



Curtiss-Wright Reports 2004 Second Quarter and Six Month Financial Results

Sales Increased 22% and 21% and Operating Income 43% & 22% in the Second Quarter and First Half of 2004, Respectively Backlog at Record Level

ROSELAND, N.J., Jul 29, 2004 /PRNewswire-FirstCall via COMTEX/ -- Curtiss-Wright Corporation (NYSE: CW, CW.B) today announced financial results for the second quarter and six months ended June 30, 2004. The highlights for the periods are as follows:

Second Quarter 2004 Operating Highlights

- * Net sales for the second quarter of 2004 increased 22% to \$222.4 million from \$182.9 million in the second quarter of 2003. Acquisitions made in the second half of 2003 and in 2004 contributed \$30.2 million in incremental sales in the second quarter of 2004.
- * Operating income in the second quarter of 2004 increased 43% to \$25.6 million from \$18.0 million in the second quarter of 2003. Acquisitions made in the second half of 2003 and in 2004 contributed \$2.7 million in incremental operating income in the second quarter of 2004. The increase in operating income was achieved despite a \$0.6 million decrease in pension income from the second quarter of 2003.
- * Net earnings for the second quarter of 2004 increased 32% to \$14.3 million, or \$0.67 per diluted share, from \$10.9 million, or \$0.52 per diluted share, in the second quarter of 2003 (adjusted for the 2-for-1 stock split in December 2003). The increase in 2004 second quarter net earnings was achieved despite a \$2.1 million increase in interest expense (approximately \$0.06 per diluted share).
- * New orders received in the second quarter of 2004 were \$208.1 million, up 12% compared to the second quarter of 2003.

Six Months 2004 Operating Highlights

- * Net sales for the first six months of 2004 increased 21% to \$437.4 million from \$362.8 million in the first six months of 2003. Acquisitions made in 2003 and 2004 contributed \$58.4 million in incremental sales in the first six months of 2004.
- * Operating income in the first six months of 2004 increased 22% to \$50.9 million from \$41.8 million in the first six months of 2003. Acquisitions made in 2003 and 2004 contributed \$5.1 million in incremental operating income in the first six months of 2004. The increase in operating income was achieved despite a \$1.1 million decrease in pension income from the first six months of 2003.
- * Net earnings for the first six months of 2004 increased 20% to \$29.9 million, or \$1.40 per diluted share, from \$25.0 million, or \$1.20 per diluted share, in the first six months of 2003 (adjusted for the 2-for-1 stock split in December 2003). In addition, the increase in 2004 net earnings was achieved despite a \$3.5 million increase in interest expense (approximately \$0.10 per diluted share).
- * New orders received in the first six months of 2004 were \$443.5 million, up 13% compared to the first six months of 2003. Backlog increased 11% to a new record high of \$559.4 million from \$505.5 million at December 31, 2003.

"We are pleased to again report higher sales and operating income for the second quarter and first half of 2004," commented Martin R. Benante, Chairman and CEO of Curtiss-Wright Corporation. "We continue to grow operating income faster than sales, which demonstrates our ability to successfully integrate acquisitions while continuing to grow our base businesses. Our diversification strategy has provided growth in the first half of 2004 for both our core defense markets, which grew 21%, and commercial and industrial markets, which grew 20%, over the prior year period."

Sales

Sales growth in 2004 for the three and six months ended June 30th as compared to 2003, was driven by contributions from acquisitions and organic growth in some of our base businesses. Acquisitions made in 2003 and 2004 have contributed \$30.2 million and \$58.4 million in incremental sales for the quarter and six months ended June 30, 2004, respectively, over the comparable periods in 2003. Excluding the contribution from these acquisitions, we experienced overall organic growth of 5% and 4% for the three and six months ended June 30, 2004, respectively, over the prior year periods. The organic sales growth was driven by our Metal Treatment and Motion Control segments, which experienced organic growth of 19% and 9%, respectively, for the first six months of 2004.

In our base businesses, higher sales from our Motion Control segment to the military aerospace market, higher sales from our Flow Control segment to the commercial power generation and oil and gas processing markets, and higher sales of global shot and laser peening by our Metal Treatment segment, all contributed to the organic growth. In addition, foreign currency translation favorably impacted sales by \$3.1 million and \$7.7 million for the three and six months ended June 30, 2004, respectively, compared to the prior year periods.

Operating Income

Operating income for the three and six months ended June 30, 2004 increased 43% and 22%, respectively, over the 2003 prior year periods. The increases were due to higher sales volumes, favorable sales mix and previously implemented cost control initiatives. Overall, organic growth was 31% and 13% for the three and six months ended June 30, 2004, respectively, compared to the prior year periods. The strong year-to-date performance of our Motion Control and Metal Treatment segments was slightly offset by a decrease in the Flow Control segment.

The higher segment operating income was partially offset by lower pension income of \$0.6 million and \$1.1 million for the three and six months ended June 30, 2004, respectively, over the comparable prior year periods. In addition, foreign currency translation favorably impacted operating income by \$0.5 million and \$1.2 million for the three and six months ended June 30, 2004, respectively, compared to the prior year periods.

