

## IDEX Reports Third Quarter 2005 Results; 8% Organic Sales Growth and 23% Increase in Net Income

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NORTHBROOK, Ill.--(BUSINESS WIRE)--Oct. 20, 2005--IDEX Corporation (NYSE:IEX) today announced its financial results for the three months ended September 30, 2005. Orders were up 10 percent, sales increased 8 percent and net income rose 23 percent to \$28.5 million. Diluted earnings per share were 54 cents versus 44 cents in the year-ago period.

### Third Quarter 2005 Highlights

- Orders were \$258.9 million, 10 percent higher than a year ago; base business orders, excluding foreign currency translation, were also up 10 percent.
- Sales of \$257.9 million rose 8 percent; base business sales, excluding foreign currency translation, were also up 8 percent.
- Operating margins at 18.1 percent were 130 basis points higher than a year ago and 40 basis points higher sequentially.
- Net income increased 23 percent to \$28.5 million.
- Diluted EPS at 54 cents was 10 cents ahead of the third quarter of 2004.
- EBITDA of \$53.9 million was 21 percent of sales and covered interest expense by more than 15 times.
- Debt-to-total capitalization was 17 percent.
- Free cash flow was strong at \$43.4 million and 1.5 times net income.
- Operational excellence initiatives continue to fuel product innovation to drive growth.

"We are pleased with our results for the third quarter and first nine months of 2005. Our business units continue to deliver profitable sales growth as a result of new technology and market initiatives and our unrelenting commitment to operational excellence. The organic sales growth during the quarter was led by Pump Products at 11 percent and Engineered Products at 6 percent. Organic sales growth in Dispensing was 1 percent. Within Dispensing, demand remained strong in North America and was offset by the impact of continued unfavorable economic conditions in Europe. As we move forward, we are focused on the voice of our customer, while using the powerful combination of continuous process improvement and new product innovation to drive our future performance."

Lawrence D. Kingsley  
President and Chief Executive Officer

### Third Quarter Financial Highlights

(In millions, except per share amounts and percentages)

	For the Quarter Ended				
	September 30 2005	September 30 2004	Change	June 30 2005	Change
Orders Written	\$258.9	\$235.0	10%	\$272.0	(5%)
Sales	257.9	237.6	8	271.8	(5)

Operating Income	46.6	40.0	17	48.1	(3)
Operating Margin	18.1%	16.8%	130 bp	17.7%	40 bp
Net Income	\$28.5	\$23.2	23%	\$28.9	(1%)
Diluted EPS	.54	.44	23	.55	(2)

#### Other Data

Income before Taxes	\$43.2	\$35.7	21%	\$44.6	(3%)
Depreciation and Amortization	7.2	7.9	(10)	7.8	(8)
Interest	3.5	3.9	(8)	3.8	(7)
EBITDA	53.9	47.5	14	56.2	(4)
Cash Flow from Operating Activities	48.7	42.0	16	36.9	32
Capital Expenditures	5.3	5.0	5	6.2	(14)
Free Cash Flow	43.4	37.0	17	30.7	41

### Q3 Orders, Sales, Net Income and EPS Up Year-over-Year

New orders in the quarter totaled \$258.9 million, 10 percent higher than the same period in 2004 and down 5 percent sequentially due to seasonal order patterns. Base business orders also were up 10 percent as European currency rates contributed little to orders. As of September 30, 2005, the company had an unfilled order backlog of just over one month's sales.

Sales in the third quarter of \$257.9 million rose 8 percent from the prior year period and were down 5 percent from the second quarter of 2005 due to seasonal order patterns. Base business shipments also grew 8 percent as European currency rates contributed little to sales. Base business sales grew 10 percent domestically and 6 percent internationally during the quarter. Sales to international customers from base businesses represented approximately 42 percent of total sales for the third quarter of 2005 versus 43 percent in the year-ago quarter.

Third quarter 2005 operating margin of 18.1 percent of sales was 130 basis points higher than the third quarter of 2004 and 40 basis points ahead of the second quarter of 2005. Third quarter 2005 gross margin of 40.3 percent of sales was 30 basis points higher than last year's third quarter. This improvement reflects volume leverage and savings realized from the company's Six Sigma, Lean Manufacturing and global sourcing initiatives. Selling, general and administrative (SG&A) expense as a percent of sales decreased 100 basis points from the third quarter of 2004 to 22.2 percent. Total SG&A expenses increased due primarily to higher volume.

