Curtiss-Wright's Sales Increase 22% With Normalized Operating Income Increasing 19% From First Quarter of 2001

LYNDHURST, N.J., May 1, 2002 /PRNewswire-FirstCall via COMTEX/ -- Curtiss-Wright Corporation (NYSE: CW) announced today its financial results for the first quarter of 2002. The first quarter's highlights are as follows:

- Sales for the first quarter in 2002 increased 22% to $97,787,000 from $79,917,000 for the same period last year.
- Operating income for the first quarter of 2002 totaled $12,760,000 as compared with operating income of $11,265,000 for the same period last year, a 13% increase. Operating income for the first quarter of 2002 contained some unusual items, listed in the schedule below, the net effect of which had an unfavorable impact of $605,000. Excluding these items results in normalized operating income for the first quarter of 2002 of $13,365,000, an increase of 19% over last year's comparable period.

Financial performance for the first quarter of 2002 as compared to the same period last year benefited from acquisitions that were completed primarily in the fourth quarter of last year. Sales adjusted to exclude those acquisitions were $81,602,000 in the first quarter of 2002, which represented a 2% increase from the same period last year of $79,917,000. Operating income adjusted on the same basis was $11,775,000 compared to $11,313,000 for the first quarter of 2001, an increase of 4.1%.

Net earnings of $9,316,000 or $0.90 per diluted share, is essentially consistent with the net earnings for the first quarter of 2001 of $9,219,000 or $0.90 per diluted share. In addition to the unusual items included in operating income referred to above there was a gain of $104,000 associated with the sale of vacant land included in non-operating income. The net effect of these unusual items reduced pre-tax earnings by $501,000 and after tax income by $308,000. Exclusion of these items from the first quarter of 2002 would have resulted in net earnings of $9,624,000 or $0.93 per diluted share. This would be an increase of 4% over net earnings of the first quarter last year, which contained no unusual items.

Presented in the schedule below, is the normalized operating income for the first quarter of 2002. The schedule reflects an improvement in after-tax profitability of $1,302,000 or $0.13 per diluted share. This was somewhat reduced by lower non-operating income for investment income because of lower cash balances and lower rental income due to the sale of our Wood-Ridge facility.

Normalized Operating Income

	First Quarter
Reported Operating Income - 2002	$12,760,000
Unusual Items:	
Relocation of Metal Treatment Facility Expense	451,000
Loss on Securities from Demutualization of Insurance Company	154,000
Normalized Operating Income - 2002	13,365,000
Operating Income - 2001	11,265,000
Increased Operating Earnings Pre-Tax	2,100,000
Increased Operating Earnings After-Tax	$1,302,000
Diluted Operating Earnings per Share Improvement	$0.13

Martin Benante, Chairman and CEO of Curtiss-Wright, stated, "We are pleased to report higher sales and operating income for the first quarter of 2002 over the same period last year. In addition to the benefit provided by acquisitions, our base businesses overall have generated sales growth and improved profitability. We have improved the quality of our earnings as we have redeployed assets from cash items and non-operating real estate.

"Lower margins in our Metal Treatment business segment due to lower volume were more than offset by improvements in our other business segments that were largely attributable to on-going cost reduction programs. We have implemented changes to our aerospace overhaul and repair operations in accordance with the reduced activity levels resulting from lower demand from commercial airlines. While we have not achieved the margins we saw in the first quarter of 2001, we have improved them substantially from the fourth quarter of last year."

Mr. Benante added, "We made a total of seven acquisitions during 2001. The integration of these additions is proceeding as planned. Sales related to acquisitions contributed $16,185,000 to revenues during the first quarter or 17% of our total revenue. Operating income related to these revenues were $985,000 which was about as expected. Operating margins should improve as the operations are fully integrated during the remainder of the year. Generally, businesses that we buy have lower operating margins than our traditional operations. We have demonstrated in the past our ability to improve the profitability of the companies we have added and expect to do so with our recent additions. We feel that these strategic additions have improved our position in the markets we serve and will be important contributors to the future growth of the company."

Mr. Benante concluded, "We have seen some of the benefits of the Company's market diversification strategy in the first quarter. Improved volume in our aerospace OEM military products, and flow control products for naval and commercial power generation applications slightly more than offset declines for our aerospace component overhaul and repair, commercial aerospace OEM products and services and Metal Treatment related services."

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

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
(In thousands except per share data)

	Three Months Ended March 31,		Change	
	2002	2001	$	%
Net sales	$97,787	$79,917	$17,870	22.36%
Cost of sales	61,632	49,906	11,726	23.50%
Gross profit	36,155	30,011	6,144	20.47%
Research & development expenses	1,311	897	414	46.15%
Selling expenses	5,742	4,593	1,149	25.02%
General and administrative expenses	16,140	13,338	2,802	21.01%
Environmental expense (recoveries), net	202	(82)	284	-346.34%
Operating income	12,760	11,265	1,495	13.27%
Investment income, net	285	843	(558)	-66.19%
Rental income, net	49	1,034	(985)	-95.26%
Pension income, net	2,254	2,344	(90)	-3.84%
Other income (expenses), net	(108)	(458)	350	-76.42%
Interest expense	(193)	(249)	56	-22.49%
Earnings before income taxes	15,047	14,779	268	1.81%
Provision for income taxes	5,731	5,560	171	3.08%
Net earnings	$9,316	$9,219	$97	1.05%
Basic earnings per common share	$0.92	$0.92		
Diluted earnings per common share	$0.90	$0.90		
Dividends per common share	$0.15	$0.13		
Weighted average shares outstanding:				
Basic	10,123	10,039		
Diluted	10,340	10,212		

Note: Prior year numbers were reclassified to conform to current year presentation.

