



**Boise Cascade**



# **Boise Cascade Company**

## **First Quarter 2014 Earnings Webcast**

**April 23, 2014**



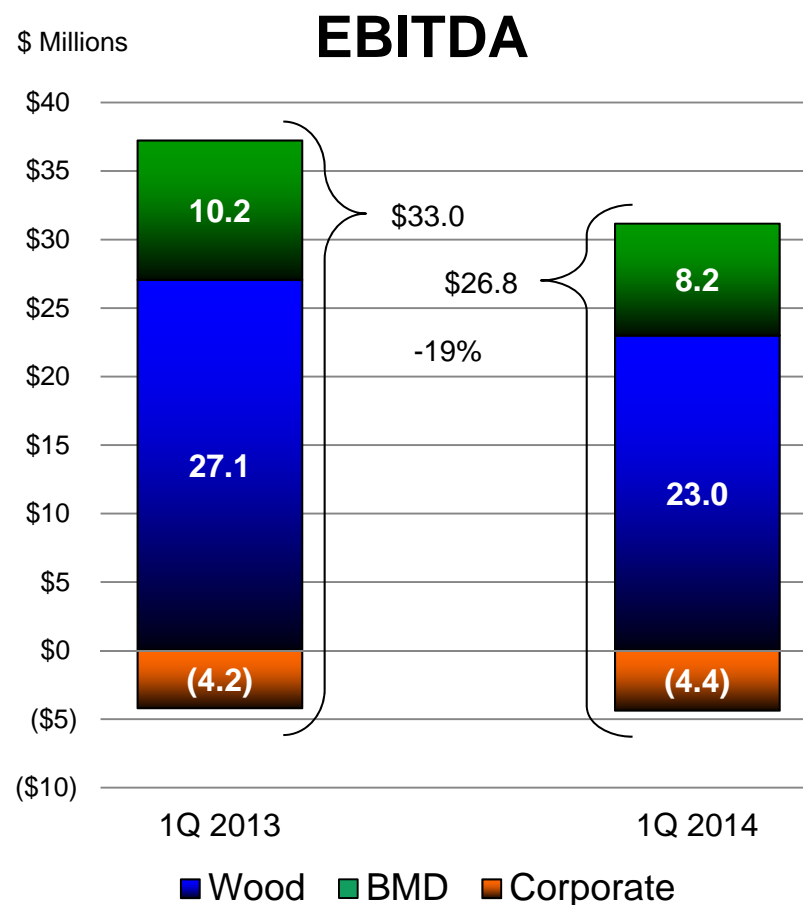
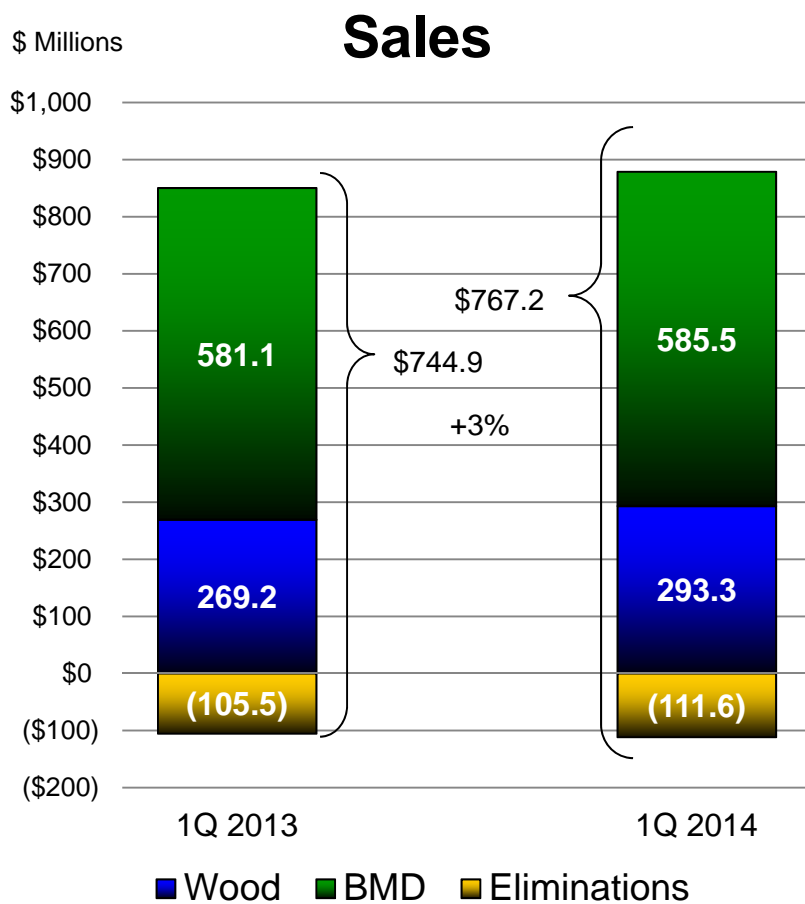
## Forward-Looking Statements

