



**BUILDING  
SOLUTIONS**

**Q4 2020 EARNINGS PRESENTATION**

February 16, 2021

# 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: impacts from public health issues (including global pandemics, such as the ongoing COVID-19 pandemic) on the economy, demand for our products or our operations, including the actions and recommendations 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 ongoing 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; impact of manufacturing our products internationally; 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, and compliance with, general and industry-specific laws and regulations, including environmental and health and safety laws and regulations, the U.S. Foreign Corrupt Practices Act and anti-bribery laws, laws related to our international business operations, and changes in building codes and standards; 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 February 16, 2021, 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



# Q4 2020 HIGHLIGHTS

- Exceeded transformation goals a year early:
  - \$107M in growth
  - \$71M in efficiency and sourcing
- LP<sup>®</sup> SmartSide<sup>®</sup> sales increased by 30% to \$257M, bringing full-year SmartSide sales growth to 15%
- OSB sales increased by \$256M to \$428M, \$246M of which was due to OSB prices
- OSB Structural Solutions mix increased to 49%
- LPSA net sales up 32%; EBITDA up 63%

# STRATEGIC UPDATE

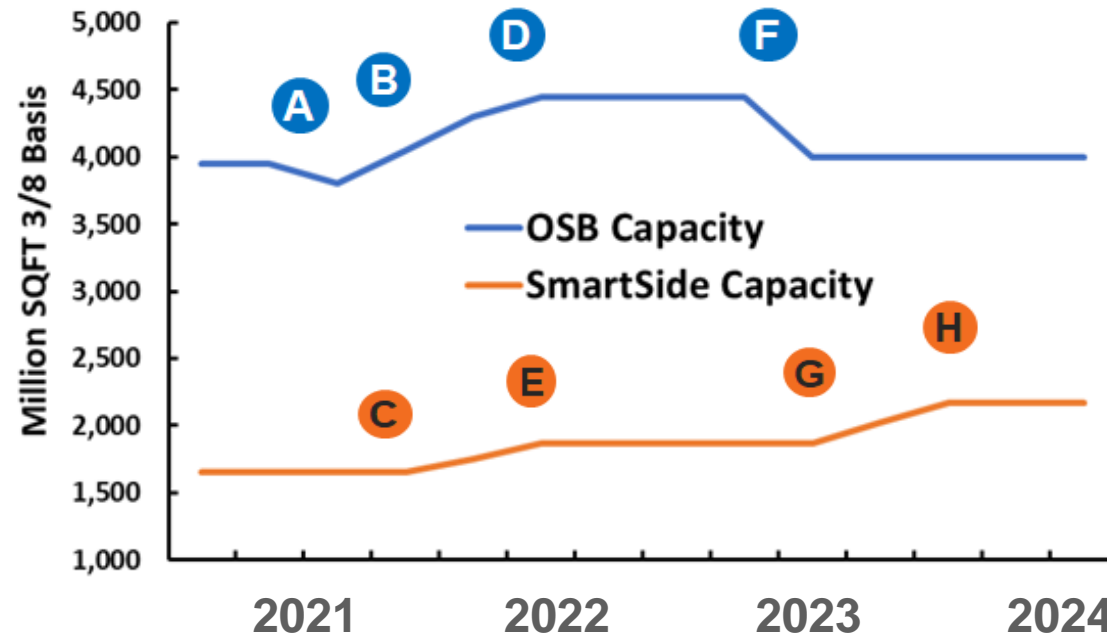
- **Phased, integrated SmartSide and OSB capacity expansion strategy:**
  - Houlton OSB/LSL plant converting to SmartSide
  - Sagola slated to follow Houlton
- **Evaluating strategic alternatives for EWP segment**
- **Peace Valley OSB mill restart to supply strengthening housing market**





# PHASED, INTEGRATED SMARTSIDE & OSB CAPACITY & GROWTH STRATEGY

OSB and SmartSide Capacity Through 2024



- A. Houlton OSB Shutdown <sup>1</sup>
- B. Peace Valley OSB Ramp-Up <sup>2</sup>
- C. Houlton SmartSide Ramp-up <sup>3,4</sup>
- D. Peace hits full Capacity <sup>2</sup>
- E. Houlton full SmartSide capacity <sup>4</sup>
- F. Sagola OSB Shutdown <sup>5</sup>
- G. Sagola SmartSide Ramp-up <sup>6</sup>
- H. Sagola full SmartSide Capacity <sup>6,7</sup>

