



# Louisiana-Pacific Corporation

Fall 2014  
Investor Presentation



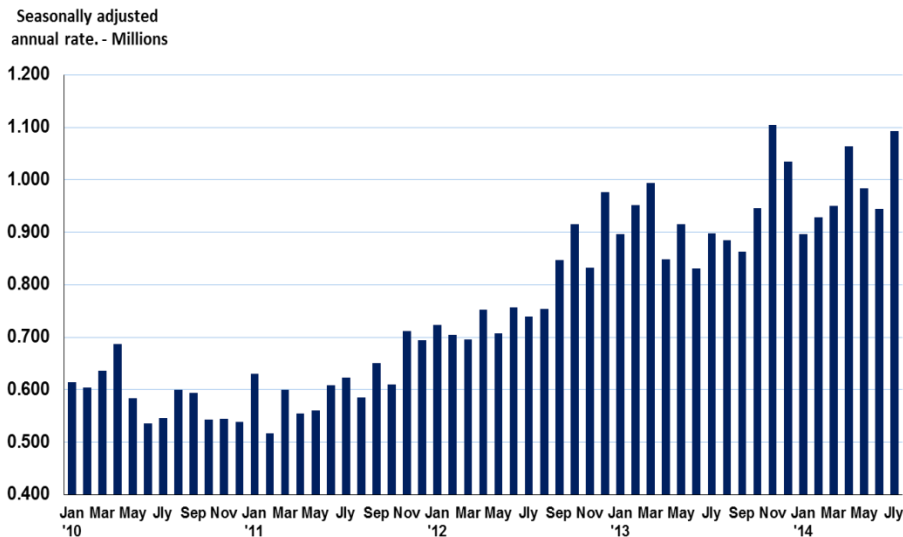
# Forward-Looking Statements

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. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, including the level of interest rates and housing starts, market demand for the company's products, costs for raw materials and prices for structural products; the effect of forestry, land use, environmental and other governmental regulations; the ability to obtain regulatory approvals, and the risk of losses from fires, floods and other natural disasters. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in the company's Securities and Exchange Commission filings.

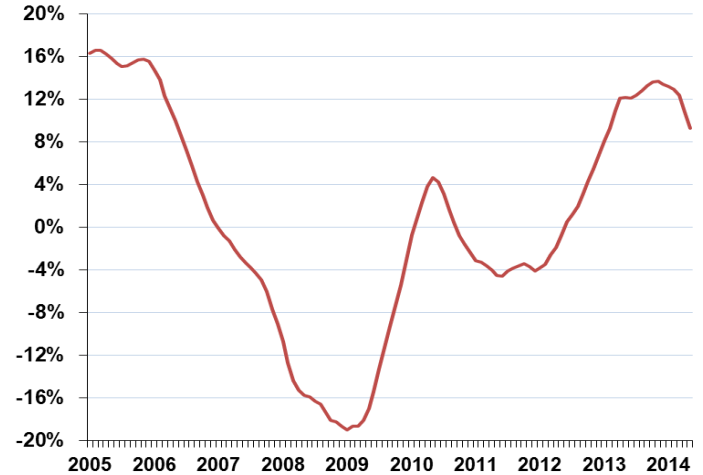
# Market Outlook – New Housing Demand

- Short-term ... what is happening?
  - Growing housing starts and permits but slower than anticipated
  - Strength in multi-family
  - Existing home sales up, new flat
  - Builder confidence improving

