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Thermo Fibertek Announces Year-End Results

February 14, 2001

WALTHAM, Mass., Feb. 14 /PRNewswire/ -- Thermo Fibertek Inc. (Amex: TFT), a Thermo Electron company, today reported net income of \$15.1 million, or \$.25 per diluted share, for the year ended December 30, 2000, compared with \$17.8 million, or \$.29 per diluted share, last year. Results for 2000 include a pre-tax gain of \$1.7 million from the sale of two businesses, a reversal of \$0.5 million in restructuring costs, \$2.4 million in startup costs related to its fiber-based composites business, as well as an after-tax charge of \$0.9 million representing the cumulative effect of adopting the Securities and Exchange Commission's (SEC's) new revenue-recognition rules. Results for 1999 include an \$11.2 million pre-tax gain from the sale of Thermo Wisconsin, a \$6.2 million charge for restructuring costs and unusual items, and \$0.2 million in startup costs related to the fiber-based composites business. Excluding these items from both periods, net income would have been \$15.8 million and \$14.8 million, or \$.26 and \$.24 per diluted share, in 2000 and 1999, respectively. For the fourth quarter of 2000, reported net income was \$4.2 million, or \$.07 per diluted share, compared with \$5.0 million, or \$.08 per diluted share, for the same period in 1999. The impact of unusual items on net income was immaterial in both quarters.

Revenues for the year ended December 30, 2000, were \$234.9 million, compared with \$228.0 million in 1999. Excluding acquisitions and unfavorable currency effects, revenues increased 5 percent over 1999. Revenues for the fourth quarter of 2000 were \$58.1 million, compared with \$61.2 million in 1999.

"Our results in 2000 were adversely affected by our investment in our fiber-based composites business," said William A. Rainville, president and chief executive officer of Thermo Fibertek. "We are very pleased, however, with the progress we've made in the development and manufacturing of those products, and we expect the composites business to begin to make a meaningful contribution to Thermo Fibertek in 2001."

As required by the SEC, the company implemented Staff Accounting Bulletin 101 (SAB 101) in the fourth quarter of 2000, retroactive to January 1, 2000. In accordance with the SEC's implementation guidelines, the company restated its results for the first three quarters of 2000 and recorded a cumulative effect of change in accounting principle as of the beginning of the first quarter of 2000. SAB 101 clarifies certain rules regarding revenue recognition. In particular, the rules require all SEC registrants to change the point in time when revenues are recognized for certain sales transactions, including transactions where the seller has agreed to meet customer-specified performance criteria prior to obtaining final customer acceptance. In the past, most sales transactions were recognized as revenue at the time of shipment. SAB 101 now requires that the company recognize revenue on certain transactions at the latter of installation or customer acceptance. As such, Thermo Fibertek has recorded a non-recurring, non-cash charge of \$0.9 million in the first quarter of 2000, representing the cumulative, after-tax impact of deferring revenues and related costs on affected sales transactions previously recorded prior to the end of 1999. Although the company restated its results for 2000 in accordance with the requirements of SAB 101, the effect on the full-year results, excluding the cumulative effect, was immaterial to both revenues and net income. The company cannot predict the impact of these requirements on future results, especially since the timing of customer acceptances is not within the company's control.

Thermo Fibertek will release recorded comments on its 2000 results, as well as future expectations, on Friday, February 16, 2001. To hear the comments, please call (888) 266-2081 within the U.S., or (703) 925-2533 outside the U.S., passcode 4944870.

Thermo Fibertek Inc. develops, manufactures, and markets a range of equipment and products for the domestic and international papermaking and paper recycling industries, including de-inking systems, stock-preparation equipment, water-management systems, and accessories. Through its majority-owned Thermo Fibergen subsidiary, the company also develops and commercializes composite building materials produced from natural fiber and recycled plastic. Thermo Fibertek is a public subsidiary of Thermo Electron Corporation. More information is available at <http://www.thermo.com/subsid/tft1.html>.

