

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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): February 6, 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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[EX-99.1 Information for Registrant's Website](#)

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

(c) Exhibits

Exhibit No.	Description of Exhibit
99.1	Information to be included on Registrant's website and presented at Registrant's Annual Meeting of Stockholders on February 6, 2003.

ITEM 9. REGULATION FD DISCLOSURE

Attached as Exhibit 99.1 is certain information to be included on Registrant's website and presented at Registrant's Annual Meeting of Stockholders later today.

The furnishing of this Exhibit is not intended to constitute a representation that such furnishing is required by Regulation FD or that the information it contains includes material investor information that is not otherwise publicly available. Statements in Exhibit 99.1 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 February 6, 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: February 6, 2003

By: /s/ G.E. Muenster

G.E. Muenster
Vice President and
Chief Financial Officer

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ANNUAL SHAREHOLDERS' MEETING

FEBRUARY 6, 2003



Forward-Looking Statement

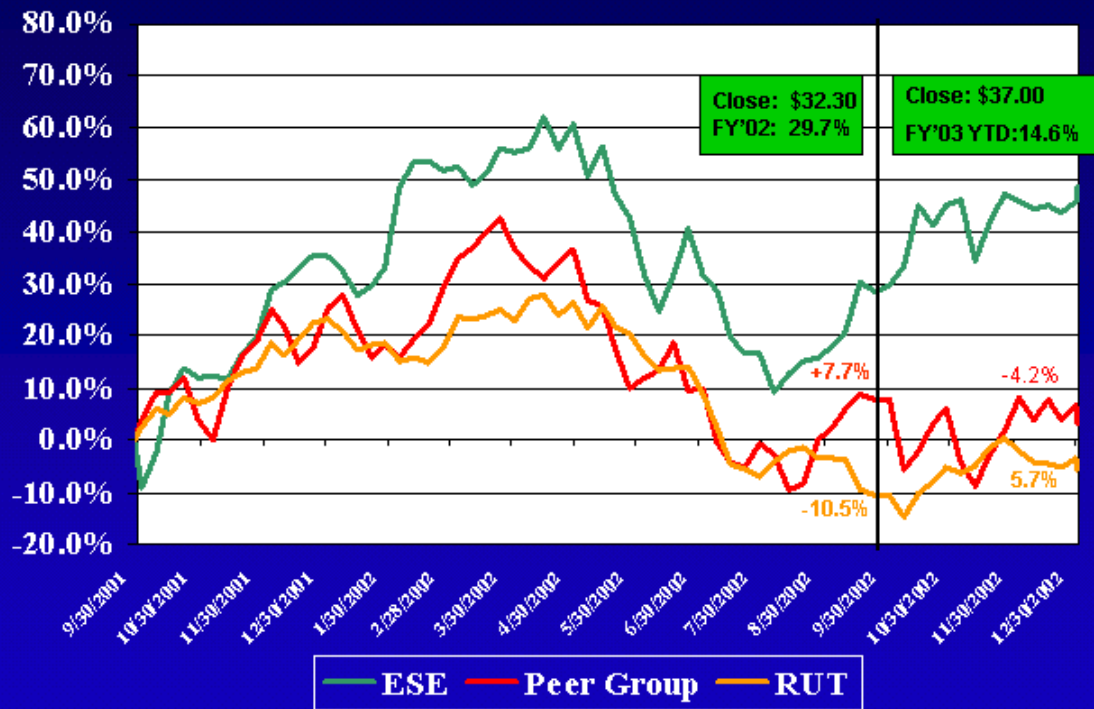
This presentation contains “forward-looking” statements within the meaning of the safe harbor provisions of the federal securities laws. Investors are cautioned that such statements are only predictions, and speak only as of February 6, 2003. The Company’s actual results in the future may differ materially 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.

