



**Q2 2019 EARNINGS PRESENTATION**

August 6, 2019

# FORWARD LOOKING STATEMENTS

This presentation contains statements concerning Louisiana-Pacific Corporation's (LP) future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following: changes in governmental fiscal and monetary policies, including tariffs, and levels of employment; changes in general economic conditions; changes in the cost and availability of capital; changes in the level of home construction and repair activity; changes in competitive conditions and prices for our products; changes in the relationship between supply of and demand for building products; changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products; changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel; changes in the cost of and availability of transportation; changes in other significant operating expenses; changes in exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, Brazilian real and Chilean peso; changes in general and industry-specific environmental laws and regulations; changes in tax laws, and interpretations thereof; changes in circumstances giving rise to environmental liabilities or expenditures; the resolution of existing and future product-related litigation and other legal proceedings; the amount and timing of any repurchases of our common stock and the payment of dividends on our common stock, which will depend on market and business conditions and other considerations; and acts of public authorities, war, civil unrest, natural disasters, fire, floods, earthquakes, inclement weather and other matters beyond our control. Investors are cautioned that many of the assumptions upon which LP's forward-looking statements are based are likely to change after the forward-looking statements are made, including for example commodity prices, which LP cannot control, and production volumes and costs, some aspects of which LP may not be able to control. These and other factors that could cause or contribute to actual results differing materially from those contemplated by such forward-looking statements are discussed in greater detail in the company's Securities and Exchange Commission filings.

# STATEMENT RELATING TO THE USE OF NON-GAAP FINANCIAL MEASURES

During the course of this presentation, certain non-U.S. GAAP financial information will be presented. Reconciliation of those numbers to U.S. GAAP financial measures are available on the company's website at [www.lpcorp.com](http://www.lpcorp.com) under the Investor Relations section.

# HIGHLIGHTS

# Q2 2019 HIGHLIGHTS

## Growth in a Challenging Market

- N.A. OSB volumes down 13%, prices down 44%
- 42% of OSB volume from valued-added Structural Solutions portfolio
- 3% SmartSide Strand revenue growth — record quarterly revenue of \$200 million
- Acquired PSPI, a prefinished siding company
- Launched LP Elements Performance Fencing

## Operational Execution

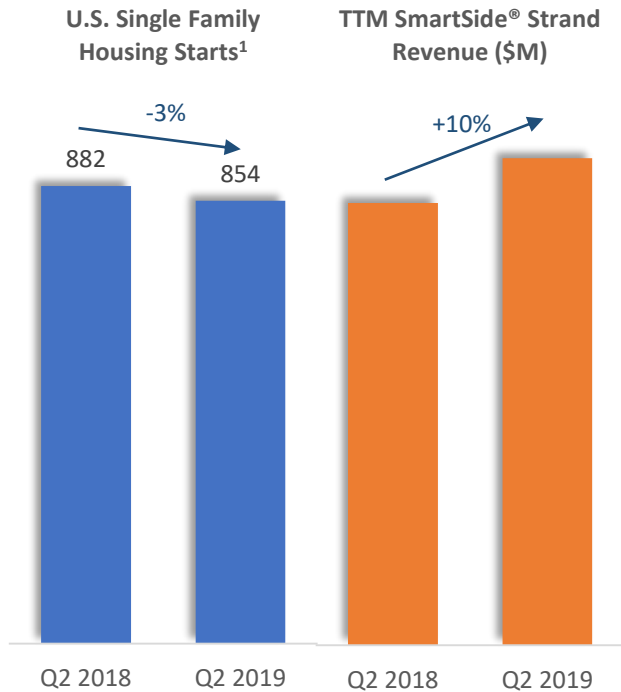
- 4.6 point improvement in OEE
- \$17 million generated in the first 6 months towards 2021 target of \$75 million
- Announced the curtailment OSB production at Peace Valley, BC

## Capital Allocation

- Committed to returning \$638 million to shareholders via buy-backs in 2019
- Increased revolver capacity to \$350 million and extended maturity to 2024
- \$33 million of dividends paid in the first 6 months
- Additional \$0.135 dividend declared

# TRANSFORMATION

(\$ in millions)



