

Pentair, Inc.
Waters Edge Plaza
1500 County Road B2 West
St. Paul, MN 55113
651 636 7920 Tel
651 639 5203 Fax

News Release



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Contact: Mark Cain (651) 639-5278

Pentair First Quarter 2001 EPS Beats Analysts' Consensus Estimates, Sales Increase 4%; Tools Segment Recovery Gaining Traction

ST. PAUL, MN -- April 23, 2001 – Pentair (NYSE: PNR) today announced that its first quarter 2001 earnings per share (EPS) of \$.42 exceeded analysts' consensus earnings estimates by 11 percent, while revenues increased four percent and free cash flow improved dramatically over the same period last year.

"The turnaround of our tools business is becoming evident, and our enclosures and water technologies businesses are working hard to offset the impact of difficult economic conditions that exist in many of our markets," said Randall J. Hogan, president and CEO. "We are benefiting from some of the cost savings initiated during our December 2000 restructuring, and additional savings will be realized in the second quarter and beyond."

First quarter 2001 operating income was \$52.9 million, compared to \$72.8 million in the first quarter of 2000. First quarter net sales totaled \$671.4 million, versus \$647.7 million in the year earlier period. Continuing EPS for the first quarter of 2001 was \$.42, compared to continuing EPS of \$.69 in the previous year. The \$.42 of continuing EPS in the first quarter 2001 is a substantial improvement over pre-charge EPS of (\$.02) in the fourth quarter of 2000. First quarter 2001 operating margins were 7.9 percent as compared to fourth quarter 2000 operating margins of 2.3 percent. Free cash flow for the first quarter reflected a use of funds of \$47 million, which is a \$120 million improvement compared to the first quarter of 2000.

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In the Tools segment, Pentair said that first quarter sales were ahead of year-earlier levels, while operating income improved significantly over the fourth quarter of 2000 due to improved realized pricing and ongoing cost reduction efforts. Cash flow from the tools business improved dramatically in the first quarter versus the same period a year ago, net receivables in the tools business have decreased significantly, and inventories are down. Efforts to better manage the tool brands and sales channels are beginning to pay off, and new product development has been accelerated.

In the Water Technologies segment, margins improved in the first quarter over those of the fourth quarter 2000, while the impact of soft economic conditions and weather slowed sales as compared to year-earlier levels. A late spring delayed both the pool construction season and the start-up of drilling projects that require pumps, contributing to lower pool and pump unit sales, respectively. Orders grew four percent on strong demand for large pumps used in municipal water treatment operations. As a result, a strong backlog of municipal pump orders is expected to ship throughout the remainder of 2001 and into next year.

In the Enclosures segment, Pentair said that it continued to win new datacom and telecom business during the first quarter, but that unfavorable product mix reduced margins. Strong sales continued through most of the first quarter, but operating earnings suffered as customers' reduced capital spending resulted in a sales decline in higher-margin Hoffman- and Schroff-brand products. The business is reducing headcount and operating expenses, and is selectively in-sourcing production to optimize the efficiency of its manufacturing facilities. Meanwhile, the business is redoubling efforts to ensure the success of new product launches in support of growth commitments.

"We've made progress in restoring the tools business and in reducing costs across the board, but we're not done yet. We are vigorously pursuing additional cost reductions -- particularly those in the Enclosures business -- and new top-line growth opportunities," Hogan said. "Barring further decline in the current economic environment, we feel comfortable with estimates for Pentair's 2001 earnings performance."

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A Pentair conference call scheduled for 9:00 a.m. CDT today will be webcast live via <http://www.pentair.com>. The conference call, which can be found on the site's "Financial Information" page, will be archived at the same location.

Pentair is a St. Paul-based manufacturer whose core businesses compete in tools, water technologies, and enclosures markets. The company employs 13,000 people in more than 50 locations around the world.

Any statements made about the company's anticipated financial results are forward-looking statements subject to risks and uncertainties such as continued economic growth, retail demand and other competitive pressures, the ability to successfully strengthen management, and other uncertainties as described in the company's Annual Report on Form 10K for the year ended December 31, 2000. Actual results could differ materially from anticipated results.

