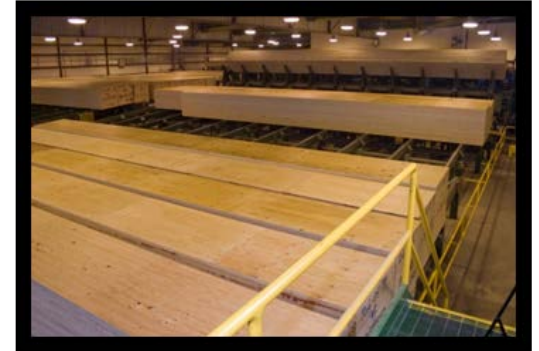




**Boise Cascade**



# **Boise Cascade Company**

## **Second Quarter 2017**

### **Earnings Webcast**

**July 27, 2017**



# Forward-Looking Statements

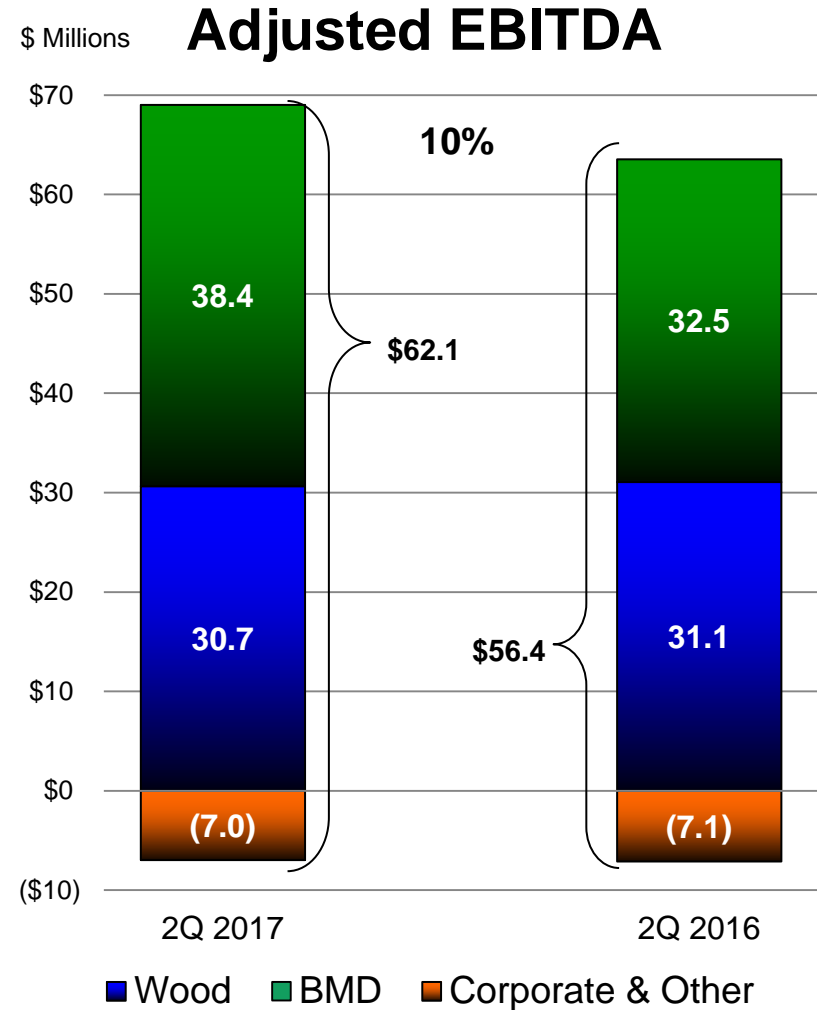
