



**Q2 2020 EARNINGS PRESENTATION**

August 4, 2020

# FORWARD LOOKING STATEMENTS

This news release 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: impacts from public health issues (including global pandemics, such as the COVID-19 pandemic and resulting quarantines) on the economy, demand for our products or our operations, including the responses of governmental authorities to contain such public health issues; changes in governmental fiscal and monetary policies, including tariffs, and levels of employment; changes in general economic conditions, including impacts from the COVID-19 pandemic; 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 financial or business conditions of third-party wholesale distributors and dealers; 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; difficulties in the launch or production ramp-up of newly introduced products; unplanned interruptions to our manufacturing operations, such as explosions, fires, inclement weather, natural disasters, accidents, equipment failures, labor disruptions, transportation interruptions, supply interruptions, public health issues (including pandemics and quarantines), riots, civil insurrection or social unrest, looting, protests, strikes and street demonstrations; changes in other significant operating expenses; changes in currency values and 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; warranty costs exceeding our warranty reserves; challenge or exploitation of our intellectual property or other proprietary information by others in the industry; changes in the funding requirements of our defined benefit pension plans; 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.

For additional information about factors that could cause actual results, events, and circumstances to differ materially from those described in the forward-looking statements, please refer to LP's filings with the Securities and Exchange Commission. Except as required by law, LP undertakes no obligation to update any such forward-looking statements to reflect new information, subsequent events or circumstances.

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

During the course of this presentation, certain non-GAAP financial measures will be presented. Non-GAAP financial measures should be considered only as a supplement to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the earnings release filed as an exhibit to LP's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 4, 2020 and the Appendix of this presentation for a reconciliation of non-GAAP financial measures. It should be noted that other companies may present similarly titled measures differently, and therefore, such measures as presented by LP may not be comparable to similarly-titled measures reported by other companies.

# HIGHLIGHTS

# Q2 2020 HIGHLIGHTS

## Transformation Continues

- SmartSide strand revenue growth of 4% compared to Q2-19, despite Single-Family housing starts decline of 13%
- \$15M EBITDA Impact from Growth and Efficiency
- Siding completed strategic exit of fiber
- OEE continues to exceed targets

## Strong Cash Generation

- \$97M EBITDA, \$44M improvement vs. Q2 2019
- \$129 Operating cash flow, \$76M improvement vs. Q2 2019
- Repaid balance of revolving credit line

## Direct COVID-19 Impact Through Q2

- Very few employee cases, all have recovered or are recovering
- Only minor disruptions to supply chain and manufacturing
- Homebuilding and building product demand bottomed in April before rebounding sharply through the quarter

# COVID-19 UPDATE

## Safety

- Employees who can work from home are continuing to do so
- Maintaining protocols to minimize transmission risk at manufacturing facilities
- No production impacts from the few COVID-19 cases at facilities

## Liquidity

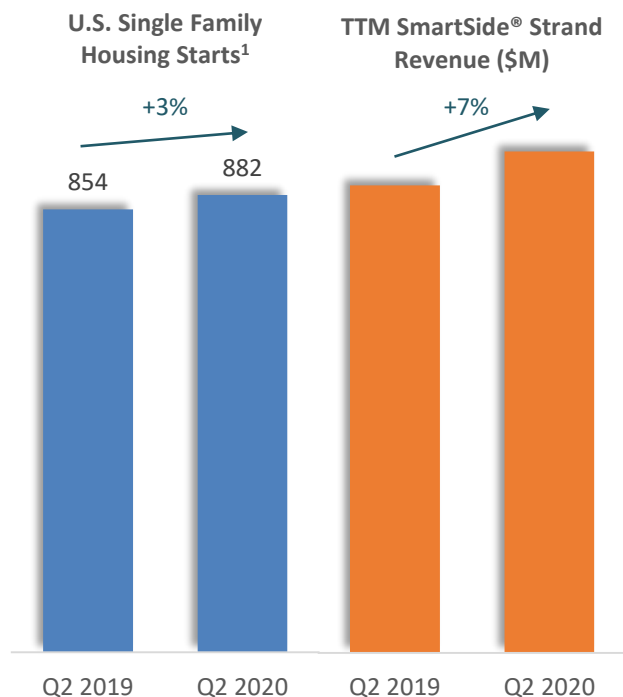
- Strong balance sheet with \$259M cash on hand at end of Q2
- Completed sale of CanExel, receiving \$14 million in cash proceeds
- Amended credit facility to expand capacity from \$350 million to \$550 million
- Repaid the entire \$350 million of revolving credit drawn in March

