



# Boise Cascade Company

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

August 3, 2020

# Forward-Looking Statements

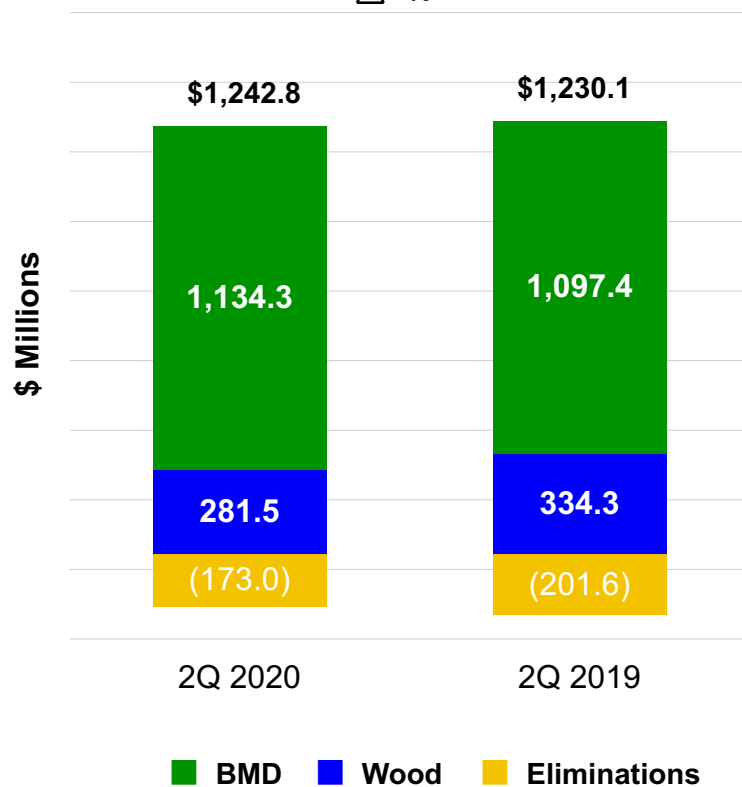
- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties,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

- ◆ 2Q20 sales were \$1.2 billion, up 1% from 2Q19.
- ◆ 2Q20 net income was \$33.6 million, or \$0.85 per share, compared to net income of \$27.7 million, or \$0.71 per share, in 2Q19.
- ◆ Wood Products reported 2Q20 segment income of \$17.1 million, compared to segment income of \$18.9 million in 2Q19.
  - Lower sales volumes and prices of EWP, partially offset by higher plywood sales prices and lower wood costs.
- ◆ BMD reported 2Q20 segment income of \$43.2 million, up from \$33.8 million in 2Q19.
  - Gross margin increase of \$16.3 million resulting from improved gross margins on commodity products.
  - Increased selling and distribution expenses of \$5.0 million.

