

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report: February 13, 2023
(Date of earliest event reported)

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

| | | |
|-----------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------|
| Delaware (State or other jurisdiction of incorporation) | 1-10026 (Commission File Number) | 14-0462060 (I.R.S Employer Identification No.) |
| 216 Airport Drive Rochester, New Hampshire (Address of principal executive offices) | | 03867 (Zip Code) |
| Registrant's telephone number, including area code | 603-330-5850 | |
| | None | |
| (Former name or former address, if changed since last report.) | | |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|------------------------------------------------------|----------------------|----------------------------------------------|
| Class A Common Stock, \$0.001 par value per share | AIN | The New York Stock Exchange (NYSE) |
| Class B Common Stock, \$0.001 par value per share | AIN | The New York Stock Exchange (NYSE) |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act 1933 (230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (240.12b-2 of this chapter).

- Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 13, 2023 Albany International issued a news release reporting fourth quarter 2022 financial results. The Company will host a webcast to discuss earnings at 9:00 a.m. Eastern Time on Tuesday February 14, 2023. The news release is furnished as Exhibit 99.1 to this report.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is being furnished herewith:

99.1 News release dated February 13, 2023 reporting fourth-quarter 2022 financial results.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALBANY INTERNATIONAL CORP.

By: /s/ Stephen M. Nolan

Name: Stephen M. Nolan
Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: February 13, 2023

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|-------------------------------------------------------------------------------------------------------|
| 99.1 | News release dated February 13, 2023 reporting fourth-quarter 2022 financial results. |
| 104 | Inline XBRL cover page. |



Albany International Reports Fourth-Quarter 2022 Results

ROCHESTER, N.H.— (BUSINESS WIRE) -- February 13, 2023 — Albany International Corp. (NYSE:AIN) today reported operating results for its fourth quarter of 2022, which ended December 31, 2022.

"We are pleased to report another strong quarter to close 2022," said Bill Higgins, President and Chief Executive Officer. "Our teams successfully addressed multiple challenges throughout the past year. We overcame supply chain challenges and managed inflationary pressures while serving customers, winning new business, and developing new products. Full year Revenue, Gross profit, Operating income, and Adjusted EBITDA all moved higher compared to 2021's results.

"Our Engineered Composites segment grew its top line 37%, the result of recovering LEAP production and new business wins, headlined by expanded content on the CH-53K helicopter program.

"Our Machine Clothing segment's execution and financial results continued to be impressive. The segment delivered excellent profitability in 2022 with Adjusted EBITDA margins exceeding 37% despite the inflationary environment."

For the fourth-quarter ended December 31, 2022:

- Net sales were \$268.8 million, up 12.0%, or 15.5% after adjusting for currency translation, when compared to the prior year, driven by growth in the Engineered Composites segment.
- Gross profit of \$97.1 million was 1.1% higher than the \$96.1 million reported for the same period of 2021, mainly due to higher net sales in the lower margin Engineered Composites segment.
- Selling, Technical, General, and Research (STG&R) expenses were \$59.3 million, compared to \$53.2 million in the same period of 2021. The increase was driven by higher foreign currency revaluation expense, incentive compensation costs, and investments in sales and marketing activities.
- Operating income was \$37.9 million, compared to \$41.7 million in the prior year, a decrease of 9.2%.
- The effective tax rate for the quarter was 42.1% compared to a 27.3% effective tax rate in the fourth quarter of 2021, due to a shift in taxable income to higher tax rate jurisdictions and unfavorable effects of discrete items.
- Net income attributable to the Company was \$18.1 million (\$0.58 per share), compared to \$28.6 million (\$0.89 per share) in the fourth quarter of 2021. Adjusted earnings per share (or Adjusted EPS, a non-GAAP measure) was \$0.75 per share, compared to \$0.86 per share for the same period of last year.
- Adjusted EBITDA (a non-GAAP measure) was \$58.4 million, compared to \$60.6 million in the fourth quarter of 2021, a decrease of 3.6%.

Please see the tables below for a reconciliation of non-GAAP measures to their comparable GAAP measures.

"We are in a solid position as we enter 2023 with a strong balance sheet and healthy order books," said Stephen Nolan, Chief Financial Officer. "We expect to sustain strong results consistent with our long-term goals for both of our businesses in the coming year."