**Footnotes:**

1. Houlton OSB Capacity is roughly 250MMSF
2. Peace Valley OSB Capacity is about 750MMSF, and will ramp up to full production capability by Q2-22
3. Siding capacity following conversion is typically 75-85% of pre-conversion OSB capacity
4. Houlton SmartSide capacity will be roughly 220MMSF
5. Sagola OSB capacity is 420MMSF
6. Sagola SmartSide capacity will be roughly 300MMSF
7. Q3-23 Sagola SmartSide startup consistent with 11% volume CAGR

# Q4 2020 FINANCIAL RESULTS

## OTHER KEY POINTS

Completed \$200M share buyback authorization

Ended quarter with 106M shares outstanding

\$300M share buyback authorization remaining

Outstanding cost control in all businesses

**\$860M**  
Net Sales  
+60%

**\$328M**  
EBITDA  
~7x

**\$321M**  
Op. CF  
+\$221M

**\$2.01**  
Adj. EPS  
+\$1.96

**30%**  
SmartSide  
Growth

**+\$246M**  
OSB Price  
EBITDA Impact

**\$171M**  
Share  
Buybacks

**\$16M**  
Dividends



# FY 2020 FINANCIAL RESULTS

**\$2.8B**

Net Sales  
+21%

**\$781M**

EBITDA  
~4x

**\$659M**

Op. CF  
+\$500M

**\$4.31**

Adj. EPS  
+\$3.94

**15%**

SmartSide  
Growth

**+\$481M**

OSB Price  
EBITDA  
Impact

**\$200M**

Share  
Buybacks

**\$65M**

Dividends

## OTHER KEY POINTS

\$535M  
Ending Cash

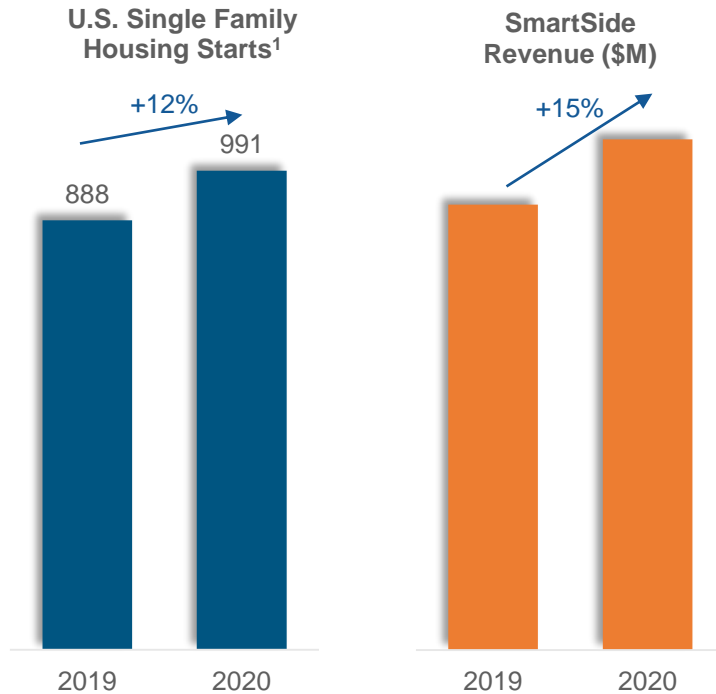
+\$178M  
Cumulative  
Transformation  
(exceeded 3-year  
target a year early)

\$77M  
Capital Spend

Strategic Exits from Fiber  
and CanExel

# TRANSFORMATION

## SmartSide Growth



## FY 2020 vs FY 2019

Segment	Growth	Efficiency	Total
<b>2019 EBITDA Impact</b>	<b>\$28</b>	<b>\$40</b>	<b>\$68</b>
Siding	\$68	\$9	\$77
OSB	\$11	\$12	\$23
EWP, LPSA, Corporate	<u>\$0</u>	<u>\$10</u>	<u>\$10</u>
<b>2020 EBITDA Impact</b>	<b>\$79</b>	<b>\$31</b>	<b>\$110</b>
<b>Cumulative EBITDA Impact</b>	<b>\$107</b>	<b>\$71</b>	<b>\$178</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 January 21, 2021

