Boise Cascade Company (BCC)

Updated May 19th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$91	**5 Year CAGR Estimate:**	4.3%	**Market Cap:**	$3.5 B
Fair Value Price:	$85	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	06/02/25
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.5%	**Dividend Payment Date:**	06/18/25
Dividend Yield:	0.9%	**5 Year Price Target**	$108	**Years Of Dividend Growth:**	8
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Boise Cascade Company (BCC) is a leading producer of engineered wood products (EWP) and plywood, and a major distributor of building materials across the United States. The company operates through Wood Products and Building Materials Distribution segments, serving residential and commercial construction markets. With 38 distribution locations and a nationwide manufacturing footprint, Boise Cascade offers an integrated supply chain advantage. The majority of revenue comes from the distribution segment, which supplies materials to dealers, home centers, and regional builders. Founded in 1957 and headquartered in Boise, Idaho, the company employs approximately 7,500 people across its operations.

On May 5th, 2025, Boise Cascade Company announced its financial results for the first quarter ended March 31st, 2025. The company reported net income of $40.3 million for Q1 2025, down from $104.1 million in Q1 2024, reflecting lower product prices and weaker demand in engineered wood and plywood. Diluted earnings per share (EPS) came in at $1.06, compared to $2.61 in the prior-year quarter.

This quarter sales totaled $1.54 billion, down 7% year-over-year, driven by pricing and volume declines across engineered wood products and plywood panels, as well as softer market conditions in the Building Materials Distribution segment. Adjusted EBITDA for the quarter was $91.6 million, down from $168.5 million a year ago, with margins impacted by lower pricing, operational downtime, and higher conversion costs.

Results were impacted by planned downtime at the company's Oakdale, Louisiana veneer and plywood mill, where modernization efforts temporarily increased per-unit costs and disrupted production levels. Despite these headwinds, management expressed confidence in its long-term strategy and the ability to remain agile in a challenging macroeconomic environment. Boise Cascade expects mixed demand trends in 2025 as single-family housing starts remain relatively stable, supported by housing shortages, while multi-family construction faces headwinds from higher financing costs. The Building Materials Distribution segment is expected to closely follow market activity, with continued pricing normalization after recent declines. In Wood Products, engineered wood volumes should hold steady, but pricing pressure is expected to persist, particularly for EWP and structural panels.

Given the current environment, 2025 end market demand expectations are difficult to predict, with most forecasts for housing starts ranging between 0% (flat) to approximately -4% to -6% year-over-year declines. Management plans $220 million to $240 million in capital expenditures, with a focus on facility modernization and supply chain enhancements.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.33	$0.98	$2.12	$0.52	$2.06	$4.44	$17.97	$21.56	$12.12	$9.57	***$6.50***	***$8.30***
DPS	-	-	$0.07	$0.30	$0.37	$0.40	$0.42	$0.51	$0.70	$0.82	***$0.84***	***$1.07***
Shares[1]	39	39	39	39	39	39	40	40	40	39	***38***	***38***

The company has grown earnings by 24.5% per year in the last decade and 7.9% over the past five years. We expect earnings to grow on average by 5% per year for the next five years. The company has been able to increase its dividend

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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for 8 consecutive years. Over the last five years, the average annual dividend growth rate is 16%. In August 2024, the company increased its quarterly dividend by 5% from $0.20 to $0.21 per share. Boise Cascade has a track record of returning excess cash to shareholders through special dividends, including $5.00 per share in both 2024 and 2023, $2.00 per share in 2022 and 2021, and $1.60 per share in 2020, reflecting strong cash generation during periods of elevated wood product pricing. During the first quarter, the company repurchased 482,700 shares of its common stock for a total value of $53.9 million.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.4	23.9	22.9	8.4	20.0	11.5	5.0	3.0	10.2	11.6	***14.0***	***13.0***
Avg. Yld.	-	-	0.2%	1.3%	1.0%	0.8%	0.6%	0.7%	0.5%	0.7%	***0.9%***	***1.0%***

During the past decade shares of Boise Cascade have traded with an average price-to-earnings ratio of about 13.2 and today, it stands at 14.0. We are using 13 times earnings as a fair value baseline, implying the potential for a small valuation headwind. The company's dividend yield is currently 0.9% which is above the average yield of 0.7% over the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	0%	1%	18%	9%	2%	2%	6%	9%	***13%***	***13%***

