UNIVERSAL FOREST PRODUCTS, INC.

June 2018

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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

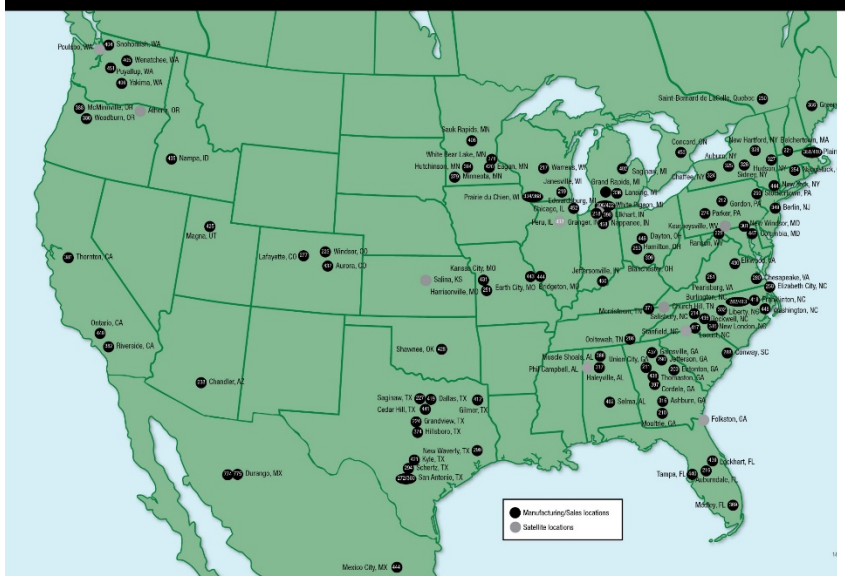
We design, engineer, manufacture and distribute complex products and assignments, from outdoor living environments to concrete forms for intricate architectural elements. Our end markets include *construction*, *retail* and *industrial/agricultural*.

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

Universal Forest Products

NORTH AMERICA LOCATIONS



Universal Forest Products

INTERNATIONAL LOCATIONS

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)*

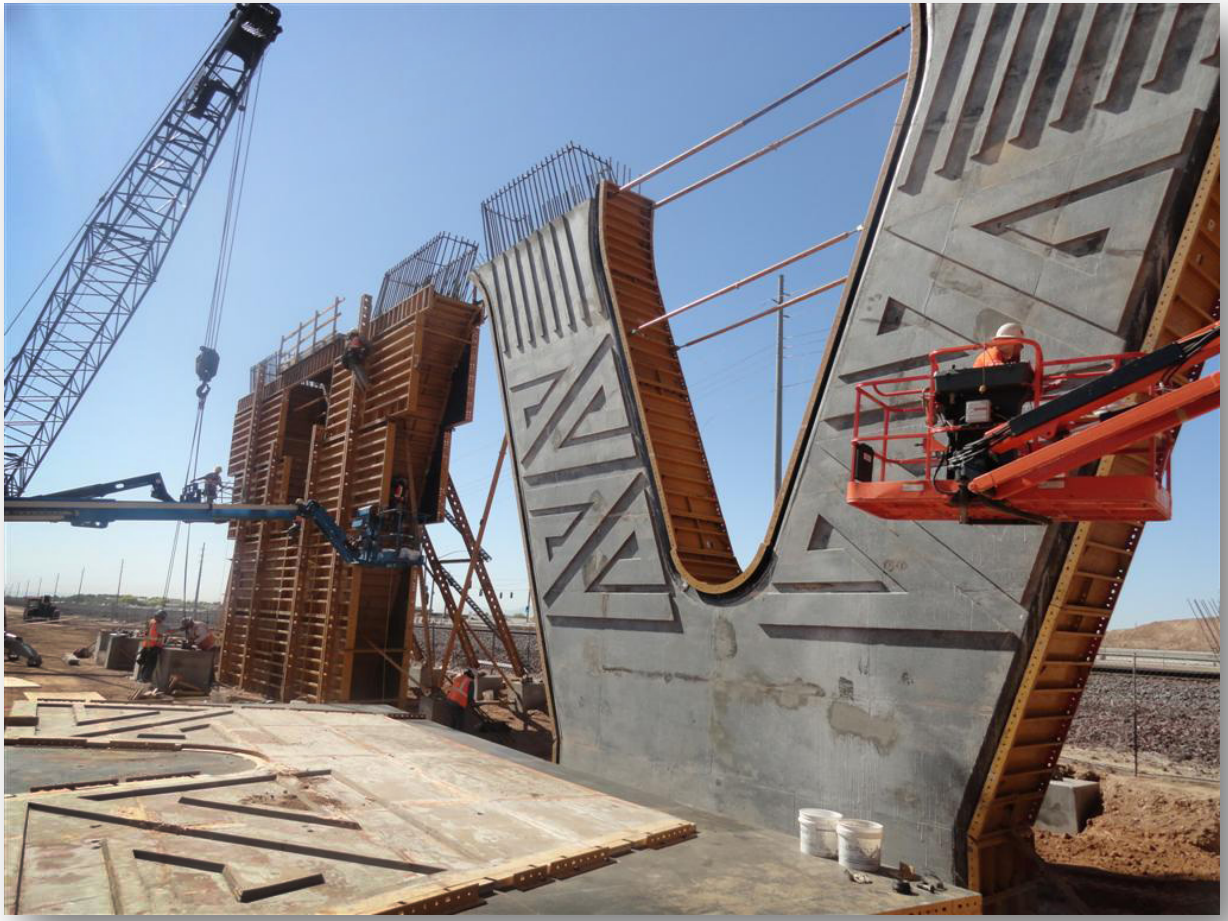
Entered the site-built construction business *(1997)*