Outlook for Full-Year 2023

Albany International announces its initial financial guidance for the full-year 2023:

- Total company revenue between \$1.01 and \$1.05 billion;
 - Effective income tax rate, including tax adjustments, between 28% and 30%;
 - Total company depreciation and amortization between \$70 and \$75 million;
 - Capital expenditures in the range of \$90 to \$100 million;
 - GAAP and Adjusted earnings per share between \$3.10 and \$3.60;
 - Total company Adjusted EBITDA between \$225 to \$255 million;
 - Machine Clothing revenue between \$590 to \$610 million;
 - Machine Clothing Adjusted EBITDA between \$205 and \$225 million;
 - Albany Engineered Composites (AEC) revenue between \$420 to \$440 million; and
 - Albany Engineered Composites Adjusted EBITDA between \$80 to \$90 million.
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ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|-------------------------------------------------------------------|------------------------------------|------------|-------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net sales | \$ 268,786 | \$ 239,918 | \$ 1,034,887 | \$ 929,240 |
| Cost of goods sold | 171,694 | 143,843 | 645,105 | 550,849 |
| Gross profit | 97,092 | 96,075 | 389,782 | 378,391 |
| Selling, general, and administrative expenses | 49,388 | 43,228 | 168,713 | 160,127 |
| Technical and research expenses | 9,957 | 10,006 | 39,941 | 38,922 |
| Restructuring expenses, net | (162) | 1,101 | 106 | 1,331 |
| Operating income | 37,909 | 41,740 | 181,022 | 178,011 |
| Interest expense, net | 2,664 | 3,370 | 14,000 | 14,891 |
| Pension settlement expense | — | — | 49,128 | — |
| Aviation Manufacturing Jobs Protection (AMJP) grant | — | — | — | (5,832) |
| Other expense/(income), net | 3,805 | (1,194) | (14,086) | 3,021 |
| Income before income taxes | 31,440 | 39,564 | 131,980 | 165,931 |
| Income tax expense | 13,199 | 10,788 | 35,472 | 47,163 |
| Net income | 18,241 | 28,776 | 96,508 | 118,768 |
| Net income/(loss) attributable to the noncontrolling interest | 111 | 140 | 746 | 290 |
| Net income attributable to the Company | \$ 18,130 | \$ 28,636 | \$ 95,762 | \$ 118,478 |
| Earnings per share attributable to Company shareholders - Basic | \$ 0.58 | \$ 0.89 | \$ 3.06 | \$ 3.66 |
| Earnings per share attributable to Company shareholders - Diluted | \$ 0.58 | \$ 0.88 | \$ 3.04 | \$ 3.65 |
| Shares of the Company used in computing earnings per share: | | | | |
| Basic | 31,111 | 32,285 | 31,339 | 32,348 |
| Diluted | 31,267 | 32,398 | 31,455 | 32,463 |
| Dividends declared per share, Class A and Class B | \$ 0.25 | \$ 0.21 | \$ 0.88 | \$ 0.81 |

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

| | December 31, 2022 | December 31, 2021 |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 291,776 | \$ 302,036 |
| Accounts receivable, net | 200,018 | 191,985 |
| Contract assets, net | 148,695 | 112,546 |
| Inventories | 139,050 | 117,882 |
| Income taxes prepaid and receivable | 7,938 | 1,958 |
| Prepaid expenses and other current assets | 50,962 | 32,394 |
| Total current assets | \$ 838,439 | \$ 758,801 |
| Property, plant and equipment, net | 445,658 | 436,417 |
| Intangibles, net | 33,811 | 39,081 |
| Goodwill | 178,217 | 182,124 |
| Deferred income taxes | 15,196 | 26,376 |
| Noncurrent receivables, net | 27,913 | 31,849 |
| Other assets | 103,021 | 81,416 |
| Total assets | \$ 1,642,255 | \$ 1,556,064 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable | \$ 69,707 | \$ 68,954 |
| Accrued liabilities | 126,385 | 124,325 |
| Current maturities of long-term debt | — | — |
| Income taxes payable | 15,224 | 14,887 |
| Total current liabilities | 211,316 | 208,166 |
| Long-term debt | 439,000 | 350,000 |
| Other noncurrent liabilities | 108,758 | 107,794 |
| Deferred taxes and other liabilities | 15,638 | 12,499 |
| Total liabilities | 774,712 | 678,459 |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, par value \$5.00 per share; authorized 2,000,000 shares; none issued | — | — |
| Class A Common Stock, par value \$.001 per share; authorized 100,000,000 shares; 40,785,434 issued in 2022 and 40,760,577 in 2021 | 41 | 41 |
| Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; none issued and outstanding in 2022 and 104 in 2021 | — | — |
| Additional paid in capital | 441,540 | 436,996 |
| Retained earnings | 931,318 | 863,057 |
| Accumulated items of other comprehensive income: | | |
| Translation adjustments | (146,851) | (105,880) |
| Pension and postretirement liability adjustments | (15,783) | (38,490) |
| Derivative valuation adjustment | 17,707 | (1,614) |
| Treasury stock (Class A), at cost; 9,674,542 shares in 2022 and 8,665,090 in 2021 | (364,923) | (280,143) |
| Total Company shareholders' equity | 863,049 | 873,967 |
| Noncontrolling interest | 4,494 | 3,638 |
| Total equity | 867,543 | 877,605 |
| Total liabilities and shareholders' equity | \$ 1,642,255 | \$ 1,556,064 |

