



## **Brush Engineered Materials Reports Third Consecutive Quarterly Record Sales**

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CLEVELAND--July 27, 2000--Brush Engineered Materials Inc. (NYSE: BW) today reported second quarter sales of \$137.2 million, the highest quarterly sales in the Company's history, and a 26% increase over 1999 second quarter sales of \$108.7 million. Second quarter sales represents the third consecutive record quarterly sales level. Sales for the first half were a record \$272.6 million, a 23% increase over sales of \$221.8 million in first half of 1999.

Net income for the second quarter 2000 was \$3.9 million or \$0.24 per share diluted, up 22% compared to \$3.2 million or \$0.20 per share diluted for the same period last year. Net income for the first half was \$6.1 million or \$0.38 per share diluted versus \$5.7 million or \$0.35 per share diluted versus the first half of 1999.

This double-digit sales and earnings growth continues to be fueled by strong global market demand from telecommunications, computer, automotive, electronic and optical media product applications. The Company's engineered materials are found in critical components of internet infrastructure equipment, wireless telecom base stations, cellular phones, personal digital assistants, workstation servers, connector terminals in automotive wire harnesses, CD-R, and DVD discs, high vacuum tubes and MR and GMR magnetic heads.

When compared to the second quarter and first half of 1999, earnings were negatively affected by product mix as well as an increase in administrative expense. The increased administrative expense included reorganization costs related to the new corporate capital structure, planned medical surveillance and research, and environmental health and safety and litigation related to chronic beryllium disease, portions of which are non-recurring. These costs were less in the second quarter of this year as compared to the first quarter and are expected to be flat to down in the second half of the year. SG&A expense as a percent of sales is down for the second quarter and first half as compared to the same periods in 1999.

### **Metal Systems Group**

The Metal Systems Group consists of Alloy Products, Engineered Material Systems (Technical Materials, Inc. (TMI)) and Beryllium Products.

The Metal Systems Group's second quarter sales were \$95.1 million or 27% higher than the second quarter sales of \$74.8 million for 1999. Year-to-date sales were \$186.3 or 21% higher than the first half sales of \$153.4 million in 1999.

Second quarter operating profit for the Metal Systems Group was \$9.2 million or 45% higher than last year's second quarter operating profit of \$6.4 million. Year-to-date operating profit was \$16.4 million or 22% higher than operating profit for the first half of 1999.

Alloy Products sales increased 28% and 22% respectively over the second quarter and first half of 1999. This increase has been driven primarily by demand for telecommunications and computer market applications. Despite increased production during the second quarter, demand continued to outpace the ramp up of the alloy strip expansion project at the Company's Elmore, Ohio facility. The Company elected not to take its customary planned maintenance shutdown of its strip manufacturing operations at Elmore, Ohio and Reading, Pennsylvania in July. In lieu of a full maintenance shutdown, individual pieces of equipment will be taken down over the next twelve months in a manner that will minimize interruptions to production. The strip production run rate in pounds at Elmore increased approximately 30% during the first half of the year as compared to the end of last year. It is anticipated that production at Elmore will increase an additional 10-20% by the end of this year. The alloy strip expansion facility experienced some quality, equipment reliability and manning problems, all of which are being addressed. These problems have slowed the progress of the ramp up of the facility. Sales of alloy bulk products were strong during the second quarter due to telecommunications applications and the resurgence of oil and gas market applications. Alloy Products announced selective price increases varying from 3-5% on its strip and bulk products during the second quarter.

TMI had record sales for the second consecutive quarter and has increased its sales for each of the last six quarters. Sales grew 43% in the second quarter and 37% year to date from the same periods in 1999. TMI continues to experience strong demand in all major markets including telecommunications, computers and automotive electronics.

Beryllium Products' sales were down 18% for the quarter and 17% year to date as compared to the same period in 1999 reflecting weak demand for defense and aerospace applications. However, order rates have recently increased indicating stronger sales for the second half of the year as compared to the first half of 2000.

### Microelectronics Group

The Microelectronics Group includes Williams Advanced Materials Inc. (WAM) and Electronic Products.

Microelectronics' sales were \$41.8 million for the second quarter and \$83.4 million year to date, which represents an increase of 31% and 29% respectively over the same period in 1999. Operating profit was \$3.4 million for the quarter and 10% over the second quarter of 1999 and \$6.6 million year to date and 35% over the same period last year.

