UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-12981

AMETEK, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

1100 Cassatt Road
Berwyn, Pennsylvania
(Address of principal executive offices)
14-1682544
(I.R.S. Employer Identification No.)

19312-1177
(Zip Code)

Registrant’s telephone number, including area code: (610) 647-2121

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**AME**	**New York Stock Exchange**

The number of shares of the registrant’s common stock outstanding as of the latest practicable date was: Common Stock, $0.01 Par Value, outstanding at October 29, 2024 was 231,307,680 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net sales	**$ 1,708,564**	$ 1,622,837	**$ 5,179,578**	$ 4,866,065
Cost of sales	**1,092,754**	1,020,920	**3,347,860**	3,096,635
Selling, general and administrative	**169,959**	163,782	**521,137**	506,963
Total operating expenses	**1,262,713**	1,184,702	**3,868,997**	3,603,598
Operating income	**445,851**	438,135	**1,310,581**	1,262,467
Interest expense	**(25,118)**	(18,386)	**(90,962)**	(57,678)
Other (expense) income, net	**(1,888)**	(6,256)	**(2,435)**	(15,313)
Income before income taxes	**418,845**	413,493	**1,217,184**	1,189,476
Provision for income taxes	**78,604**	73,123	**228,317**	219,152
Net income	**$ 340,241**	$ 340,370	**$ 988,867**	$ 970,324
Basic earnings per share	**$ 1.47**	$ 1.48	**$ 4.28**	$ 4.21
Diluted earnings per share	**$ 1.47**	$ 1.47	**$ 4.26**	$ 4.19
Weighted average common shares outstanding:				
Basic shares	**231,342**	230,691	**231,292**	230,431
Diluted shares	**232,224**	231,751	**232,188**	231,414
Dividends declared and paid per share	**$ 0.28**	$ 0.25	**$ 0.84**	$ 0.75

See accompanying notes.

AMETEK, Inc.
Condensed Consolidated Statement of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Total comprehensive income	**$ 405,095**	$ 294,757	**$ 1,016,270**	$ 977,660

See accompanying notes.

AMETEK, Inc.
Consolidated Balance Sheet
(In thousands)

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 396,266**	$ 409,804
Receivables, net	**968,240**	1,012,932
Inventories, net	**1,084,622**	1,132,471
Other current assets	**284,562**	269,461
Total current assets	**2,733,690**	2,824,668
Property, plant and equipment, net	**822,609**	891,293
Right of use assets, net	**211,381**	229,723
Goodwill	**6,550,267**	6,447,629
Other intangibles, net	**3,950,989**	4,165,317
Investments and other assets	**498,703**	464,903
Total assets	**$ 14,767,639**	$ 15,023,533
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt, net	**$ 571,061**	$ 1,417,915
Accounts payable	**511,680**	516,588
Customer advanced payments	**350,865**	375,513
Income taxes payable	**64,763**	69,567
Accrued liabilities and other	**468,556**	502,990
Total current liabilities	**1,966,925**	2,882,573
Long-term debt, net	**1,765,473**	1,895,432
Deferred income taxes	**792,540**	836,695
Other long-term liabilities	**692,478**	678,642
Total liabilities	**5,217,416**	6,293,342
Stockholders' equity:		
Common stock	**2,717**	2,709
Capital in excess of par value	**1,228,670**	1,168,694
Retained earnings	**10,735,140**	9,940,343
Accumulated other comprehensive loss	**(457,539)**	(484,942)
Treasury stock	**(1,958,765)**	(1,896,613)
Total stockholders' equity	**9,550,223**	8,730,191
Total liabilities and stockholders' equity	**$ 14,767,639**	$ 15,023,533

See accompanying notes.

AMETEK, Inc.
Consolidated Statement of Stockholders' Equity
(In thousands)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	**2023**	**2024**	**2023**
Capital stock				
Common stock, $0.01 par value				
Balance at the beginning of the period	$ 2,716	$ 2,707	$ 2,709	$ 2,700
Shares issued	**1**	1	**8**	8
Balance at the end of the period	**2,717**	2,708	**2,717**	2,708
Capital in excess of par value				
Balance at the beginning of the period	1,210,414	1,123,920	1,168,694	1,094,236
Issuance of common stock under employee stock plans	**5,513**	11,274	**25,069**	18,098
Share-based compensation expense	**12,743**	12,913	**34,907**	35,773
Balance at the end of the period	**1,228,670**	1,148,107	**1,228,670**	1,148,107
Retained earnings				
Balance at the beginning of the period	10,459,556	9,372,368	9,940,343	8,857,485
Net income	**340,241**	340,370	**988,867**	970,324
Cash dividends paid	**(64,657)**	(57,622)	**(194,068)**	(172,693)
Other	**—**	(2)	**(2)**	(2)
Balance at the end of the period	**10,735,140**	9,655,114	**10,735,140**	9,655,114
Accumulated other comprehensive (loss) income				
Foreign currency translation:				
Balance at the beginning of the period	(338,606)	(318,359)	(298,835)	(368,124)
Translation adjustments	**91,052**	(62,092)	**40,231**	568
Change in long-term intercompany notes	**2,106**	(6,994)	**(1,942)**	(1,091)
Net investment hedge instruments (loss) gain , net of tax of $9,595 and $(7,126) for the quarter ended September 30, 2024 and 2023, and $4,678 and $(1,004) for the nine months ended September 30, 2024 and 2023, respectively	**(29,464)**	21,881	**(14,366)**	3,083
Balance at the end of the period	**(274,912)**	(365,564)	**(274,912)**	(365,564)
Defined benefit pension plans:				
Balance at the beginning of the period	(183,787)	(203,637)	(186,107)	(206,821)
Amortization of net actuarial loss and other, net of tax of $(365) and $(518) for the quarter ended September 30, 2024 and 2023 and $(1,095) and $(1,554) for the nine months ended September 30, 2024 and 2023 , respectively	**1,160**	1,592	**3,480**	4,776
Balance at the end of the period	**(182,627)**	(202,045)	**(182,627)**	(202,045)
Accumulated other comprehensive loss at the end of the period	**(457,539)**	(567,609)	**(457,539)**	(567,609)
Treasury stock				
Balance at the beginning of the period	(1,897,889)	(1,895,628)	(1,896,613)	(1,902,964)
Issuance of common stock under employee stock plans	**(476)**	(129)	**5,843**	13,731
Purchase of treasury stock	**(60,400)**	(54)	**(67,995)**	(6,578)
Balance at the end of the period	**(1,958,765)**	(1,895,811)	**(1,958,765)**	(1,895,811)
Total stockholders' equity	**$ 9,550,223**	$ 8,342,509	**$ 9,550,223**	$ 8,342,509

See accompanying notes.

