



AMETEK Announces Third Quarter Results and Provides Fourth Quarter 2020 Guidance

October 29, 2020

BERWYN, Pa., Oct. 29, 2020 /PRNewswire/ -- AMETEK, Inc. (NYSE: AME) today announced its financial results for the third quarter ended September 30, 2020.

AMETEK's third quarter 2020 sales were \$1.13 billion, a 12% decline compared to the third quarter of 2019. Operating income in the quarter was \$270.7 million and operating margins were a record 24.0%, up 40 basis points from the third quarter of 2019.

On a GAAP basis, third quarter earnings per diluted share were \$0.88. Adjusted earnings in the quarter were \$1.01 per diluted share, down 5% compared to the prior-year's comparable period. Adjusted earnings adds back non-cash, after-tax, acquisition-related intangible amortization of \$0.13 per diluted share. A reconciliation of reported GAAP results to adjusted results is included in the financial tables accompanying this release and on the AMETEK website.

"Our teams did an outstanding job in the third quarter, managing ongoing challenges presented by the COVID-19 pandemic while providing essential support to our customers," said David A. Zapico, AMETEK Chairman and Chief Executive Officer. "We continue to prioritize our employees' safety and well-being by taking appropriate precautions across our facilities."

"In the midst of the pandemic, AMETEK was able to deliver record operating margins as well as EBITDA margins of 29.5%. These outstanding results reflect the flexibility of the AMETEK Growth Model and the exceptional talent and dedication of our employees," continued Mr. Zapico. "Operating cash flow in the quarter was \$310 million, resulting in excellent free cash flow conversion of 146% of net income, further strengthening our balance sheet and liquidity position, providing us tremendous flexibility to deploy capital on strategic acquisitions," said Mr. Zapico.

Electronic Instruments Group (EIG)

EIG sales in the third quarter were \$748.4 million, down 8% from the third quarter of 2019. EIG's operating income in the quarter was \$203.7 million and operating income margins were 27.2%, an increase of 30 basis points over the prior-year period.

"EIG experienced strong, broad-based sequential sales improvement in the third quarter as the global economy began its recovery from a difficult second quarter," noted Mr. Zapico. "Despite a year-over-year decline in sales as a result of the pandemic, EIG delivered excellent operating performance with solid margin expansion in the quarter."

Electromechanical Group (EMG)

EMG sales in the third quarter were \$378.6 million, down 18% versus last year's third quarter. Operating income for EMG in the quarter was \$84.3 million and operating income margins were 22.3%, down 10 basis points versus the same period last year.

"While EMG's top line was impacted by the divestiture of Reading Alloys and the effects of the pandemic, EMG delivered strong operating results in the quarter through continued focus on its Operational Excellence initiatives," commented Mr. Zapico.

2020 Outlook

"Our businesses have managed exceptionally well through the first nine months of what has certainly been an extraordinary year. We remain committed to investing in long-term, sustainable growth initiatives while reacting to the current dynamic market environment with a focus on cost and asset management," continued Mr. Zapico. "While the pandemic continues to present uncertainty, our end markets are gradually recovering, and we are well positioned to deliver strong results."

"Given this recovery and improved visibility across our businesses we are reinstating quarterly guidance," said Mr. Zapico. "For the fourth quarter, we expect solid sequential improvements in sales versus the third quarter with year-over-year sales down high single digits on a percentage basis compared to last year's fourth quarter. We anticipate fourth quarter adjusted earnings will be in the range of \$1.00 to \$1.04 per diluted share," Mr. Zapico concluded.

Conference Call

AMETEK will webcast its third quarter 2020 investor conference call on Thursday, October 29, 2020, beginning at 8:30 AM ET. The live audio webcast will be available and later archived in the Investors section of www.ametek.com.

About AMETEK

AMETEK is a leading global manufacturer of electronic instruments and electromechanical devices with 2019 sales of approximately \$5.0 billion. The AMETEK Growth Model integrates the Four Growth Strategies - Operational Excellence, New Product Development, Global and Market Expansion, and Strategic Acquisitions - with a disciplined focus on cash generation and capital deployment. AMETEK's objective is double-digit percentage growth in earnings per share over the business cycle and a superior return on total capital. The common stock of AMETEK is a component of the S&P 500.

