



Boise Cascade®



Boise Cascade Company

Fourth Quarter 2018

Earnings Webcast

February 26, 2019



- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties, and assumptions that could cause our actual results to differ materially from those projected, including, but not limited to, prices for building products, commodity input costs, the effect of general economic conditions, mortgage rates and availability, housing demand, housing vacancy rates, governmental regulations, unforeseen production disruptions, as well as natural disasters.
- ◆ These and other factors that could cause actual results to differ materially from such forward-looking statements are discussed in greater detail in our filings with the Securities and Exchange Commission.
- ◆ Forward-looking statements speak only as of the date of this presentation. We undertake no obligation to revise them in light of new information. Finally, we undertake no obligation to review or confirm analyst expectations or estimates that might be derived from this presentation.
- ◆ This presentation includes references to EBITDA and Adjusted EBITDA, which are non-GAAP financial measures within the meaning of the Securities and Exchange Commission's Regulation G. Reconciliations of net income (loss) to EBITDA and Adjusted EBITDA and segment income (loss) to segment EBITDA are included as an appendix.



- ◆ Wood Products:
 - Grow our operations with a continued focus on expanding our market position in EWP
 - Continue to improve our competitiveness through operational excellence

- ◆ Distribution:
 - Grow market share
 - Further differentiate our products and services

- ◆ Wood Products:
 - Pursuing operational excellence and reliability
 - Capital spending aimed at veneer self-sufficiency and cost reductions
 - Rationalized operating footprint

- ◆ Distribution:
 - Acquisitions in Tennessee, Oregon, and Ohio
 - Broadening customer base, product lines, and services



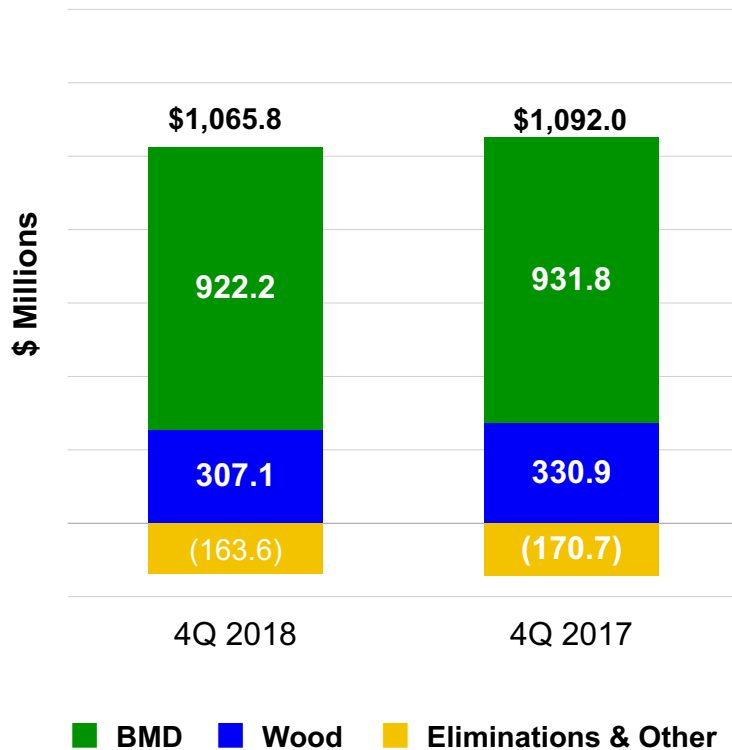
- ◆ Nate Jorgensen named COO as part of succession plan
- ◆ Mike Brown taking over leadership of Wood Products, with Dan Hutchinson retiring April 1
- ◆ Erin Nuxoll promoted to SVP of HR
- ◆ Jill Twedt promoted to general counsel
- ◆ John Sahlberg retiring as SVP of HR and general counsel March 1

