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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended: September 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission file number: 1-10026

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

216 Airport Drive, Rochester, New Hampshire
(Address of principal executive offices)

14-0462060
(IRS Employer Identification No.)

03867
(Zip Code)

603-330-5850
(Registrant's telephone number, including area code)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 32,380 thousand shares of Class A Common Stock and 1 thousand shares of Class B Common Stock outstanding as of October 15, 2021.

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ITEM 1. FINANCIAL STATEMENTS

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	$ 232,442	$ 211,999	$ 689,322	$ 673,753
Cost of goods sold	140,400	124,697	407,006	393,999
Gross profit	92,042	87,302	282,316	279,754
Selling, general, and administrative expenses	37,696	39,518	116,899	118,167
Technical and research expenses	9,673	8,301	28,916	26,304
Restructuring expenses, net	187	710	230	4,189
Operating income	44,486	38,773	136,271	131,094
Interest expense, net	3,734	2,242	11,521	10,042
Aviation Manufacturing Jobs Protection (AMJP) grant	(5,832)	—	(5,832)	—
Other expense/(income), net	2,753	(2,745)	4,215	13,915
Income before income taxes	43,831	39,276	126,367	107,137
Income tax expense	12,889	9,686	36,375	37,504
Net income	30,942	29,590	89,992	69,633
Net income/(loss) attributable to the noncontrolling interest	80	1	150	(1,419)
Net income attributable to the Company	$ 30,862	$ 29,589	$ 89,842	$ 71,052
Earnings per share attributable to Company shareholders - Basic	$ 0.95	$ 0.92	$ 2.78	$ 2.20
Earnings per share attributable to Company shareholders - Diluted	$ 0.95	$ 0.91	$ 2.77	$ 2.20
Shares of the Company used in computing earnings per share:				
Basic	32,381	32,337	32,369	32,326
Diluted	32,434	32,344	32,424	32,333
Dividends declared per share, Class A and Class B	$ 0.20	$ 0.19	$ 0.60	$ 0.57

The accompanying notes are an integral part of the consolidated financial statements

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income	$ 30,942	$ 29,590	$ 89,992	$ 69,633
Other comprehensive income/(loss), before tax:				
Foreign currency translation and other adjustments	(14,709)	19,249	(16,497)	3,047
Pension/postretirement settlements and curtailments	—	—	—	378
Amortization of pension liability adjustments:				
Prior service cost/ (credit)	(1,119)	(1,114)	(3,356)	(3,342)
Net actuarial loss/ (gain)	1,103	1,244	3,320	3,720
Payments and amortization related to interest rate swaps included in earnings	1,803	1,219	5,049	2,742
Derivative valuation adjustment	722	(385)	369	(12,515)
Income taxes related to items of other comprehensive income/(loss):				
Pension/postretirement settlements and curtailments	—	—	—	(113)
Amortization of prior service cost/ (credit)	336	274	1,007	831
Amortization of net actuarial loss/ (gain)	(331)	(306)	(996)	(925)
Payments and amortization related to interest rate swaps included in earnings	(466)	(311)	(1,304)	(701)
Derivative valuation adjustment	(186)	98	(95)	3,200
Comprehensive income/(loss)	18,095	49,558	77,489	65,955
Comprehensive income/(loss) attributable to the noncontrolling interest	(112)	202	(69)	(957)
Comprehensive income/(loss) attributable to the Company	$ 18,207	$ 49,356	$ 77,558	$ 66,912

The accompanying notes are an integral part of the consolidated financial statements

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

	September 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 286,217	$ 241,316
Accounts receivable, net	199,124	188,423
Contract assets, net	115,924	139,289
Inventories	118,129	110,478
Income taxes prepaid and receivable	3,509	5,940
Prepaid expenses and other current assets	29,021	31,830
Total current assets	$ 751,924	$ 717,276
Property, plant and equipment, net	426,806	448,554
Intangibles, net	41,020	46,869
Goodwill	183,568	187,553
Deferred income taxes	30,538	38,757
Noncurrent receivables, net	33,471	36,265
Other assets	72,916	74,662
Total assets	$ 1,540,243	$ 1,549,936
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 54,397	$ 49,173
Accrued liabilities	112,481	125,459
Current maturities of long-term debt	—	9
Income taxes payable	14,623	16,222
Total current liabilities	181,501	190,863
Long-term debt	350,000	398,000
Other noncurrent liabilities	117,057	130,424
Deferred taxes and other liabilities	11,352	10,784
Total liabilities	659,910	730,071
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; 40,759,527 issued in 2021 and 39,115,405 in 2020	41	39
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 1,154 in 2021 and 1,617,998 in 2020	—	2
Additional paid in capital	436,079	433,696
Retained earnings	841,162	770,746
Accumulated items of other comprehensive income:		
Translation adjustments	(100,327)	(83,203)
Pension and postretirement liability adjustments	(39,059)	(39,661)
Derivative valuation adjustment	(5,525)	(9,544)
Treasury stock (Class A), at cost; 8,379,804 shares in 2021 and 8,391,011 shares in 2020	(255,768)	(256,009)
Total Company shareholders' equity	876,603	816,066
Noncontrolling interest	3,730	3,799
Total equity	880,333	819,865
Total liabilities and shareholders' equity	$ 1,540,243	$ 1,549,936

The accompanying notes are an integral part of the consolidated financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
OPERATING ACTIVITIES				
Net income	$ 30,942	$ 29,590	$ 89,992	$ 69,633
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	15,925	16,285	48,485	47,289
Amortization	2,289	1,997	6,862	7,017
Change in deferred taxes and other liabilities	1,606	3,074	7,022	12,434
Impairment of property, plant and equipment	25	303	563	536
Non-cash interest expense	283	(309)	593	(138)
Compensation and benefits paid or payable in Class A Common Stock	606	80	2,232	596
Provision for credit losses from uncollected receivables and contract assets	(1,075)	(105)	(1,158)	1,664
Foreign currency remeasurement loss/(gain) on intercompany loans	480	169	(551)	15,750
Fair value adjustment on foreign currency options	29	(64)	169	—
Changes in operating assets and liabilities that provided/(used) cash:				
Accounts receivable	(10,927)	(2,048)	(14,292)	6,069
Contract assets	(3,473)	(7,923)	22,170	(27,932)
Inventories	546	4,585	(9,838)	(20,043)
Prepaid expenses and other current assets	3,949	(4,532)	2,444	(6,989)
Income taxes prepaid and receivable	2,717	(454)	2,408	(662)
Accounts payable	(296)	(5,108)	4,312	(15,491)
Accrued liabilities	5,112	2,838	(12,311)	(8,063)
Income taxes payable	2,871	1,786	(1,085)	3,741
Noncurrent receivables	1,245	(228)	2,832	169
Other noncurrent liabilities	(1,319)	111	(5,582)	(413)
Other, net	1,324	(388)	3,232	(1,474)
Net cash provided by operating activities	52,859	39,659	148,499	83,693
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(8,918)	(9,349)	(31,754)	(31,320)
Purchased software	(106)	(109)	(394)	(155)
Net cash used in investing activities	(9,024)	(9,458)	(32,148)	(31,475)
FINANCING ACTIVITIES				
Proceeds from borrowings	—	—	8,000	70,000
Principal payments on debt	—	(17,005)	(56,009)	(76,016)
Principal payments on finance lease liabilities	(363)	(335)	(1,067)	(6,798)
Taxes paid in lieu of share issuance	—	—	(998)	(490)
Proceeds from options exercised	4	5	153	25
Dividends paid	(6,476)	(6,144)	(19,418)	(18,424)
Net cash used in financing activities	(6,835)	(23,479)	(69,339)	(31,703)
Effect of exchange rate changes on cash and cash equivalents	(4,113)	4,545	(2,111)	(751)
Increase in cash and cash equivalents	32,887	11,267	44,901	19,764
Cash and cash equivalents at beginning of period	253,330	204,037	241,316	195,540
Cash and cash equivalents at end of period	$ 286,217	$ 215,304	$ 286,217	$ 215,304

The accompanying notes are an integral part of the consolidated financial statements

ALBANY INTERNATIONAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Significant Accounting Policies

Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair presentation of results for such periods. Albany International Corp. (Albany, the Registrant, the Company, we, us, or our) consolidates the financial results of its subsidiaries for all periods presented. The results for any interim period are not necessarily indicative of results for the full year.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in Albany International Corp.’s Consolidated Financial Statements and accompanying Notes. Actual results could differ materially from those estimates.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with Albany International Corp.’s Annual Report on Form 10-K for the year ended December 31, 2020.

The Company recognizes government grants only when there is reasonable assurance that we will comply with the conditions attached to them and the grants will be received. Government grants are recognized in the Consolidated Statements of Income on a systematic basis over the periods in which we recognize as expenses the related costs for which the grants are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs is recognized in the Consolidated Statements of Income of the period in which it becomes receivable.

During the third quarter of 2021, the Company was awarded an Aviation Manufacturing Jobs Protection Program ("AMJP") grant of $5.8 million, under the American Rescue Plan of the U.S. Department of Transportation. The AMJP grant is an income related grant, the purpose of which is to provide payroll assistance to eligible U.S. aircraft manufacturing/repair businesses who were impacted due to the COVID-19 downturn during 2020. The Company received $2.9 million in cash in September 2021, and anticipates receiving the remaining balance in 2022. Accordingly, the Company recognized $5.8 million in its Consolidated Statements of Income for the quarter and year-to-date ended September 30, 2021, and reflected cash received to date as an operating activity within the Consolidated Statements of Cash Flows.

2. Reportable Segments and Revenue Recognition

In accordance with applicable disclosure guidance for enterprise segments and related information, the internal organization that is used by management for making operating decisions and assessing performance is used as the basis for our reportable segments.

The Machine Clothing (“MC”) segment supplies permeable and impermeable belts used in the manufacture of paper, paperboard, tissue and towel, nonwovens, fiber cement and several other industrial applications. We sell our MC products directly to customer end-users in countries across the globe. Our products, manufacturing processes, and distribution channels for MC are substantially the same in each region of the world in which we operate.

We design, manufacture, and market paper machine clothing (used in the manufacturing of paper, paperboard, tissue and towel) for each section of the paper machine and for every grade of paper. Paper machine clothing products are customized, consumable products of technologically sophisticated design that utilize polymeric materials in a complex structure.

The Albany Engineered Composites (“AEC”) segment, including Albany Safran Composites, LLC (“ASC”), in which our customer SAFRAN Group (“Safran”) owns a 10 percent noncontrolling interest, provides highly engineered, advanced composite structures to customers in the commercial and defense aerospace industries. AEC’s largest program relates to CFM International’s LEAP engine. Under this program, AEC through ASC, is the exclusive supplier of advanced composite fan blades and cases under a long-term supply contract. AEC net sales to Safran were $81.6 million and $73.6 million in the first nine months of 2021 and 2020, respectively. The total of Accounts receivable, Contract assets and Noncurrent receivables due from Safran amounted to $103.4 million and $127.1 million as of

September 30, 2021 and December 31, 2020, respectively. Other significant programs by AEC include the F-35, Boeing 787, Sikorsky CH-53K and JASSM, as well as the fan case for the GE9X engine. In 2020, approximately 46 percent of AEC sales were related to U.S. government contracts or programs.

