

# Danaher Corporation Reports Record Fourth Quarter and 2002 Results

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PRNewswire-FirstCall  
WASHINGTON

Danaher Corporation announced today results for the fourth quarter and year ended December 31, 2002. Net earnings for the fourth quarter of 2002, excluding the effect of unusual items, were \$124.4 million, or \$0.79 per diluted share, a 27% increase over 2001. Excluding the effect of unusual items, net earnings for the 2001 fourth quarter were \$92.3 million, or \$0.62 per diluted share. Net earnings for the fourth quarter of 2002 including the impact of all unusual items were \$161.7 million, or \$1.03 per diluted share, compared with \$33.1 million, or \$0.23 per diluted share for the fourth quarter of 2001. As indicated in the reconciliation presented below, the unusual items affecting the fourth quarter of 2002 include benefits resulting from unused reserves associated with the restructuring program announced in the fourth quarter of 2001, a lower effective income tax rate and the reduction of income tax reserves related to a previously discontinued operation. The unusual items affecting the fourth quarter 2001 net earnings included the costs associated with the restructuring program announced in the quarter as well as the effect of goodwill amortization which was required prior to the Company's adoption of Statement of Financial Accounting Standard No. 142 (SFAS 142) as of January 1, 2002. Sales for the 2002 fourth quarter were \$1,275.0 million compared to \$918.9 million for the fourth quarter of 2001, an increase of 39%.

For the full year 2002, net earnings excluding the effect of unusual items were \$426.1 million, or \$2.74 per diluted share. Excluding the effect of unusual items, earnings for the full year 2001 were \$396.1 million, or \$2.66 per diluted share. Net earnings for 2002 including the effect of all unusual items were \$290.4 million, or \$1.88 per diluted share (which includes a charge of \$1.10 per share related to a change in accounting), compared with \$297.7 million, or \$2.01 per diluted share for the fourth quarter of 2001. Consistent with the fourth quarter, the unusual items impacting the full year 2002 included benefits resulting from unused reserves associated with the restructuring program announced in the fourth quarter of 2001, the reduction of income tax reserves related to a previously discontinued operation as well as gains on the sale of real estate. Net earnings for 2002 were negatively impacted by a goodwill impairment charge totaling \$173.8 million (\$1.10 per diluted share) related to the adoption of SFAS 142. The unusual items affecting the full year 2001 net earnings included the negative effects of accruing the costs associated with the restructuring program announced in 2001 as well as the impact of goodwill amortization that ceased upon the Company's adoption of SFAS 142 as of January 1, 2002. Sales for 2002 were \$4.577 billion compared to \$3.782 billion in 2001, an increase of 21%.

H. Lawrence Culp, Jr., President and Chief Executive Officer, stated, "We are pleased to report record fourth quarter and full year results. Total sales for the quarter grew 39%, due primarily to new acquisitions, but also due to a 3.5% core volume increase. Strong

gains in our process/environmental controls segment, particularly in the electronic test and motion product lines, offset a slight decline in the tools and components segment. We have again achieved record cash flow with 2002 operating cash flow totaling \$710.3 million, a 17% increase over the 2001 level of \$608.5 million. Although signs of a near term economic recovery are mixed, we remain optimistic regarding our ability to outperform in 2003."

Danaher Corporation is a leading manufacturer of Process/Environmental Controls and Tools and Components. (<http://www.danaher.com/> )

SUPPLEMENTAL INCOME STATEMENT DATA  
(in thousands, except per share amounts)

	Quarter Ended		Year Ended	
	12/31/02	12/31/01	12/31/02	12/31/01
Net earnings before unusual items	\$124,443	\$92,346	\$426,061	396,143
Gains on sale of real estate, net of tax	609	--	3,940	--
Effect of lower tax rate on prior quarters (A)	2,520	--	--	--
After-tax impact of restructuring charge	4,140	(43,500)	4,140	(43,500)
Goodwill amortization, net of tax	--	(15,734)	--	(54,978)
Reduction of tax reserves related to previously discontinued operation	30,000	--	30,000	--
Effect of accounting change, net of tax, SFAS 142	--	--	(173,750)	--
Net earnings	\$161,712	\$33,112	\$290,391	\$297,665
Diluted net earnings per share before unusual items	\$0.79	\$0.62	\$2.74	\$2.66
Gains on sale of real estate, net of tax	--	--	0.02	--
Effect of lower tax rate on prior quarters (A)	0.02	--	--	--
After-tax impact of restructuring charge	0.03	(0.29)	0.03	(0.29)
Goodwill amortization, net of tax	--	(0.10)	--	(0.36)
Reduction of tax reserves related to previously discontinued operation	0.19	--	0.19	--
Effect of accounting change, net of tax, SFAS 142	--	--	(1.10)	--
Diluted net earnings per share	\$1.03	\$0.23	\$1.88	\$2.01

