Curtiss-Wright Reports 2003 Financial Results

Full Year and Fourth Quarter Sales up 45% & 11%, Respectively; Full Year and Fourth Quarter Net Earnings up 16% and 8%, Respectively; Eighth Consecutive Year of Revenue Growth

Diversification Strategy & Acquisitions Keep Company Growing Profitably

ROSELAND, N.J., Feb. 9 /PRNewswire-FirstCall/ -- Curtiss-Wright Corporation (NYSE: CW, CW.B) today announced financial results for the full year and fourth quarter ended December 31, 2003. The highlights for the periods are as follows:

Full Year Operating Highlights

- Net sales for the full year 2003 increased 45% to $746.1 million from $513.3 million in 2002. Acquisitions made in 2002 and 2003 contributed $221.8 million in incremental sales in 2003.
- Operating income in 2003 increased 29% to $89.3 million from $69.0 million in 2002. Beginning with the fourth quarter of 2003, pension income derived from the overfunded Curtiss-Wright Pension Plan has been reclassified for all periods presented from non-operating to operating income to better conform with current reporting requirements. The amount of pension income reclassified amounted to $7.2 million in 2002 versus $1.6 million in 2003. Operating income before the pension income reclassification increased 42% in 2003 as compared to 2002.
- Net earnings increased 16% in 2003 to $52.3 million, or $2.50 per diluted share, from $45.1 million in 2002, or $2.16 per diluted share (adjusted for the 2-for-1 stock split). As disclosed in the table below, 2002 included certain nonrecurring income. Net earnings excluding the nonrecurring income were $41.6 million, or $2.00 per diluted share (adjusted for the 2-for-1 stock split). Therefore, net earnings in 2003 increased 26% from net earnings in 2002 excluding the non-recurring income. In addition, the increase in 2003 net earnings was achieved despite a $5.6 million decline (approximately $0.17 per diluted share) in pension income and an increase in interest expense of $3.9 million (approximately $0.11 per diluted share) from 2002.
- New orders received in 2003 were $743.1 million, up 55% compared to 2002. Approximately 48% of the new orders received in 2003 were military related. Backlog increased 6% to $505.5 million at December 31, 2003 from $478.5 million at December 31, 2002.

Fourth Quarter Operating Highlights

- Net sales increased 11% to $193.7 million in the fourth quarter of 2003 from $174.1 million in the comparable period of 2002. Acquisitions made in the fourth quarter of 2002 and during 2003 contributed $26.4 million in incremental sales in the fourth quarter of 2003.
- Operating income in the fourth quarter of 2003 increased 20% to $26.1 million from $21.7 million in the prior year period. The amount of pension income reclassified amounted to $0.4 million in the fourth quarter of 2002 versus essentially zero in the fourth quarter of 2003. Operating income before the pension income reclassification increased 22% in the fourth quarter of 2003 as compared to the prior year period.
- Net earnings increased 8% during the fourth quarter of 2003 to $14.8 million, or $0.70 per diluted share, from $13.7 million, or $0.65 per diluted share (adjusted for the 2-for-1 stock split) in the comparable quarter of 2002. As disclosed in the table below, the fourth quarter of 2002 included certain non-recurring income. Net earnings excluding nonrecurring income, were $12.1 million, or $0.58 per diluted share (adjusted for the 2-for-1 stock split). Therefore, net earnings in the fourth quarter of 2003 increased 22% from net earnings in the fourth quarter of 2002 excluding the nonrecurring income. In addition, the increase in fourth quarter net earnings was achieved despite a decline in pension income and an increase in interest expense of $2.4 million, net (approximately $0.07 per diluted share) from the fourth quarter of 2002.
- New orders received in the fourth quarter of 2003 were $225.3 million, up 69% from the fourth quarter of 2002. Acquisitions made in fourth quarter of 2002 and during 2003 contributed $42.9 million in new orders in the fourth quarter of 2003.

