



## UFPI Reports an 11.4 Percent Increase in Fourth Quarter 2011 Net Sales

February 15, 2012

*--Sales grow in four of five markets; by double-digits in three--*

*--Excluding noncash adjustments, earnings improve by \$1.8 million--*

GRAND RAPIDS, Mich.--(BUSINESS WIRE)--Feb. 15, 2012-- Universal Forest Products, Inc. (Nasdaq: UFPI) today announced 2011 fourth-quarter results that included net sales of \$422.0 million, up 11.4 percent over fourth-quarter 2010 net sales of \$378.7 million. For the fourth quarter of 2011, the Company saw a loss of \$1.7 million, or (\$.09) per diluted share, compared to 2010 fourth-quarter earnings of \$124,000, or \$0.01 per diluted share.

Fourth-quarter earnings for 2011 were negatively impacted by \$2.7 million and for 2010 by \$0.5 million in noncash impairment charges for closed facilities. In addition, fourth-quarter 2010 results benefited from a \$2.3 million noncash tax benefit associated with removing a valuation allowance against a deferred tax asset. Excluding the after-tax impact of these noncash adjustments in both periods, the Company had a profit of \$26,000 in the fourth quarter of 2011 and a net loss of \$1.8 million in the fourth quarter of 2010. (See table, "Reconciliation of Reported Net Earnings to Pro Forma Net Earnings," page 3.)

Annual net sales for 2011 were \$1.82 billion, down 3.6 percent from 2010 annual net sales of \$1.89 billion. Annual net earnings for 2011 were \$0.23 per diluted share compared with annual net earnings of \$0.89 per diluted share for 2010.

"We are encouraged by the sales growth in the fourth quarter as well as the impact of our cost reductions on our bottom line," said CEO Matthew J. Missad. "I'm very proud of the way our people climbed out of the hole we were in after the first six months of the year. The results from our continuing operations trended much better in the fourth quarter."

"Our balance sheet remains very strong," Missad added. "We have the business model we need for growth and a strong capital structure to fund our growth. Most importantly, our people are energized and eager to achieve our goals."

The Company's results also were impacted by an additional week in the reporting period and the year (a 14-week fourth quarter and 53-week year in 2011, compared to a 13-week fourth quarter and 52-week year in 2010). This additional week saw \$16 million in sales (which, due to seasonal factors and three holiday non-work days in the week is less than half the average weekly sales volume for the year), and an estimated net loss of \$1.5 million, due to the low sales volume from the shortened work week.

By market, the Company posted the following 2011 fourth-quarter gross sales results:

**Retail building materials: \$165.3 million, an increase of 7.7 percent over the same period of 2010.** Universal continued to execute on strategies to diversify by adding more independent retail customers, to provide a broader mix of products to big box and independent retailers alike, and to focus on profitable business opportunities.

**Industrial packaging/components: \$128.6 million, up 22.4 percent over the fourth quarter of 2010.** The Company grew sales at a time when industrial production in the United States rose at an annual rate of 3.1 percent (fourth quarter 2011 over fourth quarter 2010). The Company continues to focus on adding customers and products, on expanding its reach into non-wood packaging materials and on providing complete packaging solutions.

**Manufactured housing: \$67.3 million, an increase of 35.1 percent over the same period of 2010.** Unit sales to this market increased due to a rise in industry production of HUD-code homes related to orders from FEMA and strong demand for temporary housing in some areas of the country related to shale oil and gas development. In addition, Universal's distribution business continued to add product lines and expand share. Shipments of HUD-code homes in October 2011 and November 2011 were up 41.5 percent and 53.1 percent, respectively, compared to the same months of 2010.

**Residential construction: \$46.6 million, down 19.2 percent from the same period of 2010.** The Company saw a unit sales decline of approximately 21 percent in the fourth quarter of 2011 from the same period of 2010, due primarily to plant closures and to the Company's focus on doing its best to accept only business that will enhance its results and bottom line. Total housing starts were up 17.9 percent September to November 2011 compared to the same period of 2010, including a 2.1 percent decrease in single-family starts and an increase of 88.3 percent in multifamily starts.

**Commercial construction and concrete forming: \$20.9 million, an increase of 16.8 percent over 2010.** The Company has expanded its sales reach and market penetration and has had new success with designed component offerings. Universal continues to see opportunities in the concrete forming business, in which it manufactures and/or supplies forms and other materials for concrete construction projects. This highly fragmented market capitalizes on Universal's engineering and manufacturing capabilities and nationwide presence.

### RECONCILIATION OF REPORTED NET EARNINGS TO PRO FORMA NET EARNINGS

<i>(In thousands)</i>	Quarter Period	
	2011	2010
Net earnings (loss) attributable to controlling interest	\$(1,674)	\$ 124
Noncash adjustments:		
Impairment charges, net of tax benefit	1,700	350
Change in deferred tax asset valuation allowance		(2,300)
Pro forma net earnings (loss) attributable to controlling interest	<u>\$ 26</u>	<u>\$(1,826)</u>

## OUTLOOK

The Company believes continued challenging economic conditions and uncertainties in the housing market limit its ability to provide meaningful guidance for ranges of likely financial performance; therefore, the Company will not resume the practice of providing guidance in the foreseeable future.