AMETEK, Inc.
Condensed Consolidated Statement of Cash Flows
(In thousands)
(Unaudited)

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Cash provided by (used for):		
Operating activities:		
Net income	**$ 988,867**	$ 970,324
Adjustments to reconcile net income to total operating activities:		
Depreciation and amortization	**287,049**	245,713
Deferred income taxes	**(28,970)**	(67,525)
Share-based compensation expense	**34,907**	35,773
Gain on sale of facilities	**(995)**	—
Net change in assets and liabilities, net of acquisitions	**20,675**	27,266
Pension contributions	**(4,433)**	(3,927)
Other, net	**(18,268)**	(12,985)
Total operating activities	**1,278,832**	1,194,639
Investing activities:		
Additions to property, plant and equipment	**(75,350)**	(76,506)
Purchases of businesses, net of cash acquired	**—**	(246,656)
Proceeds from sale of facilities	**4,246**	—
Other, net	**1,580**	(3,149)
Total investing activities	**(69,524)**	(326,311)
Financing activities:		
Net change in short-term borrowings	**(698,099)**	(220,555)
Repayments of long-term borrowings	**(300,000)**	—
Repurchases of common stock	**(67,995)**	(6,578)
Cash dividends paid	**(194,068)**	(172,693)
Proceeds from stock option exercises	**39,728**	40,120
Other, net	**(7,976)**	(5,068)
Total financing activities	**(1,228,410)**	(364,774)
Effect of exchange rate changes on cash and cash equivalents	**5,564**	(7,039)
(Decrease) increase in cash and cash equivalents	**(13,538)**	496,515
Cash and cash equivalents:		
Beginning of period	409,804	345,386
End of period	**$ 396,266**	$ 841,901

See accompanying notes.

AMETEK, Inc.
Notes to Consolidated Financial Statements
September 30, 2024
(Unaudited)

1. Basis of Presentation

The accompanying consolidated financial statements are unaudited. AMETEK, Inc. (the “Company”) believes that all adjustments (which primarily consist of normal recurring accruals) necessary for a fair presentation of the consolidated financial position of the Company at September 30, 2024, the consolidated results of its operations for the three and nine months ended September 30, 2024 and 2023 and its cash flows for the nine months ended September 30, 2024 and 2023 have been included. Quarterly results of operations are not necessarily indicative of results for the full year. The accompanying consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the U.S. Securities and Exchange Commission.

2. Recent Accounting Pronouncements

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (“ASU 2023-07”), which requires disclosure of significant segment expenses and other segment items on an annual and interim basis under ASC 280. ASU 2023-07 is effective for the Company's annual period ending December 31, 2024, and for interim periods within the annual period ending December 31, 2025. The amendments in this ASU will be applied on a retrospective basis to all periods presented. ASU 2023-07 will require additional disclosures in the Reportable Segments footnote, but will not have a material impact on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which improves income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The ASU indicates that all entities will apply its guidance prospectively with an option for retroactive application to each period in the financial statements. The Company has not determined the impact ASU 2023-09 may have on the Company’s financial statement disclosures.

3. Revenues

The outstanding contract asset and liability accounts were as follows:

	2024	2023
	(In thousands)	
Contract assets—January 1	$ 140,826	$ 119,741
Contract assets – September 30	**151,451**	139,771
Change in contract assets – increase (decrease)	**10,625**	20,030
Contract liabilities – January 1	432,830	398,692
Contract liabilities – September 30	**396,172**	422,415
Change in contract liabilities – decrease (increase)	**36,658**	(23,723)
Net change	**$ 47,283**	$ (3,693)

The net change for the nine months ended September 30, 2024 was primarily driven by contract liabilities, specifically lower advance payments from customers. For the nine months ended September 30, 2024 and 2023, the Company recognized revenue of $324.8 million and $297.7 million, respectively, that was previously included in the beginning balance of contract liabilities.

Contract assets are reported as a component of Other current assets in the consolidated balance sheet. At September 30, 2024 and December 31, 2023, $45.3 million and $57.3 million of Customer advanced payments (contract liabilities), respectively, were recorded in Other long-term liabilities in the consolidated balance sheets.

AMETEK, Inc.
Notes to Consolidated Financial Statements
September 30, 2024
(Unaudited)

The remaining performance obligations not expected to be completed within one year as of September 30, 2024 and December 31, 2023 were $611.2 million and $607.5 million, respectively. Remaining performance obligations represent the transaction price of firm, non-cancelable orders, with expected delivery dates to customers greater than one year from the balance sheet date, for which the performance obligation is unsatisfied or partially unsatisfied. These performance obligations will be substantially satisfied within two to three years.

Geographic Areas

Net sales were attributed to geographic areas based on the location of the customer. Information about the Company's operations in different geographic areas was as follows for the three and nine months ended September 30:

	Three months ended September 30, 2024			Nine months ended September 30, 2024		
	EIG	EMG	Total	EIG	EMG	Total
	(In thousands)					
United States	**$ 561,273**	**$ 333,575**	**$ 894,848**	**$ 1,732,847**	**$ 1,019,636**	**$ 2,752,483**
International[1]:						
United Kingdom	**25,247**	**31,160**	**56,407**	**79,713**	**95,107**	**174,820**
European Union countries	**123,271**	**109,071**	**232,342**	**393,941**	**331,047**	**724,988**
Asia	**301,858**	**60,008**	**361,866**	**881,893**	**166,517**	**1,048,410**
Other foreign countries	**122,939**	**40,162**	**163,101**	**356,586**	**122,291**	**478,877**
Total international	**573,315**	**240,401**	**813,716**	**1,712,133**	**714,962**	**2,427,095**
Consolidated net sales	**$ 1,134,588**	**$ 573,976**	**$ 1,708,564**	**$ 3,444,980**	**$ 1,734,598**	**$ 5,179,578**

(1) Includes U.S. export sales of $465.1 million and $1,374.4 million for the three and nine months ended September 30, 2024, respectively.

	Three months ended September 30, 2023			Nine months ended September 30, 2023		
	EIG	EMG	Total	EIG	EMG	Total
	(In thousands)					
United States	$ 616,988	$ 274,146	$ 891,134	$ 1,754,165	$ 805,876	$ 2,560,041
International[1]:						
United Kingdom	23,327	30,348	53,675	74,515	89,812	164,327
European Union countries	115,026	99,931	214,957	381,495	327,614	709,109
Asia	271,922	47,699	319,621	846,450	151,357	997,807
Other foreign countries	108,867	34,583	143,450	331,398	103,383	434,781
Total international	519,142	212,561	731,703	1,633,858	672,166	2,306,024
Consolidated net sales	$ 1,136,130	$ 486,707	$ 1,622,837	$ 3,388,023	$ 1,478,042	$ 4,866,065

(1) Includes U.S. export sales of $391.7 million and $1,265.0 million for the three and nine months ended September 30, 2023, respectively.

