UNIVERSAL FOREST PRODUCTS, INC.

March 2019

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UFPI: What we do

We manufacture products—historically wood-based, but today, other materials as well—from simple furring strips to highly designed and engineered specialty packaging.

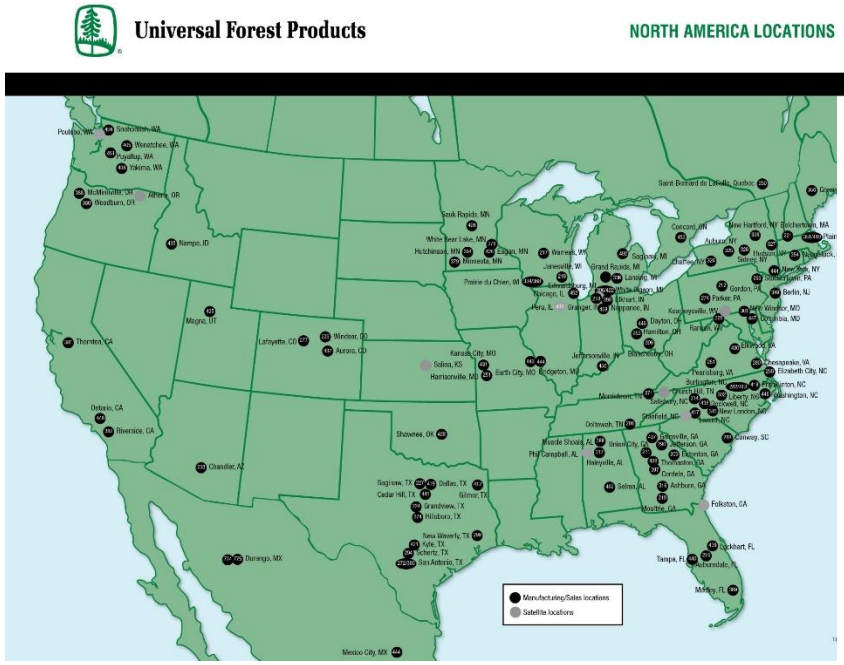
- Many of our products are hidden inside the home—roof and floor trusses and engineered wood products.
- Many are in full display in homes and in office and retail establishments—such as laminated wall panels and decorative boards for interior applications.
- And many define outdoor living, like preserved lumber for decks, railings, fencing and lattice and non-wood products like composite decking, railing and a wide range of accessories.

UFPI: What we do

We design, engineer, manufacture and distribute complex products and assignments, from outdoor living environments to concrete forms for intricate architectural elements. Our end markets include *construction*, *retail* and *industrial/agricultural*.

We offer services including: design and engineering of complex building and industrial products; installation of our products in parts of the country; manufacturing and project management; product development including design and testing in one of the most advanced facilities in our industries.

UFPI: Where we are



UFPI by Market - Construction

Where we got our start -- as a wholesaler to the manufactured housing industry *(1955)*

Became a manufacturer of trusses and components for MH *(1970)*

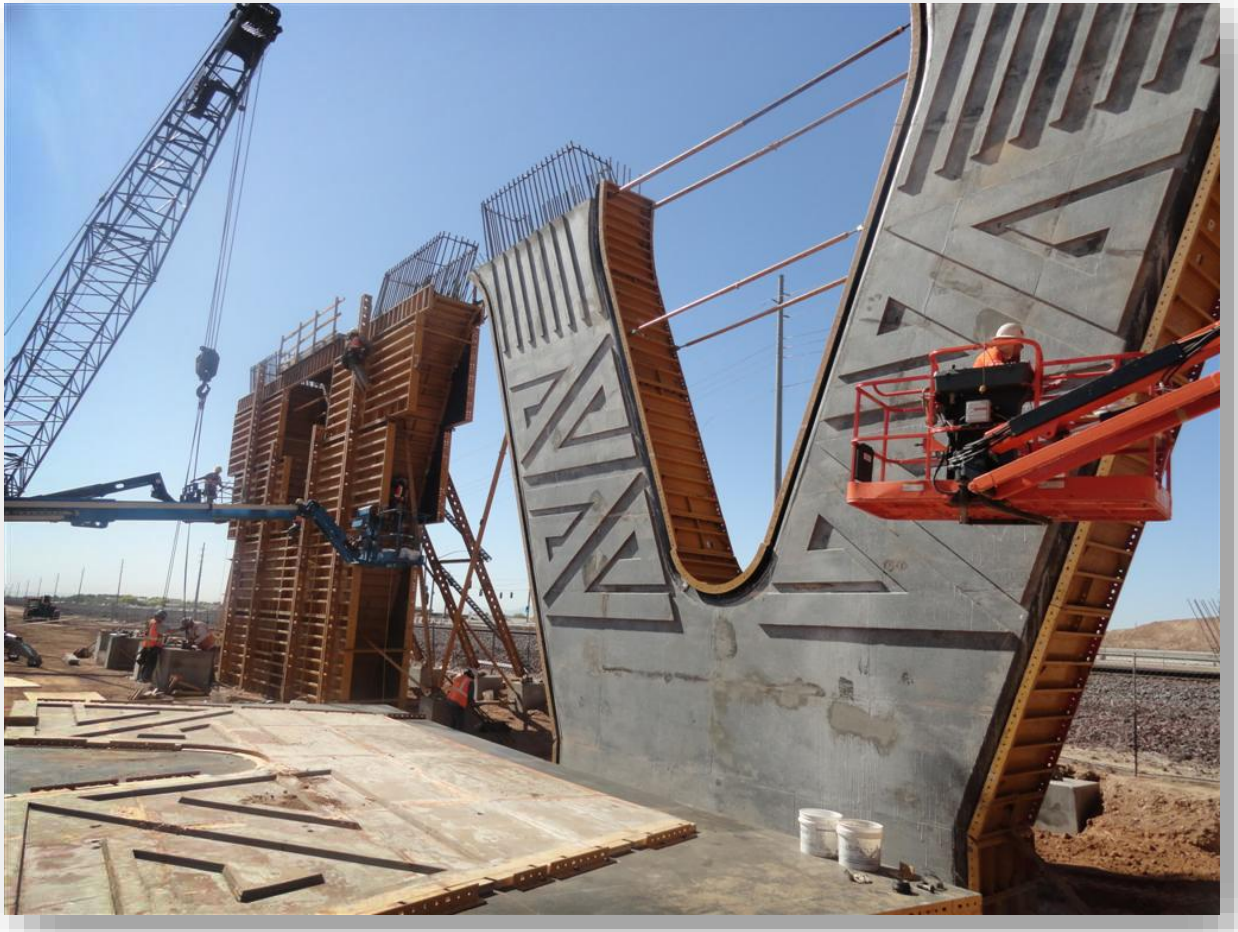
Entered the site-built construction business *(1997)*