## Agility

- Mill operating schedules reduced in April
- Resumed full operating schedules by quarter end
- Exceptionally low cost of production despite volatile quarter

# TRANSFORMATION

## 2020 Q2 YTD vs 2019 Q2 YTD



### SmartSide Strand Growth (Q2 TTM)

Segment	Growth	Efficiency	Total
<b>2019 EBITDA Impact</b>	<b>\$28</b>	<b>\$40</b>	<b>\$68</b>
Siding	\$5	\$4	\$9
OSB	\$10	\$5	\$15
EWP, LPSA, Corporate	<u>\$0</u>	<u>\$5</u>	<u>\$5</u>
<b>2020 EBITDA Impact</b>	<b>\$15</b>	<b>\$13</b>	<b>\$28</b>
<b>Cumulative EBITDA Impact</b>	<b>\$43</b>	<b>\$53</b>	<b>\$96</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, 2020

<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

# FINANCIAL PERFORMANCE

(\$ in millions, except per share amount)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	B/(W) 2019	2020	B/(W) 2019
Sales	\$ 548	\$ (40)	\$ 1,133	\$ (37)
Cost of sales	(431)	79	(908)	(103)
Gross profit	117	39	225	66
SG&A	(50)	8	(105)	9
Impairments	(8)	(8)	(15)	(14)
Other charges and credits	(6)	(9)	(8)	(9)
Income from operations	53	30	97	52
Non-operating income (expense)	(3)	1	(5)	(13)
Provision for taxes	(19)	(16)	(28)	(17)
Net income	31	15	64	22
Noncontrolling interest	2	—	2	—
Net income attributed to LP	\$ 33	\$ 16	\$ 66	\$ 22
Diluted EPS from continuing operations	\$ 0.29	\$ 0.15	\$ 0.58	\$ 0.24
Adjusted Diluted EPS	\$ 0.43	\$ 0.32	\$ 0.77	\$ 0.54
Average Shares Outstanding - Diluted	113	(11)	113	(15)



# REVENUE AND EBITDA BY SEGMENT

(\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	B/(W) 2019	2020	B/(W) 2019
<b>Sales</b>				
Siding	\$ 220	\$ (11)	\$ 432	\$ (18)
OSB	204	5	424	17
EWP	79	(28)	178	(19)
South America	38	(2)	74	(11)
Other	7	(7)	25	(10)
Intersegment	—	3	—	4
	<u>\$ 548</u>	<u>\$ (40)</u>	<u>\$ 1,133</u>	<u>\$ (37)</u>
<b>Adjusted EBITDA</b>				
Siding	\$ 51	\$ 6	\$ 93	\$ 9
OSB	46	49	81	76
EWP	3	(7)	12	(5)
South America	11	2	18	(1)
Other	(5)	(4)	(8)	(8)
Unallocated	(9)	(2)	(16)	(2)
	<u>\$ 97</u>	<u>\$ 44</u>	<u>\$ 180</u>	<u>\$ 69</u>