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

	March 31, 2002	December 31, 2001	Change $	%
Assets				
Current Assets:				
Cash and cash equivalents	$30,115	$25,495	$4,620	18.1%
Short-term investments	19,260	41,658	(22,398)	-53.8%
Receivables, net	87,842	86,354	1,488	1.7%
Inventories, net	57,042	57,115	(73)	-0.1%
Deferred income taxes	9,961	9,565	396	4.1%
Other current assets	6,018	5,770	248	4.3%
Total current assets	210,238	225,957	(15,719)	-7.0%

Property, plant and equipment, at cost	233,282	226,435	6,847	3.0%
Accumulated depreciation	124,011	121,914	2,097	1.7%
Property, plant and equipment, net	109,271	104,521	4,750	4.5%
Prepaid pension costs	73,043	70,796	2,247	3.2%
Goodwill and other intangible assets, net	93,292	90,914	2,378	2.6%
Other assets	8,567	8,240	327	4.0%
Total Assets	$494,411	$500,428	$(6,017)	-1.2%
Liabilities				
Current Liabilities:				
Accounts payable	$20,985	$19,362	$1,623	8.4%
Accrued expenses	21,636	23,163	(1,527)	-6.6%
Income taxes payable	7,002	17,704	(10,702)	-60.4%
Other current liabilities	11,258	15,867	(4,609)	-29.0%
Total current liabilities	60,881	76,096	(15,215)	-20.0%
Long-term debt	20,183	21,361	(1,178)	-5.5%
Deferred income taxes	26,484	26,043	441	1.7%
Other liabilities	28,124	26,974	1,150	4.3%
Total Liabilities	135,672	150,474	(14,802)	-9.8%
Stockholders' Equity				
Common stock, $1 par value	10,618	10,618	-	n/a
Class B common stock, $1 par value	4,382	4,382	-	n/a
Capital surplus	51,098	52,532	(1,434)	-2.7%
Retained earnings	477,108	469,303	7,805	1.7%
Unearned portion of restricted stock	(73)	(78)	5	-6.4%
Accumulated other comprehensive income	(8,143)	(6,831)	(1,312)	19.2%
	534,990	529,926	5,064	1.0%
Less: cost of treasury stock	176,251	179,972	(3,721)	-2.1%
Total Stockholders' Equity	358,739	349,954	8,785	2.5%
Total Liabilities and Stockholders' Equity	$494,411	$500,428	$(6,017)	-1.2%

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
SEGMENT INFORMATION
(UNAUDITED)
(In thousands)

	Three Months Ended March 31,		Change	
	2002	2001	$	%
Sales:				
Motion Control	$42,252	$29,957	$12,295	41.0%
Metal Treatment	25,417	27,872	(2,455)	-8.8%
Flow Control	30,118	22,088	8,030	36.4%
Total Segments	$97,787	$79,917	$17,870	22.4%
Operating Income:				
Motion Control	$7,232	$4,583	$2,649	57.8%
Metal Treatment	2,770	5,463	(2,693)	-49.3%
Flow Control	3,722	1,219	2,503	205.3%
Total Segments	13,724	11,265	2,459	21.8%
Corporate & Other	(964)	-	(964)	n/a
Total Operating Income	$12,760	$11,265	$1,495	13.3%
Operating Margins:				
Motion Control	17.1%	15.3%	1.8%	
Metal Treatment	10.9%	19.6%	-8.7%	

Flow Control	12.4%	5.5%	6.8%
Total Curtiss-Wright	13.0%	14.1%	-1.0%

Motion Control

Sales in the first quarter of 2002 showed an increase of $12,295,000 or 41% from 2001. Acquisitions contributed $9,321,000 to the improvement in sales with the traditional business improving $2,974,000, which is an increase of 10% from the first quarter of 2001. The increase in the traditional business was due to increased defense sales of both aerospace and armored vehicle products.

Operating margins for the first quarter benefited from stronger profits from aerospace OEM components and cost improvements related to the consolidation of our manufacturing operations. Margins continued to improve for our Swiss-based business providing aiming and stabilizing systems for land-based military vehicles. While cost reductions improved the profitability on overhaul and repair services from the fourth quarter of 2001, profits were below those experienced in the first quarter of 2001 because of the reduced level of demand for these services from the airlines.

Metal Treatment

The first quarter's decline in sales from the same period last year of 9% was the result of general weakness in a number of served markets that include the commercial aerospace and automotive industries. These two markets represent about 60% of the business activity for Metal Treatment. Sales weakness was experienced in both the North American and European markets.

Operating earnings for the first quarter declined due to reduced volume, start-up costs for three new facilities, and the adverse effect of foreign currency translations. There were also non-recurring costs associated with the relocation of one of the segment's shot-peening facilities.

Flow Control

Sales increased $8,030,000 or 36%, in the first quarter of 2002 from the same period last year. Acquisitions represented $5,616,000 of this increase, while the traditional business increased $2,414,000 or 11% over the same period last year. Sales benefited from higher shipments of products used for nuclear applications for the Navy and power generation plants. These increases were partially offset by lower deliveries to the oil and gas and processing industries and products associated with the automotive and heavy truck markets.

Acquisitions generated increased operating profits of $511,000 for the period while the traditional business saw an improvement of $1,992,000 or a 157% increase over the first quarter of 2001. The increase was driven by improved operating profits on flow control products for nuclear applications.

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 2,600 people. More information on Curtiss-Wright can be found on the Internet at www.curtisswright.com .

Forward-looking statements in this release related 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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