



Universal Forest Products, Inc. Reports 1st Quarter Earnings of \$3.9 Million

April 16, 2007

GRAND RAPIDS, Mich.--(BUSINESS WIRE)--April 16, 2007--Universal Forest Products, Inc. (Nasdaq:UFPI) today announced its first quarter results, including net sales of \$549.0 million and net earnings of \$3.9 million, down from net sales of \$665.6 million and net earnings of \$15.9 million for the same period in 2006. The numbers compare with an unusually strong first quarter in 2006 due, in part, to the spike in FEMA orders for manufactured homes in the wake of the 2005 hurricane season, and reflect the impact of the soft lumber and housing markets, as well as adverse weather conditions.

"We predicted that the housing market would be soft, but it turned out to be even weaker than we anticipated. In addition, supply continues to exceed demand in an already depressed lumber market, keeping prices low and adversely affecting our sales numbers," said President and CEO Michael B. Glenn. "These factors combined to create a tough quarter."

Glenn noted that January and February were as weak as the Company has seen, but as the weather improved in March, sales and profits also rebounded. "March provided us with reason to believe we might soon see positive evidence of our efforts to gain market share," he added. "The monthly trend is positive and we believe the moves we've made over the past six months to position the Company for growth contributed to an increase in market share. We are optimistic for stronger months ahead, especially in our Do-It-Yourself/retail and industrial markets."

By market, Universal posted the following gross sales results for the first quarter:

- \$196.1 million in Do-It-Yourself/retail, a decrease of 9.4% from 2006;
- \$138.8 million in site-built construction, a decrease of 34.9% from 2006;
- \$133.5 million in industrial, a decrease of 4.7% from 2006; and
- \$88.3 million in manufactured/modular housing, a decrease of 17.3% over 2006.

These results were impacted by the lumber market, which affects the Company's cost of materials and its selling prices. Glenn called the lumber market in the first quarter of 2007 "one of the weakest we have seen in many years." On average, the lumber composite price was 24% lower in the first quarter of 2007 compared to the first quarter of 2006, and sustained over-supply continued to drive prices even lower.

The Company's unit sales declined approximately 8% for the quarter primarily due to weak single family and manufactured housing market conditions; these declines were partially offset by increased unit sales attributable to businesses the Company has acquired since the first quarter of 2006.

Glenn noted that sales to new customers in the first quarter helped mitigate the effect of the struggling site-built and manufactured housing markets.

"Times like these provide us with the opportunity to demonstrate the power of Universal. We put our collective shoulder to the grindstone to gain market share where we could, to enhance our operations, and to position the Company for growth when the markets return," Glenn added.

To enhance its opportunity in 2007 and beyond, Universal is focused on its strategic plan, GO 2010; on fully integrating recent acquisitions including Aljoma Lumber and Banks Lumber; and on a continuous improvement strategy that's being deployed throughout the Company to enhance customer satisfaction, empower employees and improve productivity.

OUTLOOK

At the beginning of 2007, the Company announced annual targets for unit sales growth ranging from 10% to 15% and net earnings growth (excluding certain tax adjustments from 2006 results) of 5% to 10%. These targets continue to be subject to a number of assumptions, including certain key assumptions listed in our press release dated Feb. 5, 2007. Due to the seasonality of our business and to other market factors that might impact our year-end results, it is too early to assess the relative accuracy and scope of those assumptions.

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 17, 2007. The call will be hosted by Executive Chairman William B. Currie, CEO Michael B. Glenn, and CFO Michael Cole and will be available for analysts and institutional investors domestically at (866) 770-7051 or internationally at (617) 213-8064. Use conference pass code #64685407. The conference call will be available simultaneously and in its entirety to all interested investors and news media through a web cast at <http://www.ufpi.com>. A replay of the call will be available through Thursday, May 17, 2007 domestically at (888) 286-8010 or internationally at (617) 801-6888. Use replay pass

code #96698687.

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. The Company also provides framing services for the site-built sector. The Company reported sales of nearly \$2.66 billion in 2006. Universal has approximately 10,000 employees who work out of more than 100 locations. For information about Universal Forest Products, please visit the Company's Web site at <http://www.ufpi.com>, or call 888-Buy-UFPI.

