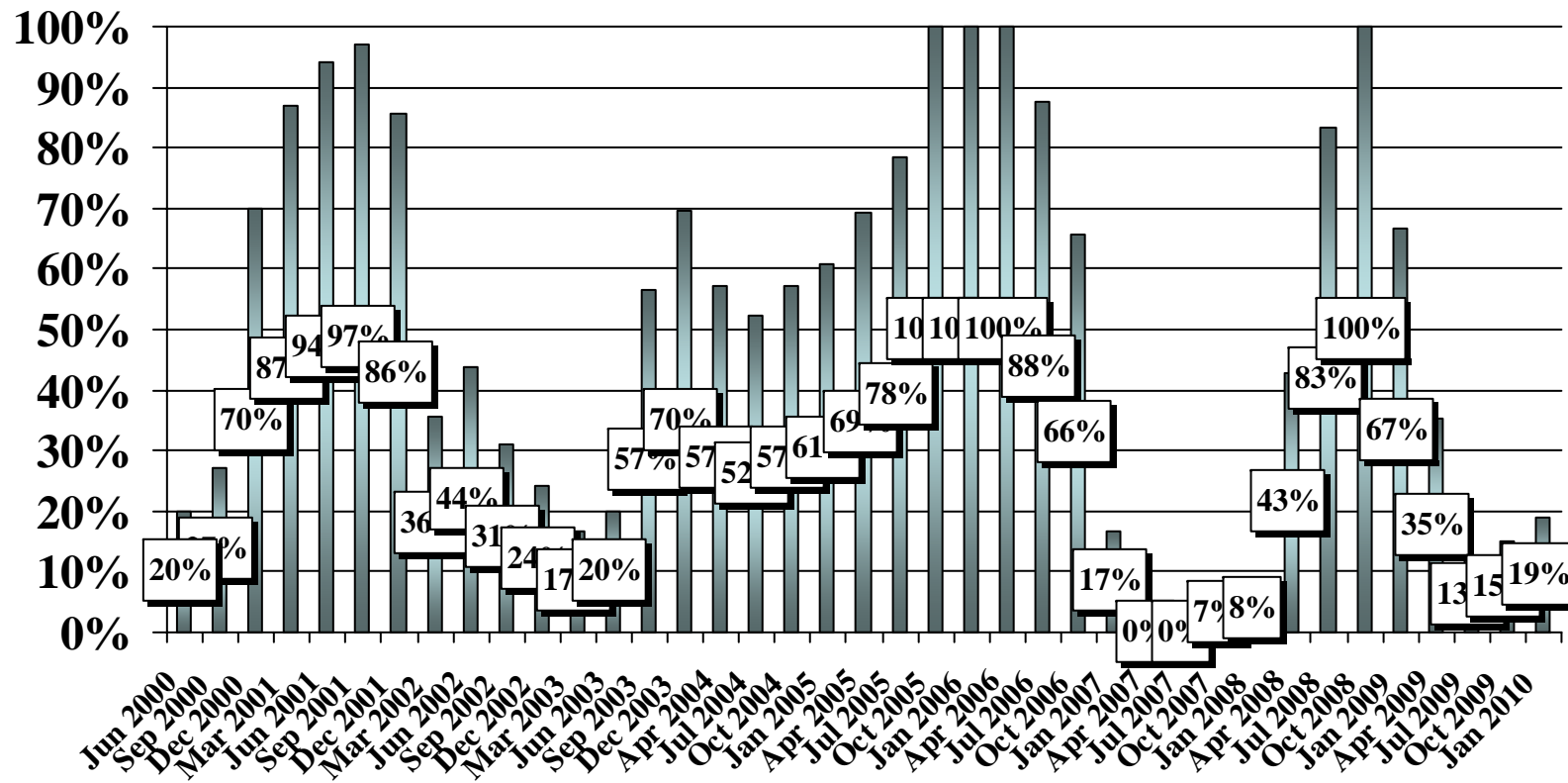


January 2010

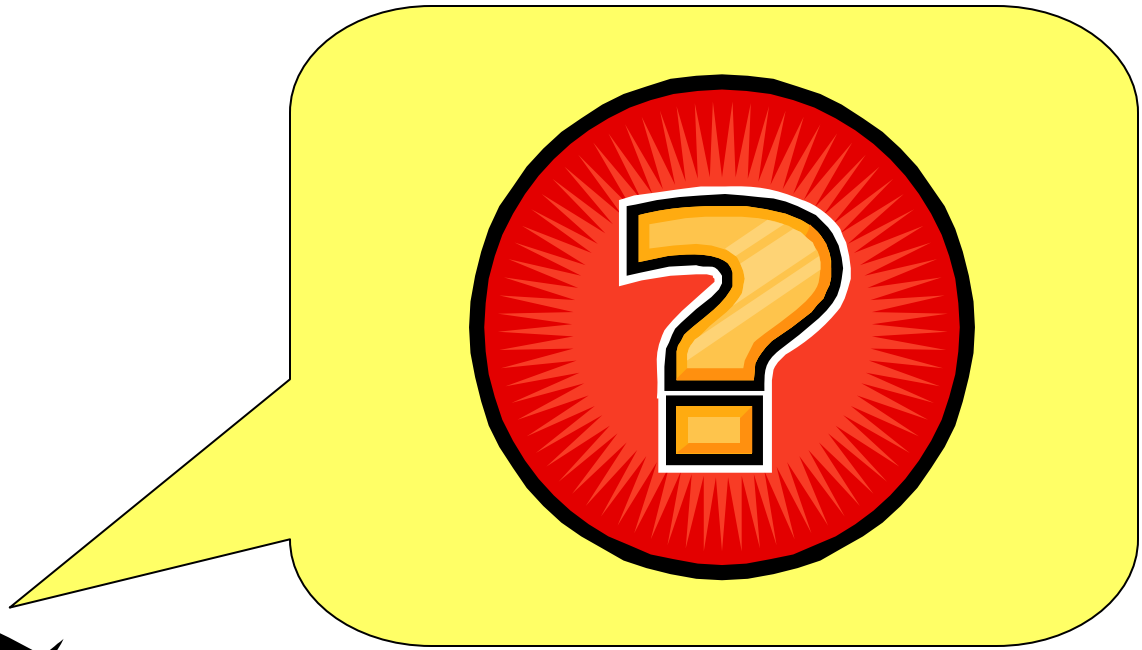
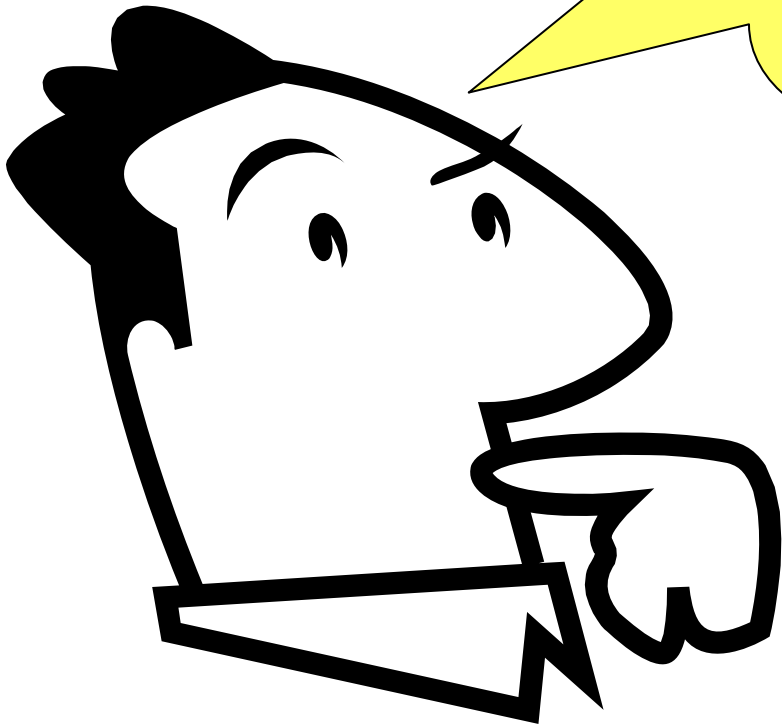
\*Of those respondents who rep cordwood appliances

# % of Reps Who Feel Pellet Appliance Sales are Up Compared to a Year Ago

## Quarterly--June 2000 through January 2010



Measurement Scale Changed April 2006



***Questions?***