



# Louisiana-Pacific Corporation

Investor Presentation  
Fall 2017



# Forward-Looking Statements

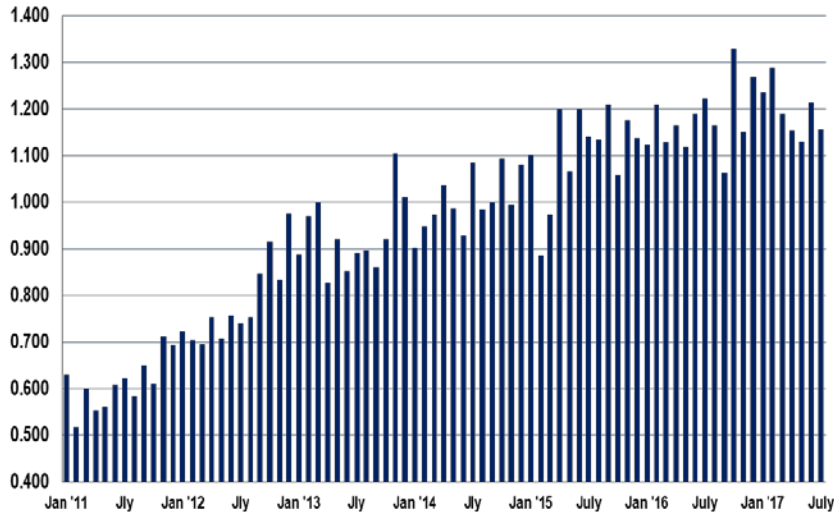
This presentation contains statements concerning Louisiana-Pacific Corporation's (LP) future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties 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 ... single family improving
  - Existing and new home sales up
  - Builder confidence strong
  - Increasing household formations

