

IDEX Reports Record Second Quarter Sales and 12 Percent Growth as Operating Margin and Net Income Also Reach Historic Highs

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NORTHBROOK, Ill.--(BUSINESS WIRE)--July 20, 2006--IDEX Corporation (NYSE:IEX) today announced its financial results for the quarter ended June 30, 2006. Net income of \$35.0 million rose 21 percent and reached an historic high, while earnings per share increased 18 percent to 65 cents, which included one cent from discontinued operations. From continuing operations, orders in the second quarter were up 10 percent, sales increased 12 percent and income rose 20 percent to \$34.4 million. Diluted earnings per share from continuing operations were 64 cents versus 54 cents in the year-ago quarter. Second quarter 2006 results include stock option expense of \$2.3 million.

Q2 2006 Highlights (from Continuing Operations)

- Orders for the second quarter of 2006 were \$290.5 million, 10 percent higher than a year ago; excluding the impact of acquisitions and foreign currency translation, organic orders growth was 5 percent. Year to date, organic orders growth was 10 percent.
- Second quarter sales of \$297.2 million rose 12 percent; excluding the impact of acquisitions and foreign currency translation, organic sales growth was 7 percent. Year to date, organic sales growth was 9 percent.
- Operating margin at 19.0 percent was 100 basis points higher than a year ago.
- Stock option expense of \$2.3 million had a 70 basis point effect on operating margin during the second quarter.
- Income increased 20 percent to \$34.4 million.
- Diluted EPS at 64 cents was 10 cents ahead of the second quarter of 2005.
- EBITDA of \$63.1 million was 21 percent of sales.
- Free cash flow was \$39.4 million, an increase of 31 percent from a year ago.
- Announcement of the sale of Lubriquip, Inc. on July 11, 2006.
- Completion of previously announced acquisition of Eastern Plastics (EPI) in a strategic expansion of health & science technologies business.
- Expansion of number of reporting segments from three to four segments, reflecting a more focused market-driven strategy.

"We are pleased with our recent performance and consistent ability to generate organic growth and expand our operating margin. During the quarter, our businesses delivered record operating income and net income, as well as strong cash flows. Organic sales growth through the first half of 2006 was 9 percent, reflecting particular strength in Health & Science Technologies at 17 percent, Fluid & Metering Technologies at 10 percent and Fire & Safety/ Diversified Products at 9 percent. Within Dispensing Equipment, we continue to experience strong demand in North America and less-than-favorable market conditions in Europe. As we move forward, our businesses are well positioned in attractive product segments driven by strong underlying industry segment fundamentals and, even more importantly, our ability to effectively serve expanding niche applications. Current order

rates, coupled with our strong backlog, reinforce our confidence as we enter the second half of 2006. We believe our business model and operating strategy are very well suited to win in this dynamic environment."

Lawrence D. Kingsley
Chairman and Chief Executive Officer

Second Quarter Financial Highlights

(Dollars in millions, except per share amounts)

	For the Quarter Ended		Change	March 31	
	2006	June 30 2005		2006	Change
Orders Written	\$290.5	\$264.9	10%	\$294.5	(1)%
Sales	297.2	264.9	12	266.9	11
Operating Income	56.3	47.6	18	47.3	19
Operating Margin	19.0%	18.0%	100bp	17.7%	130bp
Income from Continuing Operations	\$34.4	\$28.6	20%	\$29.3	18%
Net Income	35.0	28.9	21	30.1	16
Diluted EPS:					
Income from Continuing Operations	.64	.54	19	.54	19
Net Income	.65	.55	18	.56	16
Other Data					
-- Income before Taxes	\$51.8	\$44.0	18%	\$44.3	17%
-- Depreciation and Amortization	7.2	6.8	6	6.3	14
-- Interest	4.1	3.8	7	3.0	38
-- EBITDA	63.1	54.6	15	53.6	18
-- Cash Flow from Operating Activities	44.8	36.2	24	23.8	88
-- Capital Expenditures	5.4	6.1	(12)	4.0	34
-- Free Cash Flow	39.4	30.1	31	19.8	99

Q2 Orders, Sales, Income and EPS from Continuing Operations Up Year-over-Year

New orders in the quarter totaled \$290.5 million, 10 percent higher than the same period in 2005. Excluding the impact of acquisitions and foreign currency translation, orders were up 5 percent. The second quarter orders growth rate was impacted by blanket orders received in the first quarter of 2006. First quarter 2006 organic orders growth was 16 percent.