**SmartSide Strand Growth (Q2 TTM)**

## 2019 1H vs 2018 1H

Segment	Growth	Efficiency	Total
Siding	\$13	\$5	\$18
OSB	\$4	\$9	\$13
EWP & LPSA	-	\$3	\$3
<b>2019 YTD EBITDA Impact</b>	<b>\$17</b>	<b>\$17</b>	<b>\$34</b>
<b>2021 EBITDA Target<sup>2</sup></b>	<b>\$90</b>	<b>\$75</b>	<b>\$165</b>

<sup>1</sup> Actual U.S. housing starts data from U.S. Census Bureau as reported on July 17, 2019

<sup>2</sup> LP is targeting incremental cash flow improvements of approximately \$100M by 2021, comprising \$90M of EBITDA generated from growth, \$75M of EBITDA from efficiency savings, offset by \$30M of underlying labor and benefits inflation, assuming a 25% tax rate

# **Q2 2019 RESULTS**

# FINANCIAL RESULTS

(\$ in millions, except per share amount)

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/(W) 2018	2019	B/(W) 2018
Sales	\$ 588	\$ (223)	\$ 1,170	\$ (333)
Cost of sales	510	40	1,011	54
Gross profit	78	(183)	159	(279)
Selling and administrative	58	(8)	114	(14)
Other charges and credits <sup>(1)</sup>	(3)	2	—	5
Income from operations	23	(192)	45	(298)
Non-operating income (expense)	(4)	(4)	8	11
Provision for taxes	3	48	11	70
Income from continuing operations	15	(148)	42	(216)
Discontinued operations	—	—	—	4
Loss attributable to non-controlling	(2)	2	(2)	2
Net income attributable to LP	\$ 17	\$ (146)	\$ 44	\$ (210)
Earnings per share - diluted	\$ 0.14	\$ (0.97)	\$ 0.34	\$ (1.39)
Non-GAAP earnings per share - diluted	\$ 0.11	\$ (0.97)	\$ 0.23	\$ (1.48)
Weighted average shares - diluted	124.3	(21.9)	127.9	(18.5)

<sup>1</sup> Other operating charges and credits and (gain) loss on sale or impairment of long-lived assets, net