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

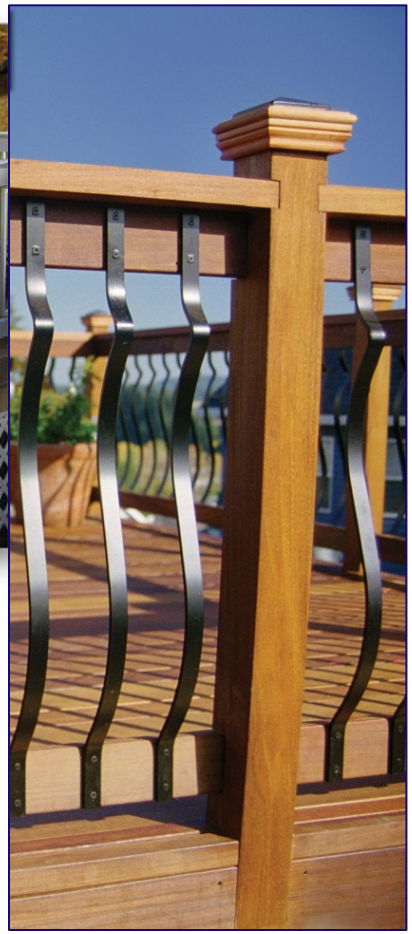
We got our start in this market when we entered the wood preservation business *(1978)* to supply an upstart company: The Home Depot.

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

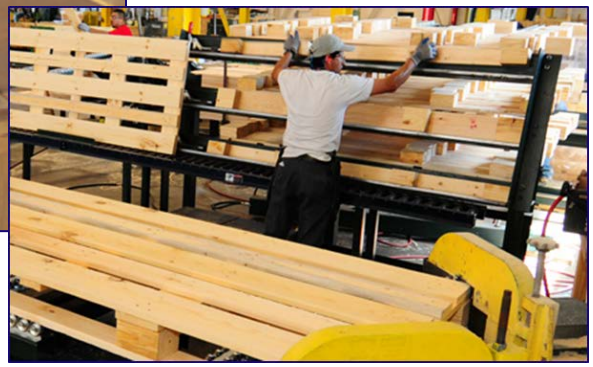


Deckorators offers a deep product line of decking, railing and accessories for outdoor living spaces.

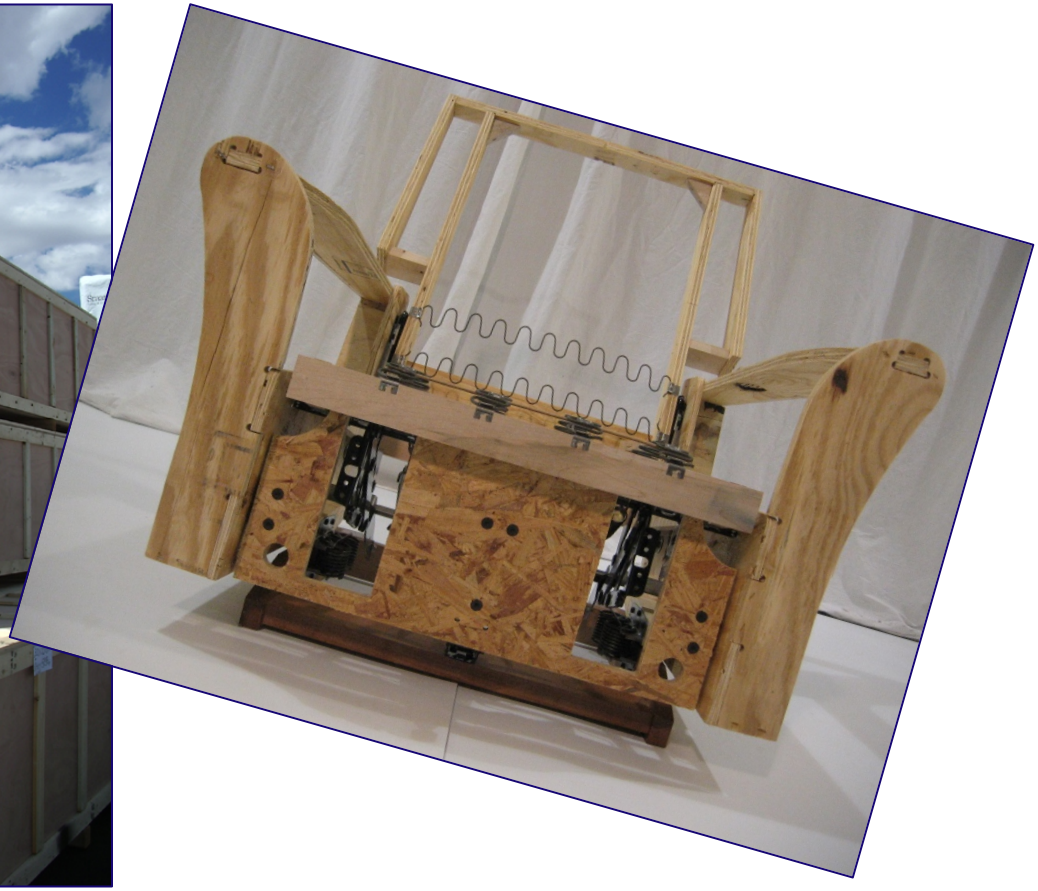
ProWood® is our line of superior treated lumber, preferred by professional builders. It's treated with an environmentally friendly compound and backed by a lifetime limited warranty against termite infestation and rot.

