



Boise Cascade



Boise Cascade Company

Second Quarter 2018

Earnings Webcast

August 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.



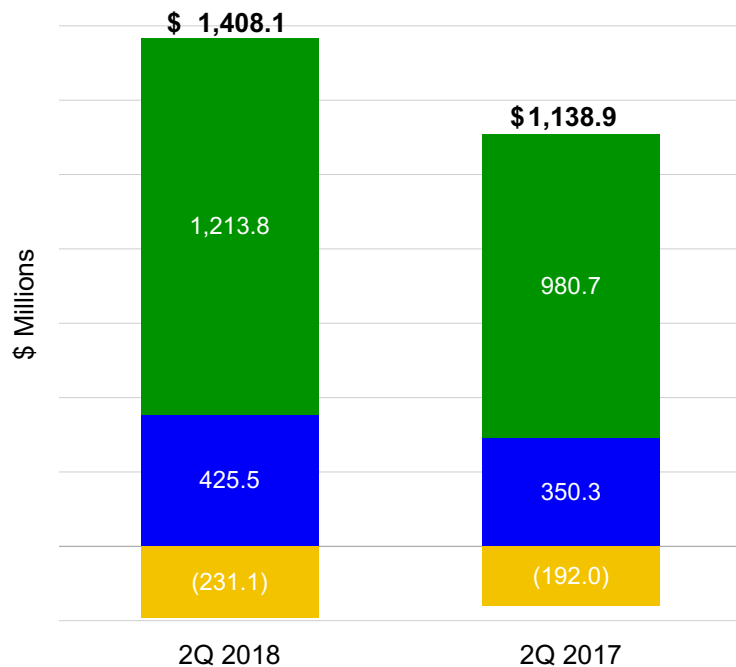
- ◆ 2Q18 sales were \$1.4 billion, up 24% from 2Q17.
- ◆ 2Q18 net income was \$41.8 million, or \$1.06 per share, up from \$0.57 per share in 2Q17. Net income included \$9.0 million, or \$0.23 per share, of after-tax losses from non-cash pension settlement charges.
- ◆ Wood Products reported 2Q18 segment income of \$36.5 million, compared to \$15.4 million in 2Q17:
 - Higher sales prices for plywood and EWP lifted operating margins, partially offset by higher log and OSB input costs.
- ◆ BMD reported 2Q18 segment income of \$47.7 million, up from \$34.5 million in 2Q17.
 - Revenue growth driven by product price inflation and increased volume generated higher gross margin dollars and operating expense leverage.