Added concrete forming *(2007)*

Site-built construction (roof trusses, wall panels, etc.)

Concrete forming is a fast-growing area of our construction business

Highway bridge in New Mexico



UFPI by Market - Retail

We got our start in this market when we entered the wood preservation business *(1978)* to supply an upstart company: The Home Depot.

Today, we supply big box and independent retailers with products ranging from decking and the largest array of deck accessories in the market to lattice.

Decorators®
Go Beyond Ordinary

Our all-new Vault decking has the industry's best strength-to-weight ratio. Its patented Eovations™ technology allows the decking to be lightweight, but creates a fiber-like structure inside, similar to wood, giving it unique strength.

Deckorators®
Go Beyond Ordinary

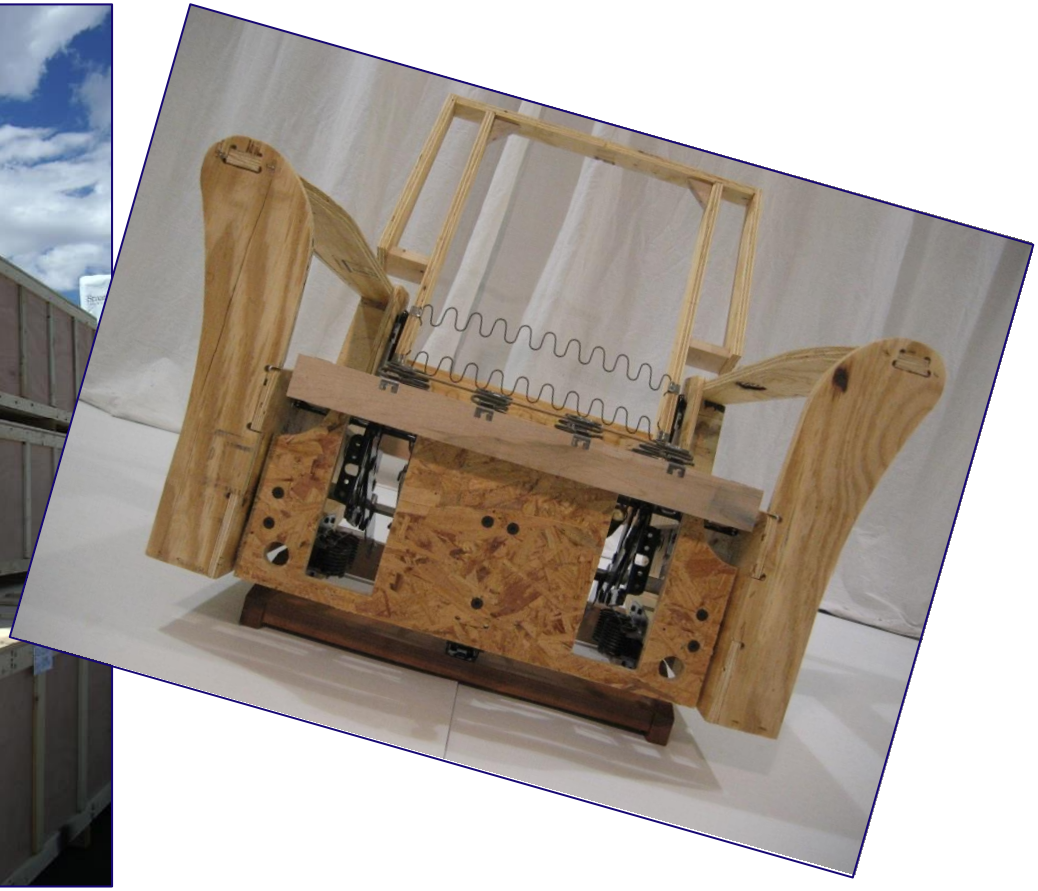
Deckorators offers a deep product line of decking, railing and accessories for outdoor living spaces.

ProWood® is our line of superior treated lumber, preferred by professional builders. It's treated with an environmentally friendly compound and backed by a lifetime limited warranty against termite infestation and rot.

UFPI by Market – Industrial

We formally entered the industrial market in 2000. From component pieces to fully designed, engineered and tested packaging, our goal is to be the global packaging solution provide for wood and alternative materials

Crates and components for manufacturers



Custom crates for agricultural, manufacturing and military uses

Lamination

Office and entertainment fixtures and installation

UFPI: About us

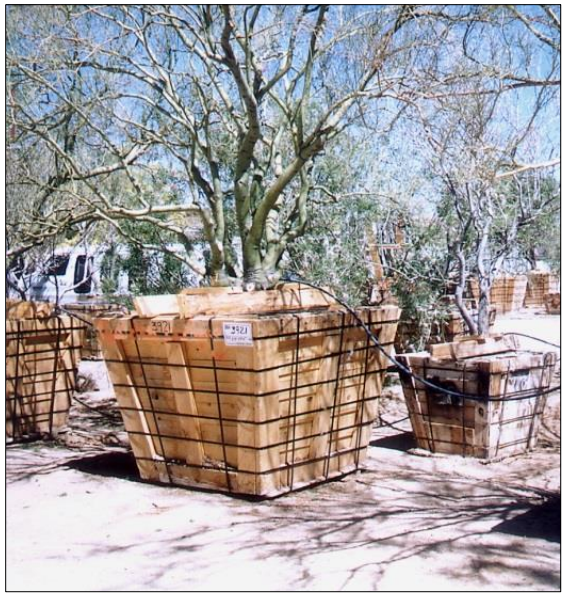
- We are a fiscally conservative holding company founded in 1955. We've been profitable each year since our founding.
- Our affiliated companies operate at approximately 130 locations in N. America, Europe, Asia and Australia.
- We source and sell raw materials and products worldwide.
- Senior management team of our companies is experienced and aggressive, with an average of more than 26 years of service.
- Our strong culture is rooted in core Midwestern values of hard work, honesty, and a get-the-job-done-right determination.