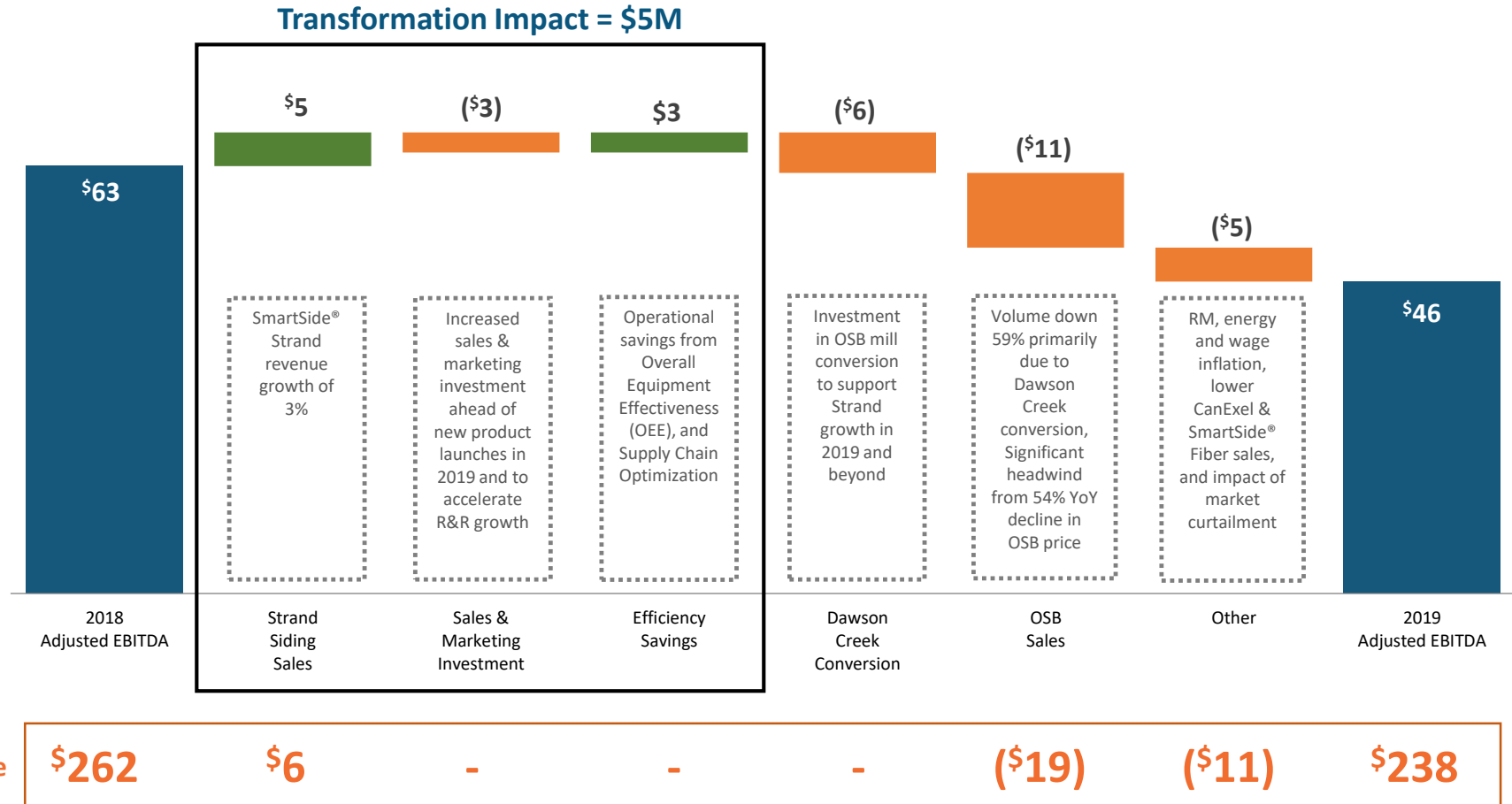
# SALES AND EBITDA BY SEGMENT

(\$ in millions)

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/(W) 2018	2019	B/(W) 2018
<b>Sales</b>				
Siding	\$ 238	\$ (23)	\$ 474	\$ (15)
OSB	199	(189)	407	(293)
EWP	107	(7)	197	(22)
South America	40	(5)	85	(3)
Other and intersegment	4	—	6	—
	<b>\$ 588</b>	<b>\$ (223)</b>	<b>\$ 1,170</b>	<b>\$ (333)</b>
<b>Adj. EBITDA</b>				
Siding	\$ 46	\$ (17)	\$ 88	\$ (19)
OSB	(3)	(166)	5	(263)
EWP	10	(1)	17	—
South America	9	(3)	19	(4)
Other and Unallocated	(9)	(2)	(19)	(5)
	<b>\$ 53</b>	<b>\$ (189)</b>	<b>\$ 111</b>	<b>\$ (291)</b>

