



## Curtiss-Wright Reports First Quarter 2004 Financial Results

Sales and Operating Income Up 19% & 6%, Respectively; Backlog at Record Levels

ROSELAND, N.J., April 29 /PRNewswire-FirstCall/ -- Curtiss-Wright Corporation (NYSE: CW, CW.B) today announced financial results for the first quarter ended March 31, 2004. The highlights for the first quarter are as follows:

- Net sales for the first quarter of 2004 increased 19% to \$214.9 million from \$179.9 million in the first quarter of 2003. Acquisitions made in 2003 and 2004 contributed \$29.6 million in incremental sales in the first quarter of 2004.
- Operating income in the first quarter of 2004 increased 6% to \$25.3 million from \$23.9 million in the first quarter of 2003. Acquisitions made in 2003 and 2004 contributed \$2.3 million in incremental operating income in the first quarter of 2004.
- Net earnings for the first quarter of 2004 increased 11% to \$15.6 million, or \$0.74 per diluted share, from \$14.1 million, or \$0.68 per diluted share (adjusted for the 2-for-1 stock split in December 2003). The net earnings for the first quarter include a one-time tax benefit of \$1.5 million resulting from a change in legal structure of one of our subsidiaries. In addition, the increase in 2004 net earnings was achieved despite a \$1.4 million increase in interest expense (approximately \$0.04 per diluted share) and a \$0.6 million decrease in pension income from the first quarter of 2003.
- Backlog increased 10% to a new record high of \$558.0 million from \$505.5 million at December 31, 2003.

"We are pleased to again report higher sales and operating income for the first quarter of 2004 over the same period last year," commented Martin R. Benante, Chairman and CEO of Curtiss-Wright Corporation. "Our strong performance is due to our diversification strategy and growth in our core markets, particularly defense, specifically defense electronics, and in our metal treatment segment, specifically laser and shot peening. We successfully increased sales and earnings, despite a slowdown in some of our markets, due to our ability to deliver to our customers the high performance, technologically advanced products for which Curtiss-Wright is world renowned."

### Sales

The 19% improvement in sales for the first quarter 2004 compared to the prior year period resulted from solid organic growth and the contributions of \$29.6 million in incremental sales from our 2003 and 2004 acquisitions. Excluding the contributions from the acquisitions consummated in 2003 and 2004, we experienced 4% overall organic growth in the first quarter of 2004 over the prior year period. We experienced organic growth of 17% in our Metal Treatment segment and 10% in our Motion Control segment, partially offset by an overall decrease in the Flow Control segment sales due to the shipment of two large completed projects in the first quarter of 2003 that did not reoccur in 2004.

In our base businesses, higher sales from our military aerospace and domestic ground defense businesses, higher sales of flow control products to the commercial power generation and the nuclear navy markets, and higher sales from our laser peening and global shot peening businesses, all contributed to the organic growth. In addition, foreign currency translation favorably impacted sales for the first quarter of 2004 by \$4.8 million as compared to the prior year period.

### Operating Income

Operating income for the first quarter 2004 increased 6% over 2003 due to higher sales volumes and a favorable sales mix. We experienced organic growth of 51% in our Metal Treatment segment and 39% in our Motion Control segment, offset by an overall decrease in the Flow Control segment due to the margin related to the two large completed projects in the first quarter of 2003 that did not reoccur in 2004. This increase was partially offset by lower volume for our European ground defense business and lower pension income.

### Net Earnings

Net earnings for the first quarter of 2004 year increased 11% over the comparable prior year period, highlighted by strong operating income from our business segments, which increased \$2.1 million. The net earnings for the first quarter include a one-time tax benefit of \$1.5 million resulting from a change in legal structure of one of our subsidiaries. These improvements were partially offset by higher interest expense associated with the debt incurred for our acquisition program. Overall, Curtiss-Wright achieved strong growth in the military aerospace, domestic land-based military, commercial power generation, and laser and shot peening markets. Additionally Curtiss-Wright achieved growth during the first quarter of 2004 in oil and gas processing and certain industrial markets, despite the sluggish performance of these markets overall.

"Our position on many key defense programs, which include a mix of high performance products for aerospace, land-based and naval platforms, produced 17% higher sales in the first quarter of 2004 as compared to the comparable prior year period, and should continue to provide opportunities for us in the future," said Mr. Benante. "Our balanced blend of defense and commercial businesses is expected to continue 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 expanded our geographic reach and technological capabilities."

