UNITED STATES

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): November 8, 2013

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.)

9900A Clayton Road, St. Louis, Missouri (Address of Principal Executive Offices)	63124-1186 (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2 (b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.113d-4 (c))

Item 2.02 Results of Operations and Financial Condition

On November 11, 2013, the Registrant issued a press release reporting its results from continuing operations for the fourth quarter and fiscal year ended September 30, 2013. The press release is furnished herewith as Exhibit 99.1. The press release is also posted on the Registrant's web site located at http://www.escotechnologies.com and can be viewed through the "Investor Relations" page of the web site under the tab "Press Releases," although the Registrant reserves the right to discontinue that availability at any time.

On November 11, 2013, at 4:00 p.m. Central Time, the Registrant conducted a Webcast conference call related to that press release. A full transcript of the conference call is furnished herewith as Exhibit 99.2.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Fiscal Year 2014 Bonus Criteria for Executive Officers

On November 8, 2013, the Human Resources and Compensation Committee (the "Committee") of the Registrant's Board of Directors approved the performance criteria for determining the fiscal 2014 non-equity incentive compensation for its executive officers, in relation to the previously-approved fiscal 2014 bonus targets of $525,000 for V.L. Richey, Jr. (40% of fiscal 2014 target total cash compensation), $319,000 for G.E. Muenster (38% of fiscal 2014 target total cash compensation) and $153,200 for A.S. Barclay (33% of fiscal 2014 target total cash compensation).

The Company has two non-equity incentive compensation plans: (i) the Incentive Compensation Plan (the "ICP") and (ii) the Performance Compensation Plan for Executive Officers (the "PCP"), and in recent years each executive officer's bonus target had been equally divided between the PCP and the ICP. However, for fiscal 2014 the Committee determined to allocate 100% of the executive officers' bonus opportunity to the ICP, and none to the PCP; and to establish earnings per share ("EPS") as the single criterion for measuring performance. The bonus target multiplier under the ICP for fiscal 2014 ranges from 0.0 to 2.0 times the bonus target based on a matrix specifying particular EPS thresholds.

The actual amounts of the executive officers' fiscal 2014 bonuses will vary from their respective bonus targets depending on the extent to which the Company's actual fiscal 2014 EPS exceeds or falls below the thresholds set forth in the EPS matrix.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release dated November 11, 2013
99.2	Transcript of conference call held November 11, 2013 at 4:00 p.m. Central Time

Other Matters

The information in this report furnished pursuant to Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 as amended ("Exchange Act") or otherwise subject to the liabilities of that section, unless the Registrant incorporates it by reference into a filing under the Securities Act of 1933 as amended or the Exchange Act.

References to the Registrant's web site address are included in this Form 8-K and the press release only as inactive textual references, and the Registrant does not intend them to be active links to its web site. Information contained on the Registrant's web site does not constitute part of this Form 8-K or the press release.

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.

Dated: November 12, 2013.

ESCO TECHNOLOGIES INC.

By: /s/G.E. Muenster
G.E. Muenster
Executive Vice President
and Chief Financial Officer

NEWS FROM

For more information contact:
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ESCO ANNOUNCES FISCAL 2013 RESULTS
FROM CONTINUING OPERATIONS

ST. LOUIS, November 11, 2013 – ESCO Technologies Inc. (NYSE: ESE) (ESCO or the "Company") today reported its results from Continuing Operations for the fourth quarter and fiscal year ended September 30, 2013.

Throughout 2013, the Company provided its operating results and earnings guidance (EPS) on an adjusted basis, which excludes certain costs associated with the Test segment facility consolidation and the Doble – Lemke facility closure in Germany.

In this release, and consistent with earlier guidance, the Company is reporting its fourth quarter and fiscal year results from Continuing Operations — As Adjusted.

Management believes EPS As Adjusted is more representative of the Company's 2013 ongoing performance and allows shareholders better visibility into the Company's underlying operations.

On August 8, 2013, the Company announced that its board of directors, working together with its executive management team, authorized a sale process for the divestiture of Aclara Technologies LLC (Aclara). Beginning with the June 30, 2013 financial statements, the Company reported Aclara as "Discontinued Operations" and "Assets Held for Sale" in accordance with Generally Accepted Accounting Principles (GAAP). All references to Continuing Operations exclude Aclara.

As communicated in the August 8, 2013 release, the Company does not plan to disclose or comment on developments regarding the Aclara sale process until further disclosure is deemed appropriate or required, and there can be no assurances that the transaction will be successfully consummated. The results from Discontinued Operations will be announced with the filing of the Company's Form 10-K on, or about, November 29, 2013.

Vic Richey, ESCO Chairman and Chief Executive Officer, commented, “Selling a business typically takes longer than originally anticipated and this process is no exception. We remain confident in our ability to complete this divestiture.”

EPS Summary

During the fourth quarter, EPS from Continuing Operations — As Adjusted was $0.59 per share and reflects the add-back of $0.07 per share of non-operating charges related to the Doble – Lemke facility closure which was completed September 30, 2013. This compares to EPS from Continuing Operations of $0.35 per share in the fourth quarter of 2012.

For 2013, EPS from Continuing Operations — As Adjusted was $1.47 per share and reflects the add-back of $0.30 per share of non-operating charges related to the Test restructure ($0.08) completed earlier in the year, and the Doble – Lemke facility closure ($0.22). This compares to EPS from Continuing Operations of $1.29 per share in 2012.