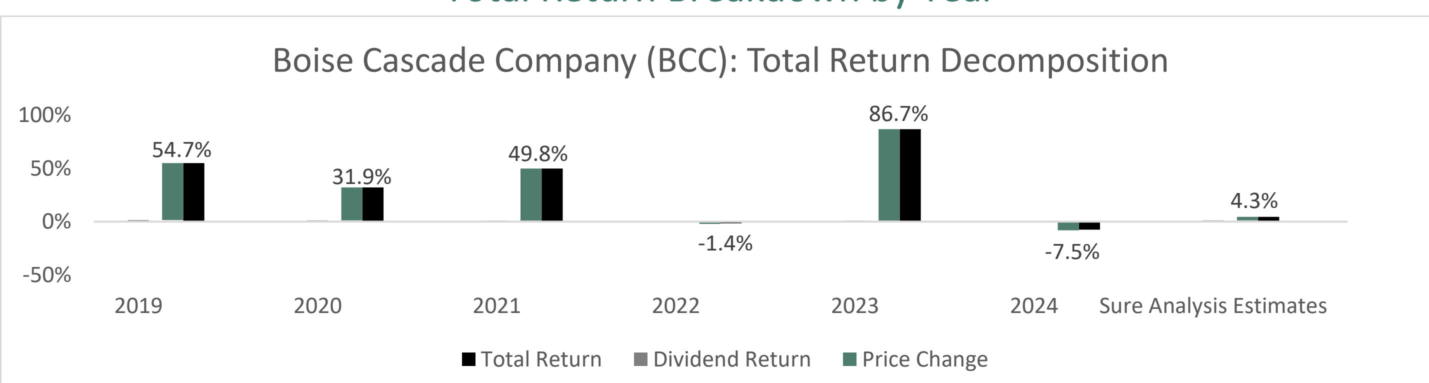
During the past five years, the company's dividend payout ratio has averaged around 6%. Boise Cascade's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe.

Boise Cascade benefits from a leading market position in engineered wood products and a large-scale distribution network that enhances operational efficiency. Its strong balance sheet and flexible capital allocation allow for both strategic investment and shareholder returns. However, profitability remains highly cyclical, driven by lumber prices and construction activity, making earnings volatile. The company's residential construction exposure also creates sensitivity to interest rates and broader economic cycles, while ongoing pricing pressure in wood products could further compress margins in 2025.

Final Thoughts & Recommendation

Boise Cascade is a leading building materials provider known for its integrated operations, strong market position, and disciplined capital management. Sustaining operational efficiency while navigating pricing volatility and cyclical demand swings will be key priorities in 2025. We estimate total return potential of 4.3% per year for the stock over the next five years based on a 5% earnings-per-share growth, the dividend yield of 0.9%, and a valuation headwind. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	3,633	3,911	4,432	4,995	4,643	5,475	7,926	8,387	6,838	6,724
Gross Profit	480	515	612	688	678	939	1,626	1,915	1,429	1,331
Gross Margin	13.2%	13.2%	13.8%	13.8%	14.6%	17.1%	20.5%	22.8%	20.9%	19.8%
SG&A Exp.	323	364	391	457	464	514	574	657	674	697
D&A Exp.	57	75	82	149	82	97	82	104	135	147
Operating Profit	103	80	141	85	134	329	972	1,158	624	490
Op. Margin	2.8%	2.0%	3.2%	1.7%	2.9%	6.0%	12.3%	13.8%	9.1%	7.3%
Net Profit	52	38	83	20	81	175	712	858	484	376
Net Margin	1.4%	1.0%	1.9%	0.4%	1.7%	3.2%	9.0%	10.2%	7.1%	5.6%
Free Cash Flow	(7)	68	76	84	163	215	560	927	472	209
Income Tax	29	5	35	2	27	111	236	289	161	125

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,249	1,439	1,607	1,581	1,693	1,966	2,573	3,241	3,459	3,369
Cash & Equivalents	184	104	177	192	285	405	749	998	950	713
Acc. Receivable	187	199	246	214	216	376	444	297	353	322
Inventories	385	433	477	533	498	503	661	698	712	803
Goodwill & Int.	32	71	70	76	78	77	76	299	361	345
Total Liabilities	714	859	933	909	992	1,115	1,220	1,183	1,263	1,218
Accounts Payable	159	194	234	211	223	308	335	270	310	298
Long-Term Debt	345	438	438	439	441	444	445	444	445	446
Total Equity	535	580	675	673	701	851	1,353	2,058	2,196	2,151
LTD/E Ratio	0.64	0.75	0.65	0.65	0.63	0.52	0.33	0.22	0.20	0.21

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.2%	2.8%	5.4%	1.3%	4.9%	9.6%	31.4%	29.5%	14.4%	11.0%
Return on Equity	10.2%	6.9%	13.2%	3.0%	11.8%	22.5%	64.7%	50.3%	22.7%	17.3%
ROIC	6.3%	4.0%	7.8%	1.8%	7.2%	14.4%	46.1%	39.9%	18.8%	14.4%
Shares Out.	39	39	39	39	39	39	40	40	40	39
Revenue/Share	92.32	100.48	113.43	126.83	118.33	138.85	199.92	210.88	171.38	171.02
FCF/Share	-0.18	1.76	1.95	2.12	4.15	5.45	14.14	23.31	11.83	5.31

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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