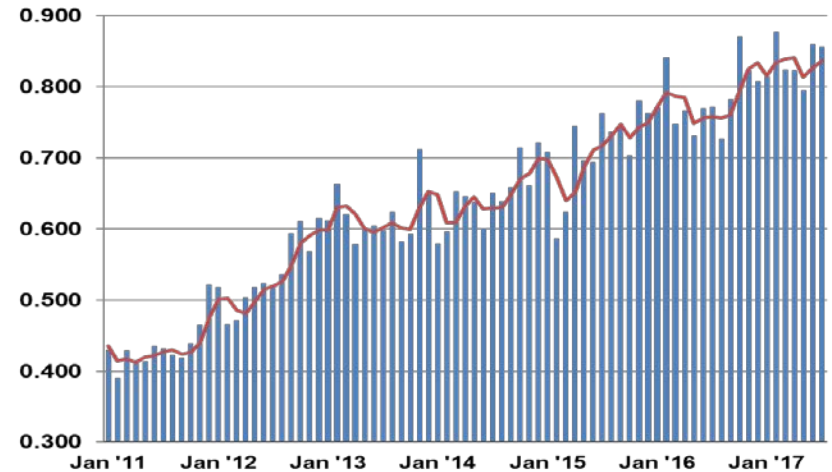
## U.S. Housing Starts

Seasonally adjusted  
annual rate - Millions



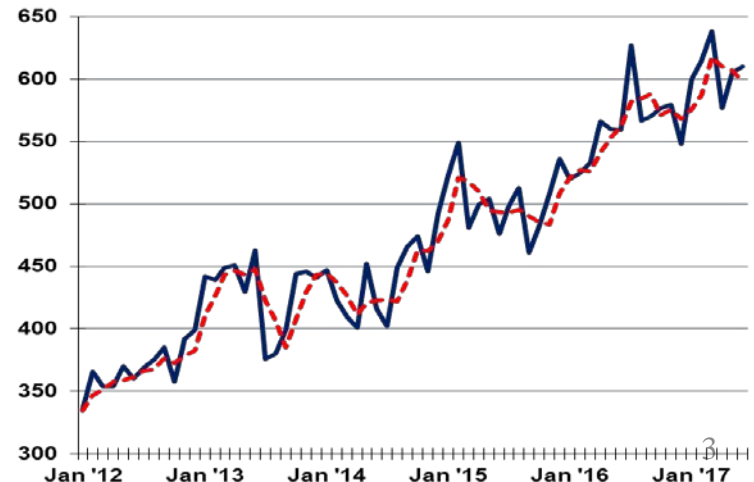
Source: APA August 16th, 2017 Report

## Single-family Starts



## New Home Sales

Thousands

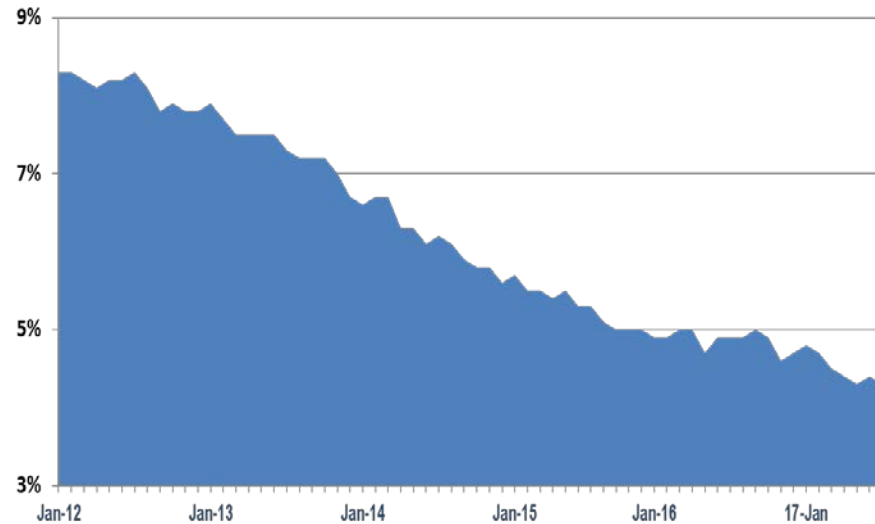


# Market Outlook – New Housing Demand

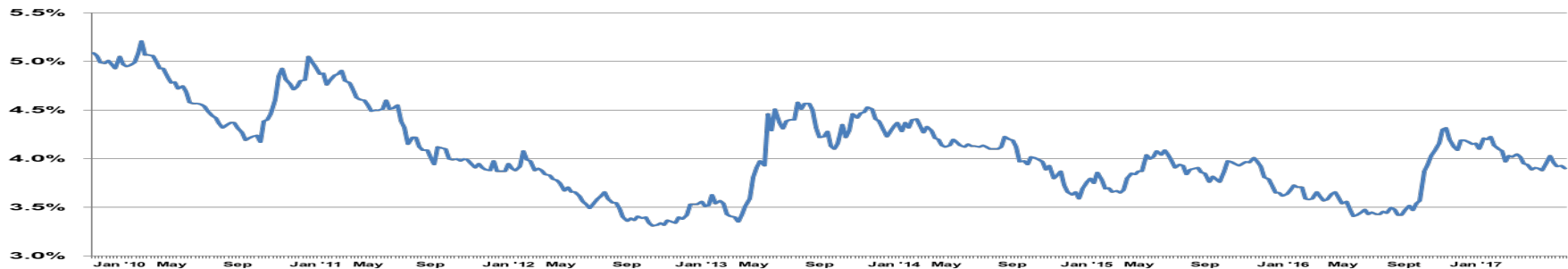
What needs to happen for more growth?

- Availability of construction labor
- Available lots
- Reasonable credit environment, affordable rates and appropriate regulations
- Continued employment and job growth

U.S. Unemployment Rate



30-Year Weekly Average Mortgage Rate



# Market Outlook – New Housing Demand

- Mid-term ... economic recovery fuels turnaround
  - Housing forecasts for 2017 and 2018 show increases (August average: 2017 – 1.229 million; 2018 – 1.325 million)\*
  - Job growth which leads to household formation and first time home buyers 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 1.6 million level based on demographics, need to replace older units and vacation homes along with other uses\*\*
  - Pending housing shortage?

\* Sources: APA August 16th, 2017 Report

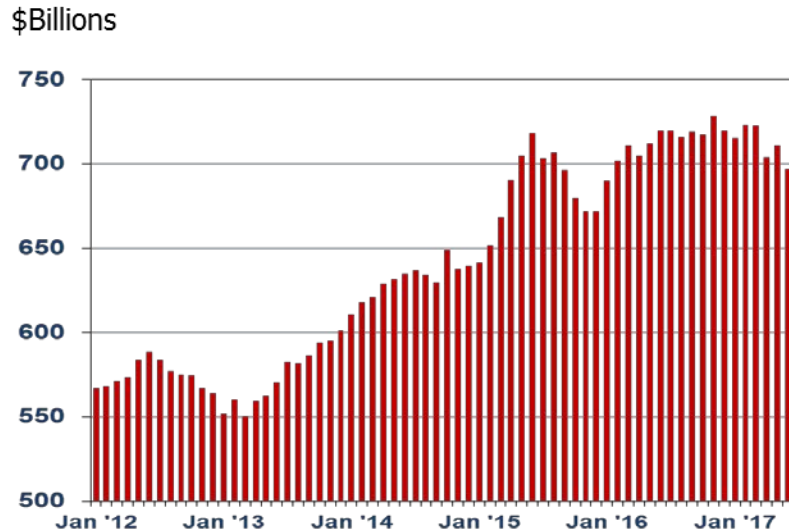
\*\* Source: The State of the Nation's Housing – 2017, *Joint Center for Housing Studies of Harvard University*



