



**Boise Cascade**



# **Boise Cascade Company**

## **Second Quarter 2016**

### **Earnings Webcast**

**July 28, 2016**



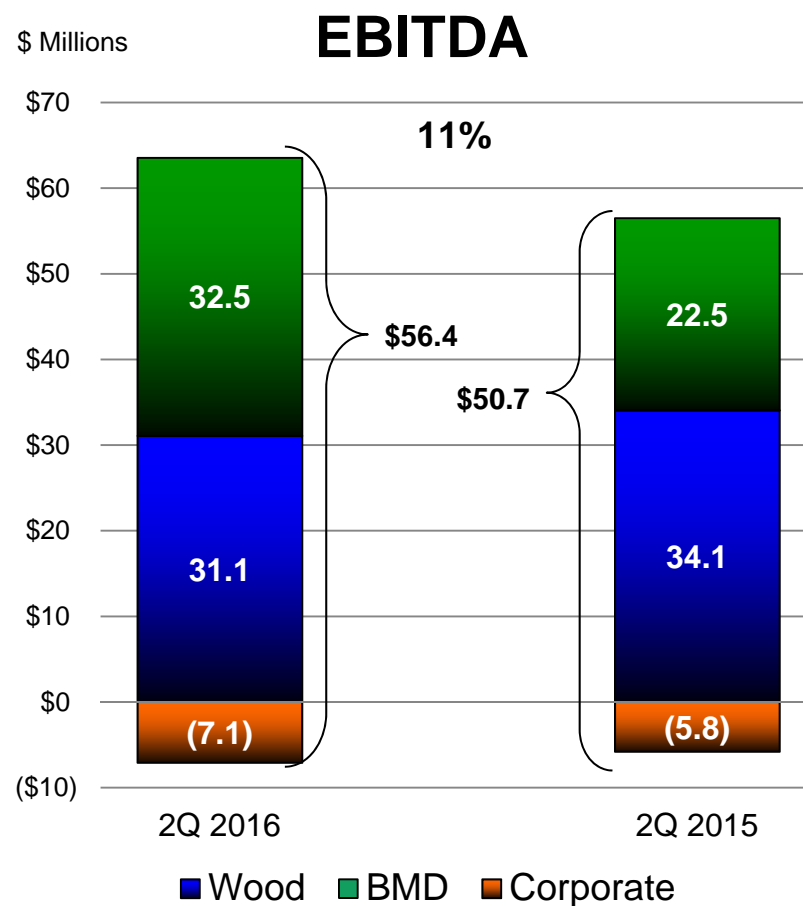
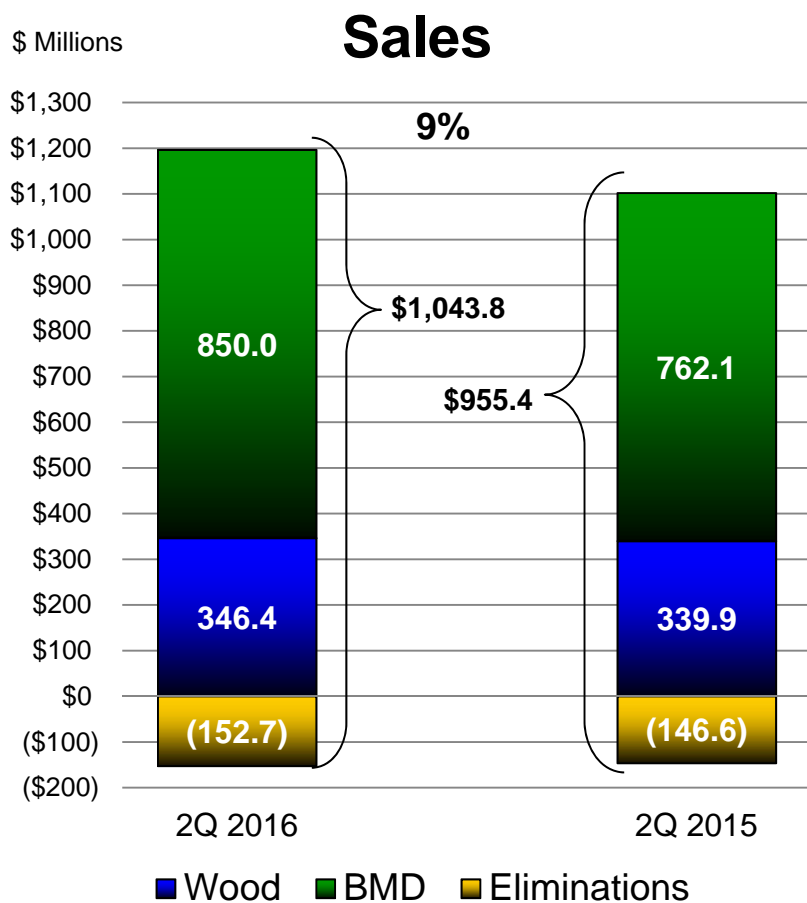
## Forward-Looking Statements

