



Universal Forest Products, Inc. Reports a 31% Increase in Net Sales for 1st Quarter 2004; Posts a 20% Increase in Diluted Earnings Per Share

April 12, 2004

GRAND RAPIDS, Mich., April 12 /PRNewswire-FirstCall/ -- Universal Forest Products, Inc. (Nasdaq: UFPI) today announced a strong first quarter for the period ended March 27, 2004. The quarter was marked by net sales of \$465.7 million, up 30.9% over net sales of \$355.6 million for the first quarter of 2003. The Company also posted diluted earnings per share of \$0.30, up 20.0% over diluted earnings per share of \$0.25 reported for the same period last year.

"It was a powerful quarter; our core business saw the best February and March in the history of our Company," said William G. Currie, CEO and vice chairman. "Our team of nearly 9,000 employees again demonstrated the dedication and commitment that make this Company so successful. The housing market also remained strong and we picked up market share in each of our markets, which helped to fuel our growth."

In particular, Universal had robust performance in the site-built market, which saw a sales increase of 49.1% over the same period last year, and in the industrial market, which posted a 45.3% increase in sales for the first quarter. Overall, the Company's unit sales increased 13% in the first quarter, which was at the high end of its targeted range. The remaining increase in sales was attributable to higher lumber prices.

By market, Universal posted first quarter sales of:

- * \$178.9 million D-I-Y/retail, up 14.5% over last year;
- * \$114.8 million in site-built construction, an increase of 49.1% over last year;
- * \$77.0 million in manufactured housing, a 35.0% increase over 2003; and
- * \$95.0 million in industrial/other, up 45.3% over last year.

The Company's earnings reflect disappointing results of a joint venture framing operation in the Southwest.

"We were tremendously pleased with what we were able to accomplish in our core business during the first quarter," Currie said. "Despite the challenges we faced in our joint venture framing operation and the financial impact it had on our first quarter, we were able to grow earnings by more than 20%."

OUTLOOK

The Company anticipates continued growth in its business in 2004 and reaffirms its targets for both unit sales and diluted earnings per share growth of 10% to 14% for the year.

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 13, 2004. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at (888) 243-0814 or internationally at (703) 925-2401. Use conference call ID #434266. 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.

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 THREE MONTHS ENDED
MARCH 2004/2003

| (In thousands, except per share data) | Quarter Period | | | |
|---|----------------|-------|-----------|-------|
| | 2004 | | 2003 | |
| NET SALES | \$465,665 | 100% | \$355,619 | 100% |
| COST OF GOODS SOLD | 409,304 | 87.90 | 303,815 | 85.43 |
| GROSS PROFIT | 56,361 | 12.10 | 51,804 | 14.57 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 43,929 | 9.43 | 40,188 | 11.30 |
| EARNINGS FROM OPERATIONS | 12,432 | 2.67 | 11,616 | 3.27 |
| INTEREST EXPENSE | 3,542 | 0.76 | 3,787 | 1.06 |
| INTEREST REVENUE | (83) | -0.02 | (47) | -0.01 |
| GAIN ON SALE OF OPERATIONS | (369) | -0.08 | - | 0.00 |
| EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST | 3,090 | 0.66 | 3,740 | 1.05 |
| INCOME TAXES (1) | 9,342 | 2.01 | 7,876 | 2.21 |
| EARNINGS BEFORE MINORITY INTEREST | 3,644 | 0.78 | 2,791 | 0.78 |
| MINORITY INTEREST | 5,698 | 1.22 | 5,085 | 1.43 |
| NET EARNINGS | (131) | -0.03 | (585) | -0.16 |
| EARNINGS PER SHARE - BASIC | \$5,567 | 1.20 | \$4,500 | 1.27 |
| EARNINGS PER SHARE - DILUTED | \$0.31 | | \$0.25 | |
| WEIGHTED AVERAGE SHARES OUTSTANDING | \$0.30 | | \$0.25 | |
| WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS | 17,961 | | 17,729 | |
| | 18,709 | | 18,252 | |

| (In thousands, except per share data) | Year to Date | | | |
|---------------------------------------|--------------|-------|-----------|-------|
| | 2004 | | 2003 | |
| NET SALES | \$465,665 | 100% | \$355,619 | 100% |
| COST OF GOODS SOLD | 409,304 | 87.90 | 303,815 | 85.43 |
| GROSS PROFIT | 56,361 | 12.10 | 51,804 | 14.57 |

| | | | | |
|---|---------|-------|---------|-------|
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 43,929 | 9.43 | 40,188 | 11.30 |
| EARNINGS FROM OPERATIONS | 12,432 | 2.67 | 11,616 | 3.27 |
| INTEREST EXPENSE | 3,542 | 0.76 | 3,787 | 1.06 |
| INTEREST REVENUE | (83) | -0.02 | (47) | -0.01 |
| GAIN ON SALE OF OPERATIONS | (369) | -0.08 | - | 0.00 |
| | 3,090 | 0.66 | 3,740 | 1.05 |
| EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST | 9,342 | 2.01 | 7,876 | 2.21 |
| INCOME TAXES (1) | 3,644 | 0.78 | 2,791 | 0.78 |
| EARNINGS BEFORE MINORITY INTEREST | 5,698 | 1.22 | 5,085 | 1.43 |
| MINORITY INTEREST | (131) | -0.03 | (585) | -0.16 |
| NET EARNINGS | \$5,567 | 1.20 | \$4,500 | 1.27 |
| EARNINGS PER SHARE - BASIC | \$0.31 | | \$0.25 | |
| EARNINGS PER SHARE - DILUTED | \$0.30 | | \$0.25 | |
| WEIGHTED AVERAGE SHARES OUTSTANDING | 17,961 | | 17,729 | |
| WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS | 18,709 | | 18,252 | |