# Market Outlook – Other Demand

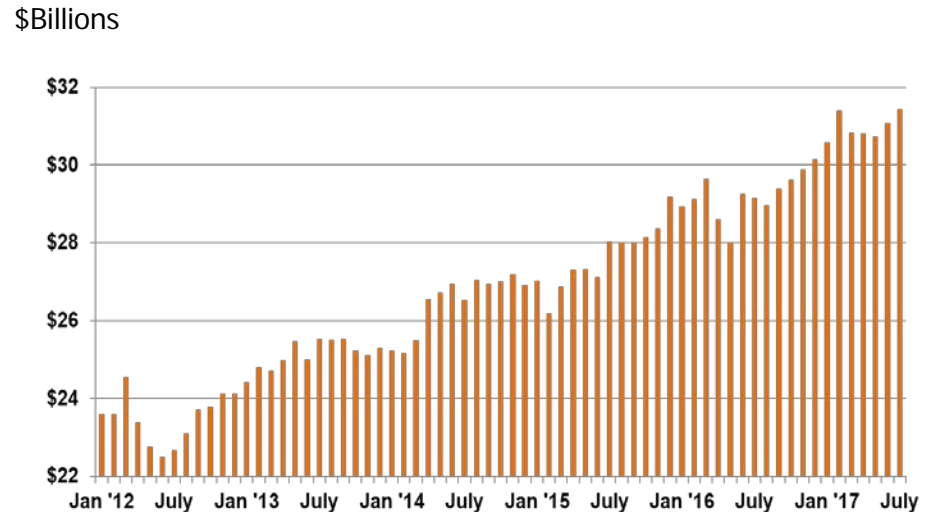
- Repair / remodel demand steadily increasing
- Commercial and light industrial construction higher

U.S. Nonresidential Construction Value



Source: APA August 16th, 2017 Report

Retail Sales – Building Materials and Supplies



# A Leader in Our Markets



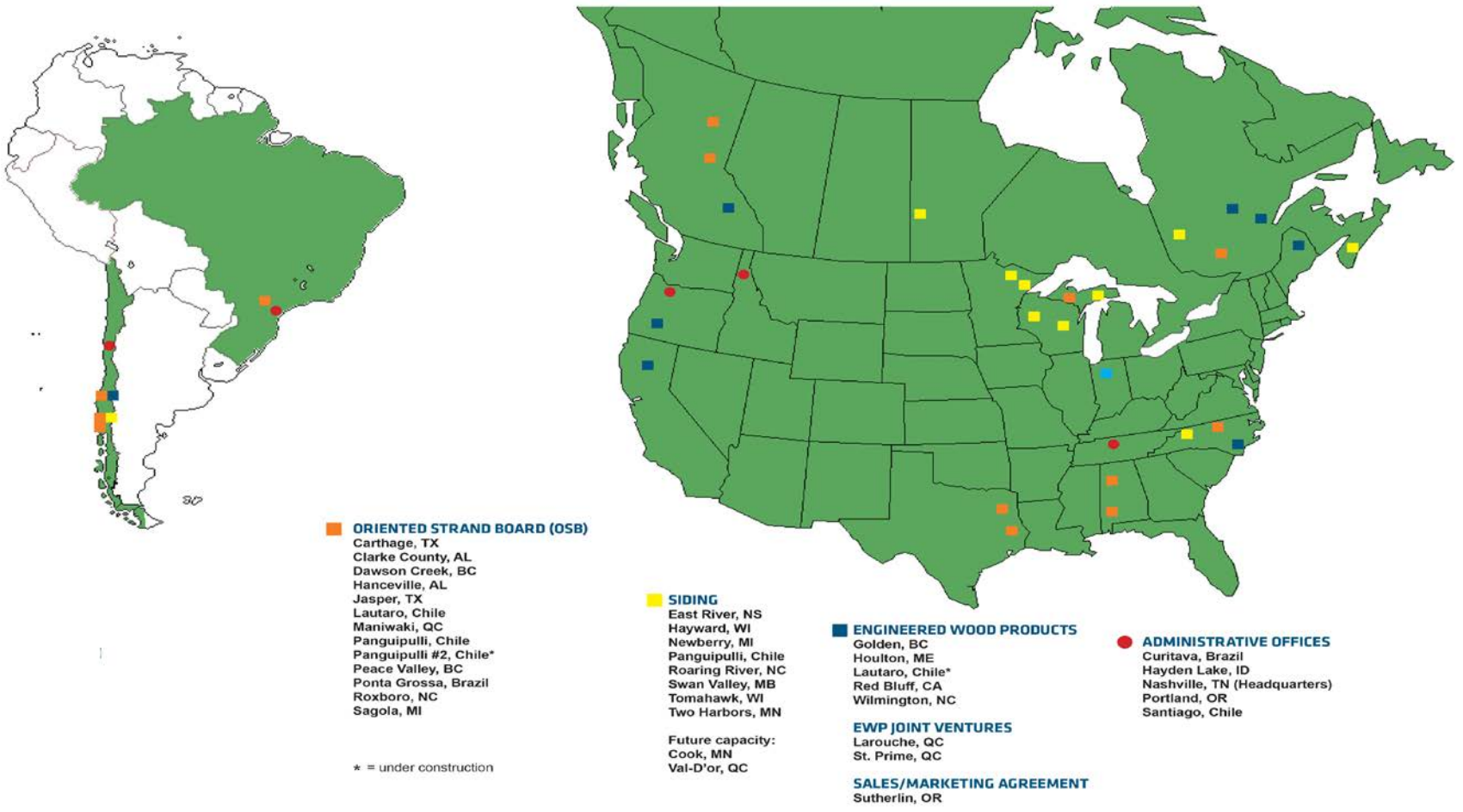
Segment	OSB	Siding	Engineered Wood Products	South America
2016 Revenue <sup>1</sup>	46%	34%	13%	6%