Forward-looking Information

Statements in this news release relating to future events, such as AMETEK's expected business and financial performance are "forward-looking statements." Forward-looking statements are subject to various factors and uncertainties that may cause actual results to differ significantly from expectations. These factors and uncertainties include risks related to COVID-19 and its potential impact on AMETEK's operations, supply chain, and demand across key end markets; AMETEK's ability to consummate and successfully integrate future acquisitions; risks with international sales and operations, including supply chain disruptions; AMETEK's ability to successfully develop new products, open new facilities or transfer product lines; the price and availability of raw materials; compliance with government regulations, including environmental regulations; changes in the competitive environment or the effects of competition in our markets; the ability to maintain adequate liquidity and financing sources; and general economic conditions affecting the industries we serve. A detailed discussion of these and other factors that may affect our future results is contained in AMETEK's filings with the U.S. Securities and Exchange Commission, including its most recent reports on Form 10-K, 10-Q and 8-K. AMETEK

disclaims any intention or obligation to update or revise any forward-looking statements.

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AMETEK, Inc.
Consolidated Statement of Income
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | \$1,126,942 | \$1,276,633 | \$3,341,082 | \$3,853,736 |
| Cost of sales | 732,705 | 823,262 | 2,226,547 | 2,512,722 |
| Selling, general and administrative | 123,496 | 152,315 | 384,764 | 461,289 |
| Total operating expenses | <u>856,201</u> | <u>975,577</u> | <u>2,611,311</u> | <u>2,974,011</u> |
| Operating income | 270,741 | 301,056 | 729,771 | 879,725 |
| Interest expense | (21,187) | (21,308) | (66,597) | (65,436) |
| Other (expense) income, net | <u>(1,479)</u> | <u>(5,517)</u> | <u>142,428</u> | <u>(12,521)</u> |
| Income before income taxes | 248,075 | 274,231 | 805,602 | 801,768 |
| Provision for income taxes | <u>43,494</u> | <u>53,482</u> | <u>154,188</u> | <u>161,248</u> |
| Net income | \$ 204,581 | \$ 220,749 | \$ 651,414 | \$ 640,520 |
| Diluted earnings per share | \$ 0.88 | \$ 0.96 | \$ 2.82 | \$ 2.79 |
| Basic earnings per share | <u>\$ 0.89</u> | <u>\$ 0.97</u> | <u>\$ 2.84</u> | <u>\$ 2.82</u> |
| Weighted average common shares outstanding: | | | | |
| Diluted shares | 231,460 | 229,560 | 230,904 | 229,191 |
| Basic shares | <u>229,576</u> | <u>228,041</u> | <u>229,254</u> | <u>227,493</u> |
| Dividends per share | <u>\$ 0.18</u> | <u>\$ 0.14</u> | <u>\$ 0.54</u> | <u>\$ 0.42</u> |

AMETEK, Inc.
Information by Business Segment
(In thousands)
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Net sales: | | | | |
| Electronic Instruments | \$ 748,372 | \$ 815,552 | \$2,170,479 | \$2,442,710 |
| Electromechanical | 378,570 | 461,081 | 1,170,603 | 1,411,026 |
| Consolidated net sales | <u>\$1,126,942</u> | <u>\$1,276,633</u> | <u>\$3,341,082</u> | <u>\$3,853,736</u> |
| Operating income: | | | | |
| Segment operating income: | | | | |
| Electronic Instruments | \$ 203,749 | \$ 219,451 | \$ 534,613 | \$ 635,448 |
| Electromechanical | 84,303 | 103,451 | 245,154 | 303,329 |
| Total segment operating income | <u>288,052</u> | <u>322,902</u> | <u>779,767</u> | <u>938,777</u> |

| | | | | |
|-----------------------------------|-------------------|------------|-------------------|------------|
| Corporate administrative expenses | <u>(17,311)</u> | (21,846) | <u>(49,996)</u> | (59,052) |
| Consolidated operating income | <u>\$ 270,741</u> | \$ 301,056 | <u>\$ 729,771</u> | \$ 879,725 |

