



TFSA Investors: Now Is the Time to Buy This Value Stock

Description

Canfor Pulp Products ([TSX:CFX](#)) produces and supplies [pulp and paper products](#) in North America, Europe, Asia, and internationally. The company offers fibre products, solid wood, bleached softwood pulp, and bleached and unbleached kraft and coloured kraft papers. Canfor Pulp Products (CPP) was incorporated in 2010 and is headquartered in Vancouver, Canada.

The company has a price-to-earnings ratio of 47.94, price-to-book ratio of 1.05, and market capitalization of \$562 million. Debt is very sparingly used at CPP, as evidenced by a debt-to-equity ratio of just 0.09. The company has temporarily depressed performance metrics with an operating margin of (5.66)% and a return on equity of (5.32)%.

The company is one of [Canada's largest producers](#) of Northern Bleached Softwood Kraft (NBSK) pulp. CPP's paper mills have an annual capacity of approximately 1.1 million tonnes of northern softwood market kraft pulp, 230,000 tonnes of mechanical pulp, and 140,000 tonnes of bleached and unbleached kraft paper. In addition, CPP generates power and has long-term agreements with an energy company for electrical load displacement and the sale of power.

The pulp segment includes the company's four pulp mills, and the paper segment includes kraft paper produced at the Prince George pulp and paper mill. The Taylor pulp mill, owned by CPP, is a Bleached Chemical Thermo-Mechanical Pulp (BCTMP) mill with an annual production capacity of 230,000 tonnes of BCTMP. CPP owns three other pulp mills that are valuable assets.

The Northwood pulp mill is a two-line pulp mill with annual production capacity of approximately 600,000 tonnes of NBSK pulp, making it the largest NBSK pulp facility in North America. Northwood's pulp is used to make a variety of products including specialty products, premium tissue and printing and writing paper, and is primarily delivered to customers in North America and Asia.

The Intercontinental pulp mill is a single-line pulp mill with annual production capacity of approximately 320,000 tonnes of NBSK pulp. Intercontinental's pulp is used to make substantially the same products as that of Northwood and is delivered to North America, Europe, and Asia.

The Prince George pulp and paper mill is an integrated two-line pulp and paper mill with an annual

market pulp production capacity of approximately 150,000 tonnes of kraft pulp and approximately 140,000 tonnes of kraft paper. The paper mill supplies a wide range of high-performance bleached and unbleached kraft and specialty papers.

Management has been working on optimizing the value from premium quality pulp and paper products in specialty end-use applications. CPP has been working hard to preserve the company's low-cost operating position while simultaneously maintaining a strong financial position. The company's priorities include growing the green energy business and contributing to the climate change solution by producing sustainable pulp products that support the bioeconomy.

Recently, the company has been capitalizing on accretive growth and diversification opportunities. CPP has made investments of approximately \$307 million at the company's pulp and paper operations, including significant investments in the CPP's green energy business and clean technology.

Further, CPP has been actively repurchasing stock and adding value by buying back stock significantly below intrinsic value.

CATEGORY

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Author

nikhilwaterloo

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