



Boise Cascade



Boise Cascade Company

Third Quarter 2018

Earnings Webcast

November 6, 2018



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, 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 to EBITDA and Adjusted EBITDA and segment income to segment EBITDA are included as an appendix.



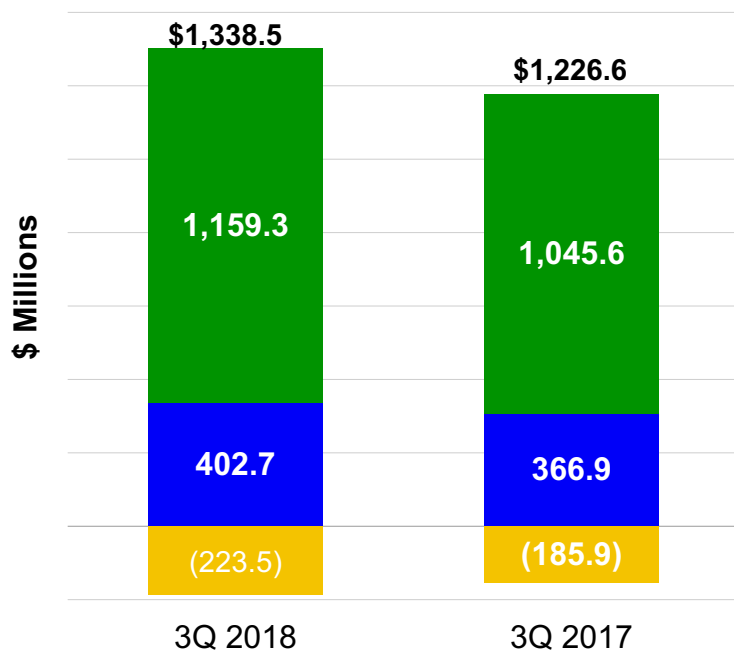
- ◆ 3Q18 sales were \$1.3 billion, up 9% from 3Q17.
- ◆ 3Q18 net income was \$13.8 million, or \$0.35 per share, down from \$0.81 per share in 3Q17.
 - Net income included \$16.3 million, or \$0.41 per share, of after-tax losses from a non-cash pension settlement charge and a non-cash impairment loss.
- ◆ Wood Products reported 3Q18 segment income of \$13.9 million, compared to \$24.0 million in 3Q17:
 - Improved pricing for plywood and EWP.
 - Higher log costs in Pacific Northwest.
 - Impairment loss recorded on planned sale of NE Oregon mills.
- ◆ BMD reported 3Q18 segment income of \$23.5 million, down from \$39.4 million in 3Q17.
 - Steady decline in commodity prices resulted in \$10.3 million decrease in gross margin.