Agenda

- **Fiscal 2002 Results**
- **Shareholder Value Strategy**
- **Corporate Governance**
- **Fiscal 2003**
 - First Quarter Results
 - Outlook

ESCO VS. PEER GROUP & RUSSELL 2000

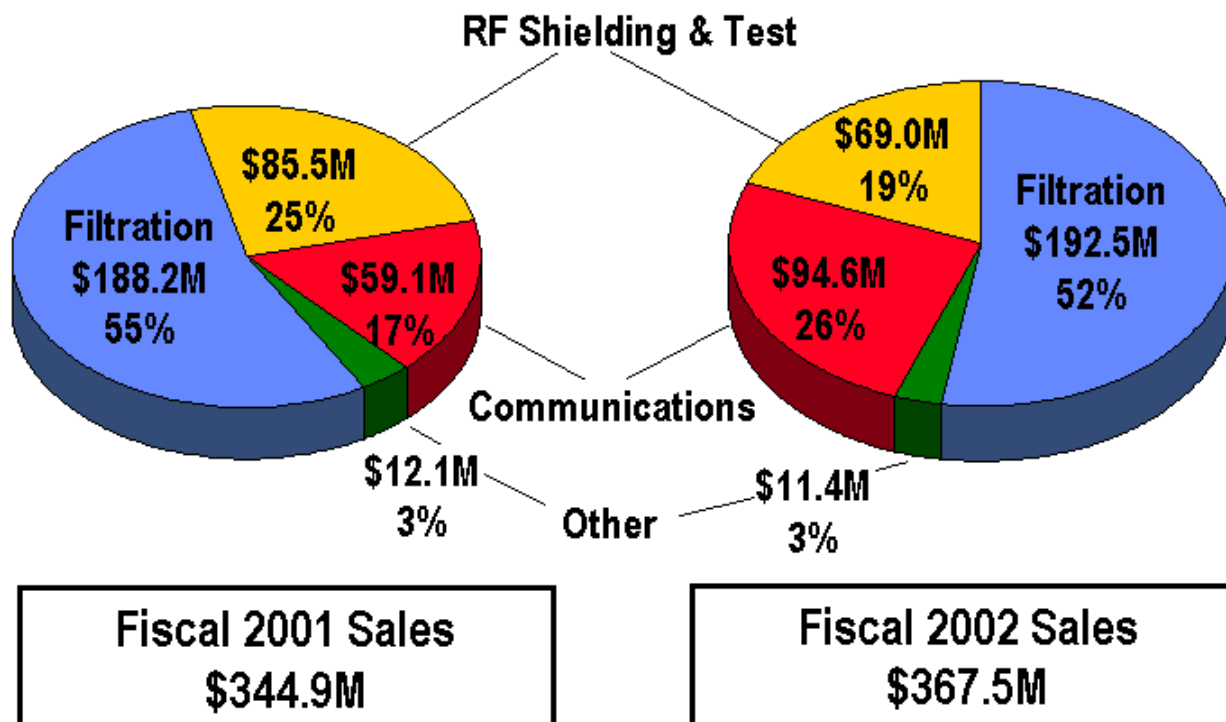
9/30/01 – 12/30/02



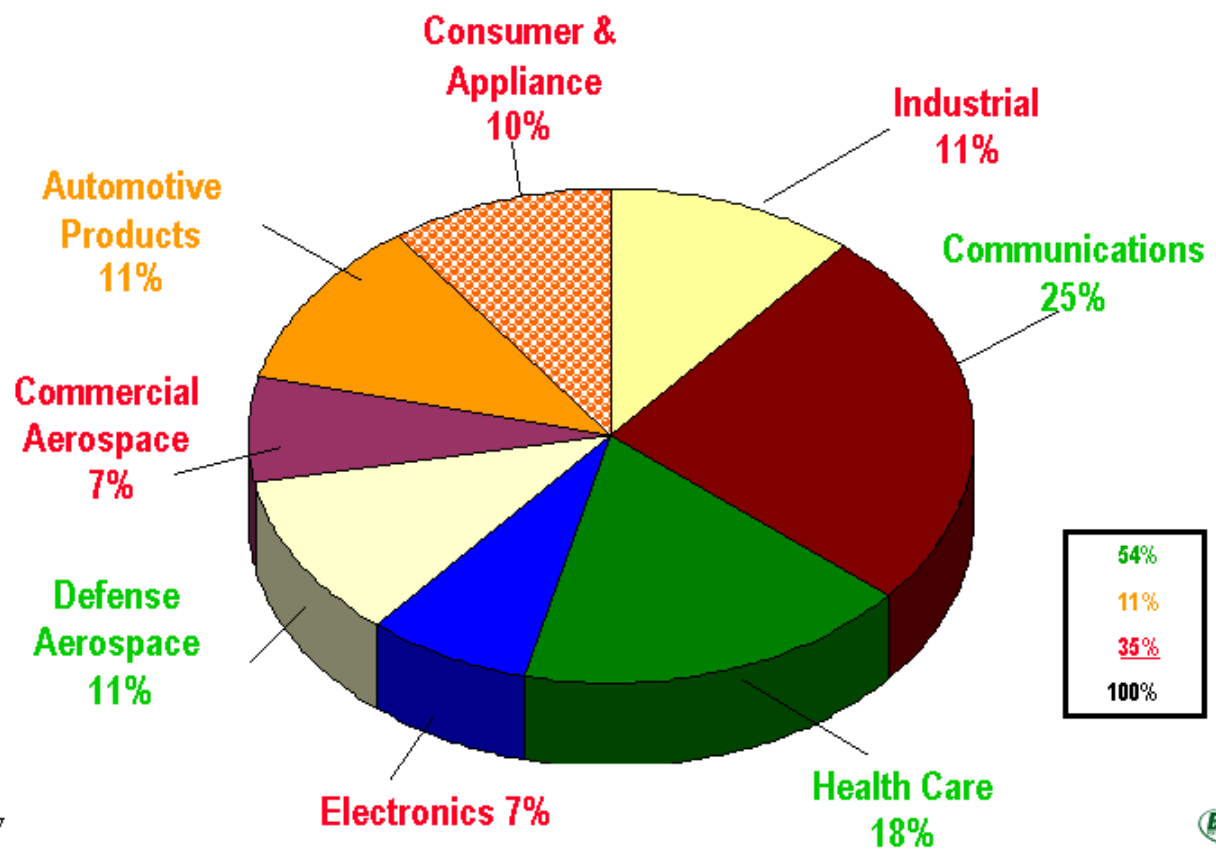
ESCO Is . . .

- **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 Business Profile – FY '01 vs '02



ESCO Served Markets – FY 2002



Income Statement from Operations

(In Millions)

	FY 2001 ^①	FY 2002 ^②	DELTA %
Net Sales	\$ 344.9	\$ 367.5	6.6%
Gross Profit	108.4	119.0	9.8%
% Sales	31.4%	32.4%	
EBIT	30.9	35.6	15.2%
% Sales	9.0%	9.7%	
Net Earnings	20.0	22.2	11.0%
% Sales	5.8%	6.0%	
EPS - Diluted	\$ 1.56	\$ 1.71	9.6%
EBITDA	42.5	48.0	12.9%
% Sales	12.3%	13.1%	

① Excludes Goodwill Amort of \$3.4M Pretax (\$0.20 per share) and Elimination of the Net Deferred Tax Valuation Allowance of \$12.7M (\$0.99 per share)

② Excludes impact of Management Transition Agreement \$0.7M Pretax (\$0.04 per share)

EPS Reconciliation:	GAAP Reported	Non-recurring Items	Goodwill Amortization	EPS from Operations
2001	2.35	(0.99)	0.20	1.56
2002	1.67	0.04	-	1.71



Balance Sheet (\$M)

	<u>9/30/2002</u>	
Cash & Equivalents	\$ 24.9	
Accounts Receivable	69.5	
Inventory	55.5	
Other Current Assets	31.5	
Total Current Assets	\$ 181.4	
Property, Plant & Equip, Net	68.5	
Other Assets	157.8	
Total Assets	\$ 407.7	
Current Liabilities	68.8	
Other Liabilities	24.3	
Long Term Debt	8.3	
Total Liabilities	101.4	
Shareholders' Equity	306.3	
Total Liabilities & Equity	\$ 407.7	
FREE CASH FLOW (\$35 FROM OPS LESS \$13.2 CAPX)	\$ 21.8	