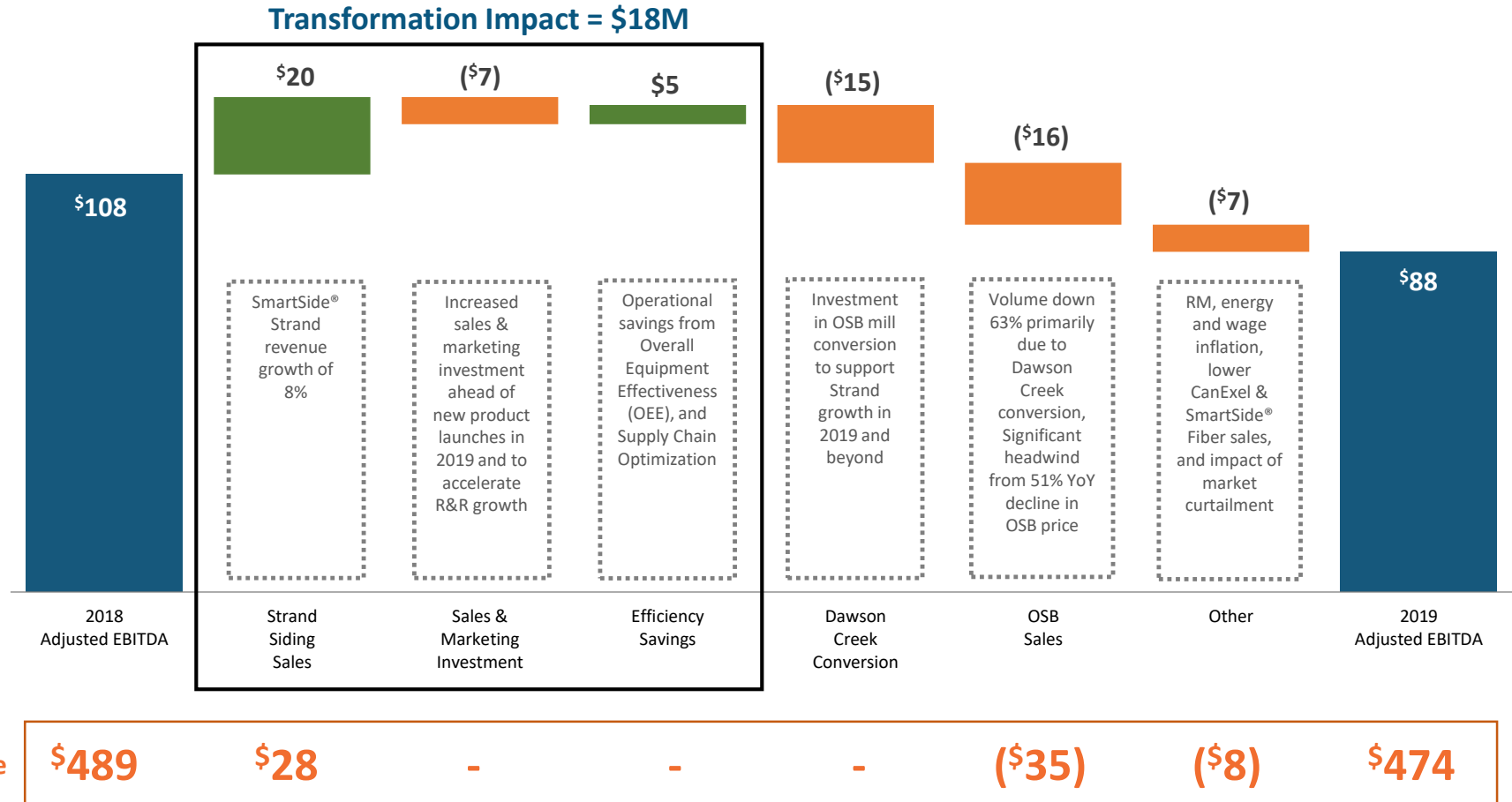
# SIDING COMPARISON – Q2 2019 VERSUS Q2 2018

(\$ in millions)