# 2Q 2020 Financial Highlights

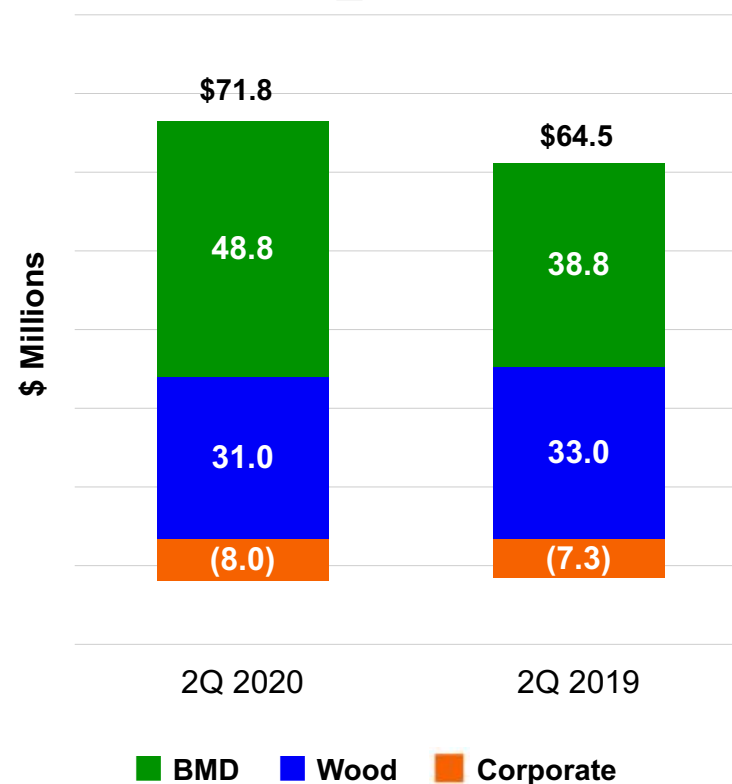
## Sales

△ 1%

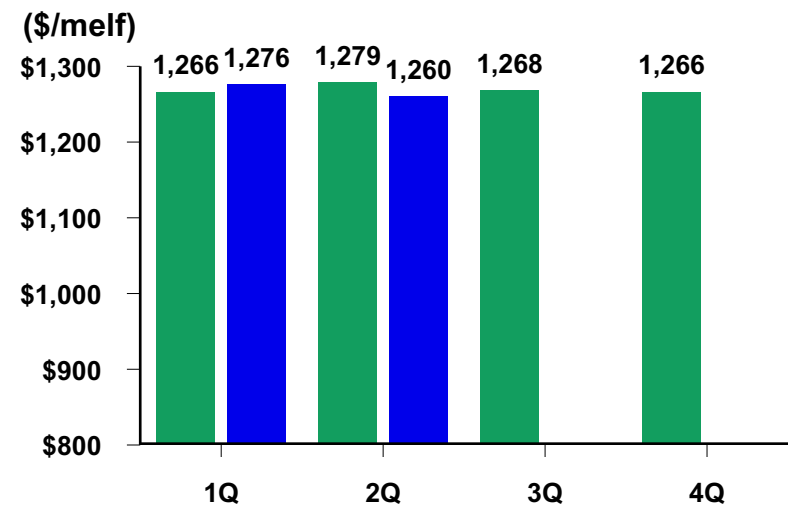
