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NEWSRELEASE

TELEDYNE TECHNOLOGIES REPORTS THIRD QUARTER RESULTS

THOUSAND OAKS, Calif. – October 21, 2020 – Teledyne Technologies Incorporated (NYSE:TDY)

- **Sales of \$749.0 million and GAAP diluted earnings per share of \$2.48**
- **GAAP operating margin of 16.4%, an increase of 31 bps from last year and 158 bps from the prior quarter**
- **Record third quarter free cash flow of \$135.1 million and all-time record free cash flow of \$330.5 million nine months year to date**
- **Raising midpoint and narrowing full year 2020 GAAP diluted earnings per share outlook to \$9.70 to \$10.00, compared with the prior outlook of \$9.45 to \$10.00**

Teledyne today reported third quarter 2020 net sales of \$749.0 million, compared with net sales of \$802.2 million for the third quarter of 2019, a decrease of 6.6%. Net income was \$93.9 million (\$2.48 diluted earnings per share) for the third quarter of 2020, compared with \$106.7 million (\$2.84 diluted earnings per share) for the third quarter of 2019, a decrease of 12.0%. The third quarter of 2020 included \$3.9 million in severance, facility consolidation, acquisition and other costs compared with \$2.0 million in severance, facility consolidation, acquisition and other costs for the third quarter of 2019. The third quarter of 2020 reflected net discrete income tax benefits of \$1.2 million compared with net discrete income tax benefits of \$10.4 million for the third quarter of 2019.

“For the second consecutive quarter, GAAP operating margin increased sequentially over 150 basis points,” said Robert Mehrabian, Executive Chairman. “In fact, we achieved greater margins compared to last year in nearly every major business category except commercial aerospace. During the third quarter, our shortest-cycle environmental and test and measurement instrumentation businesses experienced a rebound from the trough in the second quarter. With non-COVID healthcare procedures now increasing, we expect a similar recovery for our medical imaging businesses late in the fourth quarter. Finally, our balance sheet has never been stronger and our acquisition pipeline is healthy. Nevertheless, we will continue to be disciplined in capital deployment.”

Review of Operations

Comparisons are with the third quarter of 2019, unless noted otherwise.

Instrumentation

The Instrumentation segment’s third quarter 2020 net sales were \$263.5 million, compared with \$282.9 million, a decrease of 6.9%. Operating income was \$50.7 million for the third quarter of 2020, compared with \$52.0 million, a decrease of 2.5%.

The third quarter 2020 net sales decrease resulted from lower sales of marine instrumentation, test and measurement instrumentation and environmental instrumentation. Sales of marine instrumentation decreased \$12.9 million, sales of test and measurement instrumentation decreased \$4.3 million and sales of environmental instrumentation decreased \$2.2 million. Environmental instrumentation included \$6.3 million in incremental sales from the 2019 acquisition of the gas and flame detection businesses. Test and measurement instrumentation included \$3.1 million in sales from the 2020 acquisition of OakGate Technology, Inc.

Digital Imaging

The Digital Imaging segment's third quarter 2020 net sales were \$239.7 million, compared with \$244.0 million, a decrease of 1.8%. Operating income was \$45.5 million for the third quarter of 2020, compared with \$41.2 million, an increase of 10.4%.

The third quarter 2020 net sales primarily reflected lower sales of X-ray products for dental and medical applications, partially offset by greater sales of infrared detectors for defense applications, geospatial imaging systems and \$2.3 million in incremental sales from a 2019 acquisition. The increase in operating income in the third quarter of 2020 primarily reflected favorable product mix.

Aerospace and Defense Electronics

The Aerospace and Defense Electronics segment's third quarter 2020 net sales were \$144.8 million, compared with \$177.1 million, a decrease of 18.2%. Operating income was \$26.7 million for the third quarter of 2020, compared with \$39.5 million a decrease of 32.4%.

The third quarter 2020 net sales reflected \$25.6 million of lower sales for aerospace electronics and lower sales of \$6.7 million for defense and space electronics. The continued weakness in the commercial aerospace industry has negatively affected sales of aerospace electronics. Reduced sales of defense and space electronics resulted from lower commercial space sales. Operating income in the third quarter of 2020 primarily reflected the impact of lower sales.