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

Fiscal 2002 Summary

- **Solid earnings growth in tough economic environment**
 - Breadth of served markets a positive
 - Communications segment was major driver
- **Backlog increased 63% to \$293M**
 - Increase in all three primary segments
- **Created additional growth opportunities**
 - NCSRT (Filtration)
 - Established a Test presence in China and Japan

Shareholder Value Strategy

Primary Driver: Earnings Growth \geq 15% CAGR

Sources

■ Sales Growth \geq 10% CAGR

- New Products
- Acquisitions

■ Profit Margin Improvement Initiatives

- Goal: 13% EBIT by '05

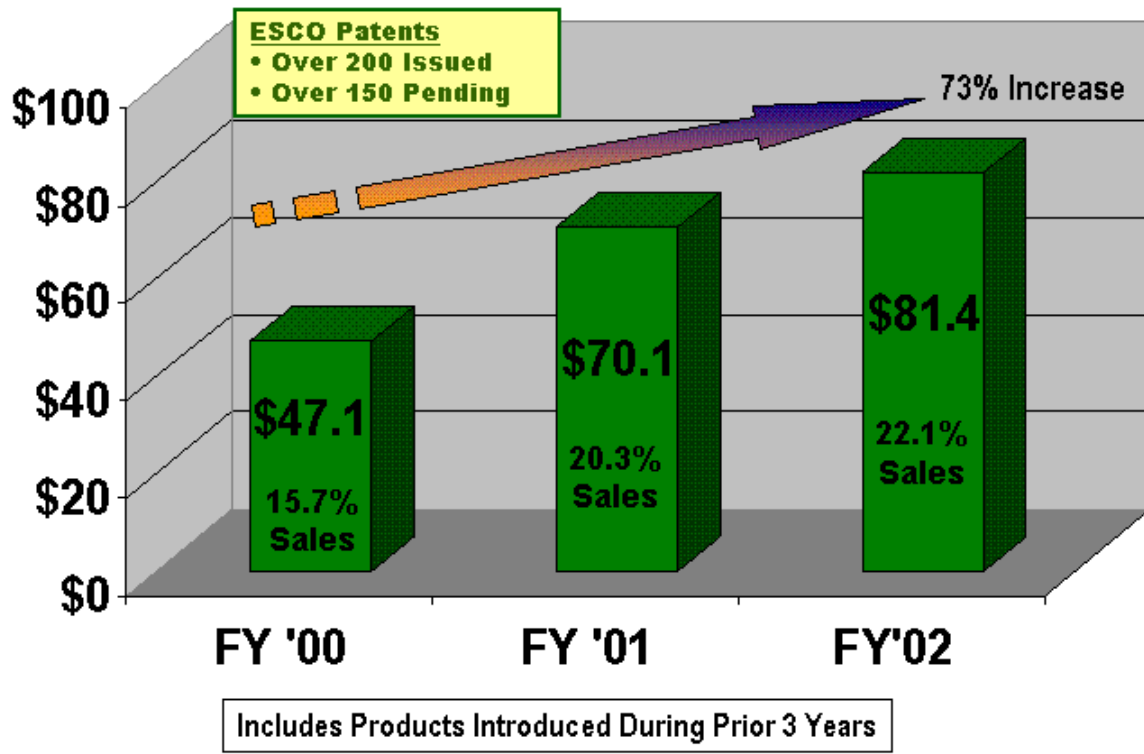
■ Strong Engineering Capability To Drive