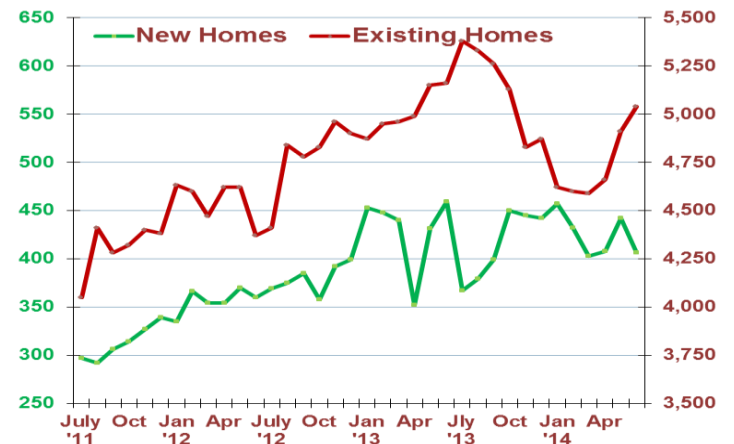
## U.S. Housing Starts



## S&P Case Schiller Home Price Index



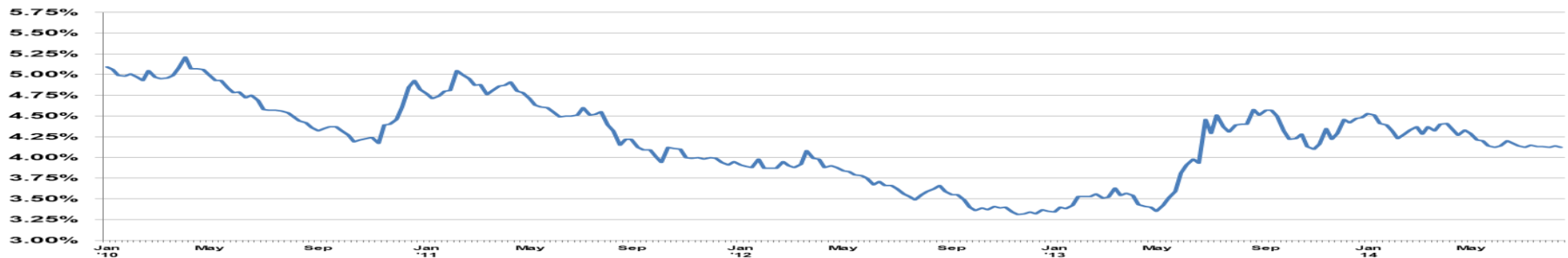
## New and Existing Home Sales



# Market Outlook – New Housing Demand

- What needs to happen for more growth?
  - Reasonable credit environment
    - Affordable mortgage rates
    - Lower credit standards
  - Improved employment and job growth
  - Productive political environment
  - Availability of construction labor

**30-Year Weekly Average Mortgage Rate**



# Market Outlook – New Housing Demand

- Mid-term ... economic recovery fuels turnaround
  - Housing forecasts for 2014 and into 2015 show increases (August average: 2014 – 1.008 million; 2015 – 1.241 million)\*
  - Job growth which leads to household formation is key
  - Cost of ownership lower than rental in many markets
- Long-term ... a return to normalized housing starts
  - Positive long-term trends and demographics including: household formations, immigration, and low interest rates
  - New housing starts should return to the 1.5 million level based on demographics\*\*
  - Pending housing shortage?

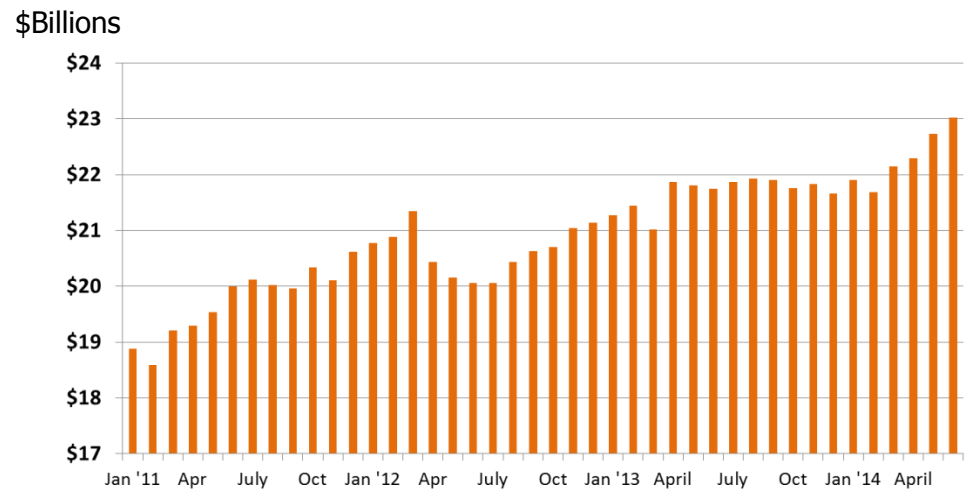
\* APA August 19, 2014 Report

\*\* Source: The State of the Nation's Housing – 2014, *Joint Center for Housing Studies of Harvard University*

