



**Boise Cascade**



# **Boise Cascade Company**

## **First Quarter 2016**

## **Earnings Webcast**

**May 3, 2016**



# Forward-Looking Statements

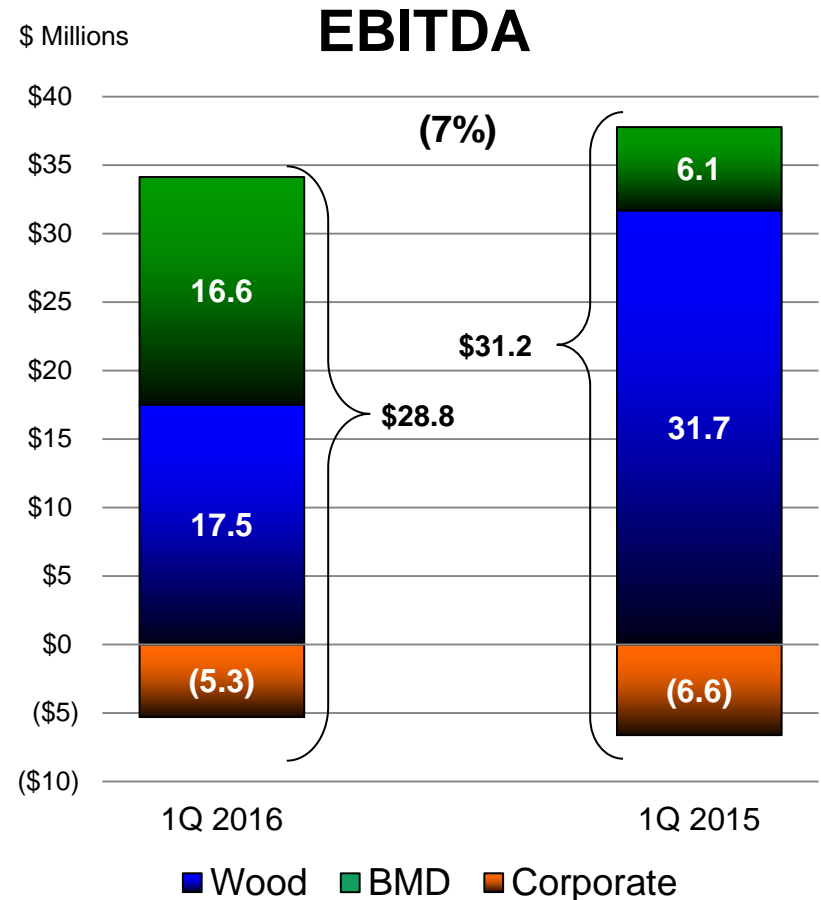
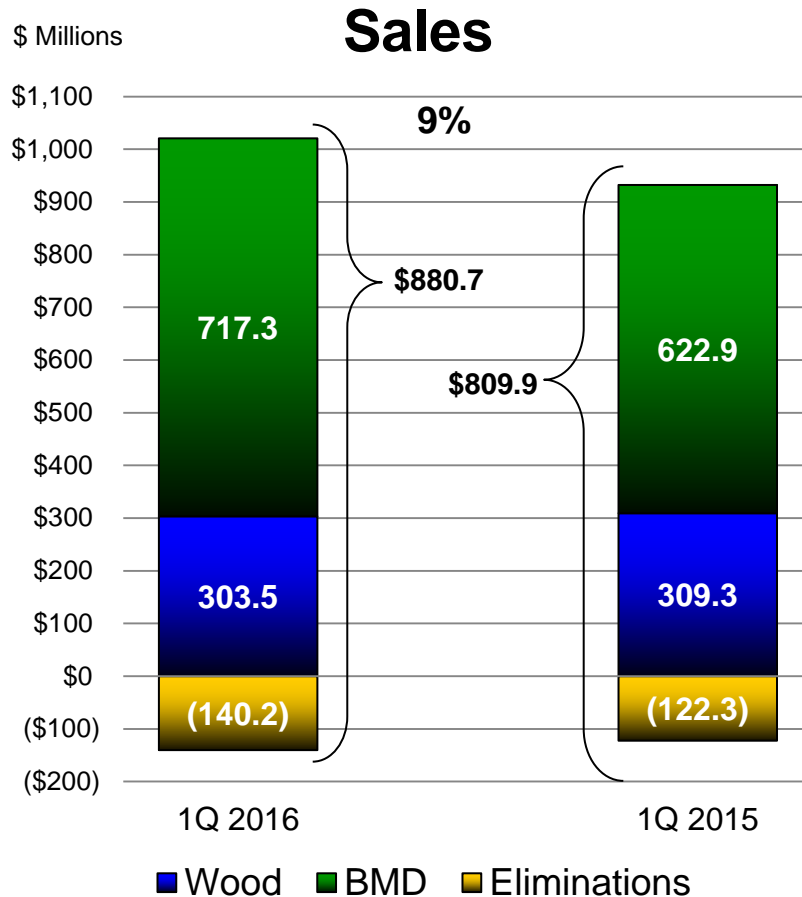
- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties, and assumptions that could cause our actual results to differ materially from those projected, including, but not limited to, prices for building products, our recently completed acquisition of two engineered lumber facilities, 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, which is a non-GAAP financial measure within the meaning of the Securities and Exchange Commission's Regulation G. Reconciliations of net income to EBITDA and segment income (loss) to segment EBITDA are included as an appendix.