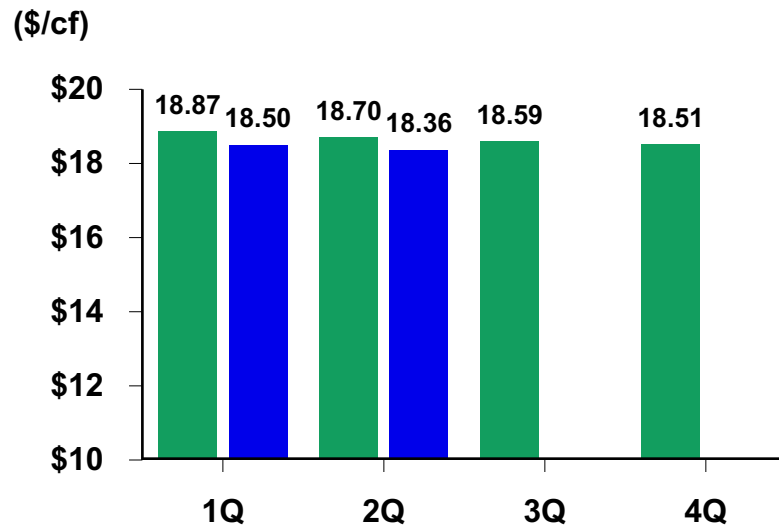
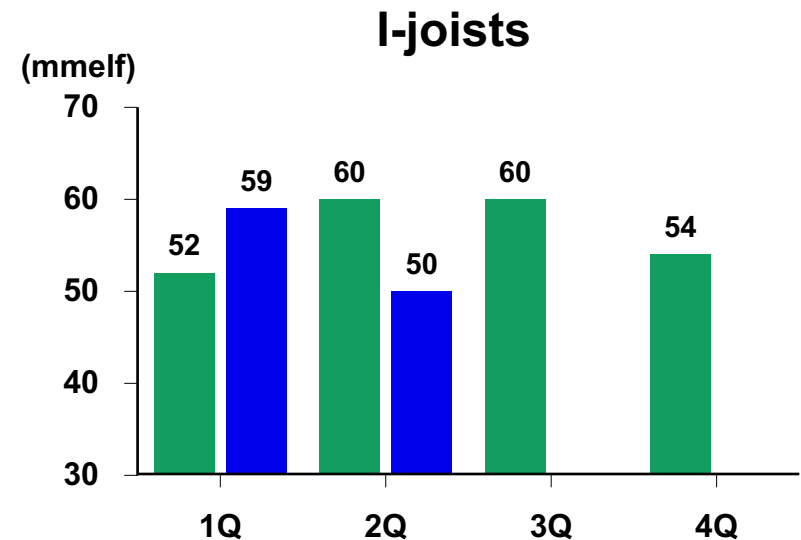
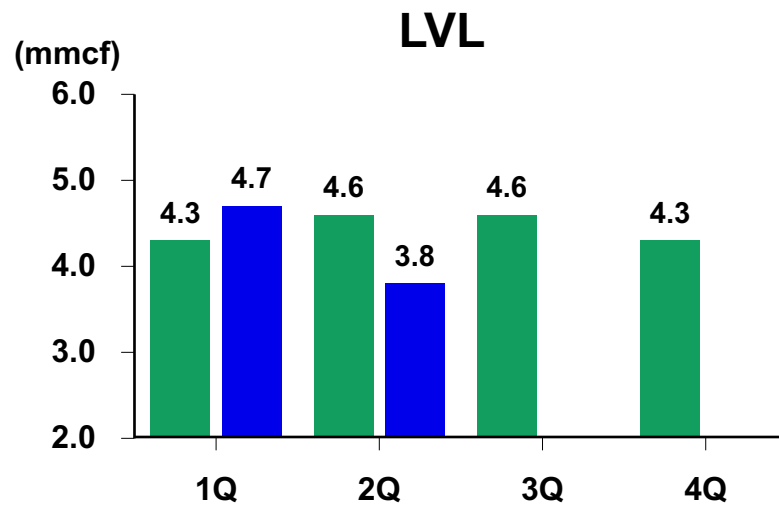