Sales in the second quarter of \$297.2 million rose 12 percent from the prior-year period. Excluding the impact of acquisitions and foreign currency translation, organic growth was 7 percent. Sales to international customers represented 46 percent of total sales for the second quarter of 2006 versus 45 percent in the year-ago quarter.

Second quarter operating margin was 19.0 percent, 100 basis points higher than the 18.0 percent reported in the prior-year period. Gross margin of 41.4 percent was equal to the second quarter of 2005. Volume leverage, coupled with the company's strategic sourcing and other operational excellence initiatives, was offset by product mix and the impact of acquisitions. Selling, general and administrative expenses as a percent of sales decreased by 100 basis points from the second quarter of 2005. Higher total SG&A expenses reflect acquisitions, volume-related expenses, stock option expense and reinvestment in the business to drive organic growth.

Income from continuing operations of \$34.4 million increased 20 percent over the second quarter of 2005. Diluted earnings per share from continuing operations of 64 cents improved 10 cents from the second quarter of 2005.

Year-to-Date Financial Results

(Dollars in millions, except per share amounts)

	Six Months Ended	June 30	
	2006	2005	Change
Orders Written	\$585.1	\$524.1	12%
Sales	564.0	510.1	11
Operating Income	103.6	87.7	18
Operating Margin	18.4%	17.2%	120bp
Income from Continuing Operations	\$63.6	\$51.8	23%
Net Income	65.0	52.6	24
Diluted EPS:			
Income from Continuing Operations	1.18	.99	19
Net Income	1.20	1.00	20
Other Data			
-- Income before Taxes	\$96.1	\$80.3	20%
-- Depreciation and Amortization	13.5	13.7	(2)
-- Interest	7.0	7.7	(9)
-- EBITDA	116.6	101.7	15
-- Cash Flow from Operating Activities	68.6	51.7	33
-- Capital Expenditures	9.4	11.7	(20)
-- Free Cash Flow	59.2	40.0	48

First Half Orders, Sales, Income and EPS from Continuing Operations Ahead of Last Year

New orders for the first six months of 2006 totaled \$585.1 million, 12 percent higher than the first six months of last year. Excluding the impact of acquisitions and foreign currency translation, orders in the first six months of 2006 were 10 percent higher than in 2005.

Sales for the first six months of 2006 increased 11 percent to \$564.0 million from \$510.1 million a year earlier. Excluding the impact of acquisitions and foreign currency translation, organic growth was 9 percent. Sales to international customers from base businesses represented approximately 45 percent of total sales for the first six months of both 2006 and 2005.

First half operating margin was 18.4 percent, 120 basis points higher than the 17.2 percent reported in the prior-year period. This improvement reflects volume leverage, along with a 20 basis point improvement in gross margin to 41.3 percent, resulting mainly from the company's strategic sourcing and other operational excellence initiatives. Selling, general and administrative expenses as a percent of sales decreased by 100 basis points from the first half of 2005. Higher total SG&A expenses reflect acquisitions, volume-related expenses, stock option expense and reinvestment in the business to drive organic growth.

Year-to-date income from continuing operations of \$63.6 million increased 23 percent compared to 2005. Diluted earnings per share from continuing operations of \$1.18 rose 19 cents, or 19 percent, from the 99 cents recorded for the first half of 2005.

Segment Results

Fluid & Metering Technologies sales in the second quarter of \$108.4 million reflected 9 percent organic growth. Operating margin of 20.3 percent represented a 180 basis point improvement compared with the second quarter of 2005.

Health & Science Technologies sales in the second quarter of \$81.3 million reflected 14 percent organic growth. Operating margin of 17.9 percent represented a 90 basis point improvement compared with the second quarter of 2005.

Dispensing Equipment sales of \$44.4 million in the second quarter were down 4 percent on an organic basis. Operating margin of 26.3 percent represented a 150 basis point decline compared with the second quarter of 2005, due primarily to volume and product mix.

Sales of Fire & Safety/Diversified Products during the second quarter of \$64.6 million reflected 5 percent organic growth. Operating margin of 25.2 percent represented a 240 basis point improvement compared with the second quarter of 2005.

During the quarter, Fluid & Metering Technologies contributed 36 percent of sales and 34 percent of operating income; Health & Science Technologies accounted for 27 percent of sales and 23 percent of operating income; Dispensing Equipment accounted for 15 percent of sales and 18 percent of operating income; and Fire & Safety/Diversified Products represented 22 percent of sales and 25 percent of operating income.