<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

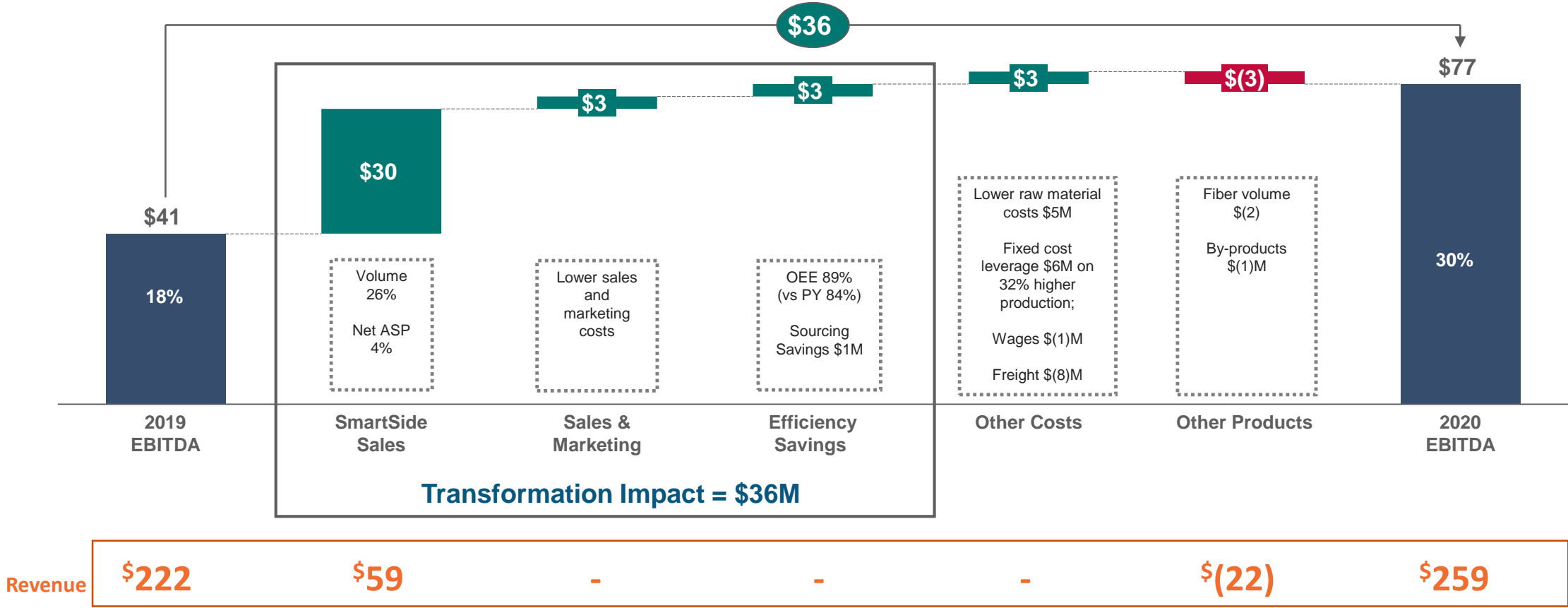
# Q4 2020 VS Q4 2019 SUMMARY

(\$ in millions)

		Revenue	EBITDA
<b>Q4 2019 Actual</b>		<b>\$ 537</b>	<b>\$ 49</b>
OSB price	+139% YoY	246	246
SmartSide growth	+30% YoY	59	30
Other growth & efficiency		4	9
Strategic exit of fiber & CanExel		(28)	(3)
All other		42	(3)
<b>Q4 2020 Actual</b>		<b>\$ 860</b>	<b>\$ 328</b>

