

FINAL TRANSCRIPT

Canfor Corporation

First Quarter 2015 Results

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PRESENTATION**Operator**

Good morning, ladies and gentlemen, and welcome to the Canfor Corporation and Canfor Pulp Products Inc. First Quarter 2015 Results. At this time, all lines are in listen-only mode.

Following the presentation, we will conduct a question-and-answer session at which time instructions will be provided. If anyone has difficulties hearing the conference, please press *, 0 for Operator assistance.

I would like to remind everyone that this call is being recorded on Thursday, April 30, 2015.

I now would like to turn the conference over to Don Kayne, President and Chief Executive Officer, Canfor Corporation, and Chief Executive Officer, Canfor Pulp Products Inc. Please go ahead sir.

Don Kayne — President and Chief Executive Officer, Canfor Corporation

Thanks, Operator, and good morning, everyone. Thanks for joining the Canfor and Canfor Pulp Q1 2015 Results Conference Call.

I'll speak briefly to the results of both companies before I turn things over to Alan Nicholl, who is the Chief Financial Officer for both Canfor Corporation and Canfor Pulp Products Incorporated. Alan will provide a more detailed overview of our performance in Q1, after which we will take questions.

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With me today to address your questions are Brett Robinson, President of Canfor Pulp; Wayne Guthrie, Senior Vice President of Sales and Marketing for Canfor; and Stephen Mackie, Vice President of Wood Products Operations Canada, along with Peter Hart, who is Vice President of Marketing for Canfor Pulp Products.

Our Board of Directors and senior management were all in Fort St. John yesterday for our Annual General Meeting. And I'd like to start by thanking the community for hosting us and say that we were really glad to be there as one way to recognize the importance of our operating communities to our company.

For the first quarter of 2015, Canfor reported shareholder net income of \$29 million compared to 30 million in Q4 of 2014. And Canfor Pulp reported shareholder net income of 28 million compared with 21 million in Q4.

Lumber markets faced challenges in Q1, particularly SPF pricing in the US market, which decreased more than expected. This is in part related to softer overall demand in Asia resulting in some companies diverting shipments to the US market compounding some of the pricing impacts resulting from weather-related slowdowns in the US housing market.

For Canfor, overall our business in Asia remains strong and our SPF shipments to China consistent. We remain confident in the Chinese market, and it will continue to be very important for us in the future.

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In terms of the US market, we remain optimistic about the market fundamentals for lumber, and expect some improvement in most markets as we expect demand to increase as the year progresses.

Pulp markets held up well despite inventories building somewhat through the quarter and increased hardware production, and we expect prices to remain relatively flat through the balance of the year.

Operationally, both our pulp and solid wood divisions performed well in Q1, and we're continuing to realize the benefits of our capital programs over the past several years.

As you are aware, we have been active in growing our US production capacity, and we recently closed the purchase of Southern Lumber Company and their high-value Southern Yellow Pine sawmill in Hermanville, Mississippi.

With those introductory remarks, I will now turn the call over to Alan Nicholl to provide more details on Canfor and Canfor Pulp's financial results for the quarter.

Alan Nicholl — Senior Vice President, Finance and Chief Financial Officer, Canfor Corporation

Well, thanks, Don, and good morning to everyone. My comments this morning will focus principally on our financial performance for the first quarter of 2015 by reference to the previous quarter. Full details of our results are contained in the Canfor Pulp and Canfor news releases which were issued earlier this week.

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As always, you'll find an overview slide presentation on both the Canfor and 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 first quarter of 2015, Canfor reported shareholder net income of \$29 million, or \$0.22 a share, broadly in line with \$30 million, or \$0.22 a share reported for the fourth quarter of 2014, and down from \$46 million, or \$0.33 a share reported for the first quarter of 2014.

On Slide 3 of our presentation we highlight various nonoperating items net of tax and noncontrolling interest which affect the comparability of our results between the quarters.

In the first quarter of 2015, mark-to-market adjustments on derivative instruments had a net negative impact of approximately \$16 million, or \$0.12 a share. After taking account of these adjustments, the first quarter adjusted shareholder net income was \$46 million, or \$0.34 a share compared to similarly adjusted net income of \$35 million, or \$0.26 a share for the fourth quarter of 2014.

