



Boise Cascade®



# Boise Cascade Company

## First Quarter 2020 Earnings Webcast and COVID-19 Business Update

May 8, 2020

# Forward-Looking Statements

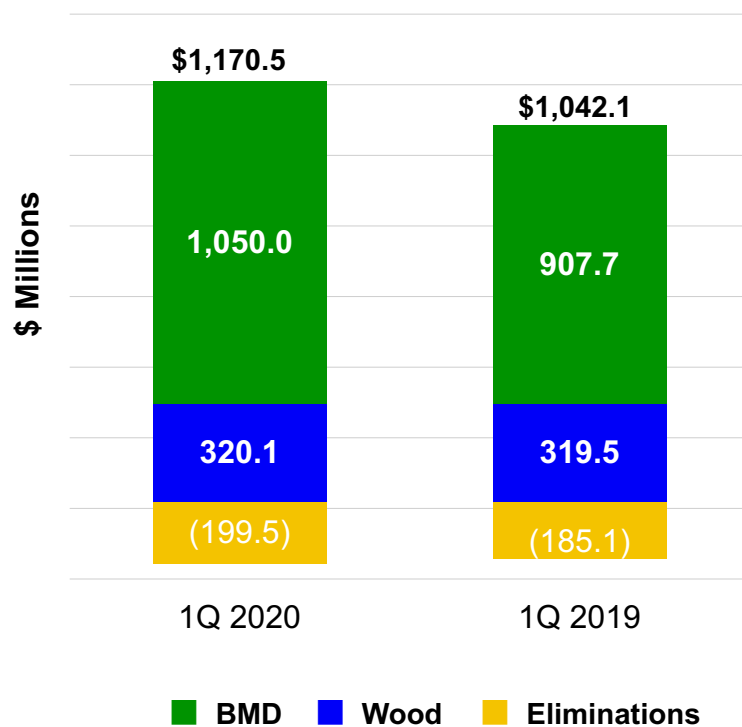
- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties, and assumptions that could cause our actual results to differ materially from those projected, including, but not limited to, prices for building products, changes in the competitive position of our products, commodity input costs, the effect of general economic conditions, the effect of COVID-19, 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 including the risk of impairment of long-lived assets and goodwill due to the severity of the COVID-19 impact on the economy should it continue unabated.
- ◆ 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.

- ◆ 1Q20 sales were \$1.2 billion, up 12% from 1Q19.
- ◆ 1Q20 net income was \$12.2 million, or \$0.31 per share, compared to net income of \$11.4 million, or \$0.29 per share, in 1Q19.
  - 1Q20 included \$15.0 million and \$1.7 million of pre-tax accelerated depreciation and other closure-related costs, respectively, or \$0.32 per share after-tax, due to permanent curtailment of I-joist production at Roxboro facility.
- ◆ Wood Products reported 1Q20 segment income of \$3.8 million, compared to segment income of \$11.6 million in 1Q19.
  - Charges noted above for Roxboro.
  - Benefited from higher EWP volumes and lower manufacturing costs, partially offset by lower plywood pricing.
- ◆ BMD reported 1Q20 segment income of \$29.3 million, up from \$17.5 million in 1Q19.
  - Gross margin increase of \$24.6 million resulting from improved gross margins on commodity products and higher sales of general line products and EWP.
  - Increased selling and distribution expenses of \$12.2 million.