- ◆ 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, 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 adjusted net income and EBITDA, which are non-GAAP financial measures within the meaning of the Securities and Exchange Commission's Regulation G. Reconciliations of net income to adjusted net income, net income to EBITDA, and segment income to segment EBITDA are included as an appendix and are posted on the company's website at [www.bc.com](http://www.bc.com).



- ◆ Slower start to 2014 than anticipated. U.S. housing starts decreased 2% from the same period last year.
- ◆ First quarter sales were \$767.2 million, up 3% from the prior year quarter.
- ◆ First quarter net income was \$5.6 million, or \$0.14 per share.
- ◆ Consensus U.S. housing starts estimate for 2014 has been reduced from 1.1 million to 1.08 million units.
- ◆ We are seeing improved demand levels as we move into second quarter and remain optimistic that the housing recovery will continue this year.

# 1Q 2014 Financial Highlights

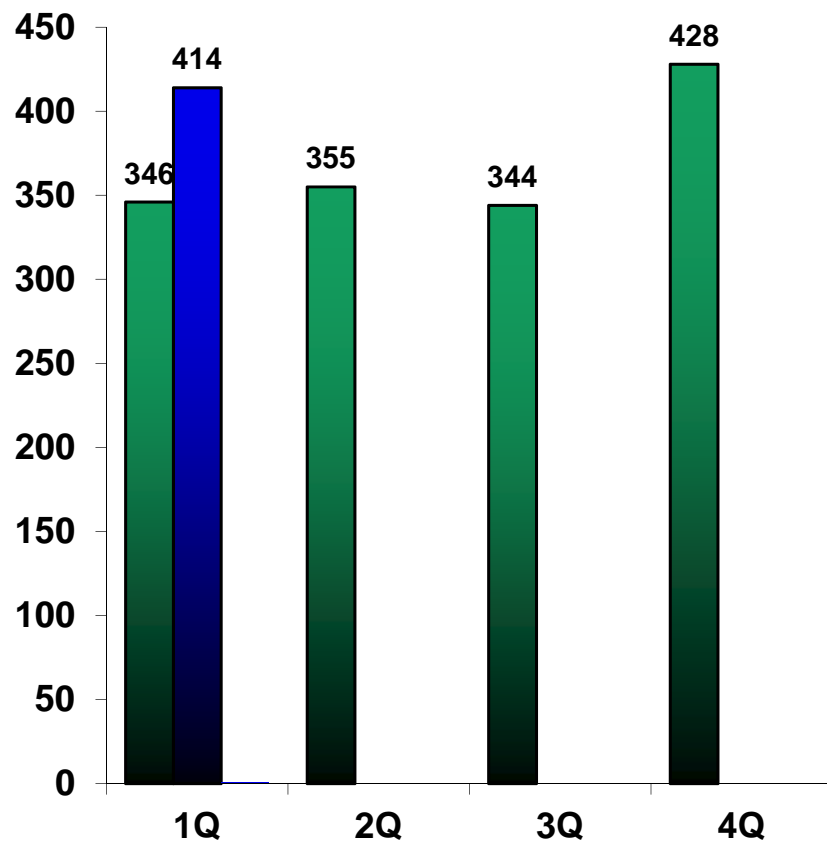




# Wood Products Plywood

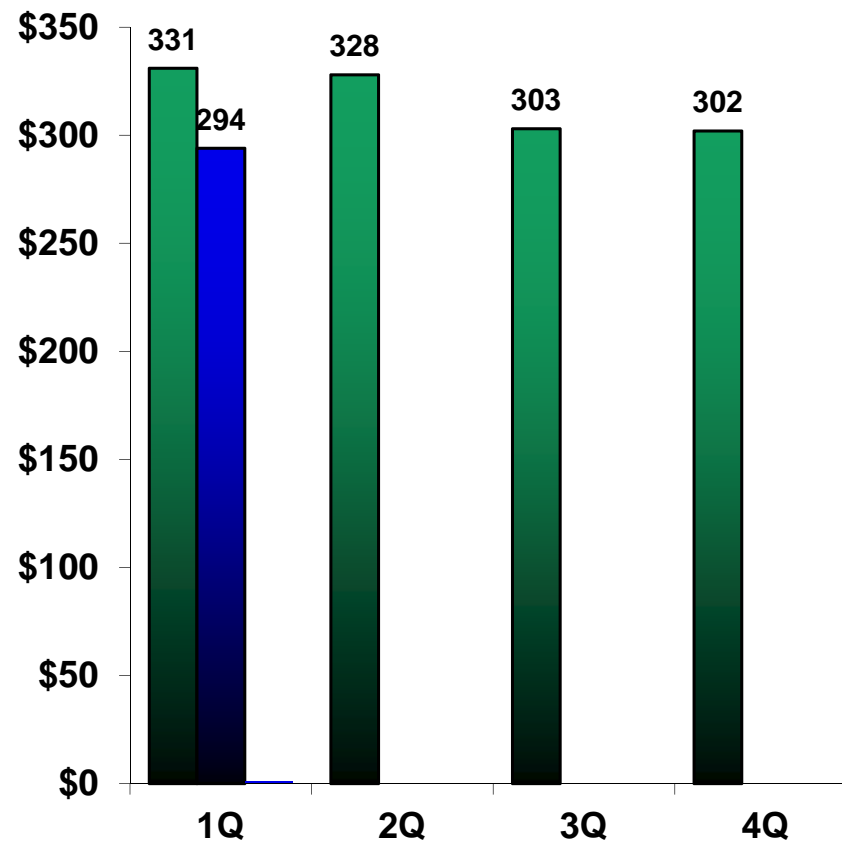
## Sales Volume

(mmsf 3/8" basis)



