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FORM 8-K

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

Date of Report: April 26, 2004  
(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 12. Results of Operations and Financial Condition

On April 26, 2004, Albany International issued a news release announcing its financial results for the fiscal quarter ended March 31, 2004. A copy of the news release is furnished as Exhibit 99.1 to this report.

The information in this report shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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

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

Date: April 26, 2004

Index to Exhibits

Exhibit Number	Description of Document
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99.1	News release, dated April 26, 2004, issued by Albany International Corp.

## Albany International Reports First-Quarter 2004 Earnings

## First-Quarter Highlights

- Net income per share was \$0.10, compared to \$0.65 for the same period last year. Net income per share was reduced by restructuring charges of \$0.24 in 2004 and \$0.02 in 2003. Net income was further reduced in the first quarter of 2004 due to an impairment loss amounting to \$0.08 per share.
- Net income per share was favorably affected by the resolution of certain income tax matters amounting to \$0.03 per share in 2004 and \$0.16 per share in 2003.
- Net sales were \$226.2 million, an increase of 7.5 percent compared to the same period last year and a decline of 1.3 percent excluding the effect of changes in currency translation rates.
- Operating income, after restructuring charges of \$11.6 million, was \$13.0 million, compared to \$27.7 million in the first quarter of 2003 after restructuring charges of \$0.8 million.
- The Company purchased 764,300 shares of its Class A Common Stock during the quarter.
- Net cash provided by operating activities was \$24.5 million during the quarter, compared to \$32.3 million for the same period last year.

ALBANY, N.Y., April 26 /PRNewswire-FirstCall/ -- Albany International Corp. (NYSE/PCX/FWB: AIN) reported first-quarter net income per share of \$0.10, compared to \$0.65 for the same period last year. Net income per share was reduced by restructuring charges of \$0.24 in 2004 and \$0.02 in 2003. Net income was further reduced in the first quarter of 2004 due to an impairment loss amounting to \$0.08 per share.

The resolution of certain income tax matters had a favorable effect on earnings amounting to \$0.03 per share in 2004 and \$0.16 in 2003.

The following table summarizes effects on net income per share:

	First Quarter	
	2004	2003
Earnings per share before special items:	\$0.39	\$0.51
Restructuring charges	(0.24)	(0.02)
Income tax matters	0.03	0.16
Impairment loss on investment	(0.08)	--
Net income per share	\$0.10	\$0.65

Net sales increased \$15.8 million, or 7.5 percent compared to the same period last year. Excluding the effect of changes in currency translation rates, net sales were down 1.3 percent. The decrease in net sales is due principally to weak global paper machine clothing (PMC) demand early in the quarter, which was partly the result of reductions in PMC inventory levels held by a number of our customers. In addition, competitive pricing pressures and the previously disclosed decision to decline sales opportunities that do not meet profit objectives resulted in slight market share decreases in some regions.

Following is a table of net sales by segment and the effect of changes in currency translation rates:

(in thousands)	Net sales as reported		Increase in first-quarter 2004 net sales due to changes in currency translation rates	Percent Change As Reported	Change Excluding Currency Rate Effect
	Three months ended March 31, 2004	Three months ended March 31, 2003			
Engineered Fabrics	\$184,071	\$176,541	\$13,733	4.3 %	-3.5 %
Albany Door Systems	27,350	22,537	3,268	21.4 %	6.9 %
Applied Technologies	14,774	11,335	1,430	30.3 %	17.7 %
Total	\$226,195	\$210,413	\$18,431	7.5 %	-1.3 %

Gross profit was 40.6 percent of net sales in the first quarter of 2004,

compared to 42.9 percent in the first quarter of 2003. The decrease is principally due to lower net sales, excluding the effect of changes in currency translation rates, and a shift in product mix to lower-margin segments.

Selling, technical, general, and research expenses increased 8.7 percent compared to the same period last year, and 0.5 percent excluding the effect of changes in currency translation rates.

Operating income was \$13.0 million, compared to \$27.7 million in 2003. Operating income was reduced by restructuring charges of \$11.6 million in 2004 and \$0.8 million in 2003. Restructuring charges in 2004 include \$5.3 million of non-cash items related to scrapping equipment in facilities that are being closed.

Other expense, net, was \$5.8 million for the quarter, compared to \$1.2 million for the first quarter of 2003. The increase is due principally to an impairment loss of \$4.0 million, representing the full value of the Company's investment in an unaffiliated company. In its 2003 Annual Report, the Company disclosed the possibility that this asset might become impaired.