# 1Q 2020 Financial Highlights

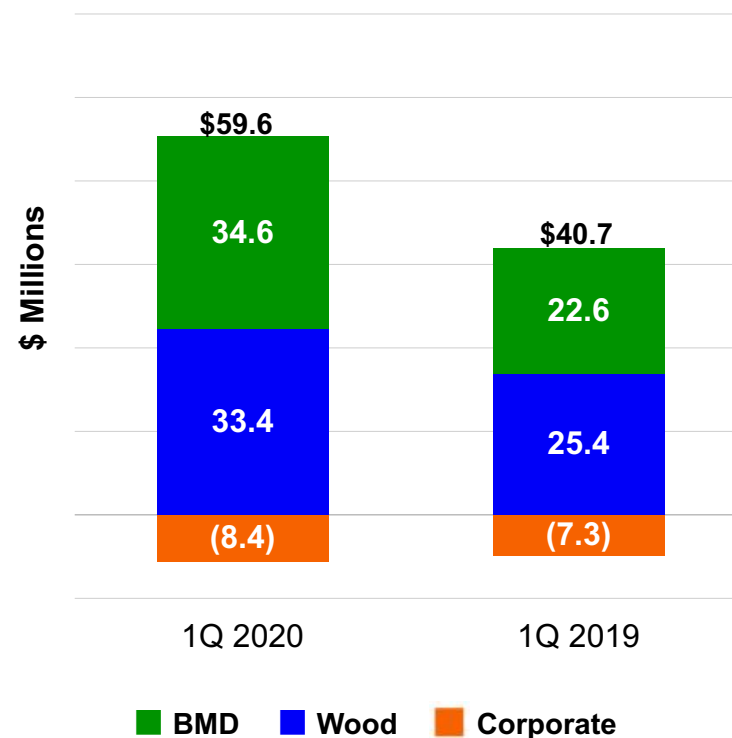
## Sales

△ 12%

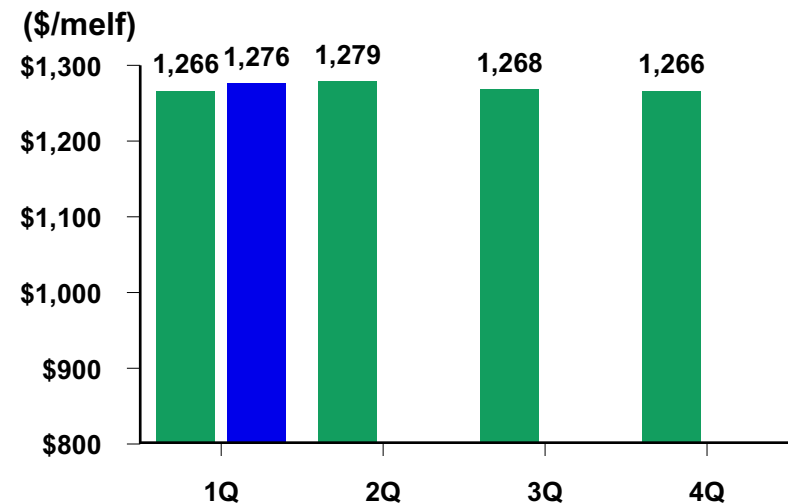