## Net Sales Price

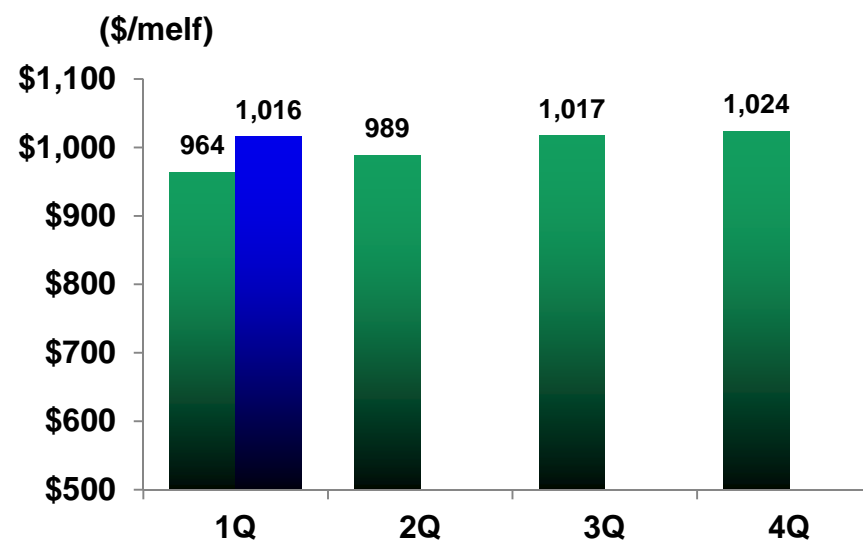
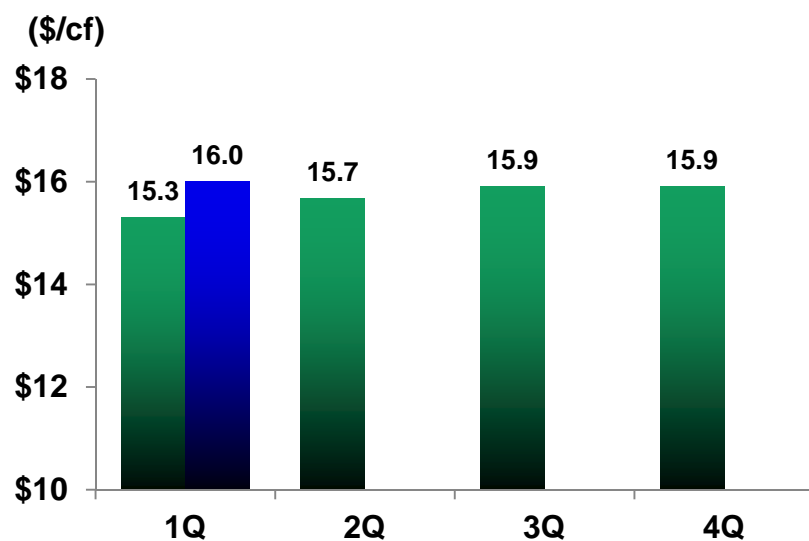