Engineered Systems

The Engineered Systems segment's third quarter 2020 net sales were \$101.0 million compared with \$98.2 million, an increase of 2.9%. Operating income was \$12.5 million for the third quarter of 2020, compared with \$10.6 million, an increase of 17.9%.

The third quarter 2020 net sales reflected higher sales of \$2.0 million of engineered products and \$1.5 million for turbine engines, partially offset by lower sales of \$0.7 million of energy systems. The higher sales primarily reflected increased sales from space, nuclear and other manufacturing programs, as well as electronic manufacturing services products. The increase in operating income in the third quarter of 2020 reflected the impact of higher sales and a greater mix of higher margin fixed-price manufacturing programs.

Additional Financial Information

Cash Flow

Cash provided by operating activities was \$150.3 million for the third quarter of 2020, compared with \$150.9 million. At September 27, 2020, cash and cash equivalents and total debt were \$454.5 million and \$786.7 million, respectively, compared with cash and cash equivalents and total debt of \$199.5 million and \$850.6 million, respectively at December 29, 2019. At September 27, 2020, \$125.0 million was outstanding under the \$750.0 million credit facility with available borrowing capacity under the facility, which is reduced by borrowings and certain outstanding letters of credit, of \$614.7 million. The company received \$1.3 million from the exercise of stock options in the third quarter of 2020 compared with \$8.5 million. Capital expenditures for the third quarter of 2020 were \$15.2 million, compared with \$25.1 million. Depreciation and amortization expense for the third quarter of 2020 was \$29.2 million, compared with \$27.9 million.

Free Cash Flow (a)	Third Quarter		Nine Months	
	2020	2019	2020	2019
(in millions, brackets indicate use of funds)				
Cash provided by operating activities	\$ 150.3	\$150.9	\$382.5	\$314.2
Capital expenditures for property, plant and equipment	(15.2)	(25.1)	(52.0)	(64.5)
Free cash flow	\$ 135.1	\$125.8	\$330.5	\$249.7

(a) The company defines free cash flow as cash provided by operating activities (a measure prescribed by generally accepted accounting principles) less capital expenditures for property, plant and equipment. The company believes that this supplemental non-GAAP information is useful to assist management and the investment community in analyzing the company's ability to generate cash flow.

Income Taxes

The effective tax rate for the third quarter of 2020 was 21.5% compared with 13.5%. The third quarter of 2020 reflected net discrete income tax benefits of \$1.2 million, which included a \$0.7 million income tax benefit related to share-based accounting. The third quarter of 2019 reflected net discrete income tax benefits of \$10.4 million primarily as a result of the remeasurement of uncertain tax positions due to expiration of statute of limitations, a favorable tax settlement and a \$3.5 million income tax benefit related to share-based accounting. Excluding the net discrete income tax benefits in both periods, the effective tax rates would have been 22.5% for the third quarter of 2020 compared with 21.9%.

Other

Stock option expense was \$5.7 million for both the third quarter of 2020 and 2019. Stock option expense for fiscal year 2020 is currently expected to be \$25.0 million, compared with \$26.1 million for fiscal year 2019. Non-service retirement benefit income was \$3.2 million for the third quarter of 2020, compared with \$1.9 million. Interest expense, net of interest income, decreased to \$4.1 million for the third quarter of 2020 compared with \$5.5 million and reflected the impact of lower average interest rates. Corporate expense decreased to \$12.9 million for the third quarter of 2020, compared with \$14.6 million and reflected lower compensation and travel expense.

Outlook

Based on its current outlook, the company's management believes that fourth quarter 2020 GAAP diluted earnings per share will be in the range of \$2.56 to \$2.86 and full year 2020 GAAP diluted earnings per share will be in the range of \$9.70 to \$10.00. The company's annual expected tax rate for 2020 is 22.7%, before discrete tax items. In addition, we currently expect less discrete tax items in 2020 compared with 2019.

