

Canfor Corporation & Canfor Pulp Products Inc.

Fourth Quarter 2023 Results Conference Call

March 6, 2024 — 8:00 a.m. P.T.

Length: 30 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

Don Kayne

Canfor Corporation – President & Chief Executive Officer

Kevin Edgson

Canfor Pulp Products Inc. – President & Chief Executive Officer

Patrick Elliott

Canfor Corporation & Canfor Pulp Products Inc. – Chief Financial Officer & Senior Vice President, Sustainability

Kevin Pankratz

Canfor Corporation & Canfor Pulp Products Inc. – Senior Vice President, Sales & Marketing

CONFERENCE CALL PARTICIPANTS

Ketan Mamtora

BMO Capital Markets – Analyst

Sean Steuart

TD Securities – Analyst

Hamir Patel

CIBC Capital Markets – Analyst

Ben Isaacson

Scotiabank – Analyst

Matthew McKellar

RBC Capital Markets – Analyst

PRESENTATION

Operator

Good morning. My name is Joanna and I will be your conference operator today. Welcome to Canfor and Canfor Pulp's Fourth Quarter Analyst Call. All lines have been placed on mute to prevent any background noise. 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 Corporation's President and Chief Executive Officer. Please go ahead, Mr. Kayne.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Thank you, operator, and good morning, everyone. Thank you for joining the Canfor and Canfor Pulp Q4 2023 Results Conference Call. I'm going to make a few comments before I turn things over to Kevin Edgson, Canfor Pulp's President and Chief Executive Officer, and Pat Elliott, Chief Financial Officer of Canfor Corporation and Canfor Pulp and our Senior Vice President of Sustainability. In addition, we are joined by Kevin Pankratz, our Senior Vice President of Sales and Marketing.

Before talking about our results, I'd like to begin by acknowledging our dedicated employees around the globe who have worked relentlessly to navigate the challenging market environment of 2023 to continue to improve our competitiveness and to deliver on our strategic priorities. Canfor's

achievements are only possible through the abilities and commitment of our people and I'm extremely proud of the resilience they demonstrate every day.

2023 was a year of significant volatility. In addition to very difficult lumber markets, we also experienced extremely high log costs, reduced shipping volumes, and an extremely difficult operating environment, particularly in British Columbia where conditions have been further exacerbated by a lack of access to economic fibre. This led to a series of difficult decisions taken to create a more sustainable operating footprint by optimizing and aligning our manufacturing capacity in British Columbia with the available long-term supply of economic fibre.

Production at our BC operations was reduced by a total of 750 million board feet in 2023 through the permanent closure of our Chetwynd sawmill and temporary closure of our Houston sawmill as we look to firm up plans going forward. Late in 2023 we also announced a fibre-driven temporary curtailment at our Polar sawmill, which began in January 2024. The reconfiguring of Canfor's operating portfolio in British Columbia underscores our commitment to fulfill our smaller but stronger operating footprint. We regret the impact that these closures and curtailments have had on our employees, our First Nations partners, small businesses, contractors, and communities. I'd also like to thank the United Steelworkers Union for their partnership supporting our employees through the transition.

2023 was also a devastating wildfire season with both BC and Alberta setting wildfire severity records. First and foremost, we recognize the lives tragically lost and extend our appreciation to the BC and Alberta wildfire services, emergency responders, and the many volunteers that kept people, communities, and infrastructure safe while helping to preserve provincial forest resources. The impact of

wildfires on available timber supply is best mitigated by expedited salvage harvesting. We have had solid success with this in our Alberta operations while in British Columbia the slow approval process has resulted in a slower salvage operation. We will continue to work collaboratively with the BC government, First Nations, and forest stakeholders in an effort to increase the supply of economic fibre.

The challenges of 2023 underscore the importance and value of Canfor's globally diversified supply and customer base through our operating footprint in the US, Europe, and Alberta, while maintaining a smaller but stronger presence in BC. Our diversified business portfolio creates resilience to changing market dynamics and fluctuations in demand, giving us access to new global markets and the resources, flexibility, and reliability to consistently provide our customers with competitive high-quality products.

