



Curtiss-Wright's 2002 Second Quarter Operating Income Increases 15%

LYNDHURST, N.J., Jul 30, 2002 /PRNewswire-FirstCall via COMTEX/ -- Curtiss-Wright Corporation (NYSE: CW; CW.B) announced today its financial results for the second quarter of 2002. The second quarter's highlights are as follows:

- Sales increased 41%, reaching \$121,777,000 in the second quarter of 2002 up from \$86,604,000 reported for the same period last year, due principally to recent acquisitions.
- Operating income of \$15,078,000 for the second quarter of 2002 was 15% higher than the \$13,066,000 reported for the comparable quarter of 2001.
- Net earnings increased to \$10,816,000, up from \$10,465,000 for the second quarter of 2001.
- Second quarter 2002 earnings per share were \$1.03 versus \$1.02 in the prior-year period, despite a two percent increase in diluted shares outstanding.
- Backlog increased to \$276,588,000 from \$242,257,000 at December 31, 2001.

Curtiss-Wright's 2002 performance reflects a deliberate shift in the components of earnings from non-operating to operating elements. The increase in operating income more than offset the decrease in non-operating income. Last year's performance included rental income associated with a property that was sold in December 2001 and higher investment income generated from cash resources, which have since been utilized for acquisitions. These non-operating items contributed to higher net earnings in 2001 of \$955,000, or \$0.09 per diluted share, and \$2,006,000, or \$0.19 per diluted share, for the three months and six months, respectively, as compared to the comparable periods this year. These non-operating assets, which would not produce future growth in sales or operating earnings for the Company, have now been redeployed where they can be more effectively utilized. Accordingly, operating income from our business segments increased \$1,943,000 and \$3,876,000 for the second quarter and six months of 2002, respectively, over the comparable prior-year periods. The increase in business segment operating income after tax equates to \$0.11 per diluted share and \$0.23 per diluted share for the second quarter and first six months of 2002, respectively.

For the first half of 2002, sales increased 32% to \$219,564,000 from \$166,521,000 in last year's comparable six-month period. Operating income improved 15% to \$27,992,000 from \$24,331,000 a year ago. These improvements were due principally to the acquisitions made during the last 12 months. For the first six months of 2002, net earnings were \$20,132,000, or \$1.93 per diluted share, up from \$19,684,000, or \$1.92 per diluted share, for the first half of 2001.

Operating profit for the second-quarter and six-month periods of 2001 included the amortization of goodwill of \$442,000 and \$883,000 for the respective periods, which amounted to \$0.03 and \$0.05 per diluted share, respectively. With the implementation of SFAS Nos. 141 and 142, the amortization of goodwill was discontinued effective January 1, 2002. In addition, foreign currency translation had a favorable impact on sales and operating income in the second quarter, which offset the unfavorable impact from the first quarter. The net impact for the first six months of 2002 was not significant.

Martin Benante, Chairman and CEO of Curtiss-Wright, stated, "While our financial performance has benefited from the acquisitions since November of last year, we continue to be pleased with the performance of our base businesses. Excluding acquisitions, 2002 sales are near prior-year levels despite a significant reduction in production schedules of commercial aircraft by Airbus and Boeing and a sharp decline in the overhaul and repair services provided to the global airline industry. Our Flow Control base business continues the strong growth it experienced in the first quarter with sales of comparable products up over 15% in the second quarter of 2002 as compared to the same period in 2001. The segment experienced higher sales for its nuclear products to both the commercial and naval markets.

"We have been very successful in improving margins in our aerospace component overhaul and repair services, which have been pressured by lower demand from commercial airlines. Operating margins in this area for the second quarter of 2002 exceeded those of the second quarter of last year despite 23% lower sales. Operating margins in the second quarter for our Metal Treatment business segment, while not matching last year's second-quarter performance, have shown improvement over the first quarter of this year. As with all our business segments, we continue to focus on programs to improve efficiencies and these are examples of the results of these efforts."

Mr. Benante added, "We have made a total of 10 acquisitions since the beginning of 2001. Sales related to acquisitions contributed \$54,142,000 to revenues for the first half of 2002, which represented 25% of our total revenue for the period. Operating income related to these acquisitions was \$3,756,000 for the first six months of 2002. As I have previously stated, businesses that we acquire historically have lower operating margins than our base businesses. We have demonstrated the

ability to improve the profitability of the companies we acquire by introducing those manufacturing techniques and synergies that have enabled us to rank in the top tier of the peer group against which we benchmark ourselves."