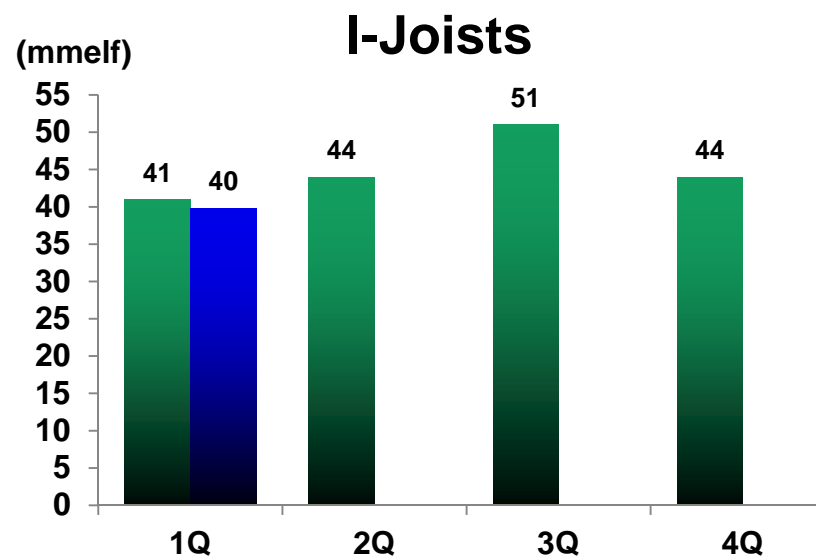
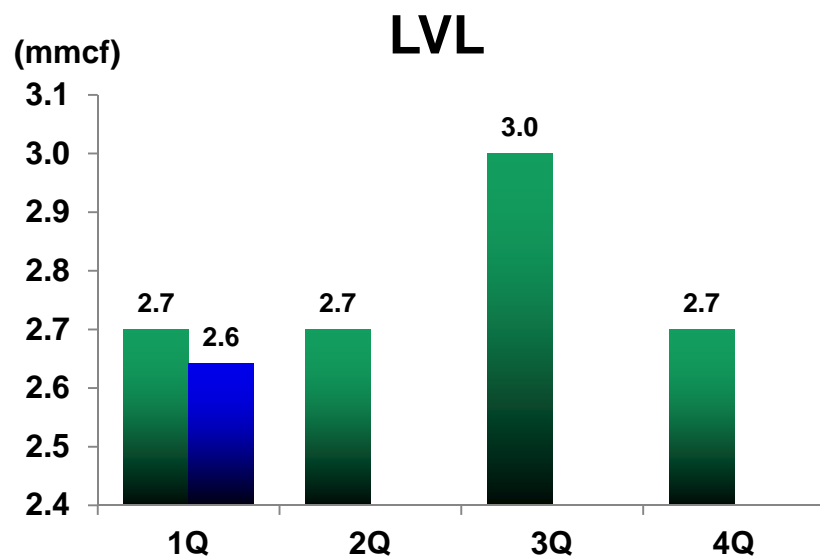
(\$/msf 3/8" basis)