Income tax expense includes, in both years, the benefit of resolving certain income tax matters that increased net income by \$0.9 million in 2004 and \$5.2 million in 2003.

Net cash provided by operating activities was \$24.5 million during the first quarter of 2004, compared to \$32.3 million for the same period of 2003. The decrease is due principally to higher-than-normal first-quarter income tax payments in 2004. Inventories increased \$5.3 million and accounts receivable decreased \$4.4 million during the first quarter of 2004, excluding the effect of changes in currency translation rates. Inventory levels during restructuring activities will likely remain slightly higher than normal to ensure customer coverage.

#### Capital Resources

Capital spending during the quarter was \$15.3 million. Second- and third-quarter capital spending is expected to be somewhat less than the first quarter, with fourth-quarter spending increasing as a result of equipment deliveries required to achieve planned efficiency improvements. Full-year capital spending is expected to be approximately \$55 million.

As previously announced, the Company entered into a new \$460 million credit facility early in the quarter. Interest expense continues to be affected by the floating-to-fixed interest rate swap agreements that fix the interest rate on \$200 million of debt at 7.16 percent. These agreements mature in June and August of 2005.

During the quarter, the Company purchased 764,300 of its shares at an average price of \$27.68 and remains authorized to purchase an additional 618,800 shares without further notice. Approximately \$2.0 million of the \$21.2 million purchase price for these shares was paid in early April of 2004.

#### Comments on Operations

Chairman and Chief Executive Officer Frank Schmeler commented, "On March 9, 2004, we announced sales and earnings for the first two months of the year. As reported at that time, two-month earnings were negatively affected by lower net sales, and margins were reduced by a shift in product mix to lower-margin segments. Earnings for the two months, and for the full quarter, were also reduced by higher-than-anticipated operating costs at locations in North America that are absorbing production from operations that are in the process of being closed. These additional costs are considered necessary to protect certain customer delivery commitments. The Company expects that these additional transition costs will be eliminated as North American restructuring activities are completed.

"In the last quarter of 2003, it appeared that many primary global economies were experiencing improved growth, yet paper and paperboard manufacturers were just beginning to see improvement, and then only in selected grades and regions. As a result, demand for paper machine clothing (PMC) remained weak through year-end.

"Early in 2004, paper and paperboard manufacturers began to validate the expected demand increases for their products and announced price increases across several grades. After a slow start, PMC sales and earnings showed strong improvement in March.

"Restructuring charges during the quarter are related to the activities in Engineered Products in France, the dryer fabric facility closure in the United Kingdom, and the closure of the Greenville, South Carolina, press fabric plant. Required consultation with the works council is ongoing for the plant shutdown in Holland. The new plant in France for the global Engineered Products business and the expanded dryer fabric facility in Finland are on track for second-quarter start-up. While we complete the restructuring activities, we will continue to ensure consistent quality and reliable delivery to our customers."

#### Engineered Fabrics

(This segment includes Paper Machine Clothing (PMC) and Process Belts used in the manufacture of paper and paperboard products, and Engineered Products for the nonwovens and pulp industries.)

First-quarter 2004 net sales for the Engineered Fabrics segment increased

4.3 percent compared to the same period last year. Excluding the effect of changes in currency translation rates, net sales decreased 3.5 percent compared to the first quarter of 2003. PMC demand, which was weak early in the quarter, improved in March in each of our business regions. In addition to the weak demand early in the quarter, we lost some business based on price. As our customers continue to reduce costs, we have encountered some additional pricing pressure on PMC products. In response, we continue to focus on delivering value through our products and services. A number of customers have learned that buying "lower price" PMC can result in both higher production costs and reduced quality of paper produced, leading to substantially reduced profitability for their operations. We are a strategic supplier to the paper industry, and we will continue to focus on supplying our customers with superior technology and services that will increase their profitability.

#### North America

In the United States, Canada, and Mexico, paper and paperboard operating rates improved as compared to the first quarter of last year. PMC sales demand early in the quarter was lower than expected and improved later in the quarter. For the quarter, net sales in North America were 1.3 percent behind last year. Excluding the effect of changes in currency translation rates, sales decreased 3.4 percent compared to 2003.

