



Universal Forest Products, Inc. (UFPI) Net Sales up nearly 12% in 4th Quarter 2013 over 2012; 4th Quarter 2013 Net Earnings of \$8 million compare to \$1.9 million loss in 4th Quarter 2012

February 12, 2014

—Annual 2013 results vs. 2012: Net Earnings jump 80% and Net Sales up more than 20%—

GRAND RAPIDS, Mich.--(BUSINESS WIRE)--Feb. 12, 2014-- Universal Forest Products, Inc. (Nasdaq: UFPI) today announced 2013 results, including fourth-quarter net sales of \$525.7 million, up 11.7 percent over the fourth quarter of 2012. Net earnings in the fourth quarter of 2013 were \$8.0 million, or \$.40 per diluted share, compared to a loss of \$1.9 million, or (\$.10) per diluted share, in the fourth quarter of 2012. The Company reported annual net sales of \$2.5 billion for 2013, an increase of 20.2 percent over 2012. Annual net earnings in 2013 were \$43.1 million, or \$2.15 per diluted share, compared to annual net earnings of \$23.9 million, or \$1.21 per diluted share in 2012.

"We benefited from consistent performance in all markets due to a number of factors in the fourth quarter, not the least of which was the hard work of our people in all areas of our organization," said CEO Matthew J. Missad. "We saw much improved performance in housing and construction versus last year and a high and steadily rising lumber market through most of the fourth quarter. Our industrial sales also were strong. And sales to retail remained steady. Higher volume enabled us to keep our facilities operating at a reasonable level, enhancing our operating leverage."

"I'm pleased with the progress on our growth strategies, including our focus on developing new products, which resulted in \$85 million in new product sales in 2013," Missad added. "I'm proud of our performance and I look forward to leveraging our many opportunities to continue these improvements in profitability and sales."

For the fourth quarter of 2013, the lumber composite price was up 11.5 percent over the same period of 2012, resulting in a 7 percent increase in selling prices. Unit sales increased 5 percent on a comparative quarter basis. For the year, the lumber composite price was up 18.2 percent over 2012, resulting in a 12 percent increase in selling prices. Unit sales increased 8 percent for the year.

By market, the Company posted the following 2013 gross sales results:

Retail

- **Fourth quarter: \$168.8 million, up 6.6 percent over the same period of 2012**
- **Year: \$936.6 million, up 11.9 percent over 2012**

The Company saw positive results from its efforts to diversify product mix, enhance service, create new products and improve upon existing product lines to grow business with big box and independent retailers alike. The Company's optimism in this market is fueled by healthy comparable sales at big box retailers and by forecasts that call for continued growth in home improvement activities in the coming years.

Construction

- **Fourth quarter: \$203.3 million, up 14.5 percent over the fourth quarter of 2012**
- **Year: \$865.6 million, up 31.3 percent over 2012**

This market includes residential and manufactured housing, commercial construction and concrete forming. Both of the housing-related markets—site-built (including multifamily and single-family) and factory built—saw significant growth in the fourth quarter of 2013 and are expected to see continued growth in 2014, according to recent industry forecasts. While lumber prices had a positive impact on these results, the Company's efforts to create steady, long-term growth by diversifying both its business and customer base in the construction arena are proving effective. The Company also experienced share gains in nonresidential construction in the fourth quarter of 2013.

Industrial

- **Fourth quarter: \$160.6 million, up 14.0 percent over the same period of 2012**
- **Year: \$701.7 million, up 19.0 percent over 2012**

Industrial production in the United States edged up 0.3 percent in December of 2013 after advancing 1.0 percent in November. Manufacturing output rose 0.4 percent in December of 2013, its fifth consecutive monthly gain, and was up 2.6 percent for the

