



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 13, 2003

ESCO TECHNOLOGIES INC.  
(Exact Name of Registrant as Specified in Charter)

Missouri (State or Other Jurisdiction of Incorporation)	1-10596 (Commission File Number)	43-1554045 (I.R.S. Employer Identification No.)
8888 Ladue Road, Suite 200, St. Louis, Missouri (Address of Principal Executive Offices)		63124-2056 (Zip Code)

Registrant's telephone number, including area code: 314-213-7200

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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press release dated January 13, 2003.
99.2	Information included on Registrant's website as of January 13, 2003.

ITEM 9. REGULATION FD DISCLOSURE

The Registrant intends to make a company presentation on January 13, 2003 and to include this presentation on its website. The related press release and the information that will be included on the Registrant's website are attached as Exhibit 99.1 and 99.2 to this Form 8-K. The presentation updates previous company presentations and includes a summary statement of the company's strategy, the five-year financial objectives and an overview of each of the company's three primary segments.

The furnishing of these Exhibits is not intended to constitute a representation that such furnishing is required by Regulation FD or that the information they contain includes material investor information that is not otherwise publicly available. Statements in Exhibits 99.1 and 99.2 that are not strictly historical are "forward-looking" statements within the meaning of the safe harbor provisions of the federal securities laws. Investors are cautioned that such statements are only predictions, and speak only as of January 13, 2003. The Registrant does not assume any obligation to update such information in the future. The Registrant's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Registrant's operations and business environment including, but not limited to: further weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; competition; intellectual property rights; consolidation of internal operations; integration of recently acquired businesses; delivery delays or defaults by customers; termination for convenience of customer contracts, performance issues with key suppliers and subcontractors; collective bargaining and labor disputes; changes in laws and regulations; litigation uncertainty; and the Registrant's successful execution of internal operating plans.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ESCO TECHNOLOGIES INC.

Dated: January 13, 2003

By: /s/A.S. Barclay

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A.S. Barclay  
Vice President, Secretary and  
General Counsel

EXHIBIT INDEX

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**NEWS FROM**



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David P. Garino  
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**ESCO PUBLISHES UPDATED PRESENTATION ON ITS WEBSITE**

St. Louis, MO, January 13, 2003 – ESCO Technologies Inc. (NYSE: ESE) announced today it will post an updated Company presentation on its website, [www.escotechnologies.com](http://www.escotechnologies.com).

The presentation includes a summary statement covering the Company's strategy, the five-year financial objectives and an overview of each of the Company's three primary segments.

The information will be posted on the Company's website today.

ESCO, headquartered in St. Louis, is a leading supplier of engineered filtration products to the process, health care and transportation markets worldwide. In addition, the Company markets proprietary, special purpose communications systems and is the industry leader in RF shielding and EMC test products.

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NYSE Symbol: ESE

JANUARY 2003

# Forward-Looking Statement

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**This presentation contains “forward-looking” statements within the meaning of the safe harbor provisions of the federal securities laws. Investors are cautioned that such statements are only predictions, and speak only as of January 13, 2003. The Company’s actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company’s operations and business environment including, but not limited to: further weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; competition; intellectual property rights; consolidation of internal operations; integration of recently acquired businesses; delivery delays or defaults by customers; termination for convenience of customer contracts, performance issues with key suppliers and subcontractors; collective bargaining and labor disputes; changes in laws and regulations; litigation uncertainty; and the Company’s successful execution of internal operating plans.**





# **ESCO Heritage**

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- **Spun-off in 1990 from Emerson**
  - Primarily Defense (90%)
- **7 Acquisitions; 2 Divestitures**
- **Sold Last Major Defense business in September of 1999**

**NEW ESCO → FY 2000**

## **Today, ESCO is...**

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- **A Proven Supplier of Special Purpose Communications Systems Primarily for the Electric Utility Industry**
- **A Leading Provider of Engineered Filtration Products to the Process, Health Care and Transportation Markets Worldwide**
- **The Industry Leader in RF Shielding and EMC Test Products**