The following table is intended to present what management believes is a clearer picture of after-tax performance by adjusting net earnings based upon accounting principles generally accepted in the United States for the impact of certain nonrecurring items. Management believes that in order to understand how the Corporation performed on an operational basis and consistent with the way management evaluates its performance, the earnings for 2002 have been adjusted to exclude nonrecurring income. This non-GAAP schedule may not be comparable to similarly titled financial measures of other companies, does not represent alternative measures of the Corporation's cash flows or operating income, and should not be considered in isolation or as an alternative for measures of performance presented in accordance with accounting principles generally accepted in the United States of America.

NONRECURRING ITEMS

4th QUARTER:	2003	2002
(In thousands, except per share figures)		
GAAP Net earnings	$ 14,754	$ 13,692
Legal settlement	--	(616)
IRS refund due	--	(934)
Normalized net earnings	$14,754	$12,142
Diluted Shares Outstanding	21,064	20,968
Normalized earnings per diluted share	$0.70	$0.58
FULL YEAR:	2003	2002
(In thousands, except per share figures)		
GAAP Net earnings	$ 52,268	$ 45,136
Gain on sale of non operating property	--	(435)
Postretirement and post employment adjustments, net	--	(986)
Facility consolidation costs	--	278
Release of indemnification reserve	--	(801)
Legal settlement	--	(616)
IRS refund due	--	(934)
Normalized net earnings	$ 52,268	$ 41,642
Diluted Shares Outstanding	20,887	20,868
Normalized earnings per diluted share	$2.50	$2.00

Note: Shares and per share data have been adjusted for 2-for-1 stock split.

As set forth above, the Company recognized several nonrecurring items in 2002. The Company recorded net gains related to the sale of rental properties, a net gain relating to the reallocation of postretirement medical benefits for certain active employees to our pension plan, release of an indemnification reserve related to the sale of rental property that was no longer required, a net legal settlement, a refund due from the Internal Revenue Service relative to a research and development credit, and costs associated with the relocation of a shot-peening facility. These items, which are presented in the tables above, had a net positive impact on net earnings of $3.5 million, or $0.17 per diluted share in 2002 (adjusted for stock split).

"We are pleased to report our eighth consecutive year of revenue growth along with higher operating income and earnings," commented Martin R. Benante, Chairman and CEO of Curtiss-Wright. "Our outstanding performance is due to our diversification strategy and growth in our core markets. We successfully increased sales and earnings despite a slowdown in some of our markets because we continue to deliver to our customers the high performance, technologically advanced products for which Curtiss-Wright is renowned."

Sales

Full year 2003 sales increased 45% primarily due to the acquisitions made during 2002 and 2003, which contributed $221.8 million in incremental sales. In the fourth quarter of 2003, sales increased 11% primarily due to the acquisitions made in the fourth quarter of 2002 and during 2003, which contributed $26.4 million in incremental sales. Excluding the contributions from the acquisitions consummated in 2002 and 2003, sales of the base businesses increased 9% and 6% for the quarter and full year ended December 31, 2003, respectively, over the prior year periods.

In our base businesses, higher sales of flow control products to the nuclear and non-nuclear navy and the nuclear power generation market, higher sales from our military aerospace and domestic ground defense businesses, and higher shot-peening services, all contributed to the organic growth. This was accomplished despite continued reductions in our commercial aerospace businesses of 8% and 20% for the quarter and full year ended December 31, respectively. Foreign currency translation had a favorable impact on sales of $4.4 million in the fourth quarter and $14.1 million for the full year of 2003.

Operating Income

Operating income for the full year 2003 increased 29% over 2002 due to strong volumes and a favorable sales mix. This increase was partially offset by lower margins in our aerospace overhaul and repair service business, and costs overruns and inventory adjustments within our Flow Control segment. Operating income for the fourth quarter of 2003 was 20% higher than the comparable period last year due primarily to higher sales volume, partially offset by lower pension income.

Beginning in the fourth quarter of 2003, pension income derived from the overfunded Curtiss-Wright Pension Plan has been reclassified from non- operating to operating income to better conform with current reporting requirements. Going forward, operating income will include income/charges from this pension plan. The Corporation's results after excluding the impact of the reclassification of pension income is intended to present what management believes is a clearer picture of operating income performance and is consistent with the way management evaluates its performance.