2Q 2018 Financial Highlights

Sales

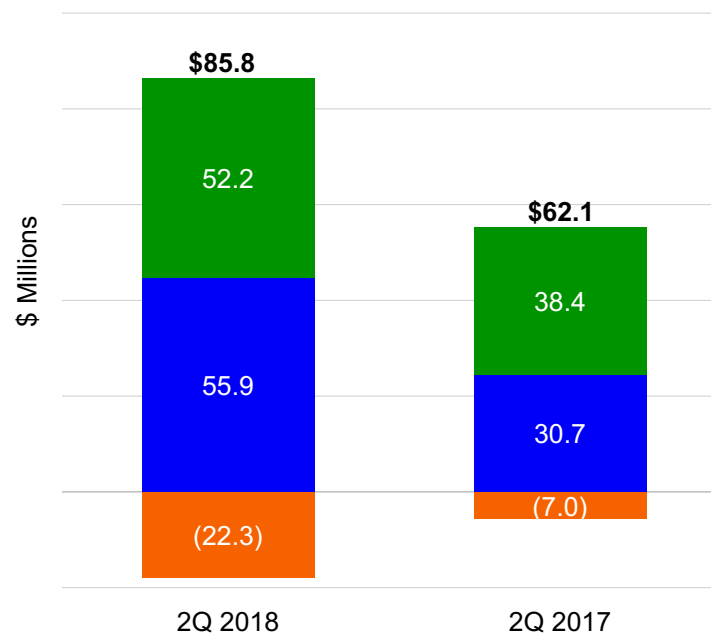
△ +24%



■ BMD ■ Wood ■ Eliminations & Other

Adjusted EBITDA

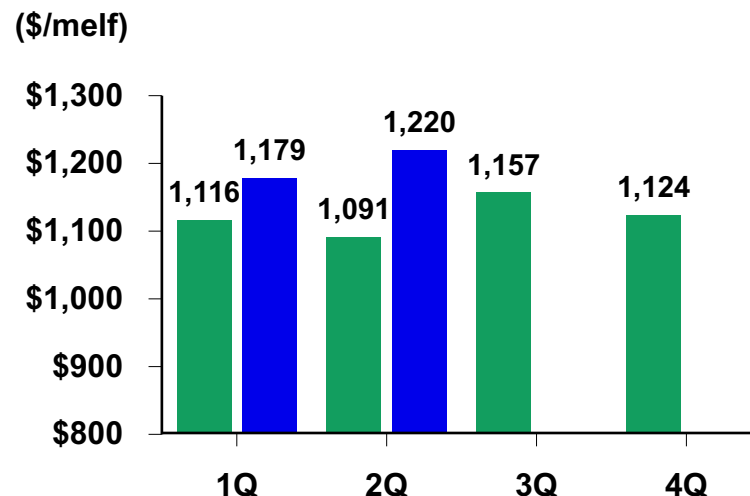
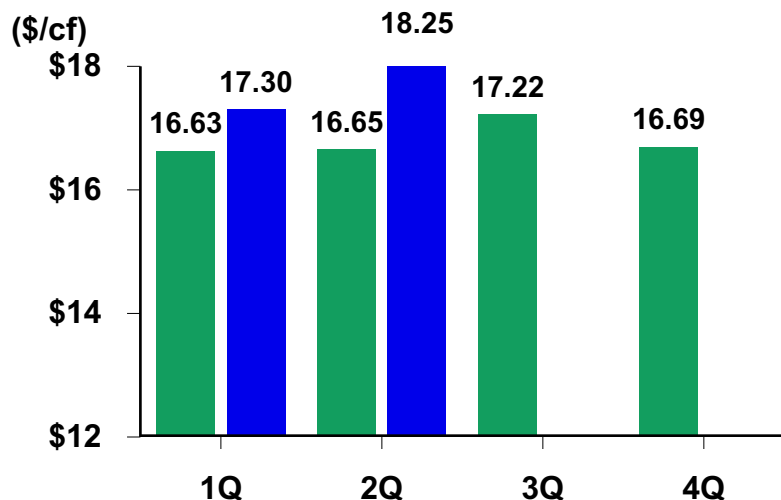
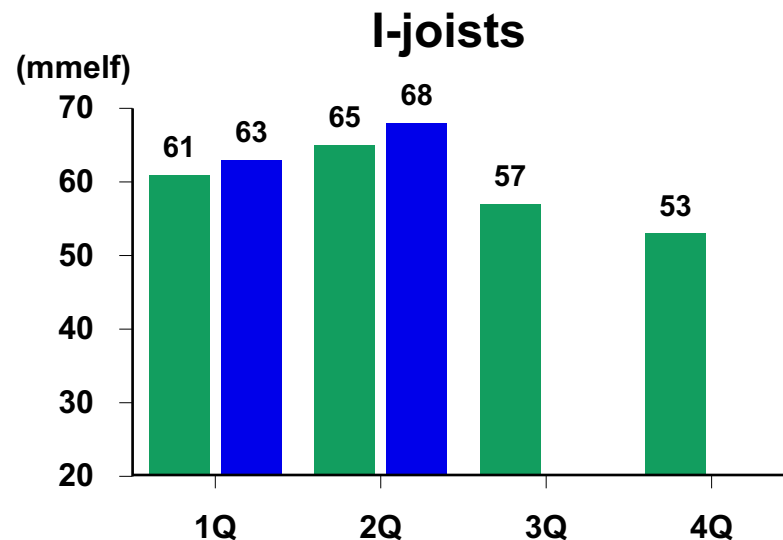
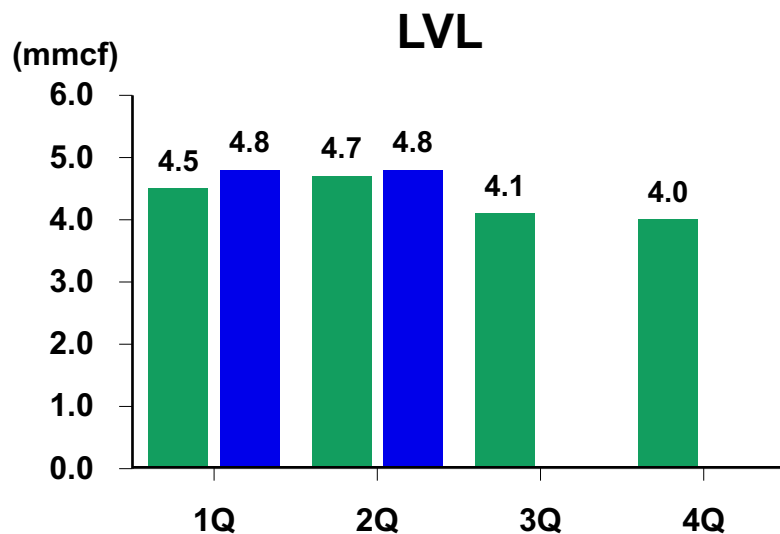
△ +38%



