



Universal Forest Products, Inc. Q2 2013 net sales up 24.4 percent, including double-digit increases in all markets

July 17, 2013



news release

-----AT THE COMPANY-----

Lynn Afendoulis

Universal Forest Products[®] Director, Corporate Communications

(616) 365-1502

FOR IMMEDIATE RELEASE

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UFPI Q2 2013 net sales up 24.4 percent, including double-digit increases in all markets

-Excluding gain on sale of real estate in Q2 2012, earnings increased 19% in Q2 2013-

GRAND RAPIDS, Mich., July 17, 2013 - Universal Forest Products, Inc. (Nasdaq: UFP) today reported 2013 second-quarter net sales of \$738.4 million, a 24.4 percent increase over 2012 second-quarter net sales of \$593.7 million. The Company saw significant double-digit gains in each of its five markets. Second-quarter 2013 earnings were \$15.8 million or \$0.79 per diluted share, compared to net earnings of \$17.5 million, or \$0.88 per diluted share for the second quarter of 2012. Second-quarter earnings in 2012 were enhanced by gains on the sale of real estate totaling approximately \$6.9 million (\$4.3 million after taxes, or \$0.21 per diluted share). The Company's adjusted net earnings in the second quarter of 2012, excluding these nonrecurring gains, would have been \$13.2 million.

After rising for months, lumber prices dropped 28 percent during the second quarter. "We are working hard to manage through these changes effectively, and I'm pleased with the results our people were able to achieve in the second quarter," said CEO Matthew J. Missad. "A drop in lumber prices of this magnitude, especially during the second quarter, typically has an adverse impact on the Company's gross margins and profitability. Through the second quarter, we were able to reduce the impact with strong unit sales in many markets, particularly those tied to new housing and construction." Despite the second-quarter decline, lumber prices remained 15 percent higher than the same period of 2012.

"These results reinforce the strength of our balanced business model," Missad added. "We are not dependent on a single market, which provides us with a competitive advantage over those companies that do not have the benefit of a diverse customer base or that do not serve multiple industries."

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For the second quarter of 2013, the Company reported the following gross sales results:

Retail building materials: \$315.0 million, up 12.9 percent over the second quarter of 2012. Forecasts call for moderate growth in home improvement projects through the end of the year, including decking and railing projects. The Company's ProWood brand of premium lumber for decking, including Dura Color, was launched with success and is contributing to sales growth. Universal continues to broaden and deepen the mix of products it offers and to grow its business with big box and independent retailers, alike.

Industrial packaging/components: \$193.4 million, up 20.6 percent over the second quarter of 2012. U.S. industrial production was flat in May 2013 after having decreased 0.4 percent in April 2013; year-over-year industrial production was up 1.6 percent in May 2013, the most recent statistics available. Universal's unit sales were up five percent over the same period of 2012. In this market, Universal remains focused on adding customers and products, including non-wood packaging materials, and on growing with existing customers.

Manufactured housing: \$109.5 million, an increase of 35.7 percent over the same period of 2012. During the quarter, Universal's unit sales to this market were 14 percent higher than the same period of 2012. Industry production of HUD-code homes in April and May 2013 was up 11 percent over the same period of 2012; modular home production also improved.

Residential construction: \$94.3 million, up 57.3 percent over the same period of 2012. Total housing starts for March to May 2013 were up 27.8 percent over the same period of 2012, including increases in single-family and multifamily starts of 21.5 percent and 43.3 percent, respectively. Universal's unit sales reflect a 27 percent increase over 2012.

Commercial construction and concrete forming: \$37.5 million, up 56.2 percent over the second quarter of 2012. In this fragmented market, Universal manufactures and supplies forms and other materials for concrete construction projects, from bridges and roads to manufacturing facilities and hospitals. The Company's sales increase reflects success in its efforts to expand its sales reach and market penetration and to leverage its design and manufacturing capabilities and nationwide presence.

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, July 18, 2013. 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) 706-7745 and internationally at (617) 614-3472. Use conference pass code 26392559. The conference 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, August 16, 2013, domestically at (888) 286-8010 and internationally at (617) 801-6888. Use replay pass code 86964216.

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

This release contains an Adjusted Net Earnings measure, which is a Non-GAAP financial measure. Adjusted Net Earnings is calculated by excluding from Net Earnings items that we believe are not indicative of our ongoing operating performance. For the periods covered by this release, such items consist of a net gain on the sale of real estate in fiscal 2012. We present Adjusted Net Earnings because we consider it to be important supplemental measures of our performance and believe it to be useful to show ongoing results from operations. Adjusted Net Earnings is not a measurement of our financial performance under GAAP and should not be considered an alternative to Net Earnings under GAAP. Adjusted Net Earnings has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. In addition, in evaluating Adjusted Net Earnings, you should be aware that in the future we may incur gains or losses similar to the adjustments in this presentation. Our presentation of Adjusted Net Earnings should not be construed as an inference that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing equal prominence of our GAAP results and using Adjusted Net Earnings only as a supplement.

The following table reconciles Net Earnings to Adjusted Net Earnings:

| | <i>(in thousands)</i> | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------|
| | Three Months Ended | |
| | June 30, | June 29, |
| | 2012 | 2013 |
| Net Earnings | \$ 17,509 | \$ 15,772 |
| Less: Net gain on disposition of assets, early retirement and other impairment and exit charges (net of tax effect of \$2,615 in 2012 and \$1 in 2013) | <u>(4,263)</u> | <u>(2)</u> |
| Adjusted Net Earnings | \$ 13,246 | \$ 15,770 |

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 building materials retailers and wholesalers, structural lumber and other products for the manufactured housing and residential construction markets, and specialty wood packaging and components and packing materials for various industries. It has subsidiaries that provide framing services for the residential construction market in some parts of the country; that manufacture and market products used for concrete construction; and that offer lawn and garden products, such as trellises and arches, to retailers nationwide. Its consumer products operations offer a large portfolio of outdoor living products, including wood composite decking, decorative balusters, post caps and plastic lattice. Founded in 1955, Universal Forest Products is headquartered in Grand Rapids, Mich. Its subsidiaries operate facilities throughout North America. For more about Universal, go to www.ufpi.com.

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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 economic 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.

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[UFPI Q2 2013 Financials](#)

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