#### Europe

In Europe, paper and paperboard production grew at approximately 2.0 percent from 2001 through 2003, and we expect similar growth for the foreseeable future. Late in the first quarter, we saw evidence of modest increases in PMC demand. First-quarter net sales in Europe increased 11.3 percent over the same quarter in 2003, but decreased 3.7 percent excluding the effects of currency translation rates.

#### Pacific

First-quarter net sales in the Pacific region increased 4.8 percent over the same quarter last year and decreased 0.6 percent excluding the effect of currency translation rates. Robust economic growth in China was accompanied by continuing new machine announcements, which should provide improved PMC demand as start-ups begin.

#### Albany Door Systems

(This segment includes sales and service of High Performance Doors and aftermarket sales to a wide variety of industrial customers.)

Compared to the first quarter of 2003, net sales increased 21.4 percent and 6.9 percent excluding the effect of changes in currency translation rates. This sales gain is the result of growth in new products and improved aftermarket sales. New products, coupled with continuing cost reduction activities, should improve results for the remainder of the year.

#### Applied Technologies

(This segment includes materials and structural-component businesses including insulation for personal outerwear and home furnishings (PrimaLoft); specialty materials and composite structures for aircraft and other applications (Techniweave); specialty filtration products for wet and dry applications (Industrial Process Technologies); and industrial insulation products (High Performance Materials).)

Net sales in this segment increased 30.3 percent compared to the same period in 2003 and 17.7 percent excluding the effect of changes in currency translation rates. New products, efficiency gains, and the improving global economy are driving increased revenue and earnings in this segment. Net sales in Techniweave and High Performance Materials improved significantly as a result of new products, which include advanced materials and unique woven composites. Industrial Process Technologies sales and earnings increased sharply during the quarter due to regained market share resulting from new products and lower costs.

#### Looking Ahead

Mr. Schmeler continued, "The improvement in global paper and paperboard finally resulted in increased demand for Engineered Fabrics products late in the first quarter, and we remain cautiously optimistic about a sustained recovery in this segment. Our Albany Door Systems segment continues to be adversely affected by the slow economic improvement in Germany, an important market. In spite of this continued weakness, we are optimistic that sales and earnings in this segment will gradually improve through the year. Results in the Applied Technologies segment are encouraging, and we expect to see continued improvements over last year, driven by new products and efficiency gains.

"Our strategy to focus on value-added products and services for our customers is resulting in the accelerated development of new products in each of our business segments. Our objective is to continue to create solutions for our customers that significantly improve their operations and increase their profitability.

"We continue to use the Albany Value Concept to demonstrate added value to

customers through our products and services. Our employees are using the Albany Value Concept internally to continue to create best-practice opportunities and a common business culture focused on delivering value to customers and, ultimately, shareholders.

"The impact of several simultaneous plant closures in a complex global market may result in poor visibility of earnings over the next two quarters. However, we expect to see the continuing benefits of our cost reduction efforts in subsequent quarters and expect the full earnings benefit to be effective during the fourth quarter of 2004.

"Through this difficult period, our employees have remained focused on the task of serving our customers, completing our restructuring activities, and ensuring our success."

The Company plans a live webcast to discuss first-quarter 2004 earnings on Monday, April 26, 2004, at 9:00 a.m. Eastern Time. For access, go to [www.albint.com](http://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 and its businesses and products is available at [www.albint.com](http://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. Earnings per share before special items is calculated by adding back to net income per share certain individually significant items that affect the comparability of reporting periods. 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, capital expenditures, 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 2003 Annual Report to Shareholders and subsequent filings with the Securities and Exchange Commission.

ALBANY INTERNATIONAL CORP.  
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS  
(unaudited)

(in thousands except per share data)

	Three Months Ended March 31,	
	2004	2003
Net sales	\$226,195	\$210,413
Cost of goods sold	134,417	120,088
Gross profit	91,778	90,325
Selling, technical, general and research expenses	67,152	61,788
Restructuring, net	11,593	831
Operating income	13,033	27,706
Interest expense, net	3,654	3,871
Other expense, net	5,787	1,209
Income before income taxes	3,592	22,626
Income tax expense	217	1,545
Income before associated companies	3,375	21,081
Equity in losses of associated companies	(82)	(88)
Net Income	3,293	20,993
Retained earnings, beginning of period	433,407	387,609
Dividends declared	(2,370)	(1,783)
Retained earnings, end of period	\$434,330	\$406,819

Earnings per share - basic:

