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: March 31, 2019

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	14-0462060
(State or other jurisdiction of incorporation or organization)	(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 603-330-5850

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 every Interactive Data File required to be submitted 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 such files). 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, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[√]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]
		Emerging growth company	[ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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 29.0 million shares of Class A Common Stock and 3.3 million shares of Class B Common Stock outstanding as of April 17, 2019.

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ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended March 31, 2019	2018
Net sales	$251,373	$223,603
Cost of goods sold	159,602	145,821
Gross profit	91,771	77,782
Selling, general, and administrative expenses	40,945	41,888
Technical and research expenses	10,249	10,317
Restructuring expenses, net	484	8,573
Operating income	40,093	17,004
Interest expense, net	4,417	4,288
Other (income)/expense, net	(1,208)	1,452
Income before income taxes	36,884	11,264
Income tax expense	7,476	3,365
Net income	29,408	7,899
Net income attributable to the noncontrolling interest	218	237
Net income attributable to the Company	$29,190	$7,662
Earnings per share attributable to Company shareholders - Basic	$0.90	$0.24
Earnings per share attributable to Company shareholders - Diluted	$0.90	$0.24
Shares of the Company used in computing earnings per share:		
Basic	32,272	32,220
Diluted	32,285	32,236
Dividends declared per share, Class A and Class B	$0.18	$0.17

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 March 31, 2019	2018
Net income	$29,408	$7,899
Other comprehensive income/(loss), before tax:		
Foreign currency translation and other adjustments	(2,152)	17,505
Amortization of pension liability adjustments:		
Prior service credit	(1,105)	(1,114)
Net actuarial loss	1,121	1,297
Payments and amortization related to interest rate swaps included in earnings	(452)	180
Derivative valuation adjustment	(3,377)	5,715
Income taxes related to items of other comprehensive income/(loss):		
Amortization of pension liability adjustment	(5)	(55)
Payments related to interest rate swaps included in earnings	115	(43)
Derivative valuation adjustment	863	(1,372)
Comprehensive income	24,416	30,012
Comprehensive income/(loss) attributable to the noncontrolling interest	210	230
Comprehensive income attributable to the Company	$24,206	$29,782

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

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

	March 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	$187,385	$197,755
Accounts receivable, net	234,127	223,176
Contract assets	57,869	57,447
Inventories	102,379	85,904
Income taxes prepaid and receivable	6,818	7,473
Prepaid expenses and other current assets	23,696	21,294
Total current assets	612,274	593,049
Property, plant and equipment, net	460,520	462,055
Intangibles, net	47,646	49,206
Goodwill	163,438	164,382
Deferred income taxes	63,736	62,622
Noncurrent receivables	45,354	45,061
Other assets	50,313	41,617
Total assets	$1,443,281	$1,417,992
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$74,050	$52,246
Accrued liabilities	122,342	129,030
Current maturities of long-term debt	19	1,224
Income taxes payable	8,387	6,806
Total current liabilities	204,798	189,306
Long-term debt	491,022	523,707
Other noncurrent liabilities	112,726	88,277
Deferred taxes and other liabilities	8,328	8,422
Total liabilities	816,874	809,712
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 37,478,402 in 2019 and 37,450,329 in 2018	37	37
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 3,233,998 in 2019 and 2018	3	3
Additional paid in capital	430,052	430,555
Retained earnings	613,057	589,645
Accumulated items of other comprehensive income:		
Translation adjustments	(116,630)	(115,976)
Pension and postretirement liability adjustments	(48,596)	(47,109)
Derivative valuation adjustment	1,846	4,697
Treasury stock (Class A), at cost; 8,418,620 shares in 2019 and in 2018	(256,603)	(256,603)
Total Company shareholders' equity	623,166	605,249
Noncontrolling interest	3,241	3,031
Total equity	626,407	608,280
Total liabilities and shareholders' equity	$1,443,281	$1,417,992

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

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
OPERATING ACTIVITIES		
Net income	$29,408	$7,899
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation	15,642	18,302
Amortization	2,314	2,646
Change in deferred taxes and other liabilities	(1,065)	(2,028)
Provision for write-off of property, plant and equipment	386	271
Non-cash interest expense	151	-
Compensation and benefits paid or payable in Class A Common Stock	(547)	289
Fair value adjustment on foreign currency option	-	37
Changes in operating assets and liabilities that (used)/provided cash:		
Accounts receivable	(11,624)	(25,089)
Contract assets	(481)	2,116
Inventories	(16,662)	(11,753)
Prepaid expenses and other current assets	(2,804)	(4,063)
Income taxes prepaid and receivable	674	102
Accounts payable	21,750	(2,538)
Accrued liabilities	(11,095)	(1,227)
Income taxes payable	1,506	(3,431)
Noncurrent receivables	(294)	(2,527)
Other noncurrent liabilities	(1,679)	(377)
Other, net	(1,014)	2,424
Net cash provided by/(used in) operating activities	24,566	(18,947)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(20,798)	(15,771)
Purchased software	(22)	(29)
Net cash used in investing activities	(20,820)	(15,800)
FINANCING ACTIVITIES		
Proceeds from borrowings	20,000	13,011
Principal payments on debt	(28,004)	(8,490)
Principal payments on finance lease liabilities	(400)	-
Taxes paid in lieu of share issuance	(971)	(1,652)
Proceeds from options exercised	44	147
Dividends paid	(5,808)	(5,474)
Net cash used in financing activities	(15,139)	(2,458)
Effect of exchange rate changes on cash and cash equivalents	1,023	4,904
Decrease in cash and cash equivalents	(10,370)	(32,301)
Cash and cash equivalents at beginning of period	197,755	183,727
Cash and cash equivalents at end of period	$187,385	$151,426

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

1. Significant Accounting Policies

Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair presentation of results for such periods. Albany International Corp. (Albany, the Registrant, the Company, we, us, or our) consolidates the financial results of its subsidiaries for all periods presented. The results for any interim period are not necessarily indicative of results for the full year.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in Albany International Corp.'s Consolidated Financial Statements and accompanying Notes. Actual results could differ materially from those estimates.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with "Risk Factors," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operation," "Quantitative and Qualitative Disclosures about Market Risk" and the Consolidated Financial Statements and Notes thereto included in Items 1A, 3, 7, 7A and 8, respectively, of the Albany International Corp. Annual Report on Form 10-K for the year ended December 31, 2018. Certain quarterly results for 2018 contained within this report have been revised to correct immaterial errors, as described in Note 24 of Item 8 in that same Annual Report on Form 10-K.

Effective January 1, 2019, we adopted the provisions of ASC 842, *Leases*, using the effective date approach for transition as discussed in Note 3, Leases. Accounting policies have been applied consistently to periods presented, except for the application of ASC 842, as further described in Note 3.

2. Reportable Segments

In accordance with applicable disclosure guidance for enterprise segments and related information, the internal organization that is used by management for making operating decisions and assessing performance is used as the basis for our reportable segments.

The Machine Clothing (MC) segment designs and manufactures fabrics and process felts used in the manufacture of all grades of paper products and other industrial products. We sell our MC products directly to customer end-users in countries across the globe. Our products, manufacturing processes, and distribution channels for MC are substantially the same in each region of the world in which we operate. We design, manufacture, and market paper machine clothing (used in the manufacturing of paper, paperboard, tissue and towel) for each section of the paper machine and for every grade of paper. Paper machine clothing products are customized, consumable products of technologically sophisticated design that utilize polymeric materials in a complex structure.

The Albany Engineered Composites (AEC) segment, including Albany Safran Composites, LLC (ASC), in which our customer SAFRAN Group (Safran) owns a 10 percent noncontrolling interest, is a designer and manufacturer of advanced materials-based engineered components for jet engine and airframe applications, supporting both commercial and military platforms provides highly engineered, advanced composite structures to customers in the commercial and defense aerospace industries. AEC's largest program relates to CFM International's LEAP engine. Under this program, AEC through ASC, is the exclusive supplier of advanced composite fan blades and cases under a long-term supply contract. The manufacturing spaces used for the production of parts under the long-term supply agreement are owned by Safran, and leased to the Company at either a market rent or a minimal cost. All lease expense is reimbursable by Safran to the Company due to the cost-plus nature of the supply agreement. AEC net sales to Safran were $56.0 million and $40.8 million in the first quarter of 2019 and 2018, respectively. The total of invoiced receivables, Contract assets and Noncurrent receivables due from Safran amounted to $107.8 million and $96.2 million as of March 31, 2019 and December 31, 2018, respectively.

The following tables show data by reportable segment, reconciled to consolidated totals included in the financial statements:

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Net sales		
Machine Clothing	**$144,334**	$141,773
Albany Engineered Composites	**107,039**	81,830
Consolidated total	**$251,373**	$223,603
Operating income/(loss)		
Machine Clothing	**$44,243**	$26,942
Albany Engineered Composites	**9,522**	2,275
Corporate expenses	**(13,672)**	(12,213)
Operating income	**$40,093**	$17,004
Reconciling items:		
Interest income	**(599)**	(382)
Interest expense	**5,016**	4,670
Other (income)/expense, net	**(1,208)**	1,452
Income before income taxes	**$36,884**	$11,264

The table below presents restructuring costs by reportable segment (also see Note 5):

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Machine Clothing	**$401**	$8,352
Albany Engineered Composites	**83**	221
Total	**$484**	$8,573

We disaggregate revenue earned from contracts with customers for each of our business segments and reporting units based on the timing of revenue recognition, and groupings used for internal review purposes.

The following table disaggregates revenue for each reporting unit by timing of revenue recognition:

	For the three months ended March 31, 2019		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	**$143,534**	**$800**	**$144,334**
Albany Engineered Composites			
ASC	**-**	**55,442**	**55,442**
Other AEC	**6,245**	**45,352**	**51,597**
Total Albany Engineered Composites	**6,245**	**100,794**	**107,039**
Total revenue	**$149,779**	**$101,594**	**$251,373**

	For the three months ended March 31, 2018		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$140,973	$800	$141,773
Albany Engineered Composites			
ASC	-	40,781	40,781
Other AEC	6,040	35,009	41,049
Total Albany Engineered Composites	6,040	75,790	81,830
Total revenue	$147,013	$76,590	$223,603

The following table disaggregates MC segment revenue by significant product groupings (paper machine clothing (PMC) and engineered fabrics), and, for PMC, the geographical region to which the paper machine clothing was sold:

(in thousands)	For the three months ended March 31, 2019	2018
Americas PMC	**$75,341**	$67,629
Eurasia PMC	**51,438**	53,811
Engineered Fabrics	**17,555**	20,333
Total Machine Clothing Net sales	**$144,334**	$141,773

In accordance with ASC 606-10-50-14, we do not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less. Contracts in the MC segment are generally for periods of less than a year. Most contracts in the AEC segment are short duration firm-fixed-price orders representing performance obligations with an original maturity of less than one year. Remaining performance obligations on contracts that had an original duration of greater than one year totaled $90 million and $115 million as of March 31, 2019 and 2018, respectively, and related primarily to firm contracts in the AEC segment. Of the remaining performance obligations as of March 31, 2019 we expect to recognize as revenue approximately $53 million during 2019, with the remainder to be recognized in between 2020 and 2021.

At the January 1, 2019 date of adoption of ASC 842, *Leases*, MC assets increased by $5.6 million, AEC assets increased by $0.5 million, and Corporate assets increased by $1.0 million.

3. Leases

Effective January 1, 2019, we adopted the provisions of ASC 842, *Leases*, using the effective date (or modified retrospective) approach for transition. Under this transition method, periods prior to 2019 have not been restated and the cumulative effect of initially applying the new standard was recorded as an adjustment to Retained earnings at January 1, 2019.

The new standard is intended to increase transparency and comparability among organizations by requiring the recognition of right of use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. We applied the new accounting standard to leases existing at the date of initial application on January 1, 2019.

We elected the available package of practical expedients, which permitted us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We implemented processes and internal controls to enable the preparation of financial information on adoption.

The most significant impact resulting from the adoption of the new standard was the recognition of ROU assets and lease liabilities for operating leases on our balance sheet for our real estate and automobile operating leases, in addition to the derecognition and reassessment of assets and liabilities related to our primary manufacturing facility in Salt Lake City, Utah (SLC lease), which had been accounted for as a build-to-suit lease with a failed sale leaseback. For that lease, transitional guidance required the derecognition of existing assets and liabilities and a reassessment of lease classification. We determined that the lease met the criteria for recording as a finance lease and we determined the

January 1, 2019 values of the ROU asset and lease liability on the basis of that reassessment. The change in the SLC lease-related assets and liabilities resulted in a $0.3 million pre-tax reduction to retained earnings at the date of adoption.

The table below presents the cumulative effect of changes made to our December 31, 2018 Balance Sheet as a result of the adoption of ASC 842, *Leases*:

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

	As previously reported at December 31, 2018	Adjustments Increase/ (decrease)	Opening balance, as adjusted, January 1, 2019
ASSETS			
Cash and cash equivalents	$197,755	$ -	$197,755
Accounts receivable, net	223,176	-	223,176
Contract assets	57,447	-	57,447
Inventories	85,904	-	85,904
Income taxes prepaid and receivable	7,473	-	7,473
Prepaid expenses and other current assets	21,294	(370)	20,924
Total current assets	593,049	(370)	592,679
Property, plant and equipment, net	462,055	(6,144)	455,911
Intangibles, net	49,206	-	49,206
Goodwill	164,382	-	164,382
Deferred income taxes	62,622	(20)	62,602
Noncurrent receivables	45,061	-	45,061
Other assets	41,617	13,615	55,232
Total assets	$1,417,992	$7,081	$1,425,073
LIABILITIES AND SHAREHOLDERS' EQUITY			
Notes and loans payable	$-	$-	$-
Accounts payable	52,246	-	52,246
Accrued liabilities	129,030	4,964	133,994
Current maturities of long-term debt	1,224	(1,206)	18
Income taxes payable	6,806	-	6,806
Total current liabilities	189,306	3,758	193,064
Long-term debt	523,707	(24,680)	499,027
Other noncurrent liabilities	88,277	27,968	116,245
Deferred taxes and other liabilities	8,422	-	8,422
Total liabilities	809,712	7,046	816,758
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 37,450,329 in 2018 and 37,395,753 in 2017	37	-	37
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 3,233,998 in 2018 and 2017	3	-	3
Additional paid in capital	430,555	-	430,555
Retained earnings	589,645	35	589,680
Accumulated items of other comprehensive income:			
Translation adjustments	(115,976)	-	(115,976)
Pension and postretirement liability adjustments	(47,109)	-	(47,109)
Derivative valuation adjustment	4,697	-	4,697
Treasury stock (Class A), at cost 8,418,620 shares in 2018 and 8,431,335 shares in 2017	(256,603)	-	(256,603)
Total Company shareholders' equity	605,249	35	605,284
Noncontrolling interest	3,031	-	3,031
Total equity	608,280	35	608,315
Total liabilities and shareholders' equity	$1,417,992	$7,081	$1,425,073

Adoption of the standard had no impact to cash from or used in operating, investing, or financing activities in our Consolidated Statements of Cash Flows.