(A) Represents the effect on the fourth quarter of lowering the full year effective income tax rate to 34% from 34.5% used during the first three quarters of 2002.

Statements in this release, including the attachments to this release, that are not strictly historical may be forward-looking statements, which involve risks and uncertainties. These include economic and currency conditions, market demand, pricing, and competitive and technological factors, among others, as set forth in the company's SEC filings.

(in thousands, except per share amounts)

	Quarter Ended		Year Ended	
	12/31/02	12/31/01	12/31/02	12/31/01
Net sales	\$1,274,978	\$918,932	\$4,577,232	\$3,782,444
Cost of sales	769,435	580,699	2,791,175	2,338,027
Selling, general and administrative	305,872	209,167	1,097,365	872,680
Gains on sale of real estate	(952)	--	(6,157)	--
Restructuring expenses	(6,273)	69,726	(6,273)	69,726
Total operating expenses	1,068,082	859,592	3,876,110	3,280,433
Operating profit	206,896	59,340	701,122	502,011
Interest expense, net	11,151	6,362	43,654	25,747
Earnings before income taxes	195,745	52,978	657,468	476,264
Income taxes	64,033	19,866	223,327	178,599
Net earnings before effect of accounting change and reduction of income tax reserves	131,712	33,112	434,141	297,665
Reduction of income tax reserves related to previously discontinued operation	30,000	--	30,000	--
Effect of accounting change, net of tax, adoption of SFAS No. 142	--	--	(173,750)	--
Net earnings	\$161,712	\$33,112	\$290,391	\$297,665
Basic net earnings per share:				
Net earnings before effect of accounting change and reduction of income tax reserves	\$0.87	\$0.23	\$2.89	\$2.07
Add: Reduction of income tax reserves	0.20	--	0.20	--
Less: Effect of accounting change	--	--	(1.16)	--
Net earnings	\$1.07	\$0.23	\$1.93	\$2.07
Diluted net earnings per share:				
Net earnings before effect of accounting change and reduction of income tax reserves	\$0.84	\$0.23	\$2.79	\$2.01
Add: Reduction of income tax reserves	0.19	--	0.19	--
Less: Effect of accounting change	--	--	(1.10)	--
Net earnings	\$1.03	\$0.23	\$1.88	\$2.01
Average common stock and common equivalent shares outstanding:				
Basic	152,607	143,794	150,224	143,630
Diluted	160,328	152,088	158,482	151,848

These statements are presented for reference only. The final audited statements will include footnotes, which should be referenced when available, to more fully understand the contents of these statements.

DANAHER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands)

As of December 31,

# ASSETS

	2002	2001
Current assets:		
Cash and equivalents	\$810,463	\$706,559
Trade accounts receivable, less allowance for doubtful accounts of \$64,000 and \$44,000	759,028	585,318
Inventories	485,587	408,236
Prepaid expenses and other	332,188	174,502
Total current assets	2,387,266	1,874,615
Property, plant and equipment, net	597,379	533,572
Other assets	36,796	119,639
Goodwill and other intangible assets	3,007,704	2,292,657
	\$6,029,145	\$4,820,483

# LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable and current portion of long- term debt	\$112,542	\$72,356
Trade accounts payable	366,587	235,501
Accrued expenses	786,183	709,437
Total current liabilities	1,265,312	1,017,294
Other liabilities	556,812	455,270
Long-term debt	1,197,422	1,119,333
Stockholders' equity:		
Common stock, one cent par value; 500,000 shares authorized; 166,545 and 157,327 issued; 152,532 and 143,314 outstanding	1,665	1,573
Additional paid-in capital	915,562	375,279
Accumulated other comprehensive income	(105,973)	(69,736)
Retained earnings	2,198,345	1,921,470
Total stockholders' equity	3,009,599	2,228,586
	\$6,029,145	\$4,820,483