Management had provided EPS guidance from Continuing Operations – As Adjusted in the range of $1.35 to $1.45 per share for 2013.

Continuing Operations Highlights

- Q4 2013 sales from Continuing Operations increased $21 million, or 17 percent to $145 million compared to $124 million in Q4 2012. During Q4, Filtration sales increased $9 million (17 percent), Test sales increased $10 million (22 percent), and Utility Solutions Group (USG, or Doble) sales increased $3 million (10 percent) compared to prior year Q4;

- Q4 2013 gross margin from Continuing Operations increased to 40.0 percent compared to 37.7 percent in Q4 2012 as all three operating segments reported higher margins;

- SG&A from Continuing Operations increased in Q4 2013 compared to prior year as a result of the addition of Canyon Engineering and higher professional fees incurred at Corporate;

- Other income / expense increased as Q4 2013 includes the restructuring costs noted above ($2.0 million pretax charge, or $0.07 per share), while Q4 2012 was favorably impacted by the non-cash revaluation of an earn-out liability related to a previous acquisition;

- The effective tax rate in Q4 2013 was 32 percent compared to 35 percent in Q4 2012, and the annual effective tax rates were 37 percent in 2013 compared to 33 percent in 2012;

- Q4 2013 GAAP EPS from Continuing Operations was $0.52 per share, compared to $0.35 per share in Q4 2012. For 2013, GAAP EPS from Continuing Operations was $1.17 per share compared to $1.29 in 2012;

- At September 30, 2013, the Company had $43 million of cash and $172 million of debt outstanding for a net debt position of $129 million;

- Orders from Continuing Operations were $128 million in Q4 2013, and $517 million for the year, resulting in an annual book-to-bill ratio of 1.05x, and a resulting backlog of $272 million at September 30, 2013. Backlog from Continuing Operations increased $26 million, or 11 percent, from Continuing Operations backlog of $246 million at September 30, 2012;

- Segment book-to-bill ratios for 2013 were: Filtration 1.08x, Test 1.07x, and USG (Doble) 0.98x.

Discontinued Operations

Considering the ongoing status of the Aclara sale process, Management cannot estimate with certainty the financial statement impact expected on disposition if completed, which would be recorded in Discontinued Operations, until more detailed information surrounding the specifics of the transaction is available. Management's best estimate of a potential pretax write-down of Aclara's intangible assets, primarily goodwill, is expected to be in the range of $40 million to $50 million, and would be recorded in Discontinued Operations for the year ended September 30, 2013.

The expected sale of Aclara is anticipated to generate significant after-tax cash proceeds which will allow the Company to accelerate the realization of shareholder value through the pay-down of existing debt, while providing additional liquidity for acquisitions around its core businesses. While executing the sale process, the Company remains focused on executing its current operating plan to maximize performance.

Chairman's Commentary – FY 2013

Vic Richey, Chairman and Chief Executive Officer, commented, "I'm very pleased with the way 2013 wrapped up from a Continuing Operations basis. Our sales, EBIT, EPS, cash flow and orders all came in above our earlier expectations with all operating units contributing to this success.

"While ESCO would be smaller without Aclara in the mix, during the fourth quarter, the Company has shown it can be more profitable on a percentage basis and more predictable on an outlook basis. While it was a difficult decision to initiate the process to divest Aclara, we continue to feel strongly that it is the right course of action both for today and the future as our remaining businesses are expected to have a more predictable revenue and earnings profile.

"I'm very pleased to have successfully completed our Test business restructure on time and on budget, with the corresponding savings being reflected in our results. The Doble – Lemke closure also was completed on time and on budget and now the Doble team can again focus on its core business. We continue to see Test's recently announced electro-magnetic pulse (EMP) interference market developing on plan and we remain excited about this new market's growth prospects. Filtration continued its outstanding performance on both the top and bottom line.

“We feel that as we go forward into 2014, we will continue to see solid growth in our Filtration, Test and Doble businesses, as our market leadership positions across the three segments, along with the breadth of our new product offerings, will allow us to grow organically at a meaningful level. We intend to supplement this growth through disciplined acquisitions around our core. We plan to continue to invest in new products and solutions which will allow us to retain and expand our leadership positions in our remaining operations.

“I continue to maintain a favorable view of our future and our goal remains the same – to increase long-term shareholder value.”

Dividend Payment

The next quarterly cash dividend of $0.08 per share will be paid on January 17, 2014 to stockholders of record on January 3, 2014.

Business Outlook – Fiscal Year 2014

Consistent with the 2013 presentation, the outlook for 2014 will be presented on a Continuing Operations –As Adjusted basis, and will exclude approximately $2 million, or $0.05 per share, of anticipated charges to complete the exit and relocation of Crissair’s Palmdale, California (Filtration segment) operation into the Canyon Engineering facility in Valencia, California. This move is expected to be completed by September 30, 2014.

Management continues to see strong growth in 2014 across the business. Based on projected revenue growth of approximately 8 to 10 percent, and growth in EBIT of 10 to 13 percent, Management expects 2014 EPS from Continuing Operations – As Adjusted in the range of $1.50 to $1.60 per share, which excludes the above noted Filtration segment charges. The 2014 annual effective tax rate is expected to be approximately 35 percent.

