

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 March 31, 2002

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)

14-1682544
(I.R.S. Employer
Identification No.)

37 North Valley Road, Building 4, P.O. Box 1764, Paoli, Pennsylvania 19301-0801
(Address of principal executive offices)
(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

The number of shares of the issuer's common stock outstanding as of the latest practicable date was: Common Stock, \$0.01 Par Value, outstanding at April 30, 2002 was 33,023,919 shares.

AMETEK, INC.
FORM 10-Q
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMETEK, Inc.
 CONSOLIDATED STATEMENT OF INCOME (Unaudited)
 (Dollars and shares in thousands, except per share amounts)

	Three months ended March 31,	
	2002	2001
Net sales	\$ 263,558	\$ 264,071
Expenses:		
Cost of sales, excluding depreciation	191,786	195,924
Selling, general and administrative	27,775	24,144
Depreciation	7,563	8,300
Total expenses	227,124	228,368
Operating income	36,434	35,703
Other income (expenses):		
Interest expense	(6,894)	(7,660)
Other, net	(196)	255
Income before income taxes	29,344	28,298
Provision for income taxes	9,679	10,026
Net Income	\$ 19,665	\$ 18,272
Basic earnings per share	\$ 0.60	\$ 0.56
Diluted earnings per share	\$ 0.59	\$ 0.55
Average common shares outstanding:		
Basic shares	32,799	32,624
Diluted shares	33,506	33,243
Dividends paid per share	\$ 0.06	\$ 0.06

See accompanying notes.

AMETEK, Inc.
CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	March 31, 2002 ----- (unaudited)	December 31, 2001 -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,360	\$ 14,139
Marketable securities	9,431	8,215
Receivables, less allowance for possible losses	196,925	181,031
Inventories	146,425	152,525
Deferred income taxes	9,991	10,096
Other current assets	15,590	13,341
	-----	-----
Total current assets	390,722	379,347
	-----	-----
Property, plant and equipment, at cost	562,160	561,753
Less accumulated depreciation	(352,007)	(347,259)
	-----	-----
	210,153	214,494
	-----	-----
Goodwill, net of accumulated amortization	384,713	387,420
Investments and other assets	50,974	48,028
	-----	-----
Total assets	\$ 1,036,562	\$ 1,029,289
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 160,532	\$ 167,399
Accounts payable	81,704	86,707
Accruals	81,518	82,044
	-----	-----
Total current liabilities	323,754	336,150
Long-term debt	302,766	303,434
Deferred income taxes	34,955	33,496
Other long-term liabilities	20,065	21,151
Stockholders' equity:		
Common stock	336	334
Capital in excess of par value	4,113	683
Retained earnings	406,627	388,929
Accumulated other comprehensive losses	(38,788)	(37,023)
Treasury stock	(17,266)	(17,865)
	-----	-----
	355,022	335,058
	-----	-----
Total liabilities and stockholders' equity	\$ 1,036,562	\$ 1,029,289
	=====	=====

See accompanying notes.

AMETEK, Inc.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Three months ended March 31,	
	2002	2001
Cash provided by (used for):		
Operating activities:		
Net income	\$ 19,665	\$ 18,272
Adjustments to reconcile net income to total operating activities:		
Depreciation and amortization	7,932	11,256
Deferred income taxes	1,735	1,328
Net change in assets and liabilities	(18,443)	(28,954)
Other	(1,934)	(4,765)
Total operating activities (before receivable securitization transactions)	8,955	(2,863)
Increase in accounts receivable securitization	--	2,000
Total operating activities	8,955	(863)
Investing activities:		
Additions to property, plant and equipment	(4,052)	(7,013)
Other	(1,224)	1,302
Total investing activities	(5,276)	(5,711)
Financing activities:		
Net change in short-term borrowings	(7,492)	3,302
Cash dividends paid	(1,967)	(1,961)
Proceeds from stock options and other	4,001	5,253
Total financing activities	(5,458)	6,594
(Decrease) increase in cash and cash equivalents	(1,779)	20
Cash and cash equivalents:		
As of January 1	14,139	7,187
As of March 31	\$ 12,360	\$ 7,207

See accompanying notes.

AMETEK, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002
(Unaudited)

Note 1 - Financial Statement Presentation

The accompanying consolidated financial statements are unaudited. The Company believes that all adjustments (which consist of normal recurring accruals) necessary for a fair presentation of the consolidated financial position of the Company at March 31, 2002 and the consolidated results of its operations and cash flows for the three-month periods ended March 31, 2002 and 2001 have been included. Quarterly results of operations are not necessarily indicative of results for the full year. Quarterly financial statements should be read in conjunction with the financial statements and related notes presented in the Company's 2001 Form 10-K as filed with the Securities and Exchange Commission.