Forward-Looking Statements Cautionary Notice

This press release contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, relating to earnings, growth opportunities, acquisitions, product sales, capital expenditures, pension matters, stock option compensation expense, our credit facility, interest expense, severance and relocation costs, taxes, exchange rate fluctuations, and strategic plans. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "believes" or "expect", that convey the uncertainty of future events or outcomes. All statements made in this press release that are not historical in nature should be considered forward-looking.

Actual results could differ materially from these forward-looking statements. Many factors could change the anticipated results, including: disruptions in the global economy; the spread of the COVID-19 virus resulting in production, supply, contractual and other disruptions, including facility closures and furloughs and travel restrictions; customer and supplier bankruptcies, changes in demand for products sold to the defense electronics, instrumentation, digital imaging, energy exploration and production, commercial aviation, semiconductor and communications markets; funding, continuation and award of government programs; cuts to defense spending resulting from existing and future deficit reduction measures or changes to U.S. and foreign government spending and budget priorities triggered by the COVID-19 pandemic; impacts from the United Kingdom's exit from the European Union; uncertainties related to the policies of the U.S. Presidential Administration and the 2020 Presidential and Congressional elections; the imposition and expansion of, and responses to, trade sanctions and tariffs; escalating economic and diplomatic tension between China and the United States; and threats to the security of our confidential and proprietary information, including cyber security threats. Lower oil and natural gas prices, as well as instability in the Middle East or other oil producing regions, and new regulations or restrictions relating to energy production, could further negatively affect our businesses that supply the oil and gas industry. Disruptions from the production delay of Boeing's 737 Max aircraft and continued weakness in the commercial aerospace industry will negatively affect our aerospace electronics businesses. In addition, financial market fluctuations affect the value of the company's pension assets.

Changes in the policies of U.S. and foreign governments, including economic sanctions, could result, over time, in reductions or realignment in defense or other government spending and further changes in programs in which the company participates.

While the company's growth strategy includes possible acquisitions, we cannot provide any assurance as to when, if or on what terms any acquisitions will be made. Acquisitions involve various inherent risks, such as, among others, our ability to integrate acquired businesses, retain customers and achieve identified financial and operating synergies. There are additional risks associated with acquiring, owning and operating businesses internationally, including those arising from U.S. and foreign government policy changes or actions and exchange rate fluctuations.

We continue to take action to assure compliance with the internal controls, disclosure controls and other requirements of the Sarbanes-Oxley Act of 2002. While we believe our control systems are effective, there are inherent limitations in all control systems, and misstatements due to error or fraud may occur and may not be detected.

Readers are urged to read the company's periodic reports filed with the Securities and Exchange Commission ("SEC") for a more complete description of the company, its businesses, its strategies and the various risks that the company faces. Various risks are identified in Teledyne's 2019 Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. The company assumes no duty to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise.

A live webcast of Teledyne's third quarter earnings conference call will be held at 11:00 a.m. (Eastern) on Wednesday, October 21, 2020. To access the call, go to www.teledyne.com approximately ten minutes before the scheduled start time. A replay will also be available for one month starting at 12:00 p.m. (Eastern) on Wednesday, October 21, 2020.

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TELEDYNE TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED
SEPTEMBER 27, 2020 AND SEPTEMBER 29, 2019

(Unaudited - in millions, except per share amounts)

	Third Quarter	Third Quarter	Nine Months	Nine Months
	2020	2019	2020	2019
Net sales	\$ 749.0	\$ 802.2	\$ 2,276.9	\$ 2,329.4
Costs and expenses:				
Costs of sales	458.5	487.7	1,411.7	1,415.2
Selling, general and administrative expenses	168.0	185.8	528.9	556.3
Total costs and expenses	626.5	673.5	1,940.6	1,971.5
Operating income	122.5	128.7	336.3	357.9
Interest and debt expense, net	(4.1)	(5.5)	(11.9)	(16.3)
Non-service retirement benefit income	3.2	1.9	8.9	6.1
Other expense, net	(1.9)	(1.7)	(4.7)	(3.5)
Income before income taxes	119.7	123.4	328.6	344.2
Provision for income taxes	25.8	16.7	58.8	57.6
Net income	<u>\$ 93.9</u>	<u>\$ 106.7</u>	<u>\$ 269.8</u>	<u>\$ 286.6</u>
Diluted earnings per common share	<u>\$ 2.48</u>	<u>\$ 2.84</u>	<u>\$ 7.14</u>	<u>\$ 7.66</u>
Weighted average diluted common shares outstanding	<u>37.8</u>	<u>37.6</u>	<u>37.8</u>	<u>37.4</u>