Net Earnings

Net earnings increased 32% and 20% for the three and six months ended June 30, 2004, respectively, over the comparable prior year periods. This was achieved by strong operating income from our business segments, which increased \$8.6 million and \$10.7 million over the prior year periods. Curtiss-Wright achieved strong growth in the military aerospace, commercial power generation, and laser and shot peening markets. Additionally Curtiss-Wright achieved growth during the first six months of 2004 in oil and gas processing, commercial repair and overhaul and certain industrial markets, despite the continued softness in these markets overall.

Net earnings for the first six months 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 to fund our acquisition program and from higher interest rates.

Segment Performance

Flow Control -- Sales for the second quarter of 2004 were \$86.2 million, up 1% over the comparable period last year. Sales growth was achieved in the commercial power generation, oil and gas processing, and defense electronics markets. This growth was mostly offset by lower sales of flow control products to the US Navy primarily due to the timing of contractual revenues. Sales of this business segment also benefited from favorable foreign currency translation of \$0.4 million in the second quarter of 2004 as compared to the prior year period.

Operating income for this segment increased 1% in the second quarter of 2004 compared to the prior year period. Despite the profit impact related to lower flow control product sales to the US Navy, we achieved strong growth in this segment's other businesses. Higher volume and stronger sales mix for our commercial power generation and oil and gas products, and higher volumes for our electronic products to the US Navy were the drivers of this increase.

Motion Control -- Sales of \$91.6 million for the second quarter of 2004 increased 50% over last year, principally due to the contributions from the 2003 and 2004 acquisitions, and 8% organic sales growth. The organic growth was driven mainly by an increase in sales of military aerospace products for F/A-22 and V-22 production, F/A-22 spares, and the Joint Strike Fighter development. In addition, this segment experienced higher electronic sales for the 767 Refueler program and higher sales associated with the repair and overhaul services provided to the global airline industry. Sales of this business segment also benefited from favorable foreign currency translation of \$1.7 million in the second quarter of 2004 as compared to the prior year period.

Operating income for this segment increased 144% for the second quarter of 2004 compared to the prior year period. The improvement was driven by higher sales volume previously mentioned, favorable sales mix on various military programs, and implemented cost control initiatives. Additionally, the operating margins for the repair and overhaul business improved slightly over the comparable period last year, mainly as a result of implemented cost control initiatives.

Metal Treatment -- Sales for the second quarter of 2004 of \$44.6 million were 23% higher than the comparable period last year. The improvement was mainly due to organic growth of 19% driven by higher overall laser and shot peening revenues, and the contributions from the 2004 acquisitions. We achieved exceptional sales growth from our new laser peening technology as well as strong growth in our global shot peening businesses. Favorable foreign currency translation positively impacted sales by \$1.1 million in the second quarter of 2004 as compared to the prior year period.

Operating income increased 51% for the second quarter of 2004 as compared to the prior year period. Margins improved substantially in our shot peening businesses primarily as a result of higher sales volume, especially for our higher margin laser peening sales. In addition, favorable sales mix, cost reduction programs, and favorable foreign currency translation also contributed to the higher operating income.

Mr. Benante concluded, "In 2004, we continue to demonstrate our ability to generate long-term shareholder value by growing our sales and earnings. We successfully increased sales and earnings due to our diversification and ability to deliver the high performance, technologically advanced products for which Curtiss-Wright is world renowned. Our strong performance in the first half of 2004 exemplifies our ability to execute our strategy and achieve our financial targets. We expect the second half of 2004 to be even stronger, which will continue to provide opportunities to generate growth in each of our three business segments. We look forward to providing our investors with superior returns in 2004."

The Company will host a conference call to discuss the second quarter 2004 results at 10:00 EDT Friday, July 30, 2004. A live webcast of the call can be heard on the Internet by visiting the company's website at <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		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Net sales	\$222,428	\$182,857	\$437,361	\$362,790
Cost of sales	146,406	126,175	289,744	247,076
Gross profit	76,022	56,682	147,617	115,714
Research & development expenses	7,754	5,772	15,966	11,077
Selling expenses	14,743	10,307	27,347	19,275
General and administrative expenses	27,789	23,166	53,038	44,580
Environmental remediation and administrative expenses, net	51	-	291	-
Pension expense (income), net	42	(528)	82	(1,053)
Operating income	25,643	17,965	50,893	41,835
Other income (expenses), net	293	515	(196)	273
Interest expense	(3,018)	(942)	(5,283)	(1,793)
Earnings before income taxes	22,918	17,538	45,414	40,315
Provision for income taxes	8,594	6,665	15,481	15,320
Net earnings	\$14,324	\$10,873	\$29,933	\$24,995
Basic earnings per share	\$0.68	\$0.53	\$1.42	\$1.21
Diluted earnings per share	\$0.67	\$0.52	\$1.40	\$1.20
Dividends per share	\$0.09	\$0.08	\$0.18	\$0.15
Weighted average shares outstanding:				
Basic	21,136	20,602	21,013	20,584
Diluted	21,460	20,862	21,330	20,834