## Segment Performance

**Flow Control** -- Sales for the first quarter of 2004 were \$89.4 million, down 4% over the comparable period last year. Lower overall sales were mainly due to the completion in 2003 of two large projects, which did not reoccur in 2004. These projects generated approximately \$14 million in sales in the first quarter of 2003. The loss of sales from these two large projects was partially offset by a 12% increase in sales for this segment's remaining businesses over the comparable prior year period. Higher sales to the commercial power generation market, higher sales of flow control and electronic products to the nuclear naval market and higher sales of our coke de-heading valve to the oil and gas industry partially offset the decrease in sales resulting from the aforementioned projects. Sales of this business segment also benefited from favorable foreign currency translation of \$0.8 million in the first quarter of 2004 as compared to the prior year period.

Operating income for this segment decreased 27% in the first quarter of 2004 compared to the prior year period. The reduction was primarily due to lower volume and the profit impact related to the two large higher margin contracts in the first quarter of 2003 that did not reoccur in 2004. The loss in operating income from these two large projects was partially offset by a 6% increase in operating income for this segment's remaining businesses over the comparable prior year period. Also contributing to the lower operating income was less favorable sales mix of electronic components and lower margin on certain valve orders for the nuclear navy. Operating income improvements for our commercial power generation and oil and gas products were due to higher volume and stronger sales mix.

**Motion Control** -- Sales of \$83.3 million for the first quarter of 2004 increased 46% over last year, principally due to the contributions from the 2003 and 2004 acquisitions, and 10% organic sales growth. The organic sales growth was driven mainly by an increase in sales of military aerospace products for F-16 spares, F/A-22 production and Joint Strike Fighter development. In addition, this segment experienced higher electronic sales for the Global Hawk program and slightly higher domestic land-based military and European sensor and drive sales. These higher sales were partially offset by lower European ground defense sales resulting from expedited delivery schedules in 2003 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 \$2.1 million in the first quarter of 2004 as compared to the prior year period.

Operating income for this segment increased 63% for the first quarter of 2004 compared to the prior year period. The improvement was driven by higher sales volume as mentioned above, favorable sales mix on various military programs, and cost controls. These improvements were partially offset by lower margins at our European ground defense business. Additionally, the operating margins for the overhaul and repair business improved slightly over the comparable period last year, mainly as a result of implemented cost control initiatives.

**Metal Treatment** -- Sales for the first quarter of 2004 of \$42.2 million were 43% higher than the comparable period last year. The improvement was mainly due to organic growth of 17% driven by higher overall shot peening revenues and the contributions from the 2003 and 2004 acquisitions. The improvement in shot peening revenue was due to exceptional sales growth from our new laser peening technology as well as strong growth in our core shot peening services in both North America and Europe. Favorable foreign currency translation positively impacted sales by \$2.0 million in the first quarter of 2004 as compared to the prior year period.

Operating income increased 75% for the first quarter of 2004 as compared to the first quarter last year. Margins improved substantially in our shot peening businesses primarily as a result of higher sales volume. In addition, favorable sales mix, cost reduction programs, and favorable foreign currency translation also contributed to the higher operating income.

Mr. Benante concluded, "We begin the year 2004 confident in our ability to generate long-term shareholder value by continuing to grow our sales and earnings. Although 2004 is likely to be challenging, our first quarter results were better-than-expected and exemplify our ability to execute our strategy and achieve our financial targets. Our diversification and growth strategy and keen focus 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 first quarter 2004 results at 10:00 EDT Friday, April 30, 2004. A live webcast of the call can be heard on the Internet by visiting the company's website at [www.curtisswright.com](http://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		Change	
	March 31,		\$	%
	2004	2003		
Net sales	\$214,933	\$179,933	\$35,000	19.45%
Cost of sales	143,338	120,901	22,437	18.56%
Gross profit	71,595	59,032	12,563	21.28%
Research & development expenses	8,212	5,305	2,907	54.80%
Selling expenses	12,604	8,968	3,636	40.54%
General and administrative expenses	25,249	21,414	3,835	17.91%
Environmental remediation and administrative expenses, net	240	0	240	N/A
Pension expense (income), net	40	(525)	565	-107.62%
Operating income	25,250	23,870	1,380	5.78%
Other income (expenses), net	(489)	(242)	(247)	102.07%
Interest expense	(2,265)	(851)	(1,414)	166.16%
Earnings before income taxes	22,496	22,777	(281)	-1.23%
Provision for income taxes	6,887	8,655	(1,768)	-20.43%
Net earnings	\$15,609	\$14,122	\$1,487	10.53%
Basic earnings per share	\$0.75	\$0.69		
Diluted earnings per share	\$0.74	\$0.68		
Dividends per share	\$0.09	\$0.08		
Weighted average shares outstanding:				
Basic	20,881	20,564		
Diluted	21,206	20,816		

Share and per share amounts have been restated to reflect the Corporation's 2-for-1 stock split on December 17, 2003. Certain prior year information has been reclassified to conform to current presentation.

