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# NEWS RELEASE

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## **(CSL) Carlisle Companies Reports a 49% Increase in Second Quarter Earnings**

CHARLOTTE, NORTH CAROLINA, July 15, 2002...Carlisle Companies Incorporated (NYSE:CSL) reported second quarter earnings of \$24.7 million, or \$.81 per share (diluted) on sales of \$552 million. Earnings were up 49% over second quarter 2001 earnings of \$16.6 million or \$.54 per share (diluted) on a 13% increase in sales. A substantial portion of the increase in sales was attributable to the acquisition of Dayco Industrial Power Transmission in August 2001, and significant sales growth at Carlisle Tire & Wheel Company.

For the six month period ended June 30, 2002, sales of \$1.0 billion were 6% above sales of \$954 million realized in the first six months of 2001, primarily because of the acquisition of Dayco Industrial Power Transmission. Earnings in the first half of 2002 of \$37.6 million, or \$1.23 per share (diluted) exceeded earnings of \$6.4 million or \$.21 per share (diluted) in the first half of 2001. The first half 2001 net earnings included a \$20.9 million after tax restructuring charge. After factoring out the effect of the restructuring charge, net earnings were \$27.3 million or \$0.90 per share (diluted) in the first six months 2001.

In accordance with SFAS 142, goodwill is no longer amortized. This change had a positive impact of \$2.1 million, or \$0.07 per share in the second quarter 2002, and \$4.3 million, or \$0.14 per share in the first half of 2002, compared to the corresponding periods a year ago.

Richmond McKinnish, Carlisle's President and CEO said, "The positive results achieved in the second quarter are proof that the aggressive cost-cutting and restructuring programs implemented over the last twelve to eighteen months will enable Carlisle to quickly profit from improved customer demand. We are confident that our commitment to be the low cost producer, differentiate our service and expand our product offerings will continue to achieve positive results. Assuming the economy continues to expand, we remain comfortable with our full year earnings guidance of \$2.25 to \$2.35 per share."

### **Segment Highlights**

**Industrial Components** sales of \$183 million increased 62% over second quarter 2001 as the result of the acquisition of Dayco Industrial Power Transmission, renamed Carlisle Power Transmission, in August 2001, and higher sales of lawn and garden products, ATV tires, and trailer tires and wheels by Carlisle Tire & Wheel Company. Second quarter operating earnings of \$20.0 million were significantly higher than the \$6.8 million realized in the second quarter 2001. Although the acquisition of Carlisle Power Transmission was accretive, Carlisle Tire & Wheel Company had a very strong second quarter due to increased production levels, aggressive cost reduction efforts and improved sales volume.

**Construction Materials** sales of \$133 million in the second quarter were slightly above the 2001 second quarter sales of \$130 million on increased volume of thermoplastic polyolefin (TPO) roofing membrane, FleeceBACK™ membrane, residential roofing tiles, and international sales. Operating earnings of \$17.5 million were flat with the second quarter 2001.

**Automotive Components** operating earnings of \$4.7 million were 10% above the \$4.3 million realized in the second quarter 2002 on 6% lower sales. The improved operating margins were attributable to a significant restructuring effort and other cost reduction measures initiated at Carlisle Engineered Products.

Sales at **Transportation Products** of \$36 million showed a slight improvement to the second quarter 2001. Operating earnings of \$2.4 million in the second quarter were 85% above the \$1.3 million realized in the second quarter 2001, as a result of cost reduction programs, increased production, and a favorable product mix.

Sales in the **Specialty Products** segment of \$29 million were 11% below the \$33 million realized in the second quarter 2001. As experienced in the first quarter 2002, the markets served by Carlisle Motion Control and Carlisle Industrial Brake & Friction remained soft throughout the second quarter. Class 8 tractor and trailer production remained low, and demand for off-highway brake products in the heavy construction and haulage markets was below 2001 levels. Second quarter operating earnings of \$.8 million were 68% below the second quarter 2001 operating earnings of \$2.5 million.

