



## **Universal Forest Products, Inc. Posts Modest First-Quarter Sales Increase; Harsh Winter Contributes to Decrease in Net Earnings**

April 14, 2003

GRAND RAPIDS, Mich., Apr 14, 2003 /PRNewswire-FirstCall via COMTEX/ -- Universal Forest Products (Nasdaq: UFPI) today announced net sales of \$356 million for the first quarter of 2003, a 4% increase over net sales of \$342 million reported for the same period last year. Universal posted these results even in the face of an 11% decrease in the lumber market.

However, an unusually harsh winter contributed to a decrease in net earnings. Diluted earnings per share for the quarter were \$0.25, a 22% decrease over diluted earnings per share of \$0.32 for the same period last year.

"Although inclement winter weather hit us hard and made February one of the weakest months in Universal's history, the outlook for the year is positive," said CEO William G. Currie. "March was an excellent month -- sales and profits outpaced last year's strong March performance -- and we believe it's an indication of what lies ahead. For this reason, we're continuing to target annual sales and diluted earnings per share growth of 7% to 12% for 2003."

By market, Universal posted first quarter sales of:

- \* \$157 million D-I-Y/retail, up 7% over last year;
- \* \$77 million in site-built construction, an increase of 12% over last year;
- \* \$65 million in industrial/other, up 10% over last year, and
- \* \$57 million in manufactured housing, a 15% decrease over last year, which was significantly less than the most recently reported market decline of approximately 28%.

In addition to the obvious pressures on business today -- the weak economy, a soft lumber market, and the war in Iraq, for example -- weather had an impact on these results. Universal plants across the nation lost 154 production days in the first quarter of 2003, compared to 11 lost production days during last year's first quarter. As a result, sales were impacted by soft demand and Universal incurred significant weather-related cost inefficiencies.

"We controlled what we could and had stronger results than might be expected given the weather and economic conditions," Currie added.

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, April 15, 2003. 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) 486-1489. Use conference call ID #3322220. 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](http://www.ufpi.com).

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. In the recent "Fortune 1000" list of America's largest corporations, Universal jumped 73 places to number 769. The company was rated highly against the other eleven companies included in its industry group. For example, it posted the largest percent gain in profits from 2001, and was #1 in profits as a percent of assets and of stockholders' equity, and in total return to investors in 2002.

For information about Universal Forest Products on the Internet, please contact the Company's web site at [www.ufpi.com](http://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 THREE MONTHS ENDED  
MARCH 2003/2002

(In thousands, except per share data)	Quarter Period			
	2003		2002	
NET SALES	\$355,619	100%	\$341,656	100%
COST OF GOODS SOLD	303,815	85.43	290,379	84.99
GROSS PROFIT	51,804	14.57	51,277	15.01
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	40,188	11.30	37,798	11.06
EARNINGS FROM OPERATIONS	11,616	3.27	13,479	3.95
INTEREST EXPENSE	3,787	1.06	2,908	0.85
INTEREST REVENUE	(47)	-0.01	(113)	-0.03
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	3,740	1.05	2,795	0.82
INCOME TAXES	7,876	2.21	10,684	3.13
EARNINGS BEFORE MINORITY INTEREST	2,791	0.78	3,973	1.16
MINORITY INTEREST	5,085	1.43	6,711	1.96
NET EARNINGS	(585)	-0.16	(629)	-0.18
EARNINGS PER SHARE - BASIC	\$4,500	1.27	\$6,082	1.78
EARNINGS PER SHARE - DILUTED	\$0.25		\$0.33	
WEIGHTED AVERAGE SHARES OUTSTANDING	\$0.25		\$0.32	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	17,729		18,210	
	18,252		19,024	

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SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2003	%	2002	%
Do-It-Yourself	\$156,968	44%	\$146,757	43%
Site-Built Construction	76,724	22%	68,591	20%
Manufactured Housing	57,382	16%	67,368	20%
Industrial and Other	64,545	18%	58,940	17%
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CONSOLIDATED BALANCE SHEETS (UNAUDITED)

MARCH 2003/2002

(In thousands)

ASSETS	2003	2002	LIABILITIES AND SHAREHOLDERS' EQUITY	
			2003	2002
CURRENT ASSETS			CURRENT LIABILITIES	
Cash and cash equivalents	\$7,295	\$12,503	Notes payable	\$1,701    \$2,025
Restricted cash equivalents	1,383	-	Accounts payable	

Accounts receivable	149,327	135,218	and accrued liabilities	106,805	111,567
Inventories	196,228	167,661	Current portion of long-term debt and capital leases	6,611	20,512
Other current assets	7,851	3,472			
TOTAL CURRENT ASSETS	362,084	318,854	TOTAL CURRENT LIABILITIES	115,117	134,104
OTHER ASSETS	6,608	6,548	LONG-TERM DEBT AND CAPITAL LEASES, less current portion	297,020	240,174
INTANGIBLE ASSETS	131,742	123,523	OTHER [ LIABILITIES	26,752	23,458
PROPERTY, PLANT AND EQUIPMENT, NET	207,121	187,531	SHAREHOLDERS' EQUITY	268,666	238,720
TOTAL ASSETS	\$707,555	636,456	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$707,555	\$636,456

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
FOR THE THREE MONTHS ENDED  
MARCH 2003/2002

(In thousands)	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES: [		
Net earnings	\$4,500	\$6,082
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	5,949	5,611
Amortization of intangibles	322	301
Deferred income taxes	(405)	(153)
Loss on sale or impairment of property, plant and equipment	86	66
Changes in:		
Accounts receivable	(44,110)	(46,490)
Inventories	(30,222)	(44,856)
Accounts payable	14,497	22,111
Accrued liabilities and other	(7,715)	1,068
NET CASH FROM OPERATING ACTIVITIES	(57,098)	(56,260)
CASH FLOWS FROM INVESTING ACTIVITIES: [		
Purchases of property, plant, and equipment	(9,809)	(5,255)
Acquisitions, net of cash received	-	(359)
Proceeds from sale of property, plant and equipment	144	161
Other	44	1,222
NET CASH FROM INVESTING ACTIVITIES	(9,621)	(4,231)
CASH FLOWS FROM FINANCING		

ACTIVITIES: □		
Net borrowings under revolving credit facilities and notes payable	61,752	86,453
Repayment of long-term debt	(22)	(158)
Proceeds from issuance of common stock	730	62
Distributions to minority shareholder	(273)	(250)
Repurchase of common stock	(1,627)	(36,000)
NET CASH FROM FINANCING ACTIVITIES	60,560	50,107
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,159)	(10,384)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,454	22,887
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$7,295	\$12,503

**SOURCE Universal Forest Products, Inc.**

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