Strong Financial Position

IDEX ended the quarter with total assets of \$1.4 billion and working capital of \$179 million. Total debt was \$199 million at June 30, 2006. Free cash flow (cash flow from operating activities less capital expenditures) for the first half of 2006 was \$59.2 million. Year-to-date, EBITDA (earnings before interest, taxes, depreciation and amortization) totaled \$116.6 million (21 percent of sales) and covered interest expense by more than 16 times.

Progress Continues on Growth Initiatives

"IDEX's broad-based growth stems from our ability to expand our served application base," Kingsley said. "Our Mixed Model Lean expertise enables us to flexibly respond to new market and new customer product requirements, as well as changing customer needs. We continue to reduce plant cycle times and total lead times, so that our customers remain competitive. Our other operational excellence and strategic sourcing initiatives continue to improve our total operating efficiency and allow us to further leverage our plant investment.

"We're also pleased with our progress toward applying our integrated operating management system," Kingsley continued. "Our customer metrics and margin expansion are evidence that our operational excellence strategy is working. The second quarter operating margin improved to 19 percent, 100 basis points ahead of the year-ago quarter. Excluding the impact of stock option expense, the improvement was 170 basis points.

"At the same time," Kingsley said, "as an engineered products company, we continue to focus on product innovation which enhances the value that we deliver to our targeted process industry and selected OEM segments. The company's focus on fluidic solutions and other carefully targeted engineered product segments is enabling organic growth opportunities in all four business segments. Our businesses are doing a terrific job of bringing new products to market, faster, to enable us to effectively serve new industry applications."

Acquisition of EPI

As previously announced, IDEX acquired the assets of Eastern Plastics, Inc. (EPI) on May 2, 2006. EPI is a global leader in high-precision integrated fluidics and associated engineered plastics solutions. Based in Bristol, Connecticut, with revenues of approximately \$30 million, EPI's products are used in a broad set of end markets including medical diagnostics, analytical instrumentation and laboratory automation.

"EPI strengthens our existing health and sciences businesses with experience that is highly complementary to our current precision fluidics capability," Kingsley said. "We are particularly excited about EPI's capability in increasingly close-tolerance fluidics solutions as applied to a variety of instrumentation products. EPI is also a great addition to our growing expertise in medical implantables and surgical devices."

Sale of Lubriquip

As previously announced on July 11, 2006, IDEX completed the sale of Lubriquip, its lubricant dispensing business, to Graco Inc. The sale of this business reflects a strategic divestiture as IDEX aligns its business portfolio within Dispensing Equipment to focus on core strengths. The results of Lubriquip are reported as discontinued operations effective with the company's second quarter 2006 financial results. IDEX expects to report an after-tax gain on the sale of the business in the third quarter of 2006 of approximately \$16 to \$17 million, or \$0.29 to \$0.31 per diluted share. This gain will be partially offset by the discontinuation of earnings from the business in 2006. For informational purposes, full year 2005 revenues and earnings per share for Lubriquip were approximately \$30 million and \$0.05 per share, respectively.

2006 Outlook

"As we move into the second half of 2006, we remain focused on delivering consistent, sustainable sales and earnings growth,"

Kingsley said. "Our steady emphasis on new product innovation and continuous process improvement continues to deliver top and bottom-line growth. Our global position, niche market focus, high mix operations profile and developing know-how in Mixed Model Lean position us well to meet our customers' emerging needs for applied engineered solutions anywhere in the world."

Conference Call to be Broadcast Over the Internet

IDEX will broadcast its second quarter earnings conference call over the Internet on Thursday, July 20, 2006 at 1:30 p.m. CT. Chairman 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 call and view the accompanying slide presentation, which will be carried live on its Web site at www.idexcorp.com. Those who wish to participate 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 and view the presentation slides, or download the correct applications 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 #4089519.

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 an applied solutions company specializing in fluid and metering technologies, health and science technologies, dispensing equipment, and fire, safety and other diversified products built to its customers' exacting specifications. 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.