The revenue growth for 2014 is presented here in summary fashion:

- Filtration is expected to grow 8 to 10 percent with related EBIT margins consistent with 2013;
- Test is expected to grow mid-to-high single digits with a significant increase in EBIT, both in dollars and as a percent of sales resulting in an approximate EBIT margin of 13 percent;
- Doble is expected to grow mid-to-high single digits with an EBIT margin percentage in the low 20’s similar to 2013; and,
- Aclara will continue to be presented as Discontinued Operations up through and including the date of the sale.

On a quarterly basis, Management expects 2014 revenues and EPS to be slightly more balanced than in years past, but still more second half weighted. First quarter 2014 EPS from Continuing Operations – As Adjusted is expected to be in the range of $0.24 to $0.29 per share.

Conference Call

The Company will host a conference call today, November 11, at 4 p.m. Central Time, to discuss the Company's fourth quarter and fiscal year 2013 results from Continuing Operations. A live audio webcast will be available on the Company's website at www.escotechnologies.com. Please access the website at least 15 minutes prior to the call to register, download and install any necessary audio software. A replay of the conference call will be available for seven days on the Company's website noted above or by phone (dial 1-888-843-7419 and enter the pass code 35804099).

Forward-Looking Statements

Statements in this press release regarding the success, results, benefits, use of proceeds and timing of the Aclara divestiture process, repayment of the Company's debt, the amount and timing of the Company's expected 2013 and beyond revenues, the character and amount of any write-down of Aclara's intangible assets, growth, margins, tax rates, and EPS from Continuing Operations – "As Adjusted", EPS, EBIT, sales, orders, earnings, the costs, benefits and timing of the exit and relocation of Crissair's operations, the Company's ability to increase shareholder value, the success of acquisition efforts, the success of new products, the size, number and timing of growth opportunities in the future, the long-term success of the Company, and any other statements which 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 the date of this release, and the Company undertakes no duty to update except as may be required by applicable laws or regulations. 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: the risk factors described in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012; and the following: the price and terms of offers submitted by potential buyers of Aclara; the Company's ability to negotiate acceptable terms and conditions of sale with respect to potential buyers of Aclara; the final determination of various factors calculated at the time of a disposition and utilized in arriving at the amount of any write-down of Aclara's intangible assets; the ability of potential buyers of Aclara to obtain necessary financing; necessary third parties', including the U.S. Government's approval of the sale of Aclara to the selected buyer; the success of the Company's competitors; site readiness issues with Test segment customers; weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; unforeseen charges impacting corporate operating expenses; delivery delays or defaults by customers; the performance of the Company's international operations; material changes in the costs and availability of certain raw materials; termination for convenience of customer contracts; timing and content of future contract awards and customer orders; containment of engineering and development costs; performance issues with key customers, suppliers and subcontractors; labor disputes; the impacts of natural disasters on the Company's operations and those of the Company's customers and suppliers; changes in laws and regulations, including but not limited to changes in accounting standards and taxation requirements; costs relating to environmental matters arising from current or former facilities; uncertainty regarding the ultimate resolution of current disputes, claims, litigation or arbitration; the Company's successful execution of profit improvement initiatives and restructuring activities; and the Company's ability to successfully integrate newly-acquired businesses.

Non-GAAP Financial Measures

The financial measures EBIT, EBIT margin, EPS – “As Adjusted” and EPS – from Continuing Operations “As Adjusted” are presented in this press release. The Company defines EBIT as earnings before interest and taxes from continuing operations, EBIT margin as a percent of net sales, EPS – “As Adjusted” and EPS – from Continuing Operations “As Adjusted” as GAAP EPS less the Test segment and Doble-Lemke restructuring charges (representing $0.07 per share during the fourth quarter of 2013, and $0.30 per share during the year ended September 30, 2013). EBIT, EBIT margin, EPS – “As Adjusted” and EPS – from Continuing Operations “As Adjusted” are not recognized in accordance with U.S. generally accepted accounting principles (GAAP). However, Management believes that EBIT and EBIT margin are useful in assessing the operational profitability of the Company’s business segments because they exclude interest and taxes, which are generally accounted for across the entire Company on a consolidated basis. EBIT is also one of the measures used by Management in determining resource allocations within the Company as well as incentive compensation. The Company believes that the presentation of EBIT, EBIT margin, EPS – “As Adjusted” and EPS – from Continuing Operations “As Adjusted” provides important supplemental information to investors by facilitating comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. The use of non-GAAP financial measures is not intended to replace any measures of performance determined in accordance with GAAP.

ESCO, headquartered in St. Louis, is a proven supplier of special purpose utility solutions for electric, gas, and water utilities, including hardware and software to support advanced metering applications and fully automated intelligent instrumentation. In addition, the Company provides engineered filtration products to the aviation, space, and process markets worldwide and is the industry leader in RF shielding and EMC test products. Further information regarding ESCO and its subsidiaries is available on the Company's website at www.escotechnologies.com.