WAM sales were up 31% in the second quarter and 28% for the first half of 2000 as compared to 1999 due to continued strong demand from the non-precious and precious metal optical media market (CD-R, CD-RW and DVD applications), specialty alloys braze materials, decorative coatings, and fiber optic product applications. Approximately one fourth of the increased sales in the first half were due to higher precious metal prices.

Electronic Product Sales increased 30% for the second quarter and 31% year to date over the same periods in 1999. The majority of the revenue increase has been fueled by demand for core beryllia ceramic products for wireless telecommunications and automotive electronic product applications. In addition sales of direct bond copper, powder metal products and thick film circuits have also increased during the first half of this year. Operating profit as compared to last year continues to improve due to price increases in beryllia ceramics and yield and productivity improvements.

### Chairman's Comments

Commenting on the results, Gordon D. Harnett, Chairman, President and Chief Executive Officer said, "We are pleased to report the third consecutive record quarterly sales and sustained improvement in earnings over the last three quarters. The demand for our products remains very strong. Our engineered materials continue to see robust growth opportunities in high-tech applications such as materials for backplane connectors for the Internet infrastructure, wireless telecom basestations, fiber optic communications equipment, personal digital assistants and optical media. We are encouraged by the progress we are making in a number of areas, including ramping up the production of our new alloy strip facility and look forward to further increasing production over the remainder of the year to meet our current demand requirements."

### Forward-looking Statements

Any forward-looking statements in this announcement are based on current expectations. The Company's performance may differ from that contemplated by the forward-looking statements as a result of a variety of factors including the global and domestic economy, manufacturing yields and operating performances at the Company's various facilities, changes in product mix, the timely and successful completion of pending capital expansions, tax rates and exchange rates.

Brush Engineered Materials Inc., is headquartered in Cleveland, Ohio. The Company and its subsidiaries supply worldwide markets with Beryllium Products, Alloy Products, Electronic Products, Precious Metal Products, and Engineered Material Systems. -0- \*T For further information, please contact:

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Brush Wellman Inc.

Digest of Earnings

June 30, 2000

	2000 -----	1999 -----
Second Quarter		
Net Sales	\$137,182,000	\$108,666,000
Net Income	\$3,898,000	\$3,233,000

Share Earnings - Basic	\$0.24	\$0.20
Average Shares - Basic	16,224,638	16,197,328
Share Earnings - Diluted	\$0.24	\$0.20
Average Shares - Diluted	16,358,128	16,269,092

#### Year-to-date

Net Sales	\$272,606,000	\$221,834,000
Net Income	\$6,147,000	\$5,719,000
Share Earnings - Basic	\$0.38	\$0.35
Average Shares - Basic	16,215,338	16,195,533
Share Earnings - Diluted	\$0.38	\$0.35
Average Shares - Diluted	16,336,023	16,252,559

#### Consolidated Statements of Income (Unaudited)

(Dollars in thousands except share and per share amounts)	Second Quarter Ended		First Half Ended	
	June 30, 2000	July 2, 1999	June 30, 2000	July 2, 1999
Net sales	\$ 137,182	\$ 108,666	\$ 272,606	\$ 221,834
Cost of sales	107,474	83,508	214,604	172,577
Gross Margin	29,708	25,158	58,002	49,257
Selling, administrative and general expenses	21,147	18,120	42,964	35,621
Research and development expenses	1,686	2,197	3,700	4,016
Other-net	110	(420)	338	28
Operating Profit	6,765	5,261	11,000	9,592
Interest expense	1,061	847	2,181	1,784
Income before income taxes	5,704	4,414	8,819	7,808
Income taxes	1,806	1,181	2,672	2,089
Net Income	\$ 3,898	\$ 3,233	\$ 6,147	\$ 5,719
Per Share of Common Stock: Basic	\$ 0.24	\$ 0.20	\$ 0.38	\$ 0.35
Weighted average number of common shares outstanding	16,224,638	16,197,328	16,215,338	16,195,533

Per Share of Common					
Stock: Diluted	\$	0.24	\$	0.20	\$
				0.38	\$
					0.35
Weighted average number					
of common shares					
outstanding		16,358,128	16,269,092	16,336,023	16,252,559
Cash dividends per					
common share	\$	0.12	\$	0.12	\$
				0.24	\$
					0.24