3Q 2018 Financial Highlights

Sales

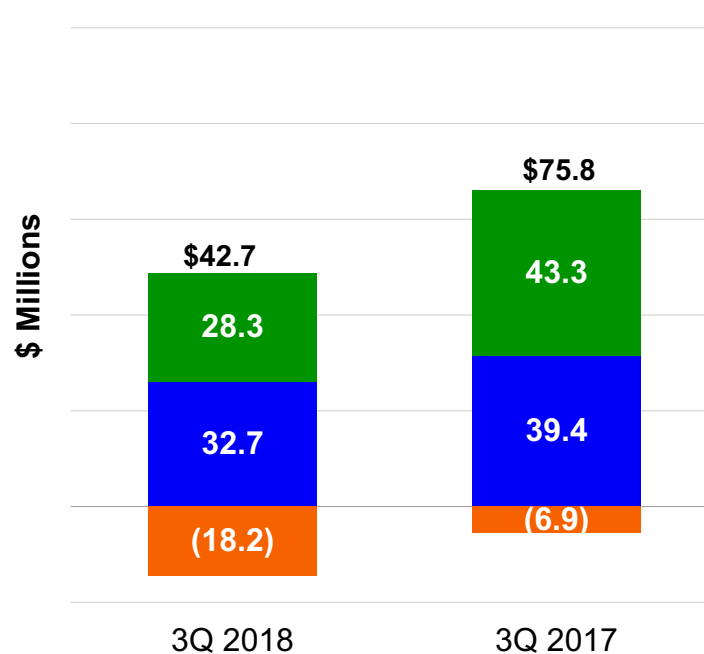
△ + 9%



■ BMD ■ Wood ■ Eliminations & Other

Adjusted EBITDA

