



Bob Robotti

Chief Investment Officer, Robotti & Company



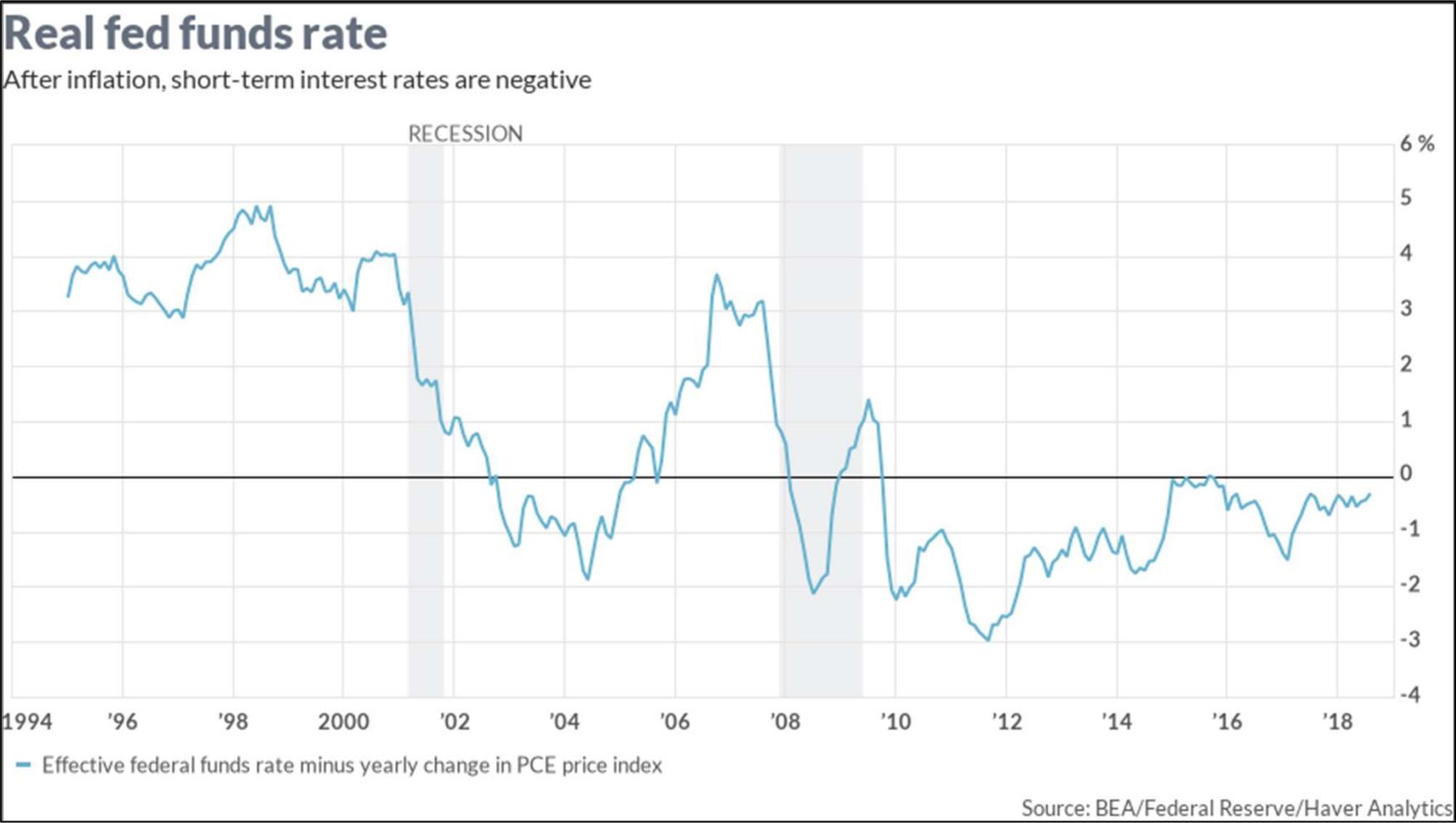
Revenge of the Old Economy

Bob Robotti
Robotti & Company Advisors

10 Year Treasury Yield – The “Risk Free Rate”



Real Fed Funds Rate



What Makes Us Different

Analytical Edge

Within the context of a longer-term perspective and 30+ years of experience, we have the ability to develop a different conclusion than that of the market.

Informational Edge

Our network of industry relationships, focus on deep primary research, and experience serving on company boards, provides us with more pieces for building our information mosaic.

Leads Us To

Behavioral Edge

We take a longer-term view and have the ability to tolerate market swings.

Our behavioral edge comes from our ability to tolerate market volatility. As a result, our investment process concentrates on understanding the long-term normalized earning power of a business well before the “investing herd” gains interest.

Traditional Value Investor Bias

Investing **Checklist**

- Is this company cyclical?
- Is the business tied to commodity prices?
- Is the balance sheet levered?
- Are shares trading near 52 week highs?

