Sawmilling industry in Ijebu Division of Ogun State, Nigeria is generally characterized by low return to investment and inefficiency in the use of resources. Incessant increase in the cost of factors of production has led to skyrocketing market prices of the saw mill products. This study therefore examined the cost–return structure and efficiency profile of the saw-milling industry in the study area. Descriptive and quantitative techniques, stochastic frontier production model and budgetary techniques were used. Out of a total of ninety (90) respondents, about 74.45% were between the ages of 41-60 with 71.11% having formal education up to secondary school level. The mean total variable cost was ₦116,686.11 per month while the mean total fixed cost was ₦104,165.78. The mean net profit and gross profit levels were ₦511,407.82 and ₦615,573.60 respectively while the mean total cost was ₦220,851.89. The result of stochastic frontier showed that working capital, truck loading, level of education and locality had significant effects on the output. The mean efficiency of 80.4% showed that, on the average, the level of efficiency of the sawmill owners in the study area could be increased by 19.6% using the best available technology at the existing level of resource use. With improved returns to investment more saw mills will spring up and the equilibrium prices for forestry products will be affordable in the study area. Again, the saw millers need to improve on the ways they allocate and use the production resources so that they can enhance the level of efficiency in saw-milling business. With this, wood products will be more available and accessible to the buying public.

Keywords: Saw milling Industry; Return to Investment; Technical Efficiency levels; Factors of Production; Market Price; Wood products.