# Market Outlook – Other Demand

- Repair / remodel demand recovering
- Opportunistic exports
- Commercial and light industrial construction edging higher

## Retail Sales – Building Materials and Supplies





# A Leader in its Markets



## OSB

- # 1 producer of OSB in North America
- Positioned to compete in all geographic markets
- Competitive delivered cost
- Largest number of OSB mills in North America with 5.8 bsf of capacity
- Leading producer of value-added OSB



## Siding

- # 1 producer of engineered wood siding
- 6 Siding plants with 1.3 bsf of capacity
- Diversified end markets with stable pricing
- Strong retail presence
- Competitive installed cost



## Engineered Wood Products

- # 3 producer in North America
- # 1 producer of solid sawn I-joist
- A leading supplier to two-step distribution
- 2 LVL and 1 LSL plant with 16.4 mm cubic feet capacity and 220 mmlf of I-Joist capacity

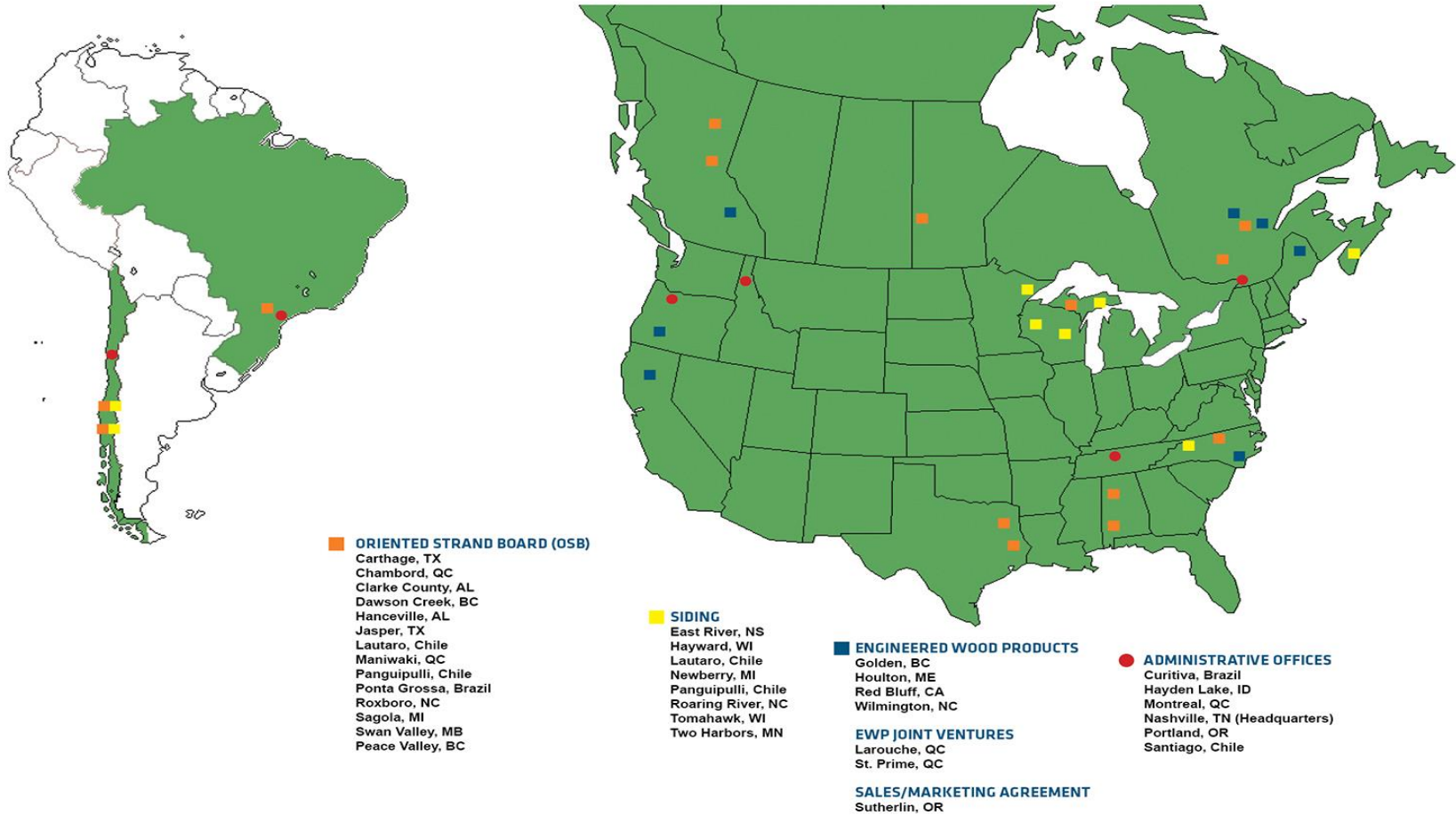


## South America

- Only producer of OSB in South America
- 2 OSB plants in Chile with 290 mmsf of capacity
- 1 OSB plant in Brazil with 390 mmsf of capacity
- Growing demand for wood-based residential construction

# Strategically Located Facilities

Strategic location of plants drives efficient order-fulfillment, shipping and distribution of finished products





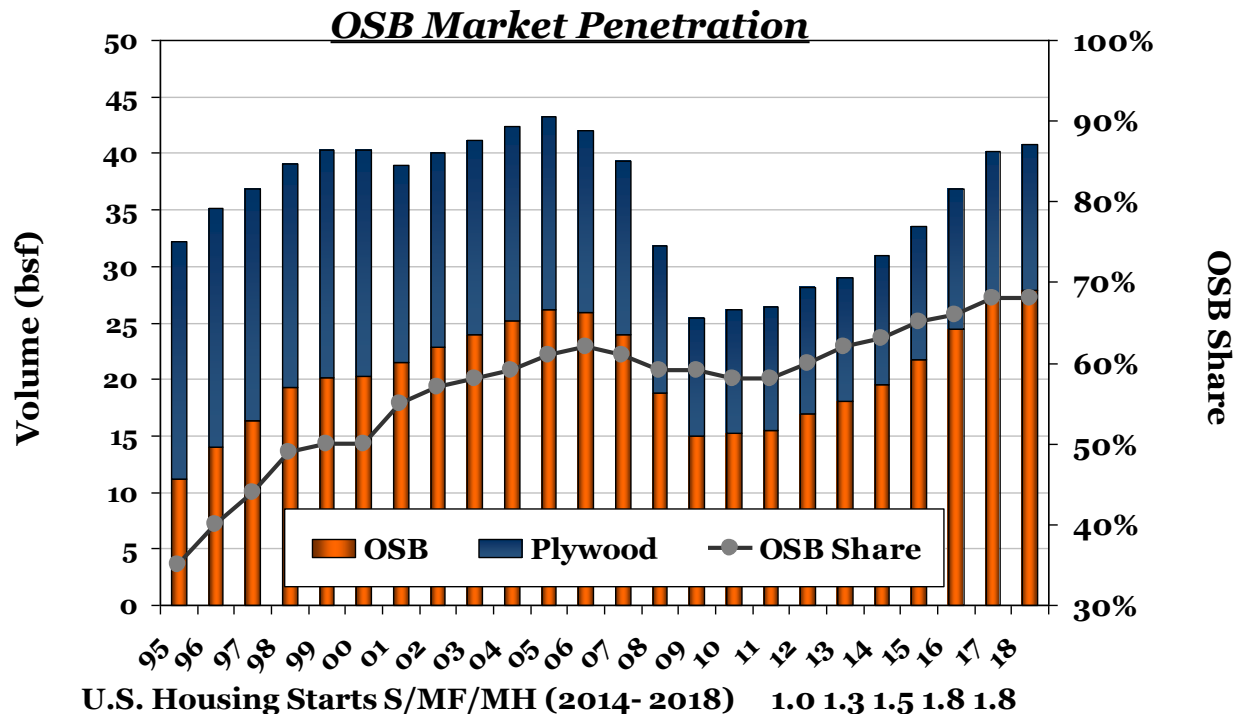
# Attractive OSB Outlook Driven By Strong Fundamentals