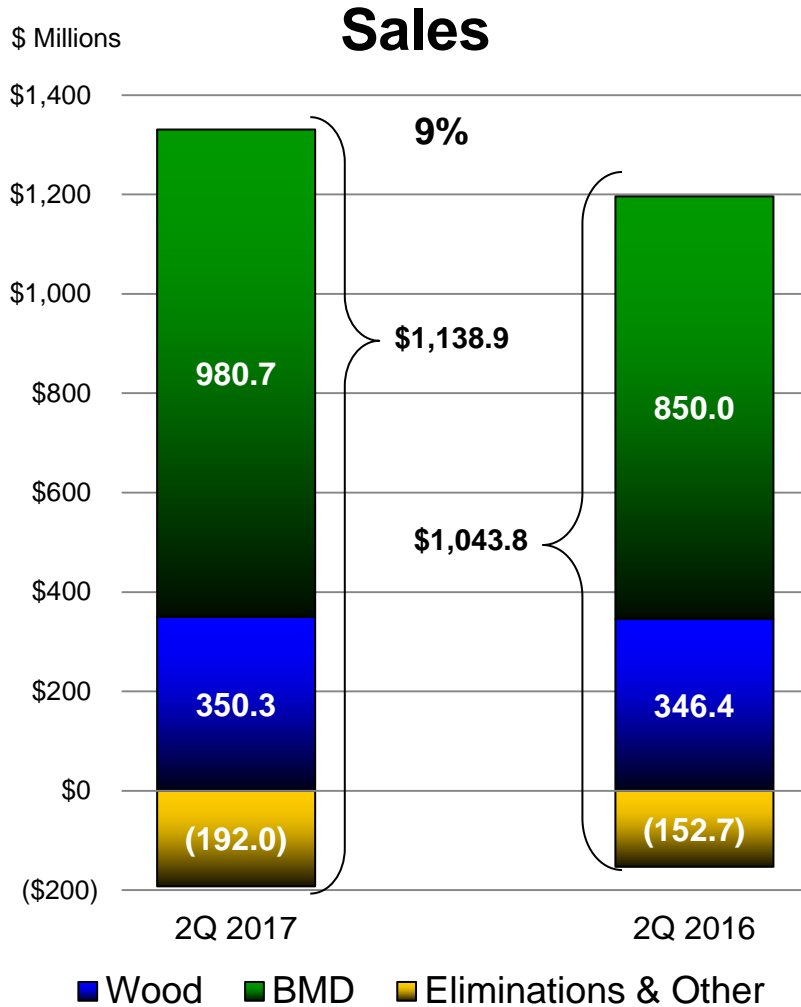
- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties, 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 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.



