

## IDEX Corporation Reports Record Results for 2006; Continued Strong Organic Growth, Margin Expansion and Cash Flow

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NORTHBROOK, Ill.--(BUSINESS WIRE)--Jan. 30, 2007--IDEX Corporation (NYSE:IEX) today announced its financial results for the three- and twelve-month periods ended December 31, 2006. From continuing operations, orders in the fourth quarter were up 25 percent, sales increased 19 percent, and income rose 28 percent to \$36.2 million. Diluted earnings per share from continuing operations were 67 cents versus 53 cents in the year-ago quarter. Fourth quarter 2006 results include stock option expense of \$1.5 million. From continuing operations, full year 2006 orders increased 16 percent, sales rose 14 percent and diluted earnings per share were \$2.48 versus \$2.06 in 2005.

### Full Year 2006 Highlights (from Continuing Operations)

- Orders for 2006 were \$1.18 billion, 16 percent higher than a year ago; excluding foreign currency translation and acquisitions, organic orders growth was 10 percent.
- Full year sales of \$1.15 billion rose 14 percent; excluding foreign currency translation and acquisitions, organic sales growth was 9 percent.
- Operating margins at 18.8 percent were 90 basis points higher than a year ago.
- Stock option expense of \$7.6 million had a 70 basis point impact on operating margin during the year.
- Income increased 23 percent to \$133.7 million.
- Diluted EPS at \$2.48 was 42 cents or 20 percent ahead of last year.
- EBITDA of \$248.3 million was 21 percent of sales and covered interest expense by 15 times.
- Free cash flow was strong at \$144.5 million and 1.1 times income.
- Five strategic acquisitions were completed during the year, including the most recent acquisition, as previously announced, of Toptech Systems on December 1, 2006.
- Operational and commercial excellence initiatives continue to fuel product innovation to drive growth.

"In 2006, our businesses again delivered very strong financial results, highlighted by 10 percent organic orders growth and 9 percent organic sales growth, coupled with the completion of 5 acquisitions. For the year, organic sales growth was led by our Health & Science Technologies and Fluid & Metering Technologies businesses which grew 13 percent and 10 percent, respectively. We continue to complement our organic growth with strategic acquisitions, such as recently-acquired Toptech Systems. Toptech is an applied solutions provider specializing in controls and software for downstream energy applications, as well as other high-value fluid systems. As we move forward, our businesses are well positioned in attractive product segments supported by strong underlying industry fundamentals. We are leveraging operational and commercial excellence, while continuously innovating to more effectively serve our customers and expand our market position."

Lawrence D. Kingsley Chairman and Chief Executive Officer

### 2006 Financial Highlights

(Dollars in millions, except per share amounts and percentages)

	Year Ended December 31			
	2006	2005	Change	
Orders Written	\$1,184.5	\$1,024.7	16	%
Sales	1,154.9	1,011.3	14	
Operating Income	217.2	181.0	20	
Operating Margin	18.8 %	17.9 %	90	bp
Income from Continuing Operations	\$133.7	\$108.6	23	%
Net Income	146.7	109.8	34	
Diluted EPS:				
Income from Continuing Operations	2.48	2.06	20	
Net Income	2.72	2.08	31	
Other Data				
-- Income before Taxes	\$201.9	\$167.2	21	%

-- Depreciation and Amortization	30.0	26.3	14
-- Interest	16.4	14.4	14
-- EBITDA	248.3	207.9	19
-- Cash Flow from Operating Activities	159.9	142.9	12
-- Capital Expenditures	21.2	22.5	(6)
-- Excess Tax Benefit from Stock-Based Compensation	5.8	-	-
-- Free Cash Flow	144.5	120.4	20

## 2006 Orders, Sales, Income, and EPS from Continuing Operations Well Ahead of Last Year

New orders for full year 2006 totaled \$1.18 billion, 16 percent higher than 2005. Excluding the impact of acquisitions and foreign currency translation, orders in 2006 were 10 percent higher than in 2005.

Sales for 2006 increased 14 percent to \$1.15 billion from \$1.01 billion a year earlier. Excluding the impact of acquisitions and foreign currency translation, organic growth was 9 percent. Sales to international customers represented approximately 45 percent of total sales for both 2006 and 2005.

Full year 2006 operating margin was 18.8 percent, 90 basis points higher than the 17.9 percent reported in the prior year. This improvement reflects volume leverage, along with a 40 basis point improvement in gross margin to 41.3 percent, resulting mainly from strategic sourcing and other operational excellence initiatives. Selling, general and administrative expenses as a percent of sales improved 50 basis points from 2005. Higher total SG&A expenses reflect acquisitions, volume-related expenses, stock option expense and reinvestment in the business to drive organic growth. Stock option expense impacted operating margins by 70 basis points in 2006.

