



PRESS RELEASE

FOR IMMEDIATE RELEASE

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POWELL INDUSTRIES REPORTS FISCAL 2003 FIRST QUARTER RESULTS

Fiscal first quarter diluted EPS of \$0.28 before change in accounting principle

HOUSTON — FEBRUARY 26, 2003 — Powell Industries, Inc. (NASDAQ: POWL), a leading manufacturer of equipment and systems for the management and control of electrical energy and other critical processes, today announced results for the fiscal 2003 first quarter ended January 31, 2003.

Revenues for the first quarter of 2003 were \$71.6 million compared to revenues of \$76.5 million for the first quarter of 2002. The decline in revenues is a result of weakness in certain end markets for electrical power products, specifically the power generation market. First quarter net income from continuing operations was \$3.0 million, or \$0.28 per diluted share, excluding the effect of a change in accounting principle of \$510,000 for the adoption of Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets". Including the effect of adopting SFAS No. 142, net income for the first quarter was \$2.5 million, or \$0.24 per diluted share, compared to \$3.7 million, or \$0.35 per diluted share, for the first quarter of 2002. The company used \$1.9 million in free cash flow in the quarter, and capital expenditures totaled \$1.8 million. Free cash flow is defined as total cash flow from operations less all capital expenditures.

"We began this fiscal year with greater than expected weakness in our electrical power product markets. As disclosed when we revised guidance in January, we rescheduled deliveries on certain contracts, which created disruptions in production and resulted in reduced earnings. This rescheduling of the backlog also resulted in higher inventories, which impacted our free cash flow. We continue to take actions to adjust our workforce, overhead and capital spending to better align our expenses with our reduced business volume. On a positive note, business

volumes from the oil and gas markets remain strong, and we will continue to invest in our production capabilities to support this market,” stated Thomas W. Powell, chairman and chief executive officer.

Don R. Madison, Powell’s chief financial officer, noted, “We are now reporting two business segments: Electrical Power Products, which includes switchgear and bus duct, and Process Controls Systems. Because switchgear and bus duct share the same basic characteristics and operate in the same end markets, we believe reporting them as one segment better reflects our business operations.” Prior year results have been restated for comparability.

Electrical Power Products recorded revenues of \$65.6 million in the first quarter compared to \$71.1 million in the first quarter a year ago. First quarter earnings from continuing operations before income taxes and effect of change in accounting principle for Electrical Power Products totaled \$4.6 million versus \$5.6 million in last year’s first quarter. Process Control Systems revenues for the first quarter were \$6.0 million compared to \$5.4 million in last year’s first quarter. Earnings from continuing operations before income taxes and effect of change in accounting principle for Process Control Systems totaled \$0.2 million versus \$0.2 million a year ago.

The company’s order backlog on January 31, 2003, was \$168.5 million, compared to \$189.4 million at fiscal year-end 2002 and \$213.3 million at the end of the first quarter one year ago. New orders placed during the first quarter totaled \$50.7 million versus \$ 49.3 million in our fourth quarter of 2002 and \$80.9 million in our first quarter a year ago.

OUTLOOK

The following statements are based on the current expectations of the company. These statements are forward looking and actual results may differ materially as further elaborated in the last paragraph below.

Powell Industries expects fiscal second quarter earnings to range between \$0.21 and \$0.26 per diluted share and full year 2003 earnings to range between \$1.05 and \$1.15 per diluted share before change in accounting principle. Full year 2003 revenue is expected to range between \$250 million and \$265 million and free cash flow is expected to range between \$25 million and \$30 million.

CONFERENCE CALL

Powell Industries has scheduled a conference call for February 26, 2003, at 11:00 a.m. eastern time. To participate in the conference call, dial (303) 262-2075 at least 10 minutes

before the call begins and ask for the Powell Industries conference call. A replay of the call will be available approximately two hours after the live broadcast ends and will be accessible until Wednesday, March 5, 2003. To access the replay, dial (303) 590-3000 using a passcode of 520783.

Investors, analysts and the general public will also have the opportunity to listen to the conference call over the Internet by visiting www.drg-e.com. To listen to the live call on the web, please visit the web site at least fifteen minutes before the call begins to register, download and install any necessary audio software. For those who cannot listen to the live web cast, an archive will be available shortly after the call and will remain available for approximately 30 days at www.drg-e.com.

Powell Industries, Inc., headquartered in Houston, TX, designs, manufactures and services equipment and systems for the management and control of electrical energy and other critical processes. Powell provides products and services to the transportation, environmental, industrial and utility industries. For more information, please visit www.powellind.com.

