

12 Months ended December 31, 2000 and 4th Quarter Results



Results for the Year

Operating income increased 36% for the twelve months ended December 31, 2000 compared to the prior year. This increase was a result of an 8% increase in gross profit while holding operating expenses relatively flat. The increase in gross profit resulted from a 6% increase in sales worldwide.

Sales grew \$12.1 million over 1999 to a total of \$207.3 million in 2000. This increase was achieved despite a negative \$3.3 million foreign currency translation impact on the international subsidiaries sales resulting from a stronger dollar. The prior year's sales include \$6 million in sales of the company's Birmingham foundry that was sold on February 29, 2000, compared to only \$1.3 million of sales included in 2000. The decrease in sales in 2000 resulting from the divestiture of this facility was partially offset by \$4.1 million in sales generated by Rack Technologies, which was acquired on April 1, 2000.

Gross profit as a percent of sales increased from 32.6% in 1999 to 33.3% in 2000. The improvement in the gross profit percentage resulted from efficiencies gained as a result of eliminating the Birmingham facility.

The elimination of Birmingham was also the primary driver in reducing operating expenses domestically while maintaining expenses at relatively level amounts throughout the world. The stronger dollar had a \$.6 million favorable impact on operating expenses when international expenses were translated to US dollars.

The company's subsidiary in China continues to expand and improve. China had a favorable impact on operating income in 2000 compared to the prior year. This is its 3rd full year of operations.

The above factors resulted in a \$4.6 million improvement in operating income.

Other *expense* - net was \$.2 million in the current year compared to net other *income* of \$2 million in 1999. This negative impact of \$2.2 million was primarily the result of recording a write down of \$.9 million on a non-operating partnership investment, increased interest expense of \$.5 million, lower royalty income of \$.4 million and amortization of goodwill associated with the Rack acquisition of \$.2 million.

The negative impact of these items included in other expense – net diminished the increase in net income in 2000 to an 8% gain over 1999. Earnings per share were \$1.91 for 2000 compared to \$1.71 in 1999, a 12% improvement. Excluding the nonrecurring asset write down of \$.9 million EPS for 2000 were \$2.06.

Results for the Fourth Quarter

Operating income for the fourth quarter of 2000 more than doubled over 1999. This improvement was driven by a 6.5% improvement in gross profit while reducing operating expenses by 4.5% compared to the previous year.

The increase in gross profit was a result of a 6% growth in worldwide sales. The decrease in operating expenses was primarily a result of eliminating costs associated with the Birmingham facility. The \$1 million increase in gross profit combined with the \$.6 million reduction in operating expenses resulted in a \$1.6 million improvement in operating income to \$3.2 million in 2000.

The increase in operating income for 2000 translated to a 51.5% growth in net income compared to 1999. Net income was \$2.4 million or \$.43 per share in 2000 compared to \$1.6 million or \$.28 in 1999.

PREFORMED LINE PRODUCTS 

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Consolidated Balance Sheets

	31-Dec-00	Balance At 31-Dec-99
ASSETS		
Current Assets		
Cash and Cash equivalents	9,470,000	\$ 6,907,000
Receivables - net	31,542,000	29,672,000
Inventory	43,648,000	45,608,000
Other	4,446,000	3,902,000
Total Current Assets	<u>89,106,000</u>	<u>86,089,000</u>
Property and Equipment -net	58,743,000	53,999,000
Total Investments and Other Assets	<u>22,762,000</u>	<u>19,576,000</u>
	<u>\$ 170,611,000</u>	<u>\$ 159,664,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
	\$ 26,551,000	\$ 25,181,000
Long-Term Debt, less current portion	20,160,000	14,507,000
Minority Interests	44,000	782,000
Shareholders' Equity		
Common Stock	11,536,000	11,659,000
Retained Earnings	127,994,000	121,223,000
Accumulated foreign currency translati	(15,674,000)	(13,688,000)
Total Shareholders' Equity	<u>123,856,000</u>	<u>119,194,000</u>
	<u>\$ 170,611,000</u>	<u>\$ 159,664,000</u>

Consolidated Income

	3 MONTHS ENDED DECEMBER 31,	2000	1999
Net sales		\$ 49,171,000	\$ 46,481,000
Gross Profit		15,999,000	15,017,000
Selling, Administrative & Research		<u>12,830,000</u>	<u>13,445,000</u>
Operating Income		3,169,000	1,572,000
Other Income (Expense) - net		<u>764,800</u>	<u>1,056,000</u>
Income Before Taxes		3,933,800	2,628,000
Income Taxes		<u>1,489,800</u>	<u>1,015,000</u>
Net Income		\$ 2,444,000	\$ 1,613,000
Basic & fully diluted earnings per share		\$ 0.43	\$ 0.28
	YEARS ENDED DECEMBER 31,	2000	1999
Net sales		\$ 207,332,000	\$ 195,245,000
Gross Profit		68,992,000	63,630,000
Selling, Administrative & Research		<u>51,622,000</u>	<u>50,887,000</u>
Operating Income		17,370,000	12,743,000
Other Income (Expense) - net		<u>(235,000)</u>	<u>1,986,000</u>
Income Before Taxes		17,135,000	14,729,000
Income Taxes		<u>6,084,000</u>	<u>4,528,000</u>
Net Income		\$ 11,051,000	\$ 10,201,000
Basic & fully diluted earnings per share		\$ 1.91	\$ 1.71



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