UFPI: New product sales

(in thousands) Market Classification	New Product Sales by Market — Three Months Ended March 30, 2019	March 31, 2018	% Change
Retail	$ 61,247	$ 56,138	9.10%
Industrial	21,751	16,624	30.84%
Construction	16,948	19,436	-12.80%
Total New Product Sales	$ 99,946	$ 92,198	8.40%

UFPI: Keys to our success

- Diversified / balanced business model
- Optimal fiber utilization
- Strong management team: required to own stock and compensated based on ROI
- Continuous Improvement
- Financial Strength



UFPI: Long-term financial goals

- Annual sales growth that exceeds positive U.S. GDP growth by 4 to 6 percentage points
- EBITDA growth exceeding unit sales growth
- Earn ROIC greater than WACC

UFPI: Improving existing operations

- Profitable sales growth
- Adding new products and services
- Enhancing margin through increased operating leverage

UFPI: Future growth

- Organic Growth
- Acquisition Growth
- New Markets
- New Geographies (including International)

UFPI: Challenges and obstacles

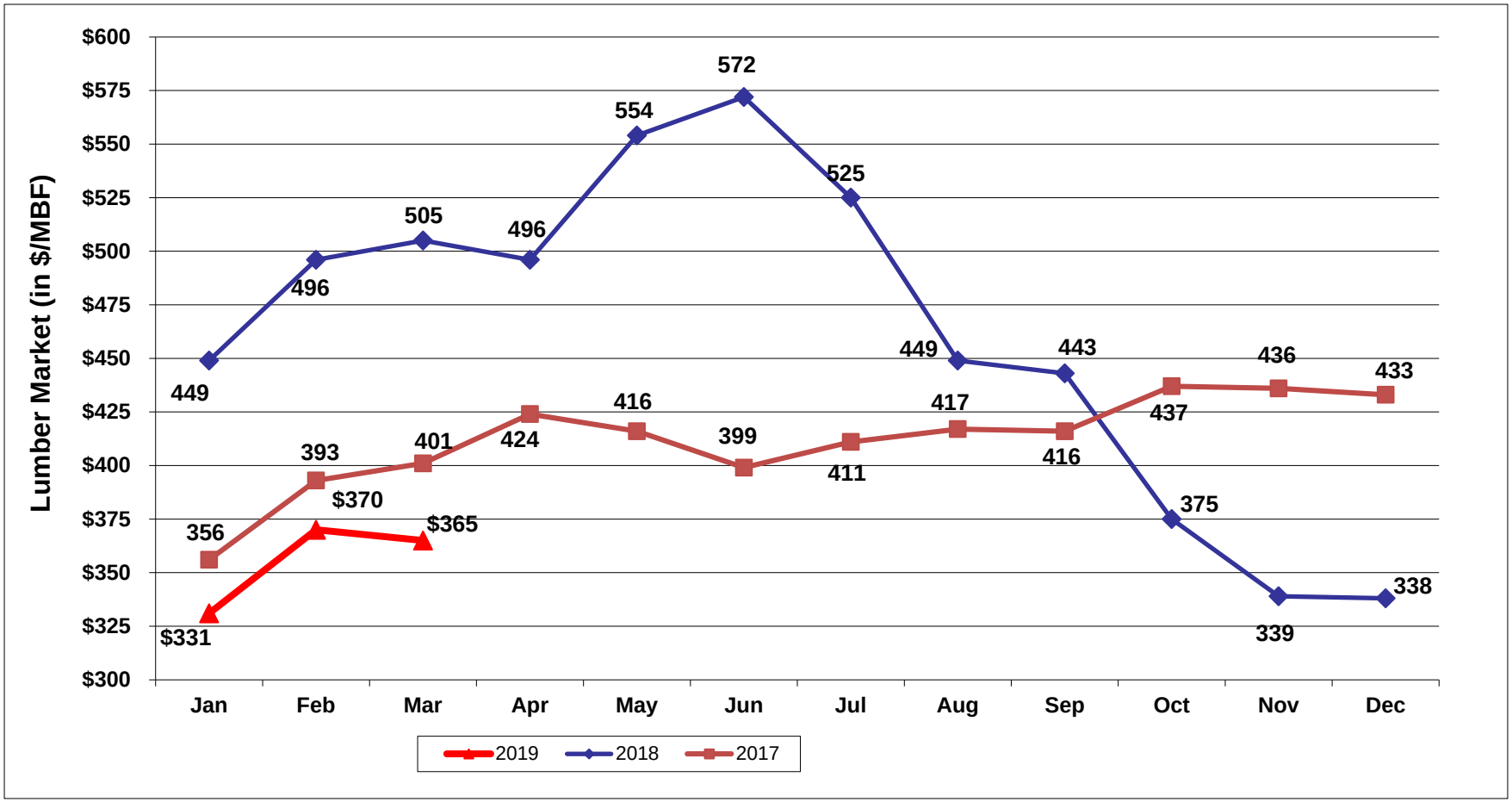
- General economic trends
- Lumber price fluctuations
- Availability of qualified labor
- Increasing regulatory burdens