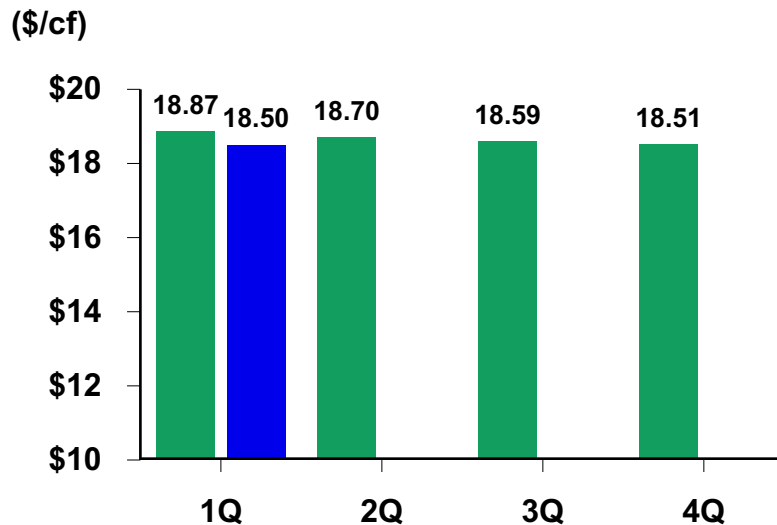
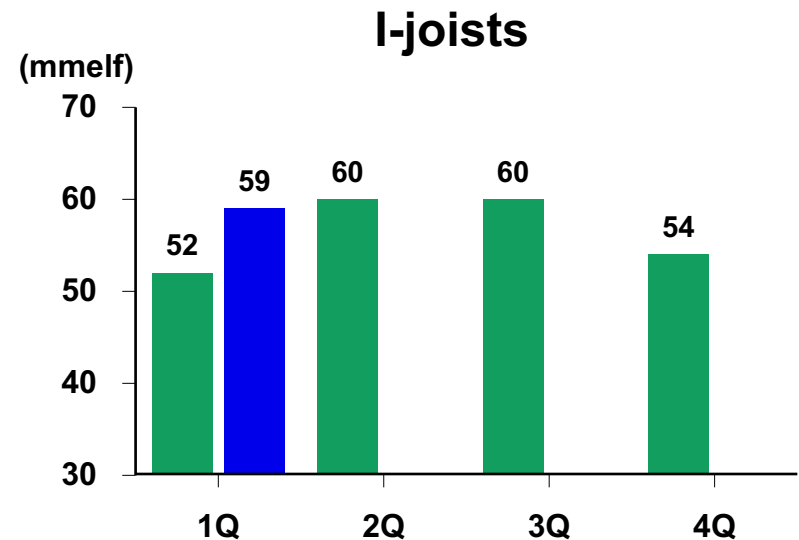
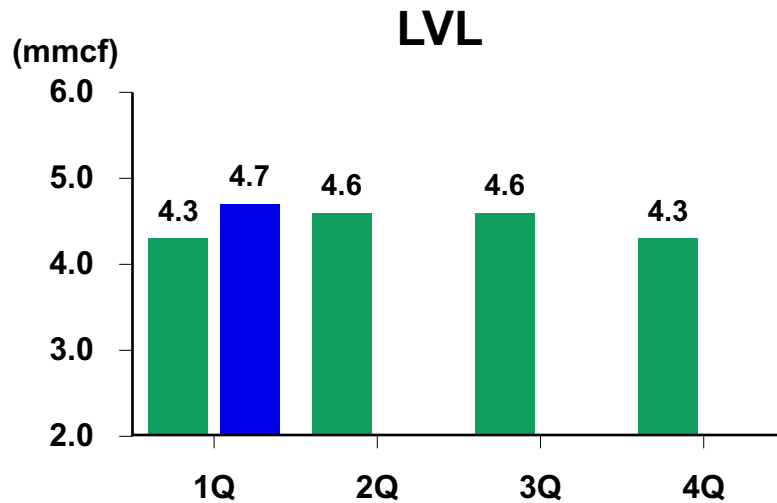


