



**Boise Cascade**



# **Boise Cascade Company**

## **Fourth Quarter 2013**

### **Earnings Webcast**

**February 21, 2014**



## Forward-Looking Statements

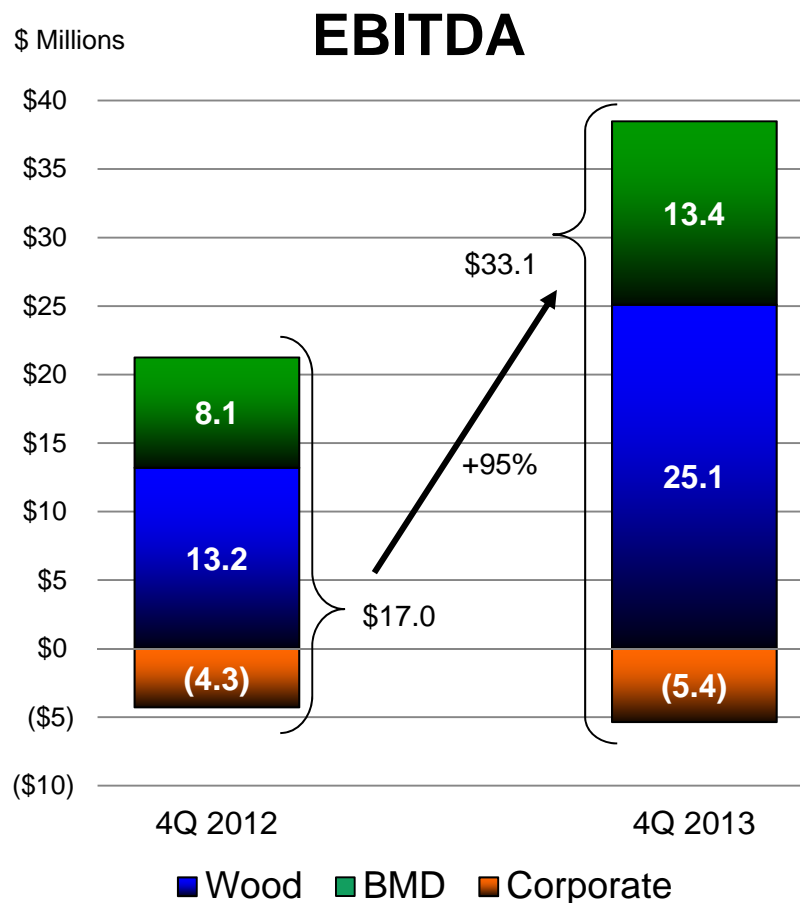
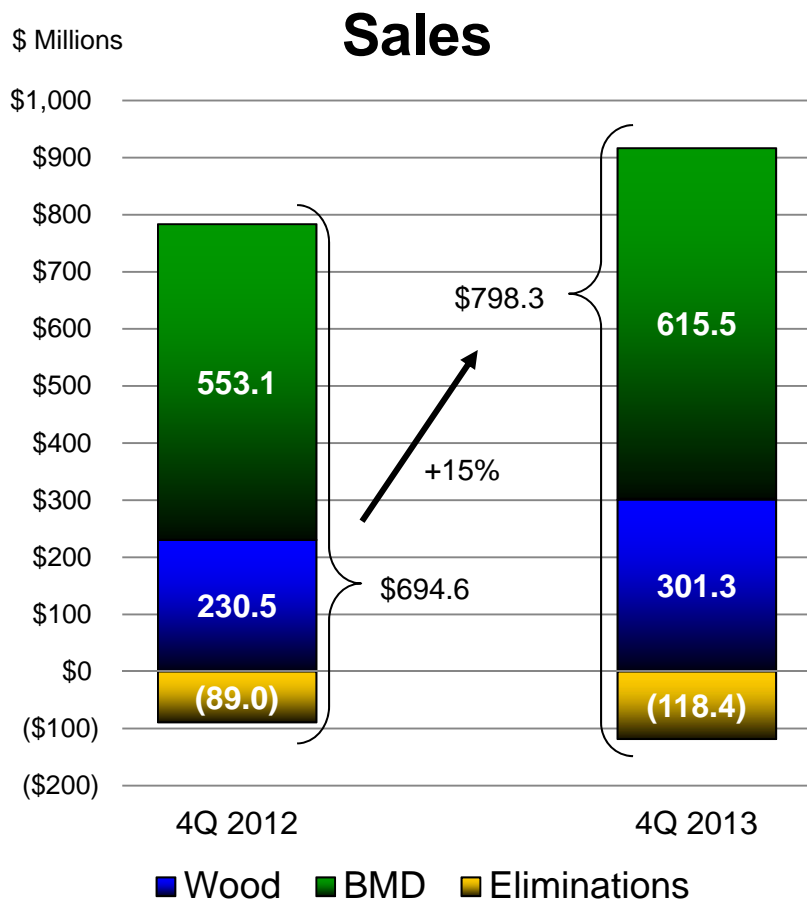
- ◆ This presentation includes statements about our expectations of future operational and financial performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties, and assumptions that could cause our actual results to differ materially from those projected, including, but not limited to, prices for building products, 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 adjusted net income and EBITDA, which are non-GAAP financial measures within the meaning of the Securities and Exchange Commission's Regulation G. Reconciliations of net income to adjusted net income, net income to EBITDA, and segment income to segment EBITDA are included as an appendix and are posted on the company's website at [www.bc.com](http://www.bc.com).