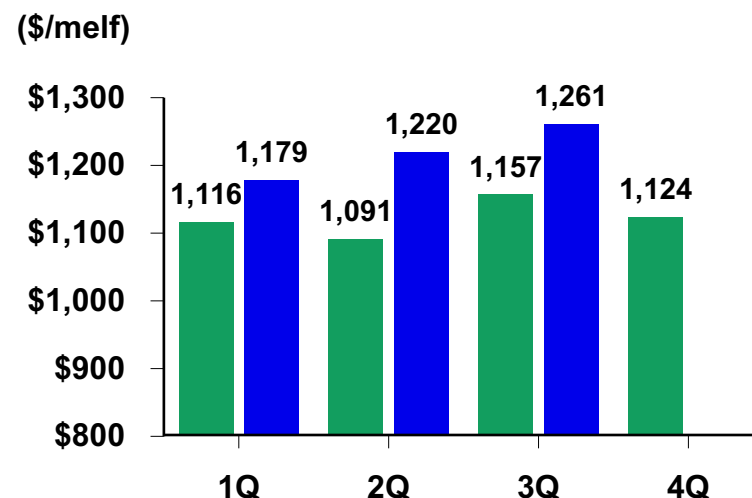
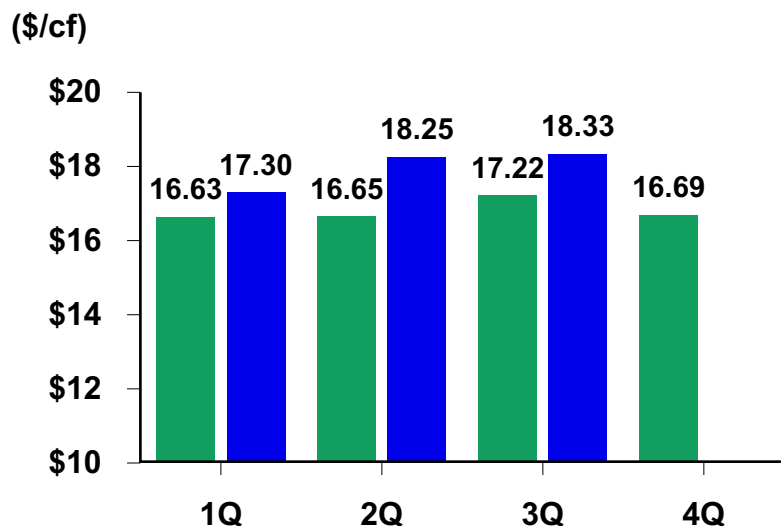
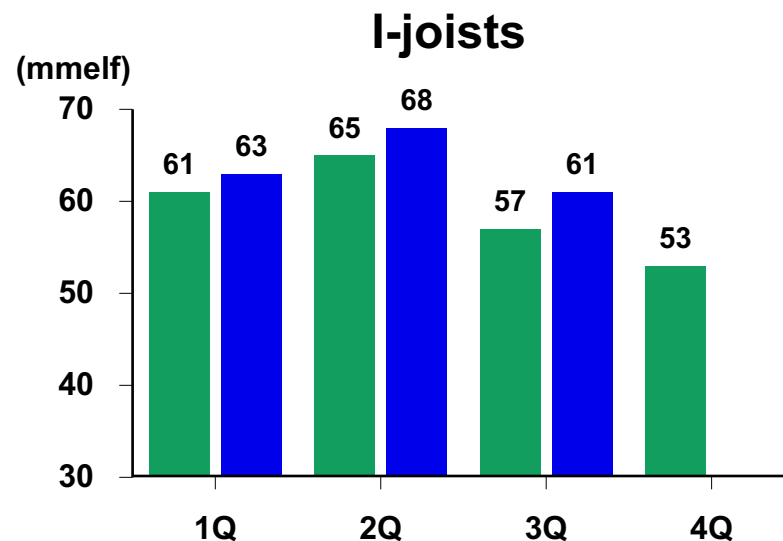
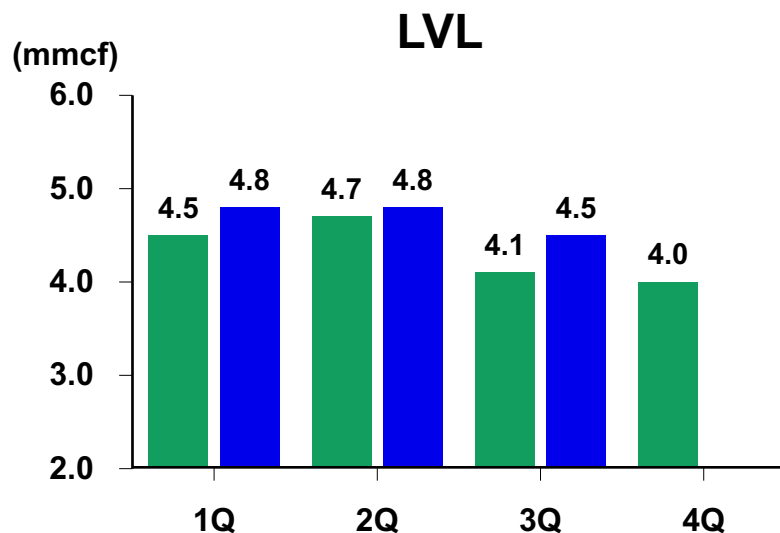
△ - (44)%