**General Industry** sales of \$104 million in the second quarter 2002 were 4% below the second quarter 2001 of \$108 million, and operating earnings of \$1.8 million compared to \$5.5 million in the second quarter 2001. Carlisle FoodService sales were 22% above the second quarter 2001. This improvement was offset, however, by a 20% reduction in sales at Tensolite, caused by continued weakness in the telecommunications and commercial airline markets, and by a 15% decrease at Carlisle Systems and Equipment. The \$3.7 million decline in operating profits in this segment in the second quarter 2002 was caused primarily by the closing of Tensolite's Andover, MA plant.

## **Cash Flows**

Cash flow from operations in the second quarter was \$79 million, compared to \$37 million in the second quarter 2001. For the six months ended June 30, 2002, cash generated from operations of \$73 million was 30% above \$56 million generated in the first half of 2001. This increase was primarily the result of higher earnings and improved working capital management. Inventory levels continue to be closely monitored with total inventories down \$29.7 million (excluding acquisitions) from the second quarter 2001. Capital expenditures of \$8.0 million in the second quarter were below \$15.9 million in the second quarter 2001, as current year spending continues below 2001 levels.

## **Backlog**

The June 30, 2002 backlog of \$282 million is slightly lower than the June 30, 2001 backlog of \$287 million due to reduced backlog at Tensolite and Carlisle Systems & Equipment. During

the second quarter 2002, backlog increased 4% from the first quarter 2002 due to improved positions in the Construction Materials and Industrial Components segments.

### **Forward-Looking Statements**

The forward-looking statements contained in this press release are made based on known events and circumstances at the time of publication, and as such, are subject in the future to unforeseen risks and uncertainties. We refer you to our most recent Form 10-Q filed in May, 2002, and in particular the discussion beginning on page 10 under the caption "Forward-Looking Statements," for important facts that may cause results to differ materially from the company's expectations. In accordance with the adoption of the Statement of Financial Accounting Standards No. 142, preliminary evaluations indicate there may be an impairment of goodwill, therefore, any earnings per share guidance is exclusive of a goodwill impairment charge. The company undertakes no duty to update forward-looking statements.

**Carlisle is a diversified global manufacturing company serving the transportation, construction, commercial roofing, automotive, pharmaceutical, foodservice, data transmission, and specialty tire and wheel industries.**

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# CARLISLE COMPANIES INCORPORATED

June 30, 2002

## FINANCIAL RESULTS

(In millions, except per share data)

Second Quarter		<u>2002</u>	<u>2001</u>	<u>% Change</u>
Sales	\$	552.3	\$ 490.4	13%
Net Earnings		24.7	16.6	49%
Basic E.P.S.		\$0.81	\$0.55	47%
Diluted E.P.S.		\$0.81	\$0.54	50%

Six Months		<u>2002</u>	<u>2001</u>	<u>% Change</u>
Sales	\$	1,007.4	\$ 953.6	6%
Net Earnings		37.6	6.4	487%
Basic E.P.S.		\$1.24	\$0.21	485%
Diluted E.P.S.		\$1.23	\$0.21	487%

## 2002 SEGMENT FINANCIAL DATA

(In millions)

JUNE - QTR	<u>2002</u>			<u>2001</u>		
	<u>Sales</u>	<u>EBIT</u> <sup>(1)</sup>	<u>% Sales</u>	<u>Sales</u>	<u>EBIT</u>	<u>% Sales</u>
Construction Materials	\$ 133.0	\$ 17.5	13.2%	\$ 129.7	\$ 17.5	13.5%
Industrial Components	183.3	20.0	10.9%	112.6	6.8	6.0%
Specialty Products	29.3	0.8	2.7%	32.8	2.5	7.6%
Automotive Components	67.0	4.7	7.0%	71.3	4.3	6.0%
Transportation Products	36.0	2.4	6.7%	35.6	1.3	3.6%
General Industry	<u>103.7</u>	<u>1.8</u>	1.7%	<u>108.4</u>	<u>5.5</u>	5.1%
Subtotal	552.3	47.2	8.5%	490.4	37.9	7.7%
Corporate	-	(5.3)	--	-	(4.0)	--
Total	\$ 552.3	\$ 41.9	7.6%	\$ 490.4	\$ 33.9	6.9%