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|-----------------------------------------------------------------------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| OPERATING ACTIVITIES | | | | |
| Net income | \$ 18,241 | \$ 28,776 | \$ 96,508 | \$ 118,768 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 15,616 | 16,645 | 62,480 | 65,130 |
| Amortization | 1,525 | 2,263 | 6,569 | 9,125 |
| Change in deferred taxes and other liabilities | 7,086 | 5,159 | (8,496) | 12,181 |
| Impairment of property, plant, equipment, and inventory | (802) | 293 | 1,808 | 856 |
| Non-cash interest expense | 278 | 282 | 1,118 | 875 |
| Non-cash portion of pension settlement expense | — | — | 42,657 | — |
| Compensation and benefits paid or payable in Class A Common Stock | 1,245 | 914 | 4,527 | 3,146 |
| Provision/(recovery) for credit losses from uncollected receivables and contract assets | 523 | (141) | 1,408 | (1,299) |
| Foreign currency remeasurement (gain)/loss on intercompany loans | 2,195 | (2,599) | (4,434) | (3,150) |
| Fair value adjustment on foreign currency options | (100) | — | (509) | 169 |
| Changes in operating assets and liabilities that provided/(used) cash: | | | | |
| Accounts receivable | 5,959 | 6,558 | (14,301) | (7,734) |
| Contract assets | 767 | 3,276 | (36,434) | 25,446 |
| Inventories | 354 | (104) | (24,541) | (9,942) |
| Prepaid expenses and other current assets | (1,401) | (3,442) | (4,134) | (998) |
| Income taxes prepaid and receivable | (3,826) | 1,536 | (6,005) | 3,944 |
| Accounts payable | 3,491 | 5,180 | 8,572 | 9,492 |
| Accrued liabilities | 15,850 | 11,537 | 3,226 | (774) |
| Income taxes payable | (2,456) | 608 | 183 | (477) |
| Noncurrent receivables | 935 | 1,523 | 3,911 | 4,355 |
| Other noncurrent liabilities | (4,173) | (8,131) | (10,133) | (13,713) |
| Other, net | (400) | (1,157) | 4,234 | 2,075 |
| Net cash provided by operating activities | <u>60,907</u> | <u>68,976</u> | <u>128,214</u> | <u>217,475</u> |
| INVESTING ACTIVITIES | | | | |
| Purchases of property, plant and equipment | (42,727) | (21,039) | (93,675) | (52,793) |
| Purchased software | (789) | (512) | (2,673) | (906) |
| Net cash used in investing activities | <u>(43,516)</u> | <u>(21,551)</u> | <u>(96,348)</u> | <u>(53,699)</u> |
| FINANCING ACTIVITIES | | | | |
| Proceeds from borrowings | 17,000 | — | 162,000 | 8,000 |
| Principal payments on debt | (25,000) | — | (73,000) | (56,009) |
| Principal payments on finance lease liabilities | — | (371) | (654) | (1,438) |
| Debt acquisition costs | — | — | — | — |
| Purchase of Treasury shares | — | (23,449) | (84,780) | (23,449) |
| Taxes paid in lieu of share issuance | — | — | (770) | (998) |
| Proceeds from options exercised | — | — | 17 | 153 |
| Dividends paid | (6,533) | (6,476) | (26,465) | (25,894) |
| Net cash used in financing activities | <u>(14,533)</u> | <u>(30,296)</u> | <u>(23,652)</u> | <u>(99,635)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 12,436 | (1,310) | (18,474) | (3,421) |
| Increase/(decrease) in cash and cash equivalents | 15,294 | 15,819 | (10,260) | 60,720 |
| Cash and cash equivalents at beginning of period | 276,482 | 286,217 | 302,036 | 241,316 |
| Cash and cash equivalents at end of period | <u>\$ 291,776</u> | <u>\$ 302,036</u> | <u>\$ 291,776</u> | <u>\$ 302,036</u> |