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

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)	New Product Sales by Market			New Product Sales by Market		
	Three Months Ended			Six Months Ended		
	June 30,	July 1,		June 30,	July 1,	
Market Classification	2018	2017	% Change	2017	2016	% Change
Retail	$ 95,409	$ 77,227	23.54%	$ 153,514	$ 126,275	21.57%
Industrial	36,127	29,048	24.37%	67,135	53,705	25.01%
Construction	21,533	16,556	30.06%	41,509	31,164	33.20%
Total New Product Sales	$ 153,069	$ 122,831	24.62%	$ 262,158	$ 211,144	24.16%

UFPI: Our idX affiliate

An international provider of highly customized merchandising solutions for applications in banking, retail, automotive, restaurants, and medical facilities.

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

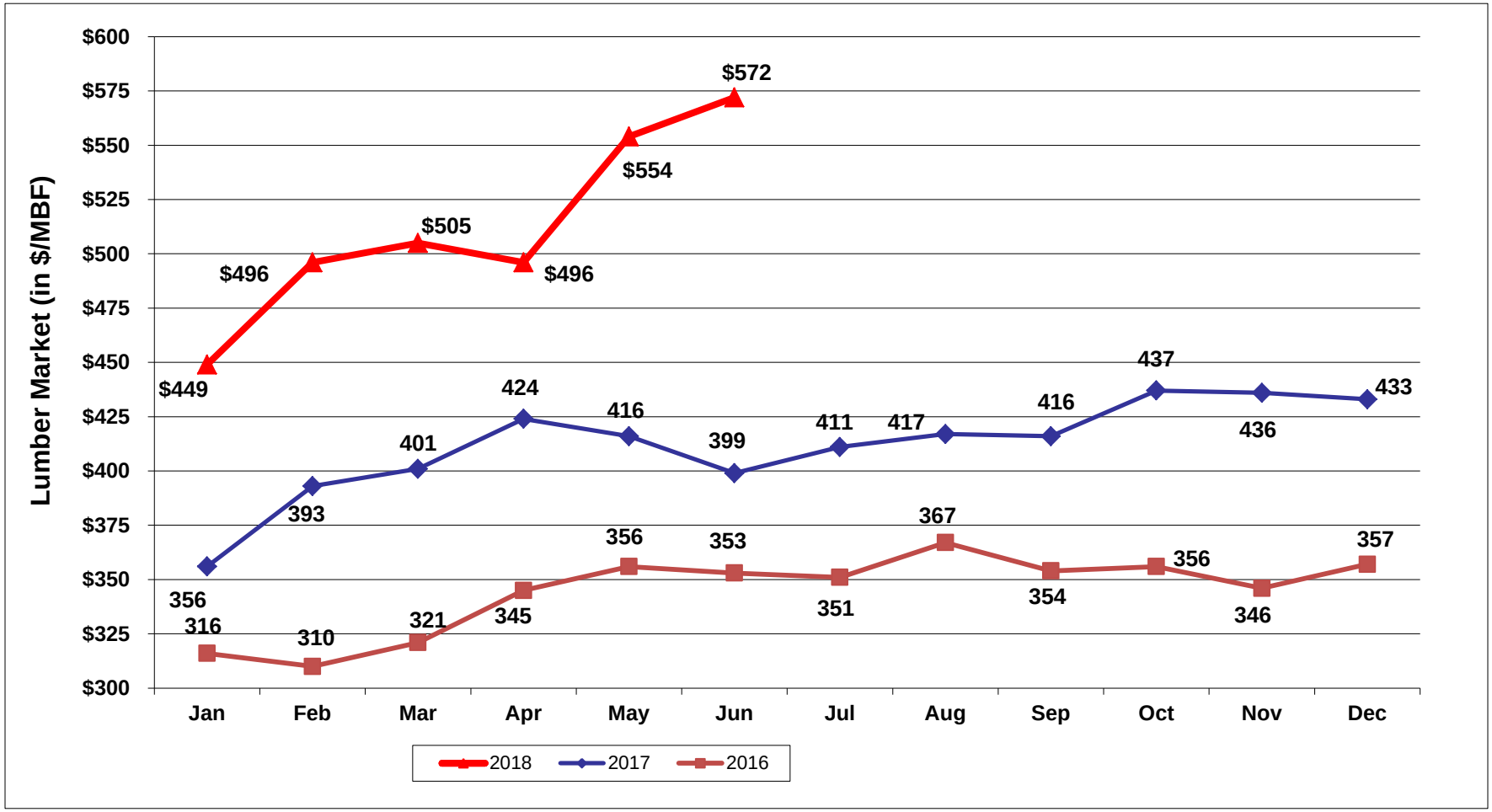
- General economic trends
- Lumber price fluctuations
- Availability of qualified labor
- Increasing regulatory burdens