## Adjusted EBITDA

△ 11%



# Wood Products EWP

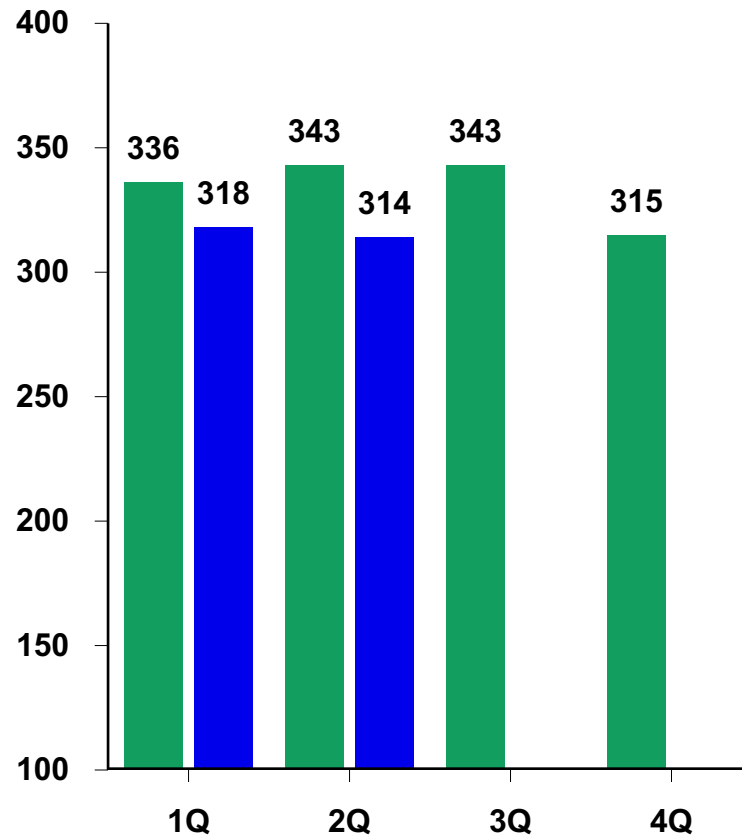


2019 2020

# Wood Products Plywood

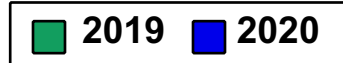
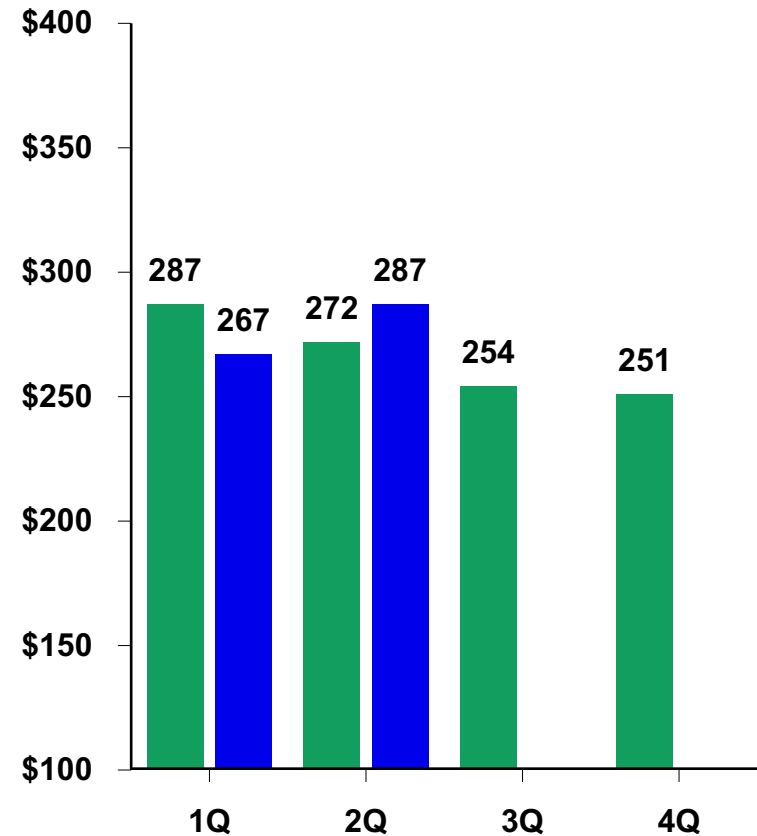
## Sales Volume

(mmsf 3/8" basis)



