



PerkinElmer Announces Q4 2005 Results

BOSTON--(BUSINESS WIRE)--Jan. 26, 2006--PerkinElmer, Inc. (NYSE: PKI)

- Q4 GAAP EPS of \$1.45
- Operating Cash Flow of \$83 million, up 17%
- Completed Sale of Aerospace and Fluid Testing Businesses
- Tender for 8.875% Bonds Completed

PerkinElmer, Inc. (NYSE: PKI), a global leader in the Health Sciences and Photonics markets, today announced GAAP earnings per share of \$1.45 on revenue of \$387.7 million for the fourth quarter ended January 1, 2006, compared to GAAP earnings per share of \$.29 per share on revenue of \$411.6 million for the fourth quarter 2004.

The fourth quarter 2005 GAAP EPS includes net divestiture gains of \$1.47 per share and net charges of \$.35 per share, including debt refinancing, tax, restructuring and income from discontinued operations. Excluding the items above and intangibles amortization expense of \$.03 per share, the Company announced adjusted earnings per share from continuing operations of \$.36, which represents an increase of 29% over the fourth quarter 2004. The adjusted earnings per share exceeds the Thomson First Call™ estimate of \$.35 for the fourth quarter of 2005, and was also in line with the Company's forecasted range for the quarter. For the full year 2005, the Company announced GAAP earnings per share of \$2.05. The Company reported adjusted 2005 earnings per share from continuing operations of \$.95 compared to \$.73 in 2004, an increase of 30%.

Full year 2005 revenue of \$1.47 billion increased 3% over 2004 driven primarily by sales growth in medical imaging and genetic screening. Due to the timing of the fiscal calendar, the fourth quarter of 2004 included an additional week. Adjusting for the impact of foreign exchange, acquisitions and an average week's sales in the prior fiscal period, annual revenue increased 4% over 2004. Fourth quarter 2005 revenue of \$387.7 million decreased 6% over the fourth quarter of 2004. Revenue in the fourth quarter 2005, excluding the impact of foreign exchange, acquisitions and the extra week, increased 4% over the fourth quarter of the prior year.

GAAP operating profit during the fourth quarter was \$49.8 million. Excluding intangibles amortization and restructuring charges, operating profit for the fourth quarter of 2005 was \$64.4 million, or approximately 16.6% of revenue, up from 14.9% in the fourth quarter of 2004. This increase in fourth quarter 2005 adjusted operating margin was due primarily to an increase in operating margins of 190 basis points in Life and Analytical Sciences and a 40 basis point increase in Optoelectronics.

The company generated operating cash flow of \$83.4 million in the fourth quarter of 2005, up 17% compared to operating cash flow of \$71.0 million for the fourth quarter of 2004. Free cash flow for the fourth quarter of 2005, defined as operating cash flow of \$83.4 million less capital expenditures of \$8.8 million, was \$74.6 million for the fourth quarter of 2005. Free cash flow for fiscal 2005 was \$181.9 million, or approximately \$1.39 per share, and was comprised of operating cash flow of \$206.9 million less capital expenditures of \$25.0 million.

"2005 was an excellent year for PerkinElmer. We made great progress on focusing our portfolio on the Health Sciences and Photonics markets, building a very strong financial capability and strengthening our growth platforms. In addition, we delivered significant increases in operating margin and EPS," said Gregory L. Summe, Chairman and CEO of the Company. "We enter 2006 with a very strong balance sheet and operating momentum. Our focus this year will be to accelerate growth through continued operational improvement and increasing our investment in innovation."

Financial overview by reporting segment:

Life and Analytical Sciences reported revenue of \$286.5 million for the fourth quarter of 2005, down 8% from revenue of \$311.9 million in the fourth quarter of 2004, driven primarily by the longer fiscal period in 2004 versus this year. Revenue during the fourth quarter of 2005 excluding the effects of foreign exchange and the impact of the average extra week is estimated to be up 2%.