- ◆ 2Q17 sales were \$1.14 billion, up 9% from 2Q16.
- ◆ 2Q17 net income was \$22.2 million, or \$0.57 per share, up 15% from 2Q16.
- ◆ Wood Products reported 2Q17 segment income of \$15.4 million, down 6% from 2Q16:
  - Higher OSB input costs for I-joist manufacturing
  - Higher per unit manufacturing costs
  - Improved plywood and lumber pricing
- ◆ BMD reported 2Q17 segment income of \$34.5 million, up 19% from 2Q16:
  - Revenue growth drove increased gross margin dollars and operating expense leverage

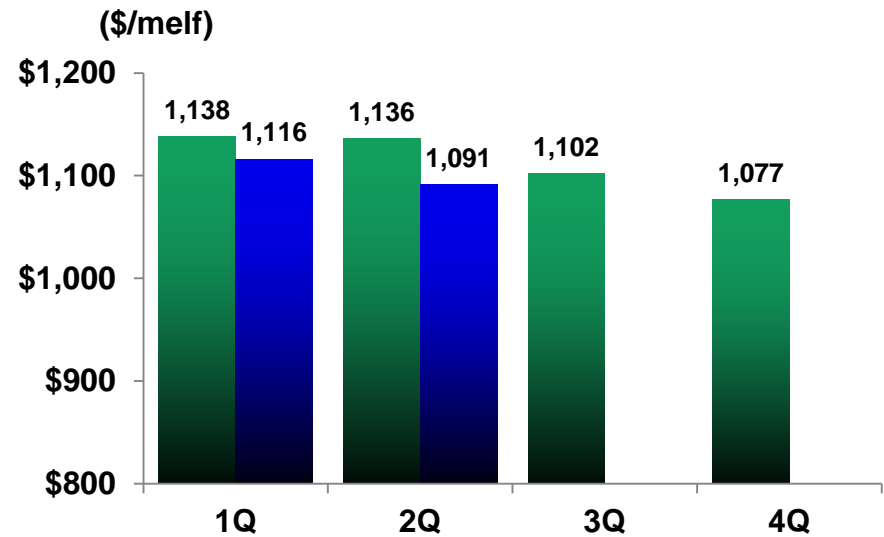
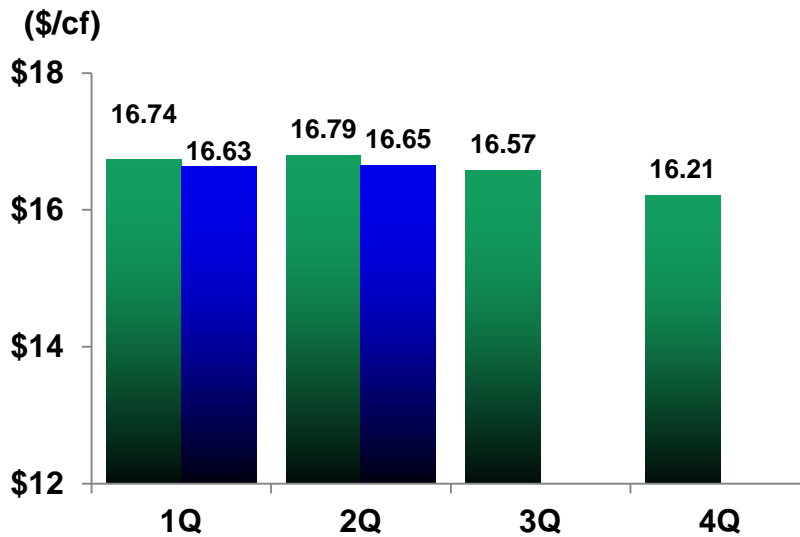
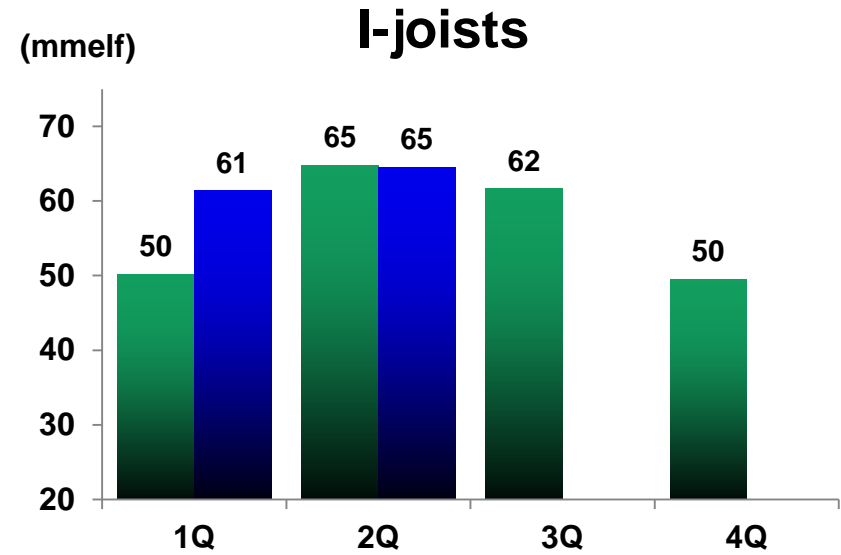
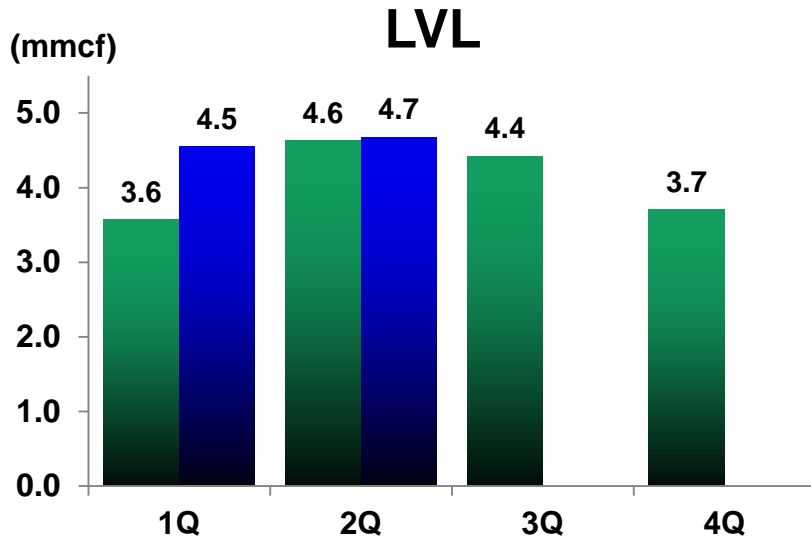