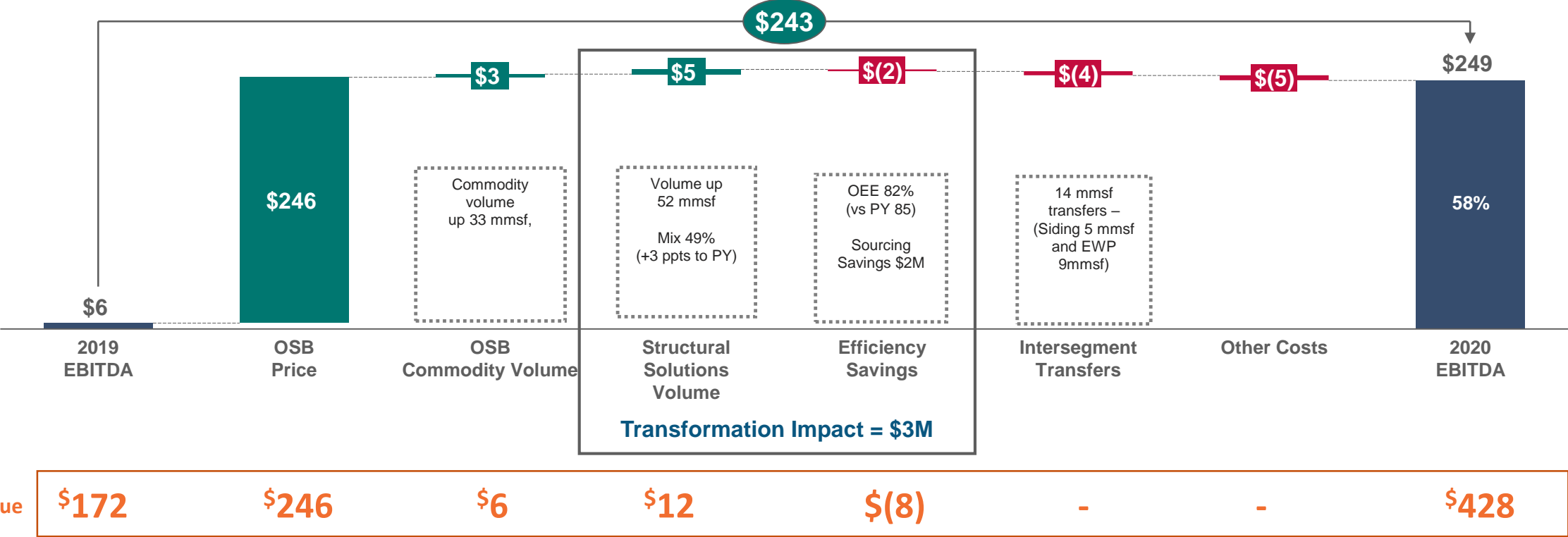
# SIDING – Q4 2020 VS Q4 2019

(\$ in millions)



# OSB – Q4 2020 VS Q4 2019

(\$ in millions)



## 2021 CAPITAL EXPENDITURE GUIDANCE

Full-Year Capital Investment	<b>\$220M - \$230M</b>
Houlton Conversion	<b>\$80 - \$85M</b>
Other Strategic Growth Capital	<b>\$40 - \$45M</b>
Sustaining Maintenance Capital	<b>\$100M</b>