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## DANAHER CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

Year Ended

12/31/02 12/31/01 12/31/00

Cash flows from operating activities:

Net earnings	\$290,391	\$297,665	\$324,213
Reduction of income tax reserves	(30,000)	--	--
Effect of change in accounting principle	173,750	--	--
	434,141	297,665	324,213
Depreciation and amortization	129,565	178,390	149,721
Change in trade accounts receivable	59,030	142,308	(15,926)
Change in inventories	77,544	66,833	(38,451)
Change in accounts payable	54,008	(38,138)	(81)
Change in prepaid expenses and other assets	(71,536)	(62,641)	(78,599)
Change in accrued expenses and other liabilities	27,595	24,054	171,368
Total operating cash flows	710,347	608,471	512,245
Cash flows from investing activities:			
Payments for additions to property, plant and equipment	(65,430)	(84,457)	(103,718)
Proceeds from disposals of property, plant and equipment	26,466	3,872	15,215
Cash paid for acquisitions	(1,158,129)	(439,814)	(708,594)
Proceeds from divestitures	52,562	32,826	1,800
Net cash used in investing activities	(1,144,531)	(487,573)	(795,297)
Cash flows from financing activities:			
Proceeds from issuance of common stock	512,105	28,169	26,580
Dividends paid	(13,516)	(11,676)	(10,015)
Proceeds from debt borrowings	37,528	517,564	340,409
Debt repayments	(19,820)	(107,048)	(74,319)
Purchase of treasury stock	--	(17,299)	(82,174)
Net cash provided by financing activities	516,297	409,710	200,481
Effect of exchange rate changes on cash	21,791	(973)	(786)
Net change in cash and equivalents	103,904	529,635	(83,357)
Beginning balance of cash and equivalents	706,559	176,924	260,281
Ending balance of cash and equivalents	\$810,463	\$706,559	\$176,924

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DANAHER CORPORATION AND SUBSIDIARIES  
SUPPLEMENTAL SEGMENT INFORMATION  
Year Ended December 31, 2002  
(in thousands)

	1Q	2Q	3Q	4Q	Full Year
Sales:					
Process/ Environmental Controls	\$734,229	\$843,527	\$840,222	\$967,176	\$3,385,154
Tools and Components	269,978	302,799	311,499	307,802	1,192,078
Total	\$1,004,207	\$1,146,326	\$1,151,721	\$1,274,978	\$4,577,232

Operating Margins before  
Restructuring Impact:

Process/ Environmental Controls	\$107,444	\$130,228	\$139,932	\$158,148	\$535,752
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Tools and Components	34,780	45,453	51,723	47,835	179,791
Other	(5,003)	(6,106)	(4,225)	(5,360)	(20,694)
Total	\$137,221	\$169,575	\$187,430	\$200,623	\$694,849

Process/ Environmental Controls	14.6 %	15.4 %	16.7 %	16.4 %	15.8 %
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Tools and Components	12.9 %	15.0 %	16.6 %	15.5 %	15.1 %
Total	13.7 %	14.8 %	16.3 %	15.7 %	15.2 %

Operating Margins after  
Restructuring Impact:

Process/ Environmental Controls	\$107,444	\$130,228	\$139,932	\$162,853	\$540,457
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Tools and Components	34,780	45,453	51,723	49,403	181,359
Other	(5,003)	(6,106)	(4,225)	(5,360)	(20,694)
Total	\$137,221	\$169,575	\$187,430	\$206,896	\$701,122

Process/ Environmental Controls	14.6 %	15.4 %	16.7 %	16.8 %	16.0 %
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Tools and Components	12.9 %	15.0 %	16.6 %	16.1 %	15.2 %
Total	13.7 %	14.8 %	16.3 %	16.2 %	15.3 %

This information is presented for reference only. Final audited financial statements will include footnotes, which should be referenced when available, to more fully understand the contents of this information.

SOURCE: Danaher Corporation

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Web site: <http://www.danaher.com/>

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<https://investors.danaher.com/2003-01-30-Danaher-Corporation-Reports-Record-Fourth-Quarter-and-2002-Results>