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Canfor Corporation

Canfor and Canfor Pulp Third Quarter Analyst Call

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Canfor and Canfor Pulp Third Quarter Analyst Call. A recording and transcript of the call will be available on Canfor's website.

During this call, Canfor and Canfor Pulp's Chief Financial Officer will be referring to a slide presentation that is available in the Investor Relations section of the Company's website.

Also, the companies would like to point out that this call will include forward-looking statements, so please refer to the press releases for the associated risks of such statements.

I would now like to turn the meeting over to Mr. Don Kayne, Canfor and Canfor Pulp's Chief Executive Officer. Please go ahead, Mr. Kayne.

Don Kayne — President and Chief Executive Officer, Canfor Corporation

All right. Thank you, Operator, and good morning, everyone. Thank you for joining the Canfor and Canfor Pulp Q3 2018 results conference call.

I'll make a few comments before I turn things over to Alan Nicholl, our Executive Vice President of Canfor Pulp Operations and Chief Financial Officer of Canfor Corporation and Canfor Pulp. Alan will provide a more detailed overview of our performance in Q3.

Joining Alan and I today are Peter Hart, our Vice President of Pulp and Paper Sales & Marketing; Kevin Pankratz, Senior Vice President of Lumber Sales and Marketing; and Stephen Mackie, our Senior Vice President of Canadian Operations.

Our third quarter earnings were solid although weaker than the record levels of Q2, with Q3 operating income of $202 million. For Canfor Pulp, the Company also had a solid quarter, generating operating income of $61 million, down from the record second quarter, principally due to lower shipment levels and previously announced downtime.

During the course of the downtime, we discovered damage to several tubes in Northwood's #5 recovery boiler. The team is working to reduce the impact of this repair on our business, but at this point we expect an additional reduction of NBSK production in the fourth quarter of 60,000 to 70,000 tonnes. Pulp supply and demand remains relatively well balanced, and price levels were similar quarter over quarter. For the remainder of the year, we anticipate stable market conditions and good pricing levels to continue into the new year.

Yesterday, the Canfor Pulp board approved a special dividend of $2.25 a share. While we have been looking at accretive growth opportunities for CPPI, we have determined that there are limited compelling opportunities in the near term. As a result, the board has determined that returning capital to shareholders is appropriate at this time.

Moving to our lumber business. We generated operating income of $149 million. Lumber production was down in the quarter, as operations were impacted by forest fires in British Columbia and Hurricane Florence in the US South.

The fire season in British Columbia was significant, and in addition to disruptions at several of our operations, access restrictions to our woodlands resulted in lower harvest levels and increased competition for purchased wood across British Columbia. We continue to work diligently on improving our lumber and grade recovery, with a significant focus on value-added market and product development opportunities to offset these increases.

We continue in our negotiations with the United Steelworkers through CONIFER and IFLRA on a new contract for many of our BC mills. We believe reaching a fair and reasonable agreement is in the best interests of our employees and our company, and we remain optimistic that a deal can be reached. Despite this, we have seen job action this morning, unfortunately, at one of our operations.

Transportation networks have returned to normal as weather conditions have improved. The majority of the inventory builds in Q1 and Q2 have been eliminated. While current markets have been challenging, our outlook is for pricing to stabilize and gradually move higher with the reduction of inventory levels, reflecting higher seasonal demand and continued strength in the repair and remodelling sector.

In the longer term, we remain very positive on market fundamentals for lumber and the macro environment for our products. Demand for offshore markets continues to be solid, and we expect increased volumes to overseas markets during Q4 and on into Q1 and Q2 of 2019.

Our 350 million board foot, organic capital program remains on track and to be completed by the end of 2019. The spending includes large rebuilds at Camden and Moultrie, Georgia, a new planer at Fulton, and continuous dry kilns at Darlington and Urbana.

On our previously announced Greenfield mill, we continue to work to resolve the contractor issue. Recently, we have been working through specific issues including: longer lead times, higher steel costs, and continued labour challenges. We expect to have a final decision by the end of this year.

Finally, in regard to the Softwood Lumber Agreement. There have been no significant developments on the negotiation of a settlement since last quarter, as Canada works through its appeals with the ITC and the WTO.

We are pleased that the new NAFTA agreement has retained the important Chapter 19 dispute resolution process.

So with that, Operator, I will now turn it over to Alan Nicholl to provide an overview of our financial results.