Note 2 - Earnings Per Share

The calculation of basic earnings per share for the three-month periods ended March 31, 2002 and 2001 are based on the average number of common shares considered outstanding during the periods. Diluted earnings per share for such periods reflect the effect of all potentially dilutive securities (primarily outstanding common stock options). The following table presents the number of shares used in the calculation of basic earnings per share and diluted earnings per share for the periods:

	Weighted average shares (In thousands)	
	Three months ended March 31,	
	2002	2001
	-----	-----
	(Unaudited)	
Basic	32,799	32,624
Stock option and award plans	707	619
	-----	-----
Diluted	33,506	33,243
	=====	=====

Note 3 - Inventories

The estimated components of inventory stated at lower of LIFO cost or market are:

	(In thousands)	
	March 31, 2002	December 31, 2001
	-----	-----
	(Unaudited)	
Finished goods and parts	\$ 32,803	\$ 31,313
Work in process	35,237	36,925
Raw materials and purchased parts	78,385	84,287
	-----	-----
	\$146,425	\$152,525
	=====	=====

AMETEK, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002
(Unaudited)

Note 4 - Comprehensive Income

Comprehensive income includes all changes in stockholders' equity during a period except those resulting from investments by and distributions to stockholders. The following table presents comprehensive income for the three-month periods ended March 31, 2002 and 2001:

	(In thousands)	
	Three months ended March 31,	
	2002	2001
	-----	-----
	(Unaudited)	
Net income	\$ 19,665	\$ 18,272
Foreign currency translation adjustment	(1,833)	(3,750)
Unrealized gain on marketable securities	68	527
	-----	-----
Total comprehensive income	\$ 17,900	\$ 15,049
	=====	=====

Note 5 - Segment Disclosure

The Company has two reportable business segments, the Electronic Instruments Group and the Electromechanical Group. The Company organizes its businesses primarily on the basis of product type, production processes, distribution methods, and management organizations.

At March 31, 2002, there were no significant changes in identifiable assets of reportable segments from the amounts disclosed at December 31, 2001, nor were there any changes in the basis of segmentation, or in the measurement of segment operating results. Operating information relating to the Company's reportable segments for the three month period ended March 31, 2002 and 2001 can be found in the table on page 9 in the Management's Discussion & Analysis section of this Report.

Note 6 - New Accounting Pronouncements

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 no longer permits the amortization of goodwill and indefinite-lived intangible assets. Instead, these assets must be tested for impairment at least annually in accordance with the provisions of the Statement. As of January 1, 2002, the Company no longer amortizes goodwill.

AMETEK, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002
(Unaudited)

The Company's net income and earnings per share for the three months ended March 31, 2002 and 2001 adjusted to exclude goodwill amortization was as follows (in thousands, except per share amounts):

	Three months ended March 31, 2002	2001
	-----	-----
	(Unaudited)	
Reported net income	\$ 19,665	\$ 18,272
Add back goodwill amortization, net of tax	--	2,315
	-----	-----
Adjusted net income	\$ 19,665	\$ 20,587
	=====	=====
Basic earnings per share as reported	\$ 0.60	\$ 0.56
Goodwill amortization, net of tax	--	0.07
	-----	-----
Adjusted basic earnings per share	\$ 0.60	\$ 0.63
	=====	=====
Diluted earnings per share as reported	\$ 0.59	\$ 0.55
Goodwill amortization, net of tax	--	0.07
	-----	-----
Adjusted diluted earnings per share	\$ 0.59	\$ 0.62
	=====	=====

The Company has essentially completed the transitional impairment test of its goodwill, and will finalize this assessment by the end of the second quarter of 2002 as provided by the implementation provision of the Statement. Although the final analysis is being completed, the Company's current valuation indicates that there is no impairment of its goodwill. During the three months ended March 31, 2002, changes to goodwill primarily resulted from purchase accounting adjustments related to recent acquisitions. Goodwill as of March 31, 2002 was allocated by segment as follows: Electronic Instrument Group (EIG) - \$239.9 million; Electromechanical Group (EMG) - \$144.8 million.