■ BMD ■ Wood ■ Corporate



Wood Products EWP

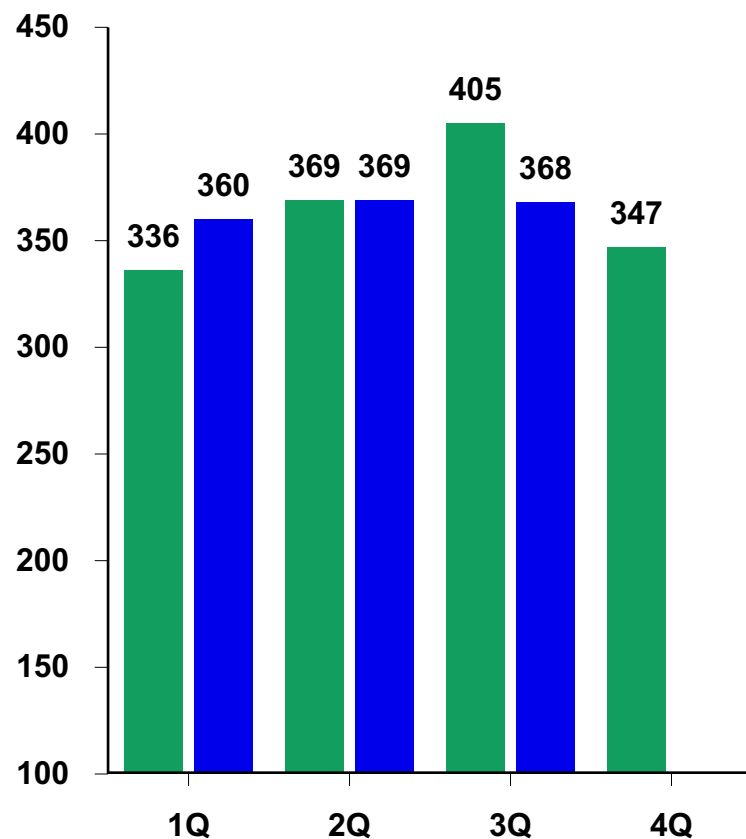




Wood Products Plywood

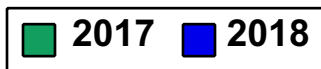
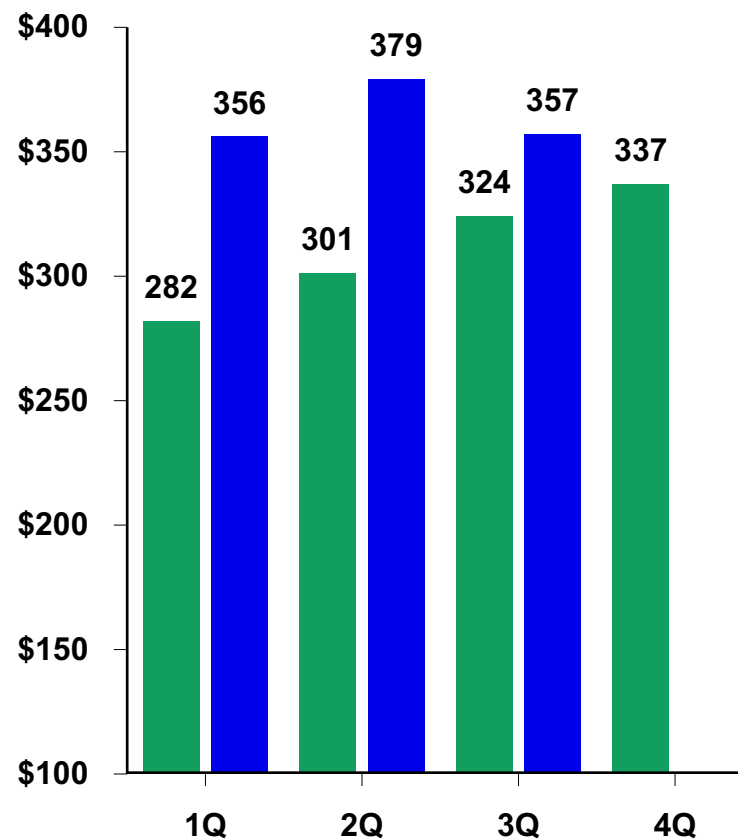
Sales Volume

(mmsf 3/8" basis)



