



Universal Forest Products Posts Record Third Quarter EPS

October 14, 2002

GRAND RAPIDS, Mich., Oct 14, 2002 /PRNewswire-FirstCall via COMTEX/ -- Universal Forest Products (Nasdaq: UFPI) today announced record results for the third quarter and first nine months of 2002. Diluted earnings per share for the quarter totaled \$0.58, representing a 12% increase over pro forma results and a 21% increase over reported results for the third quarter of 2001. Year-to-date diluted earnings per share were \$1.71, an 11% increase over pro forma results and a 20% increase over reported results for the same period of 2001.

At the beginning of 2002, the Company adopted a new accounting standard which discontinued the amortization of goodwill. Under the new standard, pro forma diluted earnings per share for the third quarter and nine months ending September 29, 2001 would have been \$0.52 and \$1.54, respectively.

Net sales for the quarter were \$453.0 million, an increase of 5% over sales of \$431.9 million in the third quarter of 2001. Net sales for the first nine months of 2002 were \$1.30 billion, an 8% increase compared to sales of \$1.20 billion for the same period of 2001.

"Our ability to show record results for the quarter was due in large part to strong unit sales to retail and industrial markets, the diversity of our business, and the work ethic of our people," said UFPI's Vice Chairman and CEO William G. Currie. "Even with a depressed lumber market we produced record sales and operating profits. This is a strong statement about Universal's ability to stay focused on its targets and do what it takes operationally to meet or beat them." Declining lumber prices continue to impact the Company's sales dollars. Lumber prices in the third quarter of 2002 were approximately 10% lower than the third quarter of 2001.

Universal posted the following third quarter sales by market:

- * \$215.7 million in D-I-Y/retail, up 6.9% from last year;
- * \$88.6 million in site-built construction, a decrease of 1.9% over last year;
- * \$79.4 million in manufactured housing, a 5.9% decrease compared to last year; and
- * \$69.2 million in industrial/agricultural, a 25.0% increase over last year.

The Company increased unit sales to each of its markets, except for manufactured housing. Unit sales to the manufactured housing market decreased as a result of a substantial decline in industry production in the third quarter of 2002 compared to the same period of 2001.

The Company previously targeted annual sales growth ranging from 6% to 10%. As a result of falling lumber prices since April 2002, the Company has revised that sales growth target to 5% to 8% for the year. The Company continues to target diluted earnings per share growth of 18% to 22% for this year, 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, October 15, 2002. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at (800) 521-5469 or internationally at (303) 267-1001. Use conference call ID #2457256. 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 visit 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 NINE MONTHS ENDED
SEPTEMBER 2002/2001

(In thousands, except per share data)	Quarter Period			
	2002		2001	
NET SALES	\$452,959	100%	\$431,861	100%
COST OF GOODS SOLD	391,294	86.39	375,679	86.99
GROSS PROFIT	61,665	13.61	56,182	13.01
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	41,148	9.08	37,525	8.69
EARNINGS FROM OPERATIONS	20,517	4.53	18,657	4.32
INTEREST EXPENSE	2,542	0.56	2,948	0.68
INTEREST REVENUE	(31)	-0.01	(151)	-0.03
GAIN ON SALE OF ASSETS	-	0.00	-	0.00
	2,511	0.55	2,797	0.65
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	18,006	3.98	15,860	3.67
INCOME TAXES	6,678	1.47	5,519	1.28
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	11,328	2.50	10,341	2.39
MINORITY INTEREST	(684)	-0.15	(618)	-0.14
EQUITY IN EARNINGS OF INVESTEE	-	0.00	85	0.02
REPORTED NET EARNINGS	\$10,644	2.35	\$9,808	2.27
ADD: GOODWILL AMORTIZATION, net of tax			774	0.18
ADJUSTED NET EARNINGS	\$10,644	2.35	\$10,582	2.45
REPORTED EARNINGS PER SHARE - BASIC	\$0.60		\$0.50	
ADD: GOODWILL AMORTIZATION, net of tax			0.04	
ADJUSTED EARNINGS PER SHARE - BASIC	\$0.60		\$0.53	
REPORTED EARNINGS PER SHARE - DILUTED	\$0.58		\$0.48	
ADD: GOODWILL AMORTIZATION, net of tax			0.04	
ADJUSTED EARNINGS PER SHARE - DILUTED	\$0.58		\$0.52	
WEIGHTED AVERAGE SHARES OUTSTANDING	17,845		19,803	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,427		20,450	

Year to Date

(In thousands, except per share
data)

