



Universal Forest Products, Inc. Announces Strong Third Quarter Results; Reports 20% Increase in Earnings

October 16, 2001

GRAND RAPIDS, Mich., Oct. 16 /PRNewswire/ -- Universal Forest Products, Inc. (Nasdaq: UFPI) today announced third quarter net earnings of \$9.8 million or \$0.48 per share (diluted), a 20% increase over net earnings of \$8.1 million or \$0.40 per share (diluted) reported for the third quarter of 2000. Net sales for the quarter were \$432.7 million, an increase of 16.6% over net sales of \$371.0 million reported for the same quarter last year.

For the first nine months of 2001, net earnings were \$29.0 million or \$1.43 per share (diluted) compared to \$27.1 million or \$1.32 per share (diluted) a year ago. Net sales for the first nine months of 2001 were \$1.204 billion, an 8.8% increase over net sales of \$1.107 billion reported for the first nine months of 2000.

"Universal continues to deliver strong sales and earnings results, despite challenges in this economic environment," said William G. Currie, UFPI's chief executive officer. "Our financial performance this quarter demonstrates the success of our business strategy to diversify in four key business segments and expand geographically across the U.S. We saw double-digit unit sales growth in each of our four key markets and the success is due to Universal's employees who are focused on executing our business strategy and delivering on our financial objectives.

"We continue to strengthen our business through successful acquisitions. These transactions, most recently P&R Truss, will enable UFPI to continue to enhance its existing business," said Currie. The Company closed on its acquisition of P&R Truss on October 15.

Currie noted that Universal's sales to the site-built construction, industrial, manufactured housing, and Do-It-Yourself (D-I-Y) markets were up 32.1%, 14.7%, 14.6%, and 12.1%, respectively, for the quarter. Although overall lumber prices increased temporarily in August, they had little impact on the Company's reported sales for the third quarter.

Currie attributed a portion of the Company's sales increases in two markets -- site-built construction and manufactured housing -- to recent acquisitions of Superior Truss, D&R Framing Contractors, and the Sunbelt Wood Components division of Kevco Manufacturing.

"We remain cautious about the economy. The results we experienced during the quarter supports our fourth quarter guidance as reflected in UFPI's outlook," concluded Currie.

Outlook

The Company expects to continue to grow unit sales to each of its four key markets for the balance of the year. With current economic conditions in mind, management has set the following targets for the fourth quarter of 2001:

- Sales ranging from \$310 million to \$325 million
- Earnings from \$0.16 to \$0.19 per share (diluted)

Universal Forest Products will conduct a conference call to discuss information in this news release and related matters at 11 a.m. EDT on Tuesday, October 16, 2001. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at 800-521-5426 or internationally at 303-224-6999. Use conference call ID #1258822. 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. Click on "investor relations" then "live webcast."

Universal Forest Products 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 contact the company's investor relations web site at 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.

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2001/2000

(In thousands, except per share data)	Quarter Period			
	2001		2000	
NET SALES	\$432,689	100%	\$371,030	100%
COST OF GOODS SOLD	376,507	87.02	322,103	86.81
GROSS PROFIT	56,182	12.98	48,927	13.19
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	37,525	8.67	31,885	8.59
EARNINGS FROM OPERATIONS	18,657	4.31	17,042	4.60
INTEREST EXPENSE	2,948	0.68	3,648	0.98
INTEREST REVENUE	(151)	-0.03	(135)	-0.04
	2,797	0.65	3,513	0.94
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	15,860	3.66	13,529	3.66
INCOME TAXES	5,519	1.28	5,177	1.40
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	10,341	2.38	8,352	2.26
MINORITY INTEREST	(618)	-0.14	(144)	-0.04
EQUITY IN EARNINGS OF INVESTEE	85	0.03	(60)	-0.02
NET EARNINGS	\$9,808	2.27	\$8,148	2.20
EARNINGS PER SHARE - BASIC	\$0.50		\$0.40	
EARNINGS PER SHARE - DILUTED	\$0.48		\$0.40	
WEIGHTED AVERAGE SHARES OUTSTANDING	19,803		20,123	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,450		20,481	

