



Boise Cascade®



Boise Cascade Company

Third Quarter 2019

Earnings Webcast

November 7, 2019

Forward-Looking Statements



Boise Cascade®

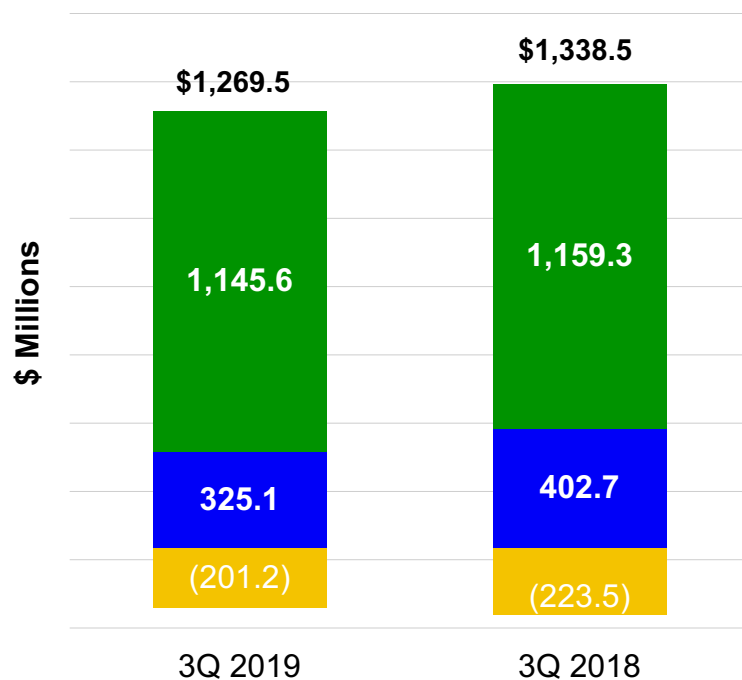
- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties, and assumptions that could cause our actual results to differ materially from those projected, including, but not limited to, prices for building products, changes in the competitive position of our 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.

- ◆ 3Q19 sales were \$1.3 billion, down 5% from 3Q18.
- ◆ 3Q19 net income was \$27.2 million, or \$0.69 per share, up from \$0.35 per share in 3Q18.
 - Current year results include \$1.0 million of net after-tax losses, or \$0.03 per share, from a non-cash pension settlement charge.
 - Prior year results included \$16.7 million of net after-tax losses, or \$0.42 per share, from a non-cash pension settlement charge and impairment and sale related losses.
- ◆ Wood Products reported 3Q19 segment income of \$15.6 million, compared to \$13.9 million in 3Q18.
 - 3Q18 segment income included \$11.0 million of pre-tax charges for asset impairment and sale related losses.
- ◆ BMD reported 3Q19 segment income of \$38.7 million, up from \$23.5 million in 3Q18.