Provided below are the financial results for the second quarter and first six months of 2002 and 2001:

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(In thousands except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2002	2001(A)	2002	2001(A)
Net sales	\$121,777	\$86,604	\$219,564	\$166,521
Cost of sales	78,078	53,767	139,710	103,673
Gross profit	43,699	32,837	79,854	62,848
Research & development expenses	2,714	1,025	4,025	1,922
Selling expenses	7,144	4,487	12,886	9,080
General and administrative expenses	18,718	14,134	34,704	27,472
Environmental remediation and administrative expenses	45	125	247	43
Operating income	15,078	13,066	27,992	24,331
Investment income, net	380	650	511	1,493
Rental income, net	50	1,308	99	2,342
Pension income, net	2,254	2,343	4,508	4,687
Other income (expense), net	18	(69)	(90)	(527)
Interest expense	(466)	(396)	(659)	(645)
Earnings before income taxes	17,314	16,902	32,361	31,681
Provision for income taxes	6,498	6,437	12,229	11,997
Net earnings	\$10,816	\$10,465	\$20,132	\$19,684
Basic earnings per share	\$1.06	\$1.04	\$1.98	\$1.96
Diluted earnings per share	\$1.03	\$1.02	\$1.93	\$1.92
Dividends per share	\$0.15	\$0.13	\$0.30	\$0.26
Weighted average shares outstanding:				
Basic	10,203	10,059	10,163	10,049
Diluted	10,511	10,269	10,421	10,259

(A) Certain prior-year information has been reclassified to conform to current presentation.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

(Unaudited)

	June 30,	December 31,	Change	
	2002	2001(A)	\$	%
Assets				
Current Assets:				
Cash and cash equivalents	\$23,360	\$25,495	\$(2,135)	-8.4%
Short-term investments	422	41,658	(41,236)	-99.0%
Receivables, net	101,662	86,354	15,308	17.7%
Inventories, net	68,706	57,115	11,591	20.3%
Deferred income taxes	9,919	9,565	354	3.7%
Other current assets	7,937	5,770	2,167	37.6%
Total current assets	212,006	225,957	(13,951)	-6.2%
Property, plant and equipment,				

at cost	263,424	226,435	36,989	16.3%
Accumulated depreciation	145,667	121,914	23,753	19.5%
Property, plant and equipment, net	117,757	104,521	13,236	12.7%
Prepaid pension costs	75,290	70,796	4,494	6.3%
Goodwill and other intangible assets, net	139,020	92,630	46,390	50.1%
Other assets	7,771	6,524	1,247	19.1%
Total Assets	\$551,844	\$500,428	\$51,416	10.3%
Liabilities				
Current Liabilities:				
Accounts payable	\$ 24,038	\$ 19,362	\$ 4,676	24.2%
Accrued expenses	28,866	23,163	5,703	24.6%
Income taxes payable	6,549	17,704	(11,155)	-63.0%
Other current liabilities	10,694	15,867	(5,173)	-32.6%
Total current liabilities	70,147	76,096	(5,949)	-7.8%
Long-term debt	47,446	21,361	26,085	122.1%
Deferred income taxes	26,566	26,043	523	2.0%
Other liabilities	28,212	26,974	1,238	4.6%
Total Liabilities	172,371	150,474	21,897	14.6%
Stockholders' Equity				
Common stock, \$1 par value	10,618	10,618	-	0.0%
Class B common stock, \$1 par value	4,382	4,382	-	0.0%
Capital surplus	50,048	52,532	(2,484)	-4.7%
Retained earnings	486,382	469,303	17,079	3.6%
Unearned portion of restricted stock	(69)	(78)	9	-11.5%
Accumulated other comprehensive income	1,201	(6,831)	8,032	-117.6%
	552,562	529,926	22,636	4.3%
Less: cost of treasury stock	173,089	179,972	(6,883)	-3.8%
Total Stockholders' Equity	379,473	349,954	29,519	8.4%
Total Liabilities and Stockholders' Equity	\$551,844	\$500,428	\$51,416	10.3%

(A) Certain prior-year information has been reclassified to conform to current presentation.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

SEGMENT INFORMATION

(UNAUDITED)

