



PerkinElmer Announces Q3 2006 Results

- EPS from Continuing Operations of \$.23; Cash EPS of \$.30, up 25%
- Cash Flow from Continuing Operations up 42%

Business Editors

BOSTON--(BUSINESS WIRE)--Oct. 26, 2006--PerkinElmer, Inc. (NYSE: PKI), a global leader in Health Sciences and Photonics markets, today reported GAAP earnings per share from continuing operations of \$.23 on revenue of \$386.9 million for the third quarter ended October 1, 2006. The third quarter 2006 results include intangibles amortization of \$9.1 million, or approximately \$.05 per share, and stock option expense of \$3.1 million, or \$.02 per share. The Company announced earnings per share from continuing operations excluding intangibles amortization and stock option expense, or Cash EPS, of \$.30, which represents an increase of 25% over the third quarter of 2005 and exceeded the Company's forecasted range of \$.27 to \$.29.

Third quarter 2006 revenue of \$386.9 million increased 7% over the third quarter of 2005. Revenue growth was 9% in Life and Analytical Sciences and 2% in Optoelectronics compared to the same period last year. From an end market perspective, third quarter 2006 revenue from Health Sciences, which represented 83% of total revenues for the quarter, increased 9% over the same period of 2005. This increase was driven primarily by strong growth in genetic screening, medical imaging and service. Foreign exchange and acquisitions contributed 3% to third quarter 2006 revenue.

"We were pleased to deliver a strong quarter of revenue and earnings growth driven by excellent performance in our key growth platforms," said Gregory L. Summe, Chairman and CEO of the Company. "We believe our ongoing investments in these platforms, both through acquisitions and internal spending, will continue to drive long-term growth. This quarter, for example, we introduced our new Clarus[®] gas chromatography line, which offers the world's fastest injection-to-injection time. We also completed the acquisition of NTD Laboratories, a market leader in first trimester prenatal risk assessment."

GAAP operating profit during the third quarter of 2006 was \$36.5 million. Third quarter 2006 operating profit excluding intangibles amortization of \$9.1 million and stock option expense of \$3.1 million was \$48.7 million, or 12.6% as a percentage of revenue for the quarter.

The Company generated cash flow from continuing operations of \$26.0 million in the third quarter of 2006, up 42% over the same period last year.

Financial Overview by Reporting Segment

Life and Analytical Sciences reported revenue of \$283.5 million for the third quarter of 2006, up 9% from revenue of \$259.1 million in the third quarter of 2005, driven primarily by growth in the Company's genetic screening and service businesses, as well as sales traction from a range of new products.

The segment's GAAP operating profit for the third quarter of 2006 was \$25.3 million. Operating profit excluding intangibles amortization and stock option expense for the third quarter of 2006 was \$34.7 million, or 12.2% as a percentage of revenue.

Optoelectronics reported revenue of \$103.4 million for the third quarter of 2006, up 2% from revenue of \$100.9 million in the third quarter of 2005, driven primarily by revenue growth in imaging partially offset by a decline in specialty lighting revenue.

The segment's GAAP operating profit was \$20.1 million for the third quarter of 2006. The segment's operating profit excluding intangibles amortization and stock option expense for the third quarter of 2006 was \$21.2 million, or 20.5% as a percentage of revenue.

Financial Guidance

For the fourth quarter of 2006, the Company projects GAAP earnings per share from continuing operations of between \$.32 and \$.34. The Company projects Cash EPS of between \$.38 and \$.40 for the fourth quarter of 2006.

The Company will discuss its third quarter results in a conference call on October 26, 2006, at 5:30 p.m. Eastern Time (ET). To listen to the call live, please tune in to the webcast at the "Investor Corner" section of our website, www.perkinelmer.com. A playback of this conference call will be available beginning at 7:30 p.m. ET, Thursday, October 26, 2006. The playback phone number is 617-801-6888 and the code number is 12230024.

Use of Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings announcement also contains non-GAAP financial measures of revenue, revenue growth, operating profit, operating margin and earnings per share, in each case excluding, where appropriate, the impact of foreign exchange, the effects of acquisitions, intangibles amortization, stock option expense and tax benefits.