Significant changes to our accounting policies as a result of adopting the new standard are discussed below.

We determine if an arrangement is a lease at inception. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, we would assess whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset,
- We have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- We have the right to direct the use of the asset. We have this right when we have the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Judgement is required in the application of ASC 842, *Leases*, including in determining whether a contract contains a lease, the appropriate classification, allocation of consideration, and the determination of the discount rate for the lease. Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) lease payments.

We are generally the lessee in our lease transactions. For periods ending after December 31, 2018, lessees will be required to recognize a lease liability and an ROU asset for leases with terms greater than 12 months, in accordance with the practical expedient that is available for ongoing accounting.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term, using the rate implicit in the lease. If that rate is not readily determinable, the rate is based on the Company’s incremental borrowing rate. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease. Our ROU assets include the values associated with the additional periods when it is reasonably certain that we will exercise the option. We review the carrying value of ROU assets for impairment whenever events and circumstances indicate that the carrying value of an asset group may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

We have lease agreements with lease and non-lease components. For most leases, we account for the lease and non-lease components as a single lease component, in accordance with the practical expedient that is available for ongoing accounting. Additionally, for certain leases, such as for vehicles, we apply a portfolio approach. New leases will be classified as financing or operating, with classification affecting the pattern and classification of expense recognition in the income statement. Expenses related to operating leases will be recognized on a straight-line basis, while those determined to be financing leases will be recognized following a front-loaded expense profile, in which interest and amortization are presented separately in the income statement.

Operating lease ROU assets are included in Other assets in the Consolidated Balance Sheets and Operating lease liabilities are included in Accrued liabilities and Other noncurrent liabilities in the Consolidated Balance Sheets. Finance lease ROU assets are included in Property, plant, and equipment, net in the Consolidated Balance Sheets and Finance lease liabilities are included in Accrued liabilities and Other noncurrent liabilities in the Consolidated Balance Sheets.

We have operating and finance leases for offices, manufacturing facilities, warehouses, vehicles, and certain equipment. Our leases have remaining lease terms of 1 year to 11 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year.

The components of lease expense were as follows:

(in thousands)	**For the three months ended March 31, 2019**
Finance lease	
Amortization of right-of-use asset	**$ 253**
Interest on lease liabilities	**399**
Operating lease	
Fixed lease cost	**1,217**
Variable lease cost	**57**
Short-term lease cost	**332**
Total lease expense	**$ 2,258**

Lease expense for the same period of 2018 was $2.1 million.

Supplemental cash flow information related to leases was as follows:

(in thousands)	**For the three months ended March 31, 2019**
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	**$ 1,191**
Operating cash flows from finance leases	**399**
Financing cash flows from finance leases	**400**
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	**$ 412**
Finance leases	**-**

Supplemental balance sheet information related to leases was as follows:

(in thousands)	March 31, 2019
Operating leases	
Right of use assets included in Other assets	**$ 12,969**
Lease liabilities included in	
Accrued liabilities	**$ 4,182**
Other noncurrent liabilities	**8,935**
Total operating lease liabilities	**$ 13,117**
Finance leases	
Right of use assets included in Property, plant and equipment, net	**$ 10,890**
Lease liabilities included in	
Accrued liabilities	**$ 1,216**
Other noncurrent liabilities	**18,564**
Total finance lease liabilities	**$ 19,780**

Additional information for leases existing at March 31, 2019 was as follows:

Weighted average remaining lease term	
Operating leases	**5 years**
Finance leases	**11 years**
Weighted average discount rate	
Operating leases	**6.1%**
Finance leases	**8.0%**

Maturities of lease liabilities as of March 31, 2019 were as follows:

(in thousands)	Operating leases	Finance lease
Year ending December 31,		
2019	**$ 3,487**	**$ 2,057**
2020	**4,068**	**2,790**
2021	**2,033**	**2,790**
2022	**1,419**	**2,838**
2023	**1,346**	**3,004**
Thereafter	**3,047**	**15,512**
Total lease payments	**15,400**	**28,991**
Less imputed interest	**(2,283)**	**(9,211)**
Total	**$ 13,117**	**$ 19,780**

The finance lease liability includes the SLC lease described above, but excludes additional manufacturing space that was included in the September 2018 modification of that lease. We will take control of the additional space during the fourth quarter of 2019, which will be the commencement of this lease component, at which time the lease liability and ROU asset will be recorded. We will have control of the additional space through 2029 and the additional space will increase gross cash outflows during that period by $6.1 million.

As of December 31, 2018, future rental payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year, were: 2019, $4.6 million; 2020, $3.2 million; 2021, $2.1 million; 2022, $1.5 million; and 2023 and thereafter, $6.5 million.

As of December 31, 2018, the following schedule presents future minimum annual payments under the SLC lease finance obligation, and the present value of the minimum payments:

	(in thousands)
Year ending December 31,	
2019	$ 2,451
2020	2,974
2021	2,990
2022	3,054
2023	3,277
Thereafter	18,930
Total minimum payments	33,676
Less imputed interest	(7,790)
Total	$ 25,886

As of December 31, 2018, the capitalized value associated with the SLC lease was included in Property, plant, and equipment, net at a value of $17.3 million, which included a gross cost of $20.8 million, and Accumulated depreciation of $3.5 million.

4. Pensions and Other Postretirement Benefit Plans

Pension Plans

The Company has defined benefit pension plans covering certain U.S. and non-U.S. employees. The U.S. qualified defined benefit pension plan has been closed to new participants since October 1998, and benefits accrued under this plan have been frozen since February 2009. As a result of the freeze, employees covered by the pension plan will receive, at retirement, benefits already accrued through February 2009 but no new benefits accrue after that date. Benefit accruals under the U.S. Supplemental Executive Retirement Plan ("SERP") were similarly frozen. The eligibility, benefit formulas, and contribution requirements for plans outside of the U.S. vary by location.

Other Postretirement Benefits

The Company also provides certain postretirement benefits to retired employees in the U.S. and Canada. The Company accrues the cost of providing postretirement benefits during the active service period of the employees. The Company currently funds the plans as claims are paid.

The composition of the net periodic benefit cost for the three months ended March 31, 2019 and 2018, was as follows:

(in thousands)	Pension plans 2019	2018	Other postretirement benefits 2019	2018
Components of net periodic benefit cost:				
Service cost	**$632**	$699	**$47**	$58
Interest cost	**1,794**	1,820	**528**	507
Expected return on assets	**(2,057)**	(2,247)	**-**	-
Amortization of prior service cost/(credit)	**17**	8	**(1,122)**	(1,122)
Amortization of net actuarial loss	**564**	558	**557**	739
Net periodic benefit cost	**$950**	$838	**$10**	$182

Service cost for defined benefit pension and postretirement plans are reported in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of net periodic benefit cost are presented in the income statement separately from the service cost component and outside a subtotal of income from operations, in the line item Other (income)/expense, net in the Consolidated Statements of Income.

5. Restructuring

MC restructuring charges include expenses for the first three months of 2019 and 2018 related to discontinued operations at its MC production facility in Sélestat, France. In 2018, the plan was approved by the French Labor Ministry which led to restructuring expense of $8.1 million in the first three months of 2018 for severance and outplacement costs for the approximately 50 positions that were terminated under this plan. In the first quarter of 2019, restructuring charges were $0.4 million. Since 2017, we have recorded $12.1 million of restructuring charges related to this action.

AEC restructuring charges include expenses for the first three months of 2019 and 2018 related to work force reductions in AEC locations in Salt Lake City, Utah and Rochester, New Hampshire. The restructuring charges for the first three months of 2019 and 2018 include expenses of $0.1 million and $0.2 million, respectively.

The following table summarizes charges reported in the Consolidated Statements of Income under “Restructuring expenses, net”:

(in thousands)	Three months ended March 31, 2019	2018
Machine Clothing	**$401**	$8,352
Albany Engineered Composites	**83**	221
Corporate expenses	**-**	-
Total	**$484**	$8,573

Three months ended March 31, 2019 (in thousands)	Total restructuring costs incurred	Termination and other costs
Machine Clothing	$401	$401
Albany Engineered Composites	83	83
Corporate expenses	-	-
Total	$484	$484

Three months ended March 31, 2018 (in thousands)	Total restructuring costs incurred	Termination and other costs
Machine Clothing	$8,352	$8,352
Albany Engineered Composites	221	221
Corporate expenses	-	-
Total	$8,573	$8,573

We expect substantially all of Accrued liabilities for restructuring at March 31, 2019 will be paid within one year. The table below presents the year-to-date changes in restructuring liabilities for 2019 and 2018, all of which related to termination costs:

(in thousands)	December 31, 2018	Restructuring charges accrued	Payments	Currency translation /other	March 31, 2019
Total termination and other costs	$5,570	$484	($876)	$23	$5,201

(in thousands)	December 31, 2017	Restructuring charges accrued	Payments	Currency translation /other	March 31, 2018
Total termination and other costs	$3,326	$8,573	($2,051)	$25	$9,873

6. Other (Income)/Expense, net

The components of Other (Income)/Expense, net are:

(in thousands)	Three months ended March 31, 2019	2018
Currency transaction (gains)/losses	**($2,038)**	$690
Bank fees and amortization of debt issuance costs	**109**	108
Components of net periodic pension and postretirement cost other than service	**281**	263
Other	**440**	391
Total	**($1,208)**	$1,452

7. Income Taxes

The following table presents components of income tax expense for the three months ended March 31, 2019 and 2018:

(in thousands, except percentages)	Three months ended March 31, 2019	2018
Income tax based on income from continuing operations, at estimated tax rates of 29.4% and 32.5%, respectively	**$10,847**	$3,656
Income tax before discrete items	**10,847**	3,656
Discrete tax expense:		
Exercise of U.S. stock options	**(50)**	(123)
Adjustments to prior period tax liabilities	**194**	(46)
Provision for resolution of tax audits and contingencies, net	**(2,232)**	5
Adjustment related to prior period change in opening valuation allowance	**(1,346)**	-
Other	**63**	(127)
Total income tax expense	**$7,476**	$3,365

The first-quarter estimated annual effective tax rate on continuing operations was 29.4 percent in 2019, compared to 32.5 percent for the same period in 2018.

Income tax expense for the quarter was computed in accordance with ASC 740-270 “Income Taxes – Interim Reporting”. Under this method, loss jurisdictions, which cannot recognize a tax benefit with regard to their generated losses, are excluded from the annual effective tax rate (AETR) calculation and their taxes will be recorded discretely in each quarter.

The Company’s tax rate is affected by recurring items such as the income tax rate in the U.S. and in non-U.S. jurisdictions and the mix of income earned in those jurisdictions, including changes in losses and income from excluded loss jurisdictions, and the impact of discrete items in the respective quarter.

The Company records the residual U.S. and foreign taxes on certain amounts of foreign earnings that have been targeted for repatriation to the U.S. These amounts are not considered to be indefinitely reinvested, and the Company accrued for the tax cost on these earnings to the extent they cannot be repatriated in a tax-free manner. The Company has targeted for repatriation $159.2 million of current year and prior year earnings of the Company’s foreign operations. If these earnings were distributed, the Company would be subject to foreign withholding taxes of $4.1 million and state income taxes of $3.3 million which have already been recorded.

The Company conducts business globally and, as a result, files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including major jurisdictions such as the United States, Brazil, Canada, France, Germany, Italy, Mexico, and Switzerland. The open tax years in these jurisdictions range from 2007 to 2019. The Company is currently under audit in non-U.S. tax jurisdictions, including but not limited to Italy.

In the first quarter of 2019, the Company recorded a net benefit of $2.2 million for tax audit settlements with Canada. The Canadian Revenue Agency agreed to accept the Company's appeal of all protested issues. The Company has begun to receive refunds from the Canadian Revenue Agency and Ontario for taxes that were pre-paid at the time of protests. As such, the Company determined that it is more likely than not that the liability for unrecognized tax benefits of $2.2 million that was recorded as of December 31, 2018 was no longer warranted and thus it was reduced in the first quarter of 2019, resulting in a $2.2 million discrete tax benefit.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. There was no evidence obtained during the first quarter 2019 that would require the Company to make any changes to its view of the future realization of deferred tax assets. In the first quarter of 2019, the Company recorded a $1.3 million out-of-period immaterial adjustment related to a German tax valuation allowance.