- ◆ First quarter sales were \$880.7 million, up 9% from 1Q15.
- ◆ First quarter net income was \$5.0 million, or \$0.13 per share, down 35% from 1Q15 net income of \$7.6 million, or \$0.19 per share.
- ◆ Wood Products reported 1Q16 EBITDA of \$17.5 million, which included \$3.5 million of acquisition expenses.
- ◆ BMD reported 1Q16 EBITDA of \$16.6 million.
- ◆ Capital allocation:
  - Completed acquisition of two engineered lumber facilities on March 31 for \$215.6 million. Financed with cash on hand, \$75 million term loan, and \$55 million revolver draw.
  - Repurchased 180,100 shares for \$2.6 million, or \$14.62 per share in first quarter.
  - Expect capital spending of \$85 to \$95 million for 2016.



# 1Q 2016 Financial Highlights

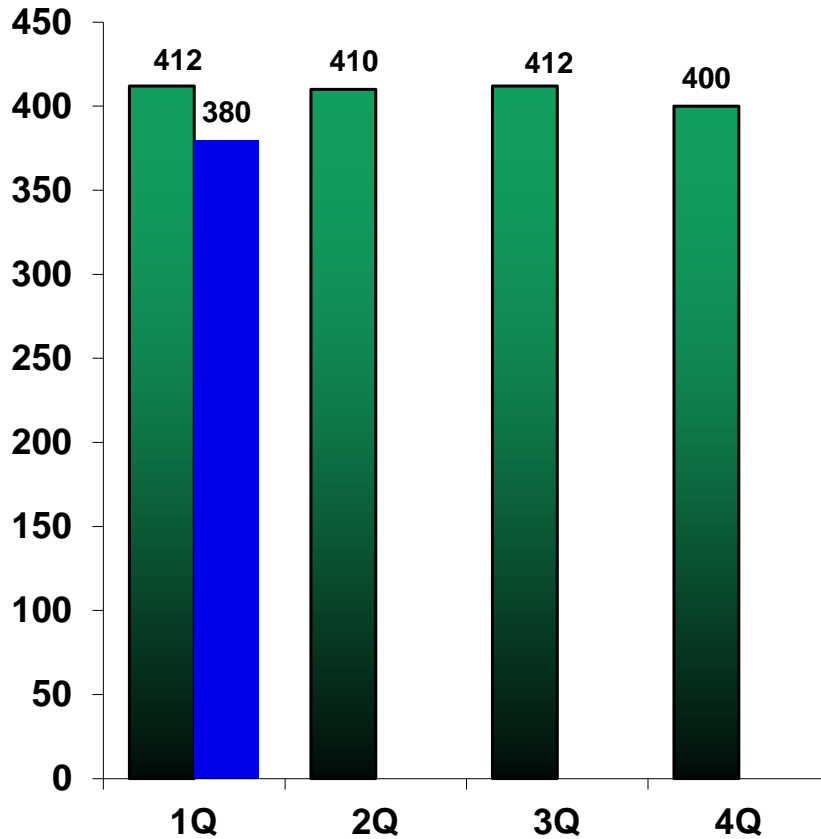




# Wood Products Plywood

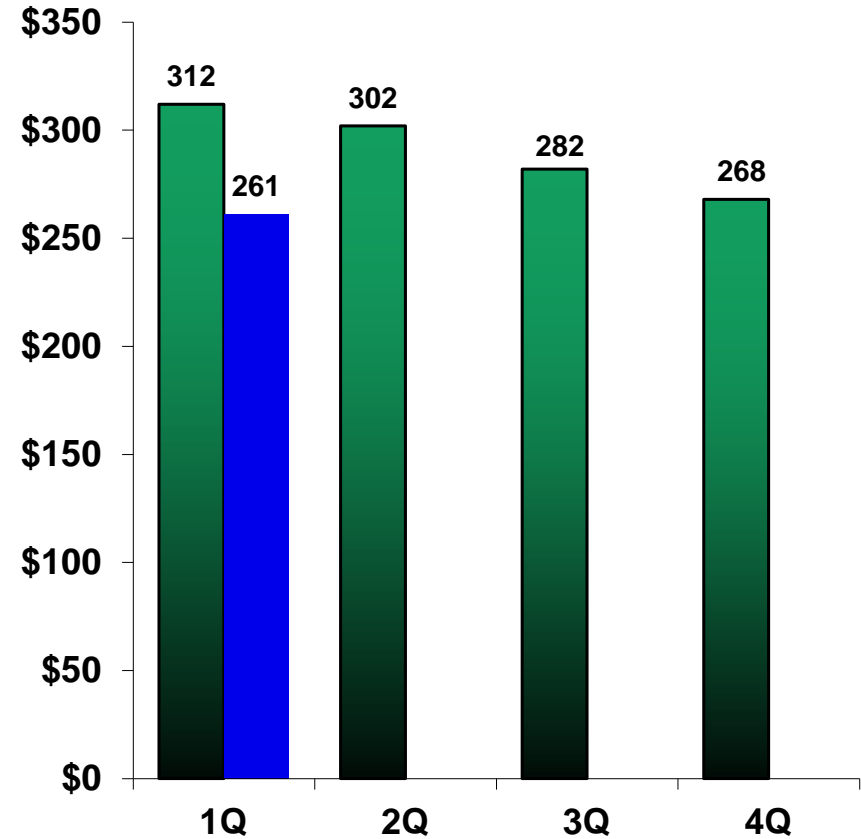
## Sales Volume

(mmsf 3/8" basis)



## Net Sales Price

(\$/msf 3/8" basis)