- New Products Design & Process
- Profit Margin Improvement

■ Strong Cash Flow To Fund Growth

- Asset Management Focus
- Retention Of Former Defense Business NOL

New Product Sales

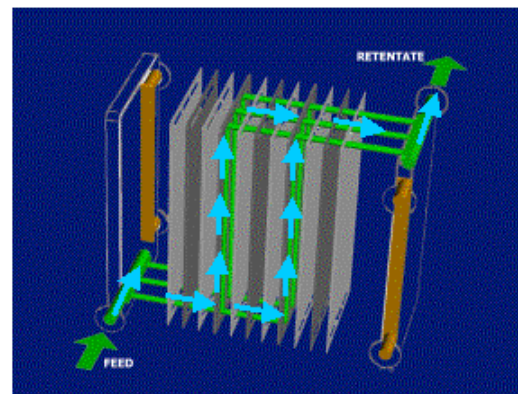


Outage Mapping

- New software functionality added to TWACS® system provides automated outage detection down to residential layer
- Restoration monitoring eliminates need for manual statistical sampling
- Will reduce customer call-ins for outages and eliminate uncertainty relative to repairs

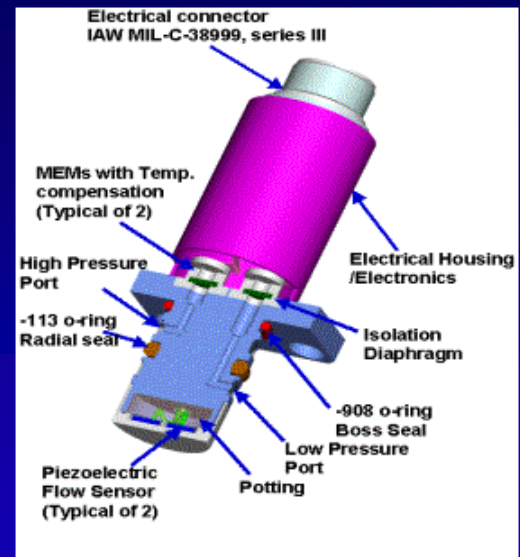


- Patented cross-flow technology for optimized cell harvest, protein concentration
- Enabling technology for extraction of key components in dairy, biopharmaceutical and nutraceutical process streams
- Precision of separation borders that of chromatography
- Achievable concentrations are 5-10x greater than possible with competing systems



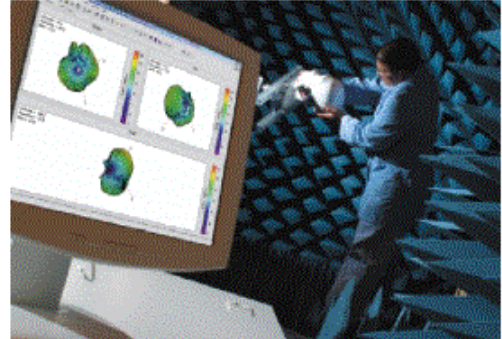
IntelliSensor™

- Electronic Prognostic Health Monitoring (PHM) technology embedded in filtration modules
- Multi-sensor device measures flow, pressure, temperature, and differential pressure (dP)
- Reduces cost, weight, size and improves reliability
- Applications in both Aerospace, and Industrial markets



Data Acquisition & Analysis System

- Rotating chamber measures radiated power from small electronic devices; software provides mapping to simulate human exposure



- Enabling technology for newly won status as first CTIA Approved Test Lab (CATL) in country for antenna pattern measurement

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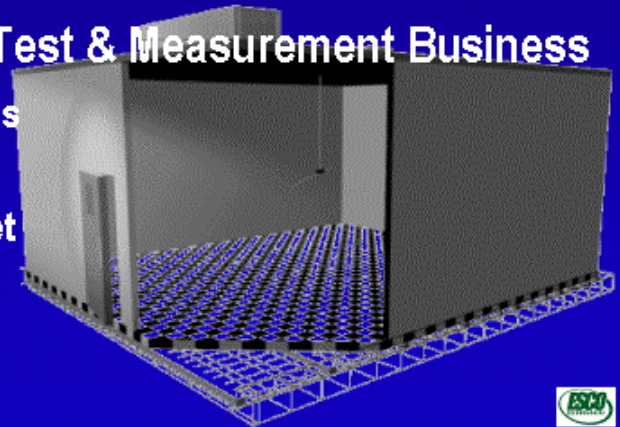
North Carolina Separation Research Technologies (NCSRT)

- **March 2002: Acquired patent portfolio of NCSRT**
 - Secured Rights to 32 U.S. Patents
 - Includes 34 Foreign Counterparts
- **Flat Sheet Module Technology Improves Processing Efficiency and Yield for Customers in:**
 - Biopharmaceutical Processing
 - Nutraceutical Development & Production
 - Food & Beverage Industry
- **Key Features:**
 - Complies with Rigorous “3A” Sanitary Standards
 - Linearly Scalable from Lab to Production
 - Achieves Difficult Separations Economically



Austin Acoustic Systems, Inc.