FINANCIAL STRENGTH

Lumber Market Impact on Operating Results

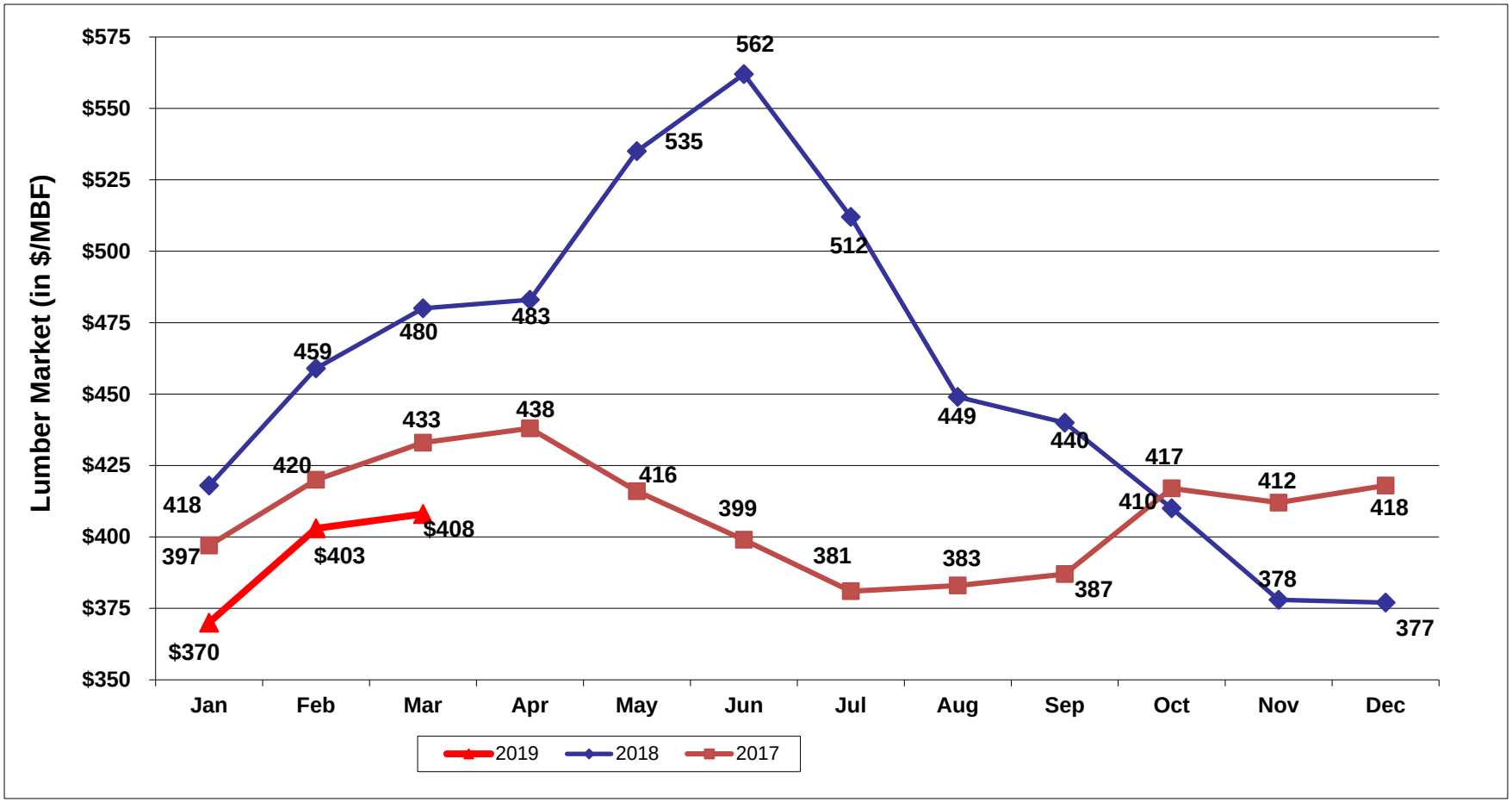
- ***Goal:*** to earn a stable profit per unit.
- We are less affected by the ***level*** of lumber prices than primary producers of lumber are.
- ***Level*** of lumber prices affects gross profit and SG&A to sales ratios.
- Profit per unit is primarily impacted by the ***trend*** and ***volatility*** of the market.
- Balance in business and risk management techniques mitigate impact on profitability.