2002

2001

NET SALES	\$1,299,559	100%	\$1,201,083	100%
COST OF GOODS SOLD	1,117,994	86.03	1,035,385	86.20
GROSS PROFIT	181,565	13.97	165,698	13.80
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	120,291	9.26	108,667	9.05
EARNINGS FROM OPERATIONS	61,274	4.71	57,031	4.75
INTEREST EXPENSE	8,497	0.65	9,686	0.81
INTEREST REVENUE	(196)	-0.02	(468)	-0.04
GAIN ON SALE OF ASSETS	(1,082)	-0.08	-	0.00
	7,219	0.56	9,218	0.77
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	54,055	4.16	47,813	3.98
INCOME TAXES	20,051	1.54	17,554	1.46
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	34,004	2.62	30,259	2.52
MINORITY INTEREST	(1,924)	-0.15	(1,479)	-0.12
EQUITY IN EARNINGS OF INVESTEE	-	0.00	243	0.02
REPORTED NET EARNINGS	\$32,080	2.47	\$29,023	2.42
ADD: GOODWILL AMORTIZATION, net of tax			2,231	0.19
ADJUSTED NET EARNINGS	\$32,080	2.47	\$31,254	2.60
REPORTED EARNINGS PER SHARE - BASIC	\$1.78		\$1.47	
ADD: GOODWILL AMORTIZATION, net of tax			0.11	
ADJUSTED EARNINGS PER SHARE - BASIC	\$1.78		\$1.58	
REPORTED EARNINGS PER SHARE - DILUTED	\$1.71		\$1.43	
ADD: GOODWILL AMORTIZATION, net of tax			0.11	
ADJUSTED EARNINGS PER SHARE - DILUTED	\$1.71		\$1.54	
WEIGHTED AVERAGE SHARES OUTSTANDING	17,980		19,769	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,719		20,360	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2002	%	2001	%
Do-It-Yourself	\$215,689	47%	\$201,786	46%
Site-Built Construction	88,635	20%	90,316	21%
Manufactured Housing	79,449	18%	84,410	20%
Industrial and Other	69,186	15%	55,349	13%
Total	\$452,959	100%	\$431,861	100%

Market Classification	Year to Date			
	2002	%	2001	%
Do-It-Yourself	\$628,279	48%	\$600,777	50%
Site-Built Construction	245,408	19%	233,819	20%
Manufactured Housing	227,496	18%	208,519	17%
Industrial and Other	198,376	15%	157,968	13%
Total	\$1,299,559	100%	\$1,201,083	100%

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
SEPTEMBER 2002/2001

(In thousands)

ASSETS	2002	2001	LIABILITIES AND SHAREHOLDERS' EQUITY	
			2002	2001
CURRENT ASSETS			CURRENT LIABILITIES	
Cash and cash equivalents	\$12,800	\$6,310	Notes payable	\$1,494
Restricted cash equivalents	-	411	Accounts payable and accrued liabilities	126,902
Accounts receivable	149,962	125,150	Current portion of long-term debt and capital leases	18,645
Inventories	128,841	122,228		20,952
Other current assets	3,279	7,410		
TOTAL CURRENT ASSETS	294,882	261,509	TOTAL CURRENT LIABILITIES	147,041
OTHER ASSETS	6,311	11,572	LONG-TERM DEBT AND CAPITAL LEASES, less current portion	185,091
GOODWILL AND NON-COMPETE	125,097	113,652	OTHER LIABILITIES	25,593
PROPERTY, PLANT AND EQUIPMENT, NET	191,349	177,944	SHAREHOLDERS' EQUITY	259,914
TOTAL ASSETS	\$617,639	564,677	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$617,639

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2002/2001

(In thousands)	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$32,080	\$29,023
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	17,235	14,586
Amortization of intangibles	851	3,348
Deferred income taxes	(246)	13
(Gain)/Loss on sale or impairment of property, plant and equipment	(152)	588
Changes in:		
Accounts receivable	(61,235)	(52,660)
Inventories	(6,020)	3,891
Accounts payable	28,076	20,786
Accrued liabilities and other	11,353	15,083
NET CASH FROM OPERATING ACTIVITIES	21,942	34,658
CASH FLOWS FROM INVESTING ACTIVITIES:		

Purchases of property, plant, and equipment	(21,136)	(22,166)
Purchases of licensing agreements	(2,000)	-
Acquisitions, net of cash received	(2,519)	(21,559)
Proceeds from sale of property, plant and equipment	3,310	886
Other	430	1,608
NET CASH FROM INVESTING ACTIVITIES	(21,915)	(41,231)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving credit facilities and notes payable	37,004	23,106
Repayment of long-term debt	(8,205)	(9,838)
Proceeds from issuance of common stock	769	827
Distributions to minority shareholder	(660)	(1,275)
Dividends paid to shareholders	(806)	(792)
Repurchase of common stock	(38,216)	(1,537)
NET CASH FROM FINANCING ACTIVITIES	(10,114)	10,491
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,087)	3,918
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		
	22,887	2,392
CASH AND CASH EQUIVALENTS, END OF PERIOD		
	\$12,800	\$6,310

SOURCE Universal Forest Products

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