Despite the down cycle we are currently experiencing, we have made considerable progress on several strategic initiatives in 2023. Construction was complete on our first state-of-the-art greenfield facility in DeRidder, Louisiana that began operation in Q1 2023 and continues to outperform our start-up expectations. Development of our Axis, Alabama second greenfield project is on budget and scheduled to start up in Q4 2024. Similarly, our brownfield project at the Urbana, Arkansas facility is progressing well. The \$130 million investment will increase production capacity there by 115 million board feet and improve manufacturing flexibility to accommodate additional high-value products. At our European operations, in October we closed on the strategic acquisition of a small, value-added facility in Ingarp and announced an investment of approximately \$85 million at VIDA's Bruza sawmill, which will expand production from 175 million board feet to 240 million board feet.

Turning to our financial results, and due to the ongoing affordability issues related to overall inflation and interest rate levels, our industry experienced a sharp decline in global lumber prices in 2023. Notwithstanding market dynamics and challenges in British Columbia, we generated solid financial results in Europe and the US south in 2023, again highlighting the value of our diversification strategy. Despite the significant capital investment made in 2023, our balance sheet remains strong with over \$350 million of net cash at the end of December, supporting continued reinvestment in our operations over the next several years. With our smaller but stronger footprint in British Columbia and the organic growth initiatives in the US and Sweden, we anticipate a significant reduction in our pro forma cost structure, increased production capacity, and increasing geographic diversification. While lumber prices are anticipated to remain under pressure in the short term, our strategy is supported by the strong underlying market fundamentals over the medium to long term. While we are prepared to remain patient until the right opportunities present themselves, our balance sheet strength will support various external growth initiatives as we look to further grow our lumber business globally.

And with that, I will now turn it over to Kevin to provide an overview of Canfor Pulp.

Kevin Edgson — President & Chief Executive Officer, Canfor Pulp Products Inc.

Thank you, Don, and good morning, everyone.

2023 was a challenging year for Canfor Pulp with our results reflecting weak global pulp pricing and the impact of extensive sawmill curtailments due to weak lumber market conditions and the lack of economically available fibre. As a result of persistent fibre supply challenges, we permanently closed our Taylor facility in 2023 and made the difficult decision to close the pulp line at our Prince George pulp and

paper mill in April of the year. I'd like to thank our employees for their dedication, perseverance, and commitment to safety as we responded to the external pressures facing our business. While these decisions were not taken lightly, they were required to support the long-term sustainability of Canfor Pulp. Looking ahead, we remain focused on improving our operating performance and cost structure while optimizing the available fibre supply.

Turning to our financial results, following the restart of Northwood in October, we saw a significant improvement in productivity rates at both our pulp mills, which supported improved results in the fourth quarter. As previously mentioned, we have identified a significant capital reinvestment plan at all our mills to further support productivity and reliability. Though we remain committed to this recapitalization, the timing and magnitude of spend is still to be determined and will be completed as market financial circumstances allow. As such, capital spending in 2024 will likely remain modest.

I will turn it over to Pat to provide an overview of our financial results.

Patrick Elliott — Chief Financial Officer & Senior Vice President, Sustainability, Canfor Corporation & Canfor Pulp Products Inc.

Thanks, Kevin, and good morning.

The Canfor and Canfor Pulp fourth quarter and 2023 annual results were released yesterday afternoon. In my comments this morning, I'll speak to the fourth quarter financial highlights, a summary of which is included in our overview slide presentation located in the Investor Relations section of Canfor's website.

Our lumber business generated an operating loss of \$162 million in the fourth quarter, which included a \$30 million recovery of a previously reported write down of inventory in Western Canada and a non-cash duty expense of \$82 million related to our anti-dumping duty accrual rate. Adjusting for these non-cash items, our lumber business generated an operating loss of \$111 million in the fourth quarter. These results reflect significant losses associated with our BC operations due to weak lumber pricing and persistently high log costs as we continue to be faced with challenges accessing economically viable fibre. Our US south operations saw a sharp decline in earnings in the fourth quarter led principally by an 18% decline in the southern yellow pine 2x6 benchmark lumber price quarter over quarter. Our European operations contributed \$16 million of cash earnings in the fourth quarter with increased production and shipments partly offsetting the impact of lower pricing. In 2023, our European operations contributed approximately \$150 million in cash earnings, reinforcing the value of our diversification efforts over the last several years.