3Q 2019 Financial Highlights

Sales

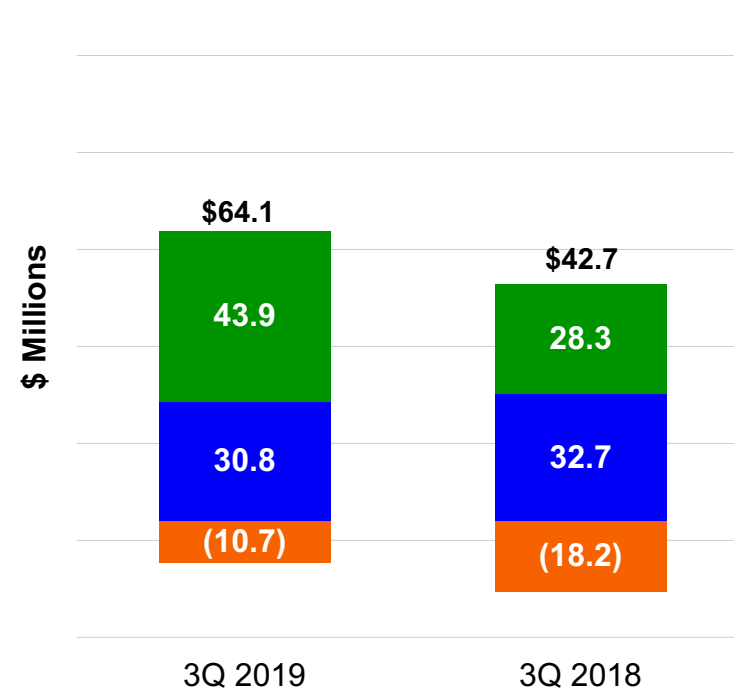
△ (5)%



■ BMD ■ Wood ■ Eliminations & Other

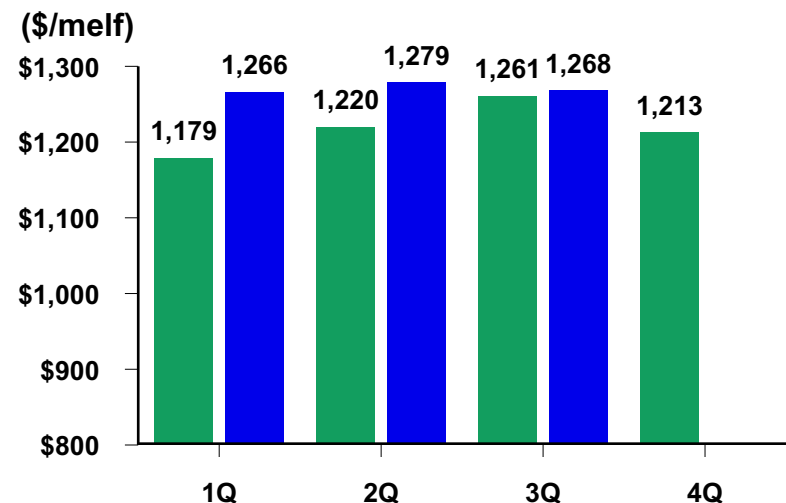