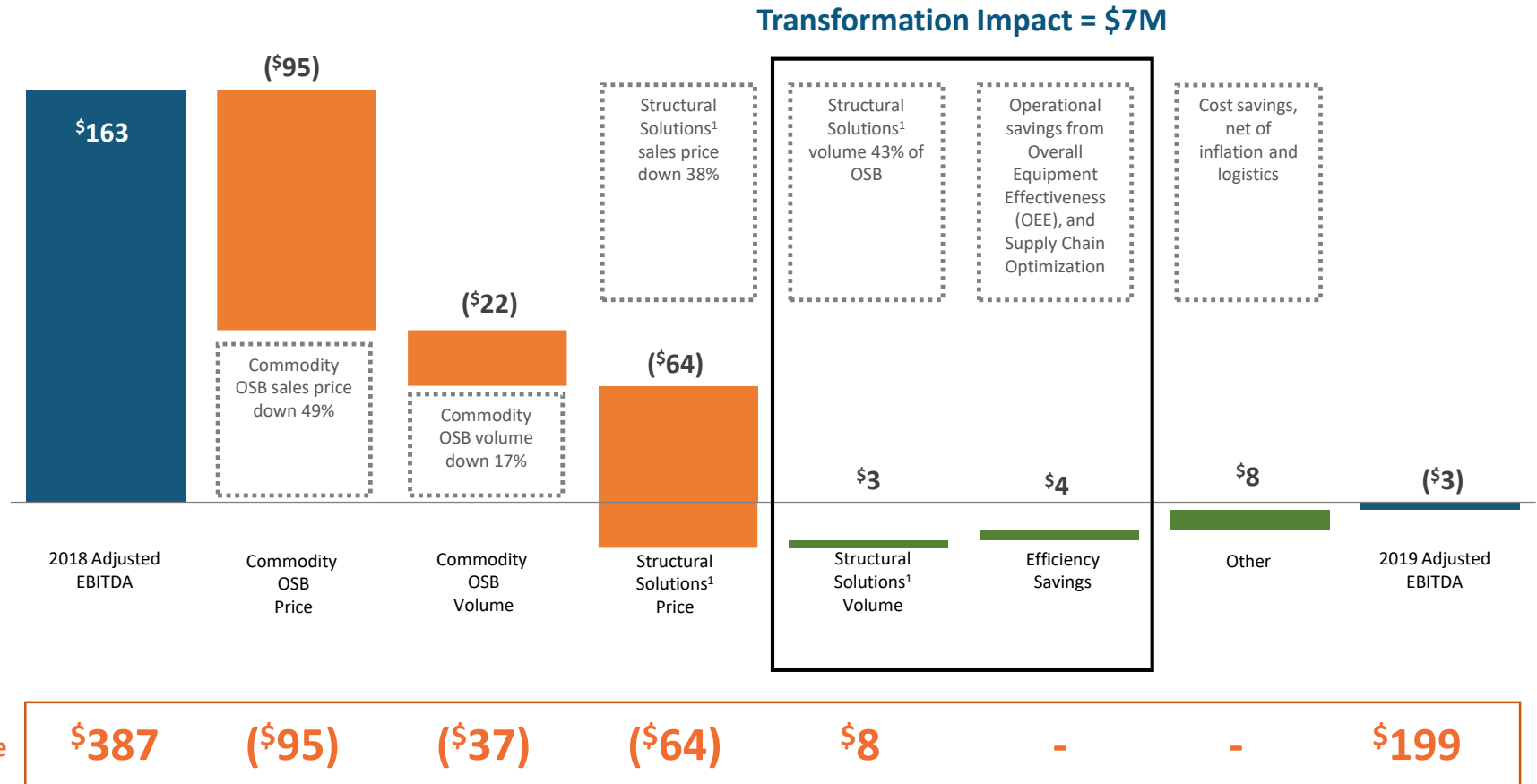
# SIDING COMPARISON – 1H 2019 VERSUS 1H 2018

(\$ in millions)