8. Earnings Per Share

The amounts used in computing earnings per share and the weighted average number of shares of potentially dilutive securities are as follows:

(in thousands, except market price and earnings per share)	**Three months ended March 31, 2019**	**2018**
Net income attributable to the Company	**$29,190**	$7,662
Weighted average number of shares:		
Weighted average number of shares used in calculating basic net income per share	**32,272**	32,220
Effect of dilutive stock-based compensation plans:		
Stock options	**13**	16
Weighted average number of shares used in calculating diluted net income per share	**32,285**	32,236
Average market price of common stock used for calculation of dilutive shares	**$71.24**	$63.86
Net income attributable to the Company per share:		
Basic	**$0.90**	$0.24
Diluted	**$0.90**	$0.24

9. Accumulated Other Comprehensive Income (AOCI)

The table below presents changes in the components of AOCI for the period December 31, 2018 to March 31, 2019:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative valuation adjustment	Total Other Comprehensive Income
December 31, 2018	**($115,976)**	**($47,109)**	**$4,697**	**($158,388)**
Other comprehensive income/(loss) before reclassifications	(654)	(152)	(2,514)	(3,320)
Interest expense related to swaps reclassified to the Consolidated Statements of Income, net of tax	-	-	(337)	(337)
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	-	11	-	11
Adjustment related to prior period change in opening valuation allowance	-	(1,346)	-	(1,346)
Net current period other comprehensive income	(654)	(1,487)	(2,851)	(4,992)
March 31, 2019	**($116,630)**	**($48,596)**	**$1,846**	**($163,380)**

The table below presents changes in the components of AOCI for the period December 31, 2017 to March 31, 2018:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative valuation adjustment	Total Other Comprehensive Income
December 31, 2017	**($87,318)**	**($50,536)**	**$1,953**	**($135,901)**
Other comprehensive income/(loss) before reclassifications	17,646	(141)	4,343	21,848
Interest expense related to swaps reclassified to the Consolidated Statements of Income, net of tax	-	-	137	137
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	-	128	-	128
Net current period other comprehensive income	17,646	(13)	4,480	22,113
March 31, 2018	**($69,672)**	**($50,549)**	**$6,433**	**($113,788)**

The components of our Accumulated Other Comprehensive Income that are reclassified to the Statement of Income relate to our pension and postretirement plans and interest rate swaps.

The table below presents the expense/(income) amounts reclassified, and the line items of the Consolidated Statements of Income that were affected for the three months ended March 31, 2019 and 2018.

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Pretax Derivative valuation reclassified from Accumulated Other Comprehensive Income:		
Expense related to interest rate swaps included in Income before taxes (a)	**($452)**	$180
Income tax effect	**115**	(43)
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**($337)**	$137
Pretax pension and postretirement liabilities reclassified from Accumulated Other Comprehensive Income:		
Amortization of prior service credit	**(1,105)**	(1,114)
Amortization of net actuarial loss	**1,121**	1,297
Total pretax amount reclassified (b)	**16**	183
Income tax effect	**(5)**	(55)
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$11**	$128

(a) Included in Interest expense, net, are payments related to the interest rate swap agreements and amortization of swap buyouts (see Notes 15 and 16).
(b) These accumulated other comprehensive income components are included in the computation of net periodic cost (see Note 4).

10. Noncontrolling Interest

Effective October 31, 2013, Safran S.A. (Safran) acquired a 10 percent equity interest in a new Albany subsidiary, Albany Safran Composites, LLC (ASC). Under the terms of the transaction agreements, ASC is the exclusive supplier to Safran of advanced 3D-woven composite parts for use in aircraft and rocket engines, thrust reversers and nacelles, and aircraft landing and braking systems (the “Safran Applications”). AEC may develop and supply parts other than advanced 3D-woven composite parts for all aerospace applications, as well as advanced 3D-woven composite parts for any aerospace applications that are not Safran Applications (such as airframe applications) and any non-aerospace applications.

The agreement provides Safran an option to purchase Albany’s remaining 90 percent interest upon the occurrence of certain bankruptcy or performance default events, or if Albany’s Engineered Composites business is sold to a direct competitor of Safran. The purchase price is based initially on the same valuation of ASC used to determine Safran’s 10 percent equity interest, and increases over time as LEAP production increases.

In accordance with the operating agreement, Albany received a $28 million preferred holding in ASC which includes a preferred return based on the Company’s revolving credit agreement. The common shares of ASC are owned 90 percent by Albany and 10 percent by Safran.

The table below presents a reconciliation of income attributable to the noncontrolling interest and noncontrolling equity in the Company’s subsidiary Albany Safran Composites, LLC:

	Three months ended March 31,	
(in thousands)	2019	2018
Net income of Albany Safran Composites (ASC)	**$2,510**	$2,681
Less: Return attributable to the Company's preferred holding	**328**	312
Net income of ASC available for common ownership	**$2,182**	$2,369
Ownership percentage of noncontrolling shareholder	**10%**	10%
Net income attributable to noncontrolling interest	**$218**	$237
Noncontrolling interest, beginning of year	**$3,031**	$3,247
Decrease attributable to 2018 adoption of ASC 606	**-**	(327)
Net income attributable to noncontrolling interest	**218**	237
Changes in other comprehensive income attributable to noncontrolling interest	**(8)**	(7)
Noncontrolling interest	**$3,241**	$3,150

11. Accounts Receivable

Accounts receivable includes trade receivables.

In connection with certain sales in Asia, the Company accepts a bank promissory note as customer payment. The notes may be presented for payment at maturity, which is less than one year.

The Company also maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company determines the allowance based on historical write-off experience, customer-specific facts and economic conditions. If the financial condition of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As of March 31, 2019 and December 31, 2018, Accounts receivable consisted of the following:

(in thousands)	March 31, 2019	December 31, 2018
Trade and other accounts receivable	**$223,717**	$211,244
Bank promissory notes	**18,332**	19,269
Allowance for doubtful accounts	**(7,922)**	(7,337)
Accounts receivable, net	**$234,127**	$223,176

The Company has Noncurrent receivables in the AEC segment that represent revenue earned which has extended payment terms. The Noncurrent receivables will be invoiced to the customer, with 2% interest, over a 10-year period starting in 2020.

As of March 31, 2019 and December 31, 2018, Noncurrent receivables consisted of the following:

(in thousands)	March 31, 2019	December 31, 2018
Noncurrent receivables	**$45,354**	$45,061

12. Contract Assets and Liabilities

Contract assets includes unbilled amounts typically resulting from sales under contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Contract assets are transferred to Accounts receivable, net when the entitlement to pay becomes unconditional. Contract liabilities include advance payments and billings in excess of revenue recognized. Contract liabilities are included in Accrued liabilities in the Consolidated Balance Sheets.

Contract assets and Contract liabilities are reported on the Consolidated Balance Sheets in a net position on a contract-by-contract basis at the end of each reporting period. As of March 31, 2019 and December 31, 2018 Contract assets and contract liabilities consisted of the following:

(in thousands)	March 31, 2019	December 31, 2018
Contract assets	**$57,869**	$57,447
Contract liabilities	**9,865**	9,025

Contract assets increased $0.4 million during the three month period ended March 31, 2019. The increase was primarily due to an increase in unbilled revenue related to the satisfaction of performance obligations, in excess of the amounts billed to customers. There were no impairment losses related to our Contract assets during the three month period ended March 31, 2019.

Contract liabilities increased $0.8 million during the three month period ended March 31, 2019, primarily due to increased billings in excess of revenue recognized. Revenue recognized for the three month period ended March 31, 2019, that was included in the Contract liability balance as of December 31, 2018 was $3.7 million, and included revenue in the MC and AEC segments.

13. Inventories

Costs included in inventories are raw materials, labor, supplies and allocable depreciation and overhead. Raw material inventories are valued on an average cost basis. Other inventory cost elements are valued at cost, using the first-in, first-out method. The Company writes down the inventories for estimated obsolescence, and to lower of cost or net realizable value based upon assumptions about future demand and market conditions. If actual demand or market conditions are less favorable than those projected by the Company, additional inventory write-downs may be required. Once established, the original cost of the inventory less the related write-down represents the new cost basis of such inventories.

As of March 31, 2019 and December 31, 2018, Inventories consisted of the following:

(in thousands)	March 31, 2019	December 31, 2018
Raw materials	**$47,820**	$40,489
Work in process	**37,582**	33,181
Finished goods	**16,977**	12,234
Total inventories	**$102,379**	$85,904

14. Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment at least annually. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. Our reportable segments are consistent with our operating segments.

Determining the fair value of a reporting unit requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates, and future market conditions, among others. Goodwill and other long-lived assets are reviewed for impairment whenever events, such as significant changes in the business climate, plant closures, changes in product offerings, or other circumstances indicate that the carrying amount may not be recoverable.

To determine fair value, we utilize two market-based approaches and an income approach. Under the market-based approaches, we utilize information regarding the Company as well as publicly available industry information to determine earnings multiples and sales multiples. Under the income approach, we determine fair value based on estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn.

In the second quarter of 2018, the Company applied the qualitative assessment approach in performing its annual evaluation of goodwill and concluded that no impairment provision was required. There were no amounts at risk due to the large spread between the fair and carrying values, of each reporting unit.

We are continuing to amortize certain patents, trade names, customer relationships, customer contracts and technology assets that have finite lives. The gross carrying value, accumulated amortization and net values of intangible assets and goodwill as of March 31, 2019 and December 31, 2018, were as follows:

As of March 31, 2019 (in thousands)	**Weighted average amortization life in years**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Amortized intangible assets:				
AEC trade names	15	$140	($131)	$9
AEC technology	15	370	(321)	49
Customer relationships	15	48,421	(9,690)	38,731
Customer contracts	6	17,471	(8,743)	8,728
Other intangibles	5	322	(193)	129
Net amortized intangible assets		$66,724	($19,078)	$47,646
Unamortized intangible assets:				
MC Goodwill		$67,708	$-	$67,708
AEC Goodwill		95,730	-	95,730
Total unamortized intangible assets:		$163,438	$-	$163,438

As of December 31, 2018 (in thousands)	**Weighted average amortization life in years**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Amortized intangible assets:				
AEC trade names	15	$140	($129)	$11
AEC technology	15	370	(314)	56
Customer relationships	15	48,421	(8,883)	39,538
Customer contracts	6	17,471	(8,015)	9,456
Other intangibles	5	322	(177)	145
Net amortized intangible assets		$66,724	($17,518)	$49,206
Unamortized intangible assets:				
MC Goodwill		$68,652	$-	$68,652
AEC Goodwill		95,730	-	95,730
Total unamortized intangible assets:		$164,382	$-	$164,382

The changes in intangible assets, net and goodwill from December 31, 2018 to March 31, 2019, were as follows:

(in thousands)	December 31, 2018	Amortization	Currency Translation	March 31,2019
Amortized intangible assets:				
AEC trade names	$11	($2)	$-	**$9**
AEC technology	56	(7)	-	**49**
Customer relationships	39,538	(807)	-	**38,731**
Customer contracts	9,456	(728)	-	**8,728**
Other intangibles	145	(16)	-	**129**
Net amortized intangible assets	$49,206	($1,560)	$-	**$47,646**
Unamortized intangible assets:				
MC Goodwill	$68,652	$-	($944)	**$67,708**
AEC Goodwill	95,730	-	-	**95,730**
Total unamortized intangible assets:	$164,382	$-	($944)	**$163,438**

Estimated amortization expense of intangibles for the years ending December 31, 2019 through 2023, is as follows:

Year	Annual amortization (in thousands)
2019	$6,234
2020	6,234
2021	6,163
2022	3,949
2023	3,228

15. Financial Instruments

Long-term debt, principally to banks and noteholders, consists of:

(in thousands, except interest rates)	March 31, 2019	December 31, 2018
Revolving credit agreement with borrowings outstanding at an end of period interest rate of 3.61% in 2019 and 3.69% in 2018 (including the effect of interest rate hedging transactions, as described below), due in 2022	**$491,000**	$499,000
Finance obligation	**-**	25,886
Other debt, at an average end of period rate of 5.50% in both 2019 and 2018, due in varying amounts through 2021	**41**	45
Long-term debt	**491,041**	524,931
Less: current portion	**(19)**	(1,224)
Long-term debt, net of current portion	**$491,022**	$523,707

On November 7, 2017, we entered into a $685 million unsecured Five-Year Revolving Credit Facility Agreement (the “Credit Agreement”) which amended and restated the prior $550 million Agreement, entered into on April 8, 2016 (the “Prior Agreement”). Under the Credit Agreement,

$491 million of borrowings were outstanding as of March 31, 2019. The applicable interest rate for borrowings was LIBOR plus a spread, based on our leverage ratio at the time of borrowing. At the time of the last borrowing on March 18, 2019, the spread was 1.375%. The spread was based on a pricing grid, which ranged from 1.250% to 1.750%, based on our leverage ratio. Based on our maximum leverage ratio and our Consolidated EBITDA, and without modification to any other credit agreements, as of March 31, 2019, we would have been able to borrow an additional $194 million under the Agreement.

The Credit Agreement contains customary terms, as well as affirmative covenants, negative covenants and events of default that are comparable to those in the Prior Agreement. The Borrowings are guaranteed by certain of the Company's subsidiaries.

Our ability to borrow additional amounts under the Credit Agreement is conditional upon the absence of any defaults, as well as the absence of any material adverse change (as defined in the Credit Agreement).

Due to the implementation of ASC 842, *Leases,* on January 1, 2019, as further described in Note 3 the finance obligation that had a balance of $25.9 million as of December 31, 2018, was eliminated and replaced with a finance lease obligation that is included in Other noncurrent liabilities and Accrued liabilities.

On November 27, 2017, we terminated our interest rate swap agreements, originally entered into on May 9, 2016, that had effectively fixed the interest rate on $300 million of revolving credit borrowings, in order to enter into a new interest rate swap with a greater notional amount, and the same maturity as the Credit Agreement. We received $6.3 million when the swap agreements were terminated and that payment will be amortized into interest expense through March 2021.

On May 6, 2016, we terminated other interest rate swap agreements that had effectively fixed the interest rate on $120 million of revolving credit borrowings, in order to enter into a new interest rate swap with a greater notional amount, and the same maturity as the Credit Agreement. We paid $5.2 million to terminate the swap agreements and that cost will be amortized into interest expense through June 2020.

On November 28, 2017, we entered into interest rate swap agreements for the period December 18, 2017 through October 17, 2022. These transactions have the effect of fixing the LIBOR portion of the effective interest rate (before addition of the spread) on $350 million of indebtedness drawn under the Credit Agreement at the rate of 2.11% during the period. Under the terms of these transactions, we pay the fixed rate of 2.11% and the counterparties pay a floating rate based on the one-month LIBOR rate at each monthly calculation date, which on March 18, 2019 was 2.49%, during the swap period. On March 18, 2019, the all-in-rate on the $350 million of debt was 3.61%.

These interest rate swaps are accounted for as a hedge of future cash flows, as further described in Note 16. No cash collateral was received or pledged in relation to the swap agreements.

Under the Credit Agreement, we are currently required to maintain a leverage ratio (as defined in the agreement) of not greater than 3.75 to 1.00 for each fiscal quarter ending prior to (but not including) September 30, 2019, and 3.50 to 1.00 for each fiscal quarter ending on or after September 30, 2019, and minimum interest coverage (as defined) of 3.00 to 1.00.