AMETEK, Inc.
Condensed Consolidated Balance Sheet
(In thousands)

| | September 30, December 31, | |
|--|----------------------------|---------------------|
| | 2020 | 2019 |
| | (Unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,304,838 | \$ 393,030 |
| Receivables, net | 614,773 | 744,760 |
| Inventories, net | 584,753 | 624,567 |
| Other current assets | 138,654 | 263,414 |
| Total current assets | <u>2,643,018</u> | 2,025,771 |
| Property, plant and equipment, net | 508,645 | 548,908 |
| Right of use asset, net | 166,728 | 179,679 |
| Goodwill | 4,188,754 | 4,047,539 |
| Other intangibles, investments and other assets | 2,926,241 | 3,042,662 |
| Total assets | <u>\$10,433,386</u> | <u>\$ 9,844,559</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term borrowings and current portion of long-term debt, net | \$ 505,030 | \$ 497,449 |
| Accounts payable and accruals | 898,464 | 928,409 |
| Total current liabilities | <u>1,403,494</u> | 1,425,858 |
| Long-term debt, net | 2,295,810 | 2,271,292 |
| Deferred income taxes and other long-term liabilities | 1,029,890 | 1,031,917 |
| Stockholders' equity | 5,704,192 | 5,115,492 |
| Total liabilities and stockholders' equity | <u>\$10,433,386</u> | <u>\$ 9,844,559</u> |

AMETEK, Inc.
Reconciliations of GAAP to Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

EBITDA

| (In millions) | Three Months Ended | |
|---|--------------------|--------------|
| | September 30, 2020 | |
| Net income | \$ | 204.6 |
| Add (deduct): | | |
| Interest expense | | 21.2 |
| Interest income | | (0.3) |
| Income taxes | | 43.5 |
| Depreciation | | 24.4 |
| Amortization | | 38.6 |
| EBITDA | <u>\$</u> | <u>332.0</u> |
| EBITDA Margin (EBITDA divided by net sales) | | <u>29.5%</u> |

FREE CASH FLOW

| (In millions) | Three Months Ended | |
|---------------|--------------------|--|
| | September 30, 2020 | |

| | | |
|---------------------------------------|----|--------------|
| Cash provided by operating activities | \$ | 309.7 |
| Deduct: Capital expenditures | | (10.1) |
| Free cash flow | \$ | <u>299.6</u> |

| | | |
|---|--|-------------|
| Free Cash Flow Conversion (Free cash flow divided by net income) | | <u>146%</u> |
|---|--|-------------|

| ADJUSTED DILUTED EARNINGS PER SHARE | Diluted Earnings Per Share Three Months Ended | | Forecasted Diluted Earnings Per Share | |
|--|--|-----------------------|--|----------------|
| | | | Three Months Ended December 31, | |
| | September 30, 2020 | September 30, 2019 | Low 2020 | High 2020 |
| Diluted earnings per share (GAAP) | \$ 0.88 | \$ 0.96 | \$ 0.87 | \$ 0.91 |
| Pretax amortization of acquisition-related intangible assets | 0.17 | 0.13 | 0.17 | 0.17 |
| Income tax benefit on amortization of acquisition-related intangible assets | (0.04) | (0.03) | (0.04) | (0.04) |
| Adjusted Diluted earnings per share (Non-GAAP) | <u>\$ 1.01</u> | <u>\$ 1.06</u> | <u>\$ 1.00</u> | <u>\$ 1.04</u> |

Use of Non-GAAP Financial Information

The Company supplements its consolidated financial statements presented on a U.S. generally accepted accounting principles ("GAAP") basis with certain non-GAAP financial information to provide investors with greater insight, increased transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making. Reconciliation of non-GAAP measures to their most directly comparable GAAP measures are included in the accompanying financial tables. These non-GAAP financial measures should be considered in addition to, and not as a replacement for, or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

The Company believes that these measures provide useful information to investors by reflecting additional ways of viewing AMETEK's operations that, when reconciled to the comparable GAAP measure, helps our investors to better understand the long-term profitability trends of our business, and facilitates easier comparisons of our profitability to prior and future periods and to our peers.

View original content: <http://www.prnewswire.com/news-releases/ametech-announces-third-quarter-results-and-provides-fourth-quarter-2020-guidance-301162247.html>

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