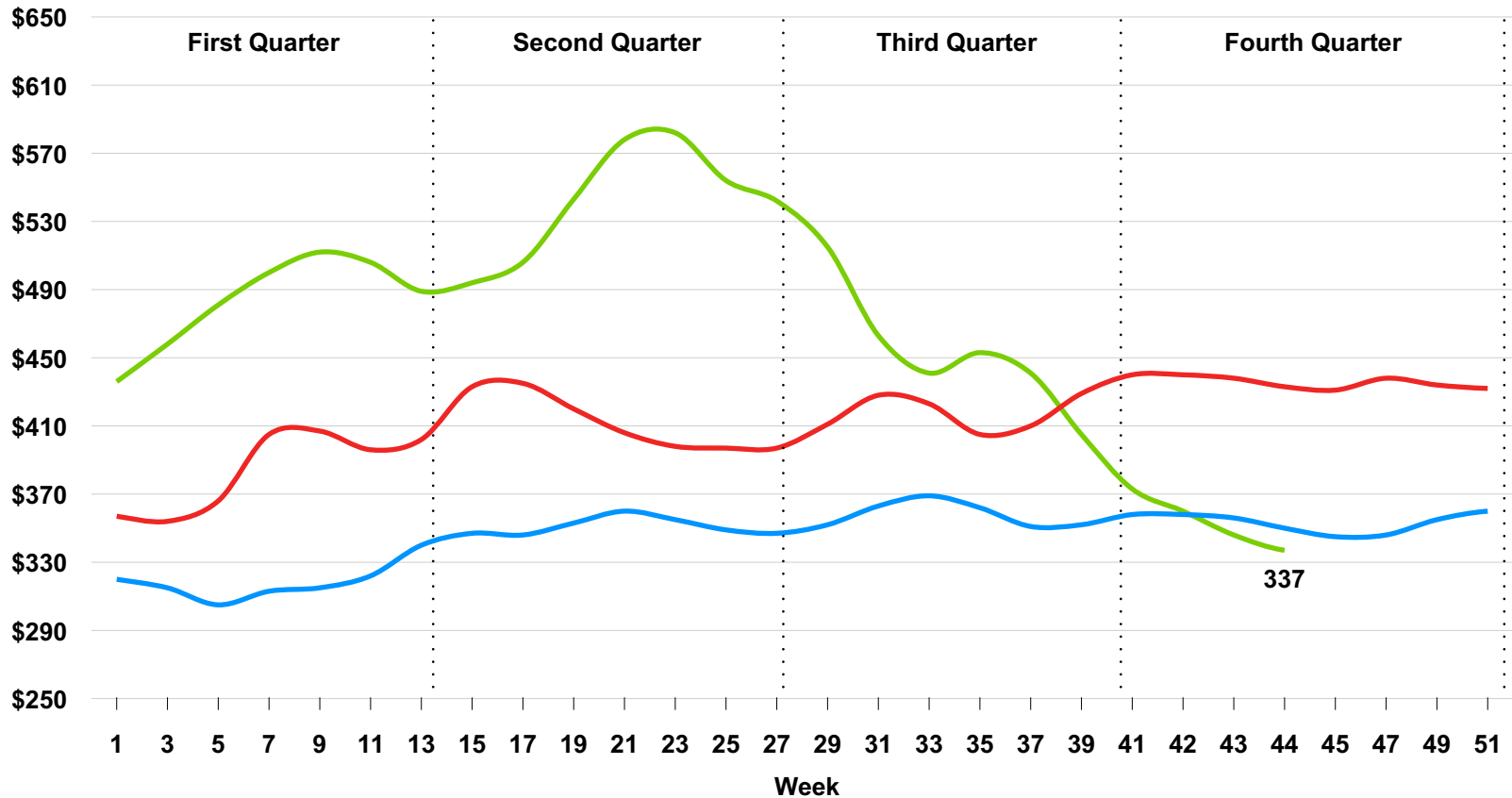
Net Sales Price

(\$/msf 3/8" basis)