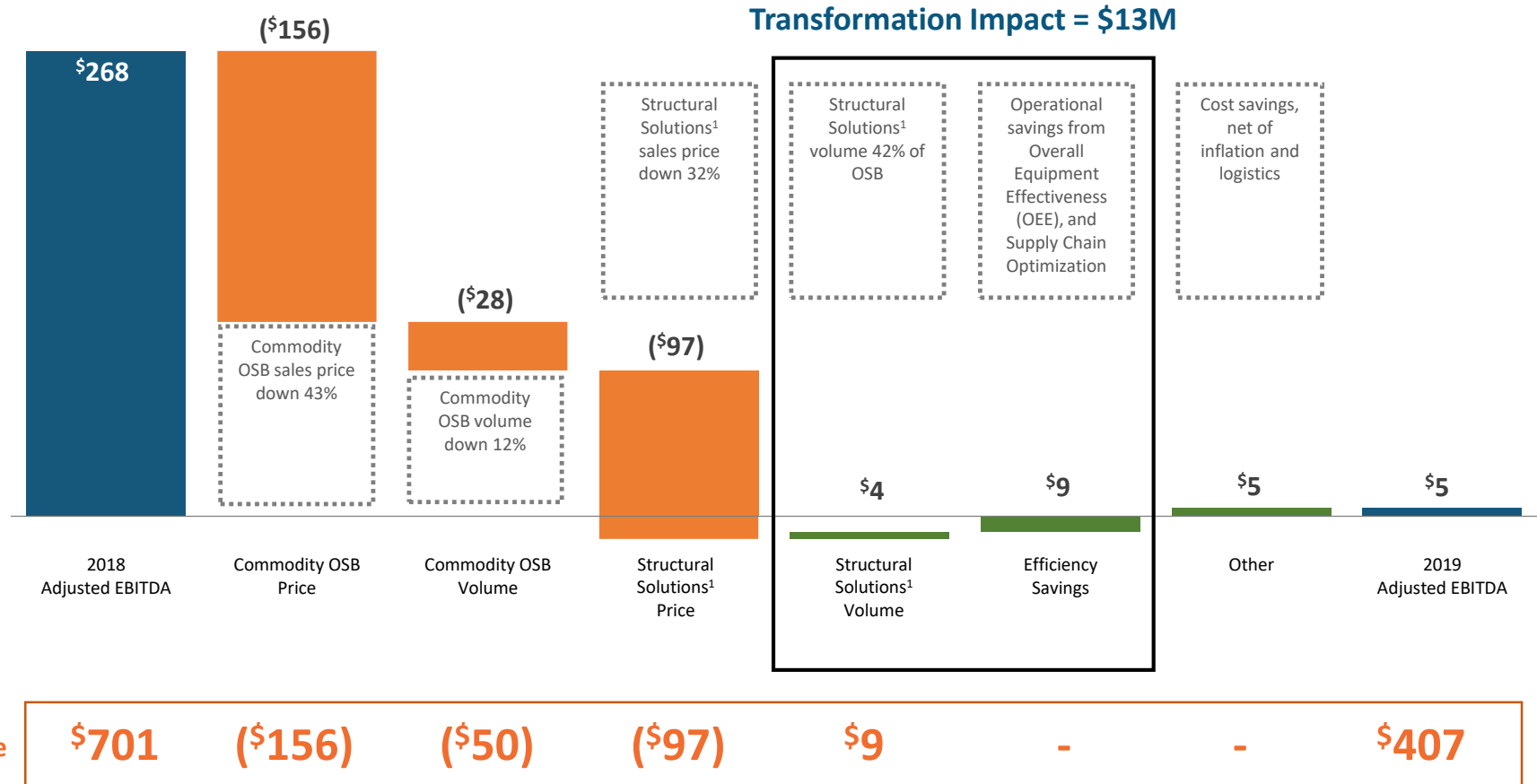
# OSB COMPARISON – Q2 2019 VERSUS Q2 2018

(\$ in millions)



# OSB COMPARISON – 1H 2019 VERSUS 1H 2018

(\$ in millions)



# CASH FLOW

(\$ in millions)

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/(W) 2018	2019	B/(W) 2018
Beginning cash, cash equivalents and restricted cash	\$ 375	\$ (534)	\$ 892	\$ (50)
Adjusted EBITDA	53	(189)	111	(291)
Working capital	9	(30)	(73)	11
Interest (net)	—	(5)	(5)	(2)
Cash taxes (net)	(7)	30	(28)	12
Other operating	(2)	9	(5)	2
Operating cash flow	54	(184)	—	(268)
Cap Ex	(38)	6	(81)	6
Dividends	(17)	2	(33)	4
Share buybacks	—	39	(438)	(399)
Business acquisition	(7)	38	(7)	38
Proceeds from notes receivable	—	(22)	—	(22)
Other investing and financing	(5)	3	(10)	(1)
Net change in available cash	(13)	(118)	(570)	(643)
Entekra consolidation	—	—	40	40
Ending cash, cash equivalents and restricted cash	\$ 362	\$ (652)	\$ 362	\$ (652)

# 2019 GUIDANCE

Capital investment

**\$160M – \$170M**

Strand Siding revenue growth

**10%**

OSB OEE improvement<sup>1</sup>

**1.7 pts**

## LONG-TERM TARGETS

Volume from Structural Solutions<sup>2</sup>

**50%+**

Annual Siding Strand revenue growth

**10-12%**

Overall Siding EBITDA margin

**20%+**

Percentage of cash flow from operations to be returned to shareholders in excess of capital expenditures to sustain our core business and grow Siding and Structural Solutions<sup>2</sup>