Consolidated Balance Sheets

(Dollars in thousands)	Jun. 30, 2000	Dec. 31, 1999
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Assets		
Current Assets		
Cash and cash equivalents	\$5,458	\$99
Accounts receivable	96,511	79,772
Inventories	106,568	110,570
Prepaid expenses	7,421	7,204
Deferred income taxes	27,624	26,610
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Total Current Assets	243,582	224,255
Other Assets	32,816	33,213
Property, Plant and Equipment	442,793	440,234
Less allowances for depreciation, depletion and impairment	277,485	269,296
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	165,308	170,938
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	\$441,706	\$428,406
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Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	\$26,386	\$34,687
Accounts payable	32,281	27,731
Other liabilities and accrued items	33,720	29,869
Dividends payable	1,963	1,959
Income taxes	6,070	5,178
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Total Current Liabilities	100,420	99,424
Other Long-Term Liabilities	16,157	14,407
Retirement and Post-employment Benefits	39,583	39,430
Long-term Debt	48,305	42,305
Deferred Income Taxes	14,373	12,202
Shareholders' Equity	222,868	220,638
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	\$441,706	\$428,406

Consolidated Statements of Cash Flows

(Dollars in thousands)	First Half Ended June 30, 2000	July 2, 1999
Net Income	\$6,147	\$5,719
Adjustments to Reconcile Net Income to Net Cash Provided From Operating Activities:		
Depreciation, depletion and amortization	10,806	11,172
Amortization of mine development	1,442	2,920
Decrease (Increase) in accounts receivable	(17,708)	(11,735)
Decrease (Increase) in inventory	3,257	(7,377)
Decrease (Increase) in prepaid and other current assets	412	(844)
Increase (Decrease) in accounts payable and accrued expenses	9,012	6,929
Increase (Decrease) in interest and taxes payable	1,270	3,034
Increase (Decrease) in deferred income tax	(119)	2,069
Increase (Decrease) in other long-term liabilities	2,006	(239)
Other - net	548	1,738
Net Cash Provided From Operating Activities	17,073	13,386
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(6,415)	(5,843)
Payments for mine development	(138)	(219)
Proceeds from (Payments for) other investments	-	37
Net Cash Provided From (Used in) Investing Activities	(6,553)	(6,025)
Cash Flows from Financing Activities:		
Proceeds from issuance (repayment) of short-term debt	(7,460)	(8,714)
Proceeds from issuance of long-term debt	18,000	13,000
Repayment of long-term debt	(12,000)	(7,000)
Issuance of Common Stock under stock option plans	384	92
Purchase of Common Stock for treasury	-	-
Payments of dividends	(3,919)	(3,910)
Net Cash Provided From ( Used in) Financing Activities	(4,995)	(6,532)
Effects of Exchange Rate Changes	(166)	(172)
Net Change in Cash and Cash Equivalents	5,359	657
Cash and Cash Equivalents at Beginning of Period	99	1,938
Cash and Cash Equivalents at End of Period	5,458	2,595

Notes to Consolidated Financial Statements

Note A - Segment Reporting

Selected financial data by business segment as prescribed by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", for second quarter 2000 and 1999 and for the first six months of 2000 and 1999 are as follows:

	Metal Systems	Micro- Electronics	Total Segments	All Other	Total
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(Dollars in thousands)					
Second Quarter 2000					
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Revenues from					
external customers	\$95,088	\$41,818	\$136,906	\$276	\$137,182
Intersegment revenues	49	240	289	-	289
Segment profit (loss)					
before interest and					
taxes	9,172	3,397	12,569	(5,804)	6,765
Second Quarter 1999					
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Revenues from					
external customers	74,815	31,871	106,686	1,980	108,666
Intersegment revenues	112	441	553	-	553
Segment profit (loss)					
before interest and					
taxes	6,410	3,090	9,500	(4,239)	5,261
First Six Months 2000					
-----					
Revenues from					
external customers	\$186,263	\$83,425	\$269,688	\$2,918	\$272,606
Intersegment revenues	209	526	735	-	735
Segment profit (loss)					
before interest and					
taxes	16,328	6,601	22,929	(11,929)	11,000
First Six Months 1999					
-----					
Revenues from					
external customers	153,438	64,526	217,964	3,870	221,834
Intersegment revenues	251	853	1,104	-	1,104
Segment profit (loss)					
before interest and					
taxes	13,490	4,850	18,340	(8,748)	9,592

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