Alan Nicholl — Chief Financial Officer and Executive Vice President, Finance and Canfor Pulp Products Inc., Canfor Corporation

Yeah. Thanks, Don, and good morning, everyone. As usual, my comments this morning will focus principally on our financial performance for the third quarter of 2018, by reference to the previous quarter. Full details of our results are contained in the Canfor Pulp and Canfor news releases, both of which were issued yesterday afternoon.

And as always, you'll find an overview slide presentation on both the Canfor and the Canfor Pulp websites in the Investor Relations section under Webcasts. The presentation highlights consolidated and segmented results, and I'll be referring to this presentation during my comments.

For the third quarter of 2018, Canfor reported shareholder net income of $125 million, or $0.98 a share, down from net income of $170 million or $1.32 a share reported for the second quarter of 2018, and up from net income of $66 million or $0.51 a share reported for the third quarter of 2017.

On Slide 3 of our presentation, we highlight various non-operating items, net of tax and non-controlling interests, which affect the comparability of our results between the quarters. In the third quarter of 2018, these items totalled $32 million, the largest being a $31 million expense related to countervailing and anti-dumping duty deposits, compared to $38 million expensed in Q2. After adjusting for these non-operating items, shareholder net income for Q3 was $157 million or $1.23 a share, compared to $214 million or $1.66 a share for the second quarter.

As highlighted on Slide 5 of our presentation, the lumber segment recorded operating income of $149 million for Q3, down $55 million from the previous quarter. Adjusted lumber operating income for Q3 was $192 million, down $64 million from similarly adjusted operating income of $255 million in Q2.

North American benchmarked 2x4 #2 prices for both Western SPF and Southern Yellow Pine were well down from historical high levels seen in the previous quarter, declining US$116 and US$101 per thousand board feet respectively, primarily due to higher inventory levels through the supply chain.

Canfor's sales realizations, however, showed a more moderate decline, reflecting a strong order file as we entered the third quarter, as well as a higher value sales mix and improved offshore pricing.

Lumber shipments were down 4 percent, quarter over quarter, for the most part reflecting a drawdown of inventory in the previous quarter, as well as the effects of both the wildfires in Western Canada and Hurricane Florence on our operations. Lumber production was 3 percent lower than the prior quarter, largely reflecting the disruption in costs by the aforementioned severe weather.

Unit manufacturing costs in the current quarter were moderately higher, reflecting increased market-based stumpage and the significant weather-related impacts, which resulted in lower harvested log volumes and increased competition for purchased wood in BC. Log costs in the US South remained stable through the quarter.

Canfor's pulp and paper segment comprises the results of Canfor Pulp Products Inc. As highlighted on Slide 6, the Company reported net income of $43 million, or $0.66 a share in Q3, compared to net income of $63 million, or $0.97 a share for the previous quarter.

As Slide 6 highlights, the Company's Q3 financial performance reflected fairly balanced market conditions. Sales realizations were in line with the previous quarter, as record-high North

American NBSK pricing and the weaker Canadian dollar offset a slight decline in the Canada–US dollar NBSK pulp price.

The biggest contributor to the lower earnings was shipments, which were down 20 percent from the previous quarter. This decline reflected a significant drawdown of inventory in Q2, a 10,000-tonne vessel slippage into October, the impact of early fall maintenance, as well as softer market demand from China that we saw in the first part of the quarter.

Our pulp production was down 4 percent from the second quarter, and for the most part this reflected higher scheduled maintenance downtime at Northwood in late September with this shut spanning quarter-end. This more than offset increased BCTMP production following the commissioning of the energy reduction project at our Taylor mill at the end of June.

Unit manufacturing costs were modestly higher than the previous quarter, reflecting for the most part market-related increases in fibre costs.

Operating income for the paper segment in Q3 was $3 million, up $2 million from the previous quarter, and primarily reflected improved sales realizations and a weaker Canadian dollar, which offset higher slush pulp costs.

As previously announced, towards the end of September, Northwood extended its scheduled maintenance outage on one production line to enable the necessary tube replacements at its #5 recovery boiler. This was in order to rectify damage discovered during our routine scheduled maintenance inspections.

Also, in early October, a third-party natural gas pipeline explosion near Prince George resulted in further unscheduled downtime at the Company's NBSK pulp facilities. As a result, total scheduled and unscheduled outages are anticipated to result in approximately 85,000 to 90,000 tonnes of reduced NBSK pulp production in the fourth quarter.

Capital spending for the third quarter totalled approximately $117 million and included $79 million in the lumber business and $33 million in Canfor Pulp.