**50%+**

1. Each percentage point of OEE improvement will either generate additional profit of ~ \$6M (at cycle average OSB price of \$260 on 7/16" basis) or reduce manufacturing costs by ~ \$3M.
2. Formerly Value-add OSB

# APPENDIX



# SIDING

\$ in millions

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/W 2018	2019	B/W 2018
Sales	\$ 238	\$ (23)	\$ 474	\$ (15)
Operating income <sup>a</sup>	37	(17)	70	(19)
Adj. EBITDA <sup>b</sup>	46	(17)	88	(19)
Adj. EBITDA Margin	19%	(5)	19%	(3)
<b>Percentage Changes:</b>				
Sales		(9)%		(3)%
Adj. EBITDA		(27)%		(18)%
<b>Volume:</b>				
Smart Side - strand		—%		4%
Smart Side - fiber		(12)%		(8)%
OSB		(59)%		(63)%
<b>Price:</b>				
Smart Side - strand		2%		4%
Smart Side - fiber		3%		5%
OSB		(54)%		(51)%

<sup>a</sup> Operating income equals sales less cost of sales and selling and administration directly associated with the segment.

<sup>b</sup> Adjusted EBITDA from continuing operations

# OSB

\$ in millions

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/W 2018	2019	B/W 2018
<b>Sales</b>	\$ 199	\$ (189)	\$ 407	\$ (293)
<b>Operating income<sup>a</sup></b>	(18)	(167)	(25)	(264)
<b>Adj. EBITDA<sup>b</sup></b>	(3)	(166)	5	(263)
<b>Adj. EBITDA Margin</b>	(2)%	(44)	1%	(37)
<b>Percentage Changes:</b>				
<b>Sales</b>		(49)%		(42)%
<b>Adj. EBITDA</b>		(102)%		(98)%
<b>Volume:</b>				
<b>OSB - Commodity</b>		(17)%		(12)%
<b>OSB - Structural Solutions<sup>c</sup></b>		5%		3%
<b>Price:</b>				
<b>OSB - Commodity</b>		(49)%		(43)%
<b>OSB - Structural Solutions<sup>c</sup></b>		(38)%		(32)%

<sup>a</sup> Operating income equals sales less cost of sales and selling and administration directly associated with the segment.

<sup>b</sup> Adjusted EBITDA from continuing operations

<sup>c</sup> Formerly Value-added OSB

# EWP

\$ in millions

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/W 2018	2019	B/W 2018
Sales	\$ 107	\$ (7)	\$ 197	\$ (22)
Operating income <sup>a</sup>	6	—	9	3
Adj. EBITDA <sup>b</sup>	10	(1)	17	—
Adj. EBITDA Margin	9%	—	8%	1
<b>Percentage Changes:</b>				
Sales		(6)%		(10)%
Adj. EBITDA		(10)%		2%
<b>Volume:</b>				
LVL		—%		(10)%
LSL		(20)%		(15)%
I-Joist		21%		(2)%
<b>Price:</b>				
LVL		—%		3%
LSL		5%		7%
I-Joist		(1)%		2%

<sup>a</sup> Operating income equals sales less cost of sales and selling and administration directly associated with the segment.

<sup>b</sup> Adjusted EBITDA from continuing operations

# LPSA

\$ in millions

	Quarter Ended June 30		Six Months Ended June 30	
	2019	B/W 2018	2019	B/W 2018
<b>Sales</b>	\$ 40	(5)	\$ 85	(3)
<b>Operating income<sup>a</sup></b>	7	(3)	15	(4)
<b>Adj. EBITDA<sup>b</sup></b>	9	(3)	19	(4)
<b>Adj. EBITDA Margin</b>	23%	(4)	23%	(3)
<b>Percentage Changes:</b>				
<b>Sales</b>		(11)%		(3)%
<b>Adj. EBITDA</b>		(23)%		(16)%
<b>Volume:</b>				
<b>OSB</b>		8%		15%
<b>Siding</b>		(42)%		(23)%
<b>Price:</b>				
<b>OSB</b>		(12)%		(15)%
<b>Siding</b>		—%		(2)%

<sup>a</sup> Operating income equals sales less cost of sales and selling and administration directly associated with the segment.

<sup>b</sup> Adjusted EBITDA from continuing operations