Financial tables and reconciliation of non-GAAP measures to comparable GAAP measures

The following tables present Net sales and the effect of changes in currency translation rates:

| (in thousands, except percentages) | Net sales as reported, Q4 2022 | (Decrease) due to changes in currency translation rates | Q4 2022 sales on same basis as Q4 2021 currency translation rates | Net sales as reported, Q4 2021 | % Change compared to 2021, excluding currency rate effects |
|------------------------------------|--------------------------------|---------------------------------------------------------|-------------------------------------------------------------------|--------------------------------|------------------------------------------------------------|
| Machine Clothing | \$ 150,340 | \$ (6,303) | \$ 156,643 | \$ 156,717 | — % |
| Albany Engineered Composites | 118,446 | (1,979) | 120,425 | 83,201 | 44.7 % |
| Consolidated total | \$ 268,786 | \$ (8,282) | \$ 277,068 | \$ 239,918 | 15.5 % |

| (in thousands, except percentages) | Net sales as reported, YTD 2022 | Increase due to changes in currency translation rates | YTD 2022 sales on same basis as 2021 currency translation rates | Net sales as reported, YTD 2021 | % Change compared to 2021, excluding currency rate effects |
|------------------------------------|---------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|---------------------------------|------------------------------------------------------------|
| Machine Clothing | \$ 609,461 | \$ (20,848) | \$ 630,309 | \$ 619,015 | 1.8 % |
| Albany Engineered Composites | 425,426 | (7,610) | 433,036 | 310,225 | 39.6 % |
| Consolidated total | \$ 1,034,887 | \$ (28,458) | \$ 1,063,345 | \$ 929,240 | 14.4 % |

The following tables present Gross profit and Gross profit margin:

| (in thousands, except percentages) | Gross profit, Q4 2022 | Gross profit margin, Q4 2022 | Gross profit, Q4 2021 | Gross profit margin, Q4 2021 |
|------------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
| Machine Clothing | \$ 74,851 | 49.8 % | \$ 82,030 | 52.3 % |
| Albany Engineered Composites | 22,241 | 18.8 % | 14,045 | 16.9 % |
| Consolidated total | \$ 97,092 | 36.1 % | \$ 96,075 | 40.0 % |

| (in thousands, except percentages) | Gross profit, YTD 2022 | Gross profit margin, YTD 2022 | Gross profit, YTD 2021 | Gross profit margin, YTD 2021 |
|------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|
| Machine Clothing | \$ 312,285 | 51.2 % | \$ 322,457 | 52.1 % |
| Albany Engineered Composites | 77,497 | 18.2 % | 55,934 | 18.0 % |
| Consolidated total | \$ 389,782 | 37.7 % | \$ 378,391 | 40.7 % |

A reconciliation from Net income/(loss) (GAAP) to Adjusted EBITDA (non-GAAP) for the current-year and comparable prior-year periods has been calculated as follows:

| Three months ended December 31, 2022 | | | | |
|-------------------------------------------------------------------------------|-------------------------|-------------------------------------|-------------------------------------|----------------------|
| (in thousands) | Machine Clothing | Albany Engineered Composites | Corporate expenses and other | Total Company |
| Net income/(loss) (GAAP) | \$ 44,462 | \$ 10,891 | \$ (37,112) | \$ 18,241 |
| Interest expense, net | — | — | 2,664 | 2,664 |
| Income tax expense | — | — | 13,199 | 13,199 |
| Depreciation and amortization expense | 4,767 | 11,410 | 964 | 17,141 |
| EBITDA (non-GAAP) | 49,229 | 22,301 | (20,285) | 51,245 |
| Restructuring expenses, net | (163) | — | 1 | (162) |
| Foreign currency revaluation (gains)/losses (a) | 3,170 | (83) | 7,663 | 10,750 |
| Acquisition/integration costs | — | 251 | — | 251 |
| Dissolution of business relationships in Russia | (79) | — | — | (79) |
| IP address sales | — | — | (3,420) | (3,420) |
| Pre-tax (income) attributable to noncontrolling interest | — | (184) | — | (184) |
| Adjusted EBITDA (non-GAAP) | \$ 52,157 | \$ 22,285 | \$ (16,041) | \$ 58,401 |
| Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales-non-GAAP) | 34.7 % | 18.8 % | — | 21.7 % |