# ESCO Products & Applications

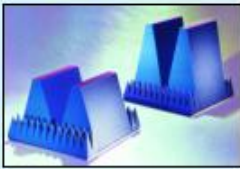
## Communications



## Filtration

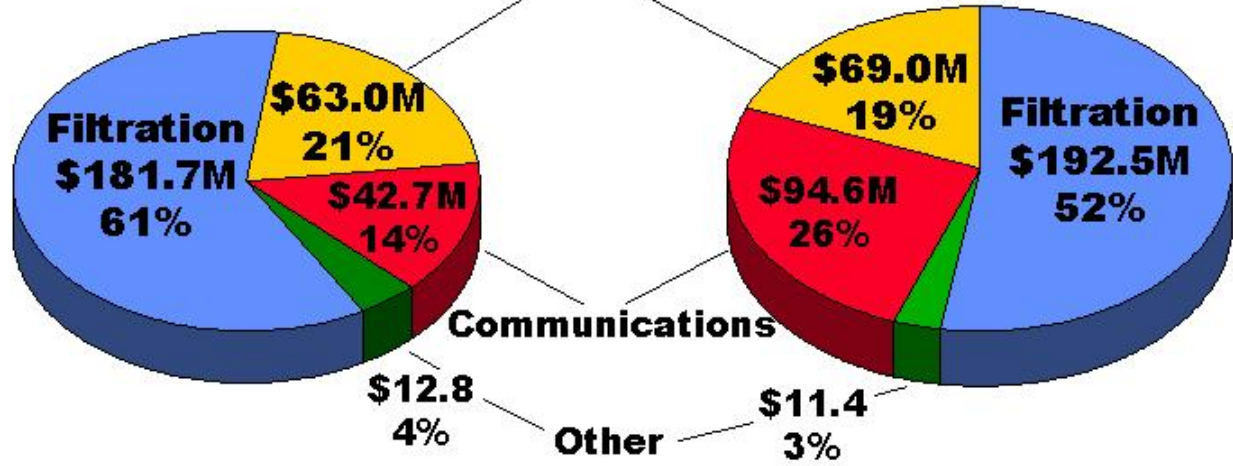


## Test



# ESCO Business Profile – FY '00 vs '02

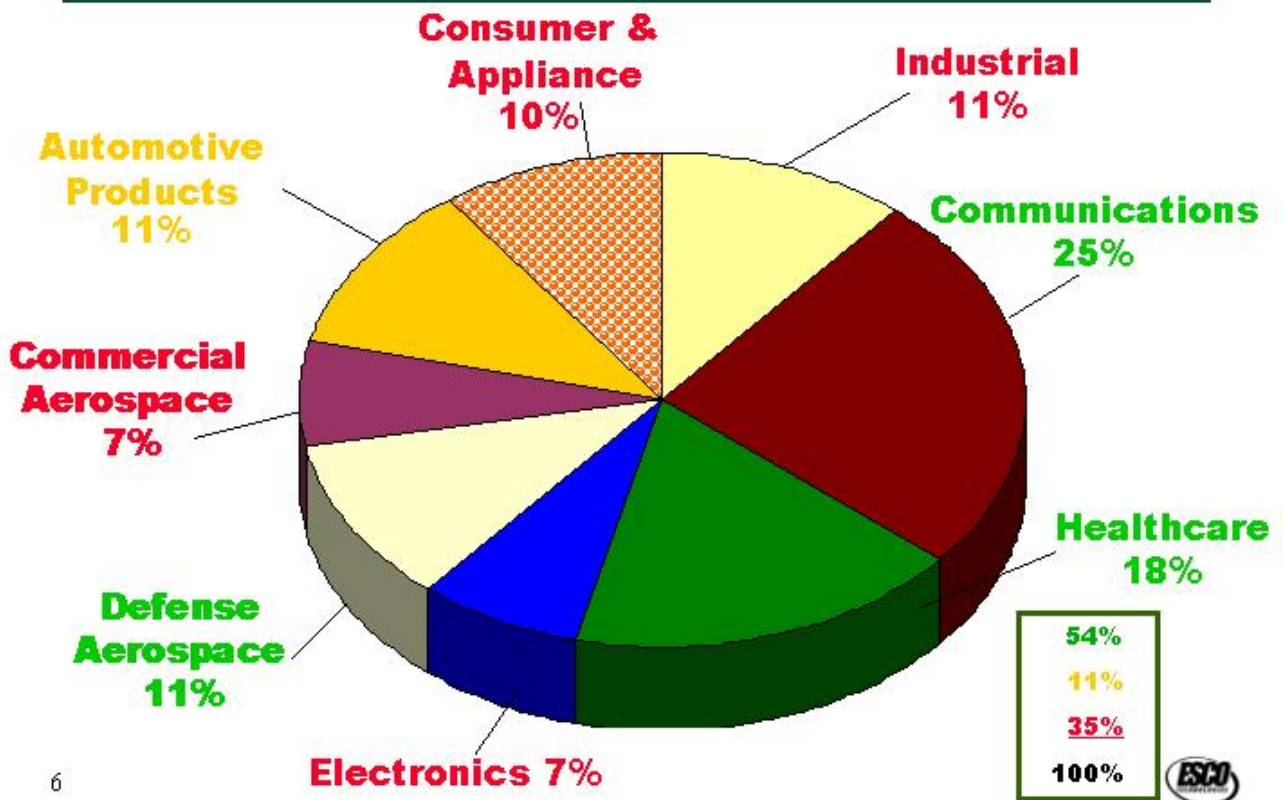
## RF Shielding & Test



**Fiscal 2000 Sales  
= \$300.2M**

**Fiscal 2002 Sales  
= \$367.5M**

# ESCO Served Markets – FY 2002



## **ESCO Strategy**

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- **ESCO will sustain its Momentum through**
  - **Continued Investment in New Products**
  - **Ongoing Performance Improvement Actions**
  - **Selective Acquisitions**
  
- **Supported by**
  - **A Strong Balance Sheet -- AND --**
  - **A Dedicated Management Team whose Interests are Strongly Aligned with the Shareholders**

# Financial Goals

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## ■ New ESCO 5 Year View

- Sales Growth  $> 10\%$  CAGR
- EBIT Margin  $\geq 13\%$  (~5% Improvement)
- EPS Growth  $> 15\%$  CAGR

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	Base Period '00	Goal '05
Sales	\$ 300 M	~ \$500 M
EBIT Margin	8%	13%
EPS From Operations	\$ 1.27	\$2.50 - <b>\$3.00</b>

# Income Statement from Operations (In Millions)

	FY 2000 <sup>①</sup>	FY 2001 <sup>②</sup>	FY 2002 <sup>③</sup>	CAGR %