You'll see on Slide 4 of our presentation that Canfor's first quarter operating income was \$84 million, which represented an increase of 22 million from the previous quarter. This increase reflected improved results for both our lumber and our pulp segments.

Results for the lumber segment are highlighted on Slide 5 of our presentation. The current quarter's operating income was \$48 million, and that was up 8 million from the previous quarter. The increase reflected a positive impact on our results of our recent lumber acquisitions in the US South,

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and to a lesser extent improved productivity and a modest increase in Canadian dollar sales realizations, all of which more than offset lower shipments and modest increases in log costs.

Our total lumber production was up 15 percent from the previous quarter, largely due to the additional production in the US side, coupled with productivity improvements at our western SPF operations in particular and additional operating arms.

At our Western Canadian operations, improved production and lower cash conversion costs offset higher unit log costs. Lumber shipments were up 7 percent in total, principally due to the recent US South acquisitions, while western SPF shipments were down slightly, mainly due to the US West Coast port strike and lower shipments during the Chinese Lunar New Year.

Canfor's Pulp and Paper Segment principally comprises the results of Canfor Pulp Products Inc., and as you can see on Slide 6 of our presentation, Canfor Pulp reported net income of \$28 million, or \$0.40 a share, compared to net income of \$21 million, or \$0.29 a share, for the fourth quarter and net income of \$26 million, or \$0.36 a share, for the first quarter of 2014.

Staying on Slide 6, Canfor Pulp's first quarter net income after taking a kind of onetime nonoperating items net of tax was \$33 million, or \$0.47 a share. This represented a \$12 million, or \$0.17 a share, increase from adjusted net income of \$21 million, or \$0.30 a share, for the fourth quarter of 2014.

Canfor Pulp segment results on Slide 7 mostly reflected modest improvements in NBSK pulp sales realizations driven by the weaker Canadian dollar, which more than offset with just US dollar

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NBSK list prices and lower unit manufacturing costs due to the scheduled Northwood outage taken in the previous quarter.

The paper operations saw slightly higher operating income as a result of increased sales realizations, which more than offset higher manufacturing costs and lower shipments due to the slower North American demand that we saw.

On April 1st, we completed the acquisition of Southern Lumber mill in Mississippi, as Don mentioned. The cash cost of this acquisition was approximately US \$50 million, and it was financed by US cash on hand.

During the first quarter we renewed our normal course issuer bid and repurchased approximately 1.1 million shares for Canfor at an average price of \$26.34 per share and 490,000 shares for Canfor Pulp in March at an average price of \$14.29 per share.

Capital spending in the first quarter totalled \$46 million, of which \$31 million was for the lumber business and just over \$14 for Canfor Pulp. 2015 total capital spend is planned to be approximately \$180 million for Canfor, and that includes our pellet plant investments in Northern BC, and \$70 million for Canfor Pulp.

Yesterday, the Canfor Pulp Board announced a dividend payment of \$0.0625 per share for the quarter, consistent with the previous quarter. At the end of Q1 2015, Canfor, excluding Canfor Pulp, had net debt of \$232 million with available liquidity of 166 million. Canfor Pulp had net cash of \$34 million with available liquidity of 118 million.

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Net debt to total capitalization, excluding Canfor Pulp, was 14 percent. For Canfor Pulp it was negative 7 percent and on a consolidated basis 11 percent.

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

Don Kayne

Thanks, Alan. So, Operator, we'll now take questions from analysts.

Q&A

Operator

Thank you, sir. Ladies and gentlemen, if you do have a question, please press *, followed by 1 on touch-tone phone. You will hear a three-tone prompt acknowledging your request, and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press *, followed by 2. And if you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

And our first question will be coming from Paul Quinn of RBC Capital. Please go ahead.

Paul Quinn — RBC Capital

Thanks. Good morning, guys.

Don Kayne

Good morning.

Paul Quinn

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First question is just on Canfor Pulp. I mean obviously you're generating pretty good cash there. You bought back some shares at net cash positive, so it sort of turns to maybe you're saving money for acquisitions. If you could just go from—at a high level what you'd look for in a pulp mill out there to give us a sense as to what that—what those key criteria are for you?

