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ALBANY INTERNATIONAL CORP /DE/
Form 10-Q
May 08, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended: March 31, 2006

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: 0-16214

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

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 [X] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.
Large accelerated filer [X] Accelerated filer [] Non-accelerated filer []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [X]

The registrant had 26,515,658 shares of Class A Common Stock and 3,236,098 shares of Class B Common Stock outstanding as of March 31, 2006.

ALBANY INTERNATIONAL CORP.

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Item 1. Financial Statements
 ALBANY INTERNATIONAL CORP.
 CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
 (in thousands except per share data)
 (unaudited)

	Three Months Ended March 31,	
	<u>2006</u>	<u>2005</u>
Net sales	\$ 251,223	\$ 241,064
Cost of goods sold	147,247	142,729
Gross profit	103,976	98,335
Selling, technical, general and research expenses	74,562	68,541
Operating income	29,414	29,794
Interest expense, net	1,879	3,689
Other expense, net	909	1,318
Income before income taxes	26,626	24,787
Income tax expense	7,988	6,048
Income before associated companies	18,638	18,739
Equity in earnings of associated companies	177	170
Net income	18,815	18,909
Retained earnings, beginning of period	495,018	434,057
Dividends declared	(2,677)	(2,534)
Retained earnings, end of period	\$ 511,156	\$ 450,432
Earnings per share:		
Basic	\$ 0.60	\$ 0.60
Diluted	\$ 0.59	\$ 0.59

Three Months Ended
March 31,

Shares used in computing earnings per share:		
Basic	31,419	31,534
Diluted	31,953	32,231
Dividends per share	\$ 0.09	\$ 0.08

The accompanying notes are an integral part of the financial statements

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

	(unaudited) March 31, 2006	December 31, 2005
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 129,764	\$ 72,771
Accounts receivable, net	136,474	132,247
Note receivable	18,163	17,827
Inventories	211,021	194,398
Deferred taxes	22,164	22,012
Prepaid expenses	9,805	7,892
Total current assets	527,391	447,147
Property, plant and equipment, net	352,287	335,446
Investments in associated companies	6,682	6,403
Intangibles	11,854	12,076
Goodwill	159,342	153,001
Deferred taxes	94,595	75,875
Cash surrender value of life insurance policies	38,632	37,778
Other assets	24,074	19,321
Total assets	\$ 1,214,857	\$ 1,087,047
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	\$ 6,875	\$ 6,151
Accounts payable	42,663	36,775
Accrued liabilities	122,880	116,395
Current maturities of long-term debt	1,013	1,009
Income taxes payable and deferred	32,985	14,793
Total current liabilities	206,416	175,123
Long-term debt	341,865	162,597
Other noncurrent liabilities	149,770	144,905
Deferred taxes and other credits	30,239	29,504
Total liabilities	728,290	512,129
Commitments and Contingencies		

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	(unaudited) March 31, 2006	December 31, 2005
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 34,307,097 in 2006 and 34,176,010 in 2005	34	34
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 3,236,098 in 2006 and 3,236,476 in 2005	3	3
Additional paid in capital	309,270	319,372
Retained earnings	511,156	495,018
Accumulated items of other comprehensive income:		
Translation adjustments	(64,488)	(71,205)
Pension liability adjustment	(40,340)	(40,340)
	715,635	702,882
Less treasury stock (Class A), at cost (7,791,439 shares in 2006 and 5,050,159 shares in 2005)	229,068	127,964
Total shareholders equity	486,567	574,918
Total liabilities and shareholders equity	\$ 1,214,857	\$ 1,087,047

The accompanying notes are an integral part of the financial statements

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

	Three Months Ended March 31,	
	2006	2005
OPERATING ACTIVITIES		
Net income	\$ 18,815	\$ 18,909
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of associated companies	(177)	(170)
Depreciation	13,174	
Amortization	778	725
Provision for deferred income taxes, other credits and long-term liabilities	893	5,200
Provision for write-off of equipment	95	807
Increase in cash surrender value of life insurance	(854)	(798)
Unrealized currency transaction gains and losses	1,721	(569)
Shares contributed to ESOP	3,145	2,368
Stock option expense	386	
Tax benefit of options exercised	(226)	1,261
Changes in operating assets and liabilities, net of business acquisition:		
Accounts receivable	(3,312)	4,409
Note receivable	(336)	(384)
Inventories	(14,711)	(8,451)
Prepaid expenses	(1,786)	(339)

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	Three Months Ended March 31,	
Accounts payable	4,895	464
Accrued liabilities	5,331	(2,100)
Income taxes payable	(290)	(4,841)
Other, net	(849)	(2,454)
Net cash provided by operating activities	26,692	27,413
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(19,764)	(9,508)
Purchased software	(85)	(411)
Acquisitions, net of cash acquired	(6,232)	
Net cash used in investing activities	(26,081)	