



Universal Forest Products Announces Record Third Quarter 2003 Results

October 13, 2003

- **Third quarter sales rose 18.4 percent; EPS increased 13.8 percent to \$0.66 per diluted share**
- **Company increases annual sales target and reaffirms year-end EPS target**

GRAND RAPIDS, Mich., Oct. 13 /PRNewswire-FirstCall/-- Citing the strengths of the markets it serves, Universal Forest Products, Inc. (Nasdaq: UFPI) today announced record results for the third quarter and the first nine months of the year. The company also reaffirmed its EPS target and increased its sales target for the year.

Net sales for the quarter were \$536.3 million, an increase of 18.4% over net sales of \$453.0 million in the third quarter of 2002. Net sales for the first nine months of 2003 were \$1.44 billion, an 11.1% increase over net sales of \$1.30 billion for the same period of 2002.

Diluted earnings per share for the quarter totaled \$0.66; representing a 13.8% increase over reported results for the third quarter of 2002. Year-to-date diluted earnings per share were \$1.85, an 8.2% increase over reported results for the same period of 2002.

"It was a strong quarter with solid performance from our whole team," said Universal CEO and Vice Chairman William G. Currie. "We are growing our share in all of our four markets, strengthening our balance sheet, meeting customer expectations, and adding shareholder value."

Following are Universal's third-quarter 2003 sales by market:

- * \$262.0 million in D-I-Y/retail, up 21.9% from the same period last year;
- * \$111.5 million in site-built construction, an increase of 25.7% over last year;
- * \$79.3 million in manufactured housing, a 0.4% decrease compared to last year - despite a 21% drop in industry shipments for the quarter; and
- * \$83.4 million in industrial/other, a 19.7% increase over the same period last year.

The company reaffirmed its diluted earnings per share growth target of 7% to 10% for the year. However, due primarily to upward momentum in the lumber market in the third quarter, the company increased its target for annual sales growth to 10% to 12% (up from the previous target of 7% to 10%).

Universal Forest Products will conduct a conference call to discuss information included in this news release and additional matters at 11:00 a.m. EDT on Tuesday, October 14, 2002. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at (877) 679-9049, internationally at (952) 556-2803. Use conference call ID #286962. 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 wood and wood-alternative 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. Among the company's newest and fastest-growing ventures are framing and installation services for the site-built and retail sectors. In conjunction with its customers, Universal uses its engineering and manufacturing expertise, coupled with highly skilled employees, to design and construct buildings and decks. 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.

HIGHLIGHTS TO FOLLOW

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2003/2002

(In thousands, except per share data)	Quarter Period			
	2003		2002	
NET SALES	\$536,278	100%	\$452,959	100%
COST OF GOODS SOLD	463,715	86.47	391,294	86.39
GROSS PROFIT	72,563	13.53	61,665	13.61
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	48,424	9.03	41,148	9.08
EARNINGS FROM OPERATIONS	24,139	4.50	20,517	4.53
INTEREST EXPENSE	3,526	0.66	2,542	0.56
INTEREST REVENUE	(2)	0.00	(31)	-0.01
GAIN ON SALE OF ASSETS	-	0.00	-	0.00
	3,524	0.66	2,511	0.55
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	20,615	3.84	18,006	3.98
INCOME TAXES	7,715	1.44	6,678	1.47
EARNINGS BEFORE MINORITY INTEREST	12,900	2.41	11,328	2.50
MINORITY INTEREST	(695)	-0.13	(684)	-0.15
NET EARNINGS	\$12,205	2.28	\$10,644	2.35
EARNINGS PER SHARE - BASIC	\$0.69		\$0.60	
EARNINGS PER SHARE - DILUTED	\$0.66		\$0.58	
WEIGHTED AVERAGE SHARES OUTSTANDING	17,765		17,845	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,425		18,427	

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2003/2002

(In thousands, except per share data)	Year to Date			
	2003		2002	
NET SALES	\$1,444,360	100%	\$1,299,559	100%
COST OF GOODS SOLD	1,241,251	85.94	1,117,994	86.03
GROSS PROFIT	203,109	14.06	181,565	13.97

	EQUITY		2003	2002
CURRENT ASSETS				
Cash and cash equivalents	\$10,747	\$12,800	Notes payable \$645	\$1,494
Accounts receivable	157,768	149,962	Accounts payable and accrued liabilities	154,140 126,902
Inventories	160,955	128,841		
Other current assets	5,847	3,279	Current portion of long-term debt and capital leases	6,263 18,645
TOTAL CURRENT ASSETS	335,317	294,882	TOTAL CURRENT LIABILITIES	161,048 147,041
OTHER ASSETS	5,679	6,311		
INTANGIBLE ASSETS	131,545	125,097	LONG-TERM DEBT AND CAPITAL LEASES, less current portion	195,833 185,091
PROPERTY, PLANT AND EQUIPMENT, NET	214,337	191,349	OTHER LIABILITIES	31,123 24,092
			SHAREHOLDERS' EQUITY	298,874 261,415
TOTAL ASSETS	\$686,878	\$617,639	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$686,878 \$617,639

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2003/2002

(In thousands)	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$33,867	\$32,080
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	18,702	17,235
Amortization of intangibles	1,519	851
Deferred income taxes	(1,301)	(246)
(Gain) Loss on sale or impairment of property, plant and equipment	918	(152)
Changes in:		
Accounts receivable	(78,688)	(61,235)
Inventories	5,051	(6,020)
Accounts payable	37,717	28,076
Accrued liabilities and other	24,463	11,353
NET CASH FROM OPERATING ACTIVITIES	42,248	21,942
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(33,349)	(21,136)

Purchases of licensing agreements	(150)	(2,000)
Acquisitions, net of cash received	(787)	(2,519)
Proceeds from sale of property, plant and equipment	6,104	3,310
Other	3,059	430
NET CASH FROM INVESTING ACTIVITIES	(25,123)	(21,915)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (repayments) borrowings under revolving credit facilities and notes payable	(36,884)	37,004
Repayment of long-term debt	(6,150)	(8,205)
Proceeds from issuance of common stock	1,719	769
Proceeds from sale and servicing of accounts receivable	25,143	-
Distributions to minority shareholder	(833)	(660)
Dividends paid to shareholders	(798)	(806)
Repurchase of common stock	(2,029)	(38,216)
NET CASH FROM FINANCING ACTIVITIES	(19,832)	(10,114)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,707)	(10,087)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,454	22,887
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$10,747	\$12,800

SOURCE Universal Forest Products, Inc.

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