Accordingly, operating income before the pension income reclassification increased 42% in 2003, primarily due to the strong performance of our business segments which more than offset the $5.6 million decrease in pension income from 2002. During the fourth quarter of 2003, operating income before the pension income reclassification increased 23% over the comparable prior period.

Net Earnings

Net earnings for the full year 2003 increased 16% over 2002. Overall, Curtiss-Wright achieved strong growth in the naval, military aerospace, land- based military, commercial power generation, and laser peening markets. Additionally Curtiss-Wright achieved growth during 2003 in oil and gas processing and certain industrial markets, despite the sluggish performance of these markets overall.

Net earnings for the fourth quarter of 2003 increased 8% over the comparable period last year. Curtiss-Wright's fourth quarter 2003 performance was highlighted by strong operating income from our operating segments, which increased $5.3 million in the fourth quarter of 2003, as compared to the comparable prior year period.

"The commercial aerospace market remains challenging, but an increase in our military aerospace sales has, for the most part, offset the lower commercial aerospace sales," said Mr. Benante. "Our position on many defense programs, which include a mix of products for aerospace, land-based and naval platforms, should continue to provide opportunities for us in the future. Our balanced blend of defense and commercial businesses is expected to provide both short and long-term benefits to our shareholders. In addition, our recent acquisitions have achieved better than expected results while increasing our market penetration, particularly within the defense electronics sector, and expanding our geographic reach and technological capabilities."

Segment Performance

Flow Control - Fourth quarter 2003 sales were $78.1 million, up 2% over the comparable period last year. The improvement was due to higher sales of valve and electronic products to the nuclear naval market, higher sales to the commercial power generation and heavy truck markets, as well as a full quarter contribution from the December 2002 acquisition of TAPCO International, Inc. This improvement was mostly offset by lower sales from EMD, which was driven mainly by the timing of revenue milestones with the Navy. Sales of this business segment also benefited from favorable foreign currency translation of $0.8 million in the quarter.

Operating income for this segment increased 7% for the fourth quarter of 2003 compared to the comparable prior year period. The improvement was due to higher sales and favorable sales mix. The overall operating income improvement was attained despite unanticipated shipping delays, which resulted in an operating loss for the quarter at our international valve business.

Motion Control - Sales of $77.7 million for the fourth quarter of 2003 increased 12% over last year, principally due to the contributions from the acquisitions of Collins Technologies in February 2003, Peritek Corporation in August 2003, Systran Corporation and Novatronics, Inc. in December 2003, and a 5% sales growth in the base business. Higher sales in the base business were driven mainly by stronger European ground defense sales resulting from expedited delivery schedules, an increase in sales of military aerospace products for F-16 spares and JSF development, and slightly higher European sensor and drive sales. These higher sales were partially offset by lower domestic ground defense sales due to the wind down on the production contracts for the Bradley Fighting Vehicle and lower sales associated with the overhaul and repair services provided to the global airline industry. Sales of this business segment also benefited from favorable foreign currency translation of $1.9 million in the quarter.

Operating income for this segment increased 27% for the fourth quarter of 2003 compared to the comparable period last year. The improvement was driven by higher sales volume as mentioned above and favorable sales mix due to scheduled ramp ups in various military programs. These improvements were partially offset by lower margins at our European sensors and drives business. Additionally, the operating margins for the overhaul and repair business improved over the comparable period last year mainly as a result of cost control initiatives.

Metal Treatment - Sales for the fourth quarter of 2003 of $37.8 million were 37% higher than the comparable period last year. The improvement was mainly due to the contributions from the acquisitions of Advanced Materials Process Corporation in March 2003 and E/M Engineered Coatings Solutions in April 2003, as well as higher overall shot-peening revenues. The improvement in shot-peening revenue was due to sales growth from our new laser peening technology as well as our core shot-peening services in both North America and Europe. Favorable foreign currency translation positively impacted European shot-peening sales by $1.6 million in the quarter.

Operating income increased 55% for the fourth quarter of 2003 as compared to the comparable period last year. Higher sales volumes, cost reduction programs, and favorable foreign currency translation all contributed to the higher operating income. A customer bankruptcy, unfavorable sales mix, and new facility start-up expenses partially offset the above gains.