Major Products and Services

The Company's major products and services in the reportable segments were as follows:

AMETEK, Inc.
Notes to Consolidated Financial Statements
September 30, 2024
(Unaudited)

	Three months ended September 30, 2024			Nine months ended September 30, 2024		
	EIG	EMG	Total	EIG	EMG	Total
	(In thousands)					
Process and analytical instrumentation	**$ 779,772**	**$ —**	**$ 779,772**	**$ 2,374,034**	**$ —**	**$ 2,374,034**
Aerospace and power	**354,816**	**160,177**	**514,993**	**1,070,946**	**467,092**	**1,538,038**
Automation and engineered solutions	**—**	**413,799**	**413,799**	**—**	**1,267,506**	**1,267,506**
Consolidated net sales	**$ 1,134,588**	**$ 573,976**	**$ 1,708,564**	**$ 3,444,980**	**$ 1,734,598**	**$ 5,179,578**

	Three months ended September 30, 2023			Nine months ended September 30, 2023		
	EIG	EMG	Total	EIG	EMG	Total
	(In thousands)					
Process and analytical instrumentation	$ 801,027	$ —	$ 801,027	$ 2,394,127	$ —	$ 2,394,127
Aerospace and power	335,103	146,843	481,946	993,896	439,685	1,433,581
Automation and engineered solutions	—	339,864	339,864	—	1,038,357	1,038,357
Consolidated net sales	$ 1,136,130	$ 486,707	$ 1,622,837	$ 3,388,023	$ 1,478,042	$ 4,866,065

Timing of Revenue Recognition

	Three months ended September 30, 2024			Nine months ended September 30, 2024		
	EIG	EMG	Total	EIG	EMG	Total
	(In thousands)					
Products transferred at a point in time	**$ 904,622**	**$ 515,035**	**$ 1,419,657**	**$ 2,776,552**	**$ 1,557,412**	**$ 4,333,964**
Products and services transferred over time	**229,966**	**58,941**	**288,907**	**668,428**	**177,186**	**845,614**
Consolidated net sales	**$ 1,134,588**	**$ 573,976**	**$ 1,708,564**	**$ 3,444,980**	**$ 1,734,598**	**$ 5,179,578**

	Three months ended September 30, 2023			Nine months ended September 30, 2023		
	EIG	EMG	Total	EIG	EMG	Total
	(In thousands)					
Products transferred at a point in time	$ 937,382	$ 437,542	$ 1,374,924	$ 2,809,624	$ 1,314,761	$ 4,124,385
Products and services transferred over time	198,748	49,165	247,913	578,399	163,281	741,680
Consolidated net sales	$ 1,136,130	$ 486,707	$ 1,622,837	$ 3,388,023	$ 1,478,042	$ 4,866,065

Product Warranties

The Company provides limited warranties in connection with the sale of its products. The warranty periods for products sold vary among the Company’s operations, but the majority do not exceed one year. The Company calculates its warranty expense provision based on its historical warranty experience and adjustments are made periodically to reflect actual warranty expenses. Product warranty obligations are reported as a component of Accrued liabilities and other in the consolidated balance sheet.

Changes in the accrued product warranty obligation were as follows:

	Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Balance at the beginning of the period	$ 37,087	$ 26,487
Accruals for warranties issued during the period	**18,049**	15,711
Settlements made during the period	**(16,219)**	(10,868)
Warranty accruals related to acquired businesses and other during the period	**247**	21
Balance at the end of the period	**$ 39,164**	$ 31,351

Accounts Receivable

The Company maintains allowances for estimated losses resulting from the inability of customers to meet their financial obligations to the Company. The Company recognizes an allowance for credit losses, on all accounts receivable and contract assets, which considers risk of future credit losses based on factors such as historical experience, contract terms, as well as general and market business conditions, country, and political risk. Balances are written off when determined to be uncollectible.

At September 30, 2024, the Company had $968.2 million of accounts receivable, net of allowances of $14.3 million. Changes in the allowance were not material for the three and nine months ended September 30, 2024.

4. Earnings Per Share

The calculation of basic earnings per share is based on the weighted average number of common shares considered outstanding during the periods. The calculation of diluted earnings per share reflects the effect of all potentially dilutive securities (principally outstanding stock options and restricted stock grants). The number of weighted average shares used in the calculation of basic earnings per share and diluted earnings per share was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Weighted average shares:				
Basic shares	**231,342**	230,691	**231,292**	230,431
Equity-based compensation plans	**882**	1,060	**896**	983
Diluted shares	**232,224**	231,751	**232,188**	231,414

The calculation of diluted earnings per share for the three and nine months ended September 30, 2024 excluded an immaterial number of stock options because the exercise prices of these stock options exceeded the average market price of the Company's common shares, and the effect of their inclusion would have been antidilutive. There were no antidilutive shares for the three and nine months ended September 30, 2023.

5. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Company utilizes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the Company's assets that are measured at fair value on a recurring basis, consistent with the fair value hierarchy, at September 30, 2024 and December 31, 2023:

	September 30, 2024			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Mutual fund investments	**$ 10,910**	**$ 10,910**	$ —	$ —
Foreign currency forward contracts	**1,489**	**—**	**1,489**	—

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Mutual fund investments	$ 11,922	$ 11,922	$ —	$ —
Foreign currency forward contracts	2,035	—	2,035	—

The fair value of mutual fund investments is based on quoted market prices. The mutual fund investments are shown as a component of investments and other assets on the consolidated balance sheet.

For the nine months ended September 30, 2024 and 2023, gains and losses on the investments noted above were not significant. No transfers between level 1 and level 2 investments occurred during the nine months ended September 30, 2024 and 2023.

Foreign Currency

At September 30, 2024, the Company had a Euro forward contract for a total notional value of 65.0 million Euros. The foreign currency forward contract is valued as a level 2 liability as it is corroborated by foreign currency exchange rates and shown as a component of other current liabilities on the consolidated balance sheet. For the nine months ended September 30, 2024, realized and unrealized gains and losses on the foreign currency forward contracts were not significant.

Financial Instruments

Cash, cash equivalents and mutual fund investments are recorded at fair value at September 30, 2024 and December 31, 2023 in the accompanying consolidated balance sheet.

The following table provides the estimated fair values of the Company's financial instrument liabilities, for which fair value is measured for disclosure purposes only, compared to the recorded amounts at September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Long-term debt (including current portion)	**$ (1,917,123)**	**$ (1,855,522)**	$ (2,197,538)	$ (2,087,607)

The fair value of net short-term borrowings approximates the carrying value. The Company's net long-term debt is all privately held with no public market for this debt, therefore, the fair value of net long-term debt was computed based on comparable current market data for similar debt instruments and is considered a level 3 liability.

6. Hedging Activities

The Company has designated certain foreign-currency-denominated long-term borrowings as hedges of the net investment in certain foreign operations. As of September 30, 2024, these net investment hedges included British-pound-and Euro-denominated long-term debt. These borrowings were designed to create net investment hedges in certain designated foreign subsidiaries. The Company designated the British-pound- and Euro-denominated loans as hedging instruments to offset translation gains or losses on the net investment due to changes in the British pound and Euro exchange rates. These net investment hedges are evidenced by management's contemporaneous documentation supporting the hedge designation. Any gain or loss on the hedging instruments (the debt) following hedge designation is reported in accumulated other comprehensive income in the same manner as the translation adjustment on the hedged investment based on changes in the spot rate, which is used to measure hedge effectiveness.