- When we refer in this earnings announcement to "revenue growth," other than on a GAAP basis, we are excluding the effects of foreign exchange and acquisitions on GAAP revenue.
- When we refer in this earnings announcement to "operating profit," other than on a GAAP basis, we are excluding the amortization of intangibles, stock option expense and restructuring charges or reversals from GAAP operating margin.
- When we refer in this earnings announcement to "operating margin," other than on a GAAP basis, we are excluding the amortization of intangibles, stock option expense and restructuring charges or reversals from GAAP operating margin.
- When we refer to "Cash EPS" or "earnings per share from continuing operations," other than on a GAAP basis, we are excluding the amortization of intangibles and stock option expense from GAAP earnings per share from continued operations.

We exclude the impact of foreign exchange, the effects of acquisitions, intangibles amortization and stock option expense in calculating these non-GAAP measures because such items are outside of our ongoing core business operations.

We believe that the inclusion of these non-GAAP financial measures in this earnings announcement helps investors to gain a meaningful understanding of our core operating results and future prospects, and can also help investors who wish to make comparisons between us and other companies on both a GAAP and a non-GAAP basis, particularly with respect to stock option expenses. Our management uses both GAAP financial measures and non-GAAP financial measures to measure and forecast our core operating performance and to compare that performance to prior periods and to the performance of our competitors. Both GAAP and non-GAAP measures are also used by management in their financial and operating decision making.

The non-GAAP financial measures included in this earnings announcement are not meant to be considered superior to, or a substitute for, results of operations prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this earnings announcement may be different from, and therefore may not be comparable to, similar measures used by other companies. Although certain non-GAAP financial measures used in this release exclude the accounting treatment of stock option expense, these non-GAAP measures should not be relied upon independently, as they ignore the contribution to our operating results that is generated by the incentive and compensation effects of the underlying stock option programs. Reconciliations of the non-GAAP financial measures used in this earnings announcement to the most directly comparable GAAP financial measures are set forth in the text of, and the accompanying exhibits to, this earnings announcement.

Factors Affecting Future Performance

This earnings announcement contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements relating to estimates and projections of future earnings per share and revenue growth and other financial results, developments relating to our customers and end-markets, and plans concerning business development opportunities. Words such as "believes," "intends," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions, and references to guidance, are intended to identify forward-looking statements. Such statements are based on management's current assumptions and expectations and no assurances can be given that our assumptions or expectations will prove to be correct. A number of important risk factors could cause actual results to differ materially from the results described, implied or projected in any forward-looking statements. These factors include, without limitation: (1) our failure to introduce new products in a timely manner; (2) our ability to execute acquisitions

and license technologies, or to successfully integrate acquired businesses and licensed technologies into our existing business or to make them profitable; (3) our failure to protect adequately our intellectual property; (4) the loss of any of our licenses or licensed rights; (5) our ability to compete effectively; (6) fluctuation in our quarterly operating results and our ability to adjust our operations to address unexpected changes; (7) our ability to produce an adequate quantity of products to meet our customers' demands; (8) our failure to maintain compliance with applicable government regulations; (9) regulatory changes; (10) economic, political and other risks associated with foreign operations; (11) our ability to retain key personnel; (12) restrictions in our credit agreement; (13) our ability to realize the full value of our intangible assets; and (14) other factors which we describe under the caption "Risk Factors" in our most recent annual report on Form 10-K and in our most recent quarterly report on Form 10-Q and in our other filings with the Securities and Exchange Commission. We disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this earnings announcement.

Other Information

Health Sciences end markets include genetic screening, environmental, service, biopharma, and medical imaging. Photonics markets include sensors and specialty lighting.

PerkinElmer, Inc. is a global technology leader driving growth and innovation in Health Sciences and Photonics markets to improve the quality of life. The Company reported revenues of \$1.5 billion in 2005, has 8,000 employees serving customers in more than 125 countries, and is a component of the S&P 500 Index. Additional information is available through www.perkinelmer.com or 1-877-PKI-NYSE.