Mr. Benante concluded, "We begin the year 2004 confident in our ability to continue to build on our solid business foundation and generate long-term shareholder value by continuing to increase sales and earnings. We delivered significant improvement in both, but perhaps the most dramatic return, which directly benefits our shareholders, is the strong performance of our share price. Over the past year, Curtiss-Wright's common stock has increased 41%, while increasing 94% over the past three years. As an indication of our confidence in our ability to continue to deliver long-term value to our shareholders, we just recently increased our annual dividend by 20%. In addition, we have greatly enhanced our liquidity by becoming part of the S&P 600 index as well as completing a 2-for-1 stock split. We believe these steps will further attract the interest of new investors. While 2004 is likely to continue to present a challenging business environment, our diversification strategy and ongoing emphasis on technology will continue to generate growth opportunities in each of our three business segments. We look forward to generating another strong performance in 2004 and to providing our investors with superior returns."

The Company will host a conference call to discuss the fourth quarter 2003 results at 10:00 EST Tuesday, February 10, 2004. A live webcast of the call can be heard on the Internet by visiting the company's website at www.curtisswright.com and clicking on the investor information page or by visiting other websites that provide links to corporate webcasts.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
Net sales	$193,663	$174,073	$746,071	$513,278
Cost of sales	125,476	119,040	505,153	337,192
Gross profit	68,187	55,033	240,918	176,086
Research & development expenses	5,617	4,020	22,111	11,624
Selling expenses	9,929	8,422	38,816	29,553
General and administrative expenses	25,529	21,314	90,849	71,843
Environmental remediation and administrative expenses, net	1,043	(9)	1,423	1,237
Pension Income, net	(31)	(446)	(1,611)	(7,208)
Operating income	26,100	21,732	89,330	69,037
Other income (expenses), net	207	180	389	4,508
Interest expense	(2,757)	(771)	(5,663)	(1,810)
Earnings before income taxes	23,550	21,141	84,056	71,735
Provision for income taxes	8,796	7,449	31,788	26,599
Net earnings	$14,754	$13,692	$52,268	$45,136
Basic earnings per share	$0.71	$0.67	$2.53	$2.21
Diluted earnings per share	$0.70	$0.65	$2.50	$2.16
Dividends per share	$0.09	$0.08	$0.32	$0.30
Weighted average shares outstanding:				
Basic	20,735	20,512	20,640	20,398
Diluted	21,064	20,968	20,887	20,868

Share and per-share amounts have been restated to reflect the Corporation's 2-for-1 stock split during 2003.
Certain prior year information has been reclassified to conform to current presentation.

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

	December 31, 2003	December 31, 2002	Change $	%
Assets				
Current Assets:				
Cash and cash equivalents	$98,672	$47,717	$50,955	106.8%
Receivables, net	143,362	135,734	7,628	5.6%

Inventories, net	97,880	84,568	13,312	15.7%
Deferred income taxes	23,630	21,840	1,790	8.2%
Other current assets	10,979	9,005	1,974	21.9%
Total current assets	374,523	298,864	75,659	25.3%
Property, plant, and equipment, net	238,139	219,049	19,090	8.7%
Prepaid pension costs	77,877	76,072	1,805	2.4%
Goodwill, net	220,058	181,101	38,957	21.5%
Other intangible assets, net	48,268	21,982	26,286	119.6%
Other assets	14,800	13,034	1,766	13.5%
Total Assets	$973,665	$810,102	$163,563	20.2%
Liabilities				
Current Liabilities:				
Short-term debt	$997	$32,837	$(31,840)	-97.0%
Accounts payable	43,776	41,344	2,432	5.9%
Accrued expenses	44,938	32,446	12,492	38.5%
Income taxes payable	6,748	4,528	2,220	49.0%
Other current liabilities	39,424	50,472	(11,048)	-21.9%
Total current liabilities	135,883	161,627	(25,744)	-15.9%
Long-term debt	224,151	119,041	105,110	88.3%
Deferred income taxes	21,798	6,605	15,193	230.0%
Accured pension & other postretirement benefit costs	75,633	77,438	(1,805)	-2.3%
Long-term portion of environmental reserves	21,083	22,585	(1,502)	-6.7%
Other liabilities	16,236	11,578	4,658	40.2%
Total Liabilities	494,784	398,874	95,910	24.0%
Stockholders' Equity				
Common stock, $1 par value	16,611	10,618	5,993	56.4%
Class B common stock, $1 par value	8,765	4,382	4,383	100.0%
Capital surplus	52,998	52,200	798	1.5%
Retained earnings	543,670	508,298	35,372	7.0%
Unearned portion of restricted stock	(55)	(60)	5	-8.3%
Accumulated other comprehensive income	22,634	6,482	16,152	249.2%
	644,623	581,920	62,703	10.8%
Less: cost of treasury stock	165,742	170,692	(4,950)	-2.9%
Total Stockholders' Equity	478,881	411,228	67,653	16.5%
Total Liabilities and Stockholders' Equity	$973,665	$810,102	$163,563	20.2%