The Company continues to execute on its US$125 million organic growth program in the US South, and we remain on schedule, as Don indicated, to have this substantially completed by the end of 2019.

In 2018, our forecasted capital spend for lumber is approximately $260 million and a $95 million for pulp, with similar spending currently anticipated for 2019.

At the end of Q3, Canfor, excluding Canfor Pulp, had net debt of $8 million, with available liquidity of 356 million, and Canfor Pulp had net cash of $205 million, with available liquidity of $99 million. Net debt to total capitalization, excluding Canfor Pulp, was just under 1 percent. And on a consolidated basis, net cash to total capitalization was 8.8 percent, as cash balances exceeded outstanding debt.

Yesterday, Canfor Pulp's Board of Directors approved the continuance of a quarterly dividend of $0.0625 per share for the third quarter. The board also approved a special dividend of $2.25 a share as a result of the strong cash generated by the business over the last year and the absence of any compelling major internal or external strategic growth opportunities on the immediate horizon.

And with that, Don, I'll turn the call back over to you.

Don Kayne

Yeah. Thanks very much, Alan. And so, Operator, we're ready to take questions from analysts now. Thank you.

Q&A

Operator

Thank you. We will now take questions from financial analysts. If you have a question, please press *, 1 on your telephone keypad. If you are using a speakerphone, please lift your receiver and then press *, 1. If at any time, you wish to cancel your question, please press *, 2.

Please press *, 1 now if you have a question. There will be a brief pause while participants register for questions. Thank you for your patience.

Your first question comes from Sean Steuart of TD Securities. Please go ahead.

Sean Steuart — TD Securities

Thanks. Good morning.

Don Kayne

Morning, Sean.

Alan Nicholl

Morning, Sean.

Don Kayne

Hello? Hello?

Operator

Just one moment. Bear with me. I think we lost Sean. Just one moment.

Don Kayne

Okay. He must have had a difficult question.

Operator

All right. I do certainly apologize. Sean, if you would like to ask that question, please re-poll.

I do have Paul Quinn of RBC Capital Markets. Please go ahead, Paul.

Paul Quinn — RBC Capital Markets

Yeah. Thanks very much. Morning, guys.

Don Kayne

Good morning, Paul.

Alan Nicholl

Hi, Paul.

Paul Quinn

Just on the labour side. I think you've got four mills with CONIFER and three with the IFLRA. Where are the rest of the BC mills, in terms of the labour negotiations? Do they follow the same patterned agreement from CONIFER and IFLRA?

Don Kayne

Paul, maybe I'll get Stephen to answer that one.

Stephen Mackie — Senior Vice President, Canadian Operations, Canfor Corporation

Yeah. For sure. Excuse me. Good morning, Paul. So you're right, we do have four of our operations in BC represented by CONIFER, three more down in the southern interior represented by IFLRA through the negotiation process. We have three mills that are independent, that are represented by the USW, but that we would deal with through direct negotiations with the USW. And then we've got some facilities that are—one's a non-union and a couple represented by other unions, so that's how it breaks down.

Paul Quinn

Okay. And so typically, if we went back to the last contract negotiations, didn't that get set by CONIFER and then followed by the others? Is that the way sort of the usual pattern is?

Stephen Mackie

Yeah. The pattern, actually—you're certainly right, there's usually pattern industry bargaining. It wasn't actually done by, or led by—or concluded by, sorry—by CONIFER last round. It was actually Canfor that did set the pattern for the industry last time. But in this particular negotiation round, we have chosen to go through the industry associations for the bargaining.

Paul Quinn

Okay. And then just moving on to the lumber side, and in your Greenfield decision by year-end, if you make that decision by year-end, when can we expect that production up? And does that—you've seen the list of projects out there from others. Does that worry you at all in terms of supply in the marketplace down the road?

Don Kayne

Yeah. I—yeah. It's a good question, and it's something that we're obviously watching here. I mean, I think we're, ourselves—is probably if we make a positive decision, which we're not there yet as we said, early in the new year—is probably from there by a couple of years before we get to a point where we're actually running at plant levels.

In terms of concern about others, yeah, we're—you're always concerned of what others are doing but really, we're more focused on our own decision there around whether or not we build. So of course—and the other thing I would say too, Paul, maybe, is we're still a little bit skeptical too in terms of how much of that actually materializes at the end of the day, and not so much whether it's done or not but the time frame it is completed.

Paul Quinn

So just like yours gets pushed out, you expect some of the Greenfields and some of the additions to get pushed out as well?