As of March 31, 2019, our leverage ratio was 1.79 to 1.00 and our interest coverage ratio was 12.08 to 1.00. We may purchase our Common Stock or pay dividends to the extent our leverage ratio remains at or below 3.50 to 1.00, and may make acquisitions with cash provided our leverage ratio does not exceed the limits noted above.

Indebtedness under the Credit Agreement is ranked equally in right of payment to all unsecured senior debt.

We were in compliance with all debt covenants as of March 31, 2019.

16. Fair-Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 3 inputs are unobservable data points for the asset or liability, and include situations in which there is little, if any, market activity for the asset or liability. We had no Level 3 financial assets or liabilities at March 31, 2019, or at December 31, 2018.

The following table presents the fair-value hierarchy for our Level 1 and Level 2 financial and non-financial assets and liabilities, which are measured at fair value on a recurring basis:

	March 31, 2019		**December 31, 2018**	
	Quoted prices in active markets	**Significant other observable inputs**	**Quoted prices in active markets**	**Significant other observable inputs**
(in thousands)	**(Level 1)**	**(Level 2)**	**(Level 1)**	**(Level 2)**
Fair Value				
Assets:				
Cash equivalents	$13,897	$-	$14,234	$-
Other Assets:				
Common stock of unaffiliated foreign public company (a)	743	-	731	-
Interest rate swaps	-	822(b)	-	4,548(c)

(a) Original cost basis $0.5 million.

(b) Net of $26.7 million receivable floating leg and $25.9 million liability fixed leg.

(c) Net of $32.0 million receivable floating leg and $27.5 million liability fixed leg.

Cash equivalents include short-term securities that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities.

The common stock of the unaffiliated foreign public company is traded in an active market exchange. The shares are measured at fair value using closing stock prices and are recorded in the Consolidated Balance Sheets as Other assets. Changes in the fair value of the investment are reported in the Consolidated Statements of Income.

We operate our business in many regions of the world, and currency rate movements can have a significant effect on operating results. Foreign currency instruments are entered into periodically, and consist of foreign currency option contracts and forward contracts that are valued using quoted prices in active markets obtained from independent pricing sources. These instruments are measured using market foreign exchange prices and are recorded in the Consolidated Balance

Sheets as Other current assets and Accounts payable, as applicable. Changes in fair value of these instruments are recorded as gains or losses within Other (income)/expense, net.

When exercised, the foreign currency instruments are net settled with the same financial institution that bought or sold them. For all positions, whether options or forward contracts, there is risk from the possible inability of the financial institution to meet the terms of the contracts and the risk of unfavorable changes in interest and currency rates, which may reduce the value of the instruments. We seek to mitigate risk by evaluating the creditworthiness of counterparties and by monitoring the currency exchange and interest rate markets while reviewing the hedging risks and contracts to ensure compliance with our internal guidelines and policies.

Changes in exchange rates can result in revaluation gains and losses that are recorded in Selling, general and administrative expenses or Other (income)/expense, net. Revaluation gains and losses occur when our business units have cash, intercompany (recorded in Other (income)/expense, net) or third-party trade (recorded in selling, general and administrative expenses) receivable or payable balances in a currency other than their local reporting (or functional) currency.

Operating results can also be affected by the translation of sales and costs, for each non-U.S. subsidiary, from the local functional currency to the U.S. dollar. The translation effect on the Consolidated Statements of Income is dependent on our net income or expense position in each non-U.S. currency in which we do business. A net income position exists when sales realized in a particular currency exceed expenses paid in that currency; a net expense position exists if the opposite is true.

The interest rate swaps are accounted for as hedges of future cash flows. The fair value of our interest rate swaps are derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve, and is included in Other assets and/or Other noncurrent liabilities in the Consolidated Balance Sheets. Unrealized gains and losses on the swaps flow through the caption Derivative valuation adjustment in the Shareholders' equity section of the Consolidated Balance Sheets. As of March 31, 2019, these interest rate swaps were determined to be highly effective hedges of interest rate cash flow risk. Amounts accumulated in Other comprehensive income are reclassified as Interest expense, net when the related interest payments (that is, the hedged forecasted transactions), and amortization related to the swap buyouts, affect earnings. Interest expense related to payments under the active swap agreements totaled ($0.3) million for the three month period ended March 31, 2019, and $0.5 million for the three month period ended March 31, 2018. Additionally, non-cash interest income related to the amortization of swap buyouts totaled $0.1 million for the three month period ended March 31, 2019 and $0.2 million for the three month period ended March 31, 2018.

Gains/(losses) related to changes in fair value of derivative instruments that were recognized in Other (income)/expense, net in the Consolidated Statements of Income were as follows:

(in thousands)	**Three months ended March 31, 2019**	**2018**
Derivatives not designated as hedging instruments		
Foreign currency options (losses)	$ -	($37)

17. Contingencies

Asbestos Litigation

Albany International Corp. is a defendant in suits brought in various courts in the United States by plaintiffs who allege that they have suffered personal injury as a result of exposure to asbestos-containing paper machine clothing synthetic dryer fabrics marketed during the period from 1967 to 1976 and used in certain paper mills.

We were defending 3,688 claims as of March 31, 2019.

The following table sets forth the number of claims filed, the number of claims settled, dismissed or otherwise resolved, and the aggregate settlement amount during the periods presented:

Year ended December 31,	Opening Number of Claims	Claims Dismissed, Settled, or Resolved	New Claims	Closing Number of Claims	Amounts Paid (thousands) to Settle or Resolve
2014	4,299	625	147	3,821	$437
2015	3,821	116	86	3,791	164
2016	3,791	148	102	3,745	758
2017	3,745	105	90	3,730	55
2018	3,730	152	106	3,684	100
2019 (as of March 31)	**3,684**	**13**	**17**	**3,688**	**$-**

We anticipate that additional claims will be filed against the Company and related companies in the future, but are unable to predict the number and timing of such future claims. Due to the fact that information sufficient to meaningfully estimate a range of possible loss of a particular claim is typically not available until late in the discovery process, we do not believe a meaningful estimate can be made regarding the range of possible loss with respect to pending or future claims and therefore are unable to estimate a range of reasonably possible loss in excess of amounts already accrued for pending or future claims.

While we believe we have meritorious defenses to these claims, we have settled certain claims for amounts we consider reasonable given the facts and circumstances of each case. Our insurance carrier has defended each case and funded settlements under a standard reservation of rights. As of March 31, 2019 we had resolved, by means of settlement or dismissal, 37,759 claims. The total cost of resolving all claims was $10.3 million. Of this amount, almost 100% was paid by our insurance carrier, who has confirmed that we have approximately $140 million of remaining coverage under primary and excess policies that should be available with respect to current and future asbestos claims.

The Company’s subsidiary, Brandon Drying Fabrics, Inc. (“Brandon”), is also a separate defendant in many of the asbestos cases in which Albany is named as a defendant, despite never having manufactured any fabrics containing asbestos. While Brandon was defending against 7,709 claims as of March 31, 2019, only eleven claims have been filed against Brandon since January 1, 2012, and no settlement costs have been incurred since 2001. Brandon was acquired by the Company in 1999, and has its own insurance policies covering periods prior to 1999. Since 2004, Brandon’s insurance carriers have covered 100% of indemnification and defense costs, subject to policy limits and a standard reservation of rights.

In some of these asbestos cases, the Company is named both as a direct defendant and as the “successor in interest” to Mount Vernon Mills (“Mount Vernon”). We acquired certain assets from Mount Vernon in 1993. Certain plaintiffs allege injury caused by asbestos-containing products alleged to have been sold by Mount Vernon many years prior to this acquisition. Mount Vernon is contractually obligated to indemnify the Company against any liability arising out of such products. We deny any liability for products sold by Mount Vernon prior to the acquisition of the Mount Vernon assets. Pursuant to its contractual indemnification obligations, Mount Vernon has assumed the defense of these claims. On this basis, we have successfully moved for dismissal in a number of actions.

We currently do not anticipate, based on currently available information, that the ultimate resolution of the aforementioned proceedings will have a material adverse effect on the financial position, results of operations, or cash flows of the Company. Although we cannot predict the number and timing of future claims, based on the foregoing factors, the trends in claims filed against us, and available insurance, we also do not currently anticipate that potential future claims will have a material adverse effect on our financial position, results of operations, or cash flows.

18. Changes in Shareholders' Equity

The following table summarizes changes in Shareholders' Equity for the period December 31, 2018 to March 31, 2019:

(in thousands, except per share amounts)	Common Stock Class A and B	Additional paid in capital	Retained earnings	Accumulated items of other comprehensive income/(loss)	Treasury stock	Noncontrolling Interest	Total Equity
December 31, 2018	**$40**	**$430,555**	**$589,645**	**($158,388)**	**($256,603)**	**$3,031**	**$608,280**
Adoption of accounting standards (a)	-	-	35	-	-	-	35
Net income	-	-	29,190	-	-	218	29,408
Compensation and benefits paid or payable in shares	-	(547)	-	-	-	-	(547)
Options exercised	-	44	-	-	-	-	44
Dividends declared:							
Class A Common Stock, $0.18 per share	-	-	(5,813)	-	-	-	(5,813)
Class B Common Stock, $0.18 per share	-	-	-	-	-	-	-
Cumulative translation adjustments	-	-	-	(654)	-	(8)	(662)
Pension and postretirement liability adjustments	-	-	-	(1,487)	-	-	(1,487)
Derivative valuation adjustment	-	-	-	(2,851)	-	-	(2,851)
March 31, 2019	**$40**	**$430,052**	**$613,057**	**($163,380)**	**($256,603)**	**$3,241**	**$626,407**

The following table summarizes changes in Shareholders' Equity for the period December 31, 2017 to March 31, 2018:

(in thousands, except per share amounts)	Common Stock Class A and B	Additional paid in capital	Retained earnings	Accumulated items of other comprehensive income/(loss)	Treasury stock	Noncontrolling Interest	Total Equity
December 31, 2017	**$40**	**$428,423**	**$534,082**	**($135,901)**	**($256,876)**	**$3,247**	**$573,015**
Adoption of accounting standards (b),(c)	-	-	(5,068)	-	-	(327)	(5,395)
Net income	-	-	7,662	-	-	237	7,899
Compensation and benefits paid or payable in shares	-	289	-	-	-	-	289
Options exercised	-	147	-	-	-	-	147
Dividends declared:							
Class A Common Stock, $0.17 per share	-	-	(5,483)	-	-	-	(5,483)
Class B Common Stock, $0.17 per share	-	-	-	-	-	-	-
Cumulative translation adjustments	-	-	-	17,646	-	(7)	17,639
Pension and postretirement liability adjustments	-	-	-	(13)	-	-	(13)
Derivative valuation adjustment	-	-	-	4,480	-	-	4,480
March 31, 2018	**$40**	**$428,859**	**$531,193**	**($113,788)**	**($256,876)**	**$3,150**	**$592,578**

(a) As described in Note 3, the Company adopted ASC 842, *Leases* effective January 1, 2019, which resulted in an increase to Retained earnings of less than $0.1 million.

(b) The Company adopted ASC 606 effective January 1, 2018, which resulted in a decrease to Retained earnings of $5.6 million and a $0.3 million decrease to Noncontrolling interest.

(c) The Company adopted ASU 2016-16 effective January 1, 2018, which resulted in a $0.5 million increase to Retained earnings.

19. Recent Accounting Pronouncements

In June 2016, an accounting update was issued which changes the way entities recognize impairment of many financial assets by requiring immediate recognition of credit losses expected to occur over their remaining life. We are continuing to evaluate the expected impact on our consolidated financial statements and related disclosures. We will adopt the new standard effective January 1, 2020.

In August 2018, an accounting update was issued which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing defined benefit plan disclosures. We do not expect a significant impact to our consolidated assets and liabilities, net earnings, or cash flows as a result of adopting this new standard. We plan to adopt the new standard effective January 1, 2020.

In August 2018, an accounting update was issued which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing fair value measurement disclosures. We are currently evaluating the impact of this update. We will adopt the new standard effective January 1, 2020.

In November 2018, an accounting update was issued which clarifies when transactions between collaborative arrangement participants are in the scope of ASC 606. The update also provides some guidance on presentation of transactions not in the scope of ASC 606. We are currently evaluating the impact of this update. We will adopt the new standard effective January 1, 2020.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of the Company. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying Notes.

Forward-looking statements

This quarterly report and the documents incorporated or deemed to be incorporated by reference in this quarterly report contain statements concerning our future results and performance and other matters that are "forward-looking" statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "believe," "expect," "anticipate," "intend," "estimate," "project," "look for," "will," "should" and similar expressions identify forward-looking statements, which generally are not historical in nature. Because forward-looking statements are subject to certain risks and uncertainties, (including, without limitation, those set forth in the Company's most recent Annual Report on Form 10-K or prior Quarterly Reports on Form 10-Q) actual results may differ materially from those expressed or implied by such forward-looking statements.

There are a number of risks, uncertainties, and other important factors that could cause actual results to differ materially from the forward-looking statements, including, but not limited to:

- Conditions in the industries in which our Machine Clothing and Albany Engineered Composites segments compete, along with the general risks associated with macroeconomic conditions;
- In the Machine Clothing segment, greater than anticipated declines in the demand for publication grades of paper, or lower than anticipated growth in other paper grades;
- In the Albany Engineered Composites segment, unanticipated reductions in demand, delays, technical difficulties or cancellations in aerospace programs that are expected to drive growth;
- Failure to achieve or maintain anticipated profitable growth in our Albany Engineered Composites segment; and
- Other risks and uncertainties detailed in this report.