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Pentair, Inc. and Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)

<i>In thousands, except per-share data</i>	First Quarter	
	2001	2000
Net sales	\$ 671,383	\$ 647,691
Cost of goods sold	507,396	467,789
Gross profit	163,987	179,902
Selling, general and administrative	103,392	101,000
Research and development	7,739	8,618
Restructuring charge (income)	—	(2,468)
Operating income	52,856	72,752
Net interest expense	17,716	18,948
Other expense	2,500	—
Income from continuing operations before income taxes	32,640	53,804
Provision for income taxes	12,077	20,163
Income from continuing operations	20,563	33,641
Income (loss) from discontinued operations, net of tax	—	(975)
Cumulative effect of accounting change, net of tax	—	(1,222)
Net income	\$ 20,563	\$ 31,444

Earnings per common share

Basic

Continuing operations	\$ 0.42	\$ 0.69
Income (loss) from discontinued operations	—	(0.02)
Cumulative effect of accounting change	—	(0.02)
Basic earnings per common share	\$ 0.42	\$ 0.65

Diluted

Continuing operations	\$ 0.42	\$ 0.69
Income (loss) from discontinued operations	—	(0.02)
Cumulative effect of accounting change	—	(0.02)
Diluted earnings per common share	\$ 0.42	\$ 0.65

Weighted average common shares outstanding

Basic	49,006	48,454
Diluted	49,127	48,575
Cash dividends declared per common share	\$ 0.17	\$ 0.16

Pentair, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

<i>In thousands</i>	March 31 2001 <i>(Unaudited)</i>	December 31 2000	April 1 2000 <i>(Unaudited)</i>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 33,003	\$ 34,944	\$ 38,898
Accounts and notes receivable, net	508,344	468,081	578,678
Inventories	383,194	392,495	398,259
Other current assets	94,547	95,019	68,230
Net assets of discontinued operations	106,633	101,263	156,046
Total current assets	1,125,721	1,091,802	1,240,111
Property, plant and equipment, net	346,820	352,984	354,144
Goodwill, net	1,132,070	1,141,102	1,147,762
Other assets	66,373	58,137	49,486
Total assets	\$ 2,670,984	\$ 2,644,025	\$ 2,791,503
<u>Liabilities and Shareholders' Equity</u>			
Current liabilities			
Short-term borrowings	\$ 170,111	\$ 108,141	\$ 285,625
Current maturities of long-term debt	24,569	23,999	26,414
Accounts and notes payable	224,293	250,088	184,197
Accrued expenses and other current liabilities	243,982	266,564	260,056
Total current liabilities	662,955	648,792	756,292
Long-term debt	782,173	781,834	858,662
Other noncurrent liabilities	202,421	202,808	166,254
Total liabilities	1,647,549	1,633,434	1,781,208
Shareholders' equity	1,023,435	1,010,591	1,010,295
Total liabilities and shareholders' equity	\$ 2,670,984	\$ 2,644,025	\$ 2,791,503

Pentair, Inc. and Subsidiaries
Financial Information by Reportable Business Segment (Unaudited)

<i>In thousands</i>	First Quarter 2001	First Quarter 2000	Second Quarter 2000	Third Quarter 2000	Fourth Quarter 2000	Year 2000
Net Sales						
Tools	\$ 240,392	\$ 231,610	\$ 275,375	\$ 280,203	\$ 279,428	\$ 1,066,616
Water	220,852	231,967	261,727	214,119	195,859	903,672
Enclosures	210,139	184,114	196,659	197,462	199,490	777,725
Consolidated	\$ 671,383	\$ 647,691	\$ 733,761	\$ 691,784	\$ 674,777	\$ 2,748,013

Operating Income (Loss) Before Restructuring Charge

Tools	\$ 7,863	\$ 22,005	\$ 17,235	\$ 10,772	\$ (20,865)	\$ 29,147
Water	28,193	30,749	41,448	28,512	20,023	120,732
Enclosures	21,237	23,149	24,542	24,786	22,166	94,643
Other	(4,437)	(5,619)	(3,788)	(2,720)	(5,576)	(17,703)
Consolidated	\$ 52,856	\$ 70,284	\$ 79,437	\$ 61,350	\$ 15,748	\$ 226,819