The following tables show data by reportable segment, reconciled to consolidated totals included in the financial statements:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2021	2020	2021	2020
Net sales				
Machine Clothing	**$ 154,171**	$ 138,747	**$ 462,298**	$ 428,782
Albany Engineered Composites	**78,271**	73,252	**227,024**	244,971
Consolidated total	**$ 232,442**	$ 211,999	**$ 689,322**	$ 673,753
Operating income/(loss)				
Machine Clothing	**$ 55,467**	$ 45,699	**$ 161,731**	$ 149,418
Albany Engineered Composites	**2,917**	6,828	**13,019**	22,749
Corporate expenses	**(13,898)**	(13,754)	**(38,479)**	(41,073)
Operating income	**$ 44,486**	$ 38,773	**$ 136,271**	$ 131,094
Reconciling items:				
Interest income	**(654)**	(1,485)	**(1,584)**	(2,280)
Interest expense	**4,388**	3,727	**13,105**	12,322
AMJP grant	**(5,832)**	—	**(5,832)**	—
Other expense/(income), net	**2,753**	(2,745)	**4,215**	13,915
Income before income taxes	**$ 43,831**	$ 39,276	**$ 126,367**	$ 107,137

There were no material changes to total assets of the reportable segments in the first nine months of 2021.

The table below presents restructuring costs by reportable segment:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2021	2020	2021	2020
Machine Clothing	**$ 251**	$ 384	**$ 193**	$ 1,414
Albany Engineered Composites	**(81)**	358	**(40)**	2,606
Corporate expenses	**17**	(32)	**77**	169
Total	**$ 187**	$ 710	**$ 230**	$ 4,189

Restructuring costs in the first nine months of 2021 were not significant. Restructuring liabilities at quarter-end were less than $1 million, related to termination and other costs, which are expected to be substantially paid within one year.

In 2020, AEC reduced its workforce at various locations, principally in the U.S., leading to restructuring charges of $2.6 million for the first nine months of 2020. Machine Clothing restructuring charges for the first nine months of 2020 were principally related to the plant closure of its MC production facility in Sélestat, France that was announced in 2017.

Products and services provided under long-term contracts represent a significant portion of sales in the Albany Engineered Composites segment and we account for these contracts using the percentage of completion (actual cost to estimated cost) method. That method requires significant judgment and estimation, which could be considerably different if the underlying circumstances were to change. When adjustments in estimated contract revenues or costs are required, any changes from prior estimates are included in earnings in the period the change occurs. Changes in the estimated profitability of long-term contracts could be caused by increases or decreases in the contract value, revisions to customer delivery requirements, updated labor or overhead rates, factors affecting the supply chain, changes in the evaluation of contract risks and opportunities, or other factors. Changes in the estimated profitability of long-term contracts increased operating income by $2.1 million and $2.4 million for the three and nine month periods ended September 30, 2021, respectively. Adjustments in the estimated profitability of long-term contracts increased operating income by $3.5 million and $9.5 million for the three and nine month periods ended September 30, 2020, respectively.

We disaggregate revenue earned from contracts with customers for each of our business segments and product groups based on the timing of revenue recognition, and groupings used for internal review purposes.

The following table disaggregates revenue for each product group by timing of revenue recognition:

	Three months ended September 30, 2021		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 153,306	$ 865	$ 154,171
Albany Engineered Composites			
ASC	—	26,904	26,904
Other AEC	3,589	47,778	51,367
Total Albany Engineered Composites	3,589	74,682	78,271
Total revenue	$ 156,895	$ 75,547	$ 232,442

	Nine months ended September 30, 2021		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 459,703	$ 2,595	$ 462,298
Albany Engineered Composites			
ASC	—	80,158	80,158
Other AEC	11,901	134,965	146,866
Total Albany Engineered Composites	11,901	215,123	227,024
Total revenue	$ 471,604	$ 217,718	$ 689,322

	Three months ended September 30, 2020		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 137,899	$ 848	$ 138,747
Albany Engineered Composites			
ASC	—	17,301	17,301
Other AEC	4,479	51,472	55,951
Total Albany Engineered Composites	4,479	68,773	73,252
Total revenue	$ 142,378	$ 69,621	$ 211,999

(in thousands)	Nine months ended September 30, 2020 Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 426,238	$ 2,544	$ 428,782
Albany Engineered Composites			
ASC	—	72,771	72,771
Other AEC	14,942	157,258	172,200
Total Albany Engineered Composites	14,942	230,029	244,971
Total revenue	$ 441,180	$ 232,573	$ 673,753

The following table disaggregates MC segment revenue by significant product groupings (paper machine clothing ("PMC") and engineered fabrics), and, for PMC, the geographical region to which the paper machine clothing was sold:

(in thousands)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Americas PMC	**$ 81,780**	$ 70,663	**$ 237,425**	$ 225,565
Eurasia PMC	**53,277**	50,923	**164,320**	150,220
Engineered Fabrics	**19,114**	17,161	**60,553**	52,997
Total Machine Clothing Net sales	**$ 154,171**	$ 138,747	**$ 462,298**	$ 428,782

Contracts in the MC segment are generally for periods of less than a year. Most contracts in the AEC segment are short duration firm-fixed-price orders representing performance obligations with an original maturity of less than one year. Remaining performance obligations on contracts that had an original duration of greater than one year totaled $155 million and $81 million as of September 30, 2021 and 2020, respectively, and related primarily to firm contracts in the AEC segment. Of the remaining performance obligations as of September 30, 2021, we expect to recognize as revenue approximately $29 million during 2021, $66 million during 2022, $37 million during 2023, and the remainder during 2024.

3. Pensions and Other Postretirement Benefit Plans

The Company has defined benefit pension plans covering certain U.S. and non-U.S. employees. The Company also provides certain postretirement benefits to retired employees in the U.S. and Canada. The Company accrues the cost of providing these benefits during the active service period of the employees.

The composition of the net periodic benefit cost for the nine months ended September 30, 2021 and 2020, was as follows:

	Pension plans		Other postretirement benefits	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Components of net periodic benefit cost:				
Service cost	**$ 1,630**	$ 1,728	**$ 99**	$ 150
Interest cost	**3,999**	4,621	**827**	1,285
Expected return on assets	**(4,802)**	(5,139)	**—**	—
Settlement	**—**	145	**—**	—
Curtailment	**—**	233	**—**	—
Amortization of prior service cost/(credit)	**10**	24	**(3,366)**	(3,366)
Amortization of net actuarial loss	**1,625**	1,776	**1,695**	1,944
Net periodic benefit cost	**$ 2,462**	$ 3,388	**$ (745)**	$ 13

The amount of net periodic benefit cost is determined at the beginning of each year and generally only varies from quarter to quarter when a significant event occurs, such as a curtailment or a settlement. There were no such events in the first nine months of 2021.

On July 29, 2021, the Company notified the participants of the U.S. Pension Plus Plan (the "Plan") of its intent to terminate the Plan. In order to facilitate such termination, the Company has amended the Plan to, among other things, establish the termination date and set forth the procedures for termination. The Company also filed the necessary application with the Internal Revenue Service requesting the issuance of a determination letter regarding the Plan's qualification status at termination. The Plan was terminated on September 30, 2021. This has not resulted in a curtailment or settlement charge during the nine month period ended September 30, 2021.

In the second quarter of 2020, the Company recorded expense of $0.4 million related to curtailments and settlements.

Service cost for defined benefit pension and postretirement plans are reported in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of net periodic benefit cost are included in the line item Other (income)/expense, net in the Consolidated Statements of Income.

4. Other (Income)/Expense, net

The components of Other (Income)/Expense, net are:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Currency transaction (gains)/losses	**$ 472**	$ (149)	**$ 813**	$ 14,702
Bank fees and amortization of debt issuance costs	**74**	96	**284**	264
Components of net periodic pension and postretirement cost other than service	**(6)**	384	**(12)**	1,523
Other	**2,213**	(3,076)	**3,130**	(2,574)
Total	**$ 2,753**	$ (2,745)	**$ 4,215**	$ 13,915

Other (income)/expense, net included losses related to the revaluation of nonfunctional-currency balances of $0.8 million for the first nine months of 2021, compared to losses of $14.7 million for the first nine months of 2020, which principally resulted from an intercompany demand loan payable by a Mexican subsidiary. As a result of changes in business conditions that occurred in the first quarter of 2020, loan repayments on that intercompany loan are not expected in the foreseeable future and, beginning April 1, 2020, the revaluation effects are recorded in Other comprehensive income.

5. Income Taxes

The following table presents components of income tax expense for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except percentages)	**2021**	**2020**	**2021**	**2020**
Income tax based on income from continuing operations (1)	**$ 13,150**	$ 12,666	**$ 37,733**	$ 36,237
Provision for change in estimated tax rate	**397**	(1,196)	**179**	(1,687)
Income tax before discrete items	13,547	11,470	37,912	34,550
Discrete tax expense:				
Exercise of U.S. stock options	**(4)**	(7)	**(160)**	(7)
Adjustments to prior period tax liabilities	**(674)**	(1,750)	**(2,095)**	(983)
Revaluation of deferred tax assets due to tax rate change	**—**	—	**352**	—
Provision for/resolution of tax audits and contingencies, net	**—**	(46)	**278**	(1,779)
Write-off of net operating losses related to tax audit	**—**	—	**—**	1,830
Tax effect of non-deductible foreign exchange loss on intercompany loan	**—**	3	**—**	3,658
Creation of valuation allowance	**—**	8	**—**	230
Other	**20**	8	**88**	5
Total income tax expense	**$ 12,889**	$ 9,686	**$ 36,375**	$ 37,504

(1) Calculated at estimated tax rates of 30.0% and 32.2%, respectively

Income tax expense for the quarter was computed in accordance with ASC 740-270, Income Taxes – Interim Reporting. Under this method, loss jurisdictions, which cannot recognize a tax benefit with regard to their generated losses, are excluded from the annual effective tax rate ("AETR") calculation and their taxes will be recorded discretely in each quarter.

In the third quarter of 2021, the Company recorded a net tax benefit of $0.7 million related to U.S. adjustments of prior period liabilities. In the first quarter of 2021, the Company recorded a net tax benefit of $1.4 million related to a U.S. adjustment of prior period liabilities and, additionally, the Company recorded an expense of $0.3 million related to the establishment of a foreign uncertain tax position.

In the third quarter of 2020, the Company recorded a net tax benefit of $1.8 million related to U.S. adjustments of prior period liabilities. In the second quarter of 2020, the Company recorded a net tax benefit of $1.5 million as a result of a U.S. state tax audit settlement; the Company also recorded a net deferred tax expense of $1.0 million due to an adjustment of net operating losses related to settled audits. In the first quarter of 2020, the Company recorded a $1.8 million out-of-period charge related to developments in ongoing tax audits, which resulted in a corresponding decrease in deferred tax assets.