Don Kayne

Yeah. That'd be our view. I mean, we've said before, and we were talking about it this morning a little bit. I mean, we don't think there's a capability to build more than three per year. So three per year is one thing, but which years, right? So we're not—maybe this next year's probably pretty solid, but once you get out beyond that, it could be pushed out. That would be our view, but time will tell.

Paul Quinn

Okay. That's helpful. And then just on log cost inflation. If you could break that down, sort of what you're seeing as a percentage in Canada versus United States?

Don Kayne

Yeah. We're looking at some gains next year, obviously, in British Columbia similar to what we've seen this year, and in the US South, probably around that 2 percent number, Paul.

Paul Quinn

And then just, you mentioned you look for growth opportunities for Canfor Pulp. What does that look like out there? Is that other mills that you would acquire? Or different areas that you're going into? And then just a follow-up question on that, just on your joint venture, looking at different, I guess areas of pulp. How is that progressing?

Don Kayne

So I'll let Alan answer the second part of that one. The first part, Alan—I mean, we—I mean really, we're always looking at opportunities. There's just not many that, especially in the environment we're in today, from a cost standpoint, an opportunity standpoint, or both. We haven't found anything yet that's really accretive that we would—and also strategic really—that we would consider as something we had to have. So we—and as a result of that, that's really why we thought long and hard about how do we deal with the shareholders, and that's why we ended up with a special dividend, right?

But in terms of the second question, Alan, you're involved in that quite a bit. Why don't you talk about that?

Alan Nicholl

Yeah. So just for clarity, Paul, you're referring to our JV that we have with respect to our biofuels initiative? Or—

Paul Quinn

Yep. Yep. Yep.

Alan Nicholl

Yeah. So that continues. We continue to make small gains, but we continue also to guide to any commercialization of that effort being several years away. But it's being led well, and we're getting more encouragements these days, that's for sure, but still some ways away from commercialization.

Paul Quinn

All right. That's all I had. Best of luck, guys.

Don Kayne

All right. Thanks, Paul. See you.

Operator

Your next question comes from, now, Sean Steuart of TD Securities. Please go ahead.

Sean Steuart

Thanks. Hopefully you can hear me.

Don Kayne

Yes. Hi, Sean.

Sean Steuart

Okay. Couple questions, guys. Because you don't break out your log sales or your chip revenues, it's tricky to handicap your price realizations on the lumber side quarter to quarter. Can you give us a sense of X log sales and chips, how your lumber mill nets trended this quarter relative to the benchmarks? And I guess I'm just trying to gather how much better you were than the benchmarks this quarter? And if there's a counter-effect in Q4 where the decline might be a bit more severe?

Don Kayne

I'll put that over to Alan. But just one thing, just on that, that I think is important is that I think we're continuing to see, and we get encouraged by the fact that—and we've talked about this quite significantly over the years—is our ongoing strategy and focus to try to differentiate ourselves outside of the commodity markets

And I think certainly, I think we're always encouraged to see some of the gains that we're seeing in terms of some of these value-added products that we've really focused on developing ourselves and seeing some of the higher returns on them that aren't so related to the commodity market. So I think part of it for sure is related to that.

But I'll let Alan answer the other part of your question, Sean, around log prices and chip prices and impact.

Alan Nicholl

Yeah. Sean, so good question. So the way I would answer that is by saying yes, we did see small increases relatively for residual chip prices and also log sales, and some of the latter being seasonally based. But the vast majority of that delta that you're looking at was attributable to our sales realizations in the lumber space. And I think it reflects a lot of the seasonal factors as well as our strong focus on the value-added side of things. And we're benefitting clearly in Q3 for both those in—for both Western SPF and Southern Pine as well.

Sean Steuart

That's encouraging. Alan, can you give some context on the costs associated with the pulp downtime in Q4? I think we have a pretty good sense on the boiler rebuild or maintenance on the tubes, anyway. But with the additional downtime related to the gas supply issue, any numbers you can give us on dollar costs anticipated with that downtime?

Alan Nicholl

Yeah. It's hard to get into too many specifics there, Sean. But I think what I would guide you to—I think you and maybe several others noted that the reduced production is close to 30 percent of our capacity, and I think that will be reflected pretty much through our Q4 results. Beyond that, it's hard to give you any definitive guidance, but hopefully that will help you in terms of your financial modelling and such like.

Sean Steuart

Yep. And just last question from me. Do you guys have any plans for lumber downtime in BC through the current trough? Do you just wait to see how the labour negotiations play out? Any thoughts on temporary downtime to keep your inventories balanced?