Net income of \$28.5 million increased 23 percent over the third quarter of 2004. Diluted earnings per share of 54 cents improved 10 cents from the third quarter of 2004.

#### Year-To-Date Financial Results

(In millions, except per share amounts and percentages)

	Nine Months Ended September 30		
	2005	2004	Change
Orders Written	\$797.5	\$703.6	13%
Sales	781.7	685.7	14
Operating Income	135.5	111.1	22
Operating Margin	17.3%	16.2%	110 bp
Net Income	\$81.1	\$63.7	27%
Diluted EPS	1.54	1.23	25
Other Data			
Income before Taxes	\$124.8	\$99.5	25%
Depreciation and Amortization	22.9	23.3	(2)
Interest	11.2	10.9	3
EBITDA	158.9	133.7	19
Cash Flow from Operating Activities	101.9	94.2	8
Capital Expenditures	17.2	14.8	16
Free Cash Flow	84.7	79.4	7

## Year-to-Date Orders, Sales, Net Income and EPS Ahead of Last Year

New orders for the first nine months totaled \$797.5 million, 13 percent higher than the first nine months of last year. Excluding the impact of foreign currency translation and acquisitions, orders were 9 percent higher in the first nine months of 2005 than in 2004.

Sales for the first nine months of 2005 increased 14 percent to \$781.7 million. Base business sales rose 10 percent, acquisitions accounted for a 3 percent improvement, and foreign currency translation added 1 percent. Base business sales grew 12 percent domestically and were up 7 percent internationally during the first nine months of 2005. Sales to international customers from base businesses represented approximately 44 percent of total sales for the first nine months of 2005 versus 45 percent in the same period last year.

Year-to-date operating margins were 17.3 percent, 110 basis points higher than the 16.2 percent reported in the prior-year period. This improvement reflects a 50 basis point improvement in gross margin to 40.6 percent, resulting mainly from volume leverage and the company's global sourcing, Six Sigma and Lean Manufacturing initiatives. Selling, general and administrative expenses as a percent of sales of 23.3 percent decreased by 60 basis points from the first nine months of 2004. Higher total SG&A expenses reflect acquisitions, volume-related expenses, and reinvestment in the business to drive organic growth.

Year-to-date net income of \$81.1 million increased 27 percent compared to 2004. Diluted earnings per share of \$1.54 rose 31 cents, or 25 percent, from the \$1.23 per share recorded for the first nine months of 2004.

## Segment Results

Pump Products sales of \$158.6 million reflect an 11 percent base business increase. Operating margin of 19.5 percent represented a 100 basis point improvement compared with the third quarter of 2004.

Dispensing Equipment sales of \$40.9 million rose 2 percent, reflecting a 1 percent increase in base business growth and 1 percent favorable foreign currency translation. Operating margin of 19.3 percent represented a 90 basis point improvement compared to the year-ago quarter.

Sales of Other Engineered Products during the third quarter of \$59.4 million reflect 6 percent base business growth. Operating margin of 25.2 percent represented a 290 basis point improvement compared with the year-ago quarter.

Year-to-date, the Pump Products Group contributed 59 percent of sales and 53 percent of operating income; the Dispensing Equipment Group accounted for 19 percent of sales and 21 percent of operating income; and Other Engineered Products represented 22 percent of sales and 26 percent of operating income.

## Strong Financial Position

IDEX ended the third quarter with total assets of \$1.2 billion and working capital of \$156.1 million. Total debt decreased \$64.5 million during the first nine months of 2005 to \$160.8 million. Free cash flow (cash flow from operating activities less capital expenditures) for the first nine months of 2005 was \$84.7 million. Year-to-date, EBITDA (earnings before interest, taxes, depreciation and amortization) totaled \$158.9 million (20 percent of sales) and covered interest expense by more than 14 times. Debt-to-total capitalization at September 30, 2005, was 17 percent.

## Progress Continues on Operational Excellence and Innovation Initiatives

"We're driving operational excellence to reduce cost, improve efficiency and leverage our plant investment," Kingsley said. "Our ongoing commitment to operational excellence enables us to better serve the needs of our customers and expand margins, while focusing on product innovation to drive future growth. To date, 22 IDEX business units have completed training in the use of our new mixed model manufacturing and business process tools.