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

	March 31,		December 31,		Change	
	2004	2003	\$	%		
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$33,322	\$98,672	\$(65,350)	-66.2%		
Receivables, net	164,137	143,362	20,775	14.5%		
Inventories, net	104,929	97,880	7,049	7.2%		
Deferred income taxes	24,377	23,630	747	3.2%		
Other current assets	12,661	10,979	1,682	15.3%		
Total current assets	339,426	374,523	(35,097)	-9.4%		
Property, plant, and equipment, net	246,301	238,139	8,162	3.4%		
Prepaid pension costs	77,861	77,877	(16)	0.0%		
Goodwill, net	284,217	220,058	64,159	29.2%		
Other intangible assets, net	78,829	48,268	30,561	63.3%		
Other assets	19,431	14,800	4,631	31.3%		
Total Assets	\$1,046,065	\$973,665	\$72,400	7.4%		
<b>Liabilities</b>						
Current Liabilities:						
Short-term debt	\$1,034	\$997	\$37	3.7%		
Accounts payable	47,630	43,776	3,854	8.8%		
Accrued expenses	39,966	44,938	(4,972)	-11.1%		
Income taxes payable	10,756	6,748	4,008	59.4%		
Other current liabilities	35,890	39,424	(3,534)	-9.0%		
Total current liabilities	135,276	135,883	(607)	-0.4%		
Long-term debt	276,508	224,151	52,357	23.4%		
Deferred income taxes	20,660	21,798	(1,138)	-5.2%		
Accrued pension & other postretirement benefit costs	76,340	75,633	707	0.9%		
Long-term portion of environmental reserves	20,564	21,083	(519)	-2.5%		
Other liabilities	19,829	16,236	3,593	22.1%		
Total Liabilities	549,177	494,784	54,393	11.0%		

Stockholders' Equity				
Common stock, \$1 par value	16,611	16,611	0	0.0%
Class B common stock, \$1 par value	8,765	8,765	0	0.0%
Capital surplus	49,698	52,998	(3,300)	-6.2%
Retained earnings	557,390	543,670	13,720	2.5%
Unearned portion of restricted stock	(50)	(55)	5	-9.1%
Accumulated other comprehensive income	23,387	22,634	753	3.3%
	655,801	644,623	11,178	1.7%
Less: cost of treasury stock	158,913	165,742	(6,829)	-4.1%
Total Stockholders' Equity	496,888	478,881	18,007	3.8%
Total Liabilities and Stockholders' Equity	\$1,046,065	\$973,665	\$72,400	7.4%

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

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

SEGMENT INFORMATION

(In thousands)

	Three Months Ended		
	March 31,		
	2004	2003	% Change
Sales:			
Flow Control	\$89,395	\$93,341	-4.2%
Motion Control	83,344	57,040	46.1%
Metal Treatment	42,194	29,552	42.8%
Total Sales	\$214,933	\$179,933	19.5%
Operating Income:			
Flow Control	\$10,431	\$14,318	-27.1%
Motion Control	8,289	5,090	62.8%
Metal Treatment	6,577	3,751	75.3%
Total Segments	25,297	23,159	9.2%
Pension Income	(40)	525	-107.6%
Corporate & Other	(7)	186	-103.8%
Total Operating Income	\$25,250	\$23,870	5.8%
Operating Margins:			
Flow Control	11.7%	15.3%	
Motion Control	9.9%	8.9%	
Metal Treatment	15.6%	12.7%	
Total Curtiss-Wright	11.7%	13.3%	

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 provides a variety of metal treatment services. The firm employs approximately 4,900 people. More information on Curtiss-Wright can be found at [www.curtisswright.com](http://www.curtisswright.com).

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](http://www.curtisswright.com).

SOURCE Curtiss-Wright Corporation

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