Don Kayne

Yeah. I think what I—I guess all I would say there, Sean, is like probably everybody's doing in these markets, I think it's prudent to continue to review all the operations, frankly, and just to kind of see where we are and what we should maybe look at, from an operating point of view.

But mostly, it's mostly due—or I mean, almost virtually all due to some of the issues that we're seeing on log sourcing and also log profiles, and I guess obviously combined with market prices as well, right? So those are the three components, really, that are—we're going to base any decisions that we may make down the road on. But right now, we're not at that stage.

Sean Steuart

Okay. Thanks for that context. That's all I have, guys.

Don Kayne

Okay. Yeah. Thanks, Sean. See you.

Operator

Your next question comes from Mark Wilde of BMO Capital Markets. Please go ahead.

Mark Wilde — BMO Capital Markets

Good morning, Don. Good morning, Alan. And a really nice—

Alan Nicholl

Good morning.

Don Kayne

Hey, Mark.

Mark Wilde

—third quarter here.

Don Kayne

Good morning. Thanks.

Mark Wilde

I want to just start out by talking about housing. I mean, I'm as surprised as anybody by the numbers that we've seen coming out of the housing market over the last three or four months. But they kind of are what they are. And I just—I wondered what gives you kind of the continued confidence, when we're looking at these numbers now for three or four months in a row, that housing really is still on a sustained upward trajectory?

Don Kayne

Yeah. For sure. And that's one segment, of course, that—and it's a key one, it's not the only one—but it's certainly a key one that we look at. And on that one, I mean, obviously what we do look at it—and we've got our own—we do our own analytics in terms of what we think's going to happen there, and how's that going to trend going forward, and the impact, and so forth.

But I think as much, though, because of the customer base that we have where—as you know, we deal very direct with our customer base and we've got most of the business that we do is direct with the end users. And so we talk a lot to some of the large national builders and the large pro dealers. And if you combine all that together, that's exactly the information that we try to determine on a weekly, monthly, quarterly, and frankly more looking out longer, even one-, two-, three-year kind of time frame.

And from all the information, all the intel from speaking to some of the senior guys in the industry across all those areas I just spoke about, Mark, they're all very, very positive for the future. And while they—in those last few months, which we don't really focus on anyway, but just on that and the last couple of quarters even—they certainly think that part of that, perhaps, the slowdown, was due to some of the high price levels that we encountered during that period.

But overall—and maybe a bit of the inventory that's been around—but overall, I think there's not—like we haven't noticed one single change in approach, projection, assumption, going forward, for just looking at the housing segment on its own. So despite everything short term, we're still very, very confident in our thesis, confident in our macro assumptions that we've been articulating for several quarters now.

Mark Wilde

Yeah. Well, I'll just say, Alan—or Don—we haven't seen a 10-year period like this for housing starts, I think ever since World War II.

Don Kayne

Right.

Mark Wilde

But what is a little concerning is the data just has not been coming in very strong. And if you look at the market down here, these housing home builder stocks—

Don Kayne

Yep.

Mark Wilde

—are down about 40 percent since the start of the year.

Don Kayne

Right.

Mark Wilde

And I always hate to kind of completely discount what the financial markets are thinking.

Don Kayne

Yeah. Yeah. I think one other thing, Mark, just while you're on it—just on that, and I—like we try to get accurate information around this too, and it's hard. But if you do talk to them, the one element too that doesn't get talked about too much, but we're hearing about it more and more, is just the availability of labour, and how much does that restrict actual housing starts itself?

Because we know ourselves, at Canfor, and I think everybody, every industry, never mind our industry, is facing the same thing. It's hard to get qualified, skilled tradesmen. And from speaking with some of these builders that you have mentioned, or spoke about, they're definitely seeing that also.

Mark Wilde

Okay. I want to toggle over to kind of Southern timberland and your log costs. I'm just curious. There are a couple of articles that have run in the Wall Street Journal the last two weeks about all the incremental supply of kind of southern timber. I wonder if you have seen those articles? And if you have any reaction to them?

Don Kayne

Yeah. We definitely have seen them. And again, it's consistent to what our folks in the US South have been telling us. We had our board down there this week for our board meetings, and we had a very intensive discussion with our senior Southern Pine operators down there, including our President, but all their log fellows as well. Talked a lot exactly about this topic.

And their view there is unchanged, and that is that for the foreseeable future here, and perhaps 5, 10 years from now—they were talking even longer, but just say 5 to 10 years—they see very, very little escalation at all in price as a result of reduced supply on the market. They figure there's going to be strong supply for the next several years.

