



## UFP Reports Record Fourth Quarter and Annual Results

February 22, 2017

### Q4 Earnings up 9.8 percent; Annual Earnings up 25.5 percent

GRAND RAPIDS, Mich., Feb. 22, 2017 (GLOBE NEWSWIRE) -- Universal Forest Products, Inc. (Nasdaq:UFPI) today announced record results in 2016, including record fourth-quarter net earnings attributable to controlling interest of \$20.8 million, or \$1.02 per diluted share, 9.8 percent higher than the fourth quarter of 2015. The Company also posted record annual net earnings attributable to controlling interest of \$101.2 million, or \$4.96 per diluted share, representing a 25.5 percent increase over 2015 annual net earnings attributable to controlling interest of \$80.6 million, or \$3.99 per diluted share. Fourth-quarter 2016 net sales of \$859.6 million were up 31.5 percent over net sales for the same period of 2015. Annual net sales of \$3.24 billion surpassed 2015 annual net sales of \$2.89 billion by 12.2 percent and is a new record for the Company. Although acquisitions contributed to the records, most of the Company's annual growth came from existing operations.

"The people who work for the companies of Universal are the best in the business, and they continue to prove it with record-breaking results," said CEO Matthew J. Missad. "They continuously look for ways to create efficiencies, reduce manufacturing costs and grow sales by building and deepening customer relationships. They also have been bringing a number of exciting new, value-added products to the market. I couldn't be more proud of them."

New product sales grew 28.9 percent to \$354.3 million in 2016, compared to \$274.9 million in 2015.

Higher lumber prices contributed about 4 percent and 1 percent to the Company's fourth-quarter and annual sales growth, respectively.

"Our results reflect the dedication of our employees and trust of our shareholders, and I want to thank them for their commitment to the Company," added Missad. "We intend to continue to build on their trust with wise investments that will continue to grow our business in the future."

By market, the Company posted the following 2016 gross sales results:

#### Retail

- **Fourth quarter: \$275.7 million, up 19.4 percent over the fourth quarter of 2015**
- **Year: \$1.3 billion, up 13.7 percent over the previous year**

The Company benefited from an 11 percent increase in fourth-quarter unit sales to the Retail market, led by a 25 percent increase in sales to big box customers. The increase in total unit sales is attributable to market share gains, new products and improved consumer demand. The Company continues to add new products, develop relationships with new customers, and increase share with existing customers.

#### Construction

- **Fourth quarter: \$275.6 million, up 24.7 percent over the fourth quarter of 2015**
- **Year: \$1 billion, up 12.5 percent over the previous year**

Overall, unit sales to the Construction market rose almost 20 percent in the fourth quarter, led by a strong gain of 30 percent to residential construction customers. According to the U.S. Census Bureau, housing starts during the period of September through November 2016 rose less than 1 percent over the same period last year. The Company remains focused on growing business selectively in areas where housing markets are the most stable.

#### Industrial

- **Fourth quarter: \$318.6 million, up 52.2 percent over the fourth quarter of 2015**
- **Year: \$988.0 million, up 10.6 percent over the previous year**

The Company's growth in this market is primarily due to its acquisition of idX Corporation, which closed in September of 2016. Excluding acquisitions, the Company grew unit sales in this market by 11 percent in the fourth quarter by adding new customers and increasing share with existing customers. The Company plans to continue its efforts to focus on value-added products.

#### **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 23, 2017. 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 888-685-5759, and internationally at 503-343-6031. Use



<b>NONCONTROLLING INTEREST</b>	<u>(1,491)</u>	(0.2)	<u>(1,660)</u>	(0.3)	<u>(4,318)</u>	(0.1)	<u>(4,537)</u>	(0.2)
<b>NET EARNINGS ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ 20,750</u>	2.4	<u>\$ 18,901</u>	2.9	<u>\$ 101,179</u>	3.1	<u>\$ 80,595</u>	2.8
<b>EARNINGS PER SHARE - BASIC</b>	\$ 1.02		\$ 0.94		\$ 4.97		\$ 3.99	
<b>EARNINGS PER SHARE - DILUTED</b>	\$ 1.02		\$ 0.93		\$ 4.96		\$ 3.99	
<b>COMPREHENSIVE INCOME</b>	21,058		17,510		102,794		77,875	
<b>LESS COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	<u>(1,084)</u>		<u>(5,362)</u>		<u>(2,660)</u>		<u>(3,213)</u>	
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ 19,974</u>		<u>\$ 12,148</u>		<u>\$ 100,134</u>		<u>\$ 74,662</u>	