| Three months ended December 31, 2021 | | | | |
|-------------------------------------------------------------------------------|-------------------------|-------------------------------------|-------------------------------------|----------------------|
| (in thousands) | Machine Clothing | Albany Engineered Composites | Corporate expenses and other | Total Company |
| Net income/(loss) (GAAP) | \$ 53,923 | \$ 3,141 | \$ (28,288) | \$ 28,776 |
| Interest expense, net | — | — | 3,370 | 3,370 |
| Income tax expense | — | — | 10,788 | 10,788 |
| Depreciation and amortization expense | 4,919 | 13,076 | 913 | 18,908 |
| EBITDA (non-GAAP) | 58,842 | 16,217 | (13,217) | 61,842 |
| Restructuring expenses, net | 1,009 | 72 | 20 | 1,101 |
| Foreign currency revaluation (gains)/losses (a) | (151) | (313) | (1,998) | (2,462) |
| Acquisition/integration costs | — | 255 | — | 255 |
| AMJP grant | — | 138 | — | 138 |
| Pre-tax (income) attributable to noncontrolling interest | — | (304) | — | (304) |
| Adjusted EBITDA (non-GAAP) | \$ 59,700 | \$ 16,065 | \$ (15,195) | \$ 60,570 |
| Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales-non-GAAP) | 38.1 % | 19.3 % | — | 25.2 % |

Twelve months ended December 31, 2022

| (in thousands) | Machine Clothing | Albany Engineered Composites | Corporate expenses and other | Total Company |
|-------------------------------------------------------------------------------|-------------------|------------------------------|------------------------------|-------------------|
| Net income/(loss) (GAAP) | \$ 206,214 | \$ 31,579 | \$ (141,285) | \$ 96,508 |
| Interest expense, net | — | — | 14,000 | 14,000 |
| Income tax expense | — | — | 35,472 | 35,472 |
| Depreciation and amortization expense | 19,483 | 46,202 | 3,364 | 69,049 |
| EBITDA (non-GAAP) | 225,697 | 77,781 | (88,449) | 215,029 |
| Restructuring expenses, net | 92 | — | 14 | 106 |
| Foreign currency revaluation (gains)/losses (a) | (520) | 672 | (9,981) | (9,829) |
| Dissolution of business relationships in Russia | 1,494 | — | 781 | 2,275 |
| Pension settlement expense | — | — | 49,128 | 49,128 |
| IP address sales | — | — | (3,420) | (3,420) |
| Acquisition/integration costs | — | 1,057 | — | 1,057 |
| Pre-tax (income) attributable to noncontrolling interest | — | (817) | — | (817) |
| Adjusted EBITDA (non-GAAP) | \$ 226,763 | \$ 78,693 | \$ (51,927) | \$ 253,529 |
| Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales-non-GAAP) | 37.2 % | 18.5 % | — % | 24.5 % |

Twelve months ended December 31, 2021

| (in thousands) | Machine Clothing | Albany Engineered Composites | Corporate expenses and other | Total Company |
|-------------------------------------------------------------------------------|-------------------|------------------------------|------------------------------|-------------------|
| Net income/(loss) (GAAP) | \$ 215,654 | \$ 16,160 | \$ (113,046) | \$ 118,768 |
| Interest expense, net | — | — | 14,891 | 14,891 |
| Income tax expense | — | — | 47,163 | 47,163 |
| Depreciation and amortization expense | 20,191 | 50,402 | 3,662 | 74,255 |
| EBITDA (non-GAAP) | 235,845 | 66,562 | (47,330) | 255,077 |
| Restructuring expenses, net | 1,202 | 32 | 97 | 1,331 |
| Foreign currency revaluation (gains)/losses (a) | (307) | 50 | (1,185) | (1,442) |
| AMJP grant | — | 1,101 | (5,832) | (4,731) |
| Acquisition/integration costs | — | 1,166 | — | 1,166 |
| Pre-tax (income) attributable to noncontrolling interest | — | (510) | — | (510) |
| Adjusted EBITDA (non-GAAP) | \$ 236,740 | \$ 68,401 | \$ (54,250) | \$ 250,891 |
| Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales-non-GAAP) | 38.2 % | 22.0 % | — | 27.0 % |