Lumber Market

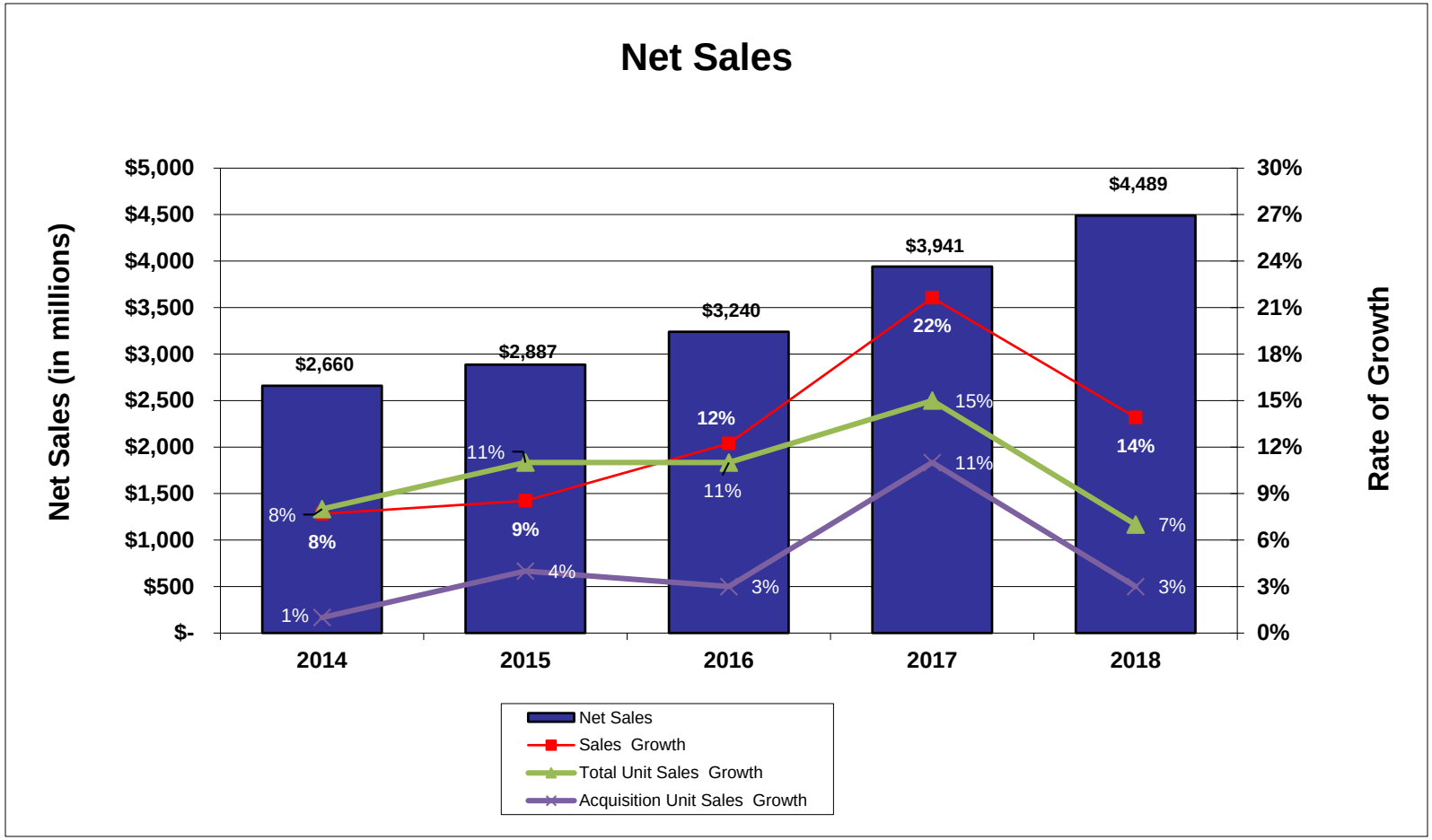


Average weekly Random Lengths framing lumber composite price.

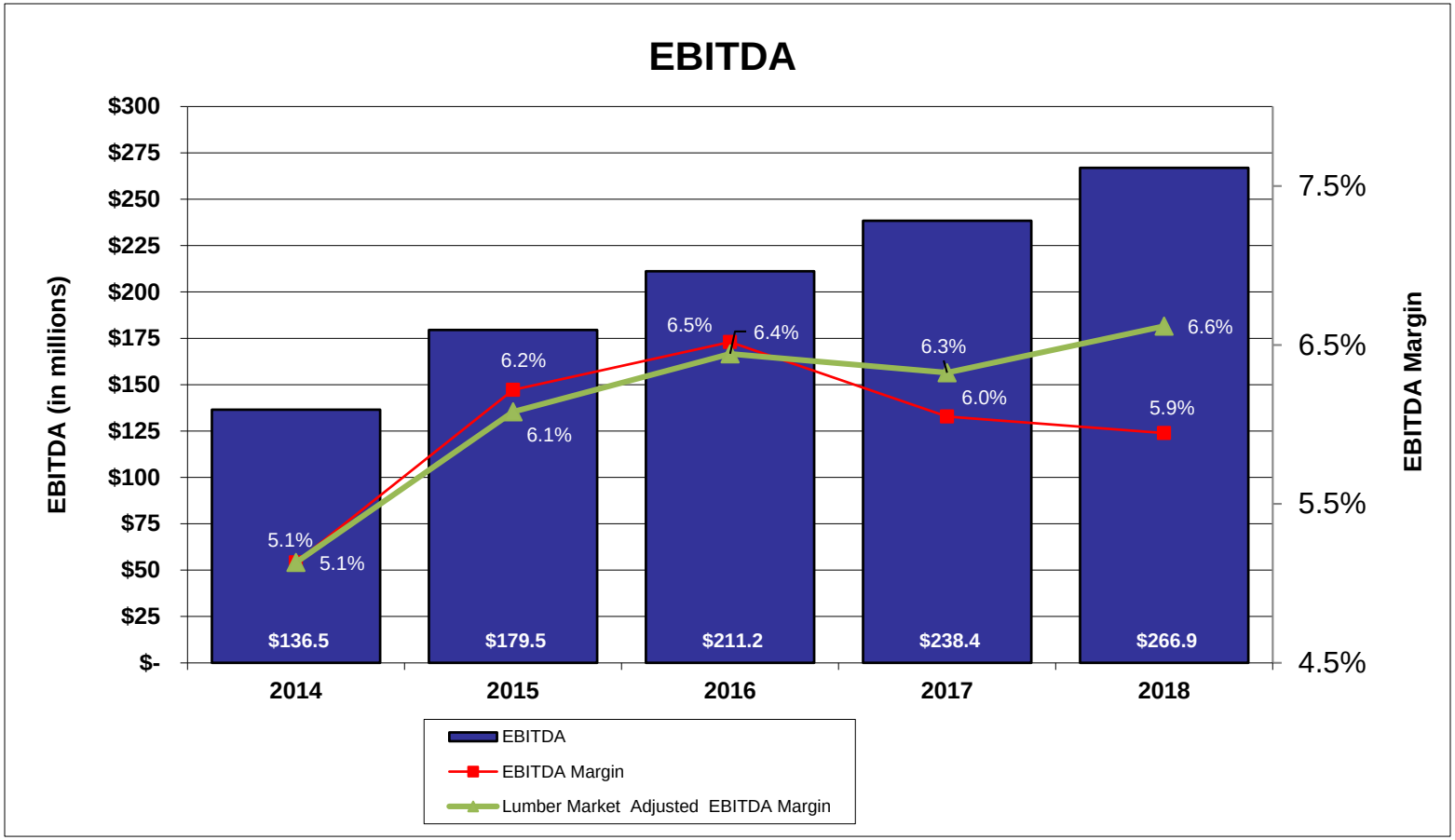
Lumber Market - SYP



Average weekly Southern Yellow Pine price.



