



## Universal Forest Products Announces Second Quarter Earnings Of \$12.9 Million Per Share Increase of 5%

July 18, 2000

GRAND RAPIDS, Mich., July 18 /PRNewswire/ -- Universal Forest Products®, Inc. (Nasdaq: UFPI) today announced record results for the second quarter of 2000 including quarterly earnings of \$12.9 million or \$0.63 per share (diluted) compared to \$12.7 million or \$0.60 per share (diluted) for the second quarter of 1999. Net sales for the quarter were \$431.6 million, down 3.4% compared to \$446.8 million for the same quarter a year ago, in spite of a 19% decrease in the overall lumber market.

For the first six months of 2000, net earnings were \$19.0 million or \$0.93 per share (diluted) compared to \$18.1 million or \$0.85 per share (diluted) for the first six months of 1999, a 4.9% increase in net earnings and a 9.4% increase in earnings per share. Net sales were \$735.7 million versus \$746.9 million, a decrease of 1.5% compared to the same period a year ago.

"Our business strategy of maintaining leadership in four related, but distinct markets, served by our plants throughout North America, helped to offset the short-term impact of certain macro economic events in the quarter," said William G. Currie, UFPI's vice-chairman and chief executive officer. "Despite the current environment, we recognized record earnings this quarter and remain confident we will reach the growth targets in our 'Performance 2002' strategy. While we continue to have year-over-year gains in unit sales, earnings were impacted by rising interest rates, a decline in lumber prices of 19% from a year ago, and a weak manufactured housing market. For the balance of the year, we expect unit sales to increase, revenues to remain flat, and earnings to remain flat or increase modestly. This assumes that interest rates do not increase significantly from present levels and the manufactured housing industry does not deteriorate further."

Outlook by market segment:

While some regions are forecasting a slowing of site-built construction activity, business in certain high-volume regions is expected to remain strong. UFPI forecasts strong continued growth for its site-built construction segment, as increased demand for these value added products and increased market share will offset downward pressure on sales caused by interest rate increases.

UFPI continues to make strategic acquisitions of leading regional companies as part of its plan to develop a nation-wide network of roof truss, floor truss, I-joint, and wall panel manufacturers to better serve this market. The company announced three acquisitions in this market segment; Gang-Nail Components, Inc.; Banks Corporation's OPEN JOIST 2000 facility; and 50% of Thorndale Roof and Ecor Floor Systems.

The company believes that manufactured housing will continue to struggle for the remainder of this year, which will negatively impact sales to this sector. Shipments in the first quarter were off 20% and the most recently available figures show a 32% reduction in April. An improving trend is anticipated in the second quarter of 2001. In the meantime, the company will continue its efforts to shift sales focus and production capacity to the industrial and agricultural markets, which were up 8% for the second quarter and 12.6% for the year-to-date. UFPI sees this as an opportunity to greatly increase its market share to industrial and agricultural customers.

Sales to D-I-Y customers were off 3% for the quarter and up 2% for the year-to-date. This softening of sales is due primarily to the deflation of commodity lumber prices. After trending down all year the current market hovers around a three-year historical low. Historically, the D-I-Y retail market has been counter cyclical to the housing market and we expect this trend to continue. Unit sales to this market segment are expected to continue to be strong.

The company continues to increase its D-I-Y market penetration through a strategic acquisition program. During the quarter the company closed on the acquisition of two lumber treating facilities purchased from Walker-Williams Lumber Company. These two facilities are located in Westville, Indiana and Blanchester, Ohio. The company anticipates closing on a third facility in Youngstown, Ohio following additional due diligence. When fully operational, these three facilities will add 200 million board feet to Universal's treating capacity enabling it to better serve its D-I-Y customers in the Midwest.

About Universal Forest Products (R), Inc.

Universal Forest Products' markets include pressure treated and manufactured products for D-I-Y retail home centers, structural lumber products for the manufactured housing industry, engineered wood products for the site-built construction market, and specialty wood packaging for various industries. For information about Universal Forest Products® on the Internet, please contact the company's investor relations 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. 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 SIX MONTHS ENDED  
JUNE 2000/1999