## Adjusted EBITDA

△ 46%



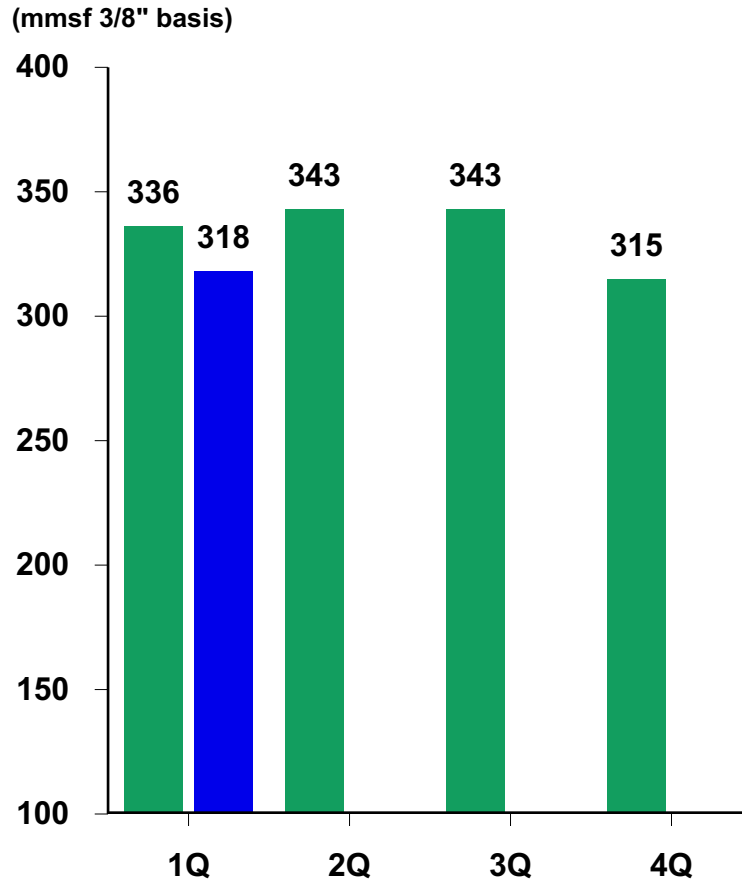
# Wood Products EWP



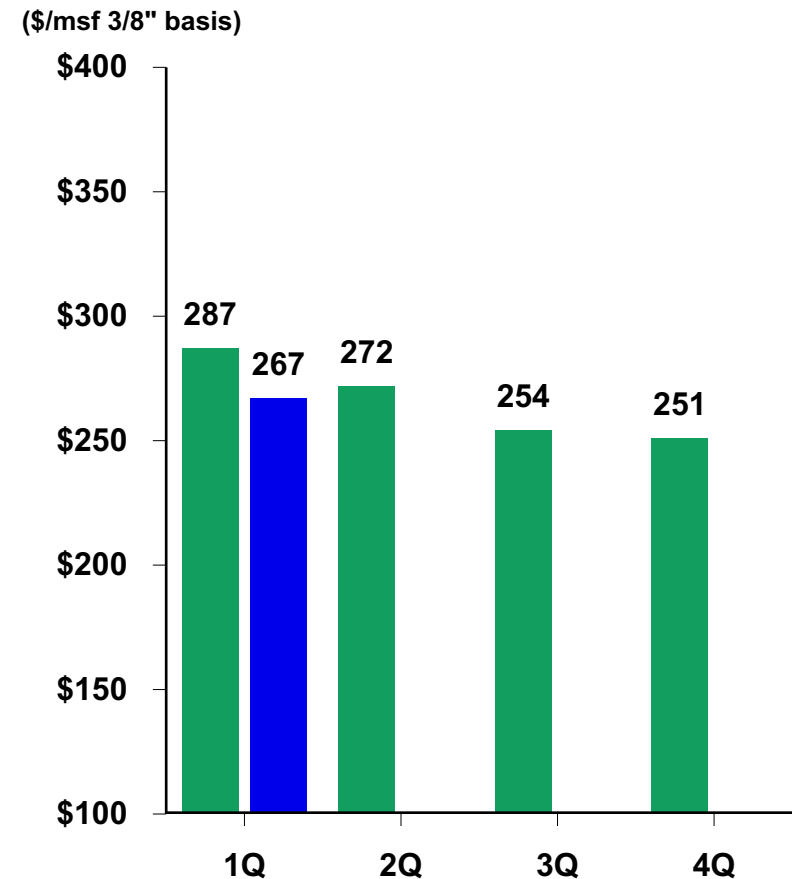
2019 2020

