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# FINAL TRANSCRIPT

## Canfor Corporation

## VIDA Acquisition Conference Call - Analysts

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## CORPORATE PARTICIPANTS

**Don Kayne**
*Canfor Corporation — President and Chief Executive Officer*

**Alan Nicholl**
*Canfor Corporation — Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Daryl Swetlishoff**
*Raymond James — Analyst*

**Sean Steuart**
*TD Securities — Analyst*

**Paul Quinn**
*RBC Capital Markets — Analyst*

**Ketan Mamtora**
*BMO Capital Markets — Analyst*

## PRESENTATION

**Operator**

Good morning, ladies and gentlemen. Welcome to the Canfor Analysts Call, held to discuss the VIDA acquisition. A recording and transcript of the call will be available on Canfor's website.

During this call, Canfor 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 Company would like to point out that this call will include forward-looking statements, so please refer to the press release for the associated risks of such statements.

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

**Don Kayne** — President and Chief Executive Officer, Canfor Corporation

All right. Thanks, Operator, and good morning, everyone, and thanks for joining us this morning on short notice. Joining me today on the call will be Alan Nicholl, who's our Chief Financial Officer of Canfor Corporation, and Kevin Pankratz, who is our SVP of Sales and Marketing. What I'll do is I'll provide some brief remarks to start with here before turning it over to Alan.

Just for your information, though, you'll find a slide deck with more information on VIDA in our Investor Relations section of our website.

But I am excited to announce the acquisition of 70 percent of the VIDA Group this morning, which is a leading Swedish forest products company. And I know it—I know it came as a bit of a surprise, probably, but we've been quietly working on this company for quite some time, actually.

The acquisition represents transformational growth and diversification for Canfor. With the acquisition of VIDA, Canfor will become a truly international manufacturer and provider of wood products to our global customers, with operations now in Canada, in the United States, and also now in Europe.

Our strategic customers have been very clear with us about their growth plans, and they are looking to Canfor to supply their demand for high-quality wood products going forward. And they've been real, real clear about that for a long time, for a number of reasons which we'll talk about, perhaps later.

To meet that growing demand, we need to expand, and we knew we needed to expand and diversify our production capacity. So we were looking specifically for a company that would provide access to a sustainable fibre region and an operational platform that was outside of Canada, which is always—those are both always kind of a critical criteria of any of the acquisitions that we've been making here recently; and also for a company that shares our corporate strategy of producing high-value, non-commodity products going forward; providing exceptional customer service overall; and maintaining a low cost structure. All of those would be critical, and criteria that we've been using, as we have for a while.

VIDA is a company which delivers, in our view, on all those criteria. They operate nine sawmills with an annual capacity of 1.1 billion board feet, and the sawmills manufacture high-value spruce and pine lumber. So when you combine that with our existing lumber platform, we believe these mills will be extremely complementary and provide a further platform for global growth of customers and products going forward.

The mills are well capitalized. They're flexible, which allows them to produce the large volumes of value-added, high-margin, non-commodity wood products that I alluded to. Matter of fact, the prime grades that we often talk about, in a comparison with—in British Columbia or with the US South—about 90 percent of their products are prime products, and very little low-grade, 2 percent or less. So quite a different product mix than what we've had available to us in the past.

[Audio gap] management, their ability to produce those high-value-margin products, and really very similar rationale that we use very successfully in the US South.

The southern region of Sweden, which is called the Götaland region, has a rich, sustainable fibre resource as well, the majority of which is spruce. High-quality fibre is available, and it's very well balanced at all the locations.

So as a result of the acquisition of VIDA and Elliott, our operational platform will now be approximately 53 percent in British Columbia, 4 percent in Alberta, 28 percent in the United States, and 15 percent in Europe. In addition to the sawmills, VIDA has nine value-added processing facilities that include premium packaging, modular housing, industrial products, as well as some energy.

VIDA's customer base is focused heavily on Europe, reflecting the strong lumber consumption fundamentals in those markets, and their natural local advantage relative to other markets. In addition, they have a strong presence in Asia, in Australia as well, and they currently sell fairly minimal volumes into the United States—7, 8 percent, just to give you an idea.

VIDA has sales offices with staff in the UK, in Denmark, in the Netherlands, in Japan, Australia, and the United States. We've estimated that there's approximately $20 million in annual synergies available from aggregating our marketing efforts. With an increased global footprint and additional volume of high-quality spruce and pine lumber, we expect that we're going to be able to secure new business globally.

