



## Universal Reports Continued Earnings Growth; Posts a 19% Increase for 1999

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GRAND RAPIDS, Mich., Jan. 25 /PRNewswire/ -- Universal Forest Products(R) (Nasdaq: UFPI), today announced results for the fourth quarter and year ending December 25, 1999, including record annual net sales of \$1.44 billion, up 15.8 percent compared with 1998 sales of \$1.24 billion. Net income for the year increased to \$31.4 million or \$1.48 per share (diluted) compared with \$26.4 million or \$1.28 per share (diluted) in 1998, a 19.0 percent improvement.

For the fourth quarter, sales increased 10.6 percent to \$299.7 million compared to \$271.0 million for the same quarter of 1998. Net earnings for the quarter increased 17.4 percent to \$3.8 million from \$3.2 million for the comparable 1998 quarter.

### FINANCIAL HIGHLIGHTS

Period Ended	Three Months		%	Twelve Months		%
Dec. 25/26	1999	1998	Change	1999	1998	Change
(In thousands, except per share data)						
Net sales	\$299,722	\$270,962	+10.6	\$1,435,055	\$1,238,907	+15.8
Gross profit	38,374	35,527	+8.0	182,471	149,214	+22.3
Net earnings	3,782	3,221	+17.4	31,448	26,419	+19.0
Earnings per share						
- Diluted	\$0.18	\$0.15	+20.0	\$1.48	\$1.28	+15.6
Weighted Average shares outstanding with common stock equivalents	20,774	21,417		21,186	20,613	

"1999 was an exciting year for Universal Forest Products," said William G. Currie, UFPI's chief executive officer. "In this, the second year of our 'Performance 2002' initiative, we continued to drive the company toward our long-term goals. In 1999, we executed a series of actions that both increased our manufacturing capacity and level of value-added product mix in our key markets, positioning Universal as a clear national leader in every segment of our business."

### 1999 Key Corporate Developments:

#### Acquisitions

- Acquired Westminster, Maryland facility from Ryland Group to increase manufacturing capacity of roof trusses, floor trusses and wall panels in the Mid-Atlantic market.
- Acquired facilities in New Waverly, Silsbee, and Schertz, Texas to expand the company's pressure treated lumber manufacturing capacity.
- Acquired a new facility in Riverside, Calif., which allows the company to consolidate existing Southern California operations for increased efficiency, and expand future production capacity.

#### Expansion of Current Facilities and New Facility Openings

- Opened a new facility in Grandview, Texas to manufacture and distribute the company's OPENJOIST 2000(TM) product line, and provide increased production capacity for engineered wood components.
- Increased manufacturing capacity of roof trusses, floor trusses, and

wall panels, in the Mid-Atlantic market with the opening of new facilities in Hohenwald, Tenn. and Liberty, N.C.

- Added new roof truss and floor truss manufacturing lines to existing company manufacturing facilities in Belchertown, Mass. and Woodburn, Ore.
- Opened a new, larger manufacturing and engineering support facility in Grand Rapids, Mich.
- Opened a new manufacturing facility in Jackson, Miss., to better service our existing customers and expand our customer base in Alabama, Mississippi, and Louisiana.

#### National Distribution Agreement

- Entered into a national marketing and distribution agreement with Trus Joist MacMillan enabling the company to offer engineered lumber systems to customers in the manufactured housing market.

The company continued to show increased sales in three of its four key markets. Year-over-year sales to the do-it-yourself (DIY) market increased 16 percent, while sales to the site-built construction and industrial markets rose 67 percent and 18 percent, respectively. Sales to manufactured housing customers were down less than 1 percent, reflecting an overall slowdown in manufactured housing production as a result of an over supply of finished homes at the retail level.

"In the near term, we expect continued sales increases in the DIY, site-built construction, and industrial markets," explained Currie. Even through continued increases in interest rates will likely dampen housing demand, we firmly believe that increased sales from the growing demand of engineered wood components, will offset a decline in sales caused by the decline in the number of new housing starts. Sales to manufactured housing customers will be significantly impacted as the industry curtails production to correct their oversupply situation at the retail level. However, the diversification of our markets has enabled UFPI to show consistent top and bottom line growth in spite of temporary disruptions in any one particular market segment. Diversification is a key element in our long-term strategy.

"We will continue to grow our company through internal expansion and external acquisitions. To date, our acquisitions not only have been accretive, but also expanded our industry expertise and strengthened our management team. We will to seek new acquisitions that fit our strategic plan, while meeting our stringent criteria," added Currie. To finance future growth, in 1999, UFPI obtained long-term acquisition financing through a private placement of \$100 million of unsecured notes and a five-year \$175 million revolving credit line.

Universal Forest Products(R) markets, manufactures, and engineers, products for DIY retail home centers, structural lumber products for the manufactured housing industry, complex wood components for the site-built construction market, and specialty wood packaging for various industries. For information about Universal Forest Products(R) on the Internet, please contact the company's investor relations web site at [www.ufpi.com](http://www.ufpi.com), or call 1-888-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.