- ◆ U.S. housing starts were 927,000 for the year, up 19% from 2012's 781,000 starts. For 2014, we expect about 1.1 million U.S. housing starts, which should provide favorable backdrop for further revenue and earnings growth.
- ◆ Fourth quarter sales were \$798.3 million, up 15% from the prior year quarter.
- ◆ Fourth quarter net income was \$9.8 million, or \$0.25 per share.
- ◆ 2013 sales were \$3.3 billion, up 18% from 2012.
- ◆ Net income and adjusted net income for our first year as a public company were \$116.9 million and \$48.3 million.
- ◆ Integration of newly acquired plywood operations continues to go well.
- ◆ Outlook:
  - First quarter revenue and earnings comparisons will be challenging
  - Full year outlook is positive for EWP and distribution
  - Strong balance sheet to take advantage of opportunities



## 4Q 2013 Financial Highlights

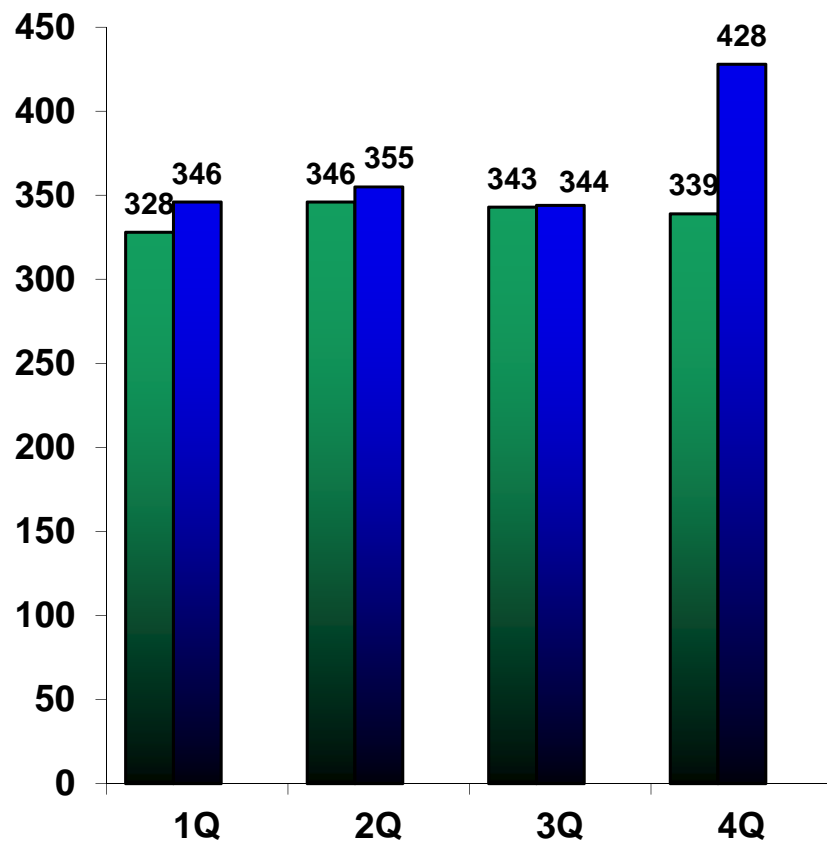




# Wood Products Plywood

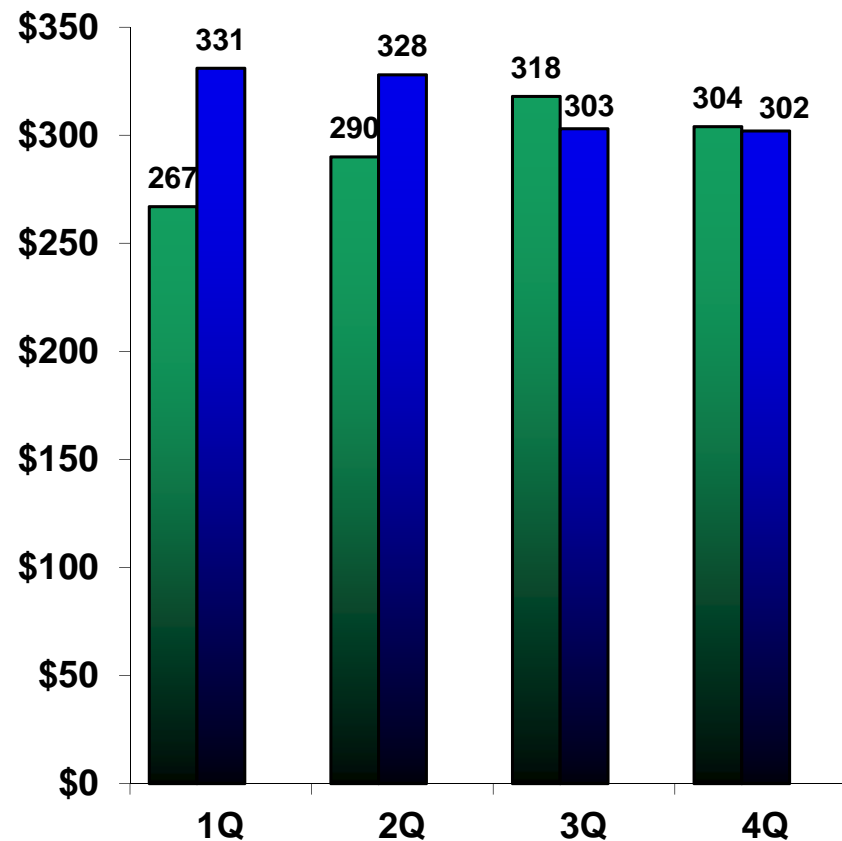
## Sales Volume

(mmsf 3/8" basis)



## Net Sales Price

(\$/msf 3/8" basis)

