

ALBANY INTERNATIONAL CORP /DE/
Form 10-Q
November 05, 2013

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: September 30, 2013

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.)

216 Airport Drive, Rochester, New Hampshire 03867
(Address of principal executive offices) (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 [] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [] No []

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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 28.5 million shares of Class A Common Stock and 3.2 million shares of Class B Common Stock outstanding as of October 18, 2013.

ALBANY INTERNATIONAL CORP.

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ALBANY INTERNATIONAL CORP.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

(unaudited)

Three Months Ended			Nine Months Ended	
September 30,			September 30,	
2013	2012		2013	2012
\$183,147	\$194,589	Net sales	\$567,775	\$566,606
115,146	114,938	Cost of goods sold	349,572	340,169
68,001	79,651	Gross profit	218,203	226,437
39,143	41,166	Selling, general, and administrative expenses	117,690	125,335
13,347	12,634	Technical, product engineering, and research expenses	41,040	39,019
2,256	2,739	Restructuring and other, net	27,213	6,149
-	-	Pension settlement expense	-	119,735
13,255	23,112	Operating income/(loss)	32,260	(63,801)
3,484	3,997	Interest expense, net	11,056	12,610
2,692	3,069	Other expense/(income), net	5,637	5,062
7,079	16,046	Income/(loss) before income taxes	15,567	(81,473)
2,381	6,965	Income tax expense/(benefit)	6,386	(32,650)
4,698	9,081	Income/(loss) from continuing operations	9,181	(48,823)
-	-	(Loss)/income from operations of discontinued business	(575)	4,776
-	(301)	Gain/(loss) on sale of discontinued business	-	92,376
-	(683)	Income tax (benefit)/expense on discontinued operations	(224)	25,570
-	382	(Loss)/income from discontinued operations	(351)	71,582
\$4,698	\$9,463	Net income	\$8,830	\$22,759
		Earnings per share - Basic		
\$0.15	\$0.29	Income/(loss) from continuing operations	\$0.29	(\$1.56)
0.00	0.01	Discontinued operations	(0.01)	2.29
\$0.15	\$0.30	Net income	\$0.28	\$0.73
		Earnings per share - Diluted		
\$0.15	\$0.29	Income/(loss) from continuing operations	\$0.29	(\$1.55)
0.00	0.01	Discontinued operations	(0.01)	2.27
\$0.15	\$0.30	Net income	\$0.28	\$0.72
		Shares used in computing earnings per share:		
31,719	31,363	Basic	31,615	31,340
32,010	31,550	Diluted	31,913	31,550

\$0.15	\$0.14	Dividends per share	\$0.44	\$0.41
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The accompanying notes are an integral part of the consolidated financial statements

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ALBANY INTERNATIONAL CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

Three Months Ended			Nine Months Ended	
September 30,			September 30,	
2013	2012		2013	2012
\$4,698	\$9,463	Net income	\$8,830	\$22,759
		Other comprehensive income, before tax:		
17,805	11,121	Foreign currency translation adjustments	4,536	3,899
-	-	Pension settlement		118,350
14,417	-	Pension/postretirement plan remeasurement	14,417	(24,617)
7,974	-	Postretirement plan amendment	7,974	-
		Amortization of pension liability adjustment:		
17	22	Transition obligation	51	59
(974)	(595)	Prior service (credit)/cost	(2,791)	(2,412)
1,635	1,739	Net actuarial loss	4,963	6,186
(398)	(235)	Derivative valuation adjustment	2,473	(899)
		Income taxes related to items of other comprehensive income:		
-	-	Pension settlement	-	(39,146)
(5,623)	-	Pension/postretirement plan remeasurement	(5,623)	7,270
(3,110)	-	Postretirement plan amendment	(3,110)	-
(265)	(361)	Amortization of pension liability adjustment	(806)	(1,188)
155	92	Derivative valuation adjustment	(964)	351
31,633	11,783	Other comprehensive income, net of tax	21,120	67,853
\$36,331	\$21,246	Comprehensive income	\$29,950	\$90,612

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

ALBANY INTERNATIONAL CORP.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	\$212,809	\$190,718
Accounts receivable, net	158,793	171,535
Inventories	118,955	119,183
Income taxes receivable and deferred	20,156	20,594
Prepaid expenses and other current assets	12,019	10,435
Total current assets	522,732	512,465
Property, plant and equipment, net	416,446	420,154
Intangibles	674	848
Goodwill	77,950	76,522
Deferred taxes	118,334	123,886
Other assets	28,149	22,822
Total assets	\$1,164,285	\$1,156,697
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	\$565	\$586
Accounts payable	39,161	35,117
Accrued liabilities	136,874	103,257
Current maturities of long-term debt	55,014	83,276
Income taxes payable and deferred	3,293	13,552
Total current liabilities	234,907	235,788
Long-term debt	252,115	235,877
Other noncurrent liabilities	110,048	136,012
Deferred taxes and other credits	52,998	55,509
Total liabilities	650,068	663,186
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 36,954,027 in 2013 and 36,642,204 in 2012	37	37
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 3,236,098 in 2013 and 2012	3	3
Additional paid in capital	399,973	395,381

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Retained earnings	430,676	435,775
Accumulated items of other comprehensive income:		
Translation adjustments	(3,661)	(7,659)
Pension and postretirement liability adjustments	(53,871)	(69,484)
Derivative valuation adjustment	(1,369)	(2,878)
Treasury stock (Class A), at cost 8,463,635 shares in 2013 and 8,467,873 in 2012	(257,571)	(257,664)
Total shareholders' equity	514,217	