At September 30, 2024, the Company had $301.4 million of British-pound-denominated loans, which were designated as a hedge against the net investment in British pound functional currency foreign subsidiaries. At September 30, 2024, the Company had $565.4 million in Euro-denominated loans, which were designated as a hedge against the net investment in Euro functional currency foreign subsidiaries. As a result of the British-pound- and Euro-denominated loans designated and 100% effective as net investment hedges, $19.0 million of pre-tax currency remeasurement losses have been included in the foreign currency translation component of other comprehensive income for the nine months ended September 30, 2024.

7. Inventories, net

	September 30, 2024	December 31, 2023
	(In thousands)	
Finished goods and parts	$ 123,401	$ 136,003
Work in process	186,254	165,914
Raw materials and purchased parts	774,967	830,554
Total inventories, net	$ 1,084,622	$ 1,132,471

8. Leases

The Company has commitments under operating leases for certain facilities, vehicles and equipment used in its operations. Cash used in operations for operating leases was not materially different from operating lease expense for the nine months ended September 30, 2024 and 2023. The Company's leases have a weighted average remaining lease term of approximately seven years. Certain lease agreements contain provisions for future rent increases.

The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Operating lease cost	$ 17,493	$ 15,901	$ 52,894	$ 46,483
Variable lease cost	3,001	2,501	9,334	8,447
Total lease cost	$ 20,494	$ 18,402	$ 62,228	$ 54,930

Supplemental balance sheet information related to leases was as follows:

	September 30, 2024	December 31, 2023
	(In thousands)	
Right of use assets, net	$ 211,381	$ 229,723
Lease liabilities included in Accrued Liabilities and other	54,323	61,055
Lease liabilities included in Other long-term liabilities	166,472	182,436
Total lease liabilities	$ 220,795	$ 243,491

Maturities of lease liabilities as of September 30, 2024 were as follows:

Lease Liability Maturity Analysis	Operating Leases
	(In thousands)
Remaining 2024	$ 15,421
2025	55,485
2026	45,902
2027	33,720
2028	24,626
Thereafter	76,123
Total lease payments	251,277
Less: imputed interest	30,482
	$ 220,795

The Company does not have any significant leases that have not yet commenced.

9. Acquisitions

The initial accounting for the December 2023 Paragon Medical acquisition has been adjusted, including the measurement of the acquired tangible and intangible assets and liabilities, as well as the associated income tax considerations. The adjustments include an increase to goodwill of $60.8 million, a decrease to fixed assets of $40.7 million, a decrease to intangibles of $21.7 million, a decrease to inventory and other of $11.3 million, and a decrease to income taxes of $12.9 million. Any further adjustments are not expected to be material to the consolidated statement of income and balance sheet. The Company is in the process of finalizing the value of intangible assets, inventory, and accounting for income taxes.

The Company finalized its measurements of tangible and intangible assets and liabilities for its August 2023 acquisition of United Electronic Industries, which had no material impact to the consolidated statement of income and balance sheet. The Company is in the process of finalizing the accounting for income taxes for its October 2023 acquisition of Amplifier Research Corp.

Acquisition Subsequent to September 30, 2024

In October 2024, the Company acquired Virtek Vision International ("Virtek"). Virtek has estimated annual sales of approximately $40 million. Virtek is a leading provider of advanced laser-based projection and inspection systems. Virtek will join EIG.

10. Goodwill

The changes in the carrying amounts of goodwill by segment were as follows:

	EIG	EMG	Total
		(In millions)	
Balance at December 31, 2023	$ 4,365.0	$ 2,082.6	$ 6,447.6
Purchase price allocation adjustments and other	**25.5**	**61.2**	**86.7**
Foreign currency translation adjustments	**9.4**	**6.6**	**16.0**
Balance at September 30, 2024	**$ 4,399.9**	**$ 2,150.4**	**$ 6,550.3**

11. Income Taxes

At September 30, 2024, the Company had gross uncertain tax benefits of $271.5 million, of which $205.6 million, if recognized, would impact the effective tax rate.

The following is a reconciliation of the liability for uncertain tax positions (in millions):

Balance at December 31, 2023	$ 233.5
Additions for tax positions	**40.0**
Reductions for tax positions	**(2.0)**
Balance at September 30, 2024	**$ 271.5**

The additions above primarily reflect the tax positions for foreign tax planning initiatives. The Company recognizes interest and penalties accrued related to uncertain tax positions in income tax expense. The amounts recognized in income tax expense for interest and penalties during the three and nine months ended September 30, 2024 and 2023 were not significant.

The effective tax rate for the three months ended September 30, 2024 was 18.8%, compared with 17.7% for the three months ended September 30, 2023. The higher tax rate in the third quarter of 2024 primarily reflects higher year over year tax cost on foreign sourced income.

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12. Debt

In the third quarter of 2024, the Company paid in full, at maturity, a $300.0 million in aggregate principal amount of 3.73% senior notes.

13. Share-Based Compensation

The Company's share-based compensation plans are described in Note 11, Share-Based Compensation, to the consolidated financial statements in Part II, Item 8, filed on the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Share Based Compensation Expense

Total share-based compensation expense was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
	(In thousands)			
Stock option expense	**$ 3,417**	$ 3,560	**$ 10,443**	$ 10,740
Restricted stock expense	**5,106**	5,578	**15,232**	15,875
Performance restricted stock unit expense	**4,220**	3,775	**9,232**	9,158
Total pre-tax expense	**$ 12,743**	$ 12,913	**$ 34,907**	$ 35,773

Pre-tax share-based compensation expense is included in the consolidated statement of income in either Cost of sales or Selling, general and administrative expenses, depending on where the recipient's cash compensation is reported.

Stock Options

The fair value of each stock option grant is estimated on the grant date using a Black-Scholes-Merton option pricing model. The following weighted average assumptions were used in the Black-Scholes-Merton model to estimate the fair values of stock options granted during the periods indicated:

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Expected volatility	**28.2 %**	26.0 %
Expected term (years)	**5.0**	5.0
Risk-free interest rate	**4.31 %**	3.54 %
Expected dividend yield	**0.62 %**	0.72 %
Black-Scholes-Merton fair value per stock option granted	**$ 56.42**	$ 38.11

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The following is a summary of the Company's stock option activity and related information:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(In thousands)		(Years)	(In millions)
Outstanding at December 31, 2023	2,741	$ 101.20		
Granted	**231**	**181.93**		
Exercised	**(482)**	**83.93**		
Forfeited	**(44)**	**149.47**		
Outstanding at September 30, 2024	**2,446**	**$ 111.35**	**6.4**	**$ 149.8**
Exercisable at September 30, 2024	**1,809**	**$ 96.89**	**5.7**	**$ 135.4**

The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2024 was $43.1 million. The total fair value of stock options vested during the nine months ended September 30, 2024 was $14.8 million. As of September 30, 2024, there was approximately $19.3 million of expected future pre-tax compensation expense related to the 0.6 million non-vested stock options outstanding, which is expected to be recognized over a weighted average period of approximately two years.