- ◆ 4Q18 sales were \$1.1 billion, down 2% from 4Q17.
- ◆ 4Q18 net loss of \$72.2 million, or \$1.85 per share, compared to net income of \$19.1 million, or \$0.49 per share, in 4Q17.
 - \$55.0 million and \$2.8 million of pre-tax accelerated depreciation and other closure related costs, respectively, or \$1.11 per share after-tax, due to permanent curtailment of LVL production at Roxboro facility
 - \$24.0 million of pre-tax impairment and sale-related losses, or \$0.46 per share after-tax, from planned sale of Moncure facility
- ◆ Wood Products reported 4Q18 segment loss of \$86.6 million, compared to segment income of \$6.8 million in 4Q17:
 - Charges noted above for Roxboro and Moncure
 - Improved EWP pricing, but lower EWP sales volumes
 - Lower plywood sales prices and higher log costs
- ◆ BMD reported 4Q18 segment income of \$8.9 million, a decrease of \$14.0 million from \$22.9 million in 4Q17.
 - Steady decline in commodity prices resulted in \$7.6 million decrease in gross margin
 - Increased selling and distribution expenses of \$6.4 million

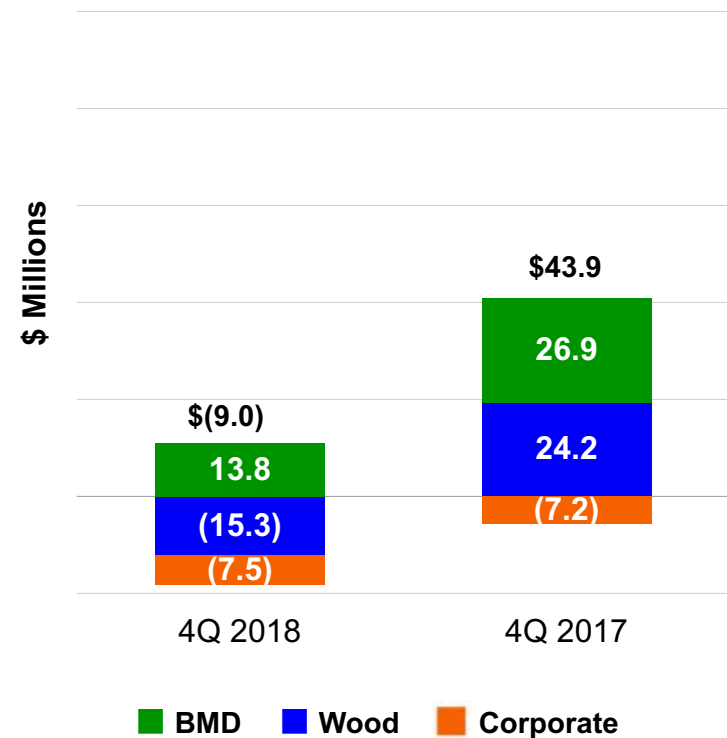
4Q 2018 Financial Highlights

Sales

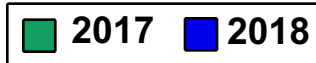
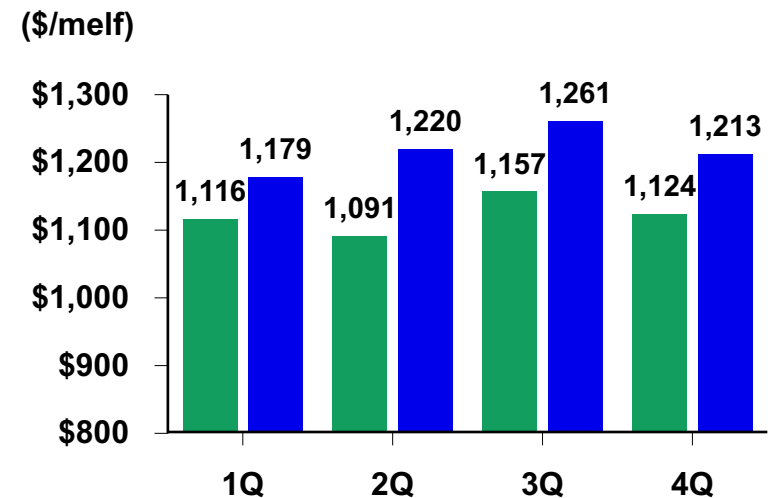
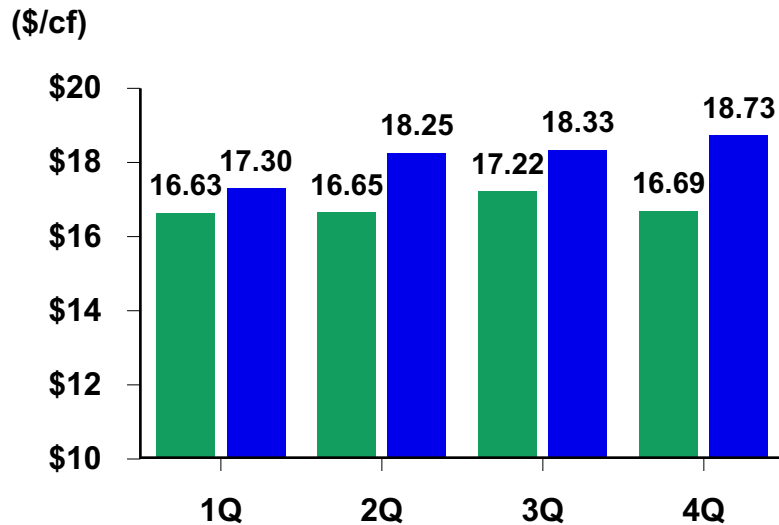
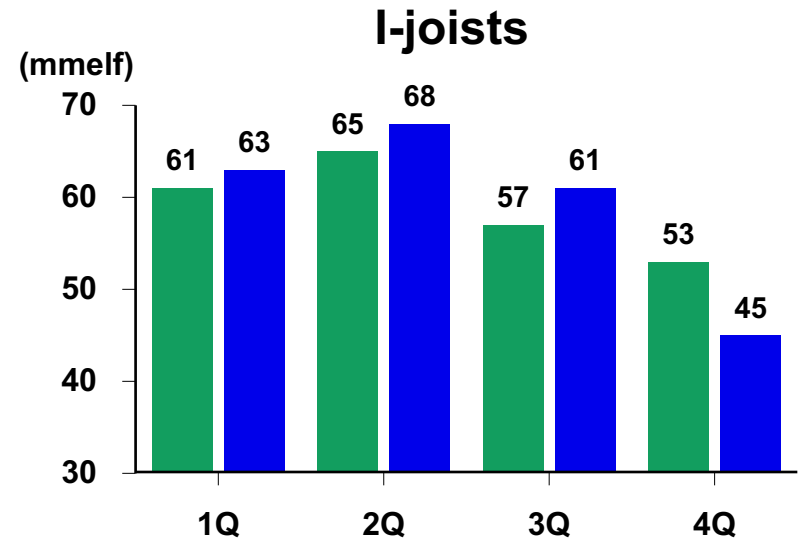
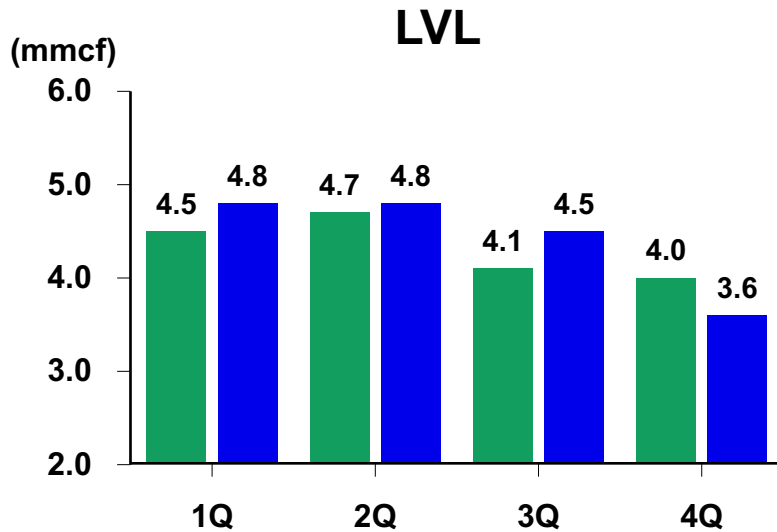
△ (2)%