FINANCIAL STRENGTH

Lumber Market Impact on Operating Results

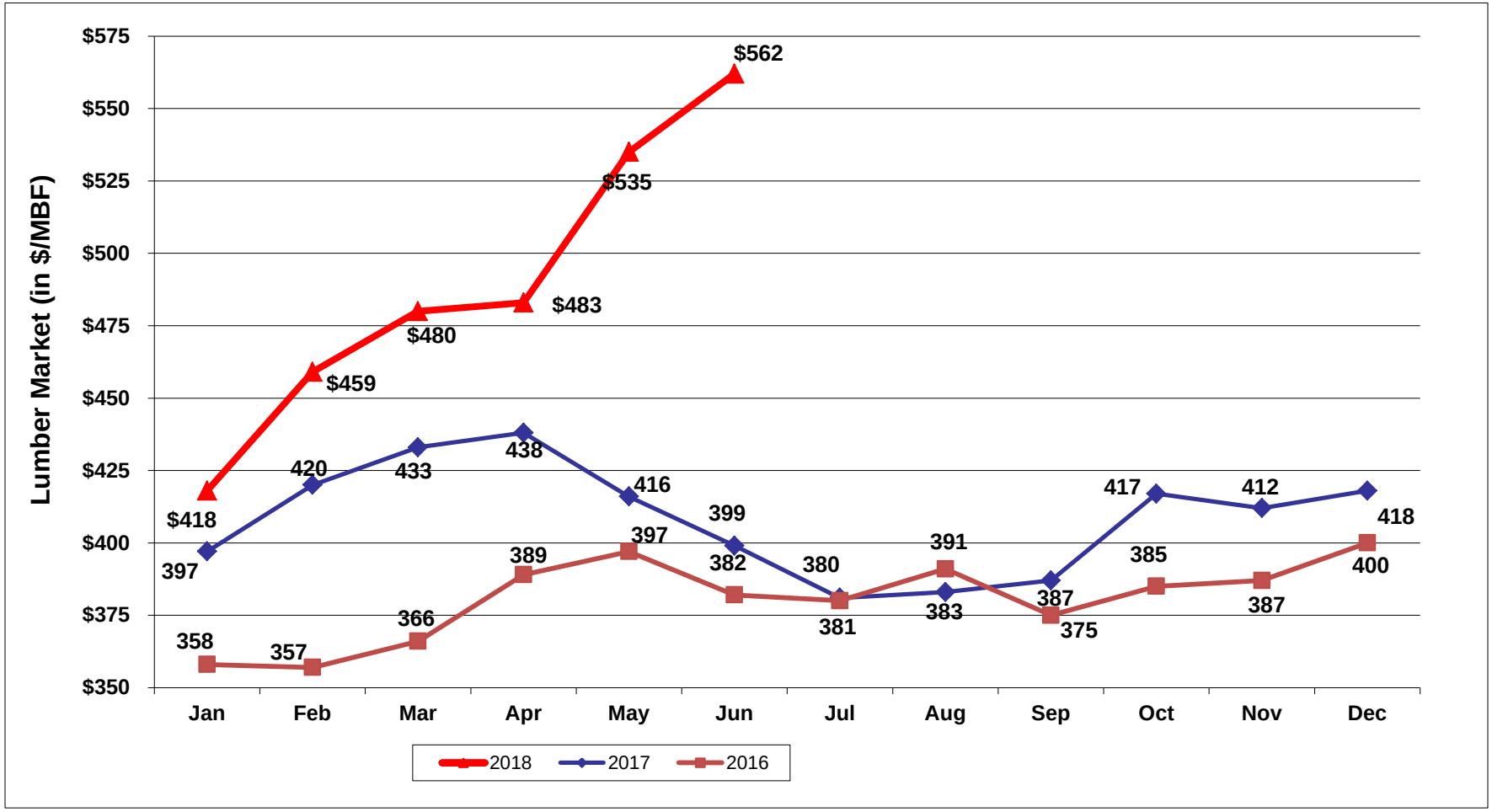
- Goal: to earn a stable profit per unit.
- We are less affected by the ***level*** of lumber prices than primary producers of lumber are.
- ***Level*** of lumber prices affects gross profit and SG&A to sales ratios.
- Profit per unit is primarily impacted by the ***trend*** and ***volatility*** of the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

