Louisiana-Pacific Corporation (LPX)

Updated May 6th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$91	**5 Year CAGR Estimate:**	5.0%	**Market Cap:**	$6.34 B
Fair Value Price:	$78	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	05/21/2025[1]
% Fair Value:	117%	**5 Year Valuation Multiple Estimate:**	-3.1%	**Dividend Payment Date:**	06/05/2025
Dividend Yield:	1.2%	**5 Year Price Target**	$109	**Years Of Dividend Growth:**	8
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Louisiana-Pacific Corp is a leading provider of engineered wood building materials, specializing in siding, structural panels, and oriented strand board (OSB). The company serves the construction, remodeling, and industrial markets, offering high-performance solutions designed for durability, efficiency, and sustainability. It operates 23 manufacturing facilities across North and South America, supplying durable, sustainable materials designed to meet the needs of builders and remodelers. LPX generated $2.9 billion in sales last year. It trades with a market cap of $6.34 billion.

On May 6th, 2025, Louisiana-Pacific released its Q1 results for the period ending March 31st, 2025. Net sales remained flat year-over-year at $724 million. Specifically, siding sales increased by 11%, due to 9% higher volumes and 2% higher prices. However, OSB revenue declined by 15%, driven by 11% lower prices and 4% lower volumes. Adjusted EBITDA fell 11% to $162 million due to the impact of lower OSB sales and prices. Adjusted EPS was $1.27, down 17% year-over-year. For FY2025, we expect adjusted EPS of $5.18.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	($0.60)	$1.05	$2.71	$2.79	($0.04)	$4.48	$14.19	$13.94	$2.47	$5.91	***$5.18***	***$7.27***
DPS	---	---	---	$0.52	$0.54	$0.58	$0.68	$0.88	$0.96	$1.04	***$1.12***	***$1.57***
Shares[2]	142.4	143.4	144	143	123	111	97	78	72	71	***71.0***	***65.0***

Louisiana-Pacific's EPS history over the past decade reflects the impact of industry cycles and the various operational transformations the company has experienced. EPS was negative in 2015 due to weak OSB prices and a sluggish housing recovery. These losses essentially reflected the challenges LPX faces by operating in a commodity-driven environment, where pricing volatility can massively impact profitability, evident in its highly volatile track record.

A recovery started to take place in 2016 with EPS growing to $1.05 as OSB prices improved and operational efficiency efforts took hold. By 2017 and 2018, EPS grew to $2.71 and $2.79, supported by strong demand for siding and structural products amid a strengthening housing market.

In 2019, EPS turned negative again due to a downturn in OSB prices and the flat housing market, despite growth in high-margin siding sales. Fortunately for the company, the COVID-19 pandemic in 2020 brought a housing boom powered by remodeling and homebuilding, driving EPS to $4.48 as LPX capitalized on surging demand for its products. In 2021, EPS reached a peak of $14.19, reflecting record OSB prices and strong execution in its specialty product segments. In 2022, its divestiture of non-core assets, such as its Engineered Wood Products division, supported its focus on higher-margin segments like siding and structural solutions. Still, as housing demand softened and OSB prices normalized, EPS declined to $13.94 in 2022 and plunged to $2.47 in 2023 as margins got under heavy pressure following declining sales. It then normalized in 2024 following a modest recovery.

Moving forward, we project a 7% annual EPS growth rate driven by demand for sustainable building materials, siding capacity expansion, and growth in repair and remodeling, alongside continued share buybacks. Still, we warn that our

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[1] Estimated dates based on past dividend dates.
[2] Share count is 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.

estimates are speculative due to the unpredictable nature of commodity prices on top of uncertainty in the residential real estate market. We have applied the same growth rate to the dividend, which LPX has raised for 8 consecutive years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	Now	2030
Avg. P/E	---	16.7	8.5	9.7	---	6.2	3.6	4.5	24.6	13.7	***17.6***	***15.0***
Avg. Yld.	---	---	---	1.9%	2.1%	2.1%	1.3%	1.4%	1.6%	1.3%	***1.2%***	***1.4%***

Louisiana-Pacific's P/E ratio has swung notably over the years, due to wild shifts in its earnings and investor sentiment. In 2016, the P/E of 16.7 highlighted market optimism as EPS rebounded after losses in prior years. By 2017 and 2018, LPX's P/E multiple compressed to 8.5 and 9.7, respectively, due to temporarily strong earnings growth from siding and structural solutions. Multiples fell in the single-digits during the pandemic due to one-off earnings jumps as a result of unprecedentedly favorable market conditions. Today's multiple again reflects optimism for earnings growth. Still, we believe that shares would be more fairly valued at a P/E of 15 given the industry's cyclical nature.