Adjusted EBITDA

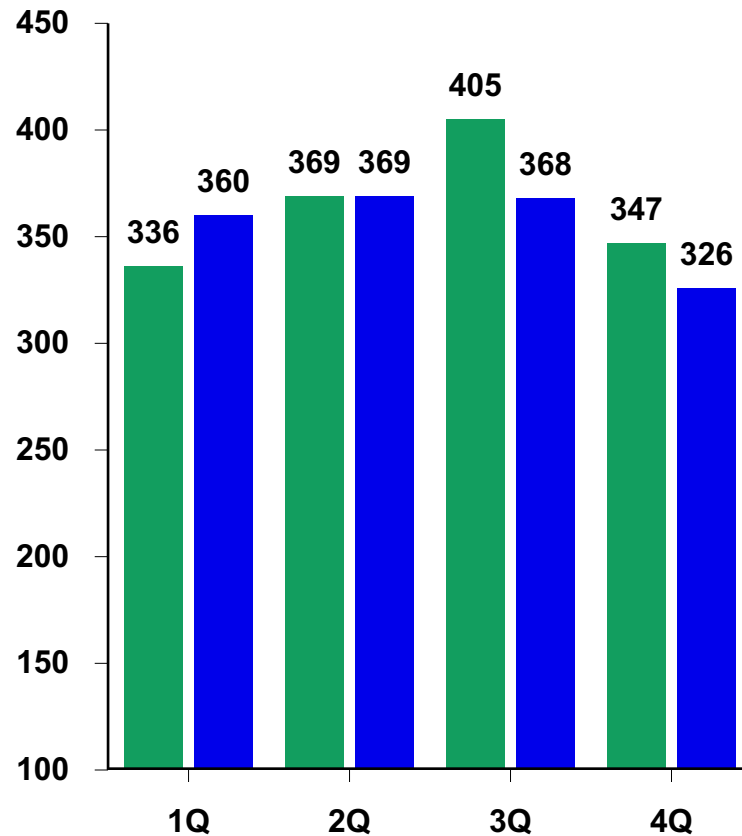


Wood Products EWP



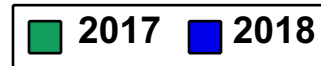
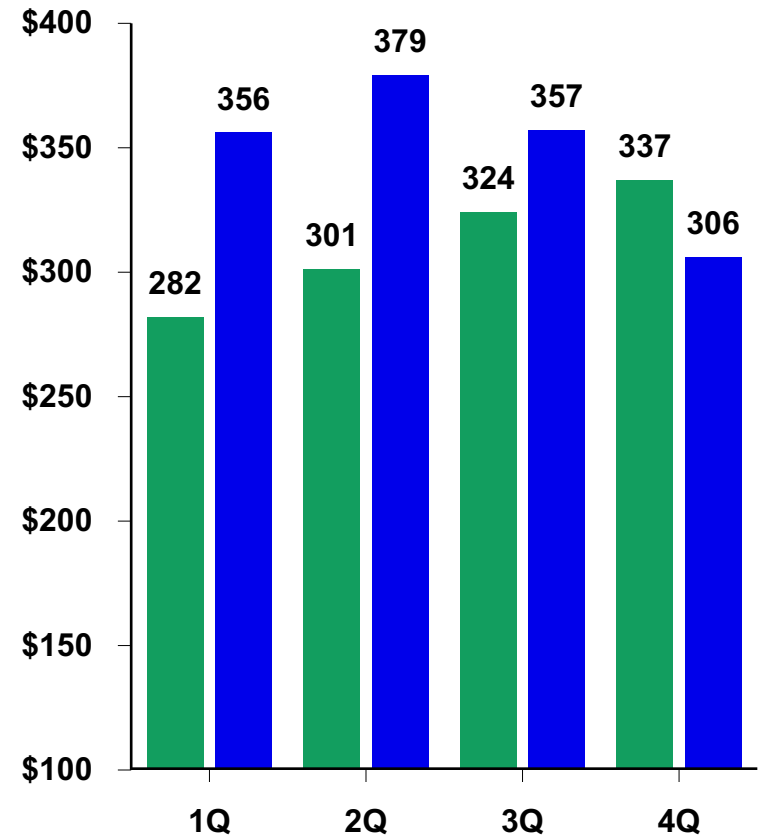
Sales Volume

(mmsf 3/8" basis)