Lumber Market

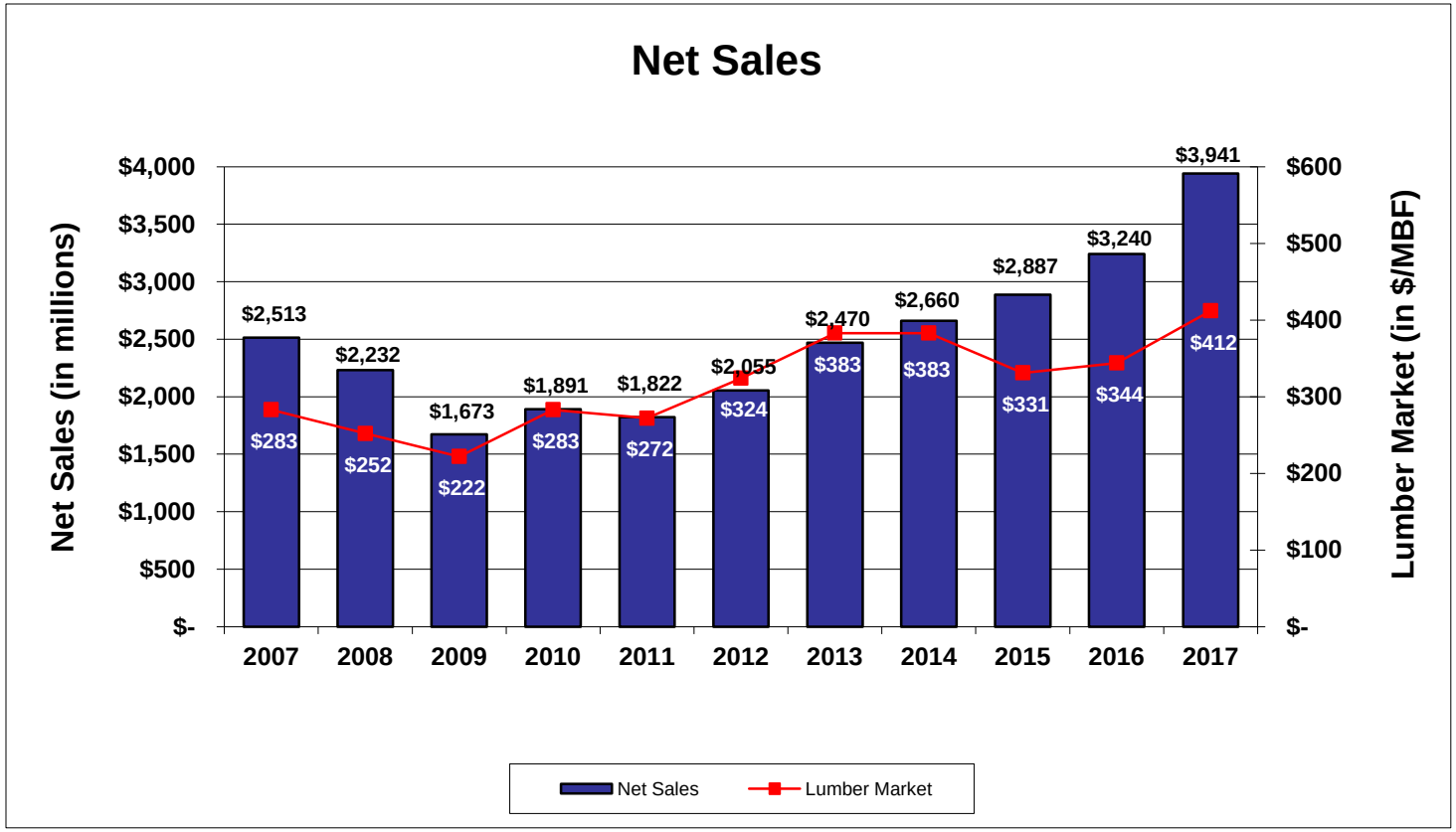


Average weekly Random Lengths framing lumber composite price.

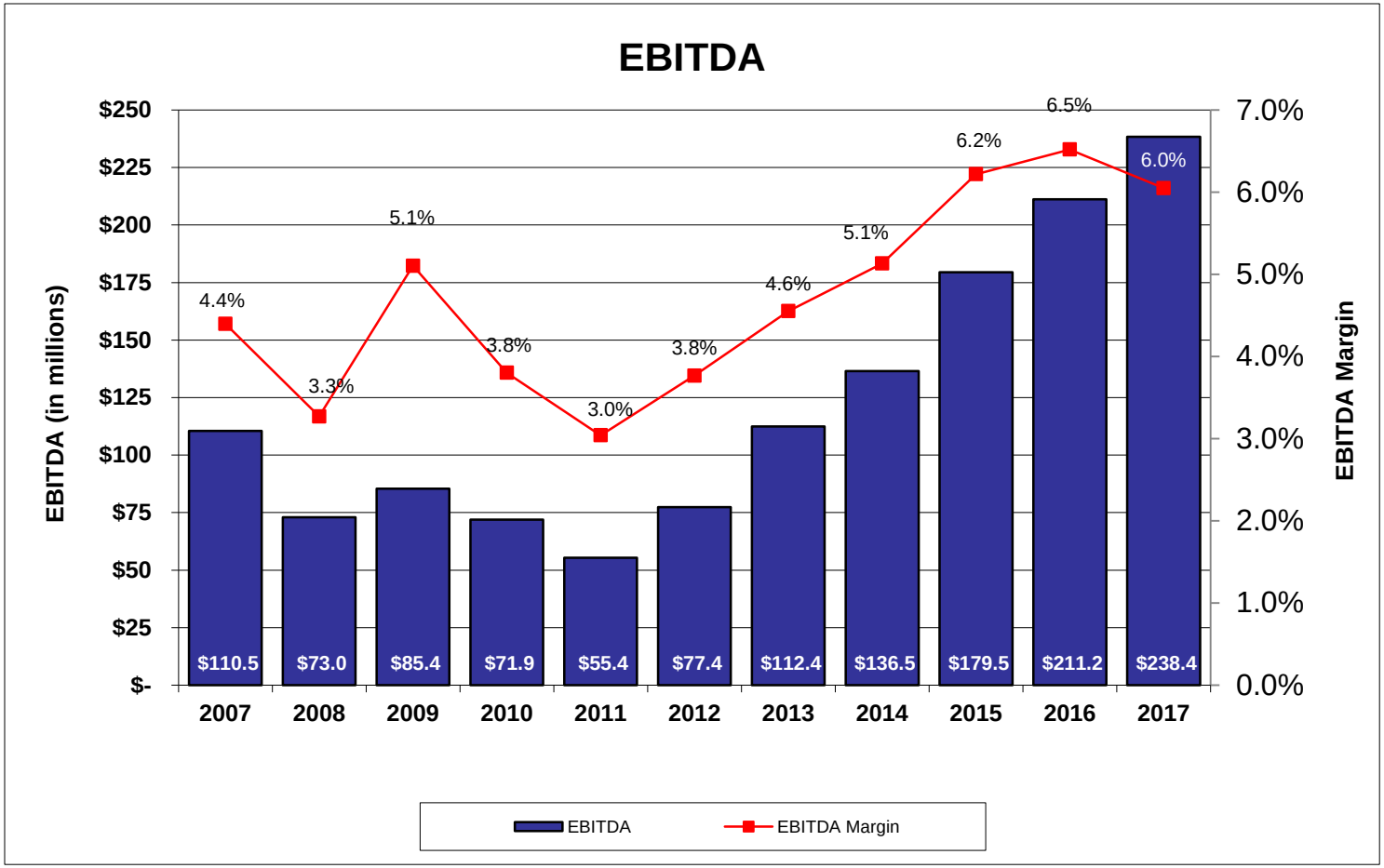
Lumber Market - SYP



Average weekly Southern Yellow Pine price.