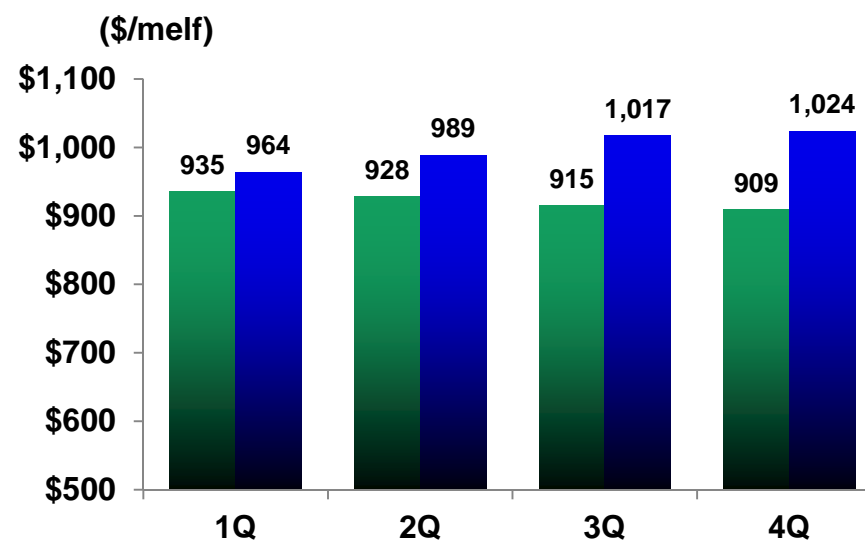
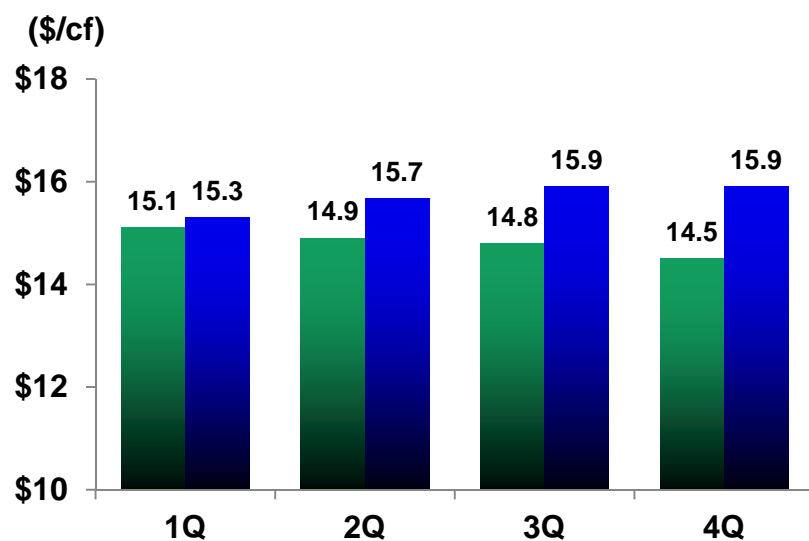
