

**ADTRAN, INC. REPORTS SECOND QUARTER 1998 RESULTS**

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HUNTSVILLE, Ala.--(BUSINESS WIRE)--July 14, 1998--ADTRAN, Inc. (NASDAQ: ADTN) reported results for both the second quarter and the first six months ended June 30, 1998. Sales for the quarter increased 20.3% to \$71,155,000 from sales of \$59,125,000 for the quarter ended June 30, 1997. Sales for the six-month period ended June 30, 1998 increased 13.4% to \$136,483,000 compared to sales of \$120,355,000 for the first six months of 1997.

Net income for the quarter increased 49.7% to \$10,451,000 from net income of \$6,980,000 for the quarter ended June 30, 1997. Net income for the first six months of 1998 increased 21.4% to \$20,038,000 compared to net income of \$16,503,000 for the first six months of 1997. Earnings per share, assuming dilution, for the second quarter increased 44% to \$.26 compared to earnings per share of \$.18 for the second quarter of 1997. Earnings per share for the first six months for 1998 increased 21% to \$.51 compared to earnings per share of \$.42 for the first six months of 1997.

ADTRAN Chairman and Chief Executive Officer Mark C. Smith stated, "Strong growth in the Company's Customer Premise Equipment (CPE) business continued in the second quarter. This segment grew by more than 48% to \$31,474,000 from \$21,184,000 over the prior year. The growth in CPE sales was driven principally by sales of T1 products and reflects the demand for increased bandwidth. We are pleased that our products are receiving recognition for their value to our customers in this market."

The Telco business grew at approximately five percent from the second quarter 1997. Mr. Smith stated that, "We are excited about prospects for Telco results in the second half of 1998 due to the introduction of Total Reach(R) for the 64 kilobit access market and the introduction of our new second generation Total Reach(R) for ISDN. Our recently announced new products such as the Total Access(TM) system, ADTRAN's optical multi-service platform, will further enhance the Company's position in HDSL and enable us to provide integrated solutions from the local loop to the desktop."

Gross margins continue their increasing trend as investment in product development and innovative engineering drive down costs. Component costs also were reduced due to favorable prices as a result of the Asian economic situation. In other matters, Mr. Smith noted that the authorization to repurchase shares of ADTRAN common stock remains in effect. A summary of activity related to that program will be included in the Form 10-Q to be filed for the second quarter.

ADTRAN, Inc. designs, develops, and markets a broad range of high-speed digital transmission products utilized by Telcos, corporate end users and OEMs to implement digital data service over existing telephone networks.

This press release contains forward-looking statements which reflect management's best judgment based on factors currently known. However, these statements involve risks and uncertainties including the successful development and market acceptance of new products, the degree of competition in the market for such products, the product and channel mix, component costs, manufacturing efficiencies, and other risks detailed in our annual report on Form 10-K for the year ended December 31, 1997. Such risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

Condensed Statements of Income  
For the periods ending 6/30/98 and 6/30/97  
Unaudited

	First Half 1998 ----	First Half 1997 ----
Sales	\$136,482,686	\$120,355,392
Cost of Sales	61,614,431	59,931,941
	-----	-----
Gross profit	74,868,255	60,423,451
Selling, general & administrative expenses	28,321,919	21,161,999
Research & development expenses	17,822,267	14,711,897
	-----	-----
Profit from operations	28,724,069	24,549,555
Interest expense	(1,110,761)	(751,199)
Other income (primarily interest)	2,861,033	1,986,866
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Income before income taxes	30,474,341	25,785,222
Provision for income taxes	(10,436,792)	(9,282,680)
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Net income	\$20,037,549	\$16,502,542
	=====	=====
Weighted average shares outstanding		
assuming dilution (1)	39,500,980	39,531,615
Earnings per common share		
assuming dilution (1)	\$0.51	\$0.42
Earnings per common share	\$0.51	\$0.42
(1) Assumes exercise of dilutive stock options calculated under the treasury stock method.		

Condensed Statements of Income  
For the quarters ending 6/30/98 and 6/30/97  
Unaudited

	Second Quarter 1998 ----	Second Quarter 1997 ----
Sales	\$71,155,452	\$59,125,208
Cost of Sales	32,205,894	30,493,144
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Gross profit	38,949,558	28,632,064
Selling, general & administrative expenses	15,064,329	10,624,484
Research & development expenses	9,443,911	7,716,639
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Profit from operations	14,441,318	10,290,941
Interest expense	(576,333)	(508,665)
Other income (primarily interest)	1,506,073	1,124,401
	-----	-----
Income before income taxes	15,371,058	10,906,677
Provision for income taxes	(5,226,160)	(3,926,404)
	-----	-----
Net income	\$10,144,898	\$6,980,273
	=====	=====
Weighted average shares outstanding		
assuming dilution (1)	39,431,601	39,523,277
Earnings per common share		
assuming dilution (1)	\$0.26	\$0.18
Earnings per common share	\$0.26	\$0.18
(1) Assumes exercise of dilutive stock options calculated under the treasury stock method.		

Condensed Balance Sheet

June 30, 1998  
Unaudited

Assets	June 30, 1998
Cash & cash equivalents	\$25,539,437
Short-term investments	63,423,723
Accounts receivable	36,956,828
Other receivables	1,113,151
Inventory	41,822,741
Prepaid expenses	4,387,345
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Total current assets	173,243,225
Equipment (net)	30,968,087
Land	4,263,104
Bldg. & land improvements (net)	33,792,334
Other assets	220,000
Long term investments	55,035,000
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	\$297,521,750
	=====
Liabilities and stockholders' equity	
Accounts payable	\$10,536,631
Accrued salaries	2,879,550
Accrued income taxes	2,294,364
Accrued taxes other than income taxes	260,015
Warranty payable	1,435,259
Accrued vacation	1,239,289
Interest payable	0
Other payables	1,367,583
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Total current liabilities	20,012,691
Long term liabilities	52,147,635
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Total liabilities	72,160,326
Stockholders' equity	225,361,424
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	\$297,521,750
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