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



Goal = EBITDA growth exceeding unit sales growth.

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

Selected Income Statement Data

Annual Results

In thousands, except per-share data

	2017	2016	2015	2017-2016 % Change	2017-2016 Unit % Change	2016-2015 % Change	2016-2015 Unit % Change
Retail	$ 1,493,366	$ 1,294,273	$ 1,137,109	15.4	10	13.8	10
Industrial	1,334,082	984,968	890,179	35.4	29	10.6	13
Construction	1,178,755	1,018,136	905,193	15.8	7	12.5	11
Total Gross Sales	$ 4,006,203	$ 3,297,377	$ 2,932,481	21.5	15	12.4	11
EBITDA (1)	$ 238,376	$ 211,200	$ 179,504	12.9		17.7	
EBITDA Margin	6.0%	6.5%	6.2%				
Net Earnings Attributable to Controlling Interest	$ 119,512	$ 101,179	$ 80,595	18.1		25.5	
Diluted EPS	$ 1.94	$ 1.65	$ 1.33	17.6		24.1	

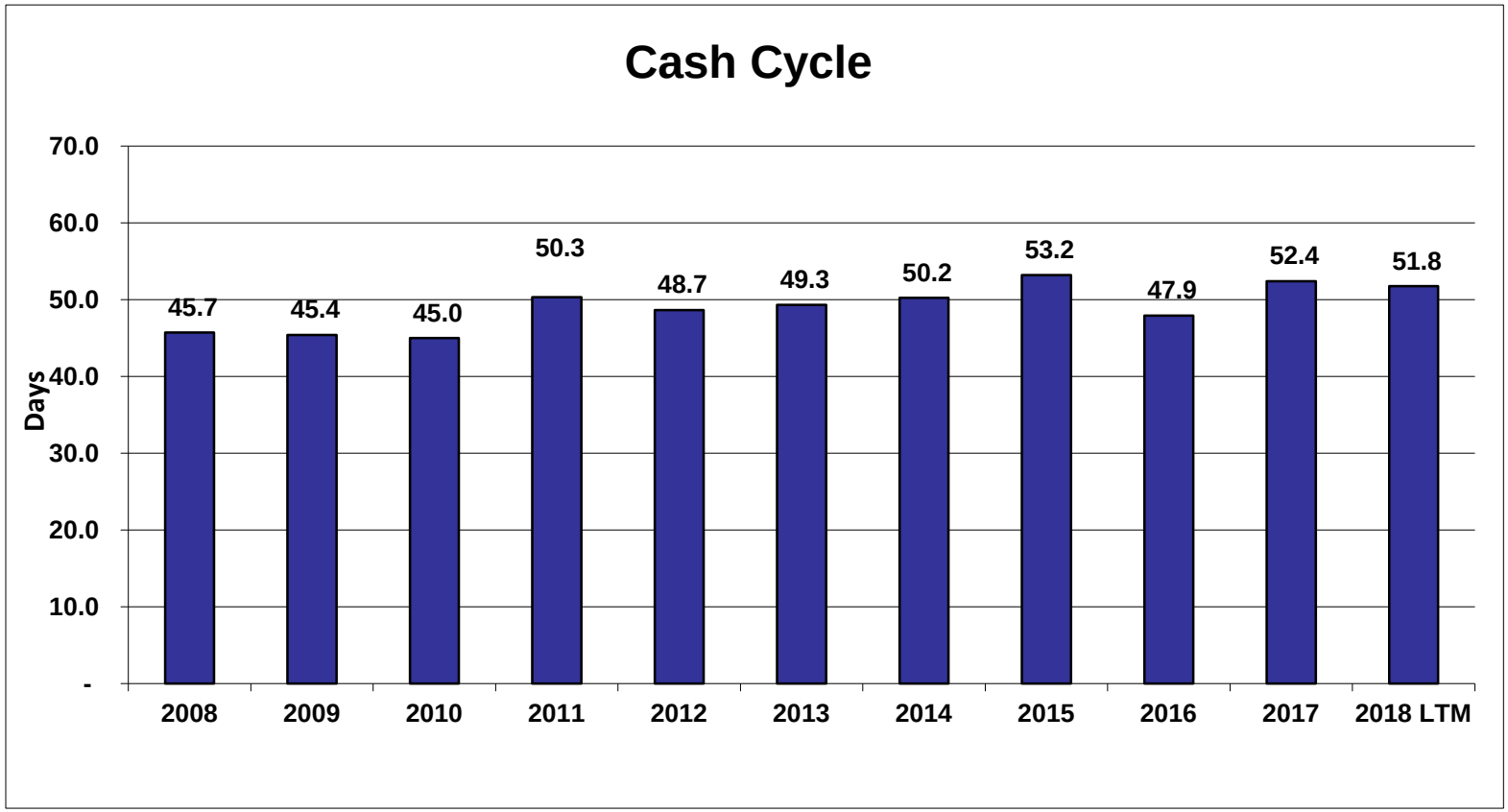
(1) See the company's Web site at www.ufpi.com for reconciliation to related GAAP measurement.