- tables attached –

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income from Continuing Operations (Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012
Net Sales	$ 144,600	123,551
Cost and Expenses:		
Cost of sales	86,658	77,003
Selling, general and administrative expenses	33,011	30,065
Amortization of intangible assets	1,637	1,464
Interest expense	695	480
Other (income) expenses, net	2,193	(89)
Total costs and expenses	124,194	108,923
Earnings before income taxes	20,406	14,628
Income taxes	6,524	5,157
Net earnings from continuing operations	13,882	9,471
Earnings (loss) per share:		
Diluted - GAAP		
Continuing operations	0.52	0.35
Diluted - Adjusted Basis		
Continuing operations	$ 0.59(1)	0.35
Average common shares O/S:		
Diluted	26,777	27,028

(1) Adjusted basis includes $2.0 million (or $0.07 per share) of add back adjustments for restructuring charges incurred at Doble Lemke & ETS during the fourth quarter ended September 30, 2013.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income from Continuing Operations (Unaudited)
(Dollars in thousands, except per share amounts)

	Year Ended September 30, 2013	Year Ended September 30, 2012
Net Sales	$ 490,079	478,699
Cost and Expenses:		
Cost of sales	295,863	294,655
Selling, general and administrative expenses	129,809	128,152
Amortization of intangible assets	6,179	5,674
Interest expense	2,693	2,469
Other (income) expenses, net	5,940	(4,433)
Total costs and expenses	440,484	426,517
Earnings before income taxes	49,595	52,182
Income taxes	18,335	17,408
Net earnings from continuing operations	31,260	34,774
Earnings (loss) per share:		
Diluted - GAAP		
Continuing operations	1.17	1.29
Diluted - Adjusted Basis		
Continuing operations	$ 1.47(1)	1.29(2)
Average common shares O/S:		
Diluted	26,802	27,030

(1) Adjusted basis includes $0.30 per share of add back adjustments for restructuring charges incurred at ETS & Doble Lemke during the year ended September 30, 2013.

(2) Amount includes $4.5 million of pretax income (or $0.11 per share) related to the revaluation of the Xtensible earnout obligation. Excluding this income, EPS from Continuing Operations "Adjusted" would have been $1.18 in 2012.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Business Segment Information (Unaudited)
(Dollars in thousands)

	Three Months Ended September 30, GAAP		Adjustments		Three Months Ended September 30, As Adjusted	
	2013	2012	2013	2012	2013	2012
Net Sales						
Utility Solutions Group	$ 30,241	27,554			30,241	27,554
Test	54,011	44,293			54,011	44,293
Filtration	60,348	51,705			60,348	51,705
Totals	$ 144,600	123,552	0	0	144,600	123,552
EBIT						
Utility Solutions Group	$ 6,847	5,977	1,930(1)		8,777	5,977
Test	9,389	4,850	54(2)		9,443	4,850
Filtration	11,971	9,060			11,971	9,060
Corporate	(7,106)	(4,778)			(7,106)	(4,778)
Consolidated EBIT	21,101	15,109	1,984	0	23,085	15,109
Less: Interest expense	(695)	(480)			(695)	(480)
Earnings before income taxes from Cont Ops	$ 20,406	14,629	1,984	0	22,390	14,629

Note: The above table is presented on a continuing operations basis.
Note: Depreciation and amortization expense was $3.9 million and $3.7 million for the quarters ended September 30, 2013 and 2012, respectively.
(1) Includes $1.9 million (or $0.07) of restructuring charges for Doble Lemke during the fourth quarter 2013.
(2) Includes $0.1 million (or $0.00) of restructuring charges for ETS during the fourth quarter 2013.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Business Segment Information (Unaudited)
(Dollars in thousands)

	Year Ended September 30, GAAP		Adjustments		Year Ended September 30, As Adjusted	
	2013	2012	2013	2012	2013	2012
Net Sales						
Utility Solutions Group	$ 109,301	107,970			109,301	107,970
Test	166,689	175,946			166,689	175,946
Filtration	214,089	194,783			214,089	194,783
Totals	$ 490,079	478,699	0	0	490,079	478,699
EBIT						
Utility Solutions Group	$ 21,583	25,872(4)	2,625(1)		24,208	25,872(4)
Test	16,311	13,967	3,424(2)		19,735	13,967
Filtration	42,355	37,992			42,355	37,992
Corporate	(27,961)	(23,180)	1,500(3)		(26,461)	(23,180)
Consolidated EBIT	52,288	54,651	7,549	0	59,837	54,651
Less: Interest expense	(2,693)	(2,469)			(2,693)	(2,469)
Earnings before income taxes from Cont Ops	$ 49,595	52,182	7,549	0	57,144	52,182

Note: The above table is presented on a continuing operations basis.
Note: Depreciation and amortization expense was $14.8 million and $14.5 million for the years ended September 30, 2013 and 2012, respectively.

