UFP Industries, Inc. (UFPI)

Updated May 1st, 2025, by Kody Kester

Key Metrics

Current Price:	$100	**5 Year CAGR Estimate:**	10.0%	**Market Cap:**	$6.1B
Fair Value Price:	$103	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	06/02/25
% Fair Value:	97%	**5 Year Valuation Multiple Estimate:**	0.7%	**Dividend Payment Date:**	06/16/25
Dividend Yield:	1.4%	**5 Year Price Target**	$152	**Years Of Dividend Growth:**	13
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

UFP Industries, Inc. is a holding company that designs, manufactures, and sells wood, non-wood composites, and other materials. Since 1955, UFPI has established itself as the largest converter of softwood lumber in North America. The company reports its results via the following three similarly sized segments:

UFP Retail Solutions: The segment is organized into the ProWood, Deckorators, and UFP-Edge business units. ProWood sells pressure-treated lumber products like decking and fencing to retailers around the United States. Deckorators sells wood plastic composites and its patented Surestone mineral-based decking and decking accessories (balusters and post caps). The UFP-Edge business unit sells trim and fascia and exterior siding products to home improvement retailers and two-step distributors.

UFP Packaging: The segment is broken down into the Structural Packaging, PalletOne, and Protective Packaging Solutions business units. Structural Packaging engineers and manufactures custom packaging products made of wood and metal. These are sold to global customers in building materials, durable goods, and agricultural industries. PalletOne designs and manufactures pallets mostly consisting of wood and heat-treated wood. These are used by customers to ship a variety of consumer and industrial products. The Protective Packaging Solutions unit sells products to customers, such as corrugation, foam, and labels.

UFP Construction: This segment is made up of Factory-Built Housing, Site-Built Construction, Commercial Construction, and Concrete Forming business units. The Factory-Built Housing unit manufactures roof trusses, plywood, and oriented strand boards for housing manufacturers. The Site-Built Construction unit designs and manufactures roof and floor trusses, wall panels, and lumber packages. The Commercial Construction unit designs, manufactures, and installs highly customized interior fixtures for the healthcare, hospitality, and quick-service restaurant industries. The Concrete Forming unit manufactures and supplies wood forms that are used to set or form concrete for large parking garages, stadiums, and bridges.

On April 28th, UFPI shared its results for the first quarter ended March 31st. The company's net sales declined by 2.7% over the year-ago period to $1.60 billion during the quarter. That was driven by a 2% decrease in organic unit sales in the quarter. This was largely due to a seasonally weaker January and February across most of UFPI's business units. A slower start to the year and weaker demand also led to a more competitive pricing environment, which was behind the 0.7% dip in selling prices during the quarter. UFPI's diluted EPS dropped by 33.7% year-over-year to $1.30 in the quarter. That was $0.26 less than the analyst consensus for the quarter. Higher cost of goods sold contributed to a 243-basis point decline in UFPI's net profit margin to 4.9% during the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.33	$1.65	$1.83	$2.34	$2.91	$3.99	$8.39	$10.99	$8.07	$6.77	***$6.89***	***$10.12***
DPS	$0.27	$0.29	$0.32	$0.36	$0.40	$0.50	$0.65	$0.95	$1.10	$1.32	***$1.40***	***$2.06***
Shares[1]	60.4	61.0	61.2	60.9	61.4	61.2	61.9	61.6	61.6	60.9	***60.8***	***60.5***

[1] Share count is in millions.

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UFPI reaffirmed its target annual unit sales growth of between 7% and 10% over the long term. Considering the fragmented nature of the industries in which the company operates, we remain confident that this is an attainable growth target. UFPI can use bolt-on acquisitions to meet its annual unit sales growth target, too. The company has identified $60 million in annualized cost savings from cost and capacity reductions through 2026 and remains on track to deliver these cost savings. This should fuel modest margin expansion in 2026 and beyond. Opportunistic share repurchases are the final piece of the puzzle. Overall, we're maintaining our annual diluted EPS growth projection at 8% over the medium term.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	17.1	20.6	20.6	11.0	16.8	13.9	11.0	7.2	15.6	16.4	***14.5***	***15.0***
Avg. Yld.	1.2%	0.9%	0.9%	1.4%	0.8%	0.9%	0.7%	1.2%	0.9%	1.2%	***1.4%***	***1.4%***

Accounting for valuation peaks and troughs, UFPI's 10-year average P/E ratio has been right around 15. Since we still believe the growth story will hold up, we think that the 10-year average P/E ratio represents fair value. The current year P/E ratio of 14.5 suggests that shares are modestly discounted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