Restricted Stock

The following is a summary of the Company's non-vested restricted stock activity and related information:

	Shares	Weighted Average Grant Date Fair Value
	(In thousands)	
Non-vested restricted stock outstanding at December 31, 2023	296	$ 135.39
Granted	**148**	**181.60**
Vested	**(141)**	**132.77**
Forfeited	**(22)**	**153.79**
Non-vested restricted stock outstanding at September 30, 2024	**281**	**$ 159.52**

The total fair value of restricted stock vested during the nine months ended September 30, 2024 was $18.7 million. As of September 30, 2024, there was approximately $32.3 million of expected future pre-tax compensation expense related to the 0.3 million non-vested restricted shares outstanding, which is expected to be recognized over a weighted average period of approximately two years.

Performance Restricted Stock Units

In March 2024, the Company granted performance restricted stock units ("PRSU") to officers and certain key management-level employees. The PRSUs vest over a period up to three years from the grant date based on continuous service, with the number of shares earned (0% to 200% of the target award) depending upon the extent to which the Company achieves certain financial and market performance targets measured over the period from January 1 of the year of grant to December 31 of the third year. Half of the PRSUs were valued in a manner similar to restricted stock as the financial targets are based on the Company's operating results, which represents a performance condition. The grant date fair value of these PRSUs are recognized as compensation expense over the vesting period based on the probable number of awards to vest at each reporting date.

The other half of the PRSUs were valued using a Monte Carlo model as the performance target is related to the Company's total shareholder return compared to a group of peer companies, which represents a market condition. The Company recognizes the grant date fair value of these awards as compensation expense ratably over the vesting period.

The following is a summary of the Company's non-vested performance restricted stock activity and related information:

	Shares	Weighted Average Grant Date Fair Value
	(In thousands)	
Non-vested performance restricted stock outstanding at December 31, 2023	239	$ 131.90
Granted	**77**	**181.93**
Performance assumption change [1]	**24**	**121.91**
Vested	**(99)**	**121.91**
Forfeited	**(6)**	**155.48**
Non-vested performance restricted stock outstanding at September 30, 2024	**235**	**$ 150.93**

[1] Reflects the number of PRSUs above target levels based on performance metrics.

As of September 30, 2024, there was approximately $8.9 million of expected future pre-tax compensation expense related to the 0.2 million non-vested restricted shares outstanding, which is expected to be recognized over a weighted average period of less than one year.

14. Retirement and Pension Plans

The components of net periodic pension benefit expense (income) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Defined benefit plans:				
Service cost	**$ 737**	$ 751	**$ 2,194**	$ 2,240
Interest cost	**7,043**	7,588	**21,010**	22,655
Expected return on plan assets	**(13,702)**	(13,100)	**(40,953)**	(39,167)
Amortization of net actuarial loss and other	**2,358**	2,851	**7,028**	8,514
Pension income	**(3,564)**	(1,910)	**(10,721)**	(5,758)
Other plans:				
Defined contribution plans	**9,759**	9,908	**35,339**	33,936
Foreign plans and other	**2,275**	2,011	**6,251**	6,581
Total other plans	**12,034**	11,919	**41,590**	40,517
Total net pension expense	**$ 8,470**	$ 10,009	**$ 30,869**	$ 34,759

For defined benefit plans, the net periodic benefit income, other than the service cost component, is included in "Other (expense) income, net" in the consolidated statement of income.

For the nine months ended September 30, 2024 and 2023, contributions to the Company's defined benefit pension plans were $4.4 million and $3.9 million, respectively. The Company's current estimate of 2024 contributions to its worldwide defined benefit pension plans is in line with the range disclosed in Note 12 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

15. Contingencies

Asbestos Litigation

The Company (including its subsidiaries) has been named as a defendant in a number of asbestos-related lawsuits. Certain of these lawsuits relate to a business which was acquired by the Company and do not involve products which were manufactured or sold by the Company. In connection with these lawsuits, the seller of such business has agreed to indemnify the Company against these claims (the "Indemnified Claims"). The Indemnified Claims have been tendered to, and are being defended by, such seller. The seller has met its obligations, in all respects, and the Company does not have any reason to believe such party would fail to fulfill its obligations in the future. To date, no judgments have been rendered against the Company as a result of any asbestos-related lawsuit. The Company believes that it has good and valid defenses to each of these claims and intends to defend them vigorously.

Environmental Matters

Certain historic processes in the manufacture of products have resulted in environmentally hazardous waste by-products as defined by federal and state laws and regulations. At September 30, 2024, the Company is named a Potentially Responsible Party ("PRP") at 12 non-AMETEK-owned former waste disposal or treatment sites (the "non-owned" sites). The Company is identified as a "de minimis" party in a majority of these sites based on the low volume of waste attributed to the Company relative to the amounts attributed to other named PRPs. The Company is participating in the investigation and/or related required remediation as part of a PRP Group and reserves have been established to satisfy the Company's expected obligations. The Company historically has resolved these issues within established reserve levels and reasonably expects this result will continue. In addition to these non-owned sites, the Company has an ongoing practice of providing reserves for probable remediation activities at certain of its current or previously owned manufacturing locations (the "owned" sites). For claims and proceedings against the Company with respect to other environmental matters, reserves are established once the Company has determined that a loss is probable and estimable. This estimate is refined as the Company moves through the various stages of investigation, risk assessment, feasibility study and corrective action processes. In certain instances, the Company has developed a range of estimates for such costs and has recorded a liability based on the best estimate. It is reasonably possible that the actual cost of remediation of the individual sites could vary from the current estimates and the amounts accrued in the consolidated financial statements; however, the amounts of such variances are not expected to result in a material change to the consolidated financial statements. In estimating the Company's liability for remediation, the Company also considers the likely proportionate share of the anticipated remediation expense and the ability of the other PRPs to fulfill their obligations.

Total environmental reserves at September 30, 2024 and December 31, 2023 were $30.6 million and $37.1 million, respectively, for both non-owned and owned sites. For the nine months ended September 30, 2024, the Company recorded $7.8 million in reserves. Additionally, the Company spent $14.3 million on environmental matters for the nine months ended September 30, 2024.

The Company has agreements with other former owners of certain of its acquired businesses, as well as new owners of previously owned businesses. Under certain of the agreements, the former or new owners retained, or assumed and agreed to indemnify the Company against, certain environmental and other liabilities under certain circumstances. The Company and some of these other parties also carry insurance coverage for some environmental matters.