2013 2014



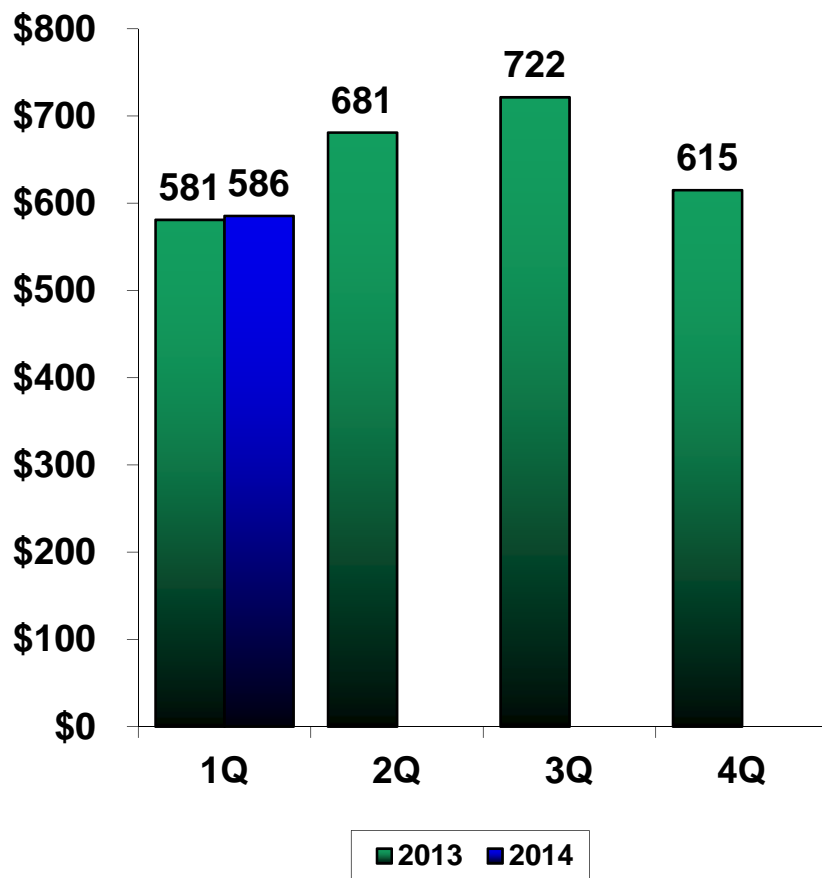
# Wood Products EWP



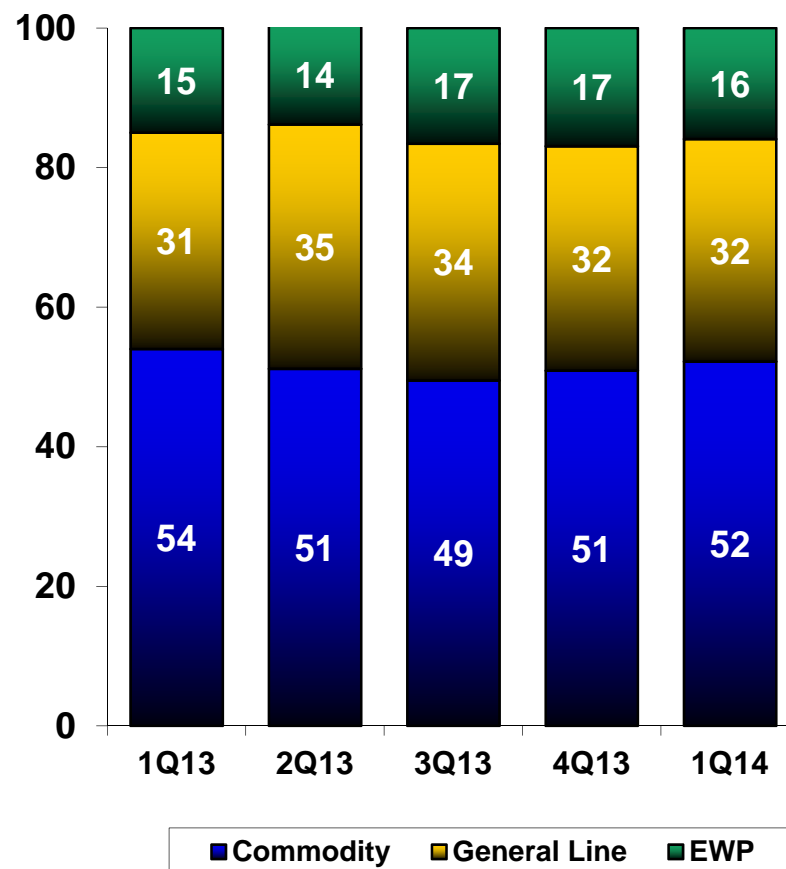


# Building Materials Distribution Sales

(\$ Millions)



(% of Sales)





