



Universal Forest Products, Inc. Posts Record 2001 Results; Reports 25% Increase in Fourth Quarter Earnings

January 28, 2002

GRAND RAPIDS, Mich., Jan. 28 /PRNewswire-FirstCall/ -- Universal Forest Products, Inc. (Nasdaq: UFPI) today announced record fourth quarter net earnings of \$4.1 million or \$0.20 per share (diluted), a 25% increase over net earnings of \$3.3 million or \$0.16 per share (diluted) reported for the fourth quarter of 2000. Net sales for the quarter were \$329.3 million, an increase of 16.6% over net sales of \$282.3 million reported for the same quarter last year.

For the year ended December 29, 2001, net earnings were \$33.1 million or \$1.63 per share (diluted) compared to \$30.4 million or \$1.49 per share (diluted) a year ago. Net sales for the year were \$1.53 billion, a 10.3% increase over net sales of \$1.39 billion in 2000.

"We are pleased to have achieved such strong results in a year when the economy and many of our markets presented so many challenges," said William G. Currie, UFPI's chief executive officer. "Our diversity, commitment to serving our customers, and sound acquisitions have allowed us to continue to grow despite price deflation in the wood fiber market, a soft manufactured housing market, and a depressed economy. Our performance this year is a tribute to the incredible employees of Universal, who remain focused on our goals and who exhibit a strong work ethic and sense of perseverance."

Currie added that favorable weather conditions in the fourth quarter helped drive strong sales to the Do-It-Yourself ("D-I-Y") market in many areas of the United States.

By market, Universal posted annual sales of:

- * \$739.1 million in retail D-I-Y, up 11.9% from 2000;
- * \$308.8 million in site-built construction, an increase of 26.6% over 2000;
- * \$280.5 million in manufactured housing, down only 3.8% from 2000, despite a decrease in industry production of almost 25%; and
- * \$202.0 million in industrial/agricultural, up 5.5% over 2000.

OUTLOOK

In January 2002, Universal completed the previously announced redemption of shares from its chairman of the board, Peter F. Secchia. Universal purchased two million shares from Chairman Secchia at a price of \$18.00 per share. This transaction gave the Company the opportunity to acquire shares at an attractive purchase price and was consistent with the objectives of its previously announced share repurchase program.

The stock buy back is expected to redirect financial resources from acquisitions, which have been a key component to the Company's growth strategy, for most of 2002. Other key assumptions with respect to the Company's 2002 outlook include:

- A commodity lumber market that remains stabilized;
- A manufactured housing market that has already reached its low point for shipments and will experience a slight recovery;
- A D-I-Y market that shows slow to moderate growth; and
- A site-built housing market that will be soft for at least the first six months of the year.

With the factors expressed above in mind, the Company has targeted the following for 2002:

- An increase in sales of 6% to 10%;
- An increase in EPS of 18% to 22%, which includes the effect of changes in accounting for goodwill, other intangible assets and related amortization.

UNIVERSAL HONORED BY FORBES

In early January, Universal was named to Forbes magazine's Platinum 400, an annual ranking of the 400 best-performing U.S. companies with more than \$1 billion in annual revenue. "We are honored to be chosen by Forbes magazine as one of the top companies in 2001, which is a reflection of the talents of our management team," said Peter F. Secchia, UFPI's chairman of the board.

Universal Forest Products will conduct a conference call to discuss information in this news release and related matters at 11:00

a.m. EST on Tuesday, January 29, 2002. The conference call will be hosted by William G. Currie and Michael R. Cole and will be available for analysts and institutional investors domestically at 800-482-2239 or internationally at 303-267-1002. Use conference call I.D. #1439502. 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 web site at www.ufpi.com, or call 888-Buy-UFPI.

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
FOR THE TWELVE MONTHS ENDED
DECEMBER 2001/2000

(In thousands, except per share data)	(Unaudited) □ Quarter Period			
	2001		2000	
NET SALES	\$329,270	100%	\$282,329	100%
COST OF GOODS SOLD	283,489	86.10	241,952	85.70
GROSS PROFIT	45,781	13.90	40,377	14.30
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	37,055	11.25	33,143	11.74
EARNINGS FROM OPERATIONS	8,726	2.65	7,234	2.57
INTEREST EXPENSE	2,357	0.72	2,381	0.84
INTEREST REVENUE	(118)	-0.04	(176)	-0.06
	2,239	0.68	2,205	0.77
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	6,487	1.96	5,029	1.79
INCOME TAXES	2,058	0.63	1,525	0.54
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	4,429	1.34	3,504	1.25
MINORITY INTEREST	(313)	-0.10	(276)	-0.10
EQUITY IN EARNINGS OF INVESTEE	3	0.01	64	0.02
NET EARNINGS	\$4,119	1.25	\$3,292	1.17
EARNINGS PER SHARE - BASIC	\$0.21		\$0.17	
EARNINGS PER SHARE - DILUTED	\$0.20		\$0.16	
WEIGHTED AVERAGE SHARES OUTSTANDING	19,788		19,942	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,428		20,400	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2001	%	2000	%
Do-It-Yourself	\$137,555	42%	\$115,055	41%
Site-Built Construction	74,982	23%	65,909	23%
Manufactured Housing	71,725	22%	57,617	20%
Industrial and Other	45,008	13%	43,748	16%
Total	\$329,270	100%	\$282,329	100%