"We're pleased with our progress applying these more advanced tools," Kingsley continued. "Our margin expansion is evidence that our operational excellence strategy is working. Third quarter operating margin improved to 18.1 percent, 130 basis points ahead of last year's third quarter. Year-to-date savings from our operational excellence tools of Lean and Six Sigma totaled \$7.9 million. Through the first nine months of 2005, the net savings from our global sourcing initiatives totaled \$9.9 million, a reduction of 25 percent over prior sources."

## 2005 Outlook

"We are encouraged by our recent performance and focused on delivering consistent, sustainable sales and earnings growth," Kingsley said. "Our emphasis on new product innovation and continuous process improvement is clearly delivering top- and bottom-line growth. Our growth capability, coupled with our developing know-how for applying the most advanced mixed model operational excellence tools, will continue to enhance our ability to drive operating performance. As we move into the final quarter of 2005, we remain well positioned to meet our customers' emerging needs for applied engineering solutions anywhere in the world."

### Conference Call to be Broadcast Over the Internet

IDEX will broadcast its third quarter earnings conference call over the Internet on Thursday, October 20, 2005 at 1:30 p.m. CDT. President and Chief Executive Officer Larry Kingsley and Vice President and Chief Financial Officer Dominic Romeo will discuss the company's recent financial performance and respond to questions from the financial analyst community. IDEX invites interested investors to listen to the presentation, which will be carried live on its Web site at [www.idexcorp.com](http://www.idexcorp.com). Those who wish to listen should log on several minutes before the discussion begins. After clicking on the presentation icon, investors should follow the instructions to ensure their systems are set up to hear the event, or download the correct application at no charge. Investors also will be able to hear a replay of the call by dialing 800.642.1687 or 706.645.9291 using conference ID #1252311.

### A Note on EBITDA and Free Cash Flow

EBITDA means earnings before interest, income taxes, depreciation and amortization, while free cash flow means cash flow from operating activities less capital expenditures. Management uses these non-GAAP financial measures as internal operating metrics. Management believes these measures are useful as analytical indicators of leverage capacity and debt servicing ability, and uses them to measure financial performance as well as for planning purposes. However, they should not be considered as alternatives to net income, cash flow from operating activities or any other items calculated in accordance with U.S. GAAP, or as an indicator of operating performance. The definitions of EBITDA and free cash flow used here may differ from those used by other companies.

### Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements may relate to, among other things, capital expenditures, cost reductions, cash flow, and operating improvements and are indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "management believes," "the company believes," "the company intends," and similar words or phrases. These statements are subject to inherent uncertainties and risks that could cause actual results to differ materially from those anticipated at the date of this news release. The risks and uncertainties include, but are not limited to, the following: economic and political consequences resulting from terrorist attacks and wars; levels of industrial activity and economic conditions in the U.S. and other countries around the world; pricing pressures and other competitive factors, and levels of capital spending in certain industries - all of which could have a material impact on order rates and IDEX's results, particularly in light of the low levels of order backlogs it typically maintains; its ability to make acquisitions and to integrate and operate acquired businesses on a profitable basis; the relationship of the U.S. dollar to other currencies and its impact on pricing and cost competitiveness; political and economic conditions in foreign countries in which the company operates; interest rates; capacity utilization and the effect this has on costs; labor markets; market conditions and material costs; and developments with respect to contingencies, such as litigation and environmental matters. The forward-looking statements included here are only made as of the date of this news release, and management undertakes no obligation to publicly update them to reflect subsequent events or circumstances. Investors are cautioned not to rely unduly on forward-looking statements when evaluating the information presented here.

### About IDEX

IDEX Corporation is the world leader in fluid-handling technologies for positive displacement pumps and metering products, dispensing equipment for color formulation, and other highly engineered products including fire suppression equipment, rescue tools and engineered band clamping systems. Its products are sold in niche markets to a wide range of industries throughout the world. IDEX shares are traded on the New York Stock Exchange and Chicago Stock Exchange under the symbol "IEX".

For further information on IDEX Corporation and its business units, visit the company's Web site at [www.idexcorp.com](http://www.idexcorp.com).