Canfor Pulp generated an operating loss of \$15 million in the fourth quarter, which included an \$11 million recovery of a previously recorded inventory write down. On an adjusted basis, Canfor Pulp generated an operating loss of \$26 million in the fourth quarter, an improvement of \$25 million quarter over quarter. These results largely reflect a moderate improvement in global pulp pricing and a 20% increase in pulp production in the fourth quarter. As Kevin mentioned, following Northwood's challenging restart in October, our pulp mills benefited from an improved operating rate through the balance of Q4. At the end of the fourth quarter, Canfor Pulp had net debt of \$86 million and \$147 million of available liquidity, of which \$80 million is restricted for use towards future reinvestment in Northwood's recovery boiler number one.

On a consolidated basis, capital expenditures were approximately \$172 million in the fourth quarter, including approximately \$22 million for Canfor Pulp. Capital spending totaled \$587 million in 2023, of which \$61 million was for Canfor Pulp. We anticipate capital spending of approximately \$400 million in the lumber segment in 2024, including remaining spend on our Alabama greenfield and various organic growth initiatives in the US south and Sweden. For Canfor Pulp, we're currently forecasting capital spend of \$40 million in 2024, including capitalized maintenance. In addition, we anticipate Canfor will continue to allocate a modest amount of capital to opportunistically repurchase shares throughout the year.

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

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Thanks, Pat. And with that, operator, we're now ready to take questions from the analysts.

Q & A

Operator

Thank you. We will now take questions from financial analysts. If you have a question, please press star one on your telephone keypad. If you are using a speakerphone, please lift your receiver and then press star one. If at any time you wish to cancel your question, please press star two. Please press star one now if you have a question. There will be a brief pause while participants register for questions. Thank you for your patience.

First question comes from Ketan Mamtora at BMO. Please go ahead.

Ketan Mamtora — Analyst, BMO Capital Markets

Thank you. Good morning, Don and team. First question, on the European lumber business, can you talk about trends you are seeing thus far in 2024? We saw a pretty big drop in Q4 lumber EBITDA. Can you talk to sort of the price trends that you're seeing in Europe?

Kevin Pankratz — Senior Vice President, Sales & Marketing, Canfor Corporation & Canfor Pulp Products Inc.

Hi, Ketan. It's Kevin here. Actually, I was just over in Europe last week, so your timing is good, and actually, for the first quarter, we're actually seeing improved pricing for a lot of the European markets and in other markets as well, like in the MENA markets and the Asian markets in which they serve. A lot of it in Europe is not necessarily predicated on increased demand like increased construction activity, but rather very low inventories in the field and the need to replenish. So we are actually seeing improved pricing and then we're just waiting to see how that will continue into Q2.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

One thing maybe we might even say too, Kevin, because I know you've been working on this too, the one thing that's worth mentioning is that in Europe, where we don't have everywhere else, you don't have to the same degree in North America, is flexibility too on markets, right? And so you look at, Kevin talked about Middle East, North Africa, and you've got Australia, you've got Asia, and you've got North America and a number of other areas as well. So that's one of the advantages that we do have in Europe that we don't see to the same degree anyway in North America. And with having those kind of options, it

really allows you to continue to maximize the revenue as you look forward. And we're seeing that and continue to see that and I just wanted to add that.

Ketan Mamtora — Analyst, BMO Capital Markets

Great. No, that's very helpful. So Kevin, given what you just said in terms of low inventories and pickup in activity, how do you expect that to impact imports into the US? Would you expect it to kind of be at the levels that we've seen here in the last little bit? Do you expect it to go up? Go down? Any thoughts there?

Kevin Pankratz — Senior Vice President, Sales & Marketing, Canfor Corporation & Canfor Pulp Products Inc.

Ketan, I would say that we're definitely seeing, for the first quarter, lower shipments. You're seeing less inventory at the docks in Europe. As Don expressed and I mentioned to you, there is actually pretty good options for them currently in the quarter. And it also takes them a bit of a lead time. It's not like North America where you can react very quick; they have to plan their supply chains, get the stock available to prepare to the docks, and then ship. So if we're going to see any kind of increased shipments, it's probably going to be more of a Q2 play, but a lot's going to have to develop by then to see what's going on with currencies and with demand and pricing and other options. But overall I would just say our view was that we'd be trending lower than last year, European shipments into North America.