## Working Capital

(\$ Millions)	<u>3/31/2014</u>	<u>12/31/2013</u>	<u>Change</u>
Receivables	\$ 206.8	\$ 160.1	\$ 46.7
Inventory	421.1	383.4	37.7
Other current assets*	<u>9.7</u>	<u>7.9</u>	<u>1.9</u>
	637.5	551.3	86.2
Accounts payable	199.6	142.1	57.5
Accrued liabilities	<u>86.6</u>	<u>96.9</u>	<u>(10.3)</u>
	286.2	239.0	47.2
Net working capital*	<u><u>\$ 351.3</u></u>	<u><u>\$ 312.3</u></u>	<u><u>\$ 39.1</u></u>

\*Excludes cash and deferred taxes





## Debt and Liquidity Highlights

(\$ Millions)

Net Debt

	<u>3/31/2014</u>	<u>12/31/2013</u>
Long-term debt	\$ 301.6	\$ 301.6
Cash & cash equivalents	(86.0)	(118.2)
Net debt	<u>\$ 215.6</u>	<u>\$ 183.4</u>

Liquidity Position

ABL excess availability	\$ 341.3	\$ 258.3
Cash & cash equivalents	86.0	118.2
Total liquidity	<u>\$ 427.3</u>	<u>\$ 376.6</u>



- ◆ The current consensus estimate for 2014 U.S. housing starts is 1.08 million vs. 925,000 in 2013.
- ◆ We believe the long-term demand fundamentals for housing are still sound based on demographics in the U.S. and expect housing starts to return to 1.4 to 1.5 million starts over the next few years.
- ◆ We are focused on meeting our customers' needs as demand continues to strengthen.
- ◆ We expect continued revenue and earnings growth in 2014:
  - Full year benefit of acquisition of plywood operations we completed September 30, 2013
  - Growth in EWP sales as single-family new residential construction further improves
  - Growth in Building Materials Distribution revenues and earnings with higher new construction and repair-and-remodel activity



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# **Appendix**

**April 23, 2014**

Adjusted net income represents net income before certain unusual items. The three months ended March 31, 2013 includes a \$68.7 million income tax benefit associated with the recording of net deferred tax assets upon the Company's conversion from a limited liability company to a corporation. The following table reconciles net income to adjusted net income for the three months ended March 31, 2014 and 2013:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	(unaudited, in thousands, except per-share amounts)	
Net income (GAAP basis)	\$ 5,565	\$ 80,836
Impact of deferred tax benefit	-	(68,666)
Adjusted net income (non-GAAP basis)	<u>\$ 5,565</u>	<u>\$ 12,170</u>
Weighted average common shares outstanding:		
Basic	39,372	37,569
Diluted	39,452	37,569
Adjusted net income (non-GAAP basis), per share:		
Basic	<u>\$0.14</u>	<u>\$0.32</u>
Diluted	<u>\$0.14</u>	<u>\$0.32</u>



EBITDA represents income before interest (interest expense and interest income), income taxes, and depreciation and amortization. The following table reconciles net income to EBITDA for the three months ended March 31, 2014 and 2013, and December 31, 2013:

(\$ Millions)	1Q14	1Q13	4Q13
Net income	\$ 5.6	\$ 80.8	\$ 9.8
Interest expense	5.5	4.9	5.6
Interest income	(0.1)	(0.1)	(0.0)
Income tax provision (benefit)	3.5	(61.1)	5.9
Depreciation and amortization	12.3	8.5	11.8
EBITDA	<u>\$ 26.8</u>	<u>\$ 33.0</u>	<u>\$ 33.1</u>

Segment EBITDA represents segment income before depreciation and amortization. The following table reconciles segment income to EBITDA for the three months ended March 31, 2014 and 2013, and December 31, 2013 :

(\$ Millions)	Three Months Ended		
	1Q14	1Q13	4Q13
Wood Products			
Segment income	\$ 13.0	\$ 20.8	\$ 15.9
Depreciation and amortization	<u>10.0</u>	<u>6.3</u>	<u>9.2</u>
Segment EBITDA	<u>\$ 23.0</u>	<u>\$ 27.1</u>	<u>\$ 25.1</u>
Building Materials Distribution			
Segment income	\$ 5.9	\$ 8.0	\$ 10.8
Depreciation and amortization	<u>2.3</u>	<u>2.2</u>	<u>2.6</u>
Segment EBITDA	<u>\$ 8.2</u>	<u>\$ 10.2</u>	<u>\$ 13.4</u>