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2001/2000

(In thousands, except per share data)	Year to Date	
	2001	2000

NET SALES	\$1,203,675	100%	\$1,106,680	100%
COST OF GOODS SOLD	1,037,977	86.23	960,044	86.75
GROSS PROFIT	165,698	13.77	146,636	13.25
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	108,667	9.03	91,248	8.25
EARNINGS FROM OPERATIONS	57,031	4.74	55,388	5.00
INTEREST EXPENSE	9,686	0.80	10,423	0.94
INTEREST REVENUE	(468)	-0.04	(381)	-0.03
	9,218	0.76	10,042	0.91
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	47,813	3.98	45,346	4.09
INCOME TAXES	17,554	1.46	17,693	1.60
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	30,259	2.52	27,653	2.49
MINORITY INTEREST	(1,479)	-0.12	(474)	-0.04
EQUITY IN EARNINGS OF INVESTEE	243	0.01	(33)	0.00
NET EARNINGS	\$29,023	2.41	\$27,146	2.45
EARNINGS PER SHARE - BASIC	\$1.47		\$1.35	
EARNINGS PER SHARE - DILUTED	\$1.43		\$1.32	
WEIGHTED AVERAGE SHARES OUTSTANDING	19,769		20,134	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,360		20,502	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2001	%	2000	%
Do-It-Yourself	\$202,380	46%	\$180,572	49%
Site-Built Construction	90,478	21%	68,496	18%
Manufactured Housing	84,645	20%	73,843	20%
Industrial and Other	55,186	13%	48,119	13%
Total	\$432,689	100%	\$371,030	100%

SUPPLEMENTAL SALES DATA

Market Classification	Year to Date			
	2001	%	2000	%
Do-It-Yourself	\$602,850	51%	\$546,191	50%
Site-Built Construction	234,300	19%	180,401	16%
Manufactured Housing	209,221	17%	234,346	21%

Industrial and Other	157,304	13%	145,742	13%
Total	\$1,203,675	100%	\$1,106,680	100%

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
SEPTEMBER 2001/2000

(In thousands)

ASSETS	2001	2000	LIABILITIES AND SHAREHOLDERS' <input type="checkbox"/> EQUITY	2001	2000
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$6,310	\$7,780	Notes payable	\$669	\$2,860
Restricted cash equivalents	411	-	Accounts payable and accrued <input type="checkbox"/>		
Accounts receivable	125,150	100,430	liabilities	108,023	95,524
Other current assets	7,410	7,046	Inventories	122,228	114,139
			Current portion of long-term debt and capital leases	20,952	7,291
TOTAL CURRENT ASSETS	261,509	229,395	TOTAL CURRENT LIABILITIES	129,644	105,675
OTHER ASSETS	11,572	11,446	LONG-TERM DEBT AND CAPITAL LEASES, less		
GOODWILL AND NON-COMPETE	113,652	106,547	current portion	152,807	153,836
			OTHER LIABILITIES	18,728	18,149
PROPERTY, PLANT AND EQUIPMENT, NET	177,944	168,276	SHAREHOLDERS' EQUITY	263,498	238,004
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$564,677	\$515,664
TOTAL ASSETS	\$564,677	\$515,664			

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2001/2000

(In thousands)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$29,023	\$27,146
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	14,586	12,361
Amortization of non-compete agreements and goodwill	3,348	2,673
Loss on sale of property, plant and equipment	588	72
Changes in:		
Accounts receivable	(52,660)	(21,470)
Inventories	3,891	22,053
Accounts payable	20,786	6,822

Accrued liabilities and other	15,096	7,901
NET CASH FROM OPERATING ACTIVITIES	34,658	57,558
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(22,166)	(23,677)
Acquisitions, net of cash received	(21,559)	(32,561)
Proceeds from sale of property, plant and equipment	886	642
Other	1,608	(816)
NET CASH FROM INVESTING ACTIVITIES	(41,231)	(56,412)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving credit facilities and notes payable	23,106	11,950
Proceeds from issuance of long-term debt	-	2,118
Repayment of long-term debt	(9,838)	(7,535)
Proceeds from issuance of common stock	827	431
Distributions to minority shareholder	(1,275)	-
Dividends paid to shareholders	(792)	(808)
Repurchase of common stock	(1,537)	(3,628)
NET CASH FROM FINANCING ACTIVITIES	10,491	2,528
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	3,918	3,674
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	2,392	4,106
CASH AND CASH EQUIVALENTS, END OF PERIOD		
	\$6,310	\$7,780

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SOURCE Universal Forest Products, Inc.

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