- ◆ 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 wood products 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.



- ◆ Second quarter sales were \$1,043.8 million, up 9% from 2Q15.
- ◆ Second quarter net income was \$19.2 million, or \$0.49 per share, down 5% from 2Q15 net income of \$20.2 million, or \$0.51 per share.
- ◆ Wood Products reported 2Q16 income of \$16.3 million, or EBITDA of \$31.1 million.
- ◆ BMD reported 2Q16 income of \$29.1 million, or EBITDA of \$32.5 million.
- ◆ Capital allocation:
  - Expect capital spending of \$85 to \$95 million for 2016.
  - Pursue acquisitions.
  - 1.1 million shares remaining on repurchase authorization.
  - Manage gross debt level toward target of 2.5x EBITDA.

## 2Q 2016 Financial Highlights

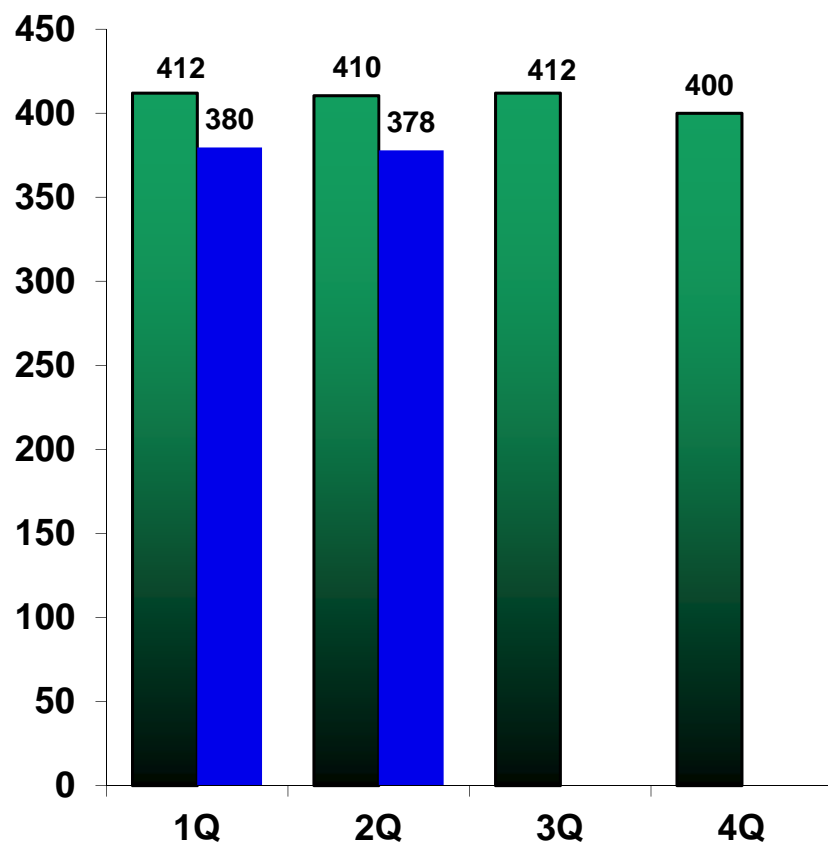




# Wood Products Plywood

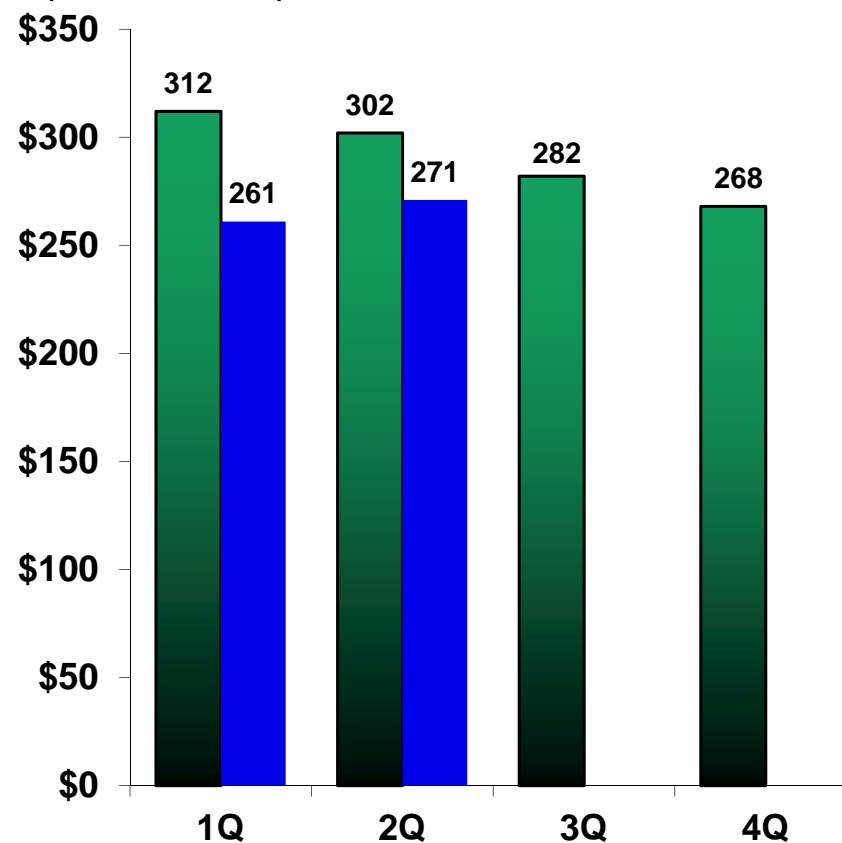
## Sales Volume

(mmsf 3/8" basis)