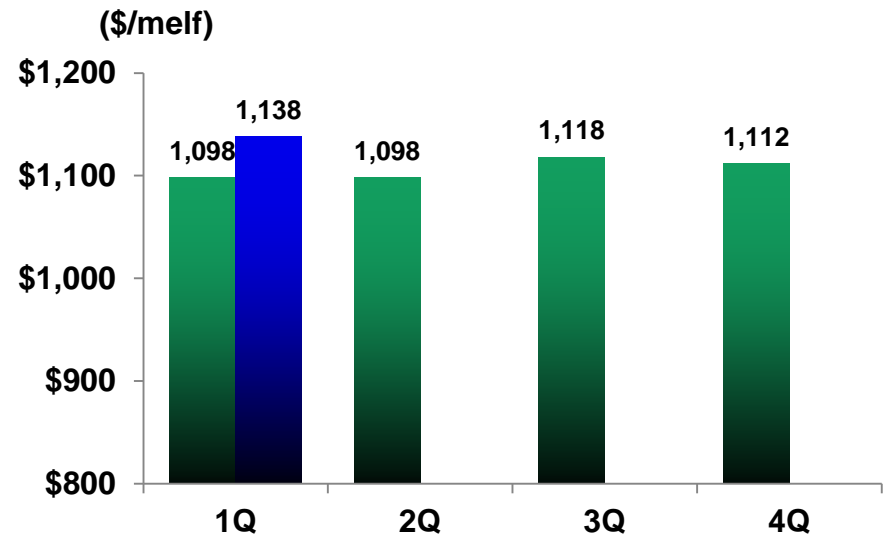
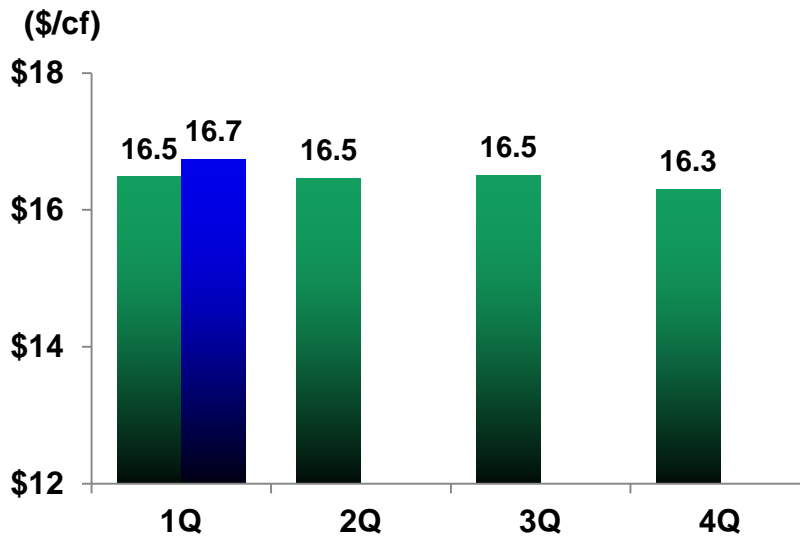