Certain prior year information has been reclassified to conform to current presentation.

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

	Three Months Ended December 31,		
	2003	2002	% Change
Sales:			
Flow Control	$78,146	$76,906	1.6%
Motion Control	77,724	69,519	11.8%
Metal Treatment	37,793	27,648	36.7%
Total Sales	$193,663	$174,073	11.3%
Operating Income:			
Flow Control	$9,815	$9,136	7.4%
Motion Control	11,616	9,140	27.1%
Metal Treatment	5,953	3,833	55.3%
Total Segments	27,384	22,109	23.9%
Pension Income	31	446	-93.0%
Corporate & Other	(1,315)	(823)	59.8%
Total Operating Income	$26,100	$21,732	20.1%
Operating Margins:			
Flow Control	12.6%	11.9%	
Motion Control	14.9%	13.1%	

Metal Treatment	15.8%	13.9%
Total Curtiss-Wright	13.5%	12.5%

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

	Year Ended December 31,		
	2003	2002	% Change
Sales:			
Flow Control	$341,271	$172,455	97.9%
Motion Control	265,905	233,437	13.9%
Metal Treatment	138,895	107,386	29.3%
Total Sales	$746,071	$513,278	45.4%
Operating Income:			
Flow Control	$39,991	$20,693	93.3%
Motion Control	30,350	29,579	2.6%
Metal Treatment	19,055	14,403	32.3%
Total Segments	89,396	64,675	38.2%
Pension Income	1,611	7,208	-77.6%
Corporate & Other	(1,677)	(2,846)	-41.1%
Total Operating Income	$89,330	$69,037	29.4%
Operating Margins:			
Flow Control	11.7%	12.0%	
Motion Control	11.4%	12.7%	
Metal Treatment	13.7%	13.4%	
Total Curtiss-Wright	12.0%	13.5%	

About Curtiss-Wright

Curtiss-Wright Corporation is a diversified company headquartered in Roseland, New Jersey. The Company designs, manufactures and overhauls products for motion control and flow control applications and additionally is a provider of metal treatment services. The firm employs approximately 4,500 people. More information on Curtiss-Wright can be found at www.curtisswright.com.

About the Centennial Celebration of Flight

On December 17, 1903, amid the sand dunes of Kitty Hawk, North Carolina, man's quest for powered flight became a reality when a small fabric and wood craft known as the Wright Flyer ushered in the aviation age. The team behind this legendary event, Orville and Wilbur Wright, along with aircraft designer Glenn Curtiss, gave birth to a new industry and founded Curtiss-Wright Corporation.

Forward-looking statements in this release 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 competitive marketplace and/or customer requirements; a change in government spending; an inability to perform customer contracts at anticipated cost levels; and other factors that generally affect the business of aerospace, defense contracting, marine, and industrial companies. Please refer to the Company's current SEC filings under the Securities and Exchange Act of 1934, as amended, for further information.

This press release and additional information is available at www.curtisswright.com.

SOURCE Curtiss-Wright Corporation

/CONTACT: Alexandra Magnuson of Curtiss-Wright Corporation,
+1-973-597-4734, or amagnuson@cwcorp.curtisswright.com/