Ketan Mamtora — Analyst, BMO Capital Markets

Got it. That's very helpful. I'll jump back in the queue. Thank you.

Operator

Thank you. The next question comes from Sean Steuart from TD. Please go ahead.

Sean Steuart — Analyst, TD Securities

Thanks. Good morning, everyone. A question on the CapEx plan for 2024. You guys referenced the Alabama, Arkansas, and Swedish sawmill projects but didn't reference the Houston rebuild. Just any updated thoughts on that project and whether BC Land Act legislation/broader regulatory friction in the province has any bearing on your commitment to reinvesting in BC? Any comments there, Don?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Yeah, for sure, Sean. Maybe I'll take that one just quickly here. So just to start with, in terms of Houston, I guess what I would say at this point is still progressing. At this point we're working through some of the environmental permitting that has happened and some engineering that is being also done at the same time.

I guess the second part of your comments there, what we're also doing in conjunction with that, at the same time, and partly because of the Land Act but partly just overall in British Columbia and some of the uncertainties that we spoke about before, we're just continuing to monitor the policy environment here in BC and we'll continue to do that as we look forward. In terms of the Land Act, as you know, that was canceled. The amendments that they were proposing have been, at least at this time anyway, canceled. So we'll see what happens down the road here. So that's maybe all I can say at this point.

Sean Steuart — Analyst, TD Securities

Okay. And just maybe more to the point, the \$400 million of CapEx allocated to lumber in the plan, how much of that would be for Houston?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Yeah, very little, if any. Just a small amount, just the engineering part, which is minuscule, not even probably worth talking about.

Sean Steuart — Analyst, TD Securities

Okay. And then more broadly on the CapEx plan, the overall guidance is 25% reduction year over year. Given the balance sheet strength, you have no liquidity constraints. Some of your competitors have noted pressure on organic project returns as being a concern and a reason for them curbing their CapEx plans. Any directional commentary on the lesser spend this year? Is it just a function of some of the bigger projects already being wrapped up? Any broader thoughts on the CapEx plan?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Not really. I mean I think the main points that you might be interested in is the strategic projects that we have identified and we've been clear about, I think, from day one, they're all on schedule. We haven't tempered them whatsoever. So I think there's always things you need to look at all the time and you've got opportunities to adjust and we've sort of done that. But in terms of any impact on what we're trying to accomplish here from a strategic standpoint in growth and modernizing our sawmills, there's no

change whatsoever. And if we need further flexibility down the road, we've got it. We've talked about that before and that still exists today.

Sean Steuart — Analyst, TD Securities

Okay. Understood. Okay, Don, that's all I have for now. Thank you very much.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

All right. Thanks, Sean. Take care.

Operator

Thank you. Next question comes from Hamir Patel at CIBC Capital Markets. Please go ahead.

Hamir Patel — Analyst, CIBC Capital Markets

Hi. Good morning. Don, given the various projects you have underway in the south and current lumber markets, would you still anticipate shipment growth out of the southern platform in 2024?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Did you say shipment growth, Hamir?

Hamir Patel — Analyst, CIBC Capital Markets

Yeah, lumber shipments.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Yeah, for sure. And as these operations come on line, we'll definitely see that from that. And also, if you go back to some of the organic capital that we spent over the last two, three years, too, in terms of modernizing our business, you've heard us talk about Camden and a few other operations, all of that is benefiting us, so we will see more next year, or this year, excuse me, for sure.

Hamir Patel — Analyst, CIBC Capital Markets

Okay. And Don, are you able to maybe quantify what kind of uplift you might expect?

Patrick Elliott — Chief Financial Officer & Senior Vice President, Sustainability, Canfor Corporation & Canfor Pulp Products Inc.

I mean this is going to be, a lot of it's ramping up late in the year, so I mean I think we're shipping sort of in that 430 to 440 in Q4, and so it will be a little lift from there, but it's not going to be massive. The bulk of it's going to be in 2025 and beyond.

