



## Universal Forest Products® , Inc. Exceeds Targets for Second Quarter

July 24, 2001

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### **Reports Record Earnings**

Universal Forest Products(R), Inc. (Nasdaq: UFPI) today announced second quarter net earnings of \$14.2 million, an increase of 10.2% over the same quarter a year ago. Earnings per share (diluted) increased 11.1% to \$0.70, compared with \$0.63 for the second quarter of 2000, and exceeded the Company's target of \$0.63 to \$0.67 per share (diluted) for the quarter. Net sales for the quarter of \$486.3 million were 12.7% higher than last year's second quarter net sales of \$431.6 million, and met the Company's target of \$460 million to \$490 million.

For the first six months of 2001, net earnings were \$19.2 million or \$0.95 per share (diluted) compared to \$19.0 million or \$0.93 per share (diluted) last year. Net sales for the first six months of 2001 were \$771.0 million, or 4.8% higher than net sales of \$735.6 million last year.

"We would be pleased with these results in any economy, but in the context of a slowing economy that saw many businesses report decreased sales, the strength of Universal's strategies and products is evident," said William G. Currie, UFPI's vice-chairman and chief executive officer. "Our success this quarter was due in part to strong unit sales growth to our do-it-yourself (D- I-Y) and site-built markets, benefits from strategic acquisitions, and our employees, whose hard work and dedication helped us realize strong results."

Currie noted that sales to the D-I-Y and site-built markets were up 18.0% and 30.1%, respectively, for the quarter. The Company's strength in manufactured housing was underscored by its performance during a difficult quarter. The manufactured housing industry experienced a decline in shipments of approximately 30%, however, Universal's sales to that market were down only 11%. While lumber prices temporarily increased in May, they had little impact on the Company's reported sales for the second quarter.

### Outlook

The Company expects to continue its unit sales growth to the D-I-Y, site- built, and industrial/agricultural markets for the balance of the year. While management doesn't expect the slowdown in the manufactured housing market to improve in the next six months, the Company's leadership position will enable it to increase sales to that market when demand returns. With these factors, and current economic conditions in mind, management has set the following targets for the third quarter of 2001:

\* Sales ranging from \$420 million to \$440 million.

\* Earnings from \$0.45 to \$0.48 per share (diluted).

The Company continues to target sales and earnings per share growth of 7% to 10% for the year.

Universal Forest Products will conduct a conference call to discuss information in this news release and related matters at 11:00 a.m. EDT on Tuesday, July 24, 2001. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at 800-482-2239 or internationally at 303-224-6998. Use conference call ID #1111404. The conference call will be available simultaneously, and in its entirety, to all interested investors and news media through a webcast at [www.ufpi.com](http://www.ufpi.com) . Click on "investor relations," then "live webcast."

Universal Forest Products(R) markets, manufactures, and engineers products for D-I-Y retail home centers, structural lumber products for the manufactured housing industry, engineered wood components for the site-built construction market, and specialty wood packaging for various industries. For information about Universal Forest Products on the Internet, please go to the Company's web site at [www.ufpi.com](http://www.ufpi.com) .

Included in this report are certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements were 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 are the following: Adverse lumber market trends, competitive activity, negative economic trends, government regulations, and weather. These risk factors and additional information are included in the Company's reports on Form 10K and 10Q on file with the Securities and Exchange Commission.

FINANCIAL HIGHLIGHTS TO FOLLOW

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED  
JUNE 2001/2000

(In thousands, except per share data)	Quarter Period			
	2001		2000	
NET SALES	\$486,348	100%	\$431,578	100%
COST OF GOODS SOLD	419,951	86.35	374,280	86.72
GROSS PROFIT	66,397	13.65	57,298	13.28
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	38,869	7.99	32,045	7.43
EARNINGS FROM OPERATIONS	27,528	5.66	25,253	5.85
INTEREST EXPENSE	3,539	0.73	3,607	0.84
INTEREST REVENUE	(245)	-0.05	(160)	-0.04
	3,294	0.68	3,447	0.80
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	24,234	4.98	21,806	5.05
INCOME TAXES	9,179	1.89	8,563	1.98
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	15,055	3.09	13,243	3.07
MINORITY INTEREST	(794)	-0.16	(307)	-0.07
EQUITY IN EARNINGS OF INVESTEE	(23)	-0.01	(19)	-0.01
NET EARNINGS	\$14,238	2.92	\$12,917	2.99
EARNINGS PER SHARE - BASIC	\$0.72		\$0.64	
EARNINGS PER SHARE - DILUTED	\$0.70		\$0.63	
WEIGHTED AVERAGE SHARES OUTSTANDING	19,792		20,144	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,388		20,501	
SUPPLEMENTAL SALES DATA				
	Quarter Period			
Market Classification	2001	%	2000	%
Do-It-Yourself	\$272,407	56%	\$230,899	53%
Manufactured Housing	74,907	15%	84,413	20%
Site-Built Construction	81,963	17%	62,987	15%
Industrial and Other	57,071	12%	53,279	12%
Total	\$486,348	100%	\$431,578	100%