The Company believes it has established reserves for the environmental matters described above, which are sufficient to perform all known responsibilities under existing claims and consent orders. In the opinion of management, based on presently available information and the Company's historical experience related to such matters, an adequate provision for probable costs has been made and the ultimate cost resulting from these actions is not expected to materially affect the consolidated results of operations, financial position or cash flows of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following table sets forth net sales and income by reportable segment and on a consolidated basis:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
	(In thousands)			
Net sales:				
Electronic Instruments	**$ 1,134,588**	$ 1,136,130	**$ 3,444,980**	$ 3,388,023
Electromechanical	**573,976**	486,707	**1,734,598**	1,478,042
Consolidated net sales	**$ 1,708,564**	$ 1,622,837	**$ 5,179,578**	$ 4,866,065
Operating income and income before income taxes:				
Segment operating income:				
Electronic Instruments	**$ 338,963**	$ 335,171	**$ 1,041,760**	$ 951,970
Electromechanical	**131,519**	127,534	**345,312**	384,253
Total segment operating income	**470,482**	462,705	**1,387,072**	1,336,223
Corporate administrative expenses	**(24,631)**	(24,570)	**(76,491)**	(73,756)
Consolidated operating income	**445,851**	438,135	**1,310,581**	1,262,467
Interest expense	**(25,118)**	(18,386)	**(90,962)**	(57,678)
Other income (expense), net	**(1,888)**	(6,256)	**(2,435)**	(15,313)
Consolidated income before income taxes	**$ 418,845**	$ 413,493	**$ 1,217,184**	$ 1,189,476

For the quarter ended September 30, 2024, the Company posted strong orders, sales, and operating income. Contributions from the acquisitions of Amplifier Research Corp. ("Amplifier Research") in October 2023, and Paragon Medical ("Paragon") in December 2023, as well as our Operational Excellence initiatives, all of which had a positive impact on the third quarter of 2024 results. In the first quarter of 2024, the Company recorded pre-tax integration costs related to the Paragon acquisition totaling $29.2 million, of which $22.4 million was employee severance. The integration costs reduced net income by $22.2 million in the year-to-date period. For the first nine months of 2024, EMG experienced customer inventory normalization in our automation and engineered solutions core businesses. The full year impact of the 2023 acquisitions, including the continued integration of Paragon, and focus on and implementation of our Operational Excellence initiatives are expected to have a positive impact on the remainder of our 2024 results.

Results of operations for the third quarter of 2024 compared with the third quarter of 2023

Net sales for the third quarter of 2024 were $1,708.6 million, an increase of $85.8 million or 5.3%, compared with net sales of $1,622.8 million for the third quarter of 2023. The increase in net sales for the third quarter of 2024 was due to a 7% increase from acquisitions, partially offset by a 2% organic sales decline.

Total international sales for the third quarter of 2024 were $813.5 million or 47.6% of net sales, an increase of $81.8 million or 11.2%, compared with international sales of $731.7 million or 45.1% of net sales for the third quarter of 2023. The increase in international sales was primarily driven by strong demand in Europe and Asia as well as contributions from the 2023 acquisitions.

Orders for the third quarter of 2024 were $1,743.4 million, an increase of $192.8 million or 12.4%, compared with $1,550.6 million for the third quarter of 2023. The increase in orders for the third quarter of 2024 was due to a 7% increase from acquisitions, a 2% organic order increase, as well as a 4% favorable effect of foreign currency translation. The Company's backlog of unfilled orders at September 30, 2024 was $3,437.8 million, a decrease of $96.3 million or 2.7% compared with $3,534.1 million at December 31, 2023.

Cost of sales for the third quarter of 2024 was $1,092.8 million or 64.0% of net sales, an increase of $71.9 million or 7.0%, compared with $1,020.9 million or 62.9% of net sales for the third quarter of 2023. The cost of sales increase was primarily due to the net sales increase discussed above.

Segment operating income for the third quarter of 2024 was $470.5 million, an increase of $7.8 million or 1.7%, compared with segment operating income of $462.7 million for the third quarter of 2023. Segment operating margins, as a percentage of net sales, decreased to 27.5% for the third quarter of 2024, compared with 28.5% for the third quarter of 2023. Segment operating margins were negatively impacted in the third quarter of 2024 by the dilutive impact of the 2023 acquisitions and the effect of foreign currency translation. In the third quarter of 2024, the dilutive impact of recent acquisitions negatively impacted segment operating margins by 100 basis points. Foreign currency exchange headwinds in the third quarter of 2024 negatively impacted margins by 50 basis points. Excluding the dilutive impact of recent acquisitions and the effect of foreign currency translation, segment operating margins increased 50 basis points compared to the third quarter of 2023.

Selling, general and administrative expenses for the third quarter of 2024 were $170.0 million or 9.9% of net sales, an increase of $6.2 million or 3.8%, compared with $163.8 million or 10.1% of net sales for the third quarter of 2023. Selling expenses increased primarily due to the net sales increase discussed above. General and administrative expenses for the third quarter of 2024 were flat at $24.6 million, compared to the third quarter of 2023.

Consolidated operating income was $445.9 million or 26.1% of net sales for the third quarter of 2024, an increase of $7.8 million or 1.8%, compared with $438.1 million or 27.0% of net sales for the third quarter of 2023. Operating margins were negatively impacted in the third quarter of 2024 by the dilutive impact of the 2023 acquisitions and the effect of foreign currency translation. In the third quarter of 2024, the dilutive impact of recent acquisitions negatively impacted operating margins by 90 basis points. Foreign currency exchange headwinds in the third quarter of 2024 negatively impacted margins by 40 basis points. Excluding the dilutive impact of these acquisitions and the effect of foreign currency translation, operating margins increased 40 basis points compared to the third quarter of 2023.

Interest expense for the third quarter of 2024 was $25.1 million, an increase of $6.7 million or 36.6%, compared with $18.4 million for the third quarter of 2023. The increase in the third quarter of 2024 is primarily driven by higher borrowings under the revolving credit facility, related to the 2023 acquisitions.

Other expense, net was $1.9 million for the third quarter of 2024, compared with $6.3 million of other expense, net for the third quarter of 2023. The decrease of $4.4 million of other expense in the third quarter of 2024 includes higher pension income of $1.6 million and lower acquisition-related due diligence expense compared to the third quarter of 2023.

The effective tax rate for the third quarter of 2024 was 18.8%, compared with 17.7% for the third quarter of 2023. The higher tax rate in the third quarter of 2024 primarily reflects higher year over year tax cost on foreign sourced income.

Net income for the third quarter of 2024 was flat at $340.2 million, compared with $340.4 million for the third quarter of 2023.

Diluted earnings per share for the third quarter of 2024 were flat at $1.47, compared with the third quarter of 2023.

Segment Results

EIG’s net sales totaled $1,134.6 million for the third quarter of 2024, a decrease of $1.5 million or 0.1%, compared with $1,136.1 million for the third quarter of 2023. The net sales decrease was due to a 2% organic sales decline, offset by a 2% increase from the 2023 acquisitions. The organic sales decrease for the third quarter of 2024 is due to temporary delays in project spending across parts of our EIG business.

EIG’s operating income was $339.0 million for the third quarter of 2024, an increase of $3.8 million or 1.1%, compared with $335.2 million for the third quarter of 2023. EIG’s operating margins were 29.9% of net sales for the third quarter of 2024, compared with 29.5% for the third quarter of 2023. Foreign currency exchange headwinds negatively impacted EIG's operating margins in the third quarter of 2024 by 40 basis points. EIG's operating margins increased in the third quarter of 2024 compared to the third quarter of 2023 due to the continued benefits from the Company's Operational Excellence initiatives.