<b>Net Sales</b>	\$ 300.2	\$ 344.9	\$ 367.5	10.7%
<b>Gross Profit</b>	91.9	108.4	119.0	13.8%
% Sales	30.6%	31.4%	32.4%	
<b>EBIT</b>	24.7	30.9	35.6	20.0%
% Sales	8.2%	9.0%	9.7%	
<b>Net Earnings</b>	17.8	20.0	22.2	11.8%
% Sales	5.9%	5.8%	6.0%	
<b>EPS - Diluted</b>	\$ 1.27	\$ 1.56	\$ 1.71	16.0%
<b>EBITDA</b>	36.3	42.5	48.0	15.0%
% Sales	12.1%	12.3%	13.1%	

① Excludes Goodwill Amort \$2.6M Pretax (\$0.16 per share) and Non-recurring Gain of \$3.0M Pretax (\$0.22 per share) Related to Property Divestitures.

② Excludes Goodwill Amort of : FY'01 = \$3.4M Pretax (\$0.20 per share) and Elimination of the Net Deferred Tax Valuation Allowance of \$12.7M (\$0.99 per share)

③ Excludes impact of Management Transition Agreement \$0.7M Pretax (\$0.04 per share) in FY'02

EPS Reconciliation:	GAAP Reported	Non-recurring Items	Goodwill Amortization	EPS from Operations
2000	\$ 1.33	(0.22)	0.16	\$ 1.27
2001	2.35	(0.99)	0.20	1.56
2002	1.67	0.04	-	1.71





## **FY'02 Segment Performance**

	<u>Net Sales</u>	<u>EBIT</u>	<u>EBIT Margin</u>
<b>Comm</b>	\$ 94.6	\$ 21.0	22.2%
<b>Filtration</b>	192.5	13.1	6.8%
<b>Test</b>	69.0	3.6	5.2%
<b>Other</b>	11.4	(2.1) <sup>①</sup>	-18.4%
<b>Totals</b>	\$ 367.5	\$ 35.6	9.7%