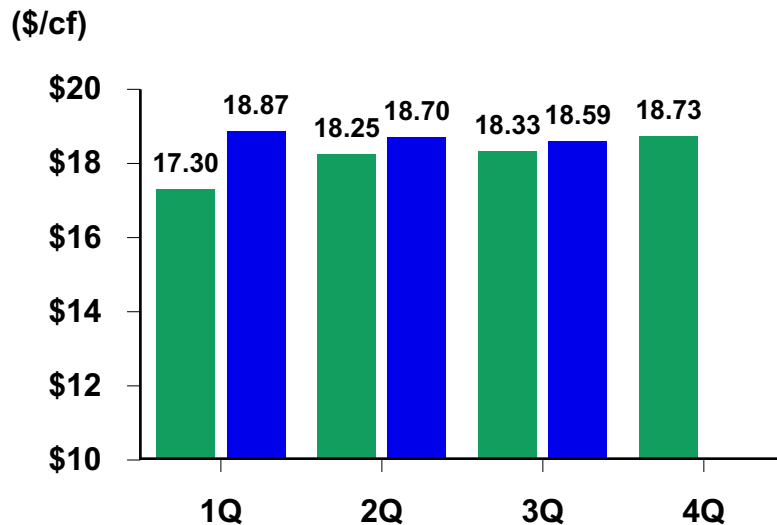
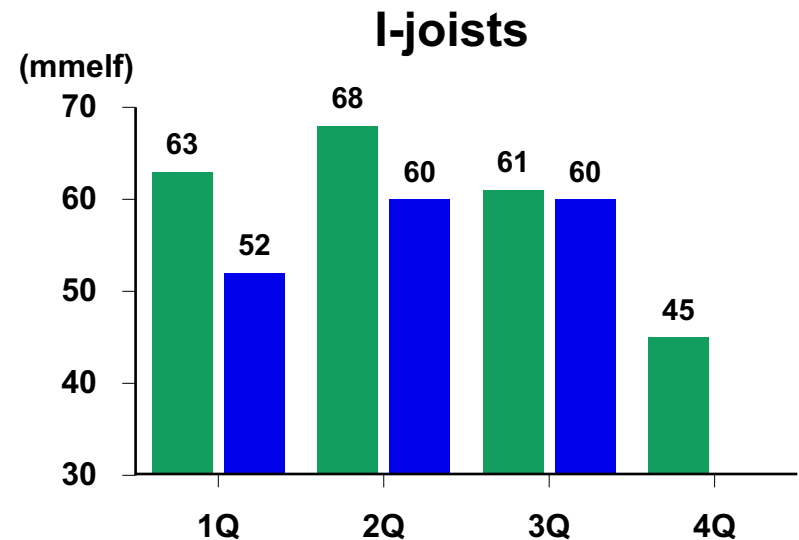
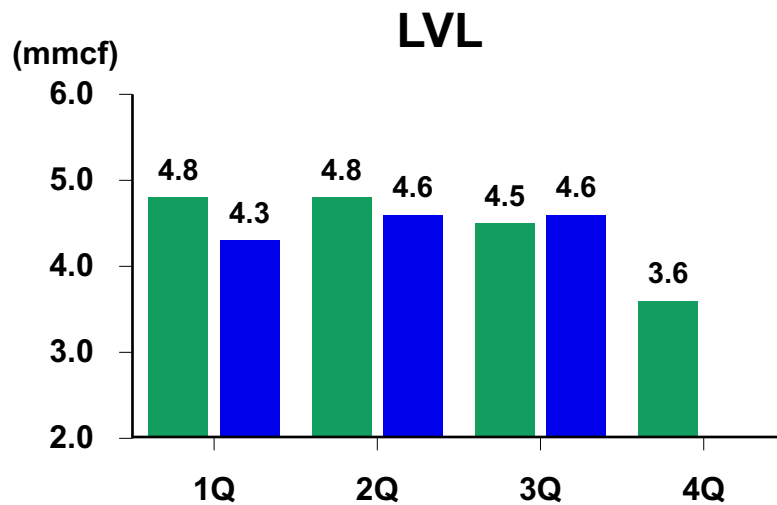
Adjusted EBITDA