EARLY RETIREMENT, AND OTHER IMPAIRMENT AND EXIT CHARGES	<u>621</u>	0.1	<u>386</u>	0.1	<u>368</u>	-	<u>(6,666)</u>	(0.3)
EARNINGS FROM OPERATIONS	13,566	2.6	(1,093)	(0.2)	74,268	3.0	44,528	2.2
OTHER EXPENSE, NET	<u>1,041</u>	0.2	<u>1,134</u>	0.2	<u>4,010</u>	0.2	<u>3,464</u>	0.2
EARNINGS BEFORE INCOME TAXES	12,525	2.4	(2,227)	(0.5)	70,258	2.8	41,064	2.0
INCOME TAXES	<u>3,865</u>	0.7	<u>(1,086)</u>	(0.2)	<u>24,454</u>	1.0	<u>15,054</u>	0.7
NET EARNINGS	8,660	1.6	(1,141)	(0.2)	45,804	1.9	26,010	1.3
LESS NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(665)</u>	(0.1)	<u>(786)</u>	(0.2)	<u>(2,722)</u>	(0.1)	<u>(2,076)</u>	(0.1)
NET EARNINGS ATTRIBUTABLE TO CONTROLLING INTEREST	<u>\$ 7,995</u>	1.5	<u>\$ (1,927)</u>	(0.4)	<u>\$ 43,082</u>	1.7	<u>\$ 23,934</u>	1.2
EARNINGS PER SHARE - BASIC	\$ 0.40		\$ (0.10)		\$ 2.16		\$ 1.21	
EARNINGS PER SHARE - DILUTED	\$ 0.40		\$ (0.10)		\$ 2.15		\$ 1.21	
COMPREHENSIVE INCOME	8,191		(1,500)		45,020		26,990	
LESS COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(631)</u>		<u>(724)</u>		<u>(2,730)</u>		<u>(2,398)</u>	
COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	<u>\$ 7,560</u>		<u>\$ (2,224)</u>		<u>\$ 42,290</u>		<u>\$ 24,592</u>	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			Year to Date		
	2013	2012	%	2013	2012	%
Retail Building Materials	\$168,779	\$158,259	7%	\$ 936,590	\$ 836,670	12%
Industrial	160,609	140,880	14%	701,688	589,893	19%
Residential Construction	81,969	74,396	10%	340,296	255,544	33%
Commercial Construction and Concrete Forming	32,015	21,849	47%	136,641	89,804	52%
Manufactured Housing	<u>89,359</u>	<u>81,365</u>	10%	<u>388,697</u>	<u>314,095</u>	24%
Housing and Construction	<u>203,343</u>	<u>177,610</u>		<u>865,634</u>	<u>659,443</u>	
Total Gross Sales	532,731	476,749	12%	2,503,912	2,086,006	20%
Sales Allowances	<u>(6,993)</u>	<u>(5,986)</u>		<u>(33,464)</u>	<u>(31,073)</u>	
Total Net Sales	<u>\$525,738</u>	<u>\$470,763</u>		<u>\$2,470,448</u>	<u>\$2,054,933</u>	

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
DECEMBER 2013/2012

(In thousands)

ASSETS	2013	2012	LIABILITIES AND EQUITY	2013	2012
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ 7,647	Cash overdraft	\$ 1,079	\$ -
Restricted cash	720	6,831	Accounts payable	72,918	66,054
Accounts receivable	180,452	163,225	Accrued liabilities	65,102	48,730
Inventories	287,305	243,180			
Other current assets	<u>27,921</u>	<u>32,290</u>			
TOTAL CURRENT ASSETS	496,398	453,173	TOTAL CURRENT LIABILITIES	139,099	114,784
OTHER ASSETS					
INTANGIBLE ASSETS, NET	13,452	16,342	LONG-TERM DEBT AND		
PROPERTY, PLANT	169,727	169,757	CAPITAL LEASE OBLIGATIONS,		
AND EQUIPMENT, NET	<u>237,410</u>	<u>221,268</u>	less current portion	84,700	95,790
			OTHER LIABILITIES	43,454	42,441
			EQUITY	<u>649,734</u>	<u>607,525</u>
TOTAL ASSETS	<u>\$916,987</u>	<u>\$860,540</u>	TOTAL LIABILITIES AND EQUITY	<u>\$916,987</u>	<u>\$860,540</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE TWELVE MONTHS ENDED
DECEMBER 2013/2012

(In thousands)	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 45,804	\$ 26,010
Adjustments to reconcile net earnings attributable to controlling interest to net cash from operating activities:		
Depreciation	31,091	30,461
Amortization of intangibles	2,473	2,918
Expense associated with share-based compensation arrangements	1,932	1,270
Excess tax benefits from share-based compensation arrangements	(112)	(75)
Expense associated with stock grant plans	-	97
Loss reserve for notes receivable	15	2,131
Deferred income taxes	4,453	2,526
Net earnings attributable to noncontrolling interest	-	-
Equity in earnings of investee	(201)	(79)
Net gain (loss) on sale or impairment of property, plant and equipment	297	(6,890)
Changes in:		
Accounts receivable	(17,886)	(32,274)
Inventories	(42,287)	(45,529)
Accounts payable	6,756	16,281
Accrued liabilities and other	<u>21,026</u>	<u>(2,568)</u>
NET CASH FROM OPERATING ACTIVITIES	53,361	(5,721)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(40,023)	(30,344)
Proceeds from sale of property, plant and equipment	1,778	18,240
Acquisitions, net of cash received	(11,478)	(16,974)
Purchase of patents & product technology	(143)	(95)

Advances of notes receivable	(2,673)	(1,183)
Collections of notes receivable and related interest	2,814	2,839
Cash restricted as to use	6,111	(6,178)
Other, net	11	(528)
NET CASH FROM INVESTING ACTIVITIES	(43,603)	(34,223)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under revolving credit facilities	(11,090)	11,090
Repayment of long-term debt	-	(42,774)
Borrowings of long-term debt	-	75,000
Debt issuance costs	(46)	(266)
Proceeds from issuance of common stock	2,144	2,061
Distributions to noncontrolling interest	(1,460)	(871)
Capital contribution from noncontrolling interest	84	281
Dividends paid to shareholders	(8,166)	(7,905)
Excess tax benefits from share-based compensation arrangements	112	75
Other, net	-	4
NET CASH FROM FINANCING ACTIVITIES	(18,422)	36,695
Effect of exchange rate changes on cash	(62)	244
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,726)	(3,005)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,647	10,652
CASH (CASH OVERDRAFT), END OF PERIOD	\$ (1,079)	\$ 7,647
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 4,883	\$ 3,982
Income taxes paid	14,427	16,751



Source: Universal Forest Products

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