Finally, I'd like to comment just briefly on the long history that Canfor has had with the prior chairman and founder of VIDA, Christer Johansson, and the group's CEO, Santhe Dahl, and their deputy CEO, Måns Johansson. We've known them all for over 25 years. We partnered with VIDA when they became one of the first importers of European spruce into the North American home-centre market 20 years ago. We know the quality of their team extremely well. We know their products very well. The customer relationships that they have are significant. And also, and most importantly, we also recognize the value of the VIDA brand worldwide.

VIDA's a company we've been pursuing for a long time, and we are very excited to be making this acquisition. We're also equally pleased—I am very pleased that Santhe and Måns both will continue to lead the company operations in Sweden. VIDA is acknowledged as a market leader for the products they manufacture, and their strong focus on market and customer development.

Consistent with our other acquisitions, we wanted to partner with people who hold the same values as we do, so we've intentionally acquired just 70 percent of VIDA, so that Santhe and Måns can continue to run the business in Sweden and provide their management expertise and knowledge to Canfor, which is very similar, as you'll all recall and know, to what we do in the US South operations.

Just before I finish, I also wanted to mention the acquisition of Elliott Sawmilling announced last week. This phased deal further expands our footprint in the Carolinas and provides increased market presence as well as fibre synergies within that region. Elliott adds an additional 210 million board feet of capacity to our Southern Yellow Pine production, and we are very pleased to welcome the Elliott family and their employees to Canfor.

So with that, I'll turn the call over to Alan for some comments on the financial side of the deal.

**Alan Nicholl** — Chief Financial Officer, Canfor Corporation

Thanks, Don, and good morning, everyone. As mentioned in our press release this morning, the purchase price for our 70 percent investment in VIDA is 3.99 billion Swedish kroner, which is currently trading at just under 7:1 against the Canadian dollar.

Converting that price to Canadian dollars, the payment's approximately $580 million, and we've hedged 50 percent of this amount at rates consistent with current spot. Canfor also has an option to acquire the 30 percent interest of VIDA in 10 years' time. We currently expect the deal to close in the first quarter of 2019, and the results of VIDA will be fully consolidated in our Q1 '19 financial statements.

While we have sufficient liquidity to complete the transaction, we are working through an expansion and extension to our existing credit facilities, which will include maturities between five and seven years. Currently, we're projecting our debt to capitalization to peak at 25 to 30 percent during our inventory build in Q1 2019, before declining through the balance of the 2019 year.

2018 EBITDA for VIDA is forecast to be approximately $145 million, indicating a purchase price multiple of 5.7 times, or 4.9 times if you exclude working capital of roughly $125 million. Taking an account of the targeted $20 million in market-based synergies, the multiple's close to 5 times, or 4 times net of working capital.

In our presentation deck, we have included, on Page 9, a slide that compares European pricing to Western SPF and Southern Yellow Pine. This serves to highlight the relatively lower volatility in European pricing in recent years, which management believes will be sustainable going forward. For the most part, this more stable pricing reflects the relatively balanced supply and demand in Europe, export opportunities to various global markets, as well as longer pricing contracts.

So overall, we believe that VIDA's consistently strong track record of financial performance, our enhanced market diversification, and their expanded portfolio of high-value specialty products will result in significant financial returns for Canfor in the future.

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

**Don Kayne**

All right. Thanks, Alan. So, Operator, we're now ready to answer any questions that may be out there.

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## 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 Daryl Swetlishoff, Raymond James. Daryl, please go ahead.

**Daryl Swetlishoff** — Raymond James

Thank you. Good morning, guys. Just on this transaction. I understand how it fits in with your premium product strategy. Can you discuss how the European business really is different from your existing BC and US South ops, specifically with some of the product pricing differences?

**Don Kayne**

Yeah. Thanks, Daryl. And maybe I'll comment to start with here and maybe get Kevin to jump in, because I know he's familiar with it as well, quite a bit.

But I think probably the biggest—just at a very high level, Daryl, one of the major differences is just the way that they market to start with. And the products that they're focused on in Europe—and they're not really that different than a lot of them over there—they're focused heavily on higher value, non-commodity products that are typically higher margin. And because of the being non-commodity and more high-value specialty, customized products, they tend to sell them on more of a quarterly, semi-annually, and sometimes even annual basis, and they're locked in for those periods of time, typically.