Selected Income Statement Data

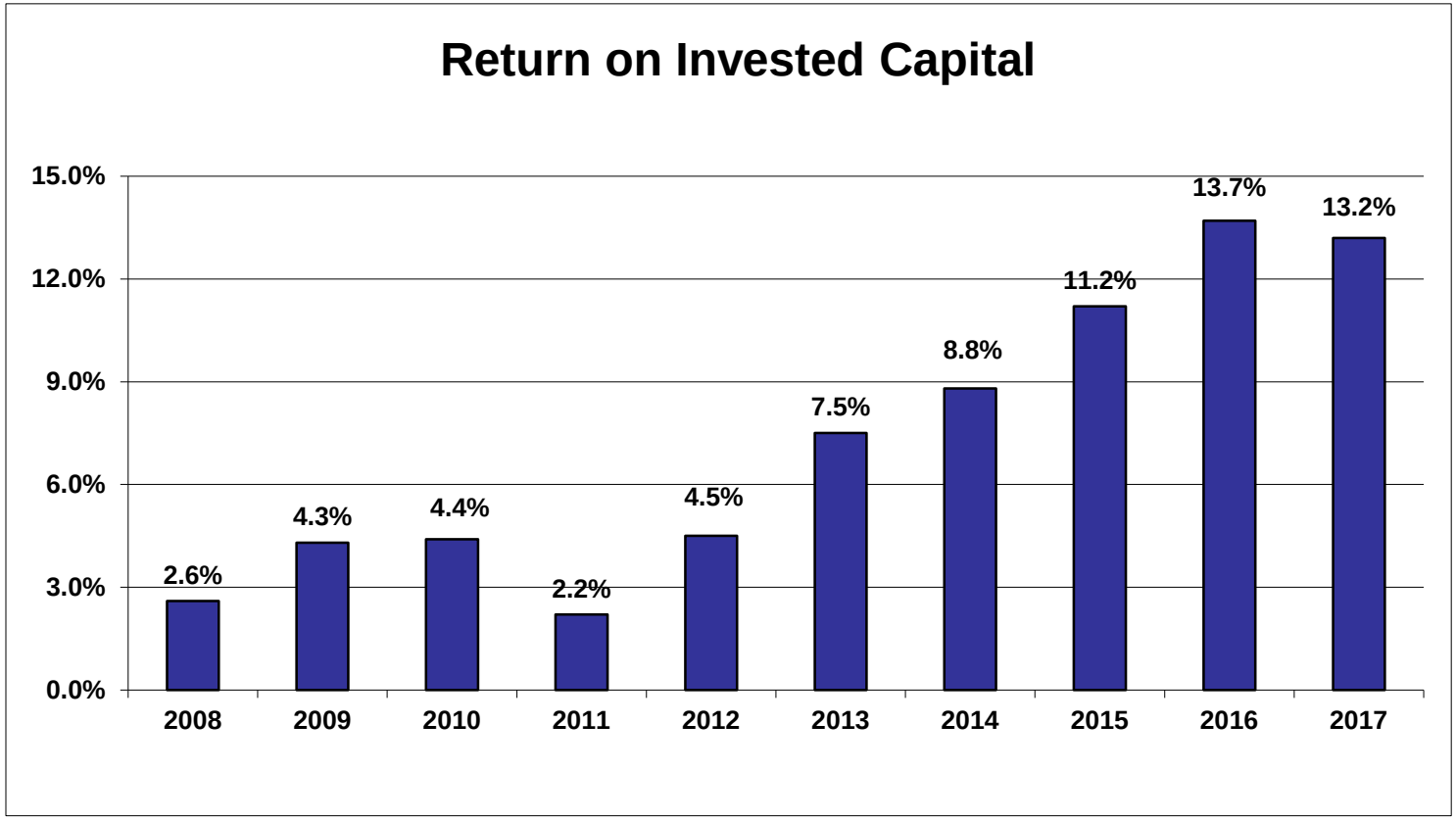
2nd Quarter & YTD Results

In thousands, except per-share data	Q2 2018	Q2 2017	% Change	Unit % Change	YTD 2018	YTD 2017	% Change	Unit % Change
Retail	$ 545,492	$ 458,267	19.0	6	$ 916,453	$ 770,619	18.9	8
Industrial	404,090	340,463	18.7	8	737,056	621,062	18.7	9
Construction	370,786	293,465	26.3	10	678,526	559,371	21.3	8
Total Gross Sales	$ 1,320,368	$ 1,092,195	20.9	8	$ 2,332,035	$ 1,951,052	19.5	8
EBITDA (1)	$ 77,010	$ 67,771	13.6		$ 130,446	$ 114,744	13.7	
EBITDA Margin on Net Sales	5.9%	6.3%			5.7%	6.0%		
Net Earnings Attributable to Controlling Interest	$ 44,044	$ 33,642	30.9		$ 76,878	$ 54,704	40.5	
Diluted EPS	$ 0.71	$ 0.55	29.1		$ 1.24	$ 0.89	39.3	