(In thousands, except per share data)	Year to Date			
	2001		2000	
NET SALES	\$770,986	100%	\$735,650	100%
COST OF GOODS SOLD	661,470	85.80	637,941	86.72
GROSS PROFIT	109,516	14.20	97,709	13.28
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	71,142	9.22	59,363	8.07
EARNINGS FROM OPERATIONS	38,374	4.98	38,346	5.21
INTEREST EXPENSE	6,738	0.87	6,775	0.92
INTEREST REVENUE	(317)	-0.04	(246)	-0.03
	6,421	0.83	6,529	0.89
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	31,953	4.15	31,817	4.32
INCOME TAXES	12,035	1.56	12,516	1.70
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	19,918	2.59	19,301	2.62
MINORITY INTEREST	(861)	-0.11	(330)	-0.04
EQUITY IN EARNINGS OF INVESTEE	158	0.01	27	0.00
NET EARNINGS	\$19,215	2.49	\$18,998	2.58
EARNINGS PER SHARE - BASIC	\$0.97		\$0.94	
EARNINGS PER SHARE - DILUTED	\$0.95		\$0.93	
WEIGHTED AVERAGE SHARES OUTSTANDING	19,753		20,140	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,315		20,513	

SUPPLEMENTAL SALES DATA

Market Classification	Year to Date			
	2001	%	2000	%
Do-It-Yourself	\$400,483	52%	\$365,612	50%
Manufactured Housing	124,568	16%	160,510	22%
Site-Built Construction	143,817	19%	111,890	15%
Industrial and Other	102,118	13%	97,638	13%
Total	\$770,986	100%	\$735,650	100%

(In thousands)

ASSETS	2001	2000	LIABILITIES AND SHAREHOLDERS' EQUITY	2001	2000
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$8,490	\$2,748	Notes payable	\$1,020	\$2,278
Restricted cash equivalents	723	-	Accounts payable and accrued liabilities	119,875	107,811
Accounts receivable	140,698	119,044	Current portion of long-term debt and capital leases	21,360	7,058
Inventories	148,069	145,768			
Other current assets	8,210	7,005			
TOTAL CURRENT ASSETS	306,190	274,565	TOTAL CURRENT LIABILITIES	142,255	117,147
OTHER ASSETS	11,698	11,304	LONG-TERM DEBT AND CAPITAL LEASES, less current portion	197,197	191,619
GOODWILL AND NON-COMPETE	114,903	107,372	OTHER LIABILITIES	18,862	18,072
PROPERTY, PLANT AND EQUIPMENT, NET	179,581	164,990	SHAREHOLDERS' EQUITY	254,058	231,393
TOTAL ASSETS	\$612,372	\$558,231	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$612,372	\$558,231

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
FOR THE SIX MONTHS ENDED  
JUNE 2001/2000

(In thousands)	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$19,215	\$18,998
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	9,498	7,862
Amortization of non-compete agreements and goodwill	2,180	1,639
Loss on sale of property, plant and equipment	38	5
Changes in:		
Accounts receivable	(68,218)	(40,083)
Inventories	(21,951)	(9,577)
Accounts payable	36,701	23,647
Accrued liabilities and other	9,909	3,209
NET CASH FROM OPERATING ACTIVITIES	(12,628)	5,700

CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(17,924)	(15,623)
Acquisitions, net of cash received	(21,559)	(32,386)
Proceeds from sale of property, plant and equipment	399	440
Other	512	(520)
NET CASH FROM INVESTING ACTIVITIES	(38,572)	(48,089)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving credit facilities and notes payable	67,600	48,774
Proceeds from issuance of long-term debt	-	1,937
Repayment of long-term debt	(9,038)	(7,181)
Proceeds from issuance of common stock	783	379
Dividends paid to shareholders	(792)	(808)
Repurchase of common stock	(1,255)	(2,070)
NET CASH FROM FINANCING ACTIVITIES	57,298	41,031
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,098	(1,358)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,392	4,106
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$8,490	\$2,748

SOURCE Universal Forest Products(R), Inc.

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