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 144, "Impairment or Disposal of Long-lived Assets". SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of", and provides a single accounting model for long-lived assets to be disposed of. The adoption of this Statement had no effect on the Company's consolidated results of operations, financial position, or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth reportable segment operating results, consolidated operating income, and income before income taxes:

	Three months ended March 31,	
	2002	2001
	-----	-----
	(Dollars in thousands)	
Net sales		
Electronic Instruments	\$ 136,801	\$ 126,028
Electromechanical	126,757	138,043
	-----	-----
Consolidated net sales	\$ 263,558	\$ 264,071
	=====	=====
Operating income and income before income taxes		
Electronic Instruments	\$ 20,959	\$ 18,844
Electromechanical	20,573	21,891
	-----	-----
Total segment operating income	41,532	40,735
Corporate and other	(5,098)	(5,032)
	-----	-----
Consolidated operating income	36,434	35,703
Interest and other expenses, net	(7,090)	(7,405)
	-----	-----
Consolidated income before income taxes	\$ 29,344	\$ 28,298
	=====	=====

Operations for the first quarter of 2002 compared with the first quarter of 2001

Net sales for the first quarter of 2002 were \$263.6 million, essentially unchanged from sales of \$264.1 million in the first quarter of 2001. Net sales for the Electronic Instruments Group (EIG) increased \$10.8 million or 8.5% in the first quarter of 2002, primarily due to the recent acquisitions of Instruments for Research and Applied Science (IRAS) and EDAX, Inc., as well as continued strength in the Company's aerospace and power instrument businesses. Net sales for the Electromechanical Group (EMG) were down \$11.3 million or 8.2% in the first quarter of 2002. Continued adverse market conditions in the global floor care markets were partially offset by the 2001 acquisition of GS Electric. Without these recent acquisitions, consolidated sales for the first quarter of 2002 would have been 13.1% lower than the first quarter of 2001.

New orders for the first quarter of 2002 were \$263.6 million, down \$14.3 million or 5.2% when compared with the same quarter in 2001. The first quarter of 2001 was an unusually strong quarter for orders within the Company's aerospace and power instrument businesses. The Company's backlog of unfilled orders at March 31, 2002 was \$276.5 million, essentially unchanged from December 31, 2001.

RESULTS OF OPERATIONS (CONTINUED)

Segment operating income for the first quarter 2002 was \$41.5 million, an increase of \$0.8 million or 2.0% when compared with the first quarter 2001. Segment operating income as a percentage of sales increased to 15.8% of sales in the current quarter from 15.4% of sales in the first quarter of 2001. Higher operating income was primarily driven by the recent acquisitions and the non-amortization of goodwill in the first quarter of 2002. The Company also is benefiting from its fourth quarter 2001 cost reduction initiatives.

Selling, general and administrative expenses were \$27.8 million in the first quarter of 2002, an increase of \$3.7 million or 15.0% when compared with the first quarter of 2001. Selling expenses as a percentage of sales increased to 8.7% in the first quarter of 2002 compared with 7.3% in the first quarter of 2001. Recent acquisitions drove the increase in selling expenses. General and administrative expenses and selling expenses by base businesses decreased as a percentage of sales during the period, reflecting the Company's cost reduction initiatives.

Consolidated operating income totaled \$36.4 million, or 13.8% of sales, compared with \$35.7 million, or 13.5% of sales for the first quarter of 2001, an increase of \$0.7 million, or 2.0%.

Interest expense was \$6.9 million in the first quarter 2002, compared with \$7.7 million for the same quarter of 2001. The \$0.8 million decrease in the first quarter of 2002 was due to lower interest rates partially offset by higher debt levels compared to the first quarter of 2001.

The effective tax rate for the first quarter of 2002 was 33.0% compared with 35.4% in the first quarter of 2001. The lower tax rate in 2002 reflects the effect of adopting SFAS No. 142, which resulted in the elimination of the tax effect of non-deductible goodwill from the Company's tax provision.

Net income for the first quarter 2002 totaled \$19.7 million, an increase of 7.6% from \$18.3 million in the first quarter of 2001. Diluted earnings per share rose 7.3% to \$0.59 per share, compared with \$0.55 per share for the same quarter of 2001. The first quarter of 2001 included goodwill amortization of \$2.3 million after tax, or \$0.07 per diluted share.

Segment Results

Electronic Instruments Group ("EIG") sales were \$136.8 million in the first quarter 2002, an increase of \$10.8 million or 8.5% from the same quarter of 2001. The higher sales were due to the recent acquisitions of IRAS and EDAX, Inc., as well as continued strength in the aerospace and power instrument businesses. Without these recent acquisitions, EIG's sales for the first quarter of 2002 would have been 8.0% lower than the first quarter of 2001.