■ BMD ■ Wood ■ Corporate



Wood Products EWP

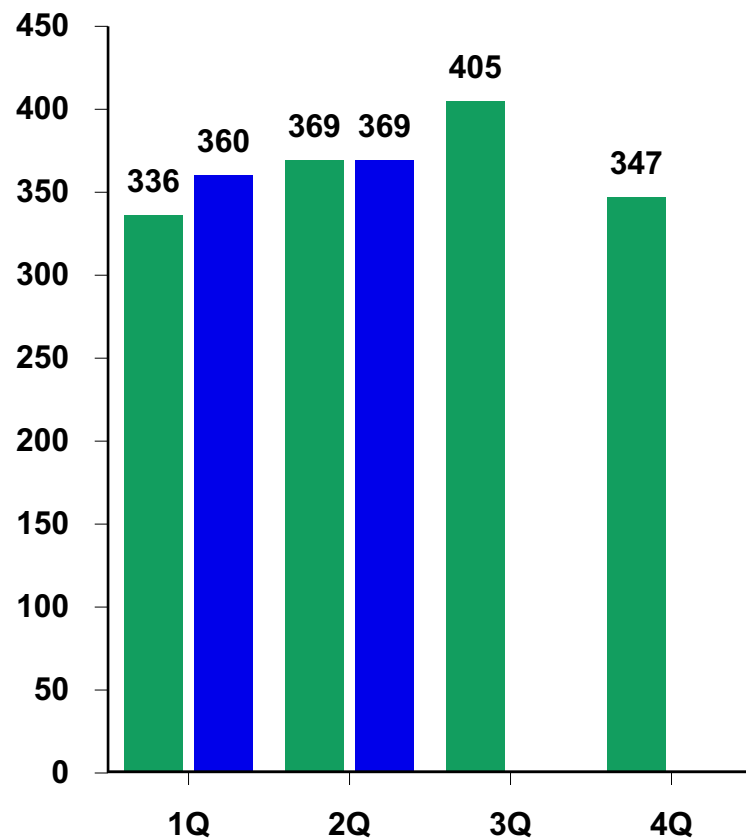




Wood Products Plywood

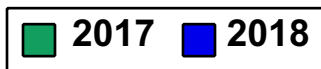
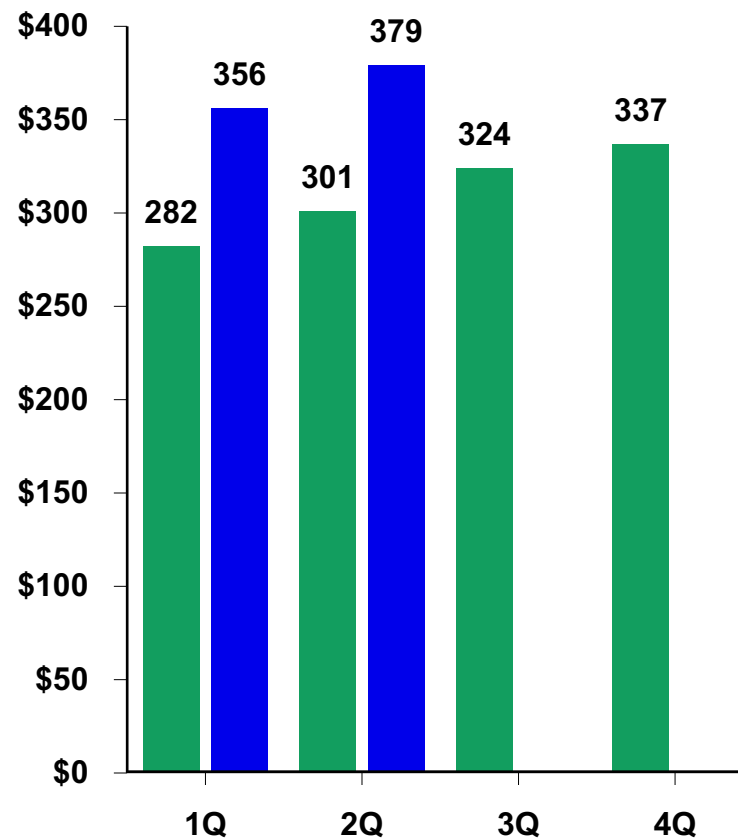
Sales Volume