(1) Under the provisions of SFAS 142, goodwill is no longer amortized. This resulted in a positive impact to Earnings Before Interest and Taxes (EBIT) as follows: Construction Materials, \$0.2 million; Industrial Components, \$0.7 million; Specialty Products, \$0.1 million; Automotive Components, \$0.5 million; Transportation Products, \$0.4 million; General Industry, \$2.1 million; and Corporate, (\$0.6 million)

JUNE -YTD	<u>2002</u>			<u>2001</u>		
	<u>Sales</u>	<u>EBIT</u> <sup>(2)</sup>	<u>Assets</u>	<u>Sales</u>	<u>EBIT</u>	<u>Assets</u>
Construction Materials	\$ 217.9	\$ 25.3	\$ 249.1	\$ 221.5	\$ 26.4	\$ 307.7
Industrial Components	341.8	36.8	500.3	250.9	23.4	355.4
Specialty Products	55.2	0.7	81.1	62.9	3.0	81.4
Automotive Components	129.8	8.8	120.5	140.2	6.8	135.1
Transportation Products	63.6	2.7	69.2	65.0	1.3	77.3
General Industry	<u>199.1</u>	<u>2.6</u>	<u>342.9</u>	<u>213.0</u>	<u>6.1</u>	<u>380.9</u>
Subtotal	1,007.4	76.9	\$ 1,363.1	953.6	67.0	\$ 1,337.8
Corporate	-	(10.3)	78.1	-	(40.9)	48.8
Total	\$ 1,007.4	\$ 66.6	\$ 1,441.2	\$ 953.6	\$ 26.1	\$ 1,386.6

(2) Under the provisions of SFAS 142, goodwill is no longer amortized. This resulted in a positive impact to Earnings Before Interest and Taxes (EBIT) as follows: Construction Materials, \$0.4 million; Industrial Components, \$1.5 million; Specialty Products, \$0.1 million; Automotive Components, \$1.0 million; Transportation Products, \$0.8 million; General Industry, \$4.1 million; and Corporate, (\$1.2 million)

**CARLISLE COMPANIES INCORPORATED**

**Consolidated Statement of Earnings**

For the periods ended June 30

(In thousands except per share data)

	Second Quarter			Six Months		
	2002	2001	% Change	2002	2001	% Change
<b>Net sales</b>	<b>\$ 552,283</b>	\$ 490,433	12.6%	<b>\$ 1,007,383</b>	\$ 953,591	5.6%
Cost and expenses:						
Cost of goods sold	<b>451,011</b>	399,790	12.8%	<b>822,731</b>	783,219	5.0%
Selling and administrative expenses	<b>53,577</b>	52,521	2.0%	<b>105,421</b>	104,034	1.3%
Research and development expenses	<b>5,290</b>	4,467	18.4%	<b>10,449</b>	8,472	23.3%
Restructuring charges	-	-	-	-	32,811	-
Other (income) & expense, net	<b>534</b>	(246)	-317.1%	<b>2,173</b>	(1,090)	-299.4%
Earnings before interest & income taxes	<b>41,871</b>	33,901	23.5%	<b>66,609</b>	26,145	154.8%
Interest expense, net	<b>4,096</b>	7,898	-48.1%	<b>9,244</b>	16,112	-42.6%
Earnings before income taxes	<b>37,775</b>	26,003	45.3%	<b>57,365</b>	10,033	471.8%
Income taxes	<b>13,032</b>	9,411	38.5%	<b>19,791</b>	3,630	445.2%
Net earnings	<b>\$ 24,743</b>	\$ 16,592	49.1%	<b>\$ 37,574</b>	\$ 6,403	486.8%
% of Net Sales	<b>4.5%</b>	3.4%		<b>3.7%</b>	0.7%	
Basic earnings per share	<b>\$ 0.81</b>	\$ 0.55	47.3%	<b>\$ 1.24</b>	\$ 0.21	490.5%
Average shares outstanding (000's) - basic	<b>30,380</b>	30,262		<b>30,337</b>	30,259	
Diluted earnings per share	<b>\$ 0.81</b>	\$ 0.54	50.0%	<b>\$ 1.23</b>	\$ 0.21	485.7%
Average shares outstanding (000's) - diluted	<b>30,521</b>	30,494		<b>30,483</b>	30,499	
Dividends	<b>\$ 6,384</b>	\$ 6,059		<b>\$ 12,742</b>	\$ 12,106	
Per share	<b>\$ 0.21</b>	\$ 0.20	5.0%	<b>\$ 0.42</b>	\$ 0.40	5.0%