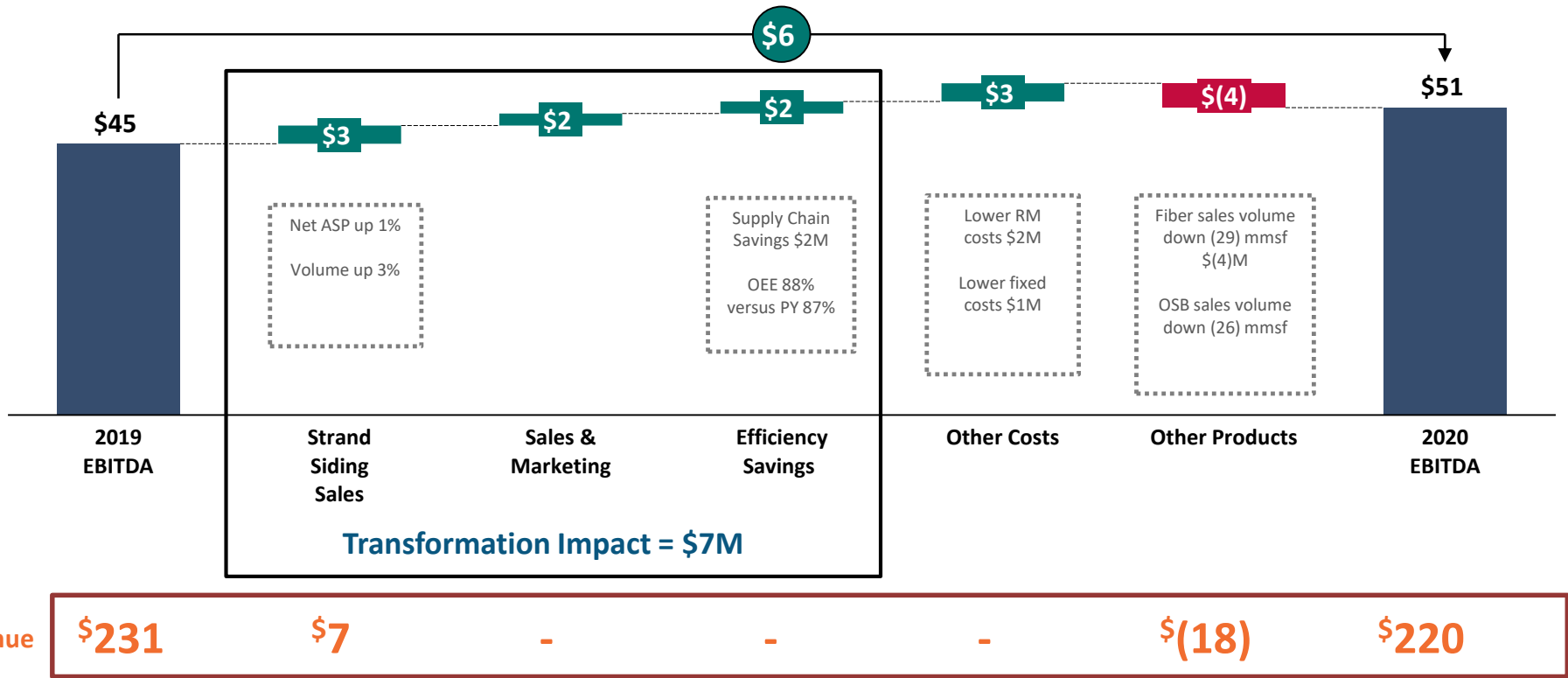
# CASH FLOW

(\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Beginning cash</b>	\$ 488	\$ 375	\$ 195	\$ 892
Adjusted EBITDA	97	53	180	111
Working Capital	34	9	(47)	(75)
Interest (net)	(2)	—	(12)	(4)
Cash taxes (net)	—	(7)	2	(28)
Other operating	—	(1)	(3)	(4)
<b>Operating cash flow</b>	<b>129</b>	<b>54</b>	<b>120</b>	<b>—</b>
Cap Ex	(15)	(38)	(39)	(81)
Borrowing/Repayment of debt	(350)	—	—	—
Share buybacks	—	—	—	(438)
Dividends	(17)	(17)	(33)	(33)
Business acquisitions & divestiture	14	(7)	14	(7)
Other investing and financing	10	(5)	2	29
<b>Net change in cash</b>	<b>(229)</b>	<b>(13)</b>	<b>64</b>	<b>(530)</b>
<b>Ending cash</b>	<b>\$ 259</b>	<b>\$ 362</b>	<b>\$ 259</b>	<b>\$ 362</b>