Don Kayne

For sure, Paul. It's Don. I'll start and then I'll maybe turn it over to Brett here. But first of all, I just want to reiterate, as we've talked about before, first of all, our focus and our priorities in terms of cash—because you're correct, we're definitely adding to our cash position there in an increasing way—is really to make sure that we invest back in the business to make sure that the equipment and the operation, it continues to be at top quartile in terms of performance. So that's number one.

Number two, we'll continue, as you mentioned, to look at buyback opportunities for the shares, and in March alone I think we were close to 500,000 shares that we bought back. But clearly with the cash position, as you reiterated there, we do have additional options that it presents us. And with those, yeah, you're quite right, it could be additional pulp and paper operations, but it also could be complementary operations as well related to residual opportunities or energy opportunities.

And really we're looking at them all three together and in terms of what those options might present us, as I say. So over and above that in terms of the criteria for any specific pulp and paper mill, Brett, I don't know if there's anything you'd want to comment around that additionally?

Brett Robinson — President, Canfor Pulp Products Incorporated

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No, that's a very good answer. The only thing I might add is the fibre supply is critical in making sure that we have a long-term supply that's going to be able to go into the target premium reinforcing grades that we focused on.

It's also important for us, as Don said, to get to top quartile in costs, and we would put more to facilities that are either there or can be there with some strategic investments.

Don Kayne

Yeah. And I think, Paul—thanks Brett—I think also we want to make sure that we can pay a long-term or a sustainable long-term dividend as well, and that's also a consideration.

Paul Quinn

Okay. And then on the team investing back in the business on the pulp side, maybe you can outline some of the opportunities you've got at Taylor? Because it seems like you've done just about most of the major things at the three other mills you've got.

Don Kayne

So, Brett, maybe you can talk...

Brett Robinson

Yeah. The Taylor facility has not had a lot of capital invested over the last few years, so our priority right now is the BC hydro energy efficiency funding and finding opportunities to use that.

Beyond that, we see a number of ideas; early days right now, and we're continuing to work with the management team, who we're quite impressed with. We believe we will get a strong

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strategic plan together in the next year and then start moving forward at improving their cost structure.

Paul Quinn

Okay. We'll give you some time there. Just flipping over to the lumber side, just if you could give us an indication I think in your comment on high-level China shipments pretty similar to past periods, but what is that year over year sort of quarter one change in volume? And then how do you describe sort of current lumber markets, given the weakness?

Don Kayne

Just one thing maybe on China, first of all, and I'll let Wayne talk about some of the details that you're talking about. First of all, there's been a lot of conversation about China, Paul, as you know, and just where that's kind of heading. But maybe you would just reiterate as a company, which we've been pretty consistent with and maybe even more so going forward, is that we still see China and Asia overall as a real, real big opportunity not only for Canfor, but for the industry, and the growth in some of the applications that we're seeing across China and Asia overall, particularly on the value-added side and the higher-premium product side it continues to increase.

So we're extremely optimistic going forward, and whether that's going to take place over one year or three years or five years, I think over time here China will continue to be a significant increasing market for the Company.

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In terms of some of the details, Wayne, in terms of the quarter over quarter and even some of the additional things that Paul referred to, why don't you go ahead and update Paul?

Wayne Guthrie — Senior Vice President, Sales and Marketing, Canfor Corporation

Sure. Just to add really there's no material difference in our quarter-over-quarter volumes. We always have a little bit left in the first quarter with the Chinese New Year. We expect Q2 volume to be equivalent to last year's Q2.

It's very stable business for us, and part of that is because we've aligned ourselves with certain users over there that are in the business every quarter and rely on us for a steady supply. So we've got to go with the ebb and the flow of the market. What they see, though, is a—and what they're pushing us for is a higher percentage of shipments to the higher-value products. So that fits with us as we kind of green up as a company here.

And so that's kind of the flow right now. I don't see any material difference in volume this year versus last year.

Paul Quinn

Okay. And, Wayne, if you could comment just on current market conditions; why are prices so weak?

Wayne Guthrie

Why are—US prices?

Paul Quinn

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Yes, please.

Wayne Guthrie

Yeah. So the facts are is that starting in late Q4 we saw a shift of volume away from popular difference (phon) to America. And Canadian shipments are up by about 10 percent, so a bit over 10 percent, while offshore shipments are down.