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



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



Hurdle Rate = 12%

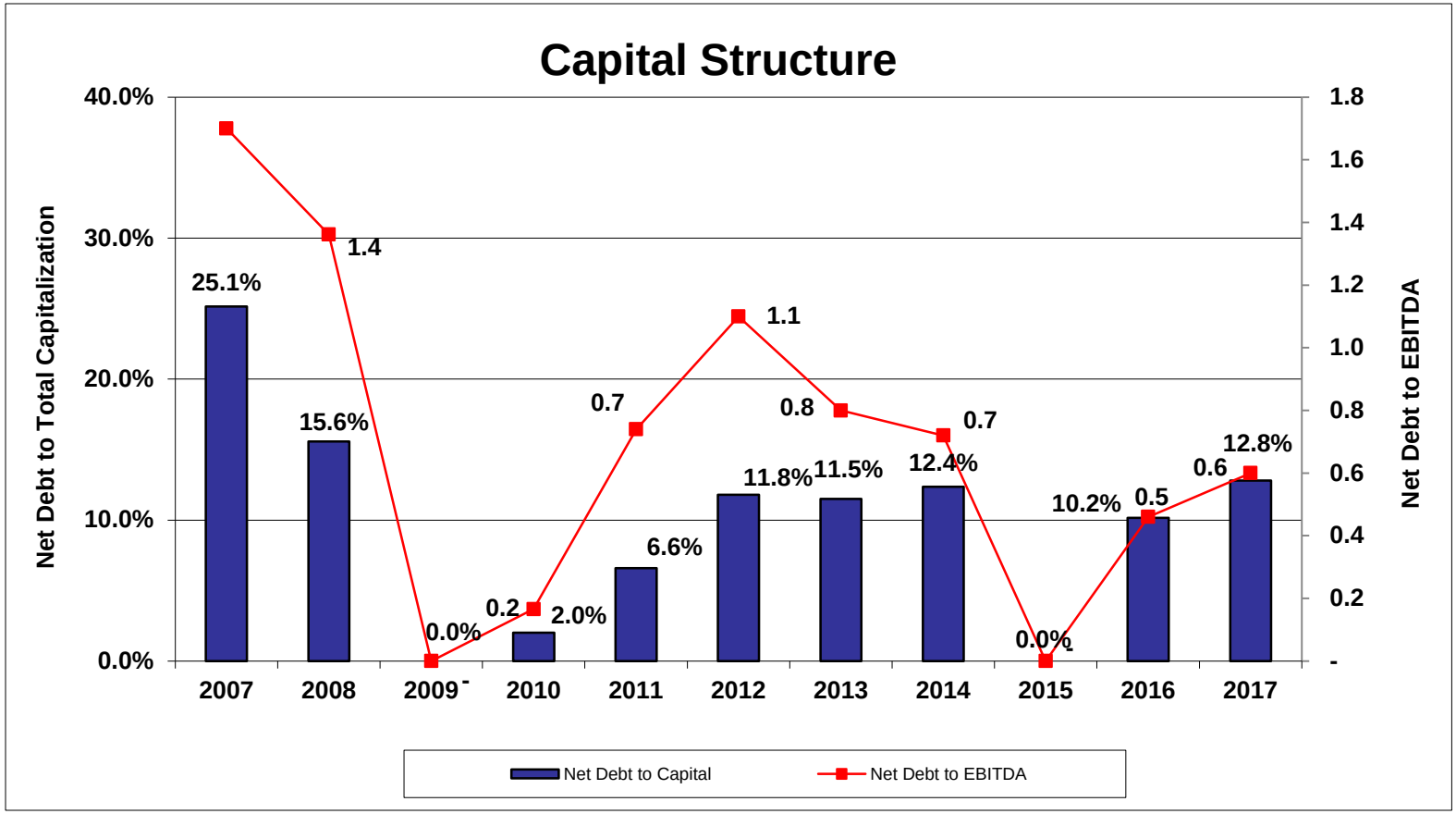
10% WACC & minimum ROIC Goal

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

Net Debt *(in thousands)*

	Jun-18	Dec-17	Dec-16
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	-	-
4.27% series 2018 - D notes, Tranche D, due June 2030	35,000	-	-
Revolving credit facility ($295 million total available)	116,229	59,422	23,860
Industrial Development Revenue Bonds (1)	9,700	9,700	9,700
Foreign Subsidiary Debt	169	2,057	3,336
Capital Leases	963	-	-
Debt Issuance Costs	(244)	(176)	(203)
Less Cash Surplus	(27,501)	(28,339)	(34,091)
Plus Cash Overdraft	33,608	25,851	19,761
Total Net Debt	**$ 282,924**	**$ 143,515**	**$ 97,363**
Incremental debt capacity at 1.75 X EBITDA	**$ 246,500**		

(1) Variable rates ranging from 0.17% to 0.35%. Maturities ranging from 20 to 25 years.


Capital Structure
Net Debt to Total Capitalization
Net Debt to EBITDA
40.0%
30.0%
20.0%
10.0%
0.0%
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
-
25.1%
15.6%
0.0%
0.2
2.0%
6.6%
11.8%
11.5%
12.4%
0.0%
10.2%
0.6
12.8%
1.4
0.7
1.1
0.8
0.7
0.5
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
Net Debt to Capital
Net Debt to EBITDA

Use of Free Cash Flow & Unused Debt Capacity

- Dividend policy and yield
- Share buy back authorization and objectives
- Expansionary capex and working capital
- Acquisition strategy

UFPI Investment Data

7/23/2018 Stock Price	$35.85
Market Cap	$2.2 billion
Enterprise Value	$2.5 billion
Q2 2018 TTM Gross Sales	$4.4 billion
Q2 2018 TTM EPS	$2.29
Q2 2018 TTM EBITDA	$254.1 million
Annual Dividend Yield	0.98%

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