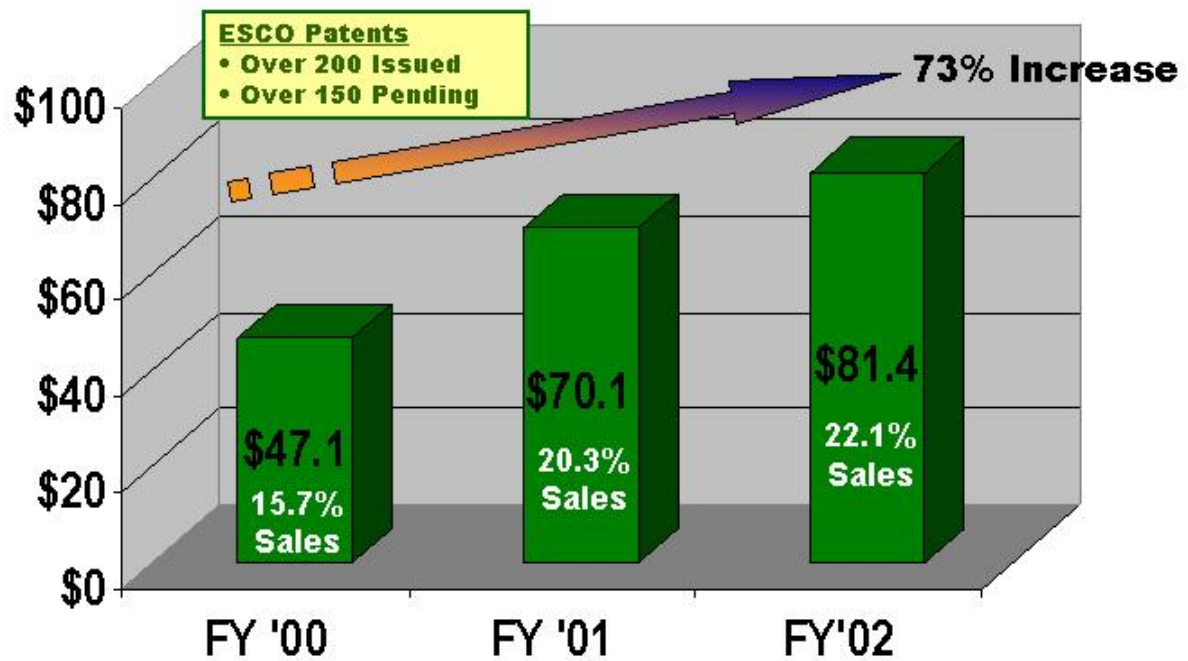
① EBIT Excludes Impact of Management Transition Agreement \$.7M

## Entered Orders and Backlog (in Millions)

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	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>CAGR %</u>
<b>Beginning Backlog</b>	\$142.9	\$145.4	\$180.1	
<b>+ Entered Orders</b>	302.7	379.6	480.6	26.0%
<b>- Sales</b>	300.2	344.9	367.5	10.7%
<b>Ending Backlog</b>	\$145.4	\$180.1	\$293.2	