(Tables follow)

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

	Second Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Net sales	\$297,169	\$264,949	\$564,036	\$510,087
Cost of sales	174,110	155,370	330,850	300,687
Gross profit	123,059	109,579	233,186	209,400
Selling, general and administrative expenses	66,739	61,989	129,603	121,715
Operating income	56,320	47,590	103,583	87,685
Other income (expense) - net	(452)	245	(445)	337
Interest expense	4,074	3,806	7,028	7,685
Income from continuing operations before income taxes	51,794	44,029	96,110	80,337
Provision for income taxes	17,409	15,451	32,469	28,547
Income from continuing operations	34,385	28,578	63,641	51,790
Income from discontinued operations, net of tax	571	355	1,392	788
Net income	\$34,956	\$28,933	\$65,033	\$52,578

Basic Earnings per Common Share:				
Continuing operations	\$0.65	\$0.56	\$1.20	\$1.02
Discontinued operations	0.01	0.01	0.03	0.01
Net income	\$0.66	\$0.57	\$1.23	\$1.03

Diluted Earnings per Common Share:				
Continuing operations	\$0.64	\$0.54	\$1.18	\$0.99
Discontinued operations	0.01	0.01	0.02	0.01
Net income	\$0.65	\$0.55	\$1.20	\$1.00

Share Data:

Basic weighted

average common shares outstanding	53,014	50,963	52,825	50,821
Diluted weighted average common shares outstanding	54,029	52,641	53,995	52,484

Condensed Consolidated Balance Sheets
(in thousands)

	June 30, 2006	December 31, 2005

Assets		
Current assets		
Cash and cash equivalents	\$51,052	\$77,202
Receivables - net	154,588	129,816
Inventories	138,204	123,631
Assets held for sale	9,109	9,138
Other current assets	15,189	11,006

Total current assets	368,142	350,793
Property, plant and equipment - net	154,675	142,663
Goodwill	778,744	691,399
Intangible assets - net	54,639	28,615
Other noncurrent assets	30,314	30,710

Total assets	\$1,386,514	\$1,244,180
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Liabilities and shareholders' equity		
Current liabilities		
Trade accounts payable	\$78,848	\$67,047
Accrued expenses	91,455	72,481
Short-term borrowings	7,773	3,144
Liabilities held for sale	3,465	4,303
Dividends payable	7,999	6,321

Total current liabilities	189,540	153,296
Long-term borrowings	190,998	156,899
Other noncurrent liabilities	93,231	110,975

Total liabilities	473,769	421,170
Shareholders' equity	912,745	823,010

Total liabilities and shareholders' equity	\$1,386,514	\$1,244,180

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

	Second Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2006 (a)	2005	2006 (a)	2005

Fluid & Metering Technologies				
Net sales	\$108,437	\$98,793	\$210,836	\$192,264
Operating income (b)	21,982	18,244	41,226	33,522
Operating margin	20.3 %	18.5 %	19.6 %	17.4 %
Depreciation and amortization	\$2,530	\$2,551	\$4,786	\$5,163
Capital expenditures	1,103	2,542	2,235	5,046
Health & Science Technologies				
Net sales	\$81,299	\$59,541	\$144,320	\$112,462
Operating income (b)	14,513	10,115	26,793	19,117
Operating margin	17.9 %	17.0 %	18.6 %	17.0 %
Depreciation and amortization	\$1,829	\$1,513	\$3,228	\$3,033
Capital expenditures	1,190	1,571	2,067	2,657
Dispensing Equipment				
Net sales	\$44,415	\$46,308	\$85,823	\$90,715
Operating income (b)	11,689	12,870	22,019	23,943
Operating margin	26.3 %	27.8 %	25.7 %	26.4 %
Depreciation and amortization	\$1,052	\$1,088	\$2,065	\$2,178
Capital expenditures	531	835	1,190	1,672
Fire & Safety/Diversified Products				
Net sales	\$64,551	\$61,199	\$125,767	\$116,771
Operating income (b)	16,266	13,964	29,921	25,502
Operating margin	25.2 %	22.8 %	23.8 %	21.8 %
Depreciation and amortization	\$1,540	\$1,489	\$3,078	\$3,057
Capital expenditures	1,628	997	2,766	1,790
Company				
Net sales	\$297,169	\$264,949	\$564,036	\$510,087
Operating income	56,320	47,590	103,583	87,685
Operating margin	19.0 %	18.0 %	18.4 %	17.2 %
Depreciation and amortization (c)	\$7,210	\$6,792	\$13,526	\$13,734
Capital expenditures	5,372	6,100	9,387	11,702

(a) Second quarter and six month data includes acquisition of JUN-AIR (February 2006) and EPI (May 2006) in the Health & Science Technologies Group and Airshore (January 2006) in the Fire & Safety/Diversified Products Group from the dates of acquisition.

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

(c) Excludes amortization of debt issuance expenses and unearned compensation.

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SOURCE:

IDEX Corporation