But I guess the main thing is, is it's completely separate from what you would expect, and what we typically see in the commodity markets of North America, where you get a lot of volatility, a lot of fluctuation in prices from week to week. And whether the market's high or whether it's low, there's just a lot of uncertainty in terms of what's going to be occurring down the road.

And as Alan alluded to, if you look at that graph that we have on Page 9 there, it really—and we've been looking at these for many years—but as we've known this for quite some time. There's just a lot more stability in the European markets, the European price levels, the European products, and mostly because they're customized to a lot more—a lot higher degree than what we typically do in North America.

**Daryl Swetlishoff**

That's helpful, Don. When you look at these operations in Europe. How would they compare generally with your—say your BC Interior cost structure?

**Don Kayne**

I think in terms of—they would be a little bit higher in terms of the conversion cost standpoint, slightly. But the bigger—they would be definitely higher on the log cost standpoint, for sure. But if you look at it, and if you have not been there, it'll definitely be worthwhile to see it because it's—we've been travelling there, myself particularly, but lots of our guys have for many years—is what'll impress you the most will be the quality of those logs that you get for that higher price level.

Like clearly, the fibre there is an extremely positive—a big—it's a big strength. And frankly, the—and the log prices over there haven't really escalated either. You're talking in the 2, 3 percent order of magnitude, pretty consistently over many years, for a lot of the same reasons as we're seeing in the US South.

You know, and we talk about growth they bring in the US South, 1.2 to 1.5 kind of numbers. In Sweden, it's more balanced but certainly, it's not in a shortfall position at all, and it looks very positive as we go forward, which we expect, as a result of that, to limit that cost inflation to that 2 to 3 percent kind of number, Daryl, so.

**Daryl Swetlishoff**

Okay. Very different than BC.

**Don Kayne**

Yeah. Very different than BC, for sure.

**Daryl Swetlishoff**

Early days, obviously. But are there obvious changes that you—when you look at how the business is organized with respect to operations, is there obvious changes that Canfor might make? And maybe in something as simple as lumber flows to service your global customers, now that you have that European footprint?

**Don Kayne**

Yeah. That's a good question, for sure. And the optimization potential here, from a supply chain point of view, and similar to what we found as we did in the US South, is for sure real. Whether it's transportation optimization; to some degree, there's duplication in products. What may make more sense to be serviced out of Europe than out of North America.

But in terms of the operations overall, we are going to proceed exactly the way—really with a very, very similar model that we have done, we think pretty successfully, in the US South. We believe, no different than the US South, Daryl, again, that these folks that we have on the ground that are the owners, that are certainly committed to VIDA, and they're still owners going forward, are very knowledgeable.

They've been around for, in Santhe's case, 40 years with the company, knows the company well, knows the fibre situation very, very well. And we need him (phon). So we'll have the opportunity to learn probably as much from them as they will certainly learn from us. And we always have taken that approach, and it's served us well.

**Daryl Swetlishoff**

Thanks for that, Don. Obviously, it's a tough tape out there today but looks like a very exciting opportunity for Canfor. Congratulations. I'll turn it over.

**Don Kayne**

All right. Thanks, Daryl. Appreciate it.

**Operator**

Thank you. Your next question comes from Sean Steuart, TD Securities. Sean, please go ahead.

**Sean Steuart** — TD Securities

Thanks. Good morning, everyone.

**Don Kayne**

Good morning, Sean.

**Sean Steuart**

A number of questions here. Can you give us an idea of what sort of operating rates the sawmills are running at right now?

**Don Kayne**

Yeah. I'll let Alan—you want to talk about that, Alan?

**Alan Nicholl**

Yeah. I mean, Sean, they're pretty much running at full capacity, which is a testament to how well the guys run their facilities there, so not a whole lot of upside in terms of increasing capacity there.

**Sean Steuart**

Got it. And just following on one of Daryl's questions. When I'm thinking about peak-to-trough volatility in margins for these assets. It looks like the European commodity lumber market, based on that price graph you guys have provided with the FEA price data—it looks like there's a slump in 2015. And on a dollar-per-cubic-metre basis, it looks like average prices were about $100 lower in 2015 than what we're seeing this year. Would your—would the assets' margins have been—on a dollar or euro-per-cubic-metre basis—would they have been that much lower in 2015 than what you're seeing right now? Just trying to get a sense of the peak-to-trough—

**Don Kayne**

Yeah. Yeah.