## Net Sales Price

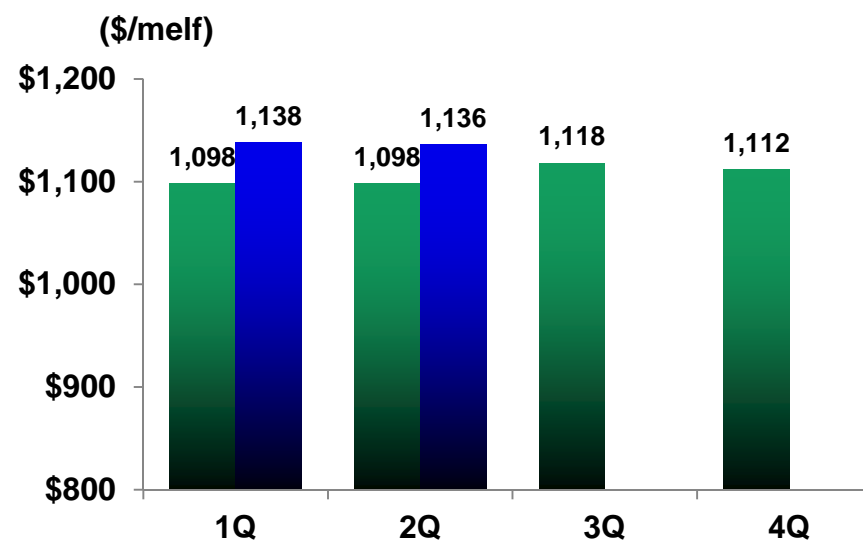
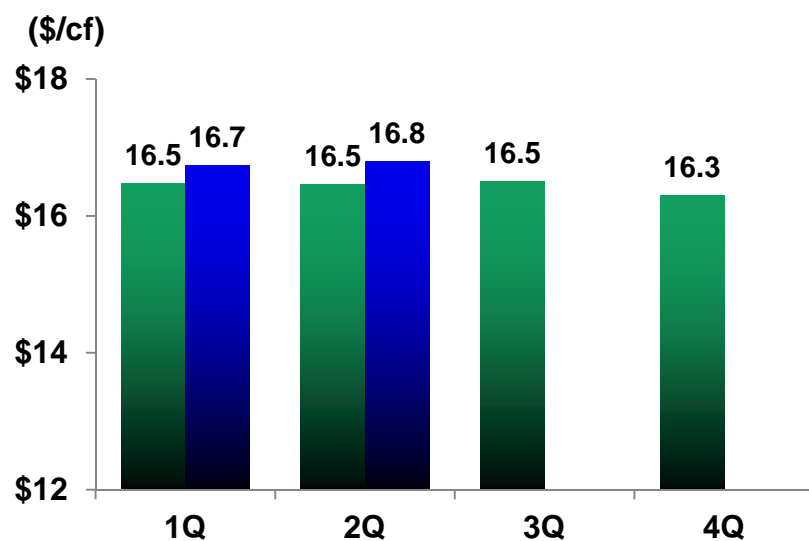