PerkinElmer, Inc. and Subsidiaries
INCOME STATEMENTS

(In thousands, except per share data)	Three Months Ended		Nine Months Ended	
	1-Oct-06	2-Oct-05	1-Oct-06	2-Oct-05
Sales	\$386,917	\$359,982	\$1,119,372	\$1,086,173
Cost of Sales	230,976	209,700	670,155	636,479
Research and Development Expenses	24,762	21,676	72,640	66,349
In-Process Research and Development Charge	-	-	-	194
Selling, General and Administrative Expenses	94,664	87,900	277,172	277,437
Gains on Dispositions	-	(461)	(1,505)	(64)
Restructuring and Integration (Reversals) Charges, Net	-	-	(290)	14,245
Operating Income From Continuing Operations	36,515	41,167	101,200	91,533
Extinguishment of Debt	-	-	-	6,210
Interest Income	(1,919)	(489)	(7,654)	(1,778)
Interest Expense	2,152	6,886	6,689	22,462
Gains on Dispositions of Investments, Net	(980)	(400)	(1,913)	(5,844)
Other Expense, Net	524	51	4,296	502
Income From Continuing Operations Before Income Taxes	36,738	35,119	99,782	69,981

Provision for (Benefit from) Income Taxes	7,823	8,650	22,527	(2,652)
Net Income From Continuing Operations	28,915	26,469	77,255	72,633
Income (Loss) From Discontinued Operations, Net of Income Taxes	-	5,176	(1,025)	12,464
Gain (Loss) on Disposition of Discontinued Operations, Net of Income Taxes	838	188	1,625	(4,537)
Net Income	\$ 29,753	\$ 31,833	\$ 77,855	\$ 80,560
Diluted Earnings (Loss) Per Share:				
Continuing Operations	\$ 0.23	\$ 0.20	\$ 0.61	\$ 0.55
Income (Loss) From Discontinued Operations, Net of Income Taxes	-	0.04	(0.01)	0.10
Gain (Loss) on Disposition of Discontinued Operations, Net of Income Taxes	0.01	-	0.01	(0.03)
Net Income	\$ 0.24	\$ 0.24	\$ 0.61	\$ 0.62
Weighted Average Diluted Shares of Common Stock Outstanding	125,171	131,291	127,429	131,021

ABOVE PREPARED IN ACCORDANCE WITH GAAP

Additional Supplemental Information:
(per share, continuing operations)

GAAP Diluted EPS from Continuing Operations	\$ 0.23	0.20
Amortization of Intangible Assets, Net of Income Taxes	0.05	0.04
Stock Options, Net of Tax	0.02	-
Continuing Operations EPS excluding above items	\$ 0.30	\$ 0.24

SALES AND OPERATING PROFIT (LOSS)

(In thousands)		Three Months Ended		Nine Months Ended	
		October 1, 2006	October 2, 2005	October 1, 2006	October 2, 2005
Life and Analytical Sciences	Sales	\$ 283,527	\$ 259,083	\$ 823,918	\$ 794,634
	OP\$ reported	25,334	26,717	74,429	64,342
	OP% reported	8.9%	10.3%	9.0%	8.1%
	Amortization expense	8,410	6,529	22,302	19,643
	Stock option expense	968	-	2,325	-
	Restructuring charges	-	-	1,109	11,035
	OP\$ adjusted	34,712	33,246	100,165	95,020
	OP% adjusted	12.2%	12.8%	12.2%	12.0%
Opto-electronics	Sales	103,390	100,899	295,454	291,539
	OP\$ reported	20,097	20,782	50,209	47,156
	OP% reported	19.4%	20.6%	17.0%	16.2%
	Amortization expense(a)	641	618	1,900	1,967
	Stock option expense	416	-	1,103	-
	Restructuring charges	-	-	(1,399)	3,210
	OP\$ adjusted	21,154	21,400	51,813	52,333
	OP% adjusted	20.5%	21.2%	17.5%	18.0%
Other	OP\$ reported	(8,916)	(6,332)	(23,438)	(19,965)
	Stock option expense	1,701	-	3,400	-
	OP\$ adjusted	(7,215)	(6,332)	(20,038)	(19,965)
Continuing Operations	Sales	\$ 386,917	\$ 359,982	\$1,119,372	\$1,086,173
	OP\$ reported	36,515	41,167	101,200	91,533
	OP% reported	9.4%	11.4%	9.0%	8.4%
	Amortization expense(a)	9,051	7,147	24,202	21,610
	Stock option expense	3,085	-	6,828	-
	Restructuring charges	-	-	(290)	14,245
	OP\$ adjusted	\$ 48,651	\$ 48,314	\$ 131,940	\$ 127,388
	OP% adjusted	12.6%	13.4%	11.8%	11.7%

(a) Includes In-Process Research and Development Charge in the amount of \$194 in Q1 2005.