Further information concerning important factors that could cause actual events or results to be materially different from the forward-looking statements can be found in "Business Environment Overview and Trends" sections of this quarterly report, as well as in Item 1A-"Risk Factors" section of our most recent Annual Report on Form 10-K. Statements expressing our assessments of the growth potential of the Albany Engineered Composites segment are not intended as forecasts of actual future growth, and should not be relied on as such. While we believe such assessments to have a reasonable basis, such assessments are, by their nature, inherently uncertain. This report sets forth a number of assumptions regarding these assessments, including projected timing and volume of demand for aircraft and for LEAP aircraft engines. Such assumptions could prove incorrect. Although we believe the expectations reflected in our other forward-looking statements are based on reasonable assumptions, it is not possible to foresee or identify all factors that could have a material and negative impact on our future performance. The forward-looking statements included or incorporated by reference in this report are made on the basis of our assumptions and analyses, as of the time the statements are made, in light of our experience and perception of historical conditions, expected future developments, and other factors believed to be appropriate under the circumstances.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained or incorporated by reference in this report to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Business Environment Overview and Trends

Our reportable segments, Machine Clothing (MC) and Albany Engineered Composites (AEC), draw on the same advanced textiles and materials processing capabilities, and compete on the basis of product-based advantage that is grounded in those core capabilities.

The MC segment is the Company’s long-established core business and primary generator of cash. While it has suffered from well-documented declines in publication grades in the Company’s traditional markets, the paper and paperboard industry is still expected to grow slightly on a global basis, driven by demand for packaging and tissue grades, as well as the expansion of paper consumption and production in Asia and South America. We feel we are now well-positioned in key markets, with high-quality, low-cost production in growth markets, substantially lower fixed costs in mature markets, and continued strength in new product development, technical product support, and manufacturing technology. Because of pricing pressures and industry overcapacity, the machine clothing and paper industries will continue to face top line pressure. Despite continued market pressure on revenue, the business retains the potential for maintaining stable earnings in the future. It has been a significant generator of cash, and we seek to maintain the cash-generating potential of this business by maintaining the low costs that we achieved through continuous focus on cost reduction initiatives, and competing vigorously by using our differentiated and technically superior products to reduce our customers’ total cost of operation and improve their paper quality.

The AEC segment provides significant growth potential for our Company both near and long term. Our strategy is to grow by focusing our proprietary 3D-woven technology, as well as our non-3D technology capabilities, on high-value aerospace (both commercial and defense) applications, while at the same time performing successfully on our portfolio of growth programs. AEC (including Albany Safran Composites, LLC (ASC), in which our customer SAFRAN Group owns a 10 percent noncontrolling interest) supplies a number of customers in the aerospace industry. AEC’s largest aerospace customer is the SAFRAN Group and sales to SAFRAN, through ASC, (consisting primarily of fan blades and cases for CFM’s LEAP engine) accounted for approximately 19 percent of the Company’s consolidated net sales in 2018. AEC, through ASC, also supplies 3D-woven composite fan cases for the GE9X engine. AEC’s current portfolio of non-3D programs includes components for the F-35, fuselage components for the Boeing 787, components for the CH-53K helicopter, vacuum waste tanks for Boeing 7-Series aircraft, and missile bodies for Lockheed Martin’s JASSM air-to-surface missiles. AEC is actively engaged in research to develop new applications in both commercial and defense aircraft engine and airframe markets. In 2018, approximately 25 percent of AEC sales were related to U.S. government contracts or programs.

Consolidated Results of Operations

Net sales

The following table summarizes our Net sales by business segment:

	Three months ended March 31,		
(in thousands, except percentages)	**2019**	**2018**	% Change
Machine Clothing	**$144,334**	$141,773	1.8%
Albany Engineered Composites	**107,039**	81,830	30.8%
Total	**$251,373**	$223,603	12.4%

The following table summarizes first-quarter 2019 Net sales, excluding the impact of currency translation effects:

(in thousands, except percentages)	**Net sales as reported, Q1 2019**	**Decrease due to changes in currency translation rates**	**Q1 2019 sales on same basis as Q1 2018**	**Net sales as reported, Q1 2018**	**% Change compared to Q1 2018, excluding currency rate effects**
Machine Clothing	**$144,334**	$4,241	$148,575	$141,773	4.8%
Albany Engineered Composites	**107,039**	1,887	108,926	81,830	33.1%
Total	**$251,373**	$6,128	$257,501	$223,603	15.2%

Three month comparison

- Changes in currency translation rates had the effect of decreasing net sales by $6.1 million during the first quarter of 2019, as compared to 2018, principally due to the weakening of the euro and Chinese renminbi in the first quarter of 2019, compared to the first quarter of 2018.
- Excluding the effect of changes in currency translation rates:
  - Net sales increased 15.2% compared to the same period in 2018.
  - Net sales in MC increased 4.8% principally due to global growth in sales for tissue and packaging grades, and in the North America market across all major grades.
  - Net sales in AEC increased 33.1% primarily driven by growth in the LEAP, and CH-53K programs.

Gross Profit

The following table summarizes Gross profit by business segment:

(in thousands, except percentages)	Three months ended March 31, 2019	2018
Machine Clothing	**$74,528**	$66,312
Albany Engineered Composites	**17,243**	11,524
Corporate expenses	**-**	(54)
Total	**$91,771**	$77,782
% of Net sales	**36.5%**	34.8%

Three month comparison

The increase in 2019 gross profit, as compared to the same period in 2018, was principally due to the net effect of the following individually significant items:

- An increase in MC gross profit, principally due to higher sales and improved labor productivity.
- An increase in AEC gross profit, principally due to higher sales, improved labor productivity, and the favorable effect of changes in the estimated profitability of long-term contracts, which increased Gross profit by $0.6 million in the first quarter of 2019, compared to a reduction of $0.7 million in 2018.
- Changes in currency translation rates did not have a significant effect on gross profit in 2019.

Selling, Technical, General, and Research (STG&R)

Selling, Technical, General and Research (STG&R) expenses include; selling, general, administrative, technical and research expenses.

The following table summarizes STG&R expenses by business segment:

(in thousands, except percentages)	Three months ended March 31, 2019	2018
Machine Clothing	**$29,886**	$31,018
Albany Engineered Composites	**7,637**	9,028
Corporate expenses	**13,671**	12,159
Total	**$51,194**	$52,205
% of Net sales	**20.4%**	23.3%

Three month comparison

The overall decrease in STG&R expenses in the first quarter of 2019, compared to the same period in 2018, was principally due to the net effect of the following individually significant items:

- In MC, revaluation of nonfunctional currency assets and liabilities and resulted in first-quarter losses of $1.5 million in 2018, while the effect in 2019 was nil.

- In AEC, lower compensation and professional fees in 2019, as compared to 2018.
- Corporate STG&R expenses increased principally due to CFO termination costs in 2019.

Research and Development

The following table is a subset of the STG&R expenses table above and summarizes expenses associated with internally funded research and development by business segment:

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Machine Clothing	**$4,422**	$4,418
Albany Engineered Composites	**3,116**	3,148
Total	**$7,538**	$7,566

Restructuring Expense

In addition to the items discussed above affecting gross profit, and STG&R expenses, operating income was affected by restructuring costs of $0.5 million in the first three months of 2019, and $8.6 million for the same period in 2018.

The following table summarizes restructuring expenses by business segment:

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Machine Clothing	**$401**	$8,352
Albany Engineered Composites	**83**	221
Corporate expenses	**-**	-
Total	**$484**	$8,573

In 2018, the Company's proposal to close its Machine Clothing production facility in Sélestat, France was approved by the French Labor Ministry. The restructuring program was driven by the Company's need to balance manufacturing capacity with demand. In the first three months of 2018, we recorded restructuring expense of $8.1 million for severance and outplacement costs for the approximately 50 positions that will be terminated under this plan. Since 2017, we have recorded $12.1 million of restructuring charges related to this action. The Company continues to assess property, plant and equipment in that location to determine if equipment will be transferred to other facilities, or if the value of the assets can be recovered through a sale. Depending on the outcome of that assessment, additional restructuring charges could be recorded in future periods. Annual cost savings associated with this action has resulted in lower cost of goods sold.

AEC restructuring charges include expenses for the first three months of 2019 and 2018 related to work force reductions in AEC locations in Salt Lake City, Utah and Rochester, New Hampshire.

For more information on our restructuring charges, see Note 5 to the Consolidated Financial Statements in Item 1, which is incorporated herein by reference.

Operating Income

The following table summarizes operating income/(loss) by business segment:

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Machine Clothing	**$44,243**	$26,942
Albany Engineered Composites	**9,522**	2,275
Corporate expenses	**(13,672)**	(12,213)
Total	**$40,093**	$17,004

Other Earnings Items

	Three months ended March 31,	
(in thousands)	**2019**	**2018**
Interest expense, net	**$4,417**	$4,288
Other (income)/expense, net	**(1,208)**	1,452
Income tax expense	**7,476**	3,365
Net income attributable to the noncontrolling interest	**218**	237

Interest Expense, net

Interest expense, net, increased in 2019, principally due to an increase in average debt outstanding. The higher debt balances related to funding expansion of the AEC business. See the Capital Resources section for further discussion of borrowings and interest rates.

Other (income)/expense, net

The decrease in Other (income)/expense, net included the following individually significant items:

Three month comparison

- For the first quarter of each year, revaluation of nonfunctional currency cash and intercompany balances resulted in a gain of $2.0 million in 2019 and a loss of $0.7 million in 2018.

Income Tax

The Company has operations which constitute a taxable presence in 18 countries outside of the United States. The majority of these countries had income tax rates that are above the United States federal tax rate of 21% during the periods reported. The jurisdictional location of earnings is a significant component of our effective tax rate each year. The rate impact of this component is influenced by the specific location of non-U.S. earnings and the level of our total earnings. From period to period, the jurisdictional mix of earnings can vary as a result of operating fluctuations in the normal course of business, as well as the extent and location of other income and expense items, such as pension settlement and restructuring charges.

Three month comparison

The Company's effective tax rates for the first quarter of 2019 and 2018 were 20.3% and 29.9%, respectively. The tax rate is affected by recurring items, such as the income tax rate in the U.S. and in non-U.S. jurisdictions and the mix of income earned in those jurisdictions. The tax rate is also affected by U.S. tax costs on foreign earnings, and by discrete items that may occur in any given year but are not consistent from year to year.

Significant items that impacted the 2019 effective tax rate included the following (percentages reflect the effect of each item as a percentage of income before income taxes):

- The income tax rate on continuing operations, excluding discrete items, was 29.4%.
- A $2.2 million [-6.1%] tax benefit due to changes of uncertain tax positions.
- A $1.3 million [-3.6%] tax benefit from an adjustment related to a prior period change in a valuation allowance.
- A $0.2 million [0.6%] tax expense for other tax adjustments.

Significant items that impacted the first quarter of 2018 tax rate included the following:

- The income tax rate on continuing operations, excluding discrete items, was 32.5%.
- A $0.1 million [-1.1%] discrete income tax benefit related to the exercise of U.S. stock options.
- A $0.2 million [-1.5%] net tax benefit related to other discrete items.

Segment Results of Operations

Machine Clothing Segment

Machine Clothing is our primary business segment and accounted for 57% of our consolidated revenues during the first three months of 2019. MC products are purchased primarily by manufacturers of paper and paperboard.

According to RISI, Inc., global production of paper and paperboard is expected to grow at an annual rate of approximately 1 percent over the next five years, driven primarily by global growth in packaging and tissue, which is expected to be greater than expected declines in publication grades.

While the MC business has suffered from well-documented declines in publication grades in the Company's traditional markets, the paper and paperboard industry is still expected to grow slightly on a global basis, driven by demand for packaging and tissue grades. We feel we are now well-positioned in these markets, with high-quality, low-cost production in growth markets, substantially lower fixed costs in mature markets, and continued strength in new product development, technical product support, and manufacturing technology. Recent technological advances in paper machine clothing, while contributing to the papermaking efficiency of customers, have lengthened the useful life of many of our products and had an adverse impact on overall paper machine clothing demand.

The Company’s manufacturing and product platforms position us well to meet these shifting demands across product grades and geographic regions. Our strategy for meeting these challenges continues to be to grow share in all markets, with new products and technology, and to maintain our manufacturing footprint to align with global demand, while we offset the effects of inflation through continuous productivity improvement.

We have incurred significant restructuring charges in recent periods as we reduced MC manufacturing capacity and administrative positions in the United States and France.

Review of Operations

	Three months ended March 31,	
(in thousands, except percentages)	**2019**	**2018**
Net sales	**$144,334**	$141,773
Gross profit	**74,528**	66,312
% of Net sales	**51.6%**	46.8%
STG&R expenses	**29,886**	31,018
Operating income	**44,243**	26,942

Net Sales

Three month comparison

- Net sale’s increased by 1.8%.
  - Changes in currency translation rates had the effect of decreasing first-quarter 2019 sales by $4.2 million compared to the same period in 2018. That currency translation effect was principally due to the weakening of the euro and Chinese renminbi in the first quarter of 2019, compared to the first quarter of 2018.
  - Excluding the effect of changes in currency translation rates, Net sales in MC increased 4.8% principally due to growth in sales for the tissue and packaging grades, and in the North America market across all major grades.

Gross Profit

Three month comparison

- The increase in MC Gross profit was principally due to higher sales and improved labor productivity.

- Changes in currency translation rates did not have a significant effect on Gross profit for the first quarter of 2019.

Operating Income

Three month comparison

The increase in operating income was principally due to the net effect of the following individually significant items:

- Gross profit increased $8.2 million due to increased sales and improved labor productivity.

- STG&R expenses decreased $1.1 million principally due to revaluation of nonfunctional currency assets and liabilities and resulted in first-quarter losses of $1.5 million in 2018, while the effect in 2019 was nil.

- Restructuring charges were $0.4 million in the first-quarter of 2019, compared to $8.4 million in the same period in 2018.

Albany Engineered Composites Segment

The AEC segment, including Albany Safran Composites, LLC (ASC), in which our customer, the SAFRAN Group, owns a 10 percent noncontrolling interest, provides highly engineered advanced composite structures to customers primarily in the aerospace (both commercial and defense) industry. AEC's largest program relates to CFM International's LEAP engine. AEC, through ASC, is the exclusive supplier of advanced composite fan blades and cases for this program under a long-term supply contract. LEAP engines are currently used on the Boeing 737 Max, Airbus A320neo and COMAC aircraft. Other significant AEC programs include components for the F-35, fuselage frames for the Boeing 787, components for the CH53-K helicopter, and the fan case for the GE9X engine.

