

**ADTRAN, Inc. Reports Second Quarter 2003 Results and Declares a Special and Quarterly Cash Dividend.**

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HUNTSVILLE, Ala.-(BUSINESS WIRE)-July 15, 2003-ADTRAN, Inc. (NASDAQ:ADTN) reported results for the second quarter ended June 30, 2003. Sales were \$90,437,000 for the quarter compared to \$85,784,000 for the second quarter of 2002.

Net income increased 149% to \$12,379,000 for the quarter compared to \$4,967,000 for the second quarter of 2002. Earnings per share, assuming dilution, were \$0.31 for the quarter compared to \$0.13 for the second quarter of 2002.

Net income increased 104% for the quarter compared to pro-forma net income of \$6,076,000 for the second quarter of 2002. Pro-forma earnings per share were \$0.16 for the second quarter of 2002. Pro-forma net income and pro-forma earnings per share for the second quarter of 2002 excluded the effect of an impairment charge primarily related to other than temporary declines in the fair value of marketable equity securities and write-downs of private securities. A reconciliation of pro-forma net income and pro-forma earnings per share to net income and earnings per share is included in the Condensed Statements of Income attached to this release.

Gross margins were 54.9% for the quarter compared to 48.5% in the second quarter of 2002.

Cash and marketable securities, net of debt, increased to \$312 million during the quarter.

ADTRAN Chairman and Chief Executive Officer Mark Smith stated, "In addition to market share expansion of existing products, we continue to observe sequential revenue increases in all new product areas comprised of DSLAMS, optical access products and access routers. Our product development and cost leadership capabilities position us well for revenue and earnings growth in a tight spending environment. This strategy bodes particularly well for the eventual improvement in the economy and return of enterprise spending."

The Company also announced that on July 14, 2003 its Board of Directors declared a special and quarterly cash dividend of \$2.00 and \$0.15 per common share, respectively, to be paid to holders of record at the close of business on July 31, 2003. The payment date for each of the special and second quarter dividend will be August 29, 2003. Mr. Smith stated, "Our Company's strong operating model has generated cash over the years well in excess of its needs and with recent legislation cash dividends are now a tax efficient way to release value to shareholders. As a result of recent tax legislation, we anticipate distributing cash dividends to our shareholders quarterly, as we remain confident of our continuing ability to generate earnings and surplus cash. We believe our Company's ensuing balances of cash and liquid assets, and anticipated continuing cash flow, will be more than adequate to fund working capital requirements, top-line growth and strategic initiatives for the future."

There will be a conference call today at 10:30 a.m. Eastern Time to discuss our second quarter 2003 financial results. To listen to the webcast of this conference call, visit our Investor Relations page at <http://www.adtran.com> approximately 10 minutes before the start of the call and click on the conference call link provided. As indicated in our press release of July 7, 2003, an online replay of the webcast of the conference call, as well as the text of this release, will also be available on the Investor Relations page of our website at <http://www.adtran.com> for at least 12 months following the date of this release.

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, ISPs, Competitive Service Providers, 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, 2002. Such risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

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Condensed Statements of Income
For the periods ending 6/30/03 and 6/30/02
(Dollars in thousands, except per share data)
Six Months Ended Six Months Ended
2003 2002

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Sales	\$176,660	\$169,126
Cost of Sales	\$79,887	\$88,144
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Gross Profit	\$96,773	\$80,982
Selling, general and administrative expenses	\$40,498	\$41,066
Research and development expenses	\$27,910	\$28,471
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Profit from Operations	\$28,365	\$11,445
Interest expense	(\$1,319)	(\$1,315)
Net realized investment gain (loss)	\$226	(\$27)
Other income (primarily interest)	\$5,535	\$4,449
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Income before income taxes, excluding item detailed below	\$32,807	\$14,552
Provision for income taxes	(\$9,889)	(\$4,135)
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Income, excluding net investment impairment charge	\$22,918	\$10,417
Investment impairment charge, net (1)	\$0	(\$1,109)
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Net income	\$22,918	\$9,308
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Weighted average shares outstanding:		
Basic	37,808,953	38,186,350
Diluted (2)	39,509,393	38,285,866
Earnings per share, excluding net realized investment impairment charge		
Basic	\$0.61	\$0.27
Diluted (2)	\$0.58	\$0.27
Earnings per share		
Basic	\$0.61	\$0.24
Diluted (2)	\$0.58	\$0.24
(1) Amount is comprised of other-than-temporary declines in the fair value of marketable equity securities and write-downs of private securities.		
Investment impairment charge before tax	\$0	(\$1,736)
Income tax effect (using statutory rate)	\$0	\$627
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Net investment impairment charge	\$0	(\$1,109)
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(2) Assumes exercise of dilutive stock options calculated under the treasury stock method

Management believes a pro-forma presentation provides investors with additional insight into the Company's financial results. The proforma presentation segregates the financial effect of impairment charges of marketable equity securities and write-downs of private securities from transactional based investment activity, reflected in net realized investment gain(loss), during the reporting period.

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Condensed Statements of Income

For the periods ending 6/30/03 and 6/30/02

(Dollars in thousands, except per share data)

Second Quarter	Second Quarter
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2003	2002
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Sales	\$90,437	\$85,784
Cost of Sales	\$40,737	\$44,161
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Gross Profit	\$49,700	\$41,623
Selling, general and administrative expenses	\$20,346	\$20,276
Research and development expenses	\$13,639	\$14,637
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Profit from Operations	\$15,715	\$6,710
Interest expense	(\$660)	(\$625)
Net realized investment gain (loss)	\$225	(\$29)
Other income (primarily interest)	\$2,682	\$2,467
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Income before income taxes, excluding item detailed below	\$17,962	\$8,523
Provision for income taxes	(\$5,583)	(\$2,447)
-----	-----	
Income, excluding net investment impairment charge	\$12,379	\$6,076
Investment impairment charge, net (1)	\$0	(\$1,109)
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Net income	\$12,379	\$4,967

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Weighted average shares outstanding:

Basic	38,018,429	38,250,390
Diluted (2)	39,949,456	38,302,779
Earnings per share, excluding net realized investment impairment charge		
Basic	\$0.33	\$0.16
Diluted (2)	\$0.31	\$0.16
Earnings per share		
Basic	\$0.33	\$0.13
Diluted (2)	\$0.31	\$0.13

(1) Amount is comprised of other-than-temporary declines in the fair value of marketable equity securities and write-downs of private securities.

Investment impairment charge before tax	\$0	(\$1,736)
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Income tax effect (using statutory rate)	\$0	\$627
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Condensed Balance Sheet

June 30, 2003

Unaudited

(Dollars in thousands)

June 30

2003

Assets	
Cash & cash equivalents	\$126,645
Short-term investments	\$21,583
Accounts receivable (net)	\$50,986
Other receivables	\$2,922
Inventory (net)	\$39,314
Prepaid expenses and other current assets	\$6,225

Total current assets	\$247,675
Equipment (net)	\$29,985
Land	\$4,263
Bldg. & land improvements (net)	\$66,582
Other assets	\$488
Deferred tax assets	\$3,362
Long-term investments	\$216,525

Total Assets	\$568,880
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Liabilities and stockholders' equity	
Accounts payable	\$19,542
Accrued wages and benefits	\$6,373
Accrued income taxes	\$2,297
Accrued liabilities	\$2,986

Total current liabilities	\$31,198
Deferred tax liabilities	\$6,123
Long term debt	\$50,000
Total long term liabilities	\$56,123

Total liabilities	\$87,321
Stockholders' equity	\$481,559

Total Liabilities and Stockholders' Equity	\$568,880
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