6. Earnings Per Share

The amounts used in computing earnings per share and the weighted average number of shares of potentially dilutive securities are as follows:

(in thousands, except market price and earnings per share)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net income attributable to the Company	**$ 30,862**	$ 29,589	**$ 89,842**	$ 71,052
Weighted average number of shares:				
Weighted average number of shares used in calculating basic net income per share	**32,381**	32,337	**32,369**	32,326
Effect of dilutive stock-based compensation plans	**53**	7	**55**	7
Weighted average number of shares used in calculating diluted net income per share	**32,434**	32,344	**32,424**	32,333
Average market price of common stock used for calculation of dilutive shares	**$ 80.33**	$ 51.81	**$ 82.41**	$ 57.05
Net income attributable to the Company per share:				
Basic	**$ 0.95**	$ 0.92	**$ 2.78**	$ 2.20
Diluted	**$ 0.95**	$ 0.91	**$ 2.77**	$ 2.20

7. Accumulated Other Comprehensive Income (AOCI)

The table below presents changes in the components of AOCI for the period December 31, 2020 to September 30, 2021:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative adjustment	Total Other Comprehensive Income
December 31, 2020	**$ (83,203)**	**$ (39,661)**	**$ (9,544)**	**$ (132,408)**
Other comprehensive income/(loss) before reclassifications, net of tax	(17,124)	627	274	(16,223)
Interest expense related to swaps reclassified to the Consolidated Statements of Income, net of tax	—	—	3,745	3,745
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	—	(25)	—	(25)
Net current period other comprehensive income	(17,124)	602	4,019	(12,503)
September 30, 2021	**$ (100,327)**	**$ (39,059)**	**$ (5,525)**	**$ (144,911)**

The table below presents changes in the components of AOCI for the period December 31, 2019 to September 30, 2020:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative adjustment	Total Other Comprehensive Income
December 31, 2019	**$ (122,852)**	**$ (49,994)**	**$ (3,135)**	**$ (175,981)**
Other comprehensive income/(loss) before reclassifications, net of tax	3,038	9	(9,315)	(6,268)
Pension/postretirement curtailment loss, net of tax	—	265	—	265
Interest expense related to swaps reclassified to the Consolidated Statements of Income, net of tax	—	—	2,041	2,041
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	—	284	—	284
Net current period other comprehensive income	3,038	558	(7,274)	(3,678)
September 30, 2020	**$ (119,814)**	**$ (49,436)**	**$ (10,409)**	**$ (179,659)**

The components of our Accumulated Other Comprehensive Income that are reclassified to the Statement of Income relate to our pension and postretirement plans and interest rate swaps.

The table below presents the expense/(income) amounts reclassified from AOCI, and the line items of the Statement of Income that were affected for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2021	2020	2021	2020
Pretax Derivative valuation reclassified from Accumulated Other Comprehensive Income:				
Expense/(income) related to interest rate swaps included in Income before taxes (a)	**$ 1,803**	$ 1,219	**$ 5,049**	$ 2,742
Income tax effect	**(466)**	(311)	**(1,304)**	(701)
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$ 1,337**	$ 908	**$ 3,745**	$ 2,041
Pretax pension and postretirement liabilities reclassified from Accumulated Other Comprehensive Income:				
Pension/postretirement curtailment	**—**	—	**—**	378
Amortization of prior service credit	**(1,119)**	(1,114)	**(3,356)**	(3,342)
Amortization of net actuarial loss	**1,103**	1,244	**3,320**	3,720
Total pretax amount reclassified (b)	**(16)**	130	**(36)**	756
Income tax effect	**5**	(32)	**11**	(207)
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$ (11)**	$ 98	**$ (25)**	$ 549

(a) Included in Interest expense, net are payments related to the interest rate swap agreements and amortization of swap buyouts (see Notes 13 and 14).

(b) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 3).

8. Noncontrolling Interest

Effective October 31, 2013, Safran S.A. (Safran) acquired a 10 percent equity interest in a new Albany subsidiary, Albany Safran Composites, LLC (ASC). The table below presents a reconciliation of income attributable to the noncontrolling interest and noncontrolling equity in the Company's subsidiary Albany Safran Composites, LLC:

(in thousands, except percentages)	Nine months ended September 30, 2021	2020
Net income/(loss) of Albany Safran Composites (ASC)	**$ 2,495**	$ (13,310)
Less: Return attributable to the Company's preferred holding	**991**	884
Net income/(loss) of ASC available for common ownership	**$ 1,504**	$ (14,194)
Ownership percentage of noncontrolling shareholder	**10 %**	10 %
Net income/(loss) attributable to the noncontrolling interest	**$ 150**	$ (1,419)
Noncontrolling interest, beginning of year	**$ 3,799**	$ 4,006
Net income/(loss) attributable to the noncontrolling interest	**150**	(1,419)
Changes in other comprehensive income attributable to the noncontrolling interest	**(219)**	462
Noncontrolling interest, end of interim period	**$ 3,730**	$ 3,049

9. Accounts Receivable

Accounts receivable includes trade receivables. In connection with certain sales in Asia, the Company accepts a bank promissory note as customer payment. The notes may be presented for payment at maturity, which is less than one year. As of September 30, 2021 and December 31, 2020, Accounts receivable consisted of the following:

(in thousands)	September 30, 2021	December 31, 2020
Trade and other accounts receivable	**$ 176,320**	$ 167,370
Bank promissory notes	**25,828**	24,860
Allowance for expected credit losses	**(3,024)**	(3,807)
Accounts receivable, net	**$ 199,124**	$ 188,423

The Company has Noncurrent receivables in the AEC segment that represent revenue earned, which has extended payment terms. The Noncurrent receivables will be invoiced to the customer over a 10-year period, which began in 2020. As of September 30, 2021 and December 31, 2020, Noncurrent receivables consisted of the following:

(in thousands)	September 30, 2021	December 31, 2020
Noncurrent receivables	**$ 33,681**	$ 36,539
Allowance for expected credit losses	**(210)**	(274)
Noncurrent receivables, net	**$ 33,471**	$ 36,265

10. Contract Assets and Liabilities

Contract assets includes unbilled amounts typically resulting from sales under contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Contract assets are transferred to Accounts receivable, net when the entitlement to pay becomes unconditional. Contract liabilities include advance payments and billings in excess of revenue recognized. Contract liabilities are included in Accrued liabilities in the Consolidated Balance Sheets.

Contract assets and Contract liabilities are reported on the Consolidated Balance Sheets in a net position on a contract-by-contract basis at the end of each reporting period.

As of September 30, 2021 and December 31, 2020, Contract assets and Contract liabilities consisted of the following:

(in thousands)		September 30, 2021	December 31, 2020
Contract assets	$	**116,653**	$ 140,348
Allowance for expected credit losses		**(729)**	(1,059)
Contract assets, net	$	**115,924**	$ 139,289
Contract liabilities	$	**6,250**	$ 8,206

Contract assets decreased $23.4 million during the nine-month period ended September 30, 2021. The decrease was primarily due to invoicing to customers exceeding revenue recognized for satisfied performance obligations for contracts that were in a contract asset position. There were no credit losses related to our Contract assets during the nine month periods ended September 30, 2021 and September 30, 2020.

Contract liabilities decreased $2.0 million during the nine-month period ended September 30, 2021, primarily due to revenue recognized from satisfied performance obligations exceeding amounts invoiced to customers that were in a contract liability position. Revenue recognized for the nine-month periods ended September 30, 2021 and 2020 that was included in the Contract liability balance at the beginning of the year was $5.3 million and $3.5 million, respectively.

11. Inventories

Costs included in inventories are raw materials, labor, supplies and allocable depreciation and overhead. Raw material inventories are valued on an average cost basis. Other inventory cost elements are valued at cost, using the first-in, first-out method. The Company writes down the inventories for estimated obsolescence, and to lower of cost or net realizable value based upon assumptions about future demand and market conditions. If actual demand or market conditions are less favorable than those projected by the Company, additional inventory write-downs may be required. Once established, the original cost of the inventory less the related write-down represents the new cost basis of such inventories.

As of September 30, 2021 and December 31, 2020, Inventories consisted of the following:

(in thousands)		September 30, 2021	December 31, 2020
Raw materials	$	**57,534**	$ 57,789
Work in process		**44,715**	40,416
Finished goods		**15,880**	12,273
Total inventories	$	**118,129**	$ 110,478

12. Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment at least annually. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. Our reportable segments are consistent with our operating segments.

Determining the fair value of a reporting unit requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates, and future market conditions, among others. Goodwill and other long-lived assets are reviewed for impairment whenever events, such as significant changes in the business climate, plant closures, changes in product offerings, or other circumstances indicate that the carrying amount may not be recoverable.

To determine fair value, we utilize two market-based approaches and an income approach. Under the market-based approaches, we utilize information regarding the Company, as well as publicly available industry information, to determine earnings multiples and sales multiples. Under the income approach, we determine fair value based on estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn.

In the second quarter of 2021, management applied the qualitative assessment approach in performing its annual evaluation of goodwill for the Company's Machine Clothing reporting unit and three AEC reporting units and concluded that each reporting unit's fair value continued to exceed its carrying value. In addition, there were no amounts at risk due to the estimated excess between the fair and carrying values. Accordingly, no impairment charges were recorded.

13. Financial Instruments

Long-term debt, principally to banks and noteholders, consists of:

(in thousands, except interest rates)	**September 30, 2021**	**December 31, 2020**
Revolving credit agreement with borrowings outstanding at an end of period interest rate of 3.74% in 2021 and 3.50% in 2020 (including the effect of interest rate hedging transactions, as described below), due in 2024	**$ 350,000**	$ 398,000
Other debt, at an average end of period rate of 5.50% in 2020, paid in varying amounts through April 2021	**—**	9
Long-term debt	**350,000**	398,009
Less: current portion	**—**	(9)
Long-term debt, net of current portion	**$ 350,000**	$ 398,000

On October 27, 2020, we entered into a $700 million unsecured Four-Year Revolving Credit Facility Agreement (the “Credit Agreement”) which amended and restated the prior amended and restated $685 million Five-Year Revolving Credit Facility Agreement, which we had entered into on November 7, 2017 (the “Prior Agreement”). Under the Credit Agreement, $350 million of borrowings were outstanding as of September 30, 2021. The applicable interest rate for borrowings was LIBOR plus a spread, based on our leverage ratio at the time of borrowing. At the time of the last borrowing on September 16, 2021, the spread was 1.625%. The spread was based on a pricing grid, which ranged from 1.500% to 2.000%, based on our leverage ratio. Based on our maximum leverage ratio and our Consolidated EBITDA, and without modification to any other credit agreements, as of September 30, 2021, we would have been able to borrow an additional $350 million under the Agreement.

The Credit Agreement contains customary terms, as well as affirmative covenants, negative covenants and events of default that are comparable to those in the Prior Agreement. The Borrowings are guaranteed by certain of the Company’s subsidiaries.

Our ability to borrow additional amounts under the Credit Agreement is conditional upon the absence of any defaults, as well as the absence of any material adverse change (as defined in the Credit Agreement).

On June 14, 2021, we entered into interest rate swap agreements for the period October 17, 2022 through October 27, 2024. These transactions have the effect of fixing the LIBOR portion of the effective interest rate (before addition of the spread) on $350 million of indebtedness drawn under the Credit Agreement at the rate of 0.838% during the period. Under the terms of these transactions, we pay the fixed rate of 0.838% and the counterparties pay a floating rate based on the one-month LIBOR rate at each monthly calculation date, which on September 16, 2021 was 0.09%.