A number of countries, including the United States, have recently issued orders grounding Boeing 737 Max 8 and/or Max 9 aircraft. If these recent groundings cause a decrease in demand for, or production of, this aircraft, it could have an adverse impact on demand for LEAP engines, which could in turn have an adverse impact on demand for our LEAP engine parts. Based on recent communications by Boeing and the SAFRAN Group, we are currently not projecting any change to our production forecast.

Review of Operations

(in thousands, except percentages)	Three months ended March 31, 2019	2018
Net sales	**$107,039**	$81,830
Gross profit	**17,243**	11,524
% of Net sales	**16.1%**	14.1%
STG&R expenses	**7,637**	9,028
Operating income/(loss)	**9,522**	2,275

Net Sales

Three month comparison

The increase in Net sales was principally due to the net effect of the following individually significant items:

- Net sales increased by 30.8%.
- Excluding the effect of changes in currency translation rates, Net sales increased 33.1% primarily driven by growth in the LEAP and CH-53K programs.

Gross Profit

Three month comparison

The increase in gross profit of $5.7 million was principally due to the increase in Net sales, as described above, improved labor productivity, and the effect of changes in the estimated profitability of long-term contracts which increased Gross profit by $0.6 million in the first quarter of 2019, compared to a reduction of $0.7 million in 2018.

Long-term contracts

AEC has contracts with certain customers, including its contract for the LEAP program, where revenue is determined by a cost-plus fee agreement. Revenue earned under these arrangements accounted for approximately 50 percent of segment revenue for each of the first three months of 2019 and 2018.

In addition, AEC has long-term contracts in which the selling price is fixed. In accounting for those contracts, we estimate the profit margin expected at the completion of the contract and recognize a pro-rata share of that profit during the course of the contract using a cost-to-cost approach. Changes in estimated contract profitability will affect revenue and gross profit when the change occurs, which could have a significant favorable or unfavorable effect on revenue and gross profit in any reporting period.

Changes in contract estimates resulted in an increase to gross profit of $0.6 million for the first quarter of 2019. Changes in other contract estimates in the first quarter of 2018 resulted in a decrease to gross profit of $0.7 million.

Operating Income/(Loss)

Three month comparison

The increase in operating income of $7.3 million in the first quarter of 2019 was principally due to the net effect of the following individually significant items:

- A $5.7 million increase in Gross profit, as described above.
- A $1.4 million decrease in STG&R expenses, due to lower compensation and professional fees in 2019.

Liquidity and Capital Resources

Cash Flow Summary

(in thousands)	Three months ended March 31, 2019	2018
Net income	**$29,408**	$7,899
Depreciation and amortization	**17,956**	20,948
Changes in working capital (a)	**(7,017)**	(37,264)
Changes in other noncurrent liabilities and deferred taxes	**(2,744)**	(2,405)
Other operating items	**(13,037)**	(8,125)
Net cash provided by/(used in) operating activities	**24,566**	(18,947)
Net cash used in investing activities	**(20,820)**	(15,800)
Net cash used in financing activities	**(15,139)**	(2,458)
Effect of exchange rate changes on cash and cash equivalents	**1,023**	4,904
Decrease in cash and cash equivalents	**(10,370)**	(32,301)
Cash and cash equivalents at beginning of year	**197,755**	183,727
Cash and cash equivalents at end of period	**$187,385**	$151,426

(a) Includes Accounts receivable, Contract assets, Inventories, and Accounts payable.

Operating activities

Cash flow provided by operating activities was $24.6 million for the first three months of 2019, cash flow used by operating activities was $18.9 million for the first three months of 2018. The net increase in cash provided by operating activities in 2019 was due to increased profitability in both MC and AEC, and improved management of working capital that resulted from a number of improvement initiatives.

Cash paid for income taxes was $8.0 million and $8.2 million for the first three months of 2019 and 2018, respectively.

At March 31, 2019, we had $187.4 million of cash and cash equivalents, of which $157.7 million was held by subsidiaries outside of the United States.

Investing and Financing Activities

Capital expenditures for the first three months were $20.8 million in 2019 and $15.8 million in 2018.

Dividends have been declared each quarter since the fourth quarter of 2001. Decisions with respect to whether a dividend will be paid, and the amount of the dividend, are made by the Board of Directors each quarter. To the extent the Board declares cash dividends in the future, we expect to pay such dividends out of operating cash flows. Future cash dividends will also depend on debt covenants and on the Board's assessment of our ability to generate sufficient cash flows.

Capital Resources

We finance our business activities primarily with cash generated from operations and borrowings, largely through our revolving credit agreement as discussed below. Our subsidiaries outside of the United States may also maintain working capital lines with local banks, but borrowings under such local facilities tend not to be significant. Substantially all of our cash balance at March 31, 2019 was held by non-U.S. subsidiaries. Based on cash on hand and credit facilities, we anticipate that the Company has sufficient capital resources to operate for the foreseeable future. We were in compliance with all debt covenants as of March 31, 2019.

On November 7, 2017, we entered into a $685 million unsecured Five-Year Revolving Credit Facility Agreement (the "Credit Agreement") which amended and restated the prior $550 million Agreement, entered into on April 8, 2016 (the "Prior Agreement"). Under the Credit Agreement, $491 million of borrowings were outstanding as of March 31, 2019. The applicable interest rate for borrowings was LIBOR plus a spread, based on our leverage ratio at the time of borrowing. At the time of the last borrowing on March 18, 2019, the spread was 1.375%. The spread was based on a pricing grid, which ranged from 1.250% to 1.750%, based on our leverage ratio. Based on our maximum leverage ratio and our Consolidated EBITDA, and without modification to any other credit agreements, as of March 31, 2019, we would have been able to borrow an additional $194 million under the Agreement.

For more information, see Note 15 to the Consolidated Financial Statements in Item 1, which is incorporated herein by reference.

Off-Balance Sheet Arrangements

As of March 31, 2019, we have no off-balance sheet arrangements required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K.

Recent Accounting Pronouncements

The information set forth under Note 19 contained in Item 1, "Notes to Consolidated Financial Statements", which is incorporated herein by reference.

Non-GAAP Measures

This Form 10-Q contains certain non-GAAP measures, including: net sales, and percent change in net sales, excluding the impact of currency translation effects (for each segment and on a consolidated basis); EBITDA and Adjusted EBITDA (for each segment and on a consolidated basis represented in dollars or as a percentage of net sales); Net debt and changes in Net debt excluding reductions due to the effect of changes to the treatment of leases due to the adoption of ASC 842; and Adjusted earnings per share (or Adjusted EPS). Such items are provided because management believes that they provide additional useful information to investors regarding the Company's operational performance.

Presenting Net sales and increases or decreases in Net sales, after currency effects are excluded, can give management and investors insight into underlying sales trends. Net sales, or percent changes in net sales, excluding currency rate effects, are calculated by converting amounts reported in local currencies into U.S. dollars at the exchange rate of a prior period. These amounts are then compared to the U.S. dollar amount as reported in the current period.

EBITDA, Adjusted EBITDA and Adjusted EPS are performance measures that relate to the Company's continuing operations. EBITDA, or net income with interest, taxes, depreciation, and amortization added back, is a common indicator of financial performance used, among other things, to analyze and compare core profitability between companies and industries because it eliminates effects due to differences in financing, asset bases and taxes. The Company calculates EBITDA by removing the following from Net income: Interest expense net, Income tax expense, Depreciation and amortization. Adjusted EBITDA is calculated by: adding to EBITDA costs associated with restructuring, and inventory write-offs associated with discontinued businesses; charges and credits related to pension plan settlements; adding (or subtracting) revaluation losses (or gains); subtracting (or adding) gains (or losses) from the sale of buildings or investments; subtracting insurance recovery gains in excess of previously recorded losses; and subtracting (or adding) Income (or loss) attributable to the non-controlling interest in Albany Safran Composites (ASC). Adjusted EBITDA may also be presented as a percentage of net sales by dividing it by net sales. An understanding of the impact in a particular quarter of specific restructuring costs, currency revaluation, inventory write-offs associated with discontinued businesses, or other gains and losses, on net income (absolute as well as on a per-share basis), operating income or EBITDA can give management and investors additional insight into core financial performance, especially when compared to quarters in which such items had a greater or lesser effect, or no effect. Restructuring expenses in the MC segment, while frequent in recent years, are reflective of significant reductions in manufacturing capacity and associated headcount in response to shifting markets, and not of the profitability of the business going forward as restructured. Adjusted earnings per share (Adjusted EPS) is calculated by adding to (or subtracting from) net income attributable to the Company per share, on an after-tax basis: restructuring charges; charges and credits related to pension plan settlements and curtailments; inventory write-offs associated with discontinued businesses; foreign currency revaluation losses (or gains); acquisition expenses; and losses (or gains) from the sale of investments.

EBITDA, Adjusted EBITDA, and Adjusted EPS, as defined by the Company, may not be similar to similarly named measures of other companies. Such measures are not considered measurements under GAAP, and should be considered in addition to, but not as substitutes for, the information contained in the Company's statements of income.

The following tables show the calculation of EBITDA and Adjusted EBITDA:

Three months ended March 31, 2019 (in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$44,243**	**$9,522**	**($13,672)**	**$40,093**
Interest, taxes, other income/(expense)	**-**	**-**	(10,685)	(10,685)
Net income/(loss) (GAAP)	**44,243**	**9,522**	**(24,357)**	**29,408**
Interest expense, net	-	-	4,417	4,417
Income tax expense	-	-	7,476	7,476
Depreciation and amortization expense	5,919	10,902	1,135	17,956
EBITDA (non-GAAP)	**50,162**	**20,424**	**(11,329)**	**59,257**
Restructuring expenses, net	401	83	-	484
Foreign currency revaluation (gains)/losses	(32)	235	(2,036)	(1,833)
Pretax income attributable to the noncontrolling interest in ASC	-	(290)	-	(290)
Adjusted EBITDA (non-GAAP)	**$50,531**	**$20,452**	**($13,365)**	**$57,618**

Three months ended March 31, 2018 (in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$26,942**	**$2,275**	**($12,213)**	**$17,004**
Interest, taxes, other income/(expense)	-	-	(9,105)	(9,105)
Net income/(loss) (GAAP)	**26,942**	**2,275**	**(21,318)**	**7,899**
Interest expense, net	-	-	4,288	4,288
Income tax expense	-	-	3,365	3,365
Depreciation and amortization expense	8,362	11,156	1,430	20,948
EBITDA (non-GAAP)	**35,304**	**13,431**	**(12,235)**	**36,500**
Restructuring expenses, net	8,352	221	-	8,573
Foreign currency revaluation (gains)/losses	1,517	186	687	2,390
Pretax income attributable to the noncontrolling interest in ASC	-	(343)	-	(343)
Adjusted EBITDA (non-GAAP)	**$45,173**	**$13,495**	**($11,548)**	**$47,120**

The Company discloses certain income and expense items on a per-share basis. The Company believes that such disclosures provide important insight into underlying quarterly earnings and are financial performance metrics commonly used by investors. The Company calculates the quarterly per-share amount for items included in continuing operations by using the income tax rate based on income from continuing operations and the weighted-average number of shares outstanding for each period. Year-to-date earnings per-share effects are determined by adding the amounts calculated at each reporting period. Beginning in 2019, the Company no longer includes discrete tax adjustments or the effect of changes in income tax rates in its calculation of Adjusted EPS. Prior year results have been revised to conform to this calculation.

The following tables show the earnings per share effect of certain income and expense items:

Three months ended March 31, 2019 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$484	$142	$342	$0.01
Foreign currency revaluation (gains)/losses	(1,833)	(539)	(1,294)	(0.04)

Three months ended March 31, 2018 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$8,573	$2,786	$5,787	$0.18
Foreign currency revaluation (gains)/losses	2,390	777	1,613	0.05

The following table contains the calculation of Adjusted EPS:

	Three months ended March 31,	
Per share amounts (Basic)	**2019**	**2018**
Earnings per share (GAAP)	**$0.90**	$0.24
Adjustments:		
Restructuring expenses, net (after-tax)	**0.01**	0.18
Foreign currency revaluation (gains)/losses (after-tax)	**(0.04)**	0.05
Adjusted Earnings per share	**$0.87**	$0.47

Net debt is, in the opinion of the Company, helpful to investors wishing to understand what the Company's debt position would be if all available cash were applied to pay down indebtedness. The Company calculates Net debt by subtracting Cash and cash equivalents from Total debt. Total debt is calculated by adding Long-term debt, Current maturities of long-term debt, and Notes and loans payable, if any.

The following table contains the calculation of net debt:

(in thousands)	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2017
Notes and loans payable	$ -	$ -	$226	$262
Current maturities of long-term debt	19	1,224	1,821	1,799
Long-term debt	491,022	523,707	518,656	514,120
Total debt	**491,041**	**524,931**	**520,703**	**516,181**
Cash and cash equivalents	187,385	197,755	151,426	183,727
Net debt	**$303,656**	**$327,176**	**$369,277**	**$332,454**
First-quarter increase/(decrease)	**(23,520)**	**-**	**36,823**	**-**
Effect of ASC 842 adoption	(25,886)	-	-	-
Increase excluding effect of ASC 842 adoption	**$2,366**	**$ -**	**$36,823**	**$ -**

The following table contains the reconciliation of forecasted full-year 2019 Adjusted EBITDA and Adjusted EPS (non-GAAP measures) to comparable GAAP measures:

	Total Company		Machine Clothing	
Forecast of full year 2019 Adjusted EBITDA (in millions)	**Low**	**High**	**Low**	**High**
Net income attributable to the Company (GAAP)	$99	$109	$173	$181
Interest expense, net	17	16	-	-
Income tax expense	40	41	-	-
Depreciation and amortization	70	75	22	24
EBITDA (non-GAAP)	226	241	195	205
Restructuring expenses (a)	1	1	-	-
Foreign currency revaluation gains/(losses) (a)	(2)	(2)	-	-
Pretax income attributable to the noncontrolling interest	-	-	-	-
Adjusted EBITDA (non-GAAP)	**$225**	**$240**	**$195**	**$205**

	Total Company	
Forecast of full year 2019 Adjusted Earnings Per Share (b) Per share amounts- Basic (b)	**Low**	**High**
Earnings per share (GAAP)	$3.08	$3.38
Restructuring expenses, net (a)	0.01	0.01
Foreign currency revaluation gains/(losses) (a)	(0.04)	(0.04)
Adjusted Earnings per share (non-GAAP)	$3.05	$3.35

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For discussion of our exposure to market risk, refer to "Quantitative and Qualitative Disclosures about Market Risk", which is included as an exhibit to this Form 10-Q.