At the same time we went into a pretty tough first quarter weather-wise, so you've got increasing supply of SPF going into a market that was consuming a little bit less. And whenever we see that we're going to see resulting low prices.

We do—our customers consistently tell us that there's nothing wrong with demand, but (unintelligible). Our demand numbers for 2015 look solid. I think we'll get back there.

I think now that prices have kind of equalized around the globe here again, I think we are seeing in fact that March, April, and the May numbers I think you'll see offshore shipments from Canada jump back up again, and that will start to stabilize those prices.

That said, Paul, I don't see a lot of change. There'll be a little bit of appreciation here in Q2, but second half of the year I think we'll get back to more normal US prices.

Paul Quinn

Great. Thanks for the help, guys.

Don Kayne

Thanks.

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Operator

Thank you. Your next question will be coming from Mark Kennedy at CIBC.

Mark Kennedy — CIBC

Good morning. Couple questions; first of all, just in terms of your lumber realizations I assume that your first quarter had what we call the lag effect in that you probably benefitted from orders booked in the fourth quarter. Can you just comment on that?

Don Kayne

Yeah. I think you're accurate with that comment, Mark.

Mark Kennedy

And would it be safe to say that that's a trend that will continue in Q2 and even Q3 so that even if the market does start turning around in Q3 you'll still be having to realize some Q2 prices?

Don Kayne

Well, first of all, Q2 probably for some other reasons that Wayne's already talked about or mentioned a bit, probably the lag effect could have a bit of an equalizing effect there going into Q2 going forward, if everything occurs the way we think it will. And as Wayne mentioned, we think Q3 and Q4 could get back to normal price levels particularly in the US, so we should have a positive effect for the last half of the year.

Mark Kennedy

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Okay. And then just on your Canadian production rate and I guess more specifically in the BC interior, just curious what's your log input split between beetle kill and greenwood now?

Don Kayne

Stephen...

Stephen Mackie — Vice President, Operations Canada, Canfor Corporation

Yeah.

Don Kayne

Maybe take a shot at that one?

Stephen Mackie

Yeah. Mark, thanks. It varies highly by region, so it's hard to give you an overall blend. We've got areas where we are predominantly greenwood, as you would know down the Kootenays where we have very little beetle impact, and then we've got some other facilities that are still consuming a significant component of mountain pine beetle fibre, but overall we see a trending towards greener fibre across the group.

Mark Kennedy

And would you still be—like would you be below on average, again realizing it's just an average, but on average would you be below 50 percent beetle kill now in the BC interior?

Stephen Mackie

Yes.

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Don Kayne

Yes.

Mark Kennedy

Okay. Great. Thanks.

Don Kayne

And trending lower.

Stephen Mackie

Yes.

Mark Kennedy

Okay. Thank you.

Operator

Thank you. Your next question will be from Sean Steuart at TD Securities. Please go ahead.

Sean Steuart — TD Securities

Thanks. Good morning, everyone. Couple questions maybe for Wayne. Just following up on US pricing, appreciate western SPF prices should be off more, just given the offshore dynamic. Are you surprised how well US Southern Pine prices have held into this point and maybe just speak to, I guess, a lack of a cascading effect across North America's Western Canadian prices has deteriorated, but Southern Pine prices have held in really well?

Wayne Guthrie

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Yeah. Sure, Sean. It's been a great surprise. Although Q1 pricing in Southern Pine tends to be quite strong, as you probably know, but I think it's been able to hold up for two major reasons. One is that albeit from a low base, Yellow Pine offshore shipments are actually increasing. 2014 saw a nice increase over '13 and we think we'll see another increase in 2015, so the industry is doing a good job of getting some wood out of the US market.

At the same time the US market share, the Southern Pine market share in the US market is increasing as well. So you've got production maybe up 3 or 4 percent, but you've got increasing market share in the US a little bit further south, so you're out of that severe weather, and some better offshore business, so Yellow Pine should continue to do okay.

I do think it will come off a little bit from the peaks, but it'll continue to do well.

Sean Stuart

Okay. Thanks for that. And a question on the pulp side; beyond the 10,000 tonnes you have scheduled in Q2 for the craft mills, can you give us some detail on remaining maintenance downtime through the second half of the year?