Per share impact of the adjustments to earnings per share are as follows:

| Three months ended December 31, 2022 (in thousands, except per share amounts) | Pre tax Amounts | Tax Effect | After tax Effect | Per share Effect |
|----------------------------------------------------------------------------------|--------------------|---------------|---------------------|---------------------|
| Restructuring expenses, net | \$ (162) | \$ (41) | \$ (121) | 0.00 |
| Foreign currency revaluation (gains)/losses (a) | 10,750 | 3,247 | 7,503 | 0.24 |
| Dissolution of business relationships in Russia | (79) | (9) | (70) | 0.00 |
| IP address sales | (3,420) | (872) | (2,548) | (0.08) |
| Acquisition/integration costs | 251 | 75 | 176 | 0.01 |

| Three months ended December 31, 2021 (in thousands, except per share amounts) | Pre tax Amounts | Tax Effect | After tax Effect | Per share Effect |
|----------------------------------------------------------------------------------|--------------------|---------------|---------------------|---------------------|
| Restructuring expenses, net | \$ 1,101 | \$ 332 | \$ 769 | 0.02 |
| Foreign currency revaluation (gains)/losses (a) | (2,462) | (655) | (1,807) | (0.06) |
| Acquisition/integration costs | 255 | 76 | 179 | 0.01 |
| AMJP grant | 138 | 42 | 96 | 0.00 |

| Year ended December 31, 2022 (in thousands, except per share amounts) | Pre tax Amounts | Tax Effect | After tax Effect | Per share Effect |
|-----------------------------------------------------------------------------------------------|--------------------|---------------|---------------------|---------------------|
| Restructuring expenses, net | \$ 106 | \$ 34 | \$ 72 | 0.01 |
| Foreign currency revaluation (gains)/losses (a) | (9,829) | (2,582) | (7,247) | (0.23) |
| Dissolution of business relationships in Russia | 2,275 | 305 | 1,970 | 0.06 |
| Pension settlement expense | 49,128 | 11,947 | 37,181 | 1.20 |
| Tax impact of stranded OCI benefit from Tax Cuts and Job Act (TCJA) for pension liability (b) | — | 5,217 | (5,217) | (0.17) |
| IP address sales | (3,420) | (872) | (2,548) | (0.08) |
| Acquisition/integration costs | 1,057 | 316 | 741 | 0.04 |

| Year ended December 31, 2021 (in thousands, except per share amounts) | Pre tax Amounts | Tax Effect | After tax Effect | Per share Effect |
|--------------------------------------------------------------------------|--------------------|---------------|---------------------|---------------------|
| Restructuring expenses, net | \$ 1,331 | \$ 399 | \$ 932 | 0.02 |
| Foreign currency revaluation (gains)/losses (a) | (1,442) | (323) | (1,119) | (0.04) |
| AMJP grant | (4,731) | (1,404) | (3,327) | (0.11) |
| Acquisition/integration costs | 1,166 | 349 | 817 | 0.04 |

The following table provides a reconciliation of Earnings per share to Adjusted Earnings per share:

| Per share amounts (Basic) | Three months ended December 31, | | Twelve months ended December 31, | |
|-----------------------------------------------------------------------------------------------|---------------------------------|---------|----------------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Earnings per share (GAAP) | \$ 0.58 | \$ 0.89 | \$ 3.06 | \$ 3.66 |
| Adjustments, after tax: | | | | |
| Restructuring expenses, net | — | 0.02 | 0.01 | 0.02 |
| Foreign currency revaluation (gains)/losses (a) | 0.24 | (0.06) | (0.23) | (0.04) |
| Dissolution of business relationships in Russia | — | — | 0.06 | — |
| Pension settlement charge | — | — | 1.20 | — |
| Tax impact of stranded OCI benefit from Tax Cuts and Job Act (TCJA) for pension liability (b) | — | — | (0.17) | — |
| IP address sales | (0.08) | — | (0.08) | — |
| AMJP grant | — | — | — | (0.11) |
| Acquisition/integration costs | 0.01 | 0.01 | 0.04 | 0.04 |
| Adjusted Earnings per share (non-GAAP) | \$ 0.75 | \$ 0.86 | \$ 3.89 | \$ 3.57 |

(a) Foreign currency revaluation (gains)/losses represent unrealized gains and losses arising from the remeasurement of monetary assets and liabilities denominated in non-functional currencies on the balance sheet date.

(b) Our Adjusted EPS excluded the benefit from the reclassification of stranded income tax effects caused by the TCJA associated with the US pension plan liability that was eliminated in September 2022, and would not be indicative of ongoing or expected future income tax rate at the Company. Management believes excluding pension settlement expense and its income tax impact, including the stranded income tax effects, from its Adjusted EBITDA and Adjusted EPS for the year ended December 31, 2022 would provide investors a transparent view and enhanced ability to better assess the Company's ongoing operational and financial performance.