Income from continuing operations of \$133.7 million increased 23 percent in 2006 compared to 2005. Diluted earnings per share from continuing operations of \$2.48 rose 42 cents, or 20 percent, from the \$2.06 recorded for 2005.

### Fourth Quarter Financial Results

(Dollars in millions, except per share amounts and percentages)

	For the Quarter Ended					
	December 31			September 30		
	2006	2005	Change	2006	Change	
Orders Written	\$314.9	\$251.1	25 %	\$285.6	10 %	
Sales	302.1	252.9	19	289.8	4	
Operating Income	59.0	46.8	26	54.4	8	
Operating Margin	19.5 %	18.5 %	100 bp	18.8 %	70 bp	
Income from Continuing Operations	\$36.2	\$28.3	28 %	\$33.3	9 %	
Net Income	35.6	28.7	24	46.0	(23)	
Diluted EPS:						
Income from Continuing Operations	.67	.53	26	.62	8	
Net Income	.66	.54	22	.85	(22)	

### Other Data

-- Income before Taxes	\$53.3	\$43.7	22 %	\$51.5	3 %
-- Depreciation and Amortization	9.3	6.2	49	6.6	41
-- Interest	6.0	3.2	88	3.4	78
-- EBITDA	68.6	53.1	29	61.5	11
-- Cash Flow from Operating Activities	50.3	42.6	18	40.8	23
-- Capital					

Expenditures	5.2	5.7	(9)	6.3	(17)
-- Excess Tax					
Benefit from					
Stock-Based					
Compensation	0.9	-	-	0.3	-
-- Free Cash Flow	46.0	36.9	25	34.8	32

#### Q4 Orders, Sales, Income and EPS from Continuing Operations Up Year-over-Year

New orders in the quarter totaled \$314.9 million, 25 percent higher than the same period in 2005. Excluding the impact of acquisitions and foreign currency translation, orders were up 12 percent.

Sales in the fourth quarter of \$302.1 million increased 19 percent from the prior-year period. Excluding the impact of acquisitions and foreign currency translation, organic growth was 7 percent, led by Fluid & Metering Technologies at 10 percent. Sales to international customers represented approximately 45 percent of total sales for the fourth quarter of 2006 versus 44 percent in the same period of 2005.

Fourth quarter operating margin was 19.5 percent, 100 basis points higher than the 18.5 percent reported in the prior-year period. Gross margin of 41.6 percent was 70 basis points higher than the fourth quarter of 2005. Strategic sourcing and other operational excellence initiatives drove the gross margin improvement. Selling, general and administrative expenses as a percent of sales improved 30 basis points to 22.1 percent in the fourth quarter of 2006. Higher total SG&A expenses reflect acquisitions, volume-related expenses, stock option expense and reinvestment in the business to drive organic growth. Stock option expense impacted operating margins by 50 basis points in the fourth quarter of 2006.

Income from continuing operations of \$36.2 million increased 28 percent over the fourth quarter of 2005. Diluted earnings per share from continuing operations of 67 cents improved 14 cents, or 26 percent, from the fourth quarter of 2005. The effective tax rate in the fourth quarter of 2006 was favorably impacted by the December renewal of the U.S. Federal Research and Development Tax Credit.

#### Segment Results

Fluid & Metering Technologies orders in the fourth quarter of \$124.1 million reflected 14 percent organic growth, while sales in the fourth quarter of \$119.5 million reflected 10 percent organic growth. Operating margin of 21.4 percent represented a 160 basis point improvement compared with the fourth quarter of 2005.

Health & Science Technologies orders in the fourth quarter of \$78.5 million reflected 10 percent organic growth, while sales in the fourth quarter of \$79.3 million reflected 7 percent organic growth. Operating margin of 21.4 percent represented a 150 basis point improvement compared with the fourth quarter of 2005.

Dispensing Equipment orders in the fourth quarter of \$39.8 million reflected 5 percent organic growth. Sales of \$36.0 million in the fourth quarter reflected flat year-over-year organic growth due primarily to the timing of deliveries related to project-based orders in North America. Operating margin of 21.0 percent represented a 30 basis point improvement compared with the fourth quarter of 2005.

Fire & Safety/Diversified Products orders in the fourth quarter of \$74.3 million reflected 16 percent organic growth, while sales of \$69.1 million in the fourth quarter reflected 6 percent organic growth. Operating margin of 24.5 percent represented a 120 basis point decline compared with the fourth quarter of 2005, due in part to start up costs in the company's new China production facility.

