



ADTRAN, Inc. Reports Second Quarter 2002 Results

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HUNTSVILLE, Ala.--(BUSINESS WIRE)--July 15, 2002--ADTRAN, Inc. (NASDAQ:ADTN) reported results for the second quarter of 2002. Sales for the second quarter were \$85,784,000 compared to sales of \$97,198,000 for the second quarter of 2001. Net income for the quarter increased 7.1% to \$4,967,000 compared to \$4,637,000 for the second quarter of 2001. Earnings per share for the quarter, assuming dilution, were \$.13 compared to \$.12 for the second quarter of 2001. Results for the quarter included an impairment charge related to other than temporary declines in the fair value of publicly traded equity investments below their cost basis, impacting earnings per share by \$.02. Gross margin improved to 48.5% compared to 46.9% in the second quarter of 2001 and 47.2% in the first quarter of 2002.

ADTRAN Chairman and Chief Executive Officer Mark Smith stated, "We continue to realize the results of increasing operating efficiencies and market share gains as we enhance our competitive advantage in this difficult environment. Our ability to reduce cost and sustain investment in engineering and new product development initiatives, augmented by our financial strength and superior customer service, continues to serve us well. These accomplishments will enhance our leadership position when the telecom and networking markets improve."

ADTRAN, Inc. is an established supplier of advanced transmission products that provide users access to today's expansive telecommunications networks. Widely deployed in carrier, enterprise and global networks worldwide, ADTRAN products support all major digital access technologies. ADTRAN equipment is widely deployed by major Incumbent Local Exchange Carriers, Inter-exchange Carriers, Internet Service Providers, Competitive Local Exchange Carriers, international service providers, public and private enterprises, and original equipment manufacturers.

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, 2001. Such risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

Condensed Balance Sheet

June 30, 2002

Unaudited

June 30,
2002

Assets	
Cash & cash equivalents	\$ 74,481,644
Short-term investments	\$ 25,284,358
Accounts receivable	\$ 49,334,889
Other receivables	\$ 5,676,627
Inventory	\$ 41,244,288
Prepaid expenses	\$ 8,382,592

Total current assets	\$ 204,404,398
Equipment (net)	\$ 39,699,115
Land	\$ 4,263,104
Bldg. & land improvements (net)	\$ 69,151,568
Other assets	\$ 469,000
Long term investments	\$ 194,355,154
Totals	\$ 512,342,339
Liabilities and stockholders' equity	
Accounts payable	\$ 18,620,997
Accrued wages and benefits	\$ 5,654,397
Accrued income taxes	\$ 4,767,177
Accrued liabilities	\$ 2,642,043
Total current liabilities	\$ 31,684,614
Long term liabilities	\$ 51,592,434
Total liabilities	\$ 83,277,048
Stockholders' equity	\$ 429,065,291
Totals	\$ 512,342,339

Condensed Statements of Income
For the periods ending 6/30/02 and 6/30/01

	Second Quarter 2002	Second Quarter 2001
Sales	\$ 85,784,365	\$ 97,197,873
Cost of Sales	\$ 44,161,128	\$ 51,639,324
Gross Profit	\$ 41,623,237	\$ 45,558,549
Selling, general and administrative expenses	\$ 20,275,908	\$ 24,837,935
Research and development expenses	\$ 14,637,503	\$ 14,925,049
Profit from operations	\$ 6,709,826	\$ 5,795,565
Interest expense	(\$ 624,725)	(\$ 478,639)
Net Realized Investment Gain/(Loss)	(\$ 1,365,136)	(\$ 135,231)
Other income (primarily interest)	\$ 2,066,711	\$ 1,843,454
Income before income taxes	\$ 6,786,676	\$ 7,025,149
Provision for income taxes	(\$ 1,820,095)	(\$ 2,388,551)
Net income	\$ 4,966,581	\$ 4,636,598
Weighted average shares outstanding assuming dilution (1)	38,302,779	38,857,510
Earnings per common share assuming dilution (1)	\$ 0.13	\$ 0.12
Earnings per common share	\$ 0.13	\$ 0.12

(1) Assumes exercise of dilutive stock options calculated under the treasury stock method

Condensed Statements of Income
For the periods ending 6/30/02 and 6/30/01

	First Half 2002	First Half 2001
Sales	\$ 169,126,348	\$ 202,473,620
Cost of Sales	\$ 88,144,281	\$ 111,480,633
Gross Profit	\$ 80,982,067	\$ 90,992,987

Selling, general and administrative expenses	\$ 41,065,730	\$ 50,902,771
Research and development expenses	\$ 28,471,764	\$ 29,773,763
Profit from operations	\$ 11,444,573	\$ 10,316,453
Interest expense	(\$ 1,315,008)	(\$ 982,194)
Net Realized Investment Gain/(Loss)	(\$ 1,363,215)	(\$ 94,625)
Other income (primarily interest)	\$ 4,049,046	\$ 3,783,635
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Income before income taxes	\$ 12,815,396	\$ 13,023,269
Provision for income taxes	(\$ 3,508,137)	(\$ 4,427,911)
Net income	\$ 9,307,259	\$ 8,595,358
	=====	=====
Weighted average shares outstanding assuming dilution (1)	38,285,866	38,859,545
Earnings per common share assuming dilution (1)	\$ 0.24	\$ 0.22
Earnings per common share	\$ 0.24	\$ 0.22

(1) Assumes exercise of dilutive stock options calculated under the treasury stock method

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