Item 4. Controls and Procedures

a) Disclosure controls and procedures.

The principal executive officer and principal financial officer, based on their evaluation of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that the Company's disclosure controls and procedures are effective for ensuring that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in filed or submitted reports is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Remediation Plans for Material Weaknesses in Internal Control over Financial Reporting

In the fourth quarter of 2018, and as previously reported in our Annual Report on Form 10-K for the year ended December 31, 2018, we identified a material weakness in our internal control over financial reporting as described below:

The Company did not conduct an effective risk assessment process over the design and implementation of the systems development plan affecting the financial reporting process and process level controls impacted by the adoption of ASC 606, *Revenue from contracts with customers*, for certain revenue transactions in the Company's Machine Clothing business that are recognized at a point-in-time. In addition, the Company did not have effective reconciliation controls over the unbilled accounts receivable and inventory accounts related to those point-in-time transactions.

During the fourth quarter of 2018, we commenced active steps towards remediating the material weakness. These efforts include:

(a) Improving our risk assessment process related to pre-production and post-implementation testing and documentation of conclusions for significant systems development changes affecting financial reporting and internal controls; and,

(b) Revising our financial reporting processes and related reconciliation controls over the unbilled accounts receivable and inventory accounts related to those point-in-time transactions.

We are working to remediate the material weakness as quickly and efficiently as possible and believe that such efforts will effectively remediate the reported material weakness by the end of 2019. However, the material weakness will not be considered remediated until the remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Notwithstanding the material weakness described above, our management has concluded that the financial statements included elsewhere in this quarterly report on Form 10-Q present fairly, in all material respects, our financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

(b) Changes in internal control over financial reporting.

In the first quarter of 2019, the Company implemented additional controls related to accounting for leases and the Company’s adoption of ASC 842, *Leases*.

Other than the items noted above, no changes occurred in the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information set forth above under Note 17 in Item 1, “Notes to Consolidated Financial Statements” is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes in risks since December 31, 2018. For discussion of risk factors, refer to Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We made no share purchases during the first quarter of 2019. We remain authorized by the Board of Directors to purchase up to 2 million shares of our Class A Common Stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
10 (u)(ii)	Second amendment, dated March 15, 2019, to amend the employment agreement between the Company and Olivier Jarrault.
10 (l)(xii)	Form of Restricted Stock Unit Award for units granted on April 1, 2019.
10 (n)(iii)	Form of Incentive Award granted April 1, 2019.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code).
99.1	Quantitative and qualitative disclosures about market risks as reported at March 31, 2019.
101	The following financial information from the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in extensible Business Reporting Language (XBRL), filed herewith:

(i) Consolidated Statements of Income for the three months ended March 31, 2019 and 2018.

(ii) Consolidated Statements of Comprehensive Income/(Loss) for the three months ended March 31, 2019 and 2018.

(iii) Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018.

(iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and 2018.

(v) Notes to Consolidated Financial Statements.

As provided in Rule 406T of Regulation S-T, this information shall not be deemed “filed” for purposes of Sections 11 and 12 of the Securities Act and Section 18 of the Securities Exchange Act or otherwise subject to liability under those sections.

The following exhibit list was included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018. However, certain hyperlinks in that filing were nonfunctioning. Accordingly, in accordance with Instruction 2 to Rule 105(d) of Regulation S-T, we have included below that exhibit list the appropriate [corrected] hyperlinks.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	Period Ending	Filing Date
3 (a)	Amended and Restated Certificate of Incorporation of Company		8-K		6/2/15
3 (b)	Bylaws of Company		8-K		2/23/11
4 (a)	Article IV of Certificate of Incorporation of Company		8-K		6/2/15
4 (b)	Specimen Stock Certificate for Class A Common Stock		S-1, No. 33-16254		9/30/87
Credit Agreement					
10(k)(xix)	$685 Million Five-Year Revolving Credit Facility Agreement among Albany International Corp., the other Borrowers named therein, the Lenders Party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, dated as of November 7, 2017		8-K		11/7/17
Restricted Stock Units					
10(l)(viii)	2011 Performance Phantom Stock Plan as adopted on May 26, 2011 (42)		10-Q	6/30/11	8/9/11
10(l)(i)	2003 Restricted Stock Unit Plan, as adopted November 13, 2003		10-K		3/11/04
10(l)(x)	Form of Restricted Stock Unit Award for units granted on March 2, 2018		8-K		3/6/18
10(l)(xi)	Form of Restricted Stock Unit Award for units granted on August 28, 2018		8-K		9/4/18
Stock Options					
10(m)(i)	1992 Stock Option Plan		8-K		1/18/93
10(m)(ii)	1997 Executive Stock Option Agreement		10-K	12/31/97	3/13/98
10(m)(iii)	2011 Incentive Plan		8-K		6/1/11
10(m)(iv)	Form of 2011 Annual Performance Bonus Agreement		8-K		3/29/11
10(m)(v)	Form of 2011 Multi-Year Performance Bonus Agreement		8-K		3/29/11
Executive Compensation					
10(n)(i)	Supplemental Executive Retirement Plan, adopted as of January 1, 1994, as amended and restated as of January 1, 2008		8-K		1/2/08
10(n)(ii)	Annual Bonus Program, as amended and restated as of March 29, 2017		Def 14A		3/29/17
10(o)(iv)	Directors' Annual Retainer Plan, as amended and restated as of February 23, 2018		8-K		5/16/18
10(o)(viii)	Form of Severance Agreement between Albany International Corp. and certain corporate officers or key executives		8-K		1/4/16
10(p)	Code of Ethics		10-K	12/31/03	3/11/04
10(q)	Directors Pension Plan, amendment dated as of January 12, 2005		8-K		1/13/05
10(r)	Employment agreement, dated May 12, 2005, between the Company and Joseph G. Morone		8-K		5/18/05
10(s)	Form of Indemnification Agreement		8-K		4/12/06
10(u)	Employment agreement, dated March 2, 2018, between the Company and Olivier M. Jarrault		10-Q		5/08/18
10(u)(i)	First Amendment, dated July 9, 2018, to amend employment agreement between the Company and Olivier M. Jarrault		10-Q		8/07/18

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	Period Ending	Filing Date
10.2	Amended and restated LLC operating agreement by and between Albany Engineered Composites and Safran Aerospace Composites, Inc. 10% equity interest in ASC for $28 million		10-K	12/31/13	2/26/14
2.1	Stock Purchase Agreement by and between Albany International Corp. and Harris Corporation, dated as of February 27, 2016		8-K		3/1/16
11	Statement of Computation of Earnings per share (provided in Footnote 8 to the Consolidated Financial Statements)		10-K	12/31/18	3/14/19
21	Subsidiaries of Company		10-K	12/31/18	3/14/19
23	Consent of Independent Registered Public Accounting Firms		10-K	12/31/18	3/14/19
24	Powers of Attorney		10-K	12/31/18	3/14/19
31(a)	Certification of Olivier M. Jarrault required pursuant to Rule 13a-14(a) or Rule 15d-14(a)		10-K	12/31/18	3/14/19
31(b)	Certification of John B. Cozzolino required pursuant to Rule 13a-14(a) or Rule 15d-14(a)		10-K	12/31/18	3/14/19
32(a)	Certification of Olivier M. Jarrault and John B. Cozzolino required pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code		10-K	12/31/18	3/14/19
The following information from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018, formatted in eXtensible Business Reporting Language (XBRL), filed herewith:					
101(i)	Consolidated Statements of Income for the years ended December 31, 2018, 2017 and 2016		10-K	12/31/18	3/14/19
101(ii)	Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017, and 2016		10-K	12/31/18	3/14/19
101(iii)	Consolidated Balance Sheets as of December 31, 2018 and 2017		10-K	12/31/18	3/14/19
101(iv)	Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017, and 2016		10-K	12/31/18	3/14/19
101(v)	Notes to Consolidated Financial Statements		10-K	12/31/18	3/14/19

* As provided in Rule 406T of Regulation S-T, this information shall not be deemed "filed" for purposes of Sections 11 and 12 of the Securities Act and Section 18 of the Securities Exchange Act or otherwise subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALBANY INTERNATIONAL CORP.
(Registrant)

Date: May 1, 2019

By /s/ Stephen M. Nolan
Stephen M. Nolan
Chief Financial Officer and Treasurer
(Principal Financial Officer)

AMENDMENT NO. 2 to
EMPLOYMENT AGREEMENT

This AMENDMENT NO. 2, dated as of March 15, 2019 (the "Amendment"), is by and between Albany International Corp. (the "Company") and Olivier Jarrault ("Executive").

WHEREAS, the Company and Executive are parties to that certain Agreement entered into as of March 2, 2018, relating to Executive's employment by the Company (the "Agreement"); and

WHEREAS, the Agreement was previously amended pursuant to that certain Amendment No.1, dated as of July 9, 2018; and

WHEREAS, the Company and Executive desire to further amend the Agreement to extend the time by which Executive is expected to relocate;

NOW THEREFORE, in consideration of the premises, the mutual covenants and the agreements hereinafter set forth and other good and valuable consideration, the parties hereto hereby agree that the Agreement is hereby amended as follows, with effect from the Effective Date (as defined in the Agreement):

1. Definitions. Unless otherwise defined herein, terms defined in the Agreement are used herein as therein defined.

2. Clause (e) of paragraph 3 of the Agreement is hereby amended and restated in its entirety to read as follows:

> (e) Relocation. Executive shall relocate to Rochester, New Hampshire area no later than December 31, 2019. In the interim, Executive shall be reimbursed for temporary housing expenses and shall be entitled to such other relocation benefits as (i) are provided for pursuant to the Company's Executive Relocation Policy, a copy of which has been provided to the Executive, with the caveat that neither the one-year policy expiration nor 90-day temporary housing limit shall apply to Executive, or (ii) are approved by the Chairman of the Board of the Company. Provided such expenses are incurred in compliance with the Company's travel and expense policy, or have otherwise been approved by the Chairman, the Company will pay or reimburse Executive for all flight expenses incurred prior to December 31, 2019 for travel from any Company work location to Los Angeles, California, travel from Los Angeles, California to any Company work location, and travel from any Company work location to any other Company work location through Los Angeles, California. (Evidence of approval of any item covered by this clause may be in the form of an expense or relocation report reflecting such expenses that is approved by the Chairman.) The Company will provide tax assistance (gross-up) to Executive on all

such expenses for travel to, from, or through Los Angeles, California that are personal to Executive or will appear as income on Executive's Form W-2.

3. Except as expressly amended, modified and supplemented hereby, or as in Amendment No. 1, the terms, provisions and conditions of the Agreement are unchanged and in full force and effect and are hereby ratified and confirmed in all respects.

4. This Amendment may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by a duly authorized officer, as of the day and year written below.

COMPANY:

ALBANY INTERNATIONAL CORP.

By: ____/s/Charles J. Silva, Jr____________________ Date: March 8, 2019
Name: Charles J. Silva, Jr
Title: Vice President, General Counsel and Secretary

EXECUTIVE

/s/ Olivier Jarrault________________________ Date: March 8, 2019
Olivier Jarrault

RESTRICTED UNIT AWARD AGREEMENT

Pursuant to the

ALBANY INTERNATIONAL CORP.
2003 RESTRICTED STOCK UNIT PLAN

* * * * *

Participant: Stephen Nolan

Award Date: April 1, 2019

Number of Restricted Units Awarded: 4,190

* * * * *

THIS AWARD AGREEMENT, dated as of the Award Date specified above, is entered into by and between Albany International Corp. (the "Company"), and the Participant specified above, pursuant to the Amended and Restated Albany International Corp. 2003 Restricted Stock Unit Plan, as in effect and as amended from time to time (the "Plan"); and

WHEREAS, as an incentive to encourage the Participant to remain in the employ of the Company and its subsidiaries by affording the Participant a greater interest in the success of the Company and its subsidiaries, the Company desires to grant the Participant the Restricted Units provided herein;

WHEREAS, the Participant desires to obtain such Restricted Units on the terms and conditions provided for herein;

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein set forth and other good and valuable considerations receipt of which is hereby acknowledged, the Company and the Participant agree as follows:

1. Incorporation by Reference; Plan Document Receipt. Except as otherwise provided herein, this Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time and which are expressly intended to apply to the grant of the Restricted Units provided for herein), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were expressly set forth herein. Any capitalized term not defined in this Award Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan

carefully and fully understands its content. In the event of a conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control.

2. Award of Restricted Units; Credit to Restricted Unit Account. Subject to the terms hereof and the Plan, the Company hereby grants to the Participant, as of the Award Date specified above, the number of Restricted Units specified above. The Company shall record such Restricted Units in the Participant's Restricted Unit Account.

3. Vesting. As permitted in Section 5.1 of the Plan, the following Vesting Dates shall apply with respect to the Restricted Units (including any additional Restricted Units credited as Cash Dividend Equivalents with respect to such Restricted Units) awarded hereunder and shall supersede any contrary provision in Section 5.1:

a. One-third (33.3%) of such Restricted Units (including any additional Restricted Units credited as Cash Dividend Equivalents with respect to such Restricted Units) shall vest on April 1, 2020, subject to the Participant being employed with the Albany Group on such Vesting Date;
b. One-third (33.3%) of such Restricted Units (including any additional Restricted Units credited as Cash Dividend Equivalents with respect to such Restricted Units) shall vest on April 1, 2021, subject to the Participant being employed with the Albany Group on such Vesting Date; and
c. One-third (33.3%) of such Restricted Units (including any additional Restricted Units credited as Cash Dividend Equivalents with respect to such Restricted Units) shall vest on April 1, 2022, subject to the Participant being employed with the Albany Group on such Vesting Date.

4. Additional Special Vesting. The special vesting provisions set forth in Section 5.2 of the Plan shall apply to the Restricted Units (including any additional Restricted Units credited as Cash Dividend Equivalents with respect to such Restricted Units) awarded hereunder.

