

# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 23, 2003

## LIBBEY INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State of incorporation)

1-12084  
(Commission File Number)

34-1559357  
(IRS Employer  
identification No.)

300 Madison Avenue  
Toledo, Ohio  
(Address of principal executive offices)

43604  
(Zip Code)

Registrant's telephone number, including area code: (419) 325-2100

**ITEM 9. INFORMATION PROVIDED UNDER ITEM 12 (RESULTS OF OPERATIONS AND**

**FINANCIAL CONDITION)**

The information required by Item 12 is being provided under Item 9 pursuant to procedural guidance provided in SEC Release No. 33-8216.

The following information is furnished pursuant to Item 12, "Results of Operations and Financial Condition." The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

On July 23, 2003, Libbey Inc. issued a press release announcing financial results for the quarter ended June 30, 2003. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

(c) EXHIBITS

| Exhibit<br>No.<br>--- | Description<br>-----                       |
|-----------------------|--|
| 99.1                  | Text of press release dated July 23, 2003. |

**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.

**LIBBEY INC.  
Registrant**

Date: July 23, 2003  
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By: /s/ Scott M. Sellick  
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Scott M. Sellick  
Vice President, Chief Financial Officer  
(Principal Accounting Officer)

**EXHIBIT INDEX**

| Exhibit No.<br>----- | Description<br>-----                      | Page No.<br>----- |
|----------------------|---|-------------------|
| 99.1                 | Text of press release dated July 23, 2003 | E-1               |

EXHIBIT 99.1

[LIBBEY LOGO] LIBBEY INC.

300 MADISON AVE  
P.O. BOX 10060  
TOLEDO, OH 43699

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NEWS RELEASE

AT THE COMPANY:  
-----  
KENNETH BOERGER  
VP/TREASURER  
(419) 325-2279

AT FRB | WEBER SHANDWICK:  
-----  
SUZY LYNDE  
ANALYST INQUIRIES  
(312) 640-6772

**FOR IMMEDIATE RELEASE  
WEDNESDAY, JULY 23, 2003**

**LIBBEY INC. ANNOUNCES SECOND QUARTER DILUTED EPS OF 59 CENTS;  
COMPARES WITH \$0.31 IN PRIOR YEAR PERIOD, CITES HIGHER NATURAL GAS COSTS AND  
IMPACT OF SLUGGISH ECONOMY ON SALES**

TOLEDO, OHIO, JULY 23, 2003--Citing higher natural gas costs and the impact of a sluggish economy and the war in Iraq on sales to retail, industrial and foodservice clients, LIBBEY INC. (NYSE: LBY) announced that its diluted earnings per share for the second quarter ended June 30, 2003, were 59 cents on sales of \$128.3 million. On May 1, 2003, the company announced its expectation that diluted earnings per share for the quarter would be between 60 and 70 cents.

**SECOND-QUARTER RESULTS**

For the quarter ended June 30, 2003, sales increased 12.4 percent to \$128.3 million from \$114.1 million in the year-ago quarter. The increase in sales was attributable to the sales of Royal Leerdam and Traex, both acquired in December 2002. Excluding these acquisitions, sales declined 4.9 percent, as sales to retail and industrial customers were lower than the year-ago period. Glassware sales to foodservice customers were up in the low single digits on a percentage basis.

The company recorded income from operations of \$12.8 million during the quarter. This compares with income from operations of \$18.4 million in the year-ago period. Factors contributing to the decline, in addition to lower pre-acquisition sales, were higher natural gas costs of approximately \$2 million, higher other operating costs in the company's glassware operations totaling approximately \$0.8 million and additional costs (mostly

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non-cash) for pension and postretirement medical benefits of almost \$1 million. Traex and Royal Leerdam contributed modestly to income from operations during the quarter.

Earnings before interest and income taxes (EBIT) was \$15.0 million compared to \$9.3 million in the year-ago quarter. The prior year period included \$13.6 million of expenses related to an abandoned acquisition. Equity earnings from Vitrocrisa, the company's joint venture in Mexico, were \$2.0 million on a pretax basis, as compared to \$4.5 million pretax in the second quarter of 2002 as the result of lower sales and higher natural gas costs.