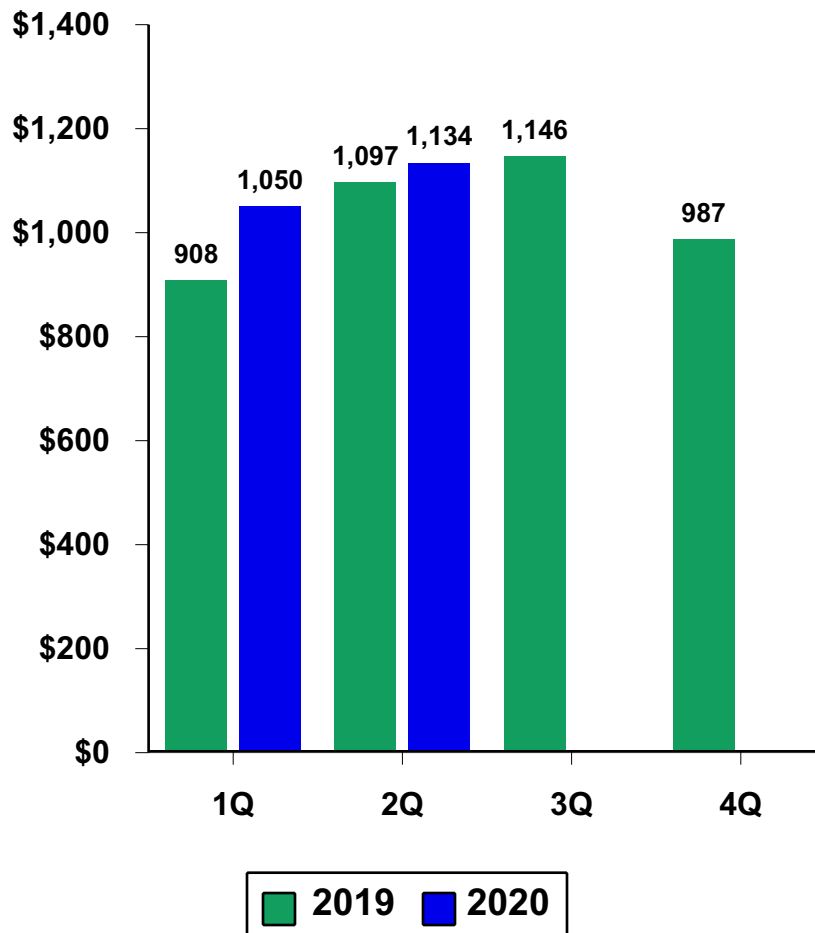
## Net Sales Price

(\$/msf 3/8" basis)