(Tables follow)

IDEX CORPORATION  
Condensed Statements of Consolidated Operations  
(in thousands except per share amounts)

	Third Quarter Ended		Nine Months Ended	
	September 30, (a)		September 30, (a)	
	2005	2004	2005	2004
Net sales	\$257,930	\$237,557	\$781,746	\$685,747
Cost of sales	153,886	142,568	464,096	411,105
Gross profit	104,044	94,989	317,650	274,642
Selling, general and administrative expenses	57,395	55,028	182,174	163,581
Operating income	46,649	39,961	135,476	111,061
Other income (expense) - net	141	(384)	516	(608)
Interest expense	3,548	3,856	11,233	10,911
Income before income taxes	43,242	35,721	124,759	99,542
Provision for income taxes	14,727	12,502	43,666	35,797
Net income	\$28,515	\$23,219	\$81,093	\$63,745

Earnings per  
Common Share:

Basic earnings per common share	\$.55	\$.46	\$1.59	\$1.28
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Diluted earnings per common share	\$.54	\$.44	\$1.54	\$1.23
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Share Data:

Basic weighted average common shares outstanding	51,618	50,293	51,087	49,943
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Diluted weighted average common shares outstanding	53,071	52,400	52,503	51,837
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Condensed Consolidated Balance Sheets  
(in thousands)

September 30, December 31,

	2005 (a)	2004 (a)
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Assets		
Current assets		
Cash and cash equivalents	\$33,662	\$7,274
Receivables - net	141,684	119,567
Inventories	129,390	126,978
Other current assets	8,905	7,419
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Total current assets	313,641	261,238
Property, plant and equipment - net	146,720	155,602
Goodwill - net	694,077	713,619
Intangible assets - net	28,790	29,545
Other noncurrent assets	28,470	26,288
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Total assets	\$1,211,698	\$1,186,292
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Liabilities and shareholders' equity		
Trade accounts payable	\$76,813	\$71,405
Dividends payable	6,268	6,105
Accrued expenses	74,449	70,745
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Total current liabilities	157,530	148,255
Long-term debt	160,780	225,317
Other noncurrent liabilities	102,703	99,115
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Total liabilities	421,013	472,687
Shareholders' equity	790,685	713,605
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Total liabilities and shareholders' equity	\$1,211,698	\$1,186,292
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See following page for notes to condensed financial statements.

IDEX CORPORATION  
Company and Business Group Financial Information  
(dollars in thousands)

	Third Quarter Ended		Nine Months Ended	
	September 30, (a)		September 30, (a)	
	2005	2004	2005	2004
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Pump Products				
Net sales	\$158,621	\$142,358	\$463,219	\$397,539
Operating income (b)	30,895	26,284	83,639	68,234
Operating margin	19.5 %	18.5 %	18.1 %	17.2 %
Depreciation and amortization	\$3,898	\$4,290	\$12,078	\$12,467
Capital expenditures	3,100	3,234	10,791	9,835
Dispensing Equipment				
Net sales	\$40,936	\$40,028	\$145,380	\$127,546
Operating income (b)	7,882	7,348	32,690	26,590
Operating margin	19.3 %	18.4 %	22.5 %	20.8 %
Depreciation and amortization	\$1,257	\$1,384	\$3,853	\$4,218

Capital expenditures	1,012	545	2,866	1,961
Other Engineered Products				
Net sales	\$59,388	\$56,005	\$176,159	\$162,889
Operating income (b)	14,972	12,501	40,521	34,052
Operating margin	25.2 %	22.3 %	23.0 %	20.9 %
Depreciation and amortization	\$1,297	\$1,546	\$4,348	\$4,649
Capital expenditures	854	940	2,640	2,462
Company				
Net sales	\$257,930	\$237,557	\$781,746	\$685,747
Operating income	46,649	39,961	135,476	111,061
Operating margin	18.1 %	16.8 %	17.3 %	16.2 %
Depreciation and amortization (c)	\$7,194	\$7,950	\$22,855	\$23,335
Capital expenditures	5,287	5,046	17,154	14,805

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(a) Third quarter data includes acquisition of Dinglee (July 2004) in the Other Engineered Products Group from the date of acquisition while the nine month data includes Dinglee as well as the acquisitions of Systec (April 2004) and Scivex (May 2004) in the Pump Products Group from the dates of acquisition.

(b) Group operating income excludes unallocated corporate operating expenses.

(c) Excludes amortization of debt issuance expenses.

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SOURCE: IDEX Corporation