## Q1 2021 REVENUE & EBITDA GUIDANCE

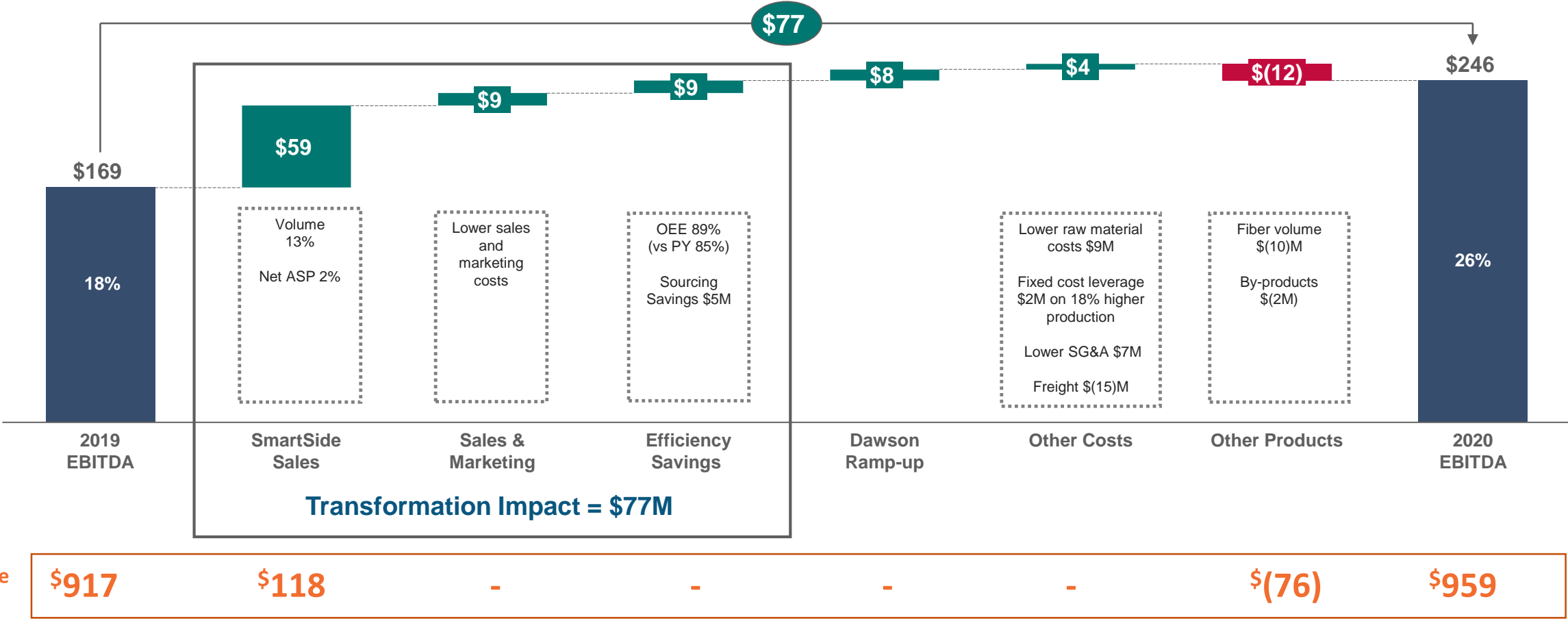
SmartSide YoY Revenue Growth	<b>&gt;35%</b>
OSB Revenue Compared to Q4 2020	<b>&gt;15% Increase</b>
LP Consolidated Adjusted EBITDA	<b>&gt;\$380M</b>

# APPENDIX



# SIDING – FULL YEAR 2020 VS 2019

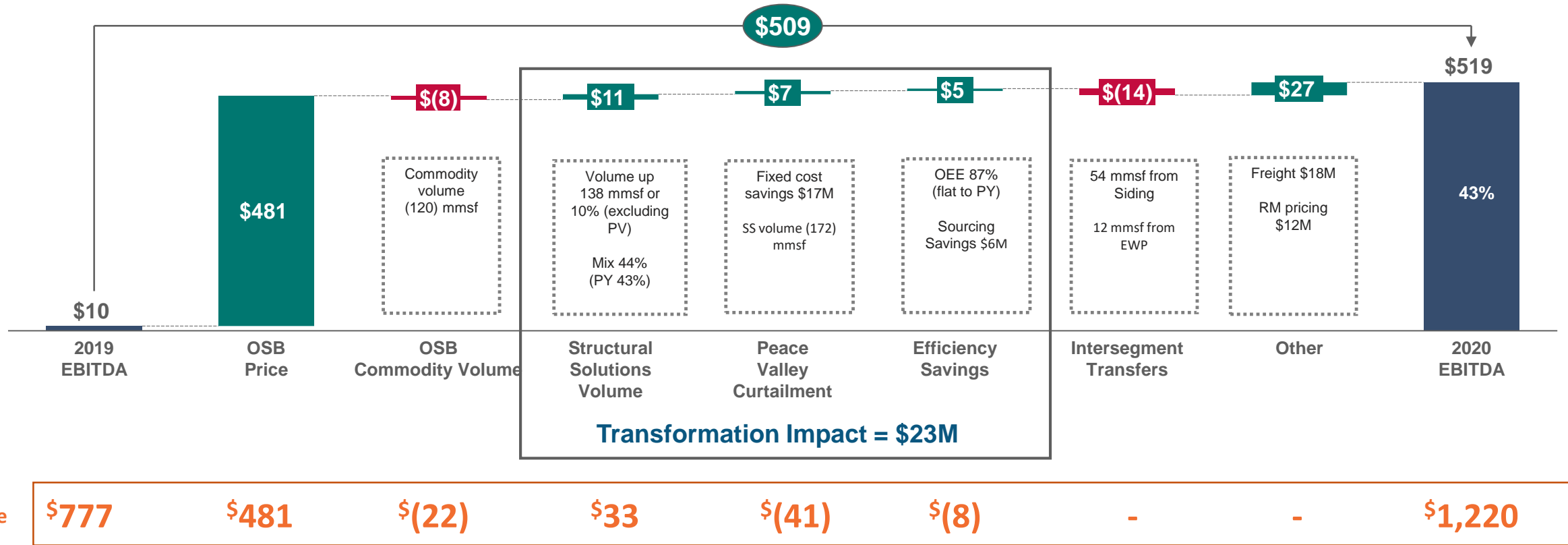
(\$ in millions)