Hamir Patel — Analyst, CIBC Capital Markets

Okay, great. Thanks, Pat. And just the last question I had was on Europe. We've seen some of your peers that operate in Central Europe benefit from temporarily much lower fibre costs. Don, just given your own experience with the beetle in BC, how do you see the relative cost position of your Swedish assets playing out over the next couple of years just as maybe fibre costs reset in Central Europe?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

I think there's pretty two distinct areas, too. You're talking about Central Europe, where log costs are coming down. The log quality there isn't nearly as good as what we see in Northern Europe, for sure, so that's a big differentiating factor to start with. However, saying that, in Europe, you're in Northern Europe and especially in Sweden and Finland too, I guess, for that matter, definitely log costs have gone up. But the one thing that we also would talk about on a regular basis, we've got lots of flexibility there in terms of the value-add contribution that we're able to deliver up in those mills and quite significantly more than what you typically see in Central Europe. And that's a huge offset and a huge advantage and it's the strategic reason why we've chosen Northern Europe to really focus on versus Central Europe.

Hamir Patel — Analyst, CIBC Capital Markets

Okay, great. Thanks, Don. That's all I had. I'll turn it over.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Thanks, Hamir. See ya.

Operator

Thank you. The next question comes from Ben Isaacson from Scotiabank. Please go ahead.

Ben Isaacson — Analyst, Scotiabank

Thank you very much and good morning, everyone. Good to be on. First question is on European imports into the US. You talked about prices rising this quarter in Europe. How much more do they have

to rise before netbacks no longer make sense to export to the US? I'm just also thinking about higher freight rates as well.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Kevin, you want to...?

Kevin Pankratz — Senior Vice President, Sales & Marketing, Canfor Corporation & Canfor Pulp Products Inc.

It really varies there, Ben. Like it depends on exchange rates and some of the options. And not a lot of European mills 100% can actually switch and chase after the US market, whether they have the grade stamps or they have the planing and finishing capacity. But it really does vary. It could be in that \$50 to \$100 range potentially.

Ben Isaacson — Analyst, Scotiabank

That's helpful. Thank you. The second question is, given the weather that we've seen in BC so far this quarter, have there been challenges building log inventory as you think about rolling into Q2?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Absolutely. It's been a particularly mild winter for sure and we're feeling the effects of that. We've had the odd cold spell too, which has had issues too. So generally speaking, overall, the log inventories are low compared to where they ought to be and normally are for this time of year, so that will definitely have an impact here as we move into the spring.

Ben Isaacson — Analyst, Scotiabank

Last one for me is visibility into channel inventory of the whole supply chain. Can you talk about how lumber inventories have evolved quarter over quarter to the extent that you have any visibility beyond yourselves?

Kevin Pankratz — Senior Vice President, Sales & Marketing, Canfor Corporation & Canfor Pulp Products Inc.

From a customer perspective, I would say it's lower than historical norms there, Ben. And even when you look at inventory at the ports, like we're starting at a much lower position than this time last year, so that's going to, if we do see a little bit of pickup in demand, there's just going to be a little bit more tension than we would have had this time last year. But overall I would say inventories are more or less balanced right now for like our pros in that segment there, but they are lean and tight. And they've got a good book of business going into March/April and so I just don't think there's any surplus inventory in the market at all.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

If you really look at it too, Ben, I think if you look at overall R&R, at least from our standpoint, it's been better than we think, Kevin, sure. And when you look at the percentage of single-family house, that's remained pretty strong, actually it's probably increased, and we know the multiplier there in terms of lumber used versus multifamily. So that's been actually pretty good.

And then you factor in there's been a lot of downtime overall and, notwithstanding all the numbers regionally, but there's been a significant decrease in British Columbia for sure. There's been some downtime in Alberta. There's been lots of downtime even in some of the parts of Europe. So when you really think about it over time here, logically you'd think that it will create some pressure on prices here at some point and that's certainly what we believe.

Ben Isaacson — Analyst, Scotiabank

Very last one for me is odds makers have Trump winning the presidency and what could that mean for Canfor if we see Trump winning in terms of what policies he has talked about?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

If I heard your question correctly, we don't really see a lot of change there whatsoever. I mean we're focused on the now and we'll focus on the future. We don't see any change whatsoever, at this point anyway.