## 2Q 2017 Financial Highlights





# Wood Products EWP

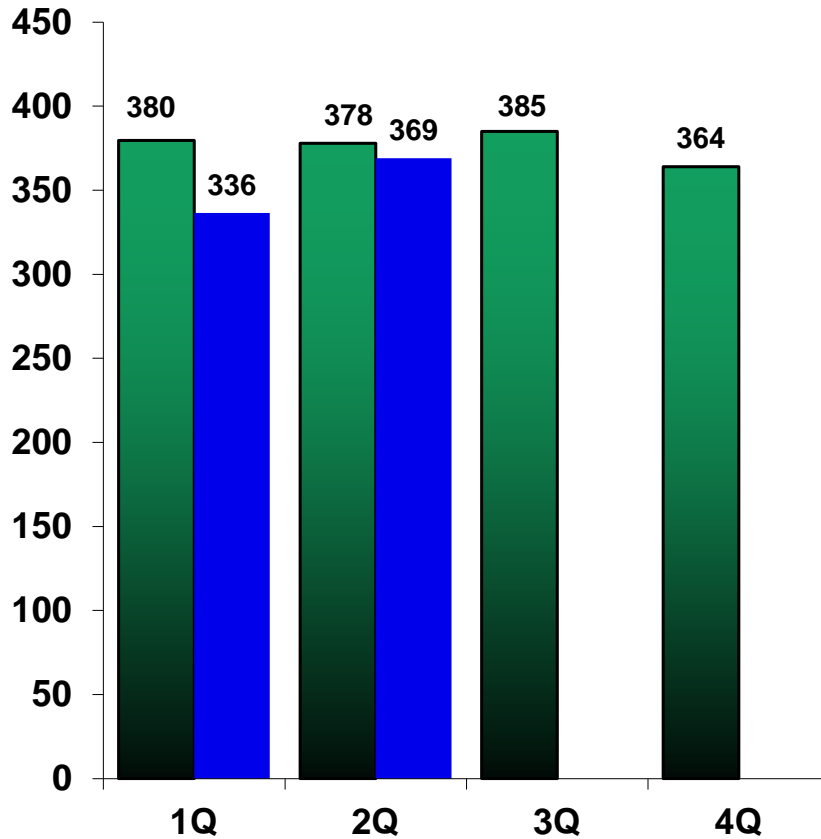




# Wood Products Plywood

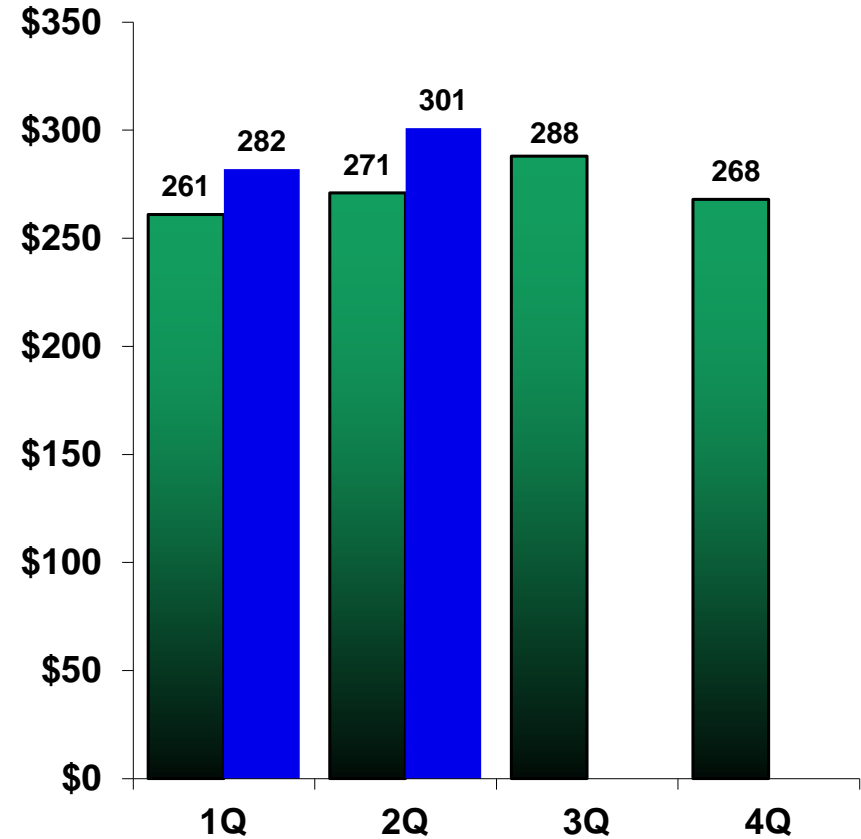
## Sales Volume

(mmsf 3/8" basis)



## Net Sales Price

(\$/msf 3/8" basis)