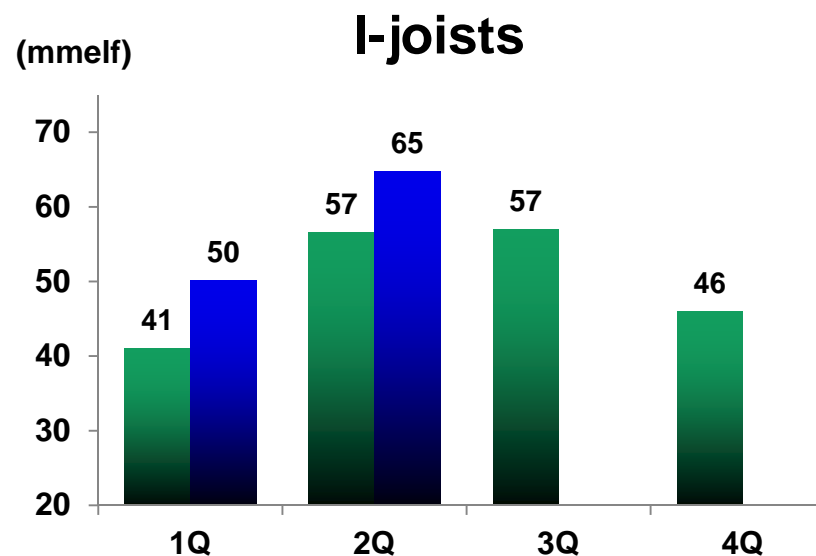
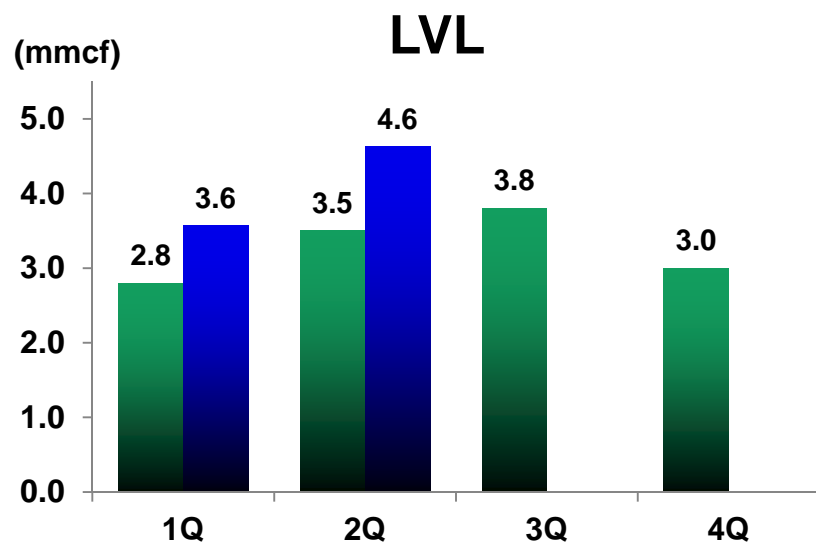
(\$/msf 3/8" basis)



