
FORM 8-K

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

Date of Report: October 27, 2003
(Date of earliest event reported)

ALBANY INTERNATIONAL CORP.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-16214 (Commission file number)	14-0462060 (IRS employer identification no.)
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1373 Broadway, Albany, New York 12204
(518) 445-2200

(Address and telephone number of the registrant's principal executive offices)

Item 9. Information Provided Under Item 12 (Results of Operations and Financial Condition)

The following information is furnished pursuant to Item 12, "Disclosure of Results of Operations and Financial Condition."

On October 27, 2003, Albany International issued a news release announcing its financial results for the fiscal quarter ended September 30, 2003. A copy of the news release is furnished as Exhibit 99.1 to this report.

Signature

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 hereunto duly authorized.

ALBANY INTERNATIONAL CORP.

By: /s/ Michael C. Nahl

Name: Michael C. Nahl
Title: Senior Vice President and Chief
Financial Officer

Date: October 27, 2003

Index to Exhibits

Exhibit Number	Description of Document
99.1	News release, dated October 27, 2003 issued by Albany International Corp.

TO BUSINESS EDITOR:

Albany International Reports Third-Quarter 2003 Earnings of 20 Cents
Per Share After Restructuring Charges of 30 Cents Per Share

Third-Quarter Highlights

- Net income was \$0.20 per share, after restructuring charges of \$0.30 per share, compared to \$0.44 per share, for the same period last year.
- Net sales were \$208.7 million, an increase of 1.7 percent compared to the same period last year.
- Operating income, after restructuring charges of \$14.3 million, was \$11.3 million, compared to \$26.9 million in the third quarter of 2002.
- Net cash provided by operations was \$27.8 million during the quarter and was \$92.1 million through nine months.

ALBANY, N.Y., Oct. 27 /PRNewswire-FirstCall/ -- Albany International Corp. (NYSE/PCX/FWB: AIN) reported third-quarter net income per share of \$0.20, compared to \$0.44 for the same period last year. Net income for the third quarter of 2003 was reduced by restructuring charges of \$0.30 per share and reflects the first major steps of the \$30 million cost reduction initiative announced in January of 2003.

Net sales increased \$3.6 million, or 1.7 percent compared to the same period last year. Excluding the effect of changes in currency translation rates, net sales were down 5.2 percent.

Following is a table of third-quarter net sales by segment and the effect of changes in currency translation rates.

(in thousands)	Net sales as reported three months ended September 30,		Increase in third quarter 2003 net sales due to changes in currency translation rates
	2003	2002	
Engineered Fabrics	\$172,925	\$172,218	\$10,924
Albany Door Systems	23,109	22,360	2,372
Applied Technologies	12,709	10,575	879
Total	\$208,743	\$205,153	\$14,175

Gross profit was 41.3 percent of net sales in the third quarter of both 2003 and 2002.

Selling, technical, general, and research expenses increased 5.1 percent compared to the same period last year, but decreased 1.0 percent excluding the effect of changes in currency translation rates.

Operating income was \$11.3 million, compared to \$26.9 million in the third quarter of 2002. Operating income for the third quarter of 2003 was reduced by restructuring charges of \$14.3 million, which include a \$12.1 million non-cash charge for plant and equipment write-downs and \$2.2 million for severance and other restructuring costs. Changes in currency translation rates had the effect of increasing third-quarter operating income by \$2.2 million.

Other income/expense, net, was \$2.1 million of income for the quarter, compared to \$0.8 million of expense in the third quarter of 2002. The difference in 2003 is due principally to currency hedging activities.

Third-quarter income tax expense decreased due to lower income before income taxes and a reduction of the estimated effective income tax rate from 35 percent in the third quarter of last year to 30 percent this year. The Company expects the effective income tax rate to remain at 30 percent for the balance of 2003.

For the first nine months of 2003, net sales were 7.0 percent higher than the same period last year. Excluding the effect of changes in currency translation rates, 2003 net sales decreased 0.9 percent. Net income per share for the first nine months of 2003 was \$1.33, compared to \$0.97 for the same period of 2002. Net income for the nine-month period was affected by a favorable income tax adjustment in the first quarter that increased net income by \$0.16 per share and by restructuring charges in each of the first three quarters that

decreased net income by \$0.34 per share. Net income per share for the first quarter of 2002 included a charge of \$0.18 related to the adoption of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets."