(1) Includes $2.6 million (or $0.10) of restructuring charges for Doble Lemke during FY 2013.
(2) Includes $3.4 million (or $0.08) of restructuring charges for ETS during FY 2013.
(3) Includes $1.5 million (or $0.05) of restructuring charges for Doble Lemke during FY 2013.
(4) Includes $4.5 million of income ($0.11 per share) related to the revaluation of the Xtensible earnout obligation.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Other Selected Financial Data (Unaudited)
(Dollars in thousands)

Backlog And Entered Orders - Q4 FY 2013	Utility Solutions	Test	Filtration	Total
Beginning Backlog - 7/1/13	$ 26,491	104,863	157,185	288,539
Entered Orders	27,797	39,575	60,838	128,210
Sales	(30,241)	(54,011)	(60,348)	(144,600)
Ending Backlog - 9/30/13	$ 24,047	90,427	157,675	272,149

Backlog And Entered Orders - FY 2013	Utility Solutions	Test	Filtration	Total
Beginning Backlog - 10/1/12	$ 26,461	79,418	139,689	245,568
Entered Orders	106,887	177,698	232,075	516,660
Sales	(109,301)	(166,689)	(214,089)	(490,079)
Ending Backlog - 9/30/13	$ 24,047	90,427	157,675	272,149

Note: The above table is presented on a continuing operations basis and excludes Aclara. Aclara's entered orders were $51.5 million and $288.5 million for the quarter and year ended September 30, 2013, respectively.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Reconciliation of Non-GAAP Financial Measures (Unaudited)

EPS – Adjusted Basis Reconciliation – FY 2013

EPS from Continuing Ops – GAAP Basis – FY 2013	$	1.17
Adjustments (defined below)		0.30
EPS from Continuing Ops – Adjusted Basis – FY 2013	$	1.47

Adjustments exclude $0.30 per share consisting of restructuring costs associated with the Test segment facility consolidation and the costs related to the Doble Lemke facility closure.

EPS – Adjusted Basis Reconciliation – Q4 FY 2013

EPS from Continuing Ops – GAAP Basis – Q4 2013	$	0.52
Adjustments (defined below)		0.07
EPS from Continuing Ops – Adjusted Basis – Q4 2013	$	0.59

Adjustments exclude $0.07 per share consisting of restructuring costs associated with the Doble Lemke facility closure and the Test segment facility consolidation.

EPS – Adjusted Basis Reconciliation – FY 2014

EPS from Continuing Ops – GAAP Basis – FY 2014	$	1.45	1.55
Adjustments (defined below)		0.05	0.05
EPS from Continuing Ops – Adjusted Basis – FY 2014	$	1.50	1.60

Adjustments exclude $0.05 per share consisting of restructuring costs associated with the Filtration segment facility consolidation.

NOVEMBER 11, 2013 / 10:00PM GMT, ESE –
Q4 2013 ESCO Technologies Inc. Earnings Conference Call

CORPORATE PARTICIPANTS
Kate Lowrey *Esco Technologies Inc - Director of IR*
Vic Richey *Esco Technologies Inc - Chairman & CEO*
Gary Muenster *Esco Technologies Inc - VP & CFO*

CONFERENCE CALL PARTICIPANTS
Kevin Maczka *BB&T Capital Markets - Analyst*
John Tanwintang *CJ Securities - Analyst*
John Quealy *Canaccord Genuity - Analyst*

PRESENTATION

Operator

Good day, and welcome to the Q4 2013 Esco Technologies Inc. earnings conference call. Today's call is being recorded. With us today are Vic Richey, Chairman and CEO, Gary Muenster, Vice President and CFO. And now to present the forward-looking statement, I would like to turn the call over to Kate Lowrey, Director of Investor Relations. Please go ahead.

Kate Lowrey - ***Esco Technologies Inc*** - ***Director of IR***

Thank you. Statements made during this call regarding the success, timing, results, and use of proceeds of the Aclara divestiture process, the write-down of Aclara's goodwill, 2014 EPS from continuing operations as adjusted, sales and EBIT growth, margin, EBIT, liquidity, growth, profits, future acquisition efforts the schedule and cost of the Crissair move, the benefits from previous consolidations and restructuring initiatives, and other statements which are not strictly historical are forward-looking statements within the meaning of the Safe Harbor provisions of the federal securities laws. These statements are based on current expectations and assumptions, and actual results 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 the risk factors referenced in the Company's press release issued today, which we filed as an exhibit to the company's Form 8-K to be filed. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

In addition, during this call the Company may discuss some non-GAAP financial measures in describing the Company's operating results. A reconciliation of these measures to their most comparable GAAP measures can be found in the press release issued today, and found on the Company's website at www.escotechnologies.com under the link investor relations. Now I'll turn the call over to Vic.

Vic Richey - ***Esco Technologies Inc*** - ***Chairman & CEO***

Thanks Kate, and good afternoon. 2013 turned out to be quite an interesting year for Esco. We made several significant decisions during the past year, which will result in a different Esco going forward. These actions were taken to position us for continued growth in the future, as well as providing more predictability and higher profitability. These are difficult decisions because they have a direct impact on our employees, but they are necessary to ensure our overall success. I will take a few minutes to status you on these major initiatives.

We closed the Doble Lemke operations in Germany, due to their significant underperformance, and we relocated their products and IP to existing lower cost locations. This activity was completed as of September 30, and was done on budget and on schedule. The restructuring process was a significant distraction for the Doble team, and I'm certain they look forward to focusing their efforts on growing the rest of their businesses.

Our second major initiative was a consolidation of our domestic Test business, specifically the shutdown and relocation of our manufacturing facility in Glendale Heights, Illinois. We simply had too big of a footprint, which was negatively impacting our operating margins. This activity was largely completed midyear, on schedule and again on budget. The great news is, we are seeing the improved margins that we expected. As you will see in our 2014 projections, we are anticipating significantly improved margins year over year in Test.

