



Universal Forest Products Posts Record Second Quarter Results

July 15, 2002

GRAND RAPIDS, Mich., Jul 15, 2002 /PRNewswire-FirstCall via COMTEX/ -- Universal Forest Products (Nasdaq: UFPI) today announced record results for the second quarter and first six months of 2002, including diluted earnings per share of \$0.82 for the quarter and \$1.14 for the year-to-date. Diluted earnings per share reported for the second quarter and first six months of 2001 were \$0.70 and \$0.95, respectively.

Net sales for the quarter were \$504.9 million, an increase of 4.1% over sales of \$485.2 million in the second quarter of 2001, despite a steep decline in lumber prices that were down as much as 29% compared to last year. Net sales for the first six months of 2002 were \$846.6 million, a 10.0% increase compared to sales of \$769.2 million for the same period of 2001.

"We were able to absorb one of the worst declines in the lumber market I've seen in my 31 years at Universal -- at a time when our operations are at maximum inventory levels for the spring selling season -- and still stay on pace to meet our targets," said UFPI's vice chairman and CEO William G. Currie. "Our ability to show record sales and earnings for the second quarter and the first six months of 2002 is a powerful statement about the strength of Universal's business processes and the spirit of our people."

Universal posted the following second quarter sales by market:

- \$265.4 million in D-I-Y/retail, down 2% from last year;
- \$88.9 million in site-built construction, an increase of 9% over last year;
- \$80.9 million in manufactured housing, an 8% increase compared to last year; and
- \$69.8 million in industrial/agricultural, a 22% increase over last year.

The Company increased unit sales in each of its four markets. However, these increases were partially offset by a steep decline in lumber prices beginning in April of 2002, which adversely impacted the Company's second quarter selling prices compared to the same period last year.

The Company continues to target annual sales growth of 6% to 10% and diluted earnings per share growth of 18% to 22%, which includes the effect of discontinuing goodwill amortization in 2002.

Universal Forest Products will conduct a conference call to discuss information included in this news release and related matters at 11:00 a.m. EDT on Tuesday, July 16, 2002. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at 800-521-5414 or internationally at 303-224-6997. Use conference call ID #2041483. The conference call will be available simultaneously, and in its entirety, to all interested investors and news media through a web cast at www.ufpi.com, click on Investor Relations.

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.

Financial Highlights to Follow

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED
JUNE 2002/2001

	Quarter Period	
(In thousands, except per share data)	2002	2001

NET SALES	\$504,944	100%	\$485,153	100%
COST OF GOODS SOLD	436,321	86.41	418,756	86.31
GROSS PROFIT	68,623	13.59	66,397	13.69
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	41,345	8.19	38,869	8.01
EARNINGS FROM OPERATIONS	27,278	5.40	27,528	5.67
INTEREST EXPENSE	3,047	0.60	3,539	0.73
INTEREST REVENUE	(52)	-0.01	(245)	-0.05
GAIN ON SALE OF ASSETS	(1,082)	-0.21	-	0.00
	1,913	0.38	3,294	0.68
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	25,365	5.02	24,234	5.00
INCOME TAXES	9,400	1.86	9,179	1.89
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	15,965	3.16	15,055	3.10
MINORITY INTEREST	(611)	-0.12	(794)	-0.16
EQUITY IN EARNINGS (LOSS) OF INVESTEE	-	0.00	(23)	0.00
REPORTED NET EARNINGS	\$15,354	3.04	\$14,238	2.93
ADD: GOODWILL AMORTIZATION, net of tax			761	0.16
ADJUSTED NET EARNINGS	\$15,354	3.04	\$14,999	3.09
REPORTED EARNINGS PER SHARE - BASIC	\$0.86		\$0.72	
ADD: GOODWILL AMORTIZATION, net of tax			0.04	
ADJUSTED EARNINGS PER SHARE - BASIC	\$0.86		\$0.76	
REPORTED EARNINGS PER SHARE - DILUTED	\$0.82		\$0.70	
ADD: GOODWILL AMORTIZATION, net of tax			0.04	
ADJUSTED EARNINGS PER SHARE - DILUTED	\$0.82		\$0.74	
WEIGHTED AVERAGE SHARES OUTSTANDING	17,884		19,792	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,705		20,388	

(In thousands, except per share data) Year to Date
2002 2001

NET SALES	\$846,600	100%	\$769,222	100%
COST OF GOODS SOLD	726,700	85.84	659,706	85.76
GROSS PROFIT	119,900	14.16	109,516	14.24
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	79,143	9.35	71,142	9.25