The calculations of net debt are as follows:

| (in thousands) | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
|--------------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Current maturities of long-term debt | \$ — | \$ — | \$ — | \$ — | \$ — |
| Long-term debt | 439,000 | 447,000 | 485,000 | 427,000 | 350,000 |
| Total debt | 439,000 | 447,000 | 485,000 | 427,000 | 350,000 |
| Cash and cash equivalents | 291,776 | 276,482 | 320,870 | 307,415 | 302,036 |
| Net debt (non GAAP) | \$ 147,224 | \$ 170,518 | \$ 164,130 | \$ 119,585 | \$ 47,964 |

The calculation of net leverage ratio as of December 31, 2022 is as follows:

| Total Company | |
|----------------------------------------------------------|----------------------------|
| | Twelve months ended |
| (in thousands) | December 31, 2022 |
| Net income/(loss) (GAAP) | \$ 96,508 |
| Interest expense, net | 14,000 |
| Income tax expense | 35,472 |
| Depreciation and amortization expense | 69,049 |
| EBITDA (non-GAAP) | 215,029 |
| Restructuring expenses, net | 106 |
| Foreign currency revaluation (gains)/losses (a) | (9,829) |
| Dissolution of business relationships in Russia | 2,275 |
| Pension settlement expense | 49,128 |
| IP address sales | (3,420) |
| Acquisition/integration costs | 1,057 |
| Pre-tax (income) attributable to noncontrolling interest | (817) |
| Adjusted EBITDA (non-GAAP) | \$ 253,529 |

| (in thousands, except for net leverage ratio) | December 31, 2022 | |
|------------------------------------------------------|--------------------------|-------------|
| Net debt (non-GAAP) | \$ | 147,224 |
| Adjusted EBITDA (non-GAAP) | | 253,529 |
| Net leverage ratio (non-GAAP) | | 0.58 |

The tables below provide a reconciliation of initial outlook for the full-year 2023 Adjusted EBITDA and Adjusted EPS (non-GAAP measures) to the comparable GAAP measures:

| Initial Outlook Full Year 2023 Adjusted EBITDA (in millions) | Machine Clothing | | AEC | |
|-----------------------------------------------------------------|------------------|--------|-------|-------|
| | Low | High | Low | High |
| Net income attributable to the Company (GAAP) (c) | \$ 185 | \$ 205 | \$ 32 | \$ 41 |
| Income attributable to the noncontrolling interest | — | — | (1) | (1) |
| Interest expense, net | — | — | — | — |
| Income tax expense | — | — | — | — |
| Depreciation and amortization | 20 | 20 | 48 | 49 |
| EBITDA (non-GAAP) | 205 | 225 | 79 | 89 |
| Restructuring expenses, net (c) | — | — | — | — |
| Foreign currency revaluation (gains)/losses (c) | — | — | — | — |
| Acquisition/integration costs (c) | — | — | — | — |
| Pre-tax (income)/loss attributable to non-controlling interest | — | — | 1 | 1 |
| Adjusted EBITDA (non-GAAP) | \$ 205 | \$ 225 | \$ 80 | \$ 90 |

(c) Interest, Other income/expense and Income taxes are not allocated to the business segments

| Initial Outlook Full Year 2023 Adjusted EBITDA (in millions) | Total Company | |
|-----------------------------------------------------------------|---------------|--------|
| | Low | High |
| Net income attributable to the Company (GAAP) (c) | \$ 98 | \$ 113 |
| Income attributable to the noncontrolling interest | (1) | (1) |
| Interest expense, net | 17 | 18 |
| Income tax expense | 40 | 49 |
| Depreciation and amortization | 70 | 75 |
| EBITDA (non-GAAP) | 224 | 254 |
| Restructuring expenses, net (d) | — | — |
| Foreign currency revaluation (gains)/losses (d) | — | — |
| Acquisition/integration costs (d) | — | — |
| Pre-tax (income)/loss attributable to non-controlling interest | 1 | 1 |
| Adjusted EBITDA (non-GAAP) | \$ 225 | \$ 255 |

| Forecast of Full Year 2023 Earnings per share (basic) (e) | Total Company | |
|-----------------------------------------------------------|---------------|---------|
| | Low | High |
| Net income attributable to the Company (GAAP) (c) | \$ 3.10 | \$ 3.60 |
| Restructuring expenses, net (d) | — | — |
| Foreign currency revaluation (gains)/losses (d) | — | — |
| Acquisition/integration costs (d) | — | — |
| Adjusted Earnings per share (non-GAAP) | \$ 3.10 | \$ 3.60 |

(d) Due to the uncertainty of these items, we are unable to forecast these items for 2023.

(e) Calculations based on estimated shares outstanding of approximately 31.2 million.

About Albany International Corp.