SALES AND REPORTED OPERATING PROFIT PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	October 1, 2006	July 2, 2006	January 1, 2006	October 2, 2005

	(In thousands)			
Current assets:				
Cash and cash equivalents	\$207,074	\$323,755	\$502,264	\$166,057
Accounts receivable, net	253,189	233,449	250,844	245,855
Inventories	182,124	173,658	163,150	166,172
Other current assets	72,745	76,707	71,189	71,773
Current assets of discontinued operations	1,090	854	11,442	59,443

Total current assets	716,222	808,423	998,889	709,300
Property, plant and equipment:				
At cost	517,611	507,642	484,453	486,093
Accumulated depreciation	(336,026)	(327,931)	(307,084)	(306,025)

Net property, plant and equipment	181,585	179,711	177,369	180,068
Marketable securities and investments	7,531	9,674	9,222	9,268
Intangible assets, net	410,417	383,406	375,419	378,767
Goodwill	1,103,352	1,066,542	1,026,201	1,027,872
Other assets	80,028	86,351	90,156	99,607
Long-term assets of discontinued operations	1,654	1,455	16,205	88,819

Total assets	\$2,500,789	\$2,535,562	\$2,693,461	\$2,493,701
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Current liabilities:				
Short-term debt	\$1,142	\$1,090	\$1,131	\$5,850
Accounts payable	142,644	130,014	146,971	127,158
Accrued restructuring and integration costs	8,607	9,797	11,242	10,754
Accrued expenses	278,969	276,135	324,954	250,349
Current liabilities of discontinued operations	909	998	10,241	49,932

Total current liabilities	432,271	418,034	494,539	444,043
Long-term debt	201,133	199,187	243,282	268,390
Long-term liabilities	310,738	317,364	303,687	283,043
Long-term liabilities of discontinued operations	-	-	1,440	12,120

Total liabilities	944,142	934,585	1,042,948	1,007,596
Commitments and contingencies				
Total stockholders' equity	1,556,647	1,600,977	1,650,513	1,486,105
Total liabilities and stockholders' equity	\$2,500,789	\$2,535,562	\$2,693,461	\$2,493,701

PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended		Nine Months Ended	
	October 1, 2006	October 2, 2005	October 1, 2006	October 2, 2005
	(In thousands)			
Operating Activities:				
Net income	\$ 29,753	\$ 31,833	\$ 77,855	\$ 80,560
(Income) loss from discontinued operations, net of income taxes	-	(5,176)	1,025	(12,464)
(Gain) loss on disposition of discontinued operations, net of income taxes	(838)	(188)	(1,625)	4,537
Net income from continuing operations	28,915	26,469	77,255	72,633
Adjustments to reconcile net income from continuing operations to net cash provided by continuing operations:				
Stock-based compensation	3,924	570	10,629	5,627
Non-cash restructuring actions	-	-	(290)	14,245
Amortization of debt discount and issuance costs	74	660	218	8,506
Depreciation and amortization	17,531	16,839	50,937	51,117
In-process research and development	-	-	-	194
Resolution of prior year tax contingencies	-	-	-	(27,772)
Gains on dispositions, net	-	(461)	(1,505)	(64)
Gains on sales of investments, net	(980)	(400)	(1,913)	(5,844)