Lumber Composite Price

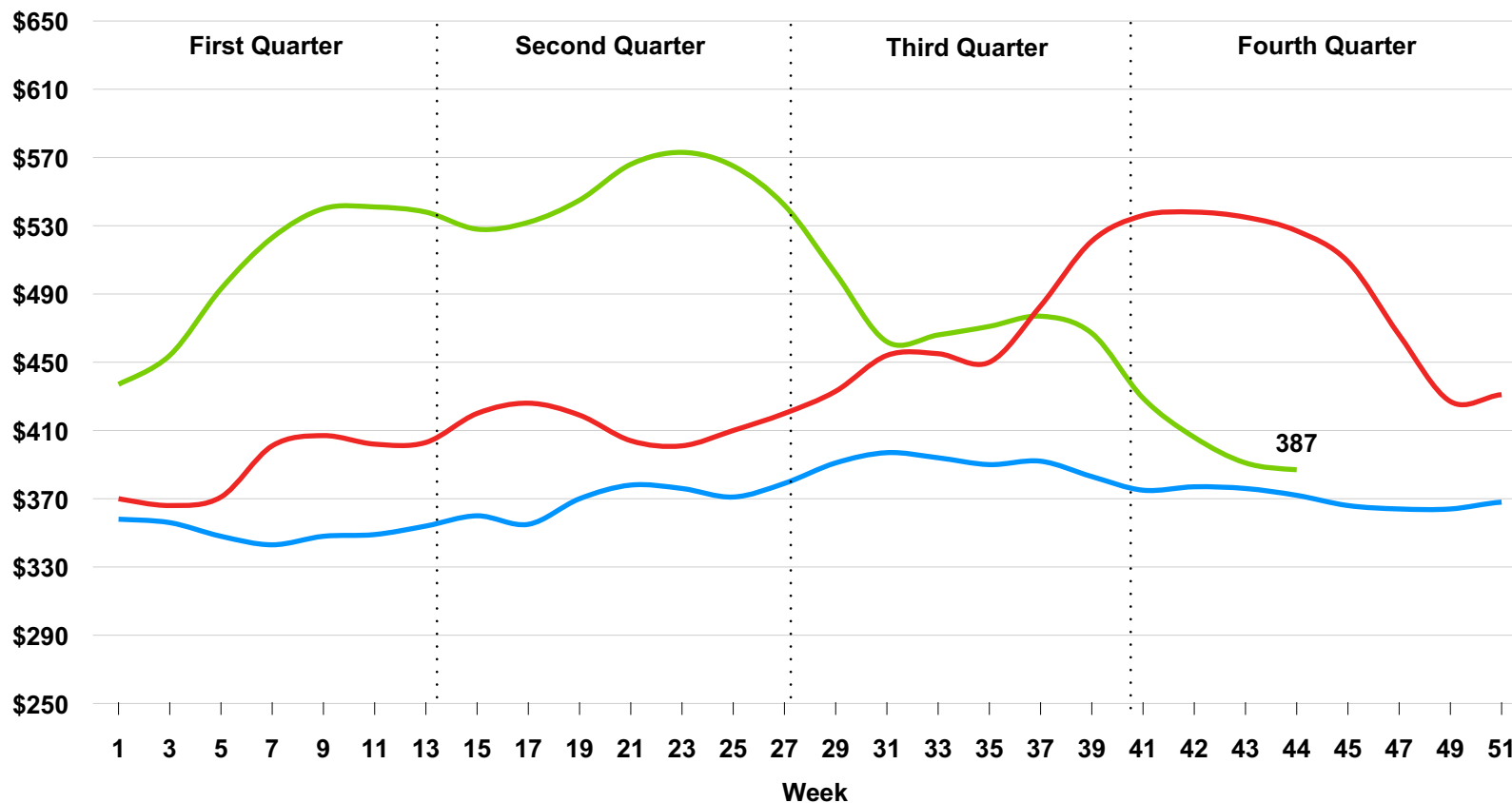


— 2016 — 2017 — 2018

Source: Random Lengths



Panel Composite Price



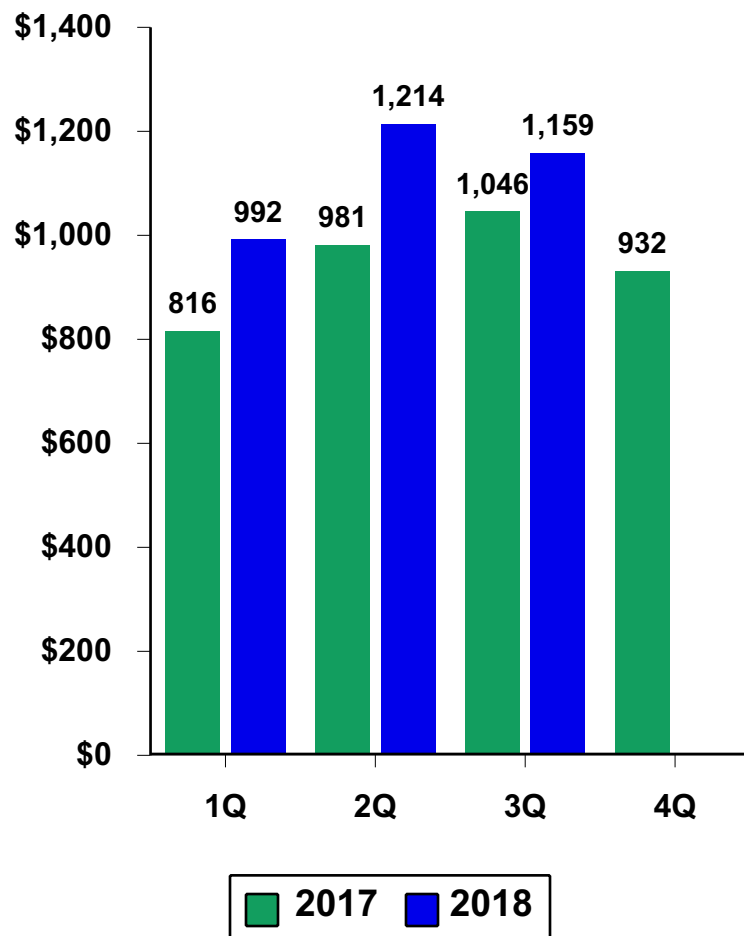