2015 2016



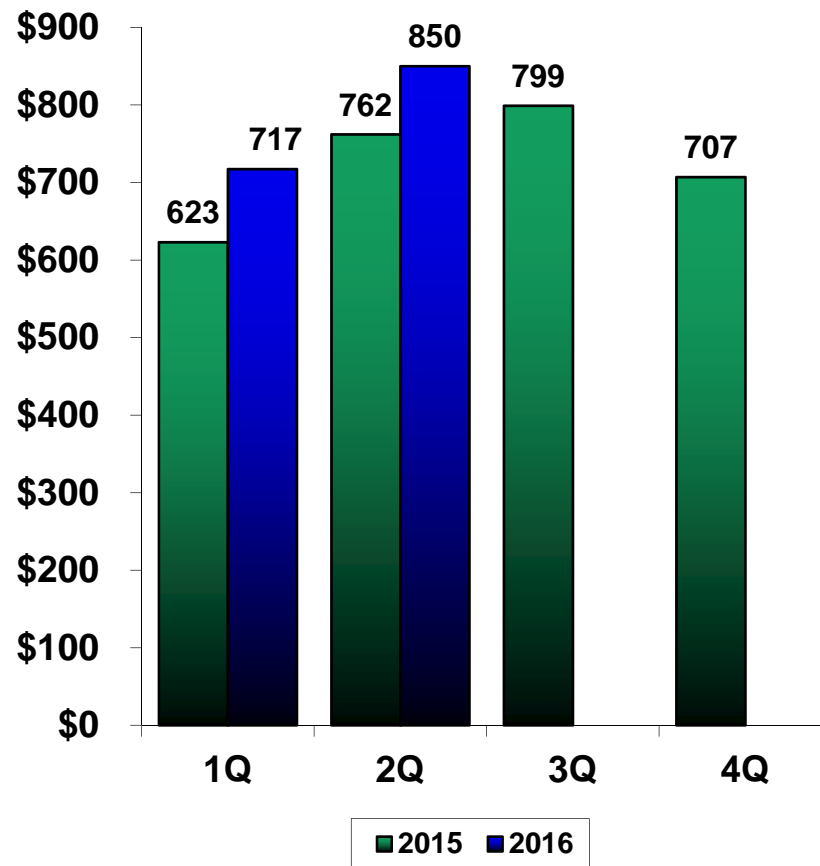
# Wood Products EWP



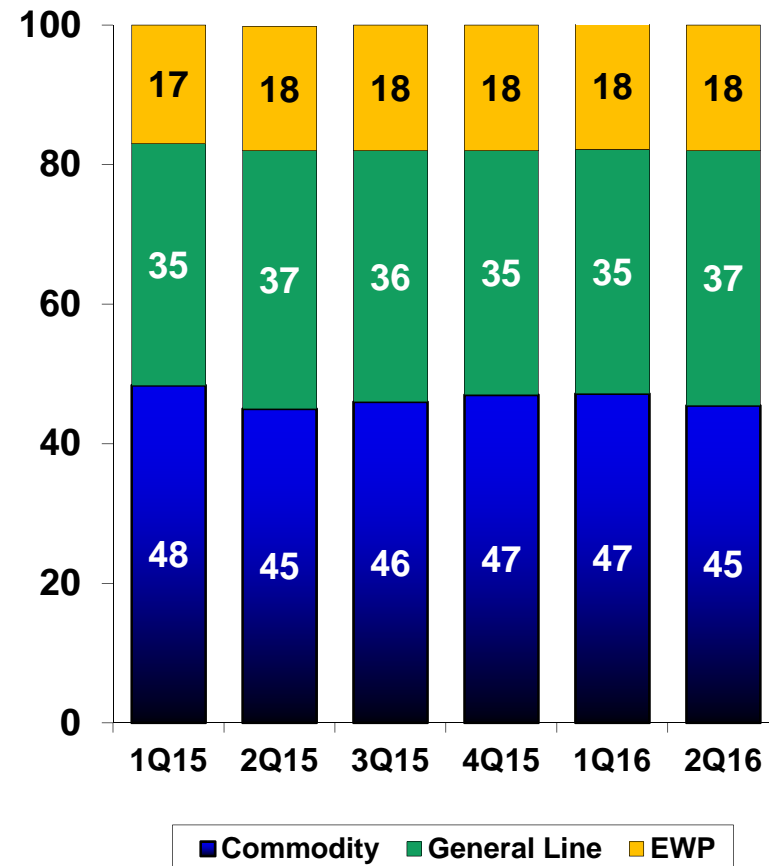


# Building Materials Distribution Sales

(\$ Millions)



(% of Sales)





## Balance Sheet Items

(\$ Millions)	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>Change</u>
Receivables	\$ 286.5	\$ 287.7	\$ (1.3)
Inventory	462.0	440.6	21.4
Other current assets <sup>(a)</sup>	10.8	7.6	3.1
	<u>759.2</u>	<u>735.9</u>	<u>23.3</u>
Accounts payable	249.7	254.7	(5.0)
Accrued liabilities <sup>(b)</sup>	101.9	82.9	18.9
	<u>351.6</u>	<u>337.6</u>	<u>14.1</u>
Net working capital	<u>\$ 407.7</u>	<u>\$ 398.3</u>	<u>\$ 9.3</u>

(a) Excludes cash and tax related items

(b) Excludes income taxes payable and interest payable



## Debt and Liquidity Highlights

(\$ Millions)	<u>6/30/2016</u>	<u>3/31/2016</u>
<u>Net Debt</u>		
Long-term debt	\$ 464.6	\$ 474.4
Cash & cash equivalents	(96.1)	(81.2)
Net debt	<u>\$ 368.5</u>	<u>\$ 393.2</u>
 <u>Liquidity Position</u>		
ABL excess availability	\$ 319.1	\$ 288.9
Cash & cash equivalents	96.1	81.2
Total liquidity	<u>\$ 415.2</u>	<u>\$ 370.1</u>



- ◆ Current consensus estimate for 2016 U.S. housing starts is 1.20 million, up about 8% 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 recently 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

