

**ADTRAN, Inc. Reports Fourth Quarter and Year 2005 Results and Declares Quarterly Cash Dividend**

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HUNTSVILLE, Ala. - (BUSINESS WIRE) - Jan. 23, 2006 - ADTRAN, Inc. (NASDAQ:ADTN) reported results for the fourth quarter and year ended December 31, 2005. Sales increased 34% to \$140,595,000 for the quarter compared to \$104,626,000 for the fourth quarter of 2004, and net income increased 121% to \$32,196,000 for the quarter compared to \$14,594,000 for the fourth quarter of 2004. Earnings per share, assuming dilution, were \$0.41 for the quarter compared to \$0.19 for the fourth quarter of 2004.

Sales increased 13% to \$513,215,000 for the year compared to \$454,517,000 for the year 2004. Net income increased 35% to \$101,150,000 for the year compared to \$75,141,000 for the year 2004. Earnings per share, assuming dilution, were \$1.30 for the year compared to \$0.93 for the year 2004.

Net cash provided by operating activities totaled \$40 million for the quarter and a record \$129 million for the year 2005.

ADTRAN Chief Executive Officer Tom Stanton stated, "Our strategy is clearly working. During 2005, our company achieved record levels of revenue and operating income as we continued to leverage our capabilities and customer base to escalate our positions in new, significantly larger markets. Also, we continued to solidify our leadership positions within our traditional markets. We believe our product development and marketing programs have positioned us extremely well as carriers continue to aggressively invest in broadband and next-generation services, and as IT spending continues to expand."

The Company announced that its Board of Directors declared a cash dividend for the fourth quarter of 2005. The quarterly cash dividend is \$0.09 per common share to be paid to holders of record at the close of business on February 7, 2006. The ex-dividend date is February 3, 2006 and the payment date is February 17, 2006.

The Company also confirmed that its fourth quarter conference call will be held Tuesday, January 24 at 9:30 a.m. Central Time. Guidance for the first quarter and year 2006 will be issued during this conference call. This conference call will be web cast live through StreetEvents.com. To listen, simply visit the Investor Relations site at <http://www.adtran.com> or <http://streetevents.com> approximately 10 minutes prior to the start of the call and click on the conference call link provided.

An online replay of the conference call will be available for seven days at <http://streetevents.com>. In addition, an online replay of the conference call, as well as the text of the Company's earnings release, will be available on the Investor Relations site at <http://www.adtran.com> for at least 12 months following the call.

ADTRAN, Inc. is one of the world's most successful network access equipment suppliers, with an 18-year history of profitability and a portfolio of more than 1,300 solutions for use in the last mile of today's telecommunications networks. Widely deployed by both carriers and enterprises, ADTRAN solutions enable voice, data, video, and Internet communications across copper, fiber, and wireless network infrastructures. ADTRAN solutions are currently in use by every major domestic service provider and many international ones, as well as by thousands of public, private and government organizations worldwide.

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, 2004 and our quarterly report on Form 10-Q for the quarter ended September 30, 2005. These 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
December 31, 2005
Unaudited
(In thousands)

	December 31, 2005

Assets	
Cash & cash equivalents	\$ 112,794
Short-term investments	154,080
Accounts receivable (net)	66,246
Other receivables	3,214
Inventory (net)	50,266
Prepaid expenses and other current assets	8,754

Total current assets	395,354
Equipment (net)	20,352
Land	4,263
Bldg. & land improvements (net)	60,418
Other assets	1,395
Long-term investments	170,836

Total long-term assets	257,264

Total assets	\$ 652,618
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Liabilities and stockholders' equity	
Accounts payable	\$ 30,000
Accrued wages and benefits	11,678
Accrued liabilities	9,371

Total current liabilities	51,049
Deferred tax liabilities	5,330
Other non-current liabilities	4,068
Long term-debt	50,000

Total long-term liabilities	59,398
Total liabilities	110,447
Stockholders' equity	542,171

Total liabilities and stockholders' equity	\$	652,618
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Condensed Statements of Income (1)
For the quarters ending 12/31/05 and 12/31/04
(In thousands, except per share data)
Unaudited

	Fourth Quarter 2005	Fourth Quarter 2004
Sales	\$ 140,595	\$ 104,626
Cost of Sales	56,363	46,083
Gross Profit	84,232	58,543
Selling, general and administrative expenses	24,154	23,040
Research and development expenses	14,857	17,812
Profit from operations	45,221	17,691
Interest expense	(634)	(610)
Other income, net	2,704	3,764
Income before provision for income taxes	47,291	20,845
Provision for income taxes	(15,095)	(6,251)
Net income	\$ 32,196	\$ 14,594
Weighted average shares		
Basic	76,295	76,587
Diluted (2)	78,840	78,725
Earnings per common share		
Basic	\$ 0.42	\$ 0.19
Diluted (2)	\$ 0.41	\$ 0.19

(1) Certain reclassifications have been made to the 2004 Income Statement in order to conform with the 2005 presentation. These reclassifications had no effect on previously reported net income.
(2) Assumes exercise of dilutive stock options calculated under the treasury stock method.

Condensed Statements of Income (1)
For the periods ending 12/31/05 and 12/31/04
(In thousands, except per share data)

Unaudited

	Year Ended 2005	Year Ended 2004
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Sales	\$ 513,215	\$ 454,517
Cost of Sales	209,895	195,182
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Gross Profit	303,320	259,335
Selling, general and administrative expenses	96,411	90,190
Research and development expenses	62,654	67,384
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Profit from operations	144,255	101,761
Interest expense	(2,535)	(2,542)
Other income, net	11,654	10,797
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Income before provision for income taxes	153,374	110,016
Provision for income taxes	(52,224)	(34,875)
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Net income	\$ 101,150	\$ 75,141
	=====	=====
Weighted average shares		
Basic	75,775	78,235
Diluted (2)	77,966	80,985
Earnings per common share		
Basic	\$ 1.33	\$ 0.96
Diluted (2)	\$ 1.30	\$ 0.93

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

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