# Wood Products Plywood

## Sales Volume



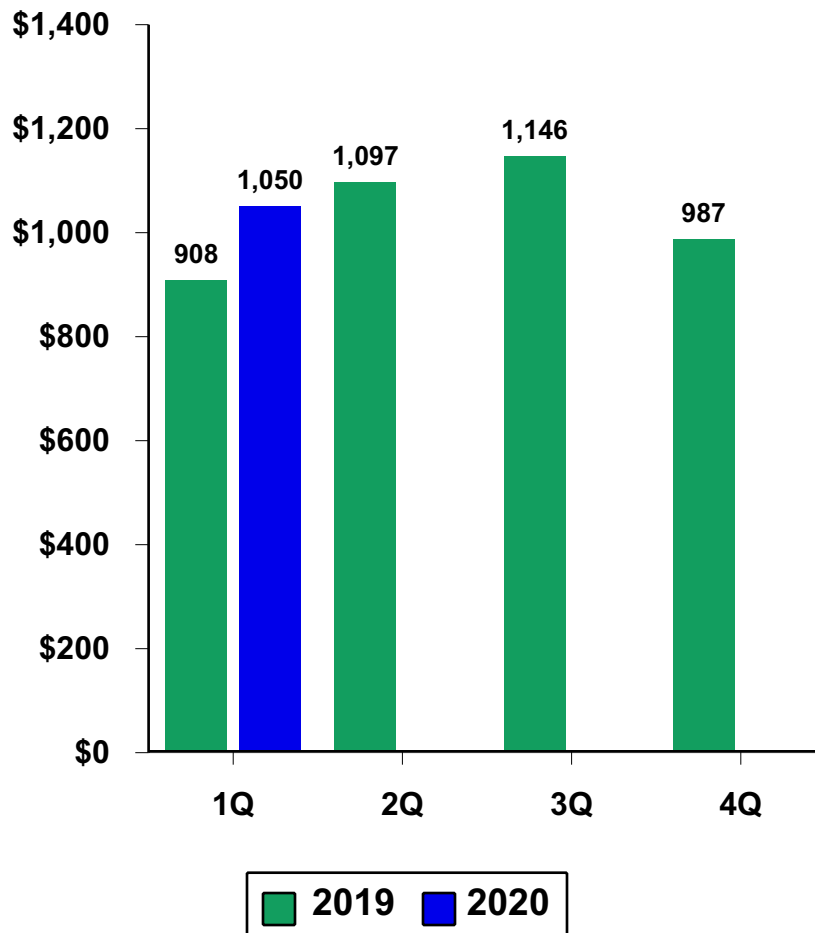
## Net Sales Price



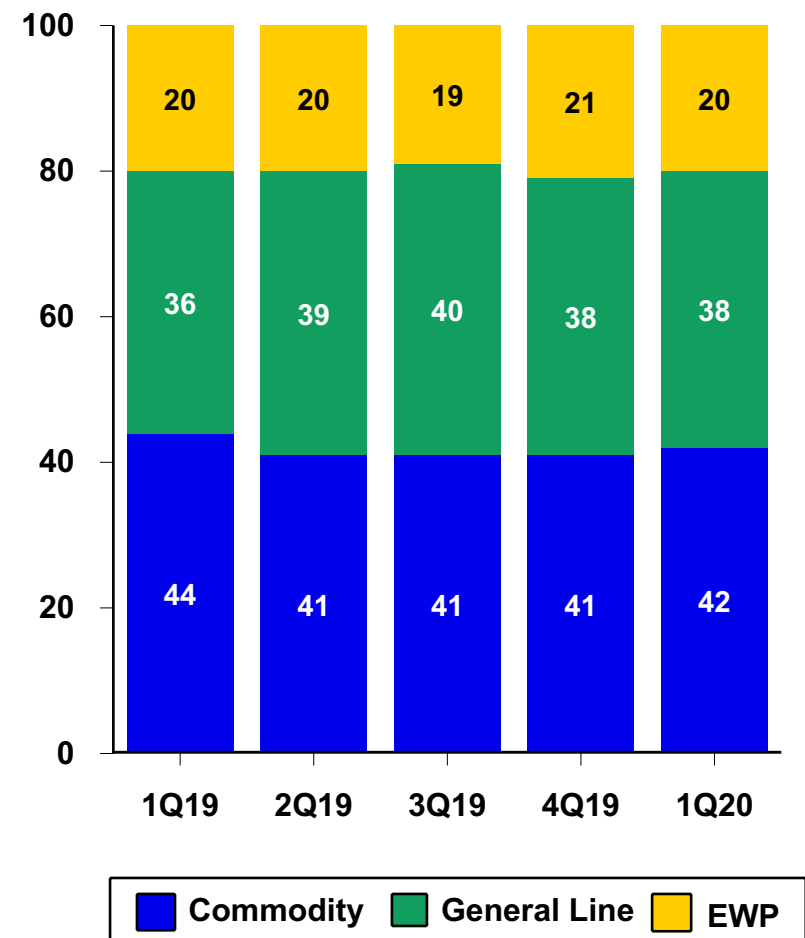