Safety, Quality, Competitive Advantage, & Recession Resiliency

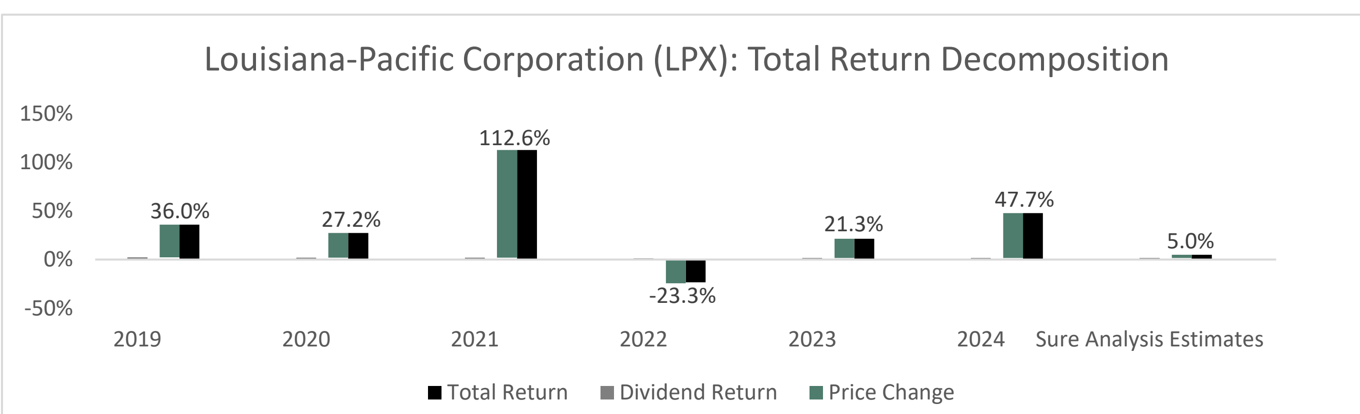
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	19%	---	13%	5%	6%	39%	18%	***22%***	***22%***

Louisiana-Pacific benefits from its focus on high-margin, value-added building products and its operational efficiency and mill conversions in recent years that align production with demand for specialty products. These products offer higher profitability and lower exposure to commodity price volatility compared to traditional OSB products. Still, the building materials industry is highly competitive, with LPX facing challenges from larger, vertically integrated players that benefit from economies of scale and smaller regional manufacturers with niche market focus. Moreover, the industry's inherent susceptibility to market downturns poses risks, as housing and remodeling demand fluctuate with economic conditions. During recessions, reduced construction activity and declining commodity prices can pressure earnings. Earnings turned negative during the Great Financial Crisis and any other period tough conditions in the housing market, despite earnings surging during the COVID-19 pandemic as a result of exceptionally favorable market conditions.

Final Thoughts & Recommendation

Louisiana-Pacific's focus on high-margin specialty products and the growing repair and remodeling market could position it for growth. Still, its earnings outlook is highly speculative and can fluctuate either way based on the underlying market conditions. In any case, we forecast annualized returns 5.0% over the medium term, as returns from EPS growth and the dividend could be offset by valuation headwinds. Hence, LPX earns 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	1,893	2,233	2,734	2,828	2,310	2,788	3,915	3,854	2,581	2,941
Gross Profit	210	404	736	744	303	867	1,963	1,498	593	832
Gross Margin	11.1%	18.1%	26.9%	26.3%	13.1%	31.1%	50.1%	38.9%	23.0%	28.3%
SG&A Exp.	153	191	201	213	233	212	224	270	257	291
D&A Exp.	102	113	123	120	123	111	119	132	119	126
Operating Profit	(61)	196	530	543	81	664	1,738	1,236	335	538
Operating Margin	-3.2%	8.8%	19.4%	19.2%	3.5%	23.8%	44.4%	32.1%	13.0%	18.3%
Net Profit	(88)	150	390	395	(5)	499	1,377	1,086	178	420
Net Margin	-4.7%	6.7%	14.3%	14.0%	-0.2%	17.9%	35.2%	28.2%	6.9%	14.3%
Free Cash Flow	(85)	218	325	297	(4)	582	1,230	730	16	422
Income Tax	(3)	20	119	122	(13)	125	402	274	74	140

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,176	2,031	2,449	2,514	1,835	2,086	2,194	2,350	2,437	2,569
Cash & Equivalents	435	659	928	878	181	535	358	369	222	340
Accounts Receivable	83	96	125	88	111	161	156	106	104	100
Inventories	222	235	259	273	265	259	277	336	378	358
Goodwill & Int. Ass.	10	10	27	26	50	81	68	64	51	49
Total Liabilities	1,159	836	844	814	834	842	955	916	880	898
Accounts Payable	73	90	112	116	127	125	180	178	141	139
Long-Term Debt	754	377	376	352	347	348	346	346	347	348
Shareholder's Equity	1,017	1,196	1,605	1,700	991	1,234	1,235	1,434	1,557	1,671
LTD/E Ratio	0.74	0.32	0.23	0.21	0.35	0.28	0.28	0.24	0.22	0.21

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-3.9%	7.1%	17.4%	15.9%	-0.2%	25.5%	64.3%	47.8%	7.4%	16.8%
Return on Equity	-8.3%	13.5%	27.9%	23.9%	-0.4%	44.5%	110.9%	81.3%	11.9%	26.0%
ROIC	-4.8%	9.0%	22.0%	19.6%	-0.3%	33.9%	86.7%	64.5%	9.7%	21.4%
Shares Out.	142	143	144	143	123	111	97	78	72	71
Revenue/Share	13.29	15.37	18.73	19.64	18.78	24.89	39.95	49.41	35.85	41.42
FCF/Share	(0.59)	1.50	2.23	2.06	(0.03)	5.20	12.55	9.36	0.22	5.94

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