



Universal Forest Products Posts Another Strong Quarter; Reports 20% Increase in Net Earnings

October 11, 2004

The Company raises its targeted range for diluted earnings per share growth to 12% to 15% for the year

GRAND RAPIDS, Mich., Oct. 11 /PRNewswire-FirstCall/ -- Universal Forest Products, Inc. (Nasdaq: UFPI) today announced record results for the third quarter, including a 20% increase in net earnings. Net earnings for the third quarter 2004 were \$14.6 million, compared to net earnings of \$12.2 million for the same period in 2003. For the year-to-date 2004, net earnings were \$39.9 million, an increase of 18% over year-to-date net earnings of \$33.9 million in 2003.

Universal reported net sales for the quarter of \$709.3 million, a 32.3% increase over net sales of \$536.3 million in the third quarter of 2003. Net sales for the first nine months of 2004 were \$1.92 billion, a 32.8% increase over net sales of \$1.44 billion for the same period in 2003. The higher lumber market accounted for 21% of the net sales increase for the third quarter 2004 and for 22% of the 2004 year-to-date net sales increase.

"We continue to successfully execute our growth strategy, thanks to the determination of the people of Universal, who are focused on the Company's goals," said CEO and Vice Chairman William G. Currie.

"These numbers are the result of hard work and determination -- the very qualities that have spurred Universal's success for nearly 50 years," he added.

The Company produced significant year-over-year sales increases of 74% and 52% in its site-built construction and industrial markets, respectively. Both are markets in which Universal sees strong opportunity for continuing growth. "Although we enjoy leadership positions in these arenas, we believe there's a tremendous opportunity to expand market share and we'll continue to leverage our strengths to grow in these fragmented markets," he said.

In addition, Currie expressed optimism for the growing modular housing segment of the manufactured housing market. "We have some exciting new products that are allowing manufacturers to enhance and customize their homes, and that means opportunity for Universal," Currie said.

He noted that D-I-Y sales remain soft due to increases in lumber costs, which may be prompting homeowners to delay improvement projects; the hurricanes that effectively put a halt to improvement projects during the quarter in Florida and the Southeastern United States; and the higher cost of treated wood due to industry changes in the treating compounds, which may be affecting consumers' purchasing decisions.

Following are Universal's third-quarter 2004 sales by market:

- * \$280.7 million in D-I-Y/retail, an increase of 7.2% from the same period last year;
- * \$194.6 million in site-built construction, an increase of 73.8% over last year;
- * \$127.4 million in industrial/other, a 51.5% increase over last year; and
- * \$106.5 million in manufactured housing, a 35.9% increase over last year.

Based on the strength of its year-to-date results, the Company raised its targeted range for earnings per share growth to between 12% and 15% (previously it was between 10% and 14%). The Company also reaffirmed its unit sales growth targeted range of between 10% and 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, Oct. 12, 2004. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at (866) 814-1933 or internationally at (703) 639-1365. Use conference call ID #570112. The conference call will be available simultaneously, and in its entirety, to all interested investors and news media through a webcast at <http://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, wood and composite components 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 <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.

CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2004/2003

(In thousands, except per share data)	Quarter Period			
	2004		2003	
NET SALES	\$709,294	100%	\$536,278	100%
COST OF GOODS SOLD	625,502	88.19	463,715	86.47
GROSS PROFIT	83,792	11.81	72,563	13.53
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	54,604	7.70	48,424	9.03
EARNINGS FROM OPERATIONS	29,188	4.12	24,139	4.50
OTHER EXPENSE (INCOME)				
Interest expense	3,641	0.51	3,526	0.66
Interest income	(39)	-0.01	(2)	0.00
Net gain on sale of real estate and interest in subsidiary	-	0.00	-	0.00
	3,602	0.51	3,524	0.66
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	25,586	3.61	20,615	3.84
INCOME TAXES	9,261	1.31	7,715	1.44
EARNINGS BEFORE MINORITY INTEREST	16,325	2.30	12,900	2.41
MINORITY INTEREST	(1,699)	-0.24	(695)	-0.13
NET EARNINGS	\$14,626	2.06	\$12,205	2.28
EARNINGS PER SHARE - BASIC	\$0.81		\$0.69	
EARNINGS PER SHARE - DILUTED	\$0.78		\$0.66	
WEIGHTED AVERAGE SHARES OUTSTANDING	18,083		17,765	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,784		18,425	