△ 50%



■ BMD ■ Wood ■ Corporate

Wood Products EWP

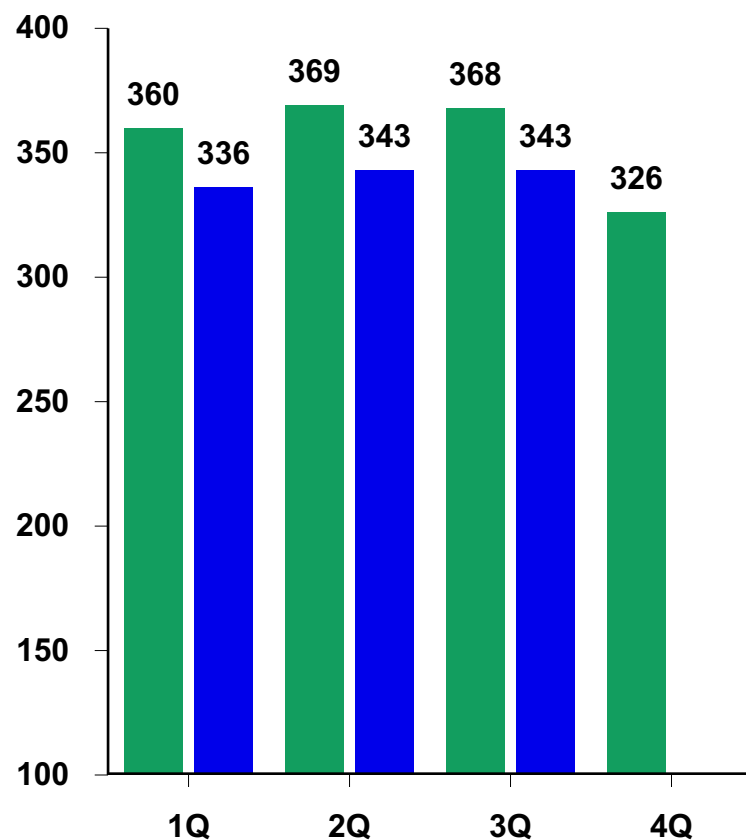


2018 2019

Wood Products Plywood

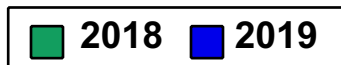
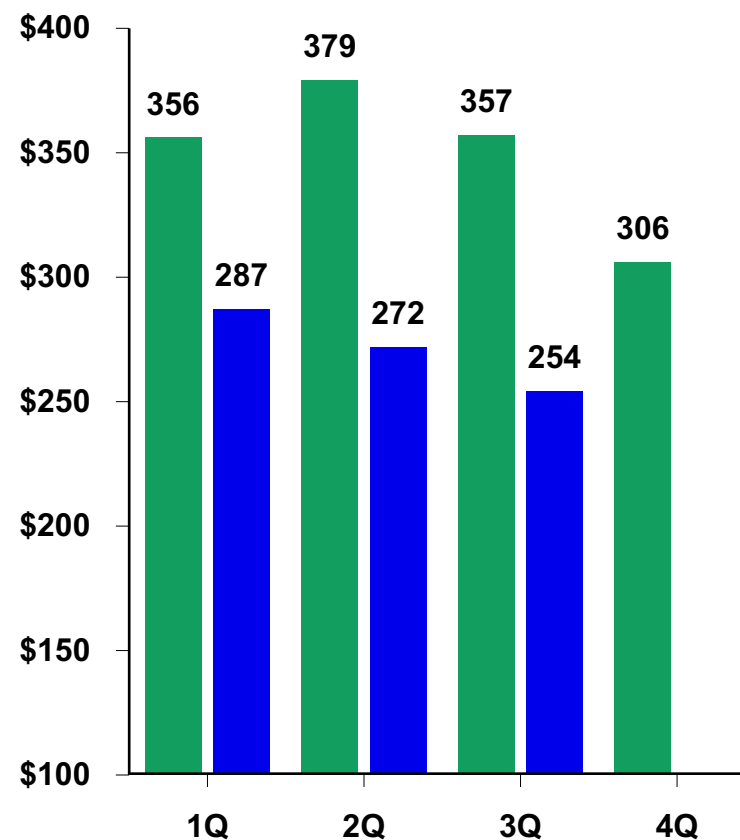
Sales Volume

(mmsf 3/8" basis)