Lastly, I will discuss our decision to divest the Aclara business. We talked at length on our last call about the rationale for this decision, and we remain convinced that this is right decision for the Company. Since the process is active, it would not be prudent to discuss any specifics at this time. We hoped to have this process completed by now, but as stated in the press release, it is taking longer than anticipated. Our goal is to have the best outcome, which doesn't necessarily translate to the quickest outcome.

As I mentioned earlier, all of these actions were taken with 2014 and beyond in mind. As we enter 2014, our continuing operations are well positioned for success. All of our businesses have truly differentiated technology and market leading positions. As a result of the restructuring actions in 2013, are much leaner.

While we are currently in a very comfortable position from a leverage perspective, assuming the Aclara transaction is completed, we will be in an even stronger liquidity position. This provides us with the ability to augment our organic growth with acquisitions around our core businesses. As noted in our release, in 2014 we anticipate sales growth in the high single digits and double digit EBIT growth. Given the current economic environment, we think this is solid performance. I will now turn it over to Gary for a few specific comments about the financials, and we will then be happy to answer any questions.

Gary Muenster - ***Esco Technologies Inc - VP & CFO***

Thanks, Vic. As discussed during our Q3 earnings call, the decision to divest Aclara changed our financial statement presentation to reflect Aclara as discontinued operations in the P&L and assets held for sale on the balance sheet. Aclara remains in discontinued operations and held for sale in Q4. Due to a few open items surrounding the various bids and the projected valuation of Aclara's net assets, primarily goodwill, we will report their results in discontinued operations with the filing of our 10-K later this month as we develop more certainty surrounding this calculation. As noted in the discontined operations section of this release, we do expect to write-down the carrying value of the goodwill.

The guidance we provided in August for the remainder of 2013 was based on EPS from continuing operations, as adjusted. The Q4 earnings release is prepared in a similar format, and my commentary will follow these results. As a reminder, EPS from continuing operations as adjusted excludes Aclara and certain costs associated with the Test segment facility consolidation completed earlier this year, as well as the Doble Lemke facility closure, which was completed as of September 30. As Vic noted, both actions were completed on time and on budget, and we expect to see the benefits of these actions going into 2014.

Our previous expectations of EPS from continuing operations as adjusted were in the range of $1.35 to $1.45 per share, and we exceeded our expectations as we closed the year at $1.47 per share on a comparable basis. We beat the top end of our range as a result of solid performance across all three operating segments. I will call out a few highlights from the release to allow you to better understand the underlying results of the business going forward on a continuing operations basis.

Q4 sales increased 17% over prior year with all three segments contributing. Test sales increased 22%, Filtration increased 17%, and Doble increased 10%. For the year, sales increased $11 million, with increases in Filtration and Doble partially offset by lower Test sales driven by the timing of large projects year over year. We are pleased to see gross margin percentages increase in 2013 over 2012 in both the quarter and the full year, and we are currently running at a 40% margin rate.

When calling out Q4 highlights, clearly our adjusted EBIT margins were outstanding. Doble's adjusted EBIT margin was an exceptional 29%, Test's adjusted EBIT margin set a record coming in at over 17%, and Filtration came in strong at 20%. Doble's Q4 margin was unusually high as a result of a significant increase in sales volume resulting from the catch-up of business previously delayed from the East Coast storm earlier in the fiscal year. Q4 Test margins were also favorably impacted by their significant sales volume, as well as seeing the impact of lower costs post-restructure. Filtration delivered on its 20% commitment, and we are extremely pleased with the early contributions from the recently acquired Canyon Engineering.

At the bottom line, in Q4 this year we reported $0.59 of EPS from continuing operations as adjusted, which compares to $0.35 in Q4 of 2012. For the full year, we reported $1.47 compared to $1.29 from continuing operations as adjusted. On the cash flow and balance sheet front, we ended the quarter with a strong balance sheet, as our net debt to balance was $129 million with $43 million of cash and $172 million of gross debt. Our leverage ratio remains low with continued favorable pricing on the debt. On a continuing operations basis, we recorded $517 million in orders, for a 1.05 book-to-bill and our backlog of $272 million grew $26 million, or 11% from the start of the year. This opening backlog positions us for growth as we enter 2014.

Consistent with our fiscal 2013, our 2014 guidance is based on EPS from continuing operations as adjusted, which again excludes Aclara and backs out approximately $2 million in anticipated charges to complete the move from Crissair's leased facility in Palmdale to the facility we purchased with Canyon. We expect to complete this move before the end of the fiscal year. As noted in the release, management expects 2014 EPS from continuing operations as adjusted to be in the range of $1.50 to $1.60 per share, and I will be happy to address any specific financial questions during the Q&A. And now I will turn it back over to Vic.

Vic Richey - ***Esco Technologies Inc - Chairman & CEO***

We are ready to take any questions you have.

QUESTION AND ANSWER

Operator

(Operator Instructions)

Kevin Maczka, BB&T capital markets.

Kevin Maczka - ***BB&T Capital Markets - Analyst***

First question, Vic. If we can touch on visibility. Of course you're guiding 2014 for the first time now, and in the past with Aclara in the mix, it was always a bigger backlog business, but yet visibility there was never as good. So that should be improved now.

