



Universal Forest Products Grows Earnings, Sales in First Quarter of 2010

April 14, 2010

Posts Highest First-Quarter Profit in Three Years First Year-over-Year Increase in Quarterly Sales in Two Years

GRAND RAPIDS, Mich., Apr 14, 2010 (BUSINESS WIRE) --Universal Forest Products, Inc. (Nasdaq: UFPI) today announced first-quarter 2010 net earnings of nearly \$1 million, or \$0.05 per diluted share, compared to a net loss of \$1.2 million or \$(0.06) per diluted share for the first quarter of 2009. The Company reported first-quarter net sales of \$393.0 million, which compares favorably to 2009 first-quarter net sales of \$361.7 million.

"While we're proud to deliver another quarter of improved profitability, we aren't satisfied with the rate of our sales increase and we continue to focus on strategies to grow our revenue," said CEO Michael B. Glenn. "We rarely talk about weather as a contributing factor to our results, but it clearly had an impact on our performance in the quarter."

From record cold temperatures in the Southeast to hurricane-force winds in California in January, and from record-breaking snowstorms in the Atlantic and Northeast regions to extreme precipitation in 20 states, the weather in the first quarter of 2010 in many parts of the country was not conducive to outdoor building projects, negatively affecting the Company's sales to DIY/retail and site-built customers.

"That said, we are pleased to be showing traction in our site-built business and healthy increases in both our industrial and manufactured housing markets," he added. "These results underscore the strength of our growth strategies, including diversification into new markets and products, and they give us momentum and optimism for our future."

After years of steady decline and record low prices, the composite lumber price (which affects the Company's costs and, ultimately, its selling prices) was up nearly 50% in the quarter over 2009, due to production curtailments and plant closures by mills. However, the Company expects the market to fluctuate throughout the year; consequently, it is focused on managing its purchasing and sales practices in order to mitigate the impact of volatile lumber prices on its gross margins, and on using its remanufacturing capabilities to ensure it has adequate supply for customers.

By market, Universal posted the following gross sales results for the first quarter of 2010:

Do-It-Yourself/retail: \$164.4 million, a decrease of 1.9% from the same period of 2009. This mirrors the recent experience of big-box retailers, who in February reported flat sales, and same-store U.S. sales that were flat to slightly down in early 2010. Additionally, sales of products needed for larger DIY projects, like lumber, continued to be slow as wary consumers delayed larger expenditures. The Home Improvement Research Institute (HIRI) anticipates growth of 1.7% in this market in 2010, followed by 5% and 7% growth in 2011 and 2012, respectively. Universal agrees that 2010 will be another tough year, and is relying on the strength of its diverse portfolio of products and its customer relationships for steady performance in 2010, and for growing sales in 2011 and beyond.

Industrial packaging/components: \$126.0 million, an increase of 20.4% over 2009. Strong performance in this market is attributable to a number of factors, including increased resources devoted to the market, the Company's dedicated efforts in concrete forming products and its strong foray into other packaging materials and supplies. This continues to be a market of great opportunity for Universal.

Site-built construction: \$60.9 million, an increase of 0.9% over 2009. This follows a fourth-quarter decrease of more than 42%, reflecting, in part, the Company's focus on specific areas of promise, including commercial and military projects, and on remaining a preferred supplier to the country's more successful builders. Year-to-date housing starts in February were up nearly 9% over last year, including an increase of over 37% in single-family housing. The Company continues to believe that 2010 will be marked by a modest improvement in the market, and is focused on areas of opportunity in commercial and governmental projects.

Manufactured housing: \$48.4 million, an increase of 32.2% over 2009. The Company attributes its performance in part to improved market activity, as well as to new products offered as part of its goal to expand the number of products it supplies for each manufactured home and recreational vehicle built.

OUTLOOK

The Company expects volatile economic and market conditions to prevail through 2010, limiting its ability to provide meaningful guidance for ranges of likely financial performance; therefore, the Company will not provide guidance for the foreseeable future. However, the Company remains optimistic about its performance in 2010, given its strong financial position, solid business model and diverse business opportunities that position it better than most to endure challenging times.