(mmsf 3/8" basis)



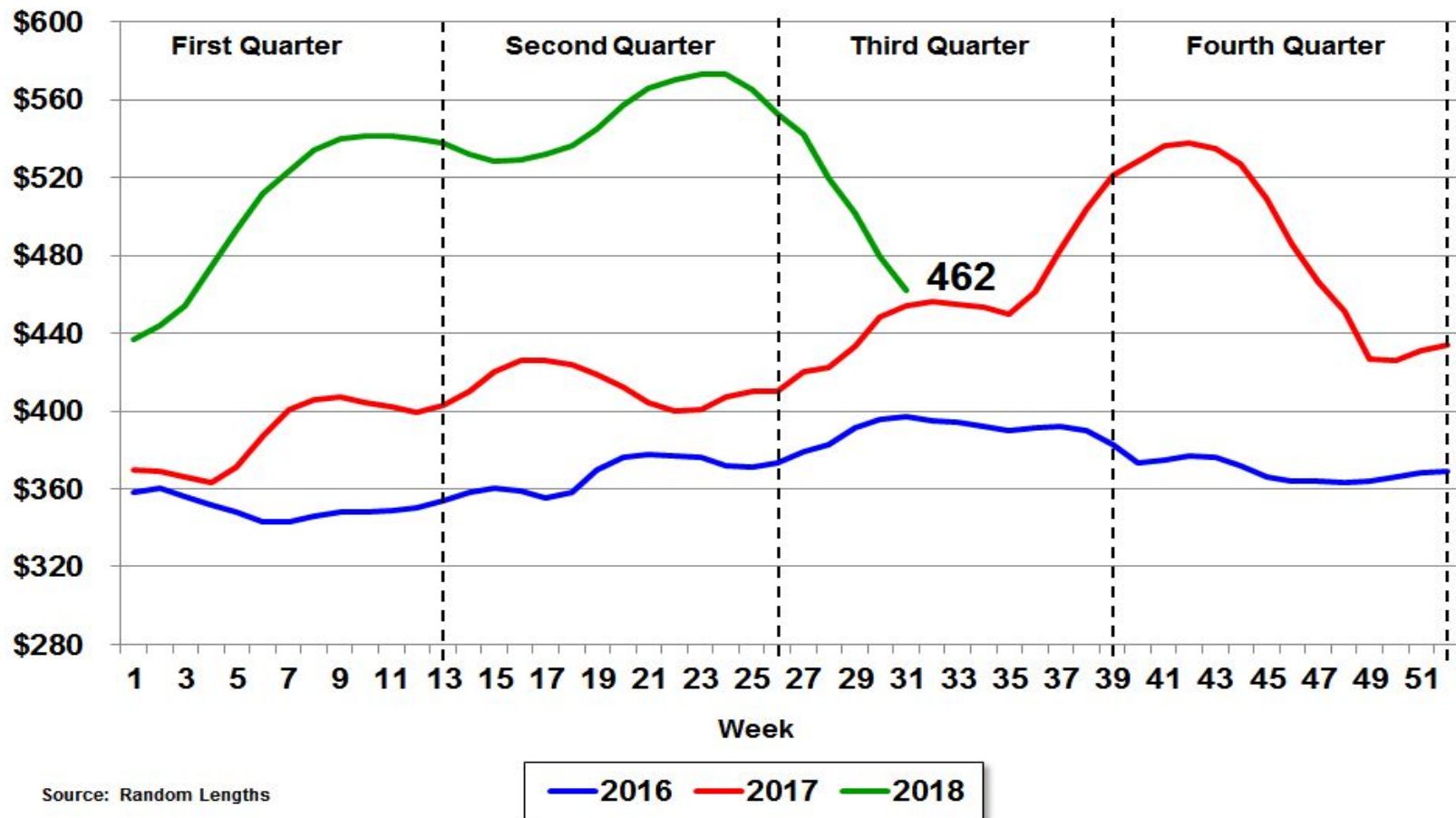
Net Sales Price

(\$/msf 3/8" basis)