## Summary

- OSB**
  - Leading producer of OSB in North America
  - Positioned to compete in all geographic markets
  - Competitive delivered cost
  - 4.9 bsf of OSB capacity in North America
  - Leading producer of value-added OSB
- Siding**
  - # 1 producer of treated engineered wood siding
  - 7 Siding plants with 1.8 bsf of capacity
  - Diversified end markets with stable pricing
  - Strong national presence
  - Competitive installed cost
  - Capacity expansion options
- Engineered Wood Products**
  - # 3 producer in North America
  - # 1 producer of solid sawn I-Joist
  - A leading supplier to dealers and two-step distribution
  - 2 LVL and 1 LSL plant with 16.4 mm cubic feet capacity
  - 220 mmlf of I-Joist capacity
- South America**
  - Only producer of OSB, OSB Siding and Ijoist in South America
  - 2 OSB plants in Chile with 290 mmsf of capacity
  - 3<sup>rd</sup> Chilean mill under construction
  - 1 OSB plant in Brazil with 390 mmsf of capacity
  - Growing demand for wood-based residential construction

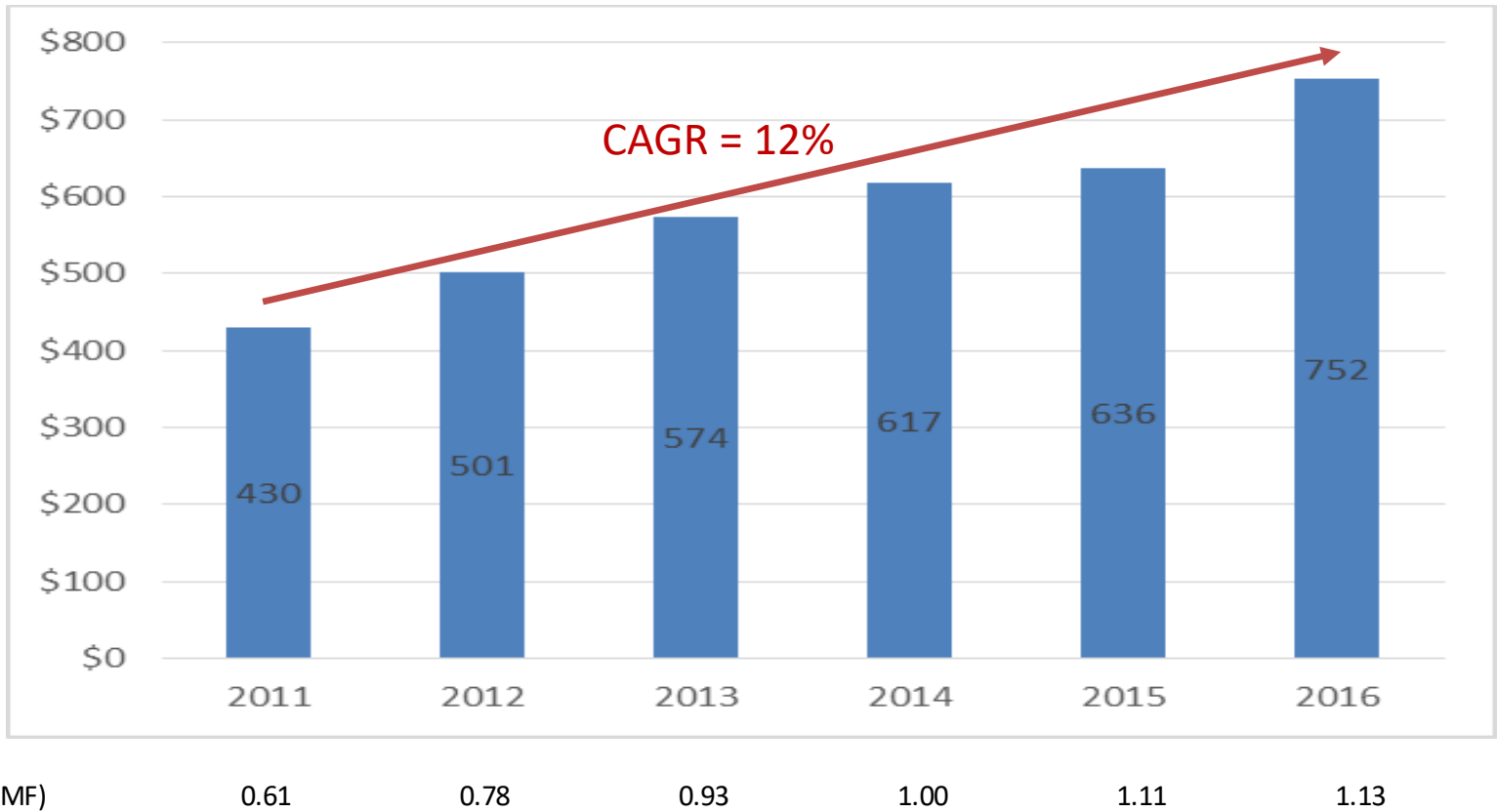
<sup>1</sup> 2016 revenue excludes \$19.6 million (approximately 1% of revenue) of Other Products and Intersegment Sales.