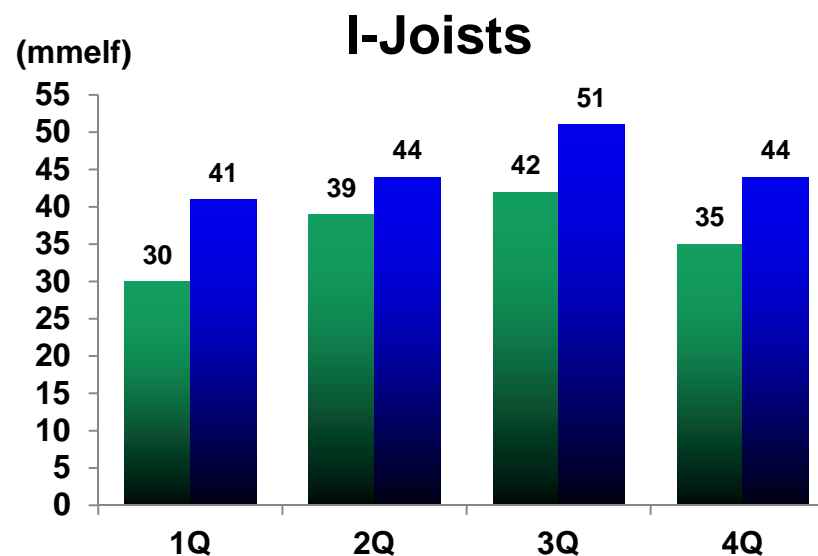
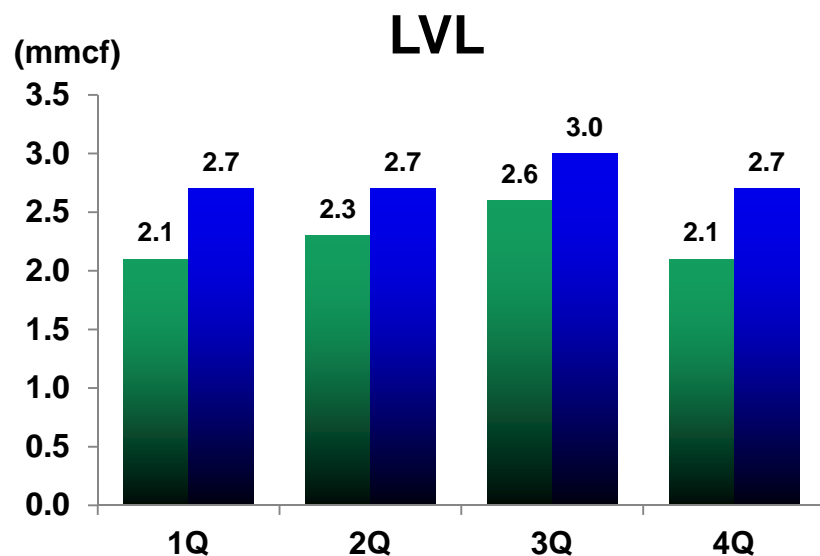