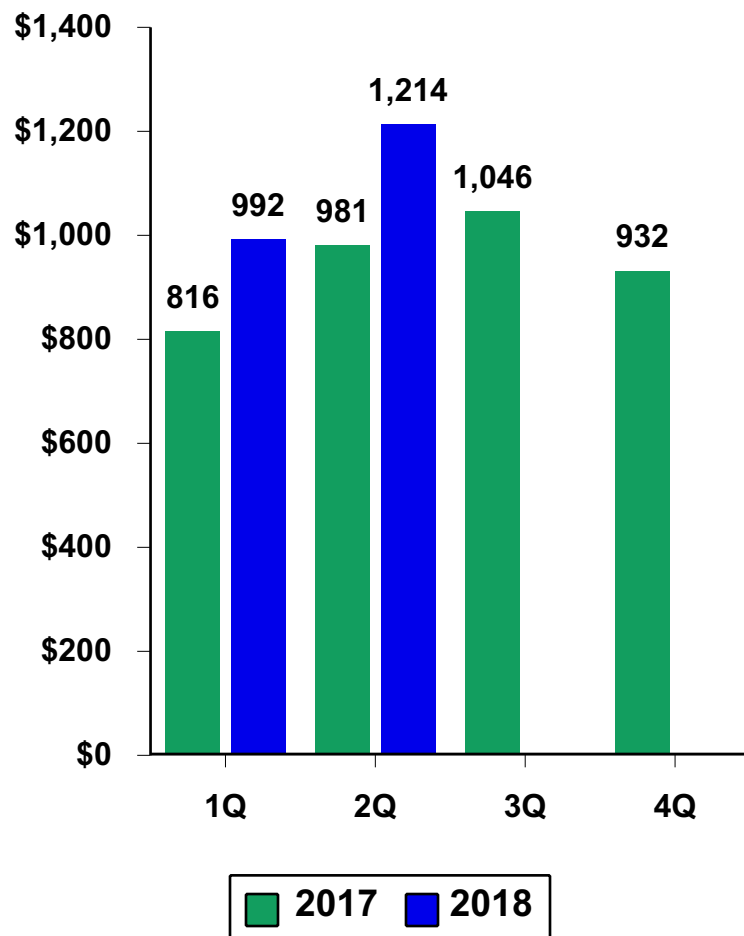
Panel Composite Price



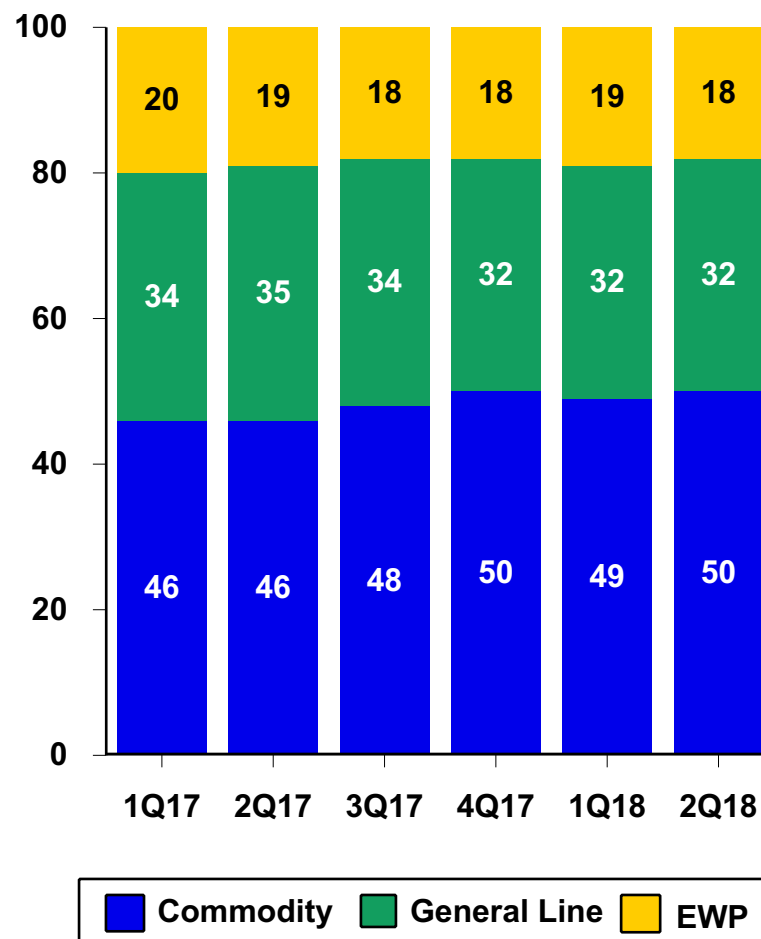


Building Materials Distribution Sales

(\$ Millions)