# Geographically Dispersed Facilities



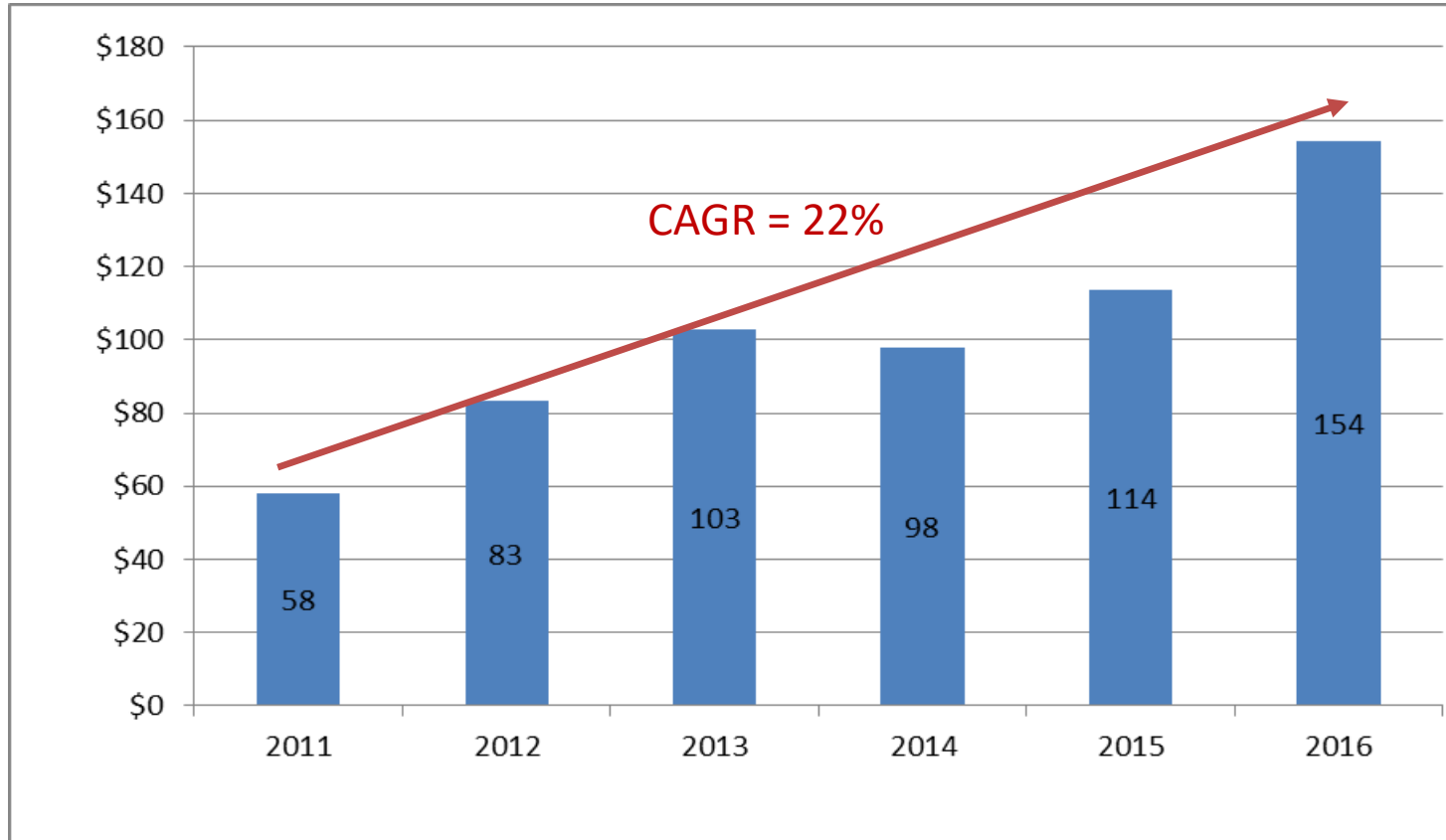


# Siding Revenue (\$ in millions)



Housing Starts (SF/MF)

# Siding Adjusted EBITDA (\$ in millions)



Housing Starts (SF/MF)