For the quarter, Libbey recorded net income of \$7.9 million, or 59 cents per diluted share, compared with net income of \$4.9 million, or 31 cents per diluted share, in the year-ago period. Last year's net income included expenses associated with an abandoned acquisition. These expenses totaled \$13.6 million, less a tax effect of \$4.9 million, or an after tax impact of \$8.7 million or \$.56 per diluted share. Interest expense increased \$1.5 million as a result of an increase of debt to \$236.0 million from \$136.2 million in the year-ago period. Debt increased after funding \$62.0 million for the acquisitions of Traex and Royal Leerdam in late 2002 and the repurchase of 2,435,600 shares for \$65.7 million since the year-ago period. The company's effective tax rate declined to 30.7% from 32.6% in the year-ago period as the result of lower state and local taxes and lower taxes on equity earnings.

## **SIX-MONTH RESULTS**

For the six months ended June 30, 2003, sales increased 12.9 percent to \$240.2 million from \$212.8 million in the year-ago period. The increase in sales was attributable to the Royal Leerdam and Traex acquisitions. Excluding these acquisitions, sales declined 4.4 percent as sales declined in all channels of distribution.

Income from operations was \$18.4 million compared with \$27.0 million in the year-ago period. In addition to the lower pre-acquisition sales, other factors that contributed to the decline included higher natural gas costs of \$4.0 million, higher selling general and administrative costs of \$6.7 million, and additional costs (mostly non-cash) for pension and postretirement medical costs of \$2.1 million.

Earnings before interest and income taxes (EBIT) were \$20.5 million, an increase of \$3.1 million or 18.1%, compared to \$17.4 million in the prior six-month period. The prior period included \$13.6 million of expenses related to an abandoned acquisition. Equity earnings from Vitrocrisa were \$1.8 million on a pretax basis as compared to \$4.2 million pretax in the year-ago period. Interest expense increased \$2.2 million primarily as the result of higher debt and the effective tax rate declined to 31.2 percent from 34.1 percent as the result of lower state and local taxes and lower taxes on equity earnings. Net income was \$9.9 million, or \$0.71 per diluted share, compared with \$8.9 million or \$0.57 per diluted share in the year-ago period. Last year's net income included expenses associated with an abandoned acquisition. These expenses totaled \$13.6 million, less a tax effect of \$4.9 million, or an after tax impact of \$8.7 million or \$.56 per diluted share.

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## **WORKING CAPITAL**

Trade working capital, defined as inventories and accounts receivable less accounts payable, increased compared to the prior year period and as compared to year-end 2002. Total inventories increased \$13.9 million from year-end to \$123.5 million, primarily as a result of seasonal demands.

## **OUTLOOK FOR SECOND HALF OF 2003**

John F. Meier, chairman and chief executive officer, commenting on the company's outlook for the second half of 2003 said, "We continue to be faced with an economy coming through a challenging period, with a recently concluded war, a tentative consumer, higher energy prices and substantially lower travel. Our indications are that the business environment will be somewhat more accommodating in the balance of 2003. Generally, we expect some growth in the second half of the year as economic conditions are forecasted to improve slightly, new products should drive solid sales performance and with this will come the benefits of higher capacity utilization, driving earnings and cash flow." He added, "We now expect full year sales to total between \$515 and \$520 million and diluted earnings per share to be in the range of \$2.10 to \$2.20. This compares to \$1.82 in 2002, which included \$13.6 million in expenses related to an abandoned acquisition."

## **WEBCAST INFORMATION**

Libbey will hold a conference call for investors on Wednesday, July 23, 2003, at 11 a.m. Eastern Daylight Time. The conference call will be simulcast live on the Internet on both [www.libbey.com](http://www.libbey.com) and [www.firstcallevts.com/service/ajwz385710629gf12.html](http://www.firstcallevts.com/service/ajwz385710629gf12.html). To listen to the call, please go to the website at least 10 minutes early to register, download and install any necessary software. A replay will be available for 7 days after the conclusion of the call.

The above information includes "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements only reflect the company's best assessment at this time and are indicated by words or phrases such as "goal," "expects," "believes," "will," "estimates," "anticipates," or similar phrases.

Investors are cautioned that forward-looking statements involve risks and uncertainty, that actual results may differ materially from such statements, and that investors should not place undue reliance on such statements.