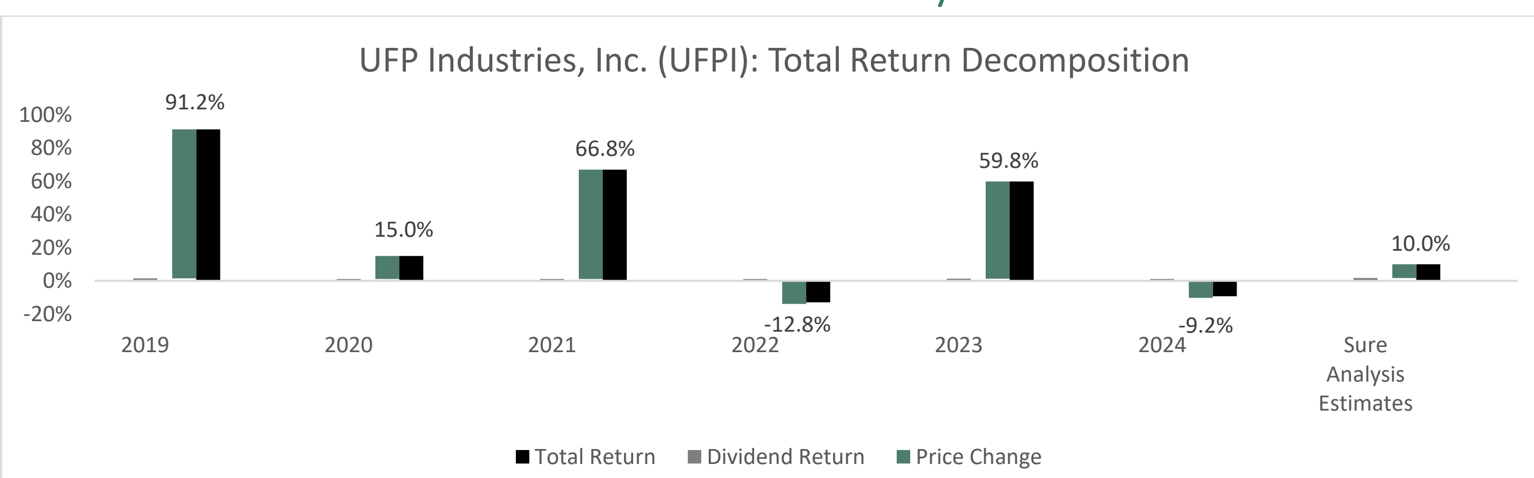
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	20%	18%	17%	15%	14%	13%	8%	9%	14%	19%	***20%***	***20%***

The company's most notable competitive advantage is its size and scale. UFPI is the largest buyer of softwood lumber on the continent. That affords it a great deal of leverage in negotiations with suppliers. UFPI is also largely shielded from the direct impact of tariffs in the sense that Southern Yellow Pine is domestically produced and accounts for more than 70% of its lumber purchases. The company's $669.5 million net surplus cash balance as of March 31st is also strong for a company of its size. UFPI's payout ratio poised to be in the high teens to low 20% range in 2025 is another factor that helps to back up the dividend.

Final Thoughts & Recommendation

UFPI's 1.4% dividend yield, 8.0% annual diluted EPS growth potential, and 0.7% annual valuation upside could produce 10.0% annual total returns through 2030. While market volatility could bring more downside to the stock, we're maintaining our marginal buy rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,887	3,240	3,941	4,489	4,416	5,154	8,636	9,627	7,218	6,652
Gross Profit	400	475	543	593	686	800	1,407	1,789	1,419	1,227
Gross Margin	13.9%	14.6%	13.8%	13.2%	15.5%	15.5%	16.3%	18.6%	19.7%	18.4%
SG&A Exp.	264	310	362	392	439	445	682	832	767	735
D&A Exp.	41	44	53	61	67	73	98	114	132	148
Operating Profit	136	164	181	201	245	346	738	950	647	498
Operating Margi	4.7%	5.1%	4.6%	4.5%	5.5%	6.7%	8.5%	9.9%	9.0%	7.5%
Net Profit	81	101	120	149	180	247	536	693	514	415
Net Margin	2.8%	3.1%	3.0%	3.3%	4.1%	4.8%	6.2%	7.2%	7.1%	6.2%
Free Cash Flow	125	119	65	21	264	247	361	657	780	422
Income Tax	46	55	52	45	58	87	174	230	157	121

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,108	1,292	1,465	1,648	1,889	2,405	3,245	3,672	4,018	4,151
Cash & Equivalents	88	34	28	27	168	437	287	559	1,118	1,172
Accounts Receivable	196	223	282	328	343	364	471	738	618	522
Inventories	305	397	460	556	487	567	963	973	728	721
Goodwill & Int.	192	199	228	255	273	285	332	431	489	500
Total Liabilities	341	432	491	559	632	922	1,229	1,068	968	901
Accounts Payable	95	125	140	137	142	212	319	207	203	225
Long-Term Debt	86	131	172	230	164	312	337	278	276	230
Shareholder's Equity	686	753	849	959	1,073	1,244	1,460	1,979	2,564	3,250
LTD/E Ratio	0.11	0.15	0.18	0.21	0.13	0.21	0.17	0.11	0.09	0.07

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.6%	8.4%	8.7%	9.5%	10.2%	11.5%	19.0%	20.0%	13.4%	10.1%
Return on Equity	11.0%	12.4%	13.0%	14.4%	15.3%	18.0%	30.6%	30.0%	18.2%	13.3%
ROIC	9.8%	11.0%	11.2%	12.1%	13.1%	15.3%	25.8%	26.5%	16.6%	11.7%
Shares Out.	60.4	61.0	61.2	60.9	61.4	61.2	61.9	61.6	61.6	58.8
Revenue/Share	48.23	53.81	65.29	74.28	73.44	86.00	143.09	158.72	119.04	113.13
FCF/Share	2.09	1.97	1.08	0.34	4.40	4.13	5.99	10.84	12.85	7.18

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.