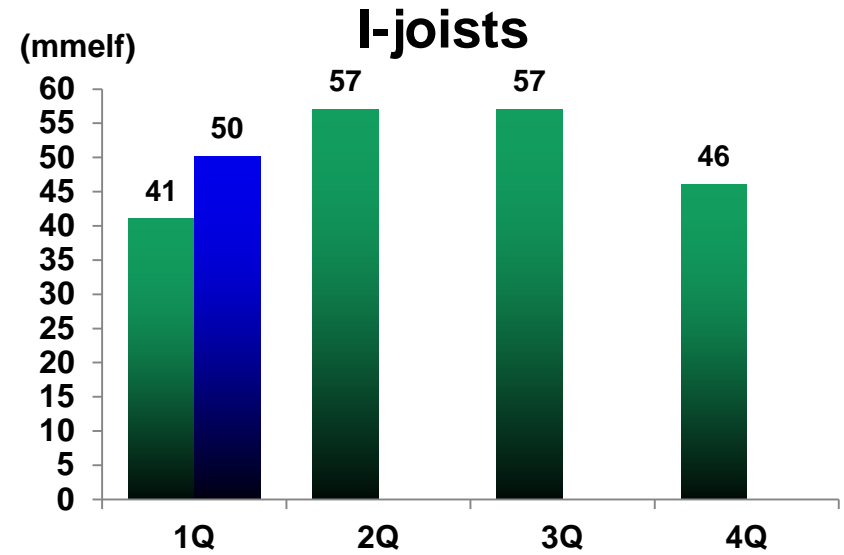
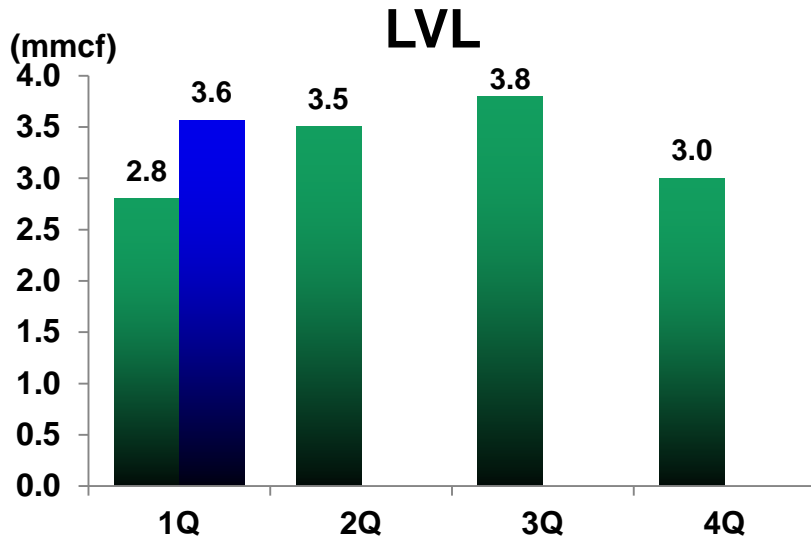