During the third quarter, the Company reduced total debt by \$12.0 million. In addition, the \$200 million currently outstanding under the Company's existing \$500 million credit facility was reclassified on the Company's balance sheet during the third quarter from "long-term debt" to "current maturities of long-term debt," reflecting the fact that this facility is scheduled to expire in August 2004. The Company has initiated steps to replace this facility with a slightly smaller facility sometime in early 2004.

During the third quarter of 2003, the Company decided it would record compensation expense for the fair value of any stock options granted after December 31, 2002. No options were granted during the nine-month period ended September 30, 2003. The expense for any new stock options will be recorded over the vesting period of the options, normally five years. The impact of expensing options cannot currently be determined, since stock options are granted at the discretion of the Board of Directors.

Comments on Operations

Chairman and Chief Executive Officer Frank Schmeler commented, "Weakness in global paper and paperboard markets and other industrial markets continued to have a negative impact on demand for our products as our customers reduced capacity and limited production and capital spending. Sales were also adversely affected by our previously disclosed decision to decline certain sales opportunities that do not meet minimum profit objectives. The Company continues to focus on the development of new and improved products that meet our customers' needs and support improved earnings for the Company.

"Restructuring charges of \$0.30 per share in the third quarter were principally due to our announced plans to close a press fabrics plant and a high-performance door plant in North America and the partial closure of an engineered products operation in Europe. These actions are part of our \$30 million cost reduction initiative.

"Net cash provided by operating activities was \$27.8 million during the third quarter of 2003, compared to \$37.2 million for the same period of 2002. Excluding the effects of changes in currency translation rates, inventories decreased \$1.3 million and accounts receivable increased \$1.3 million during the third quarter of 2003. For the first nine months of each year, net cash provided by operating activities was \$92.1 million in 2003 compared to \$69.7 million in 2002.

Engineered Fabrics

"Third-quarter 2003 net sales for the Engineered Fabrics segment increased 0.4 percent compared to the same period last year. Excluding the effect of changes in currency translation rates, net sales decreased 5.9 percent compared to the third quarter of 2002.

"Global paper operating rates remained weak. Although paperboard operating rates improved in the United States and parts of Europe, the improvement resulted from a reduction of capacity that, in turn, slightly reduced the consumption of paper machine clothing and negatively affected our sales. Overall, the paper and paperboard market outlook in response to economic trends is reported unchanged.

Albany Door Systems

"Economic conditions continued to adversely affect sales of our high-performance doors. Compared to the third quarter of 2002, net sales increased 3.3 percent, but decreased 7.3 percent excluding the effect of changes in currency translation rates.

"In the United States and Europe, weak economic conditions continued to affect capital spending for high-performance doors by our customers. However, our after-market and service businesses continued to grow.

"The consolidations of our door manufacturing operation in North America and our sectional door businesses in Germany were completed during the quarter. These and other efficiency improvements and cost reductions, combined with the introduction of new products, should provide improved results in future quarters.

Applied Technologies

"Net sales in the Applied Technologies segment increased 20.2 percent compared to the third quarter of last year and increased 11.9 percent excluding the effect of changes in currency translation rates. Sales of tannery, textile, and filtration products for power generation applications, increased during the quarter as compared to the same period last year. In addition, the expansion of PrimaLoft(R) premium synthetic insulation into the European market should provide continued growth for this product.

"With stronger sales and the benefit of cost reductions already in place, this segment has shown steady improvement."

Looking Ahead

Mr. Schmeler continued, "There is some reported industry optimism for improvement in the paper and paperboard markets in 2004. However, we have not seen any sustained improvement to date, and we are continuing with our plans to balance productive capacity with customer demand, improve efficiency, and reduce costs.

"The restructuring efforts announced by the Company during the quarter will focus our North American and European manufacturing in fewer plants with modern equipment, which should result in improved efficiency, output, and product quality. As previously reported, we expect additional significant charges associated with the \$30 million cost reduction initiative in the first half of 2004.

"Customer demand for technologies that will positively impact their operations is driving our product development and application efforts. Product innovation efforts underway in several areas are expected to produce growth opportunities for our major markets. These activities will continue in each of our business segments.