The segment's GAAP operating profit for the fourth quarter of 2005 was \$46.2 million. The segment's operating profit for the fourth quarter of 2005, excluding intangibles amortization and restructuring, was \$54.3 million, or 19.0% of revenues, representing an increase of 190 basis points over the same period of 2004.

Optoelectronics reported revenue of \$101.2 million for the fourth quarter of 2005, an increase of 2% from revenue of \$99.6 million for the fourth quarter of 2004, with growth in medical imaging and specialty lighting partially offset by revenue declines in the mil/aero business. Revenue growth during the fourth quarter of 2005 excluding the effects of foreign exchange, acquisitions and the impact of the average extra week was approximately 8%.

The segment's GAAP operating profit for the fourth quarter of 2005 was \$11.2 million. The segment's operating profit for the fourth quarter of 2005, excluding intangibles amortization and restructuring, was \$17.8 million, or 17.6% of revenues, representing an increase of 40 basis points over the same period of 2004.

Discontinued Operations

In October 2005, the Company announced its intention to divest its Fluid Sciences business segment to increase the strategic focus on its higher-growth Health Sciences and Photonics end markets. Therefore, the results of operations for the segment have been reported as discontinued operations in this press release and in the attachments to this release. In the fourth quarter 2005, the Company sold the Aerospace and Fluid Testing divisions of Fluid Sciences, and the Lithography product line within Optoelectronics, for total cash proceeds of approximately \$360 million resulting in an after-tax gain of \$191 million or \$1.47 per share. The Semiconductor unit continues to be reported as discontinued operations.

Financial Guidance

The Company projects organic revenue to increase by 5-7% for the full year 2006 and earnings per share, excluding intangibles amortization, to be in the range of \$1.20-1.25, which would be growth in excess of 25%. Looking ahead to the first quarter of 2006, earnings per share, excluding intangibles amortization, is projected to be \$.21-\$.23, which would be growth in excess of 30%.

The 2006 projections do not take into account stock option expense or any impact from the planned divestiture of the Semiconductor unit of Fluid Sciences.

The Company will discuss its fourth quarter results in a conference call on January 26, 2006 at 5:30 p.m. Eastern Time (ET). To listen to the call live, please tune into the webcast via www.perkinelmer.com. A playback of this conference call will be available beginning 8:30 p.m. ET, Thursday, January 26, 2006. The playback phone number is (617) 801-6888 and the code number is 15811839.

Use of Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), this press release also contains non-GAAP financial measures of revenue, earnings per share, operating profit and operating margin, in each case excluding, where appropriate, restructuring charges, gains from the sale of businesses, intangibles amortization, the impact of foreign exchange and, where periods being compared were of a different length, extra sales during the longer period. When we refer in this press release to "earnings per share from continuing operations," we are excluding gains from the sale of businesses and restructuring charges from GAAP earnings per share. When we refer in this press release to "adjusted operating margin," we are excluding intangibles amortization and restructuring charges from GAAP operating margin. In each other case when we exclude these additional items, we identify that we are doing so when we use those items in this press release. We exclude restructuring charges, gains from the sale of businesses, intangibles amortization, the impact of foreign exchange and estimated extra sales during longer periods in calculating these non-GAAP measures because such items are outside of our normal operations. We believe that the inclusion of these non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts. Our management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring our core operating performance and comparing such performance to that of prior periods and to the performance of our competitors. These measures are also used by management in their financial and operating decision-making.

This press release also contains a non-GAAP financial measure of free cash flow. We define free cash flow as our net cash provided by operating activities minus our capital expenditures. We use free cash flow, and ratios based on this measure, to conduct and evaluate our business and, specifically, to determine incentive compensation, to allocate resources to debt repayment and for cash investing and financing activities. Therefore, we believe that this measure may be similarly useful and informative to investors.

The non-GAAP financial measures included in this press release 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 press release may be different from, and therefore may not be comparable to, similar measures used by other companies. Reconciliations of the non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures are set forth in the text of, and the accompanying exhibits to, this press release.