# New Product Sales Outlook

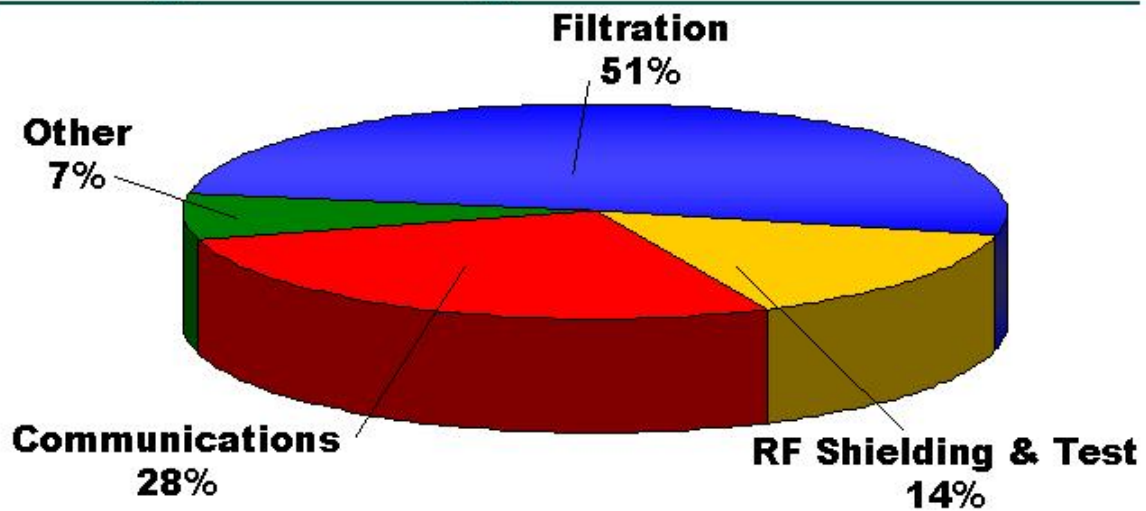


**Includes Products Introduced During Prior 3 Years**



# Engineering Investment

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**FY '02 Engineering Expenditures = \$28.9M (6.9% Sales)**

□ Engineering Force Count > 250

## **ESCO Performance Improvement Actions**

### **Cost and Competitive Position**

- '01 and '02 – 4 Facilities Closed/Consolidated and 2 Downsized – 145,000 sq. ft. reduction
- Work Transfer (Europe and Juarez)
- Advanced Automation
- Make/Buy



# **ESCO Acquisitions: FY '00 – '02**

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## **Filtration**

-  Product Line Drop-in (Space Products)
-  Stand-Alone: Europe (Distributor on the Continent)
-  Technology / Patent Portfolio (Cross Flow Filtration and Separation)

## **Test**

-  Line Extension Fully Consolidated (Components)
  -  Test Competitor with Line Extension (MRI Shielding)
- 

## **Characteristics:**

- \$5M to \$50M in Sales
- Existing Segments
- Competitors or Line Extensions
- Drop-in or Technology Preferred

# Balance Sheet (In Millions)

	<u>9/30/2002</u>
Cash & Equivalents	\$ 24.9
Accounts Receivable	69.5
Inventory	55.5
Other Current Assets	31.5
<b>Total Current Assets</b>	<b>\$ 181.4</b>
Property, Plant & Equip, Net	68.5
Other Assets	157.8
<b>Total Assets</b>	<b>\$ 407.7</b>
Current Liabilities	68.8
Other Liabilities	24.3
Long Term Debt	8.3
<b>Total Liabilities</b>	<b>101.4</b>
Shareholders' Equity	306.3
<b>Total Liabilities &amp; Equity</b>	<b>\$ 407.7</b>

Includes Tax  
Effected NOL of  
\$36.8M, retained  
from former  
defense  
subsidiaries.

**FREE CASH FLOW (\$35 FROM OPS LESS \$13.2 CAPX)** 21.8

# **Dedicated Management**

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- **Executive Equity Ownership Program**
  - **Outright Ownership of 3X & 5X Total Cash Compensation**
  
- **Board of Directors Ownership Program**
  - **5X Retainer**
  
- **Broad Stock Option Incentive Program (Approx. 200 Management Participants)**
  
- **Economic Profit Improvement is an Incentive Compensation Component**



# **ESCO Strategy**

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- **ESCO will sustain its Momentum through**
  - **Continued Investment in New Products**
  - **Ongoing Performance Improvement Actions**
  - **Selective Acquisitions**
  
- **Supported by**
  - **A Strong Balance Sheet -- AND --**
  - **A Dedicated Management Team whose Interests are Strongly Aligned with the Shareholders**

## SEGMENT PROFILES

# Communications Segment

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## ■ TWACS® System



# Communications

## ■ Market Profile

- ESCO Addressable Market
  - North American Automatic Meter Reading (AMR) ~ \$6B
    - 97 Million Meters
      - 70% Investor Owned
      - 15% Municipal
      - 15% Co-op
    - Plus Developing
      - Demand Side Management
      - International

