

Edgar Filing: ALBANY INTERNATIONAL CORP /DE/ - Form 10-Q

ALBANY INTERNATIONAL CORP /DE/  
Form 10-Q  
August 08, 2008  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-10026

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

14-0462060  
(IRS Employer Identification No.)

1373 Broadway, Albany, New York  
(Address of principal executive offices)

12204  
(Zip Code)

Registrant's telephone number, including area code

518-445-2200

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports,) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The registrant had 26,608,316 shares of Class A Common Stock and 3,236,098 shares of Class B Common Stock outstanding as of June 30, 2008.

ALBANY INTERNATIONAL CORP.

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ALBANY INTERNATIONAL CORP.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (in thousands except per share data)  
 (unaudited)

Three Months Ended June 30,			Six Months Ended June 30,	
2008	2007		2008	2007
\$297,201	\$256,679	Net sales	\$570,409	\$507,293
194,003	162,300	Cost of goods sold	372,281	316,117
103,198	94,379	Gross profit	198,128	191,176
86,940	81,360	Selling, technical, general and research expenses	169,328	155,027
1,732	7,112	Restructuring and other, net	7,094	14,721
14,526	5,907	Operating income	21,706	21,428
4,763	3,619	Interest expense, net	9,082	6,884
2,155	540	Other expense, net	1,881	213
		Income from continuing operations before income taxes	10,743	14,331
7,608	1,748			
1,726	(2,282)	Income tax expense/(benefit)	6,277	890
5,882	4,030	Income before associated companies	4,466	13,441
58	50	Equity in income/(losses) of associated companies	(245)	(235)
5,940	4,080	Income from continuing operations	4,221	13,206
		Discontinued operations:		

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53	393	Income from operations of discontinued business	313	597
97	68	Income tax expense	130	93
(44)	325	(Loss)/income from discontinued operations	183	504
\$5,896	\$4,405	Net income	\$4,404	\$13,710
		Income from continuing operations:		
\$0.20	\$0.14	Basic	\$0.14	\$0.45
\$0.20	\$0.14	Diluted	\$0.14	\$0.44
		Income from discontinued operations:		
\$0.00	\$0.01	Basic	\$0.01	\$0.02
\$0.00	\$0.01	Diluted	\$0.01	\$0.02
		Net income per share:		
\$0.20	\$0.15	Basic	\$0.15	\$0.47
\$0.20	\$0.15	Diluted	\$0.15	\$0.46
		Shares used in computing earnings per share:		
29,760	29,380	Basic	29,686	29,323
30,051	29,818	Diluted	29,990	29,751
\$0.12	\$0.11	Dividends per share	\$0.23	\$0.21

The accompanying notes are an integral part of the financial statements.

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ALBANY INTERNATIONAL CORP.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share data)

	(unaudited) June 30, 2008	December 31, 2007
<b>ASSETS</b>		
Cash and cash equivalents	\$59,112	\$73,305
Accounts receivable, net	246,011	232,440
Inventories	233,123	247,043
Income taxes receivable and deferred	37,476	26,734
Prepaid expenses and other current assets	21,619	22,832
Current assets of discontinued operations	28,902	-
Total current assets	626,243	602,354
Property, plant and equipment, net	552,286	499,540
Investments in associated companies	4,483	5,373
Intangibles	10,305	11,217
Goodwill	206,640	194,660
Deferred taxes	101,514	100,604
Cash surrender value of life insurance policies	45,563	43,701
Other assets	74,168	69,528
Noncurrent assets of discontinued operations	7,475	-
Total assets	\$1,628,677	\$1,526,977
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Notes and loans payable	\$22,174	\$32,030

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Accounts payable	65,445	82,157
Accrued liabilities	130,601	120,267
Current maturities of long-term debt	10	1,146
Income taxes payable and deferred	4,940	2,970
Current liabilities of discontinued operations	4,749	-
Total current liabilities	227,919	238,570
Long-term debt	504,265	446,433
Other noncurrent liabilities	204,086	188,621
Deferred taxes and other credits	55,937	53,682
Total liabilities	992,207	927,306
Commitments and Contingencies	-	-
SHAREHOLDERS' EQUITY		
Preferred stock, par value \$5.00 per share; authorized 2,000,000 shares; none issued	-	-
Class A Common Stock, par value \$.001 per share; authorized 100,000,000 shares; issued 35,131,455 in 2008 and 34,865,744 in 2007.	35	35
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 3,236,098 in 2008 and 2007	3	3
Additional paid in capital	334,549	326,608
Retained earnings	541,792	544,228
Accumulated items of other comprehensive income:		
Translation adjustments	82,896	42,208
Pension liability adjustment	(59,266)	(55,953)
Derivative valuation adjustment	(4,668)	1,565
	895,341	858,694
Less treasury stock (Class A), at cost (8,523,139 shares in 2008 and 8,530,066 in 2007)	258,871	259,023
Total shareholders' equity	636,470	599,671
Total liabilities and shareholders' equity	\$1,628,677	\$1,526,977

The accompanying notes are an integral part of the financial statements.

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ALBANY INTERNATIONAL CORP.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(unaudited)

	2008	Six Months Ended June 30,	2007
OPERATING ACTIVITIES			
Net income	\$4,404		\$13,710
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in losses of associated companies	245		235
Depreciation	30,005		28,700
Amortization	2,446		2,342
Provision for deferred income taxes, other credits and long-term liabilities	(1,864)		2,444

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Provision for write-off of equipment	790	1,032
Increase in cash surrender value of life insurance	(1,862)	(1,803)
Unrealized currency transaction gains and losses	(1,975)	