## Key Drivers of OSB Demand

- OSB substitution for plywood
- New residential construction
- Repair/remodeling
- Industrial/light commercial
- Opportunistic export

## LP Key Strategies

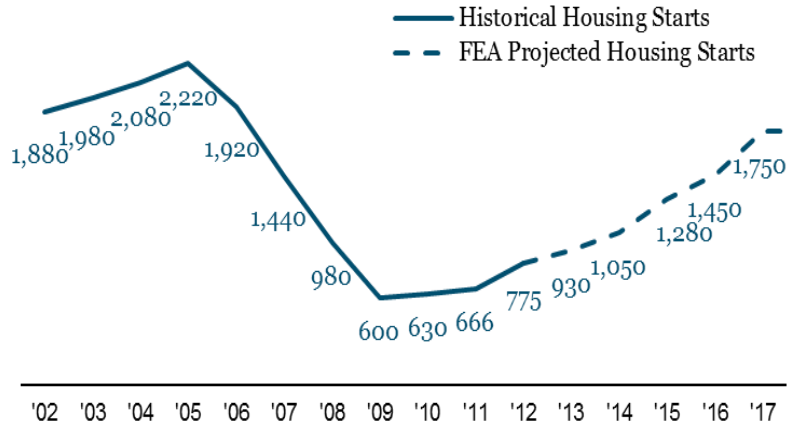
- Be agile: Meet our customers needs
- Provide competitive delivered cost
- Deliver superior quality and service
- Grow value-added OSB



# Significant Operating Leverage, Positioned for Demand Recovery – OSB

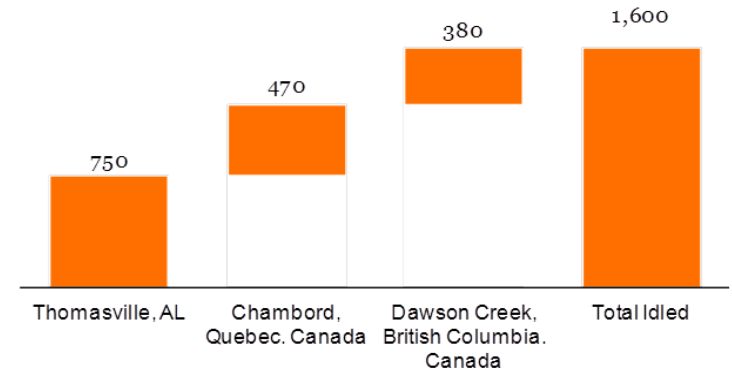
(housing starts – s/m/mf in thousands)

## Upside from Projected Housing Start Rebound



(capacity in million sq feet)

## Additional Capacity from LP's Idled OSB Facilities



- Available LP actions to meet our customers demand
  - Add shifts in Canadian mills for of an additional 0.6 bsf at marginal fixed cost to LP
  - Thomasville, AL started in Q2 2013 ... estimated 2014 capacity 0.5 bsf
  - Dawson Creek started in late Q2 2013 on limited shifts
- Strategic location and competitive delivered cost further enhance our ability to capture upside