- December 2002: Acquired Assets of Austin Acoustic Systems, Inc.
- Sound Isolation Technology Applied to Products for:
 - Test and Measurement Requirements
 - Medical Applications
 - The Broadcast Industry (e.g., XM Satellite)
- Complementary to ESCO RF Test & Measurement Business
 - Customers need both Acoustics and RF Test Solutions
 - Expands ESCO's Served Market by ~\$100M
 - Product Offerings
 - Geographically



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ESCO Performance Improvement Actions

- '01 and '02 – 4 facilities closed / consolidated and 2 downsized – 145,000 sq. ft. reduction
- Work Transfer (Europe & Juarez)
- Advanced Automation
- Make / Buy

**On-going Initiative
Key Element of ESCO Culture**

Shareholder Value Strategy

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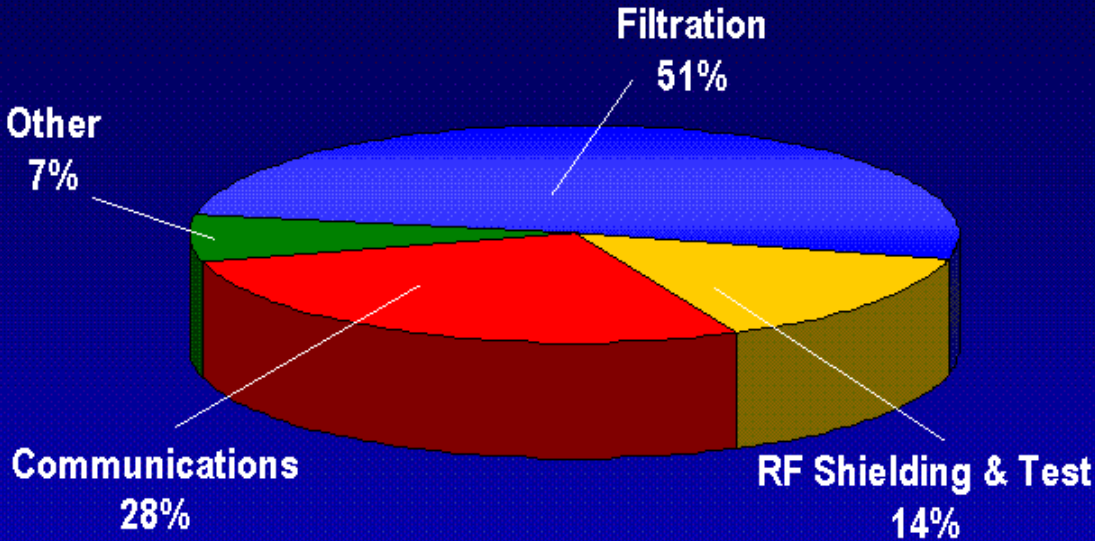
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Engineering Investment (\$M)