Factors Affecting Future Performance

This press release 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 ability to identify a purchaser of the Company's semiconductor business, negotiate and consummate the sale of such business, including obtaining regulatory approvals; (2) economic and geopolitical forces that may limit any continued or expected economic or end market strengthening or recoveries; (3) risks related to our failure to introduce new products in a timely manner; (4) our ability to comply with financial covenants contained in our credit agreements and our debt instruments; (5) a delay in resolution of the Company's tax audits and an adverse determination with respect to the Company's tax audits by the Internal Revenue Service or other taxing authorities; (6) cyclical downturns continuing to affect several of the industries into which we sell our products; (7) our ability to adjust our operations to address unexpected changes; (8) our ability to execute acquisitions and license technologies and successfully integrate acquired businesses and licensed technologies into our existing business; (9) the loss of any of our licenses that may require us to stop selling products or lose competitive advantage; (10) competition; (11) regulatory compliance; (12) regulatory changes; (13) our failure to obtain and enforce intellectual property protection; (14) our defense of third party claims of patent infringement and our ability to realize the full value of our intangible assets; (15) other factors which we describe under the caption "Forward-Looking Information and Factors Affecting Future Performance" 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 press release.

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 2004, has 9,000 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 STATEMENT OF OPERATIONS

	Three Months Ended		Year Ended	
	1-Jan-06	2-Jan-05	1-Jan-06	2-Jan-05
(In thousands, except per share data)				
Sales	\$387,658	\$411,589	\$1,473,831	\$1,429,089
Cost of Sales	215,832	228,331	831,530	818,772
Amortization of Intangible Assets	7,208	6,931	28,625	27,554
Total Cost of Sales	223,040	235,262	860,155	846,326
Research and Development Expenses	21,006	22,369	87,307	82,356
In-Process Research and Development Charge	-	-	194	-
Selling, General and				

Administrative Expenses	87,812	98,483	364,662	362,322
(Gains) losses on dispositions	(1,438)	1,071	(1,502)	409
Restructuring Charges, Net	7,469	-	21,714	-
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Operating Income From Continuing Operations	49,769	54,404	141,301	137,676
Extinguishment of Debt	48,676	2,266	54,886	4,143
Interest Income	(1,543)	(937)	(3,321)	(2,401)
Interest Expense	4,829	8,962	27,291	36,203
(Gains) Losses on Dispositions of Investments, Net	-	300	(5,844)	300
Other Expense, Net	779	1,126	1,279	87
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(Loss) Income From Continuing Operations Before Income Taxes	(2,972)	42,687	67,010	99,344
Provision for Income Taxes	2,902	10,236	251	23,465
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Net (Loss) Income From Continuing Operations	(5,874)	32,451	66,759	75,879
Income From Discontinued Operations, Net of Income Taxes	2,751	5,500	15,214	20,659
Gain (Loss) on Disposition of Discontinued Operations, Net of Income Taxes	190,899	(28)	186,362	(495)
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Net Income	\$187,776	\$ 37,923	\$ 268,335	\$ 96,043
	=====	=====	=====	=====
Diluted Earnings (Loss) Per Share:				
Continuing Operations	\$ (0.05)	\$ 0.25	\$ 0.51	\$ 0.59
Income From Discontinued Operations, Net of Income Taxes	0.02	0.04	0.12	0.16
Gain (Loss) on Disposition of Discontinued Operations, Net of Income Taxes	1.47	-	1.42	-
	-----	-----	-----	-----
Net Income	\$ 1.45	\$ 0.29	\$ 2.05	\$ 0.74
	=====	=====	=====	=====

Weighted Average Diluted
Shares of Common Stock

Outstanding 129,663 130,037 131,140 129,429

ABOVE PREPARED IN ACCORDANCE WITH GAAP

Additional Supplemental Information:
(per share, continuing operations)