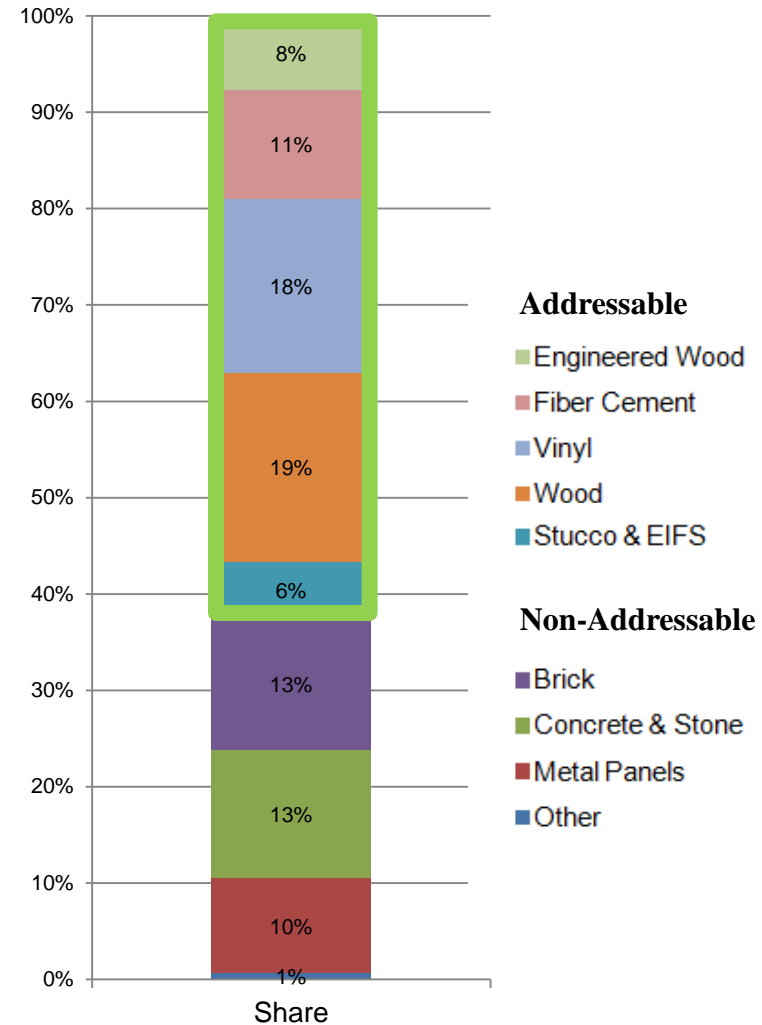
0.61      0.78      0.93      1.00      1.11      1.13

# LP SmartSide Segment Strategy: Achieving Growth Across Markets



	Total Siding & Trim Market	Addressable Siding & Trim Market
Residential New Construction	\$2.5 bn	<b>\$1.6 bn</b>
Residential Repair & Remodel	\$3.4 bn	<b>\$2.5 bn</b>
Specified Markets (Multi-family & Commercial) New and Repair & Remodel	\$3.7 bn	<b>\$1.8 bn</b>
<b>TOTALS</b>	<b>\$9.6 bn</b>	<b>\$5.9 bn</b>

- Based on cladding and trim share, LP currently has 7.5% share of the total \$5.9 bn addressable siding market
- Market share by segment is measured against Addressable Market = Demand for Engineered Wood, Vinyl, Stucco, Fiber Cement and Wood
- Outdoor Building Solutions (OBS) is not included in market estimates but represents an additional \$1.1 bn in addressable market revenue of which LP currently has 17% share.



Note: 2015 market size based on revenue includes U.S. siding and trim for single family and specified markets (multi-family low-rise and commercial), does not include outdoor building solutions

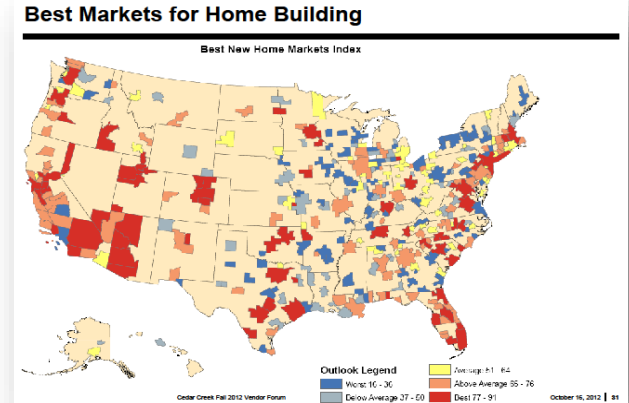
Source: Principia DemandBuilder dataset 2016, Freedonia Siding Industry Study 2016

# Builder View of LP Siding in Single Family New Construction



## Builder Major Concerns

- Labor, financing and regional economics
- Selling homes
- Lower cost of production