EMG’s net sales totaled $574.0 million for the third quarter of 2024, an increase of $87.3 million or 17.9%, compared with $486.7 million for the third quarter of 2023. The net sales increase was due to a 21% increase from the recent acquisitions, partially offset by a 3% organic sales decrease. The organic sales decrease for the third quarter of 2024 is due to customer inventory normalization in our automation and engineered solutions core businesses.

EMG’s operating income was $131.5 million for the third quarter of 2024, an increase of $4.0 million or 3.1%, compared with $127.5 million for the third quarter of 2023. EMG’s operating margins were 22.9% of net sales for the third quarter of 2024, compared with 26.2% for the third quarter of 2023. EMG's operating income and operating margins were negatively impacted in the third quarter of 2024 by the dilutive impact of the 2023 acquisitions and the effect of foreign currency translation. The dilutive impact of recent acquisitions in the third quarter of 2024 negatively impacted EMG's operating margins by 270 basis points. Foreign currency exchange headwinds negatively impacted EMG's margins in the third quarter of 2024 by 50 basis points. Excluding the dilutive impact of the 2023 acquisitions and the effect of foreign currency translation, EMG's operating margins decreased 10 basis points compared to the third quarter of 2023.

Results of operations for the first nine months of 2024 compared with the first nine months of 2023

Net sales for the first nine months of 2024 were $5,179.6 million, an increase of $313.5 million or 6.4%, compared with net sales of $4,866.1 million for the first nine months of 2023. The increase in net sales for the first nine months of 2024 was due to an 8% increase from acquisitions, partially offset by a 2% organic sales decline.

Total international sales for the first nine months of 2024 were $2,426.9 million or 46.9% of net sales, an increase of $120.9 million or 5.2%, compared with international sales of $2,306.0 million or 47.4% of net sales for the first nine months of 2023. The increase in international sales was primarily driven by contributions from the 2023 acquisitions.

Orders for the first nine months of 2024 were $5,083.3 million, an increase of $66.2 million or 1.3%, compared with $5,017.1 million for the first nine months of 2023. The increase in orders for the first nine months of 2024 was due to a 5% increase from acquisitions, partially offset by a 4% organic order decline. The organic orders decrease for the first nine months of 2024 is due to customer inventory normalization in our automation and engineered solutions core businesses.

Cost of sales for the first nine months of 2024 was $3,347.9 million or 64.6% of net sales, an increase of $251.3 million or 8.1%, compared with $3,096.6 million or 63.6% of net sales for the first nine months of 2023. The cost of sales increase was primarily due to the net sales increase discussed above.

Segment operating income for the first nine months of 2024 was $1,387.1 million, an increase of $50.9 million or 3.8%, compared with segment operating income of $1,336.2 million for the first nine months of 2023. Segment operating margins, as a percentage of net sales, decreased to 26.8% for the first nine months of 2024, compared with 27.5% for the first nine months of 2023. Segment operating income and operating margins for the first nine months of 2024 included $29.2 million of integration costs related to the Paragon acquisition, which negatively impacted segment operating margins by 50 basis points. The dilutive impact of the 2023 acquisitions negatively impacted segment operating margins by 140 basis points in the first nine months of 2024. Excluding the dilutive impact of the 2023 acquisitions and the Paragon integration costs, segment operating margins increased 120 basis points compared to the first nine months of 2023, due to the continued benefits from the Company's Operational Excellence initiatives.

Selling, general and administrative expenses for the first nine months of 2024 were $521.1 million or 10.1% of net sales, an increase of $14.1 million or 2.8%, compared with $507.0 million or 10.4% of net sales for the first nine months of 2023. Selling expenses increased primarily due to the net sales increase discussed above. General and administrative expenses for the first nine months of 2024 were $76.5 million, compared with $73.8 million for the first nine months of 2023.

Consolidated operating income was $1,310.6 million or 25.3% of net sales for the first nine months of 2024, an increase of $48.1 million or 3.8%, compared with $1,262.5 million or 25.9% of net sales for the first nine months of 2023.

Interest expense for the first nine months of 2024 was $91.0 million, an increase of $33.3 million or 57.7%, compared with $57.7 million for the first nine months of 2023. The increase in the first nine months of 2024 is primarily driven by higher borrowings under the revolving credit facility, related to the 2023 acquisitions.

Other expense, net was $2.4 million for the first nine months of 2024, compared with $15.3 million of other expense, net for the first nine months of 2023, a decrease of $12.9 million of other expense. The first nine months of 2024 includes $4.7 million of higher pension income, foreign exchange gains of $3.7 million, and lower acquisition-related due diligence expense, compared to the first nine months of 2023.

The effective tax rate for the first nine months of 2024 was 18.8%, compared with 18.4% for the first nine months of 2023. The higher tax rate in the first nine months of 2024 primarily reflects higher year over year tax cost on foreign sourced income.

Net income for the first nine months of 2024 was $988.9 million, an increase of $18.6 million or 1.9%, compared with $970.3 million for the first nine months of 2023.

Diluted earnings per share for the first nine months of 2024 were $4.26, an increase of $0.07 or 1.7%, compared with $4.19 per diluted share for the first nine months of 2023.

Segment Results

EIG's net sales totaled $3,445.0 million for the first nine months of 2024, an increase of $57.0 million or 1.7%, compared with $3,388.0 million for the first nine months of 2023. The net sales increase was due to a 2% increase from acquisitions.

EIG's operating income was $1,041.8 million for the first nine months of 2024, an increase of $89.8 million or 9.4%, compared with $952.0 million for the first nine months of 2023. EIG's operating margins were 30.2% of net sales for the first nine months of 2024, compared with 28.1% for the first nine months of 2023. EIG operating margins increased in the first nine months of 2024 compared to the first nine months of 2023, due to the increase in net sales discussed above, as well as continued benefits from the Company's Operational Excellence initiatives.

EMG's net sales totaled $1,734.6 million for the first nine months of 2024, an increase of $256.6 million or 17.4%, compared with $1,478.0 million for the first nine months of 2023. The net sales increase was due to a 22% increase from acquisitions, partially offset by a 4% organic sales decrease. The organic sales decrease for the first nine months of 2024 is due to customer inventory normalization in our automation and engineered solutions core businesses.

EMG's operating income was $345.3 million for the first nine months of 2024, a decrease of $39.0 million or 10.1%, compared with $384.3 million for the first nine months of 2023. EMG's operating margins were 19.9% of net sales for the first nine months of 2024, compared with 26.0% for the first nine months of 2023. EMG's operating income and operating margins for the first nine months of 2024 included $29.2 million of integration costs related to the Paragon acquisition, which negatively impacted segment operating margins by 170 basis points. Segment operating margins were also negatively impacted in the first nine months of 2024 by the dilutive impact of the 2023 acquisitions. Excluding the dilutive impact of the 2023 acquisitions and the Paragon integration costs, segment operating margins decreased 110 basis points compared to the first nine months of 2023, due to the organic sales decrease discussed above.