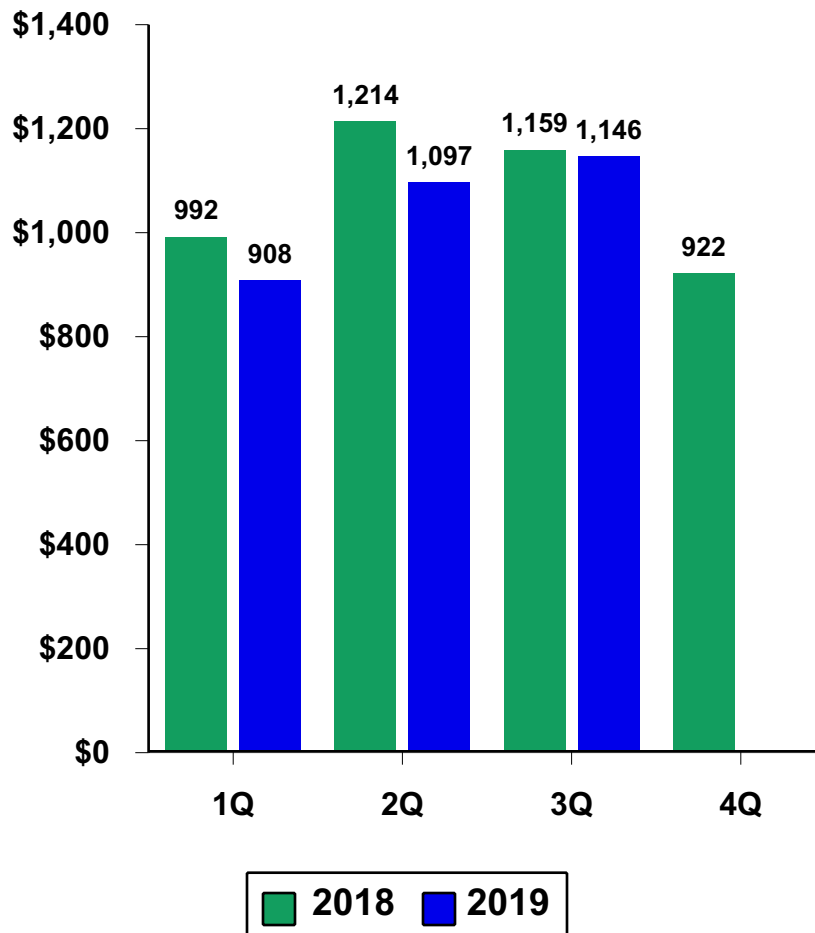
Net Sales Price

(\$/msf 3/8" basis)

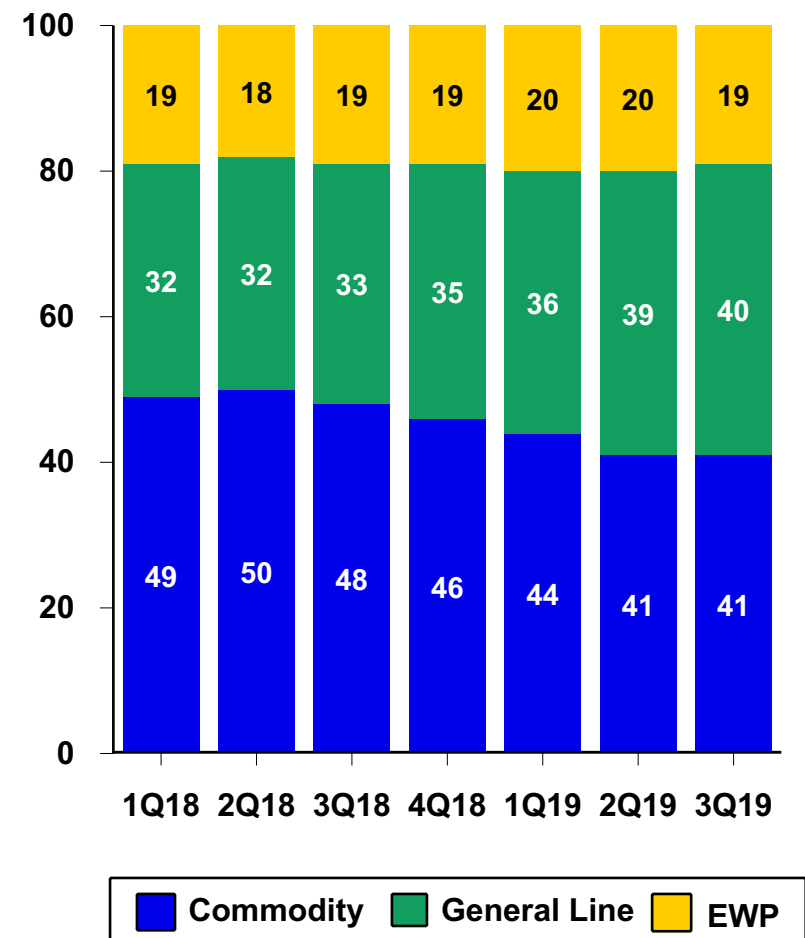


Building Materials Distribution Sales

(\$ Millions)



(% of Sales)



Working Capital

(\$ Millions)	9/30/2019	6/30/2019	Change
Receivables	\$ 311.9	\$ 328.7	\$ (16.7)
Inventory	492.6	524.5	(31.9)
Other current assets ^(a)	13.5	15.1	(1.6)
	818.1	868.3	(50.2)
Accounts payable	289.1	275.2	13.9
Accrued liabilities ^(b)	153.9	142.2	11.7
	443.0	417.4	25.6
Net working capital	\$ 375.1	\$ 450.9	\$ (75.8)

(a) Excludes cash and tax related items.