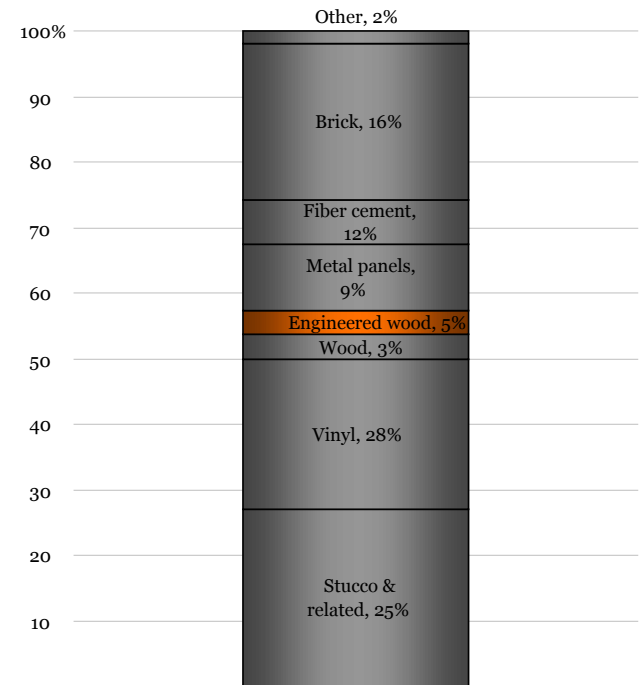
# SmartSide to Leverage Strong Presence in Several Markets into Broader Share Gains

## Strong Stability

- LP currently has 80%+ share of the \$550 million engineered wood siding sub-sector
- Revenues and operating income for Siding segment less sensitive to changes in housing starts due to diversity of end markets
- Opportunity to grow total available market to ~\$3 billion as engineered wood siding continues to displace fiber cement, vinyl and wood



## Growth Market Opportunity: Capturing Share from Wood, Fiber cement, and Vinyl



**Total 2011 Siding Market: \$9.6bn  
(Normalized: \$11bn)**

# Builder View of LP Siding Single Family New Construction

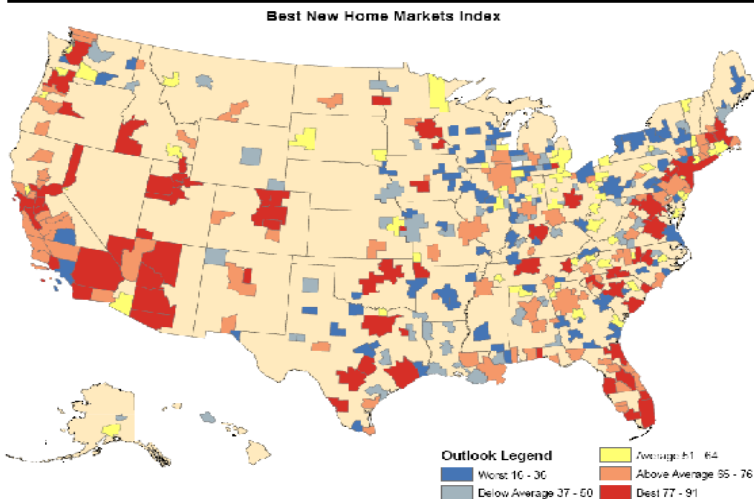
## Builder Major Concerns

- Land, labor, financing and regional economics
- Selling homes
- Operational efficiency

## LP program offering

- Partner, promote & protect
  - Focus on coop advertising to increase model home traffic
  - Builds builder's brand in market
  - Ties builder's brand and LP thus increasing retention
- Higher performance cladding
  - Easier installation and finishing
  - Reduced call backs
  - Better aesthetic performance help improve builder image
  - 5/50 warranty helps sell through

## Best Markets for Home Building



# Remodeler View of LP Siding

## Remodeler Major Concerns

- Getting leads
- Closing leads
- Differentiation
- Right products for jobs
- Installation guidance

## LP program offering

- LP BuildSmart program
  - Training on localized marketing to produce leads
  - Training on in home selling
  - Certification to enhance image with consumers
  - Wide selection of skus to fit multiple architectural styles
  - Prefinish network increasing design options fit to local trends
- Online consumer brand awareness campaigns
  - Social media to build credible brand via 3<sup>rd</sup> parties
  - Increases likelihood of consumer requesting or accepting LP Sidings
- 5/50 warranty helps convince consumers of product durability