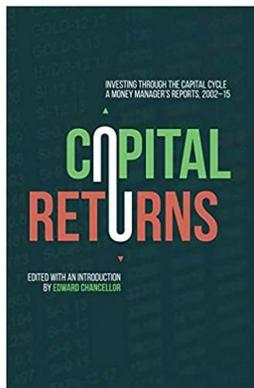
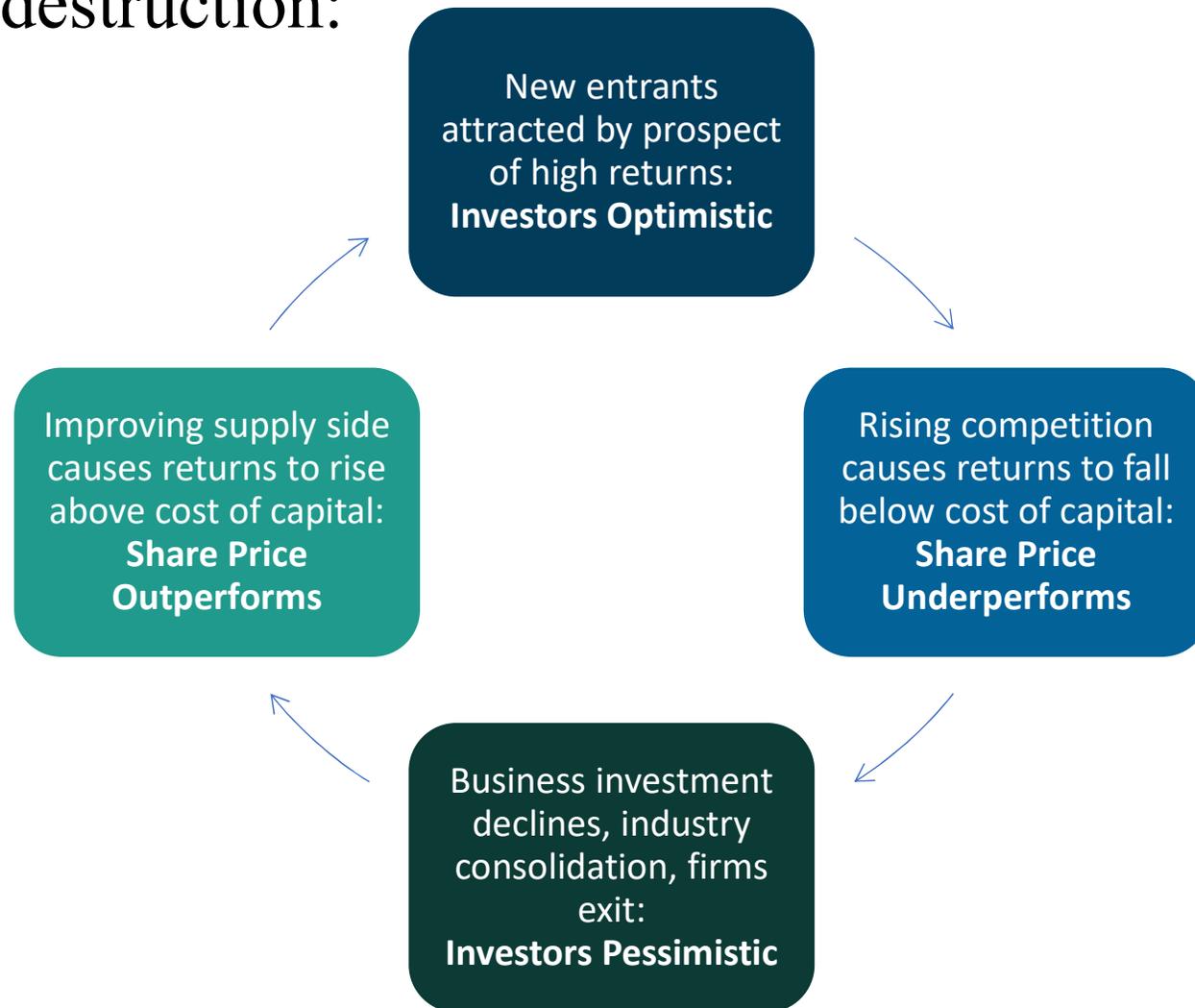
“If you want to have a better performance than the crowd, you must do things differently from the crowd.”

Sir John Templeton



Understanding the Value of Capital Cycles: Fundamentals

Economic cycles resemble Schumpeter's process of creative destruction:



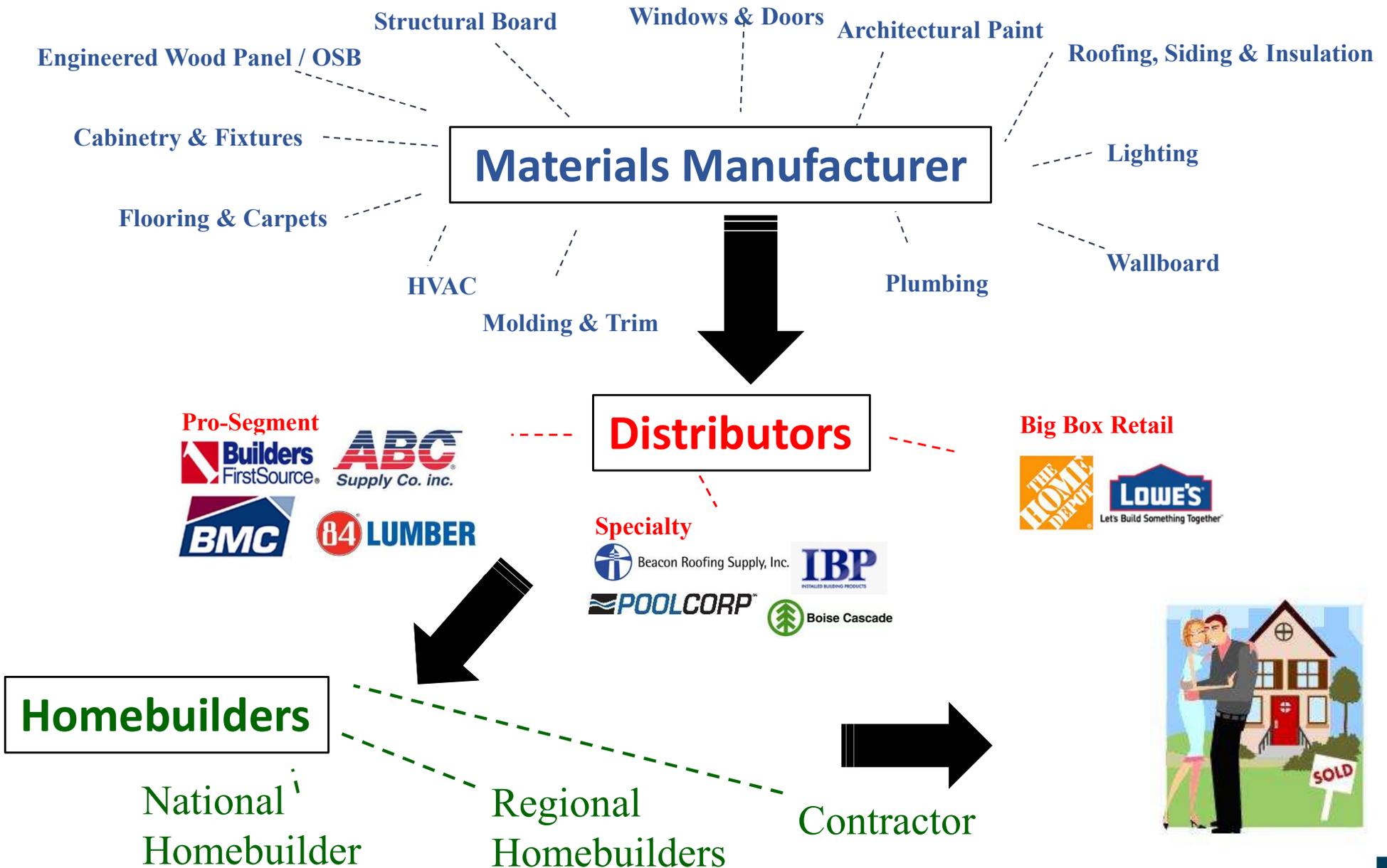
Understanding the Value of Capital Cycles: Market Reaction



“A business which sells at a premium does so because it earns a large return upon its capital; this large return attracts competition; and generally speaking, it is not likely to continue indefinitely. Conversely in the case of a business selling at a large discount because of abnormally low earnings. The absence of new competition, the withdrawal of old competition from the field, and other natural economic forces should tend eventually to improve the situation and restore normal rate of profit on the investment.”

Security Analysis (1934)
Benjamin Graham & Dodd Dodd

A Map of the Homebuilding Industry



Louisiana-Pacific Corporation (NYSE:LPX)



- LP Building Solutions is a leader in strand-based engineered wood siding products that meets the demand of builders, remodelers and homeowners worldwide.

Financial Summary			
Price:	\$73.37	Net Debt	(244)
Diluted Shares	102.0	Net Debt/EBITDA	na
Market Cap	\$7,484		
LT Debt	346	Dividend Yield	1.0%
Cash	590	52 Week High	\$79.77
Enterprise Value	\$7,240	52 Week Low	\$37.24

(in USD as of 1/10/22)

(Annual)	FY '18	FY '19	FY '20	Consensus Est.	
				FY '21	FY '22
Revenue	2,828	2,310	2,788	4,448	3,854
growth	3.4%	(18.3%)	20.7%	59.5%	(13.4%)
ev/sales	2.6x	3.1x	2.6x	1.6x	1.9x
Gross margin	26.3%	0.7%	31.1%	48.5%	28.9%
Adj. EBITDA	660	209	781	1,934	1,124
EBITDA margin	23.3%	8.1%	21.7%	43.5%	29.2%
ev/ebitda	11.0x	34.6x	9.3x	3.7x	6.4x
Operating Income	397	(10)	497	1,805	977
Op. margin	14.0%	(0.4%)	17.8%	40.6%	25.4%
op inc/ebit	18.2x	na	14.6x	4.0x	7.4x
Diluted EPS	\$2.73	(\$0.04)	\$4.46	\$13.60	\$8.51