2012 2013



Boise Cascade

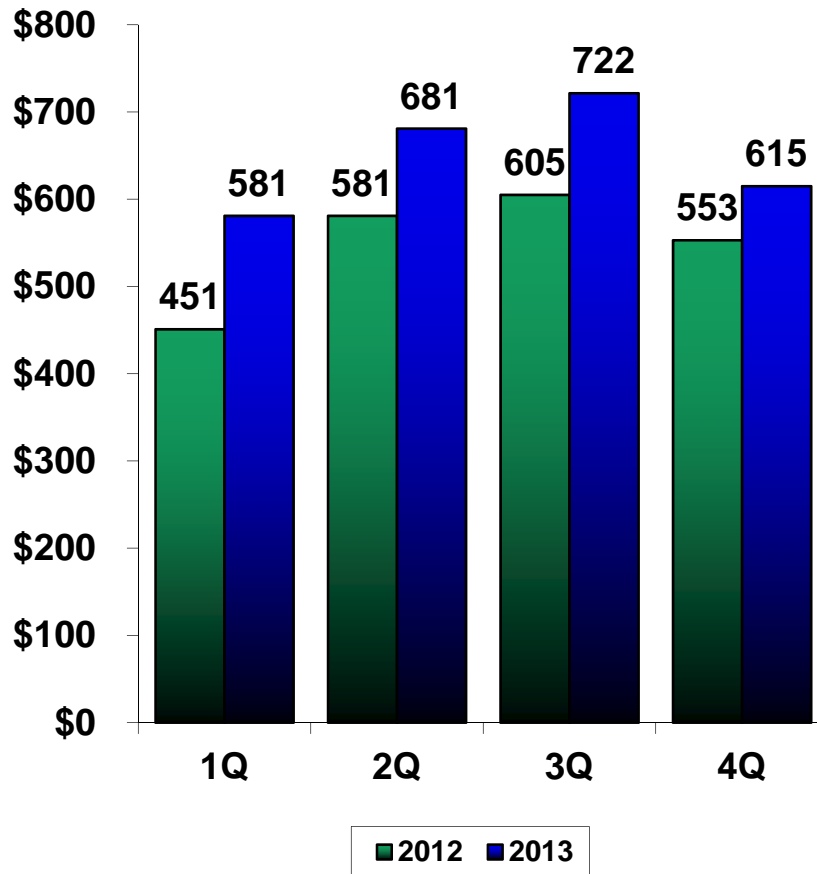
## Wood Products EWP



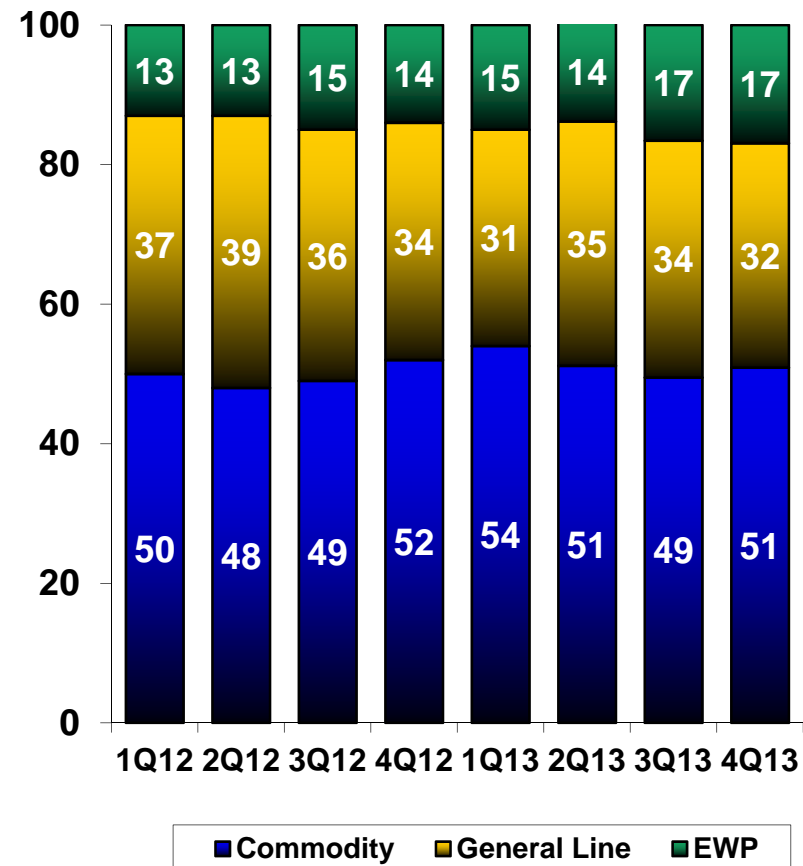


# Building Materials Distribution Sales

(\$ Millions)



(% of Sales)





## Working Capital

| (\$ Millions)         | <u>12/31/2013</u>      | <u>12/31/2012</u>      | <u>Change</u>         |
|-----------------------|------------------------|------------------------|-----------------------|
| Receivables           | \$ 160.1               | \$ 141.6               | \$ 18.5               |
| Inventory             | 383.4                  | 325.8                  | 57.6                  |
| Other current assets* | <u>7.9</u>             | <u>5.5</u>             | <u>2.3</u>            |
|                       | 551.3                  | 472.9                  | 78.4                  |
| Accounts payable      | 142.1                  | 133.5                  | 8.6                   |
| Accrued liabilities   | <u>96.9</u>            | <u>94.0</u>            | <u>2.9</u>            |
|                       | 239.0                  | 227.6                  | 11.4                  |
| Net working capital*  | <u><u>\$ 312.3</u></u> | <u><u>\$ 245.4</u></u> | <u><u>\$ 66.9</u></u> |

\*Excludes cash and deferred taxes





## Debt and Liquidity Highlights

(\$ Millions)

Net Debt

|                         | <u>12/31/2013</u> | <u>12/31/2012</u> |
|-------------------------|-------------------|-------------------|
| Long-term debt          | \$ 301.6          | \$ 275.0          |
| Cash & cash equivalents | (118.2)           | (45.9)            |
| Net debt                | <u>\$ 183.4</u>   | <u>\$ 229.1</u>   |

Liquidity Position

|                         |                 |                 |
|-------------------------|-----------------|-----------------|
| ABL excess availability | \$ 258.3        | \$ 195.6        |
| Cash & cash equivalents | 118.2           | 45.9            |
| Total liquidity         | <u>\$ 376.6</u> | <u>\$ 241.5</u> |



- ◆ The current consensus estimate for 2014 U.S. housing starts is 1.1 million vs. 927,000 in 2013.
- ◆ We believe the long-term demand fundamentals for housing are still sound based on demographics in the U.S. and expect housing starts to return to 1.4 to 1.5 million starts over the next few years.
- ◆ We are focused on meeting our customers' needs as demand continues to strengthen.
- ◆ We expect continued revenue and earnings growth in 2014:
  - Full year benefit of acquisition of plywood operations we completed September 30, 2013
  - Growth in EWP sales as single-family new residential construction further improves
  - Growth in Building Materials Distribution revenues and earnings with higher new construction and repair-and-remodel activity