Albany International is a leading developer and manufacturer of engineered components, using advanced materials processing and automation capabilities, with two core businesses. Machine Clothing is the world's leading producer of custom-designed, consumable fabrics and process belts essential for the manufacture of all grades of paper products. Albany Engineered Composites is a growing designer and manufacturer of advanced materials-based engineered components for demanding aerospace applications, supporting both commercial and military platforms. Albany International is headquartered in Rochester, New Hampshire, operates 23 facilities in 11 countries, employs approximately 4,200 people worldwide, and is listed on the New York Stock Exchange (Symbol AIN). Additional information about the Company and its products and services can be found at www.albint.com.

Non-GAAP Measures

This release, including the conference call commentary associated with this release, contains certain non-GAAP measures, that should not be considered in isolation or as a substitute for the related GAAP measures. Such non-GAAP measures include net sales and percent change in net sales, excluding the impact of currency translation effects; EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin; Net debt; Net leverage ratio; and Adjusted earnings per share (or Adjusted EPS). Management believes that these non-GAAP measures provide additional useful information to investors regarding the Company's operational performance.

Presenting Net sales and change in Net sales, after currency effects are excluded, provides management and investors insight into underlying sales trends. Net sales, or percent changes in net sales, excluding currency rate effects, are calculated by converting amounts reported in local currencies into U.S. dollars at the exchange rate of a prior period. These amounts are then compared to the U.S. dollar amount as reported in the current period.

EBITDA (calculated as net income excluding interest, income taxes, depreciation and amortization), Adjusted EBITDA, and Adjusted EPS are performance measures that relate to the Company's continuing operations. The Company defines Adjusted EBITDA as EBITDA excluding costs or benefits that are not reflective of the Company's ongoing or expected future operational performance. Such excluded costs or benefits do not consist of normal, recurring cash items necessary to generate revenues or operate our business. Adjusted EBITDA margin represents Adjusted EBITDA expressed as a percentage of net sales.

The Company defines Adjusted EPS as basic earnings per share (GAAP), adjusted by the after tax per share amount of costs or benefits not reflective of the Company's ongoing or expected future operational performance. The income tax effects are calculated using the applicable statutory income tax rate of the jurisdictions where such costs or benefits were incurred or the effective tax rate applicable to total company results.

The Company's Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted EPS may not be comparable to similarly titled measures of other companies.

Net debt aids investors in understanding the Company's debt position if all available cash were applied to pay down indebtedness.

Net leverage ratio informs the investors of the Company's financial leverage at the end of the reporting period, providing an indicator of the Company's ability to repay its debt.

We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Forward-Looking Statements

This press release may contain statements, estimates, guidance or projections that constitute "forward-looking statements" as defined under U.S. federal securities laws. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will," "should," "look for," "guidance," "guide," and similar expressions identify forward-looking statements, which generally are not historical in nature. Because forward-looking statements are subject to certain risks and uncertainties (including, without limitation, those set forth in the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q), actual results may differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements in this release or in the webcast include, without limitation, statements about macroeconomic conditions, including inflationary cost pressures, as well as global events, which include but are not limited to, the ongoing COVID-19 pandemic and the Russia-Ukraine military conflicts; paper-industry trends and conditions during 2022 and in future years; expectations in 2022 and in future periods of sales, EBITDA, Adjusted EBITDA (both in dollars and as a percentage of net sales), Adjusted EPS, income, gross profit, gross margin, cash flows and other financial items in each of the Company's businesses, and for the Company as a whole; the timing and impact of production and development programs in the Company's AEC business segment and the sales growth potential of key AEC programs, as well as AEC as a whole; the amount and timing of capital expenditures, future tax rates and cash paid for taxes, depreciation and amortization; future debt and net debt levels and debt covenant ratios; and changes in currency rates and their impact on future revaluation gains and losses. Furthermore, a change in any one or more of the foregoing factors could have a material effect on the Company's financial

results in any period. Such statements are based on current expectations, and the Company undertakes no obligation to publicly update or revise any forward-looking statements.

Statements expressing management's assessments of the growth potential of its businesses, or referring to earlier assessments of such potential, are not intended as forecasts of actual future growth, and should not be relied on as such. While management believes such assessments to have a reasonable basis, such assessments are, by their nature, inherently uncertain. This release and earlier releases set forth a number of assumptions regarding these assessments, including historical results, independent forecasts regarding the markets in which these businesses operate, and the timing and magnitude of orders for our customers' products. Historical growth rates are no guarantee of future growth, and such independent forecasts and assumptions could prove materially incorrect in some cases.

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