I am just wondering, with the revenue guidance that you are giving here with a backlog that is only about half of the revenue you expect for the year. Can you talk about the visibility you have there in general and your confidence level in that guidance?

Vic Richey - ***Esco Technologies Inc - Chairman & CEO***

Yes, we feel good about it. Obviously, we are off to a new start here. We really wanted to make sure that we are able to hit the numbers we put out there.

We've had some struggles, obviously, with Aclara and doing that over the last year or so. As we look at going into this year, we feel very good about the backlog levels that we have. They do give us a lot of visibility.

The businesses that we have now do turn a lot quicker, turn the backlog, or turn the orders I should say, into sales much quicker than Aclara did in some cases. So I would say the level of backlog shouldn't give anybody any concerns. In fact, if you look at the backlog going into this year versus last year, I would say that we grew the backlog about 11%. So we should be in good position there.

Kevin Maczka - ***BB&T Capital Markets* - *Analyst***

Vic I know these, especially Doble and Filtration, these are typically very macro-sensitive businesses, but can you talk about that? What kind of expectations do you have there? Or are there some specific projects that you have got or are planning on that are driving this growth?

Vic Richey - ***Esco Technologies Inc* - *Chairman & CEO***

It is very project specific, I would say, particularly — there are two things. If you look at the Filtration business, it is really the ability to be on the platforms that we are on.

We kind of understand the build schedules for those, whether they be on the aerospace side or the space side. So those are very projects-specific for specific airframes or spacecraft. We know where those are coming.

If you look at a Doble growth that we are seeing, it is a manifestation of the investment that we've made in new products over the last couple of years, and having that uptick in these new products and in our current markets, and we're seeing that happen. Additionally, we are starting to get some traction with some of the new international locations that we have put in place over the last year as well. I would say that it is not — we're not dependent on some significant growth in one market or the other, as much as very specific things that we have identified that we have good insight into happening.

Kevin Maczka - ***BB&T Capital Markets* - *Analyst***

Vic, if I could ask one question on margins. The Doble and the Filtration margins are high already, but I am wondering with high single digit revenue growth, is there something going on there in the mix or elsewhere that we wouldn't see more leverage on the operating margin line, as we have that kind of growth on the top?

Vic Richey - ***Esco Technologies Inc* - *Chairman & CEO***

Yes. Really the thing you always end up looking at there is if there is some change in mix that would keep that from going up dramatically, and there is some of that. Again, we've got pretty good margin levels there already. The thing that we are also seeing, again, as we get some of this consolidation completed, we're seeing those margins come through.

The $2 million that Gary alluded to that we are spending to move the Crissair products down to Canyon is going to also yield something, and that will really hit in 2015, but it will take us the majority of this year to complete that move. The only reason it takes that long is not because it is hard to physically move the product, but it is just the licensing, permitting that has to be done in LA County is a little complicated and bureaucratic, to say the least.

So that is really the driving factor on its move. We would love to get it done in the next three months, and if it were totally up to is, we would get that done, start achieving those savings, but that is a little bit out of our control.

Gary Muenster - ***Esco Technologies Inc* - *VP & CFO***

Kevin, this is Gary. Let me add one other thing on the mix. We have been talking about a couple of platforms that we won a couple of years ago, primarily the Airbus A350.

We start shipping product there, as well as the ramp-up of Boeing's Dreamliner, and what happens in what is calls low rate initial production, you're not maximizing the factory throughput.

So when the A350 and Dreamliner start stepping up, and then there is a new business jet that we won some of the filtration elements on. When you're in that low rate run rate, your margins are compressed because obviously you're eating a little bit of overhead there again.

So it's low volumes, which then obviously in 2015 and 2016 when they ramp up, they reverse themselves. You are getting a little bit of platform impact on some initial launches, which we are excited about. But in that first year, you get a little ding on the overhead absorption.

Kevin Maczka - ***BB&T Capital Markets* - *Analyst***

That's helpful, Gary. And when do those shipments start for the A350 and the Dreamliner?

Gary Muenster - ***Esco Technologies Inc* - *VP & CFO***

Second half of 2014, fiscal 2014.

Operator

John [Tanwintang], CJ Securities.

John Tanwintang - ***CJ Securities* - *Analyst***

Just wanted a little more clarity regarding the potential write-down at Aclara, if you're able to discuss it. Do you have a more specific reason for that, and also how many bidders are still in the running?

Kevin Maczka - ***BB&T Capital Markets* - *Analyst***

Well we, as far as the bidders, we cannot really talk specifically about that, just because it is a competitive environment. What I would say around the potential write-down is this. As you know there's a number of factors from accounting perspective that has to go into evaluation of the asset value, and to include the potential value for Aclara, as well as potential performance of the business if it is retained.

And then this estimate was further complicated by the fact that Aclara's asset value increase pretty significantly in the fourth quarter. We want to make sure that we have that covered. So we made the decision to put a range out there.

There's some activity that we anticipate over the next couple of weeks, which will give us further clarity into the potential value there. By the time we file the 10-K, we of course have to put a point estimate in there, but we did not feel comfortable doing that today because of some additional information, intelligence that we will have over the next couple of weeks.

John Tanwintang - ***CJ Securities* - *Analyst***

Concerning your outlook, your growth in EBIT projections by segment all seen pretty healthy. I see expected tax rate is 35%, but the EPS outlook is a little bit light of what we expected, even factoring the relocation expenses in there.