Financial Condition

Liquidity and Capital Resources

Cash provided by operating activities totaled $1,278.8 million for the first nine months of 2024, an increase of $84.2 million or 7.0%, compared with $1,194.6 million for the first nine months of 2023. The increase in cash provided by operating activities for the first nine months of 2024 was primarily due to higher net income, net of higher noncash depreciation and amortization expense related to recent acquisitions, and improved working capital management.

Free cash flow (cash flow provided by operating activities less capital expenditures) was $1,203.5 million for the first nine months of 2024, compared with $1,118.1 million for the first nine months of 2023. EBITDA (earnings before interest, income taxes, depreciation and amortization) was $1,590.5 million for the first nine months of 2024, compared with $1,488.3 million for the first nine months of 2023. Free cash flow and EBITDA are presented because the Company is aware that they are measures used by third parties in evaluating the Company.

Cash used by investing activities totaled $69.5 million for the first nine months of 2024, compared with cash used by investing activities of $326.3 million for the first nine months of 2023. For the first nine months of 2023, the Company paid $246.7 million, net of cash acquired, to purchase United Electronic Industries and Bison Gear & Engineering Corp. For the first nine months of 2024, the Company received $4.2 million from the sale of a facility. Additions to property, plant and equipment totaled $75.4 million for the first nine months of 2024, compared with $76.5 million for the first nine months of 2023.

Cash used by financing activities totaled $1,228.4 million for the first nine months of 2024, compared with cash used by financing activities of $364.8 million for the first nine months of 2023. At September 30, 2024, total debt, net was $2,336.5 million, compared with $3,313.3 million at December 31, 2023. For the first nine months of 2024, total borrowings decreased by $998.1 million compared with a $220.6 million decrease for the first nine months of 2023. At September 30, 2024, the Company had available borrowing capacity of $2,520.3 million under its revolving credit facility, including the $700 million accordion feature.

In the third quarter of 2024, the Company paid in full, at maturity, a $300 million in aggregate principal amount of 3.73% senior notes. The debt-to-capital ratio was 19.7% at September 30, 2024, compared with 27.5% at December 31, 2023.

The net debt-to-capital ratio (total debt, net less cash and cash equivalents divided by the sum of net debt and stockholders' equity) was 16.9% at September 30, 2024, compared with 25.0% at December 31, 2023. The net debt-to-capital ratio is presented because the Company is aware that this measure is used by third parties in evaluating the Company.

Additional financing activities for the first nine months of 2024 included cash dividends paid of $194.1 million, compared with $172.7 million for the first nine months of 2023. Effective February 9, 2024, the Company's Board of Directors approved a 12% increase in the quarterly cash dividend on the Company's common stock to $0.28 per common share from $0.25 per common share. The Company repurchased $68.0 million of its common stock for the first nine months of 2024, compared with $6.6 million for the first nine months of 2023. Proceeds from stock option exercises were $39.7 million for the first nine months of 2024, compared with $40.1 million for the first nine months of 2023.

As a result of all of the Company's cash flow activities for the first nine months of 2024, cash and cash equivalents at September 30, 2024 totaled $396.3 million, compared with $409.8 million at December 31, 2023. At September 30, 2024, the Company had $365.2 million in cash outside the United States, compared with $375.9 million at December 31, 2023. The Company utilizes this cash to fund its international operations, as well as to acquire international businesses. The Company is in compliance with all covenants, including financial covenants, for all of its debt agreements. The Company believes it has sufficient cash-generating capabilities from domestic and unrestricted foreign sources, available credit facilities and access to long-term capital funds to enable it to meet its operating needs and contractual obligations in the foreseeable future.

Critical Accounting Policies

The Company's critical accounting policies are detailed in Part II, Item 7, Management's Discussion and Analysis of Financial Condition of its Annual Report on Form 10-K for the year ended December 31, 2023. Primary disclosure of the Company's significant accounting policies is also included in Note 1 to the Consolidated Financial Statements included in Part II, Item 8 of its Annual Report on Form 10-K.

Forward-Looking Information

Information contained in this discussion, other than historical information, is considered "forward-looking statements" and is subject to various factors and uncertainties that may cause actual results to differ significantly from expectations. These factors and uncertainties include risks related to the Company's ability to consummate and successfully integrate future acquisitions; risks associated with international sales and operations, including supply chain disruptions; the Company'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 the Company's markets; the ability to maintain adequate liquidity and financing sources; and general economic conditions affecting the industries the Company serves. A detailed discussion of these and other factors that may affect the Company's 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, unless required by the securities laws to do so.

Item 4. Controls and Procedures

The Company maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed, is accumulated and communicated to management in a timely manner. Under the supervision and with the participation of our management, including the Company's principal executive officer and principal financial officer, we have evaluated the effectiveness of our system of disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of September 30, 2024. Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective at the reasonable assurance level.

Such evaluation did not identify any change in the Company's internal control over financial reporting during the quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchase of equity securities by the issuer and affiliated purchasers.

The following table reflects purchases of AMETEK, Inc. common stock by the Company during the three months ended September 30, 2024:

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
July 1, 2024 to July 31, 2024	—	$ —	—	$ 808,535,864
August 1, 2024 to August 31, 2024	310,843	162.13	310,843	758,140,398
September 1, 2024 to September 30, 2024	60,902	164.28	60,902	748,135,553
Total	371,745	$ 162.48	371,745	

(1) Represents shares surrendered to the Company to satisfy tax withholding obligations in connection with employees' share-based compensation awards.

(2) Consists of the number of shares purchased pursuant to the Company's Board of Directors $1 billion authorization for the repurchase of its common stock announced in May 2022. Such purchases may be effected from time to time in the open market or in private transactions, subject to market conditions and at management's discretion.

Item 5. Other Information

Insider Trading Arrangements and Policies

During the quarter ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
31.1*	Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

* Filed electronically herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMETEK, Inc.

By: /s/ THOMAS M. MONTGOMERY
Thomas M. Montgomery
Senior Vice President – Comptroller
(Principal Accounting Officer)

October 31, 2024

Exhibit 31.1

CERTIFICATIONS

I, David A. Zapico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AMETEK, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 31, 2024

/s/ DAVID A. ZAPICO

David A. Zapico

Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Dalip M. Puri, certify that:

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

3. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   b) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2024

/s/ DALIP M. PURI
Dalip M. Puri
Executive Vice President – Chief Financial Officer

Exhibit 32.1

AMETEK, Inc.

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of AMETEK, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Zapico, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID A. ZAPICO

David A. Zapico
Chairman of the Board and Chief Executive Officer

Date: October 31, 2024

A signed original of this written statement required by Section 906 has been provided to AMETEK, Inc. and will be retained by AMETEK, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

AMETEK, Inc.

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of AMETEK, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dalip M. Puri, Executive Vice President – Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DALIP M. PURI

Dalip M. Puri
Executive Vice President – Chief Financial Officer

Date: October 31, 2024

A signed original of this written statement required by Section 906 has been provided to AMETEK, Inc. and will be retained by AMETEK, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.