Net income	\$0.10	\$0.65
Earnings per share - diluted:		
Net income	\$0.10	\$0.64
Average number of shares used in basic earnings per share computations	33,596	32,438
Average number of shares used in diluted earnings per share computations	34,240	32,857
Dividends per share	\$0.07	\$0.055

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

	March 31 2004	December 31, 2003
<b>ASSETS</b>		
Cash and cash equivalents	\$68,846	\$78,822
Accounts receivable, net	144,876	151,157
Note receivable	20,981	21,814
Inventories:		
Finished goods	92,765	93,787
Work in process	58,040	53,936
Raw material and supplies	30,798	29,805
	181,603	177,528
Deferred taxes	29,485	33,314
Prepaid expenses	7,127	8,067
Total current assets	452,918	470,702
Property, plant and equipment, net	359,367	370,280
Investments in associated companies	5,275	5,278
Intangibles	15,392	15,790
Goodwill	156,158	159,543
Deferred taxes	66,088	70,450
Cash surrender value of life insurance policies	33,066	32,399
Other assets	14,203	21,274
Total assets	\$1,102,467	\$1,145,716
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Notes and loans payable	\$8,298	\$5,250
Accounts payable	35,497	35,080
Accrued liabilities	117,451	122,550
Current maturities of long-term debt	1,379	1,949
Income taxes payable and deferred	8,438	20,475
Total current liabilities	171,063	185,304
Long-term debt	214,601	214,894
Other noncurrent liabilities	153,730	153,811
Deferred taxes and other credits	31,902	37,052
Total liabilities	571,296	591,061
Commitments and Contingencies	-	-
<b>SHAREHOLDERS' EQUITY</b>		
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 32,824,095 in 2004 and 32,548,938 in 2003	33	33
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 3,236,476 in 2004 and 3,236,476 in 2003	3	3
Additional paid in capital	287,651	280,734
Retained earnings	434,330	433,407
Accumulated items of other comprehensive income:		
Translation adjustments	(76,030)	(65,613)
Derivative valuation adjustment	(8,590)	(8,840)
Pension liability adjustment	(39,579)	(39,579)
	597,818	600,145
Less treasury stock (Class A), at cost (2,954,338 shares in 2004 and 2,190,038 shares in 2003)	66,647	45,490

Total shareholders' equity	531,171	554,655
Total liabilities and shareholders' equity	\$1,102,467	\$1,145,716

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

	Three Months Ended	
	March 31,	
	2004	2003
<b>OPERATING ACTIVITIES</b>		
Net income	\$3,293	\$20,993
Adjustments to reconcile net cash provided by operating activities:		
Equity in losses of associated companies	82	88
Depreciation	13,825	12,517
Amortization	928	1,267
Provision for deferred income taxes, other credits and long-term liabilities	5,392	7,358
Provision for write-off of equipment	5,269	-
Provision for impairment of investment	4,000	-
Increase in cash surrender value of life insurance	(667)	(600)
Change in unrealized currency transaction gains and losses	6,268	(1,117)
Loss/(gain) on disposition of assets	736	(831)
Shares contributed to ESOP	2,588	2,589
Tax benefit of options exercised	913	8
Changes in operating assets and liabilities:		
Accounts receivable	787	5,924
Sale of accounts receivable	(2,649)	(350)
Note receivable	833	(2,635)
Inventories	(5,319)	(2,308)
Prepaid expenses	891	(2,180)
Accounts payable	930	(6,904)
Accrued liabilities	(3,357)	(3,375)
Income taxes payable	(12,044)	808
Other, net	1,814	1,003
Net cash provided by operating activities	24,513	32,255
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(15,275)	(9,410)
Purchased software	(140)	(175)
Proceeds from sale of assets	1,246	1,156
Net cash used in investing activities	(14,169)	(8,429)
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	8,299	17,424
Principal payments on debt	(6,100)	(18,424)
Purchase of treasury shares	(19,127)	-
Proceeds from options exercised	3,416	42
Debt issuance costs	(1,555)	-
Dividends paid	(2,346)	(1,783)
Net cash used in financing activities	(17,413)	(2,741)
Effect of exchange rate changes on cash flows	(2,907)	(1,490)
(Decrease)/Increase in cash and cash equivalents	(9,976)	19,595
Cash and cash equivalents at beginning of year	78,822	18,799
Cash and cash equivalents at end of period	\$68,846	\$38,394

SOURCE Albany International Corp.

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04/26/2004

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(AIN)

CO: Albany International Corp.  
ST: New York  
IN: MAC PAP  
SU: ERN CCA