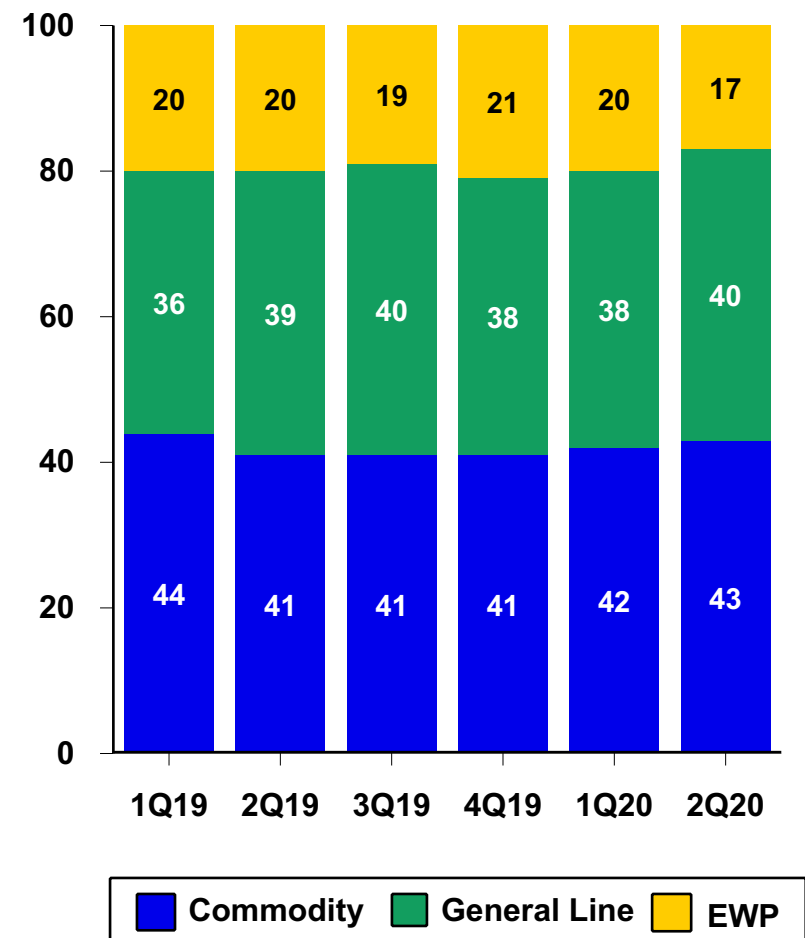


# Building Materials Distribution Sales

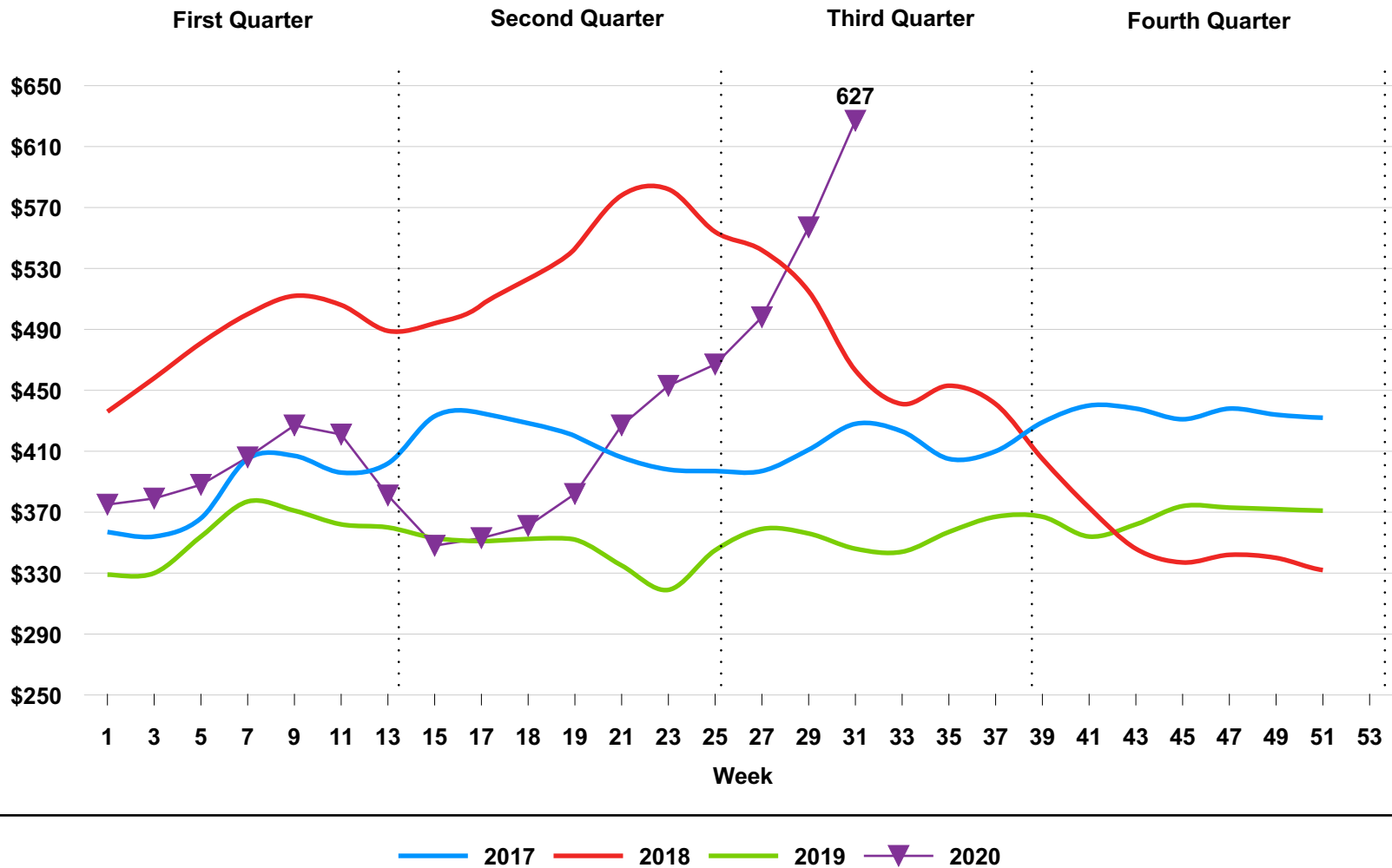
(\$ Millions)



(% of Sales)



