



This Cheap Stock Could Rise 1,000% Over the Next Decade

Description

Interfor ([TSX:IFP](#)) is a growth-oriented [forest products company](#) with operations in Canada and the United States. The company has annual production capacity of approximately three billion board feet and offers a diverse line of lumber products to customers around the world. The company has sawmilling operations in British Columbia in Canada and in Washington, Oregon, Georgia, South Carolina, and Arkansas in the United States.

Diverse products

The company produces a wide range of products for sale in North American and offshore markets. The products range from [commodity structural lumber](#) through to specialty products. The mills can cut logs of various species and grades. Many of the company's manufacturing facilities have recently been upgraded and modified to improve the matching of timber resources with customers' lumber requirements.

Lumber sales

Like other commodities, the demand for lumber is cyclical. It is affected by factors such as interest rates, foreign currency exchange rates, freight rates, government tariffs, import policies, and weather. In order to diminish the impact of rapid cyclical changes in any one market, the company strategically targets worldwide markets and offers a diverse range of lumber products. Interfor also has a specific customer and product base in various countries, providing a diversified sales profile.

Strategic locations

Many of the company's operations are strategically located close to ports, which allows it to participate on the opportunities that are available to Interfor in overseas markets. Product and market diversification is particularly important for the company, as the variability inherent in the product produces a much wider spectrum of sizes and quality. A continuing priority for the company is to

develop products and markets that more fully realize the opportunity for higher grades, special dimensions, and value-added items.

Global operations

The company has an office in China to support the country's growing demand for wood. In North America, Interfor currently services customers from two sales locations. Interfor buys or trades logs through open market transactions and sell logs that are either unsuitable for cutting due to inappropriate size, grade, or species of log to suit market conditions. The company's saw mills produce wood chips and other residuals as by-products of lumber production.

Essential products

Essentially all of the company's wood chips produced in B.C. are sold under short- and long-term contracts to pulp producers. Other markets for Interfor's sawmill bark, sawdust, and shavings residuals include mulch and garden products, biomass fibre fuel for heat and power, and growing feedstock requirements for the export wood pellet industry. In total, one-quarter of Interfor's sawmill residuals are sold in support of renewable fuel users.

Effective logistics network

The company uses various modes of surface transportation to deliver lumber products. Shipments to export markets are done by container vessels while shipments of lumber within North America are done by truck, rail, and intermodal vans. Chips and logs are normally delivered by tug or by truck. Further, Interfor also owns a short-line railroad that connects to class-one railroads for shipping lumber.

Overall, Interfor's stock provides retail investors with investment exposure to a unique asset class.

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