Ben Isaacson — Analyst, Scotiabank

Okay. That's helpful. Thanks so much. Appreciate it.

Operator

Thank you. Before we take our last question in the queue, as a reminder, if anyone has any questions, please press star one.

Next question comes from Matthew McKellar at RBC Capital Markets. Please go ahead.

Matthew McKellar — Analyst, RBC Capital Markets

Hi. Good morning. Thanks for taking my question. I think you talked about seeing yourselves as continuing to have capacity to invest in some global growth here. Could you just give us an update on what you're seeing in terms of the M&A landscape at present?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Yeah, for sure. I mean it's something we talk about kind of regularly, Matt, every quarter. Certainly Europe and the US south are the key areas that we focus on and continue to look at, but we've been super patient and we'll continue to be patient here. And in a lot of cases where we looked at a couple of years ago are less today even, but right now we're just continuing to keep an eye on that at the same time. And really, at this point, unless it's a significantly strategic opportunity, we'll probably pass right now. And we still think there's a ways to go in terms of being more competitive on the M&A front here. So at this point we're just watching it, super careful, super disciplined, super thoughtful.

Matthew McKellar — Analyst, RBC Capital Markets

Great, thanks. That's all for me. I'll turn it back.

Operator

Thank you. The next question is a follow up from Ketan Mamtora at BMO. Please go ahead.

Ketan Mamtora — Analyst, BMO Capital Markets

Thank you very much. I'm just curious what kind of demand trends you are seeing in some of your key end markets. I'm especially curious about repair and remodeling. Can you talk to what kind of trends you are seeing there?

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Kevin, why don't you take a shot?

Kevin Pankratz — Senior Vice President, Sales & Marketing, Canfor Corporation & Canfor Pulp Products Inc.

Sure. So, on the R&R market there, we're still pretty optimistic with the drivers that are supporting that. The age of the US homes is significant and that's driving a really positive takeaway there. And you got to think, for the first six months of 2023 they were at a very high pace running and then they tempered off for the back half. But when we're tracking Q1 of this year, they were actually tracking at a pretty good pace like we saw in 2023. So the outlook looks fairly positive. And they're also well positioned. They're also going after a bit more of that pro business and they're continuing to invest in that segment there. And so I think they're well on track there.

As Don mentioned there too, we're seeing our pro segment being quite active, as I mentioned earlier. Both have got a pretty good book of business into March and April. January was a really tough start weather-wise and it really did impact of our R&R takeaway early in January and the Texas markets

and those are all rebounding quite strong. So I think we're seeing some positive trends. A long ways to go to get prices where we need them to be, but we are seeing some encouraging trends.

Ketan Mamtora — Analyst, BMO Capital Markets

Understood. So Kevin, just so that, if I understood you correctly, Jan was off to a slower start but you are seeing activity now come back as we move through kind of Feb and into March and right now volumes are kind of flattish year over year. Is that the right read?

Kevin Pankratz — Senior Vice President, Sales & Marketing, Canfor Corporation & Canfor Pulp Products Inc.

I mean January was a slower start, but we're more than making up for that start into the balance of the quarter.

Ketan Mamtora — Analyst, BMO Capital Markets

Understood. Okay. And then just one last question, I mean recognizing that it has been a difficult and challenging environment, what is your approach towards kind of managing production as we move through the first quarter? And if you can talk to sort of any temporary curtailments you are taking, whether in terms of shifts or just the utilization rate, that will be helpful.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Real simple. We just want to and we will continue to match the production levels with market demand and availability of economic fibre, period. And that's been the way we've been operating for a

while, and we'll continue to do that and keep our eyes on that. And we won't be afraid though; if we have to take some downtime, we will.

Ketan Mamtora — Analyst, BMO Capital Markets

Okay, that's very helpful, Don. I'll jump back in the queue. Good luck.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Okay, thanks. Take care. Good to talk to you.

Operator

Thank you. There are no further questions. I'll now turn it over to Don Kayne for closing comments.

Go ahead, Mr. Kayne.

Don Kayne — President & Chief Executive Officer, Canfor Corporation

Thanks, operator, and thanks, everyone, for joining the call and for your interest in Canfor. We certainly appreciate that and look forward to talking to you at the end of the next quarter.

Operator

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