"The Asia/Pacific region remains the world's fastest growing market for paper and paperboard. We continue our focus on this market and recently reorganized our management structure to support our expanding operations in the region. This should position the Company to take advantage of the opportunities presented by the region's rapid growth.

"The Company anticipates 2003 capital expenditures to total approximately \$55 million for the full year, and currently expects a comparable level of capital expenditures during 2004. As we remove capacity and relocate production to centralized operations, short-term inventory increases are expected to ensure continuity of product supply to our customers.

"Prospects for continued strong cash flows in 2004 remain good, particularly in the second half as we complete the \$30 million cost reduction program. We are continuing to evaluate which alternative uses for cash would be most beneficial to our shareholders.

"Delivering value remains the Company's highest priority and drives all our activities. We believe focusing on product and process innovation, coupled with the efforts of the entire Albany team to improve all our internal operations, will provide value to our customers and improve returns to our shareholders."

The Company plans a live webcast to discuss third-quarter 2003 earnings today at 9:00 a.m. Eastern Time. For access, go to www.albint.com.

Albany International is the world's largest producer of paper machine clothing and high performance doors, with manufacturing plants in 15 countries and sales worldwide. Additional information about the Company's businesses and products is available at www.albint.com.

This release contains certain items that may be considered to be non-GAAP financial measures. Such items are provided because management believes that, when presented together with the GAAP items to which they relate, they can provide additional useful information to investors regarding the registrant's financial condition, results of operations, and cash flows.

The effect of changes in currency translation rates is calculated by converting amounts reported in local currencies into U.S. dollars at the exchange rate of a prior period. That amount is then compared to the U.S. dollar amount reported in the current period.

Forward-looking statements in this release or in the webcast, including statements about future sales, earnings, cash flows, possible uses for cash, pricing, markets, cost reductions, new products and process improvements, paper industry consolidation and outlook, inventory and accounts receivable reduction,

capital expenditures, refinancing, tax rates, and depreciation and amortization are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based on current expectations and are subject to various risks and uncertainties, including, but not limited to, economic conditions affecting the paper industry and other risks and uncertainties set forth in the Company's 2002 Annual Report to Shareholders and subsequent filings with the Securities and Exchange Commission.

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(in thousands except per share data)

Three Months Ended September 30,			Nine Months Ended September 30,	
2003	2002		2003	2002
\$208,743	\$205,153	Net sales	\$642,714	\$600,876
122,460	120,460	Cost of goods sold	372,440	349,292
86,283	84,693	Gross profit	270,274	251,584
60,716	57,792	Selling, technical, general and research expenses	186,774	177,287
14,317	-	Restructuring and other charges, net	15,999	-
11,250	26,901	Operating income	67,501	74,297
3,910	4,537	Interest expense, net	11,316	13,173
(2,115)	776	Other (income)/expense, net	1,232	4,507
9,455	21,588	Income before income taxes	54,953	56,617
2,809	7,556	Income taxes	11,243	19,816
6,646	14,032	Income before associated companies	43,710	36,801
(96)	145	Equity in earnings of associated companies	(191)	208
6,550	14,177	Income before cumulative effect of change in accounting principle	43,519	37,009
-	-	Cumulative effect of change in accounting principle, net of taxes	-	(5,837)
6,550	14,177	Net income	43,519	31,172
420,995	359,060	Retained earnings, beginning of period	387,609	345,273
(2,328)	(1,616)	Dividends declared	(5,911)	(4,824)
\$425,217	\$371,621	Retained earnings, end of period	\$425,217	\$371,621
		Earnings per share - basic:		
\$0.20	\$0.44	Income before cumulative effect of change in accounting principle	\$1.33	\$1.15
0.00	0.00	Cumulative effect of change in accounting principle	0.00	(0.18)
\$0.20	\$0.44	Net income	\$1.33	\$0.97
		Earnings per share - diluted:		
\$0.19	\$0.43	Income before cumulative effect of change in accounting principle	\$1.31	\$1.14
0.00	0.00	Cumulative effect of change in accounting principle	0.00	(0.18)
\$0.19	\$0.43	Net income	\$1.31	\$0.96
33,064	32,306	Average number of shares used in basic earnings per share computations	32,705	32,045
33,766	32,707	Average number of shares used in diluted earnings per share computations	33,273	32,615
\$0.07	\$0.05	Dividend per share	\$0.18	\$0.15