# Shed Fabricator View of LP Siding

## Fabricator Major concerns

- Differentiation
- Materials specifically for sheds
- Increased dealer lots
- Increased traffic to dealer lots
- Sales training at dealer lots



## LP program offering

- Panel products enhanced for open wall applications
  - SmartFinish & SilverTech panels
  - SilverTech roofing
  - ProStruct flooring
- POS merchandising to increase consumer traffic
- Dealer training on LP product value
- Online consumer awareness campaign
  - Directs consumers to dealer lots with LP Sheds
  - Educates consumers on LP product value over plywood competitors
- Warranties are unique to this industry



# DIY'er View of LP Siding

## DIY'er Major Concerns

- Material selection for projects
- Installation guidance
- Availability of materials



## LP program offering

- Multiple products available at over 5,000 consumer and pro retail locations
- Online information on materials, installation and project guidance
- In store merchandising to guide DIY'ers on material selection by project type and installation guidance
- Product packaging graphics replicating merchandising messaging
- Warranties position LP products as superior to in aisle competitors

# Ongoing Displacement of Lumber by EWP Provides Significant Growth Potential

The “LP EWP House”

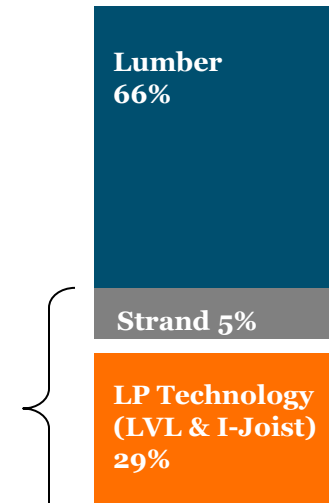


- EWP offers superior technology over traditional lumber
  - Design flexibility, consistency, higher quality
- Significant room for additional displacement exists
  - Potential for EWP to capture half of traditional lumber market
- Continue international and non-residential growth

## Total North American EWP Potential Market

SCL & I-Joist: ~5 BBF <sup>(1)</sup>

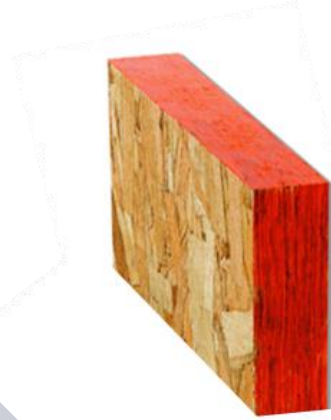
Current EWP Market:



Source: APA -The Engineered Wood Association, I-Joist Market Report (August 2012), APA - Beam & Header Use in U.S., APA – The Engineering Wood Association, Beam and Header Market Report (September 2012)

<sup>1</sup> Volume based on 1 million housing starts.

# What's Next for Strand Lumber?



Lumber  
Capacity  
Stress

LVL  
Capacity  
Stress

Strand  
Lumber  
Growth



# South America

- Only producer of OSB in South America ... 680 mmsf of capacity
- Chile
  - 2 Chilean mills support local growth
  - Seeding other South American markets
  - Started process to add capacity in Chile
- Brazil
  - Early stages of adapting wood into residential construction
  - Export markets – other South American countries, Asia and other countries



# LP Positioned for Upside As Market Continues to Recover

## ▪ A Leading Participant in the Housing Upturn

- Significant commitment to meet the future demand in all segments
- Strong sales and marketing coupled with enhanced operational productivity

## ▪ Upside Opportunity

- Large, stable, growing specialty offering
- Important supplier to industrial, non-residential and R & R markets
- Geographic diversification

## ▪ Strategy

- Maintain a strong balance sheet
- Selective acquisitions that enhance product or geographic diversification
- Implement high return capital projects
- Cost-effectively add capacity as demanded by the market