#### SUPPLEMENTAL SALES DATA

<u>Market Classification</u>	<u>Quarter Period</u>			<u>Year to Date</u>		
	<u>2016</u>	<u>2015</u>	<u>%</u>	<u>2016</u>	<u>2015</u>	<u>%</u>
<b>Retail</b>	\$ 275,669	\$ 230,817	19%	\$ 1,292,892	\$ 1,136,643	14%
<b>Industrial</b>	318,649	209,386	52%	988,040	893,149	11%
<b>Construction</b>	<u>275,617</u>	<u>221,072</u>	25%	<u>1,009,317</u>	<u>897,301</u>	12%
<b>Total Gross Sales</b>	869,935	661,275	32%	3,290,249	2,927,093	12%
<b>Sales Allowances</b>	<u>(10,351)</u>	<u>(7,675)</u>		<u>(49,756)</u>	<u>(40,022)</u>	
<b>Total Net Sales</b>	<u>\$ 859,584</u>	<u>\$ 653,600</u>		<u>\$ 3,240,493</u>	<u>\$ 2,887,071</u>	

#### **CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED) DECEMBER 2016/2015**

<b>(In thousands)</b>						
<b>ASSETS</b>	<b>2016</b>	<b>2015</b>	<b>LIABILITIES AND EQUITY</b>	<b>2016</b>	<b>2015</b>	
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	\$ 34,091	\$ 87,756	Cash overdraft	\$ 19,761	\$ -	
Restricted cash	398	586	Accounts payable	124,660	95,041	
Investments	10,348	6,743	Accrued liabilities	124,722	107,989	
Accounts receivable	282,253	222,964	Current portion of debt	2,634	1,145	
Inventories	397,227	304,918				
Other current assets	32,121	25,265				
<b>TOTAL CURRENT ASSETS</b>	<b>756,438</b>	<b>648,232</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>271,777</b>	<b>204,175</b>	
<b>OTHER ASSETS</b>	<b>10,163</b>	<b>9,610</b>	<b>LONG-TERM DEBT AND</b>			
<b>INTANGIBLE ASSETS, NET</b>	<b>227,606</b>	<b>198,687</b>	<b>CAPITAL LEASE OBLIGATIONS</b>	<b>109,059</b>	<b>84,750</b>	

<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	297,851	251,150	<b>OTHER LIABILITIES EQUITY</b>	50,756	52,345
				860,466	766,409
<b>TOTAL ASSETS</b>	<b>\$ 1,292,058</b>	<b>\$ 1,107,679</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,292,058</b>	<b>\$ 1,107,679</b>

<b>CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)</b>		
<b>FOR THE TWELVE MONTHS ENDED</b>		
<b>DECEMBER 2016/2015</b>		
<b>(In thousands)</b>	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 105,497	\$ 85,132
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	40,823	37,710
Amortization of intangibles	2,795	3,531
Expense associated with share-based compensation arrangements	2,208	1,846
Excess tax benefits from share-based compensation arrangements	-	(33)
Expense associated with stock grant plans	127	109
Deferred income tax (credit)	2,464	(1,369)
Equity in earnings of investee	(267)	(374)
Net loss on disposition and impairment of assets	-	172
Changes in:		
Accounts receivable	(5,119)	(26,007)
Inventories	(3,245)	34,139
Accounts payable and cash overdraft	11,259	4,798
Accrued liabilities and other	15,978	29,142
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>172,520</b>	<b>168,796</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant, and equipment	(53,762)	(43,522)
Proceeds from sale of property, plant and equipment	3,126	2,843
Acquisitions, net of cash received	(80,077)	(2,505)
Repayments of debt of acquiree	(92,830)	-
Purchases and dissolution of remaining noncontrolling interest in subsidiary	(892)	(1,256)
Advances of notes receivable	(6,012)	(6,994)
Collections of notes receivable	7,899	11,446
Purchases of investments	(5,666)	(7,858)
Proceeds from sale of investments	2,568	1,115
Cash restricted as to use	188	(181)
Other	(2,011)	95
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(227,469)</b>	<b>(46,817)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings under revolving credit facilities	131,002	297,711
Repayments under revolving credit facilities	(107,294)	(311,271)
Proceeds from issuance of common stock	536	1,074
Distributions to noncontrolling interest	(3,280)	(3,188)
Dividends paid to shareholders	(17,680)	(16,507)
Repurchase of common stock	-	(800)
Other	(73)	(21)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>3,211</b>	<b>(33,002)</b>

Effect of exchange rate changes on cash	(1,927)	(1,221)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(53,665)	87,756
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	87,756	-
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 34,091</u>	<u>\$ 87,756</u>

Lynn Afendoulis  
 Director, Corporate Communications  
 (616) 365-1502



**Universal Forest Products**

Universal Forest Products, Inc.