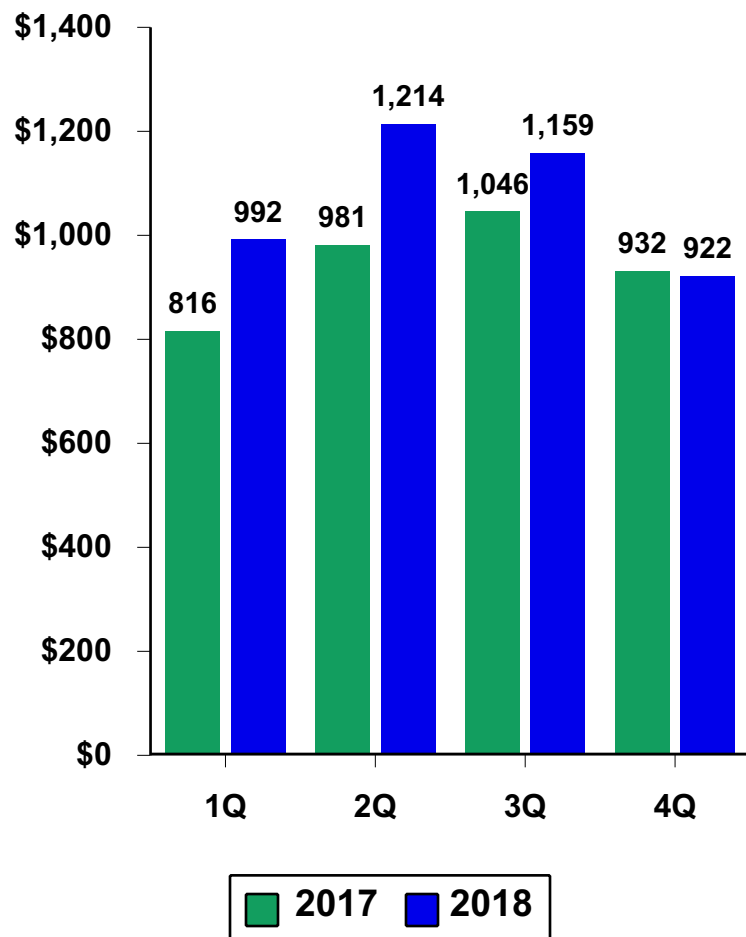
Net Sales Price

(\$/msf 3/8" basis)

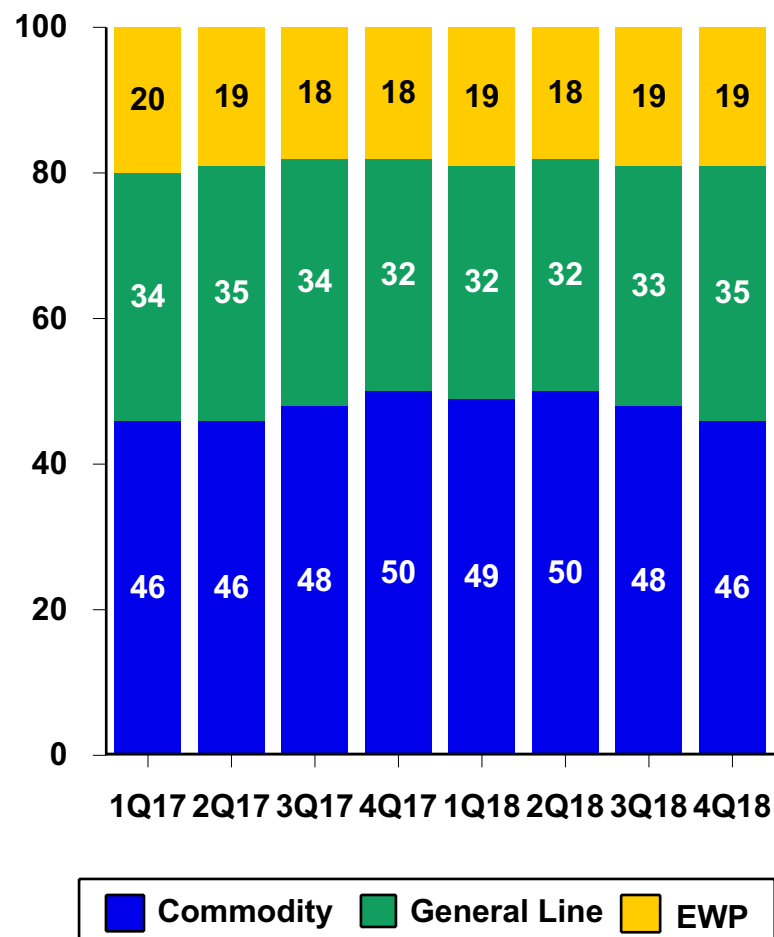


Building Materials Distribution Sales

(\$ Millions)