## CONFERENCE CALL

Universal Forest Products will conduct a conference call to discuss information included in this news release and related matters at 8:30 a.m. ET on Thursday, February 16, 2012. The call will be hosted by CEO Matthew J. Missad and CFO Michael Cole, and will be available for analysts and institutional investors domestically at 800.299.8538 or internationally at 617.786.2902. Use conference pass code 25728380. The call will be available simultaneously and in its entirety to all interested investors and news media through a webcast at <http://www.ufpi.com>. A replay of the call will be available through Friday, March 16, 2012, domestically at 888-286-8010 or internationally at 617-801-6888. Use replay pass code 45278892.

## UNIVERSAL FOREST PRODUCTS, INC.

Universal Forest Products, Inc. is a holding company that provides capital, management and administrative resources to subsidiaries that design, manufacture and market wood and wood-alternative products for DIY/retail home centers and other retailers, structural lumber products for the manufactured housing industry, engineered wood components for residential and commercial construction, specialty wood packaging and components for various industries, and forming products for concrete construction. The Company's consumer products subsidiary offers a large portfolio of outdoor living products, including wood composite decking, decorative balusters, post caps and plastic lattice. Its lawn and garden group offers an array of products, such as trellises and arches, to retailers nationwide. Universal's subsidiaries also provide framing services for the site-built construction market. Founded in 1955, Universal Forest Products is headquartered in Grand Rapids, Mich., with operations throughout North America. For more about Universal Forest Products, go to [www.ufpi.com](http://www.ufpi.com).

*This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates and projections about the markets we serve, the economy and the company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," "should," variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. The Company does not undertake to update forward-looking statements to reflect facts, circumstances, events, or assumptions that occur after the date the forward-looking statements are made. Actual results could differ materially from those included in such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Among the factors that could cause actual results to differ materially from forward-looking statements are the following: fluctuations in the price of lumber; adverse or unusual weather conditions; adverse conditions in the markets we serve; government regulations, particularly involving environmental and safety regulations; and our ability to make successful business acquisitions. Certain of these risk factors as well as other risk factors and additional information are included in the Company's reports on Form 10-K and 10-Q on file with the Securities and Exchange Commission.*

**CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)  
FOR THE THREE AND TWELVE MONTHS ENDED  
DECEMBER 2011/2010**

<i>(In thousands, except per share data)</i>	Quarter Period		Year to Date	
	2011	2010	2011	2010

<b>NET SALES</b>	\$422,023	100%	\$378,685	100%	\$1,822,336	100%	\$1,890,851	100%
<b>COST OF GOODS SOLD</b>	<u>374,655</u>	88.8	<u>332,664</u>	87.8	<u>1,622,609</u>	89.0	<u>1,660,896</u>	87.8
<b>GROSS PROFIT</b>	47,368	11.2	46,021	12.2	199,727	11.0	229,955	12.2
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	45,534	10.8	47,802	12.6	181,363	10.0	197,617	10.5
<b>NET LOSS ON DISPOSITION OF ASSETS, EARLY RETIREMENT, AND OTHER IMPAIRMENT AND EXIT CHARGES</b>	<u>2,657</u>	0.6	<u>528</u>	0.1	<u>6,353</u>	0.3	<u>2,049</u>	0.1
<b>EARNINGS (LOSS) FROM OPERATIONS</b>	(823)	(0.2)	(2,309)	(0.6)	12,011	0.7	30,289	1.6
<b>INTEREST, NET</b>	<u>877</u>	0.2	<u>872</u>	0.2	<u>3,166</u>	0.2	<u>3,248</u>	0.2
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>	(1,700)	(0.4)	(3,181)	(0.8)	8,845	0.5	27,041	1.4
<b>INCOME TAXES (BENEFIT)</b>	<u>(634)</u>	(0.2)	<u>(3,636)</u>	(1.0)	<u>2,874</u>	0.2	<u>7,200</u>	0.4
<b>NET EARNINGS (LOSS)</b>	(1,066)	(0.3)	455	0.1	5,971	0.3	19,841	1.0
<b>LESS NET (EARNINGS) LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	<u>(608)</u>	(0.1)	<u>(331)</u>	(0.1)	<u>(1,422)</u>	(0.1)	<u>(2,430)</u>	(0.1)
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ (1,674)</u>	(0.4)	<u>\$ 124</u>	-	<u>\$ 4,549</u>	0.2	<u>\$ 17,411</u>	0.9
<b>EARNINGS (LOSS) PER SHARE - BASIC</b>	\$ (0.09)		\$ 0.01		\$ 0.23		\$ 0.91	
<b>EARNINGS (LOSS) PER SHARE - DILUTED</b>	\$ (0.09)		\$ 0.01		\$ 0.23		\$ 0.89	
<b>WEIGHTED AVERAGE SHARES OUTSTANDING FOR BASIC EARNINGS (LOSS)</b>	19,472		19,210		19,409		19,232	
<b>WEIGHTED AVERAGE SHARES OUTSTANDING FOR DILUTED EARNINGS (LOSS)</b>	19,472		19,443		19,535		19,476	