■ 2019 ■ 2020

# Building Materials Distribution Sales

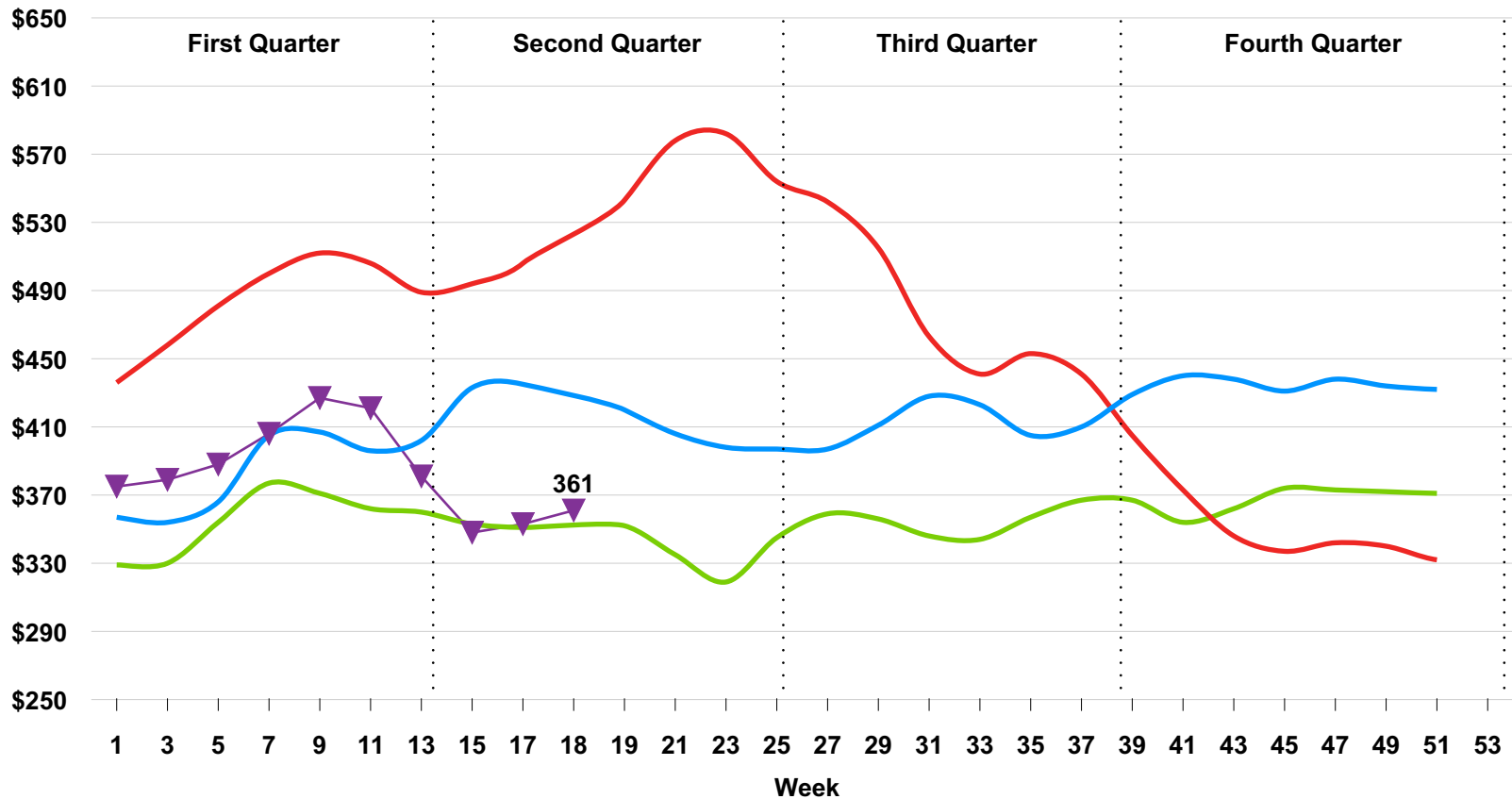
(\$ Millions)



(% of Sales)