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# Appendix

**February 21, 2014**

Adjusted net income represents net income before certain unusual items. The year ended December 31, 2013 includes a \$68.7 million income tax benefit associated with the recording of net deferred tax assets upon the Company's conversion from a limited liability company to a corporation. The following table reconciles net income to adjusted net income for the years ended December 31, 2013 and 2012:

|                                                  | <b>Year-ended<br/>December 31,</b>       |                  |
|--------------------------------------------------|------------------------------------------|------------------|
|                                                  | <b>2013</b>                              | <b>2012</b>      |
|                                                  | (in thousands, except per-share amounts) |                  |
| Net income (GAAP basis)                          | \$ 116,936                               | \$ 41,496        |
| Impact of deferred tax benefit                   | (68,666)                                 | -                |
| Adjusted net income (non-GAAP basis)             | <u>\$ 48,270</u>                         | <u>\$ 41,496</u> |
| Weighted average common shares outstanding:      |                                          |                  |
| Basic                                            | 40,203                                   | 29,700           |
| Diluted                                          | 40,226                                   | 29,700           |
| Adjusted net income (non-GAAP basis), per share: |                                          |                  |
| Basic                                            | <u>\$1.20</u>                            | <u>\$1.40</u>    |
| Diluted                                          | <u>\$1.20</u>                            | <u>\$1.40</u>    |

EBITDA represents income before interest (interest expense and interest income), income taxes, and depreciation and amortization. The following table reconciles net income to EBITDA for the three months ended December 31, 2013 and 2012, and September 30, 2013, and the years ended December 31, 2013 and 2012:

| (\$ Millions)                  | Three Months Ended |                |                | Year Ended      |                |
|--------------------------------|--------------------|----------------|----------------|-----------------|----------------|
|                                | 4Q13               | 4Q12           | 3Q13           | 2013            | 2012           |
| Net income                     | \$ 9.8             | \$ 1.3         | \$ 15.9        | \$ 116.9        | \$ 41.5        |
| Interest expense               | 5.6                | 7.3            | 5.2            | 20.4            | 21.8           |
| Interest income                | (0.0)              | (0.1)          | (0.1)          | (0.2)           | (0.4)          |
| Income tax provision (benefit) | 5.9                | 0.1            | 9.6            | (38.8)          | 0.3            |
| Depreciation and amortization  | 11.8               | 8.5            | 9.0            | 38.0            | 33.4           |
| EBITDA                         | <u>\$ 33.1</u>     | <u>\$ 17.0</u> | <u>\$ 39.5</u> | <u>\$ 136.4</u> | <u>\$ 96.6</u> |

Segment EBITDA represents segment income before depreciation and amortization. The following table reconciles segment income to EBITDA for the three months ended December 31, 2013 and 2012, and September 30, 2013, and the years ended December 31, 2013 and 2012:

| (\$ Millions)                   | Three Months Ended |                |                | Year Ended      |                |
|---------------------------------|--------------------|----------------|----------------|-----------------|----------------|
|                                 | 4Q13               | 4Q12           | 3Q13           | 2013            | 2012           |
| Wood Products                   |                    |                |                |                 |                |
| Segment income                  | \$ 15.9            | \$ 7.0         | \$ 17.9        | \$ 77.7         | \$ 55.8        |
| Depreciation and amortization   | <u>9.2</u>         | <u>6.3</u>     | <u>6.7</u>     | <u>28.7</u>     | <u>24.4</u>    |
| Segment EBITDA                  | <u>\$ 25.1</u>     | <u>\$ 13.2</u> | <u>\$ 24.6</u> | <u>\$ 106.3</u> | <u>\$ 80.2</u> |
| Building Materials Distribution |                    |                |                |                 |                |
| Segment income                  | \$ 10.8            | \$ 5.9         | \$ 17.9        | \$ 39.9         | \$ 24.0        |
| Depreciation and amortization   | <u>2.6</u>         | <u>2.2</u>     | <u>2.2</u>     | <u>9.2</u>      | <u>8.8</u>     |
| Segment EBITDA                  | <u>\$ 13.4</u>     | <u>\$ 8.1</u>  | <u>\$ 20.1</u> | <u>\$ 49.2</u>  | <u>\$ 32.9</u> |