Changes in operating assets and liabilities:				
Accounts receivable	(14,870)	(6,883)	12,972	(2,658)
Inventories	(6,745)	109	(13,264)	(2,186)
Accounts payable	11,284	2,631	(9,976)	2,810
Taxes paid on divestitures	(846)	-	(59,996)	-
Accrued expenses and other	(12,290)	(21,197)	(21,852)	(6,741)
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Net Cash Provided by Continuing Operations	25,997	18,337	43,215	109,867
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Net Cash Provided by (Used in) Discontinued Operations	691	4,896	(862)	13,651
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Net Cash Provided by Operating Activities	26,688	23,233	42,353	123,518
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Investing Activities:				
Capital expenditures	(9,551)	(6,641)	(30,999)	(16,199)
Proceeds from disposition of property, plant and equipment, net	-	3,135	7,085	9,393
Proceeds from settlement of life insurance policies	1,426	-	3,753	-
Proceeds from disposition or settlement of investments, net	5,324	400	23,243	6,956
Cash used related to acquisitions, net of cash acquired	(60,946)	(1,750)	(97,576)	(14,888)
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Net Cash Used in Continuing Operations	(63,747)	(4,856)	(94,494)	(14,738)
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Net Cash Provided by (Used in) Discontinued Operations	467	(7,556)	467	(9,547)
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Net Cash Used in Investing Activities	(63,280)	(12,412)	(94,027)	(24,285)
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Financing Activities:				
Principal payments on debt	-	-	(56,565)	-
Prepayment of debt	-	-	-	(100,000)
Premium on prepayment of senior subordinated debt	-	-	-	(4,125)
Payment of debt issuance and tender costs	-	-	(741)	-
Tax benefit from exercise of common stock options	367	-	3,998	-
Decrease in other credit facilities	(22)	(27)	(812)	(875)
Proceeds from issuance of common stock for employee benefit plans	240	5,294	17,385	9,270

Purchase of stock	(73,727)	-	(190,121)	-
Cash dividends	(8,876)	(9,100)	(26,851)	(27,210)
Net Cash Used in Continuing Operations	(82,018)	(3,833)	(253,707)	(122,940)
Net Cash Used in Discontinued Operations	-	(78)	-	(155)
Net Cash Used in Financing Activities	(82,018)	(3,911)	(253,707)	(123,095)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,929	414	10,191	(7,594)
Net (Decrease) Increase in Cash and Cash Equivalents	(116,681)	7,324	(295,190)	(31,456)
Cash and Cash Equivalents at Beginning of Period	323,755	158,733	502,264	197,513
Cash and Cash Equivalents at End of Period	\$ 207,074	\$ 166,057	\$ 207,074	\$ 166,057

PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

	PKI		LAS		Opto	
Adjusted Operating Profit:	Q306	Q305	Q306	Q305	Q306	Q305
GAAP Operating Profit	\$36.5	\$41.2	\$25.3	\$26.7	\$20.1	\$20.8
Intangibles Amortization	9.1	7.1	8.4	6.5	0.6	0.6
Stock Option Expense	3.1	-	1.0	-	0.4	-
Adjusted Operating Profit:	\$48.7	\$48.3	\$34.7	\$33.2	\$21.2	\$21.4

	PKI		LAS		Opto	
Adjusted OP Margin:	Q306	Q305	Q306	Q305	Q306	Q305
GAAP Operating Margin	9.4%	11.4%	8.9%	10.3%	19.4%	20.6%
Intangibles Amortization	2.3%	2.0%	3.0%	2.5%	0.6%	0.6%
Stock Option Expense	0.8%	0.0%	0.3%	0.0%	0.4%	0.0%
Adjusted Operating Margin	12.6%	13.4%	12.2%	12.8%	20.5%	21.2%

	PKI		PKI
Cash EPS:	Q306	Q305	Q4 06
GAAP EPS	\$0.24	\$0.24	\$0.32 - \$0.34
Discontinued Operations	0.01	0.04	-

GAAP EPS from Continuing

Operations	0.23	0.20	\$0.32 - \$0.34
Intangibles Amortization	0.05	0.04	0.05
Stock Option Expense	0.02	-	0.01
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Cash EPS	\$0.30	\$0.24	\$0.38 - \$0.40
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	Q3 2006		
Adjusted Revenue Growth:	LAS	Opto	PKI
Reported Revenue Growth	9%	2%	7%
Foreign Exchange	2%	1%	2%
Acquisitions	2%	0%	2%
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Adjusted Revenue Growth	5%	1%	4%
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