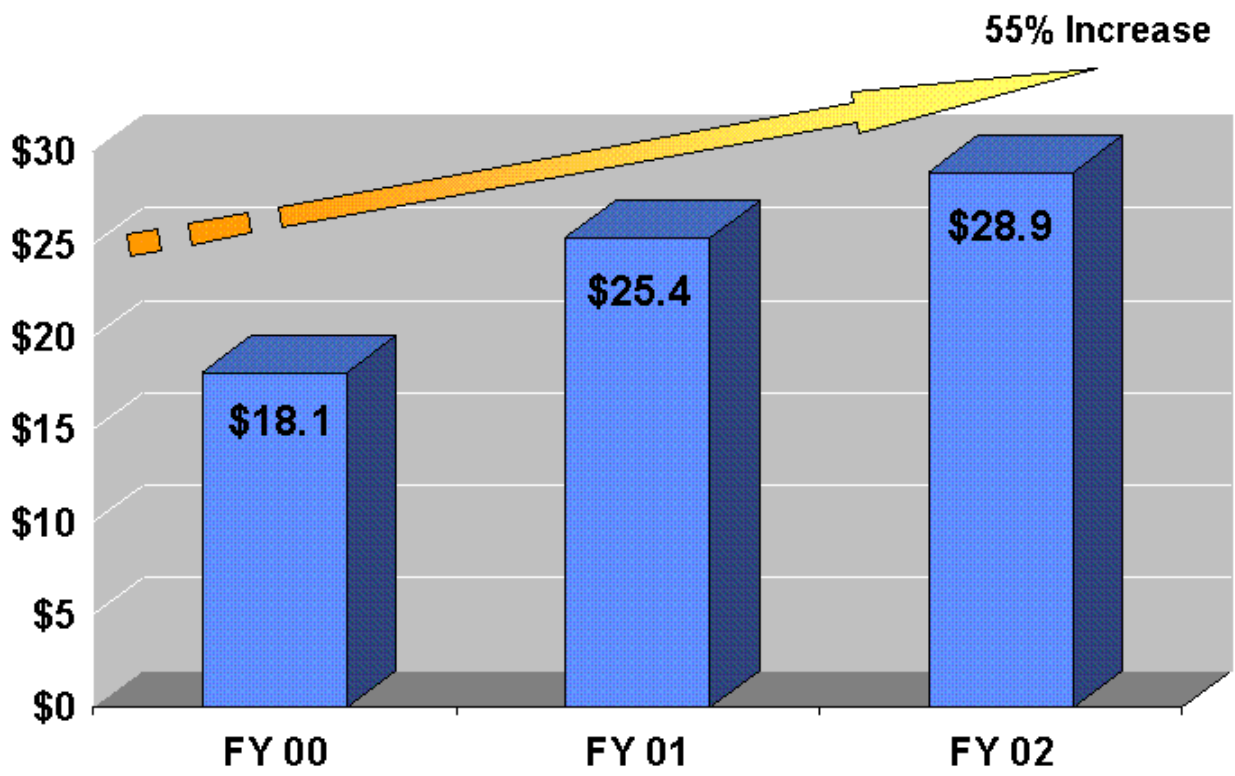


FY '02 Engineering Expenditures = \$28.9M (7.9% Sales)

 Engineering Force Count > 250



Engineering Investment (\$M)



Shareholder Value Strategy

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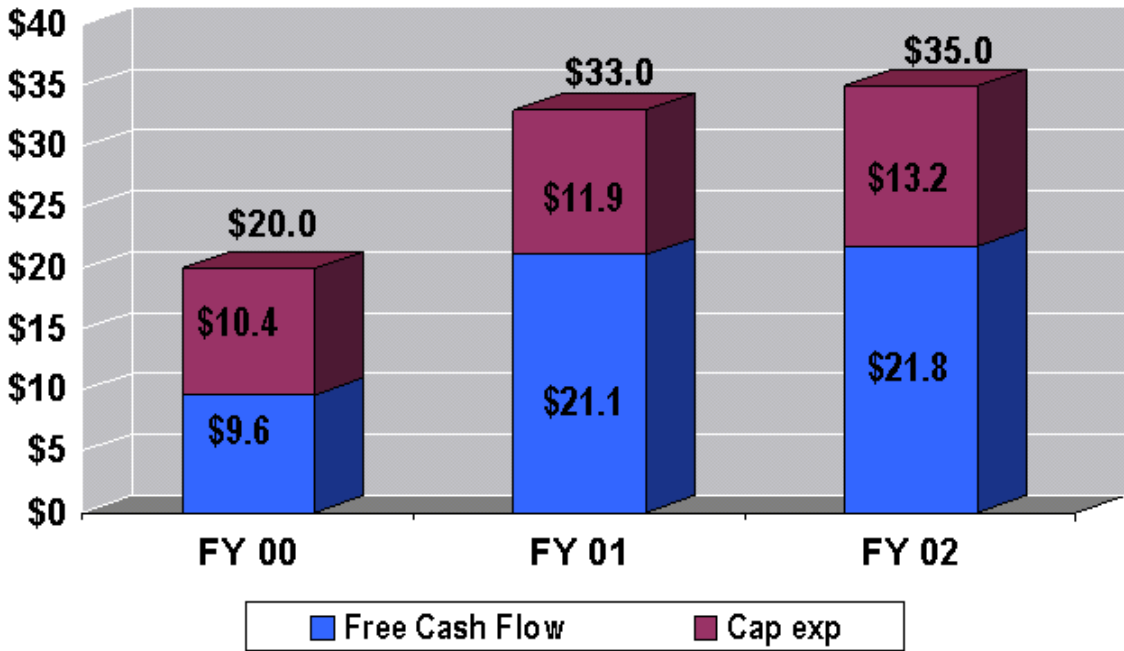
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Strong Cash Flow From Operations (\$M)