Don Kayne

Brett, you go ahead.

Brett Robinson

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Sure. So in Q2 we have 13,000 tonnes across Taylor, PG, and Intercontinental and another 3,000 on paper. And then for the rest of the year into October we have the Northwood shut, which we're forecasting about 25,000 tonnes.

Sean Steuart

Split pretty evenly through Q3 and Q4?

Brett Robinson

No, it would be mostly into Q4.

Sean Steuart

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

Operator

Thank you. Next question will be from Stephen Atkinson at Dundee Capital Markets.

Stephen Atkinson — Dundee Capital Markets

Good morning. A quick question. In terms of the drop in oil prices, will that help you at Taylor?

Brett Robinson

Maybe slightly. We don't see it as a big material event, no. Our costs, really, it's more on the electricity side and the rise in BC hydro rates that concern us with the Taylor facility.

Stephen Atkinson

Yeah. That really was my question was is it a fixed price tag for energy?

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Brett Robinson

Energy is a blended rate, so you have 10 percent at Tier 2 pricing and 9 percent at Tier 1.

Rough and dirty it's about \$55 you can use.

Stephen Atkinson

Okay. Okay. And that's relatively flat?

Brett Robinson

Yes.

Stephen Atkinson

Okay. Okay. And second thing in terms the upgrades of the lumber mills, are you where you want to be? Or you have a few things going on?

Don Kayne

We're never where we want to be. I'm just joking.

Stephen Atkinson

No, good line.

Don Kayne

No, we've got—we think we've made some good progress in the last five, seven years in terms of both capital that we put into the mills to get them towards top quartile performance. And we're also real pleased with the acquisitions that we made in terms of location, fibre quality, and condition of the assets.

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In terms of going forward, clearly our number one focus as it is pretty much in all our operations is to make sure we're investing back in the existing operations and the businesses. And then as opportunities arise if it fits with our criteria on expansion and acquisitions then we will look at it. And that will kind of be our position.

Clearly, though, the south is a focus for us. It has been for some time. We like the location, we like the market opportunities, and we like some of the diversification obviously as well. So that's kind of, Stephen, that would be a bit of an update on that.

Stephen Atkinson

Sure. And in terms of BC wood costs, are you able to give me some colour on that going forward?

Don Kayne

Q1 over Q4 we're up about 2 percent...

Stephen Atkinson

Okay.

Don Kayne

And we expect it to be in those similar numbers for the balance of the year in total.

Stephen Atkinson

So relatively flat then?

Don Kayne

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Well, 2 percent Q1 over Q4 probably add an additional 2, 3 percent for Q2, 3, 4 in total.

Stephen Atkinson

So it would be additional 2 percent over the balance of the year?

Don Kayne

Right. So 4 or 5—

Stephen Atkinson

Okay.

Don Kayne

—percent in total, yeah.

Stephen Atkinson

Yeah. Thanks so much.

Don Kayne

Okay.

Operator

Thank you. Next question will be from David Quezada of Raymond James. Please go ahead.

David Quezada — Raymond James

Yeah. Thanks. Good morning, guys. I guess quickly on I know you saw improved conversion costs during the quarter, and I guess since we know that log costs were up 2 to 3 percent is it fair to say that conversion costs, in BC specifically, the improvement roughly offset that change?

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Don Kayne

Correct, David. That'd be a good conclusion.

David Quezada

Okay. Great. Thanks. And then just one other question on China, I guess. How have you seen the spread on shipments to China change recently relative to the North American benchmark?

Don Kayne

Wayne, why don't you go ahead and answer Stephen on that—or David, sorry?

Wayne Guthrie

Sorry, so the spread between North America and Chinese prices?

David Quezada

Yes.

Wayne Guthrie

Yeah. So when the exchange changed and so the US prices became really attractive to Canadian producers there was quite a spread there late Q4; that caused that shift in volume, which of course we should know by now is always short term, but anyways. But as of today, pricing is very similar in all of our markets, and in fact some of the real high-grade stuff in China is some of our best returns anywhere.

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So quarter over quarter, month over month there'll be shifts in pricing and every market has its own ebb and flow. Right now I'd say we're on par between the two markets with China a little bit ahead of the game in the high-grade.