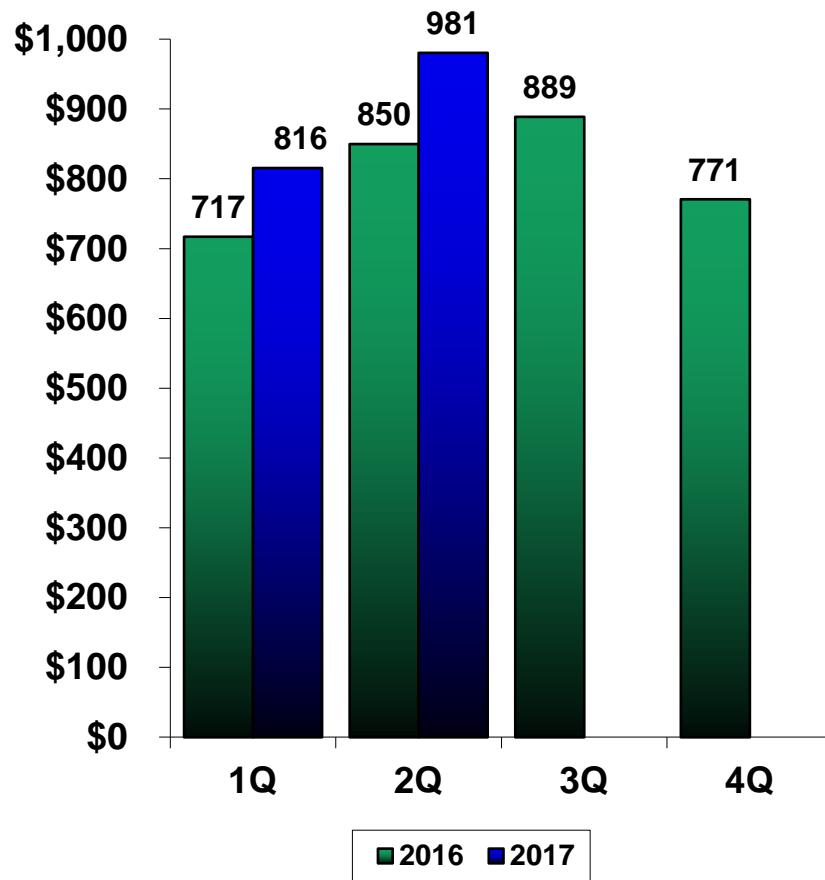
2016

2017

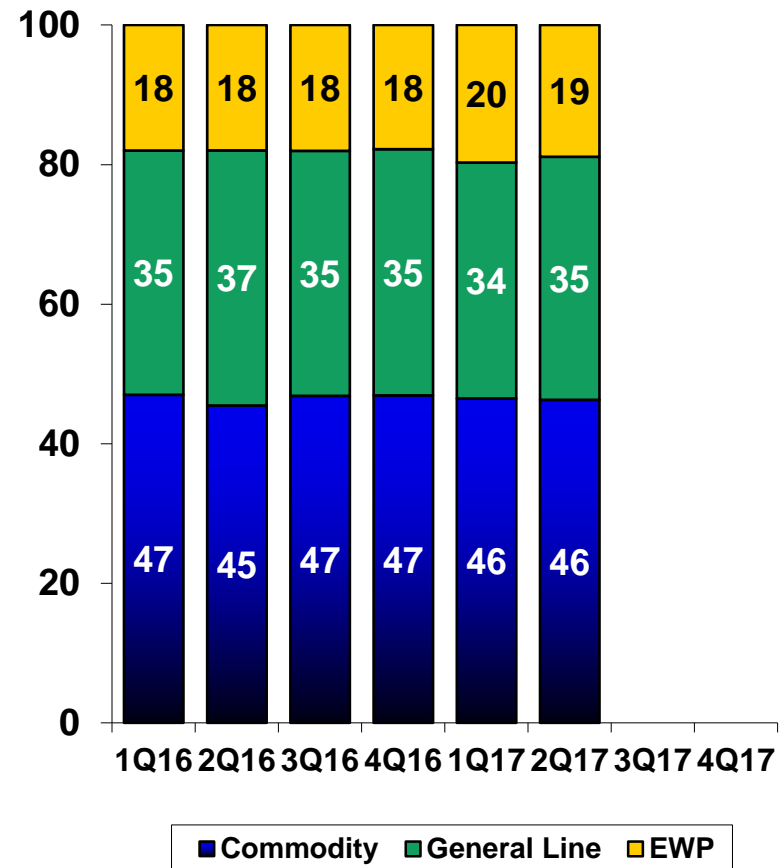


# Building Materials Distribution Sales

(\$ Millions)



(% of Sales)





## Balance Sheet Items

| (\$ Millions)                       | <u>6/30/2017</u> | <u>3/31/2017</u> | <u>Change</u>    |
|-------------------------------------|------------------|------------------|------------------|
| Receivables                         | \$ 322.2         | \$ 304.9         | \$ 17.3          |
| Inventory                           | 490.7            | 482.4            | 8.3              |
| Other current assets <sup>(a)</sup> | 11.7             | 8.9              | 2.7              |
|                                     | <u>824.5</u>     | <u>796.2</u>     | <u>28.4</u>      |
| Accounts payable                    | 296.1            | 286.5            | 9.7              |
| Accrued liabilities <sup>(b)</sup>  | 121.1            | 85.6             | 35.5             |
|                                     | <u>417.2</u>     | <u>372.0</u>     | <u>45.1</u>      |
| Net working capital                 | <u>\$ 407.4</u>  | <u>\$ 424.1</u>  | <u>\$ (16.8)</u> |

(a) Excludes cash and tax related items.

(b) Excludes income taxes payable and interest payable.