(In thousands)

Three Months Ended June 30, Six Months Ended June 30,
% %

	2002	2001	Change	2002	2001	Change
Sales:						
Motion Control	\$59,771	\$35,728	67.3%	\$102,023	\$65,685	55.3%
Metal Treatment	27,254	27,049	0.8%	52,671	54,921	-4.1%
Flow Control	34,752	23,827	45.9%	64,870	45,915	41.3%
Total Segments	\$121,777	\$86,604	40.6%	\$219,564	\$166,521	31.9%
Operating Income:						
Motion Control	\$7,332	\$5,999	22.2%	\$14,114	\$10,582	33.4%
Metal Treatment	3,576	4,917	-27.3%	6,336	10,380	-39.0%
Flow Control	4,634	2,683	72.7%	8,290	3,902	112.5%
Total Segments	15,542	13,599	14.3%	28,740	24,864	15.6%
Corporate & Other	(464)	(533)	-12.9%	(748)	(533)	40.3%
Total Operating Income	\$15,078	\$13,066	15.4%	\$27,992	\$24,331	15.0%
Operating Margins:						
Motion Control	12.3%	16.8%		13.8%	16.1%	
Metal Treatment	13.1%	18.2%		12.0%	18.9%	
Flow Control	13.3%	11.3%		12.8%	8.5%	
Total Curtiss-Wright	12.4%	15.1%		12.7%	14.6%	

Motion Control

Sales in the second quarter of 2002 increased \$24,043,000 or 67% from 2001. The increase is due primarily to acquisitions offset partially by lower sales in base businesses. The decline in the base business was due to reduced volume associated with the overhaul and repair services provided to the global airline industry and lower production of commercial aircraft by Boeing. Sales increased in the second quarter for defense-related products compared to the second quarter last year.

Operating income for the second quarter benefited from stronger margins from aerospace defense related sales, continued margin improvement at the Company's Swiss-based business providing aiming and stabilizing systems for land-based military vehicles and the favorable impact of foreign currency translation. While cost reductions improved the profitability in overhaul and repair services, profits were below those experienced in the second quarter of 2001 because of the lower sales levels.

Metal Treatment

Metal Treatment sales for the second quarter of 2002 are slightly above sales for the same period last year, despite the slowdown in commercial aircraft production rates. When compared to the first quarter of 2002, sales in the second quarter increased 7%, resulting from an increase in shot-peening sales in both North America and Europe.

Operating income for the second quarter of 2002 as compared to the same period in 2001 declined due to reduced gross margins. Operating margins have improved over this year's first quarter, even after adjusting for non-recurring costs in that quarter associated with the relocation of one of the segment's shot-peening facilities. Foreign currency translation also had a favorable impact for the second quarter of 2002.

Flow Control

Sales increased \$10,925,000, or 46%, in the second quarter of 2002 from the same period last year. Acquisitions represented \$7,864,000 of this increase, while the base business increased \$3,061,000, or 13%, over the same period last year and \$2,436,000, or 10%, over this year's first quarter. Sales benefited from higher shipments of nuclear products for the Navy and power generation plants as well as increased sales to non-nuclear commercial markets and, to a lesser degree, a rebound in sales to the automotive market.

Operating income for the second quarter of 2002 was \$4,634,000, of which \$660,000 resulted from the segment's 2001 acquisitions. The base business saw an operating income improvement of \$715,000, or a 22% increase over the first quarter of 2002. The increase was driven by improved operating profits for most of the business segment's product offerings.

Curtiss-Wright Corporation is a diversified provider of highly engineered products and services to the Motion Control, Flow Control and Metal Treatment industries. The firm employs approximately 3,250 people. More information on Curtiss-Wright can be found on the Internet at www.curtisswright.com.

Forward-looking statements in this release relate to expectations of continued high revenues related to new commercial aircraft and continued sales and income growth, and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include, but are not limited to:

a reduction in anticipated orders; an economic downturn; changes in the need for additional machinery and equipment and/or in the cost for the expansion of the Corporation's operations; changes in the competitive marketplace and/or customer requirements; an inability to perform customer contracts at anticipated cost levels; and other factors that generally affect the business of aerospace, defense, marine, and industrial companies. Please refer to the Company's SEC filings under the Securities and Exchange Act of 1934, as amended, for further information.

SOURCE Curtiss-Wright Corporation

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