David Quezada

Okay. Great. Thanks. And maybe just one last question. In terms of stumpage, I believe that there's an adjustment that occurs in July, which I have the idea is related to current lumber prices. Is there anything that you expect to change there, given how lumber prices have been lower lately?

Alan Nicholl

Yeah. David, it's Alan here. Good morning. I think today we don't see any appreciable increase sort of sold at that reset. I think that's what you're referring to in July...

David Quezada

That's right.

Alan Nicholl

It could go up a little bit, but we're not expecting a significant uplift.

David Quezada

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

Operator

Thank you. Next question will be from Ketan Mamtora at BMO Capital Markets. Please go ahead.

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Ketan Mamtora — BMO Capital Markets

Good morning. Thank you. I was just wondering if you can comment a little bit on the M&A environment in lumber and how a slow start to 2015 in housing and a drop in lumber pricing has changed people's expectations?

Don Kayne

Yeah. I think probably with what we've seen here lately, some of the number of acquisitions that have taken place clearly has already increased to some degree; what's going to happen in the future is hard to predict at all.

But I think for us, we're not really all that concerned about that. What we're really look at is when and if there are opportunities arise that really complement the businesses that we're currently. And if it adds in particular to the fibre situation that we have or it allows us to get into markets that we're not in today, those are some of the things we would look at.

But over and above that we definitely have seen a slowdown compared to where it was, but it's hard to comment on where that might go moving forward.

Ketan Mamtora

Okay. That's helpful. And then if you can talk a little bit about some of the current projects that you are doing at your lumber mills, be it in the south or in BC?

Don Kayne

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Yeah. Sure. Absolutely. I'll get maybe Stephen to give you a bit of a summary here of some of the key projects that he's working on with his guys.

Stephen Mackie

Sure. Okay. Thanks, Don. Yeah. I mean in terms of the Western SPF operations, we've got a couple of major projects in terms of capital work going on at our Polar Sawmill where we're upgrading some of the infrastructure there. And we've also got two pellet facilities under construction in our Western Canadian operations, one at Chetwynd and one at Fort St. John.

And then down in the US South, as Don commented on earlier, we're looking at opportunities to bolster our recently acquired facilities and look for capacity expansion there. So we're working on evaluating some projects and opportunities down there.

Ketan Mamtora

Okay. That's very helpful. I turn it over. Thank you.

Don Kayne

Thanks.

Operator

Thank you. Next question is a follow-up from Mark Kennedy at CIBC. Please go ahead.

Don Kayne

Operator, we're not hearing anything, so it might be on mute.

Mark Kennedy

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Yeah. Sorry, I'm off mute. Don, just as a follow-up, as you speak about the growth in this higher-value lumber opportunity in China, can you just give us a little bit more granularity in terms of some of the end uses and applications for those higher-value grades?

Don Kayne

Yeah. There's several of them. Maybe Wayne can go into specifically because you were just over there, what, a couple of weeks ago and continue to see new opportunities every time you go there. So maybe give Mark a bit of an update.

Wayne Guthrie

I would say it's primarily in the furniture industry. Doors, windows, and furniture would be the number one component. There is a little bit of high-end resort home wood frame construction that requires that higher value; they'd be the big ones, as well as we had some—we've got some Chinese customers in this week and had a lot of talk about as they mature as a consumer of SPF they're realizing that paying a little bit more for a better stick of wood makes their factories more effective.

So I think it's a bit of a learning process that we've gone through in other markets as well. So just a general movement up into higher quality and, therefore, higher value.

Mark Kennedy

And is there much of sort of an opportunity in what you might call the repair and renovation space there?

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Wayne Guthrie

Not really, no. It's more—I mean maybe slightly, but we don't see that as material, as least in the next five years anyway. Maybe after that, but not in the first five years.

Mark Kennedy

Okay. That's helpful. Thank you.

Operator

Did you have any further questions, Mr. Kennedy?

Mark Kennedy

No, I'm done. Thanks.

Operator

Thank you. Mr. Kayne, at this time we have no further questions. Please proceed.

Don Kayne

All right. Thank you very much, Operator, and thanks, everyone, who joined the call, and we look forward to speaking with you again at the end of Q2.

Operator

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

Have yourselves a great day.

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