For the full year 2006, Fluid & Metering Technologies contributed 38 percent of sales and 36 percent operating income; Health & Science Technologies accounted for 26 percent of sales and 24 percent of operating income; Dispensing Equipment accounted for 14 percent of sales and 15 percent of operating income; and Fire & Safety/Diversified Products represented 22 percent of sales and 25 percent of operating income.

#### Discontinued Operations

During the fourth quarter, the company recognized a \$0.5 million loss from discontinued operations resulting primarily from the

company's decision to sell its Halox product line.

### Strong Financial Position

IDEX ended the year with total assets of \$1.67 billion and working capital of \$239 million. Total borrowings were \$362 million at December 31, 2006. Free cash flow (cash flow from operating activities less capital expenditures plus the excess tax benefit from stock-based compensation) for 2006 was \$144 million. Full year 2006 EBITDA (earnings before interest, taxes, depreciation and amortization) totaled \$248 million (21 percent of sales) and covered interest expense by more than 15 times. Debt-to-total capitalization at year-end was 27 percent.

### Progress Continues on Growth Initiatives: Operational and Commercial Excellence

"IDEX's broad-based growth stems from our ability to expand our served application base through operational and commercial excellence," Kingsley said. "We continue to reinvest in product innovation, incorporating stretch thinking to completely understand our customers' application and the final use and requirements of their products, as well as goal deployment to ensure we execute. Our focus on fluidics 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.

"Our operating mindset, which centers on Mixed Model Lean, similarly enables us to flexibly respond to new market and new customer product requirements, as well as changing customer needs," Kingsley continued. "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 an expanded operational and commercial excellence toolset," Kingsley continued. "Our customer metrics and margin expansion are evidence that our strategy is working. The fourth quarter operating margin improved to 19.5 percent, 100 basis points ahead of the year-ago quarter. Excluding the impact of stock option expense, the improvement was 150 basis points."

### Acquisition of Toptech Systems

As previously announced, on December 1, 2006, IDEX completed the acquisition of Toptech Systems, Inc., a leading provider of terminal automation systems used in the custody transfer and control of high-value fluids and gases. Based in Longwood, Florida, with revenues of approximately \$22 million, Toptech's products include terminal automation hardware and software used by customers in the oil, gas and refined fuels markets to control and manage inventories, as well as transactional data and invoicing. Toptech is now operated as part of the company's Liquid Controls business within its Fluid & Metering Technologies segment.

"Toptech's expertise in terminal automation and management is highly complementary to our precision metering capability and growth within the oil, gas and alternative fuels markets," Kingsley said. "With the addition of Toptech, IDEX now offers a robust platform of controls complementing our market-leading products which enable our customers to move, measure, and dispense high-value fluids anywhere in the world."

### 2007 Outlook

"This continues to be an exciting time for IDEX," Kingsley concluded. "As we enter 2007, our business fundamentals are very strong. We are as focused as ever on generating organic growth and reinvesting in new products, markets and acquisitions that complement our existing businesses. Our health and science segment now represents 26 percent of our total revenue base and continues to expand rapidly. Our fluid and metering business is meeting both existing and emerging industrial infrastructure needs which are growing worldwide. We continue to enjoy an excellent market position and strong cash generation within our dispensing, fire and safety, and engineered band clamping businesses. Across the company, we are using operational and commercial excellence to better serve our customers, leverage our growth and further enable the success of our niche market strategy."

### Conference Call to be Broadcast over the Internet

IDEX will broadcast its fourth quarter earnings conference call over the Internet on Tuesday, January 30, 2007 at 1:30 p.m. CST.

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 website at [www.idexcorp.com](http://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 and using conference ID #5707350.

#### 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 plus the excess tax benefit from stock-based compensation. Management uses these non-GAAP financial measures as internal operating metrics and for enterprise valuation purposes. 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](http://www.idexcorp.com).

(Tables follow)

IDEX CORPORATION			
Condensed Statements of Consolidated Operations			
(in thousands except per share amounts)			
Fourth Quarter Ended		Year Ended	
December 31,		December 31,	
2006	2005	2006	2005