(% of Sales)



Balance Sheet Items

(\$ Millions)	6/30/2018	3/31/2018	Change
Receivables	\$ 375.2	\$ 349.0	\$ 26.1
Inventory	572.6	538.7	33.9
Other current assets ^(a)	13.4	10.6	2.8
	<u>961.2</u>	<u>898.4</u>	<u>62.8</u>
Accounts payable	351.7	314.3	37.4
Accrued liabilities ^(b)	159.1	111.8	47.3
	<u>510.8</u>	<u>426.0</u>	<u>84.7</u>
Net working capital	<u>\$ 450.4</u>	<u>\$ 472.3</u>	<u>\$ (21.9)</u>

(a) Excludes cash and tax related items.

(b) Excludes income taxes payable and interest payable.

Debt and Liquidity Highlights

(\$ Millions)	6/30/2018	3/31/2018
<u>Net Debt</u>		
Total Debt	\$ 438.9	\$ 438.6
Cash & cash equivalents	(210.0)	(134.7)
Net Debt	<u>\$ 228.9</u>	<u>\$ 303.9</u>
<u>Liquidity Position</u>		
Bank lines excess availability	\$ 395.4	\$ 395.3
Cash & cash equivalents	210.0	134.7
Total liquidity	<u>\$ 605.4</u>	<u>\$ 530.0</u>



Capital Allocation Priorities

- ◆ Strategic capital spending in Wood Products:
 - Log utilization center upgrade and dryer replacement at Chester, SC.
- ◆ BMD fill-in acquisitions.
- ◆ Additional \$1.00 per share dividend payable September 17.
- ◆ \$20 million discretionary pension contribution.



- ◆ Current consensus estimate for 2018 U.S. housing starts is 1.32 million, up about 10% from 1.20 million million in 2017.
- ◆ Long-term demand fundamentals expected to support recovery in U.S. housing to 1.4 to 1.5 million starts over next few years.
- ◆ Operational focus in Wood Products:
 - Continue to improve EWP net sales realizations.
 - Optimize veneer flows into EWP.
 - Drive operational changes to increase returns on invested capital.
- ◆ Pursuing organic and acquisition-driven growth in BMD.
- ◆ Deploy free cashflow effectively.
- ◆ Commodity wood products pricing favorable but declining, with industry capacity additions coming on line.



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Appendix

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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 June 30, 2018 and 2017, and March 31, 2018:

(\$ Millions)	Three Months Ended		
	2Q18	2Q17	1Q18
Net income	\$ 41.8	\$ 22.2	\$ 37.1
Interest expense	6.6	6.5	6.4
Interest income	(0.2)	(0.1)	(0.3)
Income tax provision	13.8	13.1	9.8
Depreciation and amortization	24.3	19.6	22.1
EBITDA	\$ 86.3	\$ 61.3	\$ 75.0
Change in fair value of interest rate swaps	(0.5)	0.7	(1.6)
Adjusted EBITDA	\$ 85.8	\$ 62.1	\$ 73.4

The following table reconciles segment income to EBITDA for the three months ended June 30, 2018 and 2017, and March 31, 2018:

(\$ Millions)	Three Months Ended		
	2Q18	2Q17	1Q18
Wood Products			
Segment income	\$ 36.5	\$ 15.4	\$ 26.1
Depreciation and amortization	19.5	15.3	17.5
Segment EBITDA	<u>\$ 55.9</u>	<u>\$ 30.7</u>	<u>\$ 43.7</u>
Building Materials Distribution			
Segment income	\$ 47.7	\$ 34.5	\$ 32.4
Depreciation and amortization	4.4	3.9	4.2
Segment EBITDA	<u>\$ 52.2</u>	<u>\$ 38.4</u>	<u>\$ 36.6</u>