# Debt and Liquidity Highlights

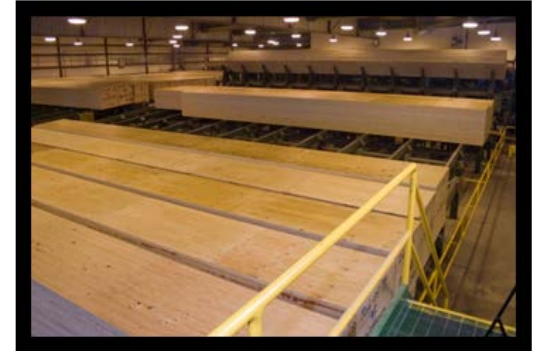
| (\$ Millions)                  | <u>6/30/2017</u> | <u>3/31/2017</u> |
|--------------------------------|------------------|------------------|
| <u>Net Debt</u>                |                  |                  |
| Total debt                     | \$ 438.2         | \$ 437.9         |
| Cash & cash equivalents        | <u>(104.7)</u>   | <u>(43.6)</u>    |
| Net debt                       | <u>\$ 333.5</u>  | <u>\$ 394.3</u>  |
| <br><u>Liquidity Position</u>  |                  |                  |
| Bank lines excess availability | \$ 393.7         | \$ 394.0         |
| Cash & cash equivalents        | <u>104.7</u>     | <u>43.6</u>      |
| Total liquidity                | <u>\$ 498.4</u>  | <u>\$ 437.5</u>  |



- ◆ Current consensus estimate for 2017 U.S. housing starts is 1.23 million, up about 5% from 1.17 million in 2016.
- ◆ Long-term demand fundamentals expected to support recovery in U.S. housing to 1.4 to 1.5 million starts over next few years.
- ◆ Expect improvement in performance for Wood Products:
  - Better EWP net sales realizations.
  - Higher proportion of internal veneer into EWP.
  - Benefit from recent capital projects.
  - Improved utilization and productivity at facilities acquired since 2013.
- ◆ BMD continues to execute well.
- ◆ Free cash flow generation.



**Boise Cascade**



# Appendix

**July 27, 2017**



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, 2017 and 2016, and March 31, 2017:

| (\$ Millions)                               | Three Months Ended    |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | 2Q17                  | 2Q16                  | 1Q17                  |
| Net income                                  | \$ 22.2               | \$ 19.2               | \$ 10.0               |
| Interest expense                            | 6.5                   | 6.4                   | 6.4                   |
| Interest income                             | (0.1)                 | (0.0)                 | (0.0)                 |
| Income tax provision                        | 13.1                  | 10.7                  | 5.1                   |
| Depreciation and amortization               | 19.6                  | 18.6                  | 19.3                  |
| EBITDA                                      | <u>\$ 61.3</u>        | <u>\$ 54.9</u>        | <u>\$ 40.8</u>        |
| Change in fair value of interest rate swaps | <u>0.7</u>            | <u>1.5</u>            | <u>(0.3)</u>          |
| Adjusted EBITDA                             | <u><u>\$ 62.1</u></u> | <u><u>\$ 56.4</u></u> | <u><u>\$ 40.5</u></u> |



The following table reconciles segment income to EBITDA for the three months ended June 30, 2017 and 2016, and March 31, 2017:

| (\$ Millions)                   | Three Months Ended    |                       |                       |
|---------------------------------|-----------------------|-----------------------|-----------------------|
|                                 | 2Q17                  | 2Q16                  | 1Q17                  |
| Wood Products                   |                       |                       |                       |
| Segment income                  | \$ 15.4               | \$ 16.3               | \$ 7.4                |
| Depreciation and amortization   | <u>15.3</u>           | <u>14.8</u>           | <u>15.2</u>           |
| Segment EBITDA                  | <u><u>\$ 30.7</u></u> | <u><u>\$ 31.1</u></u> | <u><u>\$ 22.5</u></u> |
| Building Materials Distribution |                       |                       |                       |
| Segment income                  | \$ 34.5               | \$ 29.1               | \$ 20.0               |
| Depreciation and amortization   | <u>3.9</u>            | <u>3.4</u>            | <u>3.7</u>            |
| Segment EBITDA                  | <u><u>\$ 38.4</u></u> | <u><u>\$ 32.5</u></u> | <u><u>\$ 23.7</u></u> |