CONFERENCE CALL

FOR BASIC EARNINGS (LOSS)	19,258	19,184	19,258	19,184
WEIGHTED AVERAGE SHARES OUTSTANDING FOR DILUTED EARNINGS (LOSS)	19,517	19,184	19,517	19,184

SUPPLEMENTAL SALES DATA

Market Classification	Quarter Period				Year to Date			
	2010	%	2009	%	2010	%	2009	%
Do-It-Yourself/Retail	\$164,407	41%	\$167,579	46%	\$164,407	41%	\$167,579	46%
Site-Built Construction	60,889	15%	60,321	16%	60,889	15%	60,321	16%
Industrial	125,988	32%	104,636	28%	125,988	32%	104,636	28%
Manufactured Housing	48,362	12%	36,571	10%	48,362	12%	36,571	10%
Total Gross Sales	399,646	100%	369,107	100%	399,646	100%	369,107	100%
Sales Allowances	(6,688)		(7,385)		(6,688)		(7,385)	
Total Net Sales	<u>\$392,958</u>		<u>\$361,722</u>		<u>\$392,958</u>		<u>\$361,722</u>	

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)
MARCH 2010/2009**

(In thousands)

ASSETS	2010	2009	LIABILITIES AND EQUITY	2010	2009
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 14,346	\$ 9,427	Accounts payable	\$ 96,889	\$ 74,345
Accounts receivable	187,625	180,021	Accrued liabilities	62,754	63,048
Inventories	207,786	190,801	Current portion of long-term debt and capital leases	683	16,223
Assets held for sale	-	5,490			
Other current assets	21,718	17,879			
TOTAL CURRENT ASSETS	431,475	403,618	TOTAL CURRENT LIABILITIES	160,326	153,616
OTHER ASSETS	4,311	3,522	LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	68,881	96,235
INTANGIBLE ASSETS, NET	171,926	179,660	OTHER LIABILITIES	33,916	29,861
PROPERTY, PLANT AND EQUIPMENT, NET	227,269	240,249	EQUITY	571,858	547,337
TOTAL ASSETS	<u>\$834,981</u>	<u>\$827,049</u>	TOTAL LIABILITIES AND EQUITY	<u>\$834,981</u>	<u>\$827,049</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED
MARCH 2010/2009**

(In thousands)	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings attributable to controlling interest	\$ 987	\$ (1,207)
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	7,630	8,417
Amortization of intangibles	1,825	2,563
Expense associated with share-based compensation arrangements	660	637
Excess tax benefits from share-based compensation arrangements	(63)	-
Expense associated with stock grant plans	113	78
Deferred income taxes (credit)	(96)	214
Net earnings attributable to noncontrolling interest	733	44
Net (gain) loss on sale or impairment of assets	(40)	(1,599)
Changes in:		
Accounts receivable	(80,239)	(41,760)
Inventories	(45,022)	2,353
Accounts payable	32,340	11,231
Accrued liabilities and other	3,066	972
NET CASH FROM OPERATING ACTIVITIES	(78,106)	(18,057)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(4,622)	(3,217)

Acquisitions, net of cash received	(634)	-
Proceeds from sale of property, plant and equipment	189	5,575
Advances of notes receivable	-	(14)
Collection of notes receivable	15	30
Insurance proceeds	-	242
Other, net	13	9
NET CASH FROM INVESTING ACTIVITIES	(5,039)	2,625
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under revolving credit facilities	15,686	10,577
Repayment of long-term debt	-	(93)
Borrowings of long-term debt	-	800
Proceeds from issuance of common stock	279	317
Distributions to noncontrolling interest	(90)	(70)
Dividends paid to shareholders	-	-
Repurchase of common stock	(680)	-
Excess tax benefits from share-based compensation arrangements	63	-
Other, net	14	(9)
NET CASH FROM FINANCING ACTIVITIES	15,272	11,522
NET CHANGE IN CASH AND CASH EQUIVALENTS	(67,873)	(3,910)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	82,219	13,337
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 14,346</u>	<u>\$ 9,427</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	256	444
Income taxes (refunded)	(10,789)	(7,138)



SOURCE: Universal Forest Products

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