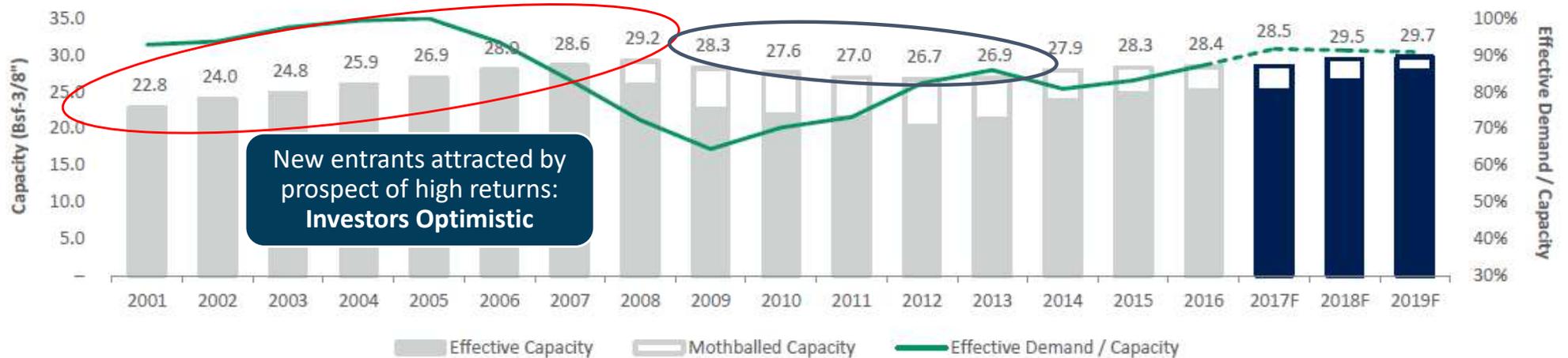
Understanding the Capital Cycle

US Housing Starts and Underlying Demand



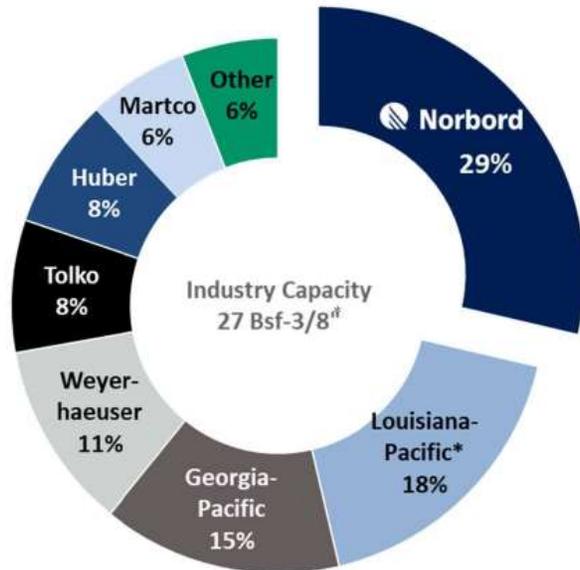
30% Increase in
North American
OSB Capacity

North American OSB Demand and Capacity



Industry Consolidation

North American OSB Industry



In 2002 the top 5 North American Producers accounted for 69% of North American Capacity.

Pre-Housing Crisis (~2006):

- 11 OSB producers in North America
- **Top 5 = 74% market share**

Today:

- 9 OSB producers in North America
- **Top 5 = 81% market share**
- (Top 6 = 89% market share)

* Excluding OSB siding capacity

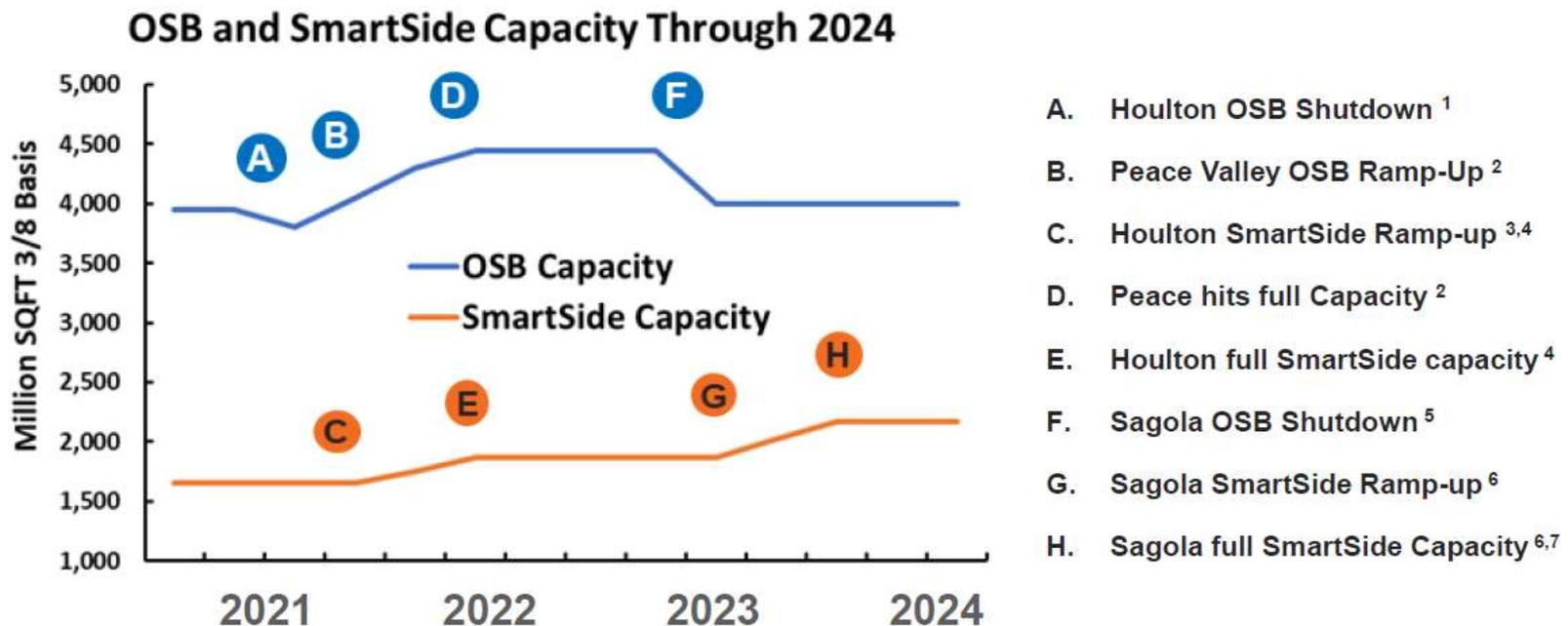


Note: Excludes OSB siding production and capacity.
Source: APA, company documents and other public filings

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The World's Largest OSB Producer

PHASED, INTEGRATED SMARTSIDE & OSB CAPACITY & GROWTH STRATEGY



Footnotes:

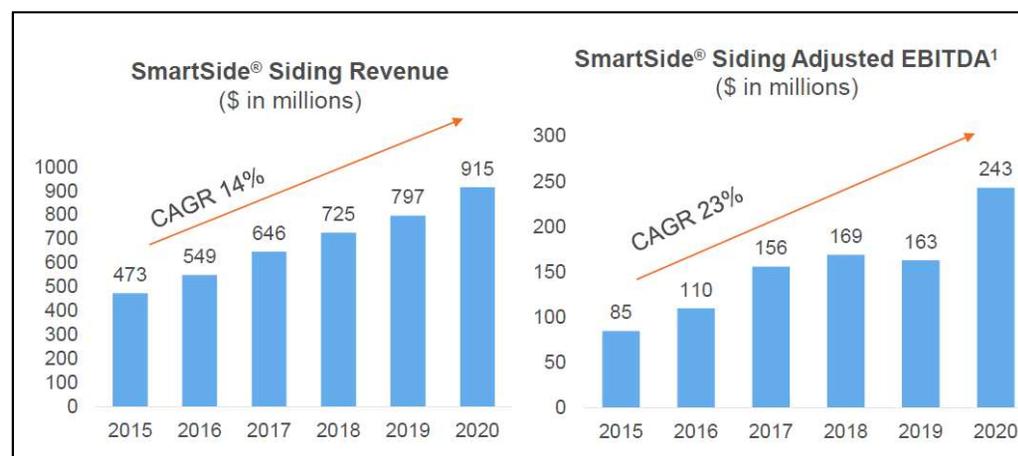
1. Houlton OSB Capacity is roughly 250MMSF
2. Peace Valley OSB Capacity is about 800MMSF, and will ramp up to full production capability by Q2-22
3. Siding capacity following conversion is typically 75-85% of pre-conversion OSB capacity
4. Houlton SmartSide capacity will be roughly 220MMSF
5. Sagola OSB capacity is 420MMSF
6. Sagola SmartSide capacity will be roughly 300MMSF
7. Q3-23 Sagola SmartSide startup consistent with 11% volume CAGR

LP SmartSide: Trim & Siding Driving Growth

- **Durable, reliable, easy to install and low maintenance products**
 - Superior protection against hail, wind, moisture, fungal decay, and termites, industry-leading warranty
 - Works/cuts like traditional wood – no special tools required
 - Pre-finished siding in a variety of color options and styles
- **Growth for their business and reputation**
 - Marketing campaigns that build homeowner awareness
 - Partnerships to promote LP® SmartSide® and the builder's brand
 - BuildSmart™ Loyalty Program
- **Specialized products enhanced and warranted for shed applications**
 - LP® SmartSide® Panels with SmartFinish® and SilverTech®
 - ProStruct® Roofing with SilverTech®
 - ProStruct® Flooring with SmartFinish®

LONG RUNWAY FOR FUTURE GROWTH

	Addressable Market	LP Share
Repair and Remodel	\$3.1B	10%
Single Family New Const.	\$1.9B	13%
Outdoor Buildings Solutions	\$1.0B	17%

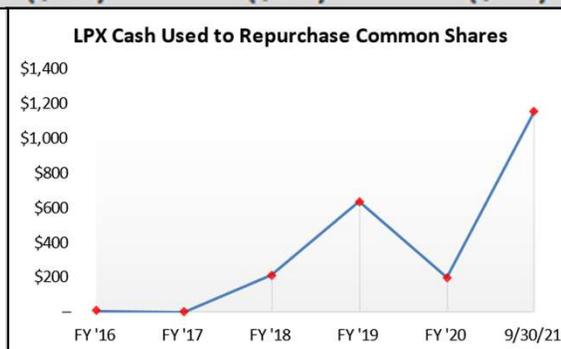
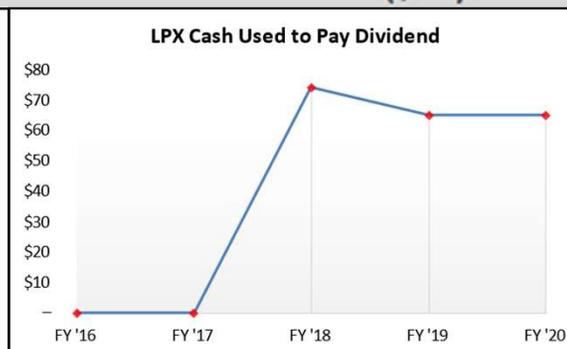
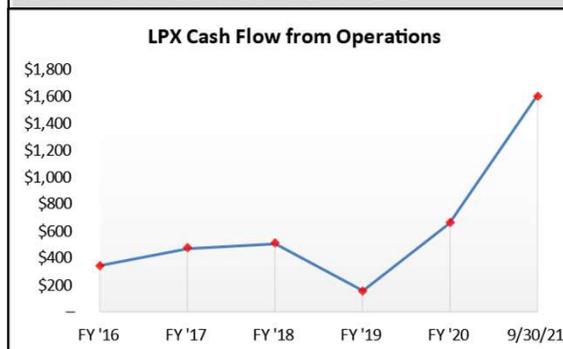


- **Strong Housing and Home Improvement demographics support demand**
- **Consistent and profitable growth**
 - **50% YoY retail sales growth** in 2020
 - Strengthen the brand
 - Access to where remodelers shop
 - Gain market share and maintain margins
 - **14% Sales CAGR** since 2015
 - **23% adj. EBITDA¹ CAGR** since 2015
 - **Only 12% of the addressable market** – significant room to grow
- **Announced capacity plans at Houlton and Sagola**

(1) This is a non-GAAP financial measure. See "Use of Non-GAAP Information"