EIG's operating income for the first quarter of 2002 increased by \$2.1 million or 11.2% to \$21.0 million when compared with the same quarter of 2001. The increase in operating income was due to the non-amortization of goodwill in 2002, the sales increase, as well as improved operating margins resulting from the cost reduction initiatives, noted above. EIG's pretax goodwill

RESULTS OF OPERATIONS (CONTINUED)

amortization in the first quarter of 2001 amounted to \$1.6 million. Operating margins were 15.3% of sales in the first quarter of 2002 compared with operating margins of 15.0% of sales in the first quarter of 2001.

Electromechanical Group (EMG) sales totaled \$126.8 million in the first quarter of 2002, a decrease of \$11.3 million or 8.2% from the same quarter of 2001. The sales decrease was primarily due to the continued adverse market conditions in the worldwide floor care markets, partially offset by the 2001 acquisition of GS Electric. Without the recent acquisition, EMG's sales for the first quarter of 2002 would have been 17.7% lower than the first quarter of 2001.

Operating income of EMG was \$20.6 million for the first quarter 2002, a decrease of \$1.3 million or 6.0% from the first quarter of 2001. The lower profits were mainly due to the sales decrease, partially offset by profit margin improvement, which was the result of the cost reduction initiatives, noted above. Operating income in 2002 benefited from the effect of non-amortization of goodwill. EMG's pretax goodwill amortization in the first quarter of 2001 amounted to \$1.1 million. Operating margins were 16.2% of sales in the first quarter of 2002, compared with operating margins of 15.9% of sales in the first quarter of 2001.

FINANCIAL CONDITION

Liquidity and Capital Resources

Cash provided by operating activities totaled \$9.0 million for the first quarter of 2002, compared to cash used of \$2.9 million (before accounts receivable securitization transactions) in the first quarter 2001. The \$11.9 million increase in operating cash flow was the result of lower working capital requirements in the first quarter of 2002, mainly due to lower inventories. The first quarter of 2001 included a build-up in inventories associated with the Company's movement of certain products to low-cost manufacturing facilities, and higher inventory levels in several businesses that experienced the economic downturn. After tax cash expenditures in the first quarter of 2002 related to the Company's fourth quarter 2001 accruals for cost reduction initiatives were on plan, and totaled \$1.4 million. The Company expects to make additional after tax cash expenditures on these initiatives of approximately \$6.0 million for the remainder of 2002. Net cash provided by operating activities in the first quarter 2002 totaled \$9.0 million, compared to cash used in the first quarter of 2001 of \$0.9 million, after \$2.0 million of proceeds from an accounts receivable securitization agreement.

Cash used for investing activities totaled \$5.3 million in the first quarter 2002, compared with \$5.7 million used in the same quarter of 2001. Additions to property, plant and equipment in the first quarter 2002 totaled \$4.1 million, compared with \$7.0 million in the same quarter of 2001.

FINANCIAL CONDITION (CONTINUED)

Cash used for financing activities in the first quarter of 2002 totaled \$5.5 million, compared with cash provided by financing activities of \$6.6 million in the same quarter of 2001. In the first quarter of 2002, net short-term borrowings decreased by \$7.5 million, compared with an increase of \$3.3 million in 2001.

As a result of all of the activities discussed above, the Company's cash and cash equivalents at March 31, 2002 totaled \$12.4 million, compared with \$14.1 million at December 31, 2001. The Company believes it has sufficient cash-generating capabilities and available credit facilities to enable it to meet its needs in the foreseeable future.

FORWARD-LOOKING INFORMATION

Information contained in this discussion, other than historical information, are considered "forward-looking statements" and may be subject to change based on various important factors and uncertainties. Some, but not all, of the factors and uncertainties that may cause actual results to differ significantly from those expected in any forward-looking statement are disclosed in the Company's 2001 Form 10-K as filed with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

AMETEK, Inc.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits:

None

b) Reports on Form 8-K: During the quarter ended March 31, 2002, the Company filed a Current Report on Form 8-K dated February 1, 2002, under Item 5. Other Events, to report the issuance of the Company's 2001 full-year and fourth quarter sales and earnings press release.

AMETEK, Inc.

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.

(Registrant)

By /s/ Robert R. Mandos, Jr.

Robert R. Mandos, Jr.
Vice President & Comptroller
(Principal Accounting Officer)

May 10, 2002