



# Louisiana Pacific Corps

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PRESENTATION TO THE CELANI FUND

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# Agenda:

LP

- Overview of Company
- Sales Growth and Net Income for LPX projection
- EBITDA for LPX
- Trading Comps for LPX
- Additional Risks
- Recommendation to our group
- Questions

# Overview of Louisiana Pacific Corp



- Wood manufacturing company founded in 1972
- Produces Oriented Strand Board, Engineered Wood Products, and Siding
- The World's Largest Manufacturer of Oriented Strand Board.
- Creates products for new home construction, remodeling, and outdoor structures
- Manufactures building materials and wood products in the United States, Brazil, Canada, and Chile



# Sales Growth & Net Income

# LP

## Sales Revenue (In Millions):

- Sales 2017: **2,733.9**
- Sales 2021: **4,437.3**
- Projected Sales 2022: **3,661.2**

## Net Income (In Millions):

- Net Income 2017: **282.0**
- Net Income 2021: **1,338.4**
- Projected Net Income 2022: **628.2**

## - LPX Quarter 4 2021 Projections:

- Revenue Growth for Siding Solutions is projected to decrease 5%
- OSB revenue is projected to decrease by 30% from Q3



# EBITDA Projections for LPX

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- EBITDA 2017: **667.8**
- EBITDA 2021: **1,917.40**
- Projected EBITDA 2022: **988.2**
  
- LPX Quarter 4 2021 Projections:
  - The company projects that its Q4 Adjusted EBITDA will be decreasing by 200 million



# Trading Comps

# LP

## Analysis of LPX US Multiples - Premium to Comps

3M 6M 1Y 2Y 5Y

Current vs 5Y Average Historical Premium						5Y Historical Premium Range			Implied @ Hist Avg	
Metric	Current	Hist Avg	Diff	# SD	3M Trend	Low	Range	High	Multiple	Price (USD)
Current Price							● Current ● Hist Avg			66.96
BF P/E	-37%	-36%	-1%	-0.1		-51%		-15%	8.4x	67.77
BF EV/EBITDA	-10%	-22%	12%	1.3		-42%		6%	4.4x	57.91
BF EV/EBIT	-46%	-42%	-4%	-0.3		-60%		-1%	5.9x	70.72
BF EV/Rev	8%	-15%	23%	1.6		-38%		30%	1.2x	53.41
LF P/BV	111%	34%	77%	1.9		-22%		116%	2.8x	42.51

View All Comps Below

## Summary of Current Multiples

Name	2Y Corr	Mkt Cap (USD)	BF P/E	BF EV/EBITDA	BF EV/EBIT	BF EV/Rev	LF P/BV
Louisiana-Pacific Corp		5.89B	8.3x	5.1x	5.5x	1.5x	4.4x
Current Premium to Comps Mean			-37%	-10%	-46%	8%	111%
Mean (Including LPX US)		6.17B	13.1x	5.6x	10.2x	1.4x	2.1x
Boise Cascade Co	0.79	2.74B	8.3x	4.4x	5.2x	0.4x	2.1x
Weyerhaeuser Co	0.79	28.04B	18.3x	11.6x	14.1x	3.5x	2.7x
West Fraser Timber Co Ltd	0.75	8.97B	6.1x	3.3x	4.4x	1.0x	1.5x
PotlatchDeltic Corp	0.75	3.73B	17.6x	10.1x	13.0x	3.6x	2.2x
UFP Industries Inc	0.74	5.49B	12.7x	8.1x	9.4x	0.7x	3.0x
Interfor Corp	0.73	1.47B	4.8x	2.6x	3.4x	0.6x	1.1x
Canfor Corp	0.70	2.68B	4.9x	2.2x	2.6x	0.4x	1.0x
Stella-Jones Inc	0.60	2.22B	12.8x	9.0x	10.9x	1.3x	1.9x
Western Forest Products Inc	0.54	483.87M	5.9x	2.6x	3.3x	0.4x	1.0x



# Comparable Analysis of Competitors - USD (\$) Millions

	Louisiana Pacific (\$LPX)	West Fraser (\$WFG)	Weyerhaeuser (\$WY)
In Millions of USD	Current/LTM	Current/LTM	Current/LTM
12 Months Ending	09/30/2021	09/30/2021	09/30/2021
<b>Market Capitalization</b>	<b>5,934.00</b>	<b>8,975.80</b>	<b>28,092.90</b>
- Cash & Equivalents	607	1,659.20	2,326.00
Preferred & Other	9	0	0
Total Debt	375	393.3	5,250.00
<b>Enterprise Value</b>	<b>5,711.00</b>	<b>7,719.30</b>	<b>31,016.90</b>
<b>Revenue, Adj</b>	<b>4,421.00</b>	<b>9,225.90</b>	<b>10,058.00</b>
<i>Growth %, YoY</i>	<i>79.4</i>	<i>134.4</i>	<i>43.3</i>
<b>Gross Profit, Adj</b>	<b>2,086.00</b>	<b>4,583.60</b>	<b>4,064.00</b>
<i>Margin %</i>	<i>47.2</i>	<i>49.7</i>	<i>40.4</i>
<b>EBITDA, Adj</b>	<b>1,980.00</b>	<b>4,052.10</b>	<b>4,257.30</b>
<i>Margin %</i>	<i>44.8</i>	<i>43.9</i>	<i>42.3</i>
<b>Net Income, Adj</b>	<b>1,424.90</b>	<b>2,767.20</b>	<b>2,522.40</b>
<i>Margin %</i>	<i>32.2</i>	<i>30</i>	<i>25.1</i>
<b>EPS, Adj</b>	<b>13.99</b>	<b>26.51</b>	<b>3.36</b>
<i>Growth %, YoY</i>	<i>505.6</i>	<i>599</i>	<i>304</i>
<b>Cash from Operations</b>	<b>1,604.00</b>	<b>2,860.10</b>	<b>3,109.00</b>
<b>Capital Expenditures</b>	<b>-158</b>	<b>-197.8</b>	<b>-454</b>
<b>Free Cash Flow</b>	<b>1,446.00</b>	<b>2,661.10</b>	<b>2,655.00</b>



- Timber:
  - Lumber limitations: access to timber and availability of trees used for timber. In addition, increased urban areas hinder the supply of timber
  - Timber prices can fluctuate greatly depending on weather, government, economic conditions
- Labor and Supply Chain:
  - With the shortage of labor within the manufacturing market, it may be hard for LPX to meet demand of products with less labor
  - In addition, the shortage of labor in the supply chain will also make it difficult for LPX to meet demand with a shortage of supply



# Conclusion & Recommendation: Do Not Invest

LP

- Reasons:
  - Projected decrease in Net Sales and Income in 2022
    - Q4 2021: A 30% decrease in sales in their biggest product: OSB
  - Projected decrease in EBITDA in 2022
  - Trading Comps below the mean for the industry
    - Market Cap
    - P/E Ratio
    - EV/EBITDA
    - EV/EBIT
  - Additional risks associated with timber, labor, and supply chain

## Questions

