

# Louisiana-Pacific Corporation

Q1 2004 Results

April 28, 2004

These slides were prepared and should be read in conjunction with a webcast presentation and earnings release by LP's management on April 28, 2004 relating to LP's financial condition and results of operations as of and for the quarter ended March 31, 2004. LP does not intend to update these slides. Accordingly, you should not assume that the information contained in these slides will continue to be accurate as of any date after April 28, 2004.



# Forward Looking Statement

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, 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.

# 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 Presentations section.

# Financial Results – Quarterly

Dollars in millions, except per share amounts

	<u>2004</u>	<u>2003</u>
<u>Quarterly (March 31)</u>		
Net sales	\$ 695	\$ 407
Income from continuing operations	\$ 116	\$ 2
Income (loss) from discontinued operations	\$ (6)	\$ (1)
Net income	\$ 110	\$ 1
Diluted EPS from continuing operations	\$ 1.06	\$ 0.02
Diluted EPS	\$ 1.01	\$ 0.01

# Reconciliation of Special Items

	<u>Q1 2004</u>	<u>Q1 2003</u>
Income (loss) from continuing operations	\$ 116	\$ 2
<b>Less “special items”:</b>		
(Gain) loss on sale or impairment of long-lived assets	9	(13)
Other operating credits and charges	1	---
Loss on early extinguishment of debt	<u>40</u>	<u>---</u>
Total	50	(13)
Provision (benefit) for income taxes	<u>19</u>	<u>(5)</u>
After tax effect of “special items”	<u>31</u>	<u>(8)</u>
Adjusted income (loss) from operations excluding “special items”	<u>\$ 147</u>	<u>\$ (6)</u>
Adjusted income (loss) from operations excluding “special items” per diluted share	<u>\$1.35</u>	<u>\$(0.05)</u>

# OSB

	<u>Q1 04</u>	<u>Q1 03</u>	<u>Change</u>
Sales	\$ 455	\$ 195	133%
Profit <sup>a</sup>	\$ 254	\$ 17	1394%
DDA	\$ 21	\$ 19	
Sales volume			10%
Price			114%

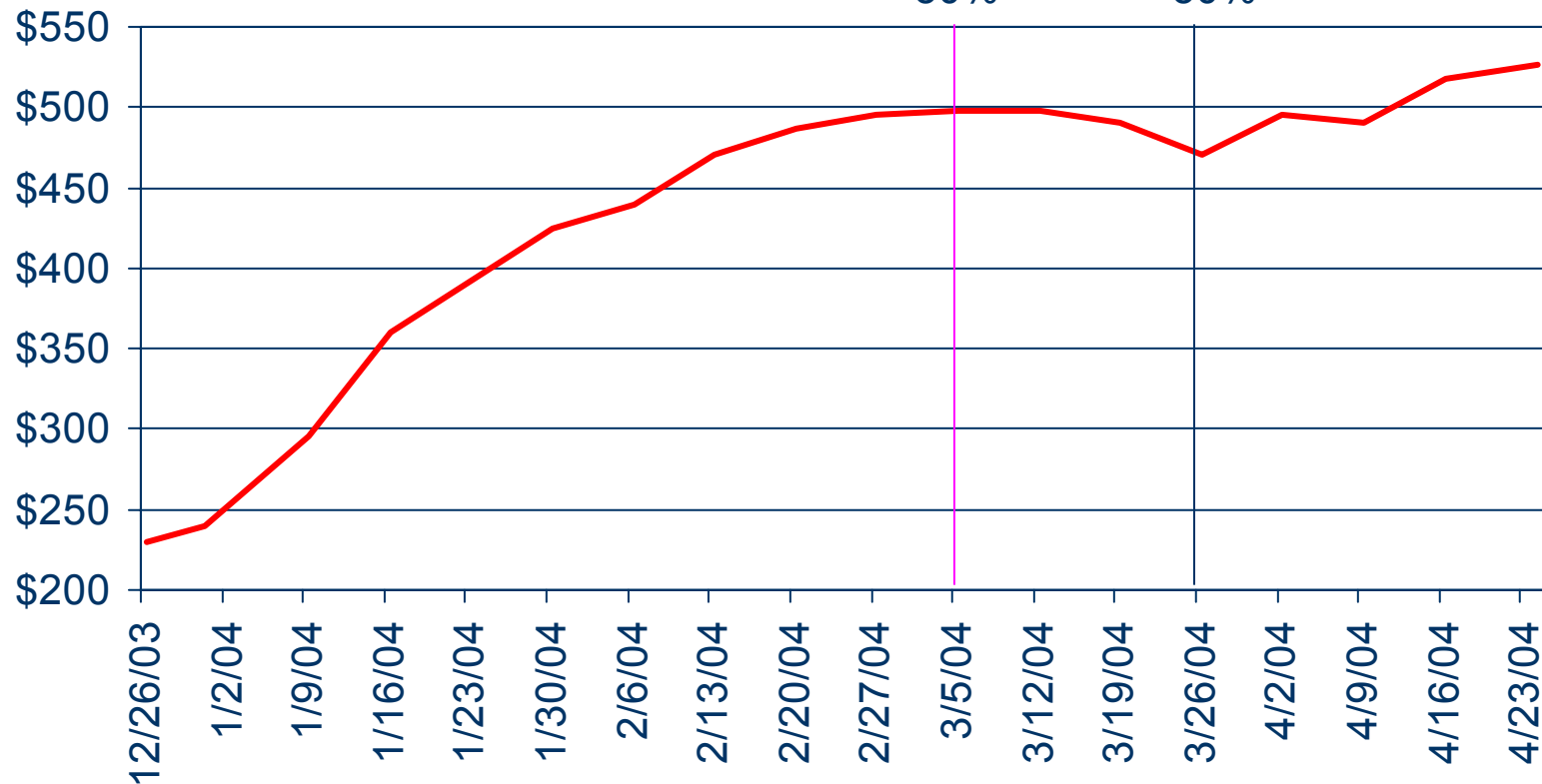
<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment

# Weekly Random Lengths Price

OSB 7/16" BASIS NORTH CENTRAL

Price time  
of order  
50%

Price time  
of shipment  
50%



Using Random Lengths' reported averages –  
open market (assuming 3 week order file) = \$380  
contract wood - \$410  
overall Random Lengths' average - \$428

# Composite Wood Products

	<u>Q1 04</u>	<u>Q1 03</u>	<u>Change</u>
Sales	\$ 104	\$ 89	17%
Profit <sup>a</sup>	\$ 14	\$ 9	56%
DDA	\$ 4	\$ 4	
Sales volume:			
Smart Side			32%
Commodity OSB			-92%
Hardboard			16%
Price:			
Smart Side			1%
Commodity OSB			114%
Hardboard			1%

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment



# Plastic Building Products

	<u>Q1 04</u>	<u>Q1 03</u>	<u>Change</u>
Sales	\$ 53	\$ 43	23%
Profit <sup>a</sup>	\$ 3	\$ 3	--
DDA	\$ 2	\$ 2	
Sales volume:			
Vinyl			7%
Moulding			14%
Decking			33%
Price:			
Vinyl			10%
Moulding			-1%
Decking			9%

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and selling and administration directly associated with the segment

# Engineered Wood Products

	<u>Q1 04</u>	<u>Q1 03</u>	<u>Change</u>
Sales	\$ 78	\$ 60	30%
Profit <sup>a</sup>	\$ (1)	\$ (1)	--%
DDA	\$ 4	\$ 3	
Sales volume:			
LVL			37%
I-Joist			22%
Price:			
LVL			5%
I-Joist			4%

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment

# Expected Annual Tax Rates

Applied to year-to-date income (loss)

	Tax (Benefit) <u>Provision</u>	Annual <u>Rate</u>
Continuing operations	\$ 67	37%
Discontinued operations	<u>( 4)</u>	<u>39%</u>
Total provision	<u>\$ 63</u>	<u>36%</u>

Based upon projected annual income as of March 31, 2004.

# Balance Sheet and Other Statistics

(in millions, except per share amounts)

	March 31, <u>2004</u>	December 31, <u>2003</u>
Total cash <sup>1</sup> and investments	\$886	\$1,037
Working capital	\$979	\$1,022
Net debt	(\$446)	(\$405)
Capital expenditures YTD	\$28	
Depreciation, amortization and cost of timber harvested (continuing operations)	\$33	
Book value per share	\$13.27	\$12.31

<sup>1</sup> Includes both restricted and unrestricted

# Financial / Cash Strategies

- Operating cash balances to accommodate normal cyclicity of \$250 - \$300 million
- Cash pegged to retire \$215 million of debt due or callable in 2005
- Discretionary cash uses could include (subject to Board decisions):
  - Increase regular dividend (over time) to approximately 30-40% of normalized earnings
  - Acceleration of high return capital projects
  - Selective acquisitions at the right time and price
  - Opportunistic share repurchases
  - Consideration of “special dividends”

# Appendix

	<u>3/31/04</u>	<u>12/31/03</u>
<u>Calculation of "Working Capital":</u>		
Current assets	\$ 1,277	\$ 1,325
Current liabilities	<u>298</u>	<u>303</u>
Working capital	\$ <u>979</u>	\$ <u>1,022</u>
<u>Calculation of "Net Debt":</u>		
Long term debt	\$ 828	\$ 1,021
Current portion long term debt	9	8
Notes receivable from asset sales	(397)	(397)
Total cash and investments(see pg 16)	<u>(886)</u>	<u>(1,037)</u>
Net debt	\$ <u>(446)</u>	\$ <u>(405)</u>

	<u>3/31/04</u>	<u>12/31/03</u>
<u>Calculation of “Total Cash and Investments”:</u>		
Restricted cash	\$ 111	\$ 111
Marketable securities	236	---
Cash and cash equivalents	<u>539</u>	<u>926</u>
Total cash and investments	<u>\$ 886</u>	<u>\$1,037</u>



# Glossary

DDA -- depreciation, depletion (cost of timber harvested) and amortization

OSB -- oriented strand board

LVL -- laminated veneer lumber