#### SUPPLEMENTAL SALES DATA

<u>Market Classification</u>	<u>Quarter Period</u>				<u>Year to Date</u>			
	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>
<b>Retail Building Materials</b>	\$165,300	38%	\$153,540	40%	\$ 838,994	45%	\$ 916,469	47%
<b>Residential Construction</b>	46,619	11%	57,718	15%	203,217	11%	241,314	13%
<b>Commercial Construction and Concrete Forming</b>	20,874	5%	17,878	5%	77,503	4%	68,183	4%
<b>Industrial</b>	128,646	30%	105,130	27%	493,038	27%	450,407	23%
<b>Manufactured Housing</b>	67,301	16%	49,828	13%	244,662	13%	245,769	13%
<b>Total Gross Sales</b>	<u>428,740</u>	100%	<u>384,094</u>	100%	<u>1,857,414</u>	100%	<u>1,922,142</u>	100%
<b>Sales Allowances</b>	<u>(6,717)</u>		<u>(5,409)</u>		<u>(35,078)</u>		<u>(31,291)</u>	
<b>Total Net Sales</b>	<u>\$422,023</u>		<u>\$378,685</u>		<u>\$1,822,336</u>		<u>\$1,890,851</u>	

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**DECEMBER 2011/2010**

(In thousands)					
ASSETS	2011	2010	LIABILITIES AND EQUITY	2011	2010
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	\$ 11,305	\$ 43,363	Accounts payable	\$ 49,433	\$ 59,481
Accounts receivable	131,292	126,780	Accrued liabilities	43,092	59,044
Inventories	194,697	190,390	Current portion of long-term debt and capital leases	40,270	712
Assets held for sale	-	2,446			
Other current assets	<u>20,899</u>	<u>19,836</u>			
<b>TOTAL CURRENT ASSETS</b>	<b>358,193</b>	<b>382,815</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>132,795</b>	<b>119,237</b>
<b>OTHER ASSETS</b>	<b>15,380</b>	<b>11,455</b>	<b>LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion</b>		
<b>INTANGIBLE ASSETS, NET</b>	<b>167,966</b>	<b>172,975</b>		<b>12,200</b>	<b>54,579</b>
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>222,468</b>	<b>222,151</b>	<b>OTHER LIABILITIES</b>	<b>36,413</b>	<b>34,404</b>
			<b>EQUITY</b>	<b>582,599</b>	<b>581,176</b>
<b>TOTAL ASSETS</b>	<b><u>\$764,007</u></b>	<b><u>\$789,396</u></b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$764,007</u></b>	<b><u>\$789,396</u></b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**FOR THE TWELVE MONTHS ENDED**  
**DECEMBER 2011/2010**

(In thousands)		2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net earnings attributable to controlling interest		\$ 4,549	\$ 17,411
Adjustments to reconcile net earnings attributable to controlling interest to net cash from operating activities:			
Depreciation		30,804	30,429
Amortization of intangibles		5,183	6,919
Expense associated with share-based compensation arrangements		1,361	2,418
Excess tax benefits from share-based compensation arrangements		(36)	(430)
Expense associated with stock grant plans		167	214
Deferred income tax (credit)		(1,939)	(2,708)
Net earnings attributable to noncontrolling interest		1,422	2,430
Net (gain) loss on sale or impairment of assets		2,490	1,239
Changes in:			
Accounts receivable		(7,043)	(18,428)
Inventories		(4,496)	(24,946)
Accounts payable		(9,964)	9,646
Accrued liabilities and other		(11,242)	5,143
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>11,256</b>	<b>29,337</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant, and equipment		(32,932)	(26,950)
Acquisitions, net of cash received		-	(6,529)
Proceeds from sale of property, plant and equipment		1,814	835
Purchase of patents		(175)	(4,589)
Advances of notes receivable		(2,468)	(5,780)
Collections of notes receivable		472	227
Other, net		289	13
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(33,000)</b>	<b>(42,773)</b>

<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (repayments) borrowings under revolving credit facilities	(2,109)	2,109
Repayment of long-term debt	(745)	(744)
Debt issuance costs	(946)	-
Proceeds from issuance of common stock	2,971	2,333
Purchase of additional noncontrolling interest	(402)	(1,227)
Distributions to noncontrolling interest	(1,413)	(1,244)
Capital contribution from noncontrolling interest	80	450
Dividends paid to shareholders	(7,818)	(7,727)
Repurchase of common stock	-	(4,999)
Excess tax benefits from share-based compensation arrangements	36	430
Other, net	32	8
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(10,314)</b>	<b>(10,611)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(32,058)</b>	<b>(24,047)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>43,363</b>	<b>67,410</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$ 11,305</u></b>	<b><u>\$ 43,363</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid (refunded) during the period for:		
Interest	3,654	3,554
Income taxes	6,163	(1,698)



Source: Universal Forest Products

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