On November 27, 2017, we terminated our interest rate swap agreements, originally entered into on May 9, 2016, that had effectively fixed the interest rate on $300 million of revolving credit borrowings, in order to enter into a new interest rate swap with a greater notional amount, and the same maturity as the Credit Agreement. We received $6.3 million when the swap agreements were terminated, which has been fully amortized into interest expense through March 2021.

On November 28, 2017, we entered into interest rate swap agreements for the period December 18, 2017 through October 17, 2022. These transactions have the effect of fixing the LIBOR portion of the effective interest rate (before addition of the spread) on $350 million of indebtedness drawn under the Credit Agreement at the rate of 2.11% during the period. Under the terms of these transactions, we pay the fixed rate of 2.11% and the counterparties pay a floating rate based on the one-month LIBOR rate at each monthly calculation date, which on September 16, 2021 was 0.09%, during the swap period. On September 16, 2021, the all-in-rate on the $350 million of debt was 3.735%.

These interest rate swaps are accounted for as a hedge of future cash flows, as further described in Note 14. No cash collateral was received or pledged in relation to the swap agreements.

Under the Credit Agreement, we are currently required to maintain a leverage ratio (as defined in the agreement) of not greater than 3.50 to 1.00 and minimum interest coverage (as defined) of 3.00 to 1.00.

As of September 30, 2021, our leverage ratio was 1.07 to 1.00 and our interest coverage ratio was 14.51 to 1.00. We may purchase our Common Stock or pay dividends to the extent our leverage ratio remains at or below 3.50 to 1.00, and may make acquisitions with cash, provided our leverage ratio does not exceed the limits noted above.

Indebtedness under the Credit Agreement is ranked equally in right of payment to all unsecured senior debt.

We were in compliance with all debt covenants as of September 30, 2021.

14. Fair-Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 3 inputs are unobservable data points for the asset or liability, and include situations in which there is little, if any, market activity for the asset or liability. We had no Level 3 financial assets or liabilities at September 30, 2021, or at December 31, 2020.

The following table presents the fair-value hierarchy for our Level 1 and Level 2 financial and non-financial assets and liabilities, which are measured at fair value on a recurring basis:

	September 30, 2021		December 31, 2020	
(in thousands)	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Fair Value				
Assets:				
Cash equivalents	$ 32,878	$ —	$ 17,508	$ —
Other Assets:				
Common stock of unaffiliated foreign public company (a)	741	—	748	—
Interest rate swaps	—	174	—	—
Liabilities:				
Other noncurrent liabilities:				
Interest rate swaps	—	(7,622)	—	(12,714)

(a) Original cost basis $0.5 million.

Cash equivalents include short-term securities that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities.

The interest rate swaps are accounted for as hedges of future cash flows. The fair value of our interest rate swaps are derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve, and is included in Other assets and/or Other noncurrent liabilities in the Consolidated Balance Sheets. Unrealized gains and losses on the swaps flow through the caption Derivative valuation adjustment in the Shareholders' equity section of the Consolidated Balance Sheets. As of September 30, 2021, these interest rate swaps were determined to be highly effective hedges of interest rate cash flow risk. Amounts accumulated in Other comprehensive income are reclassified as Interest expense, net when the related interest payments (that is, the hedged forecasted transactions), and amortization related to the swap buyouts, affect earnings. Interest (income)/expense related to payments under the active swap agreements totaled $5.3 million for the nine month period ended September 30, 2021, and $3.7 million for the nine month period ended September 30, 2020. Additionally, non-cash interest income related to the amortization of swap buyouts totaled $0.3 million for the nine month period ended September 30, 2021 and $0.9 million for the nine month period ended September 30, 2020.

15. Contingencies

Asbestos Litigation

Albany International Corp. is a defendant in suits brought in various courts in the United States by plaintiffs who allege that they have suffered personal injury as a result of exposure to asbestos-containing paper machine clothing synthetic dryer fabrics marketed during the period from 1967 to 1976 and used in certain paper mills.

We were defending 3,625 claims as of September 30, 2021.

The following table sets forth the number of claims filed, the number of claims settled, dismissed or otherwise resolved, and the aggregate settlement amount during the periods presented:

Year ended December 31,	Opening Number of Claims	Claims Dismissed, Settled, or Resolved	New Claims	Closing Number of Claims	Amounts Paid (thousands) to Settle or Resolve
2016	3,791	148	102	3,745	$ 758
2017	3,745	105	90	3,730	55
2018	3,730	152	106	3,684	100
2019	3,684	51	75	3,708	25
2020	3,708	152	59	3,615	57
2021 (As of September 30)	**3,615**	**9**	**19**	**3,625**	**$ —**

We anticipate that additional claims will be filed against the Company and related companies in the future, but are unable to predict the number and timing of such future claims. Due to the fact that information sufficient to meaningfully estimate a range of possible loss of a particular claim is typically not available until late in the discovery process, we do not believe a meaningful estimate can be made regarding the range of possible loss with respect to pending or future claims and therefore are unable to estimate a range of reasonably possible loss in excess of amounts already accrued for pending or future claims.

While we believe we have meritorious defenses to these claims, we have settled certain claims for amounts we consider reasonable given the facts and circumstances of each case. Our insurance carrier has defended each case and funded settlements under a standard reservation of rights. As of September 30, 2021, we had resolved, by means of settlement or dismissal, 37,957 claims. The total cost of resolving all claims was $10.4 million. Of this amount, almost 100% was paid by our insurance carrier, who has confirmed that we have approximately $140 million of remaining coverage under primary and excess policies that should be available with respect to current and future asbestos claims.

The Company's subsidiary, Brandon Drying Fabrics, Inc. ("Brandon"), is also a separate defendant in many of the asbestos cases in which Albany is named as a defendant, despite never having manufactured any fabrics containing asbestos. While Brandon was defending against 7,709 claims as of September 30, 2021, only twelve claims have been filed against Brandon since January 1, 2012, and a negligible amount of settlement costs have been incurred since 2001. Brandon was acquired by the Company in 1999, and has its own insurance policies covering periods prior to 1999. Since 2004, Brandon's insurance carriers have covered 100% of indemnification and defense costs, subject to policy limits and a standard reservation of rights.

In some of these asbestos cases, the Company is named both as a direct defendant and as the "successor in interest" to Mount Vernon Mills ("Mount Vernon"). We acquired certain assets from Mount Vernon in 1993. Certain plaintiffs allege injury caused by asbestos-containing products alleged to have been sold by Mount Vernon many years prior to this acquisition. Mount Vernon is contractually obligated to indemnify the Company against any liability arising out of such products. We deny any liability for products sold by Mount Vernon prior to the acquisition of the Mount Vernon assets. Pursuant to its contractual indemnification obligations, Mount Vernon has assumed the defense of these claims. On this basis, we have successfully moved for dismissal in a number of actions.

We currently do not anticipate, based on currently available information, that the ultimate resolution of the aforementioned proceedings will have a material adverse effect on the financial position, results of operations, or cash flows of the Company. Although we cannot predict the number and timing of future claims, based on the foregoing factors, the trends in claims filed against us, and available insurance, we also do not currently anticipate that potential future claims will have a material adverse effect on our financial position, results of operations, or cash flows.

16. Changes in Shareholders' Equity

The following table summarizes changes in Shareholders' Equity for the period December 31, 2020 to September 30, 2021:

	Class A Common Stock		Class B Common Stock					Class A Treasury Stock			
(in thousands)	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Shares	Amount	Noncontrolling Interest	Total Equity
December 31, 2020	**39,115**	**$ 39**	**1,618**	**$ 2**	**$ 433,696**	**$ 770,746**	**$ (132,408)**	**8,391**	**$ (256,009)**	**$ 3,799**	**$ 819,865**
Net income	—	—	—	—	—	27,582	—	—	—	27	27,609
Compensation and benefits paid or payable in shares	20	—	—	—	(13)	—	—	—	—	—	(13)
Options exercised	6	—	—	—	128	—	—	—	—	—	128
Dividends declared											
Class A Common Stock, $0.20 per share	—	—	—	—	—	(6,150)	—	—	—	—	(6,150)
Class B Common Stock, $0.20 per share	—	—	—	—	—	(324)	—	—	—	—	(324)
Cumulative translation adjustments	—	—	—	—	—	—	(15,955)	—	—	(210)	(16,165)
Pension and postretirement liability adjustments	—	—	—	—	—	—	509	—	—	—	509
Derivative valuation adjustment	—	—	—	—	—	—	752	—	—	—	752
March 31, 2021	**39,141**	**$ 39**	**1,618**	**$ 2**	**$ 433,811**	**$ 791,854**	**$ (147,102)**	**8,391**	**$ (256,009)**	**$ 3,616**	**$ 826,211**
Net income	—	—	—	—	—	31,397	—	—	—	43	31,440
Compensation and benefits paid or payable in shares	—	—	—	—	692	—	—	—	—	—	692
Options exercised	1	—	—	—	21	—	—	—	—	—	21
Shares issued to Directors'	—	—	—	—	706	—	—	(11)	241	—	947
Dividends declared											
Class A Common Stock, $0.20 per share	—	—	—	—	—	(6,150)	—	—	—	—	(6,150)
Class B Common Stock, $0.20 per share	—	—	—	—	—	(323)	—	—	—	—	(323)
Cumulative translation adjustments	—	—	—	—	—	—	13,774	—	—	183	13,957
Pension and postretirement liability adjustments	—	—	—	—	—	—	(130)	—	—	—	(130)
Derivative valuation adjustment	—	—	—	—	—	—	1,394	—	—	—	1,394
June 30, 2021	**39,142**	**$ 39**	**1,618**	**$ 2**	**$ 435,230**	**$ 816,778**	**$ (132,064)**	**8,380**	**$ (255,768)**	**$ 3,842**	**$ 868,059**
Net income	—	—	—	—	—	30,862	—	—	—	80	30,942
Compensation and benefits paid or payable in shares	—	—	—	—	845	—	—	—	—	—	845
Options exercised	1	—	—	—	4	—	—	—	—	—	4
Shares issued to Directors'	—	—	—	—	—	—	—	—	—	—	—
Dividends declared											
Class A Common Stock, $0.20 per share	—	—	—	—	—	(6,478)	—	—	—	—	(6,478)
Class B Common Stock, $0.20 per share	—	—	—	—	—	—	—	—	—	—	—
Conversion of Class B shares to Class A shares (b)	1,617	2	(1,617)	(2)	—	—	—	—	—	—	—
Cumulative translation adjustments	—	—	—	—	—	—	(14,943)	—	—	(192)	(15,135)
Pension and postretirement liability adjustments	—	—	—	—	—	—	223	—	—	—	223
Derivative valuation adjustment	—	—	—	—	—	—	1,873	—	—	—	1,873
September 30, 2021	**40,760**	**$ 41**	**1**	**$ —**	**$ 436,079**	**$ 841,162**	**$ (144,911)**	**8,380**	**$ (255,768)**	**$ 3,730**	**$ 880,333**

The following table summarizes changes in Shareholders' Equity for the period December 31, 2019 to September 30, 2020:

	Class A Common Stock		Class B Common Stock					Class A Treasury Stock			
(in thousands)	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Shares	Amount	Noncontrolling Interest	Total Equity
December 31, 2019	**39,099**	**$ 39**	**1,618**	**$ 2**	**$ 432,518**	**$ 698,496**	**$ (175,981)**	**8,409**	**$ (256,391)**	**$ 4,006**	**$ 702,689**
Adoption of accounting standards (a)	—	—	—	—	—	(1,443)	—	—	—	—	(1,443)
Net income	—	—	—	—	—	9,109	—	—	—	(1,515)	7,594
Compensation and benefits paid or payable in shares	13	—	—	—	(682)	—	—	—	—	—	(682)
Options exercised	—			—	—	—	—	—	—	—	—
Shares issued to Directors'	—	—	—	—	—	—	—	—	—	—	—
Dividends declared											
Class A Common Stock, $0.19 per share	—	—	—	—	—	(5,834)	—	—	—	—	(5,834)
Class B Common Stock, $0.19 per share	—	—	—	—	—	(307)	—	—	—	—	(307)
Cumulative translation adjustments	—	—	—	—	—	—	(25,747)	—	—	109	(25,638)
Pension and postretirement liability adjustments	—	—	—	—	—	—	890	—	—	—	890
Derivative valuation adjustment	—	—	—	—	—	—	(7,708)	—	—	—	(7,708)
March 31, 2020	**39,112**	**$ 39**	**1,618**	**$ 2**	**$ 431,836**	**$ 700,021**	**$ (208,546)**	**8,409**	**$ (256,391)**	**$ 2,600**	**$ 669,561**
Net income	—	—	—	—	—	32,354	—	—	—	95	32,449
Compensation and benefits paid or payable in shares	—	—	—	—	466	—	—	(15)	317	—	783
Options exercised	1	—	—	—	20	—	—	—	—	—	20
Shares issued to Directors'	—	—	—	—	416	—	—	—	—	—	416
Dividends declared											
Class A Common Stock, $0.20 per share	—	—	—	—	—	(5,835)	—	—	—	—	(5,835)
Class B Common Stock, $0.20 per share	—	—	—	—	—	(307)	—	—	—	—	(307)
Cumulative translation adjustments	—	—	—	—	—	—	8,964	—	—	152	9,116
Pension and postretirement liability adjustments	—	—	—	—	—	—	142	—	—	—	142
Derivative valuation adjustment	—	—	—	—	—	—	(187)	—	—	—	(187)
June 30, 2020	**39,113**	**$ 39**	**1,618**	**$ 2**	**$ 432,738**	**$ 726,233**	**$ (199,627)**	**8,394**	**$ (256,074)**	**$ 2,847**	**$ 706,158**
Net income	—	—	—	—	—	29,589	—	—	—	1	29,590
Compensation and benefits paid or payable in shares	—	—	—	—	80	—	—	—	—	—	80
Options exercised	1	—	—	—	5	—	—	—	—	—	5
Shares issued to Directors'	—	—	—	—	—	—	—	—	—	—	—
Dividends declared											
Class A Common Stock, $0.19 per share	—	—	—	—	—	(5,837)	—	—	—	—	(5,837)
Class B Common Stock, $0.19 per share	—	—	—	—	—	(307)	—	—	—	—	(307)
Cumulative translation adjustments	—	—	—	—	—	—	19,821	—	—	201	20,022
Pension and postretirement liability adjustments	—	—	—	—	—	—	(474)	—	—	—	(474)
Derivative valuation adjustment	—	—	—	—	—	—	621	—	—	—	621
September 30, 2020	**39,114**	**$ 39**	**1,618**	**$ 2**	**$ 432,823**	**$ 749,678**	**$ (179,659)**	**8,394**	**$ (256,074)**	**$ 3,049**	**$ 749,858**

(a) The Company adopted the provisions of ASC 326, Current Expected Credit Losses ("CECL") effective January 1, 2020, which resulted in a decrease to Retained earnings of $1.4 million.

(b) In the third quarter of 2021, Standish Family Holdings, LLC and J.S. Standish Company (the "Selling Stockholders") agreed to sell to J.P. Morgan Securities LLC 1,566,644 shares of the Company’s Class A Common Stock, par value $0.001 per share, to be issued upon conversion of an equal number of shares of the Company’s Class B common stock, par value $0.001 per share, at a price per share of $75.9656 (the "Transaction"). Immediately following the Transaction, the Selling Stockholders and related persons (including Christine L. Standish and John C. Standish) hold in the aggregate shares of the Company’s common stock entitling them to cast less than one percent of the combined votes entitled to be cast by all stockholders of the Company. Costs associated with the Transaction were borne directly by the Selling Stockholders.

On October 25, 2021, the Company's Board of Directors authorized the Company to repurchase shares of up to $200 million through open market purchases, privately negotiated transactions or otherwise, and to determine the prices, times and amounts. The program does not obligate the Company to acquire any particular amount of common stock, and it may be suspended or terminated at any time at the Company's discretion. The share repurchase program does not have an expiration date. The timing and amount of any share repurchases will be based on the Company’s liquidity, general business and market conditions, debt covenant restrictions and other factors, including alternative investment opportunities and capital structure.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of the Company. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying Notes.

Forward-looking statements

This quarterly report and the documents incorporated or deemed to be incorporated by reference in this quarterly report contain statements concerning our future results and performance and other matters that are "forward-looking" statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "believe," "expect," "anticipate," "intend," "estimate," "project," "look for," "will," "should," "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 prior Quarterly Reports on Form 10-Q) actual results may differ materially from those expressed or implied by such forward-looking statements.

There are a number of risks, uncertainties, and other important factors that could cause actual results to differ materially from the forward-looking statements, including, but not limited to:

- Conditions in the industries in which our Machine Clothing and Albany Engineered Composites segments compete, along with the general risks associated with macroeconomic conditions, including continuation of COVID-19 pandemic effects for an extended period of time;
- In both the Machine Clothing and Albany Engineered Composites segments, increasing labor, raw material, energy, and logistic costs due to supply chain constraints and inflationary pressures
- In the Machine Clothing segment, greater than anticipated declines in the demand for publication grades of paper, or lower than anticipated growth in other paper grades;
- In the Albany Engineered Composites segment, longer than expected timeframe for the aerospace industry to utilize existing inventories, and unanticipated reductions in demand, delays, technical difficulties, or cancellations in aerospace programs that are expected to generate revenue and drive long-term growth;
- Failure to achieve or maintain anticipated profitable growth in our Albany Engineered Composites segment; and
- Other risks and uncertainties detailed in this report.

Further information concerning important factors that could cause actual events or results to be materially different from the forward-looking statements can be found in "Business Environment Overview and Trends" sections of this quarterly report, as well as in Item 1A-"Risk Factors" section of our most recent Annual Report on Form 10-K. Although we believe the expectations reflected in our other forward-looking statements are based on reasonable assumptions, it is not possible to foresee or identify all factors that could have a material and negative impact on our future performance. The forward-looking statements included or incorporated by reference in this report are made on the basis of our assumptions and analyses, as of the time the statements are made, in light of our experience and perception of historical conditions, expected future developments, and other factors believed to be appropriate under the circumstances.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained or incorporated by reference in this report to reflect any change in our expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

Business Environment Overview and Trends

Our reportable segments, Machine Clothing ("MC") and Albany Engineered Composites ("AEC"), draw on the same advanced textiles and materials processing capabilities, and compete on the basis of product-based advantage that is grounded in those core capabilities.

The MC segment is the Company's long-established core business and primary generator of cash. While it has been negatively impacted by well-documented declines in publication grades in the Company's traditional markets, there has been some offsetting effect due to growth in demand for packaging and tissue grades, as well as the expansion of paper consumption and production in Asia and South America. We feel we are well-positioned in key markets, with high-quality, low-cost production in growth markets, substantially lower fixed costs in mature markets, and continued strength in new product development, technical product support, and manufacturing technology. Some of the markets in which our products are sold are expected to have low levels of growth and we face pricing pressures in all markets. Despite these market pressures on revenue, the MC business retains the potential for maintaining stable earnings in the future. MC has been a significant generator of cash, and we seek to maintain the cash-generating potential of this business by maintaining the low costs that we have achieved through continuous focus on cost-reduction initiatives, and competing vigorously by using our differentiated and technically superior products to reduce our customers' total cost of operation and improve their paper quality.

The AEC segment provides significant longer term growth potential for our Company. Our strategy is to grow by focusing our proprietary 3D-woven technology, as well as our non-3D technology capabilities, on high-value aerospace (both commercial and defense) applications, while at the same time performing successfully on our portfolio of growth programs. AEC (including Albany Safran Composites, LLC ("ASC"), in which our customer, SAFRAN Group, owns a 10 percent noncontrolling interest) supplies a number of customers in the aerospace industry. AEC's largest aerospace customer is the SAFRAN Group and sales to SAFRAN, through ASC, (consisting primarily of fan blades and cases for CFM's LEAP engine) accounted for approximately 11 percent of the Company's consolidated Net sales in 2020. AEC, through ASC, also supplies 3D-woven composite fan cases for the GE9X engine. AEC's current portfolio of non-3D programs includes components for the F-35, fuselage components for the Boeing 787, components for the CH-53K helicopter, vacuum waste tanks for Boeing 7-Series aircraft, and missile bodies for Lockheed Martin's JASSM air-to-surface missiles. AEC is actively engaged in research to develop new applications in both commercial and defense aircraft engine and airframe markets. In 2020, approximately 46 percent of AEC sales were related to U.S. government contracts or programs.

Consolidated Results of Operations

Net sales

The following table summarizes our Net sales by business segment:

	Three months ended September 30,			Nine months ended September 30,		
(in thousands, except percentages)	2021	2020	% Change	2021	2020	% Change
Machine Clothing	$ **154,171**	$ 138,747	11.1 %	$ **462,298**	$ 428,782	7.8 %
Albany Engineered Composites	**78,271**	73,252	6.9 %	**227,024**	244,971	-7.3 %
Total	$ **232,442**	$ 211,999	9.6 %	$ **689,322**	$ 673,753	2.3 %

The following tables provide a comparison of 2021 Net sales, excluding the impact of currency translation effects, to 2020 Net sales:

(in thousands, except percentages)	Net sales as reported, Q3 2021	Increase due to changes in currency translation rates	Q3 2021 sales on same basis as Q3 2020 currency translation rates	Net sales as reported, Q3 2020	% Change compared to Q3 2020, excluding currency rate effects
Machine Clothing	$ **154,171**	$ 1,688	$ 152,483	$ 138,747	9.9 %
Albany Engineered Composites	**78,271**	90	78,181	73,252	6.7 %
Consolidated total	$ **232,442**	$ 1,778	$ 230,664	$ 211,999	8.8 %

(in thousands, except percentages)	Net sales as reported, YTD 2021	Increase due to changes in currency translation rates	YTD 2021 sales on same basis as 2020 currency translation rates	Net sales as reported, YTD 2020	% Change compared to 2020, excluding currency rate effects
Machine Clothing	$ **462,298**	$ 11,829	$ 450,469	$ 428,782	5.1 %
Albany Engineered Composites	**227,024**	2,356	224,668	244,971	-8.3 %
Consolidated total	$ **689,322**	$ 14,185	$ 675,137	$ 673,753	0.2 %

Three month comparison

- Changes in currency translation rates had the effect of increasing Net sales by $1.8 million during the third quarter of 2021, as compared to 2020, principally due to stronger Euro and Chinese Yuan Renminbi in 2021.
- Excluding the effect of changes in currency translation rates:
  - Net sales increased 8.8% compared to the same period in 2020.
  - Net sales in MC increased 9.9% compared to the third quarter of 2020, due to growth in all major grades of product, led by engineered fabric and packaging grades.
  - Net sales in AEC increased 6.7%, mainly due to growth on LEAP and CH-53K programs, partially offset by a decline in sales for the Boeing 787 and F-35 platforms.