Goal = growth of 4% to 6% over positive GDP



(1) Lumber Market Adjusted EBITDA Margin *determined by restating 2015-2018 sales to be based upon 2014 lumber prices.*

(2) Non-GAAP Financial Information:

This release includes certain financial information not prepared in accordance with U.S. GAAP. Because not all companies calculate non-GAAP financial information identically (or at all), the presentations herein may not be comparable to other similarly titled measures used by other companies. Management considers EBITDA, a non-GAAP measure, an alternative performance measure which may provide useful information to investors. ***See the company's web site at www.ufpi.com for reconciliation to related GAAP measurement***

Margin Improvement Drivers

- Operating leverage on sales growth
- Product mix improvements
  - New product and core line innovation initiatives
  - Conversion from commodity to value-added
- Market mix improvements
- Strength of market demand
- Better balance reduces impact of volatile lumber market on profits
- Automation initiatives

Selected Income Statement Data

1st Quarter & YTD Results

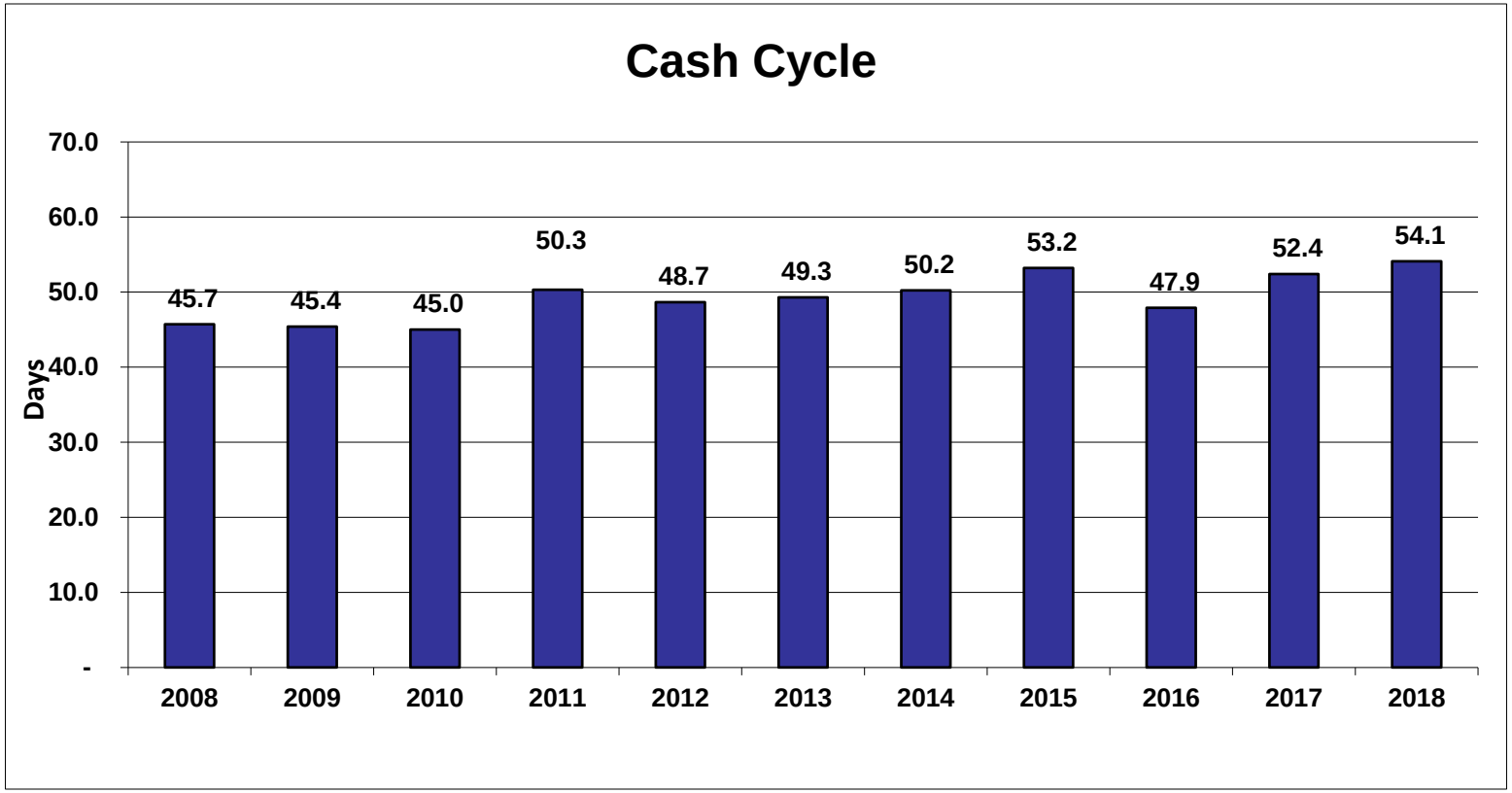
In thousands, except per-share data

	Q1 2019	Q1 2018	$ % Change	Unit % Change	YTD 2019	YTD 2018	$ % Change	Unit % Change
Retail	$ 357,487	$ 370,402	-3.5	3	$ 357,487	$ 370,402	-3.5	3
Industrial	329,698	285,484	15.5	16	329,698	285,484	15.5	16
Construction	344,420	355,781	-3.2	5	344,420	355,781	-3.2	5
Total Gross Sales	$ 1,031,605	$ 1,011,667	2.0	7	$ 1,031,605	$ 1,011,667	2.0	7
EBITDA (1)	$ 65,938	$ 52,717	25.1		$ 65,938	$ 52,717	25.1	
EBITDA Margin	6.5%	5.3%			6.5%	5.3%		
Lumber Market Adjusted EBITDA Margin (2)	6.2%	5.3%			6.2%	5.3%		
Net Earnings Attributable to Controlling Interest (3)	$ 35,540	$ 32,833	8.2		$ 35,540	$ 32,833	8.2	
Diluted EPS (3)	$ 0.58	$ 0.53	9.4		$ 0.58	$ 0.53	9.4	