2015

2016



# Wood Products EWP





## Acquired EWP Operations

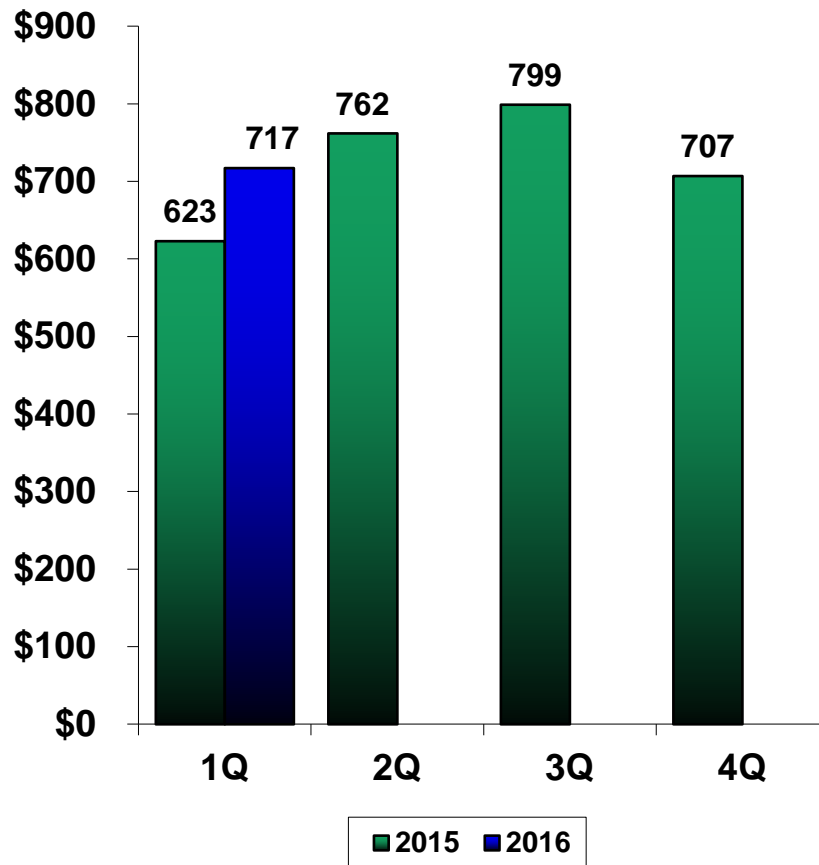
- ◆ Thorsby currently producing 265,000 cubic feet of LVL per month.
- ◆ Roxboro currently producing 1.5 million lineal feet of I-joist per month.
- ◆ Preliminary purchase price allocation:

<b><u>Asset/liability</u></b>	<b><u>\$ Millions</u></b>
Accounts receivable	\$ 10.4
Inventories	17.3
Property and equipment	149.2
Intangibles	6.0
Goodwill	34.2
Accrued liabilities	(1.5)
Total purchase price	<u>\$ 215.6</u>

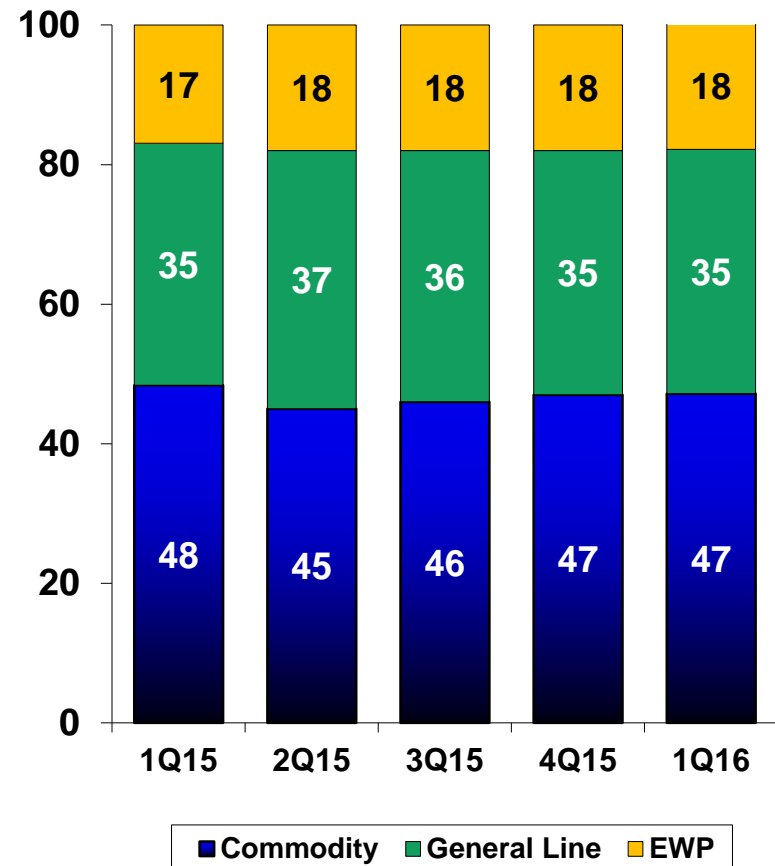


# Building Materials Distribution Sales

(\$ Millions)