Important factors potentially affecting performance include: increased competition from foreign suppliers endeavoring to sell glass tableware in the United States and Mexico, including the impact of lower duties for imported products; major slowdowns in the retail, travel or entertainment industries in the United States, Canada, Mexico and Western Europe, caused by terrorist attacks or otherwise; significant increases in per-

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Libbey, Inc.  
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unit costs for natural gas, electricity, corrugated packaging, and other purchased materials; higher interest rates that increase the company's borrowing costs; protracted work stoppages related to collective bargaining agreements; increases in expenses associated with higher medical costs, reduced pension income associated with lower returns on pension investments and increased pension obligations; devaluations and other major currency fluctuations relative to the U.S. dollar that could reduce the cost-competitiveness of the company's products compared to foreign competition; the effect of high inflation in Mexico and exchange rate changes to the value of the Mexican peso and the earnings and cash flow of the company's joint venture in Mexico, Vitrocrisa, expressed under U.S. GAAP; the inability to achieve savings and profit improvements at targeted levels in the company's operations or within the intended time periods; whether the company completes any significant acquisition, and whether such acquisitions can operate profitably.

Libbey Inc.:

- is a leading producer of glass tableware in North America;
- is a leading producer of tabletop products for the foodservice industry;
- exports to more than 75 countries; and,
- provides technical assistance to glass tableware manufacturers around the world.

Based in Toledo, Ohio, the company operates glass tableware manufacturing plants in the United States in California, Louisiana, and Ohio and in the Netherlands. Its Royal Leerdam subsidiary, located in Leerdam, Netherlands, is among the world leaders in producing and selling glass stemware to retail, foodservice and industrial clients. In addition, Libbey is a joint venture partner in the largest glass tableware company in Mexico. Its Syracuse China subsidiary designs, manufactures and distributes an extensive line of high-quality ceramic dinnerware, principally for foodservice establishments in the United States. Its World Tableware subsidiary imports and sells a full-line of metal flatware and holloware and an assortment of ceramic dinnerware and other tabletop items principally for foodservice establishments in the United States. Its Traex subsidiary, located in Wisconsin, designs, manufactures and distributes an extensive line of plastic items for the foodservice industry, including: ware washing racks, trays, dispensers, bar supply, tabletop, food preparation items and brushes. In 2002, Libbey Inc.'s net sales totaled \$433.8 million.

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**LIBBEY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in thousands, except per-share amounts)

|  | THREE MONTHS ENDED |               | Percent<br>Change |
|--|--------------------|---------------|-------------------|
|  | June 30, 2003      | June 30, 2002 |                   |
| Net sales                                    | \$128,254          | \$114,086     | 12.4%             |
| Freight billed to customers                  | 529                | 434           |                   |
| Royalties and net technical assistance       | 640                | 738           |                   |
|  | -----              | -----         |                   |
| Total revenues                               | 129,423            | 115,258       | 12.3%             |
| Cost of sales                                | 99,085             | 83,491        | 18.7%             |
| Selling, general and administrative expenses | 17,514             | 13,363        | 31.1%             |
|  | -----              | -----         |                   |
| Income from operations                       | 12,824             | 18,404        | -30.3%            |
| Equity earnings - pretax                     | 1,997              | 4,546         |                   |
| Expenses related to abandoned acquisition    | -                  | (13,626)      |                   |
| Other income--net                            | 210                | 22            |                   |
|  | -----              | -----         |                   |
| Earnings before interest and income taxes    | 15,031             | 9,346         | 60.8%             |
| Interest expense--net                        | (3,611)            | (2,081)       |                   |
|  | -----              | -----         |                   |
| Income before income taxes                   | 11,420             | 7,265         | 57.2%             |
| Provision for income taxes                   | 3,510              | 2,365         |                   |
|  | -----              | -----         |                   |
| Net income                                   | \$7,910            | \$4,900       | 61.4%             |
|  | =====              | =====         |                   |
| Net income per share:                        |                    |               |                   |
| Basic  | \$0.59             | \$0.32        |                   |
|  | =====              | =====         |                   |
| Diluted                                      | \$0.59             | \$0.31        |                   |
|  | =====              | =====         |                   |
| Weighted average shares:                     |                    |               |                   |
| Outstanding                                  | 13,307             | 15,417        |                   |
|  | =====              | =====         |                   |
| Diluted                                      | 13,318             | 15,695        |                   |
|  | =====              | =====         |                   |