LPX: Selected Financial Data

	FY '16	FY '17	FY '18	FY '19	FY '20	9/30/21
Net Debt/(Cash)	(\$282)	(\$552)	(\$526)	\$211	(\$147)	(\$232)
Cash Flow from Ops.	\$342	\$474	\$511	\$159	\$659	\$1,604
Repurchase of Stock	(\$9)	—	(\$212)	(\$638)	(\$200)	(\$1,158)
Common Dividends Paid	—	—	(\$74)	(\$65)	(\$65)	(\$66)



2021 CAPEX GUIDANCE

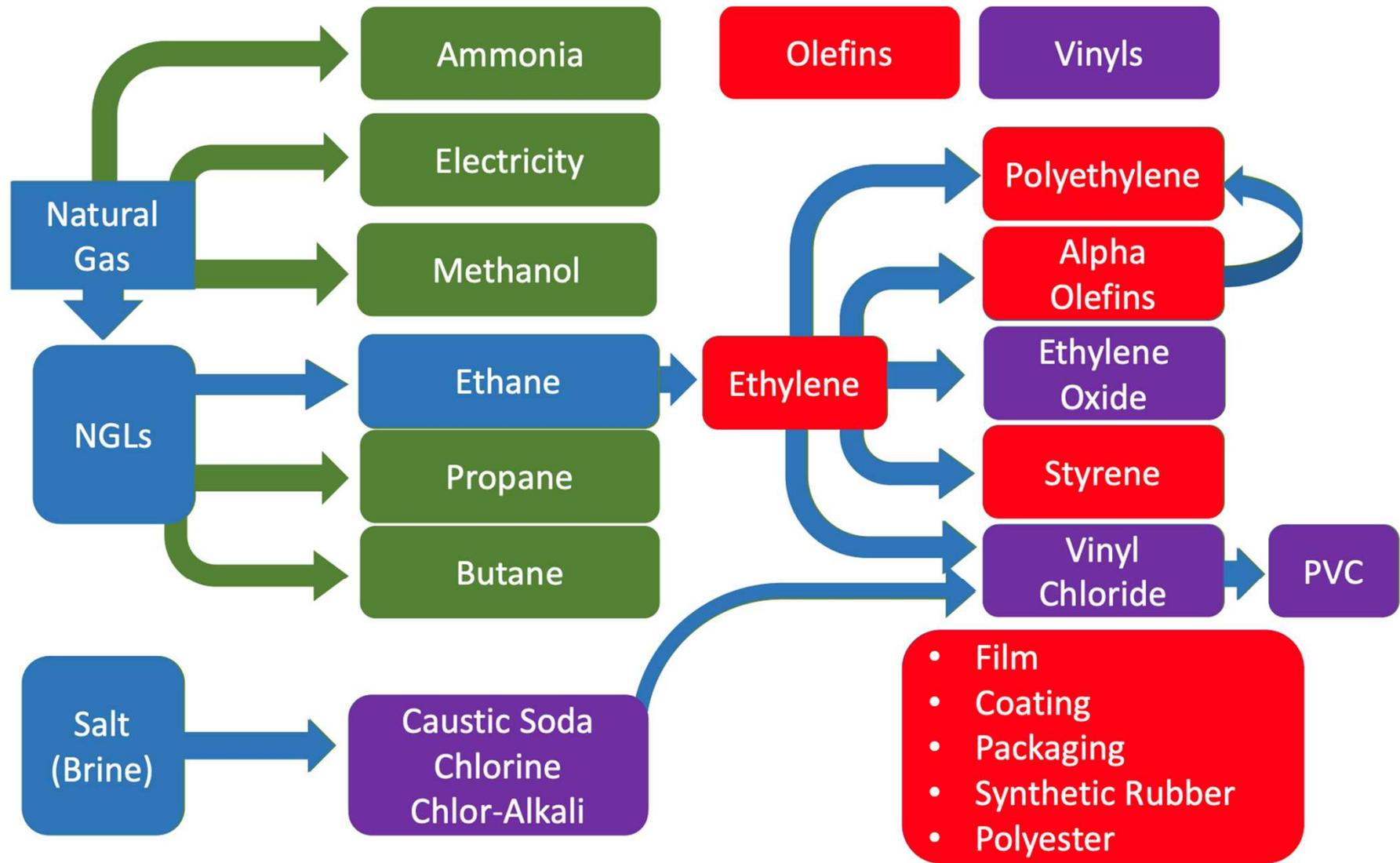
Full-Year Capital Investment	\$250M
Houlton Conversion	\$95M
Sagola Conversion	\$20M
Other Strategic Growth Capital	\$25M
Sustaining Maintenance Capital	\$110M

Q4 2021 REVENUE & ADJ. EBITDA

Siding Solutions YoY Revenue Growth	< 5%
OSB Revenue Compared to Q3 2021*	~ 30% Decrease
LP Consolidated Adjusted EBITDA	> \$200M

