



Universal Forest Products Reports Record Third-Quarter Results; Net Earnings for the Third Quarter Increase 31%; The Company Raises Annual Target for Net Earnings Growth to 22%-27%

October 10, 2005

GRAND RAPIDS, Mich.--(BUSINESS WIRE)--Oct. 10, 2005--Universal Forest Products (Nasdaq:UFPI) today announced record third-quarter results with net earnings of \$19.2 million, an increase of 31.1% over net earnings for the same period in 2004. Diluted earnings per share were \$1.00, an increase of 28.2% over the same period last year.

Year-to-date net earnings were \$51.2 million, an increase of 28.1% over year-to-date net earnings for 2004. Year-to-date diluted earnings per share were \$2.69, a 26.3% increase over the first nine months of 2004.

Net sales for the quarter were \$721.5 million, up 1.7% over net sales of \$709.3 million for the third quarter of 2004. Net sales for the first nine months of 2005 were \$2.04 billion, up 6.3% over net sales of \$1.92 billion for the same period in 2004.

"These results underscore the power of focusing on doing things well and on improving the operations of both our new and our under-performing plants," said Universal CEO and Vice Chairman William G. Currie. "We've grown a culture of continuous improvement that drives our performance and ensures we execute to the highest standards."

Currie noted that COO Michael B. Glenn instituted a program early in the year to focus on and reward innovation that is creating cost savings and revenue enhancements throughout the Company.

In addition, Currie said operations that were added to the company in 2004 have become profitable and are having a positive impact on earnings as are the Company's product mix and its sales of value-added products.

By market, Universal posted third-quarter sales of:

- \$279.6 million in D-I-Y/retail, down 1.0% over the same period last year. This market saw unit sales decline by 8% over the same period last year, due, in part, to the Company's strategies to walk away from business that doesn't meet profitability expectations and to better balance its business by growing its other markets faster than the DIY/retail market.
- \$205.0 million in site-built construction, an increase of 4.8% over last year. This market saw an increase in unit sales of 7% over the third quarter 2004.
- \$133.2 million in industrial, up 5.7% over the third quarter 2004. Unit sales to this market were up 12% over the same period last year.
- \$103.6 million in manufactured housing, a decrease of 1.5% from last year. Unit sales to this market, however, were up 4% over the same period in 2004.

OUTLOOK

Based on anticipated growth in its business for the balance of 2005 and on current market and economic conditions, the Company raised its annual target range for net earnings growth to 22%-27% (from a range of 15%-20%) for 2005. In addition, while the Company is meeting its organic growth goals, it has closed on fewer acquisitions than anticipated; therefore, the Company revised its annual target range for unit sales growth to 4%-7% (from 7%-12%). The Company continues to pursue attractive acquisition opportunities and believes that acquisitions will, as they have in the past, play an important role in the Company's long-term growth strategy.

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 11, 2005. The conference call will be hosted by William G. Currie and will be available for analysts and institutional investors domestically at (866) 814-8483 or internationally at (703) 639-1373. Use conference call ID #785085. 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.

Celebrating 50 years of business, Universal Forest Products is headquartered in Grand Rapids, MI. The Company 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 and wood-alternative packaging for various industries. The Company also provides framing services for site-built construction customers. The Company has approximately 9,500 employees who work in nearly 100 facilities in North America. Universal had 2004 sales of \$2.45 billion. 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 2005/2004

(In thousands, except per share data)	Quarter Period			
	2005		2004	
NET SALES	\$721,497	100%	\$709,294	100%
COST OF GOODS SOLD	622,435	86.27	625,502	88.19
GROSS PROFIT	99,062	13.73	83,792	11.81
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	63,877	8.85	54,518	7.69
EARNINGS FROM OPERATIONS	35,185	4.88	29,274	4.13
OTHER EXPENSE (INCOME)				
Interest expense	3,714	0.51	3,727	0.53
Interest income	(227)	-0.03	(39)	-0.01
Net (gain) loss on sale of real estate and interest in subsidiary	-	0.00	-	0.00
	3,487	0.48	3,688	0.52
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	31,698	4.39	25,586	3.61
INCOME TAXES	12,009	1.66	9,261	1.31
EARNINGS BEFORE MINORITY INTEREST	19,689	2.73	16,325	2.30
MINORITY INTEREST	(518)	-0.07	(1,699)	-0.24
NET EARNINGS	\$19,171	2.66	\$14,626	2.06

EARNINGS PER SHARE - BASIC	\$1.04	\$0.81
EARNINGS PER SHARE - DILUTED	\$1.00	\$0.78
WEIGHTED AVERAGE SHARES OUTSTANDING	18,465	18,083
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	19,193	18,784