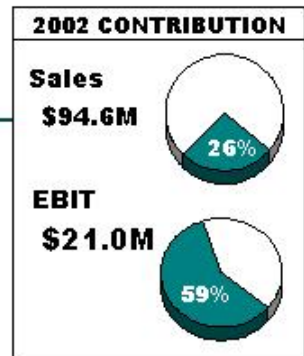
## ■ Served Markets

- Utility (97%)      - Video Security (3%)

## ■ Customer Base:



Wisconsin Public Service Corporation



# Two-way Automatic Communications System

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## TWACS®

- **Power Line Based Fixed Network System**
- **Most Capable Proven System Available**
  - **80 North American Utilities, 6M End Points - Ordered or Installed**
  - **Can be Deployed System-wide**
  - **Versatility / Value-Added Features**
    - **Two-way Load Control**
    - **Time of Use**
    - **Outage Mapping**
- **Clearly the Best Solution for Rural Areas and Broken Terrain**
  - **Cost**
  - **Reliability**
- **Incorporates Patented Proprietary Technology**



# Communications

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## ■ Growth Drivers

- Market
  - Deregulation Driving More Attention to Efficiency and Customer Care
    - §
      - Meter Reading Cost
      - Theft
      - Call Center Cost
    - Customer
      - Billing Accuracy
      - Call Center Responsiveness
      - Outage Restoration
- ESCO
  - Existing Product Attributes
  - Investment in New Product Features / Further Differentiation

# Filtration Segment



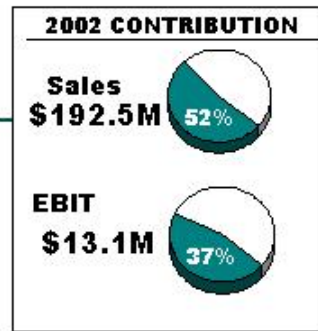
# Filtration Segment

■ ESCO Addressable Market ~\$5B

■ Served Markets: Liquid Only

- Industrial Process (21%)
- Health Care (19%)
- Auto (21%)
- Consumer & Appl. (13%)
- Aero (26%)

• Includes Potable Water ESCO DOES NOT SERVE MUNICIPAL WATER MARKET



■ Broad Blue Chip Customer Base:



BD



BRITA





# Filtration Growth Drivers

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- **Leadership Position in Certain Niches Driven by Technology Advancements and Customer Support**
  - Separations and Concentrations Technology
  - Membrane Development
  - Advanced Pleating Geometries
  - Process Improvement in Insert Injection Molding
- **Served Market Growth: GDP+**
- **New Products**
  - Pharmaceutical/Nutraceutical
  - Water
  - Food & Beverage
  - Semiconductor
- **Acquisitions**
  - Microfiltration
  - Product line “drop-ins” / Technology

# RF Shielding & Test Segment



# RF Shielding & Test

## ■ Market Profile

- ESCO Addressable Market ~\$400M

## ■ Served Markets

- Electronics (46%)
- Health Care (43%)
- Other (2%)
- Auto (3%)
- Aero (6%)

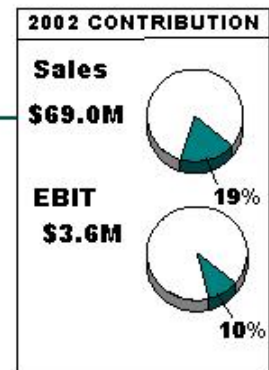
## ■ Broad Blue Chip Customer Base:



**Agilent Technologies**  
Innovating the HP Way



*We bring good things to life.*



## **RF Shielding & Test**

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- **ESCO is the global leader of radio frequency (RF) shielding and electromagnetic compatibility (EMC) test products.**
- **Growth Drivers**
  - **MRI**
  - **International**
  - **Proliferation of Electronic Devices**
  - **Calibration Services**

# The Way Forward

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**Committed to \$3.00 per share in '05**

**Modest Support from Economy**

**Continued Growth of Communications: IOU's (Feature Expansion for Further Differentiation)**

**New Products in Filtration (Primarily Healthcare)**

**Extend our Reach in Test (International Opportunities and Served Markets)**

**Continue to Aggressively work our Cost and Improve our Competitive Position**

**Tightening our Focus**

**Acquisitions as a Supplement**

**Committed to \$3.00 per share in '05**