**Sean Steuart**

—margin volatility.

**Don Kayne**

Yeah. That goes back a ways, Sean. I'm not sure exactly what—how much the margin difference would be. What I can say, though, is—because like I was mentioning, we've known these guys for a long time—but even through the extreme periods through the recession, these guys broke even. They never lost money. So that gives us a heck of a lot of confidence that even in that period, where you saw that dip in prices there, that it might not have been the same margin as it is today, but they would have been positive for sure. We can follow up on that for you more, between Alan and Pat, though.

But that's one—and frankly, that's been one of the things, having known these guys, and they are private, but we have a very, very good relationship with them for a long time—that we're very confident in terms of the consistency in their returns, even in periods—you know, every once in a while, you encounter what aren't maybe some of the best periods, so.

**Sean Steuart**

Yeah. I hear you. I think we're just trying to get a sense of, based on that price graph—it looks like we're at, certainly if not peak levels of pricing in Europe, well above trend. And just trying to get a sense of the peak-to-trough variance in margins.

**Don Kayne**

Right.

**Sean Steuart**

I guess a capital allocation question more broadly. You're buying this company or the 70 percent stake at about 5 times enterprise value to EBITDA on a trailing basis. And your shares, on a trailing basis, are trading right now at, call it 3.5 times. Can you just discuss this acquisition and the need or want to grow the Company, versus the value gap? And I'm just weighing this opportunity versus a substantial issuer bid for your own shares, how you guys thought about that valuation gap?

**Don Kayne**

Yeah, for sure, Sean. Good question. I'll get maybe, Alan, you can—

**Alan Nicholl**

Yeah. Just a couple of thoughts there, Sean. I think clearly, the market's reflecting some of that volatility that we've seen in the US space, and particularly in the random lengths print pricing, and so one has to be careful not to kind of look too closely at point in time.

But in terms of the longer term, and as Don mentioned, clearly a lot of strategic merit to what we're trying to do here. And not to the total exclusion of share buyback, I would have to say. So our intent is to continue to be opportunistic when it comes to buyback behaviour, and so one doesn't necessarily preclude the other. But clearly, this is a foundational kind of move on our part to build out the Company onto a global platform.

**Sean Steuart**

Okay. I'll get back in the queue. Thanks, guys.

**Don Kayne**

All right. Thanks, Sean.

**Operator**

Thank you. Your next question comes from Paul Quinn, RBC Capital Markets. Paul, please go ahead.

**Paul Quinn** — RBC Capital Markets

Yeah. Thanks very much. Good morning, guys.

**Don Kayne**

Good morning, Paul.

**Paul Quinn**

Hey, just on the marketing synergies, the $20 million. Right now, it looks like VIDA's—Don, you mentioned 7, 8 percent into the US. Where do you expect that percentage to get to, going forward?

**Don Kayne**

Yeah. I mean, I think there's—at this stage of the game, it's early days. But clearly, there's opportunities with our strategic customers, which is certainly on the home centre side, which they do, incidentally, still do business with anyway. But there's also opportunities for some other—some of the other industrial customers that are looking for a higher value product, whether it's on boards or on some sort of dimension product, at higher grades, though. So we—certainly, we'll have the opportunity or the option to increase that, if we believe we need to do that.

I think what you'll see, though, even within that 8 or 10 percent. Rather than some of it, perhaps, being more random in terms of who it's being committed to, it may be more committed to more strategic customers that we're dealing with, where we can really capitalize on the leverage and the volume into some of those strategic customers that we deal with, such as the Depot—you're familiar with the names—and Lowe's and LMCs of the world, right, so—and everybody's familiar with. So yeah, so down the road, I think it just gives us more flexibility there as we deem necessary to do that.

**Paul Quinn**

Okay. And then just a question on the metrics, and I guess this is directed towards Alan. If I read your press release, I think you've got $125 million in working capital there for the 70 percent, which suggests that the working capital total is $180 million. If I take that off, that 4.9 multiple goes down to 4.5, and post-synergy, that 4.3 goes to 3.9. What am I missing?