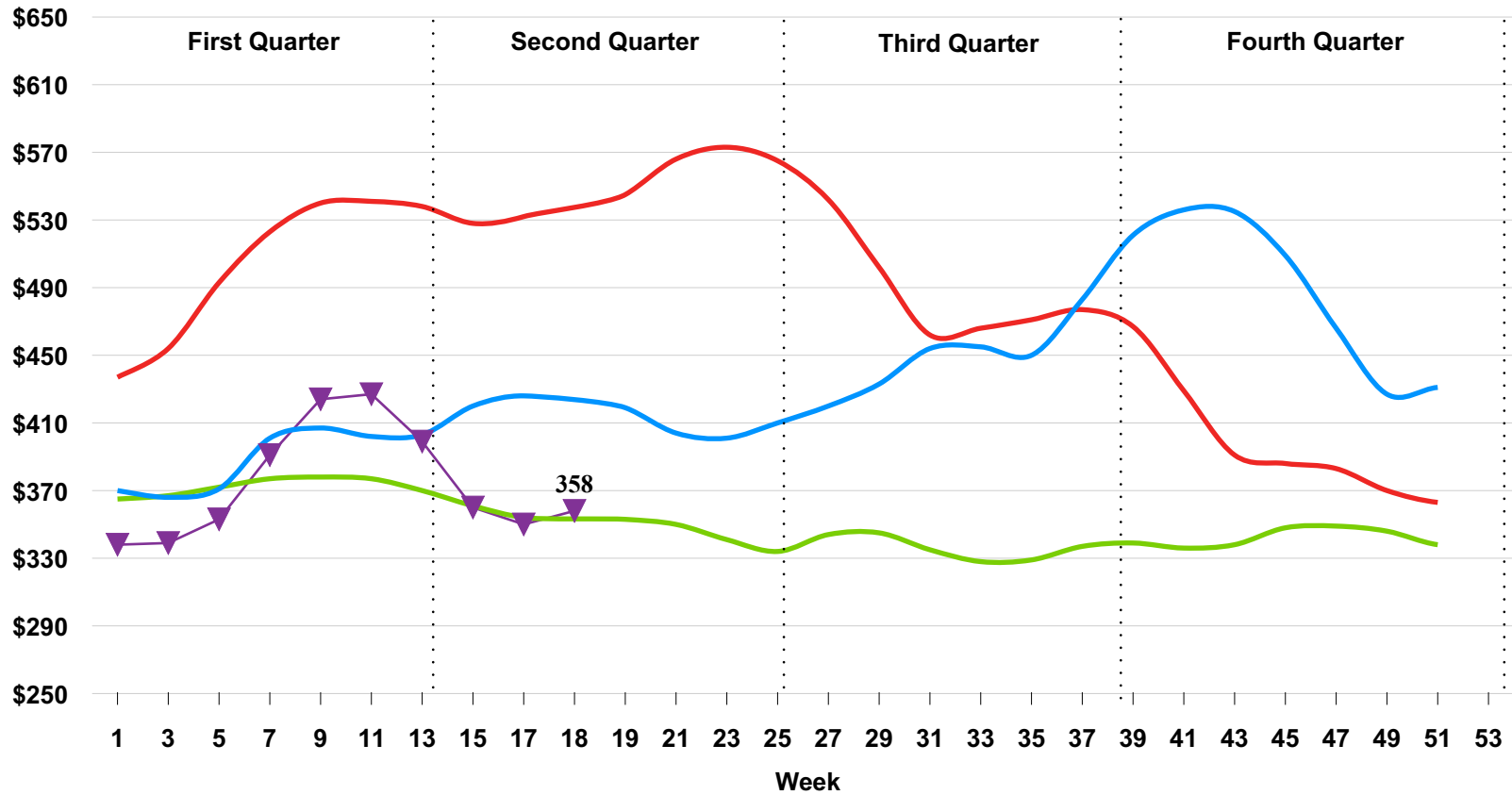
# Lumber Composite Price



Source: Random Lengths



# Panel Composite Price



Source: Random Lengths

# Working Capital

(\$ Millions)	3/31/2020	12/31/2019	Change
Receivables	\$ 340.1	\$ 231.6	\$ 108.5
Inventory	536.3	497.6	38.7
Other current assets <sup>(a)</sup>	10.9	7.7	3.2
	887.4	737.0	150.4
Accounts payable	309.7	224.6	85.1
Accrued liabilities <sup>(b)</sup>	127.5	153.7	(26.2)
	437.2	378.3	58.9
Net working capital	\$ 450.2	\$ 358.7	\$ 91.5

(a) Excludes cash and tax related items.