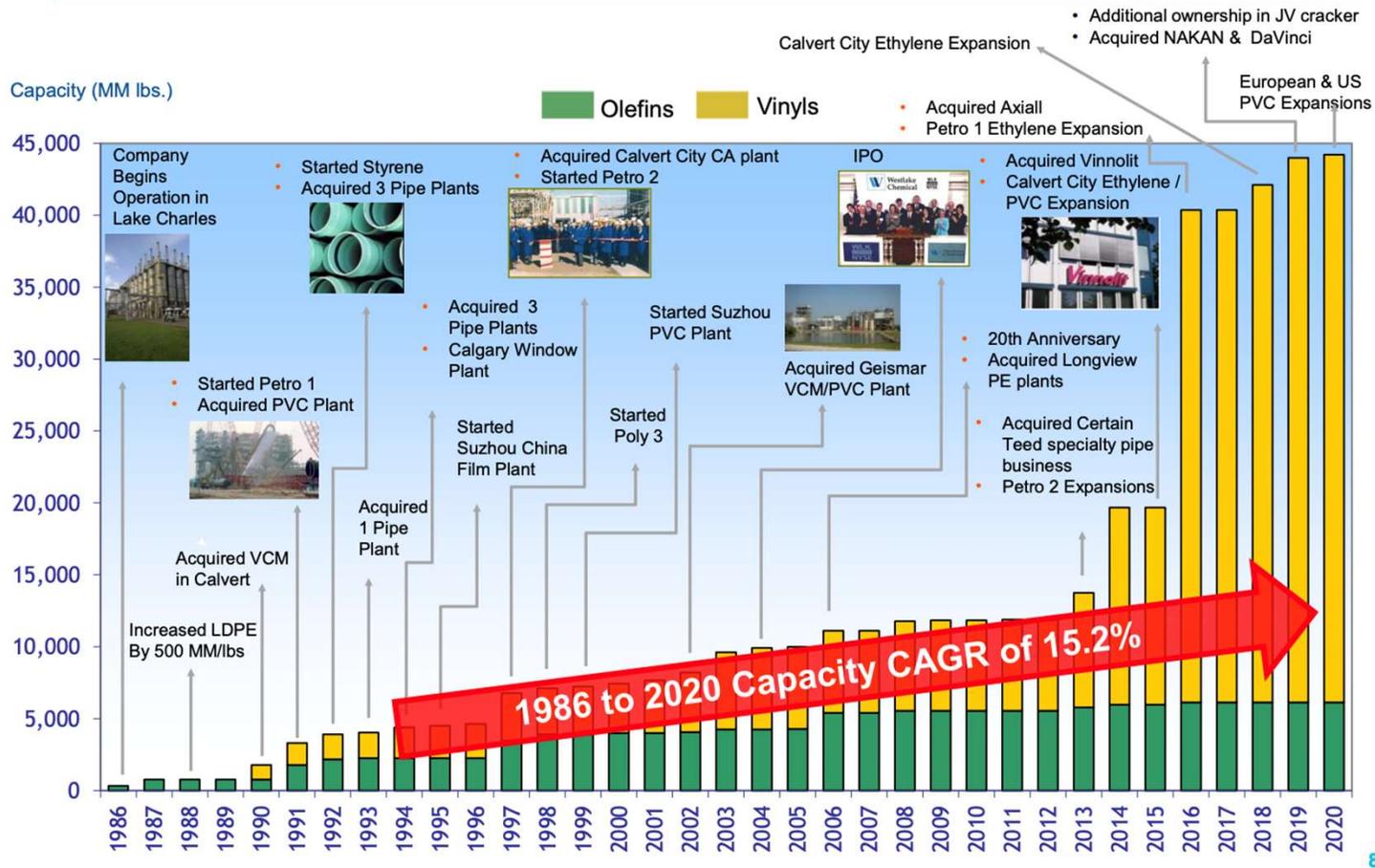


WLK: Chemical Production

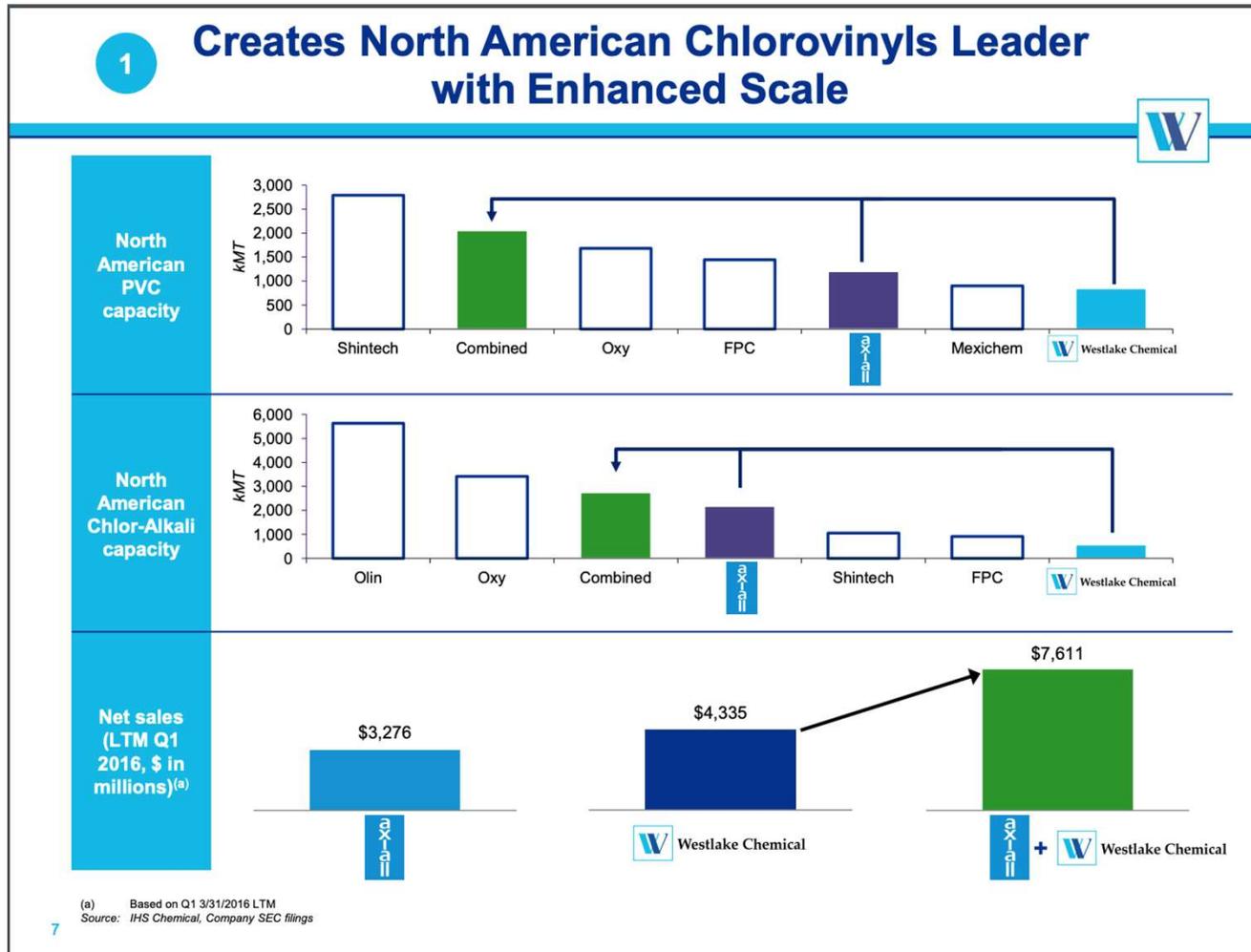


Westlake: Active in Consolidation

Strategic Growth Diversifies Product Lines and Further Strengthens Integration Advantage

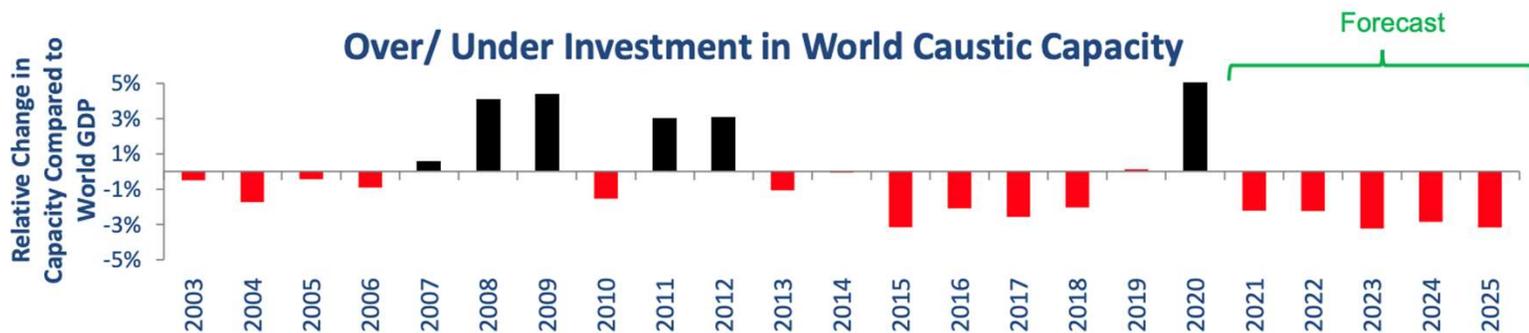
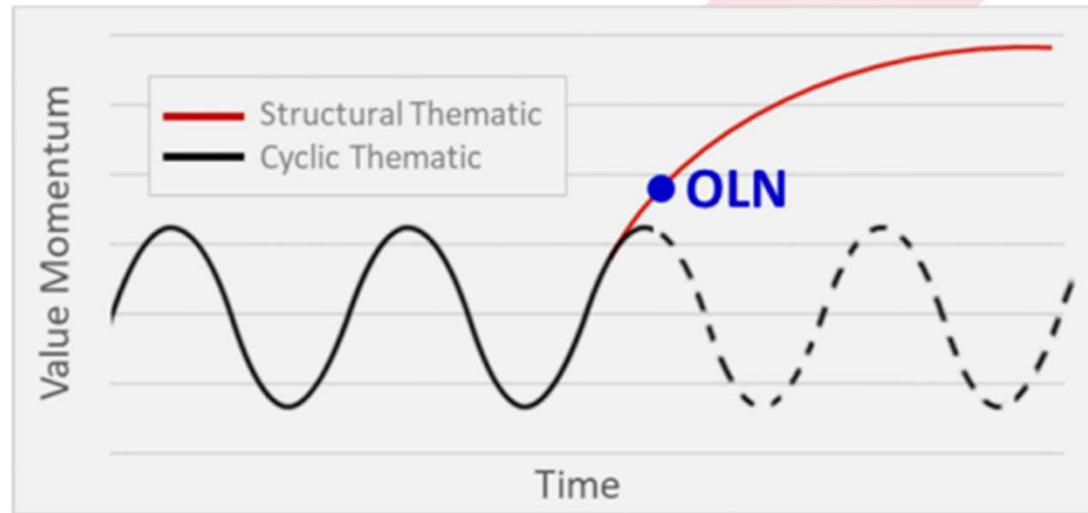


WLK: A Timely Acquisition



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Caustic Soda: An Industry in Flux



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<u>Disclosures</u>	Louisiana Pacific (NYSE:LPX)	Westlake Chemical Corporation (NYSE:WLK)
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Robotti & Company or its affiliates beneficially own common equity of the following securities	Yes	Yes
Robotti & Company or its affiliates beneficially own 1% or more of any class of common equity of the following securities	No	No
Bob Robotti serves as a Director or Officer or Advisory Board Member of the following securities	No	No

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Questions

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