#### CONSOLIDATED STATEMENTS OF EARNINGS FOR THE TWELVE MONTHS ENDED DECEMBER 1999/1998

(In thousands, except per share data)	Quarter Period			
	1999		1998	
NET SALES	\$299,722	100%	\$270,962	100%

COST OF GOODS SOLD	261,348	87.20	235,435	86.89
GROSS PROFIT	38,374	12.80	35,527	13.11
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	29,232	9.75	28,149	10.39
EARNINGS FROM OPERATIONS	9,142	3.05	7,378	2.72
OTHER EXPENSE (INCOME):				
Interest expense	2,623	0.88	2,205	0.81
Interest revenue	(107)	-0.04	(143)	-0.05
	2,516	0.84	2,062	0.76
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	6,626	2.21	5,316	1.96
INCOME TAXES	2,038	0.68	2,095	0.77
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	4,588	1.53	3,221	1.19
MINORITY INTEREST	(498)	-0.17	--	0.00
EQUITY IN EARNINGS (LOSS) OF INVESTEE	(308)	-0.10	--	0.00
NET EARNINGS	\$3,782	1.26	\$3,221	1.19
EARNINGS PER SHARE - BASIC	\$0.19		\$0.16	
EARNINGS PER SHARE - DILUTED	\$0.18		\$0.15	
WEIGHTED AVERAGE SHARES OUTSTANDING	20,345		20,710	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	20,774		21,417	

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	1999	%	1998	%
Do-It-Yourself	\$116,046	38%	\$99,045	37%
Manufactured Housing	89,005	30%	98,419	36%
Site-Built Construction	53,050	18%	41,613	15%
Industrial and Other	41,621	14%	31,885	12%
Total	\$299,722	100%	\$270,962	100%

(In thousands, except  
per share data)

	Year to Date			
	1999		1998	
NET SALES	\$1,435,055	100%	\$1,238,907	100%
COST OF GOODS SOLD	1,252,584	87.28	1,089,693	87.96
GROSS PROFIT	182,471	12.72	149,214	12.04
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	119,673	8.34	97,065	7.83

EARNINGS FROM OPERATIONS	62,798	4.38	52,149	4.21
OTHER EXPENSE (INCOME):				
Interest expense	11,853	0.83	9,506	0.77
Interest revenue	(592)	-0.04	(391)	-0.03
	11,261	0.78	9,115	0.74
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE				
	51,537	3.59	43,034	3.47
INCOME TAXES	19,955	1.39	16,615	1.34
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE				
	31,582	2.20	26,419	2.13
MINORITY INTEREST	(701)	-0.05	--	0.00
EQUITY IN EARNINGS (LOSS) OF INVESTEE				
	567	0.04	--	0.00
NET EARNINGS	\$31,448	2.19	\$26,419	2.13
EARNINGS PER SHARE - BASIC	\$1.52		\$1.33	
EARNINGS PER SHARE - DILUTED	\$1.48		\$1.28	
WEIGHTED AVERAGE SHARES OUTSTANDING				
	20,637		19,917	
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS				
	21,186		20,613	
SUPPLEMENTAL SALES DATA				
Year to Date				
Market Classification	1999	%	1998	%
Do-It-Yourself	\$650,859	45%	\$562,625	46%
Manufactured Housing	398,237	28%	401,678	32%
Site-Built Construction	212,479	15%	127,549	10%
Industrial and Other	173,480	12%	147,055	12%
Total	\$1,435,055	100%	\$1,238,907	100%

CONSOLIDATED BALANCE SHEETS  
DECEMBER 1999/1998

(In thousands)

ASSETS	1999	1998
CURRENT ASSETS		
Cash and cash equivalents	\$4,106	\$920
Accounts receivable	70,012	62,711
Inventories	131,535	108,399
Other current assets	11,044	9,547
TOTAL CURRENT ASSETS	216,697	181,577
OTHER ASSETS	10,836	10,922

GOODWILL AND NON-COMPETE	93,183	95,980
PROPERTY, PLANT AND EQUIPMENT, NET	149,113	131,316
TOTAL ASSETS	\$469,829	\$419,795
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$1,520	\$1,997
Accounts payable and accrued liabilities	82,260	70,261
Current portion of long-term debt and capital leases	7,402	9,760
TOTAL CURRENT LIABILITIES	91,182	82,018
LONG-TERM DEBT AND CAPITAL LEASES, less current portion		
REVOLVING CREDIT FACILITY	11,800	16,380
OTHER LIABILITIES	17,189	14,074
SHAREHOLDERS' EQUITY	214,562	191,583
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$469,829	\$419,795

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED  
DECEMBER 1999/1998

(In thousands)	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$31,448	\$26,419
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	14,885	12,584
Amortization of non-compete agreements and goodwill	3,270	2,464
Deferred income taxes	(774)	1,292
Loss on sale of property, plant and equipment	489	422
Stock Gift Program and Directors Grant Program expense	40	27
Changes in:		
Accounts receivable	(7,300)	(5,698)
Inventories	(23,136)	20,093
Other	1,607	186
Accounts payable	8,141	(1,504)
Accrued liabilities	4,129	10,294
NET CASH FROM OPERATING ACTIVITIES	32,799	66,579
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection of notes receivable	3,431	377
Advances on notes receivable	(139)	(3,200)
Purchases of property, plant, and equipment	(35,418)	(28,433)
Acquisitions, net of cash received	--	(98,167)
Proceeds from sale of property, plant and equipment	2,247	1,688
Other	(87)	(370)
NET CASH FROM INVESTING ACTIVITIES	(29,966)	(128,105)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(10,744)	(31,952)
Proceeds from issuance of long-term debt	27,502	80,304

Net borrowings (repayments) under revolving credit facility and notes payable	(5,327)	11,880
Dividends paid to shareholders	(1,539)	(1,451)
Proceeds from issuance of common stock	942	508
Repurchase of common stock	(10,481)	--
NET CASH FROM FINANCING ACTIVITIES	353	59,289
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,186	(2,237)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	920	3,157
CASH AND CASH EQUIVALENTS, END OF YEAR	\$4,106	\$920

SOURCE Universal Forest Products

CONTACT: Charles R. Felix, Sr. V.P. Development and Investor Relations, or Michael R. Cole, V. P. of Finance, both of Universal Forest Products 616-364-6161, or General Info., Tad Gage, 312-640-6745, Analyst Contact, Claire Koeneman, 312-640-6784, both of The Financial Relations Board/