(b) Excludes income taxes payable and interest payable.

# Debt and Liquidity Highlights

(\$ Millions)	3/31/2020	12/31/2019
<u>Net Debt</u>		
Total debt	\$ 439.9	\$ 440.5
Cash & cash equivalents	(215.0)	(285.2)
Net debt	<u>\$ 224.9</u>	<u>\$ 155.3</u>

## Liquidity Position

Bank line excess availability	\$ 345.4	\$ 336.7
Cash & cash equivalents	215.0	285.2
Total liquidity	<u>\$ 560.4</u>	<u>\$ 621.9</u>

- ◆ First priority is the health and safety of our associates and those we come in contact with in the course of conducting our business:
  - Our manufacturing and distribution operations have been deemed "essential" businesses in most jurisdictions.
  - Have established work environment protocols based on guidance from the CDC and other disease management experts.
- ◆ Reduced capital spending in both businesses.
- ◆ Managing manufacturing output to market demand:
  - In April, implemented changes to reduce the volume of EWP by 20-40% and plywood by 25-35%.
  - Adjustments were made through a combination of temporary curtailments and reduced operating schedules.
- ◆ Avoiding filling open positions where possible and implementing wage freezes.
- ◆ Significantly restricting any discretionary expense spending.

- ◆ Current consensus estimate for 2020 U.S. housing starts is 1.16 million, down 10% from 2019 levels. Expecting significant demand disruption in 2Q20 with a large number of states having implemented shelter-in-place orders.
- ◆ Operational focus in Wood Products:
  - Adjusting operating rates to match production levels to constrained demand.
  - Proceeding with modernization of the log utilization center at our Florien, LA facility.
- ◆ Pursuing continued organic growth in BMD:
  - Commitment to our model on customer service, stocking levels and deliveries.
  - Door shop expansion at our Dallas, TX location.
- ◆ We expect 2020 commodity pricing to remain volatile and will be dependent on the impact of COVID-19 and the balance of industry supply/demand in an unpredictable environment.
- ◆ Our focus remains on the health and safety of our employees and continuing to provide strong support of our customers. Employing many of the lessons from the 2009 financial crisis.



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# Appendix

May 8, 2020

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 March 31, 2020 and 2019, and December 31, 2019:

(\$ Millions)	Three Months Ended		
	1Q20	1Q19	4Q19
Net income	\$ 12.2	\$ 11.4	\$ 14.6
Interest expense	6.4	6.4	6.6
Interest income	(0.7)	(0.5)	(1.1)
Income tax provision	4.0	3.2	4.7
Depreciation and amortization	35.3	19.2	20.5
EBITDA	<u>\$ 57.3</u>	<u>\$ 39.8</u>	<u>\$ 45.4</u>
Change in fair value of interest rate swaps	2.3	1.0	(0.1)
Adjusted EBITDA	<u><u>\$ 59.6</u></u>	<u><u>\$ 40.7</u></u>	<u><u>\$ 45.2</u></u>

The following table reconciles segment income to EBITDA for the three months ended March 31, 2020 and 2019, and December 31, 2019:

(\$ Millions)	Three Months Ended		
	1Q20	1Q19	4Q19
Wood Products			
Segment income	\$ 3.8	\$ 11.6	\$ 8.1
Depreciation and amortization	29.6	13.7	14.6
Segment EBITDA	<u>\$ 33.4</u>	<u>\$ 25.4</u>	<u>\$ 22.7</u>
Building Materials Distribution			
Segment income	\$ 29.3	\$ 17.5	\$ 26.3
Depreciation and amortization	5.3	5.1	5.3
Segment EBITDA	<u>\$ 34.6</u>	<u>\$ 22.6</u>	<u>\$ 31.6</u>