— 2016 — 2017 — 2018

Source: Random Lengths

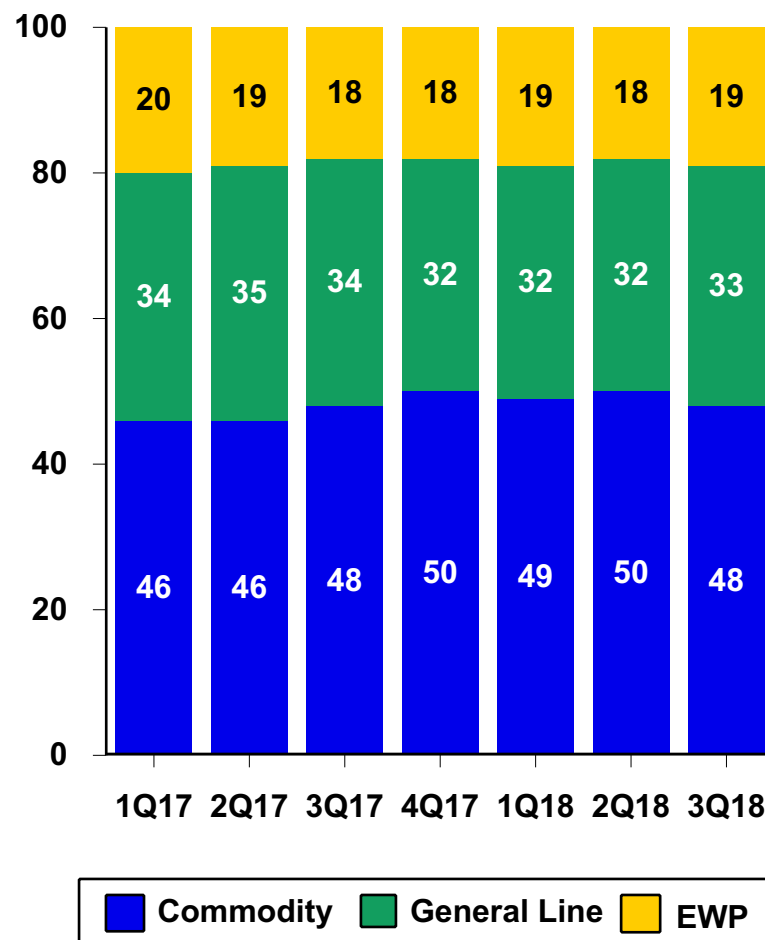


Building Materials Distribution Sales

(\$ Millions)



(% of Sales)