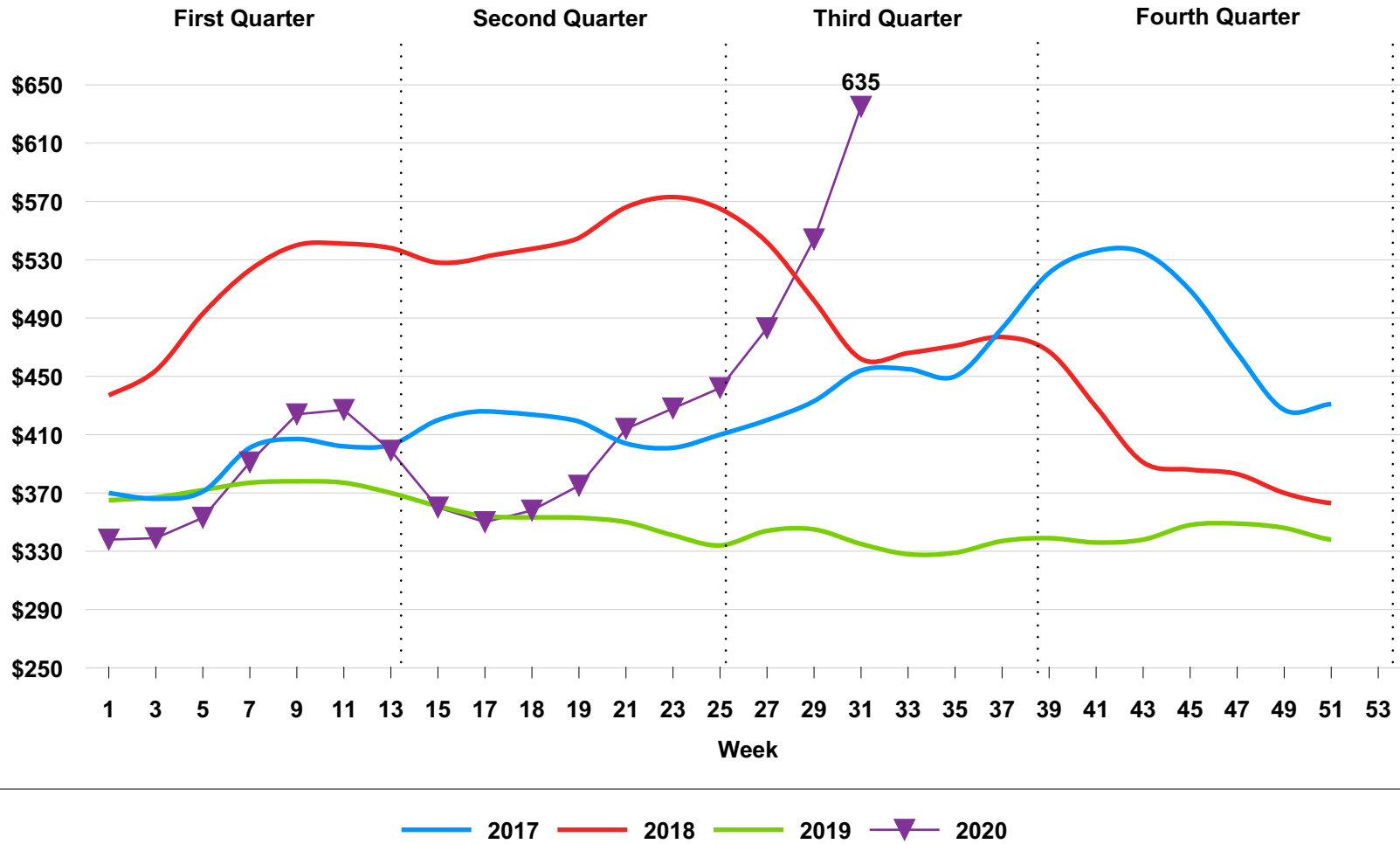
# Lumber Composite Price



Source: Random Lengths



# Panel Composite Price



Source: Random Lengths

# Working Capital

(\$ Millions)	6/30/2020	3/31/2020	Change
Receivables	\$ 360.9	\$ 340.1	\$ 20.7
Inventory	456.1	536.3	(80.2)
Other current assets <sup>(a)</sup>	14.7	10.9	3.8
	831.7	887.4	(55.7)
Accounts payable	322.7	309.7	13.0
Accrued liabilities <sup>(b)</sup>	148.5	127.5	21.0
	471.2	437.2	34.0
Net working capital	\$ 360.5	\$ 450.2	\$ (89.7)

(a) Excludes cash and tax related items.