SUPPLEMENTAL SALES DATA

| Market Classification | Quarter Period | | | |
|-------------------------|----------------|------|-----------|------|
| | 2004 | % | 2003 | % |
| Do-It-Yourself/Retail | \$178,884 | 38% | \$156,220 | 44% |
| Site-Built Construction | 114,843 | 25% | 77,016 | 22% |
| Manufactured Housing | 76,975 | 17% | 57,033 | 16% |
| Industrial and Other | 94,963 | 20% | 65,350 | 18% |
| Total | \$465,665 | 100% | \$355,619 | 100% |

| Market Classification | Year to Date | | | |
|-------------------------|--------------|------|-----------|------|
| | 2004 | % | 2003 | % |
| Do-It-Yourself/Retail | \$178,884 | 38% | \$156,220 | 44% |
| Site-Built Construction | 114,843 | 25% | 77,016 | 22% |
| Manufactured Housing | 76,975 | 17% | 57,033 | 16% |
| Industrial and Other | 94,963 | 20% | 65,350 | 18% |
| Total | \$465,665 | 100% | \$355,619 | 100% |

NOTES:

(1) Includes approximately \$460 thousand of income taxes related to the sale of the Nascor interest and plant presented separately above.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
MARCH 2004/2003

(In thousands)

| ASSETS | 2004 | 2003 | LIABILITIES AND SHAREHOLDERS' <input type="checkbox"/> EQUITY | 2004 | 2003 |
|------------------------------------|-----------|-----------|---|-----------|-----------|
| | | | | | |
| CURRENT ASSETS | | | CURRENT LIABILITIES | | |
| Cash and cash equivalents | \$22,052 | \$11,506 | Notes payable | \$ - | \$1,701 |
| Restricted cash equivalents | | 1,383 | Accounts payable and accrued liabilities | 165,978 | 110,730 |
| Accounts receivable | 206,508 | 149,327 | Current portion of long-term debt and capital leases | 6,010 | 6,611 |
| Inventories | 219,204 | 196,228 | | | |
| Other current assets | 4,452 | 7,851 | | | |
| TOTAL CURRENT ASSETS | 452,216 | 366,295 | TOTAL CURRENT LIABILITIES | 171,988 | 119,042 |
| OTHER ASSETS | 8,189 | 6,608 | LONG-TERM DEBT AND CAPITAL LEASES, less current portion | 285,682 | 297,020 |
| INTANGIBLE ASSETS | 128,839 | 131,742 | OTHER LIABILITIES | 31,158 | 26,752 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 211,533 | 207,121 | SHAREHOLDERS' EQUITY | 311,949 | 268,952 |
| TOTAL ASSETS | \$800,777 | \$711,766 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$800,777 | \$711,766 |

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED
MARCH 2004/2003

| (In thousands) | 2004 | 2003 |
|--|----------|----------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net earnings | \$5,567 | \$4,500 |
| Adjustments to reconcile net earnings to net cash from operating activities: | | |
| Depreciation | 6,672 | 5,949 |
| Amortization of intangibles | 471 | 322 |
| Deferred income taxes | 20 | (405) |
| Loss on sale of Nascor interest | 193 | - |
| (Gain) Loss on sale or impairment of property, plant and equipment | (603) | 86 |
| Changes in: | | |
| Accounts receivable | (70,883) | (44,110) |
| Proceeds from sale and servicing of accounts receivable | (2,245) | - |
| Inventories | (48,711) | (30,222) |
| Accounts payable | 37,850 | 14,497 |
| Accrued liabilities and other | 1,315 | (3,504) |
| NET CASH FROM OPERATING ACTIVITIES | (70,354) | (52,887) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property, plant, and equipment | (7,295) | (9,809) |
| Acquisitions, net of cash received | (5,360) | - |

| | | |
|--|----------|----------|
| Proceeds from sale of Nascor interest | 4,679 | - |
| Proceeds from sale of property, plant and equipment | 551 | 144 |
| Other | 367 | 44 |
| NET CASH FROM INVESTING ACTIVITIES | (7,058) | (9,621) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net borrowings under revolving credit facilities and notes payable | 81,516 | 61,752 |
| Repayment of long-term debt | (58) | (22) |
| Proceeds from issuance of common stock | 857 | 730 |
| Distributions to minority shareholder | (125) | (273) |
| Repurchase of common stock | (116) | (1,627) |
| Other | (40) | - |
| NET CASH FROM FINANCING ACTIVITIES | 82,034 | 60,560 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 4,622 | (1,948) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 17,430 | 13,454 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$22,052 | \$11,506 |

SOURCE Universal Forest Products, Inc.

CONTACT: AT THE COMPANY: Lynn Afendoulis, Director of Public Affairs of Universal Forest Products, Inc., +1-616-364-6161; or FLEISHMAN HILLARD: Jeremy Skule, Vice President, +1-212-453-2245