Please be aware that: Any statements included in this call that are not historical are forward-looking statements within the meaning of 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. The Company does not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are 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 2007/2006

(In thousands, except per share data)	Quarter Period			
	2007		2006	
NET SALES	\$549,038	100%	\$665,609	100%
COST OF GOODS SOLD	475,518	86.61	571,298	85.83
GROSS PROFIT	73,520	13.39	94,311	14.17
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	63,458	11.56	64,529	9.69
EARNINGS FROM OPERATIONS	10,062	1.83	29,782	4.47
OTHER EXPENSE (INCOME)				
Interest expense	4,324	0.79	3,799	0.57
Interest income	(582)	-0.11	(429)	-0.06
	3,742	0.68	3,370	0.51
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	6,320	1.15	26,412	3.97
INCOME TAXES	2,068	0.38	9,756	1.47
EARNINGS BEFORE MINORITY INTEREST	4,252	0.77	16,656	2.50
MINORITY INTEREST	(366)	-0.07	(790)	-0.12
NET EARNINGS	\$3,886	0.71	\$15,866	2.38
	=====		=====	
EARNINGS PER SHARE - BASIC	\$0.20		\$0.85	
EARNINGS PER SHARE - DILUTED	\$0.20		\$0.82	
WEIGHTED AVERAGE SHARES				

OUTSTANDING	18,985	18,606
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	19,409	19,278

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period			
	2007	%	2006	%
Do-It-Yourself/Retail	\$196,136	35%	\$216,466	32%
Site-Built Construction	138,842	25%	213,132	31%
Industrial	133,452	24%	139,955	21%
Manufactured Housing	88,278	16%	106,803	16%
Total Gross Sales	556,708	100%	676,356	100%
Sales Allowances	(7,670)		(10,747)	
Total Net Sales	\$549,038		\$665,609	

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CONSOLIDATED BALANCE SHEETS (UNAUDITED)
MARCH 2007/2006

(In thousands)

ASSETS	2007	2006	LIABILITIES	2007	2006
			AND SHAREHOLDERS' EQUITY		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$44,024	\$39,608	Accounts payable	\$119,006	\$130,584
Accounts receivable	195,617	199,508	Accrued liabilities	72,462	93,164
Inventories	285,753	279,577	Current portion of long-term debt and capital leases	1,223	461
Other current assets	22,192	21,448			
TOTAL CURRENT ASSETS	547,586	540,141	TOTAL CURRENT LIABILITIES	192,691	224,209
OTHER ASSETS	7,881	8,083	LONG-TERM DEBT AND CAPITAL LEASES, less		

INTANGIBLE ASSETS, NET	186,358	141,566	current portion OTHER LIABILITIES	278,198	204,010
PROPERTY, PLANT AND EQUIPMENT, NET	304,605	225,179	SHAREHOLDERS' EQUITY	524,342	454,447
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,046,430	\$914,969
TOTAL ASSETS	\$1,046,430	\$914,969	EQUITY	\$1,046,430	\$914,969

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED
MARCH 2007/2006

(In thousands)	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$3,886	\$15,866
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	9,146	8,279
Amortization of intangibles	2,367	1,311
Expense associated with share-based compensation arrangements	127	215
Expense associated with stock grant plans	122	160
Deferred income taxes	(50)	(88)
Minority interest	366	790
Loss (gain) on sale or impairment of property, plant and equipment	23	(1)
Changes in:		
Accounts receivable	(33,439)	(14,276)
Inventories	(23,321)	(25,800)
Accounts payable	24,891	23,927
Accrued liabilities and other	(11,249)	(4,860)
Excess tax benefits from share-based compensation arrangements	(437)	(1,278)
NET CASH FROM OPERATING ACTIVITIES	(27,568)	4,245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(8,638)	(8,186)
Acquisitions, net of cash received	(54,770)	(2,052)
Proceeds from sale of property, plant and equipment	267	225
Collection of notes receivable	109	1,542
Other, net	103	(55)
NET CASH FROM INVESTING ACTIVITIES	(62,929)	(8,526)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (repayments) borrowings under revolving credit facilities	106,488	(5,020)
Repayment of long-term debt	(24,525)	(15)
Proceeds from issuance of common stock	1,649	1,945
Distributions to minority shareholder	(371)	(509)
Excess tax benefits from share-based compensation		

arrangements	437	1,278
Other, net	(265)	(5)
NET CASH FROM FINANCING ACTIVITIES	83,413	(2,326)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,084)	(6,607)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	51,108	46,215
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$44,024	\$39,608
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SOURCE: Universal Forest Products