(b) Excludes income taxes payable and interest payable.

# Debt and Liquidity Highlights

(\$ Millions)	6/30/2020	3/31/2020
<u>Net Debt</u>		
Total debt	\$ 440.2	\$ 439.9
Cash & cash equivalents	(361.4)	(215.0)
Net debt	<u>\$ 78.7</u>	<u>\$ 224.9</u>
<u>Liquidity Position</u>		
Bank line excess availability	\$ 345.4	\$ 345.4
Cash & cash equivalents	361.4	215.0
Total liquidity	<u>\$ 706.8</u>	<u>\$ 560.4</u>

- ◆ Restrictions were loosened or rescinded, construction activity resumed mid-quarter and continued at a robust pace through the end of the quarter.
  - Wood Products in process of attempting to restore production rates to pre-COVID-19 levels in response to strong end-product demand.
  - Strong BMD warehouse sales as retail lumberyard customers are relying on our broad base of inventory and high service levels to minimize their working capital.
  - Increased demand from our home center customers in response to elevated repair and remodel and "do-it-yourself" activity.
- ◆ Continued periodic short-term disruptions at locations due to COVID-19.
- ◆ No significant supply chain disruptions that limit our ability to meet our customer or manufacturing needs.
- ◆ Continued modifications related to housekeeping and cleanliness protocols, employee travel, employee work locations, and employee meetings.
- ◆ Actively monitoring evolving developments and may take actions that alter business operations as required or in the best interest of our employees, customers, suppliers, communities, and stockholders.

- ◆ Current consensus estimate for 2020 U.S. housing starts is 1.19 million, down 8% from 2019 levels. Longer-term impact of COVID-19 on residential housing preferences and new construction is uncertain, but near term demand remains favorable.
- ◆ Operational focus in Wood Products:
  - Order files at manufacturing level have extended.
  - Adjusting operating rates to match production levels to demand.
  - Nearing completion 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.
  - New door shop in Dallas is operational.
- ◆ Commodity pricing in early third quarter 2020 has been quite strong. Future pricing will depend on the economic impacts of the pandemic, industry capacity restoration, 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.



Boise Cascade®



# Appendix

August 3, 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 June 30, 2020 and 2019, and March 31, 2020:

(\$ Millions)	Three Months Ended		
	2Q20	2Q19	1Q20
Net income	\$ 33.6	\$ 27.7	\$ 12.2
Interest expense	6.6	6.5	6.4
Interest income	(0.2)	(0.4)	(0.7)
Income tax provision	11.3	9.8	4.0
Depreciation and amortization	19.9	19.5	35.3
EBITDA	<u>\$ 71.3</u>	<u>\$ 63.0</u>	<u>\$ 57.3</u>
Change in fair value of interest rate swaps	0.5	1.6	2.3
Adjusted EBITDA	<u><u>\$ 71.8</u></u>	<u><u>\$ 64.5</u></u>	<u><u>\$ 59.6</u></u>

# Appendix

The following table reconciles segment income to EBITDA for the three months ended June 30, 2020 and 2019, and March 31, 2020:

(\$ Millions)	Three Months Ended		
	2Q20	2Q19	1Q20
Wood Products			
Segment income	\$ 17.1	\$ 18.9	\$ 3.8
Depreciation and amortization	13.9	14.1	29.6
Segment EBITDA	<u>\$ 31.0</u>	<u>\$ 33.0</u>	<u>\$ 33.4</u>
Building Materials Distribution			
Segment income	\$ 43.2	\$ 33.8	\$ 29.3
Depreciation and amortization	5.6	5.0	5.3
Segment EBITDA	<u>\$ 48.8</u>	<u>\$ 38.8</u>	<u>\$ 34.6</u>