EARNINGS FROM OPERATIONS	40,757	4.81	38,374	4.99
INTEREST EXPENSE	5,955	0.70	6,738	0.88
INTEREST REVENUE	(165)	-0.02	(317)	-0.04
GAIN ON SALE OF ASSETS	(1,082)	-0.13	-	0.00
	4,708	0.56	6,421	0.83
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	36,049	4.26	31,953	4.15
INCOME TAXES	13,373	1.58	12,035	1.56
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	22,676	2.68	19,918	2.59
MINORITY INTEREST	(1,240)	-0.15	(861)	-0.11
EQUITY IN EARNINGS (LOSS) OF INVESTEE	-	0.00	158	0.02
REPORTED NET EARNINGS	\$21,436	2.53	\$19,215	2.50
ADD: GOODWILL AMORTIZATION, net of tax			1,457	0.19
ADJUSTED NET EARNINGS	\$21,436	2.53	\$20,672	2.69
REPORTED EARNINGS PER SHARE - BASIC	\$1.19		\$0.97	
ADD: GOODWILL AMORTIZATION, net of tax			0.07	
ADJUSTED EARNINGS PER SHARE - BASIC	\$1.19		\$1.05	
REPORTED EARNINGS PER SHARE - DILUTED	\$1.14		\$0.95	
ADD: GOODWILL AMORTIZATION, net of tax			0.07	
ADJUSTED EARNINGS PER SHARE - DILUTED	\$1.14		\$1.02	
WEIGHTED AVERAGE SHARES OUTSTANDING	18,047		19,753	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,865		20,315	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2002	%	2001	%
Do-It-Yourself	\$265,359	52%	\$271,305	56%
Site-Built Construction	88,901	18%	81,773	17%
Manufactured Housing	80,850	16%	74,618	15%
Industrial and Other	69,834	14%	57,457	12%
Total	\$504,944	100%	\$485,153	100%

Market Classification	Year to Date			
	2002	%	2001	%
Do-It-Yourself	\$412,590	49%	\$398,998	52%
Site-Built Construction	157,385	19%	143,500	19%
Manufactured Housing	148,047	17%	124,104	16%
Industrial and Other	128,578	15%	102,620	13%
Total	\$846,600	100%	\$769,222	100%

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
JUNE 2002/2001

(In thousands)

ASSETS	2002	2001	LIABILITIES AND SHAREHOLDERS' □ EQUITY	2002	2001
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$18,020	\$8,490	Notes payable	\$2,001	\$1,020
Restricted cash equivalents	-	723	Accounts payable and accrued liabilities	140,699	119,875
Accounts receivable	178,017	140,698	Current portion of long-term debt and capital leases	19,025	21,360
Inventories	137,999	148,069			
Other current assets	3,425	8,210			
TOTAL CURRENT ASSETS	337,461	306,190	TOTAL CURRENT LIABILITIES	161,725	142,255
OTHER ASSETS	6,334	11,698	LONG-TERM DEBT AND CAPITAL LEASES, less current portion	219,675	197,197
GOODWILL AND NON-COMPETE	125,583	114,903	OTHER □ LIABILITIES	25,180	18,862
PROPERTY, PLANT AND EQUIPMENT, NET	188,677	179,581	SHAREHOLDERS' EQUITY	251,475	254,058
			TOTAL LIABILITIES AND SHAREHOLDERS' □ EQUITY	\$658,055	\$612,372
TOTAL ASSETS	\$658,055	\$612,372			

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED
JUNE 2002/2001

(In thousands)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES: □		
Net earnings	\$21,436	\$19,215
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	11,322	9,498
Amortization of intangibles	587	2,180
(Gain)/Loss on sale or impairment of property, plant and equipment	(949)	38
Changes in:		
Accounts receivable	(89,290)	(68,218)
Inventories	(15,194)	(21,951)
Accounts payable	43,027	36,701
Accrued liabilities and other	9,347	9,909
NET CASH FROM OPERATING ACTIVITIES	(19,714)	(12,628)

CASH FLOWS FROM INVESTING

ACTIVITIES: □

Purchases of property, plant, and equipment	(13,481)	(17,924)
Purchases of licensing agreements	(2,000)	-
Acquisitions, net of cash received	(359)	(21,559)
Proceeds from sale of property, plant and equipment	2,545	399
Other	1,094	512
NET CASH FROM INVESTING ACTIVITIES	(12,201)	(38,572)

CASH FLOWS FROM FINANCING

ACTIVITIES: □

Net borrowings under revolving credit facilities and notes payable	71,827	67,600
Repayment of long-term debt	(7,557)	(9,038)
Proceeds from issuance of common stock	716	783
Distributions to minority shareholder	(585)	-
Dividends paid to shareholders	(806)	(792)
Repurchase of common stock	(36,547)	(1,255)
NET CASH FROM FINANCING ACTIVITIES	27,048	57,298

NET CHANGE IN CASH AND CASH

EQUIVALENTS

(4,867) 6,098

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD

22,887 2,392

CASH AND CASH EQUIVALENTS, END OF PERIOD

\$18,020 \$8,490

□

SOURCE Universal Forest Products

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