Any forward-looking statements in the preceding paragraphs of this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward looking statements involve risks and uncertainty in that actual results may differ materially from those projected in the forward looking statements. In the course of operations, we are subject to certain risk factors, including but not limited to competition and competitive pressures, sensitivity to general economic and industrial conditions, international political and economic risks, availability and price of raw materials and execution of business strategy. For further information, please refer to the Company's filings with the Securities and Exchange Commission, copies of which are available from the Company without charge.

– Tables to follow –

POWELL INDUSTRIES, INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended January 31,	
	2003	2002
(In thousands, except per share data)	(Unaudited)	
Revenues	\$71,580	\$76,487
Cost of goods sold	<u>57,348</u>	<u>60,896</u>
Gross profit.....	14,232	15,591
Selling, general & administrative expenses.....	<u>9,409</u>	<u>9,422</u>
Earnings from operations before interest and income taxes	4,823	6,169
Interest expense	86	359
Interest income	<u>(92)</u>	<u>(54)</u>
Earnings from continuing operations before income taxes and cumulative effect of change in accounting principle	4,829	5,864
Income tax provision	<u>1,795</u>	<u>2,130</u>
Earnings from continuing operations before cumulative effect of change in accounting principle	\$ 3,034	\$ 3,734
Cumulative effect of change in accounting principle, net of tax	<u>\$ (510)</u>	<u>\$ ----</u>
Net earnings	<u>\$ 2,524</u>	<u>\$ 3,734</u>
Net earnings per common share:		
Basic:		
Earnings from continuing operations	\$ 0.29	0.36
Cumulative effect of change in accounting principle	<u>(0.05)</u>	<u>---</u>
Net earnings.....	<u>\$ 0.24</u>	<u>\$ 0.36</u>
Diluted:		
Earnings from continuing operations	\$ 0.28	\$ 0.35
Cumulative effect of change in accounting principle	<u>(0.04)</u>	<u>---</u>
Net earnings.....	<u>\$ 0.24</u>	<u>\$ 0.35</u>
Weighted average number of common shares outstanding.....		
	<u>10,574</u>	<u>10,448</u>
Weighted average number of common and common equivalent shares outstanding.....		
	<u>10,676</u>	<u>10,680</u>
SELECTED FINANCIAL DATA:		
Capital Expenditures.....	<u>\$1,840</u>	<u>\$5,520</u>
Depreciation and amortization.....	<u>\$1,267</u>	<u>\$1,173</u>

POWELL INDUSTRIES, INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	January 31, 2003 (Unaudited)	October 31, 2002
Assets:		
Current assets.....	\$141,140	\$138,499
Property, plant & equipment (net)	45,610	45,020
Other assets.....	<u>5,447</u>	<u>6,124</u>
Total assets.....	<u>\$192,197</u>	<u>\$189,643</u>
Liabilities & stockholders' equity:		
Current liabilities	\$51,902	\$52,033
Long-term debt and capital lease obligations, net of current maturities	7,248	7,264
Deferred & other long-term liabilities	2,214	2,139
Stockholders' equity.....	<u>130,833</u>	<u>128,207</u>
Total liabilities and stockholders' equity.....	<u>\$192,197</u>	<u>\$189,643</u>

POWELL INDUSTRIES, INC. & SUBSIDIARIES
BUSINESS SEGMENTS

(In thousands)	Three Months Ended January 31, <u>2003</u> (Unaudited)	January 31, <u>2002</u> (Unaudited)
Revenues:		
Electrical Power Products	\$65,561	\$71,127
Process Control Systems	<u>6,019</u>	<u>5,360</u>
Total revenues	<u>\$71,580</u>	<u>\$76,487</u>
Earnings from continuing operations before income taxes and cumulative effect of change in accounting principle:		
Electrical Power Products	\$4,614	\$5,642
Process Control Systems	<u>215</u>	<u>222</u>
Total earnings from continuing operations before income taxes and cumulative effect of change in accounting principle.....	<u>\$4,829</u>	<u>\$5,864</u>
	January 31, <u>2003</u> (Unaudited)	October 31, <u>2002</u>
Assets:		
Electrical Power Products	\$161,346	\$156,584
Process Control Systems	14,218	14,937
Corporate	<u>16,633</u>	<u>18,122</u>
Total assets	<u>\$192,197</u>	<u>\$189,643</u>
Backlog:		
Electrical Power Products	\$135,924	\$151,632
Process Control Systems	<u>32,567</u>	<u>37,721</u>
Total backlog.....	<u>\$168,491</u>	<u>\$189,353</u>