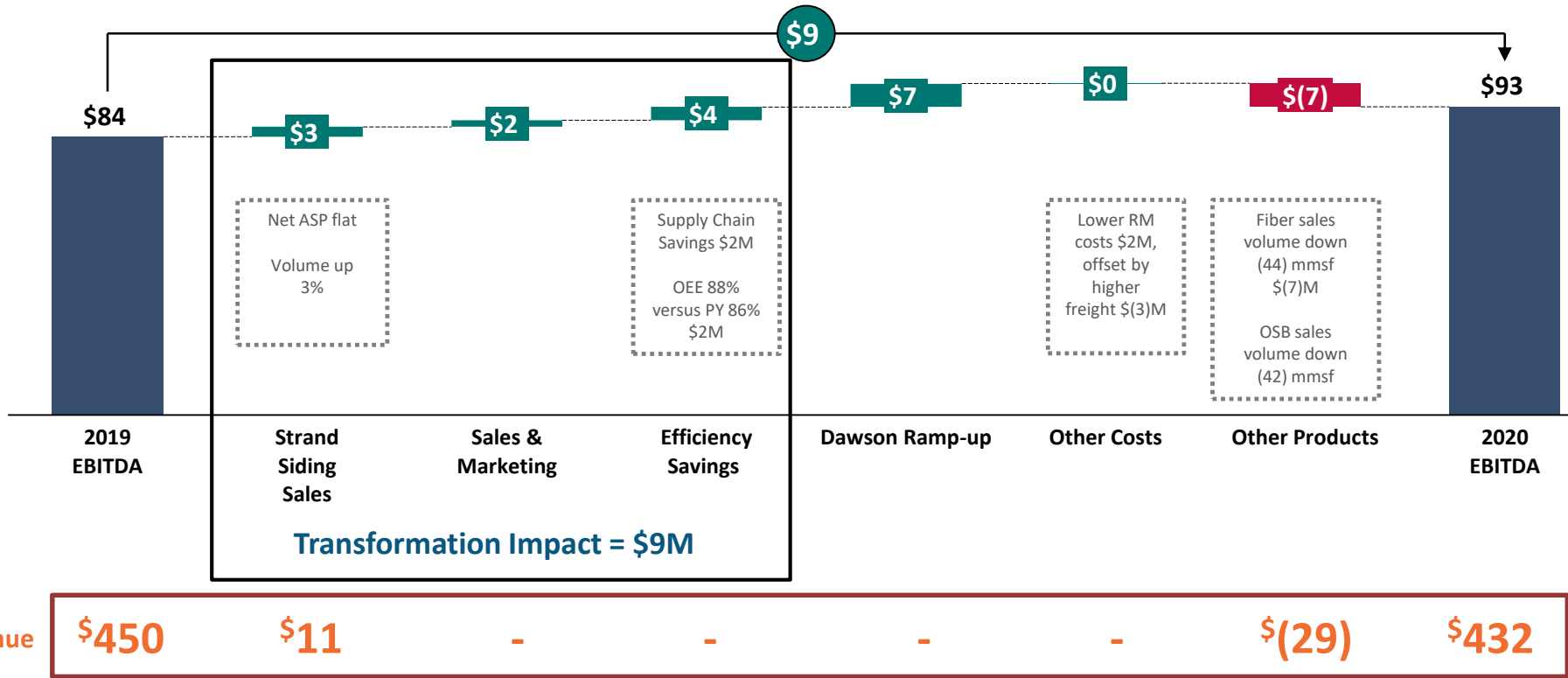
# SIDING – Q2 2020 VS Q2 2019

(\$ in millions)