**Alan Nicholl**

I don't think you're missing anything; I think you're right. Yeah. So I think that number that you're referring to is probably a more accurate number there. So I don't think you're missing—

**Paul Quinn**

Okay. And then in terms of the total working capital, the $180 million seems like a huge number to me. Just wondering, how much of an opportunity do you think is there to drive that down?

**Alan Nicholl**

Yeah. So it is relatively high working capital compared to some other jurisdictions where we operate. I think it's a function, principally, of two things. One is the higher lumber, and it's lumber that they hold principally around the customer-centric model and a higher number of SKUs with that. And then the second thing is that, typically, in the European model, there's longer credit terms, and that plays into the higher number as well—as well as price, of course, as well.

**Paul Quinn**

Right. Okay. And then, Alan, you mentioned the option on the remaining 30 percent is out in 10 years. Is the price fixed at today's sort of ratio?

**Alan Nicholl**

Yeah. Without getting too much into a whole lot of technical detail, it really will reflect the average EBITDA over a preceding period.

**Paul Quinn**

Okay. And then—

**Don Kayne**

So we're essentially—

**Paul Quinn**

—just lastly, what are the—just lastly. Just given this acquisition of VIDA and Elliott. Does that mean that the US South greenfield is off the table at this point?

**Don Kayne**

In terms of the greenfield, I mean clearly, we've been focused here recently, obviously, on this particular deal, the VIDA deal and, of course, the Elliott deal. So I think at this stage, it would be safe to say that we haven't made a decision either way at this point. But certainly, we've been deferring it and are continuing to defer it for down the road. And we'll probably have more ability to update you more on that as we move towards the latter part of this year and on into the early part of next year.

**Paul Quinn**

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

**Alan Nicholl**

Yep. Thanks, Paul.

**Don Kayne**

All right. Thanks, Paul.

**Operator**

Thank you. Your next question comes from Ketan Mamtora, BMO Capital Markets. Ketan, please go ahead.

**Ketan Mamtora** — BMO Capital Markets

Thank you. Don, first question. Can you talk a little bit about sort of the size and the competitive positioning of the VIDA sawmills within Europe? Because I mean, if I look at sort of nine sawmills, 1.1 billion board feet, sounds a little bit on the smaller side. If you can give any colour on that?

**Don Kayne**

Yeah, absolutely. That's, again, a good observation. And I think there's—what we're—there's two different types, typically, in Europe in terms of type of sawmill. There's the Linck lines (phon) you may be familiar with, which is heavily commodity-focused, high production, high volume, and that's not what the VIDA company is about, nor ourselves for that matter.

They are more of a customized type sawmill, more focused 100 percent on value versus volume, and really looking for high-margin opportunities and the associated high-value products that would allow those to become high-margin products. So clearly, when you see those high-margin-focused sawmills, if you're looking at 100 million to 150 million-foot-type sawmills, size-wise, that would be kind of the area where you would—what you would see for them. So it's not abnormal at all. It's just a different model and a different focus, high value versus high volume.

**Ketan Mamtora**

Got it. And then second question. Can you talk about how fragmented the European market is? And what would be VIDA's market share?

**Don Kayne**

VIDA's market share in Europe? Yeah, I'm not sure what their market share would be in Europe overall. But it would be—and it's a fairly big market and they're pretty small players. So it'd be pretty—probably a pretty low number, frankly.

But I guess the key there, aside from that is, they're pretty diversified, though, within Europe itself, and which gives us a good feeling where they're not really dependent on one particular country—one particular country within Europe. There's lots—they do fairly good volumes with—you're talking about Holland, the Netherlands, Germany, Austria, Italy, certainly domestically within Sweden as well. They're big suppliers domestically also. So I guess that's another, what we would view as a pretty good positive.

**Ketan Mamtora**

Got it. And then would it be possible to give us some sense of EBITDA at VIDA over the last three years? I know you said LTM EBITDA, but any sense on whether it's average of the last three years? Or individually, the last three years?

**Don Kayne**

Yeah. Alan, you want to—

**Alan Nicholl**

Yeah, I think certainly, we can talk about that offline a little bit more, Ketan. But I think what I would say to you is that there's been quite a lot of rapid growth that VIDA's undertaken in recent years. They've rebuilt a couple of mills, and they've been doing it very successfully, actually, and so the earnings clearly reflect that. And it's hard to go back and compare like with like, for several years ago, but for sure, we can talk about that offline.