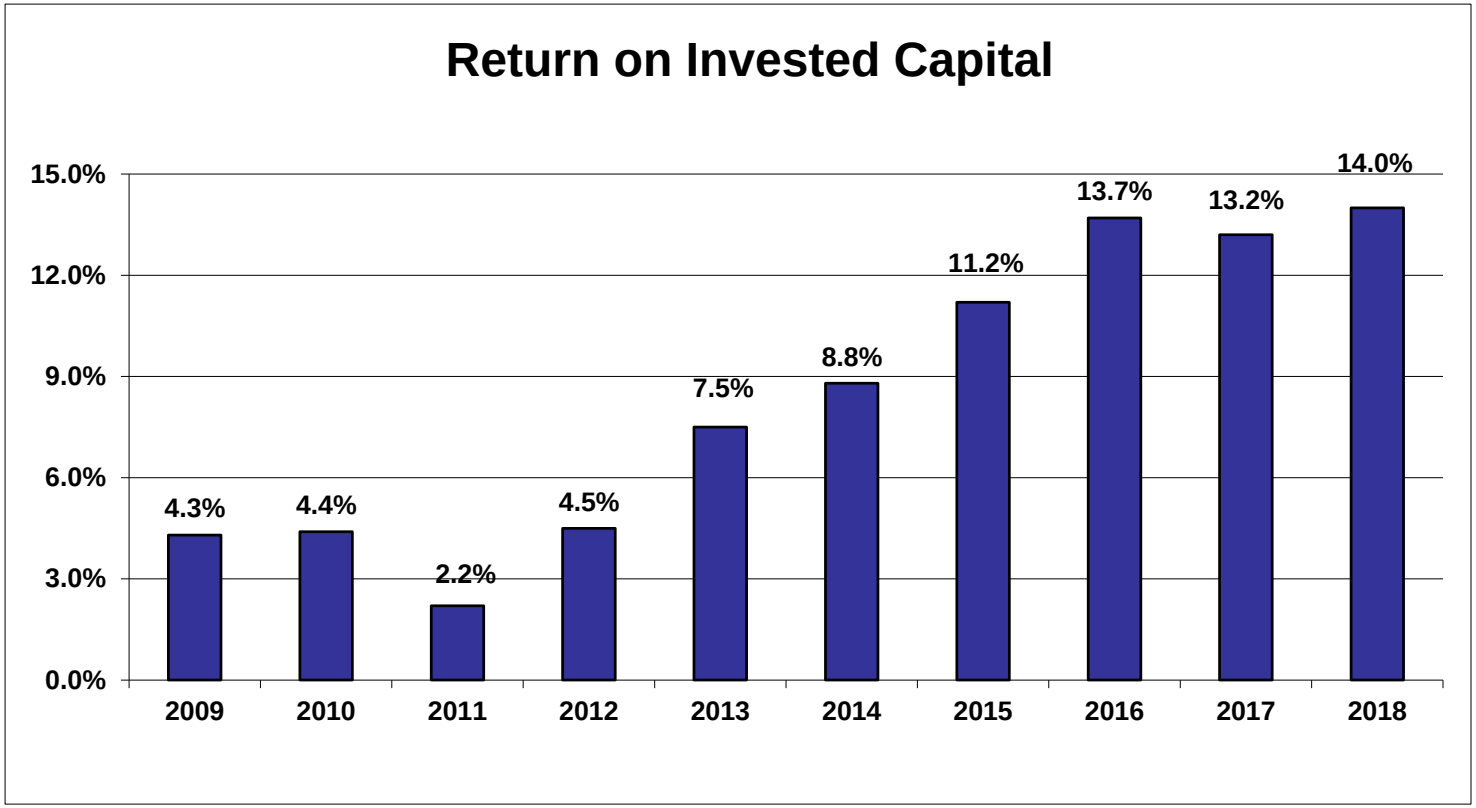
(1) See the company's Web site at www.ufpi.com for reconciliation to related GAAP measurement.

(2) Lumber Market Adjusted EBITDA Margin *determined by restating current period net sales to be based upon prior year period lumber prices.*

(3) Includes $7 million pre-tax ($5.3 million after tax) gain on the sale of certain real estate in Q1 2018.



Cash cycle = Days Receivables Outstanding + Days Supply of Inventory - Days Payables Outstanding