TELEDYNE TECHNOLOGIES INCORPORATED
SUMMARY OF SEGMENT NET SALES AND OPERATING INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED
SEPTEMBER 27, 2020 AND SEPTEMBER 29, 2019

(Unaudited - in millions)

	Third Quarter	Third Quarter	% Change	Nine Months	Nine Months	% Change
	2020	2019		2020	2019	
Net sales:						
Instrumentation	\$ 263.5	\$ 282.9	(6.9)%	\$ 811.7	\$ 803.5	1.0 %
Digital Imaging	239.7	244.0	(1.8)%	724.0	724.8	(0.1)%
Aerospace and Defense Electronics	144.8	177.1	(18.2)%	444.2	519.7	(14.5)%
Engineered Systems	101.0	98.2	2.9 %	297.0	281.4	5.5 %
Total net sales	<u>\$ 749.0</u>	<u>\$ 802.2</u>	(6.6)%	<u>\$ 2,276.9</u>	<u>\$ 2,329.4</u>	(2.3)%
Operating income:						
Instrumentation	\$ 50.7	\$ 52.0	(2.5)%	\$ 150.0	\$ 140.9	6.5 %
Digital Imaging	45.5	41.2	10.4 %	136.1	129.4	5.2 %
Aerospace and Defense Electronics	26.7	39.5	(32.4)%	57.6	110.6	(47.9)%
Engineered Systems	12.5	10.6	17.9 %	34.7	26.0	33.5 %
Corporate expense	(12.9)	(14.6)	(11.6)%	(42.1)	(49.0)	(14.1)%
Operating income	122.5	128.7	(4.8)%	336.3	357.9	(6.0)%
Interest and debt expense, net	(4.1)	(5.5)	(25.5)%	(11.9)	(16.3)	(27.0)%
Non-service retirement benefit income	3.2	1.9	68.4 %	8.9	6.1	45.9 %
Other expense, net	(1.9)	(1.7)	11.8 %	(4.7)	(3.5)	34.3 %
Income before income taxes	119.7	123.4	(3.0)%	328.6	344.2	(4.5)%
Provision for income taxes	25.8	16.7	54.5 %	58.8	57.6	2.1 %
Net income	<u>\$ 93.9</u>	<u>\$ 106.7</u>	(12.0)%	<u>\$ 269.8</u>	<u>\$ 286.6</u>	(5.9)%

TELEDYNE TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited – in millions)

	<u>September 27, 2020</u>	<u>December 29, 2019</u>
ASSETS		
Cash and cash equivalents	\$ 454.5	\$ 199.5
Accounts receivable, net	650.2	660.9
Inventories, net	365.4	393.4
Prepaid expenses and other current assets	65.0	59.9
Total current assets	1,535.1	1,313.7
Property, plant and equipment, net	475.7	487.9
Goodwill and acquired intangible assets, net	2,500.1	2,481.3
Prepaid pension asset	88.7	71.8
Other assets, net	237.4	225.1
Total assets	\$ 4,837.0	\$ 4,579.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 216.6	\$ 271.1
Accrued liabilities	429.0	391.5
Current portion of long-term debt and other debt	25.6	100.6
Total current liabilities	671.2	763.2
Long-term debt	761.1	750.0
Other long-term liabilities	378.7	351.9
Total liabilities	1,811.0	1,865.1
Total stockholders' equity	3,026.0	2,714.7
Total liabilities and stockholders' equity	\$ 4,837.0	\$ 4,579.8