That kind of leaves interest behind. So I am just wondering, what level expense do you expect to have there, and in of that assumes the impact of Aclara on your debt levels at all?

Gary Muenster - ***Esco Technologies Inc - VP & CFO***

What you had to do, John, obviously when you're building there model there, is we have debt today. Obviously we anticipate covering that as a transaction when occurs, we will pay that off.

But for modeling purposes, we are just running out the interest expense consistent with last year. Obviously if you look at — when you see the results there, that is the assumption we made for our 2014.

So you can go in and stratify it. If we complete a transaction by 12/31, you can take a fourth of that number as the expense and three-fourths out of it. So it is a variable based on the time we anticipate.

So just for modeling purposes, there is an interest expense charge in there that will evaporate upon the transaction completing. So that is where you would see a little bit of cushion, if that is the right terminology, to hold your model together.

John Tanwintang - ***CJ Securities - Analyst***

Okay, got it. Just one more On Crissair, when do you expect the bulk of that relocation expense to occur?

Gary Muenster - ***Esco Technologies Inc - VP & CFO***

As Vic said, the issue really isn't the physical side, it's the permitting side because it is California, and our esteemed friends out there, you know how that all works. We will have a little bit of cost in the first quarter and when I say little, that would be less than $200,000.

And then we expect the permitting to be fully rationalized from the State probably January or February. So we will physically start moving in our second fiscal quarter. And the bulk of it will be in the third, and we should be fully up and running in the fourth.

So that is what I said by the end of the fiscal year, but I think it will be a little bit earlier than that. And we're using some outside help to help rationalize that, and relay out the facility to maximize what it looks like on the other side. We are real pleased with the way that is all coming together right now.

Operator

(Operator Instructions)

John Quealy, Canaccord Genuity.

John Quealy - ***Canaccord Genuity - Analyst***

Vic, you talked a little bit about M&A, and obviously it sounds like you're very active taking a look at what is available. Can you characterize what you are seeing out there by segment?

You've talked before that you like the utility space, but obviously a different mix of business. Can you comment what multiples you — are looking for you guys, and what else is peaking your fancy here?

Vic Richey - ***Esco Technologies Inc - Chairman & CEO***

Well, again, as far in the utility space, I would say there are two areas we are looking at, and those would be things we could add directly to Doble, and there are some opportunities there. I would say primarily on the international side where we could accelerate the growth that we are looking for in the international market.

The other thing would be some adjacenies, and we have done some work there to understand Doble-like businesses in the utility space that we could acquire. There are a couple of specific things that we have looked at, that they are very interesting to us. I will tell you, we really want to make sure that we get this transaction done first before we spend — before we drastically go after acquisitions, but we are in the process now of understanding what is available and looking at some things.

On the Test side, as we talked before, there aren't quite as many opportunities there because they have such a large market share. And then on the Filtration side, we would love to do some more acquisitions like we have done recently. I think we are best served if we were able to identify privately-owned companies that do not go to the bid process because those assets get pretty expensive. We have had some success in doing that, and Sam Chapetta, the guy that runs that business for us, has been very active in cultivating some of those relationships so that when we're in a position to move forward on those aggressively, we will have those relationships cemented or worked so that we can have some success there.

John Quealy - ***Canaccord Genuity - Analyst***

In terms of Filtration or other parts of the business from a restructuring or realignment standpoint, excluding any future M&A activity, are we pretty much done with realignment activities? Or do you think it is going to be an ongoing effort for you folks to potentially consolidate facilities, 2014, 2015, et cetera? How should we think about the bulk of the work being done there?

Vic Richey - ***Esco Technologies Inc - Chairman & CEO***

I think that is really done. If you go to those facilities, I think you'd see some very full facilities, particularly at VACCO, and once we have this consolidated with Crissair and Canyon done, that's going to be a very full facility.

PTI is a very optimized facility as well. We made a very small acquisition there a couple — probably six months ago. We've moved all that machinery there. The facilities we have today are very unique and very supportive of the types of products that they make, and fortunately now they are all — almost fully utilized.

John Quealy - ***Canaccord Genuity - Analyst***

Lastly, for the EMP opportunity, just from a secular driver, can you flesh that out a little for us? What particular aspects of that technology are you looking at, or what are the drivers (multiple speakers)?

Vic Richey - ***Esco Technologies Inc - Chairman & CEO***

A couple things that really drive that. The success that we have had so far in the US are data centers. If you think about the fact that people are very worried about the integrity of the data, the opportunity to lose that data.

It has become very important. and we have now completed, or we have been awarded three pretty significant jobs in the US, and those have all been driven by data centers. We've also had some success in Asia, where there is a very large concern about some of the, I guess rogue nations over there, and we have gotten a couple — or one, I should say, so far, one large order, again for a data center.

It looks like there is a lot of additional opportunities there as well, just because the threat's real there. It really is primarily about protecting data. We've done a lot of this historically in the embassies, but now it has become more of a concern for civilian organizations.

Operator

(Operator Instructions)

Vic Richey - ***Esco Technologies Inc - Chairman & CEO***

I think that's all the questions. I appreciate everyone's interest, and we will be back with you as soon as we have more to report. Thank you.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you all for participating. You may now disconnect.