# OSB – FULL YEAR 2020 VS 2019

(\$ in millions)



# REVENUE AND EBITDA BY SEGMENT

(\$ in millions)

	Three Months Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019
<b>Sales</b>				
Siding	\$ 259	\$ 222	\$ 959	\$ 917
OSB	428	172	1,220	777
EWP	108	93	389	396
South America	50	38	169	159
Other	16	12	52	66
Intersegment	(1)	—	(1)	(5)
	<u>\$ 860</u>	<u>\$ 537</u>	<u>\$ 2,788</u>	<u>\$ 2,310</u>
<b>Adjusted EBITDA</b>				
Siding	\$ 77	\$ 41	\$ 246	\$ 169
OSB	249	6	519	10
EWP	2	3	23	26
South America	13	8	42	34
Other	(6)	(2)	(19)	(3)
Unallocated	(7)	(7)	(30)	(27)
	<u>\$ 328</u>	<u>\$ 49</u>	<u>\$ 781</u>	<u>\$ 209</u>

# CASH FLOW

(\$ in millions)

	Three Months Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019
<b>Beginning cash</b>	\$ 420	\$ 318	\$ 195	\$ 892
Adjusted EBITDA	328	49	781	209
Working Capital	17	45	(41)	(27)
Interest (net)	1	(3)	(18)	(10)
Cash taxes (net)	(23)	9	(70)	(16)
Other operating	(2)	—	7	3
<b>Operating cash flow</b>	<b>321</b>	<b>100</b>	<b>659</b>	<b>159</b>
Cap Ex	(24)	(44)	(77)	(163)
Share buybacks	(171)	(158)	(200)	(638)
Dividends	(16)	(16)	(65)	(65)
Business acquisitions & divestiture	—	(3)	15	(13)
Other investing and financing	4	(2)	7	(17)
<b>Net change in cash</b>	<b>115</b>	<b>(123)</b>	<b>340</b>	<b>(737)</b>
<b>Entekra consolidation</b>				<b>40</b>
<b>Ending cash</b>	<b>\$ 535</b>	<b>\$ 195</b>	<b>\$ 535</b>	<b>\$ 195</b>

# RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(\$ in millions)

	Three Months Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019
<b>Net income</b>	\$ 255	\$ (52)	\$ 497	\$ (10)
Add (deduct):				
Noncontrolling interest	1	1	2	5
Income attributed to LP	256	(51)	499	(5)
Provision for income taxes	37	(26)	125	(13)
Depreciation and amortization	27	33	111	122
Stock-based compensation expense	4	2	12	9
Loss on impairment attributed to LP	—	86	15	92
Other operating credits and charges, net	—	(1)	(4)	1
Product-line discontinuance charges	(1)	—	8	—
Interest expense	1	3	19	19
Investment income	—	—	(4)	(10)
Other non-operating items	4	3	—	(6)
<b>Adjusted EBITDA</b>	<b>\$ 328</b>	<b>\$ 49</b>	<b>\$ 781</b>	<b>\$ 209</b>

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Loss on impairment attributed to LP	—	86	15	92
Other operating credits and charges, net	—	(1)	(4)	1
Product-line discontinuance	(1)	—	8	—
Gain on acquisition of controlling interest	—	—	—	(14)
Reported tax provision	37	(26)	125	(13)
Normalized tax provision at 25%	(73)	(3)	(161)	(16)
Adjusted Income	\$ 219	\$ 5	\$ 482	\$ 45
Diluted share outstanding	109	115	112	123
Adjusted Diluted EPS	\$ 2.01	\$ 0.05	\$ 4.31	\$ 0.37