**CARLISLE COMPANIES INCORPORATED**

**Comparative Balance Sheet**

**As of June 30**

(In thousands)

	<b>2002</b>	2001
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,631	\$ 9,225
Receivables	251,766	285,622
Inventories	240,191	247,489
Prepaid expenses and other	83,880	79,318
<b>Total current assets</b>	<b>579,468</b>	621,654
Property, plant and equipment, net	442,630	397,579
Other assets	419,125	367,393
	<b>\$ 1,441,223</b>	<b>\$ 1,386,627</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Short-term debt, including current maturities	\$ 149,881	\$ 107,480
Accounts payable	149,937	139,114
Accrued expenses	154,648	129,903
<b>Total current liabilities</b>	<b>454,466</b>	376,497
Long-term debt	287,184	382,199
Other liabilities	126,626	92,957
Shareholders' equity	572,947	534,974
	<b>\$ 1,441,223</b>	<b>\$ 1,386,627</b>

**CARLISLE COMPANIES INCORPORATED**  
**Comparative Consolidated Statement of Cash Flows**

For the periods ended June 30  
(In thousands)

	Second Quarter		Six Months	
	2002	2001	2002	2001
<b>Operating activities</b>				
Net earnings	\$ 24,743	\$ 16,592	\$ 37,573	\$ 6,403
Reconciliation of net earnings to cash flows:				
Restructuring Charge	-	-	-	24,650
(Gain) on property, equipment and business, net	1,490	(8)	1,463	(8)
Depreciation and amortization	15,573	18,002	30,979	36,097
Working capital	34,467	2,226	2,329	(7,656)
Other	2,737	367	1,125	(3,365)
<b>Net cash provided by operating activities</b>	<b>79,010</b>	<b>37,179</b>	<b>73,469</b>	<b>56,121</b>
<b>Investing activities</b>				
Capital expenditures	(8,012)	(15,940)	(18,769)	(36,955)
Acquisitions, net of cash	249	-	(777)	(37,934)
Proceeds from sale of property, equipment and business	328	261	375	6,635
Other	(1,539)	(1,480)	(2,632)	(4,699)
<b>Net cash used in investing activities</b>	<b>(8,974)</b>	<b>(17,159)</b>	<b>(21,803)</b>	<b>(72,953)</b>
<b>Financing activities</b>				
Net change in short-term debt and revolving credit lines	(23,868)	(12,243)	(13,019)	32,718
Proceeds from long-term debt	-	903	-	-
Reductions of long-term debt	(40,420)	-	(40,833)	(122)
Dividends	(6,384)	(6,059)	(12,742)	(12,106)
Treasury shares and stock options, net	978	(2,723)	2,953	(3,400)
<b>Net cash provided by (used in) financing activities</b>	<b>(69,694)</b>	<b>(20,122)</b>	<b>(63,641)</b>	<b>17,090</b>
<b>Change in cash and cash equivalents</b>	<b>342</b>	<b>(102)</b>	<b>(11,975)</b>	<b>258</b>
<b>Cash and cash equivalents</b>				
Beginning of period	3,289	9,327	15,606	8,967
End of period	\$ 3,631	\$ 9,225	\$ 3,631	\$ 9,225