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Corporate Governance

- **Nominating and Corporate Governance Committee will be established at today's ESCO Board Meeting**
 - **Committee will be given broad responsibilities to ensure continued compliance in this important area**

- **Chairman of Nominating and Corporate Governance Committee, D. Trauscht, will lead meetings of outside directors which will be held in conjunction with all future Board meetings**

Conference Calls

- **ESCO will initiate conference calls in conjunction with future earnings releases beginning with the 2nd Qtr earnings release**
 - 2nd Qtr call will be held May 13, 2003

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Qtr 1 Income Statement (\$000)

	<u>1ST QTR FY 2002</u>	<u>1ST QTR FY 2003</u>	<u>% Change</u>
Net Sales	\$ 84,336	\$ 111,799	32.6%
Gross Profit	26,879	34,922	29.9%
% Sales	31.9%	31.2%	
Operating Profit	8,126	11,747	44.6%
% Sales	9.6%	10.5%	
EBIT	7,811	10,571	35.3%
% Sales	9.3%	9.5%	
Net Earnings	4,772	6,552	37.3%
% Sales	5.7%	5.9%	
EPS - Diluted	\$ 0.37	\$ 0.50	35.1%
EBITDA	11,076	13,770	24.3%
% Sales	13.1%	12.3%	

Qtr 1 Balance Sheet (\$000)

	<u>12/31/2002</u>
Cash & Equivalents	\$ 25.3
Accounts Receivable	75.2
Inventory /Cost & Est. Earnings	64.5
Other Current Assets	28.1
Total Current Assets	\$ 193.1
Property, Plant & Equip, Net	70.4
Other Assets	157.7
Total Assets	\$ 421.2
Current Maturities - LTD	\$ 0.1
Current Liabilities	70.8
Other Liabilities	25.9
Long Term Debt	8.5
Total Liabilities	105.3
Shareholders' Equity	315.9
Total Liabilities & Equity	\$ 421.2

Qtr 1 Financial Highlights

- Significant sales growth in a challenging environment
 - Communications segment sales increased >100%
 - Filtration & Test sales increased >10% each
- Earnings per share growth of ~35%
- Solid order backlog of ~\$286M
- Free cash flow of ~ \$5M
- Completed acoustics acquisition (Test Segment)

ESCO Outlook

- **First Half Outlook Increased to \$.95 - \$1.05**
 - Communications segment profile has changed due to customer delivery schedules

- **FY'03 outlook is \$1.95 - \$2.05**
 - Communications will remain strong
 - Filtration margins remain challenged
 - Test segment will make incremental improvement in 2nd half

- **Positive Cash Flow From Operations Throughout the Year**
 - Fund Internal Growth and “Good-Fit” Acquisitions

- **Continue to review opportunities to improve our cost and competitive position and to further sharpen our focus**

- **Management & Shareholder Interests Remain Strongly Aligned**
 - Executive and Director Equity Ownership Policies