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands)

(unaudited)
September 30, December 31,
2003 2002

ASSETS	September 30, 2003	December 31, 2002
Cash and cash equivalents	\$63,505	\$18,799
Accounts receivable, net	148,560	135,339
Note receivable	21,204	20,075
Inventories:		
Finished goods	90,860	90,766
Work in process	52,680	44,763
Raw material and supplies	32,937	28,534
	176,477	164,063
Deferred taxes	34,477	43,439
Prepaid expenses	9,890	7,173
Total current assets	454,113	388,888
Property, plant and equipment, net	345,631	346,073
Investments in associated companies	5,046	4,849
Intangibles	16,353	16,274
Goodwill	149,589	137,146
Deferred taxes	66,520	65,574
Other assets	54,309	52,717
Total assets	\$1,091,561	\$1,011,521
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	\$6,051	\$12,224
Accounts payable	33,793	39,624
Accrued liabilities	121,913	101,510
Current maturities of long-term debt	201,042	1,914
Income taxes payable and deferred	26,471	31,222
Total current liabilities	389,270	186,494
Long-term debt	15,723	221,703
Other noncurrent liabilities	145,035	168,765
Deferred taxes and other credits	34,235	33,961
Total liabilities	584,263	610,923
Commitments and Contingencies	-	-
SHAREHOLDERS' EQUITY		
Preferred stock, par value \$5.00 per share; authorized 2,000,000 shares; none issued	-	-
Class A Common Stock, par value \$.001 per share; authorized 100,000,000 shares; issued 32,253,837 in 2003 and 28,983,057 in 2002	32	29
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 3,236,476 in 2003 and 5,607,576 in 2002	3	6
Additional paid in capital	273,914	255,484
Retained earnings	425,217	387,609
Accumulated items of other comprehensive income:		
Translation adjustments	(99,874)	(147,400)
Derivative valuation adjustment	(10,540)	(13,592)
Pension liability adjustment	(35,962)	(35,962)
	552,790	446,174
Less treasury stock (Class A), at cost (2,190,139 shares in 2003 and 2,193,793 shares in 2002)	45,492	45,576
Total shareholders' equity	507,298	400,598
Total liabilities and shareholders' equity	\$1,091,561	\$1,011,521

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

	Nine Months Ended September 30,	
	2003	2002
OPERATING ACTIVITIES		
Net income	\$43,519	\$31,172
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of associated companies	191	(208)
Depreciation	38,742	35,172
Amortization	3,687	3,544
Provision for deferred income taxes, other credits and long-term liabilities	(6,731)	(8,302)
Provision for impairment of plants and equipment	12,143	-
Provision for impairment of goodwill	-	5,837
Increase in cash surrender value of life insurance	(1,082)	(821)
Unrealized currency transaction gains	(4,255)	(866)
Gain on disposition of assets	(486)	(2,920)
Shares contributed to ESOP	4,451	3,680
Tax benefit of options exercised	1,291	1,672
Changes in operating assets and liabilities:		
Accounts receivable	8,484	3,833
Sale of accounts receivable	(2,476)	7,770
Note receivable	(1,130)	(4,464)
Inventories	(1,444)	5,832
Prepaid expenses	(2,717)	(4,348)
Accounts payable	(5,831)	(9,846)
Accrued liabilities	11,859	(3,135)
Income taxes payable	(4,751)	2,135
Other, net	(1,392)	3,993
Net cash provided by operating activities	92,072	69,730
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(29,951)	(18,834)
Purchased software	(613)	(404)
Proceeds from sale of assets	4,336	4,645
Premiums paid for life insurance policies	(1,118)	(1,159)
Net cash used in investing activities	(27,346)	(15,752)
FINANCING ACTIVITIES		
Proceeds from borrowings	40,582	47,984
Principal payments on debt	(54,304)	(68,691)
Dividends paid	(5,367)	(4,776)
Proceeds from options exercised	12,683	14,931
Net cash used in financing activities	(6,406)	(10,552)
Effect of exchange rate changes on cash flows	(13,614)	7,864
Increase in cash and cash equivalents	44,706	51,290
Cash and cash equivalents at beginning of year	18,799	6,153
Cash and cash equivalents at end of period	\$63,505	\$57,443

SOURCE Albany International Corp.

-0- 10/27/2003

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