Net sales	\$302,131	\$252,866	\$1,154,940	\$1,011,253
Cost of sales	176,543	149,338	677,533	597,286
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Gross profit	125,588	103,528	477,407	413,967
Selling, general and administrative expenses	66,557	56,760	260,201	232,935
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Operating income	59,031	46,768	217,206	181,032
Other income - net	270	78	1,040	557
Interest expense	5,985	3,176	16,353	14,370
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Income from continuing operations before income taxes	53,316	43,670	201,893	167,219
Provision for income taxes	17,127	15,343	68,171	58,644
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Income from continuing operations	36,189	28,327	133,722	108,575
Income (loss) from discontinued operations, net of tax	(234)	383	294	1,228
Net gain (loss) on sale of discontinued operations, net of tax	(314)	-	12,655	-
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Income (loss) from discontinued operations, net of tax	(548)	383	12,949	1,228
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Net income	\$35,641	\$28,710	\$146,671	\$109,803
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Basic Earnings per Common Share:				
Continuing operations	\$0.68	\$0.54	\$2.52	\$2.11
Discontinued operations	(0.01)	0.01	0.25	0.03
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Net income	\$0.67	\$0.55	\$2.77	\$2.14
=====				
Diluted Earnings per Common Share:				
Continuing operations	\$0.67	\$0.53	\$2.48	\$2.06
Discontinued operations	(0.01)	0.01	0.24	0.02
-----				
Net income	\$0.66	\$0.54	\$2.72	\$2.08
=====				
Share Data:				
Basic weighted average common shares outstanding				
	53,293	52,306	53,018	51,392
Diluted weighted average common shares outstanding				
	54,186	53,492	53,984	52,720
=====				

Condensed Consolidated Balance Sheets  
(in thousands)

December 31, 2006      December 31, 2005

Assets		
Current assets		
Cash and cash equivalents	\$77,941	\$77,201
Receivables - net	166,485	129,428
Inventories	160,687	123,281
Assets held for sale	829	10,099
Other current assets	15,292	10,962
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Total current assets	421,234	350,971
Property, plant and equipment - net	165,949	142,485
Goodwill and intangible assets	1,083,963	720,014
Other noncurrent assets	2,625	30,710
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Total assets	\$1,673,771	\$1,244,180

Liabilities and shareholders' equity		
Current liabilities		
Trade accounts payable	\$75,444	\$66,859
Accrued expenses	90,328	72,180
Short-term borrowings	8,210	3,144
Liabilities held for sale	373	4,792
Dividends payable	8,055	6,321
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Total current liabilities	182,410	153,296
Long-term borrowings	353,770	156,899
Other noncurrent liabilities	158,319	110,975
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Total liabilities	694,499	421,170
Shareholders' equity	979,272	823,010
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Total liabilities and shareholders' equity	\$1,673,771	\$1,244,180

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

	Fourth Quarter Ended		Year Ended	
	December 31,		December 31,	
	2006 (a)	2005	2006 (a)	2005
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Fluid & Metering Technologies				
Net sales	\$119,522	\$94,475	\$435,532	\$383,163
Operating income (b)	25,538	18,684	89,899	72,596
Operating margin	21.4 %	19.8 %	20.6 %	18.9 %
Depreciation and amortization	\$3,642	\$2,274	\$10,524	\$9,824
Capital expenditures	1,972	1,742	5,487	8,204
Health & Science Technologies				
Net sales	\$79,320	\$62,520	\$304,892	\$235,499
Operating income (b)	16,948	12,440	58,229	43,133
Operating margin	21.4 %	19.9 %	19.1 %	18.3 %
Depreciation and amortization	\$2,740	\$1,432	\$9,043	\$5,917
Capital expenditures				

expenditures	1,318	1,230	4,726	5,525
Dispensing Equipment				
Net sales	\$36,015	\$34,309	\$159,794	\$158,111
Operating income (b)	7,577	7,102	38,021	37,772
Operating margin	21.0 %	20.7 %	23.8 %	23.9 %
Depreciation and amortization	\$1,252	\$1,151	\$3,861	\$4,376
Capital expenditures	378	853	2,362	3,383
Fire & Safety/Diversified Products				
Net sales	\$69,079	\$62,833	\$260,080	\$238,992
Operating income (b)	16,898	16,143	62,664	56,593
Operating margin	24.5 %	25.7 %	24.1 %	23.7 %
Depreciation and amortization	\$1,583	\$1,352	\$6,086	\$5,712
Capital expenditures	962	1,719	6,060	4,365
Company				
Net sales	\$302,131	\$252,866	\$1,154,940	\$1,011,253
Operating income	59,031	46,768	217,206	181,032
Operating margin	19.5 %	18.5 %	18.8 %	17.9 %
Depreciation and amortization (c)	\$9,269	\$6,226	\$29,956	\$26,254
Capital expenditures	5,213	5,742	21,198	22,532

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(a) Fourth quarter and twelve month data includes acquisition of Banjo (October 2006) and Toptech (December 2006) in the Fluid & Metering Technologies Group, while twelve month data also includes 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