(In thousands, except per share data)	Quarter Period			
	2000		1999	
NET SALES	\$431,578	100%	\$446,751	100%
COST OF GOODS SOLD	374,280	86.72	392,691	87.90
GROSS PROFIT	57,298	13.28	54,060	12.10
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	32,045	7.43	29,962	6.71
EARNINGS FROM OPERATIONS	25,253	5.85	24,098	5.39
INTEREST EXPENSE	3,607	0.84	3,318	0.74
INTEREST REVENUE	(160)	-0.04	(155)	-0.03
	3,447	0.80	3,163	0.71
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	21,806	5.05	20,935	4.68
INCOME TAXES	8,563	1.98	8,459	1.89
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	13,243	3.07	12,476	2.79
MINORITY INTEREST	(307)	-0.08	(53)	-0.01
EQUITY IN EARNINGS (LOSS) OF INVESTEE	(19)	0.00	325	0.07
NET EARNINGS	\$12,917	2.99	\$12,748	2.85
EARNINGS PER SHARE -- BASIC	\$0.64		\$0.61	
EARNINGS PER SHARE -- DILUTED	\$0.63		\$0.60	
WEIGHTED AVERAGE SHARES OUTSTANDING	20,144		20,745	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,501		21,291	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2000	%	1999	%
Do-It-Yourself	\$229,711	53%	\$236,912	53%
Manufactured Housing	87,939	20%	108,811	24%
Site-Built Construction	63,008	15%	53,858	12%
Industrial and Other	50,920	12%	47,170	11%
Total	\$431,578	100%	\$446,751	100%

(In thousands, except per share data)	Year to Date			
	2000		1999	
NET SALES	\$735,650	100%	\$746,931	100%
COST OF GOODS SOLD	637,941	86.72	653,114	87.44
GROSS PROFIT	97,709	13.28	93,817	12.56
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	59,363	8.07	58,347	7.81
EARNINGS FROM OPERATIONS	38,346	5.21	35,470	4.75
INTEREST EXPENSE	6,775	0.92	6,237	0.84
INTEREST REVENUE	(246)	-0.03	(304)	-0.04
	6,529	0.89	5,933	0.80
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	31,817	4.32	29,537	3.95
INCOME TAXES	12,516	1.70	11,814	1.58
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	19,301	2.62	17,723	2.37
MINORITY INTEREST	(330)	-0.04	(134)	-0.02
EQUITY IN EARNINGS (LOSS) OF INVESTEE	27	0.00	520	0.07
NET EARNINGS	\$18,998	2.58	\$18,109	2.42
EARNINGS PER SHARE -- BASIC	\$0.94		\$0.87	
EARNINGS PER SHARE -- DILUTED	\$0.93		\$0.85	
WEIGHTED AVERAGE SHARES OUTSTANDING	20,140		20,727	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,513		21,353	

SUPPLEMENTAL SALES DATA

Market Classification	2000	Year to Date		
		%	1999	%
Do-It-Yourself	\$363,991	49%	\$357,068	48%
Manufactured Housing	166,121	23%	205,079	27%
Site-Built Construction	111,623	15%	101,374	14%
Industrial and Other	93,915	13%	83,410	11%
Total	\$735,650	100%	\$746,931	100%

CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
JUNE 2000/1999

(In thousands)

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	\$2,748	\$1,441
Accounts receivable	119,044	112,341
Inventories	145,768	136,259
Other current assets	7,005	6,966
TOTAL CURRENT ASSETS	274,565	257,007
OTHER ASSETS	11,304	10,432
GOODWILL AND NON-COMPETE	107,372	94,351
PROPERTY, PLANT AND EQUIPMENT, NET	164,990	144,060
TOTAL ASSETS	\$558,231	\$505,850
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$2,278	\$2,208
Accounts payable and accrued liabilities	107,811	99,523
Current portion of long-term debt and capital leases	7,058	8,566
TOTAL CURRENT LIABILITIES	117,147	110,297
LONG-TERM DEBT AND CAPITAL LEASES, less current portion		
REVOLVING CREDIT FACILITY	131,219	129,504
OTHER LIABILITIES	60,400	42,300
SHAREHOLDERS' EQUITY	18,072	15,047
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	231,393	208,702
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$558,231	\$505,850

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
FOR THE SIX MONTHS ENDED  
JUNE 2000/1999

(In thousands)	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$18,998	\$18,109
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	7,862	7,535
Amortization of non-compete agreements and goodwill	1,639	1,592
(Gain) loss on sale of property, plant and equipment	5	(89)
Changes in:		
Accounts receivable	(40,083)	(49,494)
Inventories	(9,577)	(27,861)
Accounts payable	23,647	26,462
Accrued liabilities and other	3,209	5,690
NET CASH FROM OPERATING ACTIVITIES	5,700	(18,056)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(15,623)	(21,153)

Business acquisitions, net of cash received	(32,386)	-
Proceeds from sale of property, plant and equipment	440	1,633
Other	(520)	1,405
NET CASH FROM INVESTING ACTIVITIES	(48,089)	(18,115)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(7,181)	(7,736)
Proceeds from issuance of long-term debt	1,937	20,306
Net borrowings (repayments) under revolving credit facility and notes payable	48,774	26,131
Dividends paid to shareholders	(807)	(728)
Proceeds from issuance of common stock	379	785
Repurchase of common stock	(2,071)	(2,066)
NET CASH FROM FINANCING ACTIVITIES	41,031	36,692
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,358)	521
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,106	920
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$2,748	\$1,441

SOURCE Universal Forest Products®, Inc.

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