(\$ Millions)	9/30/2018	6/30/2018	Change
Receivables	\$ 328.7	\$ 375.2	\$ (46.5)
Inventory	559.4	572.6	(13.2)
Other current assets ^(a)	11.8	13.4	(1.6)
	<u>900.0</u>	<u>961.2</u>	<u>(61.2)</u>
Accounts payable	304.3	351.7	(47.3)
Accrued liabilities ^(b)	161.7	159.1	2.6
	<u>466.1</u>	<u>510.8</u>	<u>(44.7)</u>
Net working capital	<u>\$ 433.9</u>	<u>\$ 450.4</u>	<u>\$ (16.5)</u>

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

(b) Excludes income taxes payable and interest payable.



Debt and Liquidity Highlights

(\$ Millions)	9/30/2018	6/30/2018
<u>Net Debt</u>		
Total Debt	\$ 439.1	\$ 438.9
Cash & cash equivalents	(181.3)	(210.0)
Net Debt	<u>\$ 257.8</u>	<u>\$ 228.9</u>
<u>Liquidity Position</u>		
Bank lines excess availability	\$ 395.4	\$ 395.4
Cash & cash equivalents	181.3	210.0
Total liquidity	<u>\$ 576.7</u>	<u>\$ 605.4</u>



Capital Allocation Priorities

- ◆ Strategic capital spending in Wood Products:
 - Log utilization center upgrade and dryer replacement at Chester, SC.
 - Log utilization center upgrade at Florien, LA.
- ◆ Increase in quarterly dividend from \$0.07 to \$0.09.
- ◆ BMD fill-in acquisitions.



- ◆ Current consensus estimate for 2018 U.S. housing starts is 1.28 million, up about 7% from 1.20 million million in 2017.
- ◆ Pace of housing recovery being constrained by a number of factors, including affordability and construction labor. Consensus forecast for 2019 housing starts is 1.32 million.
- ◆ Operational focus in Wood Products:
 - Rationalizing operating footprint, including sale of NE Oregon operations and curtailment of LVL production at Roxboro, NC.
 - Optimizing veneer flows into EWP.
 - Driving operational changes to increase returns on invested capital.
- ◆ Pursuing organic and acquisition-driven growth in BMD.
- ◆ Commodity wood products pricing and demand likely to remain challenging as we move into winter months.



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Appendix

November 6, 2018

EBITDA represents income 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 to EBITDA and Adjusted EBITDA for the three months ended September 30, 2018 and 2017, and June 30, 2018:

(\$ Millions)	Three Months Ended		
	3Q18	3Q17	2Q18
Net income	\$ 13.8	\$ 31.7	\$ 41.8
Interest expense	6.6	6.3	6.6
Interest income	(0.5)	(0.2)	(0.2)
Income tax provision (benefit)	(0.8)	18.3	13.8
Depreciation and amortization	23.9	19.7	24.3
EBITDA	<u>\$ 43.0</u>	<u>\$ 75.8</u>	<u>\$ 86.3</u>
Change in fair value of interest rate swaps	(0.3)	0.0	(0.5)
Adjusted EBITDA	<u>\$ 42.7</u>	<u>\$ 75.8</u>	<u>\$ 85.8</u>

The following table reconciles segment income to EBITDA for the three months ended September 30, 2018 and 2017, and June 30, 2018:

(\$ Millions)	Three Months Ended		
	3Q18	3Q17	2Q18
Wood Products			
Segment income	\$ 13.9	\$ 24.0	\$ 36.5
Depreciation and amortization	18.7	15.3	19.5
Segment EBITDA	<u>\$ 32.7</u>	<u>\$ 39.4</u>	<u>\$ 55.9</u>
Building Materials Distribution			
Segment income	\$ 23.5	\$ 39.4	\$ 47.7
Depreciation and amortization	4.8	3.9	4.4
Segment EBITDA	<u>\$ 28.3</u>	<u>\$ 43.3</u>	<u>\$ 52.2</u>