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2005	%	2004	%
Do-It-Yourself/Retail	\$279,639	40%	\$282,445	39%
Site-Built Construction	204,990	28%	195,538	28%
Manufactured Housing	103,619	14%	105,207	15%
Industrial	133,249	18%	126,104	18%
Total	\$721,497	100%	\$709,294	100%

(In thousands, except per share data)	Year to Date			
	2005		2004	
NET SALES	\$2,038,209	100%	\$1,917,527	100%
COST OF GOODS SOLD	1,770,676	86.87	1,684,553	87.85
GROSS PROFIT	267,533	13.13	232,974	12.15
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	173,233	8.50	154,354	8.05
EARNINGS FROM OPERATIONS	94,300	4.63	78,620	4.10
OTHER EXPENSE (INCOME)				
Interest expense	11,755	0.58	11,313	0.59
Interest income	(646)	-0.03	(224)	-0.01
Net (gain) loss on sale of real estate and interest in subsidiary	(1,240)	-0.06	(944)	-0.05
	9,869	0.48	10,145	0.53
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	84,431	4.14	68,475	3.57
INCOME TAXES	32,005	1.57	25,550	1.33

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EARNINGS BEFORE MINORITY INTEREST	52,426	2.57	42,925	2.24
MINORITY INTEREST	(1,236)	-0.06	(2,976)	-0.16
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NET EARNINGS	\$51,190	2.51	\$39,949	2.08
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EARNINGS PER SHARE - BASIC	\$2.79		\$2.22	
EARNINGS PER SHARE - DILUTED	\$2.69		\$2.13	
WEIGHTED AVERAGE SHARES OUTSTANDING	18,325		18,015	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	19,050		18,716	

SUPPLEMENTAL SALES DATA

	Year to Date			

Market Classification	2005	%	2004	%
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Do-It-Yourself/Retail	\$804,670	39%	\$810,119	42%
Site-Built Construction	543,264	27%	479,815	25%
Manufactured Housing	306,524	15%	282,181	15%
Industrial	383,751	19%	345,412	18%
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Total	\$2,038,209	100%	\$1,917,527	100%

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
SEPTEMBER 2005/2004

(In thousands)

ASSETS	2005	2004
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CURRENT ASSETS		
Cash and cash equivalents	\$30,767	\$19,285
Accounts receivable	230,762	251,045
Inventories	226,737	206,644
Other current assets	13,191	10,036
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TOTAL CURRENT ASSETS	501,457	487,010
OTHER ASSETS	8,414	6,906
INTANGIBLE ASSETS, NET	137,348	132,285
PROPERTY, PLANT AND EQUIPMENT, NET	223,107	209,240
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TOTAL ASSETS	\$870,326	\$835,441
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LIABILITIES AND SHAREHOLDERS' EQUITY	2005	2004
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CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$228,292	\$205,221
Current portion of long-term debt and capital leases	22,091	527
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TOTAL CURRENT LIABILITIES	250,383	205,748
LONG-TERM DEBT AND CAPITAL LEASES, less current portion	168,602	247,978
OTHER LIABILITIES	35,427	34,303
SHAREHOLDERS' EQUITY	415,914	347,412
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$870,326	\$835,441
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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 2005/2004

(In thousands)	2005	2004
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CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$51,190	\$39,949
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	23,391	20,418
Amortization of intangibles	1,809	1,580
Deferred income taxes	(886)	(90)
Minority interest	1,236	2,976
Loss on sale of interest in subsidiary	-	193
Gain on sale of property, plant and equipment	(561)	(432)
Changes in:		
Accounts receivable	(75,061)	(111,925)
Inventories	(10,712)	(36,152)
Accounts payable	43,103	38,890
Accrued liabilities and other	26,651	31,392
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NET CASH FROM OPERATING ACTIVITIES	60,160	(13,201)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(31,293)	(25,062)
Acquisitions, net of cash received	(13,883)	(10,075)
Sale of interest in subsidiary	-	4,679
Proceeds from sale of property, plant and equipment	1,898	3,469

Insurance proceeds	3,013	2,000
Other, net	322	1,567
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NET CASH FROM INVESTING ACTIVITIES	(39,943)	(23,422)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving credit facilities	(16,201)	43,152
Repayment of long-term debt	(1,674)	(6,352)
Proceeds from issuance of common stock	4,074	2,194
Distributions to minority shareholders	(749)	(125)
Investment received from minority shareholder	500	-
Dividends paid to shareholders	(910)	(897)
Repurchase of common stock	-	(129)
Other, net	236	635
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NET CASH FROM FINANCING ACTIVITIES	(14,724)	38,478
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NET CHANGE IN CASH AND CASH EQUIVALENTS	5,493	1,855
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	25,274	17,430
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CASH AND CASH EQUIVALENTS, END OF PERIOD	\$30,767	\$19,285
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SOURCE: Universal Forest Products, Inc.