**Ketan Mamtora**

All right. That's helpful. And then just last question and I'll turn it over. Can you talk a little bit about sort of strategic merits of an acquisition of this scale in Europe, which is your first one, versus kind of more consolidation in the US South? I know you did the one recently with Elliott, but sort of in terms of scale. Would it be fair to say a lot of it is kind of the stability of the cash flow stream there and how the pricing is? And the ability to serve, kind of, growing market? Or is there anything else that I'm missing here?

**Don Kayne**

Yeah. Well, I can comment on that, I guess. I mean, aside from what you mention there around the cash flow stream and the consistency of the pricing that we'll get, we believe we'll achieve on a longer-term basis here. I guess in addition to that is, clearly, in British Columbia, we have a large presence in British Columbia, and we're very committed to British Columbia.

It's our global headquarters, of course, and we've got 13 sawmills here. But we also need—we've also recognized at the same time that we cannot grow in British Columbia, due to the challenges we're facing—all of us are, actually—with the mountain pine beetle, and more recently with the forest fires. So clearly, we're not able to grow on SPF.

If you take a look at our customer base, though, particularly in North America and Asia, they're looking for substitution for SPF, or how are we going to complement the SPFs to fly out of British Columbia, to suit their needs and be able to grow as they're growing, which they are, most of our key customers. So the only other jurisdiction, really in the world, that's able to be complementary to SPF, basically virtually 100 percent, is European SPF, either spruce or pine.

And Yellow Pine, there's certainly opportunities for substitutability, but it's not universal—which you would know because we know we've talked about a lot of that in the past—to the degree that it is in Europe. So that's—and so from our standpoint, strategically, as we grow with our customers, and we plan to continue to do that, we felt very strongly that we had to get another geographic platform, so that we can give certainty to our customer base globally that we're going to be suppliers for the future, and we are committed to them on an ongoing basis.

**Ketan Mamtora**

Got it. That's very helpful. I'll turn it over.

**Operator**

Thank you. Ladies and gentlemen, as a reminder, should you have a question, please press *, 1 on your touch-tone phone.

Your next question comes from Sean Steuart, TD Securities. Sean, please go ahead.

**Sean Steuart**

Thanks. A couple of housekeeping questions, guys. What's the incremental CapEx for VIDA and Elliott, on just a maintenance level? I guess there's not a lot of discretionary capital that needs to go into these mills?

**Alan Nicholl**

Yeah. So typically, we guide to $2 million to $3 million per mill. So in the case of VIDA, 25 million to $30 million is probably a fair number to use, which is fairly close to depreciation there, Sean, and then something similar for Elliott.

**Sean Steuart**

Okay. And, Alan, can you remind us what the covenants are on your credit facilities?

**Alan Nicholl**

So in terms of—well, sorry, I'm just a little bit confused by your question. In terms of covenants, we basically—we basically have an EBITDA interest coverage, and we're well within that, and there's no issues there. And with respect to the other covenants, we're pretty clean. There's no minimal covenants, essentially.

**Sean Steuart**

Got it. Okay. And then just one broad question. Can you give us a little bit of context on the structure of the European industry, in terms of ownership of sawmills? And once you digest this deal, would there be more appetite or more availability for M&A in Europe on the sawmill side?

**Don Kayne**

Yeah. Good question, Sean, for sure. And I think—I mean, there's two—there's the big public companies that you're familiar with; there's like we are with the stores, and the SCAs and the Stoegers (phon) for sure. But if you start to talk about the private companies, I think there certainly is some consolidation that has to take place there and will take place going forward, and in our view and in our new partner's view for sure as well.

VIDA's the largest—one of the largest—or they are the largest private sawmill manufacturer in Sweden today. They have significant relationships with a lot of different companies. So certainly, as we go forward, when we've got a lot to—we have a lot to deal with here anyway, right now, for the next little while here, in terms of integration and what not. But clearly, our view is, longer term here, that we would see ourselves continuing to expand in Europe, absolutely.

**Sean Steuart**

Okay. That's all I had. Thanks, guys.

**Don Kayne**

Okay.

**Alan Nicholl**

Thanks, Sean.

**Don Kayne**

Thanks, Sean.

**Operator**

Thank you. There are no further questions at this time. Please proceed.

**Don Kayne**

All right. Thanks very much for everyone that was on the call and your interest in Canfor, and we look forward to talking to you here again soon. Thanks very much.

**Operator**

Thank you. 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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