(% of Sales)







## Balance Sheet Items

(\$ Millions)	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>Change</u>
Receivables	\$ 287.7	\$ 199.1	\$ 88.6
Inventory	440.6	384.9	55.7
Other current assets <sup>(a)</sup>	<u>7.6</u>	<u>4.3</u>	<u>3.3</u>
	735.9	588.2	147.7
Accounts payable	254.7	160.5	94.2
Accrued liabilities <sup>(b)</sup>	<u>82.9</u>	<u>94.8</u>	<u>(11.9)</u>
	337.6	255.3	82.3
Net working capital	<u>\$ 398.3</u>	<u>\$ 332.9</u>	<u>\$ 65.4</u>

(a) Excludes cash and tax related items

(b) Excludes income taxes payable and interest payable



# Debt and Liquidity Highlights

(\$ Millions)	<u>3/31/2016</u>	<u>12/31/2015</u>
<u>Net Debt</u>		
Long-term debt	\$ 474.4	\$ 344.6
Cash & cash equivalents	<u>(81.2)</u>	<u>(184.5)</u>
Net debt	<u>\$ 393.2</u>	<u>\$ 160.1</u>
 <u>Liquidity Position</u>		
ABL excess availability	\$ 288.9	\$ 258.6
Cash & cash equivalents	<u>81.2</u>	<u>184.5</u>
Total liquidity	<u>\$ 370.1</u>	<u>\$ 443.1</u>



- ◆ Current consensus estimate for 2016 U.S. housing starts is 1.23 million, up about 11% from 1.11 million in 2015.
- ◆ Long-term demand fundamentals expected to support recovery in U.S. housing to 1.4 to 1.5 million starts over next few years.
- ◆ Optimistic that we can continue to grow revenue and earnings with improvement in the general economy and new residential construction:
  - Growth in EWP sales as single-family new residential construction activity increases and acquired facilities are integrated.
  - Plywood market remains challenging because of supply-side pressures on operating rates and pricing. Migrating more veneer into EWP and managing plywood production levels.
  - Continued improvements in manufacturing operations from our BIC management process.
  - Growth in BMD's revenues and earnings with increased new construction and repair-and-remodel activity.



**Boise Cascade**



# Appendix

**May 3, 2016**



EBITDA represents income before interest (interest expense, interest income, and change in fair value of interest rate swaps), income taxes, and depreciation and amortization. The following table reconciles net income to EBITDA for the three months ended March 31, 2016 and 2015, and December 31, 2015:

(\$ Millions)	Three Months Ended		December 31
	March 31		
	2016	2015	
Net income	\$ 5.0	\$ 7.6	\$ 2.3
Interest expense	5.8	5.5	5.7
Interest income	(0.1)	(0.1)	(0.1)
Change in fair value of interest rate swaps	0.1	-	-
Income tax provision (benefit)	2.9	4.6	(0.3)
Depreciation and amortization	15.2	13.6	14.5
EBITDA	\$ 28.8	\$ 31.2	\$ 22.1



Segment EBITDA represents segment income (loss) before depreciation and amortization. The following table reconciles segment income (loss) to EBITDA for the three months ended March 31, 2016 and 2015, and December 31, 2015:

(\$ Millions)	Three Months Ended March 31		December 31,
	2016	2015	2015
Wood Products			
Segment income (loss)	\$ 5.9	\$ 20.9	\$ (2.3)
Depreciation and amortization	<u>11.6</u>	<u>10.8</u>	<u>11.1</u>
Segment EBITDA	<u>\$ 17.5</u>	<u>\$ 31.7</u>	<u>\$ 8.8</u>
Building Materials Distribution			
Segment income	\$ 13.4	\$ 3.3	\$ 15.1
Depreciation and amortization	<u>3.2</u>	<u>2.7</u>	<u>3.2</u>
Segment EBITDA	<u>\$ 16.6</u>	<u>\$ 6.1</u>	<u>\$ 18.3</u>
Corporate			
Segment loss	\$ (5.7)	\$ (6.7)	\$ (5.3)
Depreciation and amortization	<u>0.4</u>	<u>0.1</u>	<u>0.2</u>
Segment EBITDA	<u>\$ (5.3)</u>	<u>\$ (6.6)</u>	<u>\$ (5.1)</u>