(b) Excludes income taxes payable and interest payable.

Debt and Liquidity Highlights

(\$ Millions)	9/30/2019	6/30/2019
<u>Net Debt</u>		
Total debt	\$ 440.3	\$ 440.0
Cash & cash equivalents	(306.4)	(202.4)
Net debt	<u>\$ 133.8</u>	<u>\$ 237.6</u>
 <u>Liquidity Position</u>		
Bank line excess availability	\$ 365.4	\$ 365.4
Cash & cash equivalents	306.4	202.4
Total liquidity	<u>\$ 671.8</u>	<u>\$ 567.8</u>

- ◆ Current consensus estimate for 2019 U.S. housing starts is 1.25 million, which is flat with 2018 levels.
- ◆ Pace of housing recovery being constrained by a number of factors, including affordability and construction labor availability. Consensus forecast for 2020 housing starts is 1.27 million.
- ◆ Pursuing continued organic and acquisition-driven growth in BMD.
- ◆ Operational focus in Wood Products:
 - Upgrading log processing equipment at our Florien, Louisiana facility.
 - Optimizing veneer flows into EWP.
 - Driving operational changes to increase returns on invested capital.
- ◆ Raised regular quarterly dividend by 11% to \$0.10 per share. Also paying \$1.00 per share supplemental dividend.
- ◆ Retaining more cash than normal to support internal growth initiatives, potential acquisitions, and anticipated working capital needs in early 2020.



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Appendix

November 7, 2019

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. The following table reconciles net income to EBITDA and Adjusted EBITDA for the three months ended September 30, 2019 and 2018, and June 30, 2019:

(\$ Millions)	Three Months Ended		
	3Q19	3Q18	2Q19
Net income	\$ 27.2	\$ 13.8	\$ 27.7
Interest expense	6.5	6.6	6.5
Interest income	(0.8)	(0.5)	(0.4)
Income tax provision (benefit)	9.7	(0.8)	9.8
Depreciation and amortization	21.0	23.9	19.5
EBITDA	\$ 63.5	\$ 43.0	\$ 63.0
Change in fair value of interest rate swaps	0.6	(0.3)	1.6
Adjusted EBITDA	\$ 64.1	\$ 42.7	\$ 64.5

The following table reconciles segment income to EBITDA for the three months ended September 30, 2019 and 2018, and June 30, 2019:

(\$ Millions)	Three Months Ended		
	3Q19	3Q18	2Q19
Wood Products			
Segment income	\$ 15.6	\$ 13.9	\$ 18.9
Depreciation and amortization	15.3	18.7	14.1
Segment EBITDA	<u>\$ 30.8</u>	<u>\$ 32.7</u>	<u>\$ 33.0</u>
Building Materials Distribution			
Segment income	\$ 38.7	\$ 23.5	\$ 33.8
Depreciation and amortization	5.3	4.8	5.0
Segment EBITDA	<u>\$ 43.9</u>	<u>\$ 28.3</u>	<u>\$ 38.8</u>

2018 Transactions

◆ 2Q 2018

- \$12.0 million of pre-tax pension settlement charges, or \$0.23 per share after-tax, due to pension risk transfer transaction.

◆ 3Q 2018

- \$11.0 million of pre-tax impairment and sale related losses, or \$0.21 per share after-tax, related to the sale of three Wood Products facilities in Northeast Oregon.
- \$11.3 million of pre-tax pension settlement charges, or \$0.21 per share after-tax, due to pension risk transfer transaction.

◆ 4Q 2018

- \$24.0 million of pre-tax impairment and sale related losses, or \$0.46 per share after-tax, related to the sale of our hardwood plywood facility in Moncure, North Carolina.
- \$55.0 million and \$2.8 million, respectively, of pre-tax accelerated depreciation and other curtailment related costs, or \$1.11 per share after-tax, due to the permanent curtailment of LVL production at our Roxboro, North Carolina, facility.