|  | SIX MONTHS ENDED |               | Percent<br>Change |
|--|------------------|---------------|-------------------|
|  | June 30, 2003    | June 30, 2002 |                   |
| Net sales                                    | \$240,157        | \$212,755     | 12.9%             |
| Freight billed to customers                  | 963              | 852           |                   |
| Royalties and net technical assistance       | 1,390            | 1,537         |                   |
|  | -----            | -----         |                   |
| Total revenues                               | 242,510          | 215,144       | 12.7%             |
| Cost of sales                                | 189,864          | 160,507       | 18.3%             |
| Selling, general and administrative expenses | 34,280           | 27,617        | 24.1%             |
|  | -----            | -----         |                   |
| Income from operations                       | 18,366           | 27,020        | -32.0%            |
| Equity earnings--pretax                      | 1,847            | 4,170         |                   |
| Expenses related to abandoned acquisition    | -                | (13,626)      |                   |
| Other income (expense)--net                  | 336              | (160)         |                   |
|  | -----            | -----         |                   |
| Earnings before interest and income taxes    | 20,549           | 17,404        | 18.1%             |
| Interest expense--net                        | (6,152)          | (3,964)       |                   |
|  | -----            | -----         |                   |
| Income before income taxes                   | 14,397           | 13,440        | 7.1%              |
| Provision for income taxes                   | 4,486            | 4,588         |                   |
|  | -----            | -----         |                   |
| Net income                                   | \$9,911          | \$8,852       | 12.0%             |
|  | =====            | =====         |                   |

|                          |        |        |
|--------------------------|--------|--------|
| Net income per share:    |        |        |
| Basic                    | \$0.71 | \$0.58 |
|                          | =====  | =====  |
| Diluted                  | \$0.71 | \$0.57 |
|                          | =====  | =====  |
| Weighted average shares: |        |        |
| Outstanding              | 13,883 | 15,381 |
|                          | =====  | =====  |
| Diluted                  | 13,896 | 15,647 |
|                          | =====  | =====  |

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

|   | June 30, 2003<br>----- | December 31, 2002<br>----- | June 30, 2002<br>----- |
|---|------------------------|----------------------------|------------------------|
| <b>ASSETS</b>                               |                        |                            |                        |
| Cash  | \$ 5,862               | \$ 1,683                   | \$ 2,340               |
| Accounts receivable                         | 56,535                 | 49,944                     | 51,954                 |
| Inventories                                 | 123,520                | 109,634                    | 92,749                 |
| Other current assets                        | 12,993                 | 13,487                     | 11,839                 |
|   | -----                  | -----                      | -----                  |
| Total current assets                        | 198,910                | 174,748                    | 158,882                |
| Investments                                 | 84,596                 | 87,847                     | 82,377                 |
| Other assets                                | 39,754                 | 39,016                     | 51,037                 |
| Goodwill                                    | 61,228                 | 59,795                     | 43,282                 |
| Net property, plant and equipment           | 163,348                | 163,121                    | 127,039                |
|   | -----                  | -----                      | -----                  |
| Total assets                                | \$547,836              | \$524,527                  | \$462,617              |
|   | =====                  | =====                      | =====                  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                        |                            |                        |
| Notes payable                               | \$ 4,808               | \$ 2,660                   | \$ 1,580               |
| Accounts payable                            | 32,474                 | 31,633                     | 23,848                 |
| Accrued liabilities                         | 45,252                 | 39,687                     | 30,859                 |
| Other current liabilities                   | 16,952                 | 20,168                     | 11,617                 |
| Long-term debt due within one year          | 115                    | 115                        | 115                    |
|   | -----                  | -----                      | -----                  |
| Total current liabilities                   | 99,601                 | 94,263                     | 68,019                 |
| Long-term debt                              | 231,052                | 188,403                    | 134,461                |
| Deferred taxes and other liabilities        | 23,903                 | 25,795                     | 35,540                 |
| Pension liability                           | 29,910                 | 28,655                     | -                      |
| Nonpension postretirement benefits          | 47,633                 | 47,193                     | 48,084                 |
| Total shareholders' equity                  | 115,737                | 140,218                    | 176,513                |
|   | -----                  | -----                      | -----                  |
| Total liabilities and shareholders' equity  | \$547,836              | \$524,527                  | \$462,617              |
|   | =====                  | =====                      | =====                  |