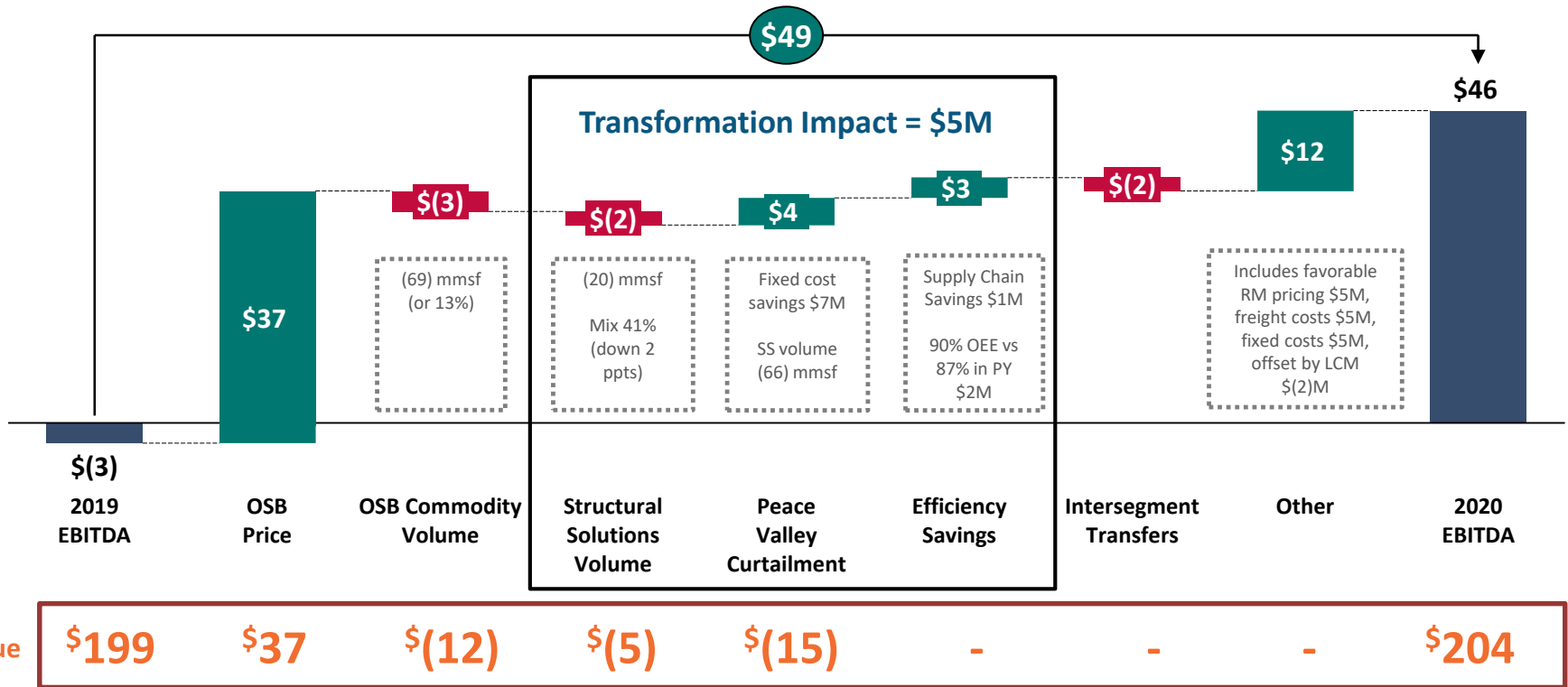
# SIDING – YTD 2020 VS YTD 2019

(\$ in millions)