(In thousands, except per share data)	Year to Date			
	2001		2000	
NET SALES	\$1,530,353	100%	\$1,387,130	100%
COST OF GOODS SOLD	1,318,874	86.18	1,200,117	86.52
GROSS PROFIT	211,479	13.82	187,013	13.48
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	145,722	9.52	124,391	8.97
EARNINGS FROM OPERATIONS	65,757	4.30	62,622	4.51
INTEREST EXPENSE	12,043	0.79	12,804	0.92
INTEREST REVENUE	(586)	-0.04	(557)	-0.04
	11,457	0.74	12,247	0.88
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	54,300	3.56	50,375	3.62
INCOME TAXES	19,612	1.28	19,218	1.39
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	34,688	2.28	31,157	2.24
MINORITY INTEREST	(1,792)	-0.12	(750)	-0.05
EQUITY IN EARNINGS OF INVESTEE	246	0.01	31	0.00
NET EARNINGS	\$33,142	2.17	\$30,438	2.19
EARNINGS PER SHARE - BASIC	\$1.68		\$1.52	
EARNINGS PER SHARE - DILUTED	\$1.63		\$1.49	
WEIGHTED AVERAGE SHARES OUTSTANDING	19,774		20,086	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,377		20,477	

SUPPLEMENTAL SALES DATA

Market Classification	Year to Date			
	2001	%	2000	%
Do-It-Yourself	\$739,062	48%	\$660,275	48%
Site-Built Construction	308,795	20%	243,874	18%
Manufactured Housing	280,520	19%	291,563	21%
Industrial and Other	201,976	13%	191,418	13%
Total	\$1,530,353	100%	\$1,387,130	100%

CONSOLIDATED BALANCE SHEETS
DECEMBER 2001/2000

(In thousands)

ASSETS	2001	2000
CURRENT ASSETS		
Cash and cash equivalents	\$22,887	\$2,392
Restricted cash equivalents	-	1,364
Accounts receivable	86,256	64,386
Inventories	120,769	123,191
Other current assets	5,054	9,026
TOTAL CURRENT ASSETS	234,966	200,359
OTHER ASSETS	11,585	11,392
GOODWILL AND NON-COMPETE	122,996	105,579
PROPERTY, PLANT AND EQUIPMENT, NET	181,662	167,990
TOTAL ASSETS	\$551,209	\$485,320
LIABILITIES AND SHAREHOLDERS' EQUITY		
	2001	2000
CURRENT LIABILITIES		
Notes payable	\$1,402	\$1,270
Accounts payable and accrued liabilities	89,078	69,985
Current portion of long-term debt and capital leases	20,415	8,783
TOTAL CURRENT LIABILITIES	110,895	80,038
LONG-TERM DEBT AND CAPITAL LEASES, less current portion	154,370	150,807
OTHER LIABILITIES	19,082	18,706
TEMPORARY SHAREHOLDERS' EQUITY	36,000	-
SHAREHOLDERS' EQUITY	230,862	235,769
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$551,209	\$485,320

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED
DECEMBER 2001/2000

(In thousands)	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$33,142	\$30,438
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	20,101	17,659
Amortization of non-compete agreements and goodwill	4,375	3,803
Loss on sale or impairment of property, plant and equipment	1,445	422
Changes in:		
Accounts receivable	(11,753)	14,134
Inventories	10,051	13,001
Accounts payable	9,891	(12,099)
Accrued liabilities and other	10,804	(353)
NET CASH FROM OPERATING ACTIVITIES	78,056	67,005
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(22,748)	(29,436)
Acquisitions, net of cash received	(49,534)	(32,557)

Proceeds from sale of property, plant and equipment	2,497	1,040
Other	1,291	(1,738)
NET CASH FROM INVESTING ACTIVITIES	(68,494)	(62,691)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving credit facilities and notes payable	23,129	4,090
Proceeds from issuance of long-term debt	2,500	7,045
Repayment of long-term debt	(10,696)	(7,888)
Proceeds from issuance of common stock	870	480
Distributions to minority shareholder	(1,650)	-
Dividends paid to shareholders	(1,683)	(1,605)
Repurchase of common stock	(1,537)	(8,150)
NET CASH FROM FINANCING ACTIVITIES	10,933	(6,028)
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,495	(1,714)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,392	4,106
CASH AND CASH EQUIVALENTS, END OF YEAR	\$22,887	\$2,392

SOURCE Universal Forest Products, Inc.

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