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

Three Months		Six Months	
Change		Change	
\$	%	\$	%

Net sales	\$39,571	21.64%	\$74,571	20.55%
Cost of sales	20,231	16.03%	42,668	17.27%
Gross profit	19,340	34.12%	31,903	27.57%
Research & development expenses	1,982	34.34%	4,889	44.14%
Selling expenses	4,436	43.04%	8,072	41.88%
General and administrative expenses	4,623	19.96%	8,458	18.97%
Environmental remediation and administrative expenses, net	51	N/A	291	N/A
Pension expense (income), net	570	-107.95%	1,135	-107.79%
Operating income	7,678	42.74%	9,058	21.65%
Other income (expenses), net	(222)	-43.11%	(469)	-171.79%
Interest expense	(2,076)	220.38%	(3,490)	194.65%
Earnings before income taxes	5,380	30.68%	5,099	12.65%
Provision for income taxes	1,929	28.95%	161	1.05%
Net earnings	\$3,451	31.74%	\$4,938	19.75%

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)

	June 30, 2004	December 31, 2003	Change \$	%
Assets				
Current Assets:				
Cash and cash equivalents	\$36,830	\$98,672	\$(61,842)	-62.7%
Receivables, net	174,538	143,362	31,176	21.7%
Inventories, net	114,769	97,880	16,889	17.3%
Deferred income taxes	24,269	23,630	639	2.7%
Other current assets	13,660	10,979	2,681	24.4%
Total current assets	364,066	374,523	(10,457)	-2.8%
Property, plant, and equipment, net	248,496	238,139	10,357	4.3%
Prepaid pension costs	77,845	77,877	(32)	0.0%
Goodwill, net	316,114	220,058	96,056	43.7%
Other intangible assets, net	95,010	48,268	46,742	96.8%
Other assets	15,956	14,800	1,156	7.8%
Total Assets	\$1,117,487	\$973,665	\$143,822	14.8%
Liabilities				
Current Liabilities:				
Short-term debt	\$1,002	\$997	\$5	0.5%
Accounts payable	56,551	43,776	12,775	29.2%
Accrued expenses	49,144	44,938	4,206	9.4%
Income taxes payable	5,229	6,748	(1,519)	-22.5%
Other current liabilities	43,486	39,424	4,062	10.3%
Total current liabilities	155,412	135,883	19,529	14.4%
Long-term debt	300,999	224,151	76,848	34.3%
Deferred income taxes	20,318	21,798	(1,480)	-6.8%
Accrued pension & other postretirement benefit costs	77,566	75,633	1,933	2.6%
Long-term portion of environmental reserves	19,774	21,083	(1,309)	-6.2%
Other liabilities	20,860	16,236	4,624	28.5%
Total Liabilities	594,929	494,784	100,145	20.2%
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	51,522	52,998	(1,476)	-2.8%
Retained earnings	569,792	543,670	26,122	4.8%
Unearned portion of restricted				

stock	(45)	(55)	10	-18.9%
Accumulated other comprehensive income	22,219	22,634	(415)	-1.8%
	668,864	644,623	24,241	3.8%
Less: cost of treasury stock	146,306	165,742	(19,436)	-11.7%
Total Stockholders' Equity	522,558	478,881	43,677	9.1%
Total Liabilities and Stockholders' Equity	\$1,117,487	\$973,665	\$143,822	14.8%

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

SEGMENT INFORMATION

(In thousands)

	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2004	2003	% Change	2004	2003	% Change
Sales:						
Flow Control	\$86,205	\$85,617	0.7%	\$175,600	\$178,958	-1.9%
Motion Control	91,578	60,984	50.2%	174,922	118,024	48.2%
Metal Treatment	44,645	36,256	23.1%	86,839	65,808	32.0%
Total Sales	\$222,428	\$182,857	21.6%	\$437,361	\$362,790	20.6%
Operating Income:						
Flow Control	\$8,846	\$8,748	1.1%	\$19,277	\$23,066	-16.4%
Motion Control	10,012	4,107	143.8%	18,301	9,197	99.0%
Metal Treatment	7,577	5,030	50.6%	14,154	8,781	61.2%
Total Segments	26,435	17,885	47.8%	51,732	41,044	26.0%
Pension Income	(42)	528	-108.0%	(82)	1,053	-107.8%
Corporate & Other	(750)	(448)	67.4%	(757)	(262)	188.9%
Total Operating Income	\$25,643	\$17,965	42.7%	\$50,893	\$41,835	21.7%
Operating Margins:						
Flow Control	10.3%	10.2%		11.0%	12.9%	
Motion Control	10.9%	6.7%		10.5%	7.8%	
Metal Treatment	17.0%	13.9%		16.3%	13.3%	
Total Curtiss-Wright	11.5%	9.8%		11.6%	11.5%	

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 provides a variety of metal treatment services. The firm employs approximately 5,100 people. More information on Curtiss-Wright can be found at <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, electronics, 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 <http://www.curtisswright.com>.

SOURCE Curtiss-Wright Corporation

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