Nine month comparison

- Changes in currency translation rates had the effect of increasing Net sales by $14.2 million during the first nine months of 2021, as compared to 2020, mainly due to stronger Euro and Chinese Yuan Renminbi in 2021.
- Excluding the effect of changes in currency translation rates:
  - Net sales increased 0.2% compared to the same period in 2020.
  - Net sales in MC increased 5.1% compared to the same period in 2020, primarily due to growth in engineered fabric and packaging grades, offset by a decline in publication grades.
  - Net sales in AEC decreased 8.3%, primarily due to declines in sales for the Boeing 787 program, partially offset by growth on the LEAP program.

Gross Profit

The following table summarizes Gross profit by business segment:

(in thousands, except percentages)	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Machine Clothing	**$ 79,437**	$ 71,471	**$ 240,427**	$ 227,734
Albany Engineered Composites	**12,605**	15,831	**41,889**	52,020
Total	**$ 92,042**	$ 87,302	**$ 282,316**	$ 279,754
% of Net sales	**39.6 %**	41.2 %	**41.0 %**	41.5 %

Three month comparison

Third quarter 2021 gross profit increased 5.4% compared to that for the same period in 2020. Gross profit as a percentage of sales:

- Was flat at 51.5% in MC.
- Decreased from 21.6% in 2020 to 16.1% in 2021 in AEC, driven by a smaller impact from changes in the estimated profitability of long-term contracts, lower fixed cost absorption, and the effect of sharing with our customer base a portion of the AMJP grant received during the quarter. We recognized $2.1 million net favorable change in the estimated profitability of long-term contracts during for the third quarter of 2021, compared to a $3.5 million net favorable impact during the same period in 2020.

Nine month comparison

Gross profit for the third quarter of 2021 was effectively flat compared to that for the same period in 2020. Gross profit as a percentage of sales:

- Decreased from 53.1% in 2020 to 52.0% in 2021 in MC, due to higher production costs, offset by improved absorption.
- Decreased from 21.2% in 2020 to 18.5% in 2021 in AEC, driven by unfavorable shift in program revenue mix.

Selling, Technical, General, and Research (STG&R)

The following table summarizes STG&R expenses by business segment:

(in thousands, except percentages)	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Machine Clothing	**$ 23,717**	$ 25,386	**$ 78,501**	$ 76,903
Albany Engineered Composites	**9,769**	8,646	**28,909**	26,664
Corporate expenses	**13,883**	13,787	**38,405**	40,904
Total	**$ 47,369**	$ 47,819	**$ 145,815**	$ 144,471
% of Net sales	**20.4 %**	22.6 %	**21.2 %**	21.4 %

Three month comparison

The overall decrease in STG&R expenses in the third quarter of 2021, compared to the same period in 2020, was primarily due to foreign currency revaluation gains as compared to a foreign currency revaluation losses in the same quarter of last year, offset by higher travel and R&D expenses.

Nine month comparison

The overall increase in STG&R expenses in the third quarter of 2021, compared to the same period in 2020, was due to the net effect of the following:

- Revaluation of nonfunctional currency assets and liabilities in Machine Clothing resulted in a gain of $0.2 million in 2021, compared to a gain of $1.3 million in 2020.
- Former CEO termination costs of $2.7 million were recorded in Corporate expenses during the first quarter of 2020.

- Higher incentive compensation in all business segments in 2021.

Restructuring Expense, net

In addition to the items discussed above affecting gross profit and STG&R expenses, operating income was minimally affected by restructuring costs during the year-to-date period ended September 30, 2021, but totaled $4.2 million for the same period in 2020.

The following table summarizes Restructuring expenses, net by business segment:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Machine Clothing	$ **251**	$ 384	$ **193**	$ 1,414
Albany Engineered Composites	**(81)**	358	**(40)**	2,606
Corporate expenses	**17**	(32)	**77**	169
Total	$ **187**	$ 710	$ **230**	$ 4,189

Machine Clothing restructuring charges in both years are mainly related to discontinued operations at its production facility in Sélestat, France, announced in 2017. The restructuring program was driven by the Company’s need to balance manufacturing capacity with demand. Since 2017, we have recorded $13.9 million of restructuring charges related to this action.

Operating Income

The following table summarizes operating income/(loss) by business segment:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Machine Clothing	$ **55,467**	$ 45,699	$ **161,731**	$ 149,418
Albany Engineered Composites	**2,917**	6,828	**13,019**	22,749
Corporate expenses	**(13,898)**	(13,754)	**(38,479)**	(41,073)
Total	$ **44,486**	$ 38,773	$ **136,271**	$ 131,094

Other Earnings Items

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Interest expense, net	$ **3,734**	$ 2,242	$ **11,521**	$ 10,042
AMJP grant (see Note 1)	**(5,832)**	—	**(5,832)**	—
Other expense/(income), net	**2,753**	(2,745)	**4,215**	13,915
Income tax expense	**12,889**	9,686	**36,375**	37,504
Net income/(loss) attributable to the noncontrolling interest	**80**	1	**150**	(1,419)

Interest Expense, net

Interest expense, net was higher during the quarter and year-to-date ended September 30, 2021, compared to the same periods in 2020, primarily as a result of the following. During 2020, the Company successfully resolved its claim for a rebate of foreign sales tax paid in previous years, reducing interest expense for the year-to-date ended September 30, 2020 by $0.9 million. In addition, the Company completed amortizing its swap buyouts during the first quarter of 2021, eliminating interest income amortization of $0.6 million.

Other (income)/expense, net

Other (income)/expense net included losses related to the revaluation of nonfunctional-currency balances of $0.8 million for the first nine months of 2021, compared to losses of $14.7 million for the first nine months of 2020, which principally resulted from an intercompany demand loan payable by a Mexican subsidiary. As a result of changes in business conditions that occurred in the first quarter of 2020, loan repayments on that intercompany loan are not expected in the foreseeable future and, beginning April 1, 2020, the revaluation effects are recorded in Other comprehensive income.

Income Tax

The Company has operations, which constitute a taxable presence in 18 countries outside of the United States. The majority of these countries had income tax rates that are above the United States federal tax rate of 21 percent during the periods reported. The jurisdictional location of earnings is a significant component of our effective tax rate each year. The rate impact of this component is influenced by the specific location of non-U.S. earnings and the level of our total earnings. From period to period, the jurisdictional mix of earnings can vary as a result of operating fluctuations in the normal course of business, as well as the extent and location of other income and expense items, such as pension settlement and restructuring charges.

Three and nine month comparison

The Company's effective tax rates for the third quarter of 2021 and 2020 were 29.4% and 24.7%, respectively, and for the nine months ended September 30, 2021 and 2020, were 28.8% and 35.0%, respectively. The tax rate is affected by recurring items, such as the income tax rate in the U.S. and non-U.S. jurisdictions and the mix of income earned in those jurisdictions. The tax rate is also affected by U.S. tax costs on foreign earnings, and by discrete items that may occur in any given year but are not consistent from year to year. The increase in the Q3 2021 income tax rate from continuing operations, excluding discrete items, was driven by an increase in losses in a foreign jurisdiction that were excluded in calculating the quarterly income tax provision. The effective tax rate for the nine months ended September 30, 2020 was significantly affected by a non-recurring tax adjustment due to non-deductible foreign exchange losses, which occurred in the first quarter of 2020.

For more information on income tax, see Note 5 to the Consolidated Financial Statements.

Segment Results of Operations

Machine Clothing Segment

Machine Clothing accounted for approximately 67% of our consolidated revenues during the nine months of 2021. MC products are purchased primarily by manufacturers of paper and paperboard. We feel we are well-positioned in these markets, with high-quality, low-cost production in growth markets, substantially lower fixed costs in mature markets, and continued strength in new product development, technical product support, and manufacturing technology. Recent technological advances in paper machine clothing, while contributing to the papermaking efficiency of customers, have lengthened the useful life of many of our products and had an adverse impact on overall paper machine clothing demand. Additionally, we face pricing pressures in all of our markets.

The Company's manufacturing and product platforms position us well to meet these shifting demands across product grades and geographic regions. Our strategy for meeting these challenges continues to be to grow share in all markets, with new products and technology, and to maintain our manufacturing footprint to align with global demand, while we offset the effects of inflation through continuous productivity improvement.

We have incurred significant restructuring charges in recent years as we reduced MC manufacturing capacity and administrative positions in various countries.

Review of Operations

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except percentages)	2021	2020	2021	2020
Net sales	**$ 154,171**	$ 138,747	**$ 462,298**	$ 428,782
Gross profit	**79,437**	71,471	**240,427**	227,734
% of Net sales	**51.5 %**	51.5 %	**52.0 %**	53.1 %
STG&R expenses	**23,717**	25,386	**78,501**	76,903
Operating income	**55,467**	45,699	**161,731**	149,418

Net Sales

Three month comparison

- Net sales increased by 11.1%.
- Changes in currency translation rates had the effect of increasing third-quarter 2021 sales by $1.7 million compared to the same period in 2020. That currency translation effect was mainly due to stronger Euro and Chinese Yuan Renminbi in the third quarter of 2021, compared to 2020.
- Excluding the effect of changes in currency translation rates, Net sales in MC increased 9.9% compared to the third quarter of 2020, principally due to growth in sales for packaging grades and engineered fabrics, partially offset by declines in other grades.

Nine month comparison

- Net sales increased by 7.8%.
- Changes in currency translation rates had the effect of increasing 2021 sales by $11.8 million compared to the same period in 2020. That currency translation effect was principally due to stronger Euro and Chinese Yuan Renminbi in the first nine months of 2021, compared to 2020.
- Excluding the effect of changes in currency translation rates, Net sales in MC increased 5.1% compared to 2020, due to growth in all major grades of product, led by engineered fabric and packaging grades.

Gross Profit

Three and nine month comparison

MC gross profit margin was flat at 51.5% in each of the third quarters in 2021 and 2020.

For the nine months ended September 31, 2021, gross profit margin was lower compared to the same period in 2020, due to higher input and fixed costs, partially offset by improved absorption.

Operating Income

Three and nine month comparison

The operating income improvement in the third quarter of 2021, compared to the same period in 2020, was primarily due to higher gross profit and lower STG&R expenses.

The increase in operating income in nine months ended September 30, 2021 was driven by higher gross profit, offset by higher STG&R expenses, compared to the same period in 2020.