## LP Program Offering

- **Higher performance cladding**
  - Superior durability/impact resistance
  - Easier installation and finishing
  - Reduced call backs
  - Better aesthetic performance to improve builder image
  - 5/50 warranty helps sell through
- **Marketing Cooperatives**
  - Conversion of builders, dealers and installers
  - Invest in strategic production builders to achieve market halo effect
  - LP promotes builder's brand, increasing retention/loyalty

# Remodeler View of LP Siding

## Remodeler Major Concerns

- Training, marketing & lead generation programs
- Product performance and aesthetic appeal
- Pleasing the homeowner



## LP Program Offering

- **LP BuildSmart Loyalty Program**
  - Proper product installation training
  - Drive retention with rewards & marketing services
  - Leads and consumer selling tools to help grow their business
- **Online consumer brand awareness campaigns**
  - Targeted social media platform builds brand awareness with homeowners (and generates leads for contractors)



# Specified Markets View of LP Siding

## Specified Markets Major Concerns:

- Specifying Products that are Durable and Sustainable
- Access to Manufacture Resources for Product Information
- Design Flexibility/Code Compliance of Specified Products
- Reputation of Manufacturer, Product, and Warranty



## LP Program Offering

- Solution provider to Architects/Specifiers by offering products and services that fit their needs
- Single source digital/website presence with easy access to new LP product information, thought leadership, spec support and more
- Provide accurate and reliable specification, customer, technical and jobsite support
- Face-to-face engagement through education and training opportunities
- Industry thought leadership and outreach

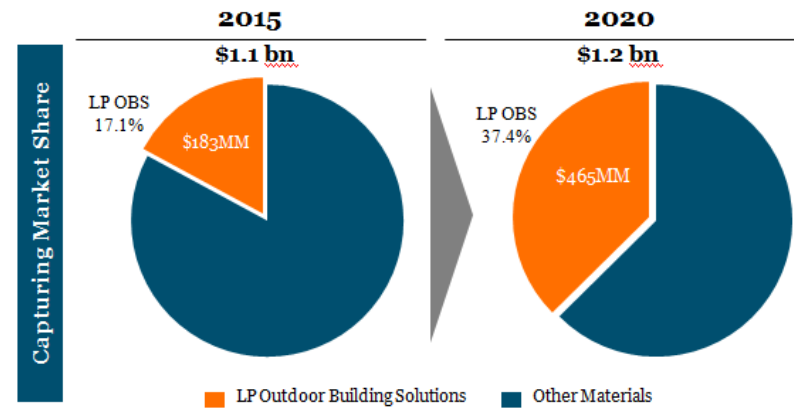
# Outdoor Building Solutions (OBS) Fabricator View of LP Siding



## Fabricator Major concerns

- Product performance and aesthetic appeal
- Products specifically designed for sheds
- Remaining competitive in growing market
- Increased traffic to dealer lots
- Sales training at dealer lots

## Accelerating Market Share



## LP Program Offering

- Specialized panel products enhanced for open wall applications
  - SmartFinish & SilverTech panels
  - SilverTech roofing
  - ProStruct flooring
- POS merchandising to increase consumer traffic, education and preference for LP products
- Dealer training on LP product value
- Digital marketing campaign in place to drive sales at the dealer level
  - Directs consumers to buy sheds built with LP products
  - Educates consumers on LP product value over competitive products (plywood, metal, vinyl)
- Breadth of LP warranties are unique to this industry
- Support to consumers who desire to build their own sheds

# OSB: Strong Fundamentals

## Key Drivers of OSB Demand

- New residential construction
- Repair / remodeling
- Industrial / light commercial
- Opportunistic export