Mark Wilde

Okay. And the last one I had for you, Don, is just in terms of that prospective new mill. As you're going through this process, and you're kind of looking at the market, looking at a lot of other things, are you also looking at alternative locations for the mill, outside of Georgia?

Don Kayne

Yeah. We are. I mean, when we chose Georgia at the time—and it's still the case. I mean, we still believe it's, in terms of fibre—because as we've said many times, fibre's kind of the key consideration, along with people and availability of labour. But from a fibre standpoint and a labour standpoint, that's a solid location, so no question.

But we also have two or three other locations that would potentially fit the same criteria well. So I guess the simple answer to your question is, yeah, we do have some other ones on the table as well that may surface down the road.

Mark Wilde

Okay. Sounds good. Good luck in the fourth quarter, and I'll turn it over.

Unknown Speaker — Don Kayne,

All right. Thanks, Mark. See you.

Operator

Thank you. Ladies and gentlemen, as a reminder, should you have a question, please press the *, followed by the 1.

All right. We have a question from Mark Wilde again, of BMO Capital Markets. Please go ahead.

Mark Wilde

Yeah. Just one final one, as long as there are no others. I'm just curious, Don and Alan, what you are seeing in terms of kind of southern lumber, because of this low-cost position, and of nibbling at kind of market share that's typically belonged, or markets that have typically belonged to, say, Pacific Northwest producers, Western Canadian producers, Eastern Canadian producers? Just maybe talk about that issue?

Don Kayne

Yeah. I mean, I think nothing material in our view, probably, overall. Maybe Kevin, I'll get you to maybe add a bit to that. But I mean, one of the things that we're doing proactively in the south, Mark—and it's going to take some time, but we've seen some recent evidence of some of the success—is overseas opportunities for yellow pine as well.

And just like we tackled 10 or 15 years ago in terms of Asia and our need to develop alternative markets for spruce, we're starting to see some pretty good uptick. I know Kevin and our team is working hard on that in places like India and places like China. And we were—both Kevin and I were over there recently and saw some surprising examples of some of the successes already that we're seeing there.

So I think as much as what we're trying to do is control what we can control, and that is try to develop and build the markets where they make sense, particularly on the value-added side, and on the new application side of the business.

But Kevin, I mean, you spend a lot of time over there now. Anything you want to add to Mark's comment?

Kevin Pankratz — Senior Vice President, Lumber Sales and Marketing Canfor Corporation

Yeah. No. The only other thing I could see is perhaps just a bit more expansion on MSR, Don, where there's engineering values that could be implemented, should the economics work.

Don Kayne

For sure.

Kevin Pankratz

That's the only other, but—

Don Kayne

Yeah. Yeah.

Kevin Pankratz

—the offshore component is a real critical focus for us—

Don Kayne

Right.

Kevin Pankratz

—where we see that we can leverage that position.

Don Kayne

But it's a good question, Mark. But I mean, we're just trying to stay—again, be proactive on that. And, I mean, some of the dollars that we've spent on our sawmills in the south, particularly on the dry kiln side of the business, and focusing on improving the quality of our products. I think we also think it's allowing us to get into markets too, that require a bit higher quality, that we maybe weren't able to achieve a couple years ago, say.

Mark Wilde

Okay. And, Don, when you talked about like the price, how your price realizations were better in the third quarter than a lot of the indices, does business like that board operation that you and I went to see a couple of years ago down in South Georgia, is that also figured into the equation?

Don Kayne

Yeah. It does. I mean, that's a small operation, but it's a great example. I mean, between Thomasville, and then of course we've got the one that we bought in the US South—or in the BC southern interior at WynnWood. So yeah, absolutely. And those, I've said before, but those are examples where we don't—we don't relate it at all to what random lengths pricing is doing. And most of that business is, as I'm sure others have had same situation, it's not—it's all committed business, right.

So yeah. No, exactly, and there's just several things. And, I mean, I think with the fibre that we have across the corporation, we certainly believe there's additional opportunities as well, so.

Mark Wilde

Okay. Sounds good. Again, good luck in the fourth quarter and into next year, guys.

Don Kayne

Okay. Thanks, Mark—

Alan Nicholl

Thanks, Mark.

Don Kayne

Take care. See you.

Operator

At this time, there are no further questions. Please proceed.

Don Kayne

All right. Thanks very much, Operator, and thanks, everyone, for joining us on the call today, and we'll talk to you next quarter. See you.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.

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