Albany Engineered Composites Segment

The Albany Engineered Composites (AEC) segment, including Albany Safran Composites, LLC (ASC), in which our customer SAFRAN Group owns a 10 percent noncontrolling interest, provides highly engineered advanced composite structures to customers, primarily in the aerospace (both commercial and defense) industry. AEC's largest program relates to CFM International's LEAP engine. AEC, through ASC, is the exclusive supplier of advanced composite fan blades and cases for this program under a long-term supply contract. The LEAP engine is used on the Boeing 737 MAX, Airbus A320neo and COMAC aircraft family of jets. Other significant AEC programs include components for the F-35, components for the CH-53K helicopter, fuselage frames for the Boeing 787, and the fan case for the GE9X engine.

Review of Operations

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except percentages)	**2021**	**2020**	**2021**	**2020**
Net sales	**$ 78,271**	$ 73,252	**$ 227,024**	$ 244,971
Gross profit	**12,605**	15,831	**41,889**	52,020
% of Net sales	**16.1 %**	21.6 %	**18.5 %**	21.2 %
STG&R expenses	**9,769**	8,646	**28,909**	26,664
Operating income	**2,917**	6,828	**13,019**	22,749

Net Sales

Three and nine month comparison

Third quarter 2021 net sales increased compared to third quarter 2020, mainly due to growth on LEAP and CH-53K programs, partially offset by a decline in sales for the Boeing 787 and F-35 platforms.

Net sales for the nine months ended September 30, 2021 decreased compared to those in the same period in 2020, primarily due to declines in sales for the Boeing 787 program, partially offset by growth on the CH-53K programs.

Gross Profit

Three and nine month comparison

The decrease in gross profit for the third quarter in 2021 compared to the same period in 2020 was driven by a smaller impact from changes in the estimated profitability of long-term contracts, lower fixed cost absorption, and the effect of sharing with our customer base a portion of the AMJP grant received during the quarter.

For the year-to-date ended September 30, 2021, gross profit was lower compared to that for the same period in 2020, driven by unfavorable shift in program revenue mix.

Long-term contracts

AEC has contracts with certain customers, including its contract for the LEAP program, where revenue is determined by a cost-plus-fee agreement. Revenue earned under these arrangements accounted for approximately 34 percent of segment revenue for year-to-date ended September 30, 2021 and 29 percent for the same period of 2020. LEAP engines are currently used on the Boeing 737 MAX, Airbus A320neo and COMAC aircraft.

In addition, AEC has long-term contracts in which the selling price is fixed. In accounting for those contracts, we estimate the profit margin expected at the completion of the contracts and recognize a pro-rata share of that profit during the course of the contracts using a cost-to-cost approach. Changes in estimated contract profitability will affect revenue and gross profit when the change occurs, which could have a significant favorable or unfavorable effect on revenue and gross profit in any reporting period. For contracts with anticipated losses, a provision for the entire amount of the estimated remaining loss is charged against income in the period in which the loss becomes known. Contract losses are determined considering all direct and indirect contract costs, exclusive of any selling, general or administrative cost allocations, which are treated as period expenses. Expected losses on projects include losses on contract options that are probable of exercise, excluding profitable options that often follow.

Operating Income

Three and nine month comparison

Operating income was lower for the three and nine months ended September 30, 2021 compared to the same periods in 2020, primarily due to lower gross profit and higher STG&R expenses.

Liquidity and Capital Resources

Cash Flow Summary

	Nine months ended September 30,	
(in thousands)	**2021**	**2020**
Net income	**$ 89,992**	$ 69,633
Depreciation and amortization	**55,347**	54,306
Changes in working capital (a)	**(9,959)**	(65,460)
Changes in other noncurrent liabilities and deferred taxes	**1,440**	12,021
Other operating items	**11,679**	13,193
Net cash provided by/(used in) operating activities	**148,499**	83,693
Net cash (used in)/ provided by investing activities	**(32,148)**	(31,475)
Net cash (used in)/provided by financing activities	**(69,339)**	(31,703)
Effect of exchange rate changes on cash and cash equivalents	**(2,111)**	(751)
Increase/(decrease) in cash and cash equivalents	**44,901**	19,764
Cash and cash equivalents at beginning of year	**241,316**	195,540
Cash and cash equivalents at end of period	**$ 286,217**	$ 215,304

(a) Includes Accounts receivable, Contract assets, Inventories, Accounts payable, and Accrued liabilities.

Operating activities

Cash flow provided by operating activities was $148.5 million in the first nine months of 2021, compared to $83.7 million in the first nine months of 2020. This improvement was due to improved working capital cash flows in AEC, primarily due to higher income from the LEAP program, and an increase in consolidated net income.

Cash paid for income taxes was $27.8 million and $21.9 million for the first nine months of 2021 and 2020, respectively. The increase is primarily due to an increase in corporate income tax payments in Brazil, China and Switzerland related to prior year tax liabilities, partially offset by a decrease in corporate income tax payments in the United States due to an increase in prior year state overpayments.

At September 30, 2021, we had $286.2 million of cash and cash equivalents, of which $223.1 million was held by subsidiaries outside of the United States.

Investing and Financing Activities

Capital expenditures for the first nine months were $32.1 million in 2021 and $31.5 million in 2020.

Net cash outflows from financing activities for the year-to-date ended September 30, 2021 were higher than those for the same period in 2020, primarily due to increased net principal payments on debt.

Dividends have been declared each quarter since the fourth quarter of 2001. Decisions with respect to whether a dividend will be paid, and the amount of the dividend, are made by the Board of Directors each quarter. Future cash dividends will also depend on debt covenants and on the Board's assessment of our ability to generate sufficient cash flows.

Capital Resources

We finance our business activities primarily with cash generated from operations and borrowings, largely through our revolving credit agreement as discussed below. Our subsidiaries outside of the United States may also maintain working capital lines with local banks, but borrowings under such local facilities tend to be insignificant. The majority of our cash balance at September 30, 2021 was held by non-U.S. subsidiaries. Based on cash on hand and credit facilities, we anticipate that the Company has sufficient capital resources to operate for the foreseeable future. We were in compliance with all debt covenants as of September 30, 2021.

On October 27, 2020, we entered into a $700 million unsecured Four-Year Revolving Credit Facility Agreement (the "Credit Agreement") which amended and restated the prior amended and restated $685 million Five-Year Revolving Credit Facility Agreement, which we had entered into on November 7, 2017 (the "Prior Agreement"). Under the Credit Agreement, $350 million of borrowings were outstanding as of September 30, 2021. The applicable interest rate for borrowings was LIBOR plus a spread, based on our leverage ratio at the time of borrowing. At the time of the last borrowing on September 16, 2021, the spread was 1.625%. The spread was based on a pricing grid, which ranged from 1.500% to 2.000%, based on our leverage ratio. Based on our maximum leverage ratio and our Consolidated EBITDA, and without modification to any other credit agreements, as of September 30, 2021, we would have been able to borrow an additional $350 million under the Agreement.

For more information, see Note 13 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

As of September 30, 2021, we have no off-balance sheet arrangements required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K.

Non-GAAP Measures

This Form 10-Q contains certain non-GAAP measures, including: Net sales, and percent change in Net sales, excluding the impact of currency translation effects (for each segment and on a consolidated basis); EBITDA and Adjusted EBITDA (for each segment and on a consolidated basis, represented in dollars or as a percentage of net sales); Net debt; and Adjusted earnings per share (or Adjusted EPS). Such items are provided because management believes that they provide additional useful information to investors regarding the Company's operational performance.

Presenting Net sales and increases or decreases in Net sales, after currency effects are excluded, can give management and investors insight into underlying sales trends. EBITDA, Adjusted EBITDA and Adjusted EPS are performance measures that relate to the Company's continuing operations. EBITDA, or net income with interest, taxes, depreciation, and amortization added back, is a common indicator of financial performance used, among other things, to analyze and compare core profitability between companies and industries because it eliminates effects due to differences in financing, asset bases and taxes. An understanding of the impact in a particular quarter of specific restructuring costs, former CEO termination costs, acquisition/integrations costs, currency revaluation, government grants, pension settlement/curtailment charges, inventory write-offs associated with discontinued businesses, or other gains and losses, on net income (absolute as well as on a per-share basis), operating income or EBITDA can give management and investors additional insight into core financial performance, especially when compared to quarters in which such items had a greater or lesser effect, or no effect. Restructuring expenses, while frequent in recent years, are reflective of significant reductions in manufacturing capacity and associated headcount in response to shifting markets, and not of the profitability of the business going forward as restructured.

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. The Company calculates EBITDA by removing the following from Net income: Interest expense net, Income tax expense, and Depreciation and amortization expense. Adjusted EBITDA is calculated by: adding to EBITDA costs associated with restructuring, former CEO termination costs, and inventory write-offs associated with discontinued businesses; adding charges and credits related to pension plan settlements and curtailments; adding (or subtracting) revaluation losses (or gains); subtracting income (net of associated costs) recognized related to government grants; subtracting (or adding) gains (or losses) from the sale of buildings or investments; adding acquisition/integration costs and subtracting (or adding) Income (or loss) attributable to the non-controlling interest in Albany Safran Composites (ASC). Adjusted earnings per share (Adjusted EPS) is calculated by adding to (or subtracting from) net income attributable to the Company per share, on an after-tax basis: restructuring charges; former CEO severance costs; inventory write-offs associated with discontinued businesses; charges and credits related to pension settlements and curtailments; foreign currency revaluation losses (or gains); and acquisition-related expenses.

EBITDA, Adjusted EBITDA, and Adjusted earnings per share as defined by the Company may not be similar to similarly named measures of other companies. Such measures are not considered measurements under GAAP, and should be considered in addition to, but not as substitutes for, the information contained in the Company's statements of income.