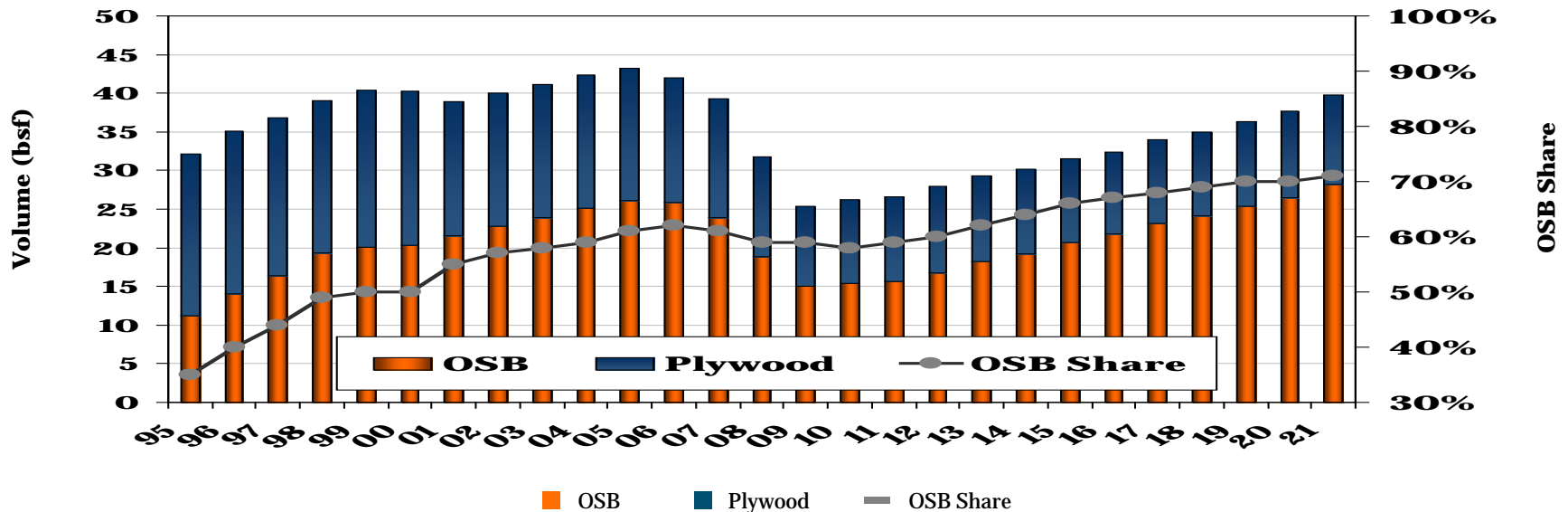
## LP Key Strategies

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

## OSB Market Penetration

U.S. Housing Starts S/MF/MH (millions):

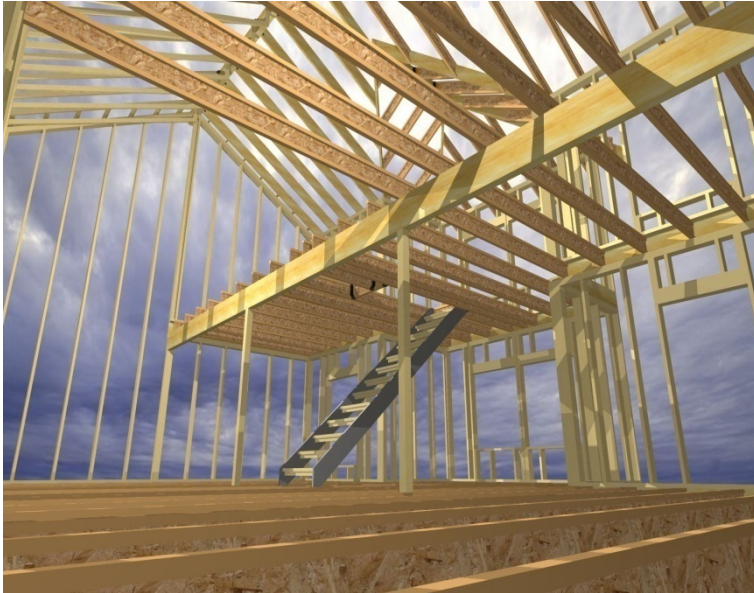
1.2 1.3 1.4 1.5 1.6 1.7 1.8



Source: FEA Q2 2017 Structural Panel Forecast

# Housing Recovery Provides Significant EWP Growth Potential

The “LP EWP House”

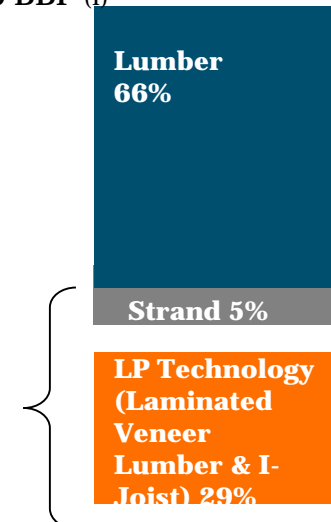


- EWP offers superior technology over traditional lumber
  - Design flexibility, consistency, higher quality
- Significant room for additional displacement exists
  - Potential for EWP to capture half of traditional lumber market
- Continue international and non-residential growth

## Total North American EWP Potential Market

Structural Composite Lumber & 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 and OSB Siding in South America ... 680 mmsf of capacity
- Chile
  - 2 Chilean mills support local growth
  - SmartSide Siding manufacturing
  - Seeding other South American markets
  - Adding I-Joist and OSB capacity in Chile
- Brazil
  - Local market in early stages of adapting wood into residential construction
  - Export markets – other South American countries, Asia and other countries







# Siding Growth



Dawson, British Columbia OSB Mill – 300 msf

- Currently running OSB
- Operational risk and timing
- Proximity to our West Coast customer base



Val-d'Or, Quebec – 225 msf

- Benefits over Chambord:
  - More readily convertible to siding
  - Press better suited for lap siding
  - Mill has sat idle for fewer years



Cook, Minnesota 400 msf

- Already has much of the infrastructure needed for a siding mill in place
- Infrastructure support from state of Minnesota

# 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
  - Continue to focus on high value-added products in all segments
  - Cost-effectively keep Siding capacity ahead of market demand
  - Selective acquisitions that enhance product or geographic diversification