Hurdle Rate = 12%

10% WACC & minimum ROIC Goal

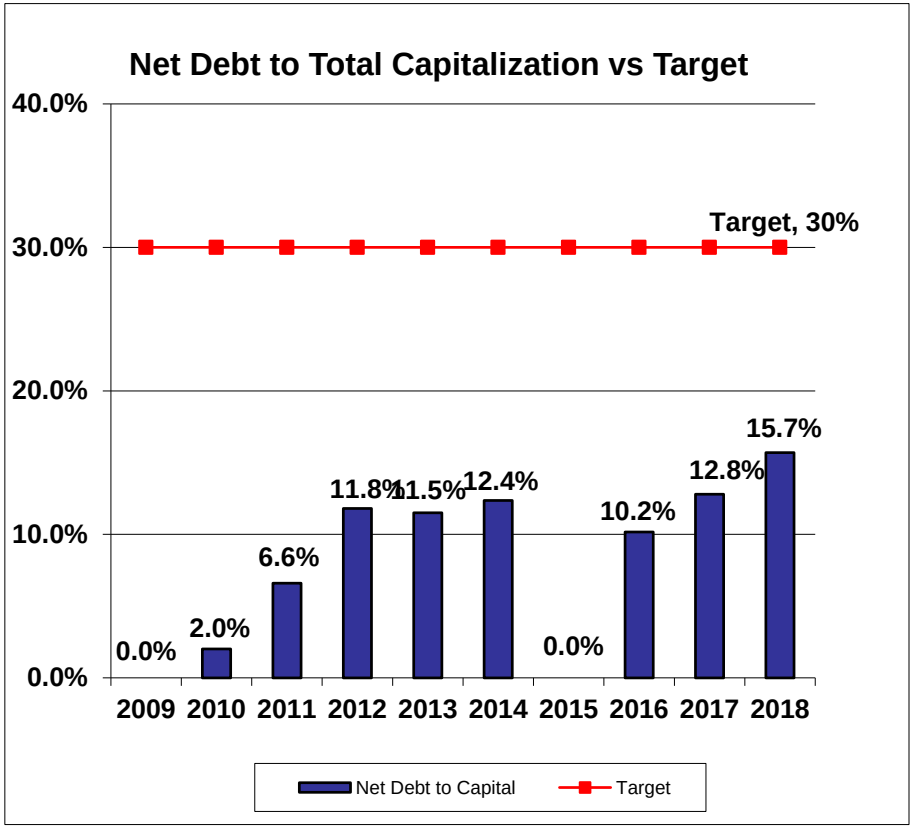
Note: See the company's Web site at www.ufpi.com for reconciliation to related GAAP measurement.

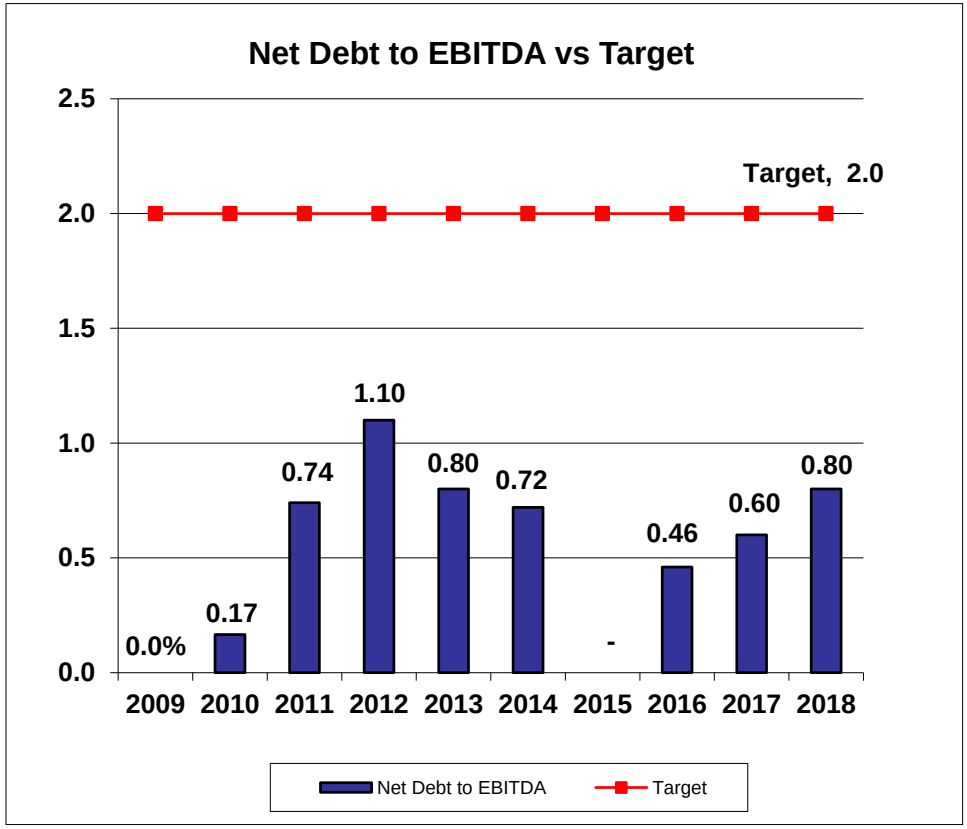
Net Debt *(in thousands)*

	Mar-19	Dec-18	Dec-17
3.89% series 2012 - A notes, Tranche A, due December 2022	$ 35,000	$ 35,000	$ 35,000
3.98% series 2012 - B notes, Tranche B, due December 2024	40,000	40,000	40,000
4.20% series 2018 - C notes, Tranche C, due June 2028	40,000	40,000	-
4.27% series 2018 - D notes, Tranche D, due June 2030	35,000	35,000	-
Revolving credit facility ($375 million total available) (2)	106,839	42,490	59,422
Industrial Development Revenue Bonds (1)	9,700	9,700	9,700
Foreign Subsidiary Debt	-	95	2,057
Capital Leases	283	216	-
Debt Issuance Costs	(209)	(223)	(176)
Less Cash Surplus	(17,111)	(27,316)	(28,339)
Plus Cash Overdraft	18,732	27,367	25,851
Total Net Debt	**$ 268,234**	**$ 202,329**	**$ 143,515**
Incremental debt capacity at 2X EBITDA less average debt	**$ 327,000**		

(1) Current quarter variable rates ranging from 1.57% to 1.89%. Maturities ranging from 20 to 25 years.
(2) The revolving credit facility was increased to $375 million from $295 million in 2018.

Capital Structure





Use of Free Cash Flow & Unused Debt Capacity

- Free cash flow > net earnings
- Dividend policy and yield
- Share buy back authorization and objectives
- Expansionary capex and working capital
- Acquisition strategy

UFPI Investment Data

4/30/2019 Stock Price	$36.95
Market Cap	$2.3 billion
Enterprise Value	$2.5 billion
Q1 2019 TTM Gross Sales	$4.6 billion
Q1 2019 TTM EPS	$2.45
Q1 2019 TTM EBITDA	$280.2 million
Annual Dividend Yield	0.97%

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