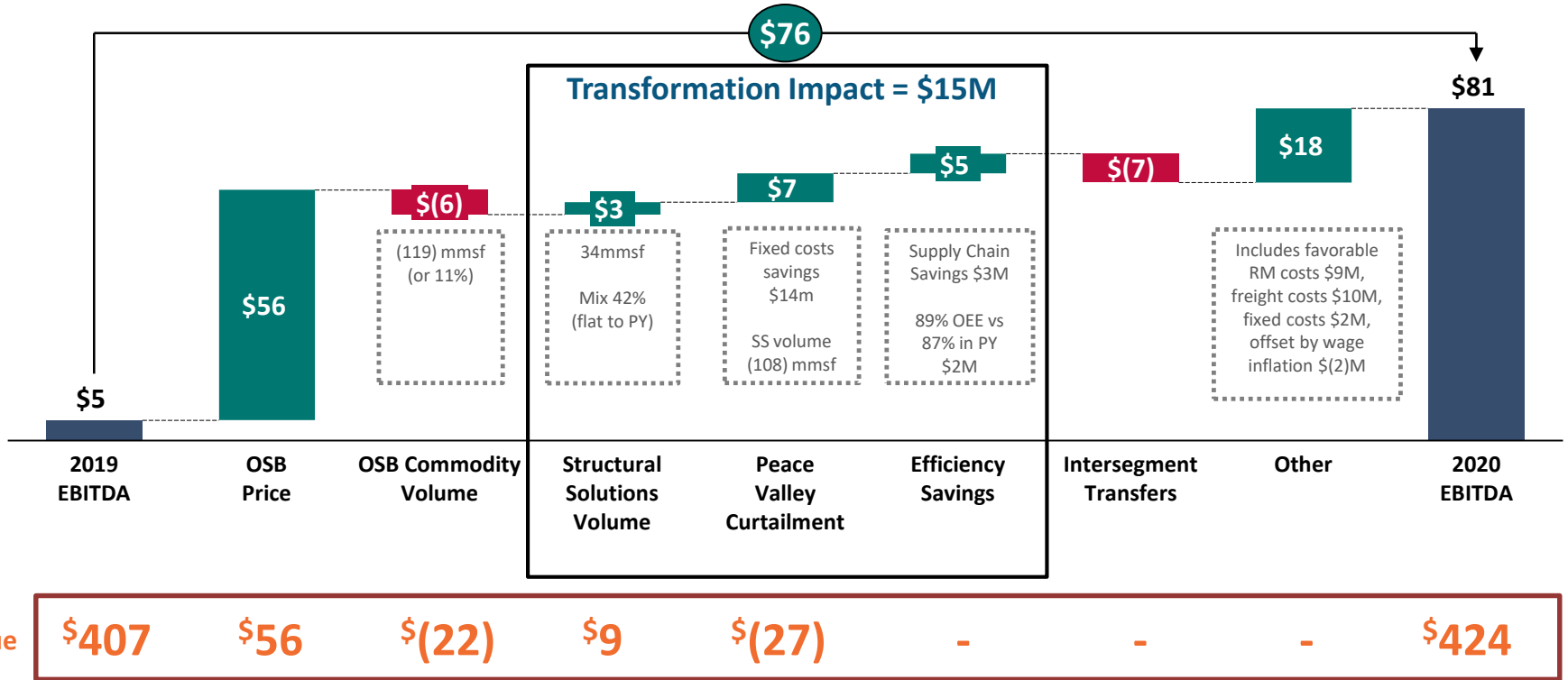
# OSB – Q2 2020 VS Q2 2019

(\$ in millions)



# OSB – YTD 2020 VS YTD 2019

(\$ in millions)



**APPENDIX**

# RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income</b>	\$ 31	\$ 16	\$ 64	\$ 42
Add (deduct):				
Noncontrolling interest	2	2	2	2
Income attributed to LP	33	17	66	44
Provision for income taxes	19	3	28	11
Depreciation and amortization	28	29	56	60
Stock-based compensation expense	1	3	3	5
Loss on impairment attributed to LP	7	—	14	1
Other operating credits and charges, net	(4)	(3)	(2)	(1)
Product-line discontinuance charges	10	—	10	—
Interest expense	6	4	12	8
Investment income	(4)	(2)	(3)	(7)
Other non-operating items	1	2	(4)	(9)
<b>Adjusted EBITDA</b>	<b>\$ 97</b>	<b>\$ 53</b>	<b>\$ 180</b>	<b>\$ 111</b>



# RECONCILIATION OF NET INCOME TO ADJUSTED INCOME

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<b>Net income</b>	\$ 31	\$ 16	\$ 64	\$ 42
Add (deduct):				
Noncontrolling interest	2	2	2	2
Income attributed to LP	33	17	66	44
Loss on impairment attributed to LP	7	—	14	1
Other operating credits and charges, net	(4)	(3)	(2)	(1)
Product-line discontinuance	10	—	10	—
Gain on acquisition of controlling interest	—	—	—	(14)
Reported tax provision	19	3	28	11
Adjusted income before tax	65	18	116	40
Normalized tax provision at 25%	(16)	(5)	(29)	(10)
<b>Adjusted Income</b>	<b>\$ 49</b>	<b>\$ 13</b>	<b>\$ 87</b>	<b>\$ 30</b>
Diluted share outstanding	113	124	113	128
<b>Adjusted Diluted EPS</b>	<b>\$ 0.43</b>	<b>\$ 0.11</b>	<b>\$ 0.77</b>	<b>\$ 0.23</b>