GAAP Diluted EPS from					
Continuing Operations	\$ (0.05)	\$ 0.25	\$ 0.51	\$ 0.59	
Amortization of Intangible Assets, Net of Income Taxes	0.03	0.03	0.14	0.14	
Restructuring Charges, Net of Income Taxes	0.04	-	0.12	-	
Tax Expense (Benefit)	0.07	-	(0.08)	-	
Extinguishment of Debt, Net of Income Taxes	0.27	-	0.26	-	
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Continuing Operations EPS excluding Amortization of Intangible Assets	\$ 0.36	\$ 0.28	\$ 0.95	\$ 0.73	
	=====	=====	=====	=====	
Thomson First Call(TM) EPS	\$ 0.35				
	=====				

PerkinElmer, Inc. and Subsidiaries
Sales and Operating Profit (Loss)

(In thousands)	Three Months Ended		Year Ended	
	January 1, 2006	January 2, 2005	January 1, 2006	January 2, 2005
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Life and Analytical Sciences				
Sales	\$286,470	\$311,947	\$1,081,104	\$1,062,767
OP\$ reported	46,236	46,577	110,577	103,609
OP% reported	16.1%	14.9%	10.2%	9.7%
Amortization expense	6,576	6,636	26,219	26,374
Restructuring charges (a)	1,515	0	12,550	-
	-----	-----	-----	-----
OP\$ adjusted	54,327	53,213	149,346	129,983
OP% adjusted	19.0%	17.1%	13.8%	12.2%
Optoelectronics				
Sales	101,188	99,642	392,727	366,322
OP\$ reported	11,249	16,882	58,405	59,096
OP% reported	11.1%	16.9%	14.9%	16.1%
Amortization expense(b)	632	295	2,600	1,180
Restructuring charges	5,954	0	9,164	-

	OP\$ adjusted	17,835	17,177	70,169	60,276
	OP% adjusted	17.6%	17.2%	17.9%	16.5%
Other	OP\$ reported	(7,716)	(9,055)	(27,681)	(25,029)
Continuing					
Operations	Sales	\$387,658	\$411,589	\$1,473,831	\$1,429,089
	OP\$ reported	49,769	54,404	141,301	137,676
	OP% reported	12.8%	13.2%	9.6%	9.6%
	Amortization expense(b)	7,208	6,931	28,819	27,554
	Restructuring charges (a)	7,469	-	21,714	-
	OP\$ adjusted	\$64,446	\$61,335	\$191,834	\$165,230
	OP% adjusted	16.6%	14.9%	13.0%	11.6%

(a) Net of reversals of \$403 in Q4 2005

(b) 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

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

(In thousands)

Current assets:

Cash and cash equivalents	\$ 502,264	\$ 166,057	\$ 197,513
Accounts receivable, net	250,844	245,855	256,741
Inventories	163,150	166,172	168,400
Other current assets	71,688	71,773	67,664
Current assets of discontinued operations	11,442	59,443	57,312
Total current assets	999,388	709,300	747,630

Property, plant and equipment:

At cost	484,453	486,093	489,810
Accumulated depreciation	(307,084)	(306,025)	(293,061)
Net property, plant and equipment	177,369	180,068	196,749
Marketable securities and investments	9,222	9,268	10,479
Intangible assets, net	375,419	378,767	391,836
Goodwill	1,026,201	1,027,872	1,043,009
Other assets	89,978	99,607	107,574
Long-term assets of discontinued operations	16,205	88,819	78,230

Total assets	\$2,693,782	\$2,493,701	\$2,575,507
	=====	=====	=====
Current liabilities:			
Short-term debt	\$ 1,131	\$ 5,850	\$ 9,714
Accounts payable	146,971	127,158	127,195
Accrued restructuring and integration costs	10,892	10,754	3,045
Accrued expenses	324,954	250,349	272,787
Current liabilities of discontinued operations	10,241	49,932	33,230
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Total current liabilities	494,189	444,043	445,971
Long-term debt	243,282	268,390	364,874
Long-term liabilities	302,955	283,043	292,340
Long-term liabilities of discontinued operations	1,440	12,120	12,237
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Total liabilities	1,041,866	1,007,596	1,115,422
Commitments and contingencies			
Total stockholders' equity	1,651,916	1,486,105	1,460,085
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Total liabilities and stockholders' equity	\$2,693,782	\$2,493,701	\$2,575,507
	=====	=====	=====

PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Three Months Ended		Twelve Months ended	
	January 1, 2006	January 2, 2005	January 1, 2006	January 2, 2005
	-----	-----	-----	-----
	(In thousands)			
Operating Activities:				
Net income	\$ 187,776	\$ 37,923	\$ 268,335	\$ 96,043
Income from discontinued operations, net of income taxes	(2,751)	(5,500)	(15,214)	(20,659)
(Gain) loss from disposition of discontinued operations, net of income taxes	(190,899)	28	(186,362)	495
	-----	-----	-----	-----
Net (loss) income from continuing operations	(5,874)	32,451	66,759	75,879
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Adjustments to reconcile net income from continuing operations to net cash provided by continuing operations:				
Restructuring expense, net of reversals	7,469	-	21,714	-

Stock based compensation	4,281	4,040	9,824	8,402
Amortization of deferred debt issuance cost, accretion of discounts and net gains and losses from extinguishment of debt	48,879	3,229	57,385	8,099
Depreciation and amortization	15,881	17,326	66,998	67,599
In-process research and development	-	-	194	-
(Gains) losses on dispositions and sales of investments, net	(1,438)	1,071	(1,502)	409
Changes in operating assets and liabilities:				
Accounts receivable	(7,776)	(1,256)	(10,434)	17,951
Inventories	1,863	3,399	(323)	5,625
Accounts payable	20,432	14,095	23,242	(14,443)
Accrued expenses and other	(1,737)	(8,015)	(41,558)	3,455
Net Cash Provided by Continuing Operations	81,980	66,340	192,299	172,976
Net Cash Provided by Discontinued Operations	1,462	4,672	14,661	27,781
Net Cash Provided by Operating Activities	83,442	71,012	206,960	200,757
Investing Activities:				
Capital expenditures	(8,852)	(5,536)	(25,051)	(15,818)
Proceeds from disposition of property, plant and equipment, net	-	-	9,393	3,442
Proceeds from disposition or settlement of business, net	359,622	425	366,578	425
(Cash used) proceeds received related to licenses and acquisitions, net of cash acquired	(2,683)	-	(17,571)	2,765
Net Cash Provided by (Used in) Continuing Operations	348,087	(5,111)	333,349	(9,186)
Net Cash Used in Discontinued Operations	(513)	(860)	(10,060)	(2,497)
Net Cash Provided by (Used in) Investing Activities	347,574	(5,971)	323,289	(11,683)
Financing Activities:				
Prepayment of senior				

Cash OP Margin	13.8%	12.2%	17.9%	16.5%	13.0%	11.6%
	=====		=====		=====	

	Q405	Q404	FY05	FY04
GAAP EPS	1.45	0.29	2.05	0.74
Discontinued Ops	(1.49)	(0.04)	(1.54)	(0.15)
Intangibles Amortization	0.03	0.03	0.14	0.14
Restructuring	0.04	-	0.12	-
Tax Charge(Benefit)	0.07	-	(0.08)	-
Debt Retirement	0.26	-	0.26	-
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Cash EPS	0.36	0.28	0.95	0.73
	=====		=====	

	Q405	Q404	FY05	FY04
Free Cashflow \$M				
Cash from Operations	84	71	207	201
Capital Expenditures	(9)	(6)	(25)	(16)
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Free Cashflow	75	65	182	185
	=====		=====	

	LAS		Opto		PKI	
	Q405	Q404	Q405	Q404	Q405	Q404
Reported Sales Growth	-8%	2%	2%	7%	-6%	3%
Foreign Exchange	3%		2%		3%	
Extra Week	7%	2%	7%	2%	7%	2%
Acquisitions			-3%	-3%		-1%
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Organic Sales Growth	2%	4%	8%	6%	4%	4%
	=====		=====		=====	

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SOURCE: PerkinElmer, Inc.