5. Settlement; Payment Delay. The Restricted Units (including any additional Restricted Units credited as Cash Dividend Equivalents with respect to such Restricted Units) credited to Participant's Restricted Unit Account pursuant to this Award Agreement shall be settled in accordance with the provisions of the Plan, including without limitation Section 6.1. Notwithstanding any provision to the contrary, if, pursuant to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), any payment is required to be delayed as a result of the Participant being deemed to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then any such payments under the Plan shall not be made prior to the earlier of (A) the expiration of the six month period measured from the date of the "separation from service" (as such term is defined in Treasury Regulations issued under Section 409A of the Code) or (B) the date of the Participant's death. Upon the expiration of such period, all payments under the Plan delayed pursuant to this paragraph 6 shall be paid to the Participant in a lump sum, and any remaining payments due under the Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

6. Amendment and Waiver. Neither this Award Agreement nor any provision hereof may be amended, modified, changed, discharged, terminated or waived orally, by any course of dealing or purported course of dealing or by any other means except (a) in the case of an amendment, modification, change or waiver that does not impair the rights of the Participant with respect to outstanding Restricted Units or that is deemed by the Committee to be advisable to avoid the imposition of any tax under Section 409A of the Code, by written notice to the Participant or (b) an agreement in writing signed by the Company and the Participant. No such written notice of agreement shall extend to or affect any provision of this Award Agreement not expressly amended, modified, changed, discharged, terminated or waived or impair any right consequent on such a provision. The waiver of or failure to enforce any breach of this Award Agreement shall not be deemed to be a waiver of or acquiescence in any other breach hereof.

7. Notices. Any notice required or permitted under this Award Agreement shall be in writing and shall be deemed properly given:

7.1 in the case of notice to the Company, if delivered in person to the Secretary of the Company, or mailed to the Company to the attention of the Secretary by registered mail (return receipt requested) at 216 Airport Drive, Rochester, New Hampshire, 03867, or at such other address as the Company may from time to time hereafter designate by written notice to the Participant; and

7.2 in the case of notice to the Participant, if delivered to him or her in person, or mailed to him or her by registered mail (return receipt requested) at the last known residence address provided by Participant to the Company or at such other address as the Participant may from time to time hereafter designate by written notice to the Company.

8. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of New York.

9. Binding Agreement; Assignment. This Award Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant shall not assign any part of this Award Agreement without the prior express written consent of the Company.

10. Counterparts. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

11. Headings. The titles and headings of the various sections of this Award Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Award Agreement.

12. Further Assurances. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Award Agreement and the Plan and the consummation of the transactions contemplated thereunder.

13. Severability. The invalidity or unenforceability of any provisions of this Award Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Award Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Award Agreement in any

other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

14. Acceptance of Restricted Units. Unless, within 45 days following the date of this Award Agreement, the Company has received written notice from the Participant rejecting the Restricted Units, this Award Agreement shall be deemed to have been accepted by the Participant and shall constitute a legal and binding agreement between the Participant and the Company.

IN WITNESS WHEREOF, the Company has duly executed this Award Agreement as of the Award Date specified above.

ALBANY INTERNATIONAL CORP.

By: /s/ Charles J. Silva, Jr
Name: Charles J. Silva, Jr
Title: Vice President, General Counsel and Secretary

/s/ Stephen M. Nolan
Stephen M. Nolan

INCENTIVE AWARD AGREEMENT

This INCENTIVE AWARD AGREEMENT (the "Agreement"), is dated as of the 1st day of April, 2019, between Albany International Corp., a Delaware corporation (the "Company"), and Stephen Nolan (the "Participant").

WHEREAS, the Company adopted and maintains the Albany International Corp. 2017 Incentive Plan (the "Plan");

WHEREAS, Section 8 of the Plan provides for the grant of service-based awards to Participants in the Plan, which awards may or may not be equity-based or equity-related awards; and

WHEREAS, as an incentive to encourage the Participant to join and remain in the employ of the Company and its subsidiaries by affording the Participant a greater interest in the success of the Company and its subsidiaries, the Company desires to grant the Participant shares of Common Stock as provided herein;

WHEREAS, the Participant desires to obtain such Common Stock on the terms and conditions provided for herein;

NOW THEREFORE, in consideration of the agreements and obligations hereinafter set forth, the parties hereto agree as follows:

1. Definitions; References.

As used herein, the following terms shall have the meanings indicated below. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.

(i) "Beneficiary" shall mean the person(s) designated by the Participant in a written instrument delivered pursuant to the Plan to receive a payment due under the Plan upon the Participant's death, signed by the Participant and delivered to the Company prior to the Participant's death or, if no such written instrument is on file, the Participant's estate.

(ii) "Cause" shall be deemed to exist if a majority of the members of the Board of Directors determine that the Participant has (i) caused substantial harm to the Company with intent to do so or as a result of gross negligence in the performance of his or her duties; (ii) not made a good faith effort to carry out his or her duties; (iii) wrongfully and substantially enriched himself or herself at the expense of the Company; or (iv) been convicted of a felony.

(iii) "Determination Date" shall mean, with respect to the Service Period, the date on which the Committee shall have determined that the Participant has fulfilled the Service

Requirement of this Award, which date shall not be later than the last day of May following the Service Period.

(iv) "Disability" shall be deemed to exist if (i) by reason of mental or physical illness the Participant has not performed his or her duties for a period of six consecutive months; and (ii) the Participant does not return to the performance of his or her duties within thirty days after written notice is given by Company or one of its subsidiaries that the Participant has been determined by the Committee to be "Disabled" under the Company's long term disability policy.

(v) "Distribution Date" is the first Business Day on or after May 15 of the year immediately following the end of the Service Period.

(vi) "Service Period" shall mean the period that begins on April 1, 2019 and ends on March 31, 2022.

(vii) "Service Requirement" shall be as specified in Section 3.

(viii) "Share Bonus" with respect to the Service Period, shall mean the number of shares of Common Stock specified in Section 2.

2. "Establishment of the Share Bonus". Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby establishes the Participant's Share Bonus at 6,285 shares of Common Stock for the Service Period.

3. "Establishment of the Service Requirement". Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby establishes the Participant's Service Requirement as the performance of the duties and obligations of the position of Chief Financial Officer, at the direction of the Company's CEO and its Board of Directors, in good faith, and to the best of his abilities, during the entire Service Period.

4. Determination of Service Requirement. As soon as practicable after the end of the Service Period, and in no event later than the 15^{th} day of the first May following the Service Period, the Committee shall determine whether the Participant has adequately fulfilled the Service Requirement. The Committee shall have discretion to reduce (but not increase) the Share Bonus at any time prior to the payment of such bonus to the Participant. The Committee may, but shall not be required to, set forth in Exhibit A hereto such criteria (which may be subjective) to be used as the basis by the Committee to make any such reduction.

5. Time and Method of Payment of Bonus.

a. The Share Bonus shall be distributed in shares of Common Stock, less applicable taxes and withholdings, which may be satisfied with shares of Common Stock, and shall be distributed on the Distribution Date.

b. In the event that a payment is called for hereunder to the Participant at a time when the Participant is deceased, such payment shall be made to the Participant's Beneficiary.

6. Effect of Termination of Employment.

a. In the event the Participant's employment with the Company terminates for any reason during the Service Period, no bonus shall be earned and the Participant shall not be entitled to any payment under Section 5 or have any other rights with respect to the Share Bonus.

b. In the event the Participant's employment with the Company terminates at any time after the end of the Service Period for any reason other than termination by the Company for Cause, the Share Bonus Amount shall nevertheless be determined and distributed to the Participant in accordance with the otherwise applicable provisions of this Agreement; provided however, that any unpaid Share Bonus shall be forfeited in its entirety should Participant engage in any business or activity, either on his own or as an employee, which is deemed to be in competition with the Company.

c. In the event the Company terminates the Participant's employment for Cause at any time prior to the Distribution Date, any vested but unpaid Share Bonus shall be forfeited and the Participant shall not be entitled to any other payment under Section 5 or have any other rights with respect to the Share Bonus.

7. Clawback. In the event that the Company required to prepare an accounting restatement for any fiscal quarter or year commencing after April 1, 2019 due to the material noncompliance of the Company with any financial reporting requirement, and the Board of Directors of the Company (the "Board") determines that the Participant's willful commission of an act of fraud or dishonesty or recklessness in the performance of his duties contributed to the noncompliance which resulted in the obligation to restate the Company's financial statements, the Board of Directors may require the Participant to repay to the Company all or part of the Share Bonus, or forfeit such if not already paid, whether vested or unvested.

8. Modification and Waiver. Except as provided in the Plan with respect to determinations of the Committee and subject to the Company's Board of Directors' right to amend the Plan, neither this Agreement nor any provision hereof can be changed, modified, amended, discharged, terminated or waived orally or by any course of dealing or purported course of dealing, but only by an agreement in writing signed by the Participant and the Company. No such agreement shall extend to or affect any provision of this Agreement not expressly changed, modified, amended, discharged, terminated or waived or impair any right consequent on such a provision. The waiver of or failure to enforce any breach of this Agreement shall not be deemed to be a waiver or acquiescence in any other breach thereof.

9. Notices. All notices and other communications hereunder shall be in writing, shall be deemed to have been given if delivered in person or by first-class registered or certified mail, return receipt requested, and shall be deemed to have been given when personally delivered or five (5) days after mailing to the following address (or to such other address as either party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt):If to the Company:

Albany International Corp.
216 Airport Drive
Rochester, New Hampshire 03867
Fax: (518) 445-2270
Attention: Legal Department

If to the Participant, to the most recent address of the Participant that the Company has in its records.

10. Participant Acknowledgement. The Participant hereby acknowledges receipt of a copy of the Plan.

11. Incorporation of the Plan. All terms and provisions of the Plan are incorporated herein and made part hereof as if stated herein. If any provision hereof and of the Plan shall be in conflict, the terms of the Plan shall govern. All capitalized terms used herein and not defined herein shall have the meanings assigned to them in the Plan.

12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but each of which together shall constitute one and the same document.

13. Governing Law; Choice of Forum. This Agreement shall be governed by and interpreted in accordance with New York law, without regard to its conflicts of law principles, and the parties hereby submit to the jurisdiction of the courts and tribunals of New York.

14. Binding Effect. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs, personal representatives and successors of the parties hereto. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any person other than the parties to this Agreement, or their respective heirs, personal representatives or successors, any legal or equitable rights, remedy or claim under or in respect of this Agreement or any provision contained herein.

15. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

16. Miscellaneous. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

[SIGNATUE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Award Agreement as of the Award Date specified above.

ALBANY INTERNATIONAL CORP.

By:	/s/ Charles J. Silva, Jr
Name:	Charles J. Silva, Jr
Title:	Vice President, General Counsel and Secretary

Participant

/s/ Stephen M. Nolan

Stephen M. Nolan

EXHIBIT A

Pursuant to Paragraph 4 of the Incentive Award Agreement, the Committee retains discretion to reduce the Share Bonus payable to the Participant. Without limiting such discretion, the Committee has concluded that it is likely to exercise such discretion in the event it determines, in its sole discretion, that either,

(1) The Company has failed to pursue or make adequate progress in the implementation of the company-wide safety measures; or

(2) The Company has failed to adequately address the long-term strategic issues facing the Albany Engineered Composites business segment sufficient to advance and ensure its long-term strength and success, including:

a. Progress on engineering and manufacturing ramp-up of Safran part;

b. Progress on R&T and staffing to address additional business opportunities with priority on Safran;

c. Progress on maturation of AEC organization.

EXHIBIT (31.1)
CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Olivier M. Jarrault, certify that:

1. I have reviewed this report on Form 10-Q of Albany International Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2019

By /s/ Olivier M. Jarrault
Olivier M. Jarrault
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT (31.2)
CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Nolan, certify that:

1. I have reviewed this report on Form 10-Q of Albany International Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2019

By /s/ Stephen M. Nolan
Stephen M. Nolan
Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT (32.1)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Albany International Corp. (the Company) on Form 10-Q for the period ending March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), Olivier M. Jarrault, President and Chief Executive Officer, and Stephen M. Nolan, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 1, 2019

/s/ Olivier M. Jarrault
Olivier M. Jarrault
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Stephen M. Nolan
Stephen M. Nolan
Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT (99.1)
MARKET RISK SENSITIVITY – As of March 31, 2019

We have market risk with respect to foreign currency exchange rates and interest rates. The market risk is the potential loss arising from adverse changes in these rates as discussed below.

Foreign Currency Exchange Rate Risk

We have manufacturing plants and sales transactions worldwide and therefore are subject to foreign currency risk. This risk is composed of both potential losses from the translation of foreign currency financial statements and the remeasurement of foreign currency transactions. To manage this risk, we periodically enter into forward exchange contracts either to hedge the net assets of a foreign investment or to provide an economic hedge against future cash flows. The total net assets of non-U.S. operations and long-term intercompany loans denominated in nonfunctional currencies subject to potential loss amount to approximately $547.1 million. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounts to $54.7 million. Furthermore, related to foreign currency transactions, we have exposure to various nonfunctional currency balances totaling $70.2 million. This amount includes, on an absolute basis, exposures to assets and liabilities held in currencies other than our local entity's functional currency. On a net basis, we had $33.6 million of foreign currency liabilities as of March 31, 2019. As currency rates change, these nonfunctional currency balances are revalued, and the corresponding adjustment is recorded in the income statement. A hypothetical change of 10% in currency rates could result in an adjustment to the income statement of approximately $3.3 million. Actual results may differ.

Interest Rate Risk

We are exposed to interest rate fluctuations with respect to our variable rate debt, depending on general economic conditions.

On March 31, 2019, we had the following variable rate debt:

(in thousands, except interest rates)	
Long-term debt	
Credit agreement with borrowings outstanding, net of fixed rate portion, at an end of period interest rate of 3.911% in 2019, due in 2022	$141,000
Total	$141,000

Assuming borrowings were outstanding for an entire year, an increase of one percentage point in weighted average interest rates would increase interest expense by $1.4 million. To manage interest rate risk, we may periodically enter into interest rate swap agreements to effectively fix the interest rates on variable debt to a specific rate for a period of time. (See Note 16 to the Consolidated Financial Statements in Item 1, which is incorporated herein by reference).