(In thousands, except per share data)	Year to Date	
	2004	2003

NET SALES	\$1,917,527	100%	\$1,444,360	100%
COST OF GOODS SOLD	1,684,553	87.85	1,241,251	85.94
GROSS PROFIT	232,974	12.15	203,109	14.06
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	154,615	8.06	135,309	9.37
EARNINGS FROM OPERATIONS	78,359	4.09	67,800	4.69
OTHER EXPENSE (INCOME)				
Interest expense	11,052	0.58	11,271	0.78
Interest income	(224)	-0.01	(133)	-0.01
Net gain on sale of real estate and interest in subsidiary	(944)	-0.05	-	0.00
	9,884	0.52	11,138	0.77
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	68,475	3.57	56,662	3.92
INCOME TAXES	25,550	1.33	20,964	1.45
EARNINGS BEFORE MINORITY INTEREST	42,925	2.24	35,698	2.47
MINORITY INTEREST	(2,976)	-0.16	(1,831)	-0.13
NET EARNINGS	\$39,949	2.08	\$33,867	2.34
EARNINGS PER SHARE - BASIC	\$2.22		\$1.91	
EARNINGS PER SHARE - DILUTED	\$2.13		\$1.85	
WEIGHTED AVERAGE SHARES OUTSTANDING	18,015		17,745	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,716		18,290	

SUPPLEMENTAL SALES DATA

	Quarter Period			
Market Classification	2004	%	2003	%
Do-It-Yourself/Retail	\$280,700	40%	\$261,812	49%
Site-Built Construction	194,643	27%	111,980	21%
Manufactured Housing	106,555	15%	78,394	14%
Industrial and Other	127,396	18%	84,092	16%
Total	\$709,294	100%	\$536,278	100%

	Year to Date			
Market Classification	2004	%	2003	%
Do-It-Yourself/Retail	\$804,188	42%	\$720,311	50%
Site-Built Construction	479,808	25%	290,225	20%
Manufactured Housing	286,925	15%	204,863	14%
Industrial and Other	346,606	18%	228,961	16%
Total	\$1,917,527	100%	\$1,444,360	100%

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
SEPTEMBER 2004/2003

(In thousands)

ASSETS	2004	2003	LIABILITIES AND SHAREHOLDERS' EQUITY	2004	2003
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$19,285	\$15,340	Notes payable	\$ -	\$645
Accounts receivable	251,045	157,768	Accounts payable and accrued liabilities	205,221	160,344
Inventories	206,644	160,955			
Other current assets	10,036	7,795	Current portion of long-term debt and capital leases	527	6,263
TOTAL CURRENT ASSETS	487,010	341,858	TOTAL CURRENT LIABILITIES	205,748	167,252
OTHER ASSETS	6,906	5,679			
INTANGIBLE ASSETS, NET	132,285	131,545	LONG-TERM DEBT AND CAPITAL LEASES, less current portion	247,978	195,833
PROPERTY, PLANT AND EQUIPMENT, NET	209,240	214,337	OTHER LIABILITIES	34,303	31,123
			SHAREHOLDERS' EQUITY	347,412	299,211
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$835,441	\$693,419
TOTAL ASSETS	\$835,441	\$693,419			

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2004/2003

(In thousands)	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$39,949	\$33,867
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	20,418	18,702
Amortization of intangibles	1,760	1,519
Deferred income taxes	(90)	(1,301)
Minority interest	2,976	1,831
Loss on sale of interest in subsidiary	193	-

(Gain) Loss on sale or impairment of property, plant and equipment	(432)	918
Changes in:		
Accounts receivable	(111,925)	(53,545)
Inventories	(36,152)	5,051
Accounts payable	39,225	37,717
Accrued liabilities and other	30,877	23,145
NET CASH FROM OPERATING ACTIVITIES	(13,201)	67,904
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(25,062)	(33,349)
Acquisitions, net of cash received	(10,075)	(787)
Sale of interest in subsidiary	4,679	-
Proceeds from sale of property, plant and equipment	3,469	6,104
Insurance proceeds	2,000	-
Other, net	1,567	2,909
NET CASH FROM INVESTING ACTIVITIES	(23,422)	(25,123)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (repayments) borrowings under revolving credit facilities and notes payable	43,152	(36,884)
Repayment of long-term debt	(6,352)	(6,150)
Proceeds from issuance of common stock	2,194	1,719
Distributions to minority shareholder	(125)	(833)
Dividends paid to shareholders	(897)	(798)
Repurchase of common stock	(129)	(2,029)
Other, net	635	-
NET CASH FROM FINANCING ACTIVITIES	38,478	(44,975)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,855	(2,194)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	17,430	17,534
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$19,285	\$15,340

SOURCE Universal Forest Products, Inc.

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