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
(Dollars in thousands)

|   | SIX MONTHS ENDED |               |
|---|------------------|---------------|
|   | June 30, 2003    | June 30, 2002 |
| Operating activities  |                  |               |
| Net income  | \$ 9,911         | \$ 8,852      |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                  |               |
| Depreciation  | 12,766           | 8,858         |
| Amortization  | 966              | 990           |
| Other non-cash charges  | (3,122)          | (619)         |
| Net equity earnings   | (1,479)          | (2,679)       |
| Net change in components of working capital and other assets                                | (12,685)         | (790)         |
|   | 6,357            | 14,612        |
| Investing activities  |                  |               |
| Additions to property, plant and equipment  | (10,716)         | (8,151)       |
| Dividends received from equity investments  | 4,900            | 4,659         |
| Other   | 897              | -             |
|   | (4,919)          | (3,492)       |
| Financing activities  |                  |               |
| Net bank credit facility activity   | (61,872)         | (11,000)      |
| Senior notes  | 100,000          | -             |
| Other net borrowings  | 2,088            | (876)         |
| Payment of finance fees   | (663)            | (815)         |
| Stock options exercised   | 4,841            | 2,358         |
| Treasury shares purchased   | (38,888)         | -             |
| Dividends   | (2,788)          | (2,307)       |
|   | 2,718            | (12,640)      |
| Effect of exchange rate fluctuations on cash  | 23               | -             |
|   | 4,179            | (1,520)       |
| Increase (decrease) in cash   |                  |               |
| Cash at beginning of year   | 1,683            | 3,860         |
|   | \$ 5,862         | \$ 2,340      |
| Cash at end of period   | \$ 5,862         | \$ 2,340      |

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED JOINT VENTURE INFORMATION**  
(Dollars in thousands)

**Income Statement Information**

| Three months ended June 30,             | 2003      | 2002      |
|---|-----------|-----------|
| Net sales                               | \$ 47,801 | \$ 53,132 |
| Other revenue                           | 459       | 669       |
| Total revenue                           | 48,260    | 53,801    |
| Cost of sales                           | 35,930    | 39,781    |
| Gross profit                            | 12,330    | 14,020    |
| Operating expenses                      | 5,963     | 5,682     |
| Income from operations                  | 6,367     | 8,338     |
| Other loss                              | (216)     | (164)     |
| Earnings before finance costs and taxes | 6,151     | 8,174     |
| Interest expense                        | 1,349     | 1,312     |
| Translation (loss) gain                 | (727)     | 2,271     |
| Earnings before income taxes            | 4,075     | 9,133     |
| Income taxes                            | 1,075     | 3,387     |
| Net income                              | \$ 3,000  | \$ 5,746  |
| =====                                   |           |           |
| Net sales                               | \$ 85,703 | \$ 96,306 |
| Other revenue                           | 844       | 1,101     |
| Total revenue                           | 86,547    | 97,407    |
| Cost of sales                           | 68,929    | 76,697    |
| Gross profit                            | 17,618    | 20,710    |
| Operating expenses                      | 10,819    | 10,930    |
| Income from operations                  | 6,799     | 9,780     |
| Other loss                              | (208)     | (96)      |
| Earnings before finance costs and taxes | 6,591     | 9,684     |
| Interest expense                        | 2,743     | 2,957     |
| Translation (loss) gain                 | (80)      | 1,783     |
| Earnings before income taxes            | 3,768     | 8,510     |
| Income taxes                            | 751       | 3,043     |
| Net income                              | \$ 3,017  | \$ 5,467  |
| =====                                   |           |           |

The above are summarized combined financial information for equity investments, which includes the 49% ownership in Vitrocrisa, which manufactures, markets and sells glass tableware (e.g. beverage ware, plates, bowls, serveware and accessories) and industrial glassware (e.g. coffee pots, blender jars, meter covers, glass covers for cooking ware and lighting fixtures sold to original equipment manufacturers) and the 49% ownership in Crisa Industrial, L.L.C., which distributes industrial glassware in the U.S. and Canada for Vitrocrisa, for 2003 and 2002.