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth under the heading "Forward-looking Statements" in Exhibit 13 to the company's annual report on Form 10-K for the year ended January 1, 2000. These include risks and uncertainties relating to: the company's dependence on the paper industry and pulp and paper prices, international operations, competition, the company's dependence on patents and proprietary rights, and the company's acquisition strategy.

Consolidated Statement of Income

	Three Months Ended		Twelve Months Ended	
(In thousands except per share amounts)	Dec. 30, 2000	Jan. 1, 2000(a)	Dec. 30, 2000	Jan. 1, 2000(a)
Revenues	\$58,111	\$61,189	\$234,913	\$228,036
Costs and Operating Expenses:				
Cost of revenues	36,281	35,444	145,111	134,893
Selling, general, and administrative expenses	14,883	15,791	60,901	61,345
Research and development expenses	1,884	1,865	7,687	7,278
Gain on sale of property and business	—	—	(1,700)	(11,154)
Restructuring and unusual costs				

(income)	(506)	—	(506)	6,152
	52,542	53,100	211,493	198,514
Operating Income	5,569	8,089	23,420	29,522
Interest Income	2,404	2,240	10,466	8,478
Interest Expense	(1,882)	(1,878)	(7,503)	(7,449)
Income Before Provision for Income Taxes, Minority Interest, and Cumulative Effect of Change in Accounting Principle	6,091	8,451	26,383	30,551
Provision for Income Taxes	(2,807)	(3,304)	(10,947)	(11,852)
Minority Interest Income (Expense)	926	(176)	576	(921)
Income Before Cumulative Effect of Change in Accounting Principle	4,210	4,971	16,012	17,778
Cumulative Effect of Change in Accounting Principle (net of income taxes of \$580)	—	—	(870)	—
Net Income	\$4,210	\$4,971	\$15,142	\$17,778
Basic and Diluted Earnings per Share Before Cumulative Effect of Change in Accounting Principle	\$.07	\$.08	\$.26	\$.29
Basic and Diluted Earnings per Share	\$.07	\$.08	\$.25	\$.29
Weighted Average Shares:				
Basic	61,362	61,197	61,298	61,186
Diluted	61,438	61,526	61,490	61,559

(a) Results in 1999 have not been restated for the adoption of SAB 101.

Thermo Fibertek's results for the first three quarters of 2000, as restated to reflect the adoption of SAB 101, are as follows:

Consolidated Statement of Income

(In thousands except per share amounts)	Three Months Ended		
	April 1, 2000	July 1, 2000	Sept. 30, 2000
Revenues	\$57,922	\$60,565	\$58,315
Costs and Operating Expenses:			
Cost of revenues	34,607	37,930	36,293
Selling, general, and administrative expenses	15,831	15,749	14,438
Research and development expenses	1,863	1,953	1,987
Gain on sale of property and business	—	(971)	(729)
	52,301	54,661	51,989
Operating Income	5,621	5,904	6,326
Interest Income	2,503	2,691	2,868
Interest Expense	(1,890)	(1,865)	(1,866)

Income Before Provision for Income

Taxes, Minority Interest, and Cumulative Effect of Change in Accounting Principle	6,234	6,730	7,328
Provision for Income Taxes	2,525	2,775	2,840
Minority Interest Expense	149	45	156
Income Before Cumulative Effect of Change in Accounting Principle	3,560	3,910	4,332
Cumulative Effect of Change in Accounting Principle (net of income taxes of \$580)	(870)	—	—
Net Income	\$2,690	\$3,910	\$4,332
Basic and Diluted Earnings per Share Before Cumulative Effect of Change in Accounting Principle	\$.06	\$.06	\$.07
Basic and Diluted Earnings per Share	\$.04	\$.06	\$.07
Weighted Average Shares:			
Basic	61,244	61,283	61,303
Diluted	61,597	61,506	61,418

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