(% of Sales)



Working Capital



(\$ Millions)	12/31/2018	9/30/2018	Change
Receivables	\$ 229.2	\$ 328.7	\$ (99.4)
Inventory	533.0	559.4	(26.4)
Other current assets ^(a)	7.8	11.8	(4.0)
	<u>770.1</u>	<u>900.0</u>	<u>(129.9)</u>
Accounts payable	211.7	304.3	(92.7)
Accrued liabilities ^(b)	151.4	161.7	(10.3)
	<u>363.1</u>	<u>466.1</u>	<u>(103.0)</u>
Net working capital	<u>\$ 407.0</u>	<u>\$ 433.9</u>	<u>\$ (26.9)</u>

(a) Excludes cash, tax related items, and Moncure assets held for sale.

(b) Excludes income taxes payable and interest payable.

Debt and Liquidity Highlights



(\$ Millions)	<u>12/31/2018</u>	<u>9/30/2018</u>
<u>Net Debt</u>		
Total debt	\$ 439.4	\$ 439.1
Cash & cash equivalents	<u>(191.7)</u>	<u>(181.3)</u>
Net debt	<u>\$ 247.8</u>	<u>\$ 257.8</u>
 <u>Liquidity Position</u>		
Bank line excess availability	\$ 364.6	\$ 395.4
Cash & cash equivalents	<u>191.7</u>	<u>181.3</u>
Total liquidity	<u>\$ 556.3</u>	<u>\$ 576.7</u>



- ◆ Expect final 2018 U.S. housing starts to be reported at around 1.25 million, up 4% from 1.20 million million in 2017. A decline in the median single-family home size has offset some of the benefit of the increase in starts.
- ◆ Pace of housing recovery being constrained by a number of factors, including affordability and construction labor availability. Consensus forecast for 2019 housing starts is 1.27 million.
- ◆ Operational focus in Wood Products:
 - Expand our veneer production capabilities at our Chester, South Carolina, and Florien, Louisiana facilities.
 - Optimizing veneer flows into EWP.
 - Driving operational changes to increase returns on invested capital.
- ◆ Pursuing organic and acquisition-driven growth in BMD.



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Appendix

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EBITDA represents income (loss) before interest (interest expense and interest income), income taxes, and depreciation and amortization. Additionally, we disclose Adjusted EBITDA, which further adjusts EBITDA to exclude the change in fair value of interest rate swaps and loss on extinguishment of debt. The following table reconciles net income (loss) to EBITDA and Adjusted EBITDA for the three months ended December 31, 2018 and 2017, and September 30, 2018:

(\$ Millions)	Three Months Ended		
	4Q18	4Q17	3Q18
Net income (loss)	\$ (72.2)	\$ 19.1	\$ 13.8
Interest expense	6.7	6.2	6.6
Interest income	(0.6)	(0.3)	(0.5)
Income tax benefit	(21.2)	(1.9)	(0.8)
Depreciation and amortization	76.5	21.7	23.9
EBITDA	\$ (10.9)	\$ 44.9	\$ 43.0
Change in fair value of interest rate swaps	1.9	(1.0)	(0.3)
Adjusted EBITDA	\$ (9.0)	\$ 43.9	\$ 42.7

The following table reconciles segment income (loss) to EBITDA for the three months ended December 31, 2018 and 2017, and September 30, 2018:

(\$ Millions)	Three Months Ended		
	4Q18	4Q17	3Q18
Wood Products			
Segment income (loss)	\$ (86.6)	\$ 6.8	\$ 13.9
Depreciation and amortization	71.3	17.4	18.7
Segment EBITDA	<u>\$ (15.3)</u>	<u>\$ 24.2</u>	<u>\$ 32.7</u>
Building Materials Distribution			
Segment income	\$ 8.9	\$ 22.9	\$ 23.5
Depreciation and amortization	4.9	4.0	4.8
Segment EBITDA	<u>\$ 13.8</u>	<u>\$ 26.9</u>	<u>\$ 28.3</u>