The following tables show the calculation of EBITDA and Adjusted EBITDA:

Three months ended September 30, 2021				
(in thousands)	**Machine Clothing**	**Albany Engineered Composites**	**Corporate expenses and other**	**Total Company**
Operating income/(loss) (GAAP)	**$ 55,467**	**$ 2,917**	**$ (13,898)**	**$ 44,486**
Interest, taxes, other income/(expense)	—	—	(13,544)	(13,544)
Net income/(loss) (GAAP)	**55,467**	**2,917**	**(27,442)**	**30,942**
Interest expense, net	—	—	3,734	3,734
Income tax expense	—	—	12,889	12,889
Depreciation and amortization expense	5,014	12,265	935	18,214
EBITDA (non-GAAP)	**60,481**	**15,182**	**(9,884)**	**65,779**
Restructuring expenses, net	251	(81)	17	187
Foreign currency revaluation (gains)/losses	(1,571)	31	472	(1,068)
AMJP grant	—	963	(5,832)	(4,869)
Acquisition/integration costs	—	297	—	297
Pre-tax (income) attributable to noncontrolling interest	—	(95)	—	(95)
Adjusted EBITDA (non-GAAP)	**$ 59,161**	**$ 16,297**	**$ (15,227)**	**$ 60,231**

Three months ended September 30, 2020				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$ 45,699**	**$ 6,828**	**$ (13,754)**	**$ 38,773**
Interest, taxes, other income/(expense)	—	—	(9,183)	(9,183)
Net income/(loss) (GAAP)	**45,699**	**6,828**	**(22,937)**	**29,590**
Interest expense, net	—	—	2,242	2,242
Income tax expense	—	—	9,686	9,686
Depreciation and amortization expense	5,074	12,236	972	18,282
EBITDA (non-GAAP)	**50,773**	**19,064**	**(10,037)**	**59,800**
Restructuring expenses, net	384	358	(32)	710
Foreign currency revaluation (gains)/losses	1,422	(226)	(144)	1,052
Acquisition/integration costs	—	291	—	291
Pre-tax (income) attributable to noncontrolling interest	—	(22)	—	(22)
Adjusted EBITDA (non-GAAP)	**$ 52,579**	**$ 19,465**	**$ (10,213)**	**$ 61,831**

Nine months ended September 30, 2021				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$ 161,731**	**$ 13,019**	**$ (38,479)**	**$ 136,271**
Interest, taxes, other income/(expense)	—	—	(46,279)	(46,279)
Net income/(loss) (GAAP)	**161,731**	**13,019**	**(84,758)**	**89,992**
Interest expense, net	—	—	11,521	11,521
Income tax expense	—	—	36,375	36,375
Depreciation and amortization expense	15,272	37,326	2,749	55,347
EBITDA (non-GAAP)	**177,003**	**50,345**	**(34,113)**	**193,235**
Restructuring expenses, net	193	(40)	77	230
Foreign currency revaluation (gains)/losses	(156)	363	813	1,020
AMJP grant		963	(5,832)	(4,869)
Acquisition/integration costs	—	911	—	911
Pre-tax (income) attributable to noncontrolling interest	—	(206)	—	(206)
Adjusted EBITDA (non-GAAP)	**$ 177,040**	**$ 52,336**	**$ (39,055)**	**$ 190,321**

Nine months ended September 30, 2020				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$ 149,418**	**$ 22,749**	**$ (41,073)**	**$ 131,094**
Interest, taxes, other income/(expense)	—	—	(61,461)	(61,461)
Net income/(loss) (GAAP)	**149,418**	**22,749**	**(102,534)**	**69,633**
Interest expense, net	—	—	10,042	10,042
Income tax expense	—	—	37,504	37,504
Depreciation and amortization expense	15,142	36,192	2,972	54,306
EBITDA (non-GAAP)	**164,560**	**58,941**	**(52,016)**	**171,485**
Restructuring expenses, net	1,414	2,606	169	4,189
Foreign currency revaluation (gains)/losses	(1,265)	501	14,705	13,941
Former CEO termination costs	—	—	2,742	2,742
Acquisition/integration costs	—	867	—	867
Pre-tax loss attributable to noncontrolling interest	—	1,412	—	1,412
Adjusted EBITDA (non-GAAP)	**$ 164,709**	**$ 64,327**	**$ (34,400)**	**$ 194,636**

The Company discloses certain income and expense items on a per-share basis. The Company believes that such disclosures provide important insight into the underlying quarterly earnings and are financial performance metrics commonly used by investors. The Company calculates the quarterly per-share amount for items included in continuing operations by using the income tax rate based on either the tax rates in specific countries or the estimated tax rate applied to total company results. The after-tax amount is then divided by the weighted-average number of shares outstanding for each period. Year-to-date earnings per-share effects are determined by adding the amounts calculated at each reporting period.

The following tables show the earnings per share effect of certain income and expense items:

Three months ended September 30, 2021 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 187	$ 55	$ 132	$ 0.00
Foreign currency revaluation (gains)/losses	(1,068)	(314)	(754)	(0.02)
AMJP grant	(4,869)	(1,446)	(3,423)	(0.11)
Acquisition/integration costs	297	89	208	0.01

Three months ended September 30, 2020 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 710	$ 232	$ 478	$ 0.01
Foreign currency revaluation (gains)/losses	1,052	526	526	0.02
Acquisition/integration costs	291	87	204	0.01

Nine months ended September 30, 2021 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 230	$ 67	$ 163	$ 0.00
Foreign currency revaluation (gains)/losses	1,020	332	688	0.02
AMJP grant	(4,869)	(1,446)	(3,423)	(0.11)
Acquisition/integration costs	911	273	638	0.03

Nine months ended September 30, 2020 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 4,189	$ 1,377	$ 2,812	$ 0.08
Foreign currency revaluation (gains)/losses (a)	13,941	(483)	14,424	0.46
Former CEO termination costs	2,742	713	2,029	0.06
Acquisition/integration costs	867	259	608	0.03

(a) In Q1 2020, the Company incurred losses of approximately $17 million in jurisdictions where it cannot record a tax benefit from the losses, which results in an unusual relationship between the pre-tax and after-tax amounts.

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

	Three months ended September 30,		Nine months ended September 30,	
Per share amounts (Basic)	2021	2020	2021	2020
Earnings per share (GAAP)	**$ 0.95**	$ 0.92	**$ 2.78**	$ 2.20
Adjustments, after tax:				
Restructuring expenses, net	**—**	0.01	**—**	0.08
Foreign currency revaluation (gains)/losses	**(0.02)**	0.02	**0.02**	0.46
AMJP grant	**(0.11)**	—	**(0.11)**	—
Former CEO termination costs	**—**	—	**—**	0.06
Acquisition/integration costs	**0.01**	0.01	**0.03**	0.03
Adjusted Earnings per share (non-GAAP)	**$ 0.83**	$ 0.96	**$ 2.72**	$ 2.83

Net debt is, in the opinion of the Company, helpful to investors wishing to understand what the Company's debt position would be if all available cash were applied to pay down indebtedness. The Company calculates Net debt by subtracting Cash and cash equivalents from Total debt. Total debt is calculated by adding Long-term debt, Current maturities of long-term debt, and Notes and loans payable, if any.

The following table contains the calculation of net debt:

(in thousands)	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Current maturities of long-term debt	$ —	$ —	$ 2	$ 9
Long-term debt	350,000	350,000	384,000	398,000
Total debt	**350,000**	**350,000**	**384,002**	**398,009**
Cash and cash equivalents	286,217	253,330	237,871	241,316
Net debt (non GAAP)	**$ 63,783**	**$ 96,670**	**$ 146,131**	**$ 156,693**

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For discussion of our exposure to market risk, refer to "Quantitative and Qualitative Disclosures about Market Risk", which is included as an exhibit to this Form 10-Q.

Item 4. Controls and Procedures

a) Disclosure controls and procedures.

The principal executive officer and principal financial officer, based on their evaluation of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that the Company's disclosure controls and procedures are effective for ensuring that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in filed or submitted reports is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Refer to the information set forth above under Note 15 in Item 1, "Notes to Consolidated Financial Statements."

Item 1A. Risk Factors

For discussion of risk factors, refer to Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. Other than the following update, there have been no material changes in risks since December 31, 2020.

Prior to August 5, 2021, Standish Family Holdings, LLC, J.S. Standish Company, Christine L. Standish, John C. Standish and J. Spencer Standish Discretionary Trust for Christine L. Standish U/A/D 6/21/83 (the "Standish Trust" and collectively, the "Standish Family") held in the aggregate shares of the Company's common stock entitling them to cast approximately 34.5 percent of the combined votes entitled to be cast by all stockholders of the Company. As of August 10, 2021, all shares of the Company's Class B common stock held by the Standish Family had been converted into an equal number of shares of the Company's Class A common stock (the "Conversion"), and the Standish Family then sold 1,566,644 shares of our Class A Common Stock through a secondary offering. The Standish Family now holds only 58,179 shares of our Class A Common Stock, representing less than 1% of the combined votes entitled to be cast by all stockholders of the Company, effectively eliminating the risk outlined in our Annual Report on Form 10-K for the year ended December 31, 2020.

As of October 15, 2021, we had 32,379,723 shares of Class A Common stock outstanding and 1,154 shares of Class B Common stock outstanding, each of which is convertible at any time into an equal number of Class A Common stock. In addition, Class A Common Stock is issuable on exercise of upon exercise of outstanding stock options or the vesting of outstanding equity awards, and certain shares are reserved for future issuance under our equity compensation plans.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We made no share purchases during the third quarter of 2021.

In October 2021, our Board of Directors authorized a $200 million stock repurchase program. This authorization supersedes any prior authorization. The program does not obligate the Company to acquire any particular amount of common stock, and it may be suspended or terminated at any time at the company's discretion. The share repurchase program does not have an expiration date. The timing and amount of any share repurchases will be based on the company's liquidity, general business and market conditions, debt covenant restrictions and other factors, including alternative investment opportunities and capital structure. No share purchases have yet been made pursuant to such authorization.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code).
99.1	Quantitative and qualitative disclosures about market risks as reported at September 30, 2021.
101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

SIGNATURES

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 thereunto duly authorized.

ALBANY INTERNATIONAL CORP.
(Registrant)

Date: October 26, 2021 By /s/ Stephen M. Nolan

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

EXHIBIT (31.1)
CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. William Higgins, certify that:

1. I have reviewed this report on Form 10-Q of Albany International Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2021

By /s/ A. William Higgins

A. William Higgins
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT (31.2)
CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Nolan, certify that:

1. I have reviewed this report on Form 10-Q of Albany International Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2021

By /s/ Stephen M. Nolan
Stephen M. Nolan
Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT (32.1)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Albany International Corp. (the Company) on Form 10-Q for the period ending September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the Report), A. William Higgins, President and Chief Executive Officer, and Stephen M. Nolan, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 26, 2021

/s/ A. William Higgins

A. William Higgins
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Stephen M. Nolan

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

EXHIBIT (99.1)
MARKET RISK SENSITIVITY – As of September 30, 2021

We have market risk with respect to foreign currency exchange rates and interest rates. The market risk is the potential loss arising from adverse changes in these rates as discussed below.

Foreign Currency Exchange Rate Risk

We have manufacturing plants and sales transactions worldwide and therefore are subject to foreign currency risk. This risk is composed of both potential losses from the translation of foreign currency financial statements and the remeasurement of foreign currency transactions. To manage this risk, we periodically enter into forward exchange contracts either to hedge the net assets of a foreign investment or to provide an economic hedge against future cash flows. The total net assets of non-U.S. operations and long-term intercompany loans denominated in nonfunctional currencies subject to potential loss amount to approximately $656.9 million. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounts to $65.7 million. Furthermore, related to foreign currency transactions, we have exposure to various nonfunctional currency balances totaling $84.7 million. This amount includes, on an absolute basis, exposures to assets and liabilities held in currencies other than our local entity's functional currency. On a net basis, we had $54.5 million of foreign currency assets as of September 30, 2021. As currency rates change, these nonfunctional currency balances are revalued, and the corresponding adjustment is recorded in the income statement. A hypothetical change of 10% in currency rates could result in an adjustment to the income statement of approximately $5.5 million. Actual results may differ.

Interest Rate Risk

We are exposed to interest rate fluctuations with respect to our variable rate debt, depending on general economic conditions.

On September 30, 2021, we had no variable rate debt.

To manage interest rate risk, we may periodically enter into interest rate swap agreements to effectively fix the interest rates on variable debt to a specific rate for a period of time. (See Note 14 to the Consolidated Financial Statements in Item 1, which is incorporated herein by reference).