**July 28, 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 June 30, 2016 and 2015, and March 31, 2016:

(\$ Millions)	Three Months Ended		March 31, 2016
	June 30		
	2016	2015	
Net income	\$ 19.2	\$ 20.2	\$ 5.0
Interest expense	6.4	5.6	5.8
Interest income	(0.0)	(0.1)	(0.1)
Change in fair value of interest rate swaps	1.5	-	0.1
Income tax provision	10.7	11.6	2.9
Depreciation and amortization	18.6	13.3	15.2
EBITDA	\$ 56.4	\$ 50.7	\$ 28.8

Segment EBITDA represents segment income (loss) before depreciation and amortization. The following table reconciles segment income (loss) to EBITDA for the three months ended June 30, 2016 and 2015, and March 31, 2016:

(\$ Millions)	Three Months Ended June 30		March 31,
	2016	2015	2016
Wood Products			
Segment income	\$ 16.3	\$ 23.7	\$ 5.9
Depreciation and amortization	<u>14.8</u>	<u>10.3</u>	<u>11.6</u>
Segment EBITDA	<u>\$ 31.1</u>	<u>\$ 34.1</u>	<u>\$ 17.5</u>
Building Materials Distribution			
Segment income	\$ 29.1	\$ 19.6	\$ 13.4
Depreciation and amortization	<u>3.4</u>	<u>2.9</u>	<u>3.2</u>
Segment EBITDA	<u>\$ 32.5</u>	<u>\$ 22.5</u>	<u>\$ 16.6</u>
Corporate			
Segment loss	\$ (7.5)	\$ (5.9)	\$ (5.7)
Depreciation and amortization	<u>0.4</u>	<u>0.1</u>	<u>0.4</u>
Segment EBITDA	<u>\$ (7.1)</u>	<u>\$ (5.8)</u>	<u>\$ (5.3)</u>