Operating Income (Loss) Before Restructuring Charge as a Percent of Net Sales

Tools	3.3%	9.5%	6.3%	3.8%	(7.5%)	2.7%
Water	12.8%	13.3%	15.8%	13.3%	10.2%	13.4%
Enclosures	10.1%	12.6%	12.5%	12.6%	11.1%	12.2%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consolidated	7.9%	10.9%	10.8%	8.9%	2.3%	8.3%

Restructuring Charge (Income) Expense

Tools	\$ —	\$ (1,171)	\$ —	\$ —	\$ 6,567	\$ 5,396
Water	—	—	—	—	—	—
Enclosures	—	(1,297)	—	—	(328)	(1,625)
Other	—	—	—	—	21,018	21,018
Consolidated	\$ —	\$ (2,468)	\$ —	\$ —	\$ 27,257	\$ 24,789

Operating Income (Loss) After Restructuring Charge

Tools ⁽¹⁾	\$ 7,863	\$ 23,176	\$ 17,235	\$ 10,772	\$ (27,432)	\$ 23,751
Water	28,193	30,749	41,448	28,512	20,023	120,732
Enclosures	21,237	24,446	24,542	24,786	22,494	96,268
Other	(4,437)	(5,619)	(3,788)	(2,720)	(26,594)	(38,721)
Consolidated	\$ 52,856	\$ 72,752	\$ 79,437	\$ 61,350	\$ (11,509)	\$ 202,030

⁽¹⁾ Second quarter 2000 Tools segment operating income reflects one-time pre-tax costs to establish an additional \$5.0 million in Accounts receivable reserves. Fourth quarter 2000 Tools segment operating income reflects one-time pre-tax costs to establish an additional \$25 million for accounts receivable (\$17 million) and inventory valuation (\$8 million) reserves.

Pentair, Inc. and Subsidiaries
Financial Information by Reportable Business Segment (Unaudited) — (Continued)

<i>In thousands</i>	First Quarter 1999	Second Quarter 1999	Third Quarter 1999	Fourth Quarter 1999	Year 1999
Net Sales					
Tools	\$ 154,831	\$ 153,606	\$ 214,747	\$ 352,459	\$ 875,643
Water	105,049	123,544	164,353	189,981	582,927
Enclosures	148,360	162,038	167,486	179,616	657,500
Other	—	—	—	—	—
Consolidated	\$ 408,240	\$ 439,188	\$ 546,586	\$ 722,056	\$ 2,116,070
Operating Income (Loss) Before Restructuring Charge					
Tools	\$ 18,815	\$ 15,611	\$ 24,702	\$ 47,857	\$ 106,985
Water	14,052	17,595	20,113	21,602	73,362
Enclosures	12,393	14,405	16,406	19,885	63,089
Other	(4,661)	(4,324)	(5,051)	(4,626)	(18,662)
Consolidated	\$ 40,599	\$ 43,287	\$ 56,170	\$ 84,718	\$ 224,774
Operating Income (Loss) Before Restructuring Charge as a Percent of Net Sales					
Tools	12.2%	10.2%	11.5%	13.6%	12.2%
Water	13.4%	14.2%	12.2%	11.4%	12.6%
Enclosures	8.4%	8.9%	9.8%	11.1%	9.6%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Consolidated	9.9%	9.9%	10.3%	11.7%	10.6%
Restructuring Charge (Income) Expense					
Tools	\$ 6,305	\$ —	\$ —	\$ —	\$ 6,305
Water	—	—	—	—	—
Enclosures	16,743	—	—	—	16,743
Other	—	—	—	—	—
Consolidated	\$ 23,048	\$ —	\$ —	\$ —	\$ 23,048
Operating Income (Loss) After Restructuring Charge					
Tools	\$ 12,510	\$ 15,611	\$ 24,702	\$ 47,857	\$ 100,680
Water	14,052	17,595	20,113	21,602	73,362
Enclosures	(4,350)	14,405	16,406	19,885	46,346
Other	(4,661)	(4,324)	(5,051)	(4,626)	(18,662)
Consolidated	\$ 17,551	\$ 43,287	\$ 56,170	\$ 84,718	\$ 201,726