

ALBANY INTERNATIONAL CORP /DE/
Form 10-Q
August 05, 2015

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, 2015

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 28.8 million shares of Class A Common Stock and 3.2 million shares of Class B Common Stock outstanding as of July 22, 2015.

ALBANY INTERNATIONAL CORP.

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

Three Months Ended June 30,			Six Months Ended June 30,	
2015	2014		2015	2014
\$172,289	\$193,518	Net sales	\$353,613	\$373,825
117,697	118,175	Cost of goods sold	222,337	223,673
54,592	75,343	Gross profit	131,276	150,152
39,932	40,012	Selling, general, and administrative expenses	75,165	79,169
10,411	14,397	Technical, product engineering, and research expenses	22,712	28,266
1,211	1,957	Restructuring expenses, net	10,212	3,139
3,038	18,977	Operating income	23,187	39,578
2,702	2,717	Interest expense, net	5,378	5,635
2,820	(2,133)	Other (income)/expenses, net	(465)	(2,600)
(2,484)	18,393	Income/(loss) before income taxes	18,274	36,543
(364)	7,216	Income tax expense/(benefit)	8,155	14,673
(2,120)	11,177	Net income/(loss)	10,119	21,870
52	(42)	Net income/(loss) attributable to the noncontrolling interest	78	30
(\$2,172)	\$11,219	Net income/(loss) attributable to the Company	\$10,041	\$21,840
(\$0.07)	\$0.35	Earnings/(losses) per share attributable to Company shareholders - Basic	\$0.31	\$0.69
(\$0.07)	\$0.35	Earnings(losses) per share attributable to Company shareholders - Diluted	\$0.31	\$0.68
		Shares of the Company used in computing earnings per share:		
31,999	31,832	Basic	31,941	31,809
31,999	31,935	Diluted	32,015	31,913
\$0.17	\$0.16	Dividends per share	\$0.33	\$0.31

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

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(in thousands)
(unaudited)

Three Months Ended June 30,			Six Months Ended June 30,	
2015	2014		2015	2014
(\$2,120)	\$11,177	Net income/(loss)	\$10,119	\$21,870
		Other comprehensive income/(loss), before tax:		
10,785	3,289	Foreign currency translation adjustments	(24,898)	(1,940)
		Amortization of pension liability adjustments:		
(1,111)	(1,108)	Prior service credit	(2,220)	(2,217)
1,461	1,355	Net actuarial loss	2,966	2,683
467	473	Payments related to derivatives included in earnings	953	951
(113)	(955)	Derivative valuation adjustment	(1,220)	(1,315)
		Income taxes related to items of other comprehensive income/(loss):		
(122)	(98)	Amortization of pension liability adjustment	(261)	(186)
(182)	(184)	Payments related to derivatives included in earnings	(372)	(371)
44	372	Derivative valuation adjustment	476	513
9,109	14,321	Comprehensive income/(loss)	(14,457)	19,988
52	(42)	Net income/(loss) attributable to the noncontrolling interest	79	30
\$9,057	\$14,363	Comprehensive income/(loss) attributable to the Company	(\$14,536)	\$19,958

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

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

	June 30, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	\$182,474	\$179,802
Accounts receivable, net	160,997	158,237
Inventories	109,630	107,274
Deferred income taxes	6,661	6,743
Asset held for sale	8,326	9,102
Prepaid expenses and other current assets	8,739	8,074
Total current assets	476,827	469,232
Property, plant and equipment, net	379,139	386,011
Intangibles	270	385
Goodwill	67,489	71,680
Income taxes receivable and deferred	71,817	69,540
Other assets	27,905	32,456
Total assets	\$1,023,447	\$1,029,304
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	\$543	\$661
Accounts payable	32,258	34,787
Accrued liabilities	89,544	95,149
Current maturities of long-term debt	50,015	50,015
Income taxes payable and deferred	1,742	2,786
Total current liabilities	174,102	183,398
Long-term debt	252,088	222,096
Other noncurrent liabilities	98,589	103,079
Deferred taxes and other credits	6,783	7,163
Total liabilities	531,562	515,736
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 37,230,013 in 2015 and 37,085,489 in 2014	37	37
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 3,235,048 in 2015 and 2014	3	3
Additional paid in capital	422,204	418,972
Retained earnings	455,597	456,105
Accumulated items of other comprehensive income:		

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Translation adjustments	(81,263)	(55,240)
Pension and postretirement liability adjustments	(50,056)	(51,666)
Derivative valuation adjustment	(1,024)	(861)
Treasury stock (Class A), at cost 8,455,293 shares in 2015 and 8,459,498 in 2014	(257,391)	(257,481)
Total Company shareholders' equity	488,107		509,869	
Noncontrolling interest	3,778		3,699	
Total equity	491,885		513,568	
Total liabilities and shareholders' equity	\$1,023,447		\$1,029,304	

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 integral part of
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 consolidated
 financial
 statements

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

Three Months Ended			Six Months Ended	
June 30,			June 30,	
2015	2014		2015	2014
OPERATING ACTIVITIES				
(\$2,120)	\$11,177	Net income/(loss)	\$10,119	\$21,870
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:				
13,373	14,276	Depreciation	26,897	28,383
1,811	1,821	Amortization	3,641	3,622
(5,920)	2,946	Change in long-term liabilities, deferred taxes and other credits	(6,197)	2,732
263	728	Provision for write-off of property, plant and equipment	415	729
-	(961)	Gain on disposition or involuntary conversion of assets	(1,056)	(961)
(342)	(106)	Excess tax benefit of options exercised	(603)	(145)
419	405	Compensation and benefits paid or payable in Class A Common Stock	995	947
Changes in operating assets and liabilities that provide/(use) cash:				
4,212	3,333	Accounts receivable	(9,487)	14,297
(4,061)	(1,963)	Inventories	(7,131)	(10,959)
1,715	1,762	Prepaid expenses and other current assets	(990)	(386)
(158)	(7)	Income taxes prepaid and receivable	(74)	14
(4,853)	555	Accounts payable	(1,341)	(739)
(933)	170	Accrued liabilities	(2,520)	(12,679)
475	651	Income taxes payable	77	(1,059)
7,062	(2,098)	Other, net	4,607	(4,129)
10,943	32,689	Net cash provided by operating activities	17,352	41,537
INVESTING ACTIVITIES				
(18,455)	(12,799)	Purchases of property, plant and equipment	(30,666)	(27,402)
(304)	(21)	Purchased software	(337)	(315)
-	961	Proceeds from sale or involuntary conversion of assets	2,797	961
(18,759)	(11,859)	Net cash used in investing activities	(28,206)	(26,756)
FINANCING ACTIVITIES				
24,346	235	Proceeds from borrowings	39,620	4,670
(4,303)	(17,593)	Principal payments on debt	(9,746)	(24,109)
(1,630)	-	Debt acquisition costs	(1,630)	-
1,039	261	Proceeds from options exercised	1,724	387
342	106	Excess tax benefit of options exercised	603	145
(5,107)	(4,774)	Dividends paid	(10,205)	(9,539)
14,687	(21,765)	Net cash provided by/(used in) financing activities	20,366	(28,446)

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4,765	(608)	Effect of exchange rate changes on cash and cash equivalents	(6,840)	(2,165)
11,636	(1,543)	Increase/(decrease) in cash and cash equivalents	2,672	(15,830)
170,838	208,379			