



ADTRAN, INC. REPORTS RECORD THIRD QUARTER RESULTS

947 words

12 October 1999

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Business Wire

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HUNTSVILLE, Ala.--(BUSINESS WIRE)--Oct. 12, 1999--ADTRAN, Inc. (NASDAQ: ADTN) reported record results for both the third quarter and the nine months ended September 30, 1999. Sales for the quarter increased 26% to \$97,067,000 from sales of \$77,044,000 for the quarter ended September 30, 1998. Sales for the nine-month period ended September 30, 1999 increased 23% to \$262,737,000 compared to sales of \$213,526,000 for the first nine months of 1998.

Net income for the quarter increased to \$14,150,000 from net income of \$11,441,000 for the quarter ended September 30, 1998. Net income for the first nine months of 1999 was \$33,977,000 compared to net income of \$31,479,000 for the first nine months of 1998. Earnings per share, assuming dilution, for the third quarter increased 24% to \$.36 compared to earnings per share of \$.29 for the third quarter of 1998.

Commenting on the results, ADTRAN Chairman and Chief Executive Officer Mark C. Smith stated, "Both Carrier and Enterprise divisions achieved record revenues driven by best ever performances in HDSL sales for Carrier and T1 sales for Enterprise. I am also pleased about the continuing growth in our ATLAS product line. ATLAS revenues doubled compared to third quarter 1998, growing over 28% from the second quarter of 1999."

Commenting further on the financial results, Mr. Smith noted "Gross margin recovered this quarter and should stabilize in our traditional operating range. The transition to sixth generation HDSL is progressing, Total Reach(R) continues to gain acceptance, and Total Access(TM) 750 started to ship in quantity. In addition, during the quarter ADTRAN received the first royalty payment of \$1 million from Infineon Technologies AG (formerly Siemens Semiconductors) relating to SDSL Technology developed by ADTRAN."

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, 1998. 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 September 30, 1999 Unaudited

| | September 30 1999 ----- |
|-------------------------|-------------------------------|
| Assets | |
| Cash & cash equivalents | \$45,144,130 |
| Short-term investments | 15,157,431 |
| Accounts receivable | 63,920,727 |

| | |
|---------------------------------------|---------------|
| Other receivables | 2,167,338 |
| Inventory | 61,860,145 |
| Prepaid expenses | 3,615,834 |
| | ----- |
| Total current assets | 191,865,605 |
| Equipment (net) | 28,955,229 |
| Land | 4,263,104 |
| Bldg. & Land improvements (net) | 66,126,923 |
| Other assets | 220,000 |
| Long term investments | 55,575,079 |
| | ----- |
| Totals | \$347,005,940 |
| | ===== |
| Liabilities and stockholders' equity | |
| Accounts payable | \$11,951,280 |
| Accrued salaries | 4,128,074 |
| Accrued income taxes | 5,961,603 |
| Accrued taxes other than income taxes | 718,758 |
| Warranty payable | 1,519,945 |
| Accrued vacation | 1,578,961 |
| Interest payable | 0 |
| Other payables | 2,104,478 |
| | ----- |
| Total current liabilities | 27,963,099 |
| Long term liabilities | 53,295,140 |
| | ----- |
| Total liabilities | 81,258,239 |
| Stockholders' equity | 265,747,701 |
| | ----- |
| Totals | \$347,005,940 |
| | ===== |

Condensed Statements of Income
For the periods ending 09/30/99 and 09/30/98

| | Third Quarter 1999 | Third Quarter 1998 |
|--|-----------------------|-----------------------|
| | ----- | ----- |
| Sales | \$ 97,067,399 | \$ 77,043,635 |
| Cost of Sales | 46,604,689 | 34,734,064 |
| | ----- | ----- |
| Gross Profit | 50,462,710 | 42,309,571 |
| Selling, general and administrative expenses | 18,353,928 | 16,022,809 |
| Research and development expenses | 10,885,778 | 9,909,567 |
| | ----- | ----- |
| Profit from operations | 21,223,004 | 16,377,195 |
| Interest expense | (582,667) | (582,667) |
| Other income (primarily interest) | 913,630 | 1,426,290 |
| | ----- | ----- |
| Income before income taxes | 21,553,967 | 17,220,818 |
| Provision for income taxes | (7,403,779) | (5,779,562) |
| | ----- | ----- |
| Net income | \$ 14,150,188 | \$ 11,441,256 |
| | ===== | ===== |
| Weighted average shares outstanding assuming dilution | 39,069,099 | 39,138,763 |
| | ===== | ===== |
| Earnings per common share assuming dilution (1) | \$ 0.36 | \$ 0.29 |
| | ===== | ===== |
| Earnings per common share | \$ 0.37 | \$ 0.29 |
| | ===== | ===== |

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

Condensed Statements of Income
For the periods ending 09/30/99 and 09/30/98

| | Nine Months 1999 | Nine Months 1998 |
|--|---------------------|---------------------|
| | ----- | ----- |
| Sales | \$262,736,919 | \$213,526,321 |
| Cost of Sales | 129,485,356 | 96,364,654 |
| | ----- | ----- |
| Gross Profit | 133,251,563 | 117,161,667 |
| Selling, general and administrative expenses | 52,357,951 | 44,300,674 |
| Research and development expenses | 30,914,252 | 27,759,729 |
| | ----- | ----- |
| Profit from operations | 49,979,360 | 45,101,264 |
| Interest expense | (1,729,000) | (1,693,428) |
| Other income (primarily interest) | 3,118,245 | 4,287,323 |
| | ----- | ----- |
| Income before income taxes | 51,368,605 | 47,695,159 |
| Provision for income taxes | (17,391,683) | (16,216,354) |
| | ----- | ----- |
| Net income | \$ 33,976,922 | \$ 31,478,805 |
| | ===== | ===== |
| Weighted average shares outstanding assuming dilution | 38,696,373 | 39,276,989 |
| | ===== | ===== |
| Earnings per common share assuming dilution (1) | \$ 0.88 | \$ 0.80 |
| | ===== | ===== |
| Earnings per common share | \$ 0.89 | \$ 0.80 |
| | ===== | ===== |

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

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